2Q19 RESULTS

Springs Global: Revenue grew 6.6% year-over-year

São Paulo, August 14th, 2019 - Springs Global Participações S.A. (Springs Global), a leading company in bedding, tabletop and bath products, reported in the second quarter of 2019 (2Q19), net revenue of R$ 328.2 million, with gross margin of 28.8%. E-commerce revenue presented growth of 48.7% year-over-year (yoy).

About Springs Global

Springs Global is a leading company in Americas in bedding, tabletop and bath products, with traditional and leading brands in the segments in which it operates, strategically positioned to target customers of different socioeconomic profiles. Springs Global operates vertically integrated plants, with high degree of automation and flexibility, located in Brazil, and Argentina, and has operations in the United States, through subsidiaries.

B3: SGPS3

As of 06/30/2019:

Closing share price: R$ 9.24

Market cap: R$ 462 million

Conference call

Date: 08/15/2019
Time: 11am São Paulo time / 10 am New York time / 3 pm London time

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To access the webcast **click here** or access the website **http://www.springs.com/ri**.

Investor Relations

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The highlights of Springs Global´s performance in 2Q19 were:

- Net revenue of R$ 328.2 million, 6.6% higher yoy;
- Higher average price for all product categories yoy;
- Expectation of better revenue in the second half, due to launch of new product lines and seasonality;
- Gross profit of R$ 94.6 million, with gross margin of 28.8%, negatively impacted by the absorption of all costs from the consolidation of two industrial plants;
- Adjusted EBITDA[(a)] of R$ 38.6 million, with adjusted EBITDA margin of 11.8%;
- Adoption of IFRS 16 Standard, with negative effect of R$ 3.0 million in net result;
- Improvement of R$ 37.4 million in financial results yoy;
- Expansion of R$ 30.1 million in result before taxes yoy;
- Growth of 9.8% in revenue from Brazil – Wholesale business unit;
- Growth of 48.7% in e-commerce sales from the Brazil – Retail business unit; and
- In the third quarter of 2019 (3Q19) begins the compensation of tax credit - PIS/COFINS, totaling R$ 208.9 million.

in R$ million	2Q19 (A)	2Q18 [1] (B)	(A)/(B) %	1H19 (C)	1H18[1] (D)	(C)/(D) %
Net revenue	328.2	307.8	6.6%	668.9	644.0	3.9%
Gross profit	94.6	107.8	(12.3%)	192.0	218.8	(12.3%)
Gross Margin %	*28.8%*	*35.0%*	*(6.2 p.p.)*	*28.7%*	*34.0%*	*(5.3 p.p.)*
Income from operations	**10.5**	**17.8**	**(40.8%)**	**20.2**	**36.2**	**(44.2%)**
Net result	**(23.1)**	**(53.3)**	**n.a.**	**(57.7)**	**(75.5)**	**n.a.**
EBITDA	**39.9**	**54.7**	**-27.0%**	**356.8**	**108.4**	**229.3%**
Adjusted EBITDA[2]	**38.6**	**36.2**	**6.8%**	**74.2**	**72.2**	**2.8%**
EBITDA Margin %	*12.2%*	*17.8%*	*(5.6 p.p.)*	*53.3%*	*16.8%*	*36.5 p.p.*
Adjusted EBITDA Margin [2] %	*11.8%*	*11.8%*	*0.0 p.p.*	*11.1%*	*11.2%*	*(0.1 p.p.)*

[1] Reclassified, excluding discontinued operations, for comparison purpose
[2] Considering only continuing operations, excluding discontinued

Table 1 – Key financial indicators

The financial and operational information presented in this release, except when otherwise indicated, is in accordance with accounting policies adopted in Brazil, which are in accordance with international accounting standards (International Financial Reporting Standards – IFRS).

Combination of North American Operations

Springs Global entered into an agreement, in December 2018, with Keeco, an American home fashion company, to combine its North American operations, valued at US$ 126 million.

At closing, on March 15, 2019, Springs Global received part of its valuation in cash and part in common shares of the combined company, Keeco Holdings, LLC, representing 17.5% of its equity ownership.

The combined company has a product portfolio and leading brands in the curtain, utility bedding, and decorative bedding markets, as well as a diversified customer portfolio, including the major companies in the North American traditional retail and e-commerce retail market.

This business combination will strengthen Springs Global's participation in the North American market, through a significant equity ownership in a company with an extensive product portfolio, improved competitiveness, growth potential, and better profitability due to synergies. At the same time, it will enable Springs Global's management to focus on its South American business.

For comparison purpose, the 2018 results are presented excluding discontinued operations.

Adoption of IFRS 16 Standard

As of January 2019, IFRS 16 standard was adopted, which led to some changes in the method of accounting for rental contracts and leases. According to this new standard, the future obligations of the rental contracts and leases are recognized as liabilities, and, as a counterpart, the right of usage is recognized as assets, all calculated as the present value, considering the Company´s cost of capital.

The value of the initial adoption, at January 1st, 2019, was R$ 265.0 million in the Company´s consolidated balance sheet.

In the income statement, the value of rental expenses is replaced by interest on the lease liability plus amortization of the right-of-use asset. In the 2Q19 results, interest on the lease liability was R$ 7.5 million and amortization of right-of-use asset totaled R$ 9.9 million. The rental payments, in the same period, totaled R$ 14.0 million.

Throughout the period of the contracts, there is no change in the Company´s net profit, since the total amount of the rent paid is identical to the sum of amortization of the right of use and the interest on the leases payable. However, there is a negative time effect, at the beginning of the contract, since the financial expenses in this period are higher and decrease as the contract term runs out.

Revenue

The consolidated net revenue reached R$ 328.2 million in 2Q19, 6.6% higher yoy[1], with the positive effect from higher sales volume and better price and sale mix.

The Bedding, Tabletop and Bath line[(b)] was responsible for 63% of 2Q19 revenue, and intermediate products[(c)] for 19%. The Retail revenue contributed to 18% of total revenue in 2Q19.

Revenues from the Bedding, Tabletop and Bath line amounted to R$ 208.2 million in 2Q19, 8.5% higher yoy[1]. Revenues from intermediate products were R$ 61.6 million, 7.9% higher yoy[1]. Average price increased yoy for all product categories. Revenues from retail totaled R$ 58.4 million, in line yoy, with the positive effect from growth of e-commerce sales, compensating the substitution of sales with sell-out prices[(d)] by sales with sell-in prices[(e)] due to the conversions from owned to franchised stores. The gross sell-out revenue from retail presented growth of 3.3% yoy.

[1] Reclassified, excluding discontinued operations, for comparison purpose.

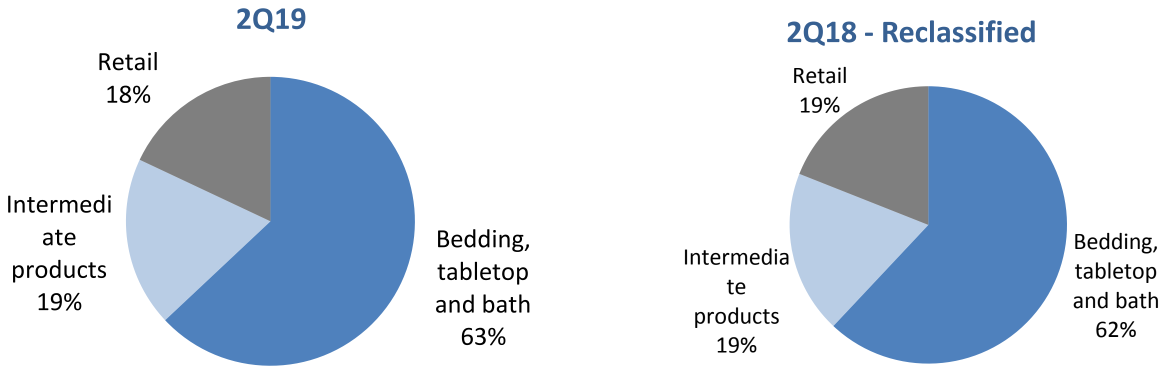

Chart 1 – Revenue per product line

According to IBOPE, the Brazilian home & decoration market is R$ 86 billion, of which R$ 12 billion is bed, bath and table top products. Aiming to increase our addressable market and enhance our brands, growing the frequency of purchase of our brands by consumers, we have started sales of new product categories and we will expand even further in this second half of 2019, with the introduction of mattress, modular sofas and table products, through partners and, therefore, with low risk and low working capital.

Regarding mattresses and modular sofas, we will produce the fabrics for these products, using current installed capacity of our plants, while partners with industry expertise in these products will manufacture, stock, and deliver the end products.

Costs and Expenses

Cost of goods sold (COGS) was R$ 233.6 million in 2Q19, with a yoy[1] increase of 16.9%, representing 71.2% of net revenue.

The main raw materials are cotton and polyester that, together with chemicals, packaging and trims, are included in materials costs, which amounted to R$ 118.5 million in 2Q19, 26.3% superior yoy[1]. The recent raw material price weakening will positively impact the Company´s gross margin in the following quarters.

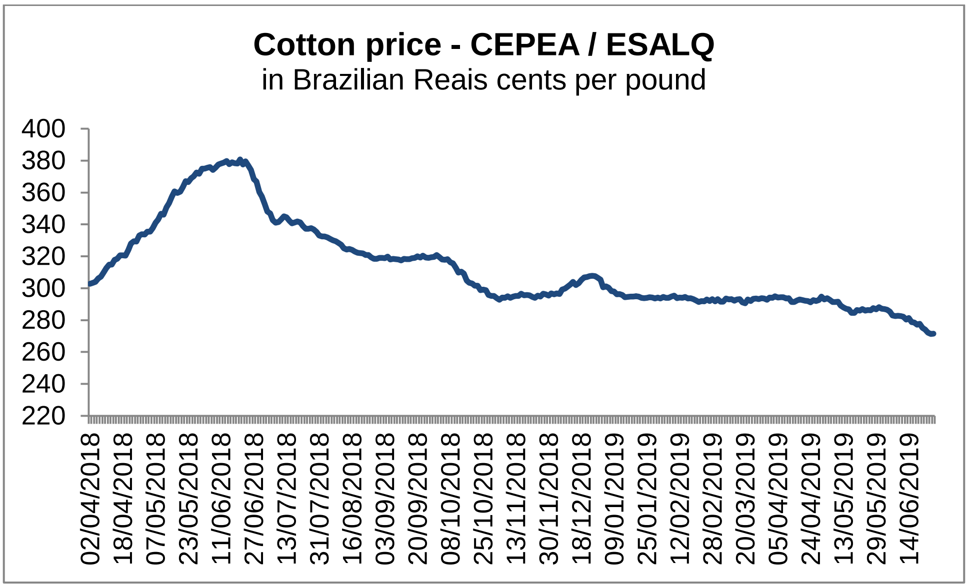

Chart 2 – Cotton price, source CEPEA

The conversion of raw materials into finished goods requires, mainly, labor, electricity and other utilities, designated as conversion costs and others, which reached R$ 99.5 million in 2Q19, with a 12.0% increase yoy[1].

In June 2019, we consolidated two industrial plants, with estimated cost reduction of approximately R$ 5.5 million per month.

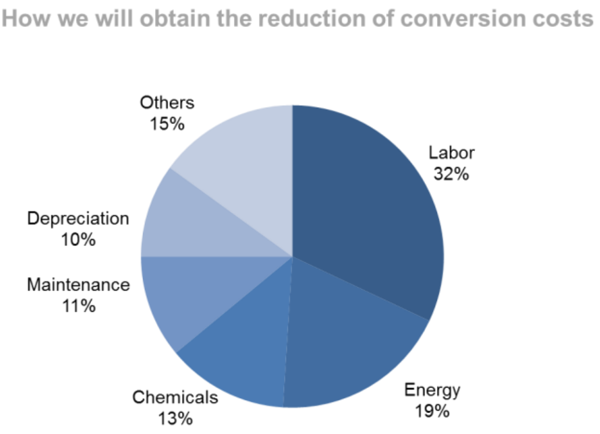

Chart 3 – Reduction in conversion costs with the consolidation of the industrial plants

Depreciation costs of production and distribution assets totaled R$ 15.6 million in 2Q19, with a 9.8% decrease yoy[1]. Following the IAS29 for Financial Reporting in Hyperinflationary Economies, we have to adjust the balance sheet data from our Argentinean subsidiary, including property, plant and equipment, with a negative effect in results due to the higher accounting depreciation of its assets.

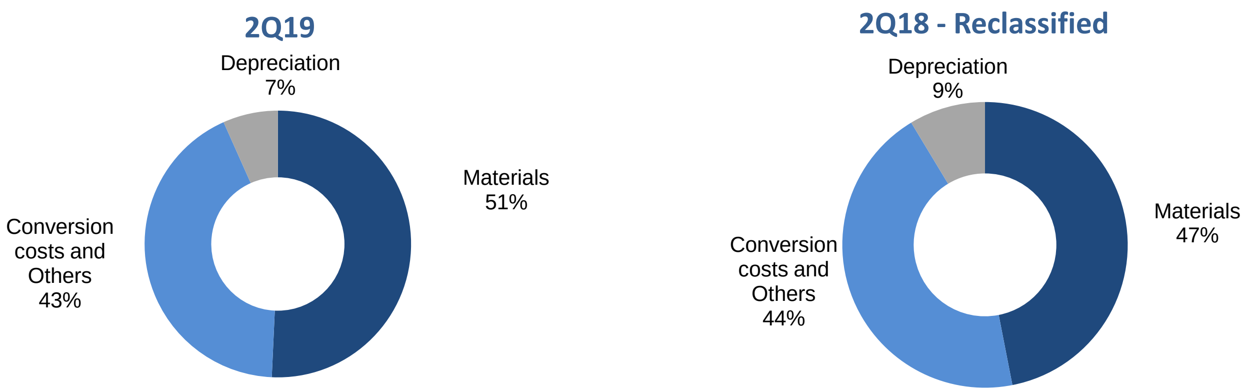

Chart 4 – COGS breakdown

Regarding operational expenses, selling expenses reached R$ 65.1 million, representing 19.8% of net revenue, versus 20.1% in 2Q18[1]. General and administrative expenses (G&A) amounted to R$ 29.4 million, equivalent to 9.0% of net revenue, versus 9.5% in the same period of the previous year[1].

With the adoption of the IFRS standard[2], as from January 2019, the value of rental expenses, which totaled R$ 14.0 million in 2Q19, was replaced by amortization of the right of usage of the rental assets, whose value was R$ 9.9 million in 2Q19, plus interest on the lease liability, being the last considered as financial expenses, and, therefore, reducing the Company´s G&A expenses, when compared to the previous criteria.

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[2] For more detailed information, please see section Adoption of IFRS 16 Standard.

Other Revenue

The rental income from the lease project located at São Gonçalo do Amarante, RN and the result from our subsidiary in North America were classified as "Other Income, net", totaling R$ 10.5 million in 2Q19, versus R$ 1.0 million in the same period last year[1].

EBITDA

Cash generation from continuing operations, as measured by adjusted EBITDA, reached R$ 38.6 million in 2Q19, versus R$ 36.1 million in 2Q18. In the last twelve months ended on June 30, 2019, LTM adjusted EBITDA, considering only continuing operations, reached R$ 340.1 million.

Profit

Gross profit totaled R$ 94.6 million in 2Q19, with gross margin of 28.8%, negatively impacted by the absorption of the costs from the consolidation of two industrial plants. The income from operations totaled R$ 10.5 million in 2Q19.

The financial result was an expense of R$ 33.6 million in 2Q19, versus an expense of R$ 71.0 million in 2Q18[1].

The financial expenses – interest expenses – totaled R$ 32.5 million, versus R$ 31.8 million in the same period in the previous year[1]. The balance of exchange rate variations was positive R$ 8.9 million in 2Q19, against negative R$ 35.4 million in 2Q18[1].

The financial income increased by R$ 5.2 million, while bank charges, taxes, discounts and others increased by R$ 3.9 million yoy.

Interest on the lease liability, which started to be recognized this year with the adoption of the IFRS 16 standard[2], totaled R$ 7.5 million in 2Q19.

We had a negative net result of R$ 25.8 million in 2Q19, with an improvement of R$ 30.1 million yoy in result before taxes.

Capex

Capital expenditures (Capex) totaled R$ 12.6 million in 2Q19, mainly focused on asset modernization.

Debt and Debt indicators

Our net debt[f] was R$ 757.9 million as of June 30, 2019, including the cash holdback amount in an escrow account[g], of US$ 6.3 million.

Our leverage, as measured by net debt/adjusted LTM EBITDA was equal to 2.2x by the end of 2Q19.

The credit related to the compensation of PIS and COFINS, totaling R$ 208.9 million, recorded in 2018, will be compensated during approximately six quarters, as from 3Q19 onwards, contributing for the net debt reduction.

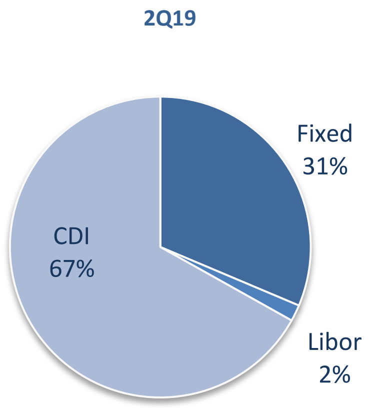

Chart 5 – Debt per index

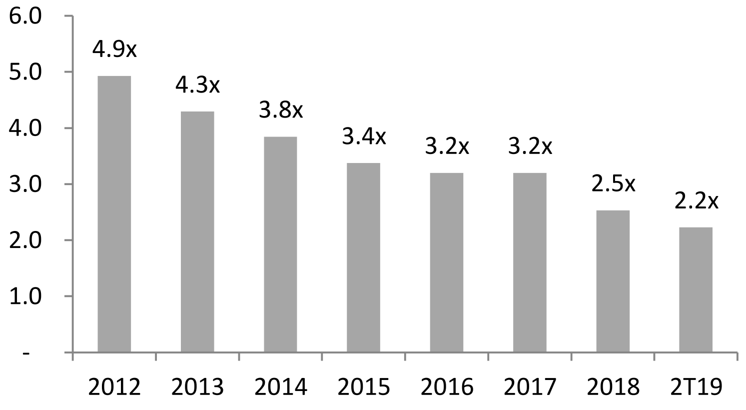

Chart 6 – Net debt/Adjusted EBITDA

Performance of the business units

Springs Global presents its results segregated in the following business units: (a) Brazil - Wholesale, (b) Brazil - Retail, and (c) Argentina.

Brazil - Wholesale

Net revenue from the Brazil – Wholesale business unit amounted to R$ 260.1 million in 2Q19, with a 9.8% yoy increase, positively impacted by better price and mix.

COGS totaled R$ 204.8 million in 2Q19, 22.3% higher yoy, with negative impact of the absorption of all costs from the consolidation of two industrial plants. The gross margin was 21.3% in 2Q19, with a reduction yoy. SG&A expenses amounted to R$ 51.3 million, representing 19.7% of revenue. EBITDA reached R$ 21.5 million.

Brazil - Retail

The sell-out revenue from the Brazil – Retail business unit amounted to R$ 123.8 million in 2Q19, 3.3% higher yoy. Net revenue totaled R$ 58.4 million in 2Q19, 2.0% lower yoy.

We are increasing sell-out revenue much faster than net revenue as we are transferring sales to our franchisees, through the digital franchise model.

We started, in 2018, the operation of digital franchises, in which our e-commerce sales are fulfilled by our franchisers, with positive impact in the experience of online purchase, as there was a decrease in delivery time and cost. There was a 48.7% yoy growth in our e-commerce revenue in 2Q19.

Despite the fast expansion of the customer base, which usually leads to lower conversion rates, this indicator grew 33% in July, related to the 2Q19 average, with even more significant growth potential in the future.

At the end of 2Q19, we had 234 stores, of which 66 were owned and 168 franchises, compared to 232 at the end of 2Q18.

COGS totaled R$ 27.0 million, 2.5% lower yoy. The gross margin was 53.8% in 2Q19, versus 53.5% in 2Q18. SG&A expenses amounted to R$ 33.3 million, 0.9% lower yoy. EBITDA was R$ 9.9 million in 2Q19, against R$ 0.2 million in 2Q18.

Chart 7 – E-commerce indicators

Argentina

Net revenue from the Argentina business unit reached R$ 36.5 million in 2Q19, 7.6% lower yoy, negatively impacted by lower sales volume and by the depreciation of the Argentinean Peso.

COGS amounted to R$ 28.5 million, 11.8% lower yoy, impacted by the depreciation of the Argentinean Peso. The gross margin increased to 21.9% in 2Q19, from 18.2% in 2Q18. EBITDA reached R$ 4.1 million, versus R$ 0.5 million in 2Q18.

Projections

Springs Global maintains its strategy to consolidate its leading position in the bedding, tabletop and bath market, and to expand its multibrand channel and monobrand retail, prioritizing franchises and e-commerce.

In 2018, we launched (i) the digital franchise model, (ii) the Santista virtual store, and (iii) the store front-end system PIX, all aiming to improve our end consumer´s shopping experience, and, simultaneously, to increase sales and profitability of our franchisees and wholesale clients.

With the combination of assets in the North American market, we have strengthened our position in this market, where we will have a significant equity ownership in a company with an extensive product portfolio, improved competitiveness, growth potential, and better profitability due to synergies.

We will continue to improve the profitability of our business in South America, by higher capacity utilization of our factories in Brazil, resulting in higher absorption of fixed costs, mainly due to growth: (a) in e-commerce sales; (b) in sales of decorative textile products; and (c) in the number of franchises. Moreover, the recovery of the Brazilian and the Argentinean economies will leverage the growth in sales of discretionary consumer products, such as our products. These products suffer consumption declines during recession periods.

Due to the worsening of the Argentinean peso devaluation and of the recession of that country, and the lower growth of the Brazilian economy, compared to the budget forecast, we revised our targets for this year, as shown in the following table.

in R$ million	2019 Original Guidance	2019 Revised Guidance	1H19 Actual
Net revenue			
South America - Wholesale*	1,300-1,400	1,250-1,350	604.1
South America - Retail	270-300	270-300	120.9
Total net revenue	**1,500-1,700**	**1,450-1,650**	**668.9**
EBIT**	140-170	125-145	20.2
EBITDA**	210-240	195-215	74.2
CAPEX**	50 - 70	50 - 70	40.3

* Brazil-Wholesale, including intercompany revenue, plus Argentina

**Excluding result from asset combination

Table 2 – Projections

Share performance

Springs Global’s shares, traded on the B3 under the ticker SGPS3, increased by 1.8% in 2Q19, underperforming the IBOVESPA and the Small Cap indexes in the same period. The daily average financial volume of our shares was R$ 829 thousand in 2Q19, versus R$ 542 thousand in 1Q19.

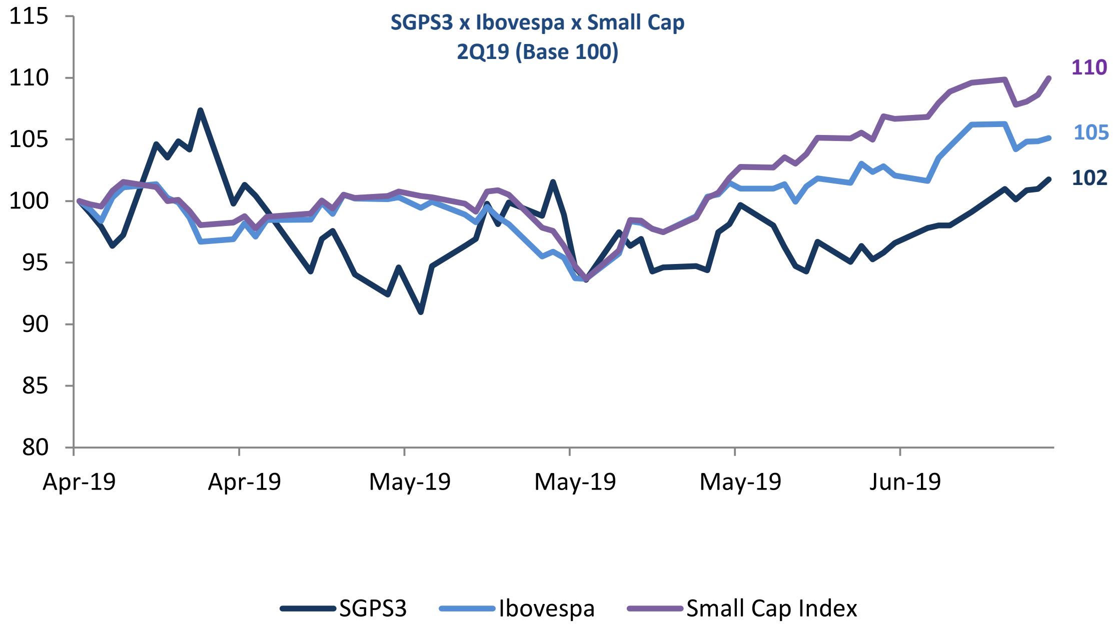

Chart 8 – Performance of SGPS3 share price

Tables

Table 3 – Net revenue per business unit

in R$ million	2Q19 (A)	%	2Q18 [1] (B)	%	(A)/(B) %	1H19 (C)	%	1H18 [1] (D)	%	(C)/(D) %
Brazil	**291.7**	**89%**	**268.4**	**87%**	**8.7%**	**600.6**	**90%**	**563.0**	**87%**	**6.7%**
Wholesale*	233.3	71%	208.8	68%	11.7%	479.7	72%	441.0	68%	8.8%
Retail	58.4	18%	59.6	19%	(2.0%)	120.9	18%	122.0	19%	(0.9%)
Argentina	36.5	11%	39.5	13%	(7.6%)	68.3	10%	81.0	13%	(15.7%)
Total net revenue	**328.2**	**100%**	**307.8**	**100%**	**6.6%**	**668.9**	**100%**	**644.0**	**100%**	**3.9%**
Intercompany	26.8		28.0			56.1		61.0		

* Excluding intercompany revenues

[1] Reclassified, excluding discontinued operations, for comparison purpose

Table 4 – Net revenue per product line

	Net Revenue (R$ million)			Volume (tons)			Average price (R$)/Kg		
Product Lines	**2Q19 (A)**	**2Q18 [1] (B)**	**(A)/(B) %**	**2Q19 (C)**	**2Q18 [1] (D)**	**(C)/(D) %**	**2Q19 (E)**	**2Q18 [1] (F)**	**(E)/(F) %**
Bedding, tabletop and bath	208.2	191.9	8.5%	5,648	5,741	(1.6%)	36.9	33.4	10.3%
Intermediate products	61.6	57.1	7.9%	5,853	5,474	6.9%	10.5	10.4	0.9%
Retail	58.4	58.8	(0.7%)						
Total	**328.2**	**307.8**	**6.6%**	**11,501**	**11,215**	**2.6%**	**28.5**	**27.4**	**4.0%**

[1] Reclassified, excluding discontinued operations, for comparison purpose

	Net Revenue (R$ million)			Volume (tons)			Average price (R$)/Kg		
Product Lines	**1H19 (A)**	**1H18 [1] (B)**	**(A)/(B) %**	**1H19 (C)**	**1H18 [1] (D)**	**(C)/(D) %**	**1H19 (E)**	**1H18 [1] (F)**	**(E)/(F) %**
Bedding, tabletop and bath	429.3	396.7	8.2%	12,328	12,525	(1.6%)	34.8	31.7	9.9%
Intermediate products	118.7	126.1	(5.9%)	11,034	12,039	(8.3%)	10.8	10.5	2.7%
Retail	120.9	121.2	(0.2%)						
Total	**668.9**	**644.0**	**3.9%**	**23,362**	**24,564**	**(4.9%)**	**28.6**	**26.2**	**9.2%**

[1] Reclassified, excluding discontinued operations, for comparison purpose

Table 5 – Cost of goods sold (COGS) and Selling, General and Administrative expenses (SG&A)

in R$ million	2Q19 (A)	%	2Q18 [1] (B)	%	(A)/(B) %	1H19 (C)	%	1H18 [1] (D)	%	(C)/(D) %
Materials	118.5	50.7%	93.8	46.9%	26.3%	239.3	50.2%	203.5	47.9%	17.6%
Conversion costs and others	99.5	42.6%	88.8	44.4%	12.0%	207.2	43.4%	187.1	44.0%	10.7%
Depreciation	15.6	6.7%	17.3	8.7%	(9.8%)	30.4	6.4%	34.5	8.1%	(11.9%)
COGS	**233.6**	**100.0%**	**199.9**	**100.0%**	**16.9%**	**476.9**	**100.0%**	**425.1**	**100.0%**	**12.2%**
COGS, % Revenues	**71.2%**		**65.0%**		*6.2 p.p.*	**71.3%**		**66.0%**		*5.3 p.p.*
Sales expenses	65.1	68.9%	61.9	67.9%	5.2%	132.9	69.6%	124.5	68.1%	6.8%
General and administrative expenses	29.4	31.1%	29.2	32.1%	0.8%	58.0	30.4%	58.3	31.9%	(0.5%)
SG&A	**94.5**	**100.0%**	**91.0**	**100.0%**	**3.8%**	**190.9**	**100.0%**	**182.8**	**100.0%**	**4.5%**
SG&A, % Revenues	**28.8%**		**29.6%**		*(0.8 p.p.)*	**28.5%**		**28.4%**		*0.2 p.p.*

[1] Reclassified, excluding discontinued operations, for comparison purpose

Table 6 – Reconciliation of EBITDA and adjusted EBITDA

in R$ million	2Q19 (A)	2Q18 [1] (B)	(A)/(B) %	1H19 (C)	1H18 [1] (D)	(C)/(D) %
Income (Loss)	(25.8)	8.9	n.a.	133.5	2.0	n.a.
(+) Income and social contribution taxes from continuing operations	2.7	(47.0)	n.a.	3.2	(47.0)	n.a.
(+) Income and social contribution taxes from discontinued operations	-	0.9	(100.0%)	82.7	1.5	n.a.
(+) Financial results from continuing operations	33.6	71.0	(52.6%)	77.8	111.7	(30.3%)
(+) Financial results from discontinued operations	-	1.7	(100.0%)	3.8	2.8	31.9%
(+) Depreciation and amortization from continuing operations	28.1	18.4	52.7%	54.0	36.0	50.0%
(+) Depreciation and amortization from discontinued operations	1.3	0.7	80.1%	1.8	1.3	40.6%
EBITDA	**39.9**	**54.7**	**(27.0%)**	**356.8**	**108.4**	**229.3%**
Continuing operations						
Income (Loss)	(25.8)	8.9	n.a.	133.5	2.0	n.a.
(-) Result from discontinued operations	-	(15.2)	n.a.	(194.4)	(30.6)	n.a.
(+) Income and social contribution taxes from continuing operations	2.7	(47.0)	n.a.	3.2	(47.0)	n.a.
(+) Financial results from continuing operations	33.6	71.0	(52.6%)	77.8	111.7	(30.3%)
(+) Depreciation and amortization from continuing operations	28.1	18.4	52.7%	54.0	36.0	50.0%
Adjusted EBITDA from continuing operations	**38.6**	**36.2**	**6.8%**	**74.2**	**72.2**	**2.8%**
Discontinued operations						
Result from discontinued operations	-	15.2	(100.0%)	194.4	30.6	n.a.
(+) Income and social contribution taxes from discontinued operations	-	0.9	(100.0%)	82.7	1.5	n.a.
(+) Financial results from discontinued operations	-	1.7	(100.0%)	3.8	2.8	31.9%
(+) Depreciation and amortization from discontinued operations	1.3	0.7	80.1%	1.8	1.3	40.6%
Adjusted EBITDA from discontinued operations	**1.3**	**18.5**	**(93.1%)**	**282.7**	**36.2**	**680.5%**
EBITDA	**39.9**	**54.7**	**(27.0%)**	**356.8**	**108.4**	**229.3%**
Adjusted EBITDA[2]	**38.6**	**36.2**	**6.8%**	**74.2**	**72.2**	**2.8%**

[1] Reclassified, excluding discontinued operations, for comparison purpose

[2] Considering only continuing operations, excluding discontinued operations

Table 7 – Adjusted EBITDA per business unit

in R$ million	2Q19 (A)	2Q18 [1] (B)	(A)/(B) %	1H19 (C)	1H18 [1] (D)	(C)/(D) %
Brazil	**31.4**	**43.5**	**(27.8%)**	**59.4**	**84.6**	**(29.8%)**
Wholesale	21.5	43.3	(50.3%)	45.5	85.9	(47.0%)
Retail	9.9	0.2	4850.0%	13.9	(1.3)	n.a.
Argentina	**4.1**	**0.5**	**720.0%**	**5.5**	**2.2**	**150.0%**
Non-allocated expenses	3.2	(7.7)	(141.6%)	9.3	(14.6)	(163.7%)
Adjusted EBITDA from continuing operations (i)	**38.6**	**36.2**	**6.8%**	**74.2**	**72.2**	**2.8%**
Adjusted EBITDA from discontinued operations (ii)	**1.3**	**18.5**	**(93.1%)**	**282.7**	**36.2**	**680.5%**
EBITDA (i) + (ii)	**39.9**	**54.7**	**(27.0%)**	**356.8**	**108.4**	**229.3%**
Adjusted EBITDA[2] (i) + (iii)	**38.6**	**36.2**	**6.8%**	**74.2**	**72.2**	**2.8%**
EBITDA Margin %	*12.2%*	*17.8%*	*(5.6 p.p.)*	*53.3%*	*16.8%*	*36.5 p.p.*
Adjusted EBITDA Margin[2] %	*11.8%*	*11.8%*	*0.0 p.p.*	*11.1%*	*11.2%*	*(0.1 p.p.)*

[1] Reclassified, excluding discontinued operations, for comparison purpose

[2] Considering only continuing operations, excluding discontinued operations

Table 8 – Financial Results

in R$ million	2Q19 (A)	2Q18 [1] (B)	(A)/(B) %	1H19 (C)	1H18 [1] (D)	(C)/(D) %
Financial income	12.1	6.9	75.1%	20.2	11.8	70.7%
Financial expenses - interests	(32.5)	(31.8)	2.2%	(62.9)	(61.9)	1.5%
Interest on leasing	(7.5)	-	n.a.	(13.5)	-	n.a.
Financial expenses - bank charges and others	(14.7)	(10.7)	36.6%	(26.4)	(23.8)	10.6%
Exchange rate variations, net	8.9	(35.4)	(125.0%)	4.7	(37.8)	(112.5%)
Financial results	**(33.6)**	**(71.0)**	**(52.6%)**	**(77.8)**	**(111.7)**	**(30.3%)**

[1] Reclassified, excluding discontinued operations, for comparison purpose

Table 9 – Capex

in R$ million	2Q19	2Q18	1H19	1H18
Manufacturing facilities	9.1	13.6	34.1	27.0
Retail	3.5	2.2	6.1	2.7
Acquisition of Keeco´s shares	-	-	140.3	-
Total	**12.6**	**15.8**	**180.6**	**29.7**
Total ex-acquisition	**12.6**	**15.8**	**40.3**	**29.7**

Table 10 – Working Capital

in R$ million	2Q19 (A)	1Q19 (B)	2Q18 (C)	(A)/(B) %	(A)/(C) %
Accounts receivable	441.1	468.3	473.1	(5.8%)	(6.8%)
Inventories	420.0	397.6	579.8	5.6%	(27.6%)
Advances to suppliers	62.7	59.2	41.6	6.0%	50.5%
Suppliers	(137.0)	(106.8)	(159.6)	28.3%	(14.2%)
Working capital	**786.8**	**818.3**	**934.9**	**(3.9%)**	**(15.8%)**

Table 11 – Indebtedness

in R$ million	2Q19 (A)	1Q19 (B)	2Q18 (C)	(A)/(B) %	(A)/(C) %
Loans and financing	982.2	945.1	943.9	3.9%	4.1%
- Domestic currency	735.2	737.4	512.5	(0.3%)	43.4%
- Foreign currency	247.0	207.7	431.4	18.9%	(42.7%)
Debentures	111.3	136.6	185.3	(18.5%)	(40.0%)
Total Debt	**1,093.5**	**1,081.7**	**1,129.2**	**1.1%**	**(3.2%)**
Cash and marketable securities	(311.5)	(377.4)	(284.2)	(17.5%)	9.6%
Net debt	**782.0**	**704.3**	**845.0**	**11.0%**	**(7.5%)**
Cash holdback amount - escrow account	(24.1)	(24.5)	-	n.a.	n.a.
Net debt after retained value	**757.9**	**679.8**	**845.0**	**11.5%**	**(10.3%)**

Table 12 – Main indicators - Brazil - Wholesale business unit

in R$ million	2Q19 (A)	2Q18 (B)	(A)/(B) %	1H19 (C)	1H18 (D)	(C)/(D) %
Net revenue	260.1	236.8	9.8%	535.8	502.0	6.7%
(-) COGS	(204.8)	(167.5)	22.3%	(420.2)	(362.7)	15.9%
Gross profit	55.3	69.3	(20.2%)	115.6	139.3	(17.0%)
Gross Margin %	***21.3%***	***29.3%***	***(8.0 p.p.)***	***21.6%***	***27.7%***	***(6.2 p.p.)***
(-) SG&A	(51.3)	(47.0)	9.1%	(105.2)	(91.2)	15.4%
(+/-) Others	2.7	4.1	(34.1%)	5.6	4.9	14.3%
Operational result	6.7	26.4	(74.6%)	16.0	53.0	(69.8%)
(+) Depreciation and Amortization	14.8	16.9	(12.4%)	29.5	32.9	(10.3%)
EBITDA	21.5	43.3	(50.3%)	45.5	85.9	(47.0%)
EBITDA Margin %	***8.3%***	***18.3%***	***(10.0 p.p.)***	***8.5%***	***17.1%***	***(8.6 p.p.)***
Intercompany revenue	26.8	28.0	(4.3%)	56.1	61.0	(8.0%)
Revenue ex-intercompany	233.3	208.8	11.7%	479.7	441.0	8.8%

Table 13 – Main indicators - Brazil - Retail business unit

Em R$ milhões	2Q19 (A)	2Q18 (B)	(A)/(B) %	1H19 (C)	1H18 (D)	(C)/(D) %
Net revenue	58.4	59.6	(2.0%)	120.9	122.0	(0.9%)
(-) COGS	(27.0)	(27.7)	(2.5%)	(57.0)	(58.1)	(1.9%)
Gross profit	31.4	31.9	(1.6%)	63.9	63.9	0.0%
Gross Margin %	***53.8%***	***53.5%***	***0.2 p.p.***	***52.9%***	***52.4%***	***0.5 p.p.***
(-) SG&A	(33.3)	(33.6)	(0.9%)	(68.3)	(67.3)	1.5%
(+/-) Others	5.5	0.8	587.5%	5.7	0.2	2750.0%
Operational result	3.6	(0.9)	n.a.	1.3	(3.2)	n.a.
(+) Depreciation and Amortization	6.3	1.1	472.7%	12.6	1.9	563.2%
EBITDA	9.9	0.2	4850.0%	13.9	(1.3)	n.a.
EBITDA Margin %	***17.0%***	***0.3%***	***16.6 p.p.***	***11.5%***	***(1.1%)***	***12.6 p.p.***
Number of stores	234	232	0.9%	234	232	0.9%
Owned MMartan	32	32		32	32	
Franchise MMartan	122	127		122	127	
Owned Artex	34	38		34	38	
Franchise Artex	46	35		46	35	
Gross Revenue sell-out	123.8	119.9	3.3%	254.6	241.1	5.6%

Table 14 – Main indicators - Argentina

in R$ million	2Q19 (A)	2Q18 (B)	(A)/(B) %	1H19 (C)	1H18 (D)	(C)/(D) %
Net revenue	36.5	39.5	(7.6%)	68.3	81.0	(15.7%)
(-) COGS	(28.5)	(32.3)	(11.8%)	(55.3)	(64.9)	(14.8%)
Gross profit	8.0	7.2	11.1%	13.0	16.1	(19.3%)
Gross Margin %	***21.9%***	***18.2%***	***3.7 p.p.***	***19.0%***	***19.9%***	***(0.8 p.p.)***
(-) SG&A	(5.5)	(7.1)	(22.5%)	(10.4)	(14.7)	(29.3%)
(+/-) Others	-	-	n.a.	-	-	n.a.
Operational result	2.5	0.1	2400.0%	2.6	1.4	85.7%
(+) Depreciation and Amortization	1.6	0.4	300.0%	2.9	0.8	262.5%
EBITDA	4.1	0.5	720.0%	5.5	2.2	150.0%
EBITDA Margin %	***11.2%***	***1.3%***	***10.0 p.p.***	***8.1%***	***2.7%***	***5.3 p.p.***

Glossary

(**a) EBITDA** – EBITDA is a non-accounting measurement which we prepare and which is reconciled with our financial statement in accordance with CVM Instruction n^{o} 527, when applicable. We have calculated our EBITDA (usually defined as earnings before interest, tax, depreciation and amortization) as net earnings before financial results, the effect of depreciation of our plants, equipment and other permanent assets and the amortization of intangible assets. EBITDA is not a measure recognized under BR GAAP, IFRS or US GAAP. It is not significantly standardized and cannot be compared to measurements with similar names provided by other companies. We have reported EBITDA because we use it to measure our performance. EBITDA should not be considered in isolation or as a substitute for "net income" or "operating income" as indicators of operational performance or cash flow, or for the measurement of liquidity or debt repayment capacity.

(b) Bedding, Tabletop and Bath ("CAMEBA") line – includes bed sheets and pillow cases, sheet sets, tablecloths, towels, rugs and bath accessories.

(c) Intermediate products – yarns and fabrics, in their natural state or dyed and printed, sold to small and medium-sized clothing, knitting and weaving companies.

(d) Sell-out prices – Prices from sales channel to the end customers.

(e) Sell-in prices – Prices from sales from producer/franchisor to the sales channel.

(f) Net debt – Gross debt minus cash and marketable securities minus cash holdbackamount at the escrow account.

(g) Escrow account – funds held by a third party until predetermined contractual obligations are fulfilled.

Balance sheet

in R$ million	2Q19	1Q19	2Q18
Assets			
Current assets	**1,266.6**	**1,285.2**	**1,377.7**
Cash and cash equivalents	189.6	248.5	128.7
Marketable securities	46.5	49.6	62.7
Derivatives and Financial instruments	0.0	2.9	17.9
Accounts receivable	441.1	468.3	473.1
Leases receivable	5.9	5.8	-
Inventories	420.0	397.6	579.8
Advances to suppliers	62.7	59.2	41.6
Recoverable taxes	63.6	17.8	17.1
Other receivables	37.2	35.6	56.7
Noncurrent assets	**2,117.1**	**2,084.9**	**1,451.0**
Long-term assets	**724.5**	**703.1**	**461.1**
Marketable securities	75.4	76.4	74.9
Cash holdback amount	24.1	24.5	-
Receivable - clients	24.5	37.9	33.1
Receivable - sale of property	-	-	57.9
Related parties	76.3	22.1	43.9
Advances to suppliers	53.9	53.9	0.0
Leases receivable	90.5	94.8	-
Recoverable taxes	222.3	233.3	15.6
Deferred income and social contribution taxes	68.3	69.5	149.7
Property, plant and equipment held for sale	36.2	37.3	38.9
Escrow deposits	11.7	12.5	13.3
Others	41.3	41.0	33.8
Permanent	**1,392.5**	**1,381.8**	**989.9**
Investments in affiliate	138.0	140.3	-
Investment properties	360.2	350.5	223.9
Property, plant and equipment	657.2	655.5	647.1
Right-of-use assets	156.1	154.4	-
Intangible assets	81.1	81.1	118.9
Total assets	**3,383.6**	**3,370.1**	**2,828.6**

Balance sheet - continued

in R$ million	2Q19	1Q19	2Q18
Liabilities and Equity			
Current liabilities	**871.5**	**779.4**	**819.4**
Loans and financing	473.2	392.4	421.2
Debentures	74.4	75.0	66.6
Suppliers	137.0	106.8	159.6
Taxes	15.0	16.8	11.2
Income and social contribution taxes payable	0.1	17.7	0.0
Payroll and related charges	66.0	60.3	70.8
Government concessions	20.9	21.3	20.2
Leases payable	34.2	33.0	8.4
Other payables	50.8	56.1	61.5
Noncurrent liabilities	**1,060.0**	**1,108.8**	**844.3**
Loans and financing	509.1	552.6	522.7
Debentures	36.9	61.6	118.7
Leases payable	247.7	248.6	15.4
Related parties	-	0.1	-
Government concessions	44.0	43.4	43.2
Employee benefit plans	99.3	102.6	107.5
Miscellaneous accruals	12.6	12.9	13.6
Deferred taxes	83.3	63.1	4.3
Other obligations	27.1	23.9	18.8
Equity	**1,452.1**	**1,481.9**	**1,165.0**
Capital	1,860.3	1,860.3	1,860.3
Capital reserves	79.4	79.4	79.4
Assets and liabilities valuation adjustment	114.0	114.1	82.4
Cumulative translation adjustment	(248.3)	(244.3)	(260.7)
Earnings reserves	-	-	25.2
Accumulated deficit	(353.3)	(327.5)	(621.6)
Total liabilities and equity	**3,383.6**	**3,370.1**	**2,828.6**

Income Statement

in R$ million	2Q19 (A)	1Q19 (B)	2Q18 [1] (C)	(A)/(B) %	(A)/(C) %
Gross revenues	432.4	447.7	404.0	(3.4%)	7.0%
Net revenues	**328.2**	**340.7**	**307.8**	**(3.7%)**	**6.6%**
Cost of goods sold	**(233.6)**	**(243.3)**	**(199.9)**	**(4.0%)**	**16.9%**
% of net sales	*71.2%*	*71.4%*	*65.0%*	*(0.2 p.p.)*	*6.2 p.p.*
Materials	(118.5)	(120.8)	(93.8)	(1.9%)	26.3%
Conversion costs and others	(99.5)	(107.7)	(88.8)	(7.6%)	12.0%
Depreciation	(15.6)	(14.8)	(17.3)	5.4%	(9.8%)
Gross profit	**94.6**	**97.4**	**107.8**	**(2.9%)**	**(12.3%)**
% Gross Margin	*28.8%*	*28.6%*	*35.0%*	*0.2 p.p.*	*(6.2 p.p.)*
SG&A	**(94.5)**	**(96.4)**	**(91.0)**	**(2.0%)**	**3.8%**
% of net sales	*28.8%*	*28.3%*	*29.6%*	*0.5 p.p.*	*(0.8 p.p.)*
Selling expenses	(65.1)	(67.8)	(61.9)	(4.0%)	5.2%
% of net sales	*19.8%*	*19.9%*	*20.1%*	*(0.1 p.p.)*	*(0.3 p.p.)*
General and administrative expenses	(29.4)	(28.6)	(29.2)	2.8%	0.8%
% of net sales	*9.0%*	*8.4%*	*9.5%*	*0.6 p.p.*	*(0.5 p.p.)*
Others, net	**10.5**	**8.6**	**1.0**	**20.9%**	**n.a.**
% of net sales	*3.2%*	*2.5%*	*0.3%*	*0.6 p.p.*	*2.9 p.p.*
Income from operations	**10.5**	**9.6**	**17.8**	**9.4%**	**(40.8%)**
% of net sales	*3.2%*	*2.8%*	*5.8%*	*0.4 p.p.*	*(2.6 p.p.)*
Financial result	(33.6)	(44.2)	(71.0)	(23.8%)	(52.6%)
Profit (loss) before taxes	**(23.1)**	**(34.6)**	**(53.3)**	**n.a.**	**n.a.**
Income and social contribution taxes	(2.7)	(0.4)	47.0	n.a.	n.a.
Net result from continued operations	**(25.8)**	**(35.0)**	**(6.3)**	**n.a.**	**n.a.**
Net result from discontinued operations	**-**	**194.4**	**15.2**	**n.a.**	**n.a.**
Net income (loss)	**(25.8)**	**159.4**	**8.9**	**n.a.**	**n.a.**

[1] Reclassified, excluding discontinued operations, for comparison purpose

Income Statement - continued

in R$ million	1H19 (A)	1H18 (B)	(A)/(B) %
Gross revenues	880.1	831.8	5.8%
Net revenues	**668.9**	**644.0**	**3.9%**
Cost of goods sold	**(476.9)**	**(425.1)**	**12.2%**
% of net sales	*71.3%*	*66.0%*	*5.3 p.p.*
Materials	(239.3)	(203.5)	17.6%
Conversion costs and others	(207.2)	(187.1)	10.7%
Depreciation	(30.4)	(34.5)	(11.9%)
Gross profit	**192.0**	**218.8**	**(12.3%)**
% Gross Margin	*28.7%*	*34.0%*	*(5.3 p.p.)*
SG&A	**(190.9)**	**(182.8)**	**4.5%**
% of net sales	*28.5%*	*28.4%*	*0.2 p.p.*
Selling expenses	(132.9)	(124.5)	6.8%
% of net sales	*19.9%*	*19.3%*	*0.5 p.p.*
General and administrative expenses	(58.0)	(58.3)	(0.5%)
% of net sales	*17.7%*	*17.1%*	*0.6 p.p.*
Others, net	**19.1**	**0.1**	**n.a.**
% of net sales	*2.9%*	*0.0%*	*2.8 p.p.*
Income from operations	**20.2**	**36.2**	**(44.2%)**
% of net sales	*6.1%*	*10.6%*	*(4.5 p.p.)*
Financial result	(77.8)	(111.7)	(30.3%)
Profit (loss) before taxes	**(57.7)**	**(75.5)**	**n.a.**
Income and social contribution taxes	(3.2)	47.0	n.a.
Net result from continued operations	**(60.8)**	**(28.6)**	**n.a.**
Net result from discontinued operations	**194.4**	**30.6**	**n.a.**
Net income (loss)	**133.5**	**2.0**	**n.a.**

[1] Reclassified, excluding discontinued operations,

Cash Flow Statement

in R$ million	1H19	1H18
Cash flows from operating activities		
Net income (loss) for the period	133.5	2.0
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	55.9	37.3
Result from the sale of discontinued operations	(275.1)	-
Income and social contribution taxes	85.9	(45.5)
Gain on disposal of property, plant and equipment	(0.6)	(3.8)
Exchange rate variations	(4.7)	37.8
Monetary variation	1.4	3.3
Bank charges, interests and commissions	78.1	58.5
	74.4	**89.7**
Changes in assets and liabilities		
Marketable securities	(22.7)	(4.0)
Derivative financial instruments	-	(17.9)
Accounts receivable	58.9	39.6
Inventories	(31.1)	(34.6)
Advances to suppliers	(6.1)	(4.5)
Retained value	(24.1)	-
Suppliers	19.5	(20.4)
Others	(71.8)	15.6
Net cash provided by (used in) operating activities	**(3.1)**	**63.6**
Interest paid on loans	(52.0)	(50.2)
Income and social contribution taxes paid	(3.2)	(1.6)
Net cash provided by (used in) operating activities after interest and taxes	**(58.3)**	**11.8**
Cash flows from investing activities		
Acquisition of permanent investment	(1.4)	0.0
Investment properties	(4.8)	(10.9)
Acquisition of property, plant and equipment	(40.3)	(18.8)
Acquisition of intangible assets	- 0.1	(2.1)
Disposal of property, plant and equipment	0.6	4.4
Disposal of discontinued assets	329.4	-
Loans between related parties	(39.2)	(28.6)
Net cash provided by (used in) investing activities	**244.2**	**(55.9)**
Cash flows from financing activities		
Proceeds from new loans, net of prepaid fees	240.2	459.0
Repayment of loans	(347.7)	(447.2)
Repayment of leases	(28.1)	0.0
Net cash provided by (used in) financing activities	**(135.6)**	**11.8**
Effect of exchange rate changes on cash and cash equivalents of foreign subsidiaries	(0.1)	5.5
Increase (decrease) in cash and cash equivalents	**50.1**	**(26.7)**
Cash and cash equivalents:		
At the beginning of the period	139.5	155.4
At the end of the period	189.6	128.7

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These risks and uncertainties include factors related to the following: the Company´s business strategy, the international and the Brazilian economies, technology, financial strategy, developments in the textile and retail sectors, market conditions, among others. To obtain further information on factors that may give rise to results different from those forecasted by Springs Global, please consult the reports filed with the Brazilian Comissão de Valores Mobiliários (CVM, equivalent to U.S. "SEC").