



EARNINGS
PRESENTATION
3Q18

DISCLAIMER

This presentation contains statements that can represent expectations about future events or results. These statements are based on certain suppositions and analyses made by the company in accordance with its experience, with the economic environment and market conditions, and expected future developments, many of which are beyond the company's control. Important factors could lead to significant differences between real results and the statements on expectations about future events or results, including the company's business strategy, Brazilian and international economic conditions, technology, financial strategy, developments in the footwear industry, conditions of the financial market, and uncertainty on the company's future results from operations, plans, objectives, expectations and intentions – among other factors. In view of these aspects, the company's results could differ significantly from those indicated or implicit in any statements of expectations about future events or results.

PARTICIPANTS

Pedro Bartelle

Chief Executive Officer

Edivaldo Rogério de Brito

Administrative Chief, Financial and Investor Relations Officer

André de Camargo Bartelle

1st Vice Chairman

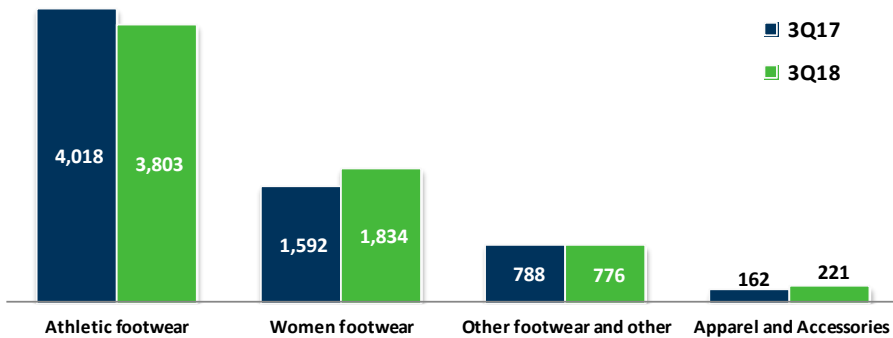
HIGHLIGHTS

- **Net Revenue:** R\$ 322.1 million in 3Q18, down 6.3% compared to 3Q17, and R\$ 894.9 million in 9M18, down 5.6% compared to 9M17.
- **Gross Profit:** R\$ 117.8 million in 3Q18, down 13.2% compared to 3Q17, and R\$ 314.9 million in 9M18, down 13.2% compared to 9M17.
- **Gross Margin:** 36.6% in 3Q18, down 2.8 p.p. in relation to 3Q17, and 35.2% in 9M18, down 3.0 p.p. in relation to 9M17.
- **Net Income:** R\$ 39.5 million in 3Q18 vs. R\$ 65.9 million in 3Q17, and R\$ 106.0 million in 9M18, down 26.1% compared to 9M17.
- **EBITDA:** R\$ 54.9 million in 3Q18 vs. R\$ 84.1 million in 3Q17, and R\$ 148.9 million in 9M18, down 34.1% compared to R\$ 226.1 million in 9M17.
- **Non-Recurring Expenses:** R\$ 2.8 million in 3Q18 recorded in Other net operating income (expenses). The elimination of these expenses results in a Net Income of R\$ 42.3 million and an EBITDA of R\$ 57.7 million.

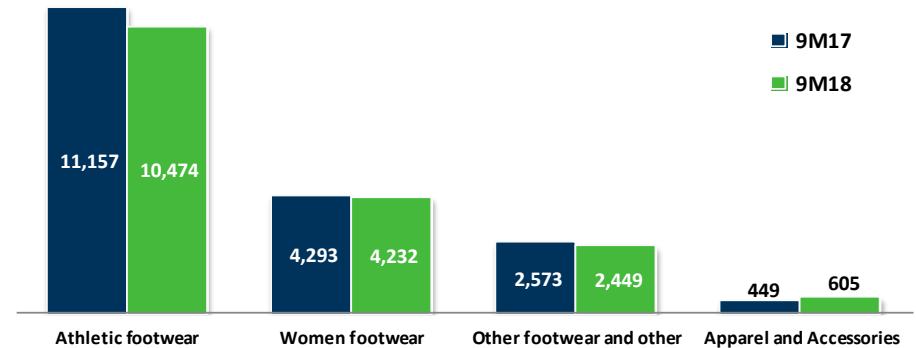
GROSS VOLUME

Gross Volume: Pairs and clothing items/ thousand

QUARTER : 3Q18 vs. 3Q17



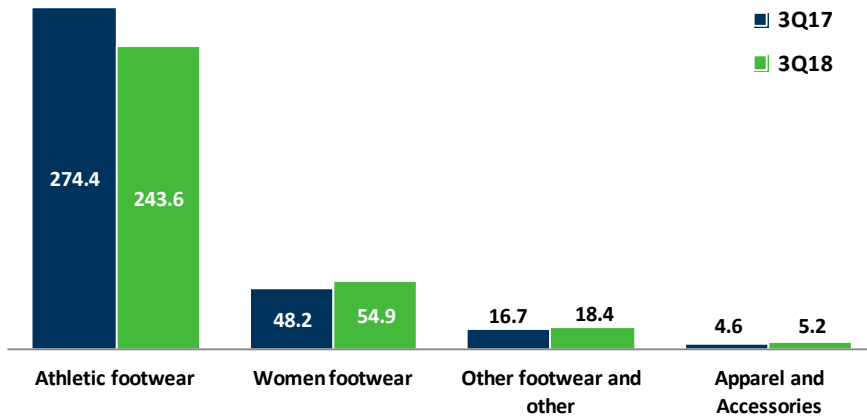
ACUMULATED: 9M18 vs. 9M17



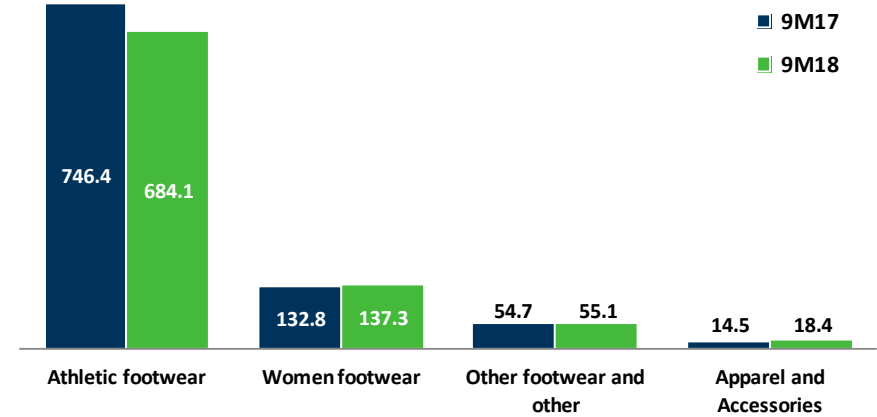
Pairs and itens (thousand)	3Q18	Share %	3Q17	Share %	Var. % 3Q18/3Q17	9M18	Share %	9M17	Share %	Var. % 9M18/9M17
Athletic footwear	3,803	57.3%	4,018	61.2%	-5.4%	10,474	59.0%	11,157	60.4%	-6.1%
Women footwear	1,834	27.6%	1,592	24.3%	15.2%	4,232	23.8%	4,293	23.2%	-1.4%
Other footwear and other	776	11.7%	788	12.0%	-1.5%	2,449	13.8%	2,573	13.9%	-4.8%
Apparel and Accessories	221	3.4%	162	2.5%	36.4%	605	3.4%	449	2.5%	34.7%
Total	6,634	100.0%	6,560	100.0%	1.1%	17,760	100.0%	18,472	100.0%	-3.9%

NET OPERATING REVENUE: CATEGORY

NET REVENUE – 3Q18 vs. 3Q17



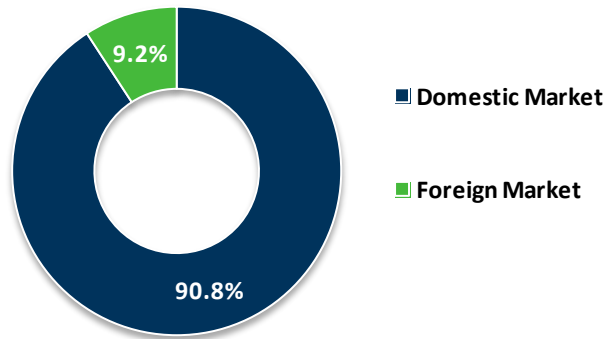
NET REVENUE – 9M18 vs. 9M17



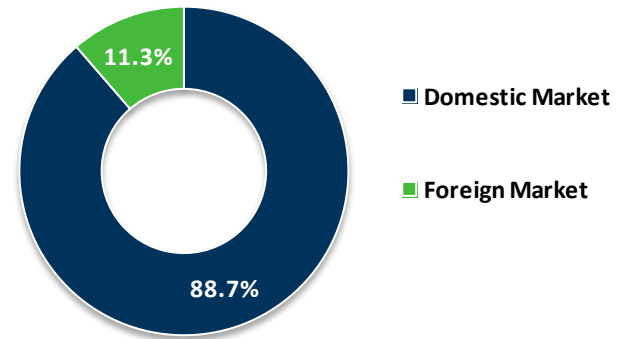
R\$ Million	3Q18	Share %	3Q17	Share %	Var. % 3Q18/3Q17	9M18	Share %	9M17	Share %	Var. % 9M18/9M17
Athletic footwear	243.6	75.7%	274.4	79.8%	-11.2%	684.1	76.4%	746.4	78.7%	-8.3%
Women footwear	54.9	17.0%	48.2	14.0%	13.9%	137.3	15.3%	132.8	14.0%	3.4%
Other footwear and other	18.4	5.7%	16.7	4.9%	10.2%	55.1	6.2%	54.7	5.8%	0.7%
Apparel and Accessories	5.2	1.6%	4.6	1.3%	13.0%	18.4	2.1%	14.5	1.5%	26.9%
Total Net Revenue	322.1	100.0%	343.9	100.0%	-6.3%	894.9	100.0%	948.4	100.0%	-5.6%

NET OPERATING REVENUE: MARKETS

PARTICIPATION – 3Q18



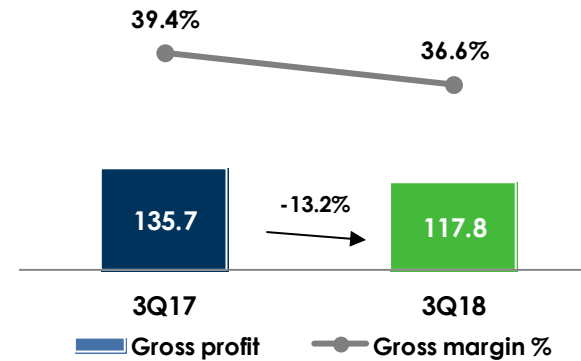
PARTICIPATION - 9M18



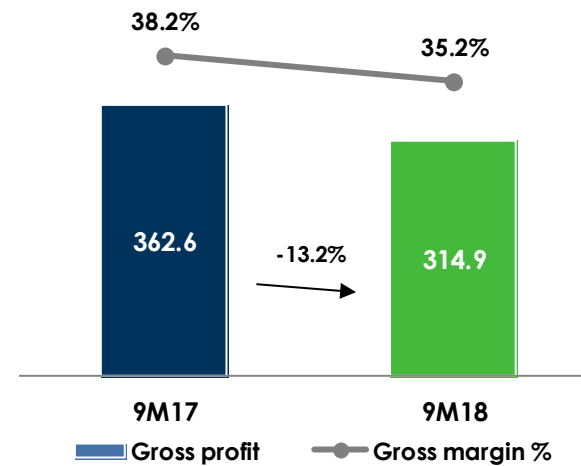
R\$ Million	3Q18					9M18				
	3Q18	Share %	3Q17	Share %	Var. % 3Q18/3Q17	9M18	Share %	9M17	Share %	Var. % 9M18/9M17
Domestic Market	292.5	90.8%	307.4	89.4%	-4.8%	793.4	88.7%	835.2	88.1%	-5.0%
Foreign Market	29.6	9.2%	36.5	10.6%	-18.9%	101.5	11.3%	113.2	11.9%	-10.3%
Total Net Revenue	322.1	100.0%	343.9	100.0%	-6.3%	894.9	100.0%	948.4	100.0%	-5.6%

GROSS PROFIT

3Q18 vs. 3Q17

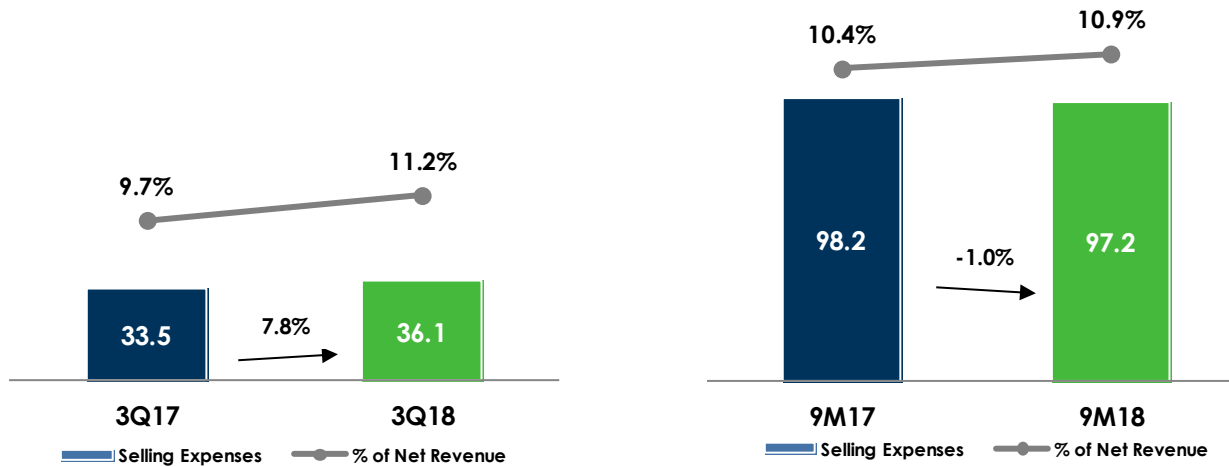


9M18 vs. 9M17

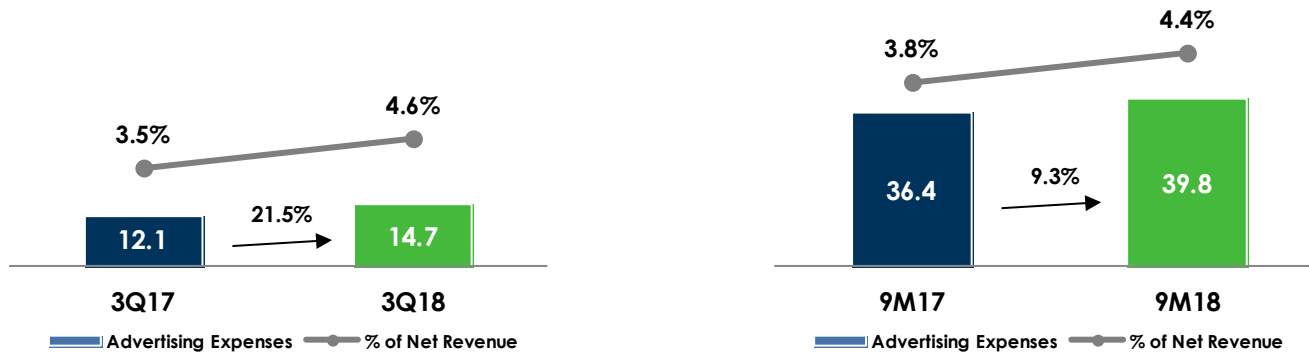


SELLING AND ADVERTISING EXPENSES

SELLING EXPENSES¹ – 3Q18 vs. 3Q17 and 9M18 vs. 9M17



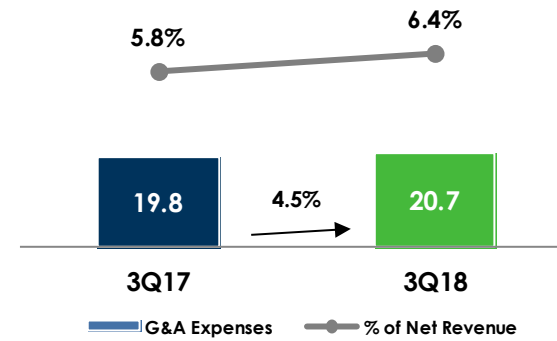
ADVERTISING AND MARKETING EXPENSES – 3Q18 vs. 3Q17 and 9M18 vs. 9M17



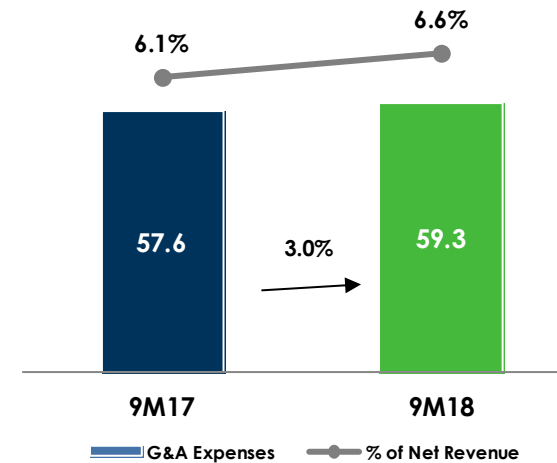
¹ Selling Expenses ex-advertising and marketing.

GENERAL AND ADMINISTRATIVE EXPENSES

3Q18 vs. 3Q17



9M18 vs. 9M17

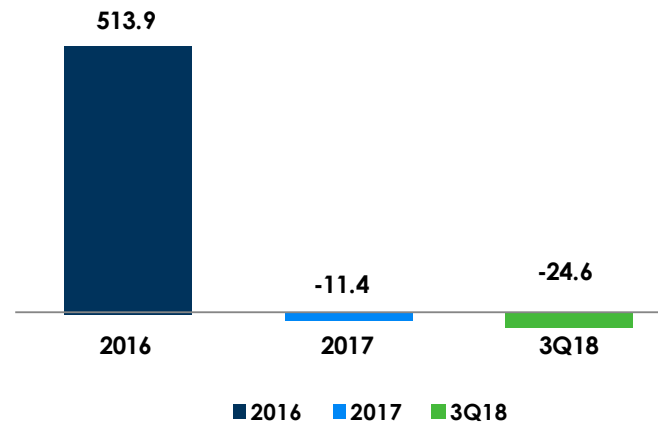


NET FINANCIAL INCOME AND NET DEBT

NET FINANCIAL INCOME

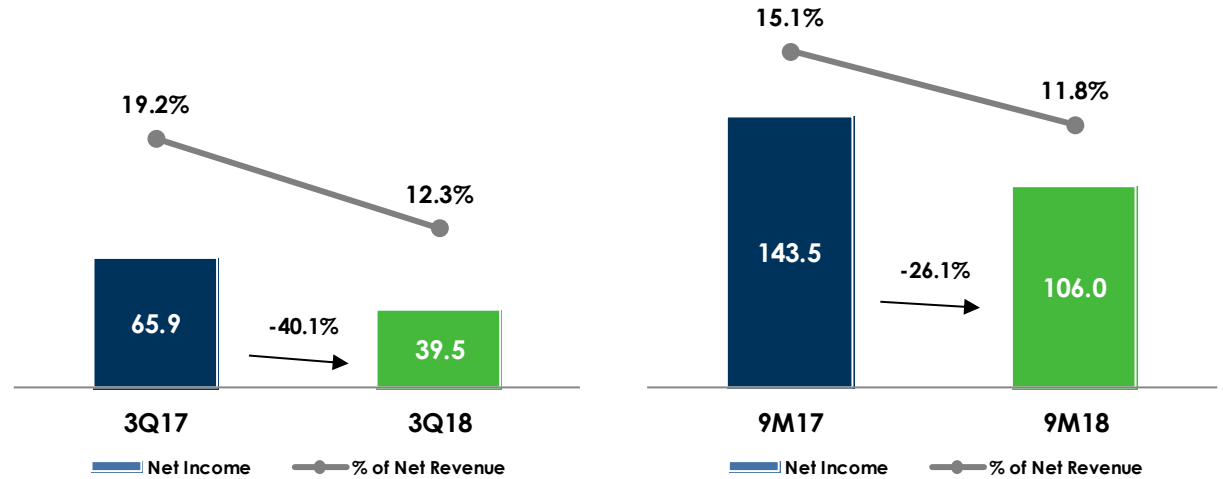
R\$ Million	3Q18	3Q17	Var. % 3Q18/3Q17	9M18	9M17	Var. % 9M18/9M17
Capital structure	-0.8	-8.0	-90.0%	-3.8	-34.2	-88.9%
Operating	-2.0	-2.3	-13.0%	-6.3	-17.4	-63.8%
Exchange differences	-2.6	-7.6	-65.8%	-7.4	-27.7	-73.3%
Financial Costs	-5.4	-17.9	-69.8%	-17.5	-79.3	-77.9%
Capital structure	0.9	6.7	-86.6%	4.6	8.2	-43.9%
Operating	0.6	0.2	200.0%	0.9	3.0	-70.0%
Exchange differences	3.8	8.6	-55.8%	12.8	29.5	-56.6%
Financial Income	5.3	15.5	-65.8%	18.3	40.7	-55.0%
Net Financial Income	-0.1	-2.4	-95.8%	0.8	-38.6	-102.1%

NET DEBT EVOLUTION

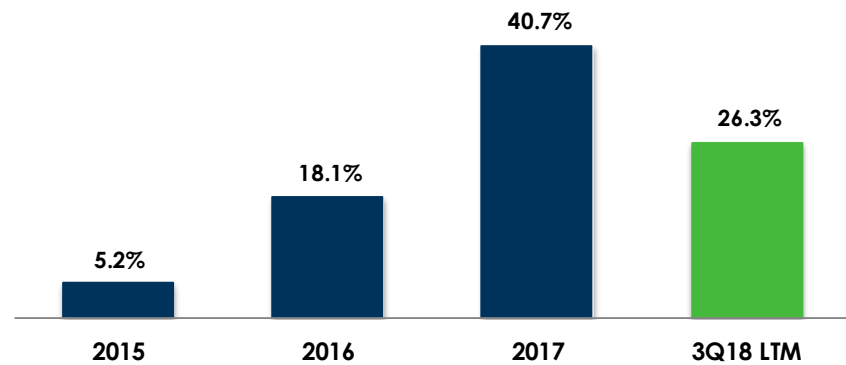


NET INCOME AND ROIC

NET INCOME – 3Q18 vs. 3Q17 and 9M18 vs. 9M17



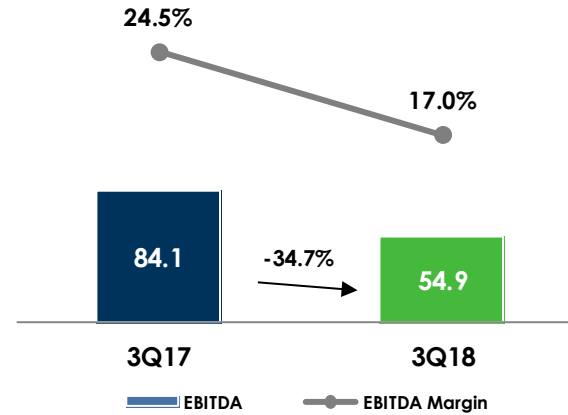
AJUSTED ROIC



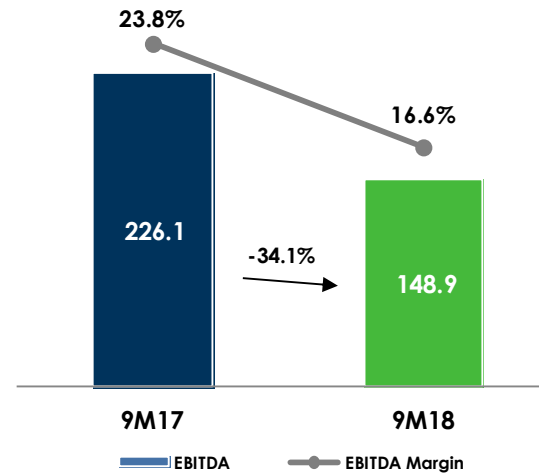
EBITDA MARGIN



3Q18 vs. 3Q17



9M18 vs. 9M17

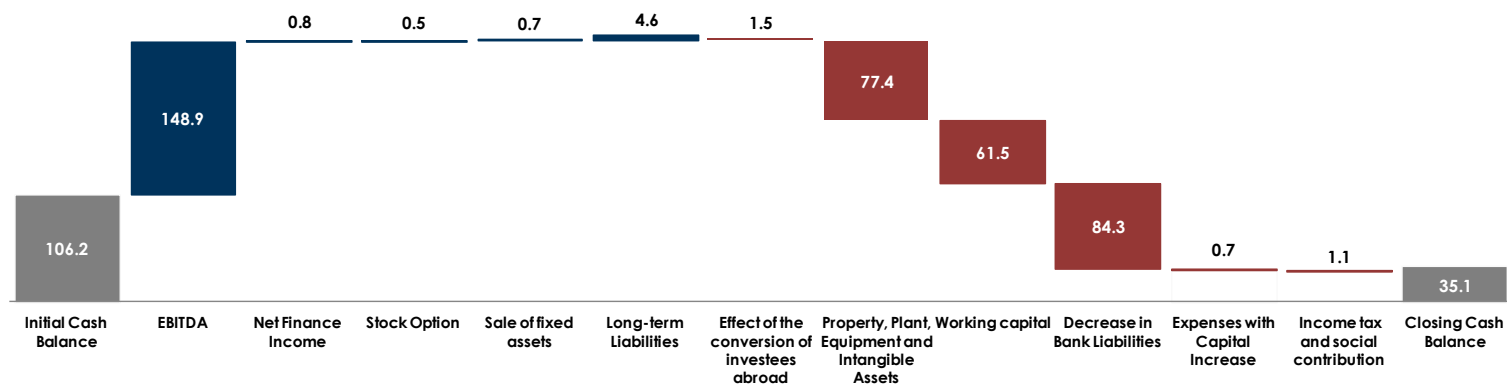


CAPEX AND CASH FLOW

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

R\$ Million	3Q18	3Q17	Var. % 3Q18/3Q17	9M18	9M17	Var. % 9M18/9M17
Molds	10.3	7.9	30.4%	30.4	23.1	31.6%
Machinery and equipment	6.5	8.1	-19.8%	28.7	12.2	135.2%
Industrial facilities	4.6	2.1	119.0%	12.0	4.7	155.3%
Others	2.1	1.7	23.5%	6.3	5.9	6.8%
Property, plant and equipment	23.5	19.8	18.7%	77.4	45.9	68.6%
Software	0.4	0.1	300.0%	1.6	0.4	300.0%
Assignment of right	0.0	0.0	0.0%	0.0	0.1	-100.0%
Others	0.0	0.0	0.0%	0.0	0.0	0.0%
Intangible assets	0.4	0.1	300.0%	1.6	0.5	220.0%
Total	23.9	19.9	20.1%	79.0	46.4	70.3%

CASH FLOW – 9M18



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