

Grendene®

**Goldman
Sachs**

**Non deal roadshow
São Paulo / Rio de Janeiro
January, 2013**



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
Footwear sector
Products
Results
Strategy
Guidance



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
- Ethics

History

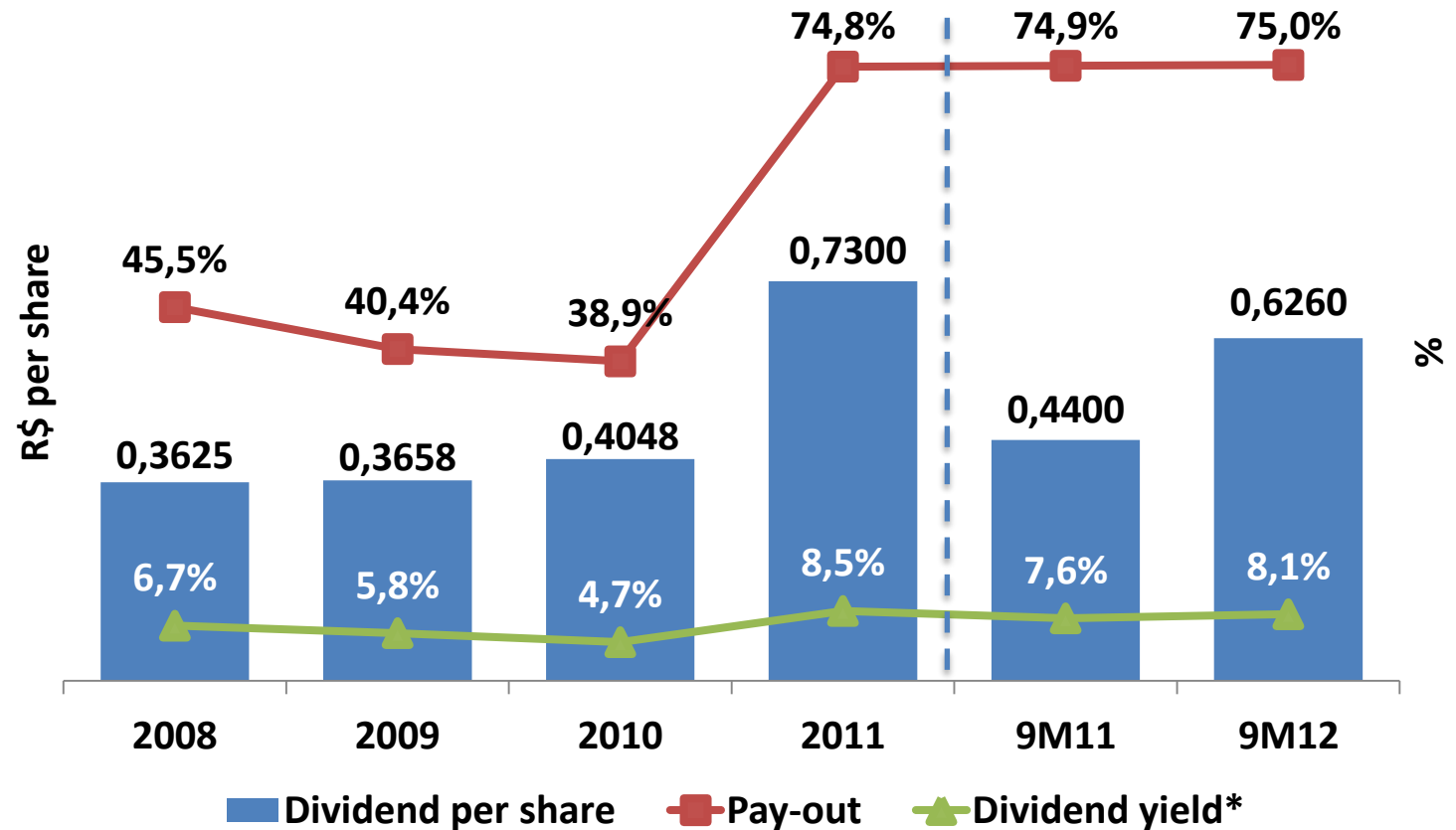
1971	Grendene was founded. First product: plastic packaging for wine.
1978	The launch of the “ <i>Nuar</i> ” sandal.
1990	In Ceará (CE), the first plant in Fortaleza.
1993	Sobral (CE) plant was inaugurated.
1997	Crato (CE) plant was inaugurated.
2002	Grendene takes the lead in Brazilian footwear exports.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

Timeline

2011

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

Distribution of dividends



(*) Dividend yield: dividend per share in the period divided by the weighted average price of the share, annualized

Timeline

2012

Opening of ***Galeria
Melissa*** in Nova
York.



Timeline

2012

Memorandum of
Understanding between
Grendene & Jelly



Destques

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, 2012

New products in 2012: 930

World presence: more than 90 countries

Brands with strong personality.

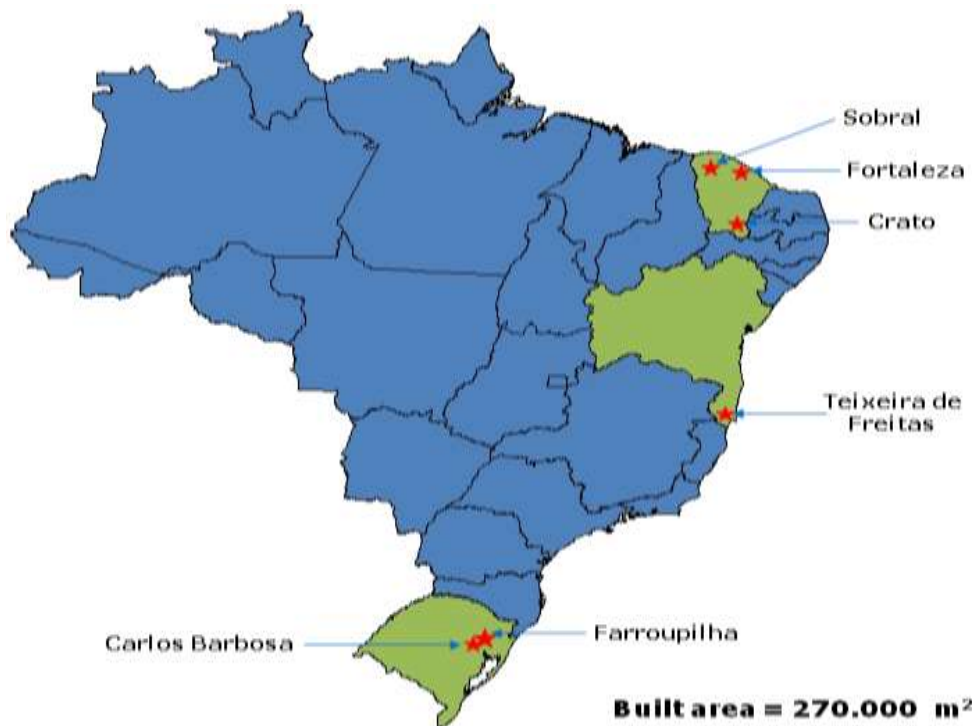
Innovation in product, distribution and media.

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

Industrials Plants



Carlos Barbosa / RS



Sobral / CE



Fortaleza / CE



Teixeira de
Freitas/BA



Crato / CE



Farroupilha / RS

Installed
capacity:
200,000,000
pairs / year

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 3rd 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)

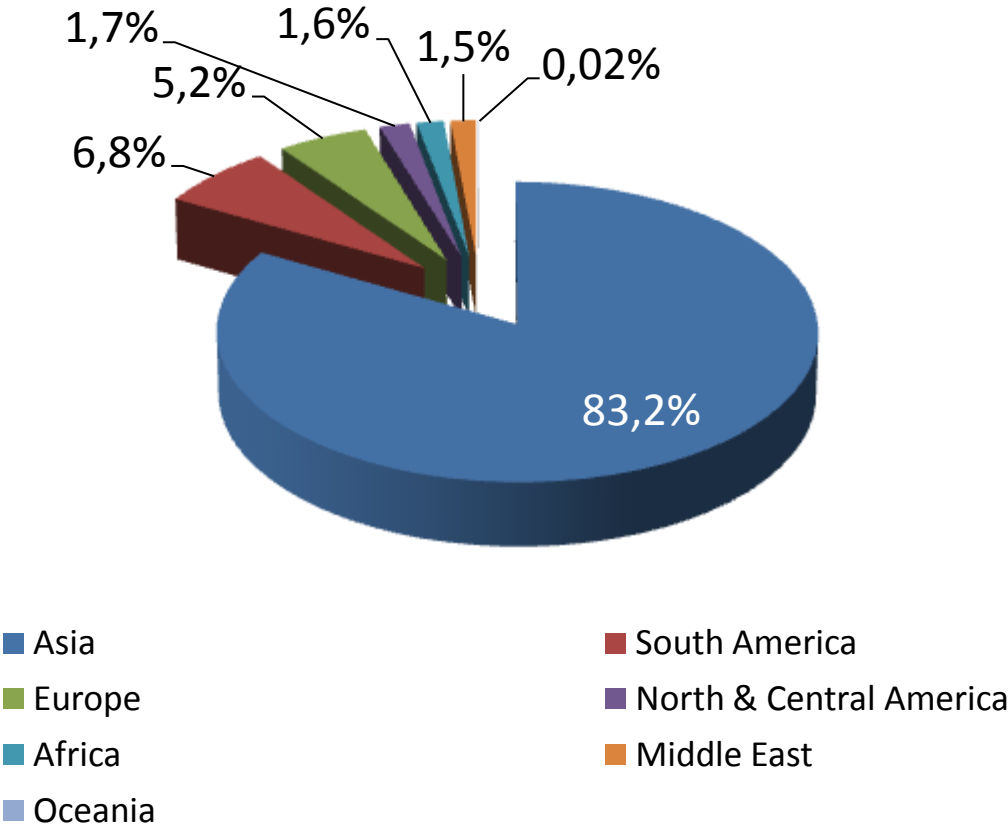
Source:

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.

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

The footwear sector in Brazil

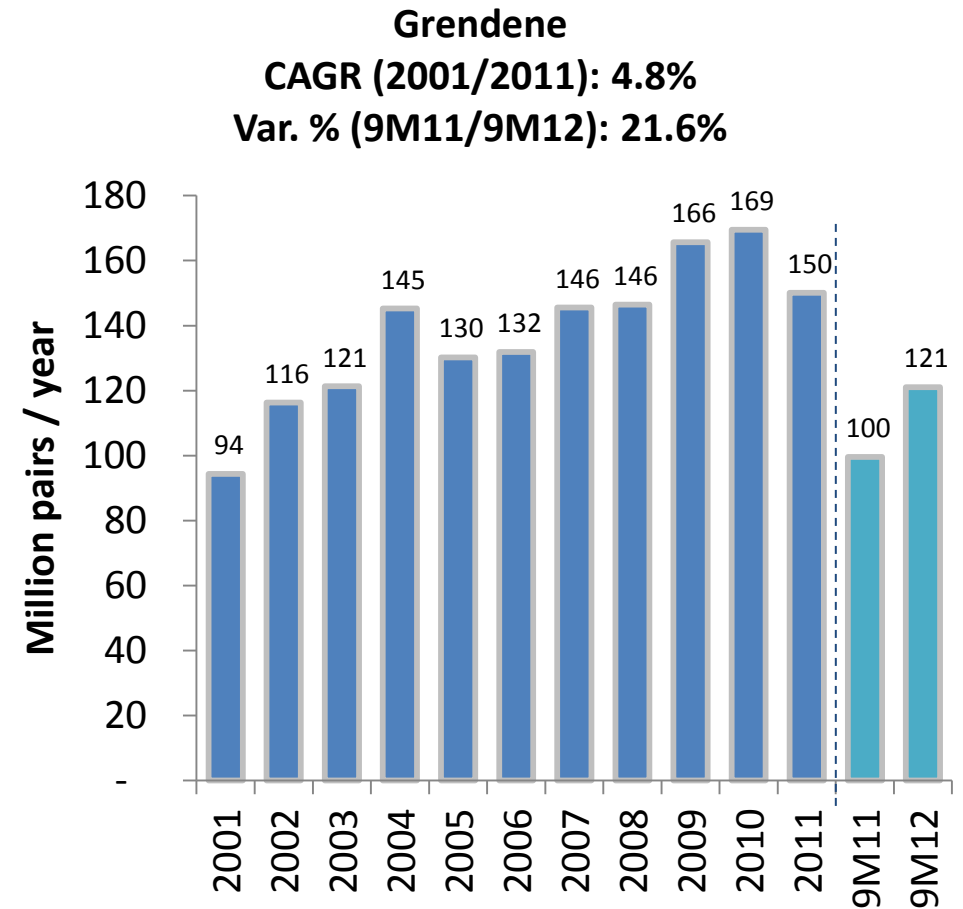
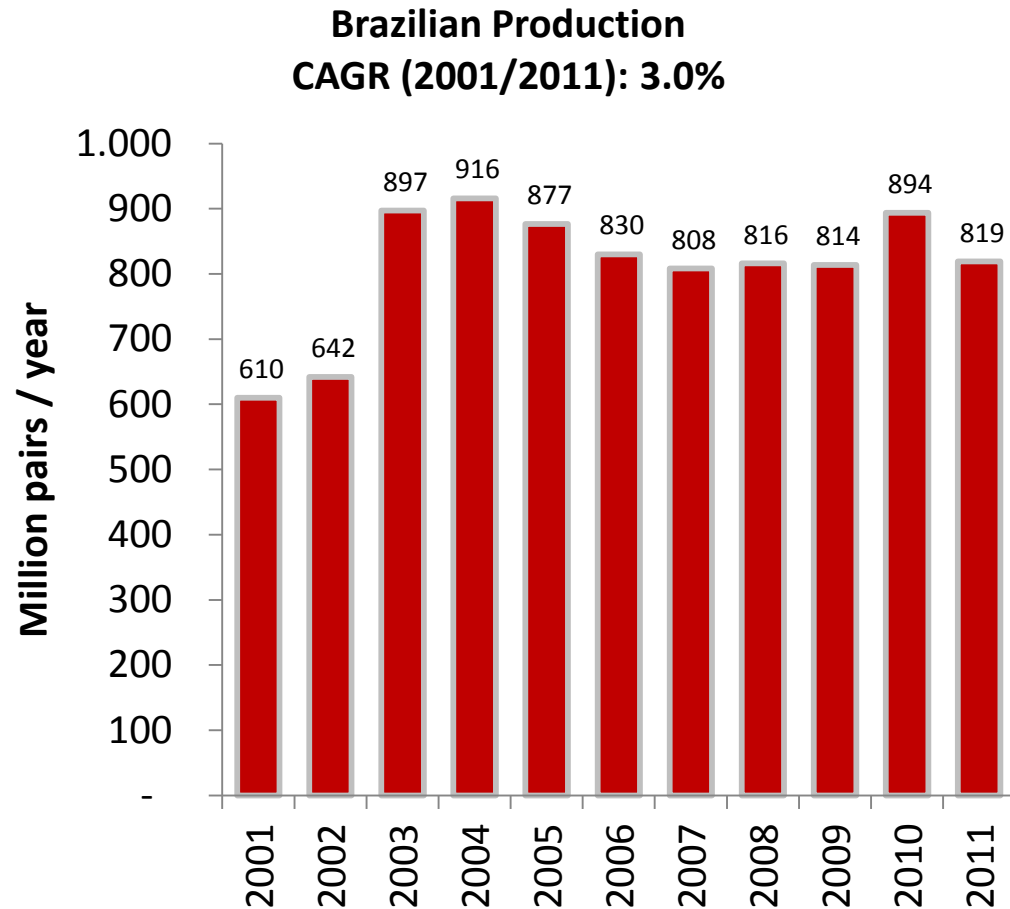
Million pairs	2006	2007	2008	2009	2010	2011
Production	830	808	816	814	894	819
Imports	19	29	39	30	29	34
Exports	180	177	166	127	143	113
Apparent consumption	669	660	689	717	780	740
Per capita consumption (pairs)	3.6	3.5	3.6	3.7	4.0	3.8

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)

Grendene x Brazilian footwear sector

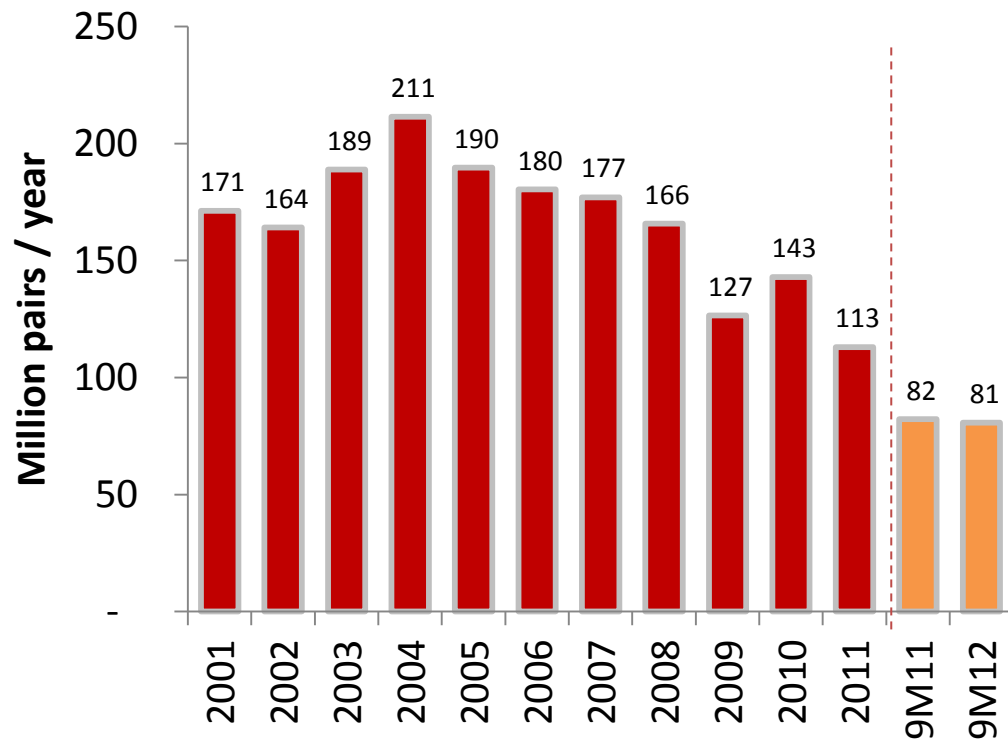


Source: IEMI / Abicalçados

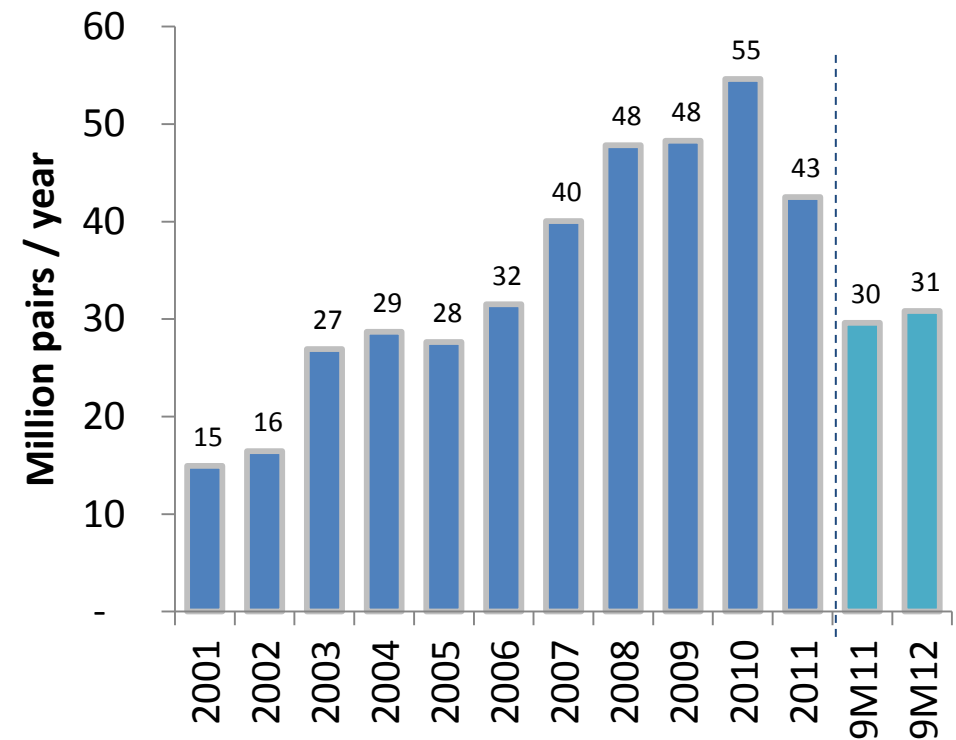
Grendene has grown faster than the Brazilian footwear industry.

Exports: Grendene vs. Brazil

Brazilian Exports
CAGR (2001/2011): (4.1%)
Var. % (9M11/9M12): (1.7%)



Grendene
CAGR (2001/2011): 11.0%
Var. % (9M11/9M12): 4.1%



Source: DECEX / MDIC / ABICALÇADOS

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

Products



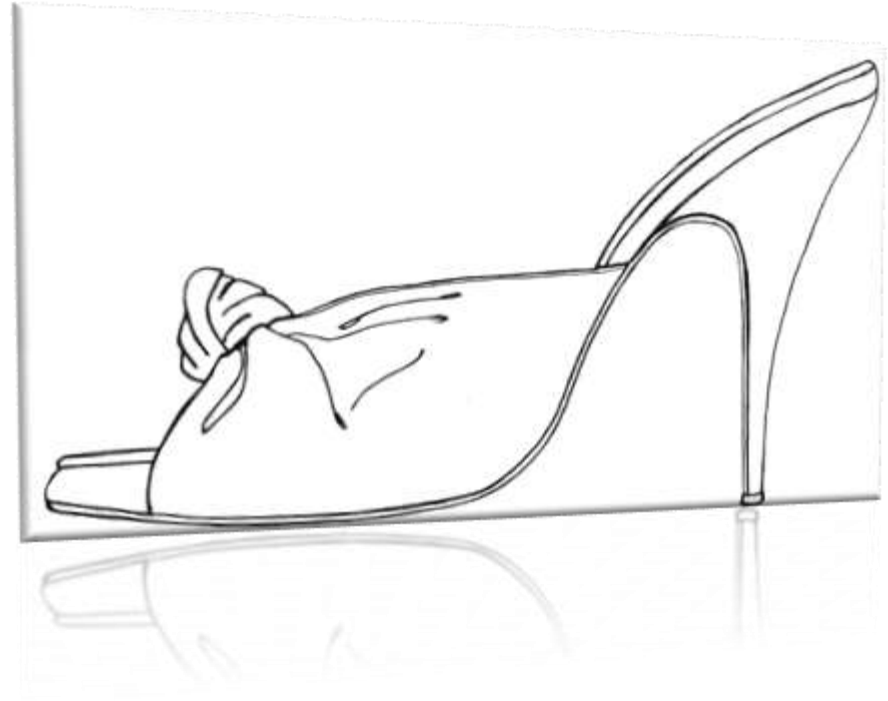
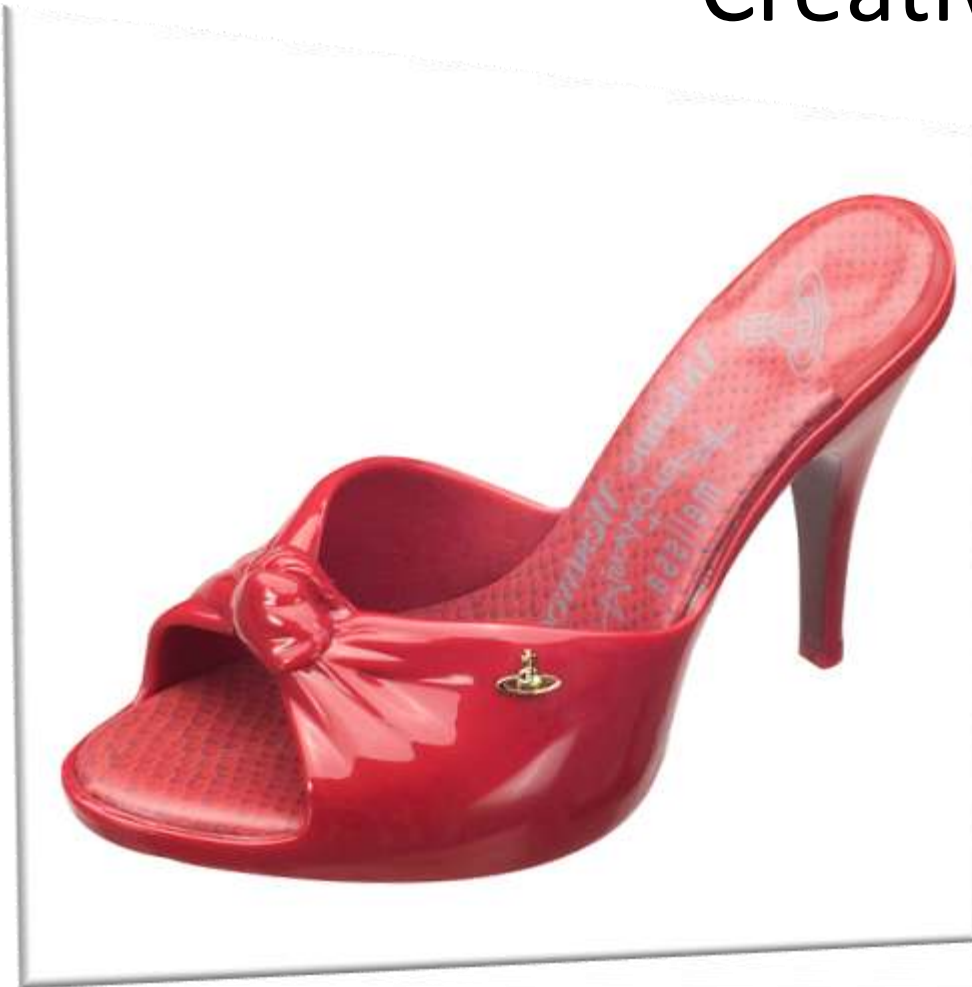
Products that meet essential and basic needs at low cost.



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

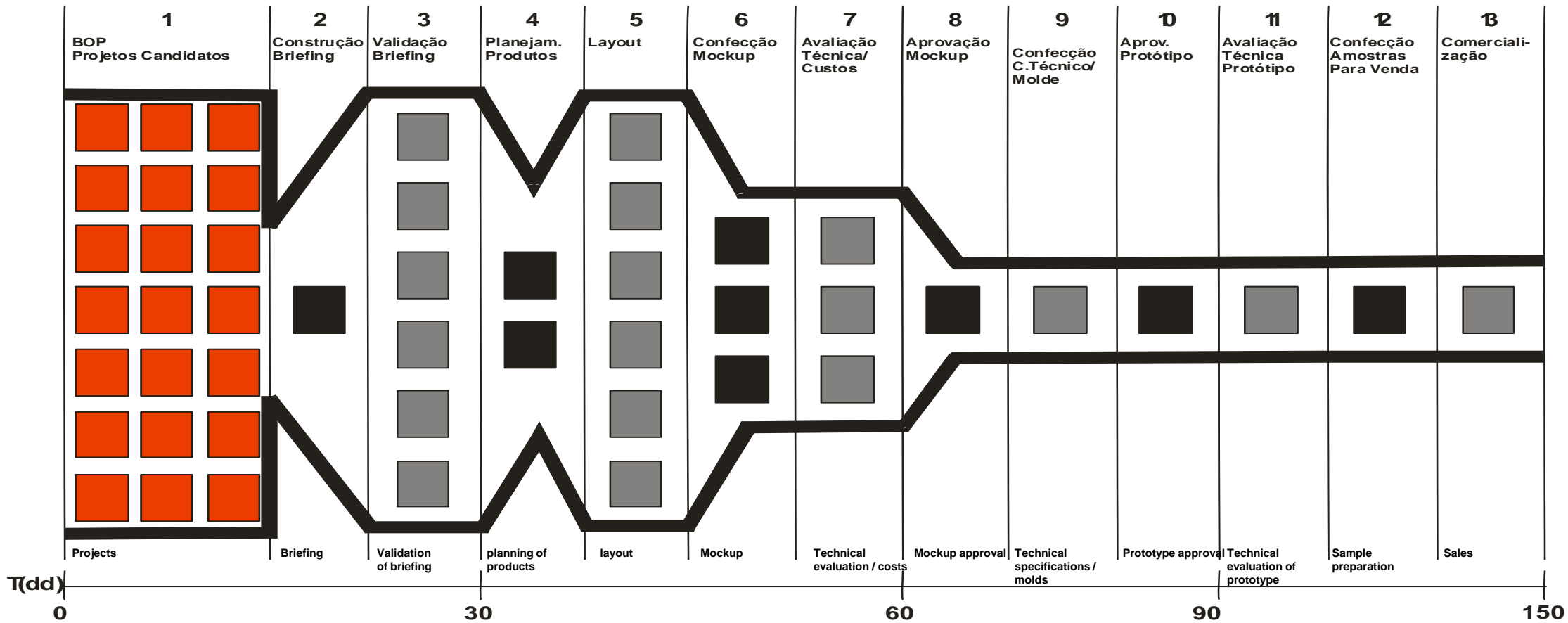


Creative Process



Melissa + Vivienne Westwood

Work flow R&D



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.



Merchandising Garotas de Ipanema (Ipanema Girls Merchandising)



Sophie
Charlotte



Fiorella
Mattheis



Sheron
Menezes



Management process





 **CARTAGO**



**MELISSA
RAINBOW**



Melissa Artemis + Jason Wu



Melissa Dance Hit



Melissa Trippy



Melissa Gradient



Melissa Morning + Salinas



Melissa N° 1 + Pedro Lourenço









Zaxy Happy Trancê



Zaxy Intense Birk

Zaxy Movie



Zaxy Happy Flock

Zaxy Happy Glitter





Avengers Universe



Hello Kitty Super Fashion



Barbie Ballet



Homem Aranha Street



Hot Wheels Speed Baby



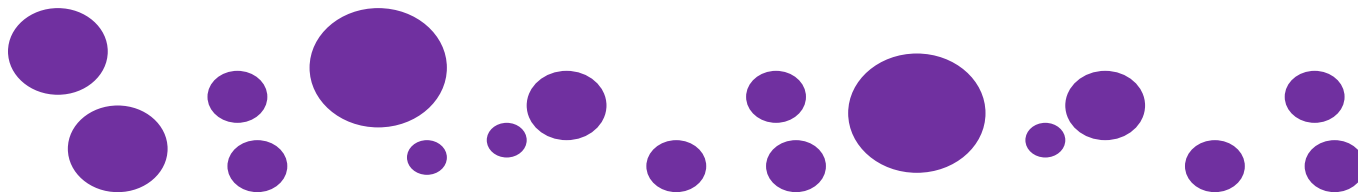
Backyardigans Baby

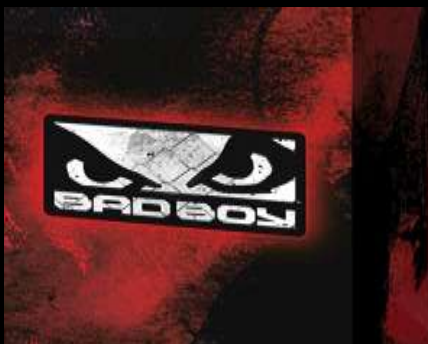


Patati -Patatá
Alegria Baby



Hello Kitty Diva
Baby





Celebrities



Gisele
Bündchen



Shakira



Taís Araújo



Ivete Sangalo



Tânia Khalill



Caio Castro



Di Ferrero



Mariana Rios

Sales channels: Brazil



Retail



Retail

Sales channels: Brazil



Magazine



Self-service

Sales channels: Brazil



Selective distribution



Selective distribution

International sales channels



RSH Malaysia
Studio R Store – Sunway



International sales channels



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

International sales channels



Hard Rock Store
Orlando, FL

Galeria Melissa – Concept store



© Todos os direitos reservados

827, Oscar Freire Street, São Paulo, SP

Melissa Gallery – New York



102 Greene St, Manhattan, New York/ US

Results (in IFRS)



Main financial and economic indicators

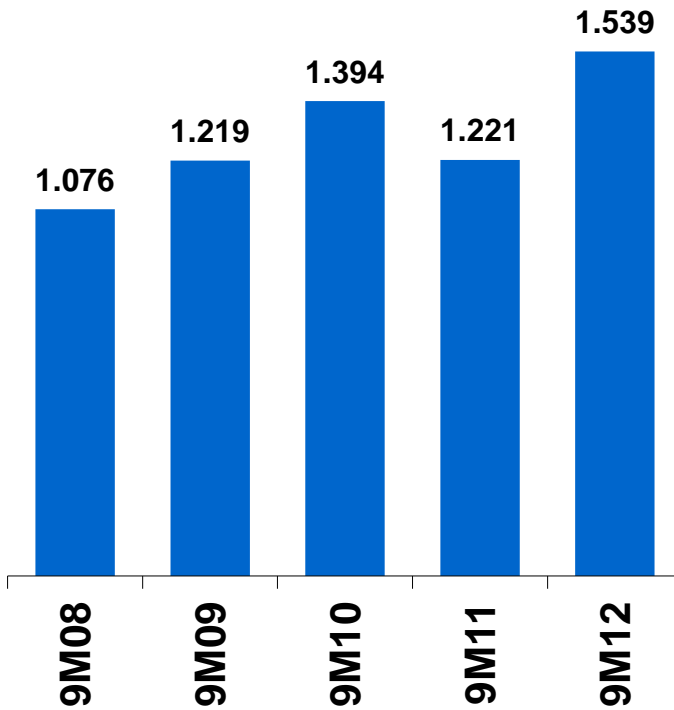
R\$ million	9M11	9M12	Change % 9M11-9M12
Net sales revenue	975.7	1,222.7	25.3%
Net income	183.9	261.0	41.9%

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

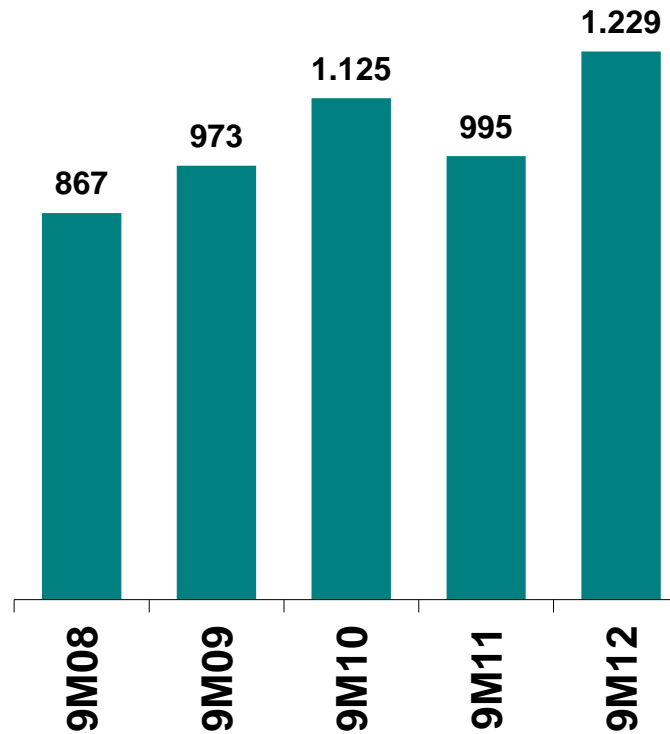


Gross sales revenue (IFRS) (R\$ million)

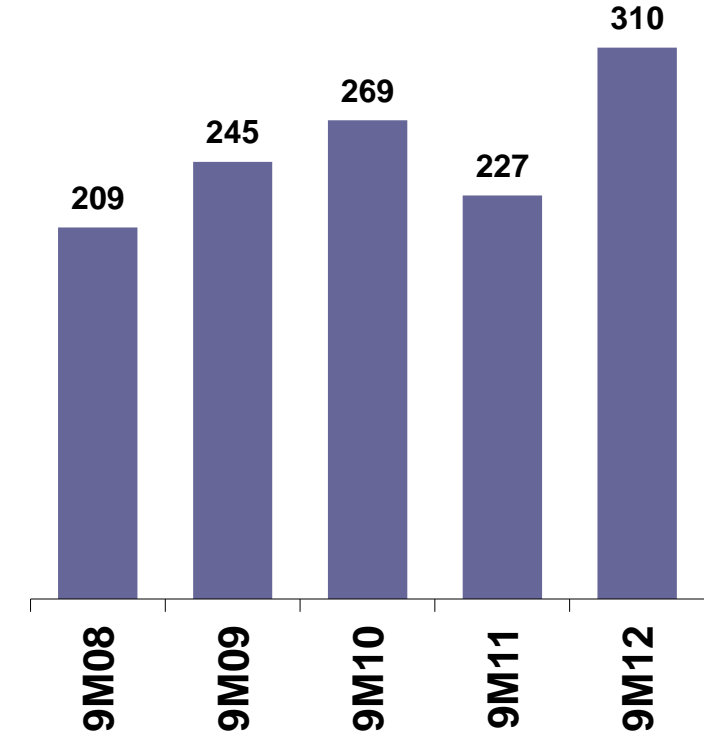
Gross sales revenue
(9M08-9M12): 9.4%



**Gross sales revenue
Domestic market**
CAGR (9M08-9M12): 9.1%

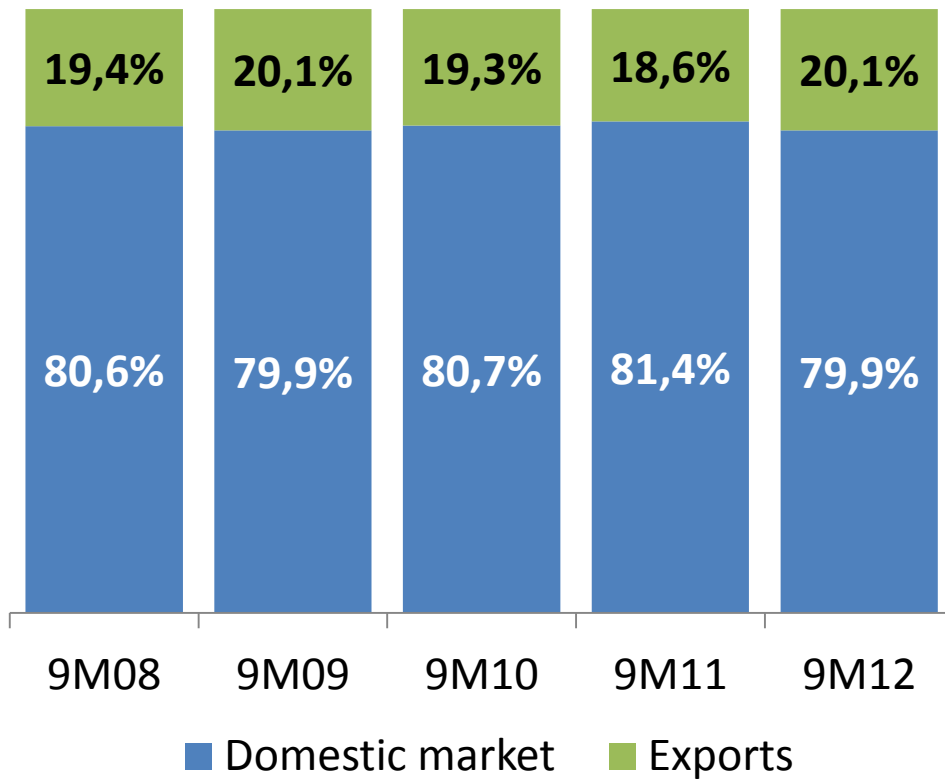


**Gross sales revenue
Exports**
CAGR (9M08-9M12): 10.4%

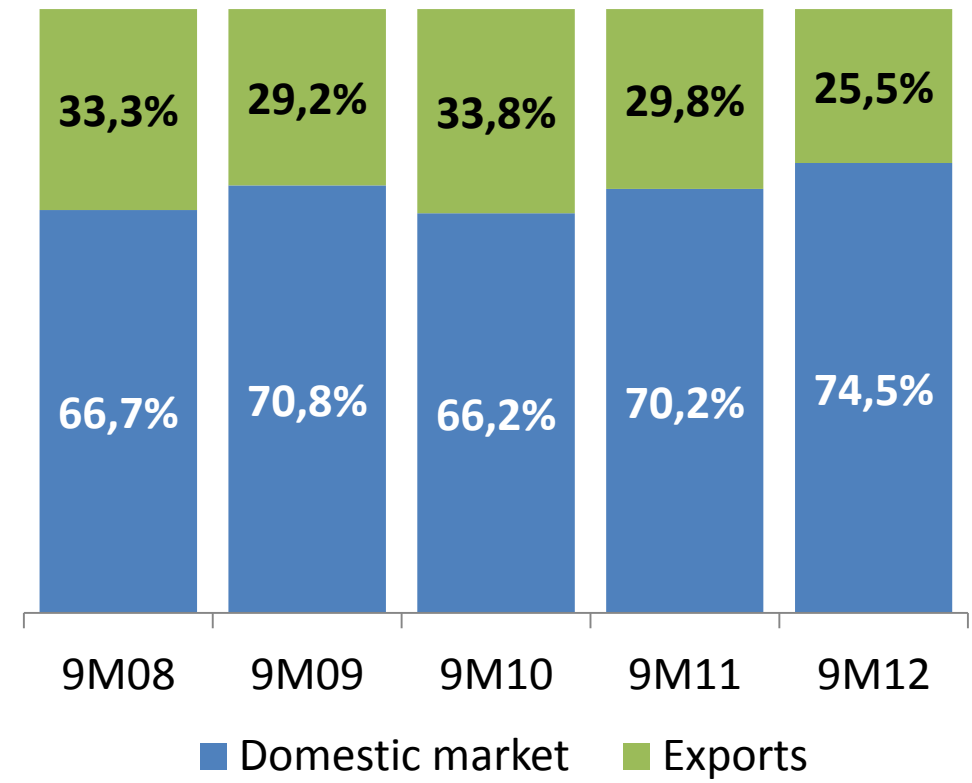


Market %

Gross sales revenue



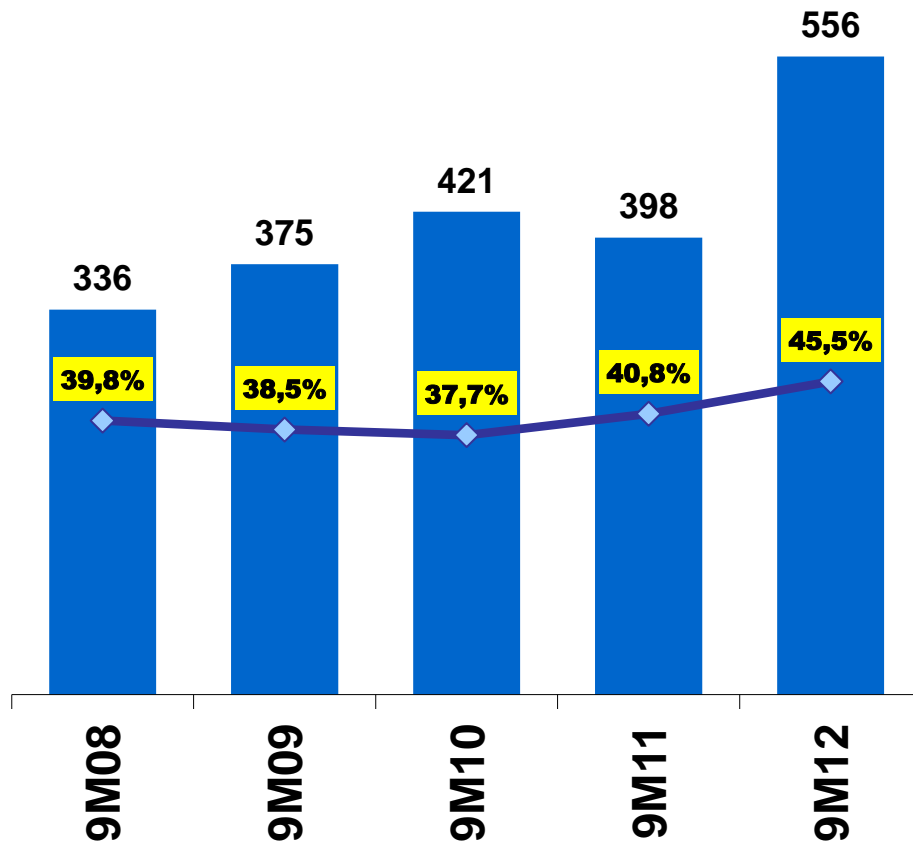
Sales volume



Results (IFRS) (R\$ million)

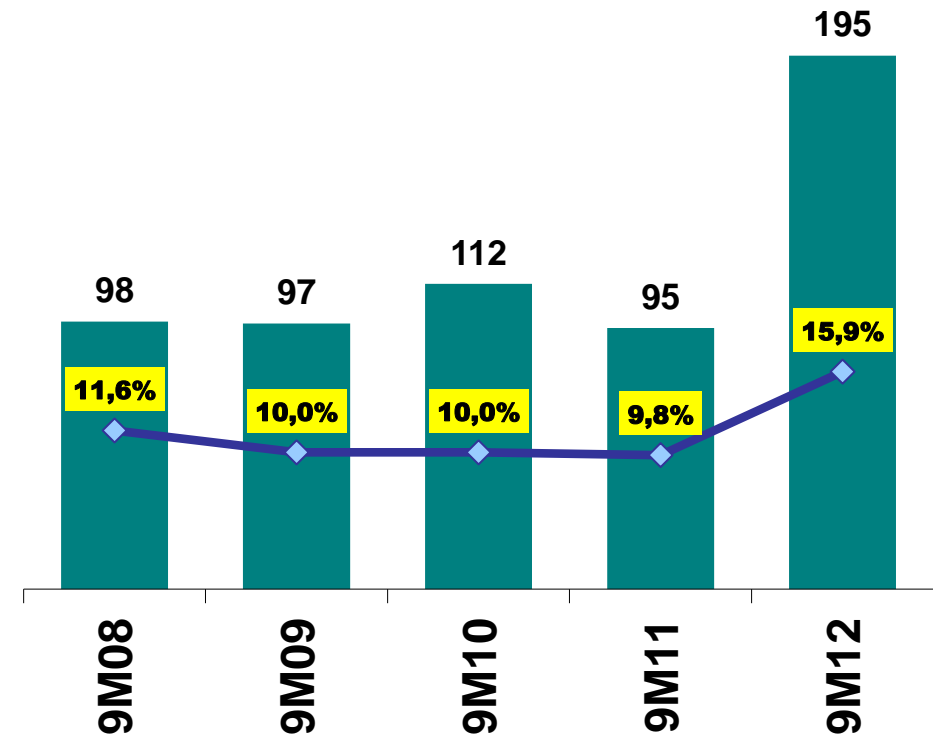
Gross profit / Gross margin

CAGR (9M08-9M12): 13.5%



EBIT / EBIT margin

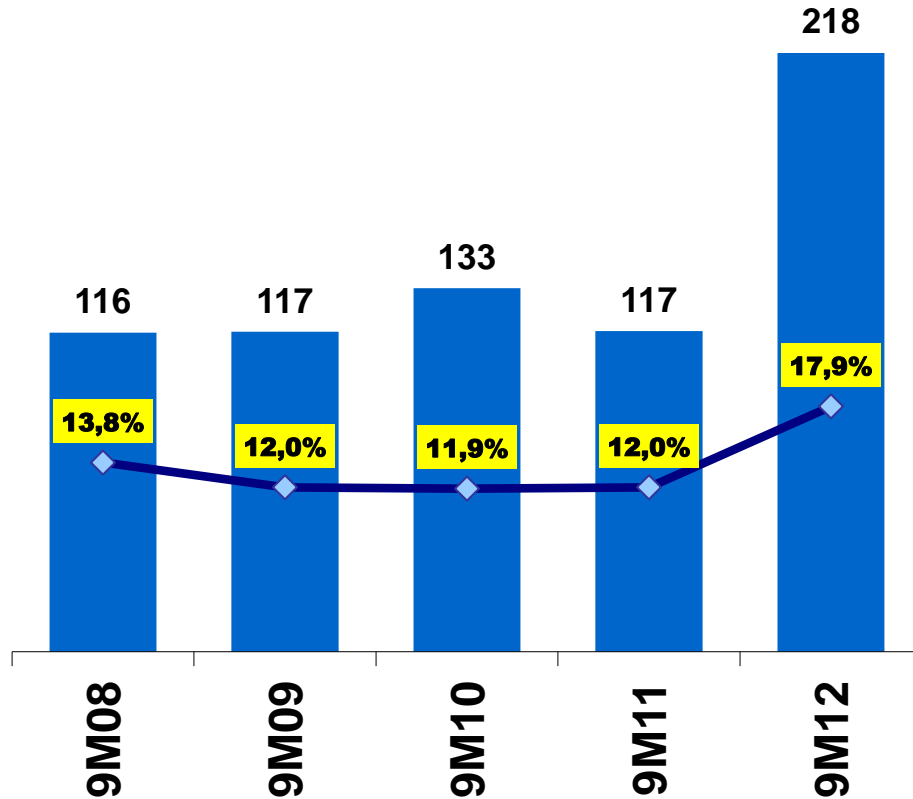
CAGR (9M08-9M12): 18.8%



Results (IFRS) (R\$ million)

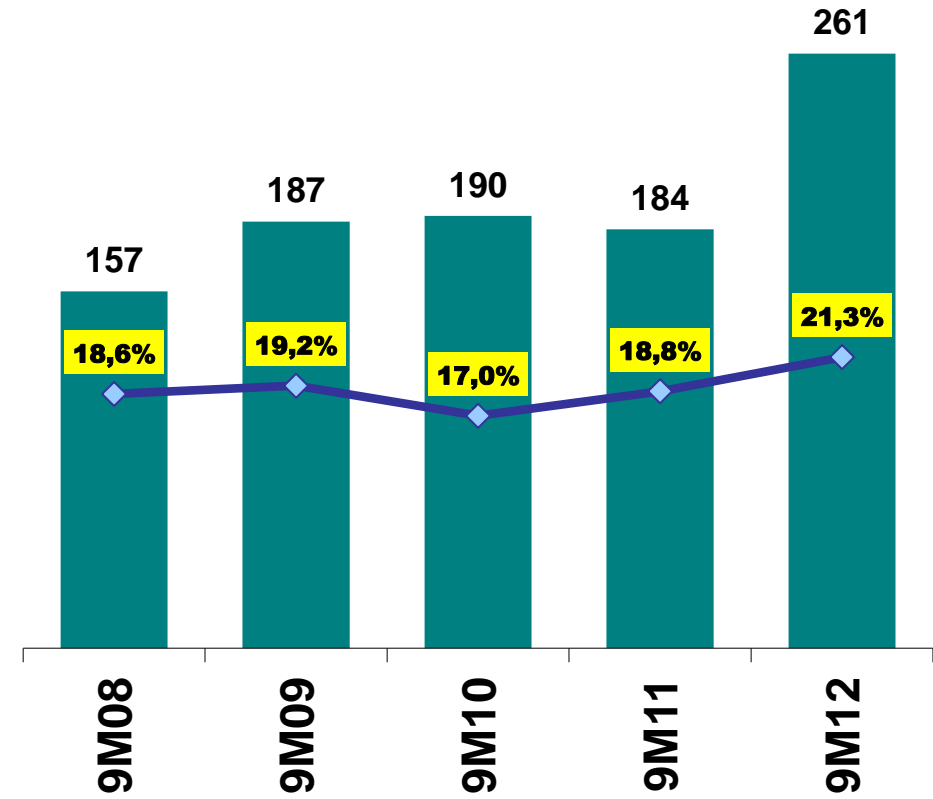
EBITDA / EBITDA margin

CAGR (9M08-9M12): 17.1%



Net income / Net margin

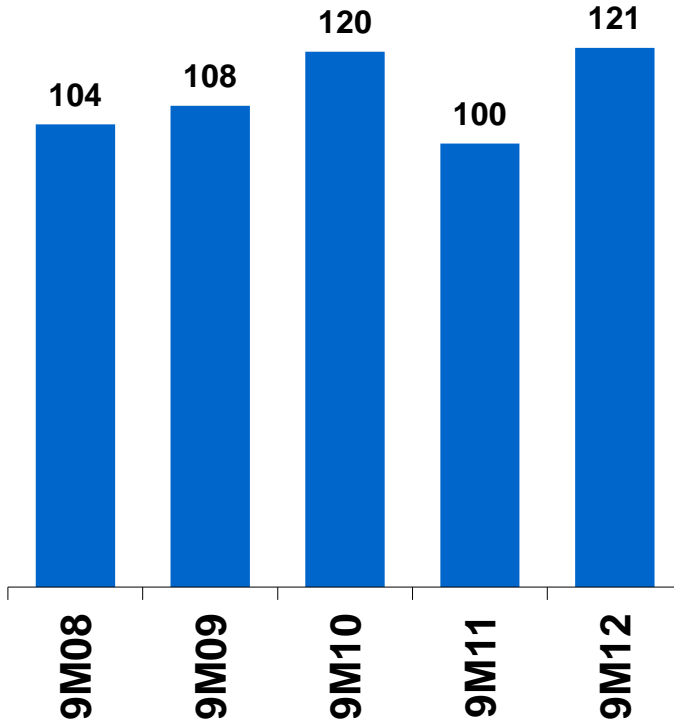
CAGR (9M08-9M12): 13.6%



Sales volume (million pairs)

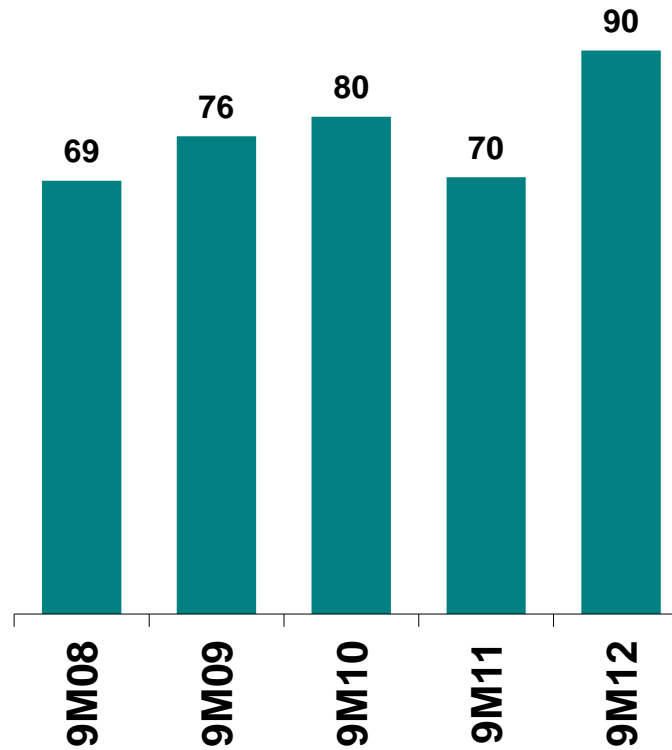
Sales volume

CAGR (9M08-9M12): 3.9%



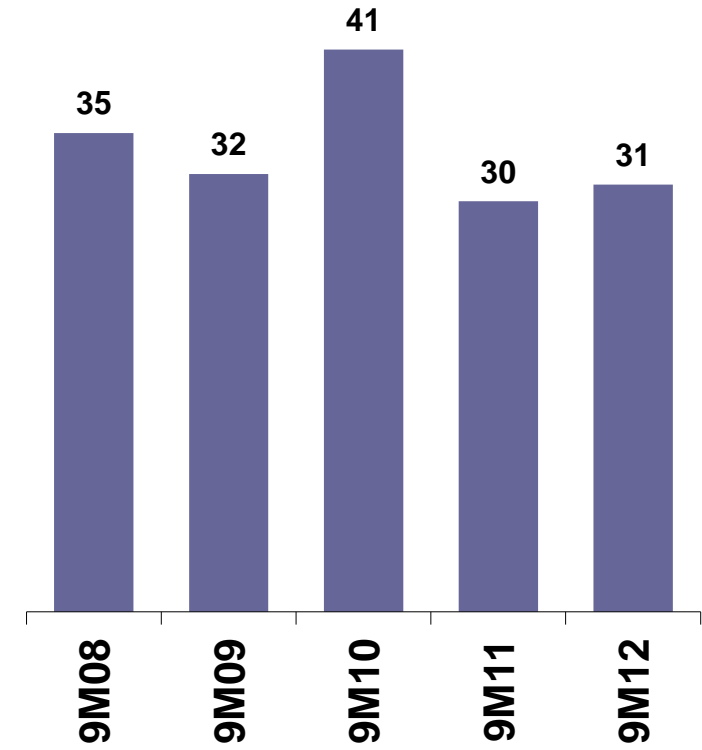
Sales volume – Domestic market

CAGR (9M08-9M12): 6.8%

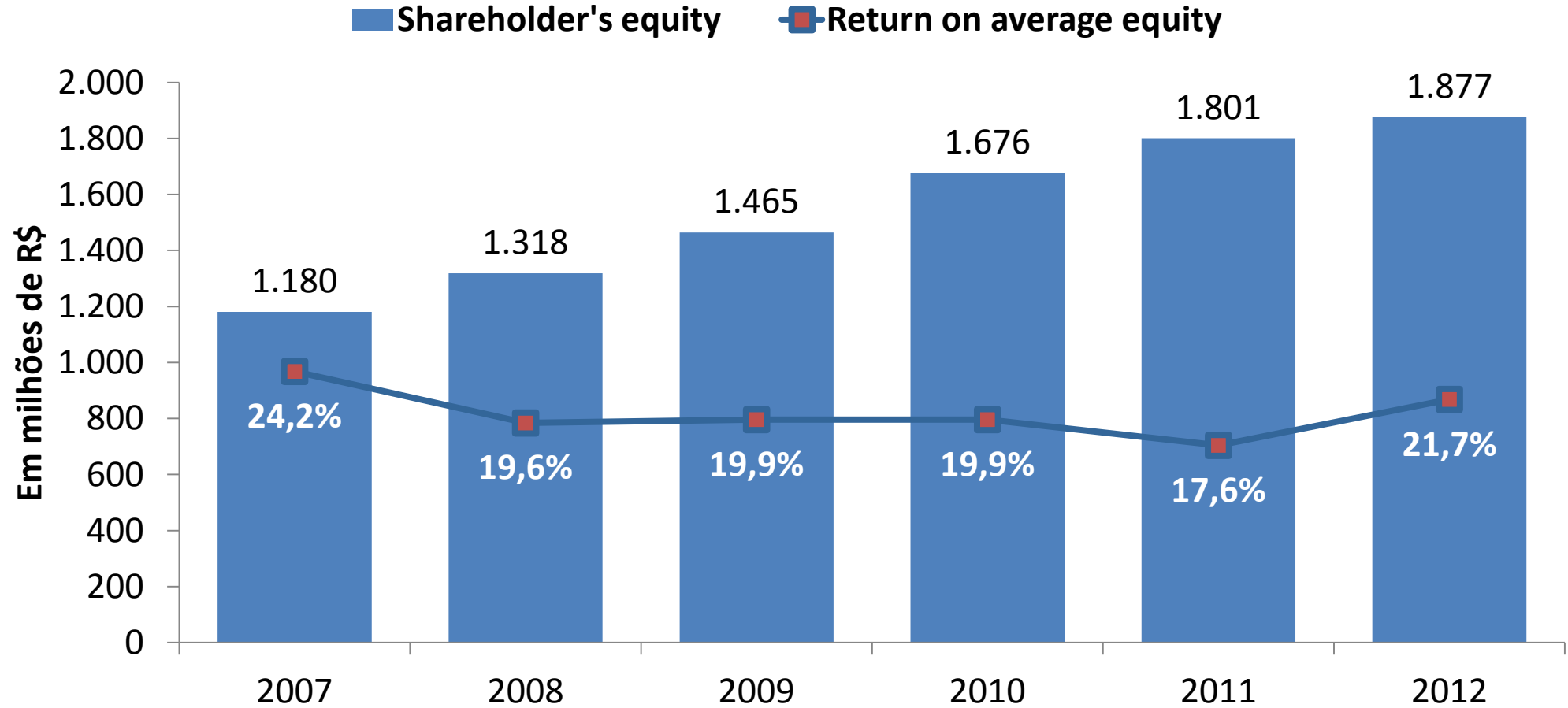


Sales volume – Exports

CAGR (9M08-9M12): (2.8%)



Shareholder's equity and return on equity

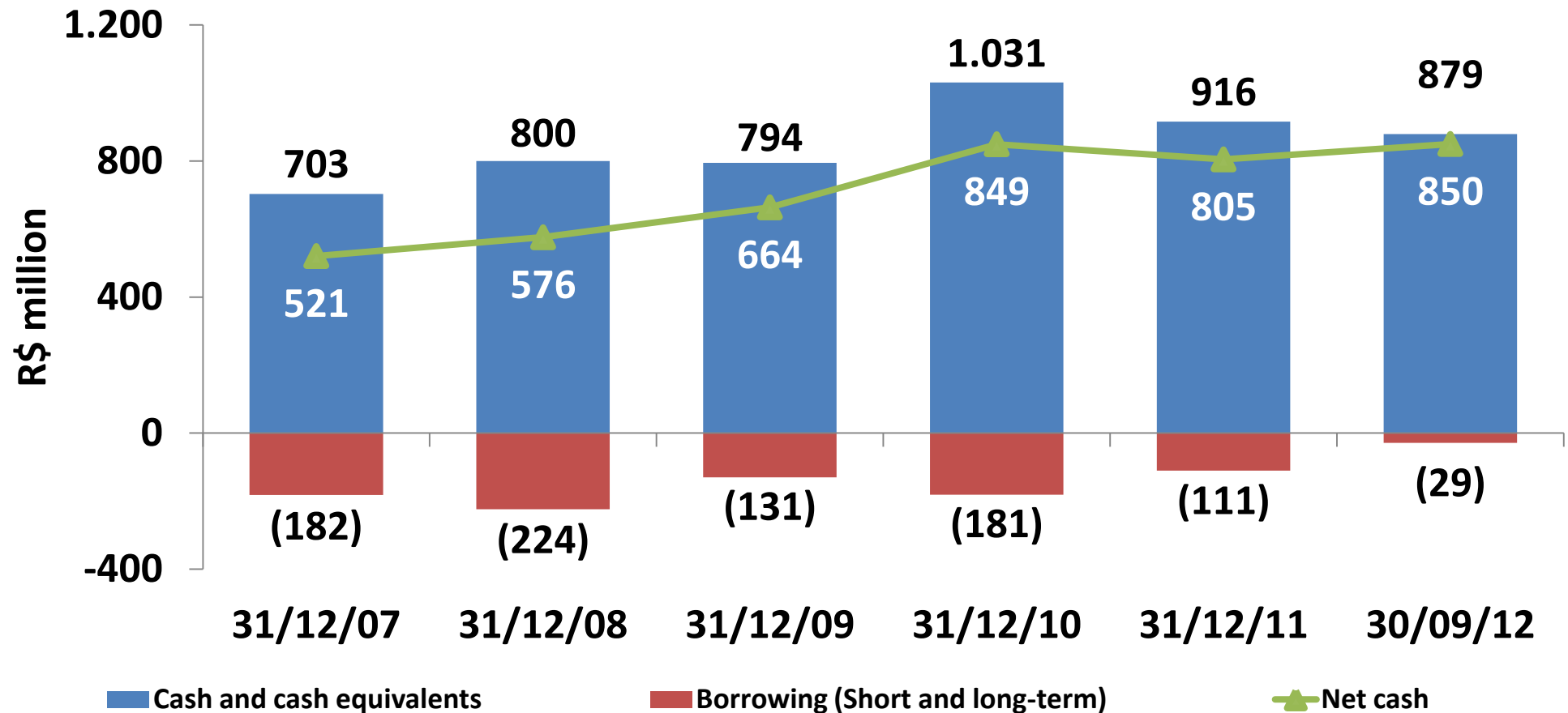


Statement of Income (IFRS)

(R\$ '000)

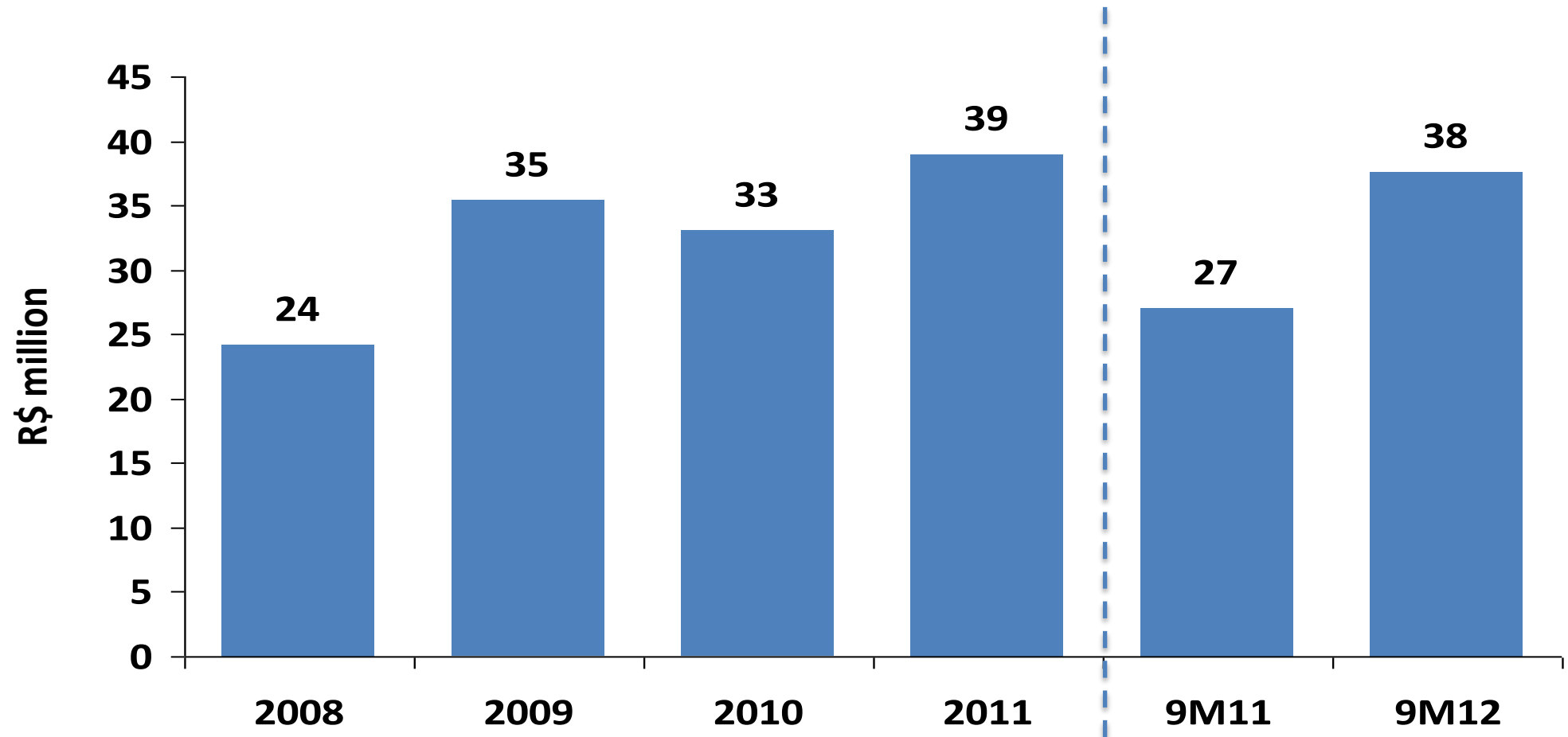
	9M11	% V	9M12	%V	Change %
Domestic market	994,752	102.0%	1,229,448	100.6%	23.6%
Exports	226,556	23.2%	309,520	25.3%	36.6%
Gross sales revenue	1,221,308	125.2%	1,538,968	125.9%	26.0%
Sales deduction	(245,583)	(25.2%)	(316,252)	(25.9%)	28.8%
Net sales revenue	975,725	100.0%	1,222,716	100.0%	25.3%
Cost 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%

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



Strong cash flow

Low need for CAPEX (on fixed and intangible assets)



Less labor -
intensive

More capital-
intensive

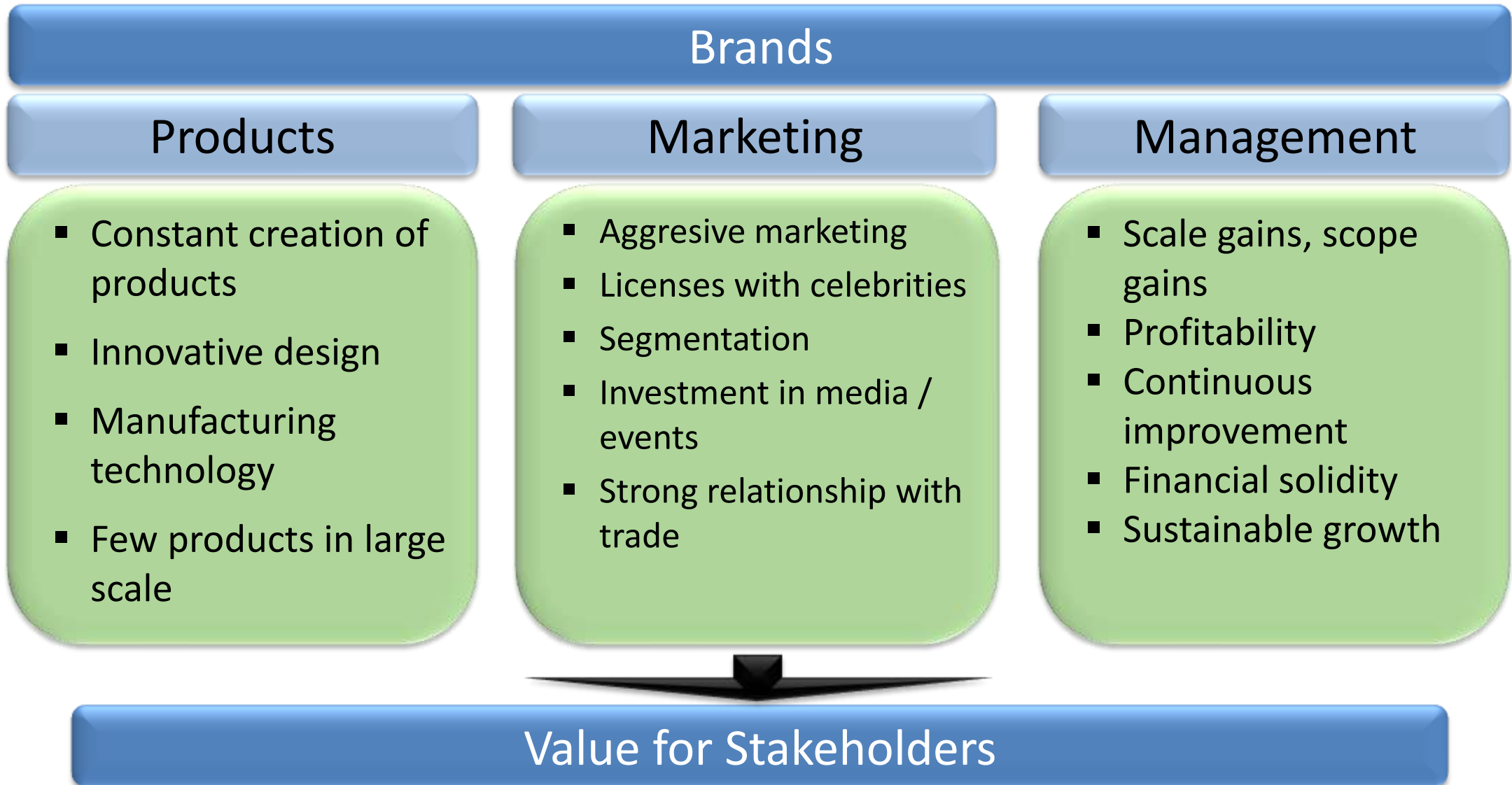
**Strategy: Break
Paradigms**

Higher entry
barriers

Highly
marketing
intensive

*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



Guidance

melissa®



Targets for: 2011-2015

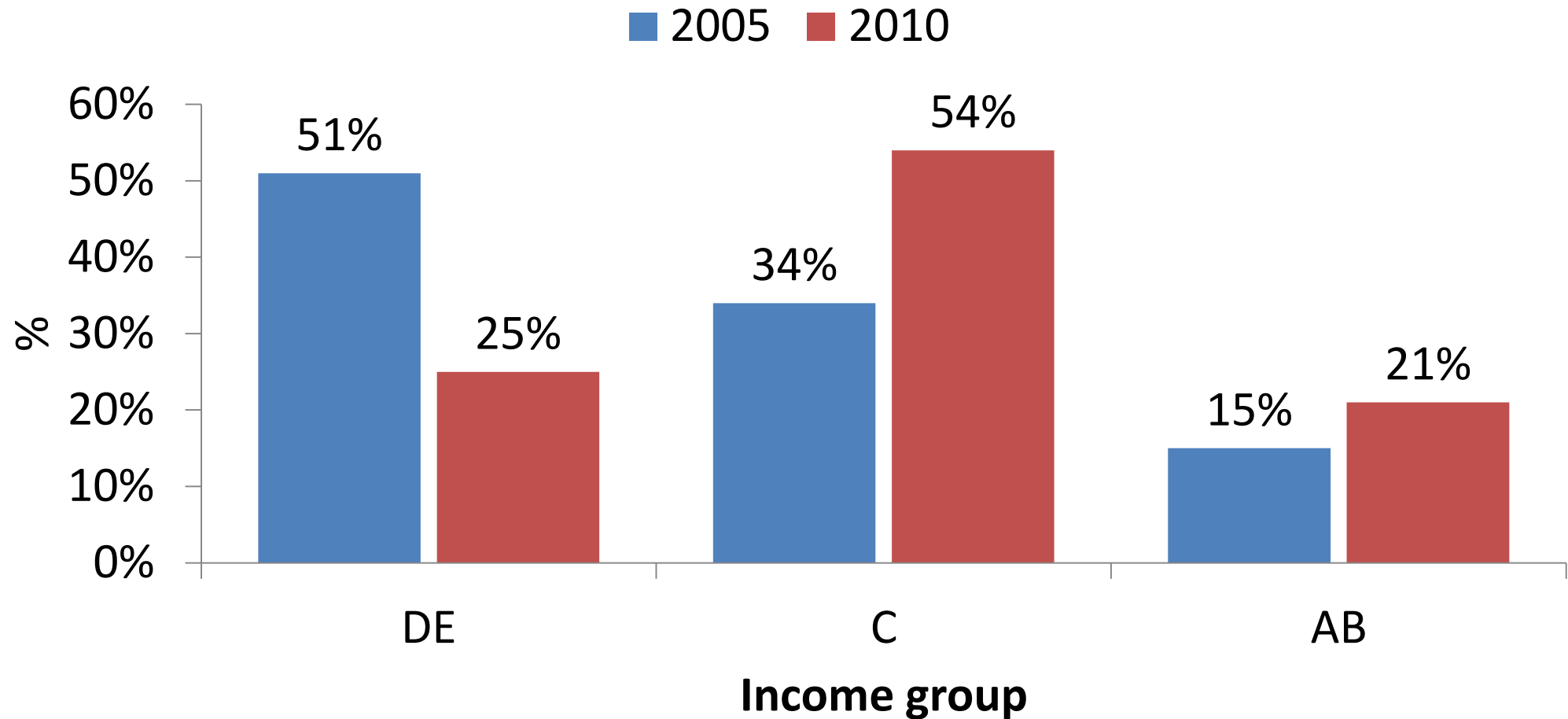
Growth of gross revenue at a CAGR between 8% and 12% in the five years.

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.

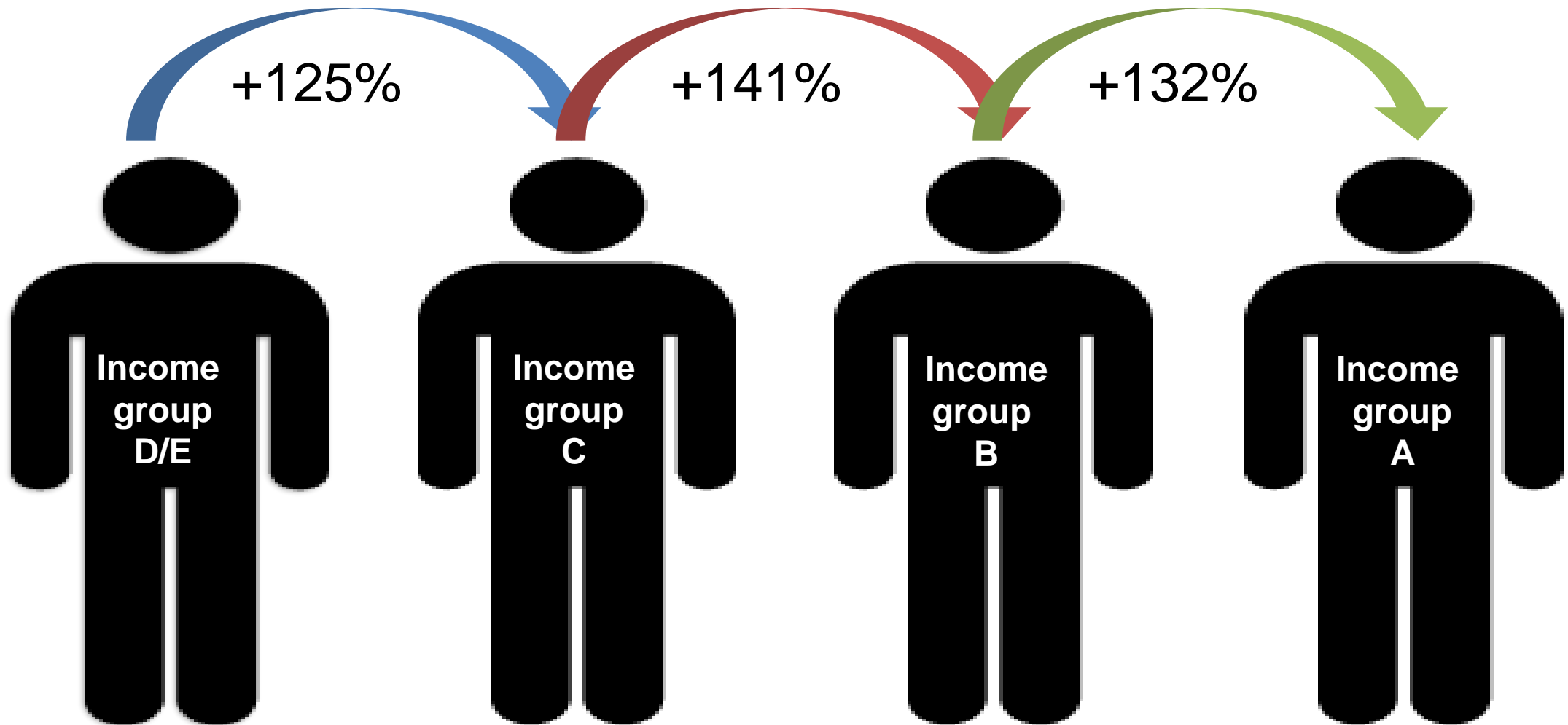
We expect in this period to have some years with higher growth than these rates, and others with lower growth, but on average we intend to achieve these targets.

Distribution of population by income group



Source: 2010 Cetelem-Ipsos research

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



Source: Exame magazine / Lojas Renner investor relations website

THANK YOU!

Grendene's IR Team

Francisco Schmitt

Investor Relations Officer

(55 54) 2109.9022

Secretary

Cátia Gastmann

(55 54) 2109.9011

Further information

Internet: <http://ri.grendene.com.br> / Email: dri@grendene.com.br