

1Q18 Results

Conference call

February 23, 2018

9:30 a.m. (Eastern Time)

10:30 a.m. (Brasilia Time)



Hello Kitty



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.

Dividends

Basis for the distribution of dividends – 1Q18	R\$
Net profit for the period	156,063,466.96
(-) Tax incentives reserve	(60,557,103.13)
Legal reserve calculation basis	95,506,363.83
(-) Legal reserve – 5%	(4,775,318.19)
Dividends referring 1Q18	90,731,045.64 ¹
Total dividends proposed by management	90,731,045.64 ¹
<i>Mandatory dividends (R\$90,731,045.64 x 25%)</i>	<i>22,682,761.41</i>
<i>Dividends in addition to the minimum mandatory amount for 1Q18</i>	<i>68,048,284.23</i>
Sum	90,731,045.64

¹ Dividend will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2018.

Dividends

Dividend proposed							
Dividend	Date approved	Ex- date	Date of start payment	Gross amount R\$	Gross amount per share R\$	Net amount R\$	Net amount per share R\$
Dividend ¹	Apr. 26, 2018	May 8, 2018	May 23, 2018	90,731,045.64	0.301712708	90,731,045.64	0.301712708
Sum				90,731,045.64	0.301712708	90,731,045.64	0.301712708

¹ Dividend will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2018.

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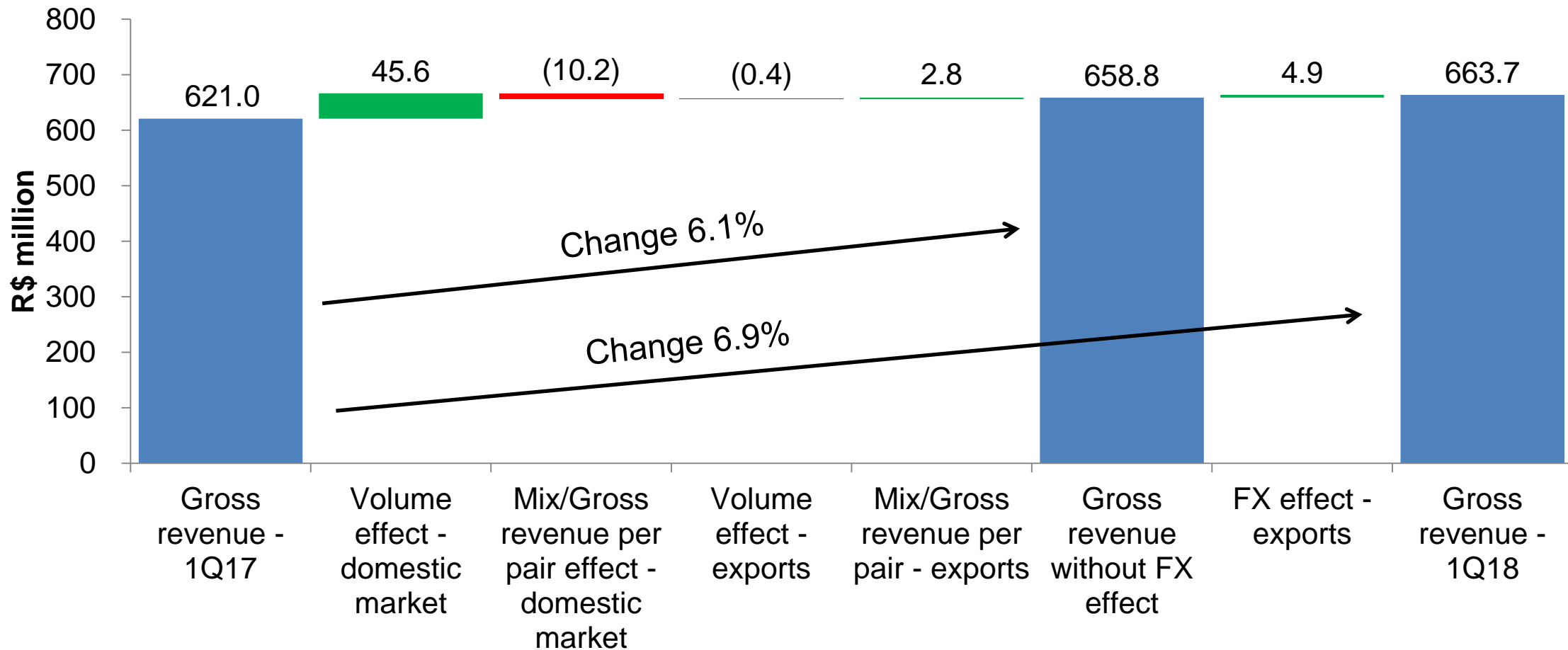
Highlights 1Q18 (YOY 2017)

Gross Revenue	Domestic market: R\$ 506.1 million		↑	7.5%	<div> <div>↑</div> <div>13.7%</div> <div>↑</div> <div>10.2%</div> </div>	
	Exports: R\$ 157.6 million		↑	4.9%		
	Exports: US\$ 48.6 million		↑	1.6%		
Net Profit	R\$ 156.1 million		↓	(9.2%)	<div> <div>Excluding Proapi in 1Q17</div> </div>	
EBIT	R\$ 120.5 million		↑	9.8%		
	Margin 22.1%		↑	0.6 p.p.		
Exchange	Positive impact: R\$ 4.9 million		↑		<div> <div>Excluding Proapi in 1Q17</div> </div>	
Volumes	Domestic market: 29.4 million pairs		↑	9.7%		
	Exports: 11.0 million pairs		↓	(0.2%)		
Gross revenue per pair	Domestic Market	R\$ 17.19	↓	(1.9%)	<div> <div>↑</div> <div>14.0%</div> <div>↑</div> <div>10.5%</div> </div>	
	Exports	R\$ 14.34	↑	5.1%		
		US\$ 4.42	↑	1.8%		

Gross sales revenue

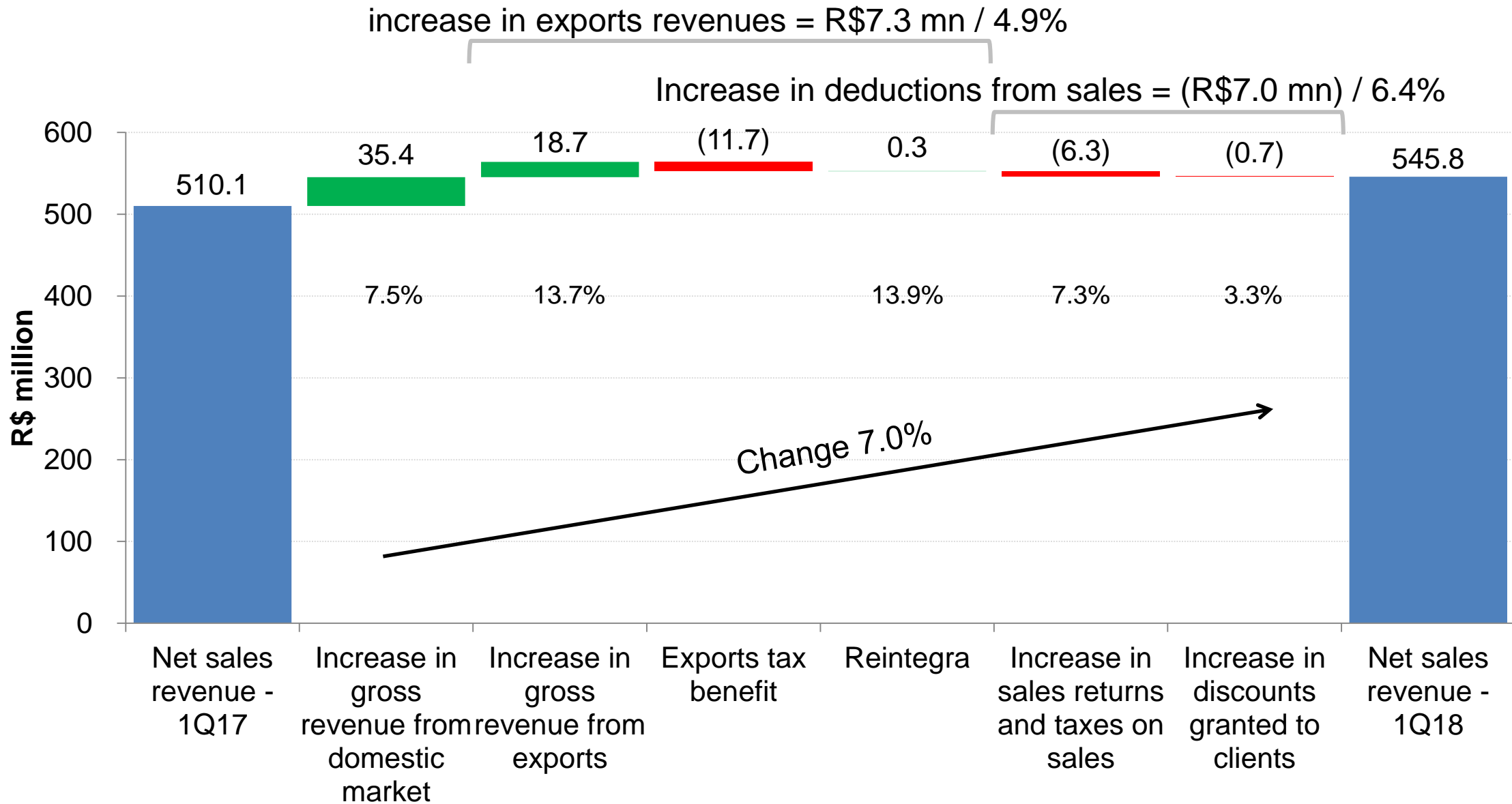
– Domestic market and exports

Analysed by effect of volume, mix and gross revenue per pair

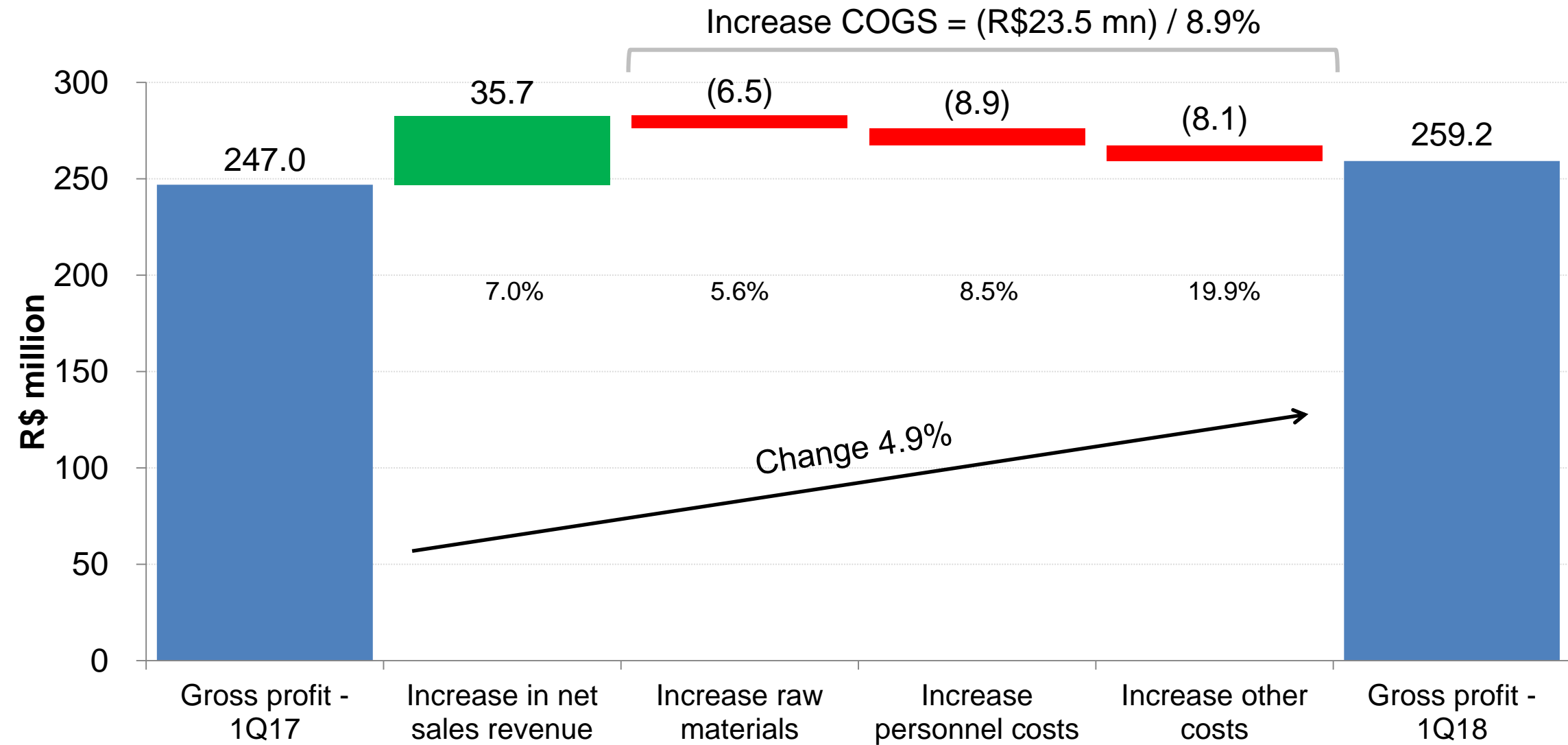


Average US dollar: 1Q17 = R\$ 3.1429 / 1Q18 = R\$ 3.2438 - Δ 3.2%

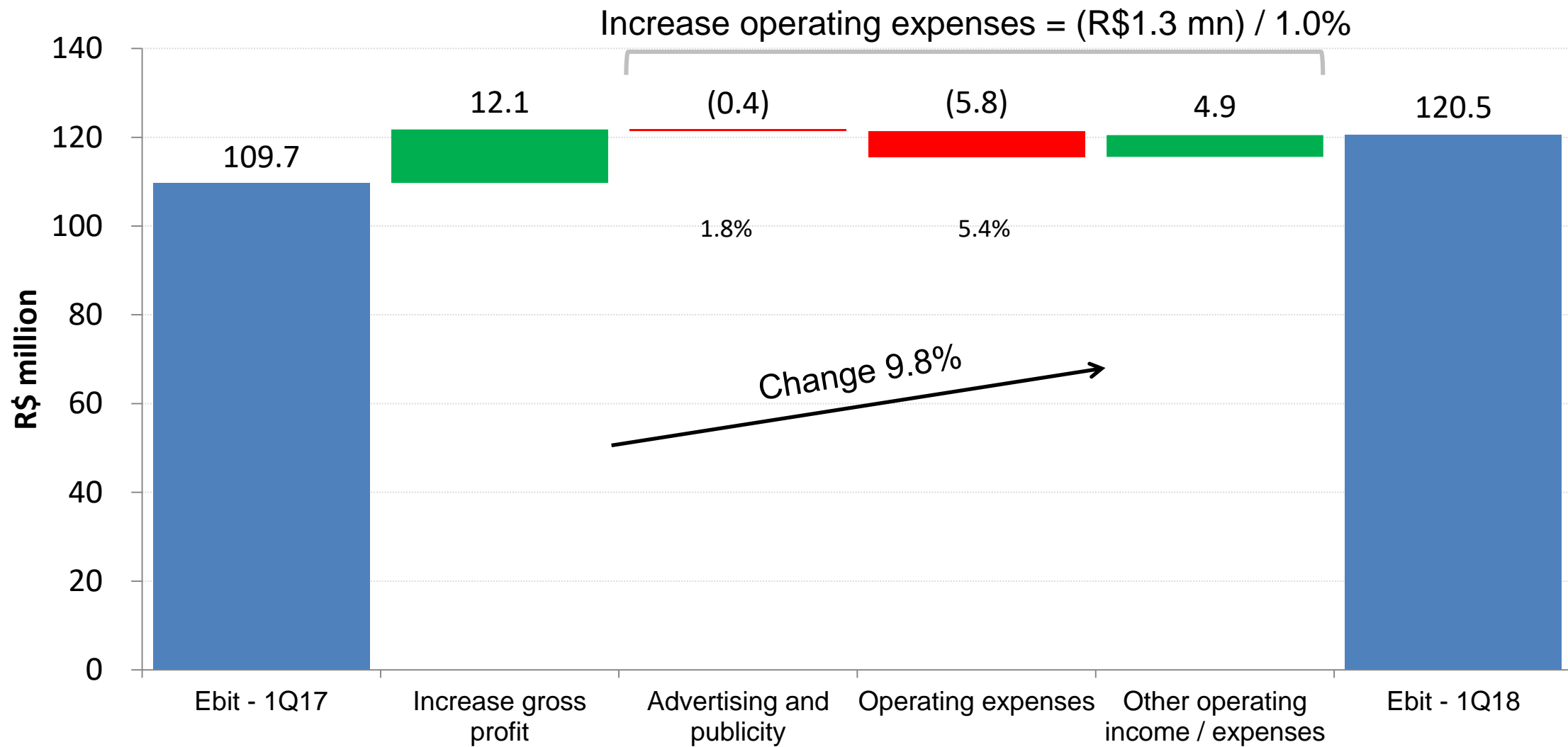
Net sales revenue



Gross profit



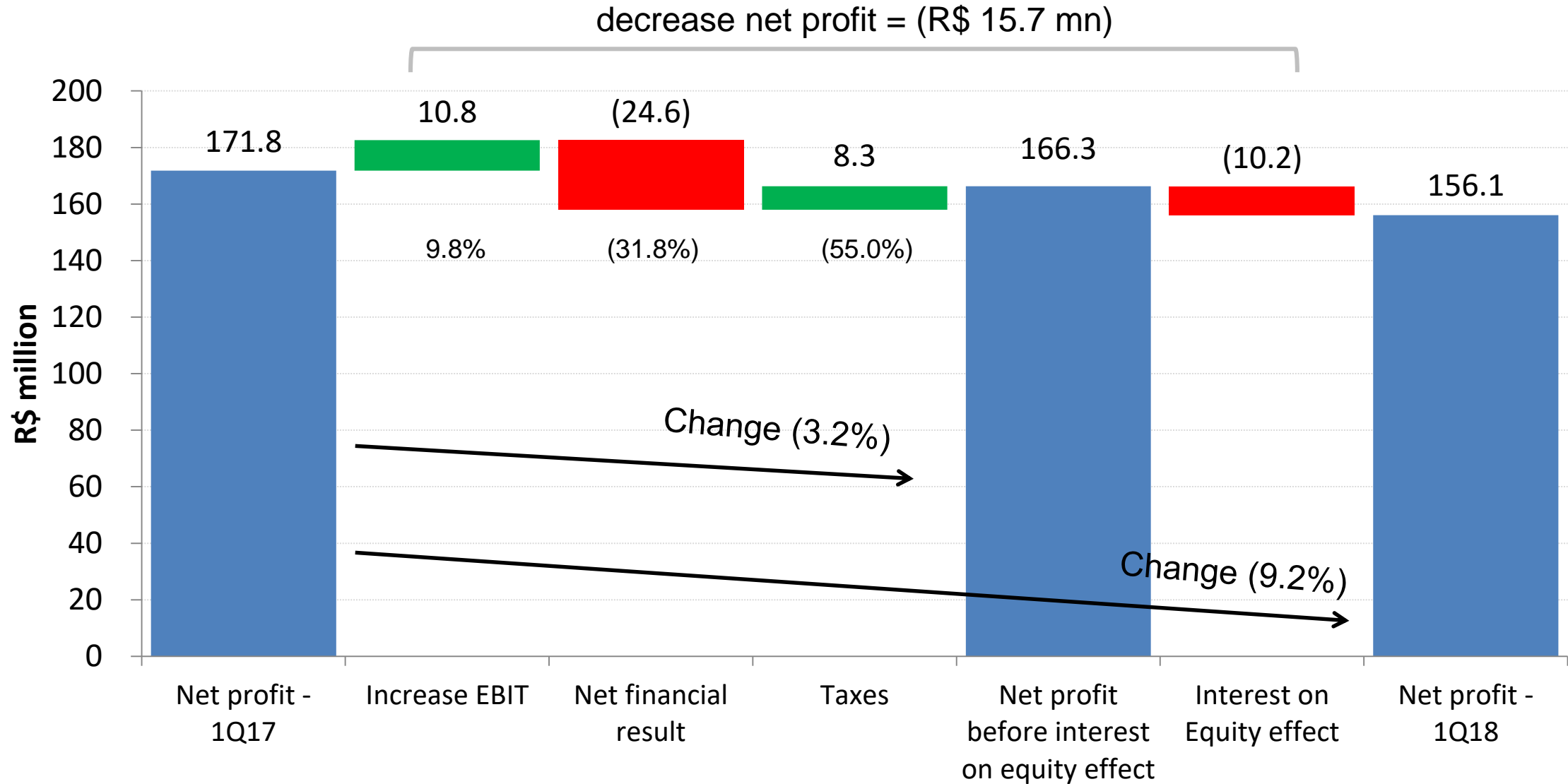
EBIT



Net financial revenues (expenses)

(R\$ '000)	1Q17	1Q18	Change, %	Change, R\$
Interest received from clients	443	509	14.9%	66
Revenue from cash investments	52,064	33,857	(35.0%)	(18,207)
Other financial revenues	1,026	1,872	82.5%	846
Subtotal	53,533	36,238	(32.3%)	(17,295)
Costs of financings	(2,853)	(2,385)	(16.4%)	468
Cofins and PIS taxes on Financial revenues	(2,524)	(1,733)	(31.3%)	791
Other financial expenses	(965)	(1,031)	6.8%	(66)
Subtotal	(6,342)	(5,149)	(18.8%)	1,193
Net financial revenues (expenses) (1)	47,191	31,089	(34.1%)	(16,102)
Revenue from FX derivatives – BM&FBovespa	15,310	9,133	(40.3%)	(6,177)
Foreign exchange gains	8,828	17,172	94.5%	8,344
Subtotal	24,138	26,305	9.0%	2,167
Op, expenses on FX derivatives – BM&FBovespa	(3,654)	(3,865)	5.8%	(211)
Expenses of FX variation	(10,736)	(17,585)	63.8%	(6,849)
Subtotal	(14,390)	(21,450)	49.1%	(7,060)
Net gain (loss) on FX variations (2)	9,748	4,855	(50.2%)	(4,893)
Adjustments to present value (APV)	20,241	16,660	(17.7%)	(3,581)
Financial result – APV (3)	20,241	16,660	(17.7%)	(3,581)
Net financial revenues (expenses) (1) + (2) + (3)	77,180	52,604	(31.8%)	(24,576)

Net profit





Thank you!

✿ ZAXY