

## Results for 1Q19



B3 ticker: GRND3

<http://ri.grendene.com.br>

Number of shares:

Common: 902,160,000

Price (Mar. 31, 2019):

R\$ 8.38 per share

Market value:

R\$ 7.6 billion

US\$1.9 billion

Conference call

Brazilian:

April 26, 2019 - 10.30 a.m.

Connect on:

- Brazil:

+11-3193-1001 or

+11-2820-4001

Conference call

International:

April 26, 2019 - 10.30

a.m. (Brasília time).

(Simultaneous translation)

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+1-646-828-8246 (USA)

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## Net profit R\$ 76.5 million – Net margin 18.1%

Sobral, Thursday, April 25, 2019 – In this release **GRENDENE** (BM&FBovespa: Novo Mercado – **GRND3**), publishes its results for 1Q19. Figures are consolidated, and stated in accordance with IFRS (International Financial Reporting Standards).

### 1Q19: highlights

#### Main results and indicators

R\$ mn	1Q18	1Q19	Change, % 1Q18–1Q19
<b>Gross revenue</b>	<b>663.7</b>	<b>515.3</b>	<b>(22.4%)</b>
Domestic market	506.1	393.5	(22.2%)
Exports	157.6	121.8	(22.7%)
<b>Net revenue</b>	<b>545.8</b>	<b>423.3</b>	<b>(22.5%)</b>
<b>COGS</b>	<b>(286.6)</b>	<b>(250.8)</b>	<b>(12.5%)</b>
<b>Gross profit</b>	<b>259.2</b>	<b>172.5</b>	<b>(33.5%)</b>
<b>Operational expenses</b>	<b>(138.7)</b>	<b>(139.0)</b>	<b>0.2%</b>
<b>Ebit</b>	<b>120.5</b>	<b>33.5</b>	<b>(72.2%)</b>
<b>Ebitda</b>	<b>136.5</b>	<b>50.3</b>	<b>(63.2%)</b>
<b>Net fin. rev. (exp.)</b>	<b>52.6</b>	<b>51.2</b>	<b>(2.7%)</b>
<b>Net profit</b>	<b>156.1</b>	<b>76.5</b>	<b>(51.0%)</b>
<b>Profit per share – R\$</b>	<b>0.17</b>	<b>0.08</b>	<b>(51.0%)</b>
<b>Volume – million pairs</b>	<b>40.4</b>	<b>28.5</b>	<b>(29.5%)</b>
Domestic market	29.4	21.6	(26.6%)
Exports	11.0	6.9	(37.0%)
<b>Gross revenue per pair (R\$)</b>	<b>16.41</b>	<b>18.06</b>	<b>10.1%</b>
Domestic market	17.19	18.21	5.9%
Exports	14.34	17.60	22.7%
Margins – %	1Q18	1Q19	Change, pp
<b>Gross</b>	<b>47.5%</b>	<b>40.7%</b>	<b>(6.8)</b>
<b>Ebit</b>	<b>22.1%</b>	<b>7.9%</b>	<b>(14.2)</b>
<b>Ebitda</b>	<b>25.0%</b>	<b>11.9%</b>	<b>(13.1)</b>
<b>Net</b>	<b>28.6%</b>	<b>18.1%</b>	<b>(10.5)</b>

#### Highlights, 1Q19 vs. 1Q18:

- Net revenue: 22.5% lower YoY.
- Net profit: R\$ 76.5 million – down 51.0% from 1Q18.
- Ebit: R\$ 33.5 million – down 72.2% YoY.
- All margins lower YoY.
- Volume of pairs: 28.5 million – down 29.5% YoY
- **1st distribution of dividends** in 2019: R\$ 36.8 million.  
Shares trade ex-dividend on May 10, 2019; payment starts May 22, 2019.

## Management discussion and analysis

### Gross revenue, Net revenue and volumes

With our volume of pairs sold 29.5% down year-on-year, we have had a very weak start to the year. This fall took place both in the domestic market (down 26.6% year-on-year), and in the external market (down 37.0%, YoY). We assess that this result is not due solely to an overall fall in consumption – this means we are likely to have lost market share, in both the domestic and the external markets. Brazilian consumption in general was not strong in the quarter, and we believe it is likely that it once again declined, YoY – but in our assessment it is not likely to have fallen in the same proportion as our figures.

The lower volumes were the main factor in profit being lower. All our margins were lower, year on year: and net profit was down 51% from 1Q18. It is true that in 1Q18, we experienced a strong growth in number of pairs sold – of 6.8%, from 1Q17, but the figure for 1Q19 is the lowest for the company in any first quarter since the stock was floated in 2004 (the previous lowest number of pairs was 31 million, in 1Q05).

In our assessment, the main adverse factor we faced in the quarter was lack of sales almost across the board – across all brands, models and geographic locations. We did not suffer an impact on costs, except in the form of higher idle capacity, and one non-recurring sales expense, of R\$ 14 million, due to rescission of contracts with some representatives. We achieved operational efficiency at the level that was possible in this scenario of falling volumes.

We were in fact expecting the export market to be less easy, due to many factors: the international economic scenario, in which various import barriers persist, a low level of economic activity in Latin America, the trade war between the US and China, and economic slowdown in various important markets such as the US, Europe and China; and the actions we took were not sufficient to revert or offset this scenario. In the context of the retraction of demand, and as a way of improving efficiency, in December 2018 we produced and shipped orders which normally would be delivered in January if the demand was stronger, both in the external and domestic markets. In exports, this decision to bring forward shipments distorts comparison between the figures reported by Grendene (which depend on the Incoterms sales transaction records, posted when product arrives in the port) and those reported by the Central Bank's Foreign Trade Department (Secex), which are posted when the product crosses the frontier.

However, we were not expecting such an accentuated fall in the domestic market – on the contrary, we were expecting the beginning of recovery.

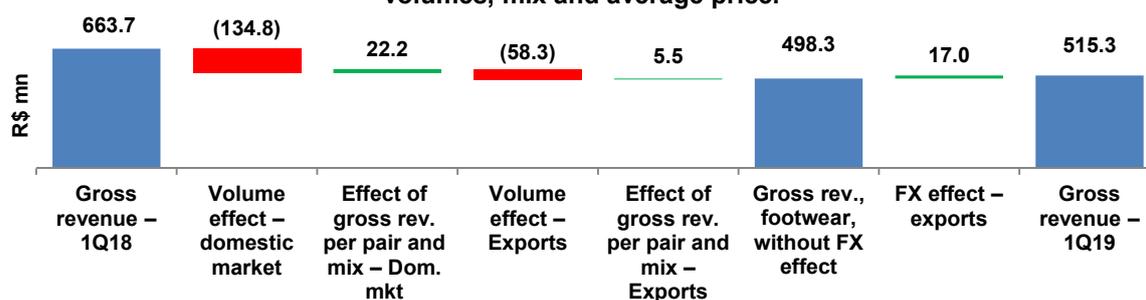
Due to what we have now seen in 1Q19, we believe we can no longer speak of a recovery of footwear consumption in the Brazilian market this year: We now see it as completely unclear how the economy, consumption and footwear consumers will react. The so-much-expected recovery has not yet begun and in our assessment may not even begin this year.

The exchange rate effect was positive, a gain of R\$ 17 million, and Financial revenue was practically in line with 1Q18.

Operational cash flow in 1Q19 was R\$ 247.6 mn. The proposed dividends represent a dividend payout (defined as {sum of dividends and Interest on Equity} divided by {profit after the legally required reserves}) of 49.3%, and a dividend yield of 1.9%. With the lower profits, cash flow principally reflected lower investment in accounts receivable, which were lower (R\$ 242 million) as a result of the lower sales.

On March 12, 2019, the Company published a Material Announcement reporting final judgment (i.e. judgment subject to no further appeal) in the legal action which argued for exclusion of ICMS tax from the amount on which the PIS and Cofins taxes are calculated. On April 4, 2019 the Company received notice that the case records had been returned to the court of first instance for compliance with the judgment. With this procedure, the next legal step is the need for the court decision to be submitted to an administrative ratification procedure by the national tax authority (*Receita Federal*) to comply with the prior legal requirement for its future application, including for the purposes of offsetting of taxes, and this submission has not yet been made. On the closing date of the quarter (March 31), the company considered that the right to which it was entitled as a result of the final judgment on the order of mandamus that it had applied for is a contingent asset, still subject to final ratification by the Brazilian federal tax authority; and that the amount of its realization, although estimated as 'probable', is not yet able to be reliably measured, in view of (i) a Motion for Clarification filed by the procurator of the tax authority against the judgment given by the Supreme Court in Special Appeal 574706, and (ii) arguments arising on the criteria for quantification of the credit, following the tax authority's Resolution given in COSIT Internal Consultation No. 13/18 – these could materially impact the amount initially estimated by the Company, as referred to in its Reference Form and Explanatory Notes, since the date of the Supreme Court's judgment in Special Appeal 574706 (see Note 11 to the quarterly financial information).

## Change in gross sales revenue in domestic and export markets due to volumes, mix and average price.



## Stores and franchises

In spite of the difficulties the franchise network of Melissa stores continues to grow.

Stores and franchises	1Q18	1Q19
<b>Company stores</b>	<b>5</b>	<b>5</b>
Brazil <sup>1</sup>	3	3
Rest of world <sup>2</sup>	2	2
<b>Franchises</b>	<b>263</b>	<b>315</b>
Clube Melissa	258	298
Mini Clube Melissa	5	17

<sup>1</sup> Galeria Melissa (São Paulo), Casa Ipanema (Rio de Janeiro), Ipanema store (São Paulo). <sup>2</sup> Galeria Melissa (New York and London).

## Highlights

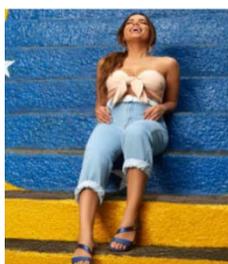


### melissa

Melissa launched a new collection in partnership with *À La Garçonne*, the brand led by *Alexandre Herchcovitch*.



Grendene's *Rider* brand, following its latest collaborations with the streetwear brands *Bolovo* and *Diet Starts Monday* and the urban artist Ahol, launched the *Skindo Lele* line in partnership with the leading urban- and skate-culture graphic artist *Felipe Motta* (aka MOTTILAA).



### Ipanema

The sandals brand *Ipanema* held a presentation of the singer *Anitta* at Casa Ipanema, in Rio, and in Los Angeles and Madrid, for the launch of her first international album. These actions strengthen the image of the brand and reinforce the public's awareness of the Company's partnership with Anitta. For this event she selected one of her new singles to be the themes of the global campaign for *Ipanema*, which was launched in more than 100 countries simultaneously with her new work – achieving more than 40 million views in less than a week.

# Ipanema

Further, *Ipanema* brought together 6 inspiring brands from the Rio scene to launch its new collection *Ser Movimento* ('*Being Movement*'). The experiences and stories of the brands *Thaissa Becho*, *Langai*, *Cosmo Swim*, *Verkko*, *Afrobeach* and *Croma* were the inspiration for the co-creation of the new collection, in partnership with *Olivia Merquior*, of *Centro-br*, and *Noix*.



Zaxy presented its new collection dedicated to fans of *Snoopy* – featuring the Snoopy character on slip-ons, sneakers, bags and two children's models.



Zaxy has also formed a partnership with *Pinterest* and the powerful team of the *Babadeiras* collective of Rio to supply Carnival references that combine with Brazilian women. Under the inspiring eye of the photographer *Paula Lavrador*, the girls of *Babadeiras* pose for photos packed with details and features for Carnival, which this year was in March. The images show Carnival fancy dress looks being used by real women, illustrating the various types of bodies, colors and personal styles.



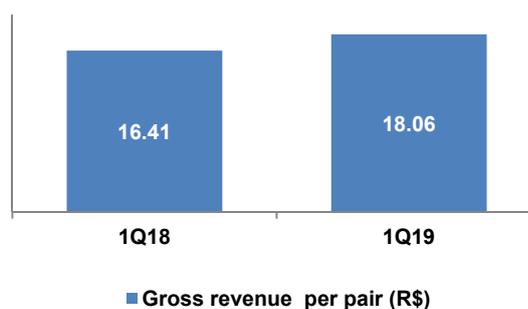
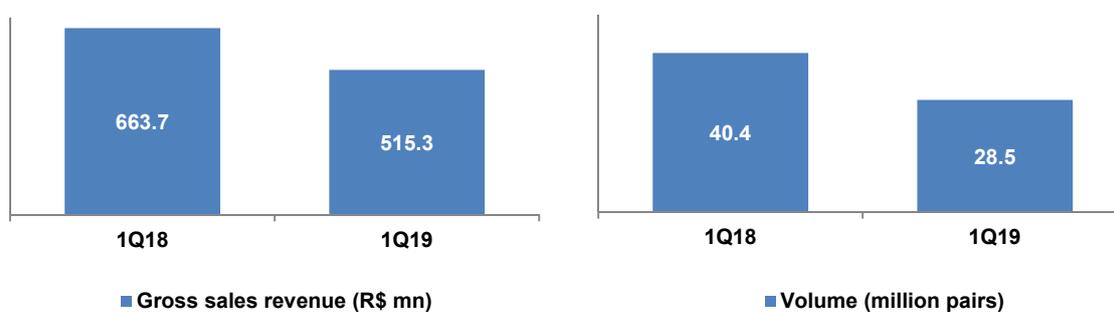
In the international market, we highlight our participation in the 87<sup>th</sup> *MICAM Milano*, the sector's largest trade show, in Milan on February 10–13 this year. The event brought together more than 1,300 exhibitors from 30 countries, and more than 40,000 visitors.

## Operational results of 1Q19 (consolidated data, IFRS)

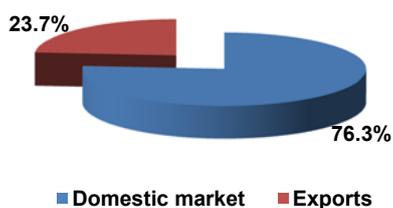
### Gross revenue

With the record year-on-year fall in the number of pairs sold, revenue was down 22.4% from 1Q18.

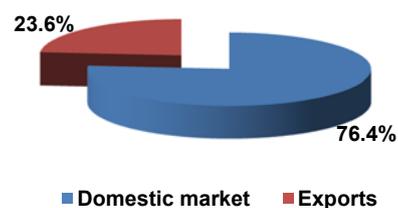
Total (Domestic market + exports)	1Q18	1Q19	Change, %, 1Q18-1Q19
Gross revenue (R\$ mn)	663.7	515.3	(22.4%)
Volume (million pairs)	40.4	28.5	(29.5%)
Gross revenue per pair (R\$)	16.41	18.06	10.1%



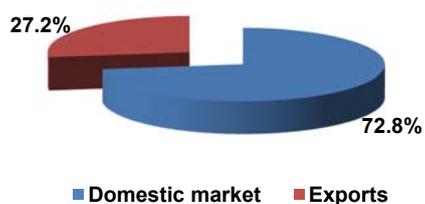
% of gross revenue 1Q18



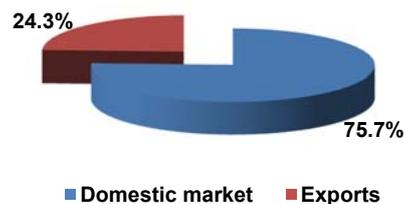
% of gross revenue 1Q19



% of sales volume 1Q18

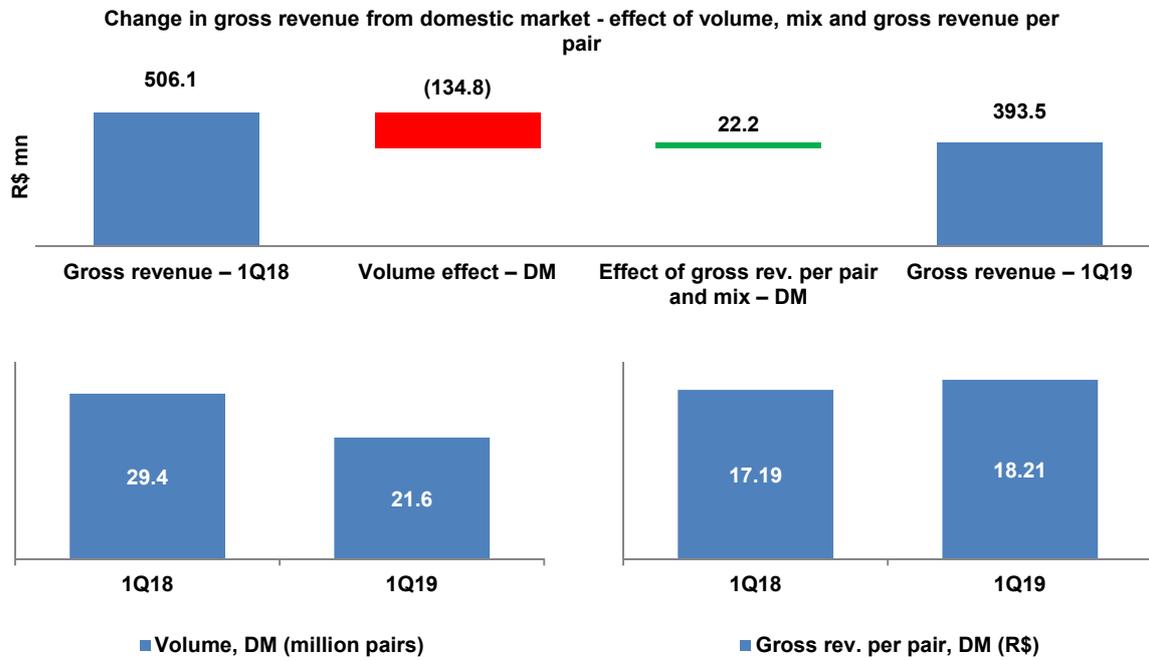


% of sales volume 1Q19



## Domestic market

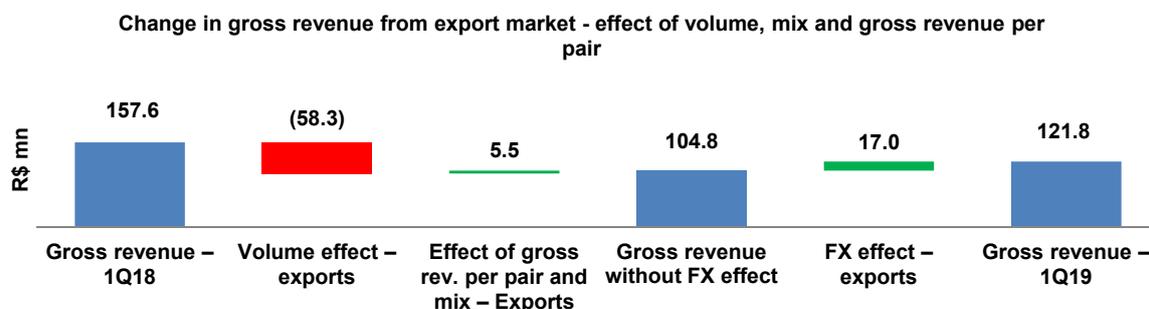
Domestic market	1Q18	1Q19	Change, %, 1Q18–1Q19
Gross revenue, domestic market (R\$ million)	506.1	393.5	(22.2%)
Volume – domestic market (million pairs)	29.4	21.6	(26.6%)
Gross revenue per pair, domestic market (R\$)	17.19	18.21	5.9%



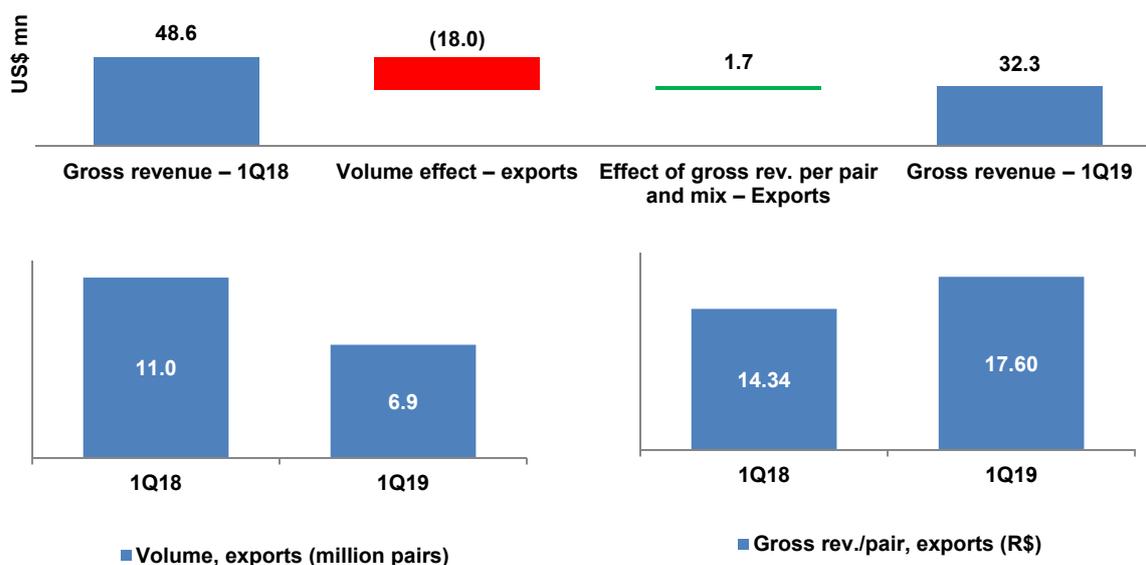
## Export market

The 37% YoY fall in number of pairs sold toppled revenue, which was down 22.7% YoY. The lower fall in revenue is due to a mix effect: the greatest fall in export unit volume was in the cheaper products, usually sold in Latin America.

Exports	1Q18	1Q19	Change, %, 1Q18–1Q19
Gross revenue, export market (R\$ million)	157.6	121.8	(22.7%)
Gross revenue – exports (US\$)	48.6	32.3	(33.5%)
Volume – exports (million pairs)	11.0	6.9	(37.0%)
Gross revenue / pair, exports (R\$)	14.34	17.60	22.7%
Gross revenue / pair, exports (US\$)	4.42	4.67	5.7%



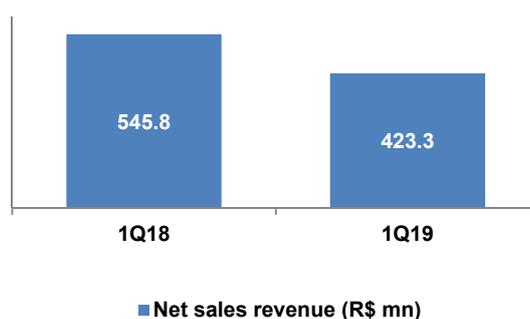
## Change in footwear export gross revenue in US\$, due to volume, average price and mix



According to figures from the Foreign Trade Ministry, the Foreign Trade Service of the Central Bank (Secex), and the Brazilian Footwear Manufacturers' Association (Abicalçados), Brazilian footwear exports in 1Q19 were 6.4% higher in dollar terms than in 1Q18, 14.9% higher in US\$ in number of pairs sold, and 7.4% lower in average price, in US\$, per pair exported. In comparison, Grendene's export revenue in dollars was 22.7% lower, and volume of pairs exported was 37.0% lower, with average price per pair exported 5.7% higher in US dollars. Grendene's share in the volume of Brazilian footwear exported in 1Q19, was 19.7% – this compares with 36.0% in 1Q18.

## Net sales revenue

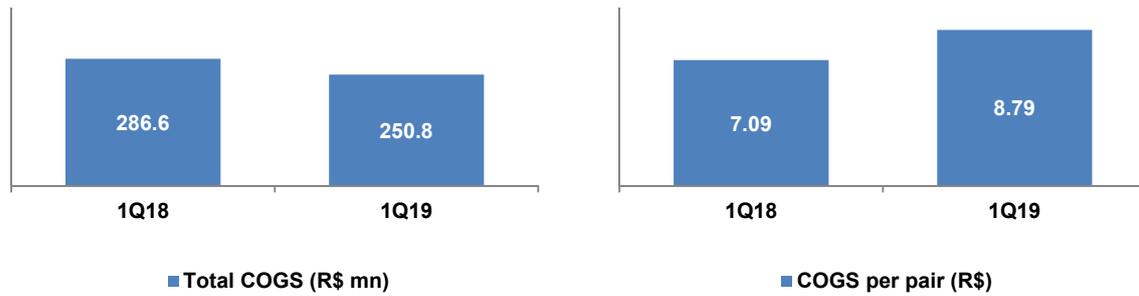
R\$ mn	1Q18	1Q19	Change, %, 1Q18-1Q19
Net sales revenue	545.8	423.3	(22.5%)



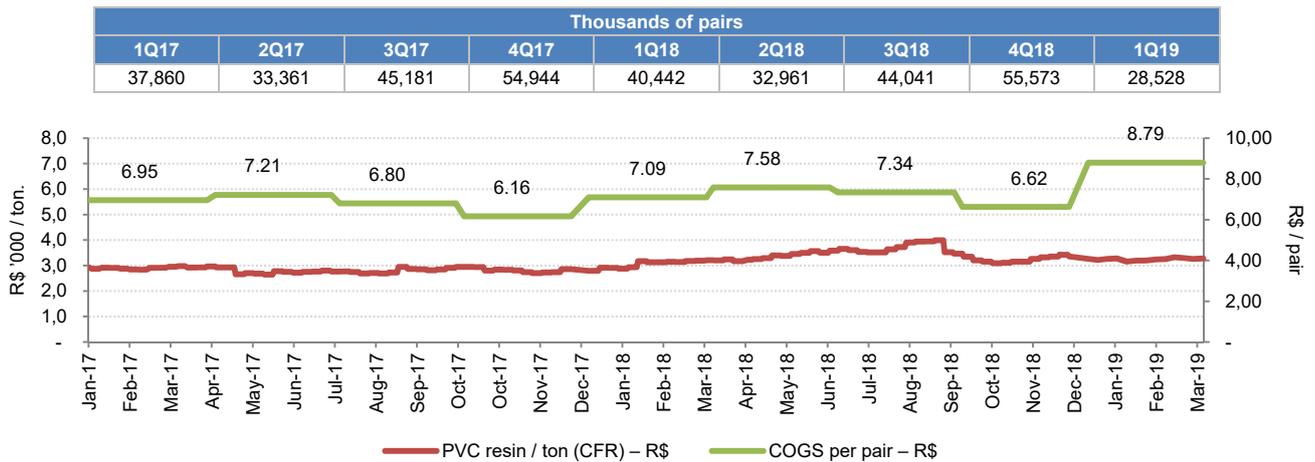
## Cost of goods sold

Total COGS was 12.5% lower year-on-year – but this percentage was much lower than the YoY falls in revenue and volume of pairs sold. With the lower volume of pairs produced, unit cost increased, basically due to fixed costs being diluted in this lower volume, and a certain component of mix effect (products of higher added value). The combination of these effects increased cost per pair by 24%.

R\$ mn	1Q18	1Q19	Change, %, 1Q18-1Q19
COGS	286.6	250.8	(12.5%)
COGS per pair (R\$)	7.09	8.79	24.0%



The chart below shows the movement in market prices (ICIS-LOR) in dollars, converted to Reais, of PVC resin, and the change in level of Grendene's average cost per pair, for the quarters of 2017 to 2019.



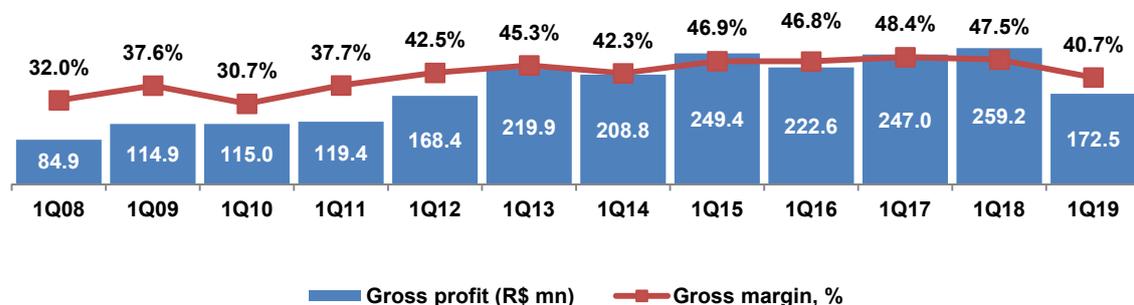
Sources: Petrochemicals prices from ICIS-LOR; Grendene quarterly data.

As can be seen, international resin prices fell from August 2018, and thus were not a major factor pressuring costs. This makes it clear that the main factor in the increased unit cost was the fall in volumes.

## Gross profit

Consequently, gross profit was the lowest since 1Q12, and gross margin was the lowest since 1Q11.

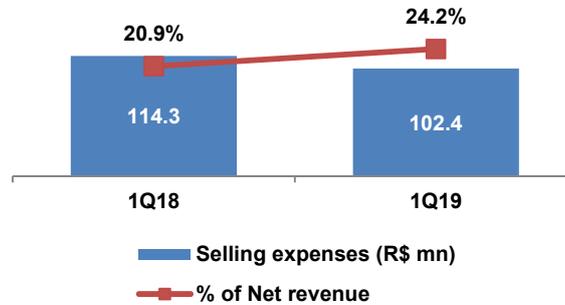
R\$ mn	1Q18	1Q19	Change, %, 1Q18–1Q19
Gross profit	259.2	172.5	(33.5%)
Gross margin, %	47.5%	40.7%	(6.8 p.p.)



**Selling expenses**

Selling expenses are predominantly variables such as cost of freight, licenses, commissions, advertising and marketing – which is in line with their being 10.4% lower year-on-year, although they increased as a percentage of net revenue by 3.3 percentage points from 20.9% to 24.2%.

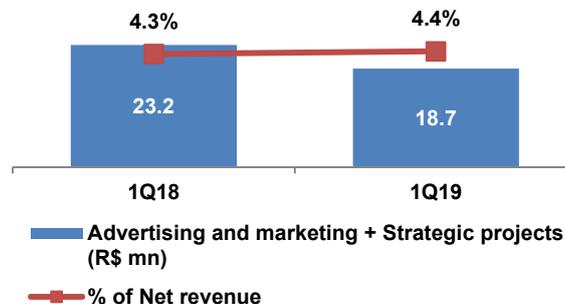
R\$ mn	1Q18	1Q19	Change, %, 1Q18–1Q19
Selling expenses	114.3	102.4	(10.4%)
% of Net revenue	20.9%	24.2%	3.3 p.p.



**Advertising expenses**

Percentage of net revenue at same level as in 1Q18.

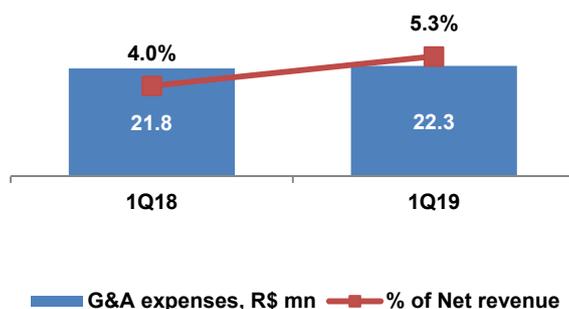
R\$ mn	1Q18	1Q19	Change, %, 1Q18–1Q19
Advertising and marketing (a)	21.5	17.0	(21.1%)
% of Net revenue	3.9%	4.0%	0.1 p.p.
Strategic brand projects (b)	1.7	1.8	3.2%
Total, adjusted (a+b)	23.2	18.7	(19.3%)
% of Net revenue	4.3%	4.4%	0.1 p.p.



**General and administrative (G&A) expenses**

The year-on-year increase in G&A expenses was in line with inflation, and grew as a percentage of sales revenue from 4% to 5.3%.

R\$ mn	1Q18	1Q19	Change, %, 1Q18–1Q19
G&A	21.8	22.3	2.3%
% of Net revenue	4.0%	5.3%	1.3 p.p.



## Ebit and Ebitda

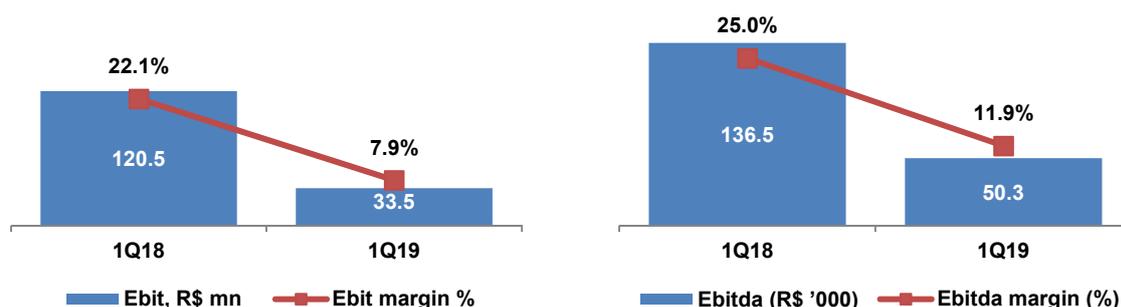
### Ebit

Ebit (Earnings before interest and taxes – operational profit before financial effects). Grendene believes that because it has a high cash position which generates significant financial revenues, the operational profit of its activity, characterized by Ebit – Earnings before interest and taxes – is a better indicator of its operational performance.

Reconciliation of Ebit and Ebitda*			
R\$ mn	1Q18	1Q19	Change, %, 1Q18–1Q19
<b>Net profit</b>	<b>156,063</b>	<b>76,520</b>	<b>(51.0%)</b>
Taxes on profit	17,010	8,176	(51.9%)
Net financial revenue (expenses)	(52,604)	(51,166)	(2.7%)
<b>Ebit</b>	<b>120,469</b>	<b>33,530</b>	<b>(72.2%)</b>
Depreciation and amortization	16,036	16,722	4.3%
<b>Ebitda</b>	<b>136,505</b>	<b>50,252</b>	<b>(63.2%)</b>
<b>Ebit margin</b>	<b>22.1%</b>	<b>7.9%</b>	<b>(14.2 p.p.)</b>
<b>Ebitda margin</b>	<b>25.0%</b>	<b>11.9%</b>	<b>(13.1 p.p.)</b>

\* Stated as per CVM Instruction 527 of October 4, 2012.

Results for Ebit and Ebitda were also extremely weak:



### Ebitda:

Our business is low capital-intensive: Depreciation was approximately 2.9% of net revenue in 1Q18, and 4.0% of Net revenue in 1Q19. Grendene regularly invests an amount equivalent to its depreciation to keep its production capacity updated. It also maintains positive net cash, and has no costs of interest that need to be paid with funds from operations. As a result we believe that analyzing Ebit makes more sense as an indicator for the Company's management.

### Net financial revenue (expenses):

For 1Q19 Grendene reports Net financial revenues of R\$ 51.2 mn, but this is R\$ 1.4 mn lower than the Net financial revenues for 1Q18, as shown here:

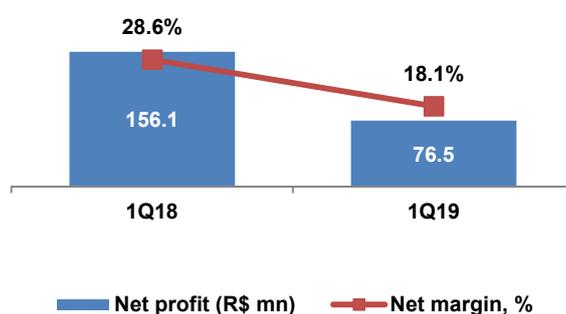
R\$ '000	1Q18	1Q19	Change, %, 1Q18-1Q19
Interest received from clients	509	447	(12.2%)
Revenue from cash investments	33,857	37,639	11.2%
Other financial revenues	1,872	884	(52.8%)
<b>Subtotal</b>	<b>36,238</b>	<b>38,970</b>	<b>7.5%</b>
Costs of financings	(2,385)	(2,283)	(4.3%)
Cofins and PIS tax on Financial revenues	(1,733)	(1,836)	5.9%
Other financial expenses	(1,031)	(938)	(9.0%)
<b>Subtotal</b>	<b>(5,149)</b>	<b>(5,057)</b>	<b>(1.8%)</b>
<b>Net financial revenues (expenses)(1)</b>	<b>31,089</b>	<b>33,913</b>	<b>9.1%</b>
Operational revenue on FX derivatives – BM&FBovespa	9,133	15,064	64.9%
Foreign exchange gains	17,172	22,381	30.3%
<b>Subtotal</b>	<b>26,305</b>	<b>37,445</b>	<b>42.3%</b>
Operational expenses on FX derivatives – BM&FBovespa	(3,865)	(9,539)	146.8%
FX variation gain / loss	(17,585)	(22,703)	29.1%
<b>Subtotal</b>	<b>(21,450)</b>	<b>(32,242)</b>	<b>50.3%</b>
<b>Net gain (loss) on FX variations(2)</b>	<b>4,855</b>	<b>5,203</b>	<b>7.2%</b>
Adjustments to present value (APV)	16,660	12,050	(27.7%)
<b>Financial result – APV (3)</b>	<b>16,660</b>	<b>12,050</b>	<b>(27.7%)</b>
<b>Net financial revenue (expenses): (1) + (2) + (3)</b>	<b>52,604</b>	<b>51,166</b>	<b>(2.7%)</b>

Interest rates (as measured by the average Selic rate) were 5.0% lower in 1Q19 (at 6.4% p.a.) than in 1Q18 (6.7% p.a.).

### Net profit

Year-on-year, net profit was down 51%, and net margin was down 10.5 percentage points. This reflected the lower figures, YoY, for volumes (down 29.5% YoY), and net revenue (down 22.5% YoY).

R\$ mn	1Q18	1Q19	Change, %, 1Q18-1Q19
Net profit	156.1	76.5	(51.0%)
Net margin, %	28.6%	18.1%	(10.5 p.p.)



### Capex (fixed and intangible investment)

Our investments in 1Q19 were in: maintenance of industrial buildings and facilities; replacement of fixed assets; acquisition of new equipment for modernization of the manufacturing plant; and various projects to improve the company's efficiency.

R\$ mn	1Q18	1Q19	Change, %, 1Q18-1Q19
Investments	20.2	14.6	(27.7%)

## Cash generation

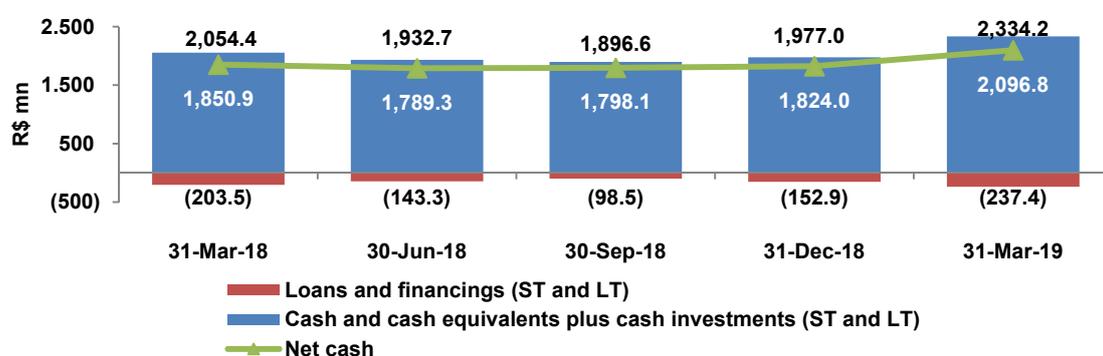
Cash flow from operations in 1Q19 was R\$ 247.6 million – comprising: (i) investments in fixed and intangible assets, R\$ 14.6 mn; (ii) net cash investment of R\$ 321.9 million; and (iii) a gain of R\$ 6.7 million on sale of treasury shares for exercise of stock options. In the same period loans were contracted totaling a net R\$ 80.1 million. The result was that the amount held in current account and very short-term cash investment was R\$ 2.1 million lower at the end of the year. The complete cash flow is shown in Appendix IV.

## Net cash and cash equivalents

Grendene continues to have a solid financial situation. Net cash (Cash, Cash equivalents and Short and Long-term financial investments, less Short and long-term loans and financings) on March 31, 2019 totaled R\$ 2.1 billion, or 15.0% more than at December 31, 2018 (R\$ 1.8 billion).

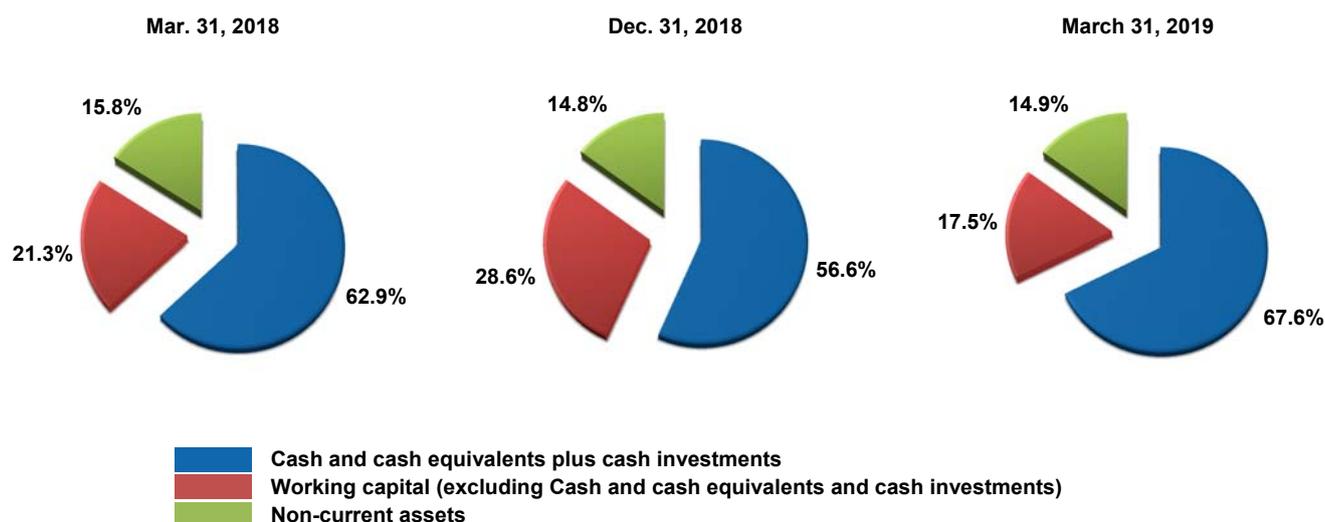
The proportion of 12-month net revenue held in cash and cash equivalents and cash investments increased from 84.7% at Dec. 31, 2018 to 105.6% at March 31, 2019.

Changes in the cash position (cash, cash equivalents and short and long-term financial investments), loans and financings and net cash are as follows:

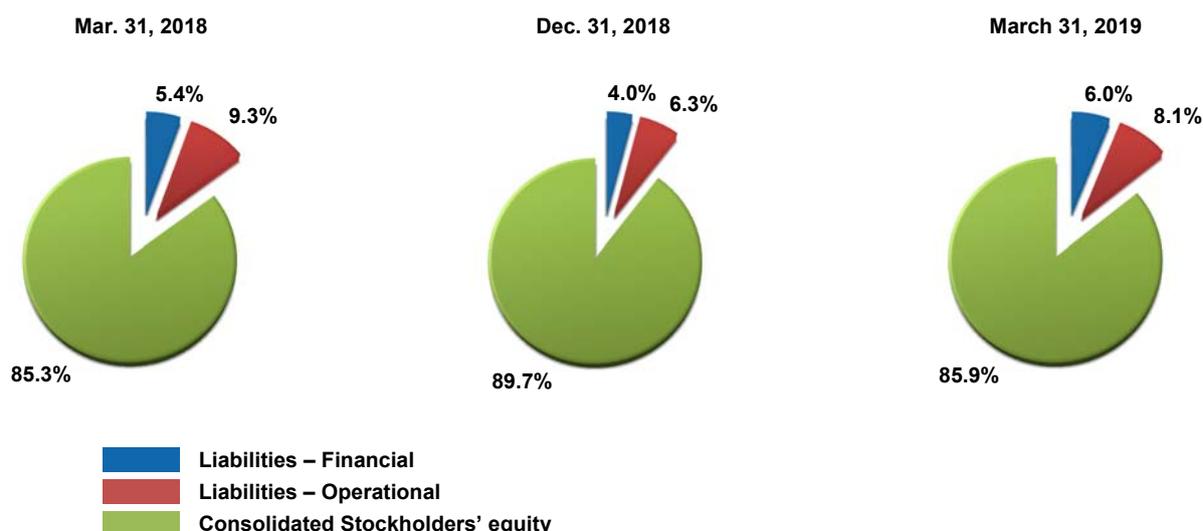


## Structure of Assets and Liabilities; value indicators

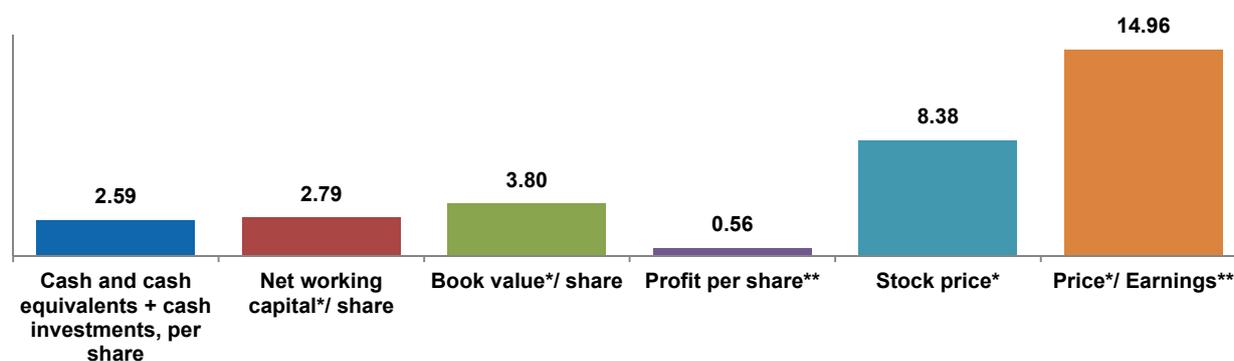
### Assets



## Liabilities: Current and non-current liabilities



## Value indicators



\* Março 31, 2019 / \*\* Last 12 months

## Dividends

In accordance with the By-laws and under the current dividend policy, established on February 13, 2014, published in a Material Announcement of that date, management proposes the first distribution of interim dividends relating to the net profit at March 31, 2019, in the amount of R\$ 36,765,755.22 – equivalent to R\$ 0.040753032 per share – *ad referendum* the Annual General Meeting that approves the accounts for the 2019 business year, to be paid on or after May 22, 2019.

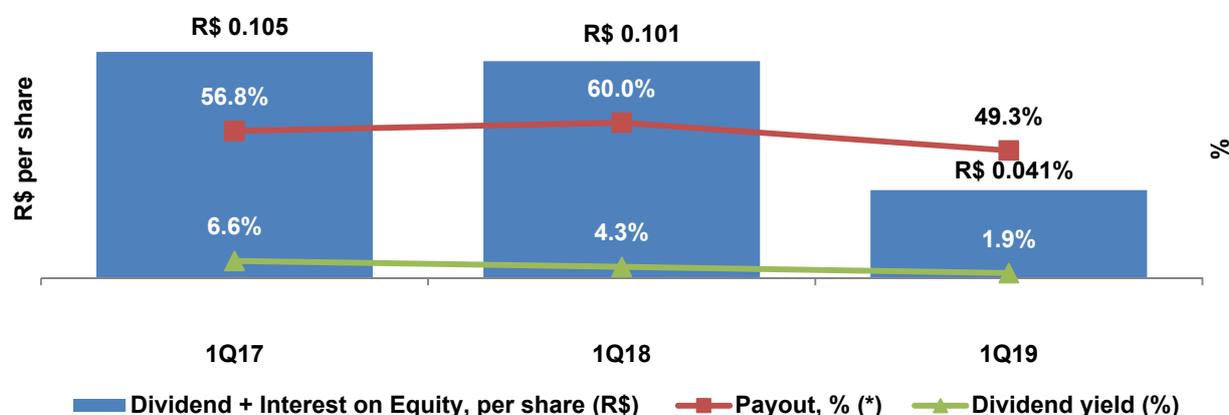
This will be payable to holders of common shares (GRND3) in the Company's records on May 9, 2019 (cut-off date). Thus the shares (GRND3) will be traded ex-dividends on the B3 (the São Paulo stock exchange) on May 10, 2019.

### Basis for the distribution of dividends<sup>1</sup> – March 31, 2019

Grendene S.A. (Holding company)	R\$
Net profit for the period	76,519,764.54
(-) Tax Incentives reserve	(37,818,969.57)
<b>Basis for calculation of the Legal reserve</b>	<b>38,700,794.97</b>
(-) Legal reserve	(1,935,039.75)
<b>Dividend for the profit reported at March 31, 2019</b>	<b>36,765,755.22</b>
<i>Mandatory minimum dividend – 25%</i>	<i>9,191,438.81</i>
<i>Dividend proposed in excess of the obligatory minimum dividend</i>	<i>27,574,316.41</i>

Dividends	Date approved	Ex-date	Date of start of payment	Gross value R\$	Gross value per share R\$	Net value R\$	Net value per share R\$
Dividend <sup>1</sup>	April 25, 2019	May 10, 2019	May 22, 2019	36,765,755.22	0.040753032	36,765,755.22	0.040753032
			Total	36,765,755.22	0.040753032	36,765,755.22	0.040753032

<sup>1</sup> Dividends approved "ad referendum" the Annual General Meeting of Stockholders that considers the financial statements for the 2019 business year.



(\*) Payout: (Dividend plus net Interest on Equity), divided by (net profit after constitution of the legal reserves).

(\*\*) Dividend yield: (Dividend per share + net Interest on Equity per share in the period) divided by (weighted average price of the share in the annualized period).

## Corporate events

**April 15, 2019: Annual General Meeting** This meeting approved: (i) the report of management and the financial statements for the business year 2018, and the allocation of net profit, ratifying the Interest on Equity and dividends proposed by the Board of Directors; (ii) distribution of the balance of Interest on Equity and dividends for the 2018 business year; (iii) the total remuneration of the managers, in accordance with Clause 14 of the By-laws; and (iv) establishment of the Audit Board for the 2019 business year.

**April 15, 2019 – Notice to stockholders:** Payment of the balance of dividends, in the amount of R\$ 13,434,184.62 (R\$ 0.014891133 per share) and Interest on Equity of R\$ 130,000,000.00 (R\$ 0.144098608 per share), for the 2018 business year, will begin on May 8, 2019.

**April 25, 2019 – Meeting of the Board of Directors** This meeting approved: the financial information for the first quarter of 2019; the first interim dividend based on the profit to March 31, 2019, in the amount of R\$ 36,765,755.22; the individual remuneration of the managers; and other matters of interest to the company.

## Capital markets

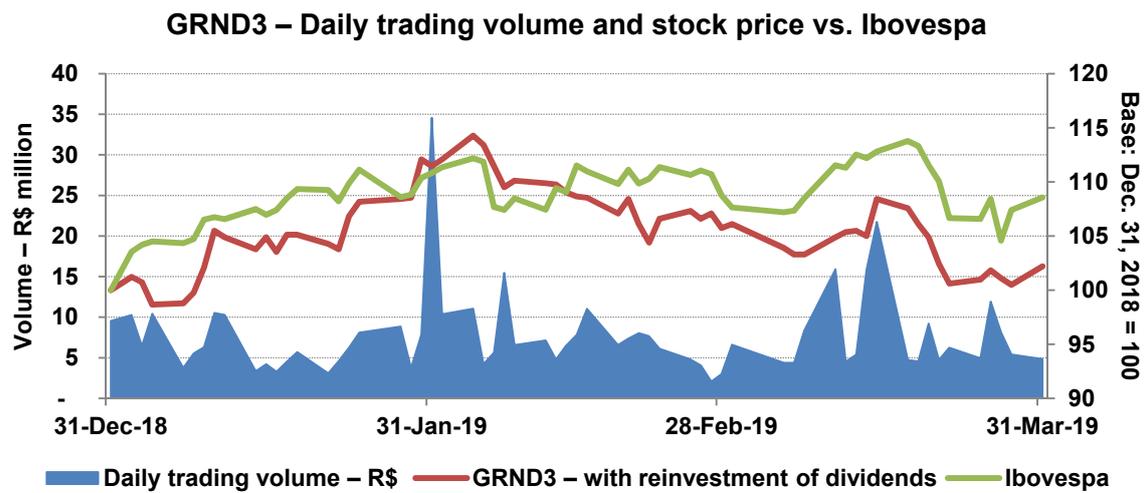
In 1Q19, Grendene's shares (B3) provided a return of 2.2%, when reinvestment of the dividends is included. In the same period the Ibovespa index rose by 8.6%. Average daily trading volume was R\$ 7.6 mn (vs. R\$ 8.3 mn in 1Q18).

In this table, the number of shares traded, financial volume, and daily average trading: (The figures for 1Q18 are adjusted to reflect the stock split approved at the EGM of April 23, 2018.)

Period	No. of trading sessions	No. of trades	No. of shares	Volume R\$	Price R\$		Average no. of shares		Average volume, R\$	
					Weighted average	Close	Per trade	Daily	Per trade	Daily
1Q18	60	73,605	52,546,800	497,899,391	9.48	9.12	714	875,780	6,764	8,298,323
1Q19	60	161,401	52,158,900	453,846,429	8.70	8.38	323	869,315	2,811	7,564,107

The lowest market price for GRND3 in the 52 weeks to the end of March 2019 was R\$ 6.59, on October 1, 2018, and the high for the 12-month period was R\$ 9.49 on April 26, 2018. The dividend yield calculated on the basis of the weighted average price of the share in 1Q19 was 1.9% p.a. (4.3% p.a. in 1Q18).

This chart shows the performance of Grendene ON shares compared to the Bovespa index (Base: Dec. 31, 2018 = 100), and daily trading volume.



Information in this release may contain statements about future outcomes. Such statements reflect the present perception and outlook of the Company's Executive Officers on the development of the business, based on developments in the macroeconomic environment, industry conditions, performance of the Company and financial results. Any outcomes that are different from such expectations and factors could cause the Company's results to be materially different from current expectations. Such statements and potential outcomes thus include various risks and uncertainties.

## Appendix I – Consolidated gross revenue, volumes, gross revenue per pair and market share

Gross revenue – R\$ '000	1Q18	2Q18	3Q18	4Q18	1Q19	Change, %, 1Q18–1Q19
Domestic market	506,142	416,469	599,522	645,866	393,527	(22.2%)
Exports	157,609	127,923	133,271	238,193	121,776	(22.7%)
<i>Exports (US\$)</i>	<i>48,588</i>	<i>35,479</i>	<i>33,668</i>	<i>62,516</i>	<i>32,296</i>	<i>(33.5%)</i>
<b>Total</b>	<b>663,751</b>	<b>544,392</b>	<b>732,793</b>	<b>884,059</b>	<b>515,303</b>	<b>(22.4%)</b>

Volume (thousands of pairs)	1Q18	2Q18	3Q18	4Q18	1Q19	Change, %, 1Q18–1Q19
Domestic market	29,451	24,705	36,856	41,501	21,608	(26.6%)
Exports	10,991	8,256	7,185	14,072	6,920	(37.0%)
<b>Total</b>	<b>40,442</b>	<b>32,961</b>	<b>44,041</b>	<b>55,573</b>	<b>28,528</b>	<b>(29.5%)</b>

Gross revenue per pair (R\$)	1Q18	2Q18	3Q18	4Q18	1Q19	Change, %, 1Q18–1Q19
Domestic market	17.19	16.86	16.27	15.56	18.21	5.9%
Exports	14.34	15.49	18.55	16.93	17.60	22.7%
<i>Exports (US\$)</i>	<i>4.42</i>	<i>4.30</i>	<i>4.69</i>	<i>4.44</i>	<i>4.67</i>	<i>5.7%</i>
<b>Total</b>	<b>16.41</b>	<b>16.52</b>	<b>16.64</b>	<b>15.91</b>	<b>18.06</b>	<b>10.1%</b>

US dollar (USD 1.00 = R\$)	1Q18	2Q18	3Q18	4Q18	1Q19	Change, %, 1Q18–1Q19
US\$ at end of period	3.3238	3.8558	4.0039	3.8748	3.8967	17.2%
Average US\$	3.2438	3.6056	3.9584	3.8101	3.7706	16.2%

Gross revenue % of total	1Q18	2Q18	3Q18	4Q18	1Q19
Domestic market	76.3%	76.5%	81.8%	73.1%	76.4%
Exports	23.7%	23.5%	18.2%	26.9%	23.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Volume % of total	1Q18	2Q18	3Q18	4Q18	1Q19
Domestic market	72.8%	75.0%	83.7%	74.7%	75.7%
Exports	27.2%	25.0%	16.3%	25.3%	24.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Appendix II – Consolidated Statement of financial position, IFRS (R\$ '000)**

Assets	Dec. 31, 2018	% of total	Mar. 31, 2019	% of total	%
<b>Current</b>	<b>2,930,313</b>	<b>75.9%</b>	<b>3,052,199</b>	<b>76.6%</b>	<b>104.2%</b>
Cash and cash equivalents	16,562	0.4%	14,418	0.4%	87.1%
Cash investments	1,548,914	40.1%	1,900,588	47.7%	122.7%
Accounts receivable from clients	944,214	24.5%	714,595	17.9%	75.7%
Inventories	288,120	7.5%	277,126	7.0%	96.2%
Tax credits	44,361	1.1%	19,036	0.5%	42.9%
Income and Social Contribution taxes recoverable	4,852	0.1%	28,800	0.7%	593.6%
Trade bills receivable	59,560	1.5%	64,188	1.6%	107.8%
Prepaid costs and expenses	7,870	0.2%	10,356	0.3%	131.6%
Other credits	15,860	0.4%	23,092	0.6%	145.6%
<b>Non-current</b>	<b>930,443</b>	<b>24.1%</b>	<b>933,597</b>	<b>23.4%</b>	<b>100.3%</b>
Non-current assets	475,422	12.3%	481,123	12.1%	101.2%
Cash investments	411,482	10.7%	419,173	10.5%	101.9%
Escrow deposits	1,149	-	1,138	0.0%	99.0%
Tax credits	996	-	939	0.0%	94.3%
Deferred income tax and Social Contribution tax	54,899	1.4%	53,137	1.3%	96.8%
Other credits	6,896	0.2%	6,736	0.2%	97.7%
Investments	412	-	412	0.0%	100.0%
Property, plant and equipment	423,746	11.0%	420,709	10.6%	99.3%
Intangible assets	30,863	0.8%	31,353	0.8%	101.6%
<b>Total assets</b>	<b>3,860,756</b>	<b>100.0%</b>	<b>3,985,796</b>	<b>100.0%</b>	<b>103.2%</b>
Liabilities and Stockholders' equity	Dec. 31, 2018	% of total	Mar. 31, 2019	% of total	%
<b>Current</b>	<b>366,909</b>	<b>9.5%</b>	<b>533,296</b>	<b>13.4%</b>	<b>145.3%</b>
Loans and financings	126,313	3.3%	212,981	5.3%	168.6%
Suppliers	42,095	1.1%	34,203	0.9%	81.3%
Contractual obligations – Licenses	17,192	0.4%	13,653	0.3%	79.4%
Commissions payable	45,897	1.2%	33,814	0.8%	73.7%
Taxes	34,836	0.9%	35,026	0.9%	100.5%
Income tax and Social Contribution tax payable	5,946	0.2%	1,481	-	24.9%
Salaries and related charges payable	71,122	1.8%	64,090	1.6%	90.1%
Provision for employment-law, tax, third-party risks	3,512	0.1%	3,217	0.1%	91.6%
Dividends and Interest on Equity payable	-	-	123,934	3.1%	-
Advances from clients	19,436	0.5%	9,758	0.2%	50.2%
Other accounts payable	560	-	1,139	-	203.4%
<b>Non-current</b>	<b>28,805</b>	<b>0.7%</b>	<b>26,638</b>	<b>0.7%</b>	<b>92.5%</b>
Loans and financings	26,614	0.7%	24,418	0.6%	91.7%
Provision for employment-law litigation risk	531	-	622	-	117.1%
Other debits	1,660	-	1,598	-	96.3%
<b>Stockholders' equity</b>	<b>3,465,042</b>	<b>89.8%</b>	<b>3,425,862</b>	<b>86.0%</b>	<b>98.9%</b>
Share capital	1,231,302	31.9%	1,231,302	30.9%	100.0%
Capital reserves	9,109	0.2%	4,188	0.1%	46.0%
Shares in Treasury	(15,565)	(0.4%)	-	-	-
Profit reserves	2,222,040	57.6%	2,135,133	53.6%	96.1%
Retained earnings	-	-	36,766	0.9%	-
Other comprehensive income	18,156	0.5%	18,473	0.5%	101.7%
<b>Total liabilities and Stockholders' equity</b>	<b>3,860,756</b>	<b>100.0%</b>	<b>3,985,796</b>	<b>100.0%</b>	<b>103.2%</b>

**Appendix III – Consolidated Profit and loss account (R\$ '000)**

R\$ '000	1Q18	% of total	1Q19	% of total	Change, % 1Q18–1Q19
Domestic market	506,142	92.7%	393,527	93.0%	(22.2%)
Exports	157,609	28.9%	121,776	28.8%	(22.7%)
<b>Gross revenue from sales and services</b>	<b>663,751</b>	<b>121.6%</b>	<b>515,303</b>	<b>121.7%</b>	<b>(22.4%)</b>
Sales returns and sales taxes	(93,381)	(17.1%)	(71,701)	(16.9%)	(23.2%)
Discounts given to clients	(24,556)	(4.5%)	(20,338)	(4.8%)	(17.2%)
<b>Deductions from sales</b>	<b>(117,937)</b>	<b>(21.6%)</b>	<b>(92,039)</b>	<b>(21.7%)</b>	<b>(22.0%)</b>
<b>Net sales revenue</b>	<b>545,814</b>	<b>100.0%</b>	<b>423,264</b>	<b>100.0%</b>	<b>(22.5%)</b>
Cost of goods sold	(286,635)	(52.5%)	(250,788)	(59.3%)	(12.5%)
<b>Gross profit</b>	<b>259,179</b>	<b>47.5%</b>	<b>172,476</b>	<b>40.7%</b>	<b>(33.5%)</b>
<b>Operational revenues (expenses)</b>	<b>(138,710)</b>	<b>(25.4%)</b>	<b>(138,946)</b>	<b>(32.8%)</b>	<b>0.2%</b>
Selling expenses	(114,284)	(20.9%)	(102,430)	(24.2%)	(10.4%)
G&A	(21,785)	(4.0%)	(22,294)	(5.3%)	2.3%
Other operational revenues	2,046	0.4%	1,160	0.3%	(43.3%)
Other operational expenses	(4,687)	(0.9%)	(15,382)	(3.6%)	228.2%
<b>Profit before fin. rev. (exp.) and taxes (Ebit)</b>	<b>120,469</b>	<b>22.1%</b>	<b>33,530</b>	<b>7.9%</b>	<b>(72.2%)</b>
Financial revenues	79,203	14.5%	88,465	20.9%	11.7%
Financial expenses	(26,599)	(4.9%)	(37,299)	(8.8%)	40.2%
<b>Net financial revenue (expenses)</b>	<b>52,604</b>	<b>9.6%</b>	<b>51,166</b>	<b>12.1%</b>	<b>(2.7%)</b>
<b>Pretax profit</b>	<b>173,073</b>	<b>31.7%</b>	<b>84,696</b>	<b>20.0%</b>	<b>(51.1%)</b>
<b>Income tax and Social Contribution tax:</b>					
Current	(15,309)	(2.8%)	(6,414)	(1.5%)	(58.1%)
Deferred	(1,701)	(0.3%)	(1,762)	(0.4%)	3.6%
<b>Net profit for the period</b>	<b>156,063</b>	<b>28.6%</b>	<b>76,520</b>	<b>18.1%</b>	<b>(51.0%)</b>
Depreciation and amortization	16,036	2.9%	16,722	4.0%	4.3%
<b>Ebitda</b>	<b>136,505</b>	<b>25.0%</b>	<b>50,252</b>	<b>11.9%</b>	<b>(63.2%)</b>

**Appendix IV – Consolidated Statements of cash flow (R\$ '000)**

Statements of cash flow	Mar. 31, 2018	Mar. 31, 2019
Cash flow from operations		
Net profit for the period	156,063	76,520
<b>Adjustments reconciling profit to cash from ops</b>		
Depreciation and amortization	16,036	16,722
Deferred income tax and Social Contribution tax	1,701	1,762
PP&E and Intangible – residual value after write-down	1,544	585
Stock options plan	1,641	1,257
Items reducing Accounts receivable from clients	(12,100)	(12,419)
Provision for obsolete inventory	68	184
Provision for employment-law, tax, third-party risks	1,385	(204)
Interest expenses on financing	461	410
Interest revenue on cash investments	(33,224)	(37,480)
FX variations, net	2,946	4,089
	<b>136,521</b>	<b>51,426</b>
Variations in assets and liabilities:		
Accounts receivable from clients	87,913	242,038
Inventories	(4,595)	10,810
Other accounts payable	(10,146)	(12,741)
Suppliers	(5,516)	(7,892)
Salaries and related charges payable	6,208	(7,032)
Taxes	216	190
Income tax and Social Contribution tax payable	(3,457)	(4,465)
Advances from clients	(5,164)	(9,678)
Other accounts payable	(4,436)	(15,105)
<b>Net cash from operational activities</b>	<b>197,544</b>	<b>247,551</b>
Cash flow from investment:		
Acquisitions of fixed and intangible assets	(20,190)	(14,593)
Cash investments	(833,760)	(788,800)
Redemption of cash investments	539,755	455,883
Interest received	45,950	11,032
<b>Net cash flow used in investment activities</b>	<b>(268,245)</b>	<b>(336,478)</b>
Cash flow in financing activities:		
Loans obtained	163,846	153,828
Payment of loans	(86,708)	(73,396)
Interest paid	(419)	(309)
Acquisition of treasury shares	(19,584)	0
Sale of treasury shares: exercise of stock options	6,050	6,660
<b>Net cash from financing activities</b>	<b>63,185</b>	<b>86,783</b>
<b>Reduction in cash and cash equivalents</b>	<b>(7,516)</b>	<b>(2,144)</b>
Statement of variation in cash and cash equivalents		
Initial balance	30,119	16,562
Final balance	22,603	14,418
<b>Reduction in cash and cash equivalents</b>	<b>(7,516)</b>	<b>(2,144)</b>