

AREZZO **&CO**

Conference Call
3Q13

Information contained in this document may include forward-looking statements and reflect Management's current view and estimates of the evolution of the macroeconomic environment, industry conditions, Company's performance and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this document, which do not describe historical facts, such as information about declaration of dividend payment, future direction of operations, implementation of relevant operating and financial strategies, investment program and factors or trends affecting the financial condition, liquidity or results of operations, are forward-looking statements, as set forth in the "U.S. Private Securities Litigation Reform Act of 1995", and involve several risks and uncertainties. There is no guarantee that these results will occur. Forward-looking statements are based on several factors and expectations, including economic and market conditions, industry competitiveness and operational factors. Any changes in such expectations and factors may cause actual results to differ from current expectations.

The Company's consolidated financial statements presented herein are in accordance with the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB, based on the audited financial statements. Non-financial information and other operating information have not been subject to an audit by independent auditors.

Net Revenue

Net revenue reached R\$266.7 million in the quarter. In the first nine months of 2013, net revenues increased by 16.1% over the same period in 2012.

Gross Profit

Gross Profit totaled R\$116.1 million in 3Q13, 8.4% growth compared to 3Q12. In the first nine months of the year, gross profit increased by 17.9% over 2012.

EBITDA

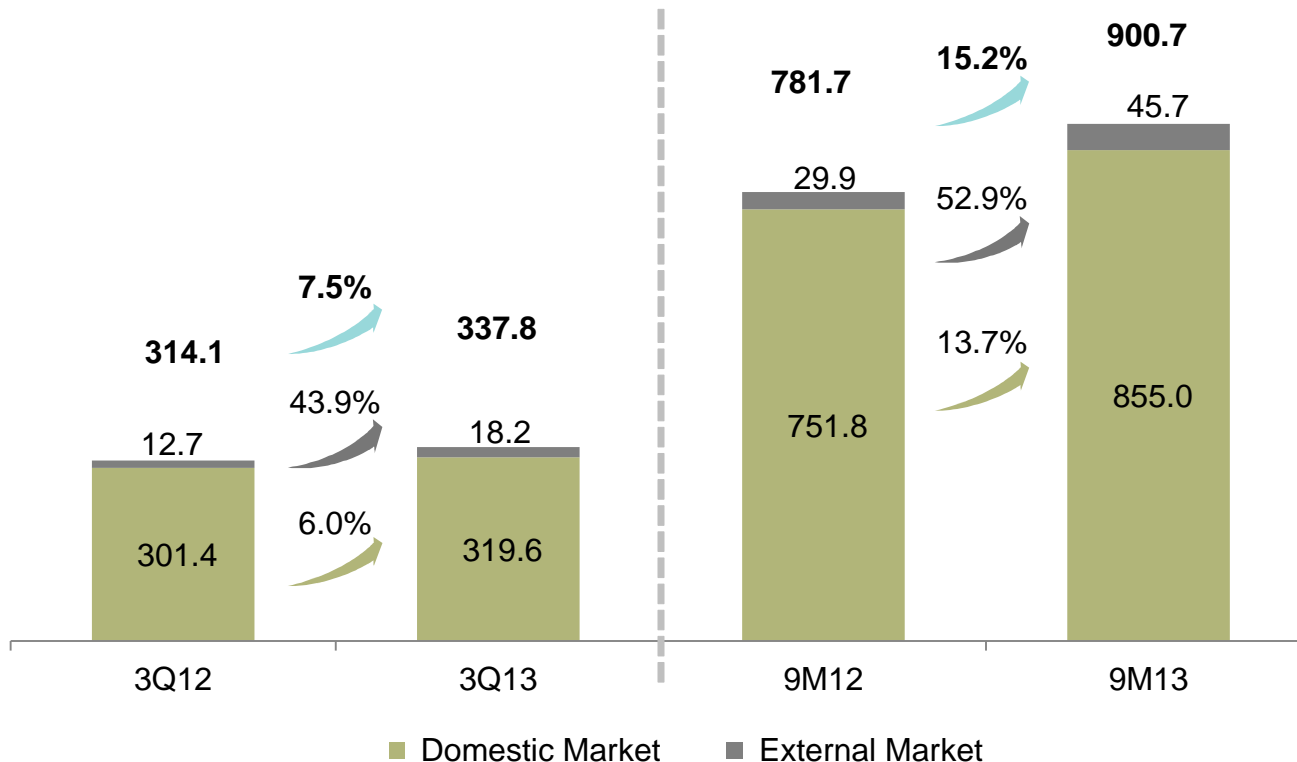
EBITDA in 3Q13 amounted to R\$46.8 milhões, with 17.5% margin. In the first nine months, EBITDA reported 15.9% recurring growth over the same period in 2012.

Area Expansion

In the quarter **Arezzo&Co opened 12 stores and expanded 3 stores** to add 1,003m² of sales area.

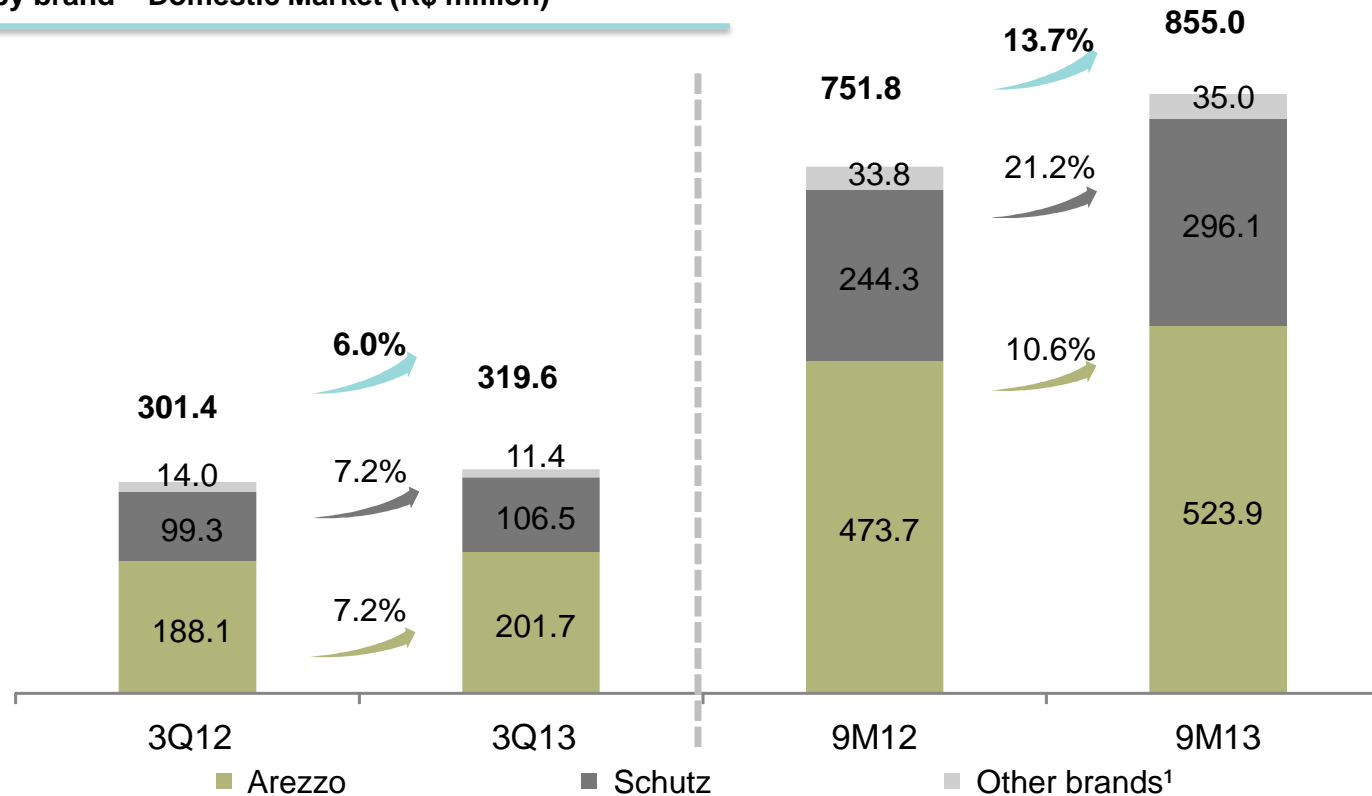
Company Growth

Gross Revenues – Domestic and Export Market (R\$ million)



Company's gross revenue was R\$337.8 million in the quarter, an increase of 7.5% compared with 3Q12. In the first nine months of the year, gross revenue amounted R\$900.7 million and represented a growth of 15.2%.

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

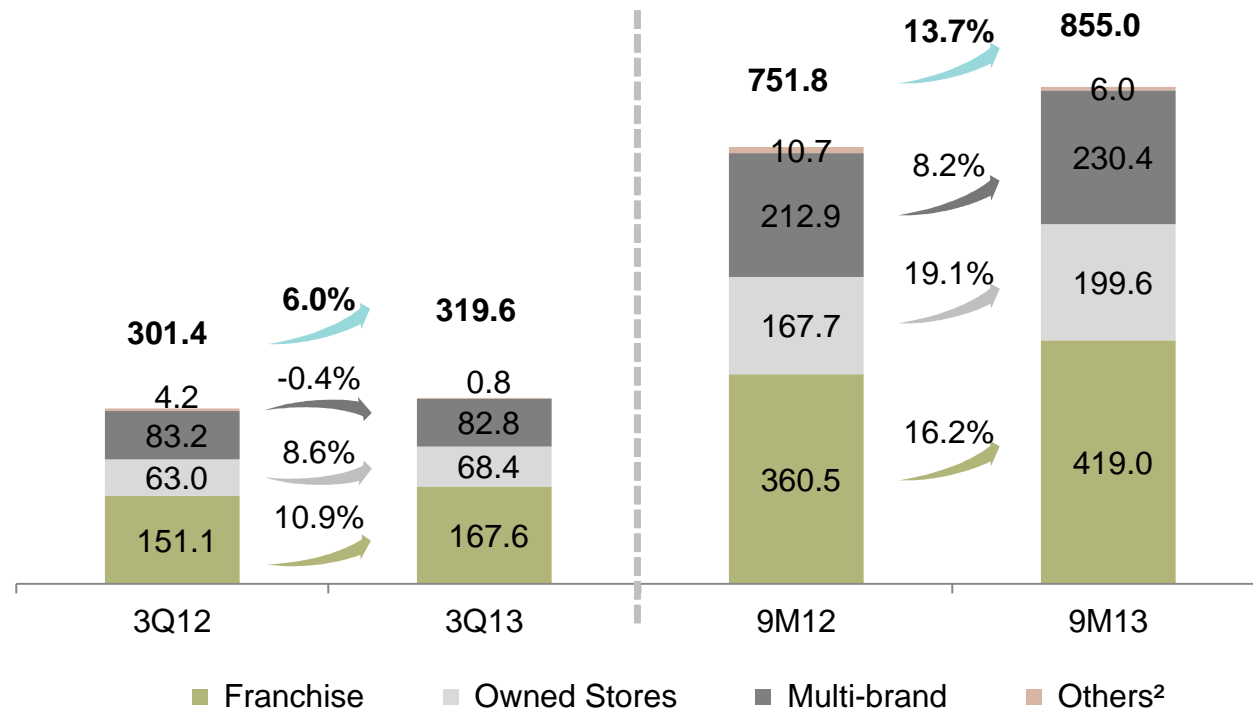


Both Arezzo and Schutz brands increased 7.2% in revenues in the quarter. In special, Schutz brand gross revenue increased 21.2% year-to-date, leveraged by 22 stores openings and 1 store expansion in the last 12 months.

1) Other brands: decreasing of 18.8% in the 3Q13 and increasing of 3.5% in 9M13.

Gross Revenue Breakdown by Channel – Domestic Market

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



SSS Sell-out (owned stores + franchise)

n/a

-5.1%

n/a

0.5%

SSS Sell-in (franchises)

14.2%

0.6%

11.9%

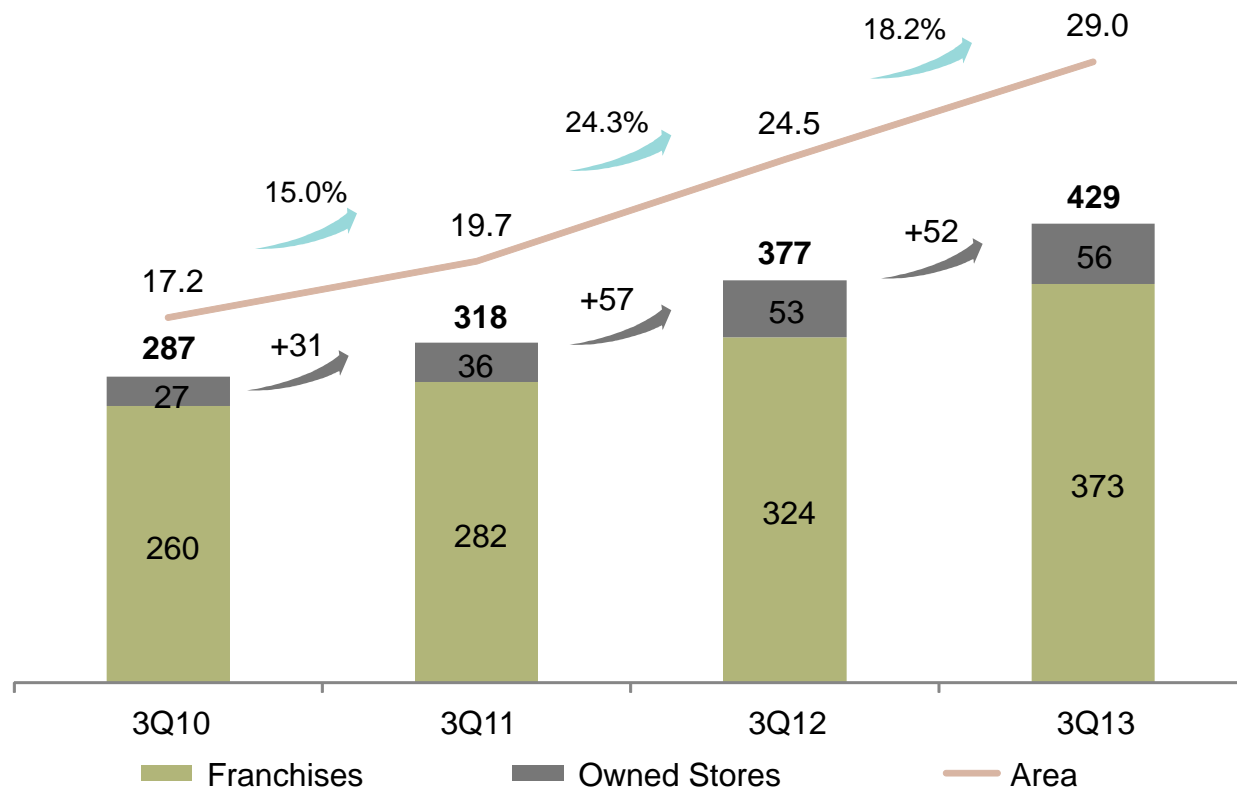
4.3%

In the quarter, the monobrand channel presented 10.2% growth, leveraged by an increase of 10.9% in the franchise channel, with 49 stores openings and expansion of other 10 in the last twelve months.

1) Other: Decreasing of 81.2% in 3Q13 and 44.0% nos 9M13.

Distribution Channel Expansion

Owned Stores and Franchises Expansion



AREZZO

Franchises	336
Owned Stores ¹	16
Multibrands ²	987

SCHUTZ

Franchises	35
Owned Stores ¹	28
Multibrands ²	1,478

Alexandre Birman

Owned Stores	2
Multibrands ²	9

ANACAPRI

Franchises	2
Owned Stores ¹	10
Multibrands ²	890

Sales area increased by 18.2% in this quarter compared to the same period of last year, due to 52 stores openings and expansion of other 12 stores in the last twelve months.

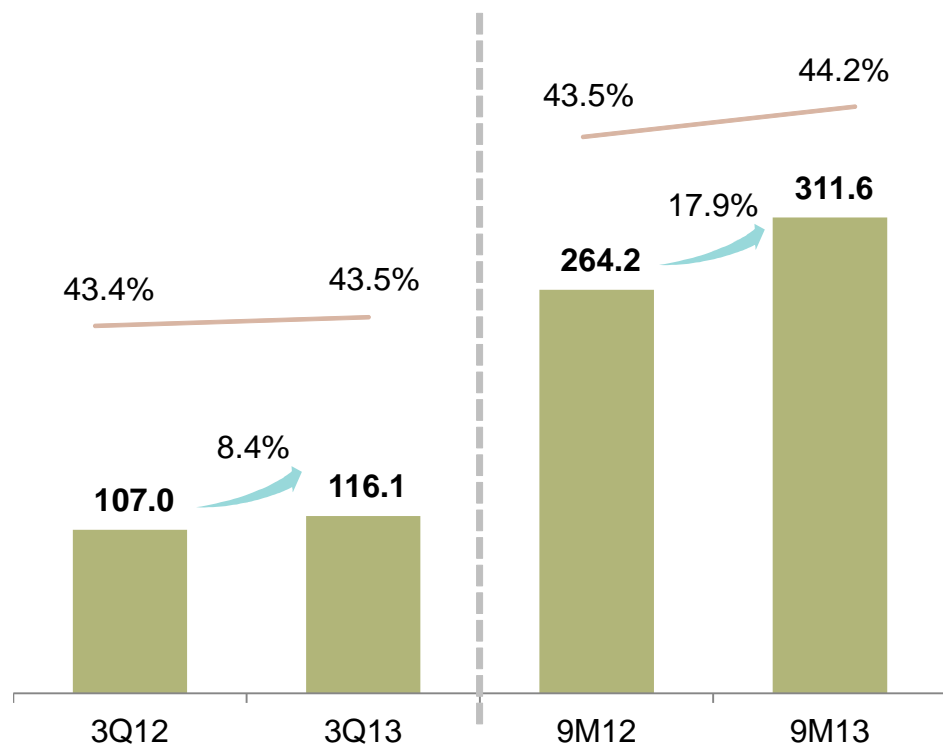
Note: area given in thousand square meter

1) Includes 5 outlets with total area of 1,227 sq m

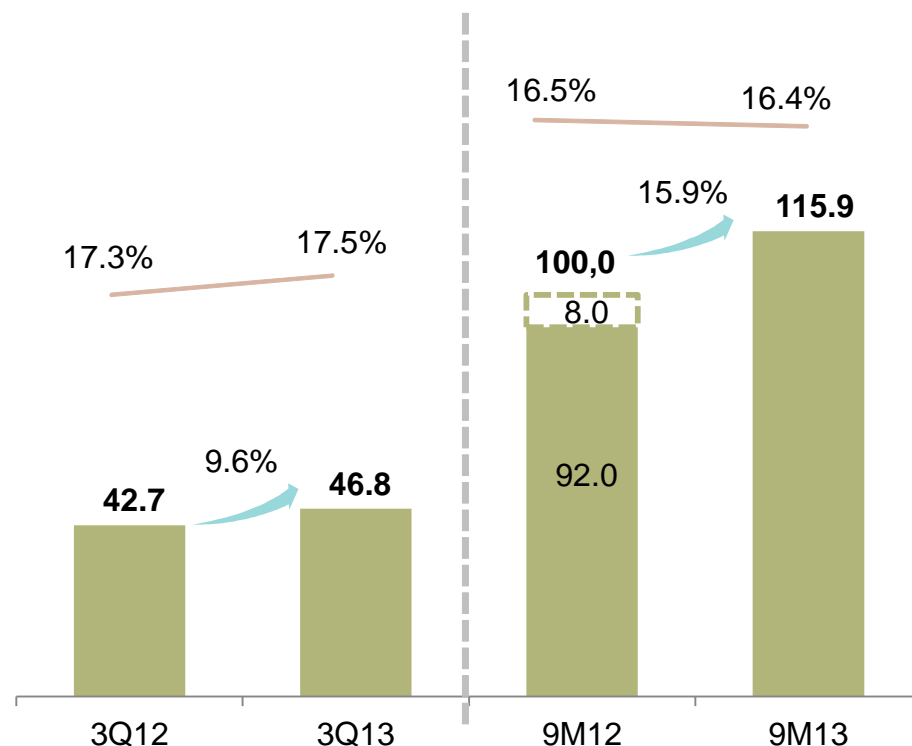
2) Domestic Market

Gross Profit and EBITDA

Gross Profit (R\$ million)

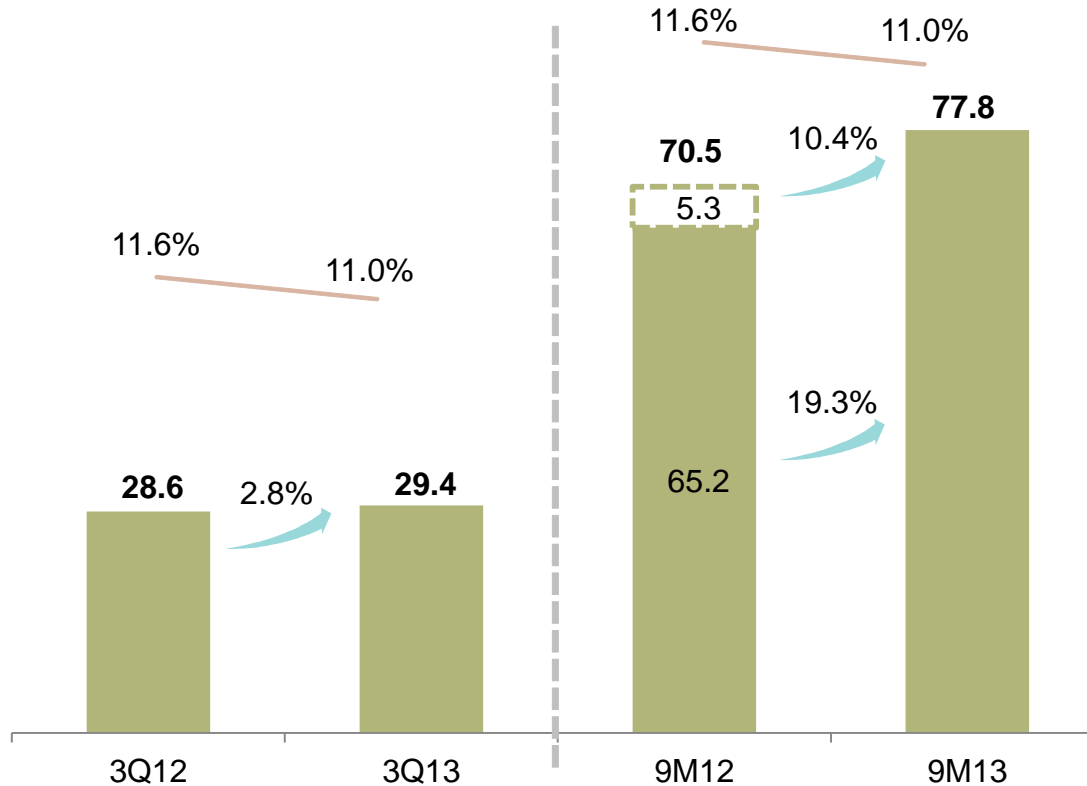


EBITDA (R\$ million)



Gross profit in the quarter reached R\$116.1 million, with margin of 43.5%. EBITDA amounted R\$46.8 million, an increase of 9.6%, with EBITDA margin expanding 20 bps over 3Q12.

Net Income (R\$ million)



Arezzo&Co's net profit amounted R\$29.4 million in the quarter, with 11.0% net margin. In the first nine months of the year, net profit reported 19.3% growth compared to 2012. Excluding 1Q12 non-recurring effect, net profit would have grown 10.4%.

Cash Generation

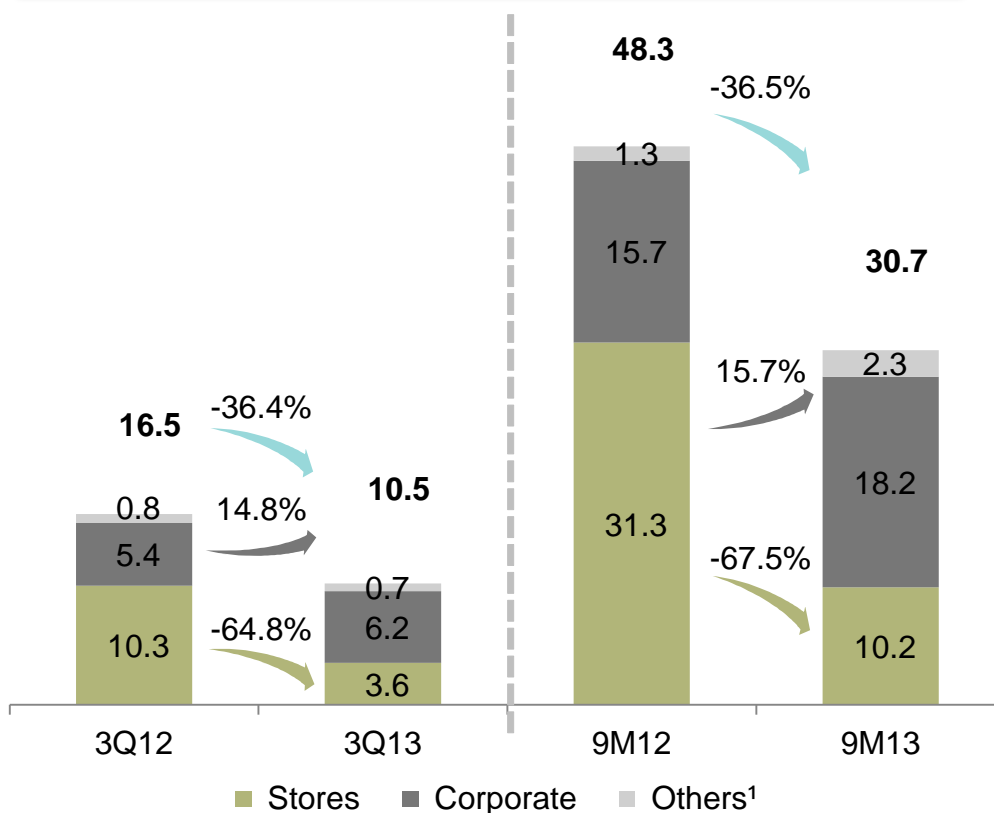
Operating Cash Generation (R\$ thousand)

Operating Cash Flow	3Q12	3Q13	Growth%	9M12	9M13	Growth%
Income before income tax and social contribution	42,289	45,630	7.9%	91,620	112,480	22.8%
Depreciation and amortization	2,043	2,807	37.4%	5,209	7,777	49.3%
Other	(1,032)	(3,882)	276.2%	(6,679)	53	n/a
Decrease (increase) in current assets / liabilities	(36,822)	(27,875)	-24.3%	(11,931)	(39,160)	228.2%
Trade accounts receivables	(50,566)	(41,250)	-18.4%	(21,771)	(32,153)	47.7%
Inventories	(17,341)	(9,595)	-44.7%	(26,028)	(23,785)	-8.6%
Suppliers	21,837	22,559	3.3%	27,879	30,608	9.8%
Change in other noncurrent and current assets and liabilities	9,248	411	-95.6%	7,989	(13,830)	n/a
Payment of income tax and social contribution	(10,166)	(5,907)	-41.9%	(21,818)	(23,505)	7.7%
Net cash flow generated by operational activities	(3,688)	10,773	n/a	56,401	57,645	2.2%

Arezzo&Co generated R\$10.8 million of net cash flow in the third quarter, due to a higher operating profit.

Capital Expenditure (CAPEX) and Indebtedness

CAPEX (R\$ million)



Indebtedness (R\$ million)

Cash position and Indebtedness	3Q12	2Q13	3Q13
Cash	175,605	214,411	199,780
Total debt	55,199	107,862	109,042
Short term	30,626	60,763	66,930
% total debt	55.5%	56.3%	61.4%
Long-term	24,573	47,099	42,112
% total debt	44.5%	43.7%	38.6%
Net debt	(120,406)	(106,549)	(90,738)
EBITDA LTM	125,128	155,575	159,675
Net Debt /EBITDA LTM	-1.0x	-0.7x	-0.6x

In the quarter, the Company invested R\$10.5 million, of which R\$3.6 million were used for stores openings and refurbishments and R\$6.2 million in corporate investments. Company's net cash was R\$90.7 million by the end of the quarter.

1) Other: decreasing of 14.0% in 3Q13 and increasing of 82.9% in 9M13.

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