Earnings Release – 4Q11 and 2011

AREZZO &CO

AREZZO

SCHUTZ

Alexandre Birman

ANACAPRI

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Belo Horizonte, March 1, 2012. Arezzo&Co (BM&FBOVESPA ticker: ARZZ3), the leader in women's footwear, handbags and accessories in Brazil, announces its results for 2011 and fourth quarter of 2011. Except where stated otherwise, the Company's information is provided on a consolidated basis and in thousands of Brazilian real, in accordance with International Financial Reporting Standards (IFRS). All comparisons refer to the same period of 2010 (4Q10), except where stated otherwise.

ARZZ3 close on Feb. 29, 2012:
R$ 31.99

Market cap on Feb. 29, 2012:
R$ 2,832.47 million

Earnings conference call:
With simultaneous translation

Friday, Mar. 2, 2012
12 p.m. (Brasília time)

Dial-in:
From Brazil: 55 11 4688-6361
From other countries: 1 786 924-6977
Code: Arezzo&Co

The slide presentation and webcast connection (via internet) will be available 30 minutes before the call at: www.arezzoco.com.br

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Arezzo&Co reports Net Profit growth of 42.0% and Net Revenue growth of 18.8% in 2011

HIGHLIGHTS

- Net Revenue in 4Q11 of R$ 199.2 million, up 14.0% on 4Q10. In 2011, Net Revenue was R$ 678.9 million, increasing 18.8% on 2010;
- Gross Margin of 40.3% in 4Q11, expanding 1.3 percentage points from 4Q10. In 2011, Gross Margin was 41.5%, expanding 1.0 percentage point from 2010;
- EBITDA in 4Q11 of R$ 33.2 million, with margin of 16.7%. In 2011, EBITDA was R$ 117.7 million, growing 23.3% from 2010;
- Net Profit in 4Q11 of R$ 26.9 million, up 25.1% on 4Q10. In 2011, Net Profit was R$ 91.6 million, increasing 42.0% from 2010;
- As planned for 2011, Arezzo&Co expanded its chain by 38 points of sale (28 Arezzo stores, 7 Schutz stores and 3 Anacapri stores). For 2012, 58 store openings are planned (11 Owned Stores and 47 Franchise Stores).

Message from Management

The year 2011 was a milestone in our history, with Arezzo&Co stock debuting on the Novo Mercado corporate governance segment of the BM&FBOVESPA, which marked a continuation of the strategy centered on sustainable and long-term growth. The entry of new investors and the inflow of the IPO proceeds strengthened the commitment to consolidating the Company's leadership in the women's footwear, handbag and fashion accessories market in Brazil.

Supported by a transparent and dynamic Investor Relations policy since its initial public offering, the Company reinforced its commitment to the financial market. Management participated in 11 Investor Conferences in Brazil, the United States and Europe, organized the first Arezzo&Co Day to discuss in greater detail its business model with investors and received hundreds of minority shareholders and investors in the Company's offices and stores.

The goals set for 2011 were challenging but, thanks to our team's strong commitment, were achieved sucessfully. The Company expanded its store chain with 38 openings and carried out 17 remodelings followed by expansions, increasing its selling area by 22%. In 2011, gross revenue grew 21% accompanied by operating margin expansion, which supported net profit growth of 42%.

Continued investments in marketing and product development, key tenets for the Arezzo&Co's business model, had positive impacts on results. Owned stores performance, for example, registered same store sales growth of 11.4% compared to 2010, which was mainly driven by higher volumes. Gross margins per channel remained stable, demonstrating the Company's ability to manage cost pressures even during inflationary environments.

All four brands registered sales growth above 18%, accompanied by improvement in operating indicators, the expansion of distribution into new regions and intense and continuous efforts on the marketing and communication fronts in all media. A highlight was the awards received in 2011 by Arezzo and Schutz for being the footwear brands that most interacted with clients through social networks.

Looking ahead to the future, a detailed project was formulated for consolidating the Schutz brand in Brazil through monobrand stores, which received special attention from Management in the first half of the year. In the second half of 2011, the brand's first franchise began operations, which was accompanied by the inauguration of 6 new Owned Stores and the remodeling and optimization of three other stores. The results achieved with these first store openings reinforced the belief in the brand's growth and the successful implementation of the new expansion plan.

The measures to strengthen the Company's infrastructure provide important support to the expansion projects. In 2011, a new Distribution Center improved our structure, providing an ample and modern space with the capacity to receive, process and deliver twice the previous volume. The change increases our market response speed, while reducing freight expenses with no need to invest in fixed assets. Significant improvements were also achieved in the retail information system, due to the growing investments made in the last two years. For the future, the Company's objective is to reinforce its IT structure through regular investments on a larger scale.

This year, the Company maintained its commitment to strengthen its people and teams. The first trainee and internship programs were successfully concluded. In 2012, our Executive Partners Program ought to be launched, which will foster an "ownership culture" at Arezzo&Co, based on a stock option plan that is consistent with that disclosed in the IPO prospectus. In addition, personnel training totaled over 107,000 hours, which contributed to the concrete development of the team. These efforts will most certainly allow us to successfully tackle even bigger challenges in the future.

At Arezzo&Co, achieving our goal represents nothing more than the starting point for the next year, which is why we remain motivated and confident about the prospects for 2012.

The Management

Summary of Results	4Q10	4Q11	Growth or Spread(%)	2010	2011	Growth or Spread (%)
Net Revenue	174,784	199,171	14.0%	571,525	678,907	18.8%
Gross Profit	68,177	80,346	17.8%	231,641	281,424	21.5%
Gross Margin	39.0%	40.3%	1.3 p.p.	40.5%	41.5%	1.0 p.p.
Ebitda[1]	31,002	33,170	7.0%	95,490	117,729	23.3%
Ebitda Margin[1]	17.7%	16.7%	-1.0 p.p.	16.7%	17.3%	0.6 p.p.
Net Profit	21,502	26,901	25.1%	64,534	91,613	42.0%
Net Margin	12.3%	13.5%	1.2 p.p.	11.3%	13.5%	2.2 p.p.

Operating Indicators	4T10	4Q11	Growth or Spread(%)	2010	2011	Growth or Spread (%)
# of pairs sold ('000)	2,009	2,326	15.8%	6,455	7,533	16.7%
# of handbags sold ('000)	182	162	-11.0%	413	473	14.6%
# of emplyees	1,557	1,879	20.7%	1,557	1,879	20.7%
# of stores	296	334	12.8%	296	334	12.8%
Owned stores	29	45	55.2%	29	45	55.2%
Franchises	267	289	8.2%	267	289	8.2%
Outsourcing (as % of total production)	84.9%	88.7%	3.8 p.p.	84.2%	86.3%	2.1 p.p.
SSS[2] (franchises - sell-in)	17.2%	2.2%		29.1%	11.3%	
SSS[2] (owned stores - sell-out)	4.7%	15.0%		17.6%	11.4%	

1- EBITDA = Earnings before net financial expenses, income tax and social contribution tax on net profit, depreciation and amortization. EBITDA is not a measure used in generally accepted accounting principles in Brazil (BR GAAP), does not represent cash flow for the periods presented and should not be considered a substitute for Net Profit as an indicator of operating performance or for cash flow as a liquidity indicator. EBITDA does not have a standardized meaning and the Company's definition of EBITDA may not be comparable to the adjusted EBITDA of other companies. Although EBITDA is not an indicator of operating cash flow under BR GAAP, Management uses it as a measure of operating performance. The Company also believes that certain investors and financial analysts use EBITDA as an indicator of the Company's operating performance and/or cash flow.

2 - Same-Store Sales (SSS): Stores are included in the sales of comparable stores as of their 13th month of operations. The variations in the sales of comparable stores between the two periods are based on sales net of returns in the case of Company-owned stores and on gross sales in the case of franchises in operation during both the periods being compared. When a store is included in the calculation of sales of comparable stores for only part of one of the two periods compared, this store is included in the calculation of the portion corresponding to the other period. If square meters are added to or deducted from a store included in the comparable-store sales, the store is excluded from the sales of comparable stores. If the operations of a store are discontinued, the sales of this store are excluded from the calculation of the sales of comparable stores for the periods compared. As of this period, if a franchisee opens a warehouse, the sales will be included in the sales of comparable stores if its franchises are in operation during both periods being compared. The so-called Franchise SSS - Sell In refers to a comparison of the sales of Arezzo&Co with each Franchise Store in operation for over 12 months, which represents a more accurate indicator for monitoring the group's Revenue. Meanwhile, Owned Store SSS - Sell Out is based on the sales performance of points of sale, which in the case of Arezzo&Co serves as a better indicator of the sales performance of Owned Stores.

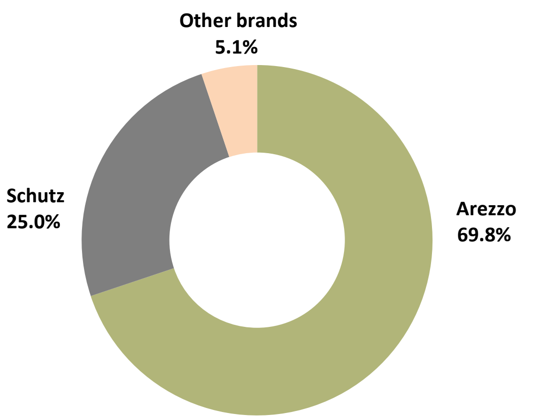
Gross Revenue	4Q10	4Q11	Growth or spread%	2010	2011	Growth or spread%
Total Gross Revenue	**218,857**	**255,800**	**16.9%**	**712,867**	**862,619**	**21.0%**
Exports market	**13,921**	**16,141**	**15.9%**	**50,386**	**47,422**	**-5.9%**
Domestic market	**204,936**	**239,659**	**16.9%**	**662,481**	**815,197**	**23.1%**
By brand						
Arezzo	149,376	167,376	12.0%	479,178	566,888	18.3%
Schutz	53,653	59,999	11.8%	173,072	215,821	24.7%
Other brands¹	1,907	12,284	544.1%	10,231	32,488	217.6%
Domestic market	**204,936**	**239,659**	**16.9%**	**662,481**	**815,197**	**23.1%**
By channel						
Franchises	111,085	119,614	7.7%	358,685	419,970	17.1%
Multibrand retail stores	56,000	56,935	1.7%	188,372	233,991	24.2%
Owned stores²	37,523	58,910	57.0%	109,986	152,241	38.4%
Others³	328	4,200	1180.7%	5,438	8,995	65.4%

(1) Includes the Alexandre Birman and Anacapri brands in the domestic market only.
(2) Owned Stores: includes the Web Commerce sales channel.
(3) Includes domestic revenue not specifically attributed to any of the distribution channels.

Brands

Arezzo&Co has four important brands in its platform: Arezzo, Schutz, Alexandre Birman and Anacapri, which are distributed across a network of Owned, Franchise, Multi-Brand and Web Commerce stores with a nationwide presence. The products are also sold in the international market through Franchises, Multi-Brand Stores and Department Stores.

Gross revenue by brand - 4Q11*



*Domestic market**

The fourth quarter is the most important sales period for the group's brand stores. In October, the stores began selling products from the high-summer collection, which is a period when the stores are also gearing up for the Christmas holiday season, which is the most important sales period of the year.

In the fourth quarter, the chain of stores operating under the group's brands expanded its selling space by 2,086m², of which 189m² represented expansion projects at existing stores. In 2011, 17 stores were expanded, adding an additional 580m².

Arezzo, the group's leading brand in terms of sales, recorded gross revenue of R$ 167.4 million in 4Q11, up 12.0% from 4Q10, accounting for 69.8% of the group's domestic sales. In 4Q11, the brand continued to strengthen its nationwide presence with the opening of 17 new stores, of which deservering special highlight the first Concept Store in the city of Rio de Janeiro, throught which it plans to intensify, during 2012, its marketing and publicity actions targeting the city in order to strengthen its presence in this market.

Schutz recorded in 4Q11 an increase of 11.8% over same period last year, with gross revenue amounting to R$ 60.0 million, accounting for 25.0% of the group's domestic sales. The project to expand the chain of monobrand stores under the Schutz brand advanced in 4Q11, with the opening of 4 new stores and the remodeling and optimization of 1 store. This means that at year-end 2011, there were 10 stores based on the new store format developed in 2011. These inaugurations positively influenced the perception and notoriety of the brand in Brazil.

The brand Alexandre Birman is a reference among women's footwear brands in Brazil and can be found amid the most famous fashion designers in leading retail chains around the world, particularly in North America, Europe and Asia. As part of its effort to continually improve product quality, the brand began sourcing part of its inputs in Italy, seeking to further increase the refinement and quality of certain shoe lines while keeping production costs stable.

Anacapri continued to strengthen its brand and expand its distribution in the Brazilian market. In 4Q11, for the first time a collection developed and signed by famous designers was created, which attracted attention to the brand in the fashion media and expanded the brand's presence in social networks, blogs and media. The initiative also was responsible for significantly improving customer traffic at stores. Two other Anacapri pilot stores were inaugurated in São Paulo to expand the brand's exposure in the city.

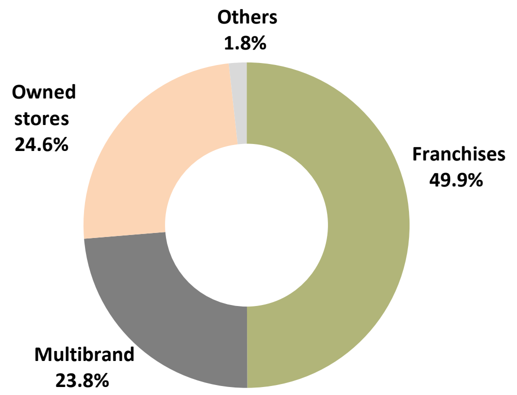
Channels

Franchise Stores

As of December 2011, Arezzo&Co had 289 franchise stores. This is the Group's most important sales channel, accounting for 49.9% of domestic sales in 4Q11.

Sell-In sales (sales by Arezzo&Co to its franchisees) grew over same Franchise Stores (Franchise Store SSS) by 2.2% in 4Q11 over 4Q10 and by 11.3% in 2011 over 2010. Fourth-quarter result was affected because this high-summer collection season length was reduced by around 2 weeks which decreased the need for Franchise Stores purchase in 4Q11 in relation to the same quarter a year earlier.

Gross revenue by channel - 4Q11*



*Domestic market**

Owned Stores

Owned Stores accounted for 24.6% of domestic sales in 4Q11. The Company ended 4Q11 with 4,686m^2 with 45 stores: 19 Arezzo stores, 17 Schutz stores, 8 Anacapri stores and 1 Alexandre Birman store.

Sales at comparable Owned Stores (SSS - Owned Stores) increased by 15.0% in 4Q11 over 4Q10 and by 11.4% in 2011 over 2010. Sales performance was well balanced over the three months of the quarter, driven by the higher customer traffic at stores. Note that the pace seen for the 4Q11 SSS actually began in September.

History - Franchises and Owned Stores	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Sales area - Total (m^2)	**15,317**	**15,799**	**16,700**	**17,558**	**17,554**	**17,953**	**19,280**	**21,366**
Sales area - franchises (m^2)	13,175	13,329	13,826	14,591	14,587	14,835	15,466	16,680
Sales area - owned stores[1] (m^2)	2,142	2,470	2,874	2,967	2,967	3,118	3,814	4,686
Total number of stores	**267**	**273**	**280**	**296**	**296**	**300**	**311**	**334**
# of franchises	**245**	**248**	**253**	**267**	**267**	**269**	**275**	**289**
Arezzo	243	247	252	266	266	268	273	288
Schutz	1	1	1	1	1	1	2	1
Others	1	-	-	-	-	-	-	-
# of owned stores[1]	***22***	***25***	***27***	***29***	***29***	***31***	***36***	***45***
Arezzo	10	11	13	13	13	14	17	19
Schutz	9	9	10	10	10	10	12	17
Alexandre Birman	-	1	1	1	1	1	1	1
Anacapri	3	4	3	5	5	6	6	8

1- Includes 6 Outlet stores with combined area of 1,484m^2.

Multi-Brand Stores

The frequency of sales to multi-brand stores has been increasing, driven by the constant efforts to stimulate storeowners to purchase all annual collections and by the improvements in sourcing and product distribution.

Therefore, as commented in previous quarters, this year the delivery of the summer collection to the multi-brand channel was moved forward, which concentrated sales more in the third quarter than in the fourth quarter. The Company's performance in the multiband channel during the summer collection can be better evaluated by comparing growth in the last six months of 2011 with the same period of 2010, which increased by 20.5%.

In 4Q11, the Group's 4 brands were distributed through 2,146 stores across Brazil, which represents expansion of 35.4% from 1,585 stores in 4Q10. The higher number of multi-brand stores contributed increase in sales from R$ 188.4 million in 2010 to R$ 234.0 million in 2011, a 24.2% rise.

Main Financial Indicators

Main financial Indicators	4Q10	4Q11	Growth or spread (%)	2010	2011	Growth or spread (%)
Net revenue	174,784	199,171	14.0%	571,525	678,907	18.8%
(-) COGS	(106,607)	(118,825)	11.5%	(339,884)	(397,483)	16.9%
Gross profit	68,177	80,346	17.8%	231,641	281,424	21.5%
Gross margin	39.0%	40.3%	1.3 p.p.	40.5%	41.5%	1.0 p.p.
(-) SG&A	(37,998)	(48,344)	27.2%	(138,821)	(167,754)	20.8%
% of Revenues	21.7%	24.3%	2.6 p.p.	24.3%	24.7%	0.4 p.p.
(-) Selling expenses	(27,248)	(36,463)	33.8%	(95,437)	(119,469)	25.2%
(-) Owned stores	(11,188)	(16,027)	43.3%	(35,551)	(46,573)	31.0%
(-) Sales, logistics and supply	(16,060)	(20,435)	27.2%	(59,886)	(72,896)	21.7%
(-) General and administrative expenses	(10,761)	(11,723)	8.9%	(44,169)	(45,895)	3.9%
(-) Other (expenses) and revenues	834	1,010	21.1%	3,455	1,668	-51.7%
(-) Depreciation and amortization	(823)	(1,168)	41.9%	(2,670)	(4,058)	52.0%
EBITDA	31,002	33,170	7.0%	95,490	117,729	23.3%
EBITDA margin	17.7%	16.7%	-1.0 p.p.	16.7%	17.3%	0.6 p.p.
Net income	21,502	26,901	25.1%	64,534	91,613	42.0%
Net margin	12.3%	13.5%	1.2 p.p.	11.3%	13.5%	2.2 p.p.
Working capital[1] - % of revenues	-	-	-	24.8%	28.2%	3.4 p.p.
Invested capital[2] - % of revenues	-	-	-	28.0%	29.6%	1.6 p.p.
Total debt	46,769	38,659	-17.3%	46,769	38,659	-17.3%
Net debt[3]	33,765	(134,891)	n/a	33,765	(134,891)	n/a
Net debt/EBITDA LTM	0.4 X	-1.1 X	n/a	0.4 X	-1.1 X	n/a

1 - Working Capital: Current Assets less Cash, Cash Equivalents and Short Term Financial Investments subtracted from Current Liabilities less Short Term Loans and Financing and Dividends Payable.
2 - Invested Capital: Working Capital plus Permanent Assets and Other Long-Term Assets less Deferred Income Tax and Social Contribution Tax.
3 - Net Debt corresponds to the company's total interest-bearing debt at the end of a period subtracted from cash, cash equivalents and short-term Financial Investments.

Net Revenue

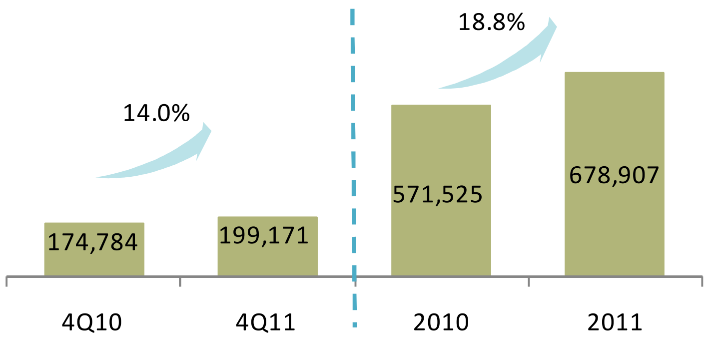
The Company's Net Revenue was R$ 678.9 million in the year, up 18.8% from R$ 571.5 million in 2010. The main drivers of Net Revenue growth were:

i) The expansion of 21.7% in selling area in relation to 2010, with the Owned Stores channel expanding its selling area by 57.9%;

ii) The maturation of the 33 Owned Stores and Franchise Stores opened during 2010;

iii) The Same-Store Sales of 11.4% for Owned Store channel and 11.3% for Franchise Store channel in 2011

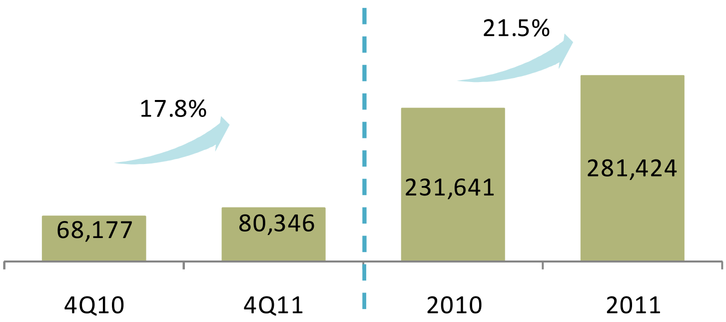
iv) The growth in the Multi-Brand channel of 24.2% in 2011.



Gross Profit

In the 4Q11, Gross Profit increased 17.8% over 4Q10, amounting to R$ 80.3 million, with gross margin of 40.3%.

Gross Profit growth was mainly driven by the 14.0% revenue increase in the period. Gross margin in the quarter expanded by 1.3 percentage points from the same period last year, basically reflecting the change in distribution channel mix and the higher share of imported handbags in the product mix.



Total Gross Profit in 2011 was R$ 281.4 million, up 21.5% over the prior year. Gross margin in 2011 was 41.5%, expanding 1.0 percentage point from 40.5% in 2010.

Selling, General & Administrative Expenses

<u>Selling Expenses</u>

The Company's selling expenses may be broken down into two main groups:

i) Selling, Logistic and Supply Expenses:
- Include expenses from the sell-in and sell-out operations;

ii) Owned Store Expenses:
- Include only the expenses with Owned Stores (sell-out).

Selling Expenses in 4Q11 increased 33.8% to R$ 36.5 million, compared to R$ 27.2 million in 4Q10. As mentioned in the previous quarters, the increase in selling expenses was driven by the opening of owned stores, changes in the sales team structure and the variable expenses that accompanied the growth in revenue, such as freight, intermediation and commissions. Owned Stores expenses in the quarter amounted to R$ 16.0 million, 43.3% over 4Q10.

Selling, Logistics and Supply expenses were R$ 20.4 million, or 27.2% higher than 4Q10, which is explained mainly by the changes in and strengthening of the sales team. The GTM-Schutz project alone added R$ 2.4 million in the quarter. Disregarding that impact; it totaled R$ 18.0 million, 12.1% higher than 4Q10.

In 2011, Selling Expenses were R$ 119.5 million, growing 25.2% on the same period of 2010. Expenses with Owned Stores increased 31.0% from 2010 to R$ 46.6 million,

The Selling, Logistics and Supply expenses totaled R$ 72.9 million, up 21.7% on 2010. The GTM-Schutz project alone added R$ 4.1 million in 2011. Disregarding that impact; the increase over 2010, is 14.9%.

General and Administrative Expenses

In 4Q11, General and Administrative Expenses amounted to R$ 11.7 million, compared to R$ 10.8 million in the same period last year, an increase of 8.9%. In 2011, General and Administrative Expenses amounted to R$ 45.9 million, 3.9% over 2010, reflecting the lower provisioning for the payment of variable compensation to the Company's management and the efforts to control expenses, despite the ongoing process to structure the support areas.

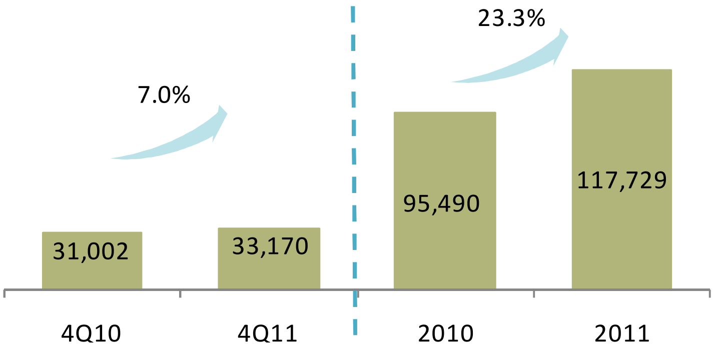
EBITDA and EBITDA Margin (%)

4Q11 EBITDA was R$ 33.2 million, with margin of 16.7%. The key drivers for the EBITDA margin change are:

i) Net Revenue growth of 14.0%;

ii) Gross Margin expansion of 1.3 percentage points;

iii) Increase in the ratio of Selling, General and Administrative Expenses to net revenue, from 21.7% in 4Q10 to 24.3% in 4Q11.



In 2011, Arezzo&Co generated EBITDA of R$ 117.7 million, up 23.3% over 2010, with EBITDA margin of 17.3%.

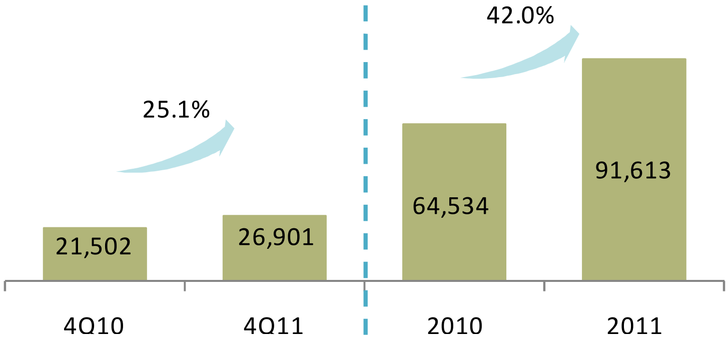
Ebitda reconciliation	4Q10	4Q11	2010	2011
Net income	21,502	26,901	64,534	91,613
(-) Income tax and social contribution	(8,029)	(8,031)	(24,755)	(33,839)
(-) Financial result	(648)	2,930	(3,531)	11,781
(-) Depreciation and amortization	(823)	(1,168)	(2,670)	(4,058)
Ebitda	31,002	33,170	95,490	117,729

Net Profit and Net Margin (%)

The Company maintained a high rate of converting EBITDA (margin of 16.7% in 4Q11) into Net Profit (margin of 13.5% in 4Q11), which reflected the low use of capital for PP&E and consequently the low level of depreciation.

Net Profit in 4Q11 amounted to R$ 26.9 million, up 25.1% from R$ 21.5 million in 4Q10.

In 2011, Net Profit amounted to R$ 91.6 million with net margin of 13.5%, compared to R$ 64.5 million and margin of 11.3% in the prior year.



Operating Cash Generation

In 4Q11, Arezzo&Co generated R$ 2.6 million in Operating Cash Flow. Due to the Company's typical seasonality, the production, distribution and sale of most products from the summer collection takes place during the third and fourth quarters of the year. During this period, the Company offers longer terms as an incentive to certain franchisees, which can lengthen the cash conversion cycle of these sales, increasing the level of accounts receivable at the end of the fourth quarter.

In 2011, Operating Cash Generation was R$ 43.0 million, despite the working capital consumption of R$ 47.3 million in the year.

Cash flows from operating activies	4Q10	4Q11	Growth or spread	2010	2011	Growth or spread
Income before income taxes	29,531	34,932	5,401	89,289	125,452	36,163
Depreciation and amortization	823	1,168	345	2,670	4,058	1,388
Others	1,187	(2,532)	(3,719)	1,735	(10,475)	(12,210)
Decrease (increase) in current assets / liabilities	(25,998)	(19,102)	6,896	(48,404)	(47,302)	1,102
Trade accounts reveivable	(20,709)	(19,700)	1,009	(29,170)	(47,118)	(17,948)
Inventories	2,536	14,302	11,766	(27,657)	(8,518)	19,139
Suppliers	(14,615)	(12,765)	1,850	(330)	8,542	8,872
Change in other current assets and liabilities	6,790	(939)	(7,729)	8,753	(208)	(8,961)
Change in other non current assets and liabilities	(4,365)	1,971	6,336	(291)	(147)	144
Tax and contributions	(11,776)	(13,845)	(2,069)	(24,542)	(28,548)	(4,006)
Net cash generated by operating activities	(10,598)	2,592	13,190	20,457	43,038	22,581

Capital Expenditure

The Company's investments may be broken down into three types: (1) investments in the expansion or renovation of Owned Stores; (2) corporate investments, which include IT, facilities, showrooms and offices; and (3) other investments, which are mainly related to the modernization of its industrial operations.

Capex in 4Q11 increased substantially from 4Q10, with these investments concentrated mainly in the opening of 9 Owned Stores with combined selling space of 807m², the expansion in selling space of 65m² at 1 existing store, key money invesments and expenses with remodeling for 11 future store openings.

In 2011, Capex increased by 94.9% from 2010, reflecting the investments in remodelings, expansion projects at existing stores and the opening of new stores.

Sumary of investments	4Q10	4Q11	Growth or spread (%)	2010	2011	Growth or spread (%)
Total Capex	6,183	13,312	115.3%	15,513	30,239	94.9%
Stores - expansion and reforming	2,908	11,134	282.8%	8,018	23,352	191.2%
Corporate	2,906	2,101	-27.7%	5,772	6,082	5.4%
Others	369	77	-79.1%	1,723	805	-53.3%

Cash Position and Indebtedness

The Company ended 4Q11 with a net cash position of R$ 134.9 million. The Company's debt policy remained conservative, with:

- Total debt of R$ 38.7 million in the quarter, increasing from R$ 35.1 million in 3Q11;
- Proportion of Long-term debt at 46.0% in 4Q11, versus 53.6% in 3Q11;
- Arezzo&Co's weighted-average cost of capital remained very low in the 4Q11.

Cash position and indebtedness	4Q10	3Q11	4Q11
Cash and cash equivalents	13,004	178,999	173,550
Total indebtedness	46,769	35,065	38,659
Short term	27,370	16,270	20,885
As % of total debt	*58.5%*	*46.4%*	*54.0%*
Long term	19,399	18,795	17,774
As % of total debt	*41.5%*	*53.6%*	*46.0%*
Net debt	33,765	(143,934)	(134,891)

Return on Invested Capital

The change in the level of ROIC in 2011 was mainly due to the opening of 16 Owned Stores and the expansion and remodeling of 4 Owned Stores, key money invesments and expenses with remodeling for 11 future store openings.in the period. The results (NOPLAT) contributed by these stores was relatively low, since 9 openings and 1 expansion were carried out only in the last quarter of the year.

Moreover, as previously announced by the Company, the higher investments in Working Capital planned for 2011 led to an increase in the level of capital invested in the operation.

In 2011, ROIC was 35.8%, versus 42.5% in 2010, reflecting the higher level of capital invested in the operation.

Operating Result	2009	2010	2011	Growth or Spread (%)
EBIT (LTM)	58,879	92,820	113,671	22.5%
(+) Income tax and social contribution (LTM)	(10,113)	(24,755)	(33,839)	36.7%
NOPLAT	**48,766**	**68,065**	**79,832**	**17.3%**
Working capital[1]	88,363	141,611	191,719	35.4%
Permanent assets	23,436	36,148	61,434	70.0%
Other long term assets	22,246	8,492	6,805	-19.9%
Invested capital	**134,045**	**186,251**	**259,957**	**39.6%**
Average invested capital[3]		**160,148**	**223,104**	**39.3%**
ROIC[4]		**42.5%**	**35.8%**	**-6.7 p.p.**

1 - Working Capital: Current Assets less Cash, Cash Equivalents and Financial Investments subtracted from Current Liabilities less Loans and Financing and Dividends Payable.
2 - After Deferred Income Tax and Social Contribution.
3 - Average of invested capital in the period and in the same period of the previous year.
4 - ROIC: Net Operating Profits Less Adjusted Taxes (NOPLAT) in the last 12 months divided by Average Invested Capital.

Main Awards Received in 2011

Organizer	Award	Category
Brazilian Franchising Association (ABF)	Excellence in Franchising Seal	Franchising
Alshop	Alshop Merchant Award – Leadership in Category (Hors Concurs)	Women's Footwear
Alshop	Alshop Merchant Award - Midwest	Women's Footwear
IR Magazine Brazil Awards 2011	Best IR in Initial Public Offering	Investor Relations
Revista Globo Rural	Best in Agribusiness in Sector	Leather and Footwear
Revista Isto É Dinheiro	Corporate Governance Highlight in "Melhores do Dinheiro" issue	Corporate Governance
Revista PEGN (Editora Globo)	Best Franchise in Brazil	Apparel, Footwear and Accessories
Shopper Experience/ Consumidor Moderno	Company that Most Respects Consumers	Footwear

Balance Sheet – IFRS

Assets	4Q10	3Q11	4Q11
Current assets	**209,067**	**423,739**	**432,376**
Cash and cash equivalents	8,004	6,229	15,528
Short-term investments	5,000	172,770	158,022
Trade accounts receivables	132,402	159,889	179,589
Inventories	48,862	71,941	57,384
Taxes recoverable	7,889	3,647	10,191
Other receivables	6,910	9,263	11,662
Non current assets	**59,089**	**72,282**	**78,252**
Long-term assets	22,941	22,816	16,818
Financial investments	98	78	79
Taxes recoverable	3,903	3,170	358
Deferred income and social contribution taxes	14,449	13,646	10,012
Other receivables	4,491	5,922	6,369
Investments	-	-	-
Property, plant and equipment	21,376	24,901	30,293
Intangible assets	14,772	24,565	31,141
Total assets	**268,156**	**496,021**	**510,628**

Liabilities	4Q10	3Q11	4Q11
Current liabilities	**93,786**	**97,635**	**102,318**
Loans and financing	27,370	16,270	20,885
Trade accounts payable	28,744	50,050	37,286
Dividends and interest on equity capital payable	11,964	-	14,327
Other liabilities	25,708	31,315	29,820
Non-current liabilities	**28,152**	**25,697**	**24,263**
Loans and financing	19,399	18,795	17,774
Related parties	2,075	894	905
Other liabilities	6,678	6,008	5,584
Equity	**146,218**	**372,689**	**384,047**
Capital	21,358	40,917	40,917
Capital reserve	71,019	237,723	237,723
Income reserves	37,779	37,779	105,407
Proposed additional dividends	16,062	-	-
Retained Earnings	-	56,270	-
Total liabilities and shareholders' equity	**268,156**	**496,021**	**510,628**

Income Statement – IFRS

Income statement - IFRS	4Q10	4Q11	Growth or spread (%)	2010	2011	Growth or spread (%)
Net operating revenue	**174,784**	**199,171**	**14.0%**	**571,525**	**678,907**	**18.8%**
Cost of sales and services	(106,607)	(118,825)	11.5%	(339,884)	(397,483)	16.9%
Gross profit	**68,177**	**80,346**	**17.8%**	**231,641**	**281,424**	**21.5%**
Operating income (expenses):	**(37,998)**	**(48,344)**	**27.2%**	**(138,821)**	**(167,753)**	**20.8%**
Selling	(27,633)	(37,021)	34.0%	(96,597)	(121,224)	25.5%
Administrative and general	(11,199)	(12,333)	10.1%	(45,679)	(48,197)	5.5%
Other operating income, net	834	1,010	21.1%	3,455	1,668	-51.7%
Income before financial results	**30,179**	**32,002**	**6.0%**	**92,820**	**113,671**	**22.5%**
Financial income (expenses)	(648)	2,930	-552.2%	(3,531)	11,781	-433.6%
Income before income taxes	**29,531**	**34,932**	**18.3%**	**89,289**	**125,452**	**40.5%**
Income and social contribution taxes	**(8,029)**	**(8,031)**	**0.0%**	**(24,755)**	**(33,839)**	**36.7%**
Current	(3,734)	(4,397)	17.8%	(19,507)	(24,598)	26.1%
Deferred	(4,295)	(3,634)	-15.4%	(5,248)	(9,241)	76.1%
Net income for the year	**21,502**	**26,901**	**25.1%**	**64,534**	**91,613**	**42.0%**
Income per share	**0.2748**	**0.3070**	**11.7%**	**0.8247**	**1.0453**	**26.7%**
Number of Shares	78,248	87,640		78,248	87,640	

Cash Flow Statement – IFRS

Cash Flow Statement - IFRS	4Q10	4Q11	2010	2011
Cash flows from operating activities				
Income before income and social contribution taxes	29.531	34.932	89.289	125.452
Adjustments to reconcile to net cash generated by operating activities	**2.010**	**(1.364)**	**4.405**	**(6.417)**
Depreciation and amortization	823	1.168	2.670	4.058
Financial Investments	-	(3.142)	-	(14.948)
Interest and FX variation	20	209	2.031	4.002
Other	1.167	401	(296)	471
Decrease (increase) in assets	**(27.098)**	**(11.974)**	**(57.730)**	**(62.093)**
Trade accounts receivable	(20.709)	(19.700)	(29.170)	(47.118)
Inventories	2.536	14.302	(27.657)	(8.518)
Taxes recoverable	(5.411)	(3.731)	(4.063)	1.244
Variation in other current assets	(376)	(2.590)	3.113	(5.200)
Judicial deposits	(3.138)	(255)	47	(2.501)
Other accounts receivable	-	-	-	-
(Decrease) increase in liabilities	**(3.265)**	**(5.157)**	**9.035**	**14.644**
Trade accounts payable	(14.615)	(12.765)	(330)	8.542
Labor liabilities	(2.084)	(2.755)	2.843	(1.602)
Tax and social liabilities	10.622	10.731	7.719	7.665
Change in other liabilities	2.812	(368)	(1.197)	39
Paid incomes and social contribution taxes	**(11.776)**	**(13.845)**	**(24.542)**	**(28.548)**
Net cash generated by operating activities	**(10.598)**	**2.592**	**20.457**	**43.038**
Cash flows from investing activities				
Increase in property, plant and equipment and intangible assets	(4.853)	(13.312)	(14.183)	(30.239)
Short-term investments	(3.261)	(58.510)	(1.392)	(347.823)
Redemption of short-term investments	2.684	76.399	2.684	209.768
Increase in investments				
Net cash used in investing activities	**(5.430)**	**4.577**	**(12.891)**	**(168.294)**
Cash flows from financing activities with third parties				
Long-term funding	-	-	-	-
Short-term funding	20.899	9.865	55.835	23.774
Loan repayment	(11.239)	(6.481)	(50.415)	(35.886)
Receivables from (payables to) related parties, except shareholders	(21)	-	(21)	-
Net cash used in financing activities with third parties	**9.639**	**3.384**	**5.399**	**(12.112)**
Cash flows from financing activities with shareholders				
Interest on equity capital	-	-	(4.906)	(8.442)
Profit distribution	-	(1.265)	(39.485)	(28.026)
Receivables (payables) with shareholders	(113)	10	439	(99)
Shares issuance	-	-	-	195.588
Share issue costs	-	-	-	(14.129)
Net cash used in financing activities with shareholders	**(113)**	**(1.255)**	**(43.952)**	**144.892**
Increase (decrease) in cash and cash equivalents	**(6.502)**	**9.298**	**(30.987)**	**7.524**
Cash and cash equivalents				
Cash and cash equivalents - opening balance	14.506	6.230	38.991	8.004
Cash and cash equivalents - closing balance	8.004	15.528	8.004	15.528
Increase (decrease) in cash and cash equivalents	**(6.502)**	**9.298**	**(30.987)**	**7.524**

Disclaimer

Statements regarding the Company's future prospects and projections of operational and financial results are merely estimates and projections, and as such are subject to various risks and uncertainties, which include, but are not limited to, market conditions and the general performance of the Brazilian and international economies and of the Company's industry. These risks and uncertainties cannot be controlled or sufficiently projected by the Company's management and may significantly affect its prospects, estimates and projections. The forward-looking statements, projections and estimates do not represent and should not be construed as a guarantee of performance. The operational information contained herein, as well as the information not directly taken from the financial statements, has not been the subject of an audit or special review by the Company's independent auditors, may involve assumptions and estimates adopted by the management may be subject to change.