RaiaDrogasil

EARNINGS RELEASE 2014

São Paulo, February 26th, 2015. Raia Drogasil S.A. (BM&FBovespa: RADL3) announces today its results for the 4th quarter of 2014 (4Q14) and for the fiscal year of 2014. The consolidated financial statement of Raia Drogasil S.A. for the period ended December 31st, 2014 was prepared in accordance with IFRS and was reviewed by our independent auditors in accordance with Brazilian and international standards of auditing. Such financial statement was prepared in Reais and all growth rates are related to the same period of 2013.

As a result of the creation of RaiaDrogasil, we incurred both in 2014 and in 2013 on non-recurring expenses related to the integration. To facilitate a better understanding of our operating performance, we supplementally present adjusted results for 2014 and 2013 excluding the effects of non-recurring expenses.

In April and in May of 2013 we recorded a reduction in social charges on labor, a line which was classified as part of Taxes, Discounts and Returns since it was calculated as a percentage of revenues. In order to maintain historical comparability, we reclassified such charges to Sales Expenses.

HIGHLIGHTS:

- **Drugstores: 1,091 stores in operation (131 openings and 11 closures in 2014)**
- **Gross Revenues: R$ 7.7 billion, 18.5% of growth (11.4% for same-store sales)**
- **Gross Margin: 27.6% of gross revenues, a 0.8 percentage point margin increase**
- **Adjusted EBITDA: R$ 506.2 million, an EBITDA margin of 6.6% and an increase of 41.8%**
- **Adjusted Net Income: R$ 270.4 million, a net margin of 3.5% and an increase of 53.8%**
- **Cash Flow: R$ 55.1 million positive free cash flow, R$ 2.9 million total cash flow**
- **ROIC: 15.0%, an increase of 4.7%**

RADL3: **R$ 28.05/share**

Number of Shares: **330,386,000**

Market Cap: **R$ 9,267 million**

Closing: **February 25th, 2015**

IR Contacts:

Eugênio De Zagottis
Gabriel Rozenberg
Corina Steindler

Phone: +55 11 3769-7159

E-mail: ri@raiadrogasil.com.br

Summary	2013	2014	4Q13	1Q14	2Q14	3Q14	4Q14
(R$ thousand)							
# of Stores (end of period)	967	1,091	967	986	1,015	1,045	1,091
Store Openings	131	131	41	18	29	33	51
Store Closures	(24)	(11)	(4)	(1)	(2)	(3)	(5)
Net Reopenings/(Suspensions)	(4)	4	(1)	2	2	0	0
# of Stores (average)	902	1,020	950	977	1,003	1,031	1,067
Head Count	21,482	23,675	21,482	21,578	22,090	22,753	23,675
Pharmacist Count	3,322	3,927	3,322	3,451	3,587	3,747	3,927
# of Tickets	133,923	145,510	34,803	34,078	36,078	37,536	37,818
Gross Revenues	6,464,103	7,658,890	1,738,649	1,718,910	1,856,576	1,990,328	2,093,076
Gross Profit (Adjusted)	1,732,297	2,110,192	464,412	462,109	522,254	548,200	577,629
% of Gross Revenues	26.8%	27.6%	26.7%	26.9%	28.1%	27.5%	27.6%
EBITDA (Adjusted)	357,035	506,168	96,607	87,323	131,295	139,947	147,603
% of Gross Revenues	5.5%	6.6%	5.6%	5.1%	7.1%	7.0%	7.1%
Net Income (Adjusted)	175,810	270,431	48,067	40,720	73,820	80,494	75,397
% of Gross Revenues	2.7%	3.5%	2.8%	2.4%	4.0%	4.0%	3.8%
Net Income	100,985	221,386	27,818	29,131	62,120	67,979	62,157
% of Gross Revenues	1.6%	2.9%	1.6%	1.7%	3.3%	3.4%	3.1%
Free Cash Flow	90,676	55,086	73,552	(118,953)	52,571	25,461	96,006

IBRX IBRA IGCT ITAG IGC ICON MLCX RADL3 NOVO MERCADO BM&FBOVESPA

LETTER TO OUR SHAREHOLDERS

Fiscal 2014 represented a landmark year for Raia Drogasil, the first year in which we operated as a fully unified Company. The successful conclusion of our integration empowered us to start sharing our unique assets and capabilities across our two iconic brands, fulfilling the vision that guided the formation of Raia Drogasil three years ago. As a result, we achieved a leap in execution, in customer service, and in value creation to our shareholders.

On February 28th, 2014, we concluded the integration of our systems and processes by rolling-out our new, unified ERP to all our stores and distribution centers. This allowed us to deploy advanced, proprietary functionalities, such as in pricing, promotions, inventory management and in CRM, which resulted in better service to our clients and in enhanced productivity for the Company. Additionally, we also unified our logistics operations and employed our fully-integrated supply chain network at the service of both our brands, which resulted in a reduction in shipping distances, route overlaps and delivery lead-times, as well as in increased delivery frequency to our stores, allowing us to reduce both our costs and stock-outs. We believe there will be further gains to be realized as we conclude the unification of our store POS system and deploy other value-creating functionalities to better service our customers.

We ended the year with R$ 7.7 billion in gross revenues, an 18.5% growth when compared to 2013, which is a testament both to the defensive nature of our industry as well as to the improvements we achieved in our execution. We opened 131 stores for the second consecutive year and closed 11 stores. Over the last five years, we opened a total of 569 stores, an unparalleled growth pace in the Brazilian drugstore industry. Our organic expansion, coupled with our same-store sales growth, generated a revenue increase of R$ 1.2 billion in 2014, approximately the total revenues of the eighth largest drugstore chain in the market, which further consolidated our leadership of the Brazilian drugstore market. We highlight our successful expansion in the Northeast, where we opened 22 new stores and entered into five new states in 2014. We reiterate our guidance of 130 new store openings for 2015 and our belief in being able to sustain significant growth for many years to come.

Our EBITDA totaled R$ 506.2 million, an increase of 41.8% over 2013. The EBITDA margin reached 6.6%, a 1.1 percentage point expansion when compared to 2013. Adjusted net income amounted to R$ 270.4 million, a net margin of 3.5%. We generated a free cash flow of R$ 55.1 million and total cash flow of R$ 2.9 million, our second consecutive year of positive free and total cash generation. Cash flow from operations totaled R$ 326.1 million, of which R$ 271.0 million were invested in fixed assets with strong financial discipline by seeking marginal returns consistent with our track record. As a result, our ROIC reached 15.0%, a 4.7 percentage point increase over 2014, and is expected to grow further in the future both through productivity gains and through the maturation of our store portfolio. Finally, we posted a Total Shareholder Return of 72.4%, stemming from a 71.5% share appreciation in the year and a dividend yield of 0.5%.

Our emphasis in execution goes beyond the integration: we are undertaking a bold store renovation program (218 stores in 2014 and 250 scheduled for 2015), and significantly strengthened pricing, product assortment and merchandising at Drogasil, analyzed our store processes and systems, identified gaps for reengineering, and strengthened our corporate structure in vital areas like category management and human resources. At the corporate level, we followed on with a rigorous cost management program and launched a restricted shares program to incentivize our key executives and align interests with shareholders.

Over the last three years, the focus of Raia Drogasil was in concluding the integration and in advancing both our brands to the best existing standard of execution. While we recognize there is still improvement opportunities, especially as regarding the new functionalities to be deployed through the unification of our POS systems, our new management agenda that starts in 2015 will be driven by innovation and capability-building, aiming at pushing the envelope of our execution. We have defined four strategic pillars that will allow us to create new differentials to the Company and to deliver better value to our Customers: ***Expanding Organically, Introducing New Formats, Enhancing Category Management and Shopping Experience, and Engaging, Analyzing and Potentializing Customers***.

As we redefine the limits of our execution and work on an ambitious strategic agenda, we are laying the foundation that will empower us to push forward the consolidation of the Brazilian drugstore industry as well as to sustain the prosperity cycle that started in 2014.

CHALLENGES FOR 2015

In spite of our strong performance in 2014, we have much bigger ambitions for the future of our Company. Raia and Drogasil have in their DNA two important elements, which combination can trigger another leap in performance: ***Execution*** and ***Innovation***. In the initial three years after the merger, the focus was solely on execution, aiming at advancing both our brands to the best existing standard of operation. Starting in 2015, our focus has shifted to innovation, by creating new differentials and building new capabilities in order to redefine the limits of our execution and the value creation to our customers and shareholders.

Therefore, we have established three main priorities:

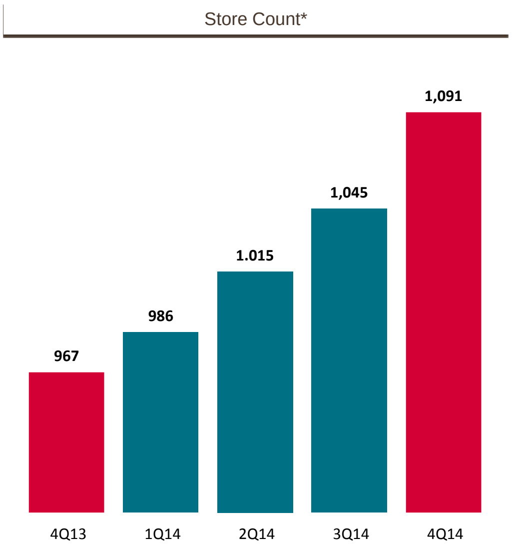
Implement our New Strategic Plan: In 2014, we developed a strategic plan for the next five years that aligns execution and innovation across four different pillars: ***Expanding Organically, Introducing New Formats, Enhancing Category Management and Shopping Experience, and Engaging, Analyzing and Potentializing Customers***. Regarding the expansion, our industry leadership, brand awareness and execution, together with the existing presence in 17 states that account for 89% of the Brazilian pharmaceutical market, enable us to lead the consolidation of our industry. With respect to new formats, the immediate challenge is to consolidate Farmasil as a viable growth lever for the future. Category management and CRM affect our relationship with consumers and their relationship to our stores. We have hundreds of the best corners in Brazil, loyalty programs which customers account for 78% of our revenues and a contact point at the pharmacy counter that allow us to identify and interact with consumers *during* their shopping experience, something that only e-commerce players are generally capable of. Our challenge is in leveraging those assets to potentialize customer experience by improving our store look and feel, product assortment, merchandising, pricing and promotions, employing data and science to drive customer delight and loyalty. We signed an exclusive partnership agreement with Dunnhumby, a leading global Data Science company that will support us in mining our extensive databases to better support our decisions. These strategies can have a significant impact in boosting our growth and margins in the years to come.

Attract, Develop, Engage and Retain People: The implementation of our strategy depends entirely on our capacity of developing competent and engaged employees, who are ready to lead or operate new stores and to service consumers in a courteous and professional way. Its main foundation lies in strengthening operating processes like hiring, training, evaluating and promoting. Until recently, we had execution gaps that we filled through improvements in the Human Resources structure and management. Our main long-term challenge is creating and consolidating a unified and winning culture, which is especially important for a Company recently formed through a merger of equals. The first pillar is offering Growth Opportunities, engaging and retaining the best professionals by challenging them to ascend professionally. This relies on an attractive career program, with robust training, evaluation and promotion processes, as well as on meritocracy, which is driven by objective and transparent career decisions that follow a clear set of criteria. The second pillar is Sense of Purpose, the belief by our employees that their work serves a higher cause, which creates pride and commitment. This can be achieved through the dissemination of firm and real values and beliefs held by the Organization. The creation of a winning culture is a long-term process, but one that can be transformational for Raia Drogasil.

Increase Returns to Shareholders: Our financial strategy is based on the following pillars: Flexibility, Discipline, Reinvestment and Returns to Shareholders. Flexibility derives from a strong balance sheet and positive free cash flows. Discipline is grounded on IRR-driven decision-making and on regular assessments of investment decisions. These pillars serve the business by funding value-creating strategies and serve shareholders by progressively increasing the ROIC, distribution and Total Return to Shareholders. Our challenge is balancing those variables across time, since growth distorts ROIC and limit distributions in the short term. Our ROIC has been historically low due to our aggressive growth, but would abruptly increase if we ceased to open new stores, for example. Even with that distortion, our ROIC has progressively grown, reaching 15.0% in 2014, and our goal for the coming years is to climb further steps by maintaining aggressive but disciplined investments, generating positive free cash flows and increasing our ROIC. By managing them harmonically, these pillars will allow us to maximize Total Returns to Shareholders in the longer term.

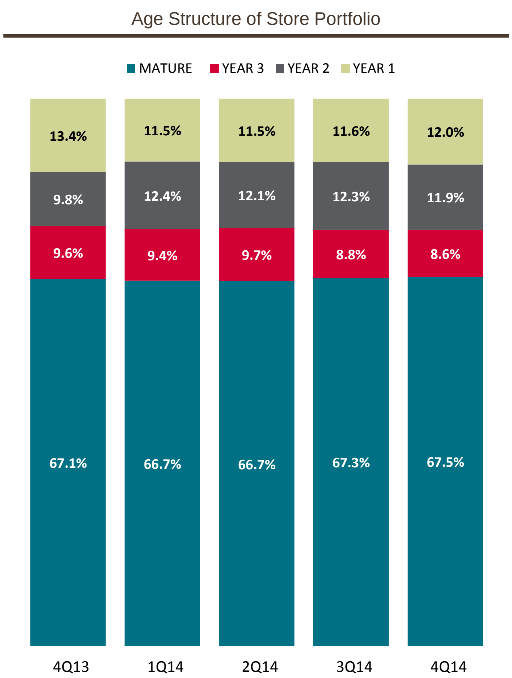
STORE DEVELOPMENT

We opened 131 new stores and closed 11 in 2014, ending the year with 1,091 stores in operation, including the reopening of four stores that had been temporarily suspended.



	4Q13	1Q14	2Q14	3Q14	4Q14
Opened	41	18	29	33	51
Closed	(4)	(1)	(2)	(3)	(5)
Reopenings/(Suspentions)	(1)	2	2	0	0

* Does not include suspended stores. which have been temporarily closed to be rebranded.



At the end of the period, 32.5% of our stores were still in the process of maturation, and had not yet reached their full potential in terms of revenues and profitability

Our comparable national market share reached 9.9%, a 0.5 percentage point increase when compared to 2013. Our market share figures have been adjusted by IMS Health to exclude new informants to preserve historical comparability. Considering the inclusion of new informants, our national market share totaled 9.7%.

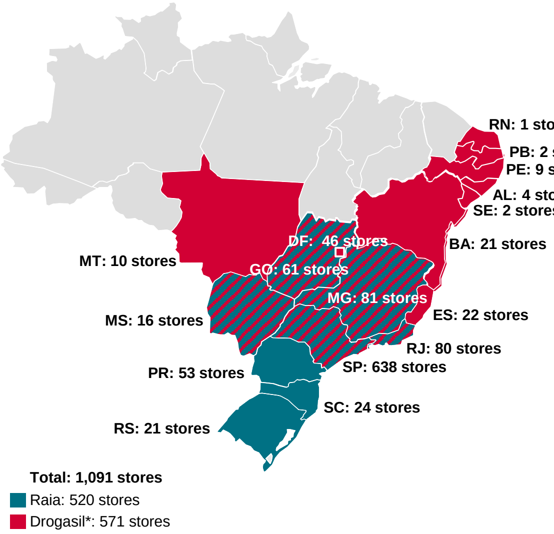
We have increased our comparable market share in all our regions. São Paulo was our main highlight, where we recorded a 1.0 percentage point increase leveraged by our organic expansion and by the progressive recovery of one of our brands, which had lost market share in 2013. In the remaining states of the Southeast, our market share increased by 0.1 percentage point.

We recorded a 1.2 percentage point increase in the Midwest driven by strong performances in all states (Mato Grosso do Sul, Mato Grosso, Distrito Federal and Goiás). We also recorded an excellent performance in the Southern region, where our market share increased by 0.7 percentage point, driven by store maturation in Paraná, Santa Catarina and by our growth in Rio Grande do Sul.

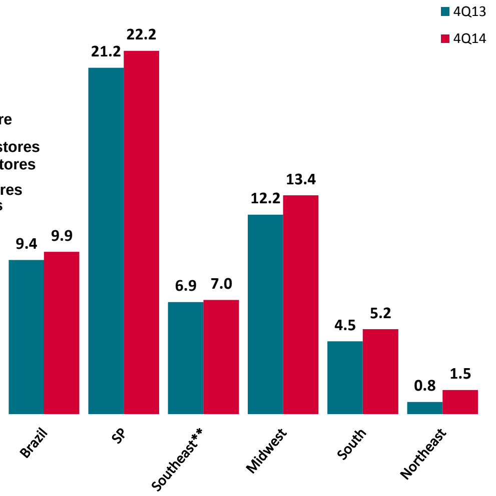
Finally, we reached a market share of 1.5% in the Northeast, due to our growth in Bahia as well as to our successful entry in five new states in the region: Pernambuco, Sergipe, Alagoas, Paraíba and Rio Grande do Norte.

At the end of fiscal 2014, we operated 1,091 stores in 17 states (including the Federal District), which account for 89% of the Brazilian pharmaceutical market.

Geographic Presence



Market Share (December ' 14)***



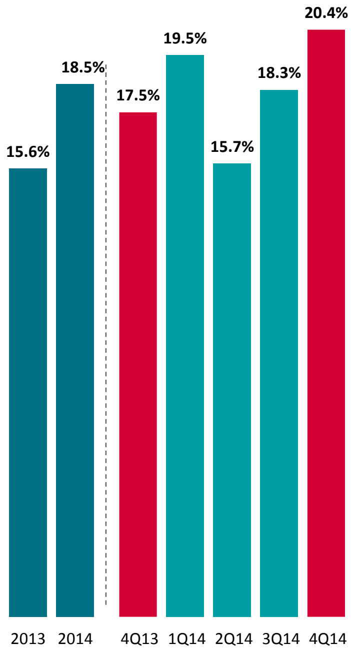
PHARMACEUTICAL MARKET DISTRIBUTION BY REGION (DECEMBER '14)

Brazil	SP	Southeast**	Midwest	South	Northeast
100.0%	26.7%	23.9%	8.6%	16.5%	19.3%

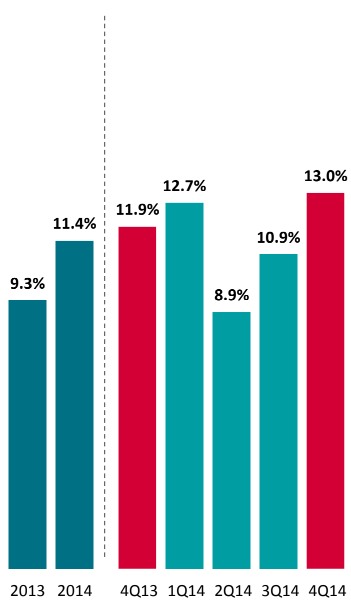
Source: IMS Health
* Includes Farmasil stores
** Excludes São Paulo
*** Comparable Market Share, excluding new informants added to the panel during the last twelve months. Our national market share including the full panel was of 9.7%

GROSS REVENUES

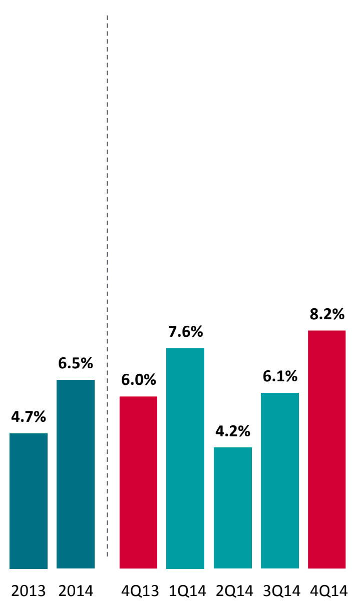
Growth – Total Sales



Growth – Same Store Sales



Growth – Mature Stores



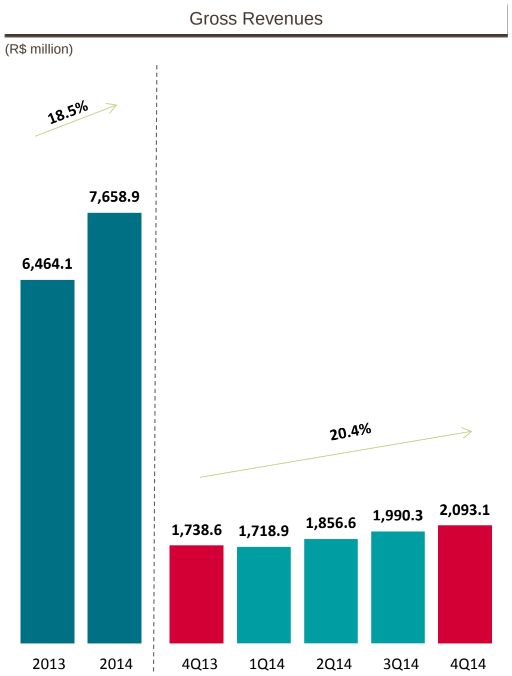
IBRX IBRA IGCT ITAG IGC ICON MLCX RADL3 NOVO MERCADO BM&FBOVESPA

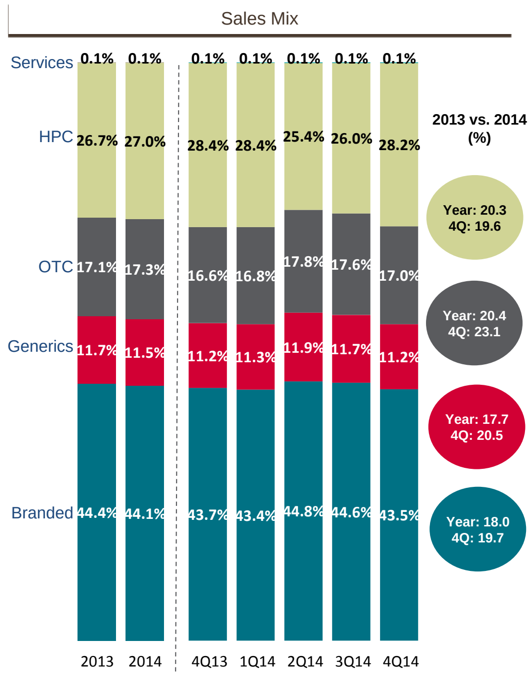
We ended the year with gross revenues of R$ 7,658.9 million, an 18.5% increase over 2013. We recorded an average same store sales growth of 11.4% and an average mature stores growth of 6.5% in the year.

In the 4Q14, our total revenue growth reached 20.4%, which corresponded to an increase in same-store sales of 13.0% and in our mature store sales of 8.2%.

We had a positive calendar effect of 1.0% when compared to the previous year and experienced an unusual seasonal peak in October due to the hot and dry weather.

We highlight the growth achieved in the front store in 2014, with increases as a percentage of the sales mix both by HPC (0.3 percentage point) and by OTC (0.2 percentage point).

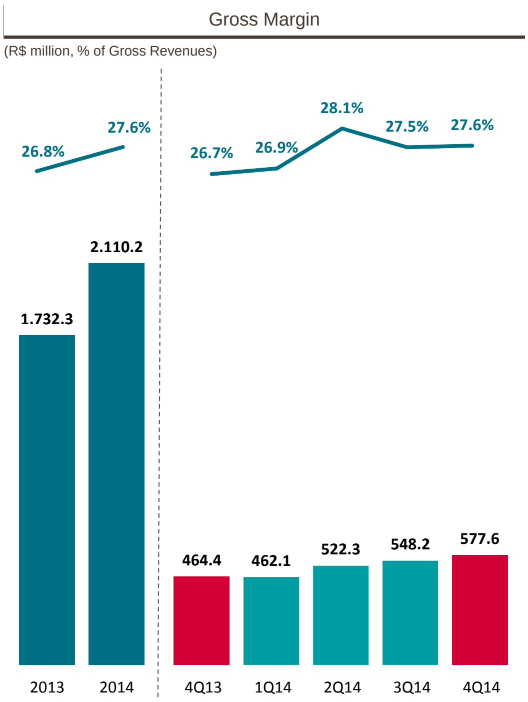




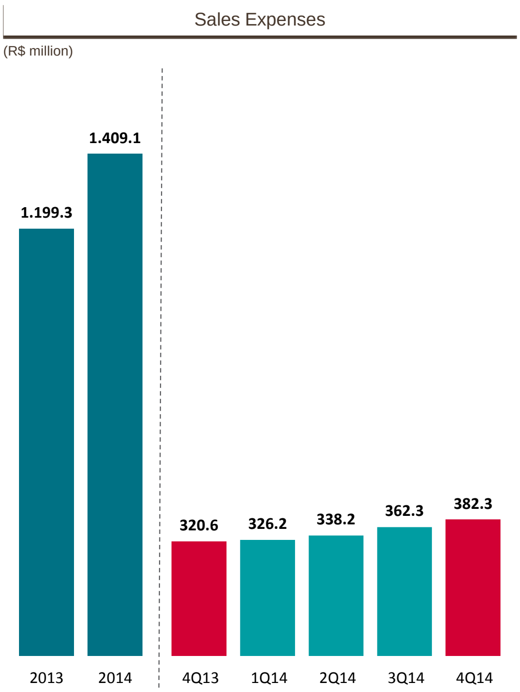
GROSS PROFIT

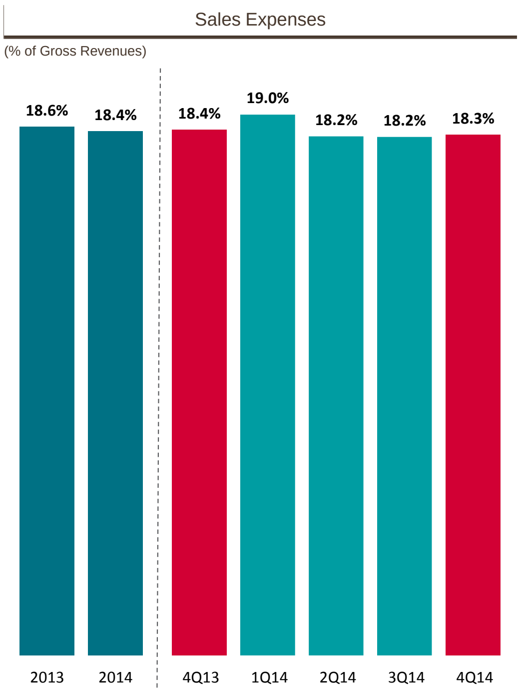
In 2014 we achieved a gross margin of 27.6%, a 0.8 percentage point increase when compared to 2013. In the 4Q14 our gross margin reached 27.6%, a 0.9 percentage point increase when compared to the 4Q13.

The return to the tax substitution regime in São Paulo in December 2013 relieved the tax burden we had experienced since the 3Q12, generating a positive impact of 0.4 percentage point. Additionally, we secured better purchasing terms with suppliers and pursued tactical changes in pricing, which increased our gross margin by 0.4 percentage point (0.5 percentage point in the quarter).



SALES EXPENSES





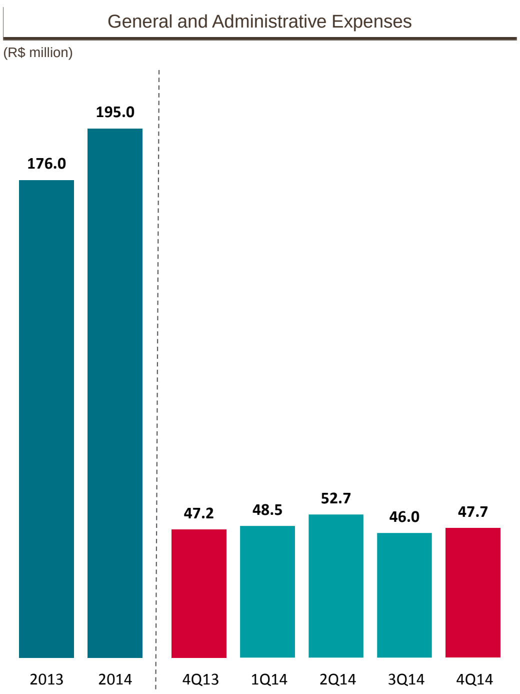
Sales expenses amounted to R$ 1,409.1 million in 2014, a 0.2 percentage point dilution over the previous year. The expense pressure arising from new stores decreased by 0.2 percentage point over 2013, driven by the strong sales performance recorded in our recently opened stores. Additionally, we experienced a 0.1 percentage point dilution in payroll, mainly due to the slower pace of staff replenishment at the stores throughout the year, and in other store expenses (0.1%), which were offset by a pressure in rentals (0.2%).

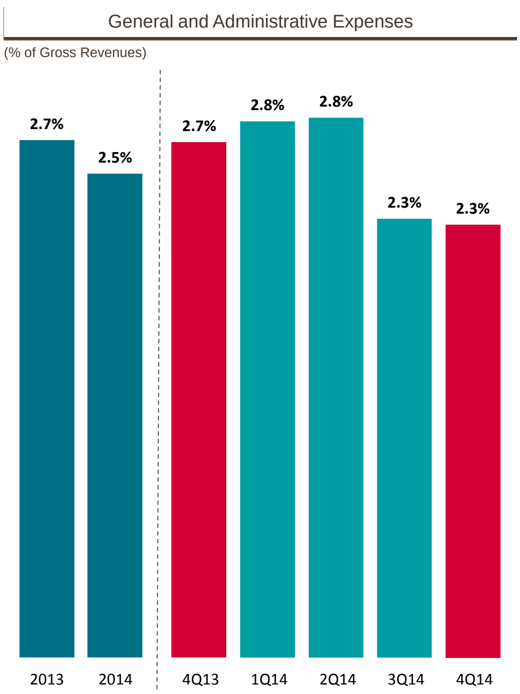
In the 4Q14, sales expenses totaled R$ 382.3 million, a 0.1 percentage point reduction when compared to the 4Q13. Pressures arising from rentals (0.2%) and utilities (0.1%) were fully offset by a dilution in personnel (0.1%), new store (0.2%) and other expenses (0.1%).

It is important to mention that the strong growth in mature stores achieved both in the year (6.5%) and in the quarter (8.5%), contributed significantly to the sales expense dilution, since store expenses have a very high fixed component.

GENERAL AND ADMINISTRATIVE EXPENSES

In 2014, general and administrative expenses amounted to R$ 195.0 million, equivalent to 2.5% of gross revenues, a 0.2 percentage point dilution when compared to the previous year.





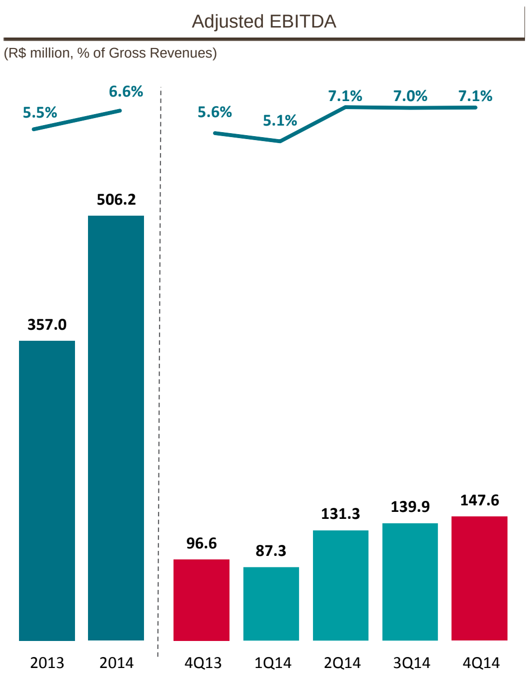
We recorded R$ 47.7 million in general and administrative expenses in the 4Q14, which represented 2.3% of gross revenues, a 0.4 percentage point dilution when compared to the 4Q13. Our variable compensation allowance was reduced by 0.3 percentage point versus the average of the year in order to offset an excess provisioning that happened in the 1H14.

Non-recurring expenses amounted to R$ 3.9 million in the quarter and to R$ 9.5 million in 2014.

EBITDA

We recorded an EBITDA of R$ 506.2 million, a margin expansion of 1.1 percentage point and a 41.8% increase over 2013, driven by a gross margin increase of 0.8 percentage point and by a 0.4 percentage point dilution in the SG&A.

In the 4Q14 we recorded an EBITDA of R$ 147.6 million, equivalent to 7.1% of gross revenues, a 52.8% increase and a 1.5 percentage point expansion over the 4Q13. This margin expansion was driven by a 0.9 percentage point increase in gross margins and by a 0.5 percentage point dilution in SG&A.



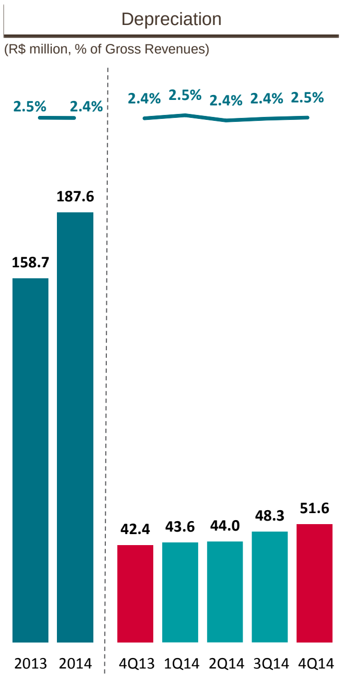
New stores opened in the year, as well as those that were in the opening process, reduced the EBITDA by R$ 26.1 million in 2014 (R$ 5.2 million in the 4Q14). Therefore, if we consider only the 960 stores in operation since the end of 2013 and the full absorption of logistics as well as of general and administrative expenses by such stores, our adjusted EBITDA would have totaled R$ 532.3 million (R$ 152.8 million in the 4Q14), equivalent to an EBITDA margin of 7.2% over the respective gross revenues (7.7% in the 4Q14).

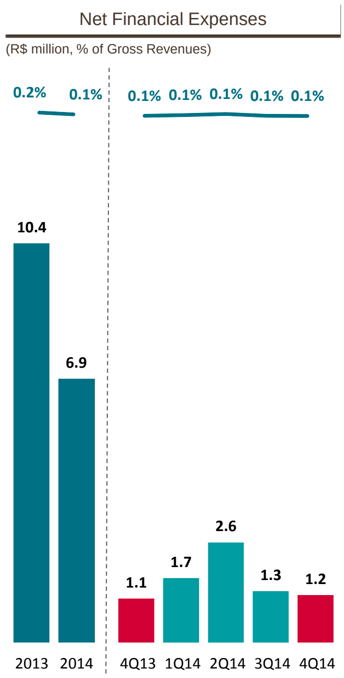
DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

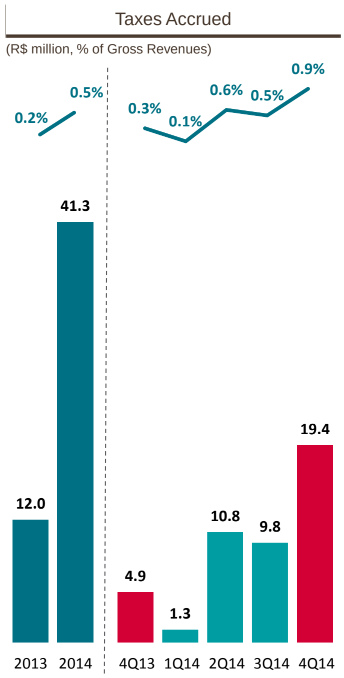
Depreciation expenses totaled R$ 187.6 million in 2014, equivalent to 2.4% of gross revenues, a 0.1 percentage point decrease over the previous year. In the 4Q14, we recorded R$ 51.6 million in depreciation expenses, equivalent to 2.5% of gross revenues, a 0.1 percentage point increase over the 4Q13.

We recorded in 2014 a dilution in net financial expenses of 0.1 percentage point, reflecting the lower net debt and interest expenses as a percentage of revenues versus the previous year. In the 4Q14, these expenses remained constant.

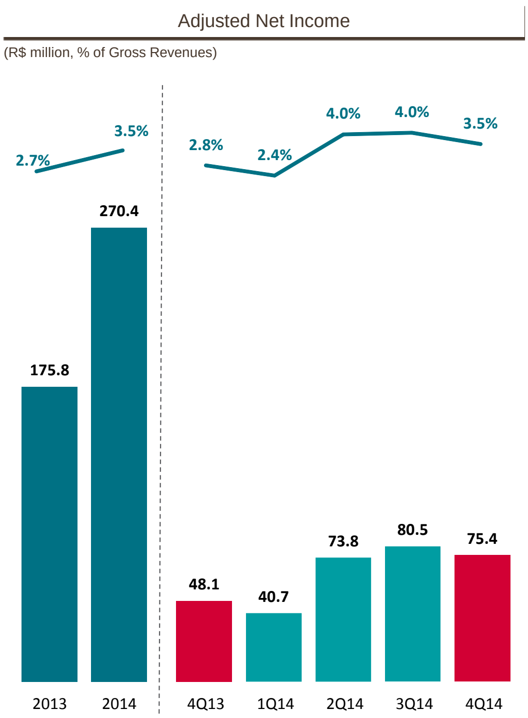
We booked R$ 41.3 million in taxes (R$ 19.4 million in the quarter), equivalent to 0.5% of gross revenues (0.9% in the 4Q14), a 0.3 percentage point increase due to the improvement in margins versus the previous year. This amount includes a tax shield from the goodwill amortization of R$ 42.8 million (R$ 10.7 million in the quarter).







ADJUSTED NET INCOME



IBRX IBRA IGCT ITAG IGC ICON MLCX RADL3 NOVO MERCADO BM&FBOVESPA

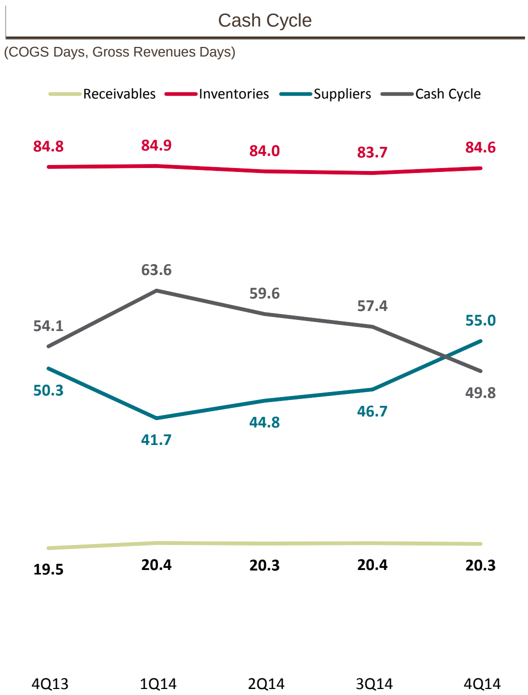
Adjusted net income totaled R$ 270.4 million, a 53.8% increase over 2013. We achieved an adjusted net margin of 3.5%, a 0.8 percentage point margin improvement driven by a 1.1 percentage point increase in the EBITDA margin combined with a reduction in financial expenses of 0.1 percentage point and partially offset by an income tax increase of 0.3 percentage point.

In the 4Q14 our adjusted net income was of R$ 75.4 million, an increase of 56.8% when compared to the same period of the previous year, representing a net margin of 3.6%. The 1.5 percentage point increase in the EBITDA margin, mitigated by an increase of 0.6 percentage point on income tax, led to a 0.8 percentage point expansion in net margin.

It is important to highlight that our reported net income (after non-recurring expenses and not including the tax shield from goodwill amortization) increased 119.2% over the previous year mainly due to the radical reduction in non-recurring expenses.

CASH CYCLE

We ended 2014 with a significant cash cycle reduction of 4.3 days when compared to the previous year.



We recorded a 0.2 day reduction in inventories and a 4.7 days increase in accounts payable, driven by an improvement in our purchasing terms. Finally, receivables increased by 0.8 day when compared to the previous year.

CASH FLOW

RaiaDrogasil

We generated a positive free cash flow for the second consecutive year, which totaled R$ 55.1 million in 2014. Our operating cash flow (R$ 326.1 million) has fully financed the investments (R$ 271.0 million) undertaken in the period. Resources from operations amounted to R$ 443.4 million, equivalent to 5.8% of our gross revenues, while working capital employed totaled R$ 117.3 million, resulting in an operating cash flow of R$ 326.1 million in the period.

In the 4Q14 we generated R$ 96.0 million in free cash flow. Resources from operations amounted to R$ 134.3 million, which amounted to 6.4% of gross revenues, while working capital was positive R$ 45.3 million, resulting in an operating cash flow of R$ 179.6 million in the period.

Investments in fixed assets amounted to R$ 271.0 million, versus R$ 236.8 million in 2013, including R$ 172,9 million in new store openings, R$ 39,8 million in existing stores renovation, and R$ 58,3 million in infrastructure.

We generated a positive total cash flow of R$ 2.9 million in 2014 (R$ 72.2 million in the quarter). Net financial expenses totaled R$ 6.9 million (R$ 1.2 million in the 4Q14), while net interest on equity to our shareholders amounted to R$ 41.5 million (R$ 24.5 million in the quarter), which were partially offset by the corresponding tax shield of R$ 27.7 million in the year (R$ 8.4 million in the quarter). We also had a cash outlay related to our share buyback program of R$ 20.9 million in the year.

Finally, we accrued R$ 74.6 million in interest on equity in 2014 (R$ 23.5 million in the quarter).

Cash Flow *(R$ million)*	**4Q14**	**4Q13**	**2014**	**2013**
Adjusted EBIT	**96.0**	**54.2**	**318.6**	**198.3**
Non-Recurring Expenses	(3.9)	(14.5)	(9.5)	(48.5)
Income Tax (34%)	(31.3)	(13.5)	(105.1)	(50.9)
Taxshield from Goodwill Amortization	10.7	2.6	42.8	22.3
Depreciation	51.6	42.4	187.6	158.7
Others	11.2	17.7	9.0	30.0
Resources from Operations	**134.3**	**89.0**	**443.4**	**309.9**
Cash Cycle*	80.4	14.2	(112.1)	(107.2)
Other Assets (Liabilities)	(35.1)	31.9	(5.2)	84.7
Operating Cash Flow	**179.6**	**135.1**	**326.1**	**287.4**
Investments	**(83.6)**	**(61.5)**	**(271.0)**	**(236.8)**
Free Cash Flow	**96.0**	**73.6**	**55.1**	**50.6**
Interest on Equity	(24.5)	(16.4)	(41.5)	(29.3)
Income Tax Paid over Interest on Equity	(6.5)	(2.7)	(10.6)	(5.3)
Net Financial Expenses	(1.2)	(1.1)	(6.9)	(10.4)
Share Buyback	-	-	(20.9)	-
Income Tax (Tax benefit over financial expenses and interest on equity)	8.4	5.1	27.7	16.8
Total Cash Flow	**72.2**	**58.5**	**2.9**	**22.3**

* Cash cycle includes variation in accounts receivables, inventories and suppliers

** Does not include financing cash flow

INDEBTEDNESS

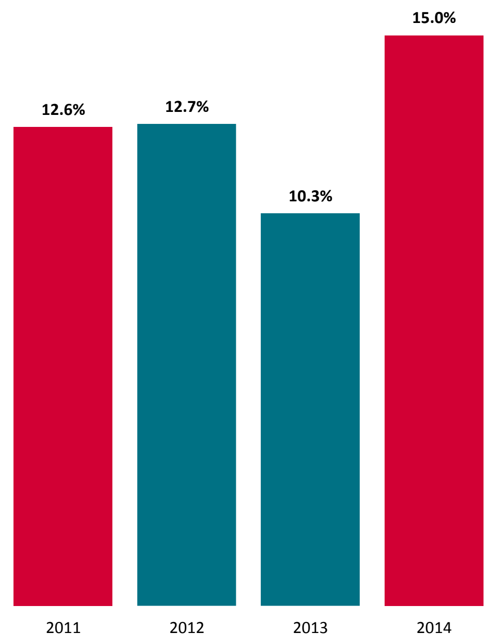
At the end of the year, our net debt amounted to R$ 0.0 million, versus R$ 2.9 million recorded in 2013.

Our gross debt totaled R$ 281.2 million, of which 100% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines. Of our total debt, 65.3% is long-term, while 34.7% relates to the short-term parcels of our long-term debt. We ended the quarter with a total cash position (cash and marketable securities) of R$ 281.2 million.

RETURN ON INVESTED CAPITAL

We reached in 2014 a return on invested capital of 15.0%, a 4.7 percentage point increase over 2013.

ROIC



Our ROIC is heavily penalized by our accelerated organic growth, since 32.5% of our fully invested stores have not yet reached their maturation and their profitability potential.

This effect is especially detrimental for the stores opened in 2014 or that were at the pre-operational stage to be opened in 2015, which consumed a CAPEX of R$ 172.9 million as well as additional working capital investments, yet generated a negative EBITDA of R$ 26.1 million in the fiscal year, since in average, they have not yet reached break-even. Therefore, as the store portfolio matures, the ROIC is expected to escalate.

Finally, the ROIC calculation excludes the effects of the goodwill generated in the merger, since the transaction was a full share swap that did not involve cash.

ROIC *(R$ million)*	**2011**	**2012**	**2013**	**2014**
(+) Current Assets	1,560.0	1,563.6	1,651.3	1,978.4
(-) Cash	(381.1)	(184.2)	(118.8)	(178.8)
(-) Current Liabilities	(708.1)	(749.1)	(823.9)	(1,077.5)
(+) Funding	50.5	58.0	72.3	99.2
(+) Permanent Assets	1,461.4	1,593.1	1,679.6	1,751.3
(-) Goodwill	(931.8)	(931.8)	(931.8)	(931.8)
(=) Invested Capital (LTM Average)	**1,051.0**	**1,349.6**	**1,528.6**	**1,640.9**
(+) Adjusted EBITDA	271.5	325.8	357.0	506.2
(-) Depreciation	(94.4)	(109.5)	(158.7)	(187.6)
(+) PPA Amortization	2.7	16.1	16.1	16.1
(=) EBIT	179.8	232.5	214.4	334.7
(-) Income Tax - (26.4%)	(47.5)	(61.4)	(56.6)	(88.3)
(=) NOPAT (LTM)	**132.4**	**171.1**	**157.9**	**246.4**
ROIC	**12.6%**	**12.7%**	**10.3%**	**15.0%**

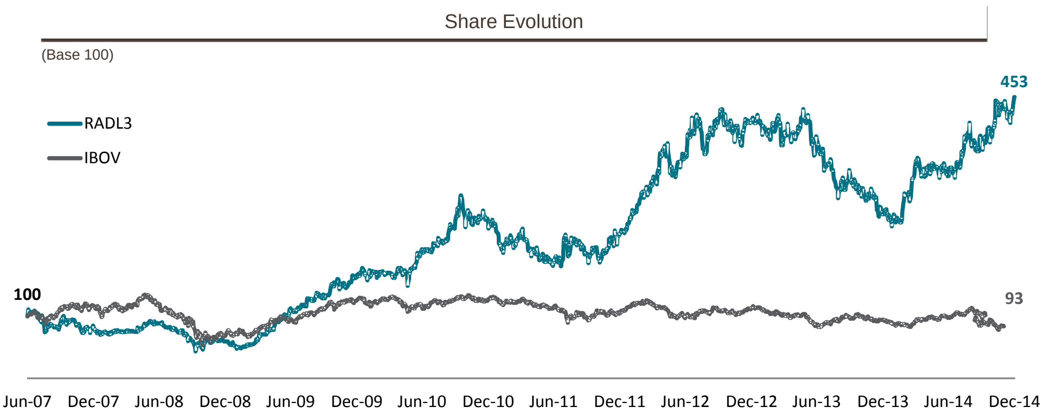
TOTAL SHAREHOLDER RETURN

We generated a Total Shareholder Return of 72.4% in 2014, including both the share price appreciation and distributions to shareholders.

We paid our shareholders R$ 41.5 million as net interest on equity, a distribution percentage of 0.5% of the market capitalization at year-end. The total amount booked in 2014 was of R$ 74.6 million.

Our goal for 2015 is to distribute interest on capital, so as to optimize its fiscal efficiency. Therefore, the amount to be accrued shall be the greater between the fiscal legal limit and 30% of net income, which has been our long-term distribution threshold. As an example, had we applied this mechanics in 2014, it would have resulted in a total booking of R$ 114.8 million in the year, a R$ 40,2 million increase versus the amount actually booked.

Finally, we achieved a share price appreciation of 71.5% in 2014, 74.4 percentage points above the IBOVESPA, which was down by 2.9% over the same period.



Since the IPO of Drogasil, we achieved a cumulative increase of 352.7% when compared to a negative return of 8.1% of the IBOVESPA over the same period. Including the payment of interest on own capital, we generated an average annual total return to shareholders of 23.0%.

Considering the IPO of Raia in December of 2010, the cumulative return in the period amounted to 147.2% when compared to a decrease of 26.4% by the IBOVESPA. Including the payment of interest on own capital, this resulted in an average annual total return to shareholders of 24.9%.

We had an average daily trading volume of R$ 21.5 million in 2014 and of R$ 24.8 million in the 4Q14.

Adjusted Income Statement *(R$ thousand)*	4Q13	4Q14	2013	2014
Gross Revenues	**1,738,649**	**2,093,076**	**6,464,103**	**7,658,890**
Taxes, Discounts and Returns	(58,677)	(73,343)	(220,462)	(267,321)
Net Revenues	**1,679,972**	**2,019,733**	**6,243,641**	**7,391,569**
Cost of Goods Sold	(1,215,560)	(1,442,104)	(4,511,345)	(5,281,377)
Gross Profit	**464,412**	**577,629**	**1,732,297**	**2,110,192**
Operational (Expenses) Revenues				
Sales	(320,641)	(382,321)	(1,199,257)	(1,409,067)
General and Administrative	(47,164)	(47,705)	(176,005)	(194,957)
Other Operational Expenses, Net				
Operational Expenses	**(367,805)**	**(430,026)**	**(1,375,262)**	**(1,604,024)**
EBITDA	**96,607**	**147,603**	**357,035**	**506,168**
Depreciation and Amortization	(42,446)	(51,604)	(158,736)	(187,568)
Operational Earnings before Financial Results	**54,161**	**95,999**	**198,299**	**318,600**
Financial Expenses	(4,975)	(6,110)	(20,310)	(25,250)
Financial Revenues	3,830	4,870	9,863	18,347
Financial Expenses/Revenues	**(1,145)**	**(1,241)**	**(10,447)**	**(6,902)**
Earnings before Income Tax and Social Charges	**53,016**	**94,759**	**187,852**	**311,697**
Income Tax and Social Charges	(4,949)	(19,362)	(12,042)	(41,266)
Net Income	**48,067**	**75,397**	**175,810**	**270,431**

Income Statement	4Q13	4Q14	2013	2014
(R$ thousand)				
Gross Revenues	**1,738,649**	**2,093,076**	**6,464,103**	**7,658,890**
Taxes, Discounts and Returns	(58,677)	(73,343)	(231,184)	(267,321)
Net Revenues	**1,679,972**	**2,019,733**	**6,232,919**	**7,391,569**
Cost of Goods Sold	(1,215,560)	(1,442,104)	(4,512,743)	(5,281,377)
Gross Profit	**464,412**	**577,629**	**1,720,176**	**2,110,192**
Operational (Expenses) Revenues				
Sales	(320,641)	(382,321)	(1,188,077)	(1,409,067)
General and Administrative	(47,164)	(47,705)	(176,463)	(194,957)
Other Operational Expenses, Net	(14,470)	(3,851)	(47,066)	(9,473)
Operational Expenses	**(382,275)**	**(433,877)**	**(1,411,606)**	**(1,613,498)**
EBITDA	**82,137**	**143,752**	**308,570**	**496,694**
Depreciation and Amortization	(42,446)	(51,604)	(158,736)	(187,568)
Operational Earnings before Financial Results	**39,691**	**92,148**	**149,834**	**309,126**
Financial Expenses	(4,975)	(6,110)	(20,310)	(25,250)
Financial Revenues	3,830	4,870	9,863	18,347
Financial Expenses/Revenues	**(1,145)**	**(1,241)**	**(10,447)**	**(6,902)**
Earnings before Income Tax and Social Charges	**38,546**	**90,907**	**139,387**	**302,224**
Income Tax and Social Charges	(10,727)	(28,750)	(38,402)	(80,837)
Net Income	**27,818**	**62,157**	**100,985**	**221,386**

Assets	4Q13	4Q14
(R$ thousand)		
Current Assets		
Cash and Cash Equivalents	241,885	281,189
Accounts Receivable	373,260	465,990
Inventories	1,132,620	1,340,199
Taxes Receivable	38,658	39,042
Other Accounts Receivable	108,953	107,590
Following Fiscal Year Expenses	8,200	9,921
	1,903,574	2,243,931
Non-Current Assets		
Deposit in Court	10,763	14,116
Taxes Receivable	11,859	17,330
Other Credits	728	1,218
Property, Plant and Equipment	536,629	647,673
Intangible	1,150,539	1,125,021
	1,710,518	1,805,358
ASSETS	3,614,093	4,049,289

RaiaDrogasil

Liabilities and Shareholder's Equity	4Q13	4Q14
(R$ thousand)		
Current		
Suppliers	671,455	871,477
Loans and Financing	83,944	97,710
Salaries and Social Charges Payable	116,352	141,548
Taxes Payable	65,920	42,230
Dividend and Interest on Equity	9,464	28,664
Provision for Lawsuits	4,912	5,209
Other Accounts Payable	67,956	88,212
	1,020,003	1,275,050
Non-Current Assets		
Loans and Financing	160,881	183,527
Provision for Lawsuits	8,021	4,103
Income Tax and Social Charges deferred	93,980	125,946
Other Accounts Payable	4,224	3,726
	267,107	317,303
Shareholder's Equity		
Common Stock	908,639	908,639
Capital Reserves	1,039,935	1,019,791
Revaluation Reserve	12,941	12,755
Income Reserves	357,169	475,420
Accrued Income	0	0
Additional Dividend Proposed	8,298	40,331
	2,326,983	2,456,937
LIABILITIES AND SHAREHOLDERS' EQUITY	3,614,093	4,049,289

RaiaDrogasil

Cash Flow	4Q13	4Q14	2013	2014
Earnings before Income Tax and Social Charges	**38,546**	**90,907**	**139,387**	**302,224**
Adjustments				
Depreciations and Amortization	42,446	51,604	158,736	187,568
Compensation plan with restricted shares	0	754	0	754
P,P&E and Intangible Assets residual value	5,227	(1,518)	9,888	(834)
Provisioned Lawsuits	524	(5,669)	2,856	(3,447)
Provisioned Inventories Loss	5,854	5,234	15,267	10,238
Allowance for Doubtful Accounts	200	(1,225)	(1,039)	(1,987)
Provisioned Store Closures	0	570	0	3,651
Interest Expenses	4,383	5,602	17,326	23,637
	97,180	**146,259**	**342,421**	**521,804**
Assets and Liabilities variation				
Accounts Receivable	(21,396)	(5,432)	(28,592)	(89,383)
Inventories	(189,940)	(80,968)	(174,492)	(217,816)
Other Short Term Assets	24,868	(41)	60,648	683
Long Term Assets	(10,960)	(3,555)	(2,868)	(30,302)
Suppliers	225,556	166,838	95,868	195,062
Salaries and Social Charges	(22,907)	(31,951)	23,455	25,196
Taxes Payable	31,306	(11,798)	25,898	(20,397)
Other Liabilities	6,758	10,262	(28,695)	7,831
Rent Payable	2,861	1,949	6,273	11,753
Cash from Operations	**143,326**	**191,563**	**319,916**	**404,431**
Income Tax and Social Charges Paid	(2,544)	(5,639)	(14,173)	(44,505)
Net Cash from (invested) Operational Activities	**140,782**	**185,924**	**305,743**	**359,926**
Investment Activities Cash Flow				
P,P&E and Intangible Acquisitions	(61,559)	(86,486)	(238,207)	(274,650)
P,P&E Sale Payments	14	2,887	1,397	3,680
Net Cash from Investment Activities	**(61,545)**	**(83,599)**	**(236,810)**	**(270,970)**
Financing Activities Cash Flow				
Funding	80,278	83,379	106,399	121,082
Payments	(19,620)	(25,356)	(60,420)	(88,811)
Interest Paid	(4,026)	(4,386)	(10,651)	(19,498)
Share Buyback	0	0	0	(20,898)
Interest on Equity and Dividends Paid	(16,351)	(24,541)	(29,339)	(41,527)
Net Cash from Funding Activities	**40,281**	**29,096**	**5,989**	**(49,652)**
Cash and Cash Equivalents net increase	**119,518**	**131,421**	**74,922**	**39,304**
Cash and Cash Equivalents in the beggining of the period	**122,367**	**149,768**	**166,963**	**241,885**
Cash and Cash Equivalents in the end of the period	**241,885**	**281,189**	**241,885**	**281,189**

RaiaDrogasil

2014 Results Conference Calls – February 27th, 2015

Portuguese
at 10:00 am (Brasília)

Dial in access:
+55 (11) 2188-0155
Conference ID: Raia Drogasil

Replay (available 'til 3/6/2015):
+55 (11) 2188-0400

English
at 12:00 pm (Brasília)

Dial in access:
+1 (646) 843-6054
+55 (11) 2188-0155
Conference ID: Raia Drogasil

Replay (available 'til 3/6/2015):
+55 (11) 2188-0400

Live broadcast through the internet at: www.raiadrogasil.com.br/ir

For more information, please contact our Investor Relations department.

E-mail: ri@raiadrogasil.com.br

IBRX IBRA IGCT ITAG IGC ICON MLCX RADL3 NOVO MERCADO BM&FBOVESPA