



Grendene®



Deutsche Bank

São Paulo – June 9, 2011

Rio de Janeiro – June 10, 2011

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

Highlights
Footwear sector
Strategy
Products
Results
Guidance

Destques

Grendene é uma das maiores empresas produtoras de calçados no mundo

200 mm de pares/ano de capacidade instalada

Produção média de 500.000 pares por dia

Mais de 20 mil funcionários (Março/2011)

861 novos produtos/ano (2010)

Presente em mais de 90 países

Marcas com Forte Personalidade

Inovação em Produto, Distribuição e Mídia

Listada no Novo Mercado: Free Float 25%

Sólida Estrutura de Capital e Forte Geração de Caixa

Mission

- To create a type of fashion that is democratic, responding rapidly to the market's needs, while generating attractive returns for the company's and its partners.

Values

- Profit, Competitiveness, Innovation & Agility and Ethics.

Highlights

Grendene is one of the world's largest producers of footwear

Production capacity: 200 million pairs/year

Average production: 500,000 pairs/day

Employees: more than 20,000 (March, 2011)

New products in 2010: 861

World presence: more than 90 countries

Brands with strong personality

Innovation in product, distribution and media

Listed on São Paulo's *Novo Mercado*; free float 25%

Solid capital structure, strong cash flow

Footwear sector



Brazil's footwear sector

Profile

8,094 producers in 2009

325,000 direct employees

Production: 858 million pairs in 2010* (814 million pairs in 2009)

World's 3rd largest producer.

Apparent consumption, Brazilian domestic market: 744 million pairs, and 3.9 pairs per capita in 2010 (717 million pairs and 3.7 pairs in 2009)

Exports in 2010: 143 million pairs to more than 140 countries (+12.9% vs. 2009)

Source:

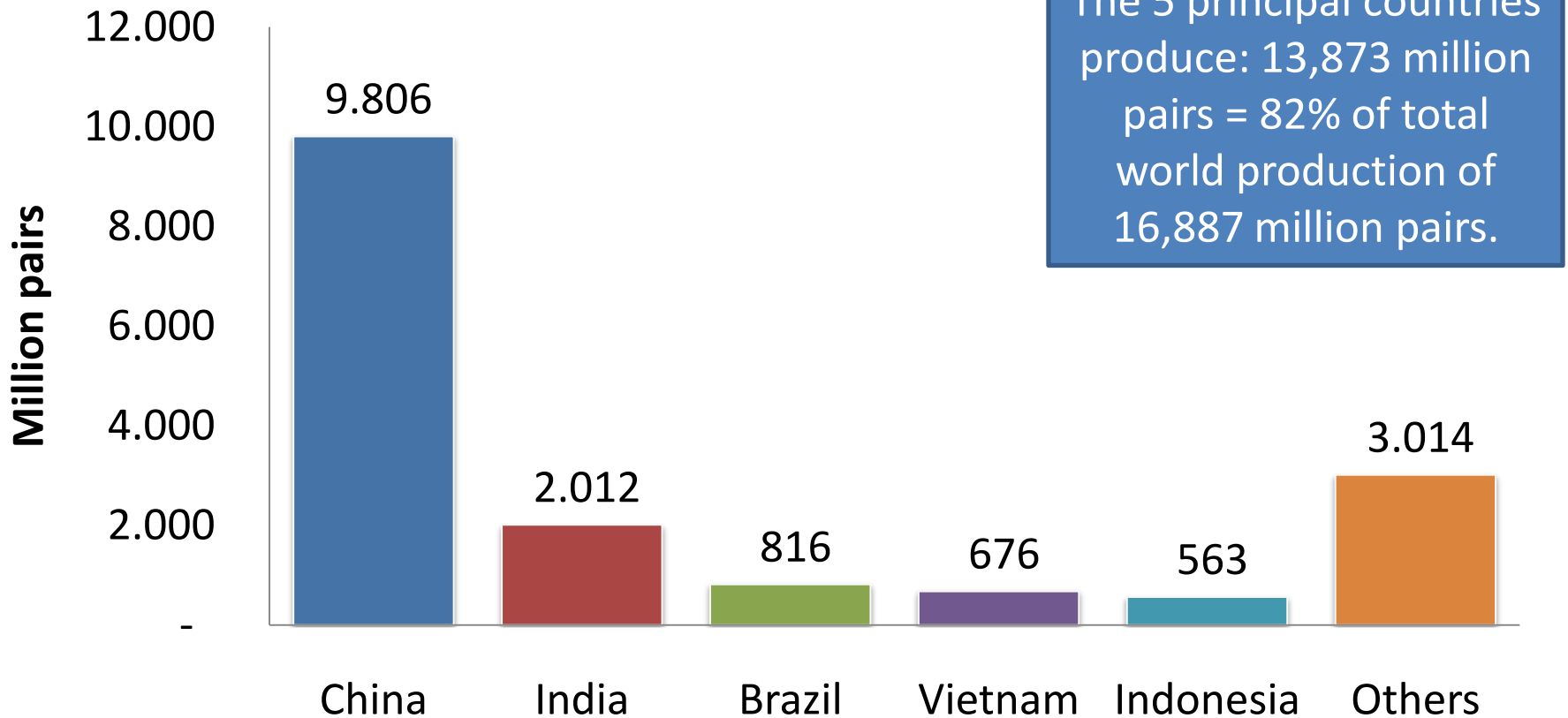
IEMI/RAIS/ABICALÇADOS/SECEX

(*) Estimate by Abicalçados – January/2011

The industry itself is not much more than 100 years old – companies are typically small and labor-intensive, with no entry or exit barriers.

Footwear sector

2008



Source: IEMI / World Shoe Review 2009 / ABICALÇADOS

The footwear sector in Brazil

Million pairs	2006	2007	2008	2009	2010
Production	830	808	816	814	858*
Imports	19	29	39	30	29
Exports	180	177	166	127	143
Apparent consumption	669	660	689	717	744*
Per capita consumption	3.6	3.5	3.6	3.7	3.9*

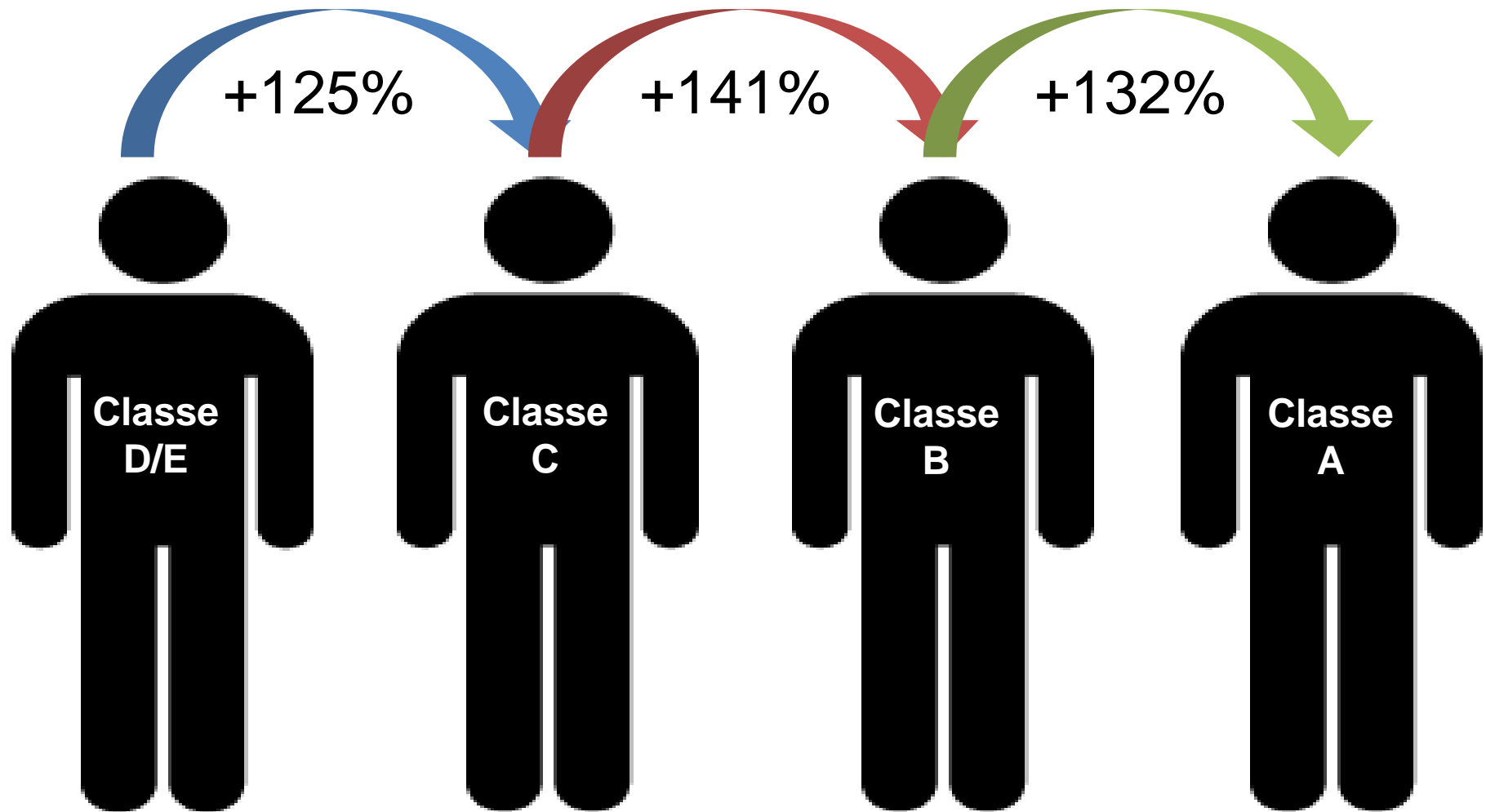
*** Estimate by Abicalçados – January/2011**

Source: IEMI / SECEX / ABICALÇADOS

Consumption – 2007	Total	Per capita
USA	2,393	7.94
United Kindgom	451	7.42
Italy	387	6.65
France	417	6.55
Japan	707	5.55

**Source: Satra 2008 /
Abicalçados / U.S. Census
Bureau**

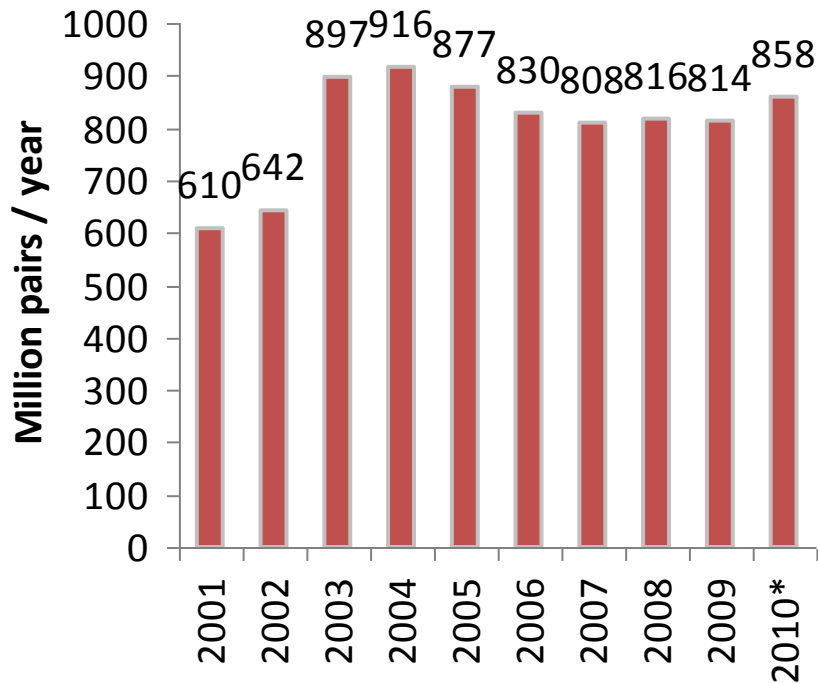
Brazil – Increments in spending with changes in income group (clothing and footwear)



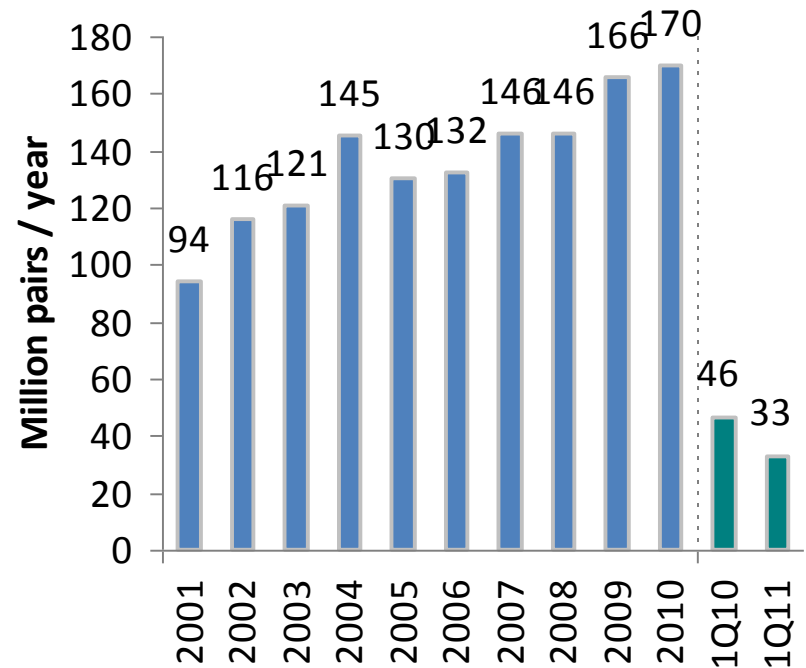
Source: *Exame* magazine / Investor relations site of *Lojas Renner*

Grendene vs. Brazilian footwear sector

Brazilian production
CAGR (2001/2010): 3.9%



Grendene
CAGR (2001/2010): 6.7%
Change (1Q11/1Q10): (29.1%)



Source: Abicalçados

* Estimate Abicalçados – Jan/2011

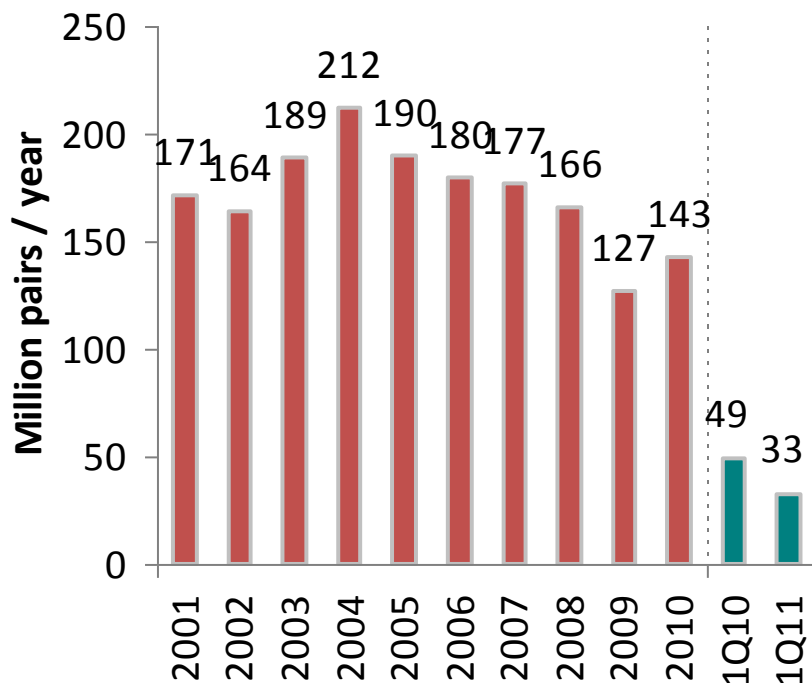
Grendene has grown faster than the Brazilian footwear industry.

Exports: Grendene vs. Brazil

Brazilian exports

CAGR (2001/2010): (2.0%)

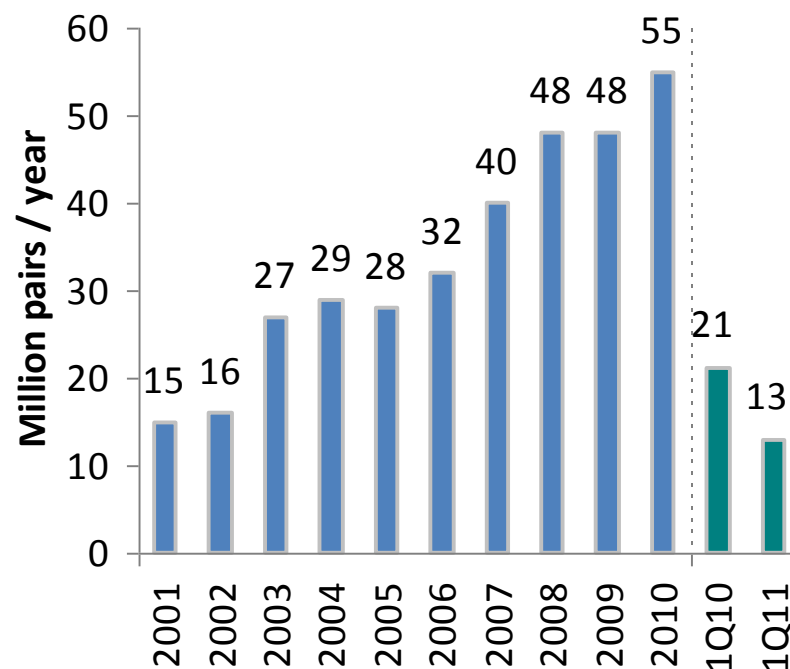
Change (1Q11/1Q10): (33.8%)



Grendene

CAGR (2001/2010): 15.5%

Change (1Q11/1Q10): (39.5%)



Source: DECEX / MDIC / ABICALÇADOS

Grendene's exports were 39.2% of total Brazilian footwear exports in 1Q11. (42.9% in 1Q10)

Strategy: Break paradigms



Melissa + Gaetano Pesce

Less labor-intensive

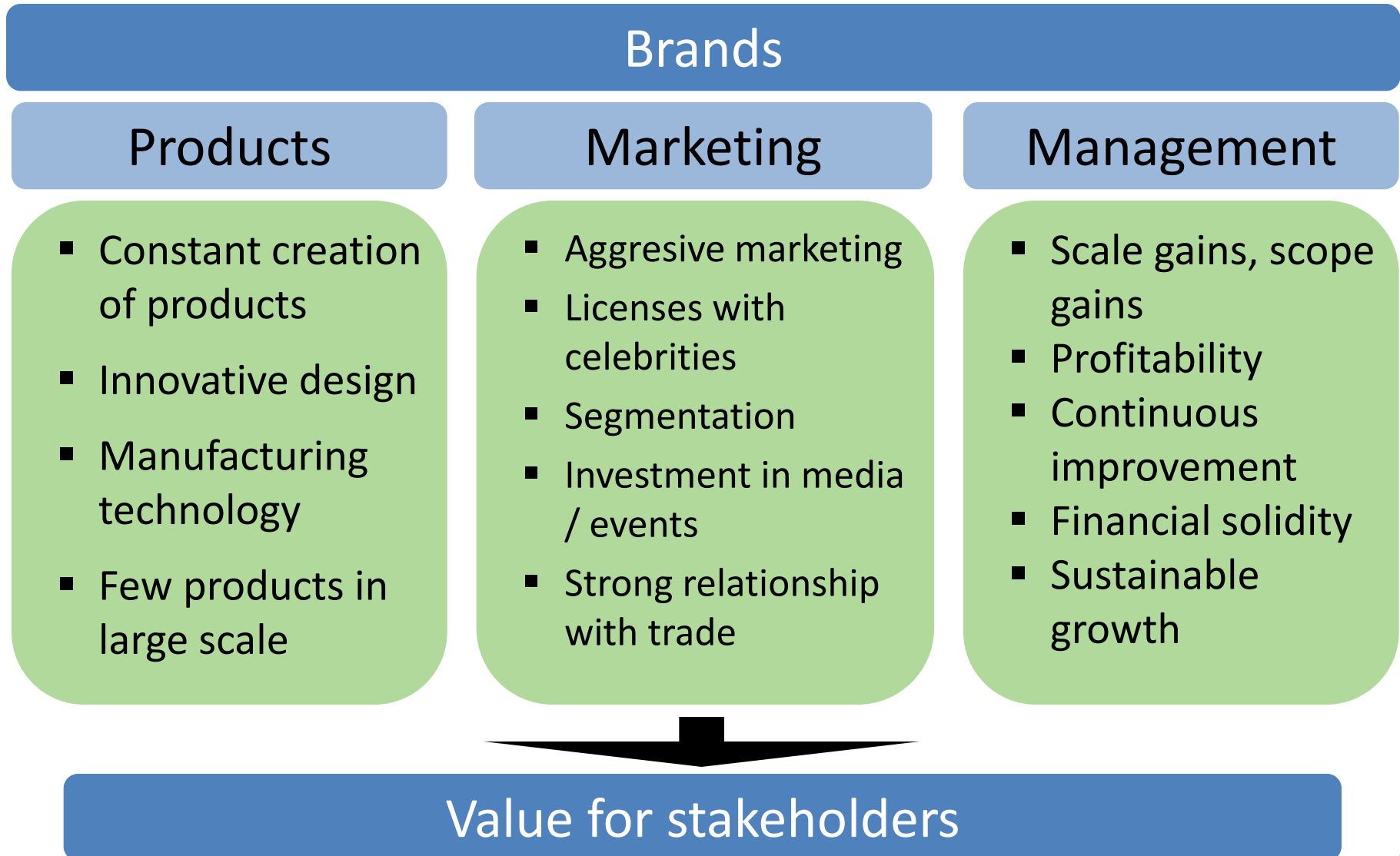
More capital-intensive

Higher entry barriers

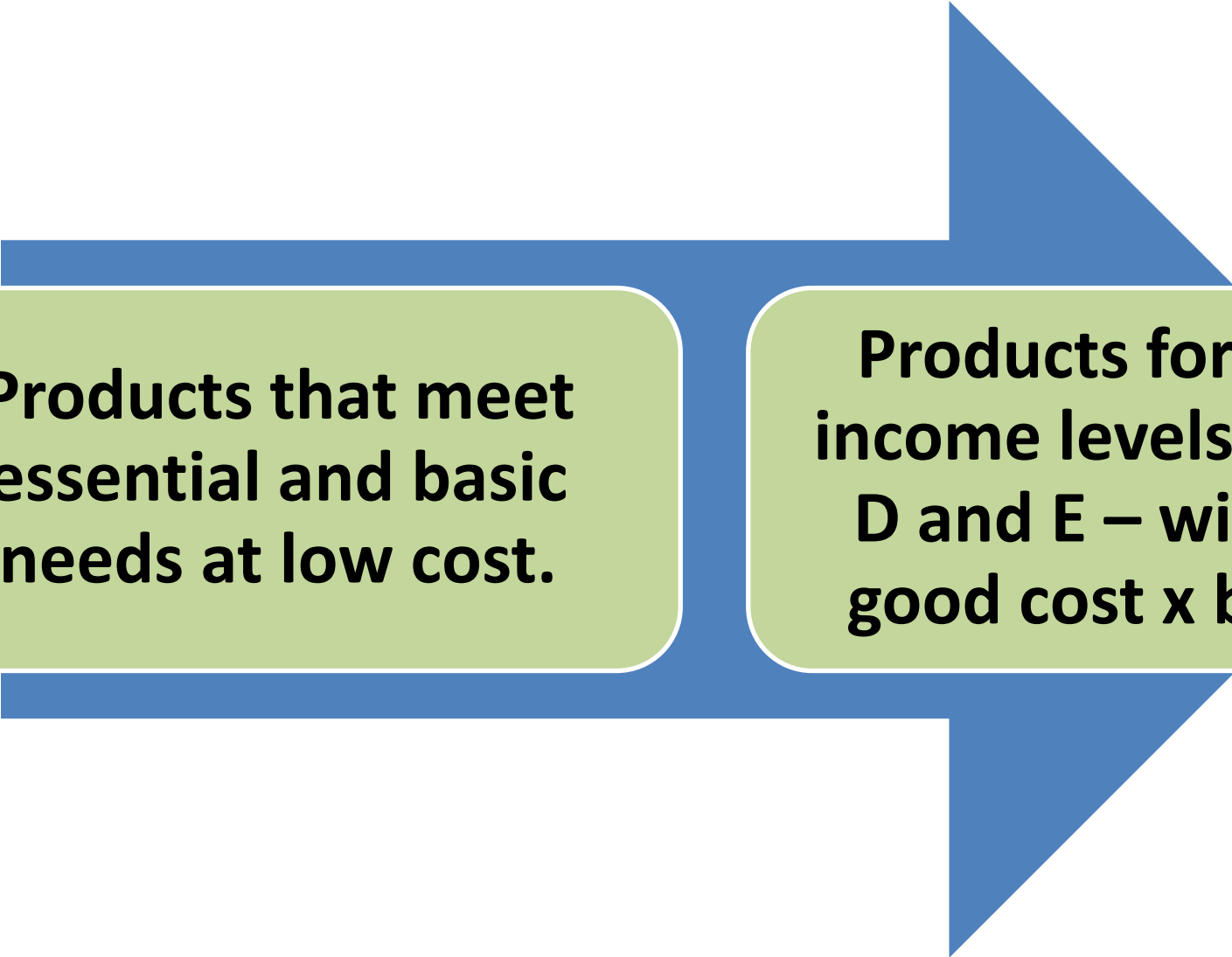
**Highly marketing
intensive**

Our expertise of more than 35 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



Products



Products that meet essential and basic needs at low cost.

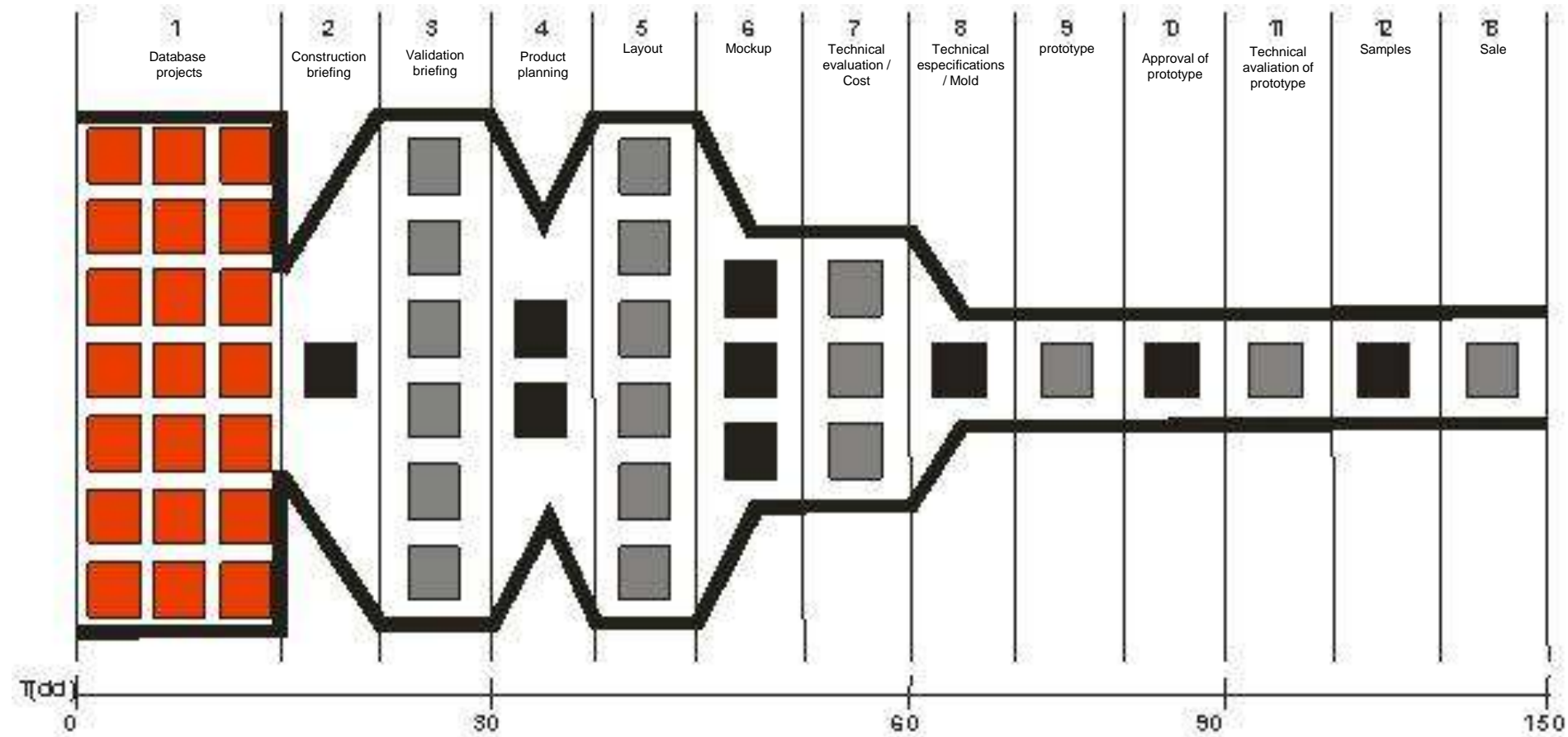
Products for all the income levels: A, B, C, D and E – with very good cost x benefit.

Creative process



Melissa + Jean Paul Gaultier

Work flow R&D



Media

Grendene®

iPANEMA®



Internet
Hot Site



Ipanema Flora Fem



FASHIONRIO



SPFW



couromoda

Management process



Results (in IFRS)



Main financial and economic indicators

R\$ million	1Q10	1Q11	Change % 1Q10/1Q11
Net sales revenue	374.5	316.7	(15.4%)
Net income	46.9	63.5	35.5%

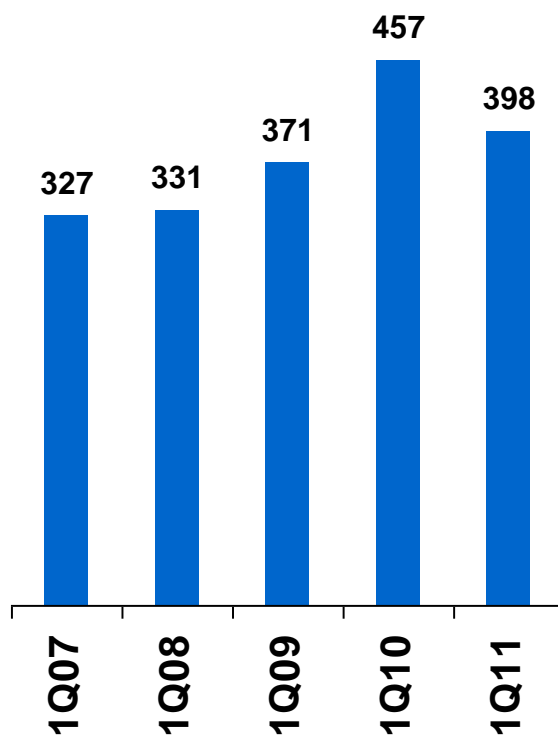
Margins %	1Q10	1Q11	Change p.p.
Gross	30.7%	37.8%	7.1 p.p.
EBIT	6.9%	11.1%	4.2 p.p.
EBITDA	8.7%	13.4%	4.7 p.p.
Net	12.5%	20.1%	7.6 p.p.

Share	1Q10	1Q11
Profit per share R\$	R\$0.1560	R\$0.2113
Share price (March 31) R\$	R\$9.10	R\$9.60
Book value per share R\$	R\$4.92	R\$5.76
Market cap (R\$ 1,000)	R\$2,736,552	R\$2,886,912

Gross sales revenue (IFRS) (R\$ million)

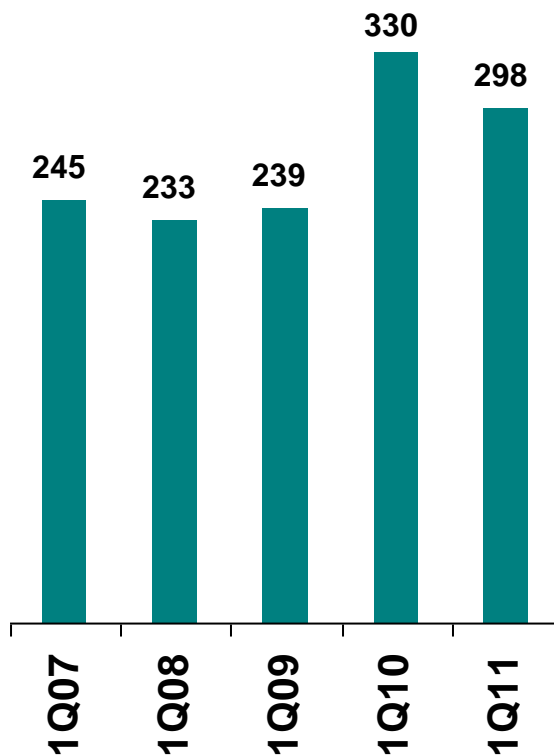
Gross sales revenue

CAGR (1Q07/1Q11): 5.0%



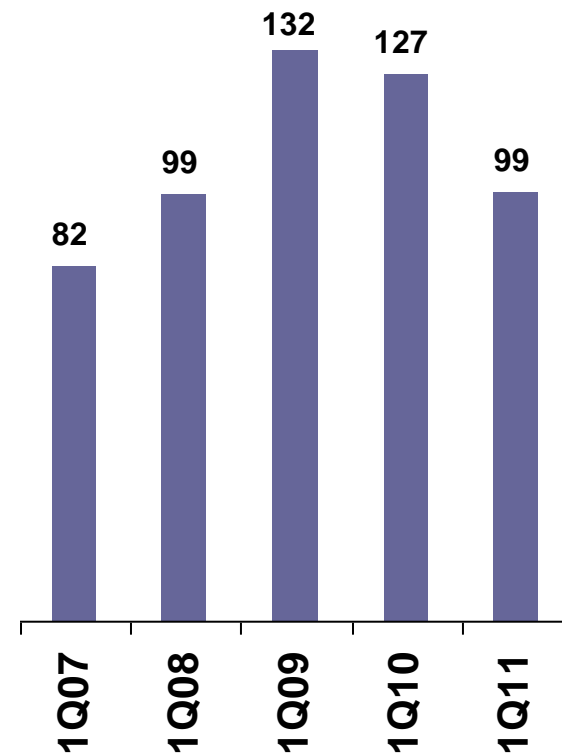
Gross sales revenue Domestic market

CAGR (1Q07/1Q11): 5.1%



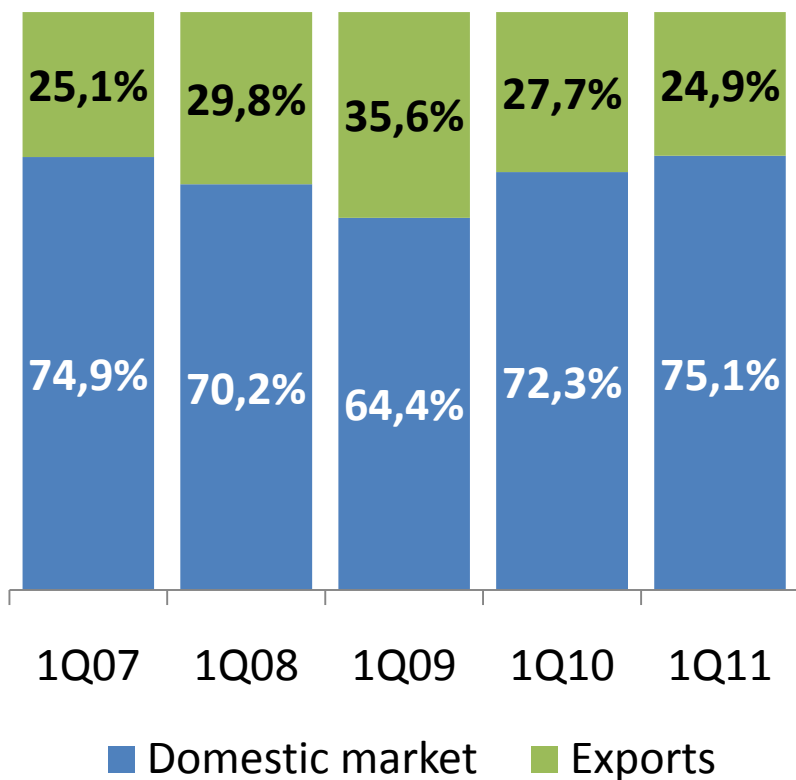
Gross sales revenue Exports

CAGR (1Q07/1Q11): 4.8%

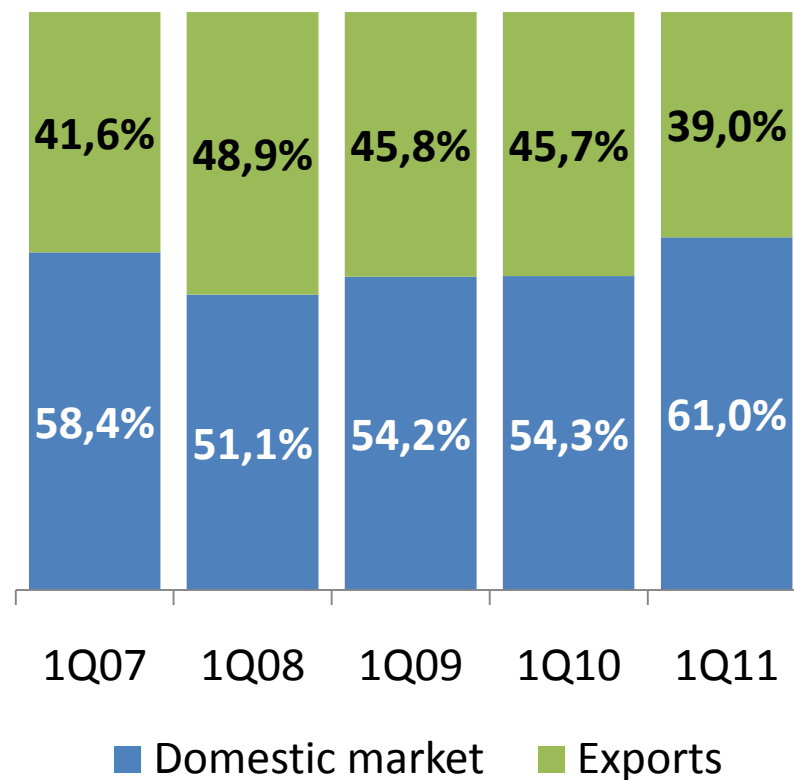


Market %

Gross sales revenue



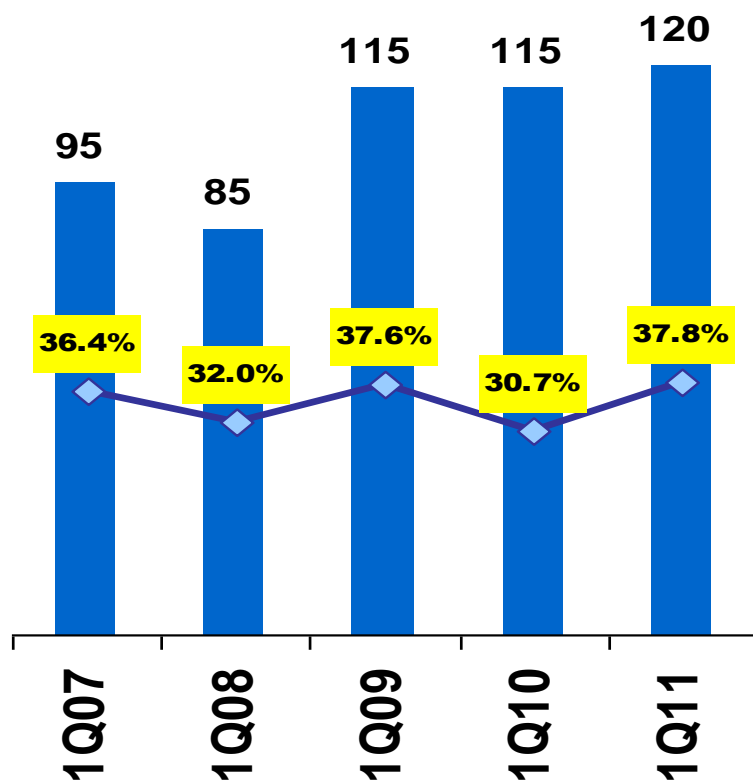
Sales volume



Results (IFRS) (R\$ million)

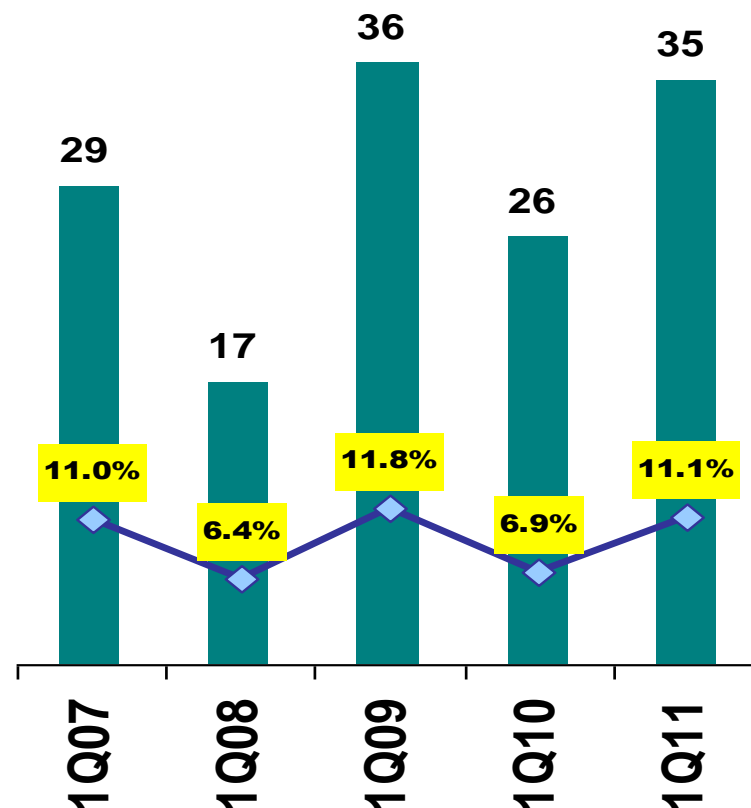
Gross profit / Gross margin

CAGR (1Q07/1Q11): 6.0%



EBIT / EBIT margin

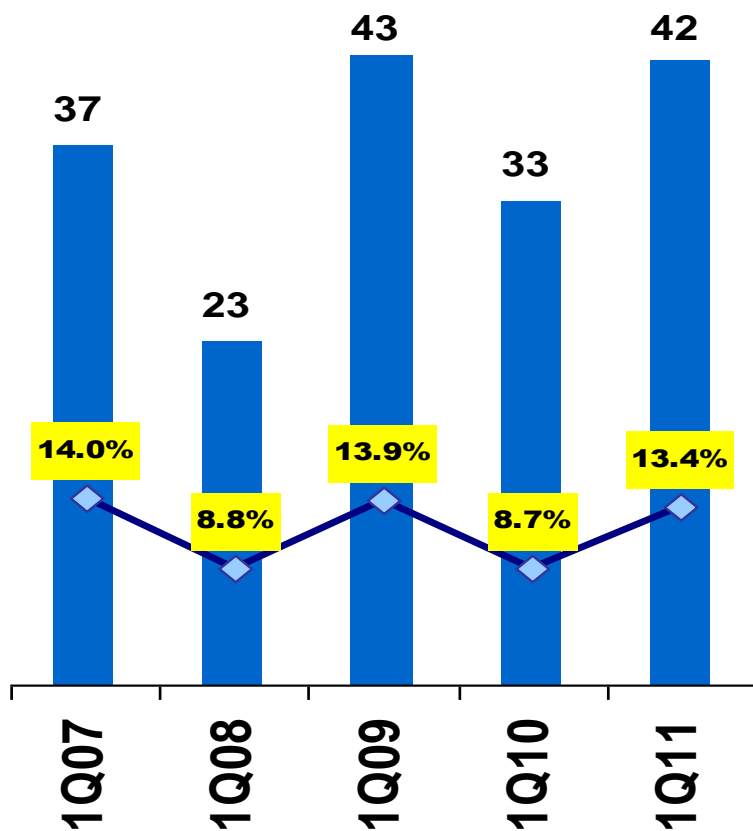
CAGR (1Q07/1Q11): 5.2%



Results (IFRS) (R\$ million)

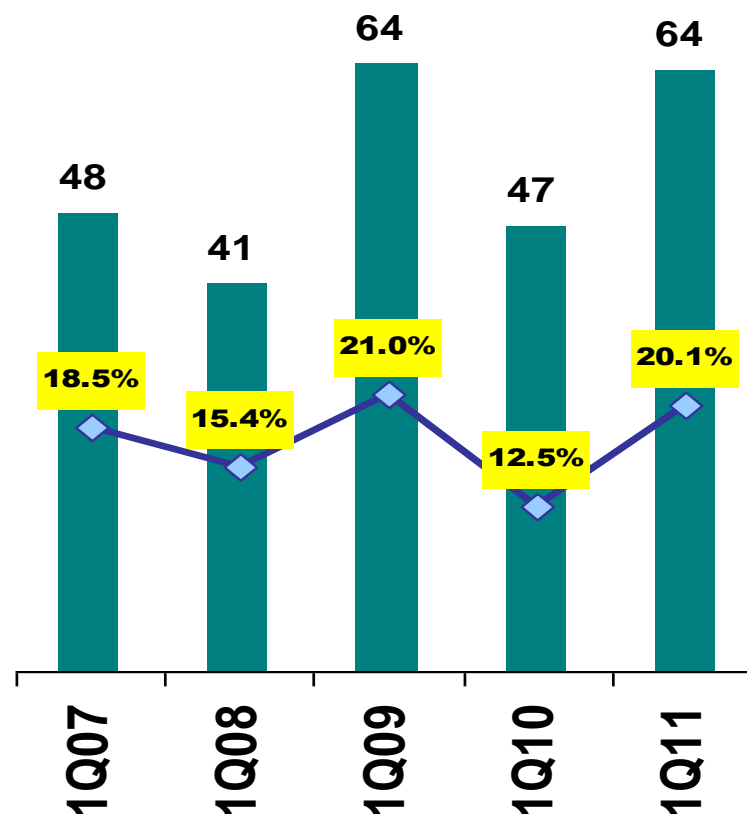
EBITDA / EBITDA margin

CAGR (1Q07/1Q11): 3.8%



Net income / Net margin

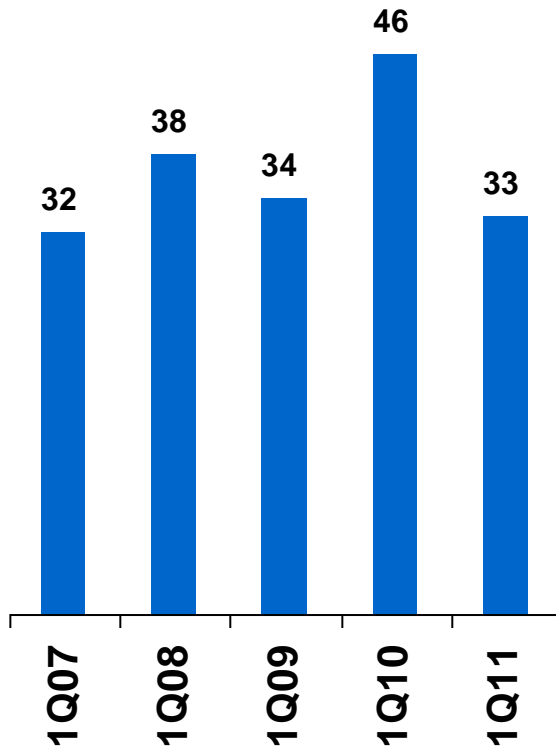
CAGR (1Q07/1Q11): 7.1%



Sales volume (Million pairs)

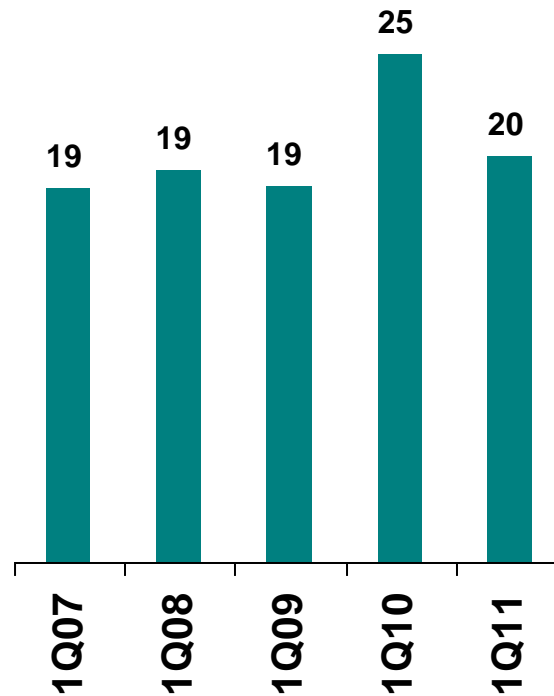
Sales volume

CAGR (1Q07/1Q11): 1.0%



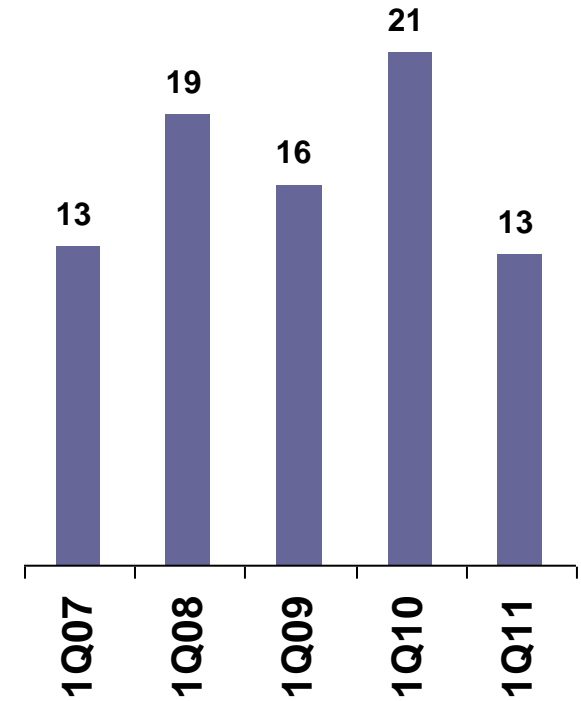
Sales volume – Domestic market

CAGR (1Q07/1Q11): 2.0%



Sales volume – Exports

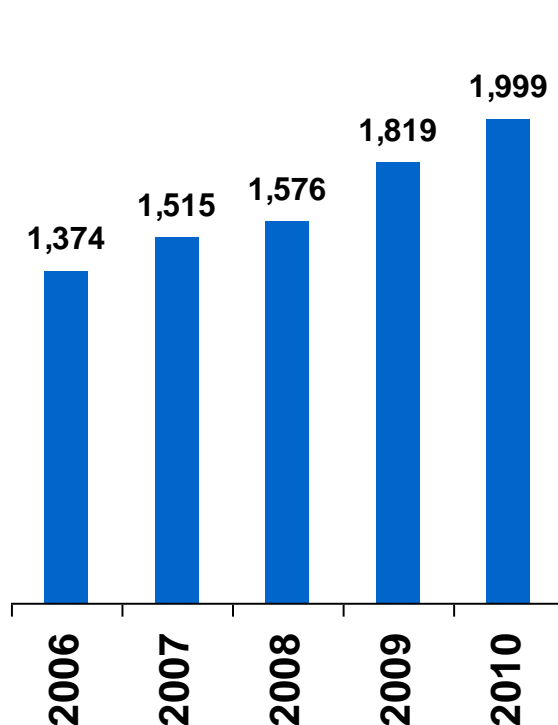
CAGR (1Q07/1Q11): (0.6%)



Gross sales revenue (IFRS) (R\$ million)

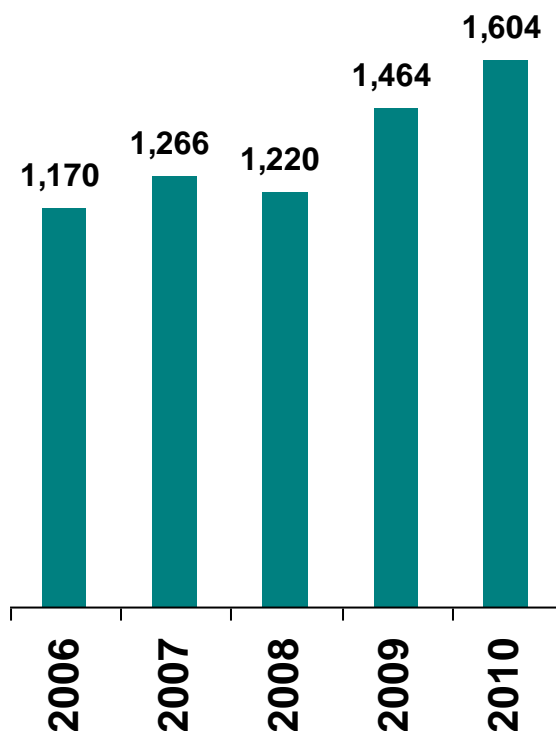
Gross sales revenue

CAGR (2006/2010): 9.8%



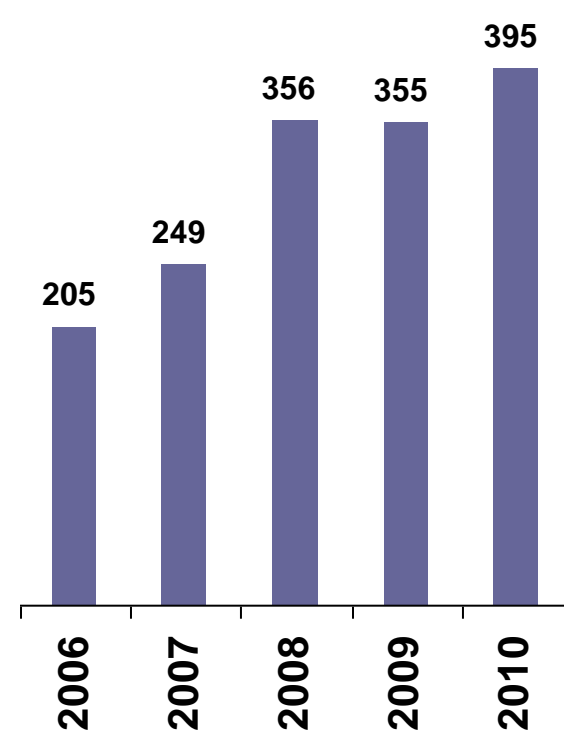
Gross sales revenue Domestic market

CAGR (2006/2010): 8.2%



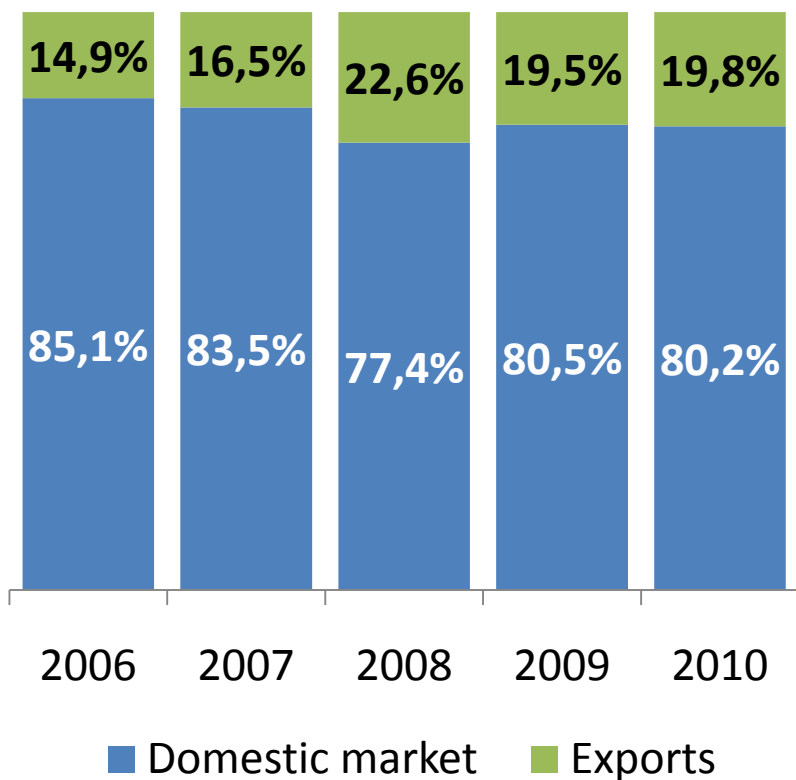
Gross sales revenue Exports

CAGR (2006/2010): 17.9%

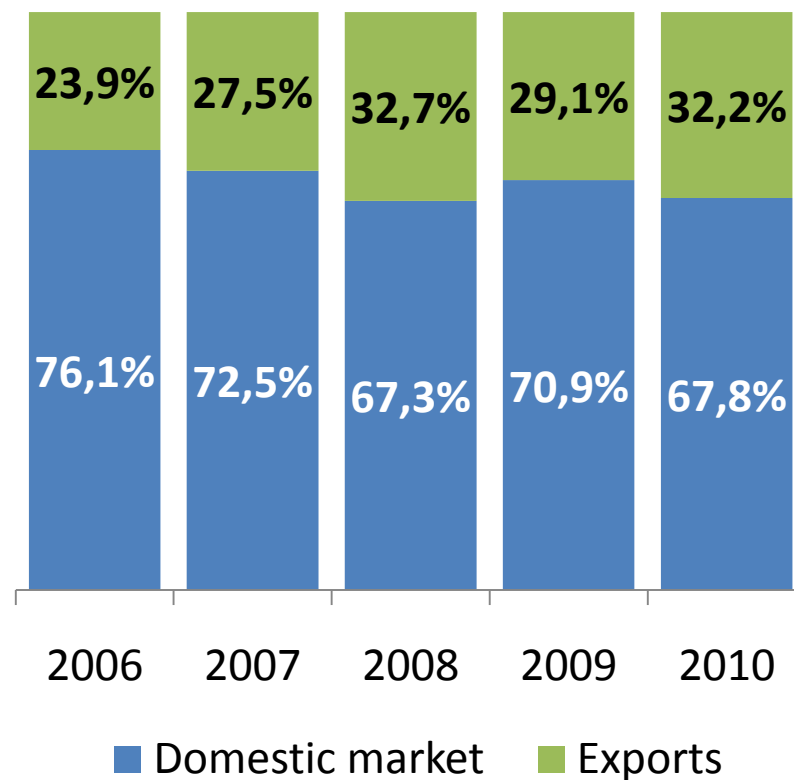


Market %

Gross sales revenue



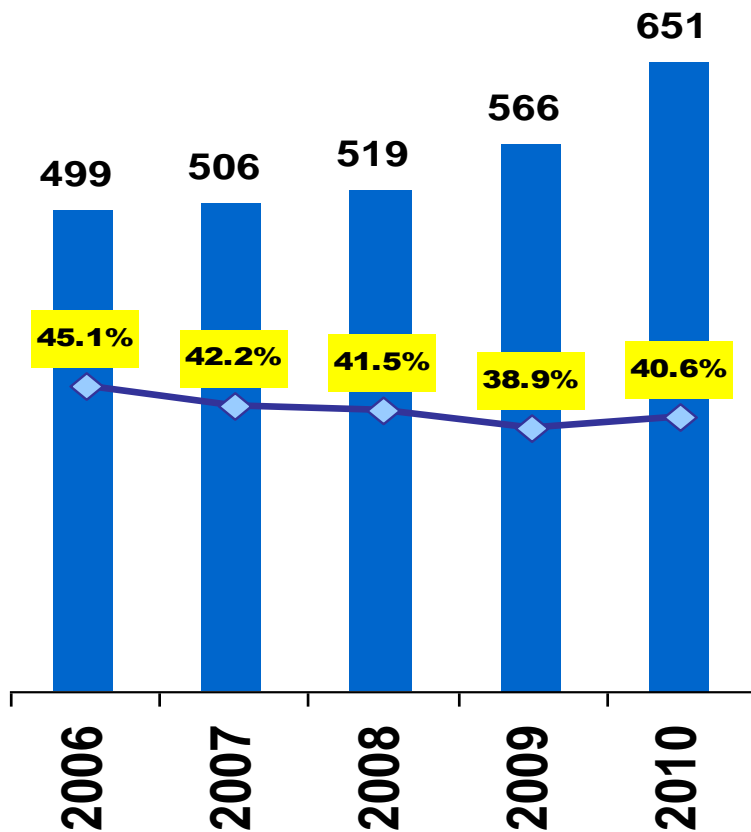
Sales volume



Results (IFRS) (R\$ million)

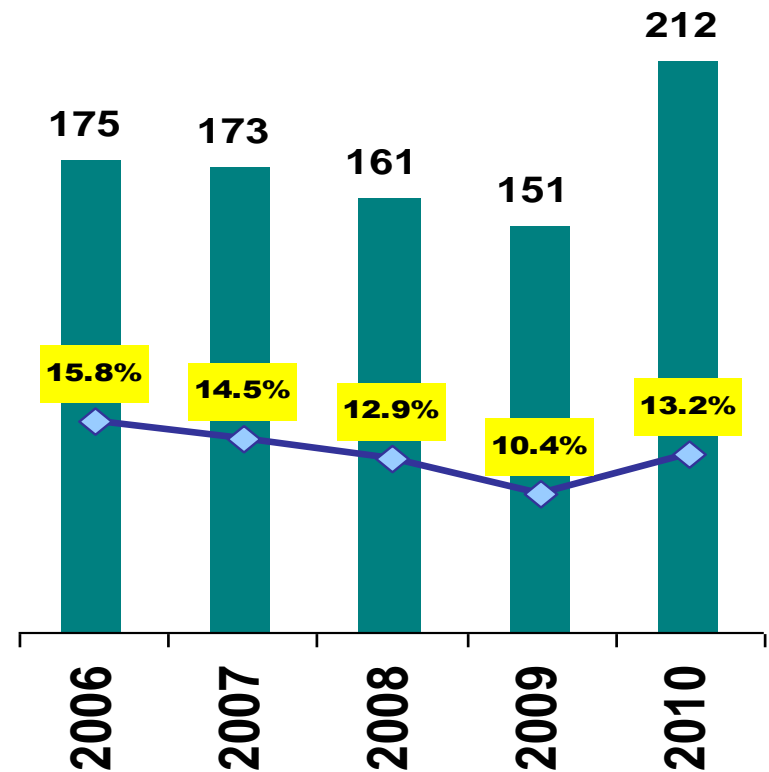
Gross profit / Gross margin

CAGR (2006/2010): 6.9%



EBIT / EBIT margin

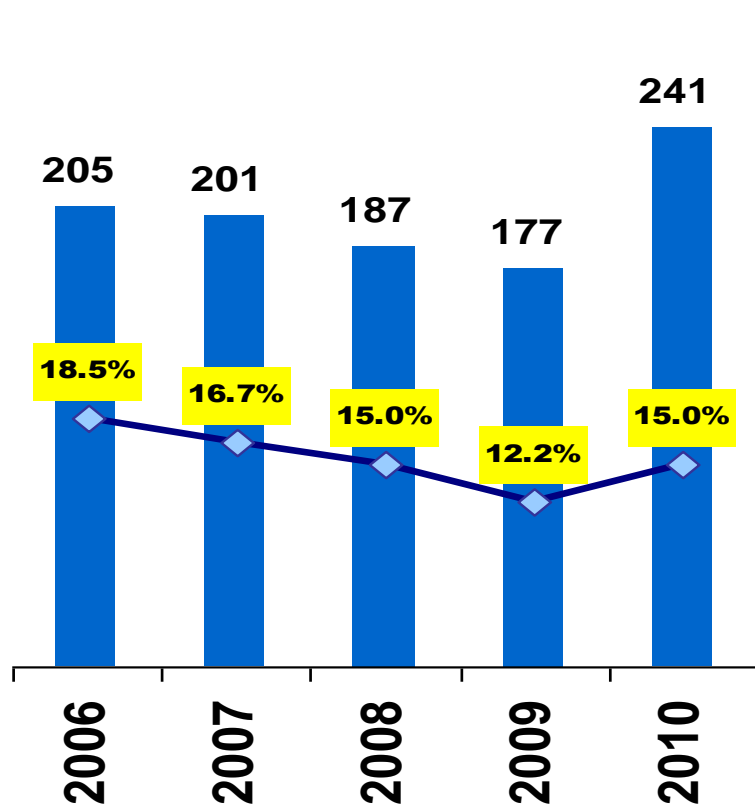
CAGR (2006/2010): 5.0%



Results (IFRS) (R\$ million)

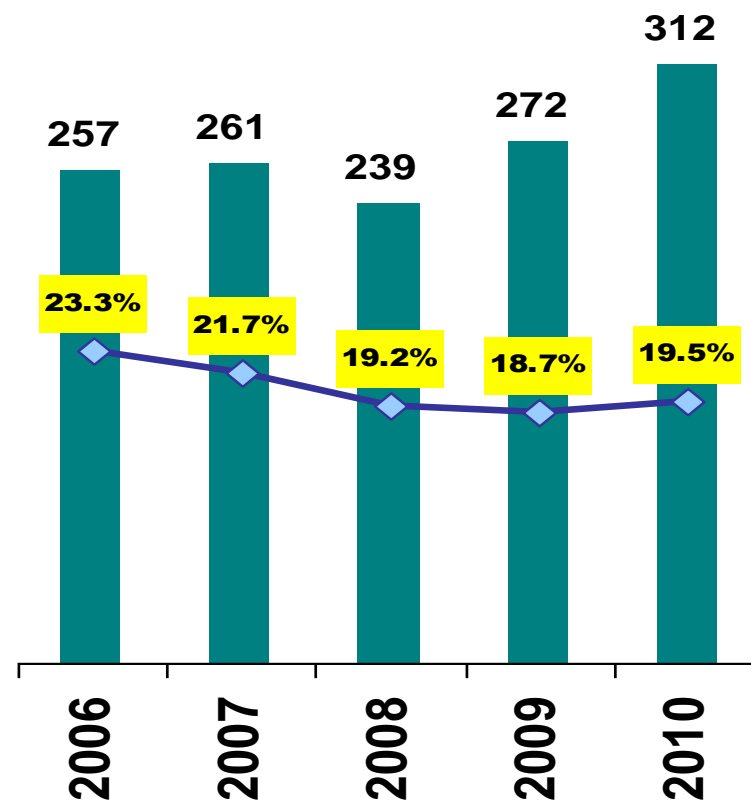
EBITDA / EBITDA margin

CAGR (2006/2010): 4.1%



Net income / Net margin

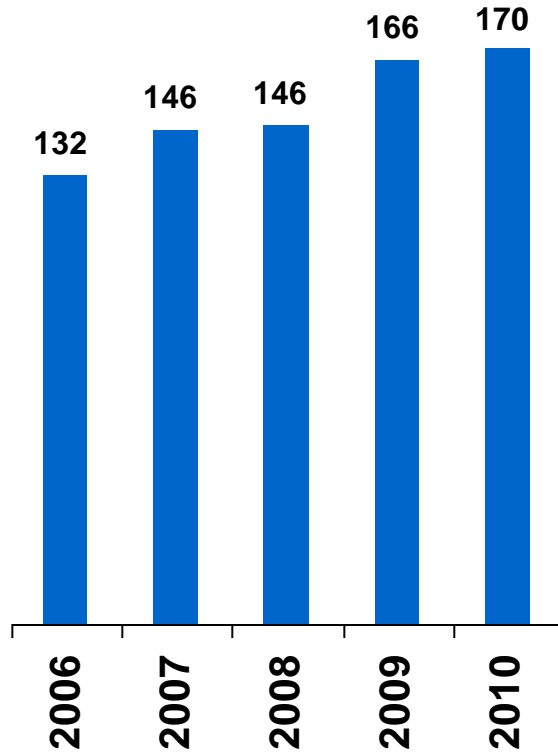
CAGR (2006/2010): 5.0%



Sales volume (Million pairs)

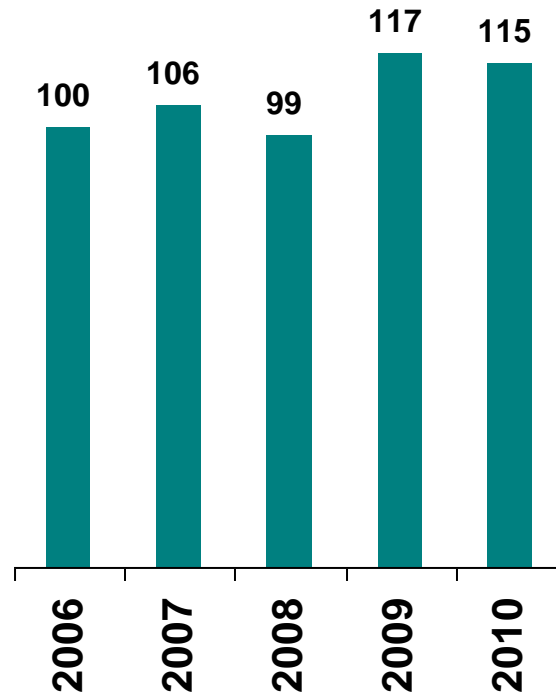
Sales volume

CAGR (2006/2010): 6.5%



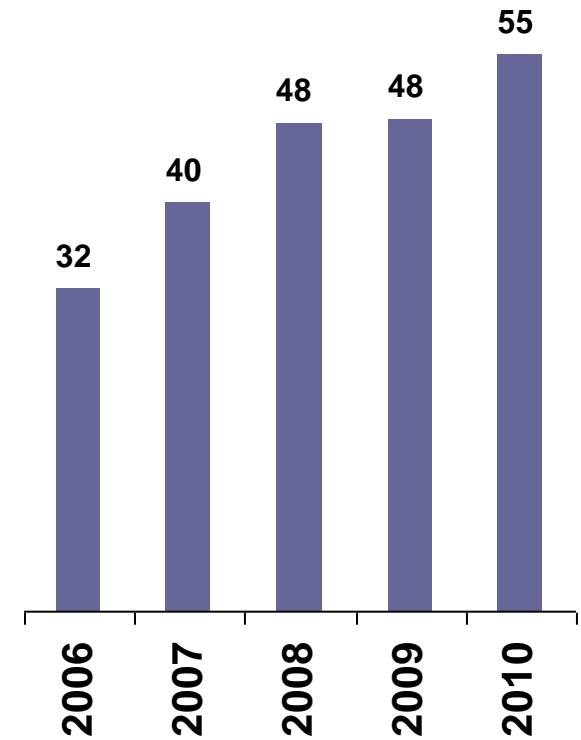
Sales volume – Domestic market

CAGR (2006/2010): 3.4%

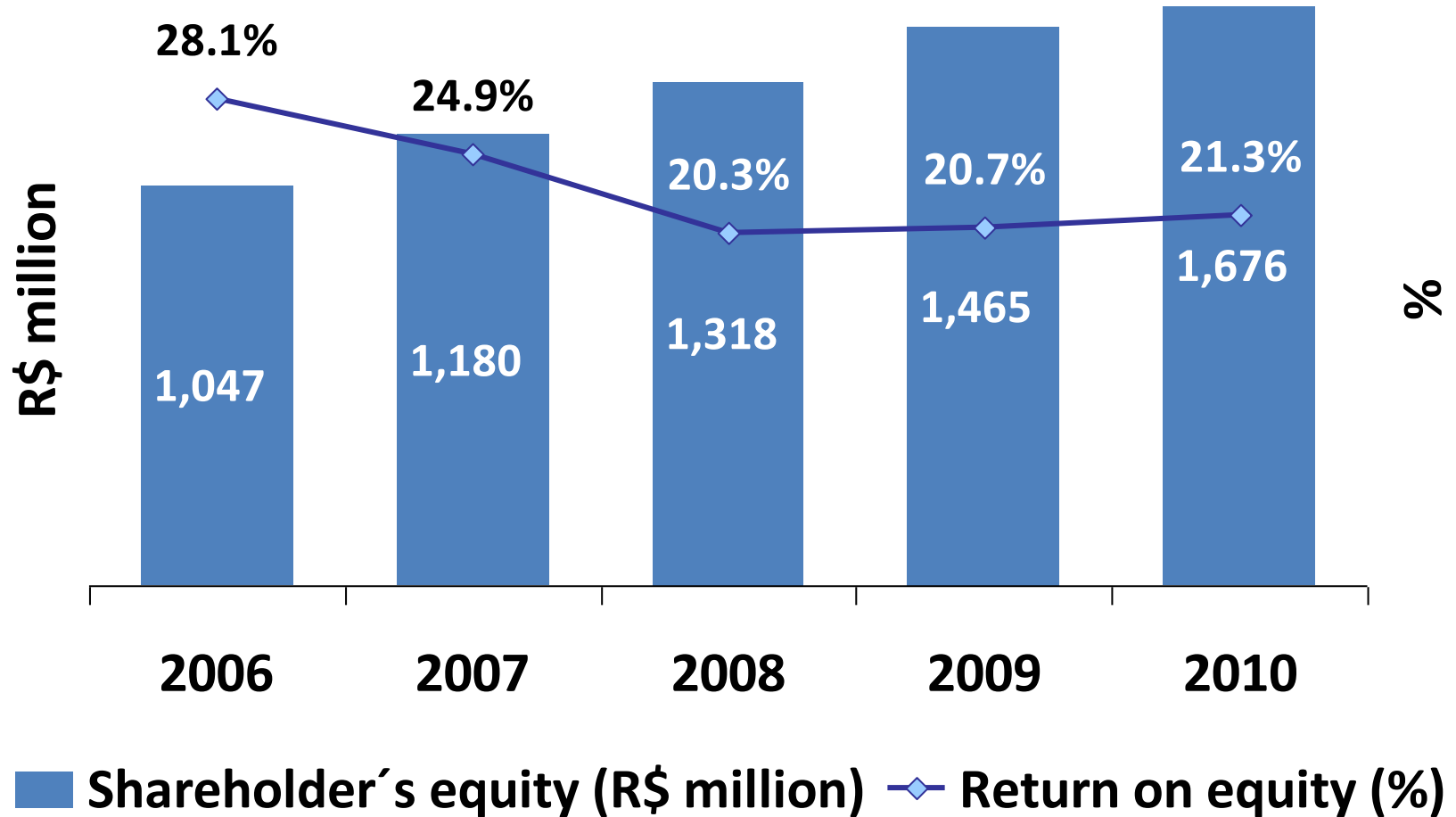


Sales volume – Exports

CAGR (2006/2010): 14.8%



Shareholder's equity and return on equity

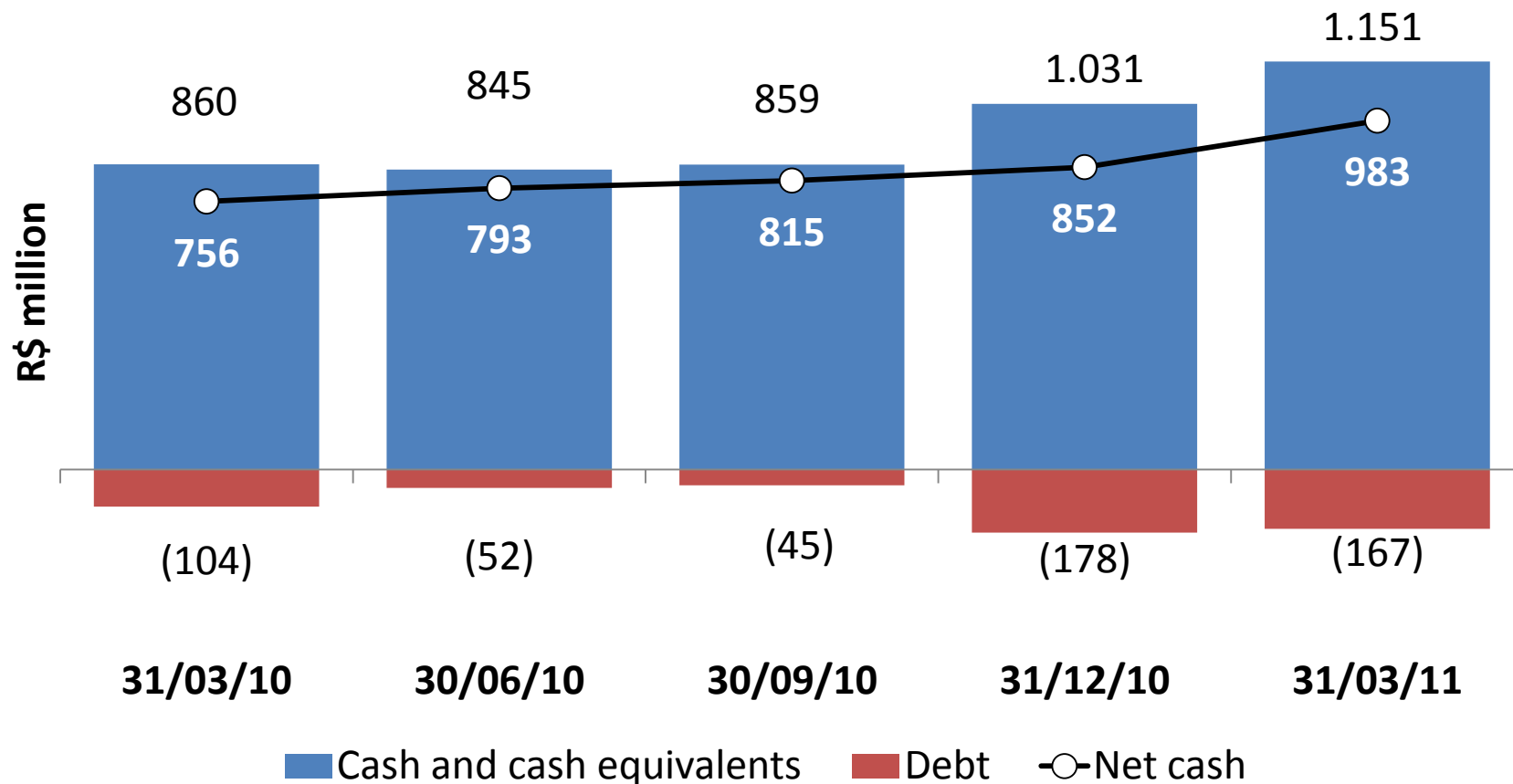


Operational result (IFRS)

(R\$ '000)

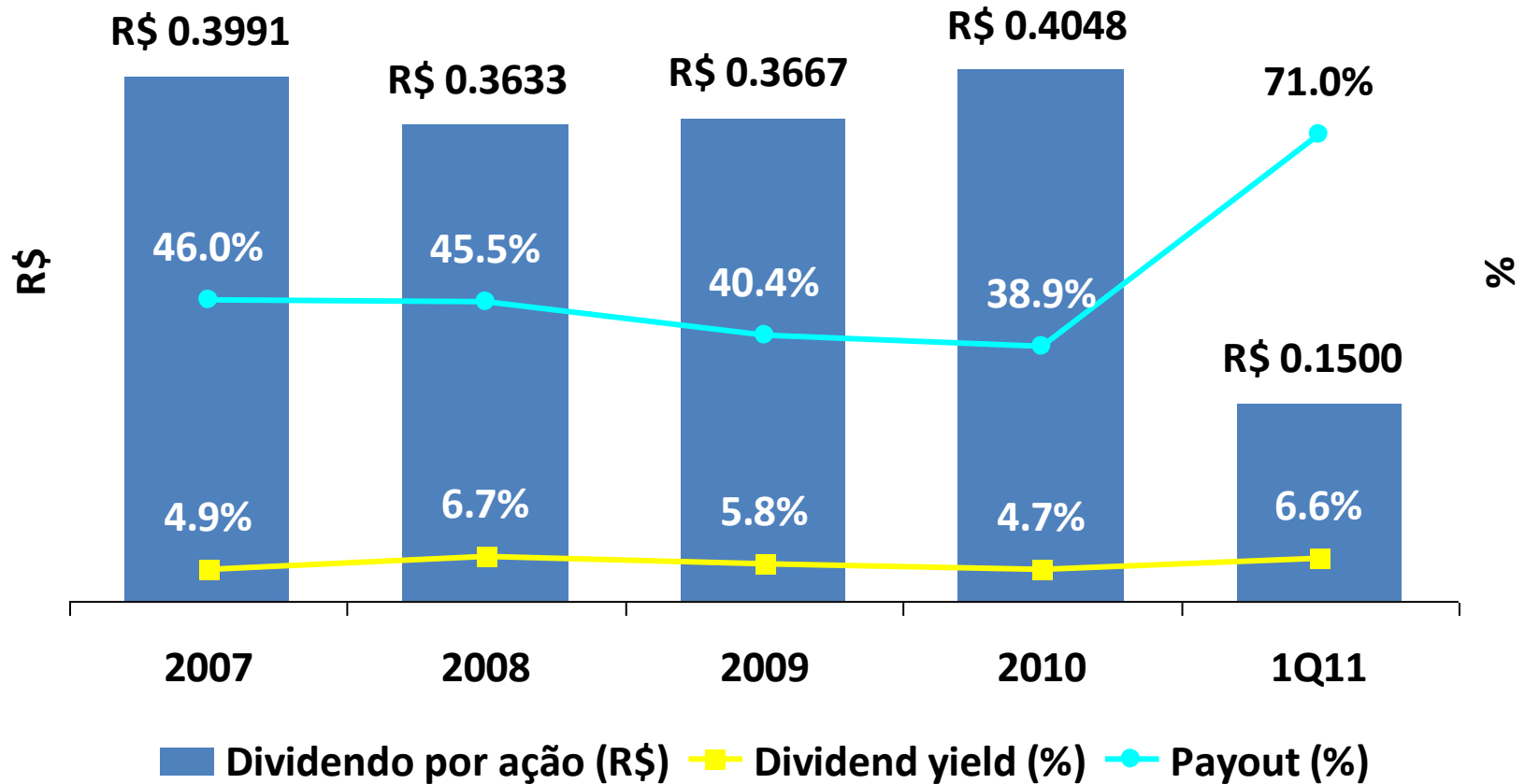
	1Q10	% V	1Q11	%V	%H	Marginal	%V
Domestic market	330,046	88.1%	298,422	94,2%	(9,6%)	(31,624)	54.7%
Exports	126,585	33.8%	99,118	31.3%	(21.7%)	(27,467)	47.5%
Gross sales revenue	456,631	121.9%	397,540	125.5%	(12.9%)	(59,091)	102.3%
Sales deduction	(82,146)	(21.9%)	(80,837)	(25.5%)	(1.6%)	1,309	(2.3%)
Net sales revenue	374,485	100.0%	316,703	100.0%	(15.4%)	(57,782)	100.0%
Cost of sales	(259,458)	(69.3%)	(196,976)	(62.2%)	(24.1%)	62,482	(108.1%)
Gross profit	115,027	30.7%	119,727	37.8%	4.1%	4,700	(8,1%)
Operating income (expenses)							
Selling expenses	(75,990)	(20.3%)	(70,620)	(22.3%)	(7.1%)	5,370	(9.3%)
General & administrative expenses	(12,941)	(3.5%)	(12,915)	(4.1%)	(0.2%)	26	0.0%
Management fees	(281)	(0.1%)	(961)	(0.3%)	242.0%	(680)	1.2%
EBIT	25,815	6.9%	35,231	11.1%	36.5%	9,416	(16.3%)
Other operating income	838	0.2%	2,415	0.8%	188.2%	1,577	(2.7%)
Other operating expenses	(476)	(0.1%)	(1,192)	(0.4%)	150.4%	(716)	1.2%
Operating result before financial revenue (expenses)	26,177	7,0%	36,454	11.5%	39.3%	10,277	(17.8%)

Net cash, cash and cash equivalents and debt



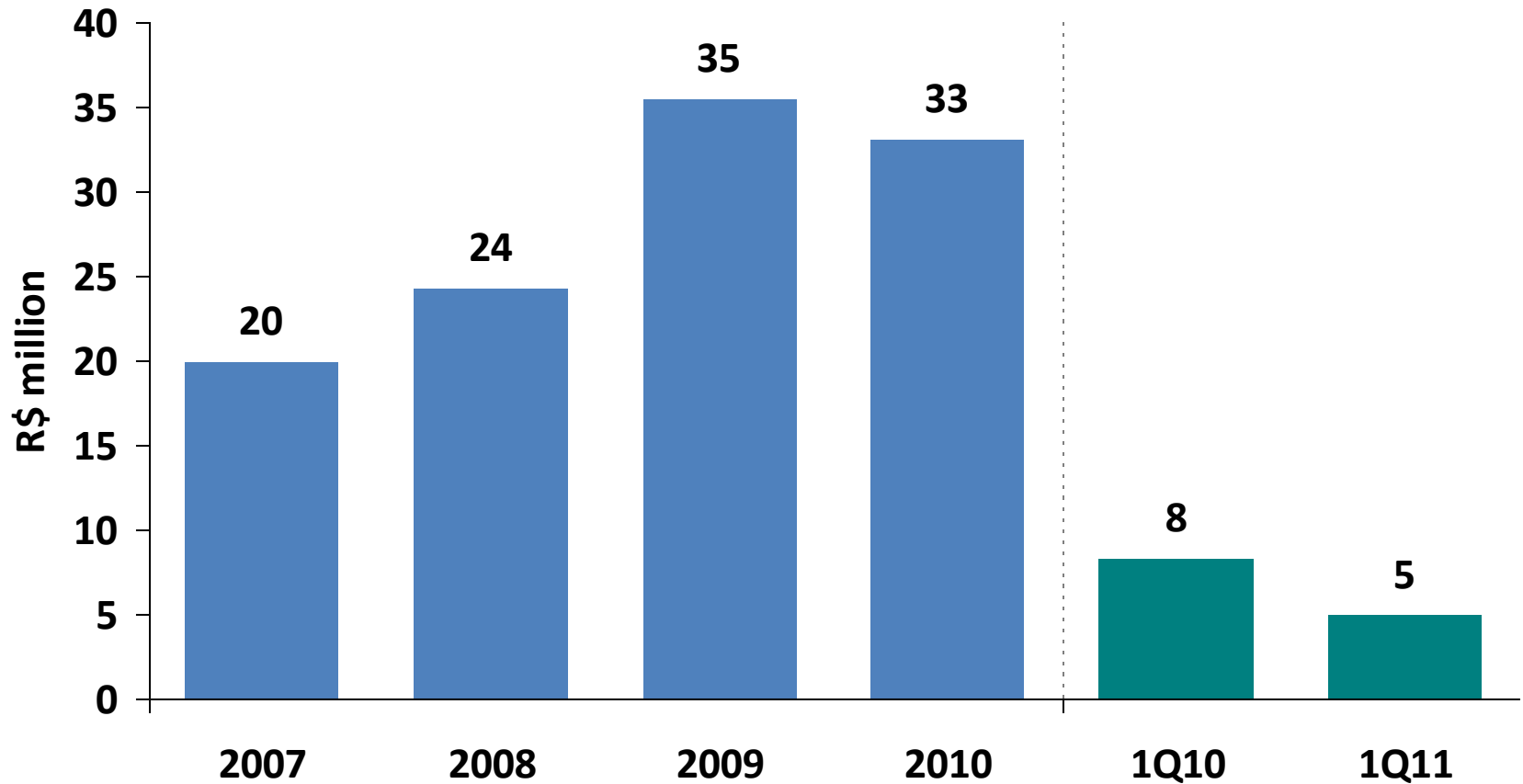
Strong cash flow

Dividends



Dividend yield: Profit per share divided by average value of the share in the year.

Low need for CAPEX




Outlook

- **Galeria Melissa** (the brand's concept store): In the **next two years** Grendene **will open** *Galeria Melissa* in **New York, Paris** and **Tokyo**.



Perspectivas



Enjoy
the ride.

The image shows a pair of white flip-flops with black straps and a green geometric pattern on the soles. They are set against a black background. The text 'Enjoy the ride.' is written in green. At the bottom left, the 'rider' logo is visible, and at the bottom right, the website 'www.grendene.com.br' is listed.

**Targets for:
2009 – 2013 / 2011-2015**

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.

Our view is that, in this period, we may have years with greater growth than these rates, as was the case in 2009, and others with less growth, but on average we intend to meet this target.

Thank You!

Francisco Schmitt

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40 years old

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