



Grendene®

**2Q14 and 1H14
Results**

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.

Highlights 2Q14 (YOY 2013)

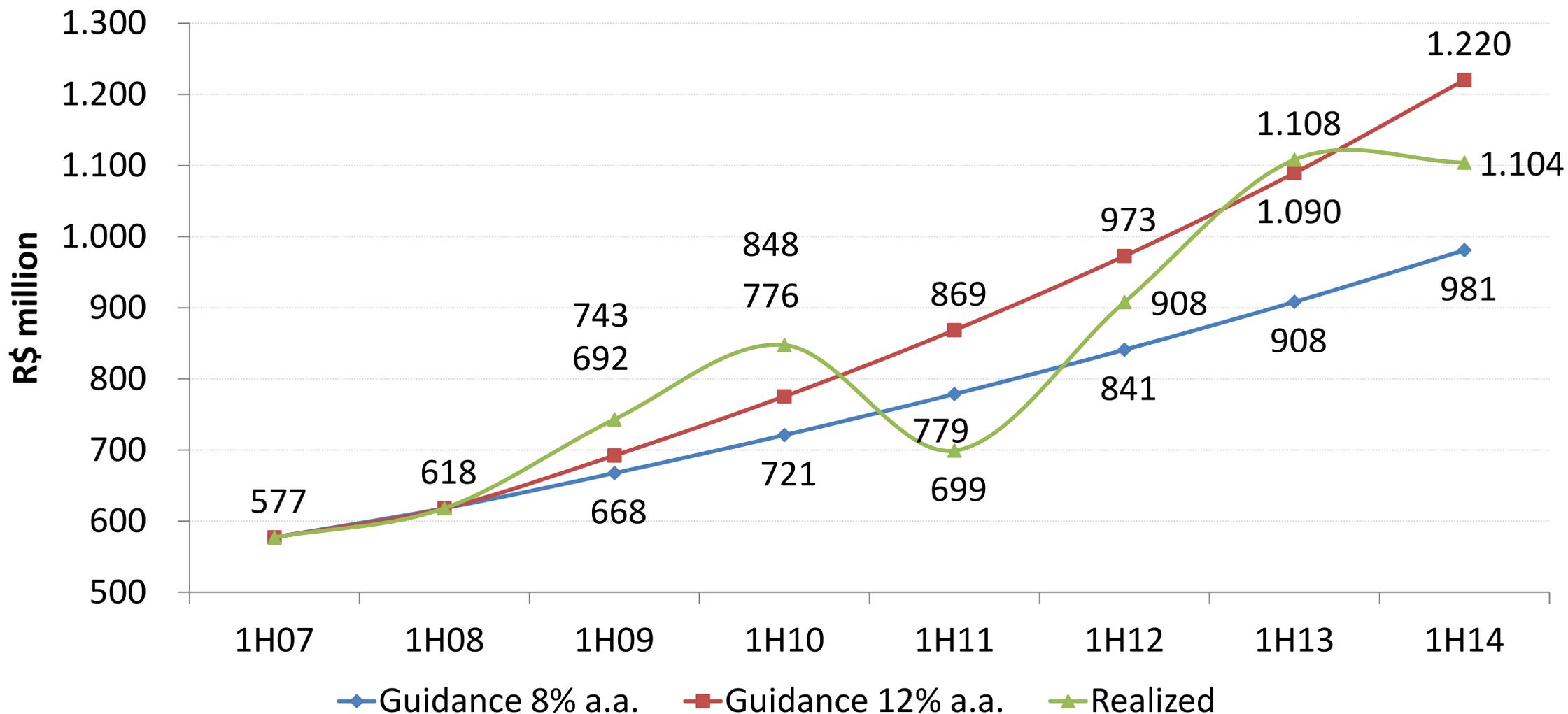
Volumes	Domestic market: 27.7 million pairs		(10.7%)
	Exports: 9.1 million pair		(5.4%)
EBIT	R\$ 38.9 million		(30.0%)
	Margin 9.8%		(4.0 p.p.)
Profit	R\$ 72.4 million		9.4%
Average price	Domestic market	R\$ 13.94	6.8%
	Exports	R\$ 11.25	8.2%
		US\$ 5.05	0.6%
Exchange	Positive impact: R\$ 7.4 million		

Highlights 1H14 (YOY 2013)

Volumes	Domestic market: 58.6 million pairs		(14.4%)
	Exports: 24.9 million pairs		0.8%
EBIT	R\$ 111.3 million		(23.4%)
	Margin 12.5%		(3.9 p.p.)
Profit	R\$ 168.9 million		0.2%
Average price	Domestic market	R\$ 14.22	10.7%
	Exports	R\$ 10.86	17.4%
		US\$ 4.73	4.0%
Exchange	Positive impact: R\$ 31.1 million		

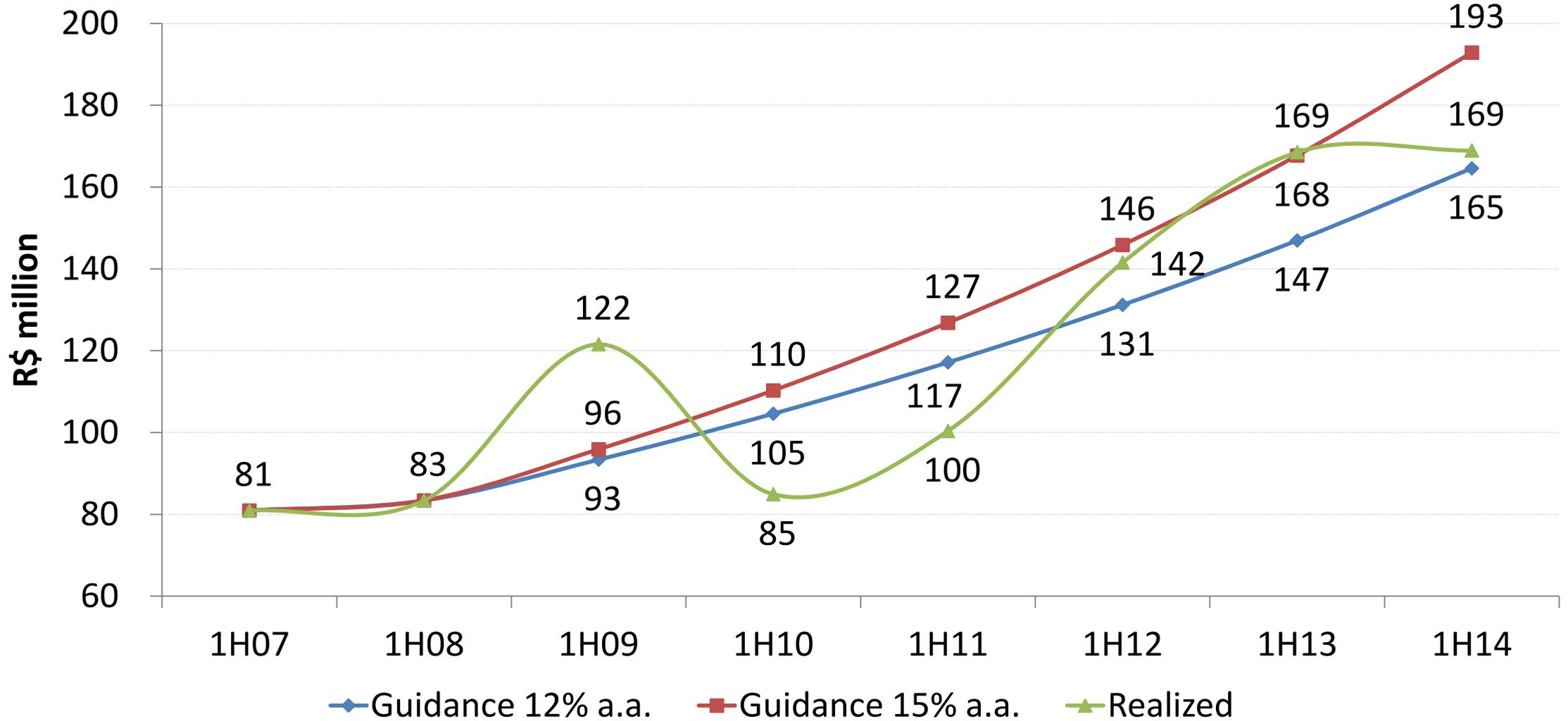
Gross sales revenue

Growth at a compound annual growth rate (CAGR) between 8% and 12%

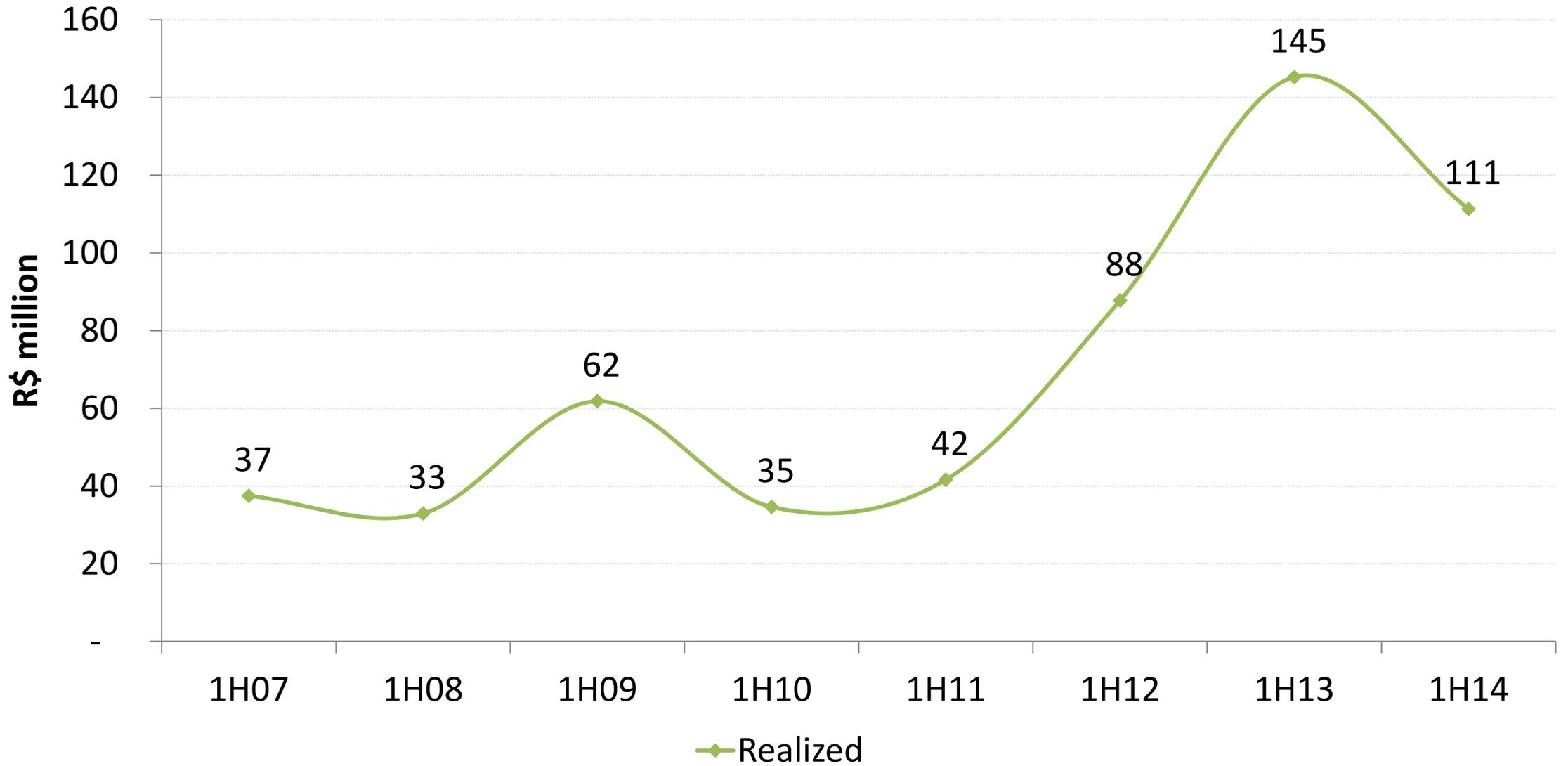


Profit

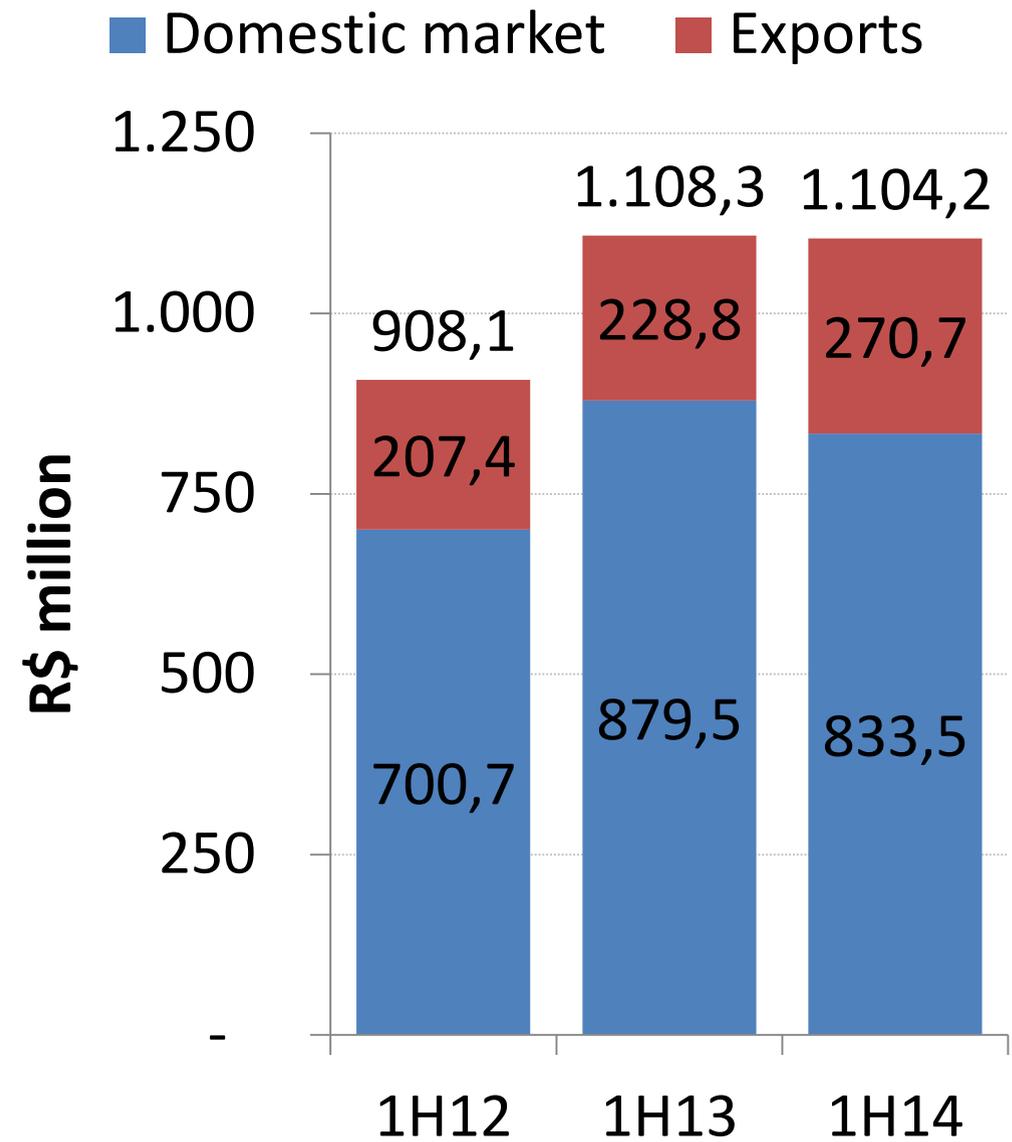
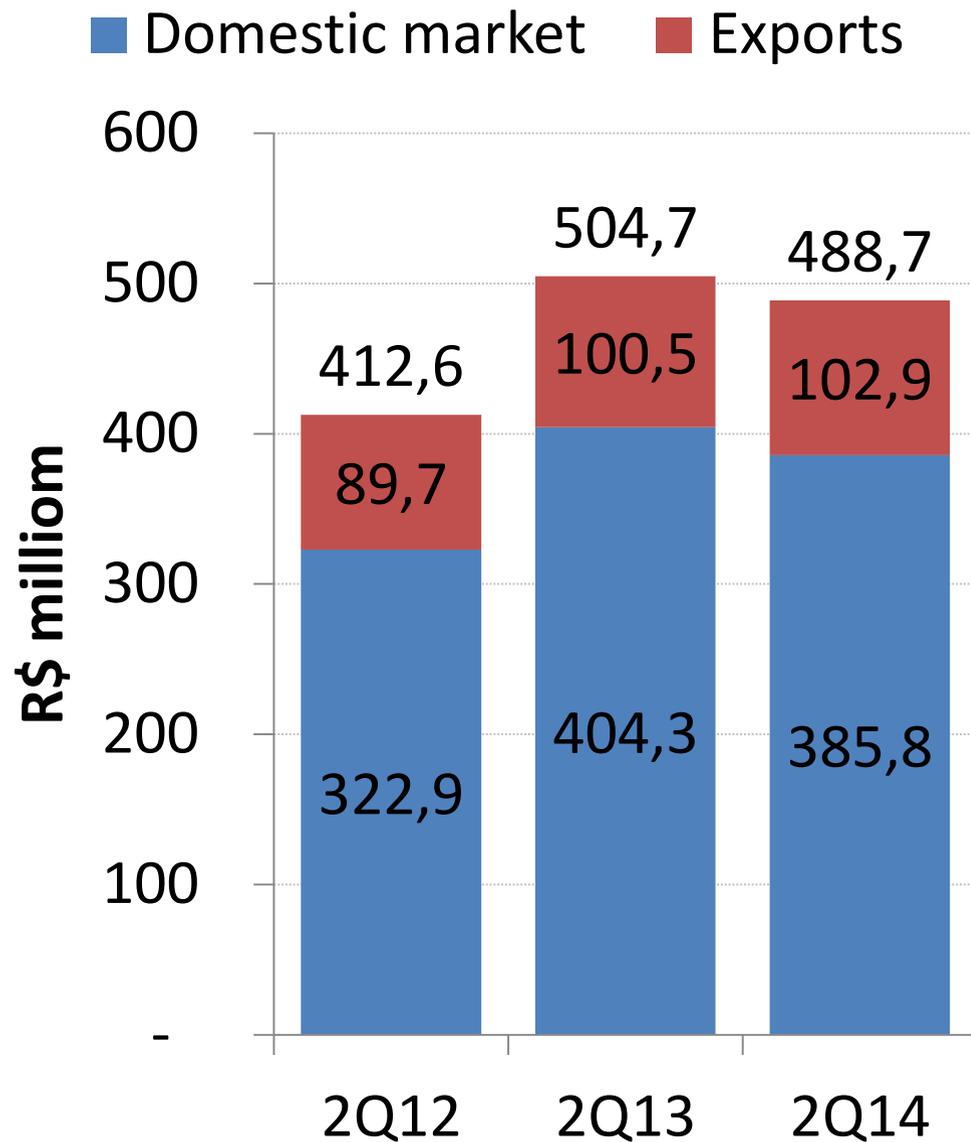
Growth at a compound annual growth rate (CAGR) between 12% and 15%



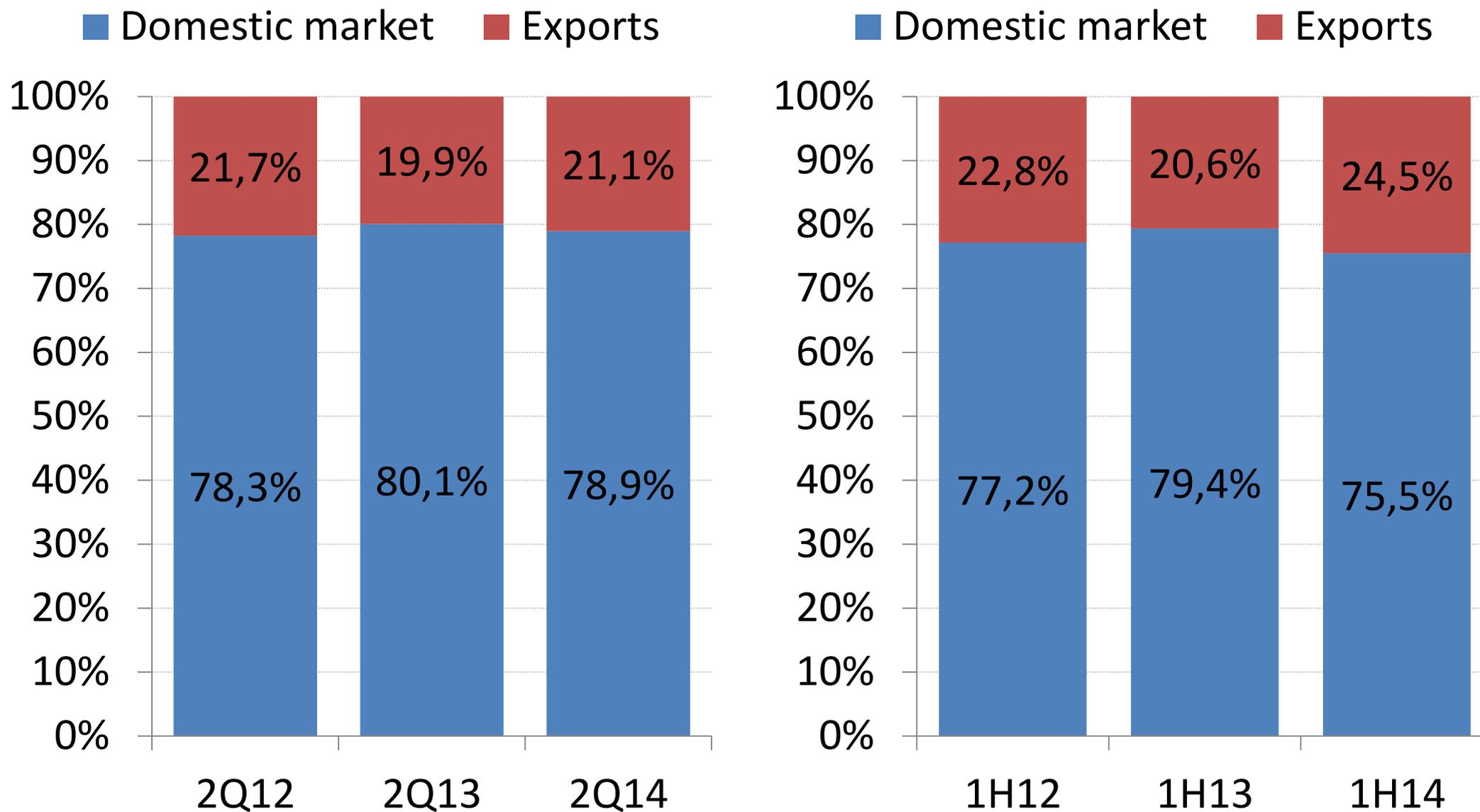
EBIT



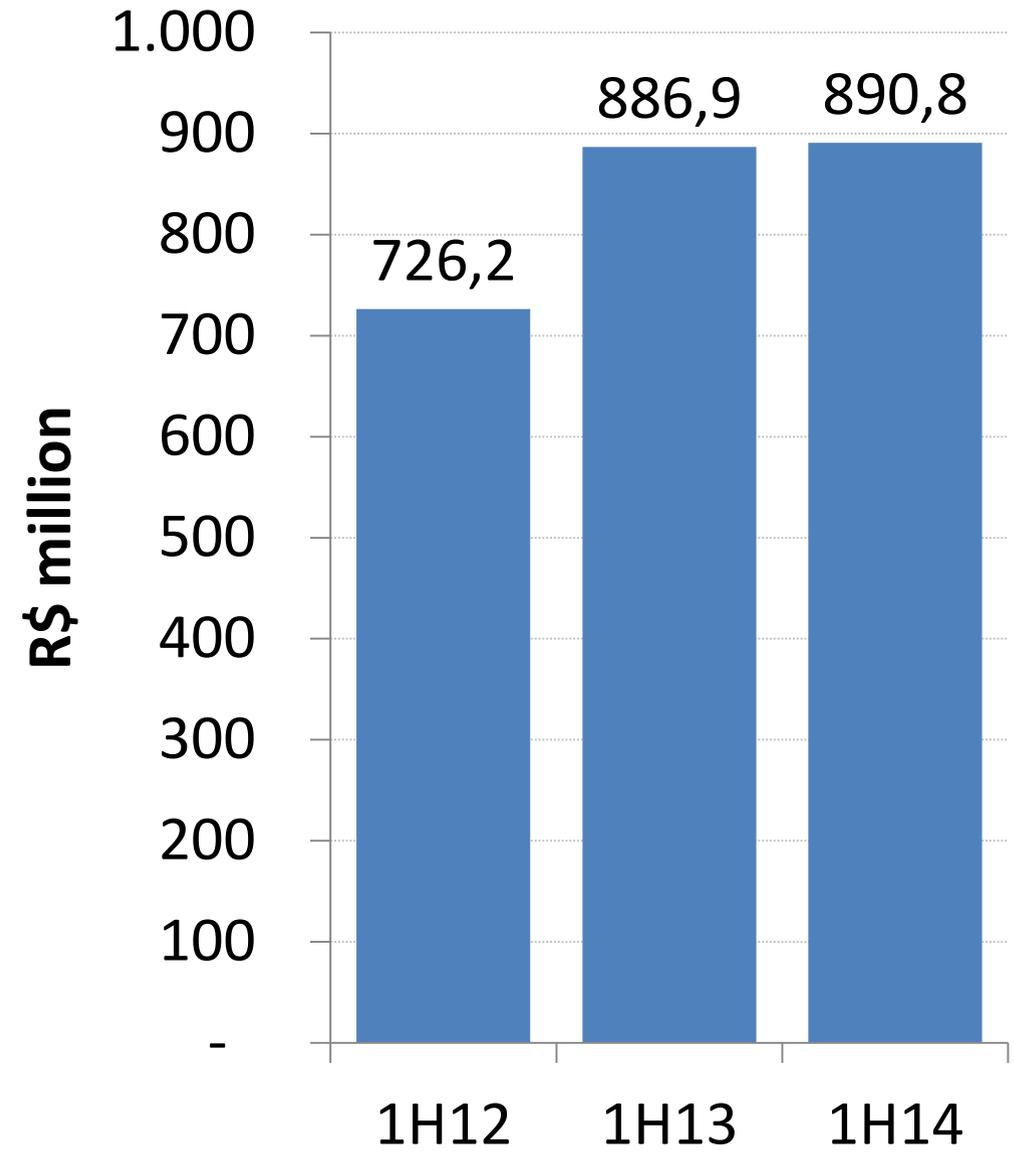
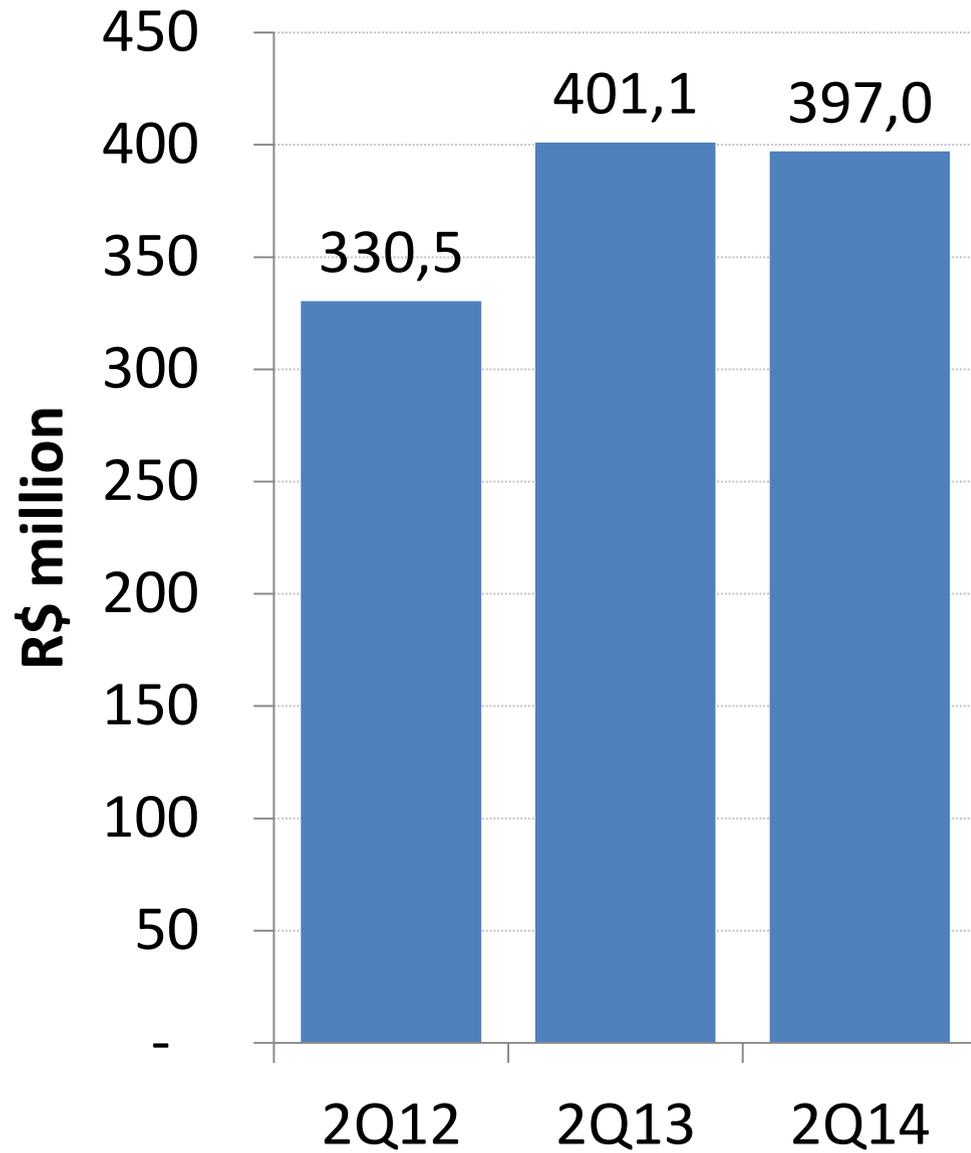
Gross Revenue



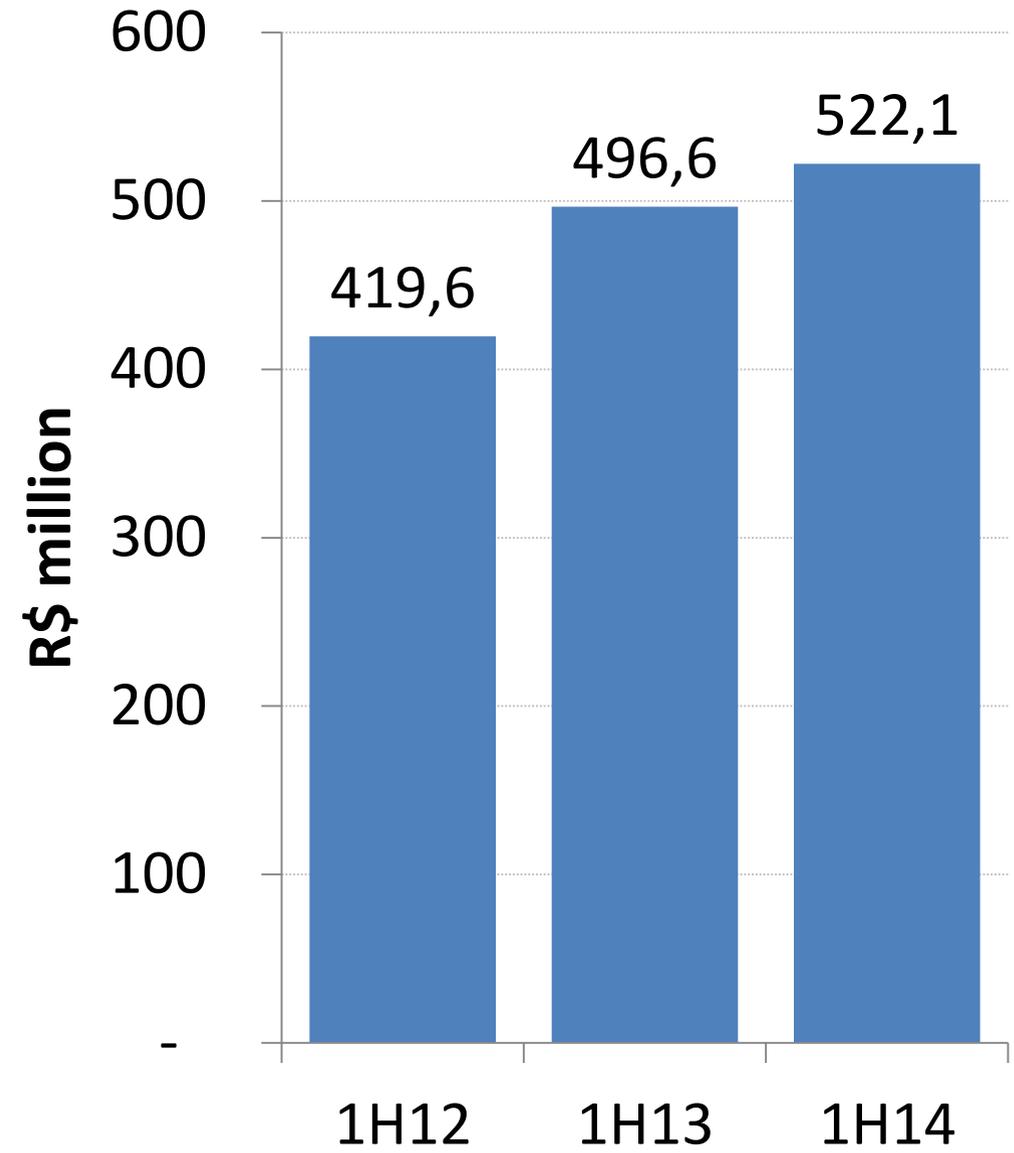
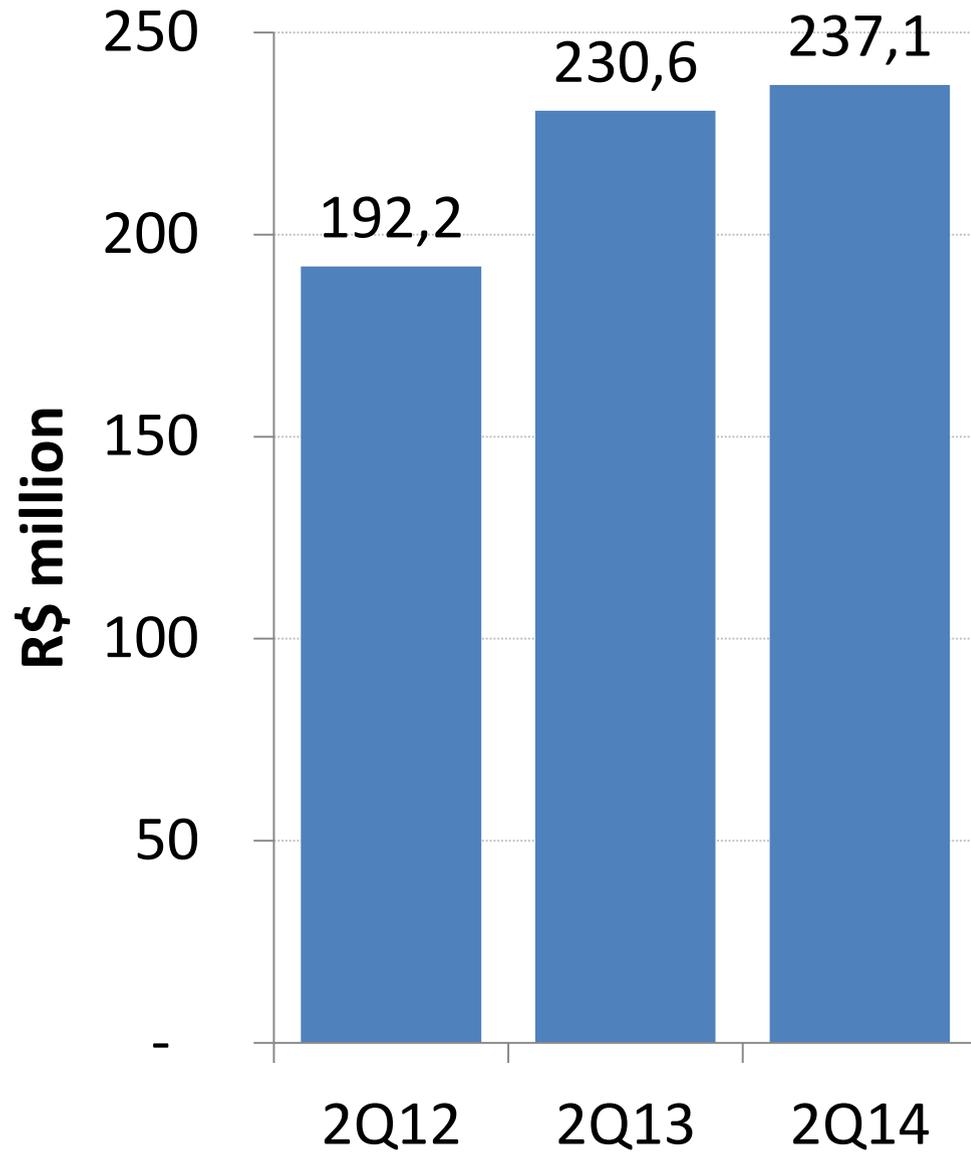
Gross revenue – Analysis by market (%)



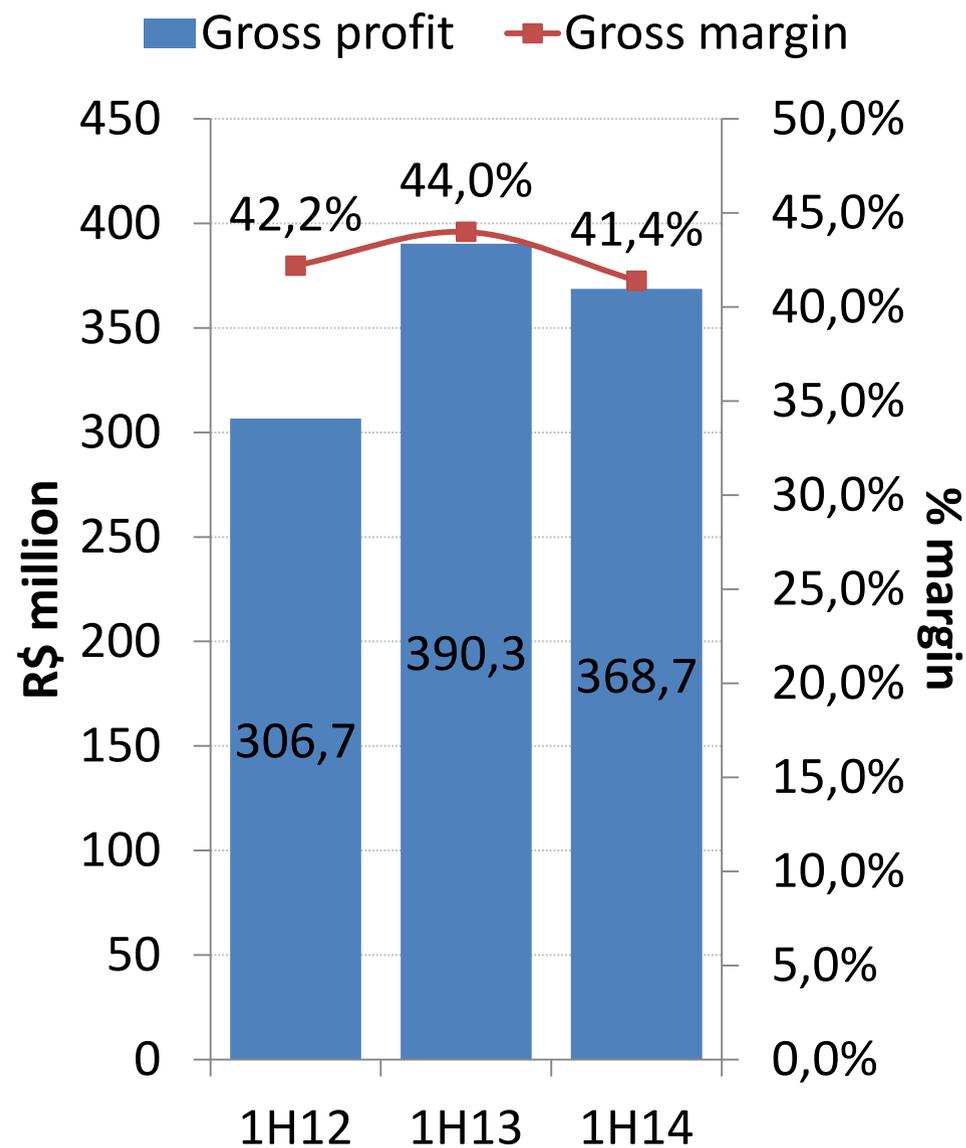
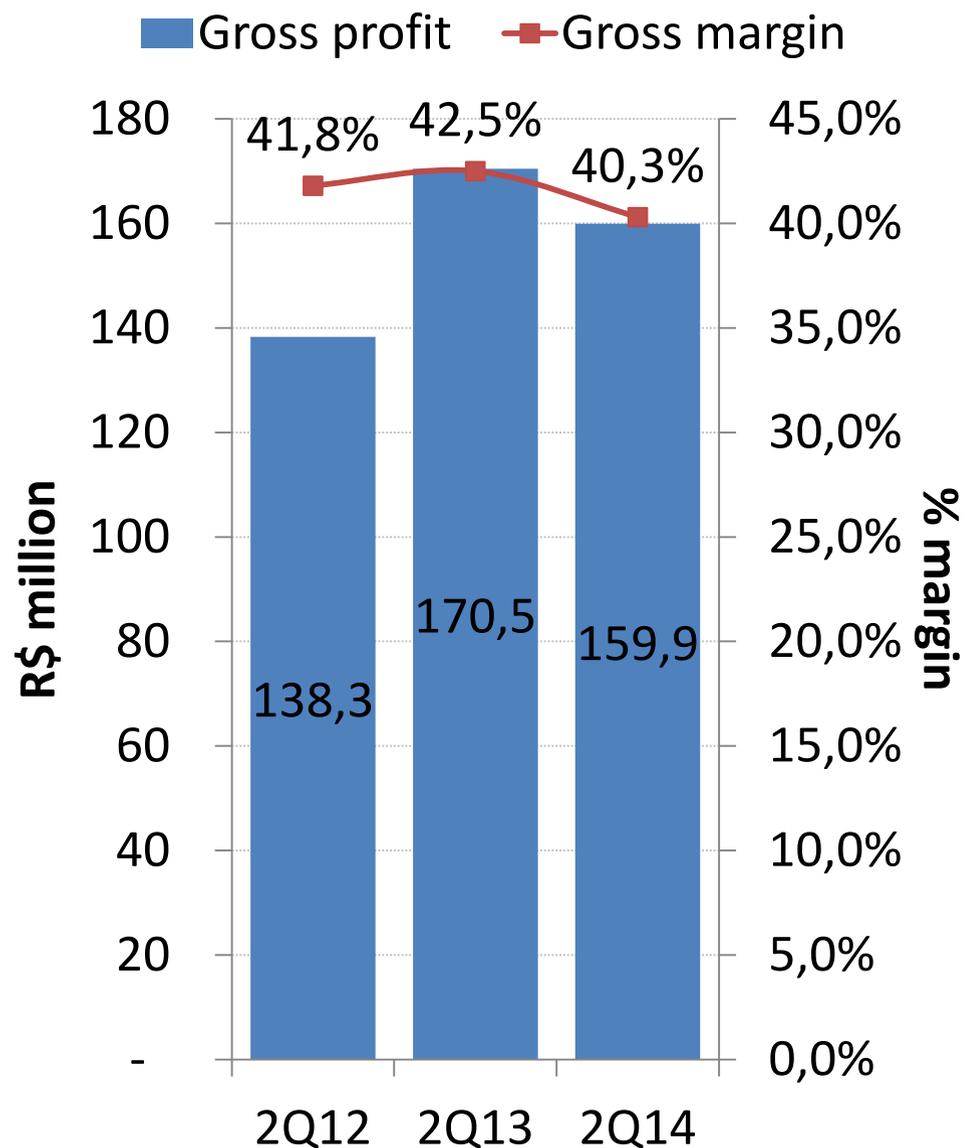
Net sales revenue



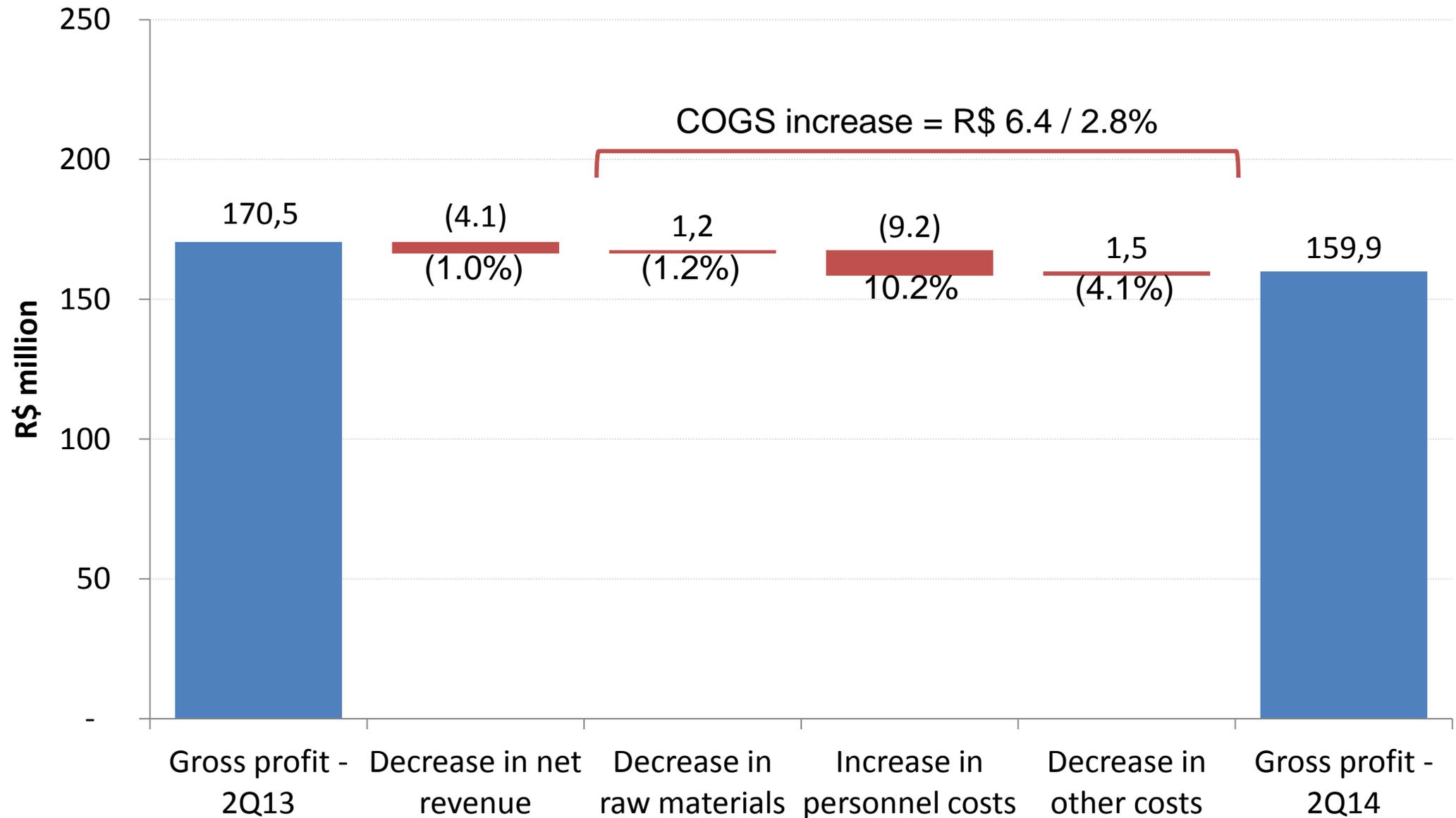
Cost of goods sold (COGS)



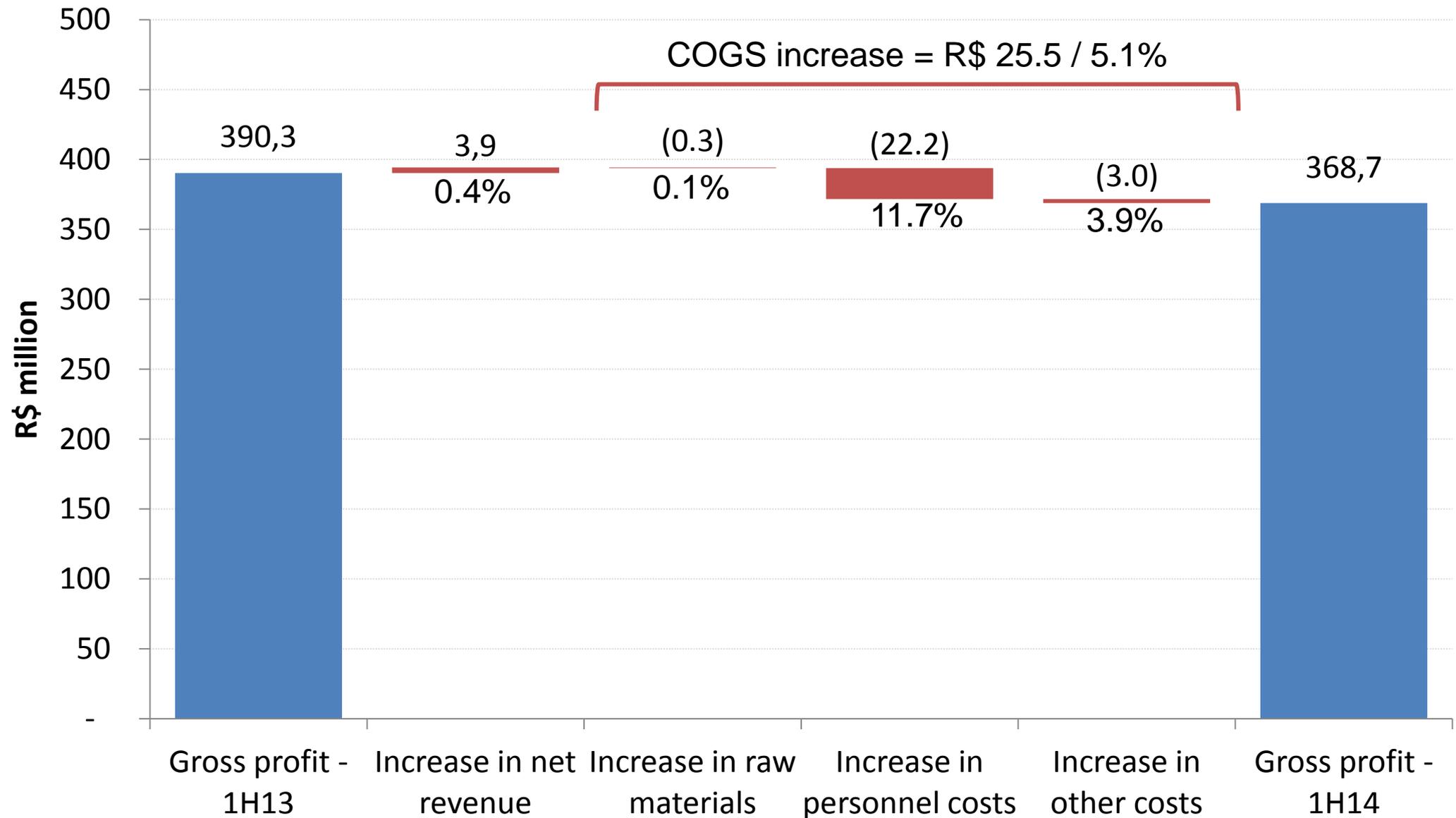
Gross profit and gross margin



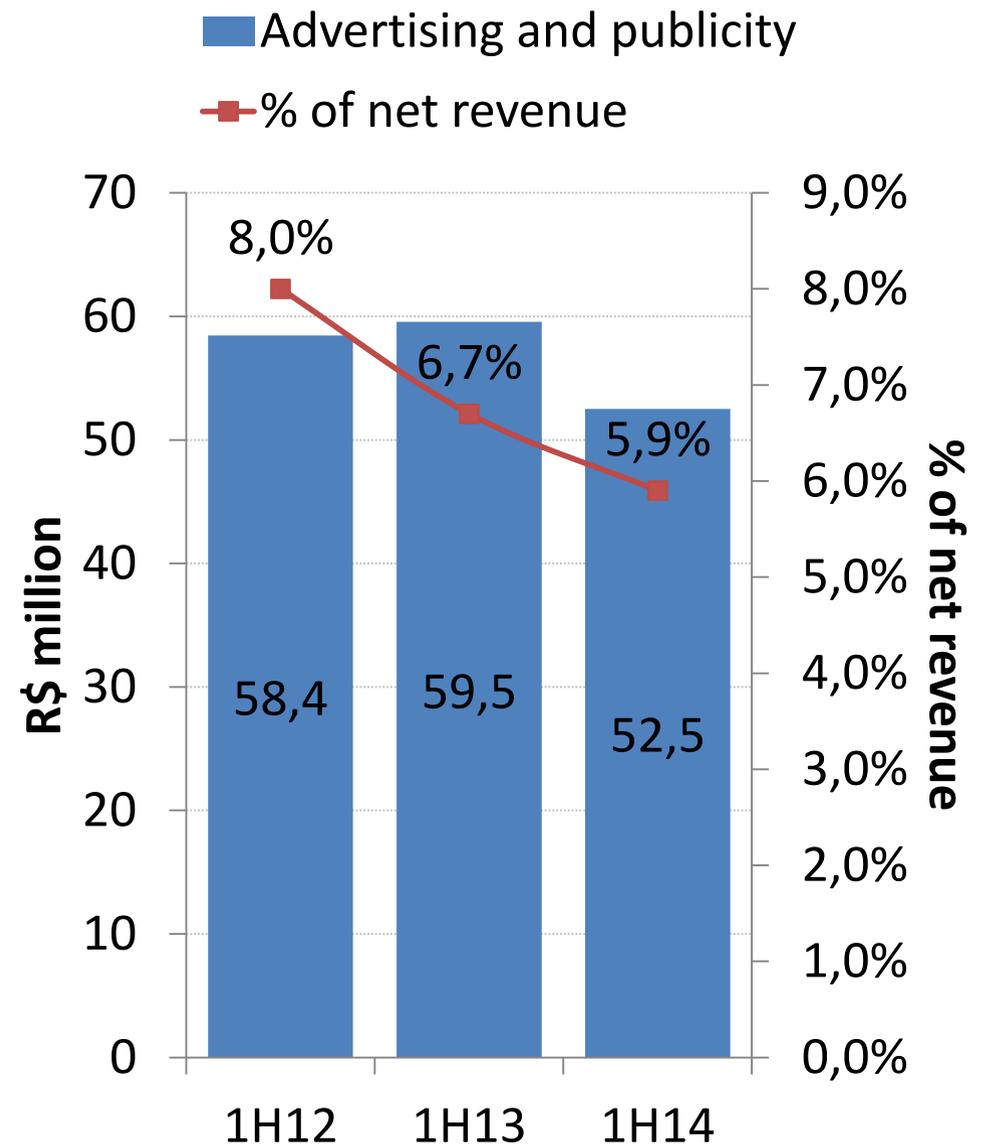
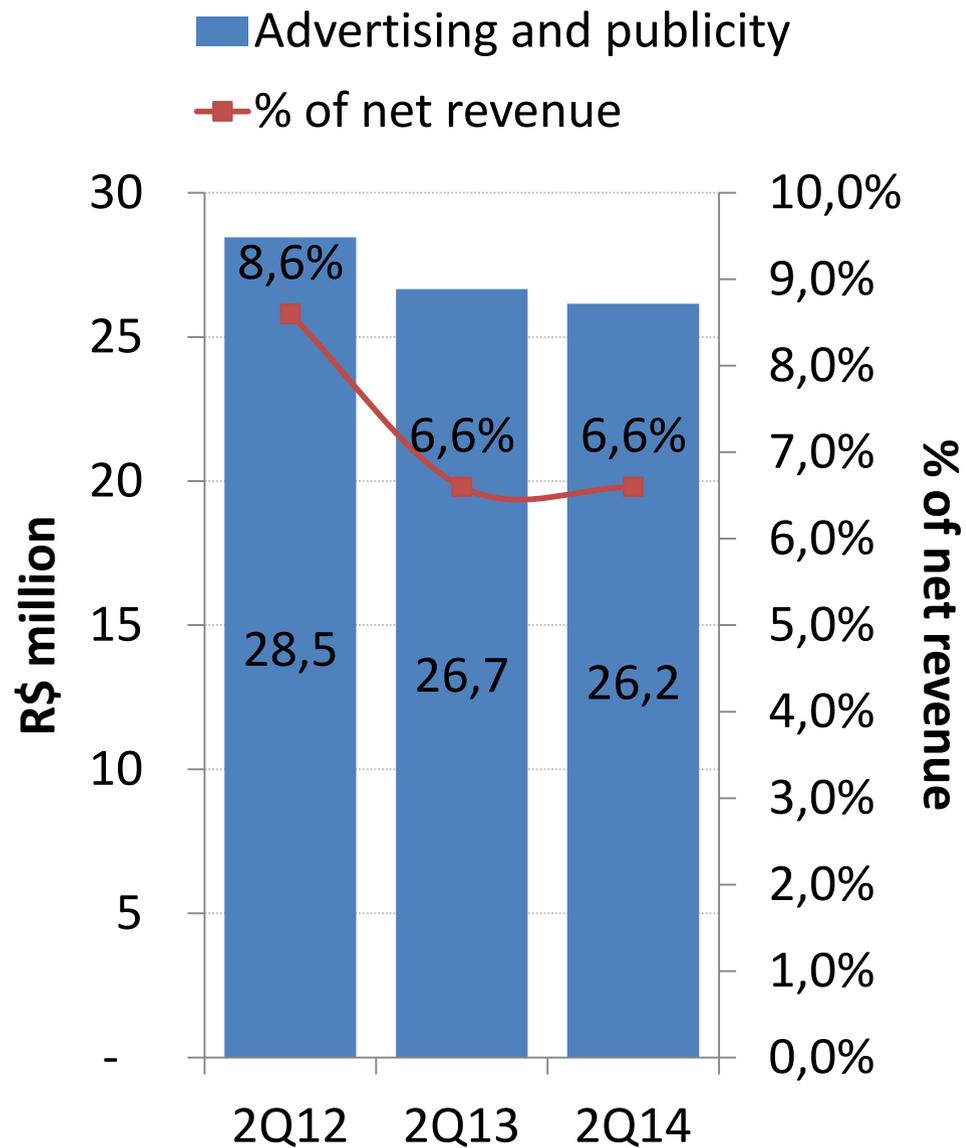
Gross profit



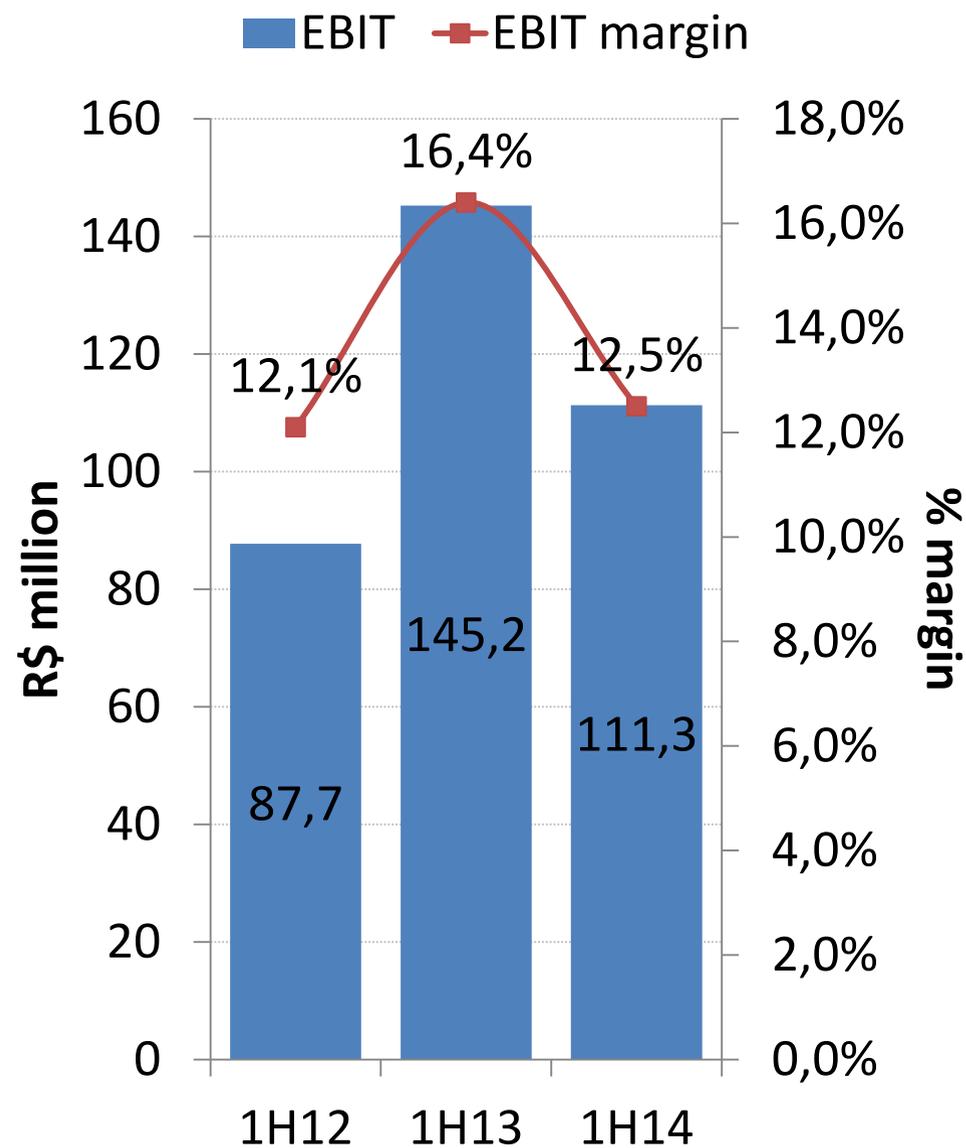
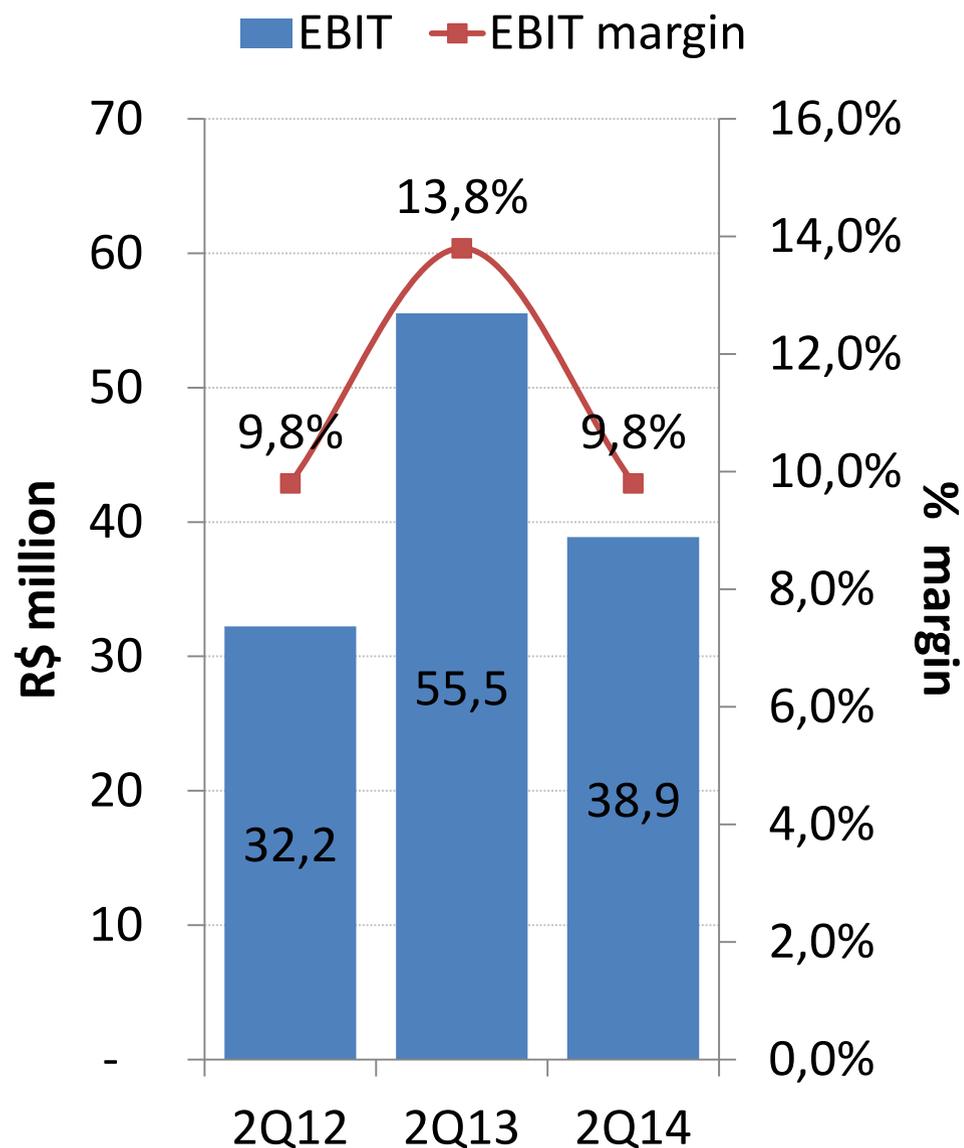
Gross profit



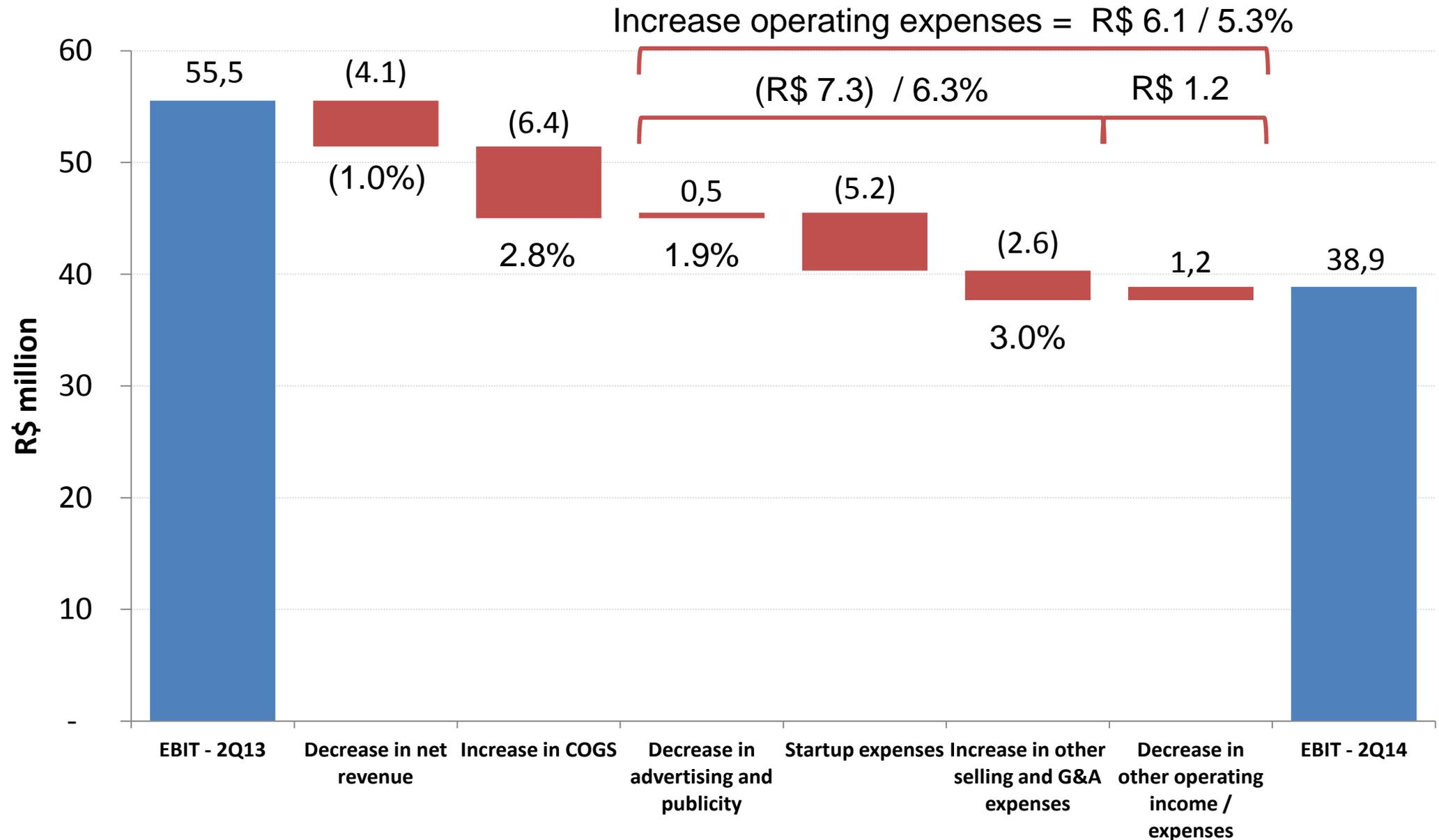
Advertising and publicity



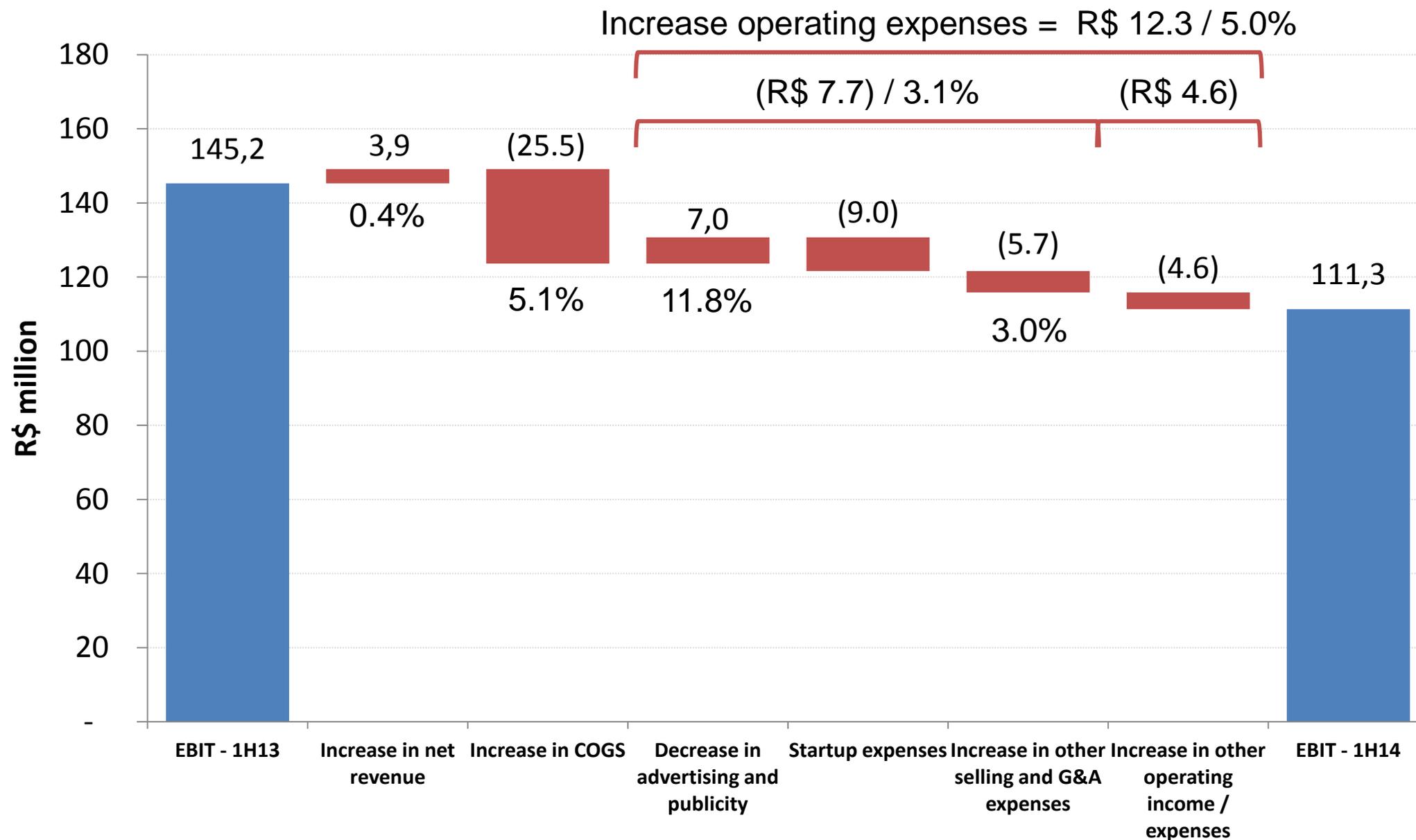
EBIT and EBIT margin



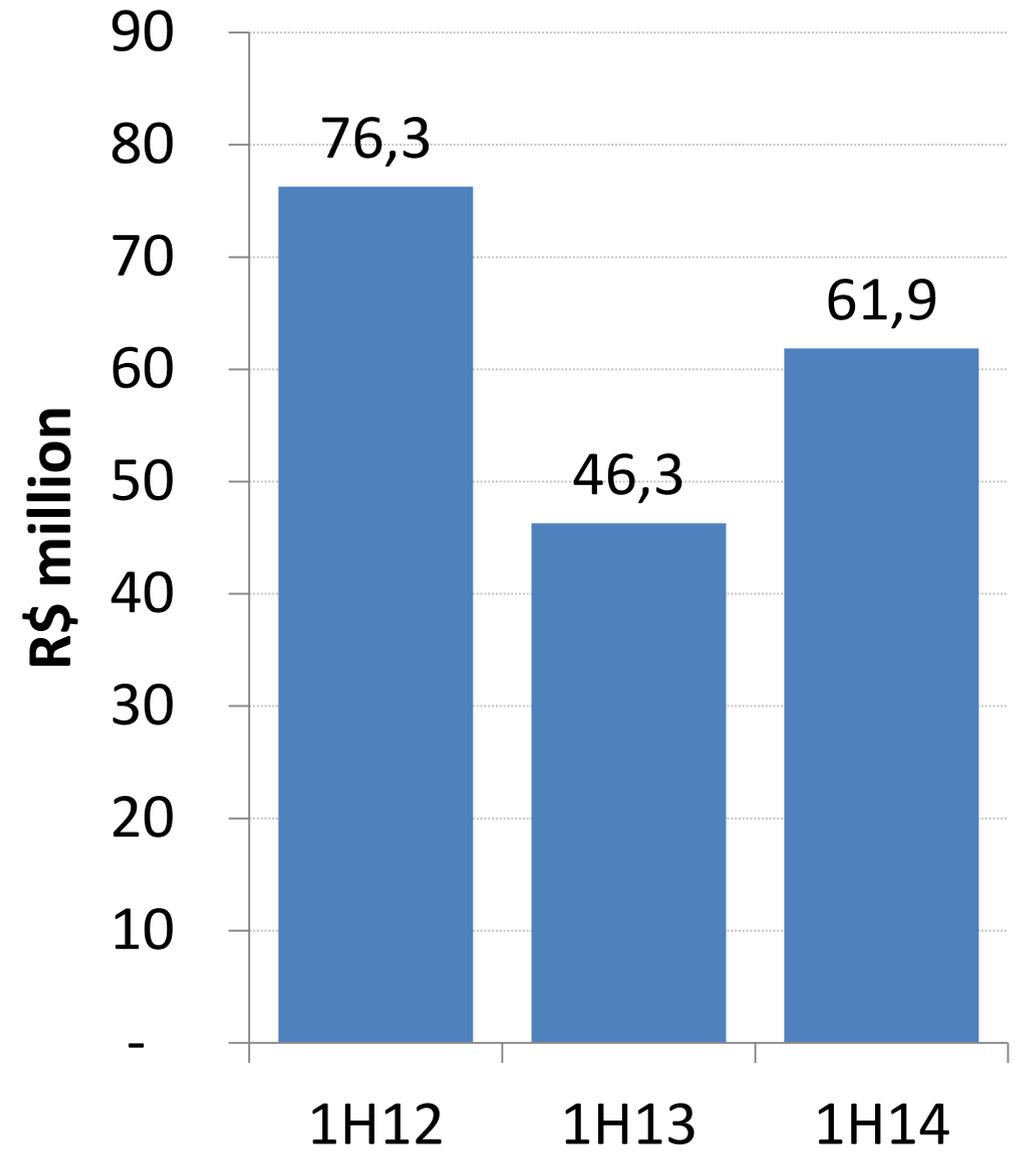
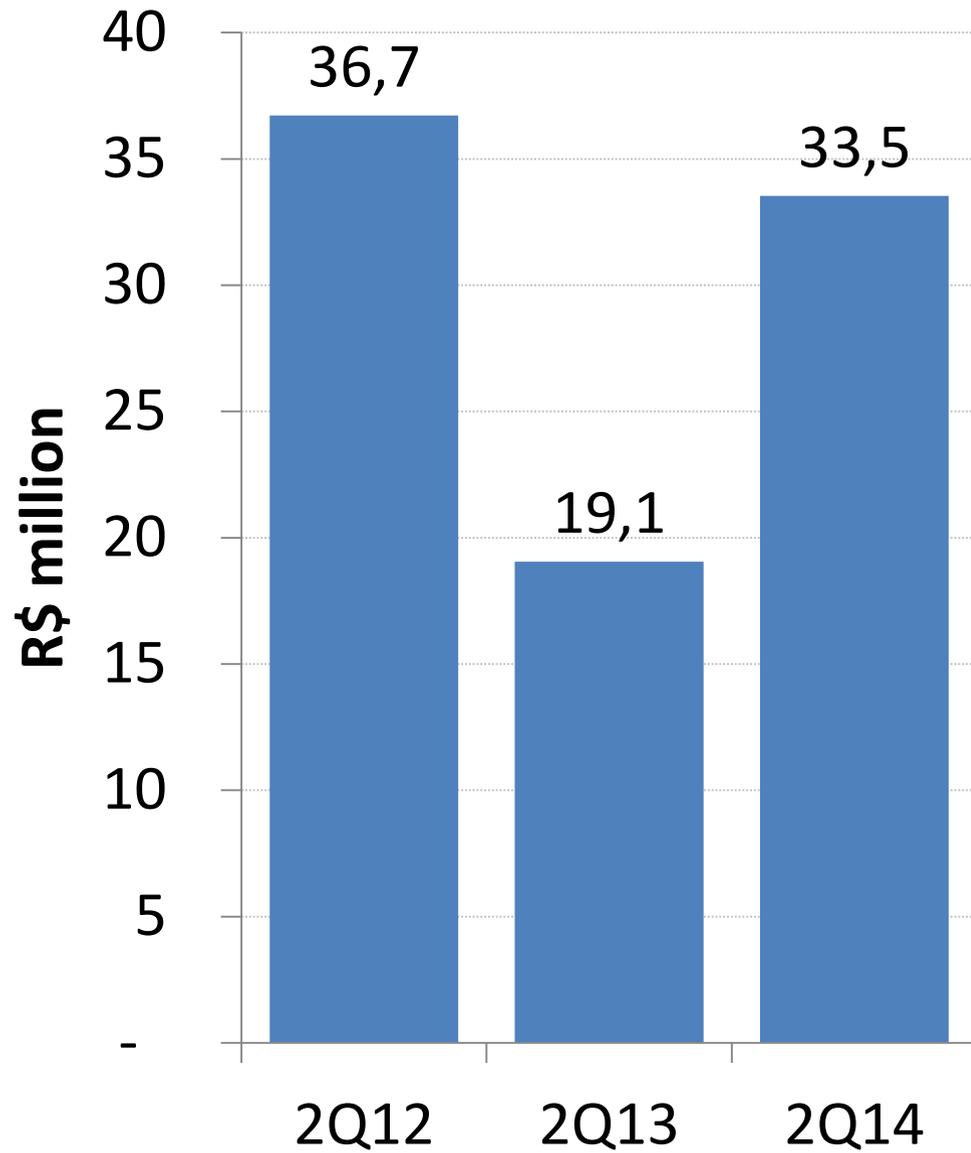
EBIT



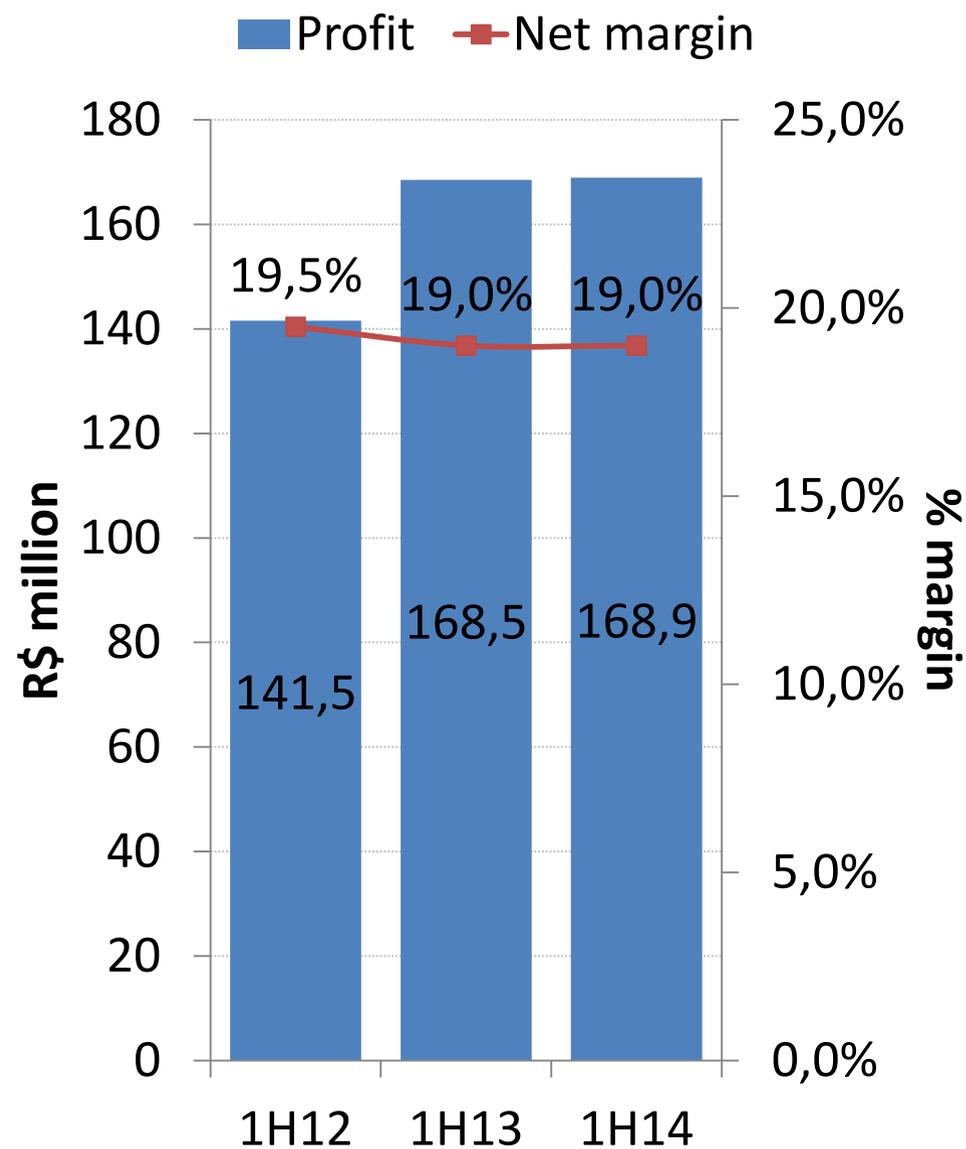
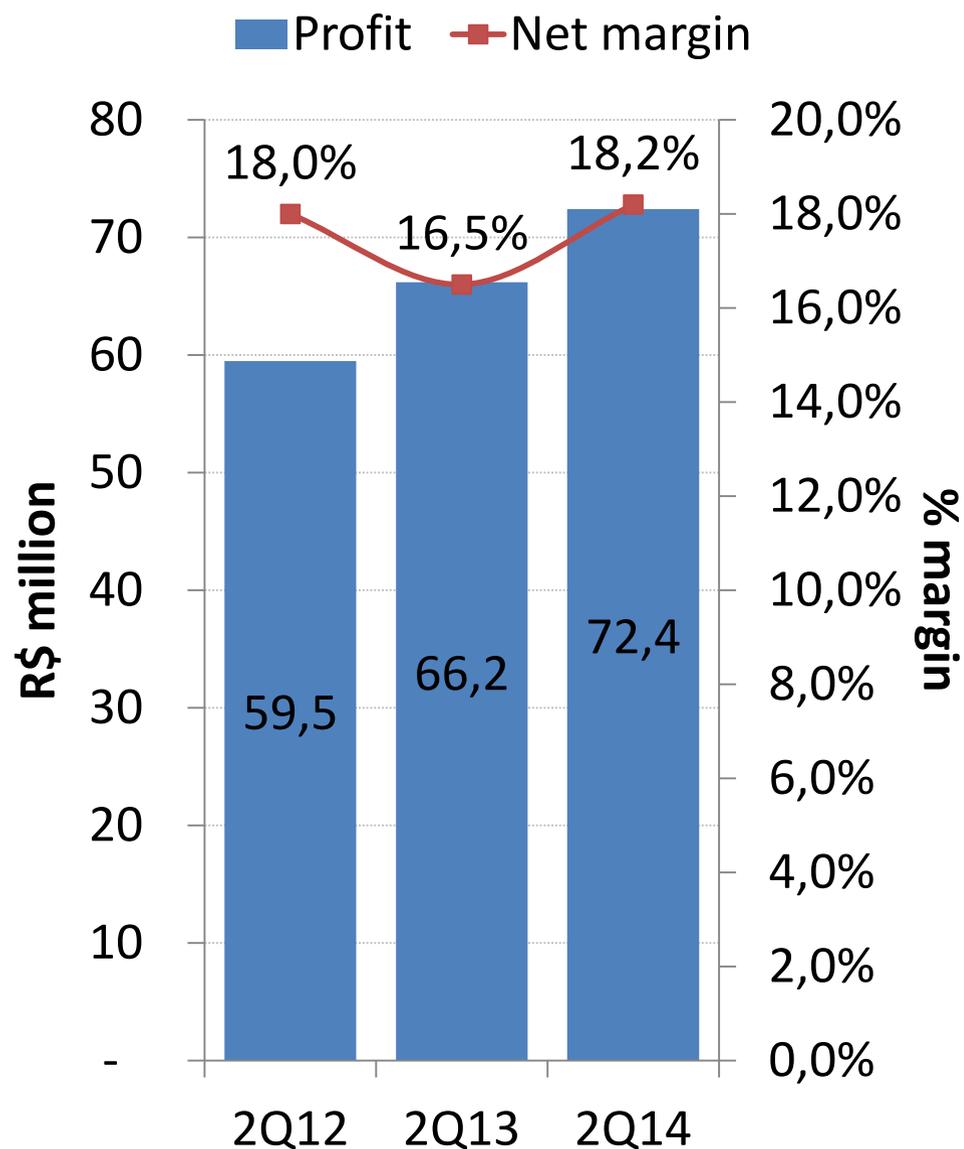
EBIT



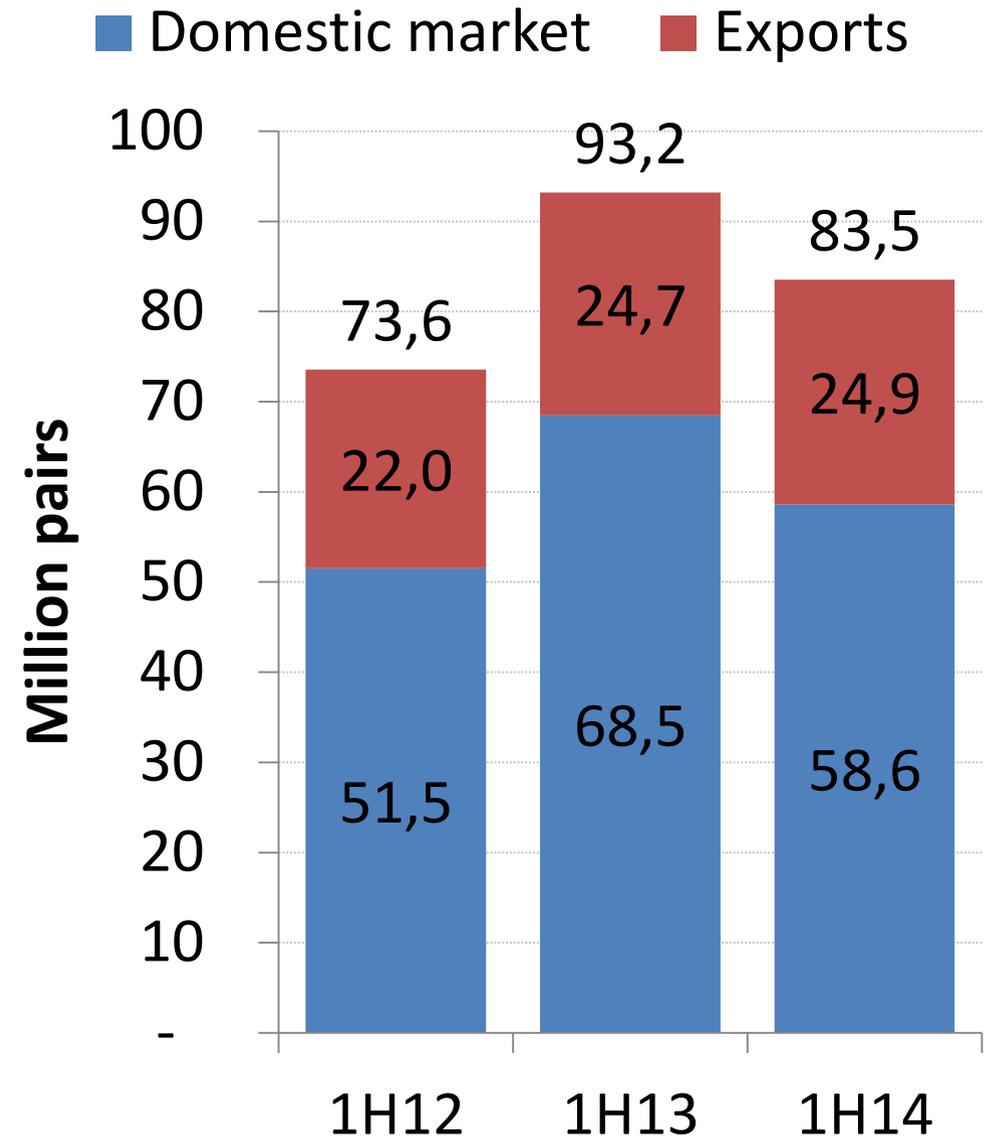
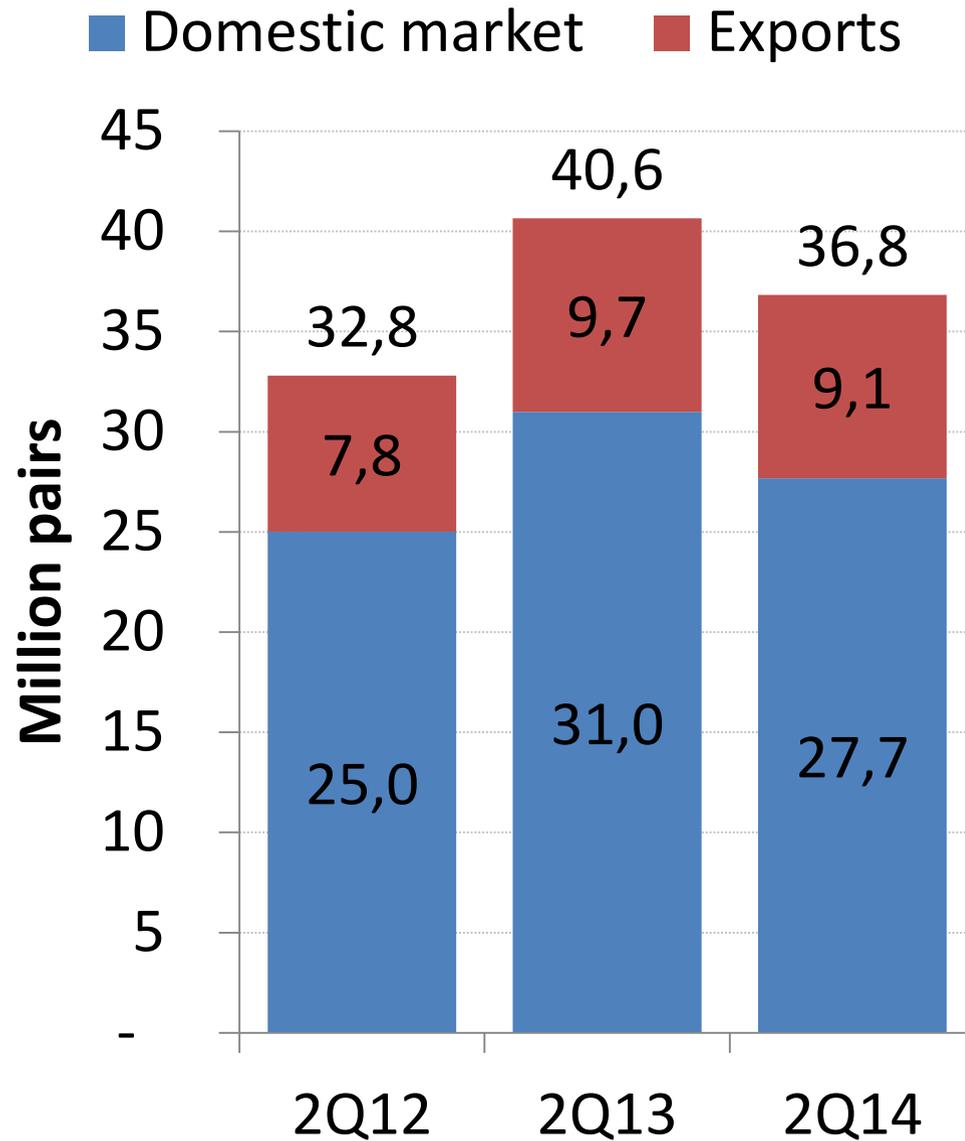
Finance result



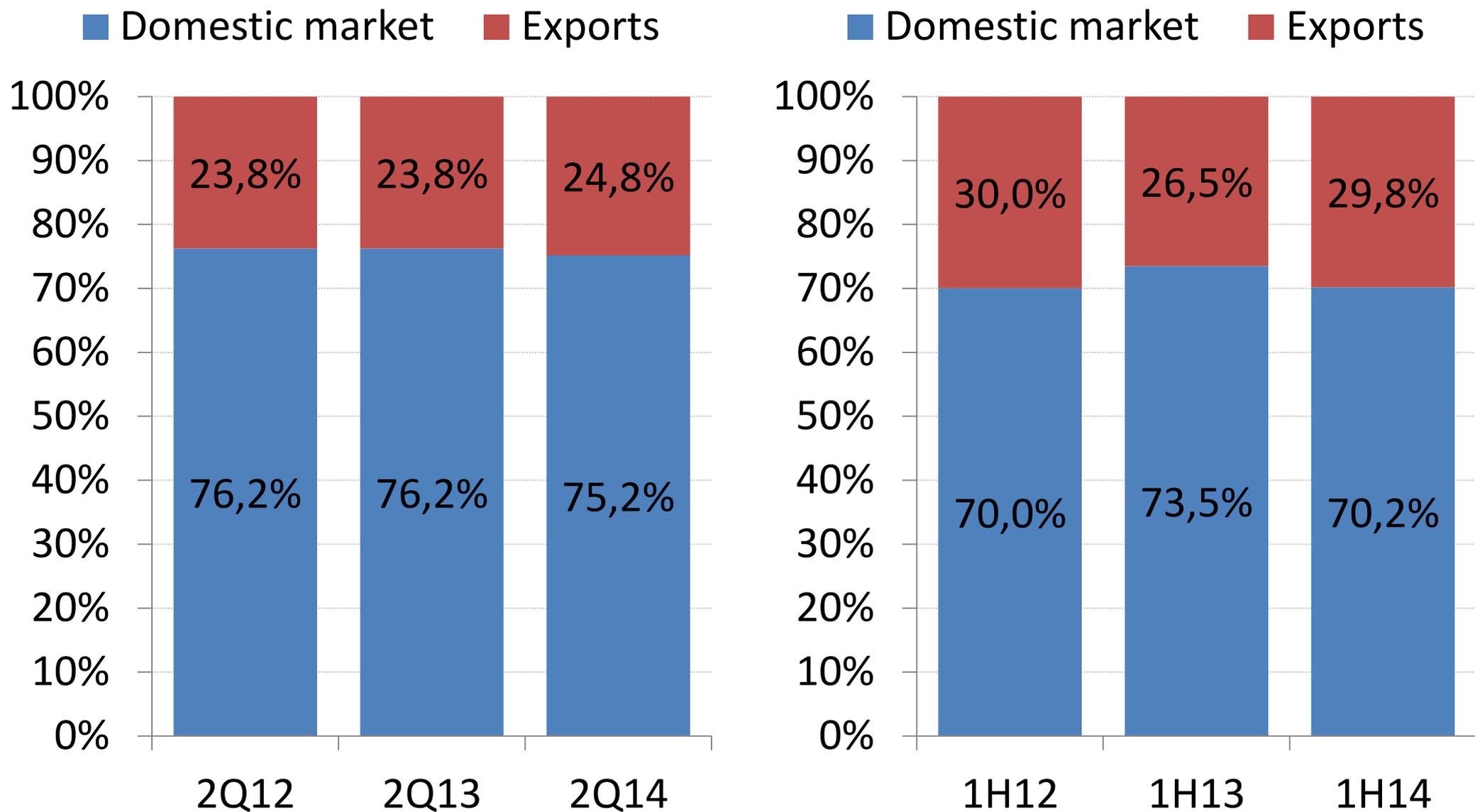
Profit and net margin



Volumes

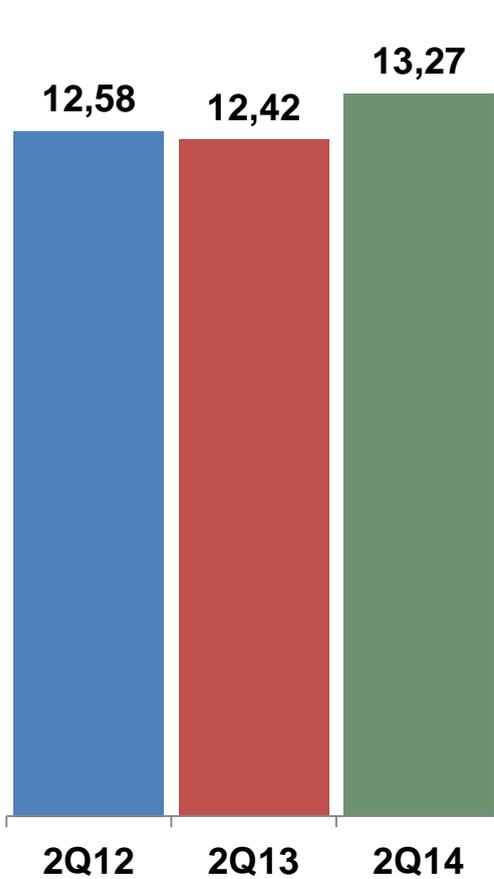


Volumes - – Analysis by market (%)



Average price – 2nd Quarter

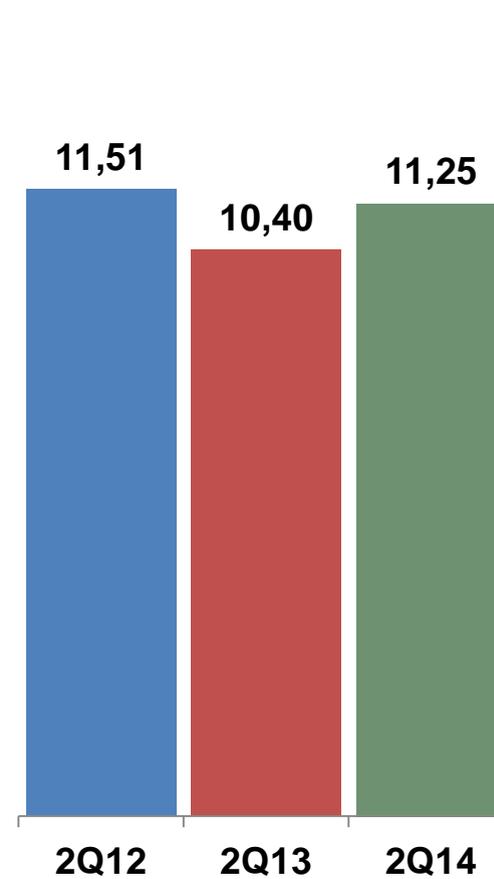
**Average price –
Total – R\$**



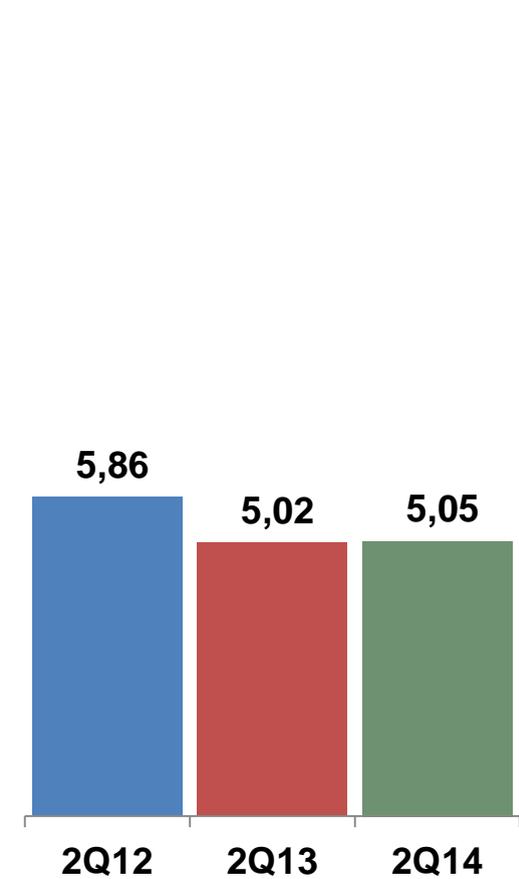
**Average price –
DM – R\$**



**Average price –
Exports – R\$**

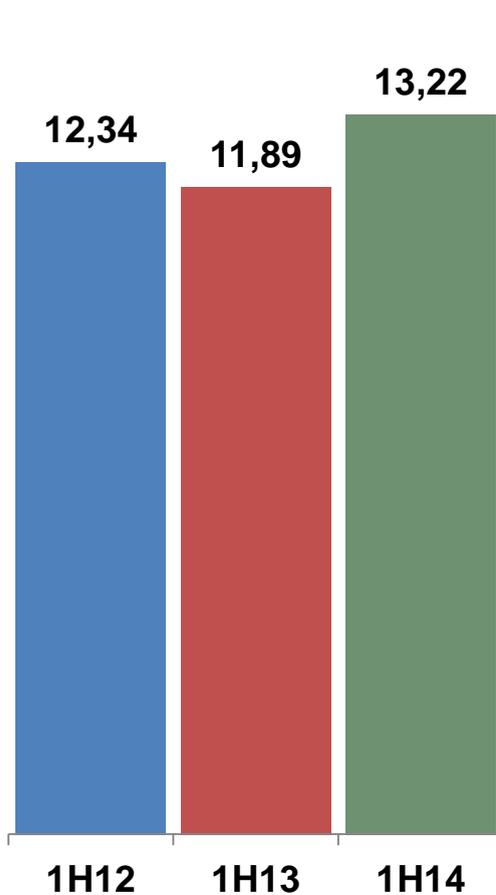


**Average price –
DM – US\$**



Average price – 1st Half

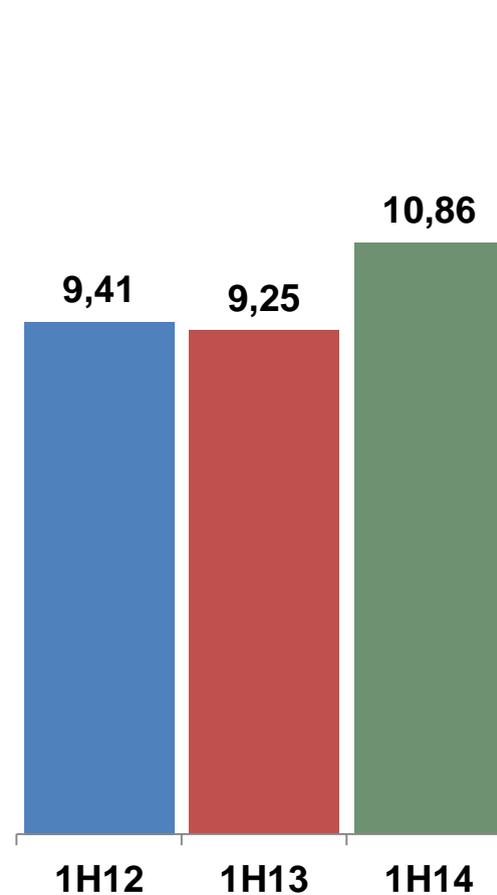
**Average price –
Total – R\$**



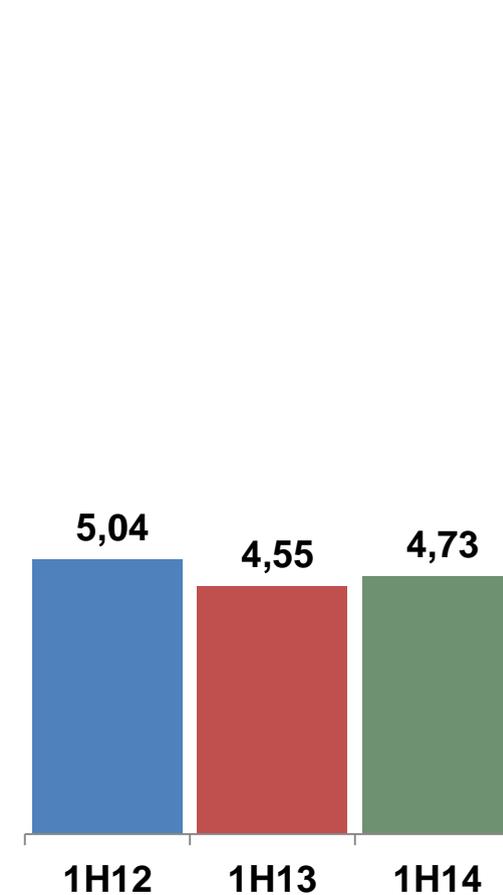
**Average price –
DM – R\$**



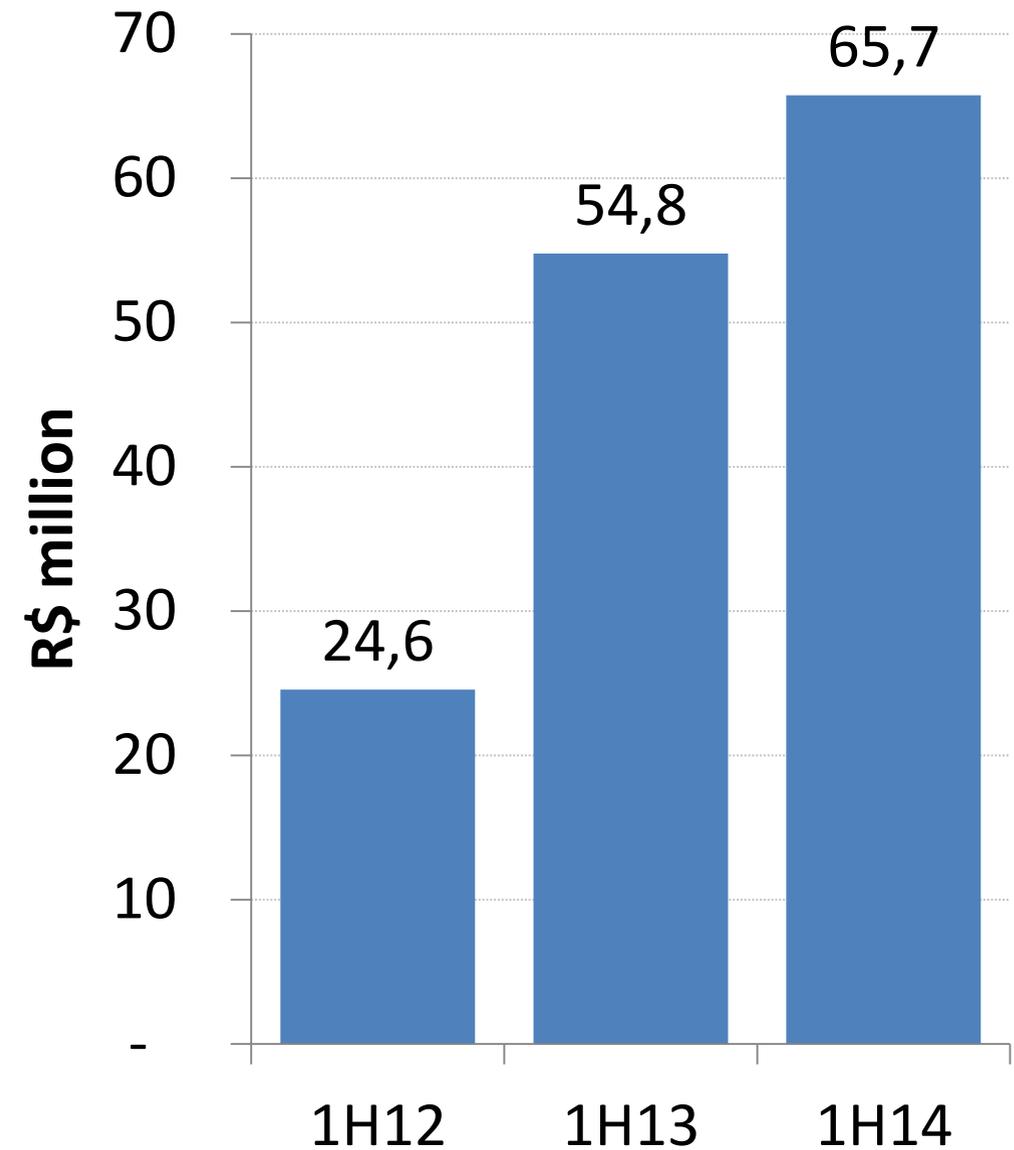
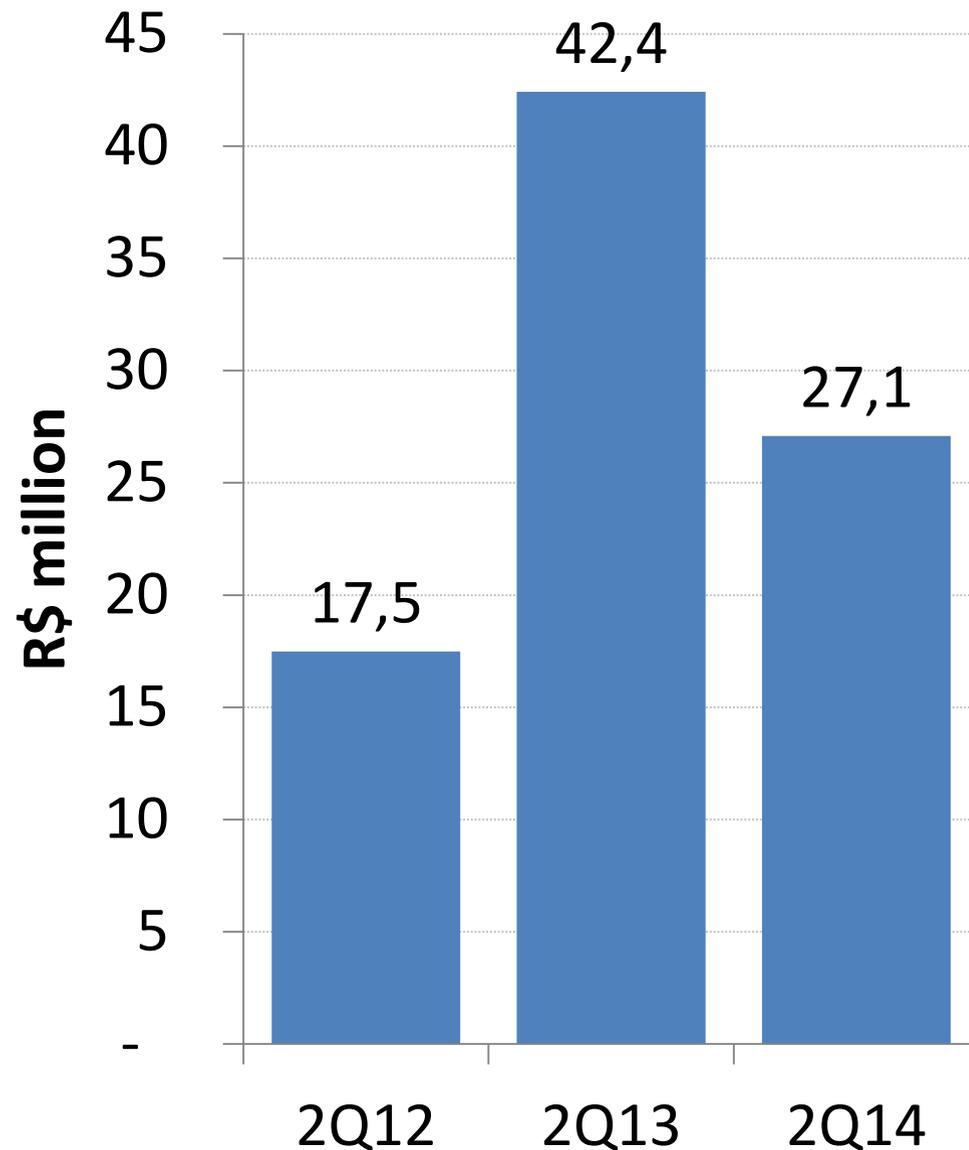
**Average price –
Exports – R\$**



**Average price –
Exports – US\$**



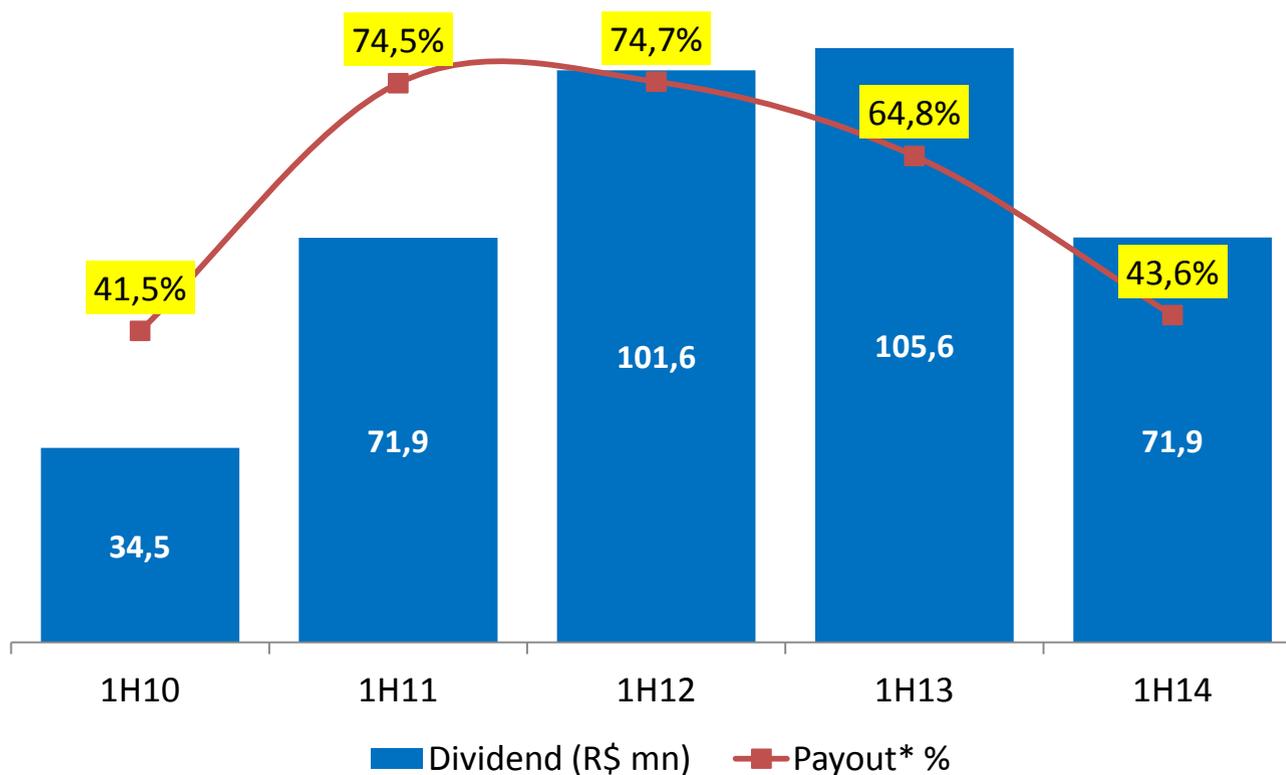
Investments (property, plant and equipment and intangible assets)



Dividends (R\$)

R\$ million	1H10	1H11	1H12	1H13	1H14
Minimum dividend – 25%	9.1	18.0	25.5	26.5	18.0
Additional dividend	25.4	53.9	76.1	79.1	53.9
Total	34.5	71.9	101.6	105.6	71.9
Payout % *	41.5%	74.5%	74.7%	64.8%	43.6%

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



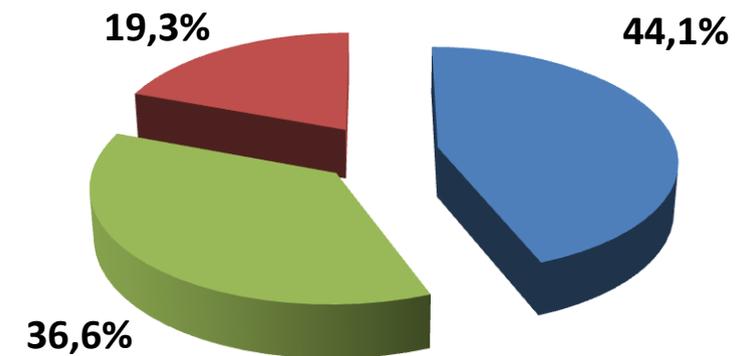
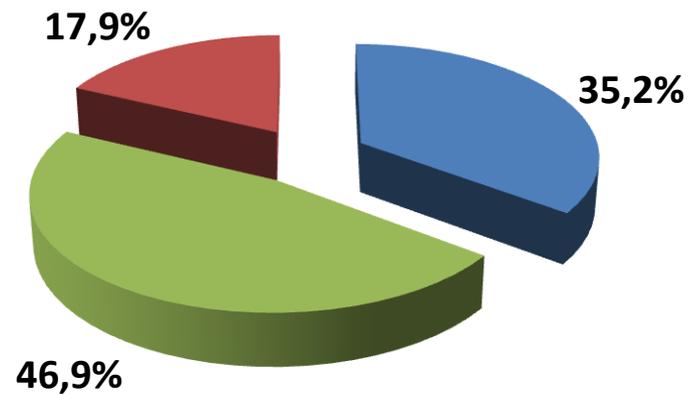
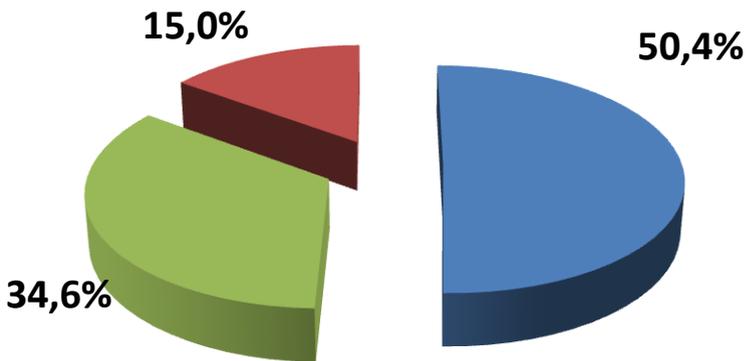
Accumulated amount of deliberate dividends since IPO: R\$ 1,619,070,338.49 – representing R\$ 5.383980 per share. (Base 300,720,000)

Assets

June 30, 2013

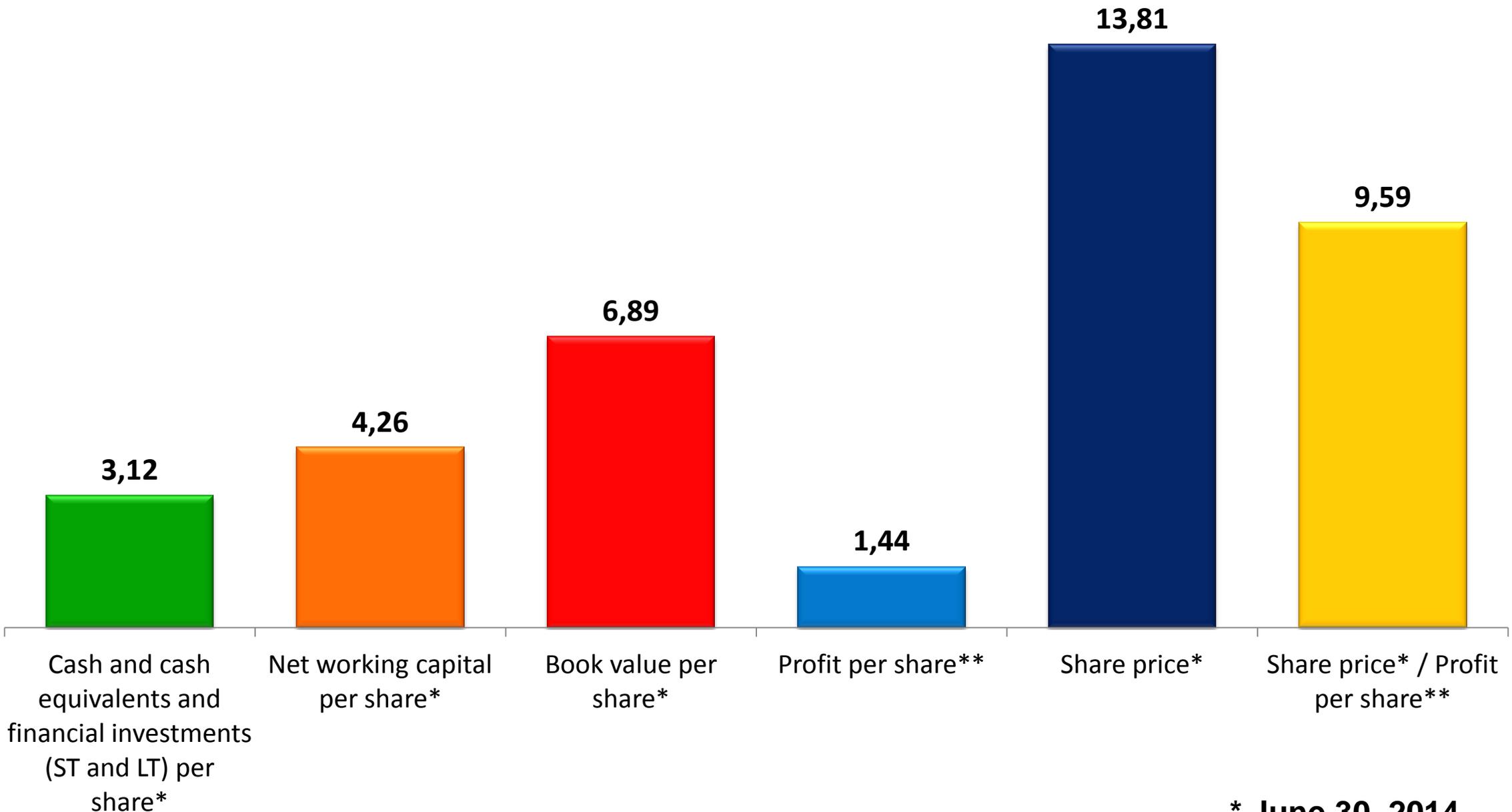
December 31, 2013

June 30, 2014



- Cash and cash equivalents and financial investments (ST and LT)
- Working capital (Cash and cash equivalents and financial investments (ST and LT))
- Non-current assets

Value indicators

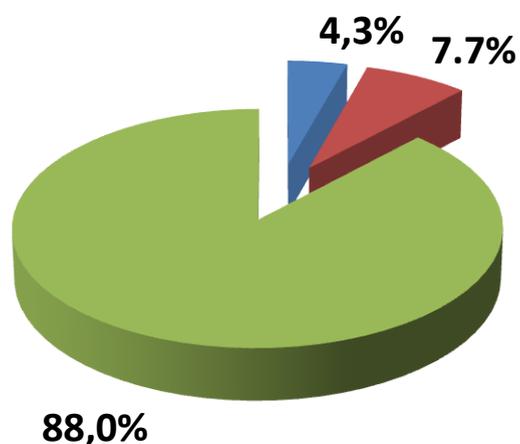


*** June 30, 2014**
**** Profit in the last 12 months**

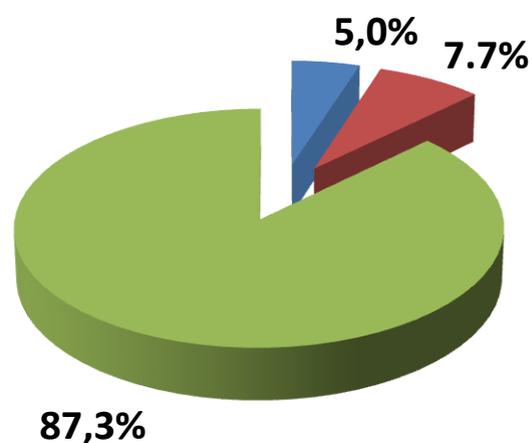
Liabilities* and Consolidated equity

* Liabilities: Current + Non-current

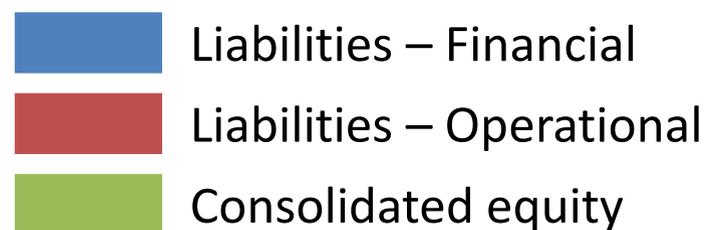
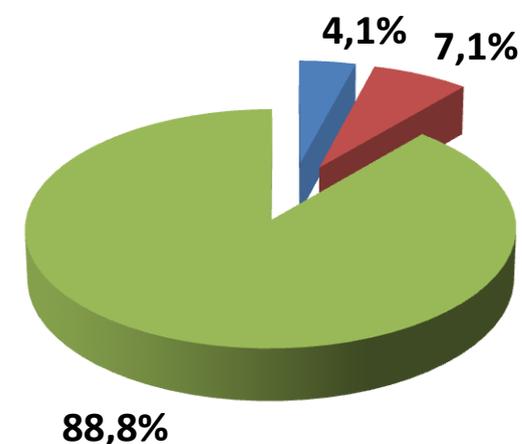
June 30, 2013



December 31, 2013

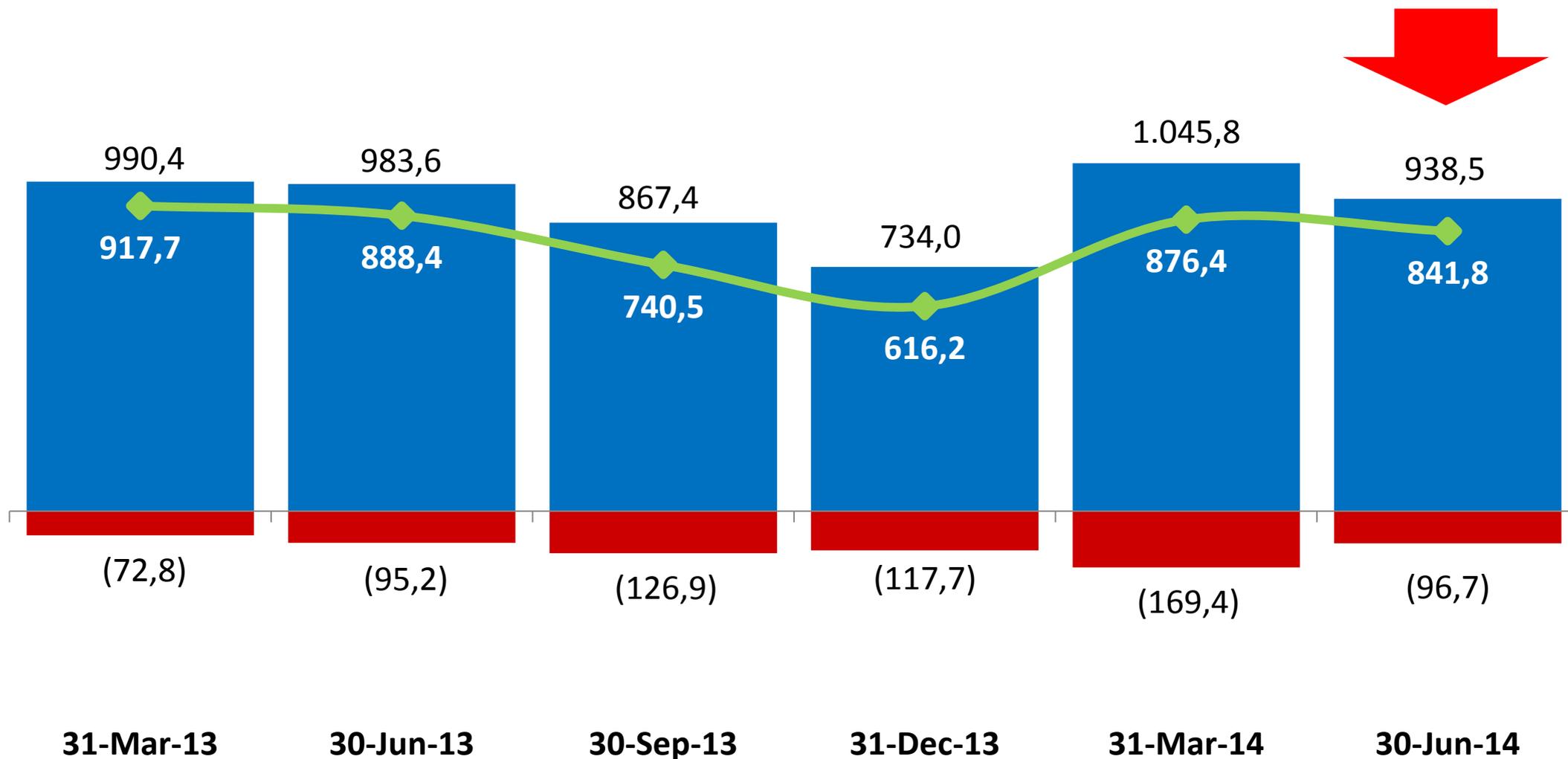


June 30, 2014



Net Cash (R\$ million)

Net cash: ↑ 36.6%
vs. Dec. 31, 2013



- Cash and cash equivalents and financial investments (ST and LT)
- Borrowings (ST and LT)
- ◆ Net Cash