

São Paulo, Brazil, May, 15th 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 first quarter of 2017 (“1Q17”). Financial and operational information given is in accordance with international accounting standards (IFRS), in Brazilian Reais (R\$). Comparisons are with the first quarter of 2016 (“1Q16”) or as indicated.

1Q17 Highlights

- ❄ Net revenues of R\$199.3 million
- ❄ EBITDA of R\$20.1 million with a 20 basis points margin improvement to 10.1%
- ❄ Net Profit reached R\$19.3 million with margin increase of 279 basis points to 9.7%

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

“We are pleased to deliver a resilient first quarter with increased gross profit and EBITDA margins and solid Net profit. Our flexible manufacturing base ensured that we successfully managed a shift in the timing of European orders, whilst Mexico continued to deliver strong underlying growth.

We expect to see a return to volume growth in Europe over the next couple of quarters, and Brazil is expected to maintain the improving momentum we saw over the latter part of the first quarter.

Metalfrio has built excellent global market positions and strong and long-lasting relationships with global consumer leaders, through its ability to deliver superior technological solutions. In addition, we will continue to ensure that we seek further efficiency opportunities, whilst continuing to invest in future growth, evidenced by our 25% capacity expansion in Turkey. Furthermore, our improved capital structure and focus on cash generation, leave us in a strong position.”

(R\$ million)	1Q17	1Q16	% Var
Net Revenues	199.3	291.0	(31.5)
Gross Profit	33.7	48.7	(30.9)
<i>Gross Margin</i>	16.9%	16.8%	
Op. Profit	13.5	20.9	(35.4)
EBITDA	20.1	28.8	(30.0)
<i>EBITDA Margin</i>	10.1%	9.9%	
Net Profit	19.3	20.1	(3.8)

Outlook

Despite the global macro-economic, political environment and currency volatility, Metalfrio expects better trading momentum over the course of the year to help deliver further improvement in its underlying profitability and capital structure for full year 2017 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 position in its key markets, and will focus on further developing its superior after sales services offer. This constitutes a key differentiator in the value chain proposition for customers, further complimenting the Company's well invested, and well located, global production hubs. In 2017, production capacity in Turkey will increase by 25%, as we continue to work towards 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 about capital allocation and working capital improvements, as well as active margin management to improve the resilience of earnings and cash flow throughout the course of an economic cycle. Therefore, Metalfrio is confident that its strategic plans combined with the recently announced R\$100 million capital increase in 2017, will continue to move towards its new goal of a net debt to EBITDA ratio of below 2.5x.

Net Revenue

Consolidated Net Revenues in 1Q17 reached R\$199.3 million (R\$241.4 million on a currency neutral basis) compared to 1Q16 R\$ 291.0 million, driven primarily by a change in order placement timing and foreign exchange developments.

(R\$ million)	1Q17	1Q16	% Var
<i>Americas</i>	118.7	141.2	(15.9)
<i>Europe</i>	80.6	149.8	(46.2)

Americas

1Q17 net revenues primarily reflected the high prior year comparable period, which was boosted by increased placements ahead of the Olympic Games initiatives. During the quarter, Metalfrio launched its new range for Coca-Cola bottlers that features environmentally-friendly cooling systems with hydrocarbon refrigerant and improved energy efficiency. This has been well-received by existing customers in Brazil and importantly, from new accounts including Argentina - a targeted market where Metalfrio is establishing local presence.

Mexico delivered good underlying volume and local currency revenue growth, with positive price developments. Nevertheless, the deterioration of the Mexico peso which declined 28.3% versus the Brazilian Real negatively impacted our reported financials. Mexico continues to expand its export footprint with new contracts in the Peruvian market and further progress with Coca-Cola in North America. Additionally, Lifecycle in Mexico has concluded an agreement with a major brewer that will double the equipment park under its management over the course of the year.

Europe

In Turkey there has been a shift in order patterns from Q1 to Q2, which led to a 46.2% decline in revenues in 1Q17, compared with 1Q16, that is expected to normalize over the next two quarters. This affected also price mix in Turkey during the quarter, exacerbated by the depreciation of the lira down 35.8% versus Brazilian Real. The plant in Manisa has been upgraded through capacity and productivity programs that will boost production by 25% meeting the anticipated growth in demand.

Russia saw modest improvements in volumes and Metalfrio is well positioned both in product range and manufacturing capacity to benefit from the expected market recovery.

Gross Profit & Gross Margin (R\$ million)

Gross profit margin increased by 10 basis points to 16.9%, the highest level over the past five quarters, highlighting the ability to rapidly adjust costs to the prevailing conditions. The lower sales of 1Q17 affected **Gross Profit** that reached R\$33.7 million compared to the previous year (R\$48.7 million).

Operating Expenses (SG&A)

Through **SG&A** alignment to the lower business level, expenses declined 16.7% versus 1Q16 but not fully in line with sales, leading to a 250 basis points margin dilution. This in part reflects the requirement to maintain infrastructure for the expected improvement in sales momentum over the next couple of quarters.

Consolidated EBITDA & EBITDA Margin

EBITDA reached R\$20.1 million in 1Q17 (1Q16 at R\$28.8 million), reflecting lower sales in the period, together with the devaluation of key currencies. Despite this, the EBITDA margin expanded 20 basis points to 10.1%, compared to the prior year comparable period, highlighting the capability of adjusting cost base to meet prevailing market conditions.

Reconciliation of consolidated EBITDA and Adjusted EBITDA

Consolidated EBITDA (R\$ million)	1Q16	2Q16	3Q16	4Q16	1Q17
Operating result	20,9	25,3	4,7	6,2	13,5
Depreciation and amortization	7,9	7,3	7,0	7,1	6,7
EBITDA	28,8	32,6	11,7	13,3	20,1
Layoffs (i)	0,0	2,2	1,6	0,4	0,0
Adjusted EBITDA	28,8	34,8	13,3	13,7	20,1

- 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.

Financial Result

Net Finance items improved from positive R\$3.3 million in 1Q16 to R\$8.8 million in 1Q17. This reflected the sustained financial income level, the positive effects on the US denominated debt as a result of the 6.7% appreciation of the Brazilian Real against the US dollar during the period compared to 1Q16 and the non-occurrence of the hedge loss recognized in 1Q16.

(R\$ mn)	1Q16	1Q17	Chg. 17/16
Result with cash investments	4,6	5,5	19%
Bonds market Value Change	11,3	10,5	-8%
Other financial income	0,3	0,6	112%
Interest and Other Income	16,2	16,5	2%
Interest on loans and financing	-11,9	-9,0	-25%
Bonds market Value Change	0,0	0,0	nm
Other financial expenses	-11,5	-8,0	-30%
Interest and Other Expenses	-23,4	-17,0	-27%
Hedge Operations Result	-11,9	0,1	nm
Net FX Variation	22,4	9,2	-59%
Net Financial Result	3,3	8,8	169%

Net Profit/Loss

As a result of these effects, **Net Profit** for 1Q17 was R\$19.3 million, versus a R\$20.1 million Net Profit in the prior year. Net profit margin grew 279 basis points to 9.7% in 1Q17, from 6.9% in 1Q16.

Working Capital

At the end of 1Q17 working capital, less financial assets and liabilities, was R\$131.7 million, which compares to R\$59.7 million at the end of 1Q16. The operational cash cycle at the end of 1Q17 was 59 days, 33 days higher than at the end of 1Q16, and 22 days higher than at the end of 4Q16. This was mainly due to the shift in order placement timing and is expected to normalize over the next quarters.

WORKING CAPITAL (R\$ million)	1Q16	2Q16	3Q16	4Q16	1Q17	Chg. 1Q17/ 1Q16	Chg. 1Q17/ 4Q16
<u>Current assets:</u>							
Cash and equivalents, bonds and securities	351,0	306,0	329,1	409,0	379,8	28,8	-29,2
Accounts receivable	174,5	212,9	142,9	130,9	178,4	3,9	47,6
Inventory	210,0	160,7	161,9	134,4	194,3	-15,7	59,9
Other	41,0	31,6	28,1	29,0	45,6	4,6	16,6
A) Total	776,6	711,2	662,0	703,3	798,1	21,5	94,8
B) Current assets (less fin. assets)	425,5	405,2	332,9	294,3	418,3	-7,2	124,0
<u>Current liabilities:</u>							
Accounts payable	267,4	214,7	156,0	158,9	220,1	-47,2	61,2
ST debt	482,7	545,0	246,1	283,7	551,0	68,3	267,3
Other	98,5	88,0	73,2	73,7	66,4	-32,1	-7,3
C) Total	848,5	847,7	475,3	516,4	837,6	-10,9	321,2
D) Current liabilities (less fin. liab.)	365,8	302,7	229,2	232,6	286,6	-79,3	53,9
Working capital (B-D)	59,7	102,5	103,7	61,6	131,7	72,1	70,1
Days of receivables	48	50	58	49	73	25	24
Days of inventory	78	54	92	63	106	28	43
Days of suppliers	99	72	88	75	120	21	45
Cash cycle	26	32	61	37	59	33	22
Current liquidity (A/C)	0.9x	0.8x	1.4x	1.4x	1x	n/a	n/a

Accounts Receivable

Accounts receivable from customers, at R\$178.4 million at the end of 1Q17, increased R\$3.9 million when compared to 1Q16 (R\$174.5 million) and increased R\$ 47.6 million when compared to 4Q16 (R\$130.9 million). Receivables in terms of days were up 25 days when compared to 1Q16, at 73 days and up 24 days when compared to 49 days in the end of 4Q16.

Inventories

Inventories at R\$194.3 million at end of 1Q17 were down R\$15.7 million when compared to 1Q16 (R\$210.0 million) but up R\$ 59.9 million when compared to 4Q16. Inventory in number of days is higher at 106 at the end of 1Q17 vs 78 days at the end of 1Q16 and 63 days in the end of 4Q16.

Accounts Payable

Supplier outstanding payables were down R\$47.2 million at R\$220.1 million at the end of 1Q17, vs. R\$267.4 million at end 1Q16 but were higher R\$ 61.2 million when compared to 4Q16.

Payables days were up 21 days to 120 days when compared to 1Q16 and higher 45 days when compared to 4Q16 (75 days).

Investments

Fixed assets

Net property, plant and equipment at 1Q17 was R\$181.9 million, R\$12.2 million lower than 1Q16 but R\$2.9 million higher than 4Q16 (R\$ 179.1 million).

Intangible assets

Total intangible assets at 1Q17 were R\$149.9 million, decreased from R\$153.1 million at 1Q16 but higher R\$0.4 million when compared to R\$ 149.5 million in 4Q16.

FIXED ASSETS (R\$ million)	1Q16	2Q16	3Q16	4Q16	1Q17	Chg. 1Q17/ 1Q16	Chg. 1Q17/ 4Q16
Net PP&E	194,1	179,4	177,0	179,1	181,9	-12,2	+2,9
Intangibles	153,1	151,4	151,7	149,5	149,9	-3,2	+0,4
Total	347,2	330,8	328,7	328,5	331,8	-15,4	+3,3

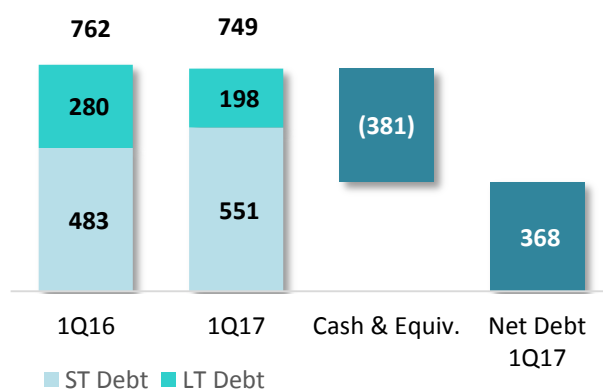
Capitalization and Liquidity

Cash (including marketable securities) at 1Q17 was R\$379.8 million, compared to R\$351.0 million at 1Q16. Gross debt at 1Q17 was R\$748.8 million compared with R\$762.3 million in 1Q16.

Net debt at the end of 1Q17 was R\$369.0 million compared to R\$411.3 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 partly offset by the working capital consumption during this quarter, in line with normal business cyclicity. Net debt to L12M EBITDA was at 4.5x vs 4.0x in the comparable period.

LIQUIDITY INDICATORS (R\$ million)	1Q16	2Q16	3Q16	4Q16	1Q17	Chg. 1Q17/ 1Q16	Chg. 1Q17/ 4Q16
Cash and equivalents, bonds and securities	351,0	306,0	329,1	409,0	379,8	28,8	-29,2
Short term debt (ST)	482,7	545,0	246,1	283,7	551,0	68,3	267,3
Long term debt (LT)	279,6	201,2	413,1	441,2	197,7	-81,9	-243,5
USD denominated debt	418,1	448,0	451,1	454,6	483,9	65,7	29,2
BRL denominated debt	117,7	102,1	11,4	10,5	9,6	-108,1	-0,9
Euro denominated debt	226,5	196,1	196,8	259,8	254,3	27,9	-5,5
Other Currencies	0,0	0,0	0,0	0,0	1,0	1,0	1,0
Gross debt	762,3	746,1	659,2	725,0	748,8	-13,5	23,8
Net cash / (Net debt)	-411,3	-440,1	-330,1	-315,9	-369,0	42,3	-53,0
Shareholders' equity (Equity)	46,0	41,7	150,4	121,8	139,8	93,8	18,0
Cash and equiv. / ST debt	0.7x	0.6x	1.3x	1.4x	0,7x	n/a	n/a
ST debt / (ST + LT)	63,3%	73,0%	37,3%	39,1%	73,6%	n/a	n/a
Net cash (Net debt) / Equity	-8.9x	-10.5x	-2,2x	-2.6x	-2,6x	n/a	n/a
Net debt / (Net debt + Equity)	89,9%	91,3%	68,7%	72,2%	72,5%	n/a	n/a

Short-term debt at 1Q17 was R\$551.0 million compared to R\$482.7 million at 1Q16 with long term debt as a percentage of total debt down from 36.7% in 1Q16 to 26.4% in 1Q17.



Stockholders' equity

Stockholders' equity at 1Q17 was R\$139.8 million, which compares to R\$121.8 million at 4Q16.

**CONFERENCE CALL – 1Q17 – Metalfrio
May 16th 2017**

Português

09h00 (Horário de Brasília)
08h00 (US- EST)
Tel.:+55 (11) 3193-1001
Código: Metalfrio

[Webcast](#)

Replay:+55 (11) 3193-1012
Código do Replay: 9544863#

English

09h00 (Brasília Time)
08h00 (US-EST)
Tel.:1 (786) 924-6977
Código: Metalfrio

[Webcast](#)

Replay.:+55 (11) 2188-0400
Code: 1660901#

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Other Information

Management Statement

In accordance with article 25 of Instruction 480/2009 of the CVM (Brazilian Securities Commission – Comissão de Valores Mobiliários), the Company's Management states it has discussed, revised and agreed with the Independent Auditor's Opinion and with the accounting statements relative to the business by March 31st, 2017.

Relationship with external auditors

In accordance with Instruction 381/2003 of the CVM (Brazilian Securities Commission – Comissão de Valores Mobiliários), we report that during the first quarter of 2017 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.

Consolidated Income Statement – 1st Quarter

(R\$ Mn)	1Q17	% Revenues	1Q16	% Revenues	Var. 1Q17 vs. 1Q16 (%)
NET REVENUES	199,3	100,0%	291,0	100,0%	-31,5%
Cost of goods sold	(165,6)	-83,1%	(242,2)	-83,2%	-31,6%
GROSS PROFIT	33,7	16,9%	48,7	16,8%	-30,9%
OPERATING INCOME (EXPENSE)					
Sales expenses	(17,1)	-8,6%	(19,6)	-6,7%	-12,6%
General and administrative expenses	(10,5)	-5,3%	(13,6)	-4,7%	-22,5%
Other operating income	7,4	3,7%	5,3	1,8%	40,3%
RESULTS BEFORE NET FINANCIAL	13,5	6,8%	20,9	7,2%	-35,4%
NET FINANCIAL RESULT	8,8	4,4%	3,3	1,1%	169,1%
Financial expenses	(17,0)	-8,5%	(37,7)	-13,0%	-54,9%
Financial income	16,6	8,3%	18,6	6,4%	-10,7%
Net exchange variation	9,2	4,6%	22,4	7,7%	-58,8%
RESULTS BEFORE TAXES	22,3	11,2%	24,1	8,3%	-7,7%
INCOME AND SOCIAL CONTRIB. TAXES	(3,0)	-1,5%	(4,1)	-1,4%	-26,8%
NET RESULT FOR THE PERIOD	19,3	9,7%	20,1	6,9%	-3,8%

Consolidated Balance Sheet (R\$ thousand)

ASSETS	1Q17	4Q16	LIABILITIES & SHAREHOLDER'S EQUITY	1Q17	4Q16
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	127.241	178.094	Accounts payable to suppliers	220.125	158.915
Marketable securities	252.568	230.936	Related parties	3.239	3.349
Trade accounts receivable	178.437	130.873	Loans and financing	551.049	283.738
Related parties	-	-	Tax payable	9.311	9.262
Inventories	194.252	134.353	Payroll and related charges	21.358	19.730
Recoverable taxes	31.516	20.479	Other provisions	27.756	33.915
Accounts receivable on derivatives	-	-	Other accounts payable to shareholders	-	-
Other accounts receivable	14.080	8.557	Accounts payable on derivatives	379	457
Total current assets	798.094	703.292	Other accounts payable	4.388	7.001
			Total current liabilities	837.605	516.367
NON-CURRENT			NON-CURRENT		
Long-term receivables:			Loans and financing	197.721	441.227
Related parties	-	-	Tax Payable	3.055	3.189
Deferred taxes	61.592	63.537	Provision for contingencies	8.796	8.275
Recoverable taxes	3.470	3.199	Other accounts payable	7.951	7.699
			Total non-current liabilities	217.523	460.390
Investments	-	-	SHAREHOLDERS' EQUITY		
Property, plant and equipment	181.935	179.054	Capital	244.039	244.039
Intangible assets	149.878	149.489	Capital reserve	2.666	2.666
Total non-current	396.875	395.279	Profit reserve	260	300
			Treasury shares	-	-
TOTAL	1.194.969	1.098.571	Equity valuation adjustments	(86.337)	(87.318)
			Proposed additional dividends	-	-
			Capital transaction between shareholders	(69.265)	(69.265)
			Accumulated profits (losses)	7.849	(7.163)
				99.212	83.259
			Non-controlling interest	40.629	38.555
			Total Shareholders' equity	139.841	121.814
			TOTAL	1.194.969	1.098.571

Consolidated Cash Flow – 1Q17

(R\$ mn)	1Q17	1Q16
CASH FLOWS FROM OPERATING ACTIVITIES		
Result for the Period	19,3	20,1
Reconciliation of the result for the period to net cash generated by (used in) operating activities:		
Depreciation and amortization	6,7	7,9
Provision for risks	0,5	0,7
Other provisions	(6,2)	1,0
Provision for (losses) gains on derivatives	(0,1)	11,9
Exchange differences	8,4	(8,3)
Interest on borrowings	8,3	11,6
Residual value of fixed and intangible assets disposed of	3,4	0,2
Deferred income tax and social contribution	1,9	3,2
	42,3	48,2
(Increase) decrease in assets:		
Current:		
Trade receivables	(45,9)	(59,7)
Inventories	(59,9)	(46,1)
Taxes recoverable	(11,0)	1,7
Other receivables	(5,5)	(3,0)
Noncurrent:		
Taxes recoverable	(0,3)	2,2
	(122,7)	(104,9)
<i>Increase (decrease) in liabilities:</i>		
Current:		
Trade payables	61,8	75,5
Taxes payable	0,0	(3,3)
Payroll and related charges	1,6	3,3
Payables to related parties	(0,1)	(0,6)
Current Other payables	(2,6)	(1,7)
Noncurrent:		
Taxes payables	(0,1)	(0,1)
Non-Current Other payables	0,3	(0,0)
	60,9	73,0
Net cash generated by operating activities	(19,5)	16,4
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(11,5)	(5,1)
Additions to intangible assets	(2,5)	(3,0)
Marketable securities	(21,6)	(8,3)
Net cash generated by (used in) investing activities	(35,6)	(16,3)
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings	95,5	-
Payment of principal	(57,3)	(58,8)
Payment of interest	(8,4)	(4,7)
Loans to related parties	-	(4,6)
Net cash (used in) generated by financing activities	29,8	(68,1)
EFFECTS OF EXCHANGE ON CASH AND CASH EQUIVALENTS	(25,6)	(39,2)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,9)	(107,2)
CASH AND CASH EQUIVALENTS		
At the end of the period	127,2	188,2
At the beginning of the period	178,1	295,5
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,9)	(107,2)