

(A free translation of the original in Portuguese)



Earnings Release - 2Q16 and 1H16

- Net revenue increased by 5.9% in 1H16 totaling R\$ 232.6 million against R\$ 219.7 million in 1H15
- Four new products were launched in 1H16

Conference Call

In Portuguese with simultaneous translation into English

August 10, 2016

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Earnings Release - 2Q16 and 1H16

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Earnings Release - 2Q16 and 1H16

Cravinhos, August 9, 2016 – Ouro Fino Saúde Animal Participações S.A. (“Company” or “Ourofino”) (BM&FBovespa: OFSA3), which is mainly engaged in the research, development, production and sale of veterinary drugs, vaccines and other products for production and companion animals, announces its financial results for the period ended June 30, 2016 (2Q16 and 1H16).

Message from Management

During the second quarter, the Company continued to implement its strategic projects and to take actions with the objective of regaining its historical profitability levels. Our revenues from the segments of companion animals and international operations had a significant increase, whereas the segment of production animals underwent a decrease. In this context, consolidated net revenue in 2Q16 was R\$ 134.6 million, an increase of 1.4% in comparison with 2Q15. Net revenue increased by 5.9% in 1H16, and reached R\$ 232.6 million.

As regards production animals, there was an increase in the line of pharmaceutical products for cattle, but adverse conditions in the markets of vaccine against foot-and-mouth disease and poultry and pig products resulted in a decrease in the net revenue for the segment. Nevertheless, we remain confident in the strong fundamentals of the market and believe that the marketing situations involving the vaccine against foot-and-mouth disease and products for poultry and pigs tend to improve in the coming periods.

As for the companion animals segment, despite being more sensitive to the macroeconomic situation, the expansion in this portfolio contributed to a significant growth in the quarter and related reversal of the decline observed in 1Q16.

With respect to international operations, the strategic actions aiming at increasing our presence in the markets of Mexico and Colombia, which accounted for more than half of our exports, have been successful and boosted the significant growth in this segment.

In line with planning and investments in research and development, we launched two important products in the quarter. One of them was Evol, an endectocide created from an unprecedented partnership between albendazole sulfoxide and ivermectin, designed to tackle external and internal parasites with ovicidal action in production animals, which has had great market acceptance. The other one was Nulli, an analgesic for dogs and cats, recommended for clinical and surgical use and designed to control acute and chronic pain. Considering these two new products, we had four launches in 2016.

Our activities focusing on portfolio expansion have been very intense, with several opportunities being developed by our R&D department together with the new business’ team. The construction of our new plant and the development of biological products have been proceeding as planned.

Over the past quarters, we observed a reduction in our profitability and historical margins, which has made us redouble our efforts to reduce costs and improve our operational efficiency. As a result, we believe we will experience a recovery in the 2nd half of the year, which is also our highest sales period.

We remain confident in the success of our strategic planning and growth and business performance fundamentals, and will continue to invest in the Company's sustainable development, focused on creating value for our stockholders.

Dolivar Coraucci Neto
CEO

Kleber Gomes
CFO and IRO



Earnings Release - 2Q16 and 1H16

Financial Performance

R\$ million	2Q15	2Q16	Variation %	1H15	1H16	Variation %
Net revenue	132.7	134.6	1.4%	219.7	232.6	5.9%
Cost of sales	(59.9)	(65.6)	9.5%	(95.6)	(111.5)	16.6%
Gross profit	72.8	69.0	-5.2%	124.1	121.1	-2.4%
<i>(gross margin)</i>	54.9%	51.3%	-3.6 p.p.	56.5%	52.1%	-4.4 p.p.
Expenses*	(49.7)	(54.4)	9.5%	(91.4)	(105.1)	15.0%
Operating profit	23.1	14.6	-36.8%	32.7	16.0	-51.1%
<i>(operating margin)</i>	17.4%	10.8%	-6.6 p.p.	14.9%	6.9%	-8.0 p.p.
Finance result, net	(1.8)	(6.8)	277.8%	(2.5)	(11.4)	356.0%
Income tax and social contribution*	(2.4)	(1.5)	-37.5%	(3.8)	(0.1)	-97.4%
Adjusted profit (loss)	18.9	6.3	-66.7%	26.4	4.5	-83.0%
<i>(adjusted profit (loss) margin)</i>	14.2%	4.7%	-9.5 p.p.	12.0%	1.9%	-10.1 p.p.
Adjusted EBITDA	28.0	20.2	-27.9%	42.0	26.8	-36.2%
<i>(adjusted EBITDA margin)</i>	21.1%	15.0%	-6.1 p.p.	19.1%	11.5%	-7.6 p.p.

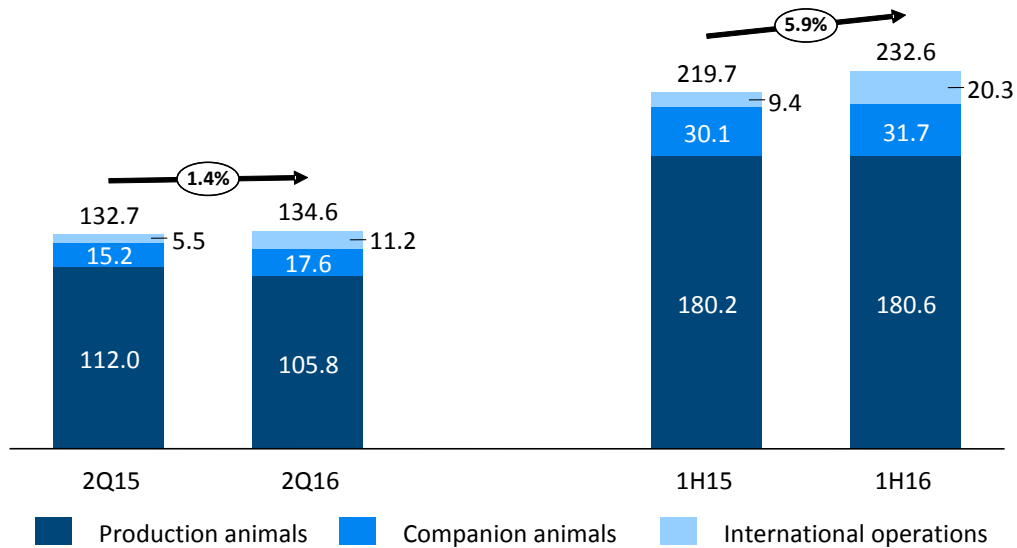
(*) Not including non-recurring expenses (provision for impairment of trade receivables of Venezuela and termination of statutory officer) and their related tax effects.

Net Revenue

R\$ million	2Q15	2Q16	Variation %	1H15	1H16	Variation %
Net sales revenue	132.7	134.6	1.4%	219.7	232.6	5.9%
Production animals	112.0	105.8	-5.5%	180.2	180.6	0.2%
Companion animals	15.2	17.6	15.8%	30.1	31.7	5.3%
International operations	5.5	11.2	103.6%	9.4	20.3	116.0%



Earnings Release - 2Q16 and 1H16



The Company presented net revenue of R\$ 134.6 million in 2Q16, an increase of 1.4% in comparison with 2Q15. In 1H16, net revenue was R\$ 232.6, an increase of 5.9% in comparison with 1H15. Please find below our comments on the performance of the segments in which we operate:

- The **Production Animals** segment presented net revenue of R\$ 105.8 million in 2Q16, a decrease of 5.5% in comparison with 2Q15. This decrease was mainly due to losses on the vaccine against foot-and-mouth disease and poultry and pig products, partially offset by the growth in the other therapeutic lines. As a result of the events explained above, net revenue in 1H16 was R\$ 180.6 million, in line with the growth of 0.2% in comparison with 1H15.
- The **Companion Animals** segment presented net revenue of R\$ 17.6 million in 2Q16, an increase of 15.8% in comparison with 2Q15. The recovery shown in the quarter reflects a growth in the therapeutic products, especially the launch of Nulli, an analgesic for dogs and cats. In 1H16, revenue was R\$ 31.7 million, an increase of 5.3% in comparison with the same period in 2015. As mentioned in 1Q16, the sales related to our own model distributor for the city of São Paulo started in March.
- The **International Operations** segment presented net revenue of R\$ 11.2 million in 2Q16, an increase of 103.6% in comparison with 2Q15. In 1H16, revenue was R\$ 20.3 million, an increase of 116.0% in comparison with 1H15. This growth was mainly due to the increase of sales in Mexico and beginning of operations in Colombia in September 2015, thus reflecting management's growth efforts in those countries, which currently already account for more than 50% of our exports.

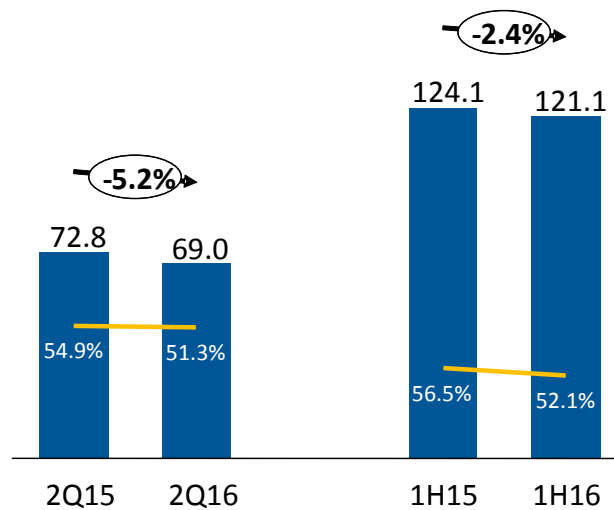


Earnings Release - 2Q16 and 1H16

Cost of Sales, Gross Profit and Gross Margin

R\$ million	2Q15	2Q16	Variation %	1H15	1H16	Variation %
Cost of sales	(59.9)	(65.6)	9.5%	(95.6)	(111.5)	16.6%
Gross profit	72.8	69.0	-5.2%	124.1	121.1	-2.4%
<i>(gross margin)</i>	54.9%	51.3%	-3.6 p.p.	56.5%	52.1%	-4.4 p.p.

Gross margin in 2Q16 was 51.3%, in comparison with 54.9% in 2Q15. As regards production animals, the decrease in margins mainly resulted from losses on prices of the vaccine against foot-and-mouth disease and poultry and pig products. With respect to companion animals, profit decreased mainly as a result of a less favorable mix. As regards international operations, margin improved with the favorable effect of the foreign exchange rates. As a result, the gross margin for the six-month period totaled 52.1% in comparison with 56.5% for the same period in 2015.





Earnings Release - 2Q16 and 1H16

Selling, General and Administrative Expenses

R\$ million	2Q15	2Q16	Variation %	1H15	1H16	Variation %
Selling, general and administrative and other expenses	(49.7)	(54.4)	9.5%	(91.4)	(105.1)	15.0%
<i>Percentage on net revenue</i>	<i>37.5%</i>	<i>40.4%</i>	<i>2.9 p.p.</i>	<i>41.6%</i>	<i>45.2%</i>	<i>3.6 p.p.</i>

In 2Q16, selling and general and administrative expenses totaled R\$ 54.4 million against R\$ 49.7 million in 2Q15. In 1H16, these expenses amounted to R\$ 105.1 million against R\$ 91.4 million in 1H15. This increase mainly resulted from the increase in international trade structures and expenses indexed to inflation. With respect to the percentage on net revenue, a higher dilution was observed in comparison with 1Q16, due to increased revenue in 2Q16 and adjustment measures taken as from 1Q16, which will continue to be implemented during the year.

EBITDA and EBITDA Margin

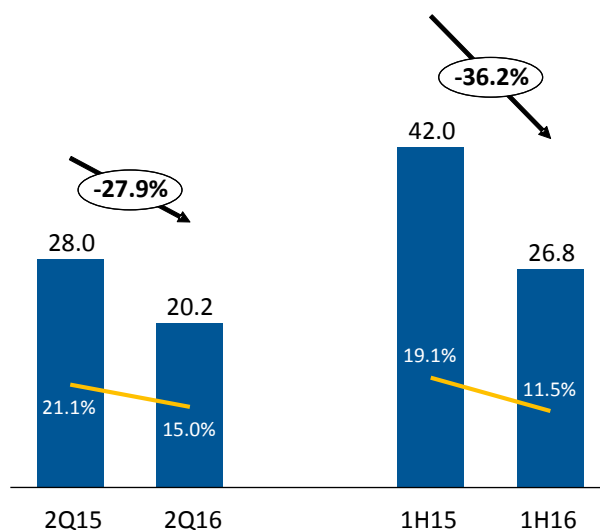
R\$ million	2Q15	2Q16	Variation %	1H15	1H16	Variation %
Adjusted profit (loss)	18.9	6.3	-66.7%	26.4	4.5	-83.0%
(+) Non-recurring expenses, net of IRPJ/CSLL*		(1.8)			(3.4)	
Profit (loss) for the period	18.9	4.5	-76.2%	26.4	1.1	-95.8%
(+) Finance result, net	1.8	6.8	277.8%	2.5	11.4	356.0%
(+) Income tax and social contribution	2.4	1.5	-37.5%	3.8	(0.7)	-118.4%
(+) Depreciation and amortization	4.9	5.6	14.3%	9.3	10.8	16.1%
EBITDA	28.0	18.4	-34.3%	42.0	22.6	-46.2%
(+) Non-recurring expenses*		1.8			4.2	
Adjusted EBITDA	28.0	20.2	-27.9%	42.0	26.8	-36.2%
Net sales revenue	132.7	134.6	1.4%	219.7	232.6	5.9%
EBITDA margin	21.1%	13.7%	-7.4 p.p.	19.1%	9.7%	-9.4 p.p.
adjusted EBITDA margin	21.1%	15.0%	-6.1 p.p.	19.1%	11.5%	-7.6 p.p.

(*) Not including non-recurring expenses (provision for impairment of trade receivables of Venezuela and termination of statutory officer) and their related tax effects.

Adjusted EBITDA in 2Q16 totaled R\$ 20.2 million with adjusted EBITDA margin of 15.0%, a decrease of 6.1 p.p. in comparison with 2Q15. In 1H16, adjusted EBITDA was R\$ 26.8 million, with adjusted EBITDA margin of 11.5%, a decrease of 7.6 p.p. in comparison with 1H15. The main factors that influenced this result included a decrease in the gross margin and an increase in general and administrative expenses, as explained above.



Earnings Release - 2Q16 and 1H16



Finance Result

R\$ million	2Q15	2Q16	Variation %	1H15	1H16	Variation %
Finance result, net	(1.8)	(6.8)	277.8%	(2.5)	(11.4)	356.0%

Net finance costs in 2Q16 totaled R\$ 6.8 million against R\$ 1.8 million in 2Q15. In 1H16, net expenses totaled R\$ 11.4 million against R\$ 2.5 million in 1H15. These increases reflect a lower level of net debt in 1H15, which resulted from the contribution of funds in connection with the IPO conducted in October 2014, as well as the increase in finance charges linked to the Interbank Deposit Certificate (CDI) rate in the period.

Income Tax and Social Contribution

R\$ million	2Q15	2Q16	Variation %	1H15	1H16	Variation %
Income tax and social contribution	2.4	1.5	-37.5%	3.8	0.1	-97.4%
Percentage on profit before income tax and social contribution	11.3%	19.2%	7.9 p.p.	12.6%	2.2%	-10.4 p.p.

In 2Q16, income tax and social contribution totaled R\$ 1.5 million against R\$ 2.4 million in 2Q15. The increase of 7.9 p.p. in the effective tax rates was mainly due to the fact that tax legislation ("Lei do Bem") benefits (investments in R&D) were not used because less profit was recorded in the period.

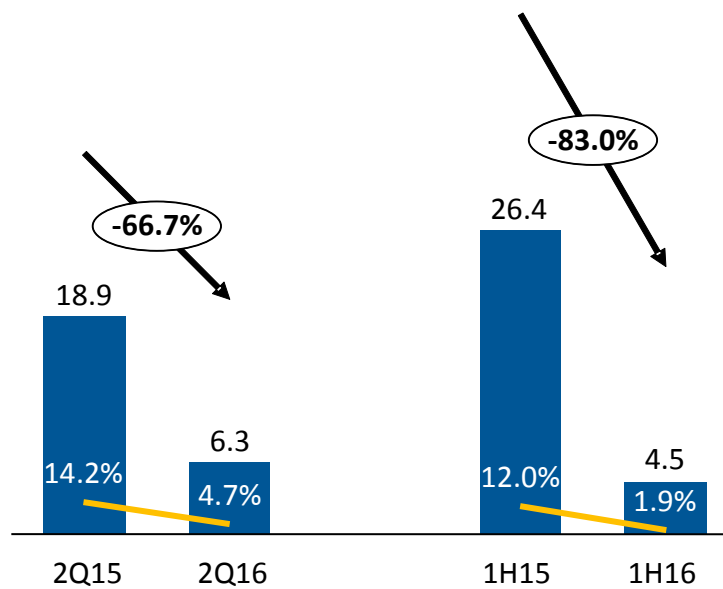


Earnings Release - 2Q16 and 1H16

Profit

R\$ million	2Q15	2Q16	Variation %	1H15	1H16	Variation %
Adjusted profit (loss)	18.9	6.3	-66.7%	26.4	4.5	-83.0%
<i>(profit margin)</i>	<i>14.2%</i>	<i>4.7%</i>	<i>-9.5 p.p.</i>	<i>12.0%</i>	<i>1.9%</i>	<i>-10.1 p.p.</i>

In 2Q16, adjusted profit reached R\$ 6.3 million, with a decrease of 66.7% in comparison with 2Q15. In 1H16, profit totaled R\$ 4.5 million, a decrease of 83.0% in comparison with 1H15. These results reflect a drop in adjusted EBITDA combined with the effects of the finance results explained above.





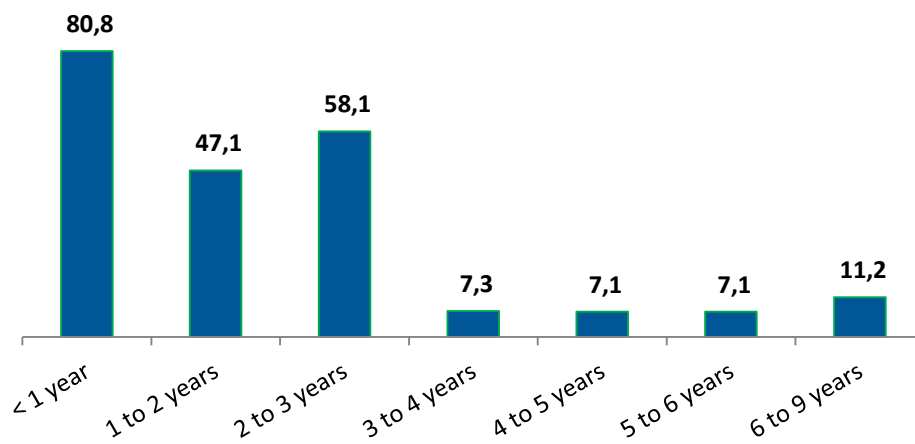
Earnings Release - 2Q16 and 1H16

Indebtedness

In R\$ million	June 30, 2015	June 30, 2016
Current	64.2	80.8
Non-current	118.3	137.9
Gross debt	182.5	218.7
(-) Derivative financial instruments, net	1.5	(19.0)
Debt including derivatives	181.0	237.7
(-) Cash and cash equivalents	19.5	23.2
Net debt	161.5	214.5
Average cost of debt (year)¹	5.75%	9.52%
Net debt/Adjusted annual EBITDA	1.63	2.06

Note¹: Average cost calculated on debt including derivatives.

Aging of bank debt







Aging of debt considers the year between July 1 and June 30.



Earnings Release - 2Q16 and 1H16

Launches of Products

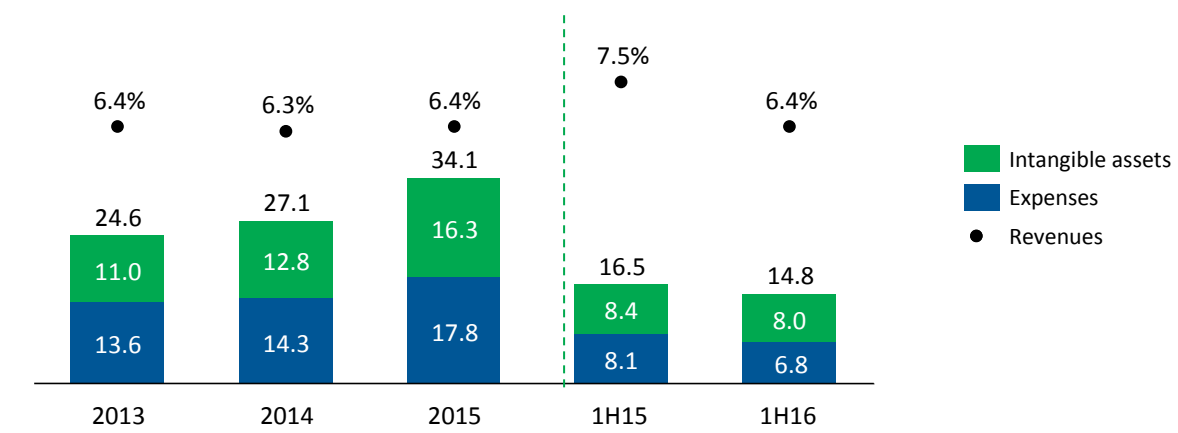
Launches in 1H16					
	NAME	Description	Therapeutic line	Segment	Launched in
	Evol	Broad-spectrum endectocide for cattle; its formulation is based on ivermectin and albendazole sulfoxide	Endectocide	Production animals	Jun/16
	Nulli	Tramadol-based oral opioid analgesic for dogs and cats	Therapeutic product	Companion Animals	Apr/16
	Resolutor	Antibiotic prescribed for the quick treatment of respiratory diseases in animals, producing effects 30 minutes following application	Antimicrobial	Production animals	Feb/16
	Ourovac Raiva	Vaccine against rabies in cattle	Biological product	Production animals	Jan/16



Earnings Release - 2Q16 and 1H16

Investments in Research and Development

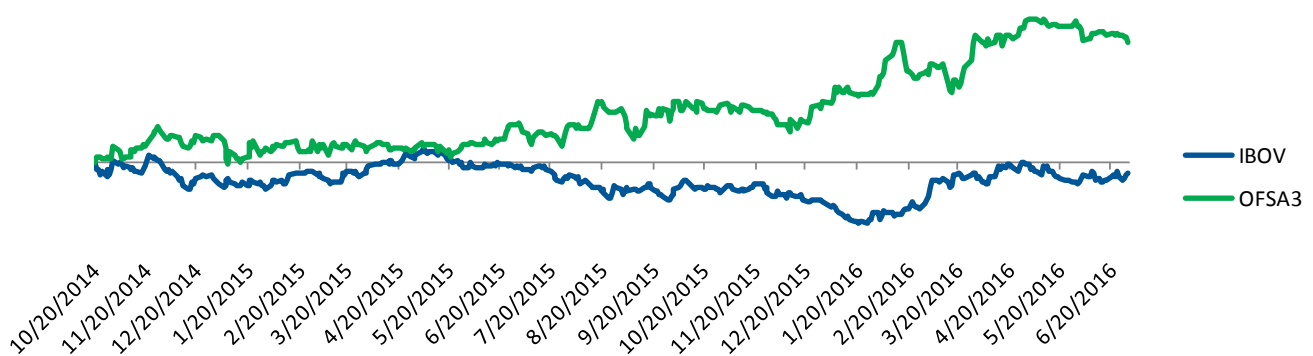
In 1H16, approximately 6.4% of the net revenue was invested in R&D, totaling R\$ 7.1 million. The chart below shows the Company's total investments in R&D from 2013 to 1H16.



Performance of the Shares

Ourofino shares started to be traded on the São Paulo Stock Exchange (BM&F Bovespa) on October 21, 2014 under the ticker OFSA3, at the initial price of R\$27.00. The chart below shows a comparison of the performances of Ibovespa and Ourofino share (base value: 100), between the first trading day (10/21/2014) and the last trading day in 2Q16 (6/30/2016).

OFSA3 presented a return, considering dividends, of 60.6% as from the beginning of its trading on the stock exchange. In the same period, Ibovespa presented a return of -5.1%.





Earnings Release - 2Q16 and 1H16

Statement of income (R\$ thousand)	2Q15	2Q16	1H15	1H16
Revenue	132,696	134,591	219,740	232,621
Cost of sales	(59,840)	(65,659)	(95,556)	(111,540)
Gross profit	72,856	68,932	124,184	121,081
Selling expenses	(41,115)	(43,674)	(74,232)	(84,814)
General and administrative expenses	(9,424)	(10,480)	(18,106)	(19,910)
Other income (expenses), net	824	(282)	869	(467)
Operating profit	23,141	14,496	32,715	15,890
Finance income	174	2,454	13,158	3,329
Finance costs	(2,632)	(16,116)	(6,400)	(29,351)
Foreign exchange variations, net	695	6,854	(9,252)	14,576
Finance result	(1,763)	(6,808)	(2,494)	(11,446)
Profit before income tax and social contribution	21,378	7,688	30,221	4,444
Current and deferred income tax and social contribution	(2,496)	(1,497)	(3,834)	(62)
Adjusted profit	18,882	6,191	26,387	4,382



Earnings Release - 2Q16 and 1H16

Statement of cash flows (R\$ thousand)	1H15	1H16
Cash flows from operating activities		
Profit before income tax and social contribution	30,221	320
Adjustments for:		
Provision for impairment of trade receivables	(394)	5,773
Provision for inventory losses and write-offs	138	1,298
Depreciation and amortization	9,342	10,738
Provision for impairment of intangible assets		111
Gains (losses) on disposal of property, plant and equipment and intangible assets	(127)	437
Interest and monetary and exchange variations, net	14,000	(12,382)
Unrealized derivative financial instruments	(8,741)	22,354
Provision for contingencies	163	258
Share options granted	746	863
Changes in working capital		
Trade receivables	2,777	26,069
Inventories	(32,097)	(32,818)
Taxes recoverable	(3,295)	(5,633)
Other assets	(1,342)	3,413
Trade payables	10,466	18,126
Taxes and charges payable	(1,176)	(946)
Other liabilities	(1,709)	(778)
Cash from operations	18,972	37,203
Interest paid	(4,294)	(5,380)
Income tax and social contribution paid	(7,050)	(5,250)
Net cash provided by operating activities	7,628	26,573
Cash flows from investing activities		
Investments in intangible assets	(9,729)	(9,283)
Purchase of property, plant and equipment	(11,544)	(19,593)
Proceeds from sale of property, plant and equipment	606	935
Net cash used in investing activities	(20,667)	(27,941)
Cash flows from financing activities		
Proceeds from borrowings	43,500	59,857
Repayment of borrowings	(86,769)	(38,223)
Realized derivative financial instruments	16,463	(2,887)
Dividends and interest on capital paid	(12,889)	(16,433)
Net cash provided by (used in) financing activities	(39,695)	2,314
Increase in cash and cash equivalents, net	(52,734)	946
Cash and cash equivalents at the beginning of the year	72,453	23,380
Foreign exchange gains (losses) on cash and cash equivalents	(211)	(1,101)
Cash and cash equivalents at the end of the period	19,508	23,225



Earnings Release - 2Q16 and 1H16

Balance Sheet (R\$ thousand)	12/31/2015	6/30/2016
Assets		
Current assets	378,377	369,968
Cash and cash equivalents	23,380	23,225
Trade receivables	225,740	191,232
Derivative financial instruments	22	
Inventories	109,263	137,325
Taxes recoverable	7,471	7,182
Income tax and social contribution recoverable	1,020	2,471
Related parties	1,870	1,734
Other assets	9,611	6,799
Non-current assets held for sale		
Non-current assets	314,994	338,540
Long-term receivables	42,209	49,450
Derivative financial instruments	1,713	
Taxes recoverable	32,322	37,979
Deferred income tax and social contribution	5,558	9,180
Other assets	2,616	2,291
Permanent assets	272,785	289,090
Intangible assets	78,690	82,370
Property, plant and equipment	194,095	206,720
Total assets	693,371	708,508
Liabilities and equity		
Current liabilities	149,994	174,401
Trade payables	29,450	42,780
Derivative financial instruments	1,297	8,507
Borrowings	57,260	80,789
Salaries and social charges	24,333	22,670
Taxes payable	6,585	5,134
Income tax and social contribution payable	1,873	1,101
Dividends and interest on capital	16,433	
Related parties	660	78
Commissions on sales	7,313	6,125
Other liabilities	4,790	7,217
Non-current liabilities	163,068	152,370
Derivative financial instruments		10,521
Borrowings	159,227	137,885
Provision for contingencies	3,841	3,964
Total liabilities	313,062	326,771
Total equity	380,181	381,685
Non-controlling interests	128	52
Total liabilities and equity	693,371	708,508