



4Q17 & 2017 Results

Conference call

February 23, 2018

8:30 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 4Q17 Results in IFRS Consolidated data



GRENDHA

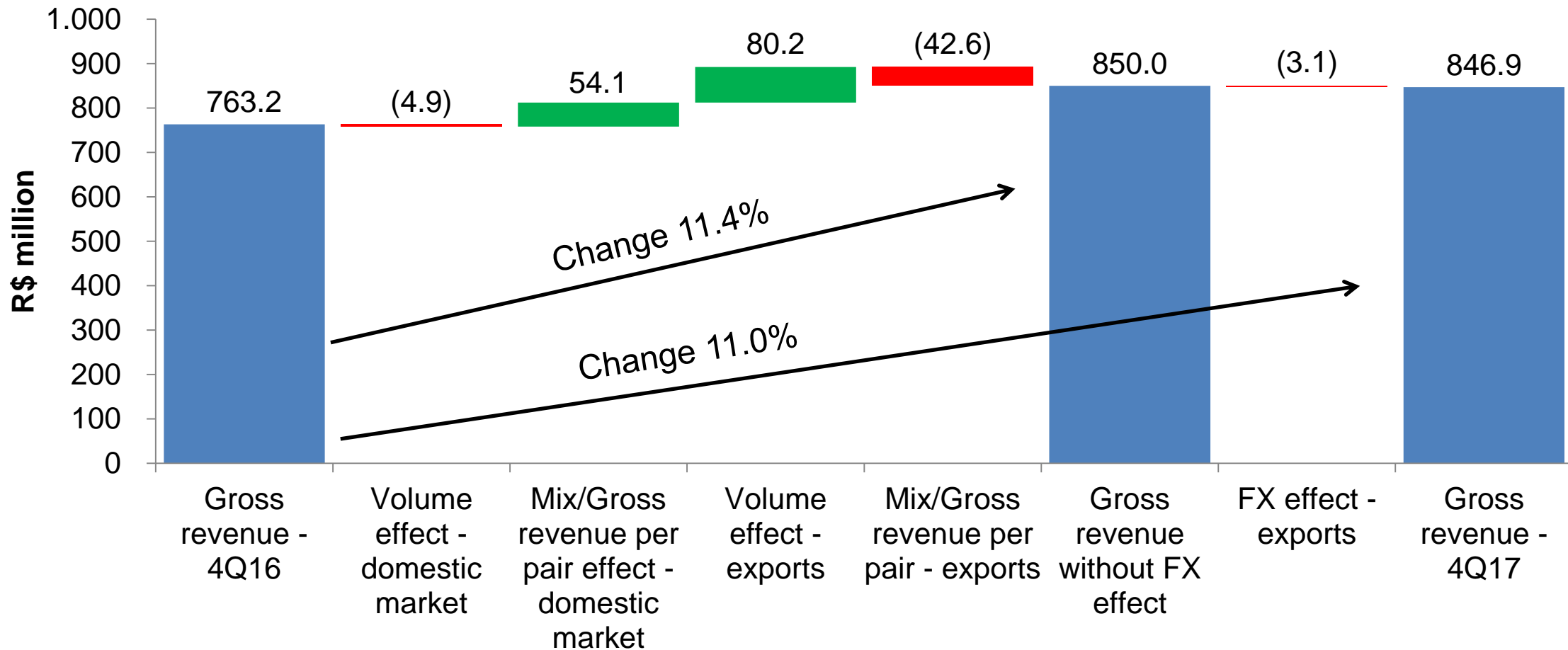
Highlights 4Q17 (YOY 2016)

Gross revenue	Domestic market: R\$ 624.5 million			8.5%
	Exports: R\$ 222.4 million			18.3%
Net profit	R\$ 250.5 million			1.4%
EBIT	R\$ 187.2 million			20.6%
	Margin 26.5%			1.7 p.p.
Exchange	Negative impact: R\$ 3.1 million			
Volumes	Domestic market: 39.0 million of pairs			(0.9%)
	Exports: 16.0 million of pairs			42.7%
Gross revenue per pair	Domestic market	R\$ 16.03		9.5%
	Exports	R\$ 13.90		(17.1%)
		US\$ 4.28		(15.9%)

Gross sales revenue

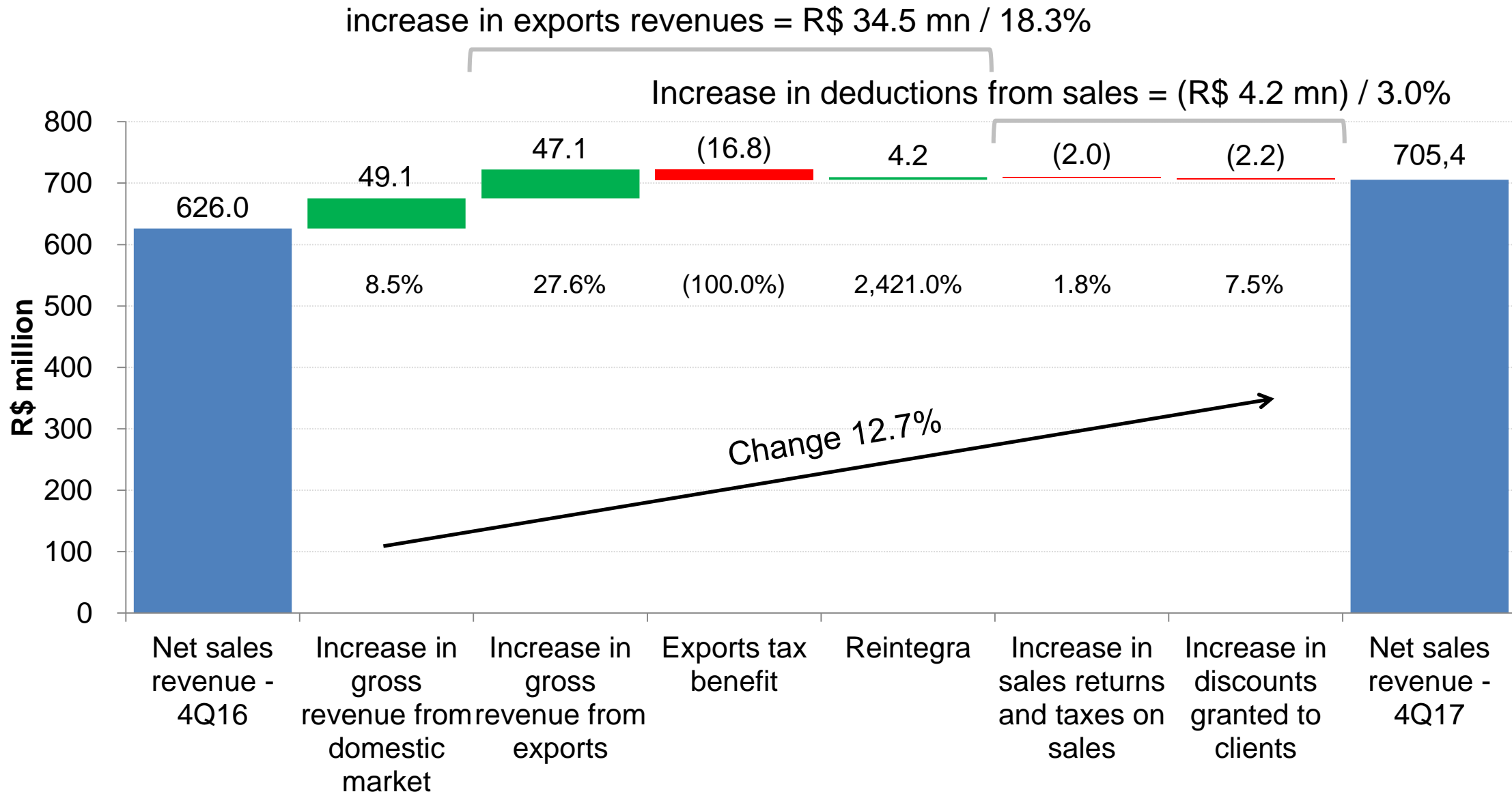
– Domestic market and exports

Analysed by effect of volume, mix and gross revenue per pair

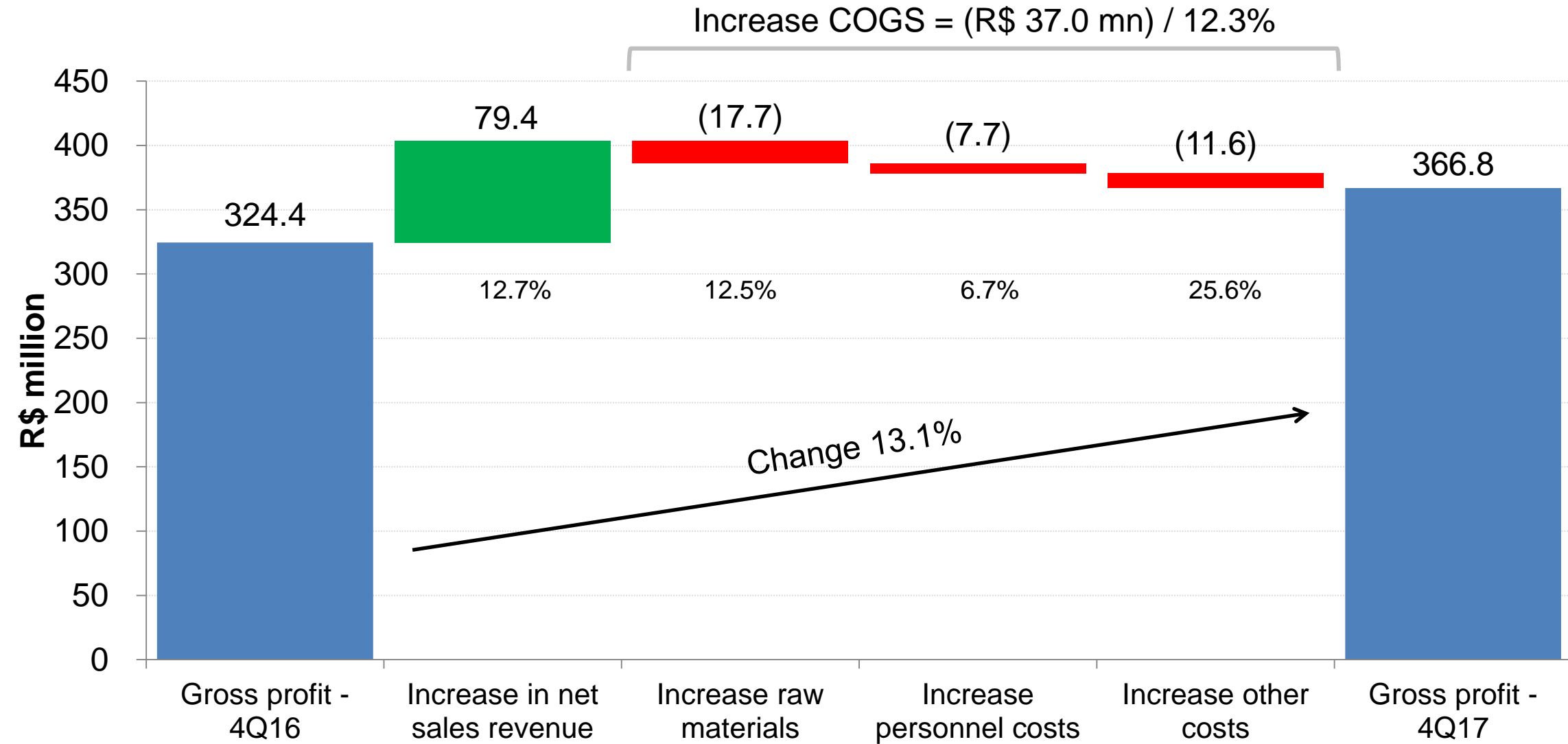


Average US dollar: 4Q16 = R\$ 3.2934 / 4Q17 = R\$ 3.2475 - Δ (1.4%)

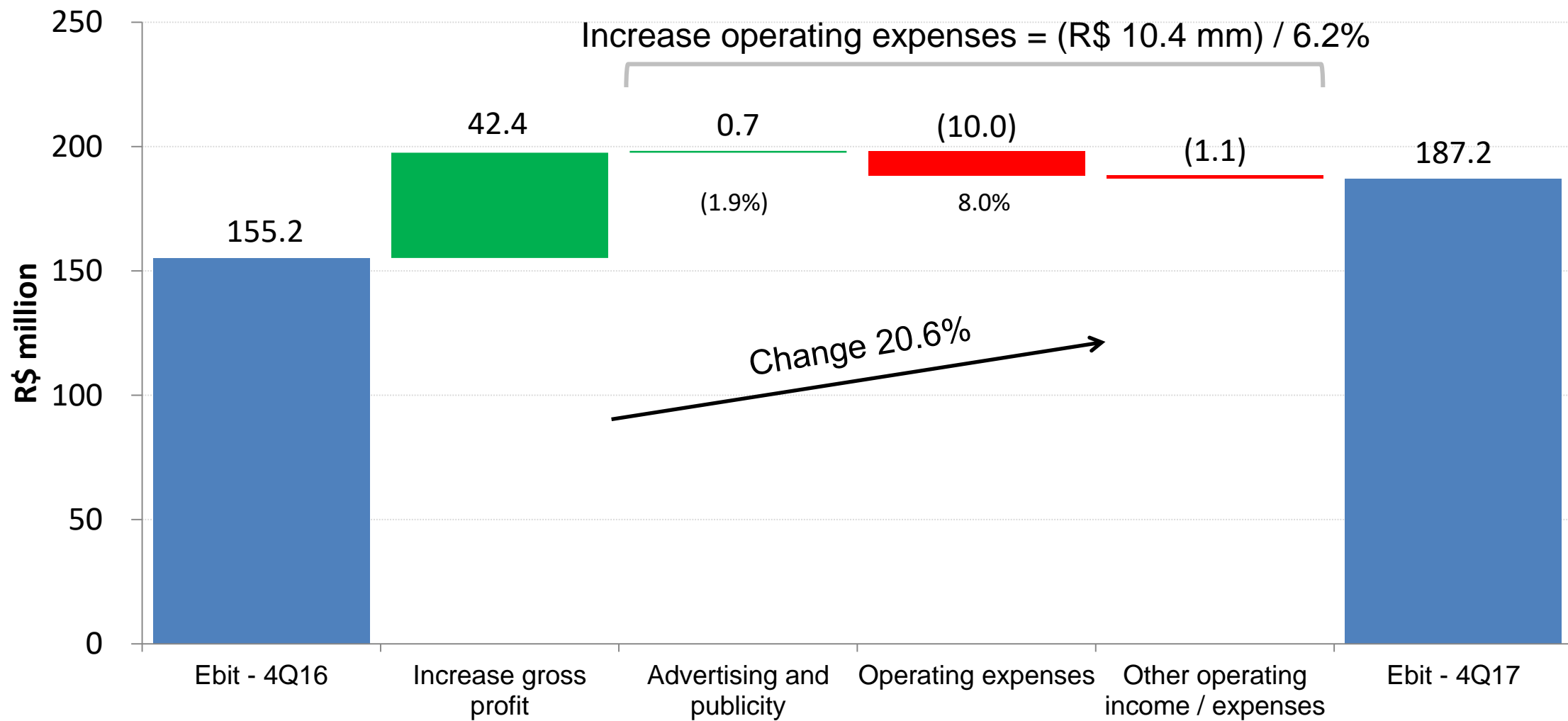
Net sales revenue



Gross profit



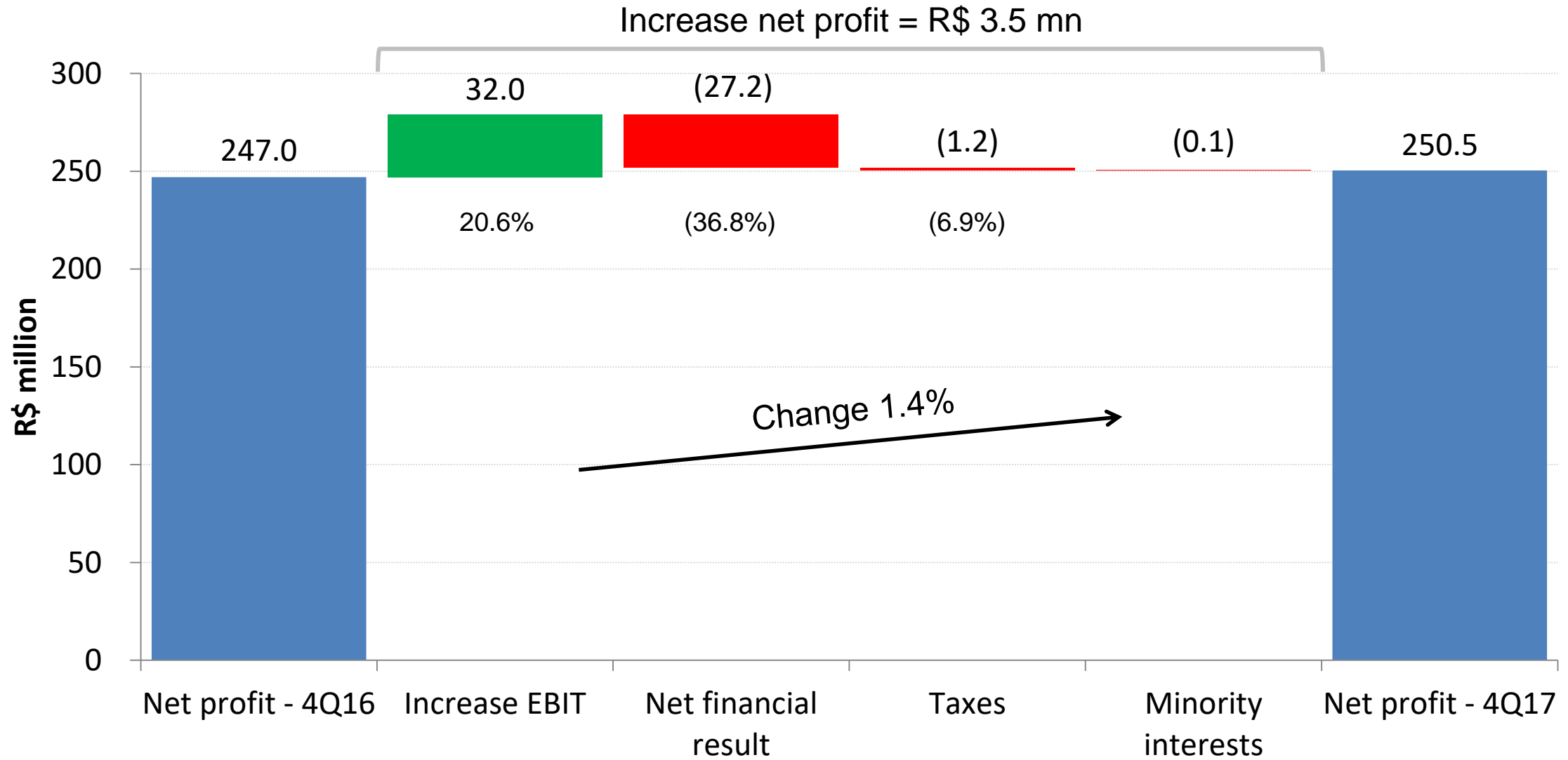
EBIT



Net financial revenues (expenses)

(R\$ '000)	4Q16	4Q17	Change, %	Change, R\$
Interest received from clients	436	607	39.2%	171
Revenue from cash investments	49,942	32,745	(34.4%)	(17,197)
Other financial revenues	599	1,066	78.0%	467
Subtotal	50,977	34,418	(32.5%)	(16,559)
Costs of financings	(3,635)	(3,220)	(11.4%)	415
Cofins and PIS taxes on Financial revenues	(1,827)	(1,633)	(10.6%)	194
Other financial expenses	(957)	(998)	4.3%	(41)
Subtotal	(6,419)	(5,851)	(8.8%)	568
Net financial revenues (expenses) (1)	44,558	28,567	(35.9%)	(15,991)
Revenue from FX derivatives – BM&FBovespa	16,045	7,487	(53.3%)	(8,558)
Foreign exchange gains	14,622	8,655	(40.8%)	(5,967)
Subtotal	30,667	16,142	(47.4%)	(14,525)
Op, expenses on FX derivatives – BM&FBovespa	(5,385)	(12,376)	129.8%	(6,991)
Expenses of FX variation	(16,976)	(5,647)	(66.7%)	11,329
Subtotal	(22,361)	(18,023)	(19.4%)	4,338
Net gain (loss) on FX variations (2)	8,306	(1,881)	(122.6%)	(10,187)
Adjustments to present value (APV)	20,956	19,975	(4.7%)	(981)
Financial result – APV (3)	20,956	19,975	(4.7%)	(981)
Net financial revenues (expenses) (1) + (2) + (3)	73,820	46,661	(36.8%)	(27,159)

Net profit



Analysis of 2017
Results in IFRS
Consolidated data



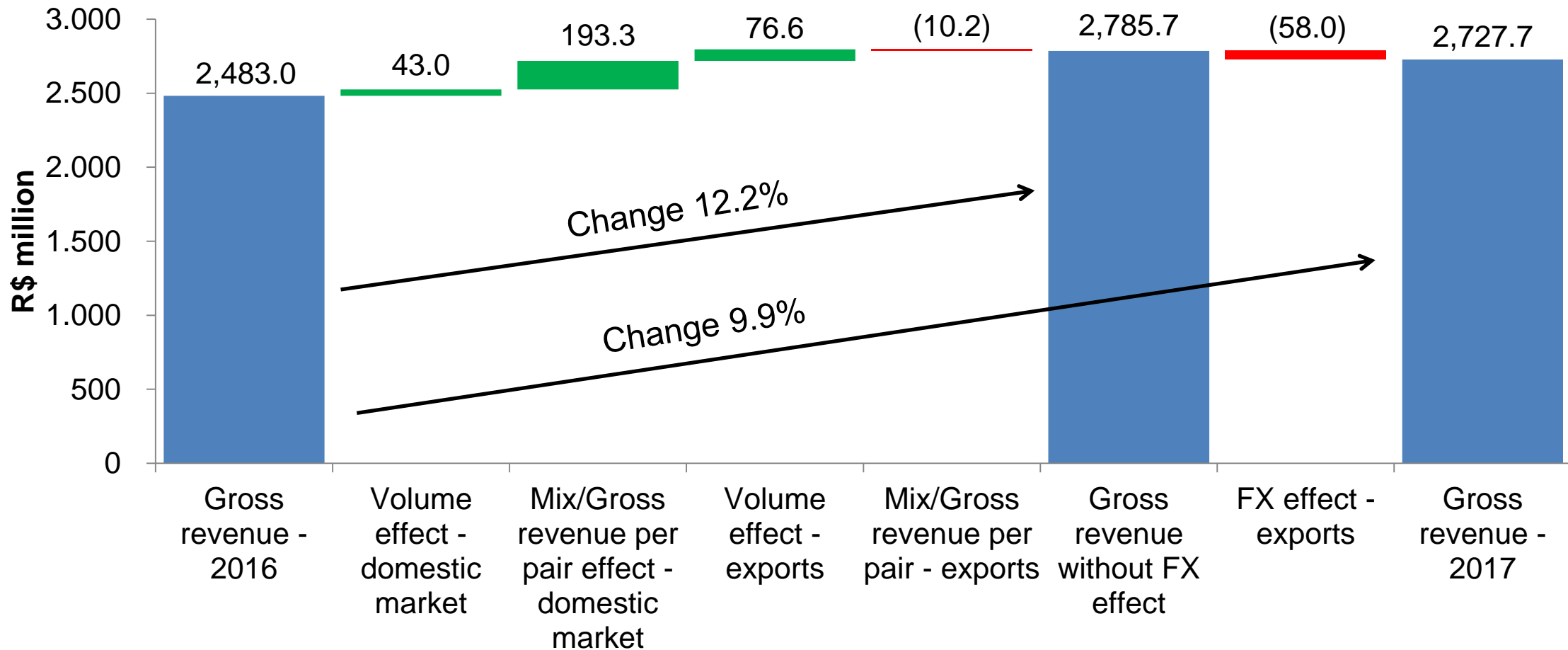
Highlights 2017 (YOY 2016)

Gross revenue	Domestic market: R\$ 2,106.6 million		↑	12.6%
	Exports: R\$ 621.1 million		↑	1.4%
Net profit	R\$ 660.9 million		↑	4.2%
EBIT	R\$ 465.6 million		↑	16.5%
	Margin 20.7%		↑	1.2 p.p.
Exchange	Negative impact: R\$ 58.0 million		↓	
Volumes	Domestic market: 126.4 million of pairs		↑	2.2%
	Exports: 45.0 million of pairs		↑	12.5%
Gross revenue per pair	Domestic market	R\$ 16.67	↑	10.2%
	Exports	R\$ 13.81	↓	(9.9%)
		US\$ 4.33	↓	(1.4%)

Gross sales revenue

– Domestic market and exports

Analysed by effect of volume, mix and gross revenue per pair



Average US dollar: 2016 = R\$ 3.4901 / 2017 = R\$ 3.1920 - Δ (8.5%)

Performance

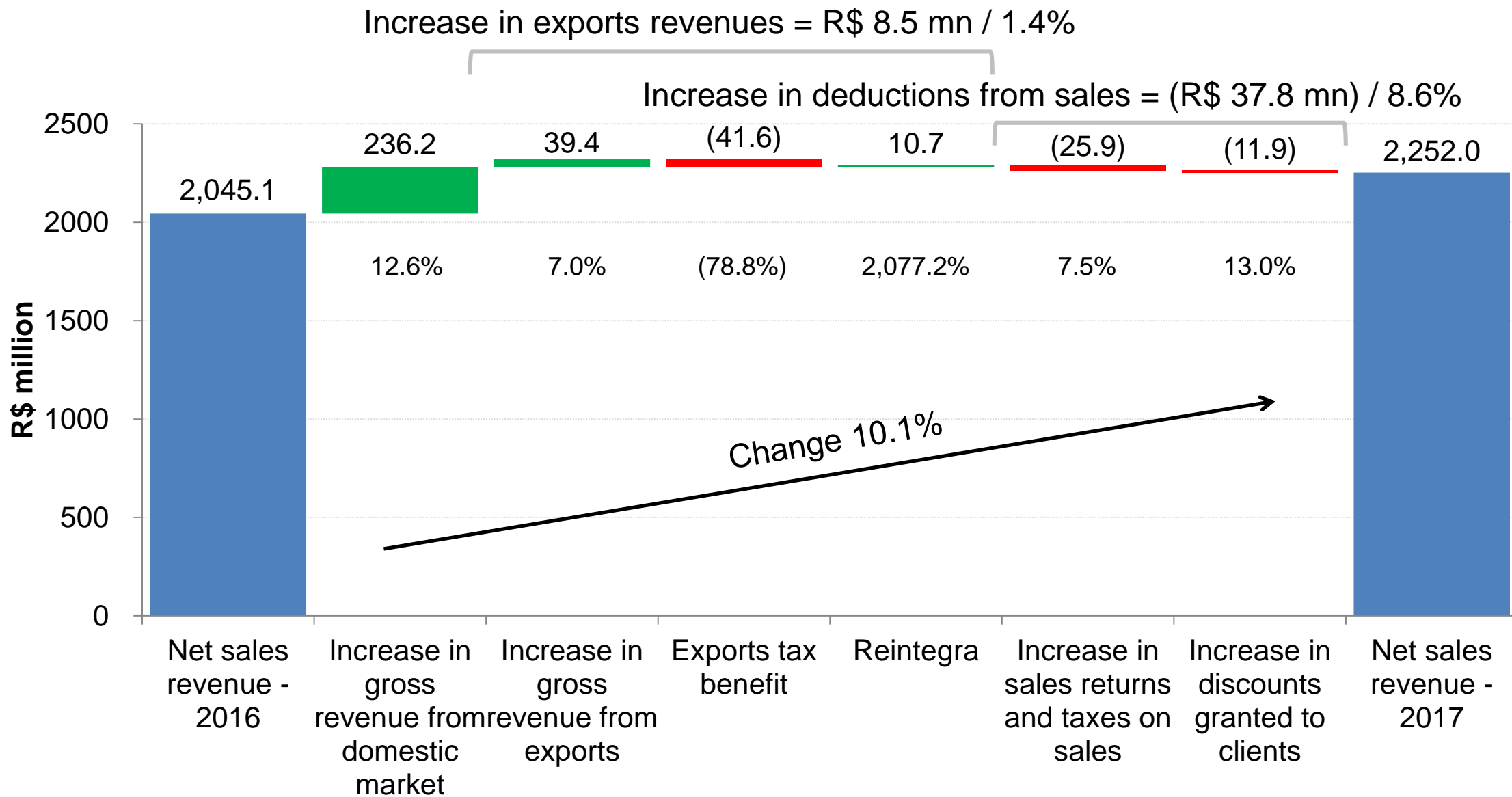
– CAGR, Compound average growth rate:

* 2014 and 2015 – excluding the non-recurring effect – A3NP

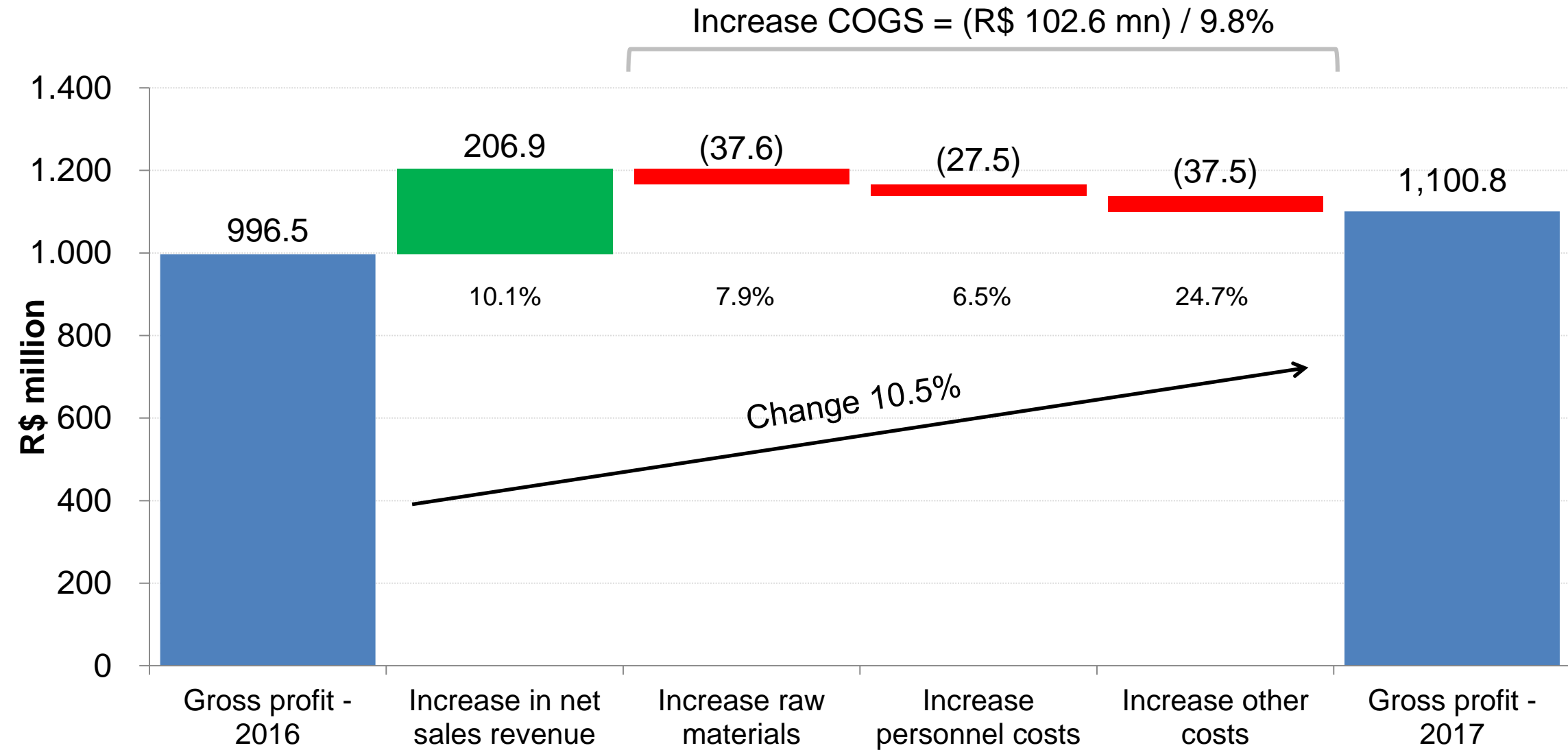
R\$ mn	2008	2009	2010	2011	2012	2013	2014*	2015*	2016	2017	CAGR
Gross revenue	1,576.0	1,819.4	1,998.6	1,831.6	2,324.5	2,711.4	2,719.4	2,630.0	2,483.0	2,727.7	6.3%
Change Y-o-Y		15.4%	9.9%	(8.4%)	26.9%	16.6%	0.3%	(3.3%)	(5.6%)	9.9%	
Net profit	239.4	272.2	312.4	305.4	429.0	433.5	493.7	603.0	634.5	660.9	11.9%
Change Y-o-Y		13.7%	14.8%	(2.2%)	40.5%	1.1%	13.9%	22.1%	5.2%	4.2%	

R\$ million	2008	2009	2010	2011	2012	2013	2014*	2015*	2016	2017	CAGR
Advertising expenses	107.6	116.1	127.1	138.7	147.0	163.7	169.2	148.9	125.2	125.6	1.7%
% of Net Revenue	8.6%	8.0%	7.9%	9.4%	7.8%	7.5%	7.6%	6.8%	6.1%	5.6%	

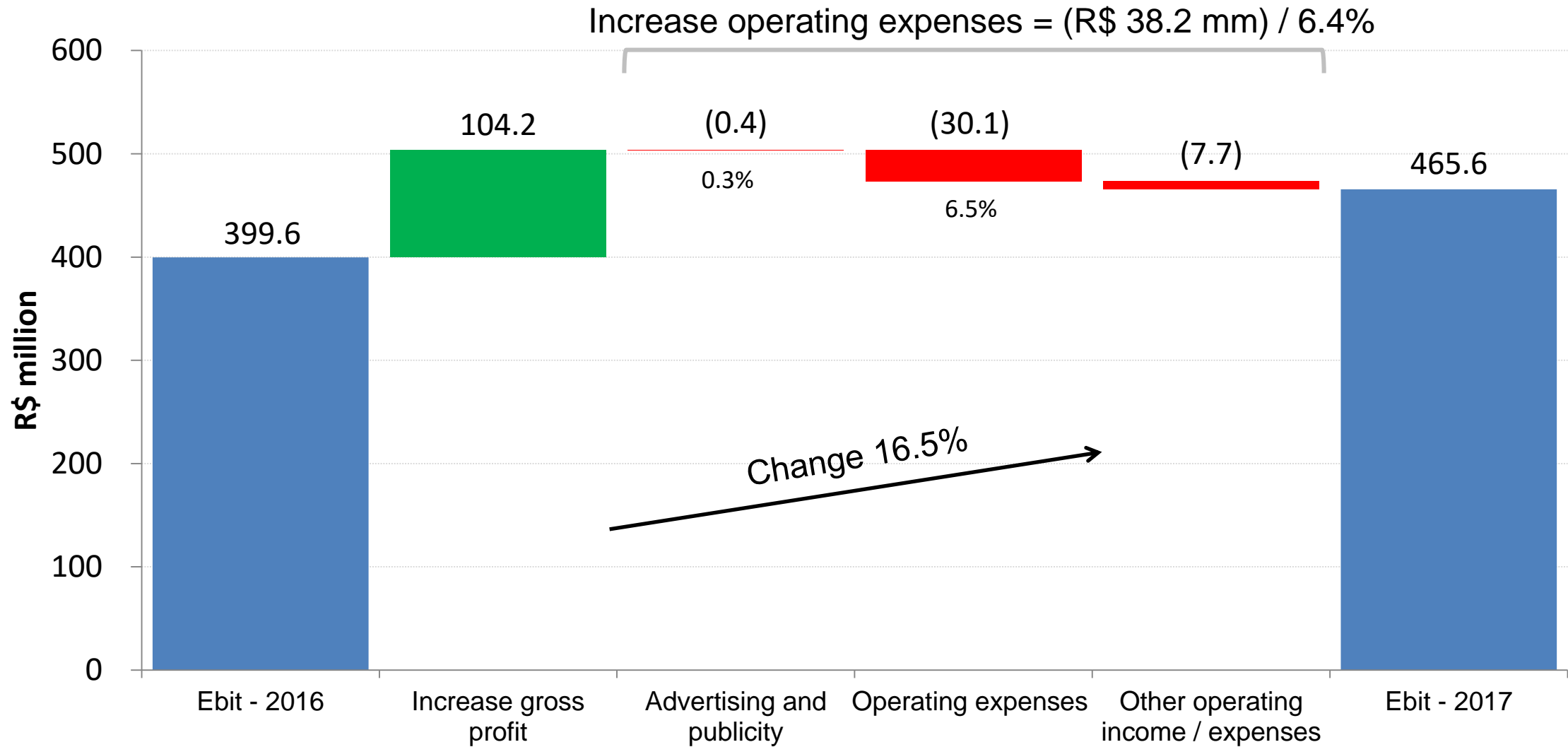
Net sales revenue



Gross profit



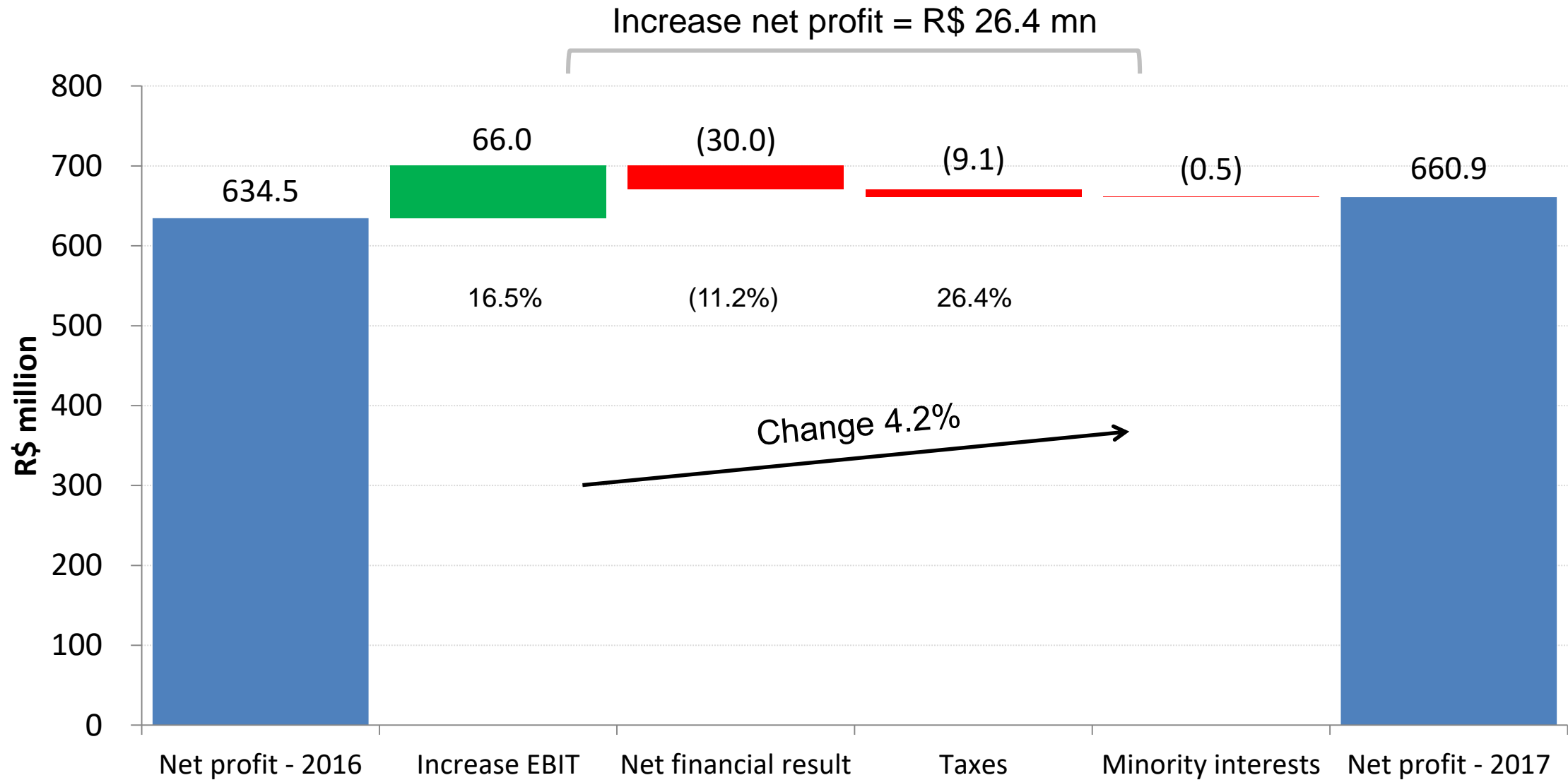
EBIT



Net financial revenues (expenses)

(R\$ '000)	2016	2017	Change, %	Change, R\$
Interest received from clients	2,163	2,225	2.9%	62
Revenue from cash investments	207,734	169,812	(18.3%)	(37,922)
Other financial revenues	3,308	3,045	(8.0%)	(263)
Subtotal	213,205	175,082	(17.9%)	(38,123)
Costs of financings	(18,340)	(10,852)	(40.8%)	7,488
Cofins and PIS taxes on Financial revenues	(10,967)	(8,346)	(23.9%)	2,621
Other financial expenses	(4,920)	(3,780)	(23.2%)	1,140
Subtotal	(34,227)	(22,978)	(32.9%)	11,249
Net financial revenues (expenses) (1)	178,978	152,104	(15.0%)	(26,874)
Revenue from FX derivatives – BM&FBovespa	49,091	29,976	(38.9%)	(19,115)
Foreign exchange gains	69,700	34,503	(50.5%)	(35,197)
Subtotal	118,791	64,479	(45.7%)	(54,312)
Op. expenses on FX derivatives – BM&FBovespa	(11,563)	(19,808)	71.3%	(8,245)
Expenses of FX variation	(82,390)	(31,240)	(62.1%)	51,150
Subtotal	(93,953)	(51,048)	(45.7%)	42,905
Net gain (loss) on FX variations (2)	24,838	13,431	(45.9%)	(11,407)
Adjustments to present value (APV)	64,702	72,967	12.8%	8,265
Financial result – APV (3)	64,702	72,967	12.8%	8,265
Net financial revenues (expenses) (1) + (2) + (3)	268,518	238,502	(11.2%)	(30,016)

Net profit



Dividends

Basis for the distribution of dividends	R\$
Net profit for 2017 business year	660,928,515.86
(-) Tax incentives reserve	(253,689,966.35)
Legal reserve calculation basis	407,238,549.51
(-) Legal reserve	(20,361,927.47)
Mandatory dividends calculation basis	386,876,622.04
(-) Reserve for the purchase of shares – stock option	(9,103,478.70)
Dividends referring to the result for the 2017 business year	377,773,143.34 ¹
Total dividends proposed by management	377,773,143.34 ¹
<i>Mandatory dividends (R\$386,876,622.04 x 25%)</i>	<i>96,719,155.51</i>
<i>Dividends in addition to the minimum mandatory amount for 2017</i>	<i>281,053,987.83</i>
Sum	377,773,143.34

1 *Dividends and interest on equity will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2017.*

Dividends

Dividends and interest on equity for the 2017 business year	R\$
(+) Interest on Equity (I.E.), gross – paid in advance	30,000,000.00 ¹
(+) Interim dividends – paid in advance	198,143,143.34 ¹
(+) Interests on Equity (I.E.), gross	130,000,000.00 ¹
(+) Balance of dividends for the 2017 business year	19,630,000.00 ¹
Dividends and net Interest on Equity proposed by management, gross	377,773,143.34 ¹
(-) Income tax withheld at source on interest on equity (15%) ²	(24,000,000.00)
Dividends and net Interest on Equity proposed by management, net	353,773,143.34 ¹

1 *Dividends and interest on equity will be paid “ad referendum” the OGM that considers the balance sheet and financial statements for 2017.*

2 *Except for persons who prove their immune status or exempt from retention by legal provision.*

Dividends

Dividend and interest on equity (I.E.) distributed / proposed							
Dividend / I.E.	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 ¹	27/04/2017	03/05/2017	17/05/2017	69,078,060.63	0.229714663	69,078,060.63	0.229714663
I.E. ¹	27/04/2017	03/05/2017	17/05/2017	30,000,000.00	0.099763077	25,500,000.00	0.084798615
Dividend ¹	27/07/2017	04/08/2017	16/08/2017	55,584,193.70	0.184841673	55,584,193.70	0.184841673
Dividend ¹	26/10/2017	07/11/2017	22/11/2017	73,480,889.01	0.244355986	73,480,889.01	0.244355986
I.E. ^{1 e 2}	22/02/2018	04/05/2018	16/05/2018	130,000,000.00	0.432306667 ²	110,500,000.00	0.367460667 ²
Dividend ^{1 e 2}	22/02/2018	04/05/2018	16/05/2018	19,630,000.00	0.065278307 ²	19,630,000.00	0.065278307 ²
Sum				377,773,143.34	1.256260373 ²	353,773,143.34	1.176449911 ²

1 Dividend and Interest on Equity approved ad referendum the Annual General Meeting that will examine the balance sheet and financial statements for the 2017 fiscal year.

2 Amount per share subject to alteration as a result of the balance of shares in treasury on the cutoff date.

Return on Equity

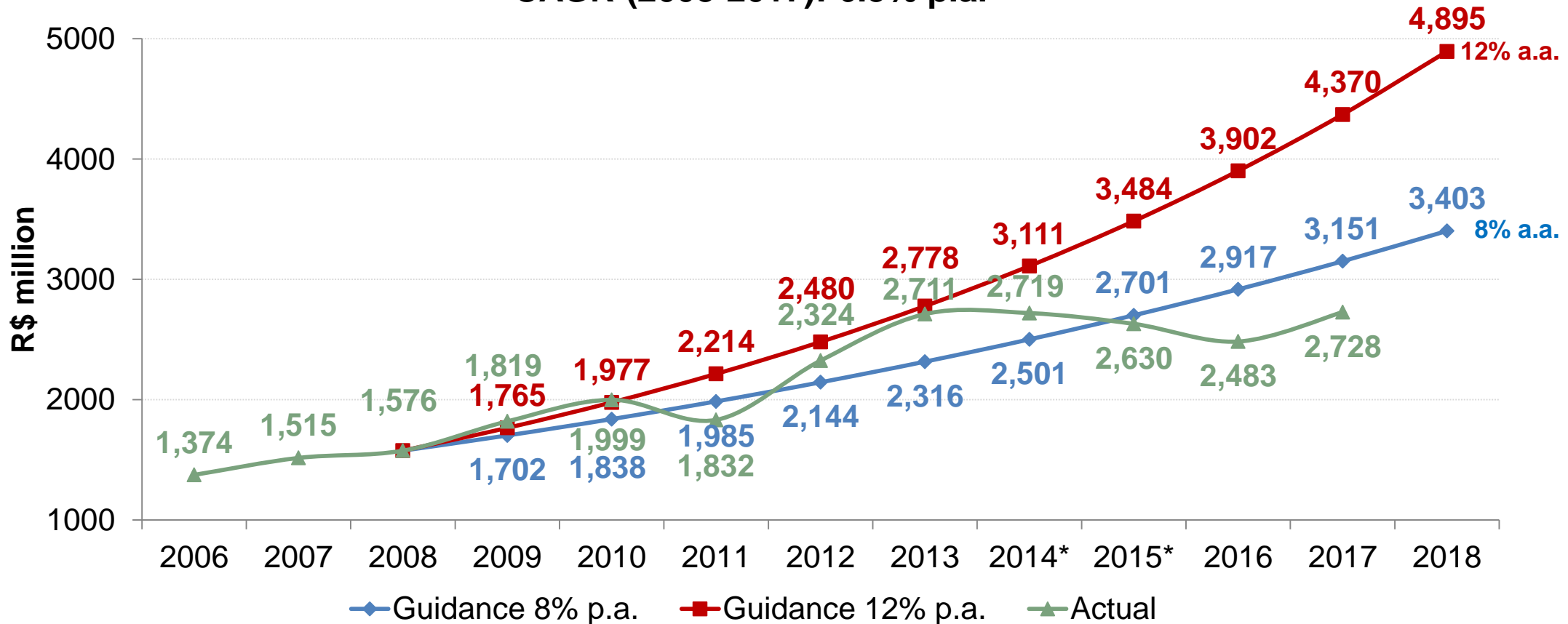
Year (R\$'000)	Initial Stockholders' Equity ¹	Net Profi	Dividends	Reinvestment	Return on Equity	Final Stockholders' Equity ¹
2005	733,566	200,116	81,181	118,935	27.3%	847,373
2006	847,373	257,343	128,261	129,082	30.4%	998,510
2007	998,510	260,508	119,724	140,784	26.1%	1,132,718
2008	1,132,718	239,367	109,000	130,367	21.1%	1,274,080
2009	1,274,080	272,211	110,000	162,211	21.4%	1,430,569
2010	1,430,569	312,399	121,738	190,661	21.8%	1,624,542
2011	1,624,542	305,446	219,526	85,920	18.8%	1,713,743
2012	1,713,743	429,003	293,503	135,500	25.0%	1,848,309
2013	1,848,309	433,540	300,057	133,483	23.5%	1,957,295
2014	1,957,295	490,244	220,814	269,430	25.0%	2,232,649
2015	2,232,649	551,223	275,925	275,298	24.7%	2,520,866
2016	2,520,866	634,492	351,383	283,109	25.2%	2,792,976
2017	2,792,976	660,929	377,773	283,156	23.7%	3,087,479
Accumulated		5,251,686	2,773,037	2,478,649	1,559.5%	

1) End-of-year stockholders' equity, i.e. excluding dividends, proposed for subsequent year.

Comparison of performance with targets

* excluding the non-recurring effect – A3NP

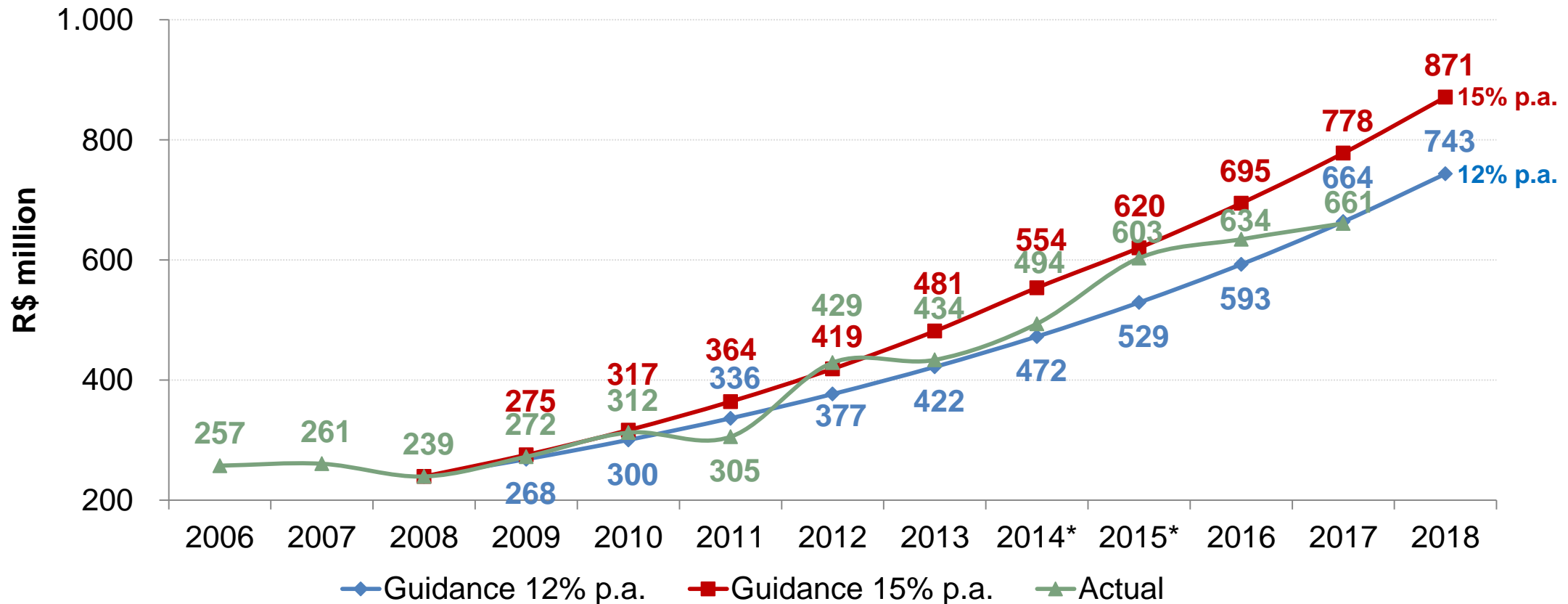
Gross revenue
CAGR between 8% and 12%
CAGR (2008-2017): 6.3% p.a.



Comparison of performance with targets

* excluding the non-recurring effect – A3NP

Net Profit
CAGR between 12% and 15%
CAGR (2008-2017): 11,9% p.a.





Thank you!