Conference Call

2Q16 Results

Márcio Utsch – CEO
Fabio Leite de Souza – CFO

8/8/2016

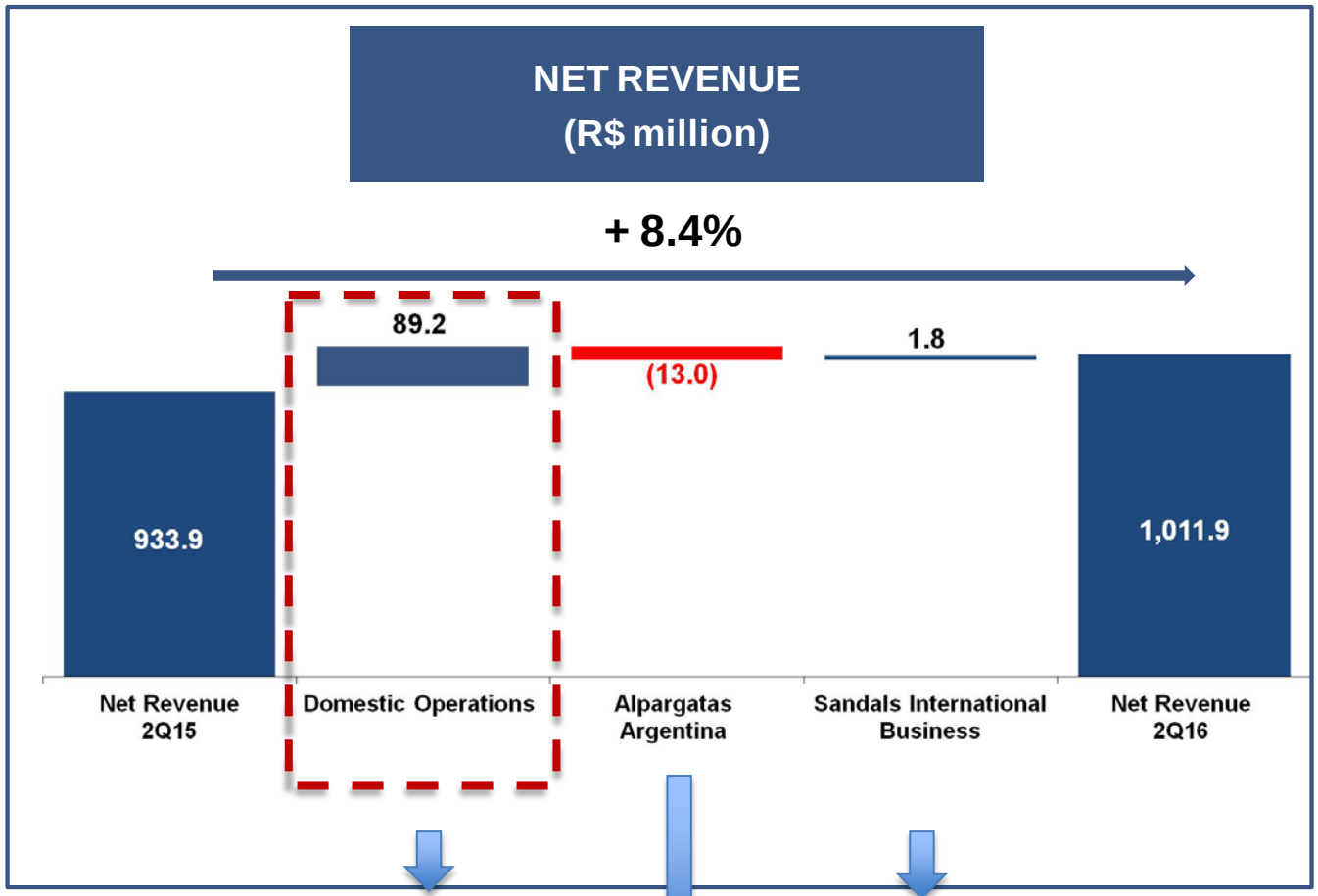
ALPARGATAS

Márcio Utsch
CEO

2Q16 Consolidated Results

ALPARGATAS

Domestic operations had a good performance and were responsible for 2Q16 consolidated net revenue growth....

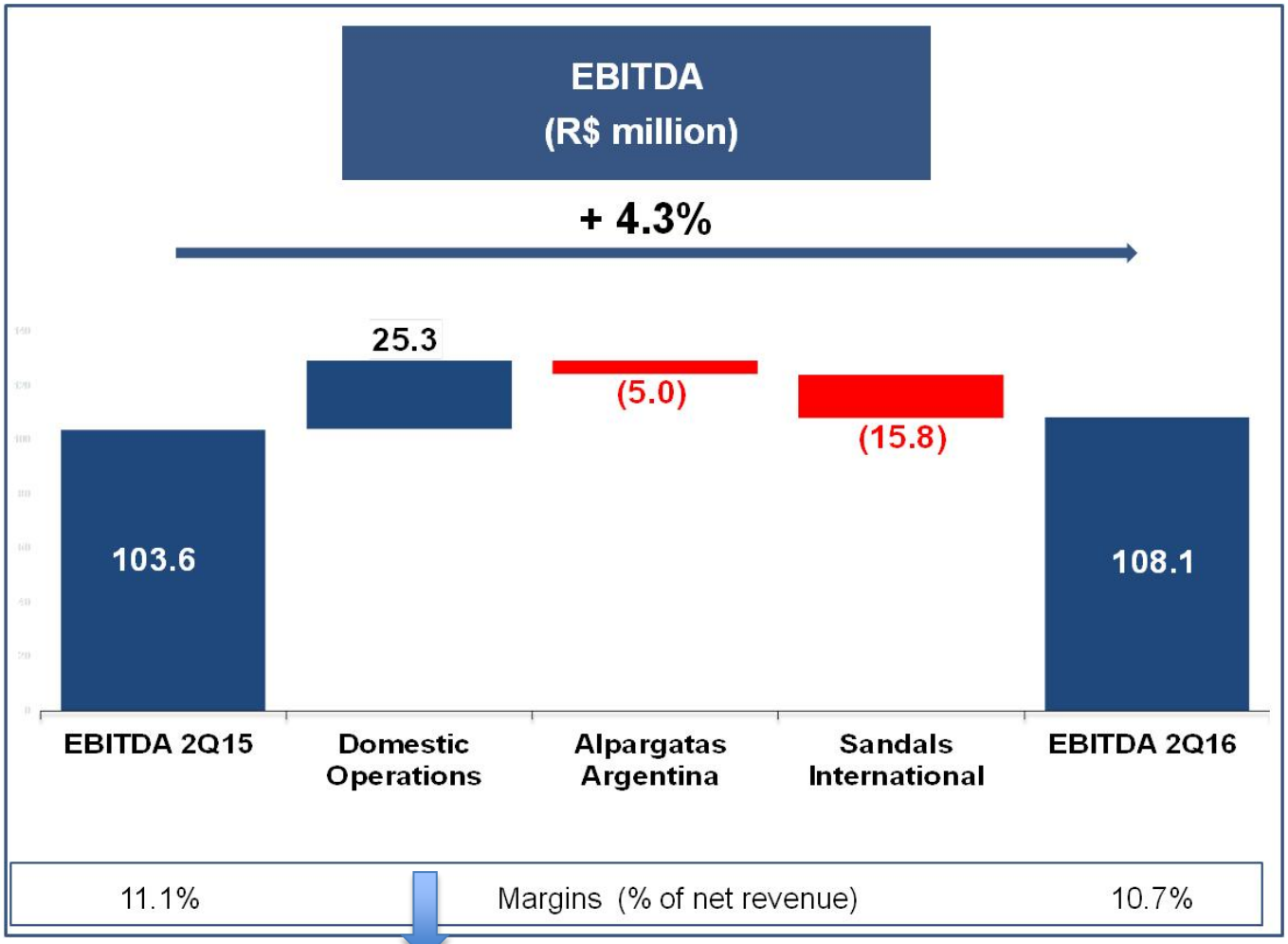


1. Increase of volumes in Brazil x 2Q15:
   - Sandals: 26.2%
   - Brand extension Havaianas: 30.7%
   - Osklen: 12.5%
2. Increase in average price of Sandals + non sandals products: 6,3%

FX

Net revenue growth in pesos: 31.2%

... as well as for EBITDA evolution.



- EBITDA Brazil: 192% increase and gain of 400 bps of margin x 2Q15 due to:
  - Higher gross profit and respective margin; and
  - Gain in SG&A productivity

HAVAIANAS

- Gain of *market share* in Brazil (x 2Q15)
- Launch of 2016/17 global collection



- Launch of sunglasses line



- Increase of retail footprint
  (33 new stores opened 2Q15x2Q16)

London



Rome



MIZUNO

- 520bps increase in gross margin due to:
  - Higher prices
  - Adjusted inventories (less close-outs)
  - Success of Infinity product line: Prophecy, Viper, Creation and Frontier footwear

OSKLEN

- Volume growth in all channels:

Own stores: 10%	Multibrand: 29.8%	*Ecommerce*: 6.8%

ARGENTINA

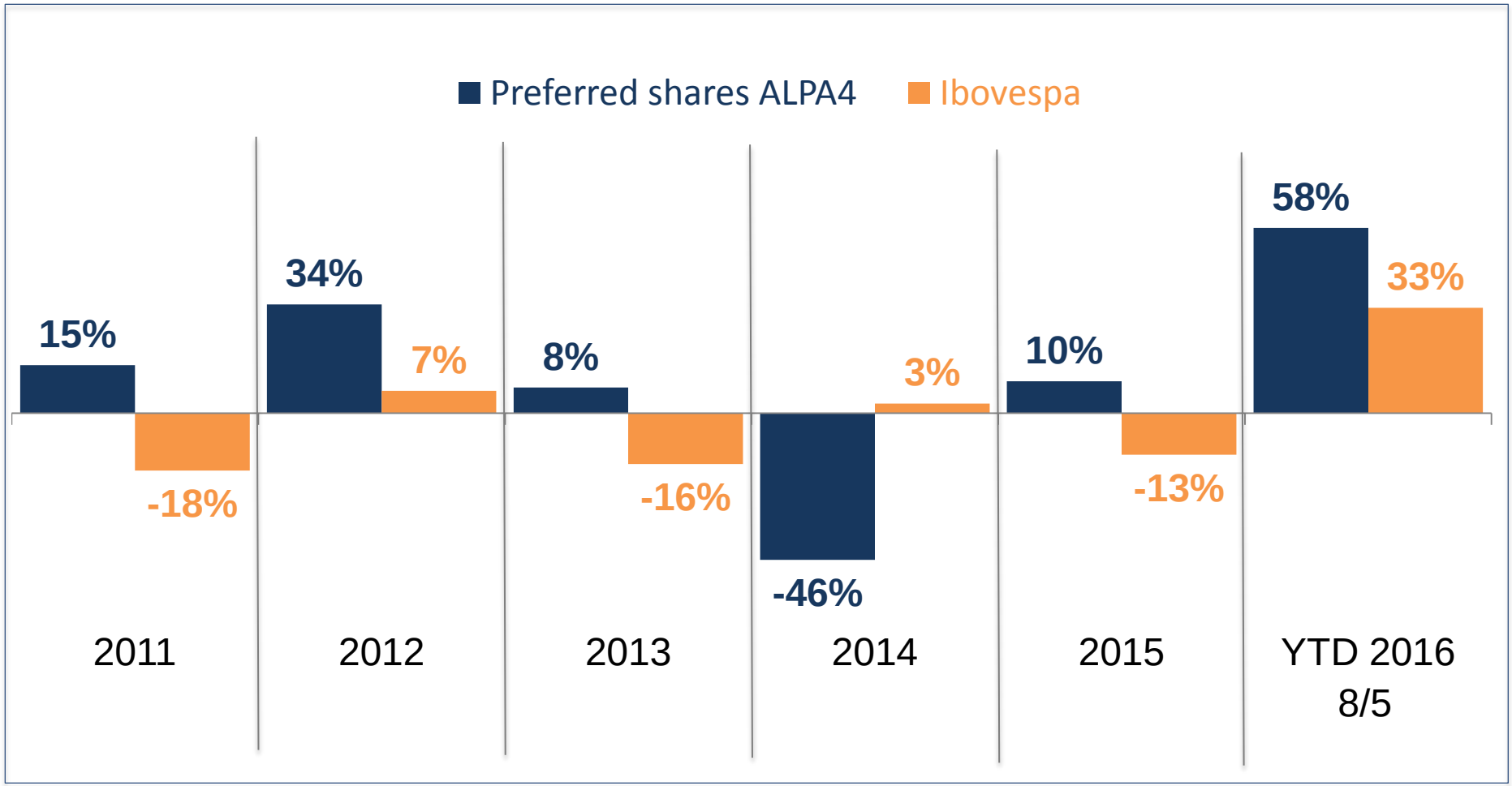
- Increase of gross margin:
  - Retail (180 bps) due to store's restructuring
  - Textiles (330 bps) due to investments made in 2015 that lowered production costs

- Increase of higher value sporting footwear in sales mix:

Volume:	**2Q15**	**2Q16**
Topper Sporting Footwear	36%	55%

Alpargatas' good performance in 2016 has been responsible for its stock appreciation YTD.

Alpa4 appreciated 58% YTD



Fabio Leite de Souza
CFO

2Q16
Businesses results

Net revenue

Region	Net revenue 2Q16 x 2Q15	Variation	Explanation
Brazil	R$ 570.5 MM X R$ 481.3 MM	+ 18.5%	Revenue increase: Sandals: 34.2% due to higher volume and average price per pair Osklen: 12.5% due to higher volume

2Q16 SSS (x 2Q15)

- Havaianas (franchises in Brazil): - 4.7% due to lower sales volume of sandals and closed footwear
- Meggashop: + 11.5% due to higher volumes and prices
- Osklen: + 17.0% mainly driven by volume increase

Net revenue

Region	Net revenue 2Q16 x 2Q15	Variation	Explanation
Argentina	R$ 221.4 MM X R$ 234.4 MM	- 5.5%	• The increase of footwear and textiles prices offset the drop in volume resulting in a 31.2% increase in revenue in pesos. • In reais, revenue decreased due to the 28.0% devaluation of the peso.
Sandals International	R$ 220.0 MM X R$ 218.2 MM	+ 0.8%	• Revenue in local currencies decreased due to lower volume. • In reais, revenue increased due to FX.

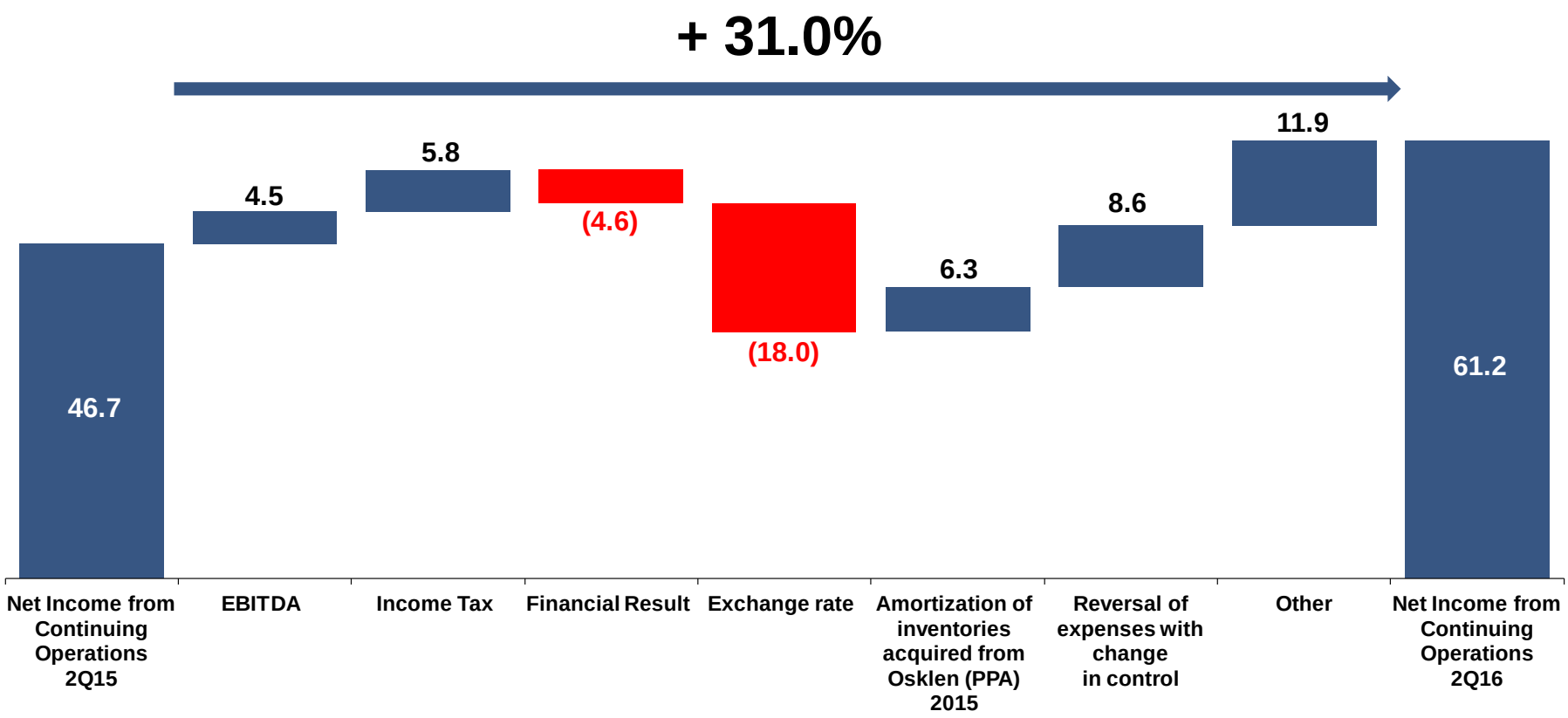
Gross profit

Region	Gross profit 2Q16 x 2Q15	Margin 2Q16 x 2Q15	Explanation
Brazil	R$ 227.8 MM X R$ 179.1 MM + 27.2%	39.9% X 37.2% +270 bps	• Higher share of Havaianas sales in Brazil's revenue: from 57%, in 2Q15 to 65%, in 2Q16. • Increases in Havaianas, Mizuno and Osklen margins.
Argentina	R$ 62.7 MM X R$ 64.6 MM - 2.9%	28.3% X 27.5% +80 bps	• Textile and Retail businesses had higher margins.
Sandals International	R$ 156.9 MM X R$149.7 MM + 4.8%	71.3% X 68.6% +270 bps	• Higher margin was as a result of FX and the regional mix (higher share of Europe sales in Sandals International's revenue).

EBITDA

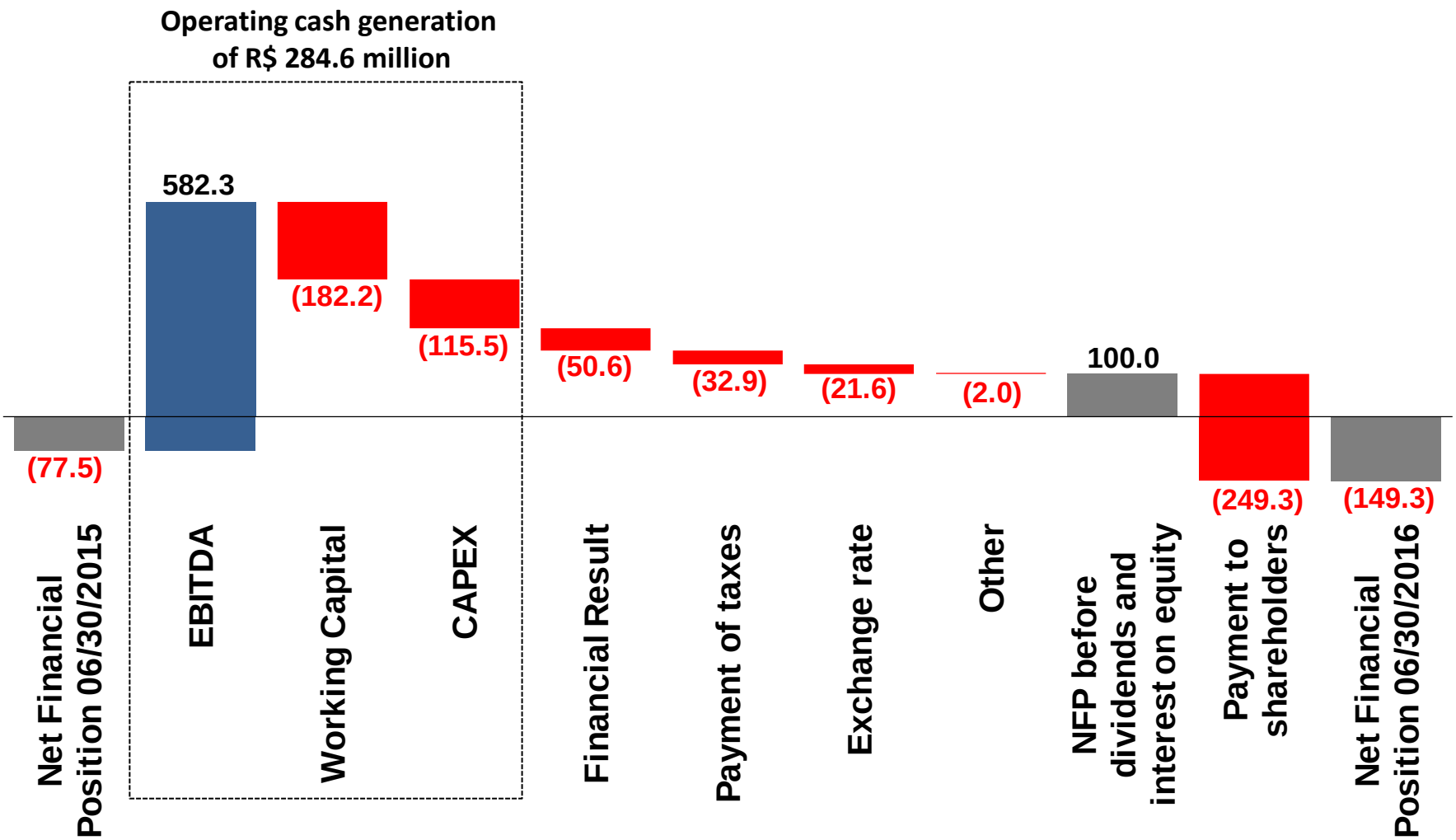
Region	EBITDA 2Q16 x 2Q15	Margin 2Q16 x 2Q15	Explanation
Brazil	R$ 38.5 MM X R$ 13.2 MM + 191.7%	6.7% X 2.7% + 400 bps	Greater productivity in SG&A driven mainly by lower Havaianas marketing investment.
Argentina	R$ 26.6 MM X R$ 31.6 MM - 15.8%	12.0% X 13.5% - 150 bps	Lower margin was due to the increase in other expenditures than SG&A such as provision for labor contingencies.
Sandals International	R$ 43.0 MM X R$ 58.8 MM - 26.9%	19.5% X 26.9% -740 bps	SG&A productivity was lower than 2Q15 due to the drop in revenues, mainly Exports.

Net income – R$ million



Margins (% of net revenue)	
5.0%	6.0%

Net financial position – R$ million



END