

AREZZO **&CO**

Conference Call
4Q12 and 2012

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.

4Q12 and 2012 Highlights

Gross Revenue

Gross revenue increased **27.9% in 4Q12**, reaching R\$ 327.1 million. **Gross revenue in 2012 was R\$ 1,108.7 million, increasing 28.5% over 2011;**

Gross Profit

Gross profit reached R\$ 111.6 million, 39.0% growth and **44.2% margin in 4Q12**. **2012 gross profit was R\$ 375.8 million, growing 33.5% from 2011, with gross margin of 43.7%;**

EBITDA

EBITDA totaled R\$ 43.8 million, increasing of 32.1% and **17.3% margin over 4Q11**. **In 2012 EBITDA was R\$ 135.8 million, growing 15.3% in relation to 2011, and EBITDA margin of 15.8%;**

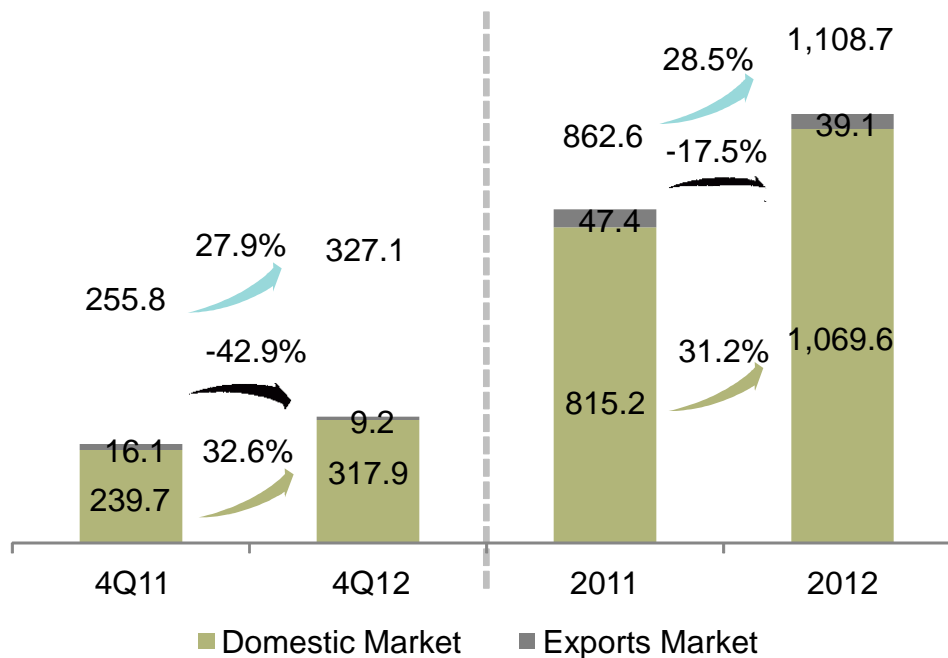
Net Profit

The **4Q12 net profit** reached R\$31.7 million, 17.7% increase and with **12.5% margin**. **2012 net profit was R\$ 96.9 million, increasing 5.7% on 2011, and net margin of 11.3%;**

Expansion

In 2012 Arezzo&Co expanded its network by **58 points** of sale, of which **24 were Arezzo, 33 Schutz** and **1 Alexandre Birman**.

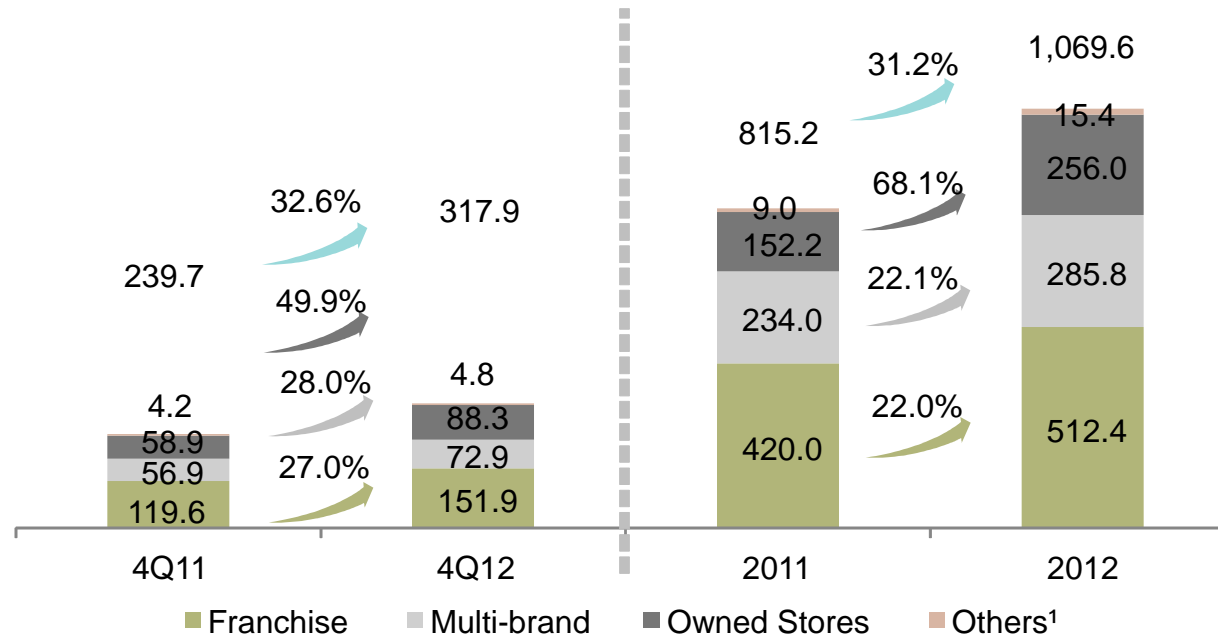
Gross Revenues – (R\$ million)



Arezzo&Co's gross revenues increased 27.9% over 4Q11 to reach R\$ 327.1 million in this quarter. The Company's gross revenues amounted to R\$1,108.7 million in 2012, a 28.5% growth when comparing with 2011.

Gross Revenue Breakdown by Channel – Domestic Market

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



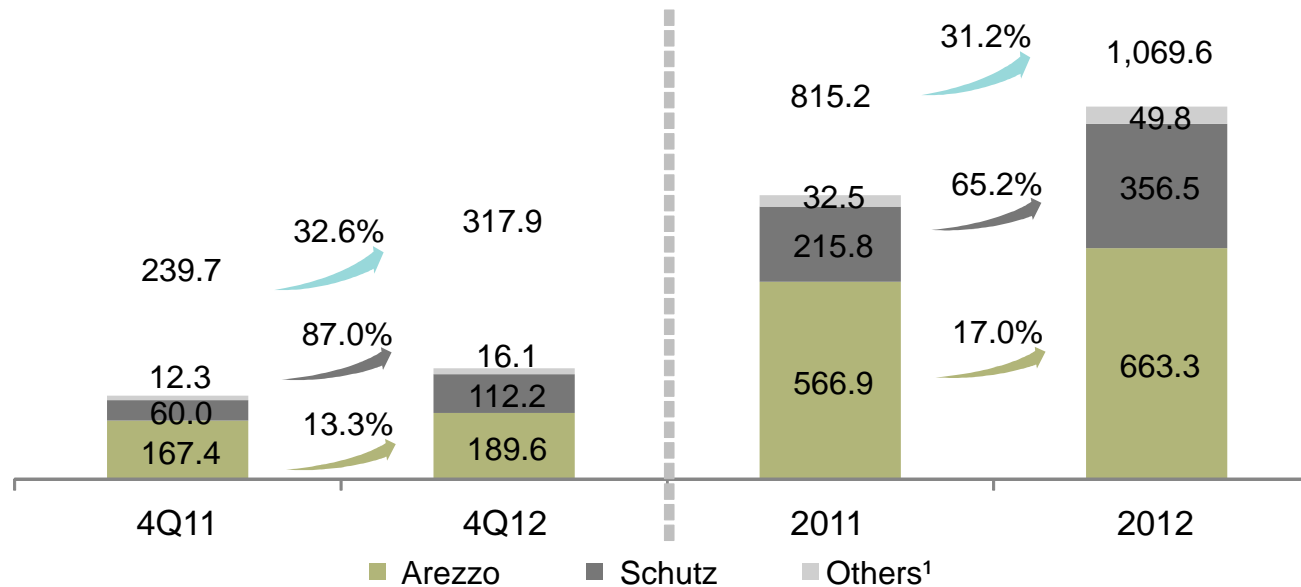
SSS Sell-out (owned stores)	15,0%	0,6%	11,4%	6,3%
SSS Sell-in (franchises)	2,2%	13,1%	11,3%	12,2%

Sales increased in all channels, particularly Owned Stores, with 49.9% in 4Q12 and 68.1% in 2012. Franchises also presented good performance: 46 stores and SSS of 12.2% in 2012. Multi-brands sales growth mainly due to focus in branding and increase in share of wallet.

1) Other: Growth of 13.4% in 4Q12 and of 71.6% in 2012..

Gross Revenue Breakdown by Brand – Domestic Market

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

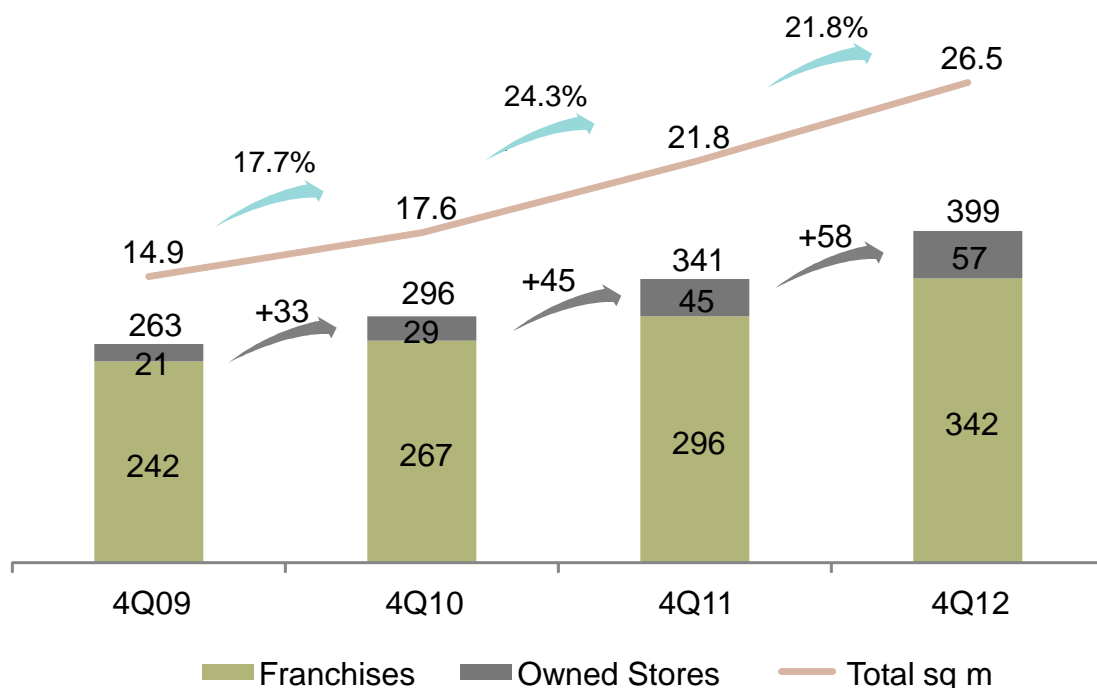


Solid performance of all brands, specially for Schutz brand, which has grown gross revenues by 87.0% in 4Q12 and 65.2% in 2012, leveraged by the Schutz GTM Project that has strengthened franchise and owned store distribution

1) Other: Alexandre Birman's and Anacapri's Gross Revenue: growth of 30.9% in 4Q12 and of 53.4% in 2012.

Distribution Channel Expansion

Owned Stores and Franchises Expansion



AREZZO

Franchises	319
Owned Stores ¹	19
Multi Brands ²	925

SCHUTZ

Franchises	23
Owned Stores ¹	28
Multi Brands ²	1,573

Alexandre Birman

Owned Stores	2
Multi Brands ²	9

ANACAPRI

Owned Stores	8
Multi Brands ²	793

In 2012, the Company opened 58 stores (56 domestic and 2 international stores) and enlarged 19 stores, expanding total sales area by 21.6% compared to 2011.

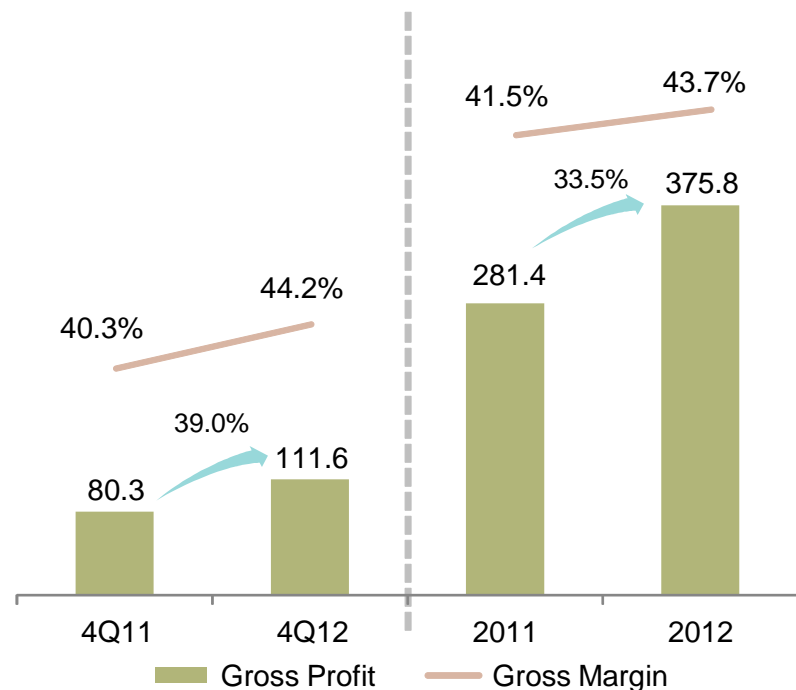
Note: area given in thousand square meter

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

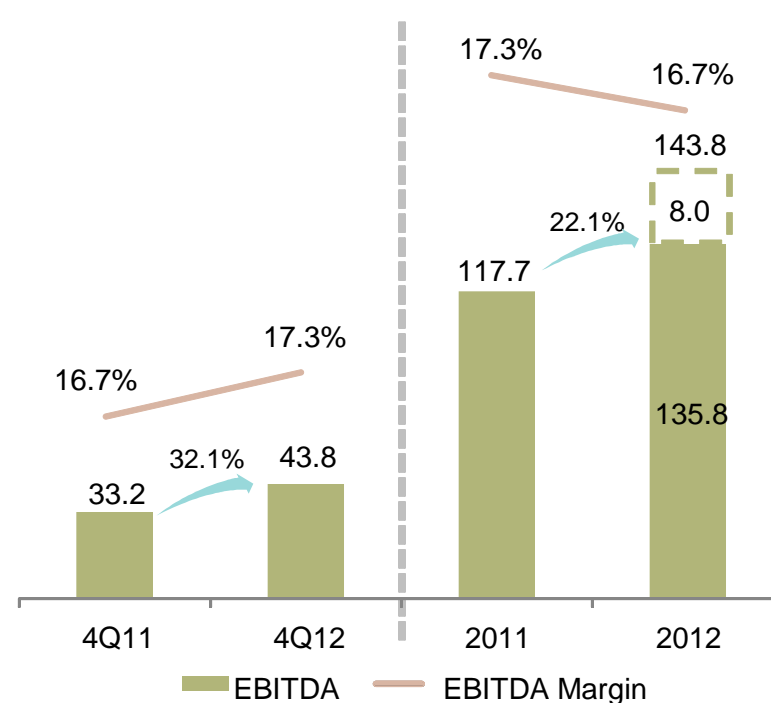
2) Domestic Market

Gross Profit and EBITDA

Gross Profit (R\$ million)

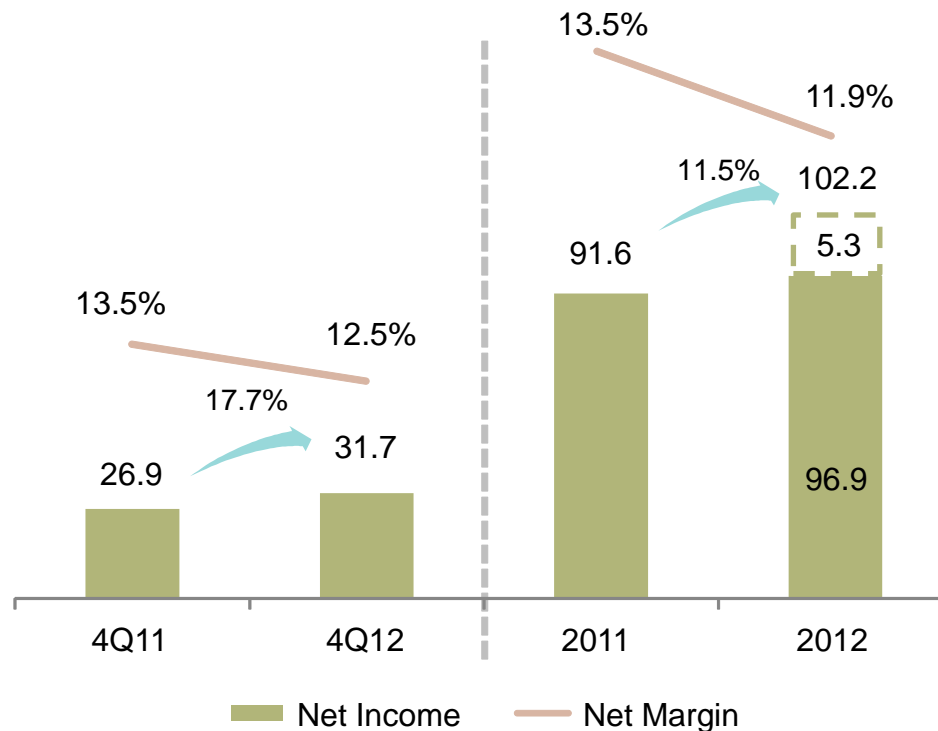


EBITDA (R\$ million)



In 4Q12, gross margin expanded 3.9 p.p. EBITDA in 4Q12 totaled R\$43.8 million, growth of 32.1% over 4Q11. EBITDA in 2012 increased 15.3% over 2011. If the non-recurring effect of 1Q12 were excluded, EBITDA in 2012 would have been up 22.1% over 2011.

Net Income (R\$ million)



Net income in 4Q12 was R\$31.7 million and showed a 17.7% increase over 4Q11. Net income in 2012 reached R\$96.9 million, 5.7% growth in the year. Without the non-recurring impact of 1Q12, net income for the year would have been R\$102.2 million.

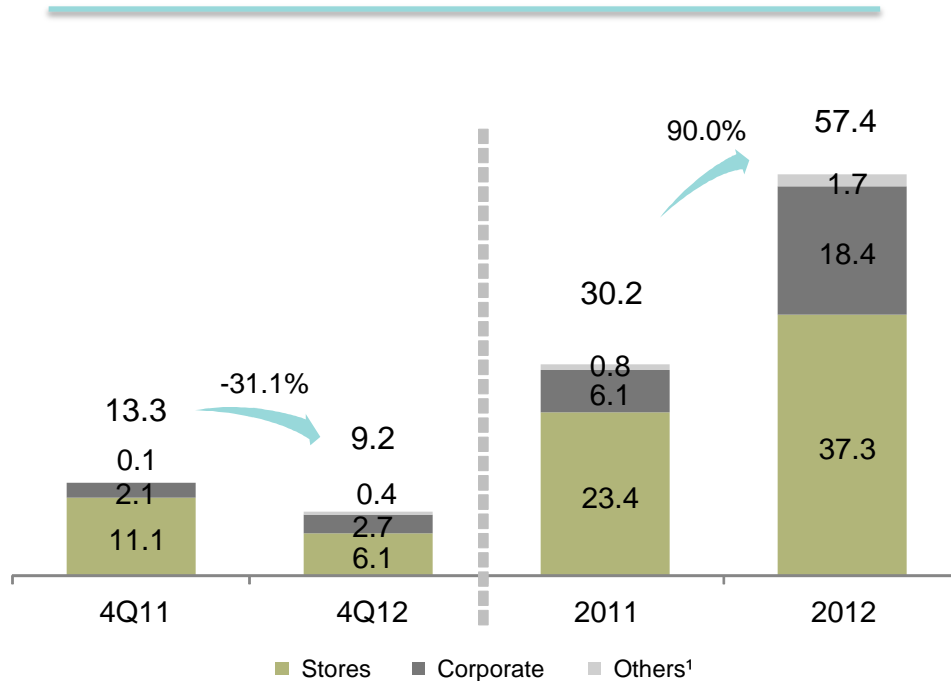
Operating Cash Generation (R\$ thousand)

Operating Cash Flow	4Q11	4Q12	Var. (%)	2011	2012	Var. (%)
Income before income tax and social contribution	34,932	41,884	19.9%	125,452	133,504	6.4%
Depreciation and amortization	1,168	2,349	101.1%	4,058	7,558	86.2%
Other	(2,532)	(1,716)	-32.2%	(10,475)	(8,395)	-19.9%
Decrease (increase) in current assets / liabilities	(19,102)	(31,777)	66.4%	(47,302)	(41,325)	-12.6%
Trade accounts receivables	(19,700)	(7,545)	-61.7%	(47,118)	(29,316)	-37.8%
Inventories	14,302	6,822	-52.3%	(8,518)	(19,206)	125.5%
Suppliers	(12,765)	(29,658)	132.3%	8,542	(1,779)	n/a
Change in other current assets and liabilities	(939)	(1,396)	48.7%	(208)	8,976	n/a
Change in other noncurrent assets and liabilities	1,971	(29)	n/a	(147)	(2,412)	1540.8%
Payment of income tax and social contribution	(13,845)	(15,890)	14.8%	(28,548)	(37,708)	32.1%
Net cash flow generated by operational activities	2,592	(5,179)	N/A	43,038	51,222	19.0%

Arezzo&Co used R\$5.2 million of operating cash in 4Q12, in line with the operation seasonality. In 2012, the Company generated R\$51.2 million in operating cash flow, reflecting the solid performance in the year.

Capital Expenditure (CAPEX) and Indebtedness

CAPEX (R\$ million)



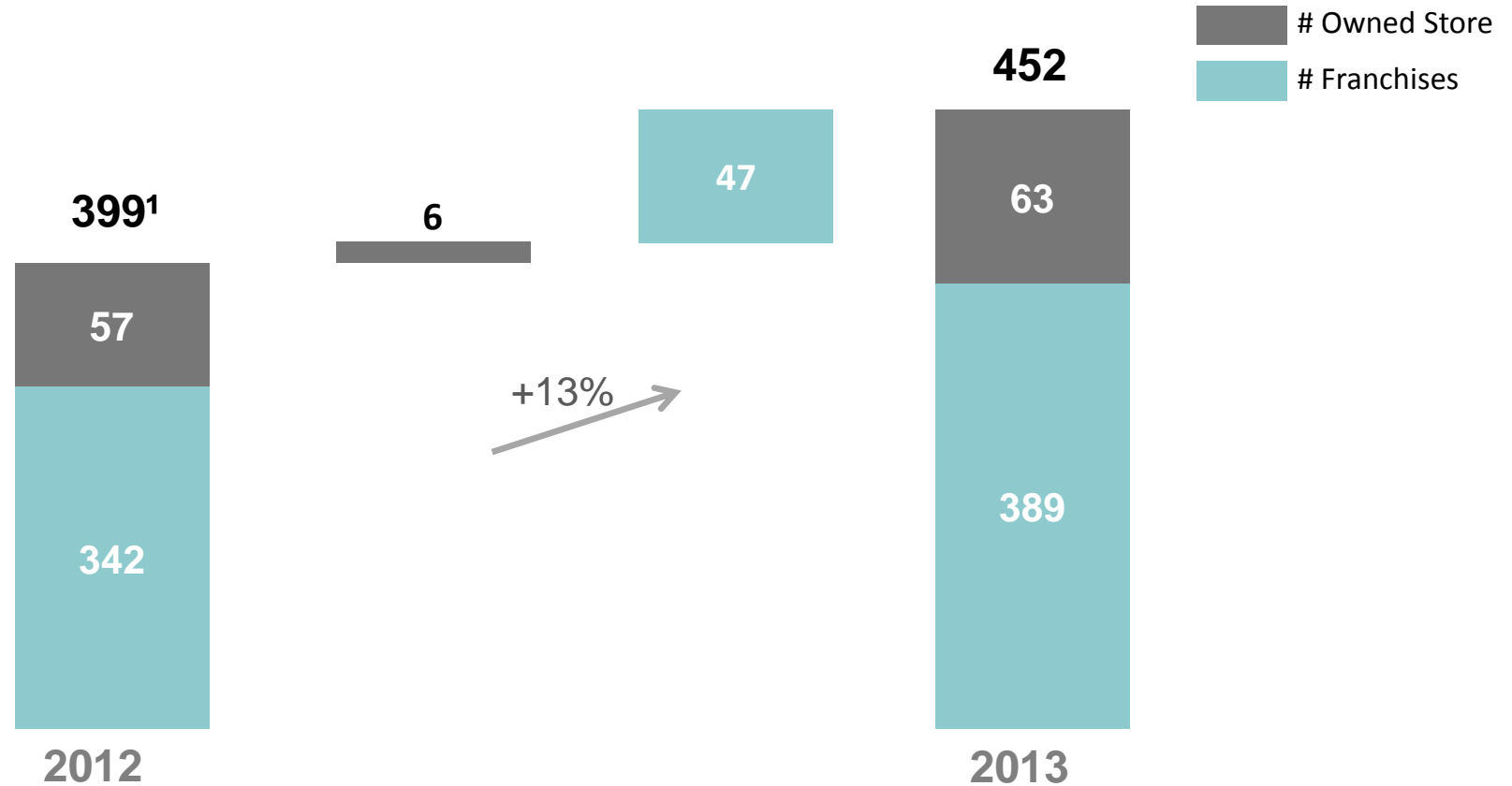
Indebtedness (R\$ million)

Indebtedness	4Q11	3Q12	4Q12
Cash	173,550	175,605	202,154
Total debt	38,659	55,199	94,084
Short term	20,885	30,626	42,843
% total debt	54.0%	55.5%	45.5%
Long-term	17,774	24,573	51,241
% total debt	46.0%	44.5%	54.5%
Net debt	(134,891)	(120,406)	(108,070)

In 2012, the Company invested R\$ 57.4 million, of which R\$ 37.3 million were invested in 15 new POS and 5 more store expansions in major locations, as well as the new headquarters in Campo Bom (RS).

1) Other: Increase of 455.8% in 4Q12 and of 108.7% in 2012 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, leveraged by openings and expansion of existing stores.

1) Include 9 international stores.

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