

## 3Q18 and 9M18 Results

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Conference call  
October 26, 2018  
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.

# Dividends



<b>Basis for the distribution of dividends – 9M18</b>	<b>R\$</b>
<b>Net profit for the period</b>	334,214,940.77
( - ) Tax incentives reserve	(153,539,102.77)
<b>Legal reserve calculation basis</b>	<b>180,675,838.00</b>
( - ) Legal reserve – 5%	(9,033,791.90)
<b>Basis for the dividend for the period up to September 30, 2018</b>	<b>171,642,046.10</b>
( - ) 1 <sup>st</sup> interim dividend	(90,731,045.64)
( - ) 2 <sup>nd</sup> interim dividend	(33,685,929.15)
<b>Balance of dividends payable – 3rd interim dividend</b>	<b>47,225,071.31</b>
<b>Total dividends proposed by management</b>	<b>47,225,071.31 <sup>1</sup></b>
<i>Mandatory dividends (R\$171,642,046.10 x 25%)</i>	42,910,511.53
<i>Dividend proposed in addition to the minimum mandatory</i>	128,731,534.57
<b>Sum</b>	<b>171,642,046.10</b>

<sup>1</sup> Dividend will be paid “ad referendum” of the Annual General Meeting that will examine the balance sheet and financial statements for the 2018 fiscal year.

# Dividends















Dividend proposed							
Dividend	Date approved	Ex-dividend date	Date of start of payment	Gross amount R\$	Gross amount per share R\$	Net amount R\$	Net amount per share R\$
Dividend <sup>1 e 2</sup>	Apr. 26, 2018	May 8, 2018	May 23, 2018	90,731,045.64	0.100570903	90,731,045.64	0.100570903
Dividend <sup>1</sup>	Jul. 26, 2018	Aug. 7, 2018	Aug. 22, 2018	33,685,929.15	0.037418208	33,685,929.15	0.037418208
Dividend <sup>1</sup>	Oct. 25, 2018	Nov. 6, 2018	Nov. 21, 2018	47,225,071.31	0.052457439	47,225,071.31	0.052457439
Soma				171,642,046.10	0.190446550	171,642,046.10	0.190446550

<sup>1</sup> Dividend approved “ad referendum” of the Annual General Meeting that will examine the balance sheet and financial statements for the 2018 fiscal year.

<sup>2</sup> Amount per share adjusted to the split approved at the Extraordinary General Meeting of April 23, 2018.

# Highlights 3Q18 (YOY 2017)

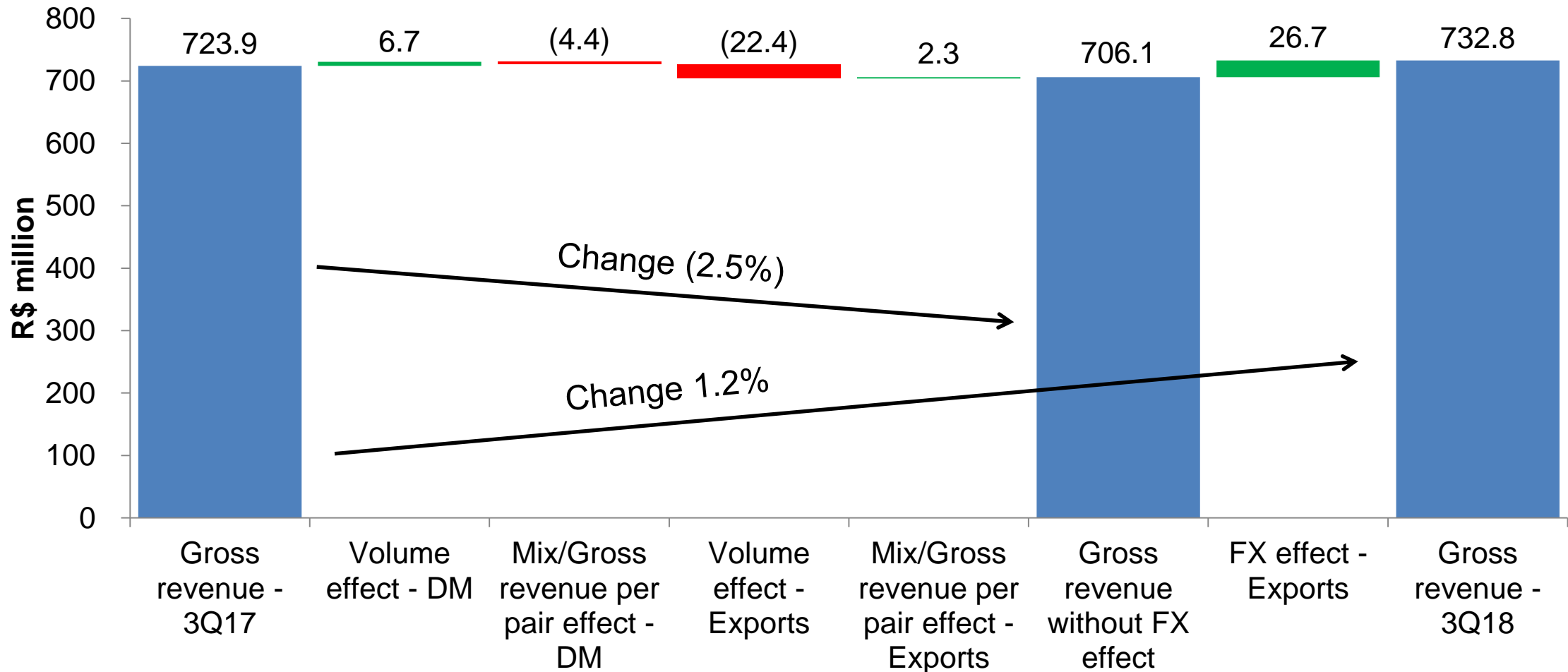
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<b>Gross revenue</b>	Domestic market: R\$ 599.5 million			0.4%
	Exports: R\$ 133.3 million			5.2%
	Exports: US\$ 33.7 million			(15.9%)
<b>Net profit</b>	R\$ 112.4 million			(23.4%)
<b>EBIT</b>	R\$ 96.4 million			(13.5%)
	Margin 16.1%			(2.6 p.p.)
<b>Exchange</b>	Positive impact: R\$ 26.7 million			
<b>Volumes</b>	Domestic market: 36.8 million pairs			1.1%
	Exports: 7.2 million pairs			(17.7%)
<b>Gross revenue per pair</b>	Domestic Market	R\$ 16.27		(0.7%)
	Exports	R\$ 18.55		27.8%
		US\$ 4.69		2.2%

# Gross sales revenue

– Domestic Market (DM) and exports

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



Average US dollar: 3Q17 = R\$3.1639 / 3Q18 = R\$3.9584 - Δ 25.1%

# Performance



– Compound average growth rate (CAGR):

R\$ million	3Q08	3Q09	3Q10	3Q11	3Q12	3Q13	3Q14	3Q15	3Q16	3Q17	3Q18	CAGR
Gross revenue	457.9	475.5	546.4	511.3	613.0	739.0	730.1	734.5	654.0	723.9	732.8	4.8%
Change Y-o-Y		3.9%	14.9%	(6.4%)	19.9%	20.6%	(1.2%)	0.6%	(11.0%)	10.7%	1.2%	
Net profit	73.3	65.6	104.8	83.5	119.4	122.1	126.0	133.5	150.9	146.7	112.4	4.4%
Change Y-o-Y		(10.5%)	59.7%	(20.3%)	43.0%	2.2%	3.2%	5.9%	13.1%	(2.8%)	(23.4%)	

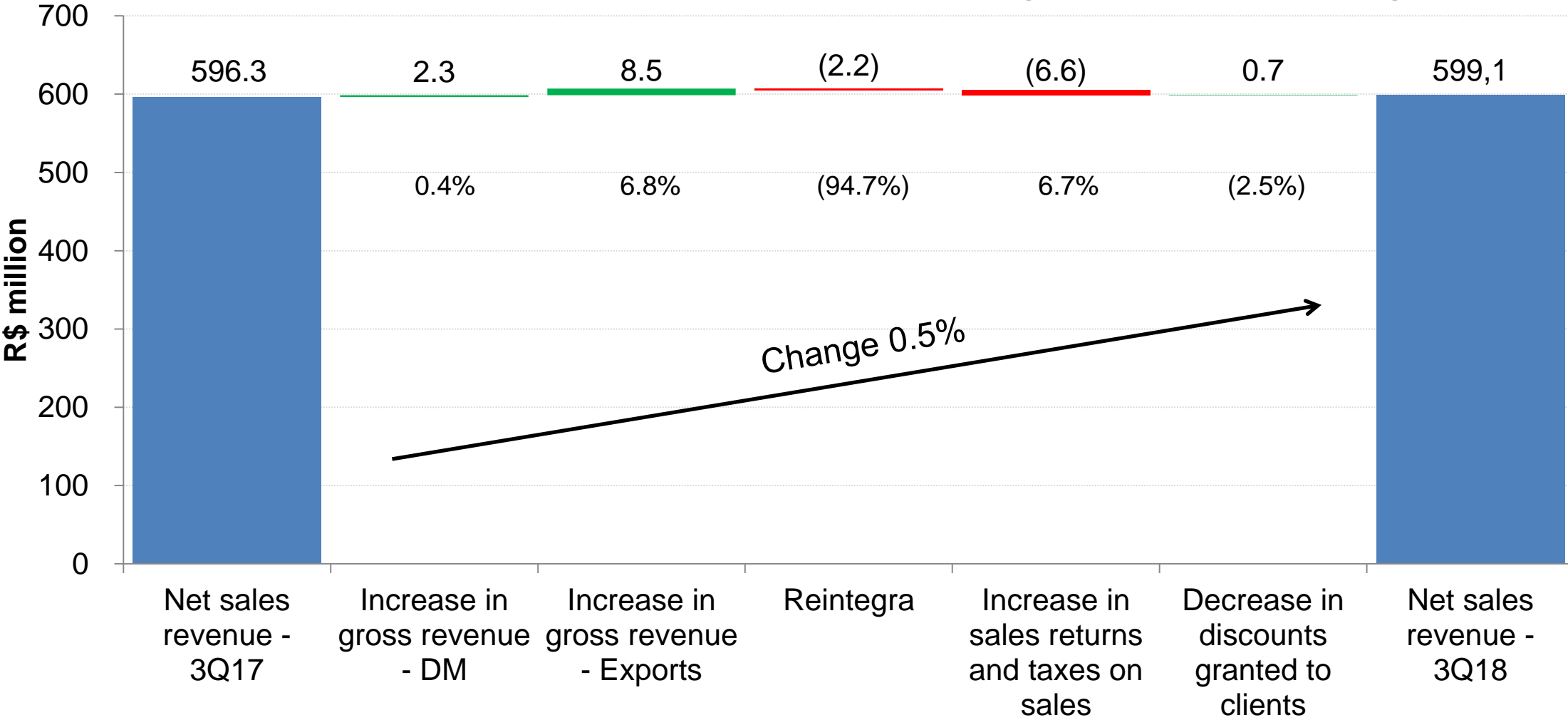
R\$ million	3Q08	3Q09	3Q10	3Q11	3Q12	3Q13	3Q14	3Q15	3Q16	3Q17	3Q18	CAGR
Advertising expenses	32.3	33.9	44.4	46.3	42.9	45.7	53.4	54.9	36.1	37.7	40.6	2.3%
% of net revenue	9.0%	9.0%	10.2%	11.2%	8.6%	7.6%	8.9%	8.9%	6.7%	6.3%	6.8%	

# Net sales revenue



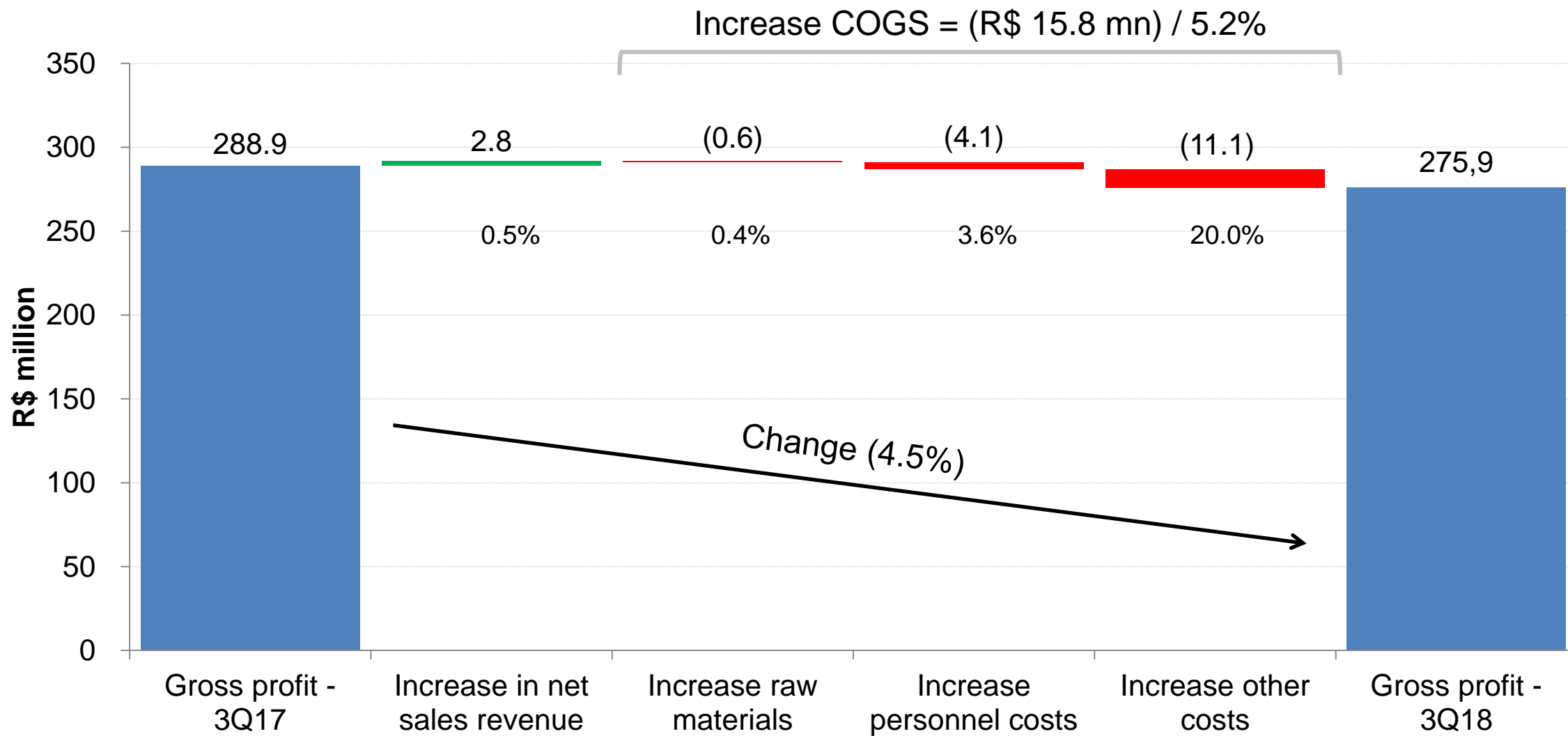
Increase in Exports revenue = R\$ 6.3 mn / 5.0%

Increase in deductions from sales = (R\$ 5.9 mn) / 4.6%

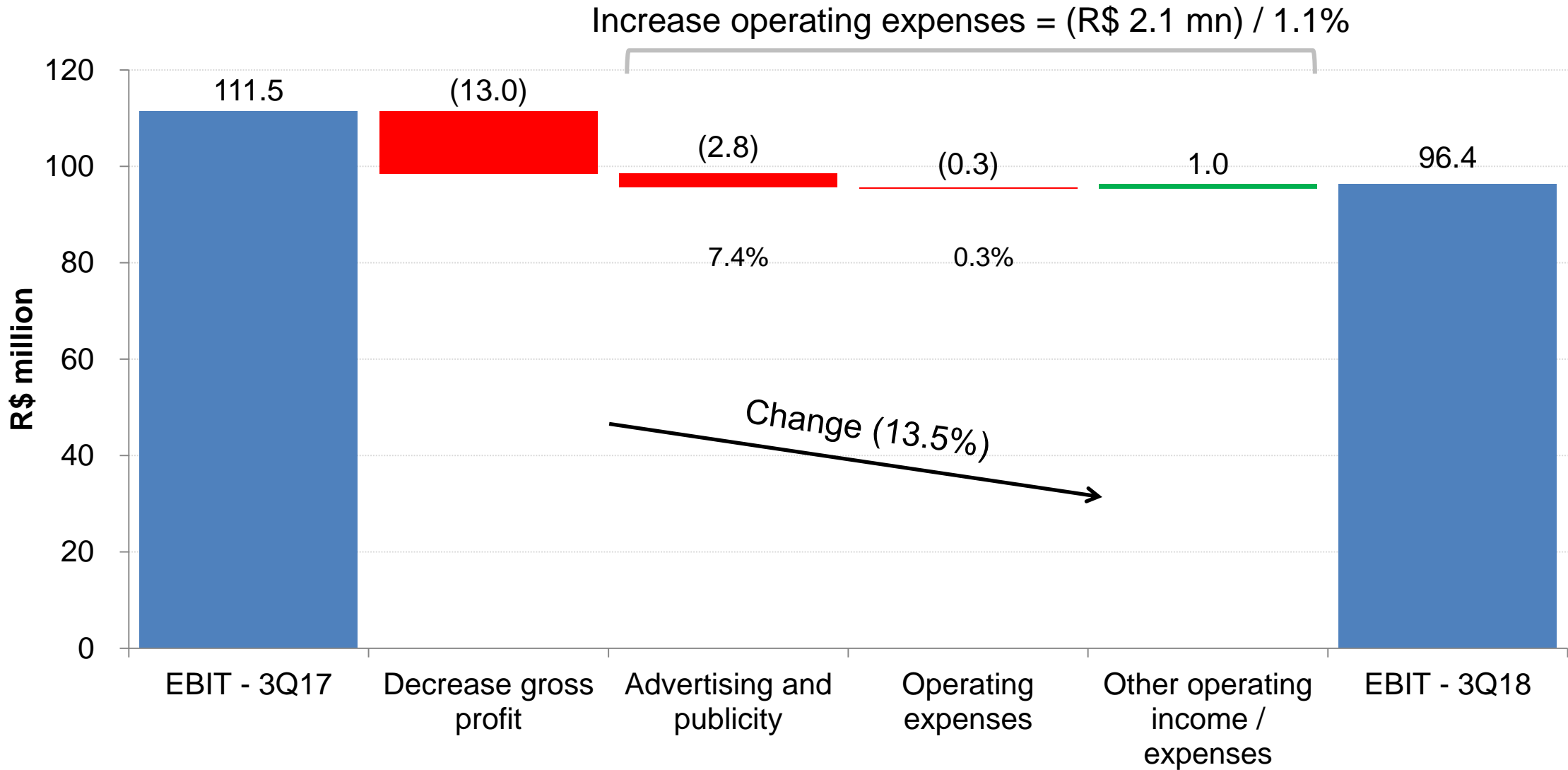




# Gross profit



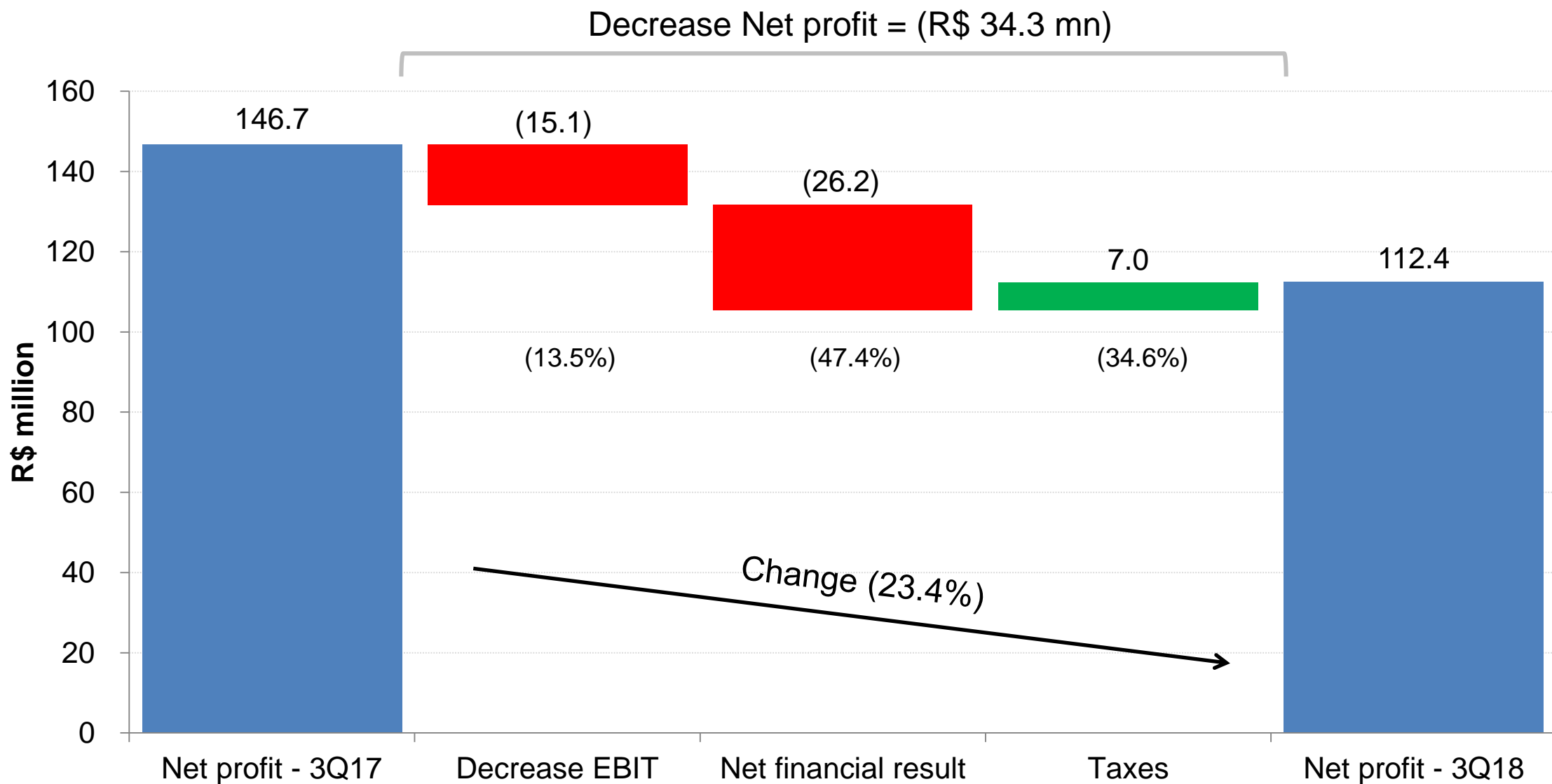
# EBIT



# Net financial revenue (expenses)













(R\$ '000)	3Q17	3Q18	Change %	Change R\$
Interest received from clients	505	577	14.3%	72
Revenue from cash investments	40,267	32,971	(18.1%)	(7,296)
Other financial revenues	200	1,073	436.5%	873
<b>Subtotal</b>	<b>40,972</b>	<b>34,621</b>	<b>(15.5%)</b>	<b>(6,351)</b>
Costs of financings	(2,489)	(2,515)	1.0%	(26)
Cofins and PIS taxes on Financial revenues	(1,899)	(1,693)	(10.8%)	206
Other financial expenses	(854)	(1,183)	38.5%	(329)
<b>Subtotal</b>	<b>(5,242)</b>	<b>(5,391)</b>	<b>2.8%</b>	<b>(149)</b>
<b>Net financial revenues (expenses) (1)</b>	<b>35,730</b>	<b>29,230</b>	<b>(18.2%)</b>	<b>(6,500)</b>
Revenue from FX derivatives – BM&FBovespa	5,707	25,214	341.8%	19,507
Foreign exchange gains	7,079	15,341	116.7%	8,262
<b>Subtotal</b>	<b>12,786</b>	<b>40,555</b>	<b>217.2%</b>	<b>27,769</b>
Op, expenses on FX derivatives – BM&FBovespa	(584)	(34,568)	5,819.2%	(33,984)
Expenses of FX variation	(9,150)	(17,148)	87.4%	(7,998)
<b>Subtotal</b>	<b>(9,734)</b>	<b>(51,716)</b>	<b>431.3%</b>	<b>(41,982)</b>
<b>Net gain (loss) on FX variations (2)</b>	<b>3,052</b>	<b>(11,161)</b>	<b>(465.7%)</b>	<b>(14,213)</b>
Adjustments to present value (APV)	16,565	11,046	(33.3%)	(5,519)
<b>Financial result – APV (3)</b>	<b>16,565</b>	<b>11,046</b>	<b>(33.3%)</b>	<b>(5,519)</b>
<b>Net financial revenues (expenses) (1) + (2) + (3)</b>	<b>55,347</b>	<b>29,115</b>	<b>(47.4%)</b>	<b>(26,232)</b>

# Net profit



# Highlights 9M18 (YOY 2017)

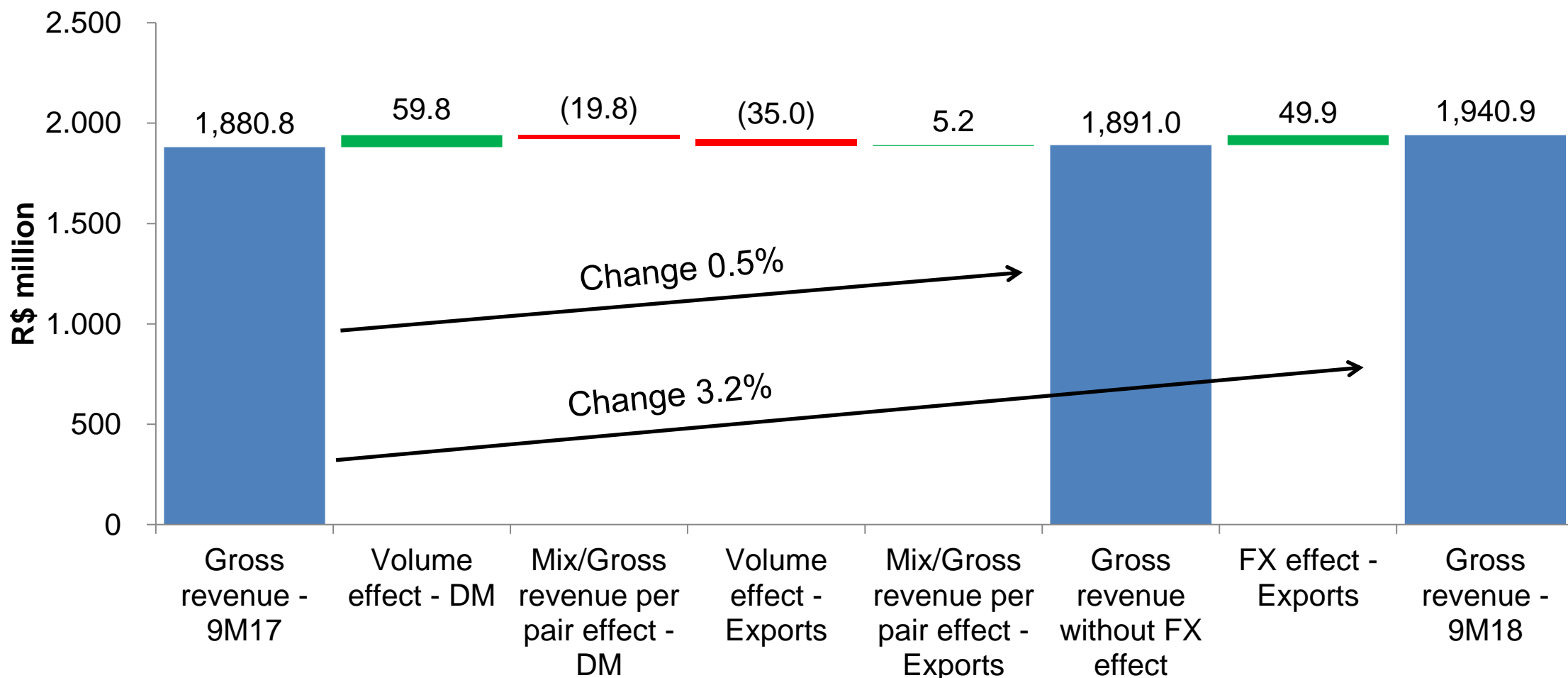
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<b>Gross revenue</b>	Domestic market: R\$ 1,522.1 million			2.7%
	Exports: R\$ 418.8 million			5.0%
	Exports: US\$ 116.3 million			(7.5%)
<b>Net profit</b>	R\$ 334.2 million			(18.6%)
<b>EBIT</b>	R\$ 279.0 million			0.2%
	Margin 17.5%			(0.5 p.p.)
<b>Exchange</b>	Positive impact: R\$ 49.9 million			
<b>Volumes</b>	Domestic market: 91.0 million pairs			4.1%
	Exports: 26.4 million pairs			(8.8%)
<b>Gross revenue per pair</b>	Domestic Market	R\$ 16.72		(1.4%)
	Exports	R\$ 15.84		15.1%
		US\$ 4.40		1.4%

# Gross sales revenue

– Domestic Market (DM) and exports

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



Average US dollar: 9M17 = R\$3.1735 / 9M18 = R\$3.6026 - Δ 13.5%

# Performance



– Compound average growth rate (CAGR):

R\$ million	9M08	9M09	9M10	9M11	9M12	9M13	9M14	9M15	9M16	9M17	9M18	CAGR
Gross revenue	1.076,1	1.218,7	1.394,0	1.210,6	1.521,1	1.847,3	1.834,2	1.835,1	1.719,8	1.880,8	1,940.9	6.1%
Change Y-o-Y		13,2%	14,4%	(13,2%)	25,6%	21,4%	(0,7%)	(0,05%)	(6,3%)	9,4%	3.2%	
Net profit	156,7	187,2	189,7	183,9	261,0	290,6	294,9	357,1	387,5	410,5	334.2	7.9%
Change Y-o-Y		19,5%	1,4%	(3,1%)	41,9%	11,4%	1,5%	21,1%	8,5%	5,9%	(18.6%)	

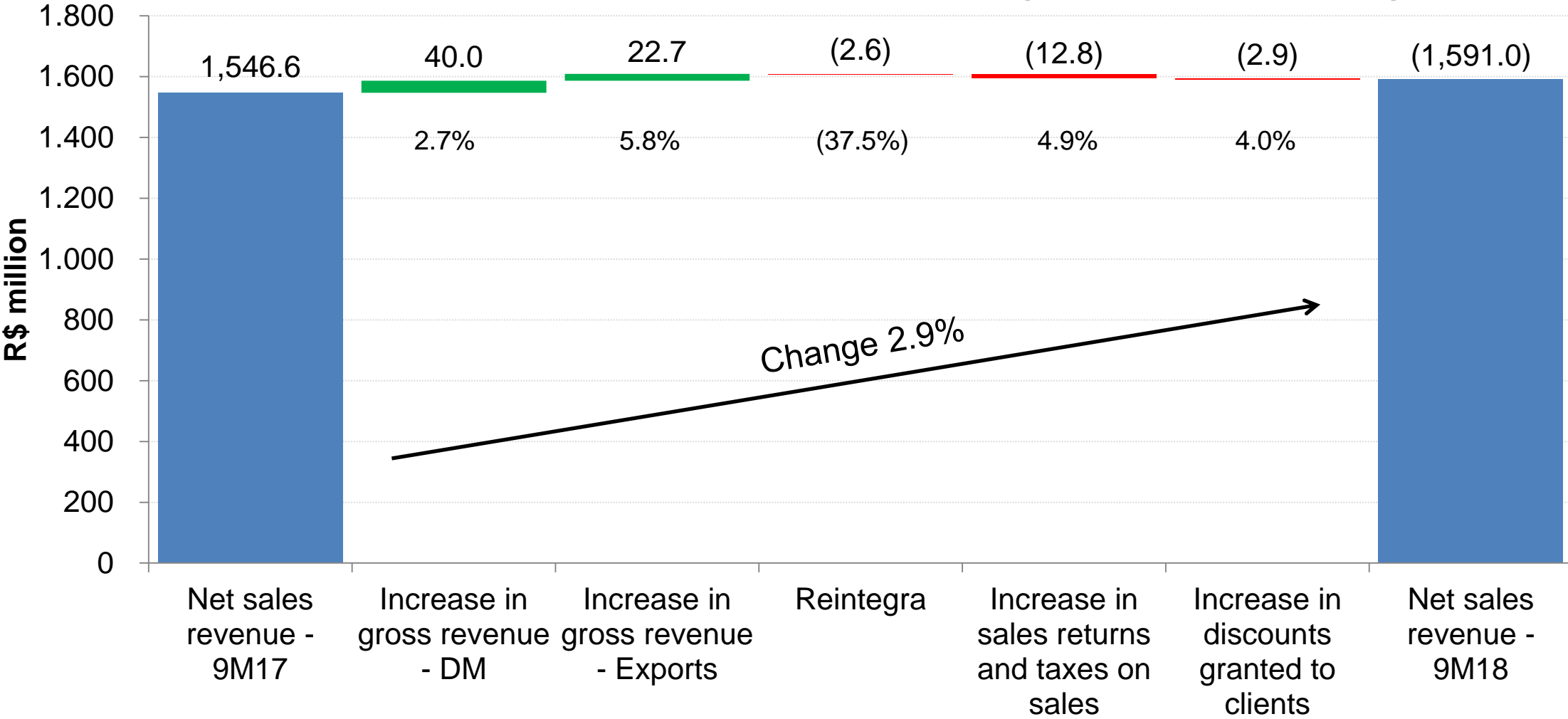
R\$ million	9M08	9M09	9M10	9M11	9M12	9M13	9M14	9M15	9M16	9M17	9M18	CAGR
Advertising expenses	69,5	72,3	82,6	85,0	101,3	105,2	105,9	100,1	83,6	84,8	85.9	2.1%
% of net revenue	8,2%	7,4%	7,4%	8,7%	8,3%	7,1%	7,1%	6,6%	5,9%	5,5%	5.4%	

# Net sales revenue



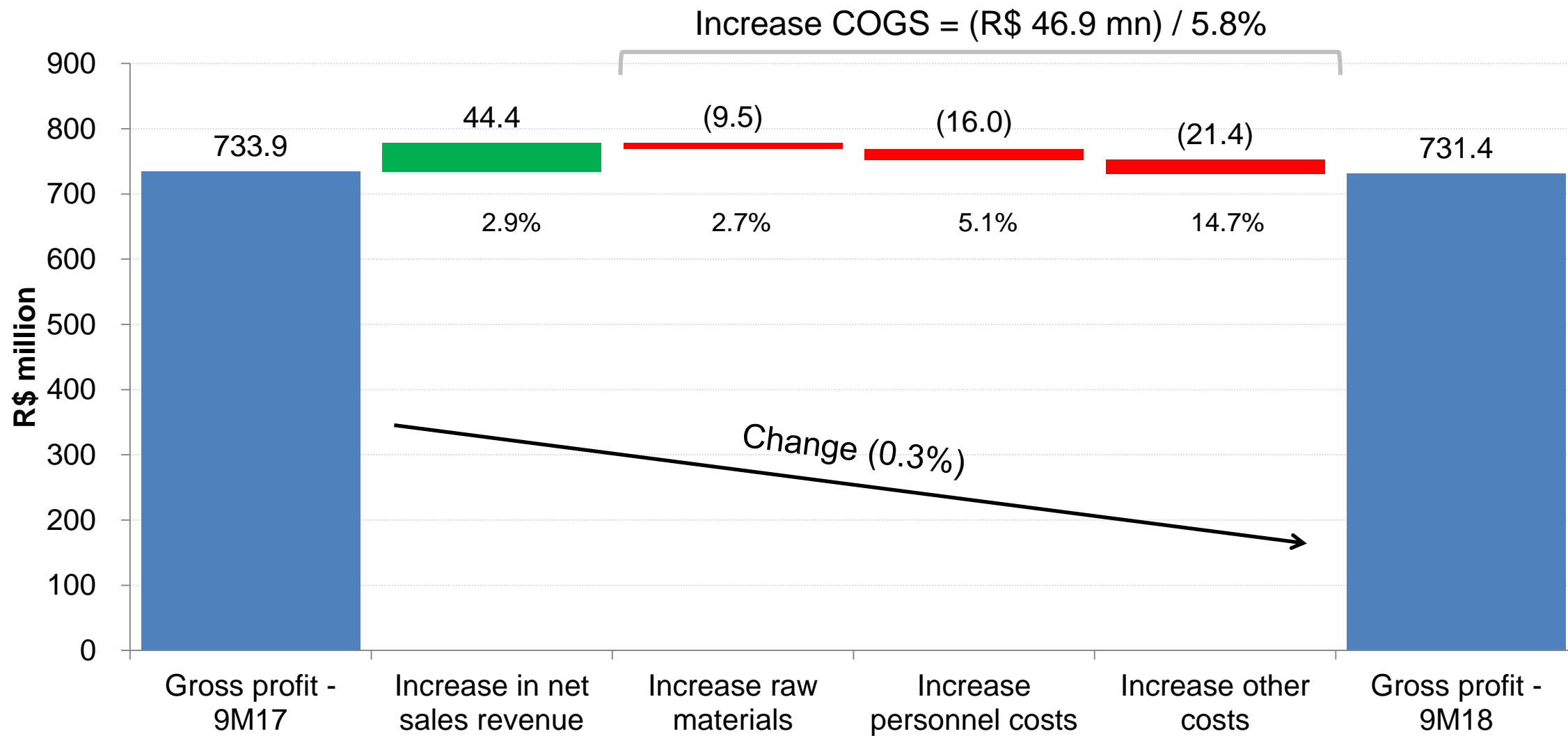
Increase in Exports revenue = R\$ 20.1 mn / 5.0%

Increase in deductions from sales = (R\$ 15.7 mn) / 4.7%

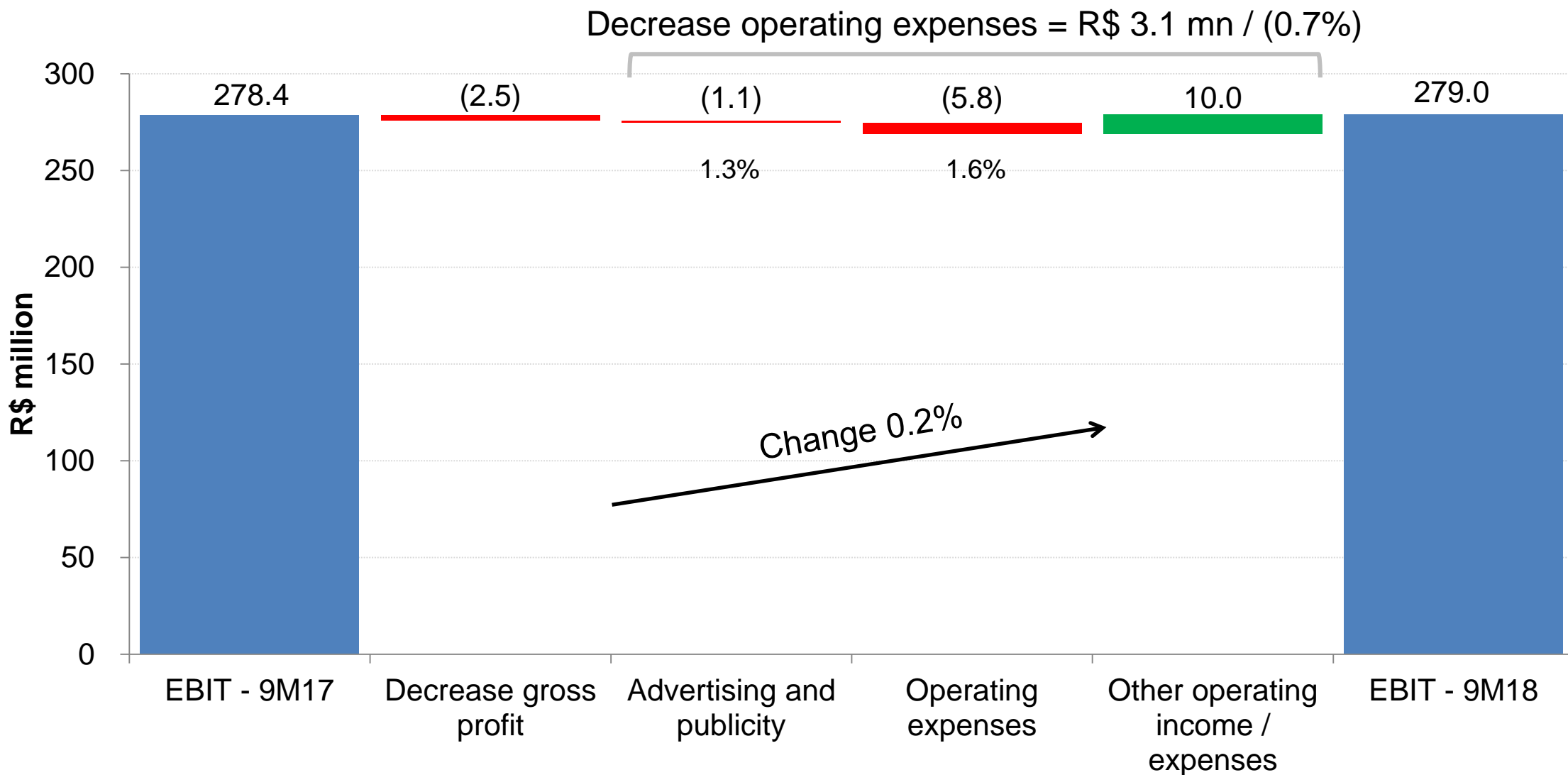




# Gross profit



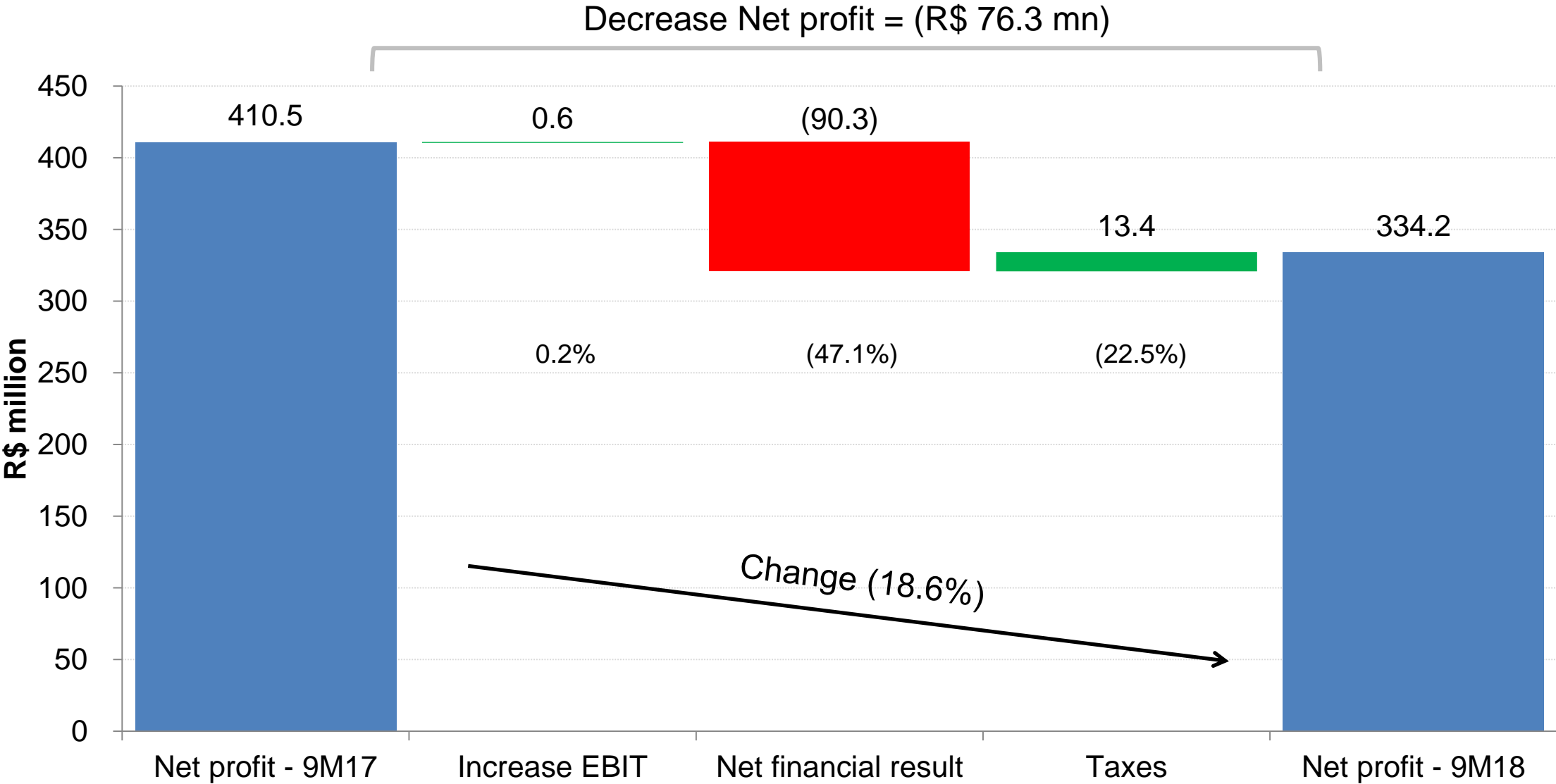
# EBIT



# Net financial revenue (expenses)

(R\$ '000)	9M17	9M18	Change %	Change R\$
Interest received from clients	1,618	1,697	4.9%	79
Revenue from cash investments	137,067	102,638	(25.1%)	(34,429)
Other financial revenues	1,979	4,374	121.0%	2,395
<b>Subtotal</b>	<b>140,664</b>	<b>108,709</b>	<b>(22.7%)</b>	<b>(31,955)</b>
Costs of financings	(7,632)	(7,857)	2.9%	(225)
Cofins and PIS taxes on Financial revenues	(6,713)	(5,275)	(21.4%)	1,438
Other financial expenses	(2,782)	(3,259)	17.1%	(477)
<b>Subtotal</b>	<b>(17,127)</b>	<b>(16,391)</b>	<b>(4.3%)</b>	<b>736</b>
<b>Net financial revenues (expenses) (1)</b>	<b>123,537</b>	<b>92,318</b>	<b>(25.3%)</b>	<b>(31,219)</b>
Revenue from FX derivatives – BM&FBovespa	22,489	35,954	59.9%	13,465
Foreign exchange gains	25,848	63,626	146.2%	37,778
<b>Subtotal</b>	<b>48,337</b>	<b>99,580</b>	<b>106.0%</b>	<b>51,243</b>
Op, expenses on FX derivatives – BM&FBovespa	(7,432)	(68,604)	823.1%	(61,172)
Expenses of FX variation	(25,593)	(61,212)	139.2%	(35,619)
<b>Subtotal</b>	<b>(33,025)</b>	<b>(129,816)</b>	<b>293.1%</b>	<b>(96,791)</b>
<b>Net gain (loss) on FX variations (2)</b>	<b>15,312</b>	<b>(30,236)</b>	<b>(297.5%)</b>	<b>(45,548)</b>
Adjustments to present value (APV)	52,992	39,399	(25.7%)	(13,593)
<b>Financial result – APV (3)</b>	<b>52,992</b>	<b>39,399</b>	<b>(25.7%)</b>	<b>(13,593)</b>
<b>Net financial revenues (expenses) (1) + (2) + (3)</b>	<b>191,841</b>	<b>101,481</b>	<b>(47.1%)</b>	<b>(90,360)</b>

# Net profit





**Thank You!**