



2Q17 & 1H17 Results

Conference Call

July 28, 2017

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 2Q17
Results in IFRS
Consolidated data



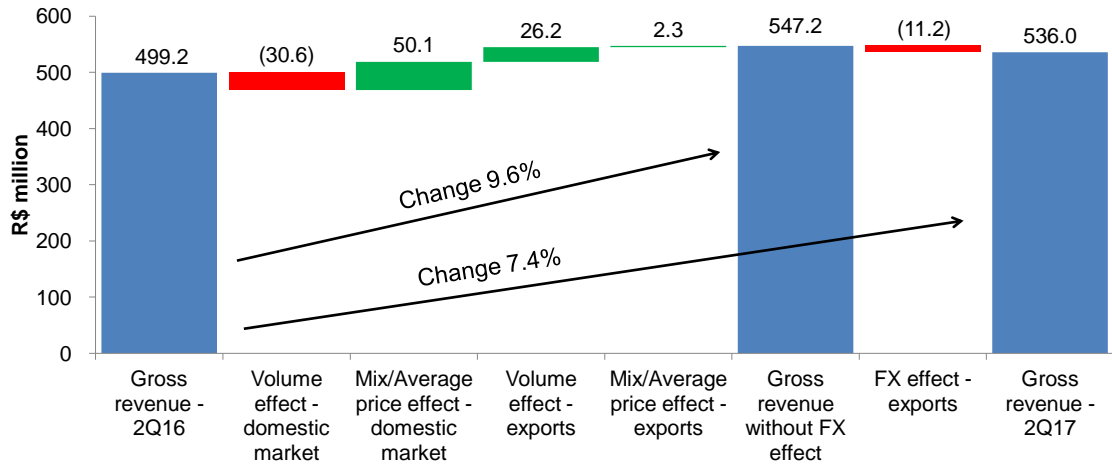
Highlights 2Q17 (YOY 2016)

| | | | | |
|---------------|--|-----------|---|------------|
| Gross revenue | Domestic market: R\$ 414.2 million | | ↑ | 4.9% |
| | Exports: R\$ 121.8 million | | ↑ | 16.6% |
| Net profit | R\$ 92.0 million | | ↓ | (1.1%) |
| EBIT | R\$ 57.2 million | | ↑ | 4.7% |
| | Margin 13.0% | | ↓ | (0.4 p.p.) |
| Exchange | Negative impact: R\$ 11.2 million | | ↓ | |
| Volumes | Domestic market: 24.2 million of pairs | | ↓ | (8.0%) |
| | Exports: 9.2 million of pairs | | ↑ | 25.1% |
| Average price | Domestic market | R\$ 17.16 | ↑ | 14.0% |
| | Exports | R\$ 13.20 | ↓ | (6.8%) |
| | | US\$ 4.11 | ↑ | 1.7% |

Gross sales revenue

– Domestic market and exports

Analysed by effect of volume, mix and average price



Average US dollar: 2Q16 = R\$ 3.5099 / 2Q17 = R\$ 3.2137 - Δ (8.4%)

5

Performance

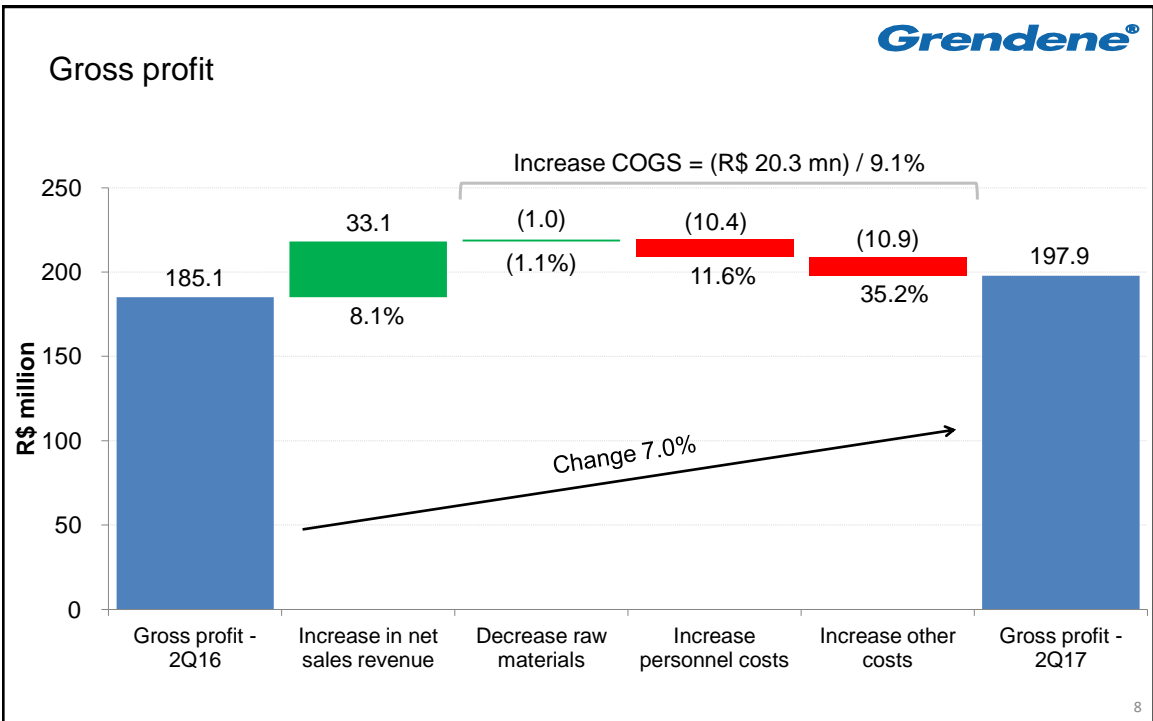
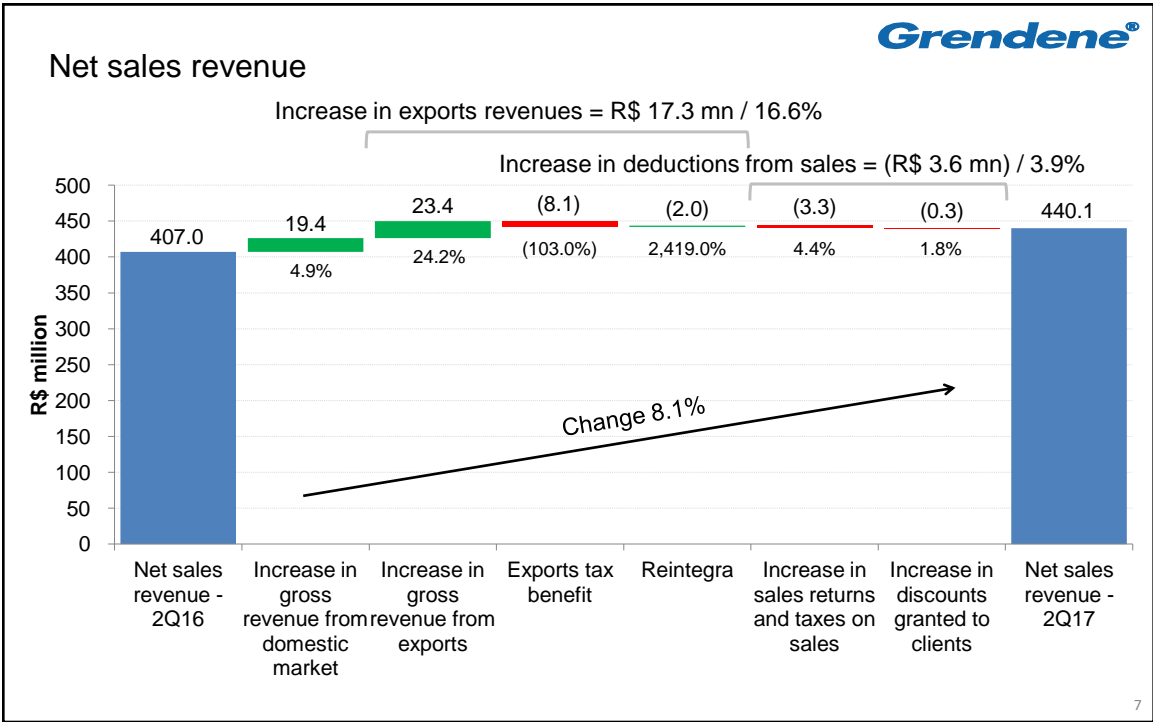
– CAGR, Compound average growth rate:

* excluding the non-recurring effect – A3NP

| R\$ mn | 2Q08 | 2Q09 | 2Q10 | 2Q11 | 2Q12 | 2Q13 | 2Q14* | 2Q15* | 2Q16 | 2Q17 | CAGR |
|---------------|-------|-------|---------|---------|-------|-------|--------|--------|-------|--------|------|
| Gross revenue | 286.9 | 371.7 | 391.0 | 307.2 | 412.6 | 504.7 | 488.7 | 462.0 | 499.2 | 536.0 | 7.2% |
| Change Y-o-Y | | 29.6% | 5.2% | (21.4%) | 34.3% | 22.3% | (3.2%) | (5.5%) | 8.1% | 7.4% | |
| Net profit | 42.4 | 57.3 | 38.0 | 36.9 | 59.5 | 66.2 | 73.7 | 88.7 | 93.0 | 92.0 | 9.0% |
| Change Y-o-Y | | 35.2% | (33.7%) | (3.1%) | 61.4% | 11.2% | 11.4% | 20.2% | 4.9% | (1.1%) | |

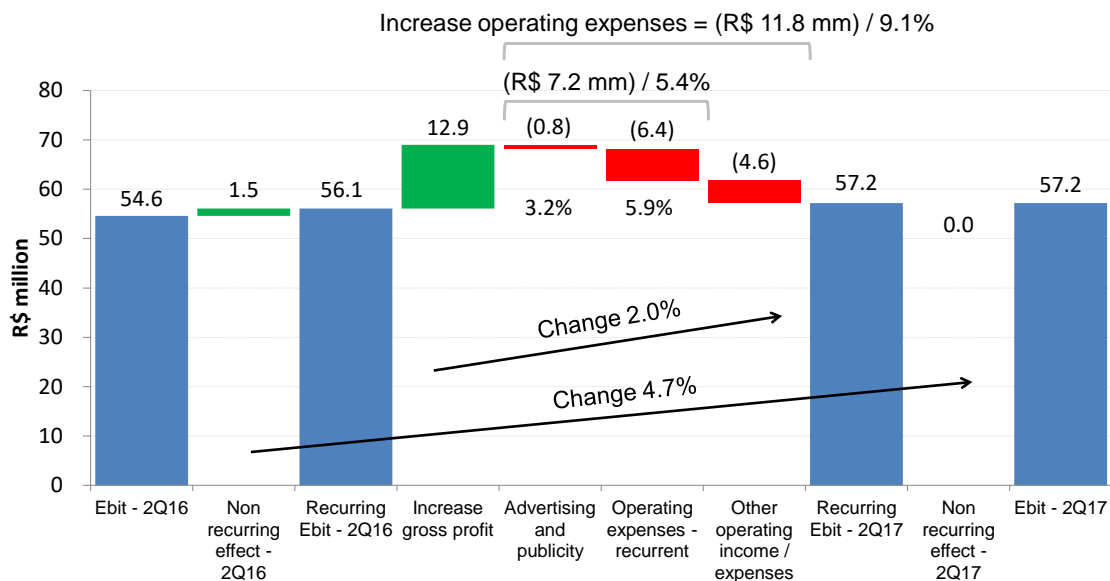
| R\$ million | 2Q08 | 2Q09 | 2Q10 | 2Q11 | 2Q12 | 2Q13 | 2Q14* | 2Q15* | 2Q16 | 2Q17 | CAGR |
|----------------------|------|------|------|------|------|------|-------|-------|------|------|------|
| Advertising expenses | 19.8 | 19.8 | 19.9 | 20.0 | 28.5 | 26.7 | 26.2 | 21.3 | 25.1 | 25.9 | 3.0% |
| % of Net Revenue | 9.1% | 6.7% | 6.5% | 8.2% | 8.6% | 6.6% | 6.6% | 5.6% | 6.2% | 5.9% | |

6



EBIT

Grendene®



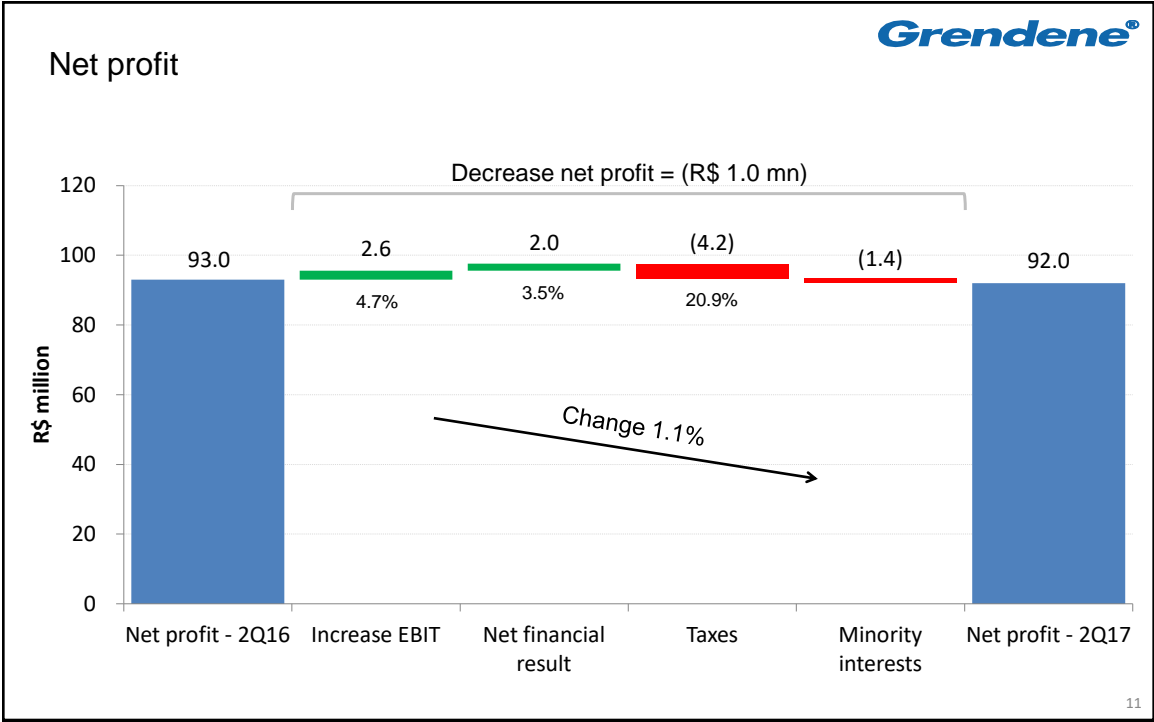
9

Net financial revenues (expenses)

Grendene®

| (R\$ '000) | 2Q16 | 2Q17 | Change, % | Change, R\$ |
|--|-----------------|----------------|-----------------|-----------------|
| Interest received from clients | 528 | 670 | 26.9% | 142 |
| Revenue from cash investments | 53,249 | 44,327 | (16.8%) | (8,922) |
| Other financial revenues | 101 | 753 | 645.5% | 652 |
| Subtotal | 53,878 | 45,750 | (15.1%) | (8,128) |
| Costs of financings | (4,157) | (2,290) | (44.9%) | 1,867 |
| Cofins and PIS taxes on Financial revenues | (3,095) | (2,290) | (26.0%) | 805 |
| Other financial expenses | (1,387) | (963) | (30.6%) | 424 |
| Subtotal | (8,639) | (5,543) | (35.8%) | 3,096 |
| Net financial revenues (expenses) (1) | 45,239 | 40,207 | (11.1%) | (5,032) |
| Revenue from FX derivatives – BM&FBovespa | 6,722 | 1,472 | (78.1%) | (5,250) |
| Foreign exchange gains | 20,973 | 10,350 | (50.7%) | (10,623) |
| Subtotal | 27,695 | 11,822 | (57.3%) | (15,873) |
| Op, expenses on FX derivatives – BM&FBovespa | (1,833) | (3,194) | 74.2% | (1,361) |
| Expenses of FX variation | (27,090) | (5,707) | (78.9%) | 21,383 |
| Subtotal | (28,923) | (8,901) | (69.2%) | 20,022 |
| Net gain (loss) on FX variations (2) | (1,228) | 2,921 | (337.9%) | 4,149 |
| Adjustments to present value (APV) | 13,291 | 16,186 | 21.8% | 2,895 |
| Financial result – APV (3) | 13,291 | 16,186 | 21.8% | 2,895 |
| Net financial revenues (expenses) (1) + (2) + (3) | 57,302 | 59,314 | 3.5% | 2,012 |

10



Grendene®

Analysis of 1H17
Results in IFRS
Consolidated data

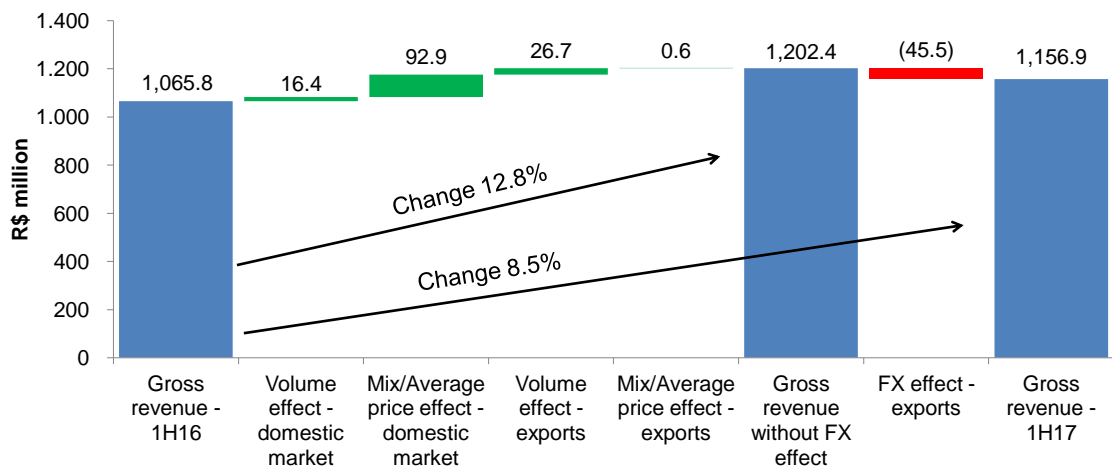
12

Highlights 1H17 (YOY 2016)

| | | | | |
|---------------|--|-----------|---|----------|
| Gross revenue | Domestic market: R\$ 884.9 million | | ↑ | 14.1% |
| | Exports: R\$ 272.0 million | | ↓ | (6.3%) |
| Net profit | R\$ 263.7 million | | ↑ | 11.5% |
| EBIT | R\$ 166.9 million | | ↑ | 21.9% |
| | Margin 17.6% | | ↑ | 2.1 p.p. |
| Exchange | Negative impact: R\$ 45.5 million | | ↓ | |
| Volumes | Domestic market: 51.0 million of pairs | | ↑ | 2.0% |
| | Exports: 20.2 million of pairs | | ↑ | 9.2% |
| Average price | Domestic market | R\$ 17.36 | ↑ | 11.9% |
| | Exports | R\$ 13.44 | ↓ | (14.2%) |
| | | US\$ 4.23 | ↑ | 0.2% |

13

Gross sales revenue – Domestic market and exports Analysed by effect of volume, mix and average price



Average US dollar: 1H16 = R\$ 3,7099 / 1H17 = R\$ 3.1783 - Δ (14.3%)

14

Performance

– CAGR, Compound average growth rate:

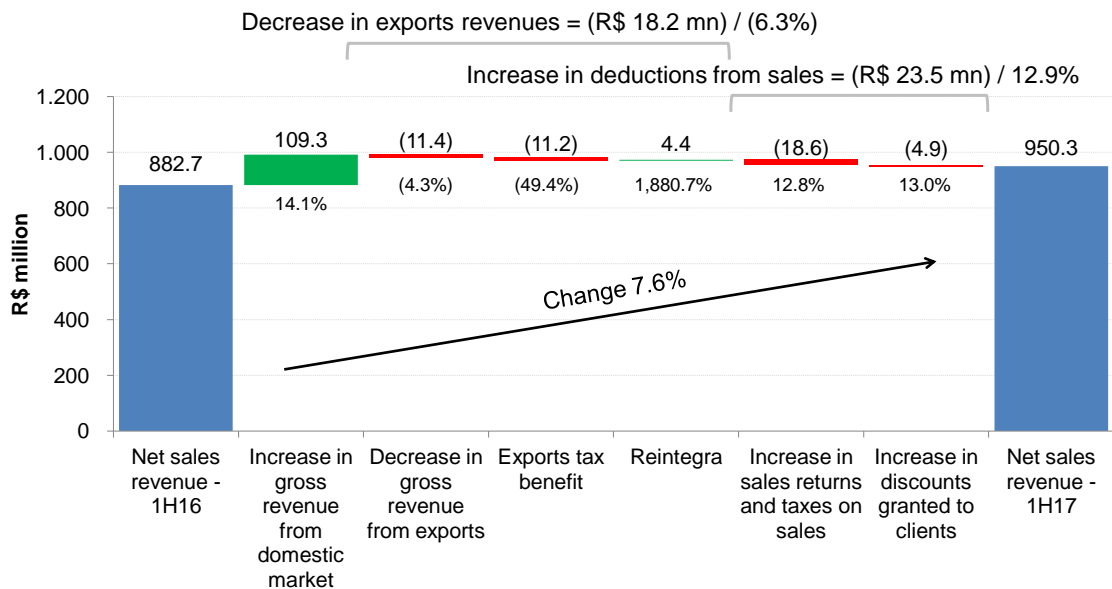
* excluding the non-recurring effect – A3NP

| R\$ mn | 1H08 | 1H09 | 1H10 | 1H11 | 1H12 | 1H13 | 1H14* | 1H15* | 1H16 | 1H17 | 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 | 1,156.9 | 7.2% |
| Change Y-o-Y | | 20.2% | 14.1% | (17.5%) | 29.8% | 22.0% | (0.4%) | (0.4%) | (3.1%) | 8.5% | |
| Net profit | 83.4 | 121.6 | 84.9 | 100.4 | 141.5 | 168.5 | 171.2 | 226.4 | 236.6 | 263.7 | 13.7% |
| Change Y-o-Y | | 45.8% | (30.1%) | 18.2% | 41.0% | 19.1% | 1.6% | 32.3% | 4.5% | 11.5% | |

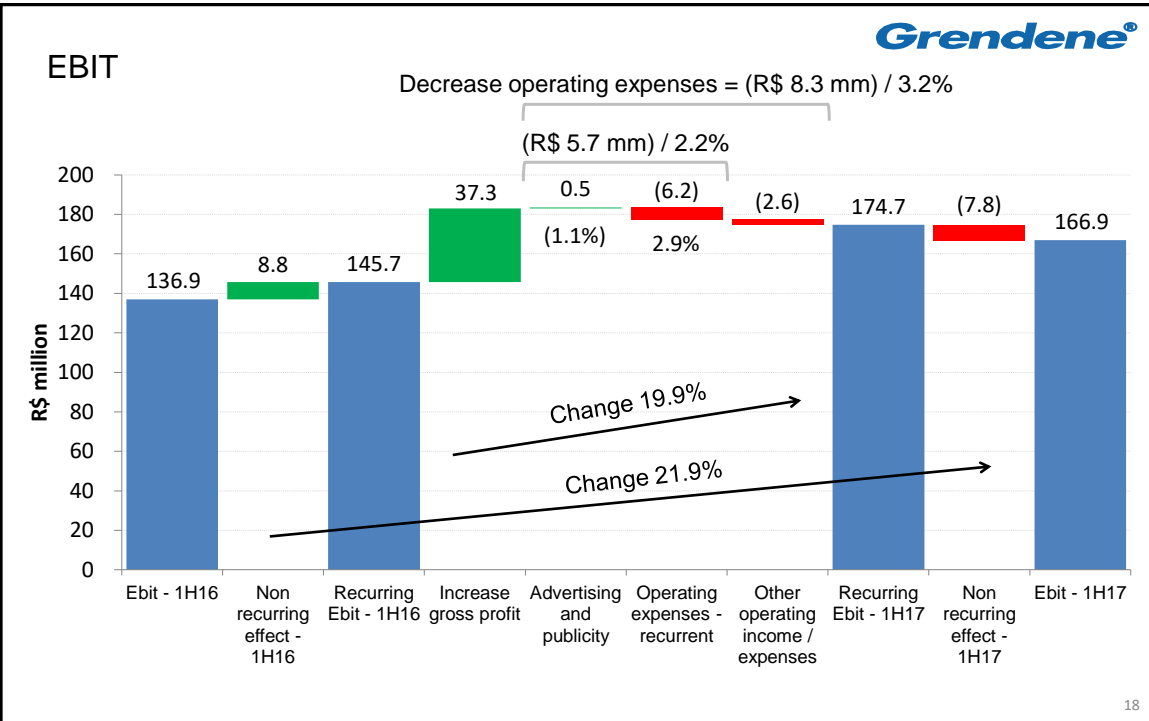
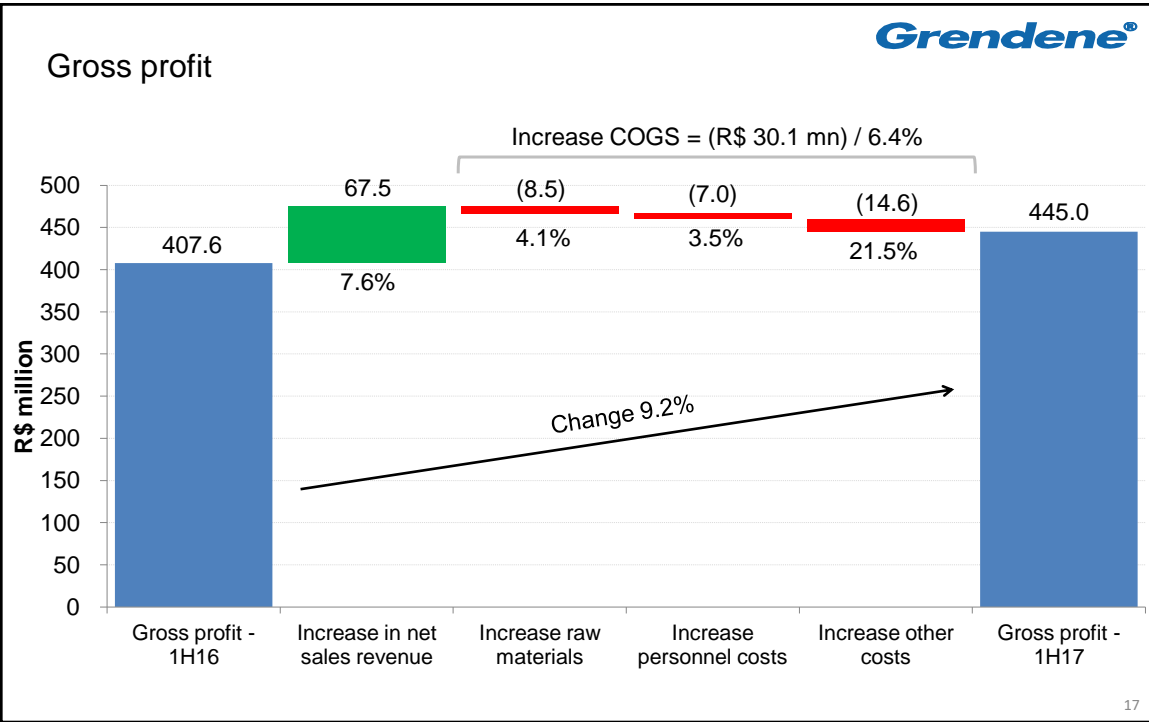
| R\$ million | 1H08 | 1H09 | 1H10 | 1H11 | 1H12 | 1H13 | 1H14* | 1H15* | 1H16 | 1H17 | CAGR |
|----------------------|------|------|------|------|------|------|-------|-------|------|------|------|
| Advertising expenses | 37.2 | 38.5 | 38.3 | 38.7 | 58.4 | 59.5 | 52.5 | 45.2 | 47.5 | 47.0 | 2.6% |
| % of Net Revenue | 7.7% | 6.4% | 5.6% | 6.9% | 8.0% | 6.7% | 5.9% | 5.0% | 5.4% | 4.9% | |

15

Net sales revenue



16

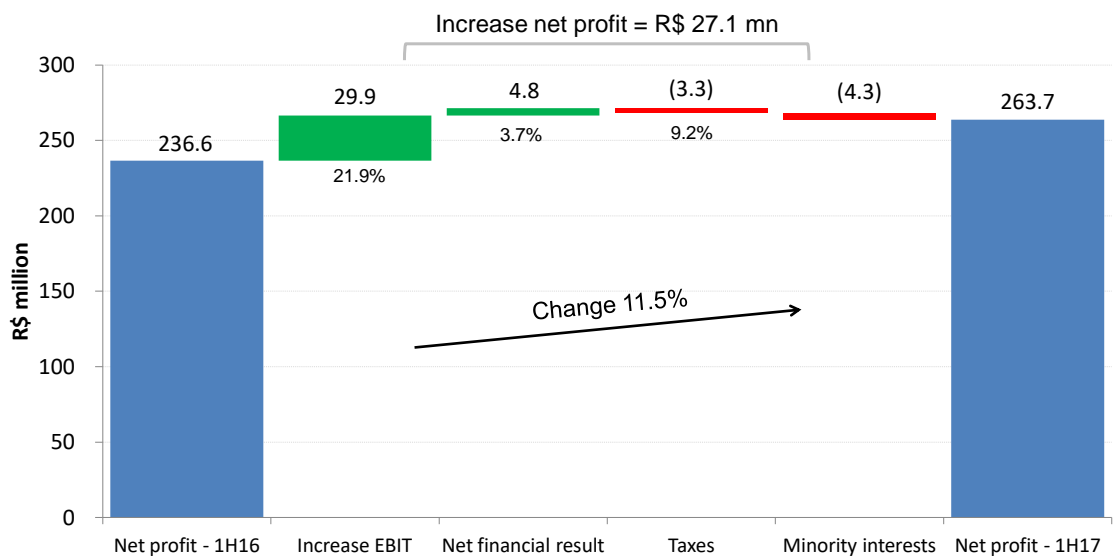


Net financial revenues (expenses)

| (R\$ '000) | 1H16 | 1H17 | Change, % | Change, R\$ |
|--|-----------------|-----------------|----------------|-----------------|
| Interest received from clients | 1,165 | 1,113 | (4.5%) | (52) |
| Revenue from cash investments | 106,182 | 96,800 | (8.8%) | (9,382) |
| Other financial revenues | 1,987 | 1,779 | (10.5%) | (208) |
| Subtotal | 109,334 | 99,692 | (8.8%) | (9,642) |
| Costs of financings | (8,950) | (5,143) | (42.5%) | 3,807 |
| Cofins and PIS taxes on Financial revenues | (6,667) | (4,814) | (27.8%) | 1,853 |
| Other financial expenses | (3,258) | (1,928) | (40.8%) | 1,330 |
| Subtotal | (18,875) | (11,885) | (37.0%) | 6,990 |
| Net financial revenues (expenses) (1) | 90,459 | 87,807 | (2.9%) | (2,652) |
| Revenue from FX derivatives – BM&FBovespa | 30,965 | 16,782 | (45.8%) | (14,183) |
| Foreign exchange gains | 52,141 | 18,769 | (64.0%) | (33,372) |
| Subtotal | 83,106 | 35,551 | (57.2%) | (47,555) |
| Op. expenses on FX derivatives – BM&FBovespa | (5,690) | (6,848) | 20.4% | (1,158) |
| Expenses of FX variation | (64,247) | (16,443) | (74.4%) | 47,804 |
| Subtotal | (69,937) | (23,291) | (66.7%) | 46,646 |
| Net gain (loss) on FX variations (2) | 13,169 | 12,260 | (6.9%) | (909) |
| Adjustments to present value (APV) | 28,029 | 36,427 | 30.0% | 8,398 |
| Financial result – APV (3) | 28,029 | 36,427 | 30.0% | 8,398 |
| Net financial revenues (expenses) (1) + (2) + (3) | 131,657 | 136,494 | 3.7% | 4,837 |

19

Net profit



20

Earnings

| Basis for the distribution of dividends | R\$ |
|--|-----------------------|
| Net profit for the period | 263,749,178.45 |
| (-) Tax incentives reserve | (100,946,805.48) |
| Legal reserve calculation basis | 162,802,372.97 |
| (-) Legal reserve | (8,140,118.64) |
| Dividend for the profit reported up to June 30, 2017 | 154,662,254.33 |
| Total of Dividends + Interest on Equity proposed by management ⁽¹⁾ | 154,662,254.33 |
| <i>Minimum obligatory dividend payable (25%)</i> | 38,665,563.58 |
| <i>Dividend proposed in excess of the obligatory minimum dividend</i> | 115,996,690.75 |
| Sum | 154,662,254.33 |

¹ Dividends will be paid "ad referendum" the OGM that considers the balance sheet and financial statements for 2017.

21

Dividend

| Allocation of the proposed corporate actions payments (I.E. and dividend) | R\$ |
|--|------------------------------------|
| (+) 1 st Interest on Equity (I.E.), gross | 30.000.000,00 ¹ |
| (+) 1 st interim dividend | 69.078.060,63 ¹ |
| (+) 2 nd interim dividend | 55,584,193.70 ¹ |
| Total of dividends + Interest on Equity proposed by management, gross | 154,662,254.33 ¹ |
| (-) Income tax withheld at source on Interest on Equity – (15%) | (4.500.000,00) |
| Total of dividends + Interest on Equity proposed by management, net | 150,162,254.33 ¹ |

| Dividends proposed ¹ | | | | | | | |
|---------------------------------|---------------|----------|-----------------------|-----------------------|----------------------------|-----------------------|--------------------------|
| Type | Date approved | Ex- date | Date of start payment | Gross amount R\$ | Gross amount per share R\$ | Net amount R\$ | Net amount per share R\$ |
| Dividend | 04/27/17 | 05/03/17 | 05/17/17 | 69,078,060.63 | 0.229714663 | 69,078,060.63 | 0.229714663 |
| I.E. | 04/27/17 | 05/03/17 | 05/17/17 | 30,000,000.00 | 0.099763077 | 25,500,000.00 | 0.084798615 |
| Dividend | 07/27/17 | 08/04/17 | 08/16/17 | 55,584,193.70 | 0.184841673 | 55,584,193.70 | 0.184841673 |
| Sum | | | | 154,662,254.33 | 0.514319413 | 150,162,254.33 | 0.499354951 |

¹ Dividends will be paid "ad referendum" the OGM that considers the balance sheet and financial statements for 2017.

22



Thank You!