

Grendene®

Disclaimer

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,



Agenda

| |
|---------------------|
| History |
| Highlights |
| Corporate structure |
| Plants |
| Production |
| Sustainability |
| Footwear sector |
| Strategy |
| Products |
| Results |
| Guidance |

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Mission

- To create a type of fashion that is democratic, responding rapidly to the market’s needs, while generating attractive returns for the company’s and its partners.

Values

- Profit, Competitiveness, Innovation & Agility and Ethics.

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Timeline

The beginning

1971

Grendene was founded. With two injection machines, 15 employees and novelty: to produce plastic packaging for wine.



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Timeline

1975

With diversification, was the pioneer to produce shoes with nylon as raw material.



1978

The launch of the *Nuar* sandal, an old dream came true. The following year the collection of sandals with the Melissa brand has conquered the world.

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Timeline

The 2000's

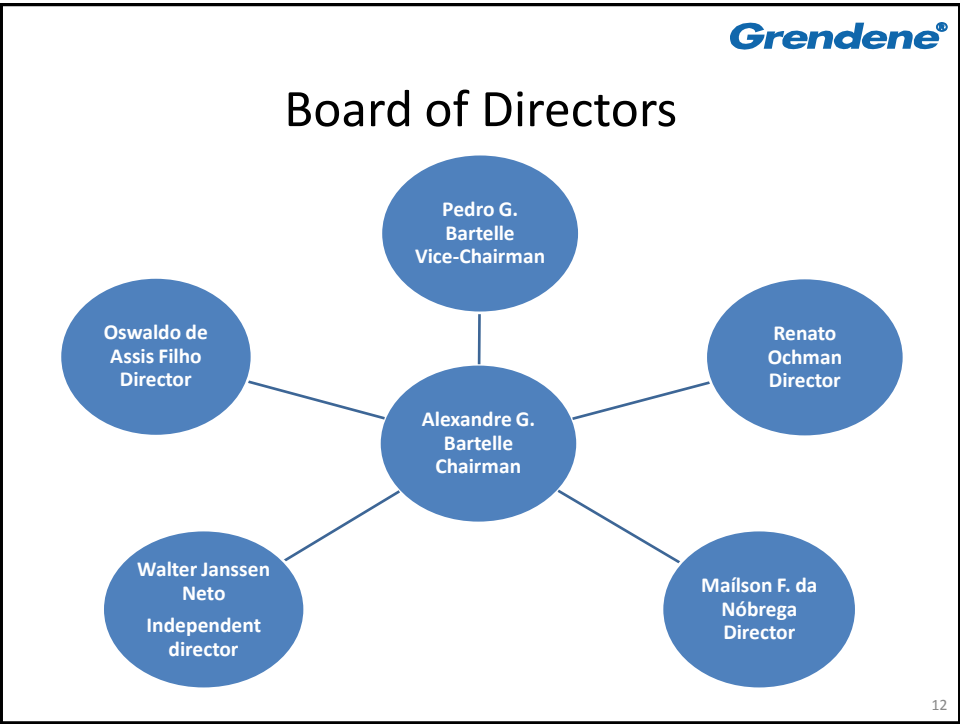
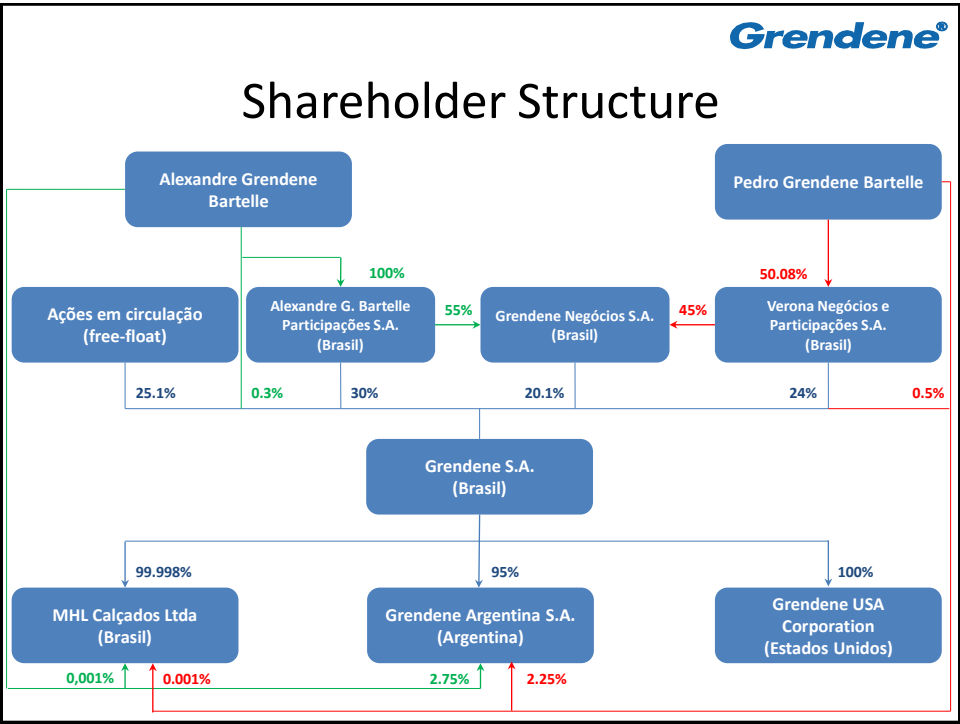
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|--|--|
| ❖ Launch of the Ipanema line and partnership with top model Gisele Bündchen . | ❖ Grendene started having common shares ("GRND3") negotiated at the <i>Novo Mercado</i> of <i>BM&F Bovespa</i> . |
| ❖ Opening of Galeria Melissa in São Paulo. | ❖ In the State of Bahia, the plant at Teixeira de Freitas , was inaugurated. |
| ❖ Dividend policy – Grendene will distribute dividends quarterly from 2009 on. | ❖ After thirty years making history as a fashion accessory, Melissa makes a surprise move and releases the brand's perfume to celebrate the occasion. |
| ❖ Launch of the Ilhabela , Zaxy , Ipanema RJ and Cartago brands. | ❖ Relaunch of the Rider Brand. |

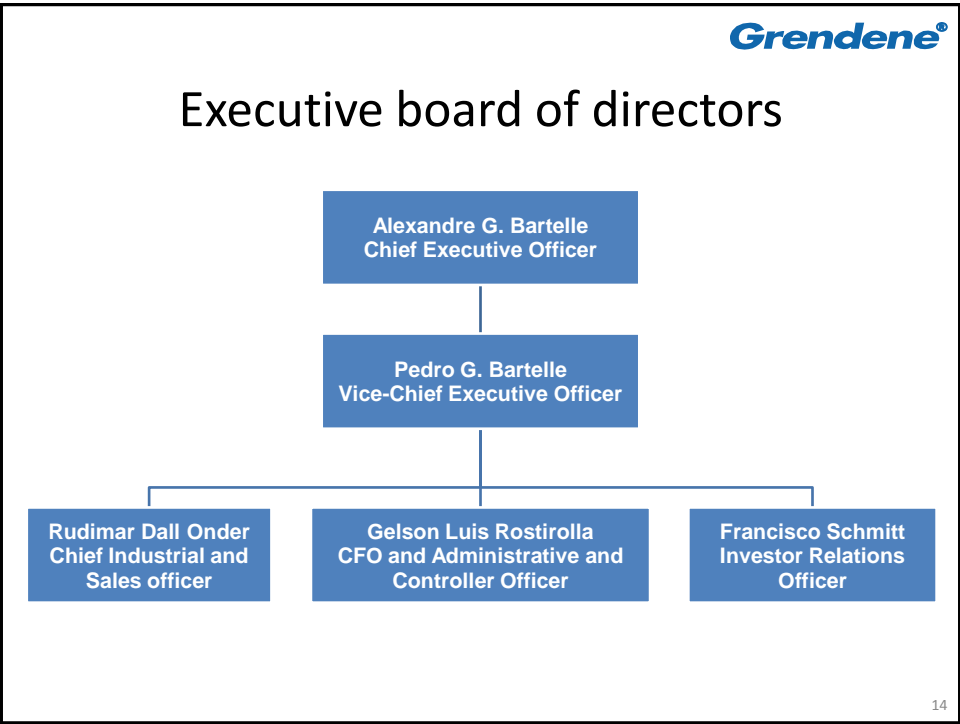
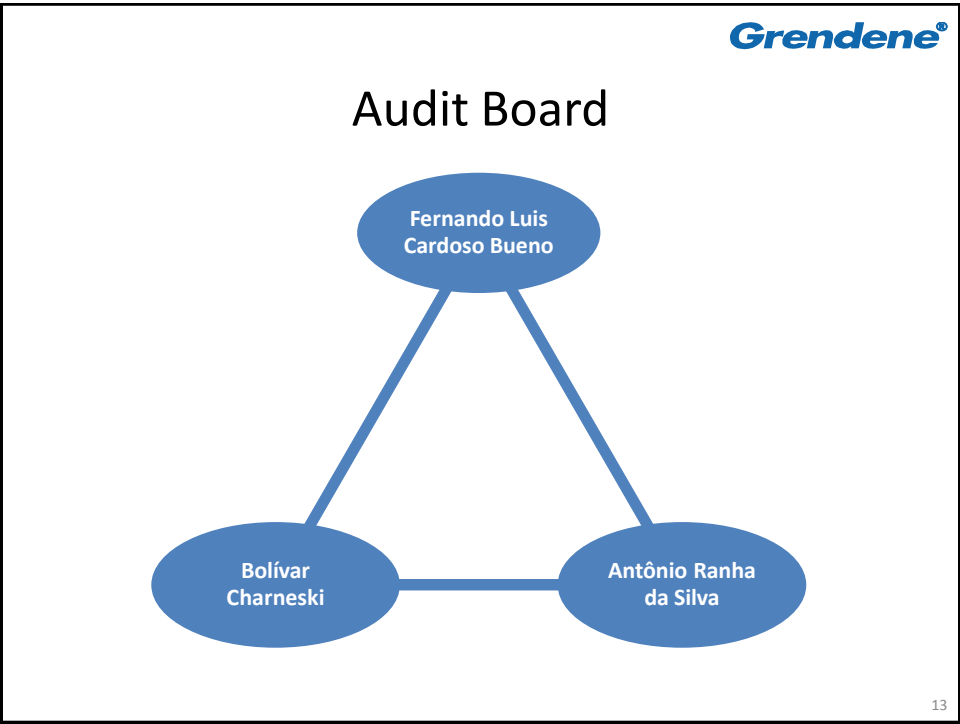
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Highlights

- Grendene is one of the world's largest producers of footwear
- Production capacity: 200 million pairs/year
- Average production: 500,000 pairs/day
- Employees: more than 20,000 (June, 2011)
- New products in 2010: 861
- World presence: more than 90 countries
- Brands with strong personality
- Innovation in product, distribution and media
- Listed on São Paulo's *Novo Mercado*; free float 25%
- Solid capital structure, strong cash flow

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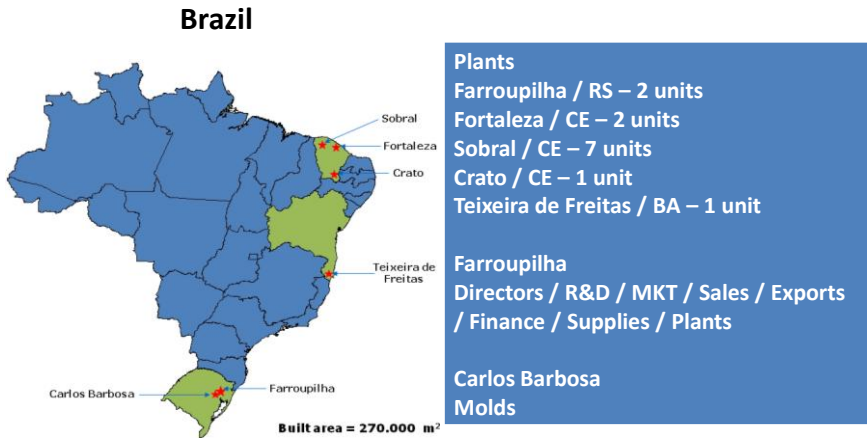


Plants



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Location of industrial plants




16₁₆

Industrial Plants


Installed capacity:
200,000,000 pairs / year




Sobral / CE




Carlos Barbosa / RS




Crato / CE




Farroupilha / RS



Fortaleza / CE





Teixeira de Freitas / BA




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Productive process


VERTICALIZATION = AGILITY




PVC Formulation




Design



Moulds



R&D



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Grendene®


Sustainability



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Grendene®

Social responsibility



Providing employment and income

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Social responsibility



Healthy food

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Social responsibility

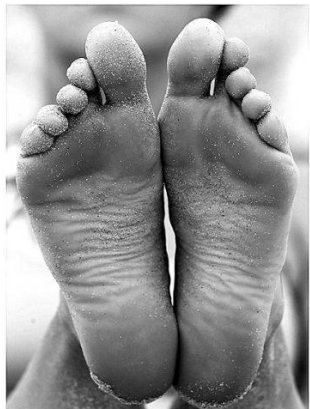


Training

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Social responsibility



Over the years Grendene has helped to put on the shoes of people.



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Responsabilidade socioambiental

O PVC não utilizado ou danificado no processo, as sobras e retalhos são totalmente reutilizados.



Tintas não utilizadas são removidas da água para a reutilização da tinta e da água.



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Social and Environmental Responsibility

Grendene®

The water is treated in a decantation lake and reused for conserving the vegetation.

The water used for watering the plants comes from reusing factory water.



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Footwear sector

Grendene®

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Brazil's footwear sector

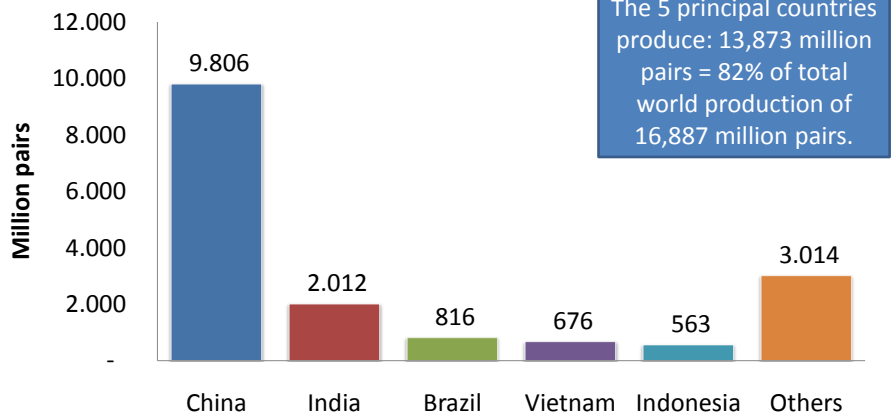
| Profile |
|---|
| 8,200 producers in 2010 |
| 348,000 direct employees |
| Production: 894 million pairs in 2010 (814 million pairs in 2009) |
| World's 3rd largest producer. |
| Apparent consumption, Brazilian domestic market: 780 million pairs, and 4.1 pairs per capita in 2010 (717 million pairs and 3.7 pairs in 2009) |
| Exports in 2010: 143 million pairs to more than 140 countries (+12.9% vs. 2009) |
| Source: IEMI/MTE/MDIC-SECEX/ABICALÇADOS |

The industry itself is not much more than 150 years old – companies are typically small and labor-intensive, with no entry or exit barriers.

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Footwear sector

2008



The 5 principal countries produce: 13,873 million pairs = 82% of total world production of 16,887 million pairs.

Source: IEMI / World Shoe Review 2009 / ABICALÇADOS

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The footwear sector in Brazil

| Million pairs | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------------------|------|------|------|------|------|
| Production | 830 | 808 | 816 | 814 | 894 |
| Imports | 19 | 29 | 39 | 30 | 29 |
| Exports | 180 | 177 | 166 | 127 | 143 |
| Apparent consumption | 669 | 660 | 689 | 717 | 780 |
| Per capita consumption | 3.6 | 3.5 | 3.6 | 3.7 | 4.1 |

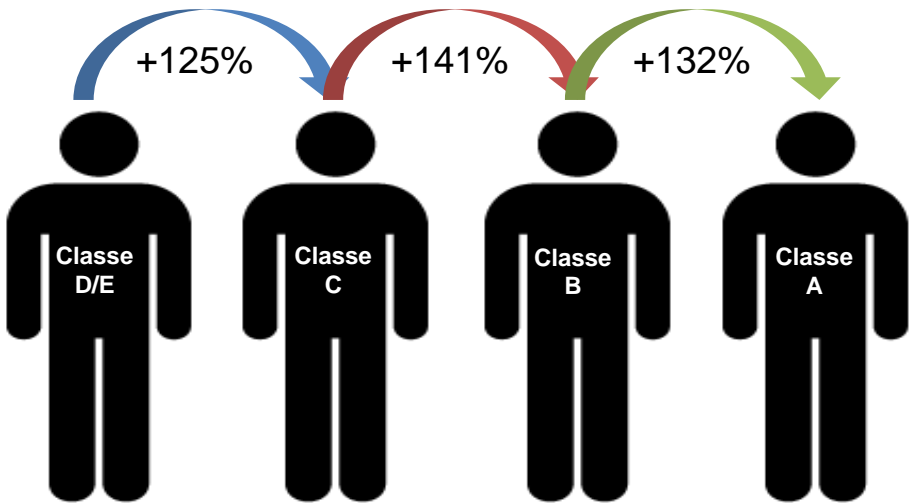
Source: IEMI / SECEX / ABICALÇADOS

| Consumption – 2007 | Total | Per capita |
|--------------------|-------|------------|
| USA | 2,393 | 7.94 |
| United Kindgom | 451 | 7.42 |
| Italy | 387 | 6.65 |
| France | 417 | 6.55 |
| Japan | 707 | 5.55 |

Source: Satra 2008 /
Abicalçados / U.S. Census
Bureau

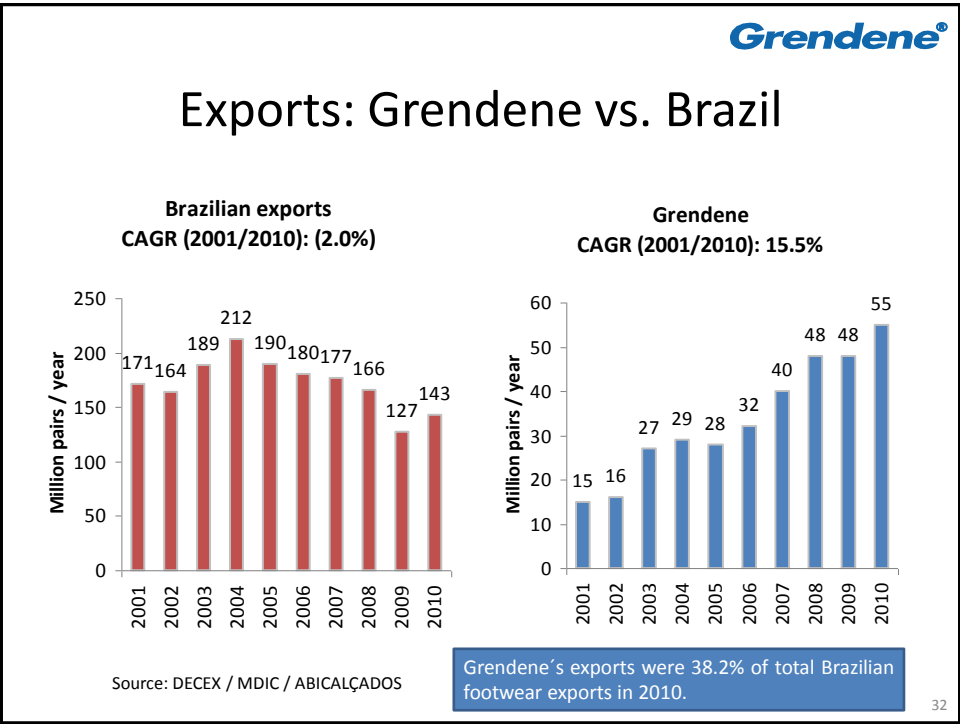
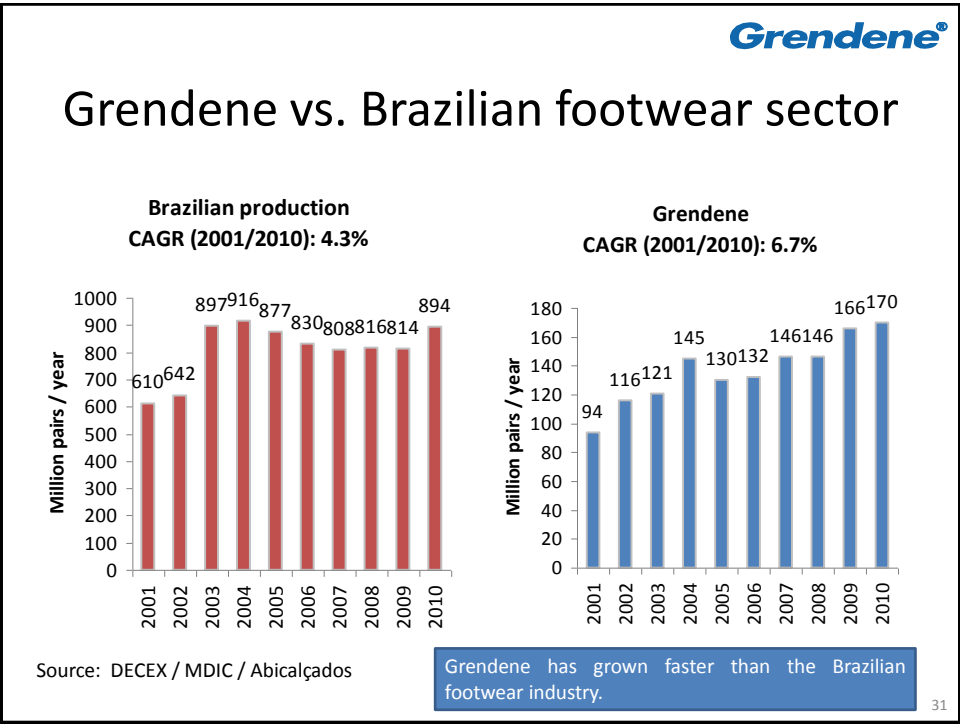
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Brazil – Increments in spending with changes in income group (clothing and footwear)



Source: Exame magazine / Investor relations site of Lojas Renner

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Strategy: Break paradigms



Less labor-intensive

More capital-intensive

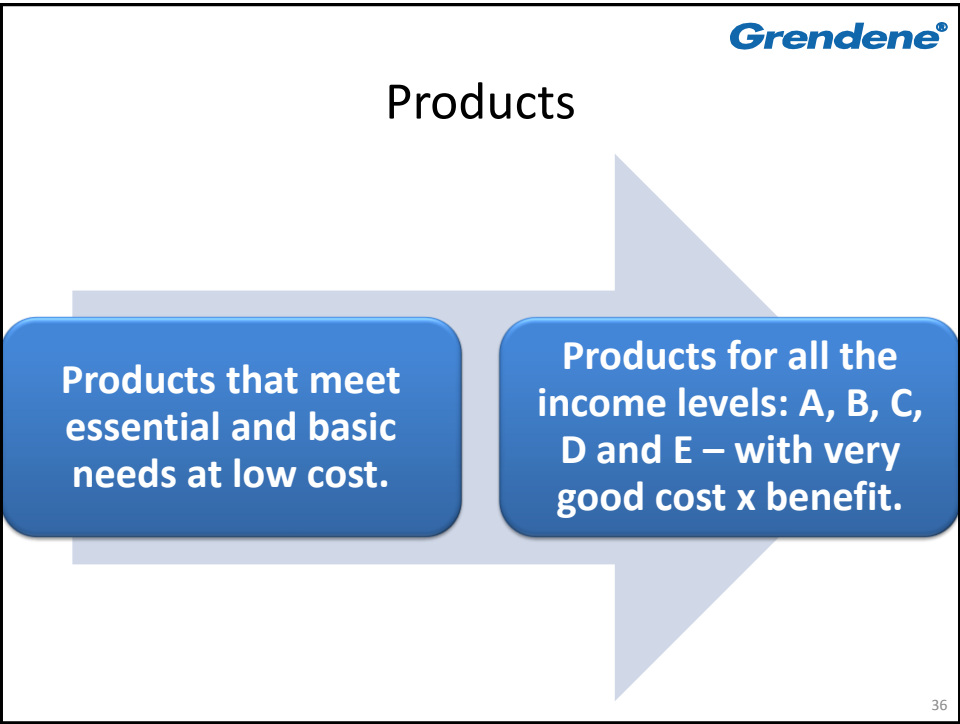
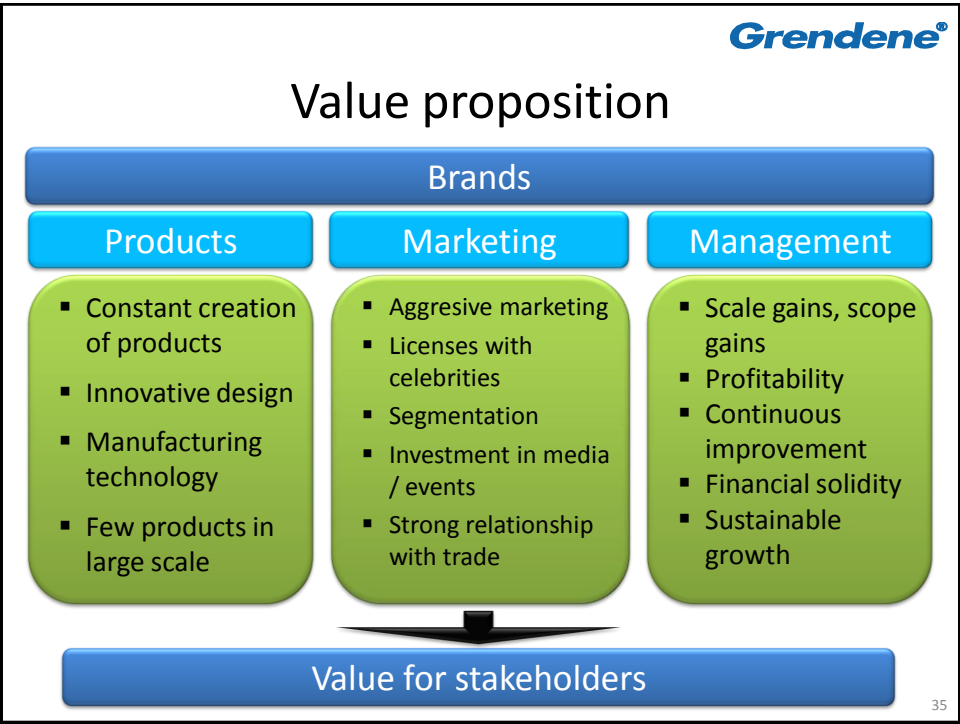
Higher entry barriers

Highly marketing
intensive

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Our expertise of more than 35 years, producing innovative footwear and generating desired brands, shows the success of our vision of the market, our strategy and our business model – and our capacity to create value for stockholders.

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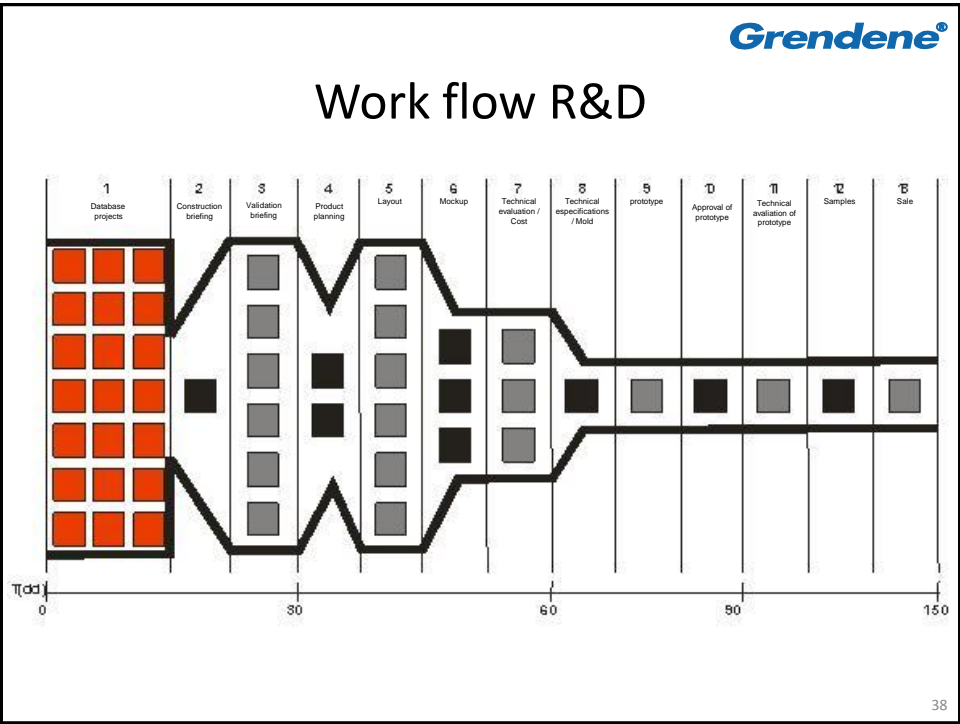
Grendene®

Creative process



Melissa + Jean Paul Gaultier

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Media



Internet Hot Site





iPanema Flora Fem





FASHIONRIO



SPFW



couromoda

Grendene®

iPANEMA®

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Grendene®

Management process



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Grendene®

MELISSA TIME CODE

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Grendene®

Melissa Human

Melissa Fly

Melissa Wanting II

Melissa Talking II

Melissa Star

Melissa Peace

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zaxy



Zaxy Emotion AD



Zaxy Dream AD



Zaxy Smile AD



Grendene



Hello Kitty Show Inf



Barbie Pink Me Inf



Ben 10 Alienize Inf



Homem Aranha Urban Inf

46





Disney Carros Soft Baby



Disney Magia Baby



Hello Kitty Klog Baby



Backyardigans Aquarela Baby



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Main licenses



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Grendene®

Celebrities



Juliana Paes



Ana Hickmann



Ivete Sangallo



Claudia Leite



Carolina Dieckmann



Camila Pitanga

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Sales channels: Brazil



Retail – Di Santinni



Retail – Centauro

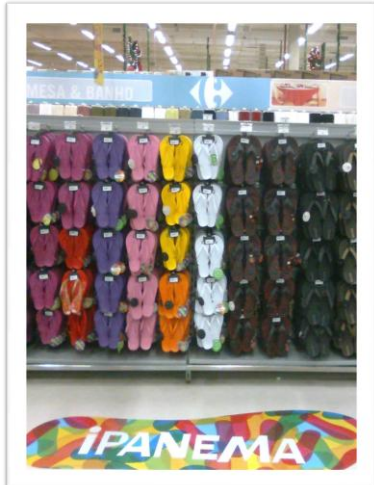
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Grendene®

Sales channels: Brazil



Magazine – C&A

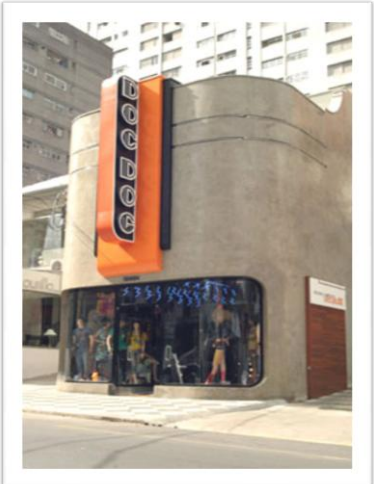


Self service – Carrefour

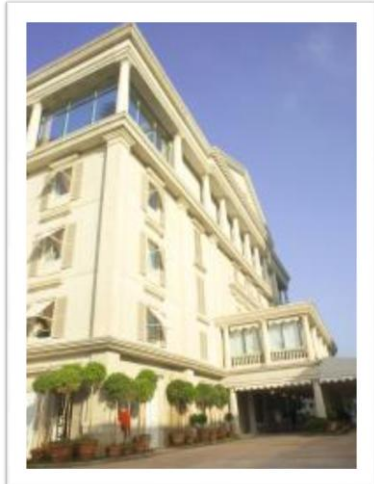
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Grendene®

Sales channels: Brazil



Select. distrib. – Doc Dog



Select. distrib. – Daslu

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Grendene®

International sales channels



Monastiraki - Atenas



Footlocker - Milão

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Grendene®

International sales channels



Fred Segal - Los Angeles

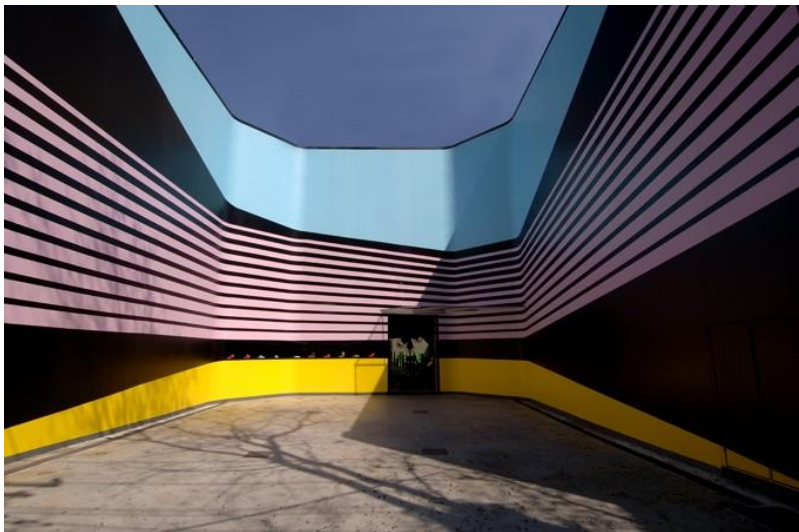


Jean Pierre Bua - Barcelona

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Galeria Melissa – Concept store



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Oscar Freire street, 827, São Paulo, SP

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Results (in IFRS)



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Main financial and economic indicators

| R\$ mn | 1H10 | 1H11 | Change % 1H10-1H11 |
|-------------------|-------|-------|-----------------------|
| Net sales revenue | 680.0 | 561.1 | (17.5%) |
| Net income | 84.9 | 100.4 | 18.2% |
| Margin % | 1H10 | 1H11 | Change p.p. |
| Gross | 30.4% | 36.6% | 6.2 |
| EBIT | 4.9% | 7.0% | 2.1 |
| EBITDA | 7.0% | 9.6% | 2.6 |
| Net | 12.5% | 17.9% | 5.4 |

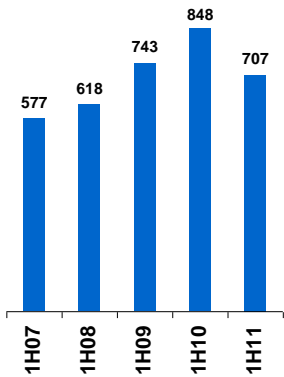
| Share | 2010 | 2011 |
|---|---------------------|---------------------|
| Profit per share R\$ | R\$1.0388 | R\$0.3338 |
| Share price (December 31 – June 30) R\$ | R\$9.32 | R\$9.00 |
| Book value per share R\$ | R\$5.57 | R\$5.57 |
| Market cap (R\$ 1,000) | R\$2,802,710,400.00 | R\$2,706,480,000.00 |

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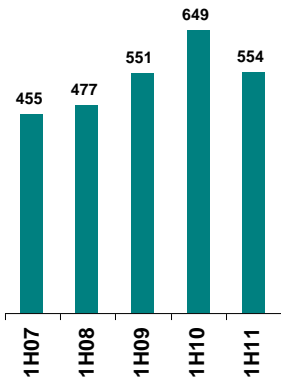


Gross sales revenue (IFRS)
(R\$ million)

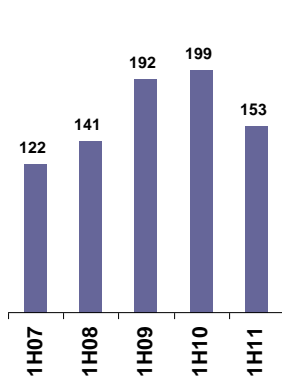
Gross sales revenue
CAGR (1H07-1H11): 5.2%



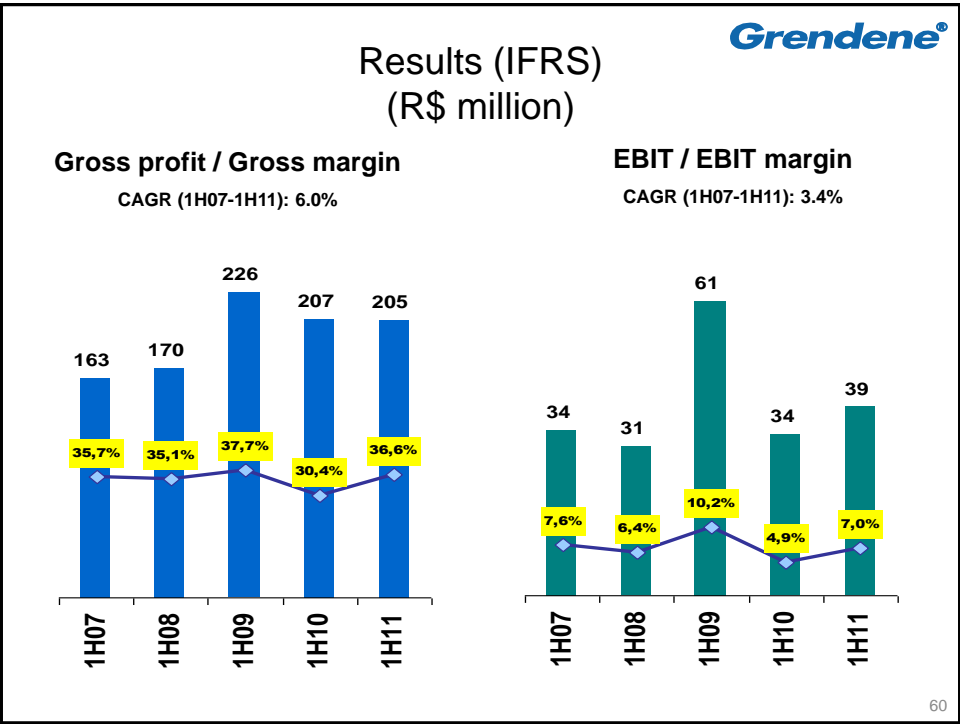
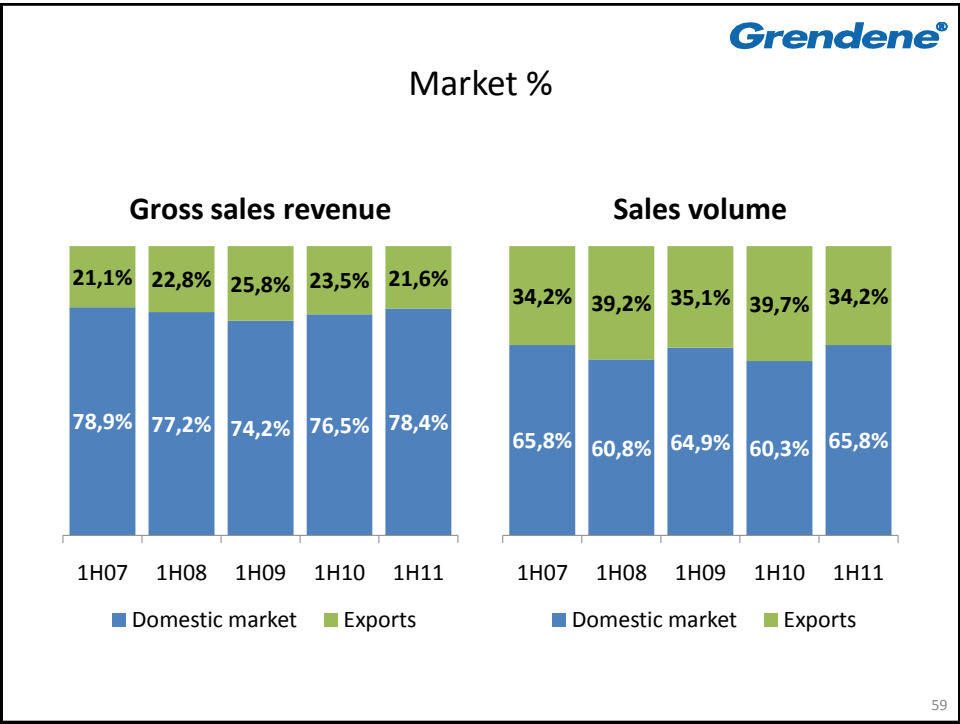
Gross sales revenue
Domestic market
CAGR (1H07-1H11): 5.0%

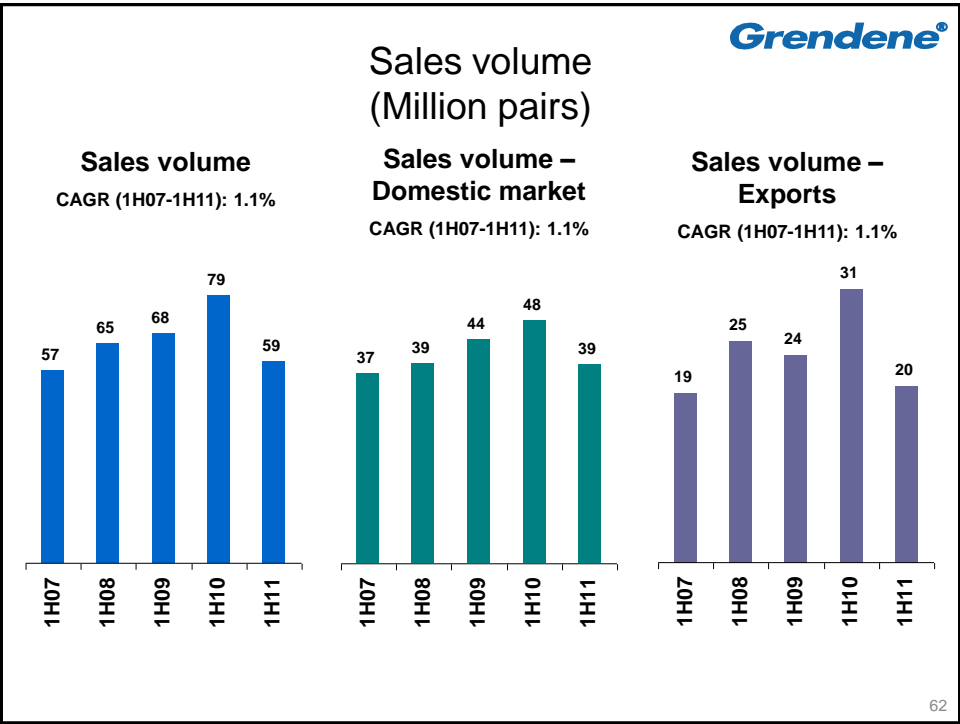
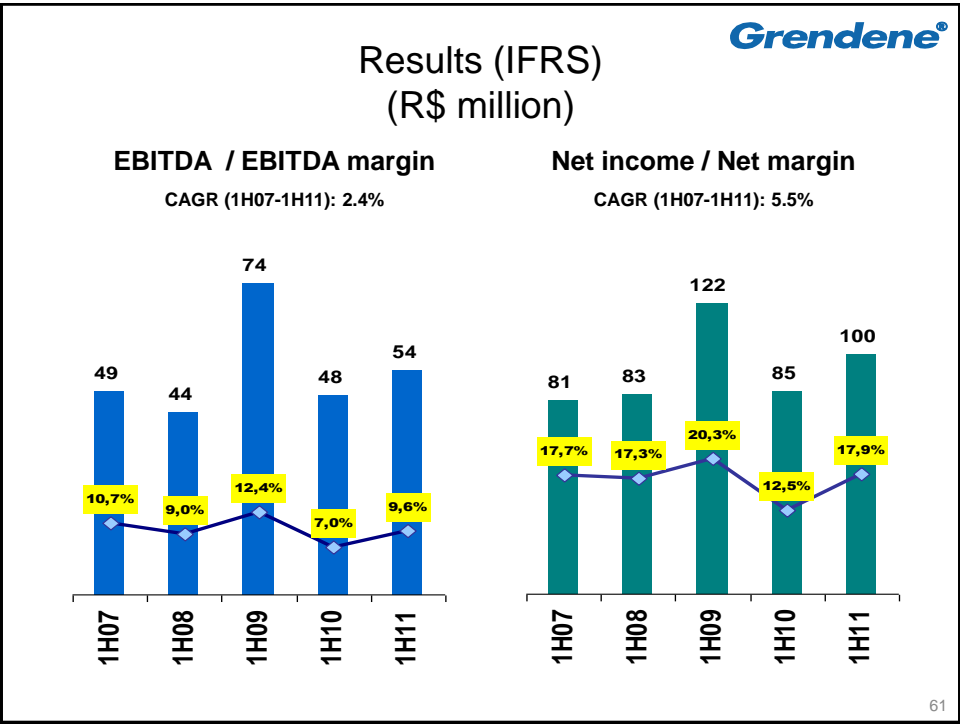


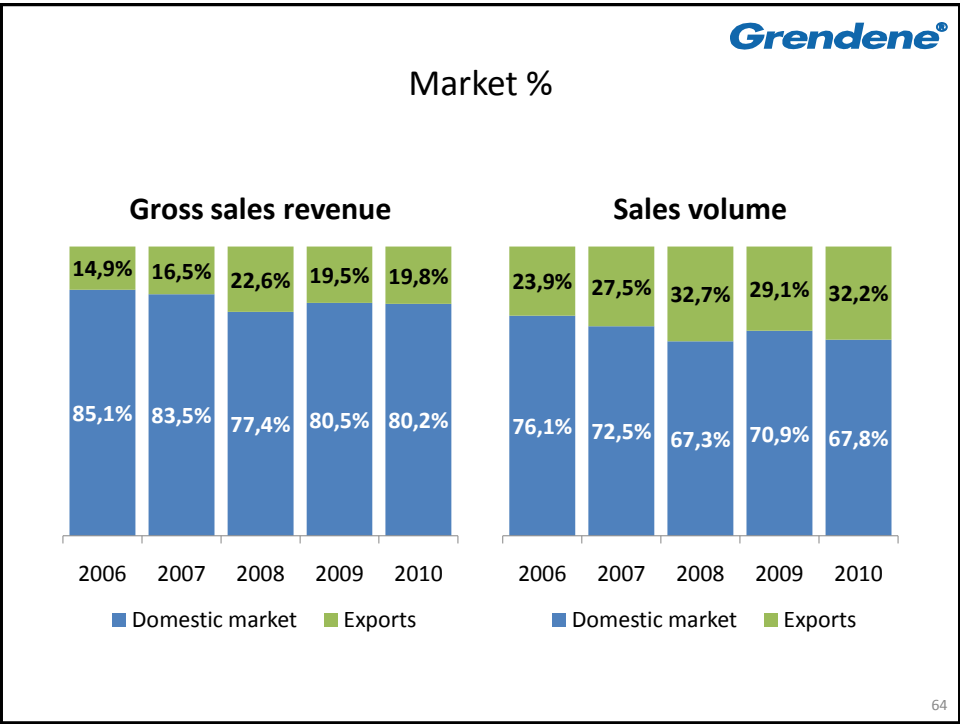
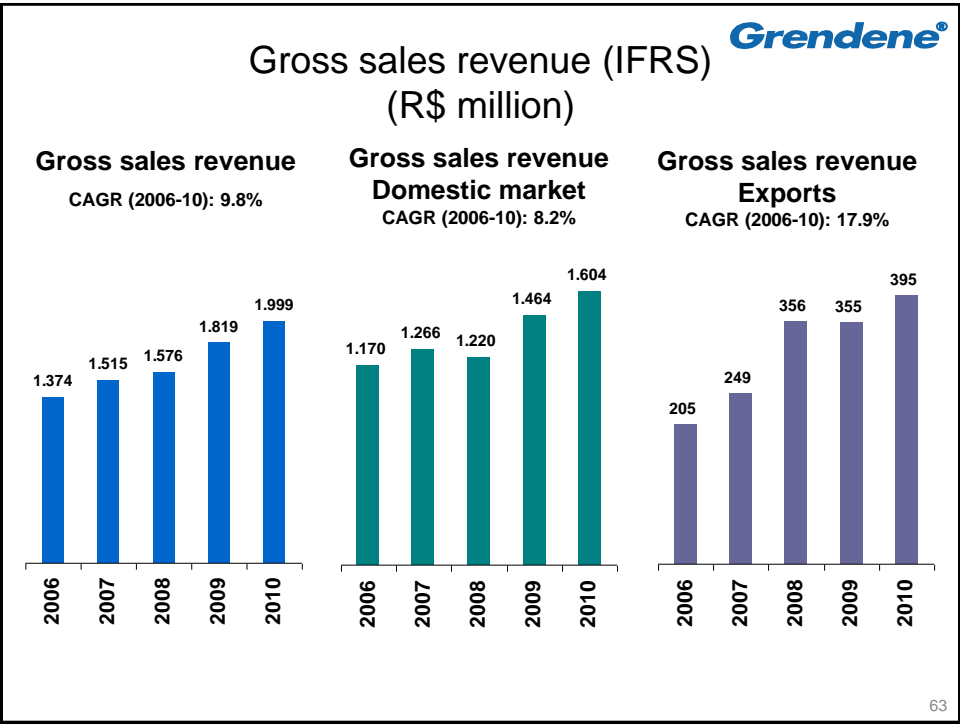
Gross sales revenue
Exports
CAGR (1H07-1H11): 5.9%

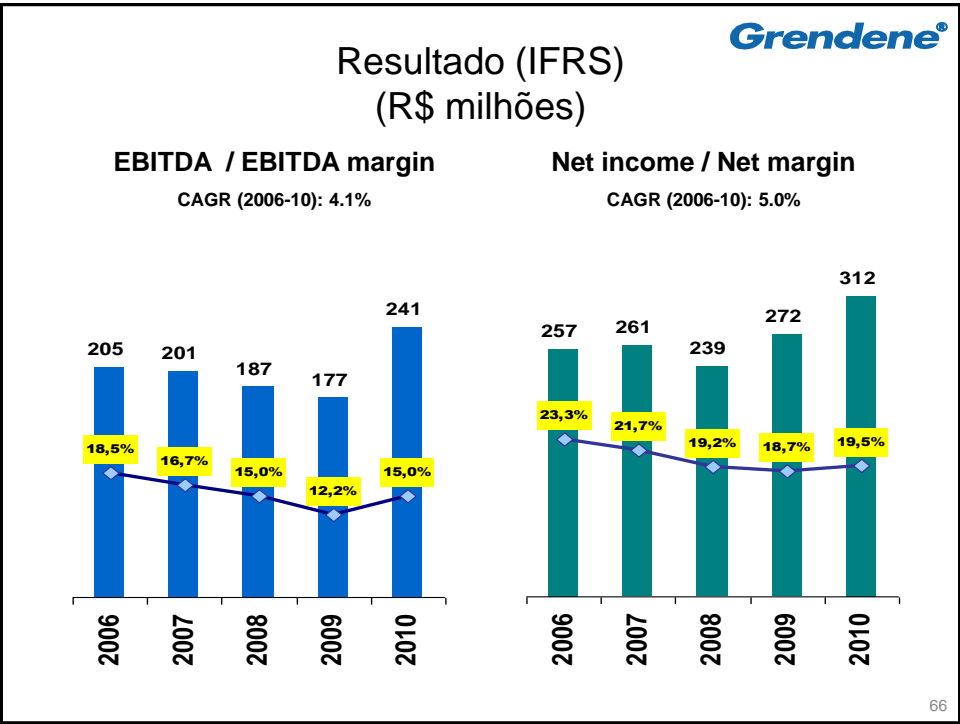
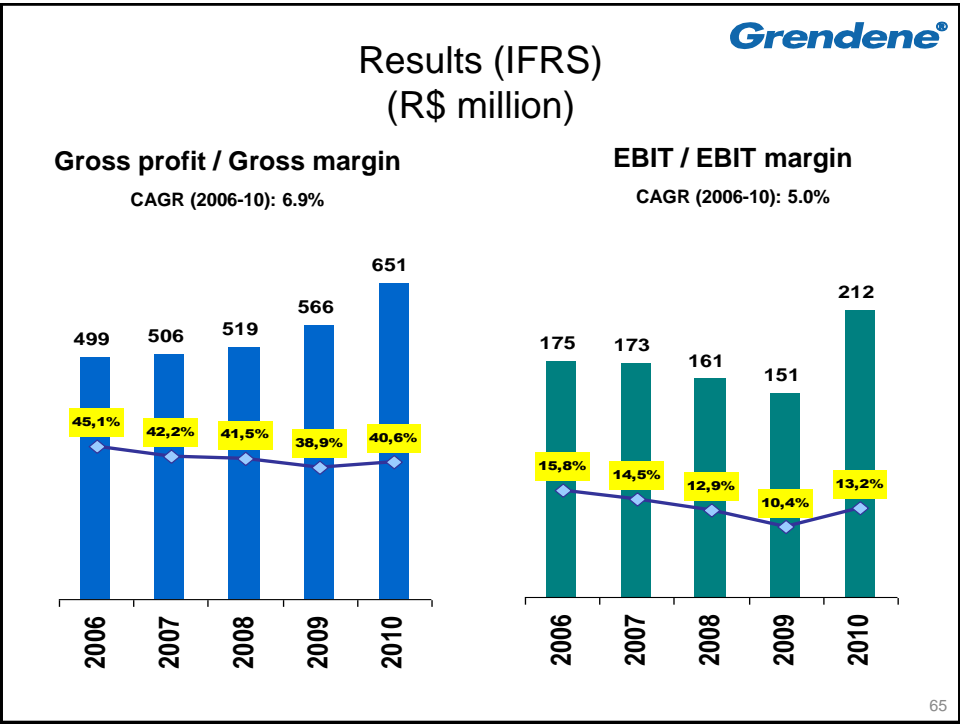


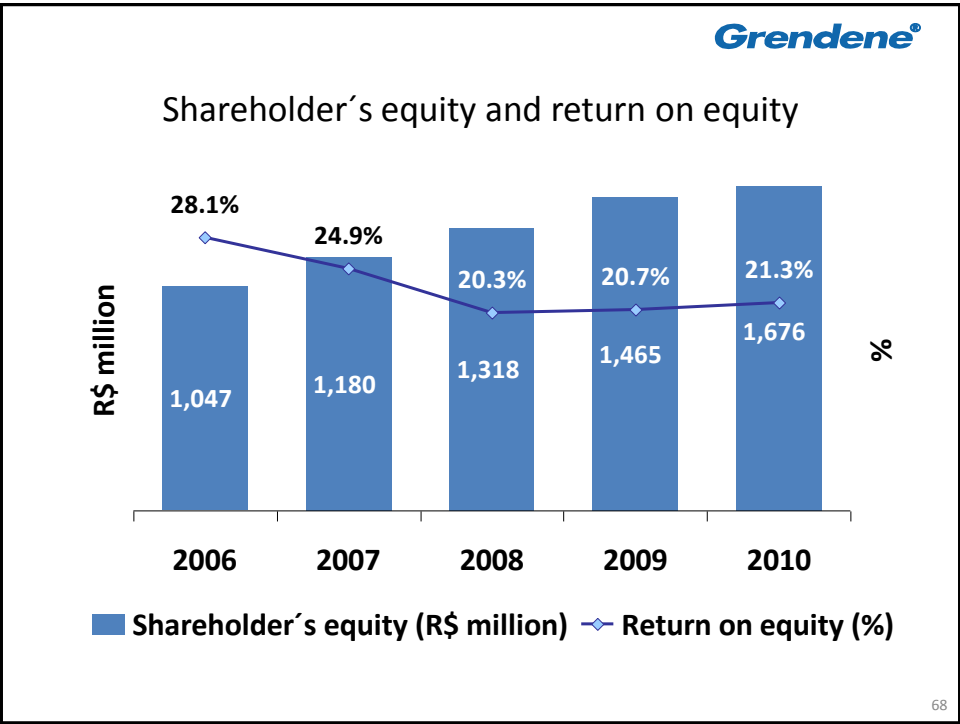
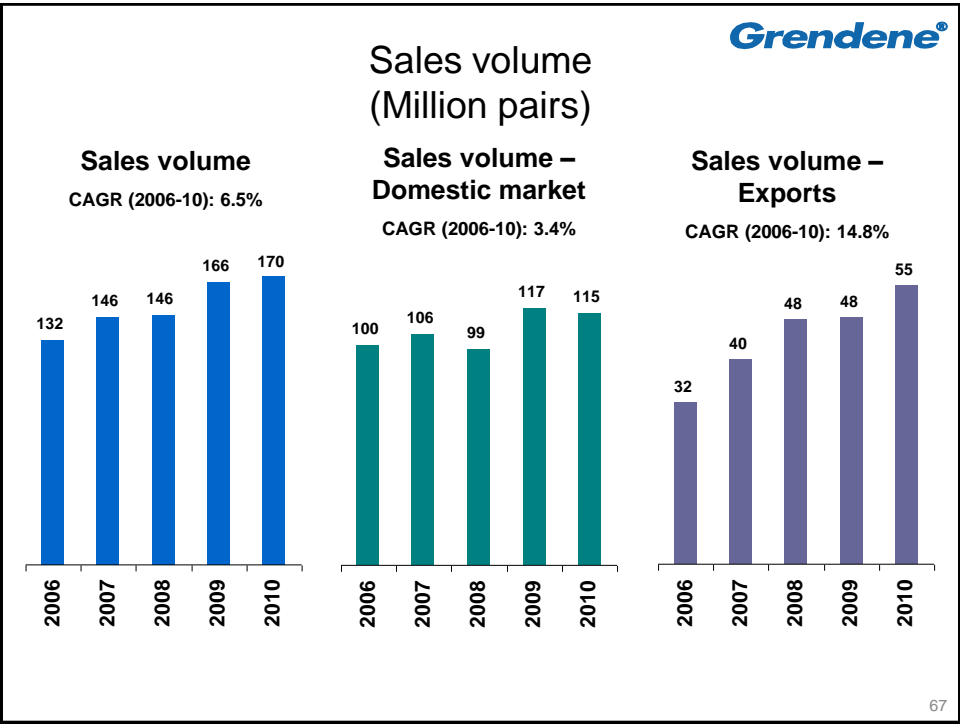
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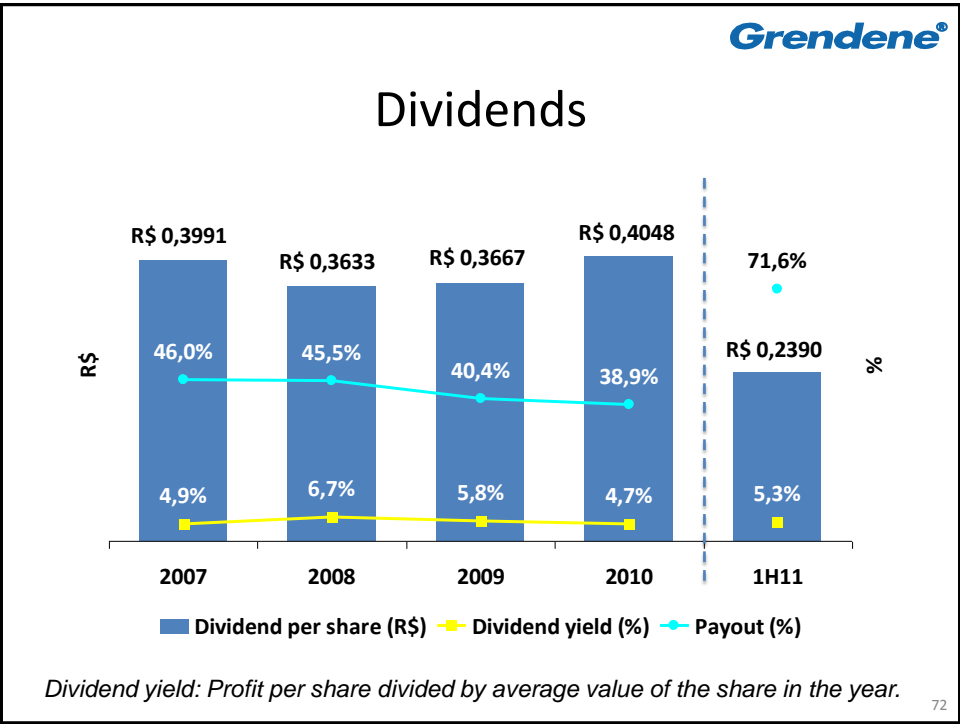
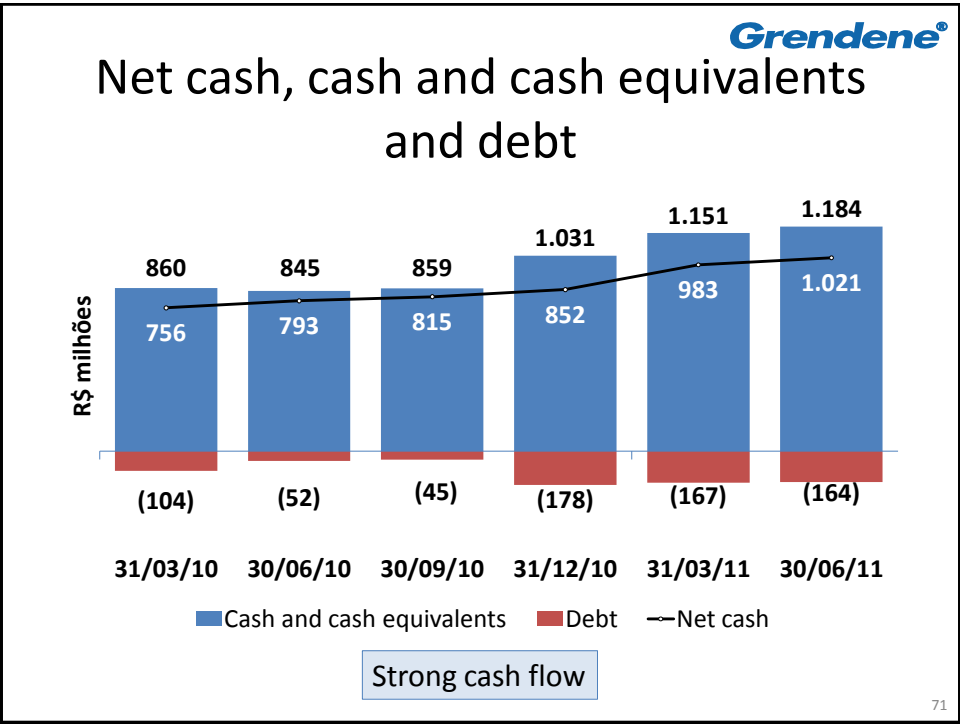


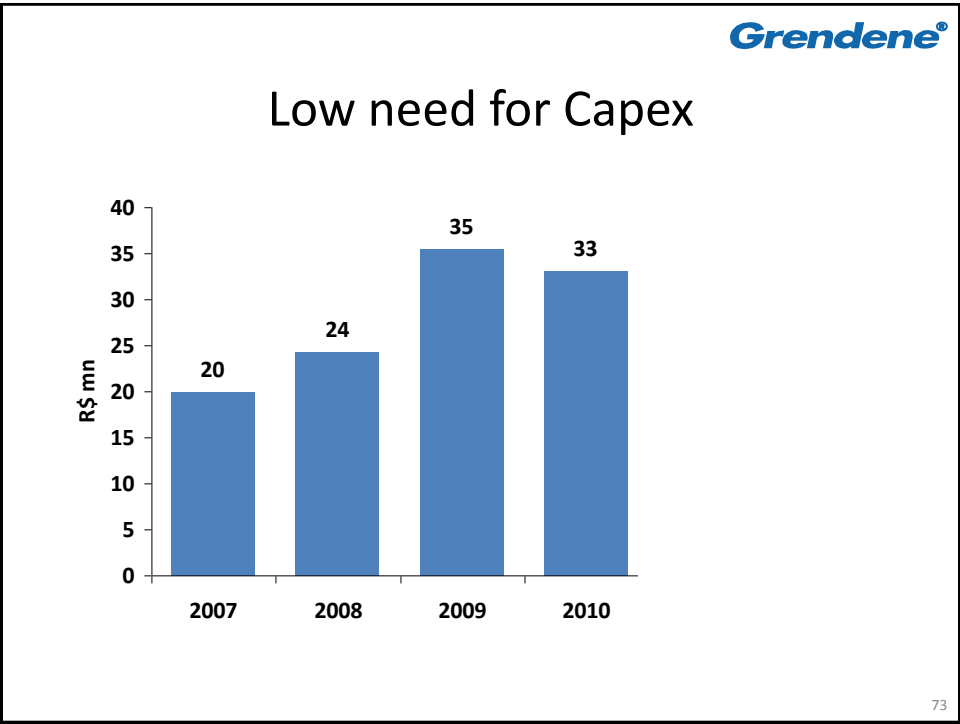




| <div>Operational result (IFRS)</div> <div>(R\$'000)</div> <div>Grendene®</div> | | | | | | | |
|--|----------------|---------------|----------------|---------------|----------------|------------------|---------------|
| | 1H10 | % V | 1H11 | %V | %H | Marginal | %V |
| Domestic market | 648,562 | 95.4% | 553,699 | 98.7% | (14.6%) | (94,863) | 79.8% |
| Exports | 199,070 | 29.3% | 152,894 | 27.2% | (23.2%) | (46,176) | 38.8% |
| Gross sales revenue | 847,632 | 124.6% | 706,593 | 125.9% | (16.6%) | (141,039) | 118.6% |
| Sales deduction | (167,617) | (24.6%) | (145,489) | (25.9%) | (13.2%) | 22,128 | (18.6%) |
| Net sales revenue | 680,015 | 100.0% | 561,104 | 100.0% | (17.5%) | (118,911) | 100.0% |
| Cost of sales | (473,216) | (69.6%) | (355,738) | (63.4%) | (24.8%) | 117,478 | (98.8%) |
| Gross profit | 206,799 | 30.4% | 205,366 | 36.6% | (0.7%) | (1,433) | 1.2% |
| Operating income (expenses) | | | | | | | |
| Selling expenses | (145,943) | (21.5%) | (137,106) | (24.4%) | (6.1%) | 8,837 | (7.4%) |
| General & administrative expenses | (26,214) | (3.9%) | (26,818) | (4.8%) | 2.3% | (604) | 0.5% |
| Management fees | (1,017) | (0.1%) | (2,012) | (0.4%) | 97.8% | (995) | 0.8% |
| EBIT | 33,625 | 4.9% | 39,430 | 7.0% | 17.3% | 5,805 | (4.9%) |
| Other operating income | 2,001 | 0.3% | 3,808 | 0.7% | 90.3% | 1,807 | (1.5%) |
| Other operating expenses | (1,014) | (0.1%) | (1,622) | (0.3%) | 60.0% | (608) | 0.5% |
| Operating result before financial revenue (expenses) | 34,612 | 5.1% | 41,616 | 7.4% | 20.2% | 7,004 | (5.9%) |
| 69 | | | | | | | |

| <div>Operational result (IFRS)</div> <div>(R\$ '000)</div> <div>Grendene®</div> | | | | | | | |
|---|------------------|---------------|------------------|---------------|--------------|----------------|---------------|
| | 2009 | % V | 2010 | %V | %H | Marginal | %V |
| Domestic market | 1,464,338 | 100.6% | 1,603,820 | 100.0% | 9.5% | 139,482 | 93.8% |
| Exports | 355,024 | 24.4% | 394,766 | 24.6% | 11.2% | 39,742 | 26.7% |
| Gross sales revenue | 1,819,362 | 125.0% | 1,998,586 | 124.6% | 9.9% | 179,224 | 120.5% |
| Sales deduction | (363,605) | (25.0%) | (394,079) | (24.6%) | 8.4% | (30,474) | (20.5%) |
| Net sales revenue | 1,455,757 | 100.0% | 1,604,507 | 100.0% | 10.2% | 148,750 | 100.0% |
| Cost of sales | (889,711) | (61.1%) | (953,261) | (59.4%) | 7.1% | (63,550) | (42.7%) |
| Gross profit | 566,046 | 38.9% | 651,246 | 40.6% | 15.1% | 85,200 | 57.3% |
| Operating income (expenses) | | | | | | | |
| Selling expenses | (356,275) | (24.5%) | (377,010) | (23.5%) | 5.8% | (20,735) | (13.9%) |
| General & administrative expenses | (57,854) | (4.0%) | (58,938) | (3.7%) | 1.9% | (1,084) | (0.7%) |
| Management fees | (1,123) | (0.1%) | (2,940) | (0.2%) | 161.8% | (1,817) | (1.2%) |
| EBIT | 150,794 | 10.4% | 212,358 | 13.2% | 40.8% | 61,564 | 41.4% |
| Other operating income | 3,200 | 0.2% | 3,368 | 0.2% | 5.3% | 168 | 0.1% |
| Other operating expenses | (1,810) | (0.1%) | (7,313) | (0.5%) | 304.0% | (5,503) | (3.7%) |
| Operating result before financial revenue (expenses) | 152,184 | 10.5% | 208,413 | 13.0% | 36.9% | 56,229 | 37.8% |
| 70 | | | | | | | |









Perspectivas

**Targets for:
2009 – 2013 / 2011-2015**

Growth of gross revenue at a CAGR between 8% and 12% in the five years.

Growth of net profit at a CAGR between 12 and 15% in the five years.

Advertising expenses: average: 8% - 10% of net revenue in this period.

Our view is that, in this period, we may have years with greater growth than these rates, as was the case in 2009, and others with less growth, but on average we intend to meet this target.

Thank You!

Francisco Schmitt

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Grendene®**40 years old****Further information**

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