

3Q16 & 9M16 Results

Conference Call

October 21, 2016

8:30 a.m. (Eastern Time)

10:30 a.m. (Brasilia Time)



Disclaimer












This presentation contains statements that can represent expectations about future events or results. These statements are based on certain suppositions and analyses made by the company in accordance with its experience, with the economic environment and market conditions, and expected future developments, many of which are beyond the company's control. Important factors could lead to significant differences between real results and the statements on expectations about future events or results, including the company's business strategy, Brazilian and international economic conditions, technology, financial strategy, developments in the footwear industry, conditions of the financial market, and uncertainty on the company's future results from operations, plans, objectives, expectations and intentions – among other factors. In view of these aspects, the company's results could differ significantly from those indicated or implicit in any statements of expectations about future events or results.



Analysis of 3Q16
Results in IFRS
Consolidated data



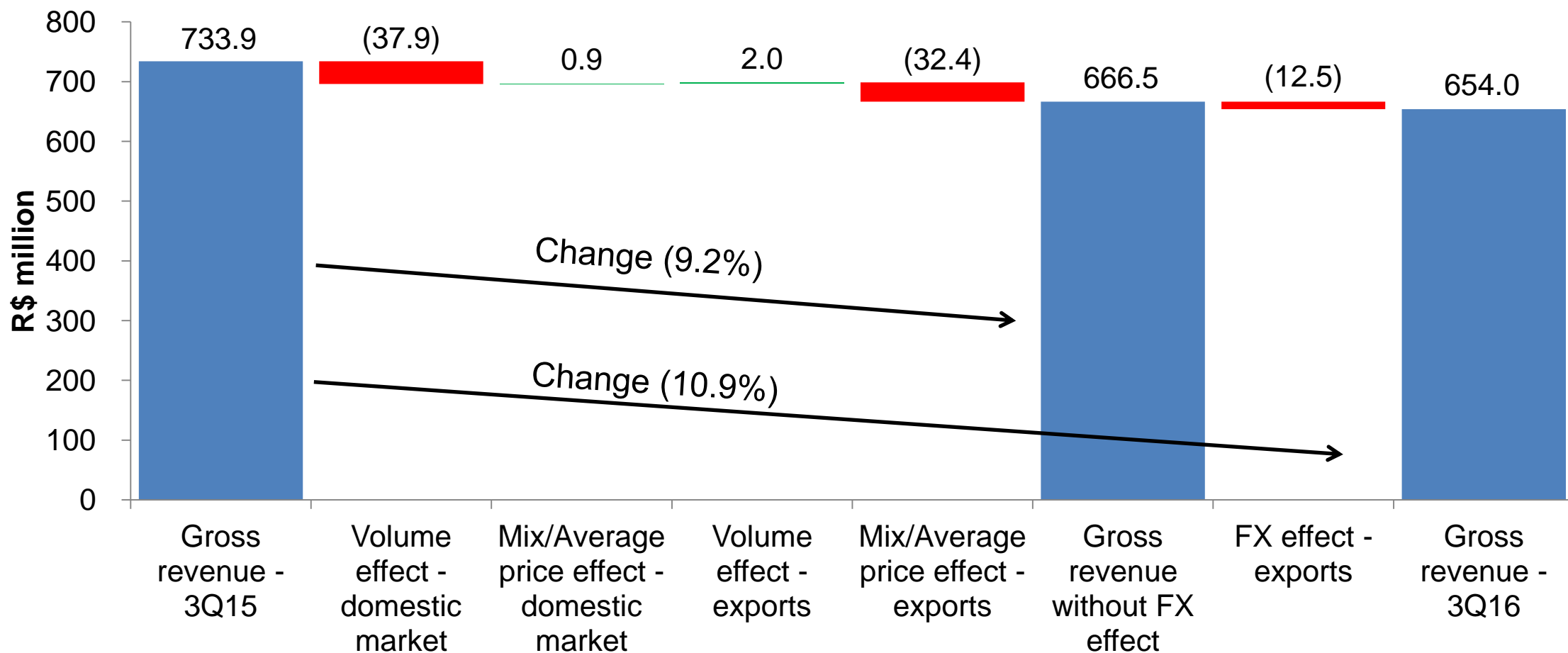
Highlights 3Q16 (YOY 2015)

Gross revenue	Domestic market: R\$ 519.5 million			(6.7%)
	Exports: R\$ 134.5 million			(24.2%)
Net profit	R\$ 150.9 million			10.7%
EBIT	R\$ 107.5 million			(16.9%)
	Margin 20.0%			(1.0 p.p.)
Exchange	Negative impact: R\$ 12.5 million			
Volumes	Domestic market: 34.3 million of pairs			(6.8%)
	Exports: 10.2 million of pairs			1.1%
Average price	Domestic market	R\$ 15.13		0.2%
	Exports	R\$ 13.15		(25.1%)
		US\$ 4.05		(18.2%)

Gross sales revenue

– Domestic market and exports

Analysed by effect of volume, mix and average price

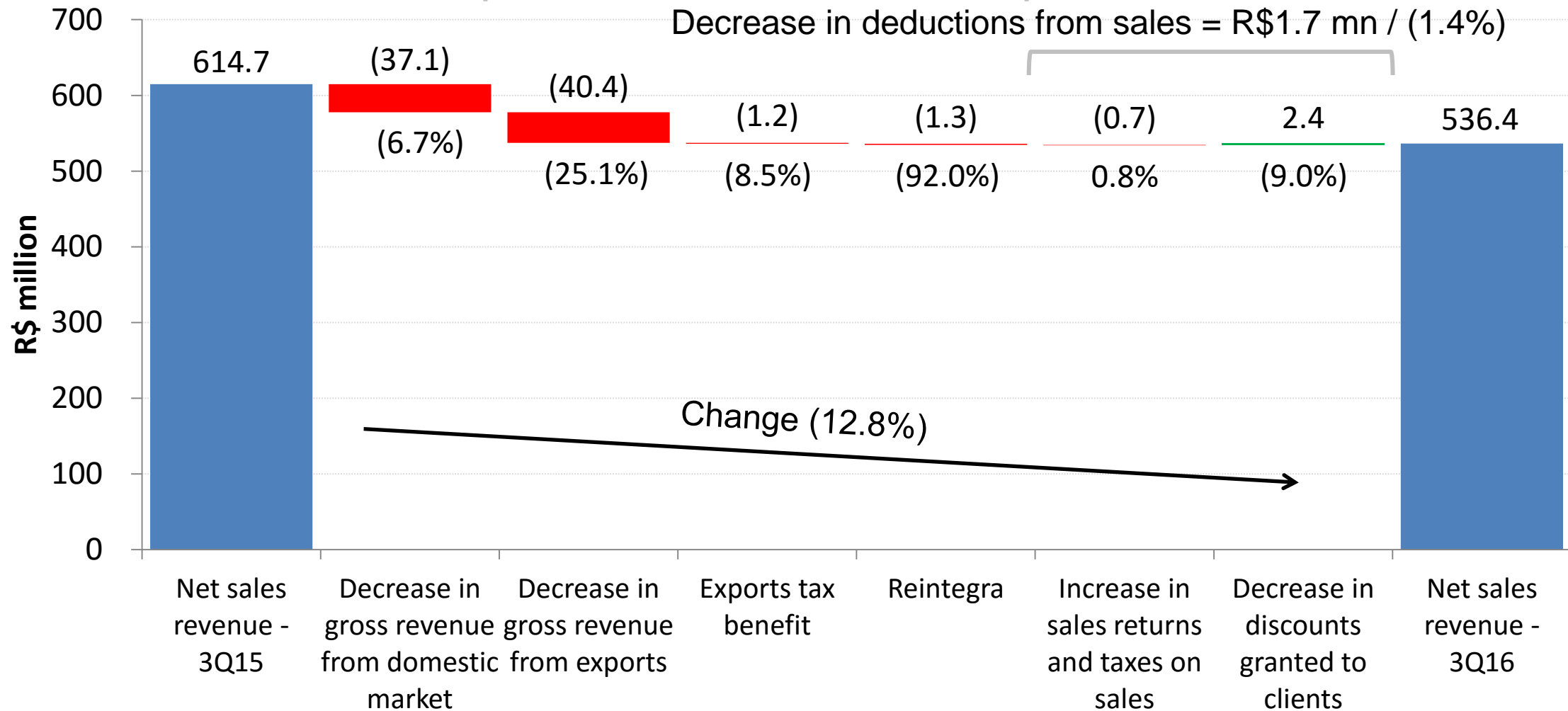


Average US dollar: 3Q15 = R\$ 3.5480 / 3Q16 = R\$ 3.2472 - Δ (8.5%)

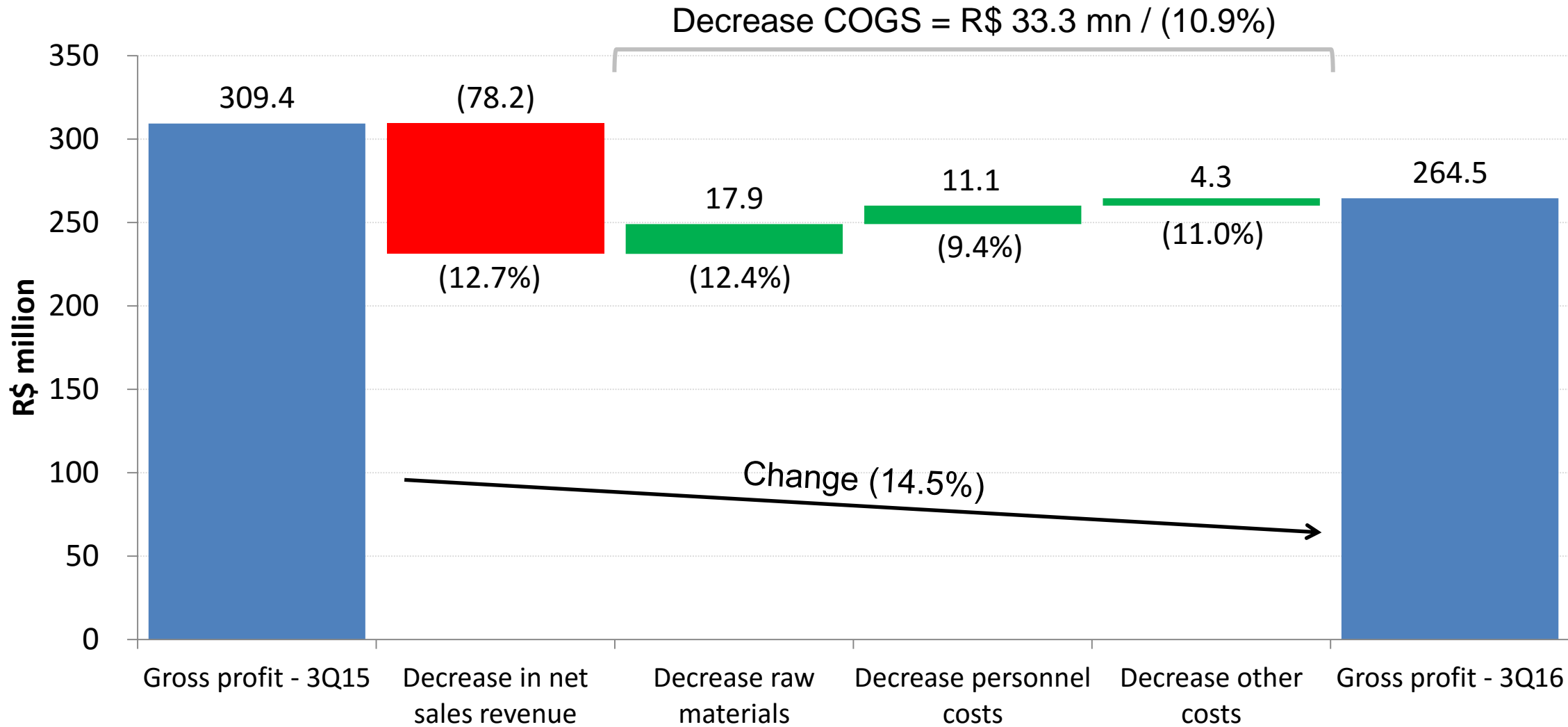
Net sales revenue

Decrease in exports revenues (sum) = (R\$42.9 mn) / (24.2%)

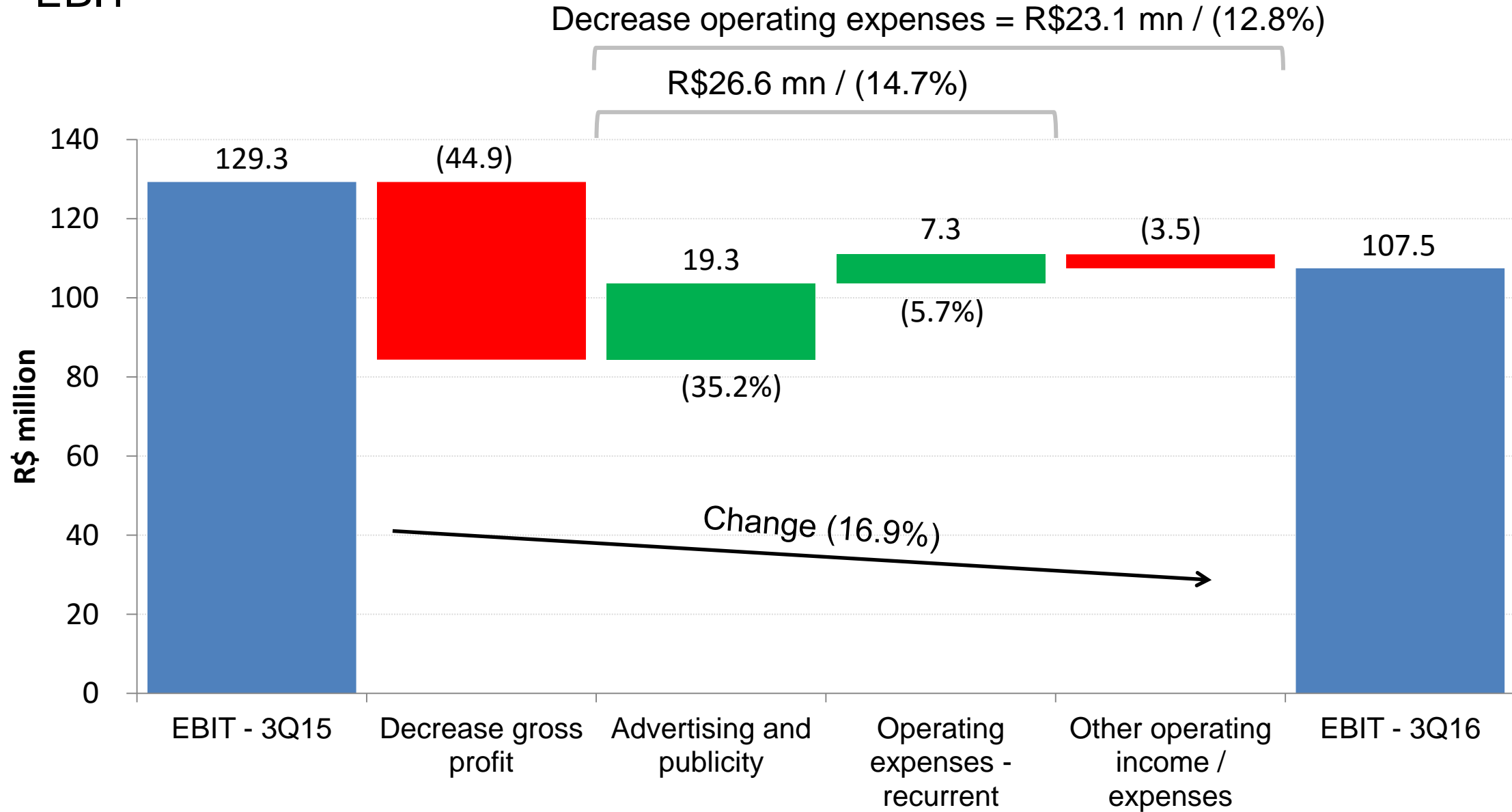
Decrease in deductions from sales = R\$1.7 mn / (1.4%)



Gross profit



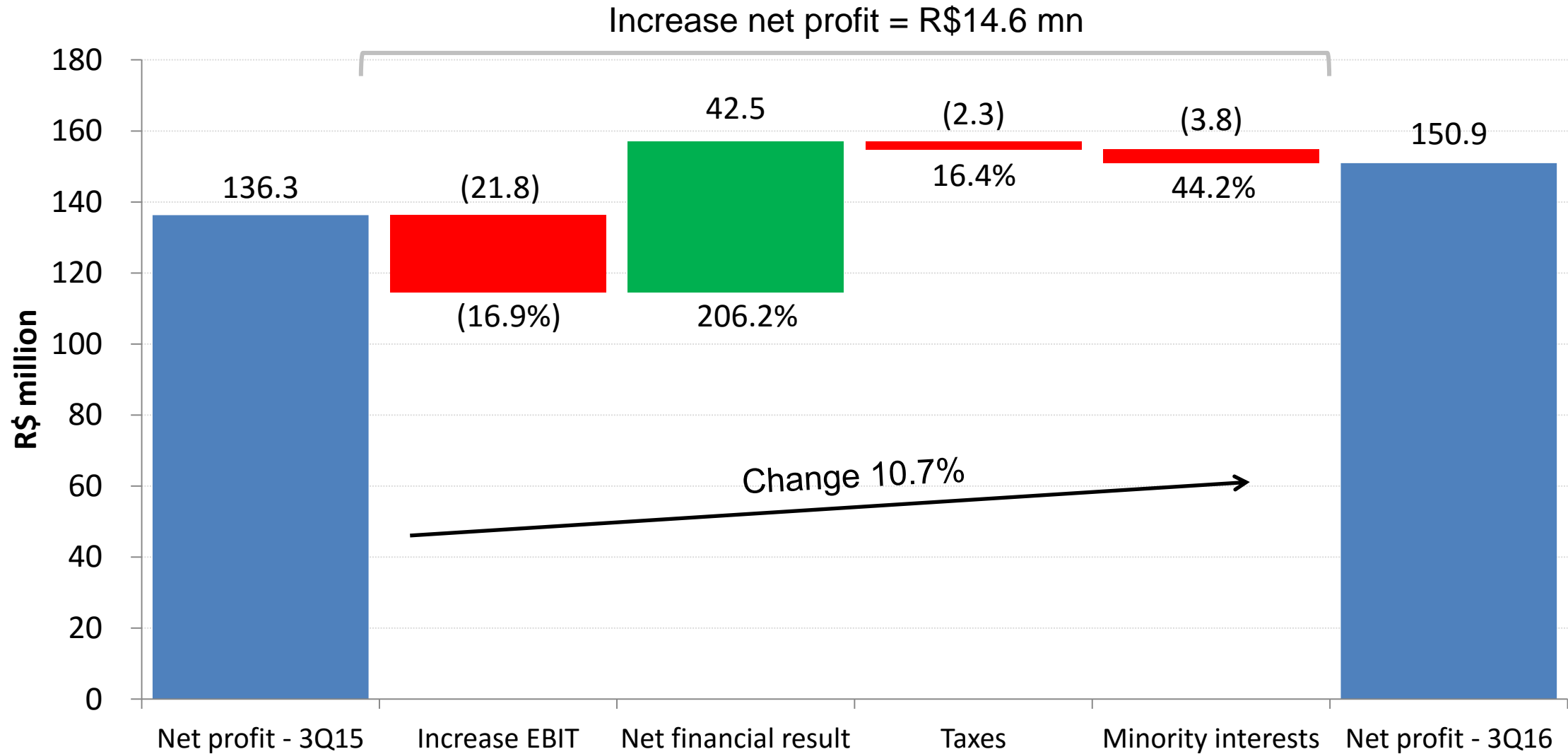
EBIT



Net financial revenues (expenses)

(R\$ million)	3Q15	3Q16	Change, %	Change, R\$
Interest received from clients	0.5	0.6	4.9%	0.1
Revenue from cash investments	42.5	51.6	21.3%	9.1
Other financial revenues	1.2	0.7	(39.4%)	(0.5)
Subtotal	44.2	52.9	19.5%	8.7
Costs of financings	(5.5)	(5.8)	4.5%	(0.3)
Cofins and PIS taxes on Financial revenues	(2.4)	(2.5)	1.0%	(0.1)
Other financial expenses	(1.5)	(0.7)	(53.6%)	0.8
Subtotal	(9.4)	(9.0)	(5.7%)	0.4
Net financial revenues (expenses) (1)	34.8	43.9	26.4%	9.1
Revenue from FX derivatives – BM&FBovespa	5.6	2.1	(63.0%)	(3.5)
Foreign exchange gains	40.7	2.9	(92.8%)	(37.8)
Subtotal	46.3	5.0	(89.2%)	(41.3)
Op. expenses on FX derivatives – BM&FBovespa	(51.0)	(0.5)	(99.0%)	50.5
Expenses of FX variation	(22.9)	(1.1)	(94.9%)	21.8
Subtotal	(73.9)	(1.6)	(97.8%)	72.3
Net gain (loss) on FX variations (2)	(27.6)	3.4	112.2%	31.0
Adjustments to present value (APV)	13.4	15.7	17.7%	2.3
Financial result – APV (3)	13.4	15.7	17.7%	2.3
Net financial revenues (expenses) (1) + (2) + (3)	20.6	63.0	206.2%	42.4

Net profit
















Analysis of 9M16
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Consolidated data



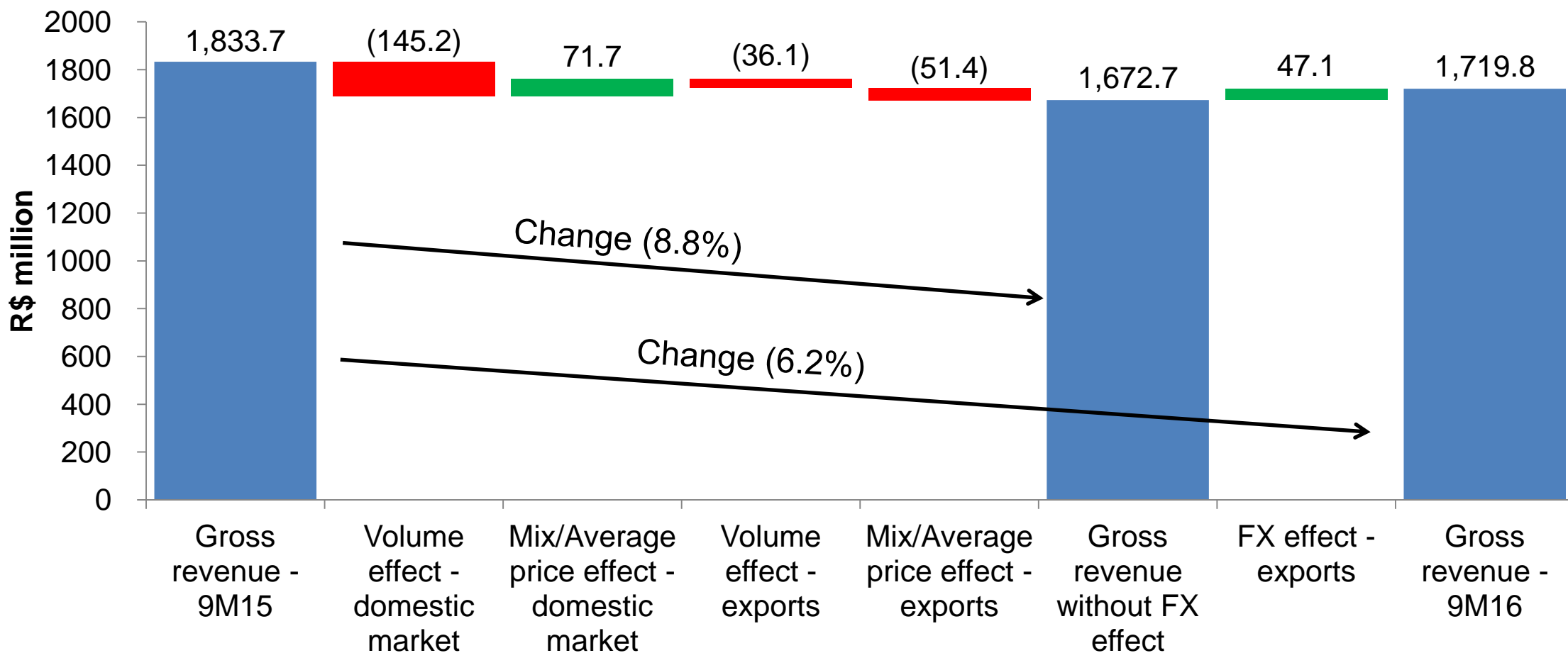
Highlights 9M16 (YOY 2015)

Gross revenue	Domestic market: R\$ 1,295.1 million			(5.4%)
	Exports: R\$ 424.7 million			(8.7%)
Net profit	R\$ 387.5 million			6.8%
EBIT	R\$ 244.4 million			(13.8%)
	Margin 17.2%			(1.4 p.p.)
Exchange	Positive impact: R\$ 47.1 million			
Volumes	Domestic market: 84.3 million pairs			(10.6%)
	Exports: 28.8 million pairs			(7.8%)
Average price	Domestic market	R\$ 15.36		5.9%
	Exports	R\$ 14.77		(1.0%)
		US\$ 4.15		(12.1%)

Gross sales revenue

– Domestic market and exports

Analysed by effect of volume, mix and average price



Average US dollar: 9M15 = R\$ 3.1612 / 9M16 = R\$ 3.5557 - Δ 12.5%

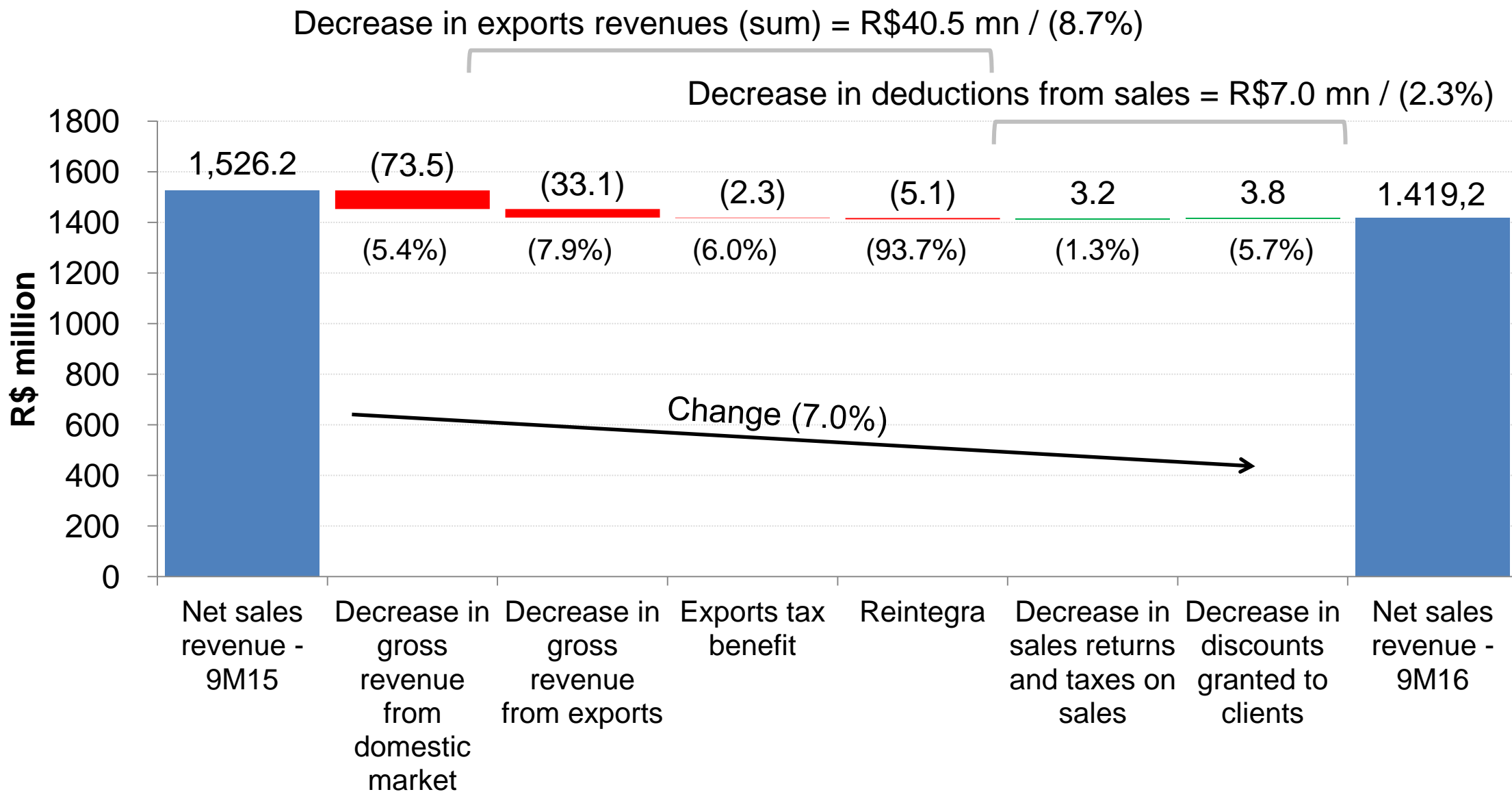
Performance

– CAGR, Compound average growth rate,
in the first nine months of year 2008 – 2016:

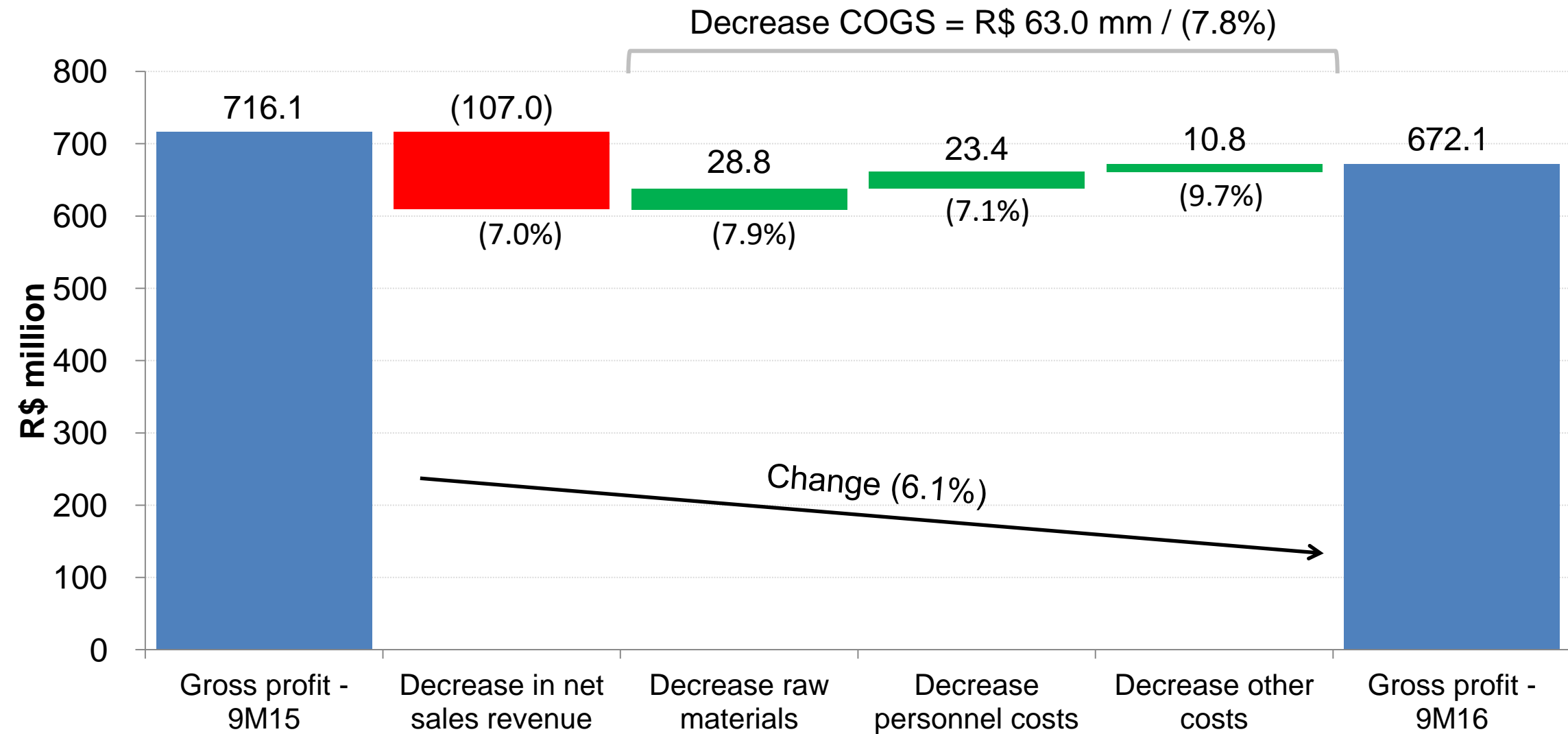
R\$ million	9M08	9M09	9M10	9M11	9M12	9M13	9M14	9M15	9M15	CAGR
Gross revenue	1,076.1	1,218.7	1,394.0	1,210.6	1,521.1	1,847.3	1,834.2	1,833.8	1,719.8	6.0%
YoY Change		13.2%	14.4%	(13.2%)	25.6%	21.4%	(0.7%)	(0.02%)	(6.2%)	
Net profit	156.7	187.2	189.7	183.9	261.0	290.6	297.8	362.7	387.5	12.0%
YoY Change		19.2%	1.4%	(3.1%)	41.9%	11.4%	2.5%	21.8%	6.8%	

R\$ million	9M08	9M09	9M10	9M11	9M12	9M13	9M14	9M15	9M15	CAGR
Advertising expenses	69.5	72.3	82.6	85.0	101.3	105.2	105.9	100.1	81.8	2.1%
% of Net sales revenue	8.2%	7.4%	7.4%	8.7%	8.3%	7.1%	7.1%	6.6%	5.8%	

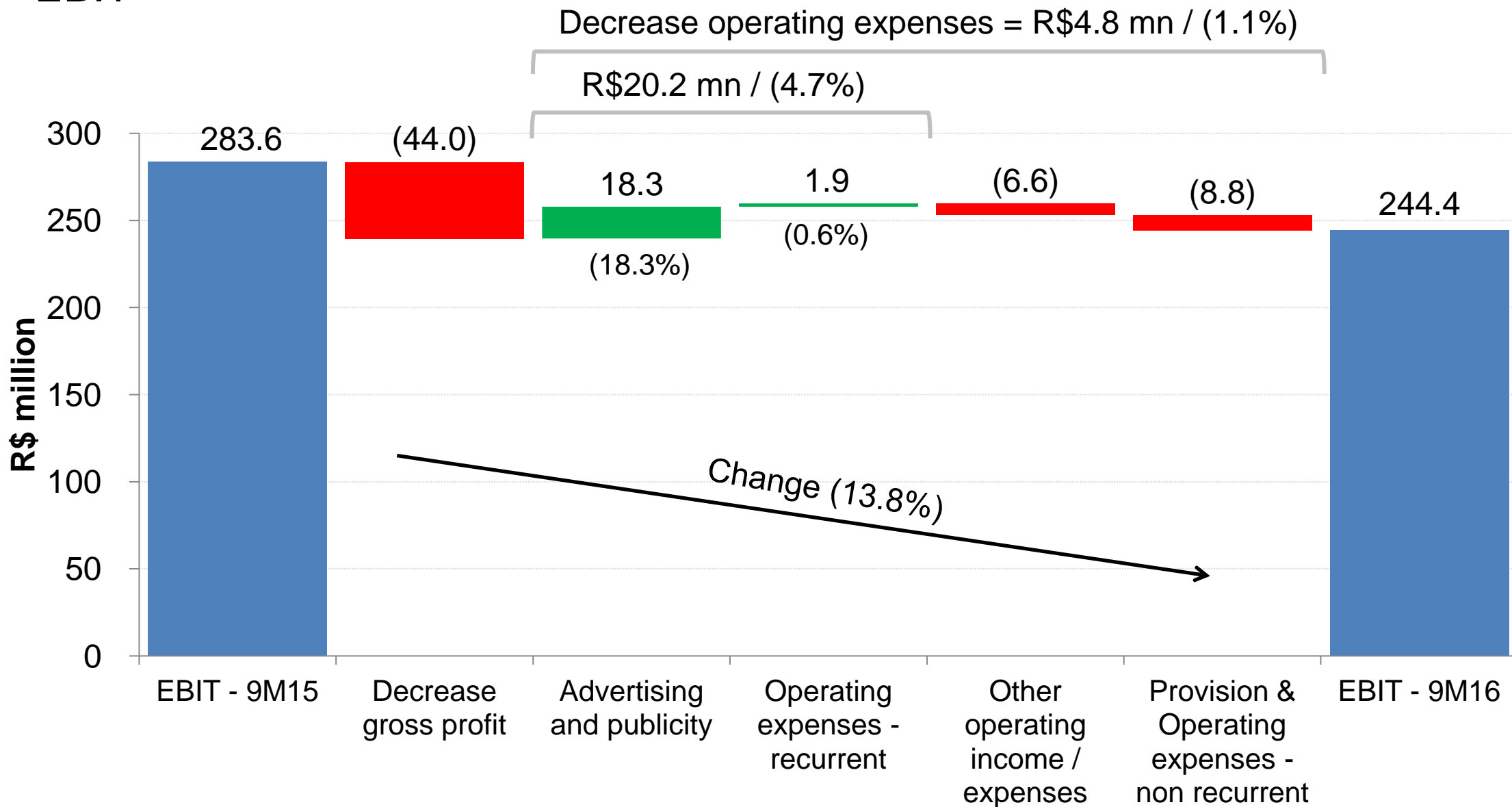
Net sales revenue



Gross profit



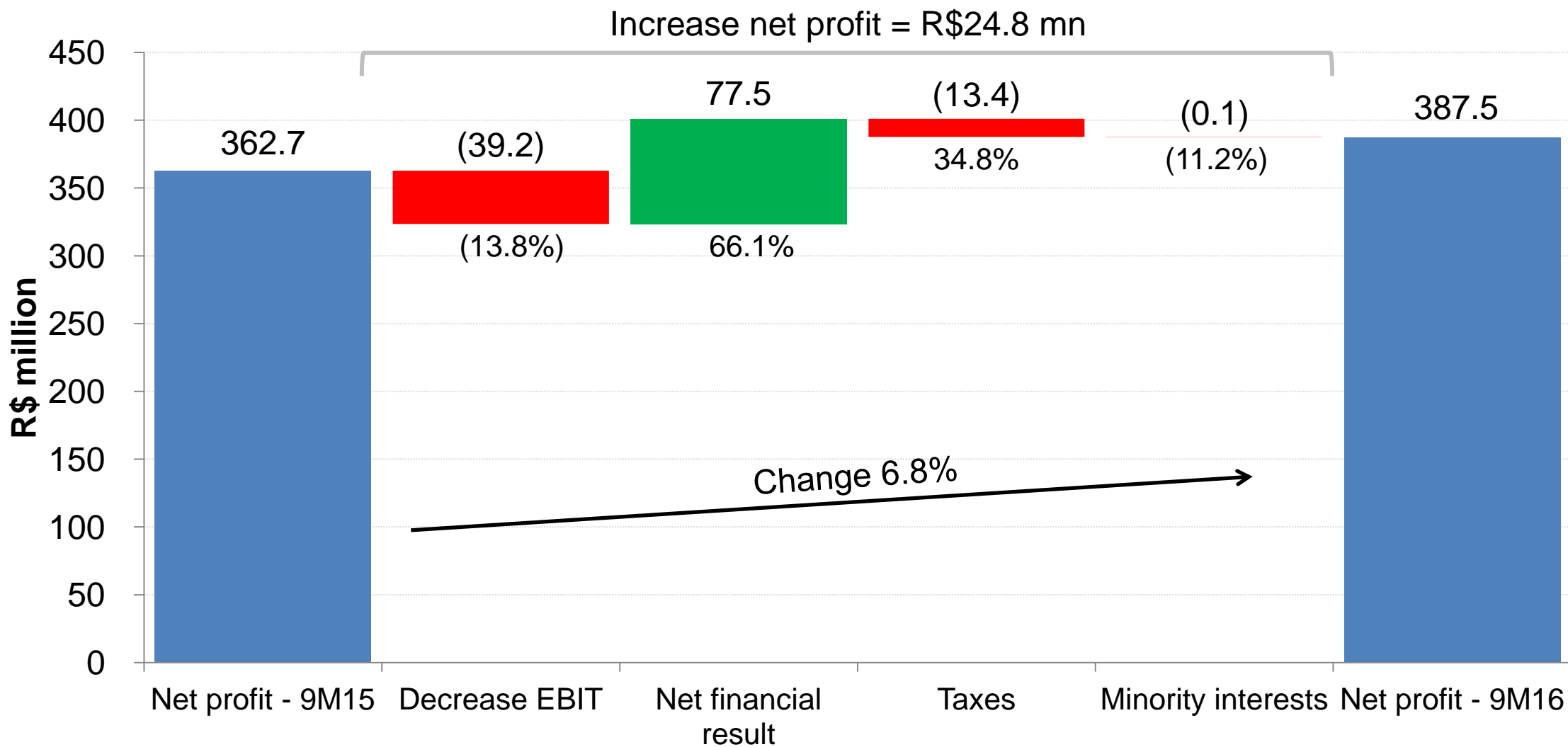
EBIT



Net financial revenues (expenses)

(R\$ million)	9M15	9M16	Change, %	Change, R\$
Interest received from clients	1.6	1.7	4.8%	0.1
Revenue from cash investments	120.3	157.8	31.2%	37.5
Other financial revenues	3.1	2.7	(13.3%)	(0.4)
Subtotal	125.0	162.2	29.8%	37.2
Costs of financings	(14.8)	(14.7)	(0.5%)	0.1
Cofins and PIS taxes on Financial revenues	(2.4)	(9.1)	273.4%	(6.7)
Other financial expenses	(5.8)	(4.0)	(32.1%)	1.8
Subtotal	(23.0)	(27.8)	20.6%	(4.8)
Net financial revenues (expenses) (1)	102.0	134.4	31.8%	32.4
Revenue from FX derivatives – BM&FBovespa	38.8	33.0	(14.9%)	(5.8)
Foreign exchange gains	107.8	55.1	(48.9%)	(52.7)
Subtotal	146.6	88.1	(39.9%)	(58.5)
Op. expenses on FX derivatives – BM&FBovespa	(108.2)	(6.2)	(94.3%)	102.0
Expenses of FX variation	(63.3)	(65.4)	3.3%	(2.1)
Subtotal	(171.5)	(71.6)	(58.3%)	99.9
Net gain (loss) on FX variations (2)	(24.9)	16.5	(166.4%)	41.4
Adjustments to present value (APV)	40.1	43.8	9.0%	3.7
Financial result – APV (3)	40.1	43.8	9.0%	3.7
Net financial revenues (expenses) (1) + (2) + (3)	117.2	194.7	66.1%	77.5

Net profit



Earnings

Basis for the distribution of dividends	R\$
Net profit for the period	387,505,329.59
(-) Tax incentives reserve	(174,074,181.92)
Legal reserve calculation basis	213,462,147.67
(-) Legal reserve	(10,673,107.38)
Dividend for the profit reported up to September 30, 2016	202,789,040.29
Total of Dividends + Interest on Equity proposed by management	202,789,040.29 ¹
<i>Minimum obligatory dividend payable (25%)</i>	<i>50,697,260.07</i>
<i>Dividend proposed in excess of the obligatory minimum dividend</i>	<i>152,091,780.22</i>
Sum	202,789,040.29

¹ Dividends will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2016.

Earnings

Allocation of the proposed 9M16 corporate actions payments (Interest on Equity and Dividends)	R\$
(+) Interest on Equity, gross	30,000,000.00 ¹
(+) 1 st interim dividend - 1Q16	51,190,824.65
(+) 2 nd interim dividend - 3Q16	45,505,162.63
(+) 3 rd interim dividend - 3Q16	76,093,053.01
Total of dividends + Interest on Equity proposed by management, gross	202,789,040.29 ²
(-) Income tax withheld at source on Interest on Equity – (R\$30,000,000.00 x 15%)	(4,500,000.00)
Total of dividends + Interest on Equity proposed by management, net	198,289,040.29 ²

1 Corresponds to the gross amount of Interest on Capital. Net amount R\$ 25,500,000.00.

2 Dividends will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2016.

Earnings

Corporate action payment proposed					
Decision	Date approved	Ex- date	Date of start of payment	Gross amount R\$	Gross amount per share R\$
Gross Interest on Equity ¹	Apr. 28, 2016	May 4, 2016	May 18, 2016	30,000,000.00	0.099760575
Dividend – 1 st interim ¹	Apr. 28, 2016	May 4, 2016	May 18, 2016	51,190,824.65	0.170227536
Dividend – 2 nd interim ¹	Jul. 28, 2016	Aug. 3, 2016	Aug. 17, 2016	45,505,162.63	0.151320706
Dividend – 3 rd interim ¹	Oct. 20, 2016	Oct. 28, 2016	Nov. 16, 2016	76,093,053.01	0.253036223
			Sum	202,789,040.29	0.674345040

¹ Dividends will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2016.



Thank
You!