



3Q17 & 9M17 Results

Conference Call

October 27, 2017

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 3Q17 Results in IFRS Consolidated data



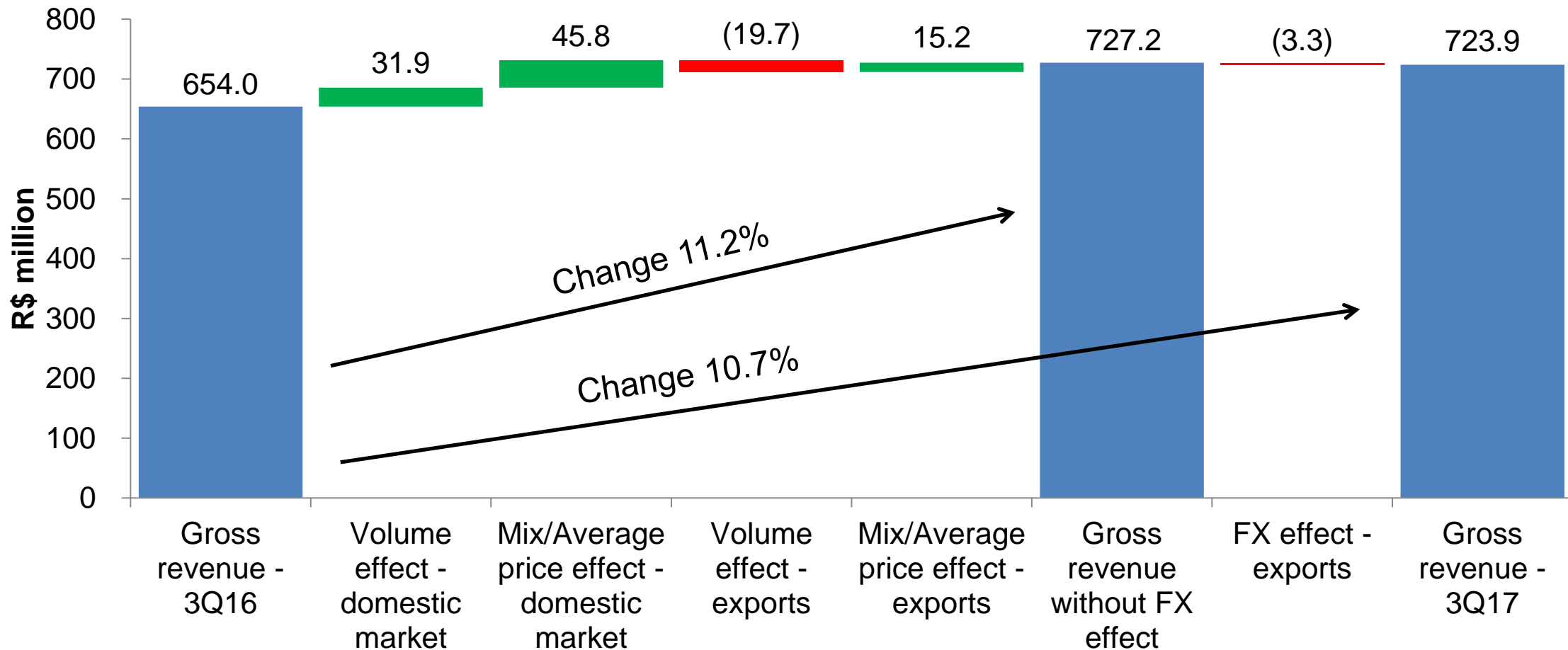
Highlights 3Q17 (YOY 2016)

Gross revenue	Domestic market: R\$ 597.2 million			15.0%
	Exports: R\$ 126.7 million			(5.8%)
Net profit	R\$ 146.7 million			(2.8%)
EBIT	R\$ 111.4 million			3.7%
	Margin 18.7%			(1.3 p.p.)
Exchange	Negative impact: R\$ 3.3 million			
Volumes	Domestic market: 36.5 million of pairs			6.1%
	Exports: 8.7 million of pairs			(14.5%)
Average price	Domestic market	R\$ 16.39		8.3%
	Exports	R\$ 14.51		10.3%
		US\$ 4.59		13.3%

Gross sales revenue

– Domestic market and exports

Analysed by effect of volume, mix and average price



Average US dollar: 3Q16 = R\$ 3.2472 / 3Q17 = R\$ 3.1639 - Δ (2.6%)

Performance

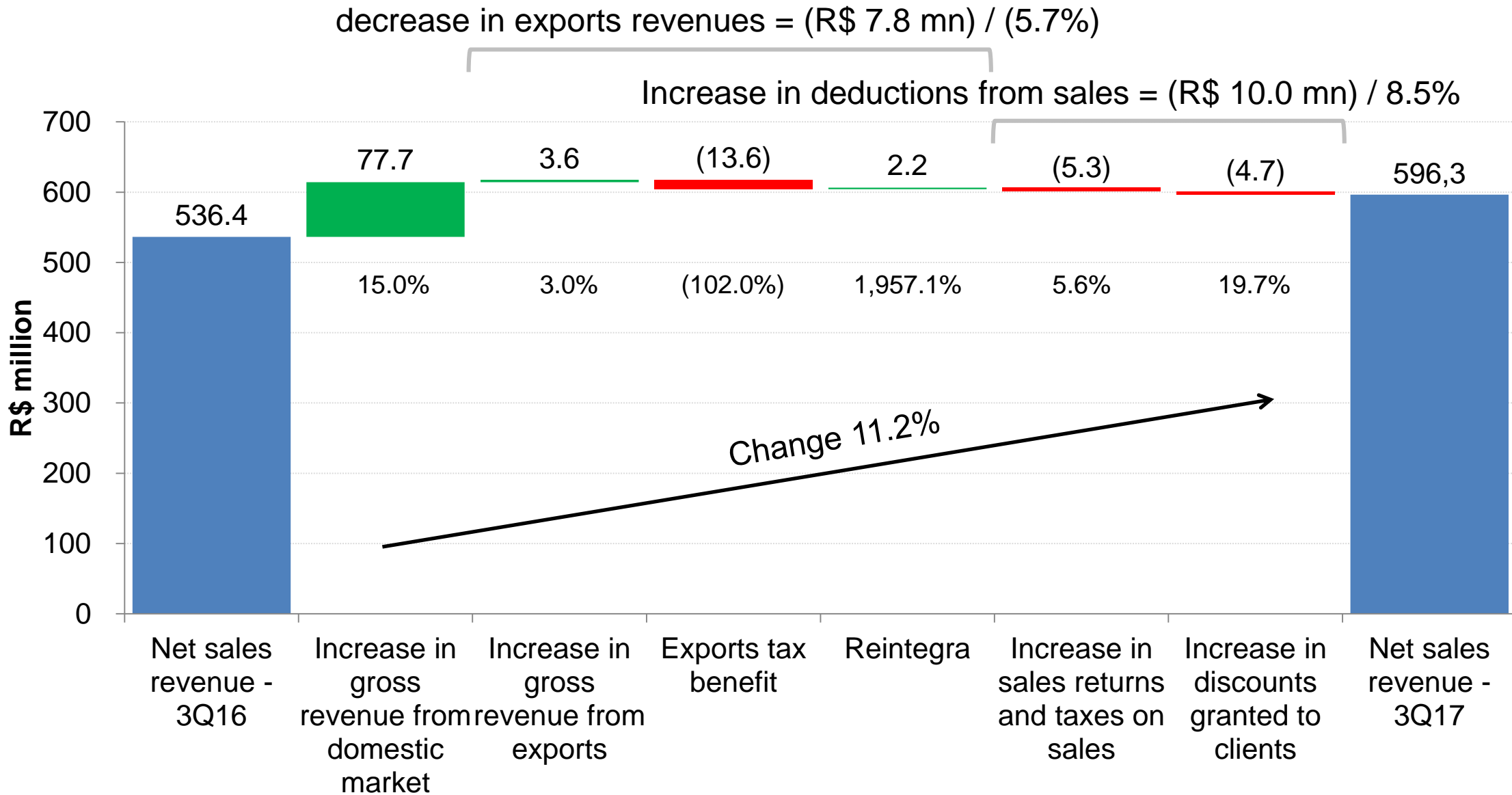
– CAGR, Compound average growth rate:

* excluding the non-recurring effect – A3NP

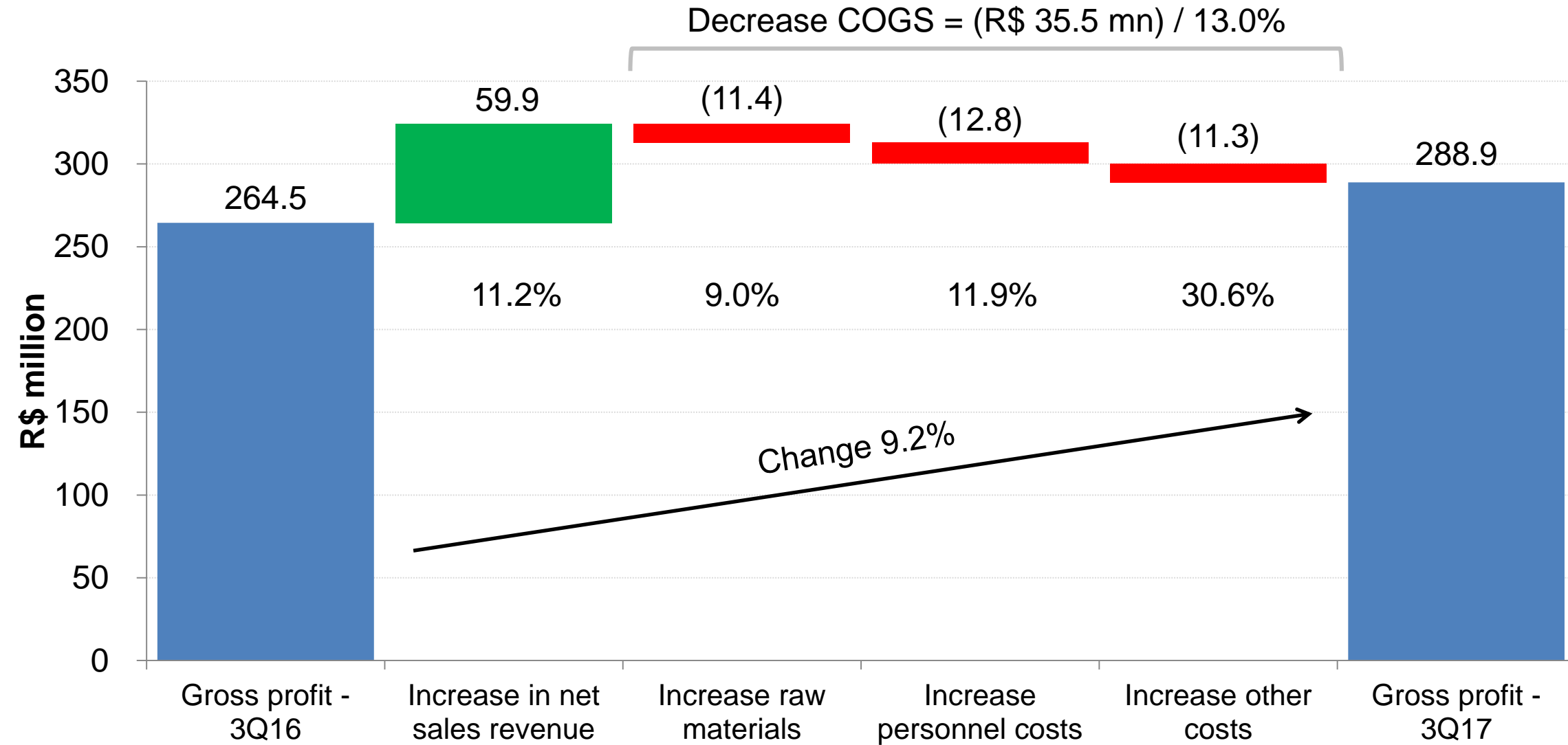
R\$ mn	3Q08	3Q09	3Q10	3Q11	3Q12	3Q13	3Q14*	3Q15*	3Q16	3Q17	CAGR
Gross revenue	457.9	475.5	546.4	511.3	613.0	739.0	730.1	733.9	654.0	723.9	5.2%
Change Y-o-Y		3,9%	14,9%	(6,4%)	19,9%	20,6%	(1,2%)	0,5%	(10,9%)	10.7%	
Net profit	73,3	65,6	104,8	83,5	119,4	122,1	126,6	136,3	150,9	146.7	8.0%
Change Y-o-Y		(10,5%)	59,7%	(20,3%)	43,0%	2,2%	3,7%	7,7%	10,7%	(2.8%)	

R\$ million	3Q08	3Q09	3Q10	3Q11	3Q12	3Q13	3Q14*	3Q15*	3Q16	3Q17	CAGR
Advertising expenses	32.3	33.9	44.4	46.3	42.9	45.7	53.4	54.9	36.1	37.7	1.8%
% of Net Revenue	9.0%	9.0%	10.2%	11.2%	8.6%	7.6%	8.9%	8.9%	6.7%	6.3%	

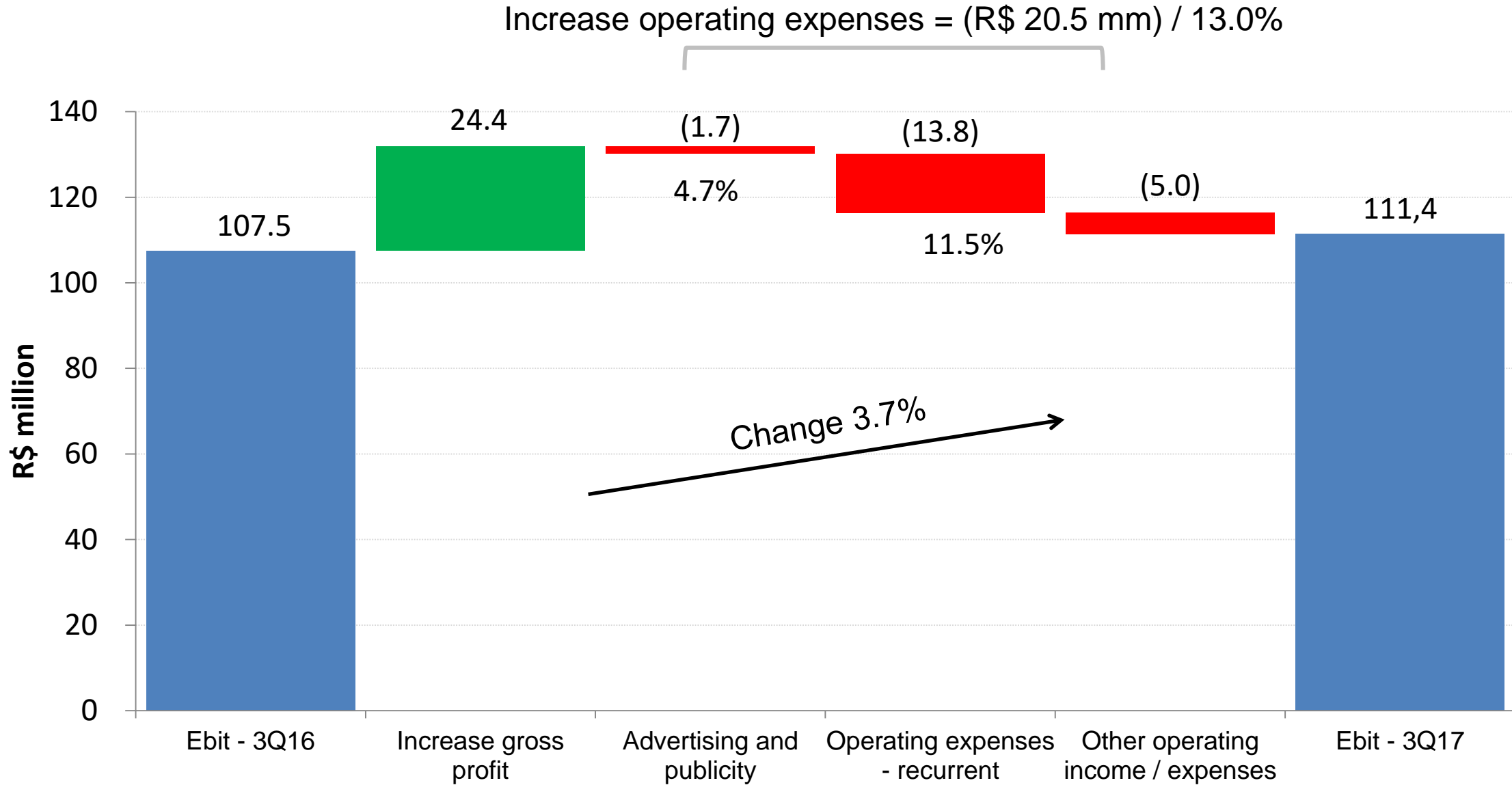
Net sales revenue



Gross profit



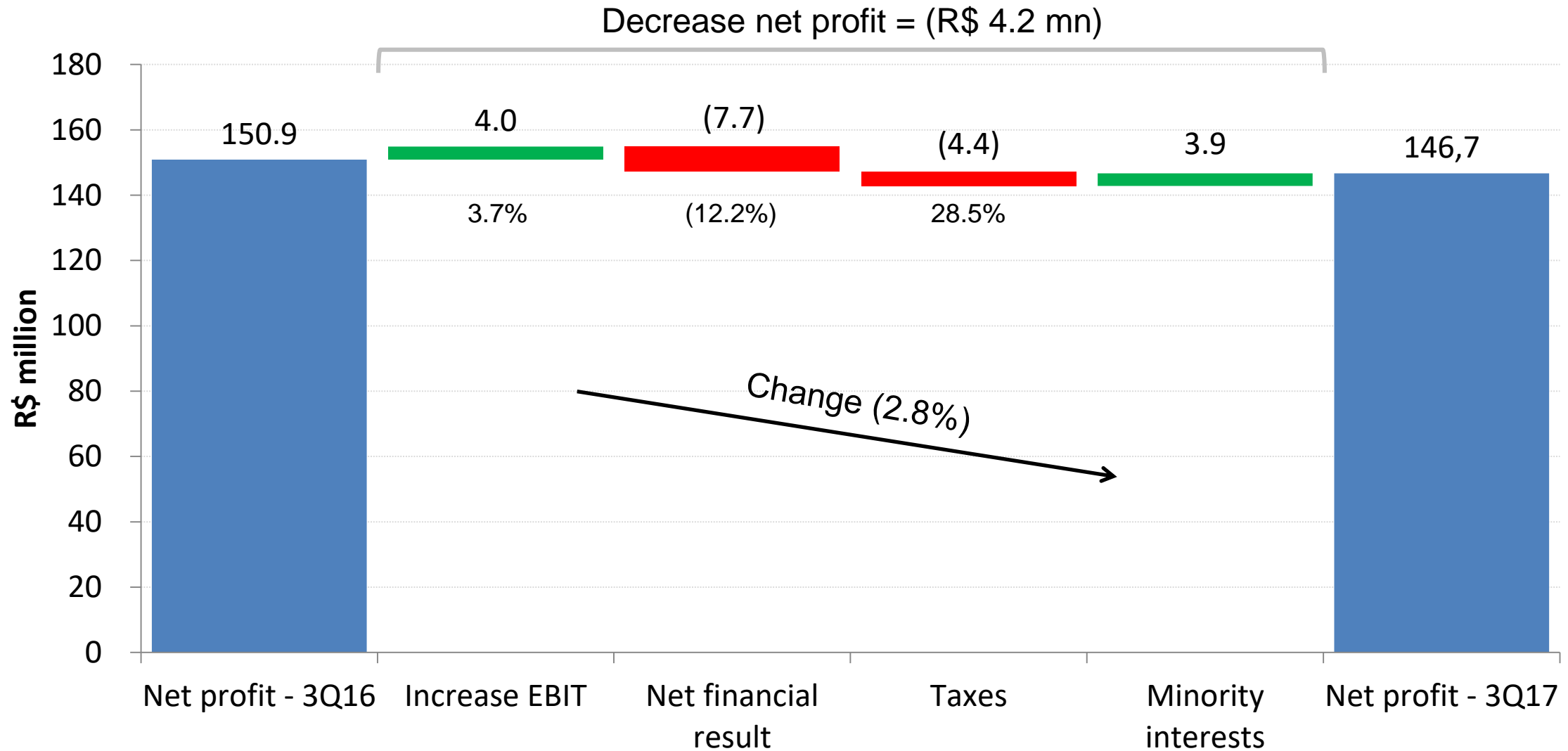
EBIT



Net financial revenues (expenses)

(R\$ '000)	3Q16	3Q17	Change, %	Change, R\$
Interest received from clients	562	505	(10.1%)	(57)
Revenue from cash investments	51,610	40,267	(22.0%)	(11,343)
Other financial revenues	722	200	(72.3%)	(522)
Subtotal	52,894	40,972	(22.5%)	(11,922)
Costs of financings	(5,755)	(2,489)	(56.8%)	3,266
Cofins and PIS taxes on Financial revenues	(2,473)	(1,899)	(23.2%)	574
Other financial expenses	(705)	(854)	21.1%	(149)
Subtotal	(8,933)	(5,242)	(41.3%)	3,691
Net financial revenues (expenses) (1)	43,961	35,730	(18.7%)	(8,231)
Revenue from FX derivatives – BM&FBovespa	2,081	5,707	174.2%	3,626
Foreign exchange gains	2,937	7,079	141.0%	4,142
Subtotal	5,018	12,786	154.8%	7,768
Op, expenses on FX derivatives – BM&FBovespa	(488)	(584)	19.7%	(96)
Expenses of FX variation	(1,167)	(9,150)	684.1%	(7,983)
Subtotal	(1,655)	(9,734)	488.2%	(8,079)
Net gain (loss) on FX variations (2)	3,363	3,052	(9.2%)	(311)
Adjustments to present value (APV)	15,717	16,565	5.4%	848
Financial result – APV (3)	15,717	16,565	5.4%	848
Net financial revenues (expenses) (1) + (2) + (3)	63,041	55,347	(12.2%)	(7,694)












Net profit



Analysis of 9M17
Results in IFRS
Consolidated data



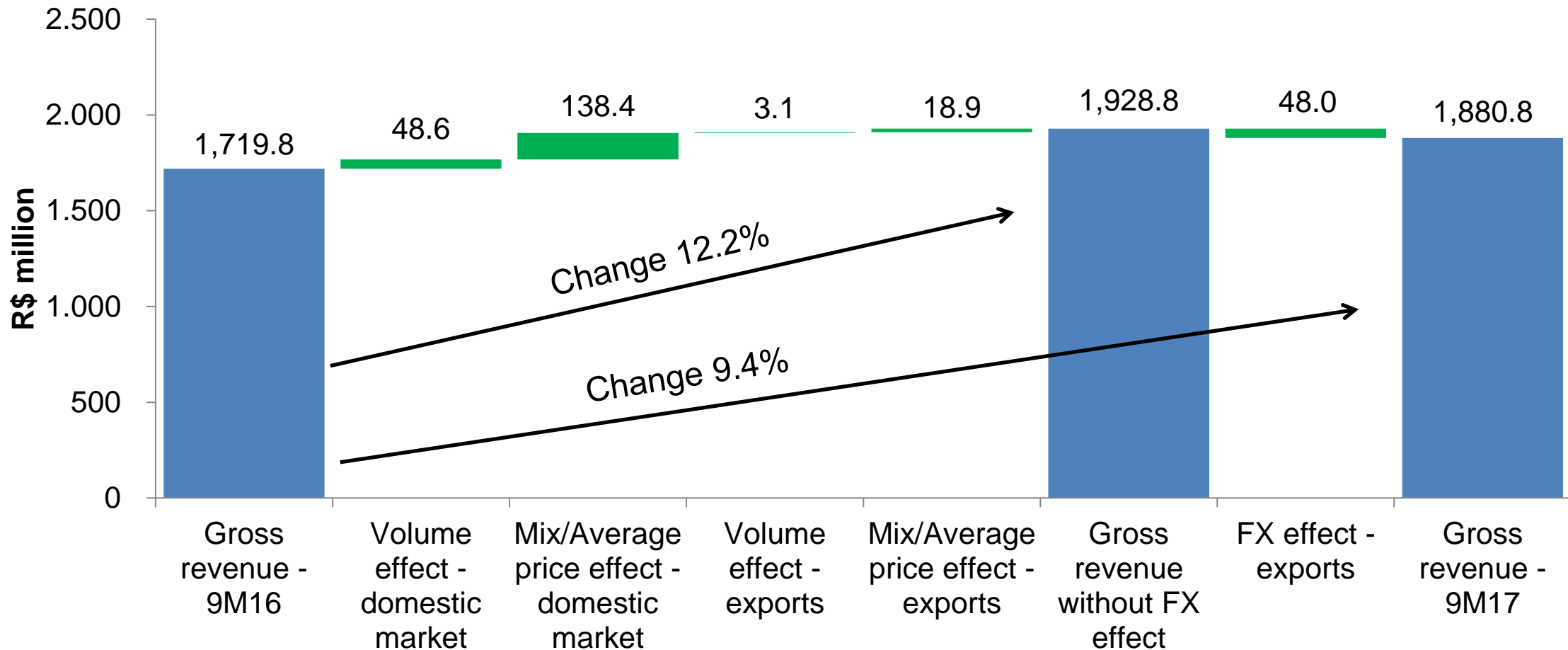
Highlights 9M17 (YOY 2016)

Gross revenue	Domestic market: R\$ 1,482.1 million			14.4%
	Exports: R\$ 398.7 million			(6.1%)
Net profit	R\$ 410.5 million			5.9%
EBIT	R\$ 278.4 million			13.9%
	Margin 18.0%			0.8 p.p.
Exchange	Negative impact: R\$ 48.0 million			
Volumes	Domestic market: 87.4 million of pairs			3.7%
	Exports: 29.0 million of pairs			0.8%
Average price	Domestic market	R\$ 16.95		10.4%
	Exports	R\$ 13.76		(6.8%)
		US\$ 4.34		4.6%

Gross sales revenue

– Domestic market and exports

Analysed by effect of volume, mix and average price



Average US dollar: 9M16 = R\$ 3.5557 / 9M17 = R\$ 3.1735 - Δ (10.7%)

Performance

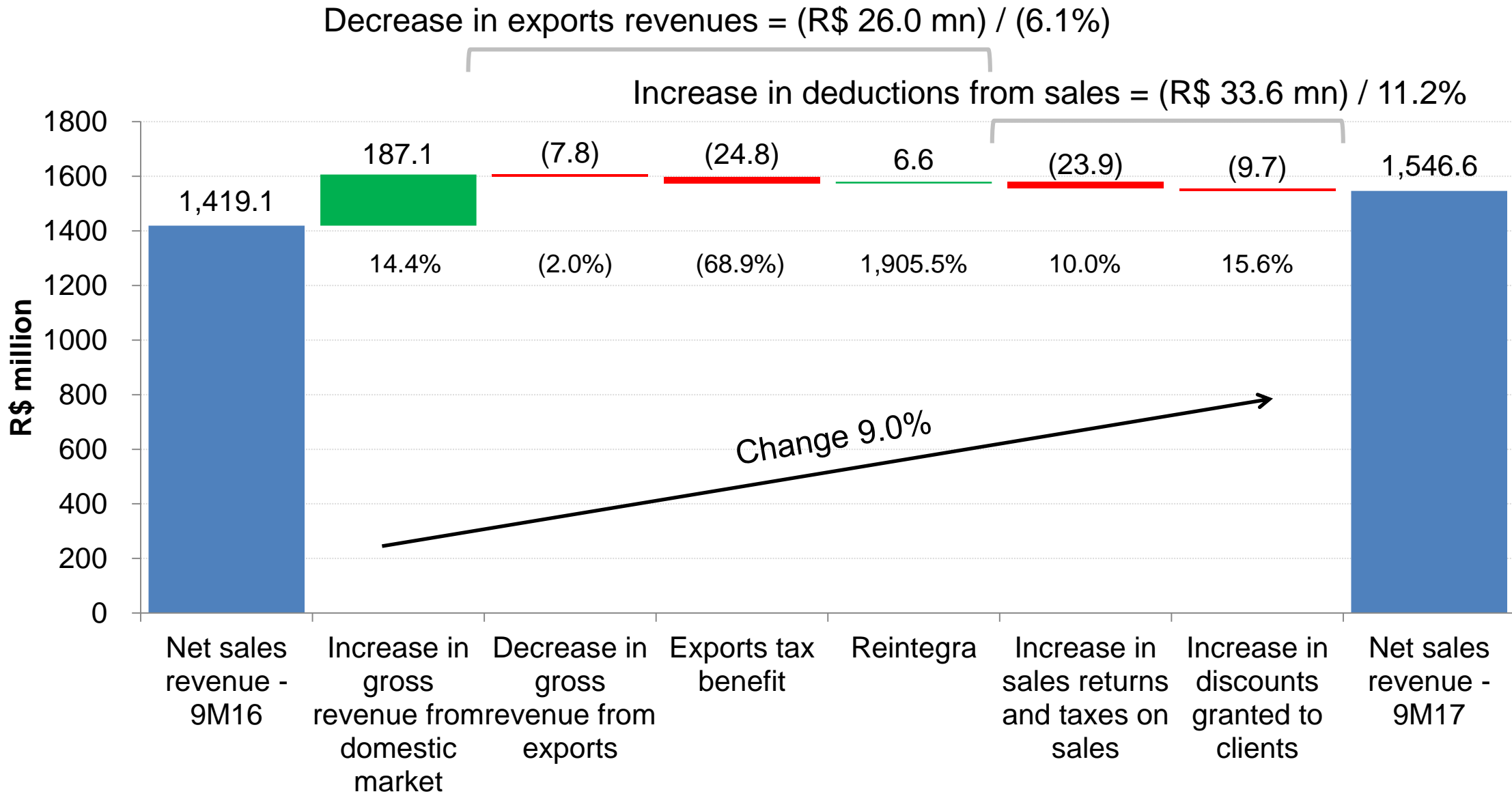
– CAGR, Compound average growth rate:

* excluding the non-recurring effect – A3NP

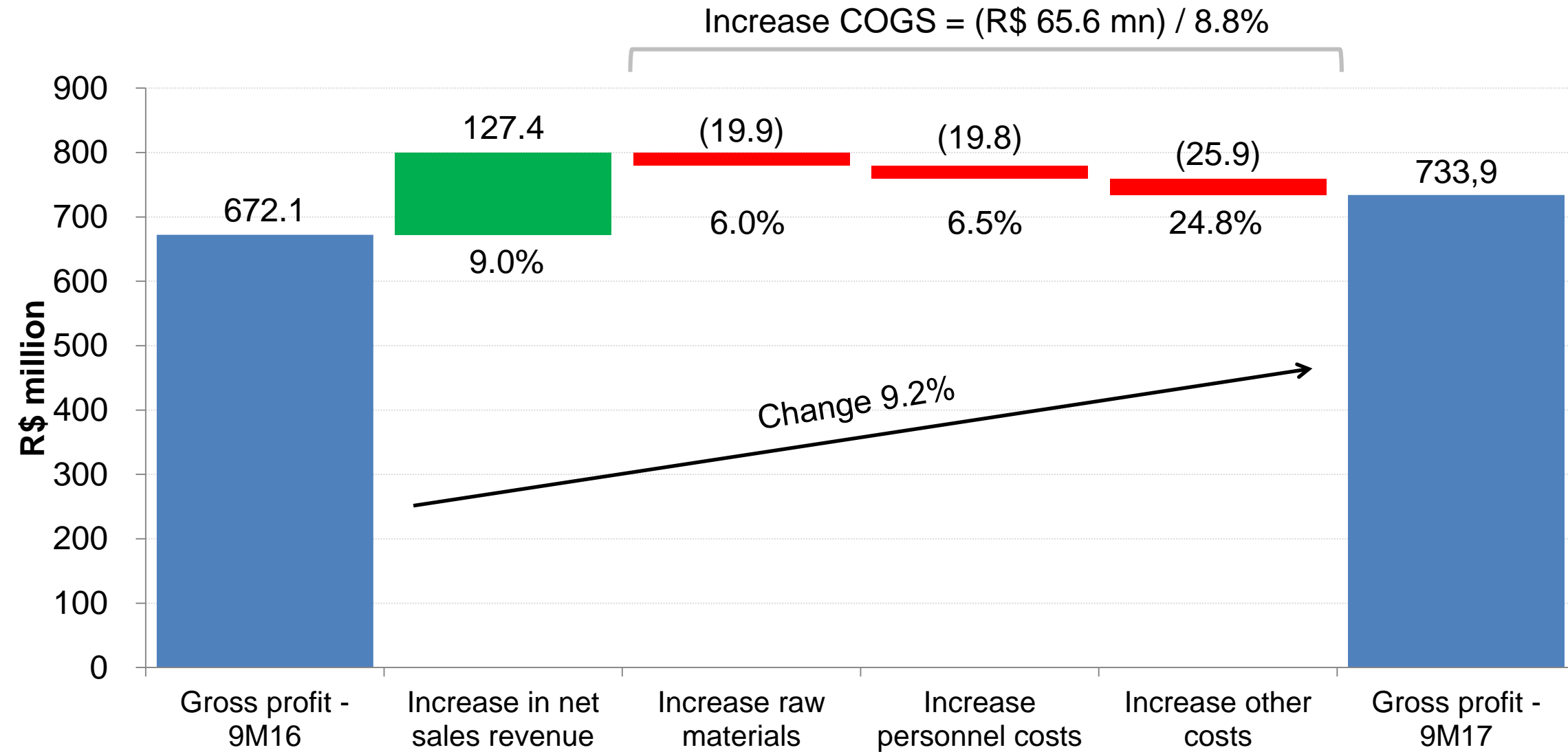
R\$ mn	9M08	9M09	9M10	9M11	9M12	9M13	9M14*	9M15*	9M16	9M17	CAGR
Gross revenue	1,076.1	1,218.7	1,394.0	1,210.6	1,521.1	1,847.3	1,834.2	1,833.8	1,719.8	1,880.8	6.4%
Change Y-o-Y		13.2%	14.4%	(13.2%)	25.6%	21.4%	(0.7%)	(0.02%)	(6.2%)	9.4%	
Net profit	156.7	187.2	189.7	183.9	261.0	290.6	297.8	362.7	387.5	410.5	11.3%
Change Y-o-Y		19.5%	1.4%	(3.1%)	41.9%	11.4%	2.5%	21.8%	6.8%	5.9%	

R\$ million	9M08	9M09	9M10	9M11	9M12	9M13	9M14*	9M15*	9M16	9M17	CAGR
Advertising expenses	69.5	72.3	82.6	85.0	101.3	105.2	105.9	100.1	83.6	84.8	2.2%
% of Net Revenue	8.2%	7.4%	7.4%	8.7%	8.3%	7.1%	7.1%	6.6%	5.9%	5.5%	

Net sales revenue

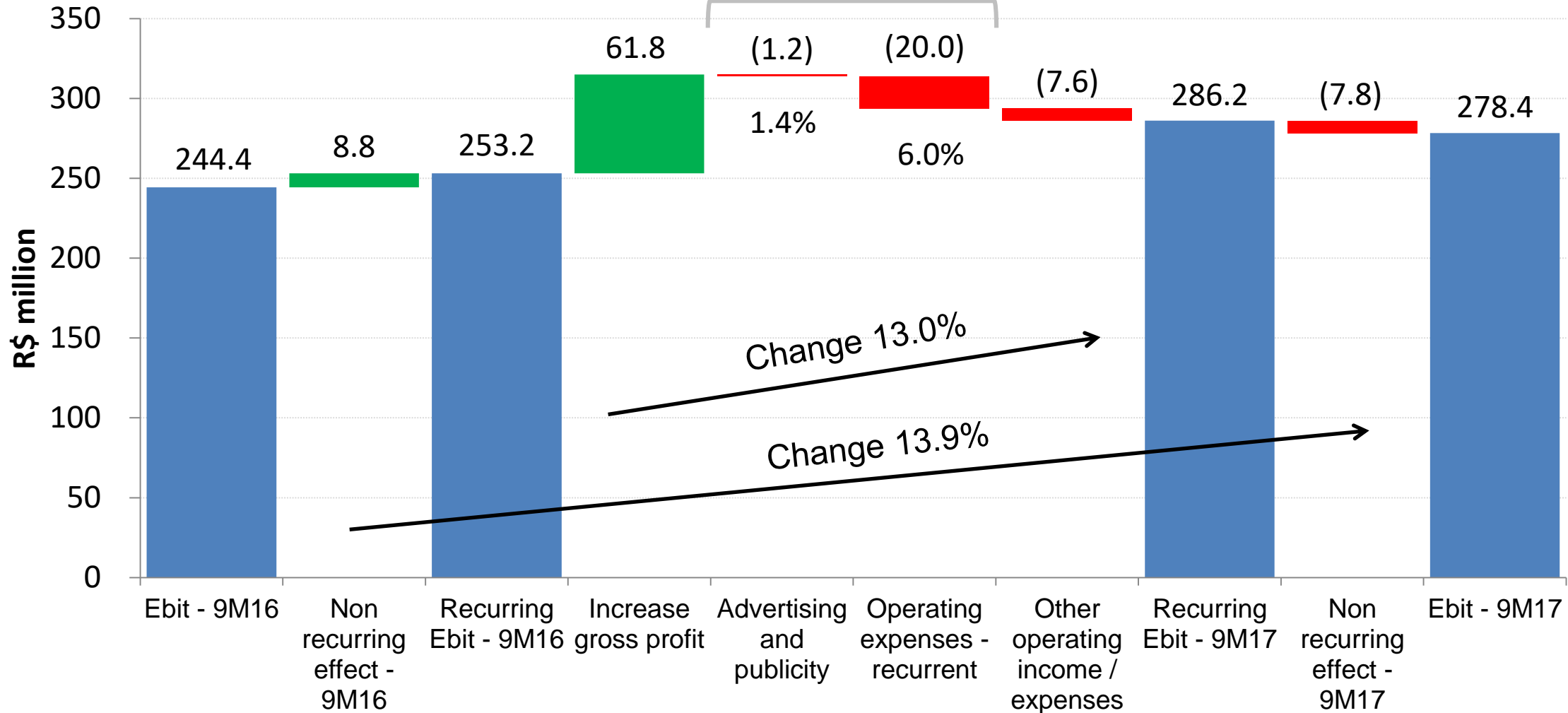


Gross profit



EBIT

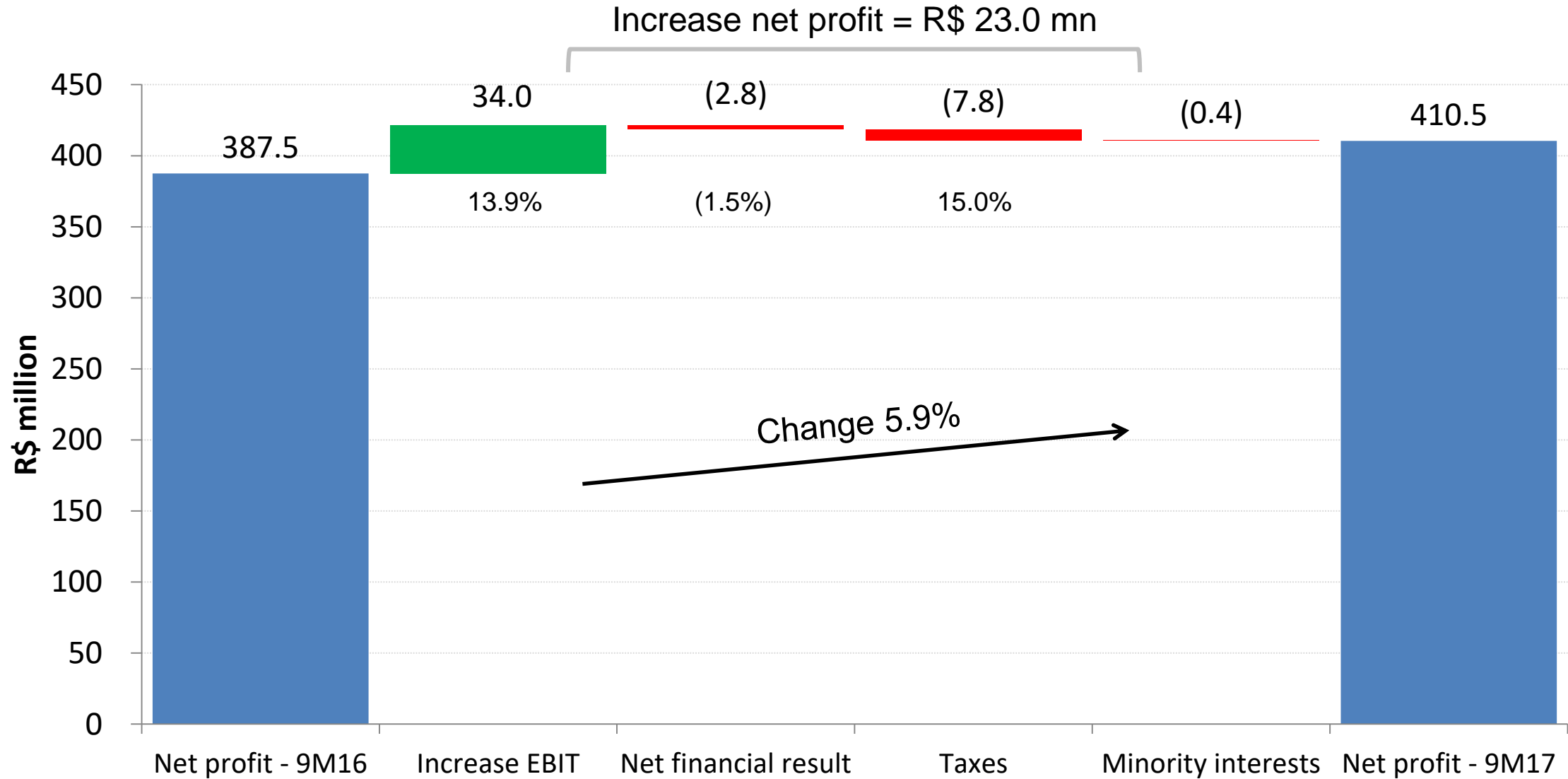
Increase operating expenses = (R\$ 28.8 mm) / 6.9%



Net financial revenues (expenses)

(R\$ '000)	9M16	9M17	Change, %	Change, R\$
Interest received from clients	1,727	1,618	(6.3%)	(109)
Revenue from cash investments	157,792	137,067	(13.1%)	(20,725)
Other financial revenues	2,709	1,979	(26.9%)	(730)
Subtotal	162,228	140,664	(13.3%)	(21,564)
Costs of financings	(14,705)	(7,632)	(48.1%)	7,073
Cofins and PIS taxes on Financial revenues	(9,140)	(6,713)	(26.6%)	2,427
Other financial expenses	(3,963)	(2,782)	(29.8%)	1,181
Subtotal	(27,808)	(17,127)	(38.4%)	10,681
Net financial revenues (expenses) (1)	134,420	123,537	(8.1%)	(10,883)
Revenue from FX derivatives – BM&FBovespa	33,046	22,489	(31.9%)	(10,557)
Foreign exchange gains	55,078	25,848	(53.1%)	(29,230)
Subtotal	88,124	48,337	(45.1%)	(39,787)
Op. expenses on FX derivatives – BM&FBovespa	(6,178)	(7,432)	20.3%	(1,254)
Expenses of FX variation	(65,414)	(25,593)	(60.9%)	39,821
Subtotal	(71,592)	(33,025)	(53.9%)	38,567
Net gain (loss) on FX variations (2)	16,532	15,312	(7.4%)	(1,220)
Adjustments to present value (APV)	43,746	52,992	21.1%	9,246
Financial result – APV (3)	43,746	52,992	21.1%	9,246
Net financial revenues (expenses) (1) + (2) + (3)	194,698	191,841	(1.5%)	(2,857)

Net profit



Earnings

Basis for the distribution of dividends	R\$
Net profit for the period	410,476,104.91
(-) Tax incentives reserve	(170,325,427.72)
Legal reserve calculation basis	240,150,677.19
(-) Legal reserve	(12,007,533.85)
Dividend for the profit reported up to September 30, 2017	228,143,143.34
Total of Dividends + Interest on Equity proposed by management ⁽¹⁾	228,143,143.34
<i>Minimum obligatory dividend payable (25%)</i>	<i>57,035,785.84</i>
<i>Dividend proposed in excess of the obligatory minimum dividend</i>	<i>171,107,357.50</i>
Sum	228,143,143.34

¹ Dividends will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2017.

Dividend

Allocation of the proposed corporate actions payments	R\$
(+) 1 st Interest on Equity (I.E.), gross	30.000.000,00 ¹
(+) 1 st interim dividend	69.078.060,63 ¹
(+) 2 nd interim dividend	55,584,193.70 ¹
(+) 3 rd interim dividend	73,480,889.01 ¹
Total of dividends + I. E. proposed by management, gross	228,143,143.34 ¹
(-) Income tax withheld at source on Interest on Equity – (15%)	(4,500,000.00)
Total of dividends + I. E. proposed by management, net	223,643,143.34 ¹

Dividends proposed ¹							
Type	Date approved	Ex- date	Date of start payment	Gross amount R\$	Gross amount per share R\$	Net amount R\$	Net amount per share R\$
I.E.	04/27/17	05/03/17	05/17/17	30,000,000.00	0.099763077	25,500,000.00	0.084798615
Dividend	04/27/17	05/03/17	05/17/17	69,078,060.63	0.229714663	69,078,060.63	0.229714663
Dividend	07/27/17	08/04/17	08/16/17	55,584,193.70	0.184841673	55,584,193.70	0.184841673
Dividend	10/26/17	11/07/17	11/22/17	73,480,889.01	0.244355986	73,480,889.01	0.244355986
Sum				228,143,143.34	0.758675399	223,643,143.34	0.743710937

¹ Dividends will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2017.



Thank You!