

Grendene®



XV Brazil CEO Conference – Brazil 2014

Grendene®

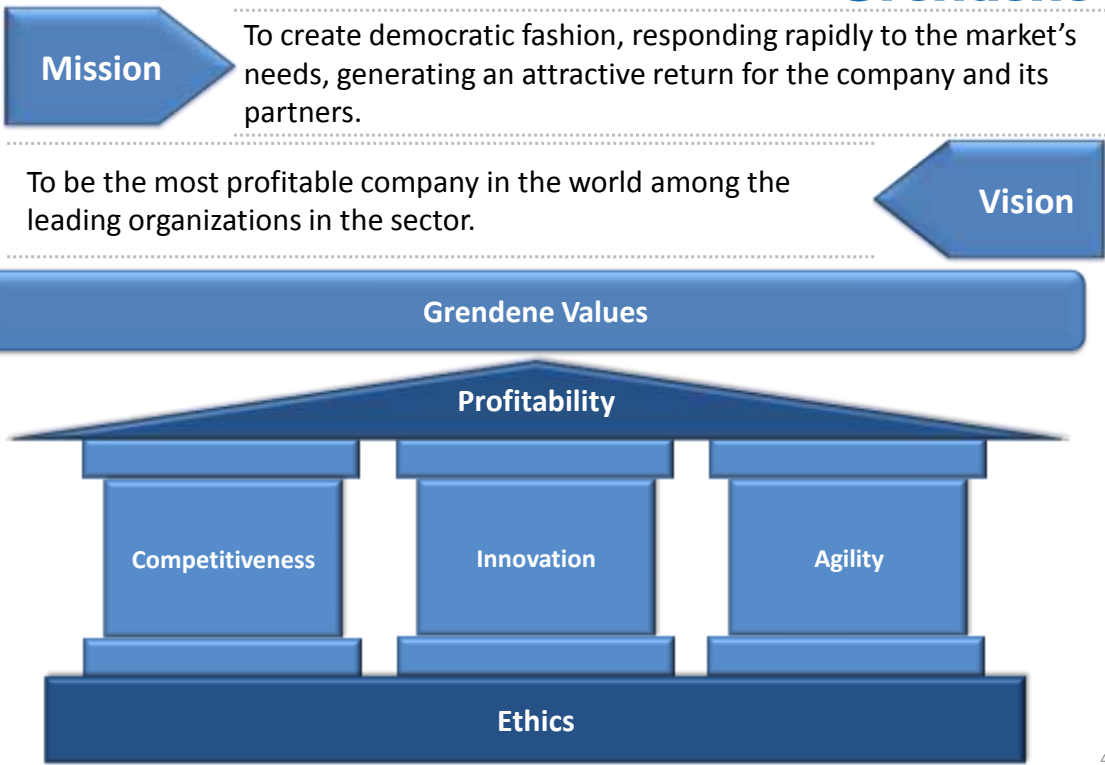
Disclaimer

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

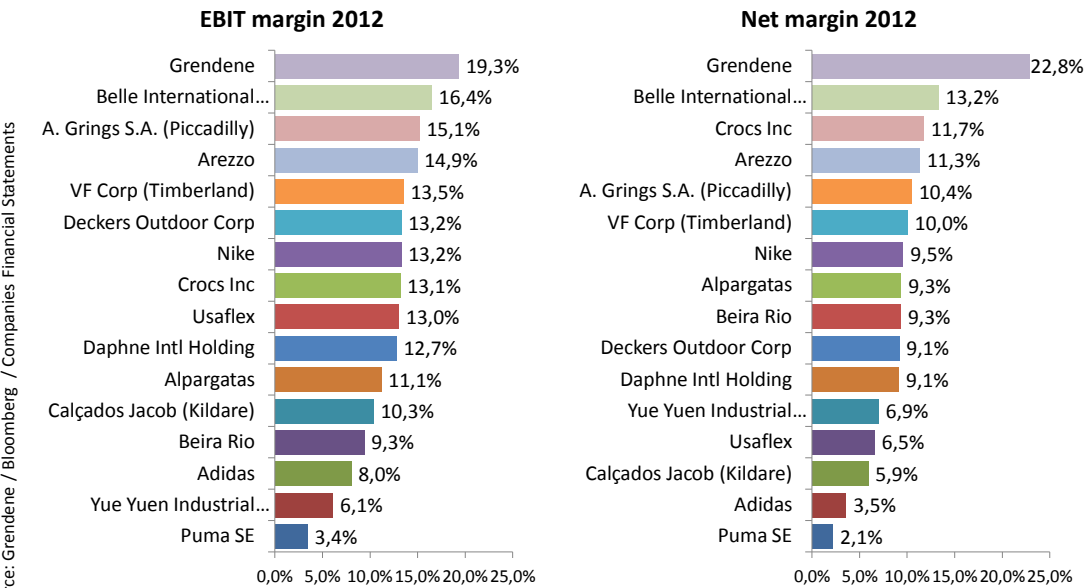
Mission, Vision and Values
History
Dividends
Capital markets
Plants
Capital Expenditure (CAPEX)
Production
Footwear Sector
Brands and Marketing
Resultads
Guidance

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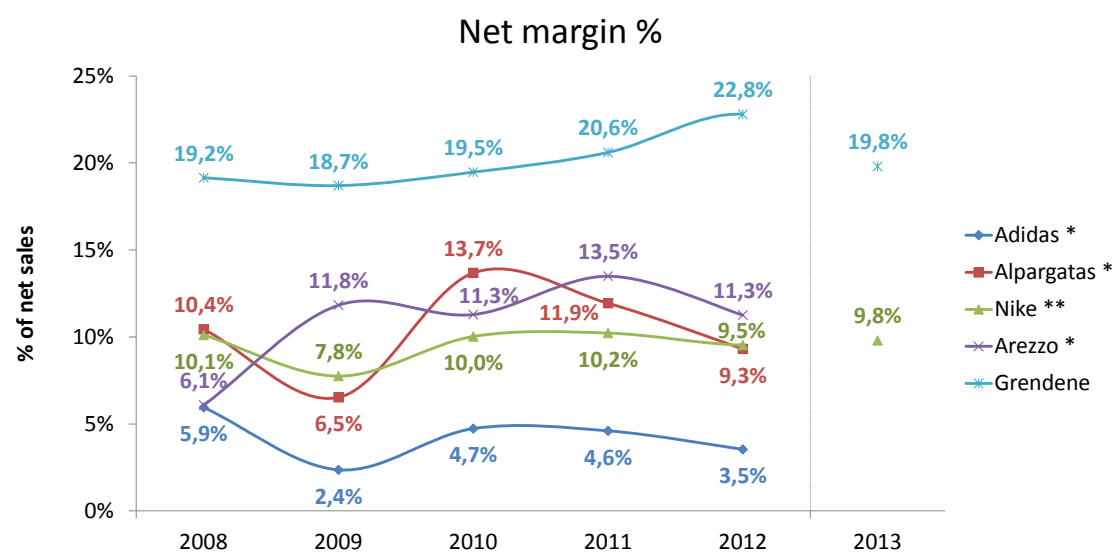
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Profitability

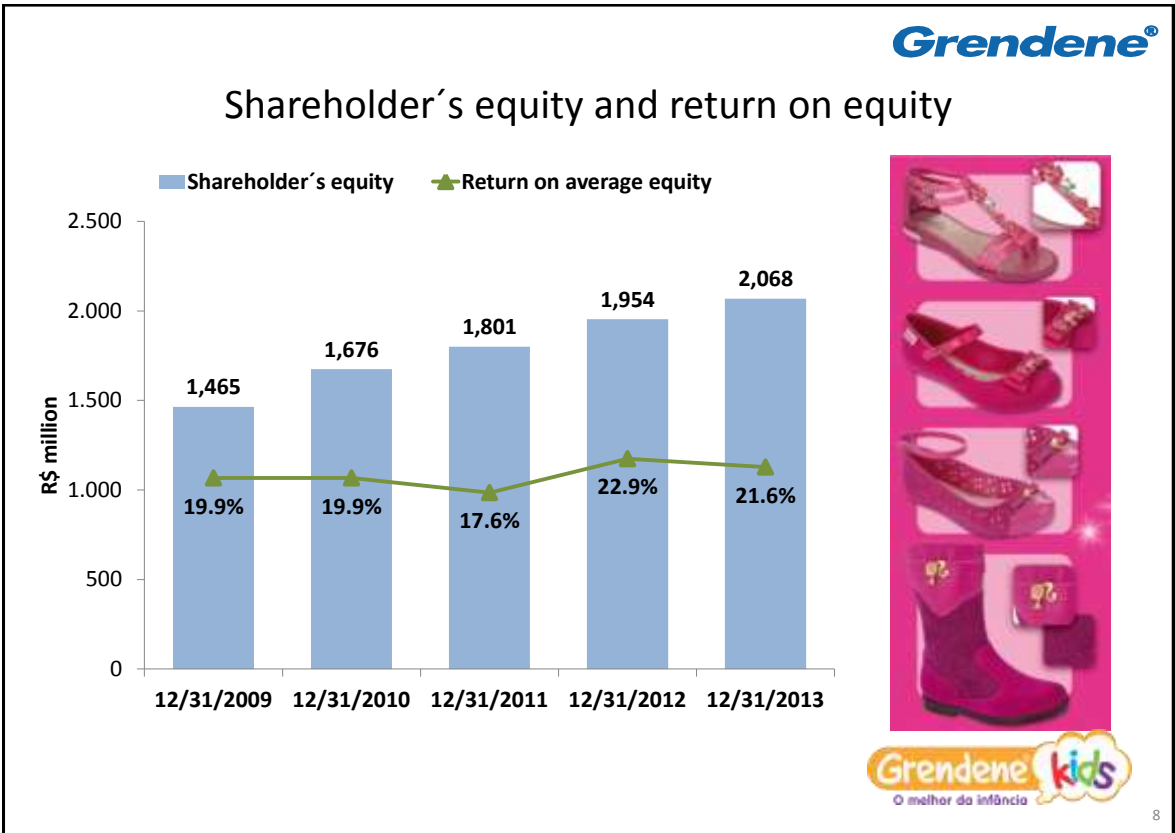
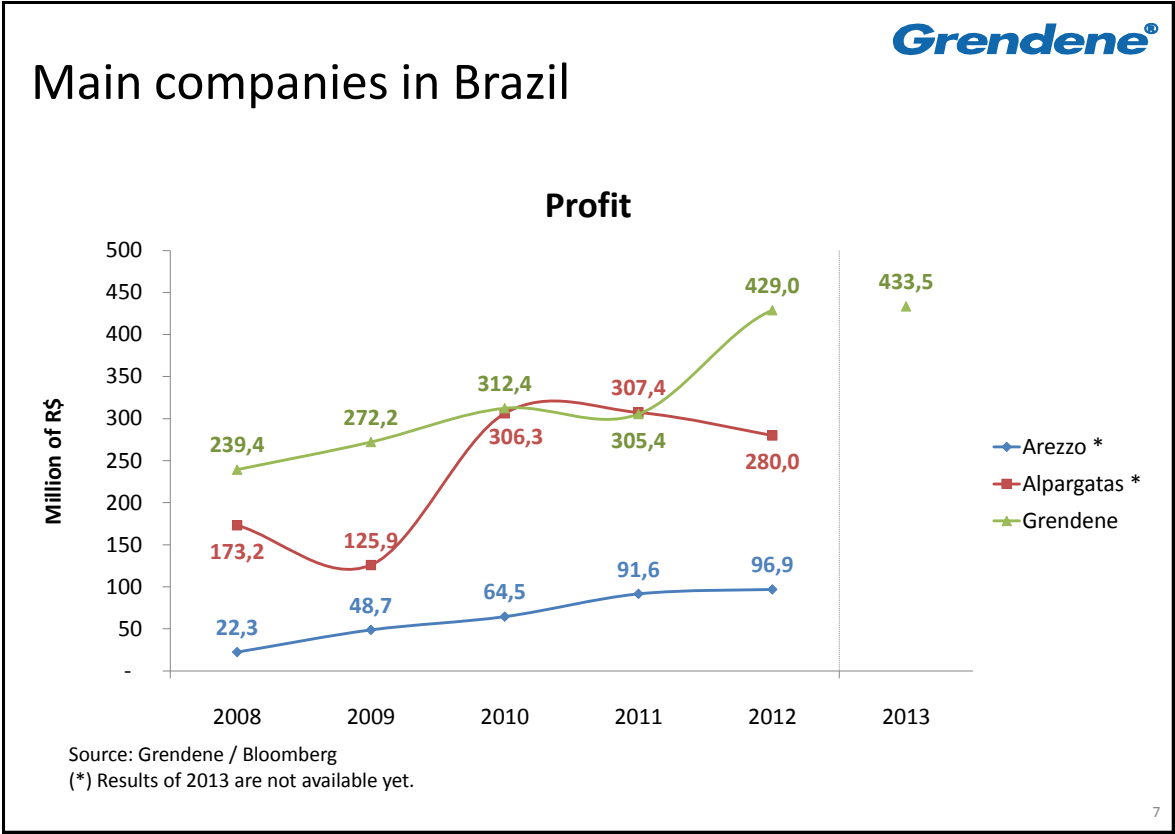


Grendene had lower margins in 2013, but are still better than those presented by the company ranked in second in 2012.

Profitability



Source: Grendene / Bloomberg
(*) Results of 2013 are not available yet.
(**) Year ended on May 31.




Timeline

70s


80s

90s


Foundation Grendene.




Launch of the sandal collection with the brand Melissa.




Opening the plant making molds, at Carlos Barbosa.




Launch men's sandal line Rider.



Opening of the factories at Fortaleza, Sobral and Crato, in Ceará.



Launch Grendha brand.



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Timeline

2000s

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






Foto: A. Carreiro – Out/2004

Opening of **Galeria Melissa** in São Paulo and New York.




Creation **Clube Melissa**



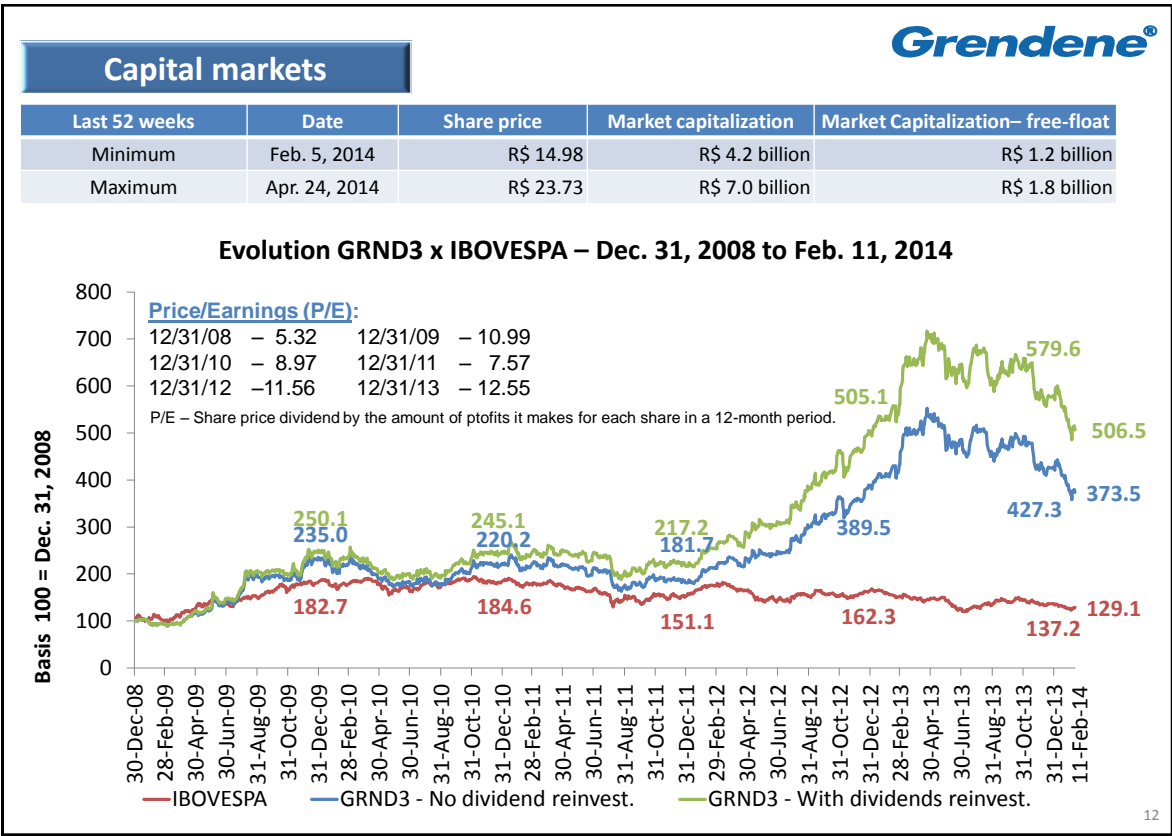
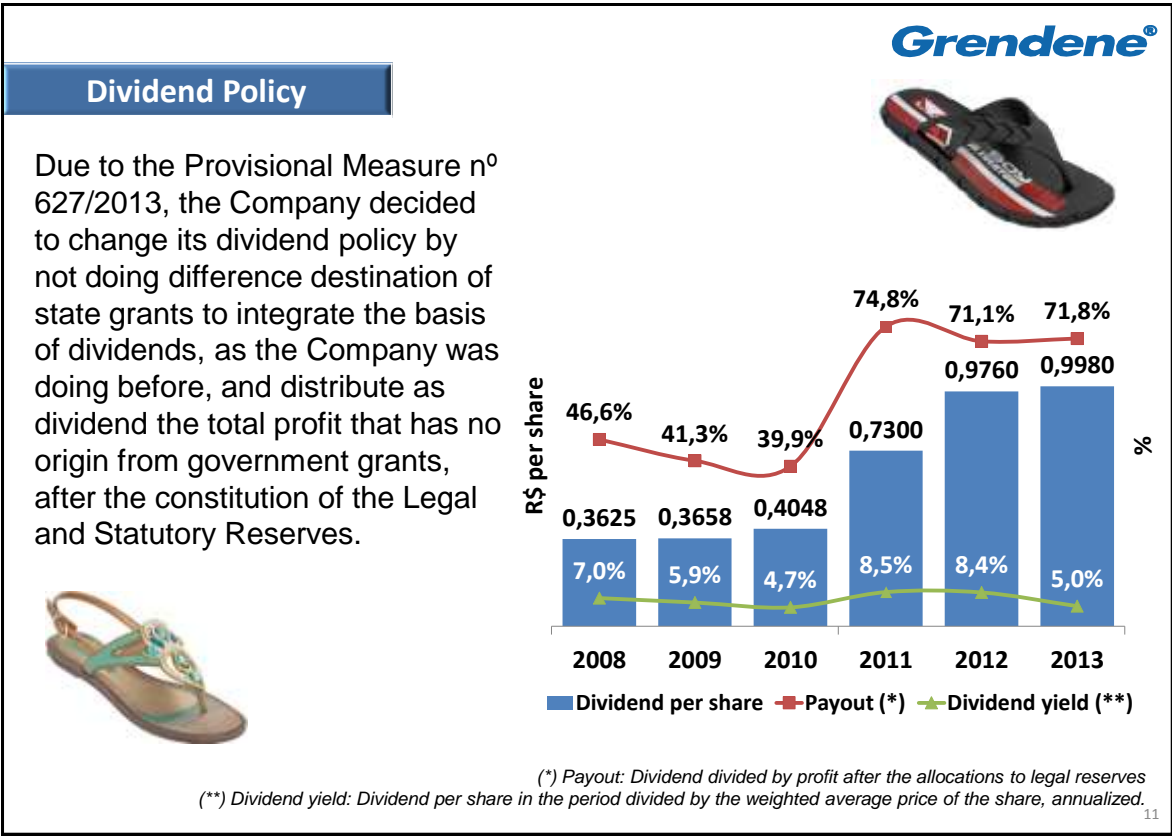
New Business – Constitution of **A3NP Indústria e Comércio de Móveis S.A.** for industrial-scale production of consumer products made from plastic, with sophisticated design, and cost that is accessible to the middle income groups, in partnership with Philippe Starck and others.

New Plants – Teixeira de Freitas (2007) and Sobral (2013).



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Location of industrial plants



Sobral / CE



Carlos Barbosa / RS



Farroupilha / RS



Fortaleza / CE



Crato / CE

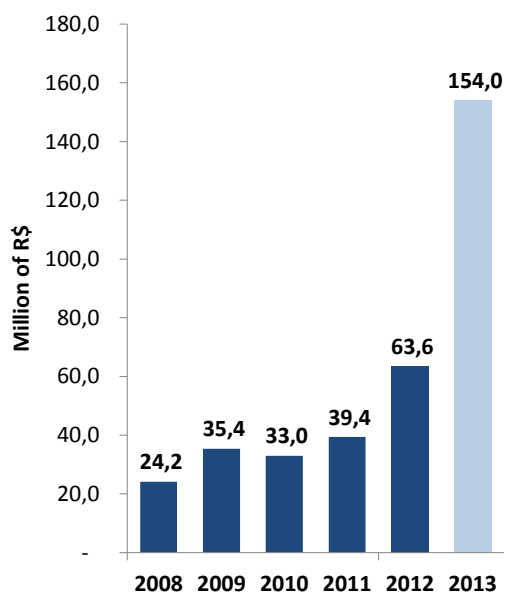


Teixeira de Freitas/BA

Employees:
Northeast Region : 26.500
South Region : 2.200

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Capex (Property, plant and equipment and intangible assets)



Casa Ipanema – Rio de Janeiro/RJ - Brazil

Investments in expanding production capacity.

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Productive process



Verticalization = Agility

PVC formulation

Design

Moulds

P&D

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Footwear Sector



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Footwear Sector– Brazil

- World’s 3rd largest producer;
- About 8,000 producers;
- 348,000 direct employees;
- Production: 908 million pairs in 2013;
- Exports: 123 million pairs to more than 150 países countries in 2013;
- Apparent consumption, Brazilian domestic market: 824 million pairs and 4,2 pairs per capita/year in 2013.

Fonte: IEMI/RAIS/ABICALÇADOS/SECEX

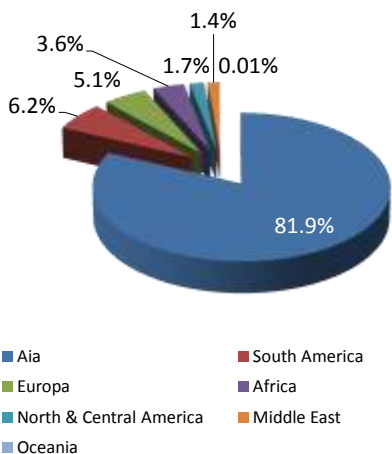


The industry itself is not much more than 180 years old – companies are typically small and labor-intensive, with no entry or exit barriers.

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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
Total	18,417

The 5 principal countries produce: 14,919 million pairs = 81% of total world production.

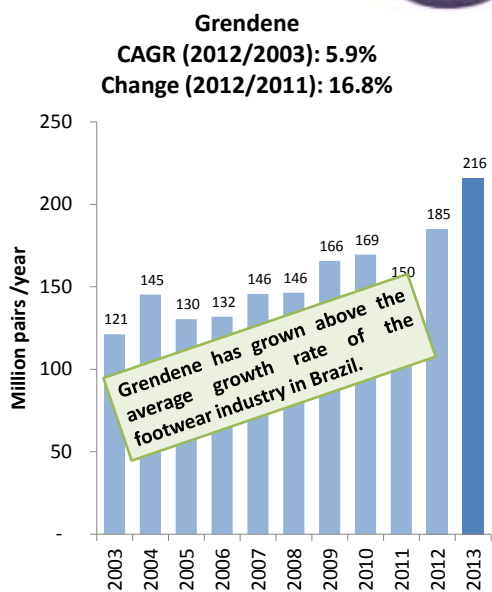
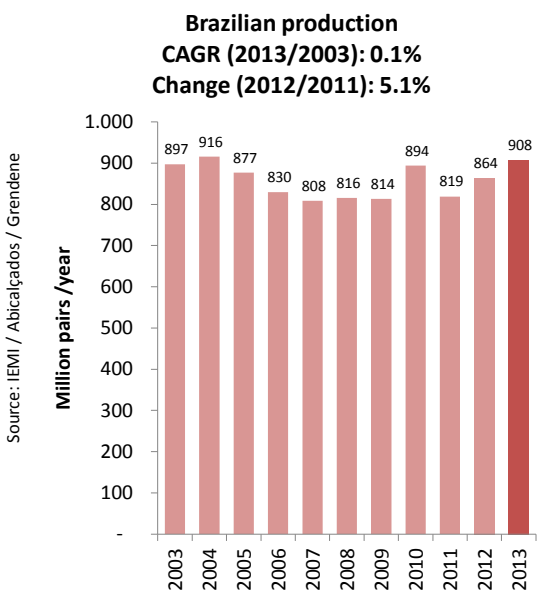
Source: World Shoe Review 2010 / ABICALÇADOS

Consumption – 2011	Total	Per capita*
United States	2,170	6.9
France	424	6.5
United Kingdom	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

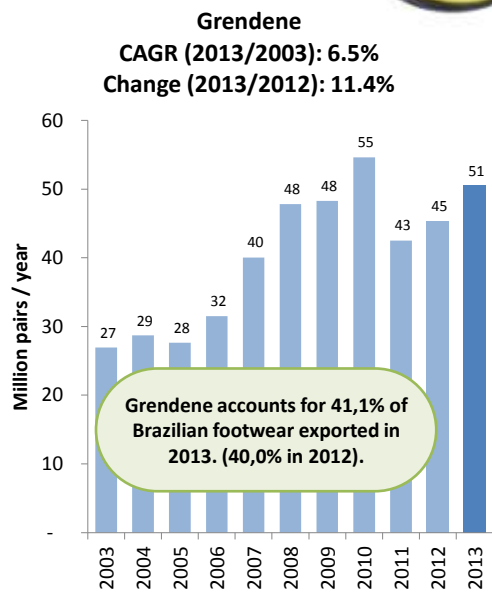
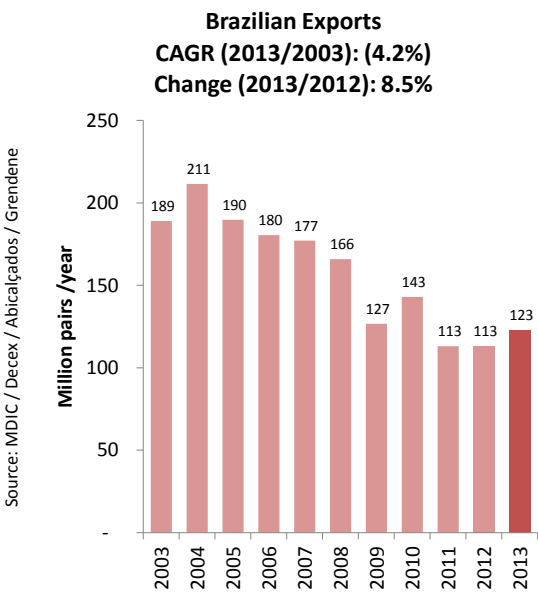
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Brazilian footwear sector x Grendene



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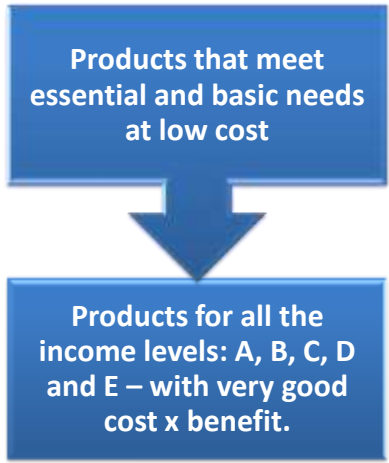
Exports: Grendene vs. Brazil



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Brands & Marketing

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Sales Channels

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C&A - Retail



Selective distribution



Selective distribution

Strong relationship with trade

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Ipanema and Rider
at Rock in Rio



Marketing



Ipanema on the website of Victoria's Secret and
boutique Patricia Field - NY



Fernanda Paes Leme Fiorella Mattheis Giovanna Lancelotti





In October the **Club
Melissa** celebrated one
year with the opening of
the 100th store.

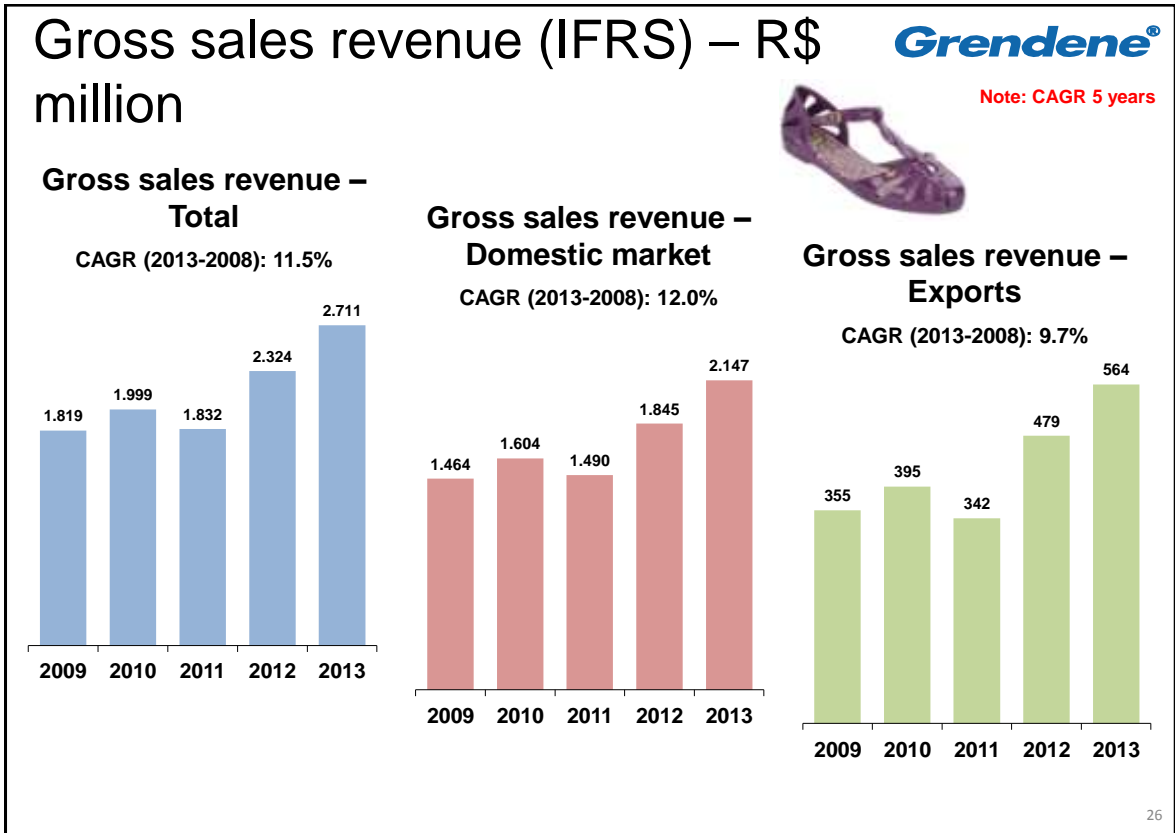


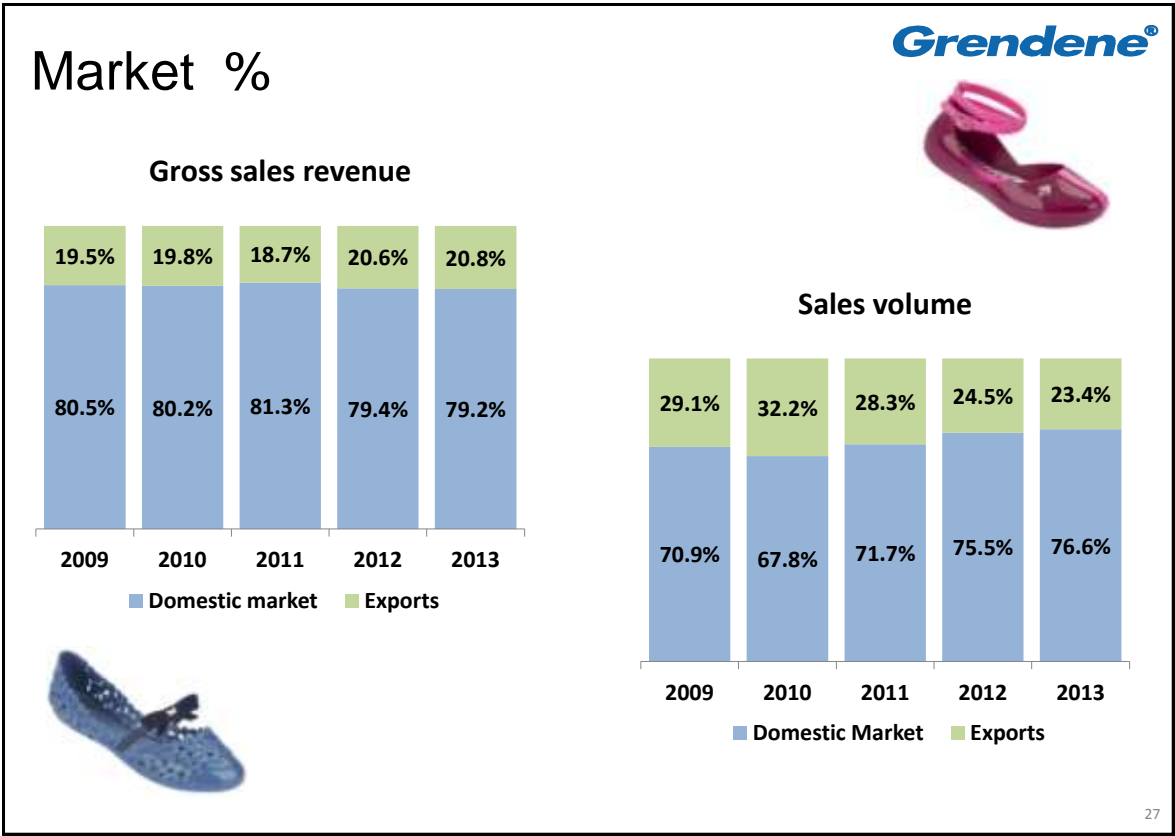


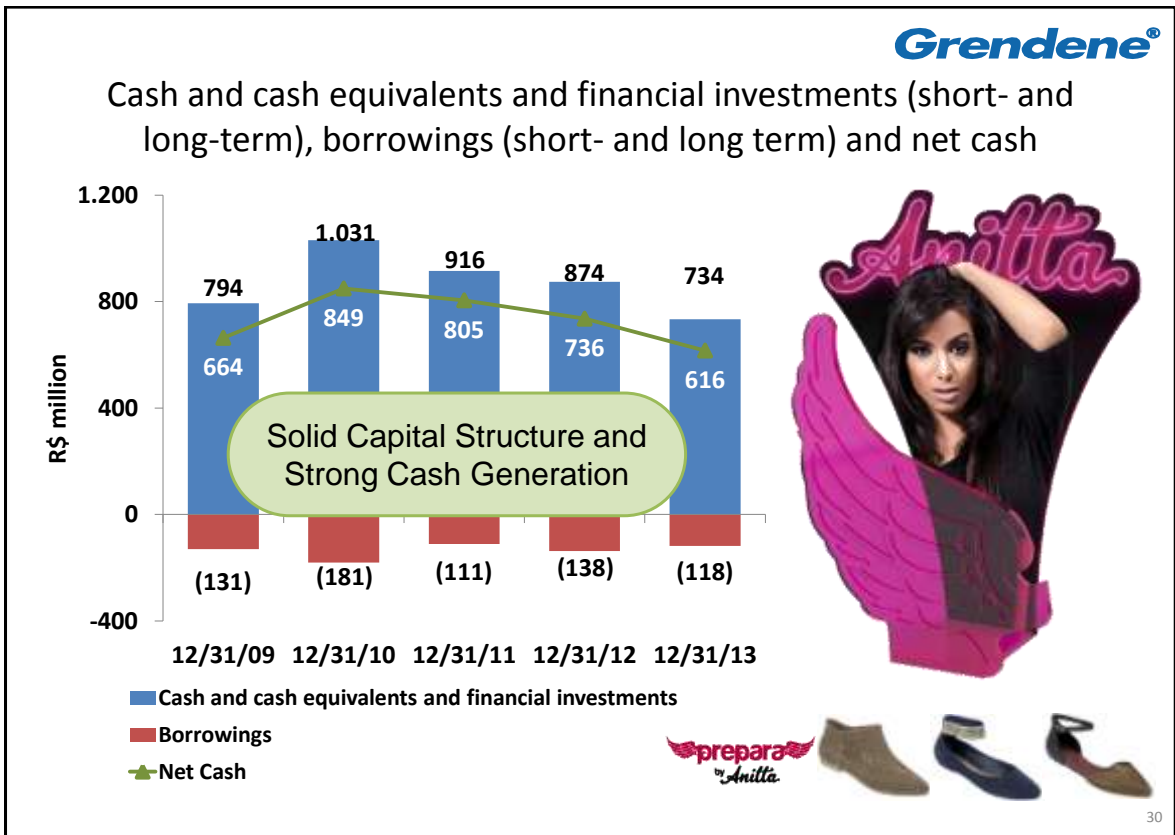
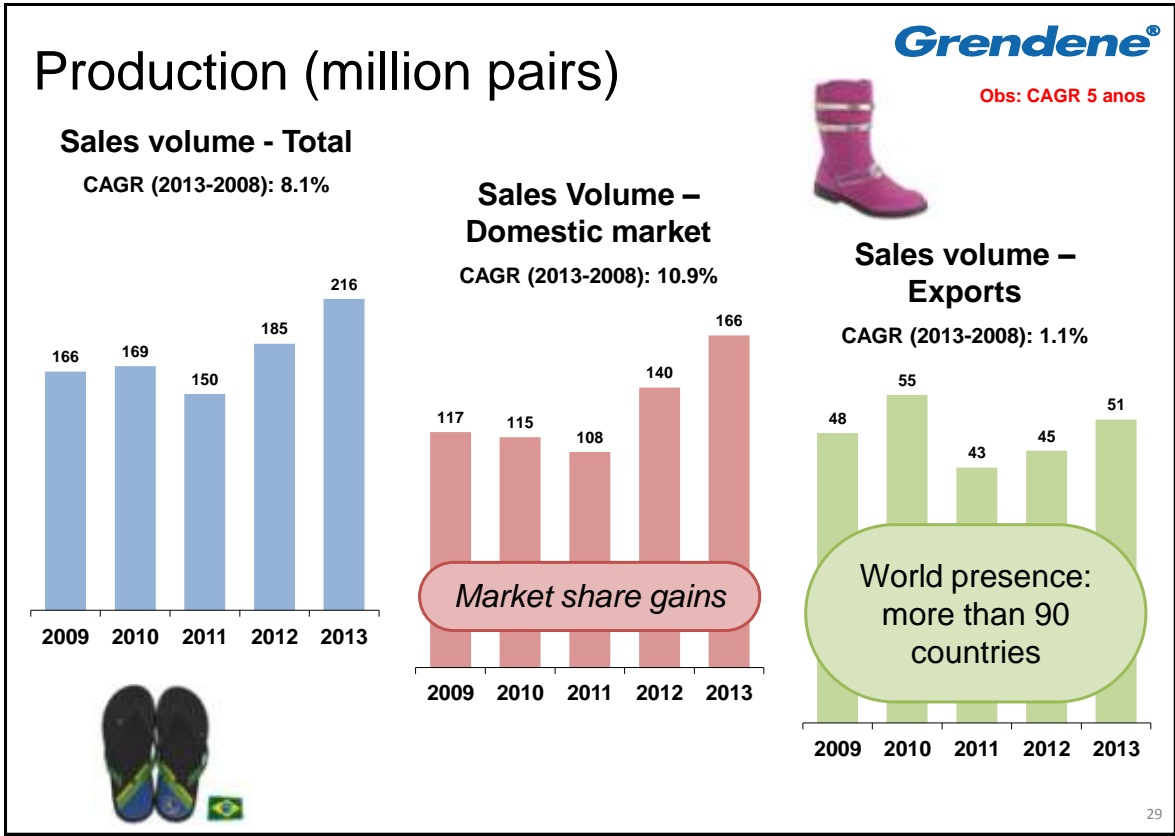
Melissa at **Galeria Lafayette**

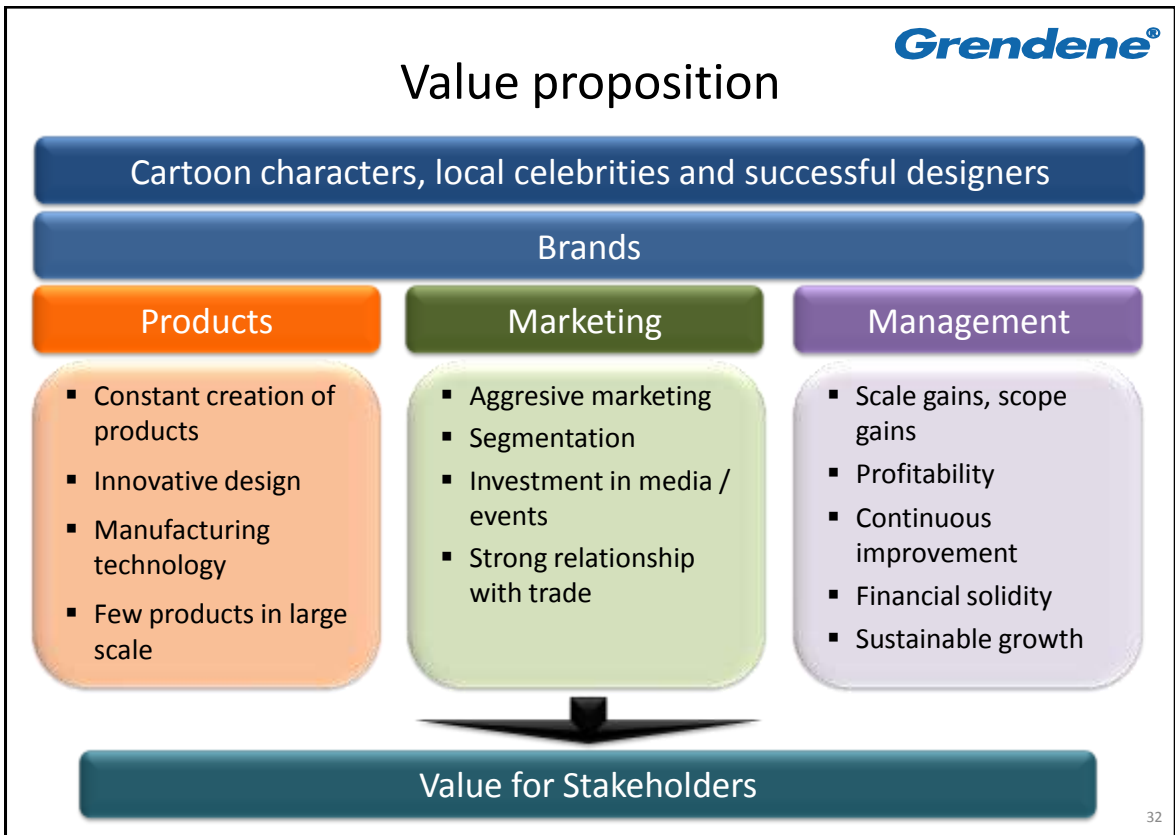


Pop Up Store Melissa in Miami









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Market

Melissa

Brand: Melissa
Main Competitors: Arezzo, Schultz, Grudy, Flor de Mel, Cravo e Canela.

melissa®



Melissa Ginga
+ Karl Lagerfeld



Vivienne Westwood
Anglomania +
Melissa Lady
Dragon XI





Melissa Jean
+ Jason Wu

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Market

Women

Main Brands: Grendha, Zaxy, Ilhabela
Main Licenses: Ivete Sangalo, Shakira, Paula Fernandes
Main Competitors: Via Marte, Beira Rio, Ramarim, Dakota, Picadilly, Via Uno, Anacapri, Usaflex.











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Market

Grendene®

Men

Main Brands: Rider, Cartago

Main Licenses: Guga Küerten, Bad Boy, Mormaii

Main Competitors: Kenner, Beira Rio, Alpargatas, Itapuã, Free-Way.



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Market

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Kids

Main brands: Grendene Kids, Grendene Baby, Zizou

Main licenses: Ben 10, Hello Kitty, Disney, Hot Wheels, Smurfs, Barbie, Moranguinho, Fisher-Price, Max Steel, Angry Birds entre outras.

Main Competitors: Klim, Bibi, Pampily, Bical, Pé com Pé, Marisol



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Linha

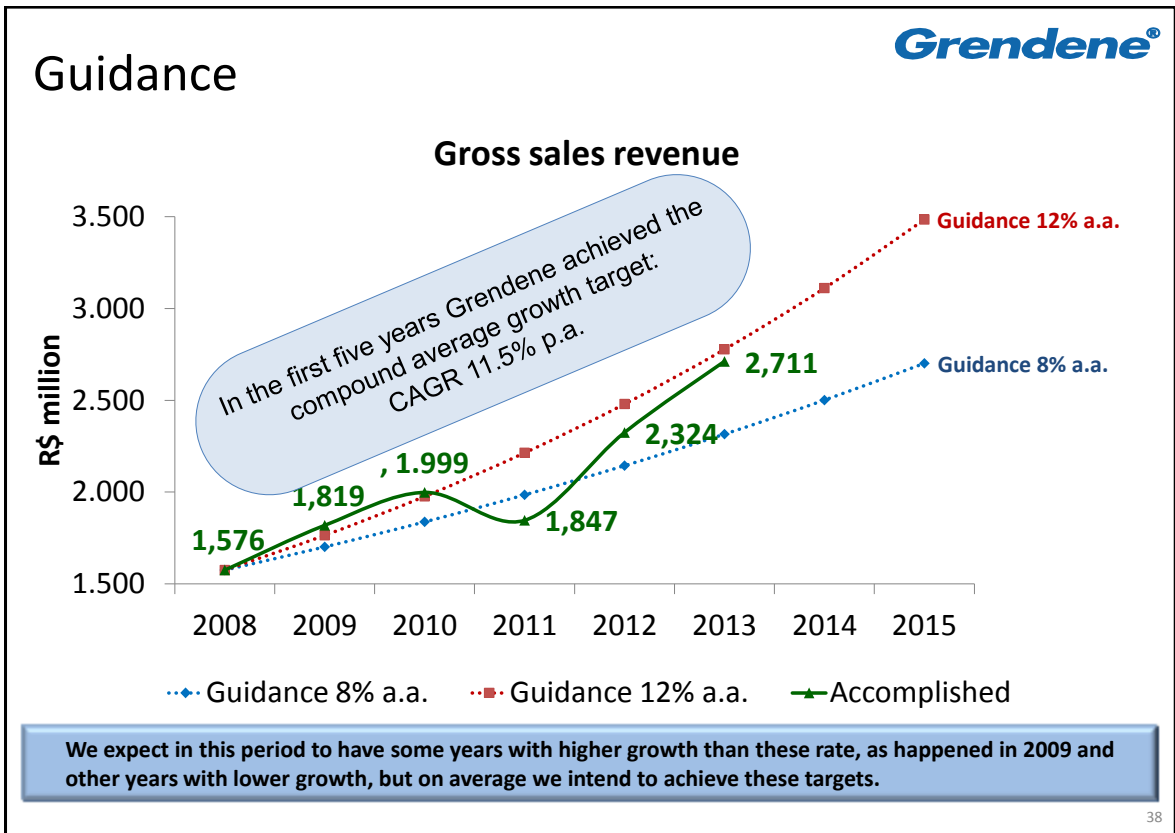
Mass Market

Main brand: Ipanema

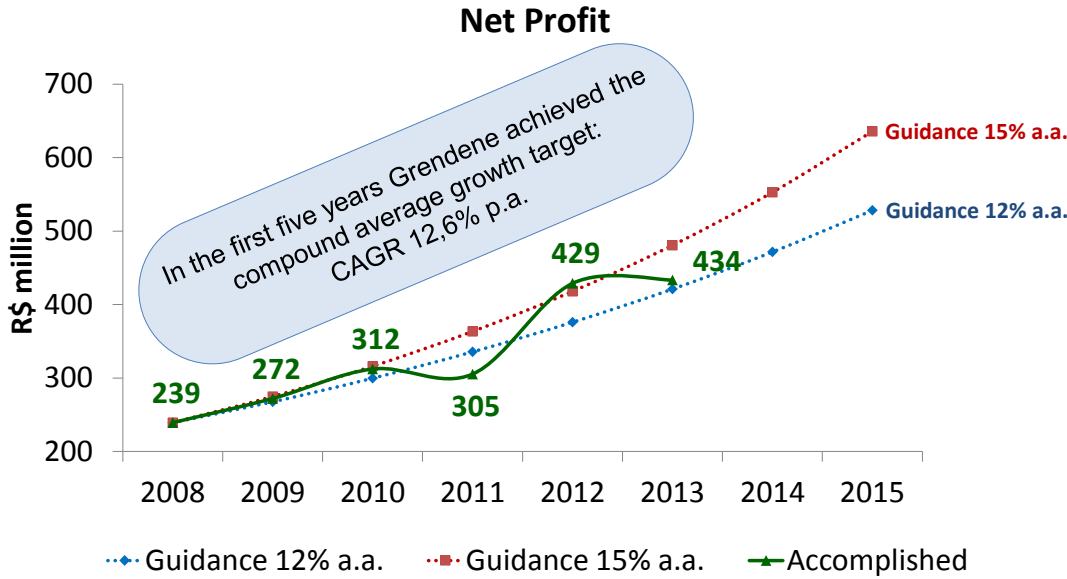
Main Competitors: Alpargatas, Dupé, Balina, Beira-Rio.



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Guidance



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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Guidance



Ipanema

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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Guidance 2014

Approximately R\$120 million in CAPEX - modernization and productivity gains of the plant.



Beginning revenues from the furniture company in partnership with Philippe Starck.



Opening of Galeria Melissa, **London** – at 43 King Street, in the heart of Covent Garden.

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Grendene®



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Thank You!

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