São Paulo, Brazil, November 10th 2016 - Metalfrio Solutions S.A. (FRIO3) ("Metalfrio"), one of the world's largest manufacturers of plug–in commercial refrigeration equipment, announces its results for the third quarter of 2016 ("3Q16"). Financial and operational information given is in accord with international accounting standards (IFRS), in Brazilian Reais (R$). Comparisons are with the third quarter of 2015 ("3Q15") or as indicated.

Highlights (3Q16 vs 3Q15)

- 3Q16 net revenues down 23.2% to R$183.2 million compared to the corresponding prior year period; 9 month revenues up 2.0% to R$793.3 million
- Gross margin improvement of 190 basis points to 13.4% in 3Q16, and 150 basis points to 15.5% for the 9 month period; EBITDA margin up 150 basis points and 140 basis points, respectively
- Adjusted 3Q16 EBITDA declined 4% to R$13.3 million (3Q15: R$13.9 million); 9 month adjusted EBITDA up 19.6% to R$76.9 million
- 3Q16 operating profit of R$4.7 million, from a loss in prior year period of R$0.2 million; 9 month operating profit up 48.6% to R$50.9 million
- Net debt of R$330.1 million, versus R$515.2 million at 3Q15 and R$414.8 million at year end 2015, with Net debt to EBITDA ratio improving to 3.7x, approaching our medium term target of 3x or below

President & CEO Petros Diamantides said:

"Metalfrio successfully concluded the R$120 million recapitalization process during the third quarter, significantly strengthening its balance sheet and accelerating its progress towards its medium term goal for the Net Debt to EBITDA ratio.

As anticipated, macroeconomic conditions in Brazil and Europe were weak, resulting in the expected lower sales levels in both regions during the third quarter. Accordingly, our timely adjustment of the cost base to the market conditions ensured that profitability remained strong.

For the rest of this year, given the proven success of our commercial strategy, the extensive relationships with our global customers and our strong financial discipline, we remain confident in our ability to deliver the expected full year progress. Furthermore, the recapitalization coupled with the seasonal profile of the business are also bringing us closer to achieving our target of Net Debt to EBITDA equal or below 3x"

(Reais million)	3Q16	3Q15	Var	9M16	9M15	Var
Revenues	183.2	238.6	(23.2)%	793.3	778.0	2.0%
Gross Profit	24.5	27.5	(10.9)%	123.2	108.8	13.3%
Op. Profit	4.7	(0.2)	n/a	50.9	34.3	48.6%
Adj EBITDA	13.3	13.9	(4.0)%	76.9	64.3	19.6%

Performance by region

Revenue (Reais million)	3Q16	3Q15	Var	9M16	9M15	Var
Americas	**118.6**	**165.9**	**(28.5)%**	**424.6**	**484.6**	**(12.4)%**
Europe	**64.6**	**72.7**	**(11.1)%**	**368.7**	**293.4**	**25.7%**

Americas

Revenues in the Americas declined by 28.5% in the third quarter, to R$118.6 million, and by 12.4% to R$424.6 million for the nine-month period. Unit sales in both periods under review reduced by similar levels.

Mexico achieved flat revenues in the quarter, a good performance given the strong prior year comparable period (sales grew 44%), with revenues up 12.2% for the nine-month period. Brazil meanwhile continued to be impacted by the domestic macroeconomic conditions, with revenues moving in line with our expectations downwards by 34.5% in the quarter and 15.2% in the nine-month period.

Unit sales in Mexico rose in the third quarter, but a slightly weaker product mix together with a negative currency translation impact against the Brazilian real contributed to average realization per unit falling 10.1% in the third quarter; however, for the nine-month period average realization rose 6.1%, benefitting from the launch of the revamped product range for the distributor sector.

In Brazil, average realization fell 10.6% and 6% in both reporting periods under review, as customers continued to prefer lower priced horizontal units given the prevailing weaker economic conditions. Early and decisive actions related to adjusting capacity in both production facilities and reducing the number of shifts, has ensured that the business is aligned with the market realities, protecting profitability, whilst maintaining our ability to ramp-up in line with market recovery.

In both geographies the product range has been enhanced to incorporate additional lower cost options that help deliver cold-drink availability targets as well as the faster paybacks sought by our customers in current conditions. During the quarter Metalfrio launched in Brazil, Beer Maxx a frost-free home appliance that brings into households the sub-zero experience. Such initiatives are complimentary to the ongoing innovation priorities such as developing brand proprietary aesthetics, new illumination solutions, energy optimization and transition to natural refrigerants.

Europe

Revenue during the third quarter was down 11.1%, compared to a very strong comparable period (sales rose 29.6% in 3Q15). For the nine-month period, revenues rose 25.7%, driven in particular by the 1Q16 performance. Unit sales fell 10.6% in 3Q16, but rose 6.1% for the nine-month period.

Average realization per unit fell 3.6% in 3Q16 due to the steeper-than-expected devaluation of the Turkish lira against the Brazilian real in the quarter, and rose 18.8% for the nine-month period owing to a favourable product mix effect from the roll-out of large multi-door subzero's and new supermarket plug-in's in the first half of the year.

Despite the seasonal slow-down during the quarter, customer engagement continued strong with the launch of the NEO line that includes state-of-the-art aesthetics as well as a host of connectivity options that allow remote performance monitoring as well as asset location tracking. Domestic market conditions remain weak so business share gains with existing and new customers coupled with growth in exports are key objectives towards which progress is being made through innovation and competitiveness, where the weaker currency in Turkey is a providing a strong tail wind.

Financial overview

Consolidated Net Revenue decreased by 23.2% in 3Q16 to R$183.2 million, compared to 3Q15, driven by the expected weak macroeconomic environment in Brazil impacting unit sales and product mix. The continued volatility and uncertainty within Europe also contributed to lower sales in the period. For the nine-month period, Revenue was up 2% with positive product mix in Mexico and Europe offsetting lower group unit sales.

Gross Profit declined 10.9% to R$24.5 million in the third quarter, driven by the lower results in Brazil, offsetting the strong performance in Europe. Gross profit for the nine-months was up 13.3% compared to the prior year period. Early and decisive actions to align to the new market conditions together with the continued focus on costs led to a 190 basis points improvement in gross margin in 3Q despite lower sales and an inflationary environment, with a 150 basis points improvement during the nine-month period.

SG&A expenses declined 16.4% in 3Q, broadly in-line with the fall in Revenue, with a 1.2% decline over the nine-month period against Revenue up 2%, evidencing the continued strong focus on underlying cost discipline.

Operating Profit for 3Q amounted to R$4.7 million, versus a loss of R$0.2 million for the same period last year. This was achieved despite lower sales, mainly driven by good control of cost of sales, strong discipline in SG&A expenses and the absence of exceptional tax costs that were incurred during 3Q 2015.

Adjusted EBITDA fell 4% to R$13.3 million in 3Q, owing to lower sales. However, EBITDA margin increased 150 basis points to 7.3% as a result of increased productivity and the continued strong focus on cost control. In the nine-month period, EBITDA increased 19.6% as a result of Metalfrio's successful commercial strategy, the higher contribution from the Turkish operations which delivered strong product mix benefits as well as continued cost discipline. Over this time period EBITDA margin increased 140 basis points to 9.7%.

Net Finance improved significantly to minus R$9.7 million for 3Q16 compared to minus R$114.8 million in the same period last year. This was driven by a reversal of the currency impact seen in the previous year, with the Brazilian real appreciating against the US$ during the course of 2016, resulting in forex gains associated with foreign currency denominated debt. Similarly, for the nine-month period, Net Finance items recorded a minus R$4.2 million compared to minus R$138.8 million in the prior year comparable period.

Net debt at the end of 3Q16 was R$330.1 million compared to R$414.8 million at the end of 2015 and R$515.2 million at the end of 3Q15. This significant improvement was as a result of the successful R$120 million recapitalization during 3Q16 and the appreciation of the Brazilian real against the US$. This strengthened the capital structure, resulting in a Net Debt to trailing 12 month EBITDA of 3.7x versus 5.5x at the end of 2015, closer to our medium term target of 3x.

Outlook

Metalfrio remains both vigilant and prepared with regards to the current economic conditions within Brazil as well as the ongoing volatility and uncertainty in Europe and the subsequent lack of visibility.

We believe that our strong market positions, operational excellence and highly focused sales execution will enable us to maintain good results across our established markets whilst pursuing growth in exciting, high-growth potential regions such as the Near East, Asia and Africa.

Metalfrio will continue to prioritise customer value-creation, ensuring that it provides innovative, market-leading solutions that help customers meet future challenges. The Company has built strong and unique positions in its key markets, and will focus on its superior after sales services offer which it believes could be a key differentiator in the value chain proposition for customers, further complimenting the Company’s well-invested and well-located, global production hubs.

In addition, Metalfrio continues to operate with a strong level of financial discipline with regards to capital allocation and working capital improvements, as well as seeking to drive sales with improved margins to generate increased cash flow. The successful completion of the R$120 million recapitalization during the third quarter of 2016 has significantly strengthened the balance sheet and rapidly moved the Company towards its targeted net debt to EBITDA ratio of below 3x.

Consolidated Income Statement (R$ million) – 3rd Quarter

(R$ mn)	3Q16	% Revenues	3Q15	% Revenues	Var. 3Q16 vs. 3Q15 (%)
NET REVENUES	183.2	100.0%	238.6	100.0%	-23.2%
Cost of goods	(158.7)	-86.6%	(211.1)	-88.5%	-24.8%
GROSS PROFIT	24.5	13.4%	27.5	11.5%	-10.9%
OPERATING INCOMES (EXPENSES)					
Selling expenses	(17.0)	-9.3%	(19.6)	-8.2%	-13.4%
Administrative and general expenses	(11.0)	-6.0%	(13.8)	-5.8%	-20.6%
Other operating income	8.2	4.5%	5.8	2.4%	41.2%
RESULTS BEFORE NET FINANCIAL	4.7	2.6%	(0.2)	-0.1%	-3054.6%
NET FINANCIAL RESULT	(9.7)	-5.3%	(114.8)	-48.1%	-91.6%
Financial expenses	(19.8)	-10.8%	(35.4)	-14.8%	-44.0%
Financial income	21.0	11.5%	1.5	0.6%	1341.9%
Net exchange variation	(10.9)	-6.0%	(80.9)	-33.9%	-86.5%
RESULTS BEFORE TAXES	(5.0)	-2.7%	(115.0)	-48.2%	-95.7%
INCOME AND SOCIAL CONTRIB. TAXES					
Current	0.1	0.1%	(1.2)	-0.5%	-109.8%
Deferred	(1.9)	-1.0%	5.7	2.4%	-132.7%
NET RESULT FOR THE PERIOD	(6.7)	-3.7%	(110.5)	-46.3%	-93.9%

Consolidated Income Statement (R$ million) – 9 months

(R$ mn)	9M16	% Revenues	9M15	% Revenues	Var. 9M16 vs. 9M15 (%)
NET REVENUES	793.3	100.0%	778.0	100.0%	2.0%
Cost of goods	(670.0)	-84.5%	(669.2)	-86.0%	0.1%
GROSS PROFIT	123.2	15.5%	108.8	14.0%	13.3%
OPERATING INCOMES (EXPENSES)					
Selling expenses	(56.7)	-7.1%	(55.7)	-7.2%	1.8%
Administrative and general expenses	(36.9)	-4.7%	(39.0)	-5.0%	-5.4%
Other operating income	21.3	2.7%	20.2	2.6%	5.2%
RESULTS BEFORE NET FINANCIAL	50.9	6.4%	34.3	4.4%	48.6%
NET FINANCIAL RESULT	(4.2)	-0.5%	(138.8)	-17.8%	-96.9%
Financial expenses	(92.9)	-11.7%	(63.7)	-8.2%	45.8%
Financial income	49.2	6.2%	16.3	2.1%	201.8%
Net exchange variation	39.4	5.0%	(91.4)	-11.7%	-143.1%
RESULTS BEFORE TAXES	46.7	5.9%	(104.5)	-13.4%	-144.6%
INCOME AND SOCIAL CONTRIB. TAXES					
Current	(7.0)	-0.9%	(7.0)	-0.9%	0.3%
Deferred	(4.2)	-0.5%	9.8	1.3%	-142.5%
NET RESULT FOR THE PERIOD	35.5	4.5%	(101.7)	-13.1%	-134.9%

Consolidated Balance Sheet (R$ million)

ASSETS (R$ mn)	3Q16	4Q15
CURRENT ASSETS		
Cash and cash equivalents	183.4	295.5
Marketable securities	145.7	154.5
Trade accounts receivable	142.9	121.6
Inventories	161.9	163.9
Recoverable taxes	18.5	31.1
Other accounts receivable	9.7	8.6
Total current assets	662.0	775.2
NON-CURRENT		
Long-term receivables:		
Deferred taxes	63.8	70.4
Recoverable taxes	4.0	4.5
Property, plant and equipment	177.0	201.8
Intangible assets	151.7	153.5
Total non-current	396.5	430.2
TOTAL	1,058.5	1,205.4

LIABILITIES, NON-CONTROLLING INTEREST AND SHAREHOLDERS' EQUITY (R$ mn)	3Q16	4Q15
CURRENT LIABILITIES		
Accounts payable to suppliers	156.0	195.5
Related parties	4.4	5.2
Loans and financing	246.1	561.7
Tax payable	5.2	17.1
Payroll and related charges	23.4	22.5
Other provisions	34.1	29.5
Accounts payable on derivatives	0.1	1.1
Other accounts payable	5.9	12.4
Total current liabilities	475.3	845.1
NON-CURRENT		
Loans and financing	413.1	303.2
Taxes payable	3.3	3.7
Provision for risks	8.1	6.3
Other accounts payable	8.2	9.7
Total non-current liabilities	432.8	322.8
SHAREHOLDERS' EQUITY		
Capital	360.0	240.0
Capital reserve	2.7	2.7
Profit reserve	0.4	0.5
Equity valuation adjustments	(70.0)	(36.6)
Capital transaction between shareholders	(69.3)	(70.0)
Accumulated profits (losses)	(115.9)	(138.2)
	107.8	(1.6)
Non-controlling interest	42.6	39.0
Total Shareholders' equity	150.4	37.4
TOTAL	1,058.5	1,205.4

Consolidated Cash Flow (R$ million) – 3rd Quarter

(R$ mn)	3Q16	3Q15
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain/(Loss) for the Period	**(6.7)**	**(110.5)**
Reconciliation of loss for the year to net cash generated by		
(used in) operating activities:		
Depreciation and amortization	7.0	8.1
Provision for risks	0.6	(0.5)
Other provisions	0.8	3.4
Provision for (losses) gains on derivatives	(23.5)	(1.0)
Exchange differences	13.1	66.0
Interest on borrowings	7.5	8.7
Residual value of fixed and intangible assets disposed of	0.9	0.2
Deferred income tax and social contribution	1.9	(5.7)
	1.6	**(31.3)**
(Increase) decrease in assets:		
Current:		
Trade receivables	72.9	19.2
Inventories	(1.2)	28.0
Taxes recoverable	1.6	2.6
Other receivables	1.8	0.2
Noncurrent:		
Taxes recoverable	(1.7)	(0.4)
	73.5	**49.6**
Increase (decrease) in liabilities:		
Current:		
Trade payables	(60.9)	(35.2)
Taxes payable	(9.0)	1.0
Payroll and related charges	(1.9)	(0.8)
Payables to related parties	(1.6)	0.7
Current Other payables	(2.9)	28.0
Noncurrent:		
Taxes payables	(0.1)	3.9
Non-Current Other payables	(1.6)	1.2
	(78.1)	(1.3)
Net cash generated by operating activities	**(3.0)**	**16.9**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(5.5)	(3.9)
Additions to intangible assets	(2.5)	(2.3)
Marketable securities	(6.9)	(16.3)
Capital transaction between shareholders	(0.0)	(25.5)
Net cash used in (generated by) investing activities	**(14.9)**	**(48.0)**
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings	37.6	94.9
Payment of principal	(110.5)	(136.1)
Payment of interest	(5.4)	(6.6)
Loans to related parties	(0.0)	(7.0)
Increase or decrease in equity	120.0	-
Net cash (used in) generated by financing activities	**41.6**	**(54.9)**
EFFECTS OF EXCHANGE ON CASH & CASH EQUIVALENTS	**(7.5)**	**121.3**
INCREASE (DECREASE) IN CASH AN CASH EQUIVALENTS	**16.2**	**35.3**
CASH AND CASH EQUIVALENTS		
At the end of the period	183.4	210.1
At the beginning of the period	167.2	174.9
INCREASE (DECREASE) IN CASH AN CASH EQUIVALENTS	**16.2**	**35.3**

Consolidated Cash Flow (R$ million) – 9 months

(R$ mn)	9M16	9M15
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain/(Loss) for the Period	**35.5**	**(101.7)**
Reconciliation of loss for the year to net cash generated by (used in) operating activities:		
Depreciation and amortization	22.2	22.8
Provision for risks	1.9	1.7
Other provisions	4.6	4.0
Provision for (losses) gains on derivatives	(1.0)	(1.0)
Exchange differences	(9.7)	95.0
Interest on borrowings	21.6	21.9
Residual value of fixed and intangible assets disposed of	3.1	1.2
Deferred income tax and social contribution	7.6	(9.8)
	85.7	**34.0**
(Increase) decrease in assets:		
Current:		
Trade receivables	(28.8)	(48.3)
Inventories	2.1	(5.0)
Taxes recoverable	12.6	(8.9)
Other receivables	(1.0)	(8.3)
Noncurrent:		
Taxes recoverable	0.5	0.3
	(14.6)	**(70.1)**
Increase (decrease) in liabilities:		
Current:		
Trade payables	(39.3)	(20.5)
Taxes payable	(11.8)	4.9
Payroll and related charges	0.8	4.4
Payables to related parties	(0.8)	4.4
Current Other payables	(6.4)	31.0
Noncurrent:		
Taxes payables	(0.4)	3.9
Non-Current Other payables	(2.8)	1.9
	(60.8)	30.0
Net cash generated by operating activities	**10.3**	**(6.1)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(16.7)	(16.3)
Additions to intangible assets	(8.6)	(6.9)
Marketable securities	8.8	(1.6)
Capital transaction between shareholders	0.7	(25.5)
Net cash used in (generated by) investing activities	**(15.8)**	**(50.2)**
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings	290.9	195.5
Payment of principal	(375.9)	(289.3)
Payment of interest	(21.0)	(18.4)
Loans to related parties	(2.5)	9.7
Increase or decrease in equity	120.0	-
Net cash (used in) generated by financing activities	**11.5**	**(102.5)**
EFFECTS OF EXCHANGE ON CASH & CASH EQUIVALENTS	**(118.1)**	**129.5**
INCREASE (DECREASE) IN CASH AN CASH EQUIVALENTS	**(112.1)**	**(29.4)**
CASH AND CASH EQUIVALENTS		
At the end of the period	183.4	210.1
At the beginning of the period	295.5	239.5
INCREASE (DECREASE) IN CASH AN CASH EQUIVALENTS	**(112.1)**	**(29.4)**

Reconciliation of consolidated EBITDA and Adjusted EBITDA

The following table presents the historical Adjusted EBITDA:

Consolidated EBITDA (R$ mn)	3Q15	4Q15	1Q16	2Q16	3Q16
Operating result	-0.2	1.2	20.9	25.3	4.7
Depreciation and amortization	8.1	9.6	7.9	7.3	7.0
EBITDA	**8.0**	**10.8**	**28.8**	**32.6**	**11.7**
Layoffs (i)	2.9	1.0	0.0	2.2	1.6
Other extraordinary expenses (ii)	3.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	**13.9**	**11.8**	**28.8**	**34.8**	**13.3**

Adjustments to EBITDA:

EBITDA is adjusted for these expenses to maintain the comparison base with the other periods.

i. Layoffs: The adjustment refers to restructuring charges related to efficiency projects at the Tres Lagoas, VSA/Pernambuco plants and Sao Paulo office, where certain positions were consolidated allowing further headcount reduction.

ii. Extraordinary one-time expenses in 3Q15 is related to a tax installment agreement from prior years.

(R$ Mn)	3Q15	3Q16	Chg. 16/15	9M15	9M16	Chg. 16/15
Result with cash investments	5.0	4.0	-20%	19.0	12.8	-33%
Bonds market Value Change	0.0	10.6	nm	0.0	26.4	nm
Other financial income	0.0	0.5	nm	1.1	0.8	-26%
Interest and Other Income	**5.1**	**15.1**	**199%**	**20.2**	**40.0**	**98%**
Interest on loans and financing	-9.0	-8.2	-9%	-23.3	-23.1	-1%
Bonds market Value Change	-22.7	0.0	nm	-23.1	0.0	nm
Other financial expenses	-8.3	-7.2	-14%	-22.3	-23.3	4%
Interest and Other Expenses	**-40.1**	**-15.4**	**-62%**	**-68.7**	**-46.4**	**-32%**
Hedge Operations Result	**1.1**	**1.5**	**32%**	**1.1**	**-37.2**	**nm**
Net FX Variation	**-80.9**	**-10.9**	**-87%**	**-91.4**	**39.4**	**nm**
Net Financial Result	**-114.8**	**-9.7**	**-92%**	**-138.8**	**-4.2**	**-97%**

Working capital

At the end of 3Q16 working capital, less financial assets and liabilities, was R$103.7mn, which compares to R$139.7mn at the end of 3Q15 and to R$41.8mn in 4Q15. The operational cash cycle at the end of 3Q16 was 61 days, 4 days lower than at the end of 3Q15, and 38 days higher than end of 4Q15.

WORKING CAPITAL (R$ mn)	3Q15	4Q15	1Q16	2Q16	3Q16	Chg. 3Q16/ 3Q15	Chg. 3Q16/ 4Q15
Current assets:							
Cash and equivalents, bonds and securities	387.1	450.0	351.0	306.0	329.1	-58.0	-120.9
Accounts receivable	184.2	121.6	174.5	212.9	142.9	-41.3	21.4
Inventory	183.6	163.9	210.0	160.7	161.9	-21.7	-2.1
Other	51.8	39.7	41.0	31.6	28.1	-23.7	-11.6
A) Total	**806.8**	**775.2**	**776.6**	**711.2**	**662.0**	-144.7	-113.2
B) Current assets (less fin. assets)	**419.6**	**325.2**	**425.5**	**405.2**	**332.9**	-86.7	7.7
Current liabilities:							
Accounts payable	164.4	195.5	267.4	214.7	156.0	-8.4	-39.6
ST debt	536.9	561.7	482.7	545.0	246.1	-290.7	-315.6
Other	115.5	87.9	98.5	88.0	73.2	-42.3	-14.7
C) Total	**816.8**	**845.1**	**848.5**	**847.7**	**475.3**	-341.5	-369.8
D) Current liabilities (less fin. liab.)	**279.9**	**283.4**	**365.8**	**302.7**	**229.2**	-50.7	-54.3
Working capital (B-D)	**139.7**	**41.8**	**59.7**	**102.5**	**103.7**	-36.0	62.0
Days of receivables	57	37	48	50	58	1	21
Days of inventory	78	69	78	54	92	14	23
Days of suppliers	70	83	99	72	88	18	5
Cash cycle	**65**	**23**	**26**	**32**	**61**	-4	38
Current liquidity (A/C)	1x	0.9x	0.9x	0.8x	1.4x	n/a	n/a

Accounts Receivable

Accounts receivable from customers, at R$142.9mn at the end of 3Q16, decreased by R$41.3mn versus 3Q15 and increased R$21.4 versus 4Q15. Receivables in terms of days remained at the same level at 57 in 3Q15 and 58 days in 3Q16, 21 days higher than in 4Q15.

Inventories

Inventories at R$161.9mn at end of 3Q16 were down R$21.7mn versus 3Q15 and R$2.1mn versus 4Q15. However, given the sales slow-down, Inventory in number of days was higher at 92 at the end of 3Q16 vs 78 in 3Q15 and 23 days higher than in 4Q15.

Accounts Payable

Supplier outstanding payables were down R$8.4mn at R$156.0mn at the end of 3Q16 versus R$164.4mn in 3Q15 and also lower in R$39.6mn if compared to R$195.5mn in 4Q15. Payables days increased to 88 compared to 70 days in 3Q15 and are 5 days higher than 4Q15.

Investments

Fixed assets

Net property, plant and equipment in 3Q16 was R$177.0 mn, R$24.8 mn lower than 4Q15.

Intangible assets

The total of intangible assets at 3Q16 was R$151.7mn, decreased from R$153.5 mn at 4Q15.

FIXED ASSETS (R$ mn)	3Q15	4Q15	1Q16	2Q16	3Q16	Chg. 3Q16/ 3Q15	Chg. 3Q16/ 4Q15
Net PP&E	204.4	201.8	194.1	179.4	**177.0**	-27.4	-24.8
Intangibles	154.1	153.5	153.1	151.4	**151.7**	-2.3	-1.7
Total	**358.5**	**355.2**	**347.2**	**330.8**	**328.7**	**-29.8**	**-26.6**

Capitalization and liquidity

Debt

Cash (including marketable securities) at 3Q16 was R$329.1mn compared to R$ 450.0mn in 4Q15. Gross debt at 3Q16 was R$659.2mn compared with R$864.9mn in 4Q15; net debt at 3Q16 was R$330.1mn compared to R$414.8mn in 4Q15.

LIQUIDITY INDICATORS (R$ mn)	3Q15	4Q15	1Q16	2Q16	3Q16	Chg. 3Q16/ 3Q15	Chg. 3Q16/ 4Q15
Cash and equivalents, bonds and securities	**387.1**	**450.0**	**351.0**	**306.0**	**329.1**	**-58.0**	**-120.9**
Short term debt (ST)	536.9	561.7	482.7	545.0	**246.1**	-290.7	-315.6
Long term debt (LT)	365.5	303.2	279.6	201.2	**413.1**	47.6	109.9
USD denominated debt	506.0	490.2	418.1	448.0	**451.1**	-54.9	-39.2
BRL denominated debt	110.9	114.3	117.7	102.1	**11.4**	-99.5	-102.9
Euro denominated debt	285.4	260.3	226.5	196.1	**196.8**	-88.7	-63.6
Gross debt	**902.3**	**864.9**	**762.3**	**746.1**	**659.2**	**-243.1**	**-205.6**
Net cash / (Net debt)	**-515.2**	**-414.8**	**-411.3**	**-440.1**	**-330.1**	**185.1**	**84.7**
Shareholders' equity (Equity)	**41.0**	**37.4**	**46.0**	**41.7**	**150.4**	**109.4**	**113.0**
Cash and equiv. / ST debt	0.7x	0.8x	0.7x	0.6x	**1.3x**	n/a	n/a
ST debt / (ST + LT)	59.5%	64.9%	63.3%	73.0%	**37.3%**	n/a	n/a
Net cash (Net debt) / Equity	-12.6x	-11.1x	-8.9x	-10.5x	**-2.2x**	n/a	n/a
Net debt / (Net debt + Equity)	92.6%	91.7%	89.9%	91.3%	**68.7%**	n/a	n/a

Short-term debt in 3Q16 was R$246.1mn as compared to R$561.7mn in 4Q15 with long term debt as a % of total gross debt improving from 35.1% in 4Q15 to 72.7% in 3Q16.

Net debt to EBITDA ratio considering the last twelve months is at 3.7x in 3Q16, compared to 5.5x in 4Q15 and 7.3x in 3Q15, closer to our medium term target.

The Company manages its funds through a financial risk management policy approved by the Board of Directors. The policy establishes, among others:

a) Net Debt at this quarter to Equity of prior quarter ratio, less than 0.75x;

b) Long-term indebtedness to total indebtedness ratio, higher than 40%;

c) Minimum consolidated cash limit of R$ 50 million in addition to the financial debt payment schedule for the following quarter.

Whilst the indicator a) for 3Q16 was outside the limit, the Company is confident that the liquidity situation of the Company remains strong. Further in line with the strategic priority of the Company to reduce financial leverage it believes it will bring the ratios to within the defined limits of the financial policy during de mid-term.

Stockholders’ equity

Stockholders’ equity at 3Q16 was R$150.4mn, which compares to R$37.4mn at 4Q15, mainly impacted by the recapitalization that was concluded during this quarter.

Investor Relations Contact

Petros Diamantides
(President and IRO)
Tel.: +55 11 **2627-9171**
Fax: +55 11 **2627-9196**
ri@metalfrio.com.br
www.metalfrio.com.br/ri

Alexandre Brandão
(CFO)
Tel.: +55 11 **2627-9046**

Av. Abrahão Gonçalves Braga,
412 Vila Livieiro – 04186-220
São Paulo – SP – Brasil

Conference Call

English
Date: **November 11, 2016**
Time: 10:00 a.m. São Paulo

+1 (646) 843 6054
Password: Metalfrio
Telephone for replay:
+55 (11) 2188 0400
Password: Metalfrio

Portuguese
Date: **November 11, 2016**
Time: 10:00 a.m. São Paulo

+55 11 2188-0155
Password: Metalfrio
Telephone for replay:
+55 11 2188-0400
Password: Metalfrio

Other Information

Recapitalization

On September 30, 2016, the Board of Directors approved the increase of the Company's capital stock, approved by the Board of Directors on April 28, 2016 and by the shareholders at the Extraordinary Meeting on August 8, 2016, considering that were subscribed and paid all 48,000,000 new common shares, all at an issue price of R $ 2.50 each, totaling an increase of R$ 120,000,000.00 so the Company's capital stock, which was R$ 239,988,057.17 represented by 13,601,310 common shares, shall be R$ 359,988,057.17 divided into 61,601,310 common shares.

The capital increase aims to strengthen the structure of the Company's capital.

Management Statement

In accordance with article 25 of Instruction 480/2009 of the CVM (Brazilian Securities Commission – Comissão de Valores Mobiliários), the Company’s Management states it has discussed, revised and agreed with the Independent Auditor’s Opinion and with the quarterly statements relative to the quarter ended September 30, 2016.

Relationship with external auditors

In accordance with Instruction 381/2003 of the CVM (Brazilian Securities Commission – Comissão de Valores Mobiliários), we report that in 2Q16 we did not hire our Independent Auditors for services not related to external auditing.

In our relationship with external auditors, we evaluate conflicts of interests on services not related to external auditing based on the following: auditors should not (a) audit their own work; (b) carry out management functions; and (c) promote our interests.

Commitment Clause

The Company, its shareholders, administrators and members of its Tax Board, if installed, are responsible for solving, through arbitration, any and every dispute or controversy that might arise among them, related or resulting, specially, of application, validity, effectiveness, interpretation, violation and its effects, of provisions set forth in the Business Corporation Act, the Company's Bylaws, in the rules edited by CMN, by the Central Bank of Brazil and by CVM, as well as in other rules applicable to operation of general capital markets, besides those included in the Regulation of *Novo Mercado*, Agreement for Participation in *Novo Mercado* and Arbitration Regulation.

Disclaimer

Information in this report on performance that is not directly derived from the financial statements, such as, for example, information on the market, quantities produced and sold, production capacity, and the calculation of EBITDA and adjusted EBITDA has not been revised by our external auditors.

We make forward-looking statements that are subject to risks and uncertainties. These statements are based on our Management's beliefs and assumptions and information to which the company currently has access. Forward-looking statements include information about our present intentions, beliefs or expectations, and those of the members of the company's Board of Directors, and Executive Officers. Reservations in relation to statements and information about the future also include information about possible or presumed operational results, and also statements that are preceded, followed by or include the words "believe", "may", "will", "continue", "expect", "forecast", "intend", "plan", "estimate", or similar expressions. Statements and information about the future are not guarantees of performance. They involve risks, uncertainties and suppositions because they refer to future events, and thus depend on circumstances which may or may not occur. Future results and the creation of value for stockholders may differ significantly from those expressed or suggested by forward-looking statements. Many of the factors that will determine these results and amounts are beyond Metalfrio's capacity to control or forecast.