



4Q18 & 2018 Results

Conference call
February 15, 2019
10:30 a.m. (Brasilia Time)



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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 4Q18 Results in IFRS Consolidated data



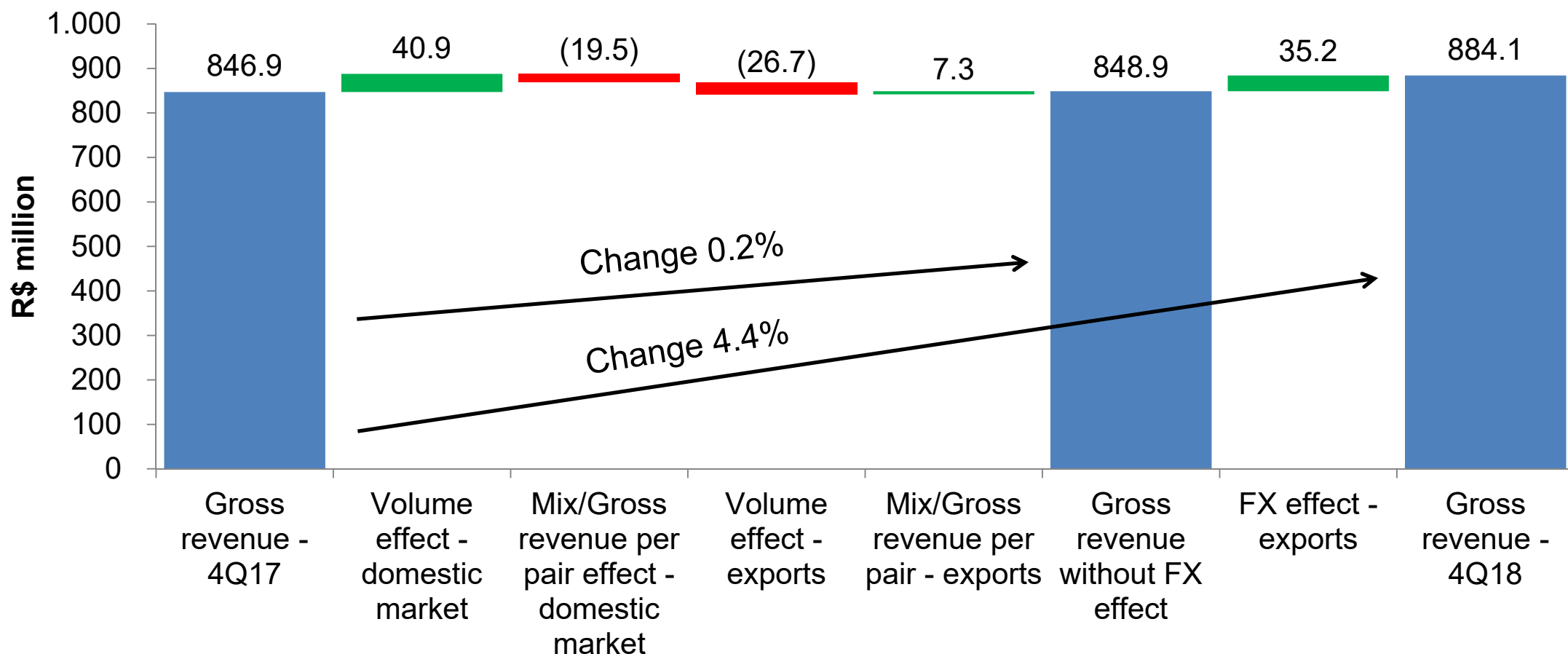
Highlights 4Q18 (YOY 2017)

Gross revenue	Domestic market: R\$ 645.9 million			3.4%
	Exports: R\$ 238.2 million			7.1%
Net profit	R\$ 251.3 million			0.3%
EBIT	R\$ 177.9 million			(5.0%)
	Margin 24.0%			(2.5 p.p.)
Exchange	Positive impact: R\$ 35.2 million			
Volumes	Domestic market: 41.5 million of pairs			6.5%
	Exports: 14.1 million of pairs			(12.0%)
Gross revenue per pair	Domestic market	R\$ 15.56		(2.9%)
	Exports	R\$ 16.93		21.8%
		US\$ 4.44		3.7%

Gross sales revenue

– Domestic market and exports

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

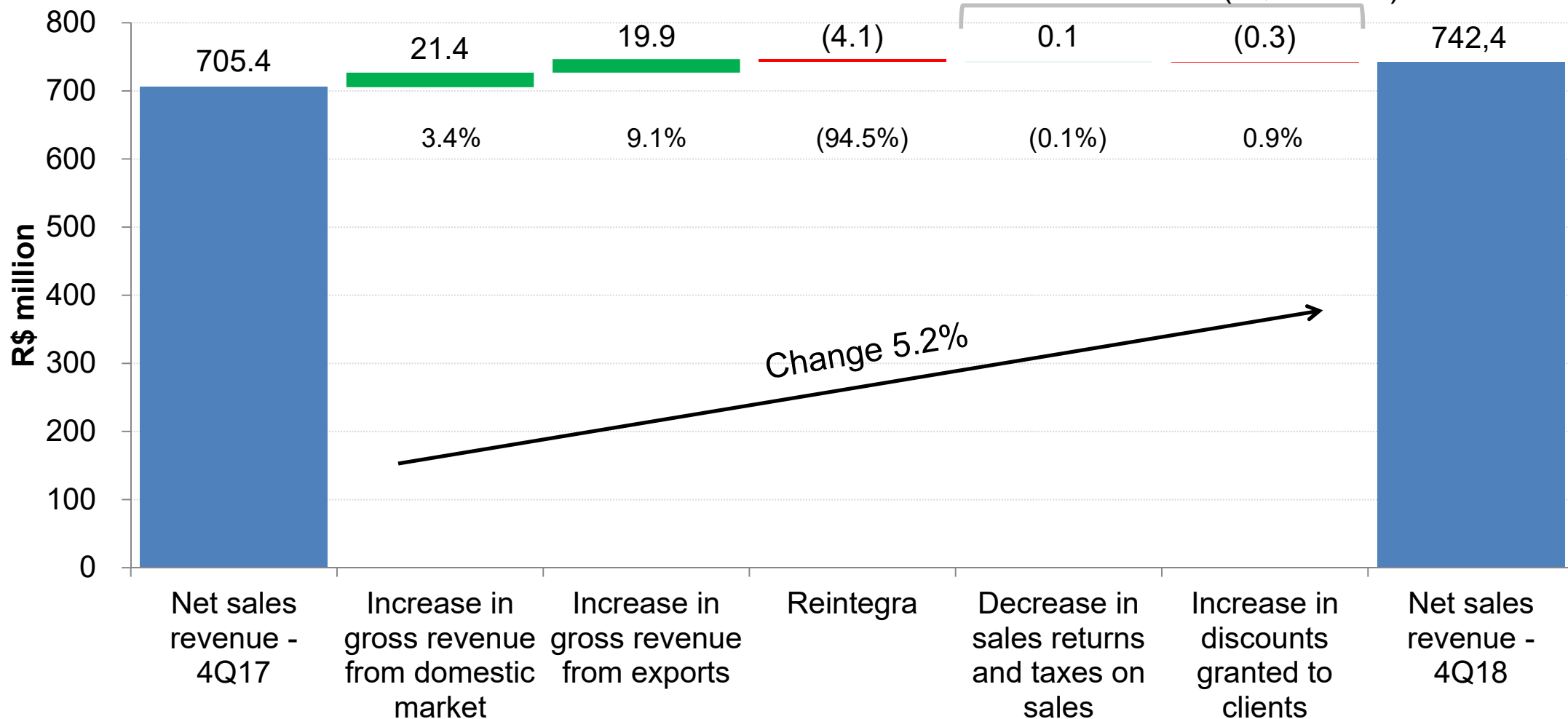


Average US dollar: 4Q17 = R\$ 3.2475 / 4Q18 = R\$ 3.8101 - Δ 17.3%

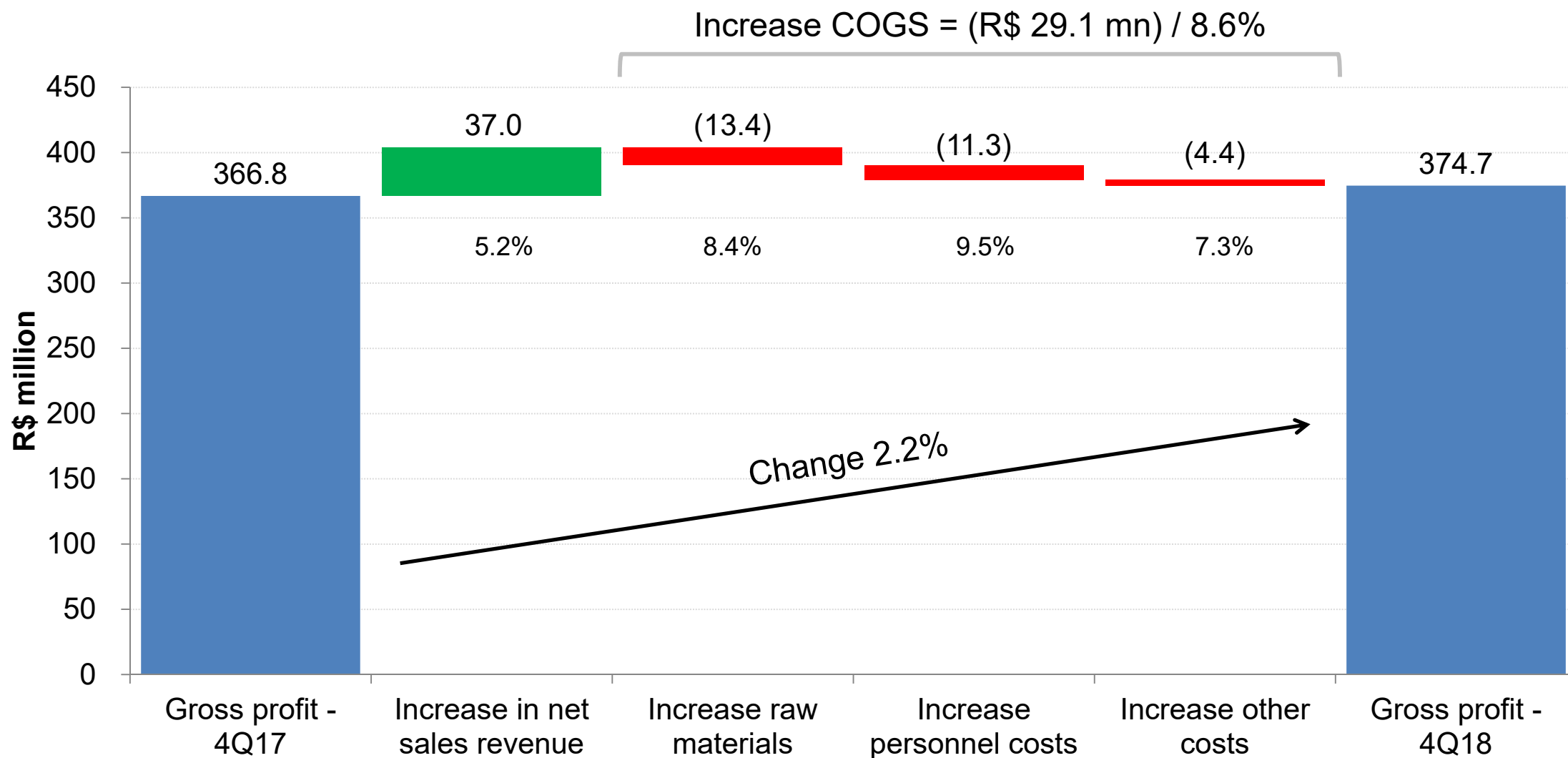
Net sales revenue

increase in exports revenues = R\$ 15.8 mn / 7.1%

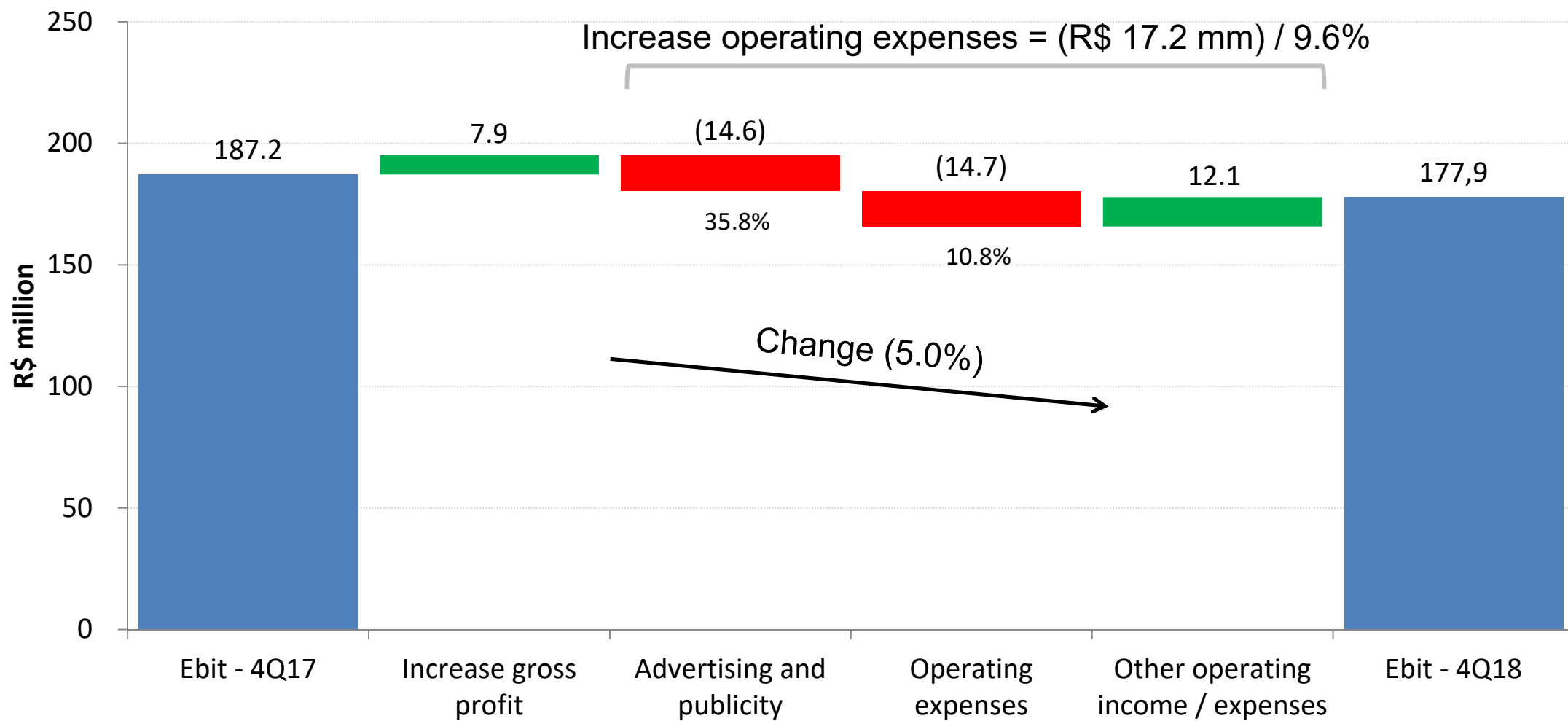
Increase in deductions from sales = (R\$ 0.2 mn) / 0.1%



Gross profit



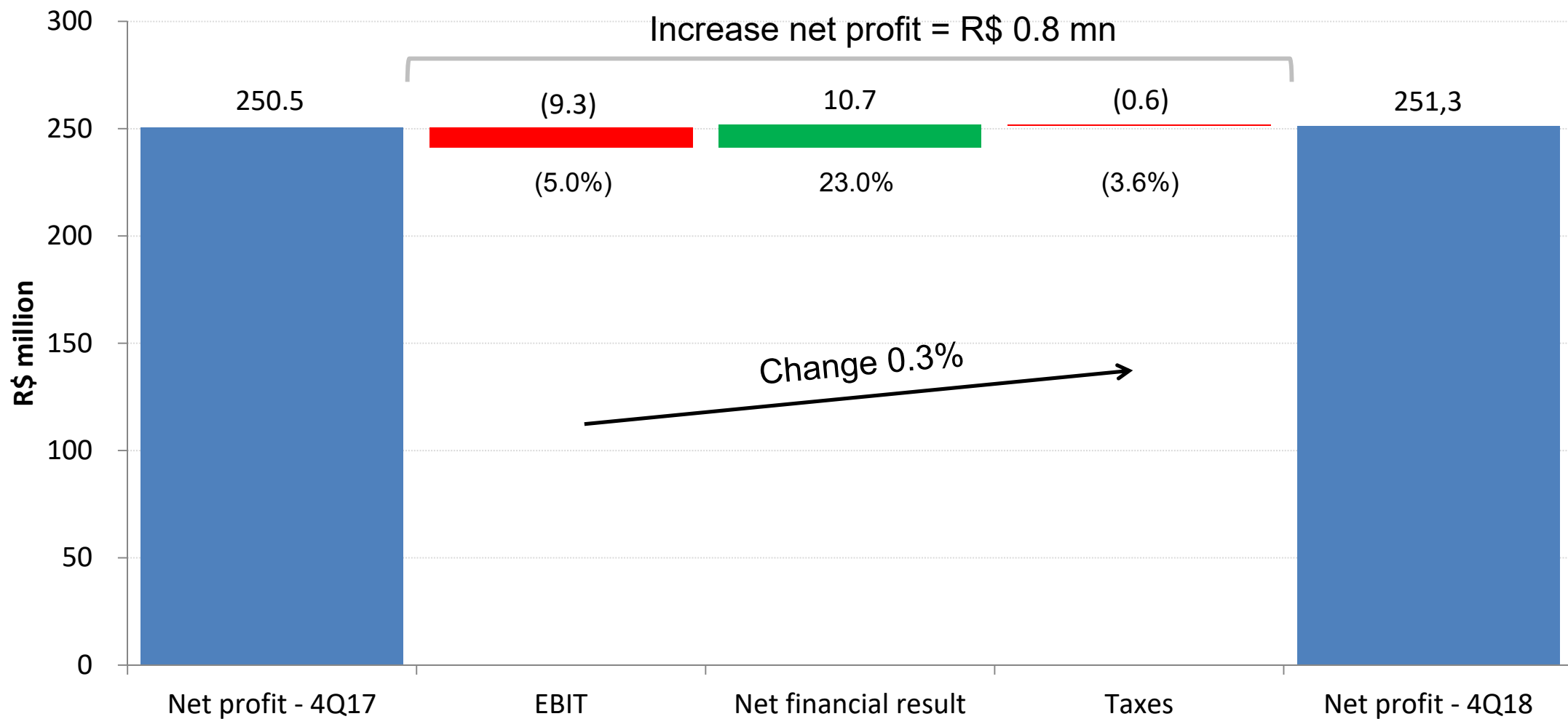
EBIT



Net financial revenues (expenses)

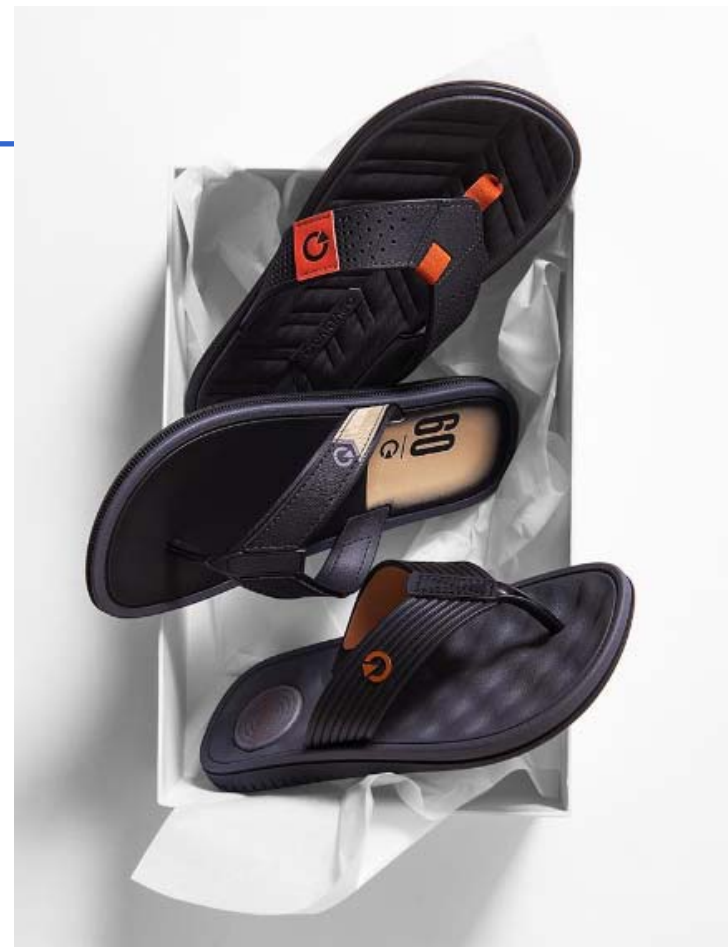
(R\$ '000)	4Q17	4Q18	Change, %	Change, R\$
Interest received from clients	607	413	(32.0%)	(194)
Revenue from cash investments	32,745	32,861	0.4%	116
Other financial revenues	1,066	3,149	195.4%	2,083
Subtotal	34,418	36,423	5.8%	2,005
Costs of financings	(3,220)	(2,588)	(19.6%)	632
Cofins and PIS taxes on Financial revenues	(1,633)	(1,674)	2.5%	(41)
Other financial expenses	(998)	(810)	(18.8%)	188
Subtotal	(5,851)	(5,072)	(13.3%)	779
Net financial revenues (expenses) (1)	28,567	31,351	9.7%	2,784
Revenue from FX derivatives – BM&FBovespa	7,487	26,098	248.6%	18,611
Foreign exchange gains	8,655	11,587	33.9%	2,932
Subtotal	16,142	37,685	133.5%	21,543
Op, expenses on FX derivatives – BM&FBovespa	(12,376)	(13,252)	7.1%	(876)
Expenses of FX variation	(5,647)	(12,796)	126.6%	7,149
Subtotal	(18,023)	(26,048)	44.5%	(8,025)
Net gain (loss) on FX variations (2)	(1,881)	11,637	(718.7%)	13,518
Adjustments to present value (APV)	19,975	14,409	(27.9%)	(5,566)
Financial result – APV (3)	19,975	14,409	(27.9%)	(5,566)
Net financial revenues (expenses) (1) + (2) + (3)	46,661	57,397	23.0%	10,736

Net profit














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Analysis of 2018
Results in IFRS
Consolidated data



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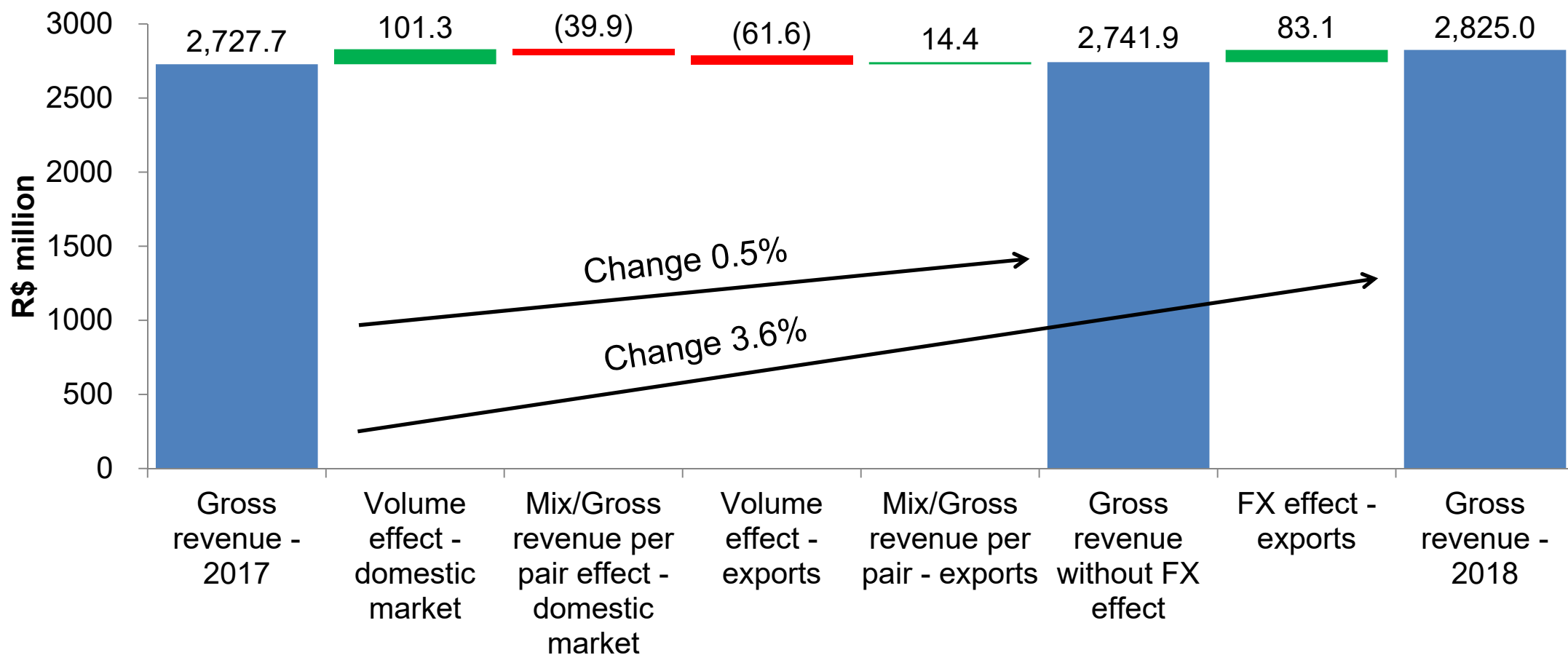
Highlights 2018 (YOY 2017)

Gross revenue	Domestic market: R\$ 2,168.0 million			2.9%
	Exports: R\$ 657.0 million			5.8%
Net profit	R\$ 585.5 million			(11.4%)
EBIT	R\$ 457.0 million			(1.9%)
	Margin 19.6%			(1.1 p.p.)
Exchange	Positive impact: R\$ 83.1 million			
Volumes	Domestic market: 132.5 million of pairs			4.9%
	Exports: 40.5 million of pairs			(9.9%)
Gross revenue per pair	Domestic market	R\$ 16.36		(1.9%)
	Exports	R\$ 16.22		17.5%
		US\$ 4.44		2.5%

Gross sales revenue

– Domestic market and exports

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



Average US dollar: 2017 = R\$ 3.1920 / 2018 = R\$ 3.6545 - Δ 14.5%

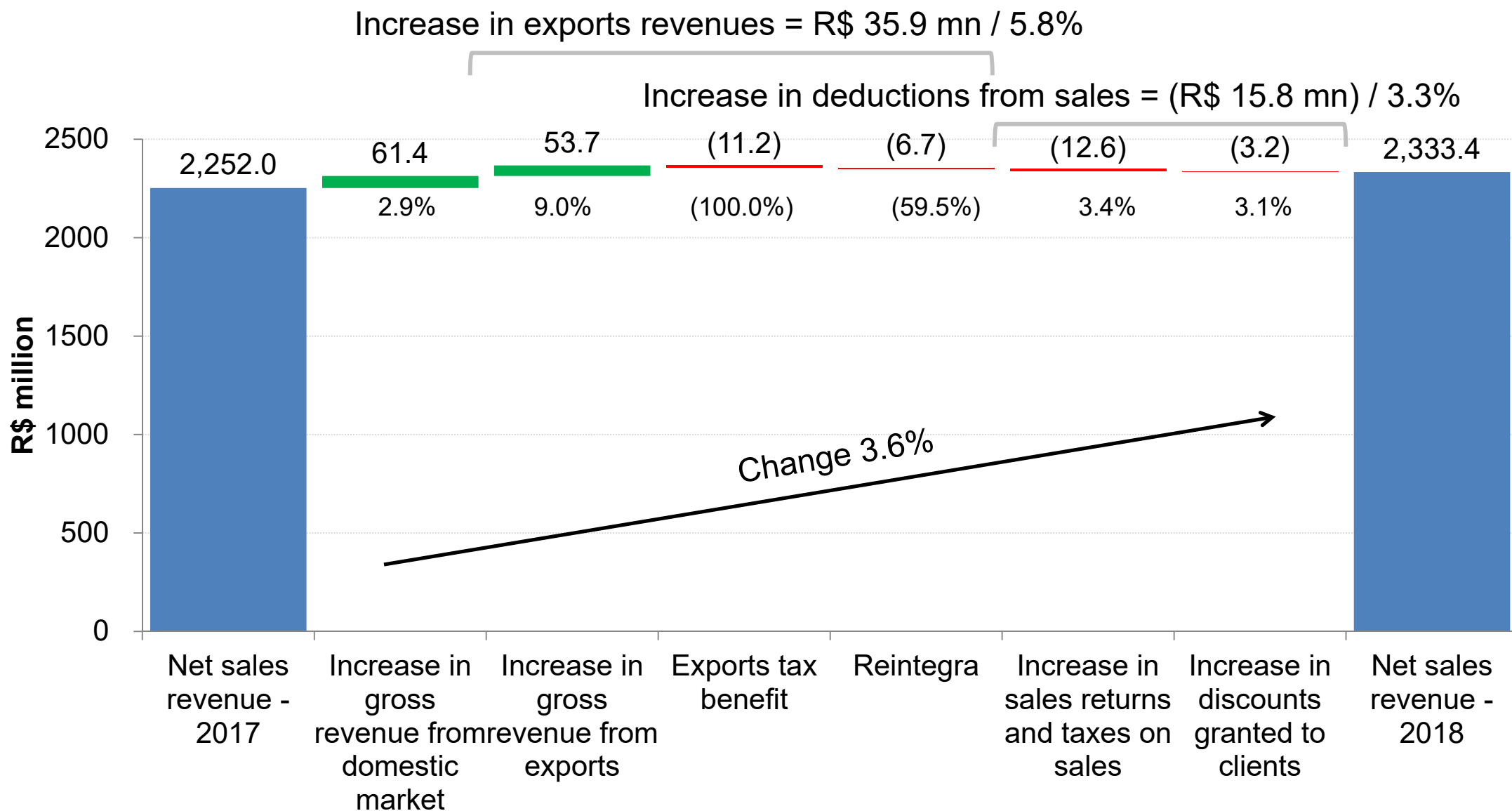
Performance

– CAGR, Compound average growth rate:

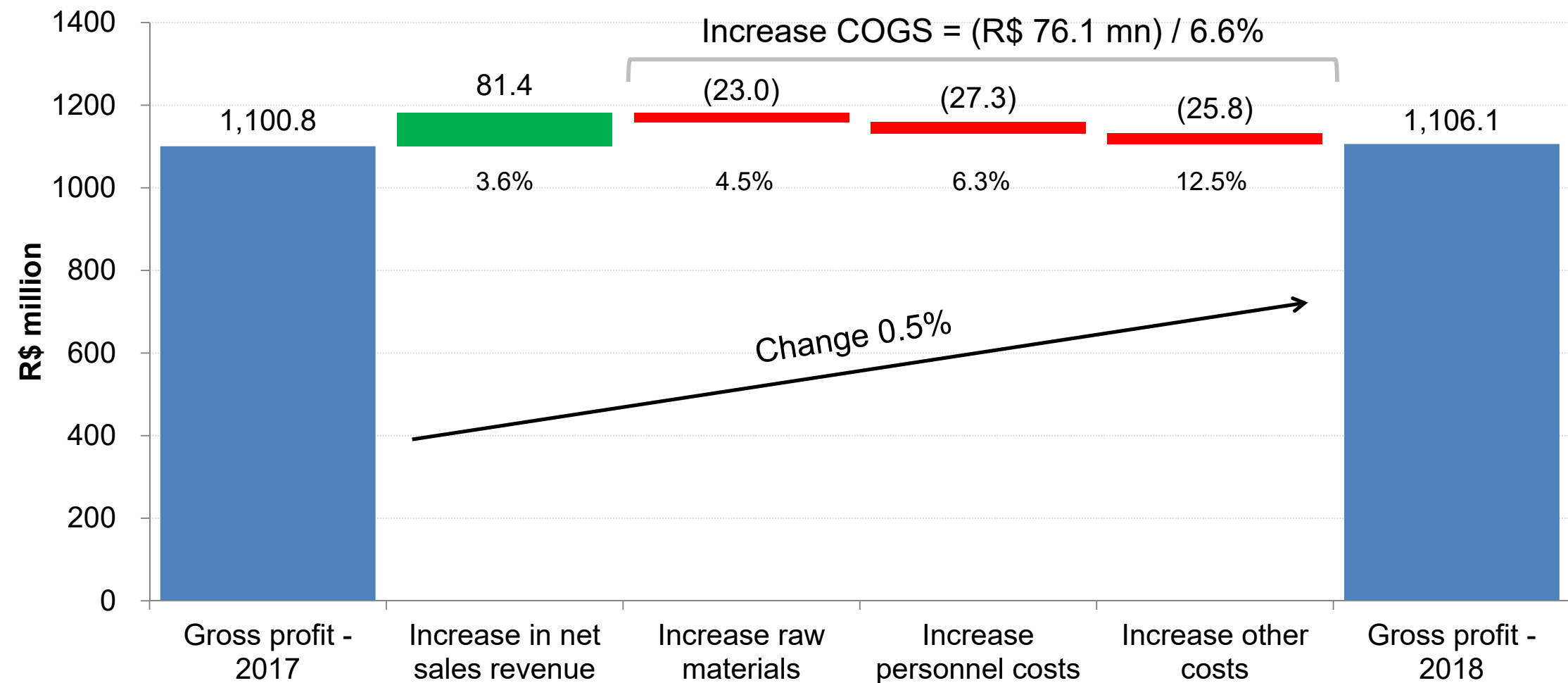
R\$ mn	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	CAGR
Gross revenue	1,576.0	1,819.4	1,998.6	1,831.6	2,324.5	2,711.4	2,720.3	2,631.9	2,483.0	2,727.7	2,825.0	6.0%
Change Y-o-Y		15.4%	9.9%	(8.4%)	26.9%	16.6%	0.3%	(3.3%)	(5.7%)	9.9%	3.6%	
Net profit	239.4	272.2	312.4	305.4	429.0	433.5	490.2	551.2	634.5	660.9	585.5	9.4%
Change Y-o-Y		13.7%	14.8%	(2.2%)	40.5%	1.1%	13.1%	12.4%	15.1%	4.2%	(11.4%)	

R\$ million	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	CAGR
Advertising expenses	107.6	116.1	127.1	138.7	147.0	163.7	169.2	148.9	125.2	125.6	141.3	2.8%
% of Net Revenue	8.6%	8.0%	7.9%	9.4%	7.8%	7.5%	7.6%	6.8%	6.1%	5.6%	6.1%	

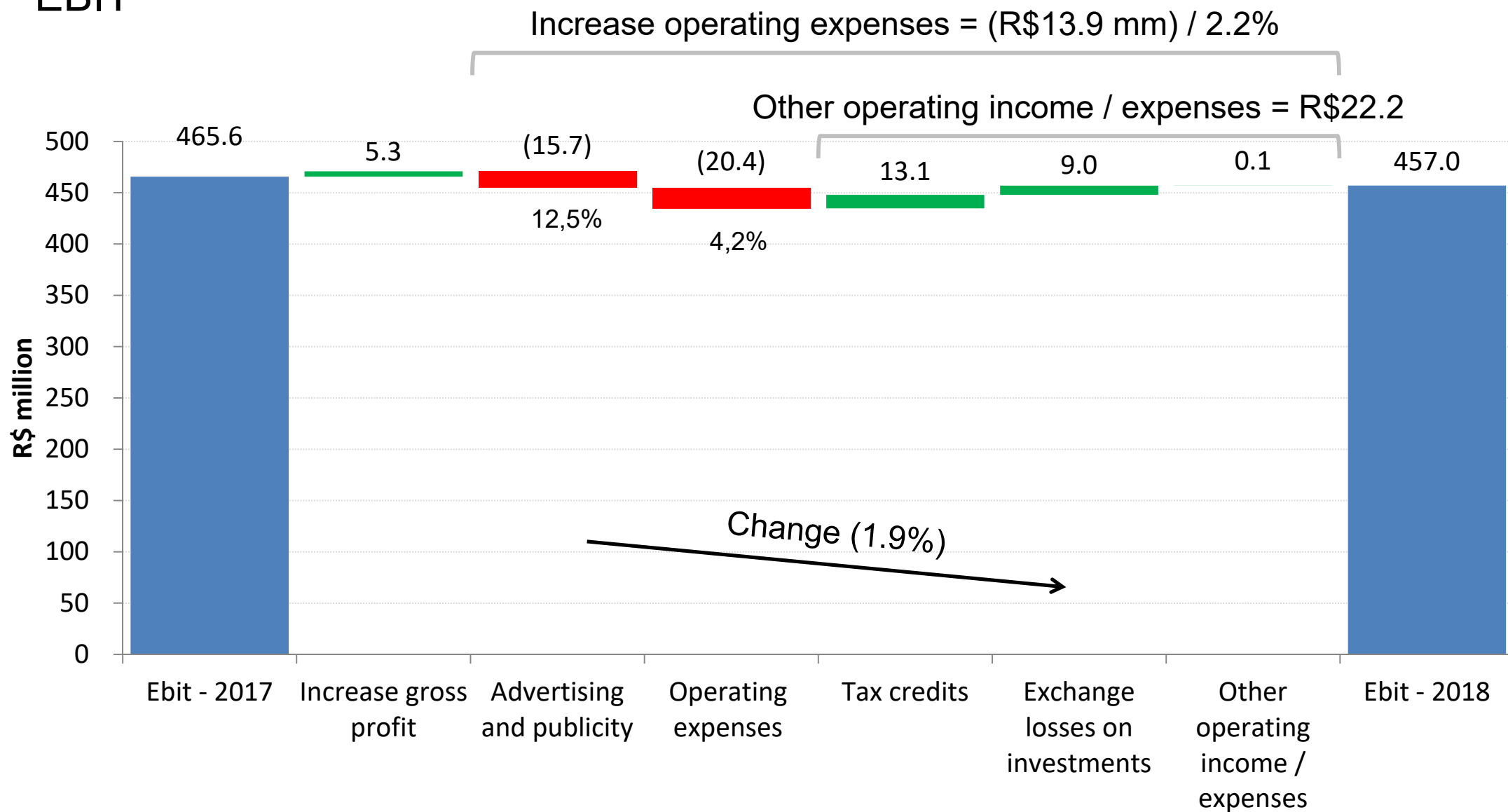
Net sales revenue



Gross profit



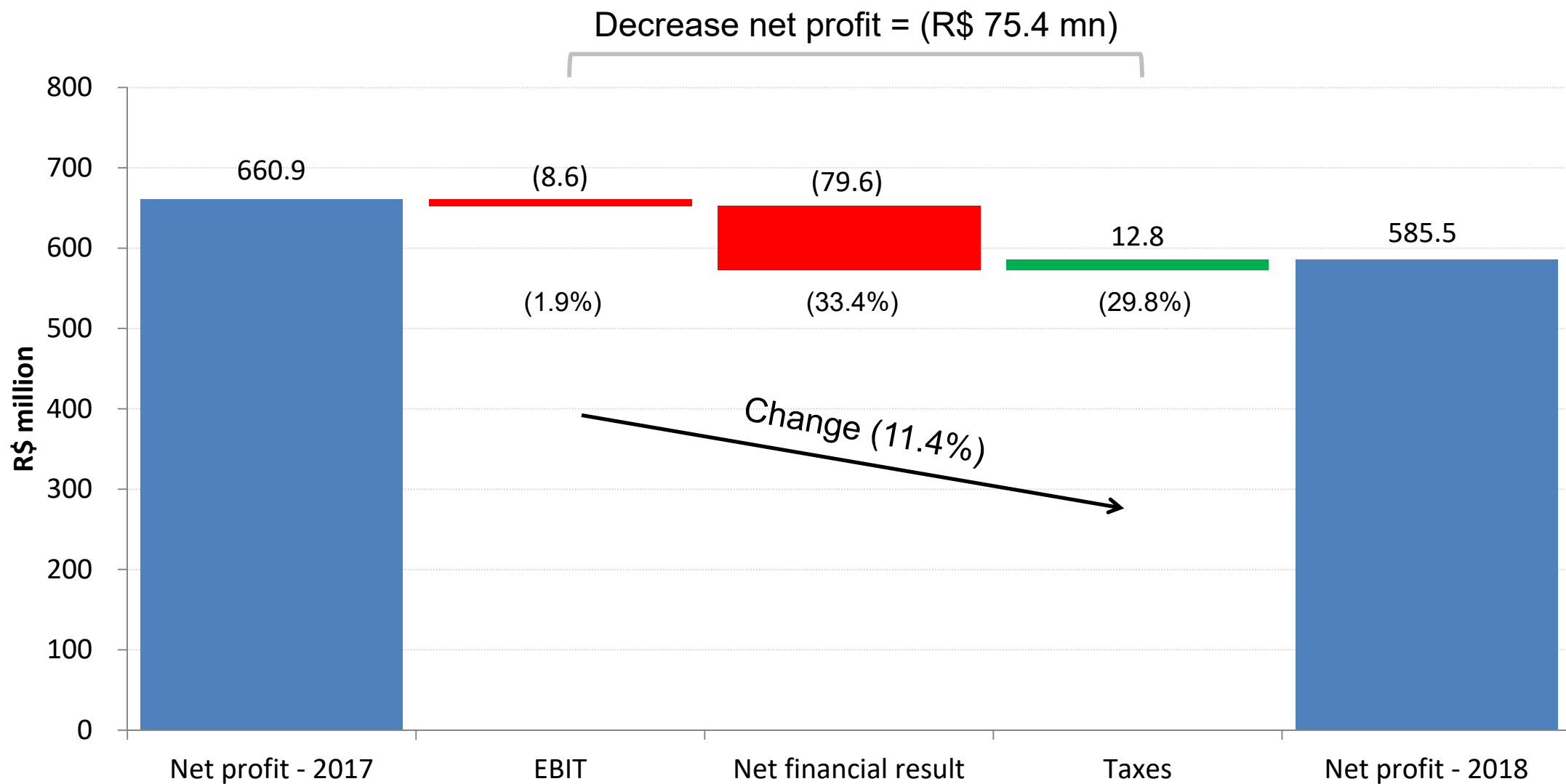
EBIT



Net financial revenues (expenses)

(R\$ '000)	2017	2017	Change, %	Change, R\$
Interest received from clients	2,225	2,110	(5.2%)	(115)
Revenue from cash investments	169,812	135,499	(20.2%)	(34,313)
Other financial revenues	3,045	7,523	147.1%	4,478
Subtotal	175,082	145,132	(17.1%)	(29,950)
Costs of financings	(10,852)	(10,445)	(3.8%)	407
Cofins and PIS taxes on Financial revenues	(8,346)	(6,949)	(16.7%)	1,397
Other financial expenses	(3,780)	(4,069)	7.6%	(289)
Subtotal	(22,978)	(21,463)	(6.6%)	1,515
Net financial revenues (expenses) (1)	152,104	123,669	(18.7%)	(28,435)
Revenue from FX derivatives – BM&FBovespa	29,976	62,052	107.0%	32,076
Foreign exchange gains	34,503	75,213	118.0%	40,710
Subtotal	64,479	137,265	112.9%	72,786
Op. expenses on FX derivatives – BM&FBovespa	(19,808)	(81,856)	313.2%	(62,048)
Expenses of FX variation	(31,240)	(74,008)	136.9%	(42,768)
Subtotal	(51,048)	(155,864)	205.3%	(104,816)
Net gain (loss) on FX variations (2)	13,431	(18,599)	(238.5%)	(32,030)
Adjustments to present value (APV)	72,967	53,808	(26.3%)	(19,159)
Financial result – APV (3)	72,967	53,808	(26.3%)	(19,159)
Net financial revenues (expenses) (1) + (2) + (3)	238,502	158,878	(33.4%)	(79,624)

Net profit



Dividends

Basis for the distribution of dividends	R\$
Net profit for 2018 business year	585,529,816.72
(-) Tax incentives reserve	(237,154,837.02)
Legal reserve calculation basis	348,374,979.70
(-) Legal reserve	(17,418,748.98)
Mandatory dividends calculation basis	330,956,230.72
(-) Reserve for the purchase of shares – stock option	(15,880,000.00)
Dividends referring to the result for the 2018 business year	315,076,230.72 ¹
Total dividends proposed by management	315,076,230.72 ¹
<i>Mandatory dividends (R\$330,956,230.72 x 25%)</i>	<i>82,739,057.68</i>
<i>Dividends in addition to the minimum mandatory amount for 2018</i>	<i>232,337,173.04</i>
Sum	315,076,230.72

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

Dividends

Dividends and interest on equity for the 2018 business year	R\$
(+) Interim dividends – paid in advance	171,642,046.10 ¹
(+) Interests on Equity (I.E.), gross	130,000,000.00 ¹
(+) Balance of dividends for the 2018 business year	13,434,184.62 ¹
Dividends and net Interest on Equity proposed by management, gross	315,076,230.72 ¹
(-) Income tax withheld at source on interest on equity (15%) ²	(19,500,000.00)
Dividends and net Interest on Equity proposed by management, net	295,576,230.72 ¹

1 *Dividends and interest on equity will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2018.*

2 *Except for persons who prove their immune status or exempt from retention by legal provision.*

Dividend

Dividend and interest on equity (I.E.) distributed / proposed

Dividend / Interest on Equity (I.E.)	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 and 2	04/26/2018	05/08/2018	05/23/2018	90,731,045.64	0.100570903	90,731,045.64	0.100570903
Dividend ¹	07/26/2018	08/07/2018	08/22/2018	33,685,929.15	0.037418208	33,685,929.15	0.037418208
Dividend ¹	10/25/2018	11/06/2018	11/21/2018	47,225,071.31	0.052457439	47,225,071.31	0.052457439
Dividend ¹ and 3	02/14/2019	04/24/2019	05/08/2019	13,434,184.62	0.014922644	13,434,184.62	0.014922644
I.E. ¹ and 3	02/14/2019	04/24/2019	05/08/2019	130,000,000.00	0.144403530	110,500,000.00	0.122743001
Sum				315,076,230.72	0.349772724	295,576,230.72	0.328112195

- 1 Dividend and Interest on Equity approved ad referendum the Annual General Meeting that will examine the balance sheet and financial statements for the 2018 fiscal year.
- 2 Value per share adjusted for the stock split approved at the EGM of April 23, 2018.
- 3 Amounts per share subject to changes due to the amount of treasury shares at the cut-off date (04/23/2019). Statement of the unit value of the dividend with base date 12/31/2018.

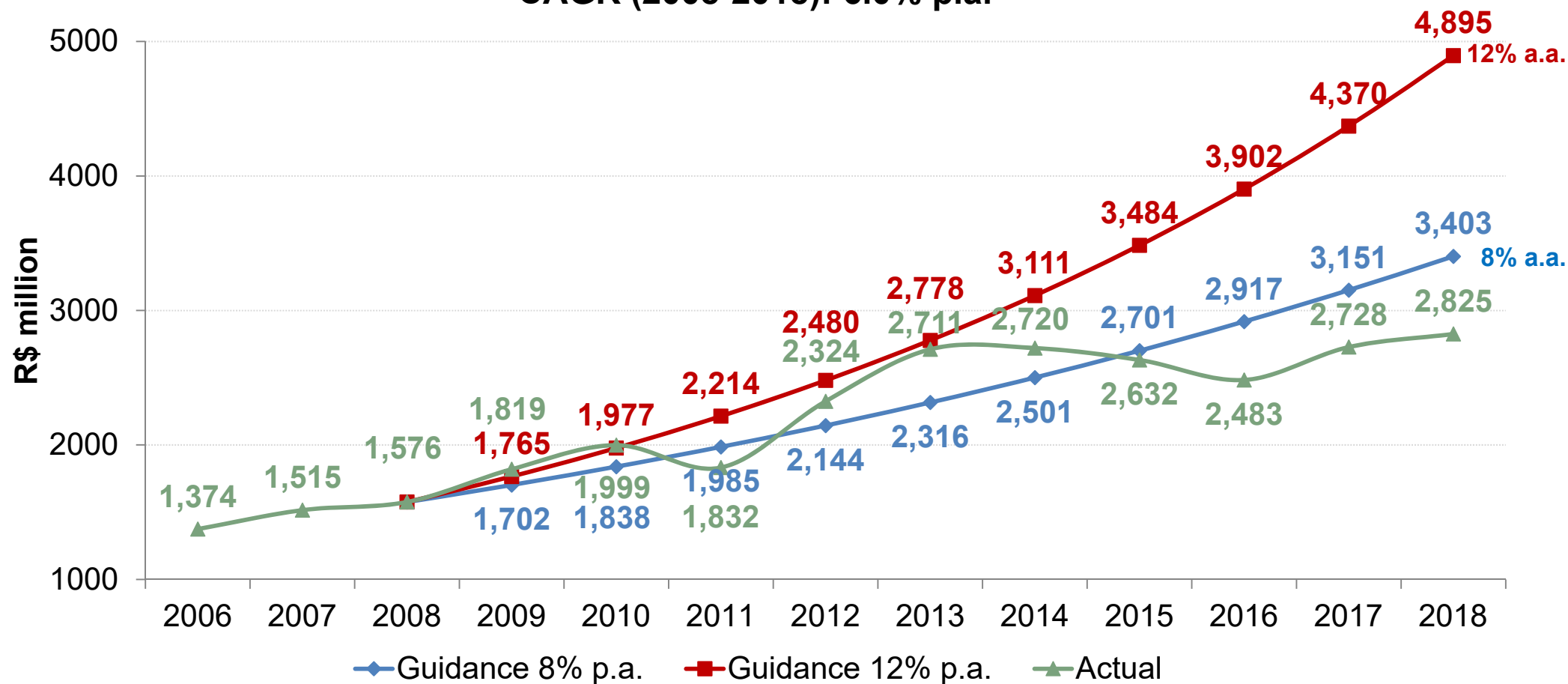
Return on Equity

Year (R\$'000)	Initial Stockholders' Equity ¹	Net Profit	Dividends	Reinvestment	Return on Equity	Final Stockholders' Equity ¹
2005	733,566	200,116	81,181	118,935	27.3%	847,373
2006	847,373	257,343	128,261	129,082	30.4%	998,510
2007	998,510	260,508	119,724	140,784	26.1%	1,132,718
2008	1,132,718	239,367	109,000	130,367	21.1%	1,274,080
2009	1,274,080	272,211	110,000	162,211	21.4%	1,430,569
2010	1,430,569	312,399	121,738	190,661	21.8%	1,624,542
2011	1,624,542	305,446	219,526	85,920	18.8%	1,713,743
2012	1,713,743	429,003	293,503	135,500	25.0%	1,848,309
2013	1,848,309	433,540	300,057	133,483	23.5%	1,957,295
2014	1,957,295	490,244	220,814	269,430	25.0%	2,232,649
2015	2,232,649	551,223	275,925	275,298	24.7%	2,520,866
2016	2,520,866	634,492	351,383	283,109	25.2%	2,792,976
2017	2,792,976	660,929	377,773	283,156	23.7%	3,087,479
2018	3,087,479	585,530	315,076	270,454	19.0%	3,341,108
Accumulated		5,837,216	3,088,113	2,749,103	1,874.8%	

1) End-of-year stockholders' equity, i.e. excluding dividends, proposed for subsequent year.

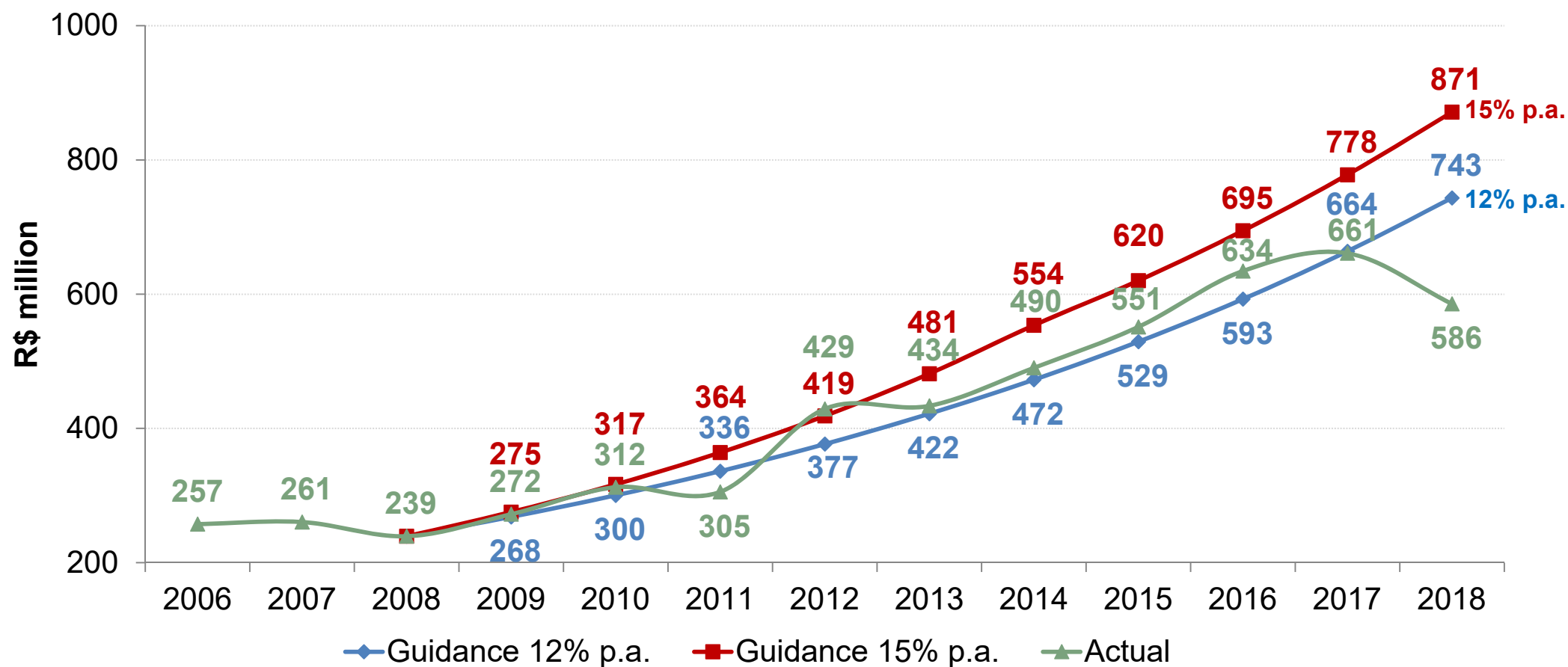
Comparision of performance with targets

Gross revenue
CAGR between 8% and 12%
CAGR (2008-2018): 6.0% p.a.



Comparision of performance with targets

Net Profit
CAGR between 12% and 15%
CAGR (2008-2017): 9.4% p.a.





Thank you!