

2Q19 & 1H19 Results

Conference call

August 2, 2019

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.

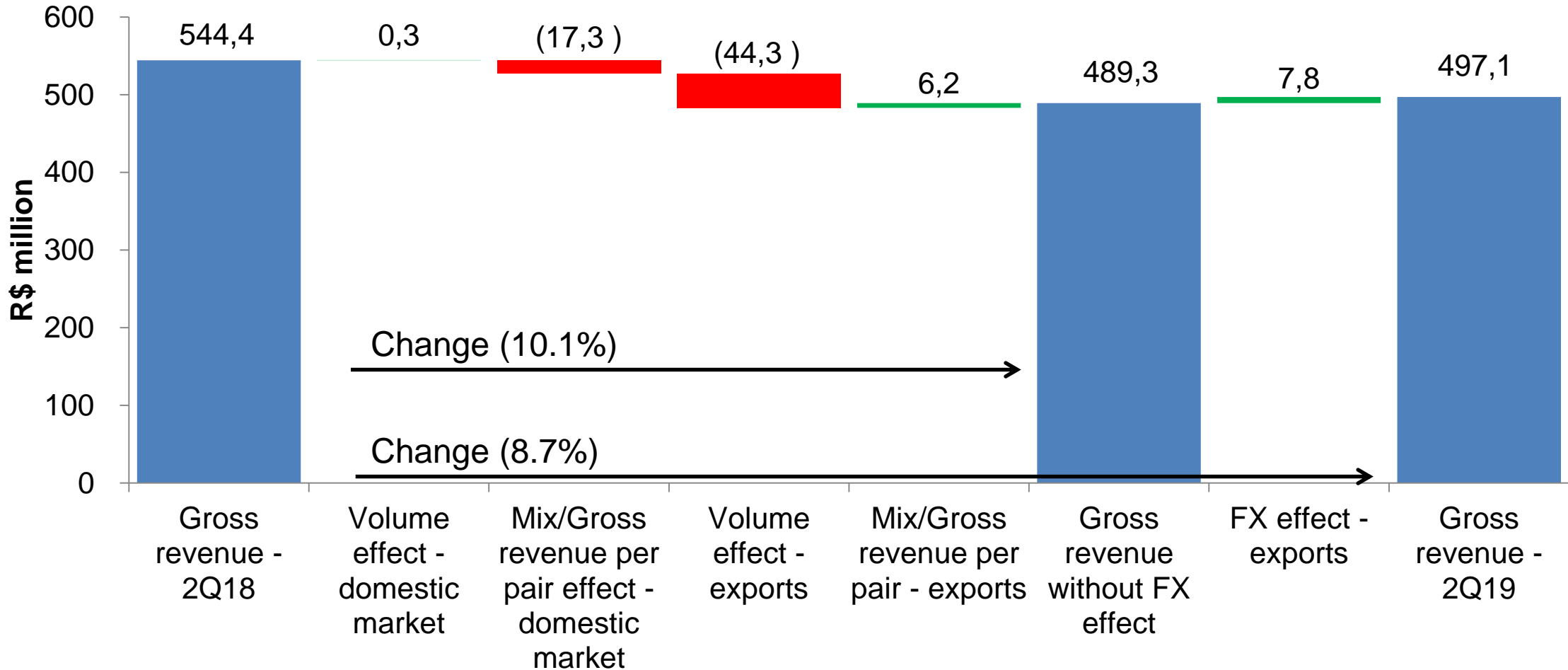
Highlights 2Q19 (YOY 2018)

Gross Revenue	Domestic market: R\$ 399.5 million			(4.1%)
	Exports: R\$ 97.6 million			(23.7%)
Net Profit	R\$ 41.5 million			(36.9%)
EBIT	R\$ 10.1 million			(83.8%)
	Margin 2.5%			(11.4 p.p.)
Exchange	Positive impact: R\$ 7.8 million			
Volumes	Domestic market: 24.7 million pairs			0.1%
	Exports: 5.4 million pairs			(34.6%)
Gross revenue per pair	Domestic market	R\$ 16.16		(4.2%)
	Exports	R\$ 18.09		16.8%
		US\$ 4.62		7.4%

Gross sales revenue

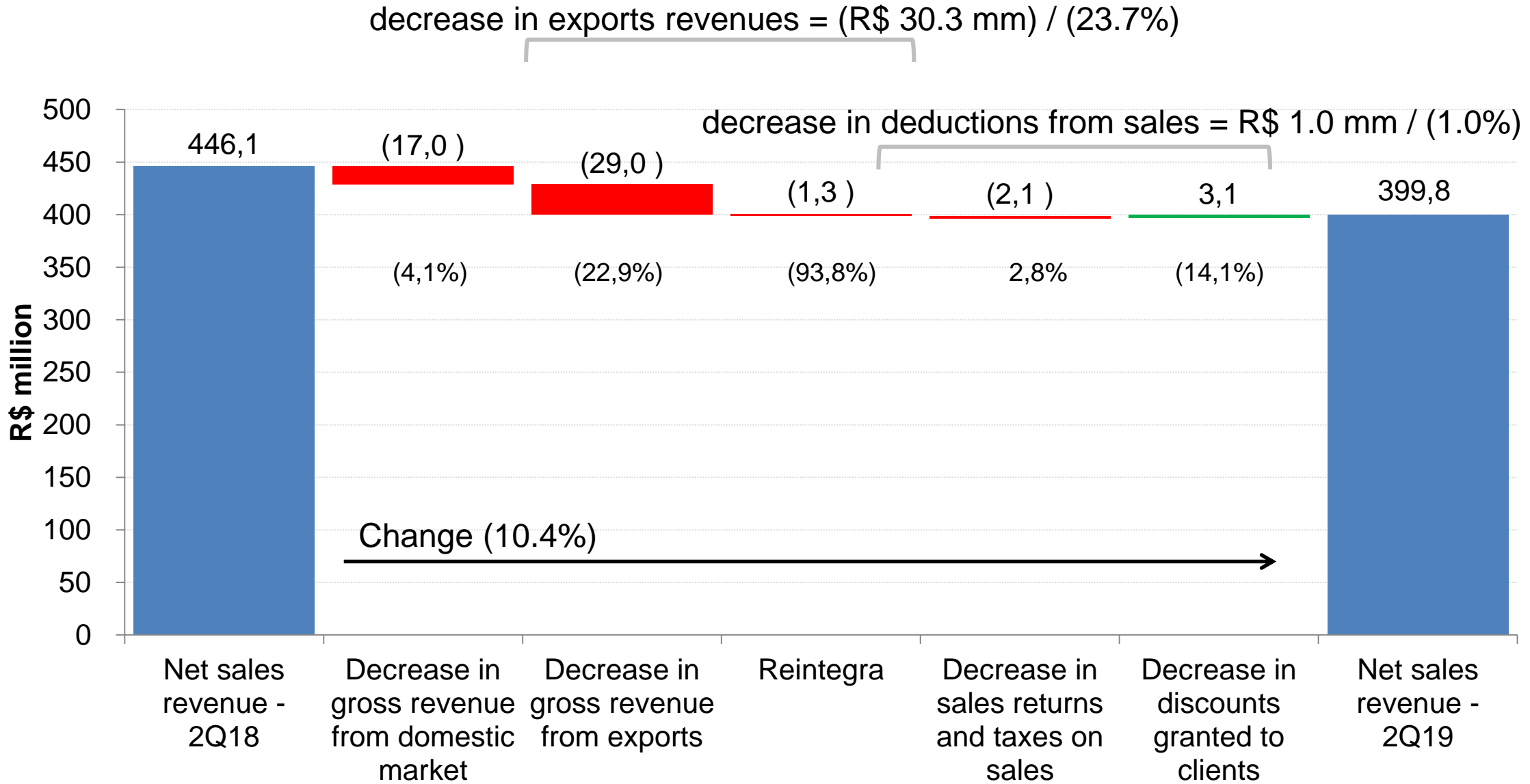
– Domestic market and exports

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

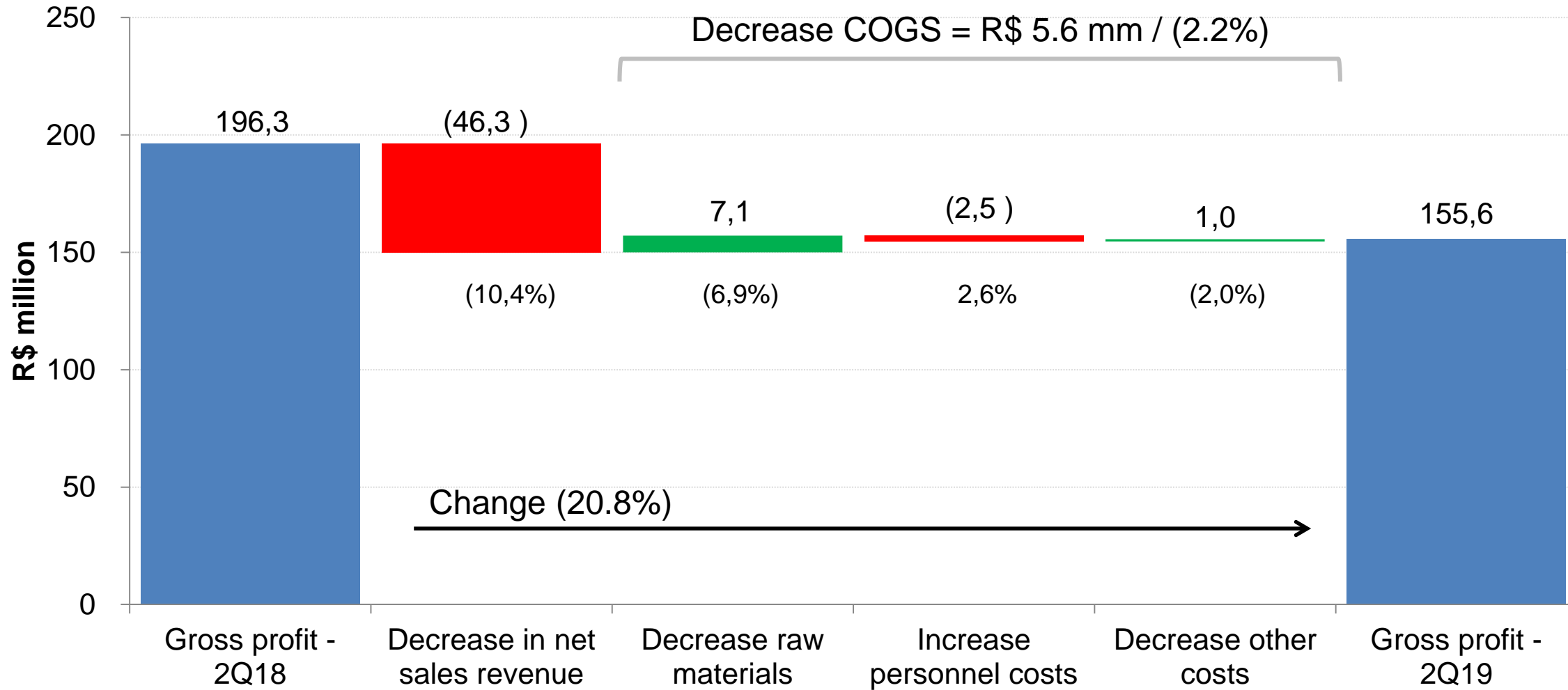


Average US dollar: 2Q18 = R\$ 3,6056 / 2Q19 = R\$ 3,9188 – Δ 8,7%

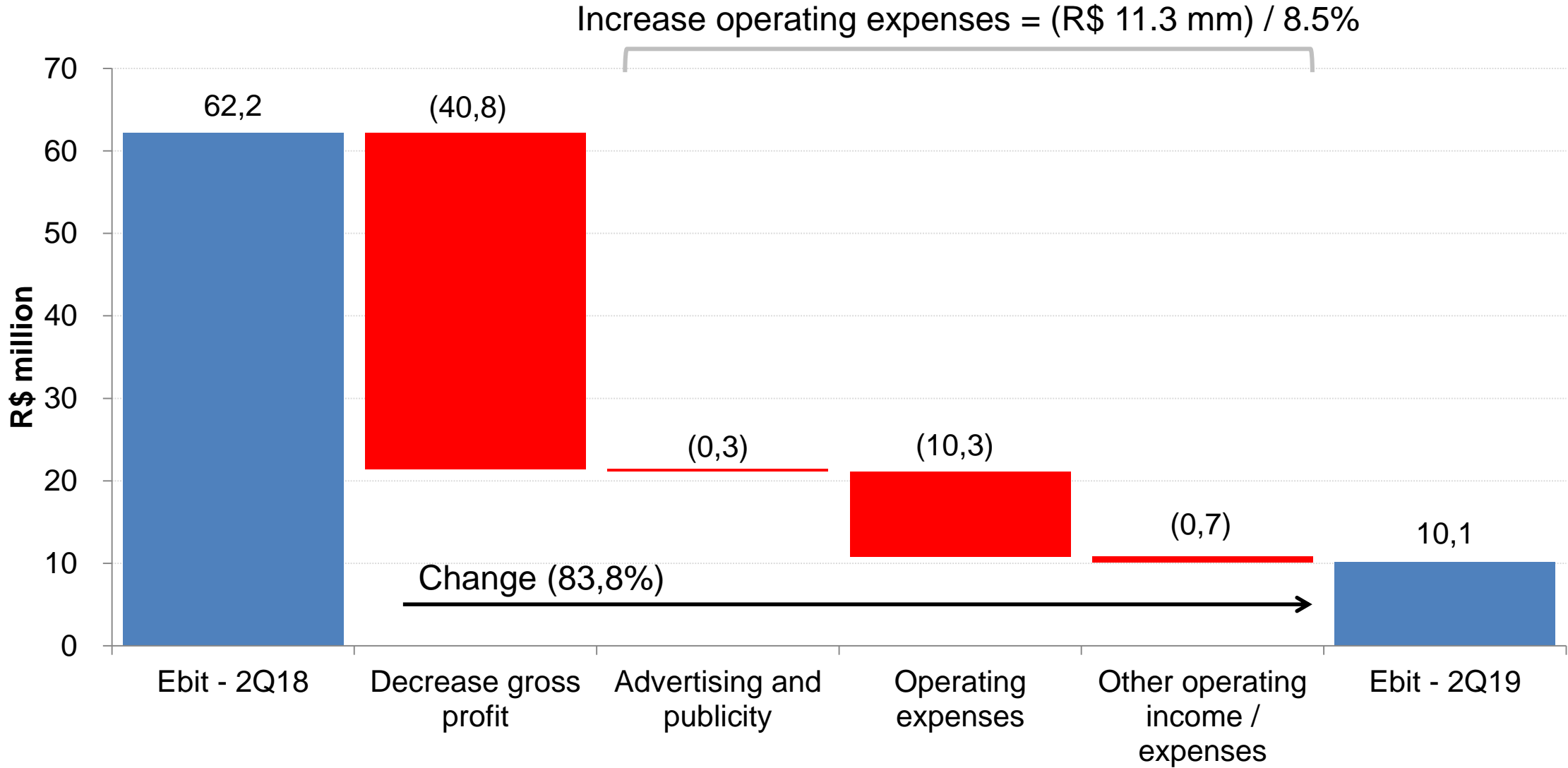
Net sales revenue



Gross profit



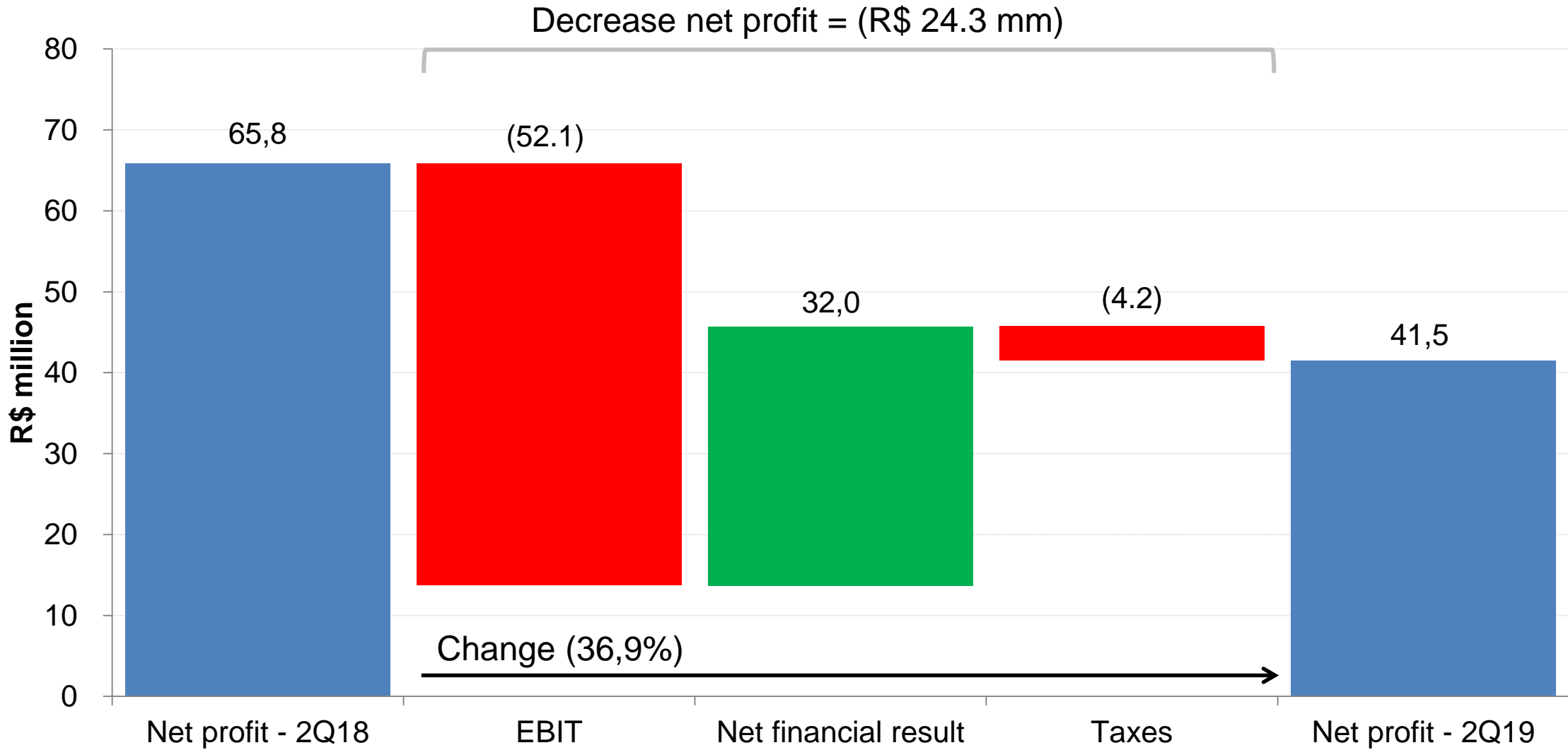
EBIT



Net financial revenues (expenses)

(R\$ '000)	2Q18	2Q19	Change %	Change R\$
Interest received from clients	611	562	(8.0%)	(49)
Revenue from cash investments	35,810	42,885	19.8%	7,075
Other financial revenues	1,429	977	(31.6%)	(452)
Subtotal	37,850	44,424	17.4%	6,574
Costs of financings	(2,957)	(2,268)	(23.3%)	689
Cofins and PIS taxes on Financial revenues	(1,849)	(2,084)	12.7%	(235)
Other financial expenses	(1,045)	(1,541)	47.5%	(496)
Subtotal	(5,851)	(5,893)	0.7%	(42)
Net financial revenues (expenses) (1)	31,999	38,531	20.4%	6,532
Revenue from FX derivatives – BM&FBovespa	1,607	10,234	536.8%	8,627
Foreign exchange gains	31,113	8,713	(72.0%)	(22,400)
Subtotal	32,720	18,947	(42.1%)	(13,773)
Op, expenses on FX derivatives – BM&FBovespa	(30,171)	(4,859)	(83.9%)	25,312
Expenses of FX variation	(26,479)	(9,664)	(63.5%)	16,815
Subtotal	(56,650)	(14,523)	(74.4%)	42,127
Net gain (loss) on FX variations (2)	(23,930)	4,424	(118.5%)	28,354
Adjustments to present value (APV)	11,693	8,831	(24.5%)	(2,862)
Financial result – APV (3)	11,693	8,831	(24.5%)	(2,862)
Net financial revenues (expenses) (1) + (2) + (3)	19,762	51,786	162.0%	32,024

Net profit



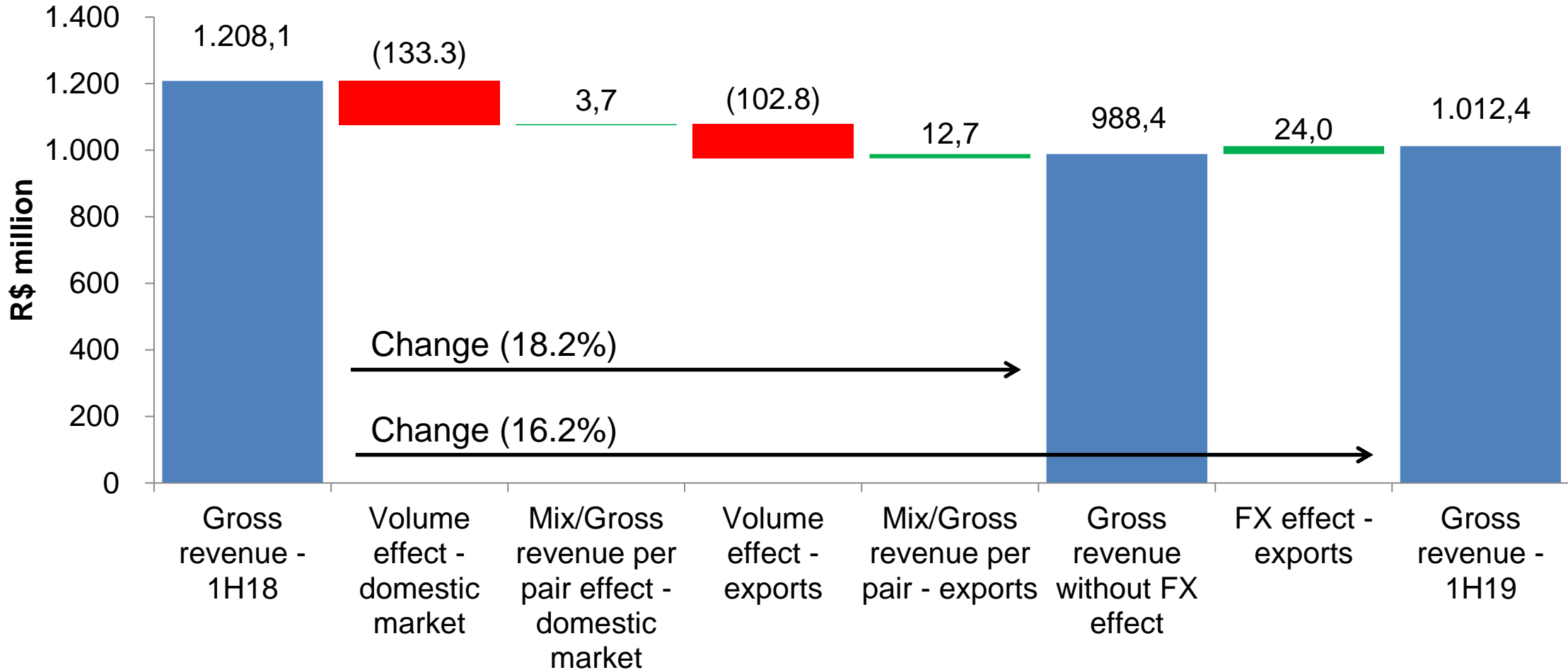
Highlights 1H19 (YOY 2018)

Gross revenue	Domestic market: R\$ 793.0 million			(14.0%)
	Exports: R\$ 219.4 million			(23.1%)
Net profit	R\$ 118.0 million			(46.8%)
EBIT	R\$ 43.6 million			(76.1%)
	Margin 5.3%			(13.1 p.p.)
Exchange	Positive impact: R\$ 24.0 million			
Volumes	Domestic market: 46.3 million pairs			(14.5%)
	Exports: 12.3 million pairs			(36.0%)
Gross revenue per pair	Domestic market	R\$ 17.12		0.5%
	Exports	R\$ 17.81		20.0%
		US\$ 4.63		6.9%

Gross sales revenue

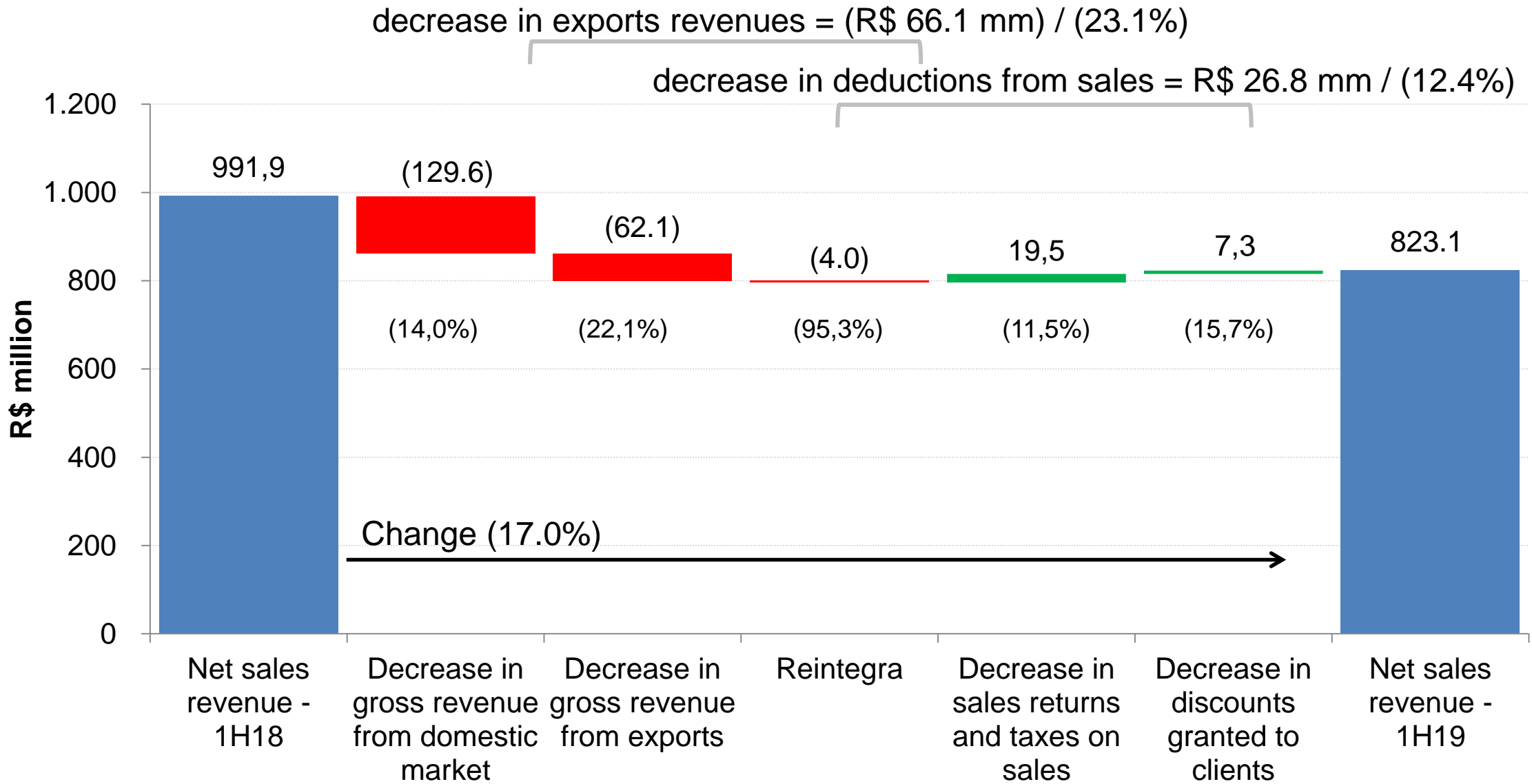
– Domestic market and exports

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

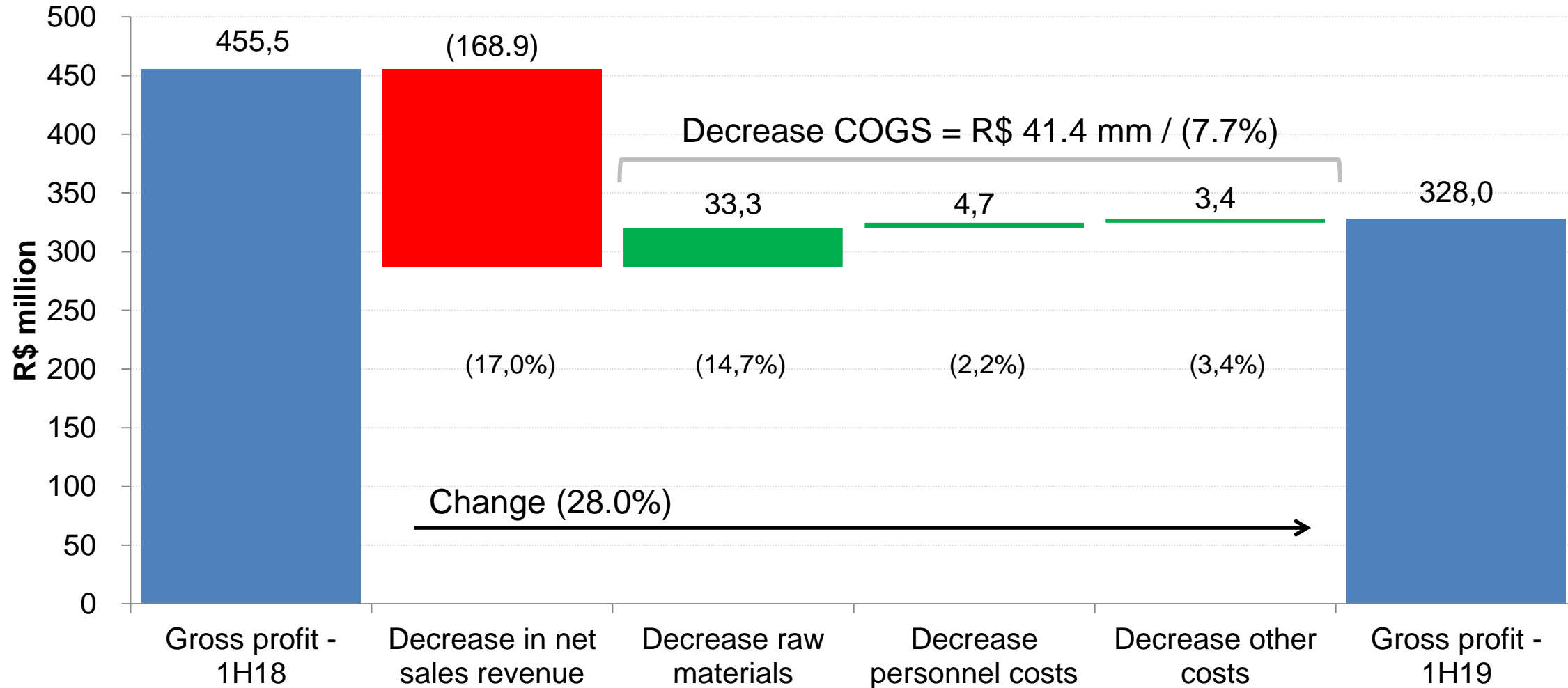


Average US dólar 1H18= R\$ 3,4247 / 1H19 = R\$ 3,8447 – Δ 12,3%

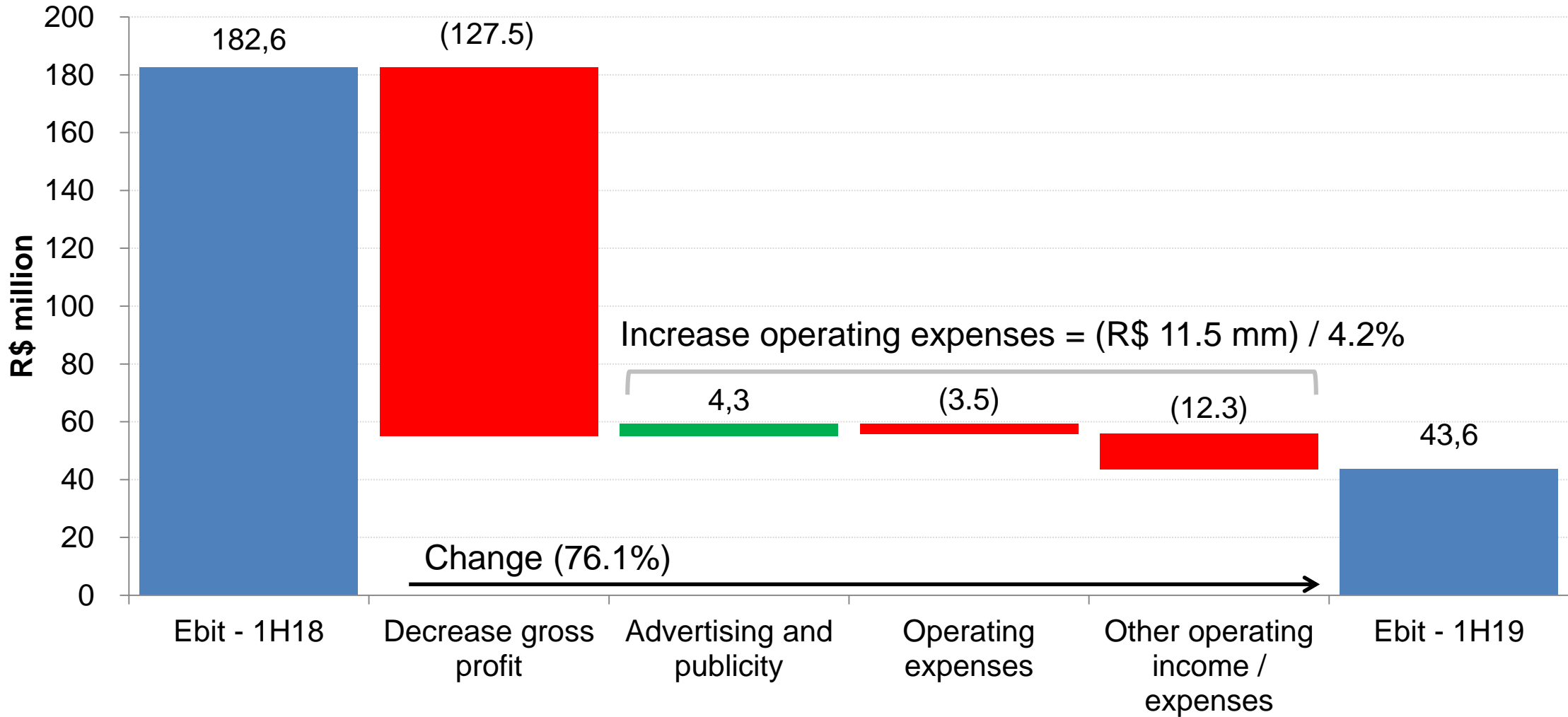
Net sales revenue



Gross profit



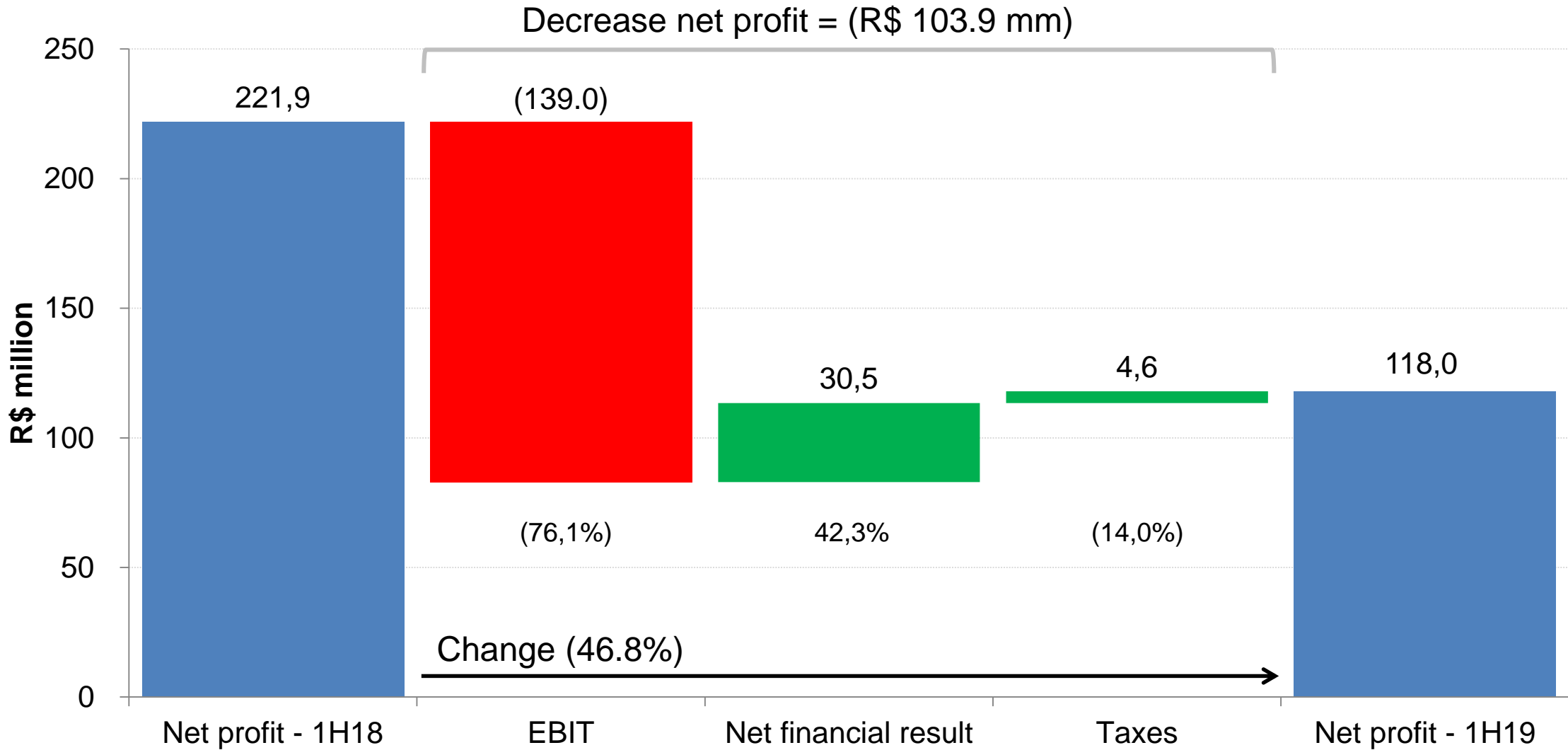
EBIT



Net financial revenues (expenses)

(R\$ '000)	1H18	1H19	Change, %	Change, R\$
Interest received from clients	1,120	1,009	(9.9%)	(111)
Revenue from cash investments	69,667	80,524	15.6%	10,857
Other financial revenues	3,301	1,861	(43.6%)	(1,440)
Subtotal	74,088	83,394	12.6%	9,306
Costs of financings	(5,342)	(4,551)	(14.8%)	791
Cofins and PIS taxes on Financial revenues	(3,582)	(3,920)	9.4%	(338)
Other financial expenses	(2,076)	(2,479)	19.4%	(403)
Subtotal	(11,000)	(10,950)	(0.5%)	50
Net financial revenues (expenses) (1)	63,088	72,444	14.8%	9,356
Revenue from FX derivatives – BM&FBovespa	10,740	25,298	135.5%	14,558
Foreign exchange gains	48,285	31,094	(35.6%)	(17,191)
Subtotal	59,025	56,392	(4.5%)	(2,633)
Op, expenses on FX derivatives – BM&FBovespa	(34,036)	(14,398)	(57.7%)	19,638
Expenses of FX variation	(44,064)	(32,367)	(26.5%)	11,697
Subtotal	(78,100)	(46,765)	(40.1%)	31,335
Net gain (loss) on FX variations (2)	(19,075)	9,627	(150.5%)	28,702
Adjustments to present value (APV)	28,353	20,881	(26.4%)	(7,472)
Financial result – APV (3)	28,353	20,881	(26.4%)	(7,472)
Net financial revenues (expenses) (1) + (2) + (3)	72,366	102,952	42.3%	30,586

Net profit



Dividends

Basis for the distribution of dividends	R\$
Net profit for 1H19	118,042,091.36
(-) Tax incentives reserve	(63,151,265.06)
Legal reserve calculation basis	54,890,826.30
(-) Legal reserve	(2,744,541.32)
Dividends referring 1H19	52,146,284.98
(–) 1st interim dividends ¹	(36,765,755.22)
Balance of dividends payable, 2Q19 ¹	15,380,529.76
Total dividends proposed by management ¹	15,380,529.76
<i>Mandatory dividends (R\$ 52,146,284.98 x 25%)</i>	<i>13,036,571.25</i>
<i>Dividends in addition to the minimum mandatory amount</i>	<i>39,109,713.73</i>
Sum	52,146,284.98

1 *Dividends and interest on equity will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2019.*

Dividends

Dividends approved ad referendum the Annual General Meeting that will examine the balance sheet and financial statements for the 2019 fiscal year.

Dividend distributed / 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	Apr. 25, 2019	May 10, 2019	May 22, 2019	36,765,755.22	0.040753032	36,765,755.22	0.040753032
Dividend	Aug. 1, 2019	Aug. 9, 2019	Aug. 21, 2019	15,380,529.76	0.017048561	15,380,529.76	0.017048561
Sum				52,146,284.98	0.057801593	52,146,284.98	0.057801593



Thank you!