

TUPY - Global market leader in castings



4Q16 Highlights

Strong Cash Generation and Payment of Interest on Equity

Conference Call

Date: 3/29/2017

Portuguese/English

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- **Operating Cash Flow:** Operating cash generation of R\$118.3 million in 4Q16. In 2016, operating cash generation was R\$280.3 million, corresponding to a cash flow yield* of 16.2%.
- **Interest on Equity (IoE):** Payment of Interest on Equity of R\$41.0 million in 4Q16. This amount, in addition with the payment of R\$43.4 million in August, and R\$16.0 million, to be paid in April, total R\$100.4 million paid in 2016, corresponding to a dividend yield* of 5.8%.
- **Sales Volume:** 122.7 thousand tonnes, up 4.9% from 4Q16. In 2016, we sold 490.5 thousand tonnes, down 3.7% from year-over-year.
- **Revenue:** R\$781.7 million in 4Q16, a year-over-year decrease of 10.3% mainly due to the rise of the BRL against the USD. In 2016, revenues totaled R\$3,255.3 million, 5.0% down on 2015.
- **Adjusted EBITDA:** R\$88.2 million, or 11.3% of revenues in 4Q16, with margin impacted by costs related to structure optimization and the higher efficiency of the production processes. In 2016, Adjusted EBITDA was R\$418.4 million – down 29.8% vs 2015.
- **Net Income:** R\$179.0 million net loss in 4Q16 impacted mainly by the impairment of PP&E and intangible assets (with no effect on cash). The net loss in 2016 was R\$181.5 million.

• Based on the last price of 2016

Note: Except when recorded otherwise, comparisons expressed by percentage changes are based on the same period of 2015

MAIN INDICATORS

Consolidated (R\$ thousand)

SUMMARY	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
Revenue	781,739	871,922	-10.3%	3,255,310	3,426,996	-5.0%
Cost of goods sold	(681,581)	(719,586)	-5.3%	(2,790,511)	(2,776,855)	0.5%
Gross profit	100.158	152,336	-34.3%	464,799	650,141	-28.5%
<i>% on revenues</i>	<i>12.8%</i>	<i>17.5%</i>		<i>14.3%</i>	<i>19.0%</i>	
Operating expenses	(68,079)	(72,005)	-5.5%	(266,959)	(255,720)	4.4%
Other net operating expenses, excluding impairment	(68,496)	(10,478)	553.7%	(154,017)	(72,200)	113.3%
Impairment expenses	(228,486)	-	-	(228,486)	-	-
Income before financial results	(264,903)	69,853	-	(184,663)	322,221	-
<i>% on revenues</i>	<i>-33.9%</i>	<i>8.0%</i>		<i>-5.7%</i>	<i>9.4%</i>	
Net financial result	(6,656)	(22,273)	-70.1%	(52,333)	14,583	-
Net income before income taxes	(271,559)	47,580	-	(236,996)	336,804	-
<i>% on revenues</i>	<i>-34.7%</i>	<i>5.5%</i>		<i>-7.3%</i>	<i>9.8%</i>	
Income tax and social contribution	92,575	(9,821)	-	55,541	(116,678)	-
Net income	(178,984)	37,759	-	(181,455)	220,126	-
<i>% on revenues</i>	<i>-22.9%</i>	<i>4.3%</i>		<i>-5.6%</i>	<i>6.4%</i>	
EBITDA (acc. to Inst. CVM 527/12)	37,397	146,309	-74.4%	339,128	598,201	-43.3%
<i>% on revenues</i>	<i>4.8%</i>	<i>16.8%</i>		<i>10.4%</i>	<i>17.5%</i>	
Adjusted EBITDA	88,244	138,291	-36.2%	418,420	596,113	-29.8%
<i>% on revenues</i>	<i>11.3%</i>	<i>15.9%</i>		<i>12.9%</i>	<i>17.4%</i>	
Average exchange rate (BRL/USD)	3.279	3.871	-15.3%	3.450	3.388	1.8%
Average exchange rate (BRL/EUR)	3.507	4.197	-16.4%	3.804	3.736	1.8%

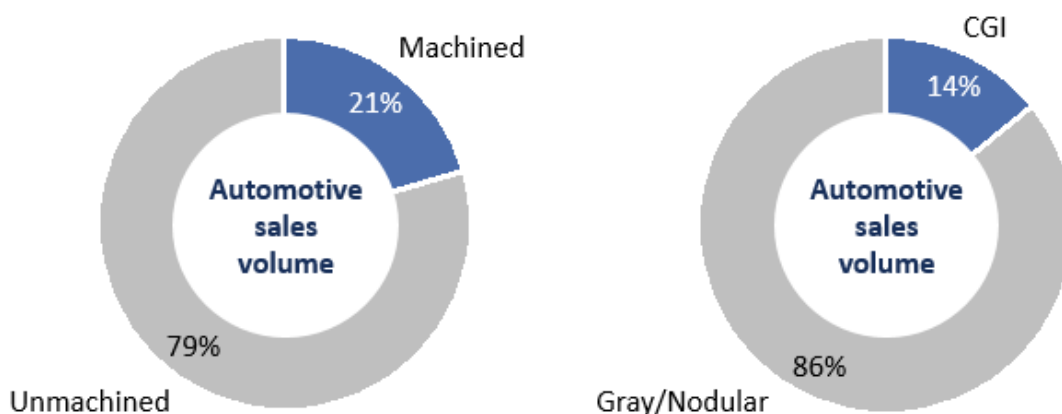
SALES VOLUME

Consolidated (tonnes)						
	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
Domestic market	22,277	23,434	-4.9%	98,525	118,646	-17.0%
Automotive	17,726	18,855	-6.0%	80,724	99,613	-19.0%
Hydraulics	4,551	4,579	-0.6%	17,801	19,033	-6.5%
Foreign market	100,408	93,569	7.3%	391,979	390,572	0.4%
Automotive	96,282	89,773	7.3%	377,632	375,566	0.6%
Hydraulics	4,126	3,796	8.7%	14,347	15,006	-4.4%
Total sales volume	122,685	117,003	4.9%	490,504	509,218	-3.7%

Our sales volume rose by 4.9% year-over-year in 4Q16, mainly due to the following factors:

- Increase of 7.3% in sales to the automotive segment in the foreign market, due to the growth in demand in all segments and the ramp-up of new projects;
- Reduction of 6.0% in the automotive segment sales volume in the domestic market, caused by the fall of the commercial vehicle market in relation to the same period of the previous year, as well as by the unfavorable comparison basis, due to specific sales made to a client in 4Q15.

The automotive product portfolio was comprised of 21% of partly/fully machined products (vs. 19% in 4Q15). The breakdown of automotive products by type of material shows that CGI (Compacted Graphite Iron) accounted for 14% of total sales (vs. 16% in 4Q15). Sales fell year-over-year due to the change in client mix and the increase in the volume of products made of gray or nodular iron.



 REVENUE

Revenue dropped by 10.3% year-over-year in 4Q16.

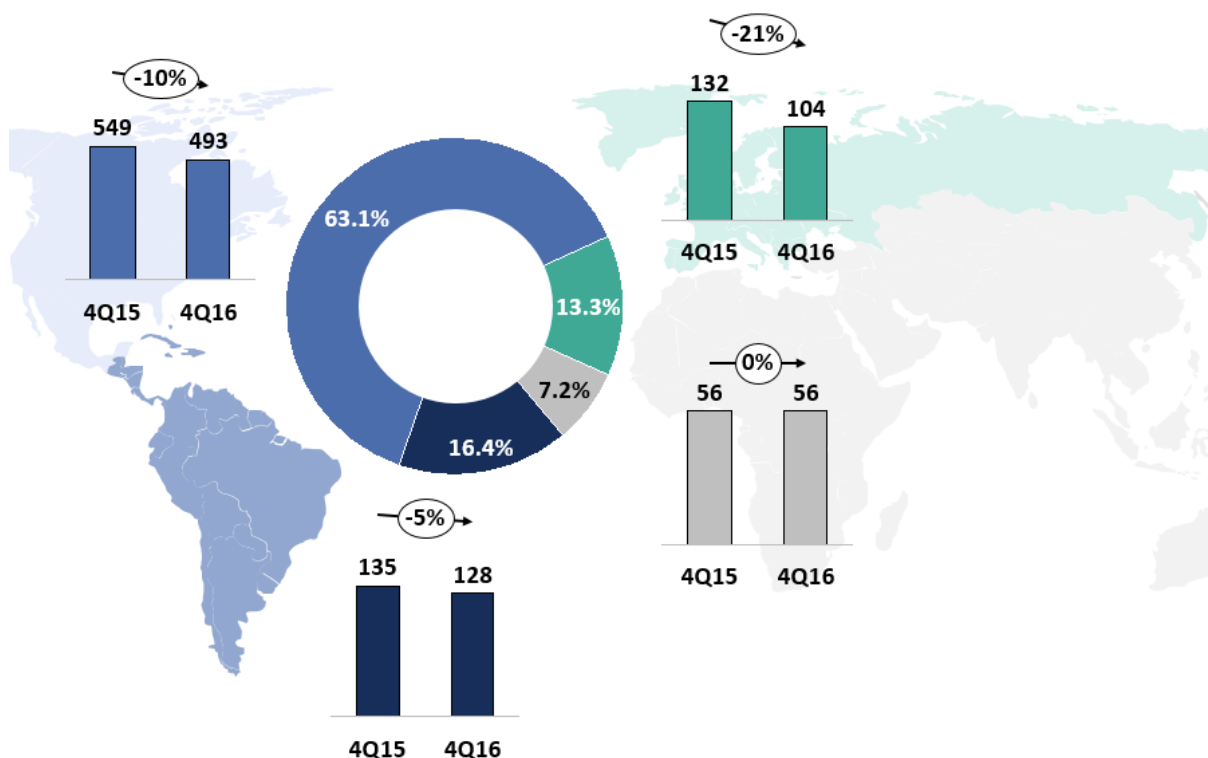
In the domestic market, revenues fell by 1.7%, due to a 21.8% drop in revenues from the sale of components for commercial vehicles, which was partially offset by the growth in revenue from products for passenger cars and off-road vehicles (increases of 23.4% and 14.8%, respectively).

In the foreign market, net revenue fell by 11.8%. Although there was a 7.3% increase in sales volume (tonnes) to the automotive segment, this result was impacted by the 15.3% rise of the BRL against the USD (average exchange rate of R\$3.28 in 4Q16 vs. R\$3.87 in 4Q15).

Consolidated (R\$ thousand)						
	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
Revenue by market	781,739	871,922	-10.3%	3,255,310	3,426,996	-5.0%
Domestic market	120,881	122,929	-1.7%	544,776	621,655	-12.4%
<i>% share</i>	15.5%	14.1%		16.7%	18.1%	
Foreign market	660,858	748,993	-11.8%	2,710,534	2,805,341	-3.4%
<i>% share</i>	84.5%	85.9%		83.3%	81.9%	
Revenues by segment	781,739	871,922	-10.3%	3,255,310	3,426,996	-5.0%
Automotive	732,297	818,021	-10.5%	3,056,651	3,216,494	-5.0%
<i>% share</i>	93.7%	93.8%		93.9%	93.9%	
Hydraulics	49,442	53,901	-8.3%	198,659	210,502	-5.6%
<i>% share</i>	6.3%	6.2%		6.1%	6.1%	

Revenue by market and performance in the period

In 4Q16, 63.1% of revenues came from North America. In turn, South and Central America accounted for 16.4% and Europe for 13.3% whereas the remaining 7.2% came from Asia, Africa and Oceania.

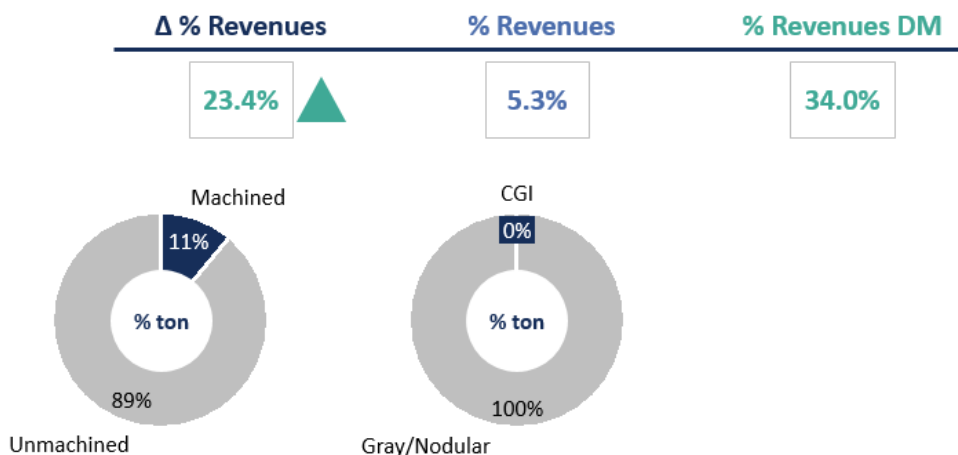


Consolidated (R\$ thousand)						
	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
Revenues	781,739	871,922	-10,3%	3,255,310	3,426,996	-5,0%
Domestic market	120,881	122,929	-1,7%	544,776	621,655	-12,4%
Automotive	91,845	94,534	-2,8%	424,402	494,998	-14,3%
Passenger car	41,093	33,300	23,4%	159,714	181,908	-12,2%
Commercial vehicles	41,727	53,373	-21,8%	212,268	260,953	-18,7%
Off-road	9,025	7,862	14,8%	52,420	52,137	0,5%
Hydraulics	29,036	28,395	2,3%	120,374	126,657	-5,0%
Foreign market	660,858	748,993	-11,8%	2,710,535	2,805,341	-3,4%
Automotive	640,453	723,487	-11,5%	2,632,250	2,721,496	-3,3%
Passenger car	104,420	125,568	-16,8%	510,608	472,406	8,1%
Light commercial vehicles	241,288	274,868	-12,2%	958,955	964,006	-0,5%
Medium and heavy comercial vehicles	133,952	145,295	-7,8%	486,045	536,063	-9,3%
Off-road	160,793	177,757	-9,5%	676,642	749,022	-9,7%
Hydraulics	20,405	25,506	-20,0%	78,285	83,845	-6,6%

Note: in some cases, the same Tupy product is applied to passenger cars and commercial vehicles, or to commercial and off-road vehicles. As a result, it is not possible to determine its segment precisely. That is why the breakdown of sales by segment is based on assumptions considering our best inference.

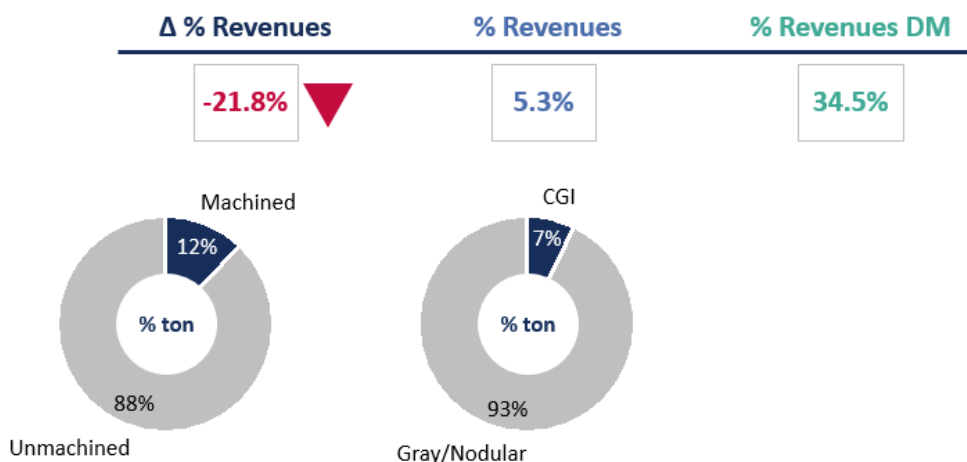
DOMESTIC MARKET (DM)

Passenger cars



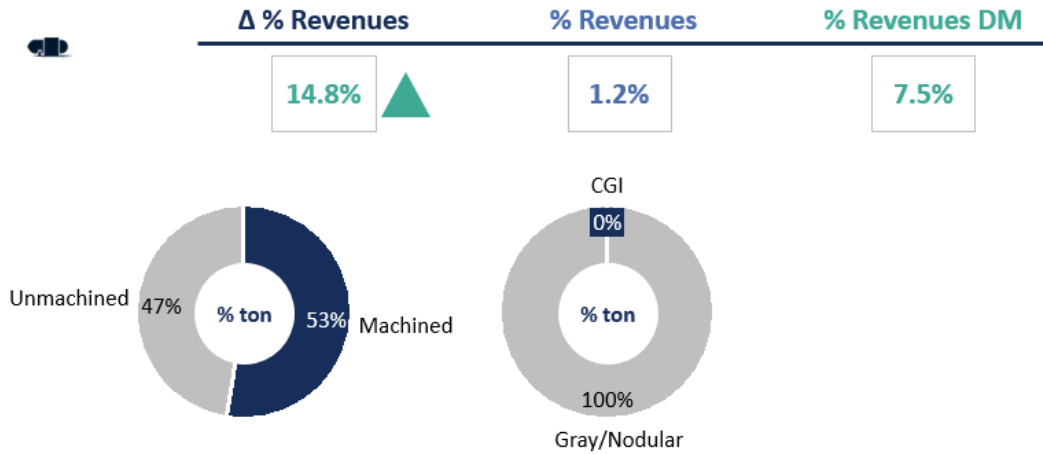
Even though the market shrank, revenues from sales of components for passenger cars rose by 23.4% year-over-year in 4Q16. This increase resulted from specific opportunities (indirect exports), the expansion of some projects and a more favorable product mix.

Commercial Vehicles



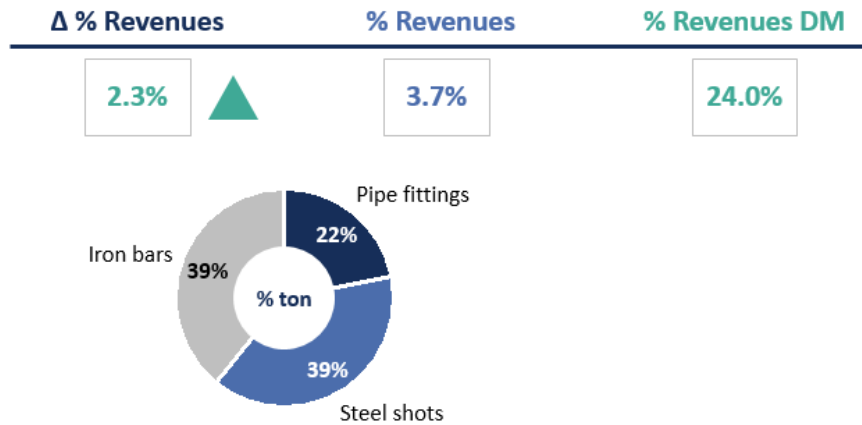
The drop in performance in the main industries having a high demand for freight (retail, manufacturing, civil construction and farming) hurt the sales of commercial vehicles in Brazil. In addition, the comparative basis was impacted by spot sales in 4Q15, resulting in a 21.8% decrease in commercial vehicle sales revenues in 4Q16.

Off-road



The farming machinery market is reacting in Brazil. In line with the current trend, Tupy's off-road revenues shot up by 14.8% in 4Q16, driven by the phase-in of new products and a smaller comparative basis in 4Q15.

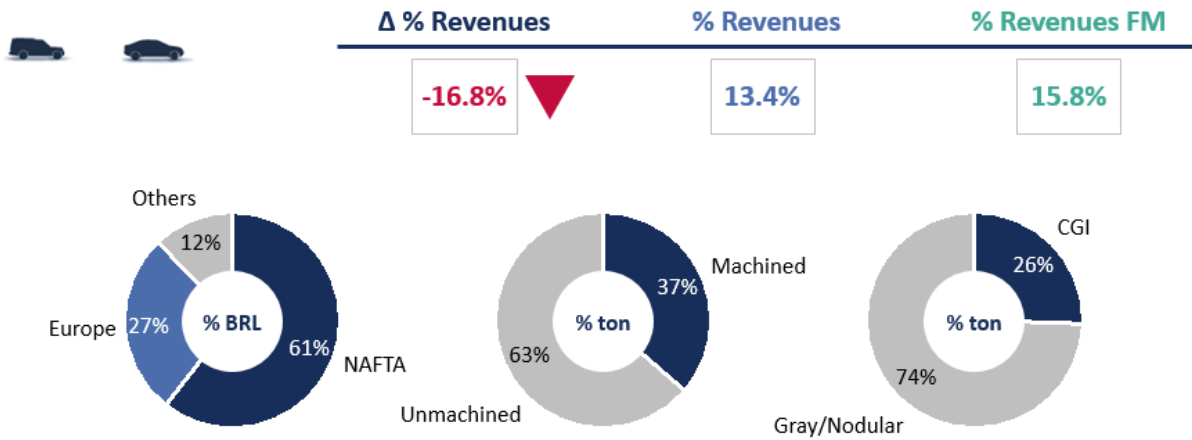
Hydraulics



During the last quarter of 2016, sales revenues in the hydraulics segment, considering pipe fittings, shots and continuous cast bars, grew by 2.3% over the same period of 2015.

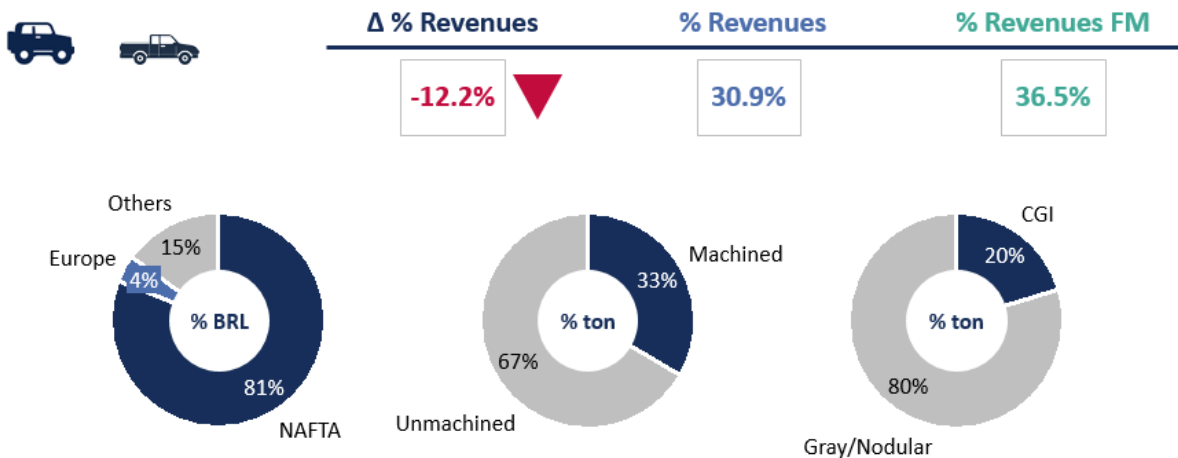
FOREIGN MARKETS (FM)

Passenger Cars



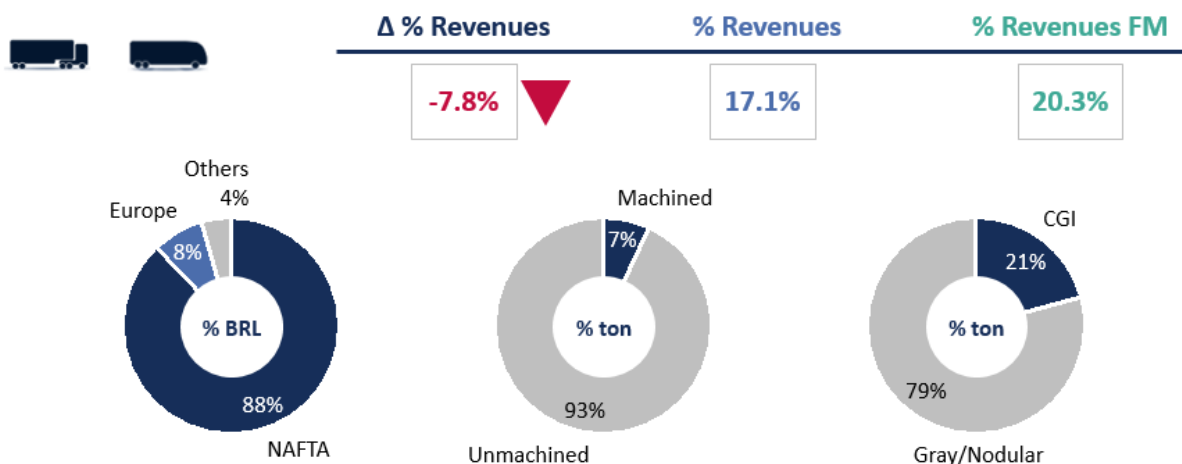
Regardless of the ramp-up of new projects destined for the American market, the revenue from passenger car products decreased by 16.8%, due to the strong rise of the BRL when compared to the same period of the previous year.

Light Commercial Vehicles



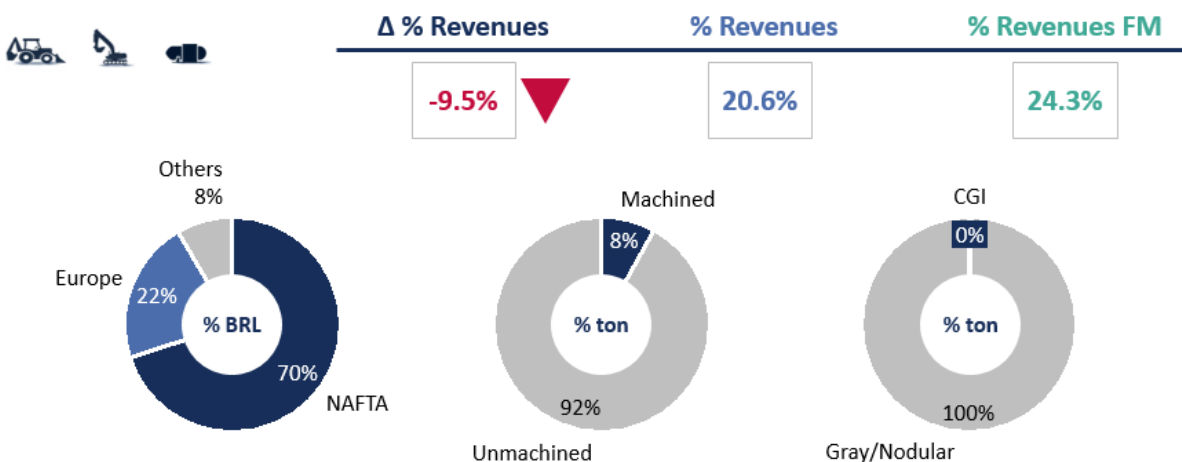
Light commercial vehicle sales were positively impacted in the period by growth in demand in the North American market, as well as by the ramp-up of new projects and the construction of an inventory build-up by a customer. However, revenue was negatively impacted by the strong rise of the BRL compared to the same period of the previous year.

Medium and Heavy Commercial Vehicles



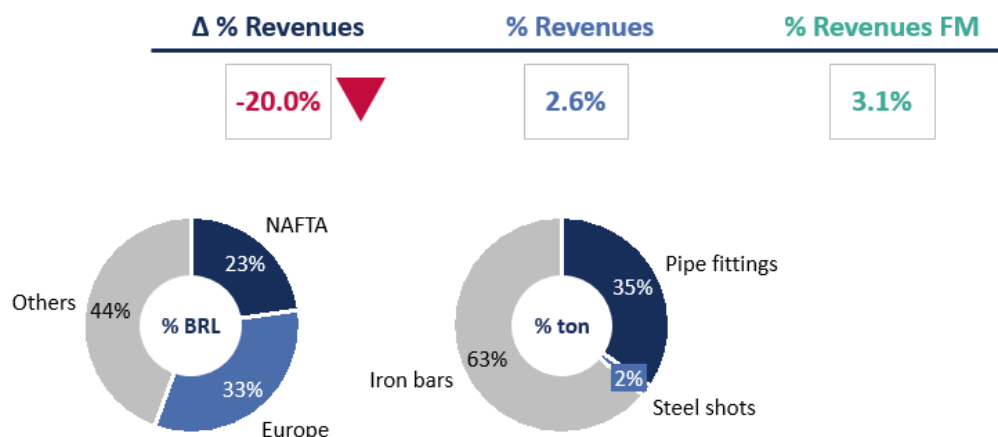
The fall in revenue was due to the rise of the BRL, since there was an increase in sales volume in this segment when compared to 4Q15. This growth is related to a higher share in the portfolio of a customer, earlier sales for inventory build-up and specific volume recoveries.

Off-road



The long-term demand and current main commodity prices helped make customers cautious about investing in heavy machinery – especially in the mining, oil & gas and heavy construction industries. However, despite these effects, off-road sales in 4Q16 recorded growth in comparison to the same period of 2015, due to the build-up of inventory by some customers, as well as to the moderate recovery of demand against rather small bases in 2015. However, revenue was impacted by the rise of the BRL in 4Q16, which caused a 9.5% fall in the annual comparison (2016 vs. 2015).

Hydraulics



In 4Q16, sales volume of pipe fittings, shots and continuous cast bars rose by 8.7%. However, net revenues in this segment fell by 20.0% mainly due to the rise of the BRL against the USD.

COST OF GOODS SOLD AND OPERATING EXPENSES

The cost of goods sold (CoGS) amounted to R\$681.6 million in 4Q16, 5.3% down on 4Q15, with gross margin of 12.8%. In 2016, CoGS totaled R\$2,790.5 million, with 14.3% gross margin.

	Consolidated (R\$ thousand)					
	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
Revenues	781,739	871,922	-10.3%	3,255,310	3,426,996	-5.0%
Cost of goods sold	(681,581)	(719,586)	-5.3%	(2,790,511)	(2,776,855)	0.5%
Raw-material	(330,227)	(350,507)	-5.8%	(1,365,240)	(1,395,305)	-2.2%
Labor and profit sharing	(144,229)	(174,490)	-17.3%	(601,710)	(649,178)	-7.3%
Energy	(45,561)	(38,188)	19.3%	(199,520)	(179,735)	11.0%
Maintenance materials	(66,111)	(59,857)	10.4%	(280,684)	(227,206)	23.5%
Depreciation	(53,182)	(54,076)	-1.7%	(208,583)	(194,764)	7.1%
Others	(42,271)	(42,468)	-0.5%	(134,774)	(130,667)	3.1%
Gross profit	100,158	152,336	-34.3%	464,799	650,141	-28.5%
<i>% on revenues</i>	<i>12.8%</i>	<i>17.5%</i>		<i>14.3%</i>	<i>19.0%</i>	
Operating expenses	(68,079)	(72,005)	-5.5%	(266,959)	(255,720)	4.4%

The changes in COGS between 2015 and 2016 were mainly due to:

- A 5.8% drop in raw material costs owing to the implementation of efficiency gain measures and the rise of the BRL against the USD;
- A 17.3% drop in labor costs and profit sharing due to measures aimed at optimizing our structure, the depreciation of the Mexican peso and the changes in our profit sharing program;

RELEASE

- Increase of 19.3% in energy expenses, due to the higher volume produced, the increase in generation/transmission costs and an unfavorable comparison basis, given the reversal of the provision made in 4Q15 in Mexico's operations;
- Maintenance material costs and consumption rose by 10.4% mainly due to increased production of more complex blocks in Mexico, which required us to make specific adjustments in the performance of Finishing and Core Making equipment;
- 1.7% lower depreciation costs (with no effect on cash);
- Other costs decreased by 0.5%, and the effect of inflation on service was mitigated by cost reduction initiatives.

Operating expenses fell by 5.5% primarily due to lower personnel expenses and contract reviews. In 2016, expenses totaled R\$266.9 million, up 4.4% year-over-year.

In 4Q16, we conducted a number of actions aimed at reducing costs and achieving greater operational efficiency as of 2017, resulting in non-recurring costs in the amount of R\$16.9 million in the period, of which we highlight:

- Reduction in our operational (direct and indirect personnel, as well as the outsourcing of activities) and administrative structure, as well as in our statutory management: R\$9.1 million;
- Optimization of the production process: R\$4.2 million;
- Other costs: R\$3.6 million.

OTHER NET OPERATING EXPENSES

Other net operating expenses amounted to R\$68.5 million in 4Q16, versus R\$10.5 million in 4Q15. Such increase resulted from the constitution of provisions.

	Consolidated (R\$ thousand)					
	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
Depreciation of non-operating assets	(181)	(397)	-54.4%	(1,208)	(2,099)	-42.4%
Amortization of intangible assets	(17,468)	(18,099)	-3.5%	(73,517)	(72,189)	1.8%
Others*	(50,847)	8,018	-	(79,292)	2,088	-
Other net operating expenses	(68,496)	(10,478)	553.7%	(154,017)	(72,200)	113.3%

* Includes constitution/adjustment of provisions, write off of PP&E and results from the sale of unserviceable assets

Other net operating expenses reached R\$154.0 million in 2016, and the increase in relation to the previous year was primarily due to the effects from 4Q16.

IMPAIRMENT OF PP&E AND INTANGIBLE ASSETS (WITH NO EFFECT ON CASH)

	Consolidated (R\$ thousand)					
	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
Impairment of PP&E	(84,760)	-	-	(84,760)	-	-
Impairment of intangible assets	(143,726)	-	-	(143,726)	-	-
Total	(228,486)	-	-	(228,486)	-	-

In order to optimizing the manufacturing plant and consequently reducing operating costs, due to the reduction of demand in the domestic market in the automotive segment and revision of the future plans of the operation, the Company is in the process of deactivating part of the industrial park, for an indefinite period. As a result, on December 31, 2016, the Company recorded a provision for loss of these assets in the amount of R\$ 84.8 million, with no impact on cash.

Company recognizes as intangible asset the contractual relationship, which aroused from the acquisition of plants placed in Mexico in 2012. The asset value was calculated based on the minimum estimate of customer portfolio maintenance, taking the sales volumes of periods prior to the acquisition and the market perspectives existing at the time into consideration.

The aggregate of the customer portfolios that compose the contractual relationship presents, and projects in the long term, volumes and profitability significantly higher than the initial recognition of the asset, which make the profitability of the plants reach the appropriate level.

However, considering that the intangible asset was recognized by each portfolio, and according to IFRS is not allowed compensation between them, at the end of 2014, individual analysis was made and we experienced a decrease in the demand of some customers when compared with the originally projected volumes at the time of acquisition, mainly in mining and agricultural markets, resulting in impairment. During 2016, the new recoverable amount established by the impairment test in 2014 did not materialize. Because of that, the Company performed a new impairment resulting in the recognition of adjustment in the amount of R\$143.8, with no cash effect.

NET FINANCIAL INCOME/LOSS

The Company recorded a net financial loss of R\$6.7 million in 4Q16, vs. net financial loss of R\$22.3 million in 4Q15.

	Consolidated (R\$ thousand)					
	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
Financial expenses	(59,562)	(45,428)	31.1%	(179,379)	(155,261)	15.5%
Financial income	32,305	26,858	20.3%	136,118	113,871	19.5%
Net monetary and exchange variation	20,601	(3,703)	-	(9,072)	55,973	-
Net financial result	(6,656)	(22,273)	-70.1%	(52,333)	14,583	-

In spite of reclassifications between accounts realized in 4Q16, the significant drop in net financial loss is mainly due to the impact of monetary and exchange changes, especially the depreciation of the BRL and the MXN in 4Q16.

▽ EARNINGS BEFORE TAXES AND NET INCOME

	Consolidated (R\$ thousand)					
	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
Net income before income taxes	(271,559)	47,580	-	(236,996)	336,804	-
Tax effects before foreign exchange impacts	102,084	(5,669)	-	84,419	(83,772)	-
<i>Tax rate before foreign Exchange effects</i>	<i>-38%</i>	<i>12%</i>		<i>36%</i>	<i>-25%</i>	
Net income before foreign exchange effects on tax base	(169,475)	41,911	-	(152,577)	253,032	-
Foreign exchange effects on tax base	(9,509)	(4,152)	129.0%	(28,878)	(32,906)	-12.2%
Net income	(178,984)	37,759	-	(181,455)	220,126	-
<i>% on revenues</i>	<i>-22.9%</i>	<i>4.3%</i>		<i>-5.6%</i>	<i>6.4%</i>	

The tax effects before exchange impacts came to R\$102.1 million, resulting from the difference in revenue at the rate of (34%) on the loss before tax effects and the effects of permanent additions/exclusions, with emphasis on the deductibility of the distribution 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). There was a decrease of R\$9.5 million in the translation into the functional currency (USD) due to the depreciation of the MXN against the USD during 4Q16.

The net effect was loss of R\$179.0 million in 4Q16, or 22.9% of the Company's revenues. In 2016, Tupy recorded a net loss of R\$181.5 million, or 5.6% of its total revenues in the period.

▽ EBITDA

The combination of the factors described above resulted in adjusted EBITDA of R\$88.2 million in 4Q16, with 11.3% margin on revenue. Adjusted EBITDA in 2016 amounted to R\$418.4 million, 29.8% down on 2015.

RECONCILIATION OF NET INCOME TO EBITDA	Consolidated (R\$ thousand)					
	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
Net income	(178,984)	37,759	-	(181,455)	220,126	-
(+) Net financial result	6,656	22,273	-70.1%	52,333	(14,583)	-
(+) Income tax and social contribution	(92,575)	9,821	-	(55,541)	116,678	-
(+) Depreciation, amortization and impairment	302,300	76,456	295.4%	523,791	275,980	89.8%
EBITDA (acc. to Inst. CVM 527/12)	37,397	146,309	-74.4%	339,128	598,201	-43.3%
<i>% on revenues</i>	<i>4.8%</i>	<i>16.8%</i>		<i>10.4%</i>	<i>17.5%</i>	
(+) Other net operating expenses(*)	50,847	(8,018)	-	79,292	(2,088)	-
Adjusted EBITDA	88,244	138,291	-36.2%	418,420	596,113	-29.8%
<i>% on revenues</i>	<i>11.3%</i>	<i>15.9%</i>		<i>12.9%</i>	<i>17.4%</i>	

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

Excluding the effect of restructuring costs in 4Q16, Adjusted EBITDA for the period would be R\$105.1 million, corresponding to a net margin of 13.4%.

INVESTMENTS IN PP&E AND INTANGIBLE ASSETS

We invested R\$30.4 million in PP&E and intangible assets in 4Q16, down 21.7% year-over-year.

	Consolidated (R\$ thousand)					
	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
PP&E						
Strategic investments	4,497	4,319	4.1%	20,046	42,931	-53.3%
Maintenance and sustenance	20,493	29,555	-30.7%	97,829	79,364	23.3%
Environment	546	869	-37.2%	3,343	11,718	-71.5%
Interest and financial expenses	643	1,503	-57.2%	2,960	3,388	-12.6%
Intangible assets						
Software	4,215	2,591	62.7%	7,368	18,344	-59.8%
Total	30,394	38,837	-21.7%	131,546	155,745	-15.5%

In 2016, our investments totaled R\$131.5 million, 15.5% down on 2015, in line with our investment plan and strategy to increase our return on invested capital.

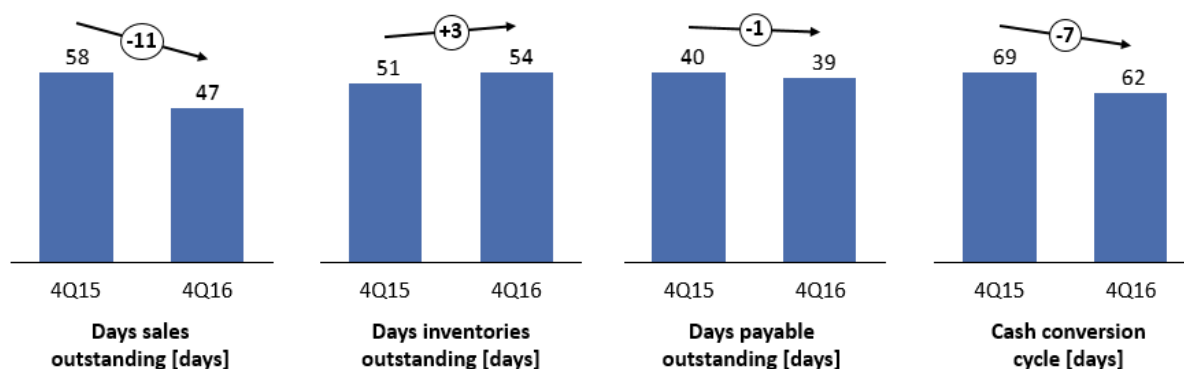
WORKING CAPITAL

	Consolidated (R\$ thousand)		
	4Q16	3Q16	2Q16
Balance sheet			
Accounts receivable	418,963	455,013	445,242
Inventories	409,713	371,830	311,663
Accounts payable	302,497	301,855	315,768
Sales outstanding [days]	47	50	47
Inventories outstanding [days]	54	48	40
Payable outstanding [days]	39	38	41
Cash conversion cycle [days]	62	60	46

The main components of working capital performed as follows in relation to 3Q16:

- There was a drop of R\$36.1 million (corresponding to 3 days' sales in accounts receivable) mainly due to receivables from tool sales and other client accounts;
- Inventories increased by R\$37.9 million (corresponding to 6 days' costs of sold goods), mainly due to the build-up of the safety inventory due to the change in processes aimed at increasing operational efficiency;
- Our payable period increased by one day, and the increase in sales volume – a result of the aforementioned inventory build-up and the holiday shutdown of suppliers – was mitigated by the establishment of a new payment policy.

Compared to the same period of the previous year (4Q15), we continue to significantly improve our working capital and cash conversion, as shown below:



CASH FLOW

CASH FLOW SUMMARY	Consolidated (R\$ thousand)					
	4Q16	4Q15	Var. [%]	2016	2015	Var. [%]
Cash and equivalents at the beginning of the period	1,189,883	1,304,261	-8.8%	1,524,622	1,336,916	14.0%
Cash flow from operating activities	118,295	214,079	-44.7%	280,299	490,825	-42.9%
Cash flow from investment activities	(29,367)	(42,202)	-30.4%	(124,582)	(158,542)	-21.4%
Cash flow from financing activities	(75,973)	72,969	-	(394,271)	(338,216)	16.6%
Effect of exchange variation on cash	1,092	(24,485)	-	(82,128)	193,639	-
Increase (decrease) in cash	14,057	220,361	-93.6%	(320,682)	187,706	-
Cash and equivalents at the end of the period	1,203,940	1,524,622	-21.0%	1,203,940	1,524,622	-21.0%

The Company's operating activities totaled R\$118.3 million in 4Q16 whereas they provided R\$214.1 million in 4Q15. This performance is mainly connected with the year-over-year drop in operating income before the payment of income tax and social contribution versus 4Q15.

Investing activities used R\$29.4 million in 4Q16, a drop of 30.4% year-over-year.

Cash from financing activities decreased by R\$76.0 million in 4Q16, a net decrease of R\$35.0 million and R\$41.0 million paid as interest on equity.

The combination of those factors and the effect of exchange rate changes resulted in a R\$14.0 million increase in cash and equivalents in 4Q16, which stood at R\$1,203.9 million on 12/31/2016.

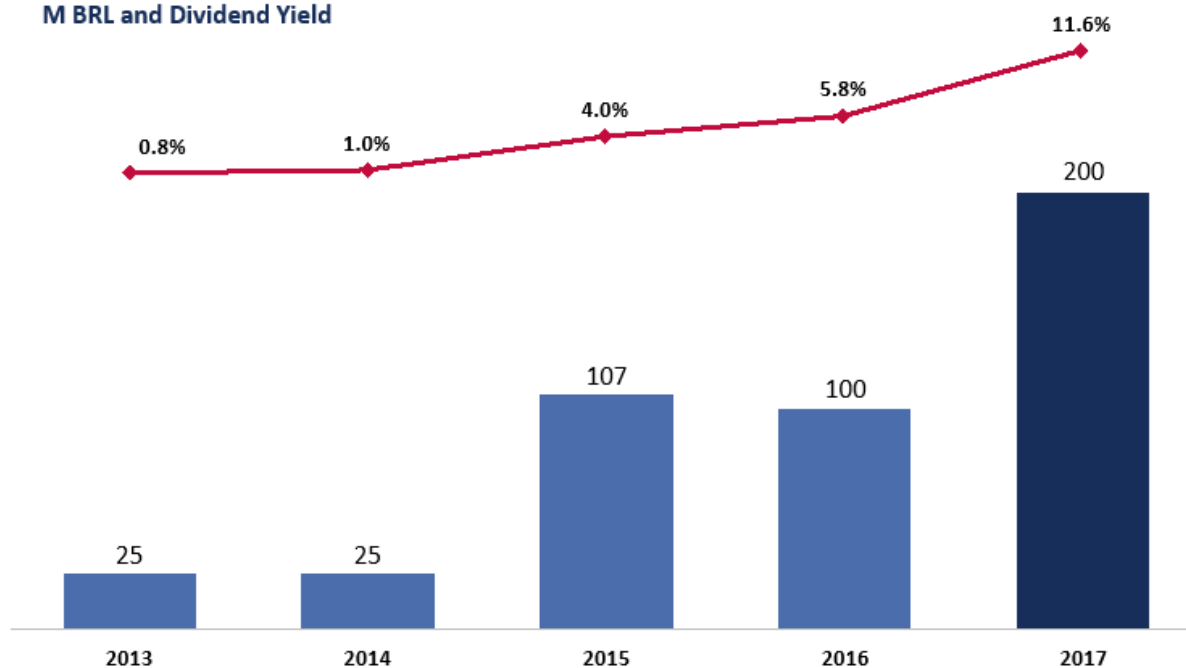
PAYMENT OF INTEREST ON EQUITY

On November 29, 2016, the Company paid interest on equity to its shareholders in the gross amount of R\$41.0 million. The addition of this amount to payments previously made in August and R\$16.0 million to be paid in April 2017 totaled R\$100.4 million paid as interest on equity for the fiscal year ended 12/31/2016.

Given the Company's consistent cash generation, on 03/28/2017, the Board of Directors approved paying R\$200.0 million as distribution of dividends and interest on equity for the fiscal year of 2017, and this payment will be made in four quarterly installments.

This initiative reinforces our strategy of optimizing our capital structure and the return to shareholders, as shown below:

Interest on capital and Dividends M BRL and Dividend Yield



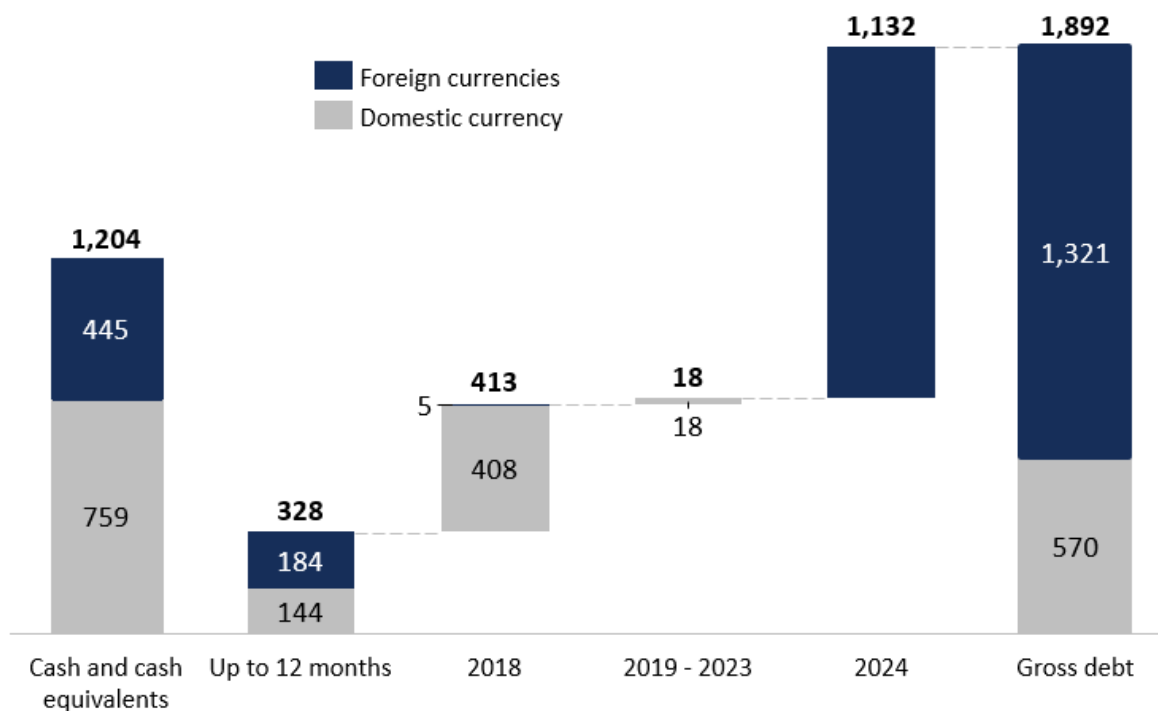
Dividend Yield in 2016 and 2017 based on the last prices in 2016

DEBT

At the close of 4Q16, the Company's net debt amounted to R\$687.6 million; i.e., the net debt/adjusted EBITDA ratio in the last 12 months stood at 1.64. Obligations in foreign currency accounted for 70% of total obligations (56% of short-term debt and 73% of long-term debt) whereas 30% of our debt is denominated in BRL (44% of short-term and 27% of long-term debt). Regarding cash, 63% of it is denominated in BRL and 37% in foreign currency.

INDEBTEDNESS	Consolidated (R\$ thousand)		
	4Q16	3Q16	2Q16
Short term	328,377	284,989	227,648
Long term	1,563,179	1,619,571	1,647,103
Gross debt	1,891,556	1,904,560	1,874,751
Cash and cash equivalents	1,203,940	1,189,883	1,237,064
Financial investments	-	-	-
Net debt	687,616	714,677	637,687
Gross debt/Adjusted EBITDA	4.52x	4.07x	3.71x
Net debt/Adjusted EBITDA	1.64x	1.53x	1.26x

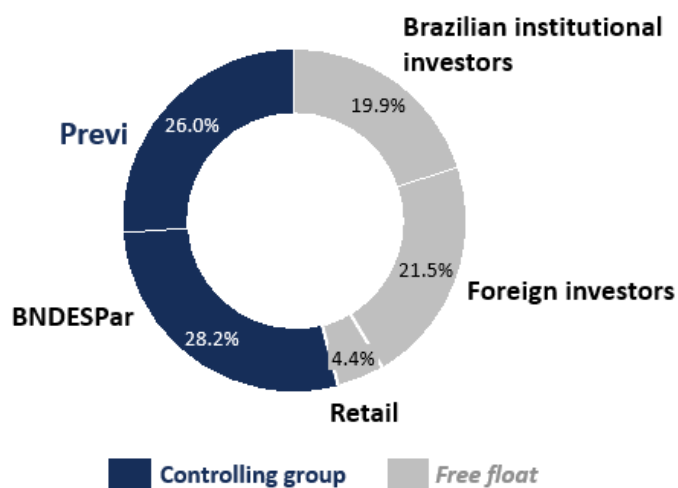
Our current debt is broken down as follows:



All amounts in BRL million.

OWNERSHIP STRUCTURE

On December 31, 2016, Tupy's shareholder structure was broken down as follows:



The Company is subject to the rules of the Novo Mercado Arbitration Chamber, pursuant to Article 60 of its Bylaws.

* * *

Attachment I – Light vehicles production and sales in Brazil

	(Units)					
	4Q16	4Q15	Var. (%)	2016	2015	Var. (%)
Production						
Passenger cars	497,931	436,896	14.0%	1,778,517	2,017,639	-11.9%
Light commercial	76,513	68,585	11.6%	299,547	316,222	-5.3%
Light vehicles	574,444	505,481	13.6%	2,078,064	2,333,861	-11.0%
Sales						
Passenger cars	406,135	442,655	-8.3%	1,488,110	1,786,956	-16.7%
Light commercial	59,152	58,002	2.0%	232,230	280,654	-17.3%
Light vehicles	465,287	500,657	-7.1%	1,720,340	2,067,610	-16.8%
Exports						
Passenger cars	125,581	91,111	37.8%	410,153	316,537	29.6%
Light commercial	22,032	23,818	-7.5%	78,903	72,486	8.9%
Light vehicles	147,613	114,929	28.4%	489,056	389,023	25.7%

Source: ANFAVEA

Attachment II – Commercial vehicles production and sales in Brazil

(Units)

	4Q16	4Q15	Var. (%)	2016	2015	Var. (%)
Production						
Trucks						
Semi-light	315	500	-37.0%	2,185	1,803	21.2%
Light	4,029	4,626	-12.9%	16,474	20,129	-18.2%
Medium	411	913	-55.0%	3,229	4,345	-25.7%
Semi-heavy	4,212	4,070	3.5%	17,397	26,848	-35.2%
Heavy	5,254	4,622	13.7%	21,319	20,937	1.8%
Total trucks	14,221	14,731	-3.5%	60,604	74,062	-18.2%
Buses	4,229	2,818	50.1%	18,711	21,498	-13.0%
Commercial vehicles	18,450	17,549	5.1%	79,315	95,560	-17.0%

Sales						
Trucks						
Semi-light	487	538	-9.5%	1,983	2,566	-22.7%
Light	3,020	4,149	-27.2%	13,100	19,277	-32.0%
Medium	994	1,501	-33.8%	4,218	6,964	-39.4%
Semi-heavy	3,467	4,827	-28.2%	14,457	22,917	-36.9%
Heavy	3,287	4,735	-30.6%	14,987	18,502	-19.0%
Total trucks	11,255	15,750	-28.5%	48,745	70,226	-30.6%
Buses	1,859	3,068	-39.4%	11,154	16,782	-33.5%
Commercial vehicles	13,114	18,818	-30.3%	59,899	87,008	-31.2%

Export						
Trucks						
Semi-light	161	427	-62.3%	668	1,661	-59.8%
Light	1,386	1,286	7.8%	5,240	4,352	20.4%
Medium	272	204	33.3%	944	908	4.0%
Semi-heavy	2,024	1,454	39.2%	6,220	6,368	-2.3%
Heavy	2,370	2,241	5.8%	8,398	7,695	9.1%
Total trucks	6,213	5,612	10.7%	21,470	20,984	2.3%
Buses	2,776	2,107	31.8%	9,760	7,325	33.2%
Commercial vehicles	8,989	7,719	16.5%	31,230	28,309	10.3%

Source: ANFAVEA

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

(Units)

	4Q16	4Q15	Var, (%)	2016	2015	Var, (%)
North America						
Production/Factory Shipments						
Passenger cars	1,685,590	1,658,888	1.6%	6,909,579	7,043,615	-1.9%
Light commercial vehicles – Class 1-3	2,759,879	2,620,900	5.3%	11,146,222	10,635,735	4.8%
Light Duty - Class 4-5	16,896	15,405	9.7%	66,192	55,809	18.6%
Medium Duty - Class 6-7	29,078	30,113	-3.4%	133,161	129,902	2.5%
Heavy Duty - Class 8	47,821	70,615	-32.3%	229,371	315,552	-27.3%
Medium & Heavy Duty ¹	93,795	116,133	-19.2%	428,724	501,263	-14.5%
United States						
Sales						
Passenger cars	1,619,677	1,770,305	-8.5%	6,893,078	7,566,668	-8.9%
Light commercial vehicles – Class 1-3	2,818,047	2,655,752	6.1%	10,645,974	9,916,173	7.4%
Light Duty - Class 4-5	34,003	32,540	4.5%	124,928	114,618	9.0%
Medium Duty - Class 6-7	28,771	30,657	-6.2%	121,093	113,920	6.3%
Heavy Duty - Class 8	43,217	59,278	-27.1%	192,775	248,890	-22.5%
Medium & Heavy Duty ¹	105,991	122,475	-13.5%	438,796	477,428	-8.1%
Europe						
Sales						
Passenger cars	3,396,777	3,300,847	2.9%	14,641,356	13,713,800	6.8%

Source: Automotive News; Bloomberg; ACEA

¹Note: 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)

	4Q16	4Q15	Var, (%)	2016	2015	Var, (%)
Production						
Americas						
Brazil	17,199	9,604	79.1%	53,017	55,262	-4.1%
Sales						
Americas						
Brazil	12,476	8,209	52.0%	42,839	44,995	-4.8%
United States and Canada	56,781	54,927	3.4%	239,123	236,790	1.0%
Europe						
Germany	6,855	9,837	-30.3%	37,722	40,184	-6.1%
France	8,332	11,622	-28.3%	31,758	33,854	-6.2%
United Kingdom	2,217	2,050	8.1%	10,602	10,842	-2.2%

Source: ANFAVEA; Bloomberg; AEM; AXEMA