



EARNINGS RELEASE - 4Q17

Conference call: 03/07/2018 at 10h00 (GMT)



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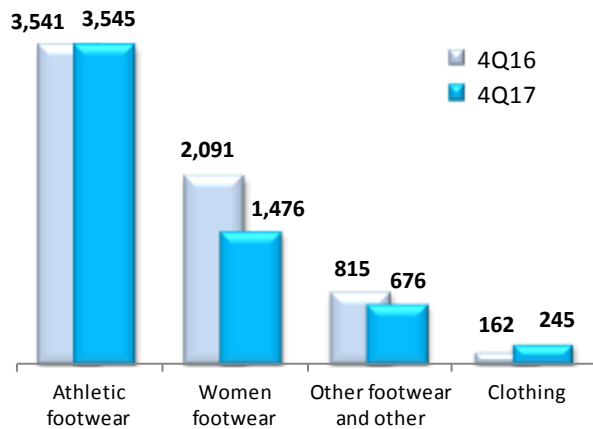
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Vulcabras



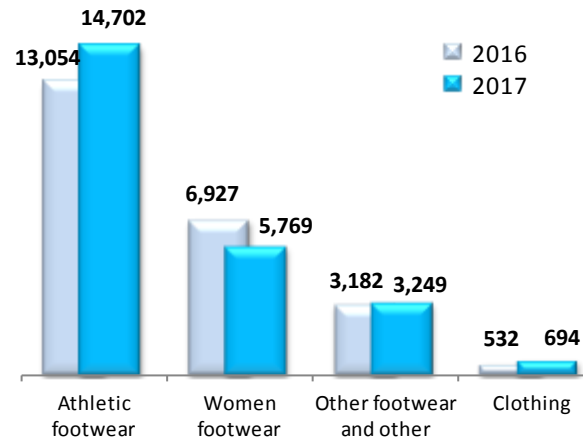
This presentation contains statements that can represent expectations about future events or results. These statements are based on certain suppositions and analyses made by the company in accordance with its experience, with the economic environment and market conditions, and expected future developments, 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.

Pairs and pieces thousand	4Q17	Share %	4Q16	Share %	Var. % 4Q17/4Q16	2017	Share %	2016	Share %	Var. % 2017/2016
Athletic footwear	3,545	59.7%	3,541	53.6%	0.1%	14,702	60.3%	13,054	55.1%	12.6%
Women footwear	1,476	24.8%	2,091	31.6%	-29.4%	5,769	23.6%	6,927	29.3%	-16.7%
Other footwear and other	676	11.4%	815	12.3%	-17.1%	3,249	13.3%	3,182	13.4%	2.1%
Clothing	245	4.1%	162	2.5%	51.2%	694	2.8%	532	2.2%	30.5%
Total	5,942	100.0%	6,609	100.0%	-10.1%	24,414	100.0%	23,695	100.0%	3.0%

Gross revenue (pairs and pieces K)

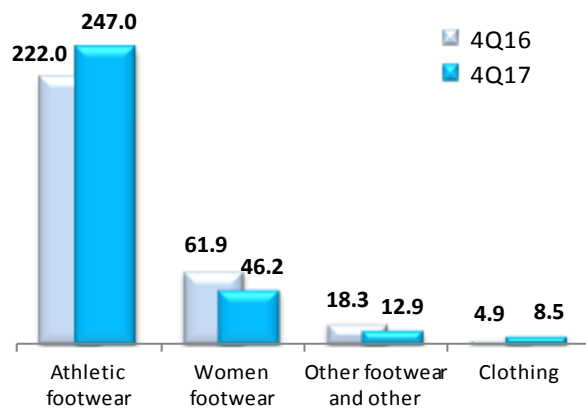


Gross revenue (pairs and pieces K)

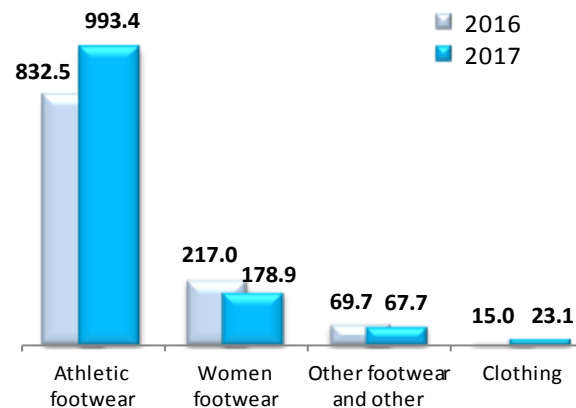


R\$ Million	4Q17	Share %	4Q16	Share %	Var. % 4Q17/4Q16	2017	Share %	2016	Share %	Var. % 2017/2016
Athletic footwear	247.0	78.5%	222.0	72.2%	11.3%	993.4	78.6%	832.5	73.4%	19.3%
Women footwear	46.2	14.7%	61.9	20.2%	-25.4%	178.9	14.2%	217.0	19.2%	-17.6%
Other footwear and other	12.9	4.1%	18.3	6.0%	-29.5%	67.7	5.4%	69.7	6.1%	-2.9%
Clothing	8.5	2.7%	4.9	1.6%	73.5%	23.1	1.8%	15.0	1.3%	54.0%
Total Net Revenue	314.6	100.0%	307.1	100.0%	2.4%	1,263.1	100.0%	1,134.2	100.0%	11.4%

Net Revenue by category (R\$ million)

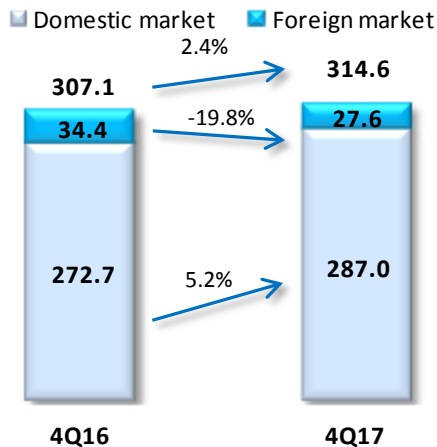


Net Revenue by category (R\$ million)

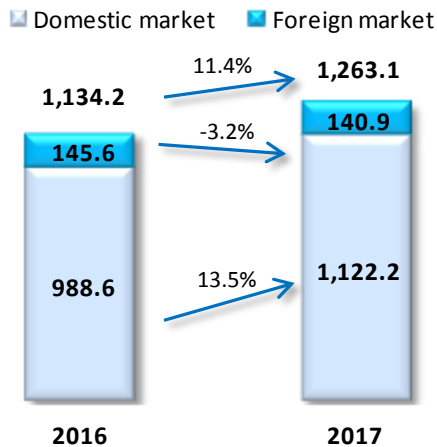


R\$ Million	4Q17	Share %	4Q16	Share %	Var. % 4Q17/4Q16	2017	Share %	2016	Share %	Var. % 2017/2016
Domestic market	287.0	91.2%	272.7	88.8%	5.2%	1,122.2	88.8%	988.6	87.2%	13.5%
Foreign market	27.6	8.8%	34.4	11.2%	-19.8%	140.9	11.2%	145.6	12.8%	-3.2%
Total net revenue	314.6	100.0%	307.1	100.0%	2.4%	1,263.1	100.0%	1,134.2	100.0%	11.4%

Net Revenue by market

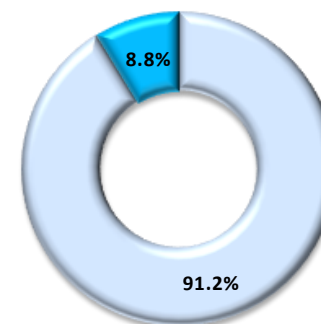


Net Revenue by market



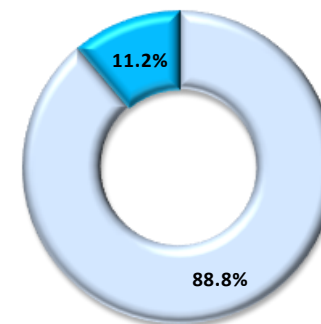
Share by market - 4Q17

Domestic market Foreign market



Share by market - 2017

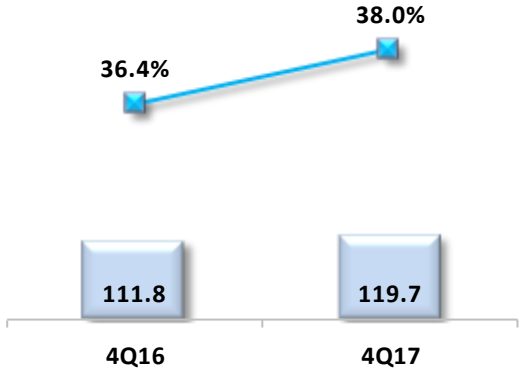
Domestic market Foreign market



R\$ Million	4Q17	4Q16	Var. % 4Q17 / 4Q16	2017	2016	Var. % 2017/2016
Gross income	119.7	111.8	7.1%	482.4	392.6	22.9%
Gross margin %	38.0%	36.4%	1.6 p.p.	38.2%	34.6%	3.6 p.p.

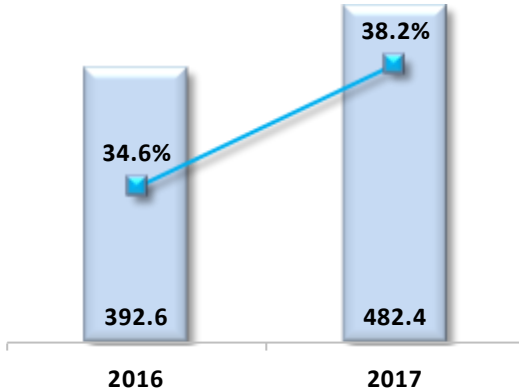
Gross Income and Gross Margin

Gross income Gross margin %



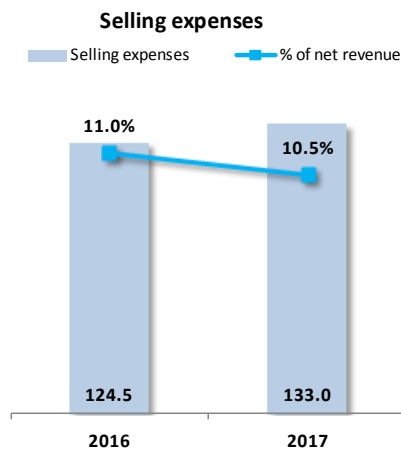
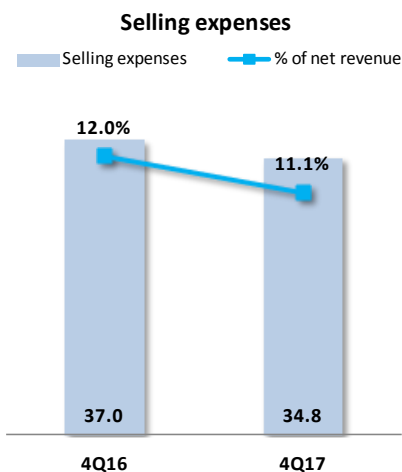
Gross Income and Gross Margin

Gross income Gross margin %



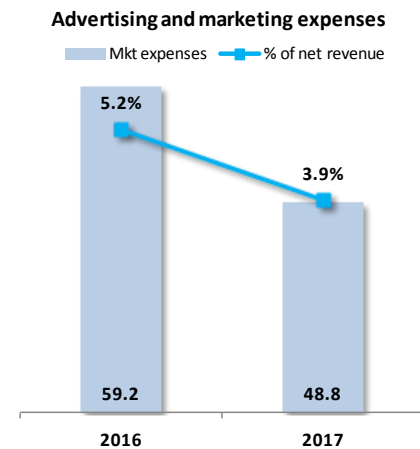
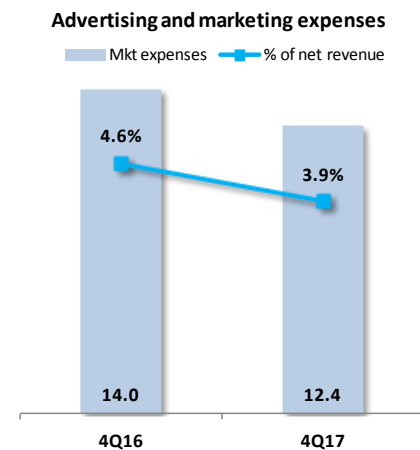
Selling expenses

R\$ Million	4Q17	4Q16	Var. % 4Q17 / 4Q16	2017	2016	Var. % 2017/2016
Selling expenses	34.8	37.0	-5.9%	133.0	124.5	6.8%
% of net revenue	11.1%	12.0%	-0.9 p.p.	10.5%	11.0%	-0.5 p.p.



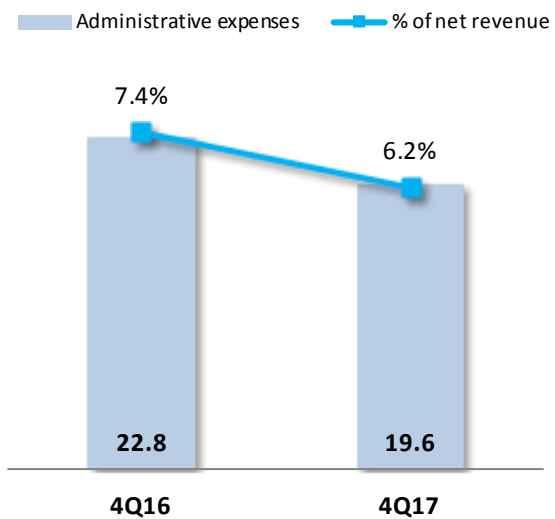
Publicity and marketing expenses

R\$ Million	4Q17	4Q16	Var. % 4Q17 / 4Q16	2017	2016	Var. % 2017/2016
Advertising and marketing expenses	12.4	14.0	-11.4%	48.8	59.2	-17.6%
% of net revenue	3.9%	4.6%	-0.7 p.p.	3.9%	5.2%	-1.3 p.p.

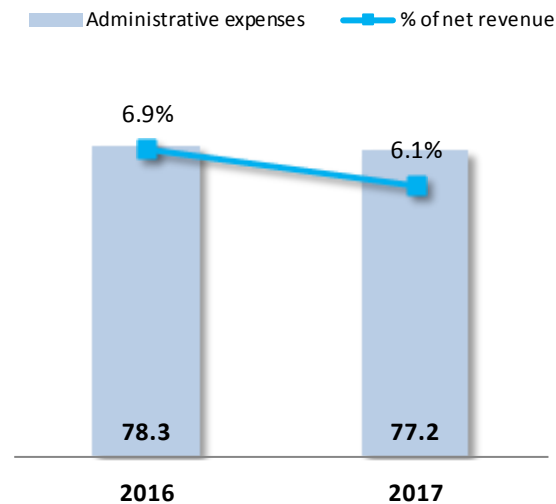


R\$ Million	4Q17	4Q16	Var. % 4Q17 / 4Q16	2017	2016	Var. % 2017/2016
Administrative expenses	19.6	22.8	-14.0%	77.2	78.3	-1.4%
% of net revenue	6.2%	7.4%	-1.2 p.p.	6.1%	6.9%	-0.8 p.p.

Administrative expenses



Administrative expenses

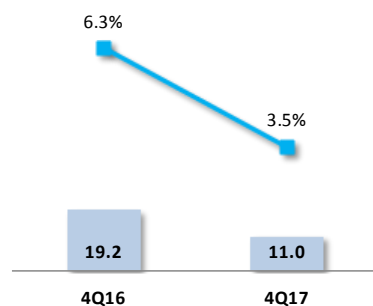


Net finance income (costs)

R\$ Million	4Q17	4Q16	Var. % 4Q17 / 4Q16	2017	2016	Var. % 2017/2016
Finance costs	(18.1)	(33.4)	-45.8%	(97.3)	(131.3)	-25.9%
Capital structure	(5.4)	(23.0)	-76.5%	(39.6)	(86.2)	-54.1%
Operating	(2.3)	(3.5)	-34.3%	(19.6)	(14.1)	39.0%
Exchange differences	(10.4)	(6.9)	50.7%	(38.1)	(31.0)	22.9%
Finance income	7.1	14.2	-50.0%	47.7	49.2	-3.0%
Capital structure	1.5	4.0	-62.5%	9.6	6.4	50.0%
Operating	0.8	0.6	33.3%	3.8	3.0	26.7%
Exchange differences	4.8	9.6	-50.0%	34.3	39.8	-13.8%
Finance income (costs), net	(11.0)	(19.2)	-42.7%	(49.6)	(82.1)	-39.6%

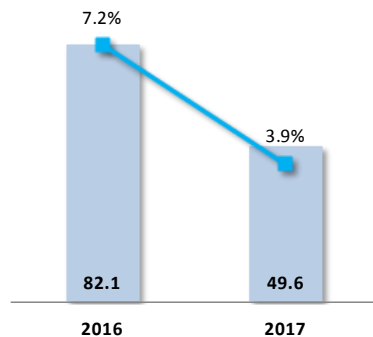
Net finance income (costs)

■ Finance income (costs), net ■ % of net revenue



Net finance income (costs)

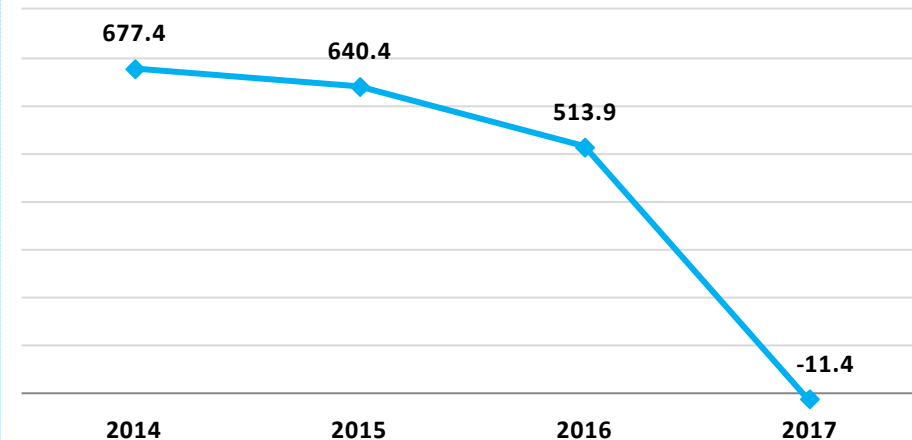
■ Finance income (costs), net ■ % of net revenue



Net debt

R\$ Million	2014	2015	2016	2017	Var. % 2017/2016
Borrowings and incentive borrowings	719.9	675.5	539.3	94.8	-82.4%
Cash and cash equivalents	30.6	24.7	17.1	100.5	487.7%
Financial investments	11.9	10.4	8.3	5.7	-31.3%
Net debt	677.4	640.4	513.9	-11.4	-102.2%

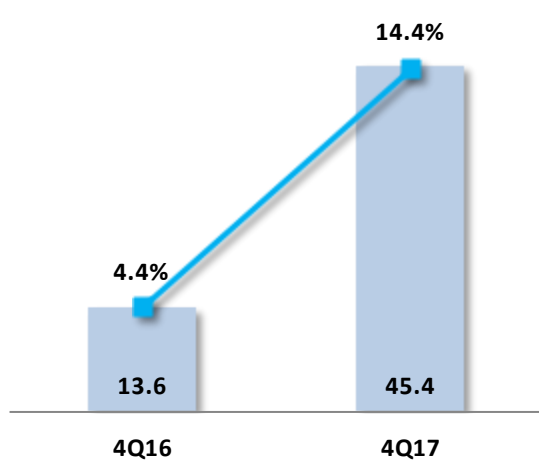
Net debt



R\$ Million	4Q17	4Q16	Var. % 4Q17 / 4Q16	2017	2016	Var. % 2017/2016
Income for the period	45.4	13.6	233.8%	188.9	35.7	429.1%
% of net revenue	14.4%	4.4%	10.0 p.p.	15.0%	3.1%	11.9 p.p.

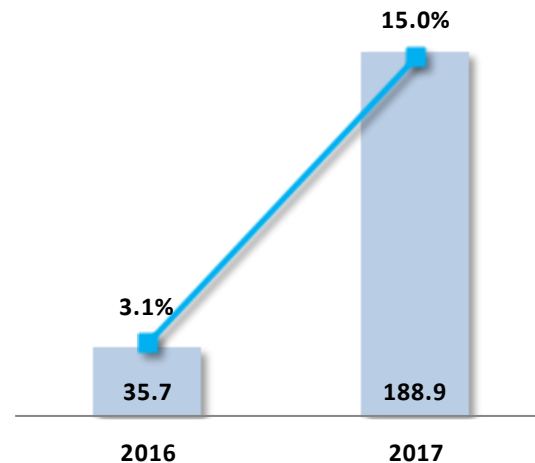
Income for the period

Income for the period — % of net revenue

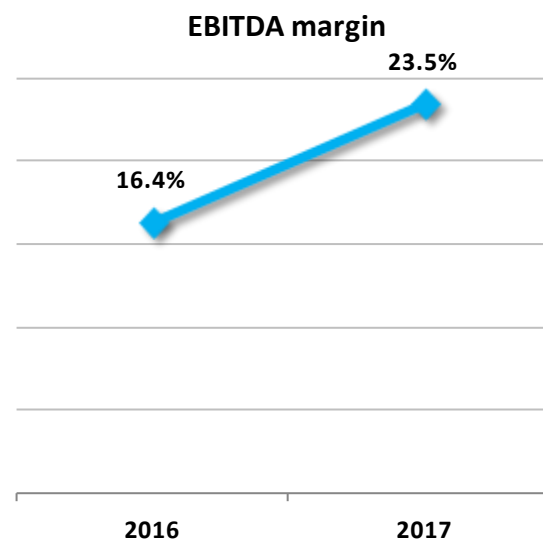
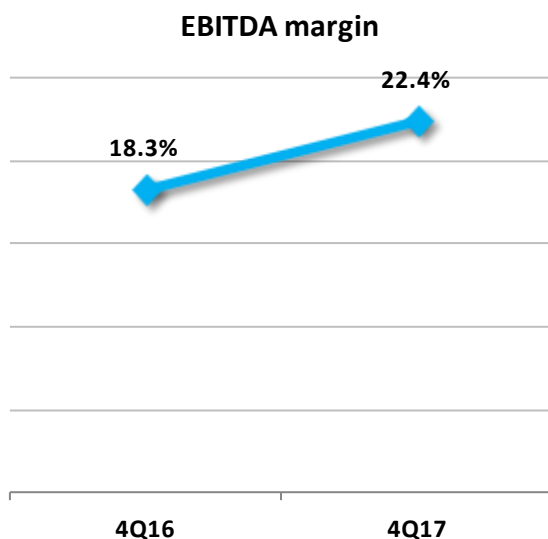


Income for the period

Income for the period — % of net revenue



R\$ Million	4Q17	4Q16	Var. % 4Q17 / 4Q16	2017	2016	Var. % 2017/2016
Income for the period	45.4	13.6	233.8%	188.9	35.7	429.1%
(+) Taxes	(0.4)	0.3	-233.3%	2.2	1.1	100.0%
(+) Finance income (costs), net	11.0	19.2	-42.7%	49.6	82.1	-39.6%
(+) Depreciation and amortization	14.4	23.2	-37.9%	55.8	67.6	-17.5%
EBITDA	70.4	56.3	25.0%	296.5	186.5	59.0%
Net revenue	314.6	307.1	2.4%	1,263.1	1,134.2	11.4%
EBITDA margin	22.4%	18.3%	4.1 p.p.	23.5%	16.4%	7.1 p.p.



NORMAL ROIC	2014	2015	2016	2017
Income (loss) for the period (LTM)	(72.8)	(49.9)	35.7	188.9
(+) Finance income (costs) (LTM)	93.8	98.2	82.1	49.6
NOPAT	21.0	48.2	117.8	238.5
Invested Capital				
Borrowings (Current + Non-Current)	719.9	675.4	539.3	94.8
(-) Cash and cash equivalents	(30.6)	(24.7)	(17.1)	(100.5)
(-) Financial Investments (Current + Non-Current)	(11.9)	(10.4)	(8.3)	(5.7)
(+) Related parties	167.2	237.2	255.2	–
(+) Equity	61.0	35.8	51.9	784.6
Invested Capital	905.7	913.3	821.0	773.2
Average invested capital for the period¹	900.4	909.5	867.1	797.1
Annualized ROIC	2.3%	5.3%	13.6%	29.9%

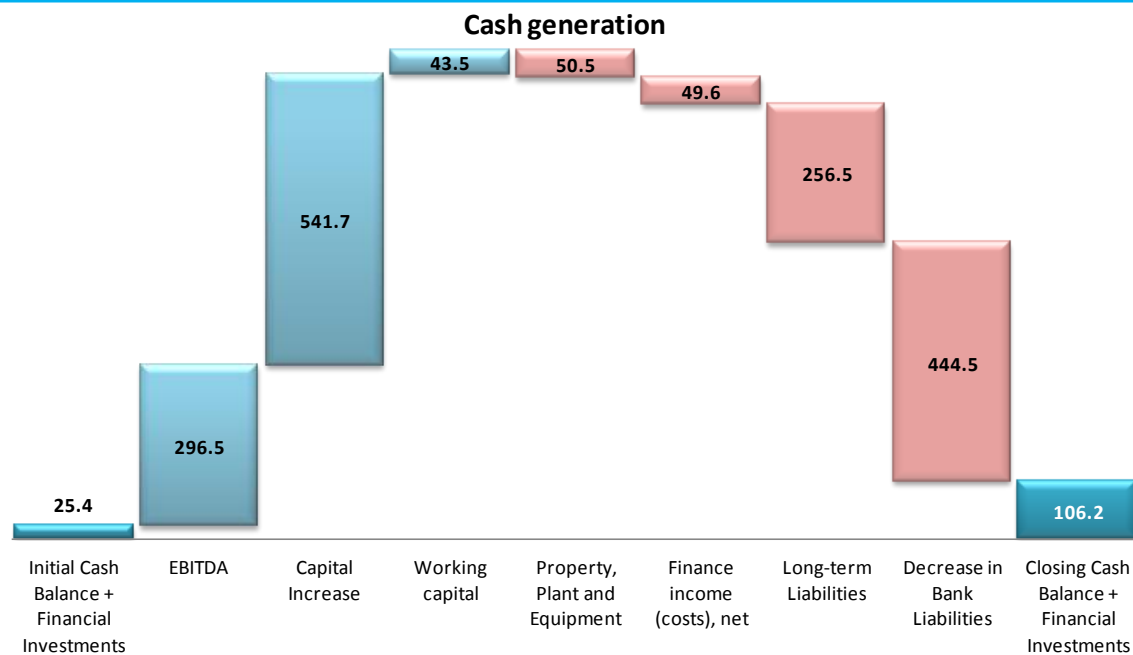
(1) Average invested capital for the period and in the same period last year.

(2) ROIC: Last 12 months NOPAT divided by the average invested capital.

ADJUSTED ROIC	2014	2015	2016	2017
Income for the period/year (LTM)	(72.8)	(49.9)	35.7	188.9
(-) Income (loss) from discontinued operations (LTM)	(11.4)	(10.9)	–	–
(+) Finance income (costs), net (LTM)	93.8	98.2	82.1	49.6
(-) Share of income (loss) of investees (LTM)	(1.4)	(1.7)	(2.1)	(8.8)
NOPAT (Adjusted)	8.1	35.7	115.7	229.7
Invested Capital				
Borrowings (Current + Noncurrent)	719.9	675.4	539.3	94.8
(-) Cash and cash equivalents	(30.6)	(24.7)	(17.1)	(100.5)
(-) Financial Investments (Current + Noncurrent)	(11.9)	(10.4)	(8.3)	(5.7)
(+) Related parties	167.2	237.2	255.2	–
(-) Goodwill on acquisition	(199.8)	(199.8)	(198.2)	(198.2)
(-) Investment in subsidiary	(26.0)	(27.6)	(29.7)	(40.1)
(+) Equity	61.0	35.8	51.9	784.6
Total Adjusted Invested Capital	679.8	685.8	593.1	534.9
Average adjusted invested capital for the period¹	675.4	682.8	639.4	564.0
Adjusted Annualized ROIC²	1.2%	5.2%	18.1%	40.7%

(1) Average invested capital for the period and in the same period last year.

(2) Adjusted ROIC: Adjusted NOPAT for the last 12 months divided by the average invested capital.



Investments - Capex

R\$ Million	4Q17	4Q16	Var. % 4Q17 / 4Q16	2017	2016	Var. % 2017/2016
Property, plant and equipment	15.7	15.9	-1.3%	61.7	48.4	27.5%
Molds	4.9	7.4	-33.8%	28.0	23.4	19.7%
Machinery and equipment	5.5	3.8	44.7%	17.8	14.6	21.9%
Industrial facilities	3.5	2.1	66.7%	8.2	5.5	49.1%
Others	1.8	2.6	-30.8%	7.7	4.9	57.1%
Intangible assets	0.3	8.9	-96.6%	0.8	9.6	-91.7%
Software	0.2	0.3	-33.3%	0.6	0.8	-25.0%
Assignment of right	0.1	8.6	-98.8%	0.2	8.8	-97.7%
Others	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	16.0	24.8	-35.5%	62.5	58.0	7.8%

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