




ZAXY



Grendene[®]

1Q13 Results

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

Grendene
Mission & Values
Highlights
History
Corporate structure
Plants
Location of industrial plants and production process
Sustainability
Footwear sector
Products
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Guidance
Strategy



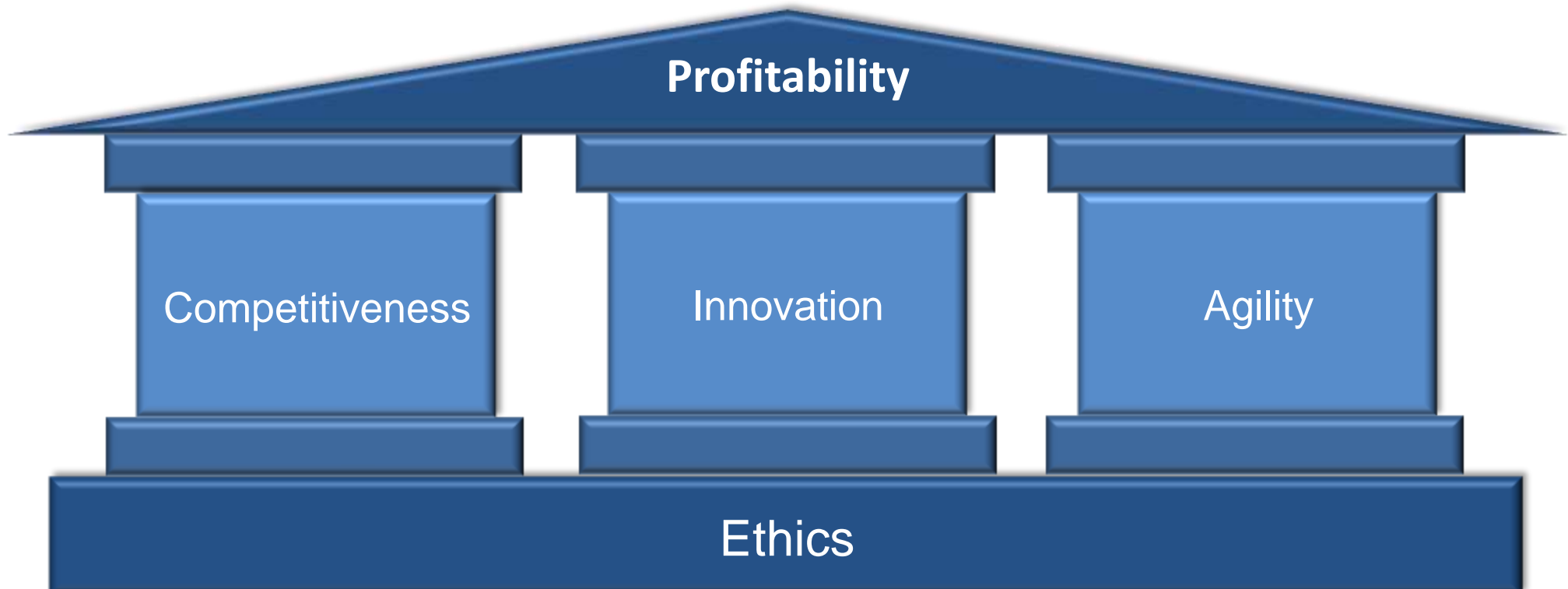
Grendene is one of the world's largest producers of footwear. It has exclusive proprietary technology in the production of footwear, and complete vertical integration, from mold-making to footwear manufacture. It owns successful, widely-known brands such as:

melissa®			
			

Mission

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

Grendene Values



Highlights

Grendene®

Timeline

1971

Grendene was founded in 1971. 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.



1978

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



Timeline

1979

The sandal collection with the brand Melissa has conquered the world. Melissa innovation, being the first shoe brand to do merchandising on Brazilian television soap opera in "Dancin 'Days".



1983

The succesful 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.



Timeline

1990/93/1997

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



1994

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



2001

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



Timeline

2004

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



Image: A. Carreiro – Oct/2004

2005

Opening of Galeria Melissa in São Paulo.

Address: 827, Oscar Freire St, São Paulo, SP



2007

In the State of Bahia, the plant at Teixeira de Freitas, was inaugurated.



Timeline

2009

After thirty years making history as a fashion accessory, Melissa makes a surprise move and releases the brand's perfume to celebrate the occasion.



2010

Melissa reminded its 30 years of life with an exhibition of 30 pairs of its historical collection at SPFW, besides launching new model sandal designed by Jean-Paul Gaultier.



2011

Grendene celebrated 40 years of existence.



Timeline

2012

Opening of Galeria
Melissa in Nova York.

Address: 102 Greene
St, Manhattan, New
York.

Creation *Clube Melissa*



Recognized as Best
Licensee Mattel World.



Timeline

2013

New Plant – it will add an additional installed capacity of approximately 40 million pairs/year. (Current capacity: 200 million pairs/year)

New Business – constitution of a new subsidiary, controlled by Grendene and having the following partners: Mr. Philippe Starck; Mr. Philippe Ouakrat; Mr. Alexandre Allard; ABCDEFGHI Participações Ltda., controlled by Mr. Nizan Guanaes; and FIP Santana, an investment fund controlled by Mr. André Esteves, for industrial-scale implementation and production of products made from plastic – to sell products, furniture and accessory items with sophisticated design, and cost that is accessible to the middle income groups.

Partnership with Philippe Starck to develop products and create an international brand of shoes.



Philippe Starck - designer

Timeline

2013

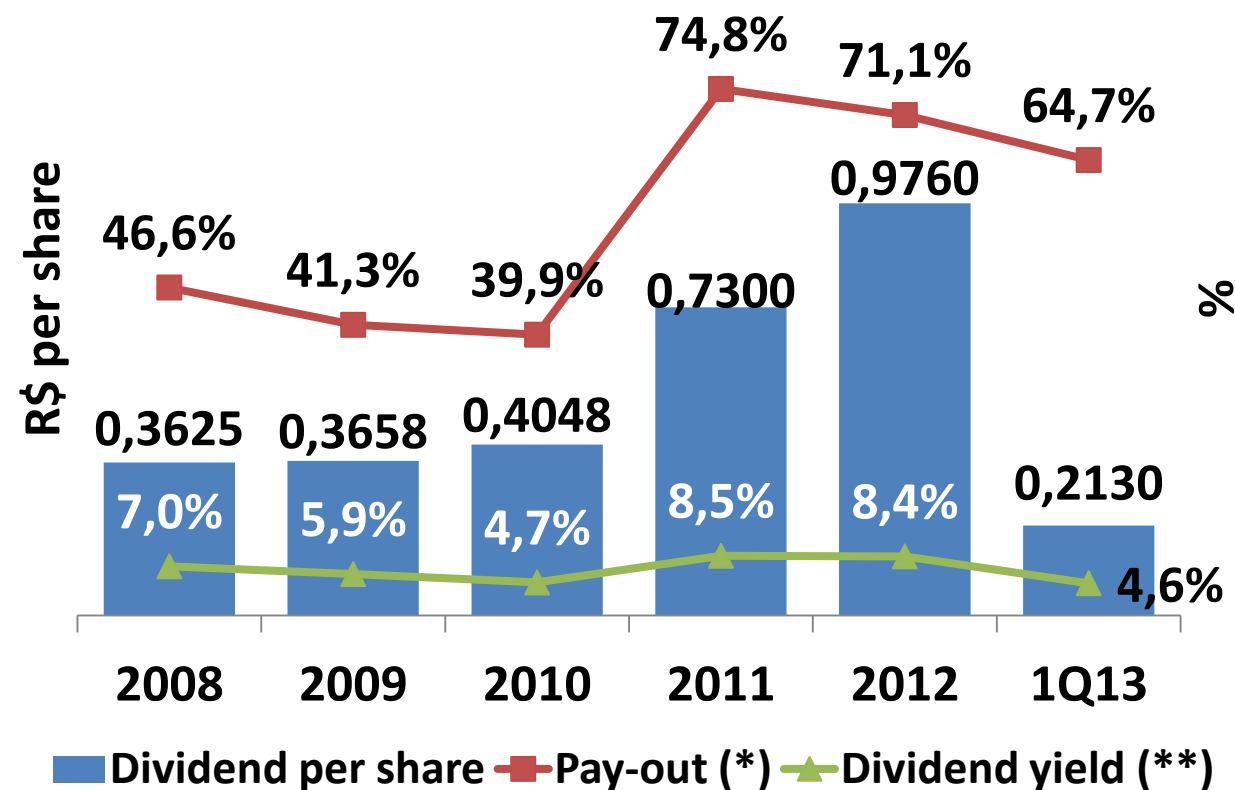
Dividend Policy::

Payout 2013

Grendene's dividend payout ratio (after the allocations to reserves, etc., required by law) will be approximately 65%.

The company will maintain our policy of quarterly distribution of dividends.

Estimates that the total of dividends paid for the business year 2013 will be larger than the amount of dividends distributed for 2012.



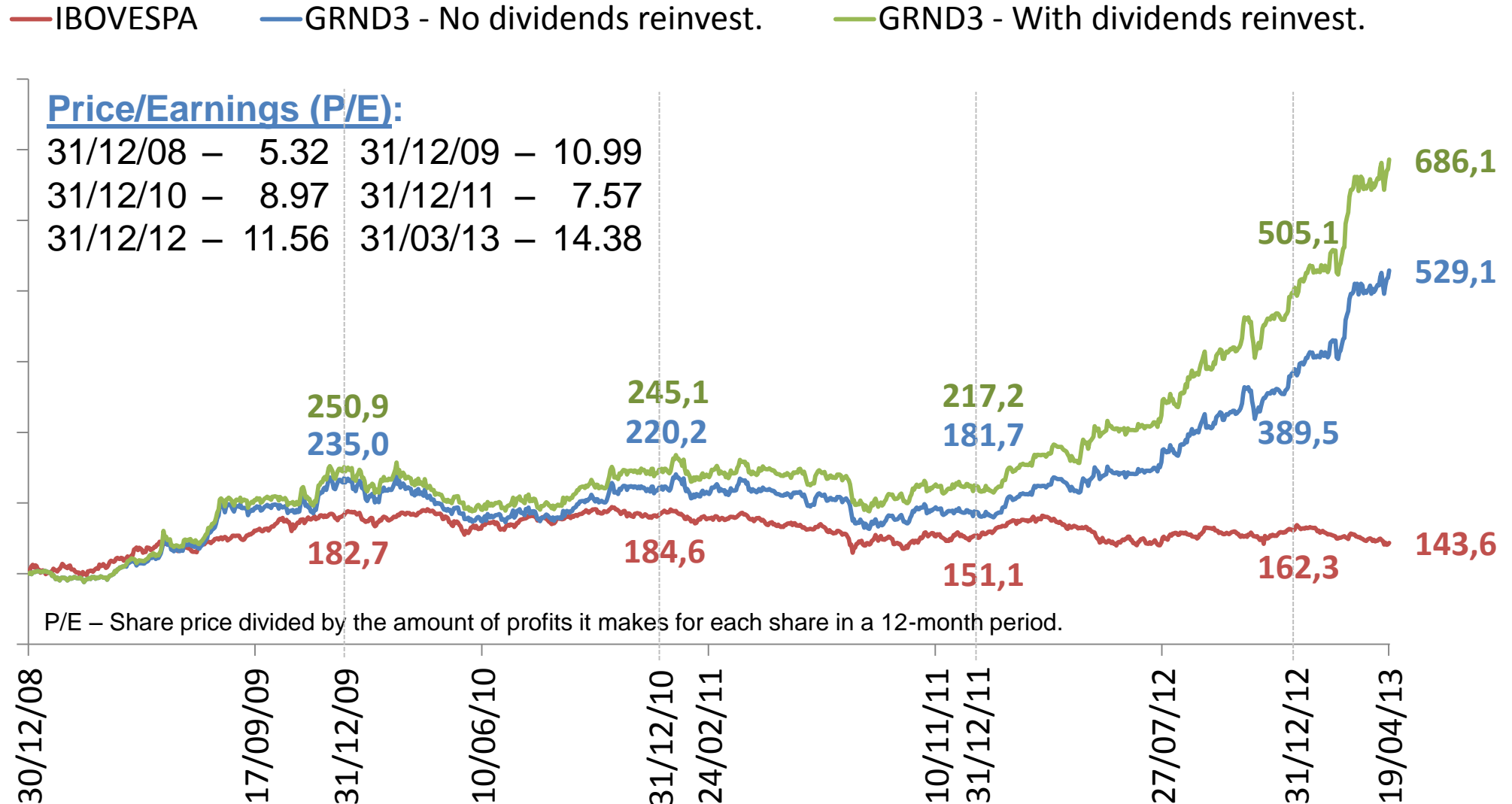
(*) Payout: Dividend divided by profit after the allocations to legal reserves

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

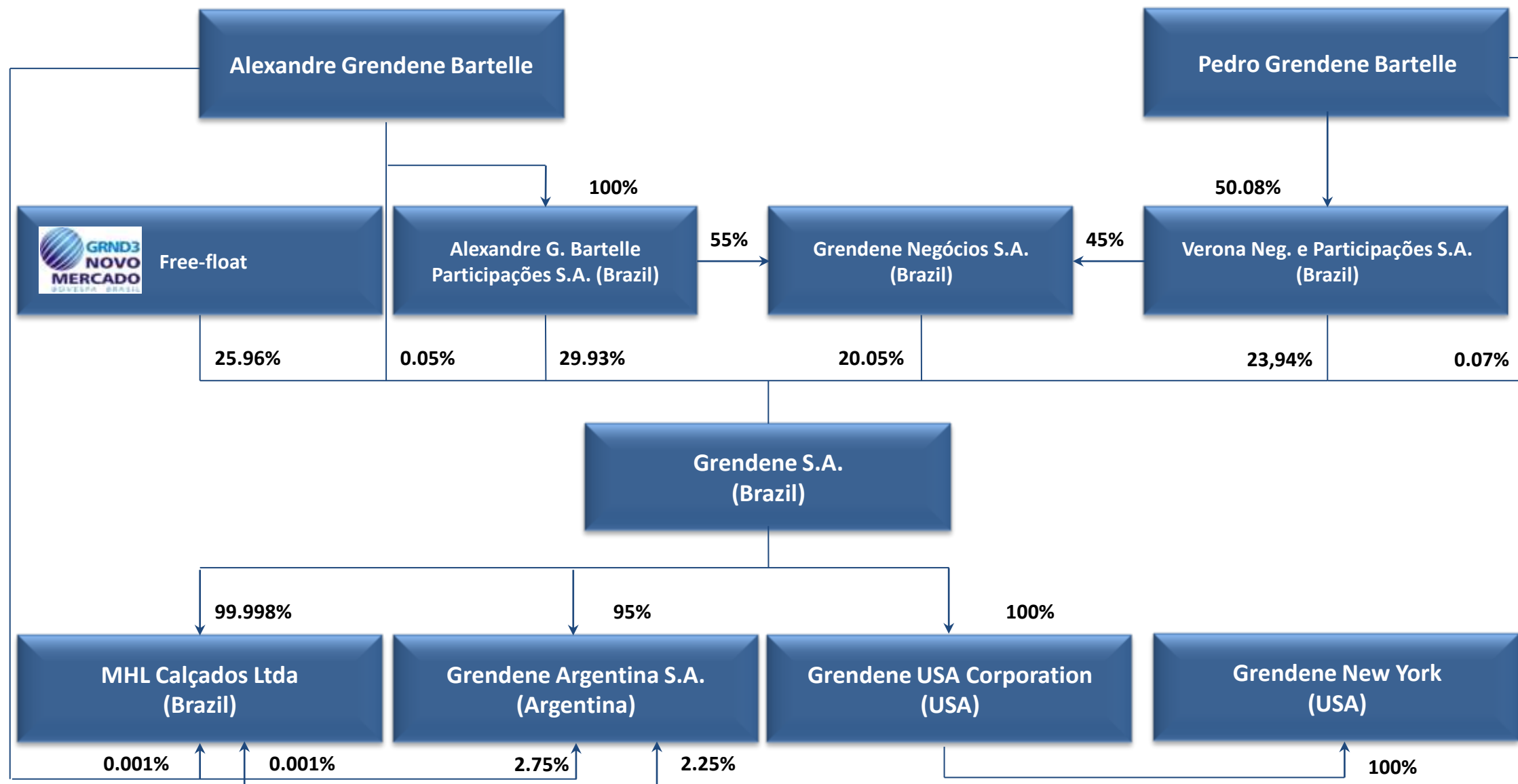
Timeline

2013

Evolution GRND3 x IBOVESPA – Dec. 31, 2008 to Apr. 19, 2013



Shareholder Structure



Board of Directors

Oswaldo de Assis Filho
Director

Alexandre Grendene Bartelle
Chairman

Renato Ochman
Director

Walter Janssen Neto
Independent Director

Pedro Grendene Bartelle
Vice Chairman

Maílson F. da Nóbrega
Director

Audit Board

Bolívar Charneski

Fernando Luis Cardoso Bueno

**Maurício Rocha Alves de
Carvalho**

Executive Board

Rudimar Dall Onder

CEO

Gelson Luis Rostirolla

Vice President

Francisco Schmitt

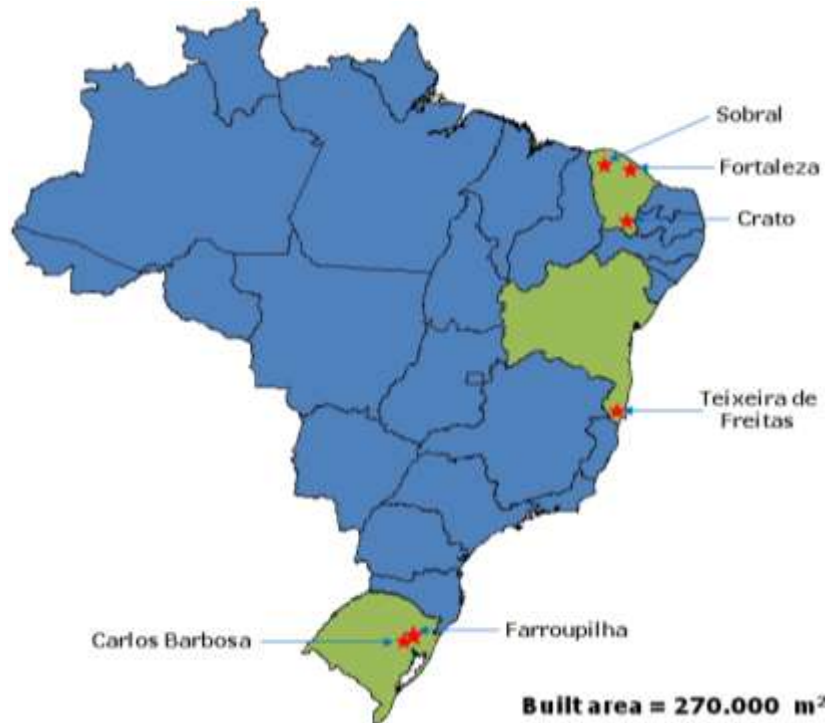
CFO & IRO

Plants



Location of industrial plants and productive process

Brazil



Verticalization = Agility

PVC formulation

Design

Moulds

P&D

Industrial Plants



Carlos Barbosa / RS



Sobral / CE



Fortaleza / CE



Teixeira de
Freitas/BA



Crato / CE



Farroupilha / RS

Production
capacity:
200,000,000
pairs / year

Productive process



Sustainability



Our challenge

- No sanitation
- Erosion
- Desertification
- Inefficient energy use



The landscape



Low income



Poverty



Climate Problems



Our response



Farroupilha - RS

Social responsibility



- Providing employment and income;
- Healthy food;
- Education / vocational training; and
- Medical and dental care.

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

Social and Environmental Responsibility

- PVC that is unused or damaged 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.
- 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.



Footwear Sector



Footwear Sector

Profile

8,200 producers in 2010

348,000 direct employees

Production: 804 million pairs* in 2012 (819 million pairs in 2011)

World's 3rd largest producer

Apparent consumption, Brazilian domestic market: 726 million pairs and 3.8 pairs per capita*/year in 2012 (740 million pairs and 3.9 pairs in 2011)

Exports: 113 million pairs* to more than 140 countries in 2012 (0.3% vs. 2011)

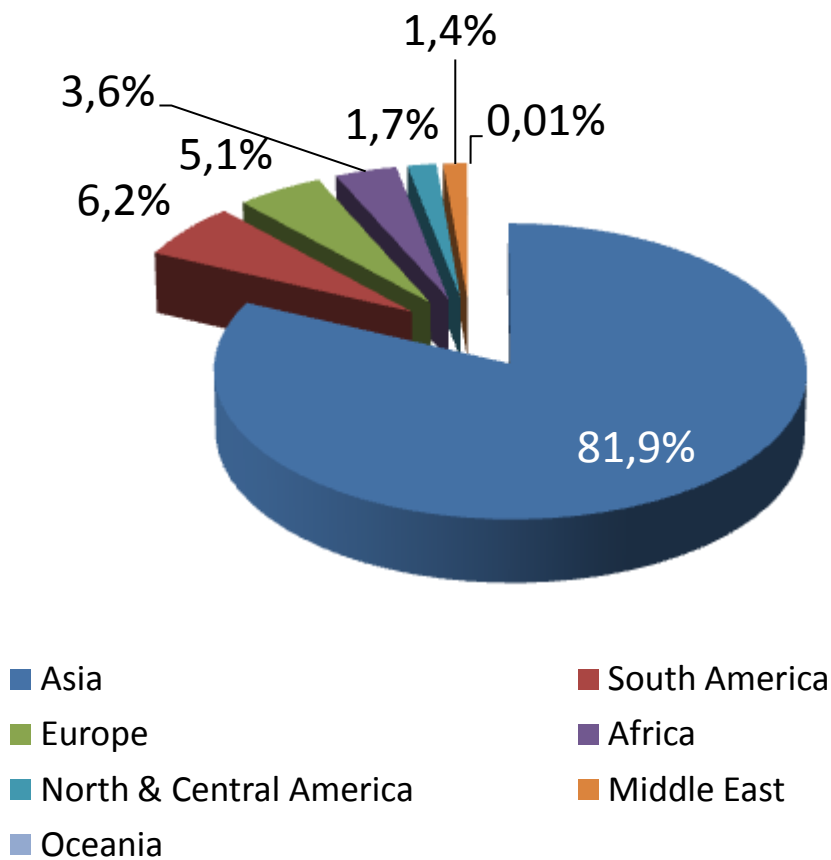
Source: IEMI/RAIS/ABICALÇADOS/SECEX

(*) Estimated by Grendene

The industry itself is not much more than 180 years old – companies are typically small and labor-intensive, with no entry or exit barriers.

Footwear Sector

Distribution of footwear production by continent in 2011



Country	Production 2011 (million pairs)
China	10,503
India	2,250
Brazil	819
Vietnam	707
Indonesia	640
Others	3,498
Total	18,417

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

The footwear sector in Brazil

Million pairs	2008	2009	2010	2011	2012
Production	816	814	894	819	804*
Imports	39	30	29	34	35
Exports	166	127	143	113	113
Apparent consumption	689	717	780	740	726*
Per capita consumption (pairs)	3.6	3.7	4.0	3.9	3.8*

Source: IEMI / SECEX / ABICALÇADOS

Consumption – 2011	Total	Per capita*
United States	2,170	6.9
France	424	6.5
United Kindgom	377	6.0
Italy	337	5.5
Japan	684	5.3

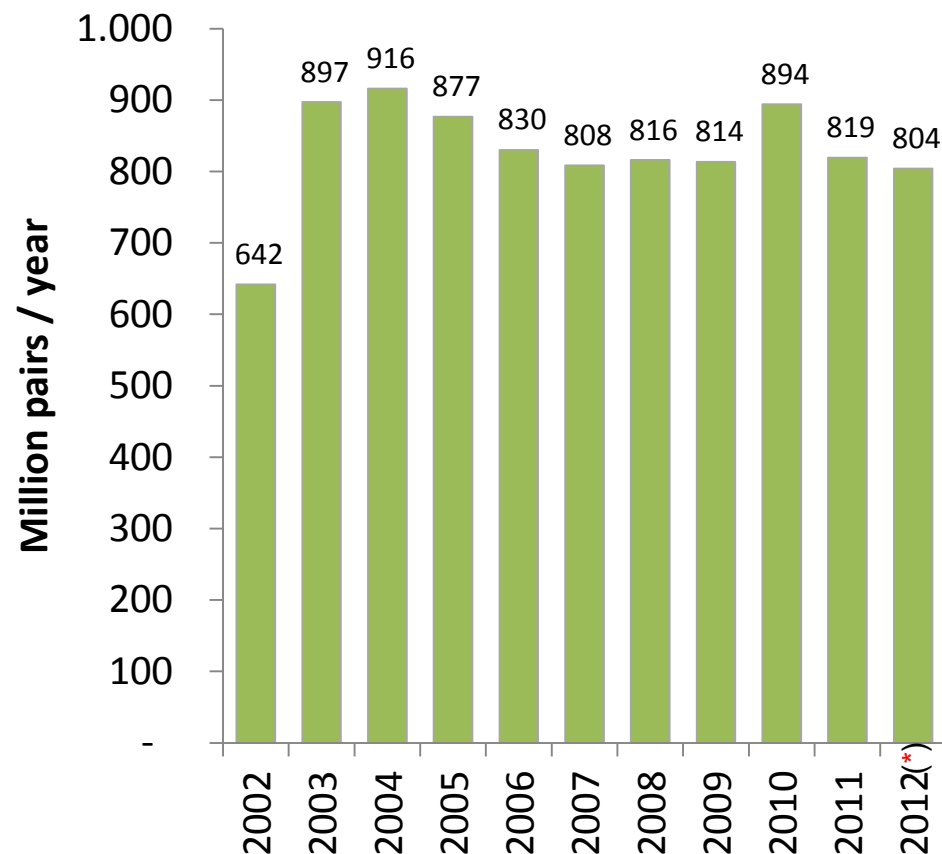
* Estimated by Grendene.
Sources – World Shoe Review /
Abicalçados / CIA – Central
Intelligence Agency

Grendene x Brazilian footwear sector

Brazilian Production

CAGR (2012/2002): 2.5%

Var. (2012/2011): (1.8%)

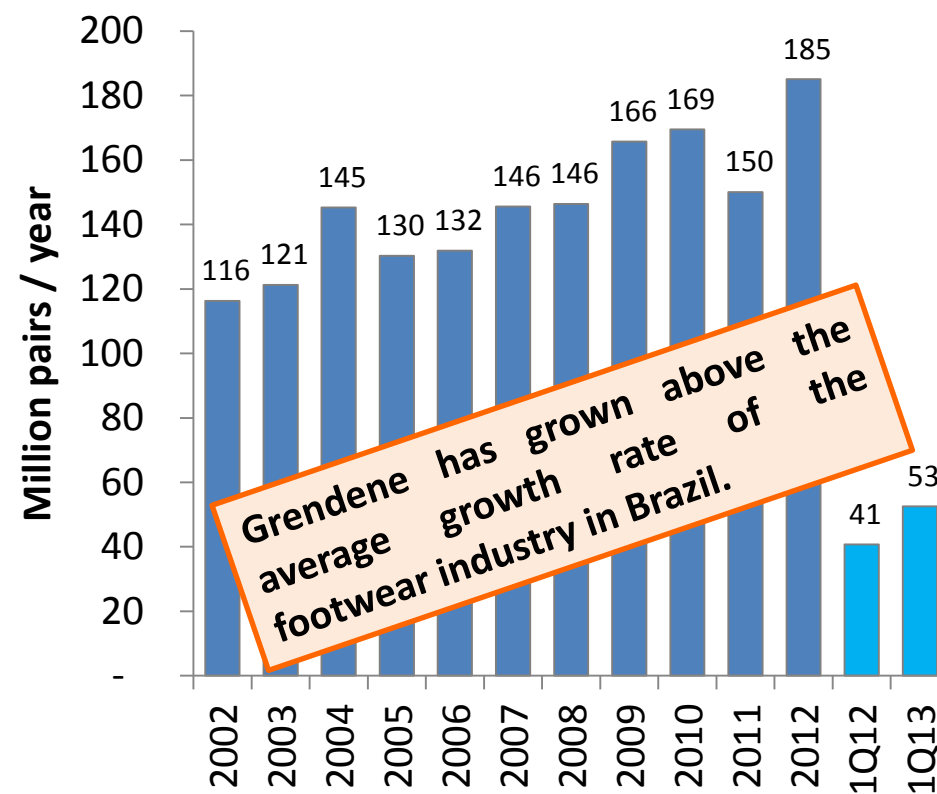


Grendene

CAGR (2012/2002): 6.3%

Var. (2012/2011): 23.3%

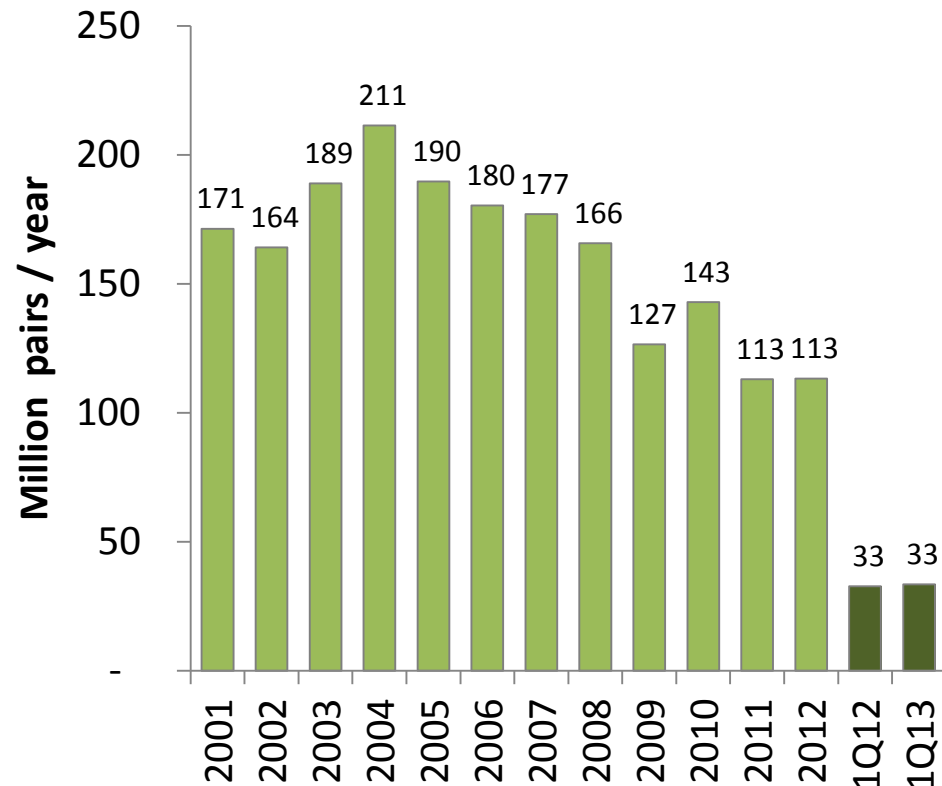
Var. (1Q13/1Q12): 29.0%



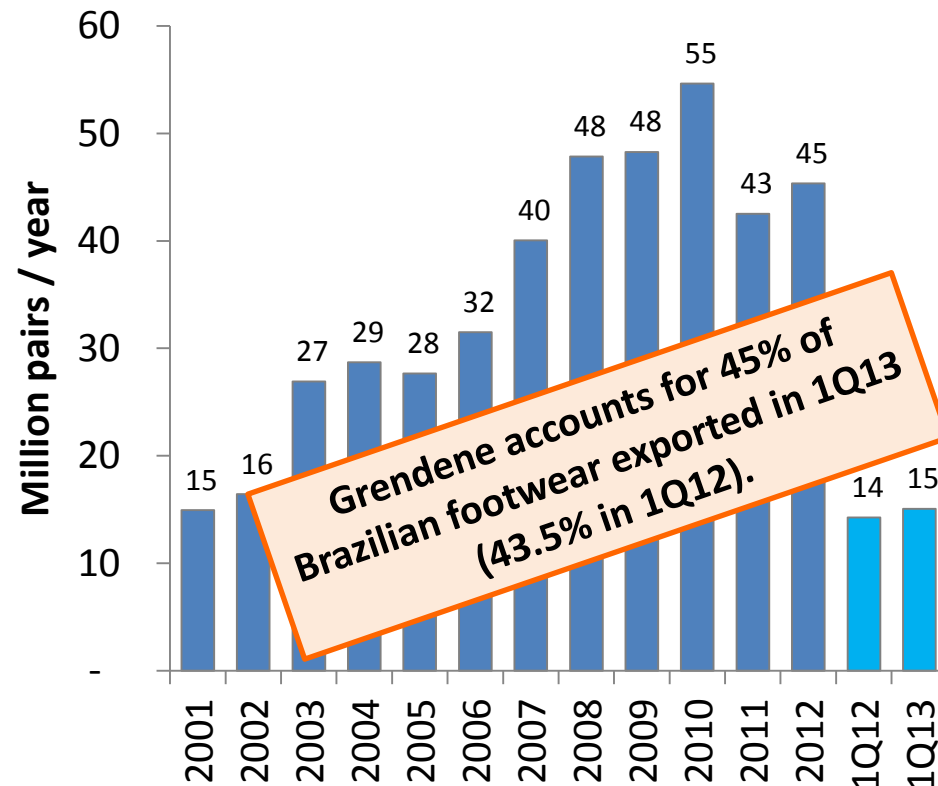
Source: IEMI / Abicalçados / Grendene / (*) Estimated by Grendene

Exports: Grendene vs. Brazil

Brazilian Exports
CAGR (2012/2002): (3.7%)
Var. (2012/2011): 0.3%
Var. (1Q13/1Q12): 2.3%

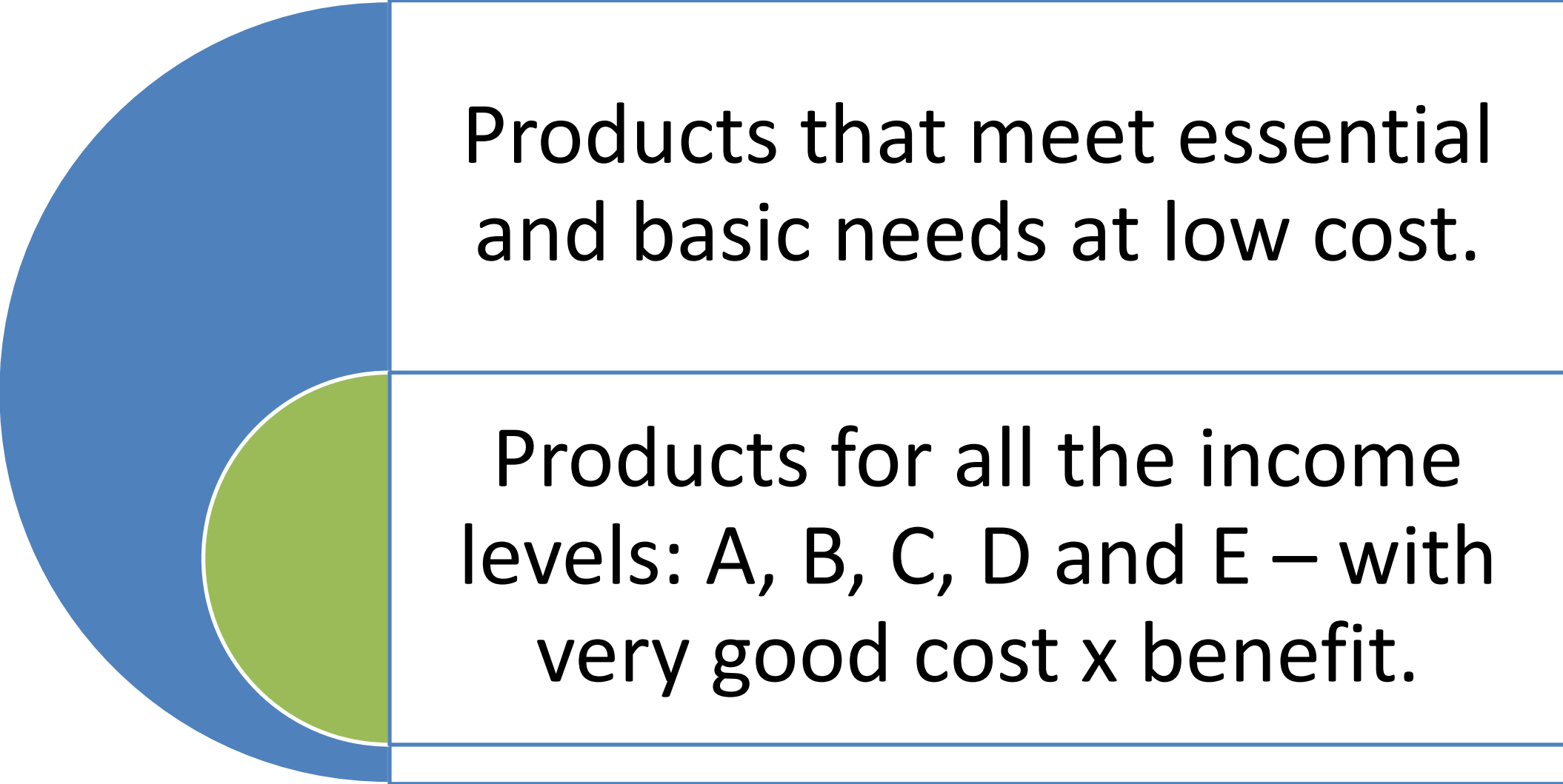


Grendene
CAGR (2012/2002): 10.6%
Var. (2012/2011): 6.6%
Var. (1Q13/1Q12): 5.7%



Source: MDIC / Decex / Abicalçados / Grendene

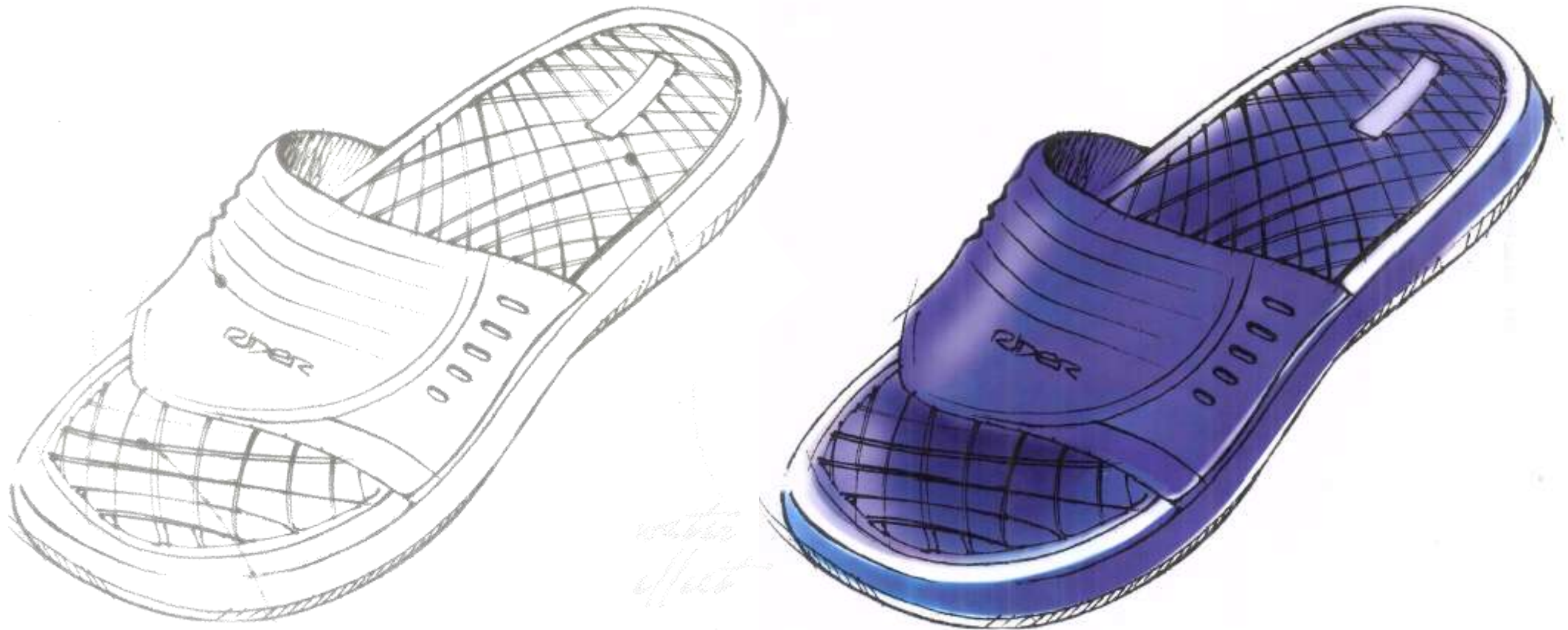
Products



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.

Creative Process



Ipanema

Grendene®



Pop-up Ipanema store in Búzios



Ipanema at the
Camarote Brahma
2013
Rio de Janeiro



Fashion Rio

Management process





Melissa Billy Creepers



Melissa Marilyn



Vivienne Westwood Anglomania +
Melissa Three Straps Elevated IV



Melissa Ultragirl High



Melissa Doris Spikes



Melissa Ultragirl Minnie





Grendha Paula Fernandes Acordes



Grendha Dolce



Grendha Ivete Sangalo Magia das Pedra



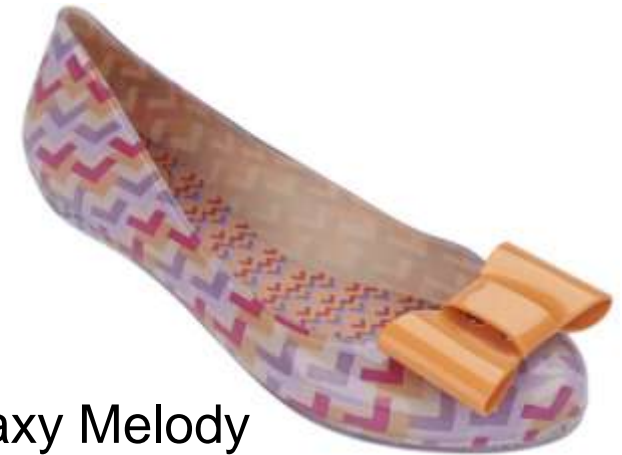
Grendha Sophia II



Zaxy Popstar



Zaxy Melody



Zaxy Glow Taxas



Zaxy Show Lisa





Hot Wheels Hot Roller



Barbie Bonjour



Hello Kitty Diva Rock



Moranginho Candy



Ben 10 Dimension



Hello Kitty Marshmallow



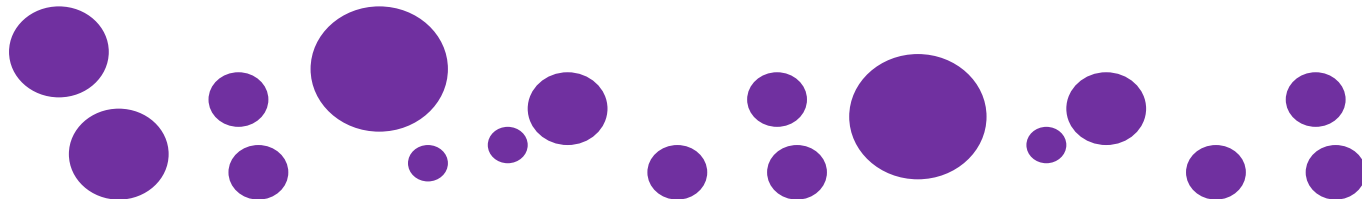
Patati-Patata Amizade Baby



Galinha Pintadinha Soft Baby



Homem Aranha Hero Baby





Celebrities



Gisele Bündchen



Shakira



Sheron Menezes



Fiorella Mattheis



Ivete Sangalo



Sophie Charlotte



Paula Fernandes

Sales channels: Brazil



Casa Pío - Retail



Itapuã Calçados - Retail

Sales channels: Brazil



Pernabucanas - Magazine



Bom Preço – Self service

Sales channels: Brazil



Selective distribution



Selective distribution

International sales channels



CONFETTI - Filipinas



International sales channels



Verly Mode - Kuwait



International sales channels

Novo
Australia



Results (in IFRS)



Main financial and economic indicators

R\$ million	1Q09	1Q10	1Q11	1Q12	1Q13	Var. % 1Q13-1Q12	CAGR (5 years)
Gross revenue	371.5	456.6	397.5	495.4	603.6	21.8%	12.7%
Domestic market	239.3	330.0	298.4	377.8	475.3	25.8%	15.4%
Exports	132.2	126.6	99.1	117.6	128.3	9.0%	5.4%
Net Revenue	305.8	374.5	316.7	395.8	485.8	22.8%	12.8%
Cost of sales	(190.9)	(259.5)	(197.0)	(227.4)	(265.9)	17.0%	8.1%
Gross Profit	114.9	115.0	119.7	168.4	219.9	30.6%	21.0%
EBIT	36.4	26.2	36.5	55.5	89.7	61.6%	38.5%
EBITDA	42.9	33.1	43.6	63.1	98.1	55.3%	32.5%
Net finance result	64.3	46.9	63.5	82.1	102.3	24.7%	20.1%

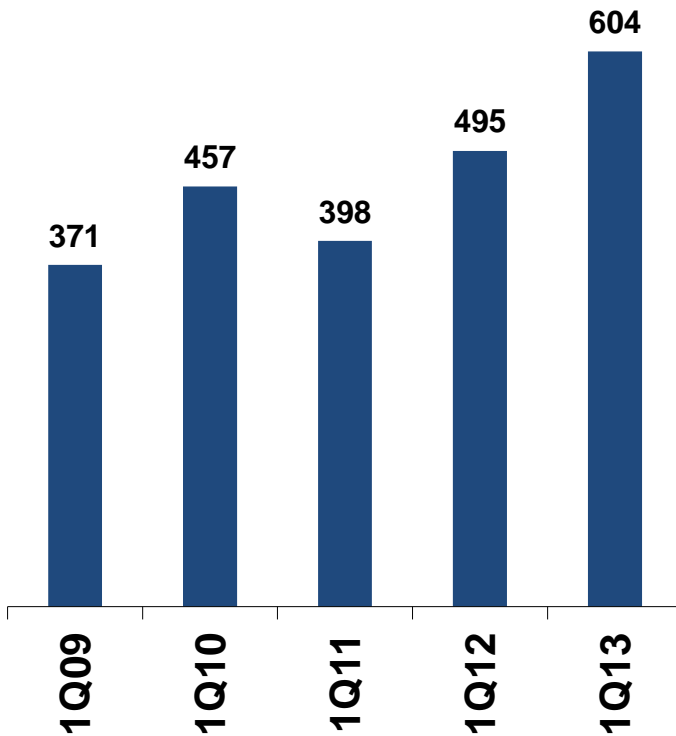
Margins %	1Q09	1Q10	1Q11	1Q12	1Q13	Var. 13-12	Var. 13-09
Gross	37.6%	30.7%	37.8%	42.5%	45.3%	2.8 p.p.	7.7 p.p.
EBIT	11.9%	7.0%	11.5%	14.0%	18.5%	4.5 p.p.	6.6 p.p.
EBITDA	14.0%	8.8%	13.8%	16.0%	20.2%	4.2 p.p.	6.2 p.p.
Net	21.0%	12.5%	20.1%	20.7%	21.1%	0.4 p.p.	0.1 p.p.

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

Note: CAGR 5 years

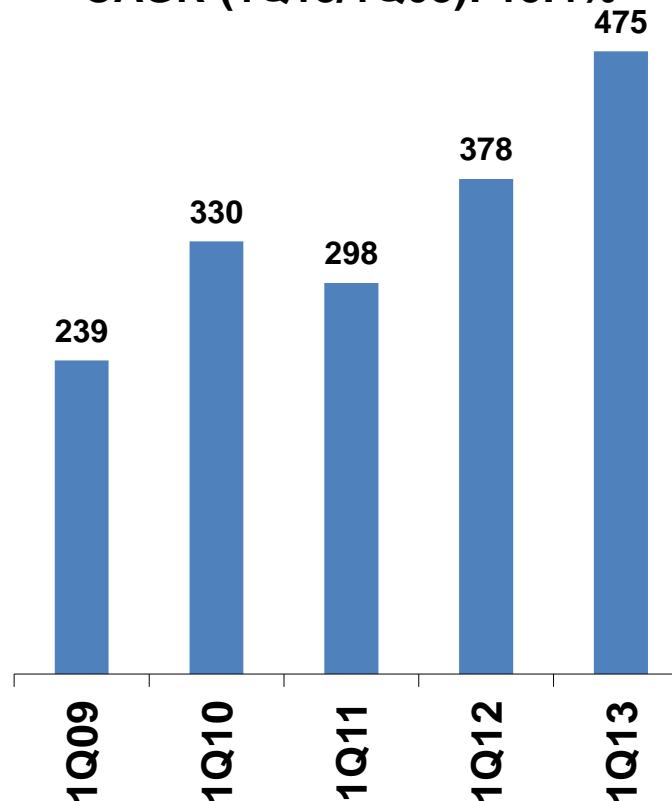
Gross sales revenue

CAGR (1Q13/1Q08): 12.7%



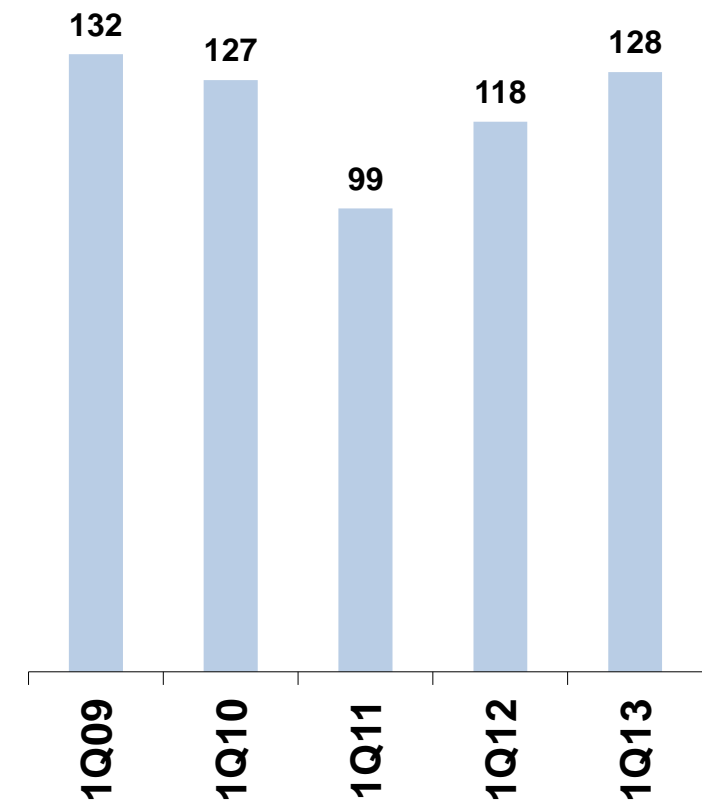
Gross sales revenue Domestic market

CAGR (1Q13/1Q08): 15.4%



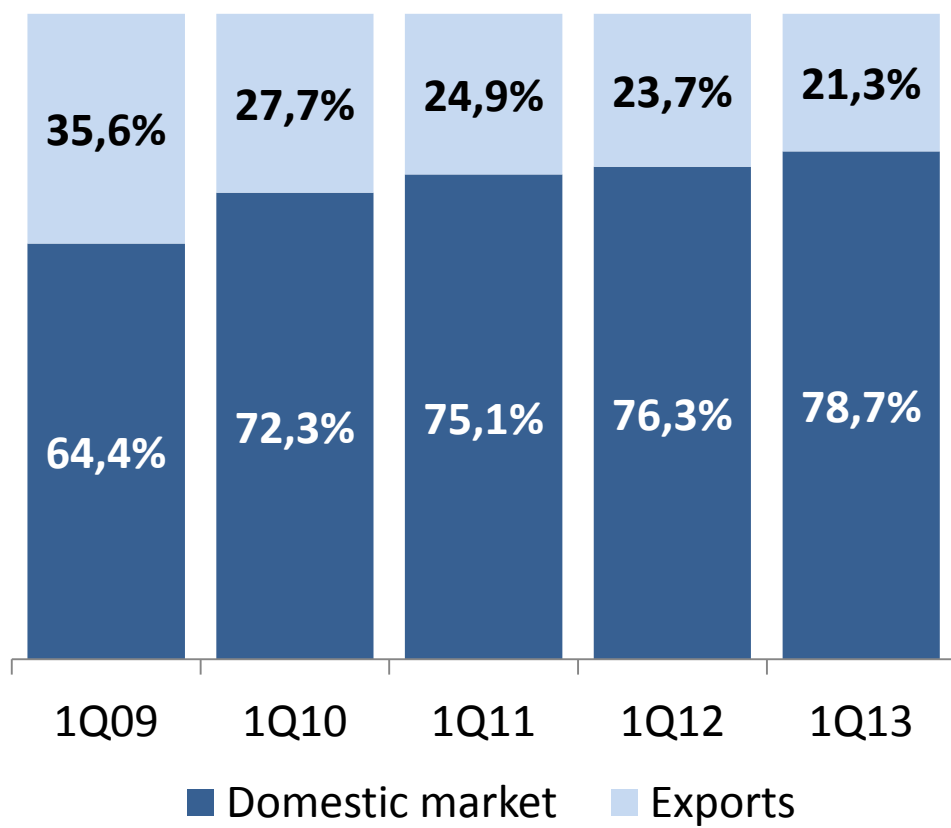
Gross sales revenue Exports

CAGR (1Q13/1Q08): 5.4%

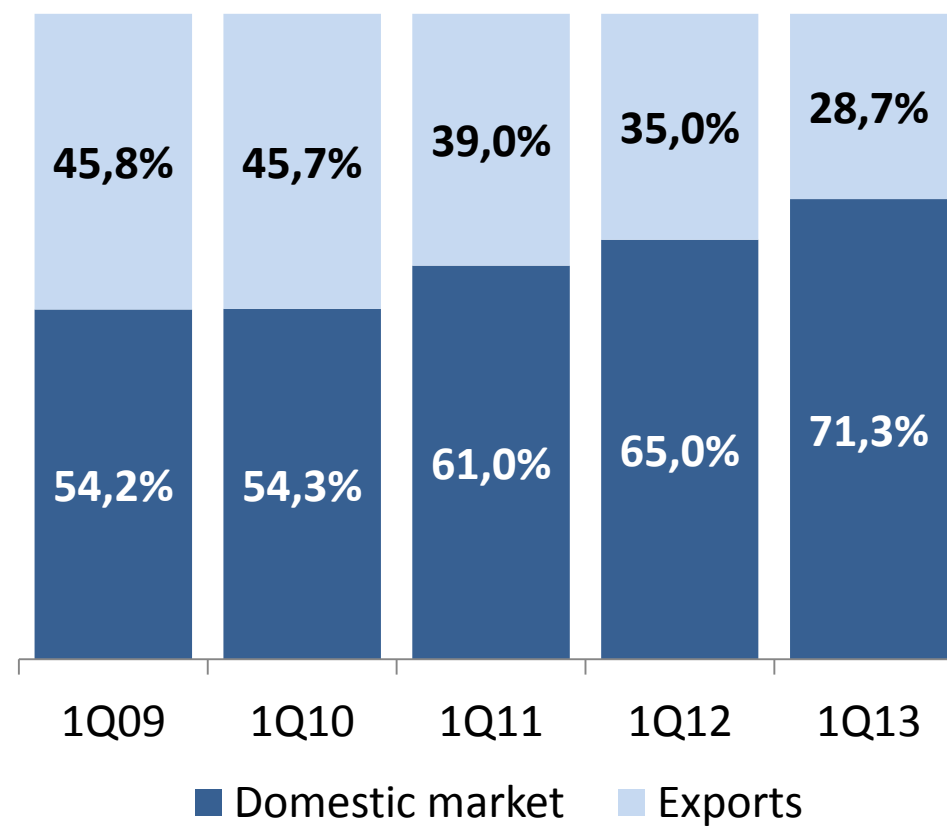


Market %

Gross sales revenue



Sales volume

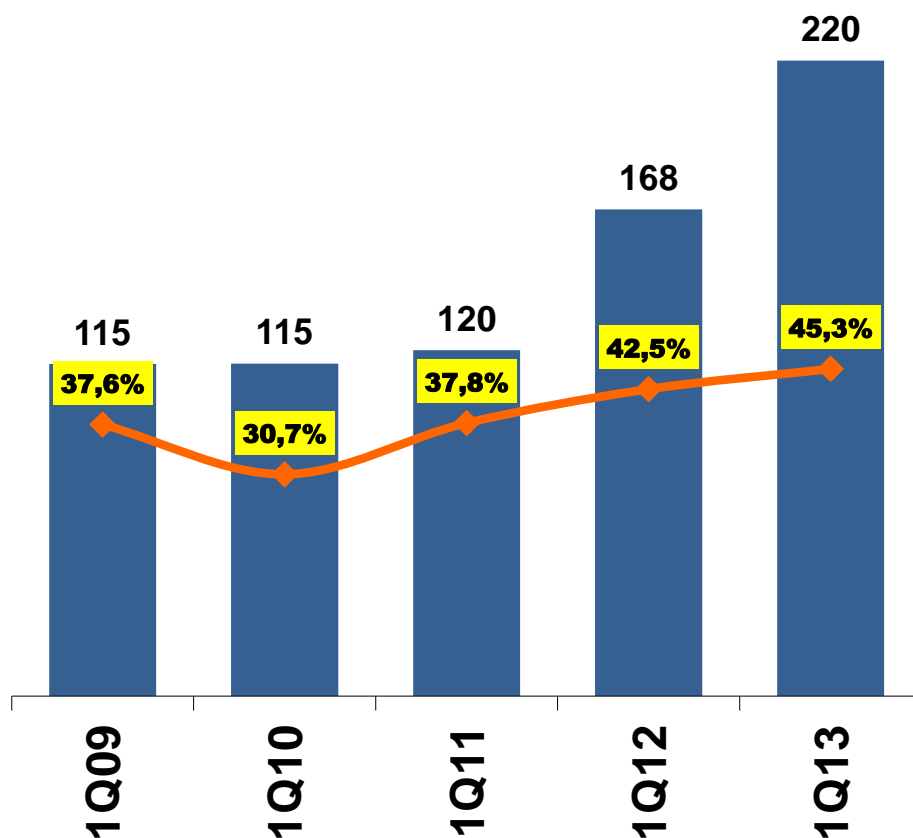


Results (IFRS) (R\$ million)

Note: CAGR 5 years

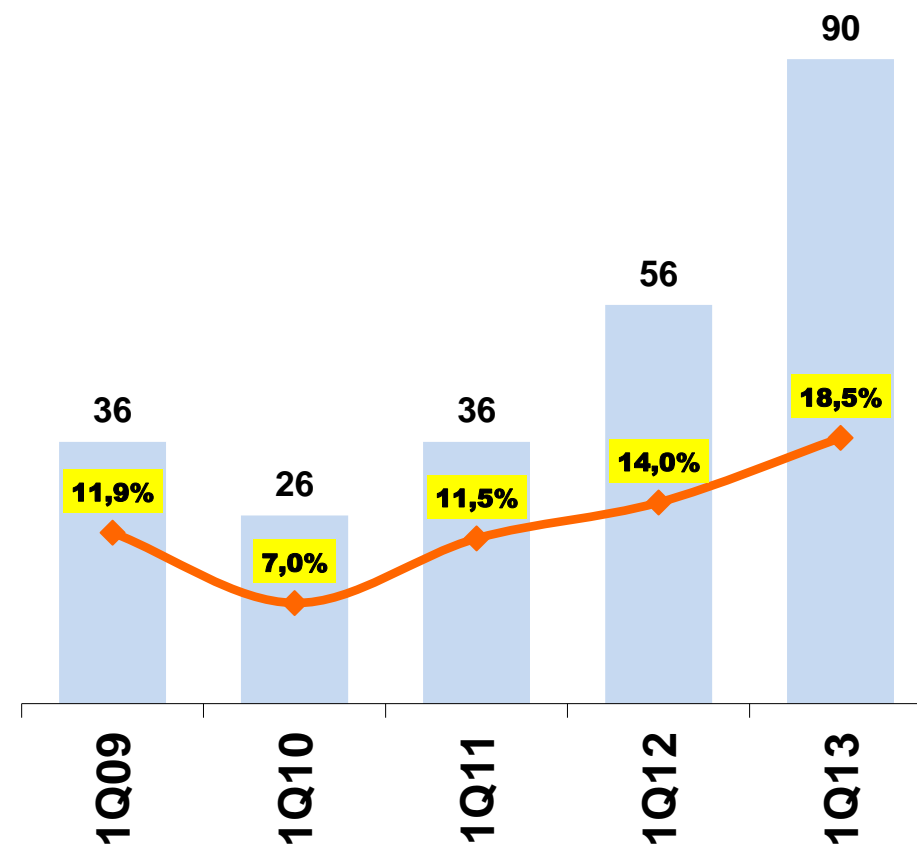
Gross profit / Gross margin

CAGR (1Q13-1Q08): 21.0%



EBIT / EBIT margin

CAGR (1Q13-1Q08): 38.5%



Results (IFRS) (R\$ million)

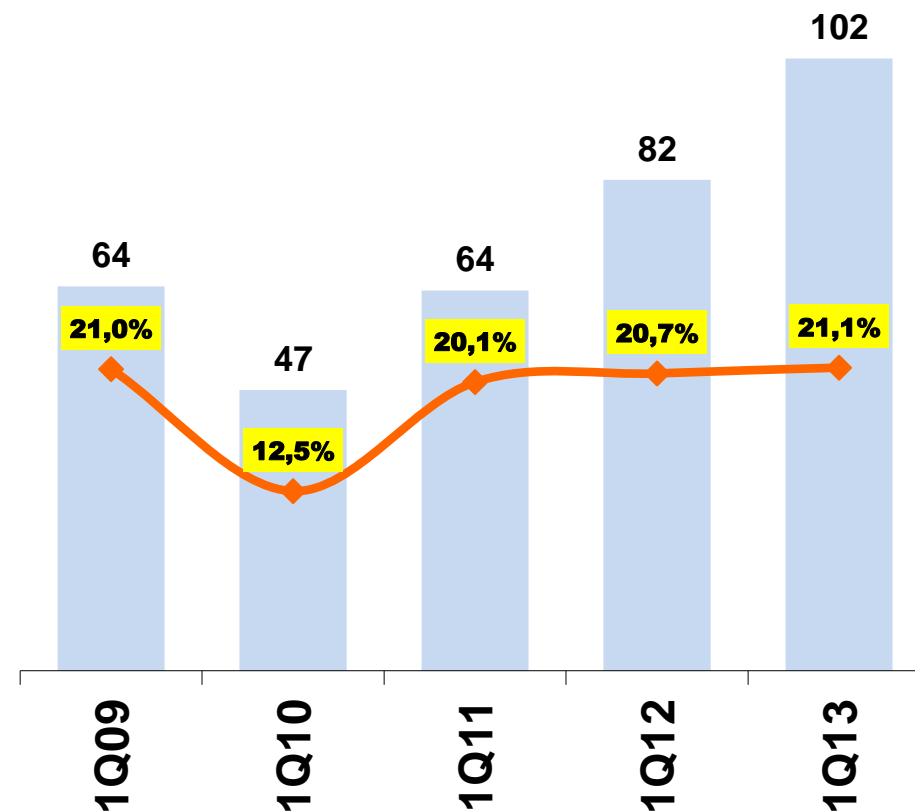
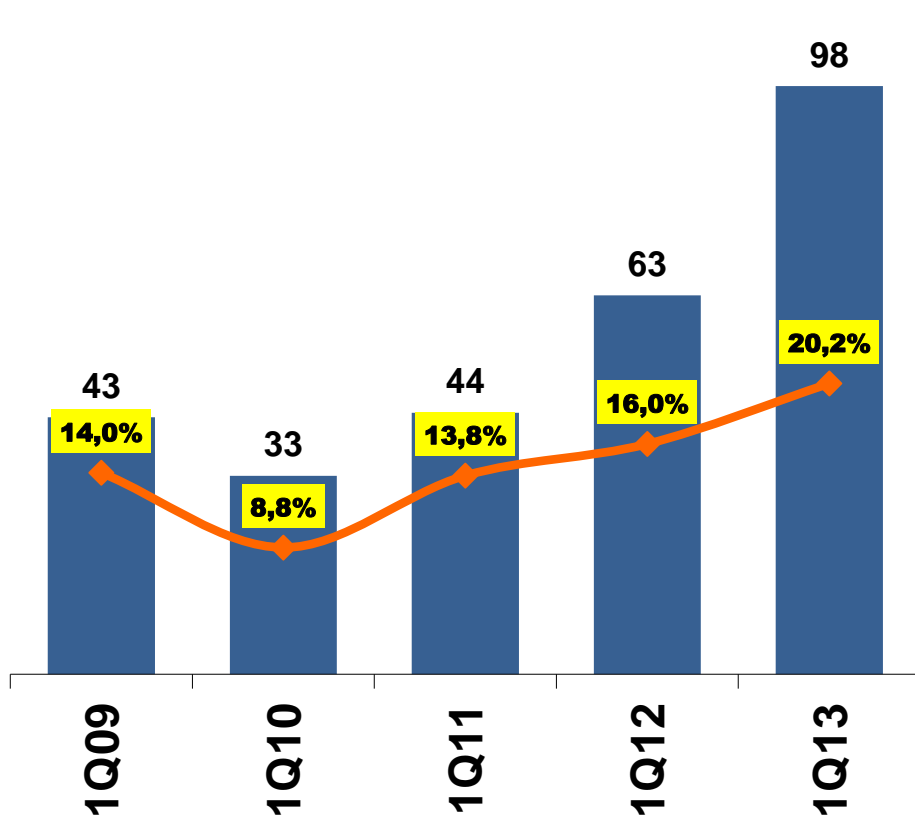
Note: CAGR 5 years

EBITDA / EBITDA margin

CAGR (1Q13-1Q08): 32.5%

Net income / Net margin

CAGR (1Q13-1Q08): 20.1%

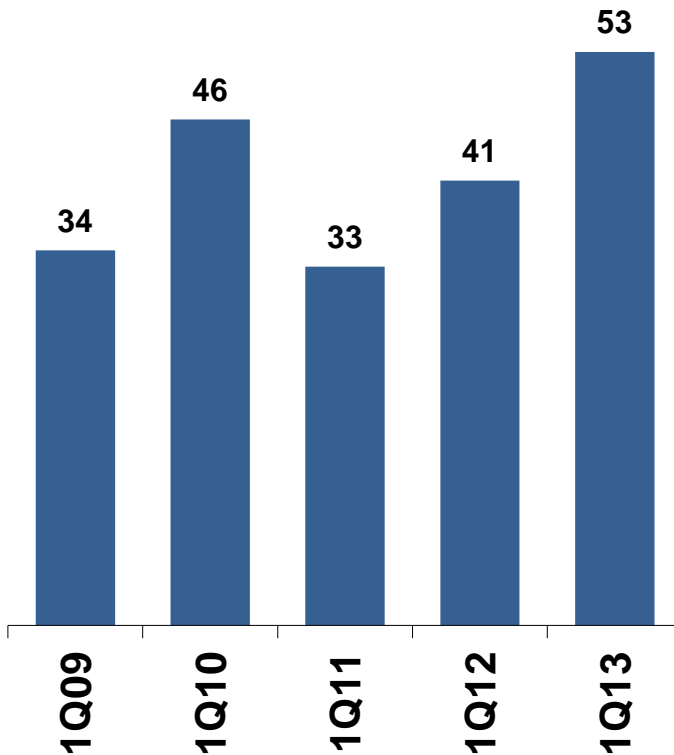


Sales Volume (million pairs)

Note: CAGR 5 years

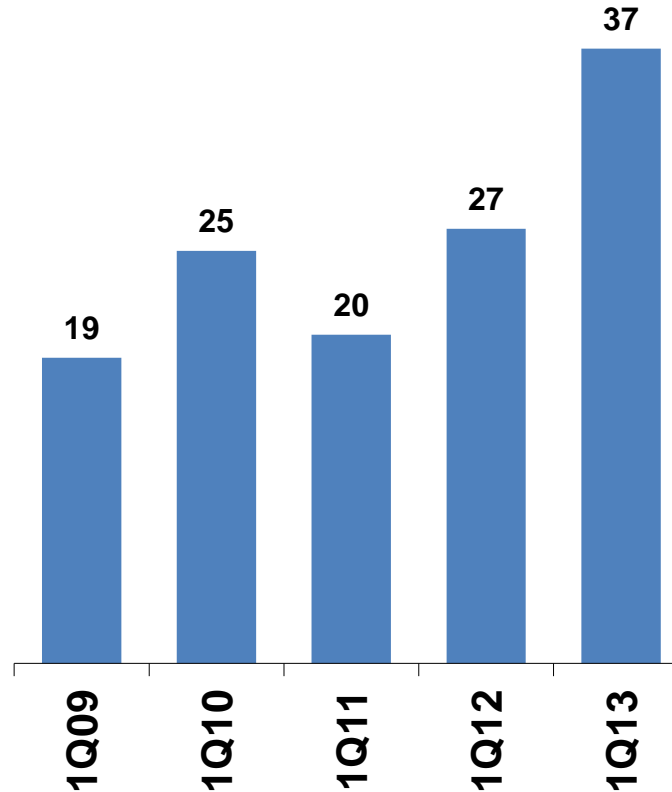
Sales volume

CAGR (1Q13-1Q08): 6.7%



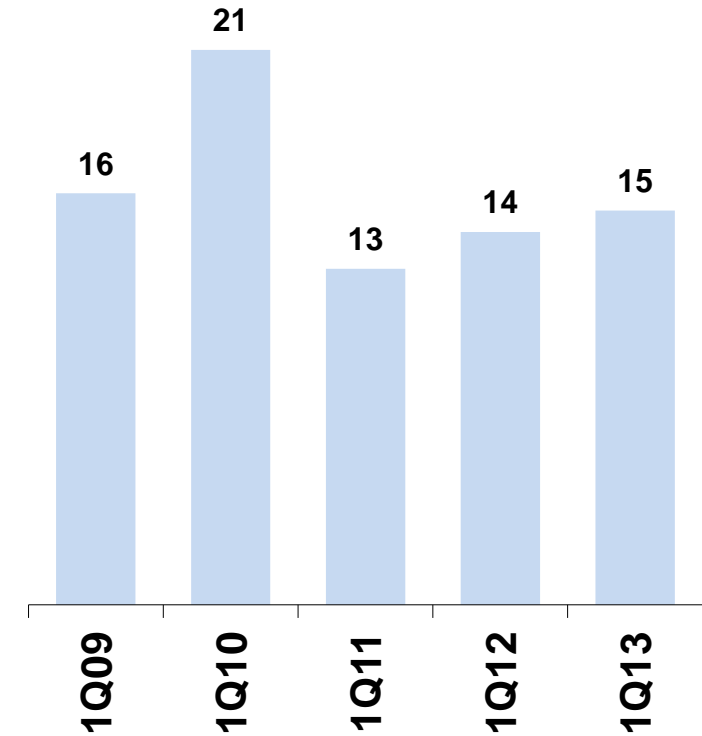
Sales volume – Domestic market

CAGR (1Q13-1Q08): 14.0%

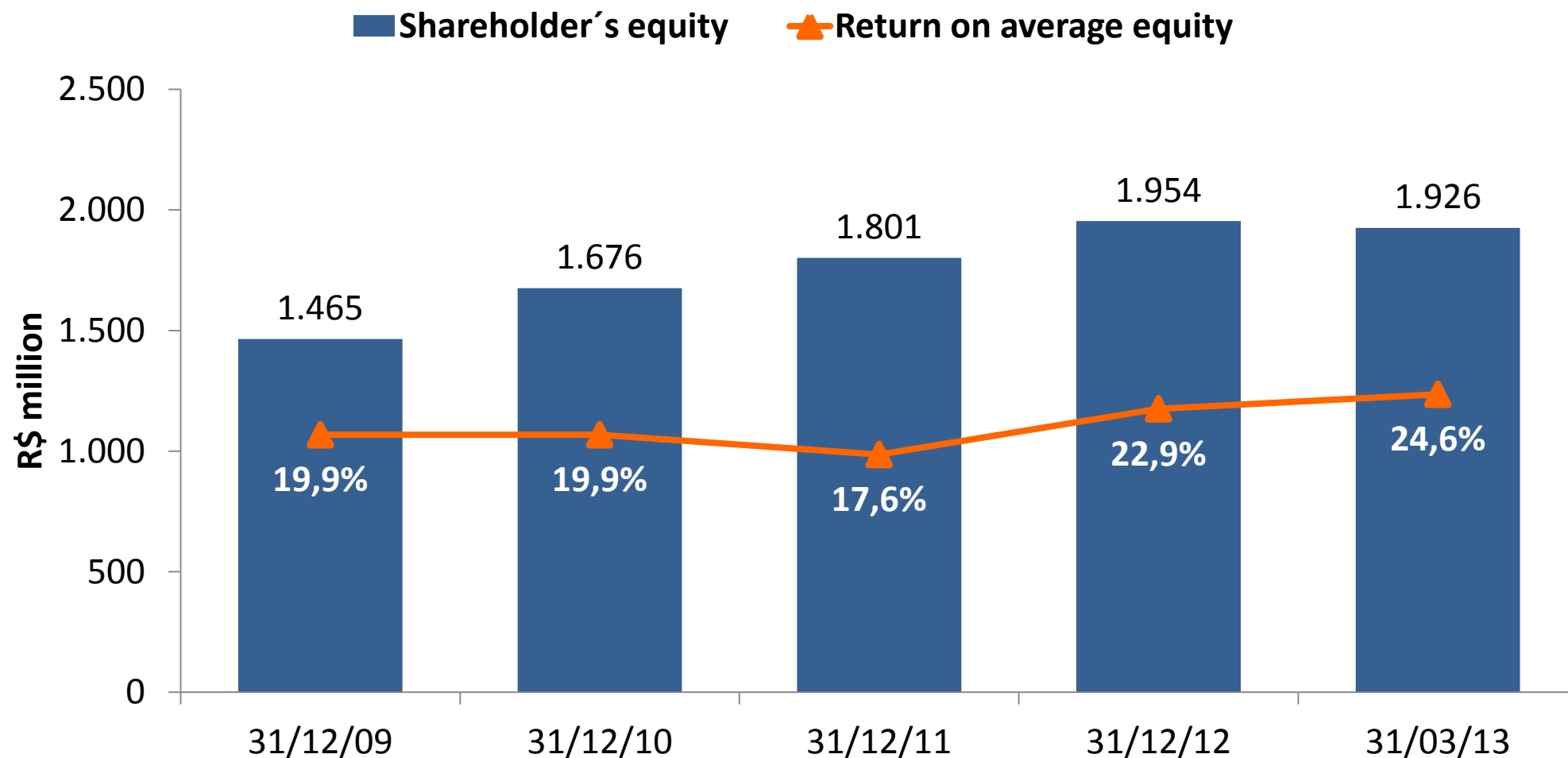


Sales volume – Exports

CAGR (1Q13-1Q08): (4.2%)



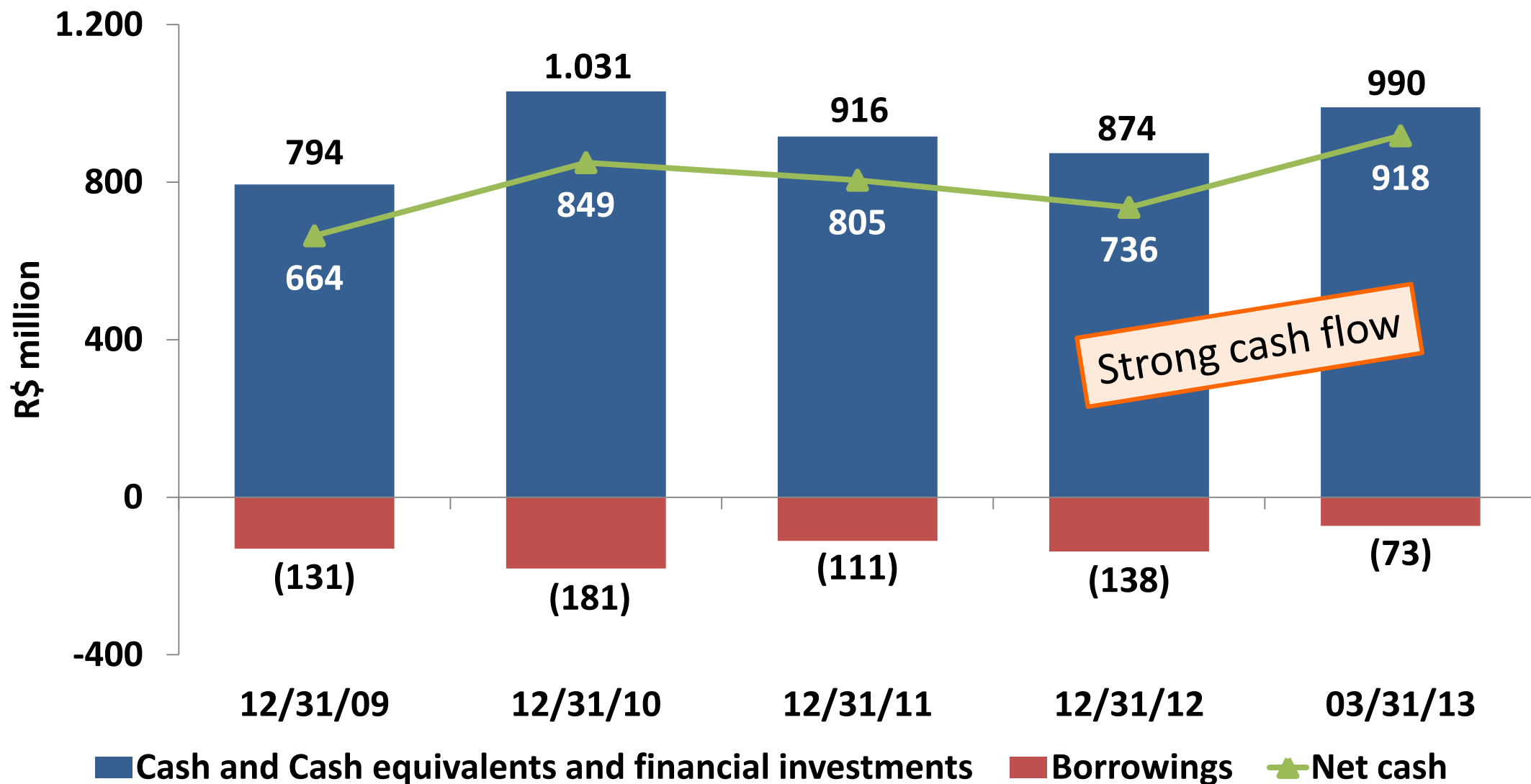
Shareholder's equity and return on equity



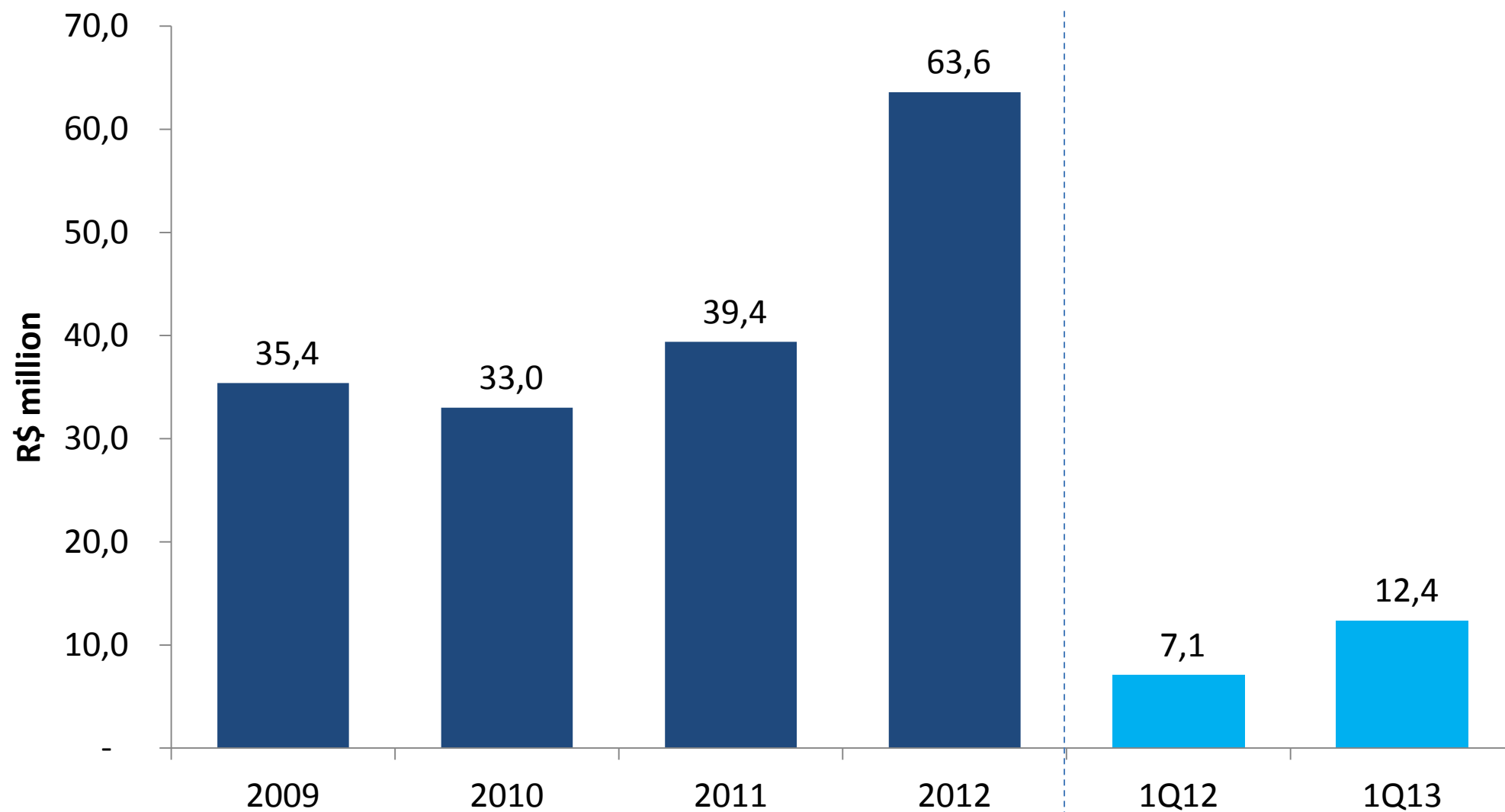
Consolidated statement of income (IFRS)

R\$ million	1Q12	% V	1Q13	%V	Var. % 1Q13/1Q12
Gross sales revenue	495,443	125.2%	603,571	124.2%	21.8%
Domestic market	377,782	95.5%	475,268	97.8%	25.8%
Exports	117,661	29.7%	128,303	26.4%	9.0%
Sales deduction	(99,681)	(25.2%)	(117,764)	(24.2%)	18.1%
Net sales revenue	395,762	100.0%	485,807	100.0%	22.8%
Cost of sales	(227,392)	(57.5%)	(265,935)	(54.7%)	17.0%
Gross profit	168,370	42.5%	219,872	45.3%	30.6%
Operating income (expenses)	(112,860)	(28.5%)	(130,161)	(26.8%)	15.3%
Selling expenses	(97,113)	(24.5%)	(113,458)	(23.4%)	16.8%
General & administrative expenses	(15,810)	(4.0%)	(18,018)	(3.7%)	14.0%
Other operating income	914	0.2%	2,610	0.5%	185.6%
Other operating expenses	(851)	(0.2%)	(1,295)	(0.3%)	52.2%
Operating result before financial revenue (expenses)	55,510	14.0%	89,711	18.5%	61.6%
Finance costs	(22,604)	(5.7%)	(12,470)	(2.6%)	(44.8%)
Finance income	62,162	15.7%	39,714	8.2%	(36.1%)
Finance Result	39,558	10.0%	27,244	5.6%	(31.1%)
Profit before taxation	95,068	24.0%	116,955	24.1%	23.0%
Income tax and social contribution:					
Current	(9,496)	(2.4%)	(11,484)	(2.4%)	20.9%
Deferred	(3,444)	(0.9%)	(3,228)	(0.7%)	(6.3%)
Non-controlling interest	(74)	-	105	-	(241.9%)
Profit for the period	82,054	20.7%	102,348	21.1%	24.7%

Cash and cash equivalents and financial investments (short- and long-term), borrowings (short- and long term) and net cash



Low need for CAPEX (on fixed and intangible assets)



Less labor -
intensive

More capital-
intensive

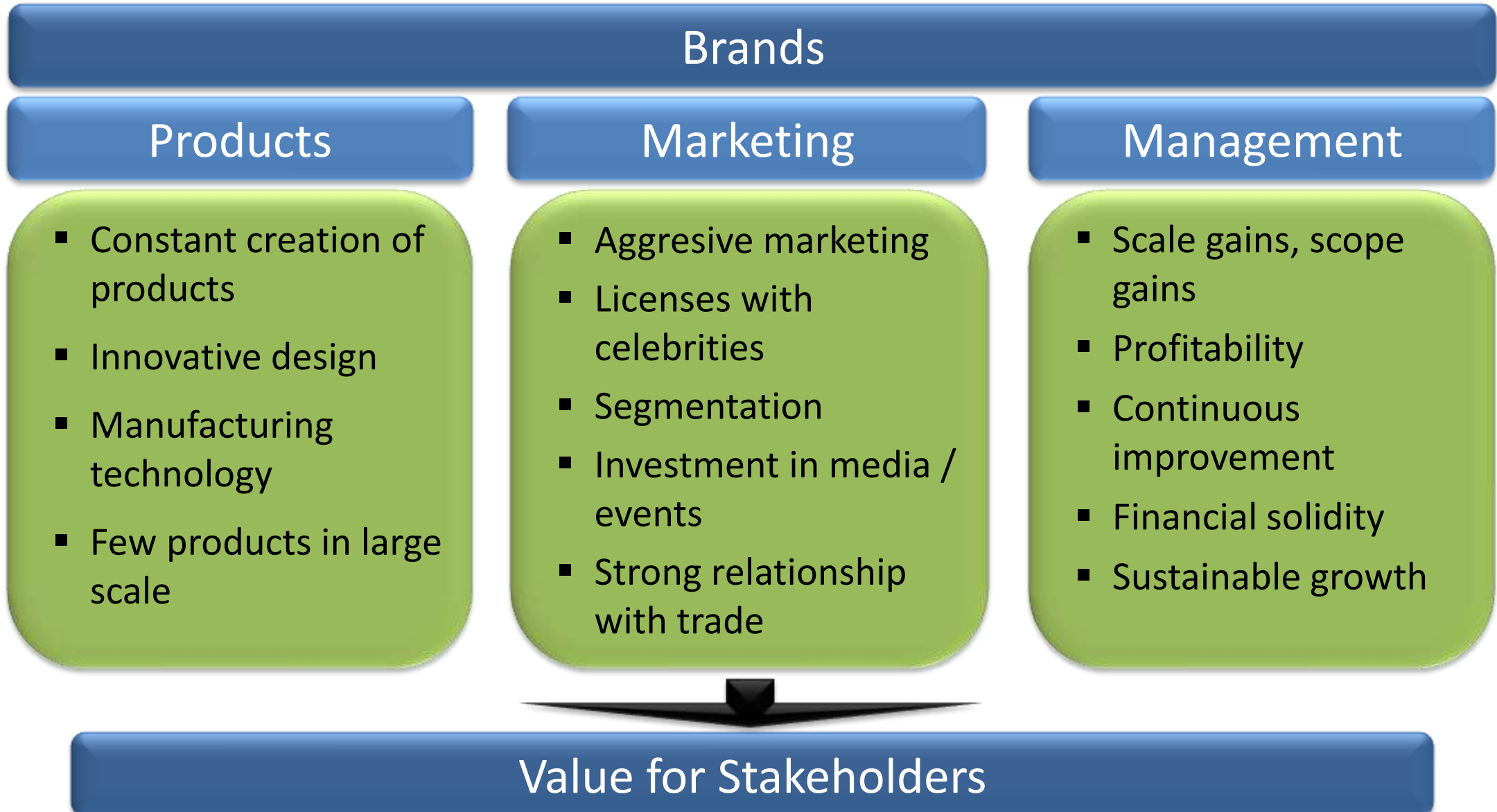
**Strategy: Break
Paradigms**

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



Targets for: 2008-2015

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 rate, as happened in 2009 and other years with lower growth, but on average we intend to achieve these targets.

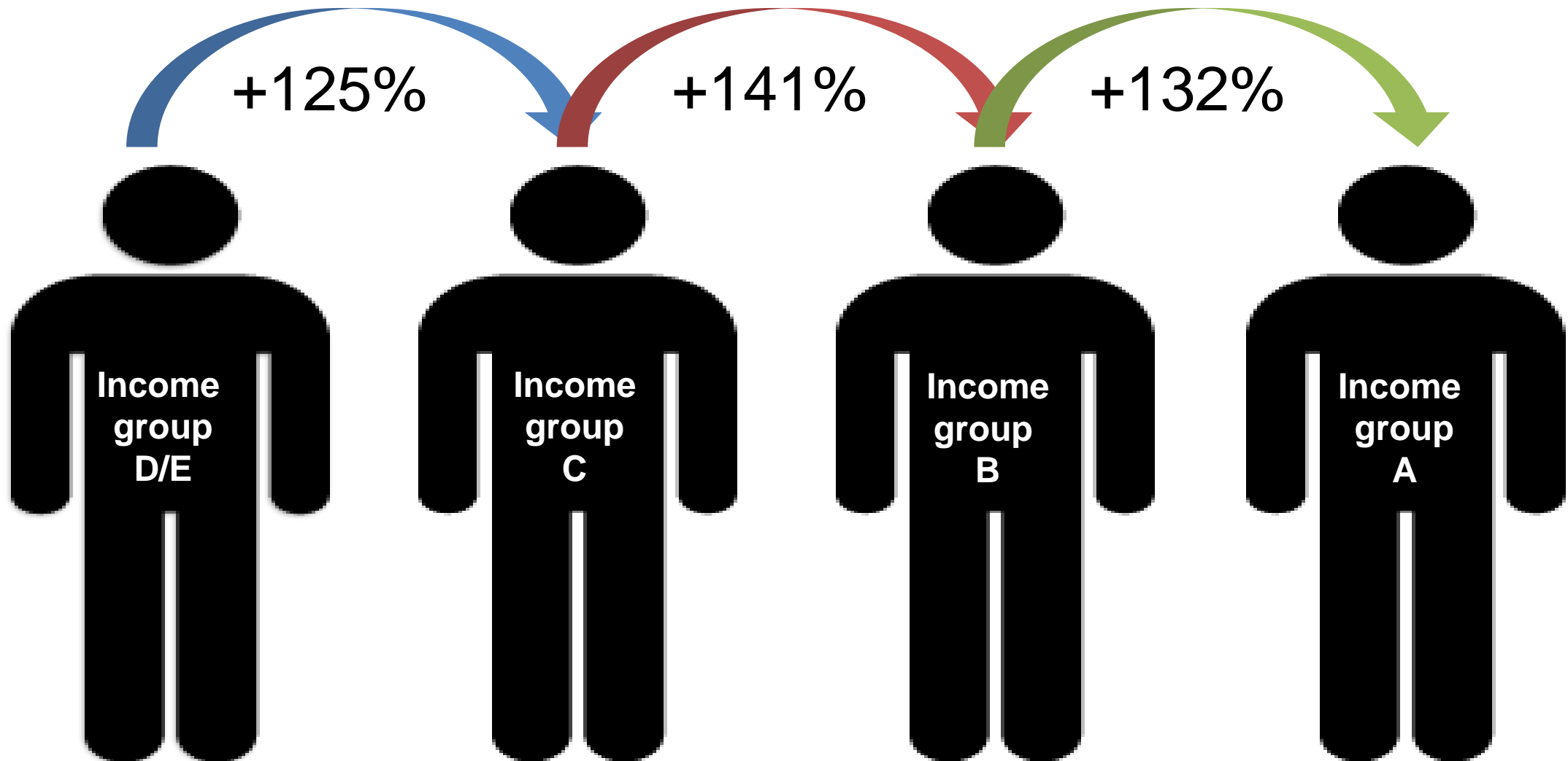
Distribution of population by income group

	Percentage of housing	% share of total payroll	% share of total consumption
Income group A	2.6%	23.7%	16.2%
Income group B	24.4%	46.6%	38.1%
Income group C	52.4%	26.9%	38.7%
Income group D	20.6%	2.7%	7.0%

Source: Ibope Inteligência / IstoÉ Magazine

Income group B and C are responsible for almost 80% of Brazilian household consumption.

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