



RESULTS

4Q17 AND 2017

AREZZO
&CO

AREZZO

SCHUTZ

ANACAPRI

ALEXANDRE
BIRMAN

FIEVER

OWME

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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.

4Q17 and 2017 Highlights

Net Revenue

Net revenue in 4Q17 reached **R\$363.6 million**, a **7.3%** increase against 4Q16.

Gross Profit

In 4Q17, the Company's **Gross Profit** totaled **R\$169.6 million** (gross margin of **46.6%**) a **10,7%** increase against 4Q16.

EBITDA

EBITDA for 4Q17 totaled **R\$ 54.5 million**, with a margin of **15.0%** and a **1.1%** increase against 4Q16.

Net Income

In 4Q17, net income was **R\$55.3 million**, with a **15.2% margin** and a **54.5%** increase against 4Q16.

ROIC

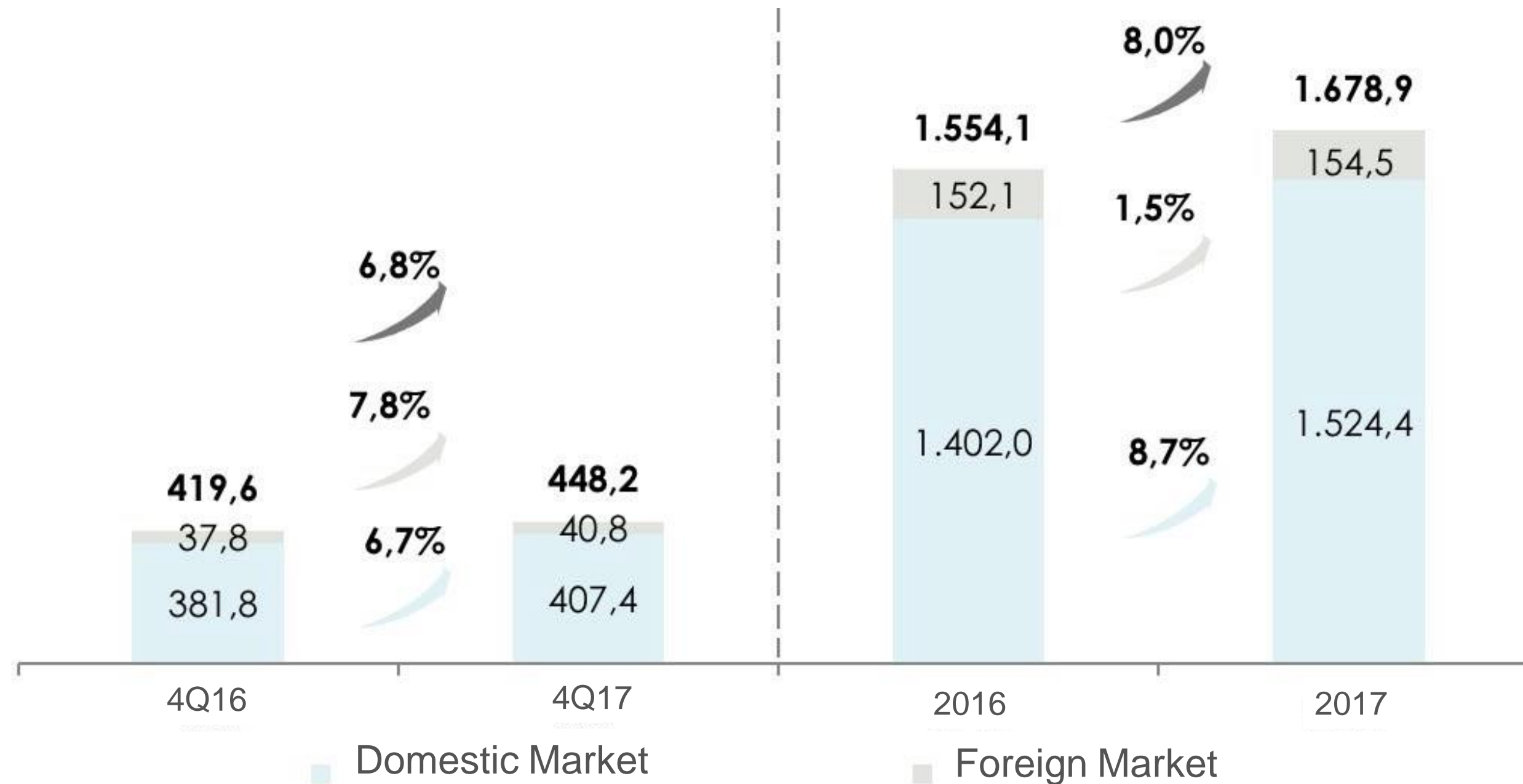
Arezzo&Co recorded a **630bps** increase in **ROIC**, reaching the level of **27.4%**.

Sales Area

Arezzo&Co opened **53 stores** and finished 4Q17 with a **growth of 5.8%** in store area in the last twelve months

Company Growth

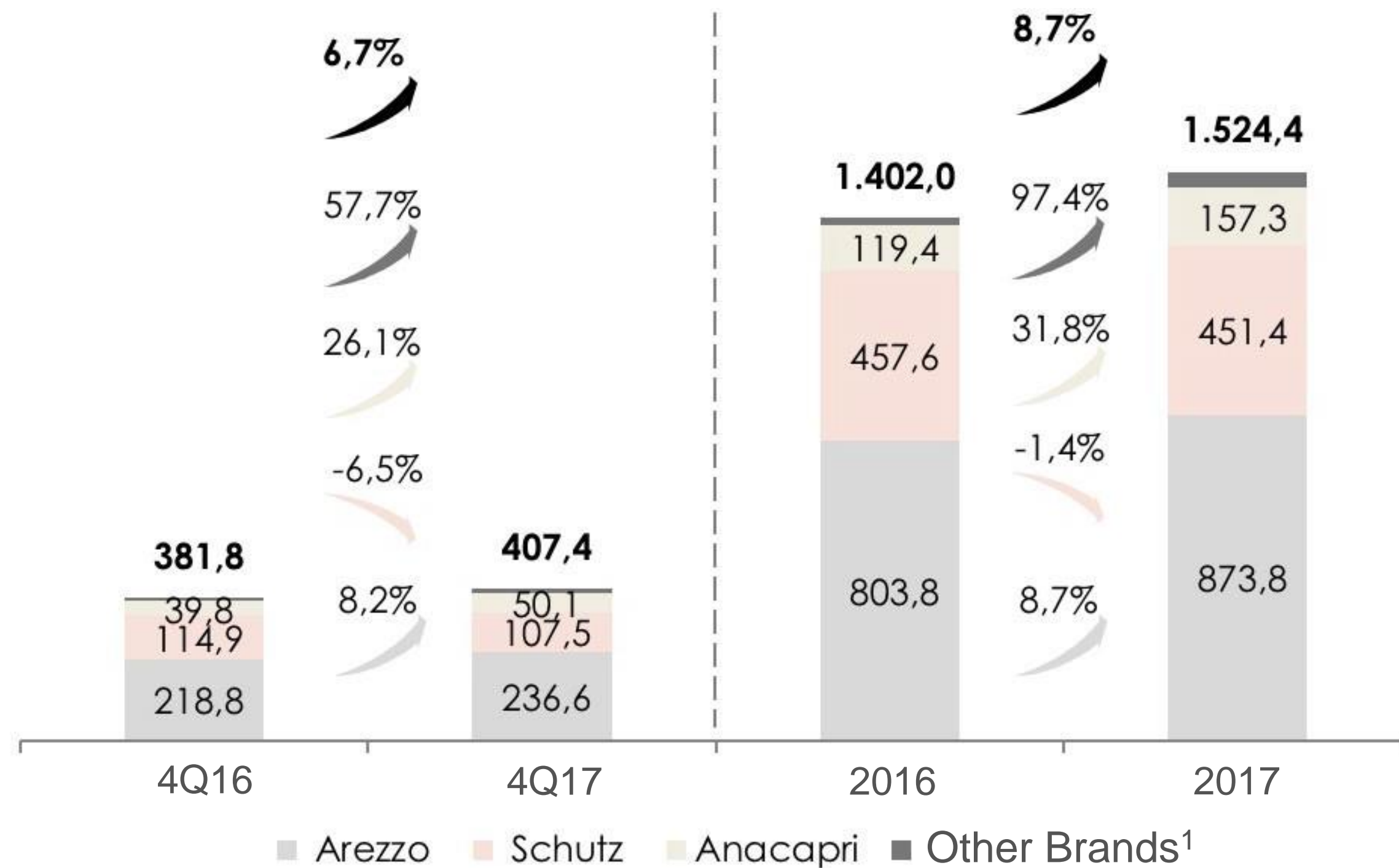
GROSS REVENUE / DOMESTIC AND FOREIGN MARKET (R\$ MILLION)



THE COMPANY ACHIEVED A GROSS REVENUE OF R\$448.2 MILLION IN THE 4Q17, A 6.8% GROWTH COMPARED TO THE 4Q16, WITH SIMILAR PERFORMANCE IN DOMESTIC AND EXTERNAL MARKETS.

Gross Revenue by Brand | Domestic Market

GROSS REVENUE BREAKDOWN BY BRAND / DOMESTIC MARKET (R\$ MILLION)

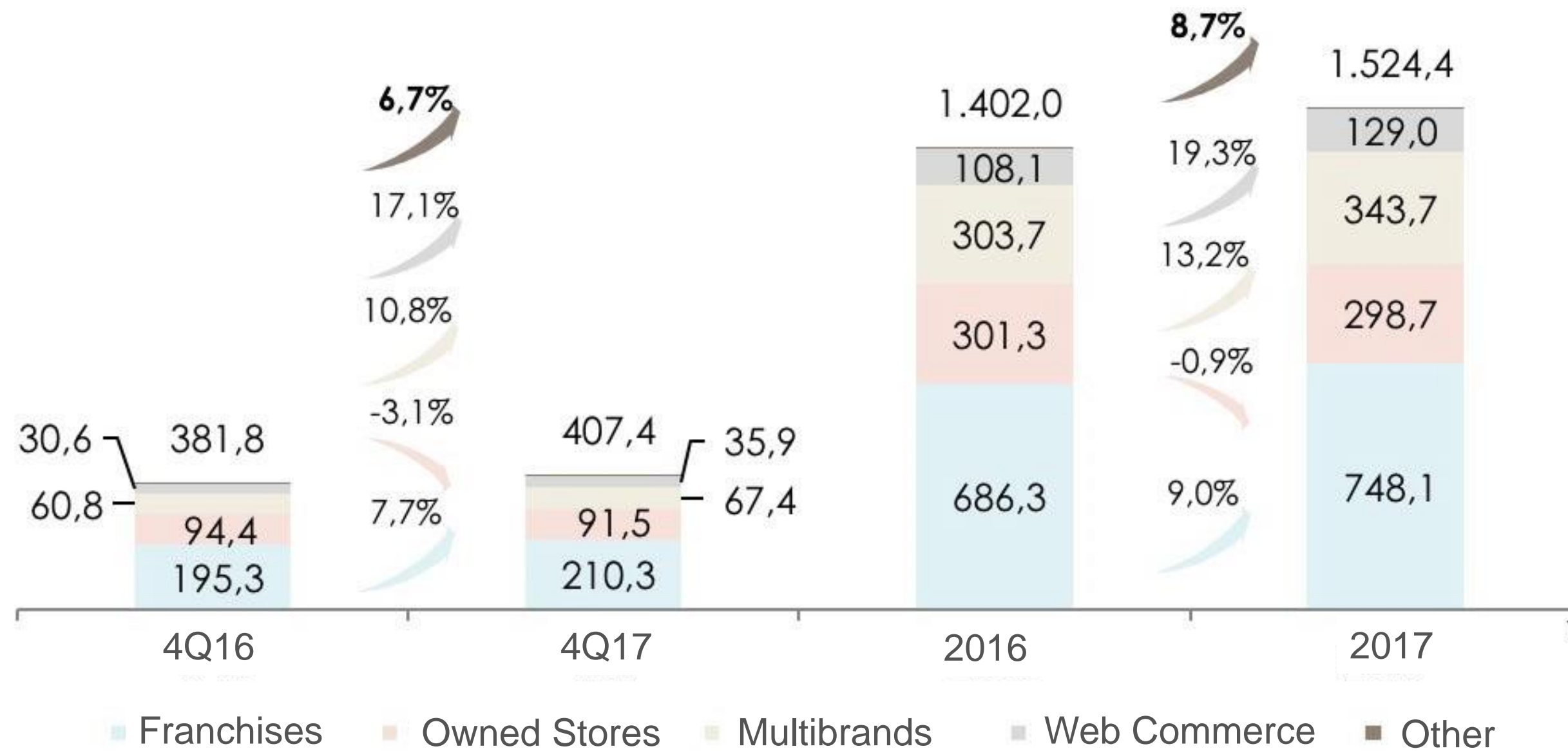


IN 4Q17 AND 2017, THE HIGHLIGHT GOES TO THE ANACAPRI BRAND WITH GROWTH OF 26.1% AND 31.8% RESPECTIVELY. WE ALSO HIGHLIGHT THE BRANDS ALEXANDRE BIRMAN AND FIEVER, WHICH ALSO OBTAINED QUITE EXPRESSIVE RESULTS.

1. OTHERS: INCREASE OF 57.7% IN 4Q17 AND 97.4% IN 2017 (INCLUDES ONLY DOMESTIC MARKETS FOR ALEXANDRE BIRMAN AND FIEVER BRANDS AND OTHER REVENUES).

Gross Revenue by Channel | Domestic Market

GROSS REVENUE BREAKDOWN BY CHANNEL / DOMESTIC MARKET (R\$ MILLION)



IN 4Q17, THE HIGHLIGHT GOES TO THE INCREASE OF 17.1% (19.3% IN 2017) IN THE WEB COMMERCE CHANNEL AND A GROWTH IN FRANCHISE CHANNEL OF 10.8% (13.2% IN 2017).

1. OTHERS : INCREASE OF 257% IN 4Q17 AND INCREASE 88.7% IN 2017 (INCLUDES DOMESTIC MARKET REVENUES THAT ARE NOT SPECIFIC FOR DISTRIBUTION CHANNELS).

SSS SELL-IN
(FRANCHISES)

17,9%

1,2%

4,3%

5,0%

SSS SELL-OUT

(OWNED STORES + WEB + FRANCHISES)

8,6%

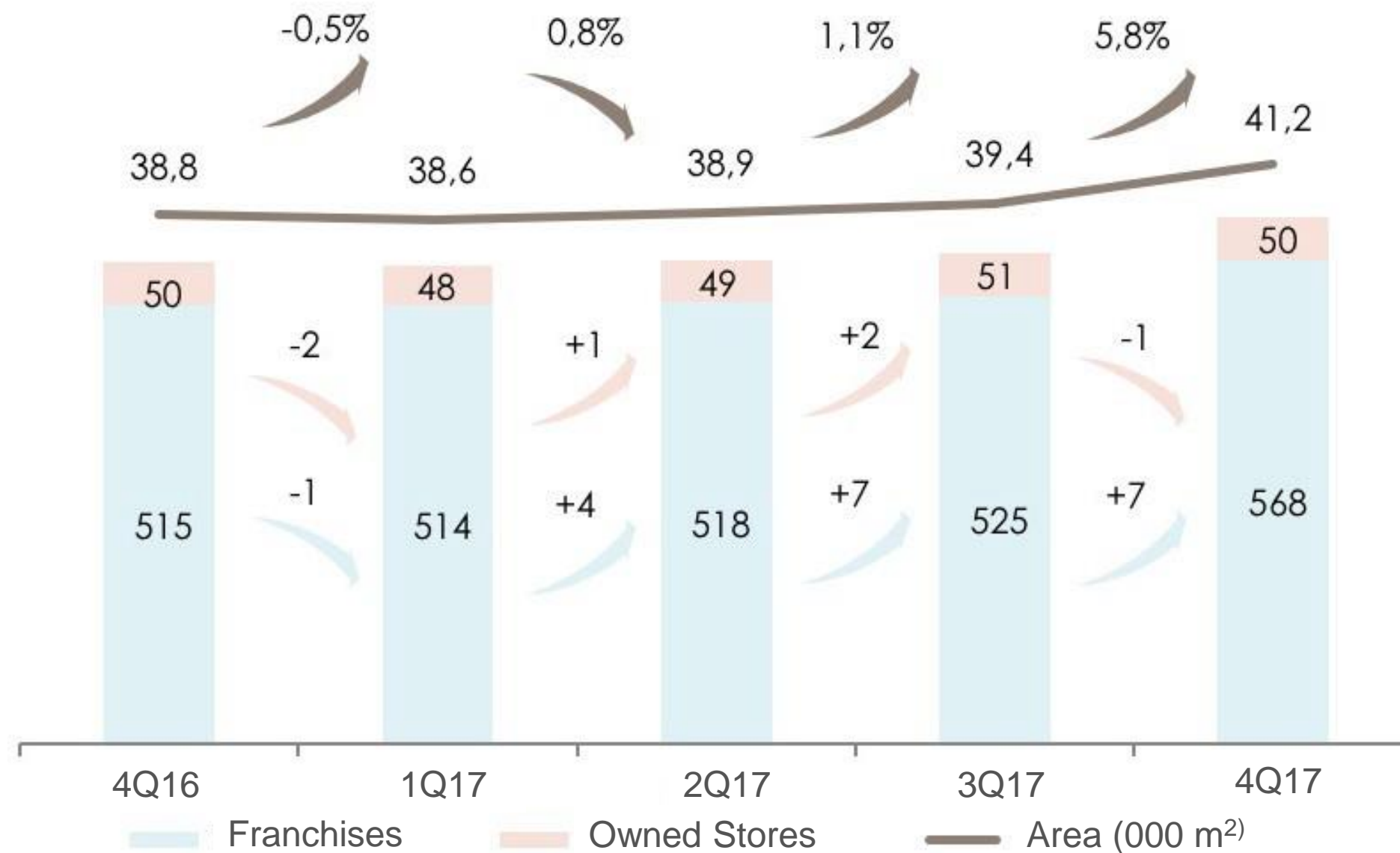
2,8%

4,1%

3,9%

Distribution Channel Expansion

OWNED STORES AND FRANCHISES EXPANSION¹



AREZZO&CO'S OPENED 53 STORES AND ENDED THE QUARTER WITH 5.8% GROWTH OF SALES AREA OVER THE LAST 12 MONTHS.

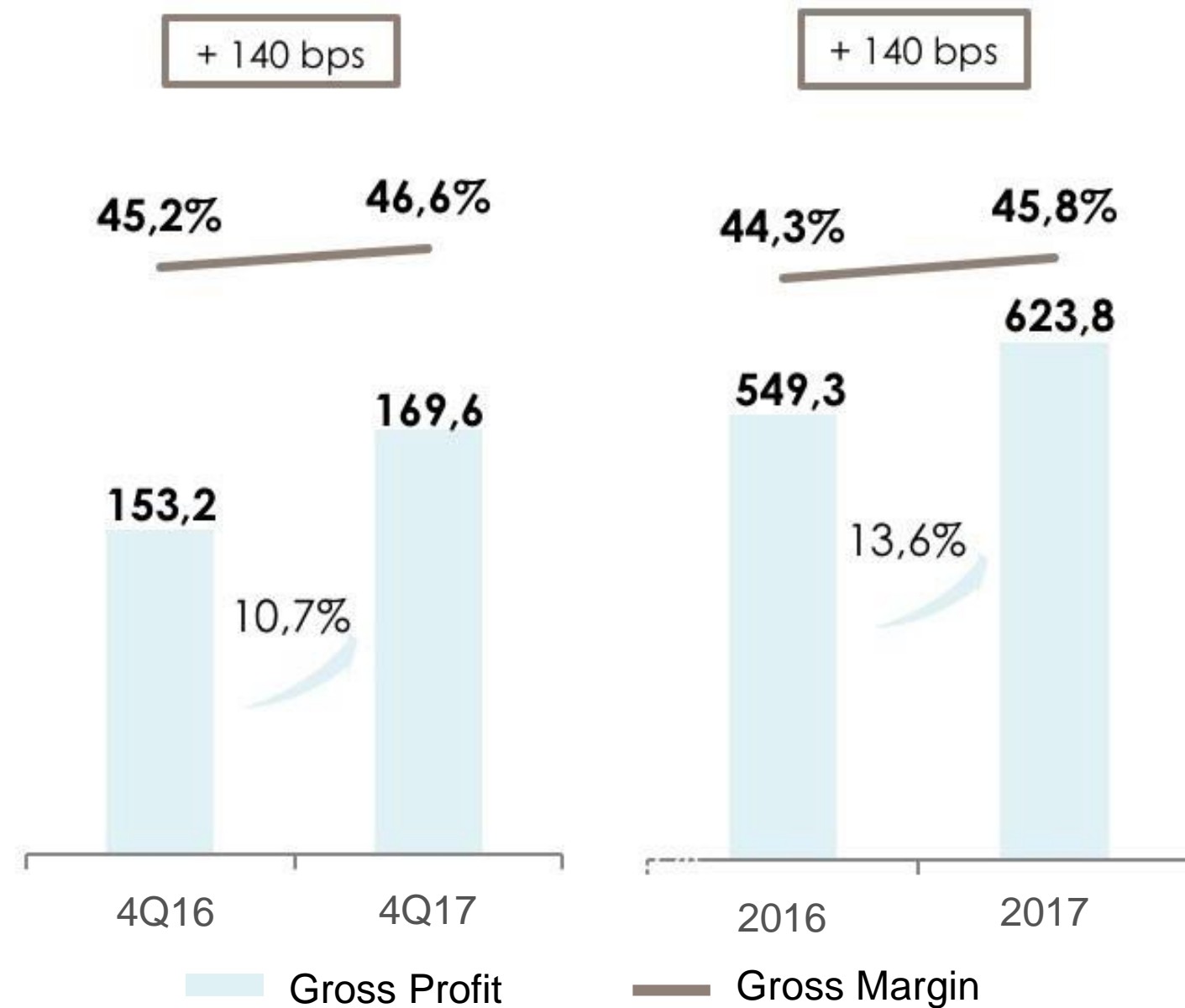
1. INCLUDES EIGHT OUTLET TYPE STORES WITH A TOTAL AREA OF 1,959 M² AND STORES OVERSEAS.

NUMBER OF STORES – DOMESTIC MARKET 4Q17

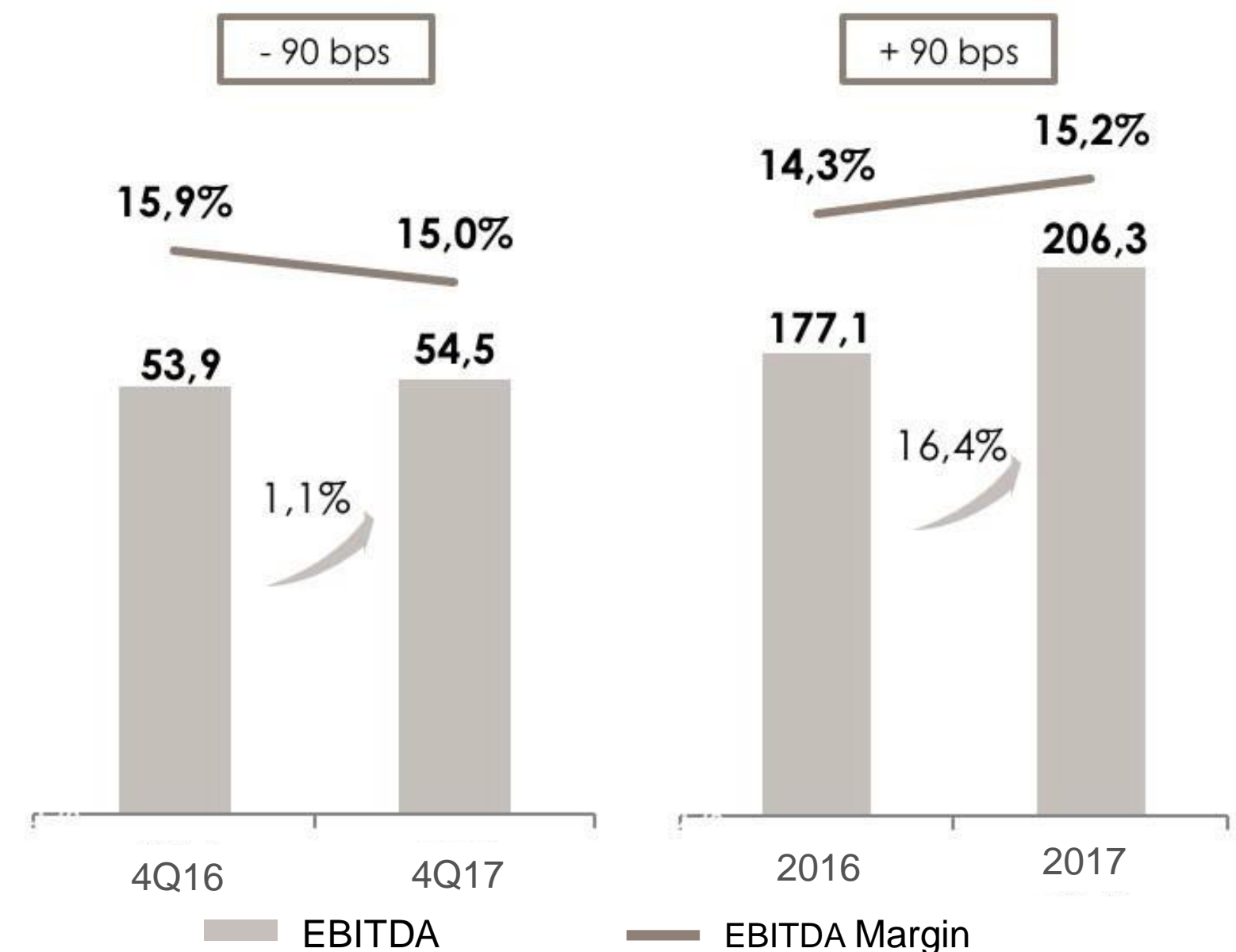
AREZZO	FRANCHISES	382
	OWNED STORES	15
	MULTIBRANDS	1.150
SCHUTZ	FRANCHISES	67
	OWNED STORES	22
	MULTIBRANDS	1.139
ANACAPRI	FRANCHISES	114
	OWNED STORES	3
	MULTIBRANDS	1.227
ALEXANDRE BIRMAN	OWNED STORES	4
	MULTIBRANDS	23
FIEVER	OWNED STORES	415
	MULTIBRANDS	327

Gross Profit and EBITDA

GROSS PROFIT (R\$ MILLION)



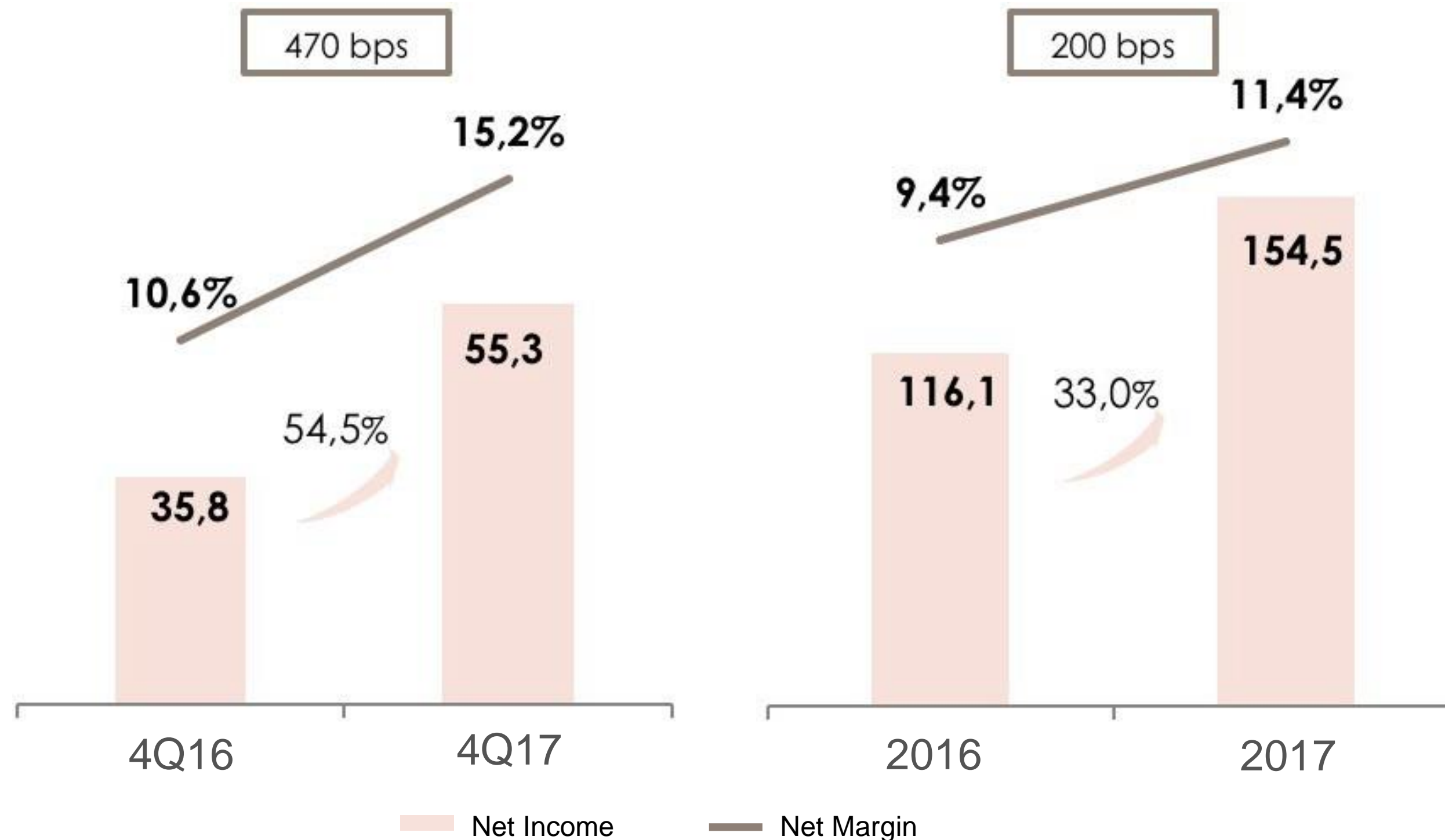
EBITDA (R\$ MILLION)



GROSS PROFIT REACHED R\$169.6 MILLION IN 4Q17, AN INCREASE OF 10.7% AND GROWTH OF 140BPS IN GROSS MARGIN VERSUS 4Q16. EBITDA GREW BY 1.1% IN 4Q17 TO R\$54.5 MILLION, WITH A MARGIN OF 15.0%.

Net Income

NET INCOME (R\$ MILLION)



IN 4Q17, THE COMPANY'S NET INCOME TOTALED R\$ 55.3 MILLION, AN INCREASE OF 54.5% AND A NET MARGIN OF 15.2%.

IT IS WORTH HIGHLIGHTING THAT IN 4Q17 THE COMPANY OBTAINED AN INJUNCTION EXEMPTING IT FROM THE PAYMENT OF INCOME AND SOCIAL CONTRIBUTION TAXES (IR AND CSLL) ON AN ICMS TAX BENEFIT GRANTED BY THE GOVERNMENT OF ESPÍRITO SANTO THROUGH OUR DISTRIBUTION CENTER LOCATED IN THE STATE.

THIS LED TO A GAIN OF R\$21.9 MILLION, REPRESENTING THE TAX EXEMPTION FOR 4Q17 AS WELL AS THE REVERSAL OF TAXES ALREADY COLLECTED DURING THE YEAR OF 2017.

IN 2017, NET INCOME TOTALED R \$ 154.5 MILLION (+ 33.0%), WITH A NET MARGIN OF 11.4%.

Operating Cash Flow

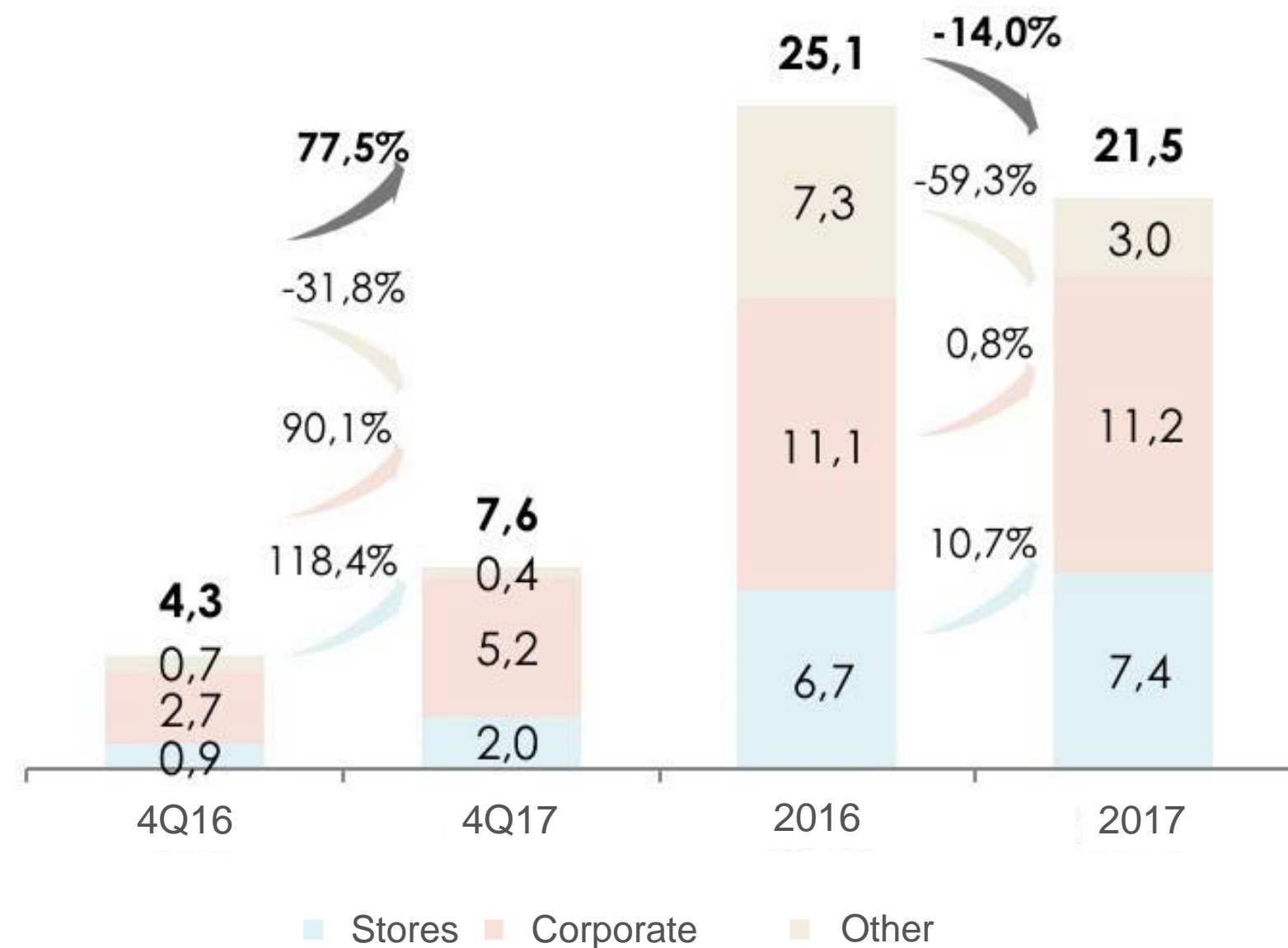
OPERATING CASH FLOW (R\$ THOUSAND)

Operating Cash Flow	4T17	4T16	Δ 17 x 16 (R\$)	Δ 17 x 16 (%)	2.017	2.016	Δ 17 x 16 (R\$)	Δ 17 x 16 (%)
Profits before income tax and social contribution	41.786	46.538	(4.752)	(10,2%)	182.933	157.000	25.933	16,5%
Depreciações e amortizações	10.002	6.533	3.469	53,1%	32.632	25.815	6.817	26,4%
Others	4.713	1.435	3.278	228,4%	442	(21.120)	21.562	n/a
Decrease (increase) in assets / liabilities	7.001	8.506	(1.505)	(17,7%)	3.346	(23.444)	26.790	n/a
Trade accounts receivables	(292)	15.903	(16.195)	n/a	(30.859)	(38.088)	7.229	(19,0%)
Inventories	3.729	12.897	(9.168)	(71,1%)	(6.065)	(5.020)	(1.045)	20,8%
Suppliers	(4.604)	(36.606)	32.002	(87,4%)	37.971	1.563	36.408	2.329,4%
Change in other noncurrent and current assets and liabilities	8.168	16.312	(8.144)	(49,9%)	2.299	18.101	(15.802)	(87,3%)
Payment of income tax and social contribution	(17.555)	(17.333)	(222)	1,3%	(45.466)	(36.542)	(8.924)	24,4%
Net cash flow generated by operational activities	45.947	45.679	268	0,6%	173.887	101.709	72.178	71,0%

AREZZO&CO GENERATED R\$ 45,9 MILLION CASH FROM OPERATIONS IN 4Q17, IN LINE WITH THE CASH GENERATION IN 4Q16. IN 2017, OPERATING CASH GENERATION WAS 71,0% HIGHER THAN IN 2016, A RESULT OF THE COMPANY'S FOCUS ON MANAGING ITS WORKING CAPITAL MORE EFFICIENTLY AND CONTINUOUS IMPROVEMENT IN ACCOUNTS RECEIVABLE AND SUPPLIERS, AS WELL AS A 16,5% INCREASE IN PROFITS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION

Investments (CAPEX) and Indebtedness

CAPEX (R\$ MILLION)



INDEBTEDNESS (R\$ MILLION)

Cash position and Indebtedness	4Q17	3Q17	4Q16
Cash	337.920	218.254	242.844
Total Debt	181.745	93.221	106.049
Short Term	163.729	72.946	78.970
% total debt	90,1%	78,3%	74,5%
Long Term	18.016	20.275	27.079
% total debt	9,9%	21,7%	25,5%
Net Debt	(156.175)	(125.033)	(136.795)

IN 4Q17, AREZZO&CO INVESTED R\$7.6 MILLION IN CAPEX, INCLUDING:

- THE MIGRATION OF OUR DATA CENTER TO THE "CLOUD" ENVIRONMENT;
- THE INTEGRATION OF E-COMMERCE SYSTEMS, (III) THE IMPLEMENTATION OF A NEW OPERATING SYSTEM IN THE OWNED STORES AND;
- THE EXPANSION AND REFURBISHMENT OF STORES.

THE COMPANY ENDED 4Q17 WITH R\$ 156.2 MILLION IN CASH AND THE DEBT POLICY REMAINS CONSERVATIVE.

ROIC (Return on Invested Capital)

Income from operations	4Q17	4Q16	4Q15	Δ 17 x 16 (%)
EBIT (LTM)	173.633	151.326	141.288	14,7%
+ IR and CS(LTM)	(28.463)	(40.851)	(44.894)	(30,3%)
NOPAT	145.170	110.475	96.394	31,4%
Working Capital ¹	342.283	340.528	327.005	0,5%
Permanent Assets	149.754	159.918	164.322	(6,4%)
Other long-term assets ²	33.375	32.596	25.138	2,4%
Invested capital	525.412	533.042	516.465	(1,4%)
Average invested capital³	529.227	524.754		0,9%
ROIC⁴	27,4%	21,1%		

(1) Working Capital: current assets minus cash, cash equivalents and financial investments less current liabilities minus loans and financing and dividends payable.

(2) Less deferred income tax and social contribution.

(3) Average invested capital in the period and same period previous year.

(4) ROIC: NOPAT for the last 12 months divided by average invested capital.

RETURN ON INVESTED CAPITAL (ROIC) AGAIN SHOWED GROWTH IN 4Q17, REACHING 27.4% AND A 630BPS INCREASE VS 4T16.

AMONG THE FACTORS RESPONSIBLE FOR THIS IMPROVEMENT ARE THE INCREASE OF 31.4% OF NOPAT, AGAINST 4Q16, THE WORKING CAPITAL IMPROVEMENT ACTIONS, FOCUSING ON THE REDUCTION OF INVENTORIES AND SUPPLIERS, THE PERMANENT ASSET REDUCTION, RESULTING FROM THE LOWER SHARE OF OUR OWN STORES IN THE COMPANY'S MIX.

ZZO

& CO

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