

# Grendene®



## 1H14 Results



# Grendene®

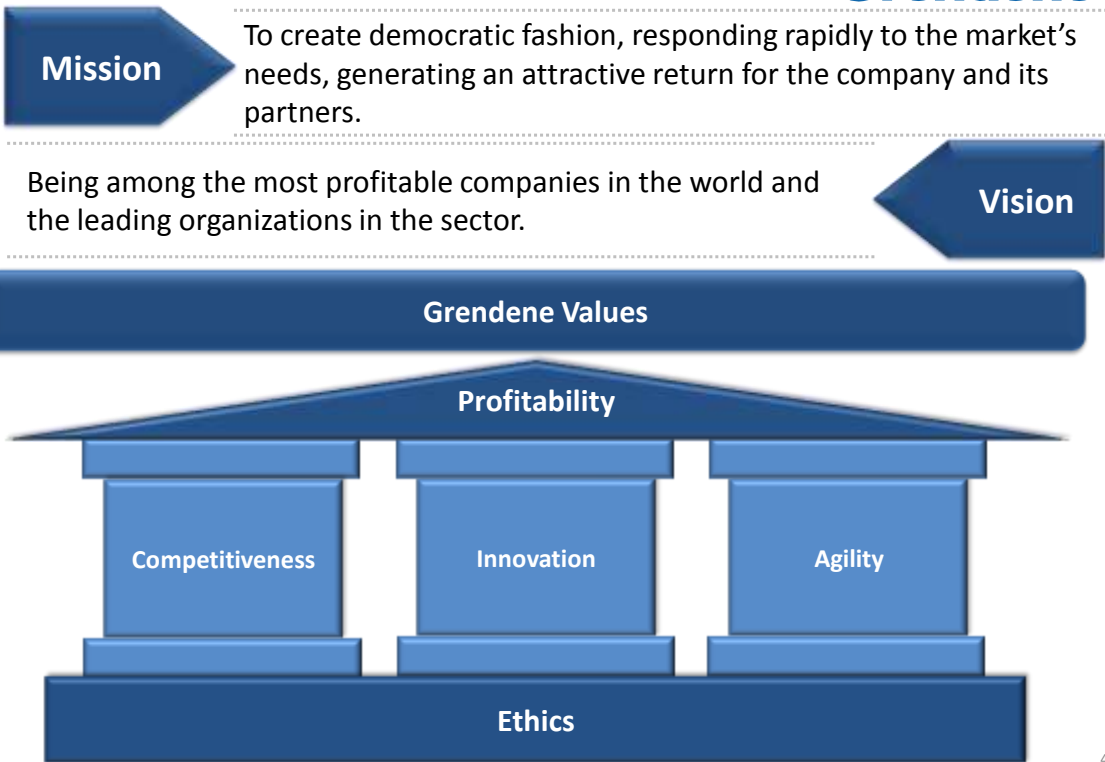
## Disclaimer

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.

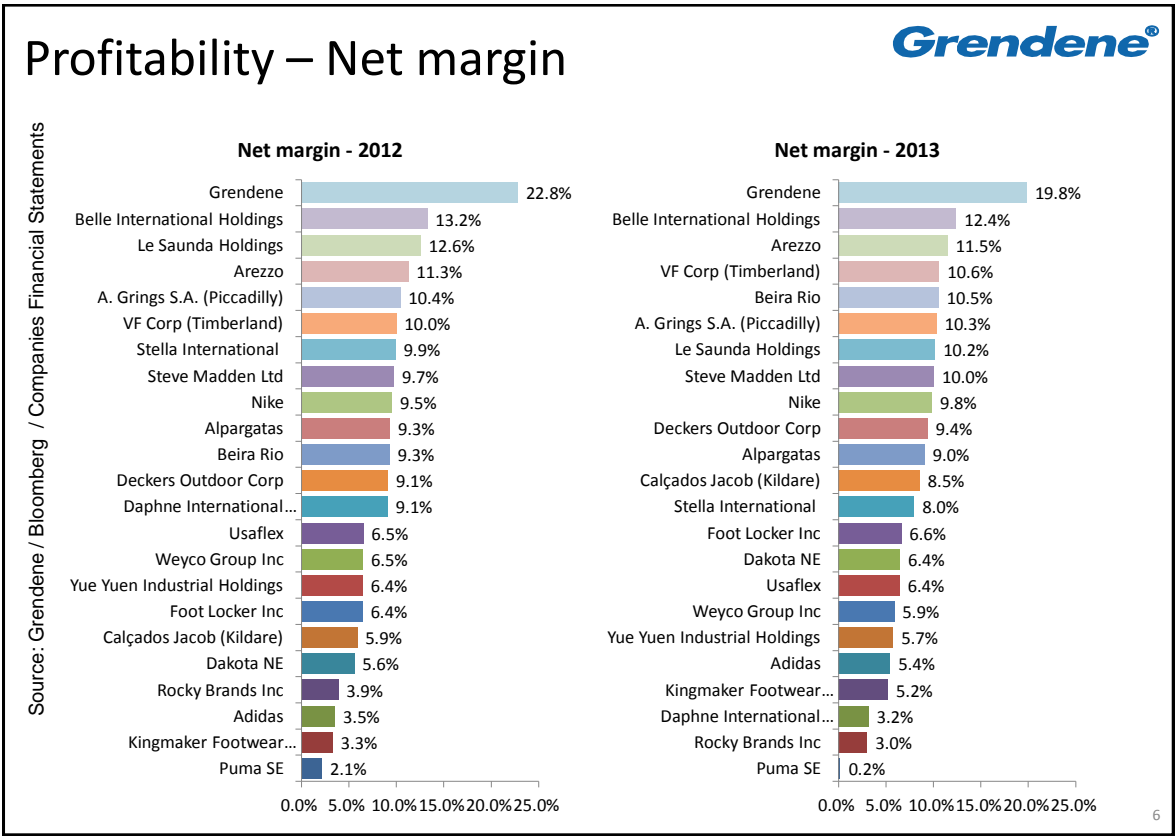
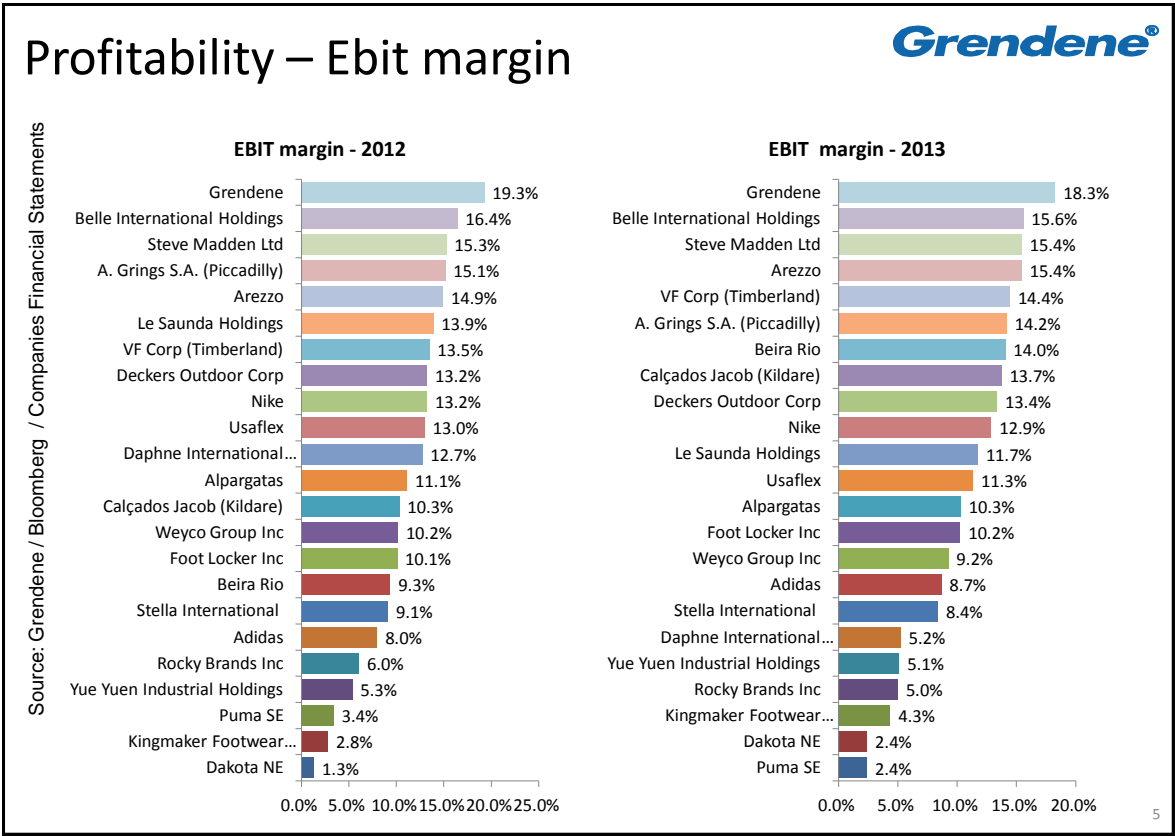
# Agenda

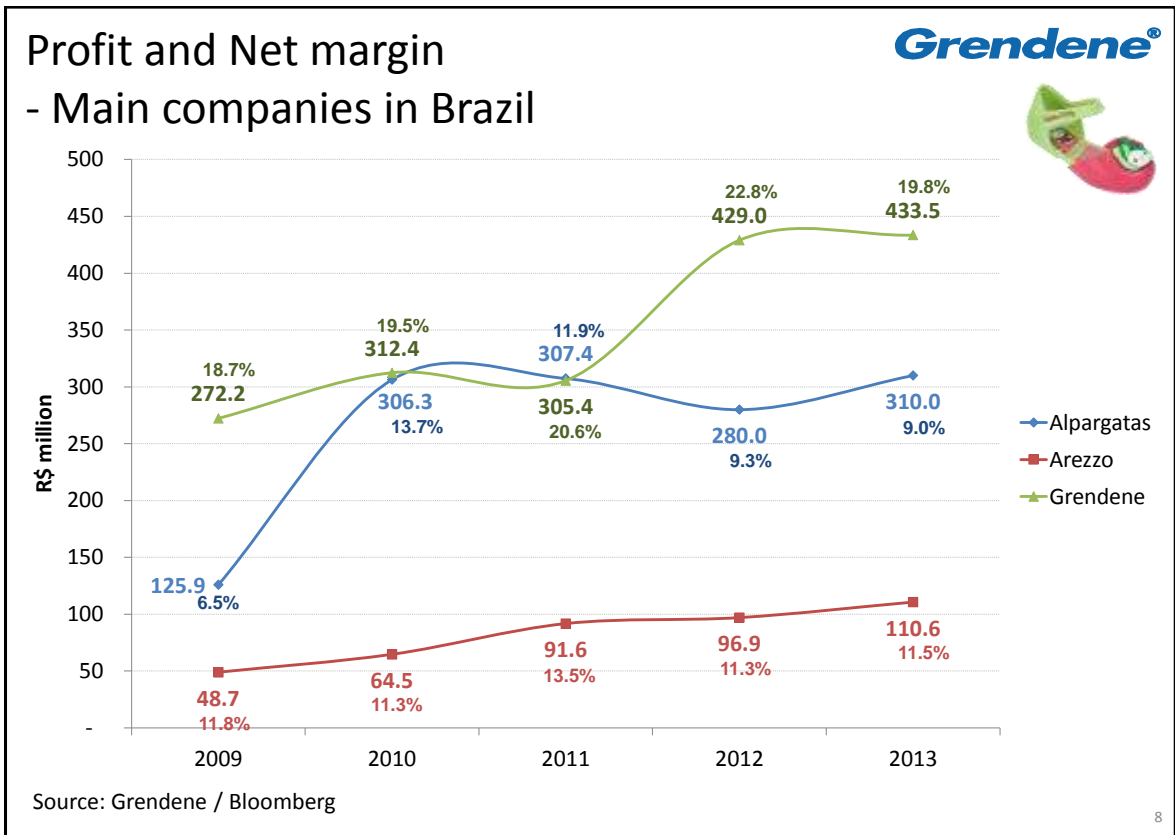
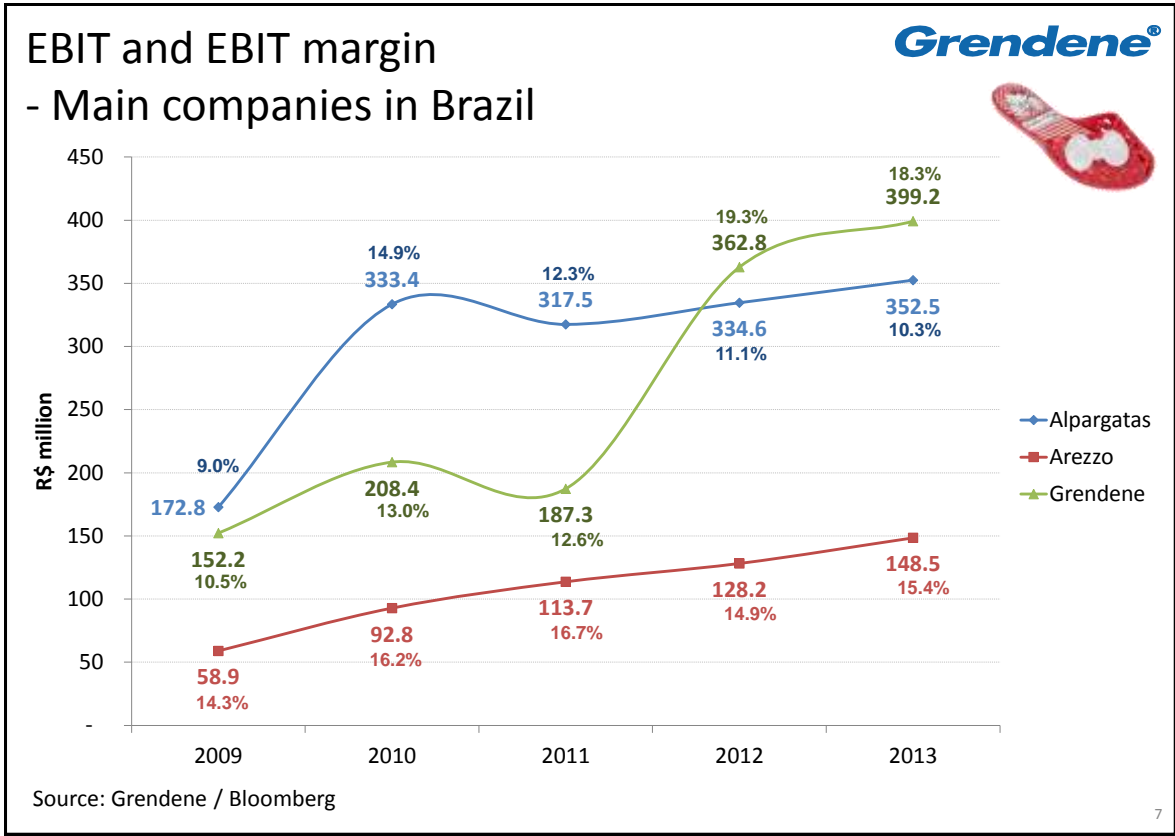
Mission, Vision and Values
History
Dividends
Capital markets
Plants
Capital Expenditure (CAPEX)
Production
Footwear Sector
Brands and Marketing
Results
Guidance

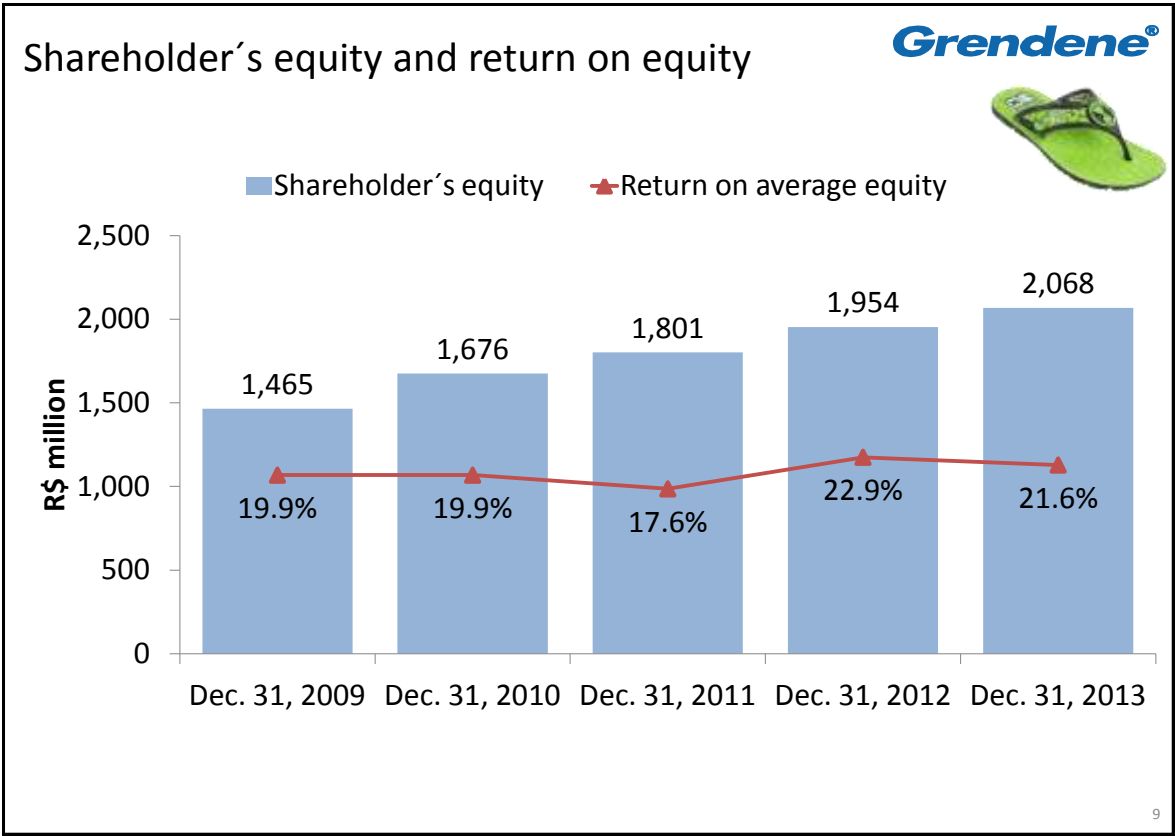
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### Timeline

**Grendene®**

- 70's**
  - Grendene **was founded in Farroupilha**, in the State of Rio Grande do Sul.
  - Launch** of the sandal collection with **the brand Melissa**.
- 80's**
  - Opening of own **plant making molds**.
  - Launch of the **Rider brand** of sandals for the men's market.
- 90's**
  - Opening of the factories in Ceará State.
  - Launch of the **Grendha brand** product line for the women's market.

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## Timeline

- 2000**
  - **Grendene started having common shares** ("GRND3") negotiated at the Novo Mercado of BM&FBOVESPA.
- - Opening of **Galeria Melissa** in São Paulo
- 2010**
  - **New plant** – Teixeira de Freitas (BA).
  - Launch of the **Ipanema, Zaxy and Cartago brands**.
- - **New plant** – Sobral (CE).
  - Opening of **Galeria Melissa** in New York.
  - **Clube Melissa's** creation.
  - **Creating of the subsidiary A3NP Indústria e Comércio de Móveis**.
- 2011**
  - Partnership with Philippe Starck to produce products on an industrial scale with sophisticated design and accessible cost for the middle income groups.
- 
- 2014**
  - Opening of **Casa Ipanema**.

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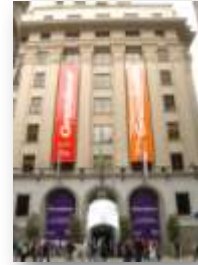


Foto: A. Carreiro – Out/2004

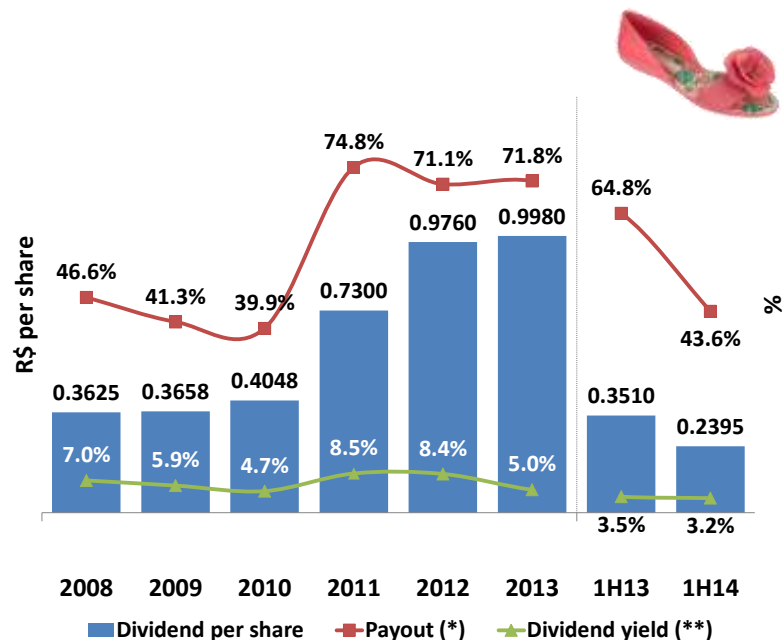


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## Dividends Policy

The Company's dividend policy is **distribute, as dividends – after constitution of the Legal Reserve, and the Reserve under the Bylaws – that part of Profit that does not arise from state tax incentives.**

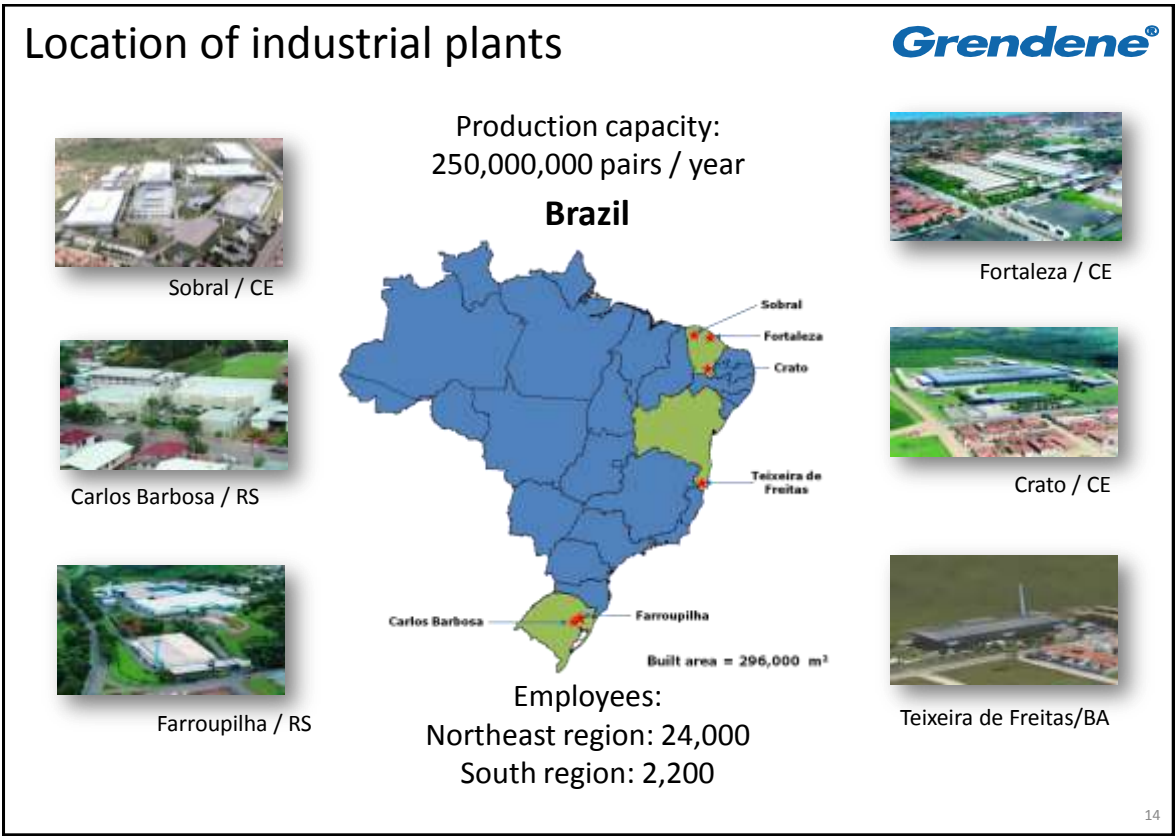
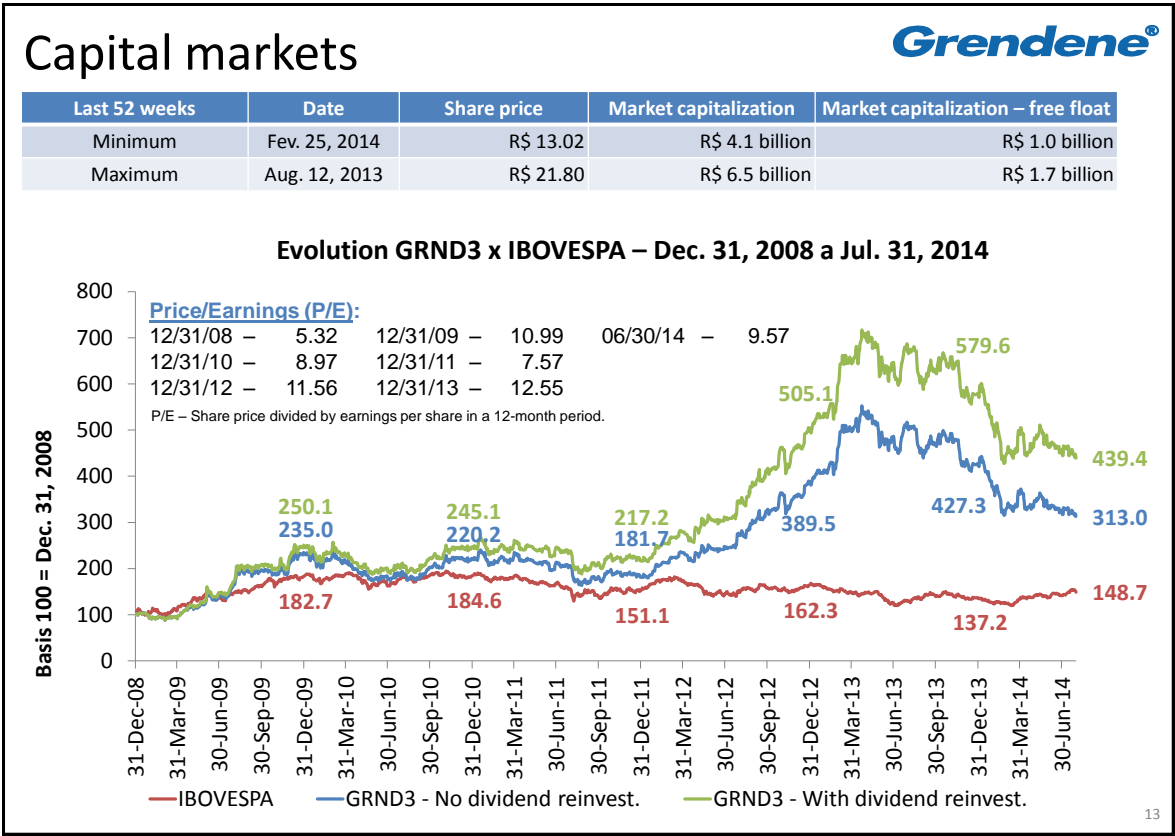
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(\*) Payout: Dividend divided by profit after the allocations to legal reserves.

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

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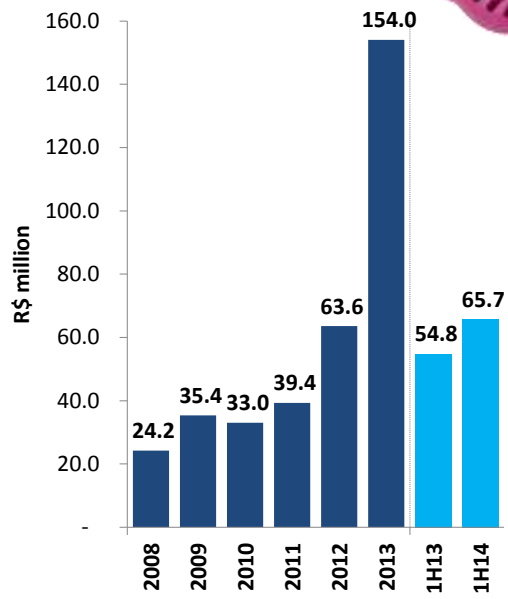


Capex (Property, plant and equipment and intangible assets)



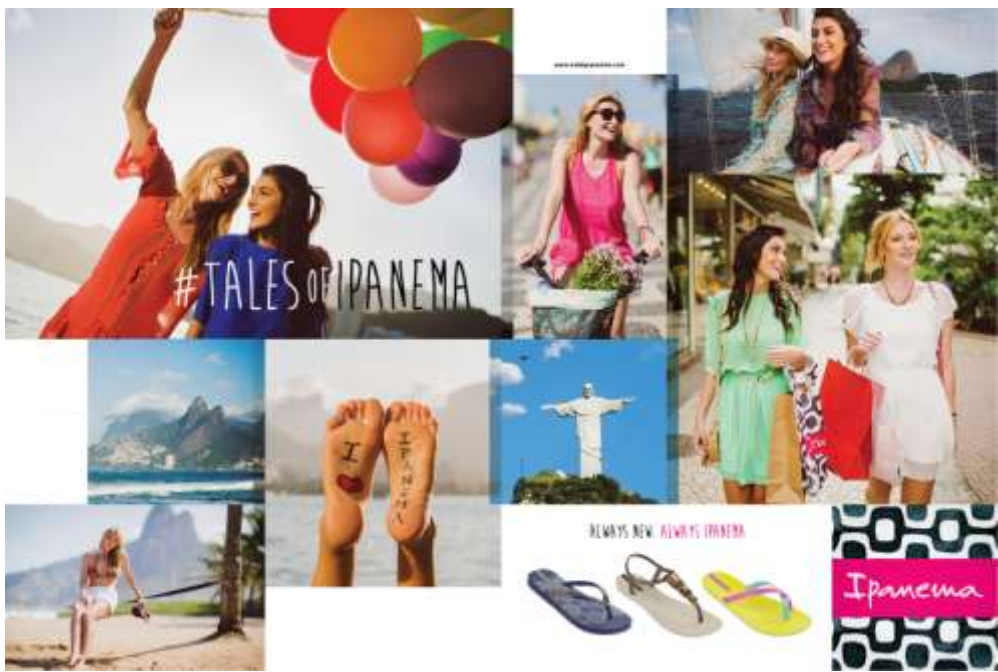
Investments increased the production capacity.

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Footwear sector





## Footwear sector – Brazil

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- World's 3<sup>rd</sup> largest producer;
- About 8,100 producers;
- 353,000 direct employees;
- Production: 900 million pairs in 2013;
- Exports: 123 million pairs to more than 150 countries in 2013;
- Apparent consumption, Brazilian domestic market: 816 million pairs and – 4.2 pairs per capita/year in 2013.

Source: IEMI/RAIS/ABICALÇADOS/SECEX

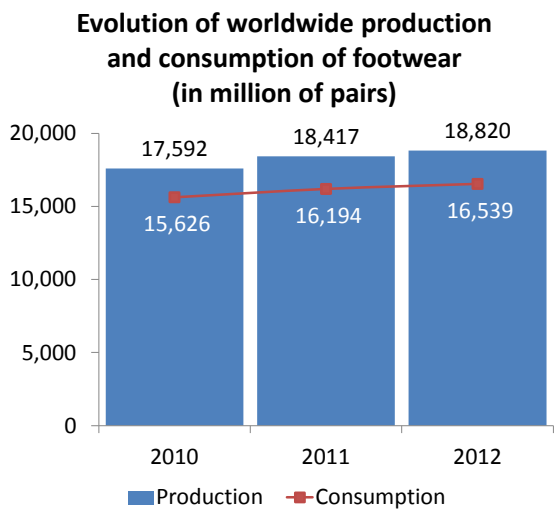


The footwear sector in Brazil is characterized by small companies and labor-intensive, with no barriers to entry or exit.

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## Footwear sector – World

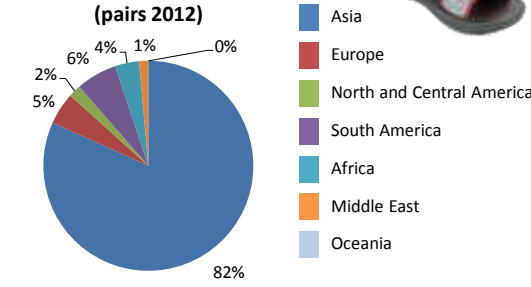
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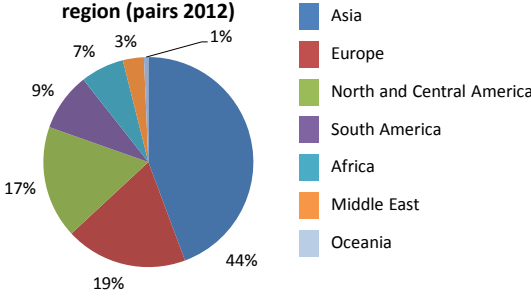
Brazil ranked third among the world's largest producers of footwear and fourth in Consumption in 2012.

Source: IEMI / World Shoe Review 2013

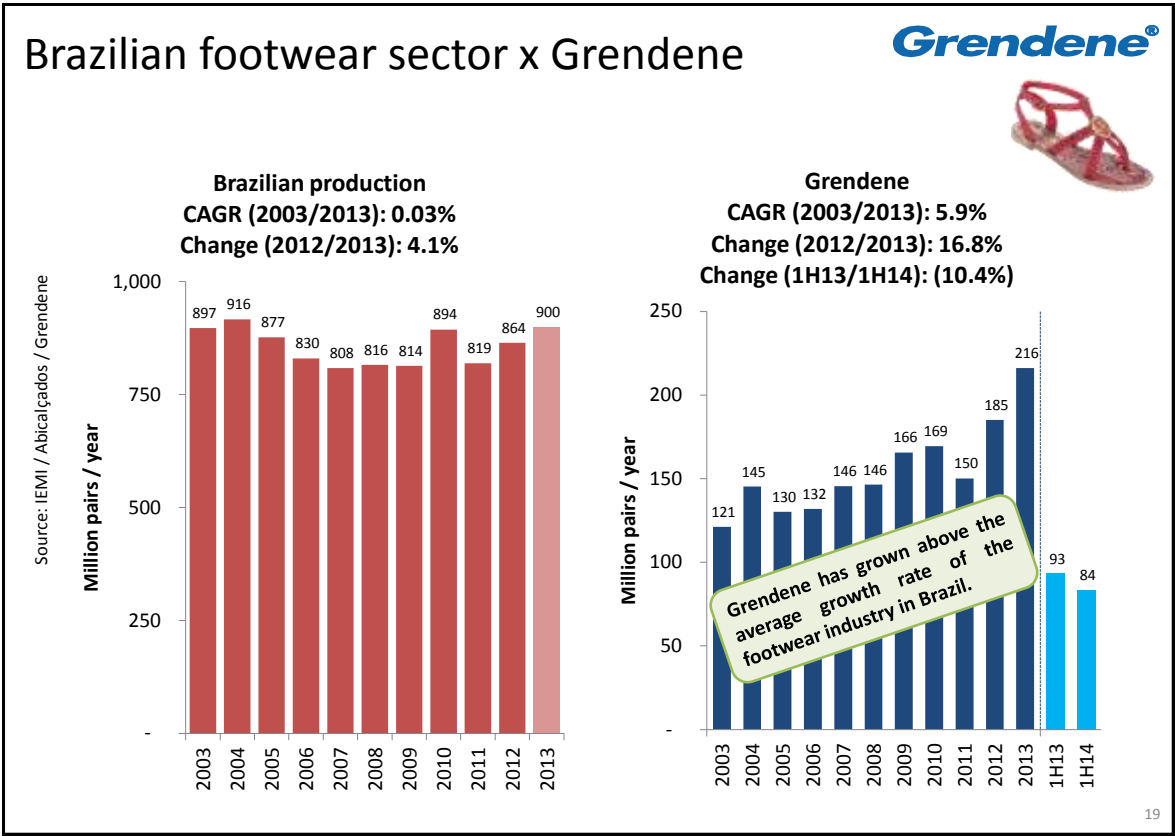
**Footwear production by region (pairs 2012)**



**Footwear consumption by region (pairs 2012)**



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## Brands & Marketing

**Grendene®**



**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

Casa Ipanema – Rio de Janeiro/RJ – Brazil  
Photo: Mariana Vianna



**Grendene®**



Fiorella Mattheis  
Actress



Giovanna Ewbank  
Actress



**Sheron Menezes**  
Actress



Giovana Lancellotti  
Actress

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melissa®

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Showroom Melissa – Milano / Italy



Galeria Melissa NY



Pop Up Store Melissa –  
Miami / USA



Clube Melissa



Galeria Melissa SP

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Sales channels

Grendene®

Clube Melissa



Retail

Strong relationship  
with trade



Retail



Retail

Results (in IFRS)

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## Main financial and economic indicators **Grendene®**

Million of R\$	2008	2009	2010	2011	2012	2013	Change % 12-13	CAGR (5 year)
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%

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

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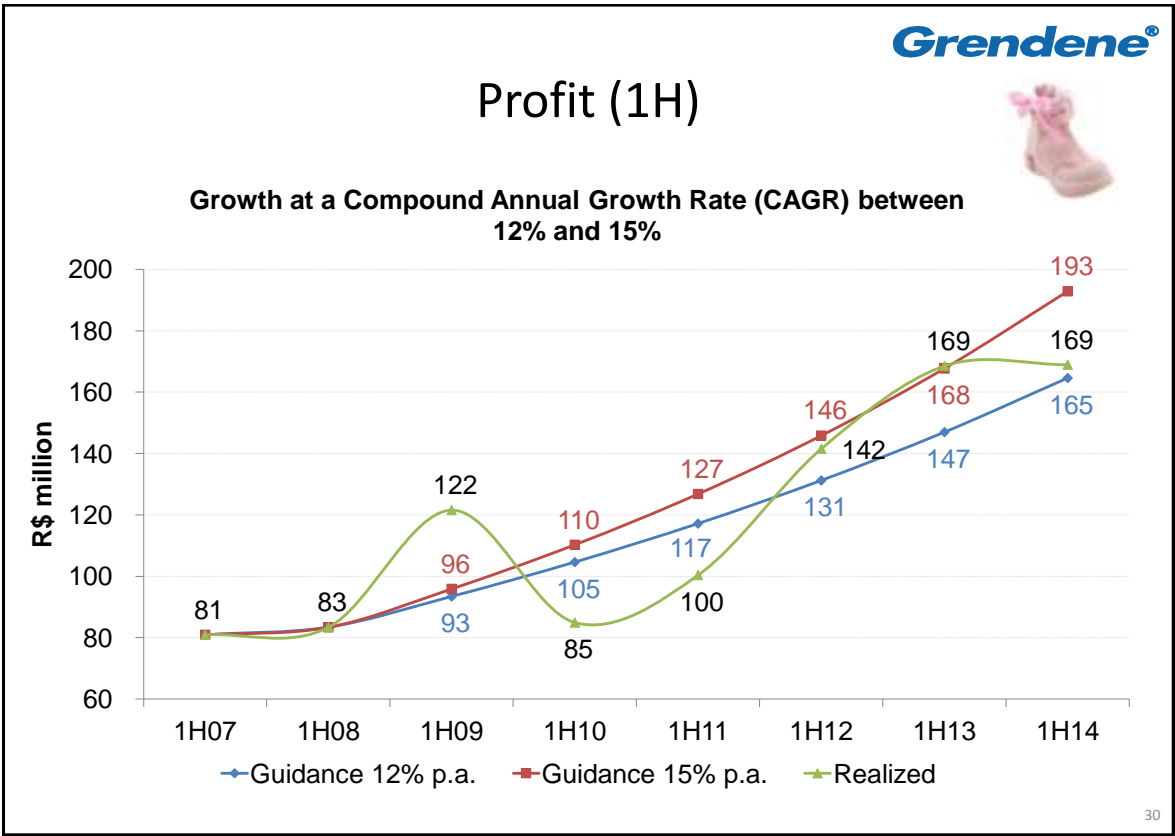
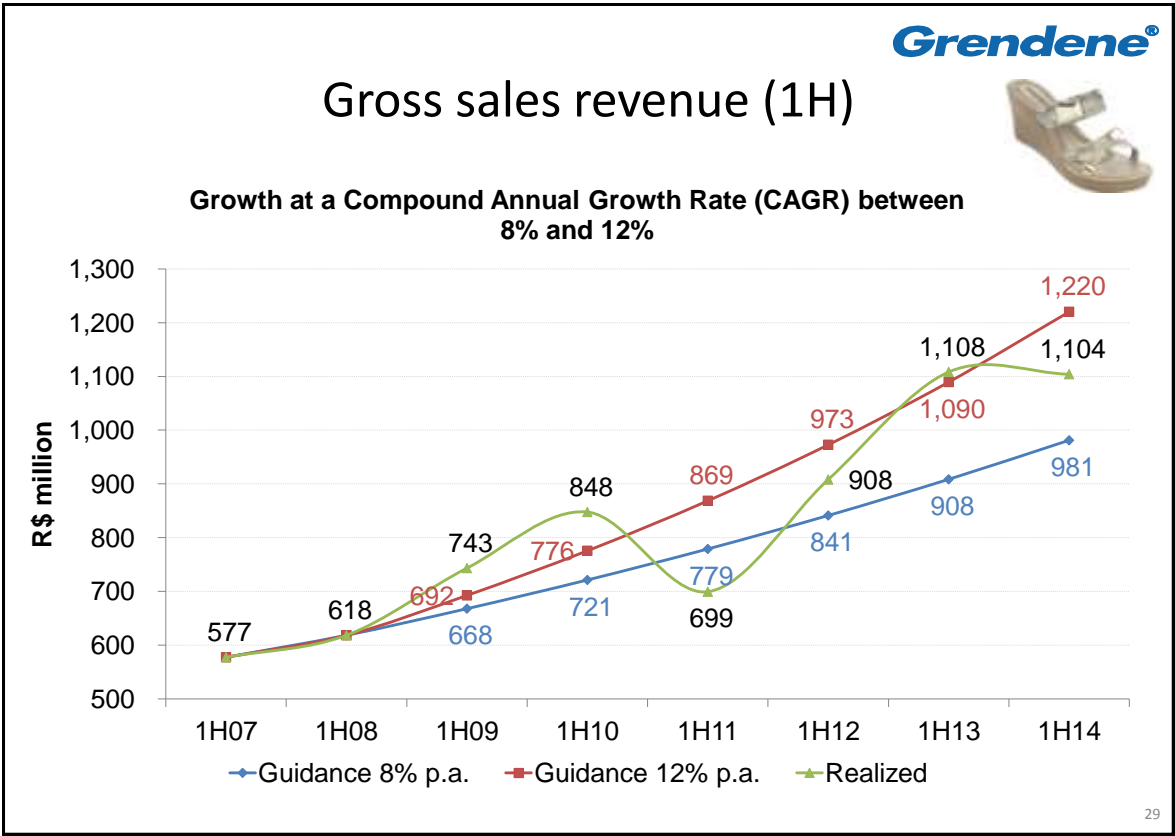
## Main financial and economic indicators (1H) **Grendene®**

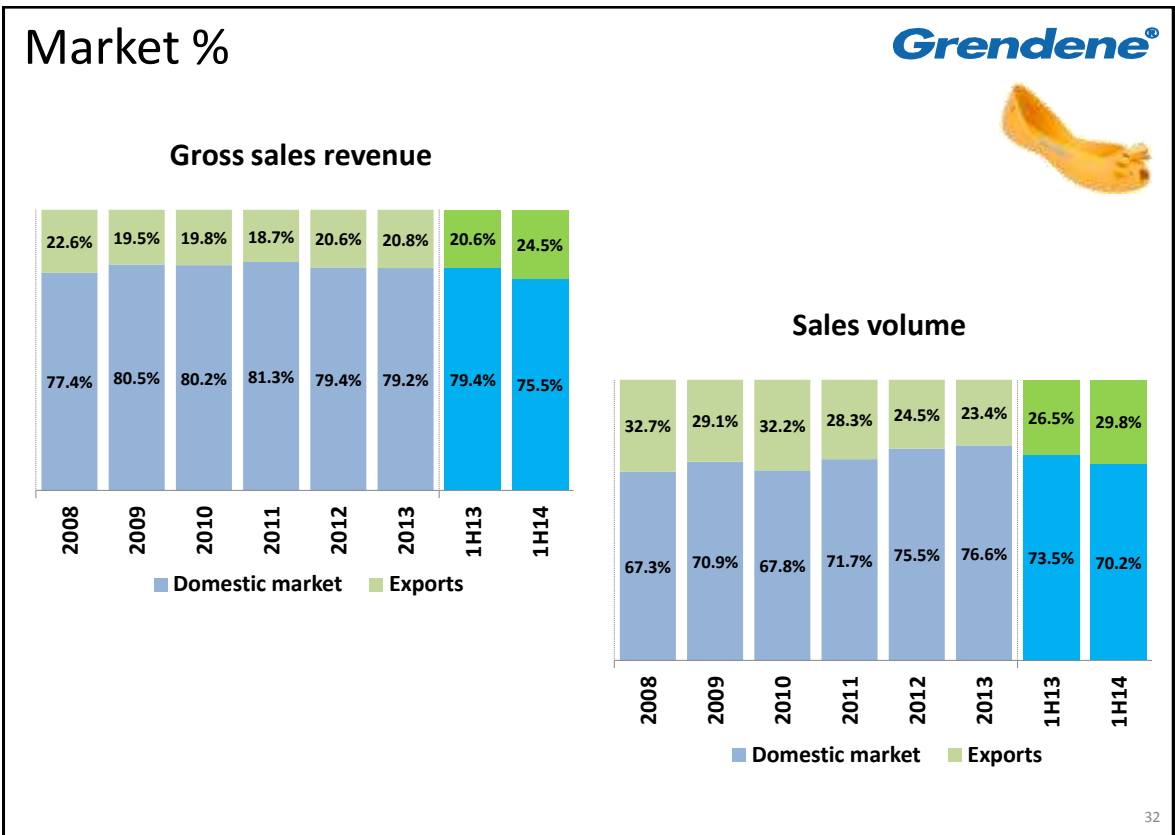
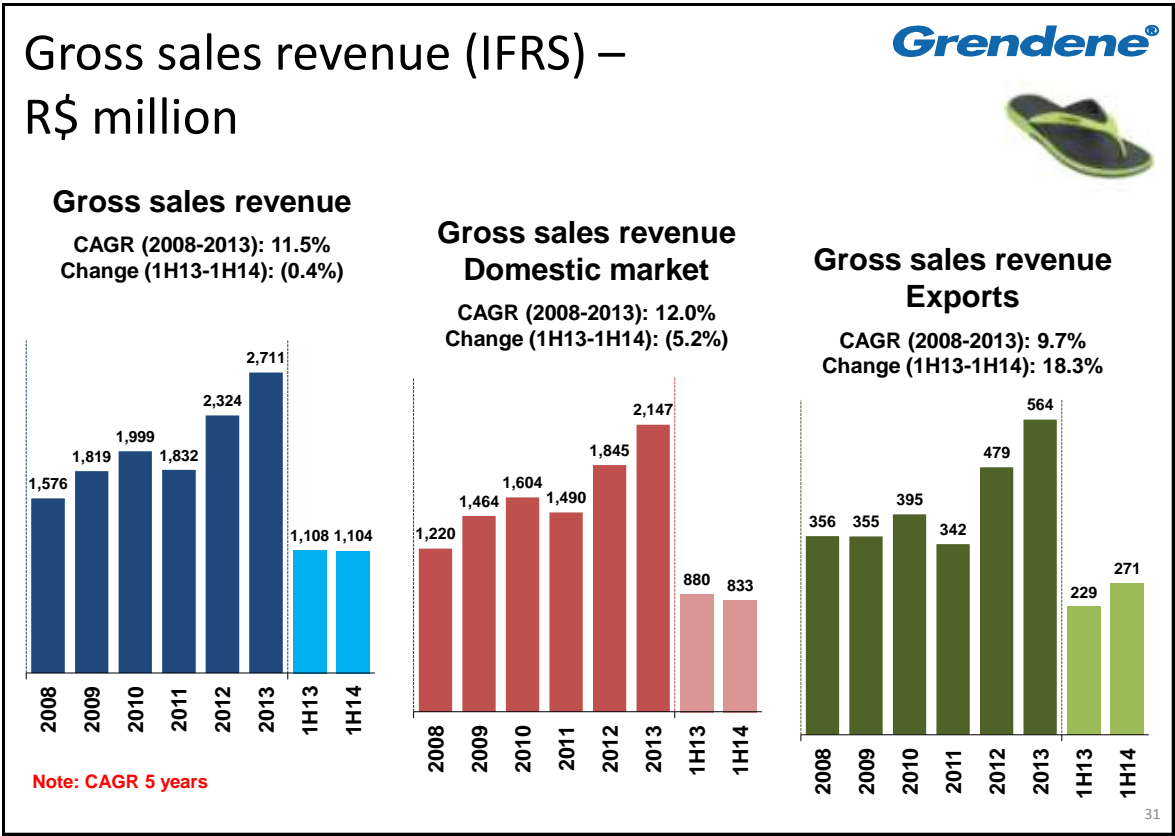
Million of R\$	1H12	1H13	1H14	Change % 1H13-1H14	CAGR (2 years)
Gross revenue	908.1	1,108.3	1,104.2	(0.4%)	10.3%
Domestic market	700.7	879.5	833.5	(5.2%)	9.1%
Exports	207.4	228.8	270.7	18.3%	14.3%
Net revenue	726.2	886.9	890.8	0.4%	10.8%
Cost of sales	(419.5)	(496.6)	(522.1)	5.1%	11.6%
Gross profit	306.7	390.3	368.7	(5.5%)	9.7%
EBIT	87.7	145.2	111.3	(23.4%)	12.6%
EBITDA	103.1	162.5	133.6	(17.7%)	13.8%
Net income	141.5	168.5	168.9	0.2%	9.2%

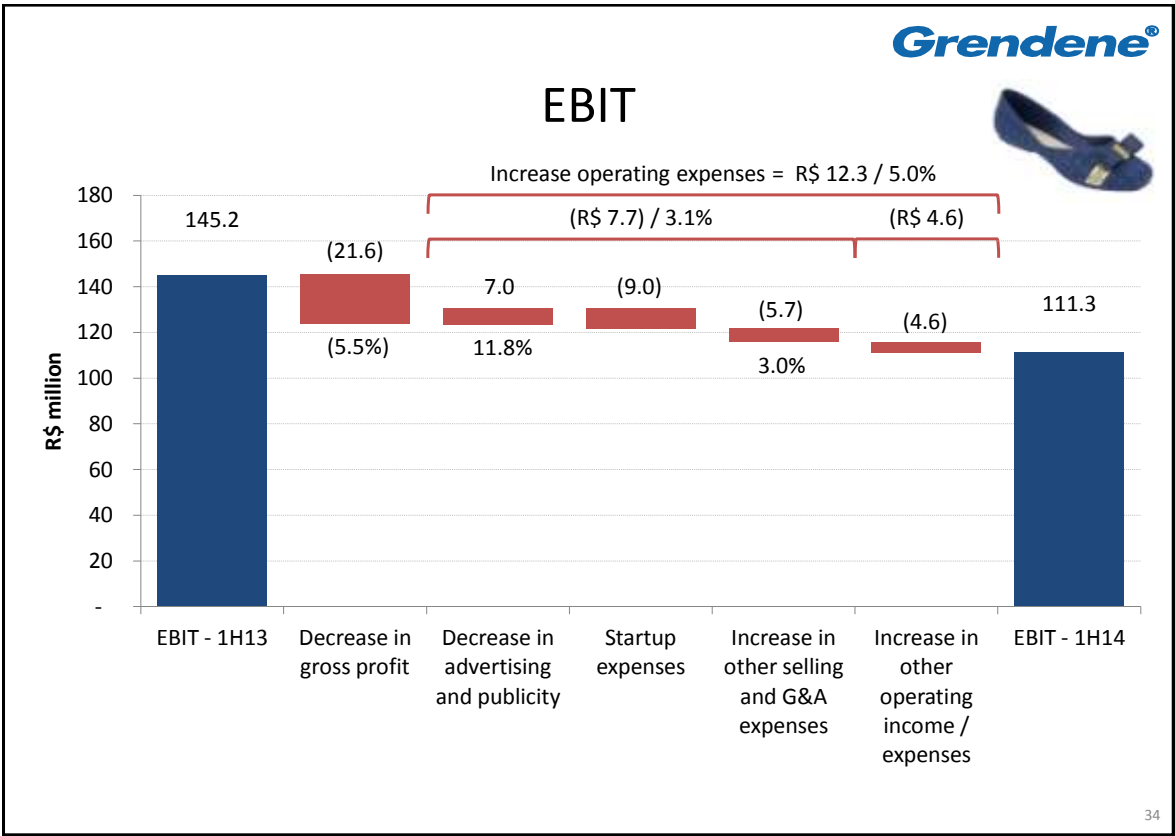
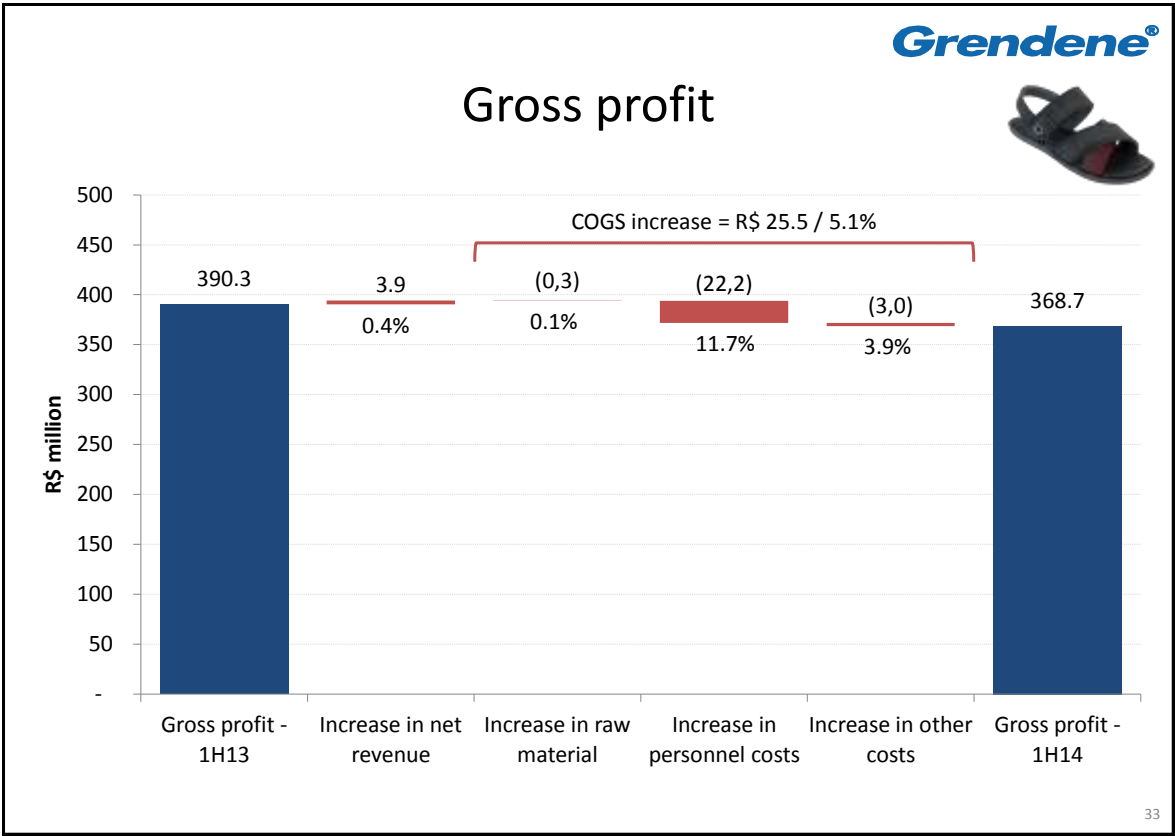
Margin %	1H12	1H13	1H14	Change (p.p.) 1H13-1H14	Change (p.p.) 1H12-1H14
Gross	42.2%	44.0%	41.4%	(2.6)	(0.8)
EBIT	12.1%	16.4%	12.5%	(3.9)	0.4
EBITDA	14.2%	18.3%	15.0%	(3.3)	0.8
Net	19.5%	19.0%	19.0%	0.0	(0.5)

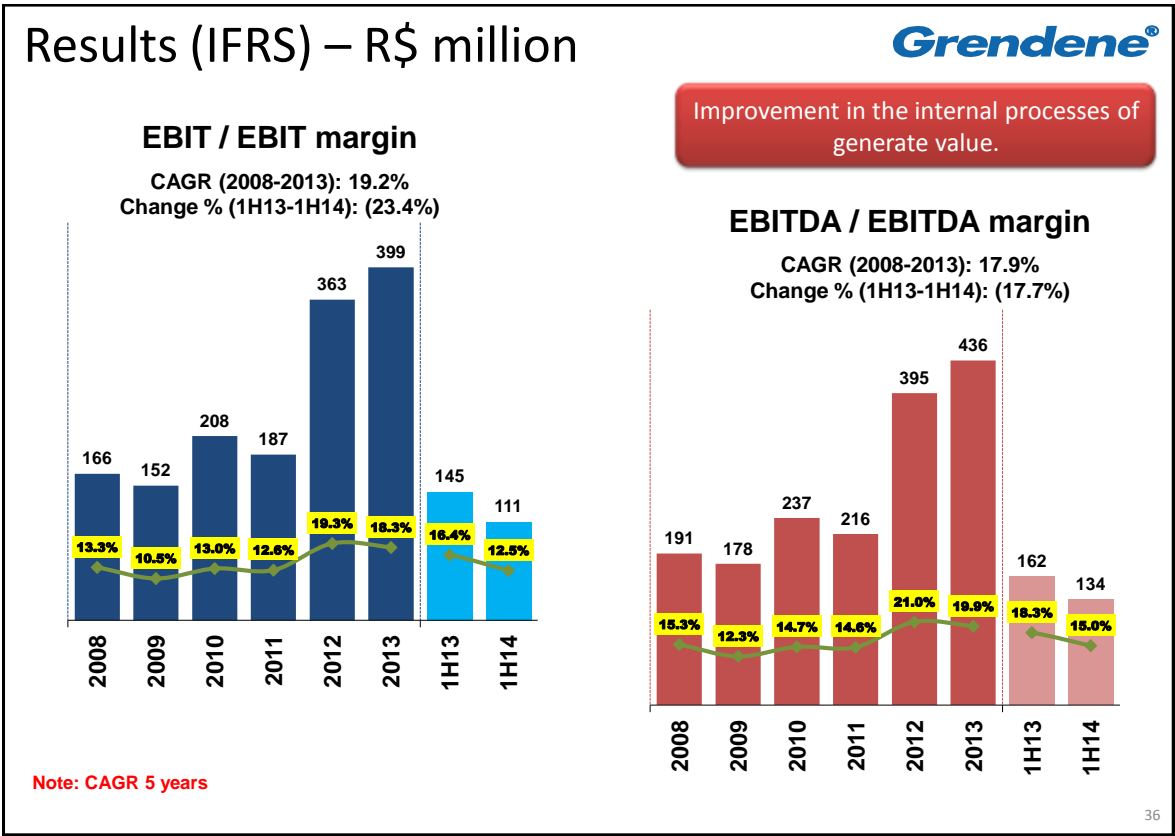
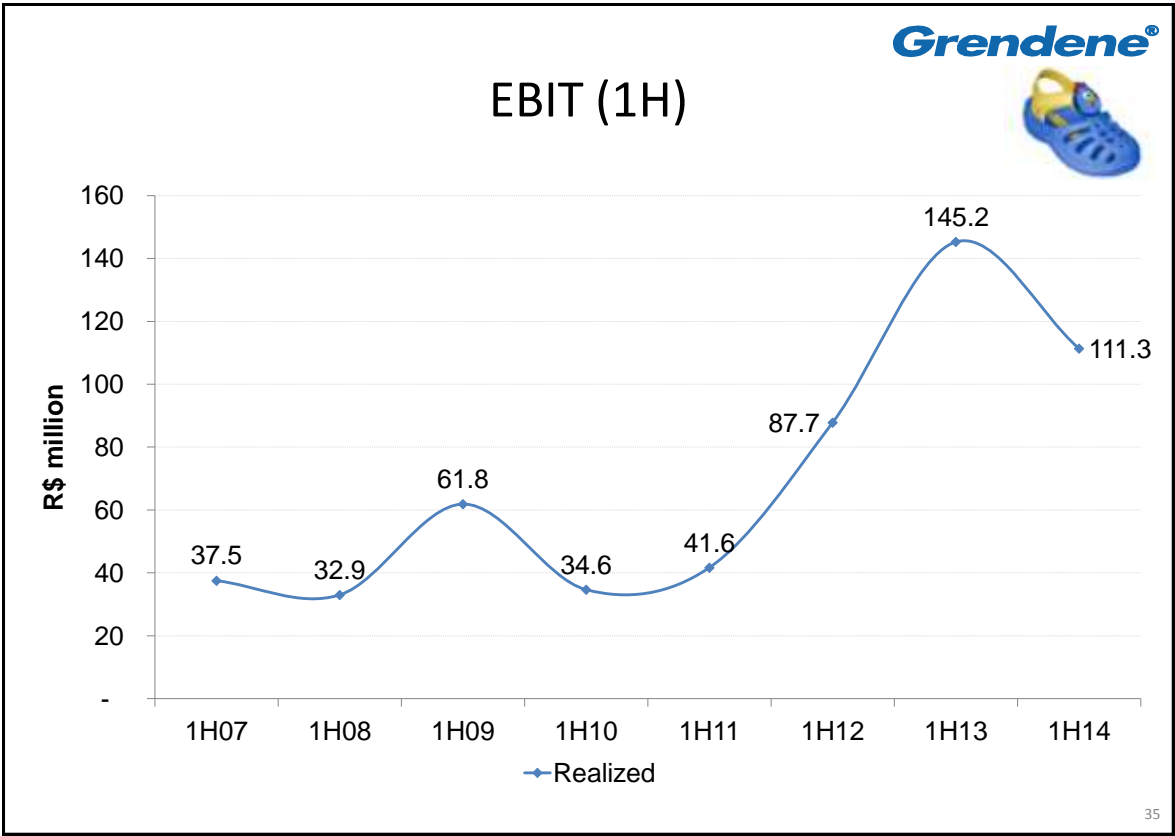
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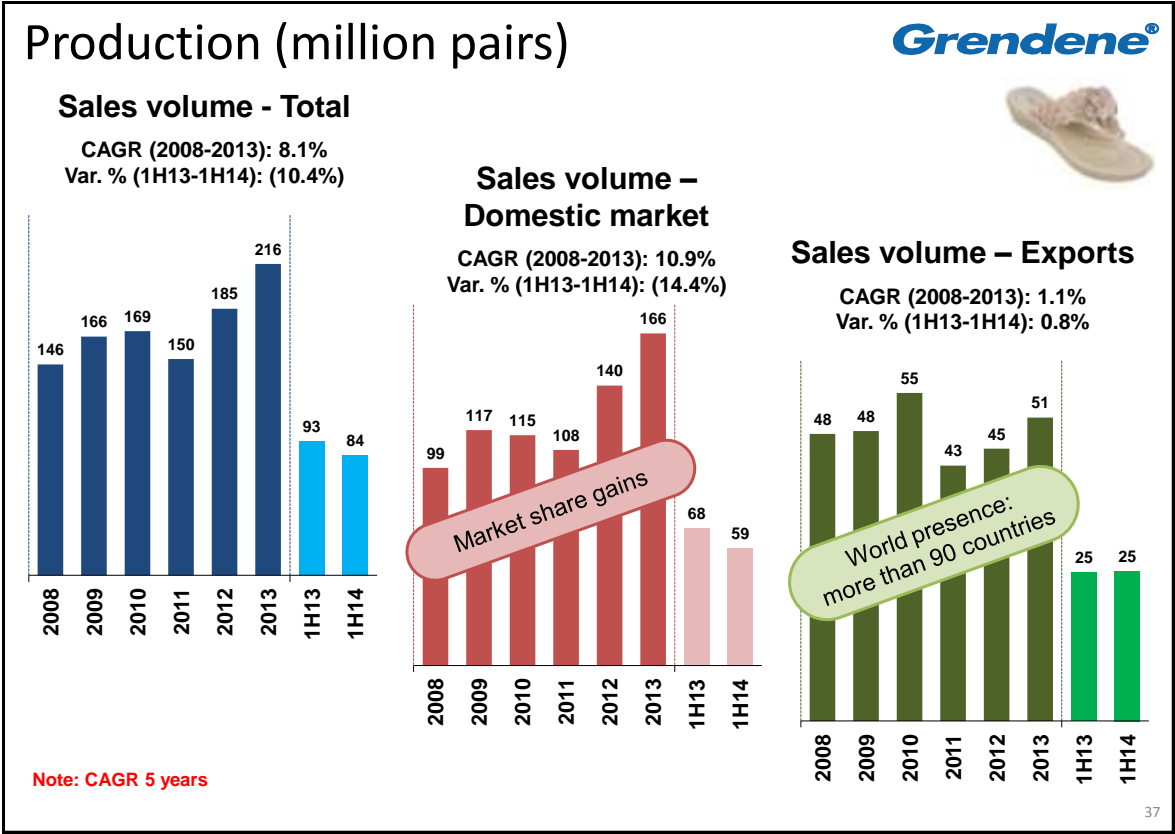


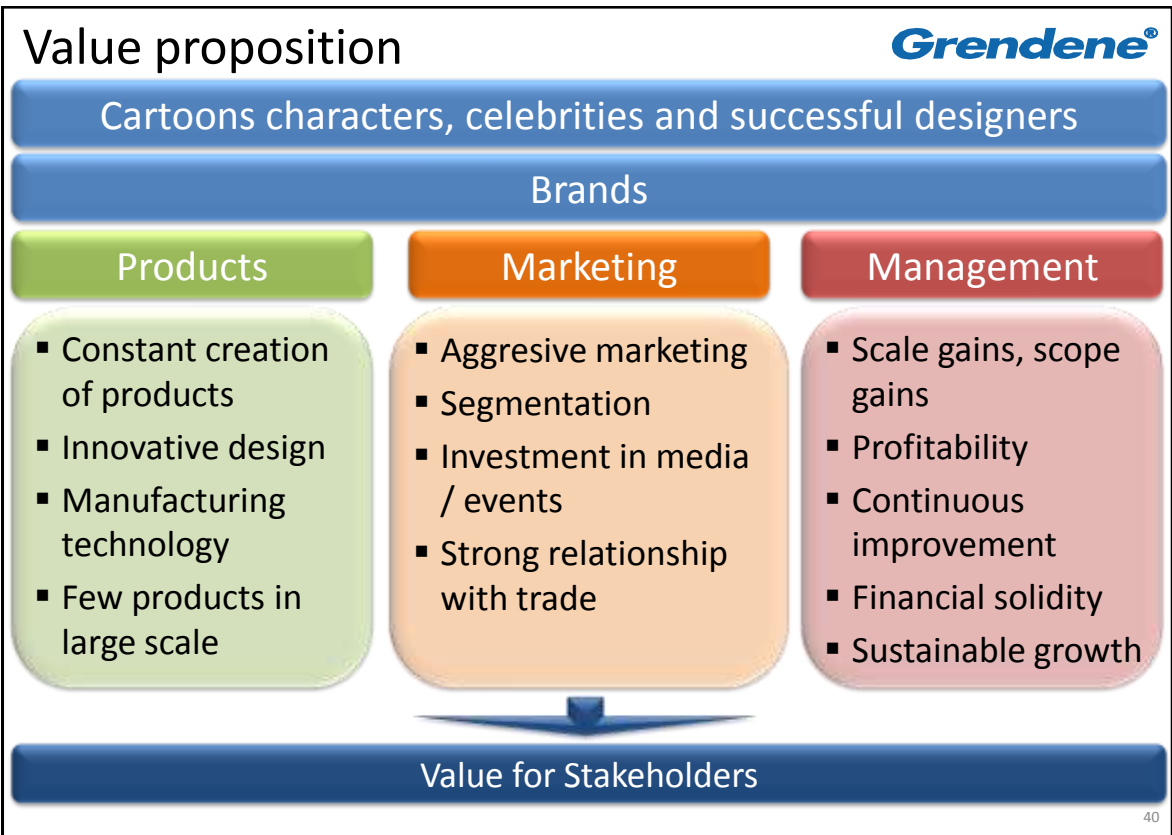














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Melissa

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



Melissa Glove Love  
+ Karl Lagerfeld



Vivienne Westwood  
Anglomania + Melissa  
Slave Sandal



Melissa Ultragirl +  
J. Maskrey



Melissa Moon Dust +  
Jason Wu





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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.




Juliana Paiva





Grendha Shakira



Grendha Juliana Paes



Grendha Ivete Sangalo



Grendha Paula Fernandes

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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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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.

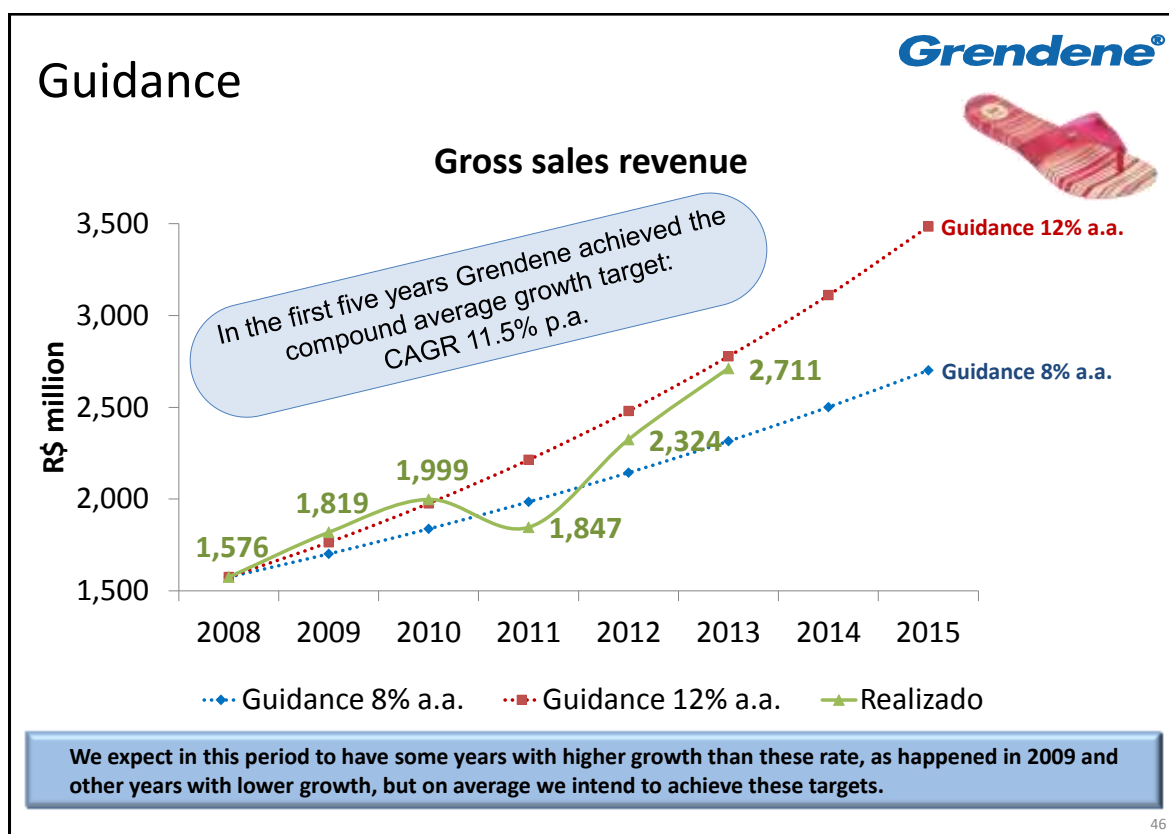
**Main competitors:** Klim, Bibi, Pampily, Bical, Pé com Pé, Marisol

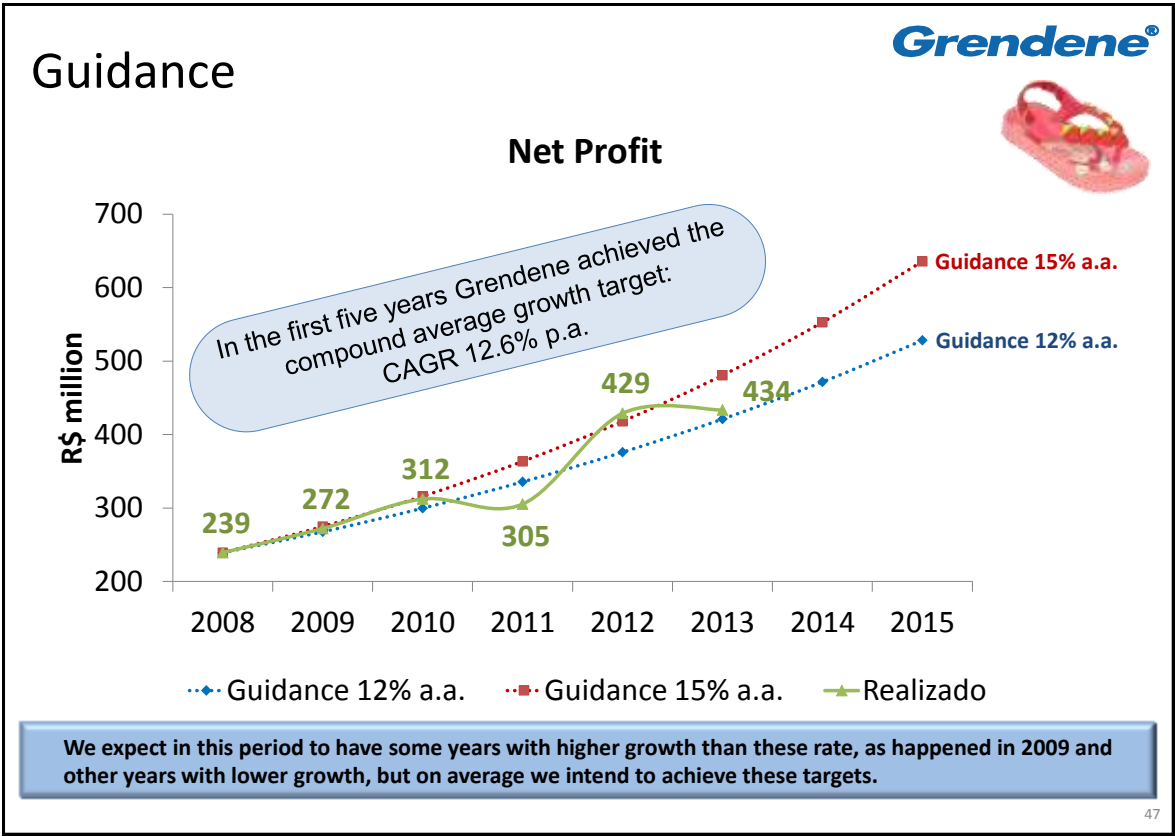







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# Guidance





## Targets for: 2008-2015

Gross 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%.

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.



**Grendene®**

Beginning revenues from the furniture company in partnership with Philippe Starck (2H14).

Philippe Starck  
Photo: Nicole Marnati



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

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**Grendene®**



### Grendene's IR Team

**Francisco Schmitt**

CFO & IRO

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### Secretary

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(55 54) 2109.9011

### Further Information

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**Thank You!**

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