

AREZZO **&CO**

Conference Call

2Q11

Important Disclaimer



The information contained here may include forward-looking information and reflects the executive office's current perception and prospects for the macroeconomic environment, the industry situation, the Company's performance and financial results. Any statements, expectations, capacities, plans and projections contained here which do not describe historical facts, such as information about the dividend payment statement, the future course of operations, the introduction of relevant financial strategies, the investment program and the factors or trends affecting the financial condition, liquidity or the operating results are considered forward-looking information as defined by the "U.S. Securities Litigation Reform Act" of 1995 and involve a number of risks and uncertainties. These results are not guaranteed to materialize. These statements are based on several factors and expectations, including the economic and market conditions, level of competition in the industry and operating factors. Any changes in these expectations and factors may lead to real results materially different from the current expectations.

The consolidated financial information of Arezzo Indústria e Comércio S/A – Arezzo&Co presented here complies with the International Financial Reporting Standards – IFRS, issued by the International Accounting Standards Board – IASB, based on audited financial information. The non-financial information, as well as other operating information, was not audited by the independent auditors.

2Q11 Highlights

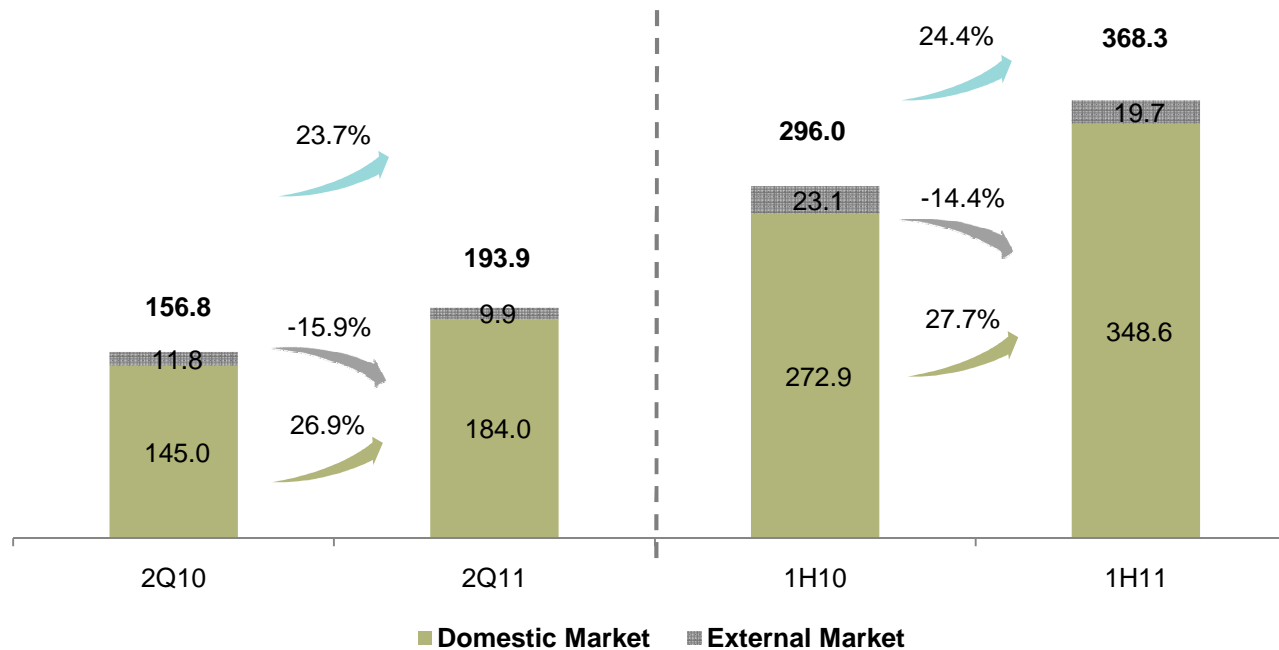
Net Revenues	Net revenues increased by 21.5% in 2Q11 , amounting R\$152.2 million
Gross Margin	0.4 p.p. in the gross margin of the quarter , reaching 43.2% growth
EBITDA	EBITDA amounted to R\$ 28.3 million , growing 22.9% over 2Q10 , with margin of 18.6%
Net Income	Net income amounted to R\$ 24.0 million with margin of 15.8% , up 43.3%
Distribution Channel - Franchises	Arezzo&Co won two awards for excellence in franchise management: Franchising Excellence Seal of ABF ¹ for the 8 th consecutive time and Best Franchise Award in footwear, clothing, and accessories sector from PEGN ² for the 7 th time since 2004

(1) Brazilian Association of Franchises

(2) Pequenas Empresas & Grandes Negócios magazine

Company Growth

Gross Revenues – (R\$ million)

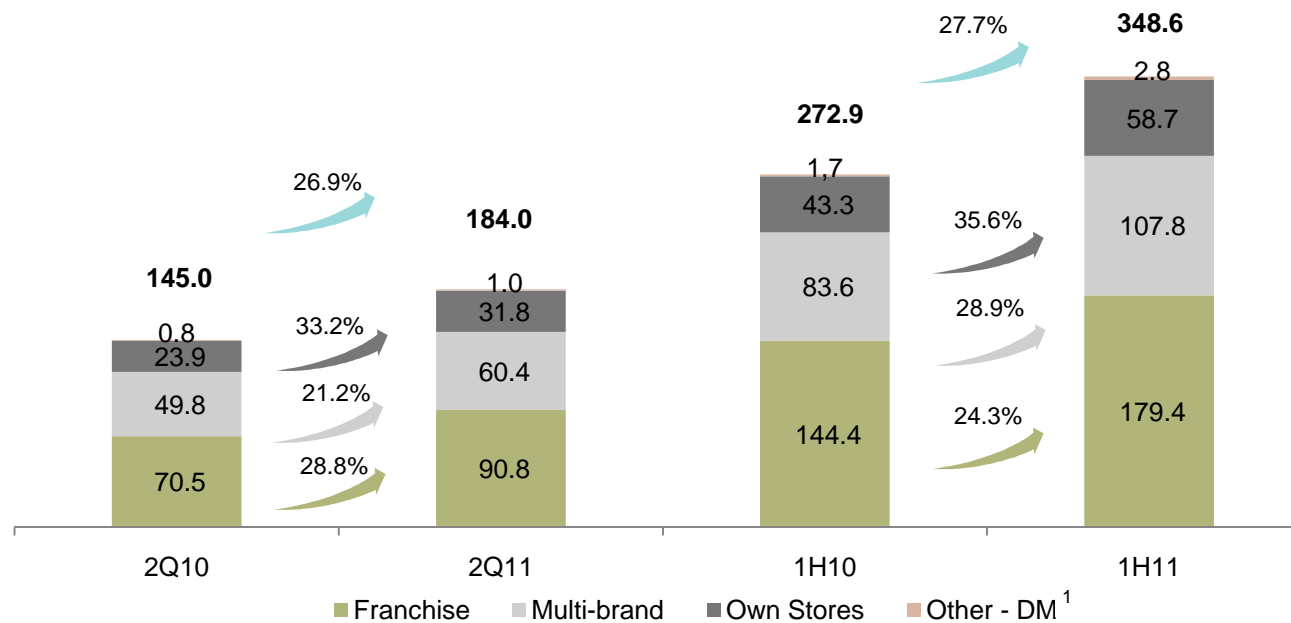


The Company's gross revenues amounted to R\$193.9 million in second quarter 2011, a 23.7% year-over-year rise mainly driven by domestic market. In first half 2011 gross revenues rose by 24.4% amounting to R\$ 368.3 million

Gross Revenues Breakdown by Channel



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



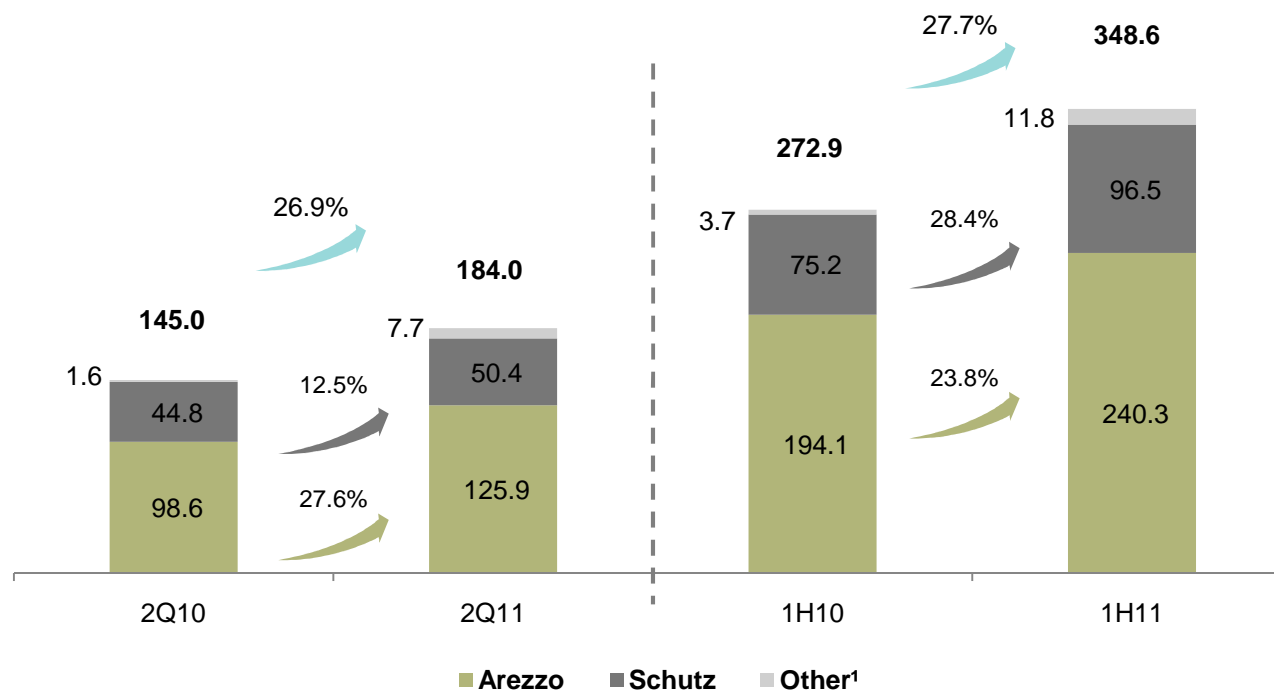
SSS ² Growth	Owned Stores	29.0%	19.2%	25.8%	15.6%
	Franchise	32.4%	24.2%	42.4%	19.1%

Strong growth for all channels in both second quarter and first half of the year

(1) Other: Growth of 24.3% in 2Q11 and of 62.4% in 1H11.
 (2) SSS Owned Stores (Sell Out); SSS Franchise (Sell In).

Gross Revenues Breakdown by Brand

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



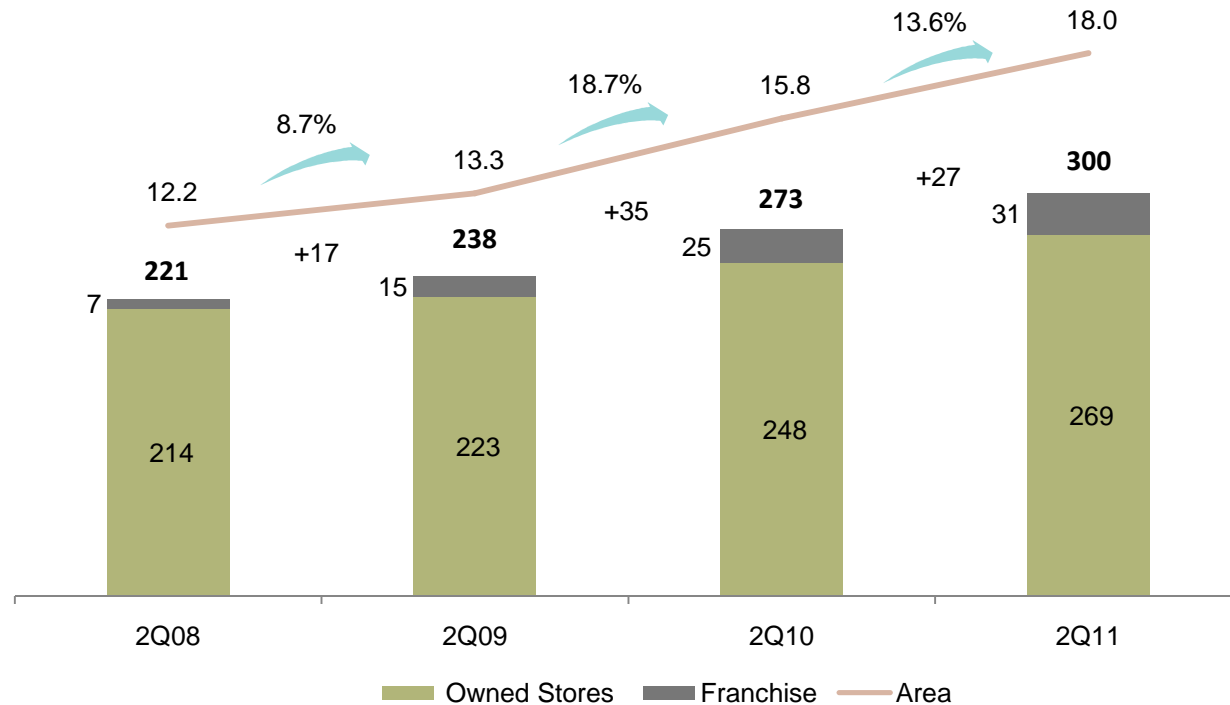
Strong growth for the main brands in first half of the year

(1) Other: Alexandre Birman's and Anacapri's Domestic Market. Gross Revenue growth of 392.7% in 2Q11 and of 218.5% in 1H11.

Distribution Channel Expansion



Owned Stores and Franchises Expansion



AREZZO	
Franchises	268
Owned Stores	11
Outlets	3
Multi Brands ¹	775
SCHUTZ	
Franchises	1
Owned Stores	10
Multimarcas ¹	1,124
Alexandre Birman	
Owned Stores	1
Multi Brands ¹	18
ANACAPRI	
Owned Stores	6
Multi Brands ¹	499

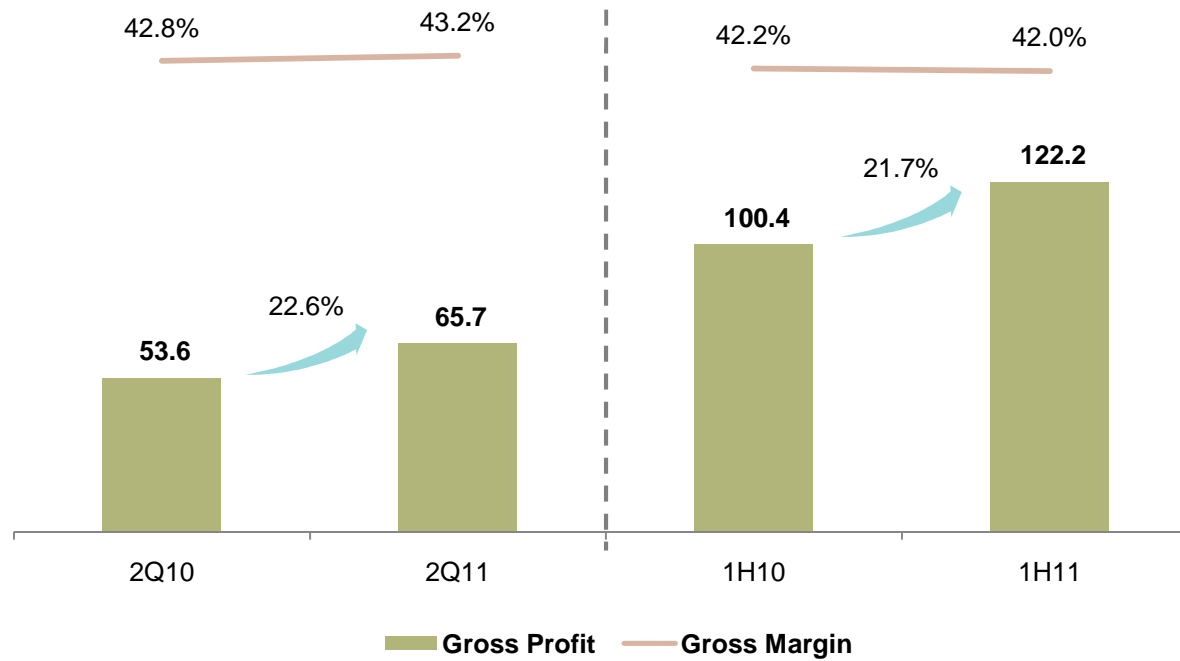
We ended 2Q11 with 300 stores and sales area expansion of 13.6% year-over-year

Note: area given in thousand m²

(1) Domestic Market

Gross Profit

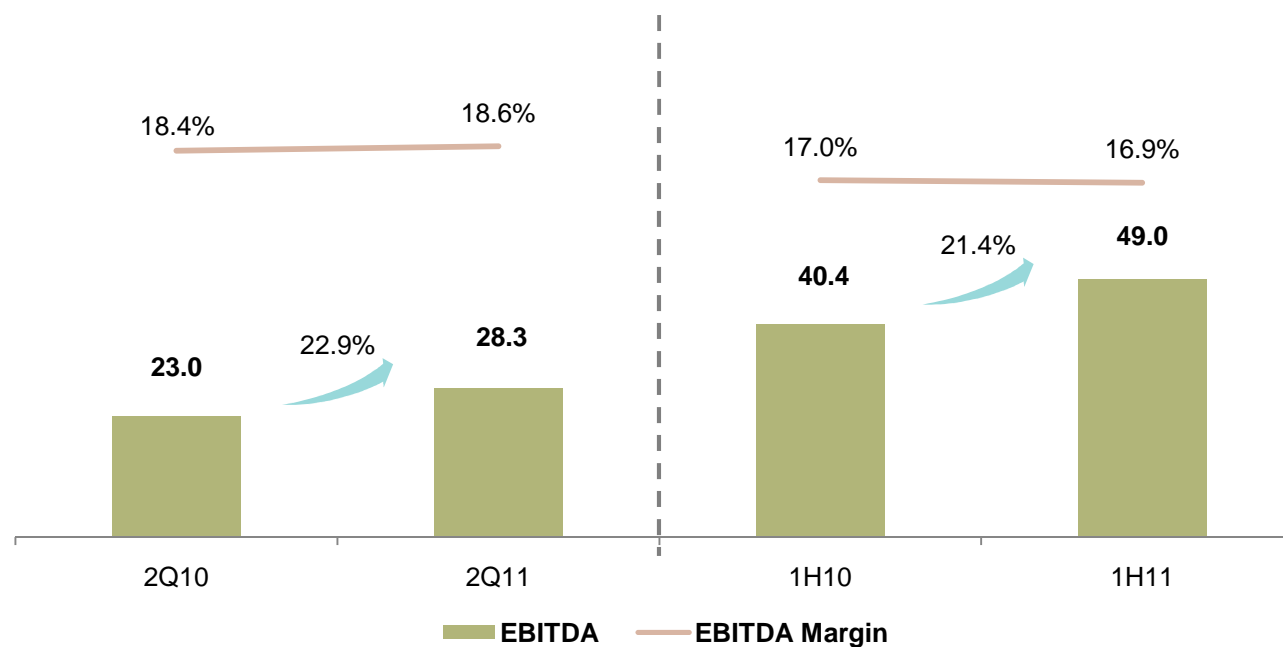
Gross Profit (R\$ million) and Gross Margin (%)



In 2Q11, gross profit rose 22.6% with expansion of 0.4 percentage points in gross margin, reflecting the increase of Owned Stores in sales channel mix

EBITDA

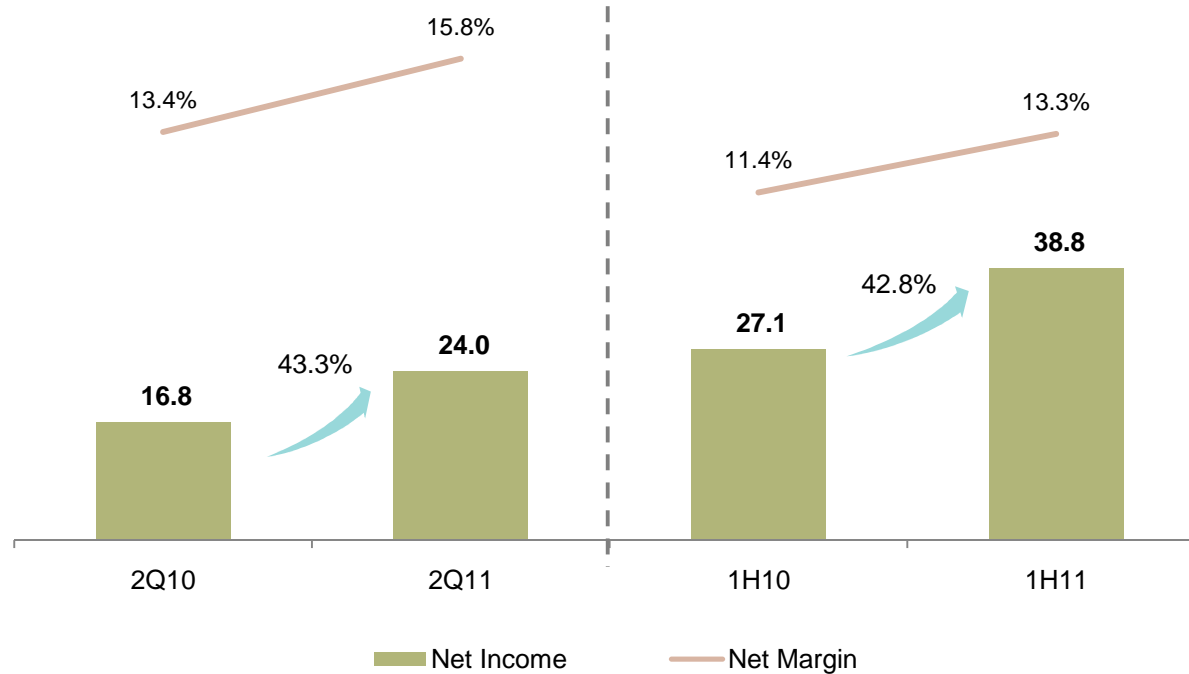
EBITDA (R\$ million) and EBITDA Margin (%)



Strong growth in 2Q11 EBITDA, with expansion of 0.2 percentage points in EBITDA margin

Net Income and Net Margin

Net Income (R\$ million) and Net Margin (%)



Company's Net Income rose by 43.3% in 2Q11, resulting in 2.4 percentage points of margin expansion

Cash Generation

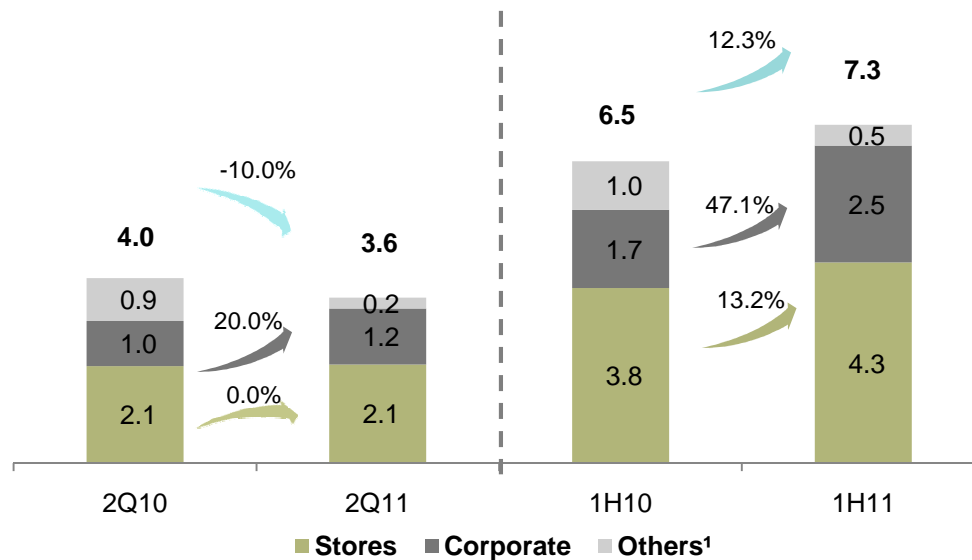
Operating Cash Generation (R\$ thousand)

Cash flows from operating activities (R\$'000)	2Q10	2Q11	Growth or Spread (%)	1H10	1H11	Growth or Spread (%)
Income before income taxes	22,200	30,345	8,145	37,907	51,666	13,759
Depreciation and amortization	559	961	402	1,167	1,840	673
Other	(45)	(4,395)	(4,350)	49	(6,263)	(6,312)
Decrease (increase) in current assets / liabilities	11,848	22,814	10,966	(6,579)	10,747	17,326
Trade accounts receivable	41,805	42,262	457	21,742	23,896	2,154
Inventories	(7,920)	(3,114)	4,806	(17,190)	(18,837)	(1,647)
Suppliers	(20,170)	(13,629)	6,541	(2,065)	8,528	10,593
Change in other current assets and liabilities	(1,867)	(2,705)	(838)	(9,066)	(2,840)	6,226
Change in other non current assets and liabilities	(718)	(907)	(189)	1,880	(1,171)	(3,051)
Tax and contributions	(1,224)	(5,974)	(4,750)	(2,080)	(8,340)	(6,260)
Net cash generated by operating activities	32,620	42,844	10,224	32,344	48,479	16,135

A significant portion of Company's cash flow was generated by the decrease in accounts receivable, since all balances from summer collection of the previous year and a significant portion of the balances from winter collection are received during second quarter

Capital Expenditure (CAPEX) and Indebtedness

CAPEX (R\$ million)



Indebtedness (R\$ million)

Cash Position and Indebtness	2Q10	1Q11	2Q11
Cash and cash equivalents	48,957	187,293	199,339
Total Debt	42,677	33,586	32,276
Short Term Debt	21,998	12,813	12,547
As % of Total Debt	51.5%	38.1%	38.9%
Long Term Debt	20,679	20,773	19,729
As % of Total Debt	48.5%	61.9%	61.1%
Net Debt	(6,280)	(153,707)	(167,063)
EBITDA LTM	79,178	98,930	104,200
Net Debt / EBITDA LTM	-0.08x	-1.55x	-1.60x

In 1H11, Arezzo&Co invested R\$ 7.3 million, of which R\$ 4.3 million in stores. The indebtedness policy remained conservative

(1) Other: reduction of 77.8% in 2Q11 compared to 2Q10, and of 50.0% in 1H11 compared to 1H10.

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