

ALPARGATAS



Conference Call 2Q20 Results

Beto Funari - CEO
Julian Garrido - CFO





^ Beto Funari



#empathygeneratesempathy



2Q20 Highlights

Resilience

Net income **R\$45 million**

R\$681 million

Net revenue

+210 bps

Gross Margin

19%

EBITDA Margin

R\$+153 million | **R\$2,6 billion**

NFP

Cash

Recovery

Net revenue **+11%**, EBITDA Margin **18%**
(June/20)

Havaianas Total

Net Revenue

+5%

May/20

+25%

June/20

Havaianas International

Net revenue

+12%

% of total
Alpargatas

46%

(33% in 2Q19)

Global Online Sales

+164%

~25% of Total Sales



havaianas®

2Q20 | **HIGHLIGHTS** **Global**

HAVAIANAS INTERNATIONAL ~ 51%

Net revenue

+12%

2Q20

+61%
May/20

+57%
June/20

HAVAIANAS BRAZIL ~49%

Net revenue

+8%

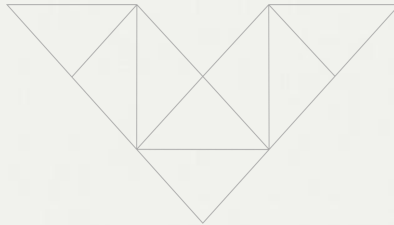
June/20

volume
+5%
June/20

Market share
+4pp
June/20 YTD



2Q20 | HIGHLIGHTS
Digital



Havaianas

+205%

Online (e-comm+B2B)

+550%

e-commerce

+111%

B2B

OSKLEN

+102%

Online (e-comm+B2B)

+148%

e-commerce

+57%

B2B

Mizuno

+80%

Online (e-comm+B2B)

+1%

e-commerce

+89%

B2B



2Q20 Highlights

INNOVATIVE



PRIDE

St. Tropez



Sparkle



Socks



JAPAN Mastermind Collaboration



Energy

Driven by a strong **business ecosystem**

Demand-driven supply chain



Improvement of logistics efficiency, services and lead time



Working capital adjustments



Increase in safety inventories

Operations (industrial)



Implementation of health and safety standards



Redesigning production lines



Capex optimization

High Growth Sales Channels



Food and convenience channels in Brazil



Online sales



Omnichannel



People's Health



- ▲ **We adapted** our stores and factories to operate according to safety protocols
- ▲ For employees in the São Paulo and Rio de Janeiro offices, **we extended the home office** period until December.



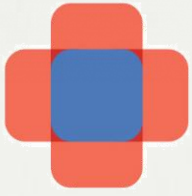
Solidarity Network



Rede Brasil

1 million
FABRIC MASKS

400 thousand
pairs of shoes
(Havaianas, PPE)



todos
pela
saúde
uma aliança
contra a Covid-19

BRL 5 million
1 million
FABRIC MASKS

Montes Claros (MG) **10,000**
serological tests
Campina Grande (PB) **10**
respirators



500 thousand
Basic basket items for
vulnerable communities

150 thousand CHILDREN'S MASKS





Julian Garrido



2Q20 Consolidated Results*

**BRL 681
Million**

(-20% vs Q2 2019)

Net revenue

**BRL 132
Million**

Ebitda

19% 2Q20

Ebitda Margin

**BRL 45
Million**

Consolidated Net profit

BRL 54 Million

+63%

Net profit
Attributed to Partners of
the Parent Company

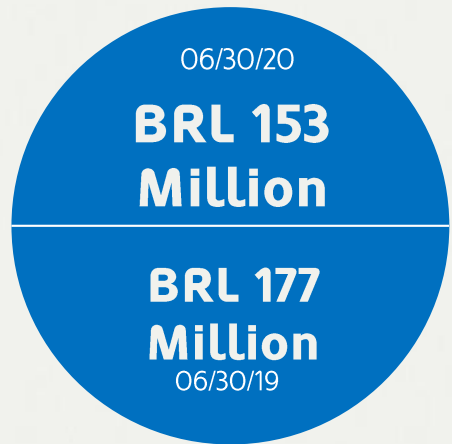
BRL + 153 MM

Total NFP



Preserved liquidity and **cash protection**

Positive Net Financial Position



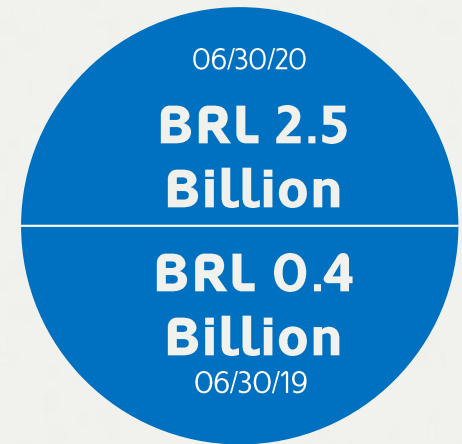
BRL 30 Million payment of Dividends in March 2020

Cash & stress test



Stress test coverage

Funding



+ BRL 0.8 Billion in April

Managing **cash with** a focus on **winning in the new normal scenario**

Focus on working capital



Focus on the ecosystem
(customers and suppliers)



Renegotiating deadlines
and rebalancing stocks



Capex

Cash Management



Postponing non-critical
projects



Main capex protection
related to growth platforms
(digital, e-commerce, IT,
logistics)



Focus on inventory
management

Solid financial structure and liquidity



No significant short-term
maturities and a well-
balanced payment schedule



Use of credit lines to provide
liquidity



Allowance for Doubtful
Accounts

▲ **Disciplined** financial management

RGM



High margin high speed products



Product Portfolio



Direct results marketing

Expansion of Gross Profit / VIP 100%



CAPEX adjustment focused on efficiency and digital



Multisourcing



Reduction of non-essential expenses

Optimization SG&A / OBZ



SG&A control by packages



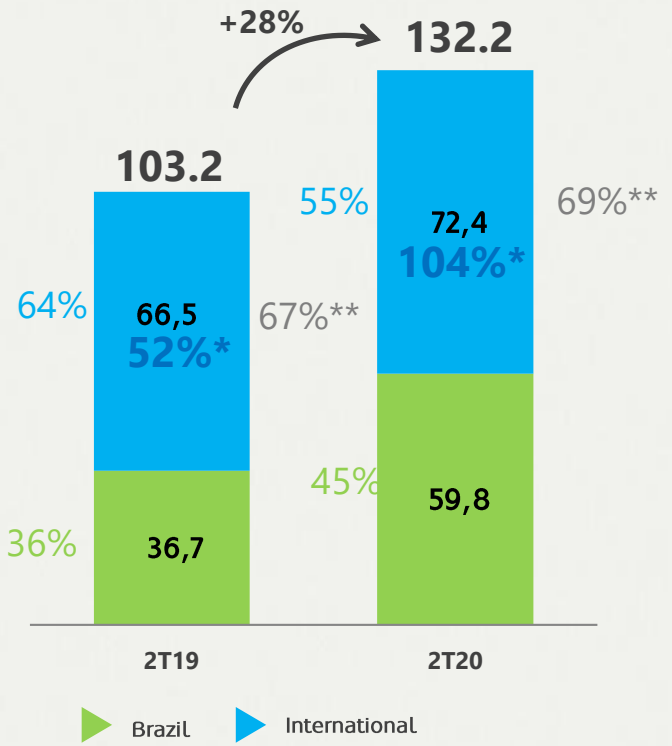
Hiring Freeze



Rent relief (fruitful negotiations)

EBITDA

(BRL million)



Ebitda Margin

CONSOLIDATED

BRAZIL

INTERNATIONAL

	2Q20	2Q19	VAR.
CONSOLIDATED	19%	12%	+ 7.2pp
BRAZIL	16%	7%	+9.9 pp
INTERNATIONAL	23%	24%	-0.6 pp



* in relation to the recurring EBITDA ** Gross margin

RECURRING EBITDA

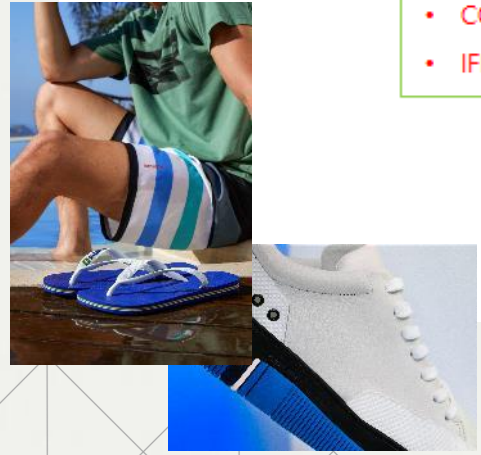
R\$ million	2Q20	2Q19	Δ (%)	1H20	1H19	Δ (%)
EBITDA	132.2	103.2	28.1%	123.4	240.5	-48.7%
<i>EBITDA margin</i>	19%	12%	7.2 pp	9%	14%	-5.9 pp
Non-recurring charges	-67.4	8.7	n/a	13.5	-1.5	n/a
Recurring EBITDA	64.7	111.9	-42.2%	136.9	238.9	-42.7%
<i>Recurring EBITDA margin</i>	10%	13%	-3.7 pp	10%	14%	-4.8 pp

- Tax gains
- COVID Expenses
- IFRS 16 Adoption

- Tax Gains
- Argentina Sale
- Covid
- IFRS 16 Adoption

- Tax Gains
- Argentina Impairment
- IFRS 16 Adoption

- Tax Gains
- Argentina Impairment
- IFRS 16 Adoption

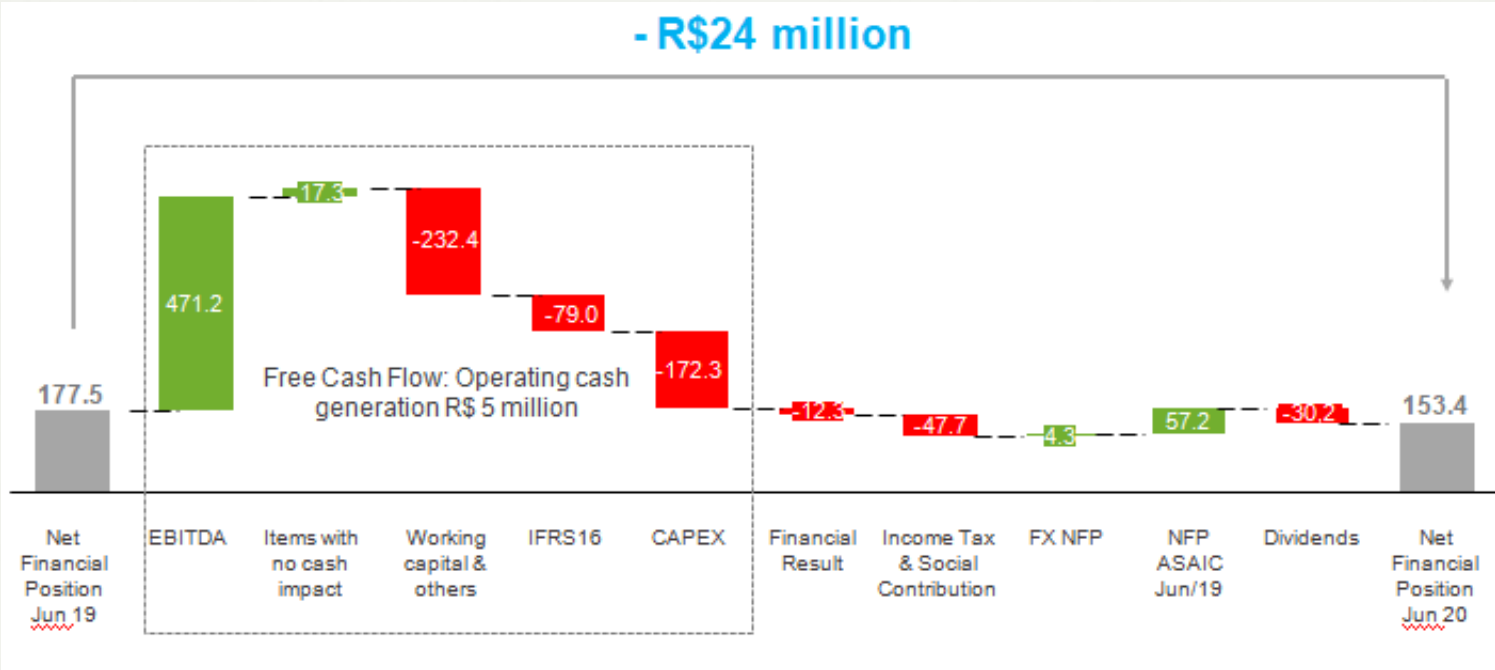


Net Financial Position

(BRL million)



- R\$24 million





Final Message



▲ Brand strength and high performance drive recovery



Generating profit, expanding margins and with positive cash



Performance gain in high growth channels and global growth of Havaianas



Fueled by a demand-driven supply chain

RESILIENT RESULTS IN 2Q20

Net **Revenue** Net **income**
BRL 681 Million **BRL 45 Million**

Havaianas Net Revenue

International (51%)	Online Sales (23%)
+12%	3x
2Q20	2Q20

Sales growth

Havaianas.com	+550%
Havaianas online	+205%

+210 bps	EBITDA	19%
Gross operating margin	10%	EBITDA margin June/20
	Margin	

BRL + 153 Million **BRL 2.6 Billion**
NFP **Cash**

RECOVERY: STRONG BRANDS, HIGH PERFORMANCE

Havaianas Net Revenue

+25%

Jun/20

+8%

Brazil

+57%

International

ONLINE GLOBAL SALES ~ 25% OF TOTAL SALES

Havaianas online	+205%
Mizuno online	+80%
Osklen online	+102%

INNOVATION



SUPPORTING SOCIETY: DONATIONS



400 thousand
 pairs of shoes
 (Havaianas, PPE)



Rede Brasil

1 Million
 Fabric masks



BRL 5 Million
1 Million
 Fabric masks



Instituto
ALPARGATAS

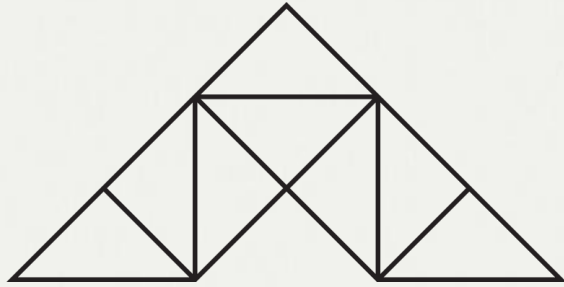
500 thousand
 Basic food items

Montes Claros (MG) **10,000**

serological tests

Campina Grande (PB) **10 respirators**

150 thousand children's masks



ALPARGATAS

Investor Relations
ri@alpargatas.com

