Metalfrio | Solutions

Results 4th. QUARTER 2013 & FULL YEAR 2013 Highlights

- Strong net revenue growth of 20.9% in 4Q13 to R$203.6 million versus prior year comparable period, leading to full year net revenue growth of 15.9% to R$ 813.1 million in 2013
- Gross profit increased by 26.8% in 4Q13 to R$24.8 million (gross margin up by 56 bps versus 4Q12);full year gross profit increased by 18.8% to R$105.9 million (gross margin up by 30 bps versus 2012)
- Adjusted EBITDA up 7.8% to of R$27.8 million in 2013, versus 2012; 4Q13 down R$4.9 million to R$1.6 million
- Net debt reduced to R$250.6 million versus previous quarter driven by working capital improvement in 4Q13. Net debt significantly affected by ongoing adverse currency movements

São Paulo, Brazil, March 13, 2014 - 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 2013 ("4Q13"). Financial and operational information given is in accord with international accounting standards (IFRS), in Reais (R$). Comparisons are with the fourth quarter of 2012 ("4Q12") or as indicated.

Message from management

President and CEO Petros Diamantides said: ***"We are pleased to report record full year revenues as a result of renewed and sustainable growth momentum. This was driven by successful initiatives to actively re-engage with our customer base and drive the evolution of our product range. During the year we further progressed our ambition of geographic diversification, which included commissioning our cooler new plant in Russia, with Europe now accounting for 42% of group sales. In addition, net debt was reduced during the quarter with capex aligned to our cash conservation goals, reflecting our strong focus on financial discipline, one of our key strategic priorities going forward.***

Our well invested, production hubs around the world, together with our strong in-market expertise and focus on providing an extensive, local, full service offer, leave us excited about the growth drivers across our established and new, emerging geographies. Continued sales growth and margin expansion will allow us to strengthen our capital structure, whilst providing funds to pursue growth opportunities as and when they arise."

Consolidated performance

(Reais million)	4Q13	4Q12	% change	FY13	FY12	% change
Revenues	**203.6**	168.3	20.9	**813.1**	701.8	15.9
Adj EBITDA	**1.6**	4.9	(67.6)	**27.8**	25.8	7.8
Op. Profit	**(8.3)**	(2.5)	(231.8)	**0.1**	1.3	(96.5)
Net Profit	**(14.2)**	1.7	(932.8)	**(18.8)**	13.7	(237.4)

Performance by region

European Operations

Revenue grew by 61.8% in 2013 (4th quarter growth of 42.1%) to reach R$ 342.0 million owing to strong performances in the Turkish and Russian operations. Metalfrio gained market shares across key customers and was also able to regain some of the lost key account business in previous year. The gain was achieved as a result of the following factors:

1. Strong and innovative product portfolio addressing the unique needs our customers;
2. Significant gains in efficiency and productivity which has turned the Turkish plant as one of the most cost competitive plants in the region;
3. Strong and cohesive team with a renewed focus towards achieving market leadership in the region.

Apart from gaining shares in its existing customer base Metalfrio also increased its sales in the Middle-East and Eastern Europe, as well as achieving sales for the first time in South East Asia. This reflects the increasing ability of European operations to leverage its competitive, and well invested, manufacturing assets to expand geographically, one of Metalfrio's key, future growth drivers.

In Russia, following the completion of investment in a vertical line, the company achieved first time sales to various new customers during 2013 and continues to focus on gaining new customers for this new product line.

Europe represented 42% of the total sales in 2013 compared to 30% in 2012, and the company is excited and confident about the growth potential of its European operations having delivered its highest ever sales performance. The company is well positioned in terms of its manufacturing assets, operational competitiveness, strong customer relationship, R&D capability and strong team to continue to achieve higher than industry growth in the region.

Americas Operations

Revenue in the Americas decreased by 3.9% for full year 2013 to R$471.1 million. The decline was driven by the completion of the Grupo Modelo (one of our key customers in Mexico) transaction by AB InBev, which led to a temporary halt in orders. However, with the reorganization and review now complete, we expect purchasing volumes to increase during 2014. Concurrently, we have intensified our efforts to diversify the customer base in Mexico.

Revenues in Brazil grew by 7% during the year, although growth was constrained as a result of efforts to increase production capacity ahead of the 2014 Soccer World Cup. Furthermore, there was a prioritization of the production capacity towards more value added and profitable products which was reflected by growth of more than 10% in the average realization per unit.

Market conditions in Brazil remain buoyant in view of the upcoming events like World Cup, and the company is focused towards improving its production capacity to meet the increase in demand. The company is undertaking many initiatives to improve the throughput and efficiency of the Tres Lagoas plant, whilst also strengthening the plant management team.

Financial overview

Consolidated net revenue grew 15.9% to R$813.1 million in 2013. This was driven by Europe which increased 61.8% to R$342 million, offsetting the Americas which declined 3.9% to R$471.1 million. In 4Q13, revenues increased 20.9% versus the prior year period. Services segment delivered a 21.8% full year rise to R$84.1 million, reflecting the ongoing success of Metalfrio's after sales proposition over the full life cycle of products, which is proving an increasingly important differentiator for customers.

Gross profit increased 18.8% to R$105.9 million, with the margin expanding by 30 basis points to 13.0%. This was driven mainly by positive operating leverage from higher sales and gains in operational efficiencies in European operations, which were partly offset by higher input costs in Americas. In 4Q13 gross profit rose by 26.8% to R$24.8 million, with a 56 basis points margin expansion.

Operating profit declined from R$1.3 million to R$0.1 million in 2013 owing to one-time redundancy costs, adjusting for these costs, operating profit would have increased by 22%. Consolidated selling expenses as a percentage of net revenue of 10.5% was slightly below the ratio in 2012; similarly, consolidated, general and administrative expenses of 4.8% as a percentage of net revenue was slightly below the 2012 ratio.

Adjusted **EBITDA** rose 7.8% in 2013, with margin contracting by 26 basis points to 3.4%, primarily due to higher cost of operations in Brazil.

Net finance items was significantly impacted by adverse exchange rate movements, with Brazilian Reais devaluing 14.7% against USD vs beginning of the year and Turkish Lira devaluing 22.5% vs Euro, resulting in net forex loss of R$ 24.3 million versus a loss of R$9.4 million in 2012. The hedge operation gains could only partially absorb the loss from this significant currency devaluation. In addition, net interest and other financial income costs turned from an income last year to an expense this year, due to higher level of debt through the year and decline in value of fixed income securities investment due to rise in Interest Rates in United States.

As a result of the negative developments in Net finance items above, Metalfrio recorded a **net loss** of R$18.8 million in 2013 versus a Net Profit of R$13.7 million in 2012.

Operating cash flow moved from an inflow of R$41.6 million in 2012 to an outflow of R$7.9 million in 2013 due to higher absolute working capital requirements in line with sales growth. However, working capital in terms of cash cycle days improved towards the end of the year, improving from 70 days to 66 days in 4Q13. Capital expenditure decreased in 2013 to R$16.9 million, compared to R$49.8 million in the previous year, highlighting significant focus on financial discipline in capital allocation.

Net debt increased from R$165.7 million to R$250.6 million mainly due to adverse exchange rates and higher working capital in line with sales growth in 2013.

Outlook

Trading conditions are likely to remain challenging in 2014 especially due to the ongoing, fragile macroeconomic conditions in Europe, and political turbulence in Turkey and the Ukraine, whilst Latin America has also witnessed some weakening macroeconomic indicators.

However, Metalfrio is confident of making further strategic and operational progress during 2014 and the longer term. European operations are well positioned to expand its geographic reach, leveraging its well-invested manufacturing assets and strong team. In the Americas,operations, initiatives to expand margins through cost optimization and an improved commercial approach are expected to generate sustainable future improvements in financial performance.

We expect to see further progress in our international expansion in new and exciting high growth markets where Metalfrio currently has a low presence, such as Asia and Africa.

Metalfrio has built strong and unique positions in its key markets, and will focus on its superior after sales services offer which it believes will be a key differentiator in the value chain proposition for the customers, further complimenting the Company’s well-invested, and well located, global production hubs.

A key strategic priority of Metalfrio going forward is to reduce the financial leverage of the company. As such, it will 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 higher cash flow. The company’s liquidity remains strong, with current credit facilities being sufficient for future plans and all short term debt being covered by cash and liquid financial investments. Whilst currency volatility will continue to impact the reported net debt levels in the near term, Metalfrio is confident that its strategic plans will deliver a net debt to EBITDA ratio of below 3x in the medium term.

Financial tables:

Consolidated P&L

	4Q13	4Q12	2013	2012
GROSS REVENUE				
Domestic markets product sales	183.5	165.1	726,9	697.3
Export sales	51.8	32.6	222.6	146.7
Service sales	16.1	13.6	50.1	34.6
TOTAL GROSS REVENUE	**251.5**	**211.3**	**999,5**	**878,6**
SALES DEDUCTIONS				
Sales taxes	(41.6)	(40.7)	(167.8)	(158.4)
Discounts and returns	(6.3)	(2.2)	(18.6)	(18.4)
NET REVENUE	**203.6**	**168.3**	**813,1**	**701,8**
Cost of goods sold	(178.8)	(148.8)	(707.3)	(612.7)
GROSS PROFIT	**24.8**	**19.6**	**105.9**	**89.1**
OPERATING REVENUES (EXPENSES)				
Sales expenses	(22.7)	(18.3)	(85.2)	(74.3)
General and administrative expenses	(18.0)	(9.8)	(46.5)	(38.9)
Other operating revenues (expenses)	7.7	6.1	25.8	25.5
OPERATING PROFIT (LOSS) BEFORE FINANCIAL RESULTS	**(8.3)**	**(2.5)**	**0,0**	**1.3**
NET FINANCIAL RESULT	**(8.8)**	**3.8**	**(30.3)**	**5.0**
Financial expenses	(5.1)	30.3	(119.6)	(123.8)
Financial income	(3.7)	(26.5)	89.3	128.8
EARNINGS (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	**(17.0)**	**1.3**	**(30.2)**	**6.3**
INCOME TAX AND SOCIAL CONTRIBUTION				
Current	0.4	(0.4)	(4.2)	(3.0)
Deferred	2.5	0.8	15.6	10.4
NET EARNINGS (LOSS)	**(14.2)**	**1.7**	**(18.8)**	**13.7**
CONTROLLING GROUP INTERESTS	(13.7)	1.6	(23.4)	13.0
NON-CONTROLLING INTERESTS	0.5	(0.1)	(4,6)	(0,7)

Consolidated Balance Sheet

	2012	2013	Chg. (%)
ASSETS			
CURRENT			
Cash and equivalents	176.2	243.2	38.0%
Bonds and securities	201.4	229.6	14.0%
Receivables from clients	131.7	143.7	9.1%
Inventory	121.1	186.9	54.4%
Recoverable taxes	12.0	25.7	113.2%
Receivables with derivatives	0.3	2.0	n/a
Other receivables	9.5	9.4	-1.7%
Total do ativo circulante	**652.2**	**840.3**	**28.8%**
NON-CURRENT			
Long term:			
Deferred taxes	4.1	23.8	n/a
Recoverable taxes	4.1	4.7	16.3%
Fixed:			
Net PP&E	198.0	198.1	0.0%
Intangible	121.6	143.3	17.9%
Total non-current	**327.8**	**370.0**	**12.9%**
TOTAL ASSETS	**980.0**	**1,210.3**	**23.5%**

	2012	2013	Chg. (%)
LIABILITIES			
CURRENT			
Suppliers	97.7	156.8	60.5%
Loans	193.3	449.7	132.7%
Tax obligations	9.7	8.0	-17.2%
Payroll charges	18.3	20.5	11.9%
Sundry provisions	16.4	15.9	-3.1%
Dividends payable	0.1	1.5	n/a
Other payables	10.0	9.1	-8.8%
Total current	**345.5**	**661.5**	**91.5%**
NON-CURRENT			
Loans	350.1	273.7	-21.8%
Contingency provisions	0.7	1.1	57.7%
Other payables	4.3	5.5	29.4%
Total non-current	**355.0**	**280.3**	**-21.0%**
SHAREHOLDER'S EQUITY			
Registered capital	240.0	240.0	0.0%
Capital reserve	2.1	2.6	19.3%
Profit reserve	48.8	32.6	-33.3%
Treasury held stock	(3.9)	(3.9)	0.0%
Shareholders' evaluation adjustments	20.5	21.6	5.4%
Goodwill on Capital Transactions	(44.5)	(44.5)	0.0%
Minority interest	16.4	20.1	22.2%
Total shareholders' equity	**279.5**	**268.5**	**-4.0%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**980.0**	**1,210.3**	**23.5%**

Consolidated Cash Flow

	2012	2013
OPERATING CASH FLOW		
Net result	**13,7**	**(18,8)**
Reconciliation of net result and operating cash flow		
Depreciation and amortization	21,6	23,5
Contingency provisions	(0,4)	0,4
Sundry provisions	0,4	(0,5)
Derivatives Gain & Loss Provisions	2,2	(1,7)
Stock option plan	1,0	0,4
FX variation	5,6	68,9
Interest on loans	19,9	24,1
Residual value of fixed assets written off or sold	4,4	0,6
FX variation on Net Investment	8,7	3,3
Income tax and social contribution	(10,4)	(15,6)
Total	**66,5**	**84,6**
(Increase) reduction of assets:		
Current:		
Receivables from clients	16,3	(8,7)
Inventory	(20,2)	(65,8)
Recoverable taxes	4,9	(13,6)
Other receivables	0,2	0,2
Non-current:		
Recoverable taxes	(0,8)	(0,7)
Total	**0,4**	**(88,6)**
Increase (reduction) of liabilities:		
Current:		
Suppliers	19,3	54,2
Taxes payable	(5,9)	(1,7)
Payroll charges	0,4	2,2
Other payables	2,0	(0,9)
Non-current:		
Other payables	2,0	1,3
Total	**17,9**	**56,5**
Net cash generated (consumed) by operating activities	**84,8**	**52,5**
INVESTMENT CASH FLOW		
Addition to fixed assets	(52,9)	(17,2)
Addition to intangible assets	(4,9)	(9,6)
Bonds and securities	(63,1)	(28,2)
Net cash generated (consumed) by investing activities	**(121,0)**	**(55,0)**
FINANCING CASH FLOW		
Draw down of loans	225,8	293,9
Payment of loans	(252,4)	(210,3)
Payment of interest	(20,2)	(20,3)
Treasury held stock	(2,1)	0,0
Capital transactions between shareholders	(3,1)	(0,0)
Net cash generated (consumed) by financing activities	**(52,1)**	**63,3**
FX VARIATION ON CASH AND CASH EQUIVALENTS	20,0	6,2
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	**(68,2)**	**67,0**
CASH AND EQUIVALENTS		
Final balance	176,2	243,2
Initial balance	244,4	176,2
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	**(68,2)**	**67,0**

Consolidated EBITDA and EBITDA margin

Reconciliation of consolidated EBITDA and Adjusted EBITDA

Consolidated EBITDA (in mn Reais)	4Q12	1Q13	2Q13	3Q13	4Q13	2012	2013
Operating result	-2.5	-5.0	9.2	4.0	-8.3	1.3	0.1
Depreciation and amortization	5.3	5.4	6.0	6.2	6.0	21.6	23.5
EBITDA	**2.8**	**0.4**	**15.2**	**10.2**	**-2.3**	**22.9**	**23.5**
Stock option plan expenses (i)	0.0	0.2	0.2	0.0	0.0	1.0	0.4
Extraordinary restructuring expenses (ii)	2.1	0.0	0.0	0.0	3.9	1.9	3.9
Adjusted EBITDA	**4.9**	**0.6**	**15.4**	**10.2**	**1.7**	**25.8**	**27.8**

Adjustments to Ebitda:

i. Stock options plan Expenses of the stock options plan are recognized in the profit and loss account during the period in which the entitlement is acquired, calculated in accordance with Accounting Statement CPC 10, approved by CVM Decision 562/08.

ii. Extraordinary restructuring expenses: Ebitda is adjusted for these expenses to maintain the comparison base with the other periods. They include an organizational restructuring at the Company's head office.

Financial result

Financial Result (R$ mn)	2012	2013	Chg. 2013/ 2012
Result with cash investments	46.1	24.8	-21.3
Other financial income	0.7	3.8	3.1
Interest and Other Income	**46.8**	**28.6**	**-18.2**
Interest on loans and financing	-20.7	-29.5	-8.8
Other financial expenses	-5.9	-8.1	-2.2
Interest and Other Expenses	**-26.6**	**-37.6**	**-11.0**
Hedge operations gains	42.5	29.0	-13.0
Hedge operations losses	-48.3	-26.0	22.3
Hedge Operations Result	**-5.8**	**2.9**	**8.7**
FX variation gains	8.8	13.0	4.2
FX variation losses	-18.2	-37.2	-19.0
Net FX Variation	**-9.4**	**-24.3**	**-14.9**
Net Financial Result	**5.0**	**-30.3**	**-35.3**

Working capital

At the end of 4Q13 **working capital less financial assets and liabilities was R$153.7mn**, which compares to R$122.1mn at the end of 4Q12. The **operational cash cycle** at the end of 4Q13 was **66 days**, four days lower than at the end of 4Q12, and twenty six days lower than at the end of 3Q13.

WORKING CAPITAL (in mn Reais)	4Q12	1Q13	2Q13	3Q13	4Q13	Var. 4Q13/ 4Q12	Var. 4Q13/ 3Q13
Current assets:							
Cash and equivalents, bonds and securities	377.6	320.8	387.6	414.8	472.8	95.2	57.9
Accounts receivable	131.7	152.7	238.6	185.4	143.7	12.0	-41.7
Inventory	121.1	172.9	161.1	166.3	186.9	65.8	20.5
Other	21.5	29.9	32.2	34.4	35.0	13.5	0.6
Financial assets	0.3	0.0	2.4	0.0	2.0	1.7	2.0
A) Total	**652.2**	**676.3**	**822.0**	**800.9**	**840.3**	**188.1**	**39.5**
B) Current assets (less fin. assets)	**274.3**	**355.5**	**431.9**	**386.0**	**365.5**	**91.2**	**-20.5**
Current liabilities:							
Accounts payable	97.7	115.2	130.4	112.1	156.8	59.1	44.8
ST debt	193.3	325.3	310.9	434.1	449.7	256.4	15.6
Other	54.5	57.1	67.7	53.0	55.0	0.5	2.0
Financial liabilities	0.0	0.3	1.6	11.9	0.0	0.0	-11.9
C) Total	**345.5**	**497.8**	**510.6**	**611.0**	**661.5**	**316.0**	**50.5**
D) Current liabilities (less fin. liab.)	**152.2**	**172.3**	**198.1**	**165.0**	**211.8**	**59.6**	**46.8**
Working capital (B-D)	**122.1**	**183.3**	**233.8**	**221.0**	**153.7**	**31.6**	**-67.3**
Days of receivables	56	78	68	65	51	-5	-14
Days of inventory	73	124	65	83	94	+21	+11
Days of suppliers	59	83	53	56	79	+20	+23
Cash cycle	**70**	**120**	**80**	**92**	**66**	**-4**	**-26**
Current liquidity (A/C)	1.9x	1.4x	1.6x	1.3x	1.3x	n/a	n/a

Accounts Receivable

Accounts receivable from clients, at **R$143.7m at the end of 4Q13**, were **up R$12.0mn** from R$131.7 mn at the end of 4Q12. Receivables in terms of days decreased from 56 at the end of 4Q12 to 51 days in 4Q13.

Inventories

Inventories at **R$186.9 mn** at end of 4Q13 were **up R$65.8 mn** from 4Q12 (R$121.1 mn). Inventory in number of days is higher at 94 at the end of 4Q13 vs 73 days at the end of 4Q12.

Accounts Payable

Supplier outstanding payables were **up R$59.1mn year-on-year** at **R$156.8mn** at the end of 4Q13, vs. R$97.7mn at end 4Q12. Payables in days were 79 compared to 59 days a year before.

Operating Cash Flow

The table below gives the reconciliation of operating cash flow:

Operating Cash Generation (in R$ mn)	4Q12	4Q13	2012	2013
Adjusted EBITDA	**4.9**	**1.6**	**25.8**	**27.8**
Current income tax	**(0.4)**	**0.4**	**(2.0)**	**(4.2)**
Working Capital	**62.6**	**67.3**	**18.8**	**(31.6)**
Accounts receivable	36.7	41.7	18.3	(12.0)
Inventories	4.7	(20.5)	(20.2)	(65.8)
Suppliers	18.3	44.8	17.2	59.1
Others	2.9	1.4	3.6	(12.9)
Operating Cash Generation	**67.2**	**69.3**	**41.6**	**(7.9)**

Operational cash flow in **2013** was negative at **R$ 7.9mn**, compared to a generation of cash in 2012 of R$ 41.6mn

Investments

Fixed assets

Net **property, plant and equipment** at the end of 2013 was **R$198.1 mn**, R$0.1 mn higher than at the end of 2012.

Intangible assets

The total of intangible assets at the end of 2013 was **R$143.3mn**, increased from R$121.6 mn at the end of 2012.

FIXED ASSETS (in mn Reais)	4Q12	1Q13	2Q13	3Q13	4Q13	Var. 4Q13/ 4Q12	Var. 4Q13/ 3Q13
Net PP&E	198.0	196.6	198.1	195.3	198.1	+0.1	+2.8
Intangibles	121.6	122.2	132.9	134.1	143.3	+21.7	+9.2
Total	**319.6**	**318.8**	**331.0**	**329.4**	**341.4**	**+21.8**	**+12.0**

Capitalization and liquidity

Debt

Cash (including securities) at the end of 2013 was R$472.8mn, compared to R$377.6mn at the end of 2012 (increase of 25.2%).

Gross debt at the end of 2013 was **R$723.4mn** compared with R$543.3mn in 2012.

Our **net debt** at the end of **2013** was **R$250.6 mn** compared to R$ 165.7 mn in 2012.

LIQUIDITY INDICATORS (in mn Reais)	4Q12	1Q13	2Q13	3Q13	4Q13	Var. 4Q13/ 4Q12	Var. 4Q13/ 3Q13
Cash and equivalents, bonds and securities	**377.6**	**320.8**	**387.6**	**414.8**	**472.8**	**+95.2**	**+57.9**
Short term debt (ST)	193.3	325.3	310.9	434.1	449.7	+256.4	+15.6
Long term debt (LT)	350.1	228.0	379.5	258.3	273.7	-76.4	+15.4
USD denominated debt	469.5	463.6	524.4	529.1	555.4	+85.9	+26.3
BRL denominated debt	37.3	35.3	30.8	28.7	26.6	-10.7	-2.1
Euro denominated debt	36.6	54.4	135.2	133.9	140.8	+104.2	+6.9
Other Currencies	0.0	0.0	0.0	0.7	0.6	+0.6	-0.1
Gross debt	**543.3**	**553.3**	**690.4**	**692.4**	**723.4**	**+180.0**	**+31.0**
Net cash / (Net debt)	**-165.7**	**-232.5**	**-302.8**	**-277.5**	**-250.6**	**-84.8**	**+26.9**
Shareholders' equity (Equity)	**279.5**	**276.3**	**273.9**	**274.8**	**268.5**	**-11.1**	**-6.3**
Cash and equiv. / ST debt	2.0x	1.0x	1.2x	1.0x	1.1x	n/a	n/a
ST debt / (ST + LT)	35.6%	58.8%	45.0%	62.7%	62.2%	n/a	n/a
Net cash (Net debt) / Equity	-0.6x	-0.8x	-1.1x	-1.0x	-0.9x	n/a	n/a
Net debt / (Net debt + Equity)	37.2%	45.7%	52.5%	50.3%	48.3%	n/a	n/a

Short-term debt at the end of 2013 was **R$449.7 mn** as compared to R$ 193.3mn at end of 2012. Long term debt as a % total gross debt decreased from 64.4% at end of 2012 to 37.8% in 2013

Stockholders' equity

Stockholders' equity at the end of 2013 was R$268.5 mn, which compares to R$279.5 mn at the end of 2012.

Investor Relations Contact

Petros Diamantides
(President and IRO)
Prabhat Agrawal
(CFO)
Tel.: +55 11 **2627-9174**
Fax: +55 11 **2627-9196**
ri@metalfrio.com.br
www.metalfrio.com.br/ri

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

English call with simultaneous translation into Portuguese

Date: **March 14, 2014**
Time: 11:00 a.m. São Paulo
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Password: METALFRIO
For replay, dial:
+55 11 3127-4999
Password: 35508274

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 quarter ended December 31, 2013.

Relationship with external auditors

In accordance with Instruction 381/2003 of the CVM (Brazilian Securities Commission – Comissão de Valores Mobiliários), we report that in 2013 we contracted our Independent Auditors for services not related to external auditing, however these represented less than 5% of the global value of the current external auditing services contracts were celebrate with duration inferior to one year, related to Tax and Corporate consulting.

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.

Out Independent Auditors declared to the Company's Management, that the rendered services did not affect the independency and objectivity necessary to perform the external auditing services, since the referred services were in the field of tax legislation and corporate law adherence, that are not significant subjects relative to the financial statements taken as a whole, besides the fact that the professionals that rendered these services were not the same as those in the external auditing team.

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 and production capacity 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.

About Metalfrio

Metalfrio Solutions S.A. (Bovespa: FRIO3) is one of the world's leading companies in plug-in commercial refrigeration equipment with a product portfolio that includes vertical and horizontal plug-in refrigerators and freezers. Through direct distribution or through distributors and commercial representatives, we supply our products to clients that are among the world's largest manufacturers of cooled and frozen beverages and foods. We currently operate plants in Brazil, Mexico, Turkey, and Russia, and our own distribution center in the United States. Metalfrio also operates an extensive network that provides total asset care to its clients.