

## 2Q16 & 1H16 Results

Conference Call

July 29, 2016

9:30 a.m. (Eastern Time)

10:30 a.m. (Brasilia Time)



### 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.

## Analysis of 2Q16 Results in IFRS Consolidated data



### Highlights 2Q16 (YOY 2015)

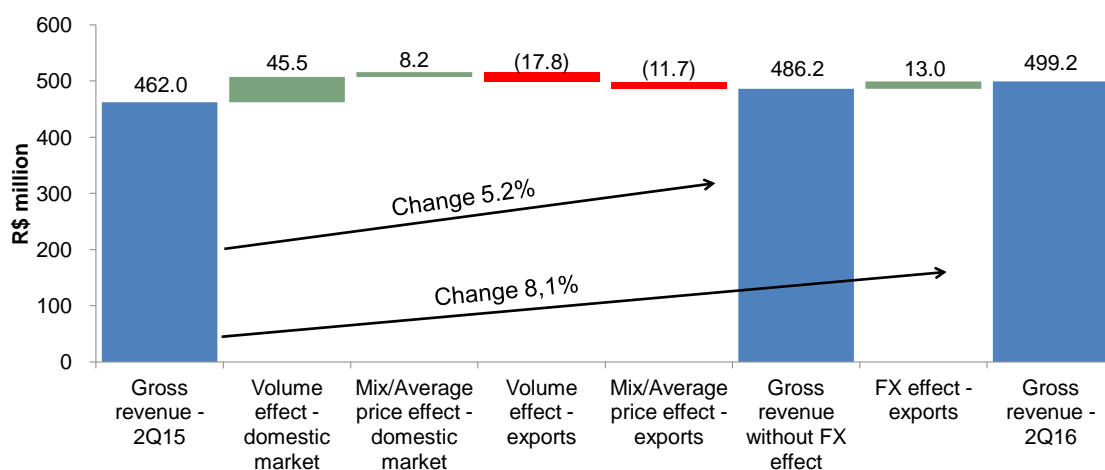
Gross revenue	Domestic market: R\$ 394.7 million		↑ 15.7%
	Exports: R\$ 104.5 million		↓ (13.6%)
Net profit	R\$ 93.0 million		↑ 4.9%
EBIT	R\$ 54.6 million		↑ 28.6%
	Margin 13.4%		↑ 2.2 p.p.
Exchange	Positive impact: R\$ 13.0 million		↑
Volumes	Domestic market: 26.2 million of pairs		↑ 13.3%
	Exports: 7.4 million of pairs		↓ (14.7%)
Average price	Domestic market	R\$ 15.05	↑ 2.1%
	Exports	R\$ 14.17	↑ 1.3%
		US\$ 4.04	↓ (11.2%)

## Gross sales revenue

– Domestic market and exports

Analysed by effect of volume, mix and average price

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Average US dollar: 2Q15 = R\$ 3.0722 / 2Q16 = R\$ 3.5099 - Δ 14.2%

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## Performance

– CAGR, Compound average growth rate,  
in the second quarter of year 2008 – 2016:

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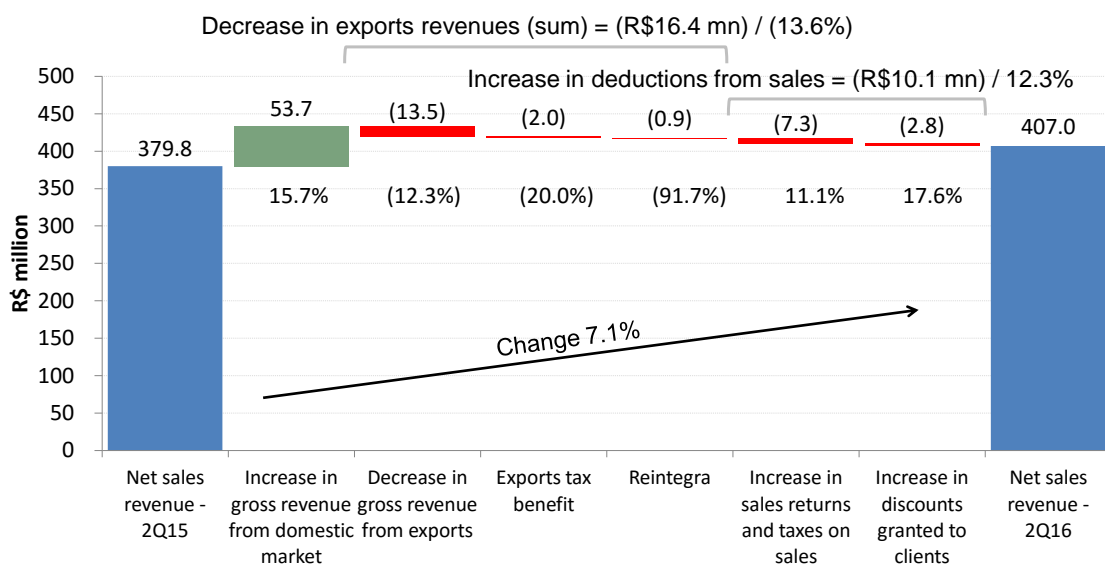
R\$ million	2Q08	2Q09	2Q10	2Q11	2Q12	2Q13	2Q14	2Q15	2Q16	CAGR
Gross revenue	286.9	371.7	391.0	307.2	412.6	504.7	488.7	462.0	499.2	7.2%
YoY change		29.6%	5.2%	(21.4%)	34.3%	22.3%	(3.2%)	(5.5%)	8.1%	
Net profit	42.4	57.3	38.0	36.9	59.5	66.2	73.7	88.7	93.0	10.3%
YoY Change		35.2%	(33.7%)	(3.1%)	61.4%	11.2%	11.4%	20.2%	4.9%	

R\$ million	2Q08	2Q09	2Q10	2Q11	2Q12	2Q13	2Q14	2Q15	2Q16	CAGR
Advertising expenses	19.8	19.8	19.9	20.0	28.5	26.7	26.2	21.3	24.0	2.4%
% of net sales revenue	9.1%	6.7%	6.5%	8.2%	8.6%	6.6%	6.6%	5.6%	5.9%	

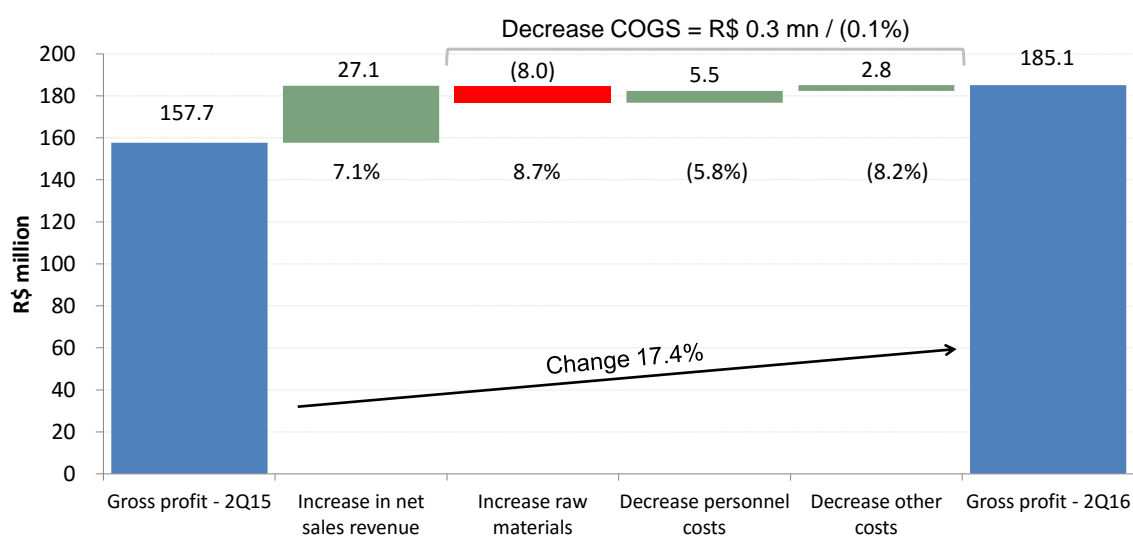
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## Net sales revenue

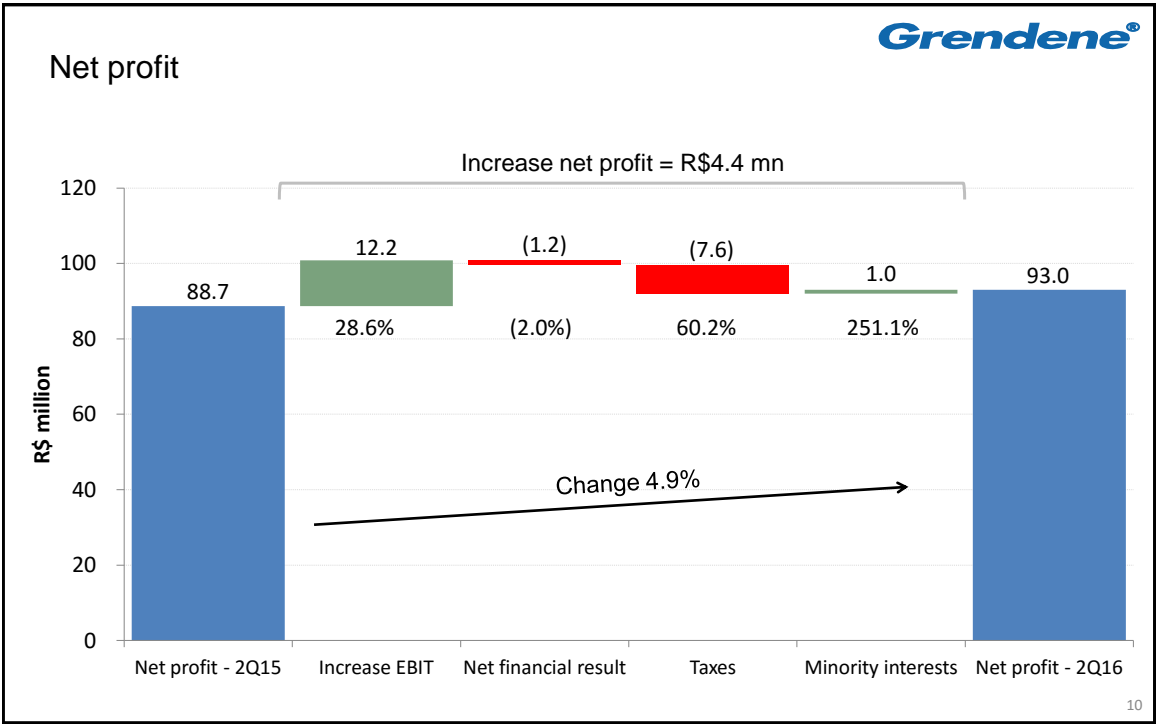
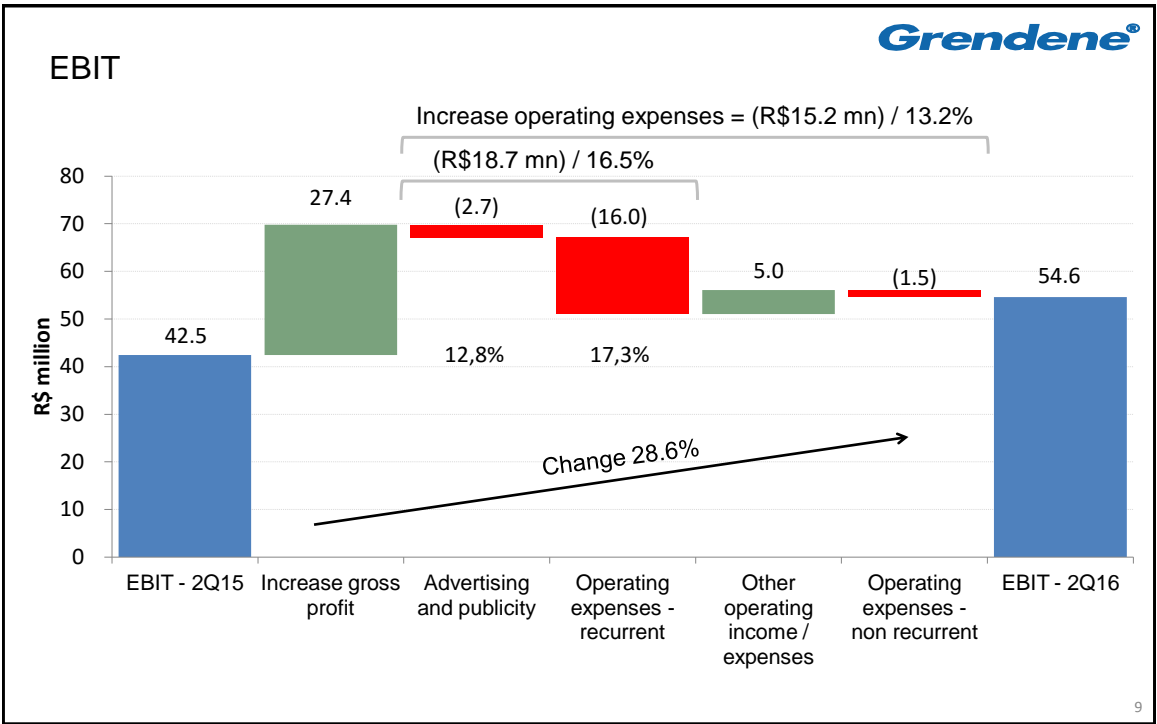


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## Gross profit



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## Analysis of 1H16 Results in IFRS Consolidated data



## Highlights 1H16 (YOY 2015)

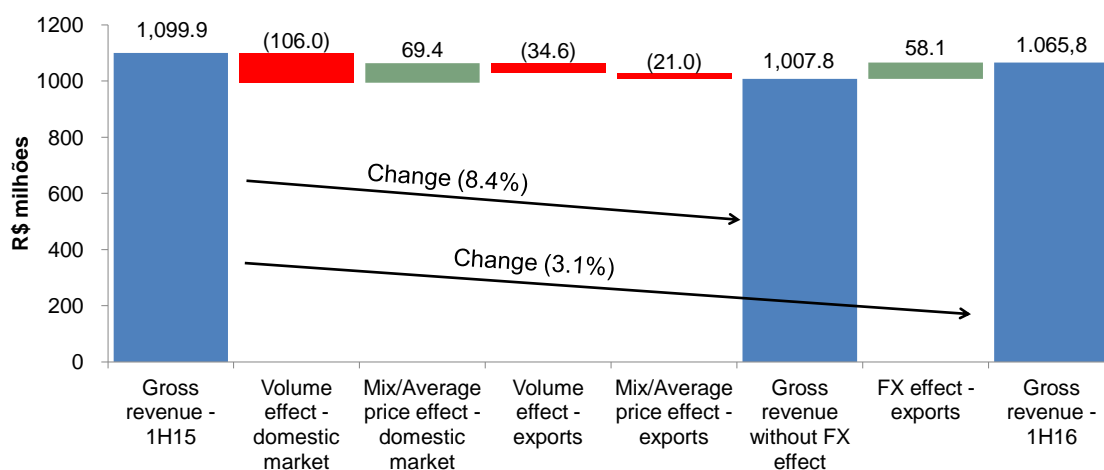
Gross revenue	Domestic market: R\$ 775,6 million		↓ (4.5%)
	Exports: R\$ 290,2 million		↑ 0.9%
Net profit	R\$ 236.6 million		↑ 4.5%
EBIT	R\$ 136.9 million		↓ (11.3%)
	Margin 15.5%		↓ (1.4 p.p.)
Exchange	Positive impact: R\$ 58.1 million		↑
Volumes	Domestic market: 50.0 million pairs		↓ (13.0%)
	Exports: 18.5 million pairs		↓ (12.0%)
Average price	Domestic market	R\$ 15.52	↑ 9.8%
	Exports	R\$ 15.66	↑ 14.6%
		US\$ 4.22	↓ (8.3%)

## Gross sales revenue

– Domestic market and exports

Analysed by effect of volume, mix and average price

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Average US dollar: 1H15 = R\$ 2.9678 / 1H16 = R\$ 3.7099 - Δ 25.0%

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## Performance

– CAGR, Compound average growth rate,  
in the first half of year 2008 – 2016:

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R\$ million	1H08	1H09	1H10	1H11	1H12	1H13	1H14	1H15	1H16	CAGR
Gross revenue	618.2	743.2	847.6	699.3	908.1	1,108.3	1,104.1	1,099.9	1,065.8	7.0%
YoY Change		20.2%	14.1%	(17.5%)	29.8%	22.0%	(0.4%)	(0.4%)	(3.1%)	
Net profit	83.4	121.6	84.9	100.4	141.5	168.5	171.2	226.4	236.6	13.9%
YoY Change		45.8%	(30.1%)	18.2%	41.0%	19.1%	1.6%	32.3%	4.5%	

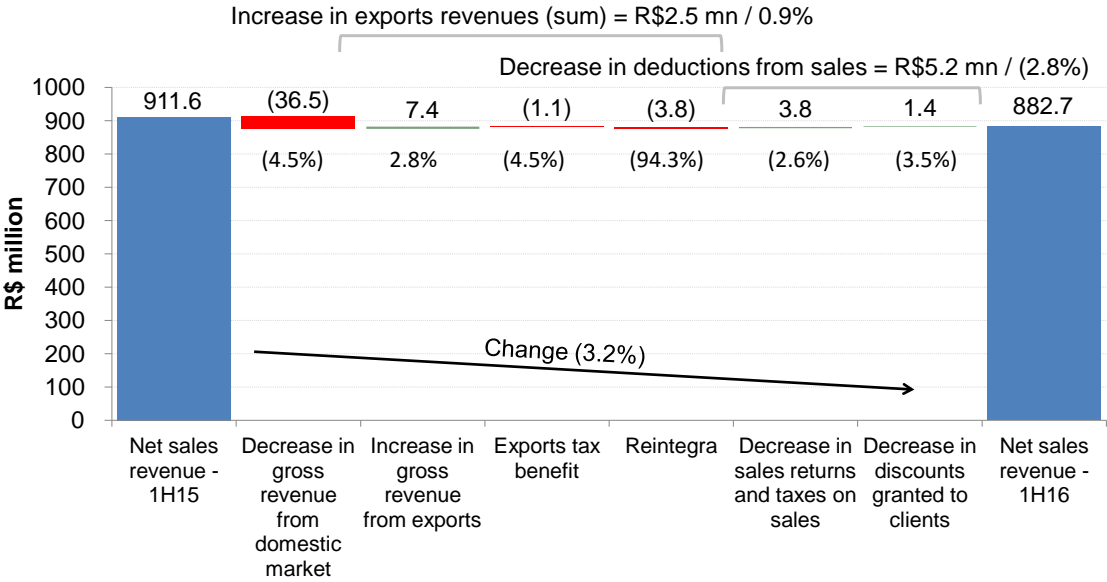
  

R\$ million	1H08	1H09	1H10	1H11	1H12	1H13	1H14	1H15	1H16	CAGR
Advertising expenses	37.2	38.5	38.3	38.7	58.4	59.5	52.5	45.2	46.2	2.7%
% of Net sales revenue	7.7%	6.4%	5.6%	6.9%	8.0%	6.7%	5.9%	5.0%	5.2%	

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Net sales revenue

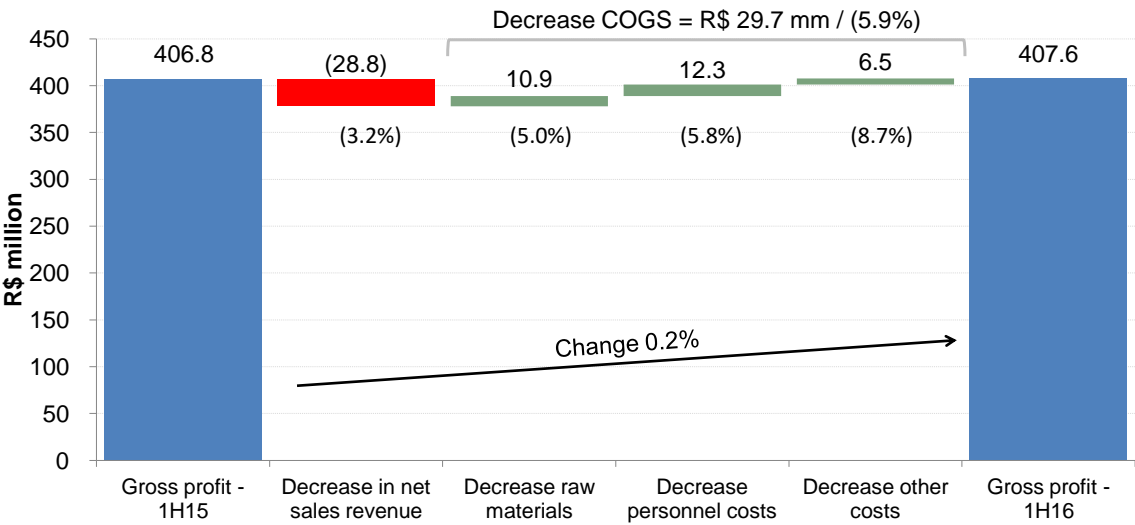
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Gross profit

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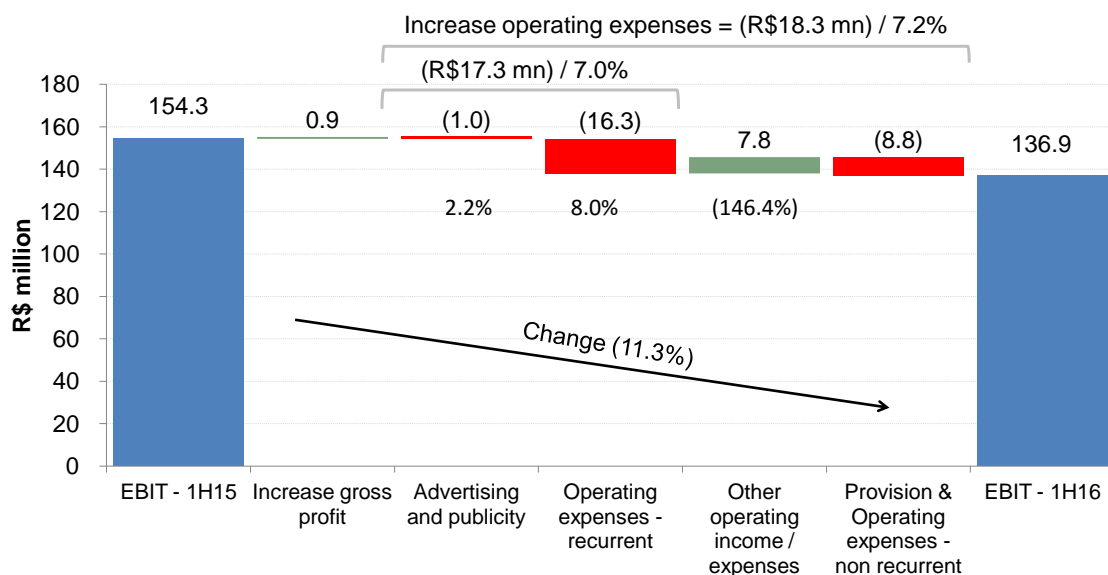


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## EBIT

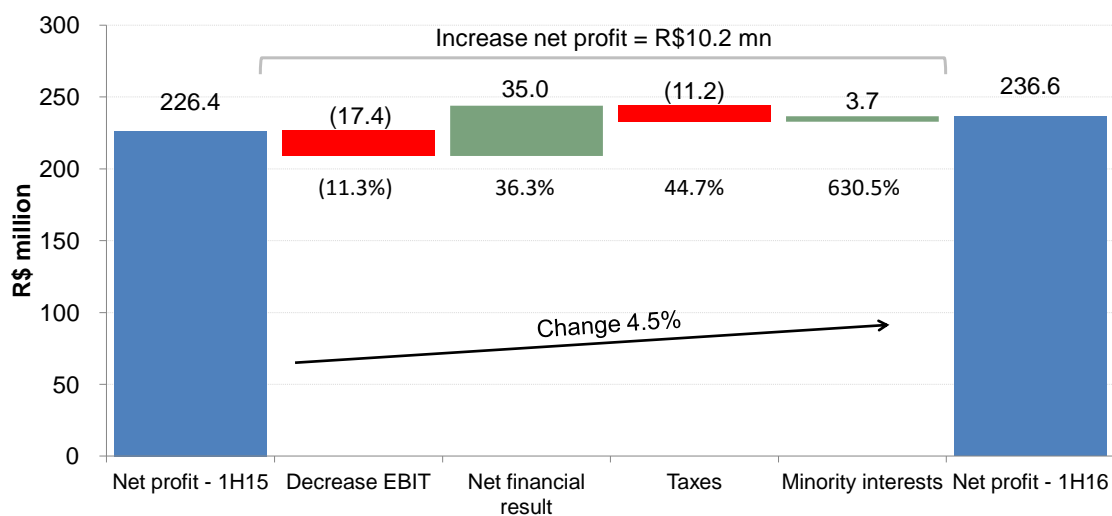
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## Net profit

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## Earnings

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Basis for the distribution of dividends	R\$
<b>Net profit for the periodo</b>	<b>236,596,115.14</b>
( - ) Tax incentives reserve	(103,231,918.01)
<b>Legal reserve calculation basis</b>	<b>133,364,197.13</b>
( - ) Legal reserve	(6,668,209.85)
<b>Dividend for the profit reported up to June 30, 2016</b>	<b>126,695,987.28</b>
<b>Total of Dividends + Interest on Equity proposed by management</b>	<b>126,695,987.28 <sup>1</sup></b>
<i>Minimum obligatory dividend payable (25%)</i>	<i>31,673,996.82</i>
<i>Dividend proposed in excess of the obligatory minimum dividend</i>	<i>95,021,990.46</i>
<b>Sum</b>	<b>126,695,987.28</b>

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

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## Earnings

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Allocation of the proposed 1H16 corporate actions payments (Interest on Equity and Dividends)	R\$
( + ) Interest on Equity, gross	30,000,000.00 <sup>1</sup>
( + ) 1 <sup>st</sup> interim dividend - 1Q16	51,190,824.65
( + ) 2 <sup>nd</sup> interim dividend - 2Q16	45,505,162.63
<b>Total of dividends + Interest on Equity proposed by management, gross</b>	<b>126,695,987.28 <sup>2</sup></b>
( - ) Income tax withheld at source on Interest on Equity – (R\$30,000,000.00 x 15%)	(4,500,000.00)
<b>Total of dividends + Interest on Equity proposed by management, net</b>	<b>122,195,987.28 <sup>2</sup></b>

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

<sup>2</sup> Dividends will be paid "ad referendum" the OGM that considers the balance sheet and financial statements for 2016.

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Earnings



Corporate action payment proposed					
Decision	Date approved	Ex- date	Date of start of payment	Amount R\$	Amount per share R\$
Gross Interest on Equity <sup>1</sup>	Apr. 28, 2016	May 4, 2016	May 18, 2016	30,000,000.00	0.099760575
Dividend – 1 <sup>st</sup> interim <sup>1</sup>	Apr. 28, 2016	May 4, 2016	May 18, 2016	51,190,824.65	0.170227536
Dividend – 2 <sup>nd</sup> interim <sup>1</sup>	Jul. 28, 2016	Aug. 3, 2016	Aug. 17, 2016	45,505,162.63	0.151320706
			Sum	126,695,987.28	0.421308817

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



Thank  
You!