

São Paulo, Brazil, August, 9th 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 second quarter of 2016 (“2Q16”). Financial and operational information given is in accord with international accounting standards (IFRS), in Brazilian Reais (R\$). Comparisons are with the second quarter of 2015 (“2Q15”) or as indicated.

Highlights

- ❄ 2Q16 net revenue increased 5.2% to R\$319.2 million compared to prior year period; 1H16 revenues up 13.1% to R\$610.1 million
- ❄ 2Q16 gross profit rose 8.8% to R\$50.0 million (2Q15: R\$46.0 million); 1H16 gross profit up 21.5% to R\$98.8 million
- ❄ 2Q16 EBITDA increased 20.0% to R\$34.8 million (2Q15: R\$29.0 million); 1H16 EBITDA up 26.1% to R\$63.6 million, with margin expansion in both reporting periods
- ❄ 2Q16 net profit R\$22.2 million versus R\$23.2 million in 2Q15; 1H16 net profit of R\$42.3 million versus R\$8.8 million in 1H15
- ❄ 1H16 operating cashflow of R\$13.3 million versus outflow of R\$23 million in 1H15; net debt at R\$440.1 million and net debt to EBITDA ratio at 4.9x

President & CEO Petros Diamantides stated:

***“We have delivered a first half performance in line with our expectations and on track with our improving top-line and margin trajectory. The impact of the weak Brazilian economic backdrop on our domestic business became more evident during the course of the second quarter as was the increasingly limited visibility in some of our key markets across Europe.*”**

Metalfrio’s strong customer relationships, based on its ability to create bespoke, innovative solutions that help market-leading customers meet their future challenges, together with a highly valued after sales service proposition, is a core value that we continue to embed throughout our organization. As such, we are proud that for the high-profile 2016 Rio Games Metalfrio beverage coolers were exclusively selected by our key customers.

***We remain cautiously optimistic that in the current volatile macro-economic environment, we shall be able to maintain a steady course for the rest of the year, as we continue to execute on our highly focused strategy on the needs of our customers whilst driving further internal efficiencies. We are well placed with regards to our medium term ambition to strengthen the balance sheet and expect the ongoing capital increase to be completed by our shareholders in the near future.*”**

(R\$ mn)	2Q16	2Q15	Var	1H16	1H15	Var
Revenues	319.2	303.4	5.2%	610.1	539.4	13.1%
Gross Profit	50.0	46.0	8.8%	98.8	81.3	21.5%
Op. Profit	25.3	21.0	20.9%	46.2	34.4	34.2%
Adj EBITDA	34.8	29.0	20.0%	63.6	50.4	26.1%

Performance by region

Revenue (R\$ mn)	2Q16	2Q15	Var	1H16	1H15	Var
Americas	164.8	176.1	(6.4)%	306.0	318.7	(4.0)%
Europe	154.4	127.3	21.2%	304.1	220.7	37.8%

Americas

The second quarter of the year witnessed a 6.4% fall in revenues in the Americas, with R\$306 million for first six months, (a 4% decline) despite the strong comparable prior year periods, during which record sales levels were achieved.

Mexico delivered a positive performance, with sales up 12.6% in the quarter and 21.1% in the first six months. This was driven by the further expansion of Metalfrio's product portfolio through the introduction of new platforms and brand customisations that led to customer base expansion and price mix development (average realisation per unit increased 26.9% in 2Q and 17.7% in 1H).

The positive performance of Mexico was however offset by the continuing macro-economic challenges in the Brazilian economy which led to a 10.4% decline in sales, quarter versus quarter, with a 6% decline in the first six months versus prior year comparable period. In particular, the result in Brazil was impacted by a weaker product mix, as customers prioritized affordability with a greater number of lower priced, horizontal units being sold leading to a drop in average realisation per unit of 9.5% in the quarter and 4.7% in the first half of the year. Given the backdrop of weak demand, capacity has been adjusted through a reduction of the number of shifts at the Tres Lagoas plant and halting the ramp-up at the VSA plant.

Metalfrio continues to build its relationships with key customers and is proud to have been chosen by The Coca-Cola Company as the exclusive supplier of beverage coolers for the 2016 Olympics Games in Rio de Janeiro with units that incorporate breakthrough environmentally-friendly innovation in terms of system features, serviceability and aesthetics. Additionally, Metalfrio LifeCycle, the largest refrigeration services company in Latin America, has been appointed to execute logistics tasks including installation and transportation of the coolers to the venues which begun during the quarter, as well as providing technical support during the games. This comes after the successful collaboration during the 2014 World Cup and is a consequence of the long partnership with the Coca-Cola system across a number of geographies in the Americas and Europe.

Europe

In Europe sales were up by 21.2% in the second quarter, and 37.8% in the first half of the year. This was led by Turkey, where sales rose 30.3% in the quarter and 42.2% in the first half, with Russia broadly flat at 1.7% in the first half of the year versus year ago for the same period but with productivity and margin gains following a manufacturing optimization program during the second half of last year.

Volume in the region was up by 6.7% in 2Q and 11.7% in 1H and average realisation per unit increased by 18% in 2Q and 24.3% in 1H. The latter was impacted by favourable product mix with the roll-out of large multi-door subzeros for the beer segment, the new supermarket plug-ins and a positive currency impact of the Turkish lira against the Brazilian reais (+5.2% in 2Q and 9.1% in 1H).

Financial overview

Consolidated Net Revenue increased by 5.2% in 2Q16 to R\$319.2 million, compared to 2Q15, driven by volume and value gains in Europe and Mexico, offsetting market weakness in Brazil. Revenues were up 13.1% to R\$610.1 million in 1H16 versus the prior year comparable period.

Gross Profit increased 8.8% to R\$50 million in 2Q16, and 21.5% in 1H16, driven by positive overall top-line development and effective cost management (especially in Turkey and Mexico), with the margin, as a percentage of revenues, expanding 52 basis points in 2Q and 112 basis points in 1H.

SG&A continued to demonstrate consistent discipline, rising 3.3% in 2Q and 7.2% in 1H but below the rate of sales growth in both periods. Overall, as a percentage of revenues, SG&A expenses reduced by 19 basis points and 59 basis points in the second quarter and in first half respectively.

Operating Profit rose 20.9% to R\$25.3 million, compared to R\$21 million in 2Q15, and 34.2% in the first half. The operating margin improved 103 basis points in 2Q and 119 basis points in 1H, compared to prior year comparable periods.

EBITDA rose by 20.0% to R\$34.8 million, versus R\$29 million in 2Q15, driven by the continued improvements in operating performance. EBITDA margin improved by 135 basis points to 10.9% in 2Q16 and for 1H16 EBITDA reached R\$63.6 million, up 26.1%, with a 108 bps improvement in margin to 10.4%.

Net Finance items were flat in R\$2.2 million compared to 2Q15 (R\$2.3 million), but improved significantly in 1H with a gain of R\$5.5 million versus an expense of R\$24.0 million in the prior year comparable period. This positive development relates to the appreciation of the Brazilian currency against the US dollar which resulted in forex gains associated with the foreign currency denominated debt.

This led to the Company recording a net profit of R\$22.2 million in 2Q16, versus R\$23.4 million in 2Q15, and in 1H16 net profit of R\$42.3 million above the R\$8.8 million result in 1H15.

Net debt at the end of 2Q16 was R\$440.1 million compared to R\$ 411.3 million in 1Q16 and R\$414.8 million at the end of 2015. Metalfrio generated R\$13.3 million in operating cashflow in the first half of the year and coupled with the appreciation of the Brazilian currency against the US\$, resulted in a Net Debt to EBITDA at 4.9x.

Outlook

Metalfrio remains vigilant with regards to the current challenges within the Brazilian economy and the associated weak demand trends as well as the ongoing volatility and uncertainty within Europe and the subsequent lack of visibility.

We believe that our resilient 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 apply a strong level of financial discipline with regards to capital allocation and working capital improvements, as well as higher sales with improved margins to generate increased cash flow. Currency volatility will continue to impact reported net debt levels in the near term, though the Company is confident that its strategic plans will move it further towards delivering its targeted net debt to EBITDA ratio of below 3x in the medium term.

Metalfrio announced its intention to conduct a recapitalization of up to R\$120 million in new equity through a rights offering that will further accelerate the deleveraging program, significantly strengthening the capital structure of Metalfrio. The rights offering was approved by its shareholders on August 8th.

Consolidated Income Statement (R\$ million) – 2nd Quarter

(R\$ mn)	2Q16	% Revenues	2Q15	% Revenues	Var. 2Q16 vs. 2Q15 (%)
NET REVENUES	319,2	100,0%	303,4	100,0%	5,2%
Cost of goods	(269,1)	-84,3%	(257,4)	-84,8%	4,6%
GROSS PROFIT	50,0	15,7%	46,0	15,2%	8,8%
OPERATING INCOMES (EXPENSES)					
Selling expenses	(20,1)	-6,3%	(18,4)	-6,1%	9,6%
Administrative and general expenses	(12,3)	-3,9%	(13,1)	-4,3%	-5,6%
Other operating income	7,8	2,4%	6,4	2,1%	21,3%
RESULTS BEFORE NET FINANCIAL	25,3	7,9%	21,0	6,9%	20,9%
NET FINANCIAL RESULT	2,2	0,7%	2,3	0,7%	-3,3%
Financial expenses	(35,4)	-11,1%	(14,9)	-4,9%	138,1%
Financial income	9,6	3,0%	9,5	3,1%	1,6%
Net exchange variation	27,9	8,8%	7,6	2,5%	265,6%
RESULTS BEFORE TAXES	27,5	8,6%	23,2	7,7%	18,5%
INCOME AND SOCIAL CONTRIB. TAXES					
Current	(2,8)	-0,9%	0,2	0,1%	-1800,0%
Deferred	(2,5)	-0,8%	0,0	0,0%	-17857,1%
NET RESULT FOR THE PERIOD	22,2	7,0%	23,4	7,7%	-5,1%

Consolidated Income Statement (R\$ million) – 1st Half

(R\$ mn)	1H16	% Revenues	1H15	% Revenues	Var. 1H16 vs. 1H15 (%)
NET REVENUES	610,1	100,0%	539,4	100,0%	13,1%
Cost of goods	(511,3)	-83,8%	(458,1)	-84,9%	11,6%
GROSS PROFIT	98,8	16,2%	81,3	15,1%	21,5%
OPERATING INCOMES (EXPENSES)					
Selling expenses	(39,7)	-6,5%	(36,1)	-6,7%	10,1%
Administrative and general expenses	(25,9)	-4,3%	(25,2)	-4,7%	2,9%
Other operating income	13,0	2,1%	14,4	2,7%	-9,4%
RESULTS BEFORE NET FINANCIAL	46,2	7,6%	34,4	6,4%	34,2%
NET FINANCIAL RESULT					
Financial expenses	(73,1)	-12,0%	(28,4)	-5,3%	157,8%
Financial income	28,2	4,6%	14,9	2,8%	89,9%
Net exchange variation	50,3	8,2%	(10,5)	-1,9%	-581,0%
RESULTS BEFORE TAXES	51,6	8,5%	10,5	1,9%	394,0%
INCOME AND SOCIAL CONTRIB. TAXES					
Current	(3,7)	-0,6%	(5,7)	-1,1%	-34,8%
Deferred	(5,7)	-0,9%	4,1	0,8%	-237,8%
NET RESULT FOR THE PERIOD	42,3	6,9%	8,8	1,6%	379,0%

Consolidated Balance Sheet (R\$ million)

ASSETS (R\$ mn)	2Q16	4Q15
CURRENT ASSETS		
Cash and cash equivalents	167,2	295,5
Marketable securities	138,8	154,5
Trade accounts receivable	212,9	121,6
Related parties	-	-
Inventories	160,7	163,9
Recoverable taxes	20,1	31,1
Accounts receivable on derivatives	-	-
Other accounts receivable	11,5	8,6
Total current assets	711,2	775,2
NON-CURRENT		
Long-term receivables:		
Related parties	-	-
Deferred taxes	65,7	70,4
Recoverable taxes	2,3	4,5
Investments		
Property, plant and equipment	179,4	201,8
Intangible assets	151,4	153,5
Total non-current	398,8	430,2
TOTAL	1.110,0	1.205,4

LIABILITIES, NON-CONTROLLING INTEREST AND SHAREHOLDERS' EQUITY (R\$ mn)	2Q16	4Q15
CURRENT LIABILITIES		
Accounts payable to suppliers	214,7	195,5
Related parties	6,0	5,2
Loans and financing	545,0	561,7
Tax payable	14,2	17,1
Payroll and related charges	25,2	22,5
Other provisions	33,4	29,5
Other accounts payable to shareholders	-	-
Accounts payable on derivatives	0,3	1,1
Other accounts payable	8,9	12,4
Total current liabilities	847,7	845,1
NON-CURRENT		
Loans and financing	201,2	303,2
Taxes payable	3,5	3,7
Provision for risks	7,5	6,3
Other accounts payable	8,5	9,7
Total non-current liabilities	220,6	322,8
SHAREHOLDERS' EQUITY		
Capital	240,0	240,0
Capital reserve	2,7	2,7
Profit reserve	0,4	0,5
Equity valuation adjustments	(66,9)	(36,6)
Capital transaction between shareholders	(69,3)	(70,0)
Accumulated profits (losses)	(105,4)	(138,2)
	1,4	(1,6)
Non-controlling interest	40,3	39,0
Total Shareholders' equity	41,7	37,4
TOTAL	1.110,0	1.205,4

Consolidated Cash Flow (R\$ million) – 2nd Quarter

(R\$ mn)	2Q16	2Q15
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain/(Loss) for the year	22,2	23,4
Reconciliation of loss for the year to net cash generated by (used in) operating activities:		
Depreciation and amortization	7,3	8,0
Provision for risks	0,6	(0,2)
Other provisions	2,9	0,8
Provision for (losses) gains on derivatives	10,5	(0,0)
Exchange differences	(14,5)	4,0
Interest on borrowings	2,4	6,6
Residual value of fixed and intangible assets disposed of	2,0	0,7
Deferred income tax and social contribution	2,5	(0,0)
	35,9	43,3
(Increase) decrease in assets:		
Current:		
Trade receivables	(42,1)	4,6
Inventories	49,3	26,0
Taxes recoverable	9,3	(0,1)
Other receivables	0,1	(1,5)
Noncurrent:		
Taxes recoverable	0,1	1,4
	16,7	30,3
<i>Increase (decrease) in liabilities:</i>		
Current:		
Trade payables	(53,8)	(1,6)
Taxes payable	0,4	(0,1)
Payroll and related charges	(0,6)	1,6
Payables to related parties	1,4	1,8
Current Other payables	(1,8)	4,2
Noncurrent:		
Taxes payables	(0,1)	-
Non-Current Other payables	(1,2)	(0,5)
	(55,7)	5,4
Net cash generated by operating activities	(3,1)	79,0
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(6,1)	(6,7)
Additions to intangible assets	(3,1)	(2,4)
Capital increase in subsidiaries	-	-
Marketable securities	24,0	13,5
Capital transaction between shareholders	0,7	-
Net cash used in (generated by) investing activities	15,5	4,4
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings	253,3	100,7
Payment of principal	(206,6)	(106,4)
Payment of interest	(10,8)	(9,9)
Loans to related parties	2,1	1,7
Net cash (used in) generated by financing activities	38,0	(13,9)
EFFECTS OF EXCHANGE ON CASH & CASH EQUIVALENTS	(71,4)	(32,7)
INCREASE (DECREASE) IN CASH AN CASH EQUIVALENTS	(21,0)	36,8
CASH AND CASH EQUIVALENTS		
At the end of the quarter	167,2	174,9
At the beginning of the quarter	188,2	138,1
INCREASE (DECREASE) IN CASH AN CASH EQUIVALENTS	(21,0)	36,8

Consolidated Cash Flow (R\$ million) – 1st Half

(R\$ mn)	1H16	1H15
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain/(Loss) for the year	42,3	8,8
Reconciliation of loss for the year to net cash generated by (used in) operating activities:		
Depreciation and amortization	15,2	14,7
Provision for risks	1,2	2,2
Other provisions	3,8	0,5
Provision for (losses) gains on derivatives	22,4	(0,0)
Exchange differences	(22,8)	29,0
Interest on borrowings	14,0	13,2
Residual value of fixed and intangible assets disposed of	2,2	1,0
Deferred income tax and social contribution	5,7	(4,1)
	84,1	65,3
(Increase) decrease in assets:		
Current:		
Trade receivables	(101,7)	(67,4)
Inventories	3,3	(32,9)
Taxes recoverable	11,0	(11,5)
Other receivables	(2,9)	(8,6)
Noncurrent:		
Taxes recoverable	2,2	0,7
	(88,1)	(119,7)
<i>Increase (decrease) in liabilities:</i>		
Current:		
Trade payables	21,7	14,7
Taxes payable	(2,8)	3,9
Payroll and related charges	2,7	5,2
Payables to related parties	0,8	3,8
Current Other payables	(3,5)	3,0
Noncurrent:		
Taxes payables	(0,3)	-
Non-Current Other payables	(1,2)	0,7
	17,3	31,3
Net cash generated by operating activities	13,3	(23,0)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(11,2)	(12,3)
Additions to intangible assets	(6,1)	(4,5)
Capital increase in subsidiaries	-	-
Marketable securities	15,7	14,6
Capital transaction between shareholders	0,7	-
Net cash used in (generated by) investing activities	(0,8)	(2,2)
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings	253,3	100,7
Payment of principal	(265,4)	(153,2)
Payment of interest	(15,6)	(11,8)
Loans to related parties	(2,5)	16,7
Net cash (used in) generated by financing activities	(30,2)	(47,6)
EFFECTS OF EXCHANGE ON CASH & CASH EQUIVALENTS	(110,6)	8,2
INCREASE (DECREASE) IN CASH AN CASH EQUIVALENTS	(128,3)	(64,7)
CASH AND CASH EQUIVALENTS		
At the end of the quarter	167,2	174,9
At the beginning of the quarter	295,5	239,5
INCREASE (DECREASE) IN CASH AN CASH EQUIVALENTS	(128,3)	(64,7)

Reconciliation of consolidated EBITDA and Adjusted EBITDA

The following table presents the historical Adjusted EBITDA:

Consolidated EBITDA (R\$ mn)	2Q15	3Q15	4Q15	1Q16	2Q16
Operating result	21,0	-0,2	1,2	20,9	25,3
Depreciation and amortization	8,0	8,1	9,6	7,9	7,3
EBITDA	29,0	8,0	10,8	28,8	32,6
Layoffs (i)	0,0	2,9	1,0	0,0	2,2
Other extraordinary expenses (ii)	0,0	3,0	0,0	0,0	0,0
Adjusted EBITDA	29,0	13,9	11,8	28,8	34,8

Adjustments to Ebitda:

EBITDA is adjusted for the following 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)	2Q15	2Q16	Chg. 16/15	1H15	1H16	Chg. 16/15
Result with cash investments	3,8	4,1	8%	13,2	8,8	-34%
Bonds market Value Change	4,7	4,5	-6%	0,4	15,8	3887%
Other financial income	0,7	-0,2	nm	1,2	2,8	131%
Interest and Other Income	9,3	8,4	-10%	14,8	27,3	84%
Interest on loans and financing	-7,4	-3,0	-59%	-14,3	-14,9	5%
Bonds market Value Change	0,0	0,0	nm	0,0	0,0	nm
Other financial expenses	-7,3	-4,3	-42%	-14,1	-18,5	117%
Interest and Other Expenses	-14,7	-7,3	-50%	-28,3	-33,4	60%
Hedge Operations Result	0,0	-26,8	nm	0,0	-38,7	nm
Net FX Variation	7,6	27,9	266%	-10,5	50,3	nm
Net Financial Result	2,3	2,2	-5%	-24,0	5,5	nm

Working capital

At the end of 2Q16 working capital less financial assets and liabilities, was R\$102.5mn, which compares to R\$41.8mn at the end of 4Q15 and to R\$174.4mn in 2Q15. The operational cash cycle at the end of 2Q16 was 32 days, 21 days lower than at the end of 2Q15, and 9 days higher than end of 4Q15 owing to the seasonally stronger quarter impacting receivables

WORKING CAPITAL (R\$ mn)	2Q15	3Q15	4Q15	1Q16	2Q16	Chg. 2Q16/ 2Q15	Chg. 2Q16/ 4Q15
<u>Current assets:</u>							
Cash and equivalents, bonds and securities	335,6	387,1	450,0	351,0	306,0	-29,6	-144,0
Accounts receivable	185,9	184,2	121,6	174,5	212,9	27,1	91,4
Inventory	211,5	183,6	163,9	210,0	160,7	-50,9	-3,3
Other	53,6	51,8	39,7	41,0	31,6	-22,0	-8,1
A) Total	786,6	806,8	775,2	776,6	711,2	-75,4	-64,0
B) Current assets (less fin. assets)	451,0	419,6	325,2	425,5	405,2	-45,8	80,0
<u>Current liabilities:</u>							
Accounts payable	193,3	164,4	195,5	267,4	214,7	21,4	19,2
ST debt	450,7	536,9	561,7	482,7	545,0	94,2	-16,7
Other	83,3	115,5	87,9	98,5	88,0	4,7	0,1
C) Total	727,3	816,8	845,1	848,5	847,7	120,4	2,6
D) Current liabilities (less fin. liab.)	276,6	279,9	283,4	365,8	302,7	26,1	19,3
Working capital (B-D)	174,4	139,7	41,8	59,7	102,5	-104,4	60,7
Days of receivables	46	57	37	48	50	4	13
Days of inventory	74	78	69	78	54	-20	-15
Days of suppliers	68	70	83	99	72	4	-11
Cash cycle	52	65	23	26	32	-21	9
Current liquidity (A/C)	1.1x	1x	0,9x	0,9x	0,8x	n/a	n/a

Accounts Receivable

Accounts receivable from customers, at R\$212.9mn at the end of 2Q16, increased by R\$91.4mn versus 4Q15 and R\$27.1mn versus 2Q15. Receivables in terms of days increased from 37 at the end of 4Q15 to 50 days in 2Q16 and were 4 days higher than in 2Q15 (46 days) during this seasonally strong quarter.

Inventories

Inventories at R\$160.7mn at end of 2Q16 were flat versus 4Q15 (R\$ 163,9mn) and decreased R\$50.9mn versus 2Q15 (R\$211.5mn). Inventory in number of days was lower at 54 at the end of 2Q16 vs 69 days at the end of 4Q15 and 20 days lower than in 2Q15.

Accounts Payable

Supplier outstanding payables were up R\$19.2mn at R\$214.7mn at the end of 2Q16 versus R\$195.5mn in 4Q15 and also increased compared to R\$193.3mn in 2Q15. Payables days decreased to 72 compared to 83 days in 4Q15 and were 4 days higher than 2Q15 (68 days).

Investments

Fixed assets

Net property, plant and equipment in 2Q16 was R\$179.4 mn, R\$22.4 mn lower than 4Q15.

Intangible assets

The total of intangible assets at 2Q16 was R\$151.4mn, decreased from R\$153.5 mn at 4Q15.

FIXED ASSETS (R\$ mn)	2Q15	3Q15	4Q15	1Q16	2Q16	Chg. 2Q16/ 2Q15	Chg. 2Q16/ 4Q15
Net PP&E	192,7	204,4	201,8	194,1	179,4	-18,7	-22,4
Intangibles	150,0	154,1	153,5	153,1	151,4	+0,9	-2,1
Total	342,7	358,5	355,2	347,2	330,8	-17,8	-24,5

Capitalization and liquidity

Debt

Cash (including marketable securities) at 2Q16 was R\$306.0mn, compared to R\$450.0mn at 4Q15. Gross debt at 2Q16 was R\$746.1mn compared with R\$864.9mn in 4Q15; net debt at 2Q16 was R\$440.1mn compared to R\$414.8mn in 4Q15.

LIQUIDITY INDICATORS (R\$ mn)	2Q15	3Q15	4Q15	1Q16	2Q16	Chg. 2Q16/ 2Q15	Chg. 2Q16/ 4Q15
Cash and equivalents, bonds and securities	335,6	387,1	450,0	351,0	306,0	-29,6	-144,0
Short term debt (ST)	450,7	536,9	561,7	482,7	545,0	94,2	-16,7
Long term debt (LT)	290,6	365,5	303,2	279,6	201,2	-89,4	-102,0
USD denominated debt	502,3	506,0	490,2	418,1	448,0	-54,3	-42,3
BRL denominated debt	16,2	110,9	114,3	117,7	102,1	85,9	-12,2
Euro denominated debt	222,8	285,4	260,3	226,5	196,1	-26,7	-64,3
Gross debt	741,3	902,3	864,9	762,3	746,1	4,9	-118,7
Net cash / (Net debt)	-405,7	-515,2	-414,8	-411,3	-440,1	-34,4	-25,3
Shareholders' equity (Equity)	168,2	41,0	37,4	46,0	41,7	-126,5	4,3
Cash and equiv. / ST debt	0.7x	0.7x	0,8x	0,7x	0,6x	n/a	n/a
ST debt / (ST + LT)	60,8%	59,5%	64,9%	63,3%	73,0%	n/a	n/a
Net cash (Net debt) / Equity	-2.4x	-12.6x	-11,1x	-8,9x	-10,5x	n/a	n/a
Net debt / (Net debt + Equity)	70,7%	92,6%	91,7%	89,9%	91,3%	n/a	n/a

Short-term debt in 2Q16 was R\$545.0mn as compared to R\$561.7mn in 4Q15 with long term debt as a % of total gross debt decreasing from 39.2% in 2Q15 to 35.1% in 4Q15 to 27.0% in 2Q16.

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

- a) Current Net Debt 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.

The indicators for 2Q16 were 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 2016.

Stockholders' equity

Stockholders' equity at 2Q16 was R\$41.7mn, which compares to R\$37.4mn at 4Q15.

Investor Relations Contact

Petros Diamantides
(President and IRO)
Tel.: +55 11 **2627-9109**
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: **August 10, 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: **August 10, 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

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 June 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 Metalfrío's capacity to control or forecast.