Earnings Release - 4Q15 and 2015

AREZZO &CO

AREZZO

SCHUTZ

ALEXANDRE BIRMAN

ANACAPRI

FIEVER

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Belo Horizonte, March 2, 2016. Arezzo&Co (BM&FBOVESPA: ARZZ3), Brazil's women's footwear, handbags and accessories industry leader, reports its earnings for the 4th quarter and full year of 2015. Unless otherwise indicated, data are based on consolidated numbers in thousands of Brazilian reais and are compiled in accordance with International Financial Reporting Standards (IFRS). All comparisons relate to the same period in 2014 (4Q14 and 2014) unless otherwise stated.

ARZZ3 share price on 03.01.16:

R$ 18.15

Market value on 03.01.16:

R$ 1,610.5 million

Earnings conference call:

Tuesday, March 3rd, 2016
11h00 am (Brasília time)

Connection phone numbers:

Participants calling from Brazil and other countries:
+55 11 2820-4001
Participants calling from USA:
+1 786-924-6977
Access code: Arezzo&Co

Presentation of slides and connection via webcast (via internet) will be available 30 minutes before at: www.arezzoco.com.br

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Arezzo&Co records sell-out of R$494,9 million in 4Q15, up by 2.5% against 4Q14, through its 537 physical and on-line stores

HIGHLIGHTS

• Gross revenue for 4Q15 was R$367.0 million, down by 2.3% against 4Q14.

• In 4Q15, the Company's gross profit stood at R$126.4 million, with a gross margin of 44.5%. Excluding the non-recurring and non-cash effect for 4Q14, gross profit in 4Q15 was stable;

• EBITDA for 4Q15 amounted to R$44.7 million, with a margin of 15.8% and growth of 10.9%. Excluding the non-recurring and non-cash effect for the same period of the previous year, EBITDA showed a reduction of 8.8%;

• In the quarter, net income was R$33.5 million, with a margin of 11.8% and growth of 11.4%. Excluding the non-recurring and non-cash effect for the same period of the previous year, net income declined by 9.4%;

• 4Q15 saw the opening of 18 stores (net), 3 expansions and an additional 6 refurbishments, which when added to the other expansions in 2015 account for growth of 7.3% in the sales area in the last 12 months, excluding outlets.

Message from the Management

Arezzo&Co continues to consolidate its position as leader in women's footwear, handbags and fashion accessories. Notwithstanding the challenging macroeconomic scenario, the Company presented a sales performance that exceeded that of the market.

The Investor Relations policy strengthens the company's strategy of dynamism and transparency. During the year, management hosted in the stores, offices and showrooms various investors and analysts, in addition to participating in 10 national and international panels and conferences. In November, the city of São Paulo saw the 5th edition of the Arezzo&Co's Investor Day, with over 120 participants, enhancing the company's business model and knowledge about its key guidelines and competitive strategies. In 2015, the company was nominated for five different categories in the IR Magazine Awards - Brazil 2015, including greatest evolution in investor relations - small & mid cap, consolidating Arezzo&Co's commitment to continuously improving its relations with the financial market.

The volumes of pairs and handbags totaled 10.4 million and 897 thousand, respectively. Given the challenging growth scenario, the company's multibrand and multichannel strategy once again proved to be resilient, paving the way for an increase of 5.6% in gross revenue, the highlights being the international market, the web commerce channel and the Anacapri brand, which saw their revenues increase by 67.4%, 56.9% and 29.9%, respectively. On the domestic market, turnover was up by 2.0%, in the wake of the net opening of 29 stores, 8 expansions and 15 refurbishments – adding 2,390m² of sales area, or growth of 7.3% when compared with 2014, excluding outlets. Same store sales sell-out indicator, in turn, declined 2.7% in 2015; however, the company remained focused on the price-fashion-product triad which, when combined with the strategies for increasing conversion, managed to partially offset the lower traffic in the stores.

The company has maintained strong and consistent investment in the options for short, medium and long-term growth such as: the roll-out of the Anacapri brand in the franchise channel with the opening of 20 stores, the extension of omni platform for Arezzo and Anacapri brand boosting online sales, the greater diversification among categories with increased share of the handbags segment, the strengthen of international presence with the pilot operation in The United States and addressing new target-consumers with the launch of the new Fiever brand, for example. At the same time, the company is also striving for gains in productivity, and even in unfavorable times, it continues to hold expenses at historical levels – take 2015 for example, which showed cash SG&A[1] as 26.0% of revenue, in line with previous years (24.7%, 26.1% and 26.2% in 2014, 2013 and 2012, respectively).

The Arezzo brand continues to enhance its supply methodology through a higher frequency of collections, in an important alignment with the franchise channel, whose procurement decision is consequently more fragmented and closer to the time of sell-out, resulting in important gains in inventory management. Furthermore, thanks to the total deployment of the e-showroom tool, speed in replenishing continuables and best sellers and quick interpretation of sell-out, there was a significant improvement in the performance of the collection turnover, positively affecting the result of the franchise chain. In spite of the decline in same store sales, the Arezzo franchise chain posted higher gross profits, with a positive impact on the operator's cash generation in 2015 over the previous year.

A key milestone for Arezzo in 2015 was the launch of its online store after an extensive process of development and alignment with the franchise chain. The platform's tools are leveraging the sales in physical stores in a variety of ways, enabling the application of the omni channel concept of coexistence and potentiation. As an example of some of the levers, in 2015 the online store carried out more than 24,000 notifications using the "Avise-me quando chegar" [Let me know when it arrives], a tool that provides the physical stores with information about consumers' purchase intentions, thereby increasing conversion in that channel. Additionally, the Arezzo brand ended the year with 102 stores with the current architectural model, by refurbishments and expansions, and will continue to refurbish stores so as to improve the purchasing experience of the consumers, while contributing to brand differentiation.

The Schutz brand continues to consolidate its positioning in the product categories and channels where it operates, with an attractive value proposition for its consumer profile. In the handbags and footwear categories, it leveraged

[1] Sales, general and administrative expenses, excluding depreciation, the operation in The United States, expenses with conceiving the new brand, expenses involving the company's new ERP, reclassification of intermediation expenses, reclassification of expenses with manufacturing samples, tax provisions, fixed asset write-offs and stock options.

Message from the Management

its' potential by creating iconic products with attractive designs, supported by a communication plan and well-targeted marketing, with actions like Schutz My Name, My Perfect Pump, Tag Me and Schutz You. This resulted in the handbags category ending 2014 with a share of 20.9% of the brand's sell-out. Moreover, the web commerce channel recorded turnover of R$54.0 million, an increase of 23.2% against 2014, thanks to improved management of the information the channel captures, enabling a better offer mix for customers, a differentiated purchasing experience and targeted marketing.

The year 2015 was an important one for the pilot operation in the United States in terms of its development, thanks to the optimization of the distribution channels, new marketing strategy, creation of products focused on the local public, in addition to better fine-tuning of the supply chain to boost the competitive advantages of the company's business model. Still in the laboratory phase, during the first six months of 2016, another pilot store is to be opened in Los Angeles with the aim of testing what has been learnt in one of the largest footwear markets in the USA.

The Anacapri brand continues its rapid expansion, with 20 new franchises in 2015, accounting for 7.1% of the company's turnover on the domestic market. The launch of the online store in March, combined with the improvement in the communication strategy – based on several partnerships closed during the year to raise brand recall beyond its point of sale – and the synergy from the integrated management of the multibrand channel led to growth of 29.9% in 2015.

The Alexandre Birman brand took advantage of the larger and better supply capability through the new plant to expand its sales in both the domestic and the international markets in 2015, almost doubling the turnover of its stores. Focusing on its international branding through events, relationship building with actresses and celebrities and wide distribution within the major department store chains in the world, the brand continuously expand its awareness bringing greater results.

The successful implementation of the new ERP within the proposed deadline and budget was a major step forward in 2015 for sustaining the long-term growth of Arezzo&Co. As a result, the company is paving the way for new growth projects and efficiency gains, such as, in 2016, the implementation of the new distribution center in Espírito Santo intended to reduce lead time to strategic locations, possible increased procurement in other manufacturing centers and speed of response in replenishing continuables.

One of the central pillars of the company's strategy is its well-trained and motivated personnel, for which reason it continues to maintain a constant focus on programs for attracting, developing and retaining talent. Attracting future leaders, the fifth trainee program was once again hotly contested, with over three thousand applications from different regions of the country. In 2015, the AIR online training tool was extensively used and enhanced, boosting the training of teams in different departments: there are now more than 3,000 users and over 120 courses available, primarily positively influencing the retail teams.

At Arezzo&Co, a target achieved is nothing more than the base for the next one. As a result, we remain motivated and confident with regard to the outlook for 2016.

THE MANAGEMENT

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AREZZO &CO

Summary of Results	4Q14	4Q14[1]	4Q15	QoQ (%) 14 x 15	QoQ (%) 14[1] x 15	2014	2014[1]	2015	YoY (%) 14 x 15	YoY (%) 14[1] x 15
Net Revenues	289,637	289,637	283,797	-2.0%	-2.0%	1,052,909	1,052,909	1,120,557	6.4%	6.4%
Gross Profit[1]	119,430	126,320	126,429	5.9%	0.1%	449,299	456,189	475,899	5.9%	4.3%
Grosss Margin[1]	41.2%	43.6%	44.5%	3.3 p.p.	0.9 p.p.	42.7%	43.3%	42.5%	-0.2 p.p.	-0.8 p.p.
EBITDA[1,2]	40,303	49,027	44,708	10.9%	-8.8%	161,300	170,024	165,496	2.6%	-2.7%
EBITDA Margin [1,2]	13.9%	16.9%	15.8%	1.9 p.p.	-1.1 p.p.	15.3%	16.1%	14.8%	-0.5 p.p.	-1.3 p.p.
Net Income[1]	30,085	36,961	33,500	11.4%	-9.4%	112,752	119,628	119,663	6.1%	0.0%
Net Margin[1]	10.4%	12.8%	11.8%	1.4 p.p.	-1.0 p.p.	10.7%	11.4%	10.7%	0.0 p.p.	-0.7 p.p.

Operating Indicators	4Q14	4Q15	Δ (%)	2014	2015	Δ (%)
# of pairs sold ('000)	3,066	2,885	-5.9%	10,622	10,418	-1.9%
# of handbags sold ('000)	271	237	-12.5%	827	897	8.4%
# of employees	2,091	2,106	0.7%	2,091	2,106	0.7%
# of stores*	516	543	27	516	543	27
Owned Stores	54	49	-5	54	49	-5
Franchises	462	494	32	462	494	32
Outsourcing (as % os total production)	91.5%	92.3%	0.8 p.p	90.0%	91.4%	1.4 p.p
SSS[3] Sell-in (franchises)	3.1%	-15.7%	-18.8 p.p	4.0%	-8.8%	-12.8 p.p
SSS[3] Sell-out (owned stores + franchises)	7.6%	-3.8%	-11.4 p.p	6.6%	-2.7%	-9.3 p.p
SSS[3] Sell-out (owned stores + franchises + web commerce)	9.0%	-3.6%	-12.6 p.p	8.0%	-1.6%	-9.6 p.p

* Include international stores

(1) During the cutover period of the implementation of the new ERP, and aiming the correct database migration, it was possible to identify past commercial operations between the group companies not reconciled in the accounting systems, allowing to correct the working capital accounts historical balances, in particular accounts receivable and payables, and goods in stock and in transit, resulting in a non-cash and non-recurring accounting impact in 4Q14 of R$6.9 million in gross profit, R$8.7 million in EBITDA, and R$6.9 million in net income.

(2) EBITDA = Earnings before interest, income tax and social contribution on net income, depreciation and amortization. EBITDA is not a measure used in accounting practices adopted in Brazil (BR GAAP), does not represent cash flow for the periods presented and should not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and Arezzo&Co's EBITDA definition may not be comparable to adjusted EBITDA of other companies. While EBITDA does not provide, in accordance with the accounting practices adopted in Brazil, a measure of operating cash flows, management uses it to measure operating performance. Additionally, the company believes that certain investors and financial analysts use EBITDA as an indicator of operating performance for a company and/ or its cash flow.

(3)SSS (Same-store sales): Stores are included in comparable stores' sales as of the 13th month of operation. Variations in comparable stores' sales in the two periods are based on sales, net of returns, for owned stores, and on gross sales for franchises in operation during both periods under comparison. If a store is included in the calculation of comparable stores' sales for only a portion of one of the periods under comparison, this store will be included in the calculation of the corresponding portion of the other period. When square meters are added to or deducted from a store included in comparable stores' sales, with an impact of over 15% on the sales area, the store is excluded from comparable stores' sales. When a store operation is discontinued, this store's sales are excluded from the calculation of comparable stores' sales for the periods under comparison. As from this period, if a franchisee opens a warehouse, its sales will be included in comparable stores' sales if its franchises operate during both periods under comparison. The so-called "SSS of Franchises – Sell In" refers to comparison of Arezzo&Co's sales with those of each Franchised Store in operation for more than 12 months, serving as a more accurate indicator for monitoring the Group's revenue. On the other hand, "SSS – Sell Out" is based on the point of sales' performance, which, in the case of Arezzo&Co, is a better indicator of Owned Stores' sales behavior and Franchises' sell out sales. The franchise sell-out figures represent the best estimate calculated on the basis of information provided by third parties. Starting in 1Q14, the Company begins to also report SSS sell-out including web commerce.

Gross Revenue	4Q14	Part%	4Q15	Part%	QoQ (%)	2014	Part%	2015	Part%	YoY (%)
Total Gross Revenue	**375,641**		**367,024**		**-2.3%**	**1,357,995**		**1,434,659**		**5.6%**
Exports market	**25,444**	**6.8%**	**42,055**	**11.5%**	**65.3%**	**76,195**	**5.6%**	**127,563**	**8.9%**	**67.4%**
Domestic market	**350,197**	**93.2%**	**324,969**	**88.5%**	**-7.2%**	**1,281,800**	**94.4%**	**1,307,096**	**91.1%**	**2.0%**
By brand										
Arezzo	*216,607*	*61.9%*	*188,591*	*58.0%*	*-12.9%*	*766,782*	*59.8%*	*737,549*	*56.4%*	*-3.8%*
Schutz	*109,318*	*31.2%*	*108,137*	*33.3%*	*-1.1%*	*434,063*	*33.9%*	*467,119*	*35.7%*	*7.6%*
Anacapri	*20,977*	*6.0%*	*25,457*	*7.8%*	*21.4%*	*71,748*	*5.6%*	*93,177*	*7.1%*	*29.9%*
Other brands[1]	*3,295*	*0.9%*	*2,784*	*0.9%*	*-15.5%*	*9,207*	*0.7%*	*9,251*	*0.7%*	*0.5%*
By channel										
Franchises	*183,404*	*52.4%*	*161,503*	*49.7%*	*-11.9%*	*661,349*	*51.6%*	*638,293*	*48.8%*	*-3.5%*
Multibrand	*63,538*	*18.1%*	*48,010*	*14.8%*	*-24.4%*	*299,612*	*23.4%*	*305,194*	*23.3%*	*1.9%*
Owned Stores	*87,461*	*25.0%*	*91,034*	*28.0%*	*4.1%*	*271,534*	*21.2%*	*291,540*	*22.3%*	*7.4%*
Web commerce	*13,630*	*3.9%*	*23,762*	*7.3%*	*74.3%*	*43,812*	*3.4%*	*68,760*	*5.3%*	*56.9%*
Others[2]	*2,164*	*0.6%*	*660*	*0.2%*	*-69.5%*	*5,493*	*0.4%*	*3,309*	*0.3%*	*-39.8%*

(1) Includes only domestic markets for Alexandre Birman and Fiever brands and other revenues.
(2) Includes domestic market revenues that are not specific for distribution channels.

Brands

Arezzo&Co distributes the products of its five brands: Arezzo, Schutz, Anacapri, Alexandre Birman and, more recently, Fiever, through a chain of owned stores, franchises, multibrand stores and web commerce, with a presence in all Brazilian states. Additionally, on the international front, the company sells its products through the same channels, as well as department stores.

The company continues to develop its strategic objective of consolidating its leadership of the domestic market for women's footwear, handbags and fashion accessories, with sell-out increase of 2.5% in the 4Q15 through its physical and online stores.

The fourth quarter represents the highest sell-out for the brands, whereby in mid-October a mid-season promotion takes place with the aim of offloading the leftovers from the pre-Summer and Summer I collection, clearing the way for the roll-out of the new High Summer collection. The company's strategy of focusing on sell-out, so as to have the right product at the right time and at the right price, brought about a good level of collection turnover, raising the percentage of products sold at full price, thereby improving gross margins in the stores.

The Arezzo brand posted R$188.6 million in gross revenue in 4Q15, accounting for 58.0% of total domestic market sales. Focusing on the closing months of the year, the brand maintained its agenda of activations in the quarter, with the support of a strong communication plan and marketing that had a positive impact on sales, for example, the Viva La Vida action which saw a high level of replenishment of high-turnover models. Furthermore, the campaigns The One and Natal Arezzo [Arezzo Christmas], both headed up by important Brazilian entertainment celebrities, led to a recovery in the SSS sell-out performance against the previous quarter. The strategy of creating a specific collection for Christmas gifts, in addition to another collection focusing on vacations and the New Year, with delivery coordinated throughout the month of December, produced excellent sales figures, and therefore increasingly higher results during the month. In addition, the brand continues to expand its network, adding six stores during the quarter. Lastly, in the wake of the planned and long-awaited rollout of the online stores in the previous quarter, the brand is making important inroads into the channel, accounting for 4% of the brand's domestic market revenue.

The Schutz brand achieved gross revenue of R$108.1 million in the quarter, or 33.3% of domestic market sales. Handbags continue their excellent performance, reaching 22.3% of sell-out in the physical stores in 4Q15. Moreover, by consolidating its online presence on the domestic market, the brand's web commerce store accounted for 13.2% of the brand's domestic turnover. In the USA, during 2015, the brand put in a sterling sales performance in all channels, clearing the way for a new cycle of tests with the opening of a new stores in the first half of 2016, as well as marketing actions intended to create awareness among consumers.

The Anacapri brand showed growth of 21.4% against 4Q14, amounting to R$25.5 million in gross revenue, or 7.8% of sales in Brazil. The brand continues to expand its store base, ending the year with 70 franchises and 4 owned stores, while the online store accounted in 4Q15 for 4.9% of the turnover of Anacapri in Brazil. The brand continues to expand its market penetration, backed up by communication actions and marketing focusing the brand's "Descomplicado" [uncomplicated] concept, through its offer of flat shoes.

The Alexandre Birman brand continues to focus on strengthening its international branding, achieving growth of 76.2% in the quarter against the same period of 2014. The brand has been boosting its positioning through more attention-grabbing collections, product and marketing initiatives well-focused on its target audience, in addition to a greater presence in the key international department stores.

In line with its strategic planning, in 4Q15 the company launched its fifth brand, Fiever, which seeks to address the young, urban consumer, with the pilot store providing collaborative experience and innovative products, such as sneakers with changeable uppers, that is, shoes that can have different uppers on the same sole.

Channels

Mono-brands – Franchises and Owned Stores

In line with the company's strategy of strengthening its mono-brand stores, Arezzo&Co same store sales sell-out (owned stores + franchises + web commerce) showed growth of 2.5% in 4Q15 against 4Q14, due primarily to the increase in area resulting from store openings and expansions, in addition to the launch of the online store of the Arezzo and Anacapri brands in 2015. Regarding SSS of physical stores, sales fell back by 3.8% in 4Q15, yet an important recovery of 340 bps over the figures for 3Q15, because of the reversal actions put into practice during 4Q15, such as: launch of an iconic handbag of the Schutz brand, the Arezzo brand Christmas campaign and incentivized Christmas purchases at Anacapri, among others.

The company's revenue from its mono-brand stores, represented by sell-ins from franchises and sell-outs by owned stores and web commerce, were down by 2.9% in 4Q15 against 4Q14, by virtue of reduction of 11.9% in franchise channel, partially offset by a 74.3% growth in the web commerce channel. Mono-brand stores accounted for 85.0% of domestic market turnover in 4Q15.

The franchise channel performance, with reduction of SSS sell-in sales by 15.7% accounting for 49.7% of domestic sales in 4Q15, reflecting the strategy of enhancing the efficiency of product turnover, in order to improve the average mark-up within the network, and due to a two-weeks earlier Carnaval, thus reducing network's inventory levels for the Summer collection. Additionally, in line with the strategy of better product turnover, the greater number of showrooms, bringing together the moment of purchase by the franchisee and the moment of sale to the customer, while providing the operators with sales information and in-season reactions, it was possible to achieve a high volume of sales at full price, less repricing and lower inventories once the collection ended. Moreover, the channel's performance was partially offset by the net opening of 34 franchises in the last 12 months, of which 8 were Arezzo, 6 were Schutz and 20 were the Anacapri brand. Furthermore, 8 Arezzo branded franchise stores were expanded in the last 12 months, thus adding 254.1 m² to the channel's sales area.

In 2015, the difference between sales performance in same store sales sell-out against sell-in, -2,7% and -8,8%, respectively, is proof of how the company is working to improve the health of the franchise network. This gap represents an estimated average improvement in 2015 of 341 bps on the network's gross margin and estimated growth of 4.5% in gross profit.

If we take into account owned stores and web commerce only, there was growth of 13.6% in revenues in 4Q15, driven by sales in the online channel, with the Schutz brand reaching maturity and the launch of the Arezzo and Anacapri stores, despite the reduction of 12.8% in the sales area.

Having opened 29 stores, net, on the domestic market, the company ended 2015 with 537 mono-brand stores in Brazil and 6 abroad; of those stores in Brazil, 382 were Arezzo brand stores, 78 Schutz's, 74 Anacapri's, 2 Alexandre Birman's and one Fiever's.

History of Stores	4Q14	1Q15	2Q15	3Q15	4Q15
Sales area [1,3] - Total (m²)	**35,641**	**35,735**	**35,235**	**36,053**	**37,342**
Sales area - franchises (m²)	28,466	28,337	28,744	29,649	31,087
Sales area - Owned stores² (m²)	7,175	7,398	6,491	6,404	6,255
Total number of domestic stores	**508**	**508**	**511**	**519**	**537**
# of franchises	**455**	**455**	**460**	**469**	**489**
Arezzo	359	356	356	360	367
Schutz	46	46	48	48	52
Anacapri	50	53	56	61	70
Fiever	0	0	0	0	0
# of owned stores	**53**	**53**	**51**	**50**	**48**
Arezzo	19	19	17	16	15
Schutz	27	28	28	28	26
Alexandre Birman	2	2	2	2	2
Anacapri	5	4	4	4	4
Fiever	0	0	0	0	1
Total number of international stores	**8**	**6**	**6**	**6**	**6**
# of franchises	7	5	5	5	5
# of owned stores	1	1	1	1	1

(1) Includes areas in square meters of international stores
(2) Includes 7 outlet-type stores with a total area of 2.090 m²
(3) Includes areas in square meters of stores expansion

Multibrand

In 4Q15, the multibrand channel showed reduction of 24.4% against 4Q14, affected by a stronger comparative base because of the company's strategy of unifying the management of all brands in the channel, which began in the second half of 2014, and due to the lower store operator's confidence, reflecting the poor sell-out performance of the channel in 3Q15. Furthermore, the combination of two actions had an important impact on the channel's performance in 4Q15: review of the policy on sales to customers with a higher risk profile, both in terms of the receivables period and the cancellation of deliveries, and reduction on sales to discount multibrand stores, more sharply accessed in 4Q14. On the other hand, the capture of new customers, growth in the share of wallet among existing customers and higher cross-selling among brands and categories were fundamental for maintaining the channel's sales at the levels shown in 2014 and, given the channel's strategic importance, they will serve as the basis for the performance in 2016.

In 4Q15, the group's four brands began to be distributed through 2,190 stores, a reduction of 0.4% against 4Q14, and can be found in 1,221 cities.

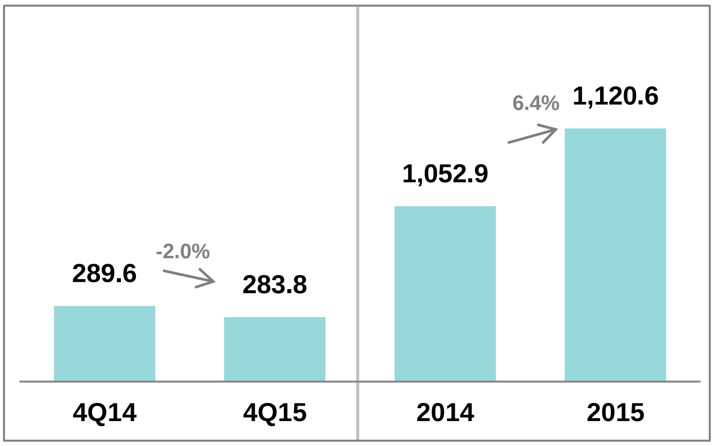
Key financial indicators	4Q14	4Q14[1]	4Q15	QoQ (%) 2014 x 2015	QoQ (%) 2014[1] x 2015	2014	2014[1]	2015	YoY (%) 2014 x 2015	YoY (%) 2014[1]x2015
Net revenues	289,637	289,637	283,797	-2.0%	-2.0%	1,052,909	1,052,909	1,120,557	6.4%	6.4%
COGS	(170,207)	(163,317)	(157,368)	-7.5%	-3.6%	(603,610)	(596,720)	(644,658)	6.8%	8.0%
Gross profit	119,430	126,320	126,429	5.9%	0.1%	449,299	456,189	475,899	5.9%	4.3%
Gross margin	41.2%	43.6%	44.5%	3.3 p.p.	0.9 p.p.	42.7%	43.3%	42.5%	-0.2 p.p.	-0.8 p.p.
SG&A	(82,757)	(80,923)	(87,903)	6.2%	8.6%	(301,229)	(299,395)	(334,611)	11.1%	11.8%
% of net revenues	-28.6%	-27.9%	-31.0%	-2.4 p.p.	-3.1 p.p.	28.6%	28.4%	29.9%	1.3 p.p.	1.5 p.p.
Selling expenses	(61,039)	(61,039)	(61,990)	1.6%	1.6%	(214,282)	(214,282)	(232,582)	8.5%	8.5%
Owned stores and web commerce	(28,298)	(28,298)	(31,374)	10.9%	10.9%	(95,233)	(95,233)	(106,595)	11.9%	11.9%
Selling, logistics and supply	(32,741)	(32,741)	(30,616)	-6.5%	-6.5%	(119,049)	(119,049)	(125,987)	5.8%	5.8%
General and administrative expenses	(16,996)	(16,933)	(17,980)	5.8%	6.2%	(70,009)	(69,946)	(75,345)	7.6%	7.7%
Other operating revenues (expenses)	(1,091)	680	(1,751)	60.5%	na	(3,708)	(1,937)	(2,476)	-33.2%	27.8%
Depreciation and amortization	(3,631)	(3,631)	(6,182)	70.3%	70.3%	(13,230)	(13,230)	(24,208)	83.0%	83.0%
EBITDA	40,303	49,027	44,708	10.9%	-8.8%	161,300	170,024	165,496	2.6%	-2.7%
EBITDA margin	13.9%	16.9%	15.8%	1.9 p.p.	-1.1 p.p.	15.3%	16.1%	14.8%	-0.5 p.p.	-1.3 p.p.
Net income	30,085	36,961	33,500	11.4%	-9.4%	112,752	119,628	119,663	6.1%	0.0%
Net margin	10.4%	12.8%	11.8%	1.4 p.p.	-1.0 p.p.	10.7%	11.4%	10.7%	0.0 p.p.	-0.7 p.p.
Working capital[2] - as % of revenues	28.9%		29.2%	0.3 p.p.		28.9%		29.2%	0.3 p.p.	
Invested capital[3] - as % of revenues	43.4%		44.4%	1.0 p.p.		43.4%		44.4%	1.0 p.p.	
Total debt	99,410		123,153	23.9%		99,410		123,153	23.9%	
Net debt[4]	(100,975)		(102,609)	1.6%		(100,975)		(102,609)	1.6%	
Net debt/EBITDA LTM	-0.6x		-0.6x	n/a		-0.6x		-0.6x	n/a	

(1) Includes a non-cash and non-recurring accounting effect relating to the migration of account balances for intra-group transactions, due to the implementation of the new ERP, impacting the cost of goods sold and gross profit in 4Q14 in an amount of R$6.9, R$1.8 million in other operating expenses, R$8.7 million in EBITDA and R$6.9 million in net income.
(2) Working Capital: current assets minus cash, cash equivalents and marketable securities less current liabilities minus loans and financing and dividends payable.
(3) Invested capital: working capital plus fixed assets and other long-term assets less income tax and deferred social contribution.
(4) Net debt is equal to total interest-bearing debt position at the end of a period less cash and cash equivalents and short-term financial investments.

Net Revenue

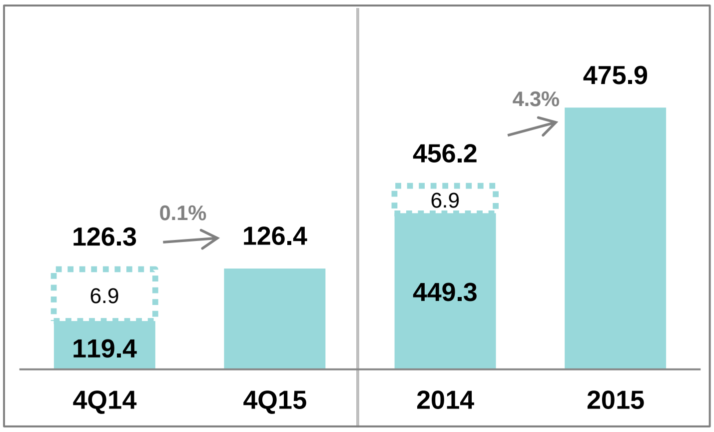
The Company's net revenue totaled R$283.8 million in this quarter, down by 2.0% against 4Q14. Among the primary factors worthy of mention are:

i) An increase of 65.3% in exports, resulting from important gains in price and volume;
ii) Expansion of the online channel for the Arezzo and Anacapri brands which, when combined with the Schutz operation, generated growth of 74.3% in 4Q15.
iii) In line with the strategy for improving the network's average mark-up, and due to the 3.8% reduction in SSS sell-out of physical stores, sell-in in the franchise channel fell by 11.9%;
iv) Under the effect of the reduction in sales per customer, the smaller portion of sales to discount stores and the review of the sales policy to reduce receivables risk, the multibrand channel saw results decline by 24.4% against 4Q14.



Gross profit

In 4Q15, gross profit totaled at R$126.4 million, with a gross margin of 44.5%. Excluding the non-recurring and non-cash effect for 4Q14, gross profit for 4Q15 was in line with that of 4Q14, with an increase of 90 bps in gross margin. Furthermore, since 1Q15, intermediation expenditures have been included in the COGS, instead of selling expenses. Excluding both effect, gross profit would have been R$129.0 million, with a gross margin of 45.4%, an expansion of 180 bps.
The wider margin is explained by the increased share in overall revenues of the web commerce and export channels, the latter showing a significant improvement in gross margin in relation to 4Q14.



It is worth recalling that the company pursues a strategy of gross margin stability per channel, implying a certain variation in the owned stores, web commerce and export channels.

Operating expenses

The company is working hard to adjust the levels of expenses to the growth in turnover. This quarter saw a continuing slowdown in recurring expenses, with growth of 2.6%, excluding depreciation and amortization and other operating revenues (expenses), against an increase of 10.5% in the first 9 months of 2015.

Selling expenses

In 4Q15, selling expenses increased by 1.6% against 4Q14, reaching R$62.0 million in that quarter. Expenses with owned stores and web commerce totaled R$31.4 million in 4Q15, up by 10.9% against 4Q14, but below than the growth of 13.6% in these channels' sell-out in the quarter.

Selling, logistics and supplies expenses amounted to R$30.6 million, down by 6.5% against 4Q14. Excluding the accounting change in intermediation expenses, the variation between the periods is 1.4%, reflecting the R$400,000 in expenses with the new brand.

General and Administrative Expenses

In 4Q15, general and administrative expenses totaled R$18.0 million, against R$17.0 million in 4Q14, an increase of 5.8% on account of the increase in expenses with the pilot operation in the USA and the impact of the company's new ERP-related expenses of R$0.9 million.

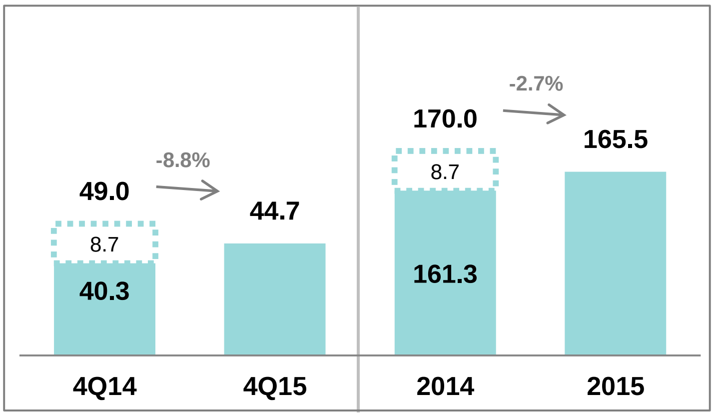
Other (expenses) and revenues

In 4Q15, the company had total expenses of R$1.8 million under the item other operational revenues (expenses), against revenues of R$0.7 million in 4Q14, excluding the non-recurring impact for 4Q14. This variation is explained primarily by a non-recurring expense of R$1.2 million from the transfer of 3 owned stores and the R$0.7 million reduction in revenues from franchise fees, reflecting the fewer openings.

EBITDA and EBITDA margin

The company's EBITDA totaled at R$44.7 million in 4Q15, with an EBITDA margin of 15.8%. Excluding non-recurring and non-cash expenses in 4Q14, the variation in EBITDA was -8.8%, a reduction of 110 bps in the margin. Among the main reasons, the highlights are:

i) Net revenue down by - 2.0%;
ii) Stable gross profit; and
iii) Operating expenses of 28.8% of revenue, excluding depreciation and amortization, up by 210 bps against 4Q14.



Excluding the company's new ERP-related expenses in the amount of R$0.9 million and non-recurring expenses from the transfer of owned stores, of R$1.2 million, EBITDA in the quarter would have been R$46.8 million, with a margin of 16.5%, similar to the level recorded in 4Q14.

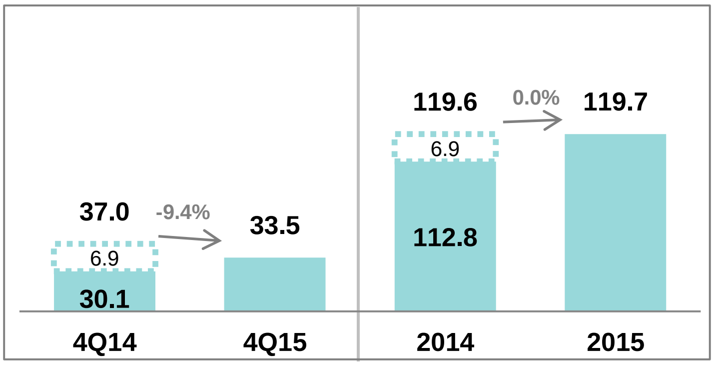
Taking into account the past 12 months, it should be mentioned that, excluding the USA operation, the company's EBITDA margin would have been 16.3% in 2015, an impact of 150 bps, in line with that presented in previous years.

EBITDA Reconciliation	4Q14	4Q15	2014	2015
Net income	30,085	33,500	112,752	119,663
(-) Income tax and social contribution	(9,557)	(8,251)	(48,735)	(44,894)
(-) Financial results	2,970	3,225	13,417	23,269
(-) Depreciation and amortization	(3,631)	(6,182)	(13,230)	(24,208)
(=) EBITDA	40,303	44,708	161,300	165,496
Non-cash, non-recurring impact ref. new ERP	8,724	-	8,724	-
(=) EBITDA excluding impact new ERP	**49,027**	**44,708**	**170,024**	**165,496**

Net income and net margin

The company's EBITDA margin of 15.8% converted into a net margin of 11.8% in 4Q15, reflecting the higher capital employment in fixed assets in recent years, primarily in IT. Moreover, due to higher permanent assets in 4Q15, depreciation rose by 70.3% in the period.

Net income in 4Q15 totaled R$33.5 million. Excluding the non-recurring and non-cash effect for 4Q14, net income would have declined by 9.4% in relation to 4Q14.



Operating cash flow

Arezzo&Co showed strong cash generation of R$49.3 million in 4Q15, reflecting the higher operating result and a lower volume of accounts receivable, impacted by the reduction in sell-in during the period. In the second half of 2014, the change in the policy for paying suppliers led to a major impact on cash flow for the previous year, with the same policy being maintained in 2015.

Operating Cash Flow	4Q14	4Q15	QoQ (R$)	QoQ (%)	2014	2015	YoY (R$)	YoY (%)
Income before income tax and social contribution	**39,642**	**41,751**	**2,109**	**5.3%**	**161,487**	**164,557**	**3,070**	**1.9%**
Depreciation and amortization	**3,631**	**6,182**	**2,551**	**70.3%**	**13,230**	**24,208**	**10,978**	**83.0%**
Other	**(631)**	**(9,741)**	**(9,110)**	**1443.7%**	**(812)**	**(9,758)**	**(8,946)**	**1101.7%**
Decrease (increase) in current assets / liabilities	**11,850**	**26,640**	**14,790**	**124.8%**	**(9,760)**	**(48,317)**	**(38,557)**	**395.1%**
Trade accounts receivables	3,107	44,922	41,815	1345.8%	(30,538)	(18,708)	11,830	-38.7%
Inventories	17,506	13,688	(3,818)	-21.8%	(13,763)	(11,754)	2,009	-14.6%
Suppliers	(15,657)	(36,862)	(21,205)	135.4%	35,456	(5,434)	(40,890)	n/a
Change in other noncurrent and current assets and liabilities	6,894	4,892	(2,002)	-29.0%	(915)	(12,421)	(11,506)	1257.5%
Payment of income tax and social contribution	**(21,100)**	**(15,582)**	**5,518**	**-26.2%**	**(54,180)**	**(39,443)**	**14,737**	**-27.2%**
Net cash flow generated by operational activities	**33,392**	**49,250**	**15,858**	**47.5%**	**109,965**	**91,247**	**(18,718)**	**-17.0%**

Investments – CAPEX

The company's investments can be broken down into 3 types:

i) Investment in expansion or refurbishment of owned points of sale;
ii) Corporate investments, including IT, facilities, showrooms and offices; and
iii) Other investments primarily related to the modernization of its industrial operations.

Total CAPEX in 4Q15 was R$5.0 million, due primarily to corporate investments in IT involving the company's omni channel strategy. The lower CAPEX in 4Q15, in comparison with the same period of the previous year, reflects the conclusion of the implementation of the new ERP, as well as the company's guidelines for reducing investments in 2015.

Summary of investments	4Q14	4Q15	QoQ (%)	2014	2015	YoY (%)
Total CAPEX	**14,034**	**5,012**	**-64.3%**	**50,531**	**25,775**	**-49.0%**
Stores - expansion and refurbishing	2,713	262	-90.3%	9,776	3,459	-64.6%
Corporate	10,596	4,429	-58.2%	35,587	19,249	-45.9%
Other	725	321	-55.8%	5,168	3,067	-40.7%

Cash position and indebtedness

The company ended 4Q15 with R$102.6 million in net cash. Indebtedness policy remained conservative, with the following primary characteristics:

- Total indebtedness of R$123.2 million in 4Q15, against R$99.4 million in 4Q14;
- Long-term indebtedness of 30.7% of total debt in 4Q15, against 34.5% in 4Q14;
- Weighted average cost of the company's total debt in 4Q15 remained at low levels.

Cash position and Indebtedness	4Q14	3Q15	4Q15
Cash	**200,385**	**193,486**	**225,762**
Total debt	**99,410**	**126,928**	**123,153**
Short term	65,081	98,422	85,336
% total debt	65.5%	77.5%	69.3%
Long-term	34,329	28,506	37,817
% total debt	34.5%	22.5%	30.7%
Net debt	**(100,975)**	**(66,558)**	**(102,609)**

ROIC (Return on Invested Capital)

In line with the company's strategic roadmap for sustainability and operational improvement over the long term, the levels of investment in capital allocations exceed those of previous years. The Return on Invested Capital (ROIC) was 19.4% in 4Q15, resulting primarily from the concentration of investments in infrastructure, whose positive effects will only materialize in the medium and long term, such as the investments in implementing the company's new ERP.

Income from operations	4Q13	4Q14	4Q15	YoY (%) 2014 x 2015
EBIT (LTM)[1]	148,490	156,793	141,288	-9.9%
+ IR and CS (LTM)[2]	(45,562)	(51,520)	(44,894)	-12.9%
NOPAT	**102,928**	**105,273**	**96,394**	**-8.4%**
Working Capital[3]	290,975	304,546	327,005	7.4%
Permanent assets	135,657	165,843	164,322	-0.9%
Other long-term assets	9,602	7,889	25,138	218.6%
Invested capital[4]	**436,234**	**478,278**	**516,465**	**8.0%**
Average invested capital[5]		**457,256**	**497,372**	**8.8%**
ROIC[6]		**23.0%**	**19.4%**	

(1) Does not include a non-cash, non-recurring impact of R$8.7 million due to the implementation of the new ERP in 4Q14.
(2) An impact of R$2.8 million has been made to reflect the above-mentioned effect on EBIT for the last 12 months.
(3) Working Capital: current assets minus cash, cash equivalents and financial investments less current liabilities minus loans and financing and dividends payable.
(4) Less deferred income tax and social contribution.
(5) Average invested capital in the period and same period previous year.
(6) ROIC: NOPAT for the last 12 months divided by average invested capital.

Main awards received in 2015

Organizer	Prize	Category
ABF	Entrepreneur of the Year Award	Entrepreneurship
ALSHOP	Hors Concours Award	Women's footwear
Época magazine / Reclame Aqui	E-commerce Award	Footwear, Handbags and Accessorie

Balance sheet

Assets	4Q14	3Q15	4Q15
Current assets	**618,653**	**683,153**	**658,203**
Cash and cash equivalents	10,831	4,788	8,822
Financial Investments	189,554	188,698	216,940
Trade accounts receivables	277,913	325,702	280,528
Inventory	98,131	121,038	106,951
Taxes recoverable	27,742	16,608	21,222
Other credits	14,482	26,319	23,740
Non-current assets	**177,856**	**199,972**	**195,745**
Long-term receivables	12,013	31,696	31,423
Financial Investments	29	90	919
Trade accounts receivables	0	13,807	14,217
Deferred income and social contribution	4,124	8,420	6,285
Other credits	7,860	9,379	10,002
Property, plant and equipment	75,767	77,227	73,593
Intangible assets	90,076	91,049	90,729
Total Assets	**796,509**	**883,125**	**853,948**

Liabilities	4Q14	3Q15	4Q15
Current liabilities	**178,803**	**246,250**	**190,772**
Loans and financing	65,081	98,422	85,336
Suppliers	70,315	101,743	64,881
Other liabilities	43,407	46,085	40,555
Non-current liabilities	**41,413**	**36,059**	**45,271**
Loans and financing	34,329	28,506	37,817
Related parties	950	1,420	1,393
Other liabilities	6,134	6,133	6,061
Equity	**576,293**	**600,816**	**617,905**
Capital	220,086	261,247	261,247
Capital reserve	70,739	34,159	35,377
Income reserves	250,120	250,120	308,079
Additional proposed dividend	35,348	0	18,704
Adjustments to equity valuation	0	-5,831	-5,502
Profit	0	61,121	0
Total liabilities and shareholders' equity	**796,509**	**883,125**	**853,948**

Income statement (IFRS)

Income statement - IFRS	4Q14	4Q15	QoQ (%)	2014	2015	YoY (%)
Net operating revenue	**289,637**	**283,797**	**-2.0%**	**1,052,909**	**1,120,557**	**6.4%**
Cost of goods sold	(170,207)	(157,368)	-7.5%	(603,610)	(644,658)	6.8%
Gross profit	**119,430**	**126,429**	**5.9%**	**449,299**	**475,899**	**5.9%**
Operating income (expenses):	**(82,758)**	**(87,903)**	**6.2%**	**(301,229)**	**(334,611)**	**11.1%**
Selling	(62,984)	(66,310)	5.3%	(221,352)	(249,242)	12.6%
Administrative and general expenses	(18,683)	(19,841)	6.2%	(76,169)	(82,893)	8.8%
Other operating income net	(1,091)	(1,752)	60.6%	(3,708)	(2,476)	-33.2%
Income before financial result	**36,672**	**38,526**	**5.1%**	**148,070**	**141,288**	**-4.6%**
Financial income	2,970	3,225	8.6%	13,417	23,269	73.4%
Income before income taxes	**39,642**	**41,751**	**5.3%**	**161,487**	**164,557**	**1.9%**
Income tax and social contribution	(9,557)	(8,251)	-13.7%	(48,735)	(44,894)	-7.9%
Current	(5,851)	(6,116)	4.5%	(47,345)	(47,055)	-0.6%
Deferred	(3,706)	(2,135)	-42.4%	(1,390)	2,161	n/a
Net income for period	**30,085**	**33,500**	**11.4%**	**112,752**	**119,663**	**6.1%**

Cash Flow - IFRS

Statement of cash flow	4Q14	4Q15	2014	2015
Operating activities				
Income before income tax and social contribution	39,642	41,751	161,487	164,557
Adjustments to reconcile net income with cash from operational activities	**3,000**	**(3,559)**	**12,418**	**14,450**
Depreciation and amortization	3,631	6,182	13,230	24,208
Income from financial investments	(6,503)	(9,778)	(15,339)	(23,970)
Interest and exchange rate	4,097	(2,980)	6,466	2,779
Other	1,775	3,017	8,061	11,433
Decrease (increase) in assets				
Trade accounts receivables	3,107	44,922	(30,538)	(18,708)
Inventory	17,506	13,688	(13,763)	(11,754)
Recoverable taxes	(7,396)	(1,715)	(8,554)	(376)
Variation other current assets	3,357	2,217	3,162	(10,597)
Judicial deposits	482	(712)	(317)	(1,682)
Decrease (increase) in liabilities				
Suppliers	(15,657)	(36,862)	35,456	(5,434)
Labor liabilities	(2,864)	(8,956)	3,537	(4,229)
Fiscal and social liabilities	9,355	13,434	42	8,830
Variation in other liabilities	3,960	624	1,215	(4,367)
Payment of income tax and social contribution	(21,100)	(15,582)	(54,180)	(39,443)
Net cash flow from operating activities	**33,392**	**49,250**	**109,965**	**91,247**
Investing activities				
Disposal of fixed and intangible assets	155	1,106	4,826	3,826
Acquisitions of fixed and intangible assets	(14,034)	(5,012)	(50,531)	(25,775)
Financial Investments	(140,268)	(202,214)	(436,176)	(728,605)
Redemption of financial investments	126,495	178,769	433,860	720,147
Net cash used in investing activities	**(27,652)**	**(27,351)**	**(48,021)**	**(30,407)**
Financing activities with third parties				
Funding	18,950	(242,923)	49,750	72,055
Payments of loans	(9,496)	243,340	(52,966)	(54,769)
Payments of Interest on loans	(614)	(340)	(2,258)	(2,507)
Net cash used in financing activities - third parties	**8,840**	**77**	**(5,474)**	**14,779**
Financing activities with shareholders				
Interest on equity capital	(10,398)	(17,958)	(28,436)	(33,511)
Distribution of profits	(1)	-	(31,966)	(44,837)
Receivables (payables) with shareholders	71	(27)	77	443
Share Issuance	-	-	900	1,050
Net cash used in financing activities	**(10,328)**	**(17,985)**	**(59,425)**	**(76,855)**
Increase (decrease) in cash and cash equivalents	**4,252**	**3,991**	**(2,955)**	**(1,236)**
Cash and cash equivalents				
Foreign exchange effect on cash and cash equivalents	-	43	-	(773)
Cash and cash equivalents - Initial balance	6,579	4,788	13,786	10,831
Cash and cash equivalents - Closing balance	10,831	8,822	10,831	8,822
Increase (decrease) in cash and cash equivalents	**4,252**	**3,991**	**(2,955)**	**(1,236)**

Important Notice

Information contained herein may include forward-looking statements and reflects management's current view and estimates concerning the evolution of the macro-economic environment, industry conditions, company performance, and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this document that do not describe historical facts, such as statements regarding declaration or payment of dividends, the future course of operations, the implementation of material operational and financial strategies, the investment program, and the factors or trends affecting financial condition, liquidity or results from operations, are deemed forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. There is no guarantee that these results will actually materialize. Statements are based on many assumptions and factors, including economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations. Arezzo&Co's consolidated financial information presented herein complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), based on audited financial data. Non-financial and other operating information has not been audited by independent auditors.