

(A free translation of the original in Portuguese)



3Q16 and 9M16 Earnings Release

- A challenging year due to a combination of economic and market factors;
- Jardel Massari, co-founder and controlling stockholder, reassumes the CEO role;
- Two products were launched in the quarter, totaling 6 launches in the year.

Conference Call

In Portuguese with simultaneous translation into English

November 16, 2016

3:00 P.M. (BRT) / 1:00 P.M. (US EST)

Phone:

Brazil: +55 11 2188 0155

Other countries: +1 646 843 6054

Password: Ourofino

Investor Relations

Kleber Gomes

Bruno Menegazzo

Isabel Leandro

Phone:

(16) 3518-2000

E-mail:

ri@ourofino.com

Website

ri.ourofino.com



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3Q16 and 9M16 Earnings Release

Cravinhos, November 14, 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 September 30, 2016 (3Q16 and 9M16).

Message from management

After analyzing the nine-month period ended September 30, 2016, we concluded that 2016 has been one of the most challenging years for Ourofino and can be considered as an outlier in our history.

A combination of economic and market factors led the Company to a result far below its projections and historical basis. As regards the production animals segment, the crisis in the poultry and pig sector resulting from the pressure of the cost of grains, especially corn and soybean; the low prices of vaccines against foot-and-mouth disease due to oversupply and aggressive price policies; and the resellers of agricultural products with less access to bank loans, which affected their working capital and purchasing condition. As regards the companion animals segment, there was a deflection in the significant growth rates presented in recent years due to the adverse macroeconomic condition. At the same time, the appreciation of the Brazilian real has affected the margins of international operations.

In this respect, during the first half of the year, the Company sought to monitor market movements, even facing adverse commercial conditions, and, at the same time, carried out several actions to optimize costs and expenses, seeking to minimize the impact of losses on volume and prices resulting from the aforementioned factors. Considering that the general conditions were not improving, and seeking to prepare more appropriate bases for resuming growth and profits in 2017, at the end of the third quarter the Company initiated a sales rationalization process, with adjustments in commercial conditions, mainly in sales terms, which led to an expected reduction in volumes, with no impact on its market position, since the sales channels are properly supplied.

Other important measures have been taken, the main one being that on November 10, the Company’s co-founder and one of its controlling stockholders, Mr. Jardel Massari, took over the position of CEO, as resolved by the Board of Directors. Mr. Jardel Massari returns to lead a restructuring process focused on profits, but always maintaining the Company’s commitment to quality, high level of service and innovation. Mr. Dolivar Coraucci will continue to contribute to the Company, by providing services as a strategic consultant for the CEO, focusing on biotechnology, including the prospecting of technologies and partnerships.

In addition, a branding project is in its final stage, seeking more competitive difference in the markets in which we operate. The compensation policies of the commercial area are also being restructured, focusing on growth and profits. In addition, the hiring of a performance/process consulting firm has been considered, to seek efficiencies and reduction of costs and expenses.



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Besides the efforts mentioned above, the following actions will be implemented: in the poultry and pig segment, a volume reduction in 2017 and a progressive change in the current portfolio by including higher added value products, especially vaccines, in 2018; rationalization of the cattle portfolio, starting in 2017, focusing on more profitable products; and the progressive reestablishment of lower levels of inventory, thus improving working capital. Further, in line with those initiatives that aim at defending the best interest of the shareholders, the Board of Directors decided in a meeting held today to request that the management develops a share repurchase program to be approved by an Extraordinary Shareholders' Meeting.

Even against our determination and ambition, we are considering 2016 as a year of adjustments, which will lay the groundwork for growth resumption that we believe will come gradually in 2017, together with the expected improvement in macroeconomic conditions. We have strong growth drivers in all our business segments and we will continue to work very hard to achieve our goals.

We would like to thank all of you for your confidence in our history and our work.

Jardel Massari
CEO

Kleber Gomes
CFO and IRO



3Q16 and 9M16 Earnings Release

Financial performance

<i>R\$ million</i>	3Q15	3Q16	Variation %	9M15	9M16	Variation %
Net revenue	149.5	125.5	-16.1%	369.2	358.1	-3.0%
Cost of sales	(63.4)	(62.9)	-0.8%	(159.0)	(174.4)	9.7%
Gross profit	86.1	62.6	-27.3%	210.2	183.7	-12.6%
<i>(gross margin)</i>	57.6%	49.9%	-7.7 p.p.	56.9%	51.3%	-5.6 p.p.
Expenses*	(54.4)	(52.0)	-4.4%	(145.8)	(157.1)	7.8%
Operating profit	31.7	10.6	-66.6%	64.4	26.6	-58.7%
<i>(operating margin)</i>	21.2%	8.4%	-12.8 p.p.	17.4%	7.4%	-10.0 p.p.
Finance result, net	(5.3)	(4.4)	-17.0%	(7.8)	(15.8)	102.6%
Income tax and social contribution*	(7.4)	1.1	-114.9%	(11.2)	1.0	-108.9%
Adjusted profit	19.0	7.3	-61.6%	45.4	11.8	-74.0%
<i>(adjusted profit margin)</i>	12.7%	5.8%	-6.9 p.p.	12.3%	3.3%	-9.0 p.p.
Adjusted EBITDA	37.5	16.6	-55.7%	79.5	43.4	-45.4%
<i>(adjusted EBITDA margin)</i>	25.1%	13.2%	-11.9 p.p.	21.5%	12.1%	-9.4 p.p.

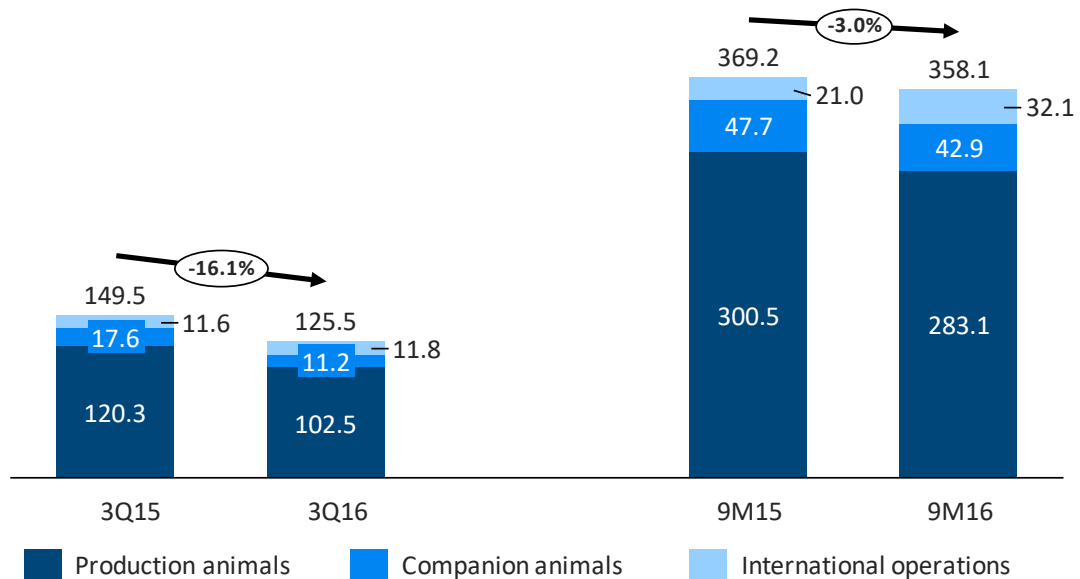
(*) Does not include non-recurring expenses (provision for impairment of trade receivables of Venezuela, termination of statutory officer and restructuring measures) and their related tax effects.

Net revenue

<i>R\$ million</i>	3Q15	3Q16	Variation %	9M15	9M16	Variation %
Net sales revenue	149.5	125.5	-16.1%	369.2	358.1	-3.0%
Production animals	120.3	102.5	-14.8%	300.5	283.1	-5.8%
Companion animals	17.6	11.2	-36.4%	47.7	42.9	-10.1%
International operations	11.6	11.8	1.7%	21.0	32.1	52.9%



3Q16 and 9M16 Earnings Release



The Company presented net revenue of R\$ 125.5 million in 3Q16, a decrease of 16.1% in comparison with 3Q15. In 9M16, net revenue was R\$ 358.1 million, which represented a decrease of 3.0% in comparison with 9M15. Please find below our comments on the performance of the segments in which we operate:

- The **Production Animals** segment presented net revenues of R\$ 102.5 million in 3Q16, which represented a decrease of 14.8% in comparison with 3Q15. In 9M16, net revenue was R\$ 283.1, that is, a decrease of 5.8% in comparison with 9M15. These decreases resulted substantially from price losses on vaccines against foot-and-mouth disease and poultry and pig products. As regards cattle products, there was a decrease in the volume of the remaining therapeutic classes, which was partially offset by price gains, except for reproduction products, which experienced gains in price and volume.
- The **Companion Animals** segment presented net revenue of R\$ 11.2 million in 3Q16, with a decrease of 36.4% in comparison with 3Q15. In 9M16, net revenue was R\$ 42.9 million, which represented a decrease of 10.1% in comparison with 9M15. This result reflects the macroeconomic situation, in addition to losses on price and volume in the therapeutic class of ectoparasiticides as a result of the growth in sales of ecto tablets by competitors.
- The **International Operations** segment presented net revenues of R\$ 11.8 million in 3Q16, which represented an increase of 1.7% in comparison with 3Q15. The impact of the appreciation of the Brazilian real in the growth rate can be noted in this increase. In 9M16, net revenue was R\$ 32.1 million, which represented an increase of 52.9% in comparison with 9M15. This result shows an increase in the share of international operations in the Company's accumulated revenues from 5.7% to 9.0%, which is in line with the Company's long-term strategic plan.

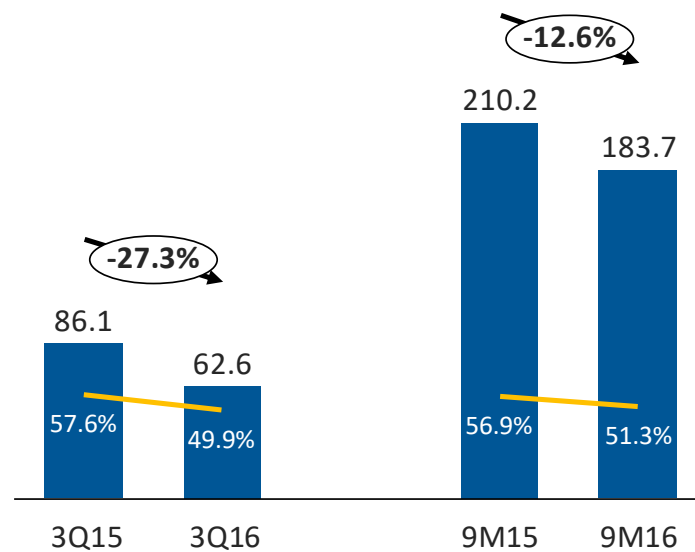


3Q16 and 9M16 Earnings Release

Cost of sales, gross profit and gross margin

R\$ million	3Q15	3Q16	Variation %	9M15	9M16	Variation %
Cost of sales	(63.4)	(62.9)	-0.8%	(159.0)	(174.4)	9.7%
Gross profit	86.1	62.6	-27.3%	210.2	183.7	-12.6%
<i>(gross margin)</i>	57.6%	49.9%	-7.7 p.p.	56.9%	51.3%	-5.6 p.p.

Gross margin in 3Q16 was 49.9%, in comparison with 57.6% in 3Q15. As regards production animals, the decrease in margins mainly resulted from price losses on poultry and pig products and vaccines against foot-and-mouth disease, which were partially offset by the increase in the prices of other therapeutic classes of cattle products. As for international operations, margins decreased due to the impacts of the appreciation of the Brazilian real and of a less favorable mix with the sale of vaccines against foot-and-mouth disease in Paraguay and Bolivia, but adopting higher prices than those adopted in Brazil. As a result, the gross margin for 9M16 totaled 51.3% in comparison with 56.9% for 9M15.





3Q16 and 9M16 Earnings Release

Selling, general and administrative expenses

R\$ million	3Q15	3Q16	Variation %	9M15	9M16	Variation %
Selling, general and administrative and other expenses	(54.4)	(52.0)	-4.4%	(145.8)	(157.1)	7.8%
<i>Percentage on net revenue</i>	<i>36.4%</i>	<i>41.4%</i>	<i>5.0 p.p.</i>	<i>39.5%</i>	<i>43.9%</i>	<i>4.4 p.p.</i>

In 3Q16, selling, general and administrative expenses totaled R\$ 52.0 million, that is, a decrease of 4.4% in comparison with 3Q15. In 9M16, these expenses totaled R\$ 157.1 million against R\$ 145.8 million in 9M15. This result already shows management efforts to limit expenses as from the first half of the year. However, there was a loss on dilution due to the decrease in net revenue for the period.

EBITDA and EBITDA margin

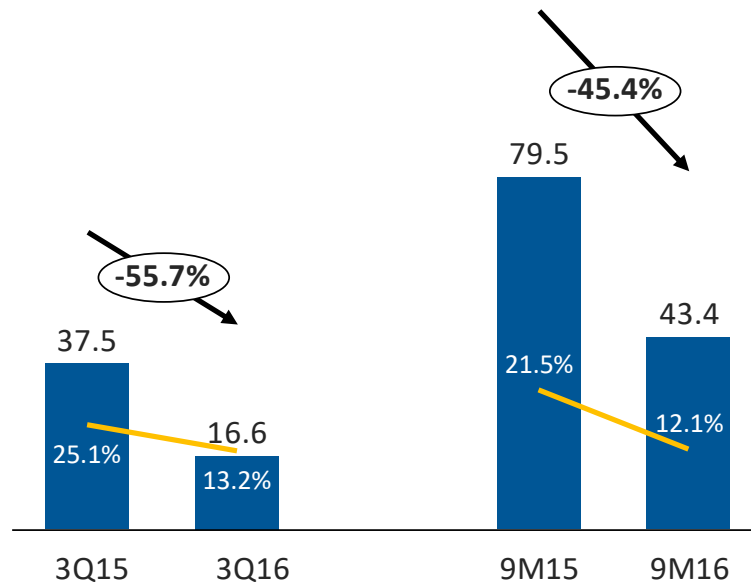
R\$ million	3Q15	3Q16	Variation %	9M15	9M16	Variation %
Adjusted profit	19.0	7.3	-61.6%	45.4	11.8	-74.0%
(+) Non-recurring expenses, net of IRPJ/CSLL*		(1.6)			(5.0)	
Profit for the period	19.0	5.7	-70.0%	45.4	6.8	-85.0%
(+) Finance result, net	5.3	4.4	-17.0%	7.8	15.8	102.6%
(+) Income tax and social contribution	7.4	(1.9)	-125.7%	11.2	(2.6)	-123.2%
(+) Depreciation and amortization	5.1	6.0	17.6%	14.4	16.8	16.7%
EBITDA	36.8	14.2	-61.4%	78.8	36.8	-53.3%
(+) Non-recurring expenses *		2.4			6.6	
(+) Other	0.7		-100.0%	0.7		-100.0%
Adjusted EBITDA	37.5	16.6	-55.7%	79.5	43.4	-45.4%
Net sales revenue	149.5	125.5	-16.1%	369.2	358.1	-3.0%
EBITDA margin	24.6%	11.3%	-13.3 p.p.	21.3%	10.3%	-11.0 p.p.
adjusted EBITDA margin	25.1%	13.2%	-11.9 p.p.	21.5%	12.1%	-9.4 p.p.

(*) Non-recurring expenses include the provision for impairment of trade receivables of Venezuela, termination of statutory officer and restructuring measures, in addition to their related tax effects.

Adjusted EBITDA in 3Q16 totaled R\$ 16.6 million with adjusted EBITDA margin of 13.2%, a decrease of 11.9 p.p. in comparison with 3Q15. In 9M16, adjusted EBITDA was R\$ 43.4 million, with adjusted EBITDA margin of 12.1%, which represented a decrease of 9.4 p.p. in comparison with 9M15. The factors that influenced this result include a reduction in net revenues with a decrease in gross margin and the resulting loss on dilution of SG&A expenses, as mentioned above.



3Q16 and 9M16 Earnings Release



Finance result

R\$ million	3Q15	3Q16	Variation %	9M15	9M16	Variation %
Finance result, net	(5.3)	(4.4)	-17.0%	(7.8)	(15.8)	102.6%

Net finance costs in 3Q16 totaled R\$ 4.4 million against R\$ 5.3 million in 3Q15. The decrease was mainly due to marking to market derivative instruments (swap of debts originally obtained in U.S. dollars), without any cash effect. In 9M16, net expenses totaled R\$ 15.8 million against R\$ 7.8 million in 9M15. This increase reflects a lower level of net debt in 9M15, which resulted from the contribution of funds in connection with the IPO conducted in October 2014, as well as an increase in finance charges due to the increase in the Interbank Deposit Certificate (CDI) rate in the period.

In addition, funds from transactions already contracted are expected to be received, especially those related to FINEP and BNDES-Exim programs, in the total amount of R\$ 52 million. We emphasize that in 2017, capital expenditures related to the construction of the biological plant, which have impacted the net debt in 2016, will no longer be incurred.

Income tax and social contribution

R\$ million	3Q15	3Q16	Variation %	9M15	9M16	Variation %
Income tax and social contribution	(7.4)	1.1	-114.9%	(11.2)	1.0	-108.9%
Percentage on profit before income tax and social contribution	-28.0%	17.7%	45.7 p.p.	-19.8%	9.3%	29.1 p.p.

Income tax and social contribution in 3Q16 were positive by R\$ 1.1 million against an expense of R\$ 7.4 million in 3Q15. In 9M16, the result was also positive by R\$ 1.0 million against an expense of R\$ 11.2 million in 9M15. The effect determined in 2016 is the result of the lower profitability combined with greater impact of temporary tax differences.

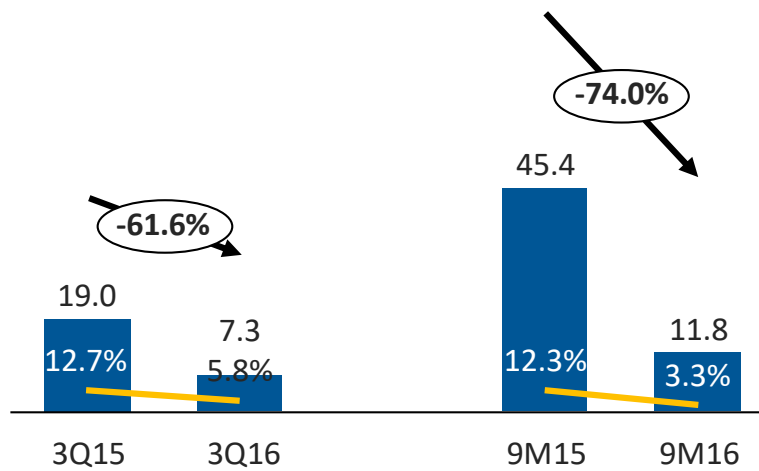


3Q16 and 9M16 Earnings Release

Profit

R\$ million	3Q15	3Q16	Variation %	9M15	9M16	Variation %
Adjusted profit	19.0	7.3	-61.6%	45.4	11.8	-74.0%
<i>(profit margin)</i>	<i>12.7%</i>	<i>5.8%</i>	<i>-6.9 p.p.</i>	<i>12.3%</i>	<i>3.3%</i>	<i>-9.0 p.p.</i>

In 3Q16, adjusted profit reached R\$ 7.3 million, with a decrease of 61.6% in comparison with 3Q15. In 9M16, profit totaled R\$ 11.8 million, which represented a decrease of 74.0% in comparison with 9M15. These results reflect the drop in adjusted EBITDA partially offset by the effect of income tax and social contribution.





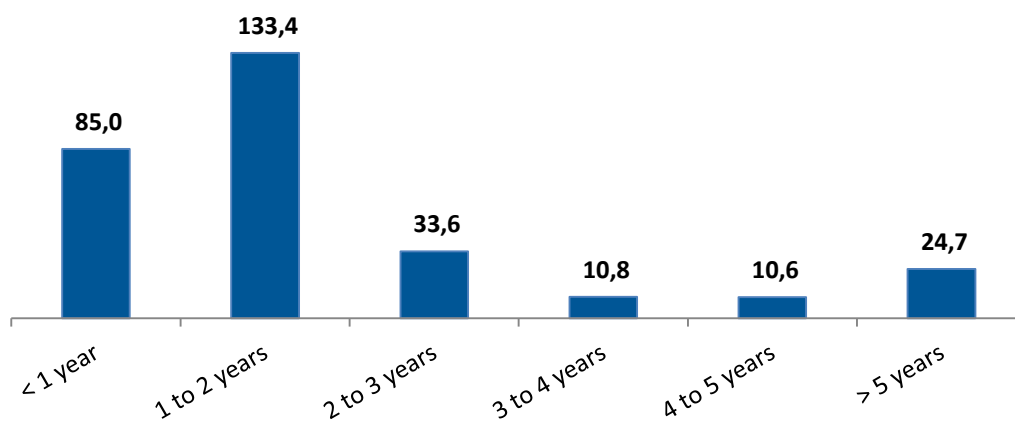
3Q16 and 9M16 Earnings Release

Indebtedness

In R\$ million	September 30, 2015	September 30, 2016
Current	58.2	78.7
Non-current	134.3	202.5
Gross debt	192.5	281.2
(-) Derivative financial instruments, net	0.6	(17.0)
Debt including derivatives	191.9	298.2
(-) Cash and cash equivalents	26.8	60.8
Net debt	165.1	237.4
Average cost of debt (year)¹	6.75%	9.61%
Net debt/Adjusted annual EBITDA	1.48	2.95

Note¹: Average cost calculated on debt including derivatives

Bank debt aging



Bank debt aging considers the period between October 1 and September 30 and includes derivatives.



3Q16 and 9M16 Earnings Release

Launches of products

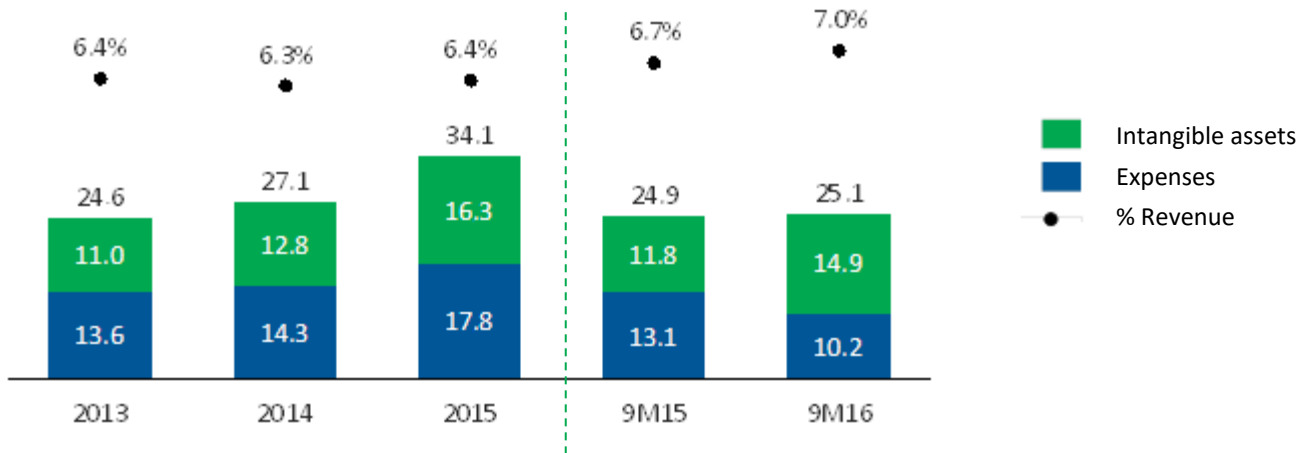
Launches during 9M16					
	NAME	Description	Therapeutic class	Segment	Launched in
	Mgold 20	Based on the concentration of 20% of monensin, safely and effectively prevents coccidiosis in broilers and replacement pullets, with zero-day withdrawal time.	Antimicrobial	Production animals	Aug/16
	Mgold 40	Prevents coccidiosis in broilers and replacement pullets and maximizes the zootechnical performance of poultry. It is based on the concentration of 40% of monensin and has a zero-day withdrawal time.	Antimicrobial	Production animals	July 2016
	Evol	Broad-spectrum endectocide for cattle; its formulation is based on ivermectin and albendazole sulfoxide	Endectocide	Production animals	June 2016
	Nulli	Tramadol-based pain reliever for dogs and cats in the oral form.	Therapeutic product	Companion Animals	April 2016
	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



3Q16 and 9M16 Earnings Release

Investments in research and development

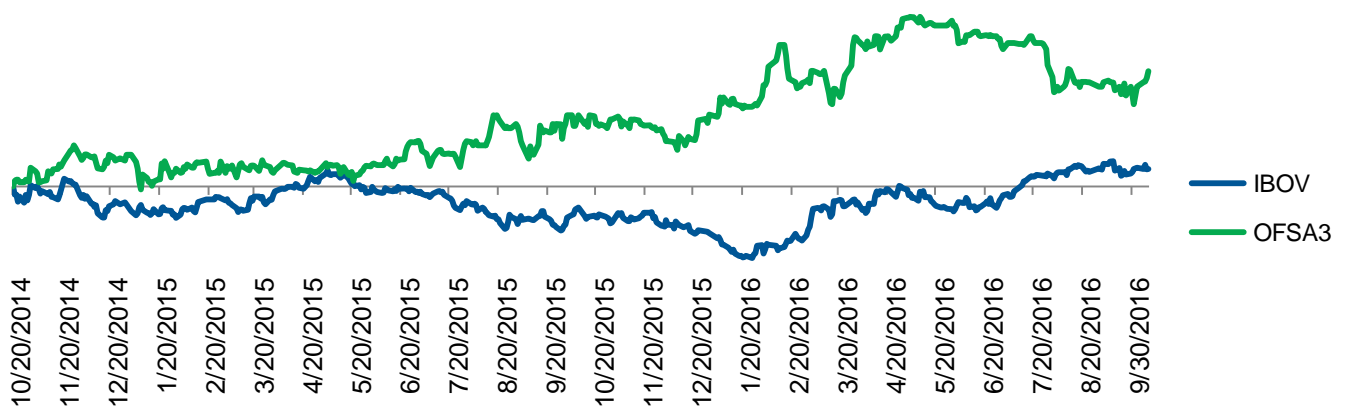
In 9M16, 7.0% of the net revenue was invested in R&D, totaling R\$ 25.1 million. The chart below shows the Company's total investments in R&D from 2013 to 9M16.



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 3Q16 (9/30/2016).

OFSA3 presented a return, considering dividends, of 49.8% as from the beginning of its trading on the stock exchange. In the same period, Ibovespa presented a return of 7.5%.





3Q16 and 9M16 Earnings Release

Statement of income (R\$ thousands)	3Q15	3Q16	9M15	9M16
Revenue	149,425	125,460	369,165	358,081
Cost of sales	(63,432)	(62,878)	(158,988)	(174,418)
Gross profit	85,993	62,582	210,177	183,663
Selling expenses*	(43,345)	(41,574)	(117,577)	(126,388)
General and administrative expenses*	(10,261)	(9,075)	(28,367)	(28,985)
Other income, net	(749)	(1,297)	120	(1,764)
Operating profit	31,638	10,636	64,353	26,526
Finance income	3,852	3,713	17,010	7,042
Finance costs	(3,307)	(8,099)	(9,707)	(37,450)
Foreign exchange variations, net	(5,855)	69	(15,107)	14,645
Finance result	(5,310)	(4,317)	(7,804)	(15,763)
Profit before income tax and social contribution	26,328	6,319	56,549	10,763
Current and deferred income tax and social contribution*	(7,393)	1,041	(11,227)	979
Adjusted profit for the period	18,935	7,360	45,322	11,742

(*) Does not include non-recurring expenses (provision for impairment of trade receivables of Venezuela, termination of statutory officer and restructuring measures) and their related tax effects.



3Q16 and 9M16 Earnings Release

Statement of cash flows (R\$ thousands)	9M15	9M16
Cash flows from operating activities		
Profit before income tax and social contribution	56,549	4,239
Adjustments for:		
Provision for impairment of trade receivables	27	6,739
Provision for inventory losses and write-offs	(700)	5,252
Depreciation and amortization	14,406	16,178
Provision for impairment of intangible assets		609
Proceeds from disposal of property, plant and equipment and intangible assets	(167)	381
Interest and monetary and exchange variations, net	20,911	(8,704)
Unrealized derivative financial instruments	(11,303)	25,005
Provision for contingencies	139	(242)
Share options granted	1,119	1,219
Changes in working capital		
Trade receivables	(15,320)	20,700
Inventories	(47,325)	(39,214)
Taxes recoverable	(6,436)	(7,335)
Other assets	481	5,446
Trade payables	24,574	15,481
Taxes and charges payable	(259)	(2,659)
Other liabilities	4,323	3,939
Cash from operations	41,019	47,034
Interest paid	(6,177)	(7,517)
Income tax and social contribution paid	(12,663)	(5,726)
Net cash provided by operating activities	22,179	33,791
Cash flows from investing activities		
Investments in intangible assets	(13,894)	(17,040)
Purchase of property, plant and equipment	(22,738)	(38,963)
Proceeds from sale of property, plant and equipment	903	1,168
Acquisition of investment	(387)	
Cash acquired through investment	385	
Net cash used in investing activities	(35,731)	(54,835)
Cash flows from financing activities		
Capital increase		218
Proceeds from borrowings	63,905	138,726
Repayment of borrowings	(103,173)	(55,397)
Realized derivative financial instruments	19,899	(7,529)
Dividends and interest on capital paid	(12,889)	(16,433)
Net cash provided by (used in) financing activities	(32,258)	59,585
Increase (decrease) in cash and cash equivalents, net	(45,810)	38,541
Cash and cash equivalents at the beginning of the year	72,453	23,380
Foreign exchange gains (losses) on cash and cash equivalents	185	(1,164)
Cash and cash equivalents at the end of the period	26,828	60,757



3Q16 and 9M16 Earnings Release

Balance sheet (R\$ thousands)	12/31/2015	9/30/2016
Assets		
Current assets	378,377	411,979
Cash and cash equivalents	23,380	60,757
Trade receivables	225,740	196,418
Derivative financial instruments	22	
Inventories	109,263	139,744
Taxes recoverable	7,471	6,644
Income tax and social contribution recoverable	1,020	1,763
Related parties	1,870	1,044
Other assets	9,611	5,609
Non-current assets	314,994	365,214
Long-term receivables	42,209	55,138
Derivative financial instruments	1,713	
Taxes recoverable	32,322	40,077
Deferred income tax and social contribution	5,558	12,836
Related parties		804
Other assets	2,616	1,421
Permanent assets	272,785	310,076
Intangible assets	78,690	87,136
Property, plant and equipment	194,095	222,940
Total assets	693,371	777,193
Liabilities and equity		
Current liabilities	149,994	172,611
Trade payables	29,450	41,878
Derivative financial instruments	1,297	6,467
Borrowings	57,260	78,661
Salaries and social charges	24,333	22,873
Taxes payable	6,585	3,685
Income tax and social contribution payable	1,873	1,555
Dividends and interest on capital	16,433	
Related parties	660	1,235
Commissions on sales	7,313	6,540
Other liabilities	4,790	9,717
Non-current liabilities	163,068	216,529
Derivative financial instruments		10,572
Borrowings	159,227	202,466
Provision for contingencies	3,841	3,491
Total liabilities	313,062	389,140
Total equity	380,181	388,033
Non-controlling interests	128	20
Total liabilities and equity	693,371	777,193