PRESS RELEASE 4Q16 and 2016

CONFERENCE CALL

(only in Portuguese)

Date: March 13th, 2017

at 5 pm BRT/ 4 pm US ET/

8 pm London

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NET INCOME GROWS 106.4% IN 4Q16 AND 36.2% IN 2016

R$ million	4Q16	4Q15	4Q Var.	2016	2015	FY Var.
NET REVENUE	**1,065.9**	**1,111.9**	**-4.1%**	**4,054.4**	**4,038.6**	**0.4%**
BRAZIL	828.1	711.1	16.5%	2,637.1	2,353.3	12.1%
SANDALS INTERNATIONAL	78.5	109.4	-28.2%	644.6	666.6	-3.3%
ARGENTINA	159.3	291.4	-45.3%	772.7	1,018.7	-24.1%
GROSS PROFIT	**455.1**	**470.7**	**-3.3%**	**1,800.3**	**1,725.1**	**4.4%**
Gross margin	**42.7%**	**42.3%**	**0.4 pp**	**44.4%**	**42.7%**	**1.7 pp**
BRAZIL	377.8	315.0	19.9%	1,154.4	991.4	16.4%
Margin	45.6%	44.3%	1.3 pp	43.8%	42.1%	1.7 pp
SANDALS INTERNATIONAL	44.5	67.2	-33.8%	440.0	439.8	0.0%
Margin	56.7%	61.4%	-4.7 pp	68.3%	66.0%	2.3 pp
ARGENTINA	32.8	88.5	-62.9%	205.9	293.9	-29.9%
Margin	20.6%	30.4%	-9.8 pp	26.6%	28.9%	-2.3 pp
EBITDA	**166.7**	**144.6**	**15.3%**	**595.8**	**563.4**	**5.8%**
EBITDA margin	**15.6%**	**13.0%**	**2.6 pp**	**14.7%**	**14.0%**	**0.7 pp**
BRAZIL	167.7	95.2	76.2%	388.7	272.7	42.5%
Margin	20.3%	13.4%	6.9 pp	14.7%	11.6%	3.1 pp
SANDALS INTERNATIONAL	-8.8	4.8	-	124.1	150.3	-17.4%
Margin	-11.2%	4.4%	-15.6 pp	19.3%	22.5%	-3.2 pp
ARGENTINA	7.8	44.6	-82.5%	83.0	140.4	-40.9%
Margin	4.9%	15.3%	-10.4 pp	10.7%	13.8%	-3.1 pp
CONSOLIDATED NET INCOME (FROM CONTINUING OPERATIONS)	**103.3**	**57.4**	**80.0%**	**362.3**	**276.9**	**30.8%**
Net margin	**9.7%**	**5.2%**	**4.5 pp**	**8.9%**	**6.9%**	**2.0 pp**
NET RESULT FROM DISCONTINUED OPERATIONS	-0.7	-7.7	+ R$ 7.0 mm	-3.8	-13.7	+ R$ 9.9 mm
CONSOLIDATED NET INCOME	**102.6**	**49.7**	**106.4%**	**358.4**	**263.2**	**36.2%**
Net margin	**9.6%**	**4.5%**	**5.1 pp**	**8.8%**	**6.5%**	**2.3 pp**

2016 PERFORMANCE

INTRODUCTION

Worthy of note in Alpargatas' performance in 2016 was business growth in Brazil, which was outstanding compared with other Brazilian consumer goods companies. Even with the strong retraction in consumption due to the adverse economic conjuncture, Alpargatas continued to innovate, grow in retail, invest in international operations and development projects and withdraw from businesses not providing the expected return. All this work resulted in a 36.2% increase in consolidated net income and greater value for shareholders, who benefited from the 45.1% appreciation in preferred shares and received R$ 132.6 million in interest on own equity, equivalent to 82% of the distributable net income in the year. Other important events during the year were:

- 11.5% growth in sandals volume in the domestic market, driving a two point increase in market share.
- Opening of 29 Havaianas stores in Brazil and 17 overseas, totaling 578 points of sale for the brand. Alpargatas retail ended the year with 698 stores worldwide.
- Direct operations in another four countries: Croatia, Slovenia, Switzerland and Canada.
- Inauguration of the second sandals distribution center in Europe, in Liège, Belgium.
- Design of new international sandals operating model, with the definition of priority growth regions.
- Increase in Mizuno gross margin, with growth in domestic footwear production.
- Closing of sale of Topper and Rainha brands in Brazil.
- Announcement of end of Timberland brand license.
- Launch of Osklen e-commerce platform.
- Operating cash generation of R$ 288.3 million.
- Public offer for acquisition of voting shares by J&F Investimentos, increasing its stake in Alpargatas to 54%.

1. RESULTS

1.1. NET REVENUE

Net revenue totaled R$ 4,054.4 million, an increase of 0.4% compared with 2015, impacted by the 12.1% growth in revenue generated in Brazil. Worthy of note was the 19.6% increase in revenues in the Sandals business in the country, due to the higher average prices and the respective 11.5% and 13.6% volume increases in sandals and Havaianas extension products.

1.2. GROSS PROFIT

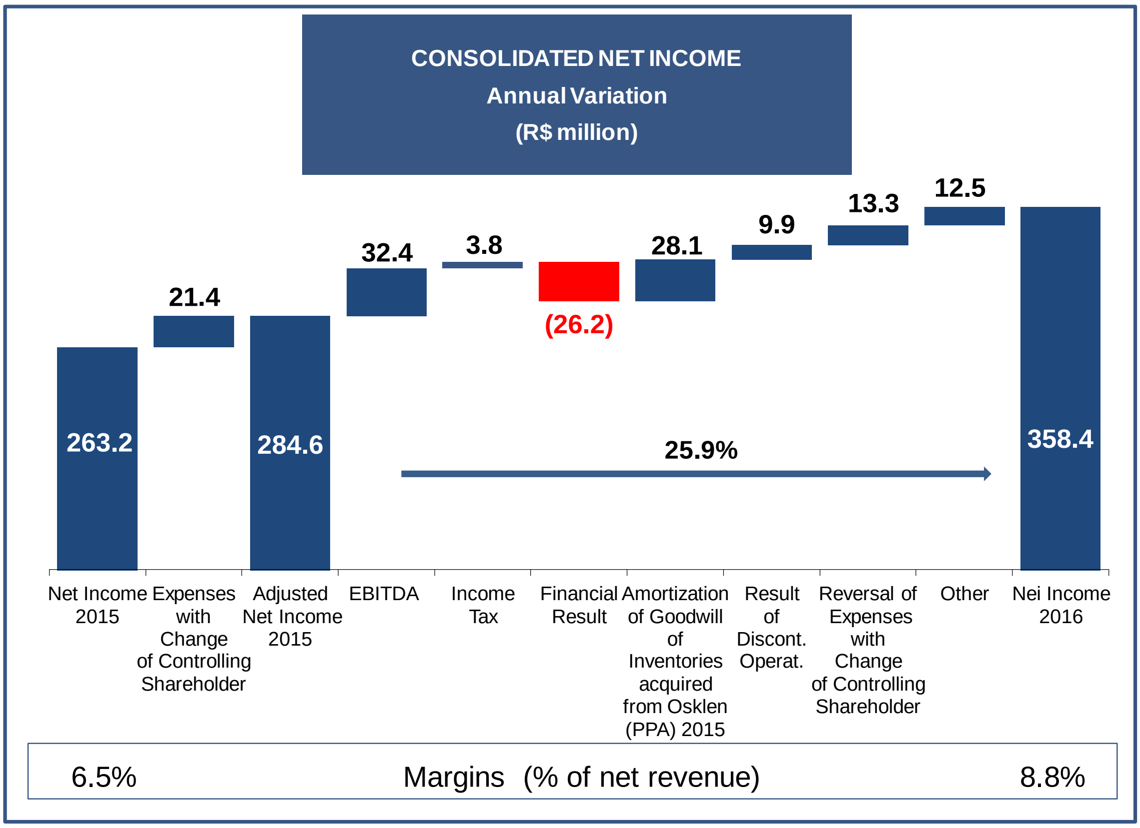
This totaled R$ 1,800.3 million, 4.4% higher than in 2015, driven by the 1.7 percentage point increase in gross margin in Brazil.

1.3. EBITDA

EBITDA was R$ 595.8 million, up 5.8% over 2015, and growing 42.5% specifically in Brazil. At 14.7%, margin increased by 0.7 of a percentage point.

1.4. NET INCOME

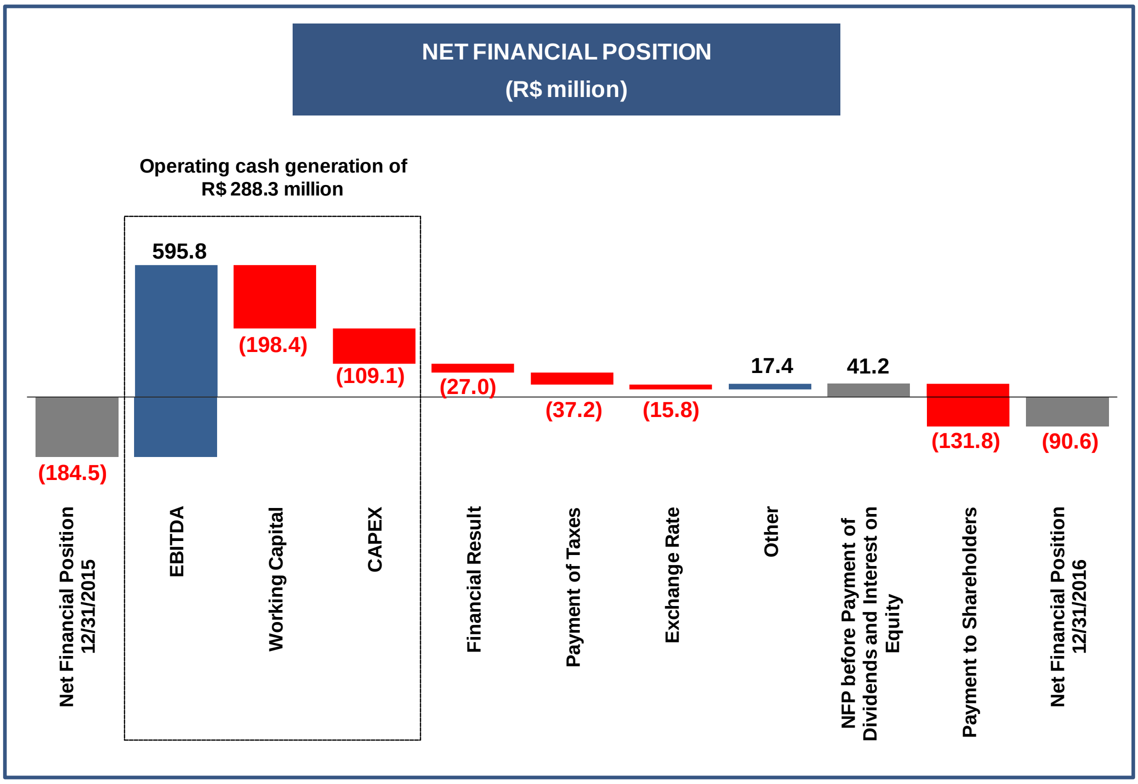
This totaled R$ 358.4 million in 2016, with a net margin of 8.8%. Not considering the extraordinary expenses due to the change with controlling shareholder, net income grew 25.9% over 2015, with EBITDA generation contributing most to this growth in the year.



1.5. NET FINANCIAL POSITION

On December 31st, 2016, Alpargatas posted a negative net financial position of R$ 90.6 million, the result of a cash balance of R$ 502.1 million (operational generation totaled R$ 288.3 million in the year) and indebtedness of R$ 592.7 million, with the following profile:

- R$ 209.9 million (35% of the total) due in the short term, of which R$ 122.9 million in Brazilian currency. The short-term debt in foreign currency totaled R$ 87.0 million, financing principally working capital for the overseas subsidiaries.
- R$ 382.8 million (65%) due in the long-term, of which R$ 382.7 million in Brazilian currency and R$ 108,000 in foreign currency.



2. CAPITAL MARKET AND SHAREHOLDER COMPENSATION

On December 31st, 2016, Alpargatas preferred shares (ALPA4) were quoted at R$ 10.01, an appreciation of 45.1% in the year, and the voting shares (ALPA3) at R$ 8.88, 4.8% down on the price on December 31st, 2015. From January to December, Ibovespa appreciated by 38.9%. At the end of the year, Alpargatas' market cap on BM&FBovespa was R$ 4.4 billion, 12.3% up on 2015. The average daily trading volume for ALPA4 was R$ 5.4 million, 10.7% higher than the daily average traded in 2015. From September 1st, ALPA4 has been listed on the BM&FBovespa IBrX-100 Index. The amount paid to shareholders, in the form of interest on equity, totaled R$ 132.6 million, a payout of 82% of the distributable net income in the year. In a meeting held on March 10th, 2017, the Board of Directors decided on the first payout of interest on equity for 2017 in the amount of R$ 38.2 million, payable on April 12, 2017. On September 30th, 2016, J&F Investimentos made a public offer for the acquisition of Alpargatas' voting shares. As a result, J&F held approximately 86% of this class of shares, while maintaining its holding in preferred stock. Its share of the total capital increased to 54%.

PERFORMANCE IN FOURTH QUARTER OF 2016 (4Q16)

In the comments made on 4Q16 performance, the comparisons are in relation to 4Q15.

1. SALES VOLUME

Sandals and Havaianas Brand Extension

In Brazil, the growth in sandals volume (sell in) was above expectations, exceeding customer sell out and increasing stock levels. This will lead to a natural adjustment in inventory in the chain during the 1Q17, impacting sales. The company expects this situation to be normalized by the beginning of 2Q17. Havaianas brand extension products did not show volume growth due to lower sell in for the accessories and closed footwear categories.

Thousand pairs/pieces	4Q16	4Q15	Var.	2016	2015	Var.
SANDALS	**74,275**	**66,428**	**11.8%**	**252,100**	**234,765**	**7.4%**
Brazil	68,716	59,947	14.6%	224,089	200,973	11.5%
International markets	5,559	6,481	-14.2%	28,011	33,792	-17.1%
HAVAIANAS BRAND EXTENSION	**708**	**836**	**-15.3%**	**2,638**	**2,384**	**10.7%**
Brazil	668	788	-15.2%	2,138	1,882	13.6%
International markets	40	48	-16.7%	500	502	-0.4%
TOTAL	**74,983**	**67,264**	**11.5%**	**254,738**	**237,149**	**7.4%**
Brazil	69,384	60,735	14.2%	226,227	202,855	11.5%
International markets	5,599	6,529	-14.2%	28,511	34,294	-16.9%

International sandals volume was impacted mainly by export markets and the North American operation. In spite of seasonal factors, which reduce sales in the Northern Hemisphere, volume in the EMEA (Europe, Middle East and North Africa regions) grew 93.3%, due mainly to increased sales to distributors. In the United Sates the reduction in volume is the result of the lower offer to the offprice channel and the transition to a direct distribution model in Canada, which dislocated sales from the fourth quarter to the first quarter of 2017. As reported in previous quarters, the difficulties faced in significant export markets continued to have a negative impact on sales volume in the overseas market.

Sporting Goods and Textiles

Differently from other quarters, Mizuno remained stable in terms of the volume commercialized. This is explained by the gradual return to the market of the brand's entry level products, which are being made in Brazil rather than being imported, as well as by the resumption in sales of higher added value products.

Thousand pairs/pieces/meters	4Q16	4Q15	Var.	2016	2015	Var.
FOOTWEAR (thousand pairs)	**2,444**	**2,830**	**-13.6%**	**9,407**	**12,102**	**-22.3%**
Brazil	1,139	1,143	-0.3%	4,077	5,324	-23.4%
Argentina	1,305	1,687	-22.6%	5,330	6,778	-21.4%
APPAREL (thousand pieces)	**772**	**1,028**	**-24.9%**	**3,015**	**3,201**	**-5.8%**
Brazil	398	631	-36.9%	1,572	1,819	-13.6%
Argentina	374	397	-5.8%	1,443	1,382	4.4%
TEXTILES (thousand meters)	**3,584**	**4,593**	**-22.0%**	**17,135**	**18,895**	**-9.3%**
Argentina	3,584	4,593	-22.0%	17,135	18,895	-9.3%
TOTAL	**6,800**	**8,451**	**-19.5%**	**29,557**	**34,198**	**-13.6%**
Brazil	1,537	1,774	-13.4%	5,649	7,143	-20.9%
Argentina	5,263	6,677	-21.2%	23,908	27,055	-11.6%

In Argentina, once again Topper footwear volume dropped. The opening of the market to imported footwear continued to put pressure on margins and volumes. In this conjuncture, Alpargatas Argentina will implement a new sourcing strategy that will enable Topper to be more competitive.

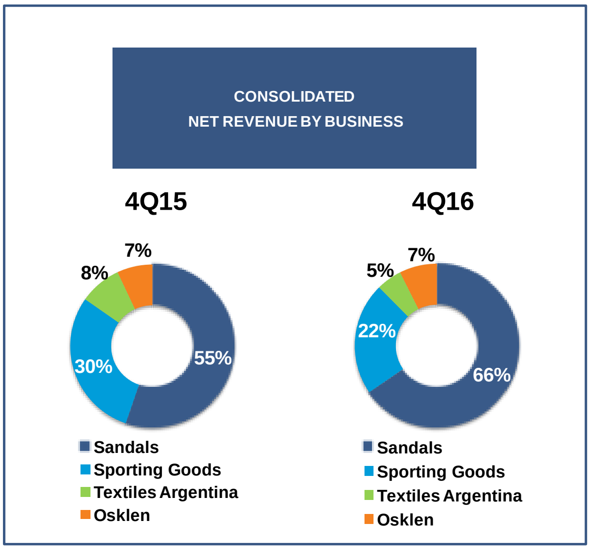
Osklen

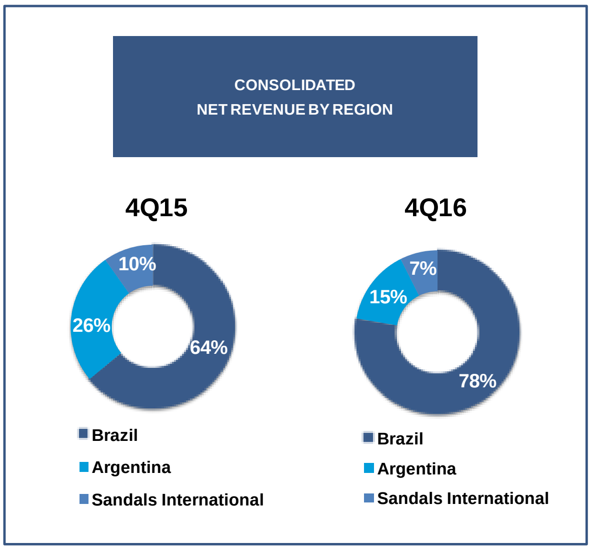
Thousand pairs/pieces	4Q16	4Q15	Var.	2016	2015	Var.
Osklen footwear, apparel and accessories	594	561	5.9%	1,623	1,512	7.3%

Osklen showed an increase in volume due to the expansion of points of sale in the multibrand channel and to its performance in e-commerce, whose new platform helped drive sell in. The volume increases in these channels were 55.5% and 49.1% respectively.

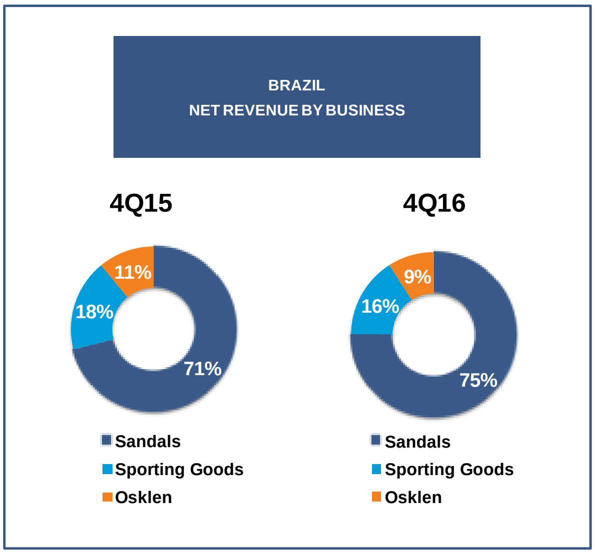
2. NET REVENUE

R$ million	4Q16	4Q15	4Q Var.
NET REVENUE	**1,065.9**	**1,111.9**	**-4.1%**
BRAZIL	828.1	711.1	16.5%
SANDALS INTERNATIONAL	78.5	109.4	-28.2%
ARGENTINA	159.3	291.4	-45.3%





The increase in net revenue in Brazil was due mainly to volume growth and to the 6.6% increase in the average price of sandals.



In International Sandals the most accentuated drop in foreign currency was in Exports due to the reduction in volume and average price. In the United States, the lower revenues in dollars are explained by the decrease in the volume offered in the offprice channel, which, on the other hand, benefited the average price because of the reduction of this channel's share in the mix. In EMEA the increase in revenue in euros was due to growth in sales volume. In reais, revenue was impacted by the devaluation of the dollar by 14.3% and of the euro by 15.6% compared with 4Q15.

CHANGE IN NET REVENUE IN FOREIGN CURRENCIES	4Q16 x 4Q15
EMEA - Euro	69.4%
USA - Dollar	-16.4%
Exports - Dollar	-30.1%

In Argentina, the average price increase of 25.6% offset in part the drop in volume in nominal terms, generating a reduction in revenue in pesos of only 0.6%. In reais, it dropped 45.3% due to the 44.5% devaluation of the peso (vs 4Q15). The Footwear business accounted for 68% of 4Q16 revenue (69% in 4Q15) and Textiles, 32% (31% in 4Q15).

STORES	12/31/2016			12/31/2015		
	FRANCHISES	OWN	TOTAL	FRANCHISES	OWN	TOTAL
HAVAIANAS	**541**	**37**	**578**	**500**	**32**	**532**
Brazil	440	4	444	411	4	415
Overseas	101	33	134	89	28	117
OSKLEN	**23**	**57**	**80**	**25**	**64**	**89**
Brazil	22	53	75	22	60	82
Overseas	1	4	5	3	4	7
TOPPER ARGENTINA	**0**	**9**	**9**	**0**	**9**	**9**
OUTLETS	**0**	**31**	**31**	**0**	**35**	**35**
Brazil	0	16	16	0	20	20
Argentina	0	15	15	0	15	15
TOTAL	**564**	**134**	**698**	**525**	**140**	**665**

In the quarter, the variations in Alpargatas retail revenues on a same store basis were:

- Havaianas (franchises Brazil): -5.1%, due to lower sales volume in sandals and brand extension products.
- Meggashop: -12.9%, due to the lower volume caused by the removal of the Topper and Rainha brands from the portfolio, and the higher discounts granted to move inventories of discontinued products of these brands.
- Osklen: -1%, due to the lower number of tickets in spite of the richer product mix on sale, with an increase in share for women's segment products. During the year, revenue on a same store basis increased 8%.

3. GROSS PROFIT

R$ million	4Q16	4Q15	4Q Var.
GROSS PROFIT	**455.1**	**470.7**	**-3.3%**
Gross margin	**42.7%**	**42.3%**	**0.4 pp**
BRAZIL	377.8	315.0	19.9%
Margin	45.6%	44.3%	1.3 pp
SANDALS INTERNATIONAL	44.5	67.2	-33.8%
Margin	56.7%	61.4%	-4.7 pp
ARGENTINA	32.8	88.5	-62.9%
Margin	20.6%	30.4%	-9.8 pp

In Brazil, gross margin grew due to the greater share on the Sandals business in revenues (see chart on page 9) and its increase in margin, due, among other factors, to the increase in the average price and the 9.8% drop in the price of rubber (in reais) in the last quarter of the year. The 4.7% percentage point increase in Mizuno footwear gross margin also made a positive contribution.

In International Sandals, there was a retraction in gross margin due to the exchange variation and the 9 percentage point drop in Export margin, the result of lower volume and the market mix.

In Argentina, margin dropped mainly due to the decrease in footwear margin. In order to balance the volume produced with weaker demand, there was a shutdown at the end of the year, which provoked an increase in the cost per pair manufactured. Rationalization measures were initiated in the footwear plants in January 2017, which should benefit Alpargatas Argentina's gross margin.

4. EBITDA

R$ million	4Q16	4Q15	4Q Var.
EBITDA	**166.7**	**144.6**	**15.3%**
EBITDA margin	**15.6%**	**13.0%**	**2.6 pp**
BRAZIL	167.7	95.2	76.2%
Margin	20.3%	13.4%	6.9 pp
SANDALS INTERNATIONAL	-8.8	4.8	-
Margin	-11.2%	4.4%	-15.6 pp
ARGENTINA	7.8	44.6	-82.5%
Margin	4.9%	15.3%	-10.4 pp

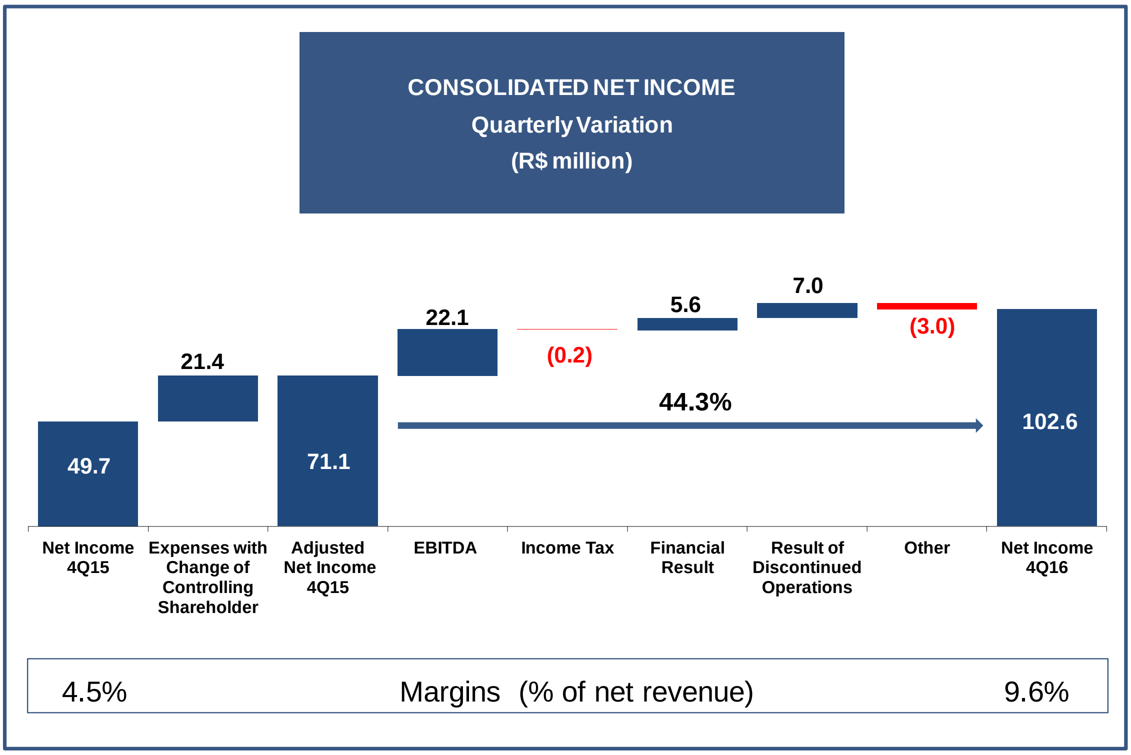
In Brazil, the increase in EBITDA and its respective margin was significant. This is explained in part by the greater gross profit and greater productivity in SG&A expenses, which decreased 5.3 percentage points as a proportion of net revenues in the country in 4Q16.

In International Sandals, the reduction in EBITDA margin was greater than that in gross margin due to a loss in productivity in operational expenses with the drop in Export revenues.

In Argentina, the loss in EBITDA was attenuated by the contention of operational expenses in an environment characterized by elevated inflation.

5. NET INCOME

Worthy of note in Alpargatas' consolidated performance in 4Q16 was the growth in net income, which totaled R$ 102.6 million. Not considering the expenses involved in the change of controlling shareholder, net income grew 44.3%, the main driver of this growth being EBITDA generation.


CONSOLIDATED NET INCOME
Quarterly Variation
(R$ million)
49.7
21.4
71.1
22.1
(0.2)
5.6
7.0
(3.0)
44.3%
102.6
Net Income 4Q15
Expenses with Change of Controlling Shareholder
Adjusted Net Income 4Q15
EBITDA
Income Tax
Financial Result
Result of Discontinued Operations
Other
Net Income 4Q16
4.5%
Margins (% of net revenue)
9.6%

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ALPARGATAS

BALANCE SHEET
(in thousand reais)

ASSETS	12/31/2016	12/31/2015
Current assets	**2,262,005**	**2,208,631**
Cash and banks	86,144	129,604
Tempory cash investment	415,974	358,589
Trade accounts receivable (net of provisions)	931,300	883,760
Inventories	652,408	633,664
Other receivables	35,566	48,887
Prepaid expenses	11,684	14,797
Assets held for sale		-
Other assets		-
Recoverable taxes	63,476	84,663
Assets from discontinued operations	65,453	54,667
Long-term assets	**148,601**	**140,236**
Recoverable taxes	19,523	25,804
Deferred income and social contribuition taxes	76,689	64,709
Escrow deposits	22,337	21,238
Other receivables	30,052	28,485
Permanent Assets	**1,371,446**	**1,414,603**
Investments	2,206	2,319
Property, plant and equipment	722,083	740,902
Intangible	647,157	671,382
TOTAL ASSETS	**3,782,052**	**3,763,470**

LIABILITIES	12/31/2016	12/31/2015
Current liabilities	**994,530**	**1,309,519**
Suppliers	427,288	437,636
Loans and financing	209,908	495,243
Debt reestructuring agreements	6,100	8,124
Payroll and related charges	162,695	172,530
Reserve for contingencies	13,349	16,057
Provision for income and social contribuition taxes	19,399	11,962
Taxes payable	49,441	35,223
Interest on capital and dividends payable	4,891	4,785
Other payable liabilities	88,931	121,982
Liabilities on assets from discontinued operations	12,528	5,977
Long-term liabilities	**721,773**	**522,715**
Loans and financing	382,766	177,449
Debt reestructuring agreements	24,626	41,193
Provision for taxes	198,624	185,245
Taxes Installments		-
Provision for income and social contribuition taxes	67,510	82,868
Reserve for contingencies	38,358	24,012
Other payable	9,889	11,948
Shareholders' equity	**2,065,749**	**1,931,236**
Capital	648,497	648,497
Capital reserves	172,799	179,984
Treasury shares	(64,248)	(84,580)
Profit reserves	1,365,194	1,123,749
Equity assessment	(146,219)	(30,408)
Hedge operation	-	2,287
Additional dividend		-
Minority interest	89,726	91,707
TOTAL LIABILITIES	**3,782,052**	**3,763,470**
Book value per share (R$)	**4.27**	**3.99**

ALPARGATAS

INCOME STATEMENT
(in thousands of Brazilian reais)

	2016	2015	4Q16	4Q15
Net Sales	**4,054,404**	**4,038,676**	**1,065,911**	**1,111,870**
Cost of sales	(2,254,120)	(2,313,613)	(610,798)	(641,168)
Gross Profit	**1,800,284**	**1,725,063**	**455,113**	**470,702**
gross margin	*44.4%*	*42.7%*	*42.7%*	*42.3%*
Operating Income (Expenses)	**(1,327,942)**	**(1,359,802)**	**(334,516)**	**(389,841)**
Selling	(975,963)	(977,869)	(243,000)	(263,376)
General and administrative	(251,279)	(259,274)	(56,088)	(62,984)
Management fees	(16,672)	(20,301)	(3,744)	(13,860)
Amortization of intangible charges	(33,657)	(33,608)	(8,174)	(9,297)
Other operating Income (expenses), net	(50,371)	(68,750)	(23,510)	(40,324)
EBIT - Operating Results	**472,342**	**365,261**	**120,597**	**80,861**
operating margin	*11.7%*	*9.0%*	*11.3%*	*7.3%*
Financial Result	(68,443)	(57,861)	(18,973)	(15,466)
Exchange variation	(18,619)	(2,898)	1,213	(7,854)
Operating Income	**385,280**	**304,502**	**102,837**	**57,541**
Income and social contribution taxes	(23,022)	(27,590)	433	(131)
Net Income from continuing operations	**362,258**	**276,912**	**103,270**	**57,410**
Net result from discontinued operations	(3,785)	(13,664)	(647)	(7,746)
Consolidated net income	**358,473**	**263,248**	**102,623**	**49,664**
EBITDA - R$ million	**595.8**	**563.4**	**166.7**	**144.6**
EBITDA margin	*14.7%*	*14.0%*	*15.6%*	*13.0%*

ALPARGATAS

CASH FLOW

(in thousand reais)

CASH FLOW FROM OPERATING ACTIVITIES	12/31/2016	12/31/2015
Cash from operating activities	**515,086**	**414,615**
Net income for the period	362,258	277,901
Depreciation and amortization	103,621	101,611
Income (loss) from disposal/derecognition of property, plant and equips.	6,332	2,464
Equity pickup	0	0
Interest and Monetary and foreign exchange variation	71,702	42,222
Provisions for tax, civil contingencies and labor claims	31,430	9,105
Deferred income and social contribuition taxes	-24,520	6,255
Suspended taxes payments	0	0
Allowance (reversal of) for doubtful accounts	8,370	8,406
Provision for (reversal of) inventory losses	11,566	11,901
Amortization of charges on loans and financing	-42,560	-35,210
Unrealized gains/losses on derivative transactions	3,118	-1,283
Gain/loss in operation with derivatives	-2,052	2,052
Stock option plan granted	0	4,198
Remeasurement adjustment - 1st acquisition Osklen	0	-3,368
From sale of Real property	-213	0
Provision for Impairment of property, plant and equipment/Intangible assets	0	1,891
Remeasurement od asset for sale	0	0
Net cash spent in discontinued operations	-13,966	-13,530
Changes in assets and liabilities	**-174,115**	**-7,296**
Trade accounts receivable	-96,111	-18,821
Inventories	-110,909	-53,441
Prepaid expenses	902	-1,382
Taxes recoverable	24,576	-11,290
Trade accounts payable	24,514	35,376
Taxes payable	47,567	33,175
Payroll and social charges	5,845	23,343
Payment of income and social contribuition taxes	-37,183	-27,018
Other	-33,316	12,762
NET CASH - OPERATING ACTIVITIES	**340,971**	**407,319**

CASH FLOW FROM INVESTING ACTIVITIES	12/31/2016	12/31/2015
Acquisition of property, plant and equipment and intangible assets	-109,103	-126,804
Short-term investments	-11,785	89,702
Receivable from sale of permanent assets	11,886	9,690
Acquisition of Investments	0	0
Initial Cash Balance of controlled company	0	0
NET CASH - INVESTING ACTIVITIES	**-109,002**	**-27,412**
CASH FLOW FROM FINANCING ACTIVITIES		
Loans and financing raised	398,458	497,812
Amortization loans and financing - Principal	-475,546	-372,991
Payment of dividends and interest on equity	-131,790	-424,894
Amortization through debt restructuring of subsidiary	-9,689	-12,400
Acquisition shares to be held in treasury, net	23,890	-5,433
NET CASH - FINANCING ACTIVITIES	**-194,677**	**-317,906**
Exchange gains (losses) on cash and cash equivalents	**-40,871**	**16,314**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-3,579**	**78,315**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	394,926	316,611
CASH AND CASH EQUIVALENTS AT END OF PERIOD	391,347	394,926