People,
Health and
Well-being

RaiaDrogasil S.A.

EARNINGS PRESENTATION:

1Q18

Taking Close Care of People´s Health and Well-Being during all Times of their Lives

DISCLAIMER

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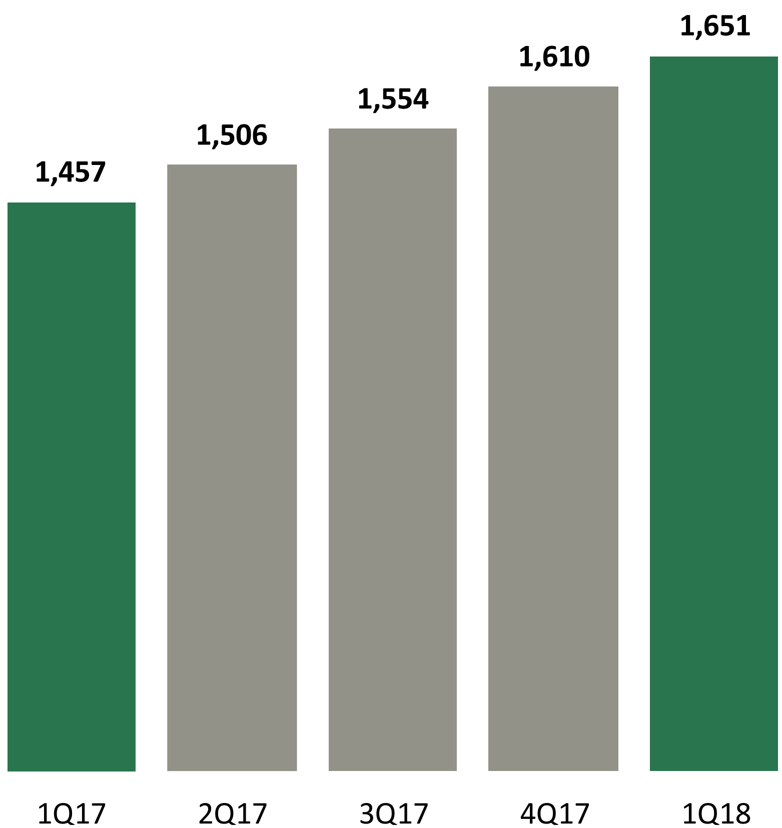
QUARTERLY HIGHLIGHTS:

- **Drugstores:** 1,651 stores in operation (44 openings and 3 closures)
- **Gross Revenues:** R$ 3.6 billion, a 12.2% growth (2.7% retail same-store sales growth)
- **Gross Margin:** 28.5% of gross revenues, a 0.2 percentage point decrease
- **EBITDA:** R$ 272.2 million, a margin of 7.6%, in line with the 1Q17
- **Net Income:** R$ 121.3 million, 3.4% of net margin, an increase of 15.0%
- **Cash Flow:** R$ 102.0 million negative free cash flow, R$ 135.2 million of total cash consumption
- **Debentures:** Issuance of R$ 400 million in April 2018

STORE DEVELOPMENT

In the 1Q18, we opened 44 new stores and closed 3. At the end of the period, 36.1% of our stores were still maturing. We reiterate the guidance of 240 new stores both for 2018 and 2019.

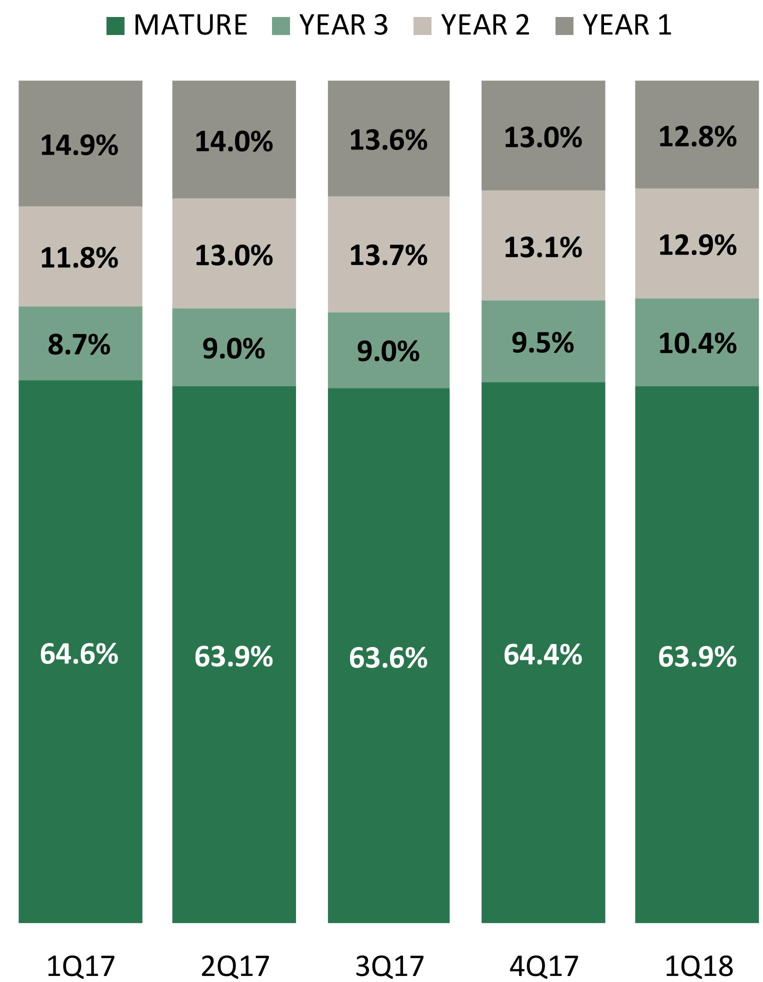
Store Count*



	1Q17	2Q17	3Q17	4Q17	1Q18
Openings	42	54	54	60	44
Closures	(5)	(5)	(6)	(4)	(3)

* Includes three 4Bio stores.

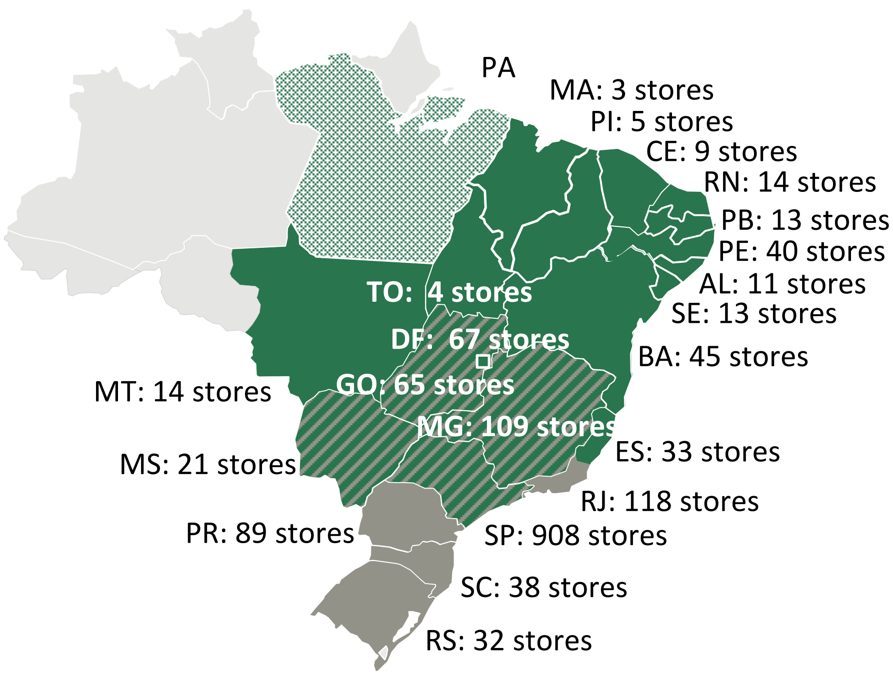
Age Structure of Store Portfolio



WE HAVE GAINED MARKET SHARE IN ALL FIVE REGIONS WHERE WE OPERATE

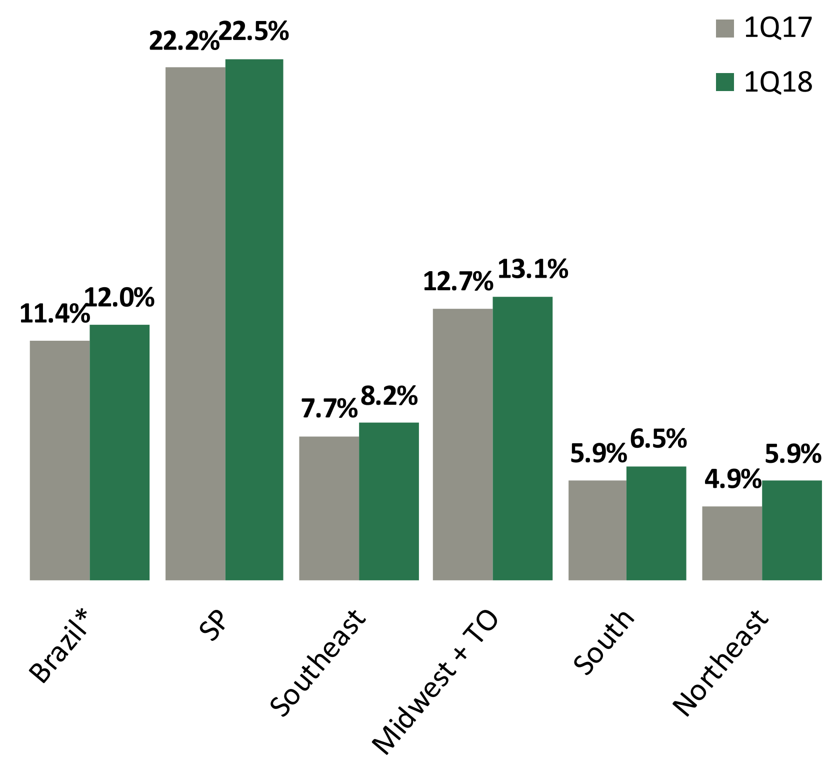
We reached 12.0% of national market share, an increase of 0.6 p.p. We entered Maranhão, extending our presence to all the nine states of the Northeast region. We are preparing to enter Pará in the coming months.

Geographic Presence



Total: 1,651 stores
- Raia: 759 stores
- Drogasil: 865 stores
- Future markets
- * Farmasil: 24 stores
- * 4Bio: 3 stores

Market Share



PHARMACEUTICAL MARKET BREAKDOWN BY REGION (%)

Brazil*	SP	Southeast	Midwest + TO	South	Northeast
100.0%	26.6%	24.3%	9.9%	16.1%	18.7%

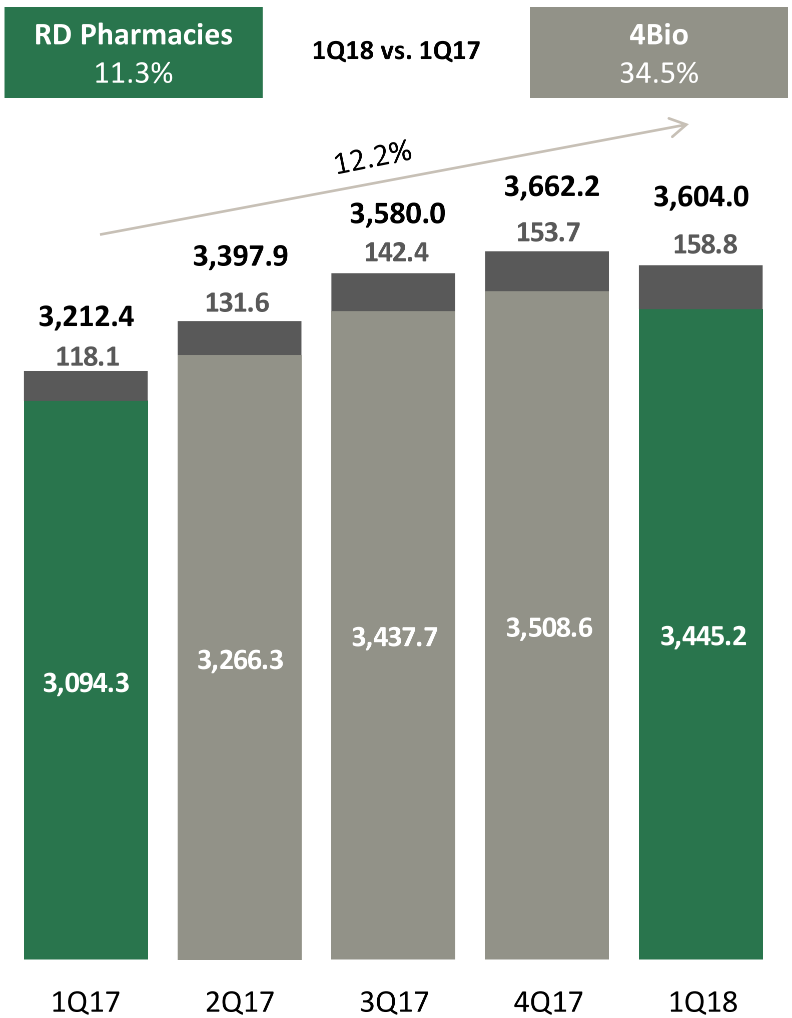
Source: IMS Health

* Includes 4Bio only for Brazil total.

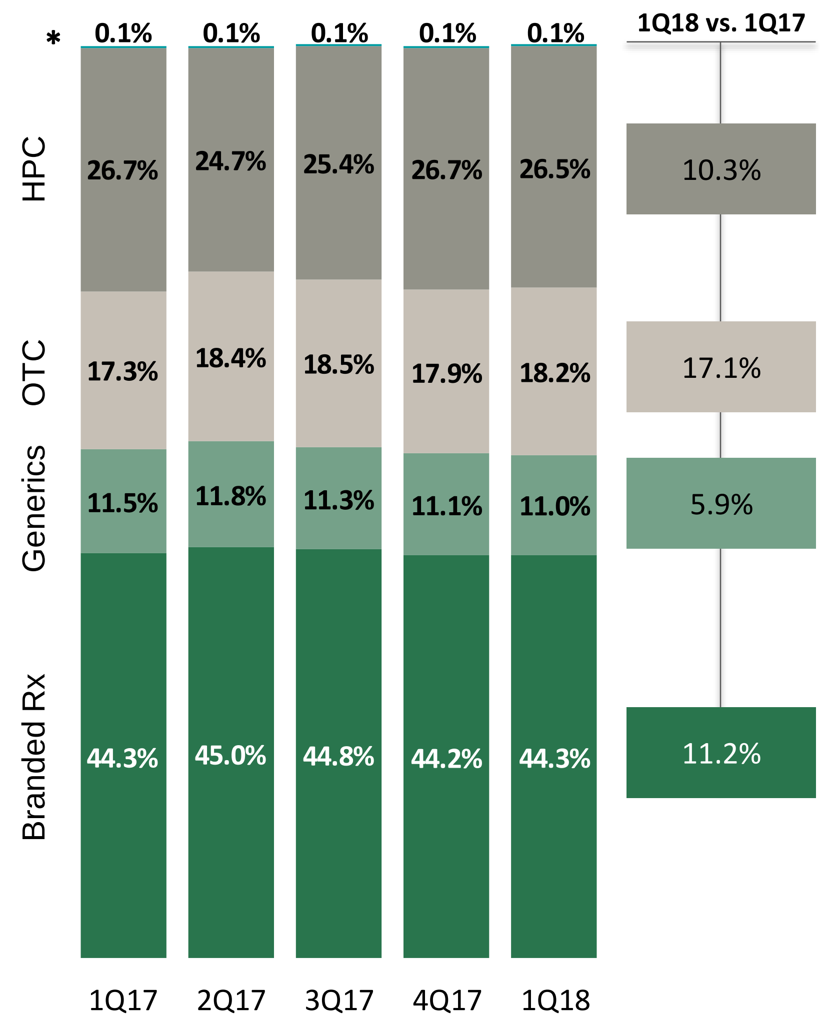
GROSS REVENUES INCREASED 12.2%, WITH 11.3% FOR RETAIL AND 34.5% FOR 4BIO

OTC was the highlight (0.9 p.p. increase in the sales mix), driven by a colder summer which by contrast penalized HPC (0.2 p.p. loss in the mix). OTC was also helped by switches of Branded Rx drugs (0.2 p.p.).

Consolidated Gross Revenues



Retail Sales Mix

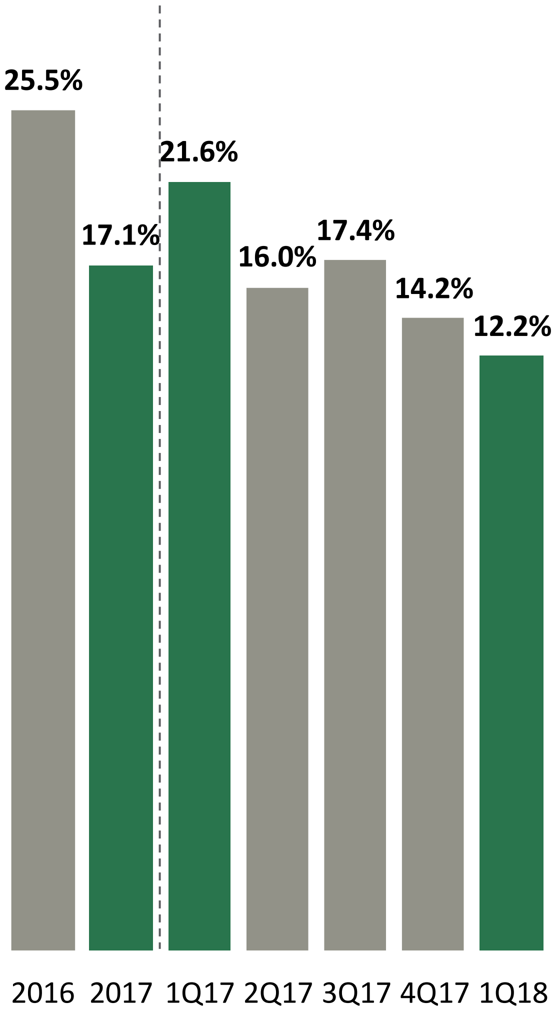


* Services

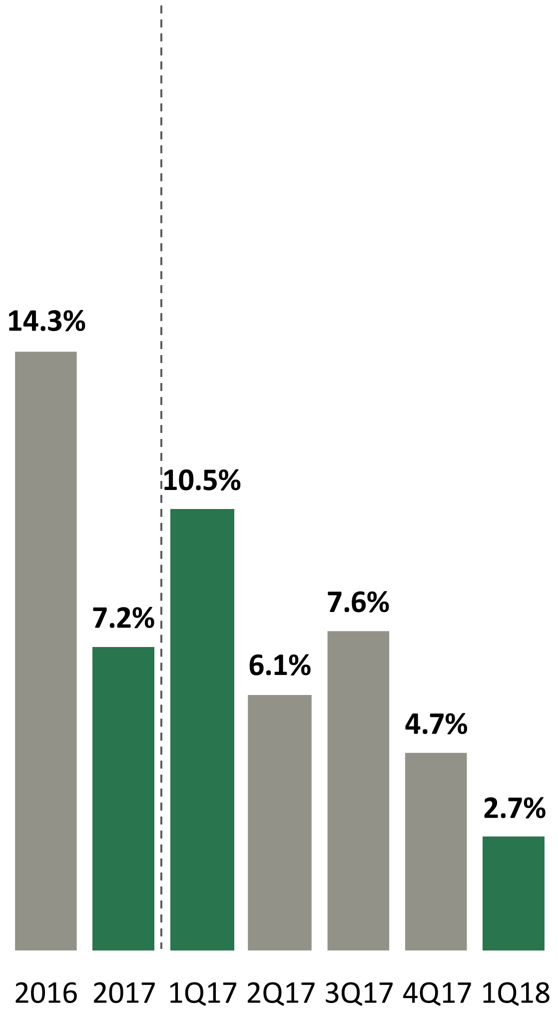
REVENUE GROWTH OF 12.2%, WITH -1.0% FOR MATURE STORES

Normalized decline at mature stores of 0.4%, considering the negative calendar effect of 0.6%.

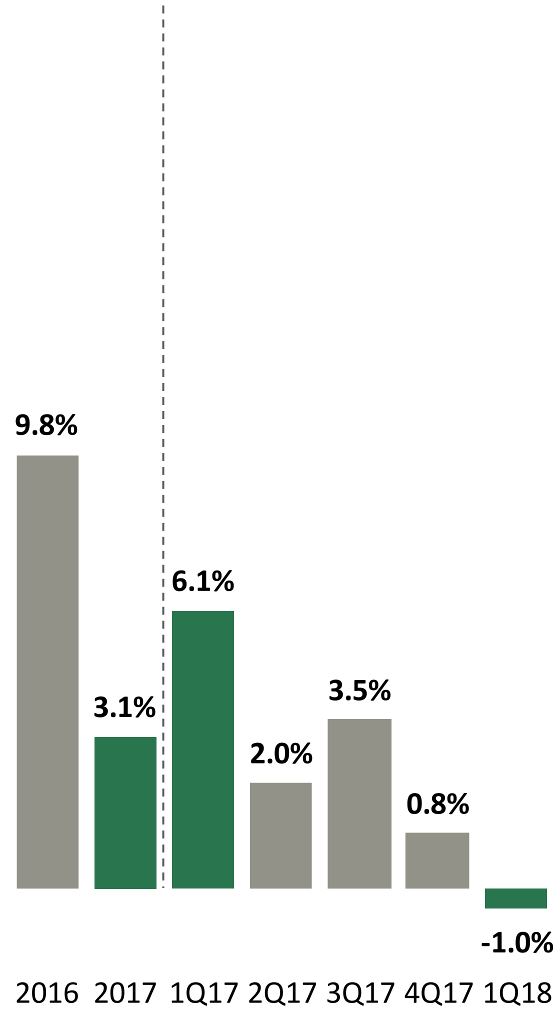
Consolidated Revenue Growth



Same Store Sales Growth*



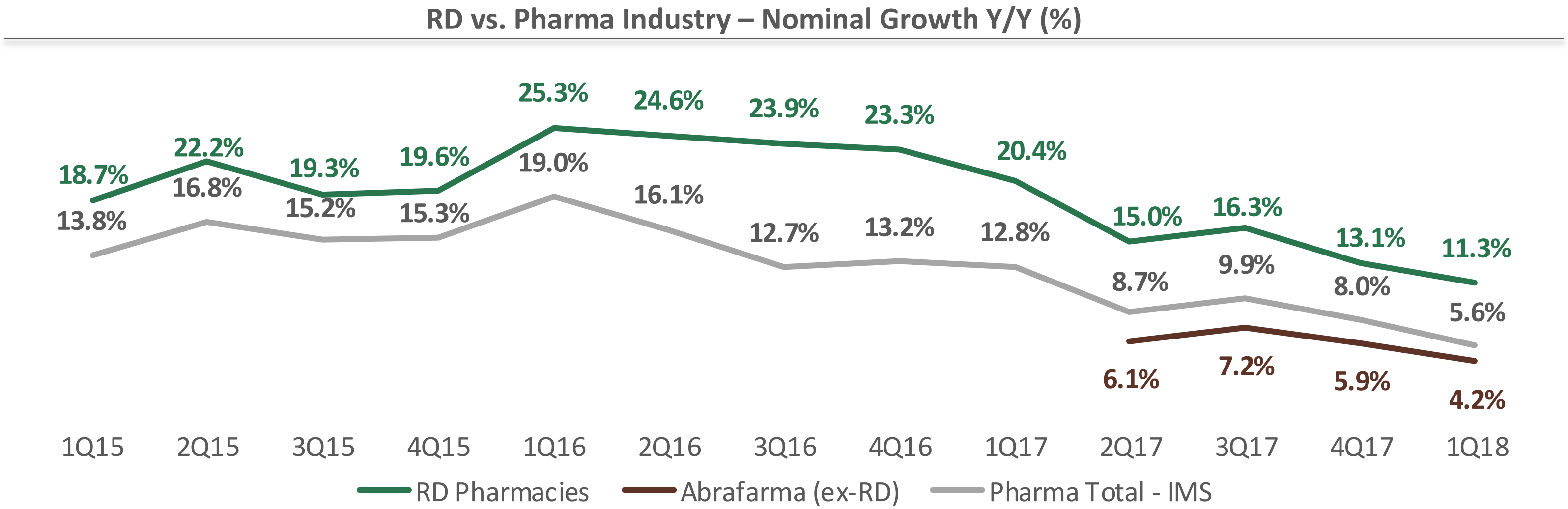
Mature Stores Growth*

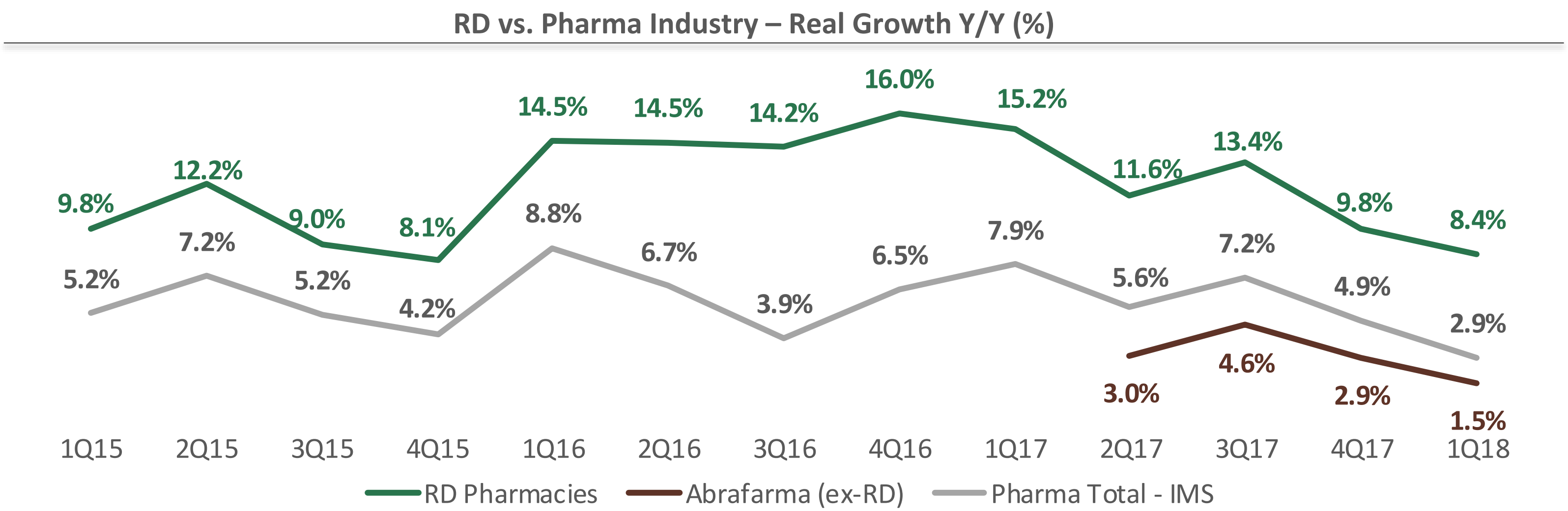


* RD Pharmacies only

INDUSTRY DECELERATION WAS THE KEY DRIVER OF THE POOR SALES PERFORMANCE

RD´s revenue growth was much higher than the market increase. The real growth spread is lower than the peak level of 2016, but higher than our historical levels. The other chains of Abrafarma are growing below the industry.





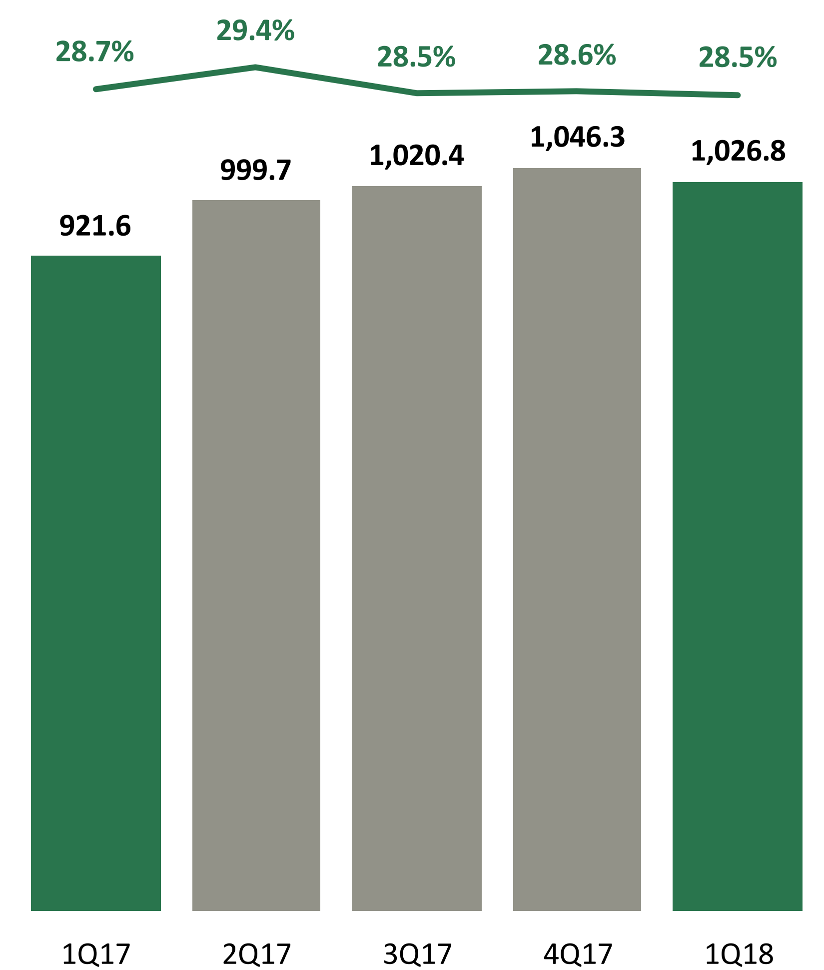
** The Abrafarma data is only available for the last twelve months due to a change in the reporting base, which makes previous data non-comparable.*

GROSS MARGIN AND CASH CYCLE

Gross margin pressure of 0.2 p.p. in 1Q18 due to lower NPV adjustment (0.4 p.p.), fully offset by other gains, and to a 0.2 p.p. pressure from 4Bio. Slight cash cycle pressure driven by calendar effect in March.

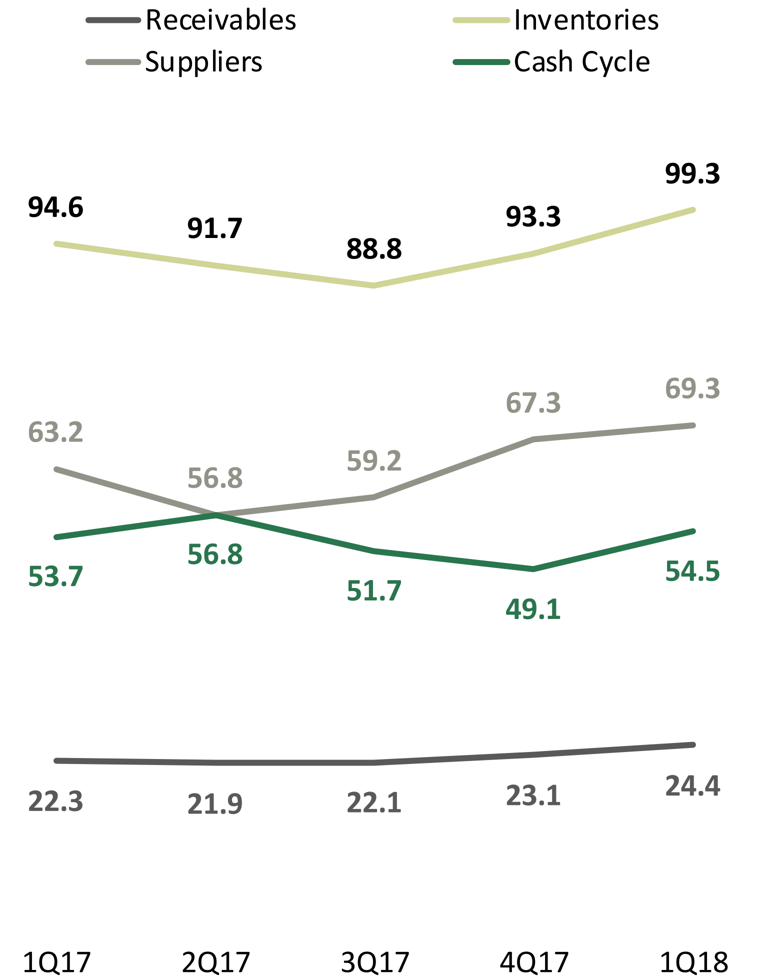
Gross Margin

R$ Million, % of Gross Revenues



Cash Cycle*

COGS Days, Gross Revenues Days

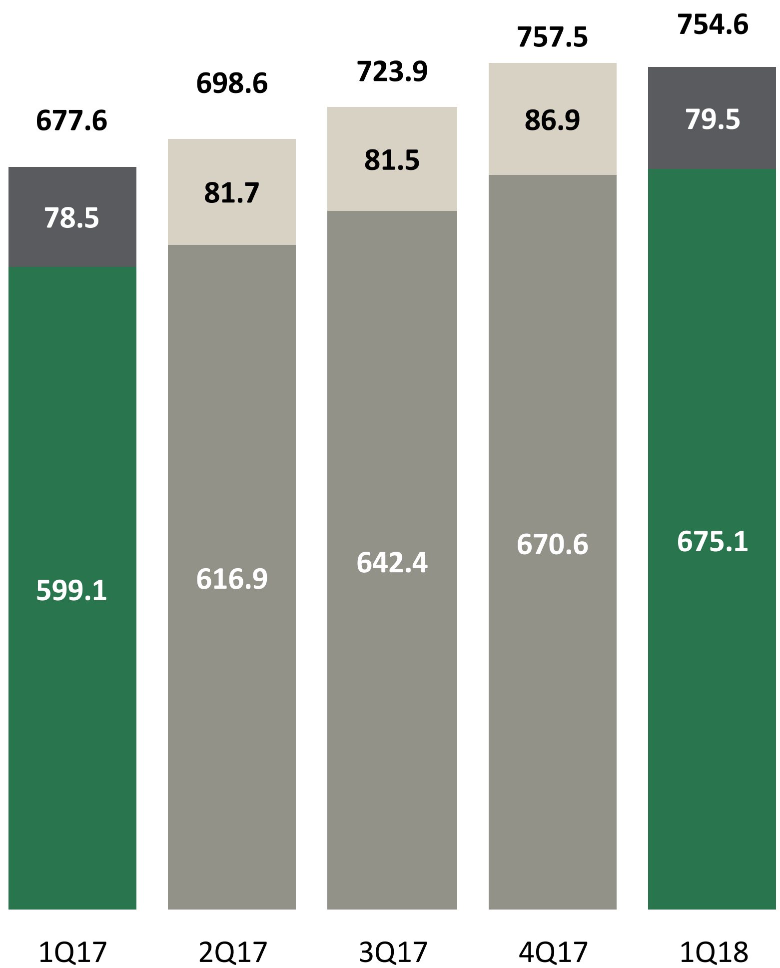


* Adjusted to discounted receivables.

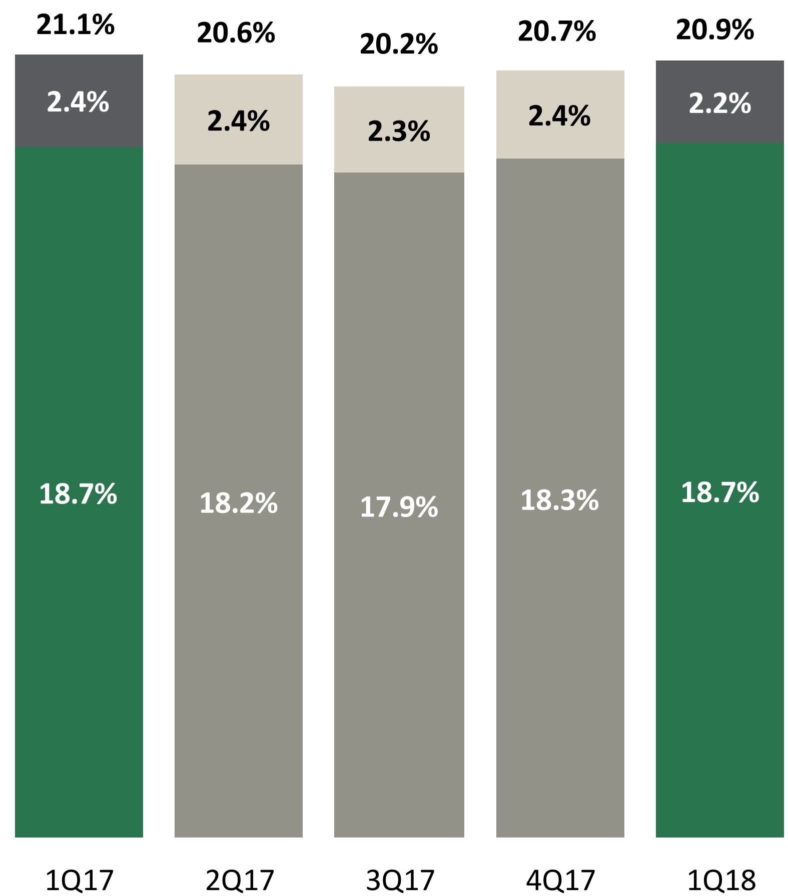
SELLING EXPENSES REMAINED FLAT WHILE G&A DILUTED BY 0.2 P.P.

Personnel expenses were pressured by 0.2 p.p. and rentals by 0.1 p.p., which was offset by 0.1 p.p. gains in pre-operating expenses, 4Bio, and in other expenses. G&A diluted by 0.2 p.p. due to variable compensation and scale gains.

Operating Expenses
R$ Million



Operating Expenses
% of Gross Revenues



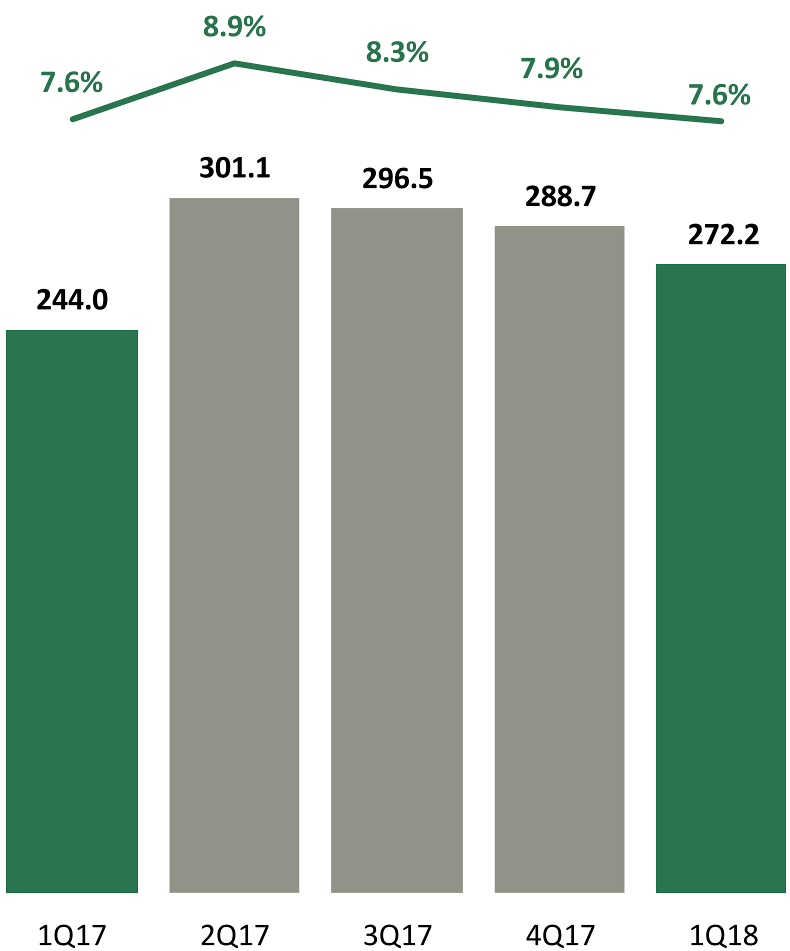
Selling Expenses General & Administrative Expenses

EBITDA TOTALED R$ 272.2 MM, WITH 7.6% MARGIN

Maintained a flat EBITDA margin in spite of a NPV Adjustment (non-cash) pressure of 0.4 p.p. Gross margin pressure of 0.2 p.p., offset by strong G&A expense dilution. New stores penalized EBITDA by R$ 10.2 MM.

Adjusted EBITDA

R$ Million, % of Gross Revenues



* 1610 stores by the end of the 4Q17 less 3 stores closed.

1,607* stores operating since 2017:
(performance in the 1Q18)

- R$ 3.6 billion of Gross Revenues
- R$ 282.4 million of EBITDA
- EBITDA margin of 7.9%

RD Pharmacies

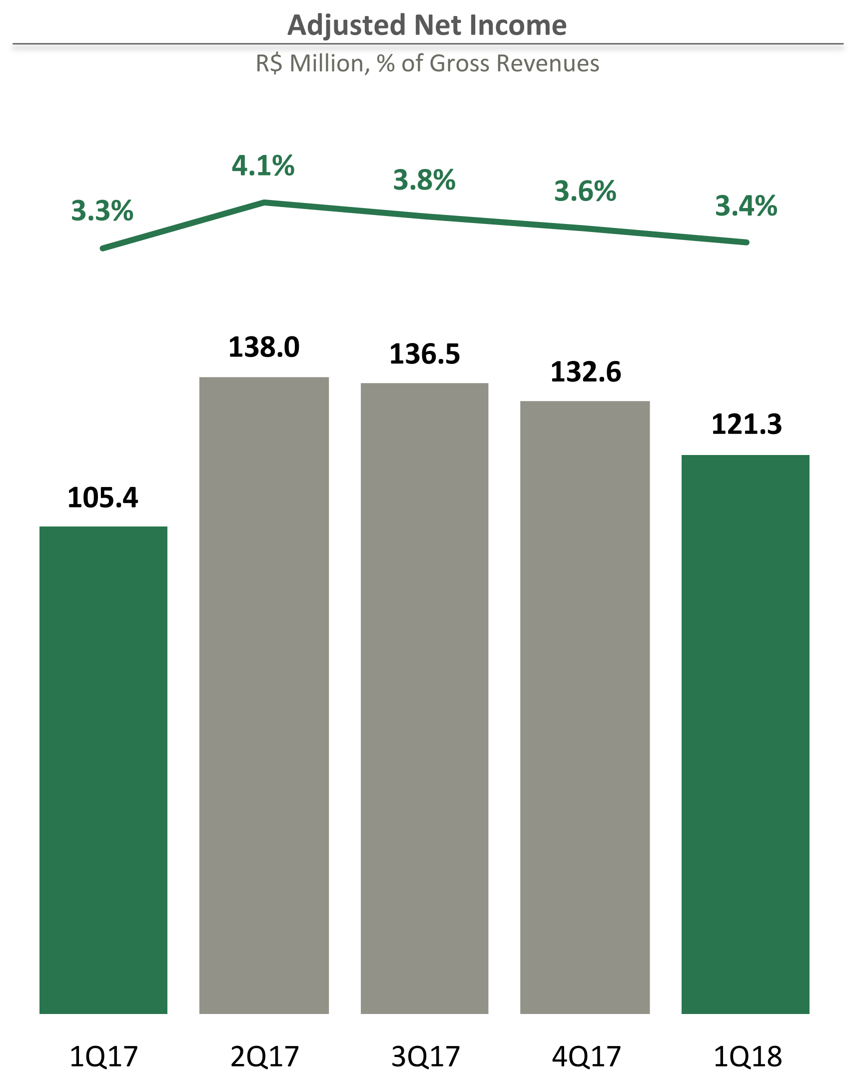
- R$ 269.9 million of EBITDA
- EBITDA margin of 7.8%

4Bio

- R$ 2.3 million of EBITDA
- EBITDA margin of 1.4%

NET INCOME TOTALED R$ 121.3 MILLION IN THE 1Q18

Net margin of 3.4%, an increase of 15.0% over the 1Q17.



NEGATIVE FREE CASH FLOW OF R$ 102.0 MILLION (172.7 MILLION IN THE 1Q17)

Total cash consumption of R$ 135.2 million versus 162.7 million in the 1Q17

Cash Flow	**1Q18**	**1Q17**
(R$ million)		
Adjusted EBIT	**176.1**	**166.5**
NPV Adjustment	(8.5)	(21.1)
Non-Recurring Expenses	-	(2.2)
Income Tax (34%)	(57.0)	(48.7)
Depreciation	96.0	77.5
Others	2.2	16.3
Resources from Operations	**208.9**	**188.3**
Cash Cycle*	(153.3)	(246.7)
Other Assets (Liabilities)**	(33.4)	20.8
Operating Cash Flow	**22.2**	**(37.7)**
Investments	**(124.2)**	**(135.1)**
Free Cash Flow	**(102.0)**	**(172.7)**
Interest on Equity	(0.1)	(0.1)
Net Financial Expenses***	(5.4)	(10.9)
Share Buyback	(46.9)	-
Income Tax (Tax benefit over financial expenses and interest on equity)	19.2	21.1
Total Cash Flow	**(135.2)**	**(162.7)**

*Includes adjustments to discounted receivables.

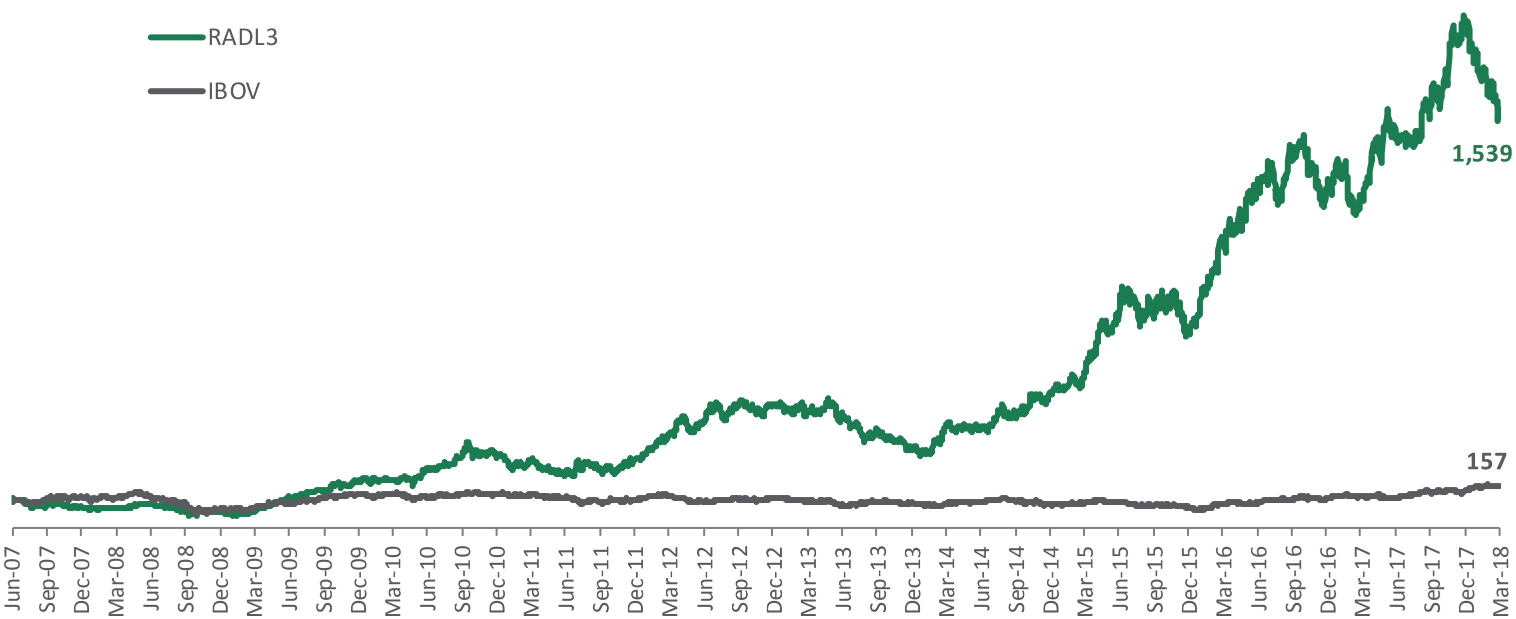
**Includes tax shield from goodwill amortization and NPV adjustments.

***Excludes NPV adjustments.

SHAREHOLDER RETURN

Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,439.1% with an average annual return of 29.4%. Considering the IPO of Raia, the average annual return was 31.3%.

Share Appreciation



Performance in 2018

RADL3: -18.4%
BOVESPA: 33.5%
Alpha: -51.9%
Average Trading Volume RADL3: R$ 86.9 MM

WHAT WE ACCOMPLISHED IN THE 1Q18

Successfully Navigated a Challenging Quarter

- Maintained a flat EBITDA margin in spite of negative mature store growth
- Gained 0.6 p.p. of market share, with increases in every region in spite of increased store addition by other national chains
- Sustained a constant retail gross margin (-0.2 p.p. consolidated due to 4Bio) in spite of a 0.4 p.p. non-cash NPV Adjustment
- Sales expenses remained unchanged in spite of operating leverage loss at mature stores
- Achieved 0.2 p.p, of G&A dilution

We remain very optimistic and focused on long-term value creation

- In spite of short-term industry deceleration, the secular growth drivers remain intact
- New stores have enjoyed strong marginal IRR, in-line with historical standards
- Our market share growth has been significant, allowing us to lead the industry's consolidation and enhance entry barriers
- Increased store addition by national competitors may be cyclical and had limited impact on our growth
- The combination of lower industry growth with increased new store addition will accelerate industry consolidation, disrupting companies facing high leverage, significant local competition and/or low-quality expansion

CAPITAL MARKETS HIGHLIGHTS

Second Issuance of Debentures

- R$ 400 million issuance in April 2018
- Divided in nine different series with a 2,7 years duration and 5 years maturity
- Average cost of 104.5% of the CDI

2018 Earnings

- **2Q:** July 30th, 2018
- **3Q:** October 30th, 2018

Scheduled Investor Conferences

- May 16th and 17th: **13th Annual LatAm CEO Conference**, Itaú (New York)
- June 5th to 7th: **2018 CalGEMs Conference**, Bank of America Merrill Lynch (California)
- June 13th and 14th: **11th Annual Brazil Equity Conference**, Citi (São Paulo)