

AREZZO **&CO**

Conference Call
3Q12

Important Disclaimer

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.

3Q12 Highlights

Gross Revenue

Gross Revenue increased by **31.7% in 3Q12**, reaching R\$314.1 million

Gross Profit

Gross Profit reached R\$ 107.0 million, 35.6% growth and **43.4% margin**

EBITDA

EBITDA totaled R\$ 42.7 million, increase of 20.0% and 17.3% margin

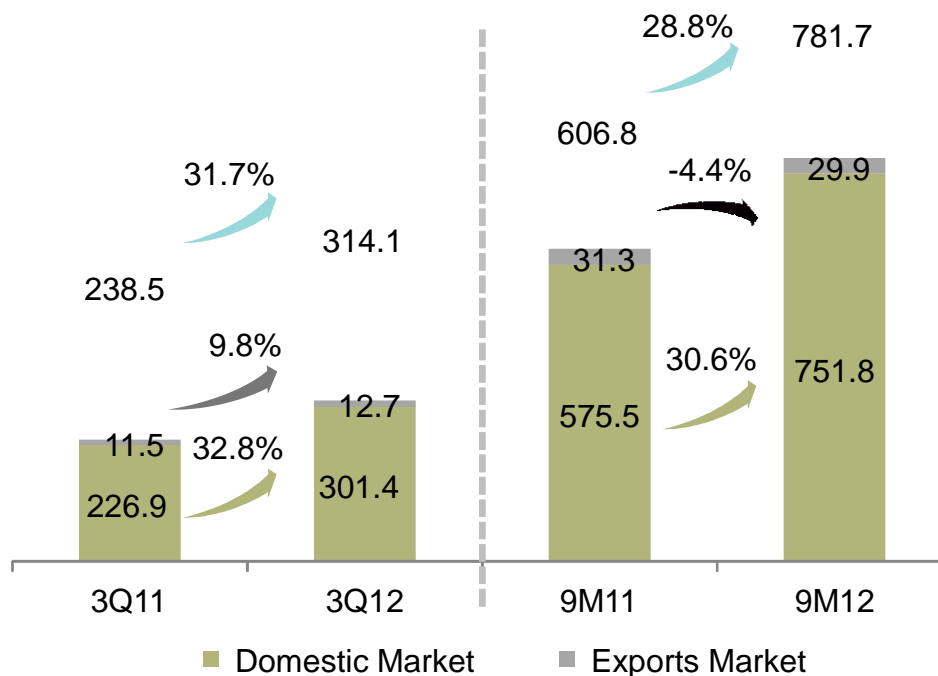
Net Profit

R\$28.6 million net profit, with 11.6% margin and growth of 10.2%

Expansion

Opening of 18 stores in Brazil: 5 Arezzo franchises, 12 Schutz stores (10 franchises and 2 owned stores) and 1 Alexandre Birman owned store

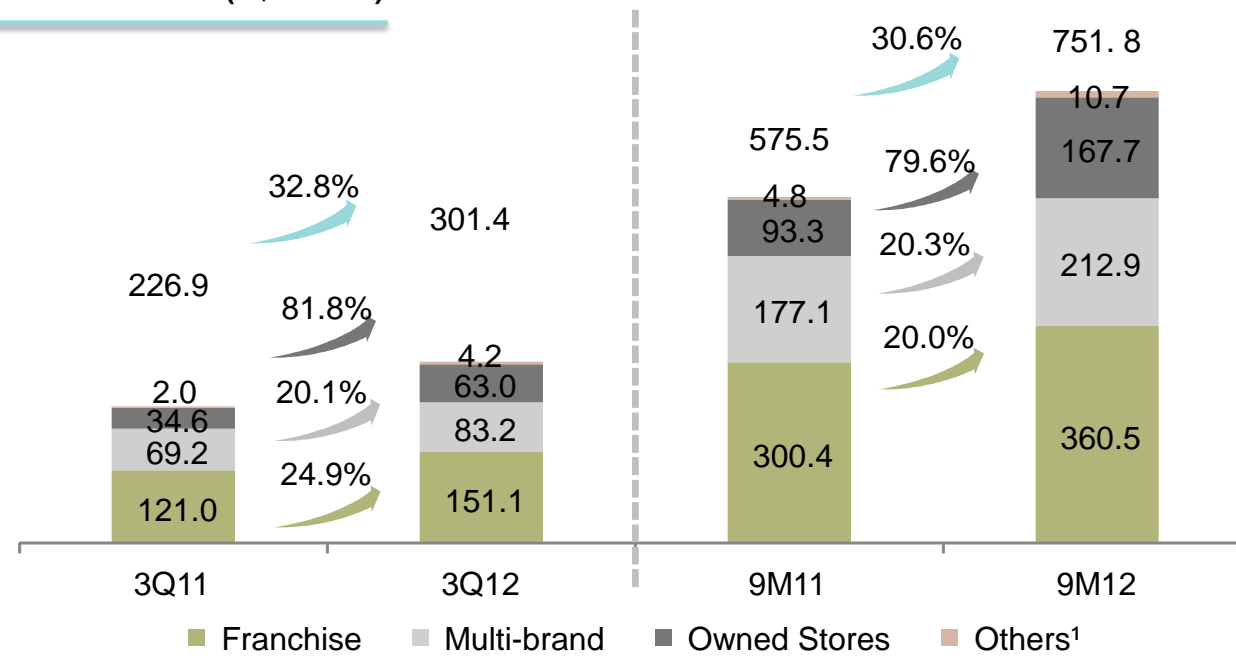
Gross Revenues – (R\$ million)



The Company's Gross Revenues amounted to R\$314.1 million in the third quarter of 2012, a 31.7% growth when comparing with 3Q11

Gross Revenue Breakdown by Channel – Domestic Market

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



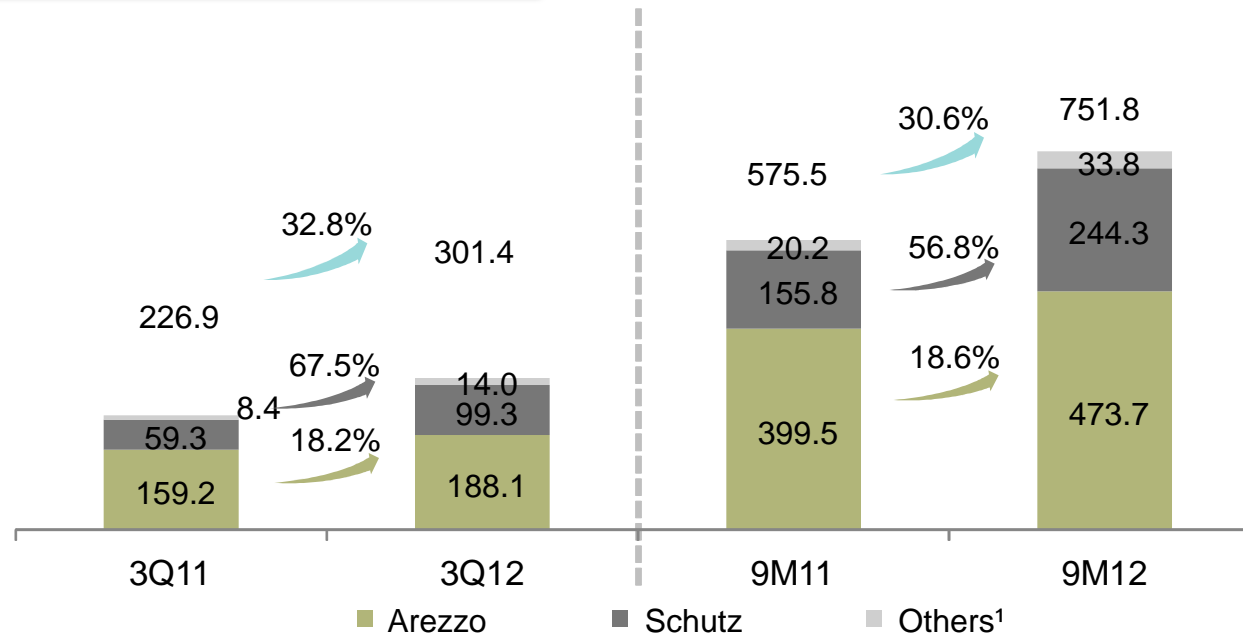
SSS Sell-out (owned stores)	0.4%	6.8%	9.6%	9.9%
SSS Sell-in (franchises)	11.6%	14.2%	15.6%	11.9%

Over 20.0% growth in all channels, emphasizing Owned Stores increase of 81.8% in 3Q12, and a more intensive presence of Schutz in the franchises channel

1) Other: Growth of 103.4% in 3Q12 and of 122.6% in 9M12.

Gross Revenue Breakdown by Brand – Domestic Market

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

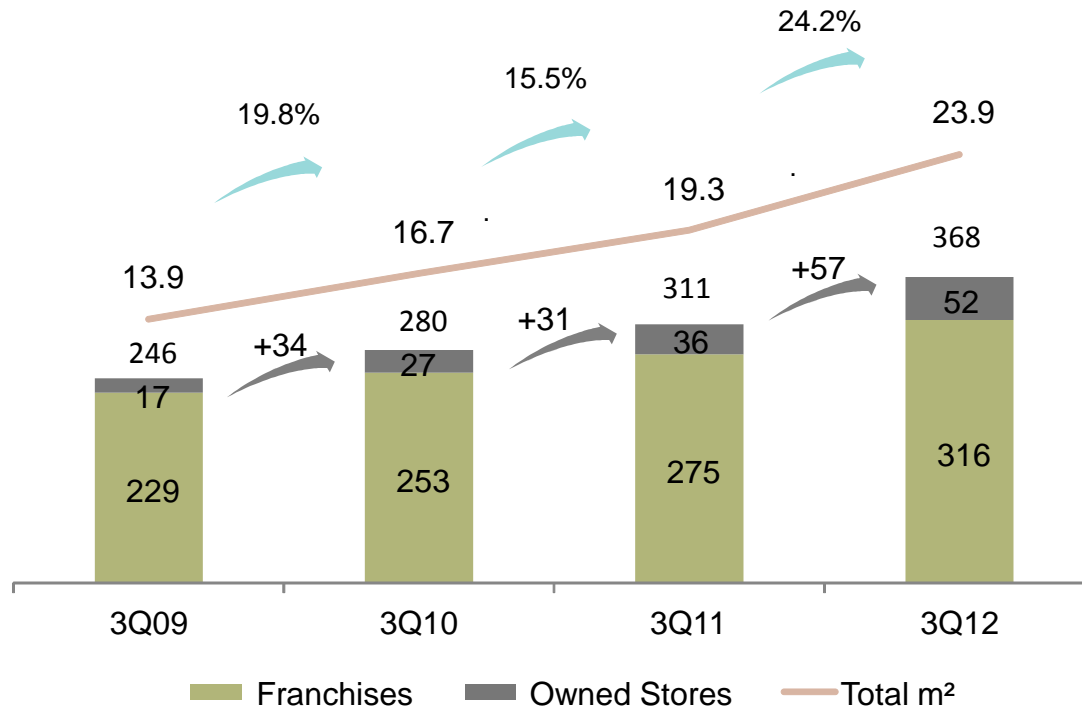


Solid performance of all brands, specially for Schutz brand, whose gross revenue growth stood by 67.5% in 3Q12 and by 56.8% in 9M12.

1) Other: Alexandre Birman's and Anacapri's Gross Revenue: growth of 67.1% in 3Q12 and of 67.1% in 9M12.

Distribution Channel Expansion

Owned Stores and Franchises Expansion



AREZZO

Franchises	300
Owned Stores ¹	19
Multi Brands ²	911

SCHUTZ

Franchises	16
Owned Stores ¹	24
Multi Brands ²	1,601

Alexandre Birman

Owned Stores	2
Multi Brands ²	13

ANACAPRI

Owned Stores	7
Multi Brands ²	768

The Company ended 3Q12 with 368 stores and sales area expansion of 24.2% comparing with the same period of the previous year

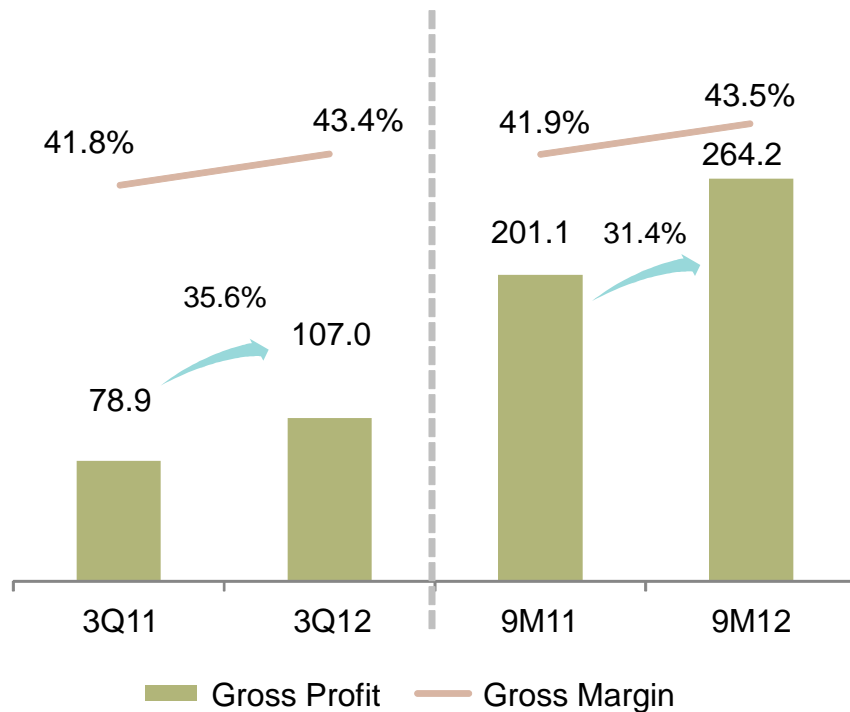
Note: area given in thousand of square meter (sq m)

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

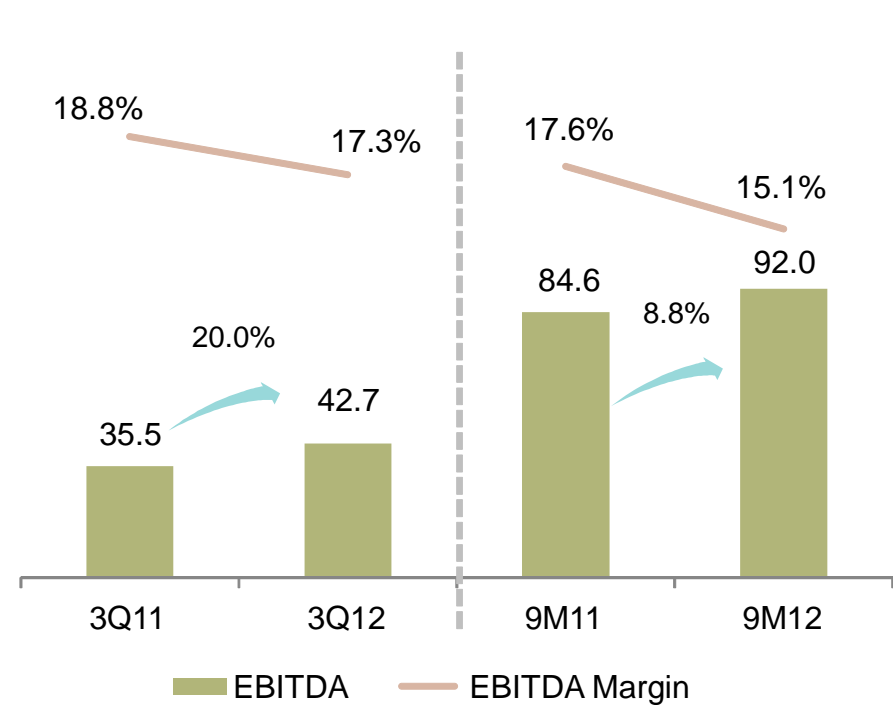
2) Domestic Market

Gross Profit and EBITDA

Gross Profit (R\$ million)

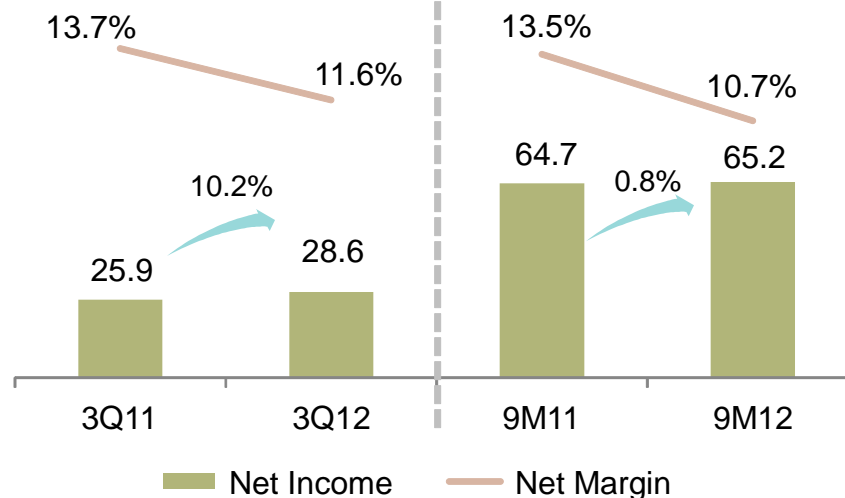


EBITDA (R\$ million)



Gross margin expansion of 1.6 p.p., due to a change in the distribution channel mix. EBITDA reached 42.7 million in 3Q12, increasing by 20.0% against 3Q11. Excluding the 1Q12 non-recurring effect EBITDA would be R\$ 100.0 with 16.5% margin

Net Income (R\$ million)



Company's Net Income increased 10.2%, amounting R\$ 28.6 million, with 11.6% margin in 3Q12. Excluding non-recurring impact in 1Q12, Net Income would have reached R\$ 70.5, million, with 8.9% growth and 11.6% net margin

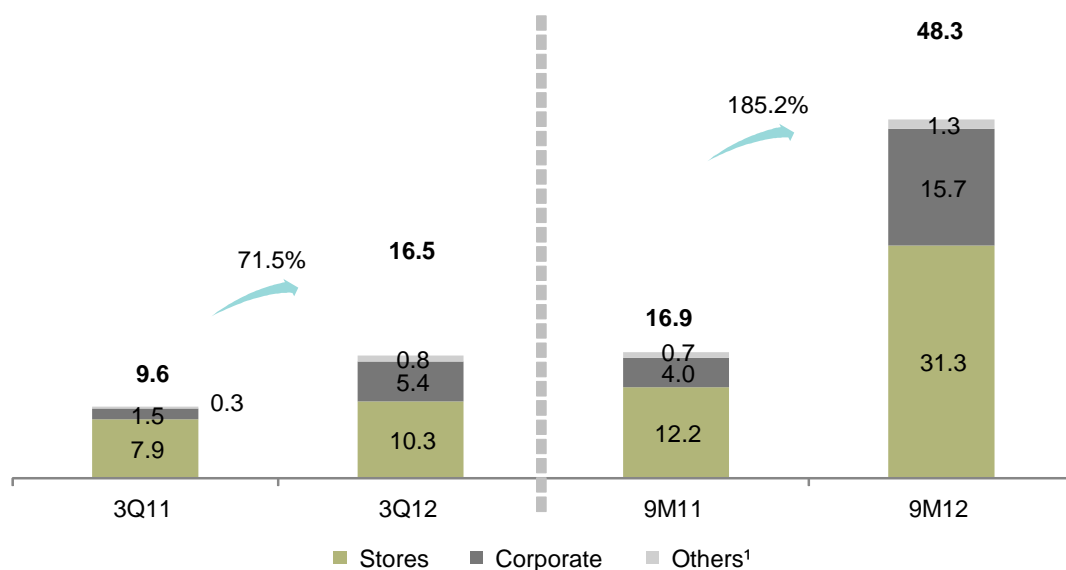
Operating Cash Generation (R\$ thousand)

Cash flows from operating activities	3Q11	3Q12	Growth or spread	9M11	9M12	Growth or spread
Income before income taxes	38,854	42,289	3,435	90,520	91,620	1,100
Depreciation and amortization	1,050	2,043	993	2,890	5,209	2,319
Others	(1,680)	(1,032)	648	(7,943)	(6,679)	1,264
Decrease (increase) in current assets / liabilities	(38,949)	(36,065)	2,884	(28,200)	(9,546)	18,654
Trade accounts receivable	(51,314)	(50,566)	748	(27,418)	(21,771)	5,647
Inventories	(3,983)	(17,341)	(13,358)	(22,820)	(26,028)	(3,208)
Suppliers	12,778	21,837	9,059	21,306	27,879	6,573
Change in other current assets and liabilities	3,570	10,005	6,435	732	10,374	9,642
Change in other non current assets and liabilities	(946)	(757)	189	(2,119)	(2,385)	(266)
Tax and contributions	(6,363)	(10,166)	(3,803)	(14,703)	(21,818)	(7,115)
Net cash generated by operating activities	(8,034)	(3,688)	4,346	40,445	56,401	15,956

Throughout the second half of the year, summer collection products are distributed among several channels, increasing the company's receivables. Net cash consumed from operating activities totaled R\$ 3.7 million in 3Q12

Capital Expenditure (CAPEX) and Indebtedness

CAPEX (R\$ million)



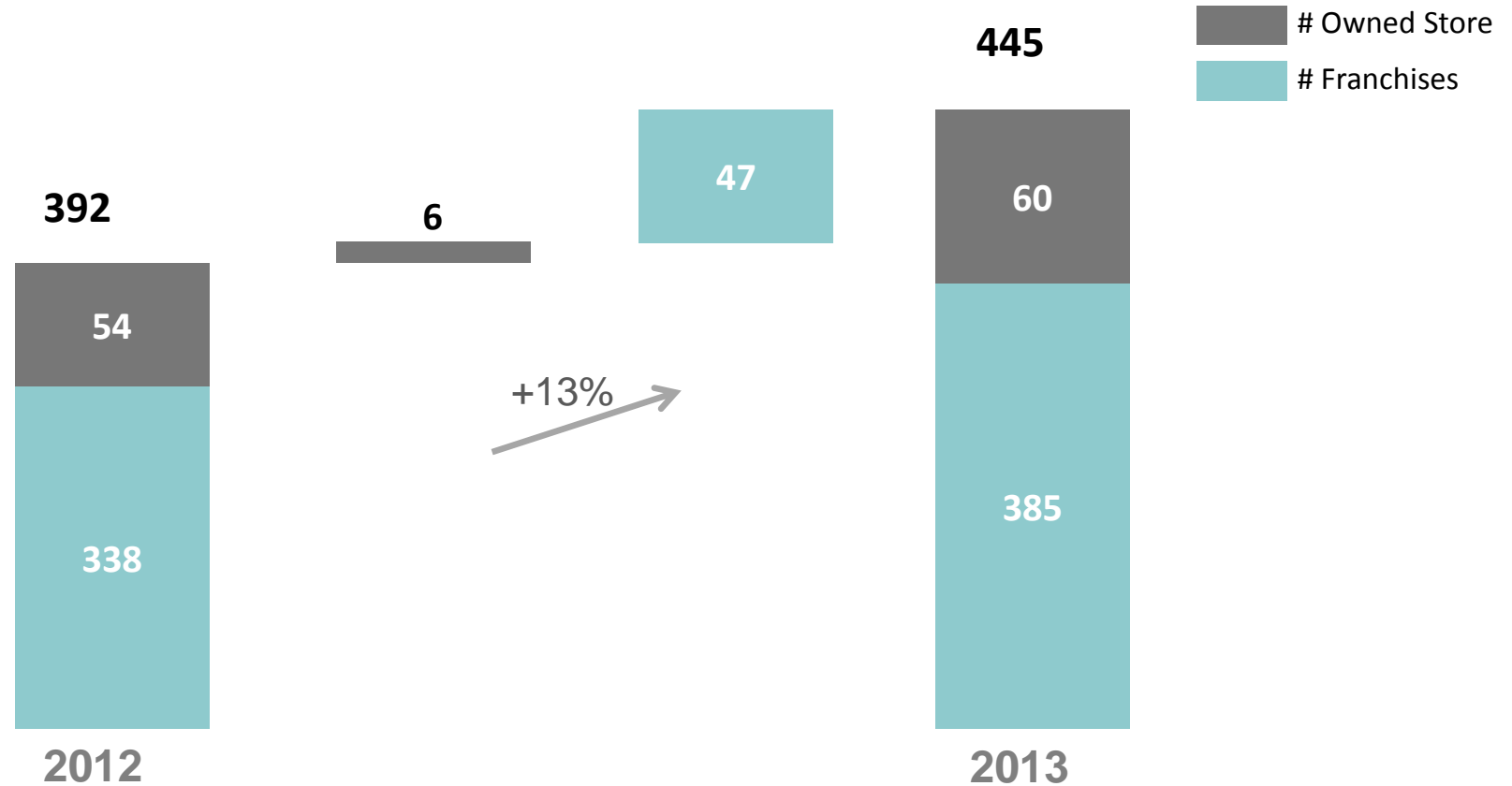
Indebtedness (R\$ million)

Indebtedness	3Q11	2Q12	3Q12
Cash	178,999	205,819	175,605
Total indebtedness	35,065	51,117	55,199
Short term	16,270	25,548	30,626
As % of total debt	46.4%	50.0%	55.5%
Long term	18,795	25,569	24,573
As % of total debt	53.6%	50.0%	44.5%
Net debt	(143,934)	(154,702)	(120,406)
EBITDA LTM	115,562	118,007	125,128
Net debt /EBITDA LTM	-1.2x	-1.3x	-1.0x

Arezzo&Co invested R\$ 16.5 million in 3Q12, of which R\$ 10.3 million in stores, including 4 openings and expansion stores, and 4 other refurbishments not yet inaugurated. Corporate investment is mainly related to the new Company's head office, in Campo Bom - RS

1) Other: Increase of 179.4% in 3Q12 and of 72.0% in 9M12 compared with the same period of the previous year.

2013 Opening Guidance



The 2013 expansion pipeline is committed to opening 53 new stores with a 15% growth in total sales area, anchored by openings and expansion of existing stores.

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