



Vulcabras Azaleia

Earnings Presentation 3Q20



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This presentation contains statements that can represent expectations about future events or results. These statements are based on certain suppositions and analyses made by the company in accordance with its experience, with the economic environment and market conditions, and expected future developments, many of which are beyond the company's control. Important factors could lead to significant differences between real results and the statements on expectations about future events or results, including the company's business strategy, Brazilian and international economic conditions, technology, financial strategy, developments in the footwear industry, conditions of the financial market, and uncertainty on the company's future results from operations, plans, objectives, expectations and intentions – among other factors. In view of these aspects, the company's results could differ significantly from those indicated or implicit in any statements of expectations about future events or results.

Pedro Bartelle

Chief Executive Officer

Wagner Dantas da Silva

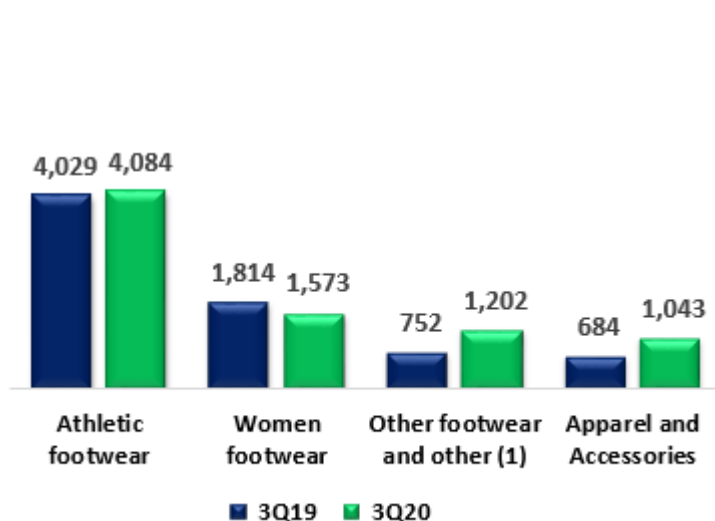
Chief Administrative and Financial Officer and Investor Relations Officer

- **Gross Volume:** 7.9 million pairs/pieces in 3Q20, growth of 8.6 % compared to 3Q19 and 15.4 million pairs/pieces in 9M20, down of 22.2 % compared to 9M19.
- **Net Revenue:** R\$ 382.9 million in 3Q20, growth of 6.5% compared to 3Q19 and R\$ 720.2 million in 9M20, down of 27.0 % compared to 9M19.
- **Gross Profit:** R\$ 130.8 million to 3Q20, growth of 4.8% compared to 3Q19 R\$ 234.3 million in 9M20, down of 30.7% compared to 9M19.
- **Gross Margin:** 34.2 % in 3Q20, down de 0,5 p.p . in relation to 3Q19, and 32.5 % to 9M20 down 1,8 p.p. compared to 9M19
- **Net Income:** R\$ 43.4 million to 3Q20, growth of 3.8% compared to 3Q19 and (R\$ 23.0) million to 9M20, down R\$ 121.0 million in relation of R\$ 98.0 to 9M19
- **EBITDA:** R\$ 66.3 million to 3Q20, growth of 2.6 % compared of R\$ 64.6 million in 3T19 and R\$ 38.4 million to 9M20, down of 76.3% compared to 9M19

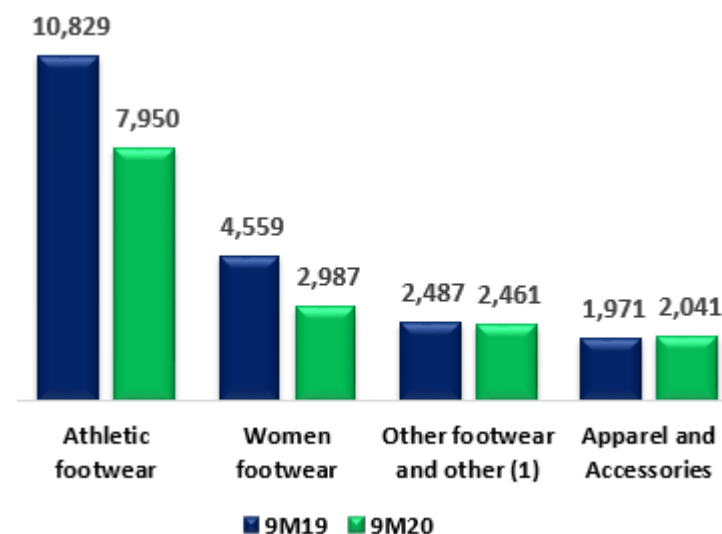
GROSS VOLUME

Gross Volume: Pairs and clothing itens/ thousand

3Q20 vs. 3Q19



9M20 vs. 9M19



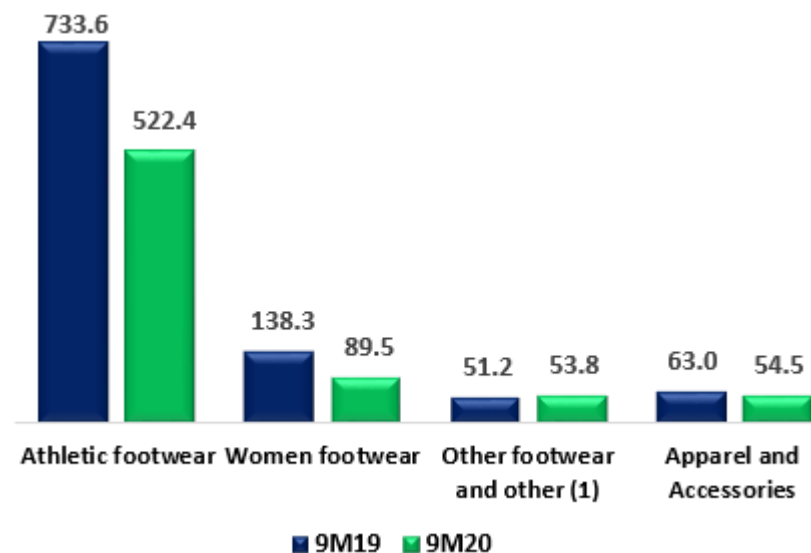
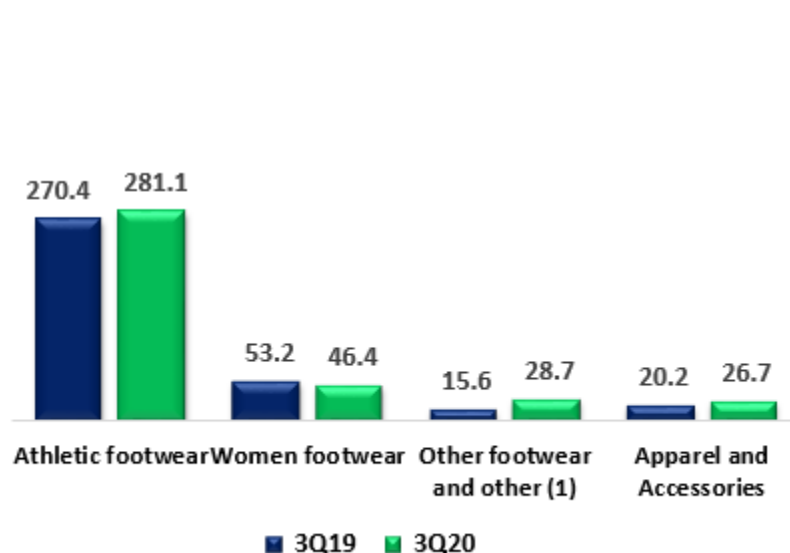
Pairs and itens (thousand)	3Q20	Share %	3Q19	Share %	Var. % 3Q20/3Q19	9M20	Share %	9M19	Share %	Var. % 9M20/9M19
Athletic footwear	4,084	51.7%	4,029	55.4%	1.4%	7,950	51.5%	10,829	54.6%	-26.6%
Women footwear	1,573	19.9%	1,814	24.9%	-13.3%	2,987	19.3%	4,559	23.0%	-34.5%
Other footwear and other ⁽¹⁾	1,202	15.2%	752	10.3%	59.8%	2,461	15.9%	2,487	12.5%	-1.0%
Apparel and Accessories	1,043	13.2%	684	9.4%	52.5%	2,041	13.3%	1,971	9.9%	3.6%
Total	7,902	100.0%	7,279	100.0%	8.6%	15,439	100.0%	19,846	100.0%	-22.2%

(1) Slippers, boots and footwear components.

NET OPERATING REVENUE: CATEGORY

3Q20 vs. 3Q19

9M20 vs. 9M19

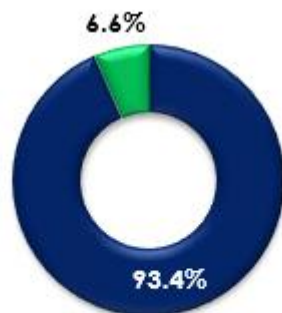


R\$ Million	3Q20	Share %	3Q19	Share %	Var. % 3Q20/3Q19	9M20	Share %	9M19	Share %	Var. % 9M20/9M19
Athletic footwear	281.1	73.4%	270.4	75.2%	4%	522.4	72.5%	733.6	74.4%	-29%
Women footwear	46.4	12.1%	53.2	14.8%	-13%	89.5	12.4%	138.3	14.0%	-35%
Other footwear and other ⁽¹⁾	28.7	7.5%	15.6	4.3%	84%	53.8	7.5%	51.2	5.2%	5%
Apparel and Accessories	26.7	7.0%	20.2	5.7%	32%	54.5	7.6%	63.0	6.4%	-14%
Total Net Revenue	382.9	100.0%	359.4	100.0%	6.5%	720.2	100%	986.1	100.0%	-27.0%

(1) Slippers, boots and footwear components.

NET OPERATING REVENUE: MARKETS

3Q20 vs. 3Q19



■ Domestic Market ■ Foreign Market

9M20 vs. 9M19



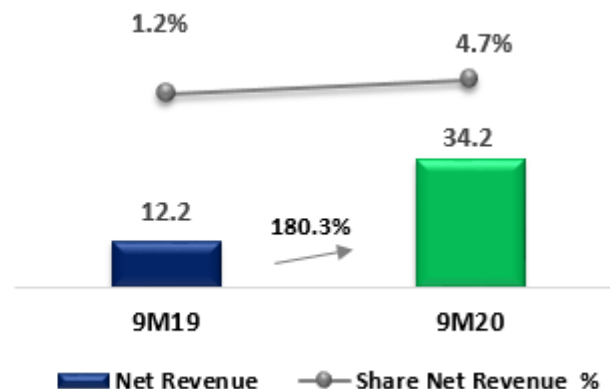
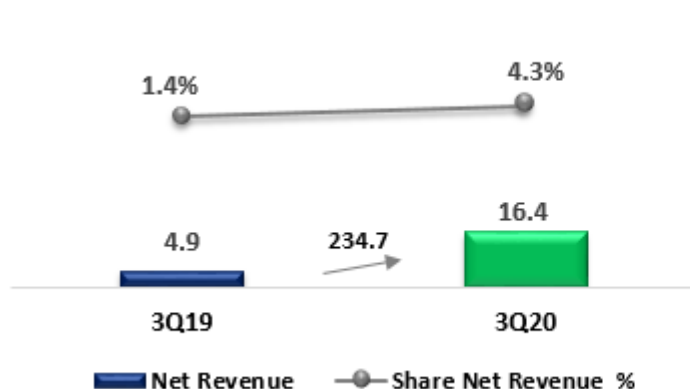
■ Domestic Market ■ Foreign Market

R\$ Million	3Q20	Share %	3Q19	Share %	Var. % 3Q20/3Q19	9M20	Share %	9M19	Share %	Var. % 9M20/9M19
Domestic Market	357.8	93.4%	333.5	92.8%	7%	652.8	90.6%	909.1	92.2%	-28%
Foreign Market	25.1	6.6%	25.9	7.2%	-3%	67.4	9.4%	77.0	7.8%	-13%
Total Net Revenue	382.9	100.0%	359.4	100.0%	6.5%	720.2	100.0%	986.1	100.0%	-27.0%

NET OPERATING REVENUE: E-COMMERCE

Net Operating Revenue – 3Q20 vs. 3Q19 and 9M20 vs 9M19

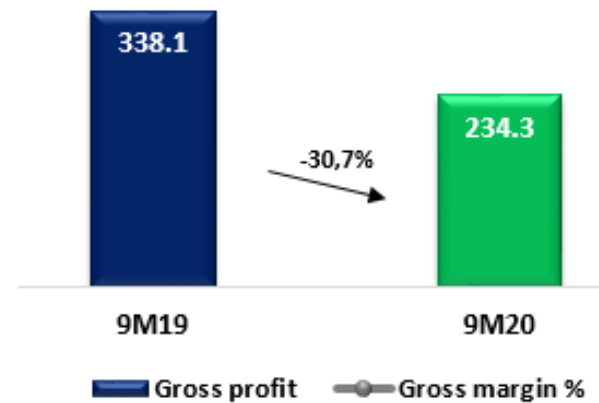
Total Net Revenue	3Q20	3Q19	Var. % 3Q20/3Q19	9M20	9M19	Var. % 9M20/9M19
Total Net Revenue	16.4	4.9	234.7%	34.2	12.2	180.3%
Share Net Revenue %	4.3%	1.4%	2.9 p.p.	4.7%	1.2%	3,5 p.p.



3Q20 vs. 3Q19

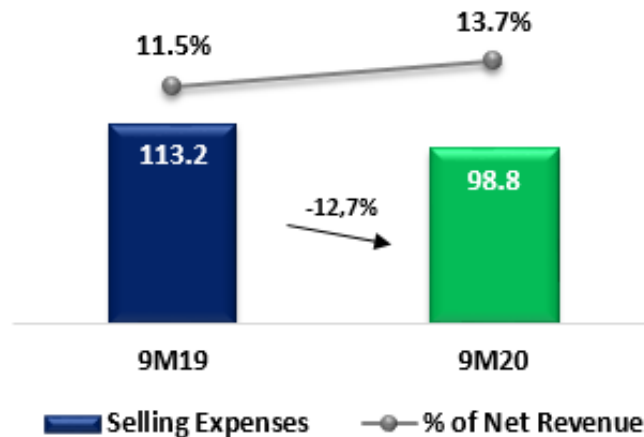
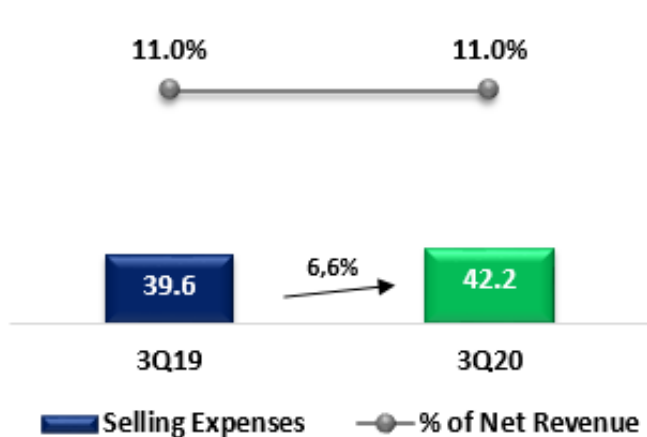


9M20 vs. 9M19

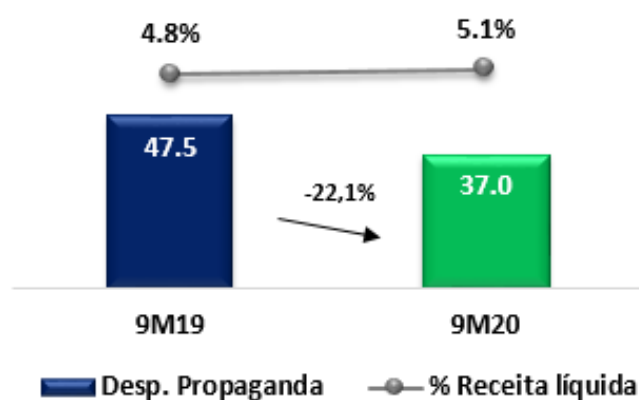
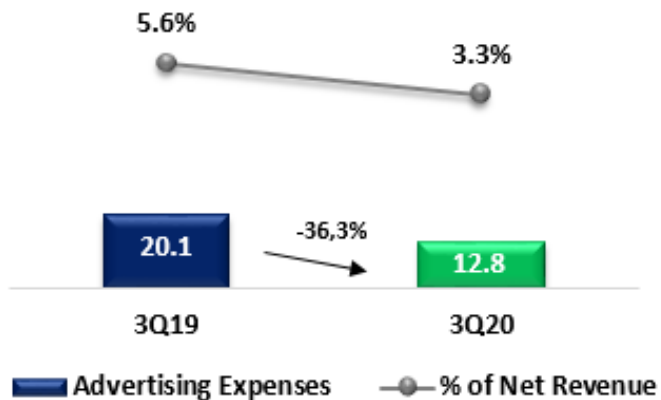


SELLING AND ADVERTISING EXPENSES

SELLING EXPENSES¹ – 3Q20 vs. 3Q19 and 9M20 vs 9M19



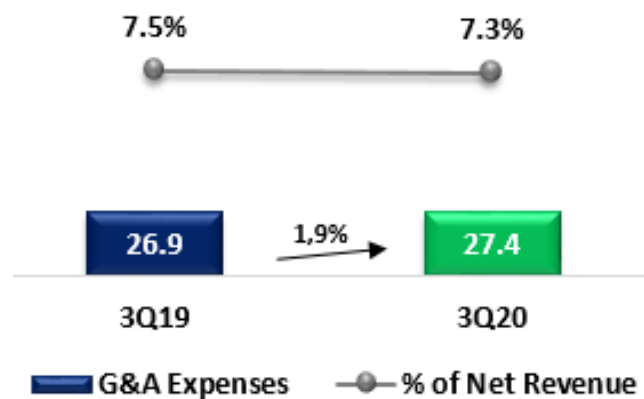
ADVERTISING AND MARKTING EXPENSES – 3Q20 vs. 3Q19 and 9M20 vs 9M19



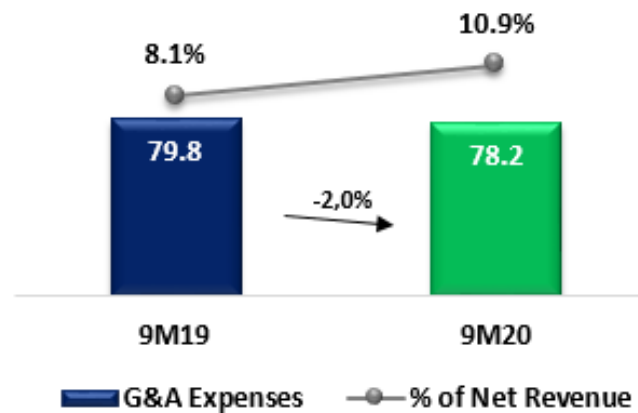
(1) Selling Expen

GENERAL AND ADMINISTRATIVE EXPENSES

3Q20 vs. 3Q19



9M20 vs. 9M19



NET FINANCIAL INCOME AND NET DEBT

NET FINANCIAL INCOME

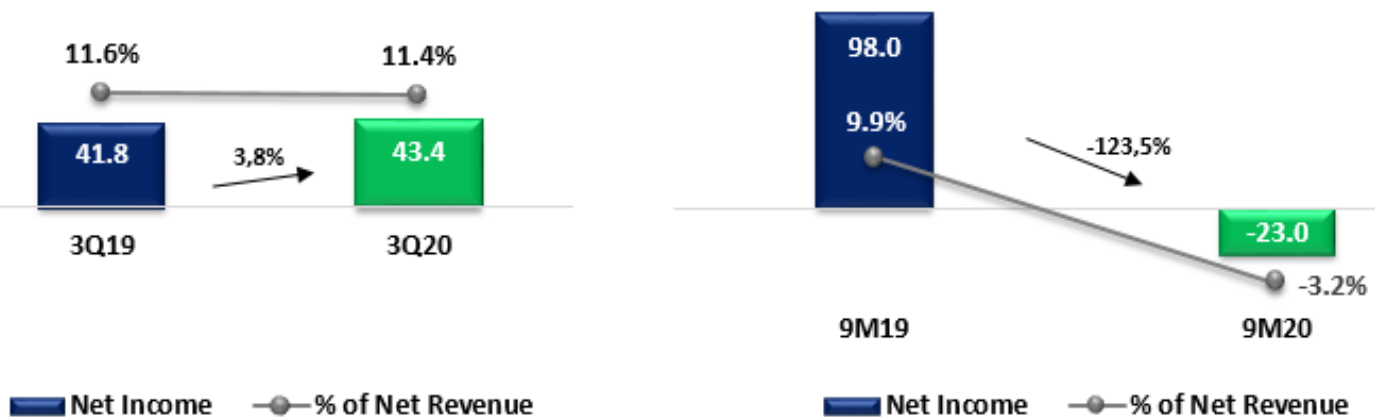
R\$ Million	3Q20	3Q19	Var. % 3Q20/3Q19	9M20	9M19	Var. % 9M20/9M19
Capital structure	-5.6	-0.6	833.3%	-12.0	-3.6	233.3%
Operating	-1.4	-3.0	-53.3%	-4.4	-8.5	-48.2%
Exchange differences	-5.5	-2.7	103.7%	-16.2	-8.6	88.4%
Financial Costs	-12.5	-6.3	98.4%	-32.6	-20.7	57.5%
Capital structure	1.6	1.0	60.0%	3.9	3.4	14.7%
Operating	1.9	1.6	18.8%	4.7	5.6	-16.1%
Exchange differences	5.3	4.0	32.5%	23.5	9.3	152.7%
Financial Income	8.8	6.6	33.3%	32.1	18.3	75.4%
Net Financial Income	-3.7	0.3	-1333.3%	-0.5	-2.4	-79.2%

NET DEBT EVOLUTION

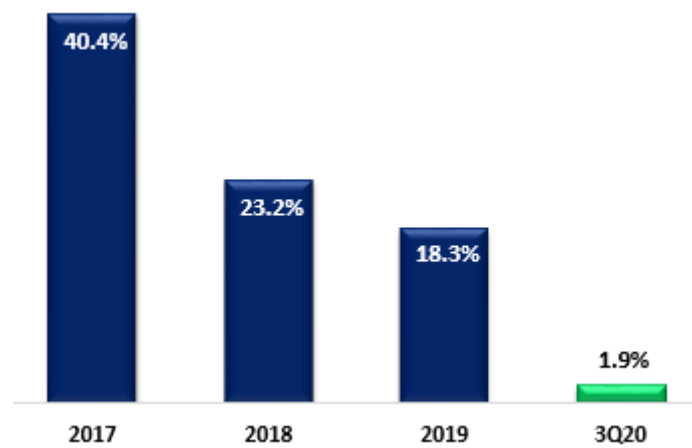


NET INCOME AND ROIC

NET INCOME – 3Q20 vs. 3Q19 and 9M20 vs 9M19



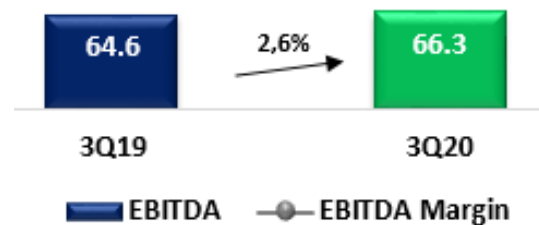
AJUSTED ROIC



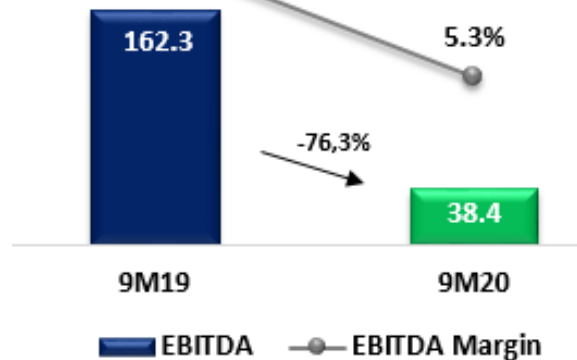
EBITDA MARGIN



3Q20 vs. 3Q19



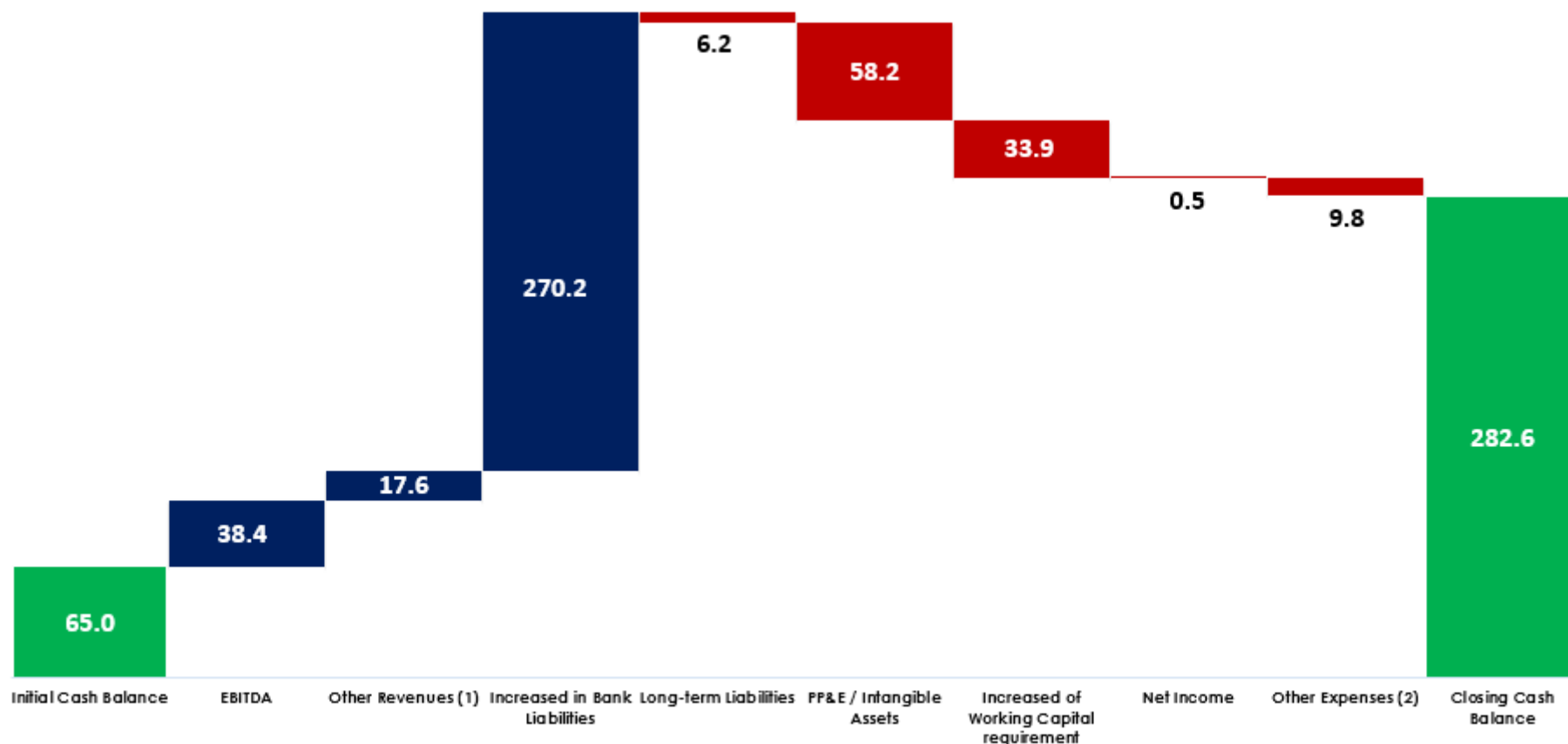
9M20 vs. 9M19



ADDITIONS TO PROPERTY, PLANT AND EQUIPAMENT AND INTANGIBLE ASSETS

R\$ Million	3Q20	3Q19	Var. % 3Q20/3Q19	9M20	9M19	Var. % 9M20/9M19
Molds	4.7	11.9	-60.5%	16.6	35.9	-53.8%
Machinery and equipment	14.0	18.9	-25.9%	25.2	32.1	-21.5%
Industrial facilities	6.8	8.0	-15.0%	13.3	20.4	-34.8%
Others	0.8	1.8	-55.6%	2.4	4.9	-51.0%
Property, plant and equipment	26.3	40.6	-35.2%	57.5	93.3	-38.4%
Software	0.4	1.3	-69.2%	1.8	2.5	-28.0%
Assignment of right	0.0	0.0	0.0%	0.0	0.0	0.0%
Others	0.0	0.0	0.0%	0.0	0.0	0.0%
Intangible assets	0.4	1.3	-69.2%	1.8	2.5	-28.0%
Subtotal	26.7	41.9	-36.3%	59.3	95.8	-38.1%

CASH FLOW – 9M20



PP&E - Property, plant and equipment

(1) **Other Revenues:** Sale/Write-off of fixed and intangible assets + Stock Options.

(2) **Other Expenses:** Income Taxes + Effect from translation of foreign investees' accounts + Payment of finance lease liabilities. c

Wagner Dantas da Silva

Chief Administrative and Financial Officer and Investor Relations Officer

Phone: (11) 5225-9500

E-mail: dri@vulcabras.com.br

Site: <http://vulcabrasazaleiari.com.br/>

azaleia

djjean



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Botas
Vulcabras