

# Grendene®

## 1H13 Results



**J. SAFRA**  
BANCO DE INVESTIMENTO

Meeting with investors  
São Paulo / SP / Brazil

# Grendene®

## 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

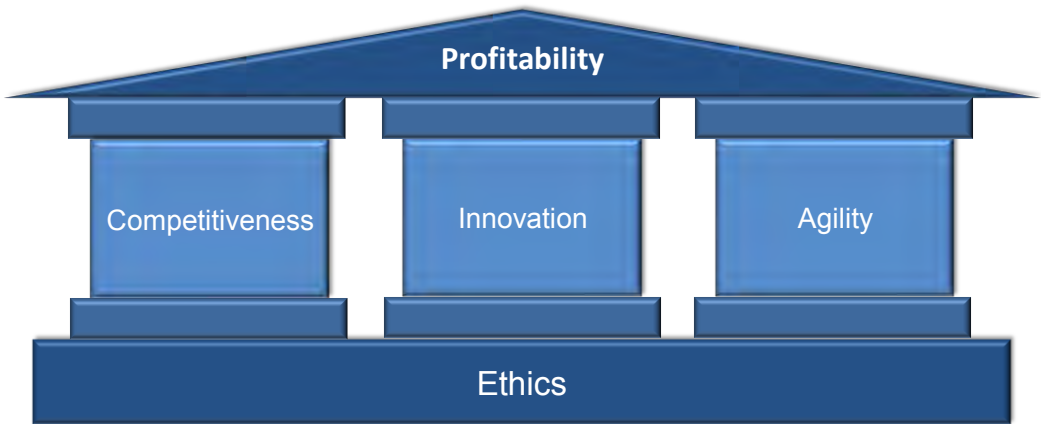
Mission & Values
History
Dividends
Capital markets
Plants
Capital Expenditure (CAPEX)
Production
Footwear sector
Brands and Marketing
Results
Guidance

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## Mission

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







## Grendene Values



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Timeline

1971	1979	1990/93/1997
<p>Grendene was founded in 1971. With two injection machines, 15 employees and novelty: to produce plastic packaging for wine.</p> <div></div>	<p>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".</p> <div></div>	<p>In Ceará, the plant at Fortaleza, Sobral and Crato, was inaugurated.</p> <div></div>

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Timeline

2004	2005	2007
<p>Grendene started having common shares ("GRND3") negotiated at the <i>Novo Mercado</i> of BM&amp;FBOVESPA.</p> <div></div> <div>Image: A. Carreiro – Oct/2004</div>	<p>Opening of Galeria Melissa in São Paulo. Address: 827, Oscar Freire St, São Paulo, SP</p> <div></div>	<p>In the State of Bahia, the plant at Teixeira de Freitas, was inaugurated.</p> <div></div>

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## 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.



86 stores at the end of 1H13.

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## 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 A3NP Indústria e Comércio de Móveis S.A.**, 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

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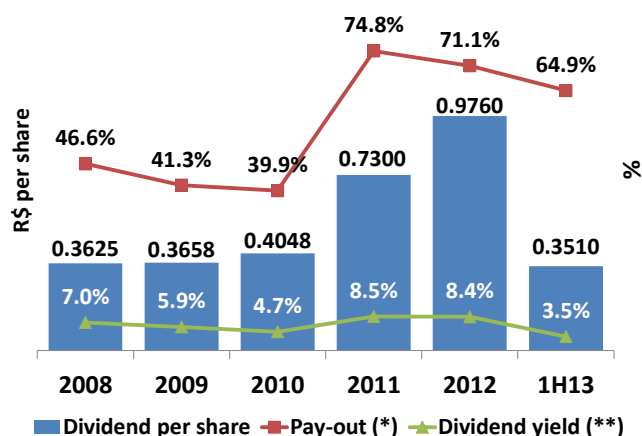
## Dividend Policy:

### 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

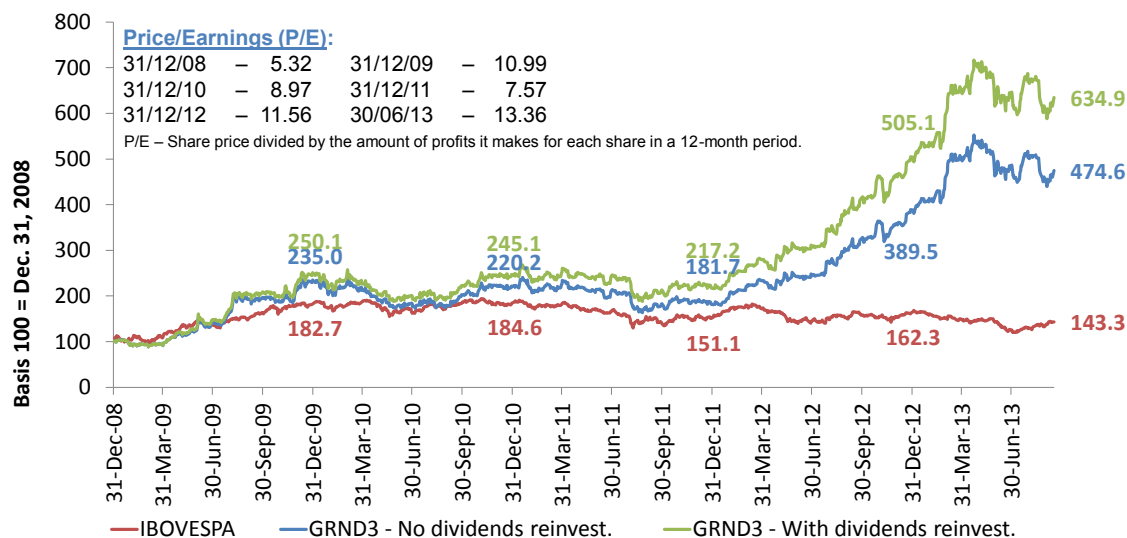
(\*\*) Dividend yield: Dividend per share in the period divided by the weighted average price of the share, annualized.

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## Capital markets

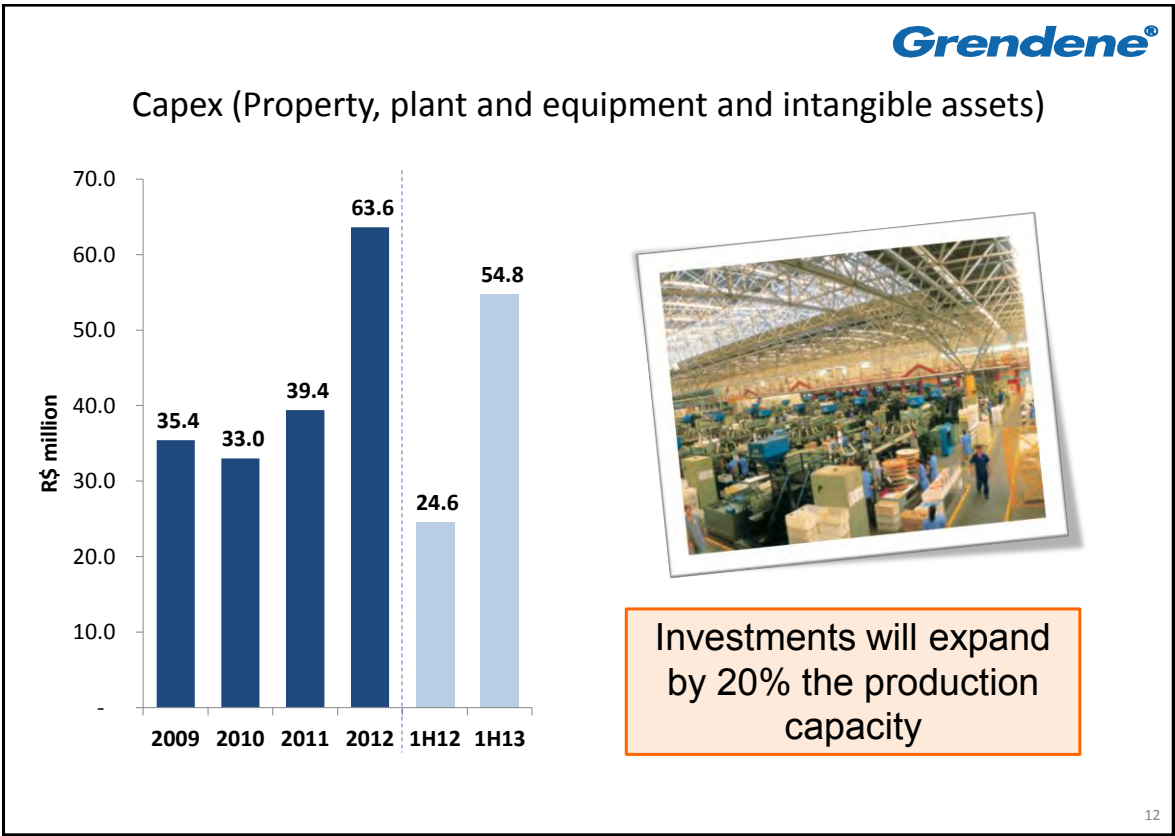
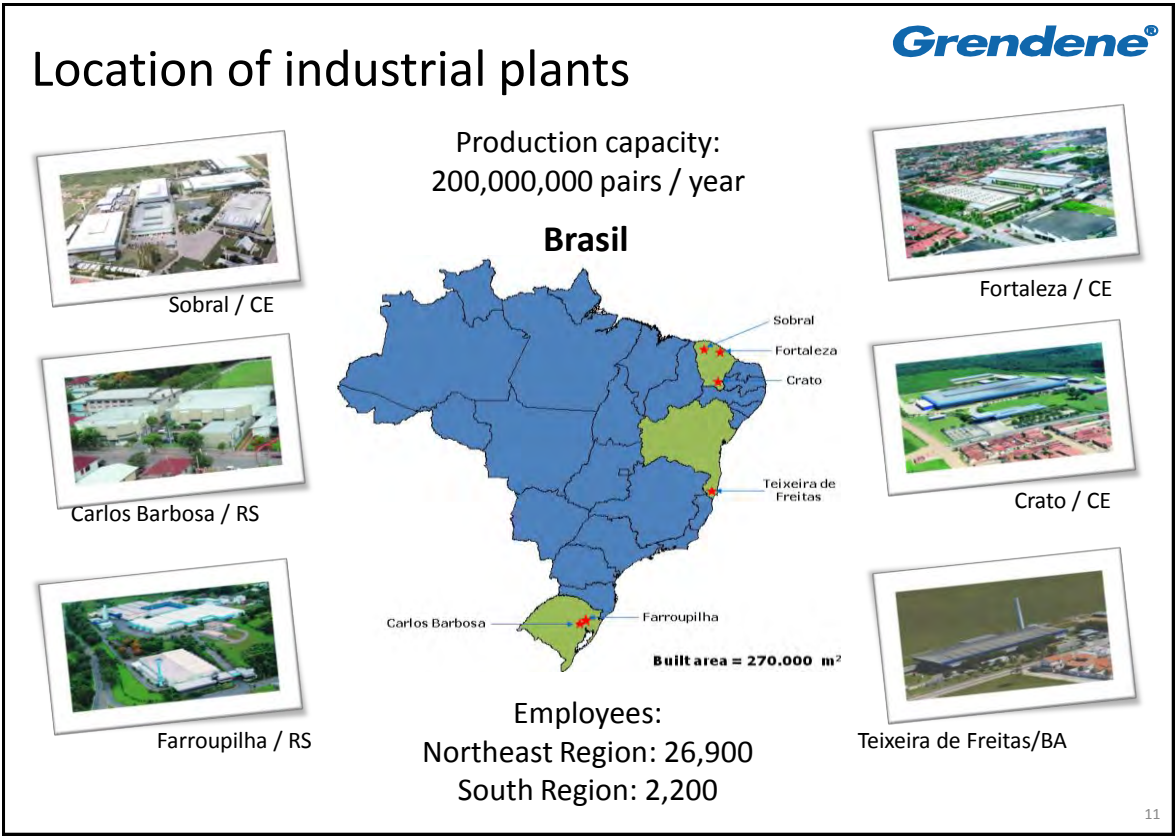
Last 52 week	Date	Share price	Market capitalization	Market capitalization Free-float
Minimum	Sep. 20, 2012	R\$ 12.94	R\$ 3,9 billion	R\$ 1,0 billion
Maximum	Apr. 23, 2013	R\$ 23.40	R\$ 7,0 billion	R\$ 1,8 billion

### Evolution GRND3 x IBOVESPA – Dec. 31, 2008 to Sep. 16, 2013



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Productive process

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Verticalization = Agility



PVC formulation



Design



Moulds

Zaxy Glow Army

R&D



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Footwear Sector

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www.onlyippanema.com

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## Footwear sector – Brazil

- World’s 3<sup>rd</sup> largest producer;
- About 8,000 producers;
- 348,000 direct employees;
- Production: 864 million pairs in 2012;
- Exports: 113 million pairs to more than 140 countries in 2012;
- Apparent consumption, Brazilian domestic market: 787 million pairs and 4.0 pairs per capita/year in 2012



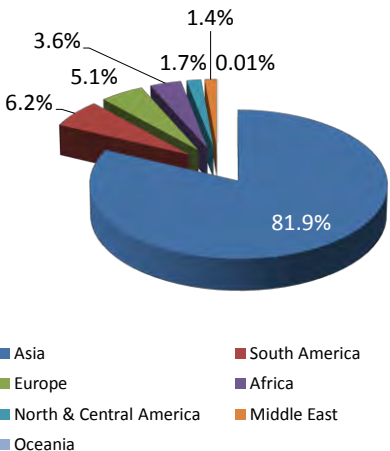
The industry itself is not much more than 180 years old – companies are typically small and labor-intensive, with no entry or exit barriers.

Source: IEMI/RAIS/ABICALÇADOS/SECEX

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## Footwear sector – World

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
<b>Total</b>	<b>18,417</b>

The 5 principal countries produce: 14.919 million pairs = 81% of total world production.

Source: World Shoe Review 2010 / 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
Brazil	740	3.9

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

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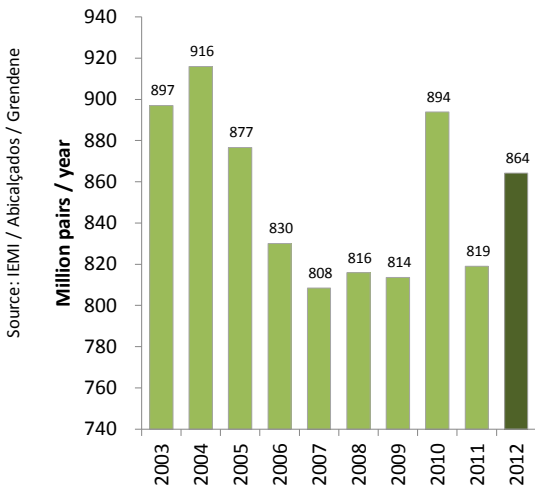
## Brazilian footwear sector x Grendene

**Grendene®**

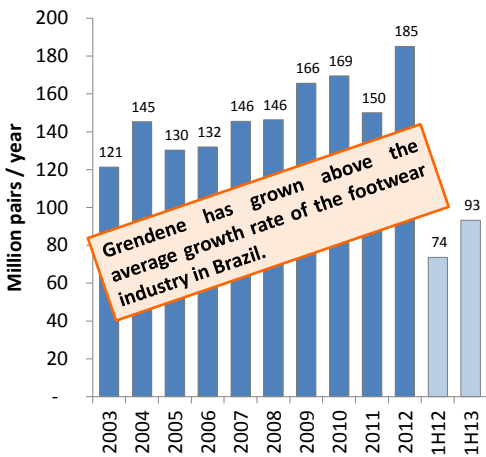
Homem Aranha  
Ioiô Hero



**Brazilian production**  
CAGR (2012/2003): 3.0%  
Change (2012/2011): 5.5%



**Grendene**  
CAGR (2012/2003): 4.8%  
Change (2012/2011): 23.3%  
Change (1H13/1H12): 26.7%



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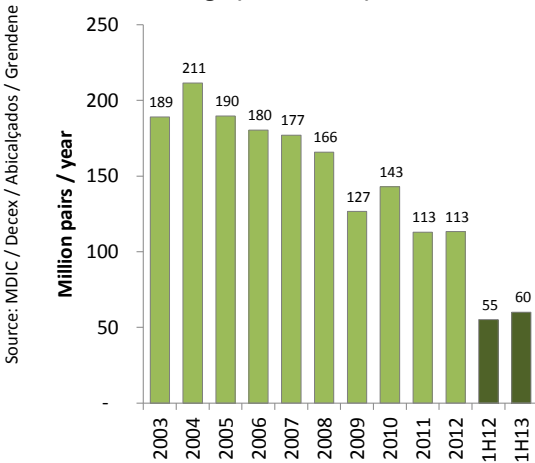
## Exports: Grendene vs. Brazil

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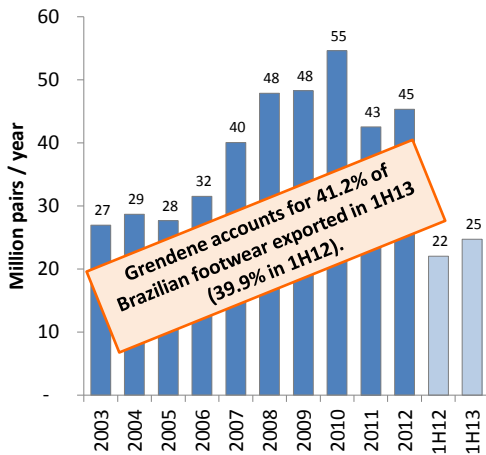
Patati -Patatá  
Baby



**Brazilian exports**  
CAGR (2012/2003): (3.6%)  
Change (2012/2011): 0.3%  
Change (1H13/1H12): 8.7%



**Grendene**  
CAGR (2012/2003): 10.7%  
Change (2012/2011): 6.6%  
Change (1H13/1H12): 12.2%



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# Brands & Marketing

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.



Ipanema

melissa®



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# Sales channels



Casa Pio - Retail



Selective distribution



Selective distribution

Strong relationship with trade

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Ipanema at the  
Camarote Brahma  
2013  
Rio de Janeiro



Fiorella Mattheis  
Actress



Sheron Menezes  
Actress



Sophie Charlotte  
Actress





















Ipanema pop-up store in  
Buzios




Fashion Rio

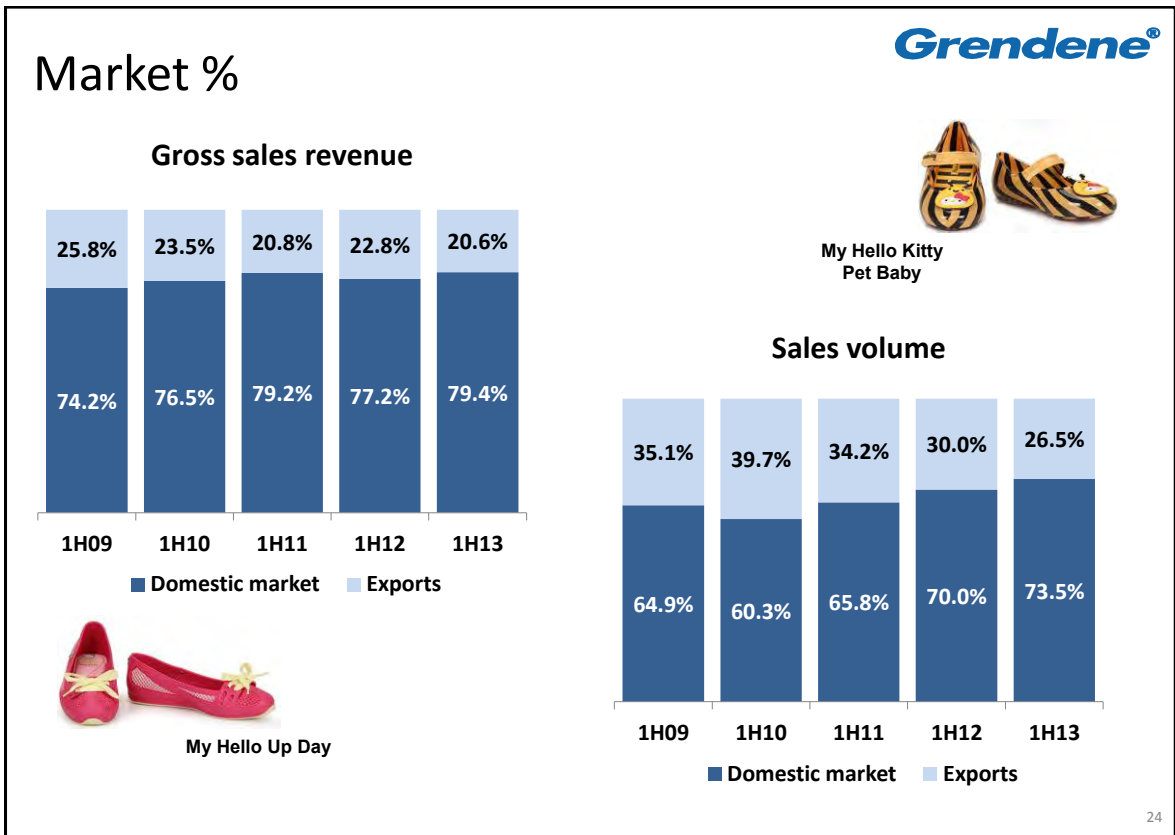
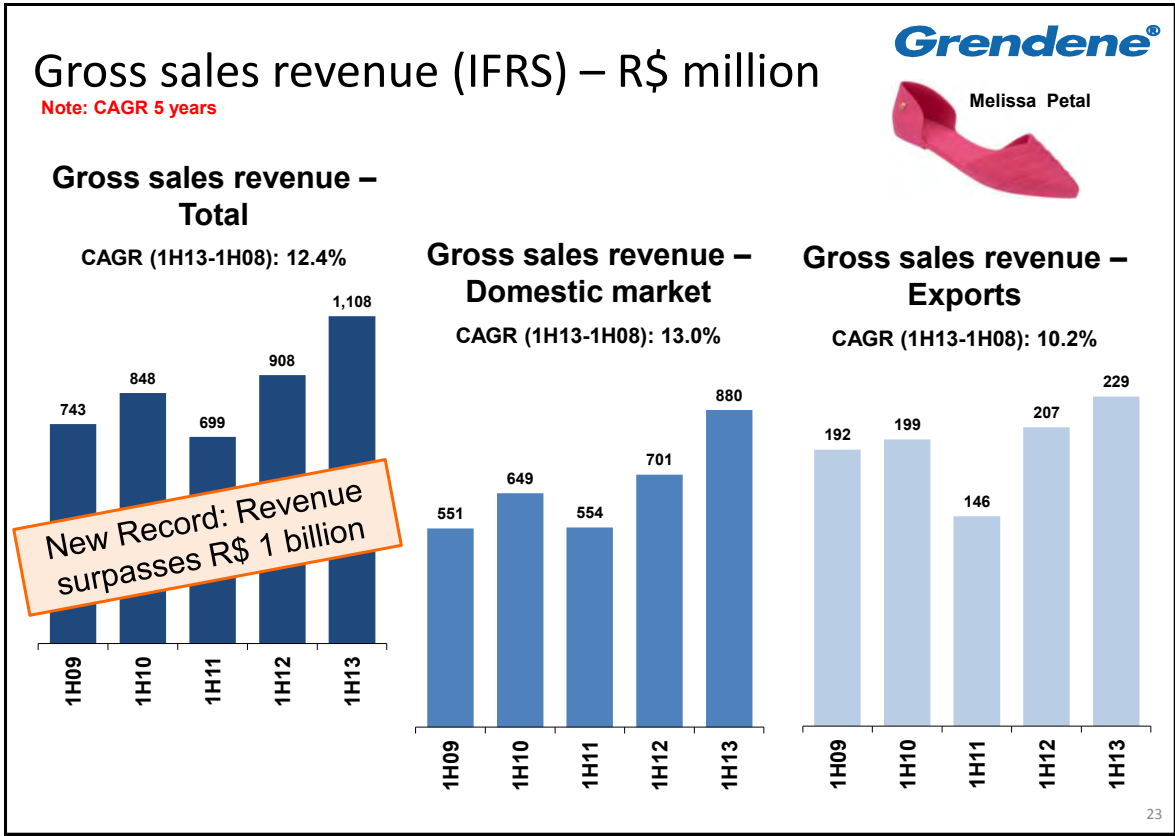


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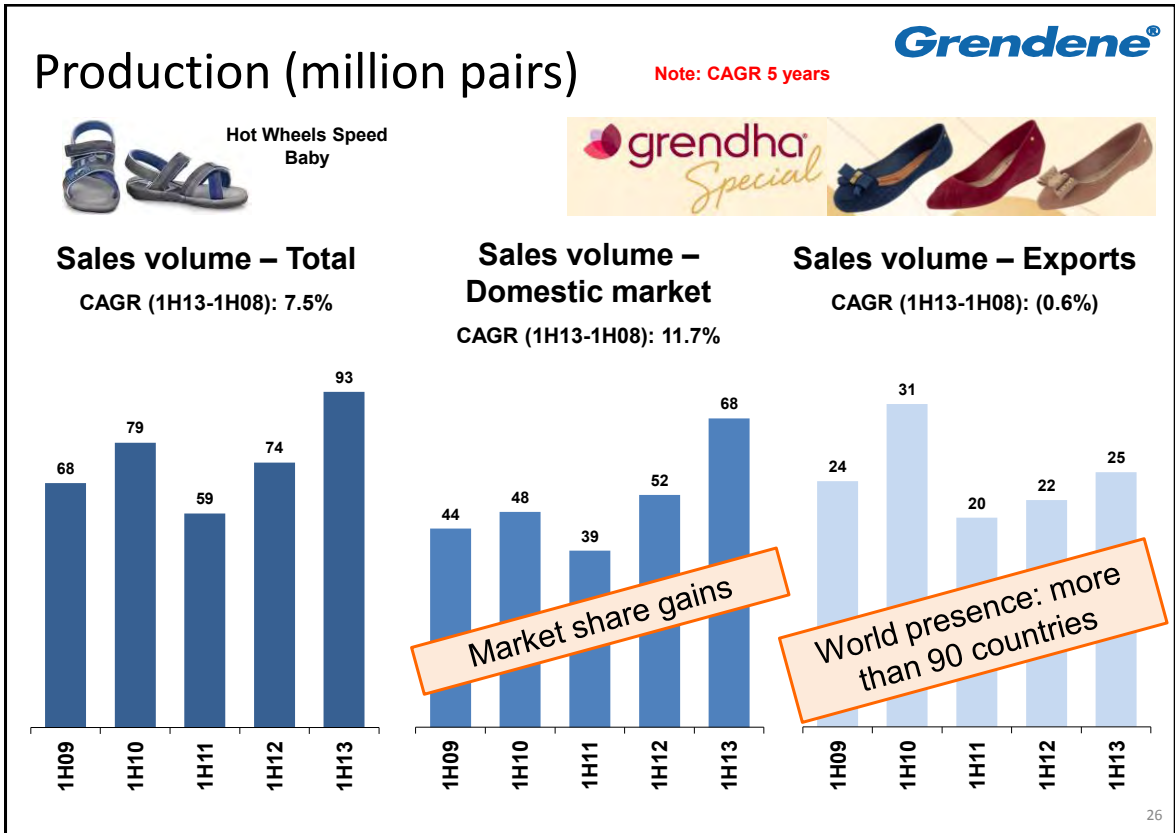
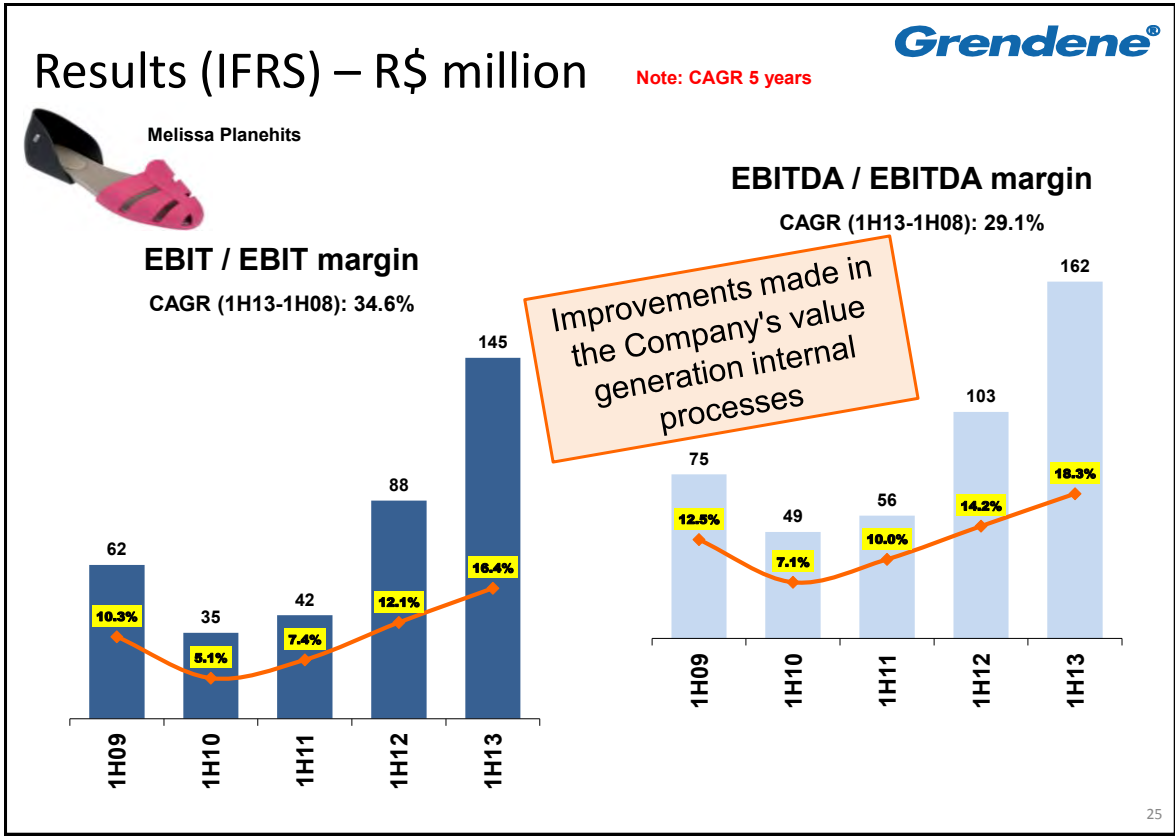


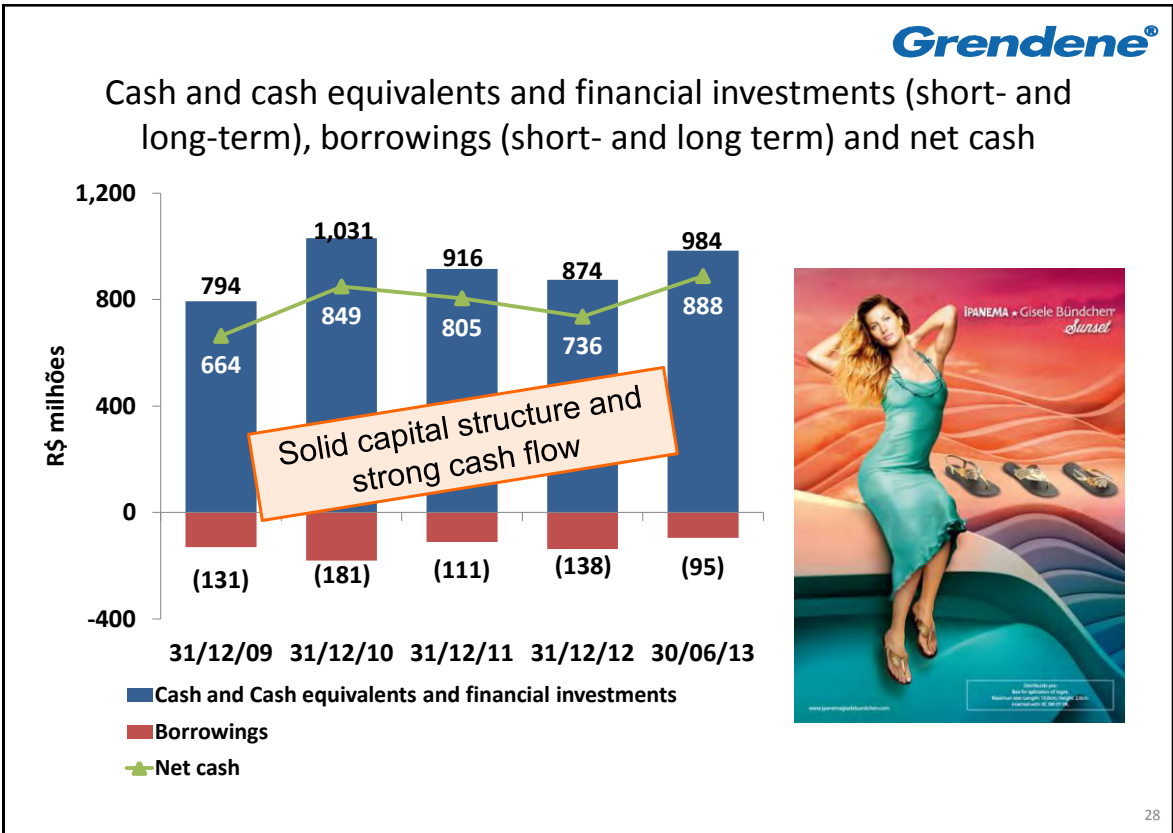
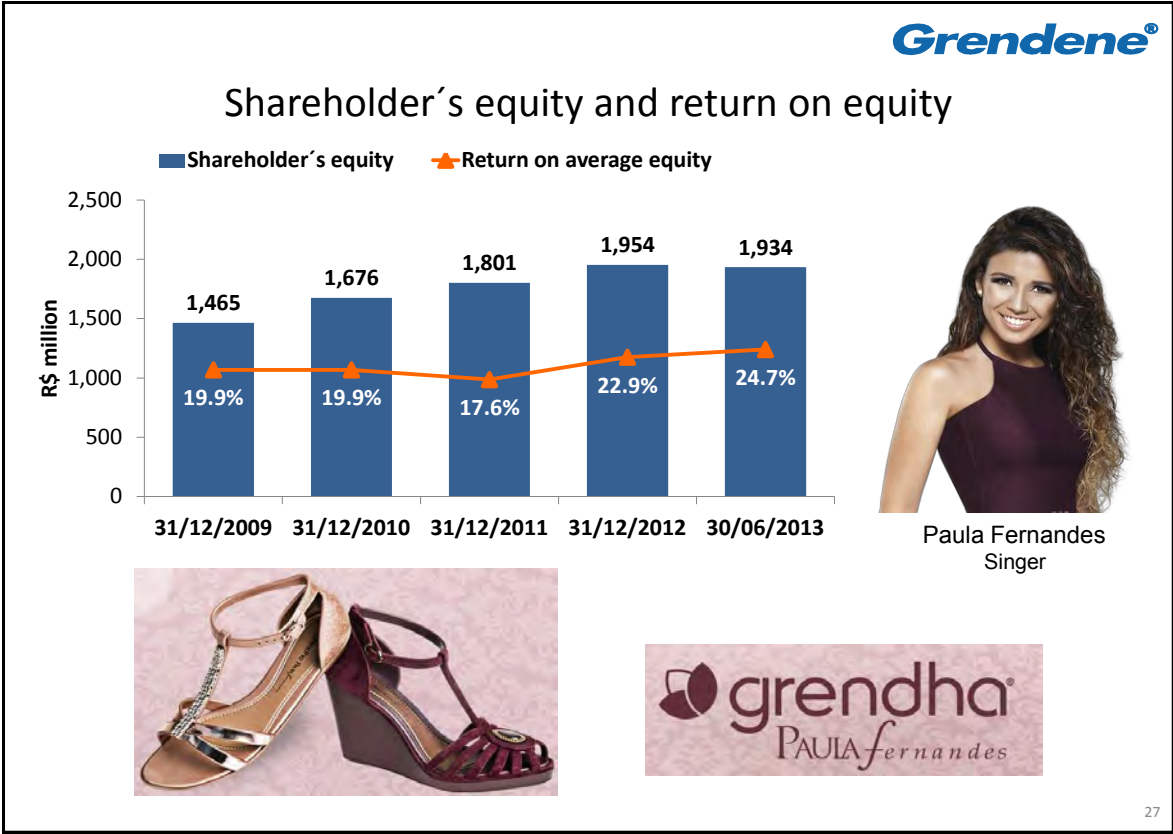


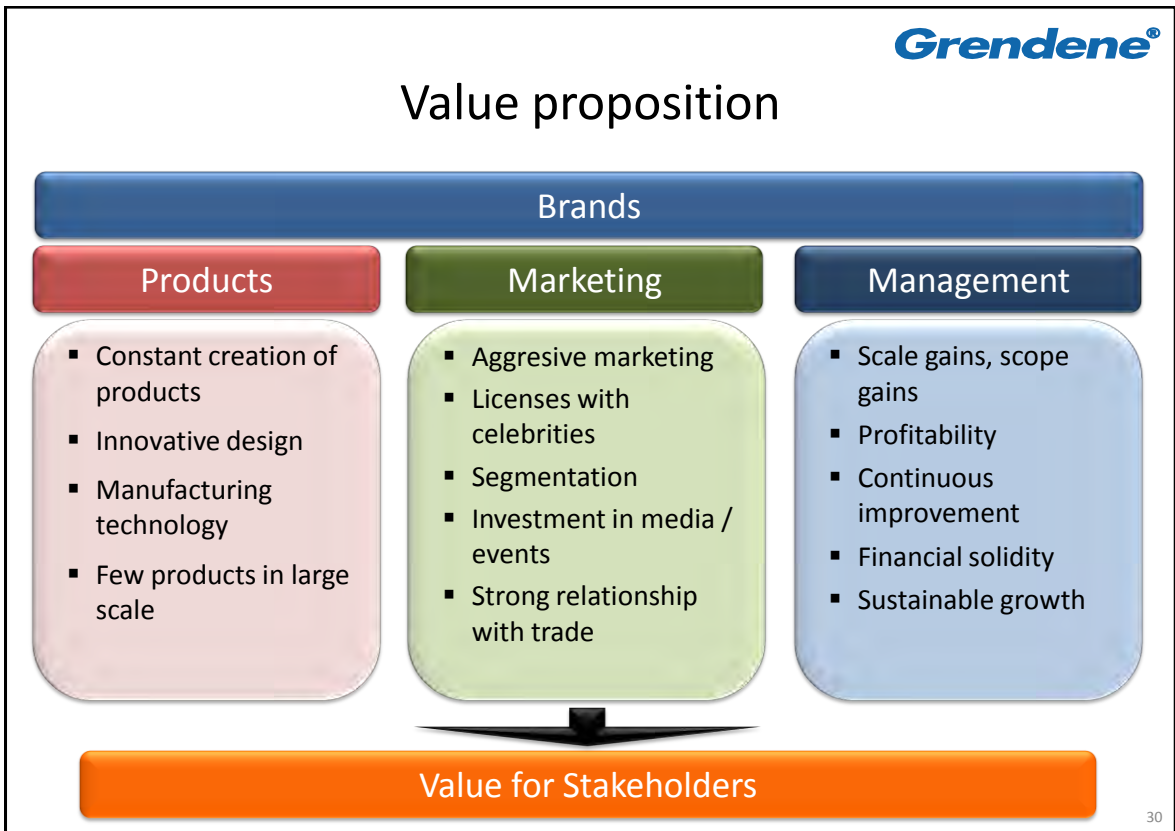
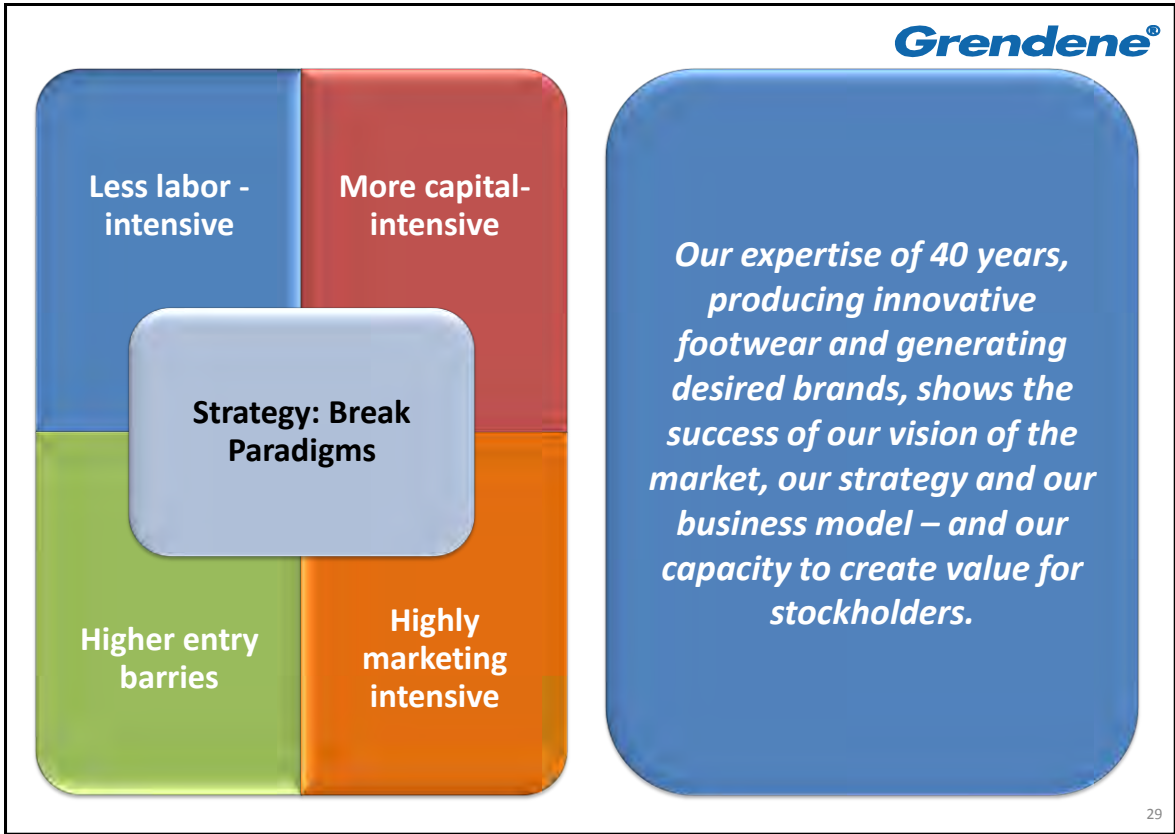
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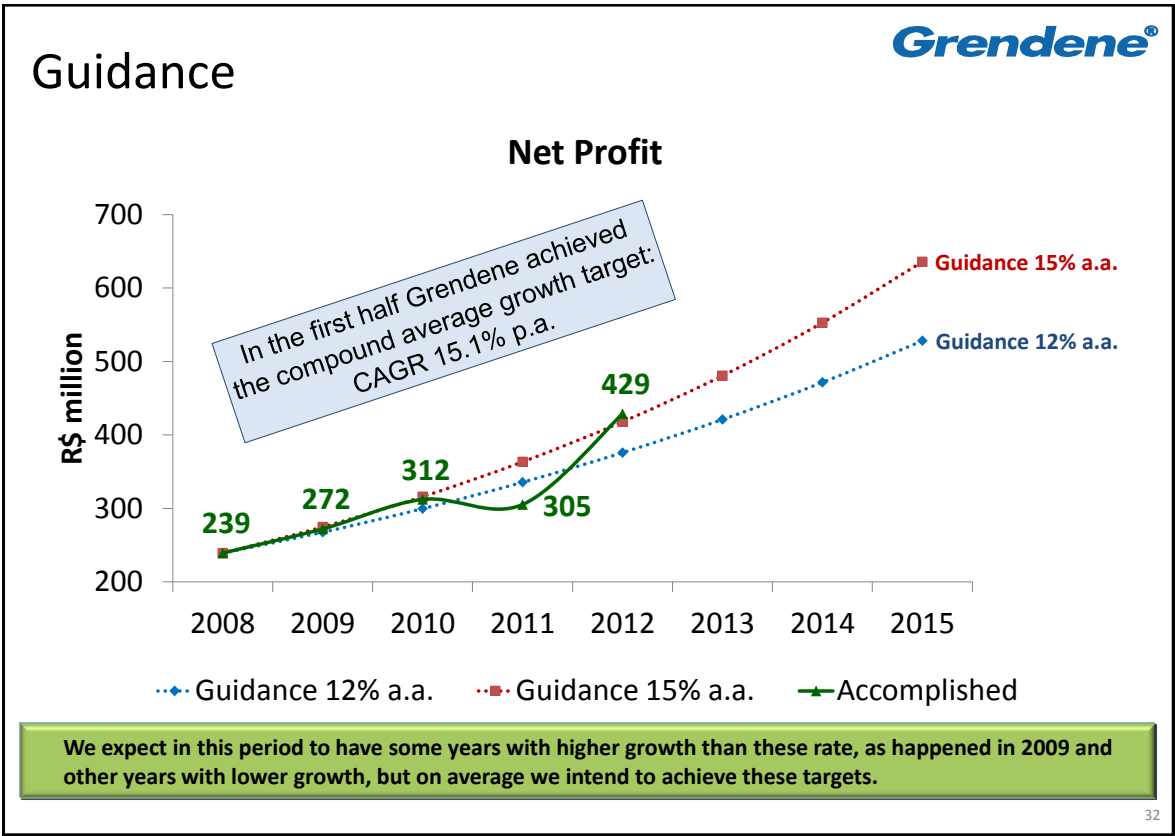
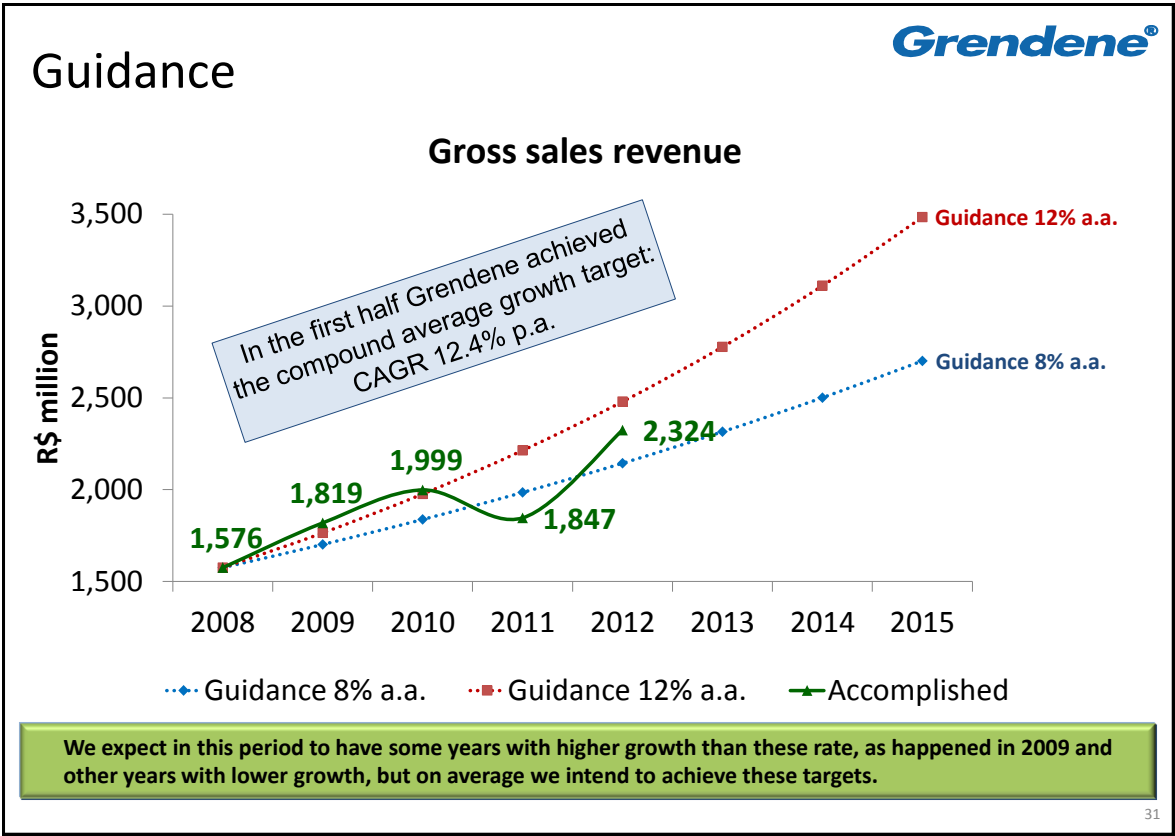














## Guidance

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### 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.

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### Grendene's IR Team

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**Thank You!**

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