Conference Call 2Q13 and 1H13 Results

ALPARGATAS

Performance in the domestic and international markets

Márcio Utsch

Net Revenue

Net revenue R$ million	2Q12	2Q13	Var.	1H12	1H13	Var.
Brazil	464.9	548.8	18%	927.3	1,071.4	16%
Argentina	137.3	158.9	16%	246.9	268.5	9%
USA, Europe and Exports	125.1	123.4	- 1%	202.0	256.1	27%

Factors that increased the revenue				
Volume	Price	Mix	Exchange rate	Retail
• +27% in sports footwear in Brazil • +2% in Topper footwear in Argentina • +16% in sandals in the foreign market	• Domestic market: from 3% to 28% in sandals and sports accessories • International market: 5% in Europe and 7% in the USA	• Increased share of sports accessories in domestic sales •Topper brand of greatest value in Argentina	• Valuation of the U.S. dollar and the euro against the real	Opening of Havaianas stores in Brazil, Europe and in the United States

Gross Profit

Gross profit R$ million	2Q12	2Q13	Var.	1H12	1HS13	Var.
Brazil	205.0	238.8	17%	419,5	475,7	13%
Margin	*44.1%*	*43.5%*	*- 0.6 pp*	*45.2%*	*44.4%*	*- 0.8 pp*
Argentina	32.2	35.5	10%	63.0	56.2	- 11 %
Margin	*23.4%*	*22.3%*	*-1.1 pp*	*25.5%*	*20.9%*	*-4.6 pp*
USA, Europe and Exports	76.1.	77.8	2%	118.5	158.7	34%
Margin	*61%*	*63%*	*2 pp*	*59%*	*62%*	*3 pp*

Factors that impacted the gross margins			
Mix	**Commodities**	**Exchange rate**	**Productivity**
• Increased share of sports accessories in domestic sales	• Drop in the average cost of rubber in reais : 14% in 2Q13 and 6% in 1H13 • Increase in the average cost of cotton in Argentina	• Higher cost of finished goods imported to Brazil • Higher cost of raw materials whose prices are tied to the dollar	• Results from the Lean Manufacturing project, in Brazil, and the Rumbo 38 project, in Argentina • Reduction in MOD in Argentina and greater absorption of fixed costs

Ebitda

Ebitda R$ million	2Q12	2Q13	Var.	1H12	1H13	Var.
Brazil	40.5	97.1	140%	123.8	184.6	49%
Margin	*9%*	*18%*	*9 pp*	*13%*	*17%*	*4 pp*
Argentina	8.3	12.4	49%	20.2	9.4	- 53 %
Margin	*6%*	*8%*	*2 pp*	*8%*	*4%*	*-4 pp*
USA, Europe and Exports	25.6	21.2	-17%	36.9	59.5	61%
Margin	*21%*	*17%*	*- 4 pp*	*18%*	*23%*	*5 pp*

Factors that impacted the Ebitda margins			
Productivity SG&A (% of revenue)	**Commodities**	**Exchange rate**	**Hedge**
• Brazil: • 32% 2Q13 (36% 2Q12) • Argentina: • 15% 2Q13 (19% 2Q12) • USA, Europe: • 38% 1H13 (40% 1H12)	• Drop in the average cost of rubber in reais: 14% in 2Q13 and 6% in 1H13 • Increase in the average cost of cotton in Argentina	• Valuation of the U.S. dollar and the euro against the real	• Operational hedge to protect unmatched cash flow

Status of strategic projects

- New sandals plant
- Integration with Osklen
- Retail growth

New sandals plant







- It made its first pair of Havaianas on June 21
- Pre-operational phase with tests being conducted and the necessary adjustments being made
- It will become fully operational in Oct 2013





Integration with Osklen

OSKLEN

Fronts of integration	Goals
Integration management: Financial processes and organization	• To reduce contingency risks • Information for management • To generate financial and productivity gains
Integration management: Organizational climate management	• To enable a more strategic integration in 2014
Integration management: Strategy of internationalization of Osklen	• To prepare the internationalization of the brand • To expand the exclusive store network
Integration management: Knowledge and integration	• Operational, administrative and HR synergies

Retail growth



Own store in Lisboa, Portugal



Temporary store in New York



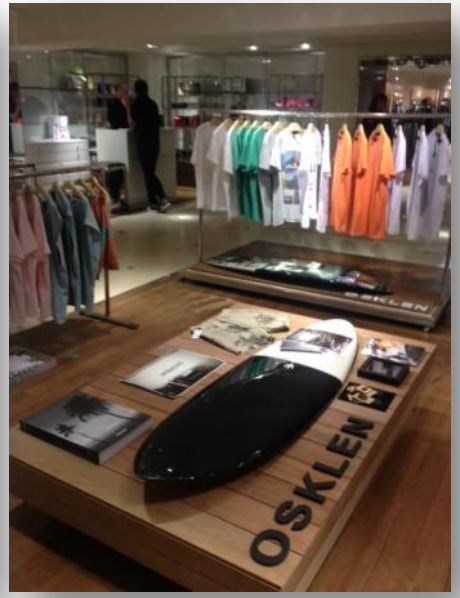
Heathrow Airport store in London

Retail growth

OSKLEN



Osklen Accessories, São Paulo



Le Bon Marché, Paris



Mikonos, Greece

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Retail growth

580 exclusive stores in the world
June 30, 2013

Brand	Brazil	Overseas	Total
Havaianas	288	154	442
Timberland	17	-	17
Topper	-	11	11
Meggashop	21	-	21
Outlet Alpargatas	-	17	17
Osklen	65	7	72
Total	391	189	580

Consolidated Results

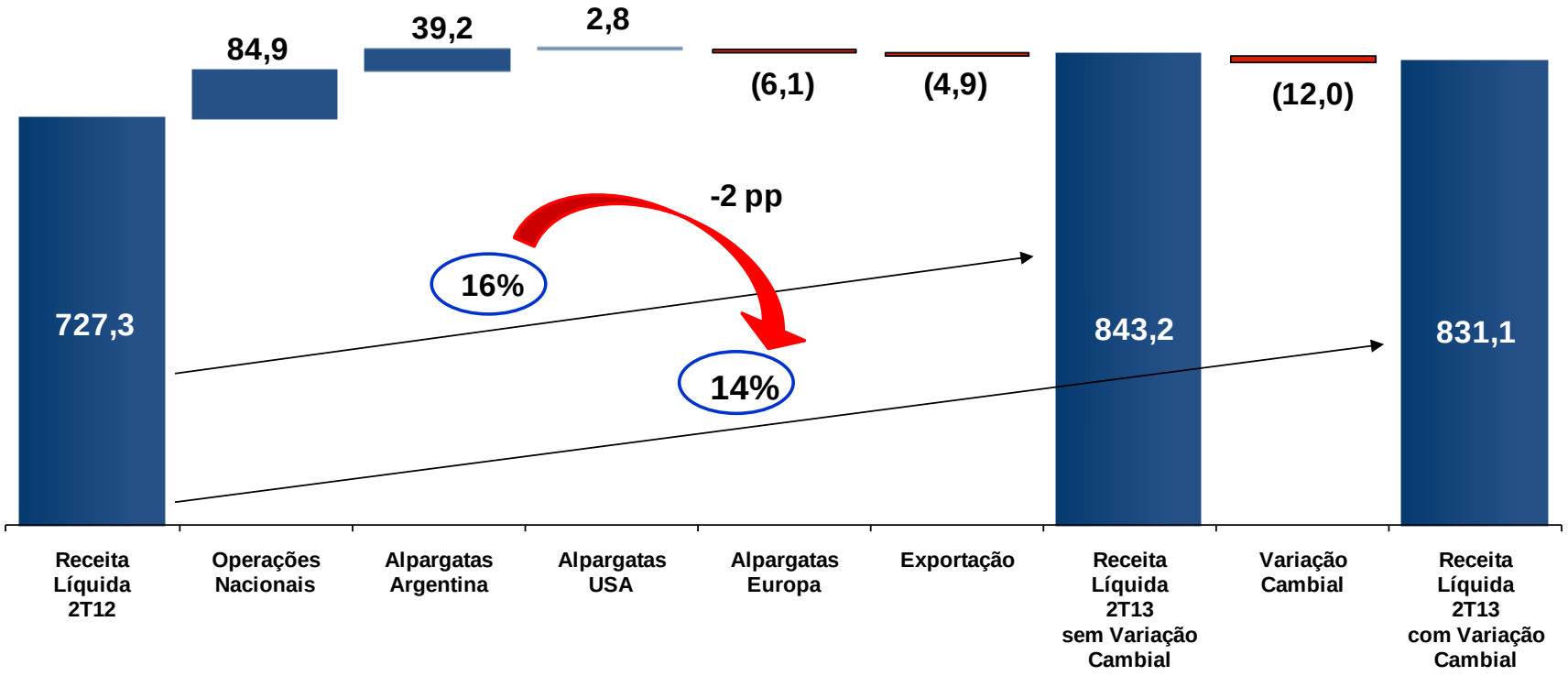
José Roberto Lettiere

Summary of the main results indicators

Consolidated results indicators R$ million, except margins	2Q12	2Q13	Var.	1H12	1H13	Var.
Net revenue	727.3	831.1	+ 14%	1,376.2	1,596.0	+ 16%
Gross profit	313.3	352.1	+ 12%	601.0	690.6	+ 15%
Gross margin	*43.1%*	*42.4%*	*- 0.7 pp*	*43.7%*	*43.3%*	*- 0.4 pp*
EBITDA	74.4	130.7	+ 76%	180.9	253.5	+ 40%
EBITDA margin	*10.2%*	*15.7%*	*+ 5.5pp*	*13.1%*	*15.9%*	*+ 3 pp*
Net income	61.4	70.5	+ 15%	139.6	162.8	+ 17%
Net margin	*8.4%*	*8.5%*	*+ 0.1pp*	*10.1%*	*10.2%*	*+ 0.1 pp*

Evolution of revenue

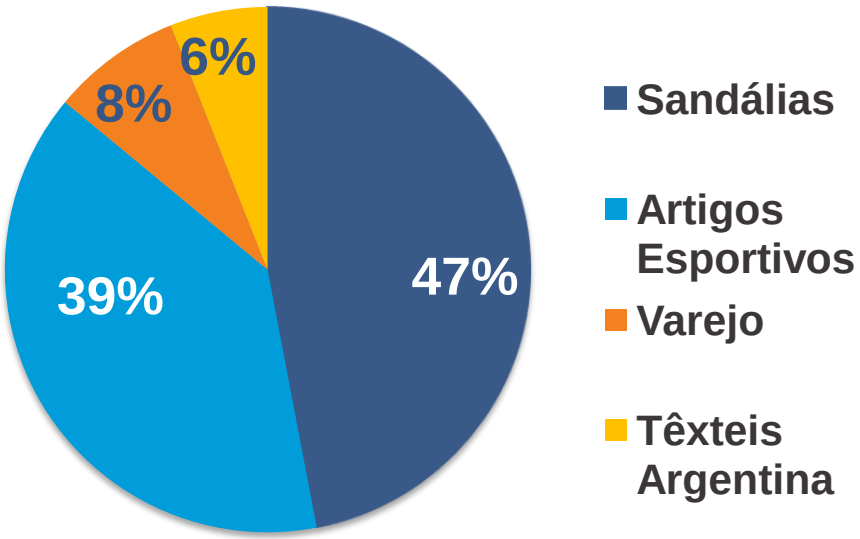
R$ million



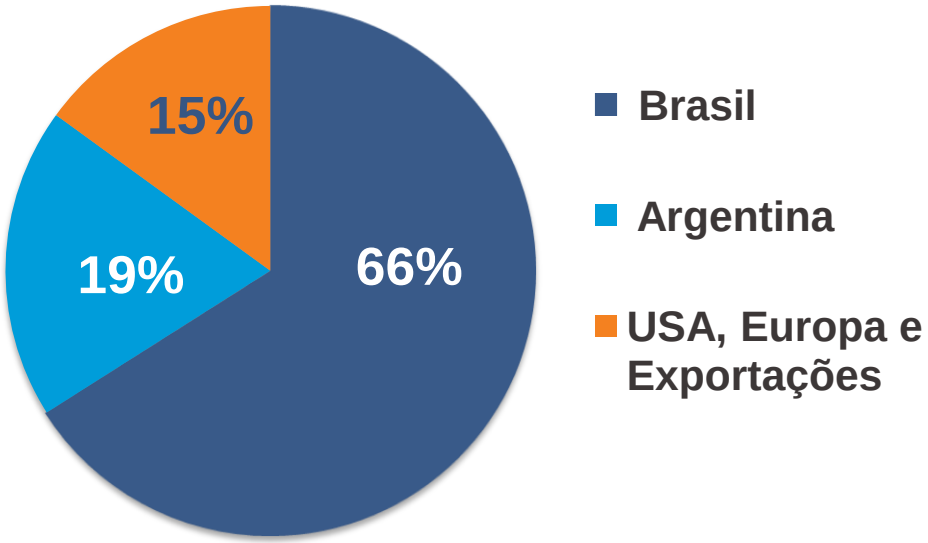
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Breakdown of net revenue

By business 2Q13

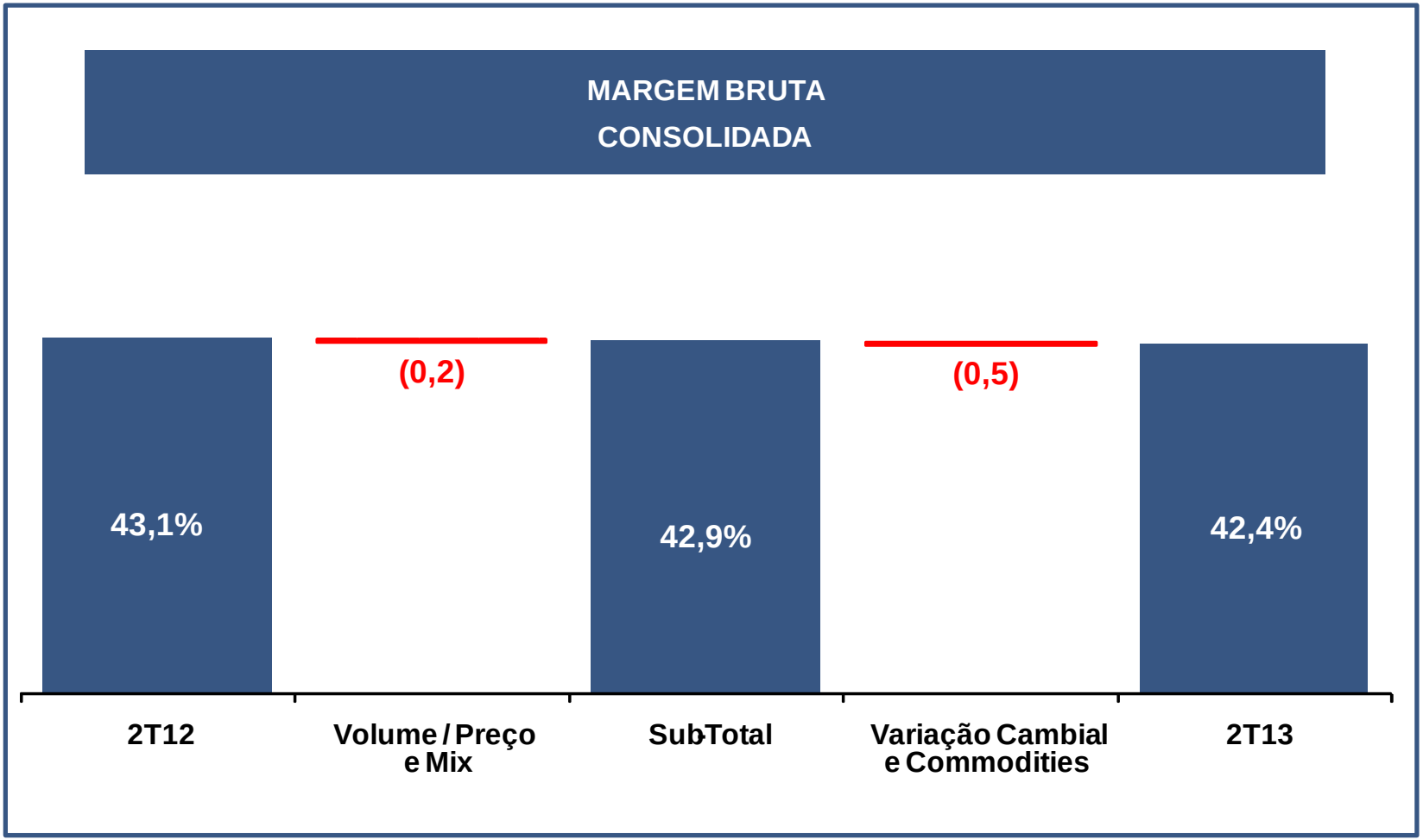


By region 2Q13



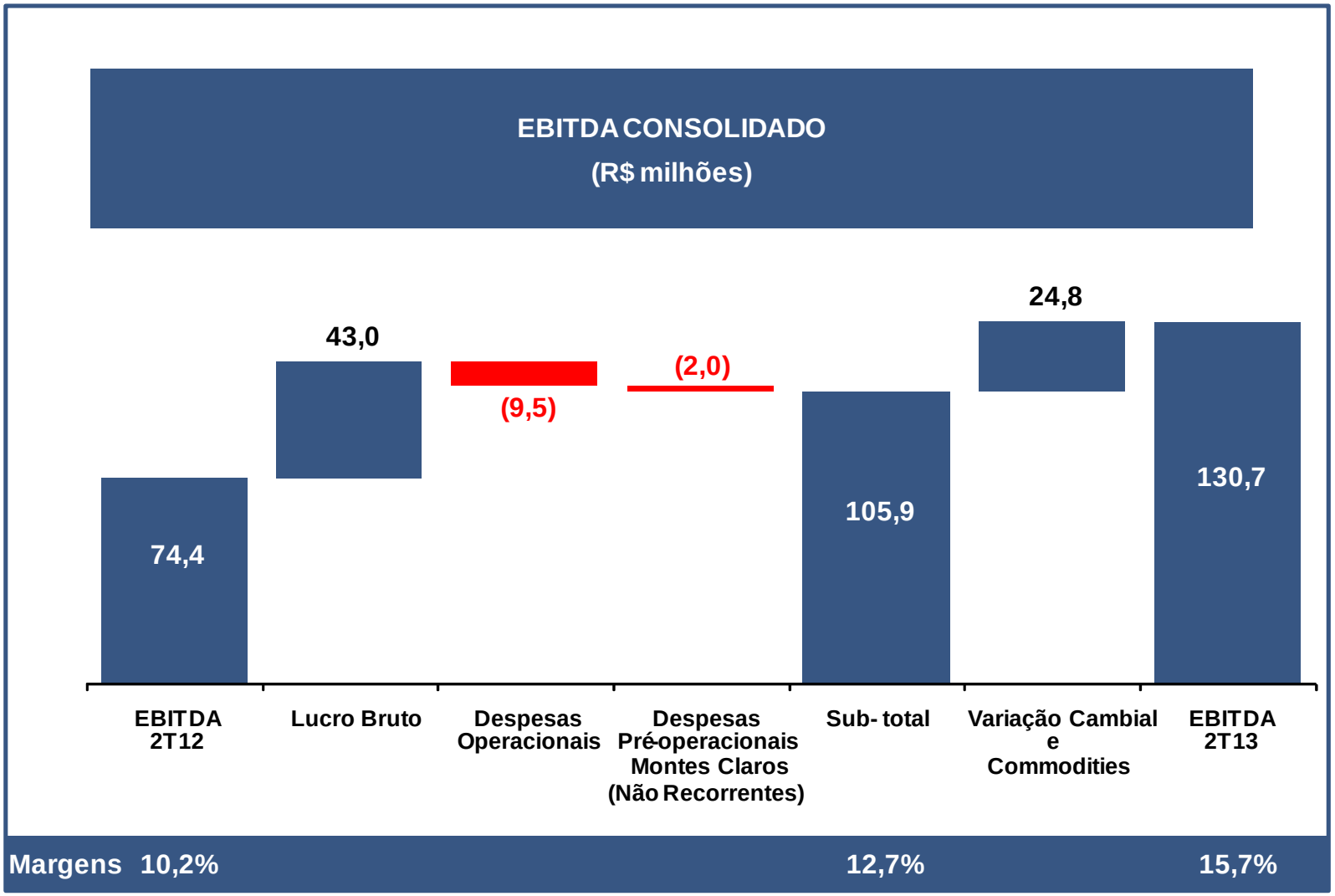
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Gross margin variation



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EBITDA variation

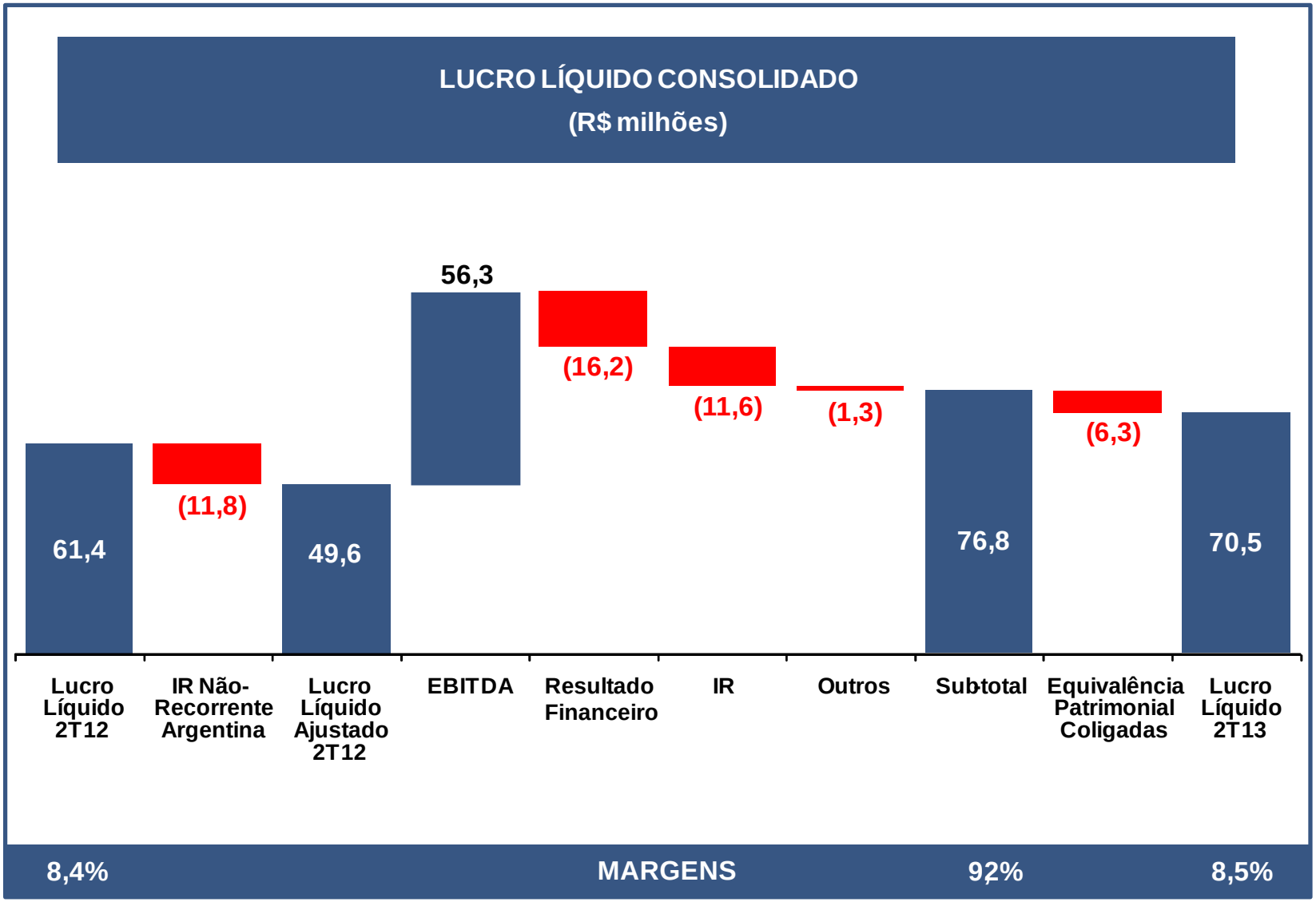


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Operational hedge policy

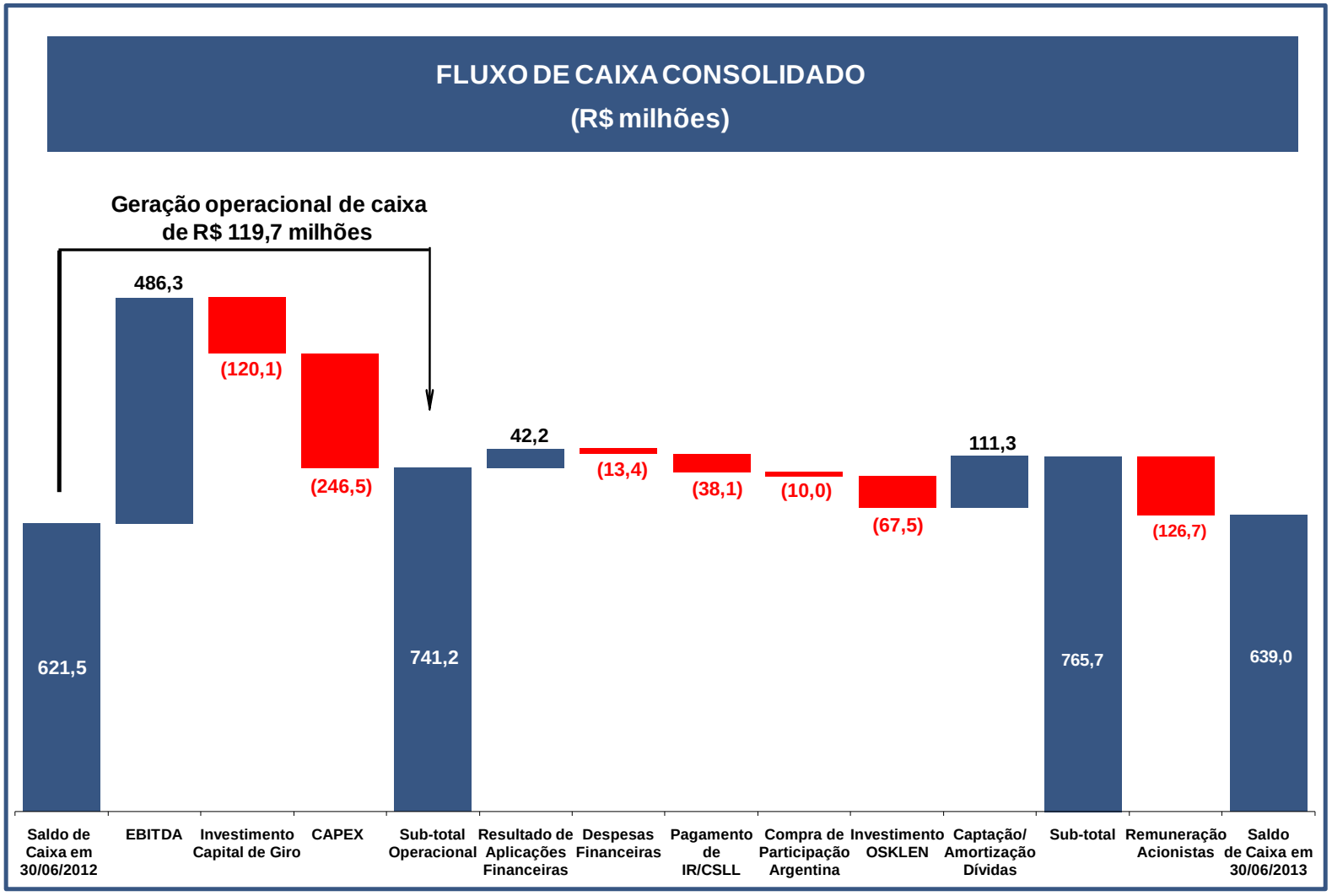
- **Hedge operations are carried out considering the unmatched monthly exposures (flow of receivables – flow of payables)**
- **Adoption of quarterly coverage ranges (%)**
- **Parameters for building operational hedge ranges:**
  - **Uncertainty of projections**
  - **Acceptable uncertainty level (CfaR)**
  - **It considers the relation among the various risk factors (e.g.: exchange rate vs. rubber)**

Net income variation

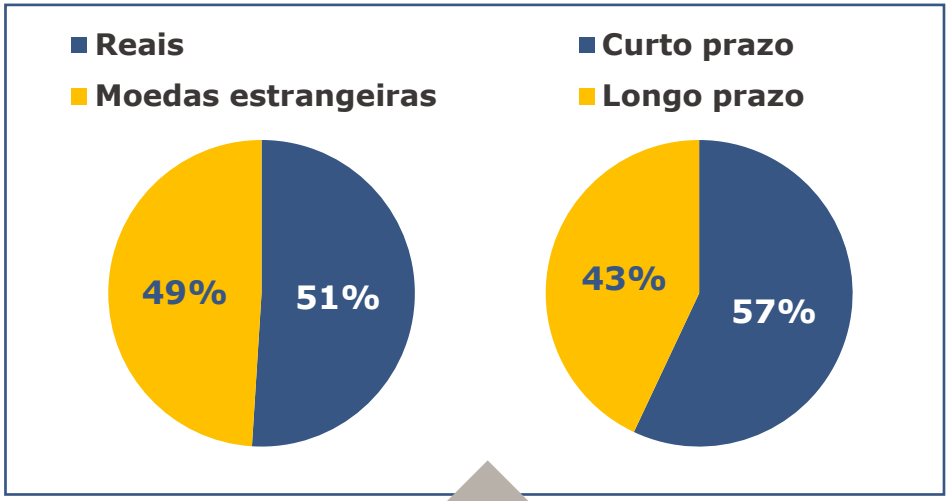


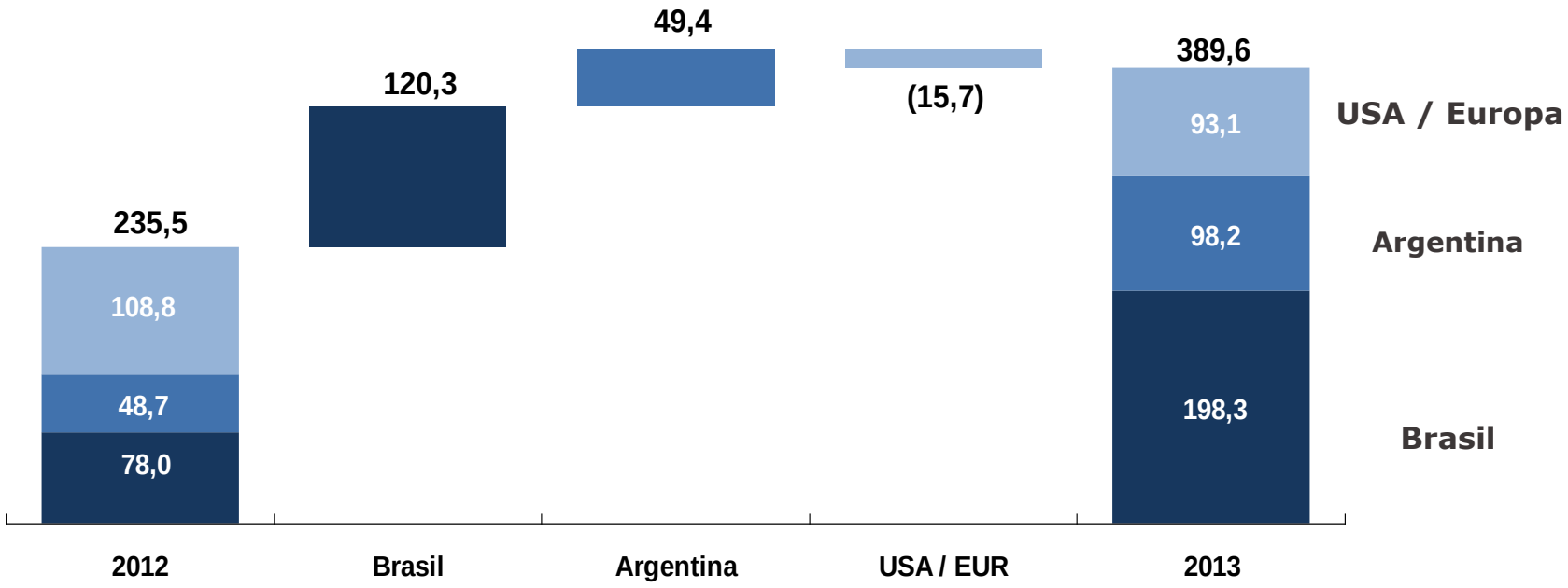
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EBITDA in the last 12 months totals R$0.5 billion



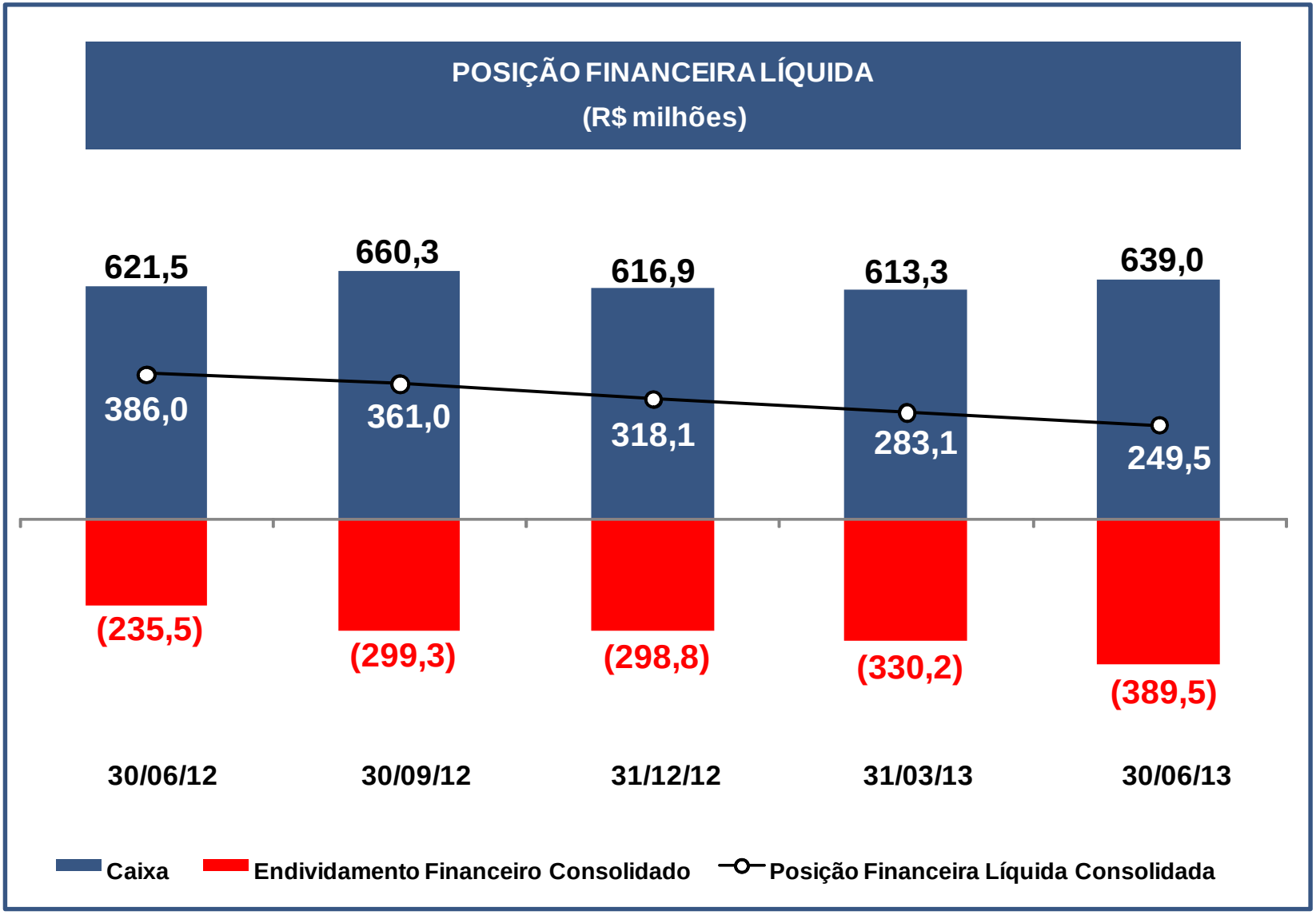
Loans and Financing – 1H12 x 1H13





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Net financial position

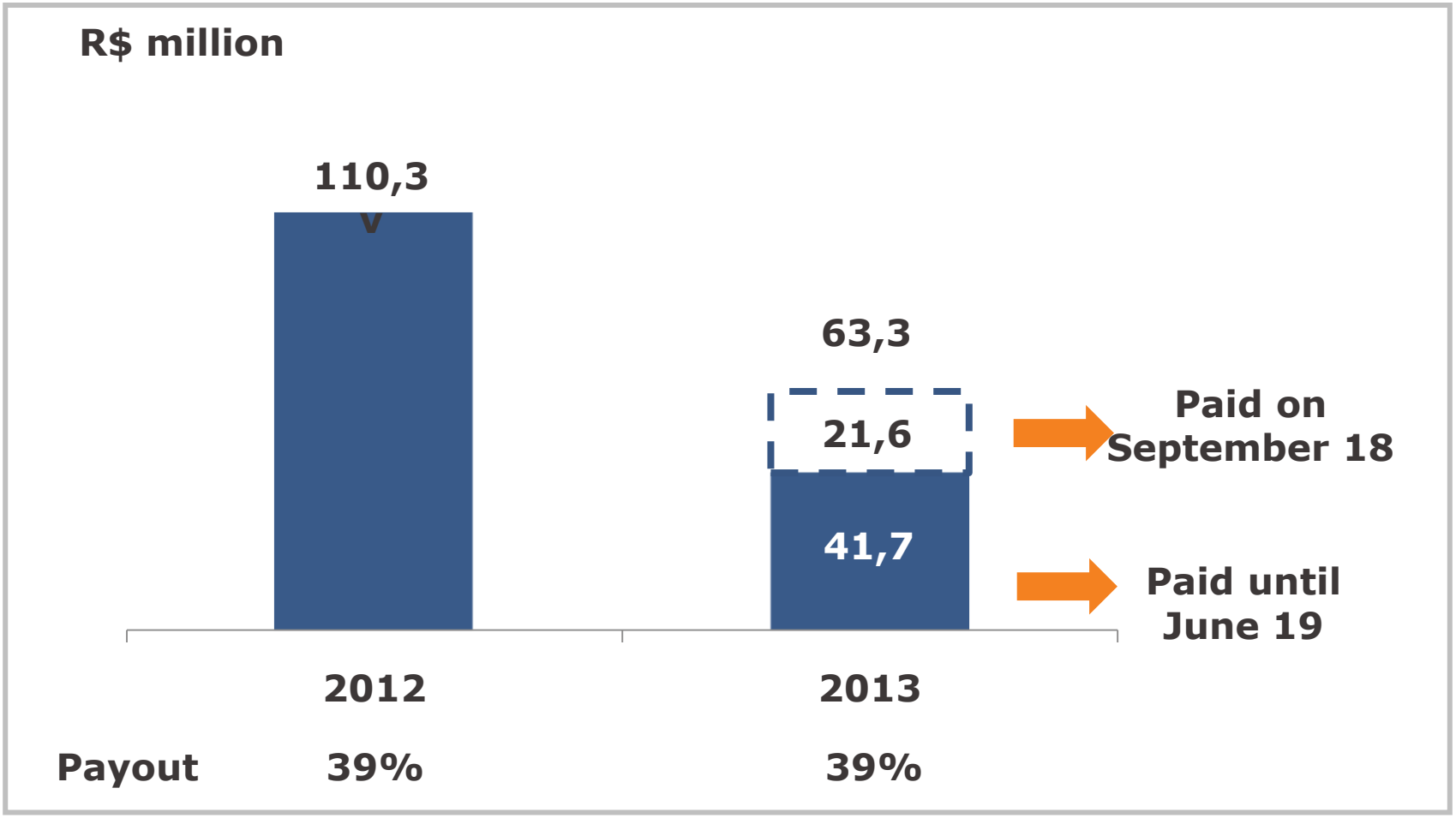


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Capital Markets

Remuneration for shareholders

Remuneration for shareholders totals R$63.3 million year to date

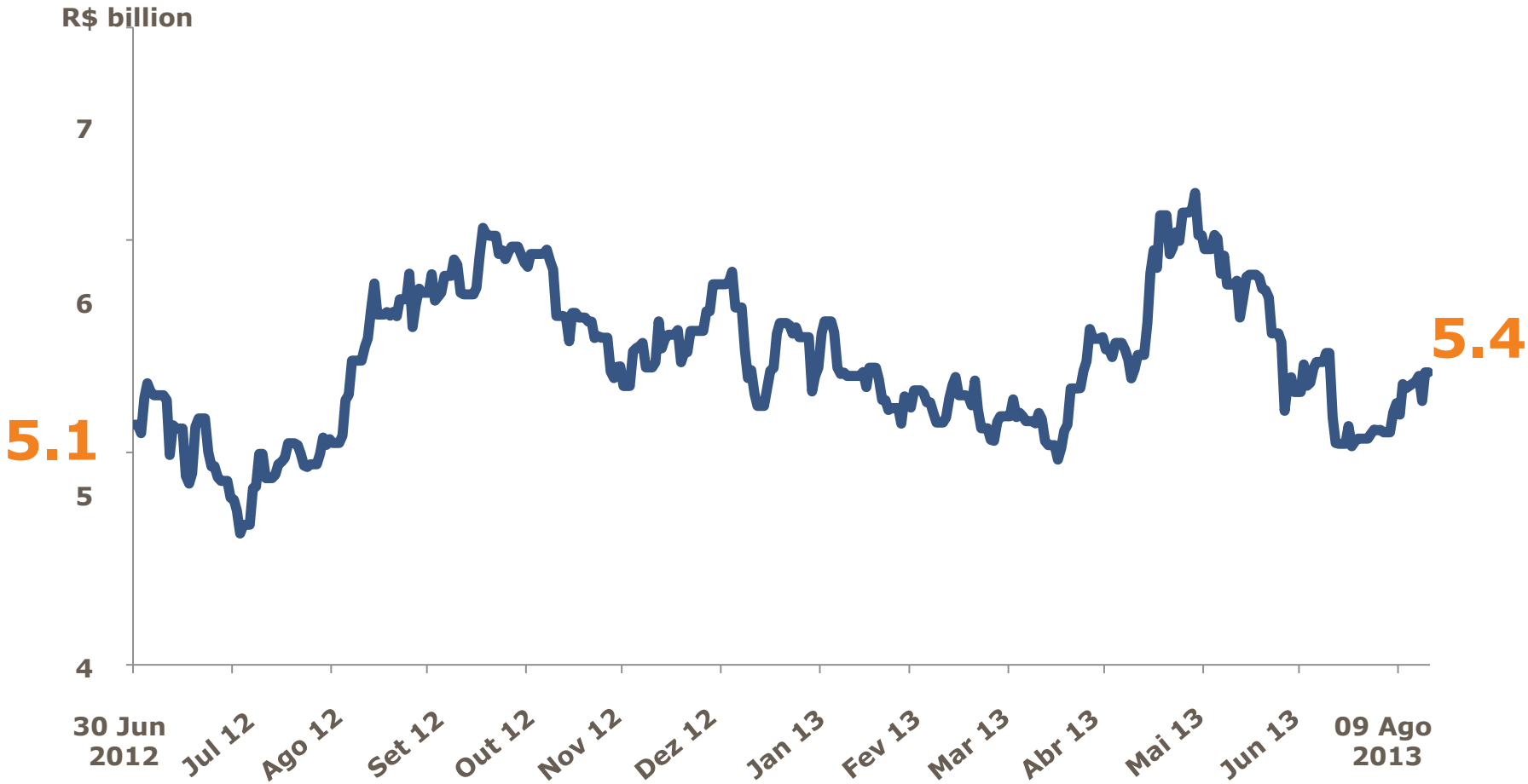


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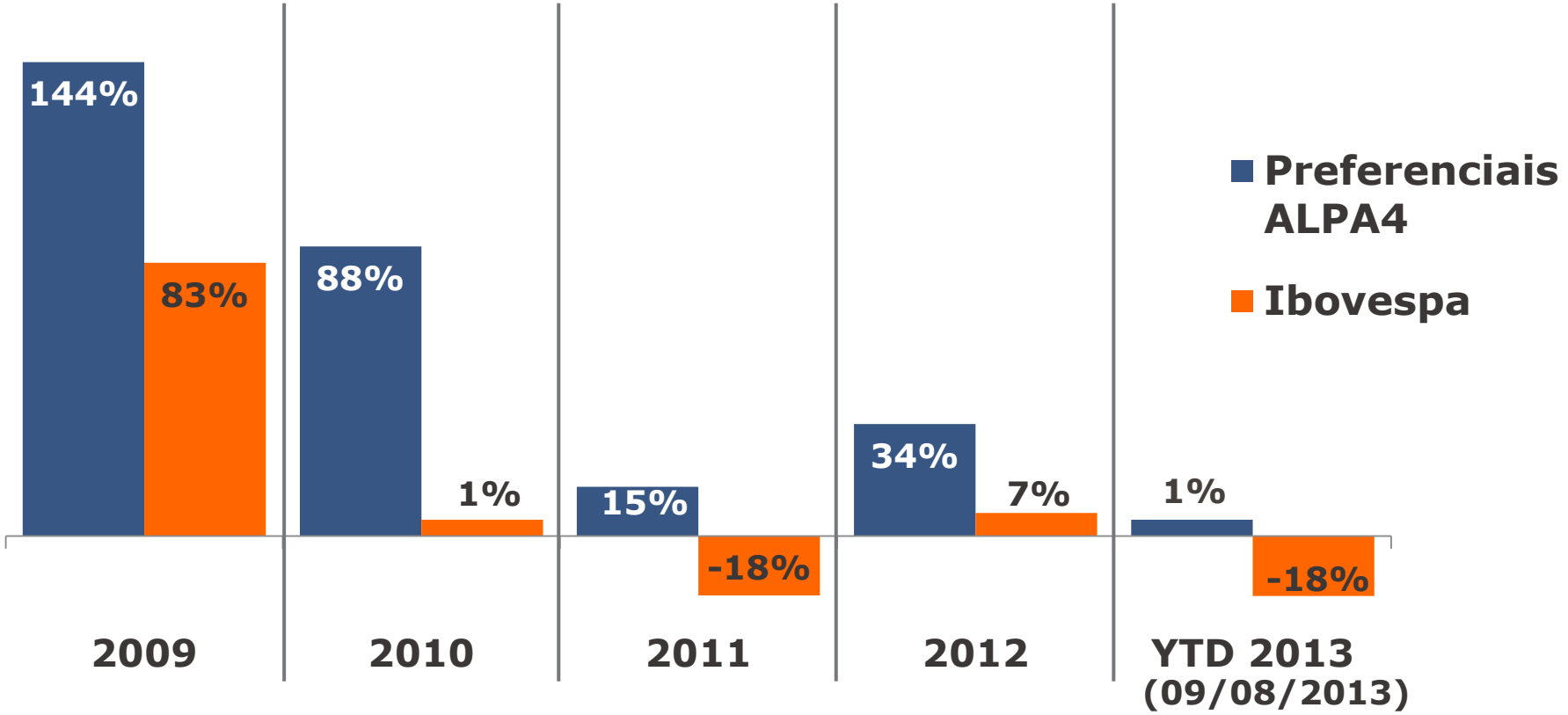
Market cap – long-term impacts and actions

Impacts	Actions
• Growth strategy	• Consistent execution
• Brand management culture	• Product innovation • Communication • Brand awareness + brand equity • People + organizational structure
• Financial solidity	• Consistent multi-currency cash generation
• Stakeholders trust	• Strong relationship with clients, suppliers and the market

Value generation in a difficult year for the stock exchange



Share performance



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Final Message

Márcio Utsch