



Earnings Presentation 4Q18



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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 and Investor Relations Officer

André de Camargo Bartelle

1st Vice Chairman

Wagner Dantas da Silva

Chief Administrative and Financial Officer

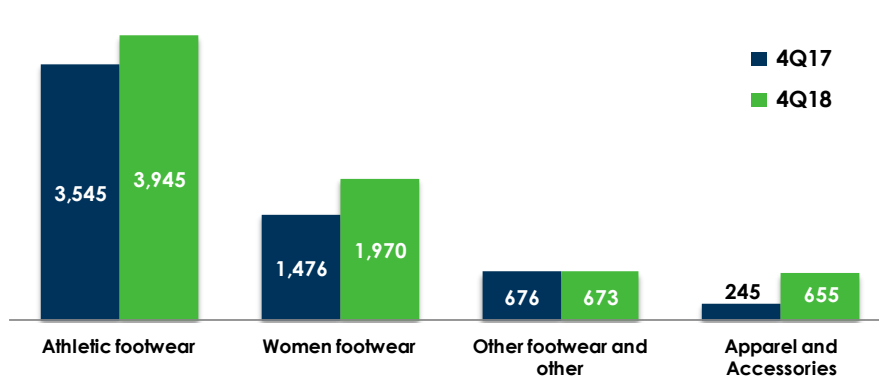
HIGHLIGHTS

- **Net Revenue:** R\$ 354.0 million in 4Q18, growth of 12.5% compared to 4Q17, and R\$ 1,249.0 million in 2018, down 1.1% compared to 2017.
- **Gross Profit:** R\$ 133.7 million in 4Q18, growth 11.7% compared to 4Q17, and R\$ 448.6 million in 2018, down 7.0% compared to 2017.
- **Gross Margin:** 37.8% in 4Q18, down 0.2 p.p. in relation to 4Q17, and 35.9% in 2018, down 2.3 p.p. in relation to 2017.
- **Net Income:** R\$ 46.2 million in 4Q18 vs. R\$ 45.4 million in 4Q17, and R\$ 152.1 million in 2018, down 19.5% compared to 2017.
- **EBITDA:** R\$ 69.1 million in 4Q18, reduction of 1.8% related to R\$ 70.4 million in 4Q17, and R\$ 218.0 million in 2018, vs. R\$ 296.5 million in 2017.

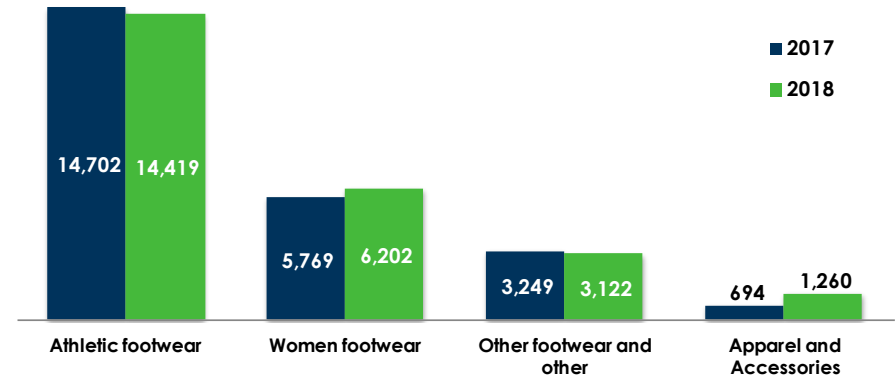
GROSS VOLUME

Gross Volume: Pairs and clothing items/ thousand

QUARTER : 4Q18 vs. 4Q17



ACUMULATED: 2018 vs. 2017



Pairs and itens (thousand)	4Q18	Share %	4Q17	Share %	Var. % 4Q18/4Q17	2018	Share %	2017	Share %	Var. % 2018/2017
Athletic footwear	3,945	54.5%	3,545	59.7%	11.3%	14,419	57.7%	14,702	60.2%	-1.9%
Women footwear	1,970	27.2%	1,476	24.8%	33.5%	6,202	24.8%	5,769	23.6%	7.5%
Other footwear and other	673	9.3%	676	11.4%	-0.4%	3,122	12.5%	3,249	13.3%	-3.9%
Apparel and Accessories	655	9.0%	245	4.1%	167.3%	1,260	5.0%	694	2.9%	81.6%
Total	7,243	100.0%	5,942	100.0%	21.9%	25,003	100.0%	24,414	100.0%	2.4%

NET OPERATING REVENUE: CATEGORY

NET REVENUE – 4Q18 vs. 4Q17



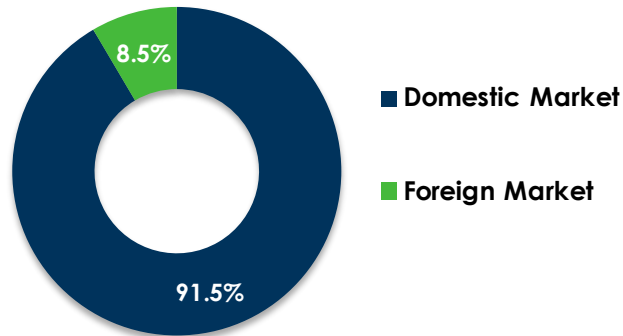
NET REVENUE – 2018 vs. 2017



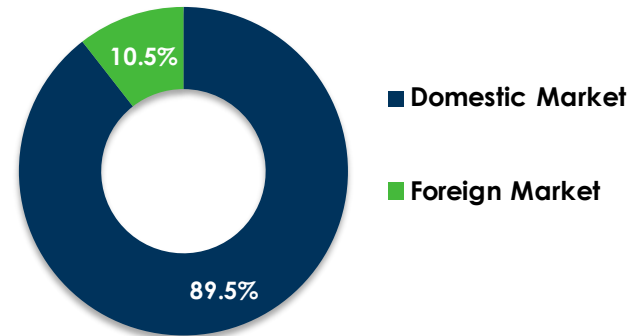
R\$ Million	4Q18	Share %	4Q17	Share %	Var. % 4Q18/4Q17	2018	Share %	2017	Share %	Var. % 2018/2017
Athletic footwear	261.9	74.0%	247.0	78.5%	6.0%	946.1	75.8%	993.4	78.6%	-4.8%
Women footwear	55.1	15.6%	46.2	14.7%	19.3%	192.3	15.4%	178.9	14.2%	7.5%
Other footwear and other	13.9	3.9%	12.9	4.1%	7.8%	69.0	5.5%	67.7	5.4%	1.9%
Apparel and Accessories	23.1	6.5%	8.5	2.7%	171.8%	41.6	3.3%	23.1	1.8%	80.1%
Total Net Revenue	354.0	100.0%	314.6	100.0%	12.5%	1,249.0	100.0%	1,263.1	100.0%	-1.1%

NET OPERATING REVENUE: MARKETS

PARTICIPATION – 4Q18



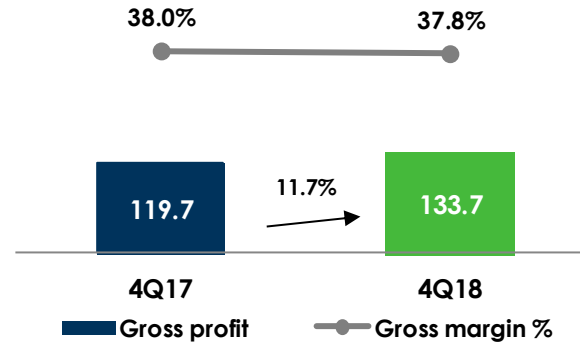
PARTICIPATION - 2018



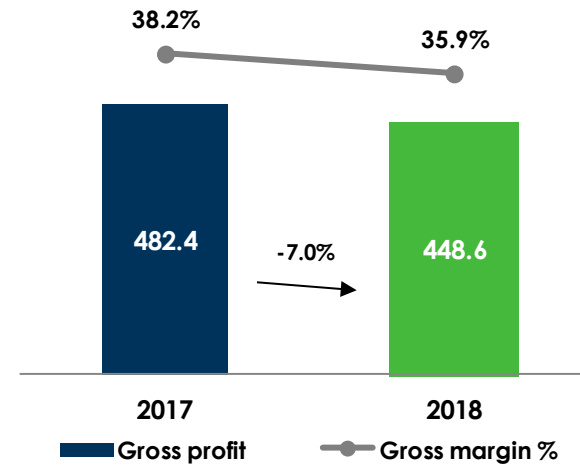
R\$ Million	4Q18	Share %	4Q17	Share %	Var. % 4Q18/4Q17	2018	Share %	2017	Share %	Var. % 2018/2017
Domestic Market	324.0	91.5%	287.0	91.2%	12.9%	1,117.5	89.5%	1,122.2	88.8%	-0.4%
Foreign Market	30.0	8.5%	27.6	8.8%	8.7%	131.5	10.5%	140.9	11.2%	-6.7%
Total Net Revenue	354.0	100.0%	314.6	100.0%	12.5%	1,249.0	100.0%	1,263.1	100.0%	-1.1%

GROSS PROFIT

4Q18 vs. 4Q17

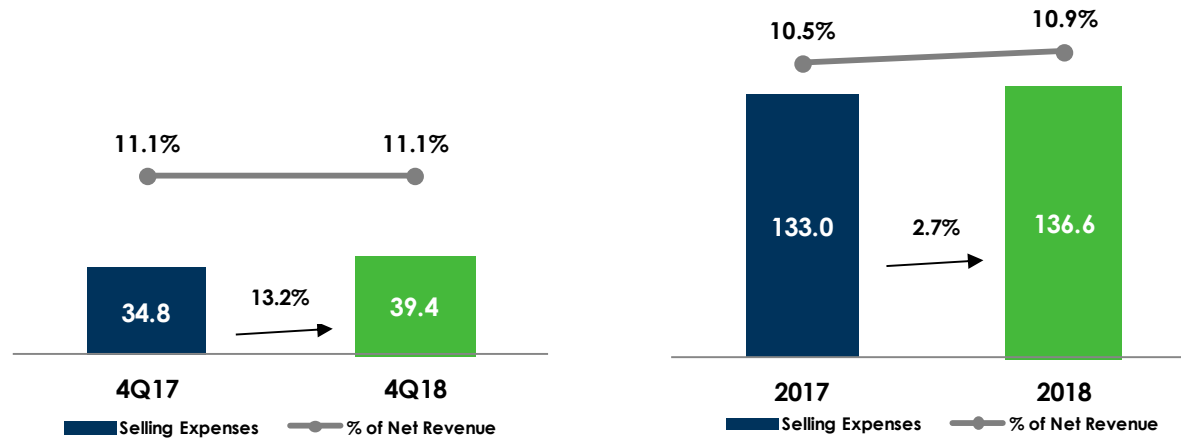


2018 vs. 2017

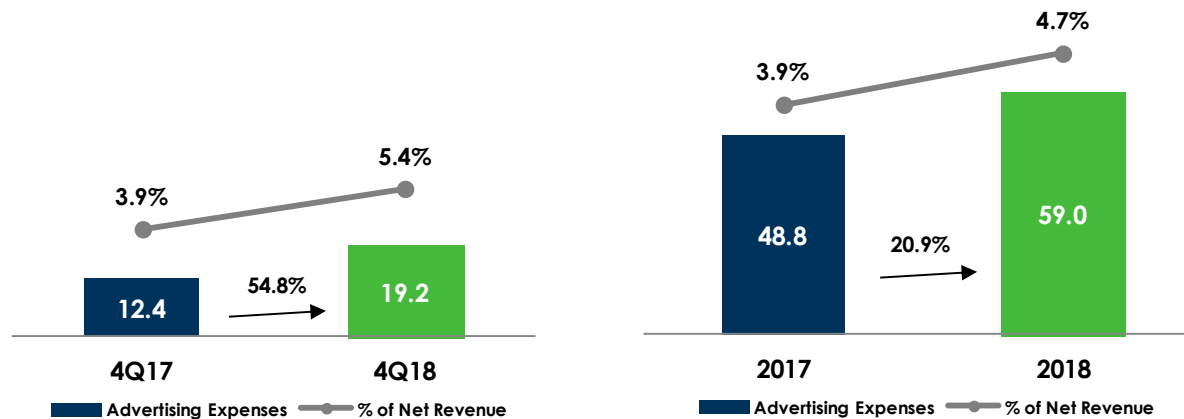


SELLING AND ADVERTISING EXPENSES

SELLING EXPENSES¹ – 4Q18 vs. 4Q17 and 2018 vs. 2017



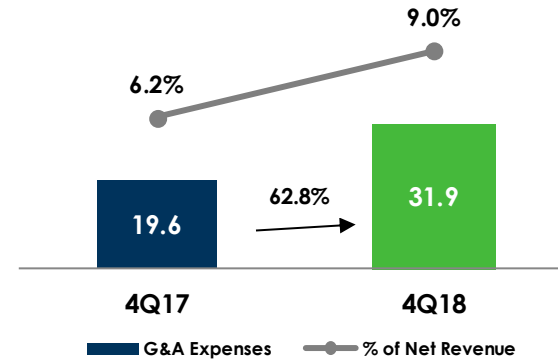
ADVERTISING AND MARKETING EXPENSES – 4Q18 vs. 4Q17 and 2018 vs. 2017



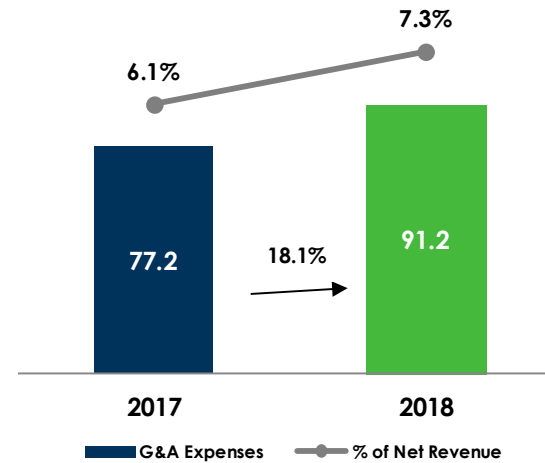
¹ Selling Expenses ex-advertising and marketing.

GENERAL AND ADMINISTRATIVE EXPENSES

4Q18 vs. 4Q17



2018 vs. 2017

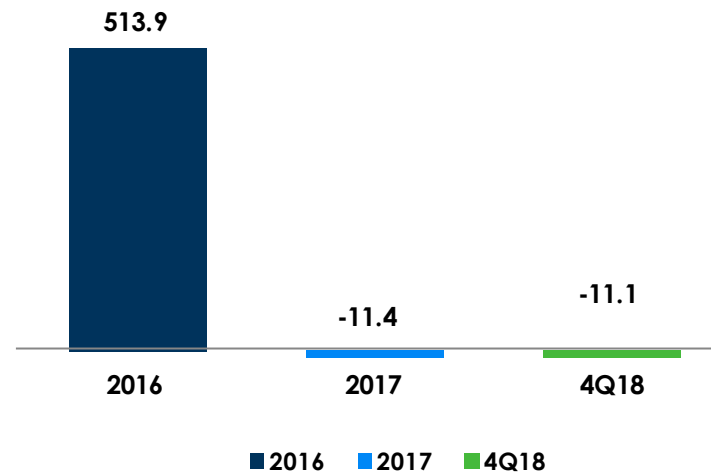


NET FINANCIAL INCOME AND NET DEBT

NET FINANCIAL INCOME

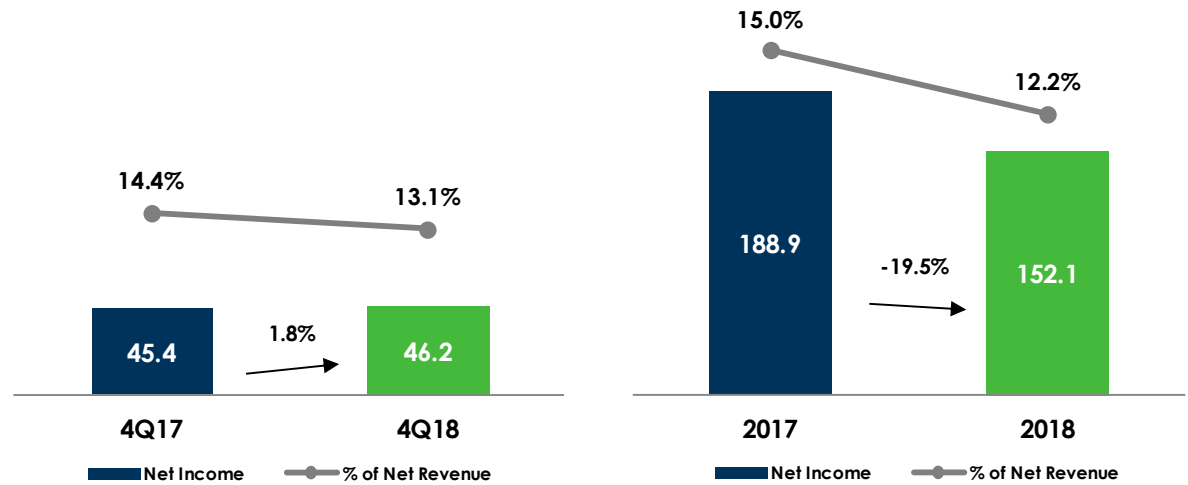
R\$ Million	4Q18	4Q17	Var. % 4Q18/4Q17	2018	2017	Var. % 2018/2017
Capital structure	-3.4	-5.4	-37.0%	-7.2	-39.7	-81.9%
Operating	-2.2	-2.3	-4.3%	-8.6	-19.5	-55.9%
Exchange differences	-3.9	-10.4	-62.5%	-11.3	-38.1	-70.3%
Financial Costs	-9.5	-18.1	-47.5%	-27.1	-97.3	-72.1%
Capital structure	0.8	1.5	-46.7%	5.4	9.6	-43.8%
Operating	0.5	0.8	-37.5%	1.4	3.8	-63.2%
Exchange differences	1.3	4.8	-72.9%	14.1	34.3	-58.9%
Financial Income	2.6	7.1	-63.4%	20.9	47.7	-56.2%
Net Financial Income	-6.9	-11.0	-37.3%	-6.2	-49.6	-87.5%

NET DEBT EVOLUTION

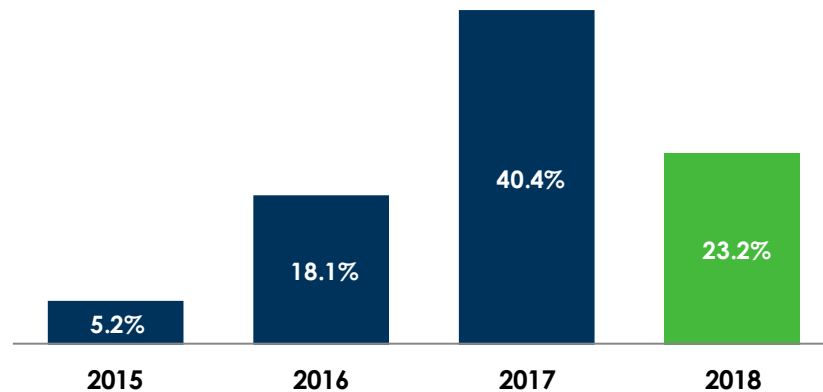


NET INCOME AND ROIC

NET INCOME – 4Q18 vs. 4Q17 and 2018 vs. 2017



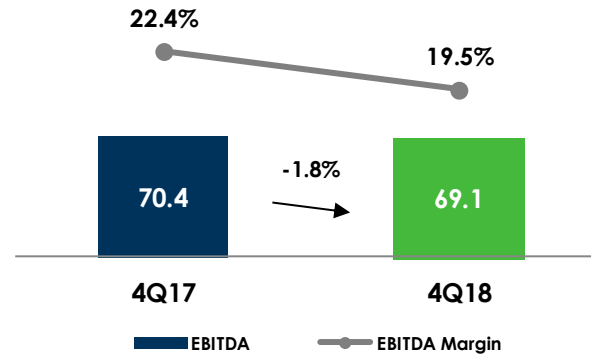
AJUSTED ROIC



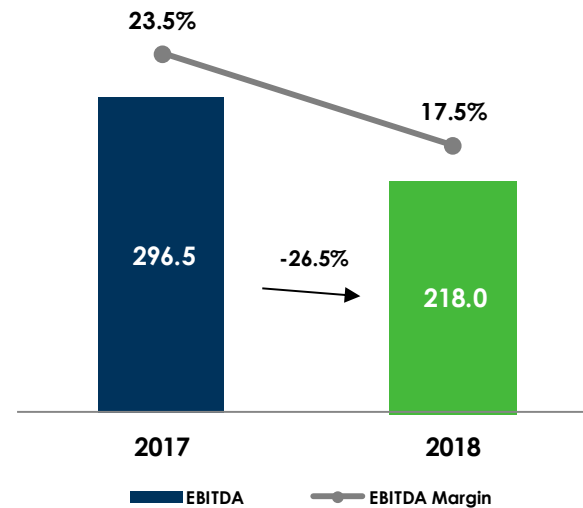
EBITDA MARGIN



4Q18 vs. 4Q17



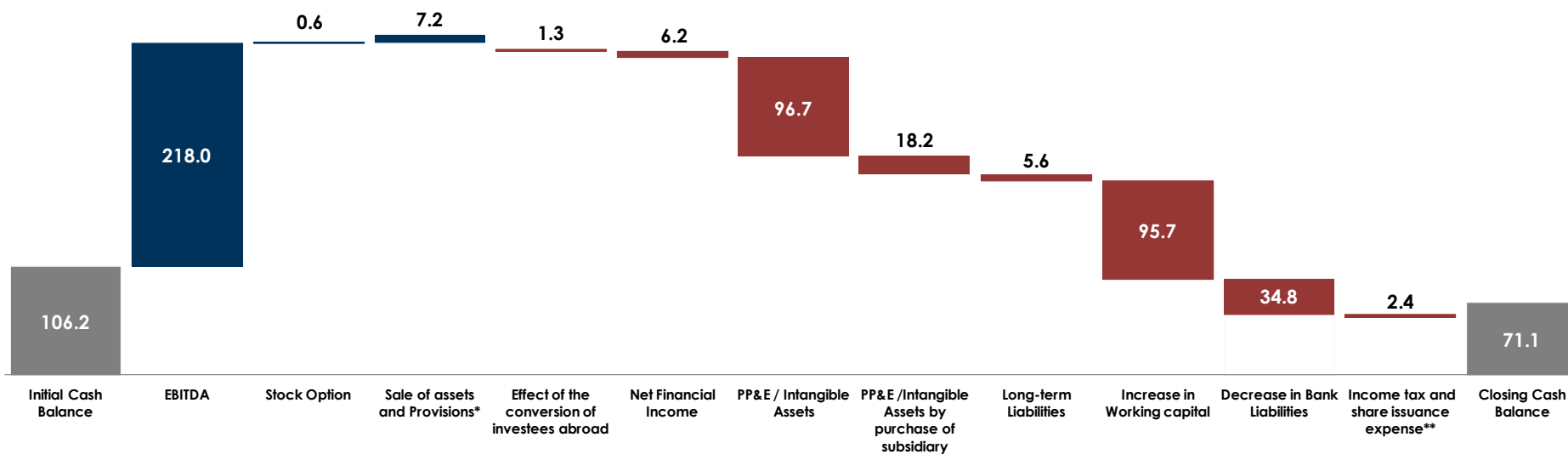
2018 vs. 2017



ADDITIONS TO PROPERTY, PLANT AND EQUIPAMENT AND INTANGIBLE ASSETS

R\$ Million	4Q18	4Q17	Var. % 4Q18/4Q17	2018	2017	Var. % 2018/2017
Molds	6.8	5.6	21.4%	38.6	33.1	16.6%
Machinery and equipment	3.8	5.5	-30.9%	32.5	17.8	82.6%
Industrial facilities	5.3	3.5	51.4%	17.2	8.2	109.8%
Others	1.2	1.2	0.0%	6.2	2.6	138.5%
Property, plant and equipment	17.1	15.8	8.2%	94.5	61.7	53.2%
Software	0.7	0.2	250.0%	2.2	0.6	266.7%
Assignment of right	0.0	0.1	-100.0%	0.0	0.2	-100.0%
Others	0.0	0.0	0.0%	0.0	0.0	0.0%
Intangible assets	0.7	0.3	133.3%	2.2	0.8	175.0%
Total	17.8	16.1	10.6%	96.7	62.5	54.7%
Property, plant and equipment/ intangible assets by purchase of subsidiary	18.2	0.0	0.0%	18.2	0.0	0.0%
Total	36.0	16.1	123.6%	114.9	62.5	83.8%

CASH FLOW – 2018



PP&E - Property, plant and equipment

*Sale of fixed assets: R\$ 3.2 million + Provision for impairment: R\$ 4.0 million.

** Share issuance expense: R\$ 0.9 million + Income tax: R\$ 1.5 million.

INVESTOR RELATIONS

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