



Grendene®

2010 Results
February 25, 2011



40 years old

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

Highlights

Footwear sector

Strategy

Results

Guidance

Highlights

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

Production capacity: 200 million pairs/year

Average production: 500,000 pairs/day

Employees: 26,000

New products in 2010: 861

World presence: more than 90 countries

Brands with strong personality

Innovation in product, distribution and media

Listed on São Paulo's *Novo Mercado*; free float 25%

Solid capital structure, strong cash flow

Footwear sector



Brazil's Footwear Sector

Profile

8,094 producers in 2009

325,000 direct employees

Production: 858 million pairs in 2010* (814 million pairs in 2009)

World's 3rd largest producer

Apparent consumption, Brazilian domestic market: 744 million pairs, and 3.9 pairs per capita, in 2010 (2009: 717 million pairs, 3.7 pairs per capita/year).

Exports: In 2010: 143 million pairs, to more than 140 countries (12.9% more than in 2009).

Sources:

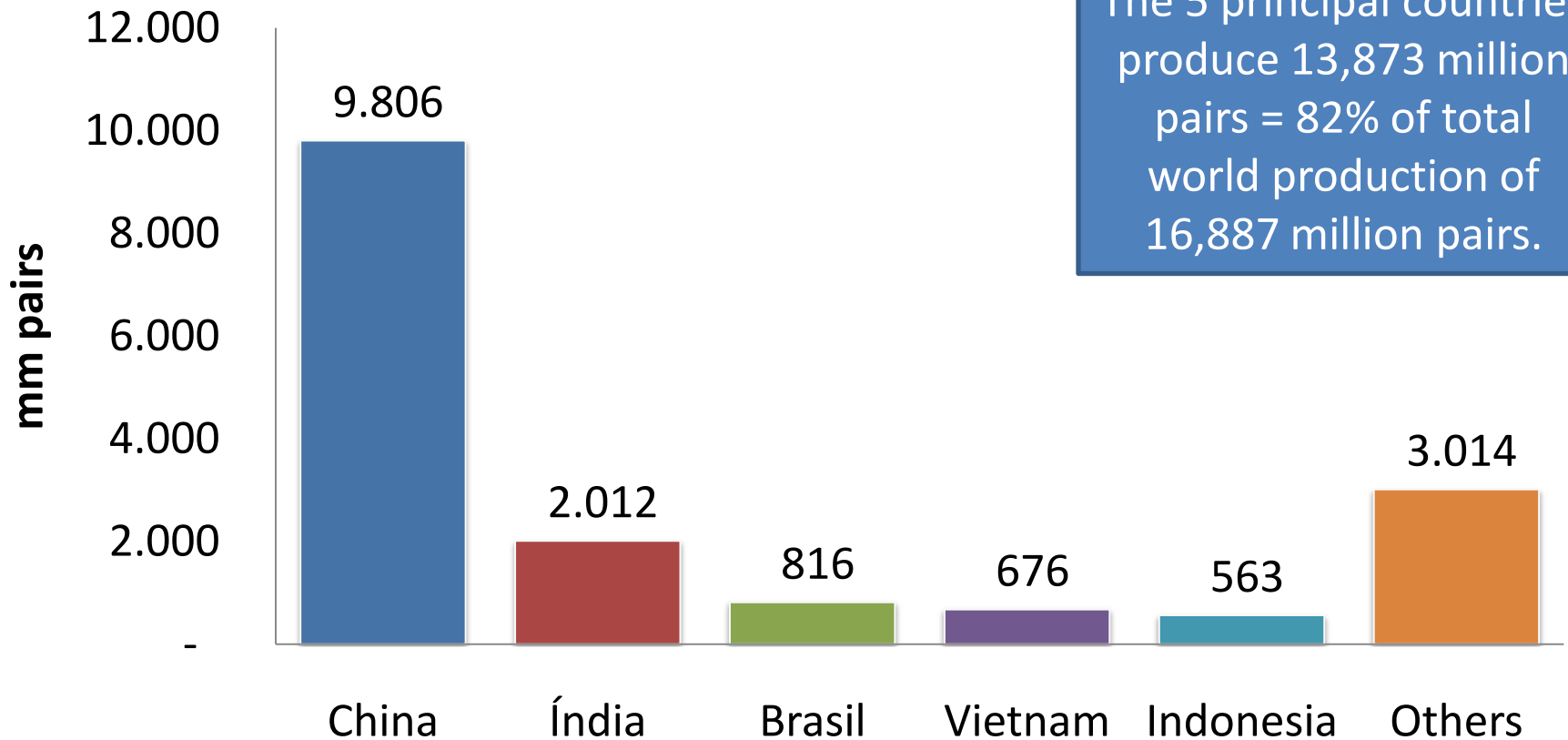
IEMI/RAIS/ABICALÇADOS/SECEX

(*) 2010: estimate by Abicalçados – January, 2011.

The industry itself is not much more than 150 years old – companies are typically small and labor-intensive, with no entry or exit barriers.

Footwear sector

2008



Source: IEMI / World Shoe Review 2009 / ABICALÇADOS

The footwear sector in Brazil

Million pairs	2006	2007	2008	2009	2010
Production	830	808	816	814	858
Imports	19	29	39	30	29
Exports	180	177	166	127	143
Apparent consumption	669	660	689	717	744
Per capita consumption	3.6	3.5	3.6	3.7	3.9

•Production estimated by Abicalçados –January, 2011

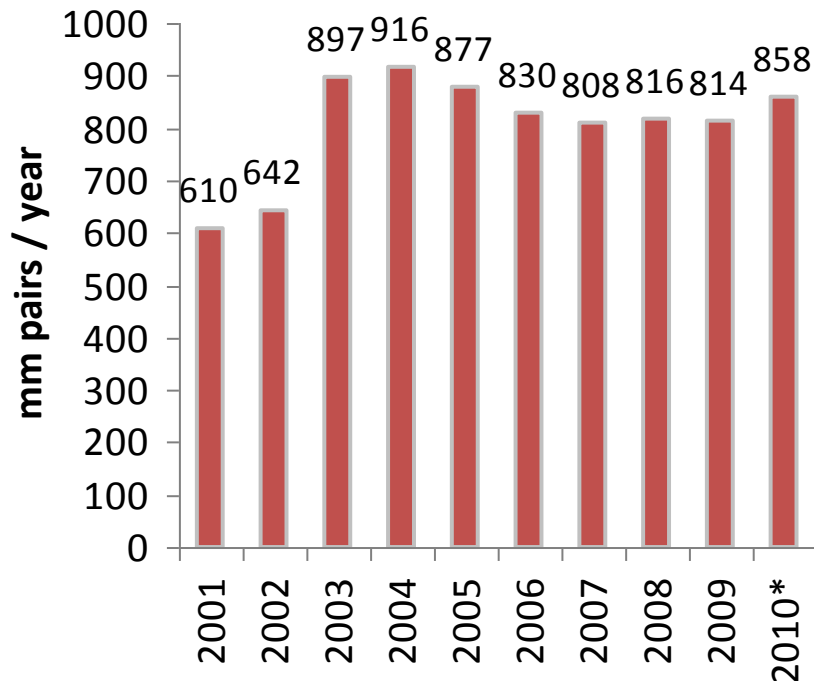
Source: IEMI / Secex / Abicalçados

Consumption – 2007	Total	Per capita
USA	2,393	7.94
United Kingdom	451	7.42
Italy	387	6.65
France	417	6.55
Japan	707	5.55

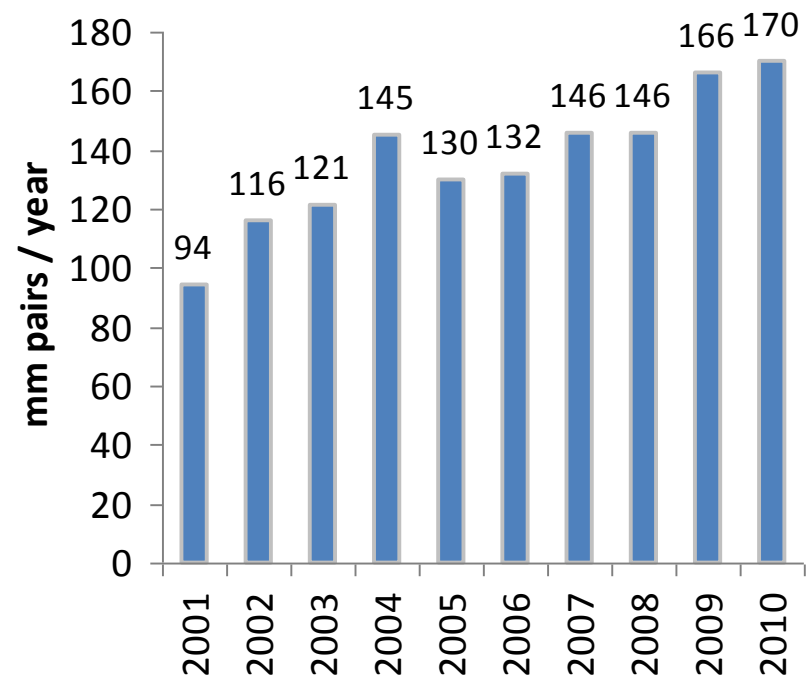
Source: Satra 2008 /
Abicalçados / U.S. Census
Bureau

Grendene vs. Brazilian footwear sector

Brazilian production
CAGR (2009/2001): 3.7%



Grendene
CAGR (2010/2001): 6.7%



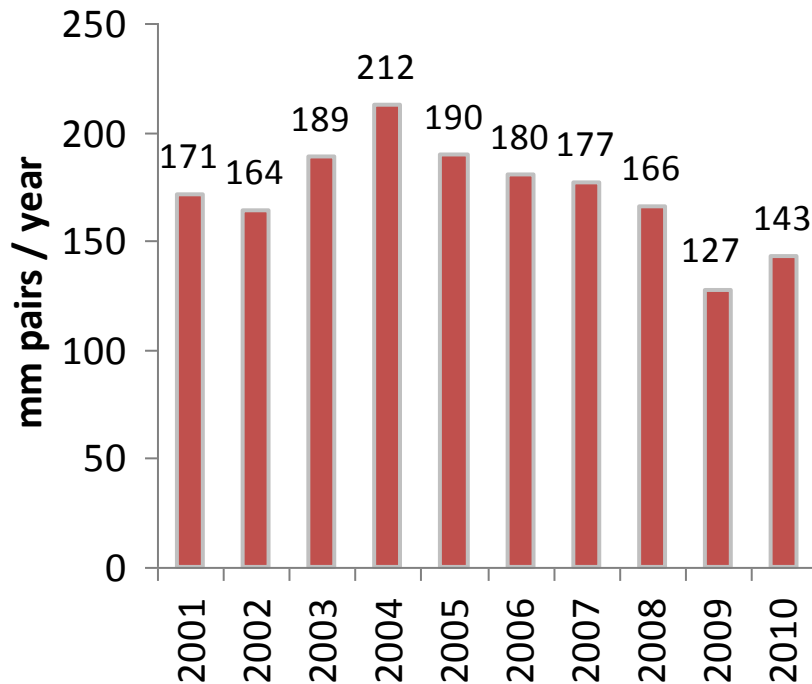
Source: Abicalçados

* Production estimated January, 2011.

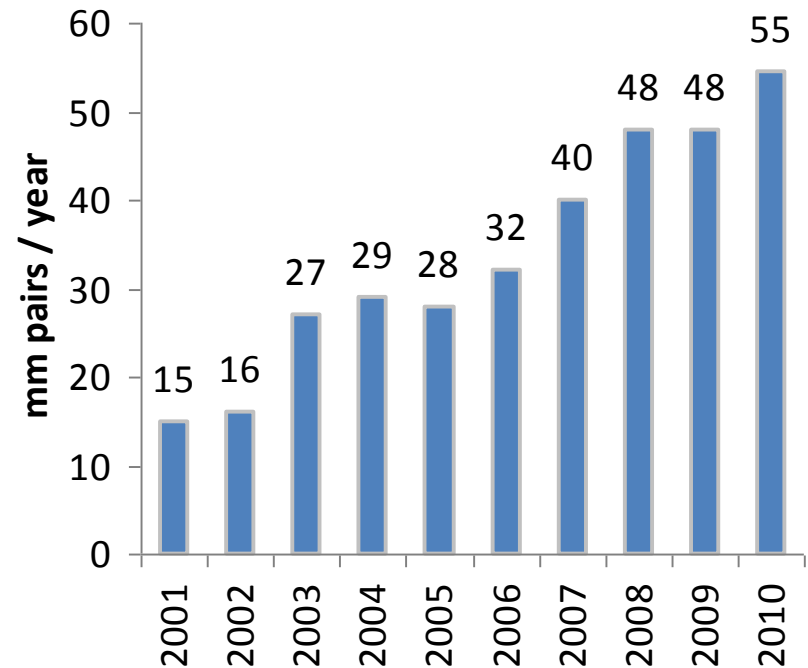
Grendene has grown faster than the Brazilian footwear industry.

Exports: Grendene vs. Brazil

Brazilian exports
CAGR (2010-01): (2.0%)



Grendene
CAGR (2010-01): 15.5%



Source: DECEX / MDIC / ABICALÇADOS

Grendene exports were 38.2% of total Brazilian footwear exports in 2010. (38.1% in 2009)

Strategy



Strategy: Break paradigms

melissa®



Melissa + Gaetano Pesce

Less labor-intensive

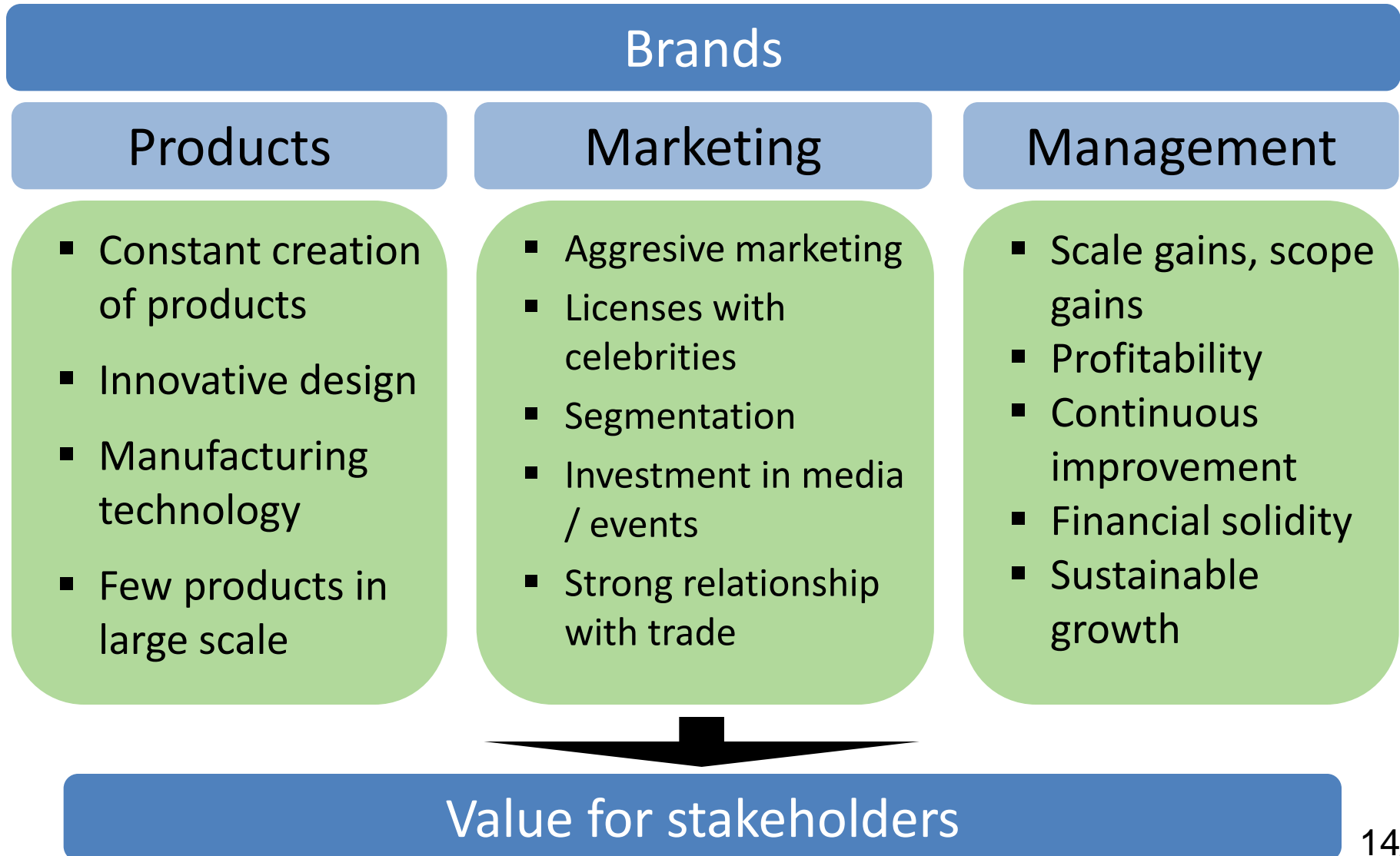
More capital-intensive

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



The image features a large, stylized blue 'G' logo that serves as a background for the text. The 'G' is thick and has a slight 3D effect. Behind the logo, a map of a coastal region is visible, showing a body of water, a river, and some land with green areas. The map is slightly blurred. The text 'Grendene' is written in a bold, italicized, white sans-serif font with a registered trademark symbol. Below it, the words 'Results' and '(in IFRS)' are written in a similar white sans-serif font, stacked vertically.

Grendene[®]

**Results
(in IFRS)**

Main financial and economic indicators

R\$ million	2009	2010	Change % 2010-2009
Net sales revenue	1,455.8	1,604.5	10.2%
Net income	272.2	312.4	14.8%

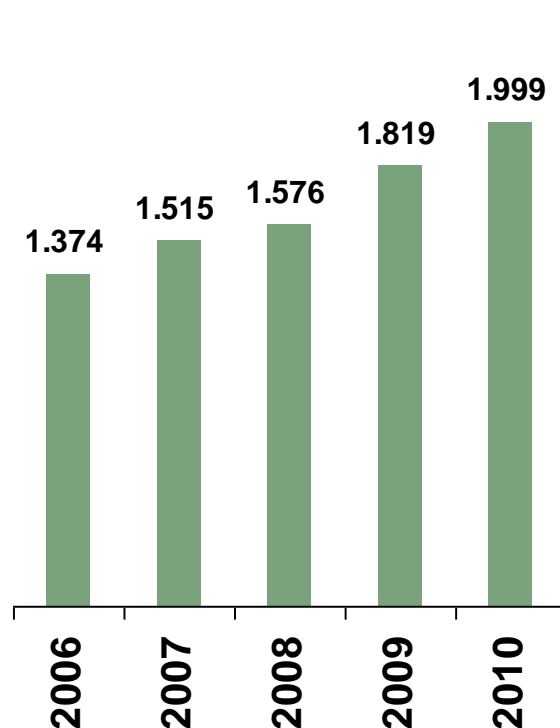
Margins %	2009	2010	Change p.p.
Gross	38.9%	40.6%	1.7
EBIT	10.4%	13.2%	2.8
EBITDA	12.2%	15.0%	2.8
Net	18.7%	19.5%	0.8

Share	2009	2010
Profit per share R\$	R\$0.9052	R\$1,0388
Share price (31/12/10) R\$	R\$9.95	R\$9.32
Book value per share R\$	R\$4.87	R\$5.57
Market cap R\$	R\$2,992,164,000.00	R\$2,802,710,000.00

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

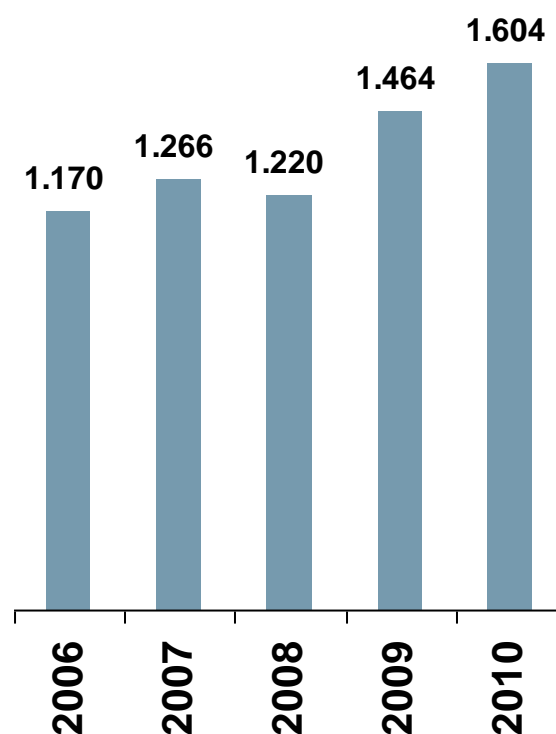
Gross sales revenue

CAGR (2010-06): 9.8%



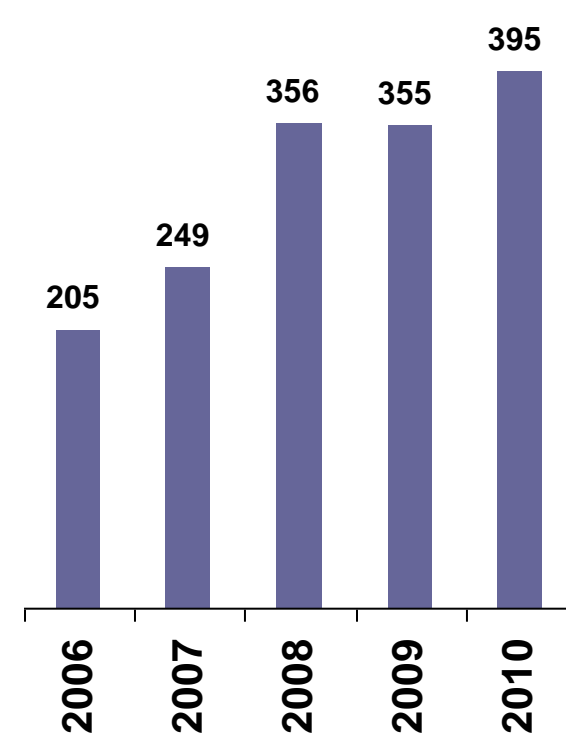
Gross sales revenue – domestic

CAGR (2010-06): 8.2%



Gross sales revenue – exports

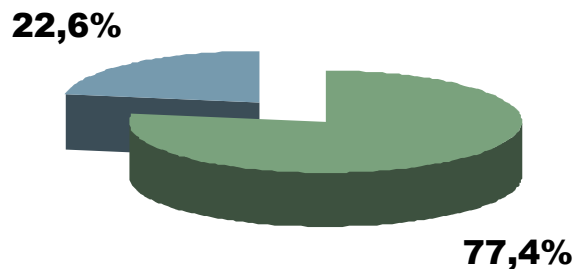
CAGR (2010-06): 17.9%



Market (%)

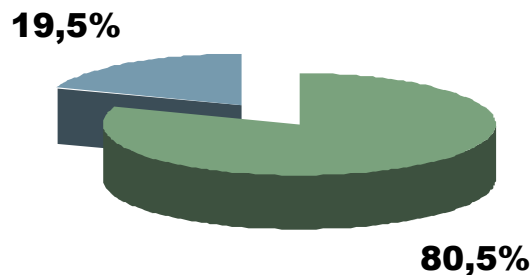
Gross sales revenue

2008



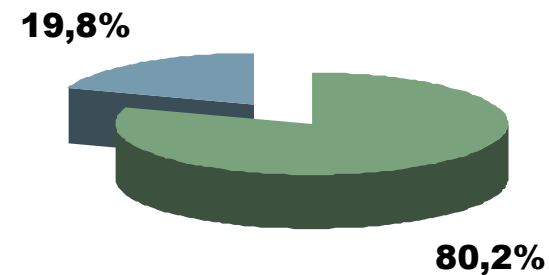
■ Domestic market ■ Exports

2009



■ Domestic market ■ Exports

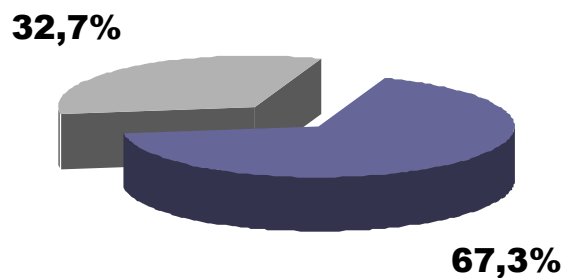
2010



■ Domestic market ■ Exports

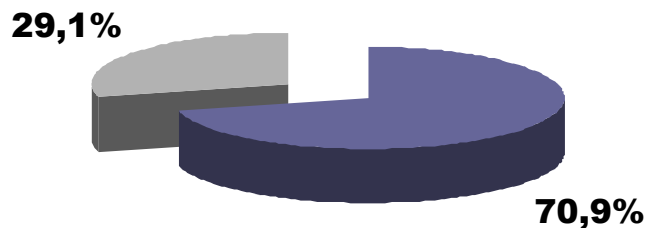
Sales volume

2008



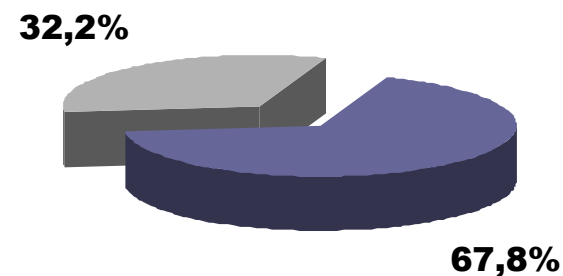
■ Domestic market ■ Exports

2009



■ Domestic market ■ Exports

2010

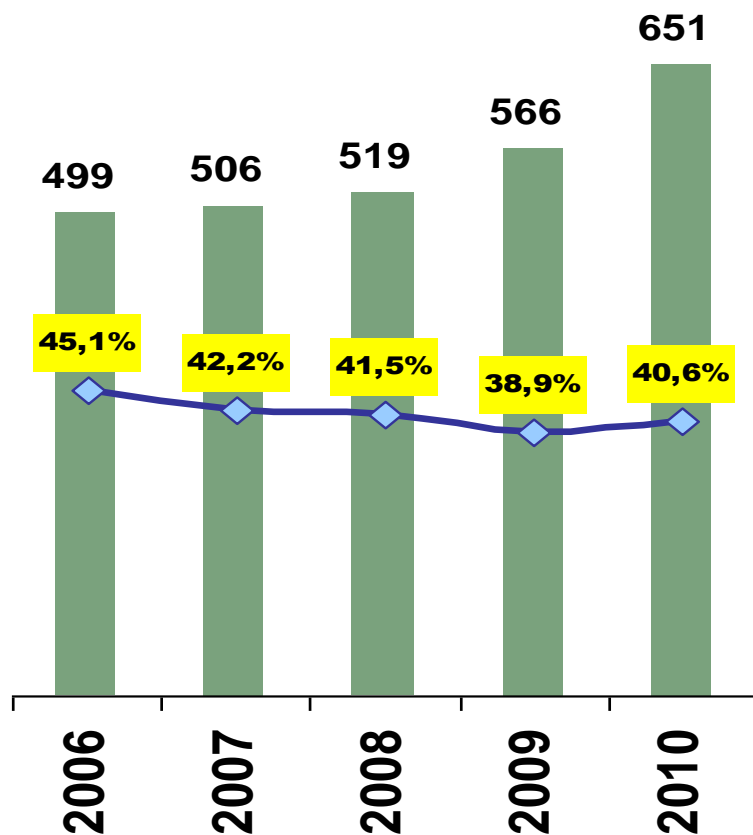


■ Domestic market ■ Exports

Results (IFRS) (R\$ million)

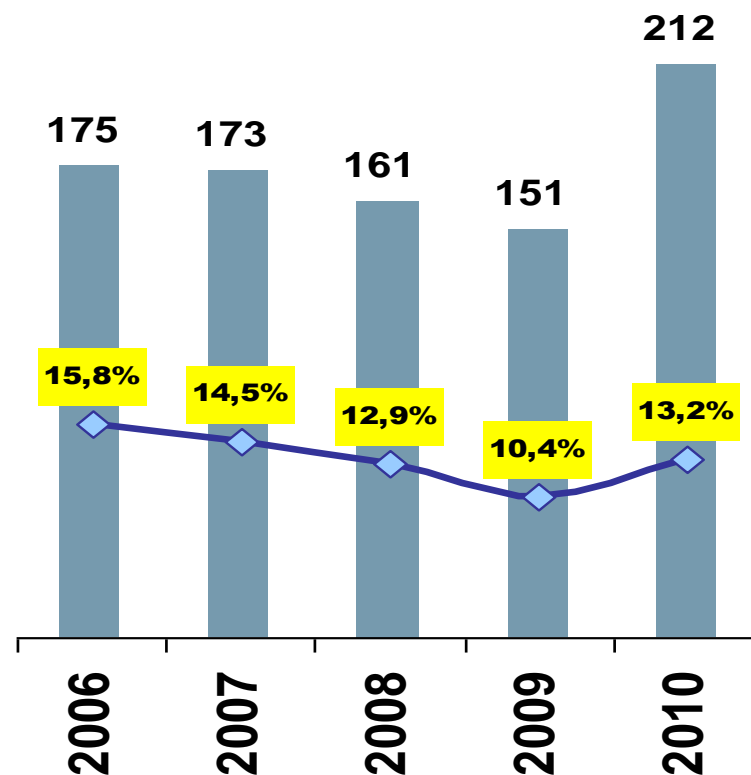
Gross profit / Gross margin

CAGR (2010-06): 6.9%



EBIT / EBIT margin

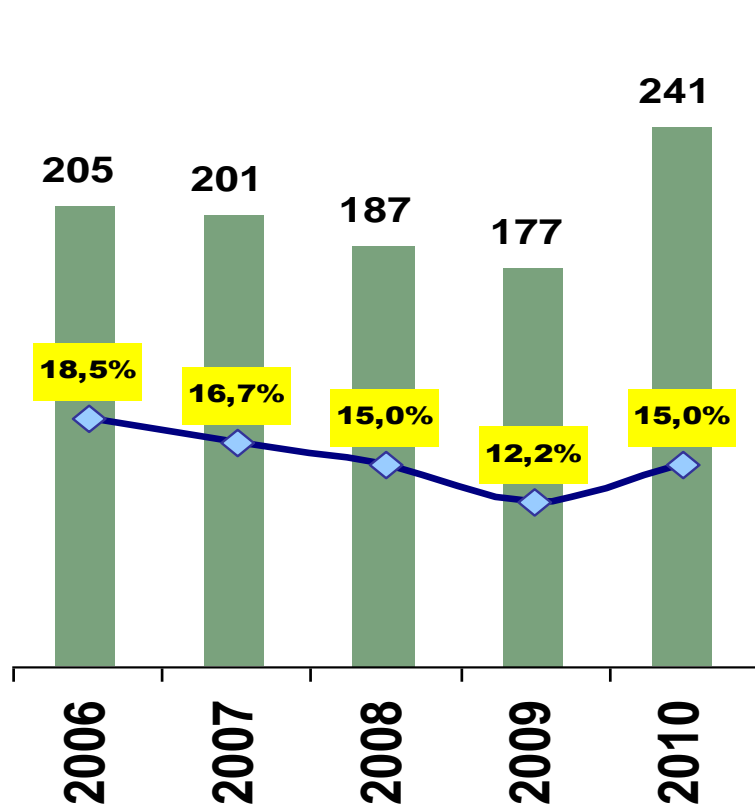
CAGR (2010-06): 5.0%



Results (IFRS) (R\$ million)

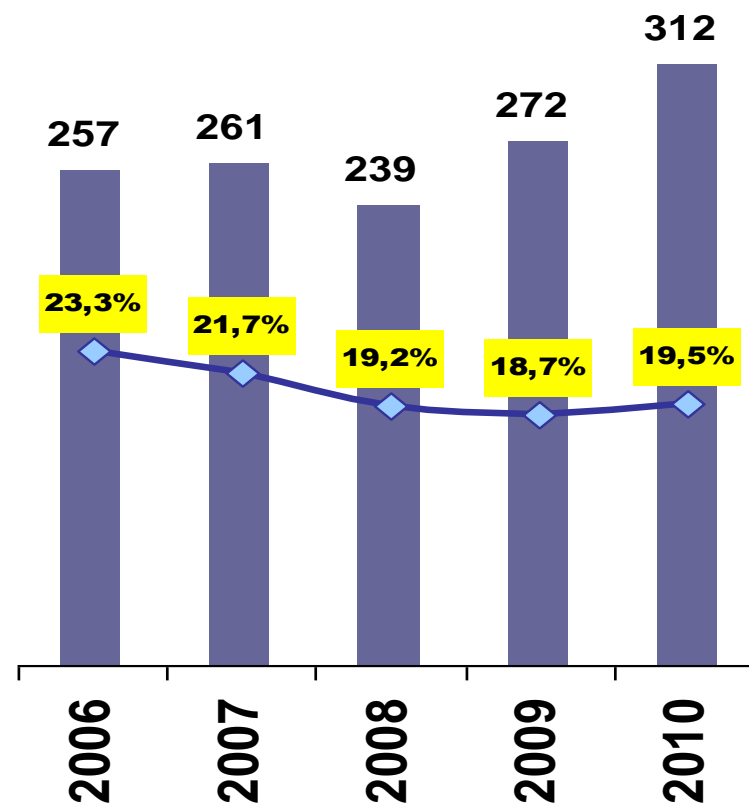
EBITDA / EBITDA margin

CAGR (2010-06): 4.1%



Net income / Net margin

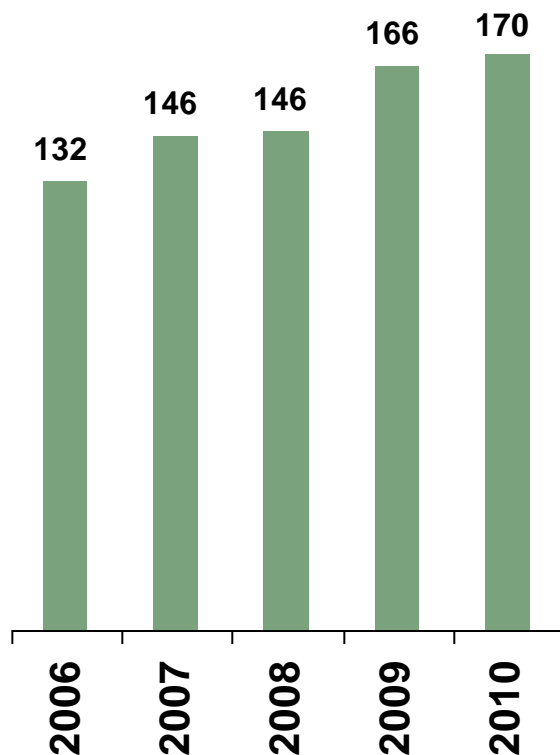
CAGR (2010-06): 5.0%



Production (Million pairs)

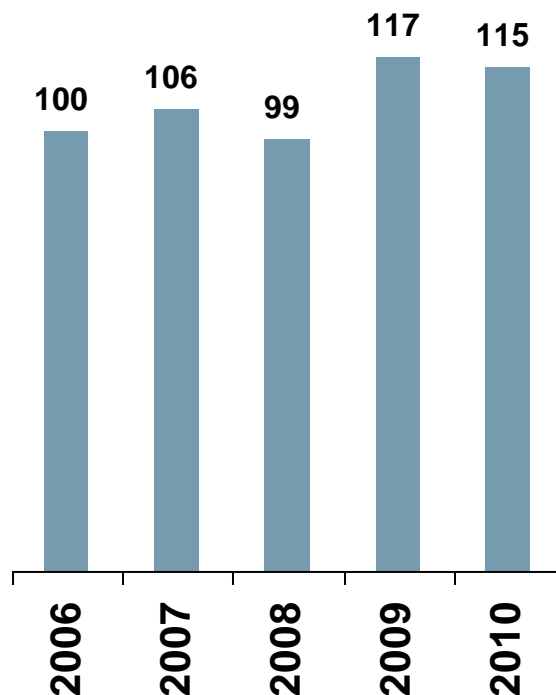
Sales volume

CAGR (2010-06): 6.5%



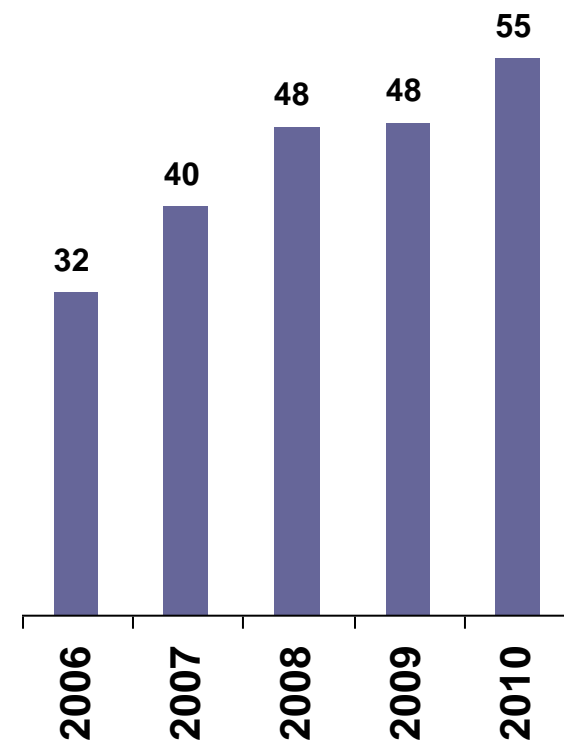
Sales volume – domestic

CAGR (2010-06): 3.4%



Sales volume – exports

CAGR (2010-06): 14.8%



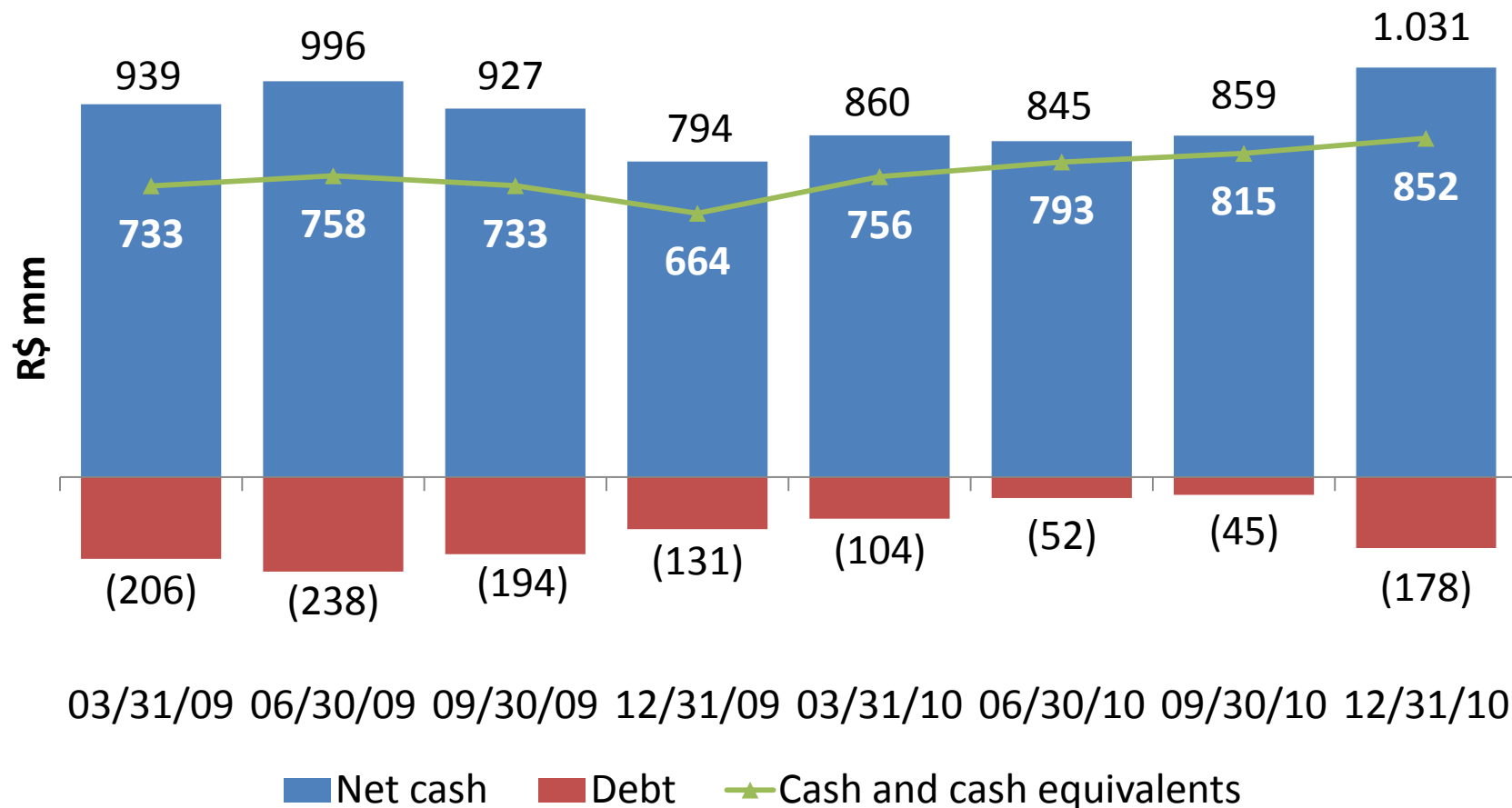
Growth of apparent consumption (2010-06): 2.7%

Operational result (IFRS)

(R\$ '000)

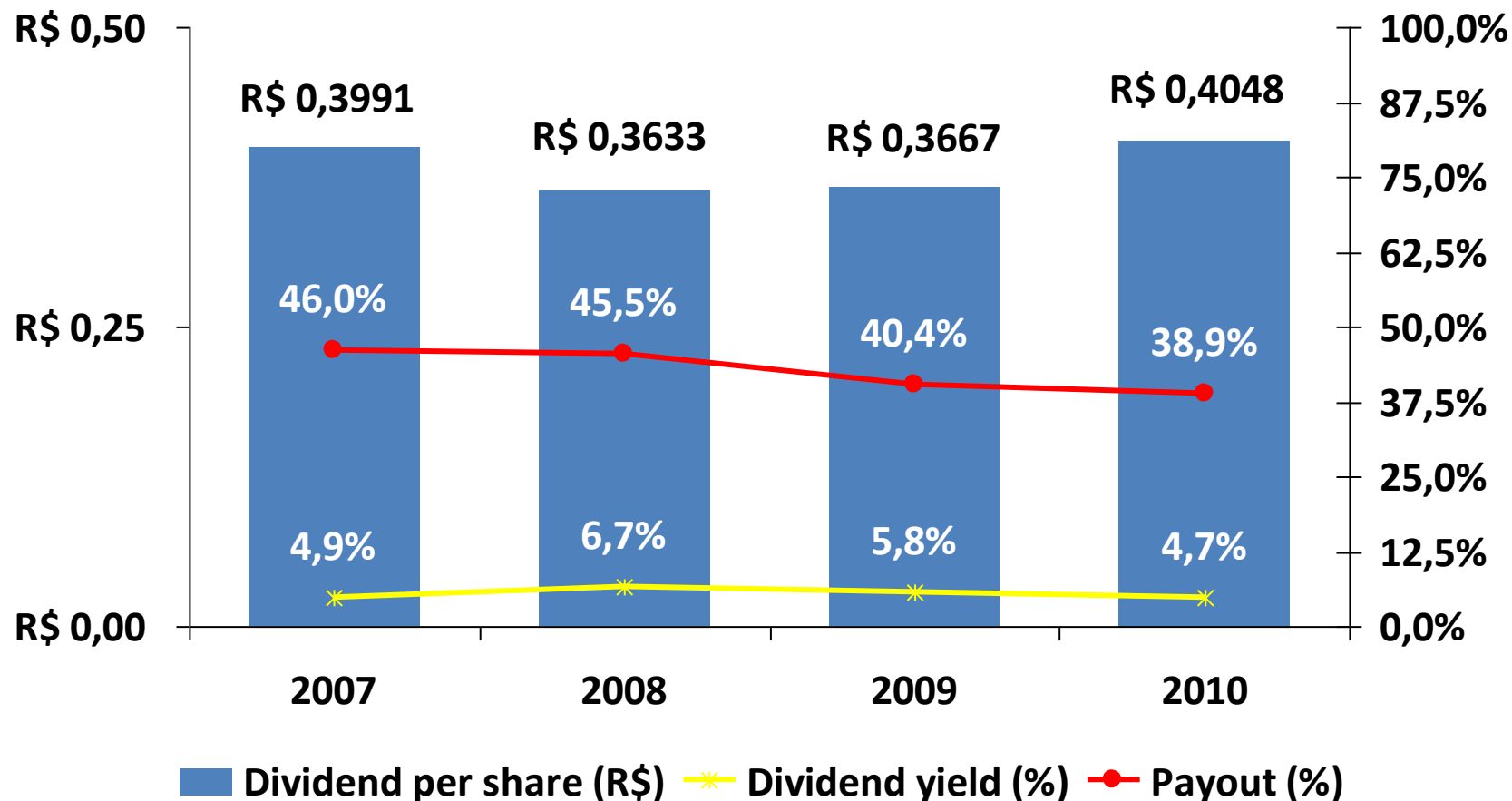
	2009	% V	2010	%V	%H	Marginal	%V
Domestic market	1,464,338	100.6%	1,603,820	100.0%	9.5%	139.482	93.8%
Exports	355.024	24.4%	394.766	24.6%	11.2%	39.742	26.7%
Gross sales revenue	1.819.362	125.0%	1.998.586	124.6%	9.9%	179.224	120.5%
Sales deduction	(363.605)	(25.0%)	(394.079)	(24.6%)	8.4%	(30.474)	(20.5%)
Net sales revenue	1.455.757	100.0%	1.604.507	100.0%	10.2%	148.750	100.0%
Cost of sales	(889.711)	(61.1%)	(953.261)	(59.4%)	7.1%	(63.550)	(42.7%)
Gross profit	566.046	38.9%	651.246	40.6%	15.1%	85.200	57.3%
Operating income (expenses)							
Selling expenses	(356.275)	(24.5%)	(377.010)	(23.5%)	5.8%	(20.735)	(13.9%)
General and administrative expenses	(57.854)	(4.0%)	(58.938)	(3.7%)	1.9%	(1.084)	(0.7%)
Management fees	(1.123)	(0.1%)	(2.940)	(0.2%)	161.8%	(1.817)	(1.2%)
EBIT	150.794	10.4%	212.358	13.2%	40.8%	61.564	41.4%
Other operating income	3.200	0.2%	3.368	0.2%	5.3%	168	0.1%
Other operating expenses	(1.810)	(0.1%)	(7.313)	(0.5%)	304.0%	(5.503)	(3.7%)
Operating result before financial revenue (expenses)	152.184	10.5%	208.413	13.0%	36.9%	56.229	37.8%

Net cash, debt and cash and cash equivalents



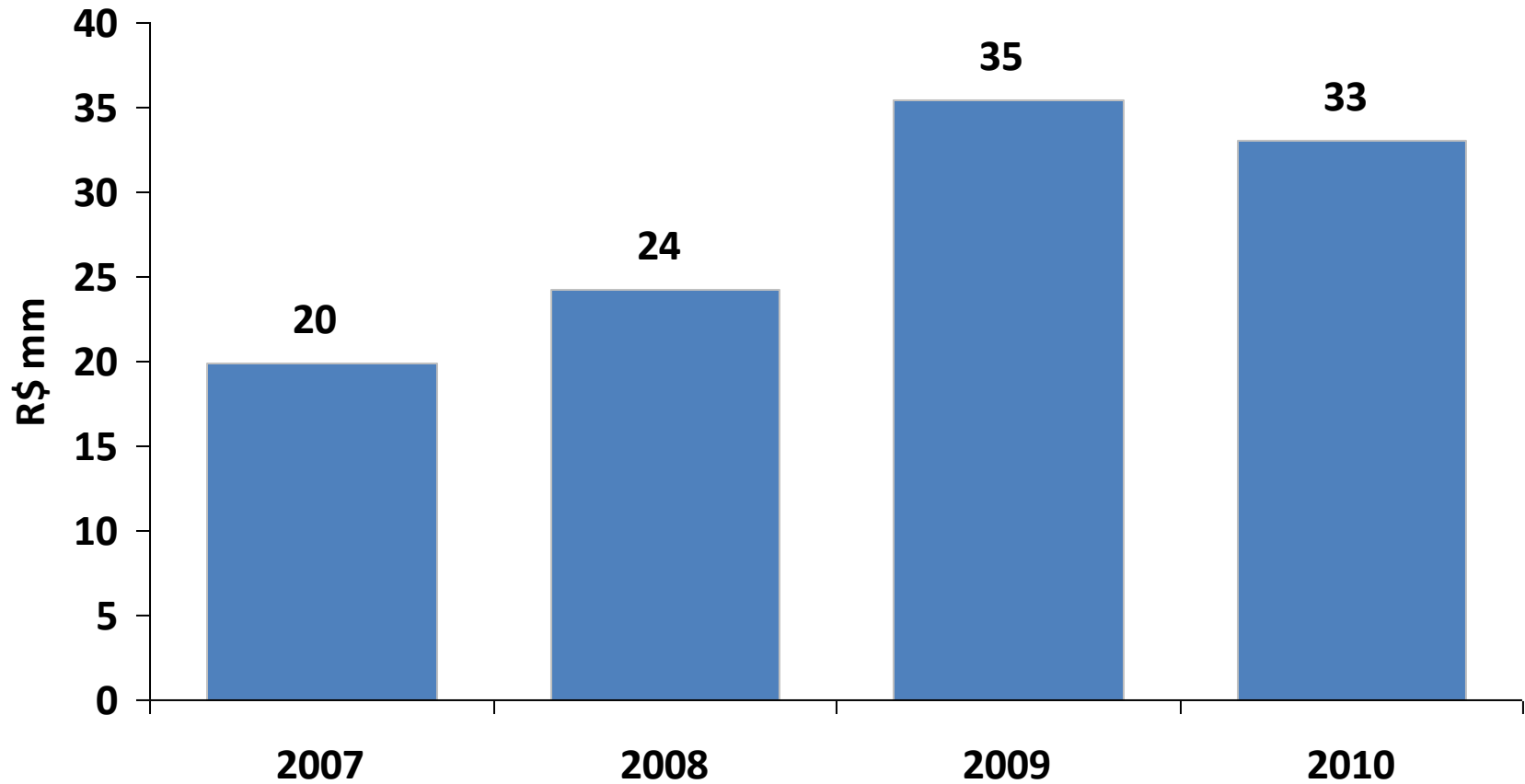
Strong cash flow

Dividends



Dividend yield: profit per share divided by the average share price during the year.

Low need for Capex



Outlook

- **Galeria Melissa** (the brand's concept store): In the **next 2 years** Grendene **will open** Galeria Melissa in **New York, Paris e Tokyo.**



Guidance



Targets for 2009 – 2013 / 2011 – 2015

Gross revenue – CAGR: 8% - 12% over the next 5 years.

Net profit – CAGR: 12% - 15% over the next 5 years.

Advertising expenses: average: 8% - 10% of net revenue over this period.

We believe that in this period we may have some years with greater growth than these rates, as was the case in 2009, and others with lower growth, but we intend, on average, to achieve this target.

Thank you!

Francisco Schmitt
Investor relations officer
schmitt@grendene.com.br
(5554) 2109.9022



40 years old

Further information:

Internet: <http://ri.grendene.com.br>

Email: dri@grendene.com.br