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Vulcabras



EARNINGS
RELEASE 2ND
QUARTER
OF **2018**



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.



Pedro Bartelle

Chief Executive Officer

Edivaldo Rogério de Brito

Administrative Chief, Financial and Investor Relations Officer

André de Camargo Bartelle

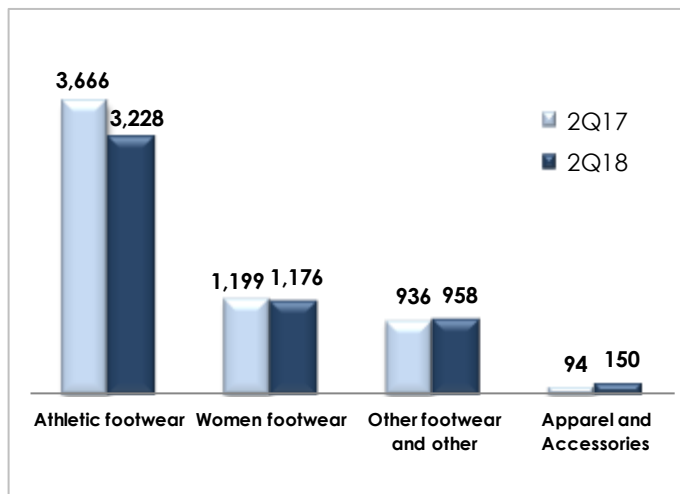
1st Vice Chairman



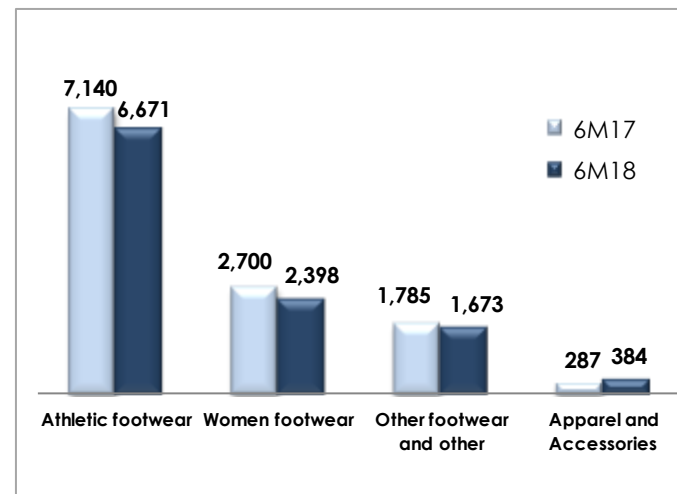
- **Net Revenue:** R\$ 280.8 million in 2Q18, 9.0% down compared to 2Q17, and R\$ 572.8 million in 6M18, down 5.2% compared to 6M17.
- **Gross Profit:** R\$ 96.6 million in 2Q18, 18.6% down compared to 2Q17, and R\$ 197 million in 6M18, down 13.2% compared to 6M17.
- **Gross Margin:** 34.4% in 2Q18, down 4.1 pp compared to 2Q17 and 34.4% in 6M18, down 3.1 pp compared to 6M17.
- **Net Income:** R\$ 33.0 million in 2Q18 vs. R\$ 51.5 million in 2Q17, and R\$ 66.5 million in 6M18, down 14.3% compared to 6M17.
- **EBITDA:** R\$ 44.2 million in 2Q18 vs. R\$ 83.9 million in 2Q17 and R\$ 94.0 million in 6M18, down 33.8% compared to R\$ 141.9 million in 6M17.



Gross Volume (pairs and pieces/thousand) - quarter



Gross Volume (pairs and pieces/thousand) - half year

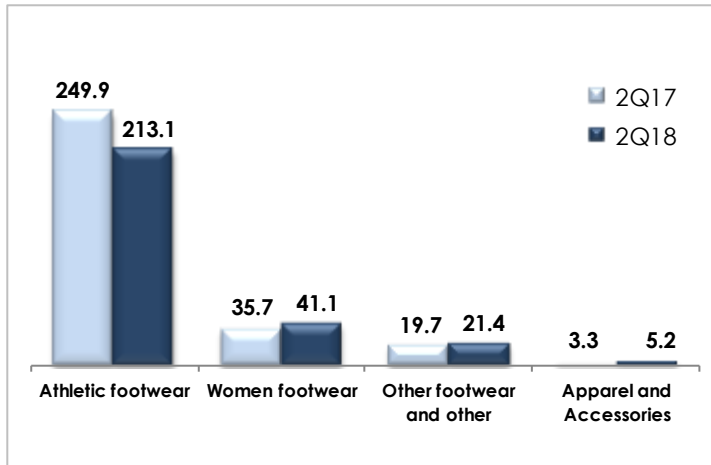


Pairs and pieces (thousand)	2Q18	Share %	2Q17	Share %	Var. % 2Q18/2Q17	6M18	Share %	6M17	Share %	Var. % 6M18/6M17
Athletic footwear	3,228	58.6%	3,666	62.2%	-11.9%	6,671	60.0%	7,140	59.9%	-6.6%
Women footwear	1,176	21.3%	1,199	20.3%	-1.9%	2,398	21.5%	2,700	22.7%	-11.2%
Other footwear and other	958	17.4%	936	15.9%	2.4%	1,673	15.0%	1,785	15.0%	-6.3%
Apparel and Accessories	150	2.7%	94	1.6%	59.6%	384	3.5%	287	2.4%	33.8%
Total	5,512	100.0%	5,895	100.0%	-6.5%	11,126	100.0%	11,912	100.0%	-6.6%

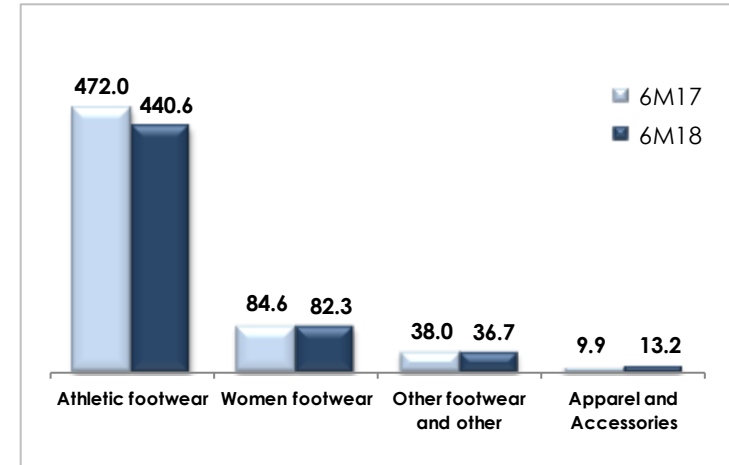
Net Operating Revenue: Category



Net Operating Revenue - 2Q18 vs. 2Q17



Net Operating Revenue - 6M18 vs. 6M17

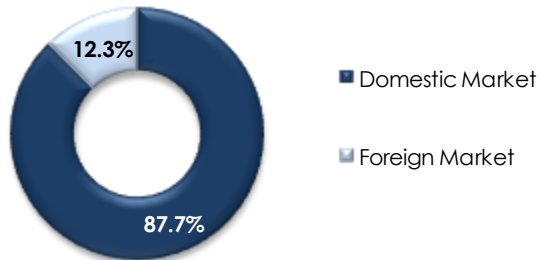


R\$ Million	2Q18	Share %	2Q17	Share %	Var. % 2Q18/2Q17	6M18	Share %	6M17	Share %	Var. % 6M18/6M17
Athletic footwear	213.1	75.9%	249.9	80.9%	-14.7%	440.6	76.9%	472.0	78.1%	-6.7%
Women footwear	41.1	14.6%	35.7	11.6%	15.1%	82.3	14.4%	84.6	14.0%	-2.7%
Other footwear and other	21.4	7.6%	19.7	6.4%	8.6%	36.7	6.4%	38.0	6.3%	-3.4%
Apparel and Accessories	5.2	1.9%	3.3	1.1%	57.6%	13.2	2.3%	9.9	1.6%	33.3%
Total Net Revenue	280.8	100.0%	308.6	100.0%	-9.0%	572.8	100.0%	604.5	100.0%	-5.2%

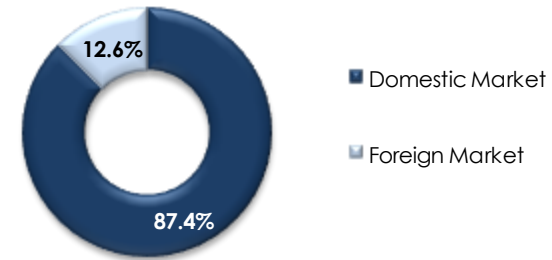
Net Operating Revenue: Markets



Participation by Market - 2Q18



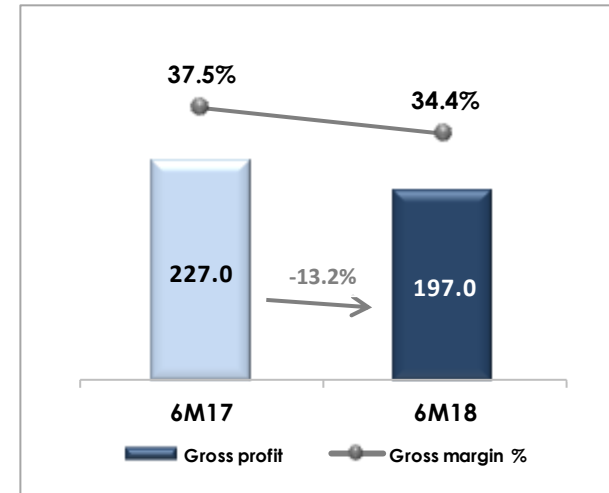
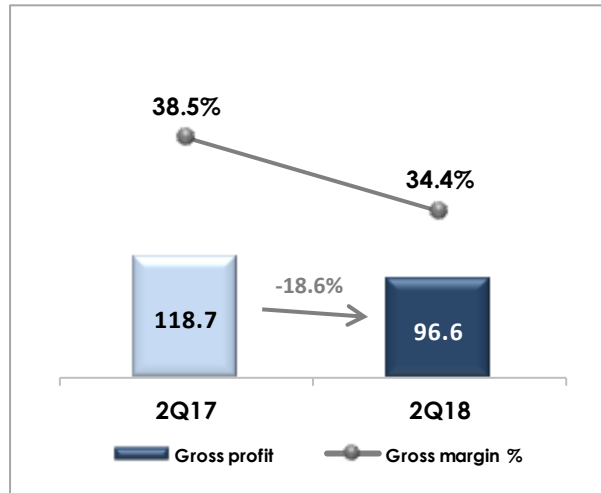
Participation by Market – 6M18



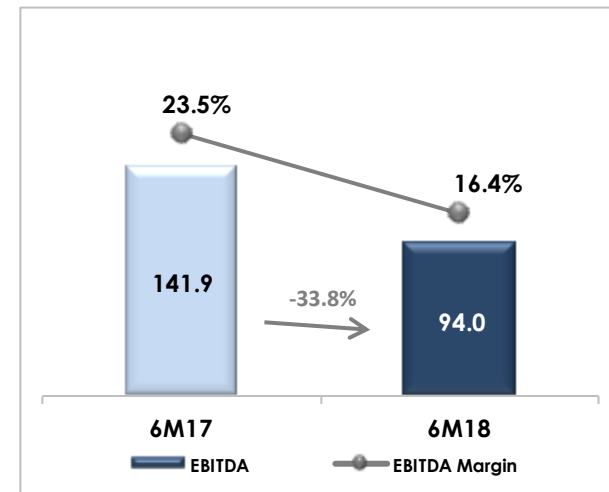
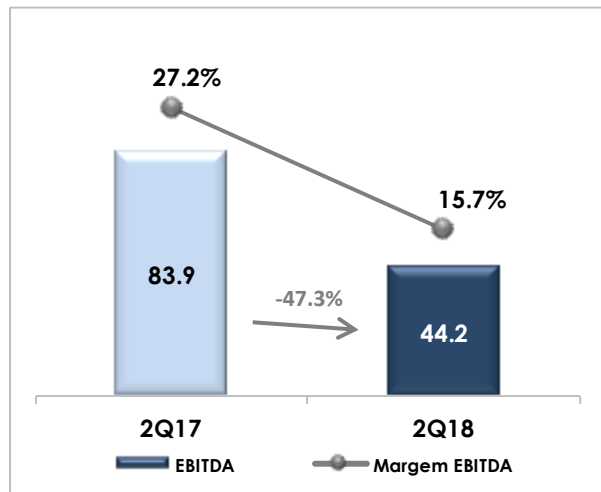
R\$ Million	2Q18	Share %	2Q17	Share %	Var. % 2Q18/2Q17	6M18	Share %	6M17	Share %	Var. % 6M18/6M17
Domestic Market	246.2	87.7%	276.4	89.6%	-10.9%	500.9	87.4%	527.8	87.3%	-5.1%
Foreign Market	34.6	12.3%	32.2	10.4%	7.5%	71.9	12.6%	76.7	12.7%	-6.3%
Total Net Revenue	280.8	100.0%	308.6	100.0%	-9.0%	572.8	100.0%	604.5	100.0%	-5.2%



Gross Profit – 2Q18 vs. 2Q17 and 6M18 vs. 6M17



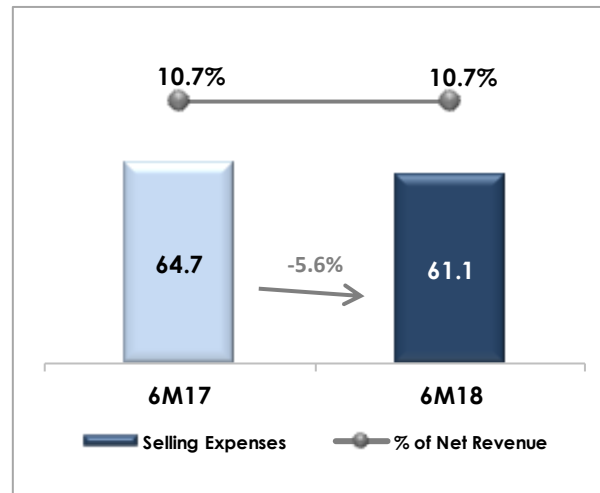
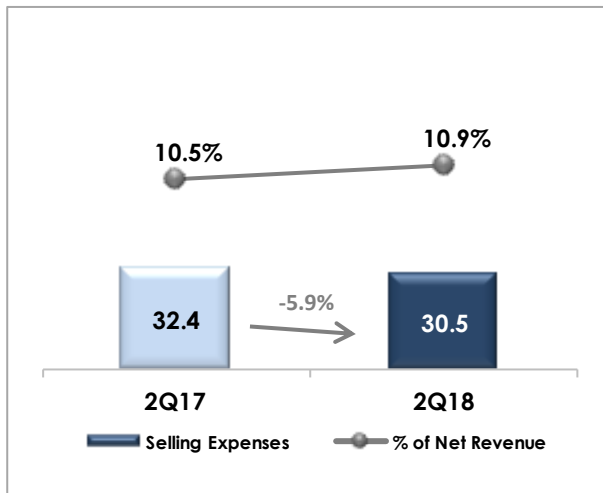
EBITDA – 2Q18 vs. 2Q17 and 6M18 vs. 6M17



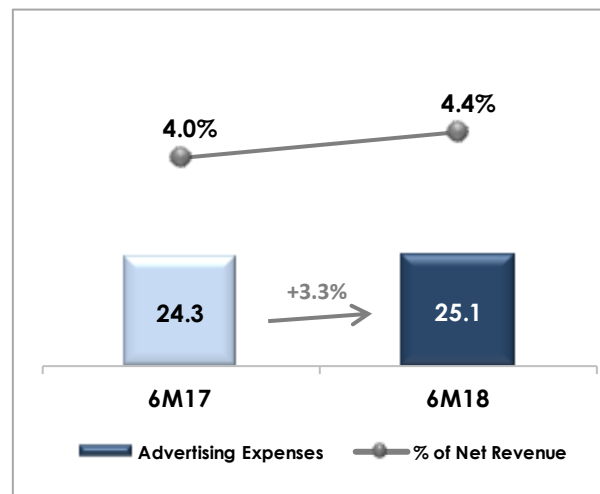
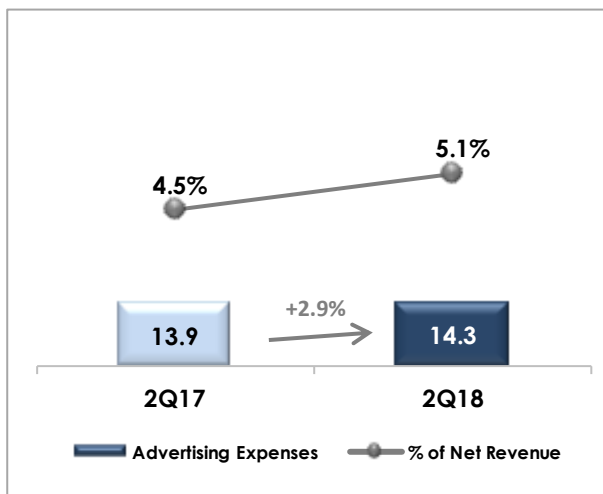
Selling and Advertising Expenses



Selling Expenses – 2Q18 vs. 2Q17 and 6M18 vs. 6M17



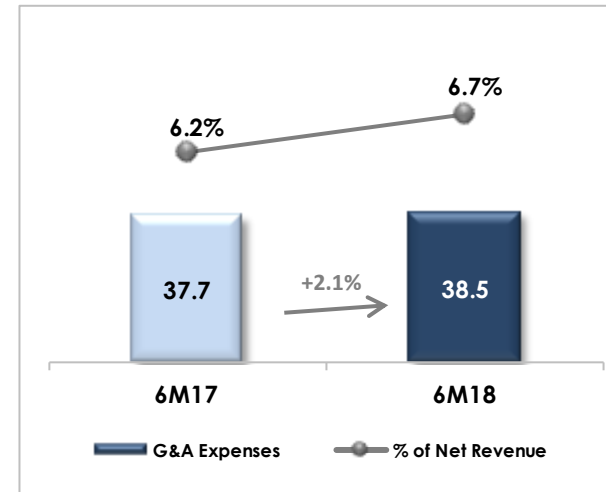
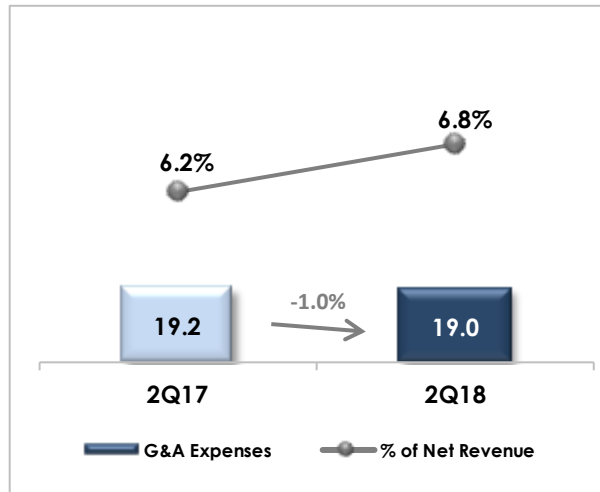
Advertising Expenses – 2Q18 vs. 2Q17 and 6M18 vs. 6M17



General & Administrative Expenses



General and Administrative Expenses – 2Q18 vs. 2Q17 and 6M18 vs. 6M17

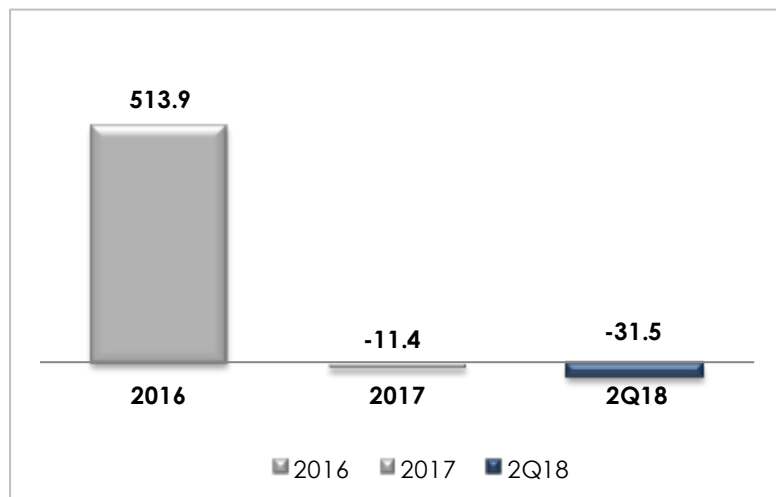




Net Financial Income

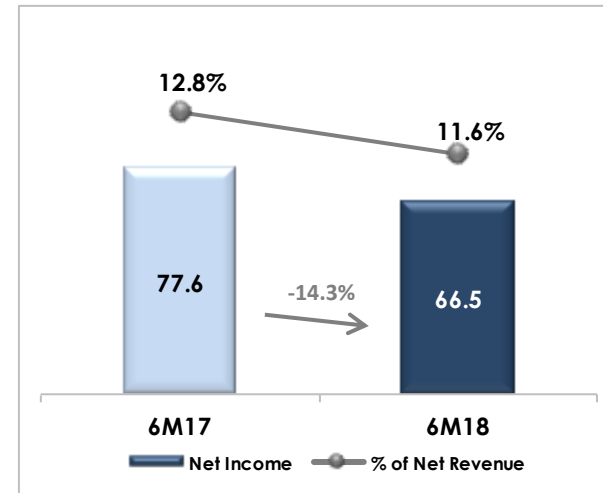
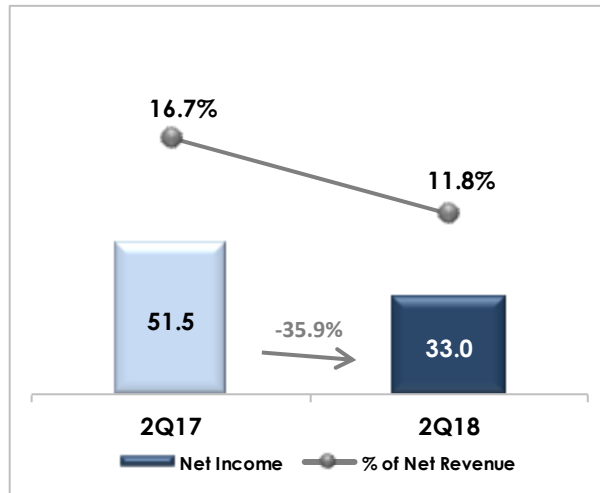
R\$ Million	2Q18	2Q17	Var. % 2Q18/2Q17	6M18	6M17	Var. % 6M18/6M17
Capital structure	-0.8	-10.9	-92.7%	-3.0	-26.2	-88.5%
Operating	-2.0	-3.0	-33.3%	-4.4	-15.0	-70.7%
Exchange differences	-2.4	-10.3	-76.7%	-4.7	-20.1	-76.6%
Financial Costs	-5.2	-24.2	-78.5%	-12.1	-61.3	-80.3%
Capital structure	1.6	0.4	300.0%	3.6	1.5	140.0%
Operating	0.1	1.8	-94.4%	0.4	2.8	-85.7%
Exchange differences	6.5	3.9	66.7%	9.0	20.8	-56.7%
Financial Income	8.2	6.1	34.4%	13.0	25.1	-48.2%
Net Financial Income	3.0	-18.1	-116.6%	0.9	-36.2	-102.5%

Net Debt Evolution

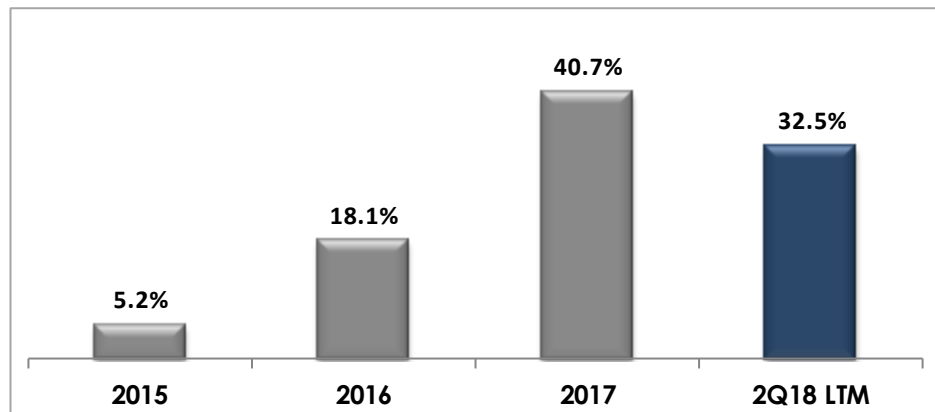




Net Income – 2Q18 vs. 2Q17 and 6M18 vs. 6M17



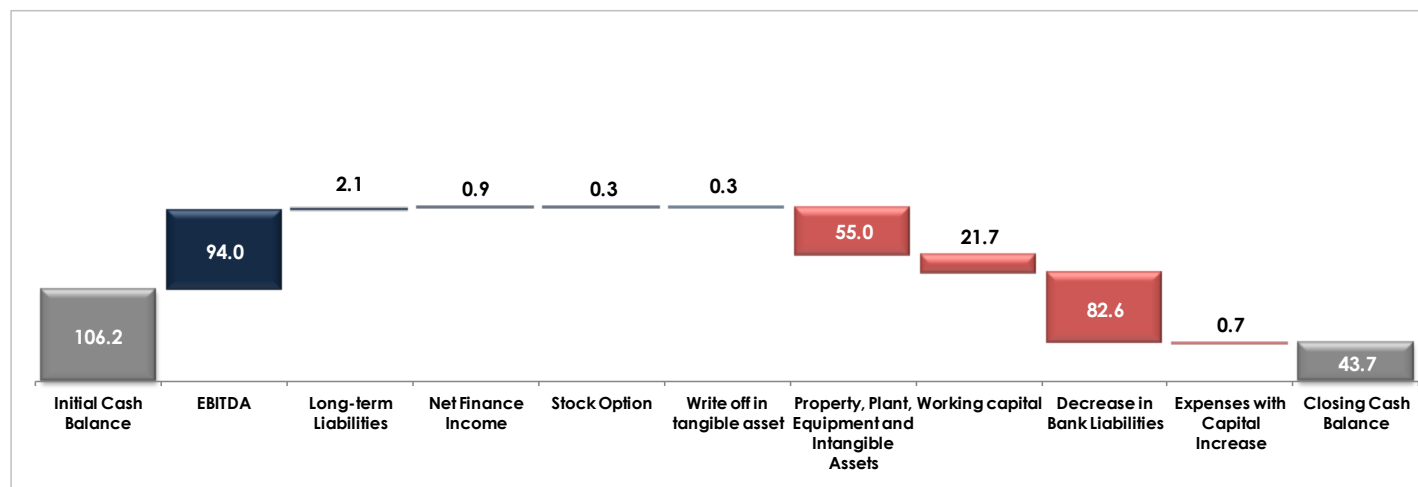
Adjusted ROIC



Additions to Property, Plant and Equipment and Intangible Assets - 2Q18 vs. 2Q17 and 6M18 vs. 6M17

R\$ Million	2Q18	2Q17	Var. % 2Q18/2Q17	6M18	6M17	Var. % 6M18/6M17
Molds	9.5	8.3	14.5%	20.1	15.2	32.2%
Machinery and equipment	12.3	1.1	1018.2%	22.2	4.1	441.5%
Industrial facilities	3.5	-1.3	-369.2%	7.3	2.6	180.8%
Others	1.5	1.9	-21.1%	4.2	4.2	0.0%
Property, plant and equipment	26.8	10.0	168.0%	53.8	26.1	106.1%
Software	0.3	0.1	200.0%	1.2	0.3	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	0.3	0.1	200.0%	1.2	0.4	200.0%
Total	27.1	10.1	168.3%	55.0	26.5	107.5%

Cash Flow – 6M18





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