Earnings Presentation – 3Q12

November 14th, 2012

RaiaDrogasil

Disclaimer

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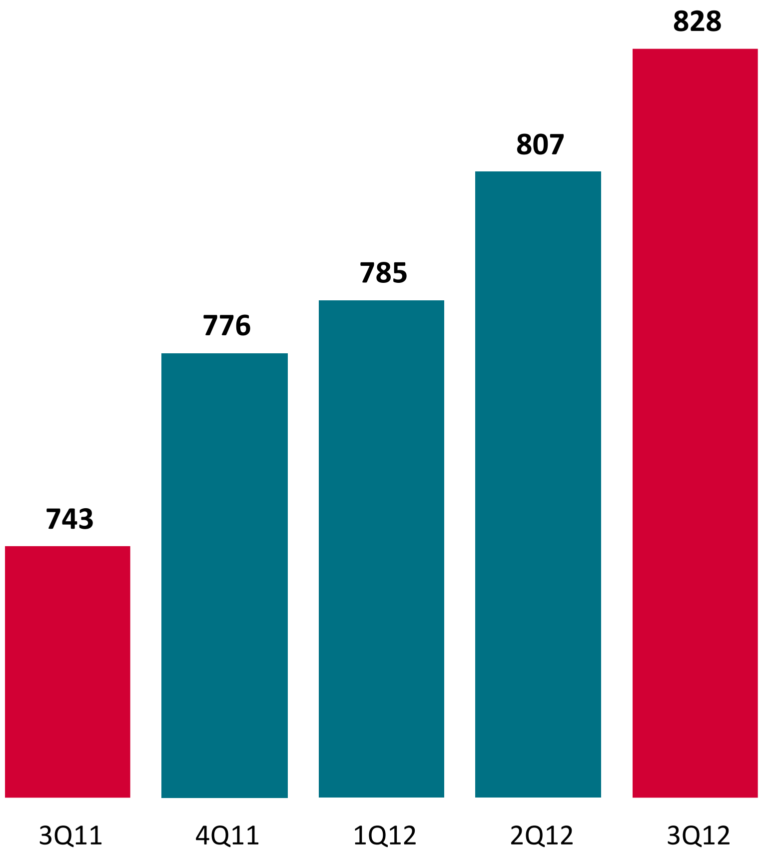
Highlights (Adjusted Figures)

- **Drugstores:** 828 stores in operation (24 new store openings and three closings)
- **Gross Revenues:** R$ 1,451.8 million, 17.8% of growth (11.2% same store sales)
- **Gross Margin:** 26.2% of gross revenues, a 0.7 percentage point margin increase
- **Adjusted EBITDA:** R$ 81.1 million, an increase of 18.6%
- **Adjusted EBITDA Margin:** 5.6%, in line with the previous year
- **Adjusted Net Income:** R$ 39.7 million, 2.7% of net margin
- **Cash Generation:** R$ 112.4 million

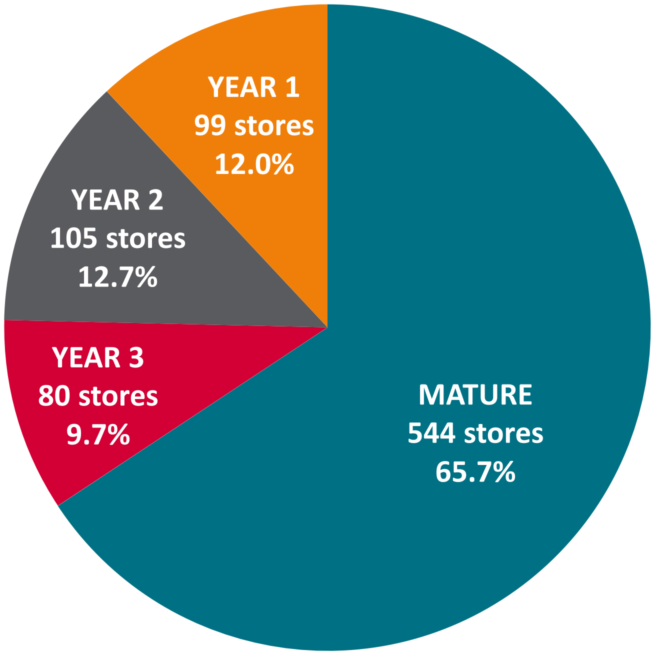
We ended the 3Q12 with 828 stores. We opened 24 stores and closed 3 in the quarter. Due to the opening suspension, only 6 Raia stores were opened, versus 18 of Drogasil.

Store Count



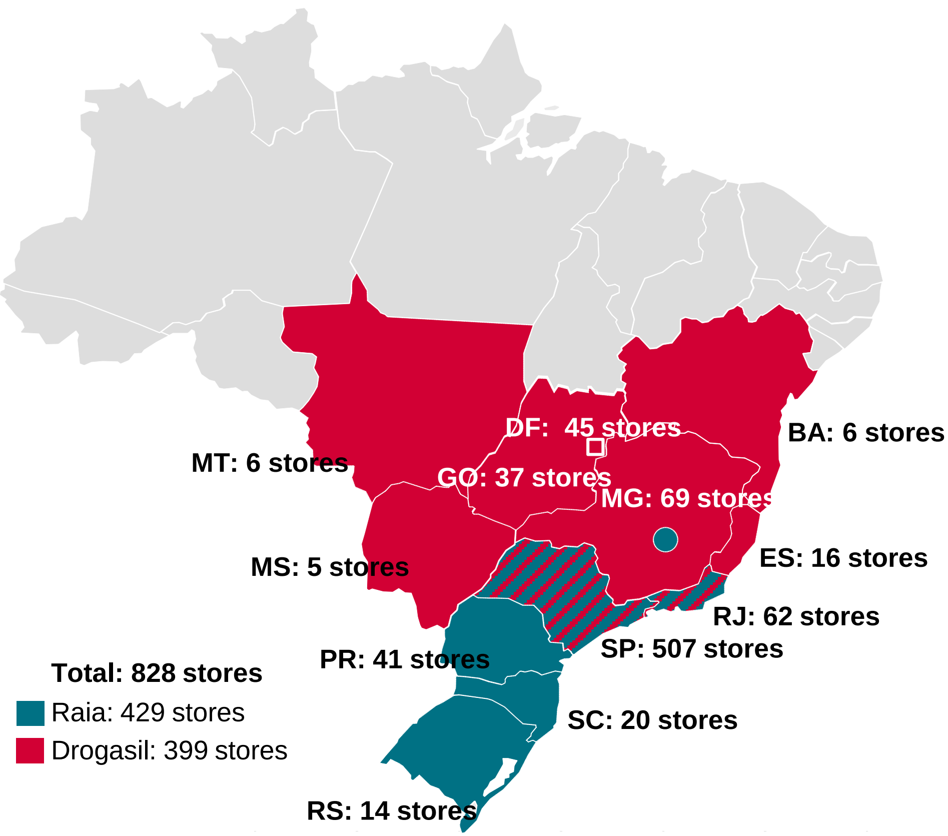
	3Q11	4Q11	1Q12	2Q12	3Q12
Opened	31	40	9	26	24
Closed	3	7	0	4	3

Age Structure of Store Portfolio
(store count, % of existing stores)

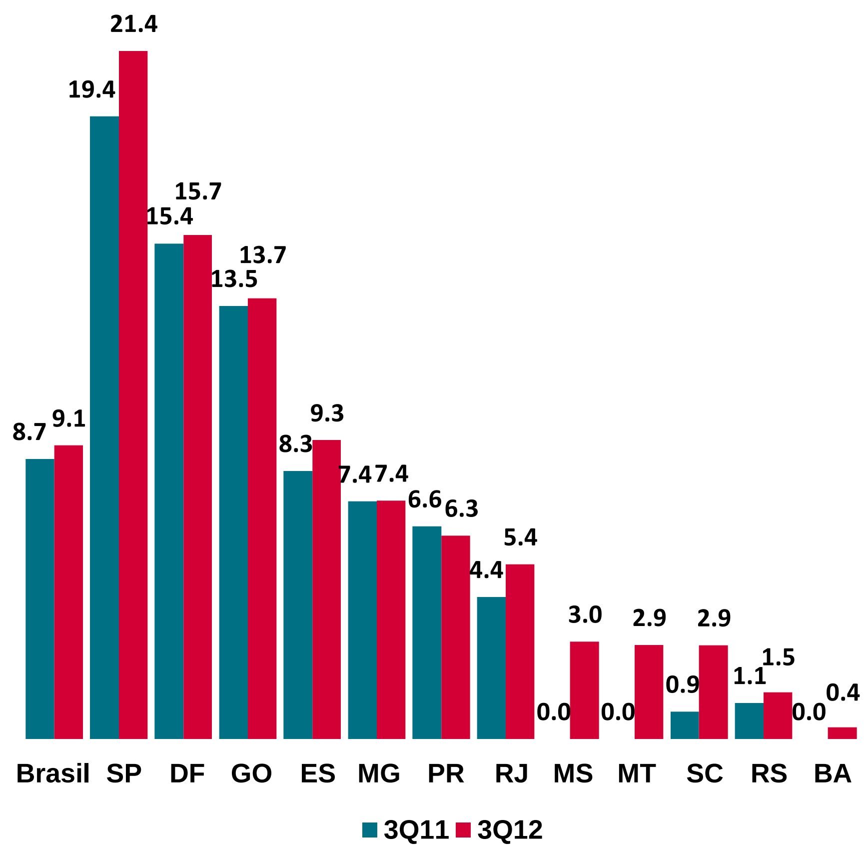


Our national market share grew by 0.4 percentage point, reaching 9.1%, with a strong performance in most states. We also highlight our recent entry into MT, MS and BA.

Geographic Presence



Market Share (September, 2012)

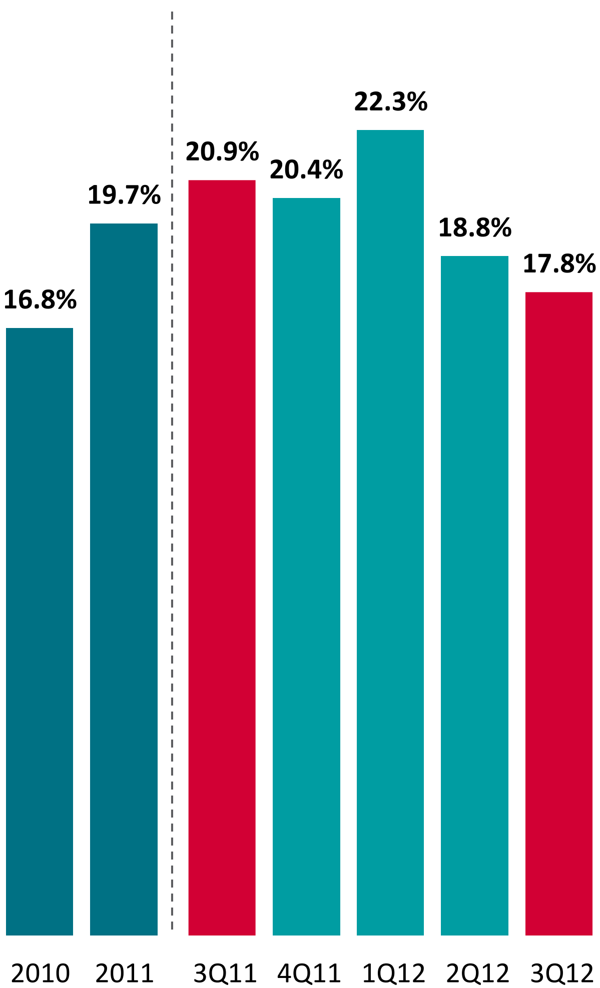


PHARMACEUTICAL MARKET DISTRIBUTION BY STATE (LAST 12 MONTHS)

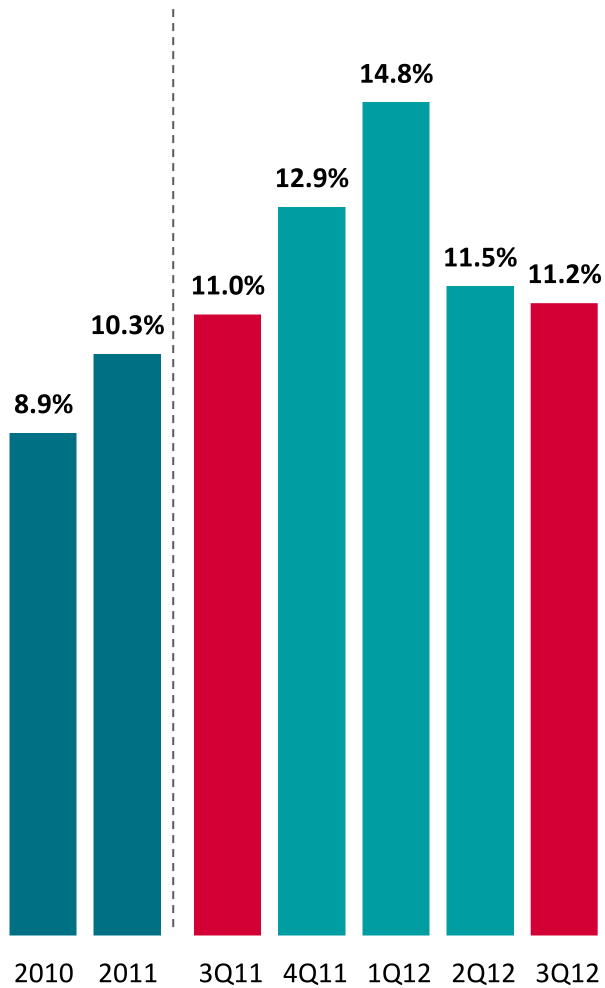
Brasil	SP	DF	GO	ES	MG	PR	RJ	MS	MT	SC	RS	BA
100.0%	28.2%	2.7%	3.3%	2.0%	10.2%	6.0%	13.2%	1.1%	1.1%	3.8%	7.4%	4.5%

Our mature stores grew by 7.2%, impacted by an adverse calendar effect of 0.9%. Raia grew 5.7% vs. 8.6% of Drogasil, due to a stronger comp base (10.5% vs. 5.1%) in the 3Q11.

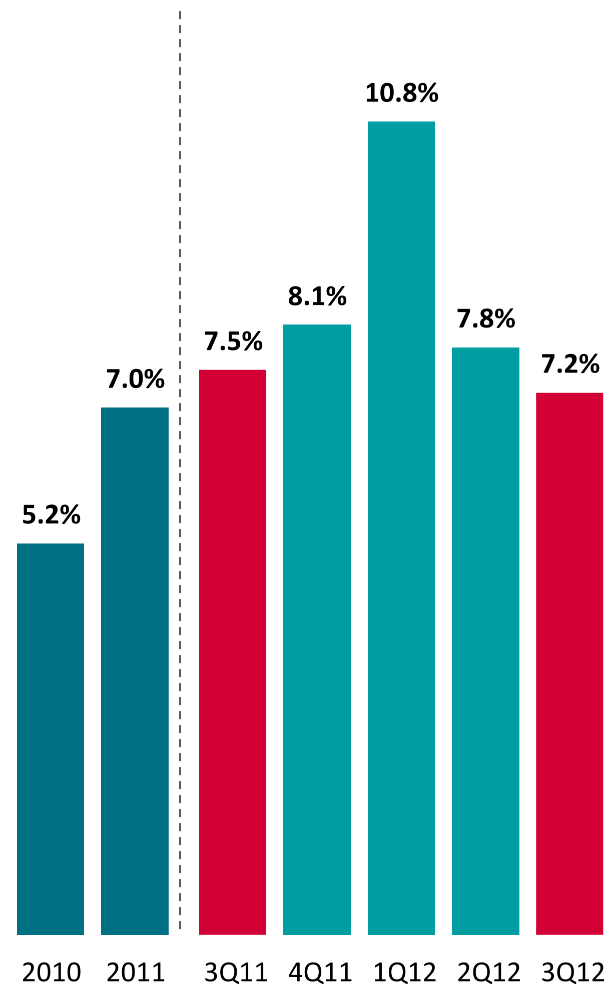
Growth – Total Sales



Growth – Same Store Sales

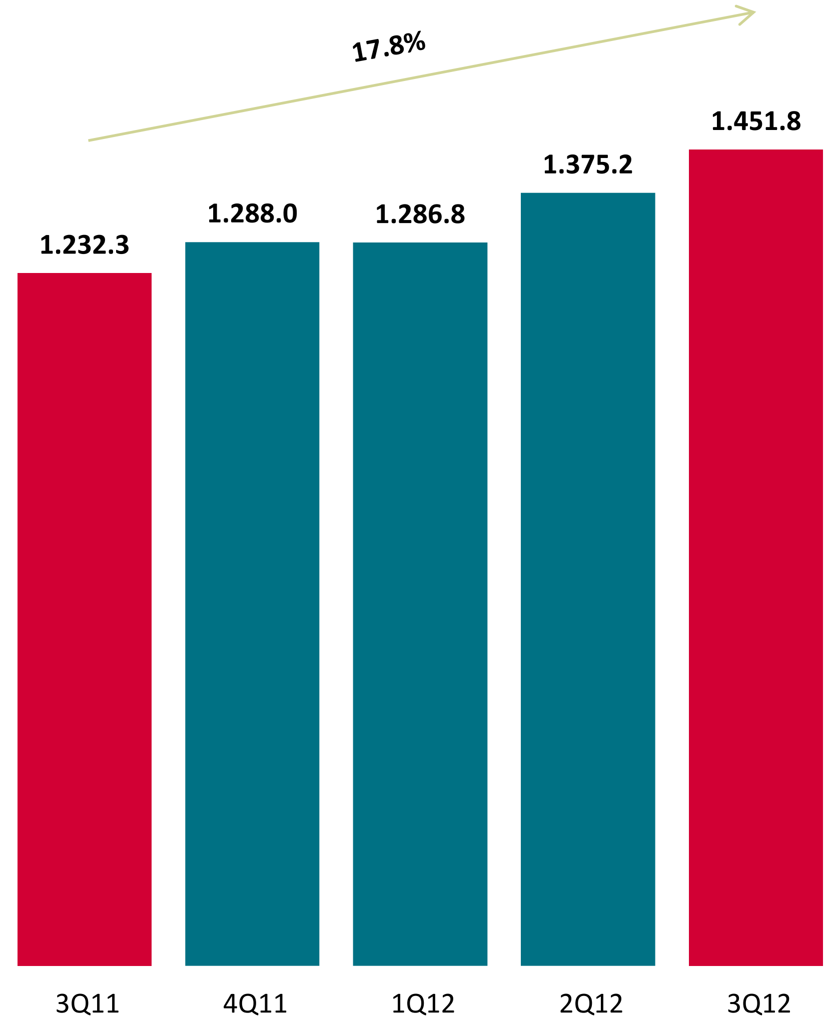


Growth – Mature Stores

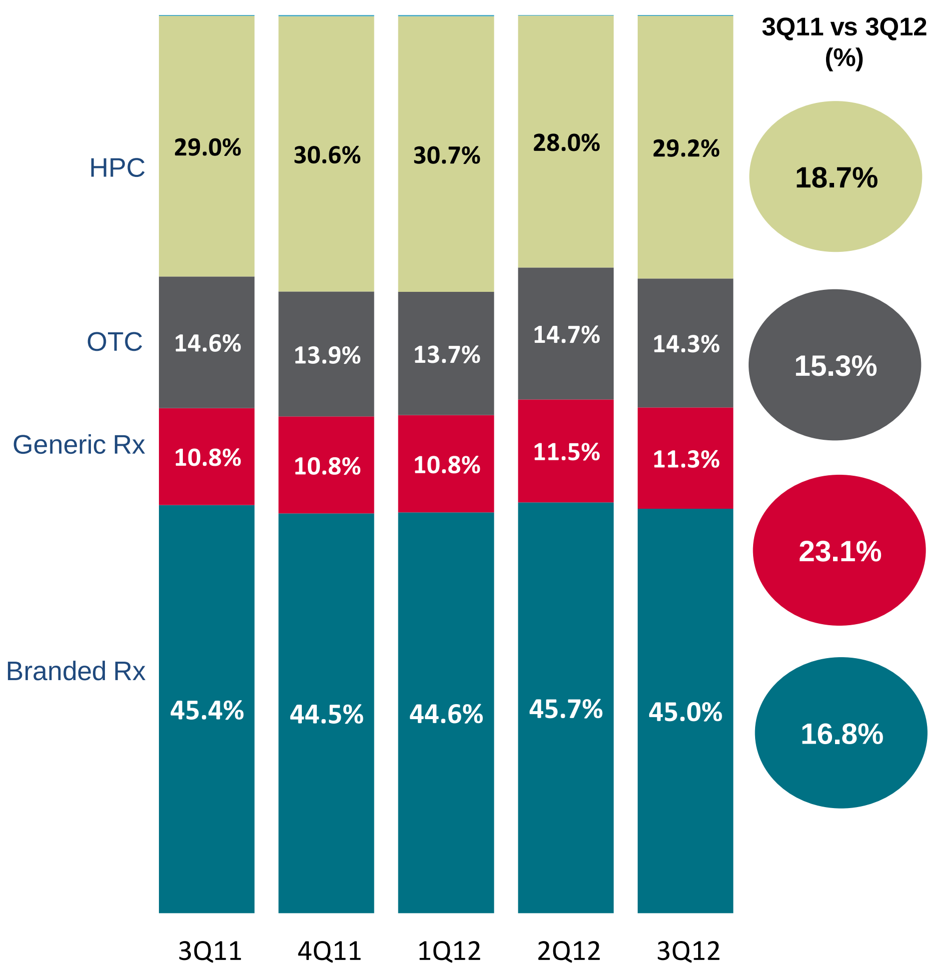


Generics revenue share increased by 0.5 percentage point, due to new launches and to improvements in promotional execution.

Gross Revenues
(R$ million)

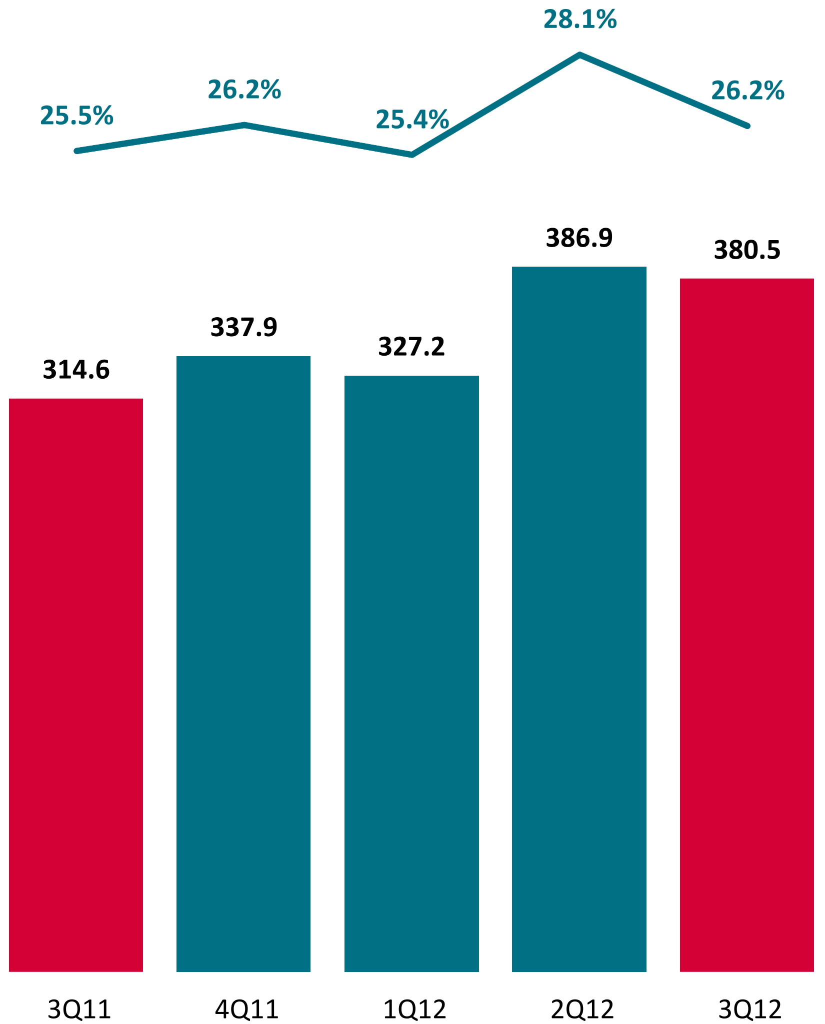


Sales Mix

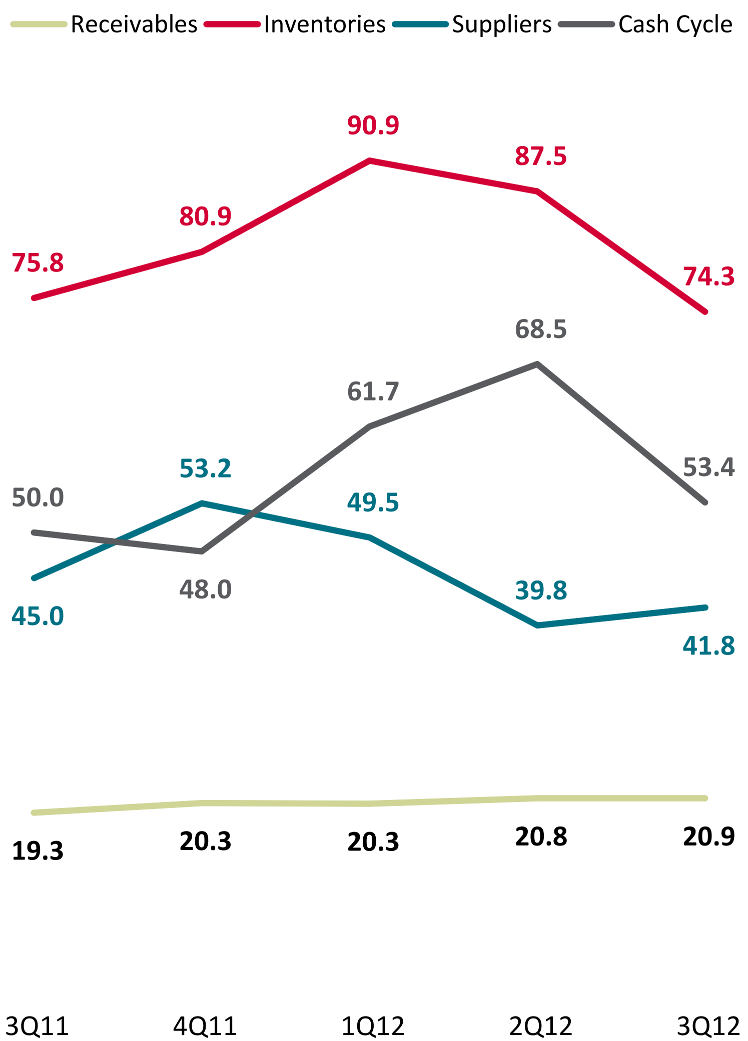


Gross margin increased 0.7 pp. over the 3Q11, and cash cycle fell 15.1 days over the 2Q12. A change in tax regime reduced taxes on inventories by 4.5 days, but overtaxed us by 0.8 pp..

Adjusted Gross Profit
(R$ million, % of gross revenues)



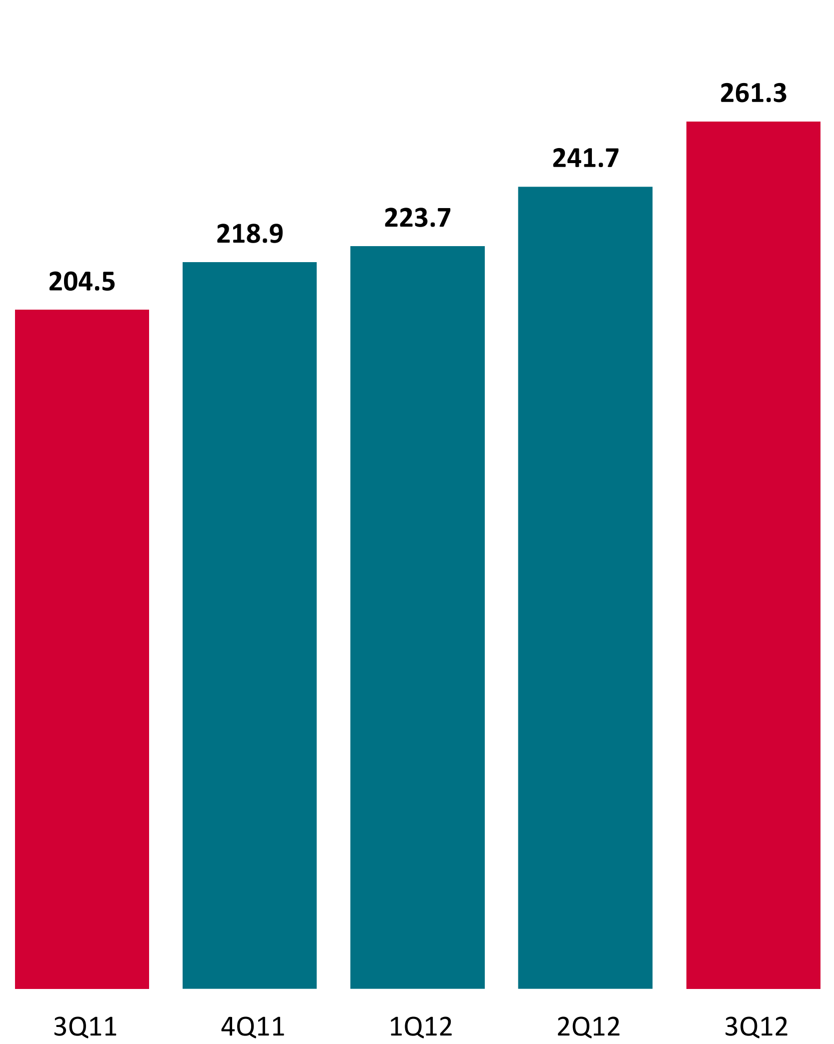
Cash Cycle



* Adjusted Gross Profit excludes the R$ 1.6 million amortization of the PPA on inventories in the 1Q12 and the R$ 7.1 million amortization in 2011, as well as the effects of the accounting practice alignment between Raia and Drogasil, which amounted to another R$ 23.3 million in 2011.

Sales expenses increased by 1.4 pp. due to staff and salary increases, to commercial lease pressures, to the opening of 2 new DCs and to a surge in pre operational expenses.

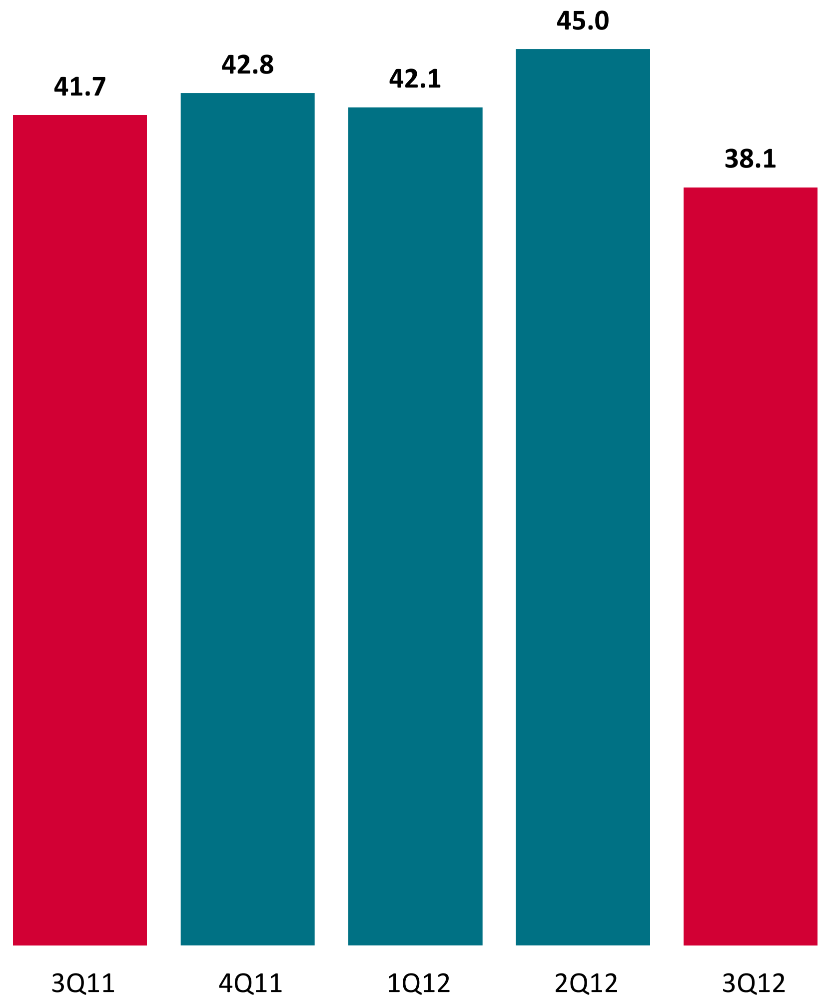
Sales Expenses
(R$ million)



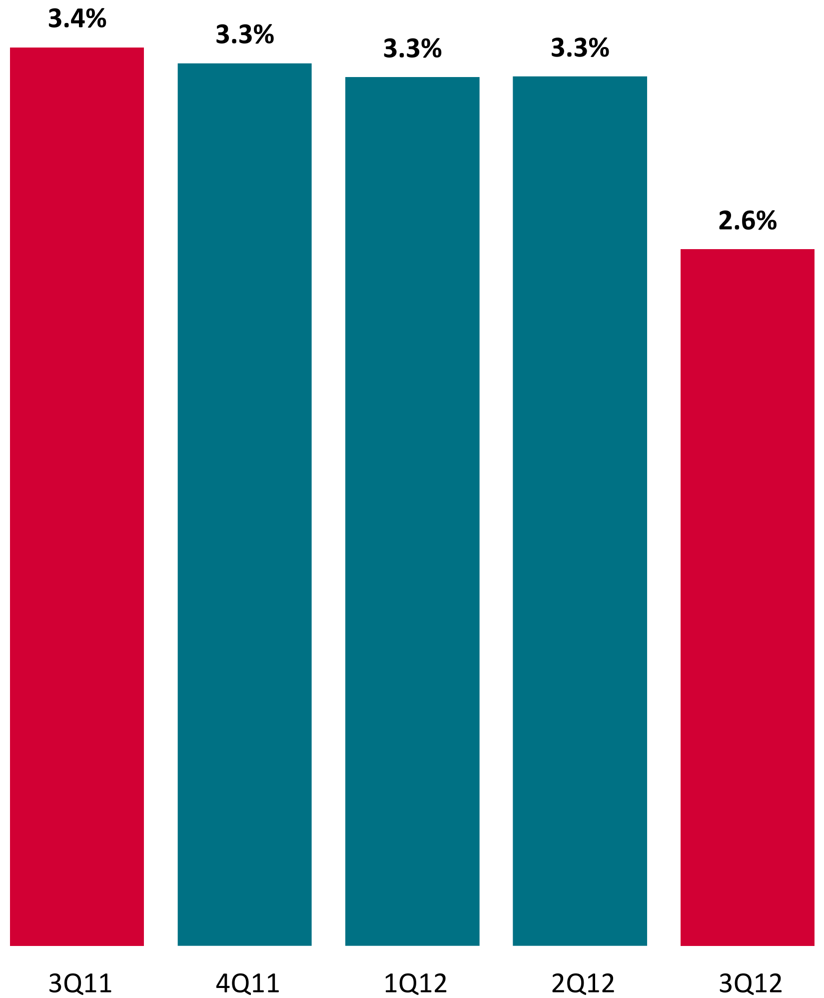
Sales Expenses
(% of gross revenues)

G&A fell to 2.6% due to the unification of our management structure, to a suspension in new hires and to R$ 4.9 million (0.3 pp.) of reversion in the compensation allowance.

Adjusted General and Administrative Expenses
(R$ million)



Adjusted General and Administrative Expenses
(% of gross revenues)

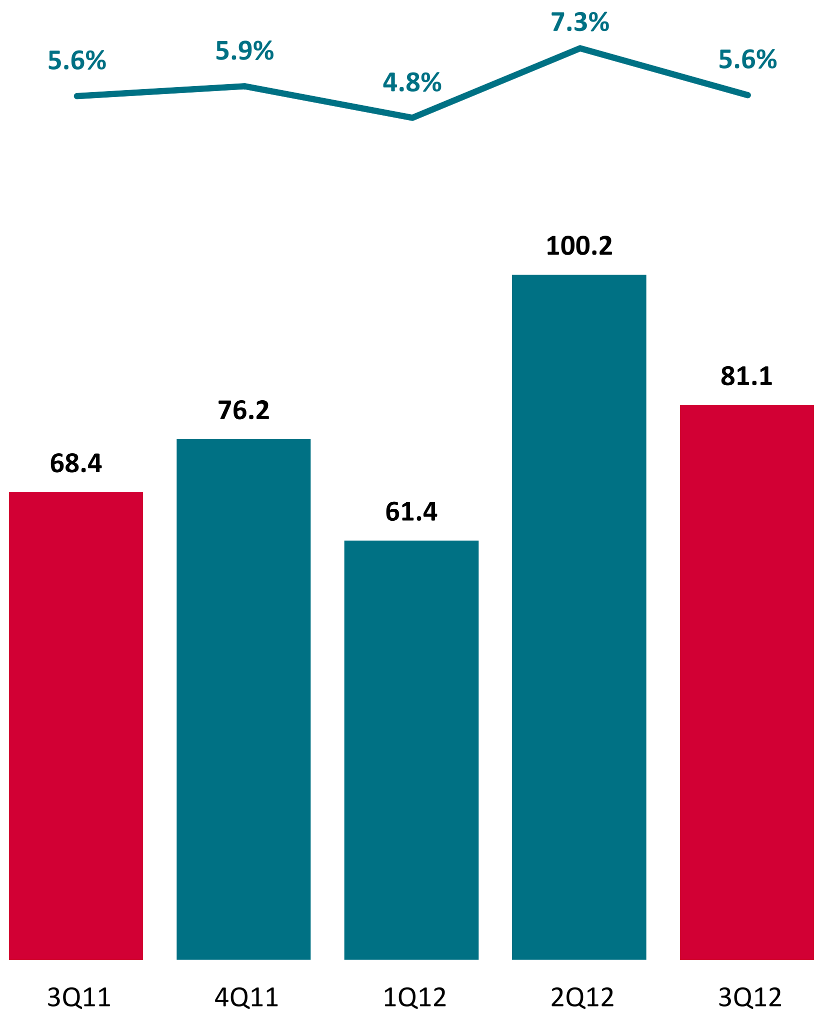


* Excludes R$ 3.5 million of non-recurring expenses recorded in the 3Q12 (R$ 2.7 million in consultancy and severance expenses, R$ 0.5 million in store closures and R$ 0.3 in the merger of Raia by RaiaDrogasil), R$ 2.7 million in the 2Q12 (consulting and store closures), R$ 6.6 million in the 1Q12 (consulting and severance expenses) and R$ 35.3 million recorded in 2011 (general transaction expenses, including bank fees, consulting expenses and alignment of accounting practices).

Our EBITDA totaled R$ 81.1 million (5.6%), in line with the 3Q11. Stores opened in 2012 or at the pre-operational stage at the 3Q12 penalized our EBITDA by R$ 8.4 million.

Adjusted EBITDA

(R$ million, % of gross revenues)



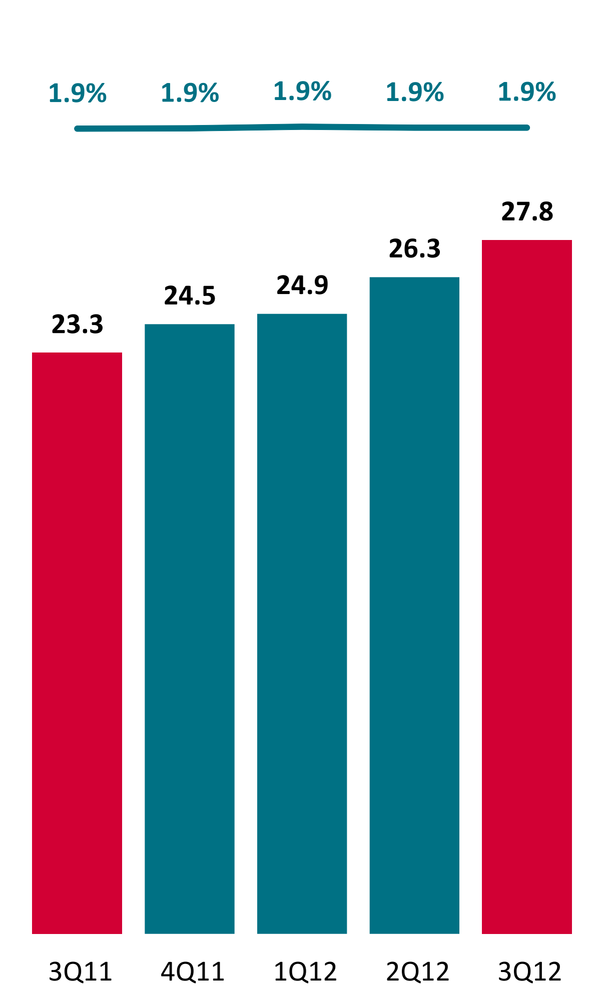
776 Stores Operating at Year End:
(performance at the 3Q12)

- R$ 1.4 billion in Gross Revenues
- R$ 89.5 million of EBITDA
- EBITDA Margin of 6.3%

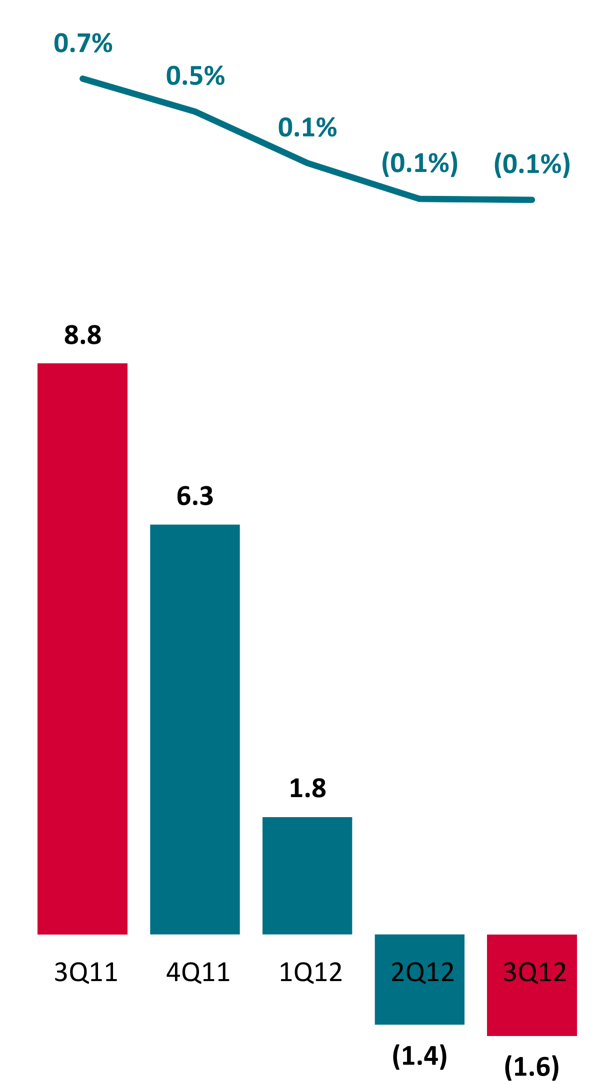
* Excludes R$ 3.5 million of non-recurring expenses in the 3Q12 (R$ 2.7 million in consulting and severance expenses, R$ 0.5 in store closures and R$ 0.3 million in the merger of Raia by RaiaDrogasil), R$ 2.7 million of non-recurring expenses (R$ 1.8 million in consulting and R$ 0.9 million in store closures), R$ 8.2 million of non-recurring expenses (R$ 6.6 million in consulting and R$ 1.6 million in PPA amortization over inventories) incurred in the 1Q12 and R$ 57.9 million of non-recurring expenses (general transaction expenses, including investment bank fees, consulting expenses, alignment of accounting practices and amortization of the PPA over inventories) recorded in 2011.

We recorded a net margin of 2.7%, in line with the 3Q11.

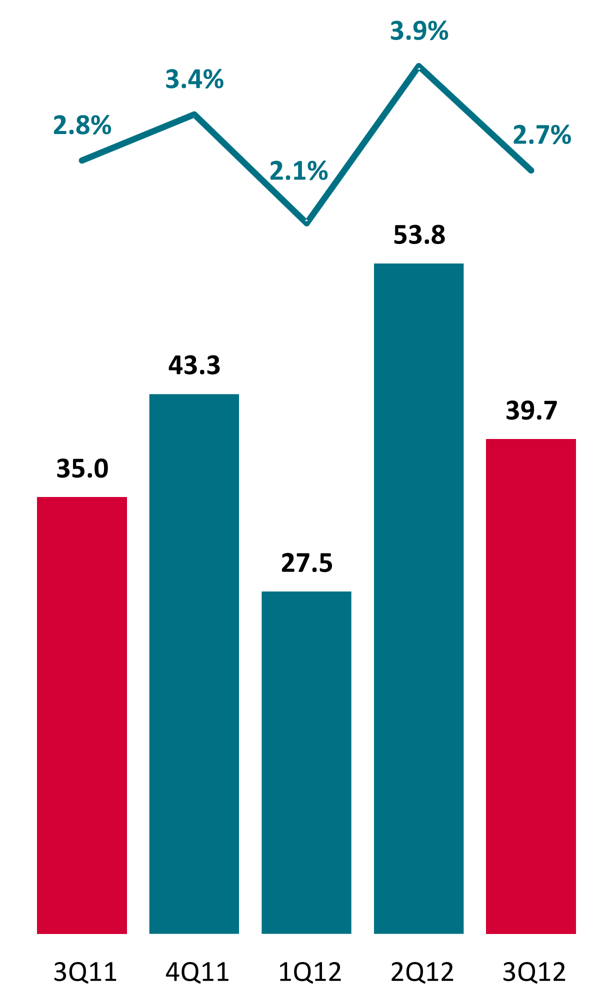
Depreciation
(R$ million, % of gross revenues)



Net Financial Revenues/(Expenses)
(R$ million, % of gross revenues)



Adjusted Net Income
(R$ million, % of gross revenues)



* Excludes R$ 5.0 million of non-recurring expenses incurred in the 3Q12 (R$ 3.5 million in general and administrative expenses and R$ 1.5 million of PPA amortization, including income taxes), R$ 4.5 million in the 2Q12, R$ 8.2 million in the 1Q12 and R$ 45.7 million in 2011.

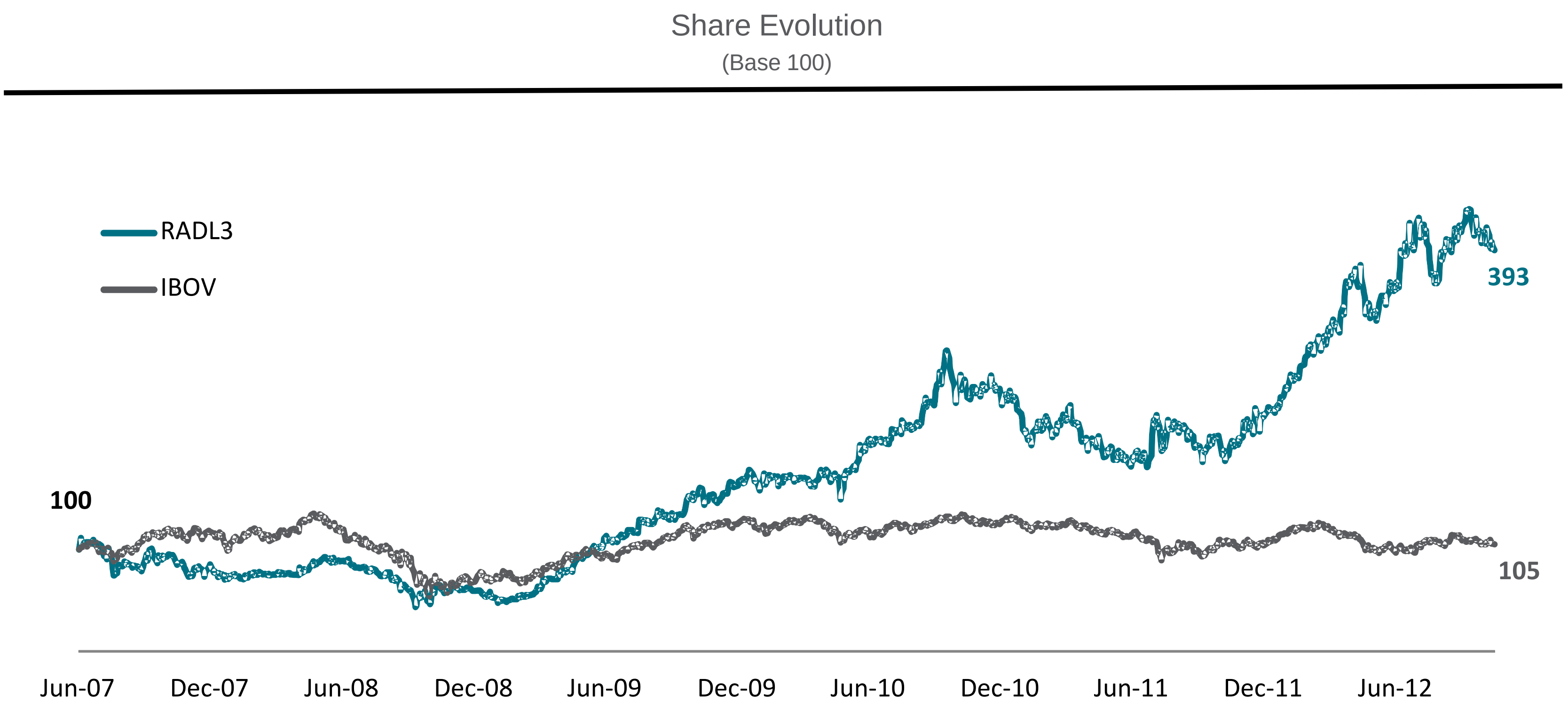
We generated R$ 112.4 million of cash in the quarter, driven by a significant reduction in the cash cycle and by the conversion of R$ 23.5 million in outstanding tax credits.

Cash Flow *(R$ million)*	3Q12	3Q11	9M12	9M11
EBT	**44.2**	**49.1**	**136.0**	**140.8**
(-) Income Tax	(12.1)	(12.6)	(18.2)	(25.9)
(+) Depreciation	31.9	23.3	91.2	67.3
(-) Other Adjustments	7.5	3.9	19.2	13.6
Resources from Operations	**71.6**	**63.7**	**228.2**	**195.8**
Cash Cycle*	103.1	1.4	(158.4)	(305.8)
ICMS Recovery	23.5	-	43.2	-
Others	(29.2)	9.2	(51.7)	21.3
Operations	**169.0**	**74.3**	**61.2**	**(88.8)**
Investments	**(56.6)**	**(43.0)**	**(144.9)**	**(97.7)**
Total Cash Flow	**112.4**	**31.3**	**(83.7)**	**(186.5)**

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

** Does not include financing cash flow

Our share price implies in an average annual return of 29.0% since Drogasil´s IPO in 2007 and of 47.6% since Raia´s IPO in 2010.



Number of Shares (thousand)	330,386
Stock Quote - November 12th (R$)	22.00
Market Cap (R$ billion)	7.3
Average Trading Volume 3Q12 (R$ million)	22.1