



Farroupilha/RS



Carlos Barbosa/RS



Fortaleza/CE



Crato/CE



Sobral/CE

Grendene®



BTG Pactual XIII CEO Conference São Paulo, February 14-16, 2012

melissa®



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Agenda

History

Highlights

Footwear sector

Strategy

Results

Guidance

History

1971	Grendene was founded. First product: plastic packaging for wine.
1978	The launch of the “ <i>Nuar</i> ” sandal.
1990	In Ceará (CE), the first plant in Fortaleza.
1993	Sobral (CE) plant was inaugurated.
1997	Crato (CE) plant was inaugurated.
2002	Grendene takes the lead in Brazilian footwear exports.
2004	Grendene Started having common shares (“GRND3”) negotiated at the <i>Novo Mercado</i> of <i>BM&FBOVESPA</i> .
2007	In Bahia (BA), Teixeira de Freitas plant was inaugurated.
2009	Melissa celebrates 30 years.
2010	Celebrating 40 years of Grendene.

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: 24,000 in December 31, 2011.

New products in 2011: 1,002.

World presence: more than 90 countries.

Brands with strong personality.

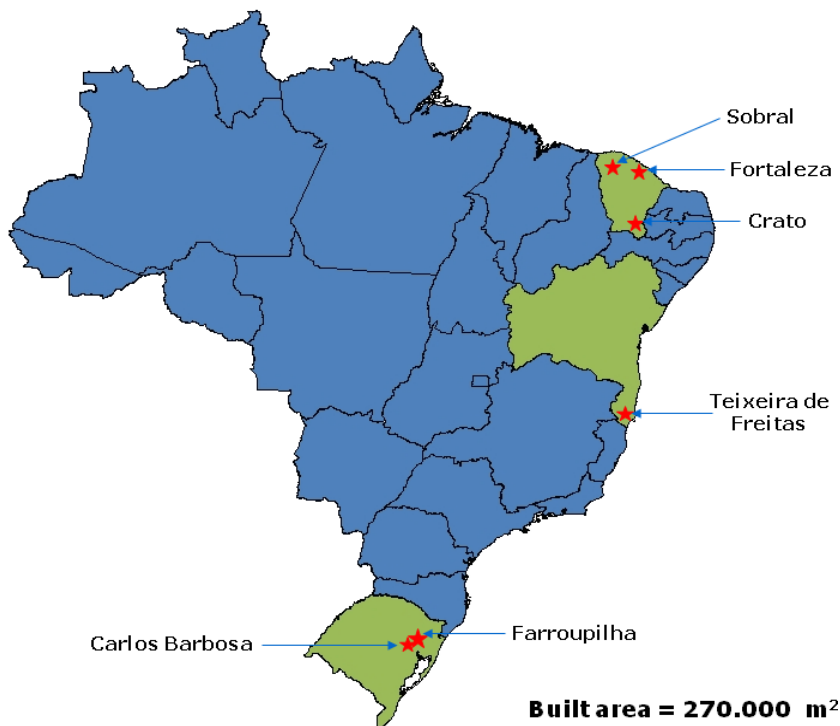
Innovation in product, distribution and media.

Listed on *BM&FBOVESPA*; free float: 25%.

Solid capital structure and strong cash flow.

Location of industrial plants and productive process

Brazil



Verticalization = Agility

PVC formulation

Design

Moulds

R&D

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/year 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)

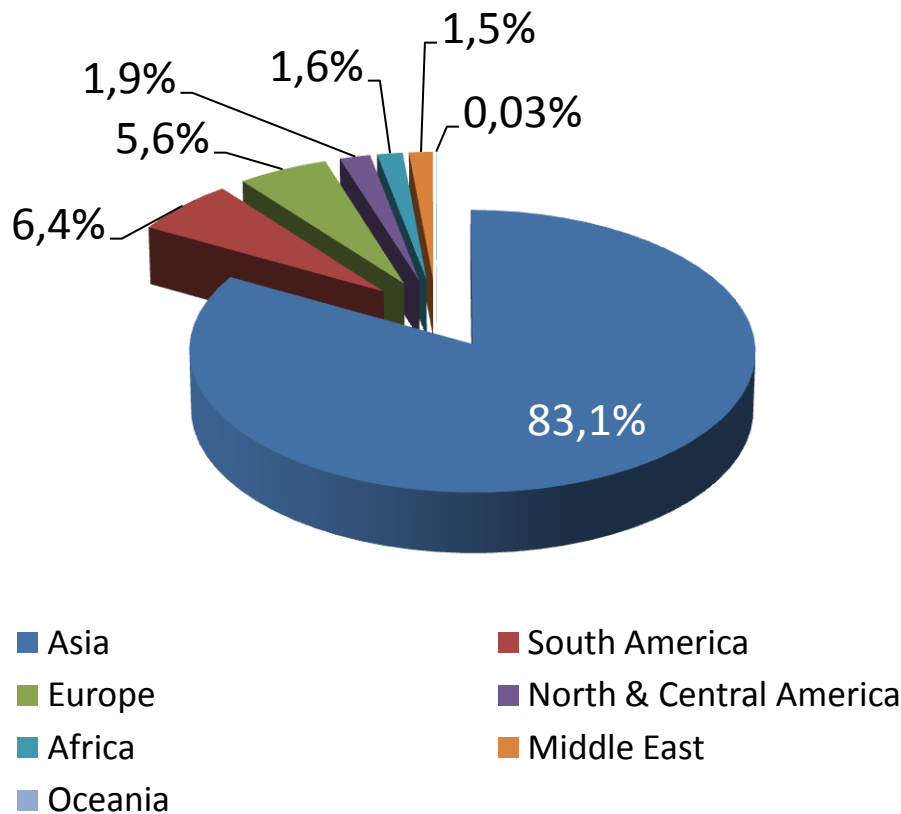
Source:

IEMI/TEM/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.

Footwear sector

Distribution of footwear production by continent in 2009



Country	Production 2009 (million pairs)
China	9,500
India	2,100
Brazil	814
Vietnam	661
Indonesia	578
Others	2,958
Total world production	16,611

The 5 principal countries produce: 13,653 million pairs = 82% of total world production.

Source: World Shoe Review 2010 / ABICALÇADOS

The footwear sector in Brazil

Million pairs	2006	2007	2008	2009	2010	2011
Production	830	808	816	814	894	n/a
Imports	19	29	39	30	29	34
Exports	180	177	166	127	143	113
Apparent consumption	669	660	689	717	780	n/a
Per capita consumption	3.6	3.5	3.6	3.7	4.1	n/a

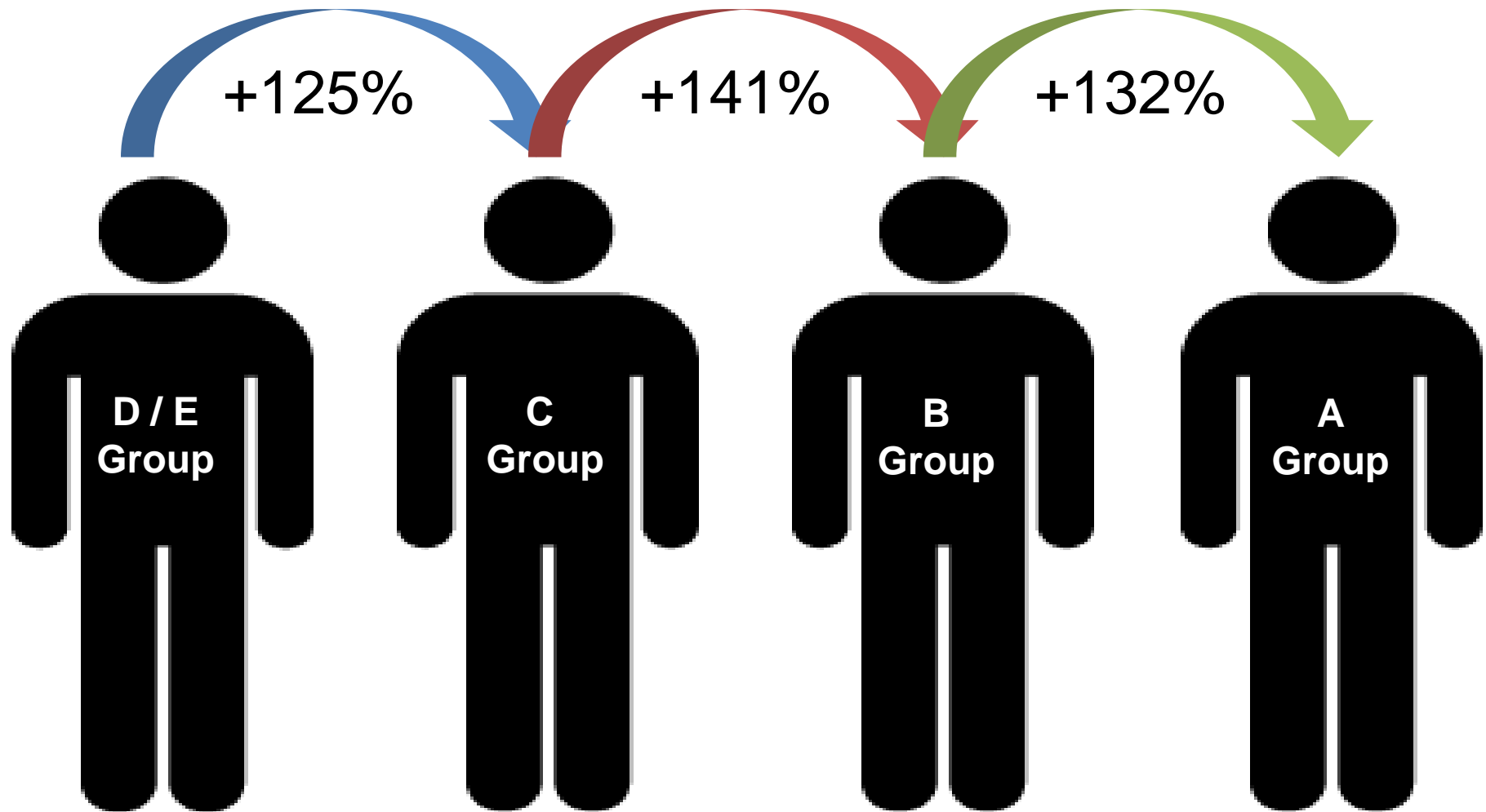
Source: IEMI / SECEX / ABICALÇADOS (Cartilha Estatística 2011)

n/a: Data not available

Consumption – 2009	Total	Per capita
United Kindgom	410	6.6
USA	1,987	6.4
France	364	5.8
Japan	689	5.4
Italy	316	5.3

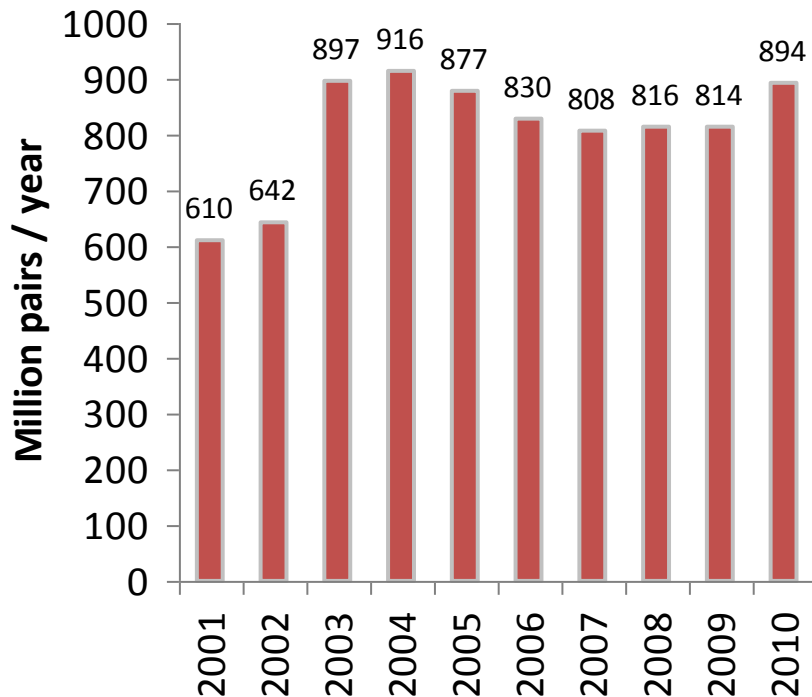
Source: World Shoe
Review 2010 /
ABICALÇADOS

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

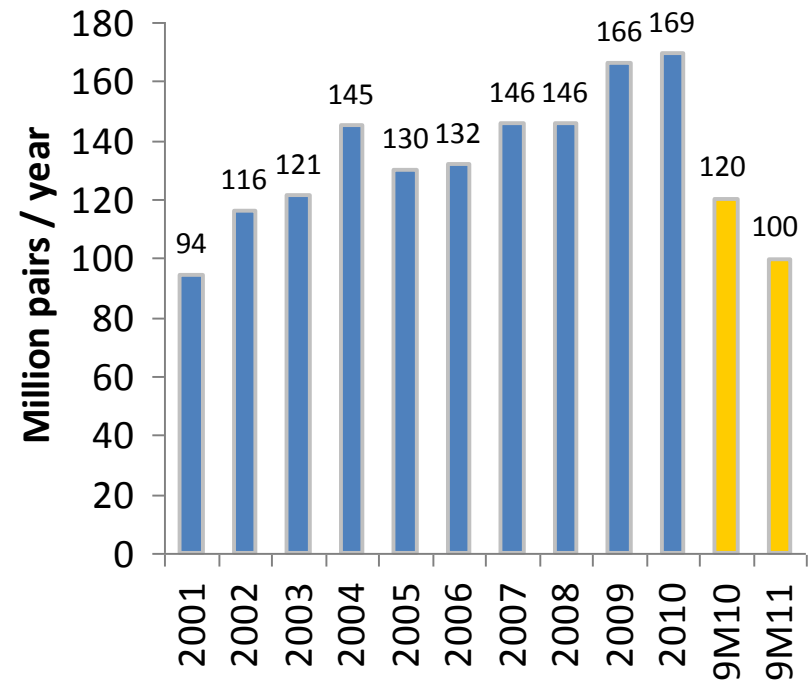


Grendene x Brazilian footwear sector

Brazilian production
CAGR (2001/2010): 4.3%



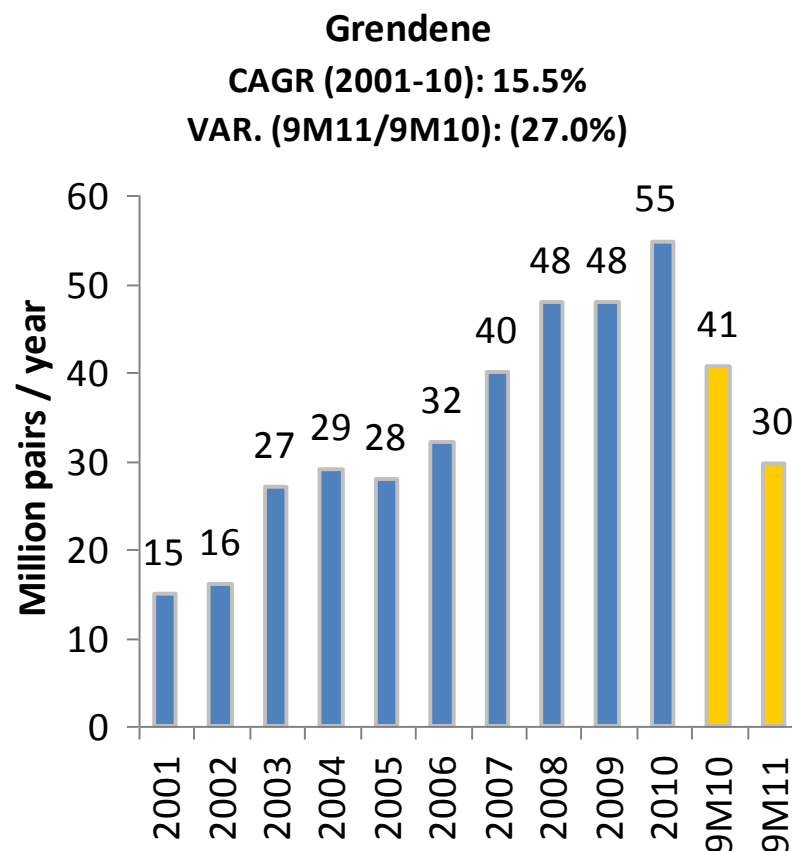
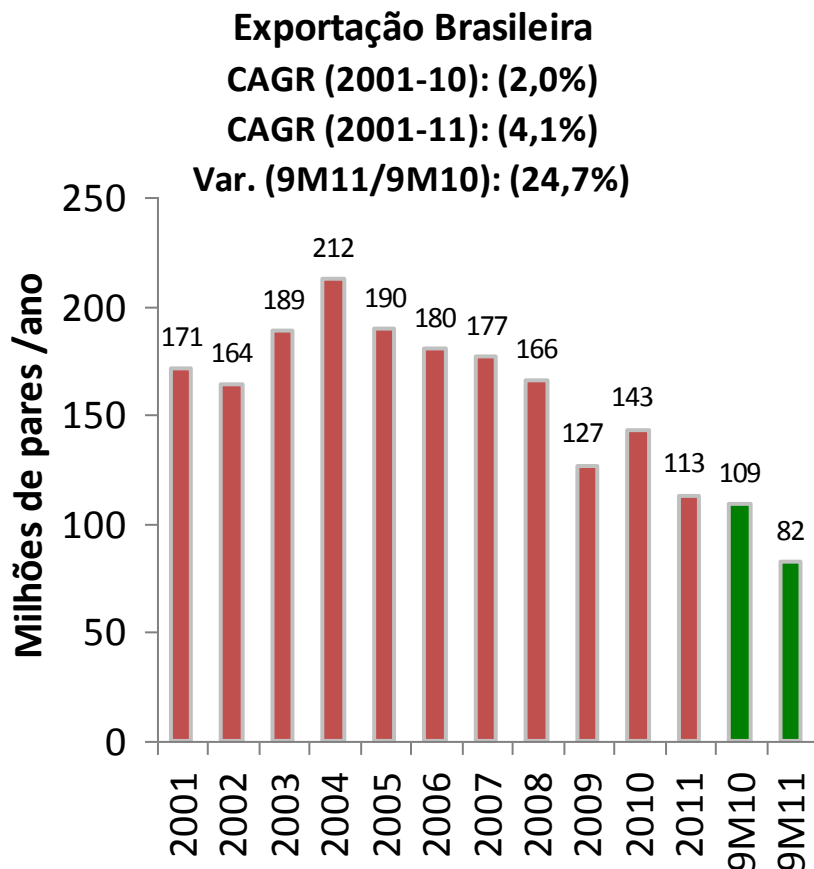
Grendene
CAGR (2001/2010): 6.7%
CAGR (9M10/9M11): (17.2%)



Source: IEMI / Abicalçados

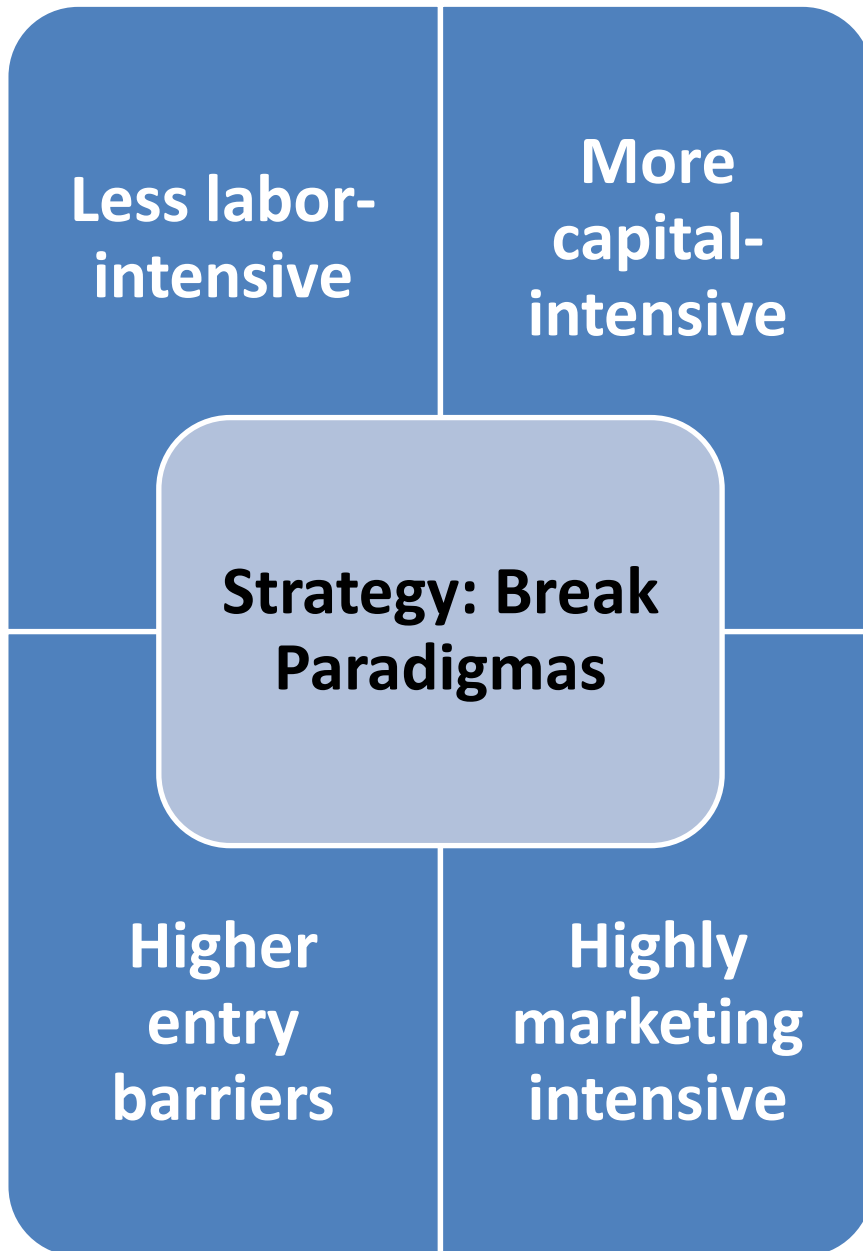
Grendene has grown faster than the Brazilian footwear industry.

Exports: Grendene vs. Brazil



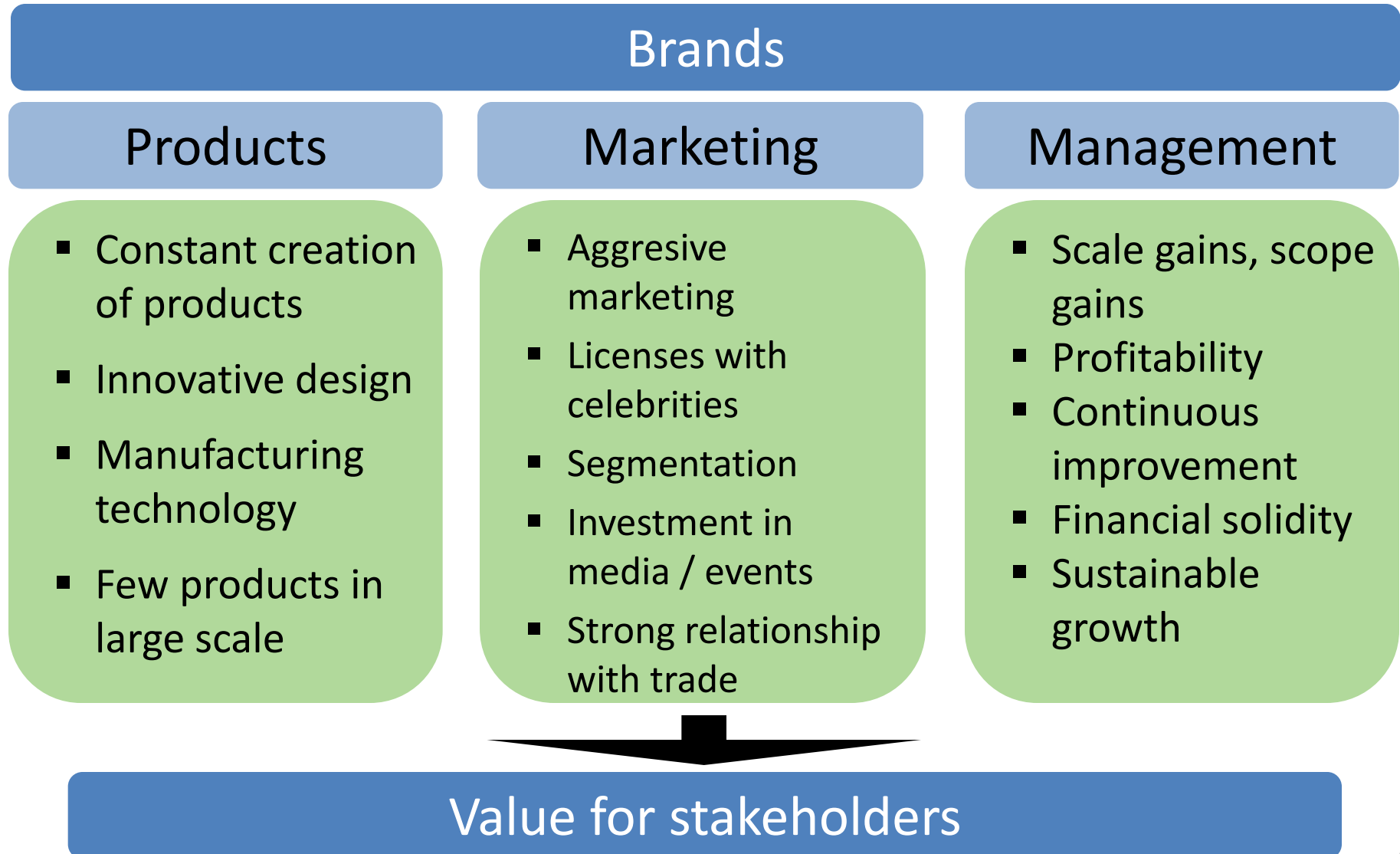
Source: DECEX / MDIC / ABICALÇADOS

Grendene's exports were 36.1% of total Brazilian footwear exports in 9M11 (37.2% in 9M10).

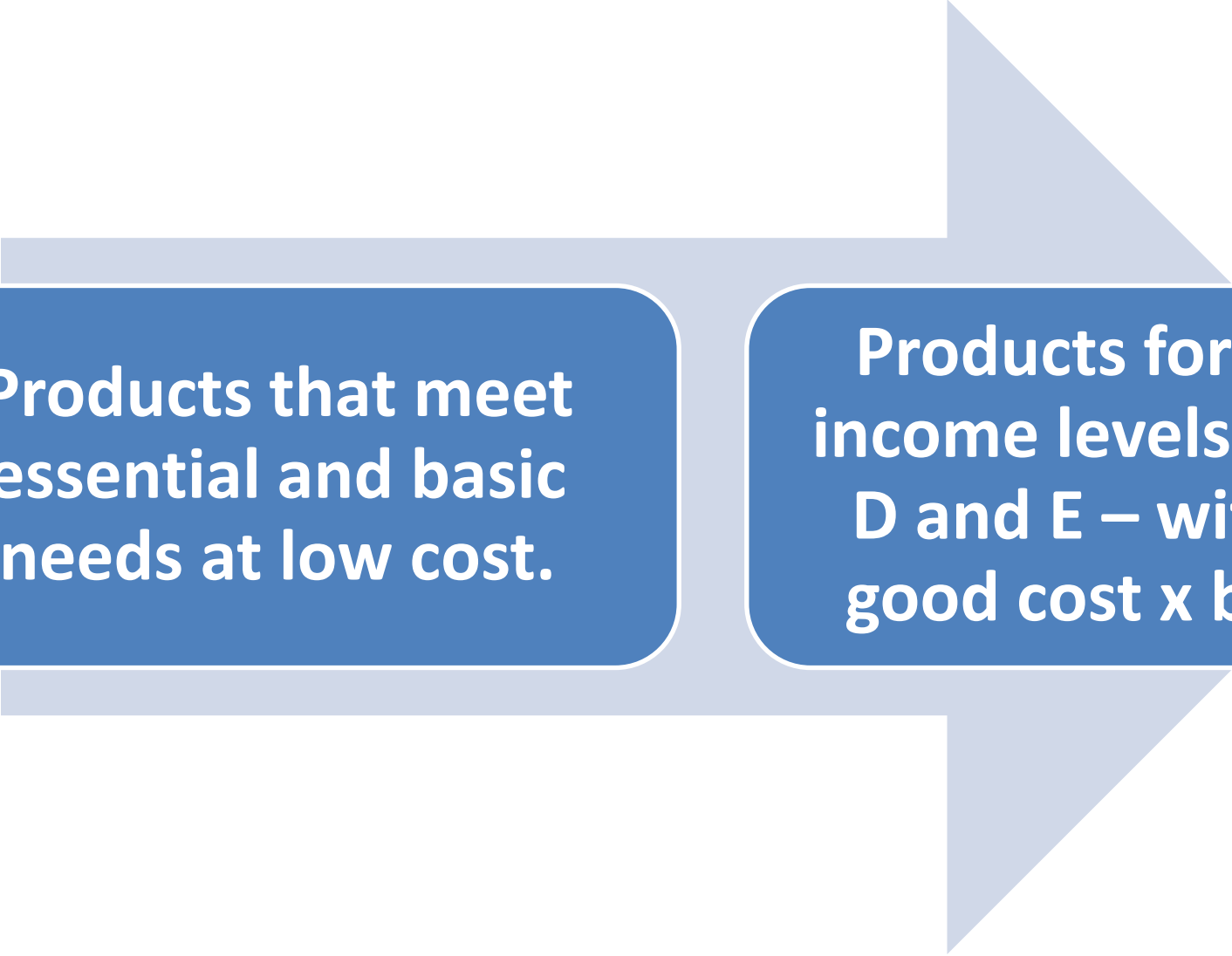


Our expertise of 40 years, producing innovative footwear and generating desired brands, shows the success of our vision of the market, our strategy and our business model – and our capacity to create value for stockholders.

Value proposition

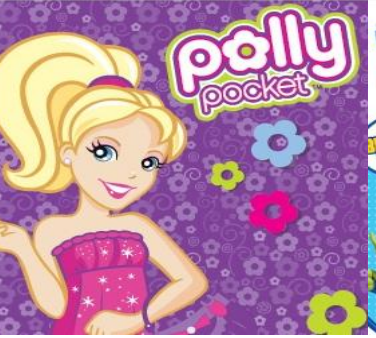
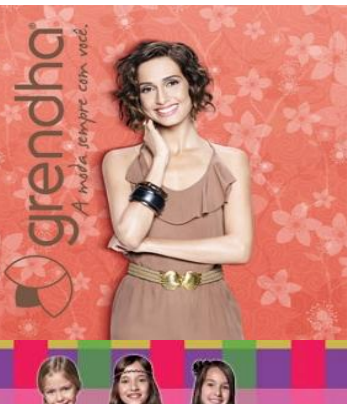
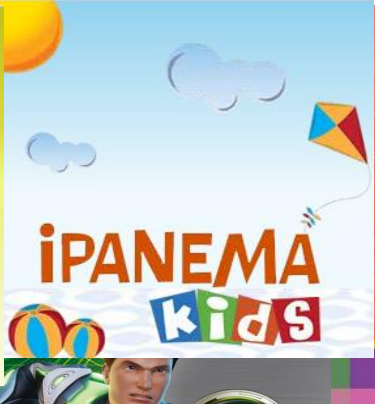
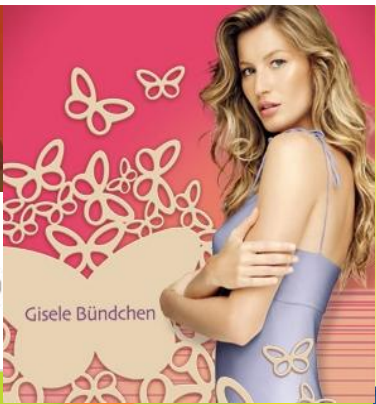


Products



Products that meet essential and basic needs at low cost.

Products for all the income levels: A, B, C, D and E – with very good cost x benefit.



Sales channels: Brazil



Retail – Di Santinni

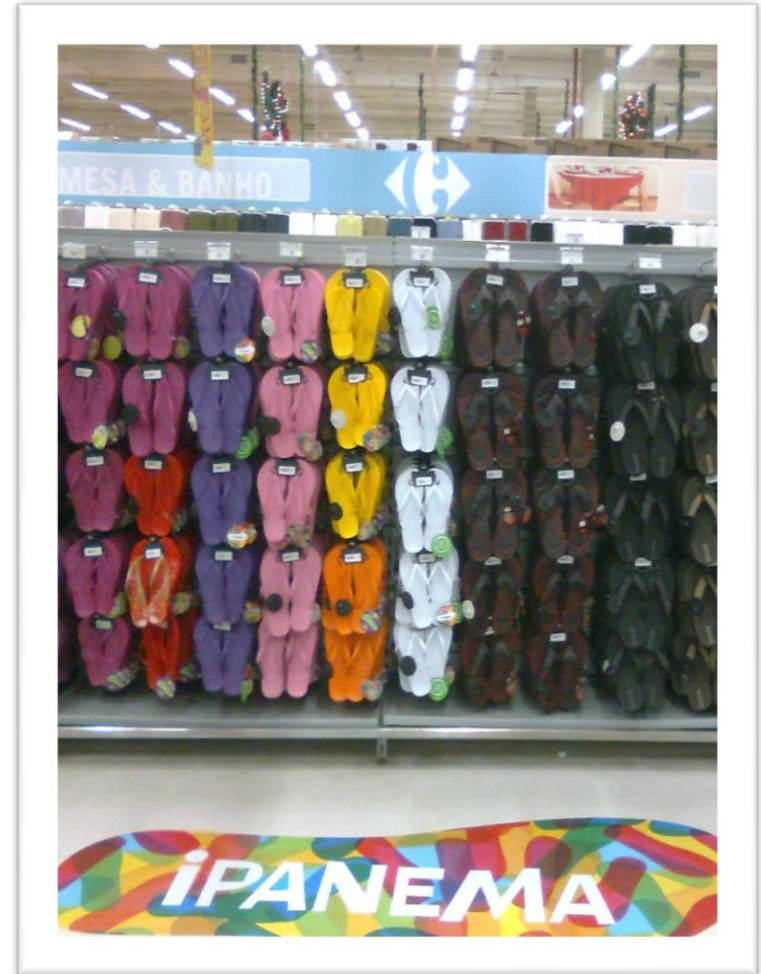


Retail – Centauro

Sales channels: Brazil



Magazine – C&A

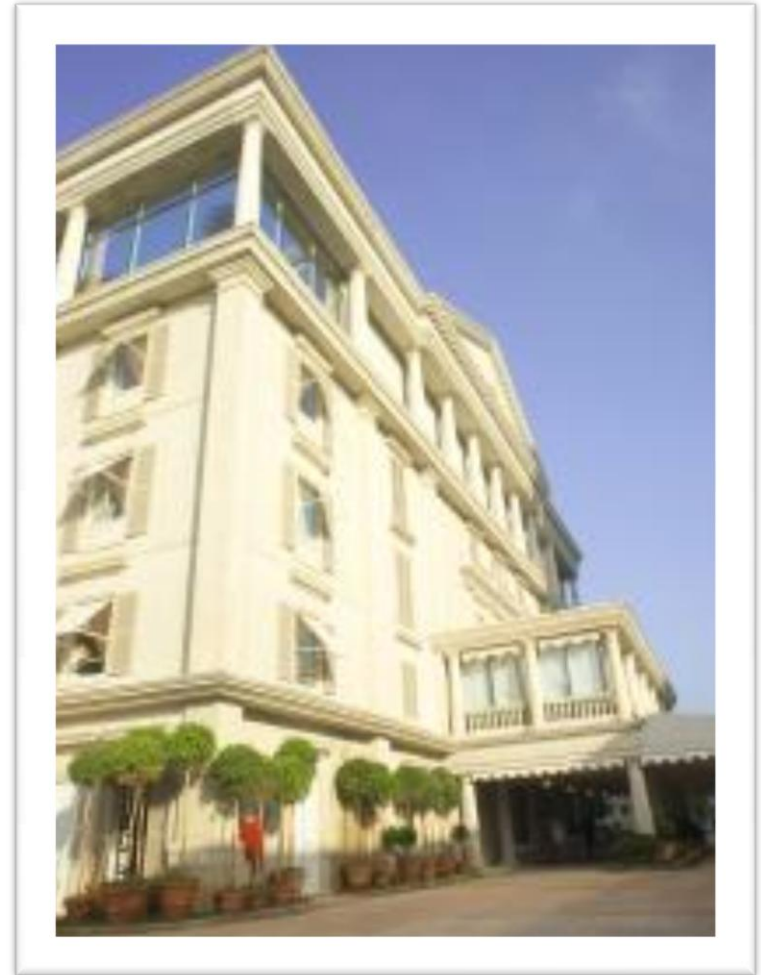


Self-service – Carrefour

Sales channels: Brazil



Select. distrib. – Doc Dog



Select. distrib. – Daslu

International sales channels



Monastiraki - Atenas



Footlocker - Milão

International sales channels



Fred Segal - Los Angeles



Jean Pierre Bua - Barcelona

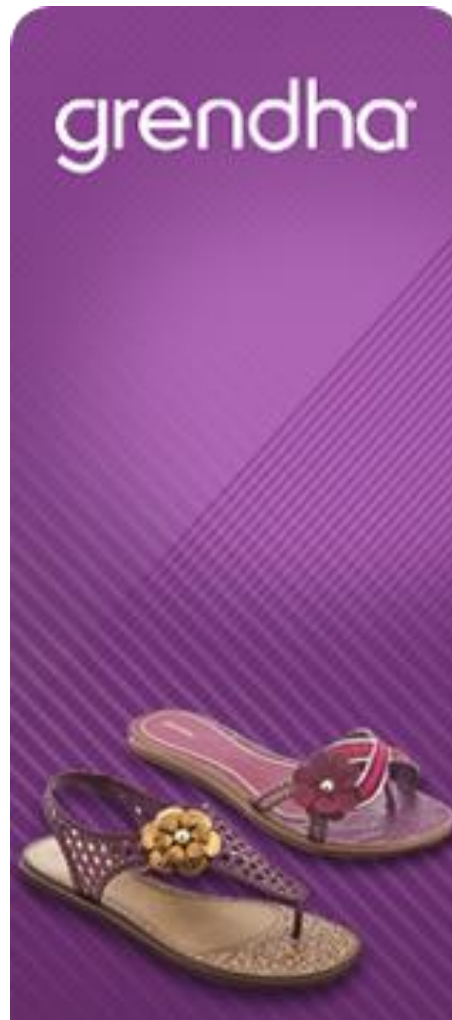
Galeria Melissa – Concept store



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Oscar Freire street, 827, São Paulo, SP

Results (in IFRS)



Main financial and economic indicators

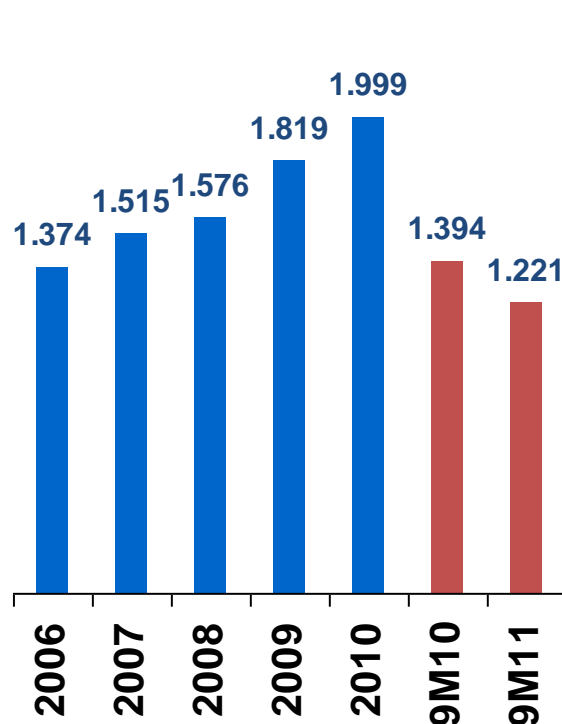
R\$ million	9M10	9M11	Change % 9M10-9M11
Net sales revenue	1,116.4	975.7	(12.6%)
Net income	189.7	183.9	(3.1%)
Margins %	9M10	9M11	Change p.p.
Gross	37.7%	40.8%	3.1
EBIT	10.2%	9.5%	(0.7)
EBITDA	12.1%	11.7%	(0.4)
Net	17.0%	18.8%	1.8

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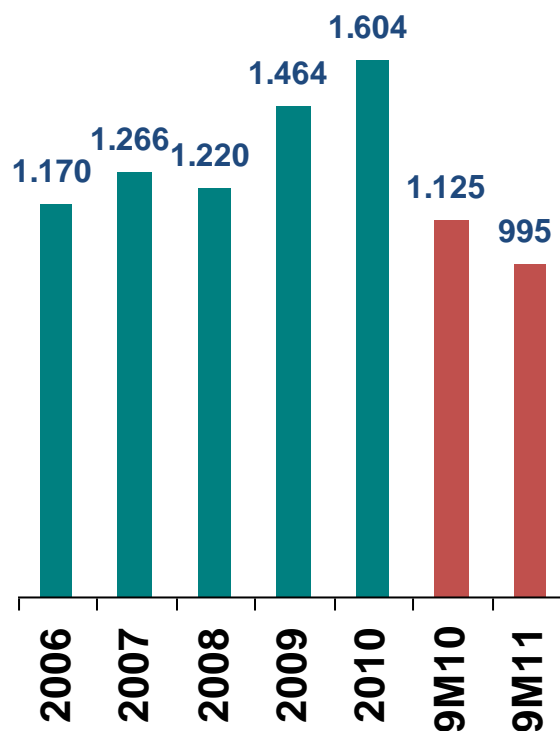


Gross sales revenue (IFRS) (R\$ million)

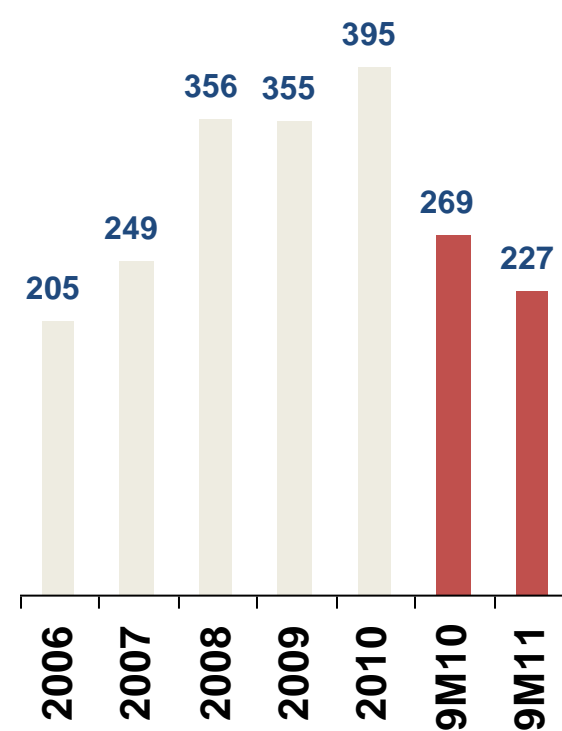
Gross sales revenue
CAGR (2006-10): 9.8%
Change % (9M10-9M11): (12.4%)



**Gross sales revenue
Domestic market**
CAGR (2006-10): 8.2%
Change % (9M10-9M11): (11.6%)

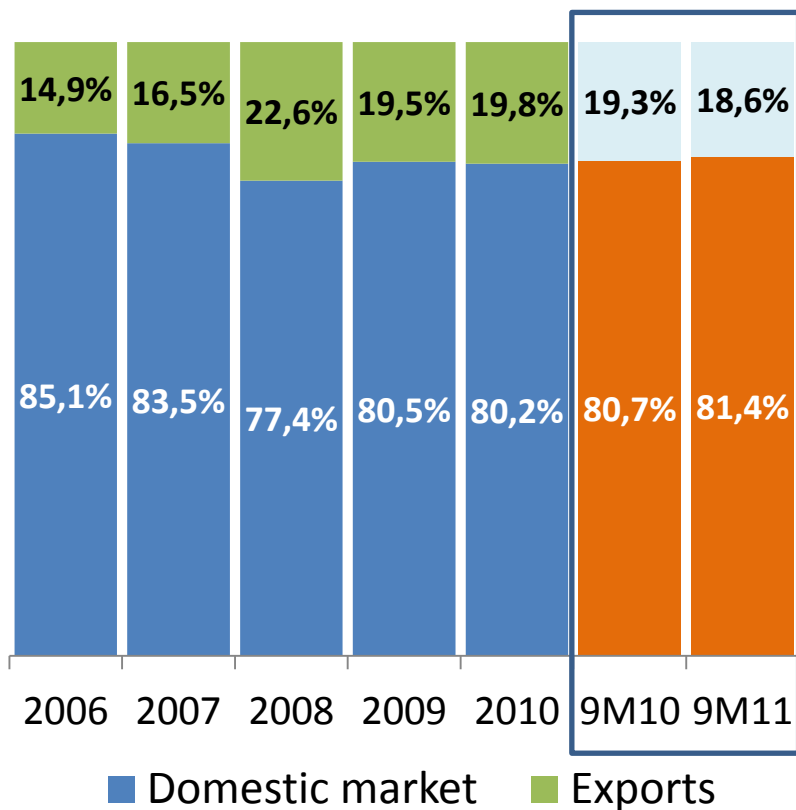


**Gross sales revenue
Exports**
CAGR (2010-06): 17.9%
Change % (9M10-9M11): (15.7%)

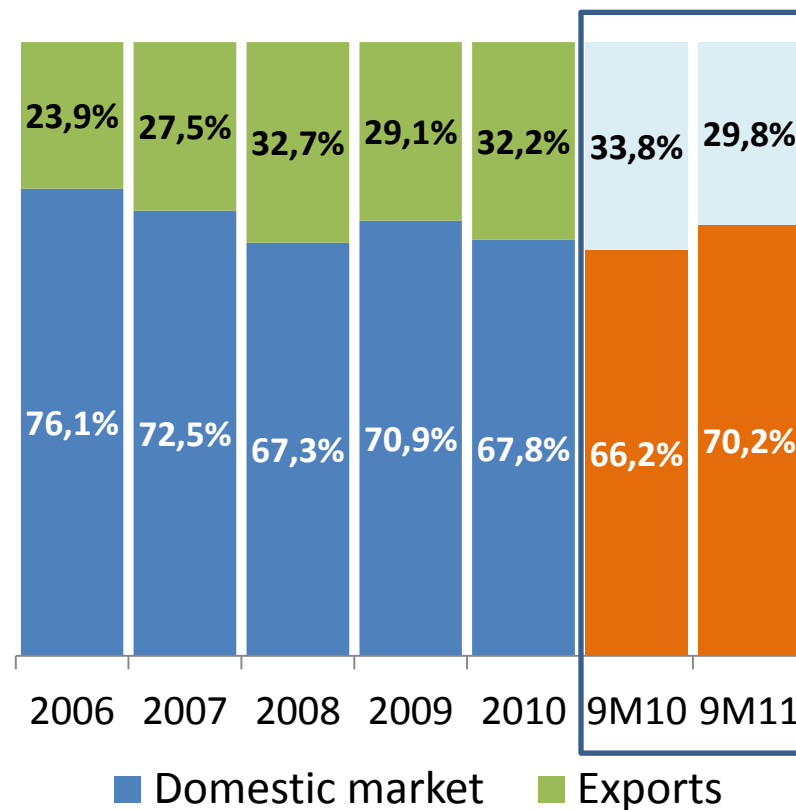


Market %

Gross sales revenue



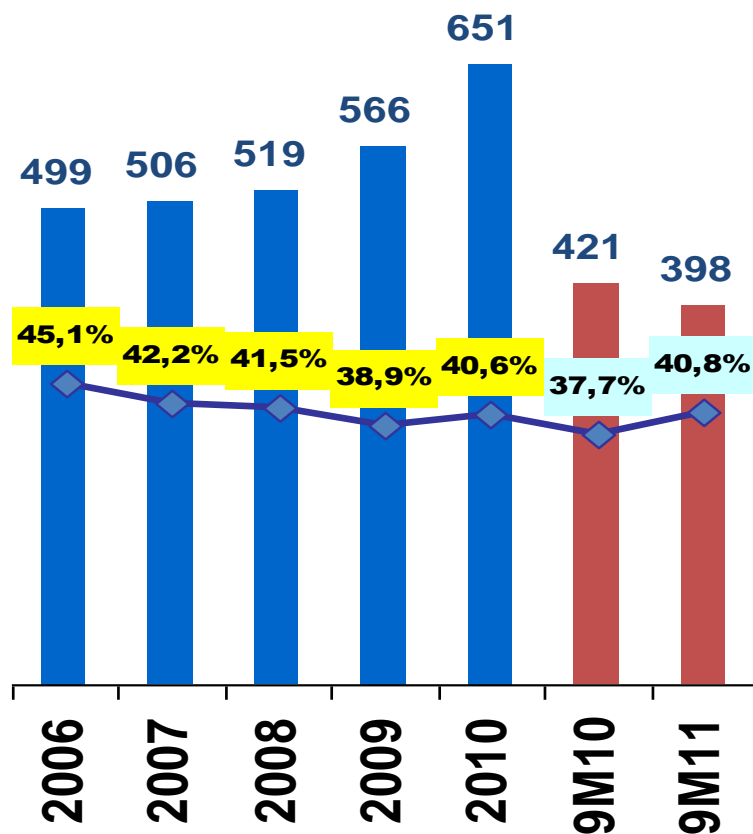
Sales volume



Results (IFRS) (R\$ million)

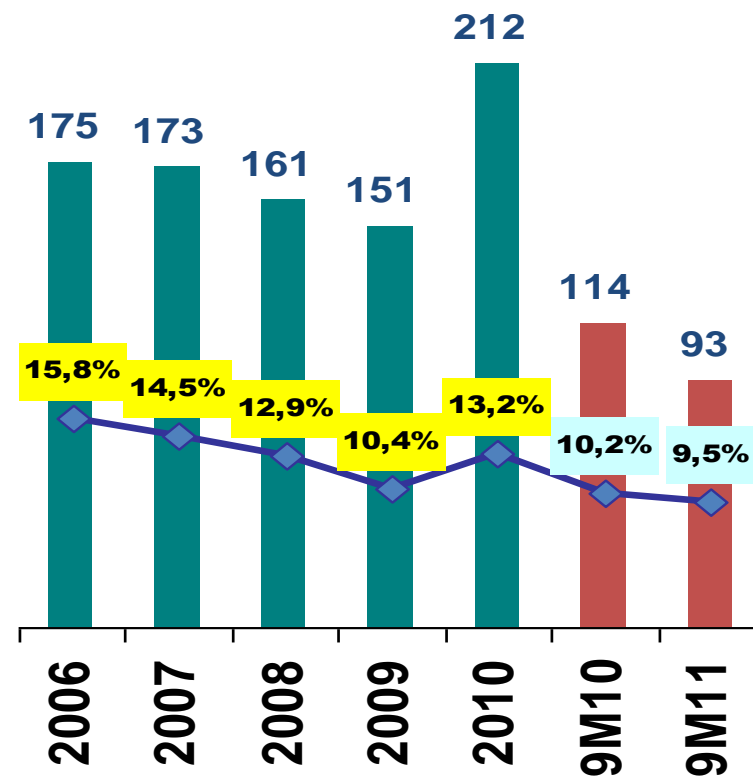
Gross profit / Gross margin

CAGR (2006-10): 6.9%
Change % (9M10/9M11): (5.4%)



EBIT / EBIT margin

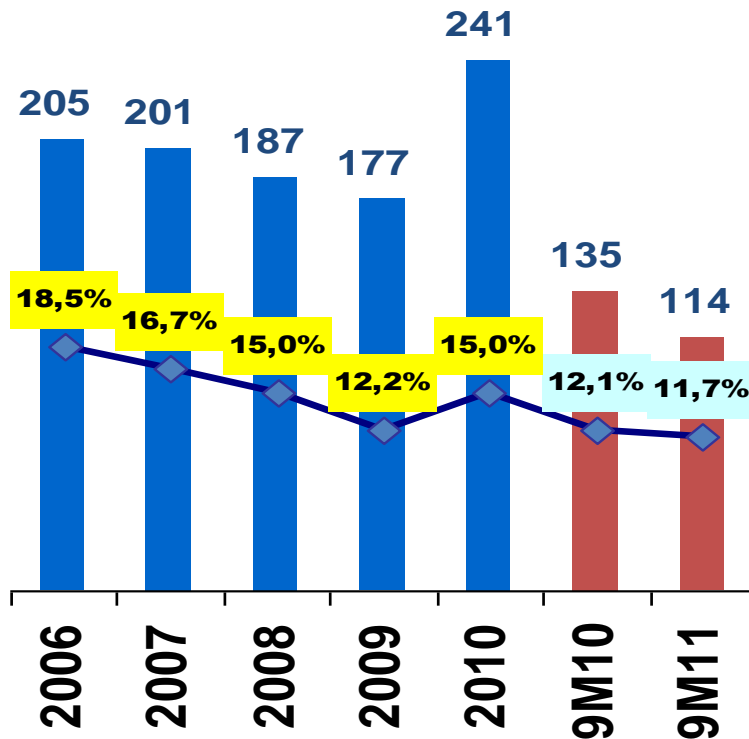
CAGR (2006-10): 5.0%
Change % (9M10/9M11): (18.6%)



Results (IFRS) (R\$ million)

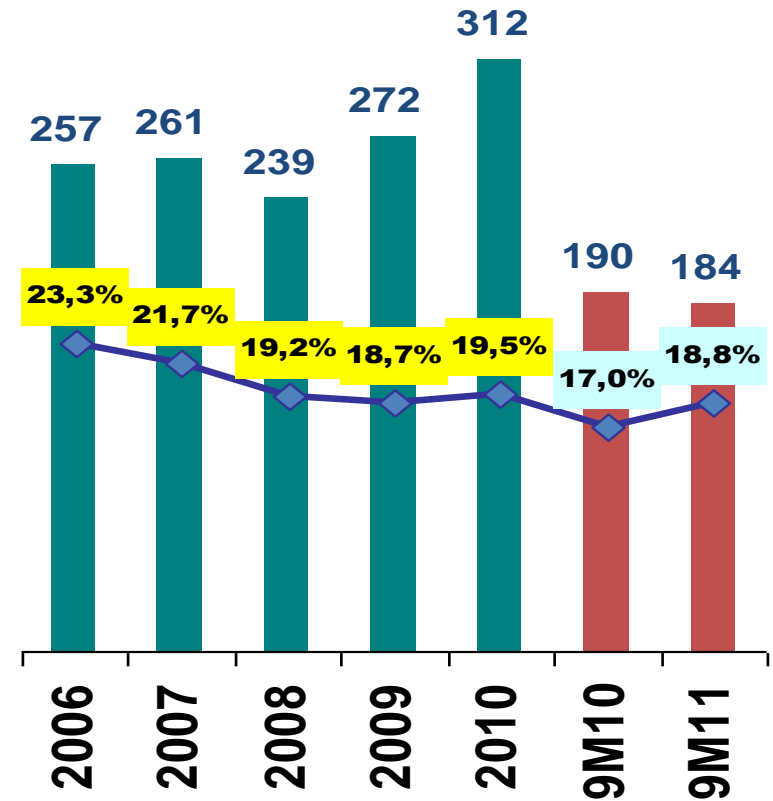
EBITDA / EBITDA margin

CAGR (2006-10): 4.1%
Change % (9M10-9M11): (15.4%)



Net income / Net margin

CAGR (2006-10): 5.0%
Change % (9M10-9M11): (3.1%)

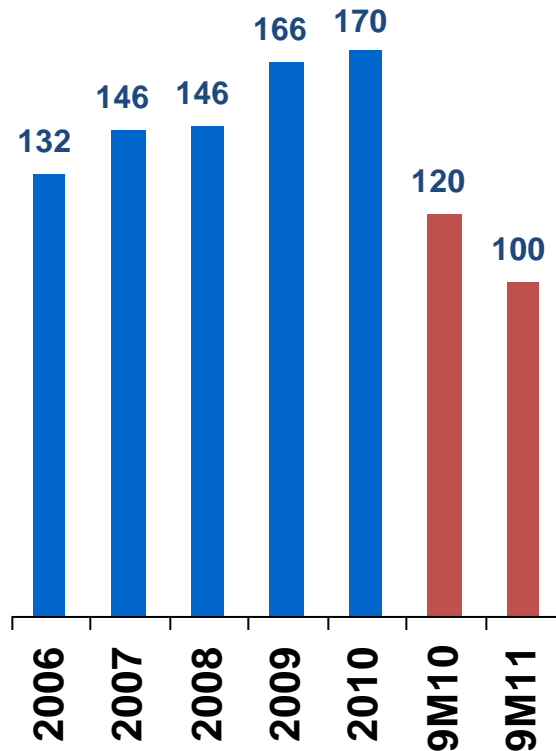


Sales volume (Million pairs)

Sales volume

CAGR (2006-10): 6.5%

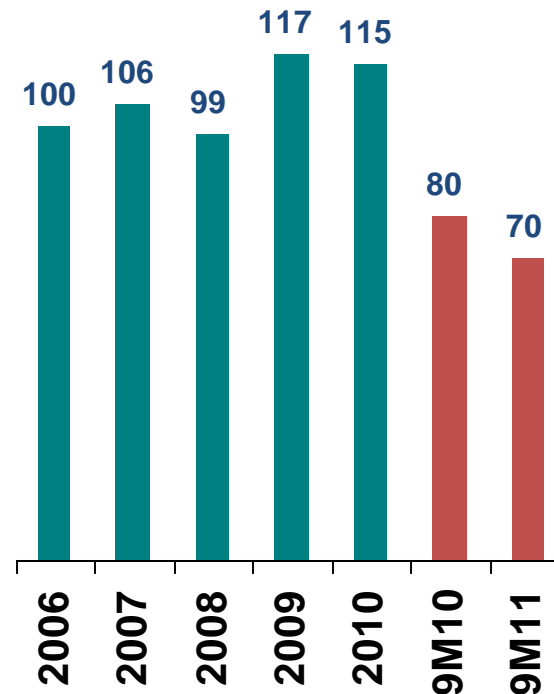
Change % (9M10-9M11): (17.2%)



Sales volume – Domestic market

CAGR (2010-06): 3.4%

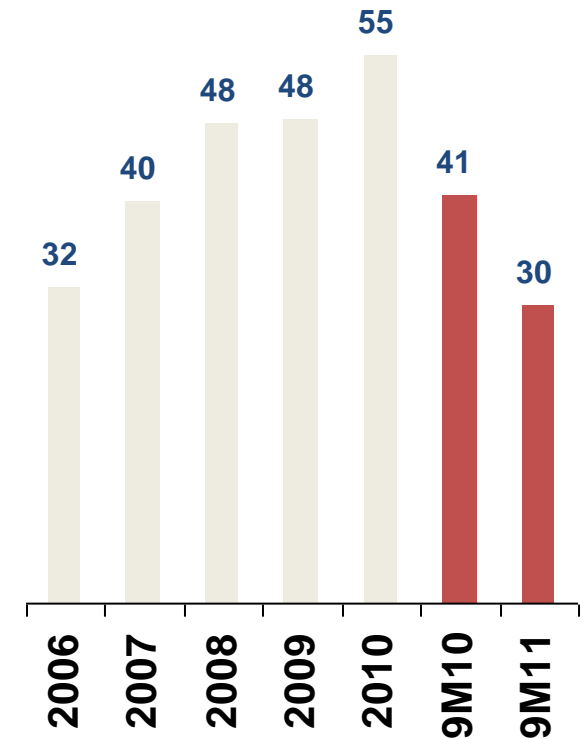
Change % (9M10-9M11): (12.2%)



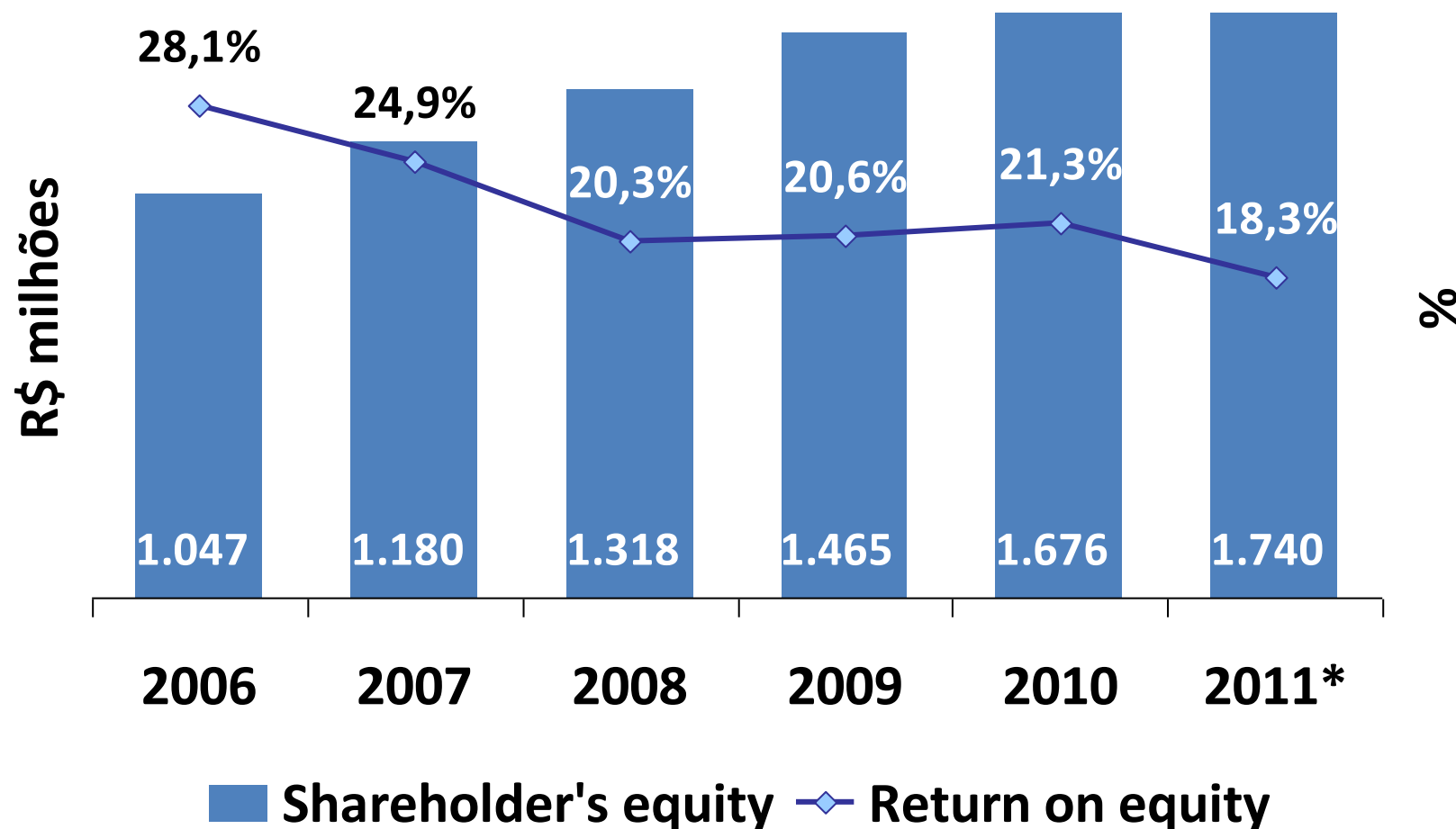
Sales volume – Exports

CAGR (2010-06): 14.8%

Change % (9M10-9M11): (27.0%)

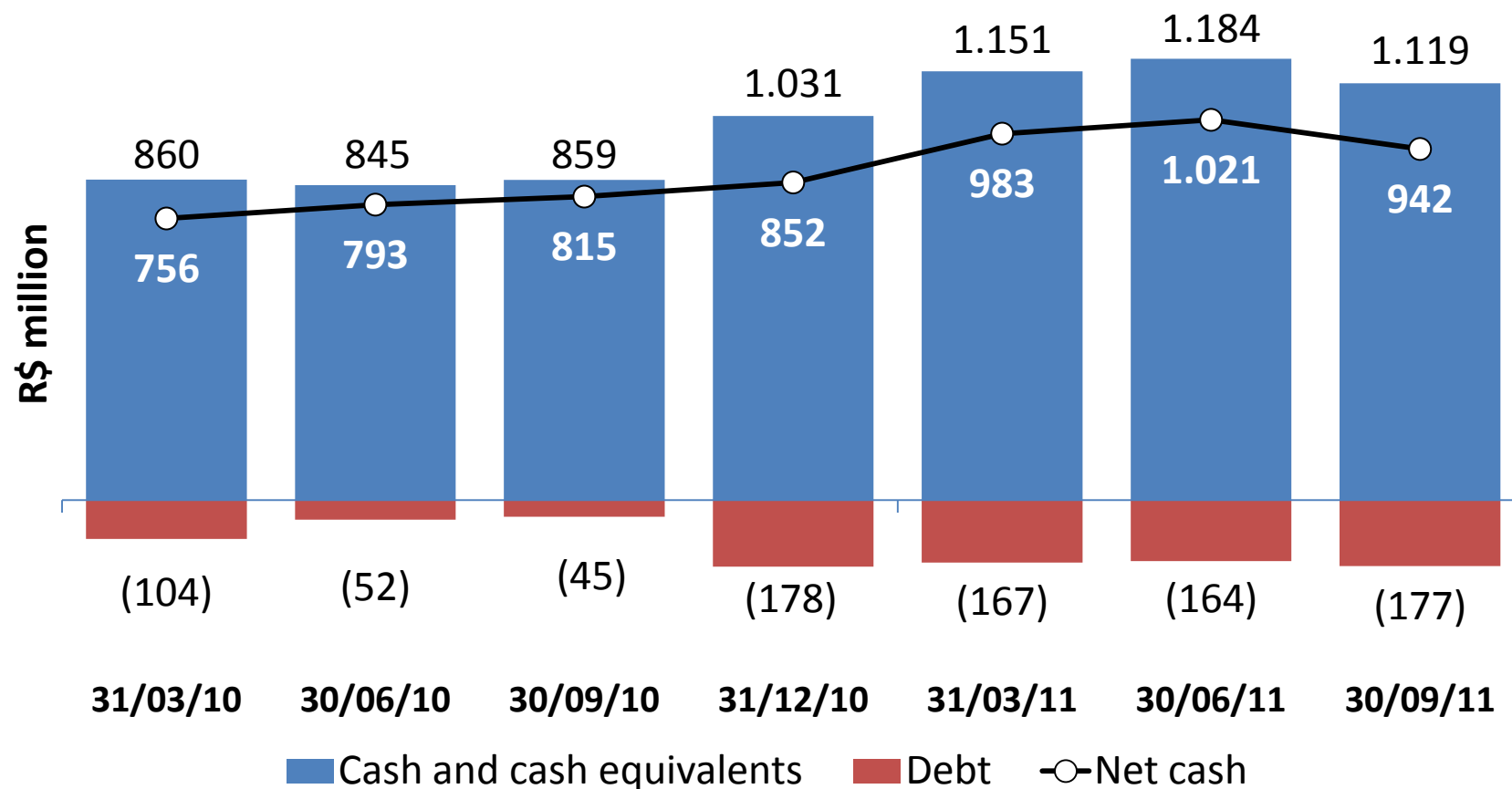


Shareholder's equity and return on equity



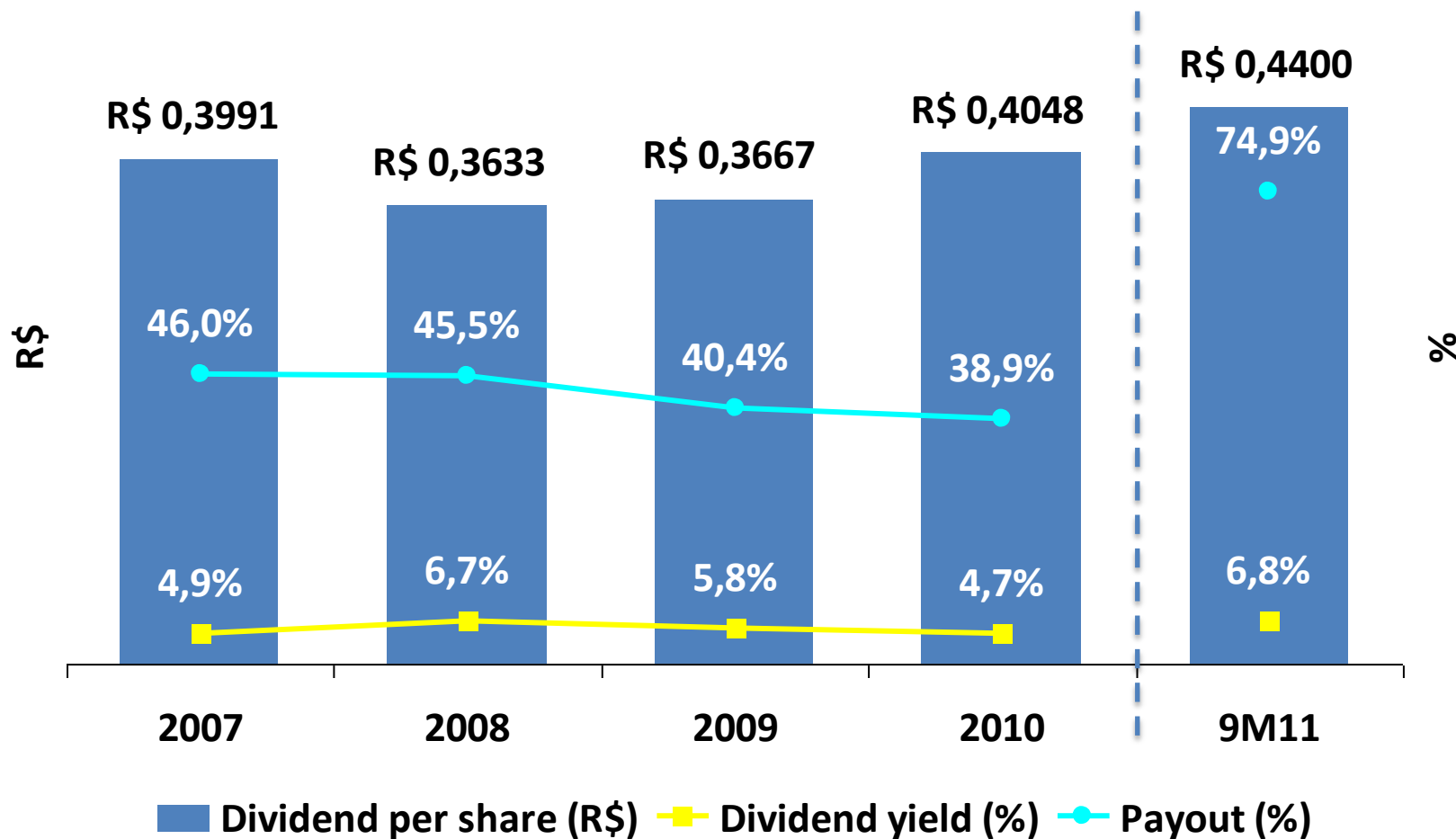
* 30 de setembro de 2011.

Net cash, cash and cash equivalents and debt



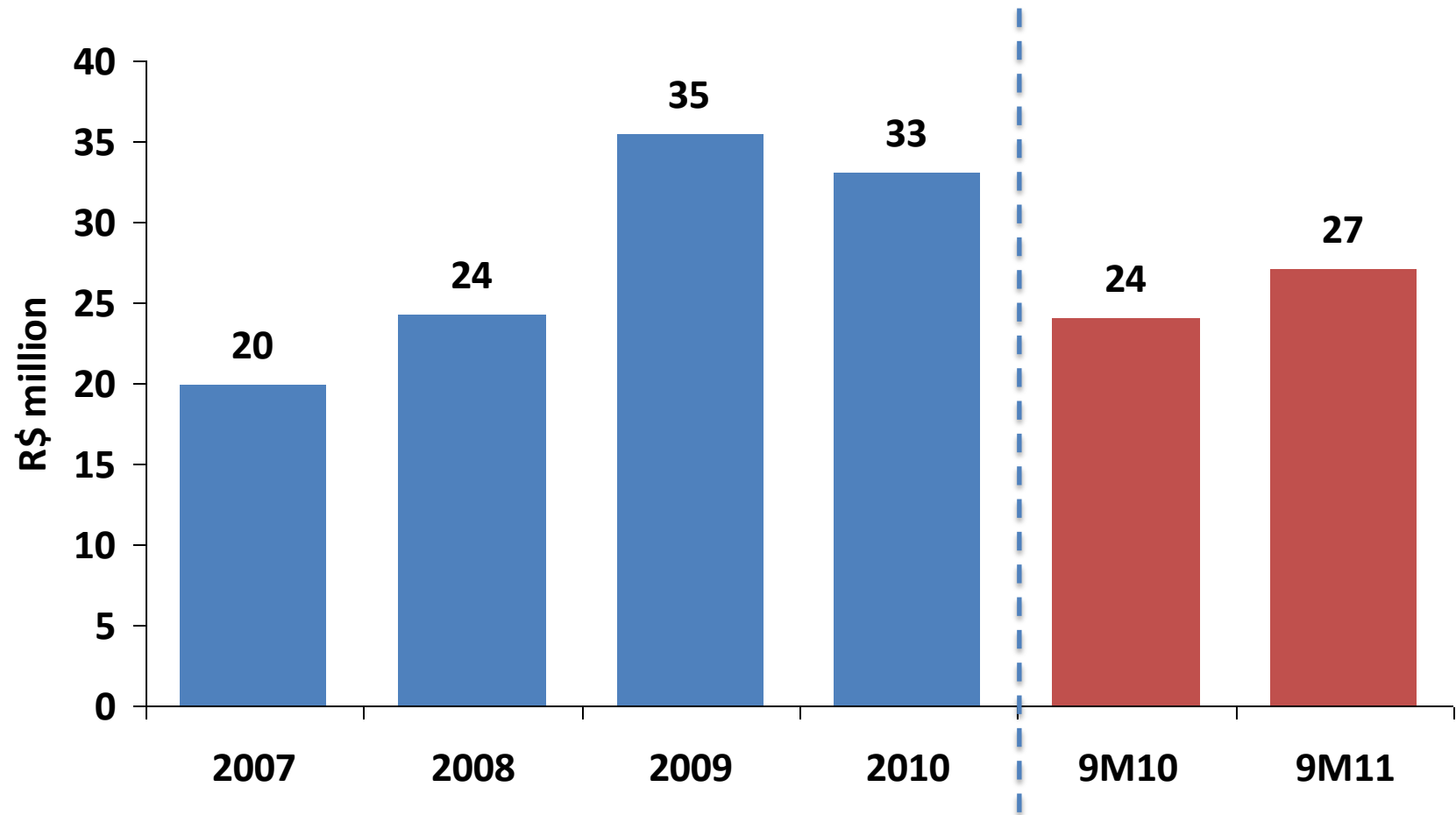
Strong cash flow

Dividends



Dividend yield: profit per share divided by average value of the share in the year.

Low need for Capex



Guidance

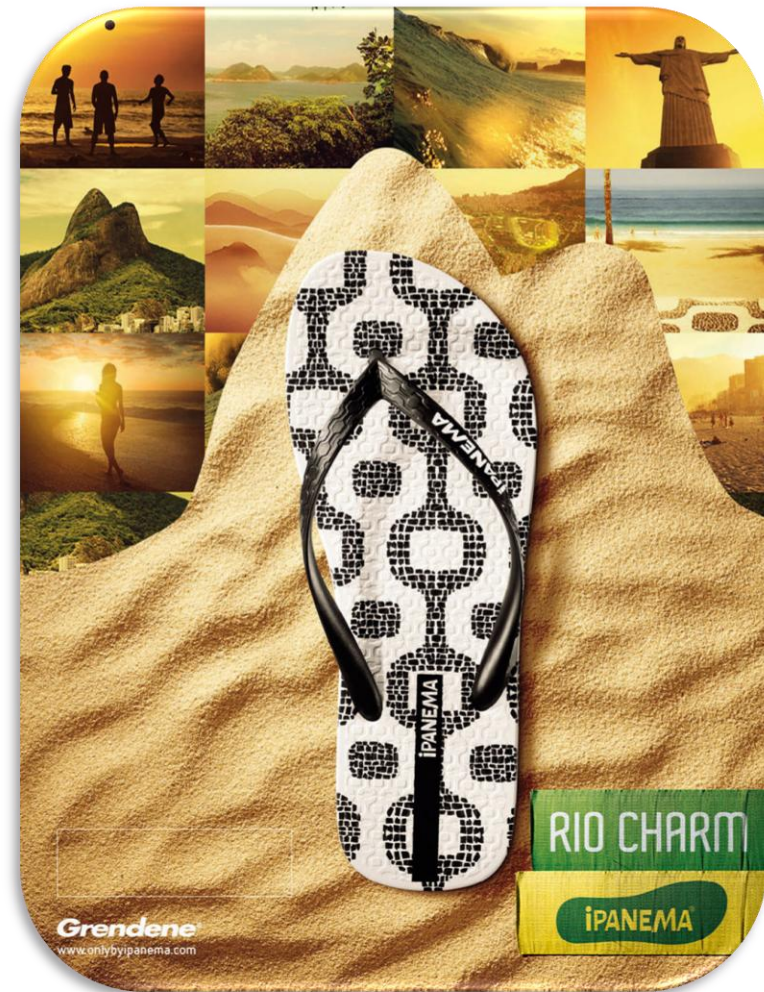
Targets for: 2009 – 2013 / 2011-2015

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!

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40 years old