

1Q16 Results

Conference Call

April 29, 2016

9:30 a.m. (Eastern time)

10:30 a.m. (Brasilia time)



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This presentation contains statements that can represent expectations about future events or results. These statements are based on certain suppositions and analyses made by the company in accordance with its experience, with the economic environment and market conditions, and expected future developments, many of which are beyond the company's control. Important factors could lead to significant differences between real results and the statements on expectations about future events or results, including the company's business strategy, Brazilian and international economic conditions, technology, financial strategy, developments in the footwear industry, conditions of the financial market, and uncertainty on the company's future results from operations, plans, objectives, expectations and intentions – among other factors. In view of these aspects, the company's results could differ significantly from those indicated or implicit in any statements of expectations about future events or results.

Highlights 1Q16 (YoY 2015)

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Gross revenue	Domestic market: R\$ 380.8 million		↓ (19.2%)
	Exports: R\$ 185.8 million		↑ 11.3%
Net profit	R\$ 143.6 million		↑ 4.2%
EBIT	R\$ 82,3 million		↓ (26.4%)
	Margin 17.3%		↓ (3.7 p.p.)
Exchange	Positive impact: R\$ 49.7 million		↑
Volumes	Domestic market: 23.7 million pairs		↓ (30.8%)
	Exports: 11.2 million pairs		↓ (10.1%)
Average price	Domestic market	R\$ 16.04	↑ 16.9%
	Exports	R\$ 16.65	↑ 24.0%
		US\$ 4.26	↓ (9.2%)

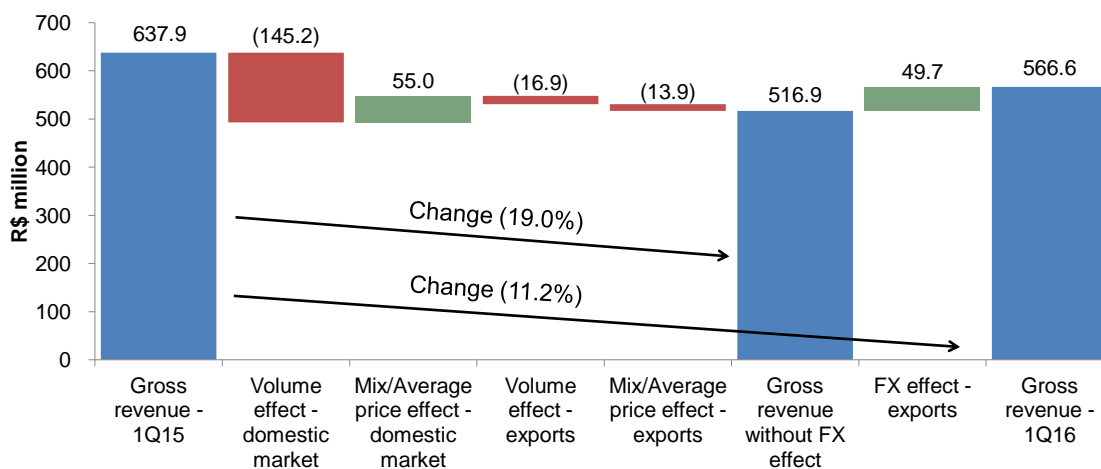
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Gross sales revenue (R\$ million)

– Domestic market and exports

Analysed by effect of volume, mix and average price

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Average US dollar: 1Q15 = R\$ 2.8634 / 1Q16 = R\$ 3.9100 - Δ 36.6%

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Performance:
CAGR, Compound average growth rate,
in the first quarters of the years 2008–2016:

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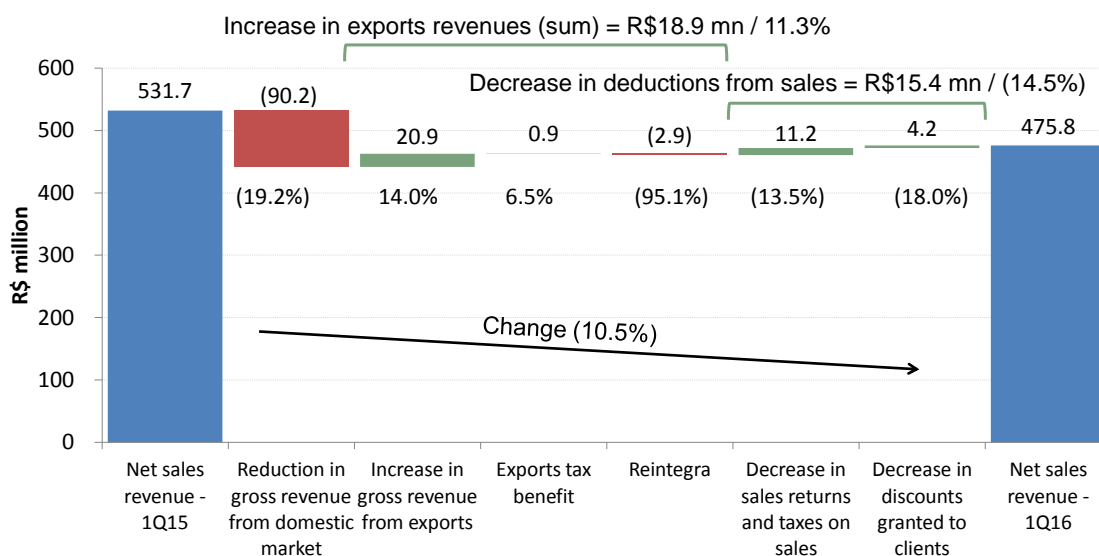
R\$ million	1Q08	1Q09	1Q10	1Q11	1Q12	1Q13	1Q14	1Q15	1Q16	CAGR
Gross revenue	331.4	371.5	456.6	392.1	495.4	603.6	615.4	638.4	566.6	6.9%
YoY change		12.1%	22.9%	(14.1%)	26.3%	21.8%	2.0%	3.7%	(11.2%)	
Net profit	41.0	64.3	46.9	63.5	82.1	102.3	97.5	136.9	143.6	17.0%
YoY change		56.8%	(27.1%)	35.4%	29.3%	24.6%	(4.8%)	41.4%	4.2%	

R\$ million	1Q08	1Q09	1Q10	1Q11	1Q12	1Q13	1Q14	1Q15	1Q16	CAGR
Advertising expenses	17.4	18.7	18.4	18.7	30.0	32.9	26.4	23.9	22.2	3.1%
% of Net sales revenue	6.6%	6.1%	4.9%	5.9%	7.6%	6.8%	5.3%	4.5%	4.7%	

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Net sales revenue (R\$ million)

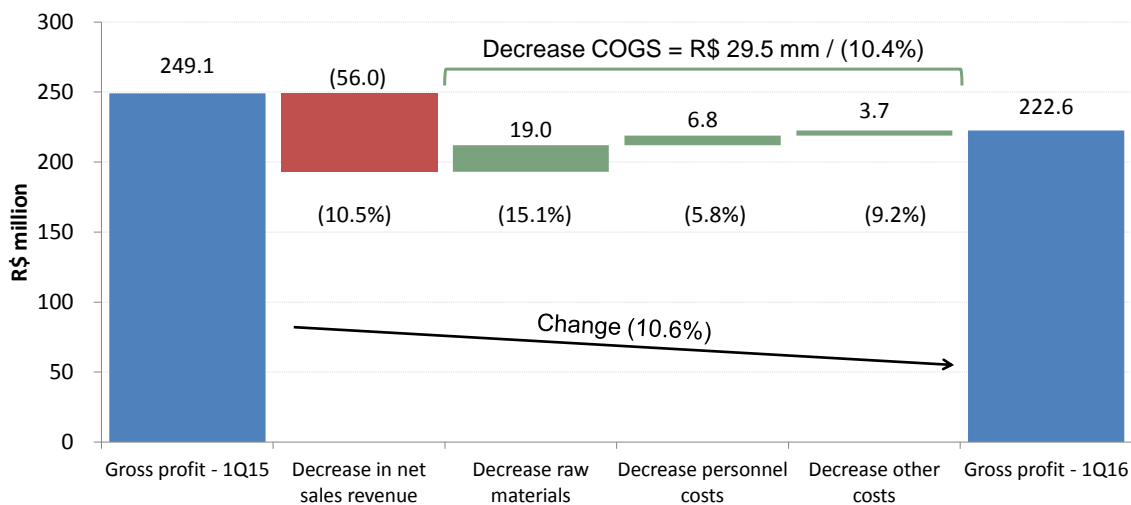
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Gross profit (R\$ million)

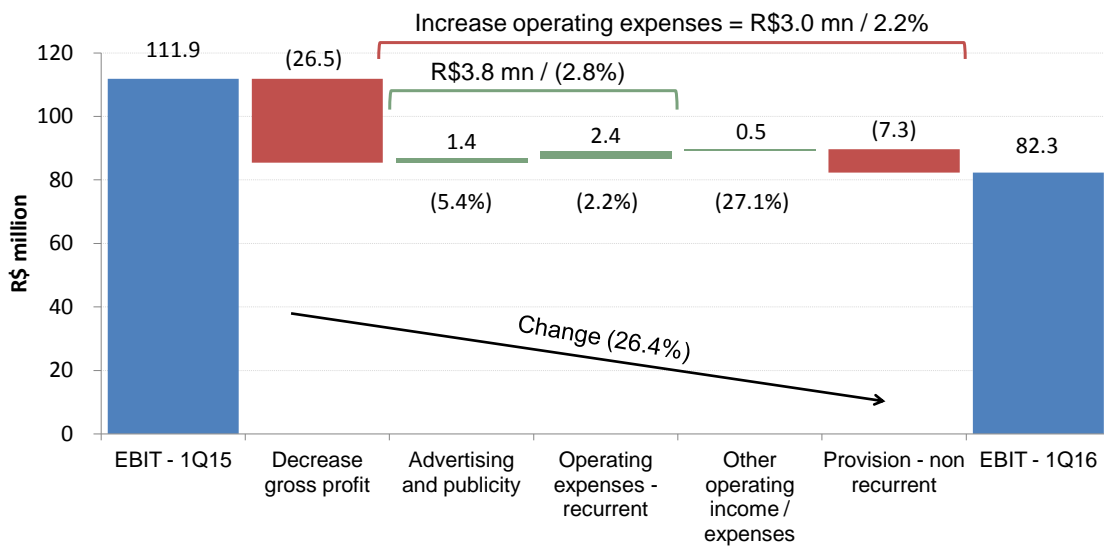
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EBIT (R\$ million)

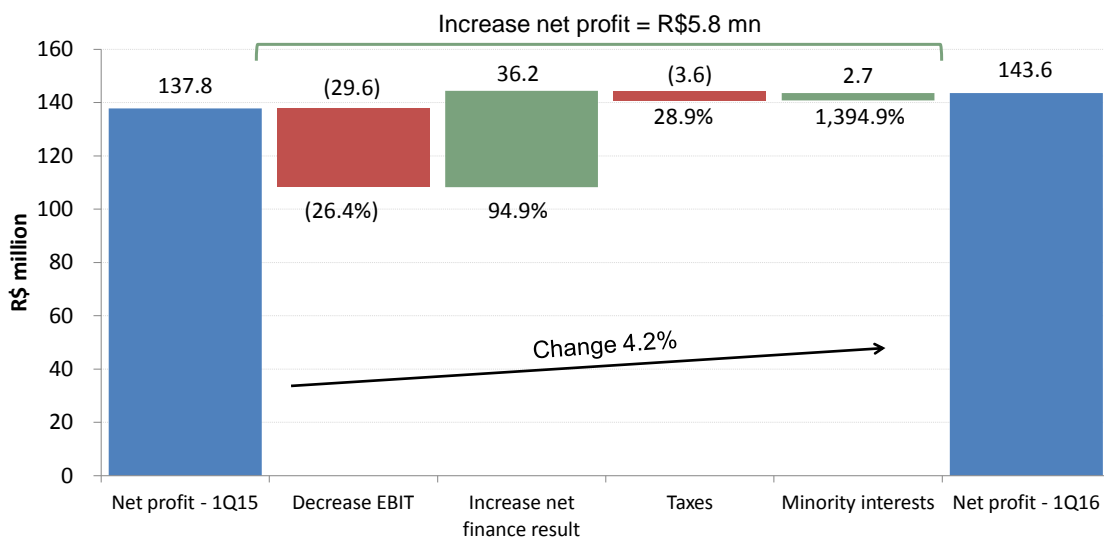
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Net profit (R\$ million)

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Dividends and Interest on Equity (R\$)

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Grendene S.A. (holding Company)	R\$
Net profit for the period	143,585,347.70
(-) Tax incentives reserve	(58,121,321.75)
Legal reserve calculation basis	85,464,025.95
(-) Legal reserve	(4,273,201.30)
Dividend for the profit reported up to March 31, 2016	81,190,824.65
Total of dividends + Interest on Equity proposed by management	81,190,824.65 ¹
<i>Minimum obligatory dividend payable (25%)</i>	<i>20,297,706.16</i>
<i>Dividend proposed in excess of the obligatory minimum dividend</i>	<i>60,893,118.49</i>
Sum	81,190,824.65

¹ Dividends will be paid "ad referendum" the OGM that considers the balance sheet and financial statements for 2016.

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Dividends and Interest on Equity (R\$)

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Allocation of the proposed 1Q16 corporate actions payments (Interest on Equity and Dividends)	R\$
(+) Interest on Equity, gross	30,000,000.00 ¹
(+) 1 st interim dividend - 1Q16	51,190,824.65
Total of dividends + Interest on Equity proposed by management, gross	81,190,824.65 ²
(-) Income tax withheld at source on Interest on Equity – 15%	(4,500,000.00)
Total of dividends + Interest on Equity proposed by management, net	76,690,824.65 ²

¹ Corresponds to the gross amount of Interest on Capital. Net R\$ 25,500,000.00.

² Dividends will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2016.

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Dividends and Interest on Equity (R\$)

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Corporate action payment proposed					
Decision	Date approved	Ex- date	Date of start of payment	Amount R\$	Amount per share R\$
Dividend – 1st interim ¹	April 28, 2016	May 4, 2016	May 18, 2016	51,190,824.65	0.170227536
Net Interest on Equity ¹	April 28, 2016	May 4, 2016	May 18, 2016	25,500,000.00	0.084796488
			Sum	76,690,824.65	0.255024024

¹ Dividends will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2016.



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Thank You!

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