

Grendene®

9M12 Results



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
Plants
Production
Sustainability
Footwear sector
Products
Results
Strategy
Guidance

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Mission

- To create democratic fashion, responding rapidly to the market’s needs, generating an attractive return for the company and its partners.

Values

- Profitability, Competitiveness, Innovation and Agility, and Ethics

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Histórico

**1971**

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

1975

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



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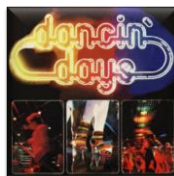
Timeline

**1978**

The launch of the *Nuar* sandal, an old dream came true.

1979

The collection of sandals with the Melissa brand has conquered the world.



Melissa innovation, being the first shoe brand to do merchandising on Brazilian television soap opera in "Dancin 'Days".

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Timeline

1983

The successful collaboration between **Melissa** and greatest designers like: Jean-Paul Gaultier, Thierry Mugler, Jacqueline Jacobson and Elisabeth De Seneville.



1986

Launch of the **Rider** sandals line, target for the masculine public.

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Timeline

1990/93/97

In Ceará, the plant at **Fortaleza, Sobral** and **Crato**, was inaugurated.



1994

Launch of the **Grendha** product line, targeting the feminine public.

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Timeline

2001

Launch of the ***Ipanema*** brand and partnership with top model ***Gisele Bündchen***.



Foto: A. Carreiro – Out/2004

2004

Grendene started having common shares ("GRND3") negotiated at the *Novo Mercado* at *BM&FBOVESPA*.

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Timeline



2005

Opening of ***Galeria Melissa*** in São Paulo.

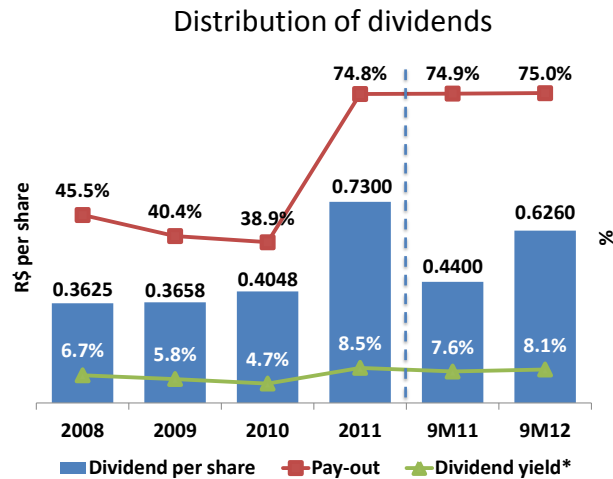
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Timeline

2011

New Dividend Policy:

Quarterly Payments
and payout of
approximately 75%
of the net profit
after the allocations
to reserves required
by law.



(*) Dividend yield: earning per share divided by the average price of the share for the year.

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Timeline

2012

Opening of
Galeria Melissa
in Nova York.



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Timeline

2012

Memorandum of
Understanding
between Grendene
& Jelly



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Destaques

Grendene is one of the world's largest producers of footwear.

Production capacity: 200 million pairs/year

Average production: 500,000 pairs/day.

Employees: 23,000 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.

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Plants

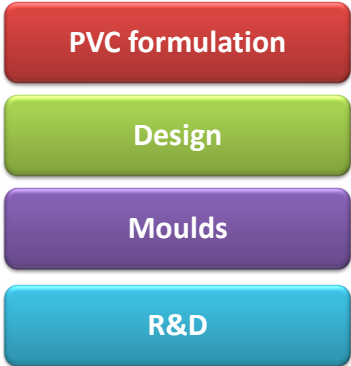


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Location of industrial plants and productive process



Verticalization = Agility



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Industrials Plants



Carlos Barbosa / RS



Sobral / CE



Fortaleza / CE



Teixeira de
Freitas/BA



Crato / CE



Farroupilha / RS

Installed
capacity:
200,000,000
pairs / year

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Productive process



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Sustainability



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Our response



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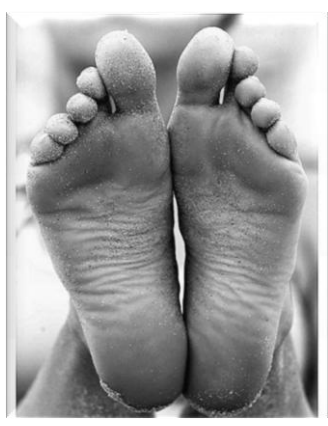
Social responsibility



Providing employment and income, healthy food, education / vocational training and health



Social responsibility



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



Social and Environmental Responsibility

PVC that is unused or damage in the process, plus leftovers and scraps are fully reused



Unused paints are removed from the water for reuse of the paint and the water.



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Social and Environmental Responsibility

The water is treated in a stabilization 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



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Brazil's Footwear Sector

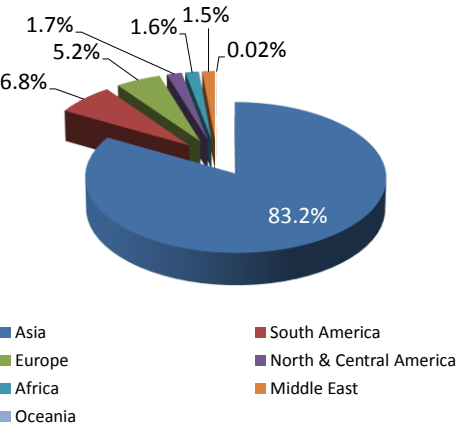
Profile
8,200 producers in 2011
337,500 direct employees
Production: 819 million pairs in 2011 (894 million pairs in 2010)
World's 3 rd largest producer.
Apparent consumption, Brazilian domestic market: 740 million pairs and 3.8 pairs per capita/year in 2011 (780 million pairs and 4.0 pairs in 2010)
Exports: 113 million pairs to more than 140 countries in 2011 (-21.0% vs. 2010)
Source: IEMI/RAIS/ABICALÇADOS/SECEX

The industry itself is 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

Distribution of footwear production by continent in 2010



Country	Production 2010 (million pairs)
China	10,210
India	2,180
Brazil	894
Vietnam	682
Indonesia	604
Others	3,022
Total	17,592

The 5 principal countries produce: 14,570 million pairs = 82,8% of total world production.

Source: World Shoe Review 2010 / ABICALÇADOS

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The footwear sector in Brazil

Million pairs	2006	2007	2008	2009	2010	2011
Production	830	808	816	814	894	819
Imports	19	29	39	30	29	34
Exports	180	177	166	127	143	113
Apparent consumption	669	660	689	717	780	740
Per capita consumption (pairs)	3.6	3.5	3.6	3.7	4.0	3.8

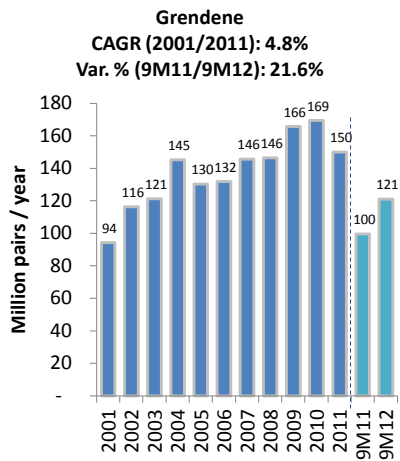
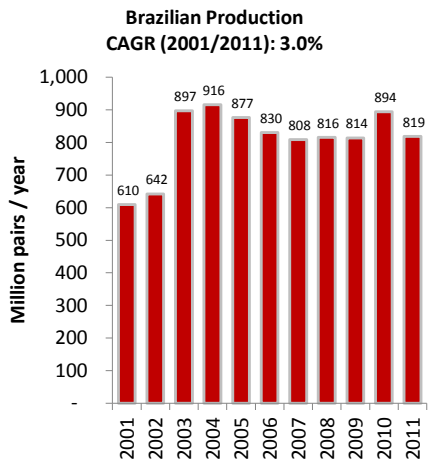
Source: IEMI / Secex / Abicalçados

Consumption – 2010	Total	Per capita
United States of America	2,263	7.3
United Kingdom	419	6.7
France	412	6.4
Italy	336	5.5
Japan	680	5.3

Source: World Shoe Review 2011 / Abicalçados / US Census Bureau / Office for National Statistics (UK) / Institut national de la statistique et des études économiques / istituto Nazionale di Statistica / Statistics Bureau (Japan)

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Grendene x Brazilian footwear sector

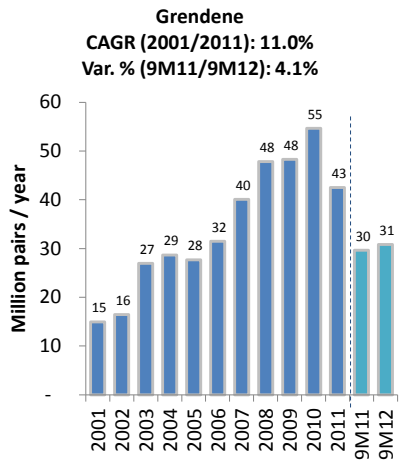
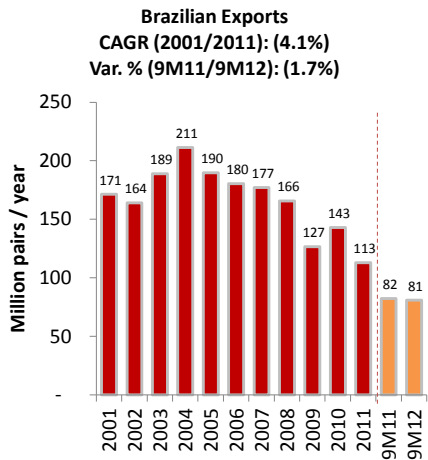


Source: IEMI / Abicalçados

Grendene has grown faster than the Brazilian footwear industry.

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Exports: Grendene vs. Brazil



Source: DECEX / MDIC / ABICALÇADOS

Grendene exports were 38.2% of the total Brazilian footwear exports in 9M12 (36.1% in 9M11).

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Products



Products that meet essential and basic needs at low cost.



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



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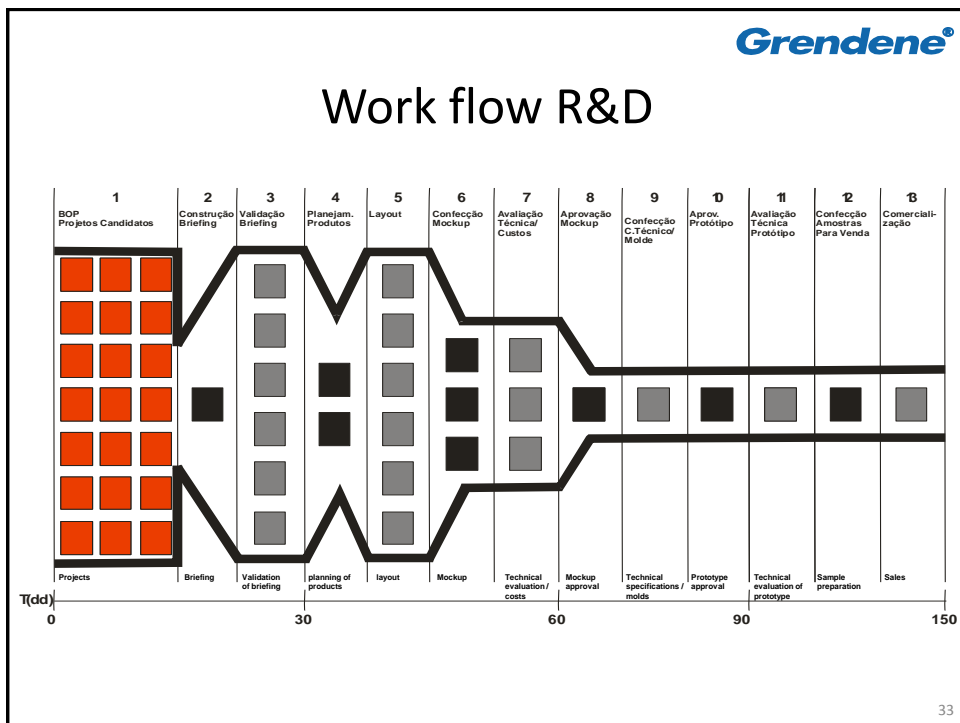
Creative Process





Melissa + Vivienne Westwood

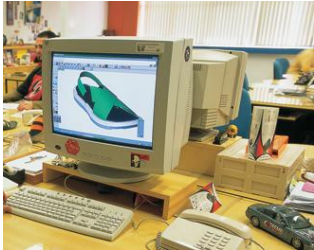

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Development molding

- The modeling of the products is made with last generation software.
- With a network of machines, the molds are size-scaled.
- The CNC shaping machines were specially developed and projected for the Grendene molds. They are programmed to shape four molds at the time.

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Ipanema

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Merchandising Garotas de Ipanema

(Ipanema Girls Merchandising)



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Management process



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Melissa Dance Hit



Melissa Morning + Salinas



Melissa Artemis + Jason Wu



Melissa Gradient



Melissa Trippy



Melissa Nº 1 + Pedro Lourenço

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rider SANDALS

See for insertion of tags and distributor data
facebook.com/RiderOfficial

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GUGA HUERTEN

DOMINGÃO DO FAUSTÃO

DOMINGÃO DO FAUSTÃO







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Zaxy Happy Trancê


Zaxy Intense Birk

Zaxy Happy Glitter

Zaxy Movie

Zaxy Happy Flock

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Avengers Universe

Hello Kitty Super Fashion

Barbie Ballet

Homem Aranha Street

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Hot Wheels Speed Baby

Backyardigans Baby

Patati -Patatá Alegria Baby

Hello Kitty Diva Baby




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Celebrities


Grendene®



Gisele Bündchen



Shakira




Taís Araújo




Ivete Sangalo




Tânia Khalil



Caio Castro



Di Ferrero



Mariana Rios

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Sales channels: Brazil



Retail



Retail

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Grendene®

Sales channels: Brazil



Magazine



Self-service

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Grendene®

Sales channels: Brazil



Selective distribution



Selective distribution

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International sales channels



RSH Malaysia
Studio R Store – Sunway



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International sales channels



Famous Footwear
Chain stores with more than 1,200 points of sale in the U.S.

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International sales channels



Hard Rock Store
Orlando, FL

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Galeria Melissa – Concept store



© Todos os direitos reservados

827, Oscar Freire Street, São Paulo, SP

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Melissa Gallery – New York



© Todos os direitos reservados

102 Greene St, Manhattan, New York/ US

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Results (in IFRS)



IPANEMA ★ Gisele Bündchen®
Sunset


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Main financial and economic indicators

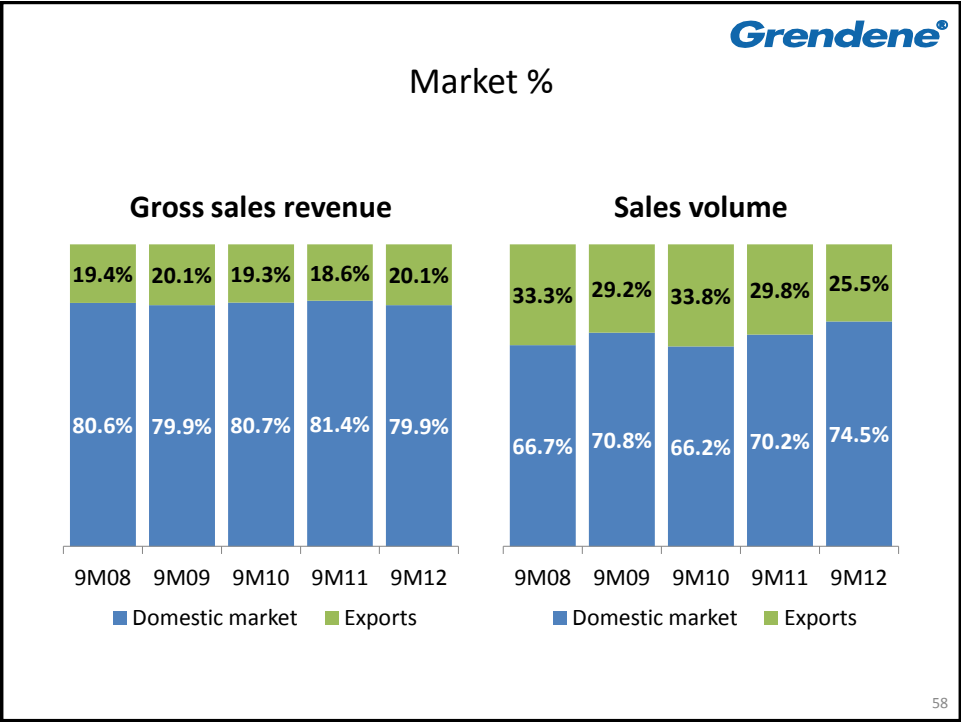
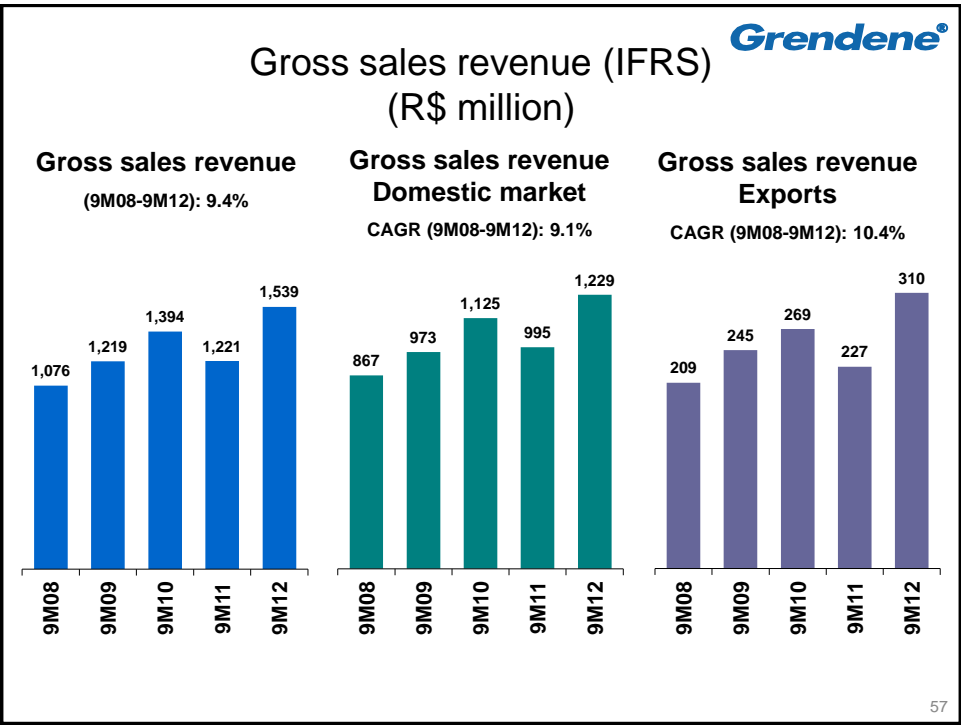
R\$ million	9M11	9M12	Change % 9M11-9M12
Net sales revenue	975.7	1,222.7	25.3%
Net income	183.9	261.0	41.9%

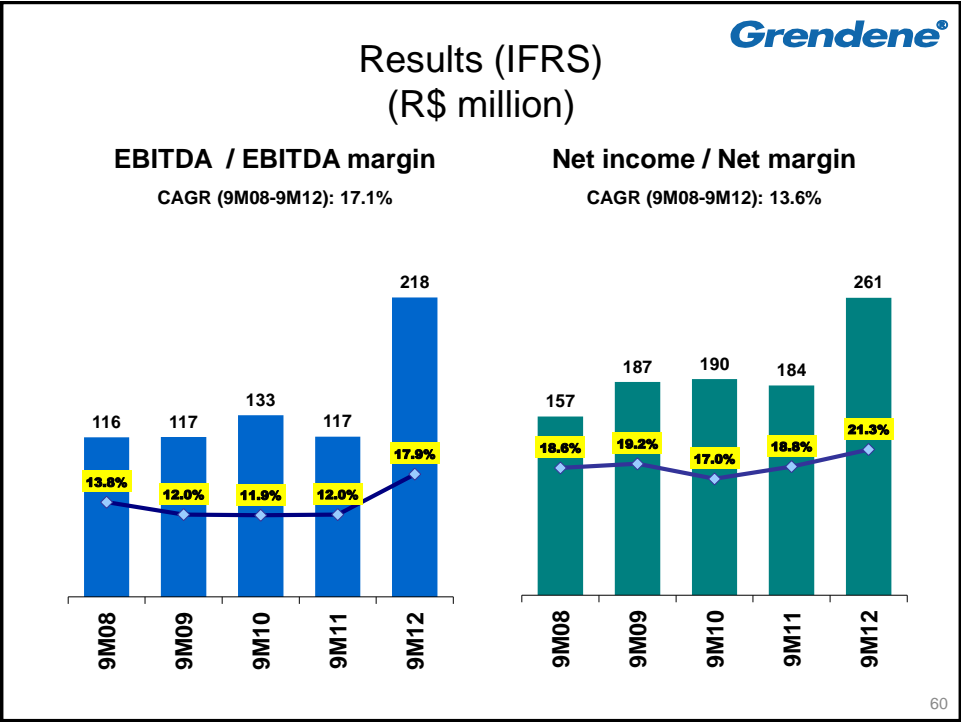
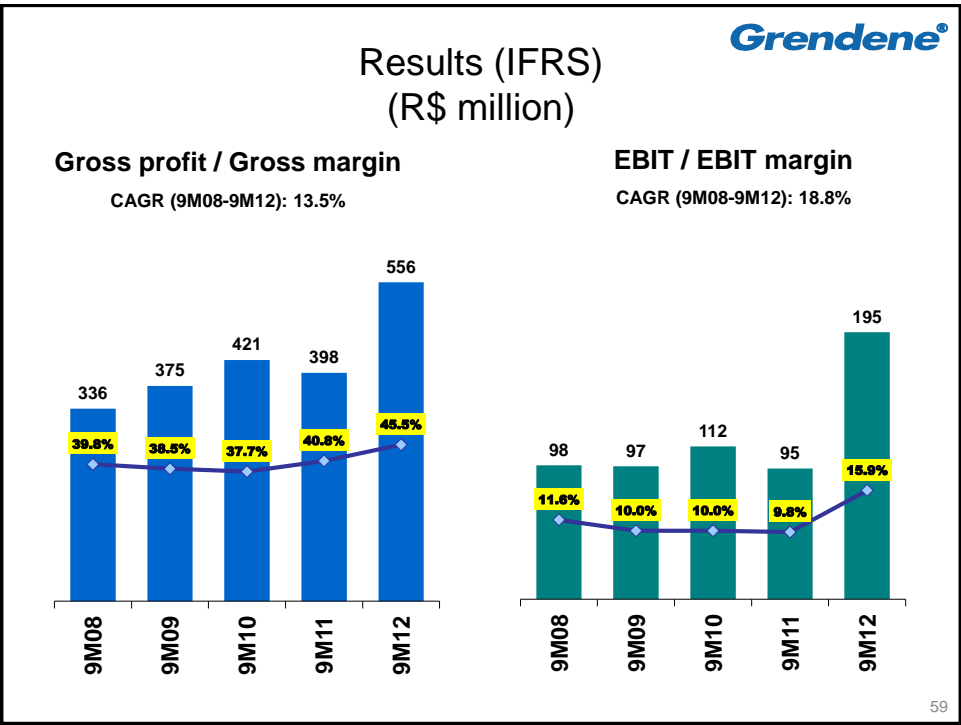
Margins %	9M11	9M12	Change p.p.
Gross	40.8%	45.5%	4.7
EBIT	9.8%	15.9%	6.1
EBITDA	12.0%	17.9%	5.9
Net	18.8%	21.3%	2.5

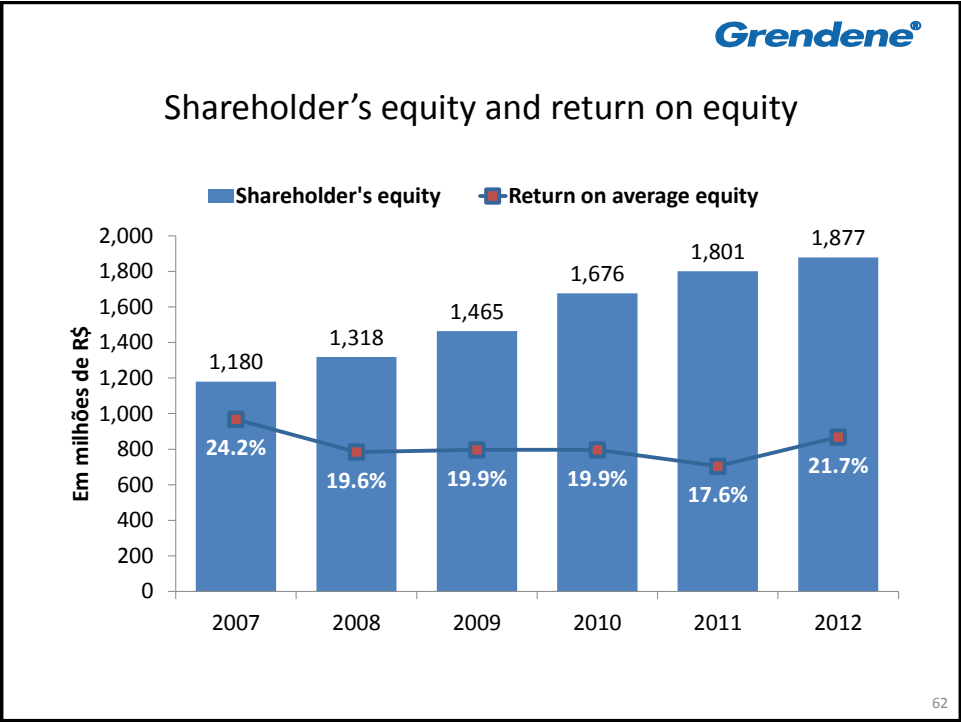
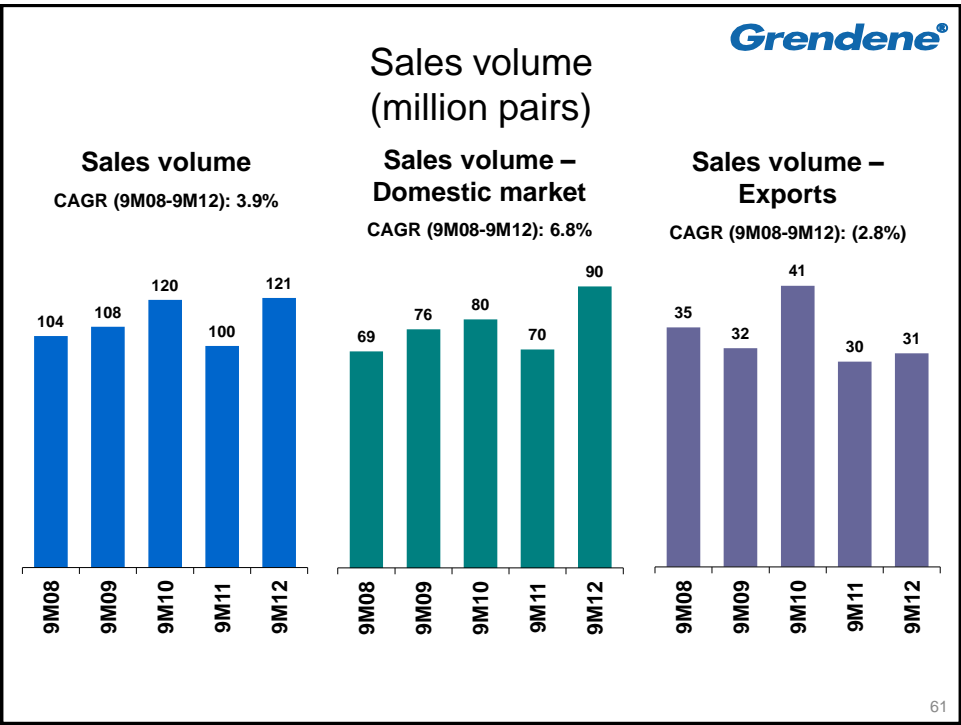


Conheça a nova coleção
grendha
by *shakira*

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Statement of Income (IFRS) (R\$ '000)

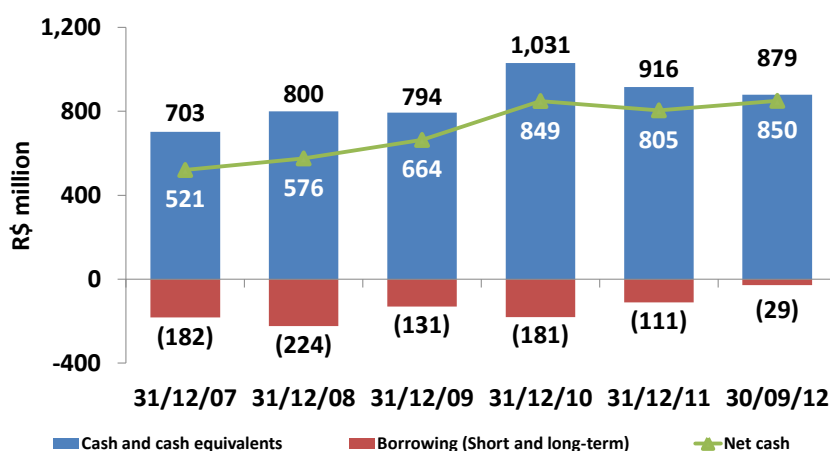
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	9M11	% V	9M12	%V	Change %
Domestic market	994,752	102.0%	1,229,448	100.6%	23.6%
Exports	226,556	23.2%	309,520	25.3%	36.6%
Gross sales revenue	1,221,308	125.2%	1,538,968	125.9%	26.0%
Sales deduction	(245,583)	(25.2%)	(316,252)	(25.9%)	28.8%
Net sales revenue	975,725	100.0%	1,222,716	100.0%	25.3%
Cost of sales	(577,467)	(59.2%)	(666,480)	(54.5%)	15.4%
Gross profit	398,258	40.8%	556,236	45.5%	39.7%
Operating income (expenses)	(302,831)	(31.0%)	(361,236)	(29.5%)	19.3%
Selling expenses	(260,766)	(26.7%)	(310,474)	(25.4%)	19.1%
General and administrative expenses	(44,555)	(4.6%)	(51,550)	(4.2%)	15.7%
Other operating income	5,327	0.5%	3,379	0.3%	(36.6%)
Other operating expenses	(2,837)	(0.3%)	(2,591)	(0.2%)	(8.7%)
Oper. result before fin. revenue (expenses)	95,427	9.8%	195,000	15.9%	104.3%
Finance expenses	(37,041)	(3.8%)	(53,159)	(4.3%)	43.5%
Financial income	150,371	15.4%	157,566	12.9%	4.8%
Financial result	113,330	11.6%	104,407	8.5%	(7.9%)
Profit before taxation	208,757	21.4%	299,407	24.5%	43.4%
Income tax and Social Contribution:					
Current	(31,215)	(3.2%)	(37,856)	(3.1%)	21.3%
Deferred	6,362	0.7%	(441)	-	(106.9%)
Non-controlling interests	(10)	-	(138)	-	1,280.0%
Profit for the period	183,894	18.8%	260,972	21.3%	41.9%

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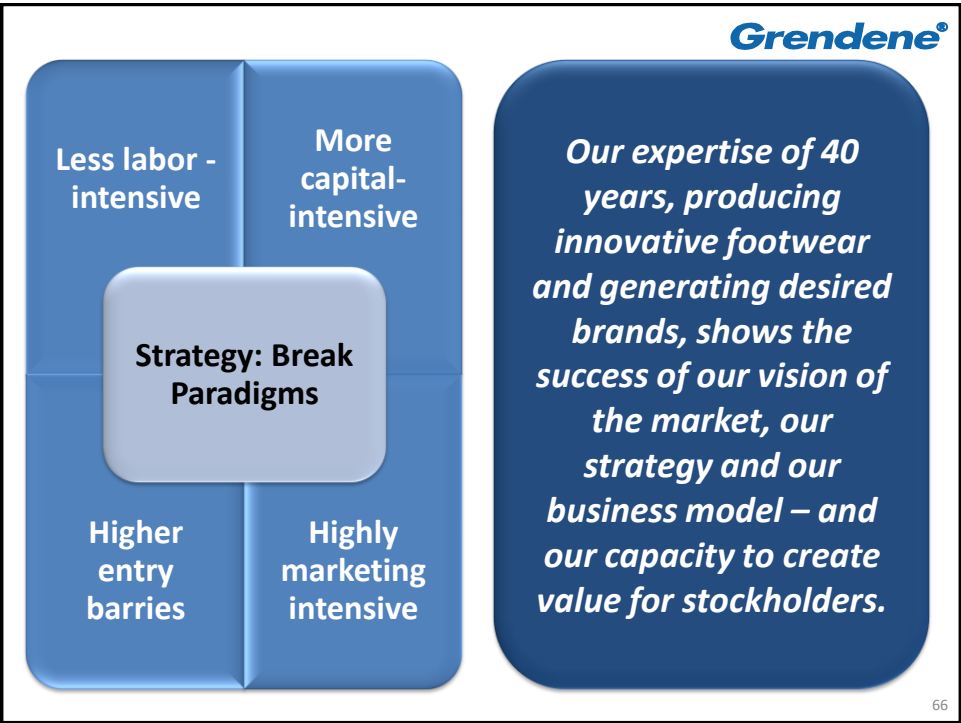
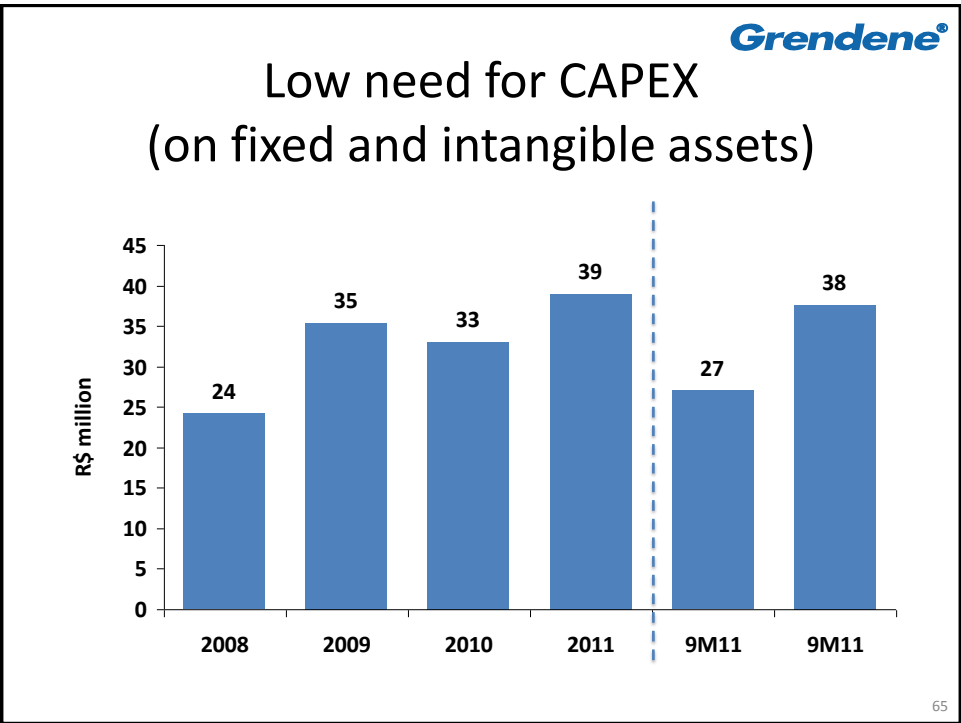
Net cash, cash and cash equivalents and borrowings (short and long-term) and net cash

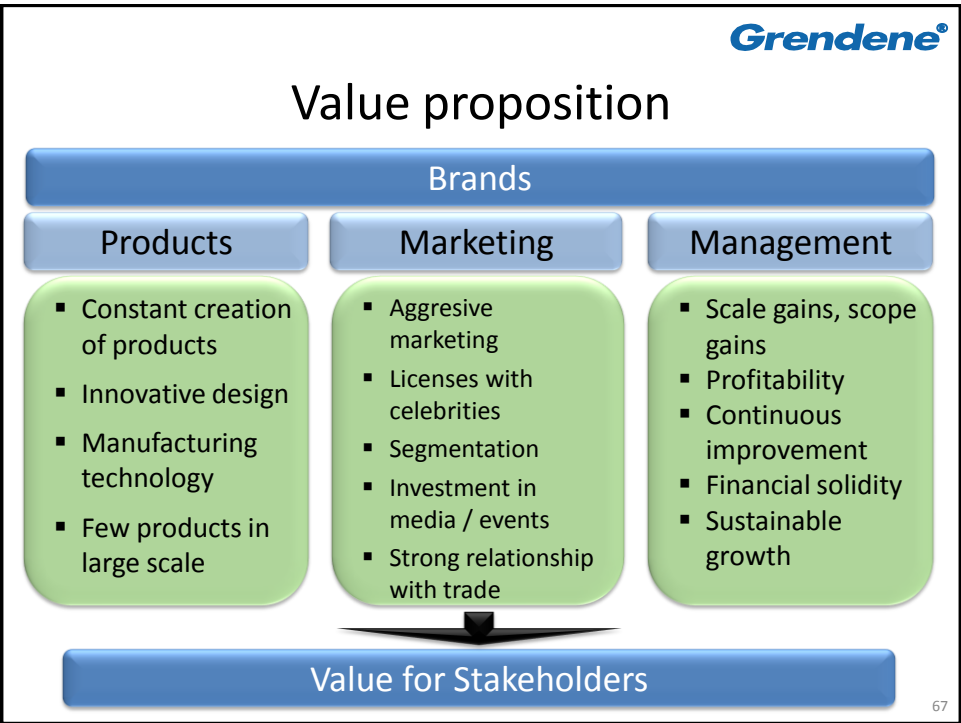
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Strong cash flow


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Guidance



The image shows three Melissa brand shoes: a tan pump, a blue patterned loafer, and a black patterned loafer, all featuring the characteristic bow detail.

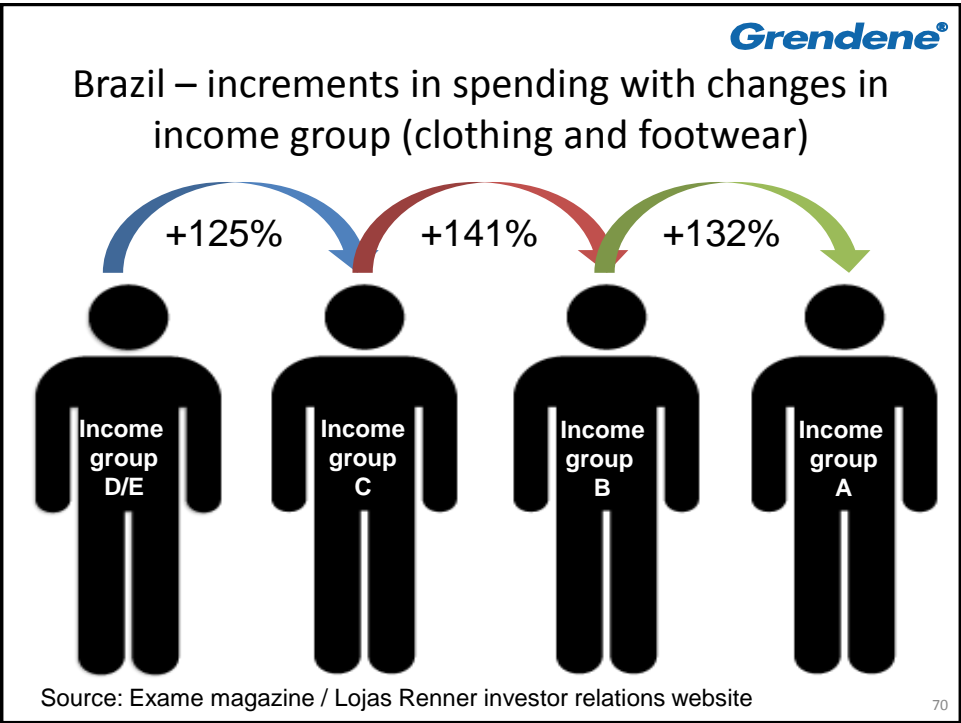
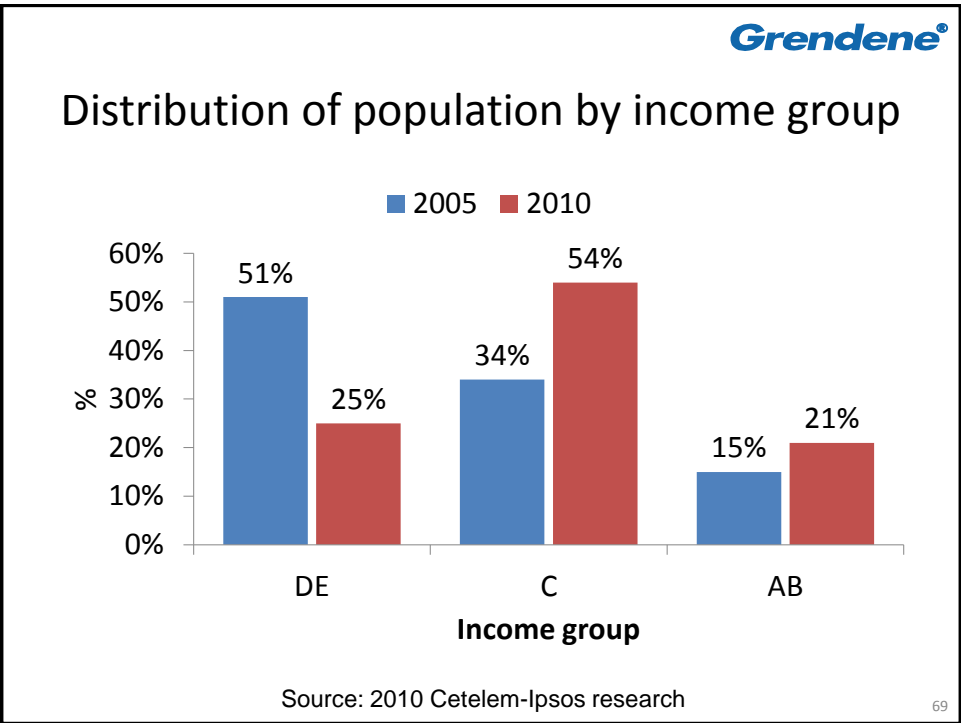
**Targets for:
2011-2015**

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.

We expect in this period to have some years with higher growth than these rates, and others with lower growth, but on average we intend to achieve these targets.



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THANK YOU!

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Further information

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