



**Goldman
Sachs**

Latin America Consumer and Retail Conference

London, 28-29 June 2012





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Alpargatas Overview

2

Our Numbers

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Road to Growth

1 Alpargatas Overview

105 years
of
experience
in creating
and
managing
desired
brands

77%
of Brazilians have
a strong emotional
connection with
Havaianas

50%
of Europeans

33%
of Americans

know



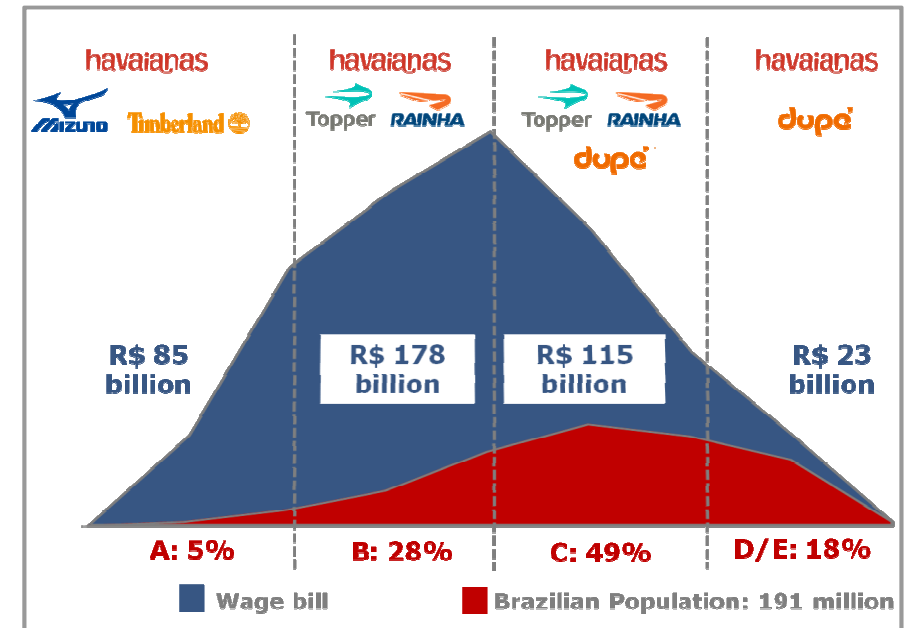
Source: Millward Brown 4Q11



- **HAVAIANAS AND DUPÉ:** leading flip-flop brands in Brazil with approximately 45%-50% market share
- **TOPPER:** number one in the Brazilian market for soccer boots with 15% share. Leading sports footwear brand in Argentina with 20% market share
- **MIZUNO:** Brazil's leading brand in high performance running shoes
- **RAINHA:** most traditional brand of sporting goods in Brazil
- **TIMBERLAND:** Brazil's first brand in outdoor wear products
- **SETE LÉGUAS:** tops the Brazilian work boot market

1 Alpargatas Overview

Attractive portfolio of products that capture demand from all Brazilians, especially emerging C and B consumer classes



Topper

RAINHA

Mizuno

Timberland

SETE LÉGUAS®



1 Alpargatas Overview

Alpargatas is controlled by Camargo Corrêa, one of Brazil's largest and most solid Corporations



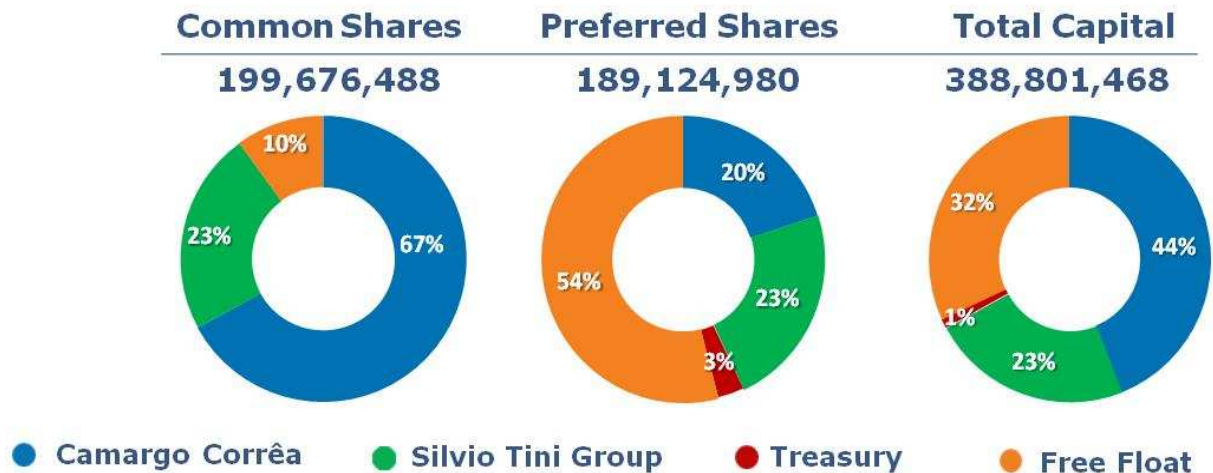
Level 1 of BM&F Bovespa's Corporate Governance



2011 Financial Statements awarded the best in transparency



Quanto mais transparente, melhor o mercado vê a sua empresa.



1 Alpargatas Overview

Global
distribution
enhances
awareness
of brands

Havaianas is sold in
82 countries



ALPARGATAS RETAIL

- **312** stores worldwide:
- **229** Havaianas in Brazil
- **17** Havaianas in Europe and the USA
- **11** Topper in Argentina
- **18** Timberland in Brazil
- **37** outlets in Brazil and Argentina

INDIRECT CHANNELS

- 250 thousand points of sale in Brazil



- 12,5 thousand points of sale in Argentina, Europe and the USA



1 ➤ Alpargatas Overview

**Direct
distribution
of Havaianas
in Brazil**



**Concept Store
São Paulo**



Franchise



**Concept Store
São Paulo**

1 Alpargatas Overview

Direct
distribution
of Havaianas
worldwide



London



Madrid



Barcelona



Rome



Paris



Milan

1 Alpargatas Overview

Direct
distribution
of
Timberland
in Brazil
and Topper
in Argentina



Timberland store
São Paulo



Topper store
Buenos Aires

Meggashop
(Brazil) and
Alpaline
(Argentina)
are outlets that
sell Alpargatas'
discontinued
products



Meggashop

1 Alpargatas Overview

Operations in 8 countries

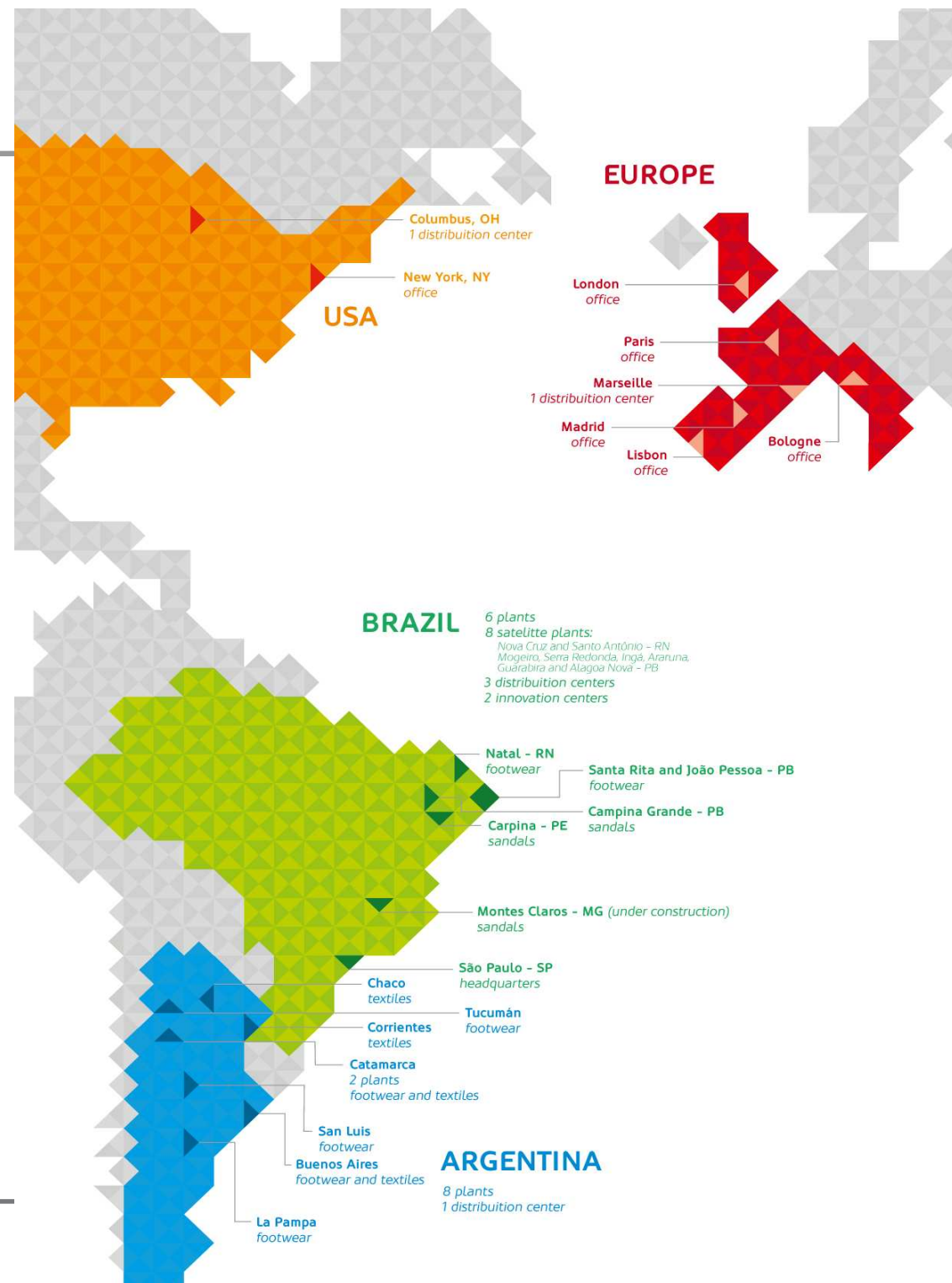
Installed capacity:

BRAZIL

- **Sandals:**
 - 2012: 255 million pairs/year
 - 2014: 355 million pairs/year
- **Sports footwear:**
 - 13 million pairs/year

ARGENTINA

- **Sports footwear:**
 - 11 million pairs/year





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Alpargatas Overview

2

Our Numbers

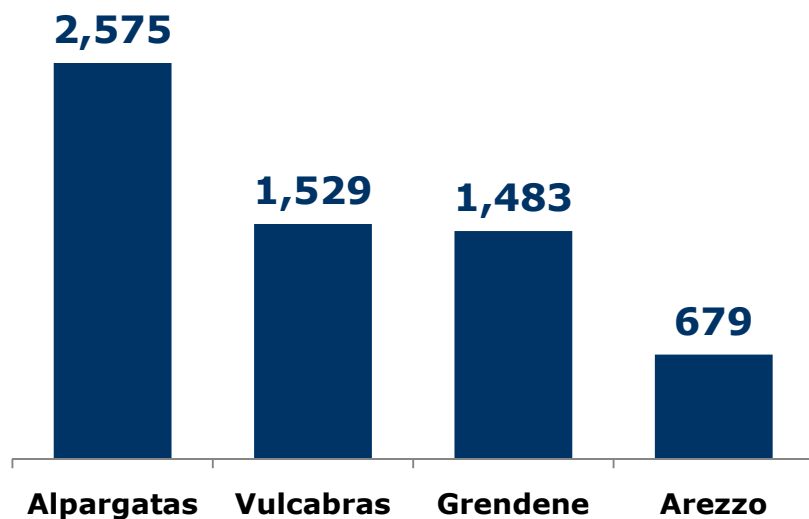
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Road to Growth

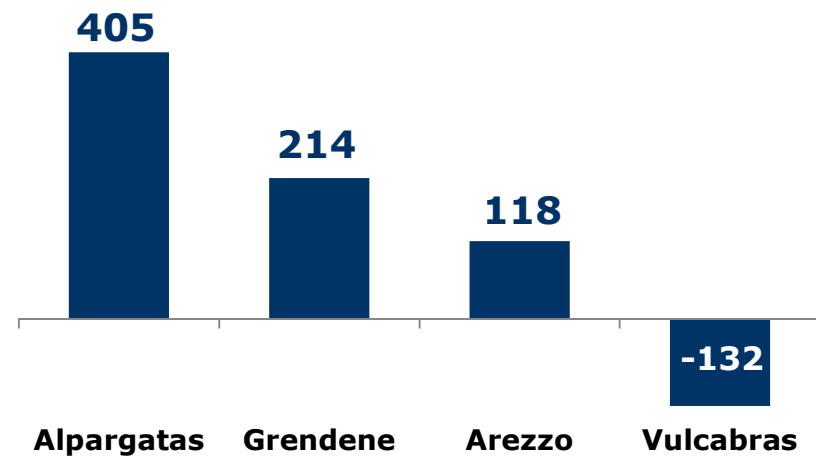
2 Our Numbers

**Alpargatas
is the
largest
Brazilian
footwear
company**

2011 Net Revenue – BRL million



2011 EBITDA – BRL million

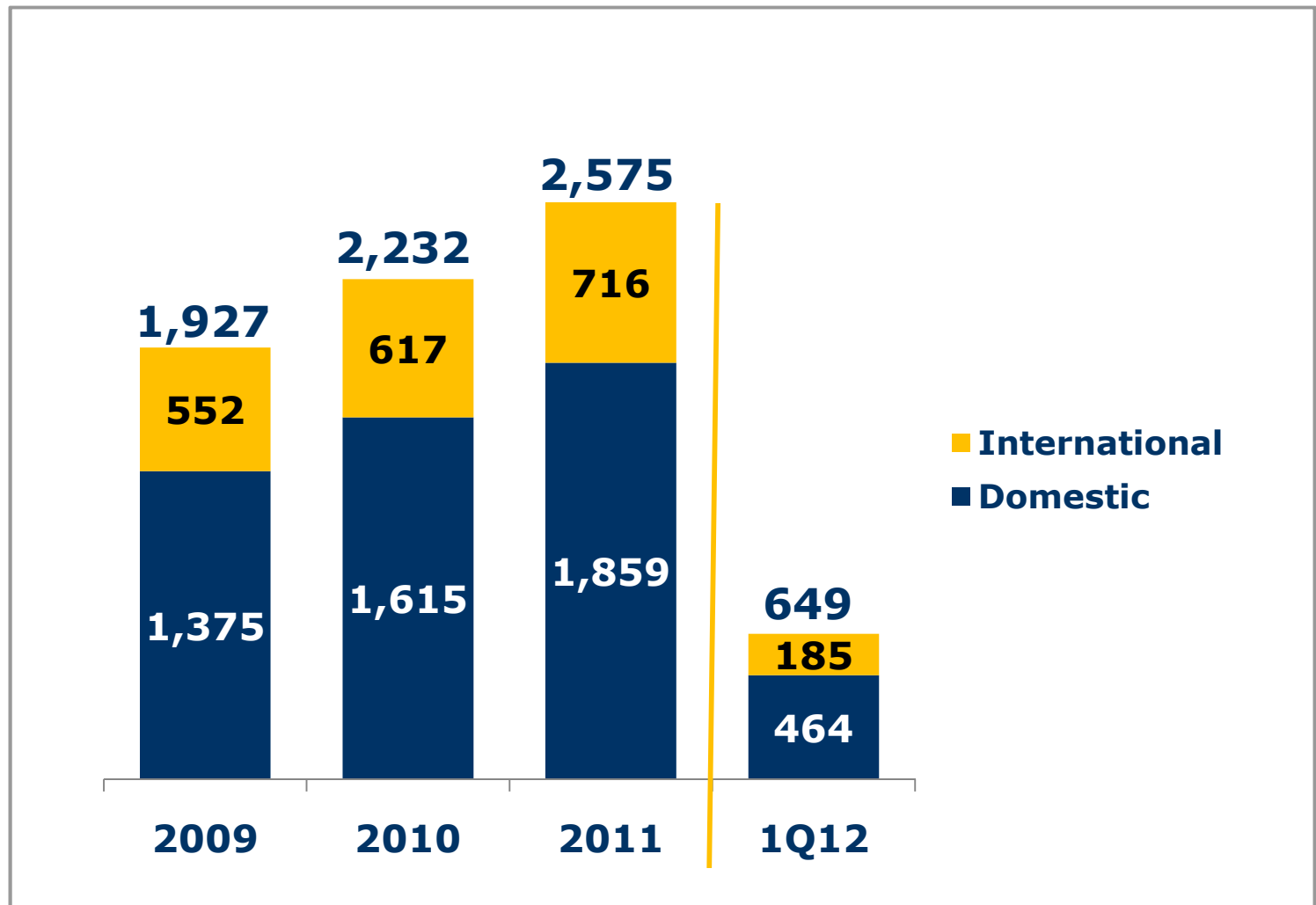


Source: Companies' releases

2 Our Numbers

Focus on management of leading brands underpins revenue performance

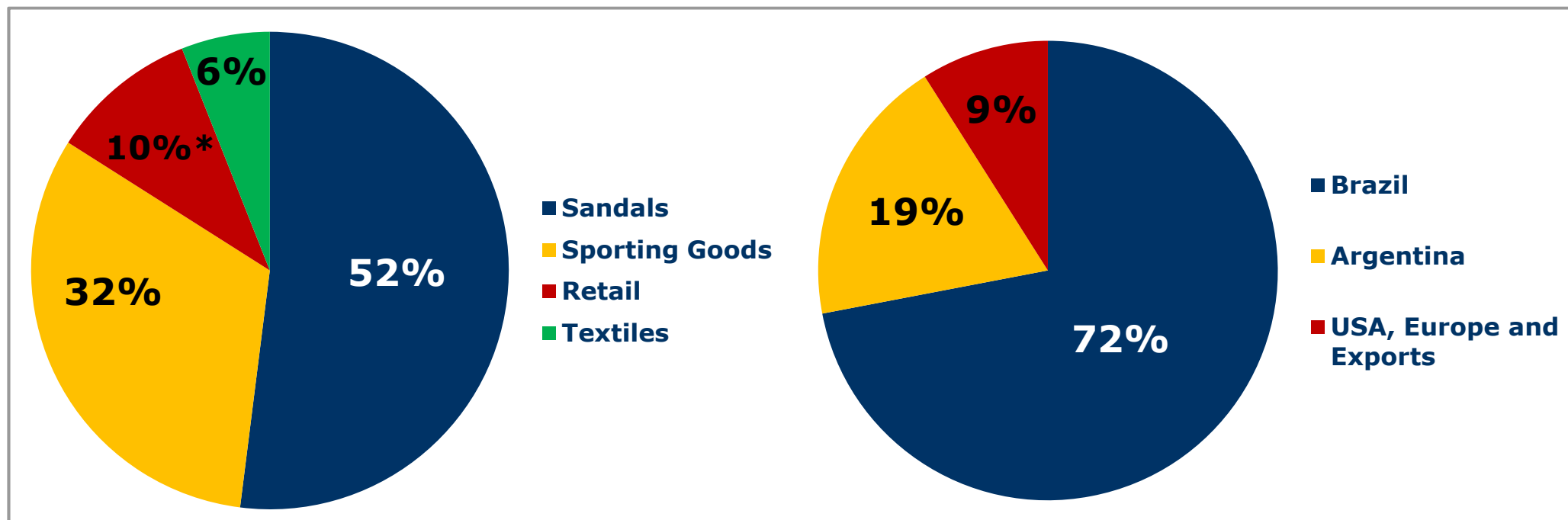
Net Revenue (BRL million)
CAGR ^{09:11} = 16%



2 Our Numbers

**Sandals and the Brazilian market
have the largest share in the revenue distribution**

2011 Revenue Distribution



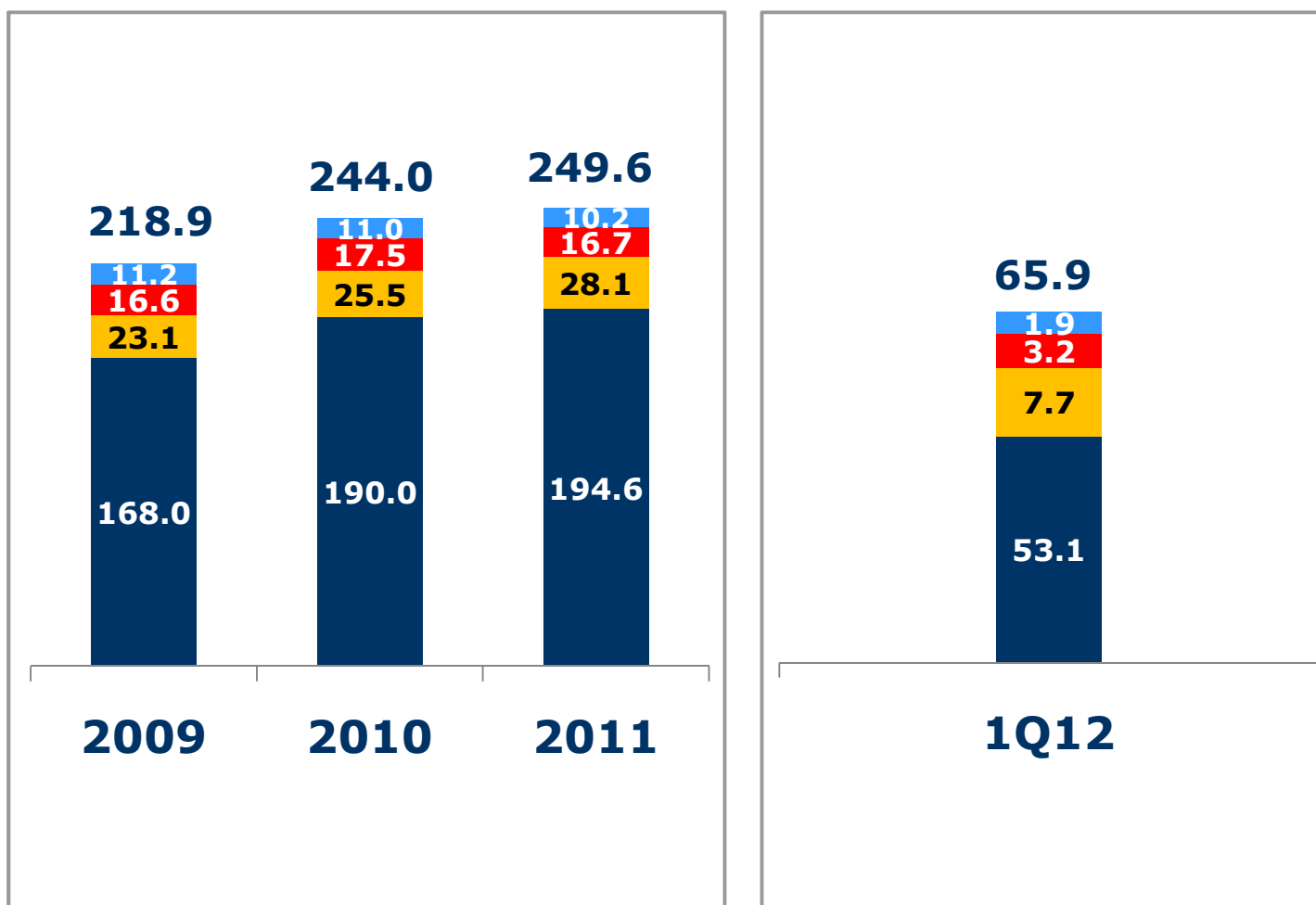
* Havaianas retail: 3% of consolidated revenue or 29% of retail business

2 Our Numbers

Havaianas CAGR ⁰⁹⁻¹¹:

- Brazil:
 - 7.6%
- International:
 - 10%

Sales Volume (million pairs/pieces)



- Havaianas Brazil
- Havaianas International
- Sporting Goods Brazil
- Sporting Goods International

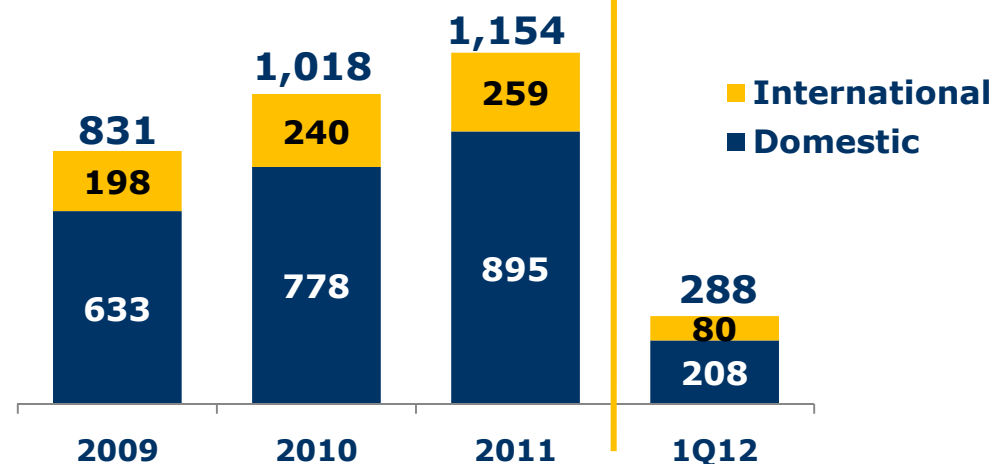
2 Our Numbers

Stable margins despite the increase in rubber price and higher investments related to the Company's strategic growth plan

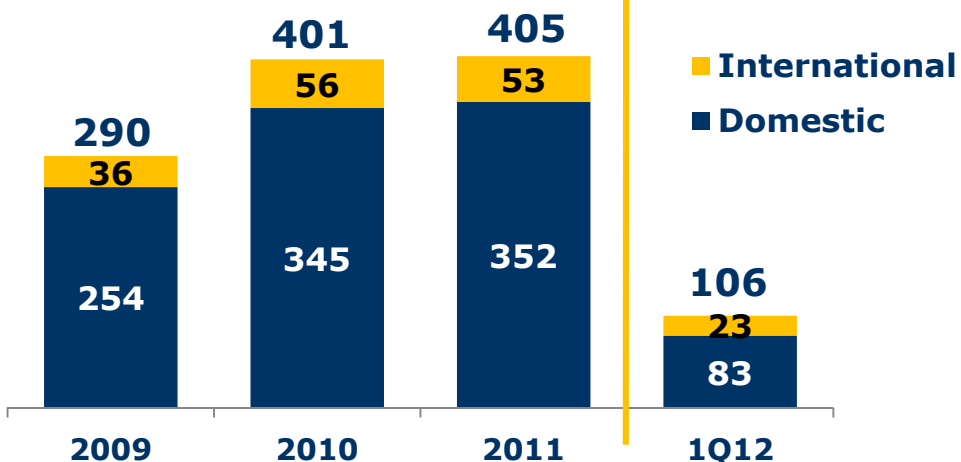
Gross Margins	2009	2010	2011	1Q12
Domestic	46%	48%	48%	45%
International	36%	39%	36%	43%
Consolidated	43%	46%	45%	44%

EBITDA Margins	2009	2010	2011	1Q12
Domestic	18%	21%	19%	18%
International	7%	9%	7%	12%
Consolidated	15%	18%	16%	16%

Gross Profit (BRL million)
CAGR 09:11 = 18%



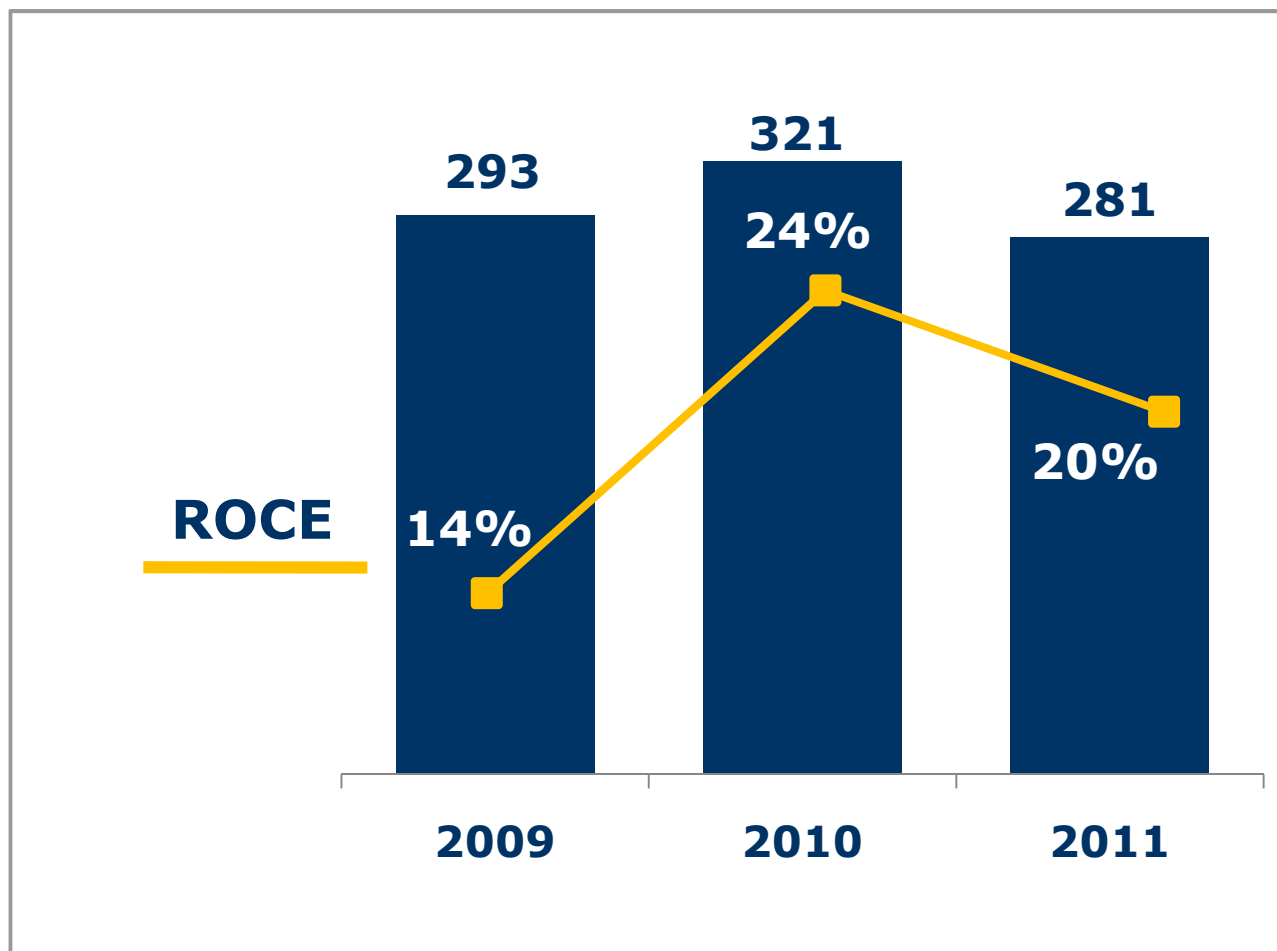
EBITDA (BRL million)
CAGR 09:11 = 18%



2 Our Numbers

- Strong operating cash generation since 2009 due to a shortening of 80 days in the Cash Conversion Cycle
- Integrated demand planning and supply chain

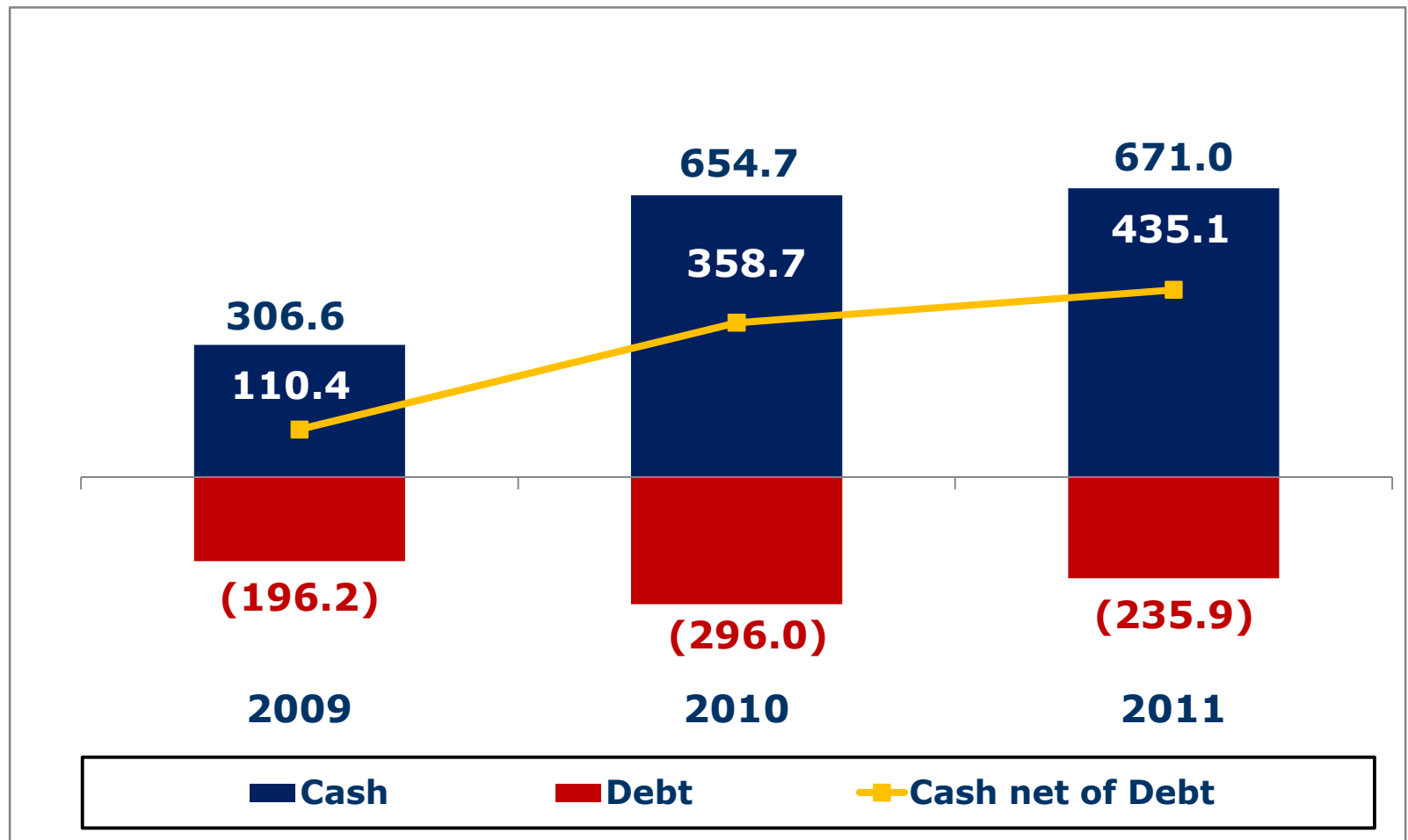
Operating Cash Generation (BRL million)



2 Our Numbers

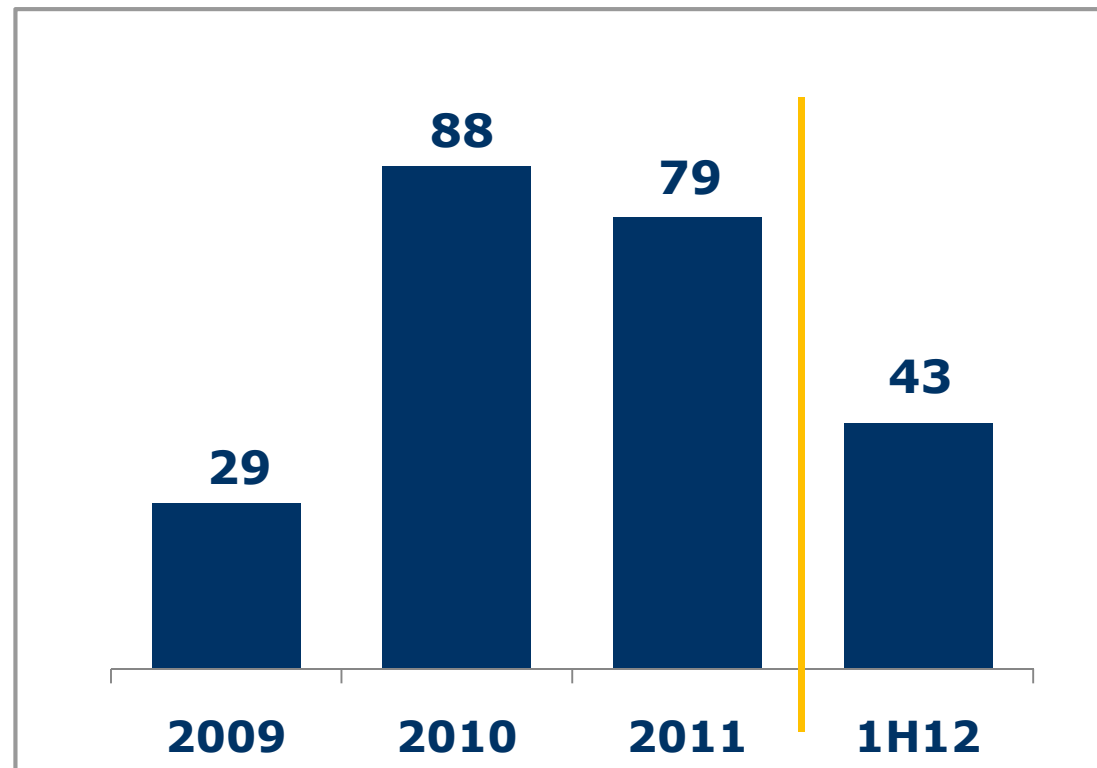
Financial strength supports the Company's growth strategy

Cash net of Debt (BRL million)



2 Our Numbers

Payment to Stockholders (BRL million)

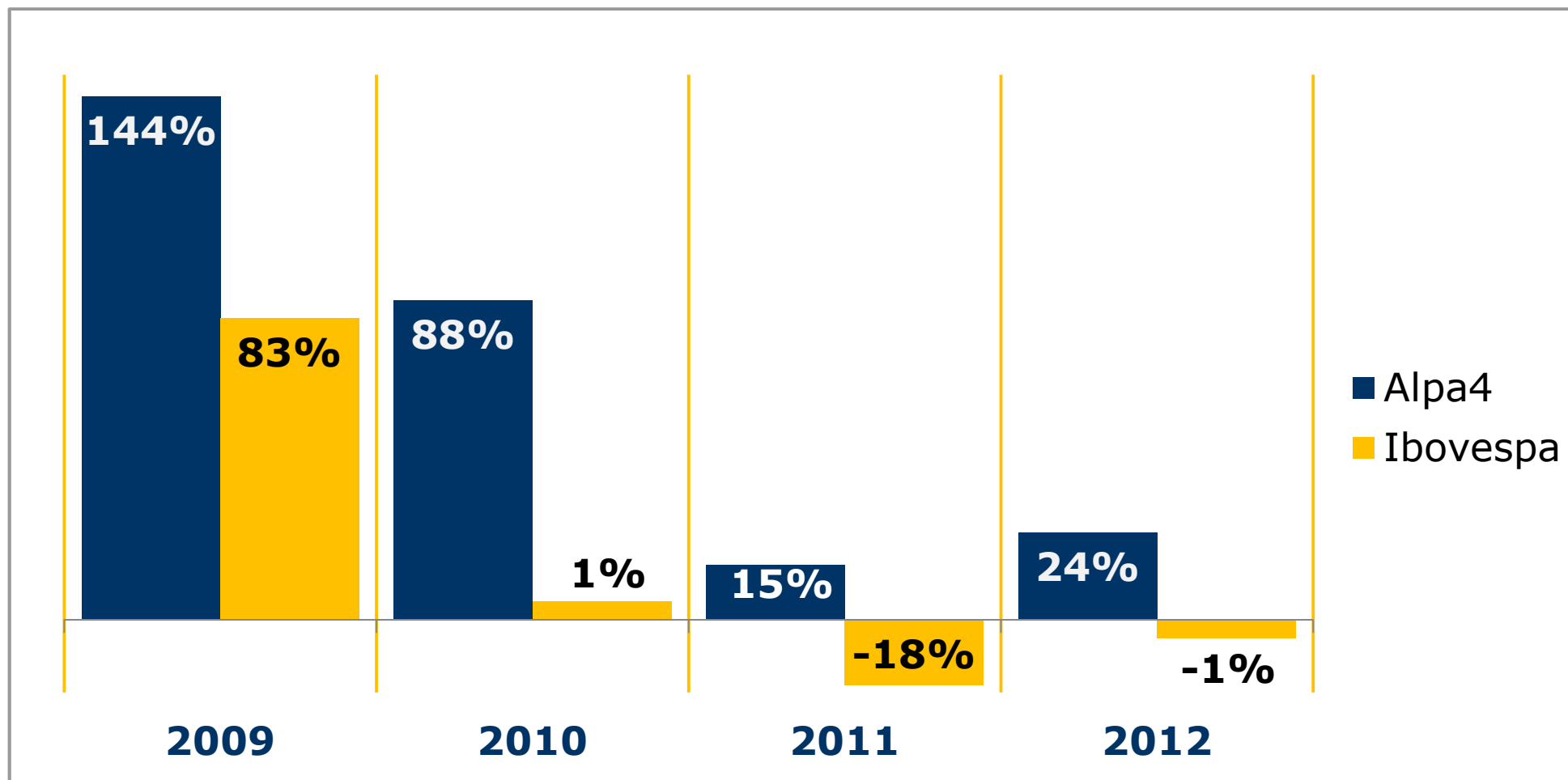


Pay-out of distributable net income:
Pay-out of total net income:

109%	50%	49%
24%	29%	26%

2 Our Numbers

Preferred Share (Alpa4) and Ibovespa's Performances



2012: Year to June 20th

1 Alpargatas Overview

2 Our Numbers

3 Road to Growth



3 Road to Growth

What have we been working for?

To be the number one Brazilian company in the global footwear and apparel sectors

What are the main strategic steps being implemented?

SANDALS

- Consolidating Havaianas' position as the dominant brand in Brazil
- Increasing Havaianas' international presence

SPORTING GOODS

- Creating strong regional sports brands

RETAIL

- Global expansion

Our goal

To reach consolidated net revenue of BRL 5-6 billion (without M&A) and EBITDA margin of 20% by 2016

What are the main strategic steps being implemented?

Consolidating Havaianas' position as the dominant brand in Brazil

- With 190 million pairs sold in Brazil in 2011, Havaianas has approximately 45%-50% market share
- There are still the other half of the market to control in Brazil !

HOW?

Innovation

A new collection every year of Havaianas is continuously satisfying the higher aspirations of consumers ensuring sales growth

Communication

Key to changing consumer perception from a functional product to an aspirational brand

Partnerships

Increase sales of all categories: Disney, Warner, Missoni

Scale

A new sandals plant under construction will add capacity which will support the growing demand for Havaianas worldwide

Brand extension

Havaianas has achieved an impressive brand awareness and strength in Brazil. The brand is ready for expansion into new products segments

What are the main strategic steps being implemented?

Increasing Havaianas' international presence

- US and Europe are important trend setting markets
- Together these markets have an estimated adressable flip-flop market of 125 million pairs (Euros 800 million estimated)
- Havaianas sales in Asia are expected to grow significantly in 2012 x 2011

USA

3,000 points of sale

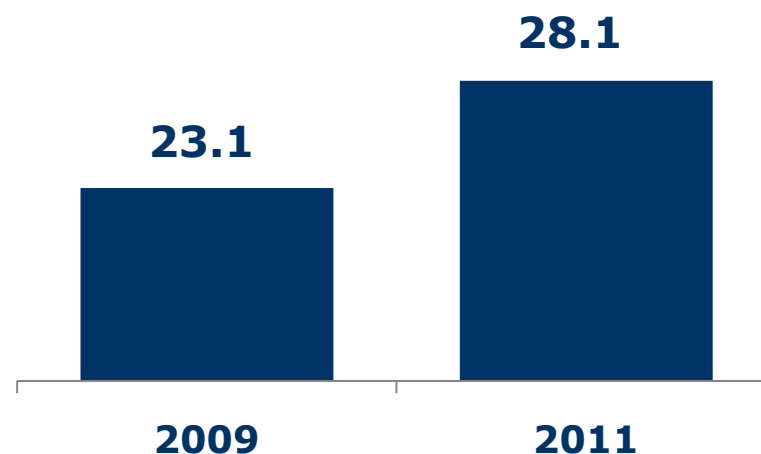
Europe

6,000 points of sale

Exports

81 countries

**Havaianas International
Sales Volume – CAGR ⁰⁹⁻¹¹: 10%
(million pairs)**



What are the main strategic steps being implemented?

Creating strong regional sports brands to capture the potential demand in South America

- Brazil is the largest sports footwear market in South America with an estimated 125 million pairs
- South Americans consume less than 1 pair/year of sports footwear compared to 6 pairs/year in the US
- Alpargatas' sports brands Topper and Mizuno are the important regional players that will capture the pent-up demand

Topper

- Getting stronger in soccer in Brazil
- New sports categories: rugby in Brazil
- Argentina: platform of exports to the continent



Mizuno

- New sports categories: volleyball and soccer in Brazil
- New markets: running in Argentina

What are the main strategic steps being implemented?

Retail

Global expansion

Retail is a source of high value generation and offers consumers a complete experience with Alpargatas' brands

Retail allows consumers greater interaction, contact and opportunity to buy from the entire portfolio of products

Brazil
267 stores

havaianas®

Timberland 



International
45 stores

havaianas®



Topper



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