



April 28, 2020 1Q20 Earnings Release

March 31, 2020

Share price

ROMI3 - R\$9.75 per share (on 4/27/2020)

Market value

R\$612.9 million
US\$ 108.8 million

Number of shares

Common: 62,857,647
Total: 62,857,647

Free Float = 50.8%

Investor Relations Contact

Fábio Barbanti Taiar

Investor Relations Officer
Telephone: + 55 (19) 3455-9418
dri@romi.com

April 29, 2020

Earnings Conference Call

Time: 10:30 a.m.
Dial-in numbers:
+55 (11) 3181-8565
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 (412) 717-9627
Other: +1 (844) 204-8942
Brazil +55 (11) 3193-1001
Access Code: Romi

Santa Bárbara d'Oeste, SP, April 28, 2020 – 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 Rough and Machined Cast Iron Parts, announces its results for the first quarter of 2020 ("1Q20"). 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

Order entry in 1Q20 grew 32.7% over 1Q19, which shows that the Brazilian market was experiencing a significant recovery

- The order entry at Romi Machines Unit grew by 21.8% in 1Q20 when compared to 1Q19, as a result of the recovery of the Brazilian market observed as from 4Q19;
- The Rough and Machined Cast Iron Parts Unit posted an increase of 114.7% in order entry in 1Q20 when compared to 1Q19, as a result of the resumption of the large castings segment;
- The net operating revenue increased by 37.4% in 1Q20 over the same period in 2019, reflecting positively on the operating margin, which in the same period increased by 18.2 p.p.;
- At the Romi Machines Unit, the net operating revenue in 1Q20 was 19.7% higher than that observed in 1Q19, due to the recovery of the domestic market. This growth, combined with the control of operating expenses, resulted in an expansion of the operating margin, in the same comparison period, of 11.5 p.p.;
- The B+W Machines Unit posted a growth of 107.2% in net operating revenue in 1Q20. The higher volume of revenue, combined with projects focused on increasing profitability, reflected on the growth of the operating margin;
- The Rough and Machined Cast Iron Parts Unit achieved a growth of 36.9% in net operating revenue in 1Q20 as compared to 1Q19, driven by the delivery of large parts. The operating margin grew by 15.6 p.p., reflecting the higher volume of production and revenue; and
- The order backlog grew by 22.4% at the end of the first quarter of 2020 as compared to March 2019, with highlights to the Romi Machines and Rough and Machined Cast Iron Parts Units.

R\$'000	Quarterly				
	1Q19	4Q19	1Q20	Chg. 1Q20/4Q19	Chg. 1Q20/1Q19
Revenues Volume					
Romi Machines (units)	137	248	164	-33.9%	19.7%
Burkhardt + Weber (units)	2	7	3	-57.1%	50.0%
Rough and Machined Cast Iron Parts (tons)	3,567	3,605	4,095	13.6%	14.8%
Net Operating Revenue	120,766	230,381	165,941	-28.0%	37.4%
<i>Gross margin (%)</i>	19.5%	29.9%	29.1%		
Operating Income (EBIT)	56,443	22,397	4,714	-79.0%	-91.6%
<i>Operating margin (%)</i>	46.7%	9.7%	2.8%		
Operating Income (EBIT) - adjusted (*)	(17,878)	22,397	5,669	-74.7%	131.7%
<i>Operating margin (%) - adjusted (*)</i>	-14.8%	9.7%	3.4%		
Net Income	87,300	19,066	40,817	114.1%	-53.2%
<i>Net margin (%)</i>	72.3%	8.3%	24.6%		
Net Income - adjusted (*)	(18,264)	19,066	5,843	-69.4%	132.0%
<i>Net margin (%) - adjusted (*)</i>	-15.1%	8.3%	3.5%		
EBITDA	64,705	31,123	13,271	-57.4%	-79.5%
<i>EBITDA margin (%)</i>	53.6%	13.5%	8.0%		
EBITDA - adjusted (*)	(9,616)	31,123	14,226	-54.3%	247.9%
<i>EBITDA margin (%) - adjusted (*)</i>	-8.0%	13.5%	8.6%		
Investments	7,151	10,339	6,316	-38.9%	-11.7%

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

(*)

1Q19: The Company recognized in the financial statements for 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). The effects impacted the financial information as follows: (i) EBIT/EBITDA: increased by R\$ 74,321 thousand, due to the recognition of the original amount of the proceeding under "Other operating income (expenses)"; and (ii) profit for the period: increased by the impact of the net gain of R\$ 105,564 thousand, 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, as per the Shareholders Notice dated March 26, 2019.

1Q20: As described in the "Success in Legal Proceeding (Plano Verão)" section of this report, the Company recognized in the financial statements for 1Q20 the effects of the favorable final decision on the tax proceeding (Plano Verão), which impacted the quarterly results as follows: (i) EBIT/EBITDA: decreased by R\$1.0 million, due to the recognition of expenses with legal fees, under "Other operating income (expenses), net"; (ii) financial results: increased by R\$25.1 million as a result of the monetary restatement of the original amount of the tax credits; (iii) income tax and social contribution: increased by R\$10.8 million, due to the original amount of the credits; and (iv) profit for the period: increased by the impact of the net gain of R\$35.0 million, 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 April 2020, as per the Shareholders Notice dated March 17, 2020.

Corporate Profile



Romi, founded in 1930, is the leader in the Brazilian industrial machinery and equipment market, and an important manufacturer of rough 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.

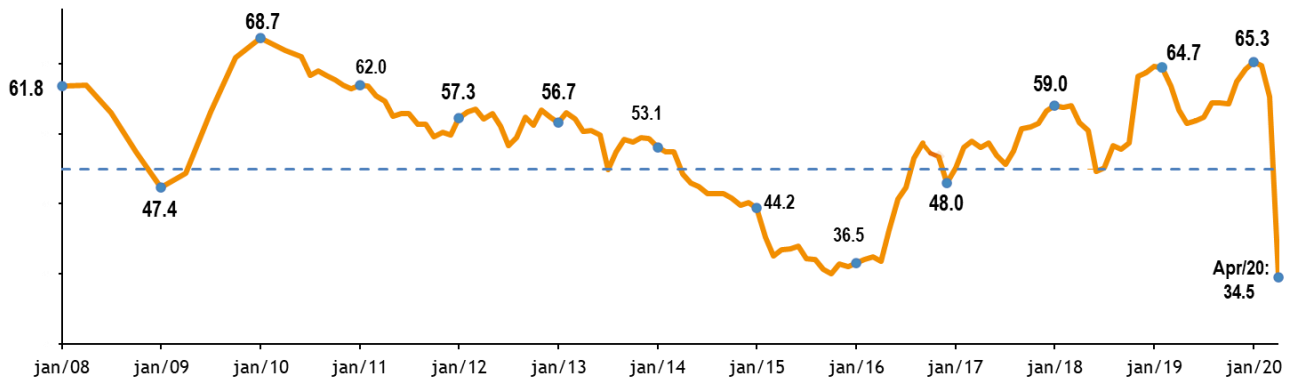
The Company has thirteen manufacturing units, four of which for final assembly of industrial machinery, two foundries, four units for machining of mechanical components, two units for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, eleven are located in 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

The year 2020 started with the continuity of the economic recovery observed since the fourth quarter of last year and, mainly, with an improvement in industry confidence. Some macroeconomic data indicated 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. The volume of business opportunities that had already grown since the second half of 2019 continued to expand in early 2020, thus observing what would be greater consistency in Brazil's economic recovery. This improvement in macroeconomic data and in the general economic environment and a more stable scenario encouraged customers to resume their investments, as can be seen in the volume of incoming orders of the Romi Machines Unit in the first quarter of 2020, mainly in January and February. The foreign market, on the other hand, already felt the effects of the global economic slowdown, especially the South American markets and, as a result, a reduction in the volume of business generated in these countries could be noted.

However, with the crisis generated by Covid-19, as shown below, the Industrial Entrepreneur Confidence Index (ICEI), in April, plummeted to 34.5.

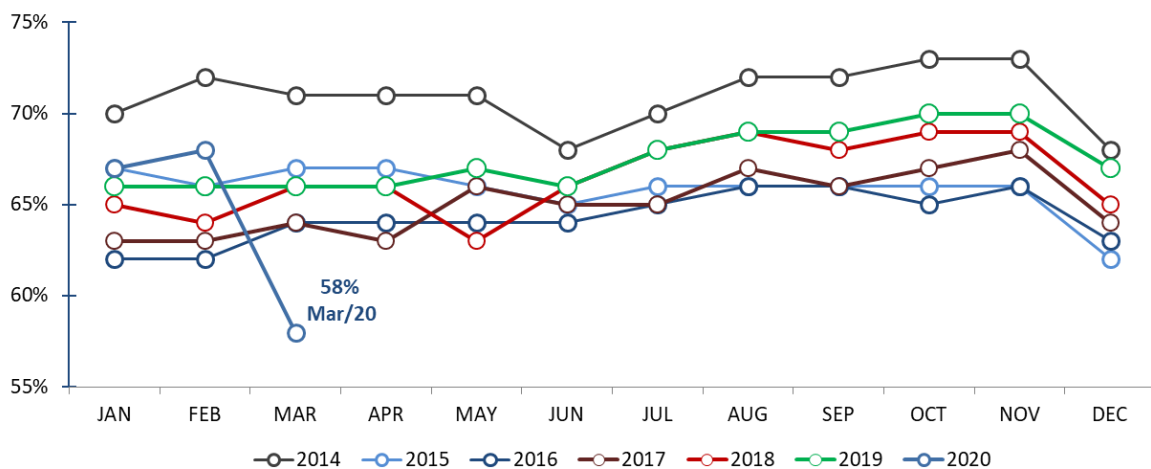
Industrial Entrepreneur Confidence Index - ICEI



Source: CNI – ICEI, April 2020.


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

Average Installed Capacity Utilization (UCI)



Source: CNI – ICEI, March 2020.

Romi took important steps with the advent of Covid-19, which we detail below. However, we emphasize that 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, in addition to investing 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. 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.



In March of this year, with the beginning of mobility restrictions in the face of the pandemic related to COVID-19, the global scenario for the industry began to show significant changes. The first Romi units to feel the effects of the pandemic were those located in Europe, a continent strongly impacted by COVID-19. We saw a significant fall in the source of our business, which was intensified by the social restriction guidelines in the countries where Romi operates, such as: Italy, France, Spain, Germany and the United Kingdom. Deliveries of equipment already sold and produced were also impacted, however, so far, there has been no cancellation of these orders, which are expected to be delivered in 2Q20. In operations located in the Americas (Brazil, USA, Mexico, Argentina and other countries), with the adoption of restrictive measures in mid-March, these areas also began to experience the impact on operations.

In view of the situation, the Company's Management adopted all health recommendations of the competent bodies and additionally established the suspension of all operations in Brazil, on March 24, 2020 for the risk group and on March 30, 2020 for the other employees, until April 21, 2020, through vacations, working hours bank and exchange of holidays. We also inform that at the present date we are operating normally, with some additional safety measures, such as: availability of disposable masks, temperature measurement at the entrance of the company, availability of gel alcohol at certain points, readjustment of layout and signage on restaurant floors for greater distance between people and intensified cleaning of common areas.

Analyzing the results for 1Q20, the above decision or any other decision did not have a material impact on operations, since most of the equipment, rough and machined cast iron parts, and other areas of the Company were able to deliver to our customers within the originally agreed terms.

Regarding the issues of continuity of the Company's business, since the beginning of March of this year, observing the evolution of our European subsidiaries, we have implemented fundraising actions, increasing liquidity, revising production volumes and reducing the purchase of raw materials and components, and have extended the terms for receipt from certain suppliers. Additionally, we accessed the most significant contracts, evaluating, proposing and discussing alternatives with the respective partners for a viable reduction in prices.

In relation to liquidity, approximately R\$ 88 million were raised in financing lines, of which R\$ 85.2 million were in local currency (reais). The actual cost of these funding in Reais was between CDI +3.19% p.y. and CDI + 4.65% p.y. with a payment term of one year. The Company continues to identify other financing lines if an additional amount is needed to ensure liquidity. Assuming the Company's net financial position as at March 31, 2020, it is estimated that this financial volume would be equivalent to approximately eight months of fixed costs.

The Company's management, on this date, understands that the current financing will be settled within its original terms, and new financing may be raised for the normal course of business.

As at March 31, 2020, the Company had assets indexed to foreign currencies in excess of liabilities of approximately USD 3.5 million, i.e., there was no liability exposure, as said assets act as a natural hedge for borrowings and other payables in foreign currency.

In addition to the above, exchange rates have the following main impacts on Romi's operations:

- Cost structure: about 35% of inputs are imported or impacted by exchange rate changes;
- Exports: approximately US\$ 20 million per year refer to exports, the price list amounts are negotiated in foreign currency (US Dollar or Euro) and, therefore, a more devalued Real results in a higher profit margin from exports;
- Domestic sales: more devalued Real makes Romi products more competitive, especially at the Romi Machines Unit, as competition in this segment is with international manufacturers that do not have production in Brazil.

The supply chain continues to produce and is able to deliver on the agreed levels and terms, not posing a high risk of interruption in production due to the lack of raw materials and components.

In our accounts receivable, the most significant amounts refer basically to three types, namely: (i) sale through the BNDES FINAME line, where Romi is the primary debtor in the operation and the machine itself is the guarantee of this transaction, through a retention of title certificate; (ii) Romi direct financing, in the case of used machines; and (iii) sale of cast and machined parts.

For the FINAME line, from BNDES, on April 1, 2020, the SUP/ADIG CIRCULAR LETTER No. 12/2020-BNDES, dated March 28, 2020, entitled BNDES Emergency Renegotiation of Automatic Indirect Operations - BNDES Emergency Renegotiation Line. This Circular Letter allowed contracts to renegotiate installments maturing between April 2020 (up to and including) and September 2020 (up to and including), with the amount of renegotiated installments being incorporated into the debt balance and redistributed in the remaining installments of the debt, maintaining the final term of the debt, therefore, the renegotiation of the last installment is not permitted. This program allows our customers a grace period in contracts in progress of up to six monthly installments, supporting liquidity. As of the present date approximately 30% of the total number of contracts required adherence to emergency renegotiation, and their acceptance and approval is at the discretion of Romi and the accredited financial institutions/issuers, which so far have received around 85% of the requests.

In the portfolio of Romi direct financing receivables, up to the present date we have identified a volume of defaults similar to those prior to the pandemic, with approximately 18% of the number of customers requesting that we postpone installments falling due in April, with each case being analyzed individually and the Company then deciding whether or not the request will be accepted.

The Rough and Machined Cast Iron Parts portfolio, to date, has not shown any signs of growth in its default levels.

With the restrictions on social distancing, in Brazil and across the world, the volume of new business from the second half of March to the present date has posted a significant reduction, however, it is not feasible to predict what the new level of activities will be. The Company has frequently monitored and discussed possible impacts and looked for alternatives so that we can respond quickly to new levels of demand.

As for backlog orders as at March 31, 2020, we have not had any relevant cancellations and/ or postponements.

The main fair of the sector in 2020, FEIMEC - International Machinery and Equipment Fair, which would have taken place in the city of São Paulo, from May 5 to May 9, was postponed to the period from August 10 to August 13, but is not yet confirmed. The other international fairs are still being analyzed, and our participation will be evaluated according to our long-term strategy for consolidating the Romi brand abroad.

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 packages in local currency, and short product delivery times, are all recognized by customers, giving the ROMI® brand name a traditional and prestigious reputation.

Order Entry (R\$ 000) Gross Values, sales taxes included	1Q19	4Q19	1Q20	Chg. 1Q20/4Q19	Chg. 1Q20/1Q19
Romi Machines	71,956	111,184	87,624	-21.2%	21.8%
Burkhardt+Weber Machines	32,199	27,249	20,182	-25.9%	-37.3%
Rough and Machined Cast Iron Parts	37,078	46,820	79,616	70.0%	114.7%
Total *	141,233	185,253	187,423	1.2%	32.7%

* The informed amounts related to incoming orders and order backlog do not include parts and services.

The volume of incoming orders at the Romi Machines Unit observed in 1Q20 increased by 21.8% in relation to that observed in 1Q19, due to the growth of orders in the domestic market, mainly in January and February, which demonstrated, at the beginning of 2020, the continuity of the economic recovery and a good level of confidence, which encouraged investment. On the other hand, the foreign market continued to show the deceleration that started in 2019, accelerated by the Covid-19 crisis.

At German subsidiary B+W, incoming orders in 1Q20 decreased by 37.3%, reflecting the slowdown in the world economy and the impacts of the pandemic related to COVID-19. Although there are still projects under discussion, the current environment has discouraged the completion of new businesses, resulting in the postponement of decision making by customers.

The Rough and Machined Cast Iron Parts Unit posted, in 1Q20, a 114.7% increase in incoming orders, when compared to 1Q19, demonstrating the recovery of large castings for the energy segment.

Order Backlog (R\$ 000) Gross Values, sales taxes included	1Q19	4Q19	1Q20	Chg. 1Q20/4Q19	Chg. 1Q20/1Q19
Romi Machines	74,815	93,276	111,063	19.1%	48.4%
Burkhardt+Weber Machines	187,107	138,470	164,039	18.5%	-12.3%
Rough and Machined Cast Iron Parts	50,100	73,207	106,829	45.9%	113.2%
Total *	312,022	304,952	381,931	25.2%	22.4%

* The informed amounts related to incoming orders and order backlog do not include parts and services.

At the end of the first quarter of 2020, the order backlog grew by 22.4% compared to the same period in 2019. This growth is related to the higher business volume in the domestic market, where we noticed an important resumption of investments and, consequently, of the demand for Romi machines. In addition, the heavy parts market at the Foundry is also quite heated, as can be seen in the growth in orders at this unit.

Operational Performance

NET OPERATING REVENUES

Net operating revenue posted by the Company in 1Q20 reached R\$ 165.9 million, 37.4% higher than in 1Q19, with all business units posting growth in the period.

By Business Unit

Net Operating Revenue (R\$ 000)	Quarterly				
	1Q19	4Q19	1Q20	Chg. 1Q20/4Q19	Chg. 1Q20/1Q19
Romi Machines	68,919	129,313	82,503	-36.2%	19.7%
Burkhardt+Weber Machines	17,716	63,707	36,707	-42.4%	107.2%
Rough and Machined Cast Iron Parts	34,131	37,361	46,731	25.1%	36.9%
Total	120,766	230,381	165,941	-28.0%	37.4%

Romi Machines

The net operating revenue of this Business Unit reached R\$ 82.5 million in 1Q20, posting an increase of 19.7% when compared to 1Q19, reflecting the recovery of the Brazilian economy and the general confidence of domestic industry, which resulted in an order volume growth as from the third quarter of 2019.

Burkhardt+Weber Machines

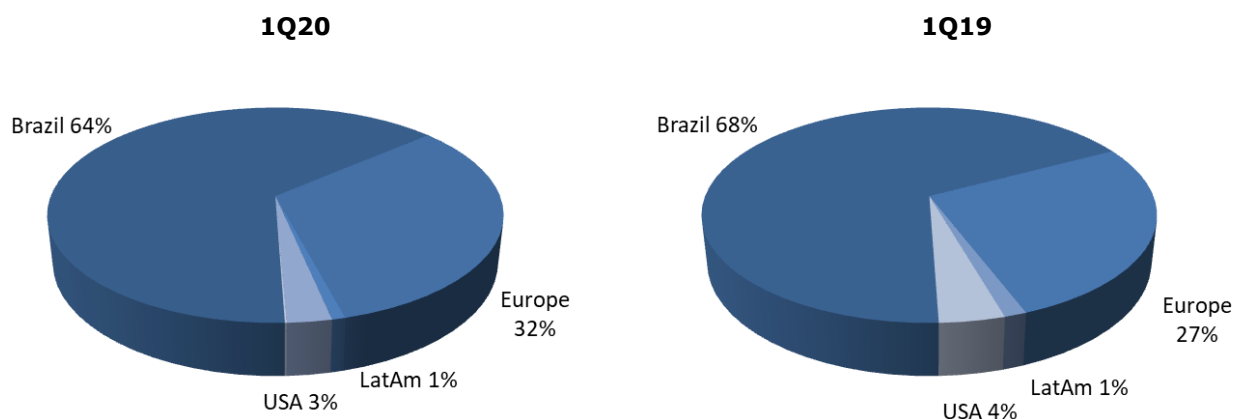
In 1Q20, the revenue of the German subsidiary B+W's, in Reais, was 107.2% higher than in 1Q19. In Euros, this growth was 76.7% in the same period. Although the current scenario for B+W faces great challenges for obtaining new orders, the order backlog at the end of 2019 for equipment to be delivered throughout 2020 was quite robust, and all orders agreed to be delivered in 1Q20 were duly produced and delivered.

Rough and Machined Cast Iron Parts

The net operating revenue of this Business Unit was R\$ 46.7 million in 1Q20, an increase of 36.9% as compared to 1Q19, due to the resumption of large rough and machined cast iron parts, reflecting the resumption of investments in the energy sector.

By Geographical Region

The domestic market accounted for 64% of Romi's consolidated revenue in 1Q20 (68% in 1Q19). 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 foreign market revenue, in Reais (R\$) and in US dollars (US\$):

Foreign Sales	Quarterly				
	1Q19	4Q19	1Q20	Chg. 1Q20/4Q19	Chg. 1Q20/1Q19
Net Sales (R\$ million)	40.4	100.1	60.2	-39.9%	48.8%
Net Sales (US\$ million)	10.7	24.5	12.9	-47.2%	20.5%

In the foreign market, Europe increased its share of consolidated revenue in 1Q20, from 27% to 32%, due to the projects of the German subsidiary B+W being more concentrated in Europe. Latin America maintained its share, mainly in South America, due to the drop in business observed in these countries. The USA showed a slight drop in its share in 1Q20, reflecting the increase in sales in Europe.

OPERATING COSTS AND EXPENSES

The gross margin obtained in 1Q20 was 29.1%, an increase of 9.6 p.p. compared to 1Q19. The adjusted operating margin (adjusted EBIT) increased by 18.2 p.p. in the same period. The higher volume of revenues, combined with the control of operating expenses, resulted in significant growth in operating margins.

	Quarterly				
Gross Margin	1Q19	4Q19	1Q20	Chg. p.p. 1Q20/4Q19	Chg. p.p. 1Q20/1Q19
Romi Machines	40.4%	37.6%	43.8%	6.2	3.4
Burkhardt+Weber Machines	-18.2%	22.9%	18.0%	(4.9)	36.2
Rough and Machined Cast Iron Parts	-3.1%	15.0%	11.9%	(3.1)	14.9
Total	19.5%	29.9%	29.1%	(0.8)	9.6

	Quarterly				
EBIT Margin - Adjusted	1Q19	4Q19	1Q20	Chg. p.p. 1Q20/4Q19	Chg. p.p. 1Q20/1Q19
Romi Machines	-0.5%	14.7%	11.0%	(3.7)	11.5
Burkhardt+Weber Machines	-67.0%	5.5%	-8.0%	(13.5)	58.9
Rough and Machined Cast Iron Parts	-16.5%	-0.2%	-1.0%	(0.8)	15.6
Total	-14.8%	9.7%	3.4%	(6.3)	18.2

Romi Machines

The gross margin of this Business Unit in 1Q20 increased by 3.4 p.p. when compared to 1Q19, due to the higher general volume of revenue, greater share of the domestic market in revenue and the improvement in export margins due to the devalued real. The higher volume of revenue, combined with the expansion of the gross margin and the control of operating expenses resulted in an increase of 11.5 p.p. in the adjusted operating margin (adjusted EBIT), in 1Q20 when compared to 1Q19.

Burkhardt+Weber Machines

The gross margin and operating margin of this business unit in 1Q20 increased by 36.2 p.p. and 58.9 p.p. as compared to 1Q19, respectively. The increase of 107.2% in net operating revenue in 1Q20, as well as the numerous projects focused on improving profitability, resulted in this expansion of operating margins.

Raw and Machined Cast Iron Parts

The gross margin of this Business Unit in 1Q20 grew by 14.9 p.p. as compared to 1Q19, as well as the adjusted operating margin (adjusted EBIT), which in the same comparison period grew by 15.6 p.p.. This growth is due to the higher volume of revenues and production in 1Q20, reflecting the start of deliveries of large rough and machined cast iron parts and projects focused on improving productivity and operational efficiency.

EBITDA AND EBITDA MARGIN

In 1Q20, the operating cash generation as measured by EBITDA amounted to R\$14.2 million, representing an EBITDA margin of 8.6% in the quarter, as indicated in the following table:

Reconciliation of Net Income to EBITDA (R\$ 000)	Quarterly				
	1Q19	4Q19	1Q20	Chg. 1Q20/4Q19	Chg. 1Q20/1Q19
Net Income	87,300	19,066	40,817	114.1%	-53.2%
Income tax and social contributions	30,498	4,448	(10,017)	-325.2%	-132.8%
Net Financial Income	(61,355)	(1,117)	(26,086)	-2235.4%	-57.5%
Depreciation and amortization	8,262	8,726	8,557	-1.9%	3.6%
EBITDA	64,705	31,123	13,271	-57.4%	-79.5%
EBITDA Margin	53.6%	13.5%	8.0%	(5.51)	(45.58)
EBITDA - Adjusted (*)	(9,616)	31,123	14,226	-54.3%	247.9%
EBITDA Margin - Adjusted (*)	-8.0%	13.5%	8.6%	(4.94)	16.54
Total Net Operating Revenue	120,766	230,381	165,941	-28.0%	37.4%

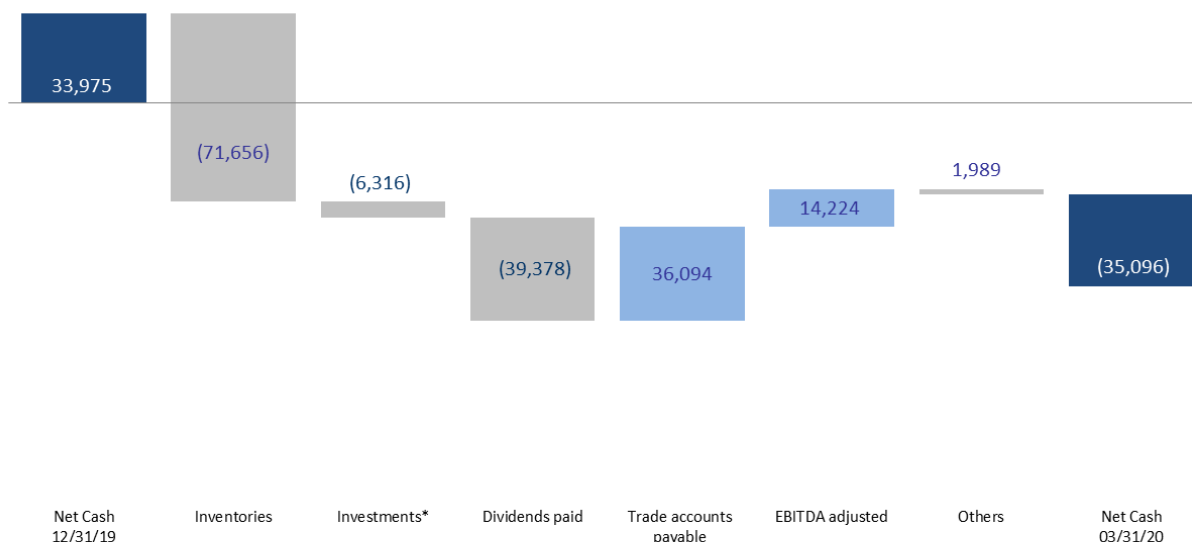
(*) As described in the highlights of this report.

RESULT FOR THE PERIOD

The result for 1Q20 was positive by R\$ 40.8 million, with adjusted profit of R \$ 5.8 million.

Evolution of the Net Cash (Debt) Position

The main variations in the net debt position during 1Q20 are described below in R\$'000:



"Investment" balances are net of the impacts recognized in accordance with CPC 06 (R2) Leases, equivalent to the international standard IFRS 06 - Leases.

The growth in net debt in 1Q20 is due to the following main aspects:

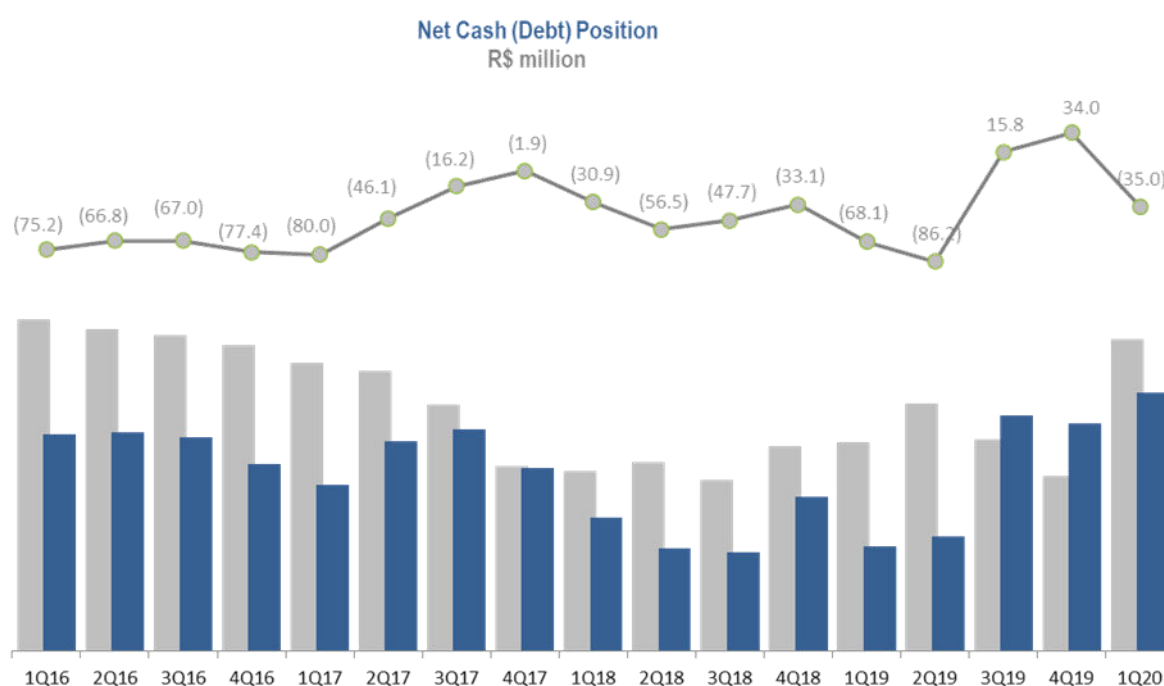
- Increase in inventory level due to higher volume of purchases in order to ensure adequate availability of products for customers and fulfillment of the order backlog, which had an important growth as compared to December 2019;
- Payment of interest on capital proposed in March and December 2019, paid in January and March 2020, respectively, in the total net amount of R\$ 39.4 million; and
- Investments made in 1Q20, most of which were for maintenance, productivity, flexibility and competitiveness for the other units in the industrial facilities, all within the investment plan already scheduled for the year.

Financial Position

Short-term 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 as at March 31, 2020 was negative by R\$35.0 million.

The Company's borrowings are used mainly in investments in the modernization of the industrial facilities, research and development of new products and financing of exports and imports. As at March 31, 2020, the amount of financing in local currency was R\$ 101.3 million, and in foreign currency, R\$ 102.5 million, totaling R\$ 203.8 million, of which R\$ 180.5 million maturing in up to 12 months.

As at March 31, 2020, the Company recorded 165.1 million as cash and cash equivalents and short-term investments.



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

As at March 31, 2020, the Company did not have any derivative transactions.

Capital Market

Share Performance ROMI3 vs. Ibovespa

From 03/31/2018 to 04/27/2020



Source: B3

On April 27, 2020 the Company's common shares (ROMI3), which were quoted at R\$9.75, posted devaluation of 11.0% since December 31, 2019 and 1.4% since December 31, 2018. Ibovespa recorded devaluation of 18.0% and 8.3% in the same periods.

The Company's market capitalization on April 27, 2020 was R\$612,9 million. The average daily trading volume during 1Q20 was R\$3.6 million.

Success in Legal Proceeding

PLANO VERÃO

In 2017, the Company obtained a favorable outcome in the proceeding in which the Company was the plaintiff and the Federal Government was the defendant, which 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 (Plano Verão). On February 17, 2020, the Company filed a request with the Federal Revenue Office for authorization related to the inflationary purge on the assets for purposes of determining the complementary balance of the depreciation and its respective effects on the calculation of the income tax and social contribution over the years. On March 16, 2020, 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 for 1Q20 the effects from the favorable outcome on the tax proceeding "Plano Verão", which impacted the result for 1Q20 as follows: (i) EBIT/EBITDA: decreased by R\$955, due to the recognition of expenses on attorney's fees, in line item "Other operating income (expenses), net"; (ii) finance results: increased by R\$23,135, due to the monetary restatement of the original amount of the credits; (iii) income tax and social contribution: increased by R\$10,794, regarding the original amount of the credits; and (iv) profit for the period: increased by the impact of the net gain of R\$34,974, 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 March 2020, as per the Shareholder Notice dated March 17, 2020.

These tax credits are being used for offset against federal taxes, and the estimated offset period will depend on federal taxes generated in the future, which cannot be estimated at this point. The remaining balance is restated by the monetary restatement indexes recognized by the courts.

Consolidated Balance Sheet

IFRS (R\$ 000)

	ASSETS			LIABILITIES AND SHAREHOLDER'S EQUITY		
	03/31/19	12/31/19	03/31/20	03/31/19	12/31/19	03/31/20
CURRENT	786,334	760,182	877,359	409,957	395,429	516,848
Cash and Cash equivalents	67,512	147,807	165,069	107,295	91,649	180,446
Financial investments	659	683	3,656	65,772	82,177	90,423
Trade accounts receivable	133,094	140,395	141,833	60,959	51,451	87,545
Onlending of FINAME manufacturer financing	88,431	97,053	103,554	23,738	21,288	19,127
Inventories	346,931	344,878	416,534	21,619	15,553	9,826
Recoverable taxes	43,012	15,347	30,875	84,490	68,200	72,634
Other receivables	20,116	14,019	15,838	-	1,205	90
Judicial Deposits	86,579	-	-	25,805	39,523	27,598
				1,854	806	1,035
				18,425	23,577	28,124
NON CURRENT	223,097	265,282	290,740	185,045	212,930	228,905
Trade accounts receivable	12,341	11,489	11,296	28,964	22,866	23,325
Onlending of FINAME manufacturer financing	126,406	166,959	171,309	118,759	152,786	159,936
Recoverable taxes	52,292	54,401	74,590	31,133	31,630	39,725
Deferred income and social contribution taxes	27,597	24,822	26,406	2,061	454	362
Judicial Deposits	2,126	1,930	1,940	4,128	5,194	5,557
Other receivables	2,335	5,681	5,199			
Investments						
Property, Plant and Equipment	264,842	269,235	288,078			
Investment Properties	18,398	18,181	18,181			
Intangible assets	55,959	54,361	67,319			
SHAREHOLDER'S EQUITY	752,124	757,284	794,408	492,025	492,025	492,025
Capital				217,929	219,482	228,810
Retained earnings				42,170	45,777	73,573
Cumulative translation adjustments						
NON CONTROLLING INTERESTS				1,504	1,598	1,516
TOTAL SHAREHOLDER'S EQUITY	753,628	758,882	795,924			
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	1,348,630	1,367,241	1,541,677	1,348,630	1,367,241	1,541,677

Consolidated Income Statement

IFRS (R\$ thousand)

	1Q19	4Q19	1Q20	Chg. 1Q20/4Q19	Chg. 1Q20/1Q19
Net Operating Revenue	120,766	230,381	165,941	-28.0%	37.4%
Cost of Goods Sold	(97,215)	(161,590)	(117,658)	-27.2%	21.0%
Gross Profit	23,551	68,791	48,283	-29.8%	105.0%
<i>Gross Margin %</i>	<i>19.5%</i>	<i>29.9%</i>	<i>29.1%</i>		
Operating revenues (expenses)	32,892	(46,394)	(43,569)	-6.1%	-232.5%
Selling expenses	(18,558)	(23,652)	(19,081)	-19.3%	2.8%
Research and development expenses	(4,760)	(4,676)	(5,070)	8.4%	6.5%
General and administrative expenses	(17,435)	(18,671)	(17,193)	-7.9%	-1.4%
Management profit sharing and compensation	(1,498)	(2,467)	(1,980)	-19.7%	32.2%
Other operating income, net	75,143	3,072	(245)	-108.0%	-100.3%
Operating Income (loss) before Financial Results	56,443	22,397	4,714	-79.0%	-91.6%
<i>Operating Margin %</i>	<i>46.7%</i>	<i>9.7%</i>	<i>2.8%</i>		
Financial Results, Net	61,355	1,117	26,086	2235.4%	-57.5%
Financial income	63,825	3,302	27,293	726.6%	-57.2%
Financial expenses	(1,176)	(1,245)	(2,142)	72.0%	82.1%
Exchange gain (loss), net	(1,294)	(940)	935	-199.5%	-172.3%
Operations Operating Income	117,798	23,514	30,800	31.0%	-73.9%
Income tax and social contribution	(30,498)	(4,448)	10,017	-325.2%	-132.8%
Net income	87,300	19,066	40,817	114.1%	-53.2%
<i>Net Margin %</i>	<i>72.3%</i>	<i>8.3%</i>	<i>24.6%</i>		
Net profit (loss) concerning:					
Controlling interests	87,254	18,981	40,757	114.7%	-53.3%
Non controlling interests	47	85	60	-29.4%	27.7%
	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>		
EBITDA	64,705	31,123	13,271	-57.4%	-79.5%
Profit (loss) for the period	87,300	19,066	40,817	114.1%	-53.2%
Income tax and social contribution	30,498	4,448	(10,017)	-325.2%	-132.8%
Financial result, net	(61,355)	(1,117)	(26,086)	2235.4%	-57.5%
Depreciation and amortization	8,262	8,726	8,557	-1.9%	3.6%
<i>EBITDA Margin %</i>	<i>53.6%</i>	<i>13.5%</i>	<i>8.0%</i>		
Nº of shares in capital stock (th)	62,858	62,858	62,858	0.0%	0.0%
Profit (loss) per share - R\$	1.39	0.30	0.65	114.7%	-53.3%

Consolidated Cash Flow Statement

IFRS (R\$ thousand)

	1Q19	4Q19	1Q20
Cash from operating activities			
Net Income before taxation	117,798	23,514	30,800
Financial expenses and exchange gain	(60,409)	(486)	(24,123)
Depreciation and amortization	8,262	8,725	8,557
Allowance for doubtful accounts and other receivables	(3,297)	2,872	1,078
Proceeds from sale of fixed assets and intangibles	(238)	(2,482)	(917)
Provision for inventory realization	1,363	(2,801)	5,390
Reserve for contingencies	(56,746)	(1,338)	48
Change on operating assets and liabilities			
Trade accounts receivable	36,996	30,056	20,148
Onlending of Finame manufacturer financing	(1,288)	(33,518)	(10,678)
Inventories	(47,746)	24,027	(77,046)
Recoverable taxes, net	(8,802)	4,574	(16,142)
Judicial deposits	8,540	86	(10)
Other receivables	1,556	13,826	333
Trade accounts payable	15,001	(10,501)	33,595
Payroll and related taxes	(2,097)	(13,447)	(2,161)
Taxes payable	(18,409)	1,562	12,533
Advances from customers	13,024	(18,134)	4,434
Other payables	(6,492)	1,973	3,912
Cash provided by (used in) operating activities	(2,984)	28,508	(10,249)
Income tax and social contribution paid	(2,772)	(136)	(148)
Net Cash provided by (used in) operating activities	(5,756)	28,372	(10,397)
Financial Investments	(170)	(7)	(2,973)
Purchase of fixed assets	(7,157)	(11,122)	(6,316)
Sales of fixed assets	269	3,189	1,105
Purchase of intangible assets	(581)	530	(216)
Net cash Used in Investing Activities	(7,639)	(7,410)	(8,400)
Interest on capital paid	(23,922)	(21,877)	(39,520)
New loans and financing	13,967	(24,565)	88,029
Payments of loans and financing	(10,083)	(628)	(20,854)
Interests paid (including Finame manufacturer financing)	(4,830)	(726)	(4,361)
New loans in Finame manufacturer	20,459	41,315	40,481
Payment of Finame manufacturer financing	(15,377)	(19,086)	(21,498)
Net Cash provided by (used in) Financing Activities	(19,786)	(25,567)	42,277
Increase (decrease) in cash and cash equivalents	(33,181)	(4,605)	23,480
Exchange variation changes on cash and cash equivalents abroad	265	(1,209)	(6,218)
Cash and cash equivalents - beginning of period	100,428	153,621	147,807
Cash and cash equivalents - end of period	67,512	147,807	165,069

Attachment I – Income Statement by Business Unit

Income Statement by Business Units - 1Q20

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Rough and Machined Cast Iron	Total
Net Operating Revenue	82,503	36,707	46,731	165,941
Cost of Sales and Services	(41,292)	(30,101)	(46,265)	(117,658)
Business Units Transfers	139	-	5,227	5,366
Business Units Transfers	(5,227)	-	(139)	(5,366)
Gross Profit	36,123	6,606	5,554	48,283
<i>Gross Margin %</i>	<i>43.8%</i>	<i>18.0%</i>	<i>11.9%</i>	<i>29.1%</i>
Operating Expenses	(27,996)	(9,554)	(6,019)	(43,569)
Selling	(14,905)	(3,245)	(931)	(19,081)
General and Administrative	(7,750)	(6,309)	(3,134)	(17,193)
Research and Development	(3,973)	-	(1,097)	(5,070)
Management profit sharing	(1,123)	-	(857)	(1,980)
Other operating revenue	(245)	-	-	(245)
Operating Income (loss) before Financial Results	8,127	(2,948)	(465)	4,714
<i>Operating Margin %</i>	<i>9.9%</i>	<i>-8.0%</i>	<i>-1.0%</i>	<i>2.8%</i>
Operating loss before Financial Results - Adjusted (*)	9,082	(2,948)	(465)	5,669
<i>Operating Margin % - Adjusted (*)</i>	<i>11.0%</i>	<i>-8.0%</i>	<i>-1.0%</i>	<i>3.4%</i>
Depreciation and amortization	2,945	2,356	3,256	8,557
EBITDA	11,072	(592)	2,791	13,271
<i>EBITDA Margin %</i>	<i>13.4%</i>	<i>-1.6%</i>	<i>6.0%</i>	<i>8.0%</i>
EBITDA - Adjusted (*)	12,027	(592)	2,791	14,226
<i>EBITDA Margin % - Adjusted (*)</i>	<i>14.6%</i>	<i>-1.6%</i>	<i>6.0%</i>	<i>8.6%</i>

Income Statement by Business Units - 1Q19

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	68,919	17,716	34,131	120,766
Cost of Sales and Services	(35,005)	(20,942)	(41,268)	(97,215)
Business Units Transfers	417	-	6,508	6,925
Business Units Transfers	(6,508)	-	(417)	(6,925)
Gross (loss) Profit	27,823	(3,226)	(1,046)	23,551
<i>Gross Margin %</i>	<i>40.4%</i>	<i>-18.2%</i>	<i>-3.1%</i>	<i>19.5%</i>
Operating Expenses	25,322	(8,638)	16,208	32,892
Selling	(14,497)	(2,690)	(1,371)	(18,558)
General and Administrative	(9,071)	(5,948)	(2,416)	(17,435)
Research and Development	(4,392)	-	(368)	(4,760)
Management profit sharing	(1,051)	-	(447)	(1,498)
Other operating revenue	54,333	-	20,810	75,143
Operating Income (loss) before Financial Results	53,145	(11,864)	15,162	56,443
<i>Operating Margin %</i>	<i>77.1%</i>	<i>-67.0%</i>	<i>44.4%</i>	<i>46.7%</i>
Operating loss before Financial Results - Adjusted (*)	(366)	(11,864)	(5,648)	(17,878)
<i>Operating Margin % - Adjusted (*)</i>	<i>-0.5%</i>	<i>-67.0%</i>	<i>-16.5%</i>	<i>-14.8%</i>
Depreciation and amortization	2,840	2,397	3,025	8,262
EBITDA	55,985	(9,467)	18,187	64,705
<i>EBITDA Margin %</i>	<i>81.2%</i>	<i>-53.4%</i>	<i>53.3%</i>	<i>53.6%</i>
EBITDA - Adjusted (*)	2,474	(9,467)	(2,623)	(9,616)
<i>EBITDA Margin % - Adjusted (*)</i>	<i>3.6%</i>	<i>-53.4%</i>	<i>-7.7%</i>	<i>-8.0%</i>

Attachment II – Financial Statements of B+W

Balance Sheet B+W

	(€ 000)		
ASSETS	03/31/19	12/31/19	03/31/20
CURRENT	28,462	25,314	23,873
Cash and Cash equivalents	774	2,813	25
Trade accounts receivable	7,051	7,928	5,511
Inventories	18,215	13,371	16,823
Recoverable taxes	907	541	659
Deferred income and social contribution taxes	940	275	442
Related Parties	170	104	30
Other receivables	404	282	384
Investments			
Property, plant and equipment	14,539	14,032	13,819
Investment in subsidiaries	59	-	-
Intangible assets	12,611	11,870	11,630
TOTAL ASSETS	55,670	51,216	49,322
LIABILITIES AND SHAREHOLDER'S EQUITY	03/31/19	12/31/19	03/31/20
CURRENT	25,820	20,598	19,495
Loans and financing	2,249	1,749	864
Trade accounts payable	4,232	2,916	4,367
Payroll and related taxes	1,406	922	1,141
Taxes payable	315	788	551
Advances from customers	15,600	11,594	9,727
Other payables	1,338	2,176	1,929
Related Parties	681	453	916
NON CURRENT	6,871	6,400	6,286
Loans and financing	2,412	2,075	2,006
Deferred income and social contribution taxes	4,459	4,325	4,280
SHAREHOLDER'S EQUITY	22,979	24,218	23,542
Capital	7,025	7,025	7,025
Capital reserve	505	505	505
Profit reserve	15,449	16,688	16,012
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	55,670	51,216	49,322

B+W Income Statement

	(€ 000)		
	1Q19	4Q19	1Q20
Net Operating Revenue	4,120	13,964	7,279
Cost of Goods Sold	(4,887)	(10,763)	(6,079)
Gross Profit	(767)	3,201	1,200
<i>Gross Margin %</i>	<i>-18.6%</i>	<i>22.9%</i>	<i>16.5%</i>
Operating Expenses	(2,019)	(2,624)	(1,940)
Selling expenses	(629)	(1,169)	(648)
General and administrative expenses	(1,390)	(1,455)	(1,292)
Operating Income before Financial Results	(2,786)	577	(740)
<i>Operating Margin %</i>	<i>-67.6%</i>	<i>4.1%</i>	<i>-10.2%</i>
Financial Results, Net	(121)	(99)	(93)
Operations Operating Income	(2,907)	478	(833)
Income tax and social contribution	861	(222)	167
Net income	(2,046)	256	(666)
<i>Net Margin %</i>	<i>-49.7%</i>	<i>1.8%</i>	<i>-9.1%</i>
EBITDA	(2,134)	1,129	(302)
Net income / loss for the period	(2,046)	256	(666)
Income tax and social contribution	(861)	222	(167)
Financial income, net	121	99	93
Depreciation and amortization	652	552	438
<i>EBITDA Margin %</i>	<i>-51.8%</i>	<i>8.1%</i>	<i>-4.1%</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.