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Springs Global: The launch of digital franchise opens door for strong growth

São Paulo, March 22nd, 2018 - Springs Global Participações S.A. (Springs Global), the Americas' largest company in bedding, tabletop and bath products, reported in 2017 net revenue of R$ 2,198.7 million, with gross margin of 26.3% and EBITDA margin of 11.6%.

About Springs Global

Springs Global is the America's largest company 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, United States and Argentina.

B3: SGPS3

As of 12/31/2017:

Closing share price: R$ 10.49

Market cap: R$ 524.5 million

Conference call

Date: 03/23/2018
Time: 11 pm São Paulo time / 10 am New York time / 2 pm London time

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

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The highlights of Springs Global's performance in 2017 were:

- Net revenue of R$ 2,198.7 million, with gross margin equal to 26.3%;
- EBITDA[a] of R$ 254.6 million, stable year-over-year (yoy)[1];
- EBITDA margin of 11.6%, with a 0.4 percentage point (pp) expansion against 2016[1];
- Income from operations amounted to R$ 180.9 million, stable yoy[1];
- Decrease of R$ 28.5 million, or 16.6%, in financial expenses – interests;
- Net profit of R$ 21.6 million, with an improvement of R$ 28.0 million in net result yoy;
- Growth of 6.8% in net revenues in the South America – Wholesale business unit;
- Growth of 6.7% in sell-out revenue[b] from South America – Retail business unit;
- Free cash flow[c] of R$ 18.0 million, contributing to the reduction of R$ 37.4 million in net debt yoy;
- Launch of the digital franchise model, in which the e-commerce sales will be fulfilled by the franchisees, and that started operation in 2018.

in R$ million	4Q17 (A)	4Q16 (B)	(A)/(B) %	2017 (C)	2016 (D)	(C)/(D) %
Net revenue	573.3	573.8	(0.1%)	2,198.7	2,311.3	(4.9%)
Gross profit	151.5	153.6	(1.4%)	577.6	619.0	(6.7%)
Gross Margin %	*26.4%*	*26.8%*	*(0.3 p.p.)*	*26.3%*	*26.8%*	*(0.5 p.p.)*
EBITDA	**69.8**	**65.0**	**7.3%**	**254.6**	**265.7**	**(4.2%)**
Adjusted EBITDA [1]	69.8	57.8	20.7%	254.6	258.5	(1.5%)
EBITDA Margin %	*12.2%*	*11.3%*	*0.8 p.p.*	*11.6%*	*11.5%*	*0.1 p.p.*
Adjusted EBITDA Margin % [1]	*12.2%*	*10.1%*	*2.1 p.p.*	*11.6%*	*11.2%*	*0.4 p.p.*
Income from operations	**51.3**	**26.6**	**93.0%**	**180.9**	**168.9**	**7.1%**
Adjusted Income from operations [1]	51.3	38.5	33.2%	180.9	180.9	0.0%

[1] Excluding the non-recurring results of R$ 7.2 million in 4Q16 and in 2016 and provision for impairment of assets of R$ 19.1million in 4Q16 and in 2016

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)

Revenue

The consolidated net revenue reached R$ 2,198.7 million in 2017, 4.9% lower yoy, negatively impacted by lower sales volume and by lower average price, in Brazilian Reais, for utility bedding products[d].

Revenues from South America reached R$ 1,414.1 million, representing 64% of total revenue, 5.1% higher yoy. Revenue from North America totaled R$ 784.6 million, equivalent to 36% of total revenue and 18.7% lower yoy, partially impacted by the Brazilian Real appreciation against the US dollar.

The Bedding, Tabletop and Bath line[e] was responsible for 45% of 2017 revenue, the utility bedding products for 30%, and intermediate products[f] for 13%.The Retail revenue, representing 11% of total revenue in 2017, was stable yoy, as the higher number of stores offset the conversions of owned stores into franchises.

Revenues from the Bedding, Tabletop and Bath line amounted to R$ 987.0 million in 2017, 3.6% lower yoy, mainly due to 3.8% lower sales volumes in the same period. Revenues from the Utility Bedding line totaled R$ 669.0 million, 13.7% lower yoy, being negatively impacted mainly by the 10.5% reduction in average price in Brazilian Reais, impacted by the appreciation of 7.7% in the average exchange rate yoy. Revenues from intermediate products were R$ 289.9 million, 11.5% higher yoy, positively impacted by better average price.

In 4Q17, net revenue amounted to R$ 573.3 million, in line with the same period in the previous year, as the growth in South America compensated for the decrease in North America.

We have a portfolio of owned and licensed brands, strategically positioned to target customers of different socioeconomic profiles and are sales leaders in our markets. In Brazil, Springs Global´s main brands are Santista, Artex, MMartan and Casa Moysés, The first is only sold in the wholesale channel, while the last two are only sold in the monobrand retail channel. The Artex brand is sold in both distribution channels. In Argentina, the Company has the brands Palette, Arco-Íris, and Fantasia, which are market leaders. The Springmaid brand is sold in the United States of America (USA) and in Canada. We also provide Wabasso, Texmade and Springs Home products, and distribute licensed Serta brand products.

Our brands have a high rate of awareness among consumers and specialists, being a quality reference in the sector.

The Company distributes its products through the wholesale channel, in all its markets, and in its monobrand retail stores, in Brazil. We have more than 10,000 clients in the wholesale market, which includes department stores, mass retailers, as well as small and mid-sized shops specialized in bedding, tabletop and bath products.

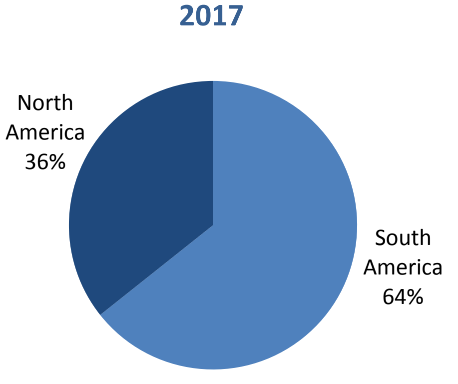


Chart 1 – Revenue per region

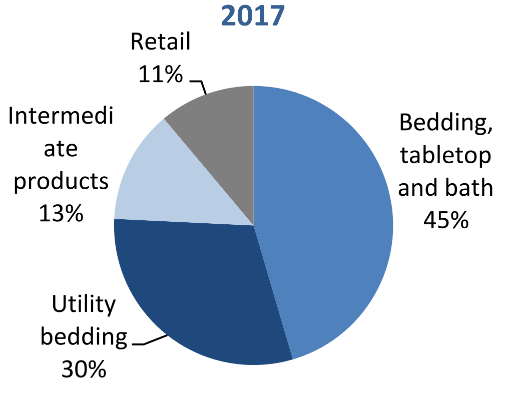


Chart 2 – Revenue per product line

Costs and Expenses

Cost of goods sold (COGS) was R$ 1,621.1 million in 2017, with a yoy decrease of 4.2%, in line with the reduction in revenues in the same period, representing 73.7% of net revenue.

Springs Global operates vertically integrated plants, from spinning, through weaving, preparation, dyeing, printing, finishing and cutting and sewing, located in Brazil (nine plants), in the United States (three plants) and in Argentina (one plant).

The main raw materials are cotton and polyester that, together with chemicals, packaging and trims, are included in materials costs, which amounted to R$ 979.1 million in 2017, 8.1% lower yoy.

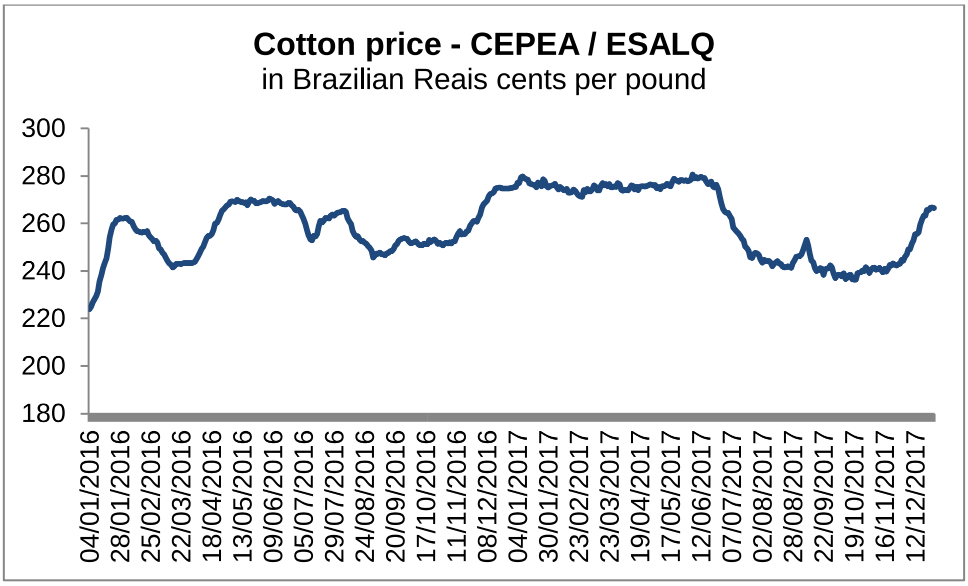


Chart 3 – Cotton price, source CEPEA

The conversion of raw materials into finished goods requires, mainly, labor, electricity and other utilities, designated as conversion costs and others, which reached R$ 574.2 million in 2017, with a 3.5% yoy increase. Due to their nature, these costs are impacted by economy of scale, being diluted when capacity utilization increases.

Depreciation costs of production and distribution assets totaled R$ 67.8 million in 2017, with a 5.4% decrease yoy.

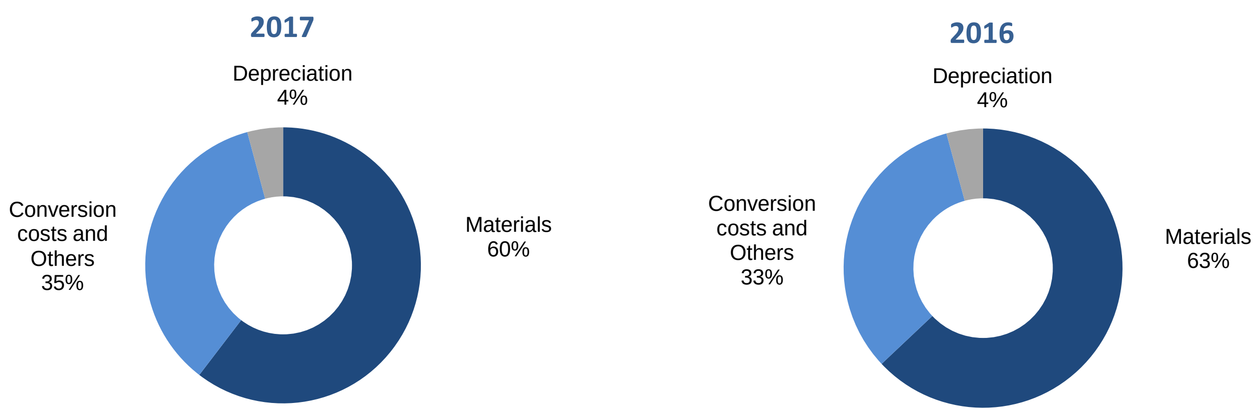
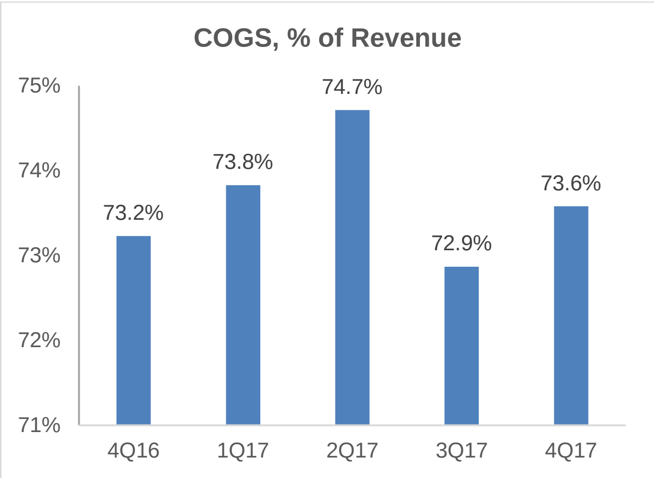


Chart 4 – COGS breakdown

Regarding operational expenses, selling expenses reached R$ 272.8 million, representing 12.4% of net revenue, versus 12.1% in 2016. General and administrative expenses (G&A) amounted to R$ 142.4 million, equivalent to 6.5% of net revenue, versus 6.3% in 2016.

In 4Q17, COGS totaled R$ 421.8 million, in line with the same period in the previous year, and sales, general and administrative expenses (SG&A) reached R$ 106.1 million, with a 2.5% yoy reduction.



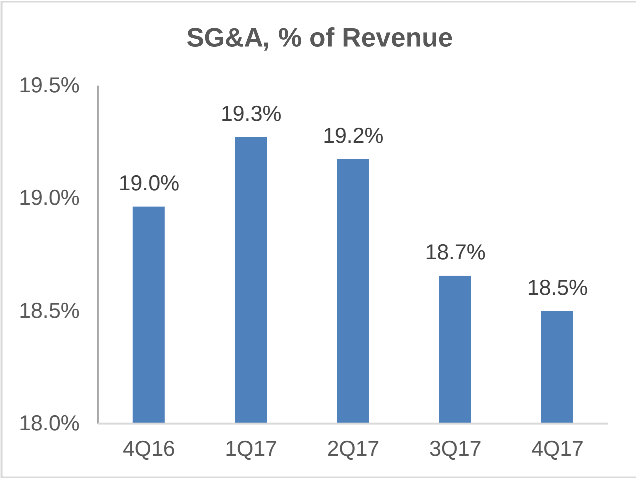


Chart 5 – COGS and SG&A, as % of net revenue

EBITDA

Cash generation, as measured by EBITDA, reached R$ 254.6 million in 2017, in line with the previous year[1]. There was a decline of R$ 34.2 million in operational expenses[1] and a decrease of R$ 45.4 million in gross profit, excluding depreciation, in the period. EBITDA margin was 11.6% in 2016, against 11.2% in 2016[1].

In 4Q17, EBITDA reached R$ 69.8 million, with a 20.7% yoy[1] increase, and EBITDA margin was 12.2%, with a 2.1 pp expansion[1].

Profit

Gross profit totaled R$ 577.6 million in 2017, with gross margin of 26.3%.

The financial result was an expense of R$ 185.2 million in 2017, against an expense of R$ 233.5 million in 2016, mainly due to lower interest expenses and exchange rate variations.

The financial expenses – interest expenses – declined by R$ 28.5 million, or 16.6%, yoy, mainly due to the lower Brazilian basic interest rate, which decreased from 14.25% at the end of third quarter of 2016 (3Q16) to 7.00% at the end of 4Q17, since approximately 80% of our debt is CDI indexed.

There was an additional 0.25% cut in the Brazilian basic interest rate in February 2018, reaching 6.75% per year.

The balance of exchange rate variations was negative R$ 9.7 million in 2017, reflecting the yoy appreciation of the Brazilian Real in the assets in US dollars, against negative R$ 23.9 million in 2016, with a total variation of R$ 14.2 million yoy.

The financial income increased by R$ 4.2 million, while bank charges, taxes, discounts and others decreased by R$ 1.4 million yoy.

In 2017, we consolidated the lease project in the land located at São Gonçalo do Amarante, RN. The total area available for leasing amounts to more than 300.0 thousand m^2, of which 50.0 thousand m^2 was already leased and several other contracts are under negotiation. We performed a new valuation of this property, with a new fair value of R$ 211.2 million. The leasing revenues from this property totaled R$ 1.7 million in 2017, and are included in the “Others, net” category, in the income statement.

In accordance with accounting rules, the Company recorded a tax impact of R$ 12.6 million in 4Q16 and R$ 27.5 million in 2017 for deferred tax, with no cash effect, related to the North America – Wholesale business unit. We expect positive impact in the operation of this business unit related to the new US tax reform released in December 2017.

The gross profit reached R$ 151.5 million in 4Q17, with gross margin of 26.4%, stable yoy. Income from operations amounted to R$ 51.3 million, with a 33.2% growth yoy, and we had a net earnings of R$ 14.9 million in 4Q17.

Capex and Working Capital

Capital expenditures (Capex) totaled R$ 71.2 million in 2017, mainly focused on asset modernization.

In 2017, The Company invested R$ 3.1 million in a wholly-owned subsidiary named C7S Tecnology, created to develop and manage a direct to consumer internet sales system, whose activities started in February 2018.

The working capital needs amounted to R$ 909.7 million at the end of 2017, 6.3% lower quarter-over-quarter (qoq) due to lower accounts receivable and inventory levels and higher accounts payable.

Debt and Debt indicators

Our net debt[g] was R$ 821.2 million as of December 31, 2017, 5.7% lower than the value recorded at the end of the third quarter of 2017 (3Q17), of R$ 870.7 million.

Our goal is to reduce the net debt level and to extend its average term.

In 2017, our free cash flow totaled R$ 18.0 million, contributing to a reduction of R$ 37.4 million in net debt yoy.

This year we completed the payment of the second installment of the CRA[h] (debenture) of R$ 135 million, and we contracted a new CRA, totaling R$ 50 million, with semi-annual amortization, starting at the end of 2018.

At the end of 2017, 33% of the Company's debt was denominated in US dollars, which is aligned with the exchange rate exposure of its operational cash generation.

Our leverage, as measured by net debt/EBITDA, was 3.2x at the end of 2017. We are confident that this ratio will continue its downward trend, due to the improvement of our operational income, which will contribute at the same time to the growth of EBITDA and to the decrease of net debt, in addition to the increase in free cash flow generation due to lower financial expenses, resulting from lower interest rates.

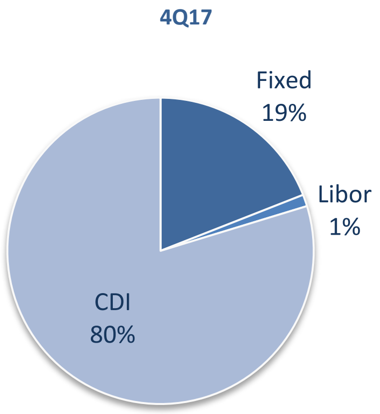


Chart 6 – Debt per index

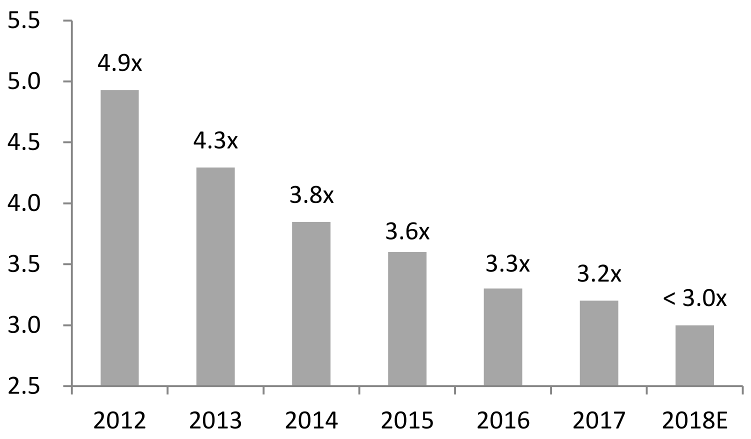


Chart 7 – Net Debt / EBITDA, in recurring terms

Projections

Springs Global maintains its strategy to consolidate its leading position in the bedding, tabletop and bath market, and to expand its channels: multibrand, monobrand retail, prioritizing franchises, and digital, via e-commerce. In 2017, we enhanced the MMartan website, launched the MMartan app, and the Artex website. In 2018, we started the operations of the digital franchises, which will enable a better customer service, with lower costs, since the e-commerce sales will be fulfilled by the closest franchises, who have the products in stock. This new omni channel model will simultaneously enable higher sales to our franchisees and greater customer satisfaction.

We will continue to improve the profitability of our business by higher capacity utilization of our plants 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 economy will leverage the growth in sales of discretionary items, such as our products, whose purchase decision can be postponed during a recession.

For 2018, we expect revenues and EBITDA margin expansion, in line with the Company's budget that includes the following assumptions: (a) an average exchange rate of R$ 3.32 in 2018, (b) a growth of 2.7% of the Brazilian GDP, and (c) the opening of 20 new franchise stores in the monobrand retail.

	2017		2018
in R$ million	Guidance	Actual	Guidance
Net revenue			
South America - Wholesale*	1,250 - 1,450	1,161.3	1,200 - 1,420
South America - Retail	260 - 300	252.8	230 - 270
North America - Wholesale	850 - 980	784.6	740 - 870
Total net revenue	**2,360 - 2,730**	**2,198.7**	**2,120 - 2,500**
EBIT	200 - 240	180.9	200 - 240
EBITDA	280 - 320	254.6	280 - 320
CAPEX	35 - 45	71.2	60 - 70
* Including intercompany revenue			

Table 2 – Projections

Share performance

Springs Global's shares, traded on the B3 under the ticker SGPS3, increased by 154.4% in 2017, outperforming the IBOVESPA and the Small Cap indexes in the same period. The daily average financial volume of our shares was R$ 1.3 million in 2017 and R$ 1.0 million in 4Q17.

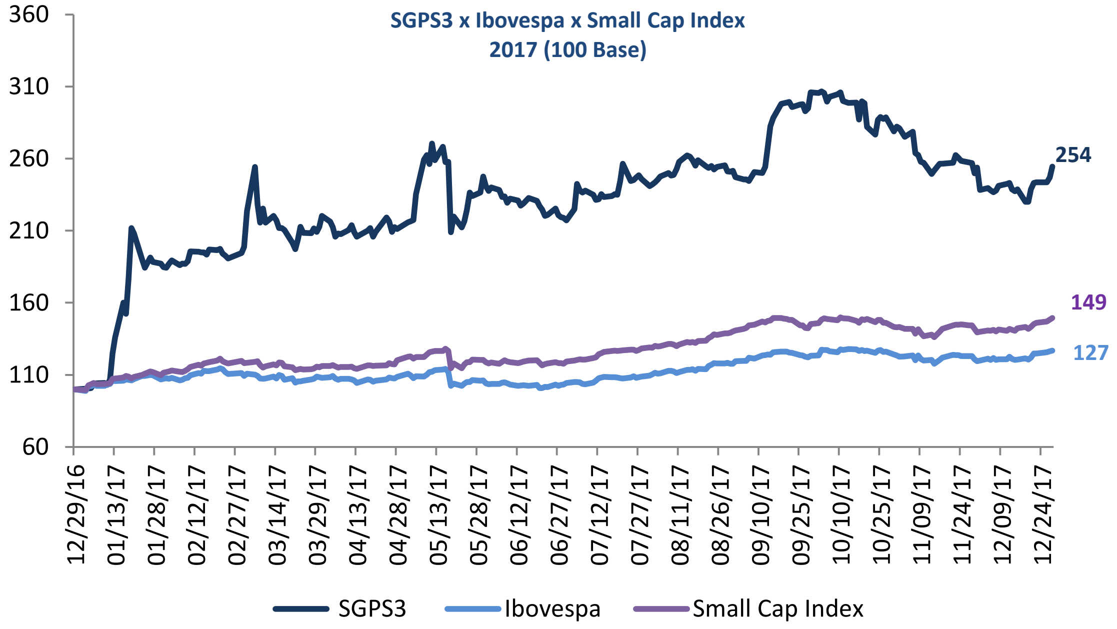


Chart 8 – Performance of SGPS3 share price

Performance of the business units

Springs Global presents its results segregated in the following business units: (a) South America – Wholesale, (b) South America - Retail, and (c) North America – Wholesale.

South America - Wholesale

Net revenue from the South America – Wholesale business unit amounted to R$ 1,235.5 million in 2017, with a 6.8% yoy increase, due to higher sales of intermediate products.

COGS totaled R$ 913.9 million in 2017, 10.1% higher yoy. The gross margin was 26.0% in 2017, lower than 2016, due to a higher share of intermediate products, which have lower added value, in the sales mix. SG&A expenses amounted to R$ 217.1 million, with a 8.0% increase yoy, and equivalent to 17.6% of revenue, against 17.4% of revenue in 2016.

EBITDA reached R$ 180.2 million, stable yoy. EBITDA margin was 14.6%.

In 4Q17, net revenue amounted to R$ 315.5 million, with a 12.9% increase yoy, with gross margin of 27.2% and EBITDA margin of 16.0%.

We have a fully integrated, efficient supply chain, with better control and management, and hence, with lower conversion cost. Our plants have a high degree of automation and flexibility, as well as installed capacity that enables us to increase production with low investment.

Our retail presence provides greater proximity and, therefore, better knowledge of the consumers, contributing to a greater assertiveness in planning collections and lower markdowns. At the same time, we strengthen our positioning related to our customers, providing them a consulting service related to visual merchandising, sales display, inventory management, including a stock replenishment team, training about products, collections and sales, helping them to increase the sales of our products, with a sell-out approach.

South America - Retail

Net revenue from the South America – Retail business unit totaled R$ 252.8 million in 2017, in line with the amount registered in 2016. The sell-out revenue amounted to R$ 485.6 million in 2017, 6.7% higher yoy.

At the end of 2017, we had 231 stores, of which 71 were owned and 160 franchises, compared to 223 at the end of 2016. In 2017, we opened ten franchise stores and converted five stores.

COGS totaled R$ 123.2 million, stable yoy. The gross margin decreased to 51.3% in 2017, from 51.8% in 2016, due to the higher share of franchises in our revenue. SG&A expenses amounted to R$ 127.4 million, 10.1% lower yoy, mainly due to the conversion of owned stores to franchises.

EBITDA was R$ 5.0 million in 2017, against a loss of R$ 1.4 million in 2016.

In 4Q17, net revenue reached R$ 70.0 million, 6.2% higher yoy, with gross margin of 51.6% and EBITDA margin of 4.3%. Sell-out revenue totaled R$ 138.0 million, with a 11.9% growth yoy.

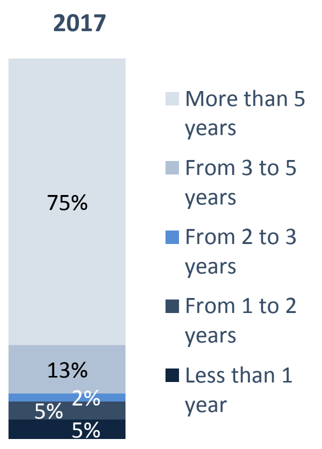


Chart 9 – Stores per maturity stage

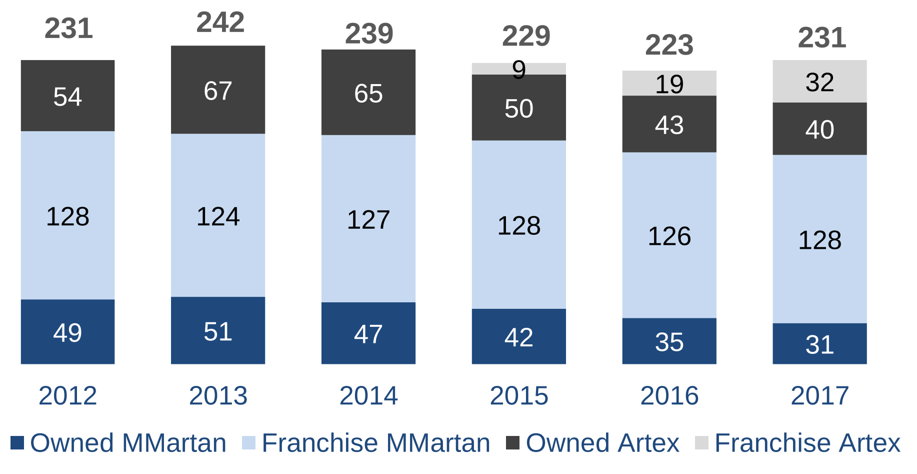


Chart 10 – Number of stores

We will prioritize in 2018 the expansion of franchised stores and sales through e-commerce. We have a national network of franchisees, with an established franchise model of excellence; having received the Brazilian Franchising Association (ABF - Associação Brasileira de Franchising) Award for several years, including 2016 and 2017.

North America - Wholesale

Net revenue from the North America – Wholesale business unit reached R$ 784.6 million in 2017, with a 18.7% yoy decrease, being negatively impacted by the appreciation of 7.7% of the Brazilian Real against the US dollar in the translation of the North American sales and by a policy change related to product replacement and display from an important client, which resulted in a non-recurring disruption in the sales level of products of our category.

COGS amounted to R$ 658.2 million, 18.0% lower yoy. The gross margin reduced to 16.1%, from 16.8% in 2016. SG&A expenses decreased by 16.7% yoy and represented 8.5% of revenue in 2017, with a 0.2 pp yoy increase.

The US operation has expenses for operating leasing, pension plans and benefits, called legacy costs, which currently amount to approximately US$ 8.0 million per year and will gradually reduce in the coming years.

EBITDA reached R$ 73.7 million, 9,9% lower yoy[1], also negatively impacted by the appreciation of 7.7% of the Brazilian Real against the US dollar. EBITDA margin was 9.4%, against 8.5% in 2016[1].

In 4Q17, net revenue reached R$ 206.6 million, 14.7% lower yoy, with gross margin of 14.3% and EBITDA margin of 8.4%.

Tables

Table 3 – Net revenue per business unit

in R$ million	4Q17 (A)	%	4Q16 (B)	%	(A)/(B) %	2017 (C)	%	2016 (D)	%	(C)/(D) %
South America	**366.7**	**64%**	**331.6**	**58%**	**10.6%**	**1,414.1**	**64%**	**1,346.1**	**58%**	**5.1%**
Wholesale*	296.7	52%	265.7	46%	11.7%	1,161.3	53%	1,094.0	47%	6.2%
Retail	70.0	12%	65.9	11%	6.2%	252.8	11%	252.1	11%	0.3%
North America	**206.6**	**36%**	**242.2**	**42%**	**(14.7%)**	**784.6**	**36%**	**965.2**	**42%**	**(18.7%)**
Total net revenue	**573.3**	**100%**	**573.8**	**100%**	**(0.1%)**	**2,198.7**	**100%**	**2,311.3**	**100%**	**(4.9%)**
Intercompany	18.8		13.7			74.2		62.3		

* Excluding intercompany revenues

Table 4 – Net revenue per product line

	Net Revenue (R$ million)			Volume (tons)			Average price (R$)/Kg		
Product Lines	**4Q17 (A)**	**4Q16 (B)**	**(A)/(B) %**	**4Q17 (C)**	**4Q16 (D)**	**(C)/(D) %**	**4Q17 (E)**	**4Q16 (F)**	**(E)/(F) %**
Bedding, tabletop and bath	260.2	250.8	3.7%	7,941	8,132	(2.3%)	32.8	30.8	6.2%
Utility bedding	182.0	201.3	(9.6%)	11,774	12,711	(7.4%)	15.5	15.8	(2.4%)
Intermediate products	61.1	55.8	9.5%	6,165	5,960	3.4%	9.9	9.4	5.9%
Retail	70.0	65.9	6.2%						
Total	**573.3**	**573.8**	**(0.1%)**	**25,880**	**26,803**	**(3.4%)**	**22.2**	**21.4**	**3.5%**

	Net Revenue (R$ million)			Volume (tons)			Average price (R$)/Kg		
Product Lines	**2017 (A)**	**2016 (B)**	**(A)/(B) %**	**2017 (C)**	**2016 (D)**	**(C)/(D) %**	**2017 (E)**	**2016 (F)**	**(E)/(F) %**
Bedding, tabletop and bath	987.0	1,023.6	(3.6%)	31,514	32,772	(3.8%)	31.3	31.2	0.3%
Utility bedding	669.0	775.5	(13.7%)	44,651	46,333	(3.6%)	15.0	16.7	(10.5%)
Intermediate products	289.9	260.1	11.5%	28,155	27,988	0.6%	10.3	9.3	10.8%
Retail	252.8	252.1	0.3%						
Total	**2,198.7**	**2,311.3**	**(4.9%)**	**104,320**	**107,093**	**(2.6%)**	**21.1**	**21.6**	**(2.3%)**

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

in R$ million	4Q17 (A)	%	4Q16 (B)	%	(A)/(B) %	2017 (C)	%	2016 (D)	%	(C)/(D) %
Materials	253.5	60.1%	256.0	60.9%	(1.0%)	979.1	60.4%	1,065.7	63.0%	(8.1%)
Conversion costs and Others	151.4	35.9%	146.4	34.8%	3.4%	574.2	35.4%	554.9	32.8%	3.5%
Depreciation	16.9	4.0%	17.8	4.2%	(5.1%)	67.8	4.2%	71.7	4.2%	(5.4%)
COGS	**421.8**	**100.0%**	**420.2**	**100.0%**	**0.4%**	**1,621.1**	**100.0%**	**1,692.3**	**100.0%**	**(4.2%)**
COGS, % Revenues	**73.6%**		**73.2%**		*0.3 p.p.*	**73.7%**		**73.2%**		*0.5 p.p.*
Sales expenses	65.3	61.6%	68.1	62.6%	(4.0%)	272.8	65.7%	280.7	65.9%	(2.8%)
General and administrative expenses	40.7	38.4%	40.7	37.4%	(0.1%)	142.4	34.3%	145.4	34.1%	(2.0%)
SG&A	**106.1**	**100.0%**	**108.8**	**100.0%**	**(2.5%)**	**415.3**	**100.0%**	**426.1**	**100.0%**	**(2.5%)**
SGA, % Revenues	**18.5%**		**19.0%**		*(0.5 p.p.)*	**18.9%**		**18.4%**		*0.5 p.p.*

Table 6 – Reconciliation of EBITDA

in R$ million	4Q17 (A)	4Q16 (B)	(A)/(B) %	2017 (C)	2016 (D)	(C)/(D) %
Income (Loss)	14.9	25.6	(41.9%)	21.6	(6.3)	n.a.
(+) Income and social contribution taxes	(11.7)	(54.9)	n.a.	(26.0)	(58.3)	n.a.
(+) Financial results	48.1	55.8	(13.8%)	185.2	233.5	(20.7%)
(+) Provision for asset devaluation	-	19.1	n.a.	-	19.1	n.a.
(+) Depreciation and amortization	18.4	19.3	(4.3%)	73.7	77.7	(5.1%)
EBITDA	**69.8**	**65.0**	**7.3%**	**254.6**	**265.7**	**(4.2%)**
Adjusted EBITDA [1]	69.8	57.8	20.7%	254.6	258.5	(1.5%)

[1] Excluding the non-recurring results of R$ 7.2 million in 4Q16 and in 2016

Table 7 – EBITDA per business unit and EBITDA margin

in R$ million	4Q17 (A)	4Q16 (B)	(A)/(B) %	2017 (C)	2016 (D)	(C)/(D) %
South America	**53.6**	**38.7**	**38.5%**	**185.2**	**180.3**	**2.7%**
Wholesale	50.6	38.9	30.1%	180.2	181.7	(0.8%)
Retail	3.0	(0.2)	n.a.	5.0	(1.4)	n.a.
North America	**17.3**	**27.2**	**(36.4%)**	**73.7**	**89.0**	**(17.2%)**
Adjusted North America [1]	17.3	20.0	-13.5%	73.7	81.8	(9.9%)
Non-allocated expenses	(1.2)	(1.0)	20.0%	(4.3)	(3.6)	19.4%
EBITDA total	**69.8**	**65.0**	**7.3%**	**254.6**	**265.7**	**(4.2%)**
Adjusted EBITDA total [1]	69.8	57.8	20.7%	254.6	258.5	(1.5%)
EBITDA Margin %	*12.2%*	*11.3%*	*0.8 p.p.*	*11.6%*	*11.5%*	*0.1 p.p.*
Adjusted EBITDA Margin % [1]	*12.2%*	*10.1%*	*2.1 p.p.*	*11.6%*	*11.2%*	*0.4 p.p.*

[1] Excluding the non-recurring results of R$ 7.2 million in 4Q16 and in 2016

Table 8 – Financial Results

in R$ million	4Q17 (A)	4Q16 (B)	(A)/(B) %	2017 (C)	2016 (D)	(C)/(D) %
Financial income	6.4	3.3	92.0%	27.0	22.8	18.4%
Financial expenses - interests	(32.2)	(42.5)	(24.4%)	(142.9)	(171.4)	(16.6%)
Financial expenses - bank charges and others	(14.4)	(14.8)	(2.5%)	(59.6)	(61.0)	(2.2%)
Exchange rate variations, net	(8.0)	(1.9)	n.a.	(9.7)	(23.9)	n.a.
Financial results	**(48.1)**	**(55.8)**	**(13.8%)**	**(185.2)**	**(233.5)**	**(20.7%)**

Table 9 – Capex

in R$ million	4Q17	4Q16	2017	2016
Manufacturing facilities	35.9	22.3	69.6	71.3
Retail	0.2	0.8	1.6	2.4
Total	**36.1**	**23.1**	**71.2**	**73.7**

Table 10 – Working Capital

in R$ million	4Q17 (A)	3Q17 (B)	4Q16 (C)	(A)/(B) %	(A)/(C) %
Accounts receivable	497.6	510.4	493.2	(2.5%)	0.9%
Inventories	538.2	546.2	560.2	(1.5%)	(3.9%)
Advances to suppliers	37.2	39.7	35.6	(6.4%)	4.3%
Suppliers	(163.3)	(125.6)	(144.0)	30.0%	13.3%
Working capital	**909.7**	**970.8**	**945.0**	**(6.3%)**	**(3.7%)**

Table 11 – Indebtedness

in R$ million	4Q17 (A)	3Q17 (B)	4Q16 (C)	(A)/(B) %	(A)/(C) %
Loans and financing	1,027.0	1,030.2	964.3	(0.3%)	6.5%
- Domestic currency	674.6	694.1	658.0	(2.8%)	2.5%
- Foreign currency	352.4	336.1	306.3	4.8%	15.0%
Debenture	48.6	49.9	135.0	(2.6%)	(64.0%)
Total Debt	**1,075.6**	**1,080.1**	**1,099.3**	**(0.4%)**	**(2.2%)**
Cash and marketable securities	(254.4)	(209.4)	(240.6)	21.5%	5.7%
Net debt	**821.2**	**870.7**	**858.6**	**(5.7%)**	**(4.4%)**

Table 12 – Main indicators - South America - Wholesale business unit

in R$ million	4Q17 (A)	3Q17 (B)	4Q16 (C)	(A)/(B) %	(A)/(C) %
Net revenue	315.5	331.4	279.4	(4.8%)	12.9%
(-) COGS	(229.7)	(241.7)	(202.6)	(5.0%)	13.4%
Gross profit	85.8	89.7	76.8	(4.3%)	11.7%
Gross Margin %	***27.2%***	***27.1%***	***27.5%***	***0.1 p.p.***	***(0.3 p.p.)***
(-) SG&A	(55.5)	(58.4)	(46.8)	(5.0%)	18.6%
(-) Others	3.6	3.8	(7.5)	n.a.	n.a.
Operational result	33.9	35.1	22.5	(3.4%)	50.7%
(+) Depreciation and Amortization	16.7	16.8	16.4	(0.6%)	1.8%
EBITDA	50.6	51.9	38.9	(2.5%)	30.1%
EBITDA Margin %	***16.0%***	***15.7%***	***13.9%***	***0.4 p.p.***	***2.1 p.p.***
Intercompany revenue	18.8	23.4	13.7	(19.7%)	37.2%
Revenue ex-intercompany	296.7	308.0	265.7	(3.7%)	11.7%

Main indicators - South America - Wholesale business unit

in R$ million	2017 (A)	2016 (B)	(A)/(B) %
Net revenue	1,235.5	1,156.3	6.8%
(-) COGS	(913.9)	(830.2)	10.1%
Gross profit	321.6	326.1	(1.4%)
Gross Margin %	***26.0%***	***28.2%***	***(2.2 p.p.)***
(-) SG&A	(217.1)	(201.0)	8.0%
(-) Others	8.7	(8.5)	n.a.
Operational result	113.2	116.6	(2.9%)
(+) Depreciation and Amortization	67.0	65.1	2.9%
EBITDA	180.2	181.7	(0.8%)
EBITDA Margin %	***14.6%***	***15.7%***	***(1.1 p.p.)***
Intercompany revenue	74.2	62.3	19.1%
Revenue ex-intercompany	1,161.3	1,094.0	6.2%

Table 13 – Main indicators - South America - Retail business unit

Em R$ milhões	4Q17 (A)	3Q17 (B)	4Q16 (C)	4Q16 [1] (D)	(A)/(B) %	(A)/(D) %
Net revenue	70.0	63.3	65.9	65.9	10.6%	6.2%
(-) COGS	(33.9)	(31.1)	(30.4)	(30.4)	9.0%	11.5%
Gross profit	36.1	32.2	35.5	35.5	12.1%	1.7%
Gross Margin %	***51.6%***	***50.9%***	***53.9%***	***53.9%***	***0.7 p.p.***	***(2.3 p.p.)***
(-) SG&A	(30.2)	(33.0)	(38.5)	(38.5)	(8.5%)	(21.6%)
(-) Others	(3.8)	1.2	0.5	0.5	(416.7%)	n.a.
Provision for impairment of assets	-	-	(19.1)	-	n.a.	n.a.
Operational result	2.1	0.4	(21.6)	(2.5)	n.a.	n.a.
(+) Depreciation and Amortization	0.9	0.9	2.3	2.3	0.0%	(60.9%)
(+) Provision for impairment of assets	-	-	19.1	-	n.a.	n.a.
EBITDA	3.0	1.3	(0.2)	(0.2)	n.a.	n.a.
EBITDA Margin %	***4.3%***	***2.1%***	***-0.3%***	***-0.3%***	***2.2 p.p.***	***4.6 p.p.***
Number of stores	231	227	223	223	1.8%	3.6%
Ow ned MMartan	31	29	35	35		
Franchise MMartan	128	130	126	126		
Ow ned Artex	40	42	43	43		
Franchise Artex	32	26	19	19		
Gross Revenue sell-out	138.0	120.5	123.3	123.3	14.5%	11.9%

[1] Excluding provision for impairment of assets of R$ 19.1 million in 4Q16

Main indicators - South America - Retail business unit

Em R$ milhões	2017 (A)	2016 (B)	2016 [1] (C)	(A)/(C) %
Net revenue	252.8	252.1	252.1	0.3%
(-) COGS	(123.2)	(121.5)	(121.5)	1.4%
Gross profit	129.6	130.6	130.6	(0.8%)
Gross Margin %	***51.3%***	***51.8%***	***51.8%***	***(0.5 p.p.)***
(-) SG&A	(127.4)	(141.7)	(141.7)	(10.1%)
(-) Others	(1.1)	0.1	0.1	n.a.
Provision for impairment of assets	-	(19.1)	-	n.a.
Operational result	1.1	(30.1)	(11.0)	n.a.
(+) Depreciation and Amortization	3.9	9.6	9.6	(59.4%)
(+) Provision for impairment of assets	-	19.1	-	n.a.
EBITDA	5.0	(1.4)	(1.4)	n.a.
EBITDA Margin %	***2.0%***	***-0.6%***	***-0.6%***	***2.5 p.p.***
Number of stores	231	223	223	3.6%
Owned MMartan	31	35	35	
Franchise MMartan	128	126	126	
Owned Artex	40	43	43	
Franchise Artex	32	19	19	
Gross Revenue sell-out	485.6	455.2	455.2	6.7%

[1] Excluding provision for impairment of assets R$ 19.1 million in 2016

Table 14 – Main indicators - North America - Wholesale business unit

in R$ million	4Q17 (A)	3Q17 (B)	4Q16 (C)	4Q16 [1] (D)	(A)/(B) %	(A)/(D) %
Net revenue	206.6	197.5	242.2	242.2	4.6%	(14.7%)
(-) COGS	(177.0)	(165.1)	(200.9)	(200.9)	7.2%	(11.9%)
Gross profit	29.6	32.4	41.3	41.3	(8.6%)	(28.3%)
Gross Margin %	***14.3%***	***16.4%***	***17.1%***	***17.1%***	***(2.1 p.p.)***	***(2.7 p.p.)***
(-) SG&A	(19.2)	(13.6)	(22.6)	(22.6)	41.2%	(15.0%)
(-) Others	6.1	(1.6)	7.9	0.7	n.a.	n.a.
Operational result	16.5	17.2	26.6	19.4	(4.1%)	(14.9%)
(+) Depreciation and Amortization	0.8	0.7	0.6	0.6	14.3%	33.3%
EBITDA	17.3	17.9	27.2	20.0	(3.4%)	(13.5%)
EBITDA Margin %	***8.4%***	***9.1%***	***11.2%***	***8.3%***	***(0.7 p.p.)***	***0.1 p.p.***

[1] Excluding the non-recurring result of R$ 7.2 million in 4Q16

Main indicators - North America - Wholesale business unit

in R$ million	2017 (A)	2016 (B)	2016 [1] (C)	(A)/(C) %
Net revenue	784.6	965.2	965.2	(18.7%)
(-) COGS	(658.2)	(802.9)	(802.9)	(18.0%)
Gross profit	126.4	162.3	162.3	(22.1%)
Gross Margin %	***16.1%***	***16.8%***	***16.8%***	***(0.7 p.p.)***
(-) SG&A	(66.5)	(79.8)	(79.8)	(16.7%)
(-) Others	11.0	3.5	(3.7)	n.a.
Operational result	70.9	86.0	78.8	(10.0%)
(+) Depreciation and Amortization	2.8	3.0	3.0	(6.7%)
EBITDA	73.7	89.0	81.8	(9.9%)
EBITDA Margin %	***9.4%***	***9.2%***	***8.5%***	***0.9 p.p.***

[1] Excluding the non-recurring result of R$ 7.2 million in 2016

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 01/2007, 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) Sell-out revenue – Revenue from sales channel to the end customers.

(c) Free Cash Flow – Net cash provided by the operating activities minus net cash used in investing activities

(d) Utility bedding line – includes pillows, mattress pads and quilts.

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

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

(g) Net debt – Gross debt minus cash and marketable securities.

(h) CRA – *Certificado de Recebíveis do Agronegócio*, Agribusiness Receivables Certificate.

Balance sheet

in R$ million	4Q17	3Q17	4Q16
Assets			
Current assets	**1,344.6**	**1,319.1**	**1,360.5**
Cash and cash equivalents	155.4	120.1	160.4
Marketable securities	35.2	28.3	18.2
Accounts receivable	497.6	510.4	493.2
Inventories	538.2	546.2	560.2
Advances to suppliers	37.2	39.7	35.6
Recoverable taxes	28.7	24.7	35.9
Other receivables	52.3	49.6	57.0
Noncurrent assets	**1,376.9**	**1,248.4**	**1,269.2**
Long-term assets	**381.7**	**411.9**	**403.9**
Marketable securities	63.8	60.9	62.1
Receivable - clients	37.4	25.0	24.3
Receivable - sale of property	54.6	53.7	54.9
Related parties	39.7	35.3	37.6
Recoverable taxes	14.9	15.0	9.3
Deferred income and social contribution taxes	89.4	126.5	113.4
Property, plant and equipment held for sale	33.7	45.6	49.2
Escrow deposits	13.7	13.9	19.2
Others	34.6	36.0	34.1
Permanent	**995.1**	**836.5**	**865.2**
Properties for investment	211.2	-	-
Property, plant and equipment	669.2	725.7	749.3
Intangible assets	114.8	110.8	116.0
Total assets	**2,721.4**	**2,567.5**	**2,629.7**

in R$ million	4Q17	3Q17	4Q16
Liabilities and Equity			
Current liabilities	**762.9**	**764.9**	**816.6**
Loans and financing	444.9	476.7	383.6
Debenture	12.0	0.9	135.0
Suppliers	163.3	125.6	144.0
Taxes	13.6	13.2	13.9
Payroll and related charges	59.7	72.6	54.5
Government concessions	19.5	19.2	17.6
Noneconomic leases	7.2	6.9	6.3
Other payables	42.9	49.7	61.6
Noncurrent liabilities	**809.0**	**786.3**	**785.3**
Loans and financing	582.2	553.5	580.7
Debenture	36.6	49.0	-
Noneconomic leases	13.8	13.2	15.5
Government concessions	42.8	43.0	48.7
Employee benefit plans	95.5	97.4	106.0
Miscellaneous accruals	18.6	16.3	21.8
Deferred taxes	4.3	-	-
Other obligations	15.2	13.8	12.6
Equity	**1,149.5**	**1,016.3**	**1,027.8**
Capital	1,860.3	1,860.3	1,860.3
Capital reserves	79.4	79.4	79.4
Assets and liabilities valuation adjustment	82.4	(36.7)	(36.7)
Cumulative translation adjustment	(274.2)	(277.4)	(271.1)
Earnings reserves	25.2	25.2	25.2
Accumulated deficit	(623.6)	(635.6)	(633.9)
Noncontrolling interest	-	1.2	4.7
Total liabilities and equity	**2,721.4**	**2,567.5**	**2,629.7**

Income Statement

in R$ million	4Q17 (A)	3Q17 (B)	4Q16 (C)	4Q16 [1] (D)	(A)/(B) %	(A)/(D) %
Gross revenues	693.3	688.1	716.3	716.3	0.7%	(3.2%)
Net revenues	**573.3**	**568.8**	**573.8**	**573.8**	**0.8%**	**(0.1%)**
Cost of goods sold	**(421.8)**	**(414.5)**	**(420.2)**	**(420.2)**	**1.8%**	**0.4%**
% of net sales	*73.6%*	*72.9%*	*73.2%*	*73.2%*	*0.7 p.p.*	*0.3 p.p.*
Materials	(253.5)	(246.4)	(256.0)	(256.0)	2.9%	(1.0%)
Conversion costs and others	(151.4)	(151.1)	(146.4)	(146.4)	0.2%	3.4%
Depreciation	(16.9)	(17.0)	(17.8)	(17.8)	(0.6%)	(5.1%)
Gross profit	**151.5**	**154.3**	**153.6**	**153.6**	**(1.9%)**	**(1.4%)**
% Gross Margin	*26.4%*	*27.1%*	*26.8%*	*26.8%*	*(0.7 p.p.)*	*(0.3 p.p.)*
SG&A	**(106.1)**	**(106.1)**	**(108.8)**	**(108.8)**	**(0.1%)**	**(2.5%)**
% of net sales	*18.5%*	*18.7%*	*19.0%*	*19.0%*	*(0.2 p.p.)*	*(0.5 p.p.)*
Selling expenses	(65.3)	(72.6)	(68.1)	(68.1)	(10.0%)	(4.0%)
% of net sales	*11.4%*	*12.8%*	*11.9%*	*11.9%*	*(1.4 p.p.)*	*(0.5 p.p.)*
General and administrative expenses	(40.7)	(33.5)	(40.7)	(40.7)	21.5%	(0.1%)
% of net sales	*7.1%*	*5.9%*	*7.1%*	*7.1%*	*1.2 p.p.*	*0.0 p.p.*
Others, net	**5.9**	**3.4**	**0.9**	**(6.3)**	**73.3%**	**n.a.**
% of net sales	*1.0%*	*0.6%*	*0.2%*	*(1.1%)*	*0.4 p.p.*	*2.1 p.p.*
Provision for impaiment of assets	-	-	(19.1)	-	n.a.	n.a.
Income from operations	**51.3**	**51.6**	**26.6**	**38.5**	**(0.6%)**	**33.4%**
% of net sales	*9.0%*	*9.1%*	*4.6%*	*6.7%*	*(0.1 p.p.)*	*2.2 p.p.*
Financial result	(48.1)	(37.8)	(55.8)	(55.8)	27.3%	(13.8%)
Profit (Loss) before taxes	**3.2**	**13.8**	**(29.3)**	**(17.4)**	**(76.9%)**	**n.a.**
Income and social contribution taxes	11.7	1.7	54.9	54.9	n.a.	n.a.
Net income (loss)	**14.9**	**15.6**	**25.6**	**37.5**	**(4.4%)**	**(60.3%)**

[1] Excluding the non-recurring result of R$ 7.2 million and provision for impairment of assets of R$ 19.1 million in 4Q16

in R$ million	2017 (A)	2016 (B)	2016 [1] (C)	(A)/(C) %
Gross revenues	2,687.2	2,817.9	2,817.9	(4.6%)
Net revenues	**2,198.7**	**2,311.3**	**2,311.3**	**(4.9%)**
Cost of goods sold	**(1,621.1)**	**(1,692.3)**	**(1,692.3)**	**(4.2%)**
% of net sales	*73.7%*	*73.2%*	*73.2%*	*0.5 p.p.*
Materials	(979.1)	(1,065.7)	(1,065.7)	(8.1%)
Conversion costs and others	(574.2)	(554.9)	(554.9)	3.5%
Depreciation	(67.8)	(71.7)	(71.7)	(5.4%)
Gross profit	**577.6**	**619.0**	**619.0**	**(6.7%)**
% Gross Margin	*26.3%*	*26.8%*	*26.8%*	*(0.5 p.p.)*
SG&A	**(415.3)**	**(426.1)**	**(426.1)**	**(2.5%)**
% of net sales	*18.9%*	*18.4%*	*18.4%*	*0.5 p.p.*
Selling expenses	(272.8)	(280.7)	(280.7)	(2.8%)
% of net sales	*12.4%*	*12.1%*	*12.1%*	*0.3 p.p.*
General and administrative expenses	(142.4)	(145.4)	(145.4)	(2.0%)
% of net sales	*6.5%*	*6.3%*	*6.3%*	*0.2 p.p.*
Others, net	**18.6**	**(4.8)**	**(12.0)**	**n.a.**
% of net sales	*0.8%*	*(0.2%)*	*(0.5%)*	*1.4 p.p.*
Provision for impaiment of assets	-	(19.1)	-	n.a.
Income from operations	**180.9**	**168.9**	**180.9**	**0.0%**
% of net sales	*8.2%*	*7.3%*	*7.8%*	*0.4 p.p.*
Financial result	(185.2)	(233.5)	(233.5)	(20.7%)
Profit (Loss) before taxes	**(4.3)**	**(64.6)**	**(52.7)**	**n.a.**
Income and social contribution taxes	26.0	58.3	58.3	n.a.
Net income (loss)	**21.6**	**(6.3)**	**5.6**	**289.0%**

[1] Excluding the non-recurring results of R$ 7.2 million in 2016 and provision for impairment of assets of R$ 19.1 million in 2016

Cash Flow Statement

in R$ million	4Q17	4Q16	2017	2016
Cash flows from operating activities				
Net income (loss) for the period	14.9	25.6	21.6	(6.3)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	18.4	19.3	73.7	77.7
Provision for impairment of assets	-	19.1	-	19.1
Income and social contribution taxes	(11.7)	(54.9)	(26.0)	(58.3)
Gain on disposal of property, plant and equipment and intangibles	(9.2)	(7.2)	(16.7)	(5.5)
Exchange rate variations	7.7	13.7	9.4	20.0
Monetary variation	(0.9)	(0.2)	0.3	(0.2)
Bank charges and interests	33.9	95.4	156.4	194.1
Other accruals	2.6	9.3	2.6	9.3
	55.9	**120.1**	**221.4**	**249.8**
Changes in assets and liabilities				
Marketable securities	(3.3)	15.9	(8.7)	(76.2)
Accounts receivable	10.1	(8.3)	(24.1)	(89.4)
Inventories	13.0	27.6	17.6	53.8
Advances to suppliers	2.5	(0.8)	(1.6)	2.6
Suppliers	33.6	4.3	21.6	43.0
Others	(47.2)	(60.4)	(40.7)	(42.9)
Net cash provided by (used in) operating activities	**64.6**	**98.5**	**185.5**	**140.8**
Interest paid	(25.0)	(36.6)	(125.3)	(139.1)
Income and social contribution taxes paid	(0.9)	(0.3)	(6.2)	(1.5)
Net cash provided by (used in) operating activities after interest and taxes	**38.6**	**61.7**	**54.0**	**0.2**
Cash flows from investing activities				
Acquisition of permanet investment	(4.1)	(4.0)	(15.9)	(17.4)
Acquisition of property, plant and equipment	(20.2)	(5.7)	(55.3)	(56.3)
Acquisition of intangible assets	(3.1)	0.6	(3.1)	(1.3)
Disposal of property, plant and equipment	31.1	(0.9)	41.8	1.3
Loans betw een related parties	(7.5)	(33.6)	(3.4)	(47.3)
Net cash provided by (used in) investing activities	**(3.8)**	**(43.5)**	**(36.0)**	**(121.0)**
Cash flows from financing activities				
Proceeds from new loans	151.6	127.2	840.9	910.4
Repayment of loans	(152.9)	(133.3)	(860.3)	(769.1)
Net cash provided by (used in) financing activities	**(1.3)**	**(6.1)**	**(19.4)**	**141.3**
Effect of exchange rate changes on cash and cash equivalents of foreign subsidiaries	1.8	2.3	(3.6)	(10.1)
Increase (decrease) in cash and cash equivalents	**35.3**	**14.3**	**(4.9)**	**10.4**
Cash and cash equivalents:				
At the beginning of the period	120.1	146.1	160.4	149.9
At the end of the period	155.4	160.4	155.4	160.4

This press release may include declarations about Springs Global's expectations regarding future events or results. All declarations based upon future expectations, rather than historical facts, are subject to various risks and uncertainties.

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").