



**Grendene®**

**APIMEC meeting  
March 2014**

**Grendene®**

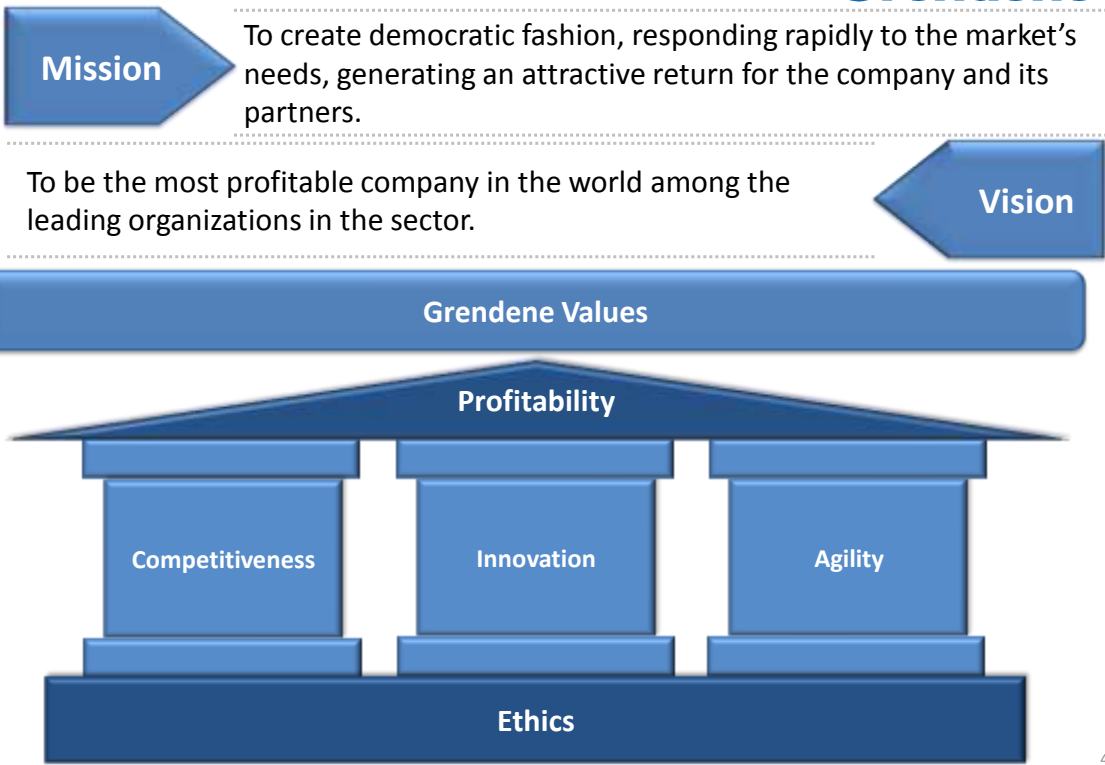
## Disclaimer

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.

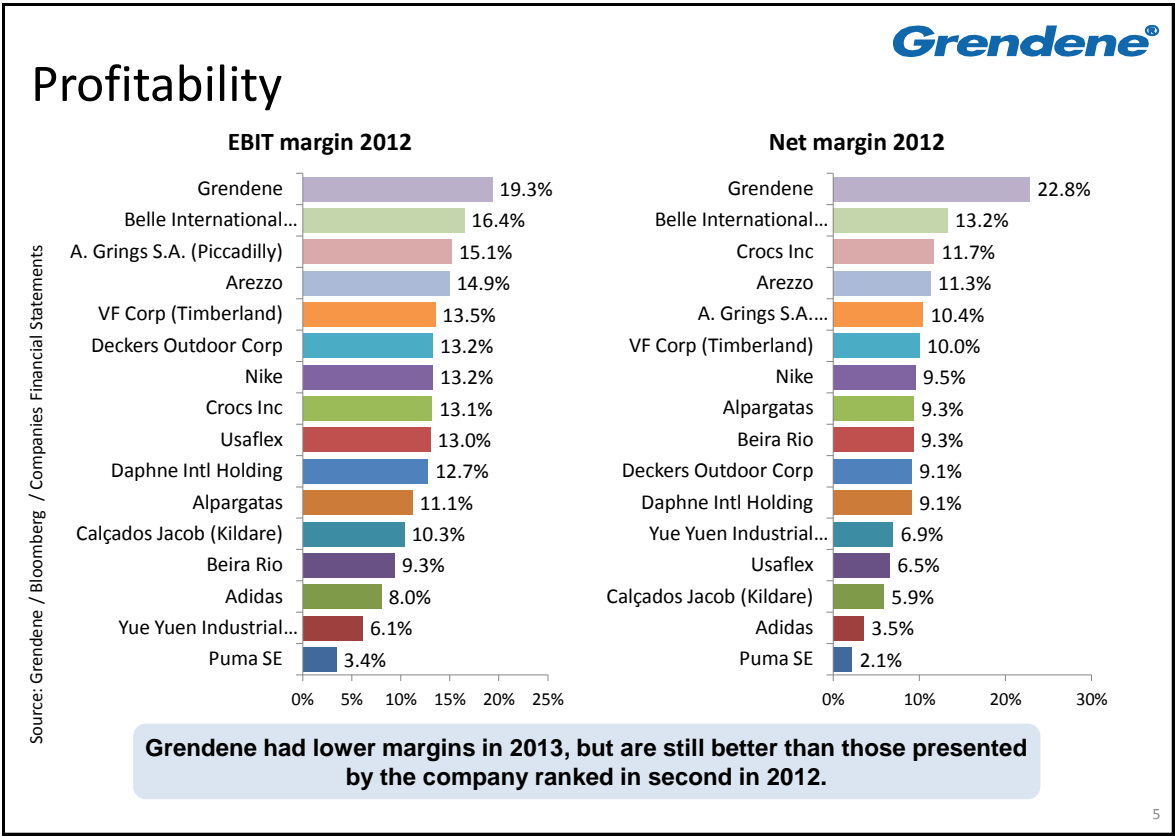
# Agenda

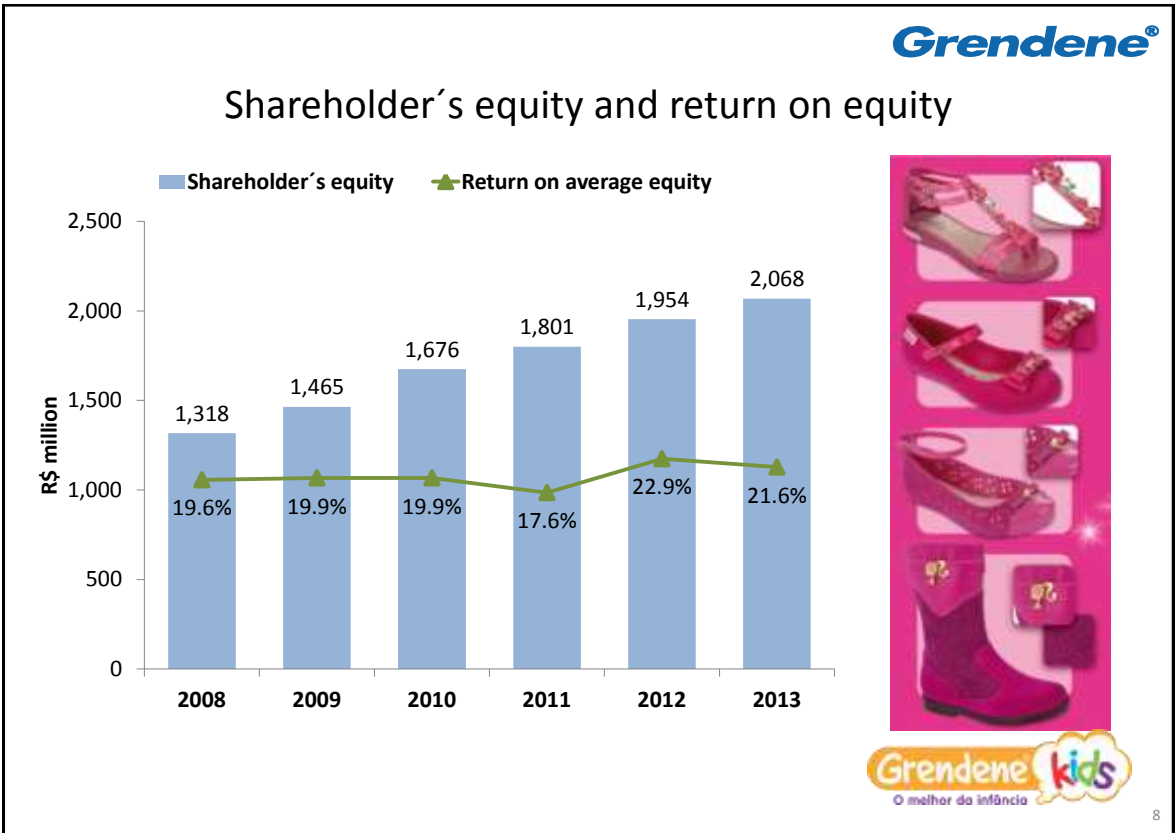
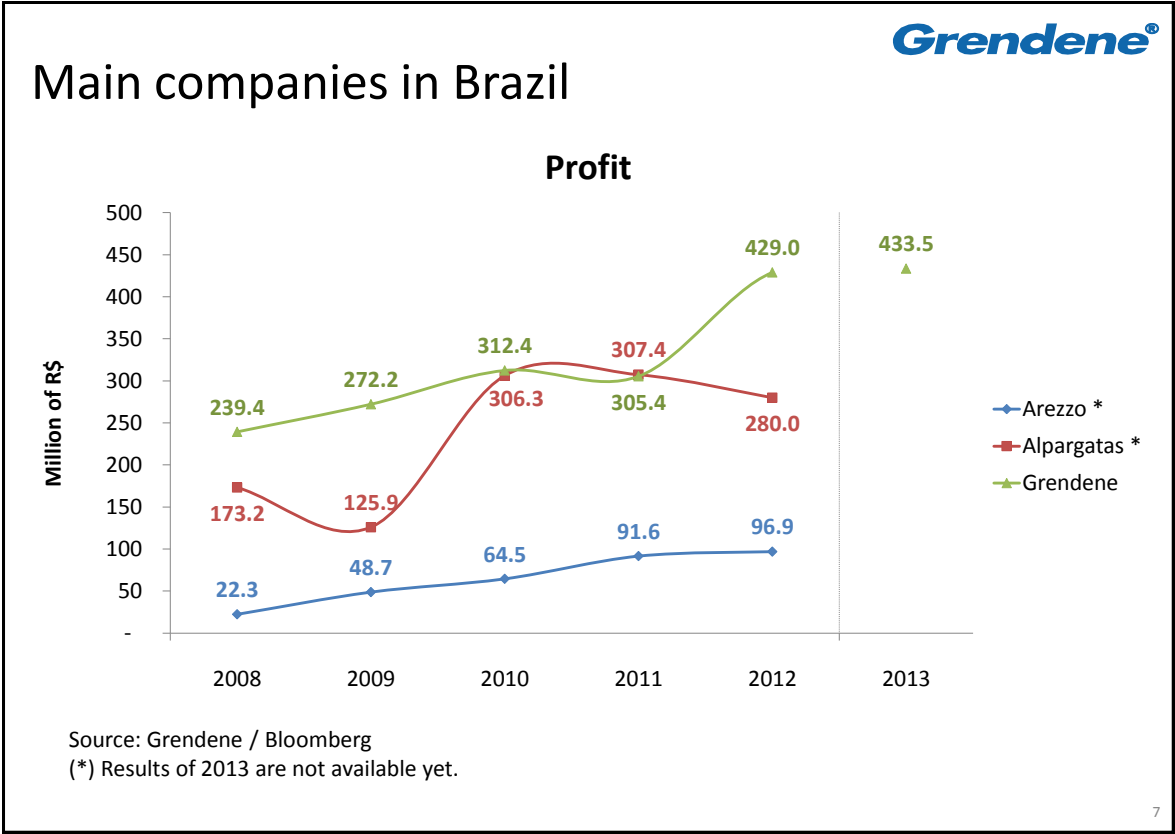
Mission, Vision and Values
History
Dividends
Capital markets
Plants
Capital Expenditure (CAPEX)
Production
Footwear Sector
Brands and Marketing
Resultads
Guidance

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# Timeline

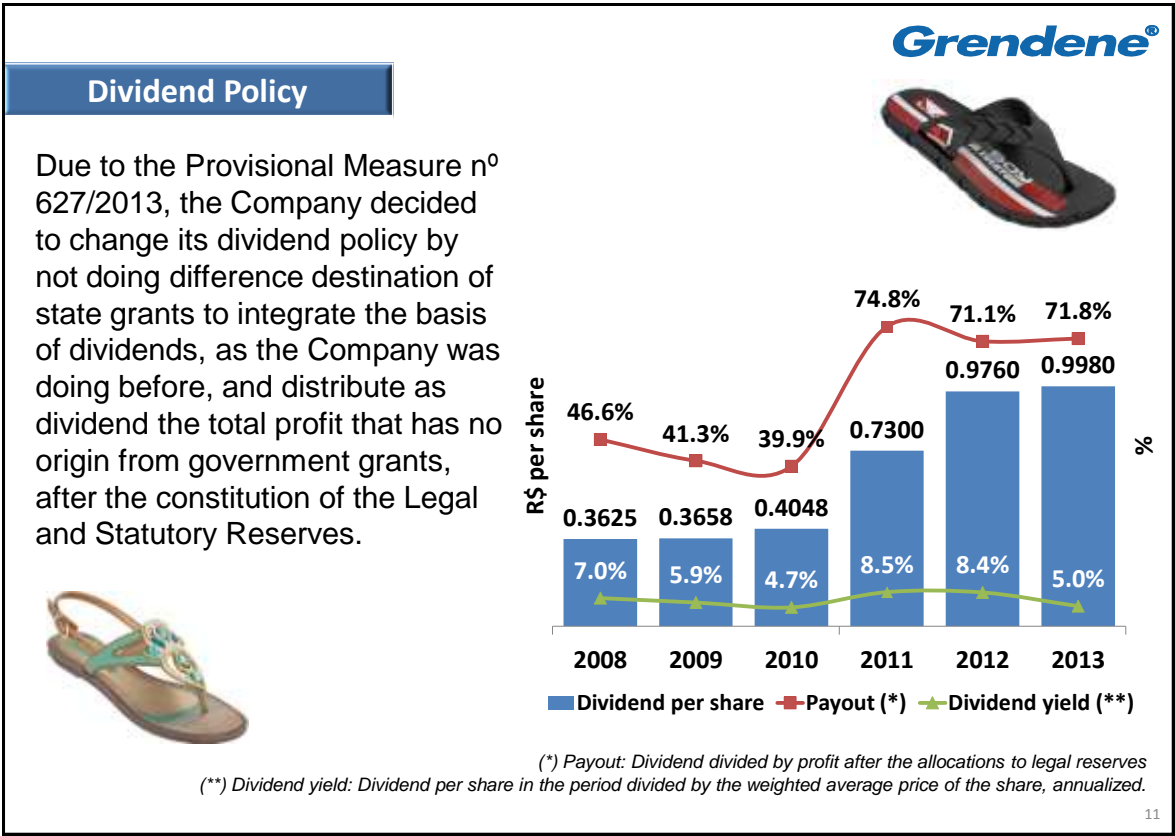
70's	80's	90's
<p>Foundation Grendene.</p>  <p>Launch of the sandal collection with the brand Melissa.</p> 	<p>Opening the plant making molds, at Carlos Barbosa.</p>  <p>Launch men's sandal line Rider.</p> 	<p>Opening of the factories at Fortaleza, Sobral and Crato, in Ceará.</p>  <p>Launch Grendha brand.</p> 

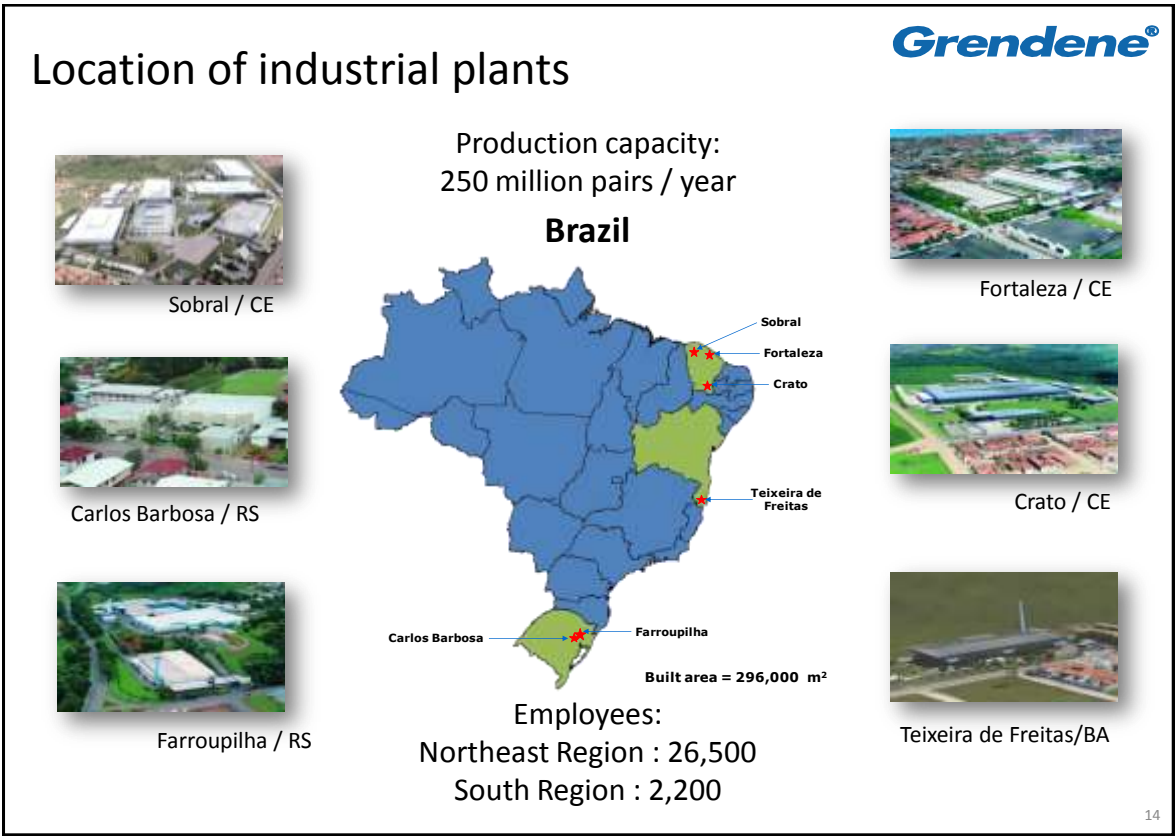
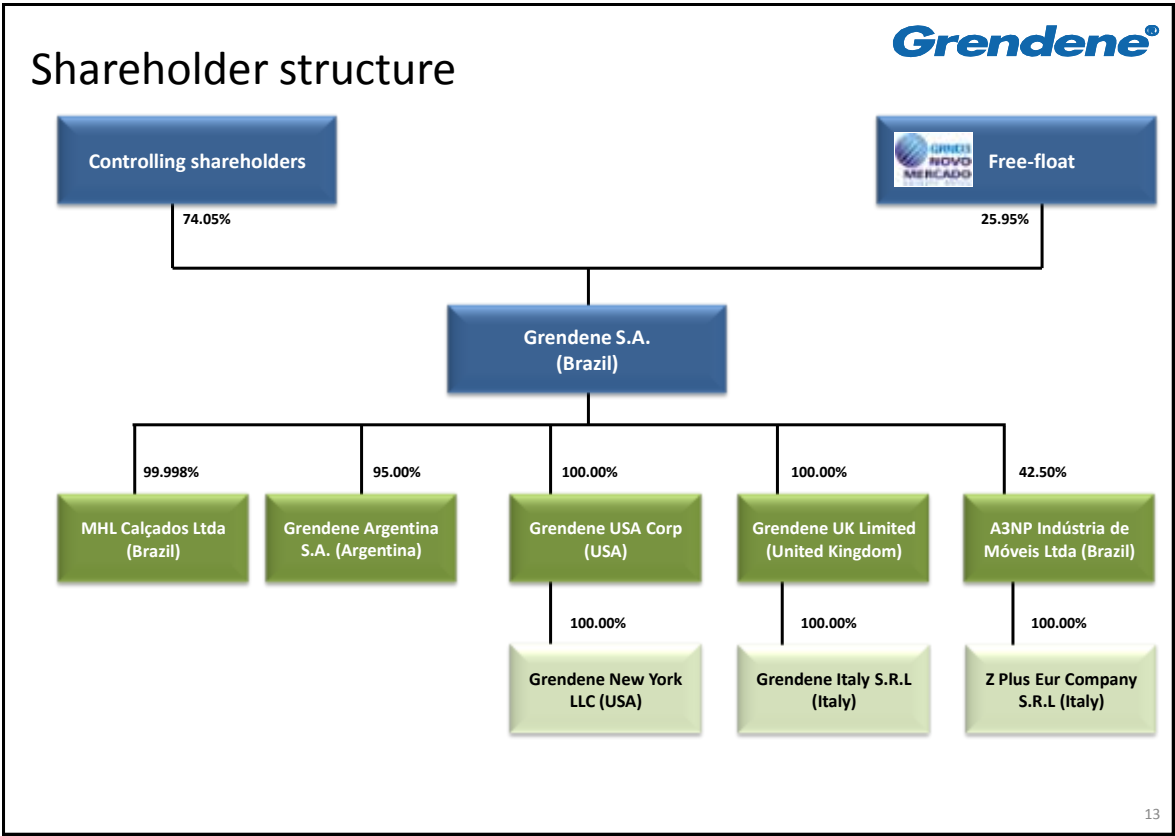
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# Timeline

2000's
<p>Grendene started having common shares ("GRND3") negotiated at the <i>Novo Mercado</i> of BM&amp;FBOVESPA.</p>  <p>Foto: A. Carreiro – Out/2004</p> <p>Opening of <b>Galeria Melissa</b> in São Paulo and New York.</p>  <p>Creation <b>Clube Melissa</b></p> <p><b>New Business</b> – Constitution of <b>A3NP Indústria e Comércio de Móveis S.A.</b> 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.</p> <p><b>New Plants</b> – Teixeira de Freitas (2007) and Sobral (2013).</p> 

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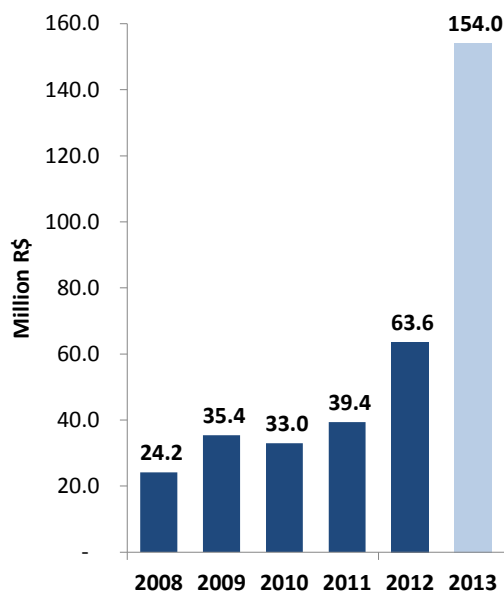






## Capex (Property, plant and equipment and intangible assets)

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Casa Ipanema – Rio de Janeiro/RJ - Brazil

Investments in expanding production capacity.

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## Sustainability

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### Social responsibility

- Providing employment and income;
- Healthy food;
- Education / vocational training; and
- Medical and dental care.



### Responsabilidade Ambiental


- PVC that is unused or damaged in the process, plus leftovers and scraps are fully reused.
- Unused paints are removed from the water for reuse of the paint and the water.
- The water is treated in a decantation lake and reused for conserving the vegetation.
- The water used for watering the plants comes from reusing factory water.

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Productive process



# Verticalization = Agility

PVC formulation

Design


Moulds

R&D

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Footwear Sector



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## Footwear Sector– Brazil

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- World’s 3<sup>rd</sup> 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.

Source: IEMI/RAIS/ABICALÇADOS/SECEX  
\* Estimated by Grendene



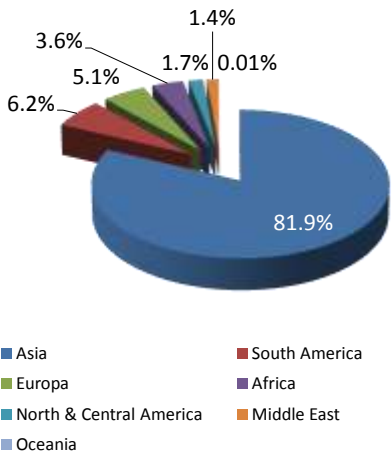
The industry itself is not much more than 180 years old – companies are typically small and labor-intensive, with no entry or exit barriers.

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## Footwear sector – World

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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

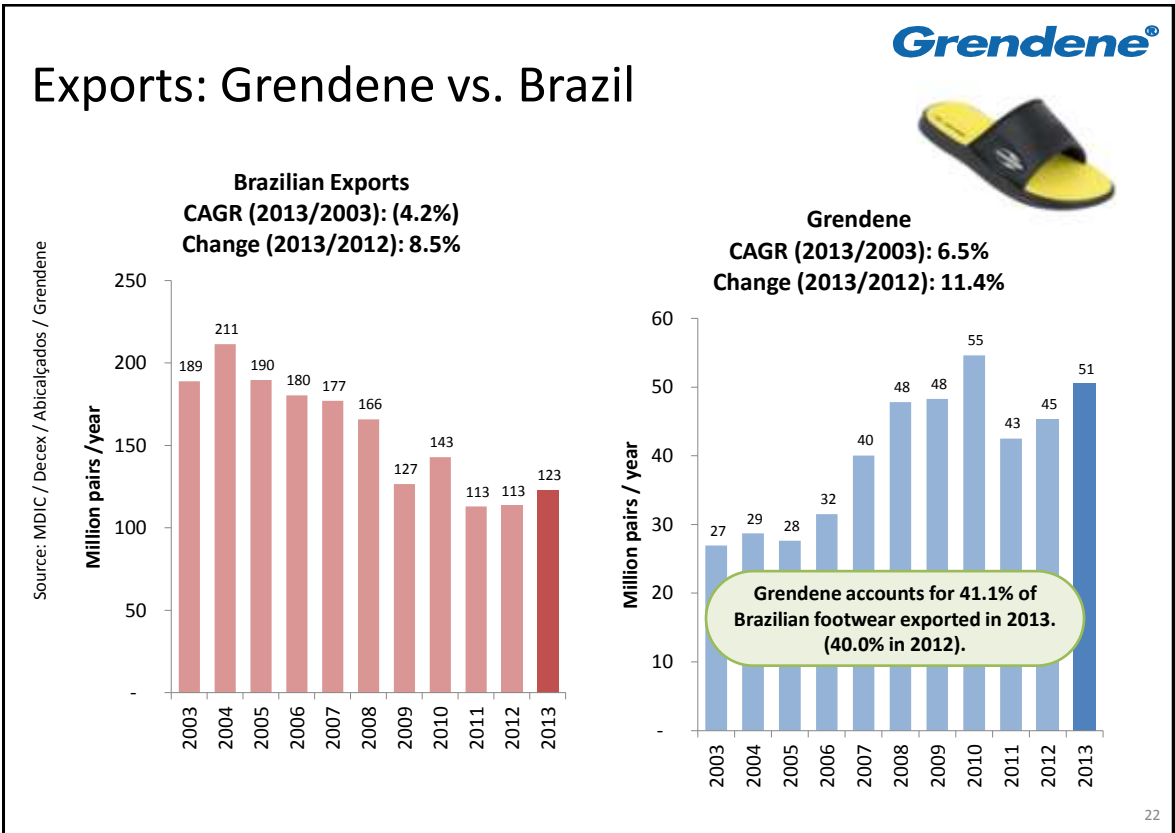
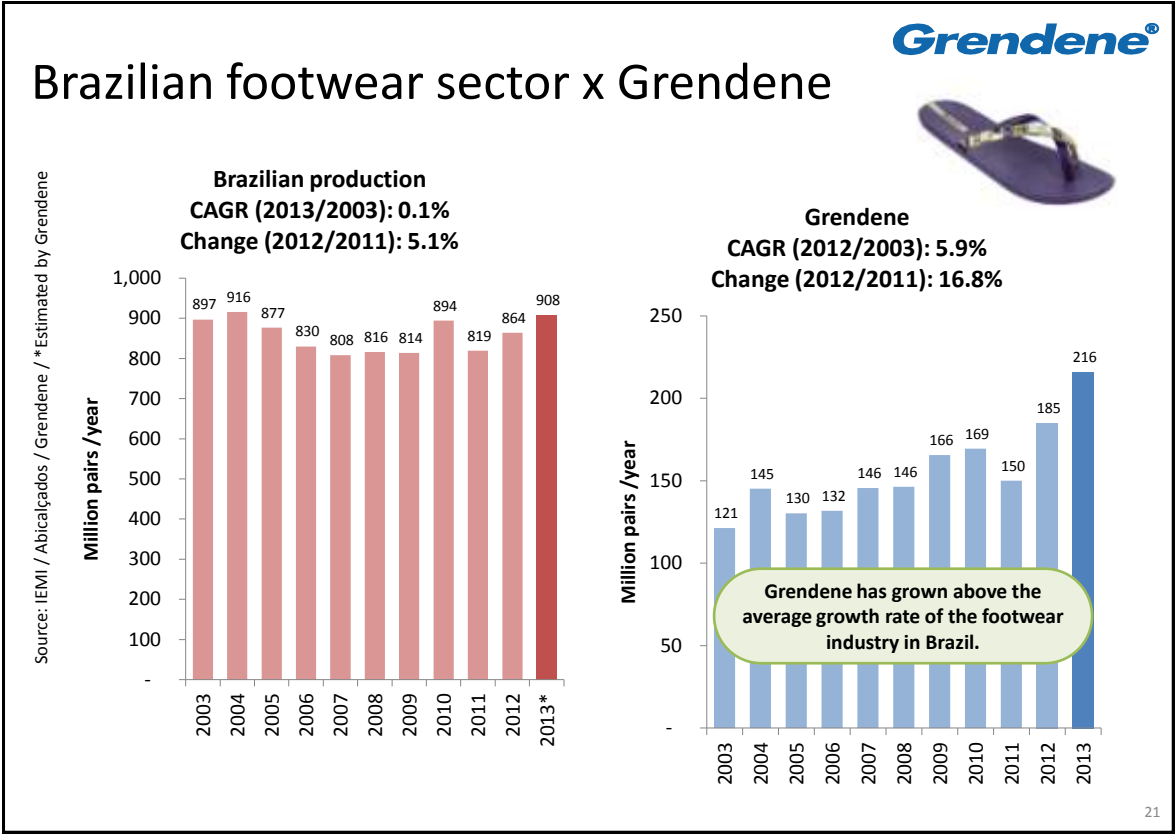
The 5 principal countries produce: 14,919 million pairs = 81% of total world production.

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
Italu	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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# 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.



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# Marketing



Fiorella Mattheis



Fernanda Paes Leme



Giovanna Ewbank



Giovana Lancellotti



## Ipanema Advertising



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# melissa®

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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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Sales channels



C&A - Retail



Selective distribution



Selective distribution

Strong relationship with trade

Results (in IFRS)



## Main financial and economic indicators

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Million of R\$	2008	2009	2010	2011	2012	2013	Var. % 12-13	CAGR (5 years)
Gross revenue	1,576.0	1,819.4	1,998.6	1,831.6	2,324.5	2,711.4	16.6%	11.5%
Domestic market	1,220.5	1,464.4	1,603.8	1,489.9	1,845.4	2,146.9	16.3%	12.0%
Exports	355.5	355.0	394.8	341.7	479.1	564.5	17.8%	9.7%
Net revenue	1,249.9	1,455.8	1,604.5	1,481.1	1,882.3	2,187.3	16.2%	11.8%
Cost of sales	(731.2)	(889.7)	(953.3)	(840.5)	(1,000.2)	(1,193.6)	19.3%	10.3%
Gross profit	518.7	566.0	651.2	640.6	882.1	993.7	12.6%	13.9%
EBIT	165.9	152.2	208.4	187.3	362.8	399.2	10.0%	19.2%
EBITDA	191.5	178.5	236.6	216.2	394.5	435.9	10.5%	17.9%
Net income	239.4	272.2	312.4	305.4	429.0	433.5	1.1%	12.6%

Margins %	2008	2009	2010	2011	2012	2013	Var. 12-13	Var. 08-13
Gross	41.5%	38.9%	40.6%	43.3%	46.9%	45.4%	(1.5 p.p.)	3.9 p.p.
EBIT	13.3%	10.5%	13.0%	12.6%	19.3%	18.3%	(1.0 p.p.)	5.0 p.p.
EBITDA	15.3%	12.3%	14.7%	14.6%	21.0%	19.9%	(1.1 p.p.)	4.6 p.p.
Net	19.2%	18.7%	19.5%	20.6%	22.8%	19.8%	(3.0 p.p.)	0.6 p.p.

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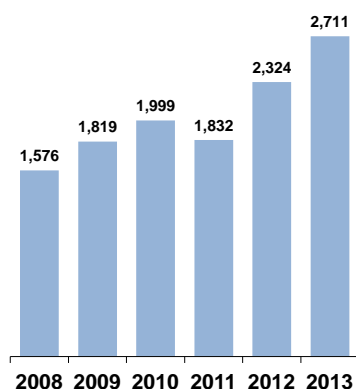
## Gross sales revenue (IFRS) – million of R\$

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Note: CAGR 5 years

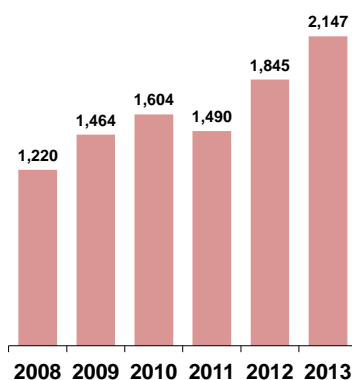
### Gross sales revenue

CAGR (2008-2013): 11.5%



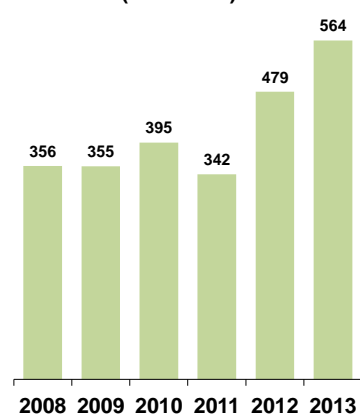
### Gross sales revenue Domestic market

CAGR (2008-2013): 12.0%



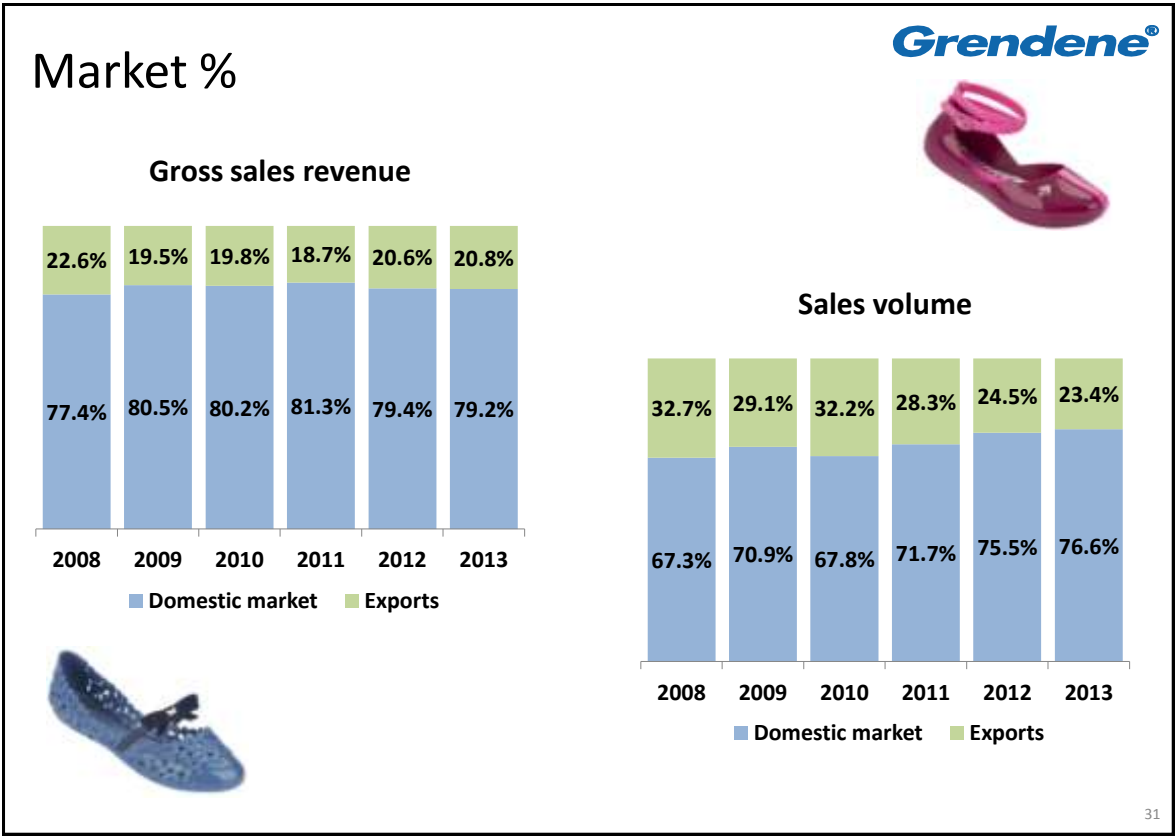
### Gross sales revenue Exports

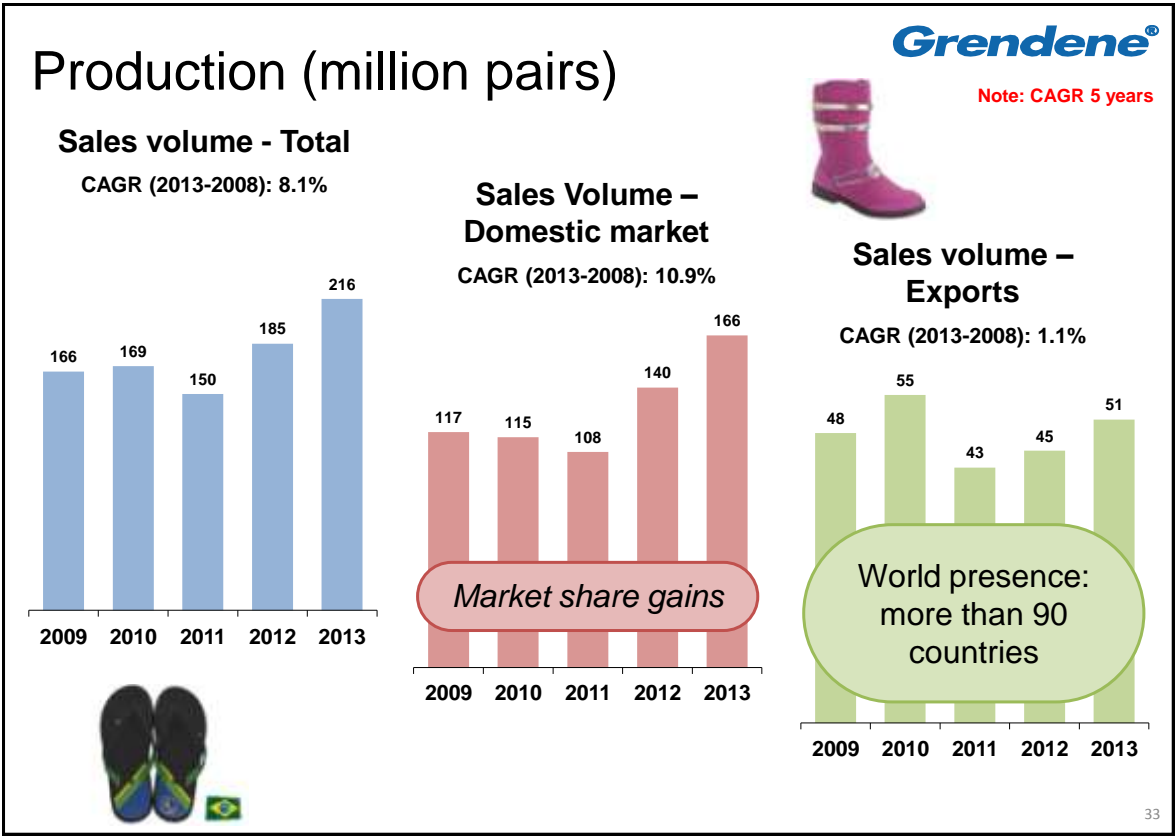
CAGR (2008-2013): 9.7%

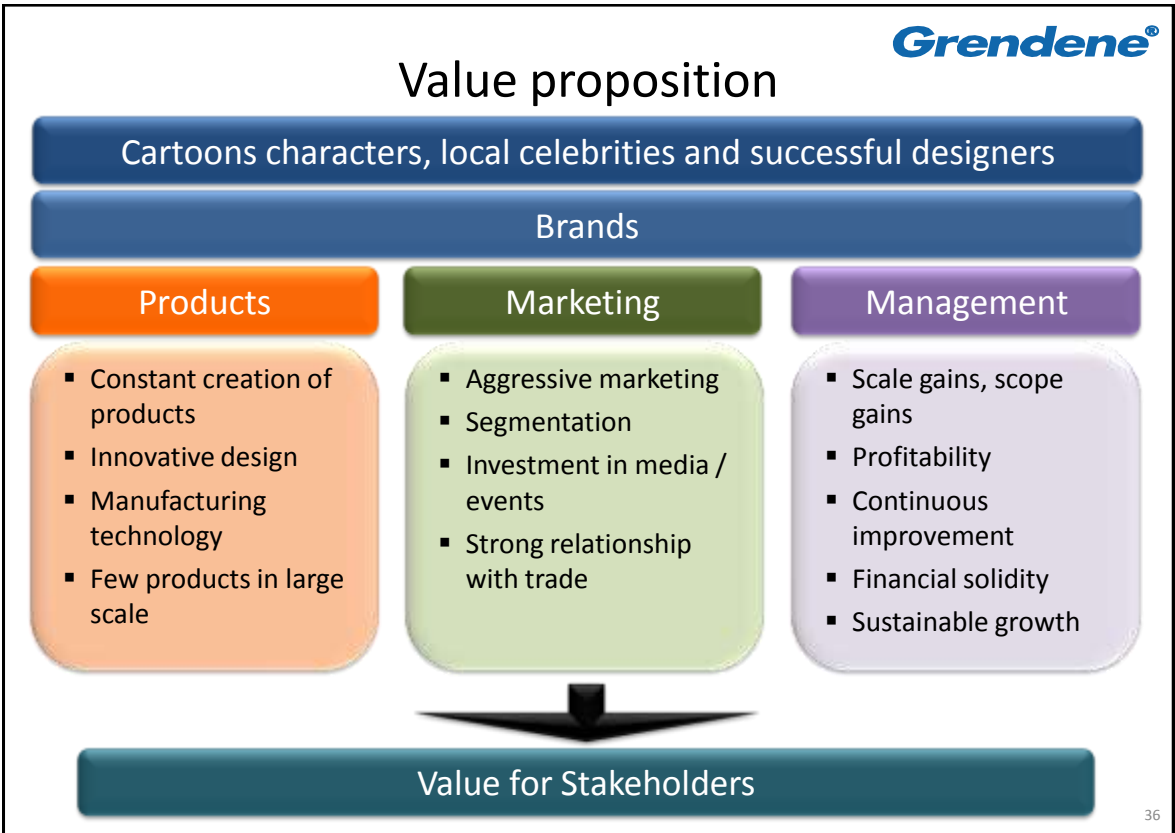
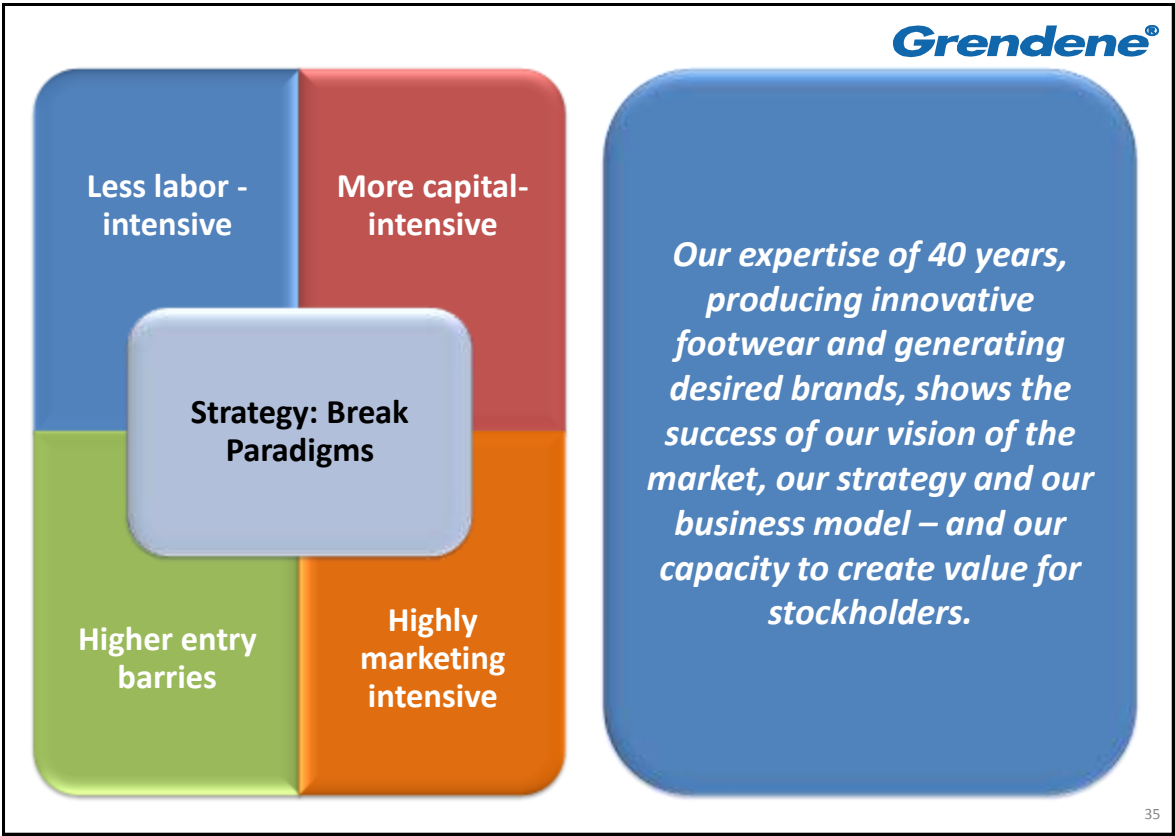


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**Market**

**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

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## 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

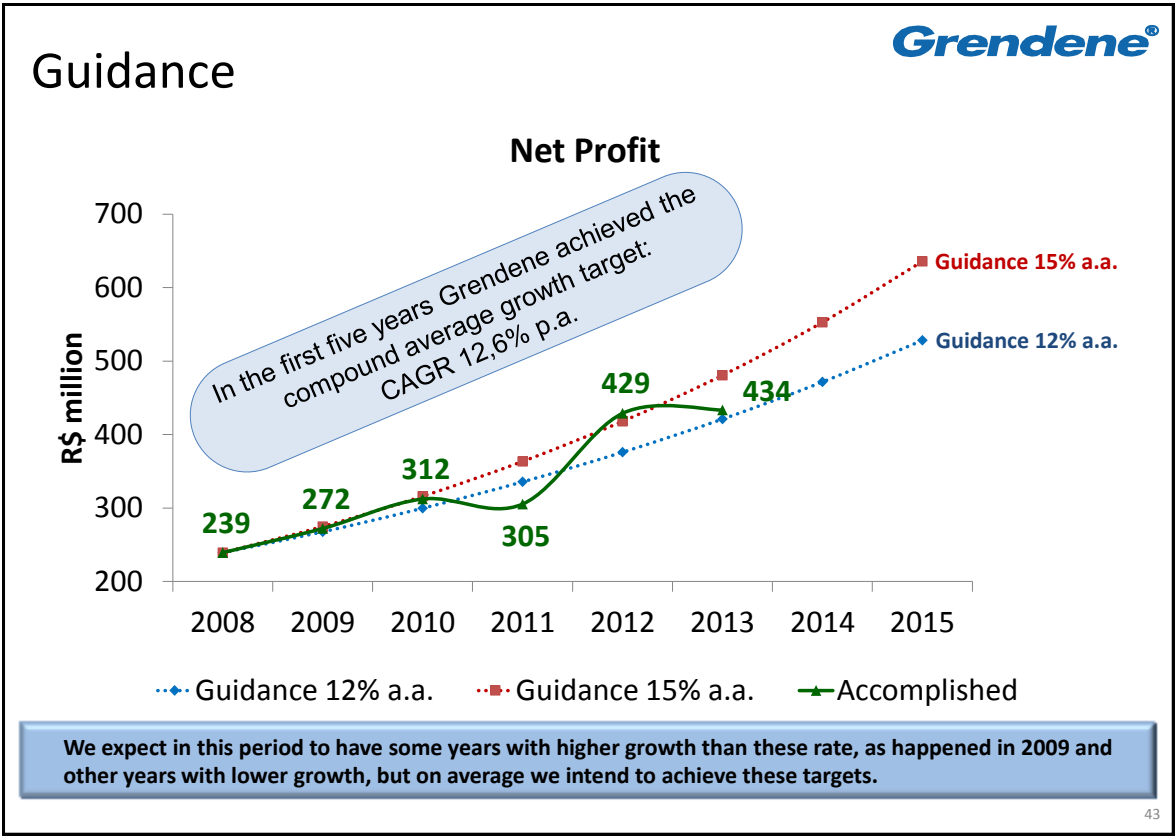
**Main licenses:** Ben 10, Hello Kitty, Disney, Hot Wheels, Smurfs, Barbie, Moranguinho, Fisher-Price, Max Steel, Angry Birds entre outras.

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



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# 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's IR Team

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**Thank You!**

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