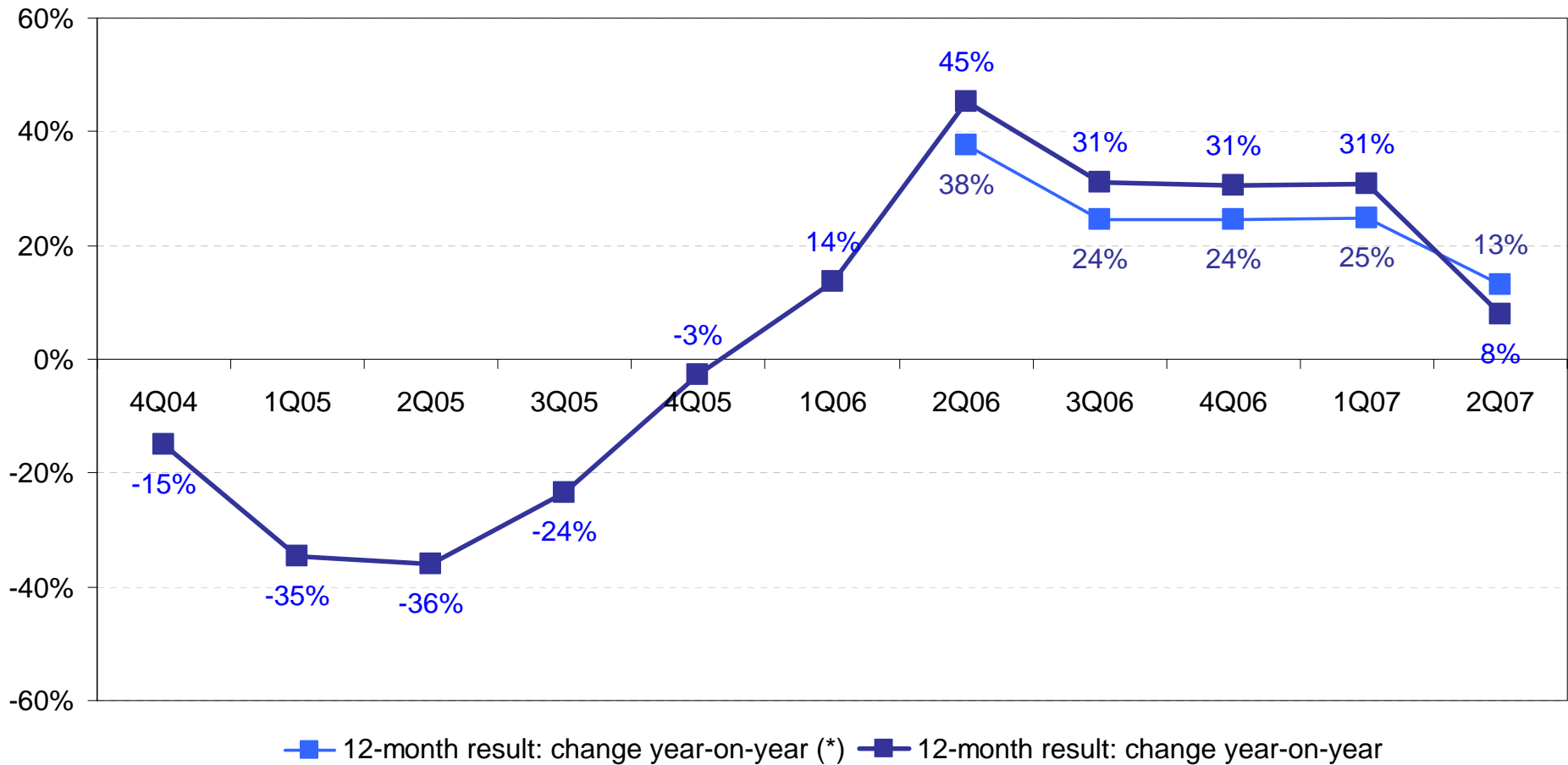


Grendene®

Meeting with Investors

2Q07 earnings

Adjusted net income



(*) without non-recurring revenues

2Q07

YoY highlights

1H07

- **Gross revenue**, R\$ 253.7 mn, 1.6% up
 - **Sales volume** 13% higher
 - **Average price** 10% lower
 - **Domestic revenue** flat and volume 10% higher
 - **Exports revenue** 23.6% up in dollar, average price flat in dollar and volume 23% higher
 - **Gross profit** flat, gross margin around 37%
 - **Adjusted EBITDA** at R\$ 34.5 mn, 9.1% lower, margin 17.4% (R\$ 38mn, margin 19.3%)
 - **Adjusted net income** at R\$ 31.2mn, 25.3% lower, margin 15.7% (R\$ 41.8 mn, 21.2%), without non-recurring revenue: flat at R\$ 29.5mn, margin 15%
- **Gross revenue**, R\$ 580.2mn, 8.4% higher
 - **Sales volume** 2.2% up
 - **Average price** 6% higher
 - **Domestic revenue**: 5% up, volume 4.2% lower
 - **Exports revenue** 34% higher in dollar, average price 14% up and volume 4.2% lower
 - **Gross profit** 5.9% higher, gross margin flat, ~37%
 - **Adjusted EBITDA** at R\$ 95.7mn, 7% up, margin flat (around 21%)
 - **Adjusted net income** at R\$ 78.7mn, 5.5% lower, margin 17.2% (R\$ 83.3 mn, 19.6%), without non-recurring revenue: 8% higher, R\$ 77mn (R\$ 71.3 mn), net margin flat (around 17%)
 - **Net cash** in June 30, 2007 at R\$ 602.4mn, 59% up from December 31, 2006.
 - **Interim dividends**: R\$ 30mn will be paid from August 22, 2007 (Ex-dividend on August 07, 2007)

Main financial and economic indicators

Guidance

Guidance given to market

- Gross revenue in 1H07 higher than 1H06
- Sales volume in 1H07 slightly higher than 1H06
- Average price in 1H07 higher than 1H06

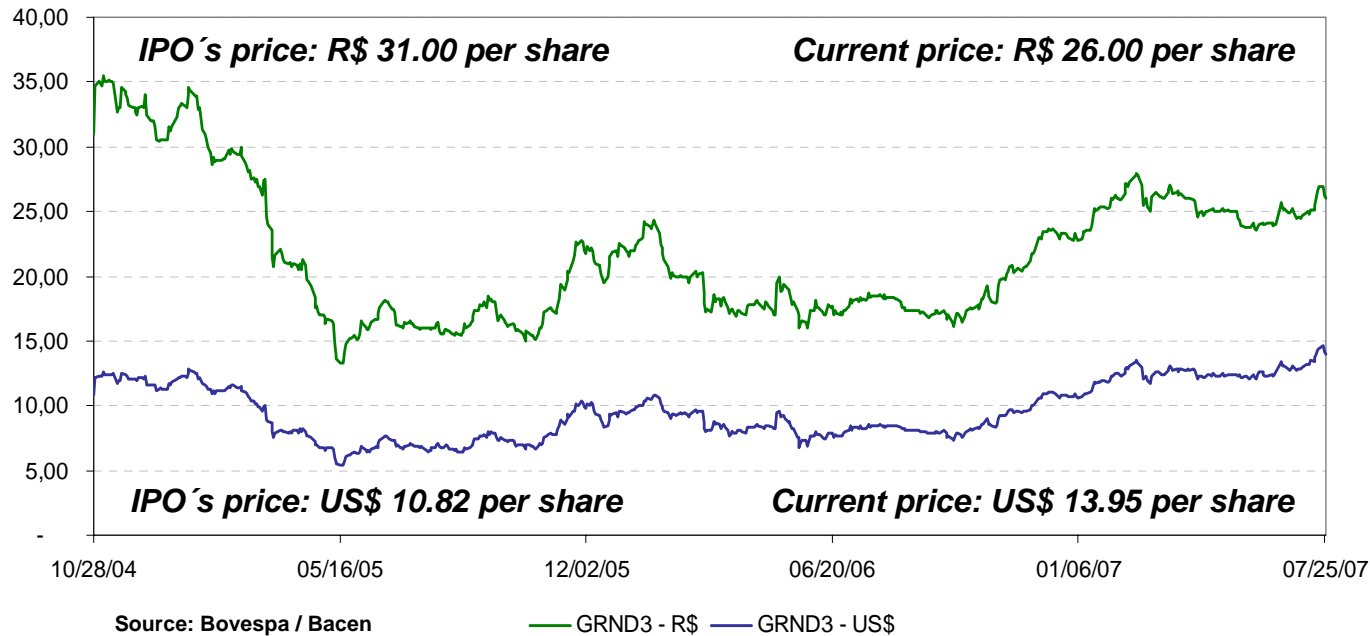
Actual

+ 8.4%
+ 2.2%
+ 6.0%

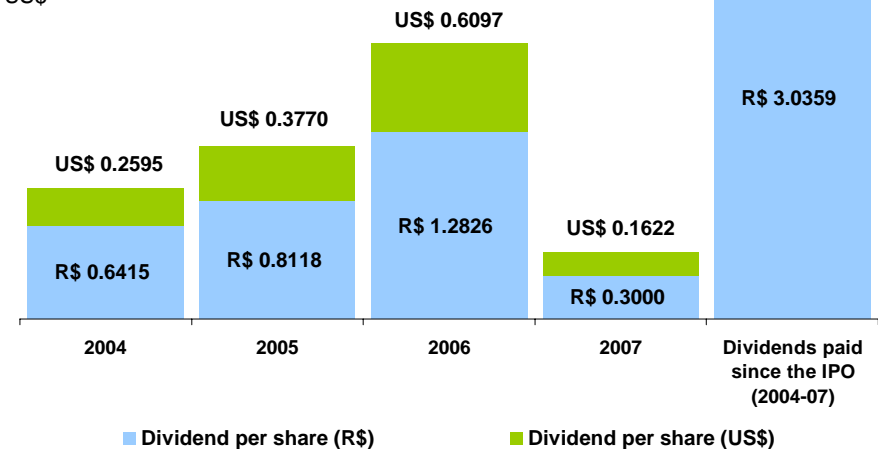
Gross Revenues	249.7	253.7	1.6%	535.2	580.2	8.4%
Domestic	217.3	217.5	0.1%	446.4	468.9	5.0%
Exports	32.4	36.2	11.7%	88.8	111.3	25.3%
Net Sales	197.1	198.8	0.9%	425.3	457.2	7.5%
Gross Profit	72.9	72.7	(0.4%)	158.6	168.1	5.9%
Adjusted EBITDA	38.0	34.5	(9.1%)	89.4	95.7	7.0%
Net Financial Result	14.8	6.2	(58.3%)	21.8	8.0	(63.3%)
Adjusted Net Income	41.8	31.2	(25.3%)	83.3	78.7	(5.5%)
Adjusted Net Income (*)	29.8	29.5	(0.9%)	71.3	77.0	8.0%
EPS (R\$ per share)	0.42	0.31	(25.3%)	0.83	0.79	(5.5%)
Sales Volume (million pairs)	22.3	25.2	12.8%	55.7	56.9	2.2%
Average Price (R\$)	11.17	10.06	(9.9%)	9.62	10.20	6.0%
Adjusted Margins – as a % of net sales	1Q06	1Q07	Var.(bps)	1H06	1H07	Var.(bps)
Gross	37.0%	36.5%	(50)	37.3%	36.8%	(50)
EBITDA	19.3%	17.4%	(190)	21.0%	20.9%	(10)
Net	21.2%	15.7%	(550)	19.6%	17.2%	(240)
Net (*)	15.1%	14.9%	(20)	16.8%	16.8%	7

(*) without non-recurring revenue

Shares evolution and dividend distribution

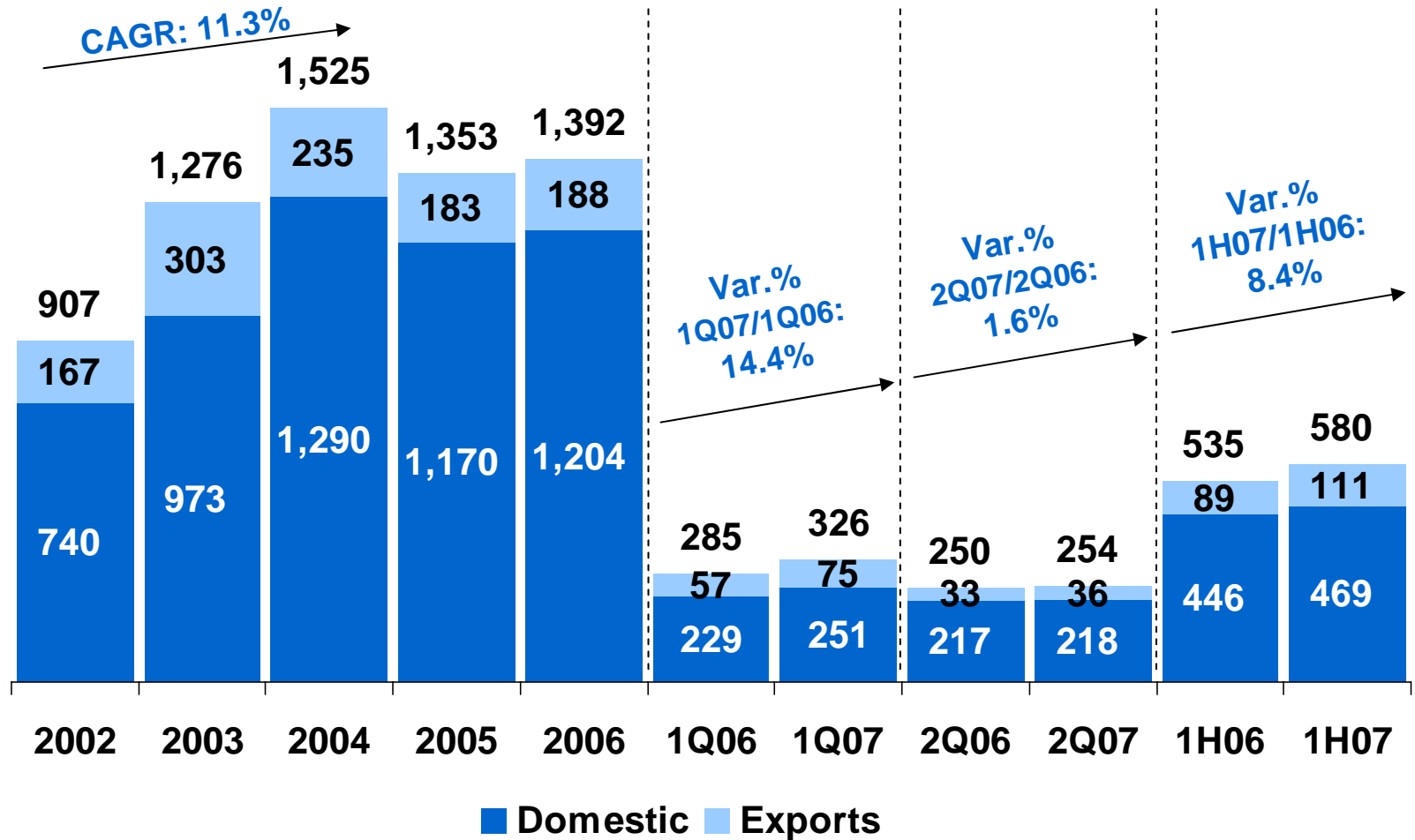


Grendene paid in dividends 13% since the IPO (2004 – 2007) taking in account the price in US\$ issued on October 28, 2004.



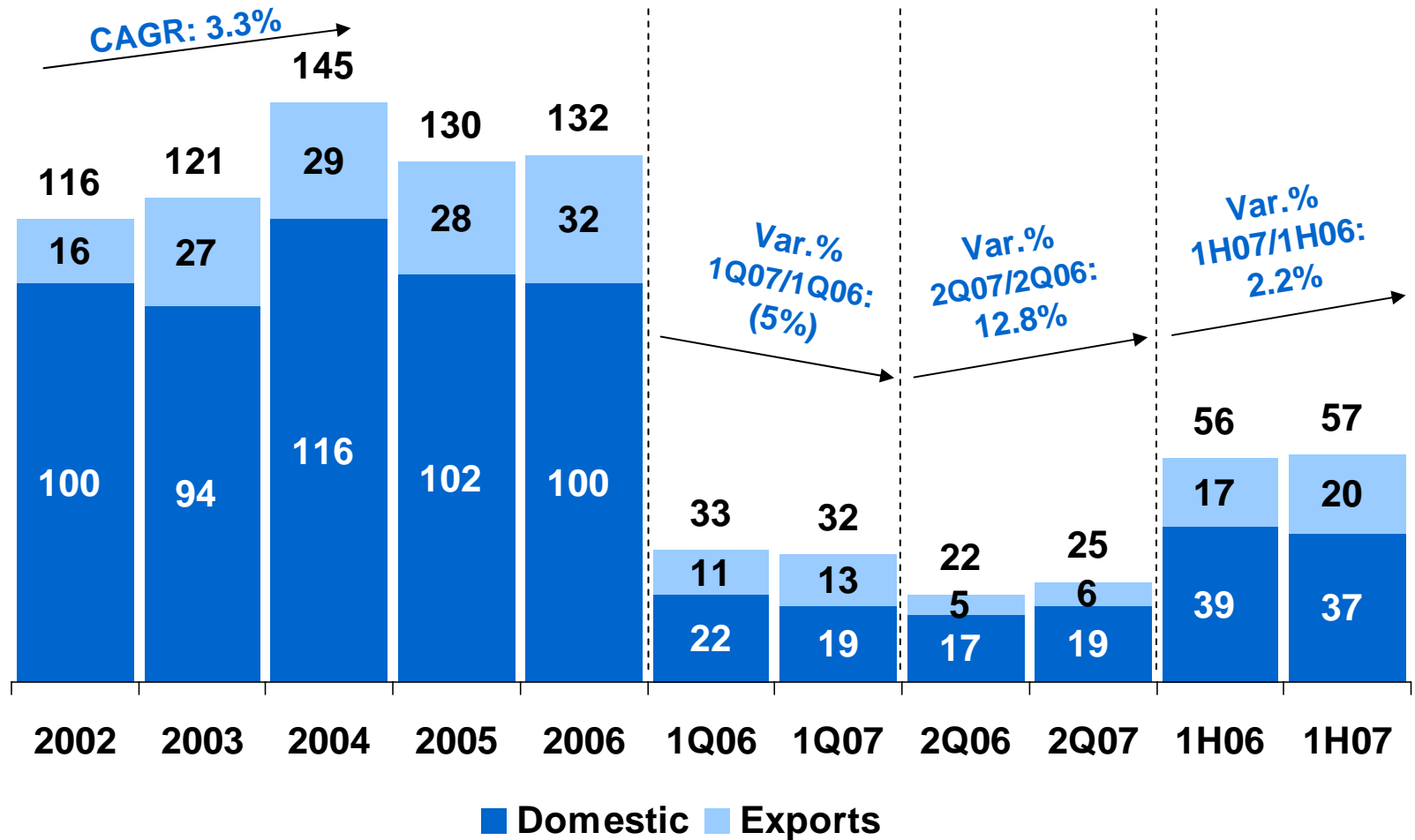
Operational performance

Gross revenues (in mn of Reais)



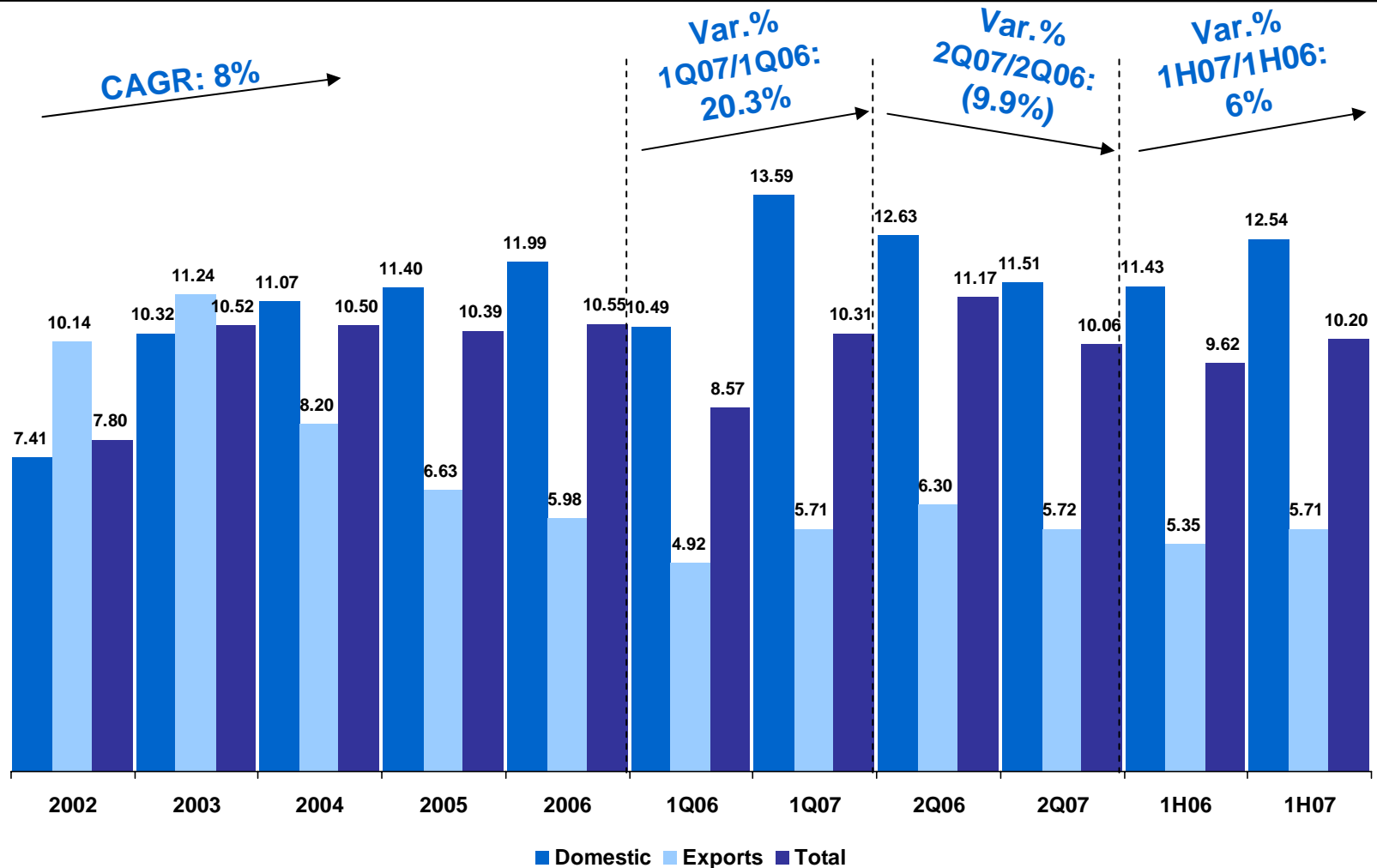
Operational performance

Sales volume (in mn of pairs)



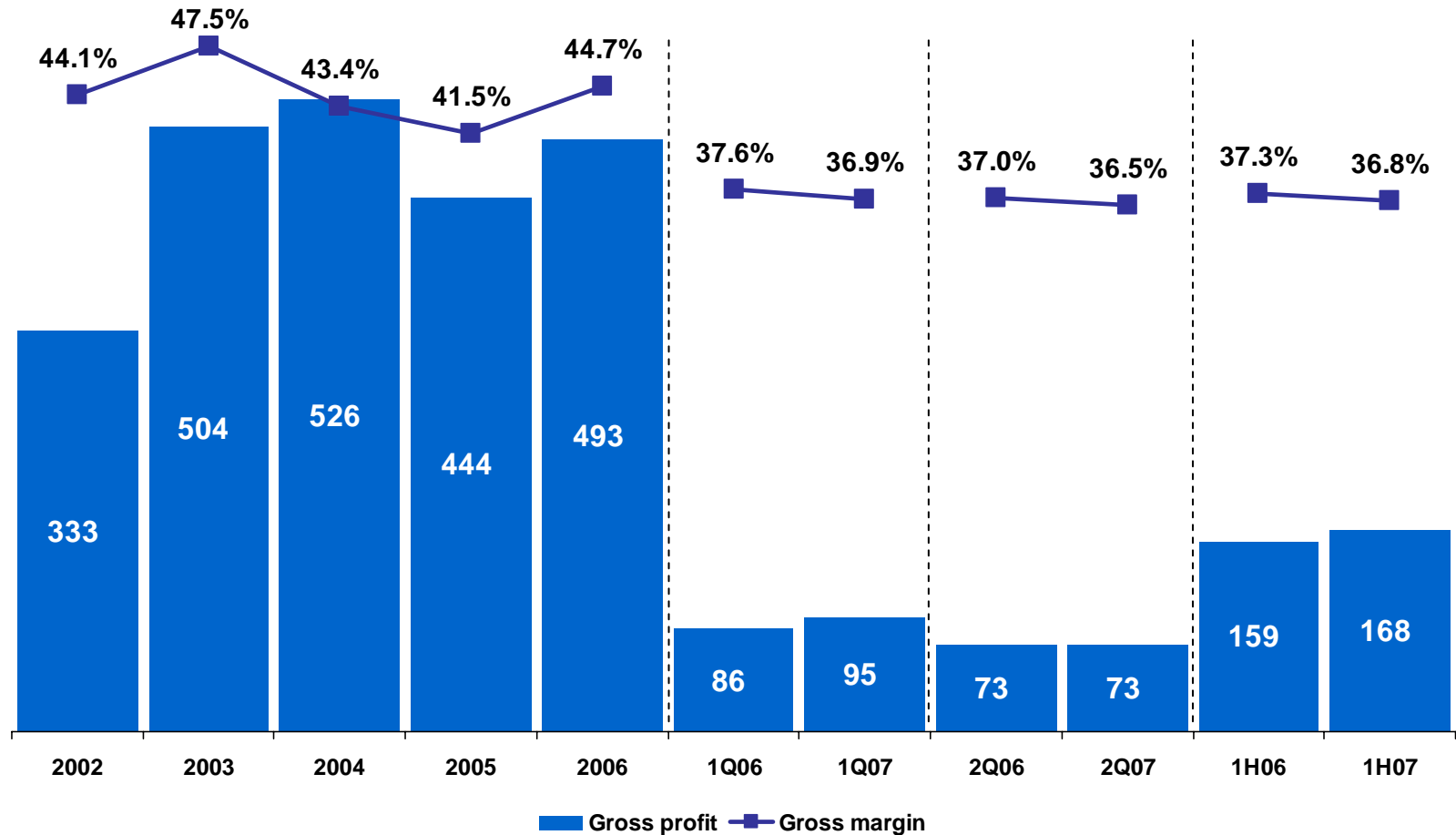
Operational performance

Average price (in Reais)



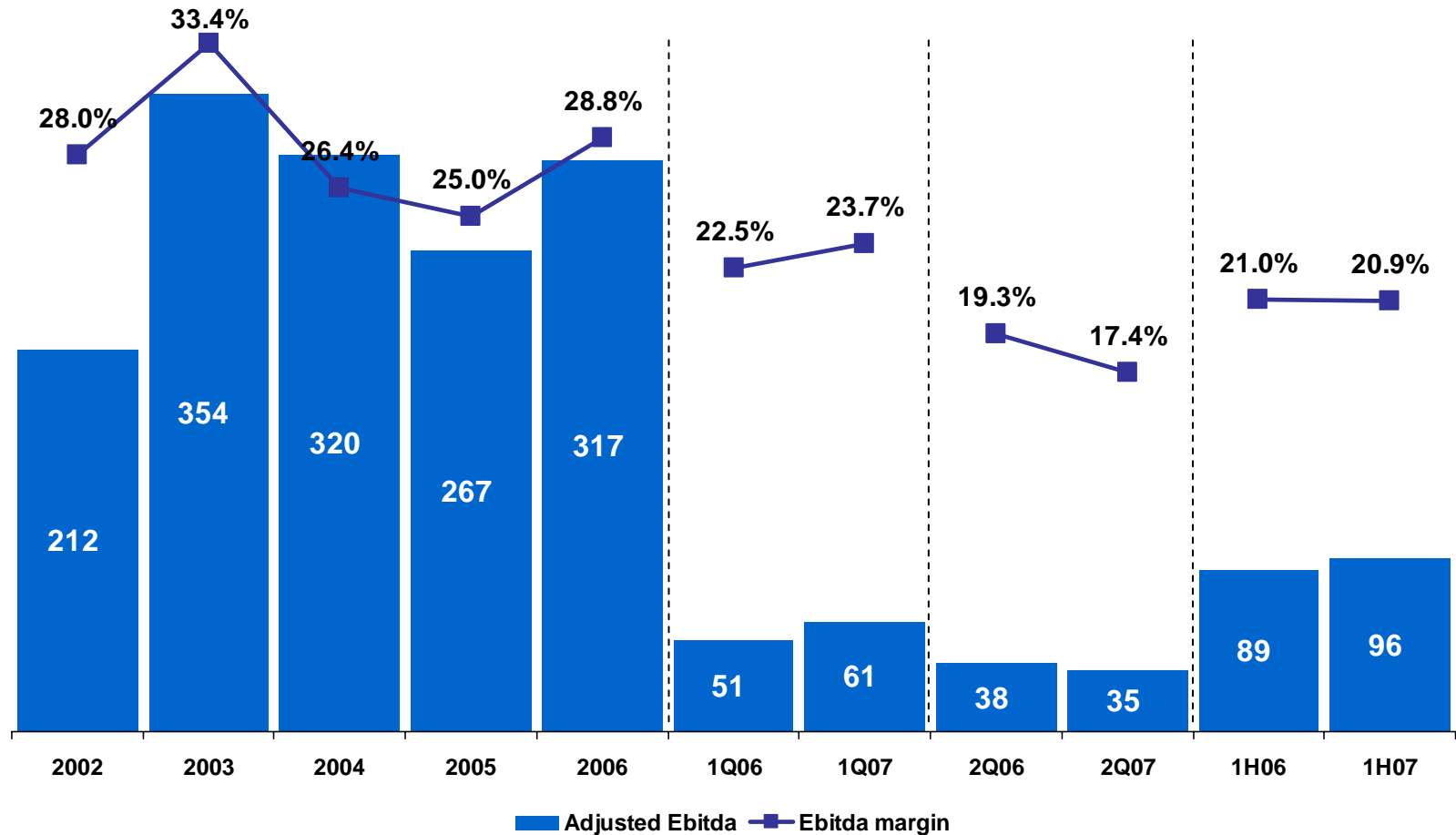
Operational performance

Gross profit (R\$ mn) and gross margin (%)



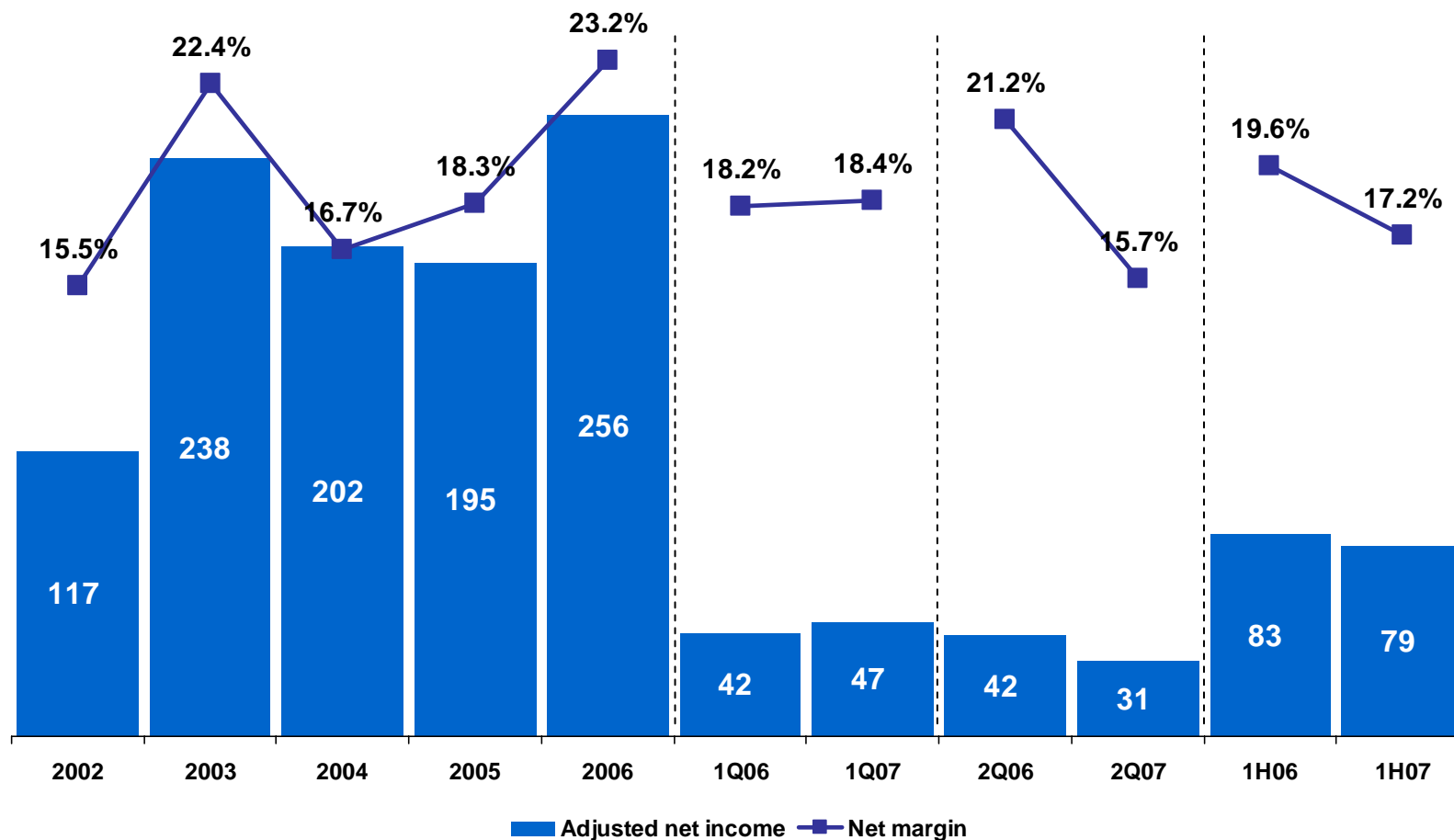
Operational performance

Adjusted Ebitda (R\$ mn) and Ebitda margin (%)



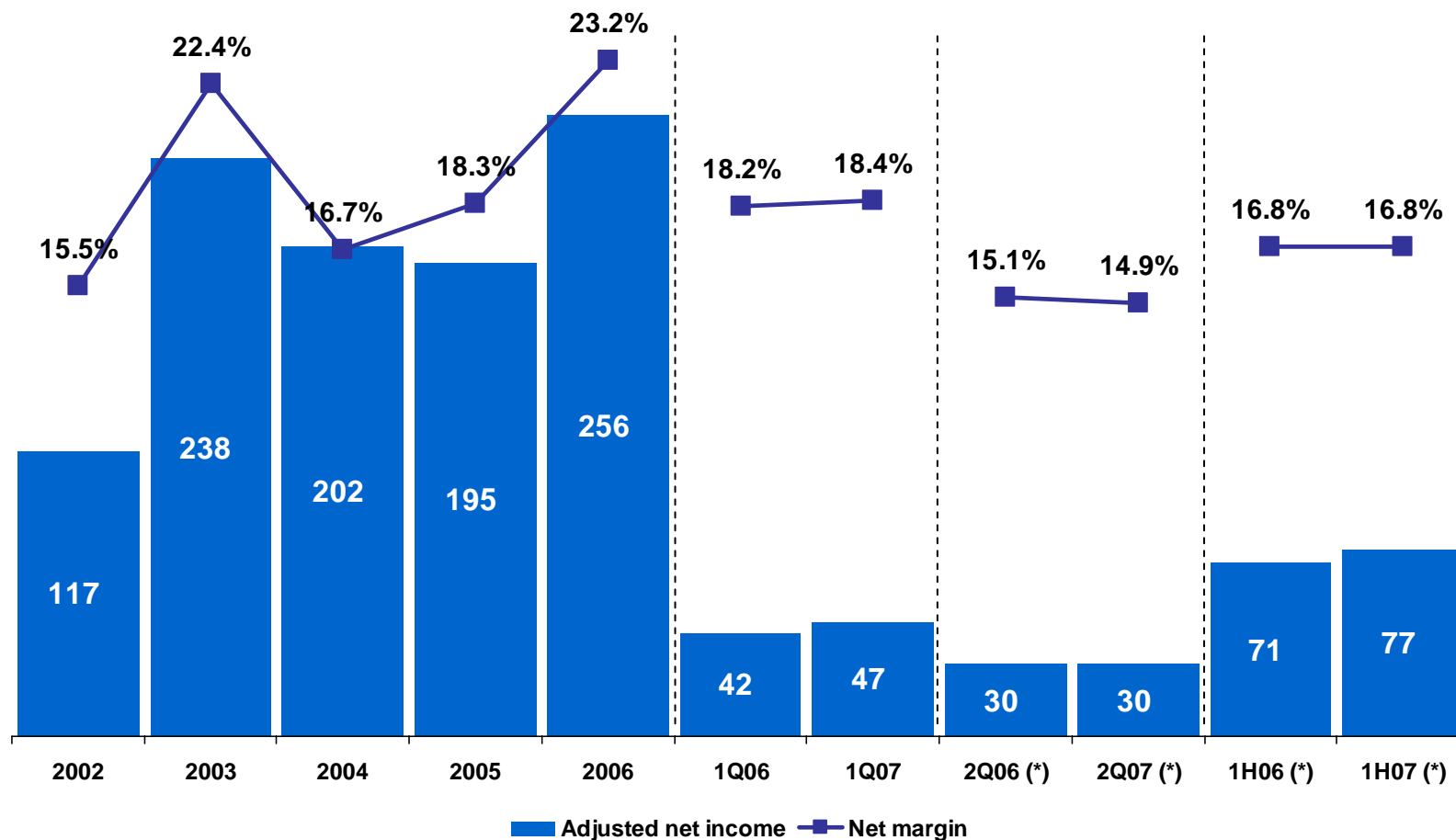
Operational performance

Adjusted net income (R\$ mn) and net margin (%)



Operational performance

Adjusted net income (R\$ mn) and net margin (%)



(*) Without non-recurring revenue

Domestic market highlights

- **Well-succesed repositioning** of mass-market products in the 2Q07, contributed on sales volume 9.8% higher
- Hiring of ads agency Africa for ***Ipanema*** brand repositioning with the beginning of the flip-flops ads campaign “**Only Ipanema has the Anatomic**s” (“*As Anatómicas, só a Ipanema tem*”) from July of 2007 on
- The average price 8.9% lower reflected the higher weighting of lower added value products in the **product mix** in 2Q07
- **Maintaining the strategy** of launching products with higher perceived value
- Expansion of **licensings and accessories** in the children’s segment
- Increased **promotional campaigns**
- **Reduction in the average cost** per pair in 10.2%, following the average price decrease

Exports highlights

- Grendene accounted for 21.3% **market share in 1H07** to vis-a-vis 17.6% in 1H06 (Decex)
- **Brands globalization:** Melissa & Ipanema Gisele Bündchen
- **Consumption growth** in Europe, South America, Middle East and Africa
- **Exports breakdown** by volume and region

	2006		Pairs (in '000)		2006/05	
		%	2005	%	Var. %	
North America	13,457	42.7%	12,169	44.0%	10.6%	
South America	12,211	38.8%	9,786	35.4%	24.8%	
Europe	3,408	10.8%	3,607	13.0%	(5.5%)	
Others	2,427	7.7%	2,094	7.6%	15.9%	
Total	31,503	100.0%	27,656	100.0%	13.9%	

	1H07		Pairs (in '000)		1H07/1H06	
		%	1H06	%	Var. %	
North America	6,579	33.8%	8,883	53.5%	(25.9%)	
South America	5,450	28.0%	3,810	22.9%	43.0%	
Europe	4,762	24.5%	2,666	16.0%	78.6%	
Others	2,686	13.8%	1,252	7.5%	114.5%	
Total	19,477	100.0%	16,611	100.0%	17.3%	

Outlook and guidance

2007

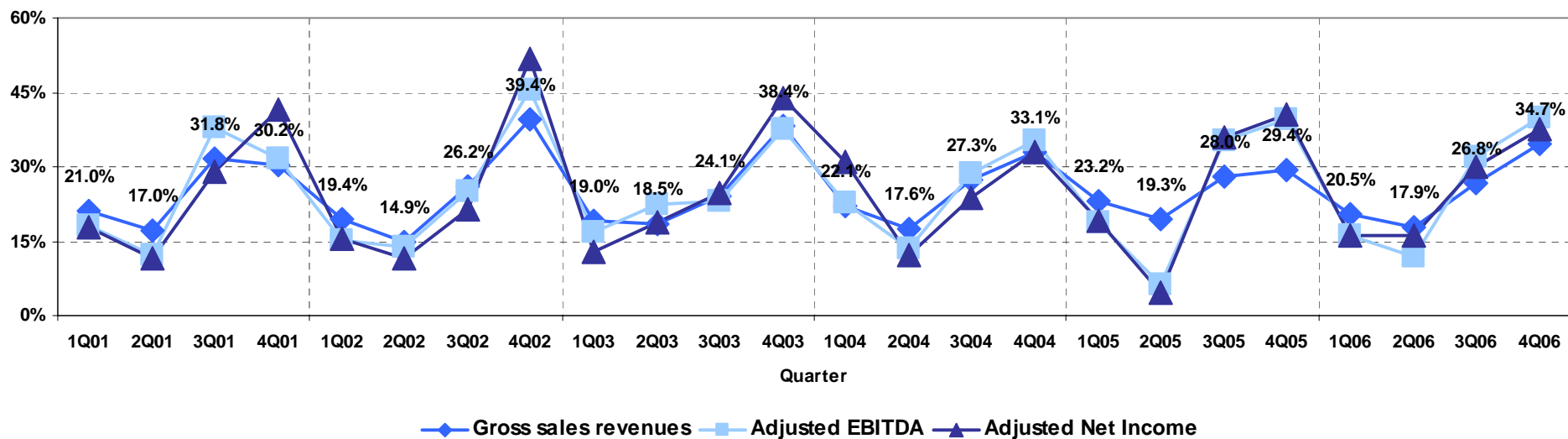
- **Gross revenue** in 2007 **higher** than 2006
- **Sales volume** in 2007 **higher** than 2006
- **Average price** in 2007 **in line** with 2006
- **Capex** R\$ 10 mn in 2007, including the new plant in Bahia (5% of current installed capacity of 176 mn pairs per year)
- **Teixeira de Freitas (BA)** startup in September, 2007.
- **Advertising expenditure** between 8% to 9% of net sales in 2007
- Maintaining of the **dividends policy** of up 100% of distributable net income
- **Small improvement** in gross margin, EBITDA margin and net margin.

Reasons for the guidance

- **Domestic market** was based e estimates on the following factors:
 - (i) new **spring-summer collection** (Francal in July 2007), with new technologies and novelties in design and materials
 - (ii) new **marketing campaigns** with linked to sustainability: Agua (Water) project of Ipanema G2B (continuity from Y Ikatu Xingu project) and Mormaii NeoCycle (recycled sandals and flip-flops)
 - (iii) widening of **licensing, accessories and campaigns** in the kid's segment with associated campaigns
 - (iv) Still **higher competitiveness** with the Bahia plant star-up
 - (v) well-succesed **repositioning** of mass-market products and the beginning of "As Anatômicas, só a Ipanema tem"
 - (vi) maintaining the **strategy** of launching products with **higher added value**
 - (vii) increase in the **real disposable income** and recovering of domestic consumption
- **Exports** good outlook maintained:
 - (i) strategy of **globalization** of brands with good results: *Melissa* and *Ipanema GB*
 - (ii) widening the **number of countries** with sales of the brand Ipanema GB
 - (iii) new collection and campaign of **Ipanema G2B** in 2H07; and
 - (iv) **sustained growth** in all markets

Seasonality is part of the business

Seasonality

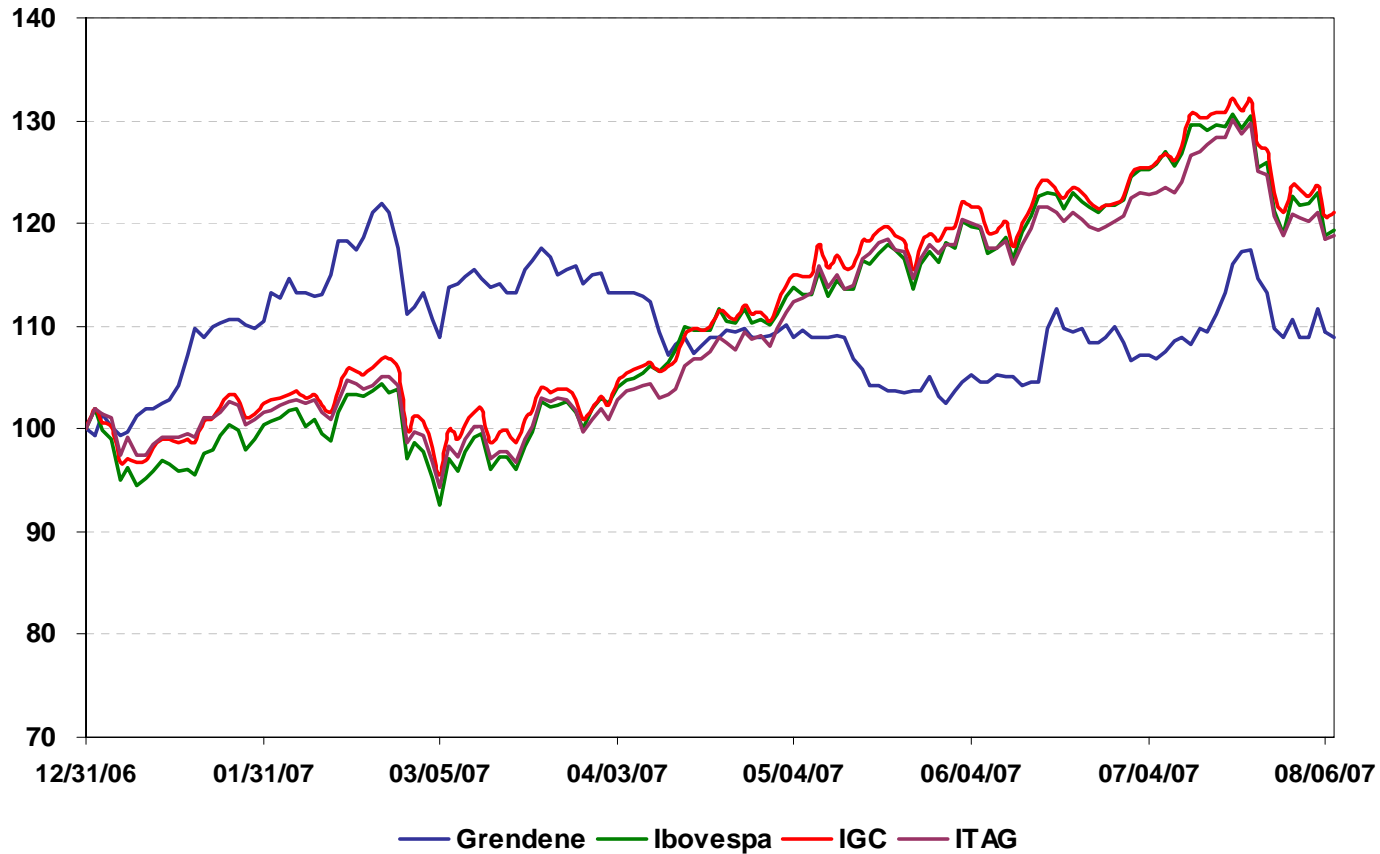


Medium and long term strategy

- **Top line recovery emphasis:** to present growth in the revenue and sales volume indicators, with defined strategies for domestic and export markets
- Objective to **grow structurally**, developing in its differentiated business model
- Enough room for **organic growth** and value and volume market share gains, evaluating opportunities that can be a good deal for the Company
- **Constant costs and expenses control**, looking for productivity and margin gains
- **Globalization** in some **brands** to improve revenues and volume in exports
- **Exports** improving with sustained growth (nine quarters in a row)
- **Products launching validation:** retailers, traders and consumers (research)
- **Investment** in differentiated evolution in the plastic technology = **Grendene's DNA**
- Emphasis in increase more and more the **competitiveness**
- **Tripod:** (i) *low-end and high-end product mix in the portfolio*; (ii) *market and segments diversification*; and (iii) *ideal product mix: cost / price / marketing*

“GRND3” Share evolution

Basis 100 = Dec. 31, 2006



Evolution in the average daily trading and number of trades

	average volume of shares (#)				Average volume (in R\$)			
	Per trade	Var. %	Daily	Var. %	Per trade	Var. %	Daily	Var. %
Acumulated 2004 (Nov-Dec)	4,213		718,616		139,788		24,013,037	
Average (monthly)	1,404		239,539		46,596		8,004,346	
Acumulated 2005	19,735		1,830,560		384,026		37,748,688	
Average (monthly)	1,645	17.1%	152,547	(36.3%)	32,002	(31.3%)	3,145,724	(60.7%)
Acumulated 2006	22,906		1,734,000		438,830		34,029,417	
Average (monthly)	1,909	16.1%	144,500	(5.3%)	36,569	14.3%	2,835,785	(9.9%)
Acumulated 2007 (Jan-Jul)	16,277		644,395		406,674		16,136,600	
Average (monthly)	2,325	21.8%	92,056	(36.3%)	58,096	58.9%	2,305,229	(18.7%)

Company's Overview

Grendene is one of the world's largest producer of synthetic footwear, in house technology, approximately 180 mn pairs / year of installed capacity and 18 thousand actives employees.

Diversification / Products

- Presence in both markets: domestic ~86% in revenues (R\$) and 76% in volume; exports ~14% in revenues (R\$) and 24% in volume (2006)
- Segmentation: feminine, masculine, kids and mass consumption
- Constant innovation, product differentiation and value recognition, launching more than 400 products per year

Brands / marketing

- Strong marketing culture, strong national and global brands and the most important licenses
- Marketing campaigns associated to a sustainability projects and celebrities
- Alternative media, marketing segmentation, market niches, actions with traders and points of sales

Management improvements

- Rigid management discipline in costs and expenses reduction
- Raw material management and use of alternative materials
- National and international coverage in terms of logistic and distribution
- Human resources: Grendene Academy, IDP, management earning-oriented

Corporate governance

- 100% common shares and tag long
- Dividends policy to distribute up 100% of net income distributable
- Independent members in the board of directors
- Sustainability approach: triple bottom line (economic result, maximizing social impact and minimizing environmental impact)

Own brands

Grendene®

melissa



grendha



Main licenses

					
					
	 grendha® Ivete Sangalo	 Ipanema ★ Gisele Bündchen			

Grendene's IR Team

- **Alexandre Grendene Bartelle**
Chairman and IRD
- **Doris Wilhelm**
IRO
doris@grendene.com.br
(5554) 2109.9036

Analysts

- Alexandre Vizzotto
avizzotto@grendene.com.br
(5554) 2109.9011
- Lenir Baretta
lbaretta@grendene.com.br
(5554) 2109.9026

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