



São Paulo, October 29, 2019. **RD – People, Health and Well-being** (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 3rd quarter of 2019 (3Q19). The Company's parent company and consolidated quarterly financial statements for the periods ended in September 30, 2019 and 2018 have been prepared in accordance with technical pronouncement CPC 21 (R1) – “Interim Financial Reporting”, the requirements in Official Letter/CVM/SNC/SEP 003/2011 of April 28, 2011, and the International Financial Reporting Standards (IFRS) – IAS 34. Starting in 2019, our financial statements are prepared in accordance with IFRS 16. The 3Q19 figures are also presented under IAS 17 / CPC 06 (previous reporting standard), which the Company believes best represents the economics of the business. The financial statements were prepared in Reais and all growth rates, unless otherwise stated, relate to the same period of 2018.

Our P&L was adjusted to consider Onofre's operations only after their respective integration. Therefore, the stores are included from August 1st, while the e-commerce operations, integrated in October, as well as the corporate and logistics structures, which are being discontinued, have been fully excluded (details on page 2).

ADJUSTED QUARTERLY HIGHLIGHTS:

- › **DRUGSTORES:** 1,995 stores in operation (52 organic openings, 42 Onofre stores and 16 closures)
- › **MARKET SHARE (RETAIL):** 1.7 percentage point national increase, with a 2.5 gain in São Paulo
- › **GROSS REVENUE:** R\$ 4.8 billion, 21.0% growth (7.7% mature-store sales growth)
- › **GROSS MARGIN:** 27.7% of gross revenue, a 0.6 percentage point decrease
- › **EBITDA:** R\$ 359.4 million, an increase of 21.7% and a margin of 7.5%
R\$ 519.5 million, an increase of 21.0% and a margin of 10.9% **(IFRS 16)**
- › **NET INCOME:** R\$ 152.5 million, an increase of 16.3% and a 3.2% net margin
R\$ 135.6 million, an increase of 12.5% and a 2.8% net margin **(IFRS 16)**
- › **CASH FLOW:** R\$ 120.7 million free cash flow, R\$ 113.8 million of total cash generation

RADL3

R\$ 107.00/share

NUMBER OF SHARES

330.386.000

MARKET CAP

R\$ 35,351 (million)

CLOSING

October 28, 2019

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Summary	Previous Standard (IAS 17)					IFRS 16	
	3Q18	4Q18	1Q19	2Q19	3Q19	3Q18	3Q19
<i>(R\$ thousand)</i>							
# of Stores - Retail + 4Bio	1,768	1,825	1,873	1,917	1,995	1,768	1,995
Organic Openings	64	70	62	47	52	64	52
Onofre Stores					42		42
Store Closures	(4)	(13)	(14)	(3)	(16)	(4)	(16)
# of Stores (average)	1,744	1,801	1,849	1,897	1,960	1,744	1,960
Headcount (EoP)	34,708	36,510	36,192	37,395	39,029	34,708	39,029
Pharmacist Count (EoP)	6,806	6,959	7,106	7,389	7,663	6,806	7,663
# of Tickets (000)	56,560	59,425	58,634	62,840	66,270	56,560	66,270
Gross Revenue	3,944,677	4,178,909	4,153,923	4,440,683	4,771,280	3,944,677	4,771,280
Gross Profit	1,116,776	1,197,788	1,161,663	1,289,285	1,321,350	1,116,776	1,321,350
% of Gross Revenues	28.3%	28.7%	28.0%	29.0%	27.7%	28.3%	27.7%
Adjusted EBITDA	295,250	311,109	270,070	363,688	359,420	429,428	519,538
% of Gross Revenues	7.5%	7.4%	6.5%	8.2%	7.5%	10.9%	10.9%
Adjusted Net Income	131,148	154,404	105,494	160,486	152,476	120,494	135,587
% of Gross Revenues	3.3%	3.7%	2.5%	3.6%	3.2%	3.1%	2.8%
Net Income	128,837	121,531	102,058	151,334	146,247	118,182	129,687
% of Gross Revenues	3.3%	2.9%	2.5%	3.4%	3.1%	3.0%	2.7%
Free Cash Flow	681	29,103	(210,518)	42,872	120,717	681	120,717

ONOFRE'S INTEGRATION AND REPORTING

On July 1st, 2019, we concluded the acquisition of Drogaria Onofre. On August 1st, Onofre was incorporated into RD following the approval by our General Assembly, and all 42 surviving stores were integrated into RD's platforms in the very same day. The e-commerce operations were integrated only in October, while its corporate and logistics infrastructures will be fully eliminated by year-end. Finally, Onofre was consolidated as a full subsidiary in July, and became part of RD's financial statements since August.

To provide a clearer view of the recurring impact of Onofre in RD's operations, we are adjusting the consolidated P&L to exclude the results of the operations which have not been migrated into RD's platform within the quarter. Therefore, Onofre's store operations, which were integrated in August 1st, were adjusted for the month of July, but were fully considered for the months of August and September. Under the same principle, Onofre's e-commerce operation, which was only integrated in October, as well as its corporate and logistics structure, which will be discontinued by the end of the year, have also been fully adjusted for the quarter.

We are also adjusting non-recurring gains arising from the incorporation of Onofre and non-recurring expenses arising from its integration, which are detailed in the EBITDA reconciliation section, as well as their respective non-recurring income tax impacts. Finally, Onofre's assets and liabilities are fully reflected in our balance sheet and cash flow statement.

The reconciliation of the Consolidated Income Statement to the adjusted figures considered in this report is shown below:

Income Statement (R\$ million)	IAS 17			IFRS 16		
	Ajusted Income Stat.	Onofre Exclusions	Consolidated Income Stat.	Ajusted Income Stat.	Onofre Exclusions	Consolidated Income Stat.
Gross Revenue	4,771.3	72.1	4,843.4	4,771.3	72.1	4,843.4
Gross Profit	1,321.3	15.1	1,336.4	1,321.3	15.1	1,336.4
Gross Margin	27.7%	20.9%	27.6%	27.7%	20.9%	27.6%
Selling Expenses	(851.8)	(15.0)	(866.8)	(692.1)	(13.5)	(705.5)
G&A	(110.1)	(10.1)	(120.2)	(109.8)	(10.1)	(119.8)
Total Expenses	(961.9)	(25.1)	(987.0)	(801.8)	(23.6)	(825.4)
as % of Gross Revenue	20.2%	-0.2%	20.4%	16.8%	-0.2%	17.0%
Adjusted EBITDA	359.4	(10.0)	349.4	519.5	(8.5)	511.0
as % of Gross Revenue	7.5%	-13.9%	7.2%	10.9%	-11.8%	10.6%
Depreciation and Amortization	(127.4)	(4.3)	(131.8)	(284.9)	1.4	(283.5)
Financial Results	(40.9)	0.9	(40.0)	(68.8)	0.6	(68.3)
Income Tax	(38.6)	4.6	(34.0)	(30.2)	2.2	(28.0)
Adjusted Net Income	152.5	(8.9)	143.6	135.6	(4.3)	131.3
as % of Gross Revenue	3.2%	-12.3%	3.0%	2.8%	-6.0%	2.7%
Non-Recurring (Expenses) / Revenues	(9.4)	272.9*	263.5	(8.9)	273.4	264.4
Income Tax (34%)	3.2	(92.8)	(89.6)	3.0	(92.9)	(89.9)
Income Tax one-time effects	0.0	156.8	156.8	0.0	156.8	156.8
Net Income	146.3	328.0	474.3	129.7	332.9	462.6
as % of Gross Revenue	3.1%	n.m.	9.8%	2.7%	n.m.	9.6%

*Non-recurring revenues from Onofre include R\$ 357.7 million of negative goodwill gain minus R\$ 84.8 million in other expenses/write-offs.

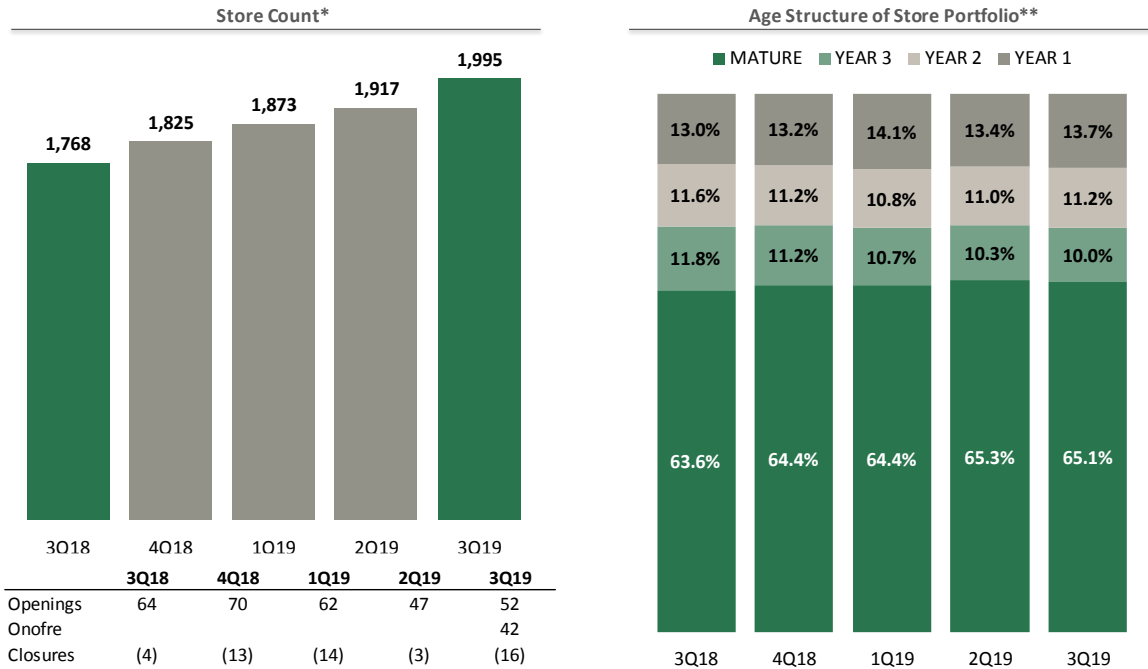
It is also important to mention that the acquisition of Onofre generated tax savings, which were registered in the balance sheet at the incorporation, but which the cash benefits will only materialize over time. We have recorded a deferred income tax gain of R\$ 156.8 million, which will benefit our cash flow over the next 6 years. On the other hand, we recorded a negative goodwill, net of write-offs, that amounted to R\$ 335.0 million, which will generate a cash tax disbursement of 113.9 million over the same period.

Finally, the acquisition increased our fixed asset base and triggered tax shields that will lead to another R\$ 41.5 million in income tax savings over the next years, as we amortize and depreciate those assets.

Income Tax Gains / (Losses) (R\$ million)	3Q19	4Q19	2020	2021	2022	2023	2024	2025+	Total
Deferred Income Tax*	11.6	5.3	17.9	49.8	49.8	17.9	3.9	0.5	156.8
Negative Goodwill	(1.9)	(5.7)	(22.8)	(22.8)	(22.8)	(22.8)	(15.2)	0.0	(113.9)
Asset Depreciation/Amortization	3.2	1.9	7.0	5.8	5.0	3.7	2.5	12.3	41.5
Income Tax Cash Effect, Net	12.9	1.6	2.2	32.8	32.1	(1.2)	(8.8)	12.7	84.3

*Expected conversion schedule of the constituted balance of deferred income tax at the incorporation of Onofre.

STORE DEVELOPMENT



*Among the 16 closures registered in the 3Q19, 3 were temporary. Includes three 4Bio units.

**Stores acquired from Onofre were added to our base as Year 1.

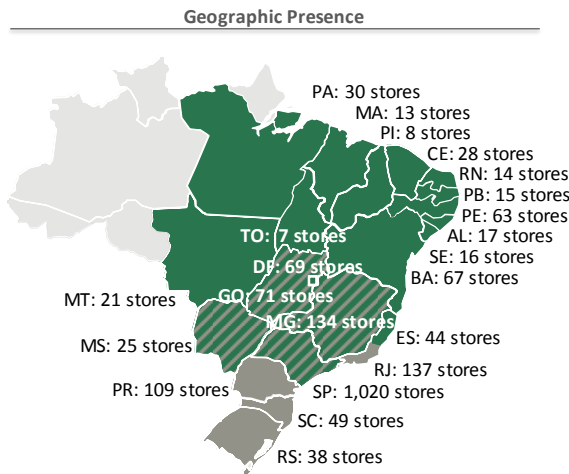
We opened 52 organic stores, added another 42 stores acquired from Onofre, closed 13 stores in the 3Q19 and temporarily suspended 3 stores for rebranding, thus ending the quarter with 1,995 stores. We reiterate our guidance of 240 gross openings per year for 2019 and also for 2020. At the end of the period, 34.9% of our stores were still in the process of maturation (including the ones acquired from Onofre, which were added to our base as new stores) and had not yet reached their full potential both in terms of revenue and of profitability. It is important to mention that the performance of the stores opened this year remains very robust, in line with our historical standards.

We permanently closed 13 stores during the quarter, of which 3 were still in the maturation process, representing corrections of expansion mistakes that are normal in such large-scale expansion, while 10 were mature stores as part of the optimization of our store portfolio, with positive return expectations associated to them.

Our national market share reached 13.3% in the quarter, which represented a 1.7 percentage point increase when compared to the 3Q18. Of this increase, 0.1 percentage point was due to the addition of the 42 Onofre's stores in August and September. This performance continues to showcase the effectiveness of the pricing investments we have made since the 2Q18, especially in generics, and the sharp reversion of the accelerated store opening cycle undertaken by several competitors in 2017 and 2018.

We have increased our market share in the quarter in all six core regions where we operate, driven by our strong mature-store sales growth and by our successful expansion. São Paulo was our main highlight, as we recorded a market share of 25.7%, a 2.5 percentage points increase, including Onofre, and a strong recovery despite the decentralization of our openings to other core regions in recent years.

We have also achieved strong market share gains in the North, where we reached a market share of 3.2%, a 2.3 percentage point gain, and in the Northeast, where we reached a market share of 8.3%, an increase of 2.1 percentage points. Finally, we recorded a market share of 15.4% in the Midwest, an increase of 1.9 percentage point, a market share of 7.9% in the South, an increase of 1.1 percentage point and a market share of 9.2% in the Southeast (excluding São Paulo), an increase of 0.9 percentage point.

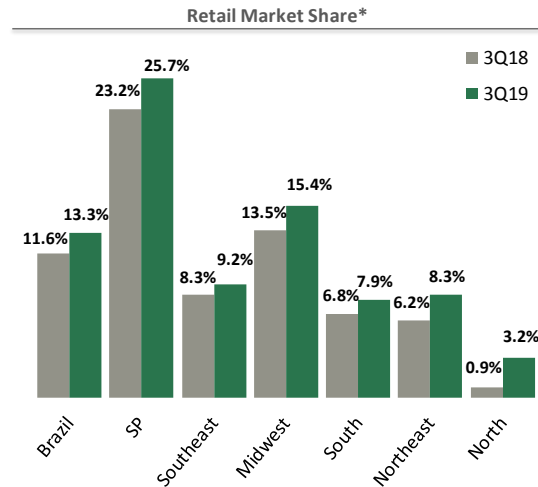


Total: 1,995 stores

- Raia: 885 stores
- Drogasil: 1,107 stores
- * 4Bio: 3 stores

LTM Openings	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
São Paulo	93	82	75	79	76	73	76	67	107
Other States	119	128	137	141	154	167	182	176	166
Total	212	210	212	220	230	240	258	243	273

São Paulo % 43.9% 39.0% 35.4% 35.9% 33.0% 30.4% 29.5% 27.6% 39.2%



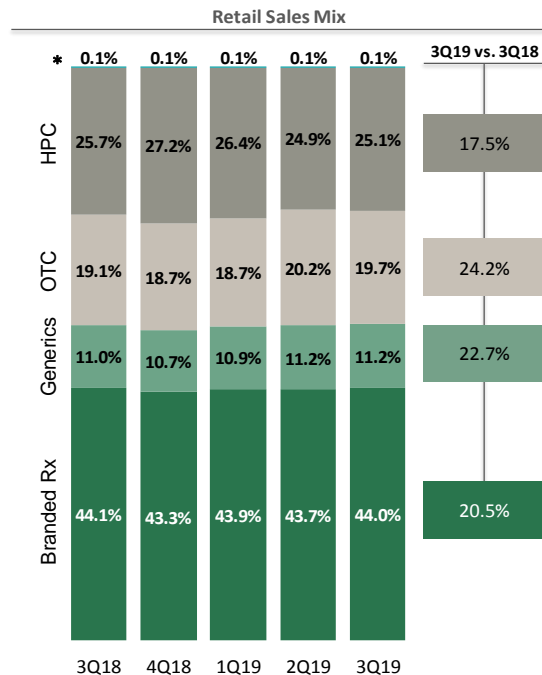
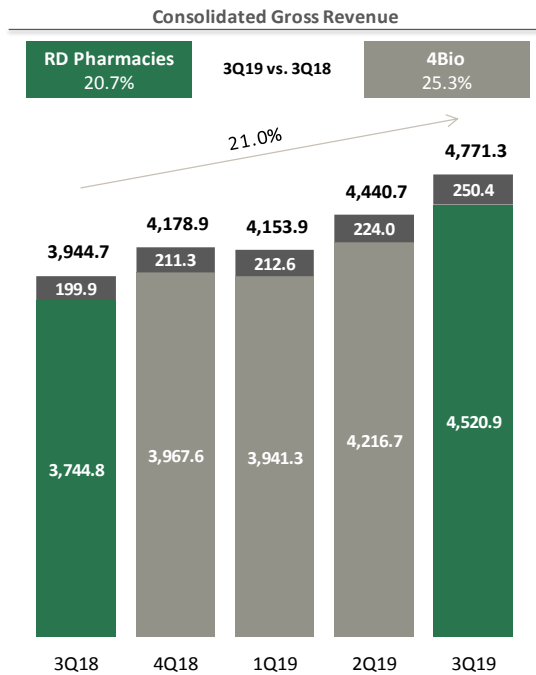
Source: IQVIA.

* Market share calculation includes Onofre's store revenues for August and September

GROSS REVENUES

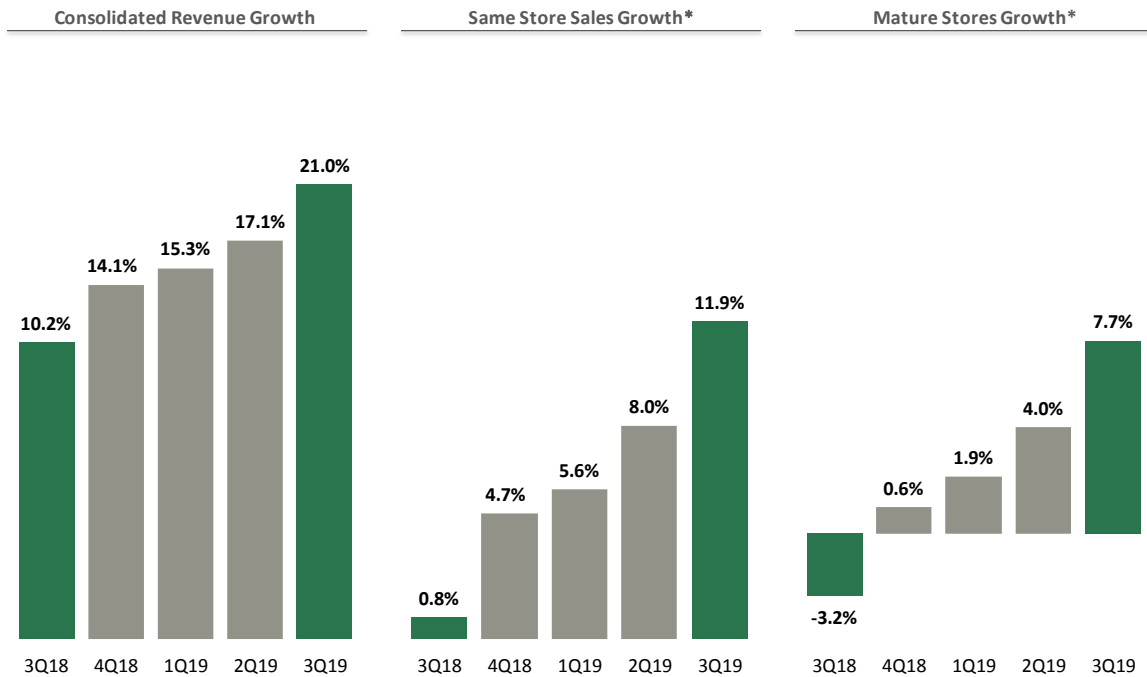
Gross revenues totaled R\$ 4,771.3 million, a 21.0% increase. RD Pharmacies grew 20.7%, while 4Bio grew 25.3%. If we excluded the revenues from the Onofre stores in August and September, RD Pharmacies would still have grown 19.6%.

We posted a strong recovery in Generics, which grew 22.7% and gained 0.2 percentage point in the mix, driven by significant volume growth as a result of our mix and pricing strategy implemented throughout 2018. OTC grew 24.2% and gained 0.6 percentage point in the sales mix, driven by a stronger winter season and new product launches. On the other hand, HPC grew 17.5% with a 0.6 percentage point loss in the sales mix and Branded Rx grew 20.5% and lost 0.1 percentage point in the sales mix.



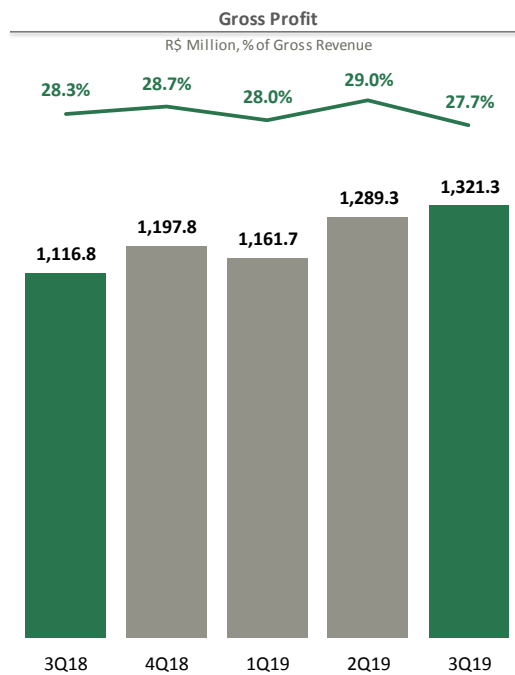
* Services.

Our same store sales growth accelerated to 11.9%, while our mature stores growth reached 7.7%, a real growth of 4.8% and a significant improvement over the previous quarters. These figures do not consider Onofre stores, as those stores entered our base as new openings. Finally, we recorded a positive calendar effect of 0.4% in the quarter.



* RD Pharmacies only.

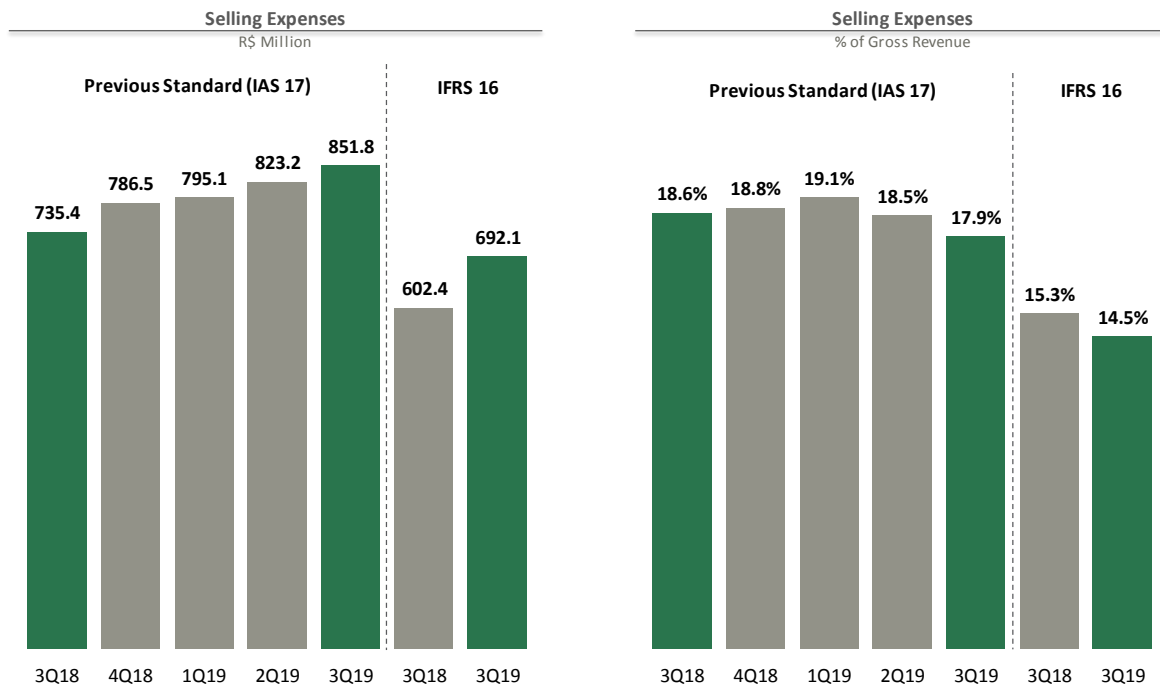
GROSS PROFIT



Our gross margin totaled 27.7%, a 0.6 percentage point pressure. This gross margin pressure reflects a reduction in trade allowances due to the normalization of opportunity purchases, which had peaked in 2018, partially offsetting the aggressive generics pricing and mix strategy that we implemented last year, which has been instrumental to accelerate our market share gains in the more recent quarters.

SELLING EXPENSES

In the 3Q19, selling expenses totaled R\$ 851.8 million, equivalent to 17.9% of gross revenue, a 0.7 percentage point dilution compared to the same quarter of the previous year, mostly due to the strong operating leverage obtained in the quarter.



We recorded a dilution of 0.6 percentage point in personnel, as well as a dilution of 0.2 percentage point from pre-operating expenses and another 0.1 percentage point dilution from other expenses. These gains were partially offset by a pressure of 0.2 percentage point in logistics expenses, mainly due to the opening of three new DCs, including our largest DC in Guarulhos (SP), and to the incremental freight expenses from our expansion into Pará.

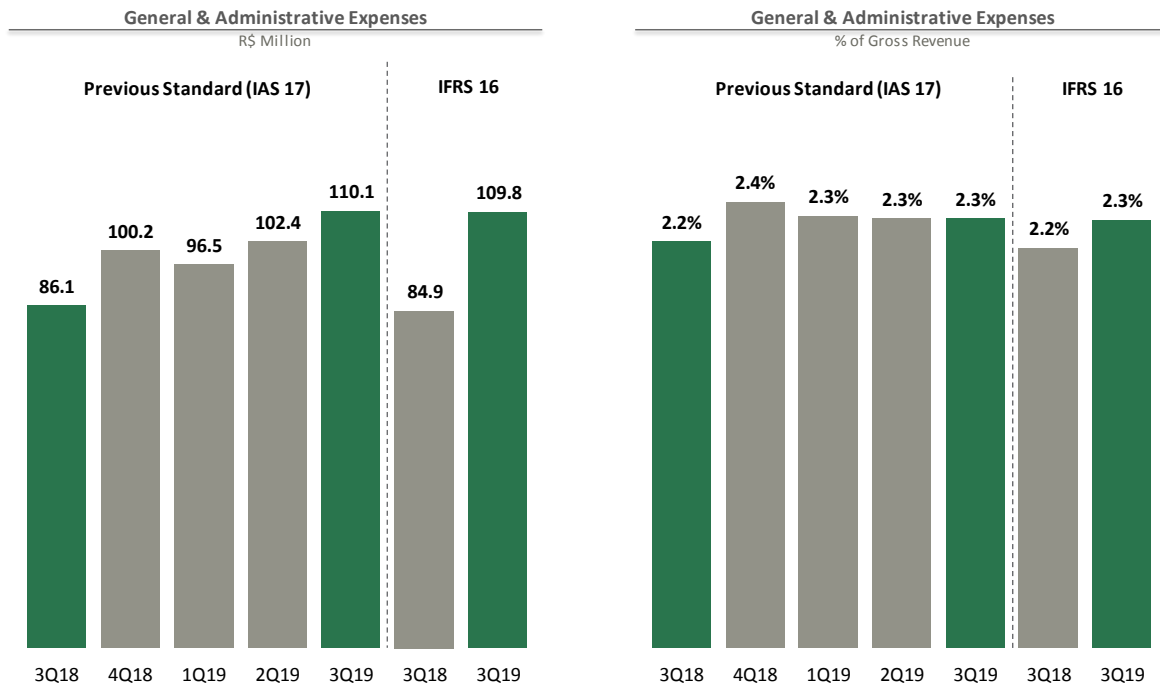
Considering IFRS 16, selling expenses totaled R\$ 692.1 million, equivalent to 14.5% of gross revenue a 0.8 percentage point dilution when compared to the same quarter of the previous year.

GENERAL & ADMINISTRATIVE EXPENSES

G&A expenses amounted to R\$ 110.1 million in the 3Q19, equivalent to 2.3% of gross revenue and a 0.1 percentage point pressure over the 3Q18. This pressure was mainly driven by the lower comp base of the 3Q18, as our G&A expenses, on a percentage basis, are in-line with the previous three quarters.

It is important to mention that our strong revenue growth allowed us to absorb an increase in the variable compensation allowance as well as the investments pursued in our structure to support our digital execution, including the retention of 131 talents from Onofre which will contribute with new capabilities to strengthen our execution.

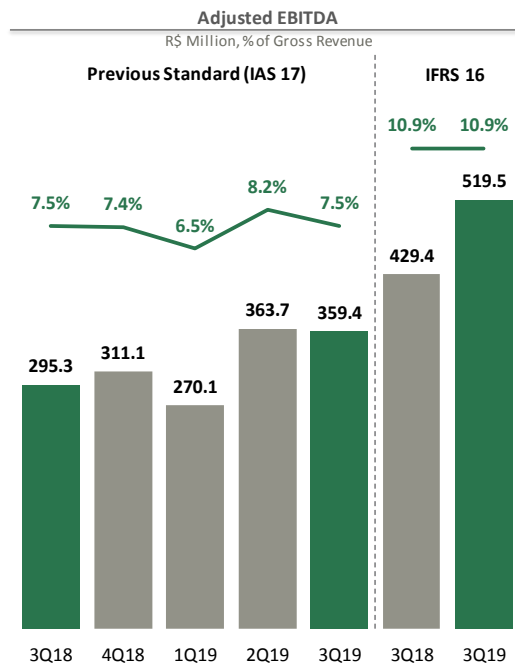
Considering IFRS 16, G&A expenses amounted to R\$ 109.8 million in the 3Q19, equivalent to 2.3% of gross revenue and a 0.1 percentage point pressure over the same period of 2018.



EBITDA

Our adjusted EBITDA reached R\$ 359.4 million in the quarter, an increase of 21.7%, with a margin of 7.5%, in line with the same period of last year.

The SG&A dilution generated from the gains in operating leverage have fully offset the gross margin pressure stemming from the normalization of opportunity buys, which had nearly neutralized in 2018 the margin pressure arising from the significant price investments that we had pursued in that year.



New stores opened in the year, as well as those in the opening process, including the ones acquired from Onofre, have generated a positive contribution to our EBITDA of R\$ 0.8 million in the 3Q18. Therefore, considering only the 1,792 stores in operation since the end of 2018 and the full absorption of logistics, general and administrative expenses by such stores, our EBITDA would have totaled R\$ 358.7 million, equivalent to a margin of 7.9%. Finally, the Onofre stores have already posted a positive EBITDA in the quarter.

RD Pharmacies reached an adjusted EBITDA of R\$ 352.6, an increase of 21.1%, a margin of 7.8% in the 3Q19, in line with the same period of last year. Finally, 4Bio reached an EBITDA of R\$ 6.8 million and a margin of 2.7%, a 0.6 percentage point margin expansion.

Considering the IFRS 16, our adjusted EBITDA reached R\$ 519.5 million. Our EBITDA margin totaled 10.9%, in line with the 3Q18.

We recorded R\$ 9.4 million in non-recurring/non-operating expenses, of which R\$ 6.3 million were due to asset write-offs related to store closures and R\$ 4.5 million were due to restructuring expenses. In addition, we booked R\$ 3.3 million in expenses (R\$ 2.8 million under the IFRS 16 due to the exclusion of fixed rental expenses) due to the relocation of our distribution center in Rio de Janeiro from the countryside to the metropolitan region, which has already started to operate in the quarter and will significantly reduce our local freight costs. These pressures were mitigated by a gain of R\$ 4.6 million in INSS recoveries from previous years.

Finally, we have recorded a non-recurring net result of R\$ 272.9 million related to Onofre. This net result was comprised by a R\$ 357.7 million gain in negative goodwill stemming from Onofre's incorporation, minus R\$ 84.8 million in other net losses. Of these R\$ 84.8 million, R\$ 67.8 million were asset write-offs, which have no cash impact, while R\$ 17.0 million were due to integration expenses, including severance payments and termination fees from suppliers and landlords, which are cash expenses.

We estimate that Onofre's initial net cash position, plus the expected working capital reductions, the proceeds from the sales of commercial properties and the expected tax recoveries, net of the assumed contingencies, integration expenses and operating losses projected for the whole year, will generate a cash surplus in excess of R\$ 150 million.

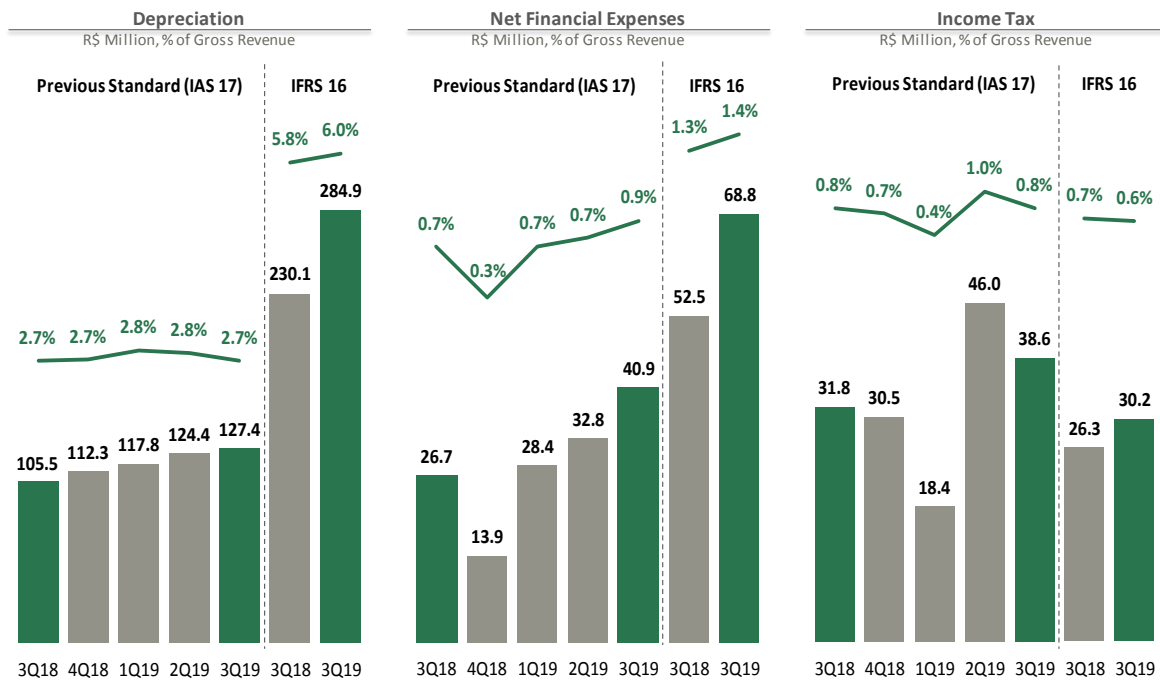
EBITDA Reconciliation (R\$ million)	IAS 17		IFRS 16	
	3Q19	3Q18	3Q19	3Q18
Net Income	465.2	128.8	453.5	118.2
(+) Income Tax	(17.0)	30.6	(22.7)	25.1
(+) Financial Result	32.9	26.7	61.1	52.5
EBIT	481.1	186.2	491.9	195.9
(+) Depreciation and Amortization	131.8	105.5	283.5	230.1
EBITDA	612.9	291.7	775.5	425.9
(+) Asset Write-off	6.3	1.3	6.3	1.3
(+) Restructuring Expenses	4.5	2.2	4.5	2.2
(+) Distribution Center Closure - Barra Mansa	3.3		2.8	
(-) INSS credits from previous years	(4.6)		(4.6)	
Non-recurring / non-operating Expenses - RD	9.4	3.5	8.9	3.5
(-) Negative Goodwill Gain	(357.7)		(357.7)	
(+) Other Net Operating Losses	84.8		84.3	
Non-recurring / non-operating Expenses - Onofre	(272.9)		(273.4)	
Total non-recurring / non-operating Expenses	(263.5)	3.5	(264.4)	3.5
(-) EBITDA non-integrated operations	10.0		8.5	
Adjusted EBITDA	359.4	295.3	519.6	429.4

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

Depreciation expenses amounted to R\$ 127.4 million in the 3Q19, equivalent to 2.7% of gross revenue, in line with the 3Q18. Considering the IFRS 16, Depreciation totaled R\$ 284.9 million, equivalent to 6.0% of gross revenue, a 0.2 percentage point increase.

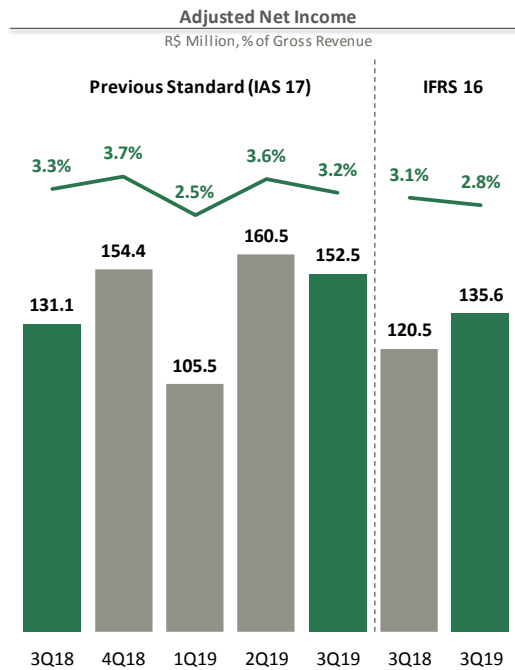
Net financial expenses represented 0.9% of revenues, a 0.2 percentage point increase versus the 3Q18. Of the R\$ 40.9 million recorded in the quarter, R\$ 15.7 million refers to the NPV adjustment while other R\$ 8.0 million refers to interests on the options to acquire the remaining 45% of 4Bio. Excluding the NPV adjustments and the expenses related to the option to acquire 4Bio, the interest accrued on net debt amounted to R\$ 17.2 million, equivalent to 0.4 percentage point of revenues and a 0.1 percentage point pressure versus the 3Q18. Under the IFRS 16, net financial expenses totaled R\$ 68.8 million, equivalent to 1.4% of gross revenue, a 0.1 percentage point pressure.

Finally, we booked R\$ 38.6 million in income taxes, equivalent to 0.8% of gross revenue, in line with the 3Q18. Under the IFRS 16, accrued income taxes totaled R\$ 30.2 million, equivalent to 0.6% of gross revenue, a 0.1 percentage point dilution. The IFRS 16 does not change the effective tax base, as the mismatch between the "cash" and the accrued income taxes is booked as a deferred asset.



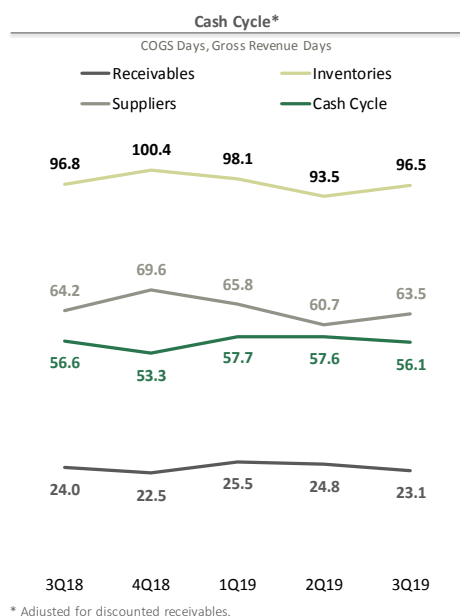
NET INCOME

The adjusted net income totaled R\$ 152.5 million in the quarter, a 16.3% increase over the same period of the previous year. We achieved a net margin of 3.2%, a 0.1 percentage point pressure over the 3Q18. Under the IFRS 16, net income totaled R\$ 135.6 million, a net margin of 2.8% and a 0.3 percentage point pressure.



CASH CYCLE

Our cash cycle in the 3Q19 was 0.5 day lower when compared to the same period of the previous year. Inventories decreased by 0.3 day, while accounts payable decreased by 0.7 day. Lastly, receivables decreased by 0.9 day reflecting a more favorable calendar in the end of September when compared to the same period of 2018.



CASH FLOW

In the 3Q19, we recorded a free cash flow of R\$ 120.7 million, and a total cash generation of R\$ 113.8 million.

Cash Flow (R\$ million)	IAS 17		IFRS 16	
	3Q19	3Q18	3Q19	3Q18
Adjusted EBIT	217.6	189.7	234.6	199.4
NPV Adjustment	(17.4)	(12.7)	(17.4)	(12.7)
Non-Recurring Expenses	263.5	(3.5)	263.5	(3.5)
Income Tax (34%)	(157.7)	(59.0)	(163.4)	(62.3)
Depreciation	131.8	105.5	283.5	230.1
Rental Expenses	-	-	(169.6)	(137.7)
Others	1.9	4.5	8.5	11.3
Resources from Operations	439.7	224.6	439.7	224.6
Cash Cycle*	(38.9)	(39.1)	(38.9)	(39.1)
Other Assets (Liabilities)**	(138.5)	6.9	(138.5)	6.9
Operating Cash Flow	262.2	192.4	262.2	192.4
Investments	(141.5)	(191.7)	(141.5)	(191.7)
Free Cash Flow	120.7	0.7	120.7	0.7
Income Tax Paid over Interest on Equity	(7.9)	(7.1)	(7.9)	(7.1)
Net Financial Expenses***	(25.2)	(14.8)	(25.2)	(14.8)
Income Tax (Tax benefit over financial expenses and interest on equity)	26.3	22.7	26.3	22.7
Total Cash Flow	113.8	1.4	113.8	1.4

*Includes adjustments for discounted receivables.

**Includes adjustments for the incorporation of Onofre's assets and liabilities.

***Excludes NPV adjustments and Interest over Leases.

Resources from operations amounted to R\$ 439.7 million, equivalent to 9.1% of consolidated gross revenue, mainly due to non-recurring gains arising from Onofre incorporation, which were partially offset by a consumption of R\$ 138.5 million in other assets and liabilities and a working capital investment of R\$ 38.9 million, amounting to a total operating cash flow of R\$ 262.2 million.

Of the R\$ 141.5 million invested in the quarter, R\$ 89.7 million corresponded to new store openings, R\$ 22.6 million to the renovation or expansion of existing stores and R\$ 29.2 million to investments in infrastructure.

Net financial expenses totaled R\$ 25.2 million in the quarter, excluding NPV adjustments. These were partially offset by the R\$ 26.3 million tax shield related to the net financial expenses and to the interest on equity accrued in the period, which shall be paid in the following quarters.

We accrued R\$ 52.0 million in interest on equity in the 3Q19 through the full usage of the legal interest on equity limit. This reflects a payout of 35.6% over the Net Income, excluding the impacts from Onofre.

INDEBTEDNESS

At the end of the quarter, we recorded an adjusted net financial debt position of R\$ 876.9 million, versus R\$ 681.5 million recorded in the same period of 2018. The Adjusted Net Debt to EBITDA totaled 0.7x, 0.1x higher than the same period of last year due to the significant investment undertaken over the last twelve months.

This net financial debt includes R\$ 46.2 million in liability related to the exercise of the put options granted and/or call options obtained for the acquisition of the remaining 45% minority stake of 4Bio. This liability reflects the estimated valuation of 4Bio considering the amendment to 4Bio's purchase and sale agreement, as announced to the market in September 24, 2019, which will now occur in two different stages: the 1st call/put option on 2/3 of the remaining shares (30% of total 4Bio shares) exercisable in 2021; and the 2nd call/put option on 1/3 of the remaining shares (15% of total 4Bio shares) exercisable in 2024. Other conditions of the agreement remain unchanged. The estimated valuation of 4Bio will be revisited every year-end to reflect changes in the financial outlook of the Company.

Net Debt	3Q19	2Q19	1Q19	4Q18	3Q18
<i>(R\$ million)</i>					
Short-term Debt	247.5	274.7	280.8	272.9	237.2
Long-term Debt	989.9	705.0	797.5	570.2	665.9
Total Gross Debt	1,237.4	979.7	1,078.3	843.1	903.1
(-) Cash and Equivalents	406.7	145.4	243.6	241.6	273.6
Net Debt	830.7	834.3	834.7	601.6	629.6
Discounted Receivables	-	118.3	65.9	97.0	0.2
Put/Call options to acquire 4Bio (estimated)	46.2	38.2	37.3	36.4	51.7
Adjusted Net Debt	876.9	990.8	937.9	735.0	681.5
Adjusted Net Debt / EBITDA	0.7x	0.8x	0.8x	0.6x	0.6x

Our gross financial debt totaled R\$ 1,237.4 million, of which 9.3% correspond to BNDES (Brazilian Economic and Social Development Bank) lines, 90.5% correspond to the debentures issued in 2017, 2018 and 2019, as well as a Certificate of Real Estate Receivables, and 0.2% corresponds to other debts. Of our total debt, 80.0% is long-term, while 20.0% relates to its short-term parcels. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 406.7 million.

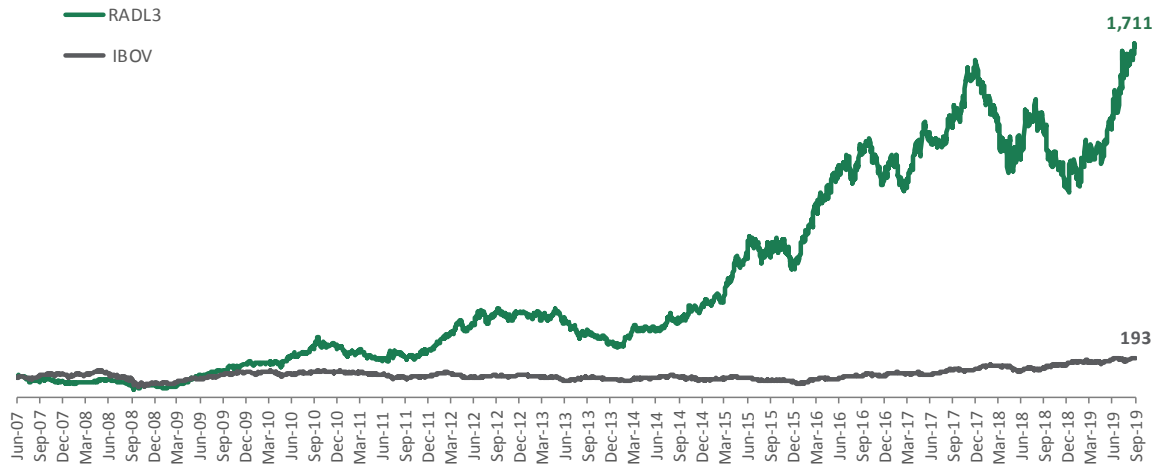
Under the IFRS 16, we have also recognized an additional liability of R\$ 3,710.8 million in both current and non-current lease obligations. It is important to mention that under Brazilian real estate law, any normal lease contract can be unilaterally rescinded by the Company by paying the landlord a compensation equivalent of 3 months of rental.

TOTAL SHAREHOLDER RETURN

Our share price increased by 25.9% in the 3Q19 versus a 3.7% increase of the Ibovespa. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,610.9% versus a return of only 92.6% for the Ibovespa. Considering the IPO of Raia in December of 2010, the cumulative return amounted to 577.7% versus an increase of only 54.1% of the Ibovespa. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 27.9%.

We recorded an average daily trading volume of R\$ 76.7 million in the quarter.

Share Appreciation



Combined Adjusted Income Statement
(R\$ thousand)

	IAS 17		IFRS 16	
	3Q18	3Q19	3Q18	3Q19
Gross Revenue	3,944,677	4,771,280	3,944,677	4,771,280
Taxes, Discounts and Returns	(187,863)	(232,344)	(187,863)	(232,344)
Net Revenue	3,756,814	4,538,936	3,756,814	4,538,936
Cost of Goods Sold	(2,640,038)	(3,217,586)	(2,640,038)	(3,217,586)
Gross Profit	1,116,776	1,321,350	1,116,776	1,321,350
Operating (Expenses) Revenues				
Selling	(735,403)	(851,825)	(602,406)	(692,058)
General and Administrative	(86,123)	(110,118)	(84,942)	(109,754)
Other Operating Expenses, Net				
Operating Expenses	(821,525)	(961,943)	(687,348)	(801,812)
EBITDA	295,250	359,407	429,428	519,538
Depreciation and Amortization	(105,518)	(127,447)	(230,056)	(284,935)
Operating Earnings before Financial Results	189,732	231,959	199,372	234,603
Financial Expenses	(46,218)	(62,146)	(72,007)	(90,348)
Financial Revenue	19,468	21,222	19,468	21,521
Financial Expenses/Revenue	(26,750)	(40,924)	(52,539)	(68,827)
Earnings before Income Tax and Social Charges	162,982	191,035	146,833	165,776
Income Tax and Social Charges	(31,834)	(38,559)	(26,339)	(30,216)
Net Income	131,148	152,476	120,494	135,560

Combined Income Statement
(R\$ thousand)

	IAS 17		IFRS 16	
	3Q18	3Q19	3Q18	3Q19
Gross Revenue	3,944,677	4,771,280	3,944,677	4,771,280
Taxes, Discounts and Returns	(187,863)	(232,344)	(187,863)	(232,344)
Net Revenue	3,756,814	4,538,936	3,756,814	4,538,936
Cost of Goods Sold	(2,640,038)	(3,217,586)	(2,640,038)	(3,217,586)
Gross Profit	1,116,776	1,321,350	1,116,776	1,321,350
Operating (Expenses) Revenues				
Selling	(735,403)	(851,825)	(602,406)	(692,058)
General and Administrative	(86,123)	(110,118)	(84,942)	(109,754)
Other Operating Expenses, Net	(3,502)	(9,439)	(3,502)	(8,939)
Operating Expenses	(825,027)	(971,382)	(690,850)	(810,751)
EBITDA	291,748	349,968	425,926	510,599
Depreciation and Amortization	(105,518)	(127,447)	(230,056)	(284,935)
Operating Earnings before Financial Results	186,230	222,521	195,870	225,664
Financial Expenses	(46,218)	(62,146)	(72,007)	(90,348)
Financial Revenue	19,468	21,222	19,468	21,521
Financial Expenses/Revenue	(26,750)	(40,924)	(52,539)	(68,827)
Earnings before Income Tax and Social Charges	159,480	181,597	143,331	156,837
Income Tax and Social Charges	(30,643)	(35,350)	(25,149)	(27,177)
Net Income	128,837	146,247	118,182	129,661

Assets (R\$ thousand)	IAS 17		IFRS 16	
	3Q18	3Q19	3Q18	3Q19
Current Assets				
Cash and Cash Equivalents	273,555	406,681	273,555	406,681
Accounts Receivable	1,041,121	1,231,392	1,041,121	1,231,392
Inventories	2,806,902	3,462,288	2,806,902	3,462,288
Taxes Receivable	75,027	188,519	75,047	186,639
Other Accounts Receivable	169,396	202,427	169,268	202,322
Anticipated Expenses	29,574	37,133	29,574	37,133
	<u>4,395,575</u>	<u>5,528,440</u>	<u>4,395,468</u>	<u>5,526,454</u>
Non-Current Assets				
Deposit in Court	33,369	28,318	33,369	28,318
Taxes Receivable	38,880	55,532	38,880	55,532
Other Credits	2,599	329,432	1,904	330,801
Property, Plant and Equipment	1,446,532	1,761,702	4,918,810	5,394,511
Intangible	1,199,306	1,246,910	1,199,306	1,246,910
	<u>2,720,685</u>	<u>3,421,893</u>	<u>6,192,269</u>	<u>7,056,072</u>
ASSETS	<u>7,116,260</u>	<u>8,950,332</u>	<u>10,587,736</u>	<u>12,582,526</u>

Liabilities and Shareholder's Equity (R\$ thousand)	IAS 17		IFRS 16	
	3Q18	3Q19	3Q18	3Q19
Current Liabilities				
Suppliers	1,862,896	2,279,946	1,862,896	2,279,946
Financial Leases Payable	0	0	520,285	557,999
Loans and Financing	237,205	247,469	237,205	247,469
Salaries and Social Charges Payable	288,636	346,202	288,636	346,202
Taxes Payable	82,483	146,494	82,483	99,022
Dividend and Interest on Equity	134,419	140,601	134,419	140,601
Provision for Lawsuits	286	22,522	286	22,522
Other Accounts Payable	122,614	160,043	96,000	127,925
	<u>2,728,540</u>	<u>3,343,278</u>	<u>3,222,212</u>	<u>3,821,688</u>
Non-Current Liabilities				
Loans and Financing	665,921	989,945	665,921	989,945
Financial Leases Payable	0	0	3,031,662	3,152,811
Provision for Lawsuits	6,439	60,843	6,439	60,843
Income Tax and Social Charges deferred	256,905	183,696	238,599	166,354
Other Accounts Payable	63,599	333,050	63,599	385,336
	<u>992,865</u>	<u>1,567,534</u>	<u>4,006,221</u>	<u>4,755,289</u>
Shareholder's Equity				
Common Stock	1,808,639	2,500,000	1,808,639	2,500,000
Capital Reserves	113,518	126,572	113,518	126,572
Revaluation Reserve	12,066	11,892	12,066	11,892
Income Reserves	1,228,149	830,713	1,228,149	830,713
Accrued Income	232,247	558,128	196,712	524,168
Equity Adjustments	(30,230)	(30,230)	(30,230)	(30,230)
Non Controller Interest	30,467	42,446	30,450	42,435
	<u>3,394,855</u>	<u>4,039,521</u>	<u>3,359,303</u>	<u>4,005,549</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>7,116,260</u>	<u>8,950,332</u>	<u>10,587,736</u>	<u>12,582,526</u>

	IAS 17		IFRS 16
	3Q18	3Q19	3Q19
Cash Flow <i>(R\$ thousand)</i>			
Earnings before Income Tax and Social Charges	159,480	441,066	423,678
Adjustments			
Depreciation and Amortization	105,518	131,753	283,527
Compensation plan with restricted shares, net	3,186	3,766	3,766
Interest over additional stock option	1,425	8,043	8,043
P,P&E and Intangible Assets residual value	2,751	13,680	32,739
Provisioned Lawsuits	(572)	(4,201)	(4,201)
Provisioned Inventory Loss	(1,105)	68	68
Provision for Doubtful Accounts	268	(1,079)	(1,079)
Provisioned Store Closures	0	(2,964)	(2,964)
Interest Expenses	16,107	20,019	20,019
Debt Issuance Costs Amortization	513	646	646
Interest Expenses - Financial Leases	0	0	28,161
Gains from business combination	0	(359,035)	(350,397)
	287,571	251,762	442,006
Assets and Liabilities variation			
Clients and Other Accounts Receivable	(68,462)	(72,680)	(72,574)
Inventories	(164,998)	(357,370)	(357,370)
Other Short Term Assets	(2,545)	117,511	117,553
Long Term Assets	(43,393)	(328,619)	(328,618)
Suppliers	192,339	272,866	272,866
Salaries and Social Charges	34,413	33,535	33,535
Taxes Payable	4,011	(13,147)	(3,898)
Other Liabilities	6,027	21,637	21,637
Rents Payable	5,497	716	3,419
Cash from Operations	250,460	(73,789)	128,556
Interest Paid	(2,874)	(9,776)	(9,776)
Income Tax and Social Charges Paid	(41,308)	(64,708)	(64,708)
Interest Paid - Financial Leases	0	0	(28,161)
Net Cash from (invested) Operational Activities	206,278	(148,273)	25,911
Investment Activities Cash Flow			
Cash acquired from business combination	0	283,685	283,685
P,P&E and Intangible Acquisitions	(191,737)	(141,953)	(143,753)
P,P&E Sale Payments	3	423	406
Net Cash from Investment Activities	(191,734)	142,155	140,338
Financing Activities Cash Flow			
Funding	6,373	362,644	362,367
Payments	(28,613)	(95,182)	(115,553)
Interest on Equity and Dividends Paid	(3)	(49)	(49)
Financial Lease Payments	0	0	(151,718)
Net Cash from Funding Activities	(22,243)	267,413	95,047
Cash and Cash Equivalents net increase	(7,699)	261,295	261,295
Cash and Cash Equivalents in the beginning of the period	281,254	145,387	145,387
Cash and Cash Equivalents in the end of the period	273,556	406,683	406,683

3Q19 Results Conference Calls – October 30, 2019

Portuguese

at 10:00 pm (Brasília)

Dial in access:
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Replay (available for 7 days):
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at 12:30 pm (Brasília)

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