TUPY - Worldwide reference in casting

2Q17 Highlights

Consistent growth of sales volume

Earnings conference call

Date: August 15th, 2017

Portuguese/English

9:30 a.m. (Brasília time) / **8:30 a.m.** (EST)

Dial in Brazil: +55 11 3193-1001
Dial in Brazil: +55 11 2820-4001
Dial in USA: +1 786 924-6977
Toll free USA: + 1 888 700-0802
Code: Tupy
Website: www.tupy.com.br/ir

Investor Relations

Thiago Fontoura Struminski
Chief Finance Officer and Investor Relations Officer

Hugo Zierth
Investor Relations Manager

dri@tupy.com.br
+55 (11) 2763-7844

- **Sales Volume:** 139.9 Thousand tonnes, up 8.0% against 2Q16 due to higher sales in the domestic and foreign markets.

- **Revenues:** R$921.1 million, 8.3% up on 2Q16 owing to the higher sales volume and the improved product mix, thus mitigating the effect of the 4.9% rise of the Real against the U.S. Dollar in comparison with 2Q16.

- **Operational efficiency:** Reorganization of the Mauá unit activities, with a of R$45.7 million non-recurring impact during the quarter from severance pay and the write-off of obsolete inventories. This project will result in lower fixed costs starting as early as 2H17.

- **Adjusted EBITDA:** R$105.8 million – not considering the non-recurring expenses on the Mauá unit –, up 8.6% year-over-year and corresponding to 11.5% of 2Q17 revenues, a rise of 0.1 p.p. against 2Q16.

- **Net income:** R$15.9 million in 2Q17, against a loss of R$28.8 million in 2Q16.

- **Payment of interest on equity (IoE):** R$50.0 million to be paid in August 2017 as IoE. The sum of this amount and that paid in June is R$100.0 million, corresponding to a dividend yield* of 4.36%.

- *Considering the closing stock price on June 30, 2017*

Note: Except where recorded otherwise, the comparisons expressed through percentage changes are based on the same periods of 2016

MAIN INDICATORS

Consolidated (R$ thousand)

SUMMARY	2Q17	2Q16	Var. [%]	1H17	1H16	Var. [%]
Revenues	**921,063**	**850,684**	**8.3%**	**1,776,187**	**1,710,524**	**3.8%**
Cost of goods sold	(788,198)	(738,791)	6.7%	(1,509,095)	(1,453,013)	3.9%
Gross profit	**132,865**	**111,893**	**18.7%**	**267,092**	**257,511**	**3.7%**
% on revenues	*14.4%*	*13.2%*		*15.0%*	*15.1%*	
Operating expenses	(80,920)	(68,697)	17.8%	(151,470)	(137,082)	10.5%
Other operating expenses	(52,540)	(35,230)	49.1%	(70,338)	(62,029)	13.4%
Income before financial results	**(595)**	**7,966**	**-**	**45,284**	**58,400**	**-22.5%**
% on revenues	*-0.1%*	*0.9%*		*2.5%*	*3.4%*	
Net financial result	(4,355)	(16,080)	-72.9%	(26,549)	(34,707)	-23.5%
Income before taxes	**(4,950)**	**(8,114)**	**-39.0%**	**18,735**	**23,693**	**-20.9%**
% on revenues	*-0.5%*	*-1.0%*		*1.1%*	*1.4%*	
Income tax and social contribution	20,875	(20,668)	-	44,372	(35,165)	-
Net income	**15,925**	**(28,782)**	**-**	**63,107**	**(11,472)**	**-**
% on revenues	*1.7%*	*-3.4%*		*3.6%*	*-0.7%*	
EBITDA (acc. Inst. CVM 527/12)	**63,872**	**80,745**	**-20.9%**	**176,133**	**208,132**	**-15.4%**
% on revenues	*6.9%*	*9.5%*		*9.9%*	*12.2%*	
Adjusted EBITDA	**105,795**	**97,389**	**8.6%**	**225,466**	**230,544**	**-2.2%**
% on revenues	*11.5%*	*11.4%*		*12.7%*	*13.5%*	
Average exchange rate (BRL/USD)	**3.25**	**3.42**	**-4.9%**	**3.19**	**3.64**	**-12.3%**
Average exchange rate (BRL/EUR)	**3.63**	**3.83**	**-5.1%**	**3.49**	**4.04**	**-13.6%**

SALES VOLUME

Consolidated (tons)

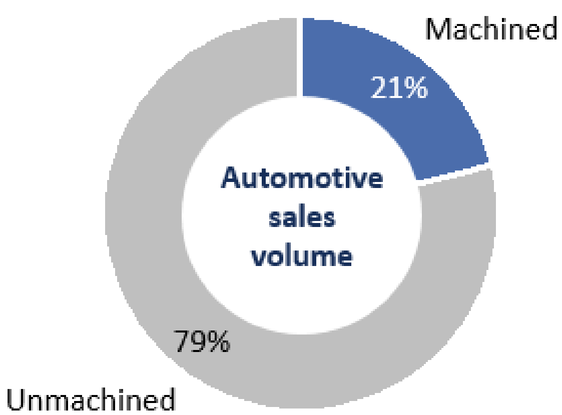
	2Q17	2Q16	Var. [%]	1H17	1H16	Var. [%]
Domestic market	**28,500**	**24,262**	**17.5%**	**53,499**	**49,974**	**7.1%**
Automotive	23,560	20,140	17.0%	43,622	41,032	6.3%
Hydraulics	4,940	4,122	19.8%	9,877	8,942	10.5%
Foreign market	**111,454**	**105,339**	**5.8%**	**221,523**	**199,201**	**11.2%**
Automotive	107,080	101,490	5.5%	214,376	192,781	11.2%
Hydraulics	4,374	3,849	13.6%	7,147	6,420	11.3%
Total sales volume	**139,954**	**129,601**	**8.0%**	**275,023**	**249,175**	**10.4%**

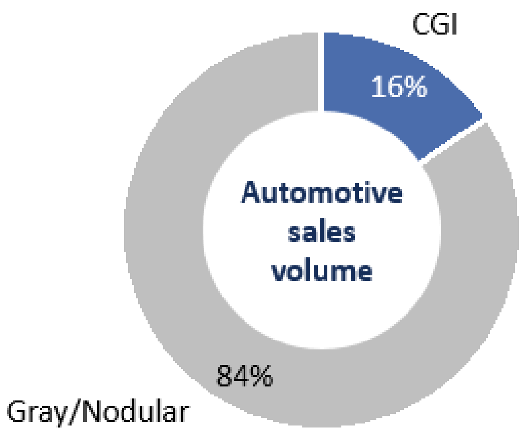
Sales increased by 8.0% in 2Q17 over 2Q16, chiefly due to the following factors:

- Increase of 17.0% in sales to the automotive segment in the domestic market, due to indirect exports of applications for passenger cars and commercial vehicles, as well as higher sales of applications in the off road segments.

- A 5.5% rise in sales to the automotive segment in the foreign market, reflecting the upturn in sales of applications for light commercial and off road vehicles over 2Q16.

The automotive segment portfolio comprised 21.0% of partially or fully machined products (vs. 20.6% in 2Q16). The breakdown of automotive products by type of material shows that Compacted Graphite Iron – CGI accounted for 15.5% of total sales vs. 16.8% in 2Q16. This drop resulted from a proportionally higher growth in the volume of products made of gray or nodular iron.





REVENUE

Revenues rose by 8.3% in relation to 2Q16.

In the domestic market, there was an 18.4% increase due to higher revenues from all applications in the automotive segment.

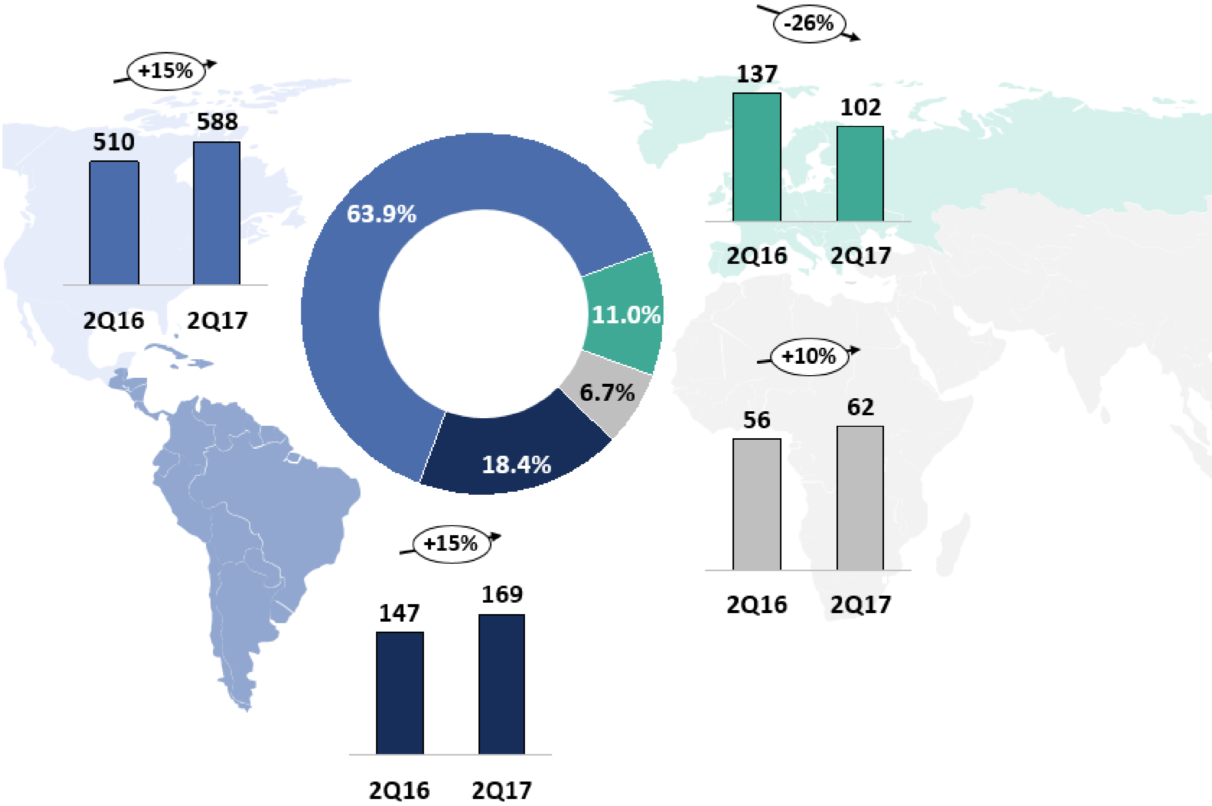
In the foreign market, net revenues climbed by 6.3%, mainly owing to applications for light commercial and off road vehicles. The effect of the 4.9% appreciation of the BRL against the USD during the period (average exchange rate of R$3.25 in 2Q17 vs. R$3.42 in 2Q16) was reduced by an improved product mix.

Consolidated (R$ thousand)

	2Q17	2Q16	Var.[%]	1H17	1H16	Var.[%]
Revenues by market	**921,063**	**850,684**	**8.3%**	**1,776,187**	**1,710,524**	**3.8%**
Domestic market	162,638	137,410	18.4%	304,614	279,046	9.2%
% share	*17.7%*	*16.2%*		*17.1%*	*16.3%*	
Foreign market	758,425	713,274	6.3%	1,471,573	1,431,478	2.8%
% share	*82.3%*	*83.8%*		*82.9%*	*83.7%*	
Revenues by segment	**921,063**	**850,684**	**8.3%**	**1,776,187**	**1,710,524**	**3.8%**
Automotive	870,824	796,982	9.3%	1,682,105	1,611,072	4.4%
% share	*94.5%*	*93.7%*		*94.7%*	*94.2%*	
Hydraulics	50,239	53,702	-6.4%	94,082	99,452	-5.4%
% share	*5.5%*	*6.3%*		*5.3%*	*5.8%*	

Revenues by market and performance in the period

In the reporting period, 63.9% of revenues came from North America. In turn, South and Central America accounted for 18.4%, and Europe for 11.0% of total revenues. The remaining 6.7% came from Asia, Africa and Oceania.



Consolidated (R$ thousand)

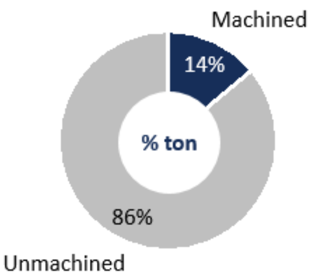
	2Q17	2Q16	Var. [%]	1H17	1H16	Var. [%]
Revenues	**921,063**	**850,684**	**8.3%**	**1,776,187**	**1,710,524**	**3.8%**
Domestic market	**162,638**	**137,410**	**18.4%**	**304,614**	**279,046**	**9.2%**
Automotive	**133,990**	**107,046**	**25.2%**	**246,799**	**216,841**	**13.8%**
Passenger cars	45,907	34,609	32.6%	89,918	70,000	28.5%
Commercial vehicles	67,676	56,892	19.0%	119,033	118,327	0.6%
Off road	20,406	15,545	31.3%	37,848	28,514	32.7%
Hydraulics	**28,648**	**30,364**	**-5.7%**	**57,815**	**62,205**	**-7.1%**
Foreign market	**758,425**	**713,274**	**6.3%**	**1,471,573**	**1,431,478**	**2.8%**
Automotive	**736,834**	**689,936**	**6.8%**	**1,435,306**	**1,394,231**	**2.9%**
Passenger cars	94,147	137,889	-31.7%	190,965	283,640	-32.7%
Light commercial vehicles	298,113	252,086	18.3%	572,690	504,660	13.5%
Medium and heavy commercial vehicles	131,570	130,868	0.5%	278,715	246,563	13.0%
Off road	213,003	169,093	26.0%	392,937	359,367	9.3%
Hydraulics	**21,591**	**23,338**	**-7.5%**	**36,267**	**37,247**	**-2.6%**

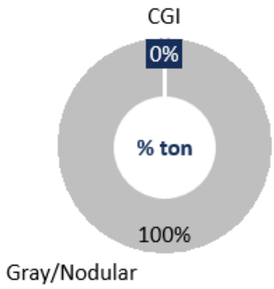
Note: The division between commercial and off road vehicles takes into account our best assumptions on the same product for these applications.

DOMESTIC MARKET (DM)

Passenger Cars

Δ % Revenues	% Revenues	% Revenues DM
32.6%	5.0%	28.2%

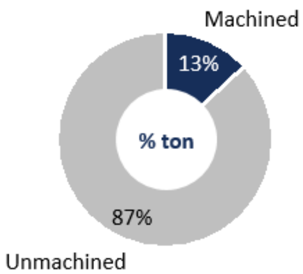


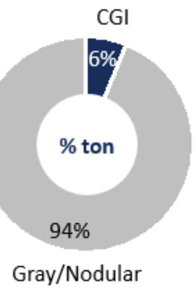


Revenues from sales of components for passenger cars increased by 32.6% in 2Q17 year-over-year. In addition to higher sales of applications to be exported by our customers from Brazil (indirect exports), this increase reflected vehicle sales in Brazil and opportunities arising from and ramp up of parts.

Commercial Vehicles

Δ % Revenues	% Revenues	% Revenues DM
19.0%	7.3%	41.6%

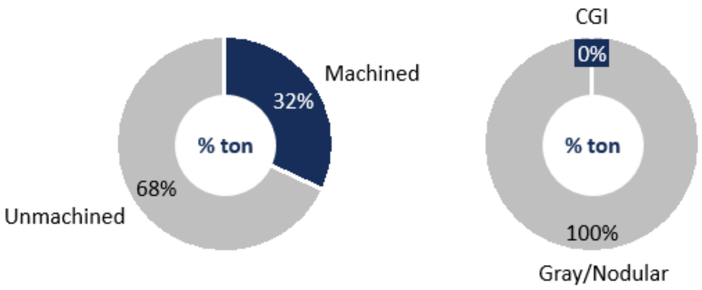




Revenues from applications for commercial vehicles rose by 19.0% year-over-year, mainly because of indirect exports.

Off Road

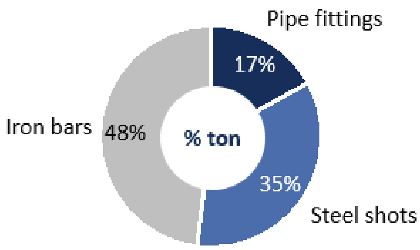
Δ % Revenues	% Revenues	% Revenues DM
31.3% ▲	2.2%	12.5%



Brazil’s farming machinery market is recovering from a long period of stagnation. Consequently, Tupy’s revenues from sales of this application increased by 31.3% in 2Q17.

Hydraulics

Δ % Revenues	% Revenues	% Revenues DM
-5.7% ▼	3.1%	17.6%

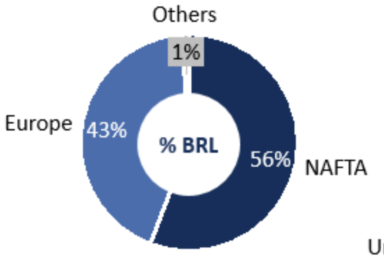


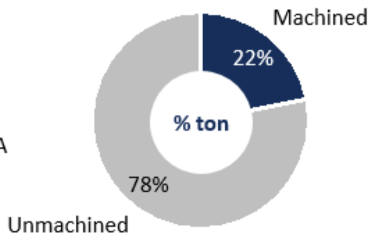
In 2Q17, revenues from sales in the hydraulics segment, comprising pipe fittings, steel shots and iron bars, fell by 5.7% year-over-year due to the economic slowdown, mainly in the non-residential construction segment.

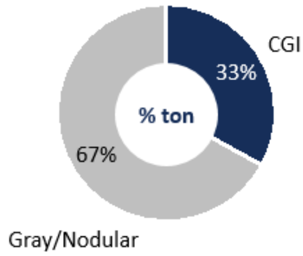
FOREIGN MARKET (FM)

Passenger Cars

Δ % Revenues	% Revenues	% Revenues FM
-31.7%	10.2%	12.4%



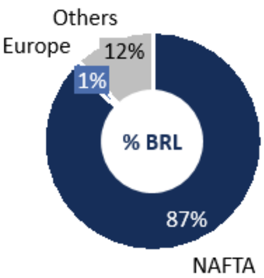


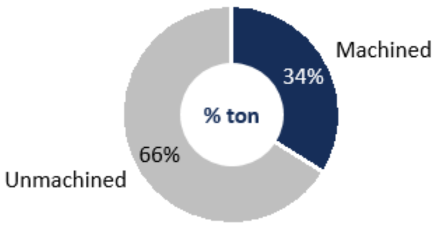


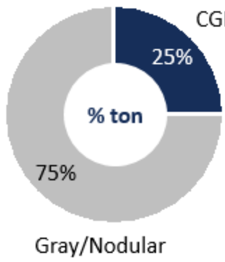
Revenues from products for passenger cars decreased by 31.7% from 2Q16 due to the appreciation of the BRL in relation to the same period of the previous year, as well as to the phase out of products.

Light Commercial Vehicles

Δ % Revenues	% Revenues	% Revenues FM
18.3%	32.4%	39.3%



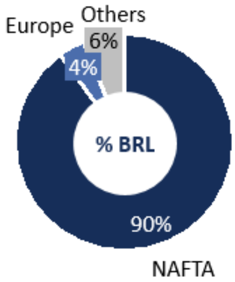


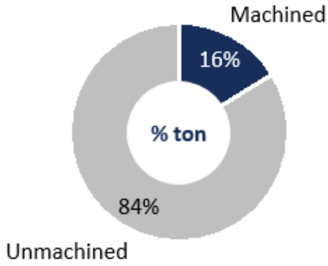


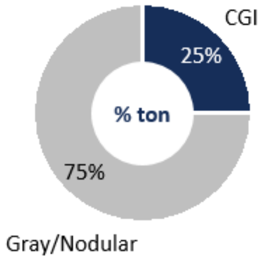
Sales for this application grew in 2Q17 due to increased demand in the US market and the phase in of new projects, both of which reduced the adverse effect of the appreciation of the BRL during the period.

Medium and Heavy Commercial Vehicles

Δ % Revenues	% Revenues	% Revenues FM
0.5% ▲	14.3%	17.3%



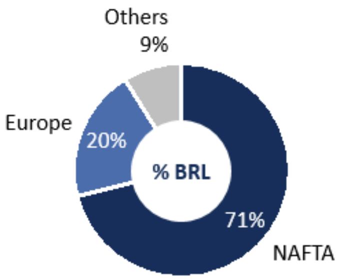


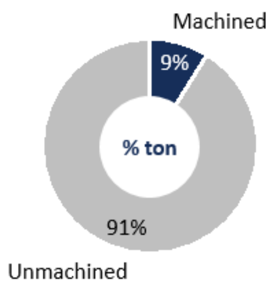


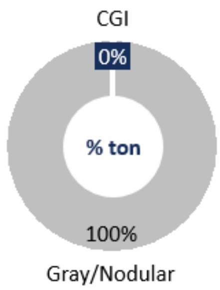
The 0.5% rise in revenues resulted from the performance in the North American market and reduced the effect of the appreciation of the BRL.

Off Road

Δ % Revenues	% Revenues	% Revenues FM
26.0% ▲	23.1%	28.1%



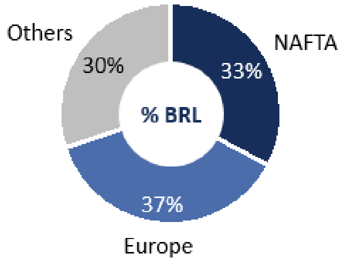


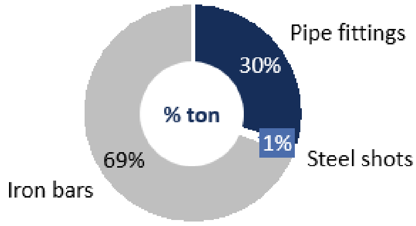


Sales of off road applications climbed by 26.0% in 2Q17 over 2Q16, due to a recovery in demand in comparison to very low levels in previous years.

Hydraulics

Δ % Revenues	% Revenues	% Revenues FM
-7.5% ▼	2.3%	2.8%





In 2Q17, net revenues from sales of pipe fittings, steel shots and iron bars decreased by 7.5%.

COST OF GOODS SOLD AND OPERATING EXPENSES

The cost of goods sold (COGS) amounted to R$788.2 million in 2Q17, 6.7% up on 2Q16, resulting in gross margin of 14.4%. Operating expenses totaled R$80.9 million, increasing by 17.8% vs. 2Q16.

The COGS during the quarter was affected by the relocation of block and head production from Mauá to Joinville in order to optimize assets utilization. This process involved over 20 products and impacted productivity and scrap indicators in 2Q17, due to the ramp up of those products in Joinville. The first efficiency gains were recorded as early as July, but the learning curve should extend to 3Q17.

Consolidated (R$ thousand)

	2Q17	2Q16	Var. [%]	1H17	1H16	Var. [%]
Revenues	**921,063**	**850,684**	**8.3%**	**1,776,187**	**1,710,524**	**3.8%**
Cost of goods sold	**(788,198)**	**(738,791)**	**6.7%**	**(1,509,095)**	**(1,453,013)**	**3.9%**
Raw-material	(403,595)	(371,231)	8.7%	(768,081)	(713,582)	7.6%
Labor	(187,025)	(177,741)	5.2%	(355,961)	(373,596)	-4.7%
Maintenance and third parties	(85,614)	(81,134)	5.5%	(165,081)	(148,756)	11.0%
Energy	(55,039)	(51,541)	6.8%	(106,196)	(106,083)	0.1%
Depreciation	(50,744)	(51,230)	-0.9%	(103,575)	(104,040)	-0.4%
Others	(6,181)	(5,914)	4.5%	(10,201)	(6,956)	46.7%
Gross profit	**132,865**	**111,893**	**18.7%**	**267,092**	**257,511**	**3.7%**
% on revenues	*14.4%*	*13.2%*		*15.0%*	*15.1%*	
Operating expenses	**(80,920)**	**(68,697)**	**17.8%**	**(151,470)**	**(137,082)**	**10.5%**

The rise in COGS between 2Q16 and 2Q17 was chiefly due to the following factors:

- 8.7% higher raw-material costs due to increased production and higher raw material prices (especially scrap), mainly in Mexico, as well as the ramp up resulting from the relocation of part production to Joinville from Mauá.
- A 5.2% increase in labor costs, profit sharing and social benefits. Structure optimization, changes in the hiring policies, reduction in health plan costs partially offset the effect of a larger headcount due to higher volumes in Mexico.
- A 5.5% increase in maintenance and third parties services costs due to higher volumes, as well as higher costs in outsourced services, and
- A 6.8% rise in energy costs owing to larger production and tariff increases in Mexico.

Operating expenses, including administrative and commercial expenses, increased by 17.8%, mainly due to higher freight expenses owing to higher sales volume, termination of executives' contracts and development of research projects. In January 2017, the Company started to classify expenses on research and development, final shipments processes and technical assistance, among others, as operating expenses and not as cost of goods sold. As a result, operating expenses rose by R$2.8 million in 2Q17 and R$2.6 million in 1H17.

REORGANIZATION OF THE ACTIVITIES IN THE MAUÁ UNIT

In response to a weak demand in the domestic market, on May 15 we announced the reorganization of the operation of the Mauá (São Paulo State) unit, which had over 50% idle capacity.

The impact of this project in 2Q17 was R$45.7 million. This amount is largely related to the severance payments and agreements with employees write-off of obsolete inventories. This project aims to optimize the productive structure and provide better asset management, with lower fixed costs as of July 2017.

The book value of the operating assets from Mauá was adjusted in 4Q16 due to their idleness, and there was no additional impact of impairment on the respective assets in 2Q17.

OTHER NET OPERATING EXPENSES

Other net operating expenses amounted to R$52.5 million in 2Q17, up 49.1% from R$35.2 million in 2Q16, owing to the expenses of the reorganization of the operations of the Mauá unit.

Consolidated (R$ thousand)

	2Q17	2Q16	Var. [%]	1H17	1H16	Var. [%]
Depreciation of non-operating assets	(178)	(373)	-52.3%	(356)	(839)	-57.6%
Amortization of intangibles assets	(10,439)	(18,213)	-42.7%	(20,649)	(38,778)	-46.8%
Restructuring of the Mauá plant	(45,658)	-	-	(45,658)	-	-
Others*	3,735	(16,644)	-	(3,675)	(22,412)	-83.6%
Other net operating expenses	**(52,540)**	**(35,230)**	**49.1%**	**(70,338)**	**(62,029)**	**13.4%**

**Includes legal provisions, PP&E write offs, and income from the sale of unserviceable assets.*

Without those expenses, other operating expenses would have totaled R$6.9 million in 2Q17, down 80.5% year-over-year. This drop was due to lower amortization expenses, which is related to the impairment of intangible assets in 4Q16, as well as the effect of sales of PP&E and provision reversals.

NET FINANCIAL INCOME

In 2Q17, the Company recorded a net financial loss of R$4.4 million, vs. a loss of R$16.1 million in 2Q16.

Consolidated (R$ thousand)

	2Q17	2Q16	Var. [%]	1H17	1H16	Var. [%]
Financial expenses	(40,321)	(46,050)	-12.4%	(77,756)	(93,004)	-16.4%
Financial income	40,509	37,227	8.8%	64,659	71,594	-9.7%
Net monetary and Exchange variation	(4,543)	(7,257)	-37.4%	(13,452)	(13,297)	1.2%
Net financial income	**(4,355)**	**(16,080)**	**-72.9%**	**(26,549)**	**(34,707)**	**-23.5%**

The fall in financial expenses was chiefly due to net amortizations of R$96.5 million in the past twelve months, as well as the appreciation of the BRL against the USD (average exchange rate of R$3.25 in 2Q17 vs. R$3.42 in 2Q16), which affected the recognition of interest on loans denominated in USD.

Despite the 8.4% drop in the balance of cash investments in Brazil (R$765.8 million in 2Q17 vs. R$836.4 million in 2Q16) and lower interest due to the decrease of interest rate, 12.06% p.a. on average in 2Q17 vs. 14.46% p.a. in 2Q16, financial income increase reflects tax credits adjusted for inflation .

The net effect of exchange rate changes was due to the appreciation of the BRL and the MXN against the USD in 2Q17.

EARNINGS BEFORE TAXES AND NET INCOME

Consolidated (R$ thousand)

	2Q17	2Q16	Var. [%]	1H17	1H16	Var. [%]
Net income before income taxes	**(4,950)**	**(8,114)**	**-39.0%**	**18,735**	**23,693**	**-20.9%**
Tax effects before foreign exchange impacts	13,284	(5,763)	-	20,575	(17,608)	-
Income before foreign exchange effects on tax base	**8,334**	**(13,877)**	**-**	**39,310**	**6,085**	**546.0%**
Foreign Exchange effects on tax base	7,591	(14,905)	-	23,797	(17,557)	-
Net income	**15,925**	**(28,782)**	**-**	**63,107**	**(11,472)**	**-**
% on revenues	*1.7%*	*-3.4%*		*3.6%*	*-0.7%*	

The Company recorded favorable tax effects before the impact of exchange rate changes amounting R$13.3 million, resulting from the difference between the regular tax rate (34%) on earnings and the effects of permanent additions/exclusions, mainly the effect of the payment of interest on equity.

The effect of exchange rate changes on the tax base (deferred income tax in Mexican operations) is calculated in Mexican pesos (MXN). The translation into the functional currency, the US Dollar, resulted in earnings of R$7.6 million due to the appreciation of the MXN against the Dollar in 2Q17.

The net income from these effects amounted to R$15.9 million in 2Q17, or 1.7% of revenues.

EBITDA

The combination of the factors mentioned above resulted in adjusted EBITDA (excluding the operating expenses on the reorganization of the Mauá unit) of R$105.8 million in 2Q17, with 11.5% margin on revenues. Adjusted EBITDA in 1H17 amounted to R$225.5 million, 2.2% down year-over-year.

Consolidated (R$ thousand)

Reconciliation of net income to EBITDA	2Q17	2Q16	Var. [%]	1H17	1H16	Var. [%]
Net income	**15,925**	**(28,782)**	**-**	**63,107**	**(11,472)**	**-**
(+) Net financial result	4,355	16,080	-72.9%	26,549	34,707	-23.5%
(+) Income tax and social contribution	(20,875)	20,668	-	(44,372)	35,165	-
(+) Depreciation and amortization	64,467	72,779	-11.4%	130,849	149,732	-12.6%
EBITDA (acc. Instr. CVM 527/12)	**63,872**	**80,745**	**-20.9%**	**176,133**	**208,132**	**-15.4%**
% on revenues	*6.9%*	*9.5%*		*9.9%*	*12.2%*	
(+) Other net operating expenses (*)	41,923	16,644	151.9%	49,333	22,412	120.1%
Ajusted EBITDA	**105,795**	**97,389**	**8.6%**	**225,466**	**230,544**	**-2.2%**
% on revenues	*11.5%*	*11.4%*		*12.7%*	*13.5%*	

(*) Other net operating expenses are reported net of amortization and depreciation expenses.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

Investments in PP&E and intangible assets totaled R$41.3 million in in 2Q17, up 9.9% year-over-year, mainly due to the development of machining projects. In 1H17, capital expenditures totaled R$59.5 million, down 10.1% from 1H16.

Consolidated (R$ thousand)

	2Q17	2Q16	Var. [%]	1H17	1H16	Var. [%]
PP&E						
Strategic investments	17,165	2,544	*574.7%*	19,646	10,281	*91.1%*
Maintenance and sustenance	20,204	33,353	*-39.4%*	31,982	49,469	*-35.3%*
Environment	2,083	434	*380.0%*	3,828	2,154	*77.7%*
Interest and financial expenses	158	811	*-80.5%*	707	1,459	*-51.5%*
Intangible assets						
Software	467	398	*17.3%*	972	2,858	*-66.0%*
Research and development	1,184	-	-	2,402	-	-
	41,261	**37,540**	***9.9%***	**59,537**	**66,221**	***-10.1%***

WORKING CAPITAL

Consolidated (R$ thousand)

	2Q17	1Q17	4Q16
Balance sheet			
Accounts receivable	571,454	533,036	418,963
Inventories	338,776	373,649	409,713
Accounts payable	369,959	324,696	302,497
Sales outstanding [days]	63	60	47
Inventories outstanding [days]	43	49	54
Payables outstanding [days]	48	43	39
Cash conversion cycle [days]	**58**	**66**	**62**

The main components of working capital performed as follows in relation to 1Q17:

- Increase of R$38.4 million (corresponding to 3 sales days in accounts receivable). This increase was chiefly due to the effect of negotiation of agreements with customers, since the extension of maturities resulted in price adjustments.
- Inventories decreased by R$34.9 million (corresponding to 6 days of cost of goods sold). This drop is due to a more favorable comparison basis, due to the build-up of safety inventories in 4Q16 and 1Q17.
- Increase of R$45.3 million (corresponding to 5 days of costs in the accounts payable), due to the efforts to lengthen payment terms with current suppliers.

CASH FLOW

Consolidated (R$ thousand)

CASH FLOW SUMMARY	2Q17	2Q16	Var.[%]	1H17	1H16	Var.[%]
Cash at the beginning of period	**1,139,725**	**1,511,959**	**-24.6%**	**1,203,940**	**1,524,622**	**-21.0%**
Cash flow from operating activities	77,143	104,185	-26.0%	55,369	171,193	-67.7%
Cash flow from investing activities	(39,695)	(39,488)	0.5%	(59,877)	(65,779)	-9.0%
Cash flow from financing activities	(140,622)	(285,134)	-50.7%	(153,659)	(304,859)	-49.6%
Effect of Exchange variation on cash	9,666	(54,458)	-	444	(88,113)	-
Increase (decrease) in cash	**(93,508)**	**(274,895)**	**-66.0%**	**(157,723)**	**(287,558)**	**-45.2%**
Cash at the end of period	**1,046,217**	**1,237,064**	**-15.4%**	**1,046,217**	**1,237,064**	**-15.4%**

Cash generated from operating activities totaled R$77.1 million in 2Q17 vs. R$104.2 million in 2Q16. This decrease was due to the fall in operating revenues due to the appreciation of the BRL against the USD (average receipt rate of R$3.22 in 2Q17 vs. R$3.51 in 2Q16), as well as as the stretching of maturity of accounts receivables, which resulted in price increases as counterpart.

Investing activities amounted R$39.7 million in 2Q17, up 0.5% against the investments recorded in 2Q16.

Financing activities totaled R$140.6 million in 2Q17, mainly related to payment of loans and financing, in accordance with contract flows.

The combination of these factors and the effect of exchange rate changes on cash resulted in a decrease of R$93.5 million in cash and cash equivalents, which amounted to R$1,046.2 million in 2Q17.

PAYMENT OF INTEREST ON EQUITY

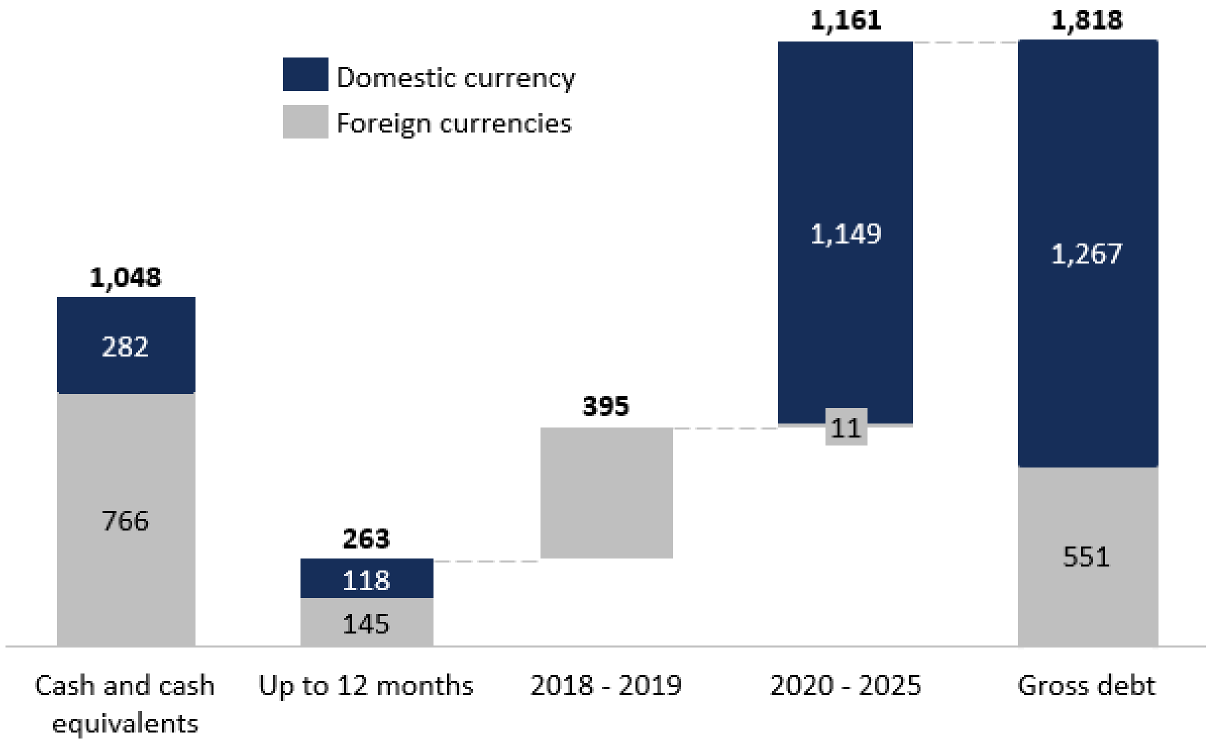
On August 31, 2017, the Company will pay its shareholders interest on equity in the amount of R$50.0 million, totaling payouts of R$100 million for 1H17, corresponding to a dividend yield of 4.36% considering the stock price on June 30. As previously approved by the Board of Directors, the Company intends to distribute a total of R$200 million for fiscal year 2017.

INDEBTEDNESS

At the close of 2Q17, the Company's net debt amounted to R$770.9 million, i.e., the net debt/adjusted EBITDA ratio for the last twelve months period was 1.87. Debt in foreign currency accounted for 70% of total obligations (9% short-term debt and 91% long-term debt), while 30% of debt is denominated in BRL (26% short-term debt and 74% long-term debt). Regarding cash, 73% of it is denominated in BRL and 27% in foreign currencies.

	Consolidated (R$ thousand)		
INDEBTEDNESS	**2Q17**	**1Q17**	**4Q16**
Short term*	262,848	306,567	328,377
Long term	1,555,896	1,519,607	1,563,179
Gross debt	**1,818,744**	**1,826,174**	**1,891,556**
Cash and equivalents*	1,047,820	1,139,725	1,203,940
Net debt	**770,924**	**686,449**	**687,616**
Gross debt/Adjusted EBITDA	4.40x	4.51x	4.52x
Net debt/Ajusted EBITDA	**1.87x**	**1.70x**	**1.64x**

The Company's debt profile is as follows:

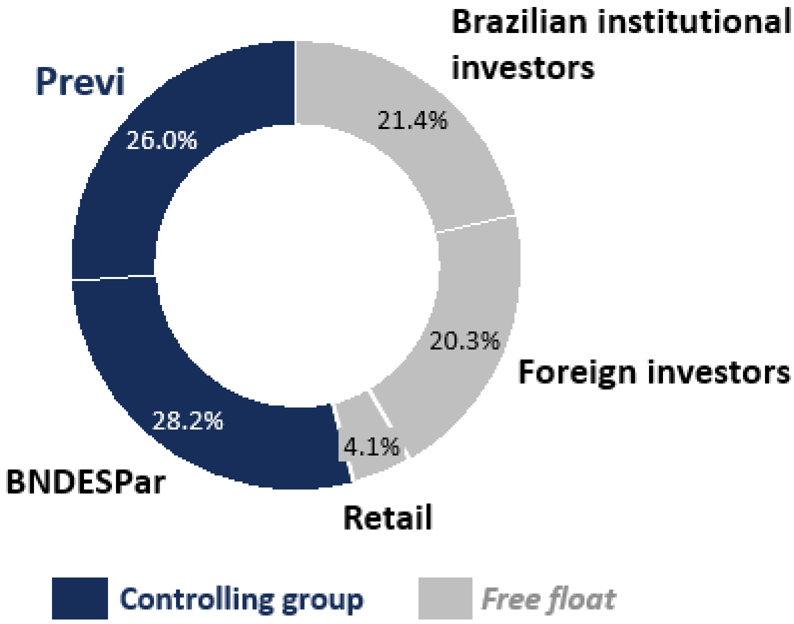


Amounts in R$ million.

* Includes derivatives

OWNERSHIP STRUCTURE

On June 30, 2017, Tupy's ownership structure was as follows:



The Company is subject to the rules of the *Novo Mercado* Arbitration Chamber, in accordance with article 60 of its By-laws.

*   *   *

Attachment I – Light vehicles production and sales in Brazil

(Units)

	2Q17	2Q16	Var. (%)	1H2017	1H2016	Var. (%)
Production						
Passenger cars	537,716	432,487	24.3%	1,057,305	843,054	25.4%
Light commercial	88,851	79,673	11.5%	159,932	141,337	13.2%
Light vehicles	**626,567**	**512,160**	**22.3%**	**1,217,237**	**984,391**	**23.7%**
Sales						
Passenger cars	417,979	360,995	15.8%	775,342	707,570	9.6%
Light commercial	58,502	60,978	-4.1%	112,337	107,547	4.5%
Light vehicles	**476,481**	**421,973**	**12.9%**	**887,679**	**815,117**	**8.9%**
Exports						
Passenger cars	160,307	107,607	49.0%	301,326	189,681	58.9%
Light commercial	29,018	20,005	45.1%	53,502	34,042	57.2%
Light vehicles	**189,325**	**127,612**	**48.4%**	**354,828**	**223,723**	**58.6%**

Source: ANFAVEA

Attachment II – Commercial vehicles production and sales in Brazil

(Units)

	2Q17	2Q16	Var. (%)	1H2017	1H2016	Var. (%)
Production						
Trucks						
Semi-light	677	568	19.2%	1,227	1,317	-6.8%
Light	3,475	4,112	-15.5%	7,137	8,127	-12.2%
Medium	1,828	1,141	60.2%	2,961	2,133	38.8%
Semi-heavy	6,768	4,327	56.4%	11,360	8,705	30.5%
Heavy	7,525	5,951	26.4%	13,336	10,953	21.8%
Total trucks	**20,273**	**16,099**	**25.9%**	**36,021**	**31,235**	**15.3%**
Buses	5,860	4,900	19.6%	9,973	9,239	7.9%
Commercial vehicles	**26,133**	**20,999**	**24.4%**	**45,994**	**40,474**	**13.6%**
Sales						
Trucks						
Semi-light	426	518	-17.8%	781	900	-13.2%
Light	2,767	3,302	-16.2%	4,994	6,549	-23.7%
Medium	1,011	1,104	-8.4%	1,794	2,193	-18.2%
Semi-heavy	2,972	3,489	-14.8%	5,519	7,205	-23.4%
Heavy	4,189	3,649	14.8%	7,550	7,854	-3.9%
Total trucks	**11,365**	**12,062**	**-5.8%**	**20,638**	**24,701**	**-16.4%**
Buses	3,107	2,962	4.9%	4,896	5,681	-13.8%
Commercial vehicles	**14,472**	**15,024**	**-3.7%**	**25,534**	**30,382**	**-16.0%**
Export						
Trucks						
Semi-light	186	230	-19.1%	333	341	-2.3%
Light	1,480	1,370	8.0%	2,800	2,280	22.8%
Medium	552	187	195.2%	883	369	139.3%
Semi-heavy	2,918	1,566	86.3%	4,846	2,811	72.4%
Heavy	2,651	1,919	38.1%	4,769	3,575	33.4%
Total trucks	**7,787**	**5,272**	**47.7%**	**13,631**	**9,376**	**45.4%**
Buses	2,468	2,268	8.8%	4,104	3,842	6.8%
Commercial vehicles	**10,255**	**7,540**	**36.0%**	**17,735**	**13,218**	**34.2%**

Source: ANFAVEA

Attachment III – Production and sales of light and commercial vehicles in foreign markets

(Units)

	2Q17	2Q16	Var. (%)	1H2017	1H2016	Var. (%)
North America						
Procution/Factory Shipments						
Passenger cars	1,579,729	1,776,990	-11.1%	3,245,468	3,483,409	-6.8%
Light commercial vehicles – Class 1-3	2,883,322	2,861,653	0.8%	5,840,223	5,609,585	4.1%
Light Duty – Class 4-5	22,127	20,064	10.3%	42,983	38,463	11.8%
Medium Duty – Class 6-7	35,831	36,853	-2.8%	70,729	75,194	-5.9%
Heavy Duty – Class 8	62,961	62,934	0.0%	111,748	123,610	-9.6%
Medium & Heavy Duty[1]	**120,919**	**119,851**	**0.9%**	**225,460**	**237,267**	**-5.0%**
United States						
Sales						
Passenger cars	1,632,081	1,845,961	-11.6%	3,122,059	3,544,524	-11.9%
Light commercial vehicles – Class 1-3	2,794,222	2,701,692	3.4%	5,334,837	5,097,194	4.7%
Light Duty – Class 4-5	35,954	32,346	11.2%	63,687	61,257	4.0%
Medium Duty – Class 6-7	29,975	30,267	-1.0%	61,180	61,252	-0.1%
Heavy Duty – Class 8	47,427	52,328	-9.4%	84,422	104,221	-19.0%
Medium & Heavy Duty[1]	**113,356**	**114,941**	**-1.4%**	**209,289**	**226,730**	**-7.7%**
Europe						
Sales						
Passenger cars	4,069,652	4,024,055	1.1%	8,210,921	7,844,316	4.7%

Source: Automotive News; Bloomberg; ACEA

[1]Note: The amount of medium and heavy commercial vehicles comprises the vehicles of classes 4-8.

Attachment IV – Production and sales of agricultural machinery in global markets

(Units)

	2Q17	2Q16	Var. (%)	1H2017	1H2016	Var. (%)
Production						
Americas						
Brazil	16,538	12,858	28,6%	28,967	20,481	41.4%
Sales						
Americas						
Brazil	11,552	10,600	9,0%	21,327	17,512	21.8%
United States and Canada	82,879	77,131	7,5%	130,246	121,527	7.2%
Europe						
Germany	10,728	11,150	-3,8%	19,477	19,099	2.0%
France	7,524	9,398	-19,9%	12,738	16,164	-21.2%
United Kingdom	3,118	3,000	3,9%	6,142	5,382	14.1%

Source: ANFAVEA; Bloomberg; AEM; AXEMA