



# RESULTS

## 1Q18

**AREZZO**  
&CO

AREZZO

SCHUTZ

ANACAPRI

ALEXANDRE  
BIRMAN

FIEVER

OWME

# 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.

# 1Q18 Highlights

## Net Revenue

Net revenue in 1Q18 reached R\$ **330.2 million**, a **11.1%** increase against 1Q17.

## Gross Profit

In 1Q18, **Gross Profit totaled R\$ 146.6 million** (gross margin of **44.4%**) a **12.7%** increase against 1Q17.

## EBITDA

**EBITDA for 1Q18 totaled R\$ 40.8 million**, with a **margin of 12.3%** and a **13.1%** increase against 1Q17.

## Net Income

In 1Q18, **net income was R\$ 27.1 million**, with a **8.2% margin** and a **22.3%** increase against 1Q17.

## ROIC

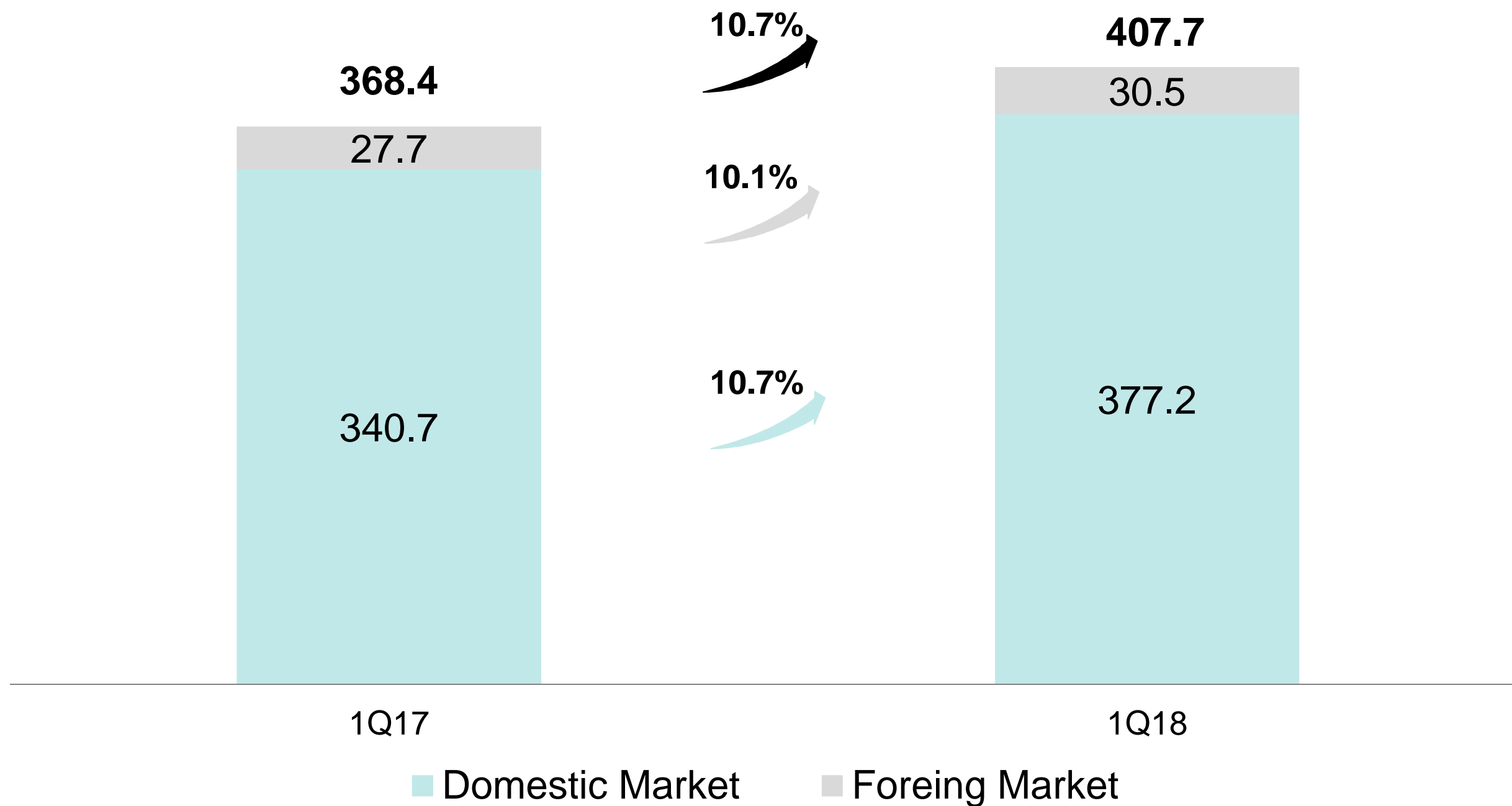
In 1Q18, the Company recorded a **680bps increase in ROIC**, reaching the level of **30.2%**.

## Sales Area

Arezzo&Co opened **7 stores** and finished 1Q18 with a **growth of 7.4%** in store area in the last twelve months.

# Company Growth

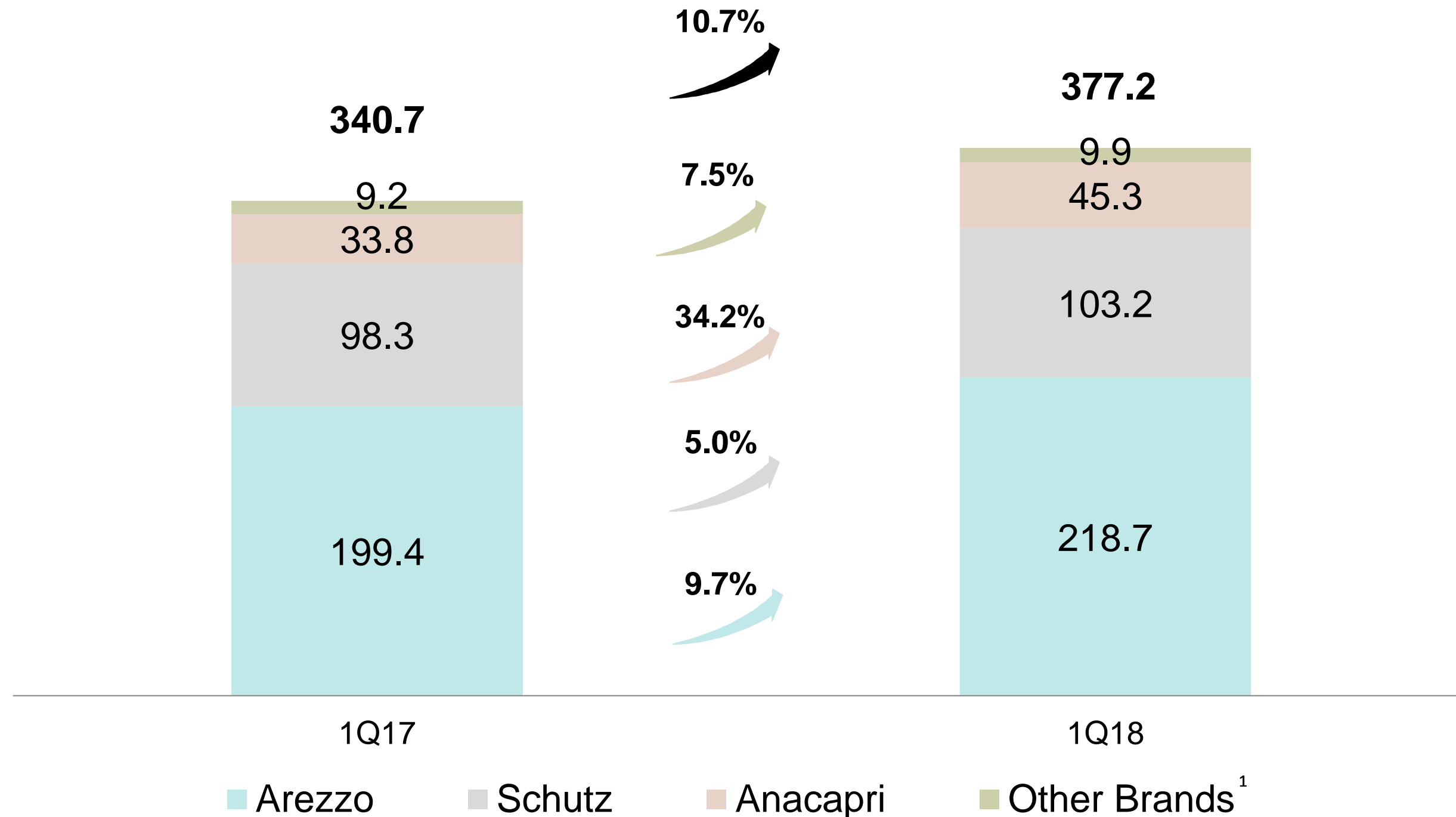
GROSS REVENUE / DOMESTIC AND FOREIGN MARKET (R\$ MILLION)



THE COMPANY REACHED A **GROSS REVENUE OF R\$ 407.7 MILLION** IN THE 1Q18, A 10.7% GROWTH COMPARED TO THE 1Q17, WITH SIMILAR PERFORMANCE IN DOMESTIC AND FOREIGN MARKETS..

# Gross Revenue by Brand | Domestic Market

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



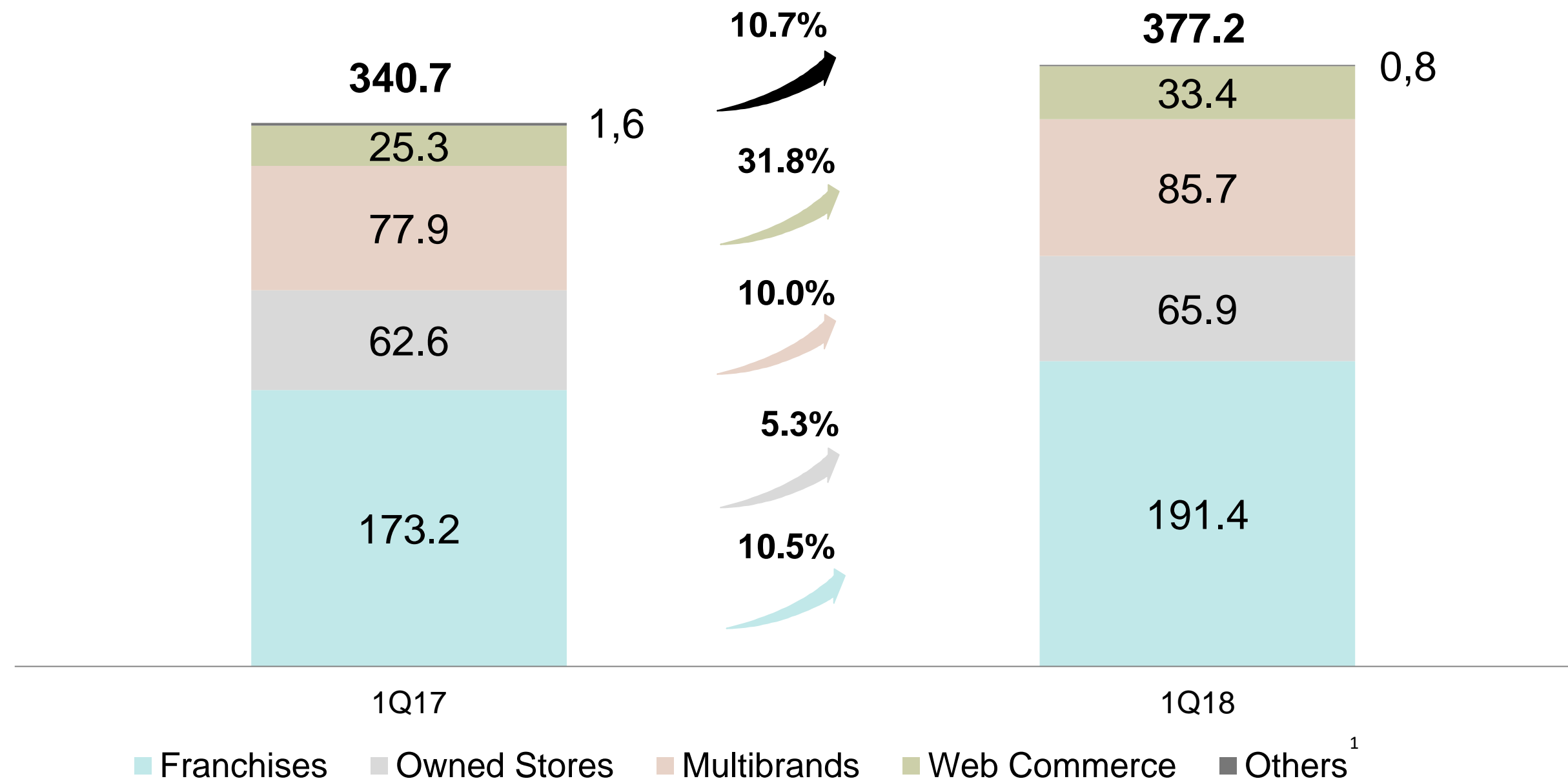
IN 1Q18, ALL BRANDS POSTED GROWTH IN SALES, WITH A HIGHLIGHT FOR THE **AREZZO** AND **ANACAPRI** BRANDS.

1. OTHERS: INCREASE OF 7.5% IN 1Q18 (INCLUDES ONLY DOMESTIC MARKETS FOR ALEXANDRE BIRMAN AND FIEVER BRANDS AND OTHER REVENUES).



# Gross Revenue by Channel | Domestic Market

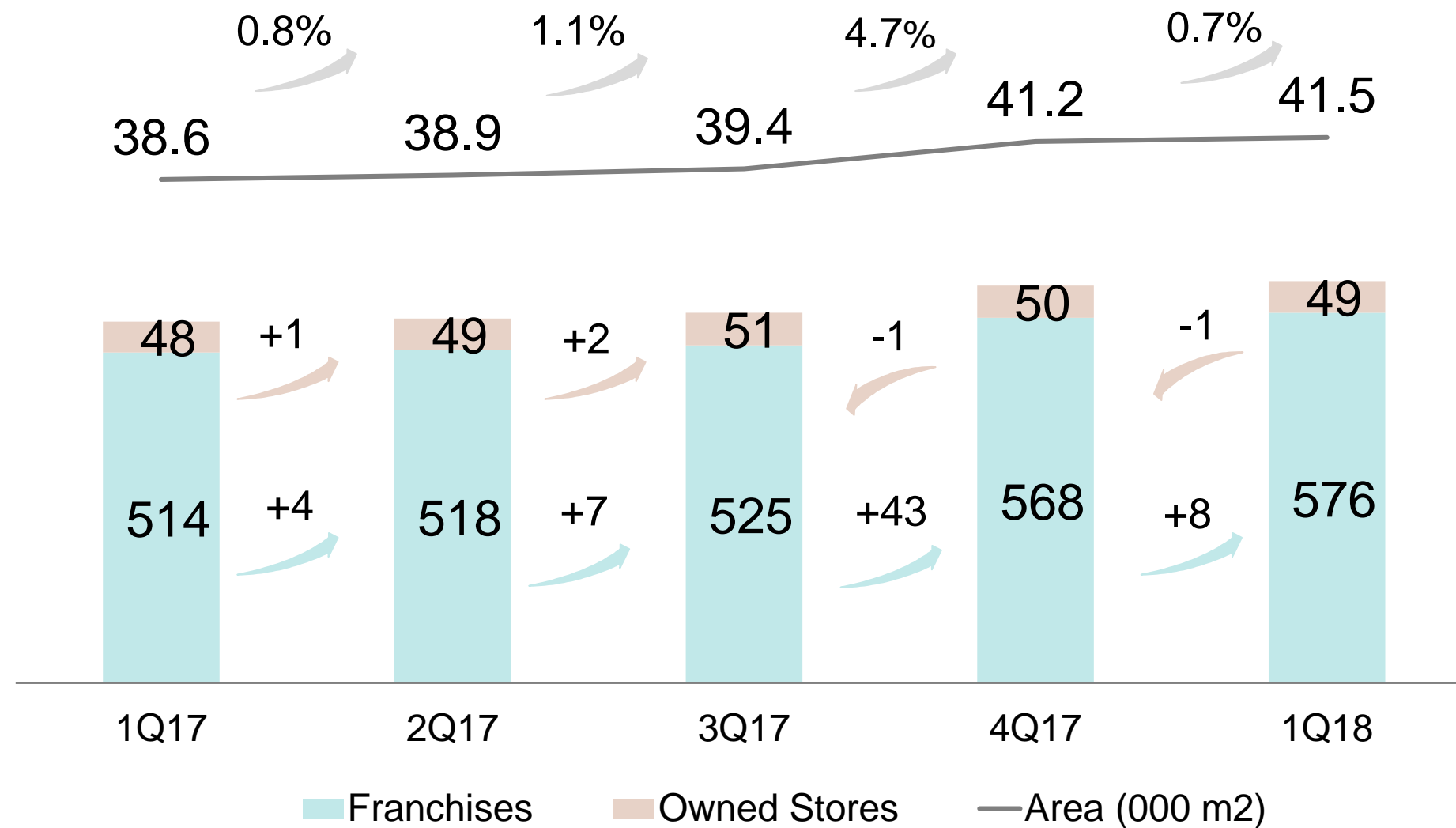
GROSS REVENUE BREAKDOWN BY CHANNEL / DOMESTIC MARKET (R\$ MILLION)



1. OTHERS : DECREASE OF 49.5% IN 1Q18 (INCLUDES DOMESTIC MARKET REVENUES THAT ARE NOT SPECIFIC FOR DISTRIBUTION CHANNELS).

# Distribution Channel Expansion

## OWNED STORES AND FRANCHISES EXPANSION<sup>1</sup>



AREZZO&CO'S **OPENED 7 STORES** AND ENDED THE QUARTER WITH **7.4% GROWTH OF SALES AREA** OVER THE LAST 12 MONTHS.

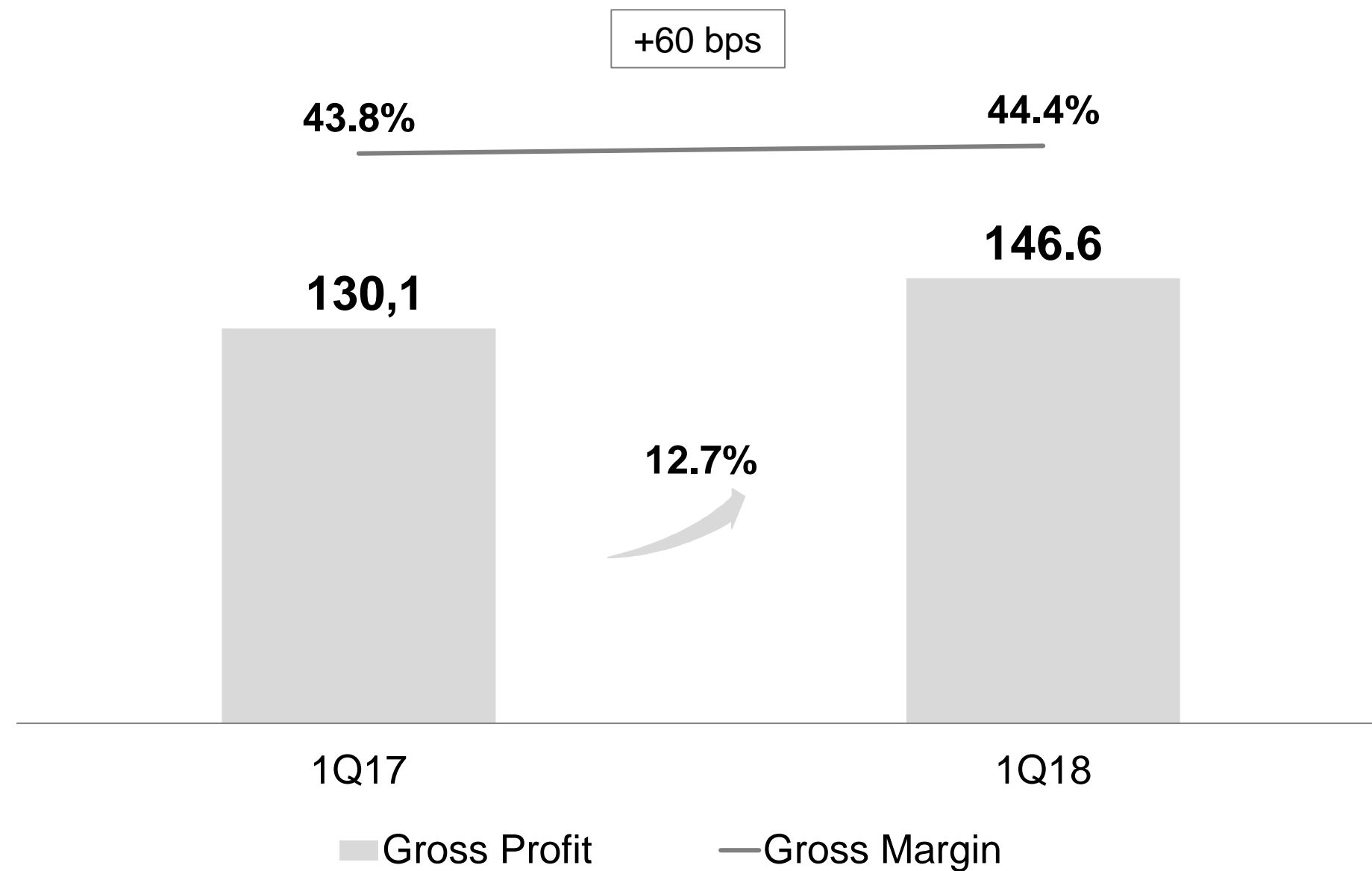
1. INCLUDES SEVEN OUTLET TYPE STORES WITH A TOTAL AREA OF 2,100 M<sup>2</sup> AND STORES OVERSEAS.

## NUMBER OF STORES – DOMESTIC MARKET 1Q18

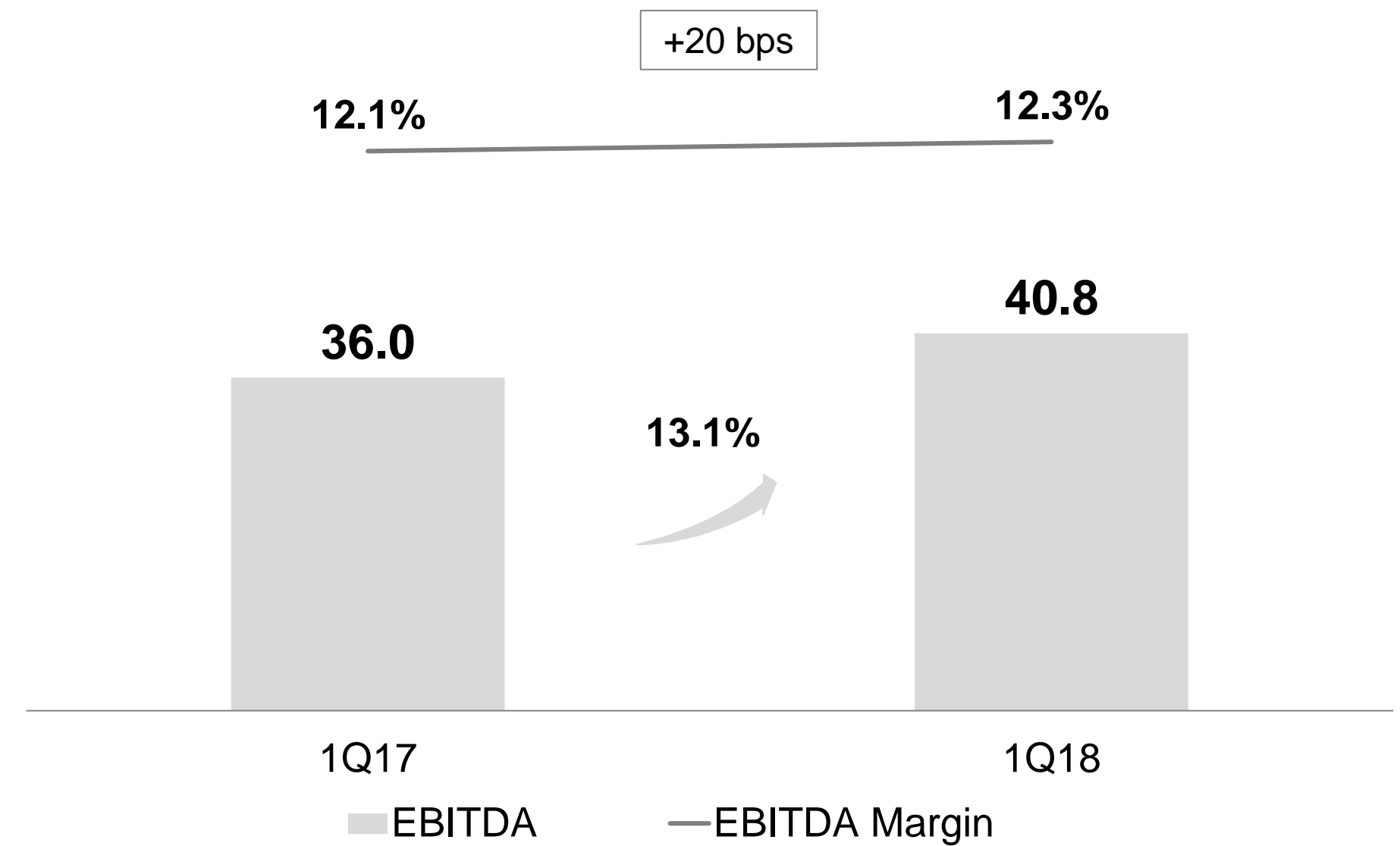
AREZZO	FRANCHISES	385
	OWNED STORES	14
	MULTIBRANDS	1.187
SCHUTZ	FRANCHISES	67
	OWNED STORES	22
	MULTIBRANDS	1.163
ANACAPRI	FRANCHISES	119
	OWNED STORES	3
	MULTIBRANDS	1.323
ALEXANDRE BIRMAN	OWNED STORES	4
	MULTIBRANDS	25
FIEVER	OWNED STORES	4
	MULTIBRANDS	363

# Gross Profit and EBITDA

GROSS PROFIT (R\$ MILLION)



EBITDA (R\$ MILLION)

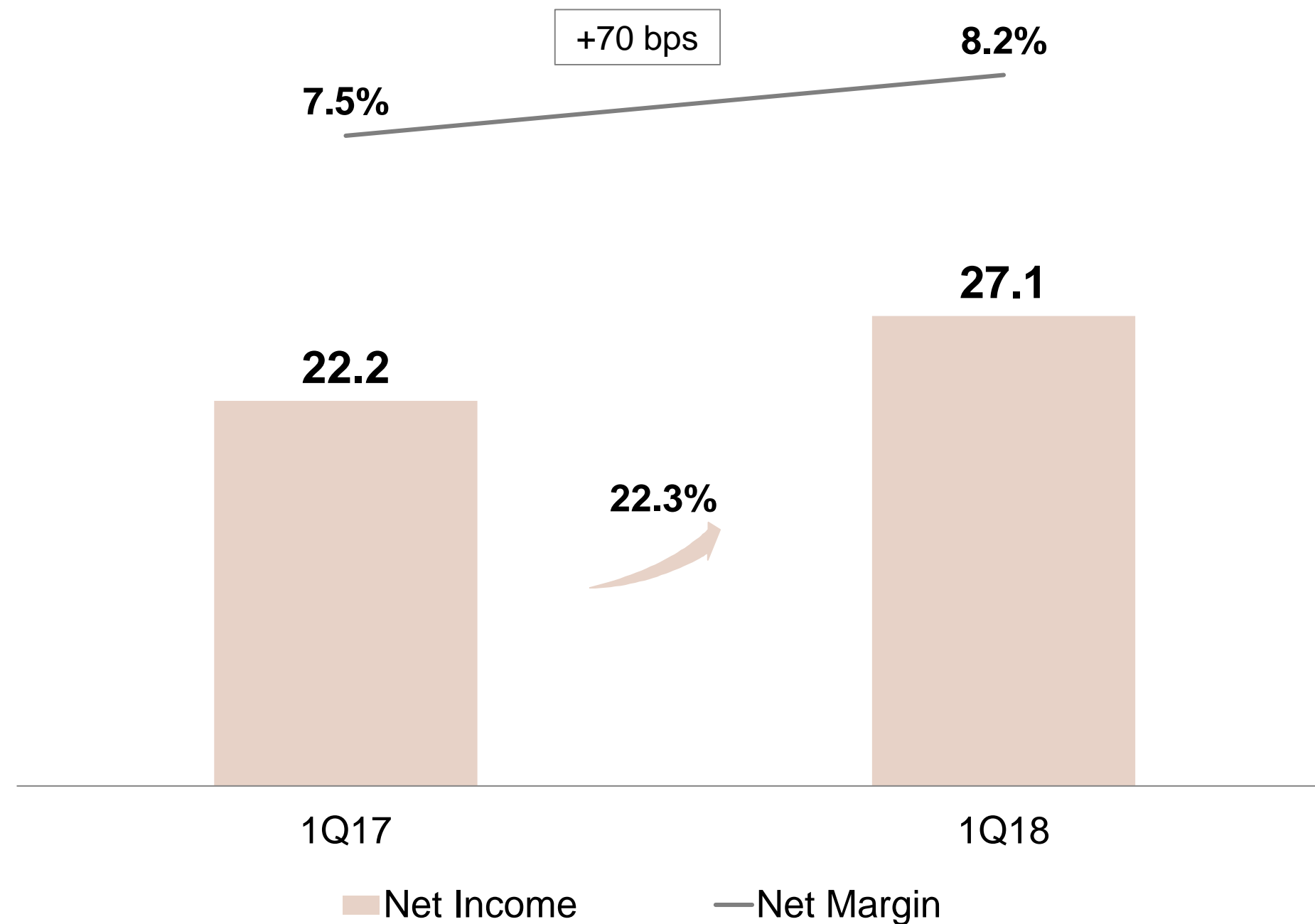


GROSS PROFIT TOTALED R\$ 146.6 MILLION IN 1Q18 WITH AN INCREASE OF 12.7% (+ 60BPS IN GROSS MARGIN).  
EBITDA GREW BY 13.1% IN 1Q18 TO R\$ 40.8 MILLION (EBITDA MARGIN OF 12.3%).



# Net Income

NET INCOME (R\$ MILLION)



IN 1Q18, THE COMPANY'S **NET INCOME** REACHED **R\$ 27.1** MILLION, AN INCREASE OF 22.3% AND A **NET MARGIN OF 8.2%**.

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 , WHICH REMAINED VALID DURING 1Q18.

PART OF THIS IMPACT WAS OFFSET BY A LOWER FINANCIAL RESULT DUE TO A LOWER FINANCIAL REVENUE ON THE INVESTED NET CASH.

# Operating Cash Flow

OPERATING CASH FLOW (R\$ THOUSAND)

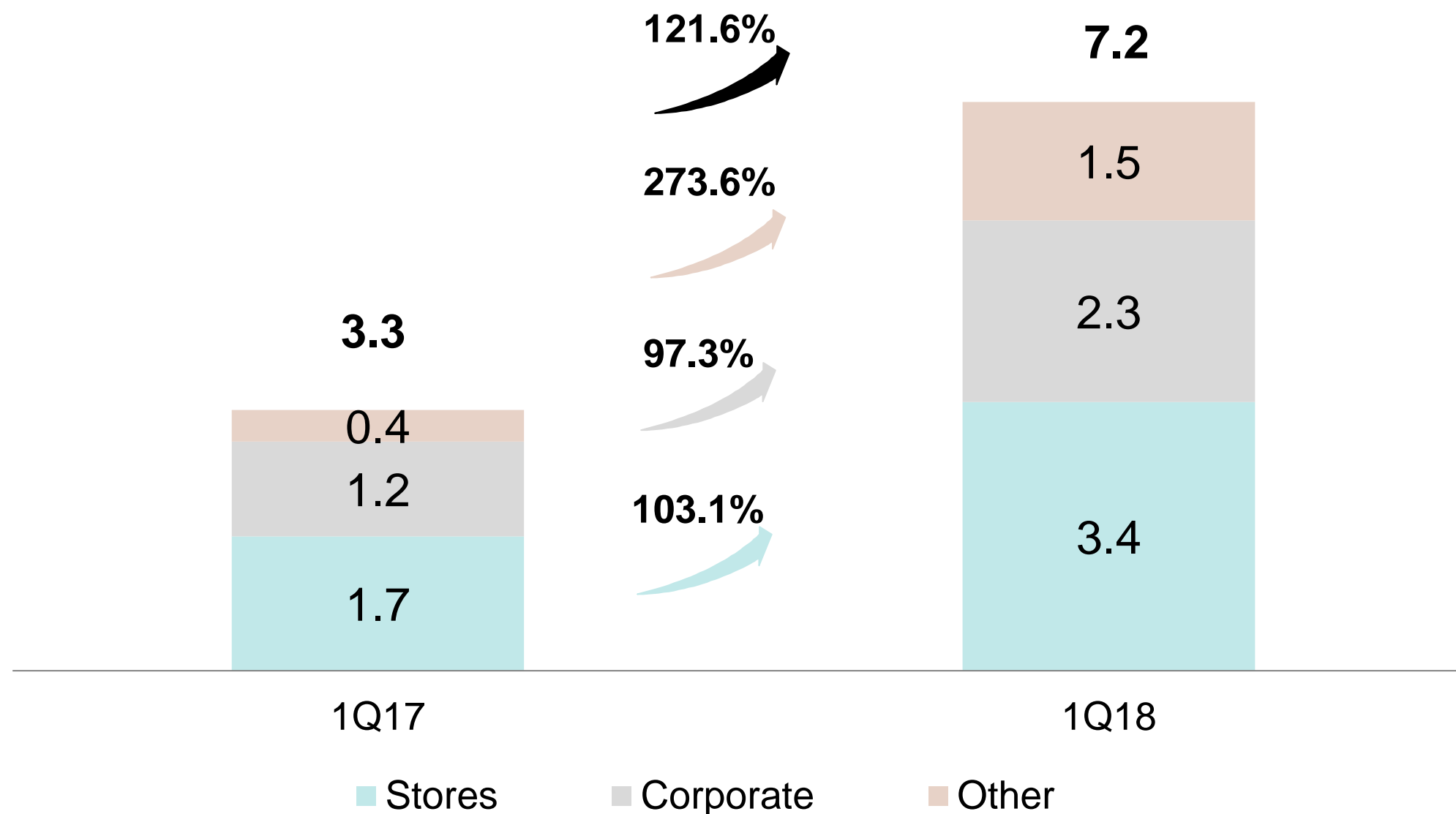
Operating Cash Flow	1Q18	1Q17
<b>Profits before income tax and social contribution</b>	<b>33,561</b>	<b>34,437</b>
<b>Depreciation and amortization</b>	<b>8,425</b>	<b>6,675</b>
<b>Others</b>	<b>(1,063)</b>	<b>(2,855)</b>
<b>Decrease (increase) in assets / liabilities</b>	<b>(7,372)</b>	<b>16,146</b>
Trade accounts receivables	(8,207)	(1,939)
Inventories	(14,352)	(9,346)
Suppliers	28,421	46,587
Change in other noncurrent and current assets and liabilities	(13,234)	(19,156)
<b>Payment of income tax and social contribution</b>	<b>(3,390)</b>	<b>(450)</b>
<b>Net cash flow generated by operational activities</b>	<b>30,161</b>	<b>53,953</b>

AREZZO&CO GENERATED R\$ 30.2 MILLION CASH FROM OPERATIONS IN 1Q18, LOWER THAN THE AMOUNT PRESENTED IN 1Q17.

IT IS WORTH MENTIONING THE PAYMENT OF INTEREST ON EQUITY RELATED TO THE SECOND HALF OF 2017, ON JANUARY 5<sup>TH</sup>, 2018, IN THE AMOUNT OF R\$ 20.9 MILLION.

# Investments (CAPEX) and Indebtedness

CAPEX (R\$ MILLION)



INDEBTEDNESS (R\$ MILLION)

Cash position and Indebtedness	1Q18	4Q17	1Q17
<b>Cash</b>	<b>333,338</b>	<b>337,920</b>	<b>292,697</b>
<b>Total debt</b>	<b>172,112</b>	<b>181,745</b>	<b>97,191</b>
Short term	156,354	163,729	72,385
% total debt	90.8%	90.1%	74.5%
Long-term	15,758	18,016	24,806
% total debt	9.2%	9.9%	25.5%
<b>Net Debt</b>	<b>(161,226)</b>	<b>(156,175)</b>	<b>(195,506)</b>
Net Debt/EBITDA	-0.8x	-0.8x	-1.0x

IN 1Q18, AREZZO&CO INVESTED R\$ 7.2 MILLION IN CAPEX, INCLUDING:

1. THE REMODELING OF SCHUTZ AND ALEXANDRE BIRMAN STORES IN BRAZIL / 2. IMPLEMENTATION OF THE IBM DATA CENTER SYSTEM / 3. THE REMODELING OF SCHUTZ FLAGSHIP STORE IN THE UNITED STATES (MADISON AVENUE).

THE COMPANY ENDED 1Q18 WITH R\$ 161.2 MILLION IN CASH AND THE DEBT POLICY REMAINS CONSERVATIVE.

# ROIC (Return on Invested Capital)

Income from operations	1Q18	1Q17	1Q16	Δ 18 x 17 (%)
EBIT (LTM)	176,611	160,613	139,032	10.0%
+ IR and CS (LTM)	(22,648)	(44,318)	(41,482)	(48.9%)
<b>NOPAT</b>	<b>153,963</b>	<b>116,295</b>	<b>97,550</b>	<b>32.4%</b>
Working Capital <sup>1</sup>	345,346	307,837	308,783	12.2%
Permanent assets	148,267	157,656	165,318	(6.0%)
Other long-term assets <sup>2</sup>	33,917	28,275	27,637	20.0%
<b>Invested capital</b>	<b>527,530</b>	<b>493,768</b>	<b>501,738</b>	<b>6.8%</b>
<b>Average invested capital<sup>3</sup></b>	<b>510,649</b>	<b>497,753</b>		<b>2.6%</b>
<b>ROIC<sup>4</sup></b>	<b>30.2%</b>	<b>23.4%</b>		

**RETURN ON INVESTED CAPITAL (ROIC)** AGAIN SHOWED GROWTH IN 1Q18, REACHING 30.2% AND A 680BPS INCREASE VS 1T17.

AMONG THE FACTORS RESPONSIBLE FOR THIS IMPROVEMENT ARE THE INCREASE OF 32.4% OF NOPAT, WORKING CAPITAL IMPROVEMENT ACTIONS AND PERMANENT ASSET REDUCTION.

(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.

ZZO

& CO

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