

CAPITAL MARKET

Closing Price:
(March 15, 2013)

ALPA3 – R\$ 13.32

ALPA4 – R\$ 13.80

Market Cap.:

R\$ 5.2 billion

CONFERENCE CALL (in Portuguese)

Date: March 18, 2012
at 2:00 pm BRT
1:00 pm US EDT

Phone:
(55 11) 4688-6361

Code: Alpargatas

Slides:
<http://ri.alpargatas.com.br>

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ALPARGATAS

**EARNINGS
RELEASE
4Q12 AND FY2012**

**NET REVENUE REACHES R\$ 3 BILLION IN 2012,
16.8% MORE THAN 2011.
ALPARGATAS IS THE LARGEST BRAZILIAN FOOTWEAR COMPANY.**

Highlights



- ✓ Havaianas celebrates 50 years with more than 4 billion pairs sold
- ✓ Brazilian consumer good brand most recognized worldwide
- ✓ New Havaianas plant will be inaugurated in 2Q13



- ✓ New soccer products for the Instinct line
- ✓ Rugby gets stronger with Topper support
- ✓ Debut in running footwear



- ✓ New collection for running and casual sporting goods



- ✓ New footwear for running and soccer
- ✓ Debut in voley
- ✓ New exports market: Argentina

OSKLEN

- ✓ Acquisition of 30% of Osklen's capital stock with an option to acquire an additional 30% interest in one year



- ✓ Getting closer to consumers through social media

Financial Highlights

Financial indicators (R\$ million, except margins)	4Q11	4Q12	Change 4Q12 x 4Q11	2011	2012	Change 2012 x 2011
Consolidated Net Revenue	703.7	836.6	18.9%	2,574.7	3,007.0	16.8%
Brazil	536.2	652.6	21.7%	1,858.8	2,162.3	16.3%
Argentina	127.8	128.2	0.3%	477.5	524.3	9.8%
USA, Europe and Exports	39.8	55.8	40.2%	238.4	320.4	34.4%
Consolidated Gross Profit	295.4	349.7	18.4%	1,153.9	1,272.8	10.3%
Brazil	247.1	292.3	18.3%	905.3	965.4	6.6%
Argentina	33.2	33.2	-	129.2	130.3	0.9%
USA, Europe and Exports	15.1	24.2	60.3%	119.4	177.0	48.2%
Consolidated Gross Margin	42.0%	41.8%	(0.2 p.p.)	44.8%	42.3%	(2.5 p.p.)
Brazil	46.1%	44.8%	(1.3 p.p.)	48.7%	44.7%	(4 p.p.)
Argentina	26%	26%	-	27.1%	25%	(2.1 p.p.)
USA, Europe and Exports	38%	43.5%	5.5 p.p.	50.1%	55.2%	5.1 p.p.
Consolidated EBITDA	87.6	129.5	47.8%	404.5	413.7	2.3%
Brazil	89.1	127.5	43.1%	351.5	347.1	(1.3%)
Argentina	11.1	5.1	(54.1%)	53.1	33.6	(36.7%)
USA, Europe and Exports	-12.6	-3.1	75%	-0.1	33.0	na
Consolidated EBITDA Margin	12.4%	15.5%	3.1 p.p.	15.7%	13.8%	(1.9 p.p.)
Brazil	16.6%	19.5%	2.9 p.p.	18.9%	16.1%	(2.8 p.p.)
Argentina	8.7%	4%	(4.7 p.p.)	11.1%	6.4%	(4.7 p.p.)
USA, Europe and Exports	-	-	-	-	10.3%	10.3 p.p.
Consolidated Net Income	58.8	66.3	12.8%	307.4	280.0	(8.9%)
Consolidated Net Margin	8.4%	7.9%	(0.5 p.p.)	11.9%	9.3%	(2.6 p.p.)

Balance sheet indicators (R\$ million, except margins)	12/31/2011	12/31/2012
Cash	671.0	616.9
Cash net of debt	435.1	318.2

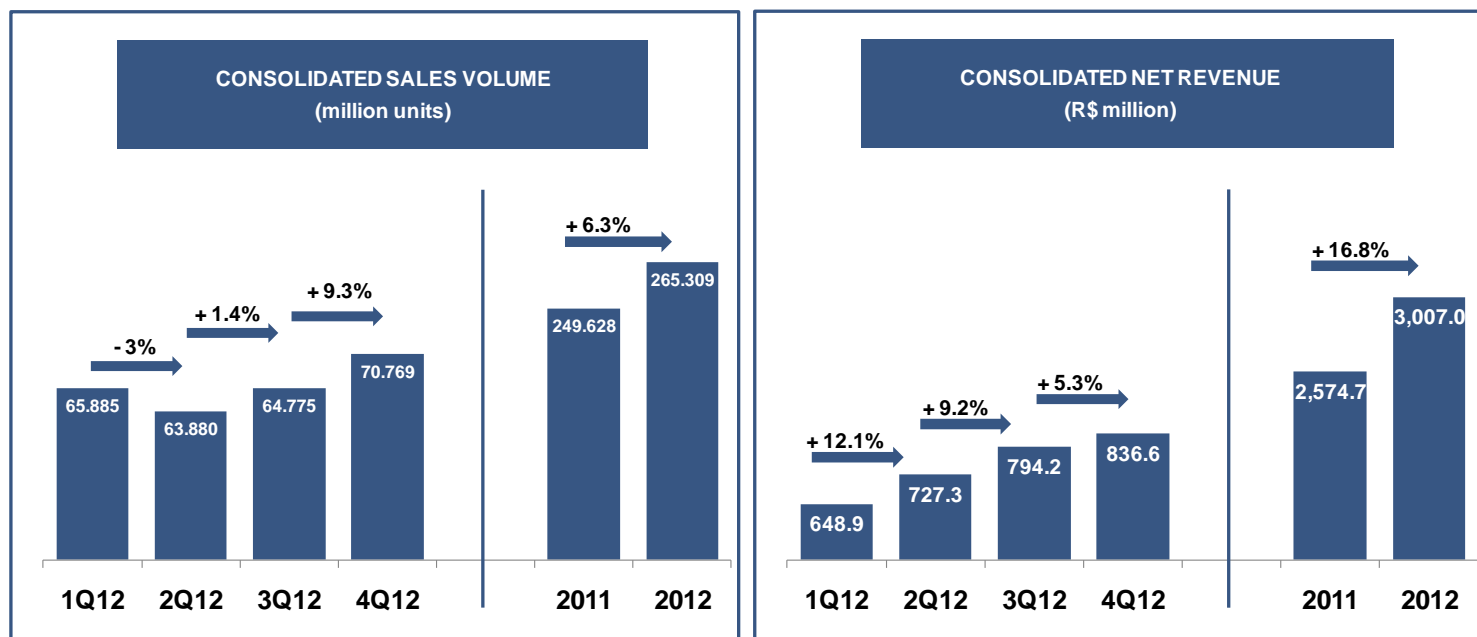
Operating Highlights

Operating results			Change			Change
Sales Volume (million pairs/accessories)	4Q11	4Q12	4Q12 x 4Q11	2011	2012	2012 x 2011
Domestic Operations	56.296	62.317	10.7%	211.393	226.655	7.2%
Sandals	51.958	57.362	10.4%	194.620	209.877	7.8%
Athletic Footwear	2.307	2.889	25.2%	8.496	9.501	11.8%
Professional boots	0.430	0.303	(29.6%)	2.331	1.801	(22.7%)
Athletic Apparel/ Accessories	1.601	1.763	10.1%	5.947	5.476	(7.9%)
International Operations	8.760	8.452	(3.5%)	38.235	38.654	1.1%
Sandals	6.070	6.424	5.8%	27.978	30.388	8.6%
Athletic Footwear	2.109	1.622	(23.1%)	8.553	6.650	(22.2%)
Athletic Apparel/ Accessories	0.581	0.406	(30.1%)	1.704	1.616	(5.2%)
Consolidated	65.056	70.769	8.8%	249.628	265.309	6.3%
Sandals	58.028	63.786	9.9%	222.598	240.265	7.9%
Athletic Footwear+Professional Boots	4.846	4.814	(0.7%)	19.380	17.952	(7.4%)
Athletic Apparel/ Accessories	2.182	2.169	(0.6%)	7.650	7.092	(7.3%)

Introduction

Begin each day as if it were the most important and promising. This is the opening of Alpargatas' Manifest, and this was how the Company advanced in its growth strategy in 2012, consolidating itself as the largest footwear manufacturing company in Brazil.

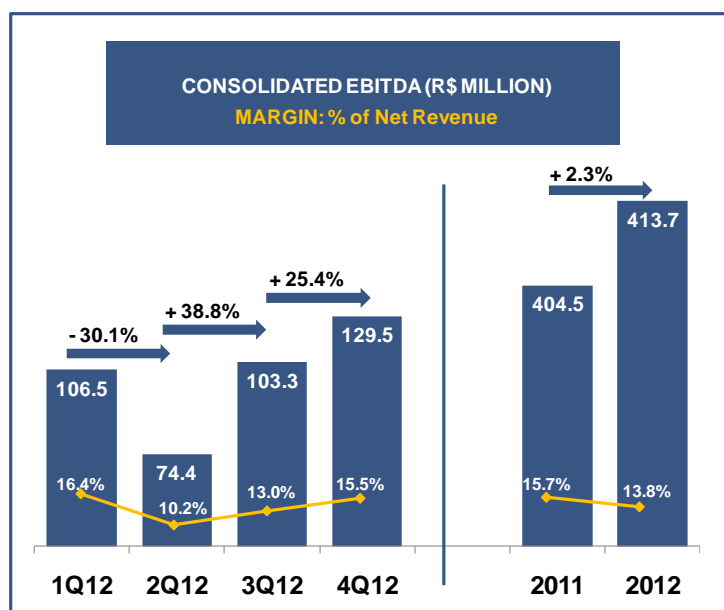
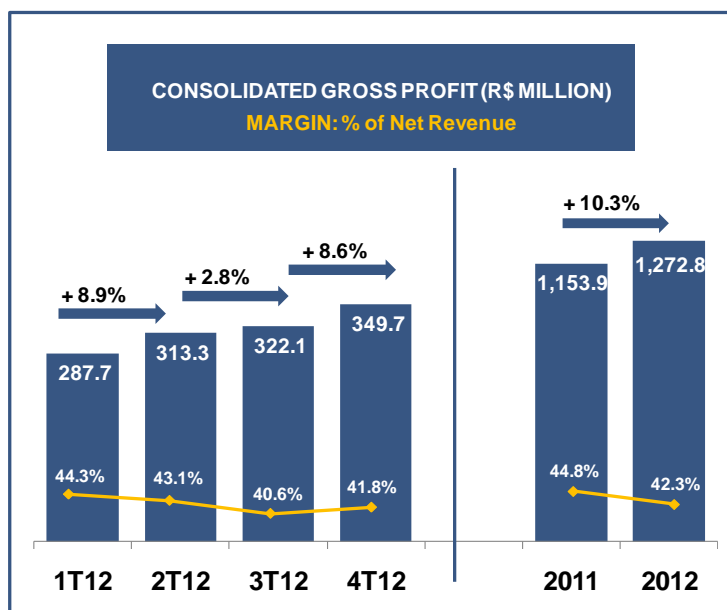
The highlight in 2012 was the increase in sales volume and net revenue, to R\$3 billion, 16.8% up on 2011, fueled by the sale of 265.3 million pairs of footwear, apparel and accessories, an increase of 6.3%. The brand management, product innovation, creative communication and wide distribution are skills that have been crucial to boost Alpargatas' performance.



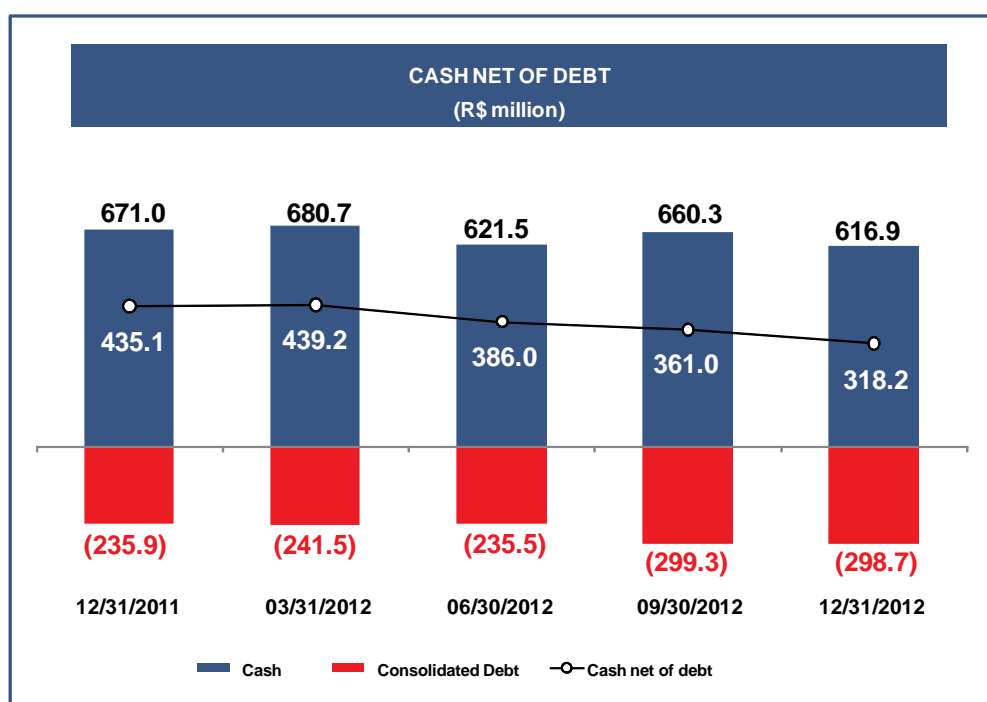
Alpargatas' efficient management of its sales and commercial policy, which prioritize the sale of higher value products, the focus on manufacturing process management, which resulted in higher productivity, and the strict control of operating costs and expenses contributed to the generation of value in 2012, a period marked by high production costs.

The profit increase was more significant in the second half of the year, particularly in the fourth quarter. Consolidated gross profit grew 8.6% in 4Q12 over 3Q12, with margin of 41.8%, up by 1.2 p.p. Consolidated EBITDA totaled R\$129.5 million, up by a significant 25.4% over 3Q12, accompanied by a margin of 15.5%, up by 2.5 p.p., reaching 2011 figure, when results were stronger.

EARNINGS RELEASE 4Q12 AND FY2012



Alpargatas' business model, which is centered in the creation and management of desired brands, has been responsible for the Company's financial solidity, confirmed by the positive net cash of R\$318.2 million on December 31, 2012.



Once again in 2012 Alpargatas advanced in its strategic projects, which will allow the Company to double in size in the coming years. In order to move on with its goal to become a strong growth company, with world class performance and which manages globally recognized brands, Alpargatas took an important step with the acquisition of 30% of Osklen's capital stock on March 4, 2013.

EARNINGS RELEASE 4Q12 AND FY2012

Osklen is one of the most influent and inspiring brands in fashion globally, with stores in Brazil and abroad. In the first half of 2014, Alpargatas will be able to exercise its option to acquire an additional 30% interest in Osklen.

This acquisition is a significant step towards the creation of Brazil's leading company in the lifestyle and luxury goods segment and a global reference. The investment brings to the portfolio a company with the same characteristics as Alpargatas: innovation, modernity and interaction with consumers. It brings synergies in footwear, knowledge and development of competences in the luxury goods segment and strengthens the Company's presence in the retail market. At the close of 2012, the Company had 518 exclusive stores worldwide, including the Havaianas, Topper, Timberland, Osklen and Meggashop brands plus Outlet Alpargatas, in Argentina.

Brand	Brazil	Abroad	Total
Havaianas	281	101	382
Timberland	18	-	18
Topper	-	12	12
Meggashop	19	-	19
Outlet Alpargatas	-	17	17
Osklen	64	6	70
Total	382	136	518

Focusing on the retail market is crucial to win over consumers and add more value to the Company's businesses. In Brazil, the year was marked by the opening of 70 Havaianas and Timberland franchises. In the international market, Alpargatas inaugurated six Havaianas' own stores in important consuming centers such as Paris, London, Rome and Milan.

Innovation – in terms of creative marketing, product portfolio, the various global distribution channels, and any other means of communicating with consumers – was the baseline used to create Alpargatas' prestige and sales growth strategy.

Havaianas completed 50 years with a legacy of approximately 4 billion pairs sold since the brand was launched in 1962. No other national brand achieved similar recognition globally. The Company continued with its growth trajectory in Brazil and abroad, with 228.7 million pairs sold, an increase of 8.6% over 2011. The 2012/2013 global collection launched in June added 110 models to the market.

The year 2012 was a period of conquering more visibility for sporting goods, through the offer of footwear made for several sports modalities. In 2012, Topper continued to be a benchmark in soccer products and made its debut in the running segment with a footwear line specially developed for this type of sport. Mizuno, the leading brand in high performance running, launched its first volleyball products, a relevant sport modality in the global scenario. It strengthened its soccer line with the launch of cleat models. Rainha was successful in carrying on with the brand repositioning plan developed in 2011 and launched collections in the running and casual categories. Timberland made adjustments to its footwear lines to better adapt to Brazilian consumers' preference, consolidating its presence in the outdoor sports segment.

To ensure Havaianas' continued growth globally, the Company advanced with the construction of the sandals plant in Montes Claros (MG), with estimated investments of R\$250 million.

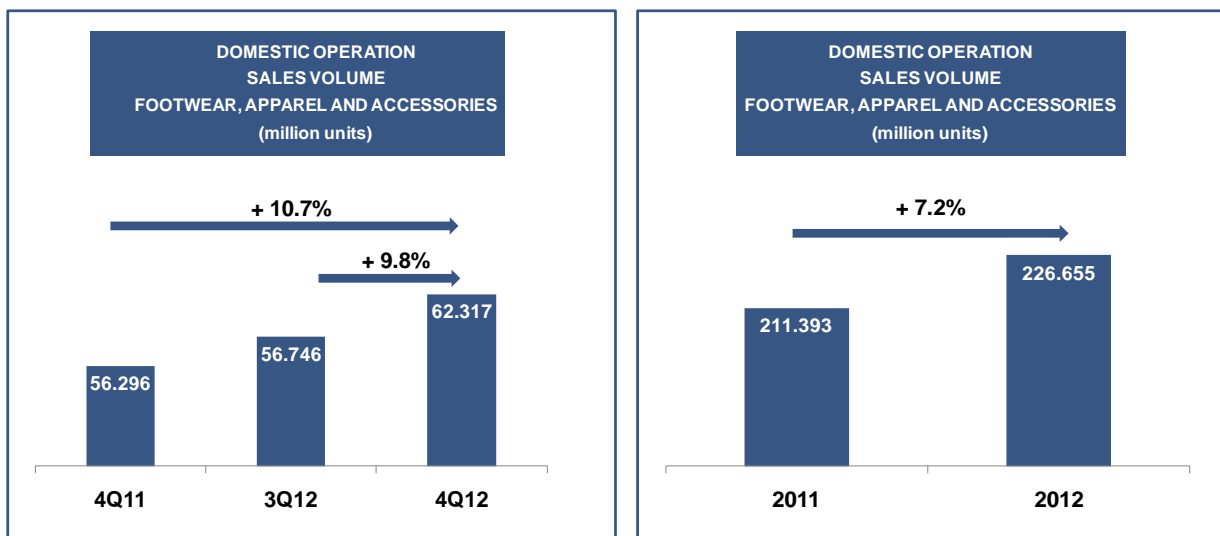
At the close of 2012, 50% of the construction had already been finalized, with investments-to-date totaling R\$126.1 million. At the same time, the plant had already begun to assemble its equipment and hire personnel. The plant, with a construction area of 50,000 sqm, is installed in a 357,000 sqm land, guaranteeing enough space to expand its facilities in the future. The unit will be inaugurated in 2Q13 and is expected to reach full production capacity as of September, with annual installed capacity to produce 105 million pairs of sandals.

In 2012, Alpargatas was prepared to capture the opportunities that continue to emerge in the markets where it operates, consistently following its growth strategy and adding value to shareholders. We will now present Alpargatas' domestic, international and consolidated performance

1. DOMESTIC OPERATION

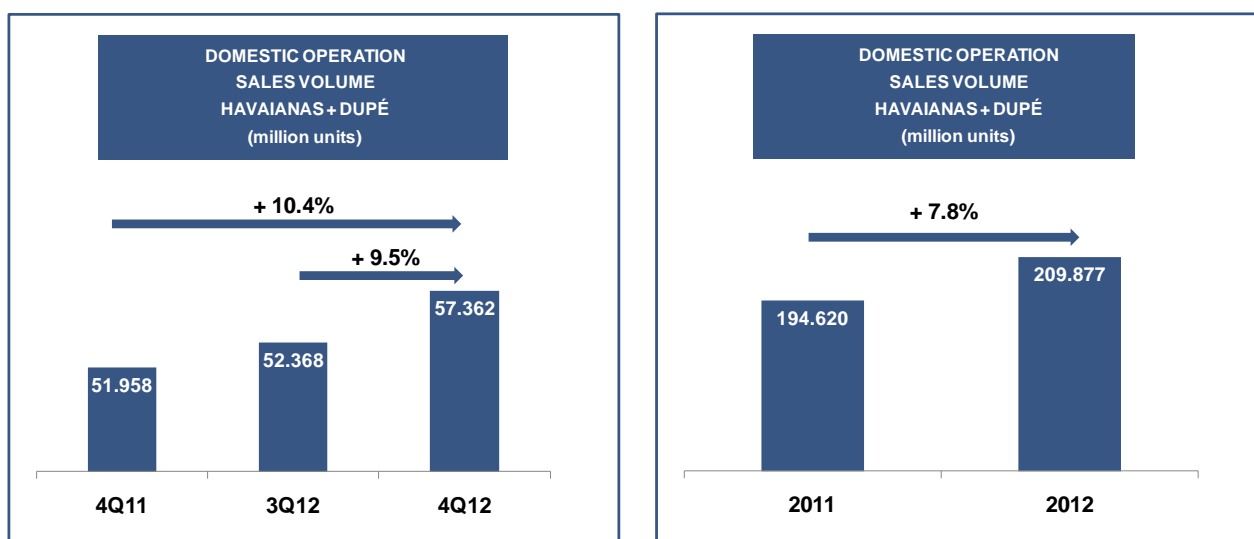
1.1. Sales volume: all brands

In the fourth quarter, the Company sold 62.317 million units of footwear, apparel and accessories in Brazil, 9.8% up on 3Q12 and 10.7% up on 4Q11. In 2012, sales totaled 226.655 million units, 7.2% more than in 2011. The main drivers influencing the upturn in sales are described below.



1.1.1. Sales volume: Havaianas and Dupé

In the fourth quarter, sales of Havaianas and Dupé sandals totaled 57.362 million units in Brazil, 9.5% and 10.4% higher than in 3Q12 and 4Q11 respectively, while in 2012 this volume amounted to 209.877 million units, equivalent to an increase of 7.8%.

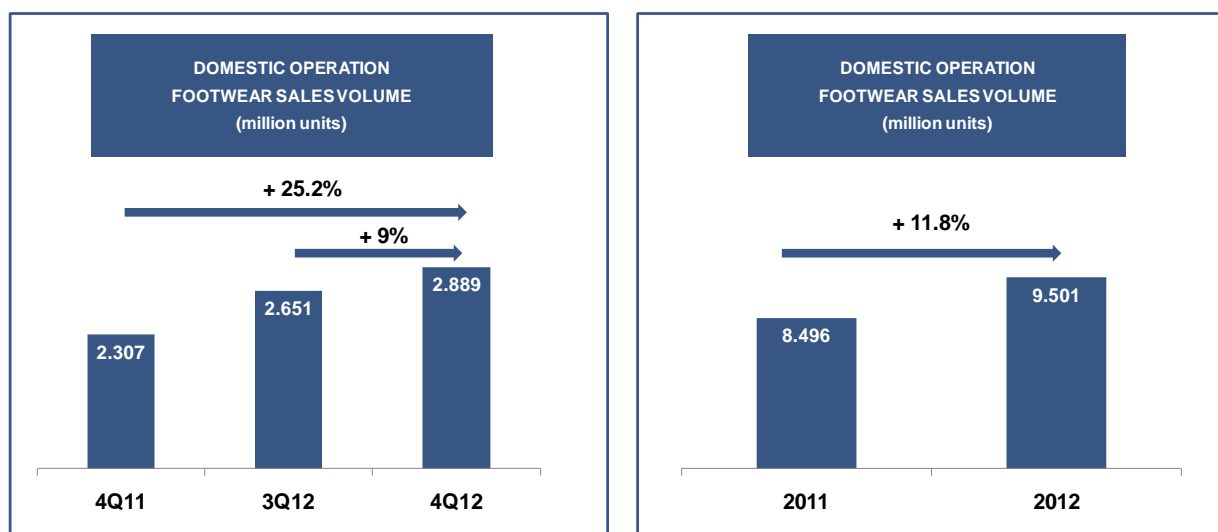


Sandal sales in Brazil improved due to a number of factors. The 2012/2013 global collection was a success, with the launch of 110 models in all categories. The Disney license was extended, allowing the use of the characters, previously restricted to Brazil, in Havaianas sandals sold in all countries. For the second consecutive year, Havaianas and Missoni worked together to create special collections, launching sandals in partnership with large retailer chains, such as C&A, Richards and Farm.

The Soul Collection, Havaianas' line of closed footwear is renovated year after year. The novelties included the Essentia sneaker and Alpargatas Origine, created using new materials such as lace, leather and jute. Havaianas' complementary product line was expanded to include iPad and iPhone covers.

1.1.2. Sales volume: Topper, Rainha, Mizuno, Timberland and Sete Léguas

In 4Q12, sales of Topper, Rainha, Mizuno and Timberland athletic footwear totaled 2.889 million pairs, 9% and 25.2% up on 3Q12 and 4Q11 respectively, while sales of Sete Léguas professional boots amounted to 303,000 pairs. In 2012, athletic footwear sales volume grew by 11.8% over 2011, to 9.501 million units, while sales of Sete Léguas came to 1.801 million pairs.



Topper domestic sales increased by 10% in 2012 over 2011, fueled by innovations in soccer products and the debut in running. Rainha launched 26 models of footwear in running, expanding its presence in important multi brand distribution channels. The leader in high performance running footwear, Mizuno's sales grew substantially in 2012, up by 41% on 2011, thanks to product innovations, the entry in the volleyball segment and the beginning of exports to Argentina. Timberland's most important marketing action to boost sales was the creation of its integrated strategy in different social network platforms to come closer to its customers.

1.1.3. Sales volume: apparel and sports accessories

In the fourth quarter, the Company sold 1.763 million units of apparel and accessories in Brazil, 31.1% up on 3Q12 and 10.1% more than in 4Q11. In 2012, sales totaled 5.476 million units, 7.9% less than in 2011, reflecting the strategy of discontinuing the sale of lower value products.

1.1.4. Retail operations

At the close of 2012, Alpargatas had 318 exclusive stores in Brazil, versus 250 in 2011. Adding Osklen's 64 stores in operation in the country, the Company's retail operations totaled 382 stores.

The year was marked by the continued expansion of Havaianas' retail operations. The Company opened 68 franchises, closing the period with 281 units, versus 213 in 2011. Sales volume and revenue from Havaianas' stores grew 4.5% and 8.1% over 2011 in same-store sales terms.

The Company opened two Timberland franchises, in Florianópolis (SC) and Curitiba (PR), totaling 18 stores in Brazil. Revenue remained stable in 2012 over 2011.

The nineteen Meggashop stores registered a substantial number of clients, totaling almost one million purchase tickets in 2012. In 2012, the Company renovated its units in São José dos Campos (SP), Campina Grande (PB), Natal (RN) and the network's largest unit in Mooca, a neighborhood of São Paulo, with area of 700 sqm. In comparison with 2011, same-store sales volume and revenue climbed 18.8% and 31.6% respectively.

Fully aware of growing demand from consumers interested in online purchases, Alpargatas' brands offer a wide variety of products in its online stores. In 2012, Havaianas' and Topper's online stores had 3.3 million and 350,000 visitors respectively. Timberland's online store also recorded excellent performance, with the highest revenue among the stores in the brand's network.

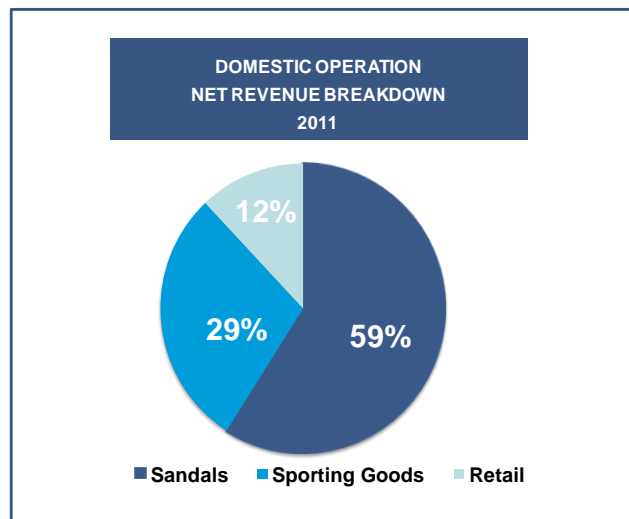
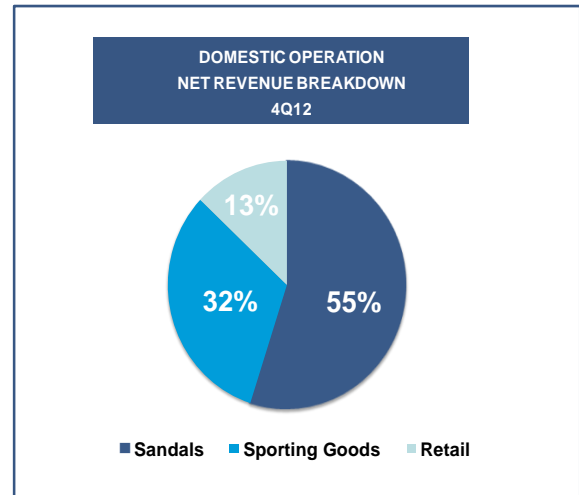
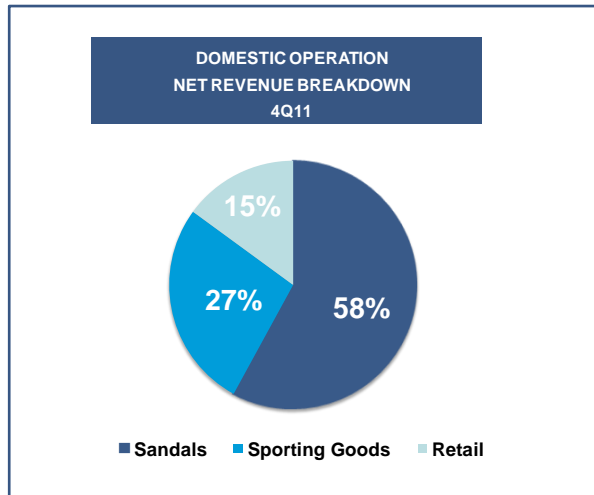
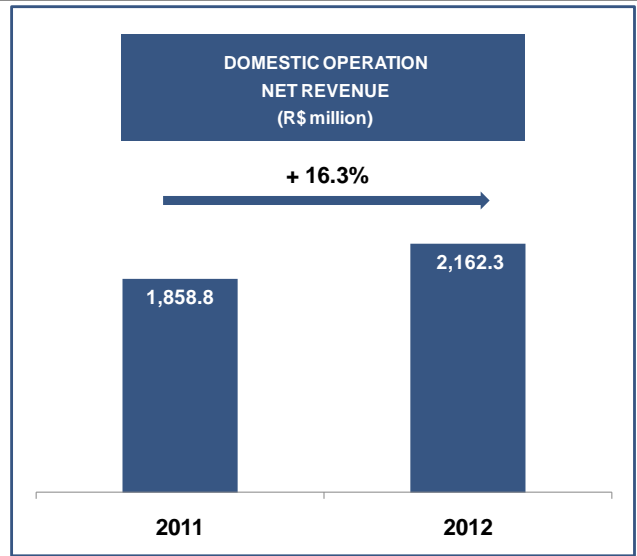
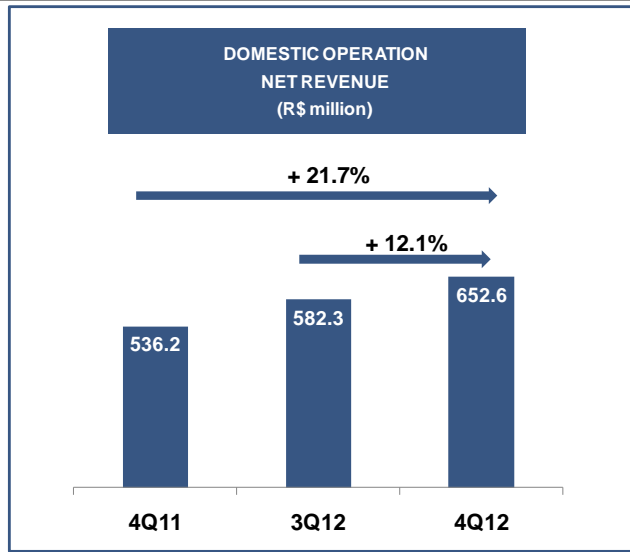
1.2. Net revenue

Net revenue from domestic operation increased by a hefty 21.7% in 4Q12 over 4Q11, reflecting the Company's consistent growth strategy. In comparison with 3Q12, net revenue in Brazil grew 12.1%, totaling R\$652.6 million in 4Q12. In 2012, domestic net revenue came to approximately R\$2.2 billion, 16.3% up on 2011. In addition to the factors that contributed to the increase in sales volume from the Company's brands, Alpargatas' revenue from domestic operation was also boosted by the increase in prices of sandals and athletic footwear and the higher share of sandals of higher value in the sales mix, which moved up from 44%, in 4Q11, to 51%, in 4Q12.



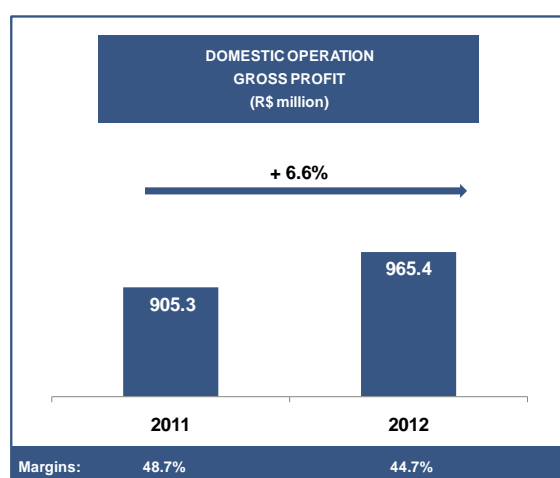
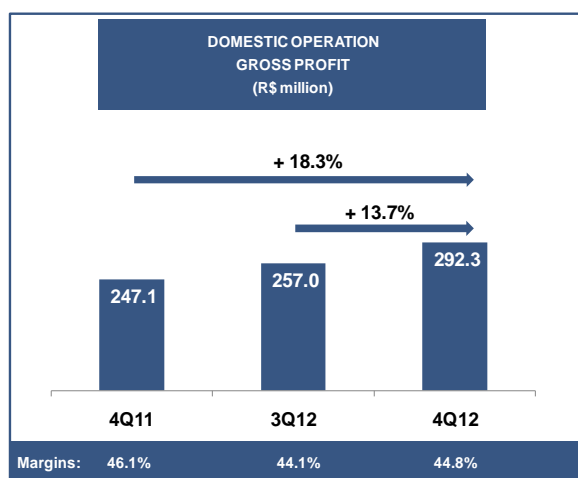
ALPARGATAS

EARNINGS RELEASE 4Q12 AND FY2012



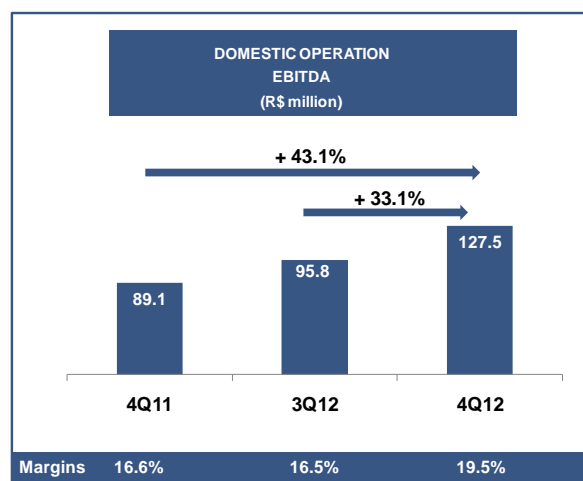
1.3. Gross profit and margin

Gross profit from domestic operation totaled R\$292.3 million in 4Q12, 13.7% up on 3Q12 and 18.3% up on 4Q11. Gross margin came to 44.8%, an increase of 0.7 p.p. over 3Q12, due to the lower average cost, in Brazilian currency, of commodity raw materials in 4Q12, particularly rubber. The margin 44.8% margin was 1.3 p.p. higher than in 4Q11. In 2012, gross profit totaled R\$965.4 million, 6.6% more than in 2011, accompanied by a margin of 44.7%, versus 48.7% in the previous period. In 2012, margin was lower than 2011 due to (i) higher costs with commodity raw materials (mostly rubber) and imported finished products (both impacted by the foreign exchange) and (ii) the increase in direct labor costs.



1.4. EBITDA

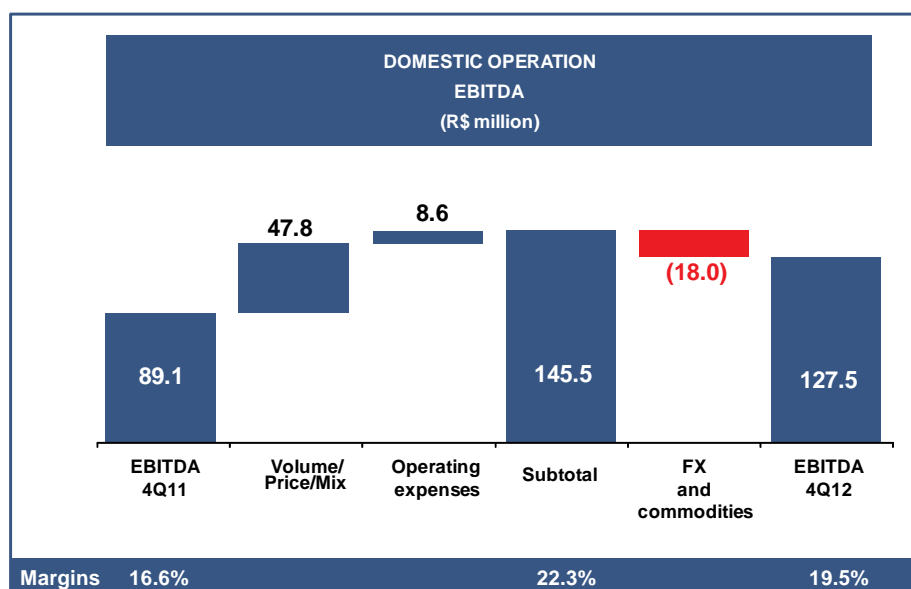
The strong increase in the fourth-quarter EBITDA margin to 19.5% was influenced by the measures taken to increase gross profit, as explained in item 1.3 and the improved productivity of operating expenses, as explained below. EBITDA from domestic operation totaled R\$127.5 million in 4Q12, 33.1% up on 3Q12.



EARNINGS RELEASE 4Q12 AND FY2012

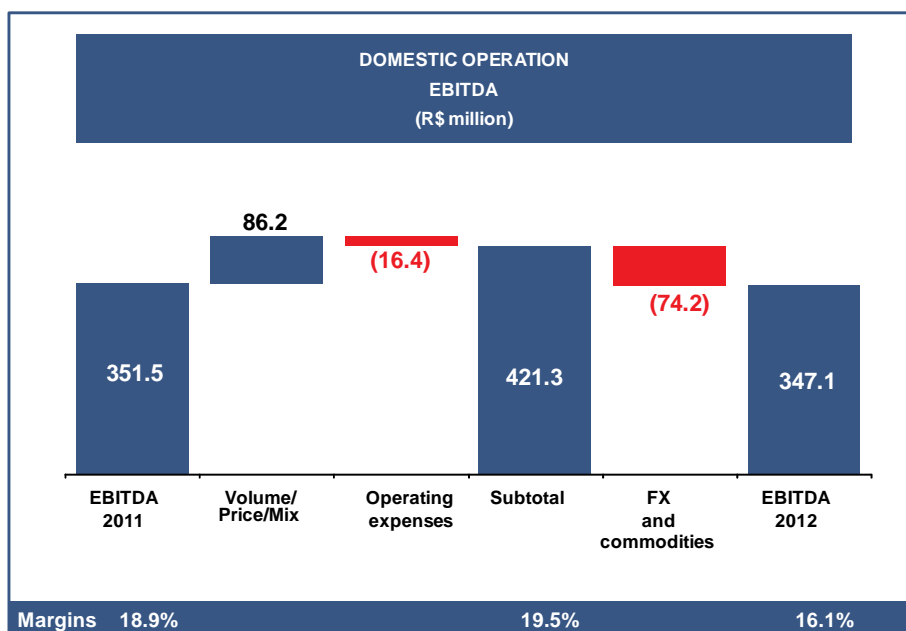
In comparison with 4Q11, EBITDA from Brazilian operation increased by 43.1%, with a margin improvement of 2.9 p.p. Excluding the negative impact of R\$18 million from the exchange variation on costs of imported finished products, EBITDA totaled R\$145.5 million in 4Q12, up by 63.3%, accompanied by a margin increase from 16.6% in 4Q11 to 22.3%. The main factors contributing to the EBITDA variation in 4Q12 versus 4Q11 were:

1. The higher volume, with higher prices and improved sales mix, which resulted in an additional R\$47.8 million; and
2. Higher productivity of operating expenses, which increased less than revenue, contributing with an additional R\$8.6 million.



In 2012, EBITDA from national operations totaled R\$347.1 million, 1.3% less than in 2011, accompanied by a margin of 16.1% versus 18.9%. Excluding the negative impact of R\$74.2 million from the higher costs of commodity raw materials and imported finished products plus the exchange variation, 2012 EBITDA totaled R\$421.3 million, up by 19.9%, accompanied by a margin increase from 18.9% in 2011 to 19.5%. The main factors contributing to the EBITDA variation in 2012 versus 2011 were:

3. The higher volume, with higher prices and improved sales mix, which resulted in an additional R\$86.2 million; and
4. The R\$16.4 million increase in strategic operating expenses, due to higher marketing expenses and initiatives to support the Company's growth, such as the development and launch of new products, new categories and brand extension.

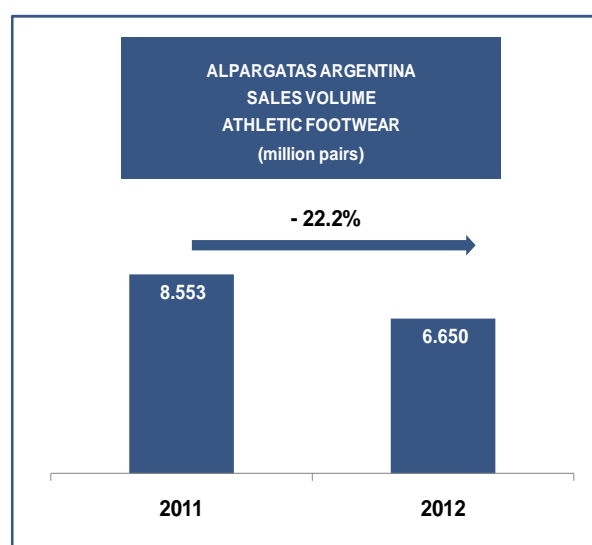
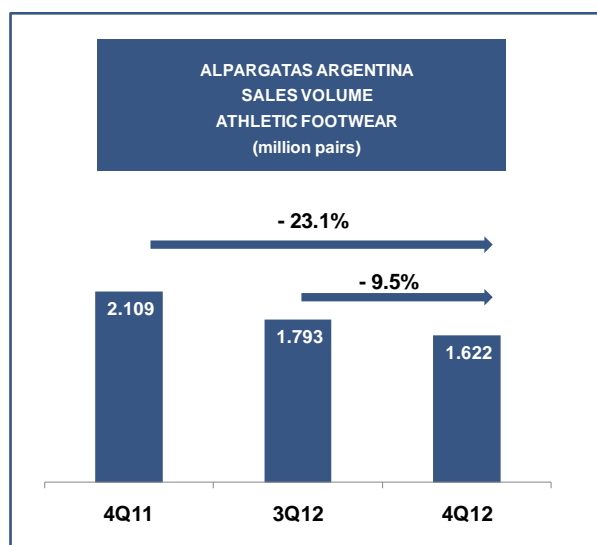


2. INTERNATIONAL OPERATIONS

2.1. Alpargatas Argentina

2.1.1. Sales volume

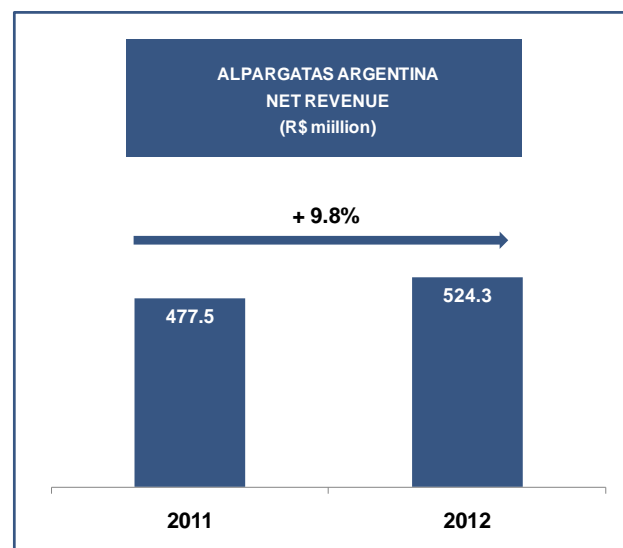
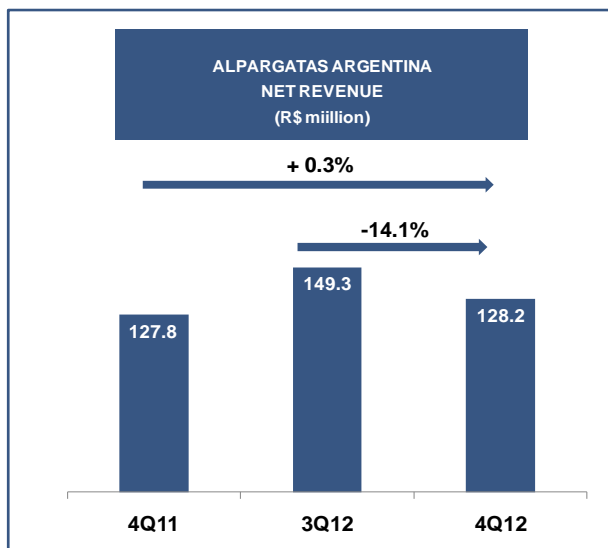
In the fourth-quarter, Alpargatas Argentina sold 1.622 million pairs of athletic footwear, down by 9.5% and 23.1% over 3Q12 and 4Q11 respectively. Sales of apparel and accessories totaled 406,000 units in 4Q12, down by 7.4% and 30.1% on 3Q12 and 4Q11, respectively. In 2012, Argentina sold 6.650 million pairs of athletic footwear, 22.2% less than in 2011, and 1.616 million pieces of apparel and accessories, down by 5.2%.



Contraction in sales of sporting goods in Argentina reflects the weaker demand in 2012, due to the country's economic environment. Various measures to resume volume growth will be adopted in 2013, such as the development of other distribution channels and a new sourcing strategy to Brazil, exporting certain footwear models to be sold in Brazil's domestic market. In addition, in the scope of the "Rumbo 38" project, whose goal is to increase Alpargatas Argentina's profitability, the Company will continue to adopt measures to reduce footwear manufacturing costs and control operating expenses.

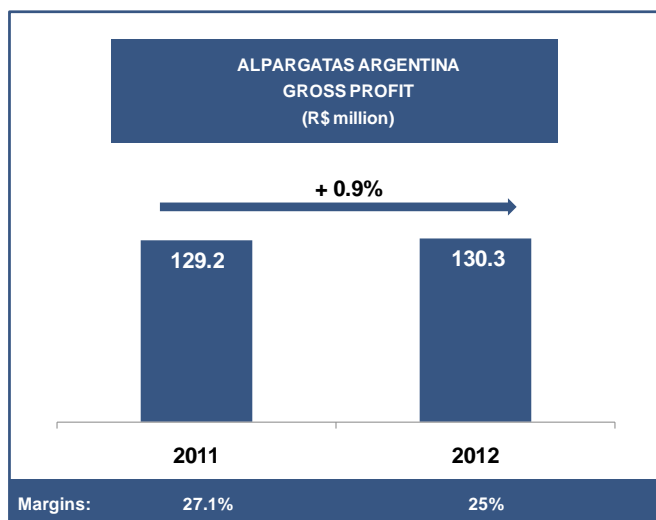
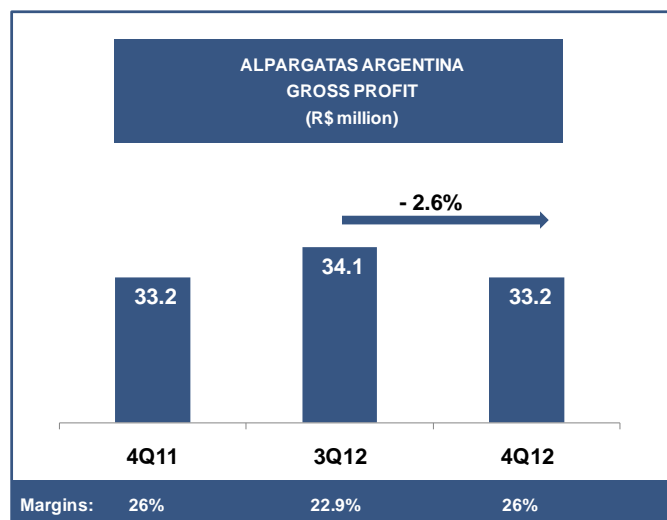
2.1.2. Net revenue

Alpargatas Argentina's net revenue totaled R\$128.2 million in 4Q12, 14.1% down on 3Q12, due to the lower volume of footwear sold and the increase of lower value products in the sales mix. In comparison with 4Q11, revenue in Argentinean peso fell 1.7%. Given the appreciation by 1.4% of the Argentinean peso against the Brazilian real, net revenue in Brazilian currency rose 0.3% in 4Q12. In 2012, net revenue amounted to R\$524.3 million, 9.8% up on 2011, influenced by the increase by 3.2% in net revenue in peso and the appreciation by 5.7% of the Argentinean peso against the Brazilian real in 2012.



2.1.3. Gross profit and margin

Gross profit from Alpargatas Argentina totaled R\$33.2 million in 4Q12, 2.6% down on 3Q12 and stable compared to 4Q11. The gross margin rose 3.1 p.p. compared to 3Q12, thanks to the improved margin of athletic footwear due to the price recovery in the end of 2012. In comparison with 4Q11, the gross margin remained stable. In 2012, gross profit totaled R\$130.3 million, 0.9% up on 2011. Despite the higher profitability of the footwear, textile and retail businesses in 4Q12, Alpargatas Argentina's gross margin declined 2.1 p.p. in 2012 over 2011.



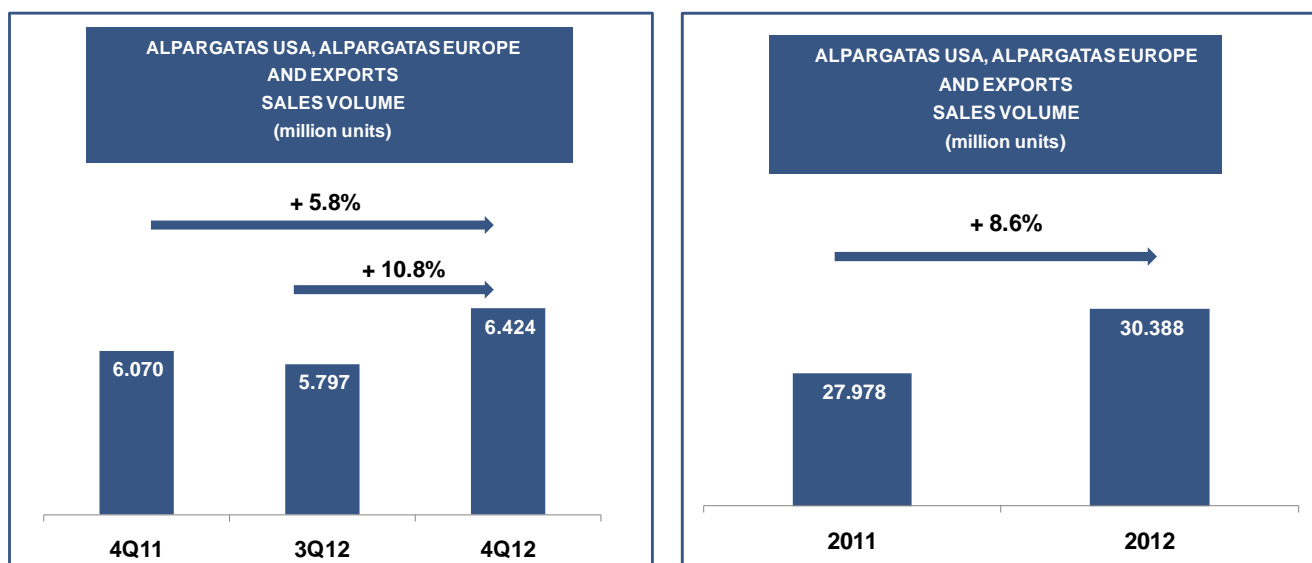
2.1.4. EBITDA

Alpargatas Argentina's EBITDA amounted to R\$5.1 million in 4Q12, R\$3.2 million less than in 3Q12, accompanied by a margin of 4%, 1.6 down on 3Q12. In comparison with 4Q11, fourth-quarter EBITDA declined by R\$6 million, with a margin decline of 4.7 p.p. This reduction reflects low footwear sales volume and the increase in Topper's marketing expenses as well as higher selling expenses in 4Q12. Alpargatas Argentina's EBITDA totaled R\$33.6 million in 2012, 36.7% down on 2011, with margin of 6.4%, 4.7 p.p. less than in 2011.

2.2. Alpargatas USA, Alpargatas Europe and Exports

2.2.1. Sales volume

Sales of sandals by the subsidiaries Alpargatas USA and Alpargatas Europe, plus exports, totaled 6.424 million pairs in 4Q12, 10.8% up on 3Q12, due to the 19% increase in exports, as sales in Europe and the United States decline in the last quarter of the year due to seasonality. In comparison with 4Q11, volume increased by 5.8%, due to the upturn by 28.3% in sales in Europe and the USA and the 3.7% higher exports. In 2012, the number of sandals exported totaled 30.388 million units, 8.6% up on 2011.

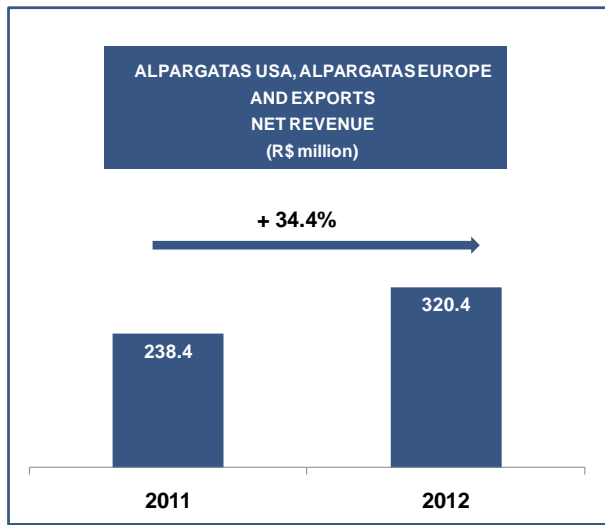
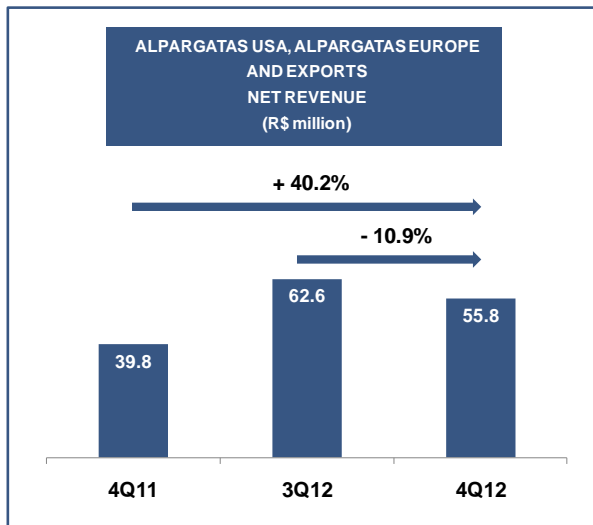


To ensure that Havaianas' sandals are acquired worldwide on the same scale as they are in Brazil has been a challenging strategic project, in which Alpargatas has made progress every year. In Europe and the United States, important consumer markets, the brand's performance has evolved as planned. Sales volume grew by 5.2% in Europe and 7.1% in North America over 2011. In 2012, new markets in emerging economies with a large number of consumers joined the more than 80 countries to which Havaianas are exported, leading to a 9.7% increase in export volume compared to 2011.

Havaianas' exports have grown due to the consumers increasing awareness of the brand. According to the brand tracking survey conducted by Millward Brown in the end of 2012, Havaianas were brought to mind by 55% of the people interviewed in Europe, versus 35% in 2009. One third of the people interviewed in North America mentioned the brand (versus 22% in 2009). Three years ago in Australia, a total of 57% of the people interviewed mentioned Havaianas, versus the current 91%.

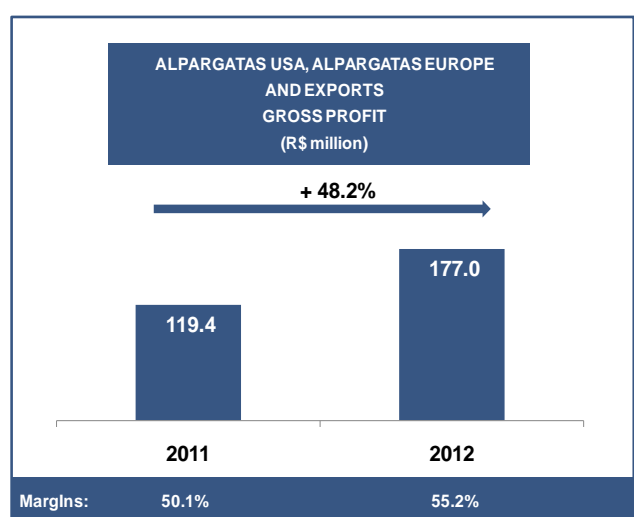
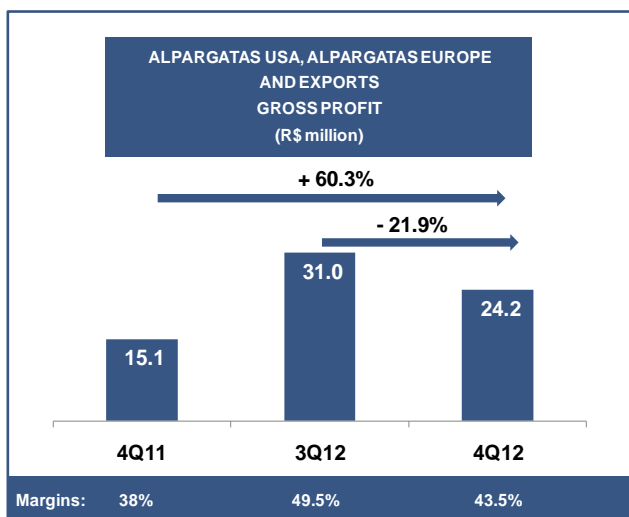
2.2.2. Net revenue

Net revenue from subsidiaries in Europe and the USA and exports amounted to R\$55.8 million in 4Q12, 40.2% more than in 4Q11, due to the higher volume, the improved sales mix and the appreciation of the dollar and the euro. In comparison with 3Q12, net revenue fell 10.9%, influenced by the lower average export prices in the fourth quarter and the seasonality in Europe and the USA. The higher volume, the improved sales mix and the appreciation of the dollar and the euro also contributed to the 34.4% increase in net revenue from sandals abroad in 2012 versus 2011.



2.2.3. Gross profit and gross margin

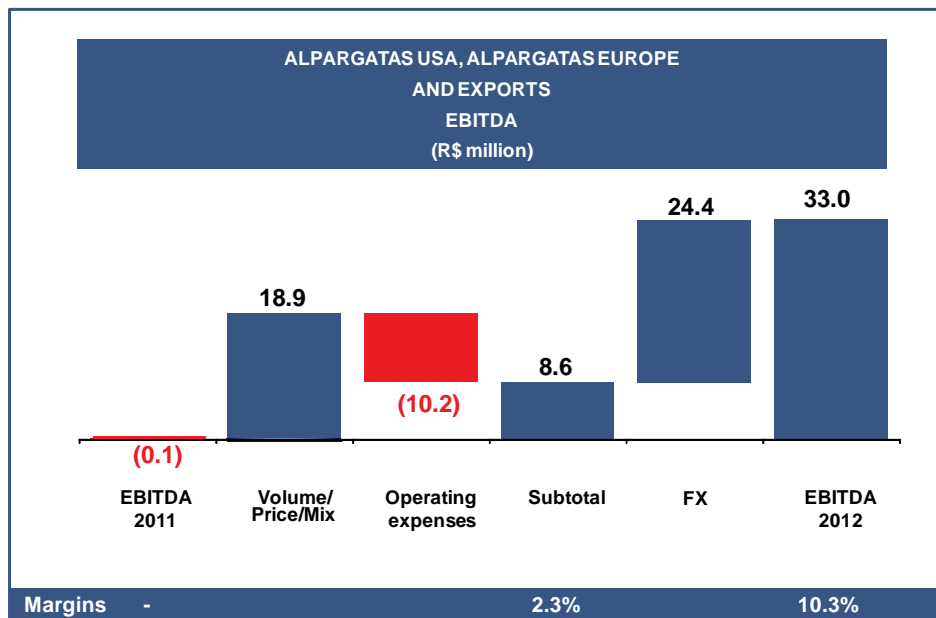
Gross profit from subsidiaries and exports totaled R\$24.2 million in 4Q12, 60.3% up on 4Q11, with a margin increase of 5.5 p.p., due to the significant upturn in revenue and gross profit. In comparison with 3Q12, gross profit reduced by 21.9%, reflecting the seasonality in Europe and the United States. The gross margin came to 43.5%, 6 p.p. less than in 3Q12, impacted by the lower revenue. In 2012, gross profit totaled R\$177 million, 48.2% up on 2011, accompanied by a gross margin of 55.2%, 5.1 p.p., higher than in 2011.



2.2.4. EBITDA

EBITDA amounted to R\$33 million in 2012, accompanied by a margin of 10.3%, reflecting the advance in strategic initiatives to internationalize Havaianas. Considering the annual EBITDA variation from subsidiaries and sandals exports, the gain from the increase in volume and prices totaled R\$18.9 million.

Strategic operating expenses climbed by R\$10.2 million, mostly influenced by Havaianas' marketing expenses, which increased the awareness of the brand in Europe and the United States, and the expansion of the structure in Europe to support the opening of own stores. EBITDA was positively impacted by R\$24.4 million from the appreciation of the dollar and the euro against the Brazilian currency.

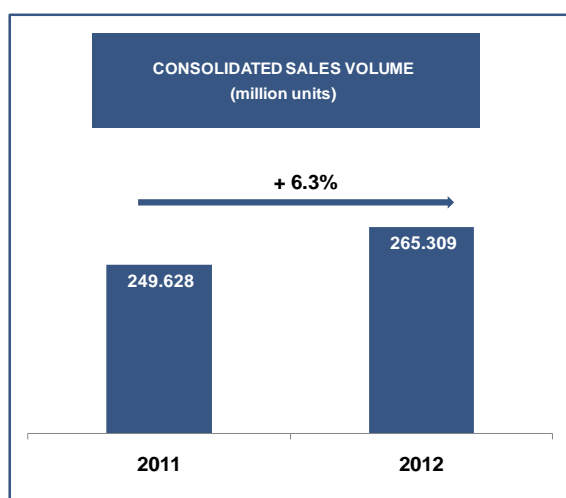
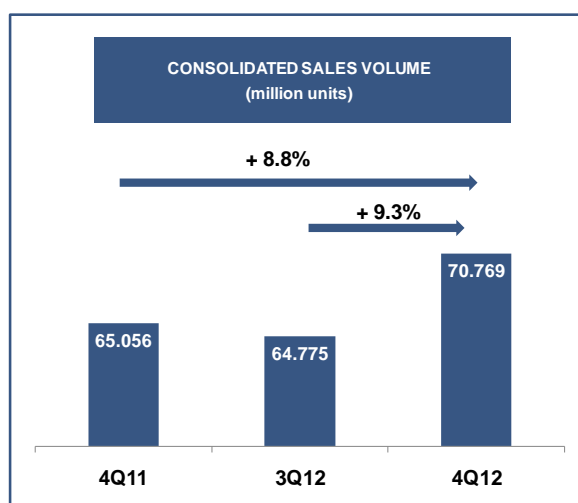


In comparison with 4Q11, fourth-quarter EBITDA from subsidiaries and sandal exports improved significantly (R\$9.5 million), fueled by a R\$2.6 million gain from volume, price and sales mix, and savings of R\$3 million from operating expenses, mostly with marketing. The stronger foreign currencies had a positive impact of R\$3.9 million.

3. CONSOLIDATED RESULTS

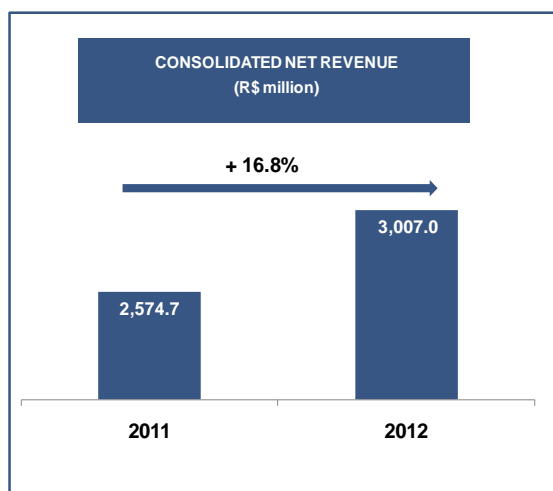
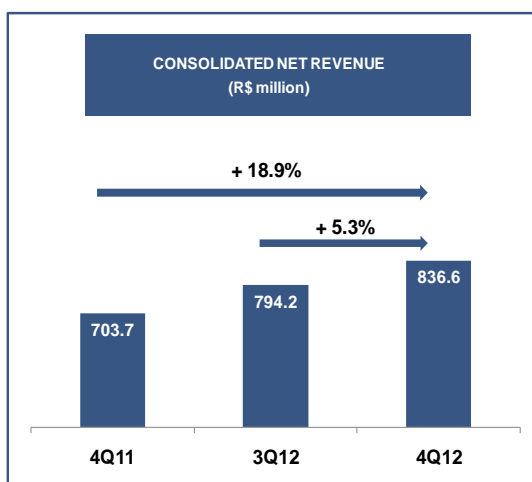
3.1. Sales volume

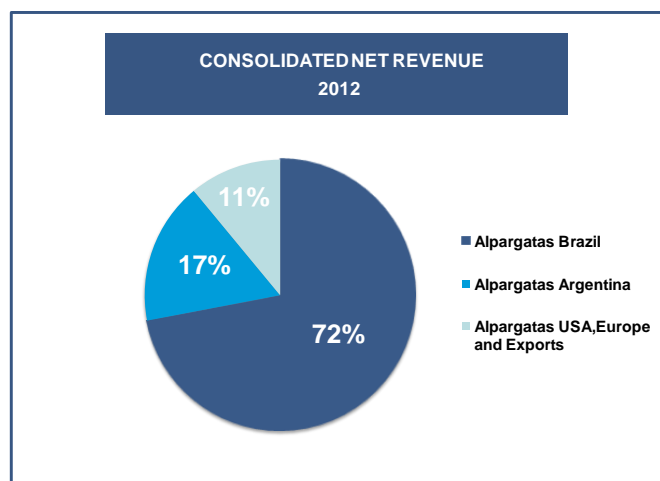
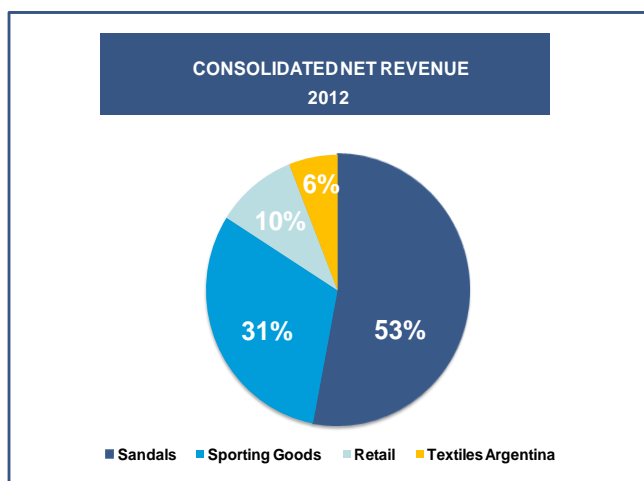
In the fourth quarter, the Company sold 70.769 million units of footwear, apparel and accessories, 9.3% more than in 3Q12 and 8.8% up on 4Q11. In 2012, consolidated sales volume reached 265.309 million units, 6.3% more than in 2011, due to the higher number of sandals sold in the domestic market (+7.8%) and abroad (+8.6%) and the 11.8% increase in sales of athletic footwear in Brazil.



3.2. Net revenue

Consolidated net revenue totaled R\$836.6 million in 4Q12, up by 5.3% and 18.9%, over 3Q12 and 4Q11 respectively. In 2012, consolidated net revenue reached R\$3 billion, 16.8% up on 2011. The increase in volume in Brazil and abroad and the better management of the Company's sales and commercial policy led to the good performance in a year of low economic growth in Brazil and developed countries.

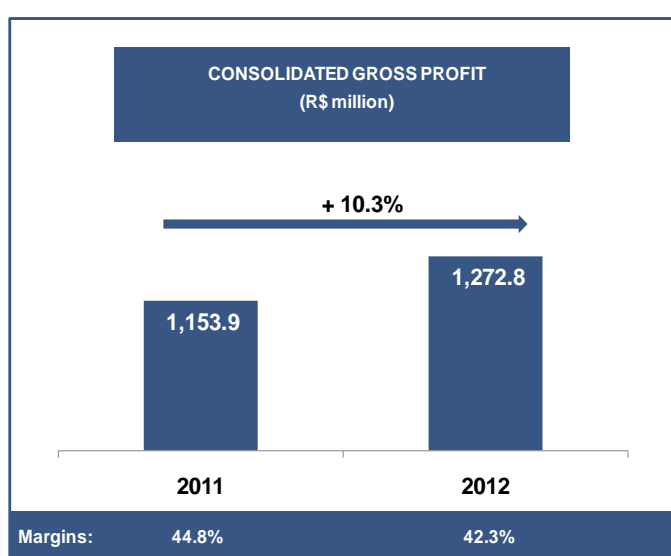
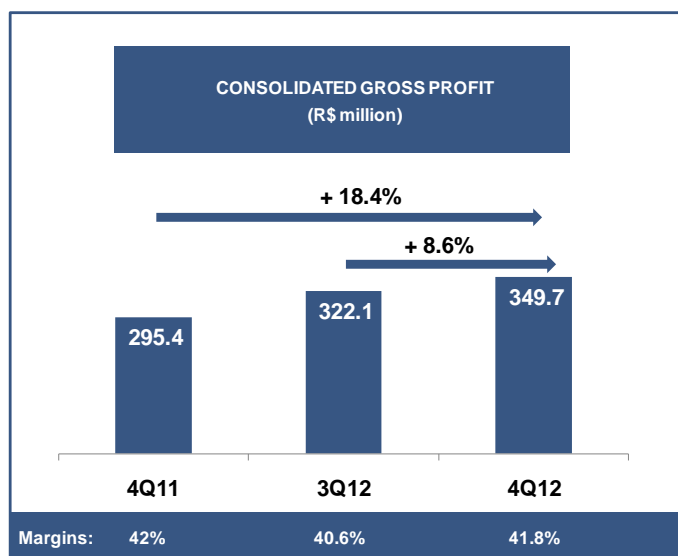




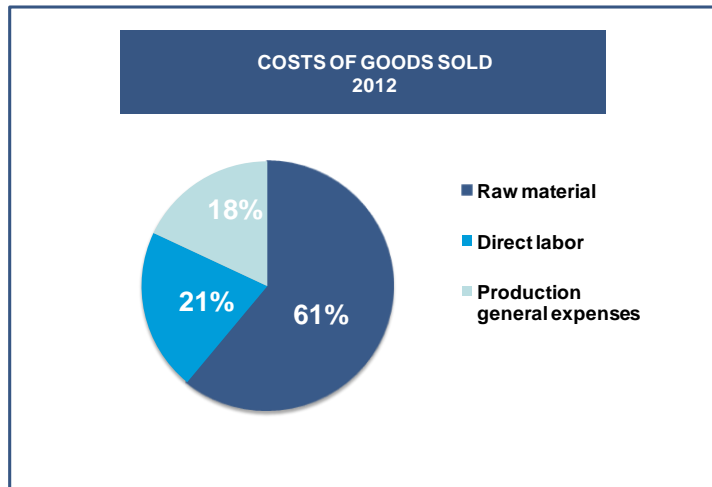
3.3. Gross profit and margin

Four-quarter consolidated gross profit totaled R\$349.7 million, 8.6% and 18.4% up on 3Q12 and 4Q11 respectively, with a consolidated gross margin of 41.8%, 1.2 p.p. up on 3Q12 and stable over 4Q11. The margin increase in the fourth quarter was influenced by the higher consolidated revenue and the lower average cost in Brazilian currency of commodity raw materials over 3Q12. In 2012, consolidated gross profit totaled R\$1,272.8 million, 10.3% up on 2011, accompanied by a margin of 42.3%, 2.5 p.p. down on 2011, due to:

- The higher cost of commodity raw materials. Rubber cost in 2012 was 10.3% more expensive than in 2011.
- The increase in the cost of imported finished products (FOB + foreign exchange);
- The higher costs of direct labor; and
- The contraction in Alpargatas Argentina's gross margin.

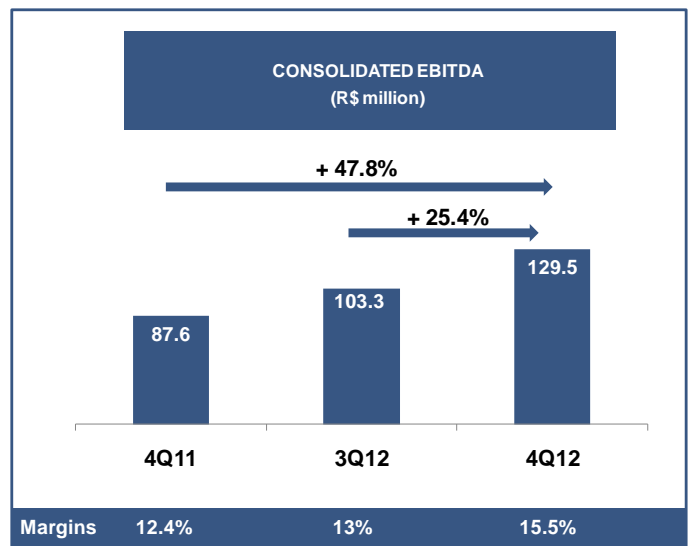


The following chart shows the breakdown of COGS in 2012.



3.4. EBITDA

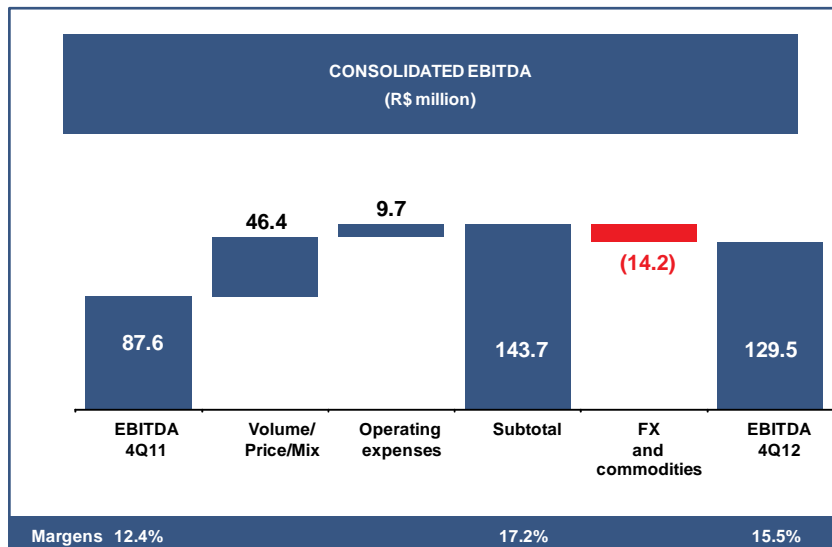
Consolidated EBITDA totaled R\$129.5 million in 4Q12, 25.4% more than in 3Q12, due to the 33% increase in EBITDA from domestic operation, leading to a margin growth of 2.5 p.p., from 13% in 3Q12, to 15.5% in 4Q12.



In comparison with 4Q11, EBITDA was 47.8% higher, accompanied by a margin increase of 3.1 p.p. Excluding the negative effect of R\$14.2 million from the increase in costs of imported finished products, 4Q12 consolidated EBITDA stood at R\$143.7 million, 64% up on 4Q11, accompanied by an adjusted margin of 17.2%, up by 4.8 p.p. The main factors contributing to the variation in consolidated EBITDA in 4Q12 versus 4Q11 were:

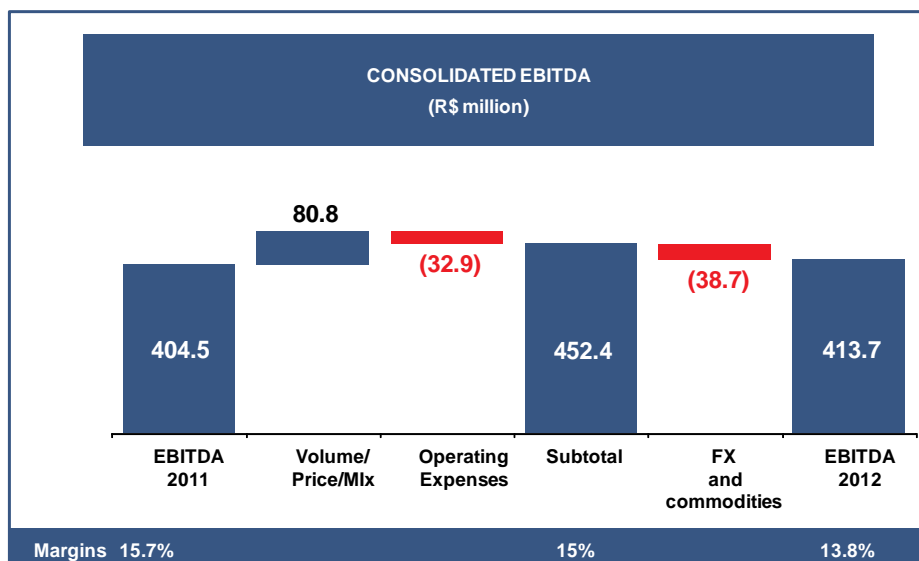
- The higher prices and the more profitable sales mix in the domestic market, which contributed to the additional R\$46.4 million;
- The higher productivity of strategic operating expenses in Brazil, Europe and the USA, which led to a gain of R\$9.7 million; and
- The depreciation of the Brazilian real and increasing commodity prices generated a negative impact of R\$14.2 million.

EARNINGS RELEASE 4Q12 AND FY2012



In 2012, consolidated EBITDA totaled R\$413.7 million, 2.3% up on 2011, accompanied by a margin of 13.8%, down by 1.9 p.p. Excluding the R\$38.7 million, mostly related to the higher cost of commodity raw materials and imported finished products, EBITDA amounted to R\$452.4 million, up by 11.8%, with margin of 15%, only 0.7 p.p. less than in 2011. The higher volume and price of sandals and athletic footwear, together with the improved sales mix, contributed R\$80.8 million to the increase in EBITDA. In addition to the impact from commodity prices, strategic operating expenses grew by R\$32.9 million, due to:

- The higher brand marketing expenses in Brazil and abroad, which contributed to the increase in revenue;
- The expansion of the commercial and administrative structure in Brazil and in Europe, necessary to support business growth; and
- The increase in third-party service costs and salaries due to the upturn in inflation, which was sharper in Argentina.



EARNINGS RELEASE 4Q12 AND FY2012

The Company calculates adjusted EBITDA by excluding equity income from Tavex (affiliated company), non-operating provisions and expenses with non-recurring strategic investments from the operating result, as these items, by their nature, do not interfere in the Company's operating cash flow potential.

The calculation of EBITDA in accordance with CVM Instruction 527 is presented below:

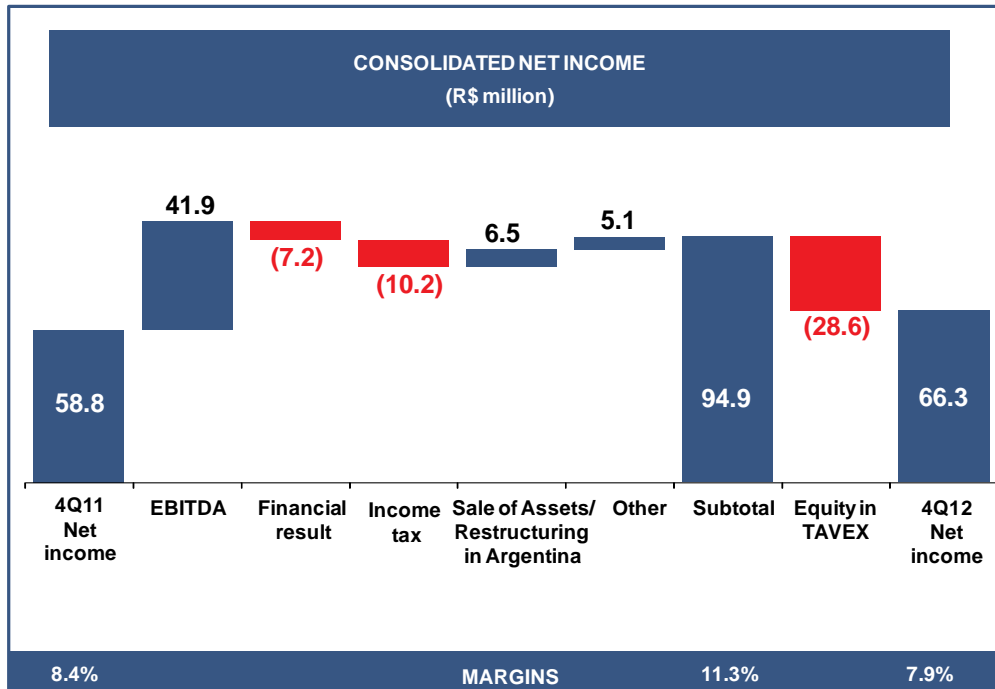
	2012	2011	4Q12	4Q11
NET INCOME	280.0	307.4	66.3	58.8
(+) Income tax and social contribution	19.3	31.8	10.5	0.4
(-) Financial result	(8.1)	(29.0)	(2.0)	(9.2)
(+) Depreciation and amortization	60.2	54.0	15.6	15.0
(+) Financial result, taxes and depreciation of Tavex, an associated company of Alpargatas	48.6	28.6	30.8	6.9
EBITDA ACCORDING TO CVM 527 INSTRUCTION	400.0	392.8	121.2	71.9
(+/-) Tavex operating result	(5.7)	(22.9)	2.3	(2.5)
(+) Non-operating provisions	15.6	19.2	4.8	11.9
(+) Other non-recurring items – strategic investments	3.8	15.4	1.2	6.3
ADJUSTED EBITDA	413.7	404.5	129.5	87.6

3.5. Net income

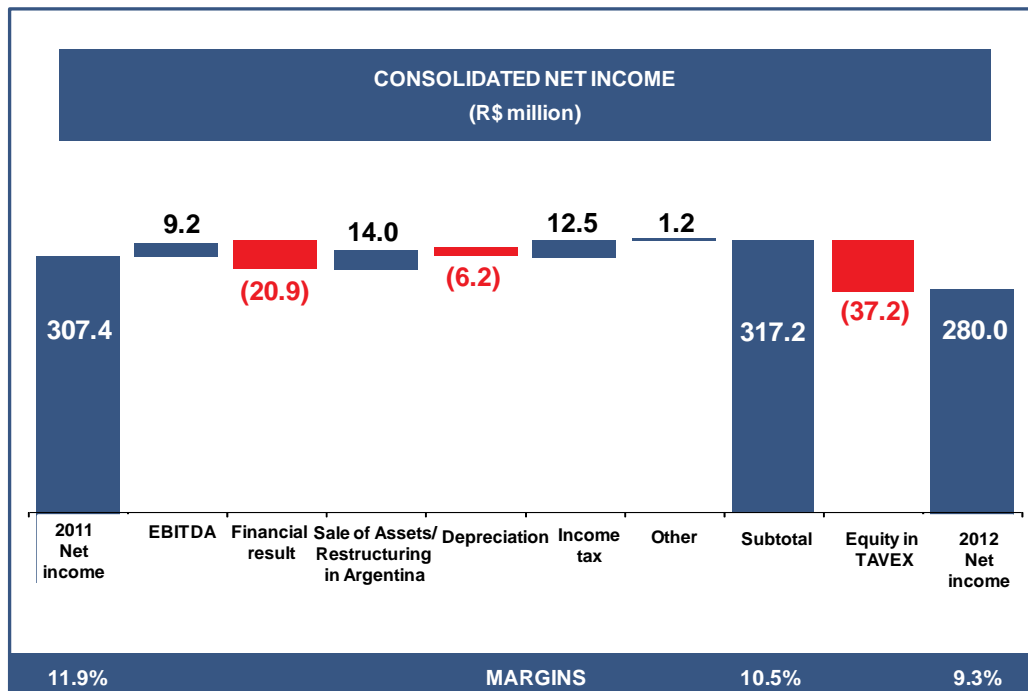
Alpargatas' fourth-quarter consolidated net income totaled R\$66.3 million, with net margin of 7.9%, 10.5% down in 3Q12, due to Tavex's equity income. In comparison with 4Q11, net income increased 12.8%, thanks to the 47.8% upturn in EBITDA. Excluding the negative effect of equity income, 4Q12 net income stood at R\$94.9 million, 61.4% up on 4Q11, with net margin of 11.3%.

Alpargatas holds an 18.7% interest in Tavex Corporation, the world's largest producer of denim fabric, headquartered in Spain. This company has been going through operational restructuring to gain competitiveness. In 2012, Tavex's Management revised its financial plan to adapt it to scenario that was more likely to bring results. This revision indicated the need to adjust tax assets, offsetable by future income generation. The adjustment to recoverable value of tax assets, together with a negative operating result, led to negative equity income of R\$42.8 million in 2012, with no cash effect.

EARNINGS RELEASE 4Q12 AND FY2012



Alpargatas consolidated net income totaled R\$280 million in 2012, 8.9% less than in 2011, with margin of 9.3%, 2.6 p.p. less than in 2011. Excluding the negative effect of equity income, 2012 net income came to R\$317.2 million, 3.2% up on 2011, with net margin of 10.5%. The higher EBITDA and the sale of assets/restructuring in Argentina had a R\$23.2 million positive impact on net income in 2012. In addition to Tavex's equity income, which has no cash effect, another factor contributing to decline net income in 2012 was the reduction in the financial result, due to lower returns on cash investments.

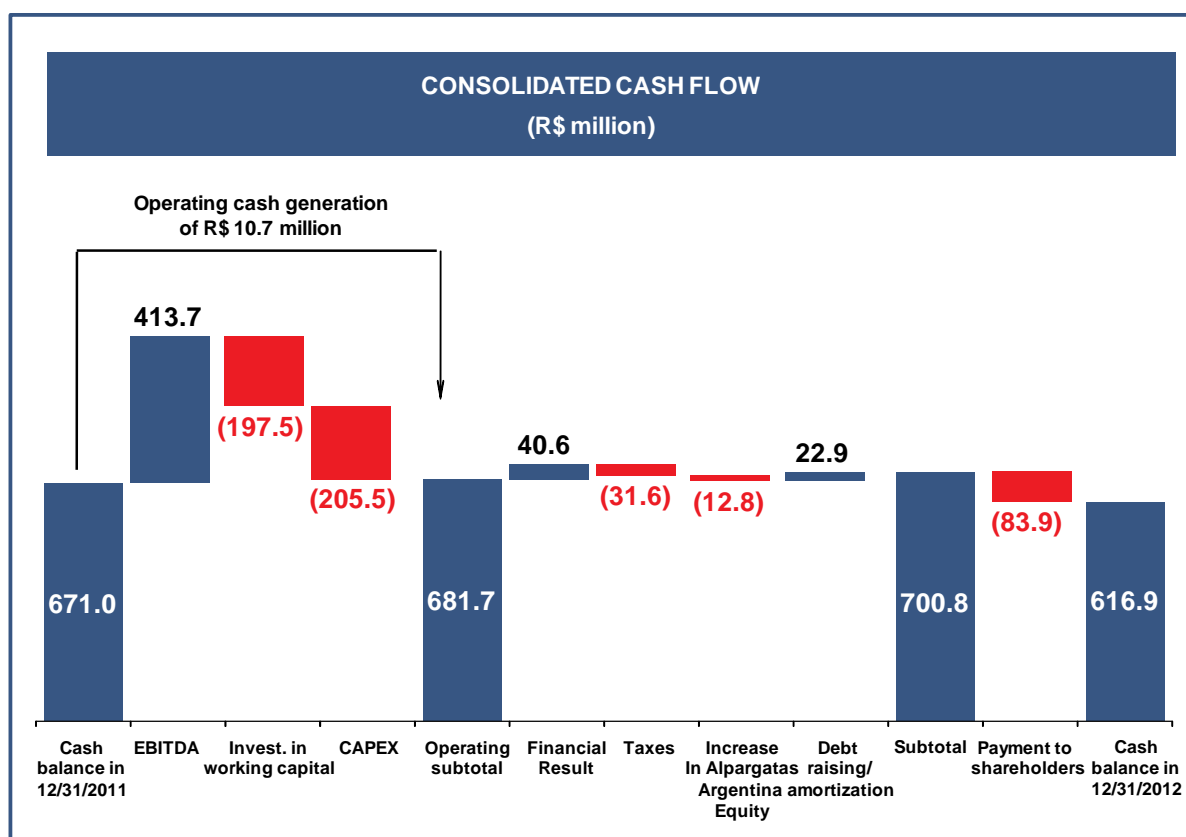


3.6. Cash Conversion Cycle (CCC)

In the twelve-month period between December 31, 2011 and December 31, 2012, CCC narrowed by two days, from 53 to 51 days. The Company continued with its strict managerial controls and made progress with its integrated financial processes, optimizing current accounts. Inventory turnover and client receivable periods widened by one and two days, respectively, basically due to Alpargatas Argentina's operations. The accounts payable period improved by five days.

3.7. Cash

On December 31, 2012, Alpargatas' cash balance was R\$616.9 million, versus R\$671 million on December 31, 2011. Operating cash generation came to R\$10.7 million. Most of the cash generated in the 12-month period ended December 31, 2012 was due to EBITDA, which amounted to R\$413.7 million. The most significant disbursements were: (i) R\$197.5 million in working capital to support business growth; (ii) R\$205.5 million in Capex, which includes the investments in the new sandals plant; and (iv) R\$83.9 million in compensation to shareholders.



3.8. Debt

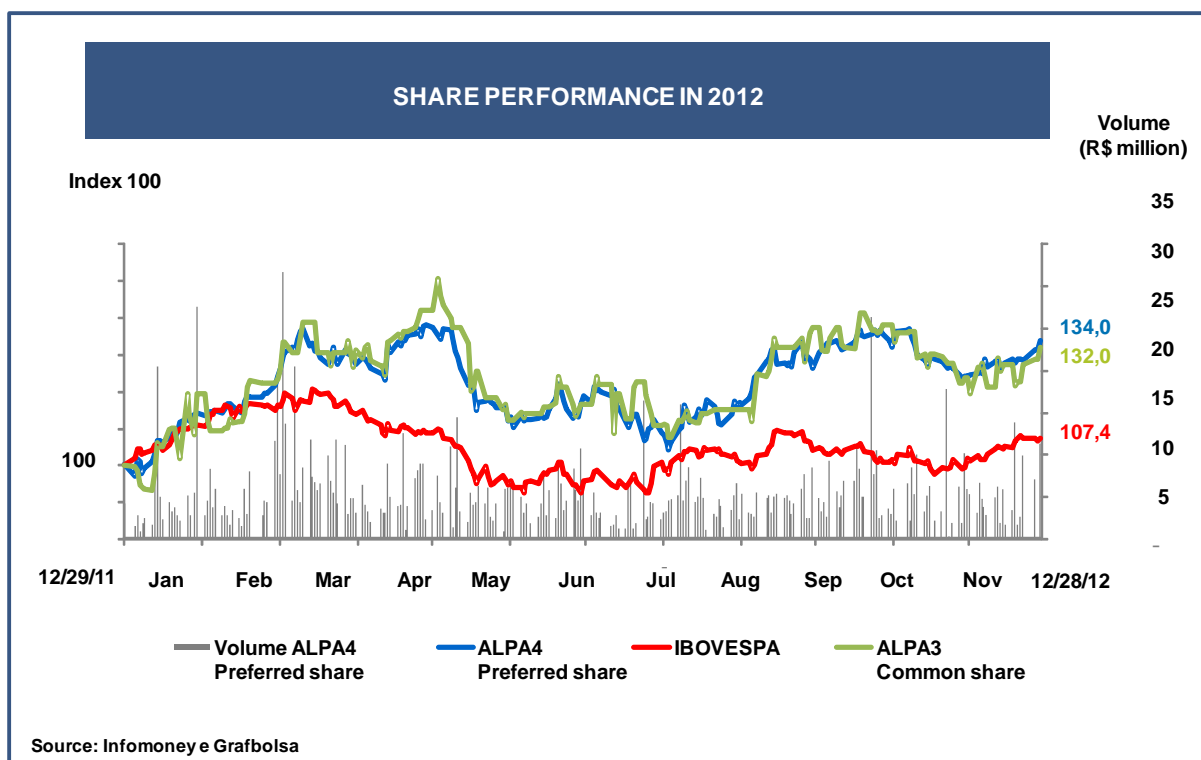
On December 31, 2012, the Company's consolidated debt totaled R\$298.7 million, of which R\$134.2 million was denominated in Brazilian currency and R\$164.5 million in foreign currency, with the following profile:

- R\$188.4 million (63% of the total) in short-term debt, of which R\$69.6 million is denominated in local currency. Alpargatas' short-term foreign currency debt, which is renewable upon maturity, totaled R\$118.8 million and is used to finance subsidiaries abroad.
- R\$110.3 million (37% of the total) in long-term debt, of which R\$64.6 million is denominated in local currency (approximately 50% of which related to the export financing line with competitive rates) and R\$45.7 million in foreign currency, with the following amortization schedule:
 - 2014: R\$86.9 million
 - 2015: R\$19.5 million
 - 2016: R\$2.4 million
 - 2017 to 2019: R\$1.5 million

The sandals plant that is being built in Montes Claros, State of Minas Gerais, is a relevant strategic project that will support the global expansion of Havaianas sales. In 2012, the Company contracted loans and financing with Banco do Nordeste do Brasil (BNB) and the BNDES, totaling R\$187.3 million, to be used in the project. The pre-fixed interest rate of 2.5% per year is very competitive and optimizes the Company's capital structure. The payment term is ten years, with a two-year grace period. The R\$187.3 million will be fully disbursed in 2013.

4. CAPITAL MARKET

Alpargatas' preferred shares (ALPA4) closed 2012 at R\$15.10, 34% higher than on December 31, 2011, while common shares (ALPA3) stood at R\$14.70, appreciating by 32% in the same period. In 2012, the Bovespa index appreciated 7.4%. The more active communication with the capital market and the greater proximity with investors contributed to the good performance of Alpargatas' shares on the stock exchange in a year of strong volatility in the global stock market. On December 31, 2012, Alpargatas' market cap at the BM&FBovespa amounted to R\$5.7 billion, versus R\$4.3 billion on the same date a year earlier. Daily traded volume averaged R\$5.5 million in 2012, 48.6% higher than in 2011.



5. SHAREHOLDERS' COMPENSATION

Alpargatas' compensation to shareholders increased, with record payment of interest on equity (IOE) and dividends, despite the impact from Tavex's equity income on the Company's net income. In 2012, the Company paid R\$85 million in IOE and on April 17, 2013, will pay complementary dividends of R\$25.3 million, giving a total of R\$110.3 million for fiscal year 2012. This amount corresponds to 82.5% of distributable net income (excluding the tax incentive reserve) or 39.4% of total net income.

In addition to interest on equity and dividends, the Company's Management will propose the distribution of share-based bonuses. The Board of Directors authorized the inclusion of the Company's capital increase through the use of R\$62.4 million from the Investment Reserve of 2007, with the issue of 38,880,147 shares, 19,967,649 of which common and 18,912,498 preferred, in the agenda of the Extraordinary Shareholders' Meeting to be held on April 24, 2013. If the matter is approved, the shares will be distributed as bonuses to the shareholders in proportion to their respective stake in the Company's capital. The call notice for the Extraordinary Shareholders' Meeting will contain all the necessary information to understand the issue.

6. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Alpargatas continuously invests in the harmonization of the three dimensions of its business – economic, social and environmental – by understanding that this is the most efficient way to grow sustainably and contributing to social inclusion and quality of life of future generations. In 2012, investments in training, development and education contributed to further improve the performance of Alpargatas' employees. The Company offered a total of 33,300 hours of training, 19% more than in the previous year. The Company's Profit Sharing Program, aligned with its strategic and operational plan, enabled the distribution of R\$35.6 million among all employees, as short-term bonus. The Stock Option Program, which grants preferred stock options to executive officers in order to retain and encourage them to contribute to the Company's results and goals, has been extended to other positions.

Alpargatas' pension fund for employees, with assets of R\$207.6 million, recorded net returns of 15% in 2012, exceeding the actuarial target.

Alpargatas maintains a policy of hiring people with special needs. In 2012, the Company made efforts to continue mapping the positions that can be occupied by professionals in those conditions. At the close of 2012, the Company's workforce had 421 employees with this profile.

The Alpargatas Institute is the Company's social responsibility arm. Its educational and sporting programs benefited more than 416,000 children, teenagers and young people in ten cities in the Northeast over the past nine years. These initiatives also helped improve the Basic Education Development Index (IDEB), which brought the Company recognition, awards and endorsements by public agencies. Throughout the year, a total of 63,000 students had the possibility to practice different sports with equipment offered by Alpargatas' brands. Within the scope of Programa de Educação pela Cultura – Ação Pós-Escola (Education for Culture – After-School Action Program), the Company developed 22 projects in partnership with NGOs, benefitting 116 institutions and 5,500 students in three cities in the state of Paraíba. The Alpargatas Institute was recognized with the "Ser Humano 2012" (2012 Human Being) award, granted by the Brazilian Association of Human Resources, among other recognitions and honors granted by private organizations and public authorities.

Alpargatas focuses on the prevention of environmental and health damage, striving to continuously improve its production processes to enhance the quality of life of employees, communities and future generations. To this end, the Company invested R\$12.3 million in the adoption, continuity and expansion of initiatives in the areas of occupational safety, occupational health and environment, 55% more than in 2011. Among the various initiatives carried out during the year are the continued improvements in machinery and equipment safety; training in occupational safety and environmental education; training for emergency and first aid brigades; assessment of environmental and ergonomic agents in workplaces; control of waste generation and disposal; monitoring of industrial effluents and sewage and industrial maintenance.

7. OUTLOOK

Alpargatas begins a new year confident of having a solid foundation to continue its success trajectory. The Company believes that consumption, which has been the driver of Brazil's economic expansion in recent years, will continue to grow in 2013. Alpargatas, whose brands are increasingly gaining market recognition due to its innovative characteristics, will continue to capture the demand for its products, leading to higher volume, revenue and market share.

It will continue investing in projects that have supported its brands' growth strategy. The expansion of Alpargatas' production capacity, with the inauguration of the sandals plant in Montes Claros, will allow the Company to respond more quickly to the growing demand by Havaianas in Brazil and abroad, mainly in Asia. The optimization of the manufacturing footprint and the revision of the logistic model will increase the Company's competitiveness and further improve productivity, translating into greater profitability. In sporting goods, the plan is to intensify the differentiation initiatives, based on expanding the product offering to new categories and gaining market share, especially in the 2014 World Cup and the 2016 Olympics. As a result, Topper will increase its brand awareness in the soccer segment and expand its running and in rugby lines, in Brazil, and the casual footwear line in Argentina. Rainha will gain scale with new technologies, strengthening the brand in the Brazilian market of medium-value sporting goods. Mizuno will continue to lead the running performance segment with new models and will expand its portfolio with new soccer and volleyball items. The Company will also accelerate the expansion of retail operations, with exclusive stores opening in Brazil and abroad, mainly under the Havaianas' brand. The integration with Osklen will begin, sharing skills needed to strengthen the Company in the luxury goods segment. The brand acquisitions will not be limited to Osklen. The idea is to seek other opportunities in the apparel and footwear segments to further boost Alpargatas' growth.

The cost of commodity raw materials, particularly rubber, should be less volatile in 2013, remaining lower than the 2012 average. This fact, associated with (i) the focus on cost management, controlling all production phases and general production expenses; (ii) the rigid control of operating expenses; and (iii) the improved margins in Argentina, should result in a more accelerated generation of value in 2013.

Alpargatas will continue to be agile, always alert to opportunities that will encourage business growth. The Company's purpose is to grow without losing sight of its essence: innovation, admiration, respect, as well as being a Company with inspiring projects, which cares about the quality of life of people, respects the environment and follows sustainability principles.

The goal to be achieved is to make Alpargatas a major, winning, strong Brazilian multinational.

EARNINGS RELEASE 4Q12 AND FY2012

Appendix I - Balance Sheet (R\$ thousands)

ASSETS	12/30/2012	12/30/2011	LIABILITIES	12/30/2012	12/30/2011
Current assets	1,838,987	1,607,580	Current liabilities	755,460	664,340
Cash and banks	18,400	14,847	Trade accounts payable	359,079	297,150
Tempory cash investment	598,508	656,108	Loans and financing	188,406	180,077
Trade accounts receivable (net of provisions)	694,169	505,858	Debt restructuring agreements	11,687	14,758
Inventories	443,938	351,023	Salaries and social Charges	109,466	98,897
Other receivables	22,928	42,311	Reserve for contingencies	11,383	11,436
Prepaid expenses	6,583	11,433	Provisions for Tax, Labor and Civil Claims	149	4,192
Assets held for sale	-	-	Taxes payable	13,347	9,364
Other assets	-	-	Interest on capital and dividends payable	1,725	843
Recoverable taxes	54,461	26,000	Other payable liabilities	60,218	47,623
			Long-term liabilities	324,373	253,972
Long-term assets	129,900	120,750	Loans and financing	110,347	55,856
Recoverable taxes	28,300	25,848	Debt restructuring agreements	60,773	63,537
Deferred income and social contribution taxes	52,554	57,127	Provision for taxes	114,109	86,780
Judicial and compulsory deposits	12,472	14,798	Taxes Installments	874	875
Other accounts receivables	36,574	22,977	Provisions for Tax, Labor and Civil Claims	-	11,883
			Reserve for contingencies	25,768	26,245
			Other payable liabilities	12,502	8,796
Permanent Assets	771,843	679,841	Equity	1,660,897	1,489,859
Investments	33,565	74,462	Capital	562,158	518,922
Property, plant and equipment	494,369	341,980	Paid-in capital	167,856	167,101
Intangible assets	243,909	263,399	Treasury shares	(42,828)	(40,587)
			Income Reserves	1,014,252	865,824
			Equity valuation	(45,815)	(33,572)
			Minority shares	5,274	12,171
Total assets	2,740,730	2,408,171	Total liabilities	2,740,730	2,408,171
			Book value per share (R\$)	4.33	4.28

Appendix II - Income Statement (R\$ thousand)

	4Q11	4Q12	2011	2012
Net revenue	703,715	836,566	2,574,699	3,006,983
Cost of goods sold	(408,266)	(486,846)	(1,420,772)	(1,734,176)
Gross profit	295,449	349,720	1,153,927	1,272,807
<i>Gross margin</i>	42.0%	41.8%	44.8%	42.3%
Operating revenues (expenses)	(241,000)	(241,818)	(836,455)	(938,183)
Selling expenses	(186,121)	(193,017)	(663,238)	(745,952)
General and administrative expenses	(35,704)	(29,035)	(132,026)	(139,425)
Management compensation	(6,823)	(6,310)	(12,168)	(12,314)
Amortization of intangible assets	(5,520)	(6,270)	(20,184)	(23,944)
Other operating revenues (expenses)	(6,832)	(7,186)	(8,839)	(16,548)
EBIT – Operating result	54,449	107,902	317,472	334,624
<i>Operating margin</i>	7.7%	12.9%	12.3%	11.1%
Financial income	20,965	13,878	80,830	61,768
Financial expenses	(12,681)	(15,860)	(51,214)	(55,067)
Foreign exchange rate variation	860	3,939	(567)	1,392
Results in subsidiaries	(4,438)	(33,062)	(5,657)	(42,864)
Operating income	59,155	76,797	340,864	299,853
Income tax and social contribution tax	(367)	(10,527)	(31,797)	(19,317)
Minority interest	36	50	(1,647)	(553)
Net income	58,825	66,320	307,420	279,983
EBITDA – R\$ million	87.6	129.5	404.5	413.7
<i>EBITDA margin</i>	12.4%	15.5%	15.7%	13.8%