

AREZZO **&CO**

Conference Call

1Q12

Important Disclaimer



Statements regarding the Company's future business prospects and operating income projections are mere estimates and projections and, as such, are subject to several risks and uncertainties, including, but not limited to, market conditions, domestic and international economic performance in general and in the Company's operating sector. Such risks and uncertainties cannot be controlled or sufficiently forecast by the Company's management and may significantly affect its perspectives, estimates and projections. Statements regarding future perspectives, projections and estimates do not represent and may not be construed as a performance guarantee. Operating information contained herein, as well as information not directly derived from financial statements, has not been subject to audit or special review by the Company's independent auditors, may involve assumptions and estimates adopted by the management and be subject to changes.

1Q12 Highlights

Net Revenue

Net Revenue increased by **16.4% in 1Q12**, reaching R\$161.4 million

Gross Profit

Gross Profit reached **R\$ 67.2 million**, 19.0% growth and 41.6% margin

Non-recurring Expense

Contract termination with supply agent generated R\$8 million non-recurring expense in 1Q12. Projected payback period for the deal is shorter than 3 years due to better terms with new Company

EBITDA

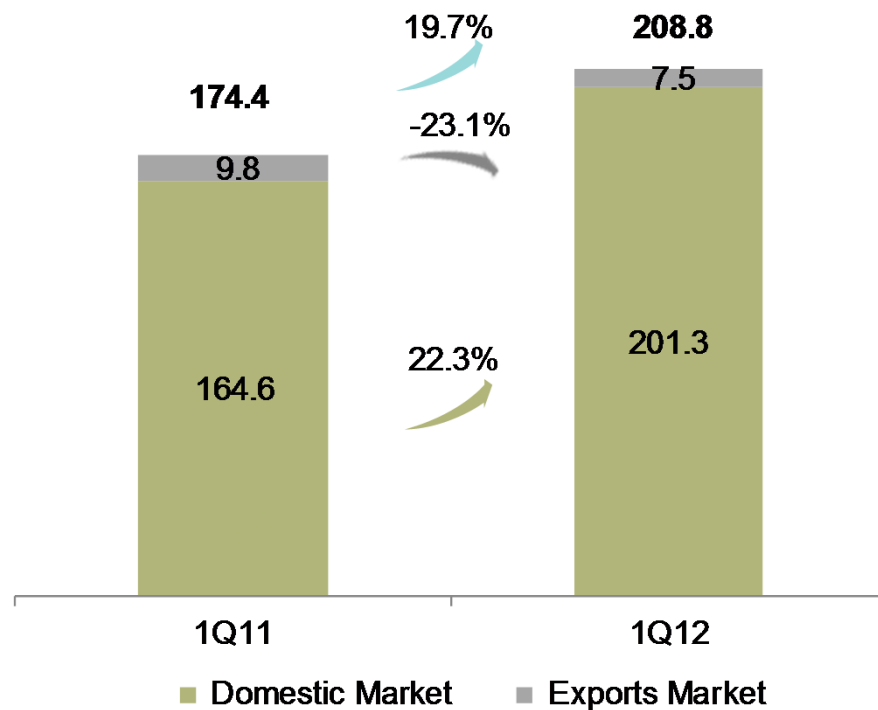
EBITDA in 1Q12 totaled R\$ 14.7 million. Excluding the non-recurring effect, EBITDA would be R\$ 22.7 million, with 14.0% margin.

Net Profit

Net Profit in 1Q12 was R\$10.9 million. Excluding the non-recurring effect, Net Profit would be R\$ 16.1 million, with 10.0% margin

Company Growth

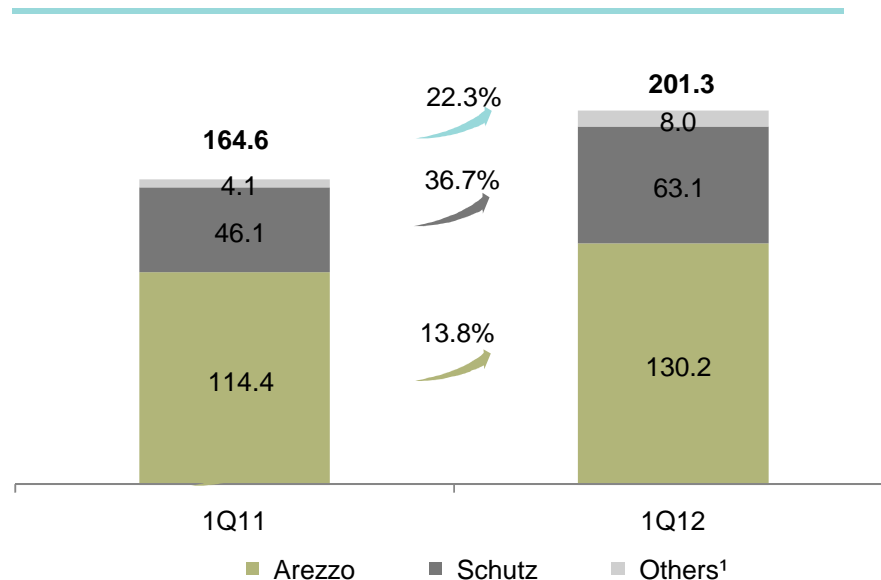
Gross Revenues – (R\$ million)



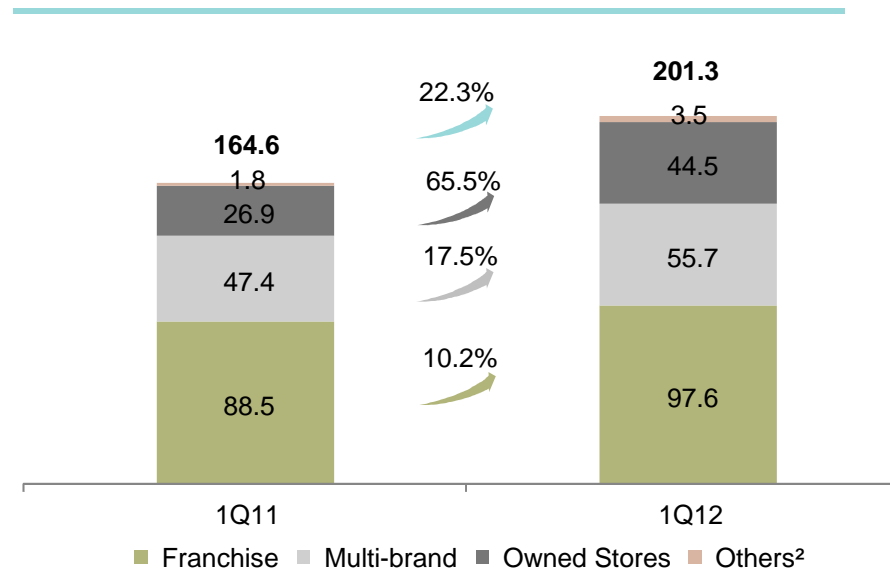
The Company's Gross Revenues amounted to R\$208.8 million in the first quarter of 2012, a 19.7% increase in 1Q12 comparing to 1Q11

Gross Revenues Breakdown by Brand and Channel – Domestic Market

Gross Revenues by brand – Domestic Market (R\$ million)



Gross Revenues by channel – Domestic Market (R\$ million)



	1Q11	1Q12
SSS Sell-out (Owned Stores)	11.0%	12.1%
SSS Sell-in (Franchises)	9.0%	6.5%

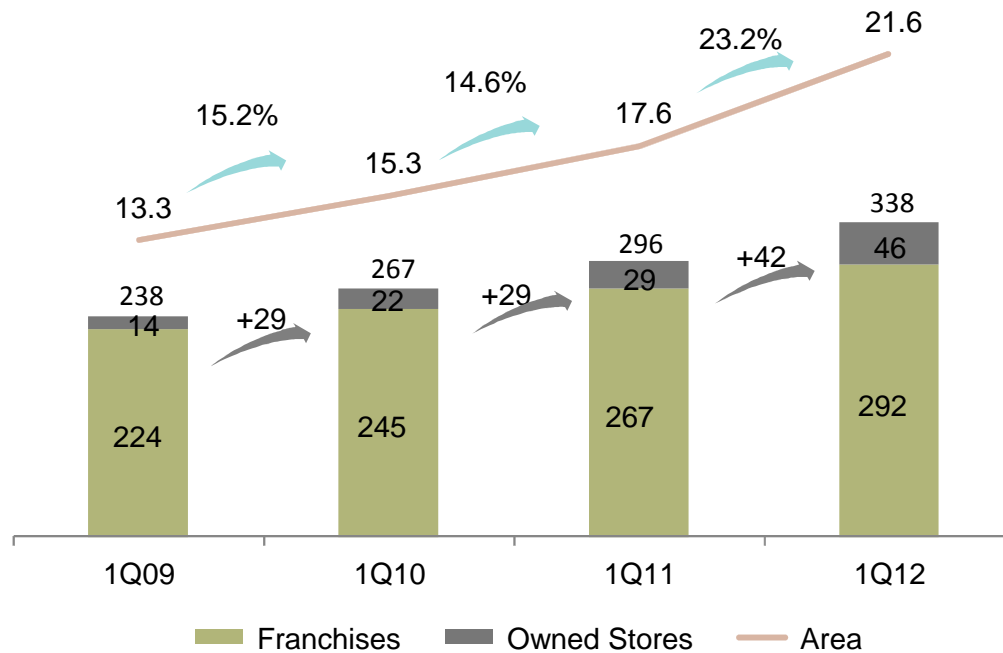
Strong Gross Revenue growth, especially in the Schutz brand that increased by 36.7% in 1Q12 comparing to 1Q11. The Owned Stores channel recorded 65.5% growth in 1Q12 comparing to 1Q11 mainly due to Sales area growth and its SSS of 12.1%

¹ Other: Alexandre Birman's and Anacapri's Gross Revenue: growth of 95.7%.

² Other: Growth of 97.0%.

Distribution Channel Expansion

Owned Stores and Franchises Expansion



AREZZO

Franchises	290
Owned Stores ¹	18
Multi Brands ²	877

SCHUTZ

Franchises	2
Owned Stores ¹	19
Multi Brands ²	1,509

Alexandre Birman

Owned Stores	1
Multi Brands ²	18

ANACAPRI

Owned Stores	8
Multi Brands ²	783

Sales area expansion of 23.2% year-over-year, ending 1Q12 with a 338 monobrand stores

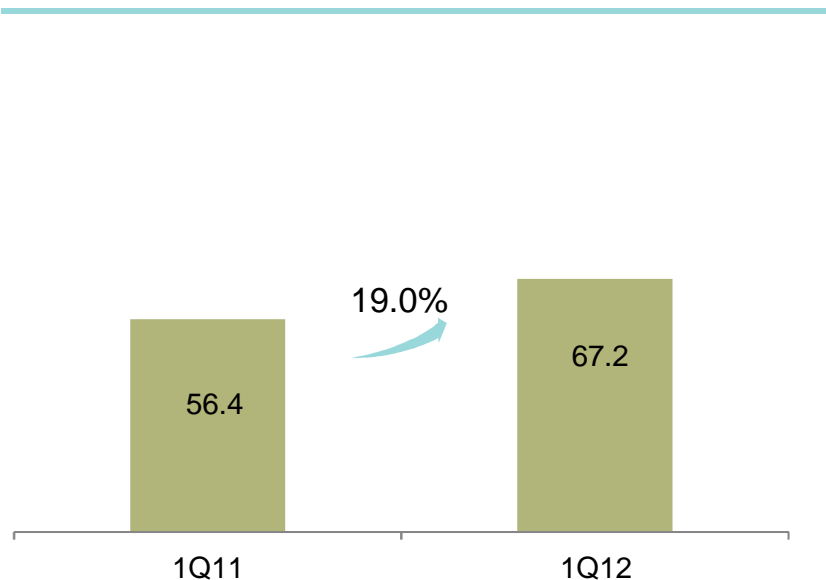
Note: area given in thousand of square meter (sq m)

¹ Includes 5 *outlets* with total area of 1,334 sq m

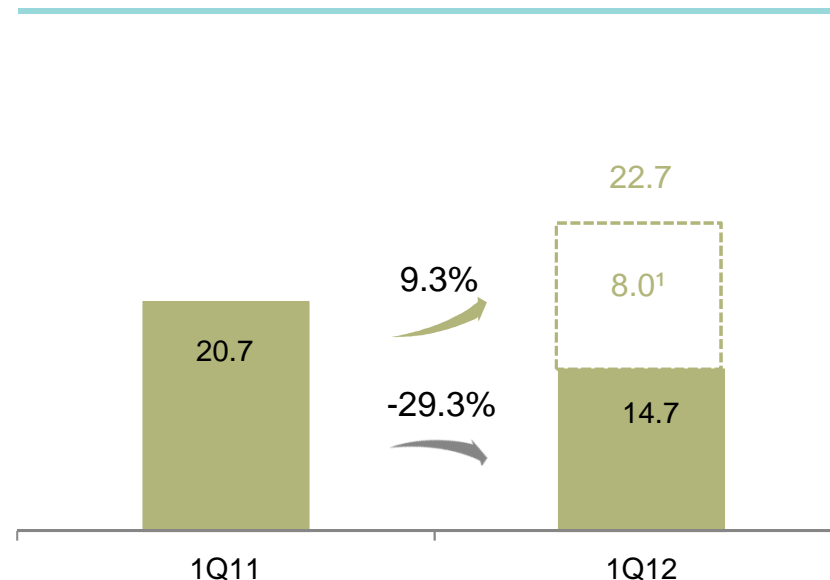
² Domestic Market

Gross Profit and EBITDA

Gross Profit (R\$ million)



EBITDA (R\$ million)

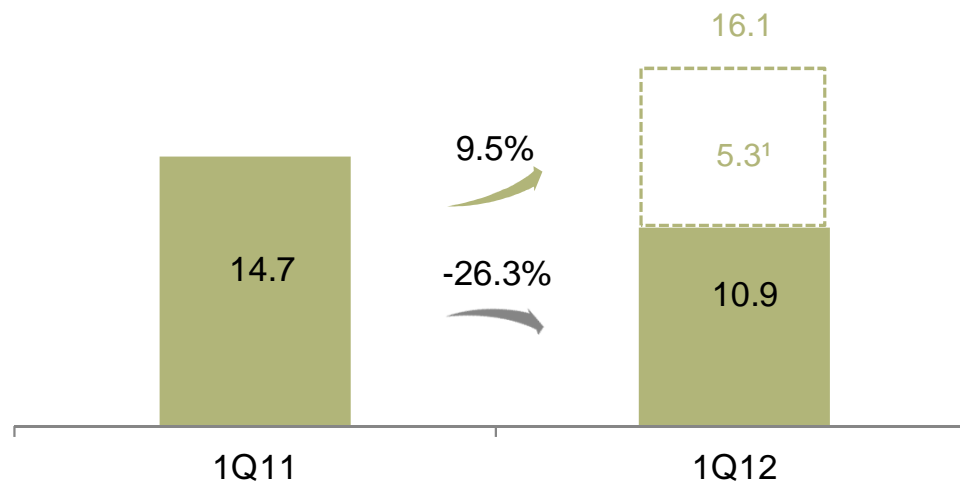


Expansion of 0.9 p.p. in gross margin, due to channel mix. Excluding the non-recurring effect EBITDA would be R\$ 22.7 with 14.0% margin

¹ Non-recurring expense

Net Income

Net Income (R\$ million)



Company's Net Income totaled R\$ 10.9 million, with 6.7% margin. Excluding non-recurring impact in 1Q12, Net Income would have reached R\$ 16.1 million with 10.0% margin

¹ Non-recurring expense

Cash Generation

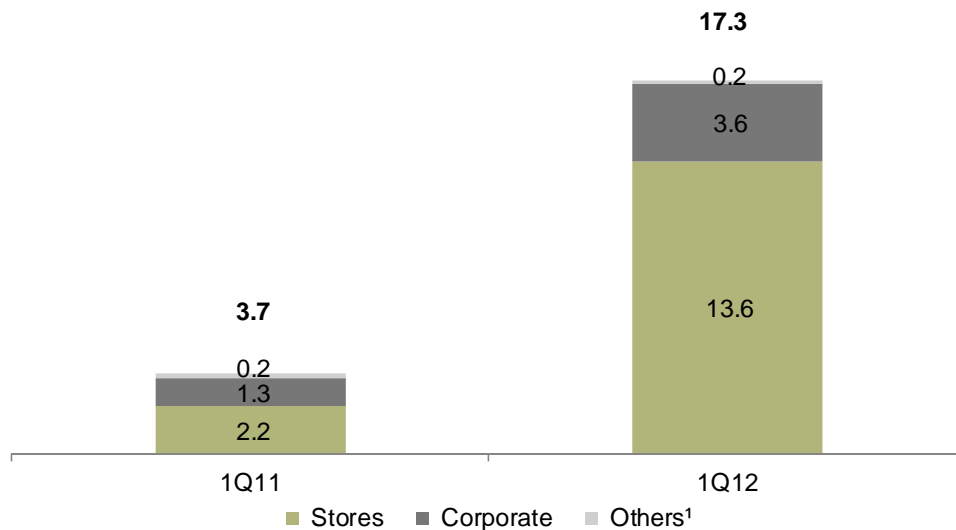
Operating Cash Generation (R\$ thousand)

Cash flows from operating activities	1Q11	1Q12	Growth or spread
Income before income taxes	21,321	15,636	(5,685)
Depreciation and amortization	879	1,417	538
Others	(1,868)	(4,129)	(2,261)
Decrease (increase) in current assets / liabilities	(12,068)	9,975	22,043
Trade accounts receivable	(18,366)	5,994	24,360
Inventories	(15,723)	(8,579)	7,144
Suppliers	22,157	18,840	(3,317)
Change in other current assets and liabilities	(136)	(6,280)	(6,144)
Change in other non current assets and liabilities	(263)	(700)	(437)
Tax and contributions	(2,366)	-	2,366
Net cash generated by operating activities	5,635	22,199	16,564

Net cash generated from operating activities totaled R\$ 22.2 million, due to a lower of working capital need for accounts receivable and inventories in 1Q12 comparing to 1Q11

Capital Expenditure (CAPEX) and Indebtedness

CAPEX (R\$ million)



Indebtedness (R\$ million)

Indebtedness	1Q11	4Q11	1Q12
Cash	187,293	173,550	166,741
Total indebtedness	33,586	38,659	30,844
Short term	12,813	20,885	14,059
As % of total debt	38.1%	54.0%	45.6%
Long term	20,773	17,774	16,785
As % of total debt	61.9%	46.0%	54.4%
Net debt	(153,707)	(134,891)	(135,897)
EBITDA LTM	98,930	117,729	111,662
Net debt /EBITDA LTM	-1.6x	-1.1x	-1.2x

Arezzo&Co invested R\$ 17.3 million in 1Q12, of which R\$ 13.6 million in stores, including the opening of 2 new stores. About 70% of investments in stores are related to 8 future openings. Company's indebtedness policy remained conservative.

¹ Other: Decreased of 5.9% in 1Q12 compared to 1Q11.

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