RaiaDrogasil S.A.

People, Health and Well-being

EARNINGS PRESENTATION:

1Q19

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

DISCLAIMER

This presentation contains statements that are forward-looking within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Exchange Act of 1934. Such forward-looking statements are only predictions and are not guarantees of future performance. Investors are cautioned that any such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the operations and business environments of the Company that may cause the actual results of the companies to be materially different from any future results expressed or implied in such forward-looking statements.

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QUARTERLY HIGHLIGHTS:

- **Drugstores:** 1,873 stores in operation (62 openings and 14 closures)
- **Retail Market Share:** 1.1 percentage point national increase, with a 1.0 percentage point gain in SP
- **Gross Revenues:** R$ 4.2 billion, a 15.3% growth (1.9% retail mature-store sales growth)
- **Gross Margin:** 28.0% of gross revenues, a 0.5 percentage point decrease
- **EBITDA:** R$ 270.1 million, a margin of 6.5%, a 1.1 percentage point decrease
  R$ 415.6 million, a margin of 10.0%, a 0.9 percentage point decrease **(IFRS 16)**
- **Net Income:** R$ 105.5 million, 2.5% of net margin
  R$ 93.9 million, 2.3% of net margin **(IFRS 16)**
- **Cash Flow:** R$ 210.5 million negative free cash flow, R$ 202.9 million of cash consumption

IFRS 16

Lease payment obligations are now recognized as liabilities, while the rights-of-use are booked as fixed assets. Rentals are reclassified to depreciation and to financial expenses, but with timing differences.

Cumulative Impact of the Existing Lease Contracts on Income Statement as of January 1, 2019

Income Statement	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026+**	**Total**
(R$ million)									
Rental Expenses (+)	587.9	583.7	580.9	547.1	480.1	418.3	339.0	547.3	4,084.3
Right-of-use Depreciation (-)	(535.5)	(529.2)	(526.6)	(493.2)	(428.8)	(371.6)	(299.0)	(470.3)	(3,654.2)
Interest over Leases (-)	(99.4)	(85.2)	(70.6)	(55.9)	(42.4)	(30.3)	(19.9)	(26.5)	(430.1)
EBT	**(47.0)**	**(30.7)**	**(16.2)**	**(1.9)**	**8.9**	**16.4**	**20.0**	**50.5**	**0.0**
Income Tax (34%)	16.0	10.4	5.5	0.7	(3.0)	(5.6)	(6.8)	(17.2)	0.0
Net Income	**(31.0)**	**(20.2)**	**(10.7)**	**(1.3)**	**5.9**	**10.8**	**13.2**	**33.3**	**0.0**

Note: the schedule assumes no addition, renovation or anticipated termination of existing lease contracts.

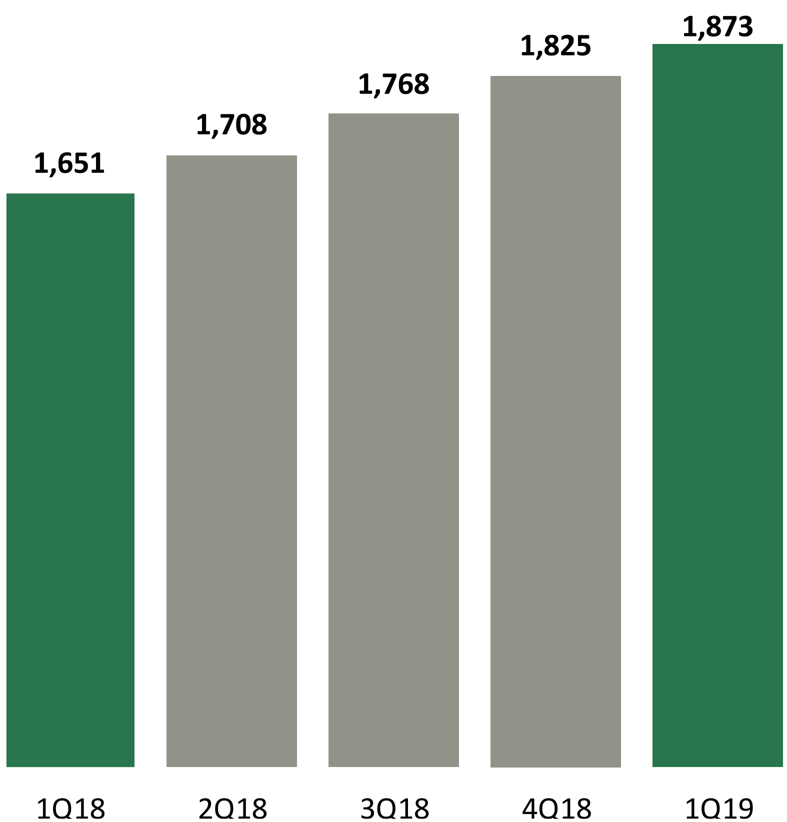
	1Q19		
Income Statement	**Previous**	**Change**	**IFRS 16**
(R$ million)			
Gross Revenue	**4,153.9**	**0.0**	**4,153.9**
Gross Profit	**1,161.7**	**0.0**	**1,161.7**
Gross Margin	28.0%	0.0%	28.0%
Selling Expenses	(795.1)	145.0	(650.1)
G&A	(96.5)	0.5	(96.0)
Total Expenses	**(891.6)**	**145.5**	**(746.1)**
as % of Gross Revenue	21.5%	-3.5%	18.0%
Adjusted EBITDA	**270.1**	**145.5**	**415.6**
as % of Gross Revenue	6.5%	3.5%	10.0%
Non-Recurring Expenses / Revenues	(5.2)	0.0	(5.2)
Depreciation and Amortization	(117.8)	(136.2)	(254.0)
Financial Results	(28.4)	(26.9)	(55.2)
Income Tax	(16.6)	6.0	(10.6)
Net Income	**102.1**	**(11.6)**	**90.5**
as % of Gross Revenue	2.5%	-0.3%	2.2%

	1Q19		
Balance Sheet	**Previous**	**Change**	**IFRS 16**
(R$ million)			
Assets	**7,588.6**	**3,599.1**	**11,187.7**
Current Assets	**4,681.8**	**(0.2)**	**4,681.5**
Other Accounts Receivable	178.6	(0.2)	178.4
Non-Current Assets	**2,906.8**	**3,599.3**	**6,506.2**
Other Credits	2.4	(0.6)	1.8
Property, Plant and Equipment	1,624.7	3,599.9	5,224.6
Liabilities and Shareholder's Equity	**7,588.6**	**3,599.1**	**11,187.7**
Current Liabilities	**2,876.8**	**477.6**	**3,354.5**
Financial Leases	0.0	505.6	505.6
Other Accounts Payable	141.7	(28.0)	113.7
Non-Current Liabilities	**1,128.7**	**3,133.1**	**4,261.8**
Financial Leases	0.0	3,139.0	3,139.0
Income Tax and Social Charges Deferred	243.8	(6.0)	237.9
Shareholder's Equity	**3,583.0**	**(11.6)**	**3,571.4**
Accrued Income	43.1	(11.6)	31.5
Non Controller Interest	36.9	(0.0)	36.9

STORE DEVELOPMENT

In the 1Q19, we opened 62 new stores and closed 14. At the end of the period, 35.6% of our stores were still maturing. We reiterate the guidance of 240 new stores in 2019.

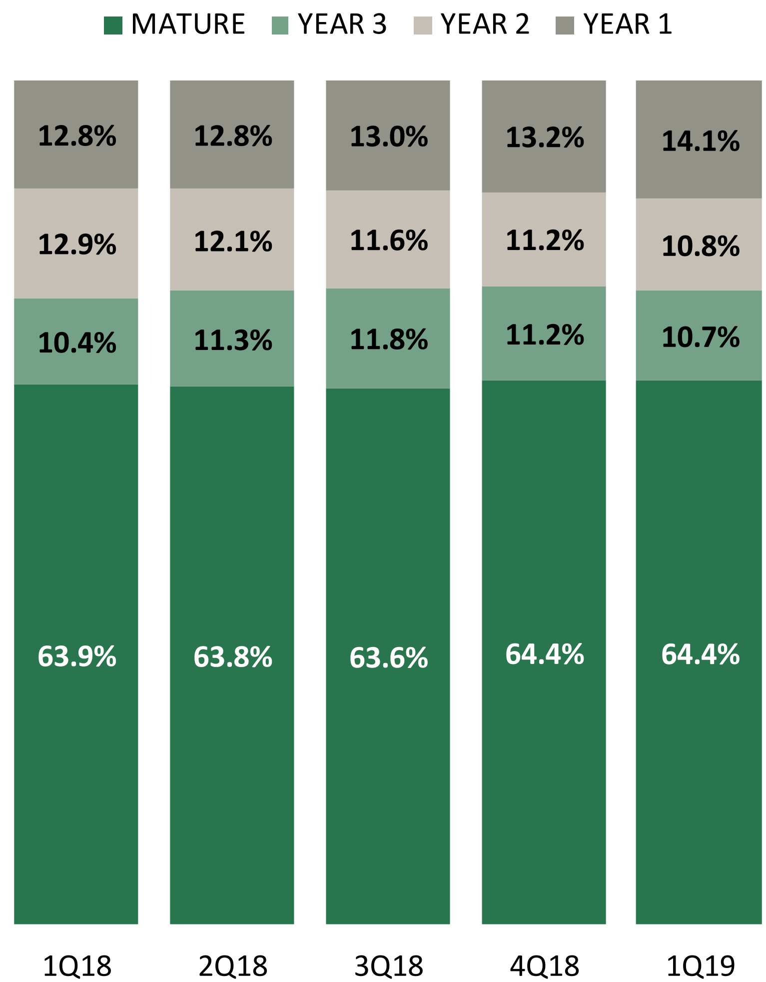
Store Count*



	1Q18	2Q18	3Q18	4Q18	1Q19
Openings	44	62	64	70	62
Closures	(3)	(5)	(4)	(13)	(14)

* Includes three 4Bio stores.

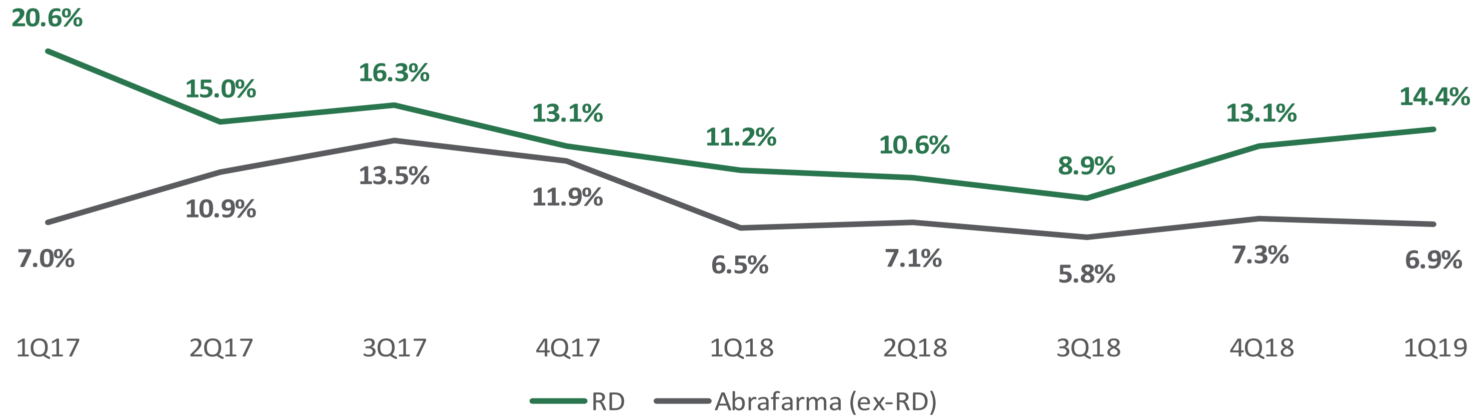
Age Structure of Store Portfolio



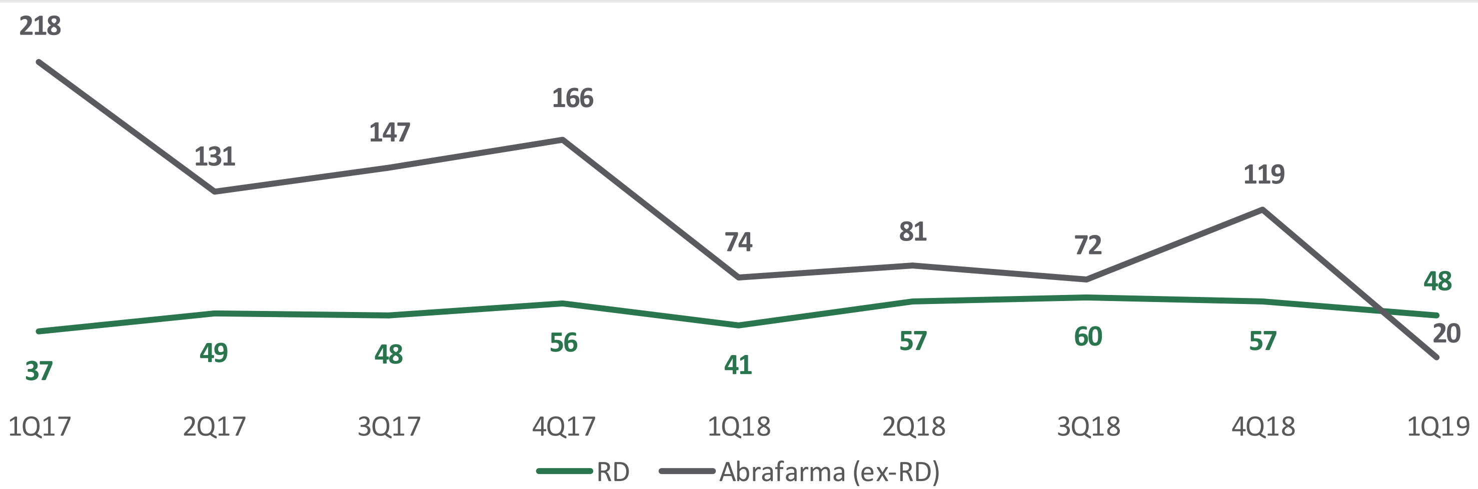
OUR COMPS ARE PROGRESSING TOWARDS NORMALIZATION AS THE CAPACITY ADDITION CYCLE IN THE INDUSTRY IS REVERSED

Our revenue growth is decoupling from the other Abrafarma chains. In addition, while other Abrafarma members have decelerated their expansion, we have sustained our accelerated store opening plan.

Sales – Nominal Growth Y/Y (%)



Net Store Addition (Q/Q)

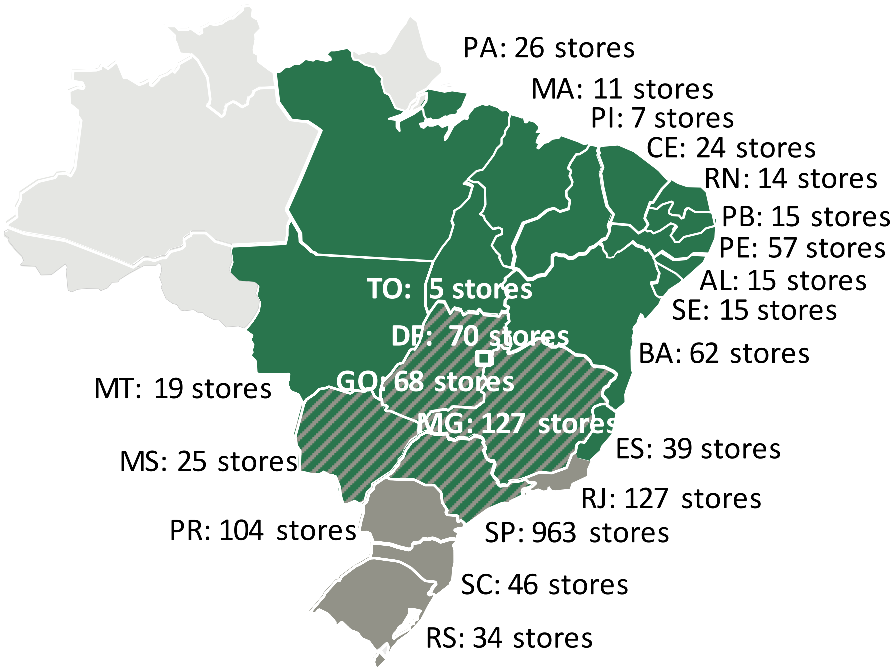


Note: data may be affected by other players entering/leaving database.

WE HAVE GAINED MARKET SHARE IN ALL SIX REGIONS WHERE WE OPERATE, WITH A VERY STRONG RECOVERY IN SÃO PAULO

We reached 12.7% of national market share, an increase of 1.1 p.p., with an increase of 1.0 p.p. in SP. Our share growth was driven by our strong investments in generics and the reversal of the industry's store addition cycle.

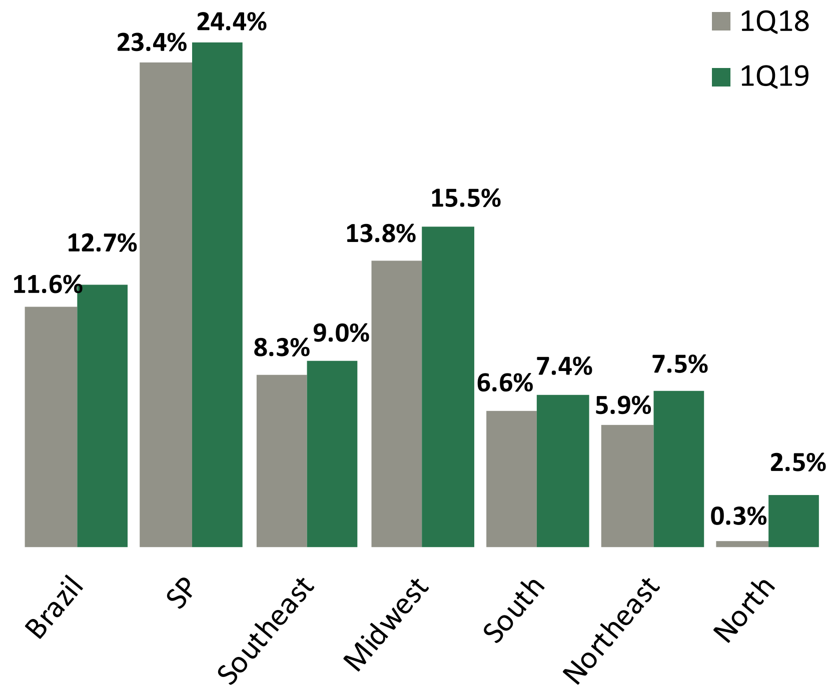
Geographic Presence



Total: 1,873 stores

- Raia: 828 stores
- Drogasil: 1,030 stores
- * Farmasil: 12 stores
- * 4Bio: 3 stores

Market Share



PHARMACEUTICAL MARKET BREAKDOWN BY REGION (%)

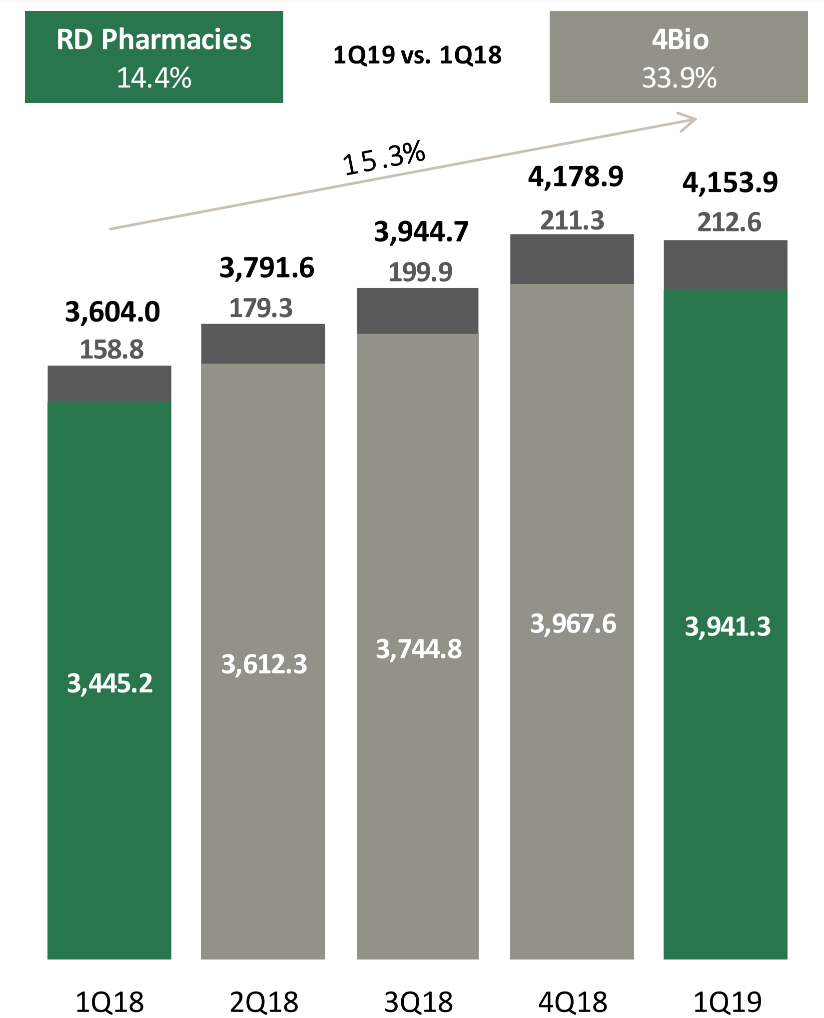
Brazil	SP	Southeast	Midwest	South	Northeast	North
100.0%	27.0%	24.2%	9.1%	16.0%	18.7%	5.1%

Source: IQVIA

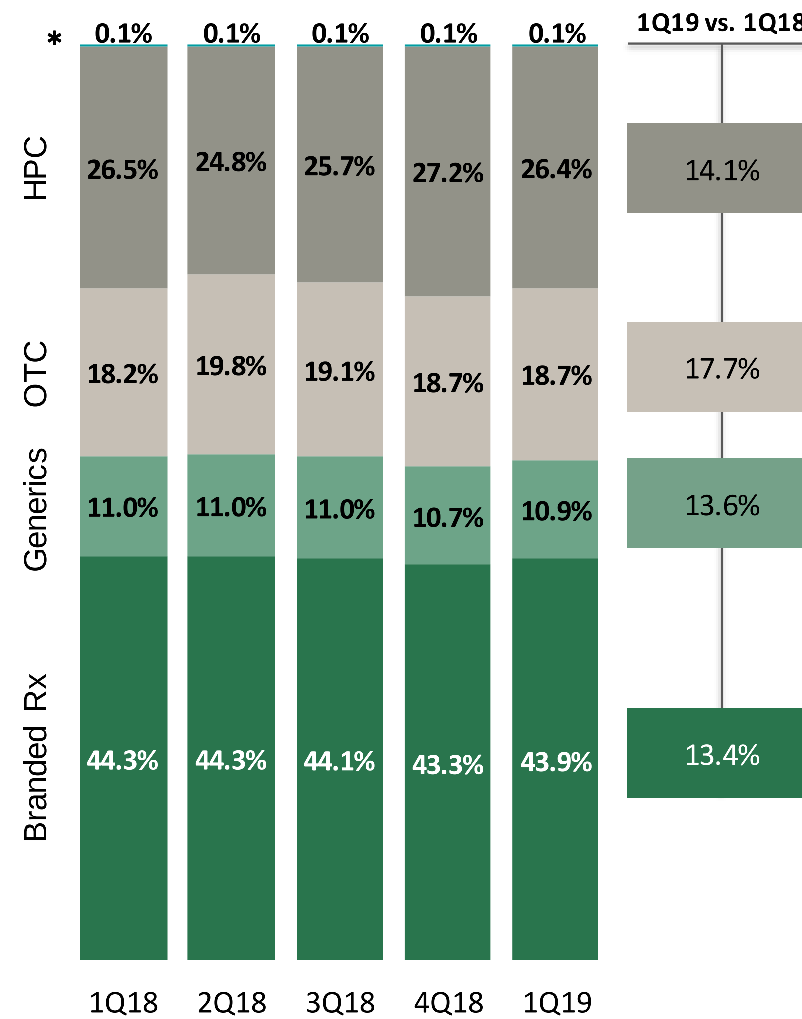
GROSS REVENUES INCREASED 15.3%, WITH 14.4% FOR RETAIL AND 33.9% FOR 4BIO

OTC was the highlight of the quarter with a 0.5 p.p. increase in the sales mix. Generics grew 13.6%, in line with Branded drugs and driven by a strong volume growth.

Consolidated Gross Revenues



Retail Sales Mix

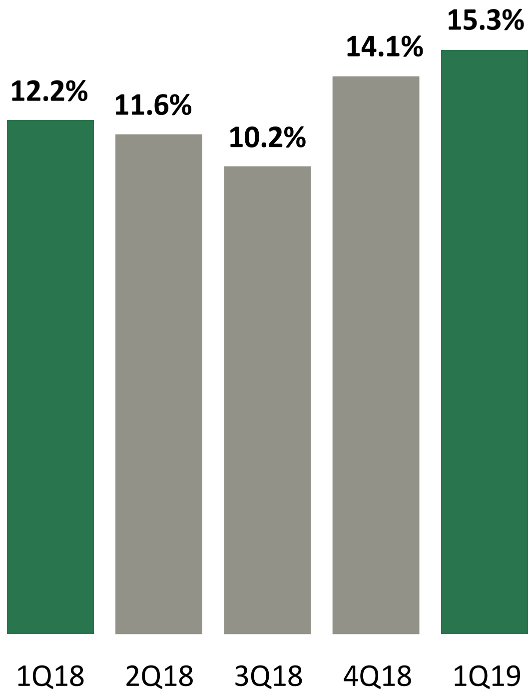


* Services

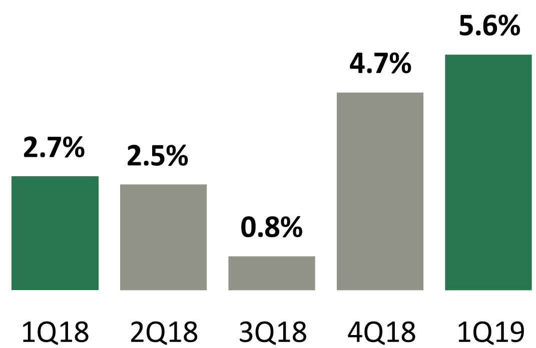
REVENUE GROWTH OF 15.3%, WITH 1.9% FOR MATURE STORES

Mature store sales continue to gain traction and is expected to accelerate throughout 2019 as the comp base gets easier and also through sequential improvements.

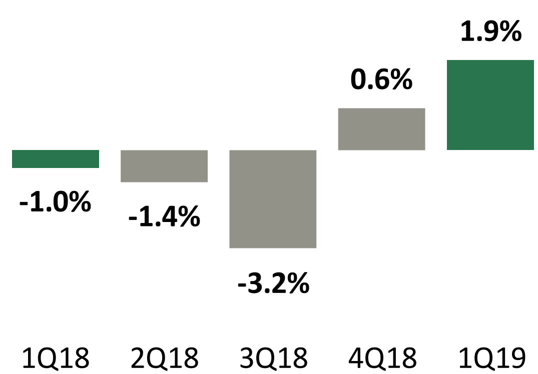
Consolidated Revenue Growth



Same Store Sales Growth*



Mature Stores Growth*



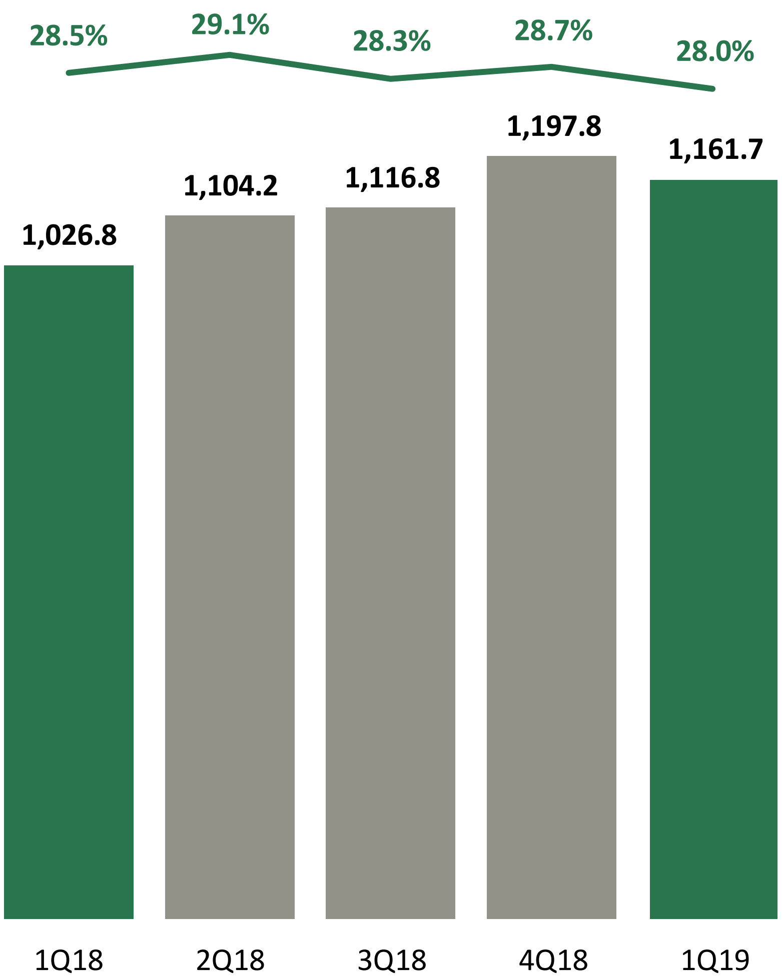
* RD Pharmacies only.

GROSS MARGIN AND CASH CYCLE

Gross margin pressure of 0.5 p.p. in 1Q19 due to a 0.3 p.p. retail margin pressure and to a 0.2 p.p. pressure coming from 4Bio. Cash cycle was 3.2 days higher reflecting an unfavorable calendar in the end of March.

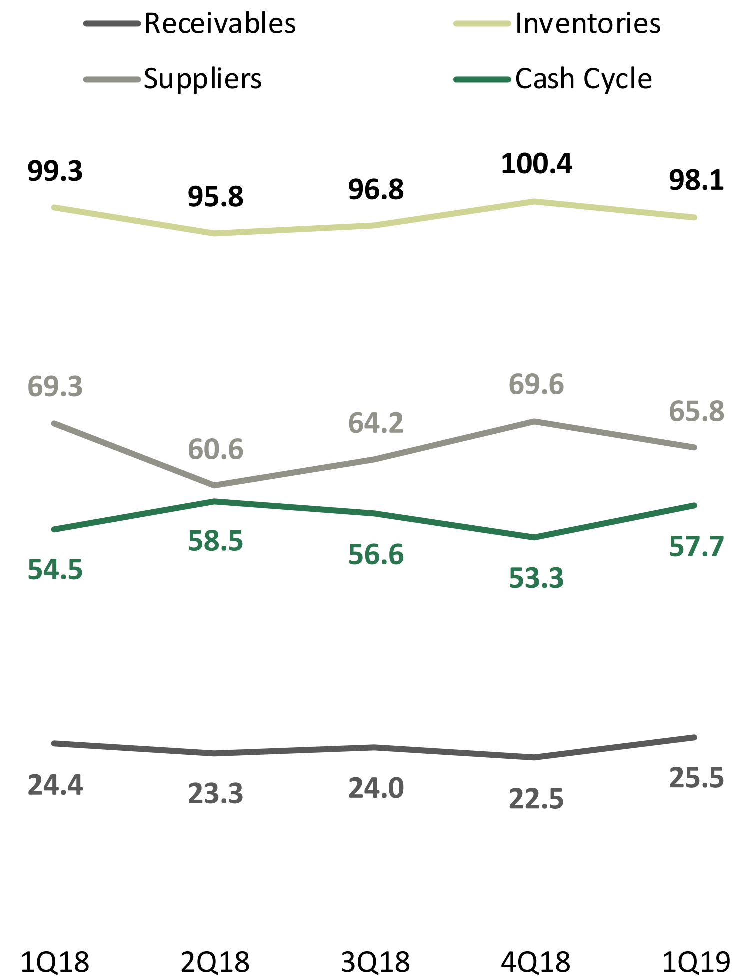
Gross Margin

R$ Million, % of Gross Revenue



Cash Cycle*

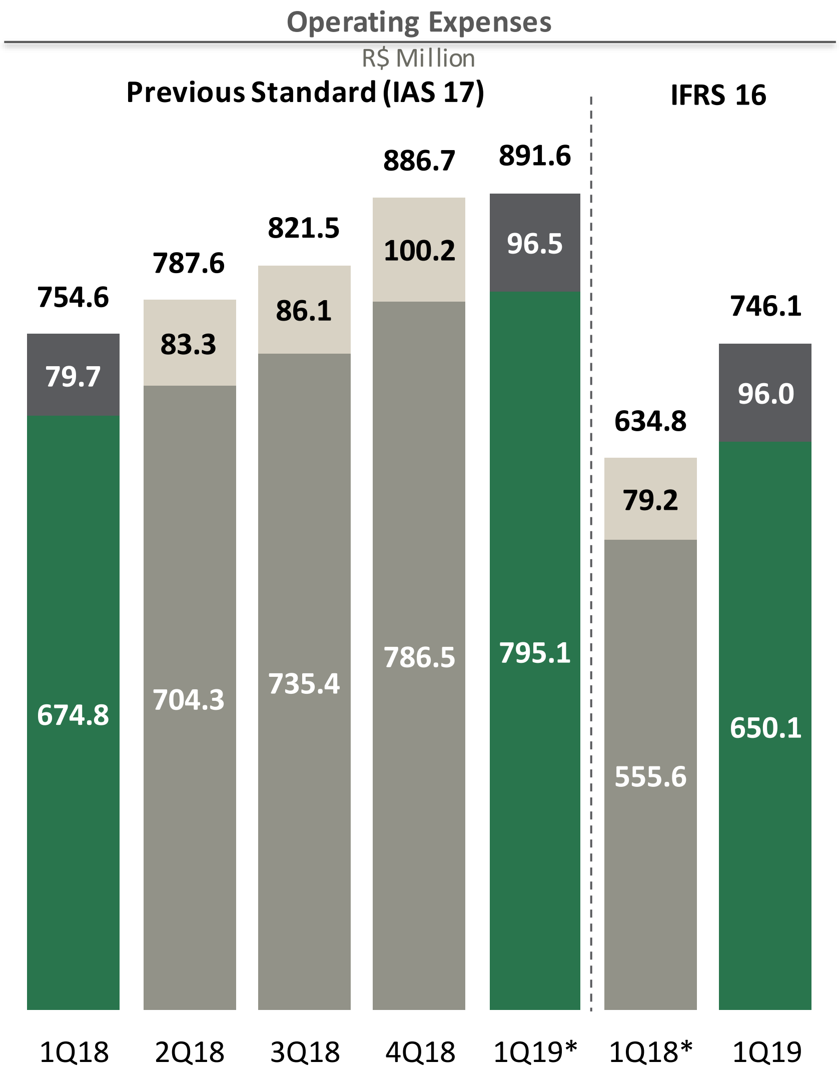
COGS Days, Gross Revenue Days

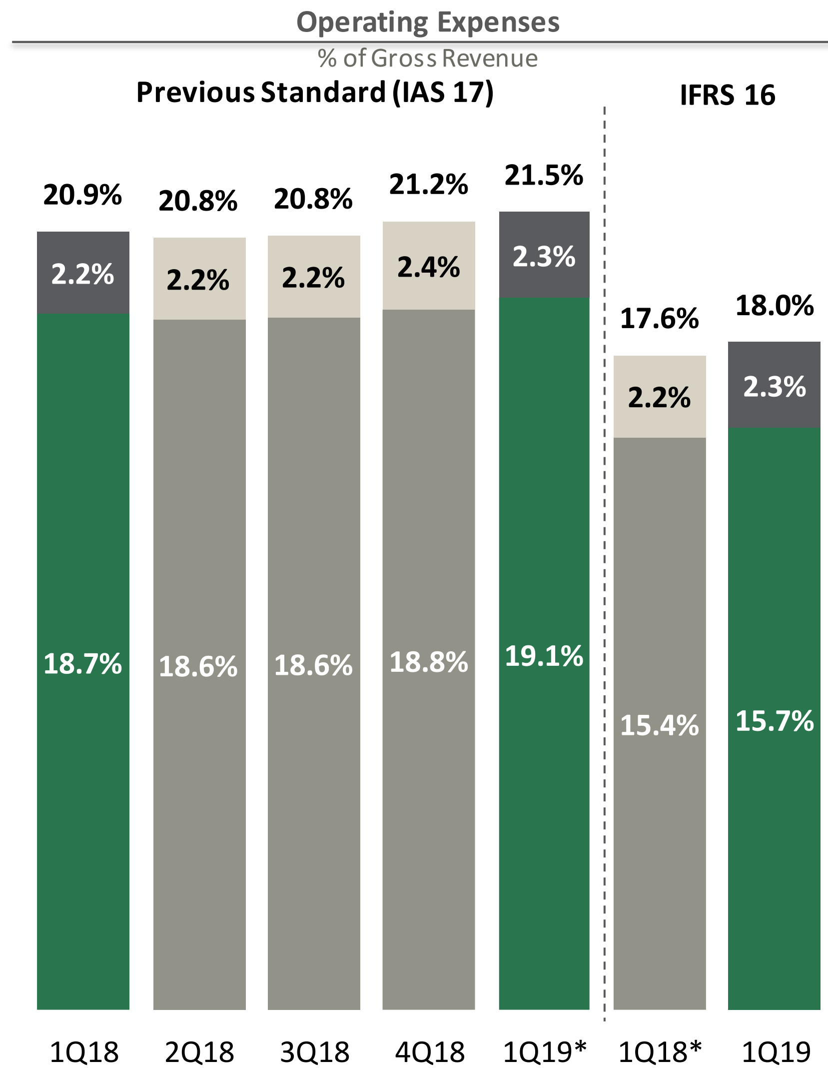


* Adjusted for discounted receivables.

SG&A EXPENSES INCREASED BY 0.6 P.P

Rentals and logistics pressured by 0.2 p.p each and utilities and personnel pressured by another 0.1 p.p each. We recorded a 0.2 p.p dilution from 4Bio. G&A pressured by 0.1 p.p. due to a low variable compensation comp base.



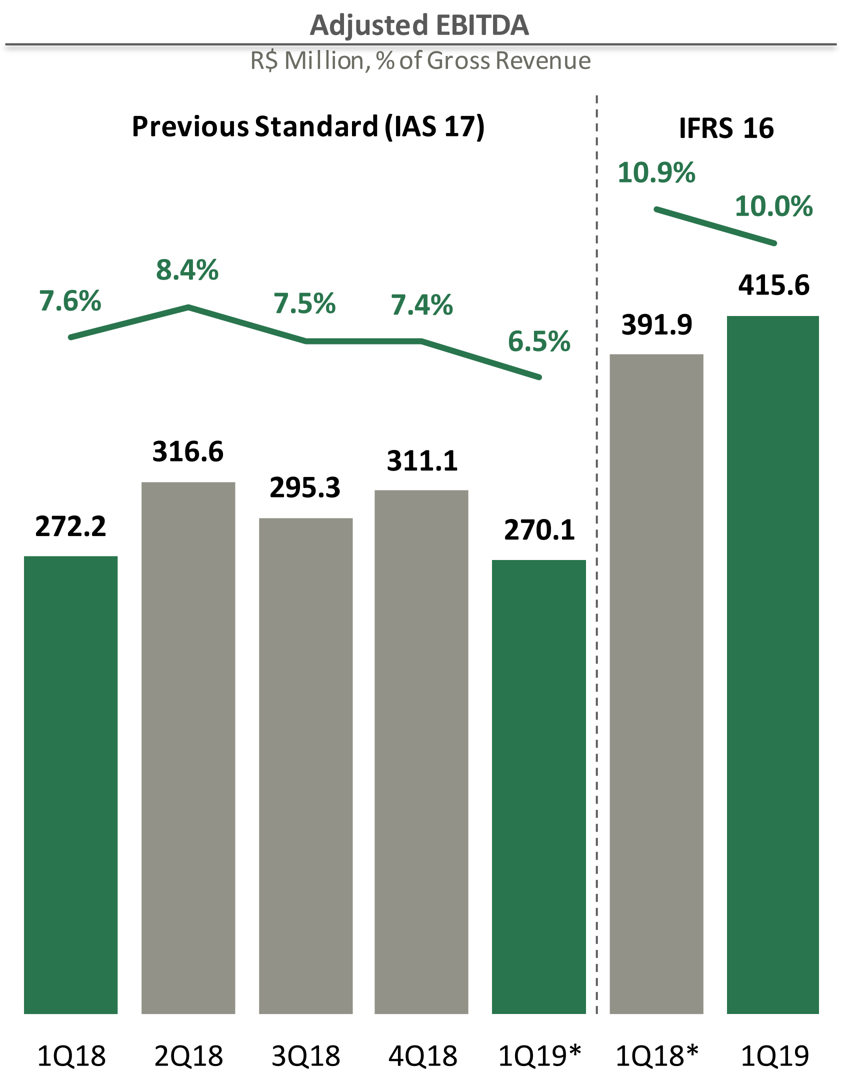


*Pro-forma

Selling Expenses General & Administrative Expenses

EBITDA TOTALED R$ 270.1 MM, WITH 6.5% MARGIN

The loss of 0.5 percentage point of gross margin coupled with an operating expense pressure of 0.6 percentage point led to a 1.1 percentage point margin contraction.



*Pro forma. **1,825 stores by the end of the 4Q18 less 14 stores closed.

1,811 stores operating since 2018:**
(performance in the 1Q19)

- R$ 4.1 billion of Gross Revenues
- R$ 283.0 million of EBITDA
- EBITDA margin of 6.9%

RD Pharmacies

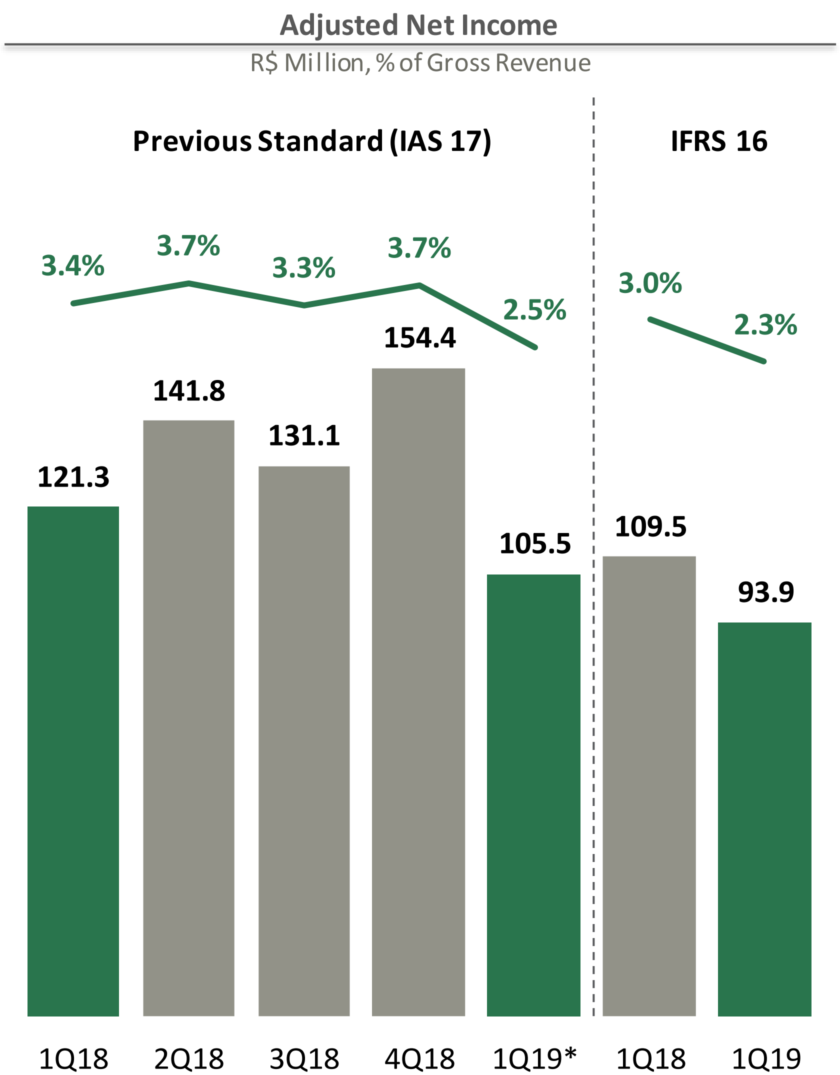
- R$ 268.9 million of EBITDA
- EBITDA margin of 6.8%

4Bio

- R$ 1.2 million of EBITDA
- EBITDA margin of 0.6%

NET INCOME TOTALED R$ 105.5 MILLION IN THE 1Q19

Net margin of 2.5%, a decrease of 13.0% over the 1Q18.



*Pro-forma

NEGATIVE FREE CASH FLOW OF R$ 210.5 MILLION

Total cash consumption of R$ 202.9 million versus 135.2 million in the 1Q18.

	IAS 17		IFRS 16	
Cash Flow	**1Q19**	**1Q18**	**1Q19**	**1Q18**
(R$ million)				
Adjusted EBIT	**152.3**	**176.1**	**161.6**	**183.0**
NPV Adjustment	(10.1)	(8.5)	(10.1)	(8.5)
Non-Recurring Expenses	(5.2)	-	(5.2)	-
Income Tax (34%)	(46.5)	(57.0)	(49.7)	(59.3)
Depreciation	117.8	96.0	254.0	209.0
Others****	2.7	2.2	5.9	4.5
Resources from Operations	**210.9**	**208.9**	**210.9**	**208.9**
Cash Cycle*	(186.1)	(153.3)	(186.1)	(153.3)
Other Assets (Liabilities)**	(32.9)	(33.4)	(32.9)	(33.4)
Operating Cash Flow	**(8.1)**	**22.2**	**(8.1)**	**22.2**
Investments	**(202.4)**	**(124.2)**	**(202.4)**	**(124.2)**
Free Cash Flow	**(210.5)**	**(102.0)**	**(210.5)**	**(102.0)**
Interest on Equity	(1.2)	(0.1)	(1.2)	(0.1)
Net Financial Expenses***	(16.0)	(5.4)	(16.0)	(5.4)
Share Buyback	-	(46.9)	-	(46.9)
Income Tax (Tax benefit over financial expenses and interest on equity)	24.8	19.2	24.8	19.2
Total Cash Flow	**(202.9)**	**(135.2)**	**(202.9)**	**(135.2)**

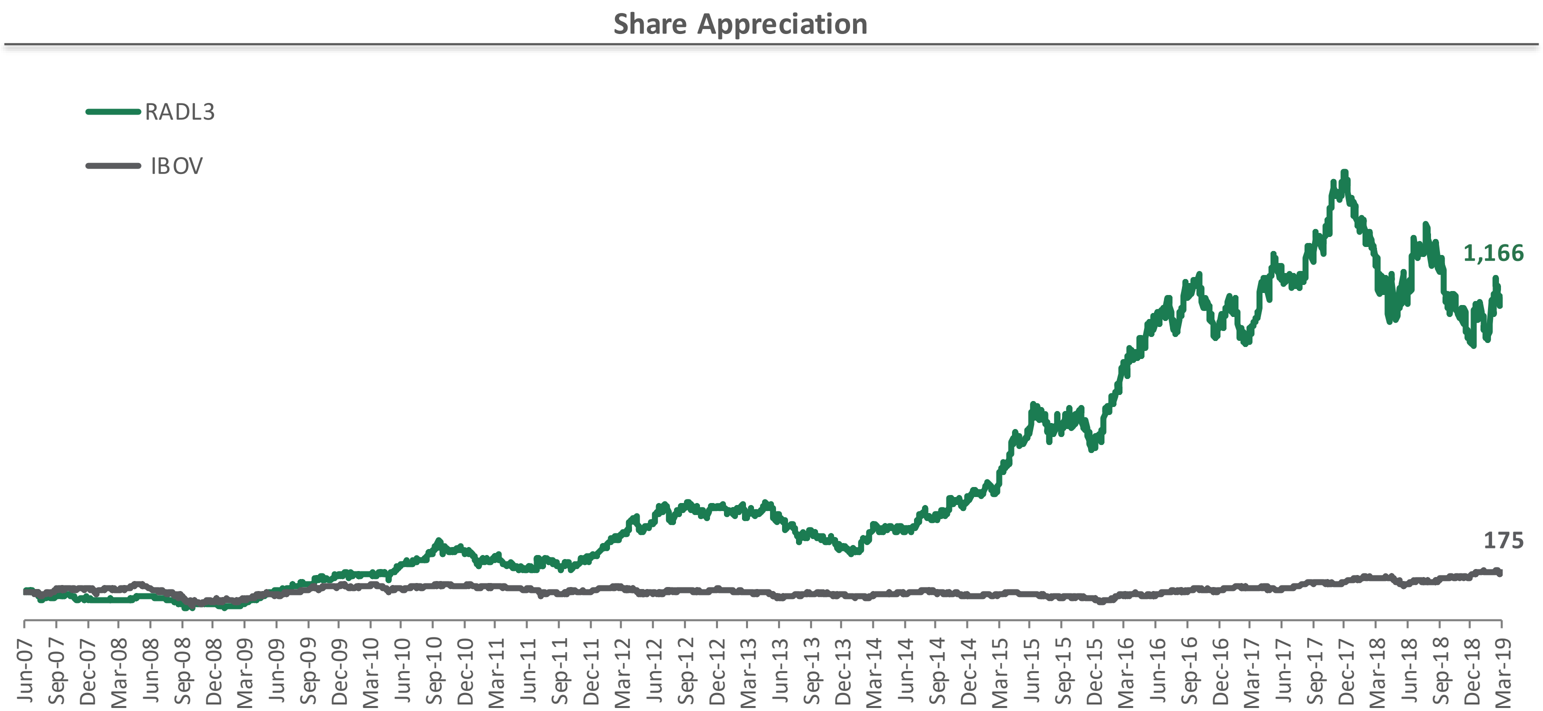
*Includes adjustments to discounted receivables.

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

***Excludes NPV adjustments and Interest over Leases.

SHAREHOLDER RETURN

We achieved since our IPO a cumulative share appreciation of 1,066.1% with an average annual return of 25.1%.



Performance in 2019

RADL3: 14.3%
BOVESPA: 8.6%
Alpha: 5.7%
Average Trading Volume RADL3: R$ 82.9 MM

WHAT WE ACCOMPLISHED IN THE 1Q19

Started the year with significant margin pressures ...

- The loss of operating leverage faced in 2018 will still affect us in 2019 as mature store growth remains below inflation.
- The opening of 3 new DCs in a single year (Guarulhos, SP; Duque de Caxias, RJ; Fortaleza, CE) and the closure of the Barra Mansa (RJ) DC have generated significant logistics pressures, but should translate in important freight savings in 2020, specially in RJ, as we will ship to 127 stores from the metropolitan region and no longer from the countryside.
- Significant pressures on energy and lease expenses are driven by the high IGP-M and other cyclical factors, which will be hard to dilute throughout the year, but should improve in the medium to long term.

... but with very solid revenue and market share growth momentum

- Mature stores performance accelerated beyond our expectations, indicating that we should end 2019 around inflation.
- Gained 1.1 p.p. of market share, with a 1.0 p.p. increase in SP as the industry's capacity addition cycle gets reversed. Strongest market share growth happened in Generics, driven by our new competitive strategy.
- Digital sales have shown remarkable trends, growing more than 40% and driven by Click & Collect.
- Our stores in Pará are showing a very strong performance, ahead of expectations and with great initial gross margins. We already have 29 stores in Pará, and we have opened our 1.000th Drogasil store there.

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 Digital strategy is already showing exceptional results, which should only increase going forward.
- Increased store addition by national competitors proved to be non-sustainable and have significantly reversed.
- We are closely watching changes in business platforms that can be opportunistic for us, especially the ones that will enable us to take better care of our clients' and employees' health.

CAPITAL MARKETS HIGHLIGHTS

First Issuance of Certificates of Real Estate Receivables

- Raised R$ 250 mn in a single tranche emission with a 7 year maturity to the last payment
- Average cost of 98.5% of the CDI

2019 Earnings

- **2Q:** August 6th, 2019
- **3Q:** October 29th, 2019

Scheduled Investor Conferences

- May 15th and 16th: **14th Annual LatAm CEO Conference**, Itaú (New York)
- June 5th and 6th: **12th Annual Brazil Equity Conference,** Citi (São Paulo)