

São Paulo, Brazil, August 13<sup>th</sup> 2019 - Metalfrio Solutions S.A. (FRIO3) (“Metalfrio”), one of the world’s largest manufacturers of plug-in commercial refrigeration equipment, announces its results for the second quarter of 2019 (“2Q19”) and first half of 2019 (“1H19”). Financial and operational information given is in accordance with international accounting standards (IFRS), in Brazilian Reais (R\$). Comparisons are with the second quarter of 2018 (“2Q18”), first half of 2018 (“1H18”) and/or as indicated. Numbers may not add up due to rounding.

### 2Q19 and 1H19 Highlights

- ❄ 2Q19 Net Revenues up 18.6% to R\$426.5 million compared to the corresponding prior year period and 6 months revenues up 22.0% to R\$796.2 million; both periods at historical high levels
- ❄ Adjusted EBITDA for the quarter at R\$50.4 million up 7.0% vs 2Q18; and R\$83.7 million for the first half of 2019 up 24.7% vs R\$67.1 million in 1H18; excluding the IFRS16 effect, adjusted EBITDA for the quarter was R\$48.5 million and for the first half R\$79.9 million
- ❄ Net Profit of R\$16.7 million in 2Q19 vs a Net Loss of R\$18.5 million in 2Q18. Net Profit of R\$34.0 million for the first 6 months of 2019 vs Net Loss of R\$ 32.2 million in 2018
- ❄ Net Debt to Adjusted EBITDA ratio of 3.3x in 2Q19 versus 4.3x in 2Q18; excluding the IFRS16 effect, the ratio stood at 3.4x

Commenting on the results, President & CEO Petros Diamantides said:

*“We are pleased with the continued progress across our geographies that has resulted in a good second quarter sales growth. Our continued focus on meeting the needs of our customers in terms of innovation, on-time deliveries and Lifecycle, has enabled Metalfrio to capture a larger share of the market demand.*

*Our continued sharp commercial focus, centered on delivering best-in-class innovative and value-adding solutions through our extensive global footprint, reinforces our strong and long-lasting relationships with customers. At the same time, our culture of strict cost control remains embedded throughout our business.*

*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. We aim to achieve this through continuing to deliver innovative value added products and solutions to our customers whilst maintaining a strict cost and capital discipline and working towards our year-end Net Debt to EBITDA target of 2.5x.”*

(R\$ million)	2Q19	2Q18	% Var	1H19	1H18	% Var
Net Revenues	426.5	359.6	18.6	796.2	652.8	22.0
Gross Profit	79.0	64.5	22.4	137.0	108.0	26.8
<i>Gross Margin</i>	<b>18.5%</b>	<b>17.9%</b>		<b>17.2%</b>	<b>16.5%</b>	
Op. Profit	39.2	37.8	3.6	59.9	49.1	21.8
Adj. EBITDA	50.4	47.1	7.0	83.7	67.1	24.7
<i>Adj. EBITDA Margin</i>	<b>11.8%</b>	<b>13.1%</b>		<b>10.5%</b>	<b>10.3%</b>	

## Outlook

Global macro-economic conditions appear to be broadly supportive of continued growth. The US economy remains strong and Europe continues to show positive signs of sustainable growth. Therefore, we expect to continue making progress during 2019 in our financial performance and strategic targets. However, we remain vigilant with regards to economic and socio-political developments in some of our key markets, as well as conscious of commodity cost escalation and continued volatility in foreign exchange rates.

The further devaluation of the Turkish Lira during this year has drawn attention for its impact in the reported performance translated into Brazilian Reais. However our ability to swiftly adapt the business mix focusing on exports, enabled us to reap the positive effect of such devaluation, being more competitive globally and generating further growth in our Turkish facility. Metalfrío expects to make further operational and strategic progress during the remainder of 2019, as it is confident in its ability to further improve its underlying profitability and its capital structure, driven by its proven superior focus on customer engagement and operational efficiencies across its global operations.

Metalfrío applies a strong level of discipline to capital allocation and working capital, as well as active margin management to improve the resilience of earnings and cash flow throughout the course of the economic cycle. Despite the adverse movements in currencies, Metalfrío is committed to deleveraging its balance sheet through improved profitability and cash flow, seeking continued working capital and Capex optimization, moving towards our medium term target of year-end Net Debt to EBITDA (full year) ratio of 2.5x.

## Net Revenue

Consolidated Net Revenues in 2Q19 reached R\$426.5 million, an increase of 18.6% versus 2Q18 (R\$ 359.6 million), driven by expansion across our operating geographies. 1H19 Net Revenues reached R\$796.2 million, an increase of 22.0% versus the same period of last year (R\$652.8 million).

(R\$ million)	2Q19	2Q18	% Var	1H19	1H18	% Var
<i>Americas</i>	<b>204.3</b>	<b>178.0</b>	14.8	<b>379.5</b>	<b>313.6</b>	21.0
<i>Europe</i>	<b>222.3</b>	<b>181.6</b>	22.4	<b>416.7</b>	<b>339.2</b>	22.8

### Americas

Despite the decreased growth pace, Metalfrío kept a double-digit growth of 14.8% to R\$204.3 million in Americas during 2Q19 whilst for the first 6 months growth was 21.0% versus the last year comparable period. Both Brazil and Mexico contributed positively as market conditions were less volatile and important improvements in specific segments and channels, were achieved in the period.

Revenues in Brazil stood broadly flat vs 2Q18 and increased 7.1% in 1H19 mainly supported by further development of Lifecycle and a better mix of products considering higher share of premium products with higher average realization per unit. The upcoming elections in Argentina and Bolivia have affected the growth rates of the last quarters in these markets. LifeCycle is becoming a more meaningful solution where we have expanded substantially the scope of the services offered, by providing the necessary conditions to our customers that facilitate successful outsourcing of further non-core activities to Metalfrío.

We continued to experience important growth in Mexico during 2Q19. After doubling revenues in 1Q19, growth of 59.5% was reported in 2Q19, leading to an increase of 73.1% for 1H19 vs 1H18 by gaining further traction in the market through incremental business in existing accounts whilst establishing new customers. Through R&D investments we were able to offer innovative solutions that enabled our customers to present aesthetic differentiators in promoting their products at the point of sales.

### Europe

Europe revenues grew above 20% also in the second quarter, consolidating a 22.8% increase for 1H19 versus the prior year comparable period. Our continued manufacturing enhancement program allowed our Turkish plant to reach higher production output levels whilst further developing its ability to produce customized products to serve a broad range of customers from more than 70 different countries. In the domestic market new innovative brand-specific products in the beer and soft drink segments were launched and further growth has been achieved in exports driven by shipments to new geographies particularly to Global Key Accounts in Africa with products designed to cater for local operating conditions.

Sales in Russia also posted solid growth of 86.7% in 2Q19 (vs 2Q18) and 48.9% in 1H19 (vs 1H18) as a result of further share gains in Global Key Accounts and domestic ice cream producers.

## Gross Profit and Gross Margin

**Gross Profit** in the second quarter increased 22.4% to R\$79.0 million, against the prior year comparable period, driven by higher sales in our regions and efficiency gains in Europe, leading to an increase of 57 bps in gross profit margin. In the first 6 months of 2019 Gross Profit grew by 26.8% to R\$137.0 million, and Gross Profit Margin improved to 17.2% from 16.5% in 1H18.

## Operating Expenses (SG&A)

SG&A expenses increased by 28.8% to R\$48.4 million in 2Q19 and 20.8% to R\$91.4 million in 1H19, mainly associated with higher sales expenses to support new exports and the growth in Lifecycle where we are investing in additional resources in systems and people to integrate higher activity, expanded scope and adoption of emerging technologies. In Brazil, during the quarter we have faced higher Logistics costs as our operations and those of our customers in Sao Paulo, adjusted to the flood consequences.

## EBITDA & EBITDA Margin

**Adjusted EBITDA** increased 7.0% to R\$50.4 million during 2Q19 (vs 2Q18) and by 24.7% to R\$83.7 million in 1H19 (vs 1H18). Adjustments for IFRS 16 requirements and for non-current items (mainly a provision of R\$2.0 million constituted in 1Q19 due to a flooding in São Paulo impacting two locations) impacted the Adjusted EBITDA and are presented in the tables below:

(R\$ million)	2Q19	2Q18	% Var	1H19	1H18	% Var
Adjusted EBITDA	50.4	47.1	7.0	83.7	67.1	24.7
<i>Adj. EBITDA Margin</i>	<b>11.8%</b>	<b>13.1%</b>		<b>10.5%</b>	<b>10.3%</b>	
Adjusted EBITDA excl. IFRS 16 Adjustments	48.5	47.1	2.8	79.9	67.1	19.1
<i>Adj. EBITDA (excl. IFRS 16) Margin</i>	<b>11.4%</b>	<b>13.1%</b>		<b>10.0%</b>	<b>10.3%</b>	
EBITDA excl. IFRS 16 Adjustments	47.7	46.4	2.4	77.0	65.7	16.9
<i>EBITDA (excl IFRS 16) Margin</i>	<b>11.2%</b>	<b>12.9%</b>		<b>9.7%</b>	<b>10.1%</b>	

## Reconciliation of consolidated EBITDA and Adjusted EBITDA

Consolidated EBITDA (R\$ million)	2Q18	3Q18	4Q18	1Q19	2Q19	2Q19 vs 2Q18
Operating result	37,8	10,6	25,5	20,7	39,2	3,6%
Depreciation and amortization*	8,6	7,9	8,1	8,7	8,5	-1,2%
<b>EBITDA before IFRS16 Adj.</b>	<b>46,4</b>	<b>18,5</b>	<b>33,7</b>	<b>29,4</b>	<b>47,7</b>	<b>2,7%</b>
IFRS16 Adjustments	0,0	0,0	0,0	1,9	1,9	
<b>EBITDA</b>	<b>46,4</b>	<b>18,5</b>	<b>33,7</b>	<b>31,3</b>	<b>49,5</b>	<b>6,7%</b>
Layoffs (i)	0,7	1,0	0,6	0,0	0,9	
Other extraordinary expenses (ii)	0,0	0,0	0,0	2,0	0,0	
<b>Adjusted EBITDA</b>	<b>47,1</b>	<b>19,5</b>	<b>34,3</b>	<b>33,3</b>	<b>50,4</b>	<b>7,1%</b>

\* Depreciation and amortization before IFRS adjustments.

- i. Layoffs: The adjustment refers to restructuring charges related to efficiency projects, where certain positions were consolidated allowing further headcount reduction.
- ii. Other extraordinary Expenses: Expected loss due to Flooding impact in the Warehouses located in São Paulo.

## Financial Result

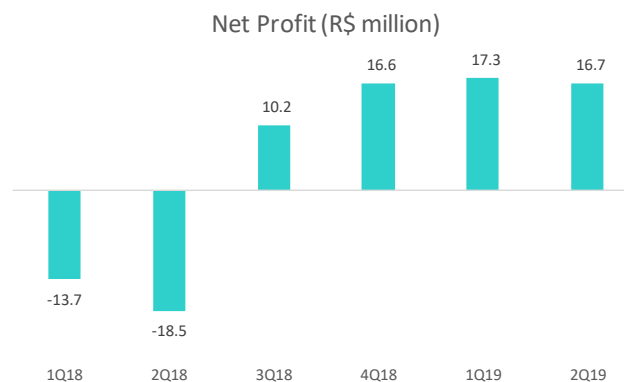
**Net Finance Result** improved both in 2Q19 and 1H19 when compared with the corresponding period of last year. The main drivers of this development were the good performance of the Securities portfolio as well as the full effect of the hedge strategy established in May 2018.

FINANCIAL RESULT (R\$ million)	2Q18	2Q19	Var. 19/18	1H18	1H19	Var.19/18
Result with cash investments	3.1	2.9	-7.5%	6.6	6.3	-4.4%
Securities market Value Change	0.0	0.0	0.0%	0.0	18.8	nm
Other financial income	0.5	0.3	-49.9%	0.8	0.3	-62.0%
<b>Interest and Other Income</b>	<b>3.7</b>	<b>3.1</b>	<b>-15.7%</b>	<b>7.4</b>	<b>25.4</b>	<b>243.8%</b>
Interest on loans and financing	-15.1	-14.0	-7.2%	-24.4	-25.5	4.6%
Securities market Value Change	-7.6	-1.4	-82.2%	-8.5	0.0	nm
Other financial expenses	-10.2	-11.3	10.4%	-20.0	-21.4	7.1%
<b>Interest and Other Expenses</b>	<b>-32.8</b>	<b>-26.6</b>	<b>-18.9%</b>	<b>-52.9</b>	<b>-46.9</b>	<b>-11.3%</b>
<b>Hedge Operations Result</b>	<b>46.2</b>	<b>-1.8</b>	<b>nm</b>	<b>47.6</b>	<b>-9.1</b>	<b>nm</b>
<b>Net FX Variation</b>	<b>-59.1</b>	<b>-0.4</b>	<b>-99.3%</b>	<b>-68.0</b>	<b>7.5</b>	<b>-111.1%</b>
<b>Net Financial Result</b>	<b>-42.1</b>	<b>-25.7</b>	<b>-38.9%</b>	<b>-66.0</b>	<b>-23.1</b>	<b>-65.0%</b>

## Profit/Loss

As a result of the improvement in costs as a percentage of sales as well as Net Finance Result, 2Q19 Profit before Tax reached R\$13.4 million, highlighting a solid improvement when compared to a loss of R\$4.3 million in the same period of the previous year.

Net Profit reached R\$16.7 million in 2Q19 (vs. a Net Loss of R\$18.5 million during the same period of 2018). It is worth noting that following the implementation of a successful hedge strategy since 2Q18, together with the investment portfolio performance, resulted in a Profit before Tax of R\$69.7 million and a Net Profit of R\$60.9 million for the last twelve months ended June 30<sup>th</sup>, 2019 versus PBT R\$16.1 million in FY2018.



## Working Capital

In 2Q19 working capital less financial assets and liabilities, reached R\$162.9 million compared with R\$197.9 million in 2Q18. The operational cash cycle in 2Q19 was 24 days, 23 days below 2Q18 and at the same level of 4Q18.

WORKING CAPITAL (R\$ million)	2Q18	3Q18	4Q18	1Q19	2Q19	Chg. 2Q19/ 2Q18	Chg. 2Q19/ 4Q18
<b>Current assets:</b>							
Cash and equivalents, bonds and securities	362.3	411.2	544.7	468.3	466.6	104.2	-78.1
Accounts receivable	326.4	215.4	164.3	224.1	292.8	-33.6	128.5
Inventory	235.4	243.7	222.5	259.8	275.8	40.4	53.3
Other	52.3	58.9	49.6	70.4	79.2	26.9	29.6
<b>A) Total</b>	<b>976.5</b>	<b>929.2</b>	<b>981.1</b>	<b>1022.6</b>	<b>1,114.4</b>	137.9	133.2
<b>B) Current assets (less fin. assets)</b>	<b>614.1</b>	<b>518.0</b>	<b>436.4</b>	<b>554.3</b>	<b>647.8</b>	33.7	211.4
<b>Current liabilities:</b>							
Accounts payable	305.0	212.2	276.3	338.7	385.2	80.2	108.9
ST debt	390.3	388.5	496.1	464.2	529.8	139.4	33.7
Other	111.2	112.4	124.6	99.4	99.6	-11.6	-25.0
<b>C) Total</b>	<b>806.5</b>	<b>713.1</b>	<b>897.0</b>	<b>902.3</b>	<b>1014.6</b>	208.1	117.6
<b>D) Current liabilities (less fin. liab.)</b>	<b>416.2</b>	<b>324.6</b>	<b>401.0</b>	<b>438.1</b>	<b>484.8</b>	68.7	83.9
<b>Working capital (B-D)</b>	<b>197.9</b>	<b>193.3</b>	<b>35.5</b>	<b>116.2</b>	<b>162.9</b>	-35.0	127.5
Days of receivables	68	72	38	46	53	-16	15
Days of inventory	72	120	64	75	71	0	7
Days of suppliers	93	104	80	98	100	7	20
<b>Cash cycle</b>	<b>47</b>	<b>88</b>	<b>22</b>	<b>23</b>	<b>24</b>	-23	2
Current liquidity (A/C)	1.2x	1.3x	1.1x	1,1x	1.1x	n/a	n/a

### Accounts Receivable

Despite the growth in Revenues, accounts receivable from customers, at R\$292.8 million at the end of 2Q19, decreased R\$33.6 million when compared to 2Q18 (R\$326.4 million) and increased R\$128.5 million when compared to 4Q18 (R\$164.3 million) in line with business seasonality. Receivables in terms of days were down 16 days when compared to 2Q18, at 53 days and up 15 days when compared to 38 days in the end of 4Q18.

### Inventories

Inventories at R\$275.8 million at the end of 2Q19 were up R\$40.4 million when compared to 2Q18 (R\$235.4 million) and up R\$53.3 million when compared to 4Q18. Inventory in number of days was 71 days at the end of 2Q19, almost the same as 2Q18 (72 days) but higher when compared to 64 days at the end of 4Q18 in line with business cyclicity.

### Accounts Payable

Supplier outstanding payables were up R\$80.2 million at R\$385.2 million at the end of 2Q19, vs. R\$305.0 million at the end of 2Q18 and were also R\$ 108.9 million higher when compared to 4Q18. Payables days at 100 were 7 days higher when compared to 93 days 2Q18 and 20 days higher when compared to 4Q18 (80 days).

## Investments

### Fixed assets

In 2Q19 net property, plant and equipment was R\$205.5 million, R\$7.8 million higher than 2Q18 (R\$197.8 million) and R\$13.1 million higher when compared to 4Q18 (R\$192.4 million). The increase in Fixed Asset in 2Q19, as well as seen in 1Q19 is mostly explained by the recognition of Assets (right of use) according with IFRS-16.

### Intangible assets

In 2Q19 total intangible assets reached R\$159.7 million, increased R\$3.2 million from R\$156.5 million in 2Q18 and R\$ 1.2 million when compared to R\$158.5 million in 4Q18.

FIXED ASSETS (R\$ million)	2Q18	3Q18	4Q18	1Q19	2Q19	Chg. 2Q19/ 2Q18	Chg. 2Q19/ 4Q18
Net PP&E	197,8	189,4	192,4	208,2	<b>205,5</b>	+7,8	+13,1
Intangibles	156,5	155,7	158,5	158,8	<b>159,7</b>	+3,2	+1,2
<b>Total</b>	<b>354,3</b>	<b>345,1</b>	<b>350,9</b>	<b>367,0</b>	<b>365,2</b>	<b>+11</b>	<b>+14,3</b>

## Capitalization and Liquidity

In 2Q19 cash and cash equivalents (including marketable securities) reached R\$466.6 million, compared to R\$362.3 million in 2Q18. Gross debt at the end of 2Q19 was R\$922.9 million compared with R\$883.5 million in 2Q18.

**Net debt** in 2Q19 decreased to R\$456.4 million compared to R\$521.1 million in 2Q18.

LIQUIDITY INDICATORS (R\$ million)	2Q18	3Q18	4Q18	1Q19	2Q19	Chg. 2Q19/ 2Q18	Chg. 2Q19/ 4Q18
<b>Cash and equivalents, bonds and securities</b>	<b>362.3</b>	<b>411.2</b>	<b>544.7</b>	<b>468.3</b>	<b>466.6</b>	<b>104.2</b>	<b>-78.1</b>
Short term debt (ST)	390.3	388.5	496.1	464.2	<b>529.8</b>	139.4	33.7
Long term debt (LT)	493.1	536.9	382.8	417.5	<b>393.2</b>	-100.0	10.4
USD denominated debt	223.2	164.9	132.2	51.2	<b>19.2</b>	-204.0	-113.0
BRL denominated debt	279.0	369.1	354.4	434.7	<b>525.6</b>	246.6	171.2
Euro denominated debt	381.3	391.3	392.3	395.8	<b>376.6</b>	-4.7	-15.7
TRY denominated debt	0.0	0.0	0.0	0.0	<b>1.6</b>	1.6	1.6
<b>Gross debt</b>	<b>883.5</b>	<b>925.3</b>	<b>878.9</b>	<b>881.8</b>	<b>922.9</b>	<b>39.5</b>	<b>44.0</b>
<b>Net cash / (Net debt)</b>	<b>-521.1</b>	<b>-514.1</b>	<b>-334.2</b>	<b>-413.4</b>	<b>-456.4</b>	<b>64.8</b>	<b>-122.2</b>
<b>Shareholders' equity (Equity)</b>	<b>70.6</b>	<b>64.5</b>	<b>87.4</b>	<b>98.3</b>	<b>108.2</b>	<b>37.6</b>	<b>20.8</b>
Cash and equiv. / ST debt	0.9x	1.1x	1.1x	1x	<b>0.9x</b>	n/a	n/a
ST debt / (ST + LT)	44.2%	42.0%	56.4%	52.6%	<b>57.4%</b>	n/a	n/a
Net cash (Net debt) / Equity	-7,4x	-8x	-3,8x	-4,2x	<b>-4.2x</b>	n/a	n/a
Net debt / (Net debt + Equity)	88.1%	88.9%	79.3%	80.8%	<b>80.8%</b>	n/a	n/a

In 2Q19 short-term debt was R\$529.8 million compared to R\$390.3 million at 2Q18 with long term debt as a percentage of total debt at 42.6% at end of 2Q19 compared to 55.8% at the end of 2Q18.

Consistent with our business cyclicity in all second quarters, Net Debt to Adjusted EBITDA ratio increased marginally from 3.1X to 3.3x when compared to 1Q19. Nevertheless it is worth highlighting our continuous improvement for this period during the last years, from 5.6x in 2Q17 and 4.3x in 2Q18 to the level of 3.3x in 2Q19.

### **Shareholders' equity**

Consolidated Shareholders' equity at 2Q19 was R\$108.2 million, which compares to R\$70.6 million at 2Q18 and R\$87.4 million in 4Q18, highlighting a positive result during the quarter as well as in the last twelve months.



**CONFERENCE CALL – 2Q19 – Metalfrío**  
**August 14th 2019**

**Portuguese**

11h30 (Brasília Time)

10h30 (US- EST)

Tel.:+ 55 (11) 2188-0155

Code: Metalfrío Solutions S.A.

**English**

11h30 (Brasília Time)

10h30 (US-EST)

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## Other Information

### 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 accounting statements relative to the business by June 30<sup>th</sup>, 2019.

### Relationship with external auditors

In accordance with Instruction 381/2003 of the CVM (Brazilian Securities Commission – Comissão de Valores Mobiliários), we report that in 2Q19 we did not hire our Independent Auditors for services not related to external auditing.

The Company policy for hiring independent auditing services assures there are no conflict of interests, loss of independency or objectivity for services eventually rendered by independent auditors not related to external auditing.

### Commitment Clause

The Company, its shareholders, administrators and members of its Fiscal Council, 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 Metafrio's capacity to control or forecast.

Consolidated Income Statement – 2<sup>nd</sup> Quarter

(R\$ Mn)	2Q19	% Revenues	2Q18	% Revenues	Var. 2Q19 vs. 2Q18 (%)
NET REVENUES	426,5	100,0%	359,6	100,0%	18,6%
Cost of goods	(347,6)	-81,5%	(295,1)	-82,1%	17,8%
GROSS PROFIT	79,0	18,5%	64,5	17,9%	22,4%
OPERATING INCOMES (EXPENSES)					
Selling expenses	(30,0)	-7,0%	(24,7)	-6,9%	21,5%
Administrative and general expenses	(18,5)	-4,3%	(13,0)	-3,6%	42,4%
Other operating income	8,6	2,0%	10,9	3,0%	-20,6%
RESULTS BEFORE NET FINANCIAL	39,2	9,2%	37,8	10,5%	3,7%
NET FINANCIAL RESULT	(25,7)	-6,0%	(42,1)	-11,7%	-38,9%
Financial expenses	(30,6)	-7,2%	(71,7)	-19,9%	-57,3%
Financial income	5,3	1,2%	88,7	24,7%	-94,0%
Net exchange variation	(0,4)	-0,1%	(59,1)	-16,4%	nm
RESULTS BEFORE TAXES	13,4	3,2%	(4,3)	-1,2%	-409,2%
INCOME AND SOCIAL CONTRIB. TAXES					
Current	(3,7)	-0,9%	(8,6)	-2,4%	-57,2%
Deferred	6,9	1,6%	(5,6)	-1,6%	-222,8%
NET RESULT FOR THE PERIOD	16,7	3,9%	(18,5)	-5,2%	-189,9%

Consolidated Income Statement – 1<sup>st</sup> Semester

(R\$ Mn)	1H19	% Revenues	1H18	% Revenues	Var. 1H19 vs. 1H18 (%)
NET REVENUES	796,2	100,0%	652,8	100,0%	22,0%
Cost of goods	(659,2)	-82,8%	(544,8)	-83,5%	21,0%
<b>GROSS PROFIT</b>	<b>137,0</b>	<b>17,2%</b>	<b>108,0</b>	<b>16,5%</b>	<b>26,8%</b>
<b>OPERATING INCOMES (EXPENSES)</b>					
Selling expenses	(58,3)	-7,3%	(48,7)	-7,5%	19,7%
Administrative and general expenses	(33,1)	-4,2%	(27,0)	-4,1%	22,5%
Other operating income	14,3	1,8%	16,9	2,6%	-15,3%
<b>RESULTS BEFORE NET FINANCIAL</b>	<b>59,9</b>	<b>7,5%</b>	<b>49,1</b>	<b>7,5%</b>	<b>21,8%</b>
<b>NET FINANCIAL RESULT</b>					
Financial expenses	(70,9)	-8,9%	(89,6)	-13,7%	-20,8%
Financial income	40,3	5,1%	91,6	14,0%	-56,0%
Net exchange variation	7,5	0,9%	(68,0)	-10,4%	nm
<b>RESULTS BEFORE TAXES</b>	<b>36,8</b>	<b>4,6%</b>	<b>(16,9)</b>	<b>-2,6%</b>	<b>nm</b>
<b>INCOME AND SOCIAL CONTRIB. TAXES</b>					
Current	(12,7)	-1,6%	(13,8)	-2,1%	-7,9%
Deferred	9,9	1,2%	(1,6)	-0,2%	nm
<b>NET RESULT FOR THE PERIOD</b>	<b>34,0</b>	<b>4,3%</b>	<b>(32,2)</b>	<b>-4,9%</b>	<b>nm</b>

## Consolidated Balance Sheet

ASSETS (R\$ mn)	2Q19	4Q18	LIABILITIES, NON-CONTROLLING INTEREST AND SHAREHOLDERS' EQUITY (R\$ mn)	2Q19	4Q18
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	178.8	178.0	Accounts payable to suppliers	385.2	276.3
Marketable securities	287.8	366.7	Related parties	-	-
Trade accounts receivable	292.8	164.3	Loans and financing	529.8	496.1
Inventories	275.8	222.5	Tax payable	13.1	10.4
Recoverable taxes	60.8	39.7	Payroll and related charges	24.5	21.5
Other accounts receivable	18.4	10.0	Other provisions	37.7	33.9
<b>Total current assets</b>	<b>1,114.4</b>	<b>981.1</b>	Lease liability	5.9	-
			Accounts payable on derivatives	10.2	54.2
<b>NON-CURRENT</b>			Other accounts payable	8.3	4.6
Long-term receivables:			<b>Total current liabilities</b>	<b>1,014.6</b>	<b>897.0</b>
Deferred taxes	63.0	53.1			
Recoverable taxes	3.4	3.7	<b>NON-CURRENT</b>		
			Loans and financing	393.2	382.8
Investments	0.6	-	Taxes payable	1.8	2.1
Property, plant and equipment	205.5	192.4	Provision for risks	7.0	8.0
Intangible assets	159.7	158.5	Lease liability	9.3	-
<b>Total non-current</b>	<b>432.2</b>	<b>407.7</b>	Other accounts payable	12.4	11.4
			<b>Total non-current liabilities</b>	<b>423.7</b>	<b>404.4</b>
<b>TOTAL</b>	<b>1,546.5</b>	<b>1,388.8</b>			
			<b>SHAREHOLDERS' EQUITY</b>		
			Capital	244.0	244.0
			Capital reserve	2.7	2.7
			Profit reserve	0.1	0.1
			Equity valuation adjustments	(99.1)	(90.4)
			Capital transaction between shareholders	(69.3)	(69.3)
			Accumulated profits (losses)	(34.8)	(49.4)
				43.7	37.8
			Non-controlling interest	64.6	49.7
			<b>Total Shareholders' equity</b>	<b>108.2</b>	<b>87.4</b>
			<b>TOTAL</b>	<b>1,546.5</b>	<b>1,388.8</b>

## Consolidated Cash Flow – 1H19

(R\$ mn)	1H19	1H18
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Result for the Period	<b>34.0</b>	<b>(32.2)</b>
Reconciliation of the result for the period to net cash generated by (used in) operating activities:		
Depreciation and amortization	20.9	16.5
Provision for risks	2.1	0.8
Other provisions	25.7	4.9
Provision for losses (gains) on derivatives	9.1	32.2
Allowance for expected credit loss	2.5	-
Provision of actuarial law	1.8	-
Exchange Differences	17.2	82.9
Interest on borrowings	23.5	23.4
Residual value of fixed and intangible assets disposed of	0.3	0.8
Deferred income tax and social contribution	(9.9)	1.6
	<b>127.2</b>	<b>130.9</b>
(Increase) decrease in assets:		
Current:		
Trade receivables	(119.3)	(194.2)
Inventories	(53.3)	(29.1)
Taxes recoverable	(21.2)	(11.1)
Other receivables	(8.4)	(3.3)
Noncurrent:		
Taxes recoverable	0.4	(0.0)
	<b>(201.8)</b>	<b>(237.8)</b>
<i>Increase (decrease) in liabilities:</i>		
Current:		
Trade payables	102.0	26.2
Taxes payable	3.9	5.5
Payroll and related charges	3.1	3.3
Current Other payables	3.6	2.3
Provision for risks	(3.2)	-
Others provisions	(21.9)	-
Noncurrent:		
Taxes payables	(0.3)	(0.3)
Non-Current Other payables	(1.3)	1.7
	<b>85.9</b>	<b>38.7</b>
Other Cash Flow From Operating Activities:		
Income tax and social contribution payments	(1.2)	-
	<b>(1.2)</b>	<b>-</b>
Net cash generated by (used in) operating activities	<b>10.1</b>	<b>(68.2)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(15.0)	(14.6)
Additions to intangible assets	(7.0)	(7.0)
Capital increase in subsidiaries	(0.6)	-
Marketable securities	78.9	13.2
Net cash generated by (used in) investing activities	<b>56.3</b>	<b>(8.4)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New borrowings	353.8	638.9
Payment of principal	(296.3)	(685.7)
Payment of interest	(25.5)	(26.7)
Lease Liability	(3.7)	-
Interest from lease liability	0.3	-
Payment / Receipt of Derivatives		
Net cash (used in) generated by financing activities	<b>(24.5)</b>	<b>(73.6)</b>
<b>EFFECTS OF EXCHANGE ON CASH AND CASH EQUIVALENTS</b>		
	<b>(41.1)</b>	<b>18.4</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>0.8</b>	<b>(131.8)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
At the end of the period	178.8	162.6
At the beginning of the period	178.0	294.4
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>0.8</b>	<b>(131.8)</b>