

# **Indústrias Romi S.A.**

**Quarterly Information (ITR) at**

**June 30, 2019**

**and reporting on review of quarterly information**



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## **Independent auditor's review report on quarterly financial information**

To the shareholders of  
**Indústrias Romi S.A.**

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Indústrias Romi S.A. for the quarter ended June 30, 2019, comprising the statement of financial position as of June 30, 2019 and the related statements of profit or loss and of comprehensive income for the three and six-month periods then ended, and of changes in equity and of cash flows for the six month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for qualified conclusion**

#### *Reversal of provision for ICMS tax on sales included in the PIS and COFINS calculation bases*

As disclosed in Note 14, during the semester ended at June 30, 2019, as a result of favorable final decision on the lawsuit, the Company reversed the provision related to the effect of the exclusion of State VAT (ICMS) from the Contribution Tax on Gross Revenue for Social Integration Program (PIS) and the Contribution Tax on Gross Revenue for Social Security Financing (COFINS) bases, which were not collected from November 2006 to March 2019 but were deposited in court. Considering the manifestation of the Federal Supreme Court (STF) of March 15, 2017, regarding the general repercussion effect, which understood that the ICMS tax is not to be included in the PIS and COFINS contribution tax bases and based on the guidelines of the CPC 25 / IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, we understood that it was no longer probable that an outflow would be required to settle this obligation and, therefore, this provision should have been reversed in that year. As a consequence, at June 30, 2019, individual and consolidated net income for the six-month period then ended are overstated by R\$ 56.302 thousand, and the individual and consolidated noncurrent assets, total assets, and equity at December 31, 2018, presented for comparison purposes, are understated by R\$85.306 thousand and R\$56.302 thousand respectively.

### **Modified conclusion on the individual and consolidated interim financial information**

Based on our review, except for the effects of the matter described in the “Basis for qualified conclusion” section of our report, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

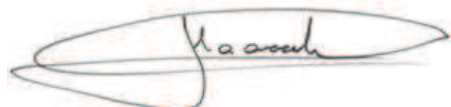
## **Other matters**

### *Statements of value added*

We have also reviewed the individual and consolidated statement of value added (SVA) for the six-month period ended June 30, 2019, prepared under Company's Management responsibility, whose presentation in the interim financial information is required by rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information Form (ITR), and as supplementary information by the International Financial Reporting Standards (IFRS), which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, except for the effects of the matter described in the "Basis for qualified conclusion" section nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Campinas, July 23, 2019.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC 2SP034519/O-6



José Antonio de A. Navarrete  
Accountant CRC 1SP198698/O-4

**INDÚSTRIAS ROMI S.A.**

**STATEMENT OF FINANCIAL POSITION**

(In thousands of reais unless otherwise stated)

		Parent		Consolidated				Parent		Consolidated	
		June	December	June	December			June	December	June	December
ASSETS	Note	30, 2019	31, 2018	30, 2019	31, 2018	LIABILITIES AND EQUITY	Note	30, 2019	31, 2018	30, 2019	31, 2018
CURRENT						CURRENT					
Cash and cash equivalents	3	41,212	67,284	74,564	100,428	Borrowings	12	121,413	90,419	134,808	102,547
Short-term investments	3	668	489	668	489	FINAME manufacturer financing	13	69,354	63,326	69,354	63,326
Trade accounts receivable	4	68,072	82,006	131,340	168,213	Trade accounts payable		44,329	26,853	65,784	44,261
Onlending of FINAME manufacturer financing	5	89,606	87,482	89,606	87,482	Payroll and related taxes		22,416	21,858	31,540	27,504
Inventories	6	251,684	203,133	380,666	300,547	Taxes payable		1,005	6,799	5,226	7,847
Related parties	8	67,796	60,397	-	-	Advances from costumers		14,017	14,824	86,076	71,466
Taxes recoverable		16,462	22,614	20,420	25,267	Dividends and interes on capital		-	2,195	-	2,195
Judicial deposits	14 (e)	87,699	-	87,699	-	Profit sharing		25,805	23,785	25,805	23,785
Other receivables		14,730	12,574	21,433	14,931	Other payables		3,698	2,978	19,420	19,821
		<u>637,929</u>	<u>535,979</u>	<u>806,396</u>	<u>697,357</u>	Related parties	8	<u>764</u>	<u>4,472</u>	<u>-</u>	<u>-</u>
								<u>302,801</u>	<u>257,509</u>	<u>438,013</u>	<u>362,752</u>
Trade accounts receivable											
NON-CURRENT											
Trade accounts receivable	4	10,840	13,618	10,840	13,618	Borrowings	12	16,742	20,118	26,649	31,438
Taxes recoverable		53,023	18,998	53,023	18,998	FINAME manufacturer financing	13	121,474	116,278	121,474	116,278
Deferred income tax and social contribution	15	24,676	43,595	29,521	43,948	Provision for tax, labor and divil risks	14	1,352	2,100	1,352	2,100
Judicial deposits	14 (e)	2,098	2,110	2,098	2,110	Other payables		30	6	4,940	130
Other receivables		4,153	1,849	4,474	2,172	Provision for net capital deficiency - subsidiary		3,759	2,653	-	-
		<u>223,720</u>	<u>208,754</u>	<u>228,886</u>	<u>209,430</u>	Deferred income tax and social contribution	15	<u>-</u>	<u>-</u>	<u>30,825</u>	<u>31,786</u>
								<u>143,357</u>	<u>141,155</u>	<u>185,240</u>	<u>181,732</u>
Investment in subsidiary and associated companies	7	128,669	147,669	-	-	TOTAL LIABILITIES		<u>446,158</u>	<u>398,664</u>	<u>623,253</u>	<u>544,484</u>
Property, plant and equipment	10	188,600	187,860	263,560	258,921	EQUITY	16				
Investment properties	9	13,500	13,500	18,398	18,398	Capital		492,025	492,025	492,025	492,025
Intangible assets	11	726	879	54,561	57,981	Reitaned reserve		213,524	160,218	213,524	160,218
		<u>555,215</u>	<u>558,662</u>	<u>565,405</u>	<u>544,730</u>	Cumulative translation adjustments		<u>41,437</u>	<u>43,734</u>	<u>41,437</u>	<u>43,734</u>
								<u>746,986</u>	<u>695,977</u>	<u>746,986</u>	<u>695,977</u>
TOTAL ASSETS		<u>1,193,144</u>	<u>1,094,641</u>	<u>1,371,801</u>	<u>1,242,087</u>	NON CONTROLLING INTEREST		<u>-</u>	<u>-</u>	<u>1,562</u>	<u>1,626</u>
						TOTAL EQUITY		<u>746,986</u>	<u>695,977</u>	<u>748,548</u>	<u>697,603</u>
						TOTAL LIABILITIES AND EQUITY		<u>1,193,144</u>	<u>1,094,641</u>	<u>1,371,801</u>	<u>1,242,087</u>

The accompanying notes are an integral part of these Interim financial statements

**INDÚSTRIAS ROMI S.A.**
**STATEMENT OF INCOME**  
**FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE**  
(In thousands of reais unless otherwise stated)

			<b>Parent</b>	
	<b>current quarter</b>	<b>Acumulated for</b>	<b>current quarter</b>	<b>Acumulated for</b>
	<b>04/01/2019 to</b>	<b>current year</b>	<b>04/01/2018 to</b>	<b>current year</b>
	<b>06/30/2019</b>	<b>01/01/2019 to</b>	<b>06/30/2018</b>	<b>01/01/2018 to</b>
		<b>06/30/2019</b>		<b>06/30/2018</b>
<b>Operations</b>				
Net Operating revenue	112,529	207,411	125,328	225,434
Cost of sales and services	(82,943)	(157,682)	(93,063)	(168,847)
<b>Gross profit</b>	<b>29,586</b>	<b>49,729</b>	<b>32,265</b>	<b>56,587</b>
<b>Operation income (expenses)</b>				
Selling	(12,494)	(22,102)	(10,633)	(19,700)
General and administrative	(8,138)	(16,102)	(7,562)	(13,703)
Research and development	(5,748)	(10,508)	(4,544)	(8,427)
Management profit sharing and fees	(1,529)	(3,004)	(2,153)	(3,586)
Equity in earnings of subsidiaries	(4,050)	(15,619)	(3,923)	(7,625)
Other operating income (loss), net	627	75,770	(2,026)	(1,068)
	(31,332)	8,435	(30,841)	(54,109)
<b>Operating profit (loss)</b>	<b>(1,746)</b>	<b>58,164</b>	<b>1,424</b>	<b>2,478</b>
<b>Financial income (expenses)</b>				
Financial income	(789)	62,301	36,424	39,474
Financial expenses	(648)	(1,227)	(1,949)	(3,989)
Foreign exchange gains, net	(490)	(1,653)	3,339	3,639
	(1,927)	59,421	37,814	39,124
<b>Profit (loss) before taxation</b>	<b>(3,673)</b>	<b>117,585</b>	<b>39,238</b>	<b>41,602</b>
<b>Income tax and social contribution</b>	<b>(733)</b>	<b>(34,737)</b>	<b>6,163</b>	<b>5,598</b>
<b>Profit (loss) for the period</b>	<b>(4,406)</b>	<b>82,848</b>	<b>45,401</b>	<b>47,200</b>
Basic and diluted earnings per share (R\$)	(0.07)	1.32	0.72	0.75

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**INDÚSTRIAS ROMI S.A.**
**STATEMENT OF INCOME**  
**FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE**  
(In thousands of reais unless otherwise stated)

	<b>Consolidated</b>			
	<b>current quarter</b>	<b>Acumulated for</b>	<b>current quarter</b>	<b>Acumulated for</b>
	<b>04/01/2018 to</b>	<b>current year</b>	<b>04/01/2017 to</b>	<b>current year</b>
	<b>06/30/2018</b>	<b>01/01/2018 to</b>	<b>06/30/2017</b>	<b>01/01/2017 to</b>
	<b>06/30/2018</b>	<b>06/30/2018</b>	<b>06/30/2017</b>	<b>06/30/2017</b>
<b>Operations</b>				
Net Operating revenue	167,859	288,625	158,119	290,766
Cost of sales and services	(124,553)	(221,768)	(116,394)	(214,282)
<b>Gross profit</b>	<b>43,306</b>	<b>66,857</b>	<b>41,725</b>	<b>76,484</b>
<b>Operation income (expenses)</b>				
Selling	(20,880)	(39,438)	(18,053)	(34,206)
General and administrative	(17,289)	(34,724)	(15,468)	(28,835)
Research and development	(5,748)	(10,508)	(4,544)	(8,427)
Management profit sharing and fees	(1,555)	(3,053)	(2,179)	(3,635)
Other operating income (loss), net	485	75,628	(1,369)	(625)
	(44,987)	(12,095)	(41,613)	(75,728)
<b>Operating profit (loss)</b>	<b>(1,681)</b>	<b>54,762</b>	<b>112</b>	<b>756</b>
<b>Financial income (expenses)</b>				
Financial income	(510)	63,315	36,793	40,271
Financial expenses	(1,133)	(2,309)	(2,471)	(5,072)
Foreign exchange gains, net	(830)	(2,123)	3,313	3,617
	(2,473)	58,883	37,635	38,816
<b>Profit (loss) before taxation</b>	<b>(4,154)</b>	<b>113,645</b>	<b>37,747</b>	<b>39,572</b>
<b>Income tax and social contribution</b>	<b>(194)</b>	<b>(30,692)</b>	<b>7,696</b>	<b>7,707</b>
<b>Profit (loss) for the period</b>	<b>(4,348)</b>	<b>82,953</b>	<b>45,443</b>	<b>47,279</b>
<b>Attributable to:</b>				
Controlling interests	(4,406)	82,848	45,401	47,200
Non-Controlling interests	58	105	42	79
	(4,348)	82,953	45,443	47,279

The accompanying notes are an integral part of these Interim financial statements

**INDÚSTRIAS ROMI S.A.****STATEMENT OF INCOME  
FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE**

(In thousands of reais unless otherwise stated)

			<b>Parent</b>	
	<b>current quarter</b>	<b>Acumullated for</b>	<b>current quarter</b>	<b>Acumullated for</b>
	<b>04/01/2019 to</b>	<b>current year</b>	<b>04/01/2018 to</b>	<b>current year</b>
	<b>06/30/2019</b>	<b>01/01/2019 to</b>	<b>06/30/2018</b>	<b>01/01/2018 to</b>
		<b>06/30/2019</b>		<b>06/30/2018</b>
<b>Profit (loss) for the period</b>	(4,406)	82,848	45,401	47,200
Foreign currency translation effects	(745)	(2,297)	11,479	14,531
<b>Comphensive profit (loss) for the period</b>	<u>(5,151)</u>	<u>80,551</u>	<u>56,880</u>	<u>61,731</u>

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**INDÚSTRIAS ROMI S.A.****STATEMENT OF INCOME  
FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE**

(In thousands of reais unless otherwise stated)

	<b>Consolidated</b>	
	<b>current quarter</b>	<b>Acumulated for</b>
	<b>04/01/2019 to</b>	<b>current year</b>
	<b>06/30/2019</b>	<b>01/01/2019 to</b>
		<b>06/30/2019</b>
	<b>current quarter</b>	<b>current quarter</b>
	<b>04/01/2018 to</b>	<b>04/01/2018 to</b>
	<b>06/30/2018</b>	<b>01/01/2018 to</b>
		<b>06/30/2018</b>
<b>Profit for the (loss) period</b>	(4,348)	82,953
Foreign currency translation effects	(745)	(2,297)
<b>Comprehensive profit (loss) for the period</b>	<u>(5,093)</u>	<u>80,656</u>
<b>Attributable to:</b>		
Controlling interests	(5,151)	80,551
Non-Controlling interests	58	105
	<u>(5,093)</u>	<u>80,656</u>

As notas explicativas da administração são parte integrante das demonstrações financeiras.

INDÚSTRIAS ROMI S.A.

STATEMENT OF CHANGES IN EQUITY

(In thousands of reais unless otherwise stated)

	Attributable to the controlling interests								
		Income reserve			Other comprehensive income	Profit for the year	Total	Non-controlling interests	Total
	Capital	Reitaned reserve	Legal reserve	Total					
At December 31, 2017	492,025	75,322	43,638	118,960	30,984	-	641,969	1,531	643,500
Profit for the year	-	-	-	-	-	47,200	47,200	79	47,279
Foreign currency translation effects	-	-	-	-	14,531	-	14,531	-	14,531
Total comprohensive income for the period	-	-	-	-	14,531	47,200	61,731	79	61,810
Mandatory dividends	-	-	-	-	-	(27,029)	(27,029)	-	(27,029)
Dividends paid by subsidiary	-	-	-	-	-	-	-	(75)	(75)
Transfers between reserves	-	20,171	-	20,171	-	(20,171)	-	-	-
Total contributions by and dristibutions to controlling interests	-	20,171	-	20,171	-	(47,200)	(27,029)	(75)	(27,104)
At June 31, 2018	492,025	95,493	43,638	139,131	45,515	-	676,671	1,535	678,206
At December 31, 2018	492,025	112,380	47,838	160,218	43,734	-	695,977	1,626	697,603
Profit for the period	-	-	-	-	-	82,848	82,848	105	82,953
Foreign currency translation effects	-	-	-	-	(2,297)	-	(2,297)	-	(2,297)
Total comprehensive income for the period	-	-	-	-	(2,297)	82,848	80,551	105	80,656
Mandatory dividends	-	-	-	-	-	(29,542)	(29,542)	-	(29,542)
Dividends paid by subsidiary	-	-	-	-	-	-	-	(169)	(169)
Juros sobre o capital próprio	-	-	-	-	-	-	-	-	-
Transfers between reserves	-	53,306	-	53,306	-	(53,306)	-	-	-
Total contributions by and dristibutions to controlling interests	-	53,306	-	53,306	-	(82,848)	(29,542)	(169)	(29,711)
At June 31, 2019	492,025	165,686	47,838	213,524	41,437	-	746,986	1,562	748,548

The accompanying notes are an integral part of these Interim financial statements

**INDÚSTRIAS ROMI S.A.**
**STATEMENT OF CASH FLOW**
**FOR THE QUARTERS ENDED MARCH 31**

(In thousands of reais unless otherwise stated)

	<b>Parent</b>		<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b><u>Cash flows from operating activities</u></b>				
<b>Profit before taxation</b>	<b>117,585</b>	<b>41,602</b>	<b>113,645</b>	<b>39,572</b>
Adjustments from:				
Finance expenses and exchange rate	(58,326)	(36,846)	(58,609)	(35,150)
Depreciation and amortization	10,909	12,696	16,631	16,482
Allowance for doubtful accounts and for other receivables	(1,016)	(589)	(3,167)	(155)
Provision for inventory losses	2,324	(1,819)	265	70
Cost of property, plant and equipment and disposals of intangible assets	(474)	(852)	(443)	(834)
Equity in earnings of subsidiaries	15,619	7,625	-	-
Provision for contingent liabilities	(57,204)	2,395	(57,204)	1,555
Change in operating assets and liabilities				
Financial investments	(179)	13,195	(179)	13,195
Trade accounts receivable	15,820	3,063	40,910	916
Related parties (assets and liabilities)	(11,109)	(22,016)	-	-
Onlending of Finame manufacturer financing	(7,298)	7,043	(7,298)	7,043
Inventories	(50,875)	(30,977)	(80,383)	(84,532)
Taxes receivable	(17,781)	(35,793)	11,135	(43,645)
Judicial deposits	7,448	(1,685)	7,448	(1,685)
Other credits	7,985	38,558	3,641	35,083
Trade accounts payable	15,897	14,453	19,944	26,096
Payroll and related taxes	1,015	1,763	4,493	3,030
Taxes payable	(2,747)	(5,118)	(34,717)	6,557
Advances from costumers	(807)	53	14,610	19,232
Other payables	(2,578)	(1,799)	1,110	(455)
Cash by (used in) operations	(15,792)	4,952	(8,168)	2,375
Income tax and social contribution paid	(3,047)	(363)	(3,359)	(522)
<b>Cash by (used in) operations</b>	<b>(18,839)</b>	<b>4,589</b>	<b>(11,527)</b>	<b>1,853</b>
<b><u>Cash flow from investing activities</u></b>				
Purchase of property, plant and equipment	(11,641)	(12,303)	(20,067)	(13,163)
Intangible increase	(1)	(69)	(582)	(2,127)
Unrealized profit	-	-	-	-
Disposal of property, plant and equipment	620	977	620	977
Dividends received	2,278	1,001	-	-
Capital increase	(88)	-	-	-
<b>Net cash used in investing activities</b>	<b>(8,832)</b>	<b>(10,394)</b>	<b>(20,029)</b>	<b>(14,313)</b>
<b><u>Fluxos de caixa das atividades de financiamento</u></b>				
Interest on capital and dividends paid	(27,555)	(7,848)	(23,922)	(7,923)
New borrowings	46,438	10,328	51,032	17,079
Financing repaid	(18,052)	(18,426)	(21,308)	(18,948)
Interest paid	(781)	(2,782)	(1,984)	(4,029)
New Finame - manufacturer financing	44,448	23,689	44,448	23,689
Payment of Finame - manufacturer financing	(33,008)	(29,708)	(33,008)	(29,708)
Interest paid of Finame - manufacturer financing	(9,891)	(6,102)	(9,891)	(6,102)
<b>Net cash by (used in) financing activities</b>	<b>1,599</b>	<b>(30,849)</b>	<b>5,367</b>	<b>(25,942)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(26,072)</b>	<b>(36,654)</b>	<b>(26,189)</b>	<b>(38,402)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>67,284</b>	<b>69,806</b>	<b>100,428</b>	<b>105,682</b>
<b>Foreign exchange gains (losses) of cash equivalents of foreign subsidiaries</b>	<b>-</b>	<b>-</b>	<b>325</b>	<b>(825)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>41,212</b>	<b>33,152</b>	<b>74,564</b>	<b>66,455</b>

The accompanying notes are an integral part of these Interim financial statements

**INDÚSTRIAS ROMI S.A.****STATEMENT OF VALUE ADDED  
FOR THE PERIOD ENDED JUNE 30**

(In thousands of reais unless otherwise stated)

	<b>Parent</b>		<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>				
Sales of products and services	246,684	264,848	327,951	330,216
Allowance for doubtful accounts and for other receivables	(2,193)	(316)	3,568	(850)
Other operating revenues (expenses), net	75,770	(1,068)	75,628	(625)
	<u>320,261</u>	<u>263,464</u>	<u>407,147</u>	<u>328,741</u>
<b>Inputs acquired from third parties</b>				
Materials used	(153,715)	(122,717)	(179,809)	(136,389)
Other costs of products and services	(8,159)	(5,507)	(19,305)	(11,944)
Electricity, third-party services and other expenses	(20,694)	(17,728)	(27,515)	(20,029)
	<u>(182,568)</u>	<u>(145,952)</u>	<u>(226,629)</u>	<u>(168,362)</u>
<b>Gross value added</b>	137,693	117,512	180,518	160,379
Depreciation and amortization	(10,910)	(12,696)	(16,631)	(16,482)
<b>Net value added generated by the Company</b>	<u>126,783</u>	<u>104,816</u>	<u>163,887</u>	<u>143,897</u>
<b>Value added received through transfers</b>				
Equity in earnings of subsidiaries	(15,619)	(7,624)	-	-
Finance income (costs) and net foreign exchange gains	62,301	43,110	63,315	43,888
	<u>46,682</u>	<u>35,486</u>	<u>63,315</u>	<u>43,888</u>
<b>Total value added to distribute</b>	<u>173,465</u>	<u>140,302</u>	<u>227,202</u>	<u>187,785</u>
<b>Distribution of value added</b>				
Employees				
Payroll and related changes	53,054	51,616	103,901	96,507
Sales commission	1,488	1,979	1,488	1,979
Management profit sharing and fees	3,004	3,586	3,053	3,635
Gain sharing	311	351	311	351
Taxes	28,691	30,738	28,890	31,158
Interests	2,879	3,989	4,432	5,072
Rentals	1,190	843	2,343	1,883
Declared and not yet distributed dividends	29,542	-	29,542	-
Non-controlling interests	-	-	(64)	(79)
<b>Profit for the period</b>	<u>53,306</u>	<u>47,200</u>	<u>53,306</u>	<u>47,279</u>
<b>Value added distributed</b>	<u>173,465</u>	<u>140,302</u>	<u>227,202</u>	<u>187,785</u>

The accompanying notes are an integral part of these Interim financial statements

# Indústrias Romi S.A.

## Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

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### 1 General information

Indústrias Romi S.A. (Parent) and its subsidiaries (jointly referred to as “Company” or “Consolidated”), listed on the "New Market" of B3 S.A. - Brasil, Bolsa, Balcão, since March 23, 2007, and headquartered in Santa Bárbara d'Oeste, São Paulo, are engaged in the manufacture and sale of capital goods in general, including machine tools, plastic injection molding machines, industrial equipment and accessories, tools, castings and parts, as well as providing system analysis and developing data processing software related to the production, sale, and use of machine tools and plastic injectors; the manufacture and sale of raw cast parts and machined cast parts; the export, import and representation on its own account or on behalf of third parties; and the provision of related services. It also holds interest in other companies as a partner, shareholder or member in other civil or business entities, business ventures of any nature, in Brazil or abroad, as well as the management of its own and/or third-party assets.

The Company's industrial facilities consist of 13 plants in three units located in the city of Santa Bárbara d'Oeste, in the State of São Paulo, and one located in the city of Reutlingen, Germany. The latter is a large tolling machine manufacturer. It also holds interest in subsidiaries in Brazil and abroad.

This quarterly information was approved by the Company's Board of Directors and authorized for issue on July 23, 2019.

### 2 Basis of preparation and accounting policies

The Company's interim financial information for the quarter ended June 30, 2019 has been prepared in accordance with CVM Ruling No. 673, dated October 20, 2011, which approved accounting standard CPC 21 (R1) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

Except for the adoption of the new standard commented below in item b, the accounting practices adopted by the Company in the preparation of the Parent and consolidated quarterly financial information are the same as those used in the preparation of the financial statements for the year ended December 31, 2018 and, therefore, should be read in conjunction with those financial statements.

The presentation of the Parent and consolidated statements of value added is required by the Brazilian corporate law and the accounting practices adopted in Brazil for listed companies, but is not required by IFRS. Therefore, under IFRS, these statements are presented as supplementary information, and not as part of the set of financial statements.

# Indústrias Romi S.A.

## Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

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**(a) Notes included in the financial statements as at December 31, 2018 not included in this quarterly information**

The quarterly information is presented in accordance with accounting pronouncement CPC 21 and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB). The preparation of this quarterly information involves judgment by the Company's management on the materiality and changes that should be disclosed in the accompanying notes. Accordingly, this quarterly information includes selected notes and does not comprise all notes presented for the year ended December 31, 2018. As permitted by Circular Letter 03/2011 of the Brazilian Securities and Exchange Commission (CVM), the following notes are not presented:

- Basis of preparation and accounting practices (Note 2);
- Pension plan (Note 17);
- Insurance (Note 18);
- Financial instruments and operational risks (Note 19);
- Net sales revenue (Note 22);
- Expenses by nature (Note 23);
- Finance income (costs) (Note 24); and
- Other operating revenue, net (Note 25).

**(b) New and revised standards applied for the first time in 2019**

**IFRS 16 - Leases**

CPC 06 (R2) - Leases issued by CPC is equivalent to the international standard IFRS 16 - Leases, issued in January 2016 in replacement of the previous version of said standard (CPC 06 (R1)), equivalent to the international standard IAS 17). CPC 06 (R2) sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under CPC 06 (R1). The standard includes two recognition exemptions for lessees - leases of low value assets (i.e. personal computers) and short-term leases (that is, leases with a period of 12 months or less). At the beginning of a lease, the lessee recognizes a liability for the payments (a lease liability) and an asset representing the right to use the underlying asset over the lease term (a right-of-use asset). The lessees should record separately the interest expenses on the lease liability and the depreciation expense of the right-of-use asset. The impacts were analyzed and the effect is recorded and disclosed in note 10 - property, plant and equipment. The impact of the initial adoption was R\$ 6,884.

# Indústrias Romi S.A.

## Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

### 3 Cash and cash equivalents and financial investments

	Parent		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Cash and banks	1,515	2,957	29,926	23,923
Bank deposit certificates ("CDBs") (a)	14,464	1,312	19,405	13,485
Short-term investments backed by debentures (a)	16,677	53,249	16,677	53,249
Investment funds in DI and fixed income	8,477	9,672	8,477	9,672
Other	79	94	79	99
Total cash and cash equivalents	<u>41,212</u>	<u>67,284</u>	<u>74,564</u>	<u>100,428</u>
Bank deposit certificates ("CDBs") (a)	<u>668</u>	<u>489</u>	<u>668</u>	<u>489</u>
Total assets held for trading	<u>668</u>	<u>489</u>	<u>668</u>	<u>489</u>

(a) These investments are substantially pegged to the Interbank Deposit Certificate ("CDI") rate.

# Indústrias Romi S.A.

## Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

### 4 Trade accounts receivable

	Parent		Consolidated	
	June	December	June	December
	30,	31,	30,	31,
	2019	2018	2019	2018
Current				
Domestic customers (Brazil)	61,516	70,897	61,997	72,140
Foreign customers	7,336	11,532	72,191	101,481
Allowance for doubtful accounts	(780)	(423)	(2,848)	(5,408)
	<u>68,072</u>	<u>82,006</u>	<u>131,340</u>	<u>168,213</u>
Non-current				
Domestic customers (Brazil)	8,014	9,477	8,014	9,477
Foreign customers	2,878	4,149	2,878	4,149
Allowance for doubtful accounts	(52)	(8)	(52)	(8)
	<u>10,840</u>	<u>13,618</u>	<u>10,840</u>	<u>13,618</u>

Trade accounts receivable are recorded at their amortized costs, which approximate their fair values.

The balance of current trade accounts receivable as at June 30, 2019, and December 31, 2018, parent and consolidated, is distributed as follows:



# Indústrias Romi S.A.

## Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

	Parent		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Falling due	59,263	72,619	116,291	145,388
Past due:				
1 to 30 days	5,024	6,490	8,227	14,843
31 to 60 days	377	321	1,273	1,432
61 to 90 days	580	220	1,424	388
91 to 180 days	910	68	2,857	1,905
181 to 360 days	391	249	556	1,868
Over 360 days	2,307	2,462	3,560	7,797
	9,589	9,810	17,897	28,233
Total	68,852	82,429	134,188	173,621
Allowance for doubtful accounts	(780)	(423)	(2,848)	(5,408)
Total current	68,072	82,006	131,340	168,213

The balance of noncurrent trade accounts receivable as at June 30, 2019, parent and consolidated, is distributed as follows:

	Parent and Consolidated
Falling due:	
2020 (6 months)	5,236
2021	4,242
2022	937
2023 onward	477
Allowance for doubtful accounts	(52)
Total - noncurrent	10,840

# Indústrias Romi S.A.

## Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

Changes in allowance for doubtful accounts, parent and consolidated, are as follows:

	Parent	Consolidated
At December 31, 2018	431	5,408
Receivables recognized for the period	1,982	1,735
Receivables written off	(1,581)	(4,110)
Foreign exchange difference	-	(133)
At June 30, 2019	832	2,900

## 5 Onlending of FINAME manufacturer financing

	Parent and Consolidated
	June 30, 2019
	December 31, 2018
Current	
FINAME falling due	73,676
FINAME awaiting release (a)	1,341
FINAME past due (b)	20,471
	95,488
Allowance for doubtful accounts	(5,882)
	89,606
Noncurrent	
FINAME falling due	121,643
FINAME awaiting release (a)	7,680
	129,323
Allowance for doubtful accounts	(393)
	128,930
Total	218,536

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

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The item "Onlending of FINAME manufacturer financing" refers to sales to customers financed by funds from the Brazilian Development Bank ("BNDES") (Note 13) which are carried at their amortized costs, which approximate their fair values.

FINAME manufacturer refers to financing specifically linked to sales transactions, with terms of up to 60 months with a grace period of up to six months, in accordance with the terms defined by the BNDES at the time of the financing.

The financing terms are also based on customer's characteristics. Funds are released by the BNDES on identification of a customer and sale, as well as checking that a customer has fulfilled the terms of Circular 195 dated July 28, 2006 issued by BNDES, through a financial agent, with the formalization of a financing agreement in the name of the Company and consent of the customer to be financed. The amounts, periods and charges of the transaction are fully reflected in the amounts to be received by the Company from the bank mediating the agreement to which the Company is the debtor. The Company retains title to the financed equipment until the final settlement of the obligation by the customer.

The differences between onlending of FINAME manufacturer financing receivables include:

- (a) FINAME transactions awaiting release: refers to FINAME manufacturer financing transactions that meet the specified terms and have been approved by all parties involved. The preparation of documentation, the issue of the sales invoice, and the delivery of the equipment to the customer have all taken place. The crediting of the related funds to the Company's account by the agent bank is pending at the end of the reporting period, in view of the normal operating terms of the agent.
- (b) FINAME past due: refers to amounts receivable not settled by customers on their due dates. The Company records the provision for possible losses on the realization of these balances, at the amount of the difference between the expected value of the sale of the collateral (machines) recovered through the enactment of covenant regarding reservation of title over the machinery sold (security interest) and the value of the receivables from defaulting customers. In instances in which the security interest cannot be located, a full loss provision is made for the balance of the receivable.

The machinery seized as part of the execution process are recorded at their carrying amount, not exceeding its fair value, under the category of "Other receivables", pending a final and unappealable court decision, after which it is repossessed and transferred to inventories. As at June 30, 2019, the balance of repossessed machinery, included under the line item of "Other receivables", parent and consolidated, amounted to R\$ 4,238 (R\$ 6,594 as at December 31, 2018) in current assets and R\$ 3,204 (R\$ 1,173 as at December 31, 2018) in noncurrent assets.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

As at June 30, 2019 and December 31, 2018, the balances of "Onlending of FINAME manufacturer financing", parent and consolidated, were as follows:

	<b>Parent and Consolidated</b>	
	<b>June</b>	<b>December</b>
	<b>30,</b>	<b>31,</b>
	<b>2019</b>	<b>2018</b>
Falling due	75,017	67,288
Past due:		
1 to 30 days	1,047	914
31 to 60 days	277	565
61 to 90 days	398	473
91 to 180 days	429	1,208
181 to 360 days	809	2,883
Over 360 days	17,511	20,962
	20,471	27,005
Total - current	95,488	94,293

The expected realization of noncurrent receivables relating to the onlending of FINAME manufacturer financing, parent and consolidated, is as follows:

	<b>Parent and Consolidated</b>
Falling due:	
2020 (6 months)	32,263
2021	54,606
2022	33,981
2023 onward	8,473
Total - noncurrent	129,323

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

Changes in allowance for doubtful accounts, parent and consolidated, are as follows:

	<b>Parent and Consolidated</b>
At December 31, 2018	6,934
Allowance recognized (or written off) for the period	(659)
At June 30, 2019	<u>6,275</u>

## 6 Inventory

	<b>Parent</b>		<b>Consolidated</b>	
	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Finished products	43,578	22,160	87,445	69,696
Used machinery	12,760	12,271	12,760	12,271
Work in progress	71,140	61,388	127,565	85,183
Raw materials and components	121,425	105,233	146,349	129,571
Imports in transit	2,781	2,081	6,547	3,826
Total	<u>251,684</u>	<u>203,133</u>	<u>380,666</u>	<u>300,547</u>

The inventory balances, parent and consolidated, as at June 30, 2019 are net of provision for slow-moving inventories and inventories posing a remote probability of being realized through sale or use, amounting to R\$ 32,142 and R\$ 35,013 (R\$ 29,818 Parent and R\$ 34,748 Consolidated as at December 31, 2018), respectively.

The changes in the provision to bring inventories to their net realizable value are as follows:

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

	Parent	Consolidated
At January 1, 2019	29,818	34,748
Inventory sold or written off	(6,375)	(8,647)
Provision recorded	3,988	4,406
Foreign exchange difference		(205)
Transfer of provision resulting from machines repossessed during the period	4,711	4,711
At June 30, 2019	32,142	35,013

The changes in the provision for inventory losses by class of inventory are as follows:

	Parent		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Finished products	3,210	2,890	6,081	7,820
Used machinery	10,349	9,488	10,349	9,488
Work in progress	4,914	4,859	4,914	4,859
Raw materials and components	13,669	12,581	13,669	12,581
Total	32,142	29,818	35,013	34,748

# Indústrias Romi S.A.

## Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

### 7 Investments in subsidiaries and associates

Company investments in its subsidiaries are as follows:

	<b>Subsidiary</b>	<b>Country</b>	<b>Main activity</b>
1.	Romi Itália S.r.l. ("Romi Italy")	Italy	Sale of machines for plastics and machine tools, spare parts and technical support.
1.1	Romi Machines UK Ltd.	United Kingdom	
1.2	Romi France SAS	France	
1.3	Romi Máquinas España S.A.	Spain	Production and sale of large tooling machinery with high technology, precision and productivity, as well as machinery for specialized applications.
2.	Romi Europa GmbH ("Romi Europe")	Germany	
2.1	Burkhardt + Weber Fertigungssysteme GmbH ("B+W")	Germany	
2.1.1	Burkhardt + Weber / Romi (Shanghai) Co., Ltd	China	Sale of machine tools produced by B+W and provision of services (spare parts and technical support).
2.1.2	Burkhardt + Weber LLC	United States of America	Sale of machine tools produced by B+W and provision of services (spare parts and technical support).
3.	Rominor Comércio, Empreendimentos e Participações S.A. ("Rominor")	Brazil	Real estate activity, including purchases and sales, lease of company-owned properties, exploration of real estate rights, intermediation of real estate businesses, and provisions of sureties and guarantees.
4.	Romi Machine Tools, Ltd. ("Romi Machine Tools")	United States of America	Sale of machine tools, spare parts, technical support and cast and machined products in North America.
5.	Rominor Empreendimentos Imobiliários S.A. (formerly named Romi Empreendimentos).	Brazil	Interest in real estate ventures.
6.	Romi A.L. S.A. ("Romi A.L.")	Uruguay	Sales representation for operations in the foreign market.
7.	Irsa Maquinas Mexico S. de R. L. de C.V. (formerly named Sandretto Mexico)	Mexico	Sale of machines for plastics and machine tools, spare parts and technical support.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

	June 30, 2019							
	Romi Itália and subsidiaries (1)	Romi Europa and subsidiaries (2)	Rominor Comércio (3)	Romi Machine Tools (4)	Rominor Empreendimentos (5)	Romi A.L. (6)	IRSA Máq México (7)	Total
<b>Investments:</b>								
<b>Number of shares held</b>	(a)	(a)	6,191,156	3,000,000	78	13,028,000	1,188,000	
<b>Ownership interest</b>	100.0%	100.0%	93.1%	100.0%	100.0%	100.0%	100.0%	
Current assets	55,523	138,121	22,572	18,316	2,528	7,868	8,350	
Noncurrent assets	7,117	116,928	74	127	-	-	181	
Current liabilities	47,240	132,255	108	21,133	4	2	9,600	
Noncurrent liabilities	11,749	29,143	-	-	-	-	-	
Equity (equity deficit) of subsidiary	3,651	93,651	22,538	(2,690)	2,524	7,866	(1,069)	
<b>Changes in investment:</b>								
<b>Investment balance as at December 31, 2018</b>	7,576	108,010	21,845	(2,108)	2,449	7,789	(545)	145,016
Foreign exchange differences on foreign investments	(59)	(2,123)	-	(15)	-	(90)	(10)	(2,297)
Dividends proposed and paid (b)	-	-	(2,278)	-	-	-	-	(2,278)
Equity pick-up	(3,866)	(12,236)	1,410	(567)	(13)	167	(514)	(15,619)
Capital increase in subsidiary	-	-	-	-	88	-	-	
<b>Equivalent value - closing balance</b>	<b>3,651</b>	<b>93,651</b>	<b>20,977</b>	<b>(2,690)</b>	<b>2,524</b>	<b>7,866</b>	<b>(1,069)</b>	<b>124,910</b>
<b>Investment in subsidiaries</b>	<b>3,651</b>	<b>93,651</b>	<b>20,977</b>	<b>-</b>	<b>2,524</b>	<b>7,866</b>	<b>-</b>	<b>128,669</b>
<b>Provision for equity deficit - subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,690)</b>	<b>-</b>	<b>-</b>	<b>(1,069)</b>	<b>(3,759)</b>

(a) The subsidiaries' capital is not divided into units of interest or shares in their articles of organization.

(b) Payment of dividends by subsidiary ROMINOR, approved by the Board of Directors at the meeting held on February 12, 2019, in the amount of R\$ 2,448, related to the second half of 2018. From such payment, the Company received R\$ 2,278.



## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

#### 8 Related party transactions and balances

The balances and transactions with related parties as at June 30, 2019 and December 31, 2018 are as follows:

##### (i) Statement of financial position accounts – Parent

	Receivables		Payables	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Direct subsidiaries				
Romi Europe	2,322	783	53	263
Romi Italy	12,041	9,672	-	-
Romi Machine Tools	18,718	17,034	-	-
Romi A.L.	-	-	623	934
Irsa Máquinas Mexico	8,162	6,787	-	-
Rominor Empreendimentos	-	-	88	-
Rominor Comércio	4	-	-	-
Indirect subsidiaries				
B+W - Burkhardt+Weber	2,568	1,803	-	3,275
Romi France S.A.S.	8,057	7,393	-	-
Romi Máquinas España S.A.	4,714	3,464	-	-
Romi Machines UK	11,210	13,461	-	-
Total	67,796	60,397	764	4,472

##### (ii) Transactions

The main balances and transactions with the aforementioned related parties refer to trading transactions between the parent and its subsidiaries.

The Company entered into trading transactions with certain subsidiaries for the supply and purchase of equipment, parts and pieces, but it does not have material transactions with related parties other than those described above. Decisions regarding transactions between the parent and its subsidiaries are made by management. Trade notes mature in the short term.

The Company provides administrative services, mainly accounting and legal services, to the parent Fênix Empreendimentos S.A.. The revenue until June 2019 was R\$ 89 (2018 - R\$ 73).

The Company makes donations to Romi Foundation at amounts set in the agreement approved by the State Prosecutor's Office. Donations until June 2019 totaled R\$ 442 (2018 – R\$ 458).

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

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Management compensation for the periods ended June 30, 2019 and 2018 was as follows:

	June 30, of 2019	June 30, 2018
Fees and charges	2,755	2,513
Profit sharing	-	856
Private pension plan	125	115
Healthcare plan	124	102
Parent	3,004	3,586
Fees and charges of subsidiaries	49	49
Consolidated	3,053	3,635

The amounts shown above comply with the limits established by the Board of Directors and approved at the Annual General Meeting of Shareholders held on March 19, 2019.

## **Indústrias Romi S.A.**

### **Notes to the quarterly information (ITR)**

**at June 30, 2019**

**In thousands of reais, unless otherwise stated**

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#### **9 Investment property**

In 2012, the Company's management decided, based on the perspectives of short and medium-term expansion of operations, to classify certain property as "Investment Property" for future capital appreciation. The amounts classified as investment property are R\$ 13,500 (R\$ 13,500 as at December 31, 2018) at the parent and R\$ 18,398 (R\$ 18,602 as at December 31, 2018) in the consolidated financial statements.

The investment property is stated at historical cost, and for fair value disclosure purposes the Company contracted an independent expert, who applied a methodology accepted by the Brazilian Institute of Engineering Appraisals as well as recent transactions with similar property and assessed the fair value less cost to sell of this property at R\$ 44,982 in the parent and R\$ 127,320 in the consolidated.

On November 28, 2018 and December 21, 2018, through its subsidiary Rominor Comércio, the Company entered into an agreement for purchase and sale of property with third parties, involving the sale of the property (land and buildings) owned by Rominor, with a total area of 336m<sup>2</sup> and 866,7m<sup>2</sup>, located in Manaus-AM (BR) and Contagem-MG (BR), for R\$ 420 and R\$ 1,200, respectively. Up to the issue date of these financial statements, R\$ 1,140 had been received and the remaining amount is classified in the line item of trade accounts receivable in current assets. The proceeds from the sale were classified in the line item other operating income, with an impact of R\$ 1,276 on operating income (expenses) and R\$ 1,232 on profit for the year, disclosed on the financial statements for 2018.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

#### 10 Property, plant and equipment

Changes in property, plant and equipment, parent and consolidated, are as follows:

	Parent	Consolidated
At December 31, 2018, net	187,860	258,921
Additions	11,641	20,067
Disposals	(146)	(177)
Depreciation	(10,755)	(14,534)
Foreign exchange difference	-	(717)
At June 30, 2019, net	<u>188,600</u>	<u>263,560</u>
	188,600	263,560
At June 30, 2019		
Total cost	533,271	663,968
Accumulated depreciation	<u>(344,671)</u>	<u>(400,408)</u>
Net balance	<u>188,600</u>	<u>263,560</u>

The carrying amount of the property, plant and equipment under finance leases at June 30, 2019 amounted to R\$ 6,118, recognized as described in Note 2 (b). The Company has discounted these assets to their present value. During the six-month period ended June 30, 2019, the Company recognized the amount of R\$ 766 as depreciation expense in profit or loss.

Due to the financing agreements with the BNDES for investments in property, plant and equipment, the Company pledged as collateral property, plant and equipment items amounting to R\$ 73,393 as at June 30, 2019 (R\$ 68,195 as at December 31, 2018). These items refer to land, buildings, facilities, machinery and equipment.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

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#### 11 Intangible assets

Changes in intangible assets, parent and consolidated, are as follows:

	<u>Parent</u>	<u>Consolidated</u>
At December 31, 2018, net	879	57,981
Additions	1	582
Amortization	(154)	(2,097)
Foreign exchange difference	-	(1,905)
	<u>726</u>	<u>54,561</u>
At June 30, 2019, net	<u>726</u>	<u>54,561</u>
 Total cost	 9,339	 87,626
Accumulated amortization	<u>(8,613)</u>	<u>(33,065)</u>
 Net balance	 <u>726</u>	 <u>54,561</u>

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

## 12 Borrowings

Changes in borrowings, parent and consolidated, are as follows:

	Parent			Consolidated		
	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total
Borrowing balance at						
December 31, 2018	29,352	81,185	110,537	29,352	104,633	133,985
New borrowing	-	46,438	46,438	-	51,032	51,032
Repayment of principal	(7,081)	(10,971)	(18,052)	(7,081)	(14,227)	(21,308)
Payment of interest	(620)	(161)	(781)	(620)	(1,364)	(1,984)
Exchange and monetary difference (principal and interest)	(407)	(781)	(1,188)	(407)	(1,062)	(1,469)
Interest at the end of the period	186	1,015	1,201	186	1,015	1,201
Borrowing balance at						
June 30, 2019	<u>21,430</u>	<u>116,725</u>	<u>138,155</u>	<u>21,430</u>	<u>140,027</u>	<u>161,457</u>
Current	4,688	116,725	121,413	4,688	130,120	134,808
Noncurrent	<u>16,742</u>	<u>-</u>	<u>16,742</u>	<u>16,742</u>	<u>9,907</u>	<u>26,649</u>
	<u>21,430</u>	<u>116,725</u>	<u>138,155</u>	<u>21,430</u>	<u>140,027</u>	<u>161,457</u>

The maturities of financing recorded in noncurrent liabilities as at June 30, 2019, parent and consolidated, are as follows:

	Parent	Consolidated
2020 (6 months)	3,274	3,417
2021	6,394	7,601
2022	6,130	7,337
2023	906	2,113
2024 onward	<u>38</u>	<u>6,181</u>
Total	<u>16,742</u>	<u>26,649</u>

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

#### 13 FINAME manufacturer financing

	Parent and Consolidated	
	June	December
	30,	31,
	2019	2018
Current		
FINAME manufacturer financing	69,354	63,326
Noncurrent		
FINAME manufacturer financing	121,474	116,278
Total	190,828	179,604

The agreements related to FINAME manufacturing financing are guaranteed by promissory notes and sureties, and the main guarantor is the subsidiary Rominor. Balances are directly related to the balances of "Onlending of FINAME manufacturer financing" (Note 5), considering that the loans are directly linked to sales to specific customers. The contractual terms related to the amounts, charges and periods financed under the program are on-lent in full to the financed customers and amounts received on a monthly basis under the line item "Amounts receivable - onlending of FINAME manufacturer financing" are fully used for the repayment of the related financing agreements. The Company, therefore, acts as an agent for the financing, but remains as the main debtor in this transaction.

The balances of the line item "FINAME manufacturer financing" and, consequently, of the line item "Onlending of FINAME manufacturer financing" as at June 30, 2019 and December 31, 2018, were adjusted for inflation through the end of the reporting period. The difference of R\$ 27,708 between these line items as at June 30, 2019 (R\$ 36,462 as at December 31, 2018) refers to past-due trade notes, renegotiations in progress, and FINAME transactions not yet released by the agent bank. Management understands that there are no risks to the realization of these receivables, in addition to the amount of the allowance for doubtful accounts already recorded, since the amounts are collateralized by the financed machinery.

The noncurrent maturities of the FINAME manufacturer financing as at June 30, 2019, parent and consolidated, were as follows:

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

	<b>Parent and Consolidated</b>
2020 (6 months)	30,483
2021	52,496
2022	31,984
2023 onward	6,511
Total	<b>121,474</b>

#### 14 Provision for tax, labor and civil risks

The Company's management, based on the opinion of legal counsel, classified the legal proceedings in accordance with the likelihood of loss, as follows:

	<b>June</b>	<b>Parent and Consolidated December</b>
	<b>30,</b>	<b>31,</b>
	<b>2019</b>	<b>2018</b>
Tax	52	57,916
Civil	767	332
Labor	2,582	3,039
(- ) Judicial deposits / other receivables	-	(57,334)
Total	<b>3,401</b>	<b>3,953</b>
Current liabilities	2,049	1,853
Noncurrent liabilities	1,352	2,100
	<b>3,401</b>	<b>3,953</b>



## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

For legal proceedings classified as probable losses, the changes in the provision for the period ended June 30, 2019 are as follows:

	December 31, 2018	Additions	Utilizations/ reversals	Monetary restatement	June 30, 2019
Tax	57,916	809	(58,673)	-	52
Civil	332	456	(39)	18	767
Labor	3,039	200	(523)	(134)	2,582
(- ) Judicial deposits / other receivables	(57,334)	(442)	57,776	-	-
<b>Total Parent and Consolidated</b>	<b>3,953</b>	<b>1,023</b>	<b>(1,459)</b>	<b>(116)</b>	<b>3,401</b>

As at June 30, 2019, the main legal proceedings which were classified by Management as probable losses or as legal obligation are as follows:

#### (a) Tax proceedings

Refer to the provisions for:

- (i) As at December 31, 2018, PIS and COFINS balances levied on ICMS on sales were R\$ 10,322 and R\$ 47,543, respectively.

On October 24, 2006, the Company filed a common civil action challenging the constitutionality of the inclusion of ICMS on sales in the PIS and COFINS tax base, as well as for refund for overpayment retroactively to 5 years.

On March 15, 2017, when judging Extraordinary Appeal No. 574.706/PR, regarding the general repercussion effect, the Federal Supreme Court (STF), by majority of votes, decided that the ICMS is not to be included in the PIS and COFINS tax bases since it is intended to the State and, therefore, is not included in the concept of revenue. However, on October 19, 2017, the National Treasury Attorney General's Office (PGFN) filed Motions to Clarify in view of the Court Decision published on October 2, 2017 by the STF. In this motion, PGNF requests the correction of alleged errors in the Court Decision. The most significant ones are as follows: (i) modulation of judgment effects (ii) lack of clarity on the ICMS to be excluded (whether the tax calculated or paid), which reflects on the determination of tax credit to be recovered as well as the future exclusion procedure; and (iii) material error regarding the analysis of gross and net revenue concepts brought by Law 6,404/76, the motions to clarify are pending analysis by the STF. In view of these facts, Management decided to maintain the present obligation derived from past events in the financial statements for the year ended December 31, 2018.

## **Indústrias Romi S.A.**

### **Notes to the quarterly information (ITR)**

**at June 30, 2019**

**In thousands of reais, unless otherwise stated**

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On March 13, 2019, the Company obtained a favorable final decision on the lawsuit on the subject. As a result, the then present obligation derived from a past event was no longer considered as an obligation and, therefore, the Company recorded in the financial statements for the first quarter of 2019 the effects of the favorable outcome on such lawsuit, amounting to R\$138,008, before taxes, of which R\$74,321 recorded in "Other operating income (expenses), and R\$63,868 in line item "Finance income". The impact on profit for the period was R\$ 105,564, already considering the effects of income tax and social contribution on the gain, which was reduced by the use of the interest on capital, proposed in March 2019, of R\$ 29,542, as per the Shareholder Notice dated March 26, 2019.

- (ii) The other tax proceedings total R\$ 52 (R\$ 51 as at December 31, 2018).

**(b) Tax proceedings (Plano Verão)**

In 2017, the Company obtained a favorable outcome in the proceeding in which the Company was the plaintiff and the Federal Government is the defendant, which claims for the right to monetarily restate the statement of financial position for the calendar year 1989 by reference to the inflation for January and February of that year and to dismiss the inflation indexes of the legislation then in force (Plano Verão). On September 6, 2017, the Company filed a request with the Federal Revenue Office for use of the respective credit. On April 9, 2018, the Federal Revenue Office approved the request regarding this credit, authorizing the Company to utilize it to offset future federal taxes. The Company recognized in the financial statements of 2Q18 the effects from the favorable outcome on the tax proceeding "Plano Verão", which impacted the profit or loss in 2Q18 as follows: (i) EBITDA: reduced by R\$ 1,623, due to the recognition of attorney's fees, in line item "Other operating income (expenses), net"; (ii) finance income (costs): increased by R\$ 32,115, due to the monetary restatement of the original amount of the credits; (iii) income tax and social contribution: increased by R\$ 10,740, regarding the original amount of the credits; and (iv) profit for the period: increased by the impact from the net gain of R\$ 40,073, already including the effects of income tax and social contribution on the gain, which was reduced by the use of the interest on capital, proposed in April 2018, as per the Shareholder Notice dated April 17, 2018.

## **Indústrias Romi S.A.**

### **Notes to the quarterly information (ITR)**

**at June 30, 2019**

**In thousands of reais, unless otherwise stated**

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#### **(c) Civil proceedings**

These refer to civil proceedings in which the Company is the defendant related mainly to the following claims: (i) revision/termination of contracts; (ii) damages; and (iii) annulment of protest of notes with losses and damages, among others.

#### **(d) Labor claims**

The Company has recorded a provision for contingencies for labor claims in which it is the defendant, the main causes are as follows: (i) additional overtime due to reduction of lunch break; (ii) health hazard premium/hazardous duty premium; (iii) stability prior to retirement; (iv) damages for work-related accident/disease; and (v) jointly liability over outsourced companies, among others.

The tax, civil and labor proceedings assessed as representing possible losses involve matters similar to those above. The Company's management believes that the outcomes of ongoing legal proceedings shall not result in disbursements higher than those recognized in the provision. The amounts involved do not qualify as legal obligations.

#### **(e) Judicial deposits**

The Company has judicial deposits amounting to R\$ 89,797 (2018 – R\$ 50,357), of which R\$ 87,699 (2018 - R\$ 48,247) refers to PIS and COFINS levied on ICMS on sales, as mentioned in item (a) (i) and the other deposits are of different nature and classified in noncurrent assets.

### **15 Income tax and social contribution**

Income tax is calculated at the rate of 15% on the taxable profits plus a 10% surtax on taxable profit exceeding R\$ 240, and social contribution is calculated at the rate of 9% on taxable profits, except for subsidiaries Rominor and Rominor Empreendimentos, which pay income tax and social contribution based on a percentage of gross revenue.

The reconciliation of the tax effect on the Company's profit (loss) before income tax and social contribution through application of the prevailing tax rates as at June 30, 2019 and 2018 is as follows:

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

	Parent		Consolidated	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Profit before income tax and social contribution	117,585	41,602	113,645	39,572
Statutory rates (income tax and social contribution)	34%	34%	34%	34%
Income tax and social contribution expense at statutory rates	(39,979)	(14,145)	(38,639)	(13,454)
Reconciliation to the effective rate:				
Interest on capital	10,045	10,521	10,045	10,521
IR/CSLL Tax proceedings (Plano Verão)	(1,569)	10,741	(1,569)	10,741
Research and development	1,685	1,447	1,685	1,447
Equity pickup	(5,310)	(2,593)	-	-
Unrecorded deferred income tax and social contribution at subsidiaries	-	-	(2,895)	(1,080)
Management profit sharing	-	(291)	-	(291)
Other additions (deductions), net	391	(82)	681	(177)
Current and deferred income tax and social contribution income (expense)	(34,737)	5,598	(30,692)	7,707

- (a) The amount in the consolidated financial information refers basically to the difference in the calculation of income tax and social contribution between taxable profit based on accounting records <lucro real> and profit computed as a percentage of the Company's gross revenue <lucro presumido>, due to the fact that subsidiaries Rominor and Rominor Empreendimentos opted to calculate tax based on lucro presumido in the years presented, and for non-recognition of deferred income taxes on the tax losses of foreign subsidiaries, except for BW.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

Changes in deferred tax assets and liabilities, parent and consolidated, for the period ended June 30, 2019 were as follows:

	<u>Asset</u>		<u>Liability</u>
	<u>Parent</u>	<u>Consolidated</u>	<u>Consolidated</u>
t December 31, 2018	43,595	43,948	31,786
Changes in the period			
Additions	2,583	7,003	-
Realization	(21,502)	(21,502)	(389)
Foreign exchange difference		72	(572)
At June 30, 2019	<u>24,676</u>	<u>29,521</u>	<u>30,825</u>

## 16 Equity

### Capital

As at June 30, 2019 and December 31, 2018, the Company's subscribed and paid-up capital amounting to R\$ 492,025 is represented by 62,857,647 book-entry, registered common shares, without par value, all with the same rights and benefits.

### Income reserve

#### a) Legal reserve

As required by Article 193 of Law 6,404/76, the balance of the line item "Legal reserve" is equivalent to 5% of the profit for the year, limited to 20% of the share capital. As at June 30, 2019 and December 31, 2018, the legal reserve amounted to R\$ 47,838.

#### b) Retained earnings reserve

According to the notice to the market on March 26, 2019, approval was given for the distribution of interest on capital, to be attributed to the mandatory dividends for 2019 in the gross amount of R\$ 29,542, for payment on March 31, 2020. The excess amount not distributed (R\$ 53,306) is included in the reserve balance and awaits allocation to be defined at the shareholders' meeting.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

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#### Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of outstanding common shares in the period, excluding common shares purchased by the parent and held as treasury shares.

	June 30, of 2019	June 30, 2018
Profit for the period attributable to the controlling shareholders	82,848	47,200
Weighted average number of shares outstanding in the period (in thousands)	62,858	62,858
Basic and diluted earnings per share	1.32	0.75

Basic and diluted earnings per share are the same, since the Company does not have any instruments diluting the earnings per share.

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

#### 17 Segment reporting - consolidated

To manage its business, the Company is organized into three business units on which the Company reports its primary information by segment, namely: Romi Machinery, Burkhardt+Weber Machinery and Cast and Machined Products. The information for the period ended June 30, 2019 was prepared and is being presented on a comparative basis with the period ended June 30, 2018, according to the Company's new segments:

	June 30, 2019				
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	148,657	70,124	69,844	-	288,625
Cost of sales and services	(74,983)	(66,854)	(80,196)	-	(222,033)
Transfers remitted	1,268	-	14,416	(15,684)	
Transfers received	(14,416)	-	(1,268)	15,684	
Gross profit (loss)	60,526	3,270	2,796	-	66,592
Operating (expenses) income:					
Selling expenses	(30,980)	(5,574)	(2,619)	-	(39,173)
General and administrative expenses	(17,474)	(12,268)	(4,982)	-	(34,724)
Research and development	(8,707)	-	(1,801)	-	(10,508)
Management fees	(2,124)	-	(929)	-	(3,053)
Other operating income (expenses), net	54,818	-	20,810	-	75,628
Operating profit (loss) before finance income (costs)	56,059	(14,572)	13,275	-	54,762
Inventory	271,256	74,395	35,015	-	380,666
Depreciation and amortization	5,657	4,809	6,165	-	16,631
Property, plant and equipment, net	84,954	63,572	115,034	-	263,560
Intangible assets	707	53,835	19	-	54,561
	<b>Europe</b>	<b>Latin America</b>	<b>North America</b>	<b>Africa and Asia</b>	<b>Total</b>
Net operating revenue per geographical region	91,321	176,484	11,147	9,673	288,625

## Indústrias Romi S.A.

### Notes to the quarterly information (ITR)

at June 30, 2019

In thousands of reais, unless otherwise stated

	June 30, 2018				
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	139,753	58,758	92,255	-	290,766
Cost of sales and services	(77,862)	(51,924)	(84,496)	-	(214,282)
Transfers remitted	1,871	-	11,085	(12,956)	
Transfers received	(11,085)	-	(1,871)	12,956	
Gross profit	52,677	6,834	16,973	-	76,484
Operating (expenses) income:					
Selling expenses	(27,514)	(4,595)	(2,097)	-	(34,206)
General and administrative expenses	(11,619)	(10,740)	(6,476)	-	(28,835)
Research and development	(8,427)	-	-	-	(8,427)
Management fees	(1,941)	-	(1,694)	-	(3,635)
Other operating income (expenses), net	(625)	-	-	-	(625)
Operating profit (loss) before finance income (costs)	2,551	(8,501)	6,706	-	756
Inventory	223,380	75,180	27,794	-	326,354
Depreciation and amortization	6,334	3,532	6,616	-	16,482
Property, plant and equipment, net	140,783	14,889	108,945	-	264,617
Intangible assets	1,017	58,480	20	-	59,517
	<u>Europe</u>	<u>Latin America</u>	<u>North America</u>	<u>Africa and Asia</u>	<u>Total</u>
Net operating revenue per geographical region	83,103	194,303	6,894	6,466	290,766



## Indústrias Romi S.A.

### Notes to the quarterly information (ITR) at June 30, 2019

In thousands of reais, unless otherwise stated

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#### 18 Future commitments

On April 10, 2017, the Parent and Centrais Elétricas Cachoeira Dourada S.A. - CDSA, belonging to Endesa, decided to amend the agreement for the supply of electric energy entered into on May 1, 2007, which intended to contract a volume of electric energy according to the Company's needs. As a result, the supply of electric energy has been extended for further two years, up to December 31, 2020, and has reflected the following commitments that will be adjusted annually by the General Market Price Index (IGP-M).

Year of supply	Amount
2019 (6 months)	4,299
2020	8,597
Total	12,896

The Company's management believes that this agreement is compatible with the electricity requirements for the contracted period.

\* \* \*

**ROMI**

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## July 23, 2019 2Q19 Earnings Release

### June 30, 2019

**Share price**

ROMI3 - R\$ 15.83 per share (on 07/23/2019)

**Market value**

R\$ 995.0 million

US\$ 266.1 million

**Number of shares**

Common: 62,857,647

Total: 62,857,647

**Free Float = 50.8%****Investor Relations Contact****Fábio B. Taiar**

Investor Relations Officer

Telephone: (19) 3455-9418

dri@romi.com

### July 24, 2019

**Earnings Conference Call**

Time: 10:30 a.m.

Dial-in numbers:

+55 (11) 3193-1070 or (11) 2820-4070

Access Code: Romi

**Earnings Conference Call in English**

Time: 12:00 p.m. (São Paulo)

4:00 p.m. (London)

11:00 a.m. (New York)

Dial-in numbers:

USA +1 (800) 492-3904

Brazil +55 (11) 3193-1070

Other + 1 (646) 828-8246

Access Code: Romi



Santa Bárbara d'Oeste - SP, July 23, 2019 - Indústrias Romi S.A. ("Romi" or "Company") (B3: ROMI3), domestic market leader in the Machine Tools and Plastic Processing Machines markets, as well as an important producer of Raw and Machined Cast Iron Parts, announces its results for the second quarter of 2019 ("2Q19"). Except where otherwise stated, the Company's operating and financial information is presented on a consolidated basis, in accordance with International Financial Reporting Standards (IFRS).

## Highlights

### Solid Backlog at the end of 2Q19, 21.5% higher than 2Q18

- The order backlog at the end of 2Q19 showed a growth of 21.5% compared to the backlog at the end of 2Q18, with highlights to Romi Machines and Burkhardt + Weber Machines Units, which grew by 37.2% and 18.3%, respectively;
- In the Romi Machines Unit, the order entry in 1H19 grew 12.0% compared to the same period of the previous year, due to the launch of new products and the gradual recovery of the domestic economy;
- In the B + W Machines Unit, the order entry in 1H19 increased by 28.4% in relation to the same period of the previous year, as a consequence of the launch of new products and the development of solutions to meet new segments;
- In 1H19 the Romi Machines Business Unit posted a 6.4% increase in net operating revenue in relation to 1H18 and an increase of 3.0 percentage points in gross margin, due to the higher volume of operations and the reduction of costs and expenses incurred in recent years; and
- Order entry in the Rough and Machined Cast Iron Parts, in the 2Q19 increased 28.8% compared to the 2Q18, positively impacted by the recovery of the demand for heavy casting iron parts.

R\$'000	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg.	Chg.	1H18	1H19	Chg.
				2Q19/1Q19	2Q19/2Q18			1H19/1H18
<b>Revenues Volume</b>								
Machines (units)	183	137	173	26.3%	-5.5%	327	310	-5.2%
Burkhardt + Weber (units)	4	2	8	300.0%	100.0%	7	10	42.9%
Raw and Machined Cast Iron Parts (tons)	5,453	3,567	3,836	7.6%	-29.6%	10,045	7,403	-26.3%
<b>Net Operating Revenue</b>	<b>158,119</b>	<b>120,766</b>	<b>167,859</b>	<b>39.0%</b>	<b>6.2%</b>	<b>290,766</b>	<b>288,625</b>	<b>-0.7%</b>
Gross margin (%)	26.4%	19.5%	25.6%			26.3%	23.1%	
<b>Operating Income (EBIT)</b>	<b>112</b>	<b>56,443</b>	<b>(1,681)</b>	<b>-103.0%</b>	<b>-1600.9%</b>	<b>756</b>	<b>54,762</b>	<b>7143.7%</b>
Operating margin (%)	0.1%	46.7%	-1.0%			0.3%	19.0%	
<b>Operating Income (EBIT) - adjusted (*)</b>	<b>1,735</b>	<b>(17,878)</b>	<b>(1,681)</b>	<b>-90.6%</b>	<b>-196.9%</b>	<b>2,379</b>	<b>(19,559)</b>	<b>-922.2%</b>
Operating margin (%) - adjusted (*)	1.1%	-14.8%	-1.0%			0.8%	-6.8%	
<b>Net Income</b>	<b>45,443</b>	<b>87,301</b>	<b>(4,348)</b>	<b>-105.0%</b>	<b>-109.6%</b>	<b>47,279</b>	<b>82,953</b>	<b>75.5%</b>
Net margin (%)	28.7%	72.3%	-2.6%			16.3%	28.7%	
<b>Net Income - adjusted (*)</b>	<b>5,370</b>	<b>(18,263)</b>	<b>(174)</b>	<b>-99.0%</b>	<b>-103.2%</b>	<b>7,206</b>	<b>(18,437)</b>	<b>-355.9%</b>
Net margin (%) - adjusted (*)	3.4%	-15.1%	-0.1%			2.5%	-6.4%	
<b>EBITDA</b>	<b>8,346</b>	<b>64,705</b>	<b>6,688</b>	<b>-89.7%</b>	<b>-19.9%</b>	<b>17,238</b>	<b>71,393</b>	<b>314.2%</b>
EBITDA margin (%)	5.3%	53.6%	4.0%			5.9%	24.7%	
<b>EBITDA - adjusted (*)</b>	<b>9,969</b>	<b>(9,616)</b>	<b>6,688</b>	<b>-169.6%</b>	<b>-32.9%</b>	<b>18,861</b>	<b>(2,928)</b>	<b>-115.5%</b>
EBITDA margin (%) - adjusted (*)	6.3%	-8.0%	4.0%			6.5%	-1.0%	
<b>Investments</b>	<b>4,494</b>	<b>7,151</b>	<b>6,032</b>	<b>-15.6%</b>	<b>34.2%</b>	<b>13,115</b>	<b>13,183</b>	<b>0.5%</b>

EBITDA = Earnings before interest, taxes, depreciation and amortization.

(\*)

2Q18 / 1H18: The effects from the favorable outcome in the tax proceeding (Plano Verão) in which the Company claimed for the right to monetarily restate the balance sheet for the calendar year 1989 by reference to the inflation for January and February of that year and to dismiss the inflation indexes of the legislation then in force. The impacts were recorded as follows: (i) EBIT/EBITDA: reduced by R\$1,623, due to the recognition of attorney's fees, in line item "Other operating income (expenses), net"; profit for the period: increased by the impact from the net gain of R\$40,073, already including the effects of income tax and social contribution on the gain, which were reduced by the use of the interest on capital, proposed in April 2018, as per the Shareholder Notice dated April 17, 2018.

1Q19: As described in the "Success in Legal Proceedings" section of this report, the Company recognized in the financial statements of 1Q19 the effects of the favorable final decision on the tax proceeding (judicial proceeding on the exclusion of ICMS from the PIS and COFINS tax base). As a result, The impacts were recorded as follows: (i) EBIT/EBITDA: due to the recognition of the original value of the legal proceedings, increase to R\$ 138,008, before taxes, of which R\$ 74,321 recorded in line item "Other operating income (expenses)" and R\$ 63,686 in line item "Finance income". The impact on the profit for the period was R\$105,564, already considering the effects of income tax and social contribution on the gain, which was reduced by the use of the interest on capital, proposed in March 2019, as per the Shareholder Notice dated March 26, 2019.

2Q19: The Company reviewed the calculations referring to the recognition of the favorable outcome in the tax proceeding, Plano Verão, recognized in the financial statements of 2Q18. The impacts were recorded as follows in the 1H19: profit for the period: reduced by the impact from the reversal of the gain of R\$4,174, already including the effects of income tax and social contribution on the gain.

1H19: The sum of the amounts mentioned above, in 1Q19 and 2Q19, is recognized in 1H19.



## Corporate Profile



Romi, founded in 1930, is the leader in the Brazilian industrial machinery and equipment market, and an important manufacturer of raw and machined cast iron parts.

The Company is listed on B3's "New Market", which is reserved for companies with a higher level of corporate governance. Romi manufactures machine tools (Conventional Lathes, Computerized Numerical Control (CNC) Lathes, Lathing Centers, Machining Centers, Vertical and Horizontal Heavy and Extra-Heavy Lathes and Drilling Mills), Plastic Injection or Blow Molding Machines and ductile or CDI gray cast iron parts, which may be supplied in raw or machined form. The Company's products and services are sold around the world and used by various industrial segments, such as the automotive (light and heavy), agricultural machinery, capital goods, consumer goods, tools, hydraulic equipment and wind power industries, among many others.

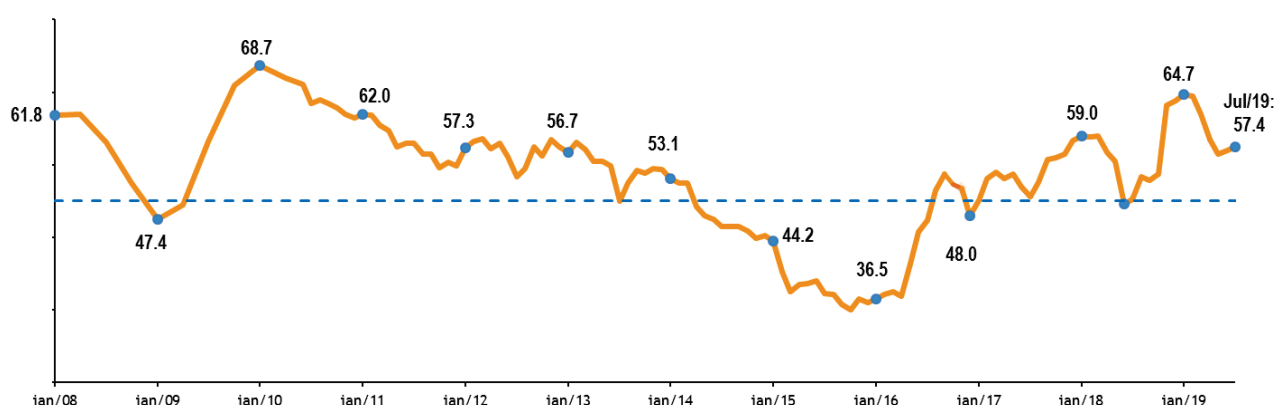
The Company has thirteen manufacturing units, four of which for final assembly of industrial machinery, two foundries, four units for machining of mechanical components, two units for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, eleven are located in Brazil and two in Germany. The installed capacity of industrial machines and casting production is of, respectively, about 2,900 units and 50,000 tons per year.

## Current Economic Scenario

2019 began with the continuity of the economic recovery and, mainly, with a good level of optimism in the industry. Some macroeconomic data also continue to indicate recovery signs in the Brazilian economy, such as the improvement in the confidence indexes and in the utilization of installed capacity when compared to the last three years, presented below. This improvement in macroeconomic data begins to materialize in the Romi Machines business unit, which, faced with a more stable scenario, encourages customers to resume their investments.

In July 2019, as shown below, the Industrial Entrepreneur Confidence Index (ICEI) reached 57.4, a level that shows the evolution of the index in 2019 when compared to the previous three years, in line with the gradual resumption of the economy.

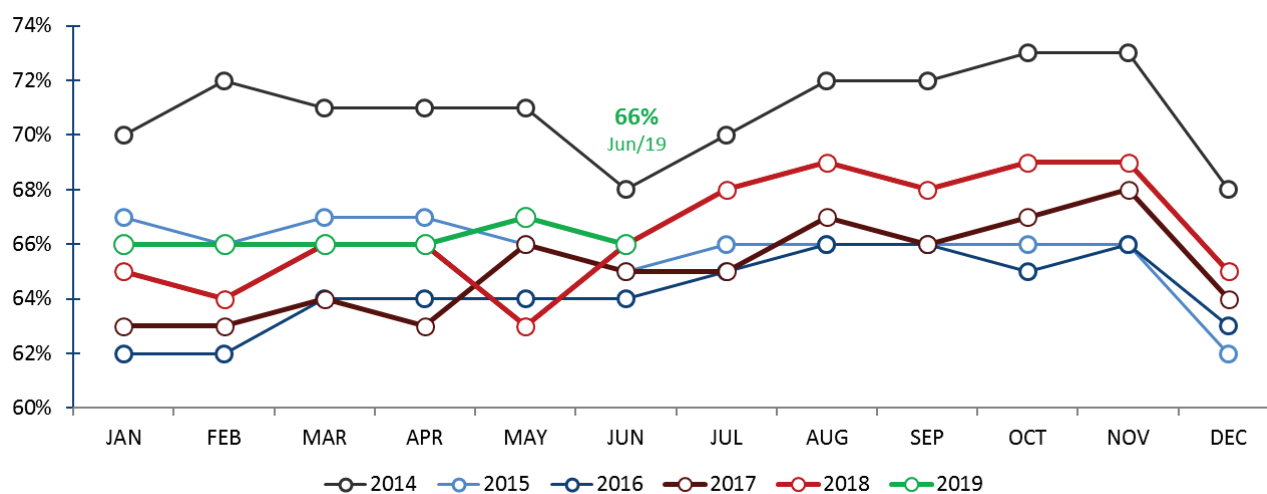
**Industrial Entrepreneur Confidence Index - ICEI**



Source: CNI - ICEI, July 2019

The Installed Capacity Utilization (UCI) index of the Brazilian industry in general, as released by the National Confederation of Industries (CNI), has consolidated at an important growth level, when compared to the last years, showing an important recovery of the Brazilian economy.

**Average Installed Capacity Utilization (UCI)**



Source: CNI - UCI, June 2019

Romi continues to implement actions to streamline its structure and the planning and manufacturing process, to respond quickly to the demand volatility. Over the past few years we have made several optimizations, especially in indirect structures. We reinforced the focus on cost and expense reduction projects and invested in automation and productivity, focusing on the increase of profitability, which can be noted since 2017. Strategically, we have defined the launching of new product generations as a priority, and the first lines are already successful in the domestic and international markets. This gives us great confidence that we are very well prepared for the rekindling of the domestic economy.

## Market

The Company's main leading edges in the market; namely, products with cutting-edge technology, own nationwide distribution network, own ongoing technical assistance, availability of attractive customer credit facilities in local currency, and short product delivery times, are all recognized by customers, giving the ROMI® brand name a traditional and prestigious reputation.

<b>Order Entry (R\$ 000)</b> Gross Values, sales taxes included	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18	1H18	1H19	Chg. 19/18
Romi Machines	119,045	71,956	116,053	61.3%	-2.5%	167,909	188,009	12.0%
Burkhardt+Weber Machines	22,270	32,199	41,396	28.6%	85.9%	57,335	73,595	28.4%
Rough and Machined Cast Iron Parts	51,668	37,078	66,560	79.5%	28.8%	115,157	103,638	-10.0%
<b>Total *</b>	<b>192,983</b>	<b>141,233</b>	<b>224,008</b>	<b>58.6%</b>	<b>16.1%</b>	<b>340,401</b>	<b>365,241</b>	<b>7.3%</b>

\* The order entry figures do not include parts and services.

The order entry volume in the Romi Machines Unit in 1H19 showed a growth of 12.0% compared to 1H18, chiefly due to the growth of orders in the domestic market, demonstrating that in 2019 the continuing economic recovery and a good level of optimism are observed, which encourages investments.

In the German subsidiary B+W, order entry continues to demonstrate consistency in the volume of new businesses, due to the launch of new products and the development of solutions to serve new segments. In 1H19, the volume of new orders was 28.4% higher when compared with 1H18, resulting in a portfolio 18.3% higher than that presented at the end of the second quarter of 2018.

The Raw and Machined Cast Iron Parts Unit presented 28.8% higher order entry in 2Q19 than in 2Q18, demonstrating the beginning of the recovery of large cast iron parts.

<b>Order Backlog (R\$ 000)</b> Gross Values, sales taxes included	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18
Romi Machines	97,848	96,324	134,252	39.4%	37.2%
Burkhardt+Weber Machines	154,944	187,107	183,251	-2.1%	18.3%
Rough and Machined Cast Iron Parts	60,325	50,100	62,930	25.6%	4.3%
<b>Total *</b>	<b>313,118</b>	<b>333,531</b>	<b>380,433</b>	<b>14.1%</b>	<b>21.5%</b>

\* The order entry figures do not include parts and services.

At June 30, 2019, the order backlog totaled R\$ 380.4 million, amount 21.5% higher than in the same period last year.

## Operational Performance

### **NET OPERATING REVENUE**

Net operating revenue posted by the Company in 2Q19 reached R\$ 167.9 million, 6.2% higher than in 2Q18 and 39.0% higher than in 1Q19.

#### **By Business Unit**

Net Operating Revenue (R\$ 000)	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18	1H18	1H19	Chg. 19/18
Romi Machines	77,840	68,919	79,738	15.7%	2.4%	139,753	148,657	6.4%
Burkhardt+Weber Machines	29,681	17,716	52,408	195.8%	76.6%	58,758	70,124	19.3%
Raw and Machined Cast Iron Parts	50,598	34,131	35,713	4.6%	-29.4%	92,255	69,844	-24.3%
<b>Total</b>	<b>158,119</b>	<b>120,766</b>	<b>167,859</b>	<b>39.0%</b>	<b>6.2%</b>	<b>290,766</b>	<b>288,625</b>	<b>-0.7%</b>

#### **Romi Machines**

The net operating revenue of this Business Unit reached R\$ 79.7 million in 2Q19, posting an increase of 2.4% when compared to the same period in 2018, reflecting the gradual economic recovery started in 2018.

#### **Burkhardt + Weber Machines**

In 2Q19, revenue of the German subsidiary B + W, in Reais, was 76.6% higher than in 2Q18, due to the good volume of new businesses generated in the last periods.

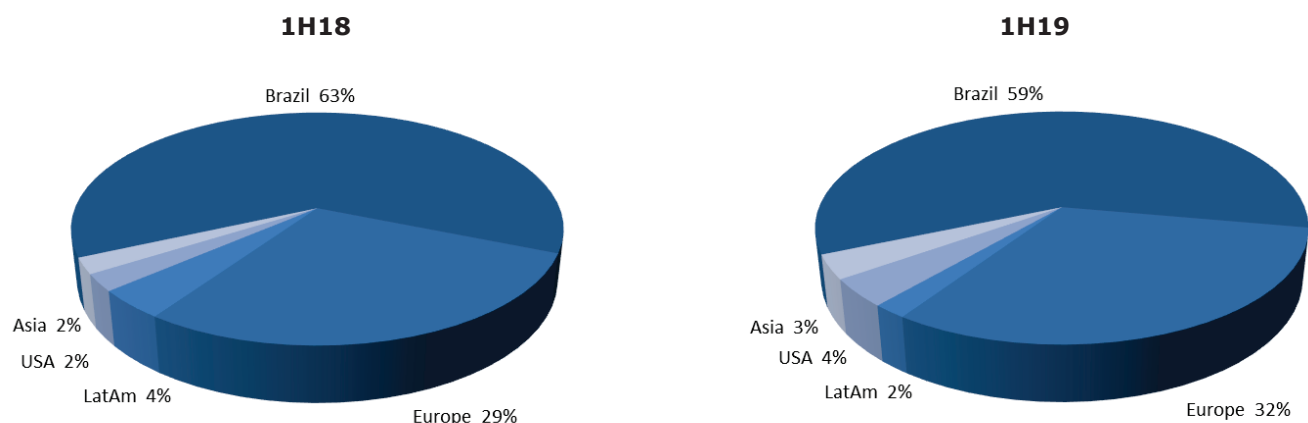
#### **Raw and Machined Cast Iron Parts**

The net operating revenue of this Business Unit was R\$ 35.7 million in 2Q19, representing a 29.4% decrease compared to 2Q18, chiefly due to the reduction in the volume of large raw and machined cast iron parts.

#### **By Geographic Region**

The domestic market accounted for 59% of Romi's consolidated revenue in 1H19 (63% in 1H18). Considering the revenue obtained in foreign markets, which takes into account sales by Romi's subsidiaries abroad (Germany, China, United States, Italy, United Kingdom, France, Mexico and Spain) and direct sales to other markets, the distribution of Romi's consolidated revenue by geographic region was the following:





The following shows the revenue in foreign markets, in Reais (R\$) and in US dollars:

Foreign Sales	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18	1H18	1H19	Chg. 1H19/1H18
Net Sales (R\$ million)	56.5	40.4	78.4	93.8%	38.6%	108.6	118.8	9.4%
Net Sales (US\$ million)	14.7	10.7	20.1	87.0%	36.8%	30.3	30.8	1.5%

## **OPERATING COSTS AND EXPENSES**

The gross margin of 25.8% obtained in 2Q19 decreased by 0.6 pp in relation to 2Q18, and the operating margin (EBIT) presented a reduction of 1.1 pp in the same period, due to the lower volume of revenues in the Raw and Machined Cast Iron Parts unit.

	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg. p.p. 2Q19/1Q19	Chg. p.p. 2Q19/2Q18	1H18	1H19	Chg. pp 1H19/1H18
<b>Gross Margin</b>								
Romi Machines	39.3%	40.4%	41.0%	0.6	1.7	37.7%	40.7%	3.0
Burkhardt+Weber Machines	6.0%	-18.2%	12.4%	30.6	6.4	11.6%	4.7%	(7.0)
Raw and Machined Cast Iron Parts	18.5%	-3.1%	10.8%	13.8	(7.7)	18.4%	4.0%	(14.4)
<b>Total</b>	<b>26.4%</b>	<b>19.5%</b>	<b>25.6%</b>	<b>6.1</b>	<b>(0.7)</b>	<b>26.3%</b>	<b>23.1%</b>	<b>(3.2)</b>

	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg. p.p. 2Q19/1Q19	Chg. p.p. 2Q19/2Q18	1H18	1H19	Chg. pp 1H19/1H18
<b>EBIT Margin</b>								
Romi Machines	3.4%	77.1%	3.7%	(73.5)	0.2	1.8%	37.7%	35.9
Burkhardt+Weber Machines	-20.2%	-67.0%	-5.2%	61.8	15.0	-14.5%	-20.8%	(6.3)
Raw and Machined Cast Iron Parts	6.8%	44.4%	-5.3%	(49.7)	(12.1)	7.3%	19.0%	11.7
<b>Total</b>	<b>0.1%</b>	<b>46.7%</b>	<b>-1.0%</b>	<b>(47.7)</b>	<b>(1.1)</b>	<b>0.3%</b>	<b>19.0%</b>	<b>18.7</b>

	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg. p.p. 2Q19/1Q19	Chg. p.p. 2Q19/2Q18	1H18	1H19	Chg. pp 1H19/1H18
<b>EBIT Margin - Adjusted</b>								
Romi Machines	5.5%	-0.5%	3.7%	4.2	(1.8)	3.0%	1.7%	(1.3)
Burkhardt+Weber Machines	-20.2%	-67.0%	-5.2%	61.8	15.0	-14.5%	-20.8%	(6.3)
Raw and Machined Cast Iron Parts	6.8%	-16.5%	-5.3%	11.3	(12.1)	7.3%	-10.8%	(18.1)
<b>Total</b>	<b>1.1%</b>	<b>-14.8%</b>	<b>-1.0%</b>	<b>13.8</b>	<b>(2.1)</b>	<b>0.8%</b>	<b>-6.8%</b>	<b>(7.6)</b>

### Romi Machines

The gross margin of this Business Unit in 2Q19 increased by 1.7 pp when compared to 2Q18 due to the focus the Company has adopted on profitability improvement projects. Operating margin (EBIT) also increased by 0.2 pp over the same comparison period.

### Burkhardt + Weber Machines

In this Business Unit, gross and operating margins in 2Q19 increased by 6.4 pp and 15.0 pp, respectively, in relation to 2Q18, due to the 76.6% increase in net operating revenue.

### Raw and Machined Cast Iron Parts

The gross margin of this Business Unit in 2Q19 decreased by 7.7 pp in 2Q19 in relation to 2Q18, due to the decrease in net operating revenue in this quarter and the change in the product mix with reduction of larger parts. In the same comparison period, the operating margin decreased by 12.1 pp for the reasons mentioned above.

## **EBITDA AND EBITDA MARGIN**

In 2Q19, the operating cash generation as measured by EBITDA amounted to R\$ 6.7 million, representing an EBITDA margin of 4.0% in the quarter, as indicated in the following table:

Reconciliation of Net Income to EBITDA	Quarter					Accumulated		
(R\$ 000)	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18	1H18	1H19	Chg. 1H19/1H18
Net Income	45,443	87,302	(4,348)	-105.0%	-109.6%	47,279	82,953	75.5%
Income tax and social contributions	(7,696)	30,498	194	-99.4%	-102.5%	(7,707)	30,692	-498.2%
Net Financial Income	(37,635)	(61,357)	2,473	-104.0%	-106.6%	(38,816)	(58,883)	51.7%
Depreciation and amortization	8,234	8,262	8,369	1.3%	1.6%	16,482	16,631	0.9%
EBITDA	8,346	64,705	6,688	-89.7%	-19.9%	17,238	71,393	314.2%
EBITDA Margin	5.3%	53.6%	4.0%	(0.93)	(0.25)	5.9%	24.7%	3.17
EBITDA - Adjusted (*)	9,969	(9,616)	6,688	-169.6%	-32.9%	18,861	(2,928)	-115.5%
EBITDA Margin - Adjusted (*)	6.3%	-8.0%	4.0%	(1.50)	(0.37)	6.5%	-1.0%	(1.16)
Total Net Operating Revenue	158,119	120,766	167,859	39.0%	6.2%	290,766	288,625	-0.7%

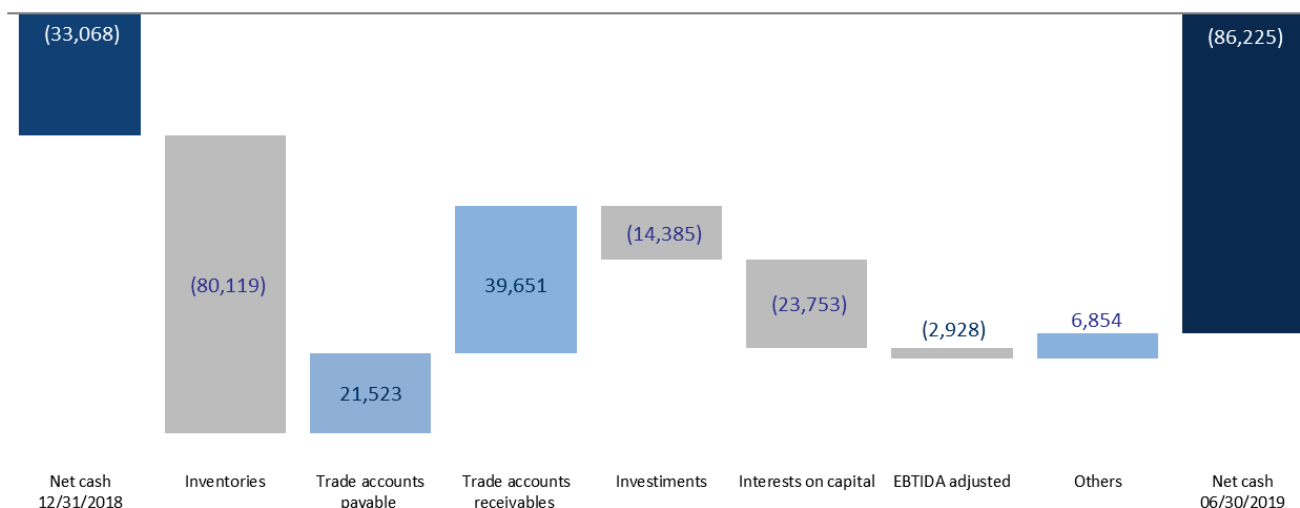
(\*) As described in the highlights of this report.

## **RESULT FOR THE PERIOD**

The result in 2Q19 was a negative R\$ 4.4 million, impacted by the effect of the revision of the calculation referring to the gain in the success of the fiscal process called Plano Verão, in the amount of R\$ 4.2 million. Disregarding this effect, adjusted for 2Q19 was a negative R\$ 0.2 million.

## Evolution of the Net Cash (Debt) Position

The main variations in the net debt position during 1H19 are described below in R\$'000:



"Investment" balances are net of the impacts recognized in accordance with IFRS 16 - Leases.

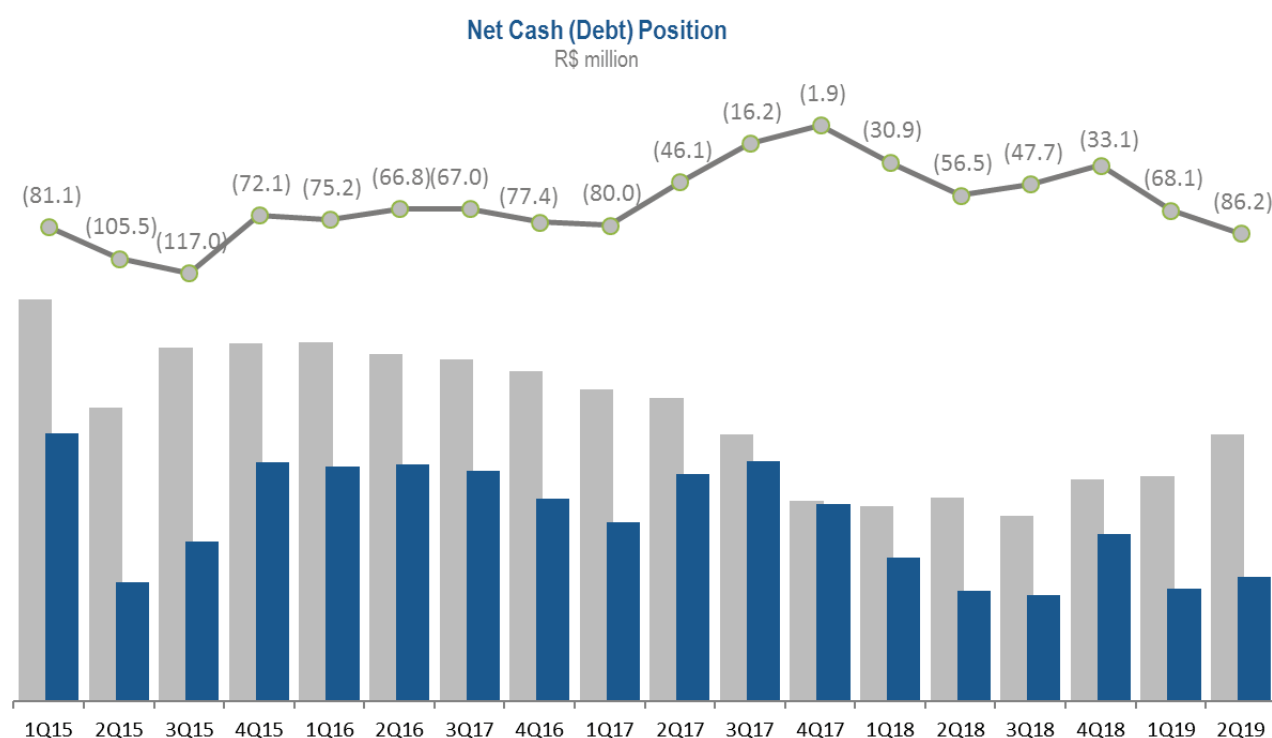
Net debt growth in 2Q19 is due to the following main aspects:

- Increase in inventory level due to higher volume of purchases in order to ensure adequate availability of products for customers and fulfillment of the order backlog, which presented a significant growth compared to December 2018;
- Payment of interest on capital proposed in April 2018 and paid in March 2019, in the total net amount of R\$ 23.8 million; and
- Investments made during 1H19, most of them for the installation of an automatic molding machine for the Raw and Machined Cast Iron Parts Business Unit. The other investments were allocated in part to maintenance as well as to improve productivity, flexibility and competitiveness of the other industrial units, all of them pursuant to the investment plan already scheduled for the year.

## Financial Position

Short-term financial investments, including those backed by debentures, are made with prime financial institutions with low credit risk and their yield is mainly pegged to the Interbank Certificate of Deposit (CDI). The consolidated net cash (debt) position at June 30, 2019 was negative R\$86.2 million.

The Company's borrowings are used mainly in investments for the modernization of the industrial facilities, research and development of new products and financing of exports and imports. At June 30, 2019, the amount of financing in local currency was R\$ 21.4 million, and in foreign currency, R\$ 140.0 million, totaling R\$161.4 million.



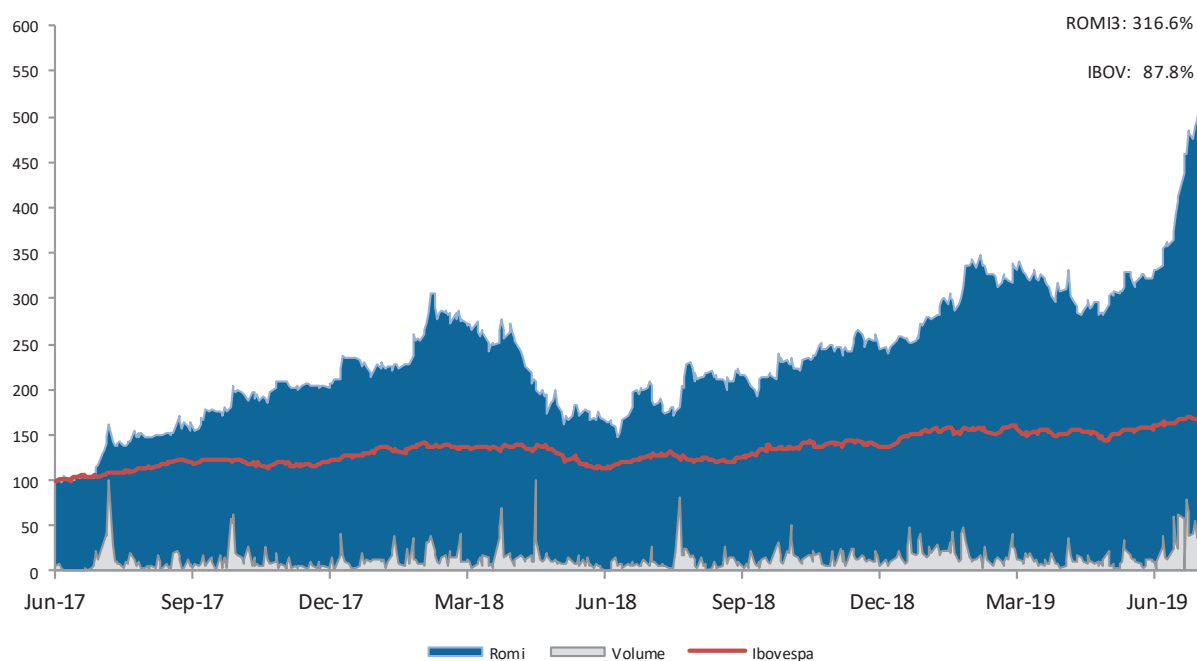
The balances of "Finame Manufacturer Financing" are not used in the calculation of net debt of the Company.

At June 30, 2019, the Company did not have any derivative transactions.

## Capital Market

### Share Performance ROMI3 vs. Ibovespa

From 06/30/2017 to 07/22/2019



Source: B3.

On July 22, 2019, the Company's common shares (ROMI3), which were quoted at R\$15.83, posted appreciation of 87.8% since December 31, 2018 and 316.6% since June 30, 2017. Ibovespa recorded appreciation of 18.3% and 65.3% in the same periods.

The Company's market capitalization on July 22, 2019 was R\$995.0 million. The average daily trading volume during 2Q19 was R\$1.2 million.

## Success in Legal Proceeding

### **EXCLUSION OF ICMS LEVIED ON SALES FROM THE PIS AND COFINS TAX BASE**

As disclosed in note 14 of the Quarterly Information for the first quarter of 2019, on October 24, 2006, the Company filed a claim in which it questioned the constitutionality of the inclusion of ICMS (state tax) on sales in the PIS and COFINS (federal taxes) tax base, as well as the repetition of such tax overpayment retroactively for 5 (five) years.

The Company, on March 13, 2019, obtained a favorable final outcome on its individual ordinary lawsuit about the matter. As a consequence of such final outcome on its individual lawsuit, the then present obligation arising from a past event was no longer considered an obligation and therefore, the Company recognized in the financial statements for the first quarter of 2019 the effects of success in this judicial proceeding, which totaled R\$138,008, before taxes, of which R\$74,321 was recorded in "Other operating income (expenses)", and R\$63,868 in "Financial income". The impact on net profit for the period was R\$105,564, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of the interest on capital, proposed in March 2019, according to the Shareholder Notice dated March 26, 2019.

## Consolidated Balance Sheet

(R\$ 000)

ASSETS	06/30/18	12/31/18	03/31/19	06/30/19
<b>CURRENT</b>	<b>641,680</b>	<b>697,357</b>	<b>786,334</b>	<b>806,396</b>
Cash and Cash equivalents	66,455	100,428	67,512	74,564
Financial investments	475	489	659	668
Trade accounts receivable	128,819	168,213	133,094	131,340
Onlending of FINAME manufacturer financing	78,705	87,482	88,431	89,606
Inventories	326,354	300,547	346,931	380,666
Recoverable taxes	26,600	25,267	43,012	20,420
Judicial Deposits	-	-	86,579	87,699
Other receivables	14,272	14,931	20,116	21,433
<b>NON CURRENT</b>	<b>189,919</b>	<b>209,430</b>	<b>223,097</b>	<b>228,886</b>
Trade accounts receivable	13,476	13,618	12,341	10,840
Onlending of FINAME manufacturer financing	84,925	128,584	126,406	128,930
Recoverable taxes	28,267	18,998	52,292	53,023
Deferred income and social contribution taxes	50,762	43,948	27,597	29,521
Judicial Deposits	2,119	2,110	2,126	2,098
Other receivables	10,370	2,172	2,335	4,474
<b>Investments</b>				
Property, Plant and Equipment	264,617	258,921	264,842	263,560
Investment Properties	18,602	18,398	18,398	18,398
Intangible assets	59,517	57,981	55,959	54,561
<b>TOTAL ASSETS</b>	<b>1,174,335</b>	<b>1,242,087</b>	<b>1,348,630</b>	<b>1,371,801</b>

LIABILITIES AND SHAREHOLDER'S EQUITY	06/30/18	12/31/18	03/31/19	06/30/19
<b>CURRENT</b>	<b>351,410</b>	<b>362,752</b>	<b>409,957</b>	<b>438,013</b>
Loans and financing	83,414	102,547	107,295	134,808
FINAME manufacturer financing	52,074	63,326	65,772	69,354
Trade accounts payable	61,648	44,261	60,959	65,784
Payroll and related taxes	31,475	27,504	25,563	31,540
Taxes payables	4,362	7,847	21,619	5,226
Advances from customers	75,744	71,466	84,490	86,076
Other payables	42,693	45,801	44,259	45,225
<b>NON CURRENT</b>	<b>144,719</b>	<b>181,732</b>	<b>185,045</b>	<b>185,240</b>
Loans and financing	40,006	31,438	28,964	26,649
FINAME manufacturer financing	70,201	116,278	118,759	121,474
Deferred income and social contribution taxes	33,500	31,786	31,133	30,825
Taxes payable	792	2,100	2,061	1,352
Reserve for contingencies	220	130	4,128	4,940
Other payables	-	-	-	-
<b>SHAREHOLDER'S EQUITY</b>	<b>676,671</b>	<b>695,977</b>	<b>752,124</b>	<b>746,986</b>
Capital	492,025	492,025	492,025	492,025
Retained earnings	139,131	160,218	217,929	213,524
Cumulative translation adjustments	45,515	43,734	42,170	41,437
<b>NON CONTROLLING INTERESTS</b>	<b>1,535</b>	<b>1,626</b>	<b>1,504</b>	<b>1,562</b>
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>678,206</b>	<b>697,603</b>	<b>753,628</b>	<b>748,548</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>1,174,335</b>	<b>1,242,087</b>	<b>1,348,630</b>	<b>1,371,801</b>

## Consolidated Income Statement

(R\$ thousand)

	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18	1H18	1H19	Chg. 1H19/1H18
<b>Net Operating Revenue</b>	<b>158,119</b>	<b>120,766</b>	<b>167,859</b>	<b>39.0%</b>	<b>6.2%</b>	<b>290,766</b>	<b>288,625</b>	<b>-0.7%</b>
Cost of Goods Sold	(116,394)	(97,215)	(124,818)	-45.2%	7.2%	(214,282)	(222,033)	3.6%
<b>Gross Profit</b>	<b>41,725</b>	<b>23,551</b>	<b>43,041</b>	<b>-66.0%</b>	<b>3.2%</b>	<b>76,484</b>	<b>66,592</b>	<b>-12.9%</b>
<i>Gross Margin %</i>	<i>26.4%</i>	<i>19.5%</i>	<i>25.6%</i>			<i>26.3%</i>	<i>23.1%</i>	
<b>Operating revenues (expenses)</b>	<b>(41,613)</b>	<b>32,892</b>	<b>(44,722)</b>	<b>-183.4%</b>	<b>7.5%</b>	<b>(75,728)</b>	<b>(11,830)</b>	<b>-84.4%</b>
Selling expenses	(18,053)	(18,558)	(20,615)	-16.0%	14.2%	(34,206)	(39,173)	14.5%
Research and development expenses	(4,544)	(4,760)	(5,748)	4.0%	26.5%	(8,427)	(10,508)	24.7%
General and administrative expenses	(15,468)	(17,435)	(17,289)	15.8%	11.8%	(28,835)	(34,724)	20.4%
Management profit sharing and compensation	(2,179)	(1,498)	(1,555)	-26.6%	-28.6%	(3,635)	(3,053)	-16.0%
Other operating income, net	(1,369)	75,143	485	1642.2%	-135.4%	(625)	75,628	-12200.5%
<b>Operating Income (loss) before Financial Results</b>	<b>112</b>	<b>56,443</b>	<b>(1,681)</b>	<b>88.9%</b>	<b>-1600.9%</b>	<b>756</b>	<b>54,762</b>	<b>7143.7%</b>
<i>Operating Margin %</i>	<i>0.1%</i>	<i>46.7%</i>	<i>-1.0%</i>			<i>0.3%</i>	<i>19.0%</i>	
<b>Financial Results, Net</b>	<b>37,635</b>	<b>61,356</b>	<b>(2,473)</b>	<b>2557.3%</b>	<b>-106.6%</b>	<b>38,816</b>	<b>58,883</b>	<b>51.7%</b>
Financial income	36,793	63,825	(510)	2864.5%	-101.4%	40,271	63,315	57.2%
Financial expenses	(2,471)	(1,176)	(1,133)	-28.5%	-54.1%	(5,072)	(2,309)	-54.5%
Exchange gain (loss), net	3,313	(1,293)	(830)	-171.8%	-125.1%	3,617	(2,123)	-158.7%
<b>Operations Operating Income</b>	<b>37,747</b>	<b>117,799</b>	<b>(4,154)</b>	<b>265.9%</b>	<b>-111.0%</b>	<b>39,572</b>	<b>113,645</b>	<b>187.2%</b>
Income tax and social contribution	7,696	(30,498)	(194)	173.5%	-102.5%	7,707	(30,692)	-498.2%
<b>Net income</b>	<b>45,443</b>	<b>87,301</b>	<b>(4,348)</b>	<b>314.9%</b>	<b>-109.6%</b>	<b>47,279</b>	<b>82,953</b>	<b>75.5%</b>
<i>Net Margin %</i>	<i>28.7%</i>	<i>72.3%</i>	<i>-2.6%</i>			<i>16.3%</i>	<i>28.7%</i>	
<b>Net profit (loss) concerning:</b>								
Controlling interests	45,401	87,253	(4,406)	317.2%	-109.7%	47,200	82,848	75.5%
Non controlling interests	42	47	58	-63.3%	38.1%	79	105	32.9%
<b>EBITDA</b>	<b>8,346</b>	<b>64,705</b>	<b>6,688</b>	<b>69.3%</b>	<b>-19.9%</b>	<b>17,238</b>	<b>71,393</b>	<b>314.2%</b>
Profit (loss) for the period	45,443	87,301	(4,348)	314.9%	-109.6%	47,279	82,953	75.5%
Income tax and social contribution	(7,696)	30,498	194	173.5%	-102.5%	(7,707)	30,692	-498.2%
Financial result, net	(37,635)	(61,356)	2,473	2557.3%	-106.6%	(38,816)	(58,883)	51.7%
Depreciation and amortization	8,234	8,262	8,369	-0.8%	1.6%	16,482	16,631	0.9%
<i>EBITDA Margin %</i>	<i>5.3%</i>	<i>53.6%</i>	<i>4.0%</i>			<i>5.9%</i>	<i>24.7%</i>	
Nº of shares in capital stock (th)	62,858	62,858	62,858	0.0%	0.0%	62,858	62,858	0.0%
Profit (loss) per share - R\$	0.72	1.39	(0.07)	317.2%	-109.7%	0.75	1.32	75.2%



## Consolidated Cash Flow Statement

(R\$ thousand)

	2Q18	1Q19	2Q19	1H18	1H19
<b>Cash from operating activities</b>					
<b>Net Income before taxation</b>	<b>37,747</b>	<b>117,798</b>	<b>(4,153)</b>	<b>39,572</b>	<b>113,645</b>
Financial expenses and exchange gain	(35,598)	(60,409)	1,800	(35,150)	(58,609)
Depreciation and amortization	8,234	8,262	8,369	16,482	16,631
Allowance for doubtful accounts and other receivables	582	(3,297)	130	(155)	(3,167)
Proceeds from sale of fixed assets and intangibles	754	(238)	(205)	70	(443)
Provision for inventory realization	5	1,363	(1,098)	(834)	265
Reserve for contingencies	2	(56,746)	(458)	1,555	(57,204)
<b>Change on operating assets and liabilities</b>					
Financial Investments	12,469	(170)	(9)	13,195	(179)
Trade accounts receivable	(2,127)	36,996	3,914	916	40,910
Onlending of Finame manufacturer financing	(3,046)	(1,288)	(6,010)	8,691	(7,298)
Inventories	(54,030)	(47,746)	(32,637)	(84,532)	(80,383)
Recoverable taxes, net	(41,324)	(8,802)	19,937	(43,645)	11,135
Judicial deposits	(553)	8,540	(1,092)	(1,685)	7,448
Other receivables	32,704	1,556	2,085	33,435	3,641
Trade accounts payable	12,432	15,001	4,943	26,096	19,944
Payroll and related taxes	4,640	(2,097)	6,590	3,030	4,493
Taxes payable	9,005	(18,409)	(16,308)	6,557	(34,717)
Advances from customers	22,833	13,024	1,586	19,232	14,610
Other payables	559	(6,492)	7,602	(455)	1,110
<b>Cash provided by (used in) operating activities</b>	<b>5,288</b>	<b>(3,154)</b>	<b>(5,014)</b>	<b>2,375</b>	<b>(8,168)</b>
Income tax and social contribution paid	(243)	(2,772)	(587)	(522)	(3,359)
<b>Net Cash provided by (used in) operating activities</b>	<b>5,045</b>	<b>(5,926)</b>	<b>(5,601)</b>	<b>1,853</b>	<b>(11,527)</b>
Purchase of fixed assets	(4,363)	(7,157)	(12,910)	(13,163)	(20,067)
Sales of fixed assets	208	269	351	977	620
Increase in intangible assets	(2,119)	(581)	(1)	(2,127)	(582)
<b>Net cash Used in Investing Activities</b>	<b>(6,274)</b>	<b>(7,469)</b>	<b>(12,560)</b>	<b>(14,313)</b>	<b>(20,029)</b>
Interest on capital paid	382	(23,922)	-	(7,923)	(23,922)
New loans and financing	11,507	13,967	37,065	17,079	51,032
Payments of loans and financing	(9,512)	(10,083)	(11,225)	(18,948)	(21,308)
Interests paid (including Finame manufacturer financing)	(5,177)	(4,830)	(7,045)	(10,131)	(11,875)
New loans in Finame manufacturer	11,925	20,459	23,989	23,689	44,448
Payment of Finame manufacturer financing	(14,972)	(15,377)	(17,631)	(29,708)	(33,008)
<b>Net Cash provided by (used in) Financing Activities</b>	<b>(5,847)</b>	<b>(19,786)</b>	<b>25,153</b>	<b>(25,942)</b>	<b>5,367</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(7,076)</b>	<b>(33,181)</b>	<b>6,992</b>	<b>(38,402)</b>	<b>(26,189)</b>
Exchange variation changes on cash and cash equivalents abroad	(557)	265	60	(825)	325
<b>Cash and cash equivalents - beginning of period</b>	<b>74,088</b>	<b>100,428</b>	<b>67,512</b>	<b>105,682</b>	<b>100,428</b>
<b>Cash and cash equivalents - end of period</b>	<b>66,455</b>	<b>67,512</b>	<b>74,564</b>	<b>66,455</b>	<b>74,564</b>

## Attachment I – Income Statement by Business Unit

### Income Statement by Business Units - 2Q19

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>79,738</b>	<b>52,408</b>	<b>35,713</b>	<b>167,859</b>
<b>Cost of Sales and Services</b>	<b>(39,978)</b>	<b>(45,912)</b>	<b>(38,928)</b>	<b>(124,818)</b>
Business Units Transfers	851	-	7,908	8,759
Business Units Transfers	(7,908)	-	(851)	(8,759)
<b>Gross (loss) Profit</b>	<b>32,703</b>	<b>6,496</b>	<b>3,842</b>	<b>43,041</b>
<i>Gross Margin %</i>	<i>41.0%</i>	<i>12.4%</i>	<i>10.8%</i>	<i>25.6%</i>
<b>Operating Expenses</b>	<b>(29,789)</b>	<b>(9,204)</b>	<b>(5,729)</b>	<b>(44,722)</b>
Selling	(16,483)	(2,884)	(1,248)	(20,615)
General and Administrative	(8,403)	(6,320)	(2,566)	(17,289)
Research and Development	(4,315)	-	(1,433)	(5,748)
Management profit sharing	(1,073)	-	(482)	(1,555)
Other operating revenue	485	-	-	485
<b>Operating Income (loss) before Financial Results</b>	<b>2,913</b>	<b>(2,707)</b>	<b>(1,887)</b>	<b>(1,681)</b>
<i>Operating Margin %</i>	<i>3.7%</i>	<i>-5.2%</i>	<i>-5.3%</i>	<i>-1.0%</i>
<b>Operating loss before Financial Results - Adjusted (*)</b>	<b>2,913</b>	<b>(2,707)</b>	<b>(1,887)</b>	<b>(1,681)</b>
<i>Operating Margin % - Adjusted (*)</i>	<i>3.7%</i>	<i>-5.2%</i>	<i>-5.3%</i>	<i>-1.0%</i>
Depreciation and amortization	2,817	2,412	3,140	8,369
<b>EBITDA</b>	<b>5,730</b>	<b>(295)</b>	<b>1,253</b>	<b>6,688</b>
<i>EBITDA Margin %</i>	<i>7.2%</i>	<i>-0.6%</i>	<i>3.5%</i>	<i>4.0%</i>
<b>EBITDA - Adjusted (*)</b>	<b>5,730</b>	<b>(295)</b>	<b>1,253</b>	<b>6,688</b>
<i>EBITDA Margin % - Adjusted (*)</i>	<i>7.2%</i>	<i>-0.6%</i>	<i>3.5%</i>	<i>4.0%</i>

### Income Statement by Business Units - 2Q18

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>77,840</b>	<b>29,681</b>	<b>50,598</b>	<b>158,119</b>
<b>Cost of Sales and Services</b>	<b>(40,383)</b>	<b>(27,888)</b>	<b>(48,124)</b>	<b>(116,395)</b>
Business Units Transfers	931	-	7,820	8,751
Business Units Transfers	(7,820)	-	(931)	(8,751)
<b>Gross Profit</b>	<b>30,568</b>	<b>1,793</b>	<b>9,363</b>	<b>41,724</b>
<i>Gross Margin %</i>	<i>39.3%</i>	<i>6.0%</i>	<i>18.5%</i>	<i>26.4%</i>
<b>Operating Expenses</b>	<b>(27,907)</b>	<b>(7,790)</b>	<b>(5,915)</b>	<b>(41,612)</b>
Selling	(14,438)	(2,417)	(1,198)	(18,053)
General and Administrative	(6,419)	(5,373)	(3,676)	(15,468)
Research and Development	(4,544)	-	-	(4,544)
Management profit sharing	(1,138)	-	(1,041)	(2,179)
Other operating revenue	(1,367)	-	-	(1,367)
<b>Operating Income before Financial Results</b>	<b>2,661</b>	<b>(5,997)</b>	<b>3,448</b>	<b>112</b>
<i>Operating Margin %</i>	<i>3.4%</i>	<i>-20.2%</i>	<i>6.8%</i>	<i>0.1%</i>
<b>Operating loss before Financial Results - Adjusted (*)</b>	<b>4,284</b>	<b>(5,997)</b>	<b>3,448</b>	<b>1,735</b>
<i>Operating Margin % - Adjusted (*)</i>	<i>5.5%</i>	<i>-20.2%</i>	<i>6.8%</i>	<i>1.1%</i>
Depreciation and amortization	3,159	1,838	3,237	8,234
<b>EBITDA</b>	<b>5,820</b>	<b>(4,159)</b>	<b>6,685</b>	<b>8,346</b>
<i>EBITDA Margin %</i>	<i>7.5%</i>	<i>-14.0%</i>	<i>13.2%</i>	<i>5.3%</i>
<b>EBITDA - Adjusted (*)</b>	<b>7,443</b>	<b>(4,159)</b>	<b>6,685</b>	<b>9,969</b>
<i>EBITDA Margin % - Adjusted (*)</i>	<i>9.6%</i>	<i>-14.0%</i>	<i>13.2%</i>	<i>6.3%</i>

## Income Statement by Business Units - 1H19

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>148,657</b>	<b>70,124</b>	<b>69,844</b>	<b>288,625</b>
<b>Cost of Sales and Services</b>	<b>(74,983)</b>	<b>(66,854)</b>	<b>(80,196)</b>	<b>(222,033)</b>
Business Units Transfers	1,268	-	14,416	15,684
Business Units Transfers	(14,416)	-	(1,268)	(15,684)
<b>Gross Profit</b>	<b>60,526</b>	<b>3,270</b>	<b>2,796</b>	<b>66,592</b>
<i>Gross Margin %</i>	<i>40.7%</i>	<i>4.7%</i>	<i>4.0%</i>	<i>23.1%</i>
<b>Operating Expenses</b>	<b>(4,467)</b>	<b>(17,842)</b>	<b>10,479</b>	<b>(11,830)</b>
Selling	(30,980)	(5,574)	(2,619)	(39,173)
General and Administrative	(17,474)	(12,268)	(4,982)	(34,724)
Research and Development	(8,707)	-	(1,801)	(10,508)
Management profit sharing	(2,124)	-	(929)	(3,053)
Other operating revenue	54,818	-	20,810	75,628
<b>Operating Income before Financial Results</b>	<b>56,059</b>	<b>(14,572)</b>	<b>13,275</b>	<b>54,762</b>
<i>Operating Margin %</i>	<i>37.7%</i>	<i>-20.8%</i>	<i>19.0%</i>	<i>19.0%</i>
<b>Operating loss before Financial Results - Adjusted (*)</b>	<b>2,548</b>	<b>(14,572)</b>	<b>(7,535)</b>	<b>(19,559)</b>
<i>Operating Margin % - Adjusted (*)</i>	<i>1.7%</i>	<i>-20.8%</i>	<i>-10.8%</i>	<i>-6.8%</i>
Depreciation and amortization	5,656	4,810	6,165	16,631
<b>EBITDA</b>	<b>61,715</b>	<b>(9,762)</b>	<b>19,440</b>	<b>71,393</b>
<i>EBITDA Margin %</i>	<i>41.5%</i>	<i>-13.9%</i>	<i>27.8%</i>	<i>24.7%</i>
<b>EBITDA - Adjusted (*)</b>	<b>8,204</b>	<b>(9,762)</b>	<b>(1,370)</b>	<b>(2,928)</b>
<i>EBITDA Margin % - Adjusted (*)</i>	<i>5.5%</i>	<i>-13.9%</i>	<i>-2.0%</i>	<i>-1.0%</i>

## Income Statement by Business Units - 1H18

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>139,753</b>	<b>58,758</b>	<b>92,255</b>	<b>290,766</b>
<b>Cost of Sales and Services</b>	<b>(77,862)</b>	<b>(51,924)</b>	<b>(84,496)</b>	<b>(214,282)</b>
Business Units Transfers	1,871	-	11,085	12,956
Business Units Transfers	(11,085)	-	(1,871)	(12,956)
<b>Gross Profit</b>	<b>52,677</b>	<b>6,834</b>	<b>16,973</b>	<b>76,484</b>
<i>Gross Margin %</i>	<i>37.7%</i>	<i>11.6%</i>	<i>18.4%</i>	<i>26.3%</i>
<b>Operating Expenses</b>	<b>(50,126)</b>	<b>(15,335)</b>	<b>(10,267)</b>	<b>(75,728)</b>
Selling	(27,514)	(4,595)	(2,097)	(34,206)
General and Administrative	(11,619)	(10,740)	(6,476)	(28,835)
Research and Development	(8,427)	-	-	(8,427)
Management profit sharing	(1,941)	-	(1,694)	(3,635)
Other operating revenue	(625)	-	-	(625)
<b>Operating Income before Financial Results</b>	<b>2,551</b>	<b>(8,501)</b>	<b>6,706</b>	<b>756</b>
<i>Operating Margin %</i>	<i>1.8%</i>	<i>-14.5%</i>	<i>7.3%</i>	<i>0.3%</i>
<b>Operating loss before Financial Results - Adjusted (*)</b>	<b>4,174</b>	<b>(8,501)</b>	<b>6,706</b>	<b>2,379</b>
<i>Operating Margin % - Adjusted (*)</i>	<i>3.0%</i>	<i>-14.5%</i>	<i>7.3%</i>	<i>0.8%</i>
Depreciation and amortization	6,334	3,532	6,616	16,482
<b>EBITDA</b>	<b>8,883</b>	<b>(4,969)</b>	<b>13,322</b>	<b>17,238</b>
<i>EBITDA Margin %</i>	<i>6.4%</i>	<i>-8.5%</i>	<i>14.4%</i>	<i>5.9%</i>
<b>EBITDA - Adjusted (*)</b>	<b>10,508</b>	<b>(4,969)</b>	<b>13,322</b>	<b>18,861</b>
<i>EBITDA Margin % - Adjusted (*)</i>	<i>7.5%</i>	<i>-8.5%</i>	<i>14.4%</i>	<i>6.5%</i>

## Attachment II - Financial Statements of B + W

## Balance Sheet B+W

	(€ 000)			
ASSETS	06/30/18	12/31/18	03/31/19	06/30/19
<b>CURRENT</b>	<b>25,828</b>	<b>26,223</b>	<b>28,462</b>	<b>29,934</b>
Cash and Cash equivalents	511	1,136	774	160
Trade accounts receivable	5,878	11,925	7,051	9,121
Inventories	17,644	12,069	18,215	18,063
Recoverable taxes	874	-	907	253
Deferred income and social contribution taxes	-	80	940	1,112
Related Parties	99	877	170	243
Other receivables	823	136	404	982
<b>Investments</b>				
Property, plant and equipment	14,889	14,579	14,539	14,247
Investment in subsidiaries	59	59	59	59
Intangible assets	12,993	12,868	12,611	12,354
<b>TOTAL ASSETS</b>	<b>53,769</b>	<b>53,729</b>	<b>55,670</b>	<b>56,594</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>06/30/18</b>	<b>12/31/18</b>	<b>12/31/18</b>	<b>06/30/19</b>
<b>CURRENT</b>	<b>21,620</b>	<b>21,650</b>	<b>25,820</b>	<b>27,459</b>
Loans and financing	1,500	2,349	2,249	2,499
Trade accounts payable	3,133	3,216	4,232	4,047
Payroll and related taxes	1,647	894	1,406	1,682
Taxes payable	-	9	315	801
Advances from customers	13,515	12,425	15,600	15,955
Other payables	1,173	2,143	1,338	1,519
Related Parties	651	614	681	957
<b>NON CURRENT</b>	<b>7,612</b>	<b>7,054</b>	<b>6,871</b>	<b>6,688</b>
Loans and financing	2,828	2,551	2,412	2,274
Deferred income and social contribution taxes	4,784	4,504	4,459	4,414
<b>SHAREHOLDER'S EQUITY</b>	<b>24,537</b>	<b>25,025</b>	<b>22,979</b>	<b>22,448</b>
Capital	7,025	7,025	7,025	7,025
Capital reserve	505	505	505	505
Profit reserve	17,007	17,495	15,449	14,918
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>53,769</b>	<b>53,729</b>	<b>55,670</b>	<b>56,594</b>

## B+W Income Statement

	(€ 000)				
	2Q18	1Q19	2Q19	1H18	1H19
<b>Net Operating Revenue</b>	<b>6,912</b>	<b>4,120</b>	<b>11,883</b>	<b>14,126</b>	<b>16,003</b>
Cost of Goods Sold	(6,514)	(4,887)	(10,411)	(12,489)	(15,298)
<b>Gross Profit (loss)</b>	<b>398</b>	<b>(767)</b>	<b>1,472</b>	<b>1,637</b>	<b>705</b>
<i>Gross Margin %</i>	<i>5.8%</i>	<i>-18.6%</i>	<i>12.4%</i>	<i>11.6%</i>	<i>4.4%</i>
<b>Operating Expenses</b>	<b>(1,815)</b>	<b>(2,019)</b>	<b>(2,092)</b>	<b>(3,707)</b>	<b>(4,112)</b>
Selling expenses	(562)	(629)	(655)	(1,108)	(1,285)
General and administrative expenses	(1,253)	(1,390)	(1,437)	(2,599)	(2,827)
<b>Operating Income before Financial Results</b>	<b>(1,417)</b>	<b>(2,786)</b>	<b>(620)</b>	<b>(2,070)</b>	<b>(3,407)</b>
<i>Operating Margin %</i>	<i>-20.5%</i>	<i>-67.6%</i>	<i>-5.2%</i>	<i>-14.7%</i>	<i>-21.3%</i>
<b>Financial Results, Net</b>	<b>(69)</b>	<b>(121)</b>	<b>(76)</b>	<b>(180)</b>	<b>(197)</b>
<b>Operations Operating Income</b>	<b>(1,486)</b>	<b>(2,907)</b>	<b>(696)</b>	<b>(2,250)</b>	<b>(3,604)</b>
Income tax and social contribution	399	861	165	588	1,026
<b>Net income</b>	<b>(1,087)</b>	<b>(2,046)</b>	<b>(531)</b>	<b>(1,662)</b>	<b>(2,578)</b>
<i>Net Margin %</i>	<i>-15.7%</i>	<i>-49.7%</i>	<i>-4.5%</i>	<i>-11.8%</i>	<i>-16.1%</i>
<b>EBITDA</b>	<b>(880)</b>	<b>(2,243)</b>	<b>(98)</b>	<b>(1,218)</b>	<b>(2,343)</b>
Net income / loss for the period	(1,087)	(2,046)	(531)	(1,662)	(2,578)
Income tax and social contribution	(399)	(861)	(165)	(588)	(1,026)
Financial income, net	69	121	76	180	197
Depreciation and amortization	537	543	522	852	1,064
<i>EBITDA Margin %</i>	<i>-12.7%</i>	<i>-54.5%</i>	<i>-0.8%</i>	<i>-8.6%</i>	<i>-14.6%</i>

Statements contained in this release related to Romi's business outlook, projections of operating and financial results and references to the Company's growth potential are mere forecasts and have been based on Management's expectations regarding its future performance. These expectations are highly dependent upon market behavior, economic situation in Brazil, the industry and international markets. Therefore, they are subject to changes.