

1H13 Results

Meeting with
investors

São Paulo / SP
Brazil



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.

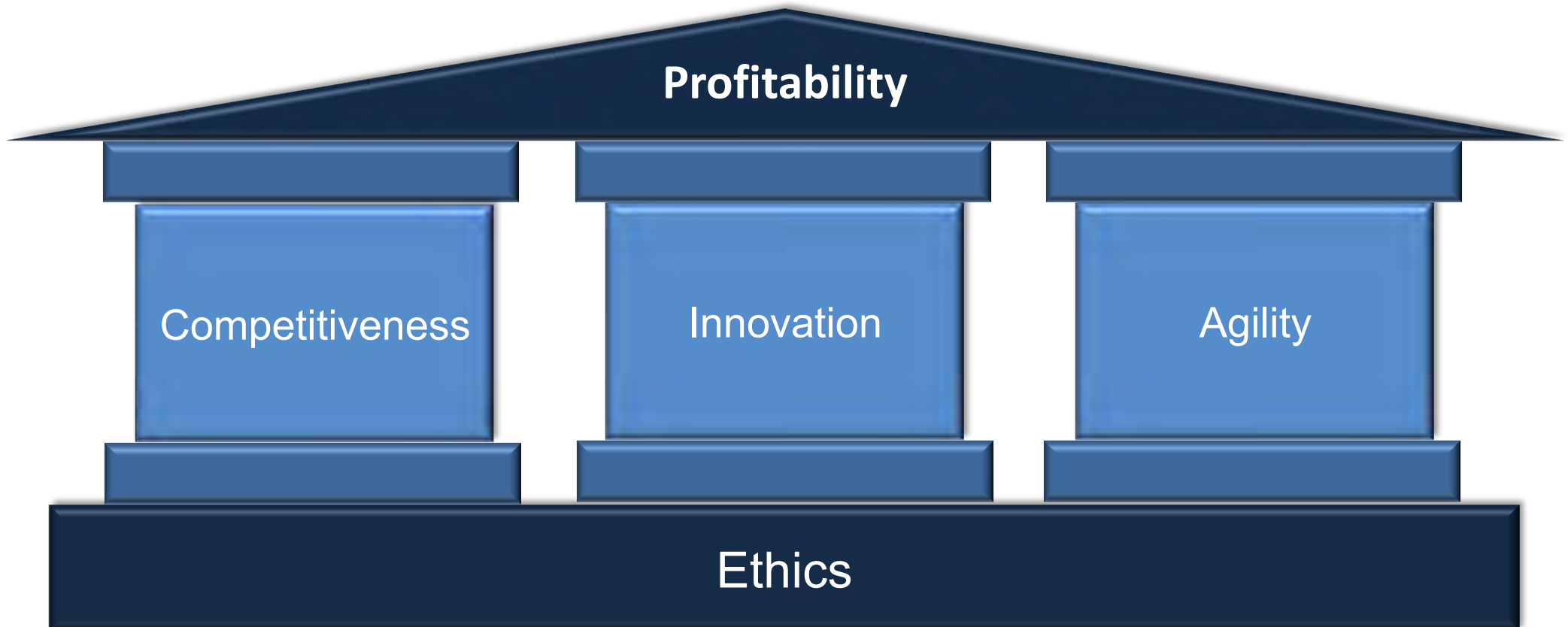
Agenda

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

Mission

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

Grendene Values



Timeline

1971

Grendene was founded in 1971. With two injection machines, 15 employees and novelty: to produce plastic packaging for wine.



1979

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".



1990/93/1997

In Ceará, the plant at Fortaleza, Sobral and Crato, was inaugurated.



Timeline

2004

Grendene started having common shares (“GRND3”) negotiated at the *Novo Mercado* of BM&FBOVESPA.



Image: A. Carreiro – Oct/2004

2005

Opening of Galeria Melissa in São Paulo.

Address: 827, Oscar Freire St, São Paulo, SP



2007

In the State of Bahia, the plant at Teixeira de Freitas, was inaugurated.



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 of 1H13.

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

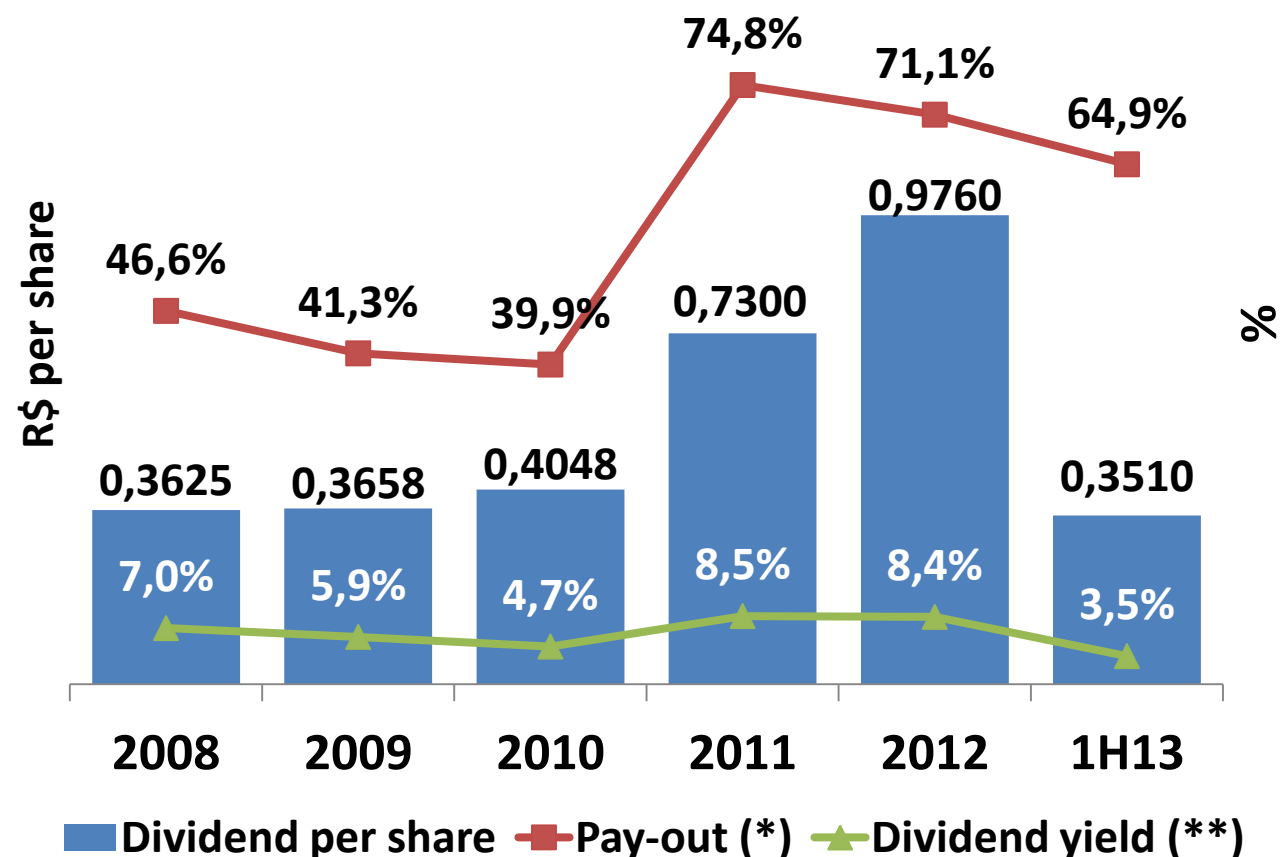
Dividend Policy:

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.



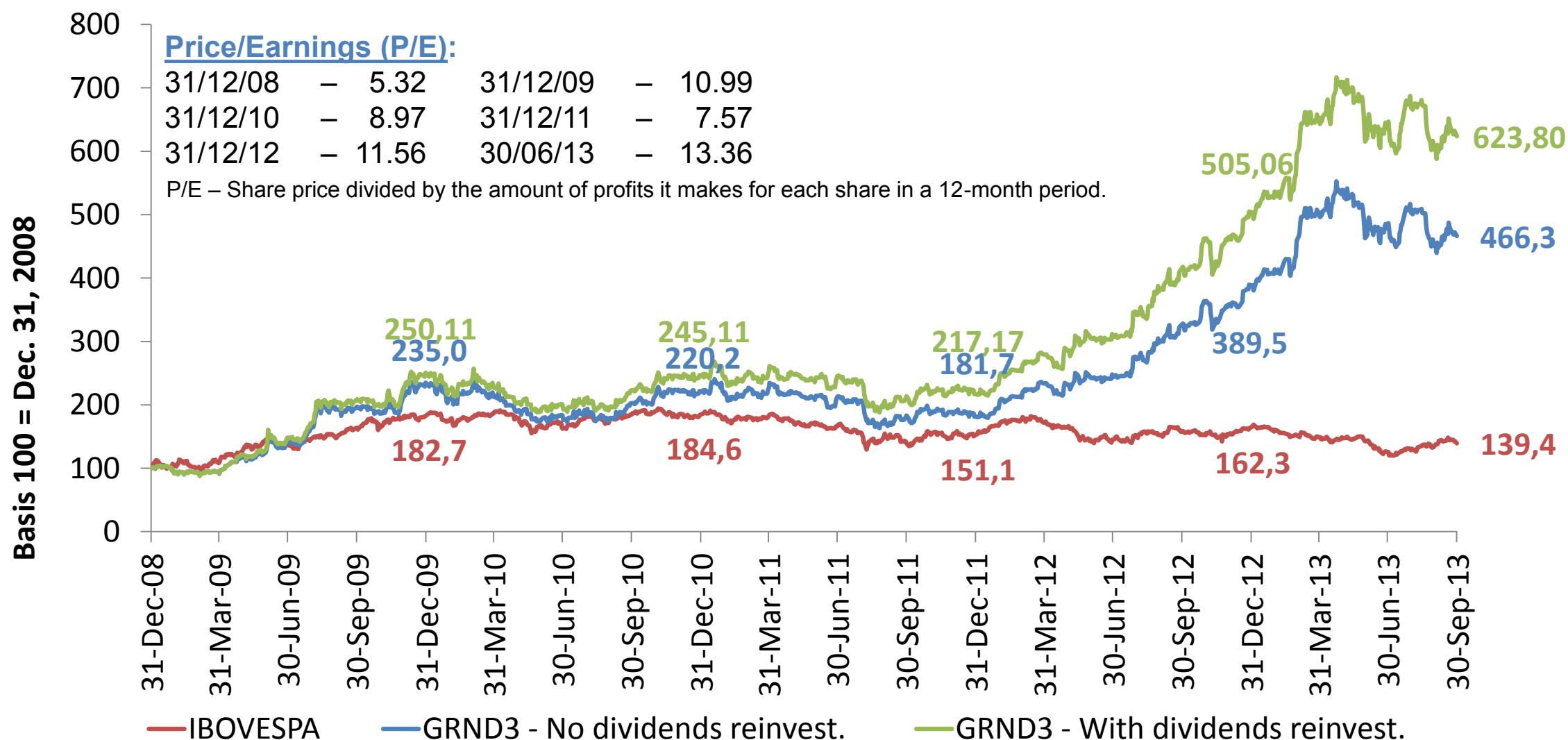
(*) Payout: Dividend divided by profit after the allocations to legal reserves

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

Capital markets

Last 52 week	Date	Share price	Market capitalization	Market capitalization Free-float
Minimum	Oct. 3, 2012	R\$ 13,45	R\$ 4.0 billion	R\$ 1.0 billion
Maximum	Apr. 23, 2013	R\$ 23.40	R\$ 7.0 billion	R\$ 1.8 billion

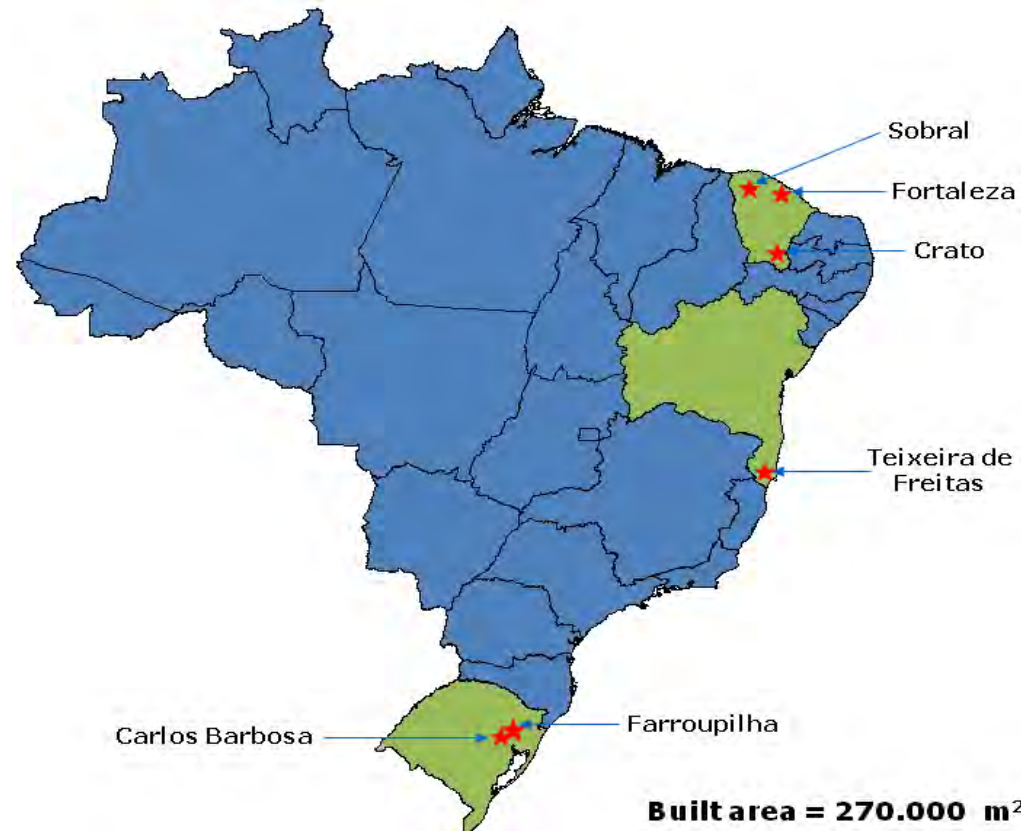
Evolution GRND3 x IBOVESPA – Dec. 31, 2008 to Sep. 30, 2013



Location of industrial plants

Production capacity:
200,000,000 pairs / year

Brasil



Employees:

Northeast Region: 26,900

South Region: 2,200



Sobral / CE



Fortaleza / CE



Carlos Barbosa / RS



Crato / CE

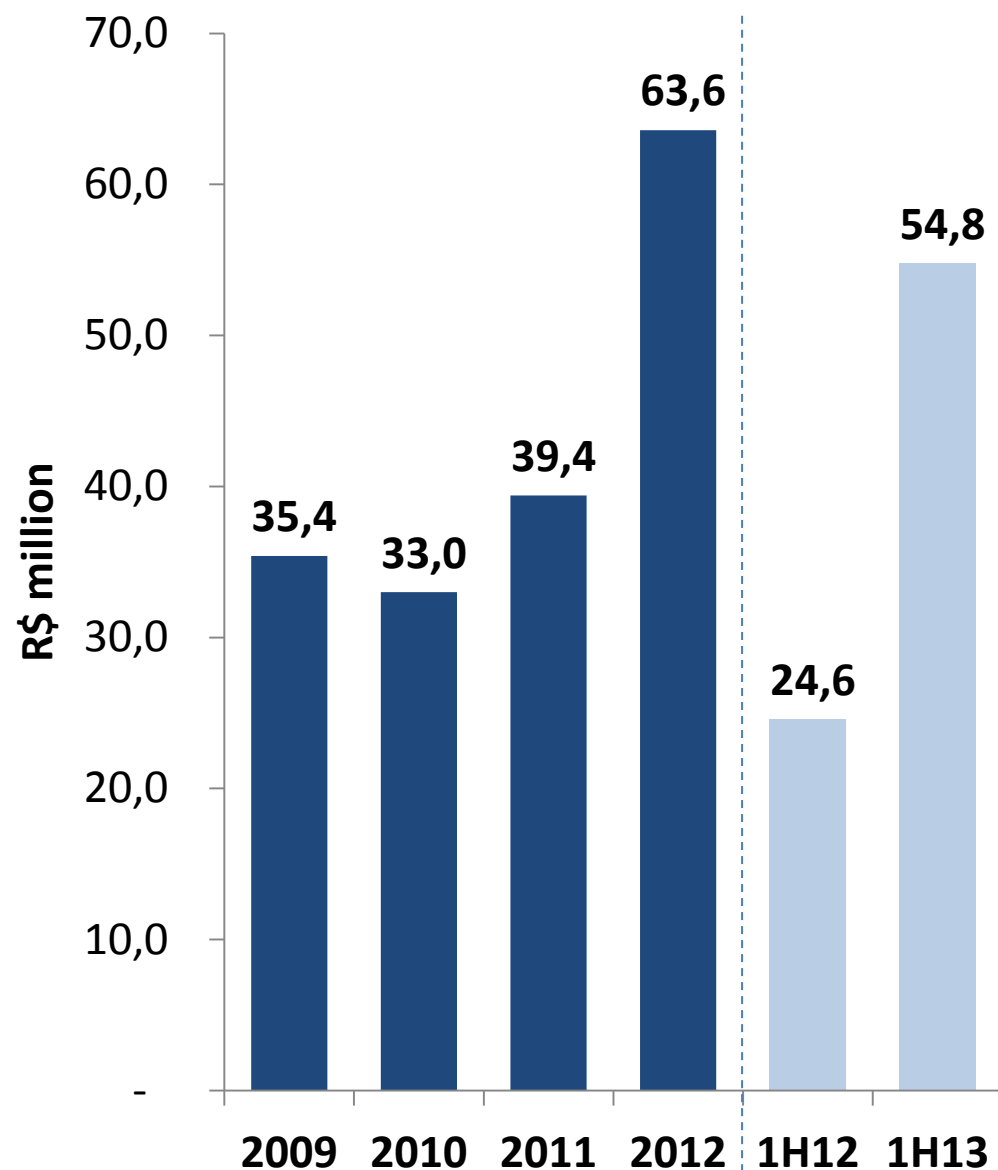


Farroupilha / RS



Teixeira de Freitas/BA

Capex (Property, plant and equipment and intangible assets)



Investments will expand
by 20% the production
capacity

Productive process

Verticalization = Agility

PVC formulation

Design

Moulds

R&D



Zaxy Glow
Army



Footwear Sector



Footwear sector – Brazil

- World's 3rd 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

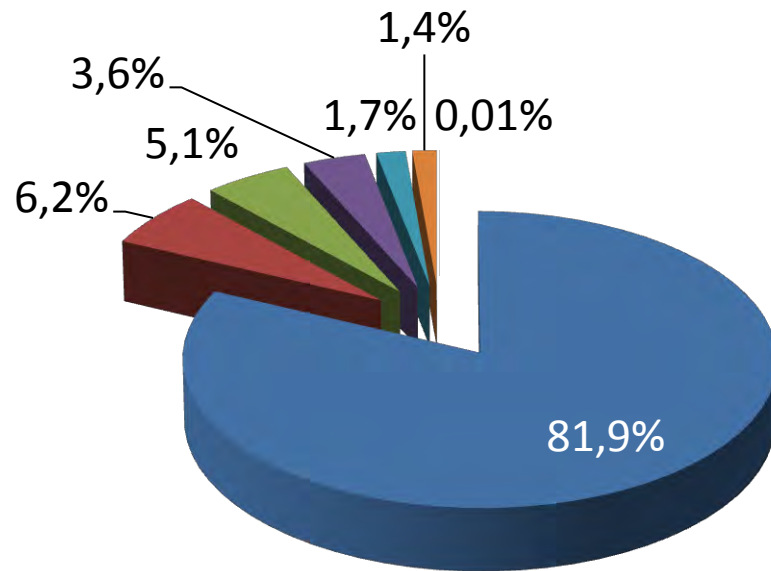
Source: IEMI/RAIS/ABICALÇADOS/SECEX



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

Footwear sector – World

Distribution of footwear production by continent in 2011



■ Asia
 ■ Europe
 ■ North & Central America
 ■ Oceania
 ■ South America
 ■ Africa
 ■ Middle East

Country	Production 2011 (million pairs)
China	10,503
India	2,250
Brazil	819
Vietnam	707
Indonesia	640
Others	3,498
Total	18,417

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

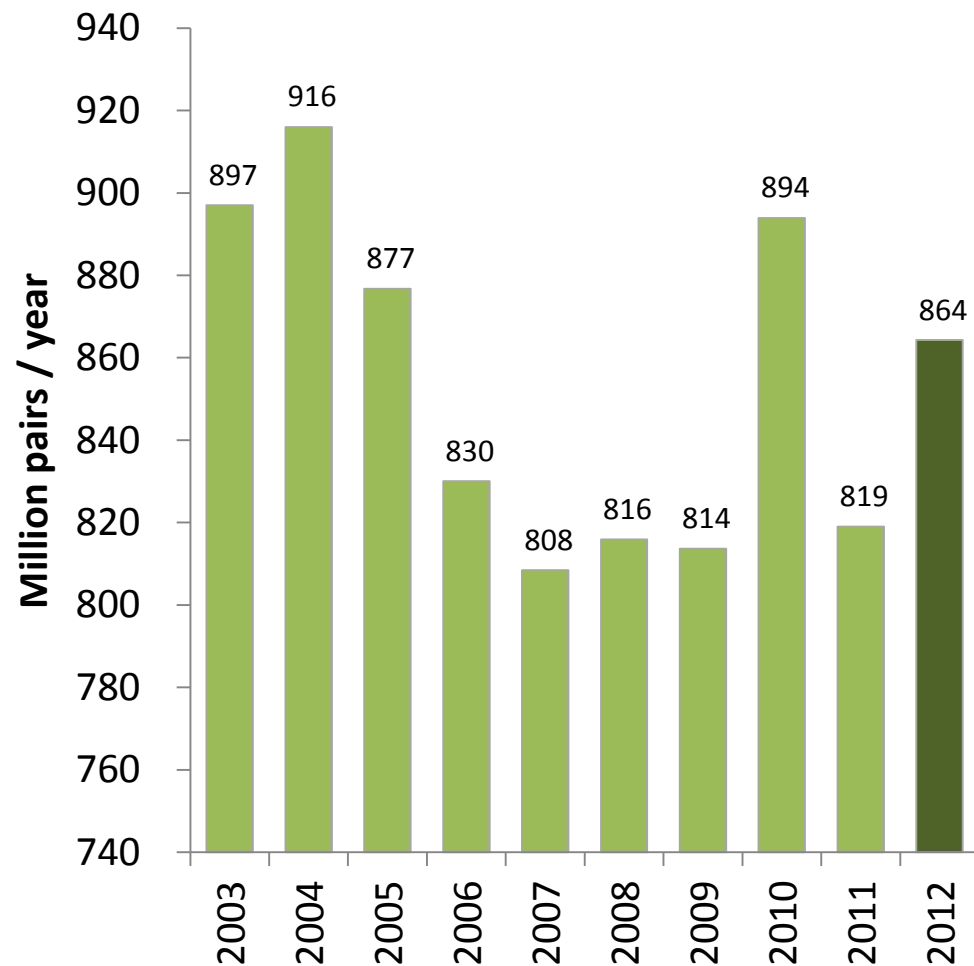
* Estimated by Grendene. Sources – World Shoe Review / Abicalçados / CIA – Central Intelligence Agency

Brazilian footwear sector x Grendene

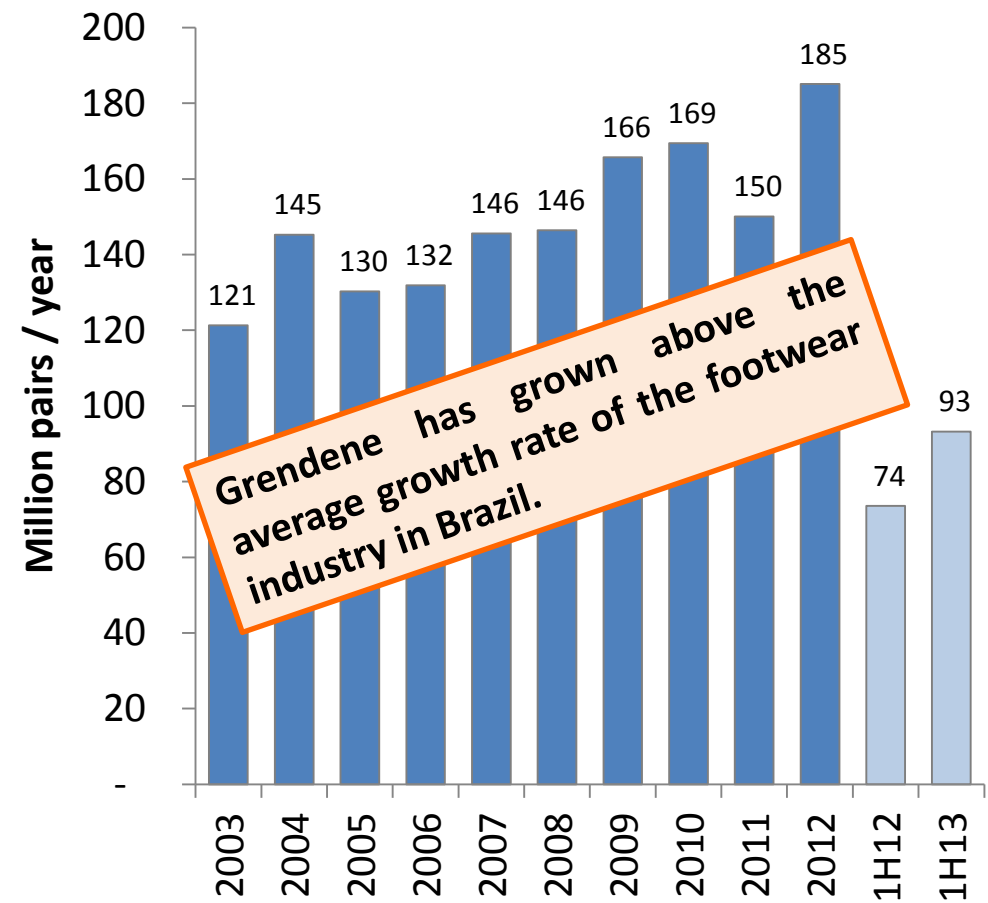
Homem Aranha
Ioiô Hero



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%



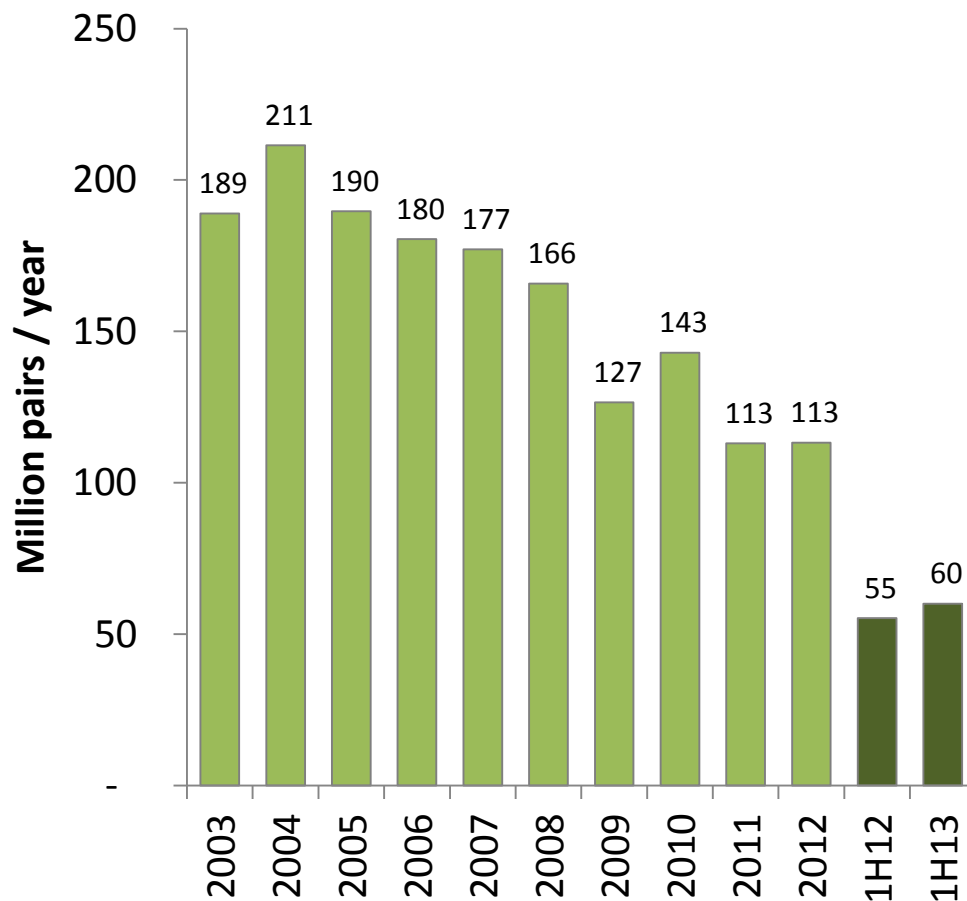
Exports: Grendene vs. Brazil

Patati -Patatá
Baby



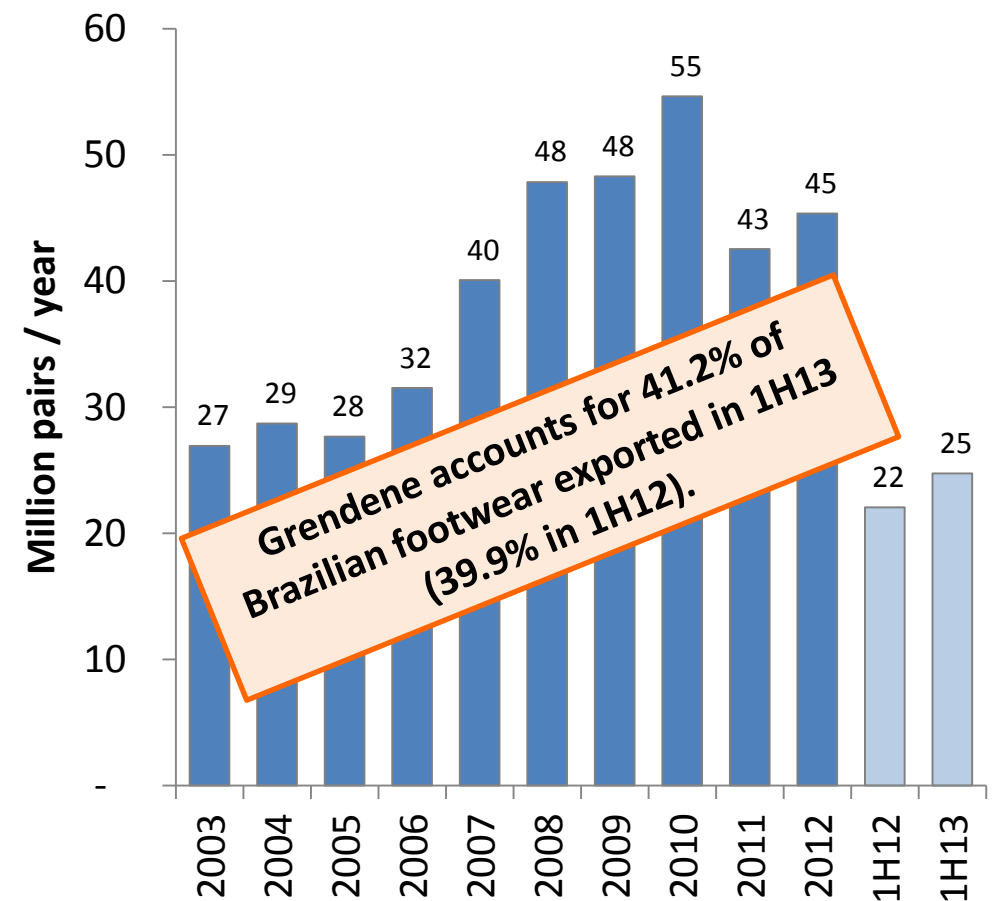
Brazilian exports

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%



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.

Grendene®

ZAXY

Ipanema

 **grendha®**

 **CARTAGO**

Grendene® kids
O melhor da infância

melissa®



 **rider**



Sales channels



Casa Pio - Retail



Selective distribution



Selective distribution

Strong relationship with trade

Marketing



Fiorella Mattheis
Actress



Sophie Charlotte
Actress



Ipanema pop-up store in
Buzios



Ipanema at the
Camarote Brahma
2013
Rio de Janeiro



Sharon Menezes
Actress



Fashion Rio



Gross sales revenue (IFRS) – R\$ million

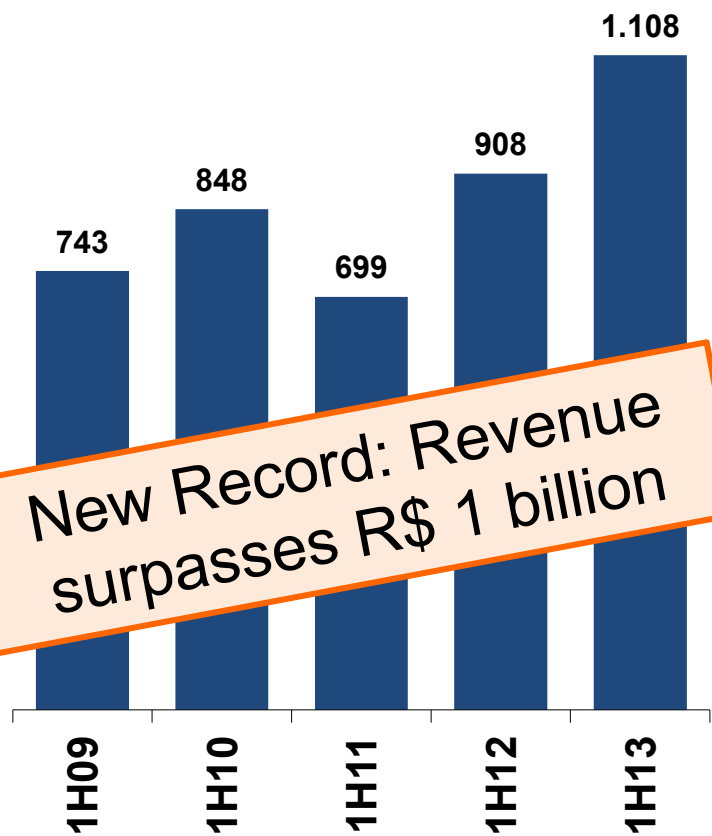
Note: CAGR 5 years



Melissa Petal

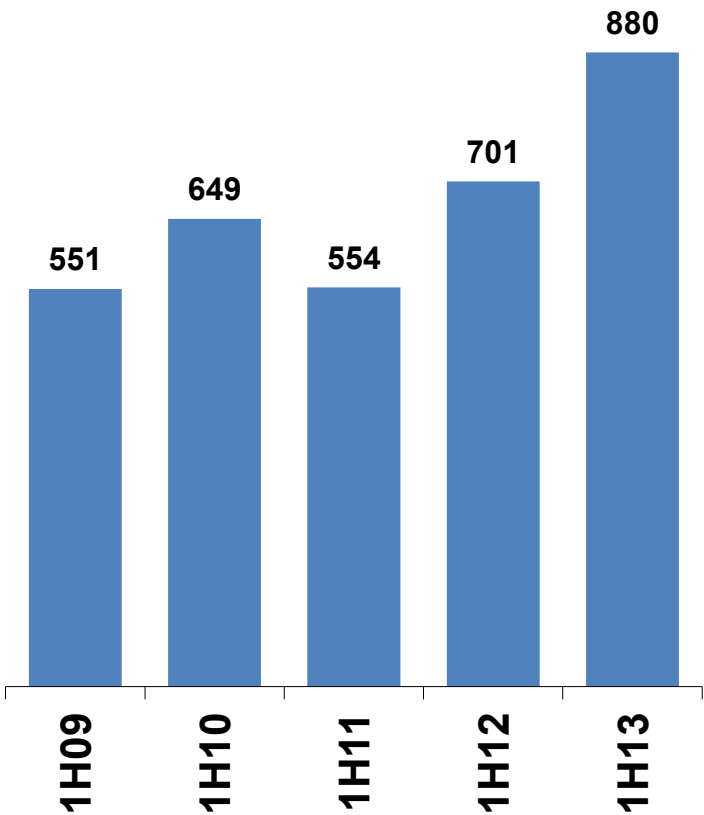
Gross sales revenue – Total

CAGR (1H13-1H08): 12.4%



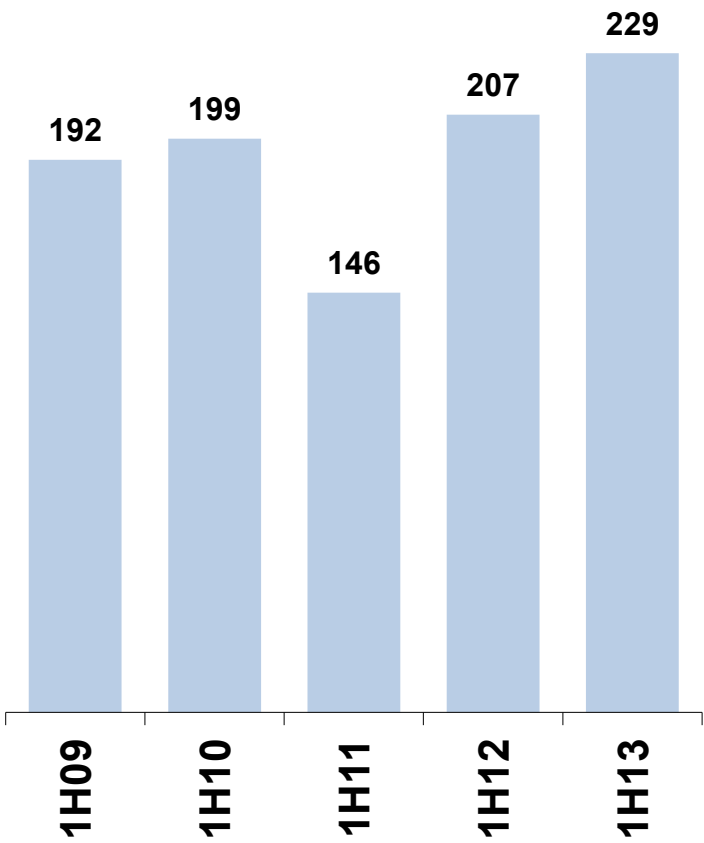
Gross sales revenue – Domestic market

CAGR (1H13-1H08): 13.0%



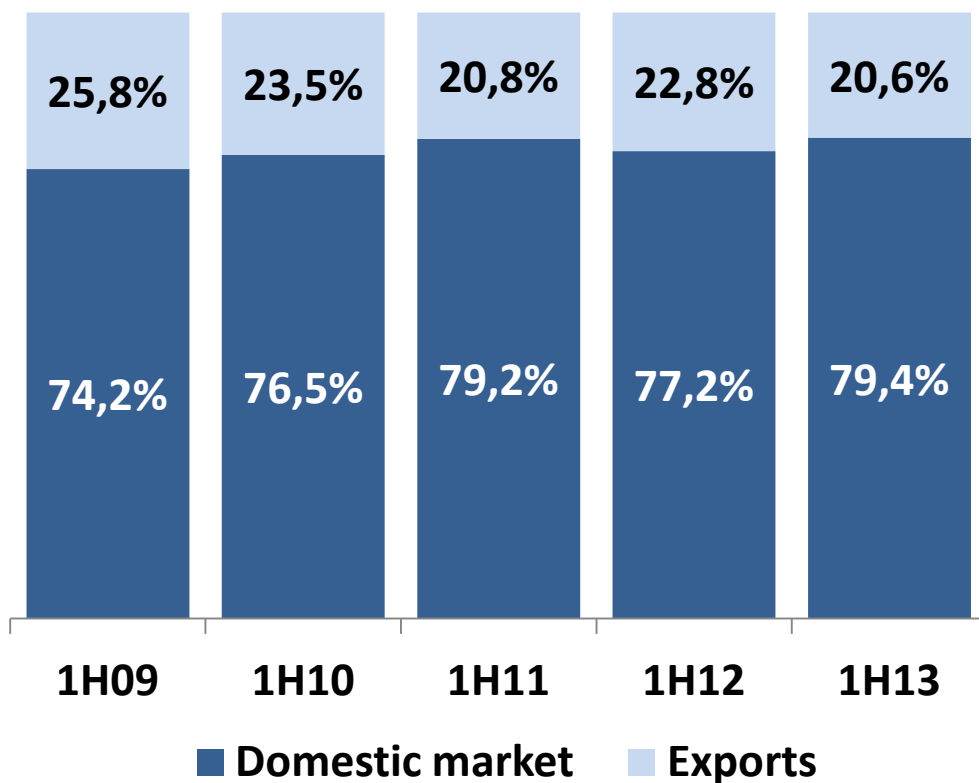
Gross sales revenue – Exports

CAGR (1H13-1H08): 10.2%



Market %

Gross sales revenue

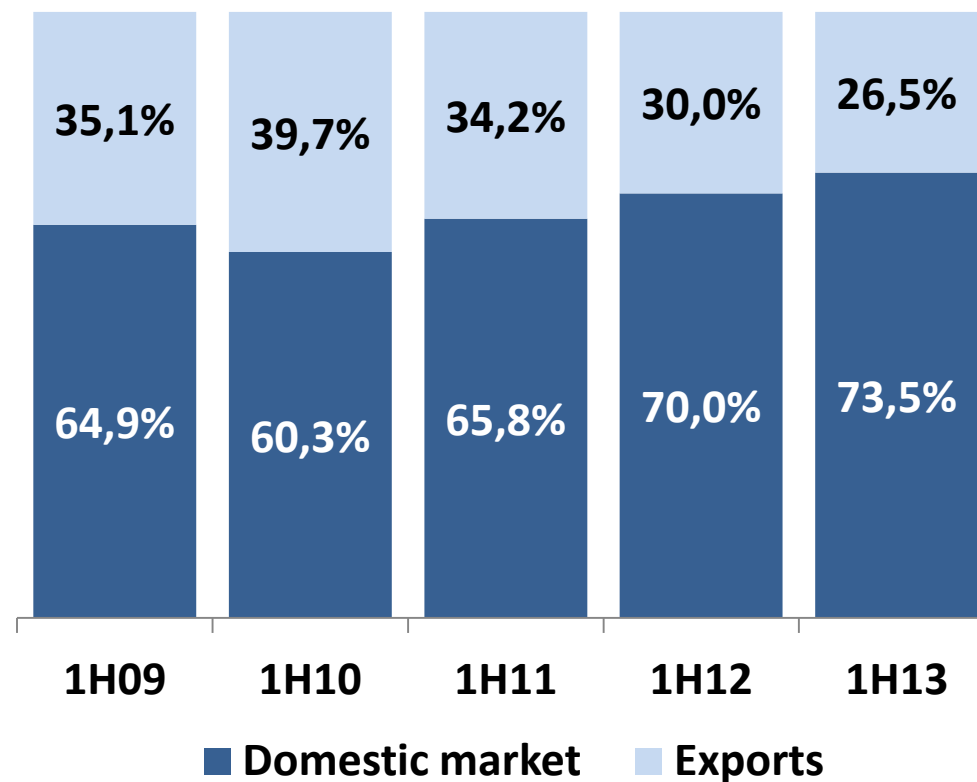


My Hello Up Day



My Hello Kitty
Pet Baby

Sales volume



Results (IFRS) – R\$ million

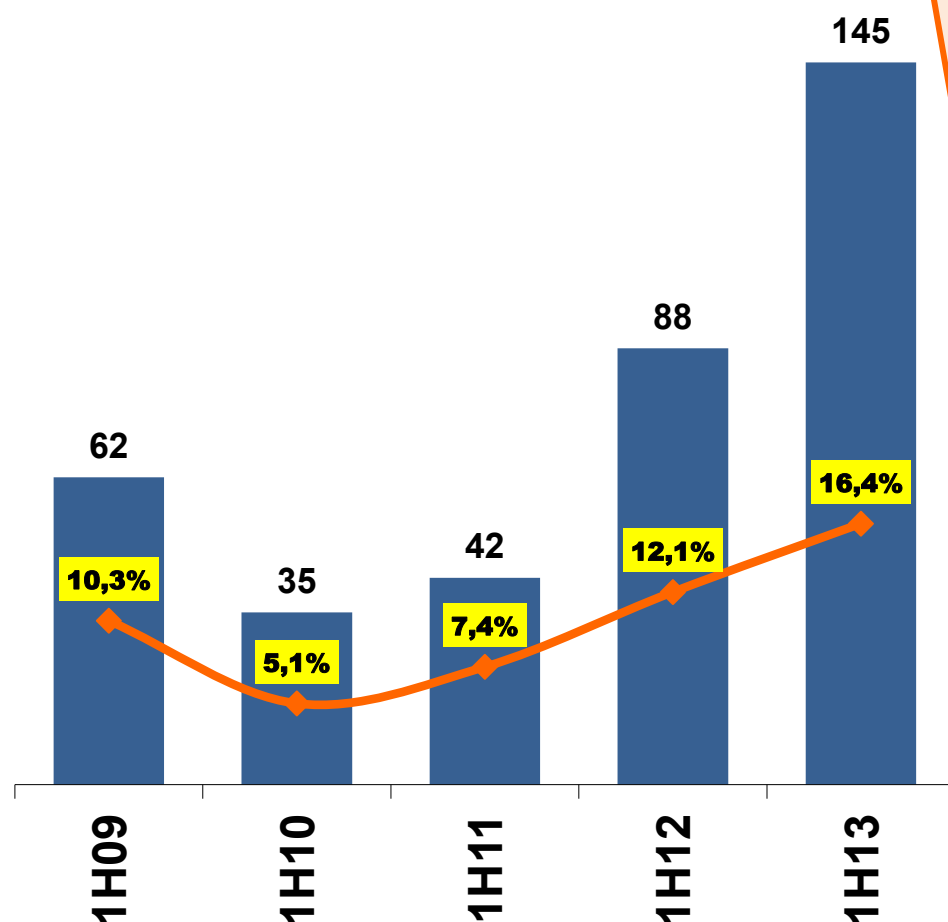
Note: CAGR 5 years



Melissa Planehits

EBIT / EBIT margin

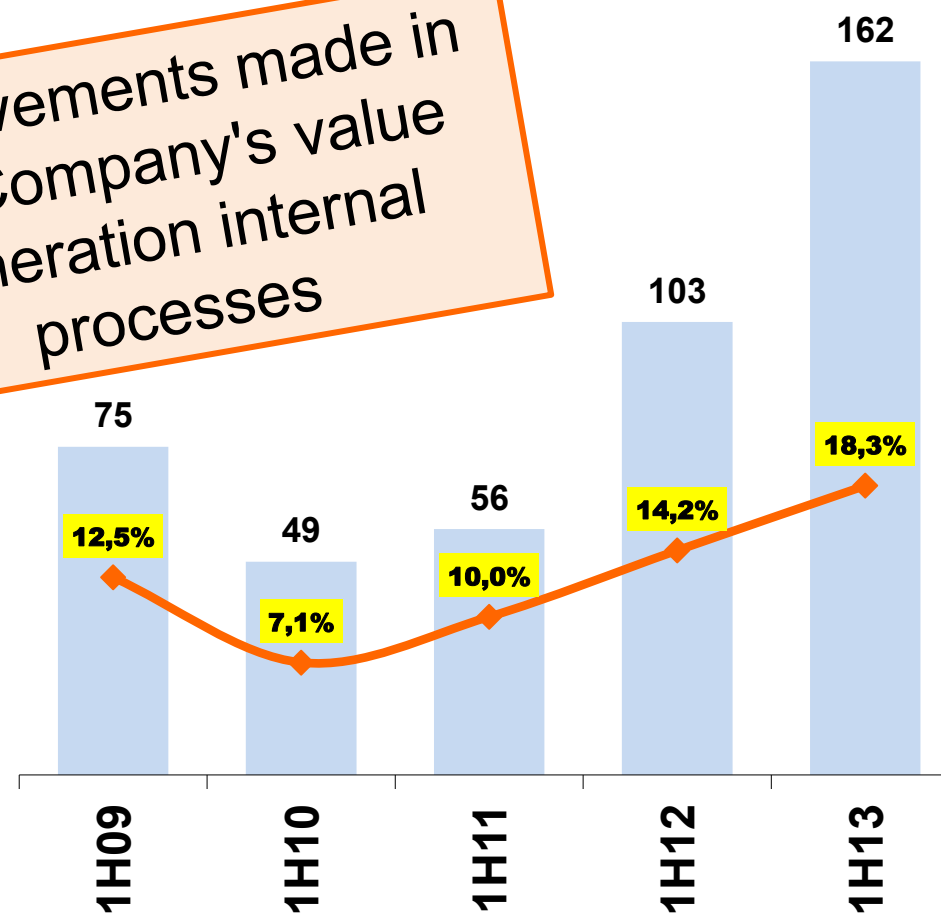
CAGR (1H13-1H08): 34.6%



EBITDA / EBITDA margin

CAGR (1H13-1H08): 29.1%

Improvements made in the Company's value generation internal processes



Production (million pairs)

Note: CAGR 5 years

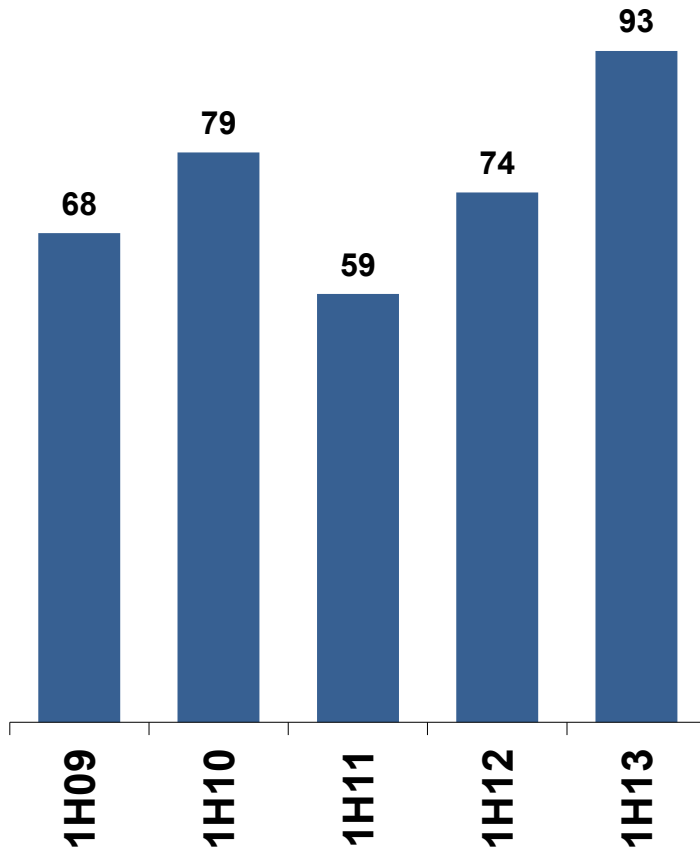


Hot Wheels Speed
Baby



Sales volume – Total

CAGR (1H13-1H08): 7.5%



Sales volume – Domestic market

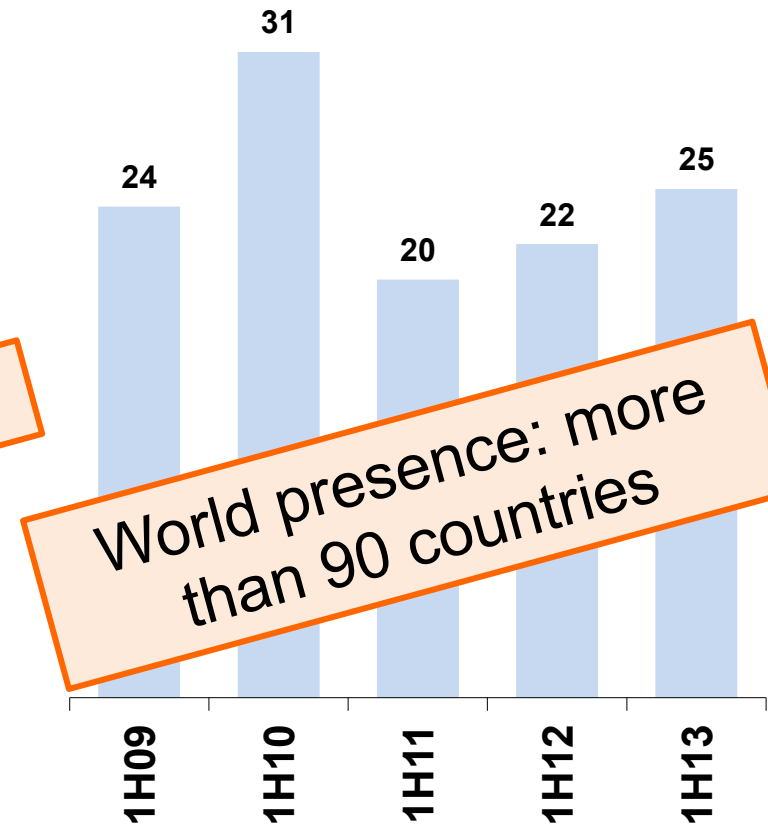
CAGR (1H13-1H08): 11.7%



Market share gains

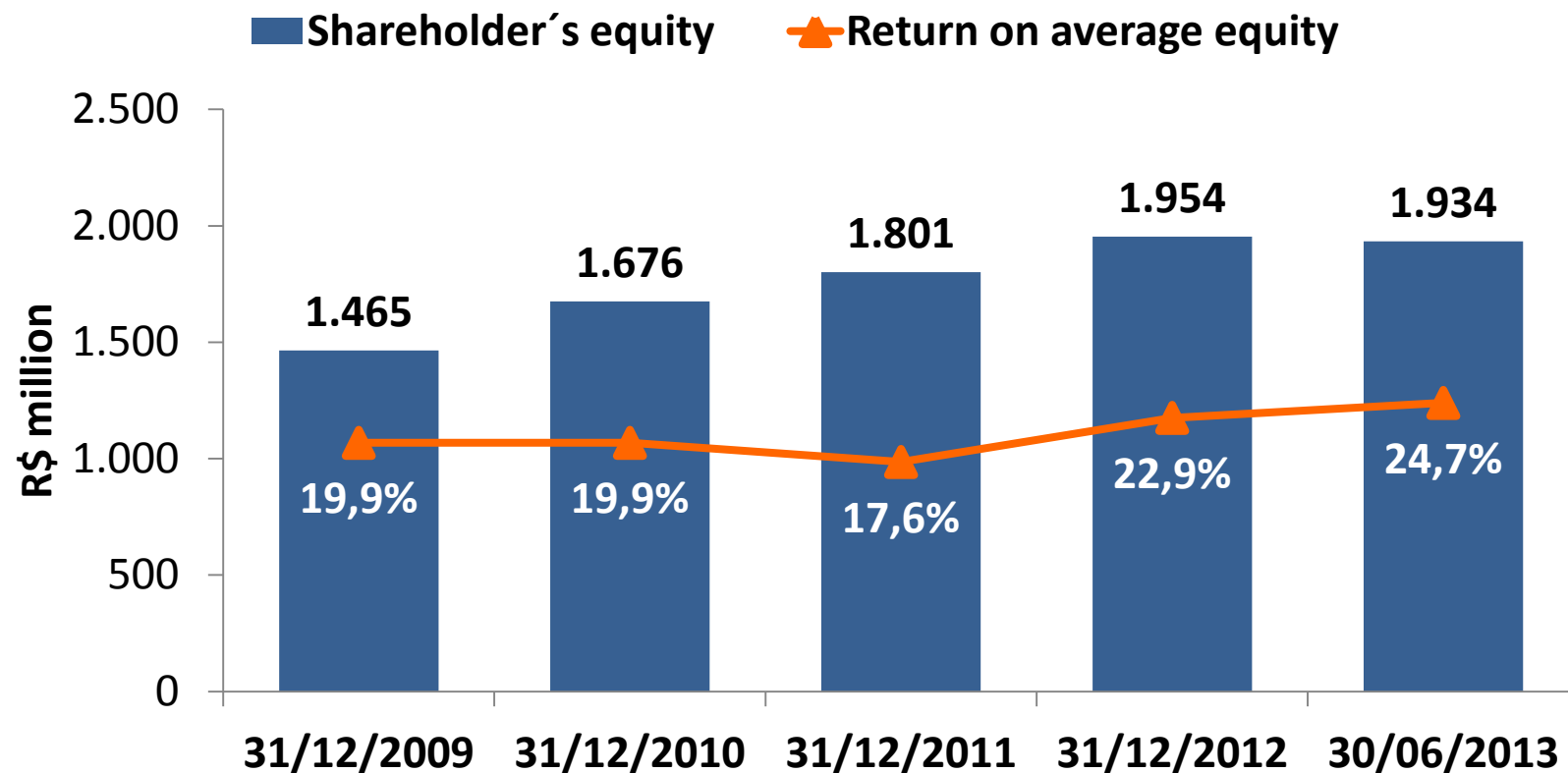
Sales volume – Exports

CAGR (1H13-1H08): (0.6%)



World presence: more than 90 countries

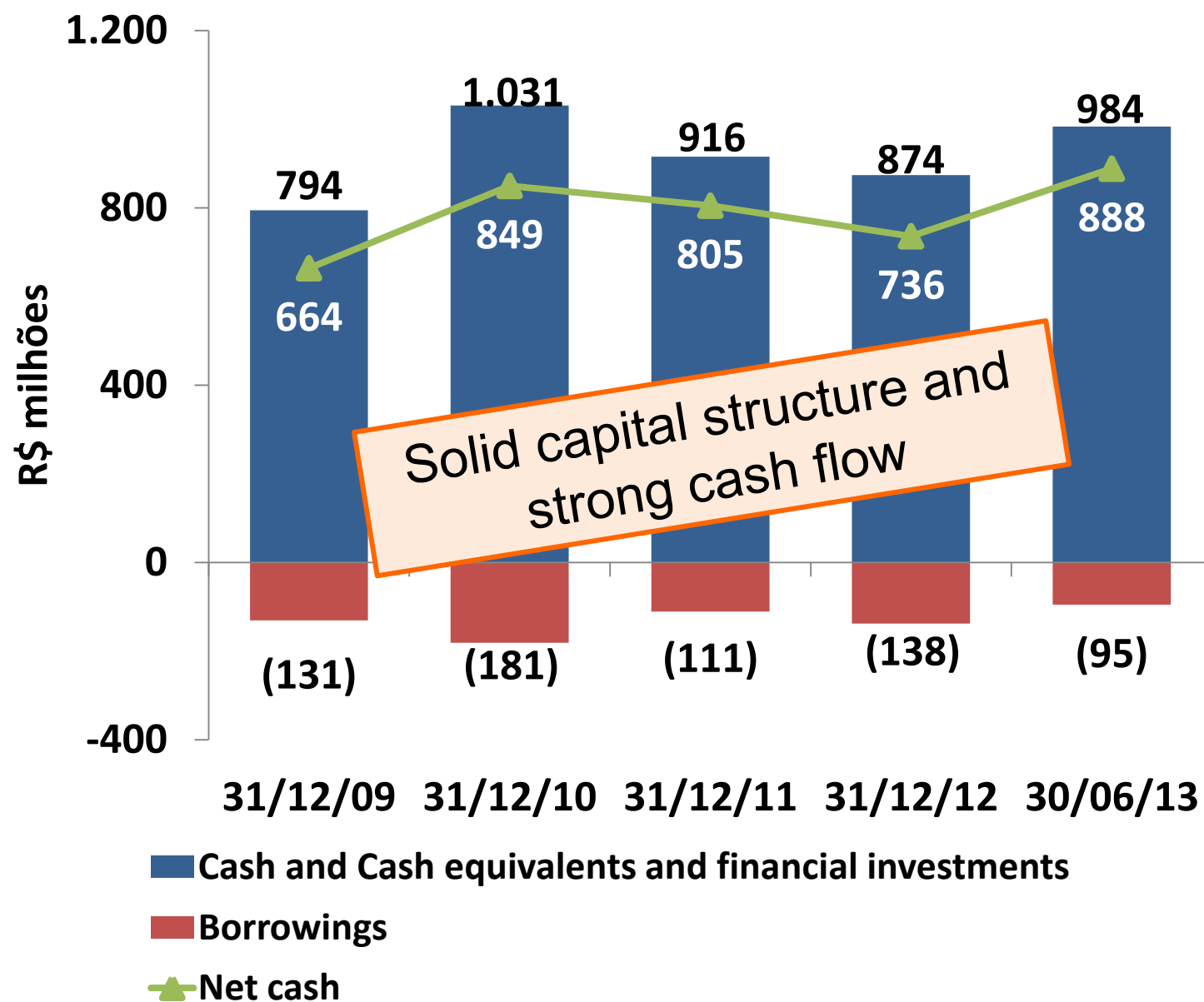
Shareholder's equity and return on equity



Paula Fernandes
Singer



Cash and cash equivalents and financial investments (short- and long-term), borrowings (short- and long term) and net cash



Less labor -
intensive

More capital-
intensive

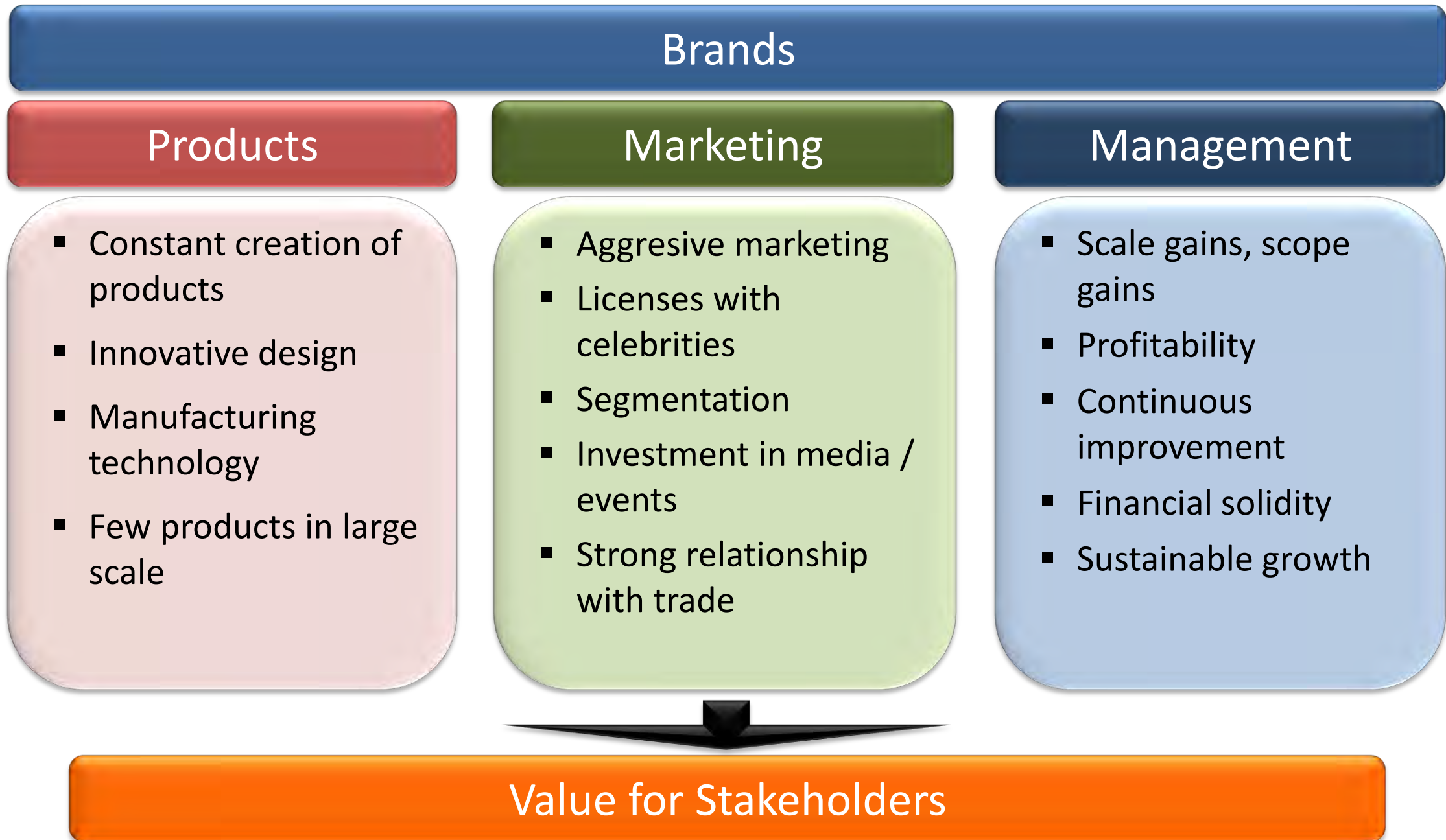
**Strategy: Break
Paradigms**

Higher entry
barriers

Highly
marketing
intensive

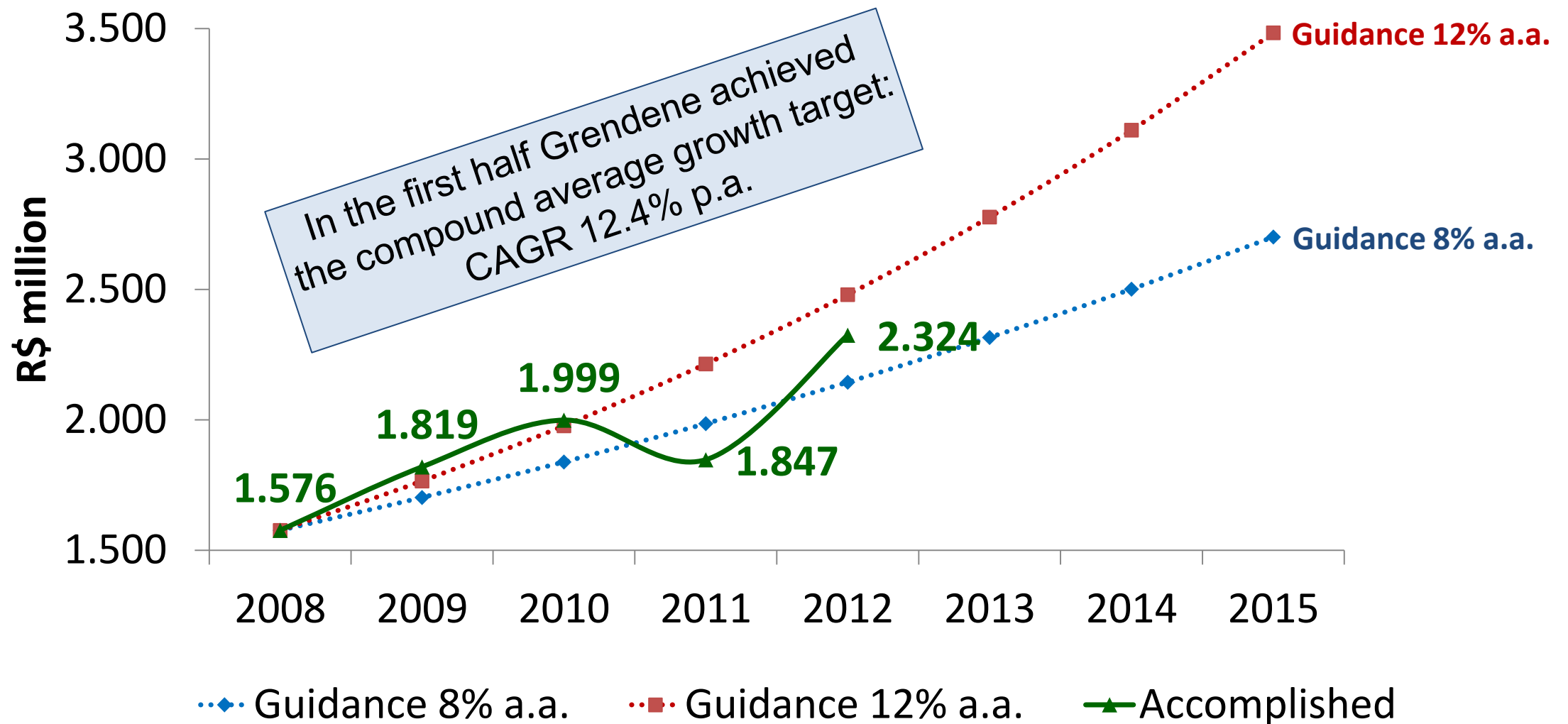
*Our expertise of 40 years,
producing innovative
footwear and generating
desired brands, shows the
success of our vision of the
market, our strategy and our
business model – and our
capacity to create value for
stockholders.*

Value proposition



Guidance

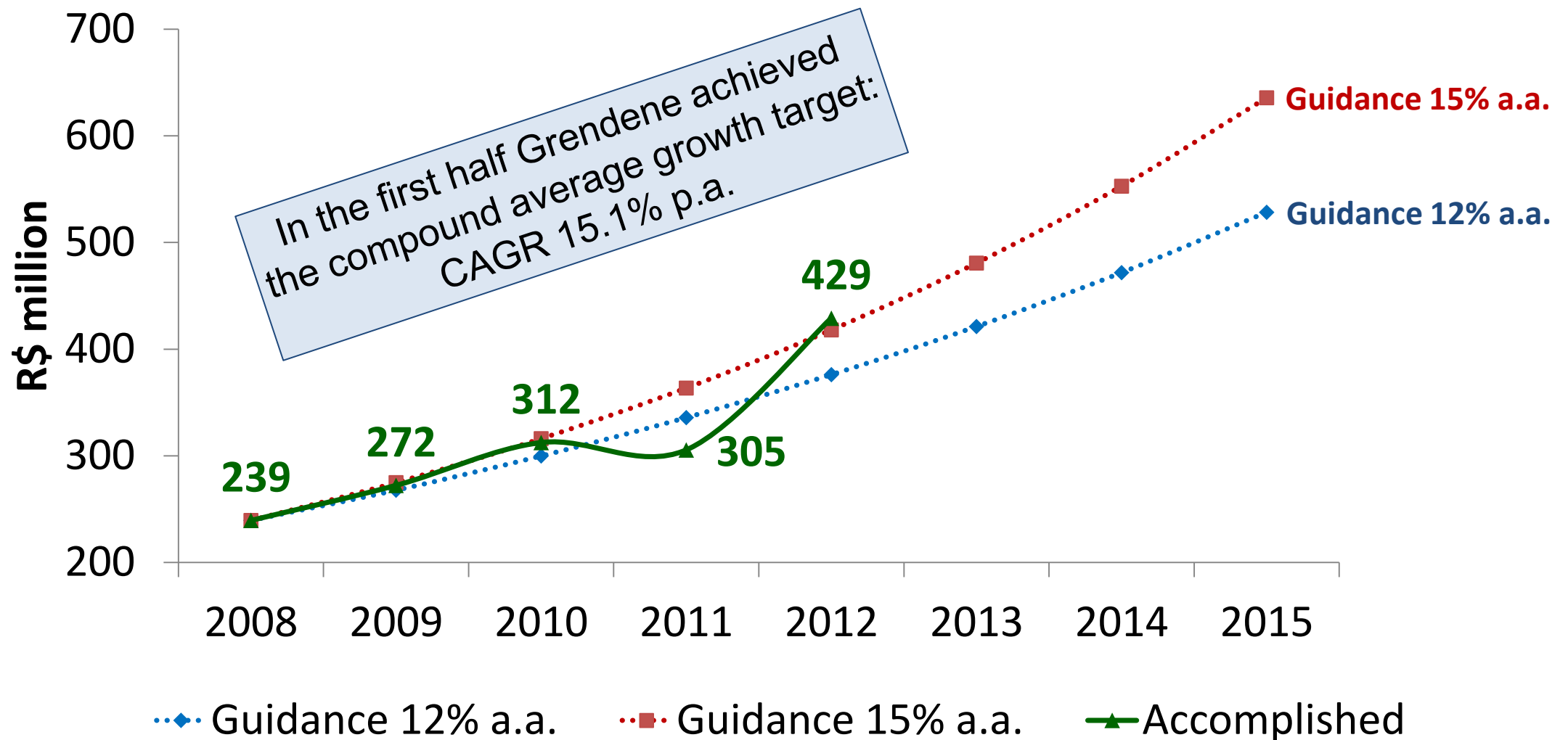
Gross sales revenue



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.

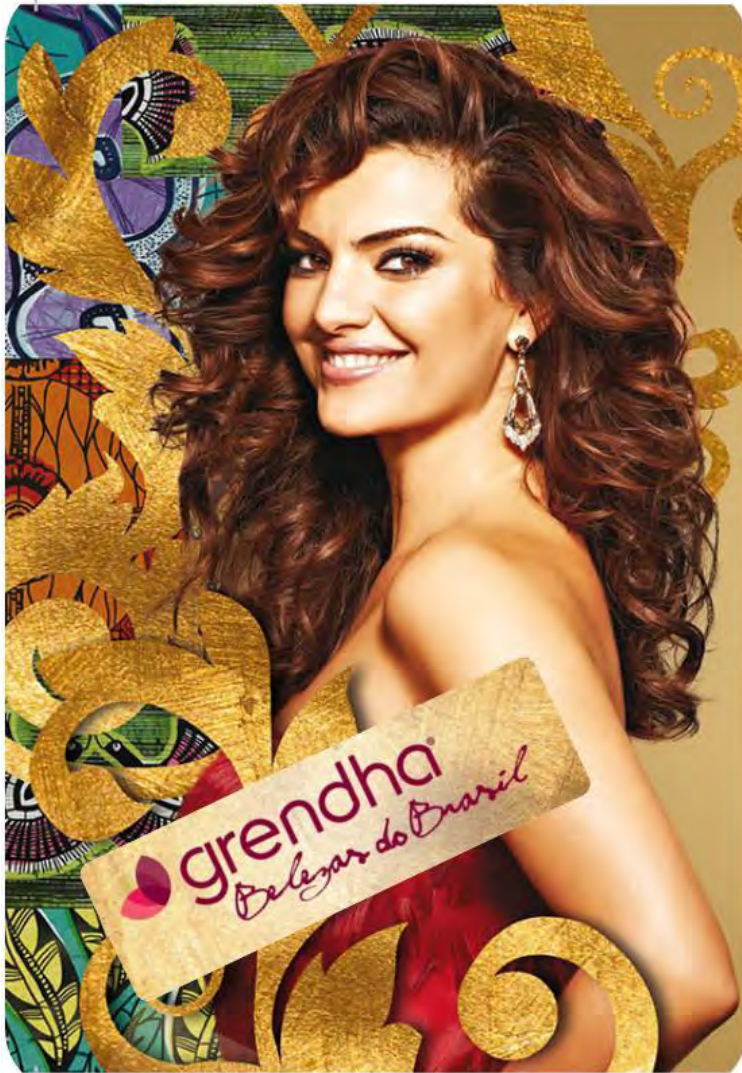
Guidance

Net Profit



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.

Guidance



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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Further information

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Thank You!