



## Springs Global's net revenue increases 7.4% in the 2Q15 when compared to the 2Q14.

**São Paulo, August 12, 2015** - Springs Global presents the results for the second quarter of 2015 (2Q15). The financial information is presented in *Reais* (R\$) and in a consolidated form under the IFRS.

Springs is the leading company in bedding, tabletop and bath products in the Americas, with traditional and leading brands in the segments in which they compete, strategically positioned to target customers of different socioeconomic profiles. Springs has vertically integrated operations and state-of-the-art facilities located in Brazil, United States and Argentina.

### Bovespa: SGPS3

Share price on 08/12/15: R\$0.80

Number of shares: 200 million

Market cap: R\$160 million

### Conference call in Portuguese and English

August 13, 2015

2:30 p.m. (Brasília Time)

1:30 p.m. (US ET)

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**Webcast:** The conference call will be broadcast live over the Internet on [www.springs.com/ir](http://www.springs.com/ir).

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### 1. Highlights of the 2Q15:

- Net revenue reached R\$509 million in the 2Q15, an increase of 7.4% when compared to the 2Q14.
- 7.1% increase in the consolidated gross profit when compared to the 2Q14, reaching R\$141 million.
- 94.9% growth in operating income in the 2Q15 versus 2Q14.
- 35.9% increase in EBITDA of the wholesale South America and 8.0 percentage points increase in gross margin, reaching 26.2% in the 2Q15.
- Operating cash flow measured by EBITDA increased by 47.2% when compared to the 2Q14, reaching R\$70 million in the 2Q15.
- 370 basis point increase in the consolidated EBITDA margin, reaching 13.7%.
- During the second quarter, the Company built up inventories of raw materials, which ensures the competitiveness of our production in the second half of the year even with a sharper depreciation of the *Real*.
- Non-recurring results of R\$17.1 million in the 2Q15, impacting the quarter's consolidated indices.
- During the 3Q15, the Company started the conversion of ARTEX owned stores into franchise stores. In the month of July, the Company converted 5 ARTEX stores and 1 mmartan store and has another 6 ARTEX stores and 1 mmartan store already negotiated to be converted by the end of the 3Q15.

## Summary Information for Springs Global:

Summary of results (R\$ million)	2Q15	2Q14	var % 15-14	1H15	1H14	var % 15-14
Gross revenue	622.0	586.6	6.0%	1,284.4	1,205.5	6.5%
Net revenue	508.5	473.5	7.4%	1,056.9	979.3	7.9%
Gross profit	141.0	131.6	7.1%	278.1	259.8	7.0%
Margin %	27.7%	27.8%	(0.3 p.p.)	26.3%	26.5%	(0.2 p.p.)
<b>EBITDA</b>	<b>69.5</b>	<b>47.2</b>	<b>47.2%</b>	<b>116.2</b>	<b>85.4</b>	<b>36.1%</b>
Margin %	13.7%	10.0%	3.7 p.p.	11.0%	8.7%	2.3 p.p.
<b>Net income (loss)</b>	<b>2.4</b>	<b>(12.6)</b>	-	<b>9.0</b>	<b>(34.4)</b>	-

Net revenue (R\$ million)	2Q15	2Q14	var % 15-14	1H15	1H14	var % 15-14
<b>South America</b>	<b>324.0</b>	<b>342.2</b>	<b>(5.3%)</b>	<b>686.4</b>	<b>695.5</b>	<b>(1.3%)</b>
Wholesale*	260.8	275.8	(5.4%)	559.9	562.1	(0.4%)
Retail	63.2	66.4	(4.8%)	126.5	133.4	(5.2%)
<b>North America</b>	<b>199.8</b>	<b>148.7</b>	<b>34.4%</b>	<b>400.0</b>	<b>319.4</b>	<b>25.2%</b>
<b>Total net revenue</b>	<b>508.5</b>	<b>473.5</b>	<b>7.4%</b>	<b>1,056.9</b>	<b>979.3</b>	<b>7.9%</b>

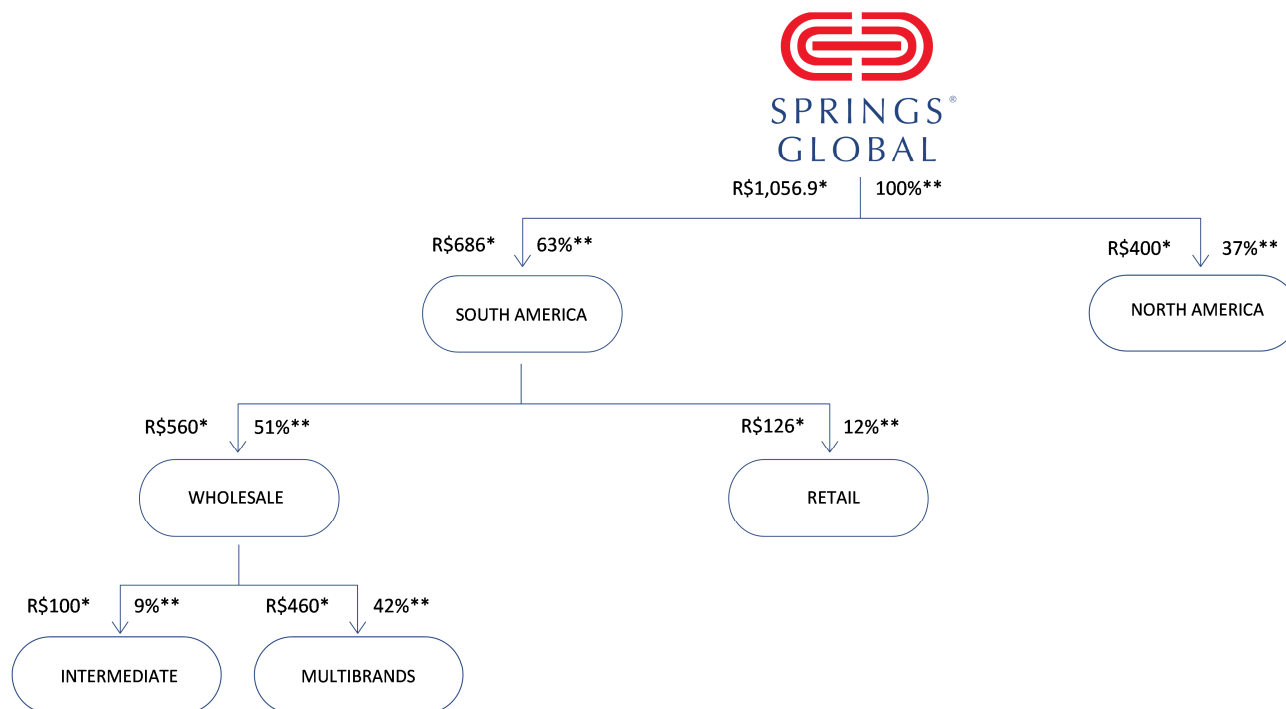
\*Excluding the intercompany sales, net revenue of the wholesale segment in South America was R\$246 in the 2Q15 and R\$530 million in the 1H15.

Product Lines	Net Revenue (R\$ million)			Volume (tons)			Average price (R\$)/Kg		
	2Q15	2Q14	var % 15-14	2Q15	2Q14	var % 15-14	2Q15	2Q14	var % 15-14
Bedding, tabletop and bath	242.8	246.9	(1.7%)	8,083	9,184	(12.0%)	30.0	26.9	11.5%
Utility bedding	152.0	103.9	46.3%	9,953	8,761	13.6%	15.3	11.9	28.6%
Intermediate products	50.5	56.3	(10.3%)	5,873	7,027	(16.4%)	8.6	8.0	7.5%
Retail	63.2	66.4	(4.8%)	-	-	-	-	-	-
<b>Total</b>	<b>508.5</b>	<b>473.5</b>	<b>7.4%</b>	<b>23,909</b>	<b>24,972</b>	<b>(4.3%)</b>	<b>21.3</b>	<b>19.0</b>	<b>12.1%</b>

Product Lines	Net Revenue (R\$ million)			Volume (tons)			Average price (R\$)/Kg		
	1H15	1H14	var % 15-14	1H15	1H14	var % 15-14	1H15	1H14	var % 15-14
Bedding, tabletop and bath	522.5	507.2	3.0%	17,903	20,045	(10.7%)	29.2	25.3	15.4%
Utility bedding	308.2	226.9	35.8%	20,850	19,316	7.9%	14.8	11.7	26.5%
Intermediate products	99.7	111.9	(10.9%)	12,339	14,140	(12.7%)	8.1	7.9	2.5%
Retail	126.5	133.3	(5.1%)	-	-	-	-	-	-
<b>Total</b>	<b>1,056.9</b>	<b>979.3</b>	<b>7.9%</b>	<b>51,092</b>	<b>53,501</b>	<b>(4.5%)</b>	<b>20.7</b>	<b>18.3</b>	<b>13.1%</b>

## 2. Our Business Model:

Springs is structured in 3 business segments: Wholesale South America, Wholesale North America and Retail. Net revenue by business segment and its share in the total consolidated net revenue is shown below:



\* 1H15 net revenue (R\$ million)

\*\* % of 1H15 net revenue

### 2.1. OUR OPERATIONS AND OUR BRANDS

Springs operates state-of-the-art industrial facilities of home textile products with nine plants in Brazil, five in the United States, and one in Argentina. In Brazil, Springs operates vertically integrated plants, from spinning, through weaving, preparation, dyeing, printing, finishing and sewing of home textile products. The Company's manufacturing activities are focused in three product lines: Bedding, Tabletop and Bath ("CAMEBA"), Utility Bedding and Intermediate Products.

**Bedding, Tabletop and Bath (CAMEBA):** The Company designs, manufactures and markets a complete line of coordinated products using its portfolio of brands and licenses in addition to private labels, which are distributed through major retailers in their market and through owned and franchised monobrand stores. The products line includes bed sheets and pillowcases, tablecloths, towels, rugs and bath accessories.

**Utility Bedding:** This product category includes pillows, mattress pads, and quilts. The manufacturing facilities of these products are located in the United States and Brazil.

**Intermediate Products:** The Company manufactures and sells yarns and fabrics to clients represented mainly by small and medium garment, knitwear and weaving companies. The fabrics are sold in their natural state or dyed and printed.

Springs distributes its products through wholesale and retail as discussed below.

### 2.1.1. WHOLESALE SOUTH AMERICA

The Company's CAMEBA and Intermediate Products are sold to multibrand clients in South America under a portfolio of traditional and leading brands, including: Artex and Santista (Brazil), Arco-Íris, Fantasia, and Palette (Argentina). The main customers in this segment are department stores, mass retailers, as well as small and medium sized shops specialized in CAMEBA products.

Our brands represent an important competitive advantage. All Springs' brands are traditional and leaders in the segments in which they compete. Our brands and products are strategically positioned to target customers of different socioeconomic profiles, while reducing the risk of overlap and competition among them. The brands are:

**Artex (Brazil):** Quality products under the concept of affordable luxury, updated with the latest fashion trends. There are four different Home Life Styles: Actual, Relax, Trend, and Elegance.

**Santista (Brazil):** Traditional brand of bedding, tabletop and bath products and bedding accessories with significant penetration in the "budget consumer" and institutional markets.

**Palette (Argentina):** Brand for quality products under the concept of affordable luxury. Market leading brand with over 30 years of presence in the Argentinean market.

**Arco-Íris (Argentina):** Brand offering traditional design and style, focusing on different tastes and trends, and with major market penetration.

**Fantasia (Argentina):** Bedding and bath textile products for clients in the "budget consumer" segment.

### 2.1.2 RETAIL

In Brazil, the Company operates owned and/or franchised monobrand stores under the Artex, MMartan and Casa Moisés brands that, combined, ensure a presence and coverage throughout its domestic market. Each of its store brands operates specific and well defined store formats, including a portfolio of proprietary products and a set of marketing and merchandising strategies aimed at serving targeted consumer groups.

**Artex:** Artex stores are focused on serving customers interested in good quality products which are offered in a wide range of styles and colors, as well as competitive prices and efficient customer service. Artex's products are manufactured by the Company.

**MMartan:** Desired brand in the bedding, tabletop and bath category. It is synonymous with quality, sophisticated and contemporary products, representing a major brand in the domestic bedding, tabletop and bath market. MMartan's products are manufactured by the Company using high quality fabrics and imported products.

**Casa Moisés:** Aimed at consumers who seek the highest standard of quality and with expectation of differentiated service. It is a reference brand in the high-end luxury market, with presence and tradition since 1930. Casa Moisés' products are manufactured by the Company using high quality fabric imported from third parties and are sold exclusively through MMartan and Casa Moisés stores.

### 2.1.3 NORTH AMERICA

The Company's CAMEBA and Utility Bedding are sold to multibrand clients in North America under a portfolio of traditional and leading brands, including: Springmaid, Wabasso and Texmade (North America). The main Springs customers in this segment are department stores, mass retailers, as well as small and medium sized shops specialized in CAMEBA products.

**Springmaid (USA and Canada):** Brand positioned in the affordable luxury segment. Primarily marketed through large retailers in North America.

**Wabasso (Canada):** Established in 1907 as a national brand of textile products in Canada. Wabasso is synonymous with quality, taste, style and comfort.

**Texmade (Canada):** Traditional brand of bedding and bath products focusing on institutional clients in Canada.

### 3. Financial Performance

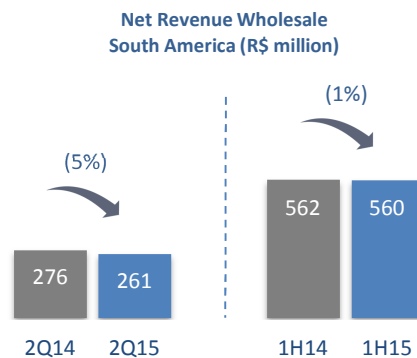
Springs reports its results, segregated between Wholesale South America (Brazil and Argentina), Retail (Brazil) and North America (United States and Canada); its business units.

In the 2Q15, net revenue in South America presented a 5.3% decrease, from R\$342 million in the 2Q14 to R\$324 million in the 2Q15, representing 64% of the total revenue of the Company.

#### 3.1. South America - Wholesale:

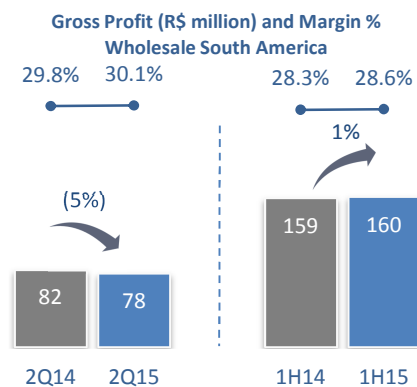
##### 3.1.1 Net Revenue

Net revenue of the wholesale segment in South America reached R\$261 million in the 2Q15, a 5.4% decrease when compared to the 2Q14. This decrease is due, mainly, to the revenue decrease of intermediate products. The Company projects a lower contribution of intermediate products to its total revenue, due to production growth of finished products, which have higher added value.



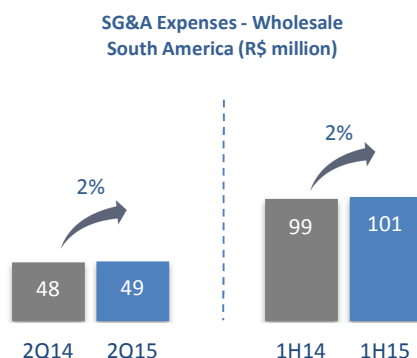
##### 3.1.2 Gross Profit

In the 2Q15, gross profit of the wholesale segment in South America was R\$78 million. Gross margin increased 0.3 percentage point, from 29.8% in the 2Q14 to 30.1% in the 2Q15. Sales of higher added value products contributed to the gross margin growth.



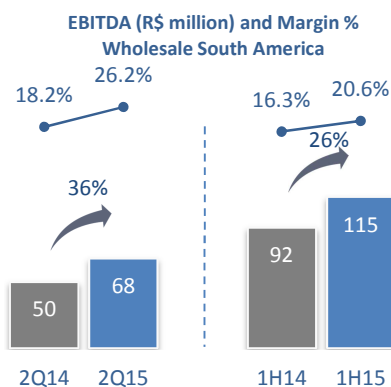
### 3.1.3 SG&A

SG&A of the wholesale segment in South America was R\$49 million, practically stable when compared to the 2Q14, which reached R\$48 million.



### 3.1.4 EBITDA

EBITDA of the wholesale segment in South America was R\$68 million in the 2Q15, representing an increase of 35.9% when compared to the 2Q14, which totaled R\$50 million. EBITDA margin increased 8.0 percentage points, from 18.2% in the 2Q14 to 26.2% in the 2Q15.



## 3.2 South America - Retail:

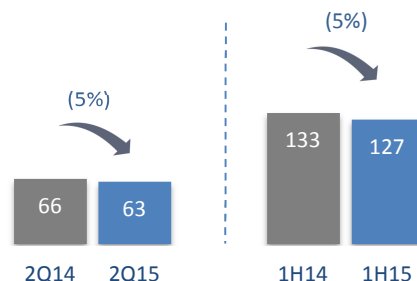
### 3.2.1 Net Revenue

Net revenue for the Company's retail operation reached R\$63 million in the 2Q15, a decrease of 4.8% when compared to the 2Q14. *Sell-out* revenue of all AMMO retail stores was R\$108 million in the 2Q15, practically stable when compared to the 2Q14.



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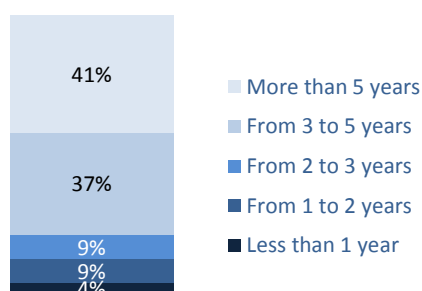
Net Revenue Retail  
(R\$ million)



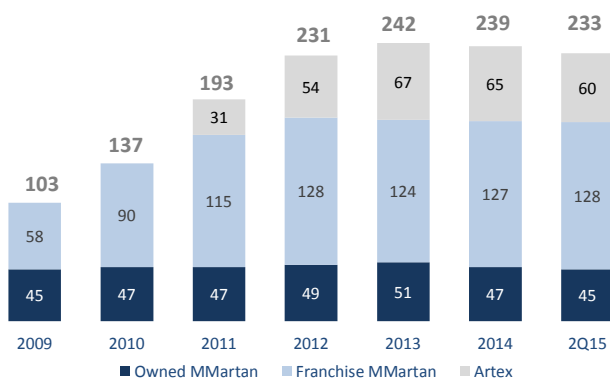
	2Q15	2Q14	% var 15-14	1H15	1H14	% var 15-14
Number of Stores	233	238	-	233	238	-
Owned MMartan	45	51	-	45	51	-
Franchise MMartan	128	121	-	128	121	-
Owned Artex	60	66	-	60	66	-
Net revenue (R\$ million)	63.2	66.4	(4.8%)	126.5	133.3	(5.1%)
Gross revenue sell-out (R\$ million)	107.5	108.1	(0.6%)	218.3	223.1	(2.2%)

Realigning the number of stores in the retail operation, ending operations of unprofitable stores, and increasing the number of franchised stores versus owned stores. Springs ended the 2Q15 with 233 owned and franchised stores. At the end of the 2Q15, 22% of the Company stores were between 0 and 3 years and 37% between 3 and 5 years. During the 3Q15, the Company started the conversion of ARTEX owned stores into franchise. In the month of July, the Company converted 5 ARTEX stores and 1 mmartan store and has another 6 ARTEX stores and 1 mmartan store already negotiated to be converted by the end of the 3Q15.

Age of the Stores - 2Q15

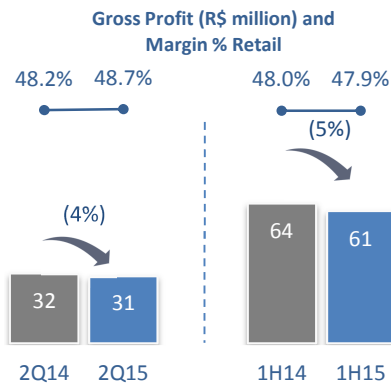


Number of Stores - 2Q15



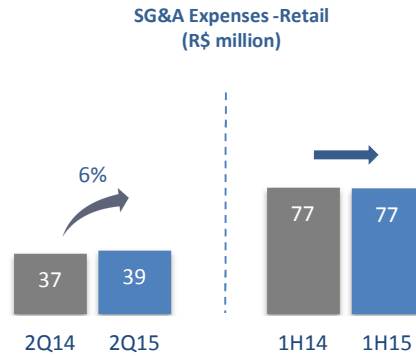
### 3.2.2 Gross Profit

Gross profit of the retail segment in South America reached R\$31 million in the 2Q15. Gross margin increased 0.5 percentage point in the 2Q15, from 48.2% in the 2Q14 to 48.7% in the 2Q15. The focus of the retail operation continues on optimizing the use of existing assets and expanding the number of franchised stores versus owned stores.



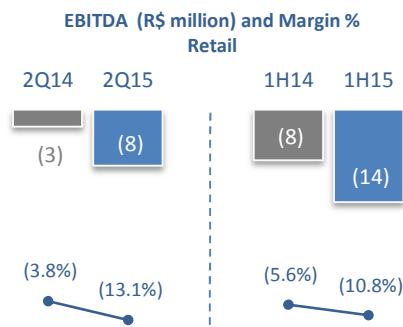
### 3.2.3 SG&A

In the retail segment, SG&A expenses increased by 5.7% in the 2Q15 when compared to the 2Q14, from R\$37 million in the 2Q14 to R\$39 million in the 2Q15, due to costs resulting from the closing of some stores.



### 3.2.4 EBITDA

EBITDA of the retail segment was a loss of R\$8 million in the 2Q15, a decrease when compared to the 2Q14, impacted, mainly, by the costs resulting from the closing of stores and the conversion of owned stores into franchised stores.

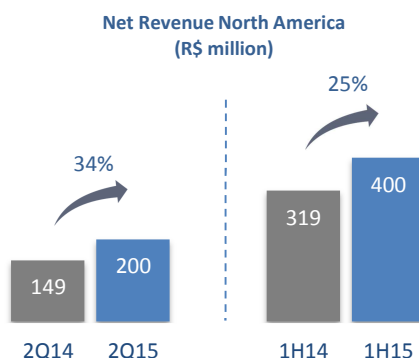




### 3.3 North America:

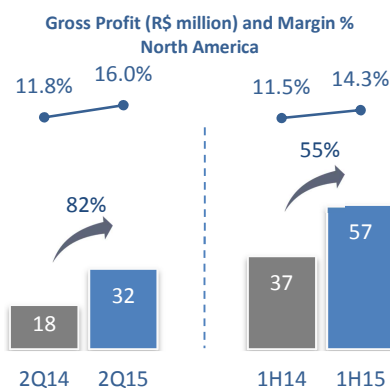
#### 3.3.1 Net Revenue

Net revenue in North America increased by 34.4% when compared to the 2Q14, reaching R\$200 million in the 2Q15, due to the conversion of foreign revenue into *Reais*.



#### 3.3.2 Gross Profit

Gross profit in North America was R\$32 million in the 2Q15, representing an 82.3% increase when compared to the 2Q14, which totaled R\$18 million. Gross margin in the 2Q15 was 16.0%, a 4.2 percentage points increase when compared to the margin of the same period of the previous year.



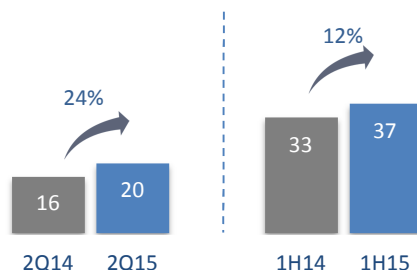
#### 3.3.3 SG&A

SG&A in North America was R\$20 million in the 2Q15, a 23.6% increase when compared to the 2Q14, due, mainly, to the impact of the exchange rate depreciation on the conversion of the U.S. Dollar denominated expenses into *Reais*.



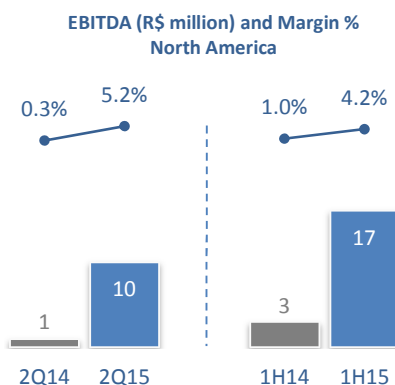
SPRINGS<sup>®</sup>  
GLOBAL

SG&A Expenses -North America  
(R\$ million)



### 3.3.4 EBITDA

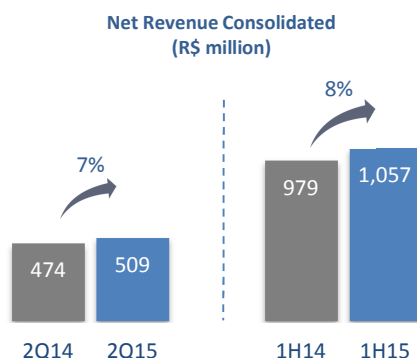
EBITDA in North America increased from R\$1 million in the 2Q14 to R\$10 million in the 2Q15. EBITDA margin increased by 4.9 percentage points, from 0.3% in the 2Q14 to 5.2% in the 2Q15.



### 3.4 Consolidated:

#### 3.4.1 Net Revenue

Consolidated gross revenue reached R\$622 million in the 2Q15. Consolidated net revenue increased by 7.4% when compared to the 2Q14, reaching R\$509 million in the 2Q15. In the 1H15, net revenue reached R\$1,057 million.



#### 3.4.2 Cost of Goods Sold (COGS)

Cost of goods sold (COGS) was R\$367 million, representing an increase of 7.5% when compared to the 2Q14, which totaled R\$342 million. As a percentage of net revenue, COGS remained practically stable at 72%. The table

below presents, for the periods indicated, materials costs, conversion and others, as well as depreciation costs for the production and distribution assets:

Cost of goods sold (R\$ million)	2Q15	% NR	2Q14	% NR	var % 15-14	1H15	% NR	1H14	% NR	var % 15-14
Materials	224.7	44.2%	208.2	44.0%	7.9%	481.2	45.5%	442.0	45.1%	8.9%
Conversion costs and Others	124.7	24.5%	113.7	24.0%	9.7%	260.6	24.7%	238.0	24.3%	9.5%
Depreciation	18.1	3.6%	20.0	4.2%	(9.5%)	37.0	3.5%	39.5	4.1%	(6.3%)
<b>Total</b>	<b>367.5</b>	<b>72.3%</b>	<b>341.9</b>	<b>72.2%</b>	<b>7.5%</b>	<b>778.8</b>	<b>73.7%</b>	<b>719.5</b>	<b>73.5%</b>	<b>8.2%</b>

COGS was distributed as follows:



### 3.4.2.1 Materials:

Materials costs, which include mainly raw materials (cotton and polyester) and chemicals, increased by 7.9% in the period, from R\$208 million in the 2Q14 to R\$225 million in the 2Q15. As a percentage of net revenue, material costs were 44.2% in the 2Q15.

### 3.4.2.2 Conversion costs and Others:

Conversion costs and others, which include mainly labor, energy, and other utilities, increased by 9.7%, from R\$114 million in the 2Q14 to R\$125 million in the 2Q15. Conversion costs as a percentage of net revenue remained stable, reaching 24.0% in the 2Q15.

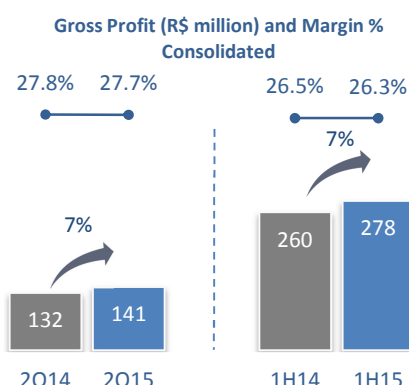
### 3.4.2.3 Depreciation:

Depreciation costs of production and distribution assets totaled R\$18 million in the 2Q15.

### 3.4.3 **Gross Profit**

Gross profit increased by 7.1%, from R\$132 million in the 2Q14 to R\$141 million in the 2Q15. Gross margin remained practically stable, reaching 27.7% in the 2Q15.

The graph below presents, for the periods indicated, gross profit:



The table below presents, for the periods and segments indicated, gross profit:

	South America						North America			Total		
	Wholesale*			Retail			Wholesale			Consolidated		
Gross Profit (R\$ million)	2Q15	2Q14	var % 15-14	2Q15	2Q14	var % 15-14	2Q15	2Q14	var % 15-14	2Q15	2Q14	var % 15-14
Net revenue	260.8	275.8	(5.4%)	63.2	66.4	(4.8%)	199.8	148.7	34.4%	508.5	473.5	7.4%
(-) COGS	(182.4)	(193.7)	(5.8%)	(32.4)	(34.4)	(5.8%)	(167.9)	(131.2)	28.0%	(367.5)	(341.9)	7.5%
Gross Profit	78.4	82.1	(4.5%)	30.8	32.0	(3.7%)	31.9	17.5	82.3%	141.0	131.6	7.1%
<b>Margin %</b>	<b>30.1%</b>	<b>29.8%</b>	<b>0.3 p.p.</b>	<b>48.7%</b>	<b>48.2%</b>	<b>0.5 p.p.</b>	<b>16.0%</b>	<b>11.8%</b>	<b>4.2 p.p.</b>	<b>27.7%</b>	<b>27.8%</b>	<b>(0.1 p.p.)</b>

\*Excluding the intercompany sales, net revenue of the wholesale segment in South America was R\$246 in the 2Q15.

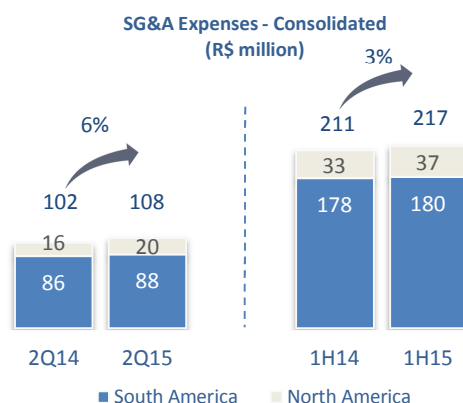
	South America						North America			Total		
	Wholesale*			Retail			Wholesale			Consolidated		
Gross Profit (R\$ million)	1H15	1H14	var % 15-14	1H15	1H14	var % 15-14	1H15	1H14	var % 15-14	1H15	1H14	var % 15-14
Net revenue	559.9	562.1	(0.4%)	126.5	133.4	(5.2%)	400.0	319.4	25.2%	1,056.9	979.3	7.9%
(-) COGS	(399.6)	(403.1)	(0.9%)	(65.9)	(69.4)	(5.0%)	(342.8)	(282.6)	21.3%	(778.8)	(719.5)	8.2%
Gross Profit	160.3	159.0	0.8%	60.6	64.0	(5.3%)	57.2	36.8	55.4%	278.1	259.8	7.0%
<b>Margin %</b>	<b>28.6%</b>	<b>28.3%</b>	<b>0.3 p.p.</b>	<b>47.9%</b>	<b>48.0%</b>	<b>(0.1 p.p.)</b>	<b>14.3%</b>	<b>11.5%</b>	<b>2.8 p.p.</b>	<b>26.3%</b>	<b>26.5%</b>	<b>(0.2 p.p.)</b>

\*Excluding the intercompany sales, net revenue of the wholesale segment in South America was R\$530 in the 1H15.

### 3.4.4 SG&A

SG&A (R\$ million)	2Q15	2Q14	var % 15-14	1H15	1H14	var % 15-14
<b>SG&amp;A South America</b>	<b>88.4</b>	<b>85.6</b>	<b>3.3%</b>	<b>179.8</b>	<b>178.4</b>	<b>0.8%</b>
Selling - wholesale	32.4	32.3	0.3%	69.2	67.6	2.4%
Selling - retail	33.4	31.6	5.7%	66.1	66.5	(0.6%)
General and administrative	22.6	21.7	4.1%	44.5	44.3	0.5%
<b>SG&amp;A North America</b>	<b>19.9</b>	<b>16.1</b>	<b>23.6%</b>	<b>36.9</b>	<b>33.0</b>	<b>11.8%</b>
<b>SG&amp;A Total</b>	<b>108.3</b>	<b>101.7</b>	<b>6.5%</b>	<b>216.7</b>	<b>211.4</b>	<b>2.5%</b>

SG&A expenses increased by 6.5% in the 2Q15 when compared to the 2Q14, reaching R\$108 million in the 2Q15. As a percentage of net revenue, SG&A expenses in the 2Q15 remained practically stable when compared to the 2Q14, reaching 21.3%.

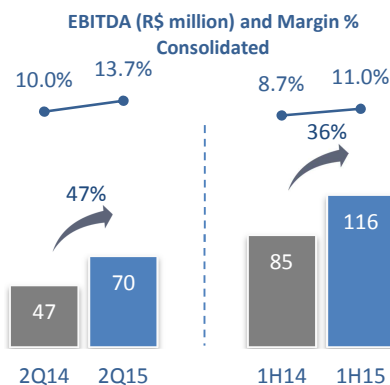


### 3.4.5 EBITDA

EBITDA totaled R\$70 million in the 2Q15, representing an increase of 47.2% when compared to the 2Q14. EBITDA margin in the 2Q15 reached 13.7%, a 3.7 percentage points increase when compared to the 2Q14. Excluding the non-recurring result, EBITDA in the 2Q15 reached R\$53 million.

EBITDA (R\$ million)	2Q15	2Q14	var % 15-14	1H15	1H14	var % 15-14
Income (Loss) for the year	2.4	(12.6)	-	9.0	(34.4)	-
(+) Income and social contribution taxes	(1.5)	(0.4)	275.0%	(2.7)	(1.0)	170.0%
(+) Financial results	49.0	38.7	26.6%	69.8	77.2	(9.6%)
(+) Depreciation and amortization	19.6	21.5	(8.8%)	40.1	43.6	(8.0%)
<b>EBITDA</b>	<b>69.5</b>	<b>47.2</b>	<b>47.2%</b>	<b>116.2</b>	<b>85.4</b>	<b>36.1%</b>
Margin %	13.7%	10.0%	3.7 p.p.	11.0%	8.7%	2.3 p.p.

The graph below presents the EBITDA breakdown for the indicated periods:



### 3.5 Financial Results

Net financial expenses in the 2Q15 totaled R\$49 million, compared to the R\$39 million of the same period of the previous year. The main factors that contributed to this result are discussed below.

Financial results (R\$ million)	2Q15	2Q14	var % 15-14	1H15	1H14	var % 15-14
Financial income	5.6	2.5	124.0%	11.0	4.5	144.4%
Financial expenses - interests	(36.5)	(26.7)	36.7%	(68.9)	(49.5)	39.2%
Financial expenses - bank charges and others	(14.3)	(10.2)	40.2%	(29.4)	(26.4)	11.4%
Exchange rate variations, net	(3.8)	(4.3)	(11.6%)	17.5	(5.8)	-
<b>Financial results</b>	<b>(49.0)</b>	<b>(38.7)</b>	<b>26.6%</b>	<b>(69.8)</b>	<b>(77.2)</b>	<b>(9.6%)</b>

Financial income increased from R\$3 million in the 2Q14 to R\$6 million in the 2Q15 and interest expenses increased from R\$27 million in the 2Q14 to R\$37 million in the 2Q15 due, mainly, to the SELIC rate (Brazilian interest rate) increase in the 2Q15 when compared to the 2Q14. Bank charges and others increased from R\$10 million in the 2Q14 to R\$14 million in the 2Q15.

The balance of net exchange rate variations reached an expense of R\$4 million in the 2Q15, reflecting the current position of exposure to the U.S. Dollar.

### 3.6 Net Income (Loss)

As a result of what was previously discussed, the Company reported net income of R\$2.4 million in the 2Q15.

### 4. Capital Expenditures (CAPEX)

Our CAPEX reached R\$10 million in the 2Q15 and R\$12 million in the 2Q14. During the 2Q15, investments in manufacturing facilities reflected, mainly, asset modernization. In retail, investments are associated with restructurings and improvements of our owned stores.

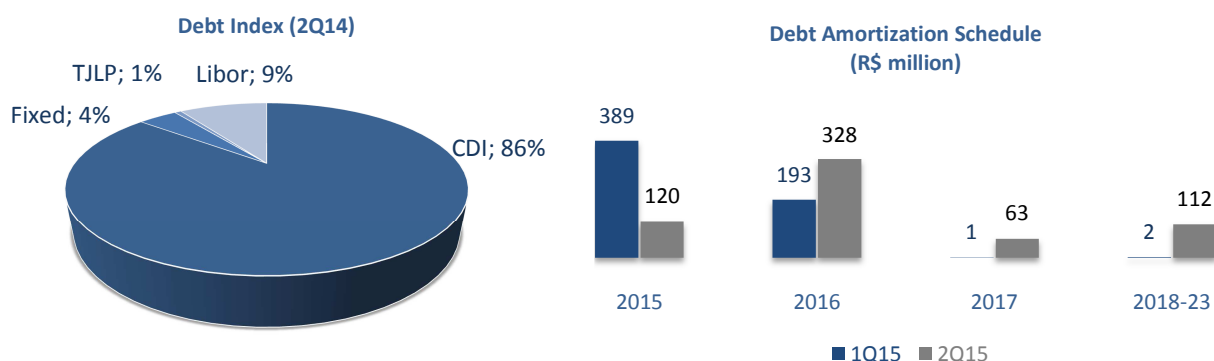
Investment (R\$ million)	2Q15	2Q14	var % 15-14
Manufacturing facilities	8.6	8.8	(2.3%)
Retail	1.2	3.0	(60.0%)
<b>Total</b>	<b>9.8</b>	<b>11.8</b>	<b>(16.9%)</b>

### 5. Indebtedness and Working Capital

As shown in the graph below, the Company renewed its short-term financing loans for new agreements with similar terms, with maturities ranging from 1 to 3 years.

Indebtedness (R\$ million)	2Q15	1Q15	var % 2Q-1Q
Loans and financing	622.9	584.7	6.5%
- Domestic currency	561.6	522.7	7.4%
- Foreign currency	61.3	62.0	(1.1%)
Debentures	267.0	274.5	(2.7%)
Cash and marketable securities	(110.2)	(132.2)	(16.6%)
<b>Net debt</b>	<b>779.7</b>	<b>727.0</b>	<b>7.2%</b>

The variation in net debt in the 2Q15 when compared to the 1Q15 is due, mainly, to the increase of raw material inventory, ensuring the competitiveness of our production, however it will be reduced throughout the second semester.

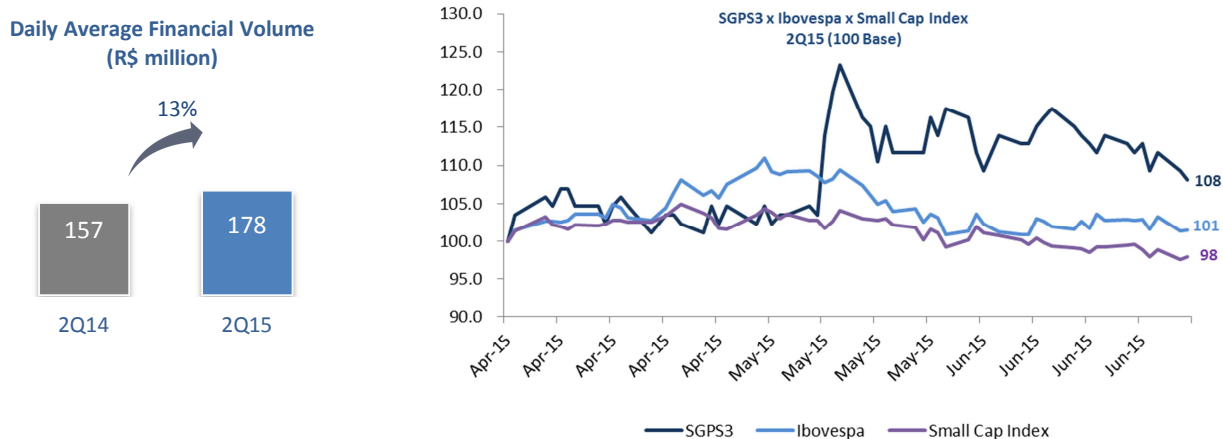


In financial terms, the working capital needs were R\$1,027 million in the 2Q15.

Working capital (R\$ million)	2Q15	1Q15	var % 2Q-1Q
Accounts receivable	516.5	517.6	(0.2%)
Inventories	675.3	624.7	8.1%
Advances to suppliers	37.0	49.7	(25.6%)
Suppliers	(202.3)	(192.8)	4.9%
<b>Working capital</b>	<b>1,026.5</b>	<b>999.2</b>	<b>2.7%</b>

## 6. Investor Relations and Capital Market

Springs Global's shares, traded on the BM&FBovespa under the ticker SGPS3, over performed the Bovespa Index (Ibovespa) and the Small Cap Index in the 2Q15, as shown in the graph below. Concerning its liquidity, the daily average financial volume on the BM&FBovespa was R\$178 thousand in the 2Q15, an increase of 13% when compared to the 2Q14, which was R\$157 thousand.



## 7. Outlook

Springs confirms its focus on improving the profitability of its businesses, which will be obtained (1) by higher capacity utilization of the plants in Brazil, resulting in higher fixed costs absorption, (2) by higher conversion of intermediate products (yarns and fabrics) into finished products with higher added value, and (3) by the execution of the monobrand retail growth plan, especially with the Artex brand, focusing on the franchise model, which leverages growth with low capital demand.

In this context, we provide the guidance for 2015, in line with the Company's budget.

Business Units	Amount (R\$ million)	
Wholesale - South America	1,150 - 1,260	●
Retail	260 - 300	●
Wholesale - North America	740 - 790	●
<b>Total Net Revenue</b>	<b>2,150 - 2,350</b>	●
EBIT	110 - 140	●
EBITDA	200 - 230	●
CAPEX	40 - 50	●

Springs, therefore, continues to focus on growth with improved profitability and capital discipline, from a solid platform in the wholesale segment in South America and the potential for expansion and consolidation of its monobrand retail operations.



## Appendix

- I. Balance Sheet
- II. Income Statement
- III. Cash Flow

## Balance Sheet

Assets (R\$ million)	2Q15	1Q15
<b>Current asset</b>	<b>1,391.2</b>	<b>1,390.3</b>
Cash and cash equivalents	108.6	130.5
Marketable securities	1.6	1.6
Accounts receivable	516.5	517.6
Inventories	675.3	624.7
Advances to suppliers	37.0	49.7
Recoverable taxes	28.5	43.4
Receivable - sale of property	1.9	-
Other receivables	21.8	22.8
<b>Noncurrent assets</b>	<b>214.9</b>	<b>161.2</b>
Receivable - sale of property	43.7	-
Related parties	28.8	17.4
Recoverable taxes	4.3	4.5
Deferred income and social contribution taxes	65.7	65.1
Property, plant and equipment held for sale	46.7	48.5
Escrow deposits	19.2	18.0
Others	6.5	7.7
Permanent	936.6	972.4
Other investments	2.2	2.3
Property, plant and equipment	811.7	844.6
Intangible assets	122.7	125.5
<b>Total assets</b>	<b>2,542.7</b>	<b>2,523.9</b>
<b>Liabilities and Equity (R\$ million)</b>	<b>2Q15</b>	<b>1Q15</b>
<b>Current liabilities</b>	<b>876.1</b>	<b>777.4</b>
Loans and financing	402.8	425.8
Debenture	134.4	7.5
Suppliers	202.3	192.8
Taxes	10.4	7.9
Payroll and related charges	55.9	53.3
Government concessions	17.3	16.6
Noneconomic leases	4.3	5.2
Other payables	48.7	68.3
<b>Noncurrent liabilities</b>	<b>575.3</b>	<b>653.8</b>
Loans and financing	220.1	158.9
Debenture	132.6	266.9
Noneconomic leases	16.9	16.5
Government concessions	48.0	48.0
Employee benefit plans	113.5	119.7
Miscellaneous accruals	23.3	22.7
Other obligations	20.9	21.1
<b>Equity</b>	<b>1,091.3</b>	<b>1,092.7</b>
Capital	1,860.3	1,860.3
Capital reserves	79.4	79.4
Assets and liabilities valuation adjustment	(40.3)	(40.3)
Cumulative translation adjustment	(213.7)	(210.2)
Income reserves	25.2	25.2
Retained deficit	(628.3)	(630.6)
Noncontrolling interest	8.7	8.9
<b>Total liabilities and equity</b>	<b>2,542.7</b>	<b>2,523.9</b>

## Income Statement

Consolidated Income Statement (\$ million)	2Q15	2Q14	var % 15-14
Gross revenues	622.0	586.6	6.0%
<b>Net revenues</b>	<b>508.5</b>	<b>473.5</b>	<b>7.4%</b>
<b>Cost of goods sold</b>	<b>(367.5)</b>	<b>(341.9)</b>	<b>7.5%</b>
<i>% of net sales</i>	72.3%	72.2%	0.1 p.p.
Materials	(224.7)	(208.2)	7.9%
Conversion costs and others	(124.7)	(113.7)	9.7%
Depreciation	(18.1)	(20.0)	(9.5%)
<b>Gross profit</b>	<b>141.0</b>	<b>131.6</b>	<b>7.1%</b>
<i>% of net sales</i>	27.7%	27.8%	(0.1 p.p.)
<b>SG&amp;A</b>	<b>(108.3)</b>	<b>(101.7)</b>	<b>6.5%</b>
<i>% of net sales</i>	21.3%	21.5%	(0.2 p.p.)
Selling expenses	(72.9)	(70.3)	3.7%
<i>% of net sales</i>	14.3%	14.8%	(0.5 p.p.)
General and administrative expenses	(35.4)	(31.4)	12.7%
<i>% of net sales</i>	7.0%	6.6%	0.4 p.p.
<b>Others, net</b>	<b>17.2</b>	<b>(4.3)</b>	-
<i>% of net sales</i>	3.4%	(0.9%)	4.3 p.p.
<b>Income from operations</b>	<b>49.9</b>	<b>25.6</b>	<b>94.9%</b>
<i>% of net sales</i>	9.8%	5.4%	4.4 p.p.
Financial result	(49.0)	(38.6)	26.9%
<b>Loss from operations before taxes</b>	<b>0.9</b>	<b>(13.0)</b>	-
Income and social contribution taxes	1.5	0.4	275.0%
<b>Net income (loss) for the period</b>	<b>2.4</b>	<b>(12.6)</b>	-

## Cash Flow

<b>Consolidated Statements of Cash Flow (R\$ million)</b>	<b>1H15</b>	<b>1H14</b>
Net income (loss) for the period	9.0	(34.4)
Depreciation and amortization	40.1	43.6
Income and social contribution taxes	(2.7)	(1.0)
Loss on disposal of noncurrent assets	(29.1)	17.7
Impairment losses of property, plant and equipment	-	1.2
Exchange rate variations	(13.3)	(3.5)
Bank charges and interests	52.6	36.3
<b>Cash flows from operating activities</b>	<b>56.6</b>	<b>59.9</b>
<b>Changes in assets and liabilities</b>		
Marketable securities	(0.2)	-
Accounts receivable	6.0	55.3
Inventories	(85.7)	(31.0)
Advances to suppliers	9.7	1.0
Suppliers	35.2	(28.1)
Others	29.3	(26.2)
<b>Net cash provided in operating activities</b>	<b>50.9</b>	<b>30.9</b>
Interest paid	(62.9)	(31.2)
Income and social contribution taxes paid	(1.0)	(0.2)
<b>Net cash used in operating activities after interest and taxes (I)</b>	<b>(13.0)</b>	<b>(0.5)</b>
<b>Cash flows from investing activities</b>		
In acquisition of property, plant and equipment	(22.8)	(26.7)
In intangible assets	-	(0.2)
Disposal of property, plant and equipment	6.7	25.5
Loans between related parties	(25.6)	(18.5)
<b>Net cash used in investing activities (II)</b>	<b>(41.7)</b>	<b>(19.9)</b>
<b>Cash flows from financing activities</b>		
Proceeds from new loans	386.7	67.9
Repayment of loans	(354.3)	(100.2)
<b>Net cash provided in (used in) financing activities (III)</b>	<b>32.4</b>	<b>(32.3)</b>
Effect of exchange rate changes on cash and cash equivalents in foreign subsidiaries (IV)	1.3	(1.0)
<b>Decrease in cash and cash equivalents (I+II+III+IV)</b>	<b>(21.0)</b>	<b>(53.7)</b>
<b>Cash and cash equivalents:</b>		
At the beginning of the period	129.6	81.6
At the end of the period	108.6	27.9
<b>Decrease in cash and cash equivalents</b>	<b>(21.0)</b>	<b>(53.7)</b>