Positivo Tecnologia posts operating cash flow of R$121.6 million in 2017

Curitiba, March 14, 2018 – Positivo Tecnologia S.A. (B3: POSI3) announces today its results for the 4Q17 and 2017. The following financial and operating information refer to the consolidated results of Positivo Tecnologia S.A. and are presented in IFRS and in Brazilian reais (R$). Except where otherwise indicated, all comparisons herein refer to 4Q16 and 2016.

4Q17 & 2017 HIGHLIGHTS

- **Increase of 71.3% in sales of PCs in Brazil in 4Q17, of which:**
  - ✓ +18.5% in Retail
  - ✓ +344.9% in Government
  - ✓ +64.5% in Corporate
- **Increase in market share of PCs[1] in Brazil by 5.2 p.p. in 4Q17, reaching 17.8%**
- **In the mobile phone market, the highly competitive environment continues,** with sales concentrated on the three largest manufacturers
- **Net revenue of R$587.4 million in 4Q17 (+49.8%) and R$1.9 billion in 2017 (+9.6%)**
- **Adjusted EBITDA of R$23.4 million in 4Q17. In 2017, Adjusted EBITDA reached R$122.9 million and margin of 6.4%**
- **Adjusted net income[2] of R$4.4 million in 2017**
- **Strong drop in net debt to R$140.1 million (-33.2%)** at the end of 2017, with **Net Debt/Adjusted EBITDA of only 1.1x**
- **Subsequent event: sponsorship agreement with the Corinthians soccer teams for the 2018 season.**

[1] Source: IDC

[2] Excluding non-recurring items highlighted in section 1 – "Conciliation of Adjusted Results"

1) CONCILIATION OF ADJUSTED RESULTS

In 4Q17 and 2017, the Company recognized non-recurring expenses related to provisions and tax installment program, substantially due to the adhesion to PERT/REFIS program. In addition, costs were incurred for the closing of a manufacturing unit in Argentina and the migration of the motherboards production from Curitiba to Manaus, concluding the transfer of industrial activities to the Manaus Free Trade Zone. In order to facilitate the understanding of the Company's recurring operating income, this report was prepared excluding these effects, as presented below:

R$ million	4Q17	2017	Cash Effect
Net Income (Loss)	(45.8)	(47.6)	
(-) Provision for Obsolete Inventories (i)	(20.8)	(20.8)	0.0
(-) Tax Installments (ii)	(22.9)	(22.9)	(7.0)
(-) Manufacturing Unit Closure - Tierra del Fuego (Argentina) (iii)	-	(5.4)	(5.4)
(-) Migration of Motherboards Production to Manaus (iv)	(0.8)	(2.9)	(2.9)
Adjusted Net Income (Loss)	**(1.3)**	**4.4**	

(i) Provision for Obsolete Inventories: recognized in the Cost of Goods Sold (COGS) account, primarily related to a batch of educational laptops customized for a government project.

This provisioning was necessary due to the delivery refusal of final products by the client, breaching the sales contract, due to financial difficulties faced by their State Department. The company believes that the likelihood of realizing this asset at its cost value is low considering the high level of customization for the batch, which was created with specific screens and images, as well as asset labels for the client.

It should be noted that this event is unprecedented for the company in its 28 years of experience in the government market. Management is making efforts to rework and direct this inventory to other projects, which, if successful, could result in a reversal of part of this provision.

(ii) Tax Installment program: recognized in Other Net Operating Expenses (R$ 19.6 million) and Income Tax and Social Contribution (R$ 3.2 million) accounts, related to the Company's adhesion to tax installment programs, mainly the PERT/REFIS.

(iii) Closing of a Manufacturing Unit – Tierra del Fuego (Argentina): in 1Q17, Equity Income was impacted by non-recurring costs of R$ 5.4 million related to the closing of one of its industrial plants of the joint venture company with the BGH group in Argentina. This action was taken due to a change in the Country's tax benefits for PC manufacturing.

(iv) Migration of motherboards production to Manaus: from 2Q17 to 4Q17, Cost of Goods Sold (COGS) was affected by R$ 2.9 million due to termination costs, trade union agreements and production start-up ramp caused by the migration of the production of motherboards and batteries from Curitiba to Manaus.

2) FINANCIAL HIGHLIGHTS

Income Statement Highlights (R$ million)	4Q16	3Q17	4Q17	% Chg. 4Q17 X 4Q16	% Chg. 4Q17 X 3Q17	2016	2017	% Chg. 2017 X 2016
Net Revenue	392.1	437.2	587.4	49.8	34.4	1,746.0	1,913.6	9.6
EBITDA	132.7	113.6	142.3	7.2	25.2	506.4	517.1	2.1
Adjusted EBITDA*	**35.9**	**31.2**	**23.4**	**-34.8**	**-25.2**	**143.7**	**122.9**	**-14.5**
Net Income (Loss)	1.1	4.6	(1.3)	-213.9	-128.5	8.8	4.4	-49.7
Adjusted EBITDA Margin	9.1%	7.1%	4.0%	-5.2 p.p.	-3.2 p.p.	8.2%	6.4%	-1.8 p.p.

Multiple	**4Q16**	**3Q17**	**4Q17**
Net Debt - End of the Period	220.2	245.6	140.1
Adjusted EBITDA - LTM	143.6	133.4	122.9
Net Debt Multiple / Adjusted EBITDA	**1.5x**	**1.8x**	**1.1x**

* Adjusted for the cash effect of the FX hedge on inputs, the addition of 50% of EBITDA from the IFSA joint venture, and non-recurring items. For further details, please refer to 5.4 - EBITDA.

3) CURRENT INDUSTRY AND COMPANY SCENARIO

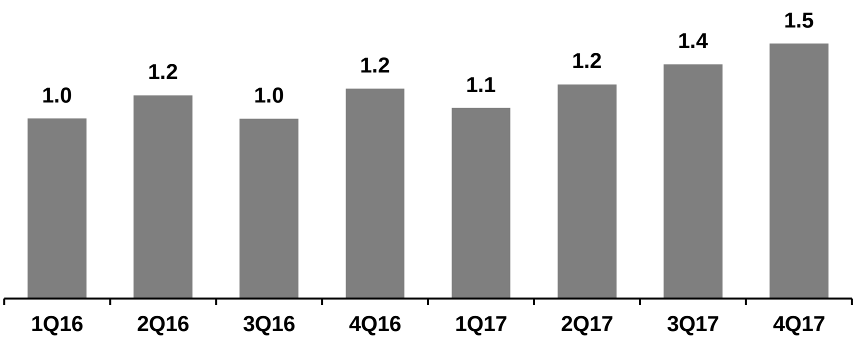
PC Market

The Brazilian PC market recorded a 15.6% growth in 2017, with 5.2 million equipment sold, according to IDC. The growth in 2017 was driven by an acceleration in demand at the end of the year, when the rate of market growth reached 21.4% in 4Q17, driven by retail (+28.5%) and government (+121.1%) markets.

The strength of the domestic market follows the sharp fall in demand from 2014 to 2016, when the PC market contracted by 67.8%, accompanying the rapid deterioration of consumption levels in the country.

The favorable momentum is expected to continue in 2018, following projections of economic growth. In fact, data collected by IDC indicated a growth of the PC market by 37% in January 2018 when compared to the same period of 2017.

Total Market of PCs – Brazil[1]
(Million Units)



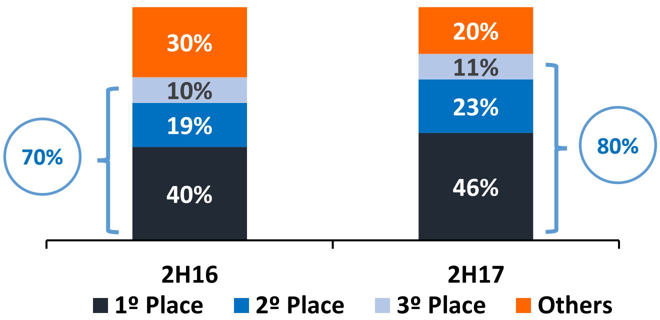
[1] *Source: IDC*

Mobile Phone Market

The mobile phone industry recorded a 4.9% growth in 2017, driven by smartphones, which advanced by 9.7%, according to IDC. The market reported stable levels when comparing 4Q17 to 4Q16.

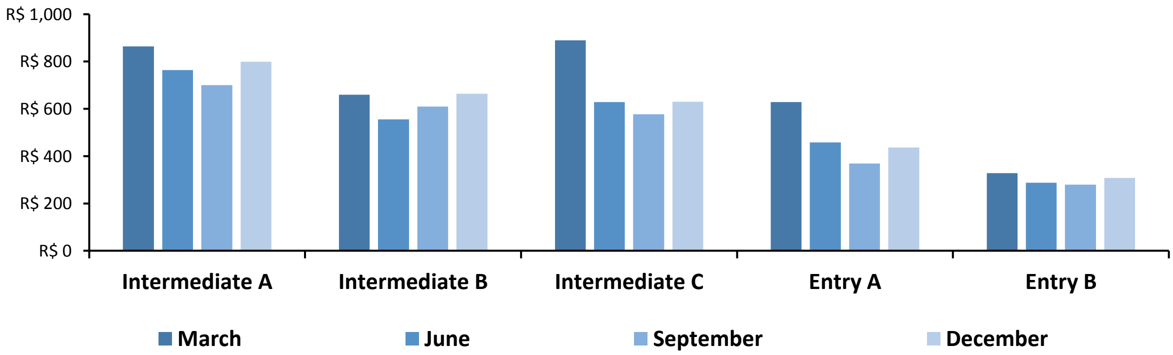
The main highlight for the year was the aggressive competition between the leading brands, which maintained a price war starting from the second quarter of 2017. As a result, the three main manufacturers accounted for 80% of market volume in 2H17, limiting the space for other competitors to only 20%, which resulted in a strong drop in sales for lower volume brands.

Mobile Phones - Brazil
Market Share – Leaders vs. Other Manufacturers (Smart + Feature)[1]



[1] Source: IDC

Monthly Price Evolution[2] –
Top Selling Smartphones of the Top 3 Manufacturers



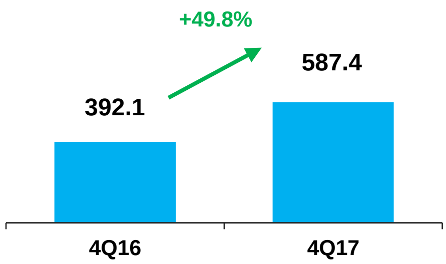
[2] Source: Zoom.com.br

Company's Performance

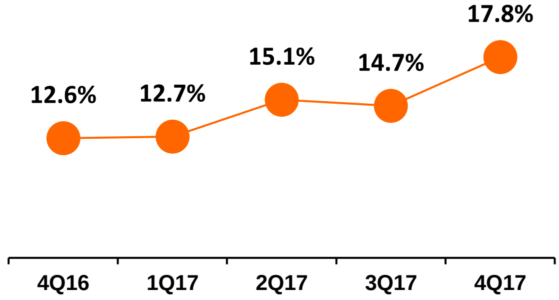
Revenue

In 4Q17, Positivo Tecnologia recorded its highest net revenue for the year, totaling R$587.4 million, increasing by 49.8%. Revenue was driven by the strong increase in sales of PCs in Brazil, which totaled 264 thousand units (+71.3%), with good numbers for the company in the retail and government markets. The increased revenue boosted Positivo's market share, which reached 17.8% in 4Q17, growing by 5.2 p.p..

Quarterly Net Revenue (R$ million)



Positivo Market Share PCs Market – Brazil - Total



[1] Source: IDC

In domestic retail, the company sought to capture the recovery moment in demand and recorded good sales in PCs. It is important to note that no excess inventory was created at stores at the end of 2017, which has allowed a good replacement level for the channel in 1Q18.

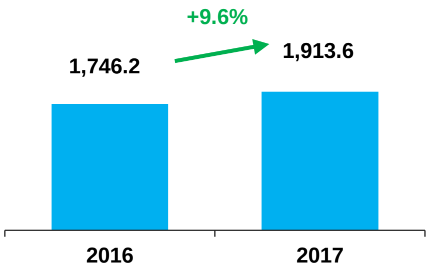
Another highlight for 4Q17 was the government market, as previously reported by the Company. This market recorded a net revenue of R$255.0 million (+270.9%), making it one of the highest quarterly revenues for Positivo Tecnologia in the segment.

Also in expansion, the corporate market recorded a net revenue of R$106.0 million in 4Q17 (+111%), favored by the advance of direct sales to companies and the delivery of signal decoders within the scope of the Digital TV Project.

As for mobile phones, the Company recorded a net revenue of R$105.8 million in this market, a 28.7% reduction when compared to 4Q16, due to the highly unfavorable competitive scenario. The company did not fully follow the sharp decline in prices practiced in the market, avoiding a greater reduction in margins, which resulted in its lower market share. When comparing 4Q17 and 3Q17, however, revenue grew by 29.4%, mainly as a result of the recognition of revenues from smartphones embedded in credit and debit terminals, linked to an agreement with one of the main purchasing networks in Brazil.

For the year, Positivo Tecnologia recorded a consolidated net revenue of R$1.9 billion, a 9.6% growth versus 2016. Following the favorable dynamics of the Brazilian economy, the Company captured the expansion of the PC market, registering a volume of 792 thousand computers (+15.3%), which offset the reduction in revenue of mobile phones.

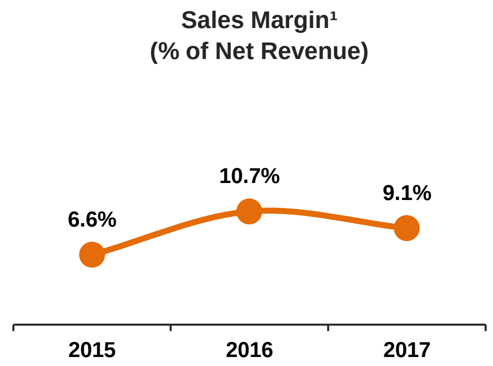
Yearly Net Revenue (R$ million)

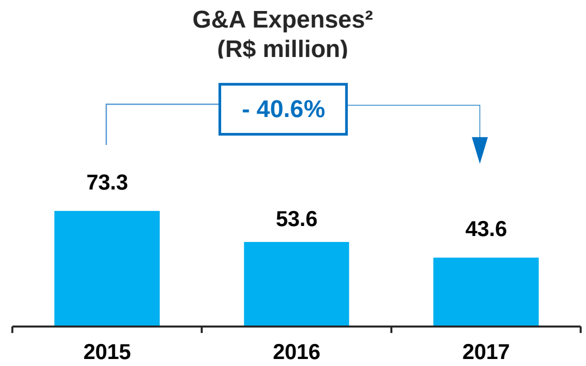


Yield

Sales margin reached 9.1% in 2017, slightly lower than in 2016. This result was mainly due to the increase in costs of some components in the international market, such as memories, without full pass-through to prices, discounts on the mobile phone sales due to the competitive environment during the second half of the year, as well as the higher proportion of sales of the Digital TV project, which has a lower margin contribution.

On the other hand, the Company maintained strong control on fixed costs, reflected in the reduction of recurring G&A expenses, which stood at R$43.6 million in 2017.





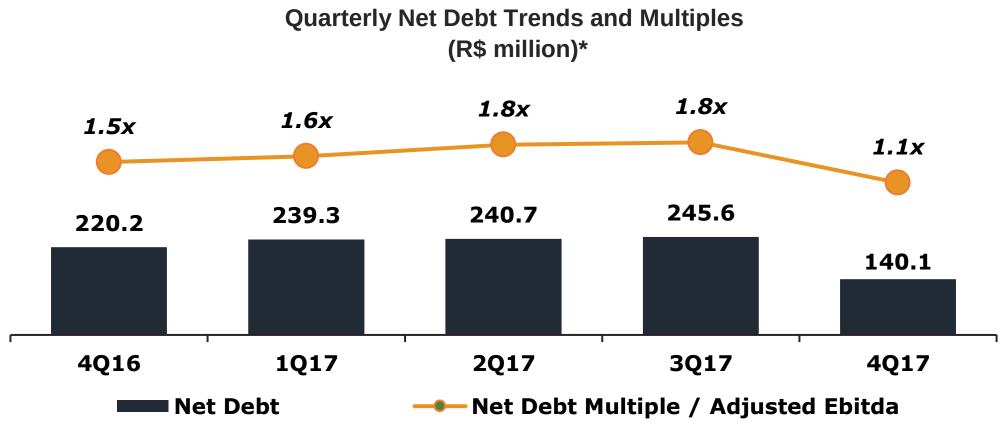
[1] Calculated from net revenue deducted from the hedge-adjusted COGS, selling expenses and depreciation.
[2] Net of historical mandatory expenses with R&D, non-recurring items and depreciation. See item 5.2 – G&A Expenses.

Debt and cash positions

Positivo Tecnologia ended 2017 with a strong cash generation, which allowed the Company to reduce its net debt by R$80.1 million, ending the year at R$140.1 million. One of the elements that contributed to this performance was the strong revenue from government projects in 4Q17, whose delivery schedules were being postponed throughout the year. Given that many government agencies had committed their funds for payment within 2017 fiscal year, the Company collected such receivables on an average term shorter than usual for this segment.

Additionally, efforts to monetize federal and state tax credits resulted in a monetization of R$46.5 million, considering the recoverable tax balances net of tax liabilities.

The strong cash generation allowed the improvement of Net Debt/Adjusted EBITDA ratio to just 1.1x. In terms of cash, Positivo Technologia ended the year with cash balance of R$387.8 million, a comfortable position for its operational needs.



*Includes derivative financial instrument

Outlook

The Company’s perspectives for its main businesses are as follows:

- <u>Computers in the Retail Market</u>: after a year of satisfactory sales, healthy margins and sales volumes in line with internal projections, the Company believes in maintaining this scenario for 2018. Additionally, it is necessary to consider the expectation of improvement in demand, which has been supported at the beginning of 2018 by the main consulting firms that accompany the PC market. According to IDC, the PC market grew by 37% in January 2018 when compared to the same period of last year.

- <u>Computers in the Government Market</u>: considering a larger amount of bids in recent months and the Company's consistent winning rate, a significant revenue growth in this segment is expected for 2018. As of the date of this earnings release, Positivo's contracted project portfolio for delivery in 2018 already exceeds all revenues recognized in 2017, which allows us to expect a much higher revenue level than the previous year. It is important to consider an expected seasonality due to the elections in October, which should generate a higher revenue concentration in the segment for the first nine months of the year.

- <u>Mobile Phones</u>: after an aggressive increase in revenue in 2016, the Company operated in 2017 with the objective of strengthening its product turnover in the sales channels, so as to provide a sustainable sales performance in a very competitive environment, especially as of 2Q17. The expected sales performance for 2018 of the Brazilian market will be closely linked to the level of aggressiveness of the main manufacturers, as the Company will continue to seek sustainable operational margins.

  It is not yet possible to identify a normalization of the competitive scenario in early 2018, which may inhibit revenue growth in the first quarter.

  The sale of mobile phones in Argentina and Chile are scheduled to begin in 1H18, with the objective of gaining competitiveness by increasing scale and revenue while promoting greater geographical diversification.

- <u>Cash generation</u>: the Company will remain focused on actions to stimulate cash generation, such as monetization of tax credits and strict control to avoid formation of excess inventory, with the objective of further reducing its debt by the end of 2018. During the first half of the year, however, the Company expects a one-off increase in debt due to working capital needs for the intense delivery schedule of government projects, concentrated in the first nine months of the 2018, a period that precedes the presidential election.

- <u>Sponsorship – Corinthians</u>: Positivo Tecnologia has become an official sponsor of the Corinthians soccer teams for the 2018 season. The soccer club has approximately 30 million fans, representing one of the largest fan base in the world. The Company expects its media exposure to increase significantly in 2018, contributing to a greater number of clients who will consider the Positivo brand when they purchase computers, tablets and mobile phones.

- Digital TV Project: as disclosed in a Material Fact in February 2017, the Company entered into an agreement with Seja Digital to supply set-top-box decoders, within the scope of the analog-to-digital migration program of the FTA TV in Brazil. In 2017, the Company recorded gross revenue of R$294 million.

  For 2018, the Company has a batch of approximately R$70 million contracted, which may be increased if it is declared the winner of the next pricing rounds to be conducted by Seja Digital.

- Joint Venture - Positivo BGH: due to its operations in South America and, more recently in Africa, Positivo BGH continues prospecting additional opportunities in the African continent, and, right now, it is conducting advanced discussions for a new large-sized educational project in the region.

- Joint Venture – Hi Technologies: in June 2017, **Hilab** was introduced to the market. This innovative telemedicine service will be able to carry out in a few minutes several laboratory tests, such as tests for pregnancy, HIV, Zika, Chikungunya, Dengue, hepatitis, total cholesterol, HDL, glycated hemoglobin, D vitamin, glycaemia, among others. The Company has already entered into the first agreements to implement Hilab in clinics and drugstores. The Company expects that this stage will increase the number of larger agreements for the generation of its first significant revenues in 2018.

  In line with this momentum, Hi Technologies is in the advanced stage of fundraising discussions with investors, aiming to strengthen its capital structure in order to cope with the potential growth of its operations.

4) VOLUMES AND REVENUES

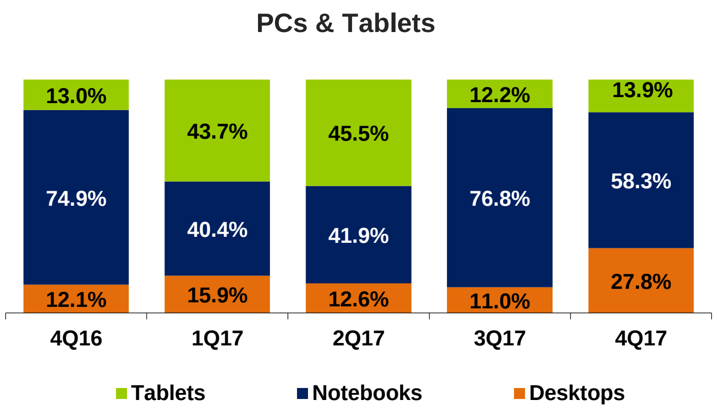
4.1) VOLUMES

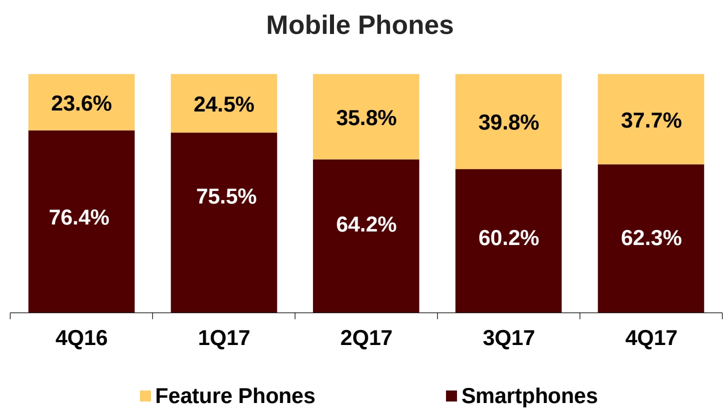
In 4Q17, sales totaled 338.5 thousand PCs under the Positivo and Positivo BGH brands, a 25.4% growth when compared to 4Q16. In Brazil, sales reached 263.9 thousand PCs (+71.3%), driven by deliveries to the government market in 4Q17, as well as recovery of demand in retail and corporate markets. Overseas sales of the Positivo BGH brand reduced by 35.6% due to lower government deliveries in the period.

In 4Q17, mobile phone sales reached 378.7 thousand devices (-22.8%), due to the increased competitiveness in the period. Tablets sales in Brazil reduced by 80.6% when compared to 4Q16, mainly due to the Company's decision in restricting the sale of this product in Brazil to occasional and on-demand retail projects.

Volume Sales (units)	4Q16	3Q17	4Q17	% Chg. 4Q17 X 4Q16	% Chg. 4Q17 X 3Q17	2016	2017	% Chg. 2017 X 2016
PCs	**270,044**	**304,679**	**338,528**	**25.4**	**11.1**	**1,093,894**	**1,041,704**	**-4.8**
Desktops	37,580	38,279	109,291	190.8	185.5	259,959	248,738	-4.3
Notebooks	232,464	266,400	229,237	-1.4	-14.0	833,935	792,966	-4.9
PCs - Channel	**270,044**	**304,679**	**338,528**	**25.4**	**11.1**	**1,093,894**	**1,041,704**	**-4.8**
Retail	123,646	150,805	138,562	12.1	-8.1	515,845	561,334	8.8
Government	127,842	128,075	169,436	32.5	32.3	494,694	384,829	-22.2
Corporate	18,556	25,799	30,530	64.5	18.3	83,355	95,541	14.6
PCs - Brand	**270,044**	**304,679**	**338,528**	**25.4**	**11.1**	**1,093,894**	**1,041,704**	**-4.8**
Positivo	154,100	200,004	263,905	71.3	31.9	687,742	792,445	15.2
Positivo BGH	115,944	104,675	74,623	-35.6	-28.7	406,152	249,259	-38.6
Mobile Phones	**490,595**	**466,252**	**378,654**	**-22.8**	**-18.8**	**2,329,922**	**1,725,264**	**-26.0**
Smartphones	375,044	280,767	235,730	-37.1	-16.0	1,501,463	1,130,342	-24.7
Feature Phones	115,551	185,485	142,924	23.7	-22.9	828,459	594,922	-28.2
Tablets	**40,507**	**42,302**	**54,773**	**35.2**	**29.5**	**162,655**	**419,687**	**158.0**
Positivo	11,181	5,848	2,165	-80.6	-63.0	52,786	16,409	-68.9
Positivo BGH	29,326	36,454	52,608	79.4	44.3	109,869	403,278	267.1

Share of Devices in Sales (units)





4.2) AVERAGE PRICE

The factors impacting variation in average prices of products in Brazilian reais (4Q17 vs. 3Q17) are as follows:

Desktops: +13.4% due to the higher proportion of deliveries to government clients, which usually have higher configurations, services and warranty periods than those practiced in the retail market.

Notebooks: +0.4%, reflecting the higher proportion of deliveries of Vaio laptops sold at higher prices than the Positivo branded products.

Tablets: -14.1% due to the lower proportion of sales of equipment with larger screens and configurations in the corporate market.

Mobile Phones: +6.0% due to the increased proportion of smartphones sold with improved configurations.

Average Price Positivo[1]	4Q16	3Q17	4Q17	%Chg. 4Q17 X 4Q16	%Chg. 4Q17 X 3Q17	2016	2017	%Chg. 2017 X 2016
Dollar Avg for the Period²	**3.29**	**3.16**	**3.26**	**-1.05**	**3.24**	**3.47**	**3.21**	**-7.76**
Desktops								
In R$	2,903.9	2,366.9	2,683.6	-7.6	13.4	2,491.6	2,655.0	6.6
In US$	876.8	750.5	821.1	-6.4	9.4	715.8	825.5	15.3
Notebooks								
In R$	1,158.1	1,138.4	1,143.1	-1.3	0.4	1,261.0	1,154.5	-8.4
In US$	352.9	360.3	352.0	-69.6	-2.3	363.6	361.4	-0.6
Tablets								
In R$	305.6	703.6	604.7	97.9	-14.1	466.2	738.8	58.5
In US$	92.2	222.8	185.7	101.4	-16.6	134.4	232.4	73.0
Mobile Phones								
In R$	345.2	301.5	319.6	-7.4	6.0	265.1	319.8	20.6
In US$	104.9	95.4	98.6	-6.0	3.4	77.9	100.3	28.8

¹Taking into account only products sold in the Brazilian market.
²Company calculation, weighted by monthly sales to decrease seasonal distortions, based on the Brazilian Central Bank's PTAX Sale rate.

4.3) GROSS REVENUE

Gross Revenue (R$ million)	4Q16	3Q17	4Q17	%Chg. 4Q17 X 4Q16	%Chg. 4Q17 X 3Q17	2016	2017	%Chg. 2017 X 2016
Total Gross Revenue	**437.9**	**516.6**	**653.9**	**49.3**	**26.6**	**1,941.4**	**2,185.9**	**12.6**
Devices by product	**430.8**	**510.9**	**648.9**	**50.6**	**27.0**	**1,908.2**	**2,163.7**	**13.4**
Desktops	106.1	87.5	291.7	175.0	233.3	620.7	643.2	3.6
Notebooks	136.2	185.6	177.4	30.3	-4.4	553.1	635.2	14.8
Mobile Phones	169.4	95.9	121.0	-28.6	26.2	617.7	499.5	-19.1
Tablets	3.4	4.1	1.3	-61.7	-68.2	24.6	12.1	-50.7
Others	15.8	137.8	57.5	264.4	-58.3	92.0	373.7	306.3
Devices by channel	**430.8**	**510.9**	**648.9**	**50.6**	**27.0**	**1,908.2**	**2,163.7**	**13.4**
Retail	297.2	224.2	253.3	-62.2	-49.9	1,209.3	1,030.3	-26.5
Government	79.6	93.7	278.4	249.7	197.1	463.5	564.2	21.7
Corporate	54.0	193.0	117.3	378.1	33.8	235.3	569.2	201.8
Educational Technology	**7.1**	**5.8**	**5.0**	**-29.9**	**-13.8**	**33.2**	**22.2**	**-33.1**

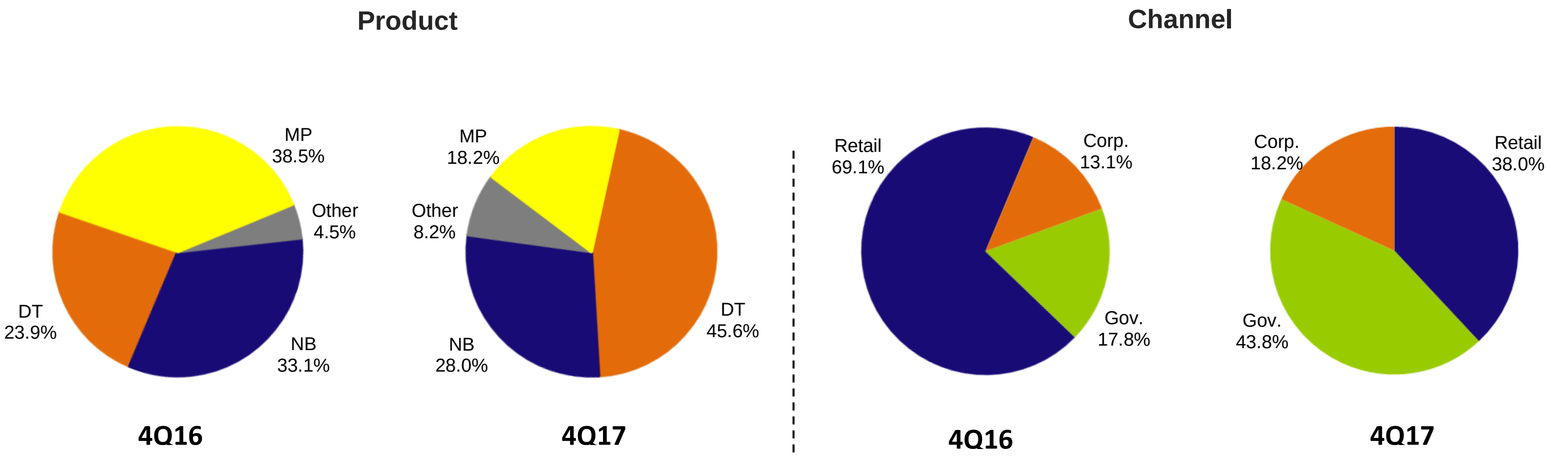
4.4) DEDUCTIONS FROM GROSS REVENUE

Deductions from gross revenue, comprising taxes and returns, totaled R$68.4 million in 4Q17 and accounted for 10.6% of sales, in line with the amounts recorded in 4Q16.

4.5) NET REVENUE

Net Revenue (R$ million)	4Q16	3Q17	4Q17	% Chg. 4Q17 X 4Q16	% Chg. 4Q17 X 3Q17	2016	2017	% Chg. 2017 X 2016
Total Net Revenue	**392.1**	**437.2**	**587.4**	**49.8**	**34.4**	**1,746.2**	**1,913.6**	**9.6**
Devices by product	**385.3**	**432.0**	**582.7**	**51.2**	**34.9**	**1,719.7**	**1,893.2**	**10.1**
Desktops	92.1	77.3	265.8	188.5	243.8	561.2	589.1	5.0
Notebooks	127.5	171.3	163.7	28.4	-4.4	506.0	588.8	16.4
Mobile Phones	148.5	81.8	105.8	-28.7	29.4	544.8	431.2	-20.9
Tablets	3.1	4.0	1.2	-60.8	-69.6	21.6	11.6	-46.4
Others	14.1	97.5	46.1	227.2	-52.7	86.1	272.5	216.4
Devices by channel	**385.3**	**432.0**	**582.7**	**51.2**	**34.9**	**1,719.7**	**1,893.2**	**10.1**
Retail	266.3	194.9	221.7	-16.7	13.7	1,063.6	909.0	-14.5
Government	68.8	87.0	255.0	270.9	193.2	439.8	522.0	18.7
Corporate	50.3	150.1	106.0	110.8	-29.4	216.3	462.1	113.7
Educational Technology	**6.8**	**5.2**	**4.7**	**-31.0**	**-9.1**	**26.5**	**20.4**	**-23.0**

Breakdown of Net Revenue - Devices



NB: Notebooks
DT: Desktops
MP: Mobile Phones

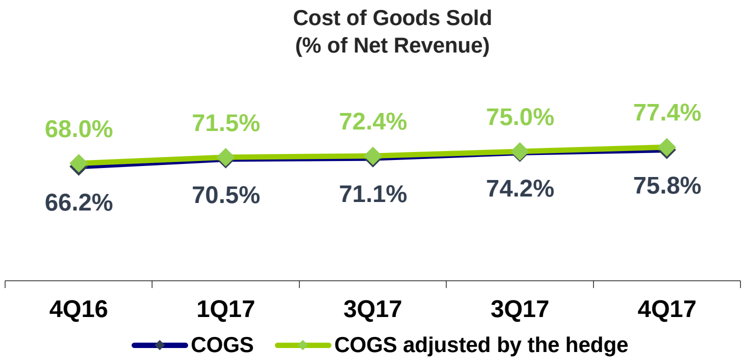
Corp : Corporate
Gov.: Government

5) FINANCIAL PERFORMANCE

5.1) COST OF GOODS SOLD (COGS) AND GROSS PROFIT

Cost of Goods Sold (R$ million)	4Q16	3Q17	4Q17	% Chg. 4Q17 X 4Q16	% Chg. 4Q17 X 3Q17	2016	2017	% Chg. 2017 X 2016
Raw materials and consumables used	(242.5)	(308.9)	(422.3)	74.2	36.7	(1,169.5)	(1,329.1)	13.7
Depreciation and Amortization	(4.1)	(1.9)	(1.8)	-57.7	-7.1	(18.5)	(8.6)	-53.5
Others	(12.8)	(13.5)	(21.1)	65.2	56.8	(51.6)	(58.8)	13.9
Total	**(259.4)**	**(324.2)**	**(445.2)**	**71.6**	**37.3**	**(1,239.6)**	**(1,396.5)**	**12.7**
Conciliation - adjusted COGS								
(+) Cash Effect of raw material hedging*	(9.6)	(3.4)	(9.4)	-2.3	172.2	(44.4)	(23.4)	-47.3
Total adjusted	**(269.0)**	**(327.7)**	**(454.6)**	**69.0**	**38.7**	**(1,284.0)**	**(1,419.9)**	**10.6**

* Refers to amounts received (or paid) by the Company in FX hedge instruments contracted to cover the dollarized inputs. These amounts are net of the exchange rate variation on US dollar invoices.



In 4Q17, Hedge-adjusted COGS accounted for 77.4% of consolidated net revenue, an increase of 9.4 p.p. when compared to 4Q16, influenced by inputs, according to the following explanations:

Inputs

Hedge-adjusted raw materials and inputs accounted for 73.5% of net revenue in 4Q17, a 9.2 p.p. increase when compared to 4Q16. This increase was due to the higher costs in US dollar of the memories in the period without full pass-through to prices, as well as the increased participation of the Digital TV project, which has a greater proportion of inputs in its cost composition.

The Company believes that the analysis of this line adjusted for the hedge and the exchange variation is the best way to understand the dynamics of the margins, given that pricing is established considering the contracted-hedge positions, which are required by internal policies.

Other Costs

Other costs accounted for 3.9% of net revenue in 4Q17, down by 0.4 p.p. when compared to 4Q16 due to the greater relevance of products that require less number of workers and have greater dilution of fixed costs from increased revenues between the periods.

Gross Profit

Adjusted gross profit reached R$142.3 million in 4Q17, accompanied by a gross margin of 24.2% (-9.6 p.p.). With the data adjusted for the hedge and the exchange variation, gross margin stood at 22.6% in 4Q17 (-8.8 p.p.).

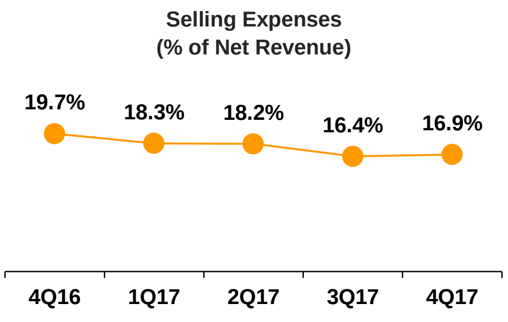
5.2) OPERATING EXPENSES

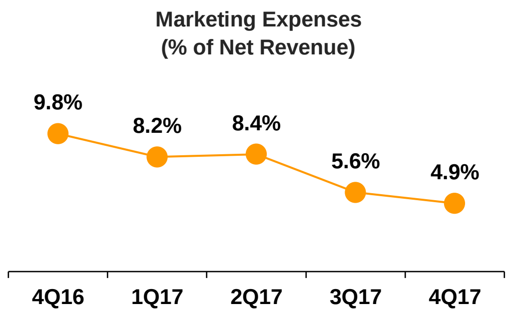
Operating Expenses (R$ million)	4Q16	3Q17	4Q17	% Chg. 4Q17 X 4Q16	% Chg. 4Q17 X 3Q17	2016	2017	% Chg. 2017 X 2016
Selling Expenses	(77.1)	(71.8)	(97.9)	27.0	36.3	(308.2)	(332.0)	7.7
General and Administrative Expenses	(27.5)	(25.5)	(24.9)	-9.4	-2.3	(101.8)	(99.1)	-2.7
Financial Result	(25.5)	(13.6)	(16.5)	-35.2	20.9	(111.6)	(83.1)	-25.6
Other Revenue (Expenses)	0.3	0.6	1.4	343.0	135.0	1.4	2.6	88.1
Total	**(129.7)**	**(110.4)**	**(137.9)**	**6.4**	**25.0**	**(520.2)**	**(511.6)**	**67.6**

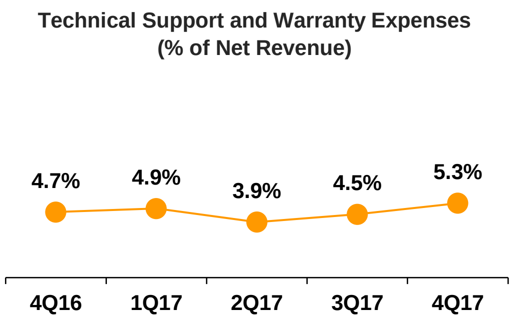
Selling Expenses

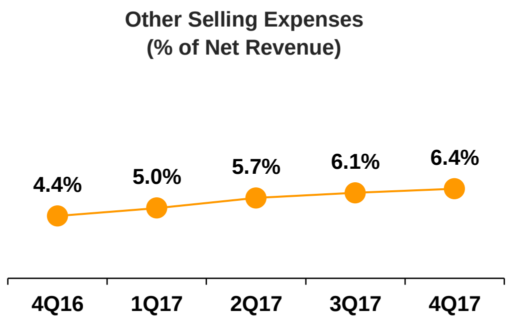
Selling expenses totaled R$97.9 million in 4Q17, corresponding to 16.7% of net revenue, a 3.0 p.p. reduction versus 4Q16. This variation was caused by decreased marketing expenses due to lower disbursements with joint advertising expenses and rebates provided by the lower share of retail sales.

Selling Expenses (R$ million)	4Q16	3Q17	4Q17	% Chg. 4Q17 X 4Q16	% Chg. 4Q17 X 3Q17	2016	2017	% Chg. 2017 X 2016
Marketing	(38.5)	(24.7)	(28.6)	-25.9	15.8	(134.6)	(126.7)	-5.9
Tech. Assistance and Warranties	(18.3)	(19.7)	(31.1)	70.2	57.9	(80.6)	(90.2)	12.0
Deprec. and Amortization	(2.9)	(0.9)	(0.9)	-68.8	-3.2	(13.9)	(3.6)	-73.9
Others	(17.4)	(26.5)	(37.4)	115.1	40.8	(79.0)	(111.4)	40.9
Total	**(77.1)**	**(71.8)**	**(97.9)**	**27.0**	**36.3**	**(308.2)**	**(332.0)**	**7.7**
% of Net Revenue	**19.7**	**16.4**	**16.7**	**-3.0 p.p.**	**+0.2 p.p.**	**17.6**	**17.3**	**-0.3 p.p.**









Marketing

Marketing investments totaled R$28.6 million in 4Q17 and accounted for 4.9% of net revenue, reducing by 4.9 p.p. when compared to 4Q16. The decrease is related to the growth in the proportion of sales that do not generate provisions for marketing, such as the government market and the Digital TV project.

In the fourth quarter, the Company launched two new products: Positivo Motion, an ultrathin laptop with high-performance battery and data storage at the Company's cloud system, the Positivo Nuvem. With this device, the Company aims to attend clients who seek up-to-date technology with great cost-benefit. The Company also launched the Vaio C14, a high-performance robust laptop to complete the brand's portfolio.

Positivo Motion

Vaio C14

Technical Support and Warranty

Technical support and warranty expenses totaled R$31.1 million in 4Q17 and corresponded to 5.3% of net revenue, increasing by 0.6 p.p. when compared to 4Q16, reflecting the higher proportion of sales of the government market, which usually hire projects with longer warranty periods and on-site service standards.

G&A Expenses

In 4Q17, general and administrative expenses totaled R$24.9 million, a 9.4% reduction when compared to 4Q16. Excluding expenses with depreciation and amortization, mandatory Research & Development expenses (R&D) and extraordinary items, general and administrative expenses totaled R$12.4 million for the period, a 5.2% drop year-over-year.

In 2017, general and administrative expenses totaled R$99.1 million, reducing by 2.7%. Excluding extraordinary items depreciation and mandatory R&D expenses, the annual gain came to 18.8%.

G&A Expenses (R$ million)	4Q16	3Q17	4Q17	%Chg. 4Q17 X 4Q16	%Chg. 4Q17 X 3Q17	2016	2017	%Chg. 2017 X 2016
Personnel and Management Compensation	(13.3)	(10.5)	(10.0)	-24.5	-4.7	(46.2)	(36.8)	-20.3
Others	0.2	(2.1)	(2.4)	-1,184.6	13.5	(7.5)	(6.8)	-9.3
Subtotal - before non-recurring items, R&D expenses, depreciation and amortization	**(13.1)**	**(12.6)**	**(12.4)**	**-5.2**	**-1.7**	**(53.6)**	**(43.6)**	**-18.8**
(+) Deprec. and Amortization	(4.8)	(5.2)	(6.2)	27.7	19.7	(17.0)	(19.3)	13.7
(+) Research and Development - R&D	(6.7)	(5.0)	(7.1)	6.2	43.2	(21.5)	(30.5)	41.8
(+) Non-recurring items	(2.8)	(2.7)	0.9	-130.7	-132.1	(9.7)	(5.7)	-40.9
Total	**(27.5)**	**(25.5)**	**(24.9)**	**-9.4**	**-2.3**	**(101.8)**	**(99.1)**	**-2.7**

Financial Result

In 4Q17, the financial result came in as negative R$16.5 million, representing a 35.2% improvement in the year-over-year comparison, due to the benefits deriving from the fall in interest rates in Brazil and smaller losses with foreign exchange variation.

The exchange rate account is represented by the sum of (i) the R$8.4 million gain from hedge instruments; and (ii) the R$10.1 million loss from the effect of the exchange rate fluctuation on outstanding liabilities in foreign currency.

Financial Result (R$ million)	4Q16	3Q17	4Q17	%Chg. 4Q17 X 4Q16	%Chg. 4Q17 X 3Q17	2016	2017	%Chg. 2017 X 2016
Cash effect of raw material hedging	(9.6)	(3.4)	(9.4)	-2.3	172.2	(44.4)	(23.4)	-47.3
Mark to market and other non-cash items	1.0	1.9	7.6	643.3	295.2	(13.7)	1.9	-113.8
Subtotal - Exchange rate (a)	**(8.6)**	**(1.5)**	**(1.7)**	**-79.8**	**14.8**	**(58.0)**	**(21.5)**	**-62.9**
Financial Revenue	22.6	17.2	13.4	-40.5	-21.8	91.0	65.1	-28.4
Financial Expenses	(39.5)	(29.3)	(28.2)	-28.6	-3.8	(144.6)	(126.7)	-12.4
Subtotal - Cost of debt and others (b)	**(16.9)**	**(12.1)**	**(14.8)**	**-12.6**	**21.7**	**(53.6)**	**(61.6)**	**14.9**
Total (a + b)	**(25.5)**	**(13.6)**	**(16.5)**	**-35.2**	**20.9**	**(111.6)**	**(83.1)**	**-25.6**

5.3) NET INCOME (LOSS)

A net loss of R$45.8 million was recorded in 4Q17 and a net loss of R$47.6 million was recorded in 2017, mainly due to the recognition of non-recurring expenses related to provisions and tax installments, including the Company's adherence to PERT/REFIS programs. In addition, termination costs related to the closing of a manufacturing unit in Argentina and with the migration of the production of motherboards from Curitiba to Manaus were also incurred. As discussed in section "1 - Conciliation of Adjusted Results", if such costs were excluded, the recorded adjusted net loss for 4Q17 would total R$1.3 million. In 2017, such exclusions would result in an adjusted net income of R$4.4 million.

5.4) EBITDA

In 4Q17, Adjusted EBITDA totaled R$23.4 million, reducing by 34.8% when compared to 4Q16, with a margin of 4.0% (-5.2 p.p). As prevexcept mentioned, the reduction resulted from the increase in prices of some inputs in the international market, as well as the unfavorable competitive scenario in the mobile phone market.

In 2017, Adjusted EBITDA totaled R$122.9 million (-14.5%), with a margin of 6.4% (-1.8 p.p.), basically due to the smaller result from the joint ventures at the beginning of 2017.

EBITDA (R$ million)	4Q16	3Q17	4Q17	%Chg. 4Q17 X 4Q16	%Chg. 4Q17 X 3Q17	2016	2017	%Chg. 2017 X 2016
Net Income (Loss)	1.1	5.4	(45.8)	-4,097.3	-111.7	8.8	(47.6)	-637.7
Deprec. and Amortization	(12.0)	(8.1)	(8.9)	-25.6	-9.5	(49.9)	(31.9)	-35.9
Financial Result	(25.5)	(13.6)	(16.5)	-35.2	-17.3	(111.6)	(83.1)	-25.6
Equity Income	(1.0)	2.1	(5.6)	446.6	-138.2	23.5	(6.1)	-126.1
IR e Social Contribution	(0.8)	(0.0)	(3.2)	290.8	-98.5	(0.8)	(3.6)	331.0
EBITDA	40.5	25.0	(11.5)	-128.4	-317.4	147.7	77.1	-47.8
Conciliation of Ajusted EBITDA								
(1) Provision of obsolet inventories	0.0	0.0	20.8	N/A	N/A	0.0	20.8	N/A
(2) Tax payments	0.0	0.0	19.6	N/A	N/A	0.0	19.6	N/A
(3) Factory Closing - Argentina	0.0	0.0	0.0	N/A	N/A	0.0	5.4	N/A
(4) Factoring migration to Manaus	0.0	0.0	0.8	N/A	N/A	4.1	2.9	-28.9
(5) Cash effect of raw material hedging	(9.6)	(3.4)	(9.4)	-2.3	172.2	(44.3)	(23.4)	-47.2
(6) EBITDA joint venture Positivo BGH	5.0	9.7	3.0	-40.0	-69.0	36.2	20.3	-43.9
Adjusted EBITDA	**35.9**	**31.2**	**23.4**	**-34.8**	**-25.2**	**143.7**	**122.9**	**-14.5**
Adjusted EBITDA margin (%)	**9.1**	**7.1**	**4.0**	**-5.2 p.p.**	**-3.2 p.p.**	**8.2**	**6.4**	**-1.8 p.p.**

Multiple			
Net Debt - end of the period	220.2	245.6	140.1
Adjusted EBITDA - LTM	143.6	133.4	122.9
Net Debt Multiple / Adjusted EBITDA	**1.5x**	**1.8x**	**1.1x**

The items used in the calculation of Adjusted EBITDA are presented as follows:

1) Provision for obsolete inventory: primarily linked to a batch of educational laptops customized for a government project. This provision was necessary due to the non-authorization for delivery of the products by the client, breaching the sales contract, in light of financial difficulties faced by this client with its State Department. The company believes that the likelihood of realizing these assets at cost value is low, considering the high level of customization of the batch, which was created with specific screens and images, as well as asset labels for the client.

2) Fiscal Installment program: recognized in Other Net Operating Expenses (R$19.6 million) and Income Tax and Social Contribution (R$3.2 million) accounts, related to the Company's adhesion to tax installment programs, mainly the PERT/REFIS.

3) Closing of a Manufacturing Unit - Argentina: in 1Q17, Equity Income was impacted by non-recurring costs related to the closing of one of its industrial plants in Tierra del Fuego, Argentina. Such costs affected the result absorbed by the Company, by R$5.4 million.

4) Production Migration to Manaus: from 2Q17 to 4Q17, Cost of Goods Sold (COGS) was affected by termination costs, trade union agreements and production start-up ramp caused by the migration of the production of motherboards and batteries from Curitiba to Manaus, in the amount of R$2.9 million.

5) Cash input hedge effect: corresponds to the amounts received (or paid) by the Company in exchange hedge instruments contracted to cover inputs in US dollars. These amounts are net of the exchange variation on US dollar. Since they are fully linked to inputs, the Company considers this as an operational result.

6) Positivo BGH Joint Venture EBITDA: refers to half of the EBITDA of Positivo BGH's joint venture operations in Argentina, Rwanda and Kenya, where the Company's stake in these companies totals 50%. We have disclosed this adjustment since 1Q13 due to the introduction of accounting regulations that started to treat joint ventures by the equity method, which is excluded from the traditional calculation of EBITDA.

6) WORKING CAPITAL

Financial working capital, comprising inventory, accounts receivable and suppliers, totaled R$296.9 million at the end of 2017, an annual reduction of R$127.2 million. This gain was contributed with cash generation from receivables of strong sales to the government market in 4Q17, whose delivery schedules had suffered postponement throughout the year, but had a payment commitment within the year. Thus, the average days for receivables came in at 52 in 4Q17, representing a reduction of 9 days on an annual comparison.

Working Capital WITH Materials in Transit (R$ Million - end of period)	4T16	1T17	2T17	3T17	4T17	Avg.
Accounts Receivable	295.5	350.9	384.0	329.9	276.5	332
Inventories	468.4	406.6	500.2	496.2	506.5	436
Suppliers	(339.9)	(283.4)	(444.5)	(401.3)	(486.1)	(338)
Working Capital	**424.1**	**474.1**	**439.7**	**424.8**	**296.9**	**431**

Working Capital WITHOUT Materials in Transit (in days – end of period)	4T16	1T17	2T17	3T17	4T17	Avg.
Accounts Receivable(1)	61	69	82	69	52	67
Inventories(2)	112	99	124	132	113	104
Suppliers(2)	(74)	(64)	(107)	(104)	(108)	(76)
Cash Conversion Cycle	**98**	**104**	**99**	**97**	**57**	**95**

(1) In days of net revenue.
(2) In days of COGS.

7) CASH FLOW AND NET DEBT

In 4Q17, operating cash generation was positive in R$121.6 million. The highlight was the gain in operating working capital as a result of a combination between shorter average terms for receivables, caused by larger amounts of settlements in accounts receivable, and longer average payment terms for suppliers.

Cash Flow (R$ million)	4Q16	3Q17	4Q17	2016	2017
Net Income (Loss) in the Period	1.1	5.4	(1.3)	8.8	4.4
(+) Depreciation and amortization	12.0	8.1	8.9	49.9	32.0
(+) Equity Income	1.0	3.1	5.6	(23.5)	6.1
Internal Cash Flow	**14.2**	**16.6**	**13.2**	**35.2**	**42.6**
(+) Working capital	(17.8)	33.5	110.6	(37.2)	97.7
(+) Other assets and liabilities	2.0	(43.3)	(5.0)	81.7	(18.7)
Operating Cash Flow	**(1.6)**	**6.8**	**118.9**	**79.7**	**121.6**
(+) Investments	(9.2)	(11.8)	(13.9)	(36.6)	(43.1)
(+) Dividends	0.0	0.0	0.0	0.0	0.0
(+) Treasury shares	0.5	0.1	0.6	1.3	1.6
Increase (Decrease) in Net Debt	**10.3**	**5.0**	**(105.6)**	**(44.4)**	**(80.1)**
Net Debt (Cash) - Beginning of the Period	209.9	240.7	245.6	264.6	220.2
Net Debt (Cash) - End of the Period	220.2	245.6	140.1	220.2	140.1

8) INVESTMENTS

Investments totaled R$13.9 million in 4Q17, mostly related to the R&D activities. In 2017, the Company invested a total of R$43.1 million, primarily comprising the development of educational technology solutions, adequacy of the production of motherboards and batteries in Manaus, ERP system enhancements and general disbursements for infrastructure maintenance.

9) CAPITAL MARKETS

Share Performance

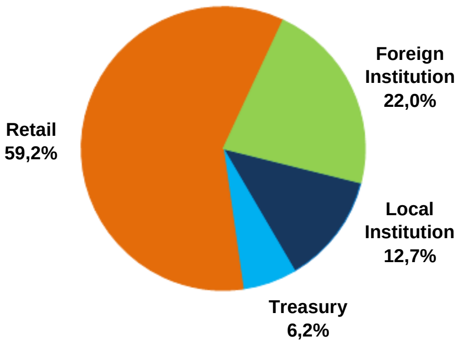
Positivo Tecnologia's shares closed 4Q17 at R$3.11, equivalent to a market cap of R$273.1 million. POSI3's performance in 4Q17 is presented in the following table.

Parameters	4Q17
Closing Price (R$)	3.11
Minimum Price (R$)	3.09
Maximum Price (R$)	3.19
POSI3 Appreciation	6.25%
Ibovespa Appreciation	13.02%

Allocation of Outstanding Shares

On December 31, 2017, the Company had 6.2 thousand individuals in its shareholder base, holding 59.2% of the outstanding shares. Institutional investors held 34.7% of the free-float, as illustrated below:

Free-Float Allocation



12/31/2017

IR Contact

Lincon Lopes Ferraz
Financial and IR Officer

Thomas Demaret Black
Financial and IR Coordinator

Email: ir@positivo.com.br

Tel: (+55 41) 3239-7887

IR Website:
www.positivotecnologia.com.br/ir

4Q17 Conference Call
Thursday, March 15, 2018

> Portuguese
03:00 p.m. (Brasília)
02:00 p.m. (US EST)
Calls originating in Brazil: (11) 2188-0155
Calls originating abroad: +55 (11) 2188-0155
Code: Positivo

> English
16:00 a.m. (Brasília)
15:00 a.m. (horário NY)
Calls originating in the United States: 1 (844) 854-4414
Calls originating in the other countries: 1 (412) 317-5484
Code: Positivo

About Positivo Tecnologia
Founded in 1989, Positivo Tecnologia (BM&FBOVESPA: POSI3) is present both in Brazil and abroad, and offers the most advanced technology solutions, from the production of computers to the development of educational tools. The Company operates through two business divisions: Hardware and Educational Technology. The Hardware division portfolio offers a complete line of personal computers (desktops and notebooks), tablets and mobile phones. In order to provide support for all of its activities, it maintains a technical support network covering every Brazilian city, as well as the CRP (Positivo Relationship Center). In the Educational Technology segment, Positivo Tecnologia is renowned for being at the forefront of development and for the high quality of its technological solutions in the three segments in which it operates: Private Education, Public Education, and Retail. Positivo Tecnologia's educational solutions are present in more than 14,000 schools and are exported to more than 40 countries. Positivo Tecnologia on the Internet: www.positivotecnologia.com.br/ir

INCOME STATEMENT								
(R$ million)	4Q16	3Q17	4Q17	%Chg. 4Q17x4Q16	%Chg. 4Q17x3Q17	2016	2017	%Chg. 2017 x 2016
GROSS REVENUE								
Sales of products	428,599	509,914	636,763	48.6	24.9	1,905,871	2,185,204	14.7
Services	9,276	6,717	17,112	84.5	154.8	35,489	37,031	4.3
	437,875	**516,631**	**653,875**	**49.3**	**26.6**	**1,941,360**	**2,222,235**	**14.5**
SALES DEDUCTIONS								
Returns and Trade Discounts	(23,050)	(22,949)	(22,385)	-2.9	-2.5	(84,986)	(120,412)	41.7
Taxes and Contributions	(22,705)	(56,516)	(44,042)	94.0	-22.1	(110,355)	(188,214)	70.6
	(45,755)	(79,465)	(66,427)	**45.2**	**-16.4**	(195,341)	(308,626)	**58.0**
NET SALES REVENUE	**392,120**	**437,166**	**587,448**	**49.8**	**34.4**	**1,746,019**	**1,913,609**	**9.6**
COST OF GOODS SOLD AND SERVICES RENDERED	**(259,422)**	**(323,537)**	**(466,780)**	**79.9**	**44.3**	**(1,239,606)**	**(1,420,259)**	**14.6**
GROSS PROFIT	**132,698**	**113,629**	**120,668**	**-9.1**	**6.2**	**506,413**	**493,350**	**-2.6**
OPERATING (EXPENSE) INCOME								
Selling Expenses	(77,084)	(71,835)	(98,089)	27.2	36.5	(308,168)	(332,140)	7.8
General and Administrative Expenses	(27,458)	(25,454)	(24,704)	-10.0	-2.9	(101,809)	(98,920)	-2.8
Financial Income	22,616	17,190	13,447	-40.5	-21.8	90,966	65,135	-28.4
Financial Expenses	(39,506)	(29,321)	(28,215)	-28.6	-3.8	(144,568)	(126,720)	-12.3
Monetary and Foreign Exchange Variations	(8,572)	(1,510)	(1,729)	79.8	-14.5	(58,008)	(21,479)	-63.0
Other net operating income (expenses)	305	575	(18,297)	-6,099.0	-3,282.1	1,362	(17,087)	-1,354.6
	(129,699)	**(110,355)**	**(157,587)**	**21.5**	**42.8**	**(520,225)**	**(531,211)**	**2.1**
EQUITY INCOME	(1,029)	2,149	**(5,624)**	**446.6**	**-361.7**	23,482	**(6,125)**	**-126.1**
OPERATING INCOME	**1,970**	**5,423**	**(42,543)**	**2,259.6**	**-884.5**	**9,670**	**(43,986)**	**-554.9**
NET INCOME BEFORE TAXES	**1,970**	**5,423**	**(42,543)**	**2,259.6**	**-884.5**	**9,670**	**(43,986)**	**-554.9**
Provision for Income Taxes	(825)	(48)	0	0.0	0.0	(827)	(48)	-94.2
Provision for Social Contribution	0	0	0	0.0	0.0	0	0	N/A
Deferred Income Taxes and Social Contribution	0	0	(3,224)	0.0	0.0	0	(3,516)	N/A
NET INCOME (LOSS)	**1,145**	**5,375**	**(45,767)**	**4,097.1**	**-951.4**	**8,843**	**(47,550)**	**-637.7**

STATEMENTS OF CASH FLOWS					
(R$ million)	4Q16	3Q17	4Q17	2016	2017
Net Income (Loss)	1,145	5,375	(1,304)	8,843	4,449
Reconciliation of net income to net cash provided by operating activities:					
Depreciation and Amortization	12,001	8,082	8,926	49,870	31,999
Gain (loss) on fair value of financial instruments	(18,760)	8,172	(38,076)	55,549	(38,532)
Provision for labor, tax and civil risks	(234)	(1,255)	1,184	(4,028)	(1,064)
Provision for doubtful debts	1,665	1,949	3,119	5,993	7,923
Provision for obsolete inventory	(4,928)	(7,321)	16,824	3,170	15,457
Stock Options	95	129	128	329	316
Disposal of property and equipment	-	-	-	-	-
Interest on loans	24,959	17,796	13,822	102,581	77,927
Exchange variation	6,508	(28,765)	(15,602)	(101,977)	(34,370)
Monetary variation	(4,252)	-	-	(11,559)	-
Deferred income and social contribution taxes	826	48	3,224	828	3,564
Equity Income	1,028	3,145	5,626	(23,482)	6,125
(Increase) decrease in assets:					
Trade accounts receivable	9,875	52,141	50,267	(23,757)	11,117
Inventories	(27,757)	11,972	(30,245)	(82,513)	(67,733)
Recoverable taxes	20,202	6,556	(11,626)	80,095	21,791
Advances to suppliers	(11,239)	(9,359)	(2,443)	(8,249)	(7,079)
Others	(3,995)	(10,491)	6,662	44	1,529
Increase (decrease) in liabilities:					
Suppliers	2,220	(25,261)	70,666	65,763	130,919
Trade accounts payable and provisions	(14,554)	(8,515)	21,133	(22,373)	13,085
Taxes Payables	381	(3,101)	31,077	8,277	25,822
Others	(21,509)	(12,541)	(8,600)	(54,300)	(35,611)
Net cash provided by (used in) operating activities	**(26,323)**	**8,756**	**124,762**	**49,104**	**167,634**
CASH FLOW FROM INVESTING ACTIVITIES					
Dividends receiving	-	-	-	-	-
Acquisition of investments	-	-	-	-	-
Purchases of property, plant and equipment	-	-	-	(6,765)	-
Increase in intangible assets	(1,044)	(6,322)	(3,061)	(9,977)	(15,759)
Net cash provided by (used in) investing activities	**(1,044)**	**(6,322)**	**(3,061)**	**(16,742)**	**(15,759)**
CASH FLOW FROM FINANCING ACTIVITIES					
Payments of dividends and interest on capital	-	-	-	-	-
Borrowings (repaid), net	46,718	(30,835)	(56,838)	(120,563)	(145,755)
Related Parties	-	-	-	-	-
Treasury shares	(2,212)	3,139	(262)	14,413	(13,684)
Net cash by (used in) financing activities	**44,506**	**(27,696)**	**(57,100)**	**(106,150)**	**(159,439)**
INCREASE IN CASH AND CASH EQUIVALENTS	17,139	(25,262)	64,601	(73,788)	(7,564)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	454,684	418,078	387,619	554,886	478,376
Exchange variation on cash and cash equivalents	23,618	(24,341)	54,896	(72,279)	(35,328)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**471,823**	**368,476**	**507,115**	**408,819**	**435,484**

BALANCE SHEET (R$ thousand)							
ASSETS	**12/31/2017**	**9/30/2017**	**12/31/2016**	**LIABILITIES**	**12/31/2017**	**9/30/2017**	**12/31/2016**
CURRENT ASSETS				**CURRENT LIABILITIES**			
Cash and Cash Equivalents	387,826	387,619	478,376	Loans and Financing	439,705	497,945	537,508
Receivables	276,246	328,167	288,281	Suppliers	486,141	401,314	339,852
Inventories	506,539	496,209	468,391	Accrued Payroll	20,122	30,334	22,919
Recoverable taxes	142,158	88,217	100,863	Provisions	91,423	73,414	90,274
Advances	53,944	47,033	40,945	Taxes Payables	35,970	14,430	19,685
Financial Instrument Balance	-	-	-	Dividends Payable	3	2,212	2,212
Related parties	8,484	1,138	644	Deferred Revenue	10,115	9,806	9,806
Other Credits	12,383	10,362	12,823	Financial Instrument Balance	-	27,616	27,837
	23,752	29,229	25,145	Related parties	3,814	2,055	17,938
				Other Payables	5,096	2,701	4,565
Total Current Assets	**1,411,332**	**1,387,974**	**1,415,468**	**Total Current Liabilities**	**1,092,389**	**1,061,827**	**1,072,596**
NON CURRENT ASSETS				**NON CURRENT LIABILITIES**			
Long term Assets	**149,661**	**205,341**	**231,551**	**Long term Liabilities**	**135,095**	**151,025**	**191,052**
Recoverable taxes	75,586	117,901	138,672	Loans and Financing	91,602	107,704	140,718
Deferred Taxes	66,731	69,955	70,247	Provisions	7,609	7,609	11,807
Receivables	262	1,727	7,267	Provisions for Contingencies	33,092	32,697	34,945
Other Credits	7,082	15,758	15,365	Net capital deficiency in subs	-	-	-
Investments - Joint Venture	-	-	-	Other Payables	459	459	458
Net Property, Plant & Equipme	53,604	60,242	65,186		2,333	2,556	3,124
Net Intangible Assets	57,092	56,759	51,638				
	62,170	58,078	59,050				
Total Noncurrent Liabilities	**322,527**	**380,420**	**407,425**	**Total Noncurrent Liabilities**	**135,095**	**151,025**	**191,052**
				SHAREHOLDERS´ EQUITY			
				Capital	389,000	389,000	389,000
				Capital Reserve	118,512	118,607	118,925
				Income Reserve	67,069	113,785	119,768
				Treasury Shares	(23,109)	(24,531)	(30,274)
				Cumulative translation adjustment	(45,097)	(41,319)	(38,174)
				Total Shareholders' Equity	**506,375**	**555,542**	**559,245**
TOTAL ASSETS	**1,733,859**	**1,768,394**	**1,822,893**	**TOTAL LIABILITIES**	**1,733,859**	**1,768,394**	**1,822,893**

Some of the information contained herein is based on the current premises and outlook of the Company's management and could give rise to material changes to future results, performance and events. Actual results, performance and events may differ materially from those expressed or implied by such statements, as a result of several factors, such as general and economic conditions in Brazil and other countries; FX and interest rate levels, changes to laws and regulations, and overall competitive factors (on a global, regional or national basis).