

AREZZO **&CO**

Conference Call
2Q14

Important Disclaimer

Information contained in this document may include forward-looking statements and reflect Management's current view and estimates of the evolution of the macroeconomic environment, industry conditions, Company's performance and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this document, which do not describe historical facts, such as information about declaration of dividend payment, future direction of operations, implementation of relevant operating and financial strategies, investment program and factors or trends affecting the financial condition, liquidity or results of operations, are forward-looking statements, as set forth in the "U.S. Private Securities Litigation Reform Act of 1995", and involve several risks and uncertainties. There is no guarantee that these results will occur. Forward-looking statements are based on several factors and expectations, including economic and market conditions, industry competitiveness and operational factors. Any changes in such expectations and factors may cause actual results to differ from current expectations.

The Company's consolidated financial statements presented herein are in accordance with the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB, based on the audited financial statements. Non-financial information and other operating information have not been subject to an audit by independent auditors.

Gross Revenue

Gross revenue reached R\$327.5 million in the 2Q14, an increase of 7.2% against 2Q13.

Gross Profit

In 2Q14, gross profit was R\$112.9 million, a growth of 6.5% over 2Q13.

EBITDA

EBITDA for 2Q14 amounted to R\$42.3 million, a growth of 4.5% in relation to 2Q13, with a margin of 16.7%.

Net Profit

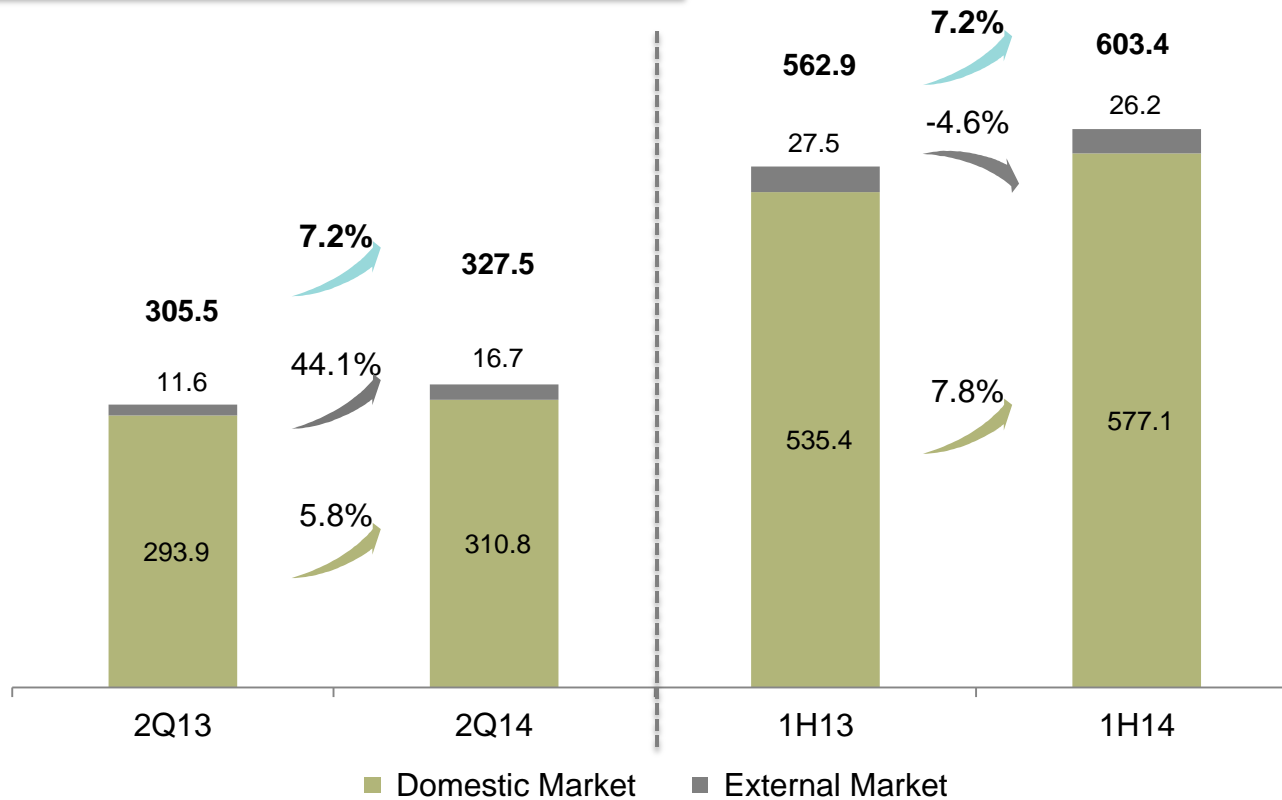
In 2Q14, net income reached R\$31.6 million, with net margin of 12.5%, and an increase of 8.9% in comparison with 2Q13.

Sales Area Expansion

In this quarter, Arezzo&Co opened nine stores and expanded six stores, with a growth of 15.7% in sales area over the last 12 months.

Company Growth

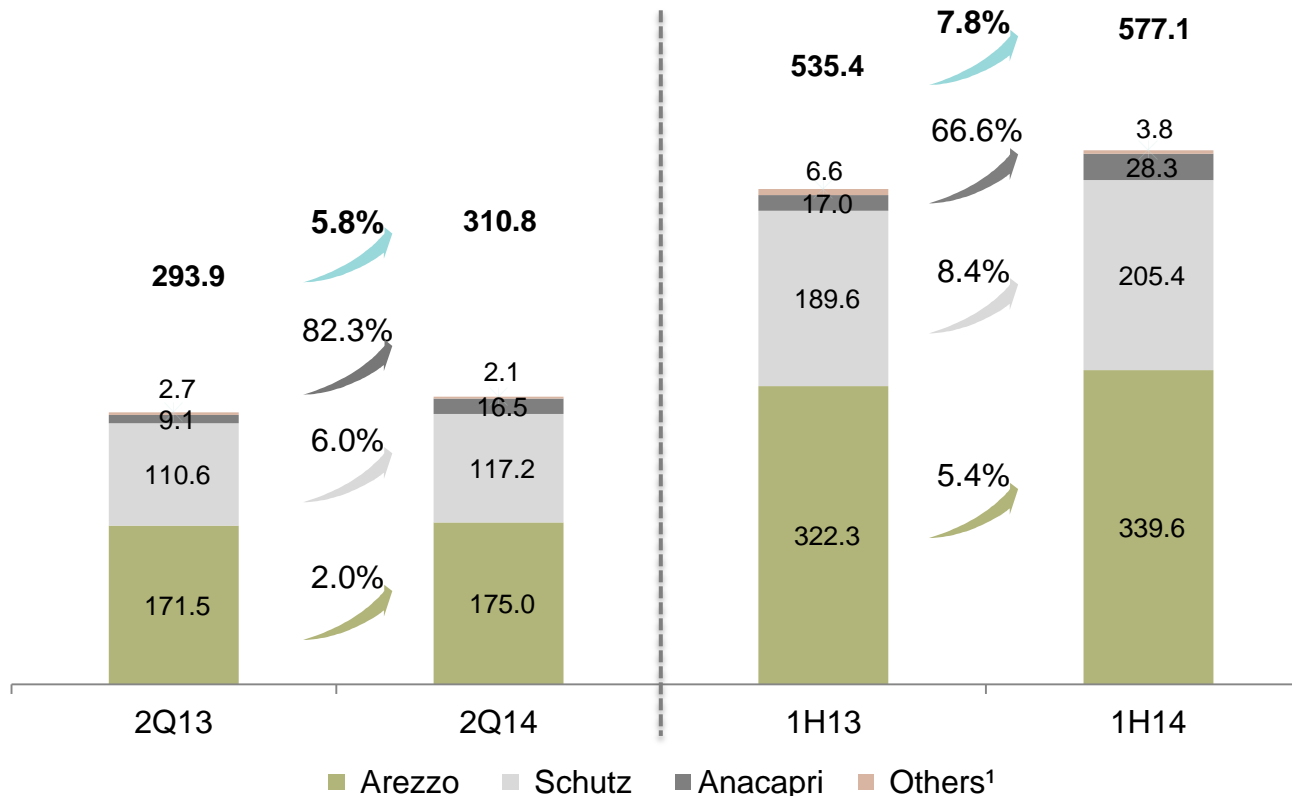
Gross Revenues – Domestic and Export Market (R\$ million)



Gross revenue reached R\$327.5 million in the 2Q14, an increase of 7.2% against 2Q13.

Gross Revenue Breakdown by Brand – Domestic Market

Gross Revenues by brand – Domestic Market (R\$ million)

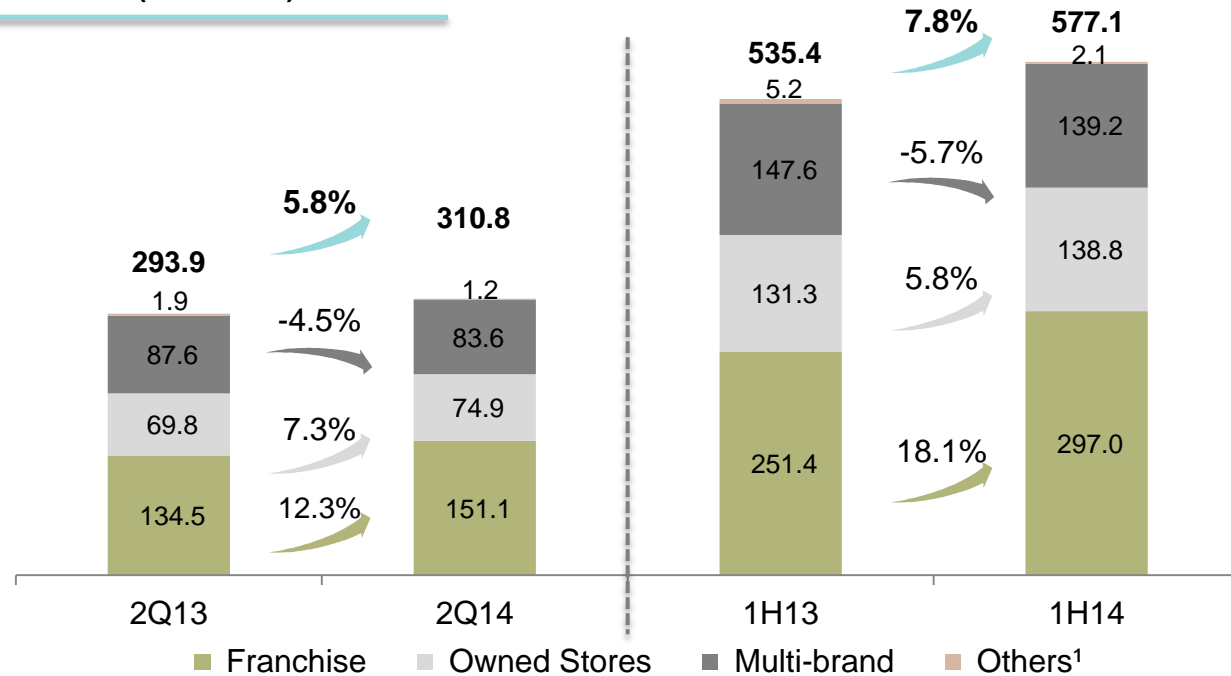


Growth of 5.8% from the domestic market gross revenues in 2Q14, namely the growth of 82.3% for the Anacapri brand, leveraged by the opening of 26 stores in the last twelve months.

1) Others: Reduction of 21.5% in the 2Q14 and 42.1% in the 1H14.

Gross Revenue Breakdown by Channel – Domestic Market

Gross Revenue by channel – Domestic Market (R\$ million)



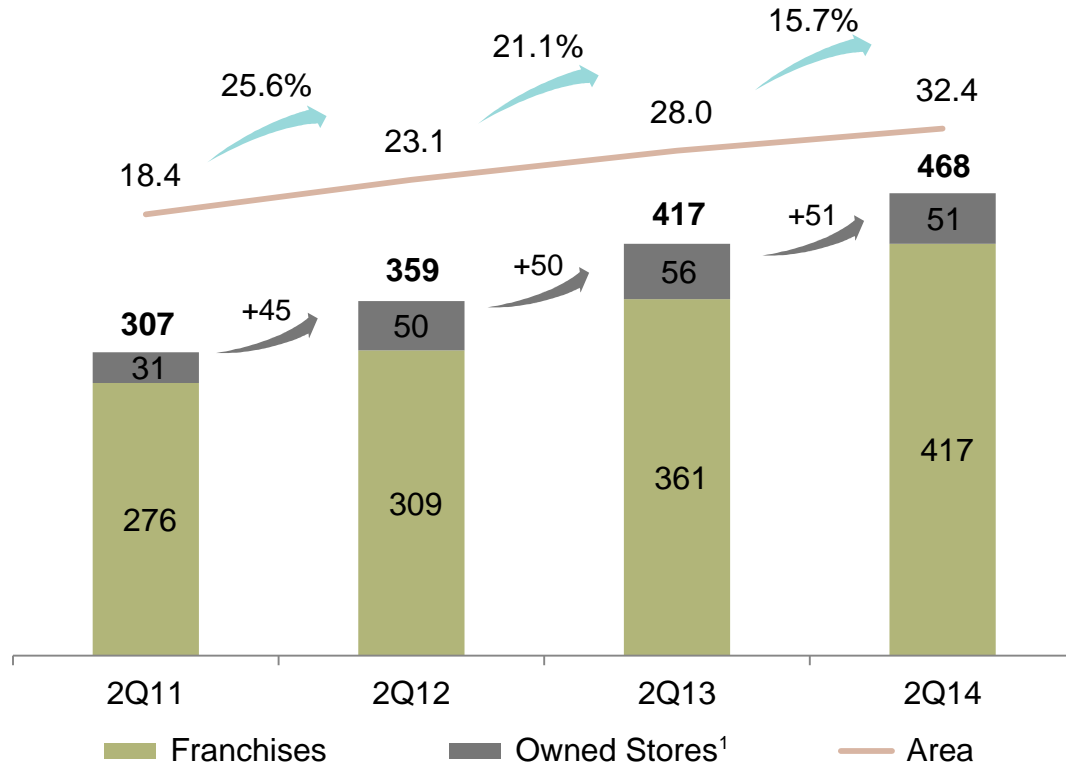
SSS Sell-out (owned stores + web + franchises)	2.5%	7.7%	5.3%	5.9%
SSS Sell-out (owned stores + franchises)	1.2%	6.7%	3.7%	5.1%
SSS Sell-in (franchises)	5.5%	1.1%	6.7%	4.7%

In 2Q14, monobrand stores (Franchises and Owned Stores) increased sales, namely a 12.3% growth in Franchise channel, leveraged by the opening of 58 stores and expansion of 14 in the last twelve months.

1) Others: Decreasing 38.7% in 2Q14 and 60.2% in 1H14.

Distribution Channel Expansion

Owned Stores and Franchises Expansion



AREZZO

Franchises	348
Owned Stores	17
Multi Brands	1.040

SCHUTZ

Franchises	43
Owned Stores	26
Multi Brands	1.383

ALEXANDRE BIRMAN

Owned Stores	2
Multi Brands	9

ANACAPRI

Franchises	26
Owned Stores	6
Multi Brands	987

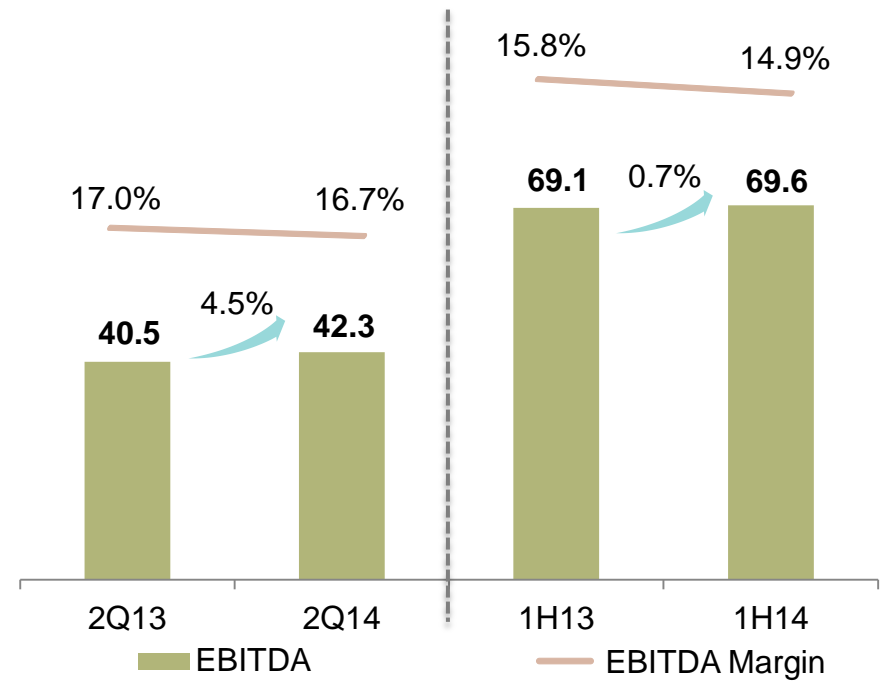
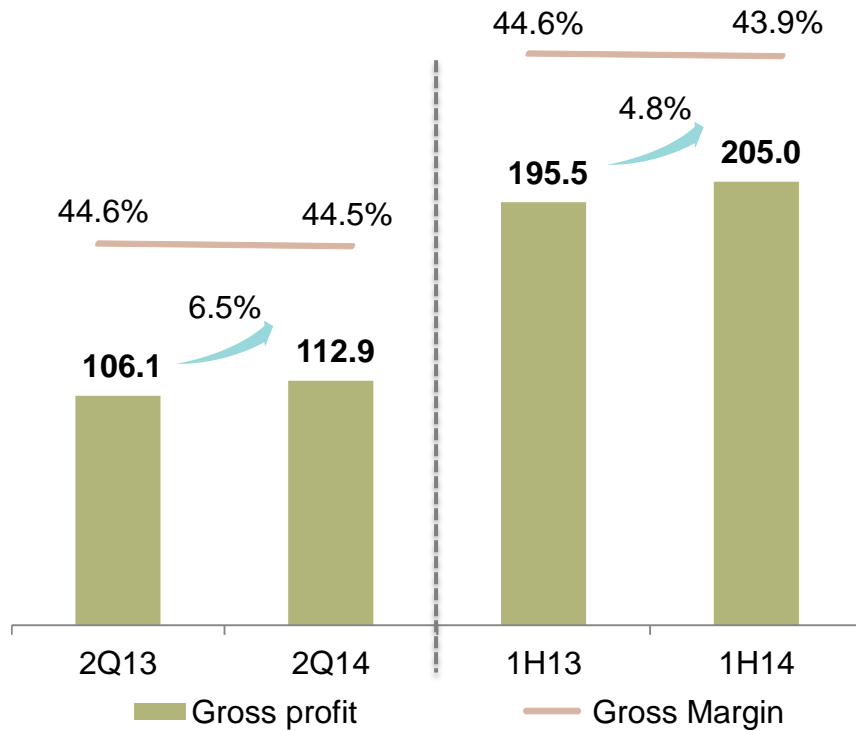
The sales area increased 15.7% in the 2Q14 due to the opening of 51 stores and expansion of 17 stores in the last 12 months.

1) Includes 6 outlets with total area of 2,217 sqm
The numbers of Multi Brand stores refers to the domestic market

Gross Profit and EBITDA

Gross Profit (R\$ million)

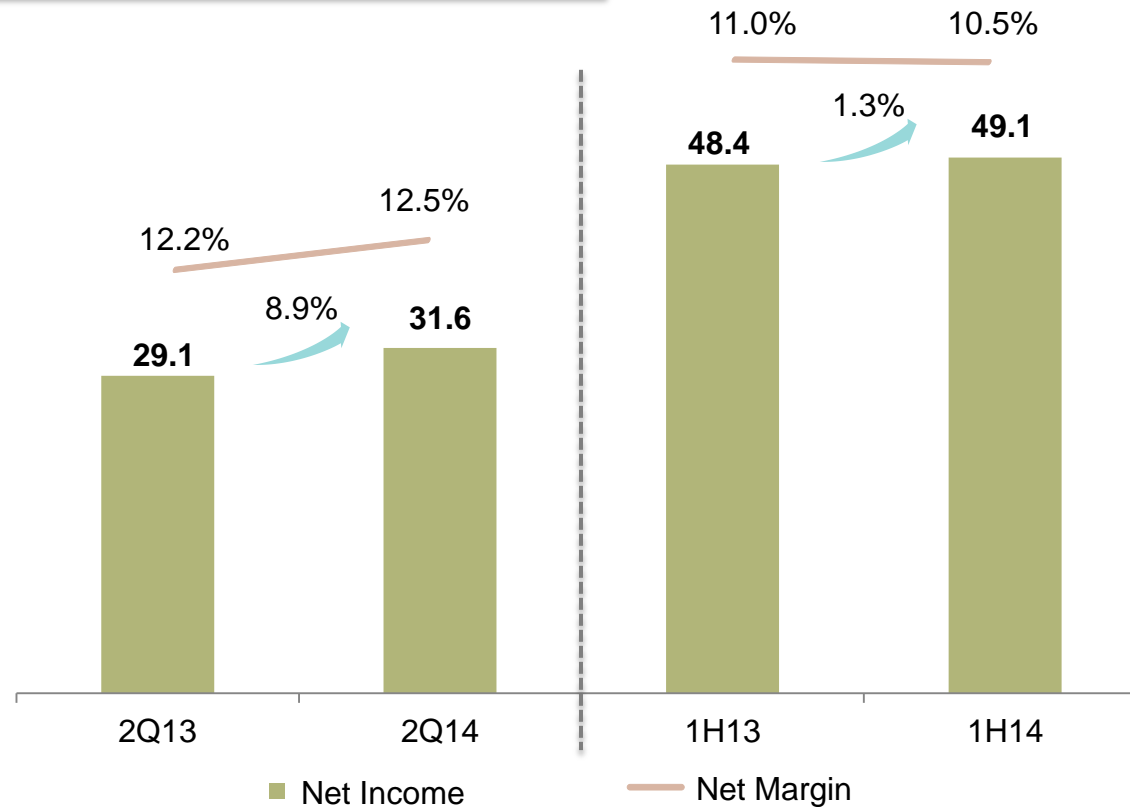
EBITDA (R\$ million)



In 2Q14, gross profit reached R\$112.9 million, an increase of 6.5%, with gross margin of 44.5%. EBITDA for 2Q14 amounted to R\$42.3 million, with a margin of 16.7%.

Net Income and Net Margin

Net Income (R\$ million)



The Company's net income totaled R\$31.6 million in 2Q14, a growth of 8.9% in the quarter with a 12.5% net margin.

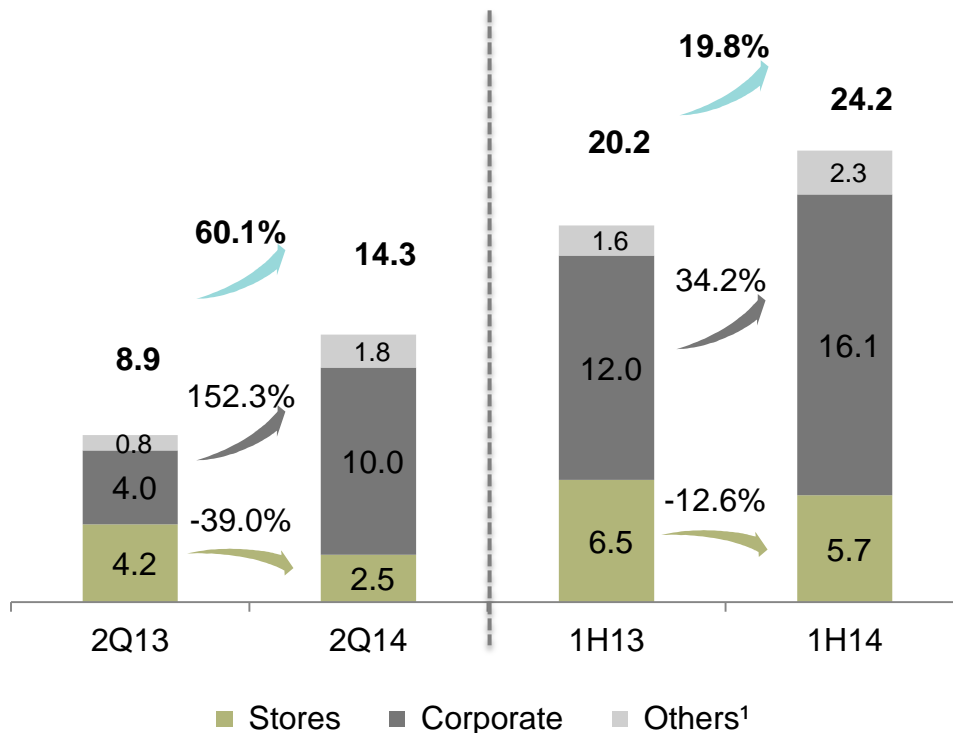
Operating Cash Flow (R\$ thousand)

Operating Cash Flow	2Q13	2Q14	Change in R\$	Change in %	1H13	1H14	Change in R\$	Change in %
Income before income tax and social contribution	38,759	43,033	4,274	11.0%	66,850	70,030	3,180	4.8%
Depreciações e amortizações	2,385	3,097	712	29.9%	4,970	6,306	1,336	26.9%
Other	973	1,754	781	80.3%	(286)	(1,430)	(1,144)	400.0%
Decrease (increase) in current assets / liabilities	(19,522)	(20,855)	(1,333)	6.8%	(11,285)	(11,653)	(368)	3.3%
Trade accounts receivables	11,471	9,189	(2,282)	-19.9%	9,097	11,692	2,595	28.5%
Inventories	(2,716)	(18,161)	(15,445)	568.7%	(14,190)	(35,935)	(21,745)	153.2%
Suppliers	(25,464)	(17,130)	8,334	-32.7%	8,049	22,270	14,221	176.7%
Change in other noncurrent and current assets and liabilities	(2,813)	5,247	8,060	n/a	(14,241)	(9,680)	4,561	-32.0%
Payment of income tax and social contribution	(13,935)	(18,200)	(4,265)	30.6%	(17,598)	(20,542)	(2,944)	16.7%
Net cash flow generated by operational activities	8,660	8,829	169	2.0%	42,651	42,711	60	0.1%

Arezzo&Co generated R\$8.8 million of net cash flow in 2Q14, in line with the generation of operating cash of the same period last year.

Capital Expenditure (CAPEX) and Indebtedness

CAPEX (R\$ million)



Indebtedness (R\$ million)

Cash position and Indebtedness	2Q13	1Q14	2Q14
Cash	214,411	207,553	159,196
Total debt	107,862	96,652	80,853
Short term	60,763	59,680	49,753
% total debt	56.3%	61.7%	61.5%
Long-term	47,099	36,972	31,100
% total debt	43.7%	38.3%	38.5%
Net debt	(106,549)	(110,901)	(78,343)
EBITDA LTM	155,575	158,113	159,916
Net Debt/EBITDA LTM	-0.7X	-0.7x	-0.5X

In 2Q14, the Company invested R\$14.3 million, mainly due to corporate investment in infrastructure technology. Indebtedness policy remained conservative.

1) Others: increasing of 114.2% in 2Q14 and 44.2 in 1H14.

Contacts

CFO and Investor Relations Officer

Thiago Borges

IR Manager

Leonardo Pontes, CFA

IR Specialist

Vanessa Sorechio

IR Analyst

Leandro Vieira

AREZZO
&CO

Telephone: +55 11 2132-4300

ri@arezzoco.com.br

www.arezzoco.com.br