



ALPARGATAS

Conference Call 3Q20 Earnings Release

Beto Funari – CEO
Julian Garrido – CFO



#MoreColorfulDays

Beto Funari



#empathycreatesempathy

3Q20 Highlights

Growth

Net revenue **+18%**

EBITDA **+20%**

Alpargatas

R\$944 MM

net revenue

+70 bps

operating gross
margin

17%

EBITDA margin

R\$318 MM

(2X 2Q20)

net financial position (NFP)

R\$2 B

cash

Havaianas

+24%

net revenue

+11%

volume

Brazil

+21%

Net revenue

International

+34%

Net revenue

GLOBAL ONLINE SALES

+168%

3Q20 Highlights Global



HAVAIANAS INTERNATIONAL ~24%

net revenue

+34%

+143%
Online
(DTC+B2B)

+36%
Volume
(EMEIA, NA&C and
China)

HAVAIANAS BRAZIL ~76%

net revenue

+21%

volume
+13%

market share
September YTD
+400 bps



▲ 3Q20 Highlights
Digital ▼

Havaianas

+168%

Online (e-commerce+B2B)

+280%

e-commerce

+117%

B2B



OSKLEN

+190%

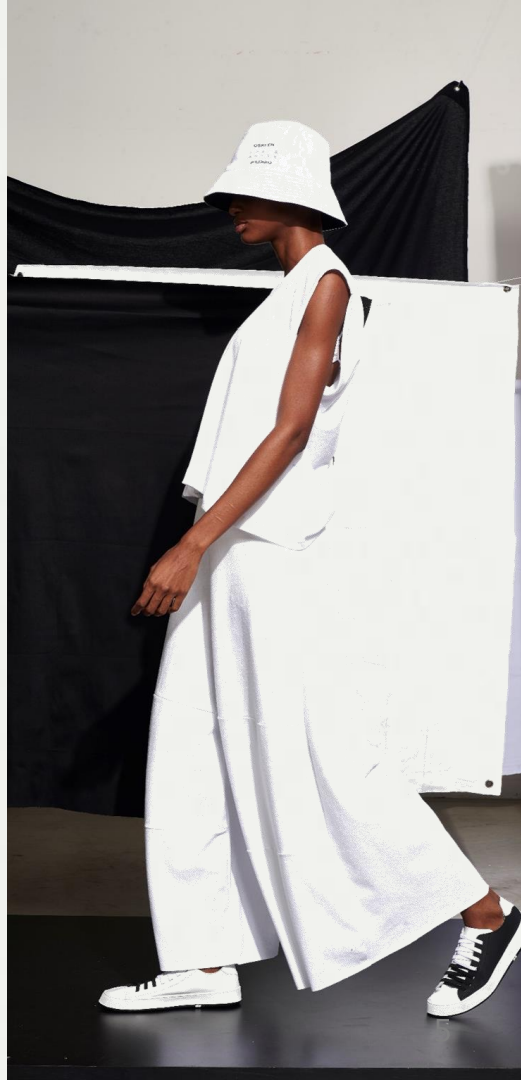
Online (e-commerce+B2B)

+226%

e-commerce

+151%

B2B



3Q20 Highlights

Capital allocation

Mizuno Brasil

valued at:

~R\$200 MM



- ▲ Release of **working capital** and reduction of FX exposure
- ▲ Heavier investments in **global expansion, digital** and **innovation** in Havaianas and Osklen brands
- ▲ **Modernization** of industrial facilities

3Q20 Highlights

NEW STRUCTURE

CEO
BETO

INTERNATIONAL
FRED

APAC ROBERT	EMEIA GUILLAUME
NA&C JACOB	LATAM TOMAS

BRAZIL
FABIO

BMU OSKLEN & GLOBAL DIGITAL CHANNELS
LEANDRO

GLOBAL MARKETING
FEFA

INDUSTRIAL
RUBIÃO

FINANCE
JULIAN

SUPPLY CHAIN
SIMONE

TECHNOLOGY
RAMALHO

PEOPLE
DANIELLO

LEGAL AND GOVERNMENT RELATIONS
GRANJO

▲ Innovation Core business

HOW HAVAIANAS BECAME
THE UNDISPUTED LEADER OF THE
FLIP FLOP

HIGHSNOBILITY



Naruto
Shippuden



Minecraft



Yves Saint
Laurent



Tradi Zori

Glitter
family



▲ Innovation

Beyond flip flops



#DiasMaisColoridos



6
 TODAY, WHETHER AT THE BEACH OR IN THE CITY, HAVAIANAS REMAINS THE ULTIMATE SYMBOL OF BRAZIL'S LAIDBACK STYLE.



▲ Innovation
Lifestyle

HIGHSNOBILITY

NEW

DIGITAL FLAGSHIP



Role o arco-Iris
para descobrir
mais cores.



havaianas



Havaianas Top Logomania 2
R\$ 34,99

Havaianas You St Tropez Mesh
R\$ 84,99

NOVO

Havaianas Twist
R\$ 45,99

Q Ordenar por

Fechar filtros

Calçados



Sandálias



Rasteirinhas



Alpargatas

Vestuário



Camiseta



Camisa



Shorts



Vestido



Saia



Ver mais

NEW

DIGITAL FLAGSHIP



Business ecosystem driving results

Demand-oriented supply chain



Insourcing of e-commerce in Brazil



More efficient logistics



Better quality inventory through high turnover products

Operations (industrial)



Streamlined health and safety practices



Investments to ramp up production capacity



Optimization of Capex

High-growth sales channels



Food, convenience and drugstores: ~40K new POV (since May)



Investment performance marketing in online sales channels



Omnichannel: pilot tests in Brazil, Europe and USA

Sustainability

Focus on innovation

- Havaianas global marketing and product development dedicated resources to sustainability

Corporate Governance

- Creation of Sustainability Commission, reporting to the CEO
- Creation of the Head of Sustainability position



Julian Garrido

3Q20 Consolidated Results*

R\$944 MM

(+18% vs. 3Q19)

Net revenue

R\$ 158 MM

(+20% vs. 3Q19)

Recurring EBITDA

R\$116 MM

Recurring
net income

R\$+318 MM

Total NFP



*Excluding discontinued operations



Liquidity preserved and **cash protection**

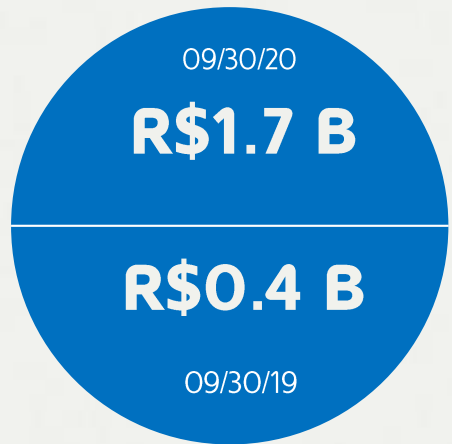
Positive Net Financial Position



Cash & stress test



Funding



▲ Managing **cash** with the focus on driving **growth**

Working capital



Focus on the ecosystem
(clients and suppliers)



Renegotiating deadlines
and rebalancing
inventories

Cash management



Postponement of noncritical
projects



Protection of main Capex
related to growth platforms
(capacity, digital, technology
and logistics)

Financial structure and liquidity



No significant short-term
maturities and use of credit
facilities to ensure liquidity



Default risk mitigated

◀ **Discipline** in sustainable expansion of margins

RGM



High turnover, high margin products



Smart channel/portfolio mix

VIP 100%



Capex adjustment with the focus on efficiency and digital



Multisourcing

ZBB



Distribution cost efficiency

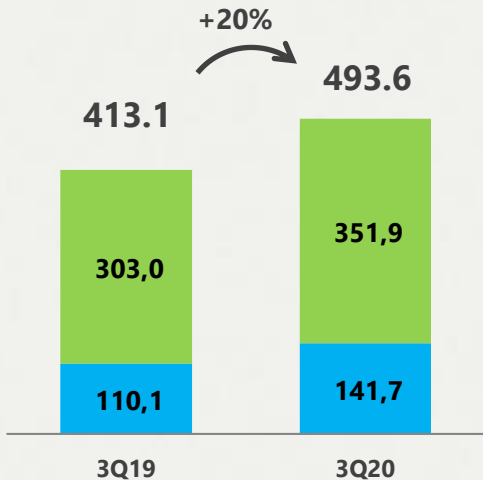


Highlight for G&A package



Gross Margin

(R\$ MM)



 Brazil
  International

GROSS MARGIN	3Q20	3Q19	CHG.
CONSOLIDATED	52.3%	51.6%	70 bps
BRAZIL	48.4%	47.4%	90 bps
INTERNATIONAL	65.6%	67.9%	-23 bps*

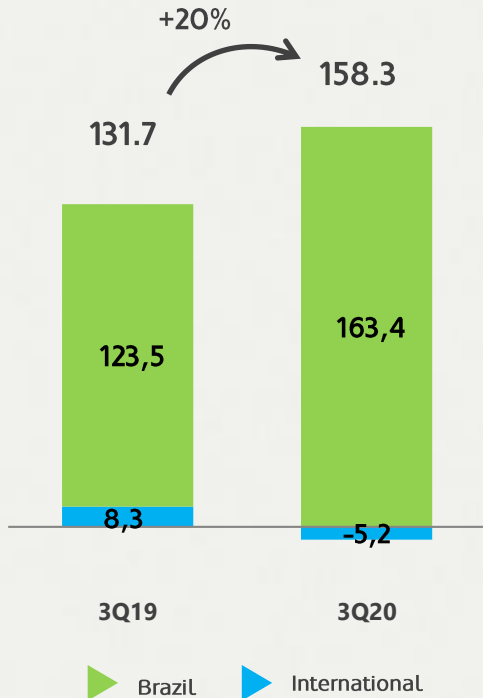
▲ Highlight: RGM in Brazil

▲ *Reclassification of storage costs in Europe (R\$5.4 MM in 3Q20 and ~R\$16 MM in 9M20). Without this effect, international gross margin would be in line with 2019.



Recurring EBITDA

(R\$ MM)



RECURRING EBITDA MARGIN

	3Q20	3Q19	CHG.
CONSOLIDATED	17%	17%	0 bps
BRAZIL	23%	19%	30 bps
INTERNATIONAL	-3%*	5%	-80 bps

▶ Havaianas: EBITDA +30% in 3Q20

▶ * Havaianas International: EBITDA including investments in brand awareness, in line with strategy



Recurring EBITDA

R\$ million	3Q20	3Q19	Δ (%)	9M20	9M19	Δ (%)
Recurring EBITDA	158.3	131.7	20.1%	312.9	372.4	-16.0%
<i>Recurring EBITDA margin</i>	16.8%	16.5%	0.3 pp	13.8%	16.3%	-2.5 pp
Non-recurring charges	17.1	-1.7	n/a	30.8	-3.2	n/a
EBITDA	141.1	133.4	5.8%	282.0	375.7	-24.9%
<i>EBITDA margin</i>	15.0%	16.7%	-1.7 pp	12.5%	16.5%	-4 pp

- IFRS 16 Adoption +R\$ 22 M
- COVID -R\$ 13 M
- Restructuring / Consulting -R\$ 23 M

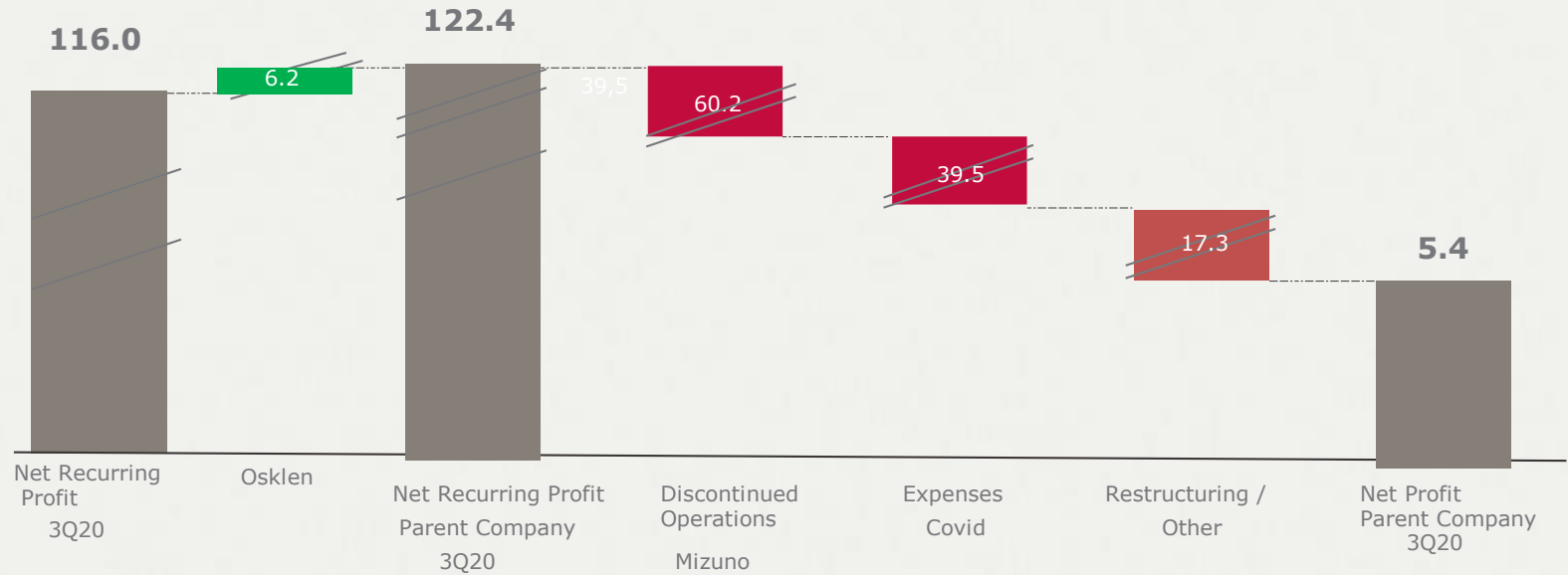
- Tax Gains
- Argentina Sale
- Covid
- IFRS 16 Adoption

- IFRS 16 Adoption +R\$ 19 M
- Restructuring -R\$ 15 M

- Tax Gains
- Argentina Impairment
- IFRS 16 Adoption



Net recurring Profit*

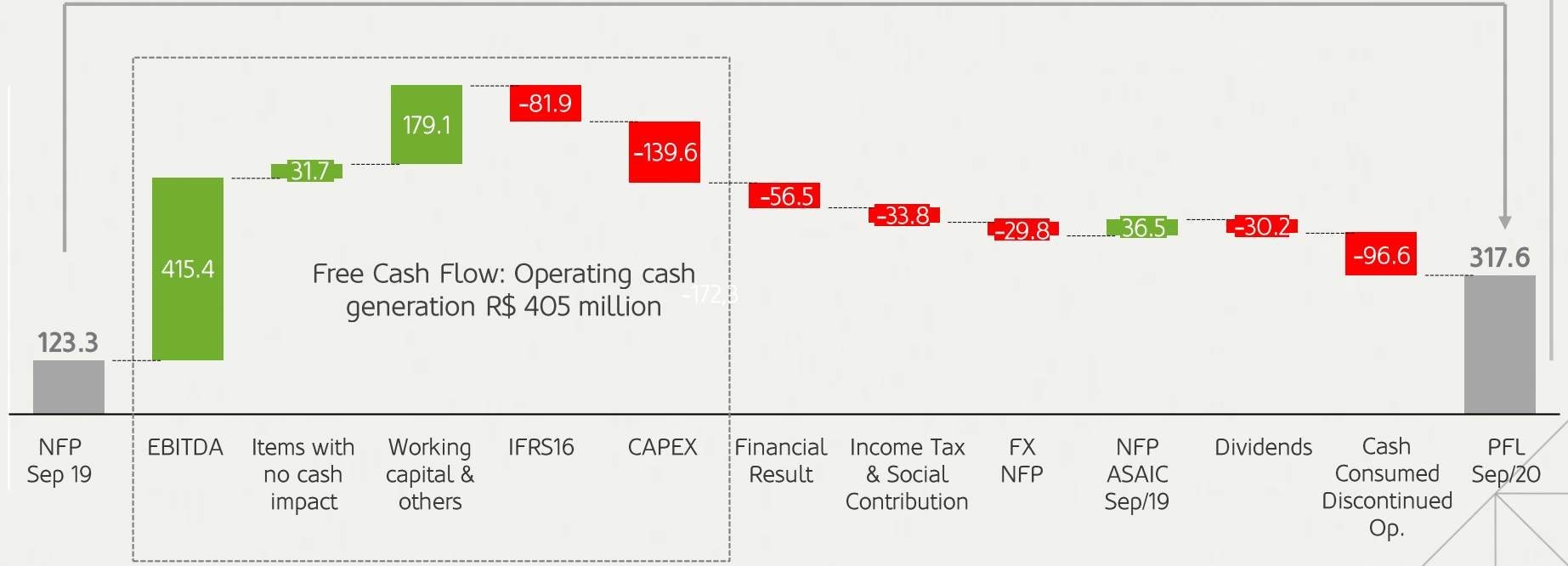


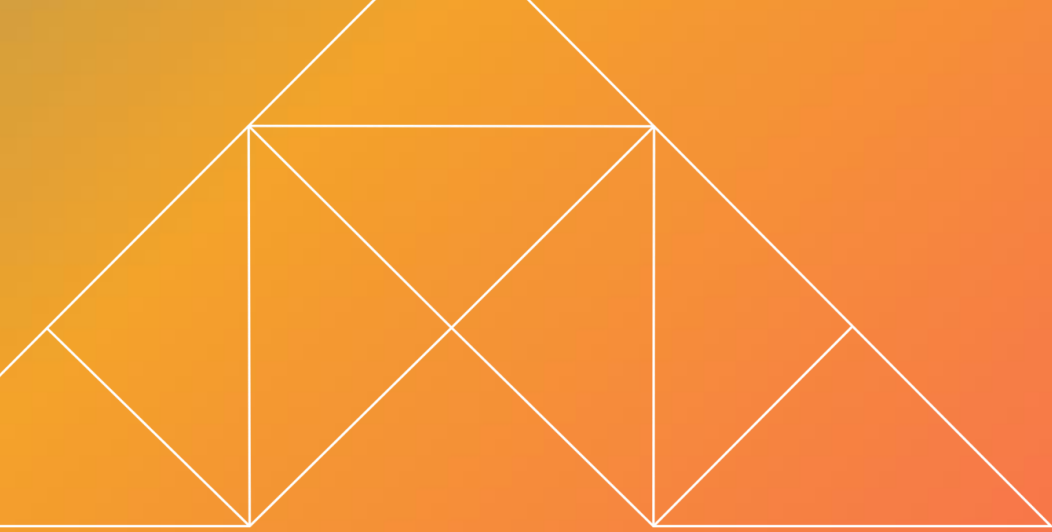
*Without discontinued operations

Net Financial Position (NFP)

(R\$ MM)

+ R\$194 million





◀ **Closing message**



▲ Strength of brands and high performance drive growth



Generating profit, investing in growth, expanding margins and with positive cash



Improved performance in high-growth channels, portfolio expansion and global growth of Havaianas



Driven by a demand-oriented supply chain

HOW WE CREATE VALUE

Growth



Global, digital, innovative and sustainable growth

Margin Expansion



RGM

COGS reduction

Optimization of SG&A

Culture

INSPIRED BY PEOPLE

We face the IMPOSSIBLE

We make it HAPPEN

HEART OF OWNER

We grow TOGETHER

We take care of TOMORROW

Strength of brands and high performance drive growth

GROWTH

Net revenue
R\$944 MM

Recurring net income
R\$116 MM

Net revenue
+18%

Gross margin
+70bps

Recurring EBITDA
+20%

R\$+318 MM
NFP

R\$2 billion
Cash

STRONG BRANDS, HIGH PERFORMANCE

Havaianas Net revenue

+24%

3Q20

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Brazil

+34%

International

ONLINE SALES

Havaianas.com **+280%**

Havaianas online **+168%**

Osklen online **+190%**

INNOVATION



SUPPORT TO SOCIETY - DONATIONS



400,000
pairs of footwear
(Havaianas, PPEs)



1 MM

Cloth masks



R\$5 MM

1 MM

Cloth masks



500,000

Food staples

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

Campina Grande (PB) **10**
ventilators

150,000 masks for children



ALPARGATAS

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