São Paulo, Brazil, February, 20th 2017 - Metalfrio Solutions S.A. (FRIO3) ("Metalfrio"), one of the world's largest manufacturers of plug–in commercial refrigeration equipment, announces its results for the fourth quarter of 2016 ("4Q16"). Financial and operational information given is in accord with international accounting standards (IFRS), in Reais (R$). Comparisons are with the fourth quarter of 2015 ("4Q15") or as indicated.

Highlights (4Q16 and full year 2016 vs 2015)

- 4Q16 Revenues at R$220.4 million, down 8.1% vs 4Q15; full year broadly flat at R$1,013.7 million
- 4Q16 Operating profit up to R$6.2 million, compared to R$1.2 million in prior year comparable period; full year operating profit up 61.2% to R$57.1 million (full year 2015: R$35.4 million)
- Adjusted EBITDA in 4Q16 up 16.5% to R$13.7 million, compared to 4Q15 at R$11.8 million; full year EBITDA up 19.1% to R$90.6 million from R$76.1 million in prior year
- Full year Net Profit of R$30.5 million compared to a loss of R$101.4 million in 2015
- Continued strong cash flow generation, and successful recapitalization, contributed to improvement in year-end net debt to EBITDA to 3.5x compared to 5.5x at the end of 2015

President & CEO Petros Diamantides said:

"We are delighted to report another year of operational and strategic progress, with improved profitability, despite adverse currency impacts, and a strengthening of the capital structure.

Europe drove the top-line during the year, offsetting softer conditions in the Americas. This highlights the resilience of our business model, with market positions across a broad geographic base. Furthermore, the execution of the recapitalization process during the second half of the year together with our focus on cash generation, contributed to our ongoing efforts to reduce net debt levels.

Looking into 2017, we see another year of macroeconomic challenges, together with potential currency implications owing to the recent devaluations of the Mexican peso and Turkish lira. However, we are investing and preparing the Company to take advantage of future growth opportunities, with a planned 25% expansion of our production capacity in Turkey. In addition, we will continue to identify further structural opportunities to improve the business, with regard to costs, balance sheet as well as enhancing our ability to deliver superior technological solutions that help our customers meet their future challenges."

(Reais million)	4Q16	4Q15	% Var	FY16	FY15	% Var
Revenues	**220.4**	**239.8**	(8.1)	**1,013.7**	**1,017.7**	(0.4)
Gross Profit	**29.0**	**26.7**	8.7	**152.3**	**135.5**	12.4
Op. Profit	**6.2**	**1.2**	437.6	**57.1**	**35.4**	61.2
Adj. EBITDA	**13.7**	**11.8**	16.5	**90.6**	**76.1**	19.1

Performance by region

Revenues (Reais million)	4Q16	4Q15	% Var	FY16	FY15	% Var
Americas	**141.1**	**152.8**	**(7.7)**	**565.7**	**637.5**	**(11.3)**
Europe	**79.3**	**87.0**	**(8.7)**	**448.0**	**380.2**	**17.8**

Americas

Full year revenues declined in the region by 11.3%, with the decline in Brazil partially offset by the improved top-line in Mexico.

Brazil continued to feel the effects of the weak local economy, with full year sales down 14.7%. The fourth quarter saw a decline of 11.3% versus the prior year comparable period, but the rate of decline was lower than the prior quarter (3Q16 was down 34.5%) and better than the prior nine months. The fourth quarter also delivered an improved average realization per unit, which was broadly flat. As previously reported, Metalfrio had reduced the number of shifts at its manufacturing plants to align with the weaker prevailing market dynamics, whilst retaining the flexibility to ramp up production once trading conditions improve.

Mexico delivered a strong performance during the year, with an 8.2% increase in sales (25.5% in local currency and 19.9% in units), marking further market share gains in the domestic market across key accounts and the distributor segment, as well as in key export markets including Peru and the USA. The fourth quarter reported revenues broadly flat with the prior year comparable period. Volume rose in the fourth quarter, but this was offset by the deterioration of the Mexico peso against the Brazilian Real.

During the year, Metalfrio adjusted its product range to incorporate lower cost cold-drink solutions to reflect challenging end markets for its customers, whilst still delivering innovations such as the Beer Maxx in Brazil, which brings sub-zero beer into the home. Additionally, Metalfrio continues to seek market leading initiatives such as further developing brand proprietary aesthetics, new illumination solutions, enhanced energy options and furthering the transition to natural refrigerants.

Europe

Europe delivered a strong performance in 2016, with a 17.8% increase in Revenues. This was characterized by a strong first half and a modest second half of the year, the latter of which was impacted by difficult comparable prior year periods. For example, Revenues in Europe declined 8.7% in the fourth quarter, but this is compared to a prior year quarter that had witnessed an 85% increase. Units sold increased during both periods under review (+7.3% for the full year, +13.9% in the final quarter).

Sales in Turkey drove the performance in both the full year and the fourth quarter, offsetting lower results in Russia. For the full year, average realization per unit rose 10.2%, owing primarily to an improved product mix effect from the roll-out of large multi-door sub-zero's and the new supermarket plug-ins. However, average realization for the fourth quarter declined 19.7% as a result of the significant devaluation of the Turkish lira versus the Brazilian Real.

Financial overview

Consolidated Net Revenue for the full year 2016 declined marginally to R$1,013.7 million (2015: R$1,017.7 million), with increased sales in Europe offsetting the majority of the decline in the Americas. In the fourth quarter, Revenues were down 8.1%, with declines in both the Americas and Europe; however, volumes rose in Europe, compared to a fall in the Americas. At constant currency as at January 2016, full year Revenues would have been higher by 8.7% to R$1,101.7 million.

Gross Profit increased 12.4% for the full year 2016 to R$152.3 million, driven by Europe (+21.0%) and the Americas (+2.9%), with gross margin rising 170 basis points to 15%, owing to continued cost control. In the fourth quarter, gross profit rose 8.7% despite the negative impact of the Turkish lira devaluation and gross margin expanded 210 basis points. At constant currency as at January 2016, full year gross profit would have risen by 22.9% to R$166.5 million.

SG&A expenses remained flat on a full year basis, against broadly flat Revenues, whilst for the fourth quarter, SG&A rose modestly (1.5%) against a fall in Revenues.

Operating Profit increased 61.2% for the full year 2016 to R$57.1 million, with a significant improvement in the fourth quarter to R$6.2 million from R$1.2 million in 4Q 2015. These results reflect a continued strong focus on driving efficiencies throughout the business to align with challenging market conditions, whilst continuing to deliver industry-leading solutions to our customers.

Adjusted EBITDA was up 19.1% to R$90.6 million for the full year 2016, with a 150 basis points margin expansion to 9.0%. This was driven by an improved product mix during the year, and higher sales in Turkey, together with continued discipline in SG&A and overall cost discipline.

Indeed, between 2012-2016 EBITDA has increased at a CAGR of 36.9%. At constant currency as at 1st January 2016, full year EBITDA would have risen to R$100.4 million.

During the fourth quarter, adjusted EBITDA rose 16.5% to R$13.7 million.

Net Finance items improved significantly from an outflow of R$134.1 million for the full year 2015 to an outflow of R$17.8 million. This reflected the positive effect on the US denominated debt as a result of the 16.6% appreciation of the Brazilian Real against the US dollar during 2016.

Additionally, Metalfrio achieved higher financial income from marketable securities during 2016.

In the fourth quarter, Net financial items reported a negative R$13.6 million, versus a positive R$4.7 million in the comparable prior year period.

As a result of these effects, **Net income** for full year 2016 was R$30.5 million, versus a R$101.4 million Net loss in the prior year.

Net debt at the end of 2016 was R$315.9 million compared to R$414.8 million at the same time last year, due to the successful recapitalization in the third quarter of 2016, the appreciation of the Brazilian currency against the US dollar and ongoing improvements in operational cash flow.

As a result Net Debt to adjusted EBITDA improved from 5.5x at the end of 2015 to 3.485x at the end of 2016. This highlights the strong and consistent progress Metalfrio continues to make towards its medium term ambition of delivering a Net Debt to EBITDA of below 3x.

Outlook

Metalfrio expects to make further operational and strategic progress during 2017. The Company recognises the continued social and economic uncertainty in its key Americas and European markets, and is mindful of the impact of the devaluation of the Mexican peso and Turkish lira on its reported results. Nevertheless, 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.

Metalfrio will continue to prioritise customer value-creation, ensuring that it provides innovative, market-leading solutions that enable its customers to meet current and future challenges. Metalfrio has built strong and unique positions in its key markets, and will focus on further developing 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 particular during 2017, we will expand production capacity in Turkey by 25%, as we continue to invest in future growth. We continue to expect further market share gains from our existing geographies, whilst also pursuing international commercial expansion into new and exciting high growth markets with low Metalfrio presence, such as Asia and Africa.

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. Therefore, Metalfrio is confident that its strategic plans will move it rapidly towards delivering on its medium goal ambition of a net debt to EBITDA ratio of below 3x.

Consolidated Income Statement – 4th Quarter

(R$ mn)	4Q16	% Revenues	4Q15	% Revenues	Var. 4Q16 vs. 4Q15 (%)
NET REVENUES	220.4	100.0%	239.8	100.0%	-8.1%
Cost of goods	(191.3)	-86.8%	(213.1)	-88.9%	-10.2%
GROSS PROFIT	29.0	13.2%	26.7	11.1%	8.7%
OPERATING INCOMES (EXPENSES)					
Selling expenses	(21.0)	-9.5%	(14.0)	-5.9%	49.4%
Administrative and general expenses	(11.9)	-5.4%	(18.4)	-7.7%	-35.1%
Other operating income	10.0	4.6%	6.9	2.9%	46.6%
RESULTS BEFORE NET FINANCIAL	6.2	2.8%	1.2	0.5%	437.6%
NET FINANCIAL RESULT	(13.6)	-6.2%	4.7	2.0%	-388.9%
Financial expenses	(12.7)	-5.8%	(22.3)	-9.3%	-42.8%
Financial income	0.9	0.4%	15.2	6.4%	-93.8%
Net exchange variation	(1.8)	-0.8%	11.7	4.9%	-115.3%
RESULTS BEFORE TAXES	(7.4)	-3.4%	5.9	2.4%	-226.4%
INCOME AND SOCIAL CONTRIB. TAXES					
Current	2.7	1.2%	(2.5)	-1.0%	-209.4%
Deferred	(0.3)	-0.1%	(3.1)	-1.3%	-91.3%
NET RESULT FOR THE PERIOD	(5.0)	-2.3%	0.3	0.1%	-2064.4%

Consolidated Income Statement – 2016

(R$ mn)	2016	% Revenues	2015	% Revenues	Var. 2016 vs. 2015 (%)
NET REVENUES	1,013.7	100.0%	1,017.7	100.0%	-0.4%
Cost of goods	(861.4)	-85.0%	(882.3)	-86.7%	-2.4%
GROSS PROFIT	152.3	15.0%	135.5	13.3%	12.4%
OPERATING INCOMES (EXPENSES)					
Selling expenses	(77.7)	-7.7%	(69.7)	-6.9%	11.4%
Administrative and general expenses	(48.8)	-4.8%	(57.4)	-5.6%	-14.9%
Other operating income	31.3	3.1%	27.1	2.7%	15.7%
RESULTS BEFORE NET FINANCIAL	57.1	5.6%	35.4	3.5%	61.2%
NET FINANCIAL RESULT	(17.8)	-1.8%	(134.1)	-13.2%	-86.7%
Financial expenses	(105.6)	-10.4%	(82.7)	-8.1%	27.8%
Financial income	50.2	4.9%	28.2	2.8%	77.8%
Net exchange variation	37.6	3.7%	(79.7)	-7.8%	-147.2%
RESULTS BEFORE TAXES	39.3	3.9%	(98.7)	-9.7%	-139.8%
INCOME AND SOCIAL CONTRIB. TAXES					
Current	(0.9)	-0.1%	(10.0)	-1.0%	-91.2%
Deferred	(7.8)	-0.8%	7.3	0.7%	-208.0%
NET RESULT FOR THE PERIOD	30.5	3.0%	(101.4)	-10.0%	-130.1%

Consolidated Balance Sheet

ASSETS (R$ mn)	4Q16	4Q15
CURRENT ASSETS		
Cash and cash equivalents	178.1	295.5
Marketable securities	230.9	154.5
Trade accounts receivable	130.9	121.6
Inventories	134.4	163.9
Recoverable taxes	20.5	31.1
Other accounts receivable	8.6	8.6
Total current assets	703.3	775.2
NON-CURRENT		
Long-term receivables:		
Deferred taxes	63.5	70.4
Recoverable taxes	3.2	4.5
Property, plant and equipment	179.1	201.8
Intangible assets	149.5	153.5
Total non-current	395.3	430.2
TOTAL	1,098.6	1,205.4

LIABILITIES, NON-CONTROLLING INTEREST AND SHAREHOLDERS' EQUITY (R$ mn)	4Q16	4Q15
CURRENT LIABILITIES		
Accounts payable to suppliers	158.9	195.5
Related parties	3.3	5.2
Loans and financing	283.7	561.7
Tax payable	9.3	17.1
Payroll and related charges	19.7	22.5
Other provisions	33.9	29.5
Accounts payable on derivatives	0.5	1.1
Other accounts payable	7.0	12.4
Total current liabilities	516.4	845.1
NON-CURRENT		
Loans and financing	441.2	303.2
Taxes payable	3.2	3.7
Provision for risks	8.3	6.3
Other accounts payable	7.7	9.7
Total non-current liabilities	460.4	322.8
SHAREHOLDERS' EQUITY		
Capital	244.0	240.0
Capital reserve	2.7	2.7
Profit reserve	0.3	0.5
Equity valuation adjustments	(87.3)	(36.6)
Capital transaction between shareholders	(69.3)	(70.0)
Accumulated profits (losses)	(7.2)	(138.2)
	83.3	(1.6)
Non-controlling interest	38.6	39.0
Total Shareholders' equity	121.8	37.4
TOTAL	1,098.6	1,205.4

Consolidated Cash Flow – 4Q16 & 2016

(R$ mn)	4Q16	4Q15	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Result for the Period	**(5.0)**	**0.3**	**30.5**	**(101.4)**
Reconciliation of loss for the year to net cash generated by (used in) operating activities:				
Depreciation and amortization	7.1	9.6	29.3	32.4
Provision for risks	0.2	0.3	2.0	2.0
Other provisions	(0.2)	2.3	4.4	6.2
Provision for (losses) gains on derivatives	0.3	2.2	(0.7)	1.2
Exchange differences	26.9	(20.7)	17.2	74.3
Interest on borrowings	8.2	11.0	29.8	32.9
Residual value of fixed and intangible assets disposed of	2.2	1.5	5.3	2.7
Deferred income tax and social contribution	0.3	2.6	7.8	(7.3)
	40.0	**9.0**	**125.7**	**43.0**
(Increase) decrease in assets:				
Current:				
Trade receivables	17.8	57.5	(11.0)	9.3
Inventories	27.5	19.7	29.6	14.7
Taxes recoverable	(2.0)	4.1	10.6	(4.8)
Other receivables	1.1	7.0	0.1	(1.3)
Noncurrent:				
Taxes recoverable	0.8	(0.0)	1.3	0.3
	45.2	**88.2**	**30.6**	**18.1**
Increase (decrease) in liabilities:				
Current:				
Trade payables	0.0	31.3	(39.2)	10.8
Taxes payable	4.0	4.3	(7.8)	9.2
Payroll and related charges	(3.6)	(1.4)	(2.8)	3.0
Payables to related parties	(1.1)	(2.4)	(1.9)	2.1
Current Other payables	1.1	(31.6)	(5.4)	(0.6)
Noncurrent:				
Taxes payables	(0.1)	(0.1)	(0.5)	3.7
Non-Current Other payables	(0.6)	(0.1)	(3.4)	1.8
	(0.3)	0.0	(61.1)	30.0
Net cash generated by operating activities	**84.9**	**97.2**	**95.2**	**91.1**
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	(18.0)	(9.5)	(34.7)	(25.8)
Additions to intangible assets	(2.2)	(2.5)	(10.8)	(9.4)
Marketable securities	(85.2)	22.5	(76.4)	20.8
Capital transaction between shareholders	-	-	0.7	(25.5)
Net cash used in (generated by) investing activities	**(105.4)**	**10.4**	**(121.2)**	**(39.8)**
CASH FLOWS FROM FINANCING ACTIVITIES				
New borrowings	90.7	-	381.6	195.5
Payment of principal	(15.3)	(16.5)	(391.2)	(305.8)
Payment of interest	(5.5)	(7.6)	(26.5)	(25.9)
Loans to related parties	-	(8.8)	(2.5)	0.9
Increase or decrease in equity	-	-	120.0	-
Net cash (used in) generated by financing activities	**69.9**	**(32.8)**	**81.3**	**(135.3)**
EFFECTS OF EXCHANGE ON CASH & CASH EQUIVALENTS	**(54.7)**	**10.5**	**(172.7)**	**140.0**
INCREASE (DECREASE) IN CASH AN CASH EQUIVALENTS	**(5.3)**	**85.3**	**(117.4)**	**56.0**
CASH AND CASH EQUIVALENTS				
At the end of the period	178.1	295.5	178.1	295.5
At the beginning of the period	183.4	210.1	295.5	239.5
INCREASE (DECREASE) IN CASH AN CASH EQUIVALENTS	**(5.3)**	**85.3**	**(117.4)**	**56.0**

Reconciliation of consolidated EBITDA and Adjusted EBITDA

The following table presents the historical Adjusted EBITDA:

Consolidated EBITDA (R$ mn)	4Q15	1Q16	2Q16	3Q16	4Q16
Operating result	1,2	20,9	25,3	4,7	6,2
Depreciation and amortization	9,6	7,9	7,3	7,0	7,1
EBITDA	**10,8**	**28,8**	**32,6**	**11,7**	**13,3**
Layoffs (i)	1,0	0,0	2,2	1,6	0,4
Adjusted EBITDA	**11,8**	**28,8**	**34,8**	**13,3**	**13,7**

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.

Net Financial Result – 4Q16 & 2016

(R$ Million)	4Q15	4Q16	Chg. 16/15	2015	2016	Chg. 16/15
Result with cash investments	4.8	4.7	-2%	14.5	17.4	20%
Marketable securities market Value Change	8.8	0.0	nm	0.0	24.1	nm
Other financial income	0.2	1.6	700%	1.3	1.1	-15%
Interest and Other Income	**13.8**	**6.3**	**-54%**	**15.9**	**42.6**	**168%**
Interest on loans and financing	-12.1	-8.5	-30%	-35.3	-31.6	-10%
Marketable Securities market Value Change	0.0	-2.3	nm	-8.3	0.0	nm
Other financial expenses	-8.8	-6.7	-24%	-27.8	-28.7	3%
Interest and Other Expenses	**-20.8**	**-17.5**	**-16%**	**-71.4**	**-60.3**	**-16%**
Hedge Operations Result	**0.0**	**-0.5**	**nm**	**1.1**	**-37.8**	**nm**
Net FX Variation	**11.7**	**-1.8**	**-115%**	**-79.7**	**37.6**	**nm**
Net Financial Result	**4.7**	**-13.6**	**nm**	**-134.1**	**-17.8**	**-87%**

Working capital

At the end of 4Q16 working capital, less financial assets and liabilities, was R$61.6 million, which compares to R$41.8 million at the end of 4Q15. The operational cash cycle at the end of 4Q16 was 37 days, 14 days higher than at the end of 4Q15, and 24 days lower than at the end of 3Q16.

WORKING CAPITAL (R$ mn)	4Q15	1Q16	2Q16	3Q16	4Q16	Chg. 4Q16/ 4Q15	Chg. 4Q16/ 3Q16
Current assets:							
Cash and equivalents, bonds and securities	450.0	351.0	306.0	329.1	409.0	-41.0	79.9
Accounts receivable	121.6	174.5	212.9	142.9	130.9	9.3	-12.1
Inventory	163.9	210.0	160.7	161.9	134.4	-29.6	-27.5
Other	39.7	41.0	31.6	28.1	29.0	-10.7	0.9
A) Total	**775.2**	**776.6**	**711.2**	**662.0**	**703.3**	-71.9	41.3
B) Current assets (less fin. assets)	**325.2**	**425.5**	**405.2**	**332.9**	**294.3**	-30.9	-38.7
Current liabilities:							
Accounts payable	195.5	267.4	214.7	156.0	158.9	-36.6	2.9
ST debt	561.7	482.7	545.0	246.1	283.7	-277.9	37.6
Other	87.9	98.5	88.0	73.2	73.7	-14.2	0.5
C) Total	**845.1**	**848.5**	**847.7**	**475.3**	**516.4**	-328.8	41.1
D) Current liabilities (less fin. liab.)	**283.4**	**365.8**	**302.7**	**229.2**	**232.6**	-50.8	3.4
Working capital (B-D)	**41.8**	**59.7**	**102.5**	**103.7**	**61.6**	19.9	-42.1
Days of receivables	37	48	50	58	49	12	-9
Days of inventory	69	78	54	92	63	-6	-29
Days of suppliers	83	99	72	88	75	-8	-14
Cash cycle	**23**	**26**	**32**	**61**	**37**	14	-24
Current liquidity (A/C)	0.9x	0.9x	0.8x	1.4x	1.4x	n/a	n/a

Accounts Receivable

Accounts receivable from customers, at R$130.9 million at the end of 4Q16, increased R$9.3 million when compared to R$121.6 million at the end of 4Q15. Receivables in terms of days were up 12 days when compared to 4Q15, at 49 days.

Inventories

Inventories at R$134.4 million at end of 4Q16 were down R$29.6 million when compared to 4Q15 (R$163.9 million). Inventory in number of days is lower at 63 at the end of 4Q16 vs 69 days at the end of 4Q15.

Accounts Payable

Supplier outstanding payables were down R$36.6 million at R$158.9 million at the end of 4Q16, vs. R$195.5 million at end 4Q15. Payables days were down 8 days to 75 days when compared to 4Q15.

Investments

Fixed assets

Net property, plant and equipment at 4Q16 was R$179.1 million, R$22.7 million lower than 4Q15.

Intangible assets

The total of intangible assets at 4Q16 was R$149.5 million, decreased from R$153.5 million at 4Q15.

FIXED ASSETS (R$ million)	4Q15	1Q16	2Q16	3Q16	4Q16	Chg. 4Q16/ 4Q15	Chg. 4Q16/ 3Q16
Net PP&E	201.8	194.1	179.4	177.0	**179.1**	-22.7	+2.1
Intangibles	153.5	153.1	151.4	151.7	**149.5**	-4.0	-2.2
Total	**355.2**	**347.2**	**330.8**	**328.7**	**328.5**	**-26.7**	**-0.1**

Capitalization and liquidity

Debt

Cash (including marketable securities) at 4Q16 was R$409.0 million, compared to R$450.0 million at 4Q15. Gross debt at 4Q16 was R$725.0 million compared with R$864.9 million in 4Q15; net debt at 4Q16 improved to R$315.9 million compared to R$414.8 million in 4Q15.

LIQUIDITY INDICATORS (R$ mn)	4Q15	1Q16	2Q16	3Q16	4Q16	Chg. 4Q16/ 4Q15	Chg. 4Q16/ 3Q16
Cash and equivalents, bonds and securities	**450.0**	**351.0**	**306.0**	**329.1**	**409.0**	**-41.0**	**79.9**
Short term debt (ST)	561.7	482.7	545.0	246.1	**283.7**	-277.9	37.6
Long term debt (LT)	303.2	279.6	201.2	413.1	**441.2**	138.1	28.1
USD denominated debt	490.2	418.1	448.0	451.1	**454.6**	-35.6	3.6
BRL denominated debt	114.3	117.7	102.1	11.4	**10.5**	-103.8	-0.9
Euro denominated debt	260.3	226.5	196.1	196.8	**259.8**	-0.5	63.1
Gross debt	**864.9**	**762.3**	**746.1**	**659.2**	**725.0**	**-139.9**	**65.7**
Net cash / (Net debt)	**-414.8**	**-411.3**	**-440.1**	**-330.1**	**-315.9**	**98.9**	**14.2**
Shareholders' equity (Equity)	**37.4**	**46.0**	**41.7**	**150.4**	**121.8**	**84.4**	**-28.6**
Cash and equiv. / ST debt	0.8x	0.7x	0.6x	1,3x	**1.4x**	n/a	n/a
ST debt / (ST + LT)	64.9%	63.3%	73.0%	37.3%	**39.1%**	n/a	n/a
Net cash (Net debt) / Equity	-11.1x	-8.9x	-10.5x	-2,2x	**-2.6x**	n/a	n/a
Net debt / (Net debt + Equity)	91.7%	89.9%	91.3%	68.7%	**72.2%**	n/a	n/a

Short-term debt at 4Q16 was down to R$283.7 million compared to R$561.7 million at 4Q15 with long term debt as a percentage of total debt up from 35.1% in 4Q15 to 60.9% in 4Q16.

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.

Whilst the Net Debt to Equity ratio (a) 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 ratio to within the defined limits of the financial policy.

Stockholders' equity

Stockholders' equity at 4Q16 was R$121.8 million, which compares to R$37.4 million at 4Q15 mainly impacted by the recapitalization that was concluded at the end of the third quarter of 2016.

Investor Relations Contact

Petros Diamantides (CEO)
Tel.: +55 11 **2627-9171**
Fax: +55 11 **2627-9196**

Remi Kaiber Jr (CFO & IRO)
Tel.: +55 11 **2627-9046**

ri@metalfrio.com.br
www.metalfrio.com.br/ri

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

Conference Call

English
Date: **February 21, 2017**
Time: 10:00 a.m. São Paulo
08:00 a.m. New York
+1 (646) 843 6054
Password: Metalfrio

Telephone for replay:
+55 (11) 2188 0400
Password: Metalfrio

Portuguese
Date: **February 21, 2017**
Time: 10:00 a.m. São Paulo
08:00 a.m. New York
+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 accounting statements relative to the business year ended December 31, 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 2016 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 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.