Earnings Presentation - 2011

March, 27th 2012

RaiaDrogasil

Disclaimer

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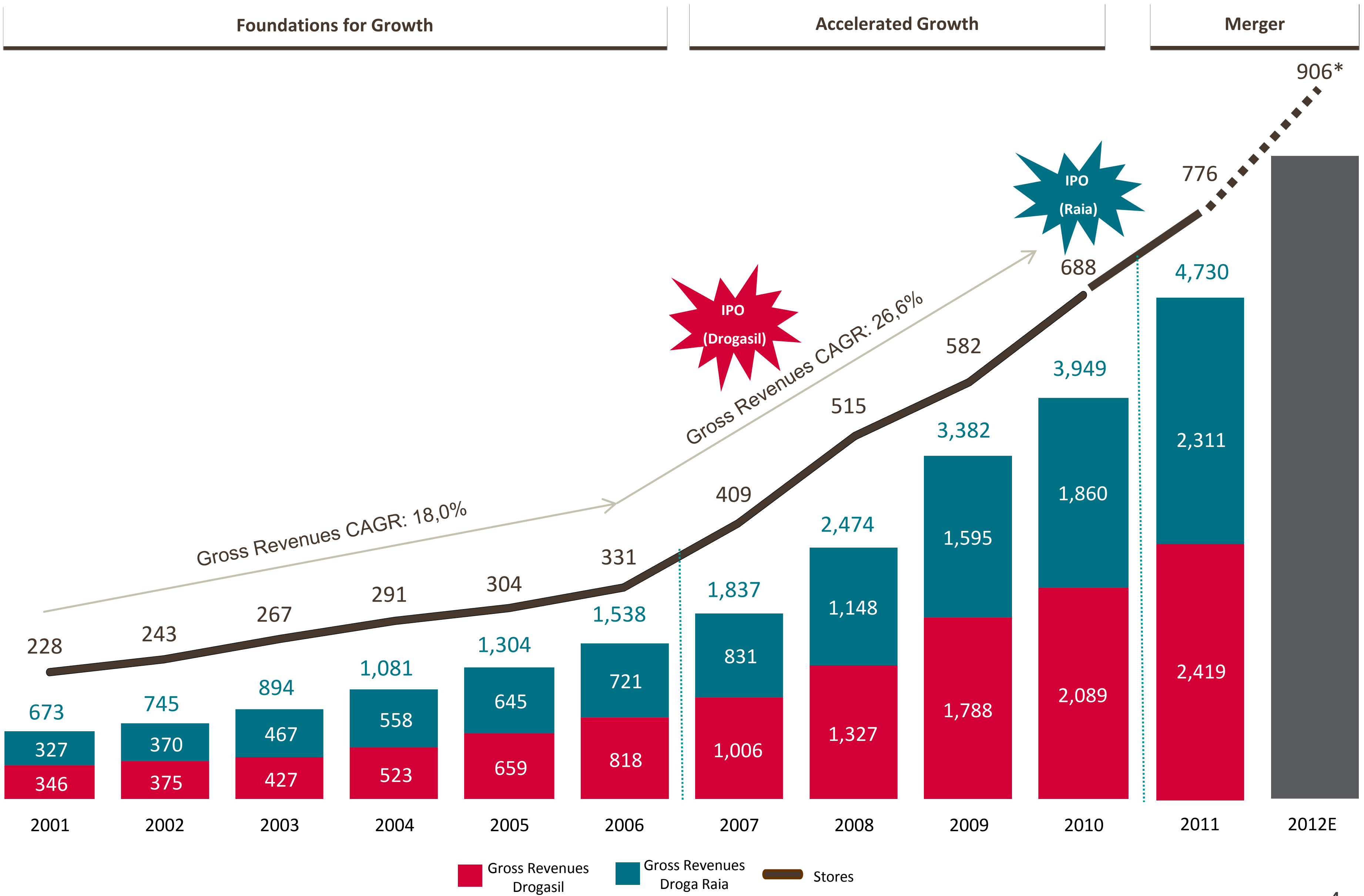
Annual Highlights:

- **RaiaDrogasil:** **Industry leader in revenues and in store count (Abrafarma Ranking, 2011)**
- **Drugstores:** **776 stores in operation (99 new store openings and 11 closures)**
- **Gross Revenues:** **R$ 4.7 billion, 19.7% growth (10,0% same-store sales)**
- **Adjusted EBITDA:** **R$ 271.5 million, an increase of 22.8%**
- **Adjusted EBITDA Margin:** **5.7%, a 0.1 percentage point margin expansion**
- **Adjusted Net Income:** **R$ 151.4 million, 3.2% of net margin**

Leading the Consolidation of the Drugstore Industry in Brazil



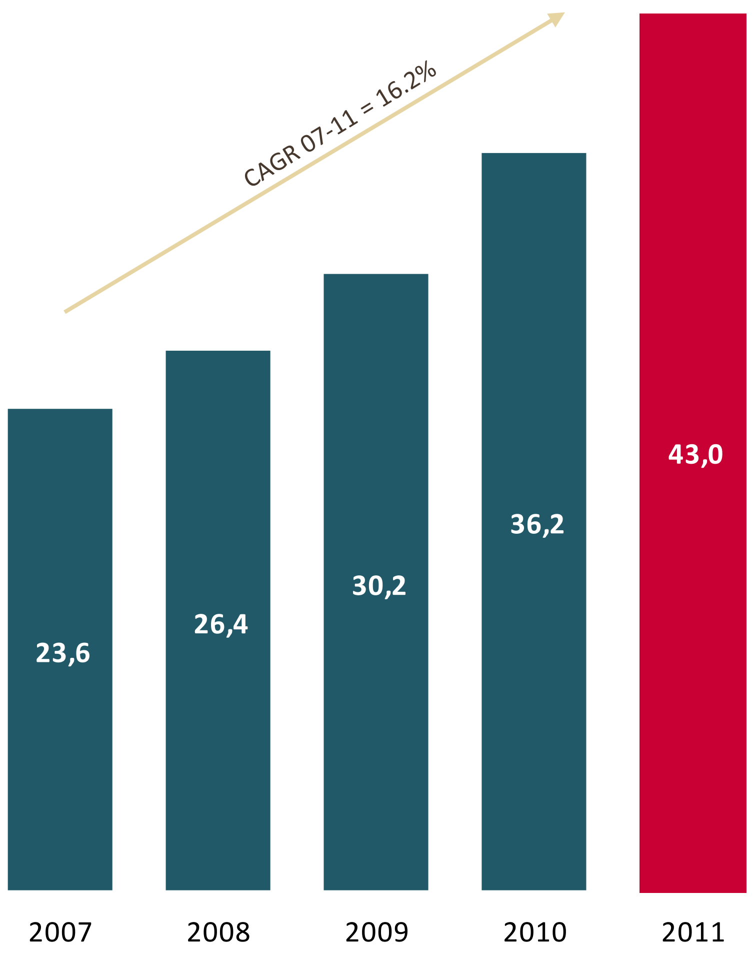
The creation of RaiaDrogasil resulted in one-time events that were adjusted: PPA amortization, alignment of accounting practices and transaction expenses.

Non Recurrent Expenses *(In R$ thousands) - Fav. / (Unfav.)*	**EBITDA**	**Net Profit**
PPA Amortization	**(7.091)**	**(6.456)**
Inventories	(7.091)	(7.091)
Intangibles		(2.691)
Income Tax		3.326
Alignement of Accounting Practices	**(15.504)**	**(15.932)**
Recognition of commercial revenues	(11.027)	(10.867)
Inventory differences / losses	(4.588)	(3.028)
Provision adjustments and others	111	73
Income Tax		(2.110)
Transaction Costs	**(35.331)**	**(23.319)**
Investment Banks	(18.955)	(12.510)
Consulting (McKinsey, Hay e Thymus)	(6.671)	(4.403)
Stock Options Plan Cancellation (Raia)	(4.494)	(2.966)
Lawyers, Auditing and Appraisals	(4.452)	(2.938)
Severances	(552)	(364)
Legal Publications	(208)	(137)
Total	**(57.926)**	**(45.707)**

The Brazilian pharmaceutical has sustained accelerated growth levered by the increasing penetration of generics.

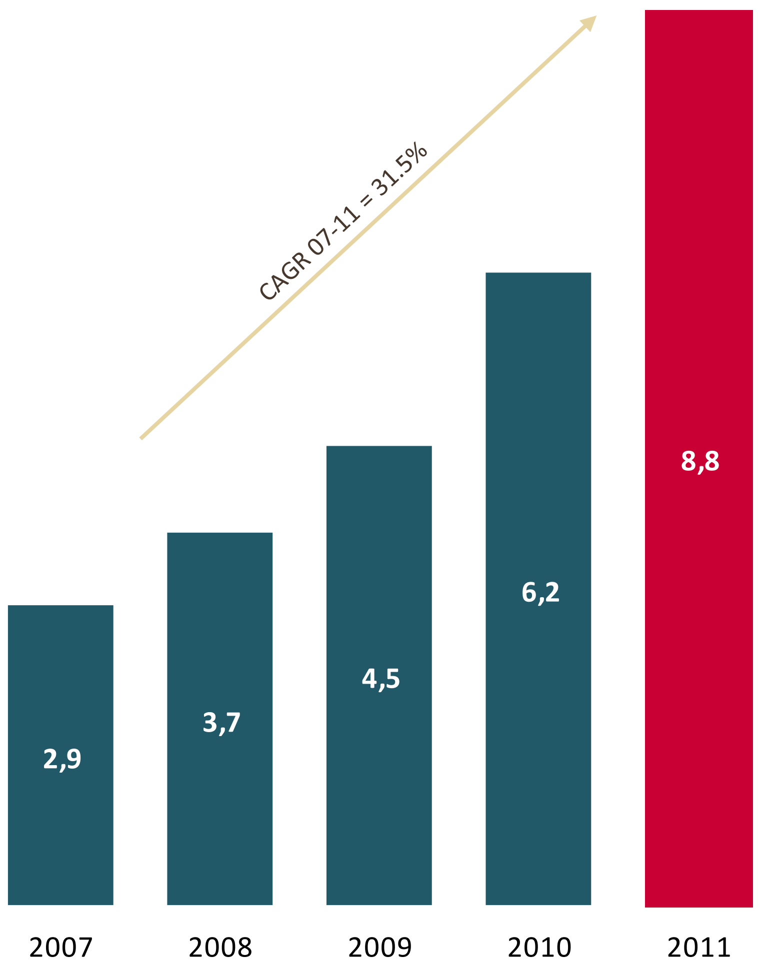
Pharmaceutical Market

(R$ Billion)



Generics Market

(R$ Billion)

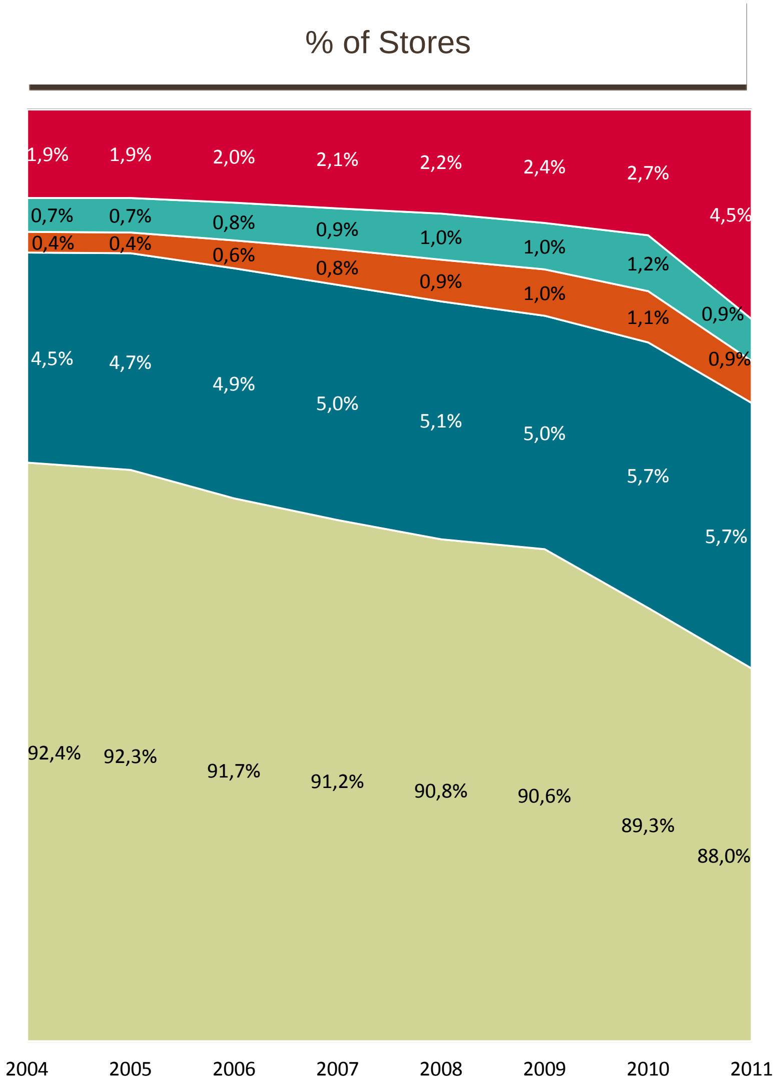


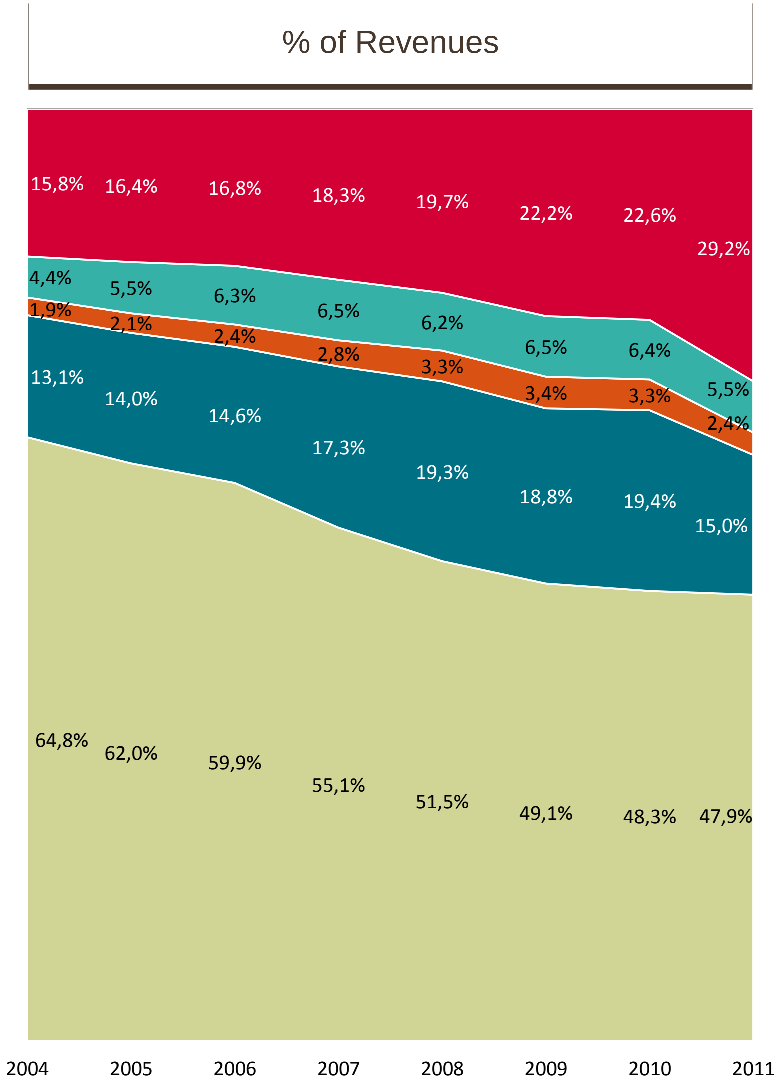
Already in our first year, RaiaDrogasil consolidated its absolute leadership in the drugstore industry in Brazil

	Gross Revenues (2011)	Store Count (2011)
1º	RaiaDrogasil	RaiaDrogasil
2º	DROGARIAS PACHECO / +SP DROGARIA SÃO PAULO	DROGARIAS PACHECO / +SP DROGARIA SÃO PAULO
3º	FARMÁCIAS Pague Menos DRUGSTORE	brazil pharma
4º	brazil pharma	FARMÁCIAS Pague Menos DRUGSTORE

Source: Abrafarma Ranking 2011. Acquisitions that happened in 2011 and at the beggining of 2012 (acquisition of Big Ben and Sant'anna by Brazil Pharma) were reflected in 2011 on a pro-forma basis.

2011 was a landmark year in the consolidation of the sector, as several transactions took place involving the Top 5 players, who reached 29.2% of joint market share.

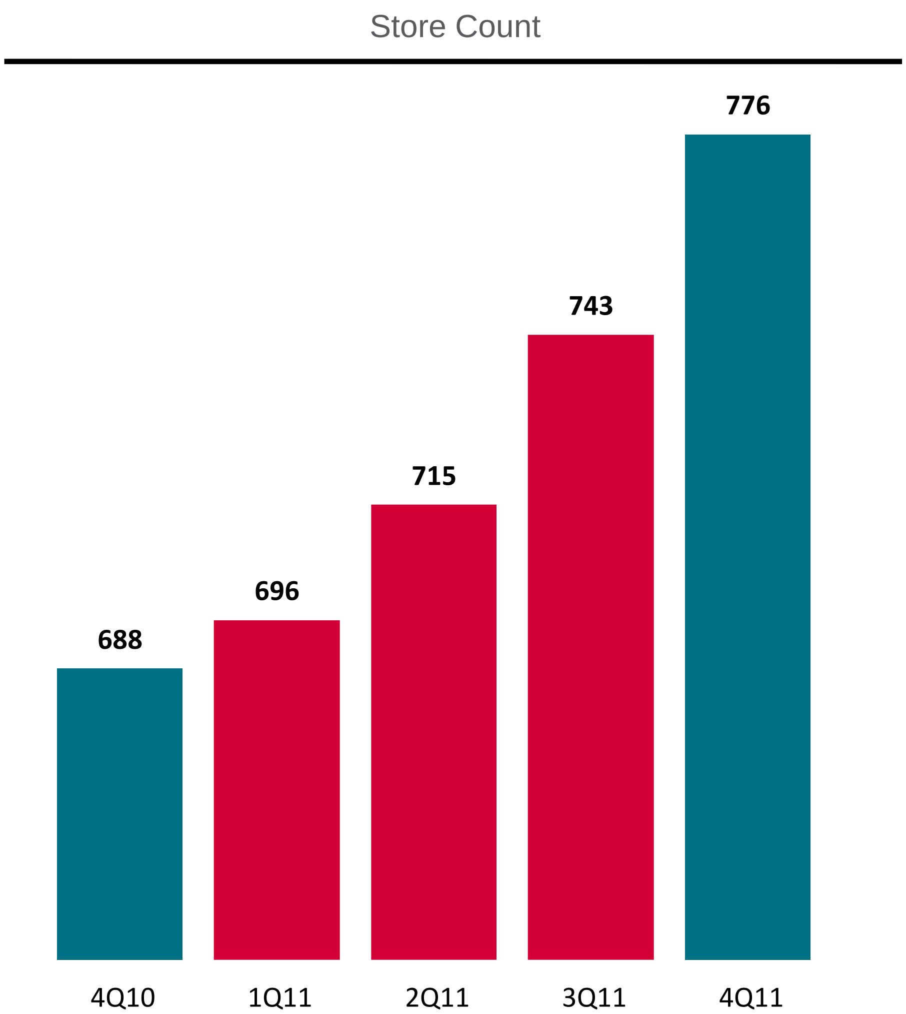




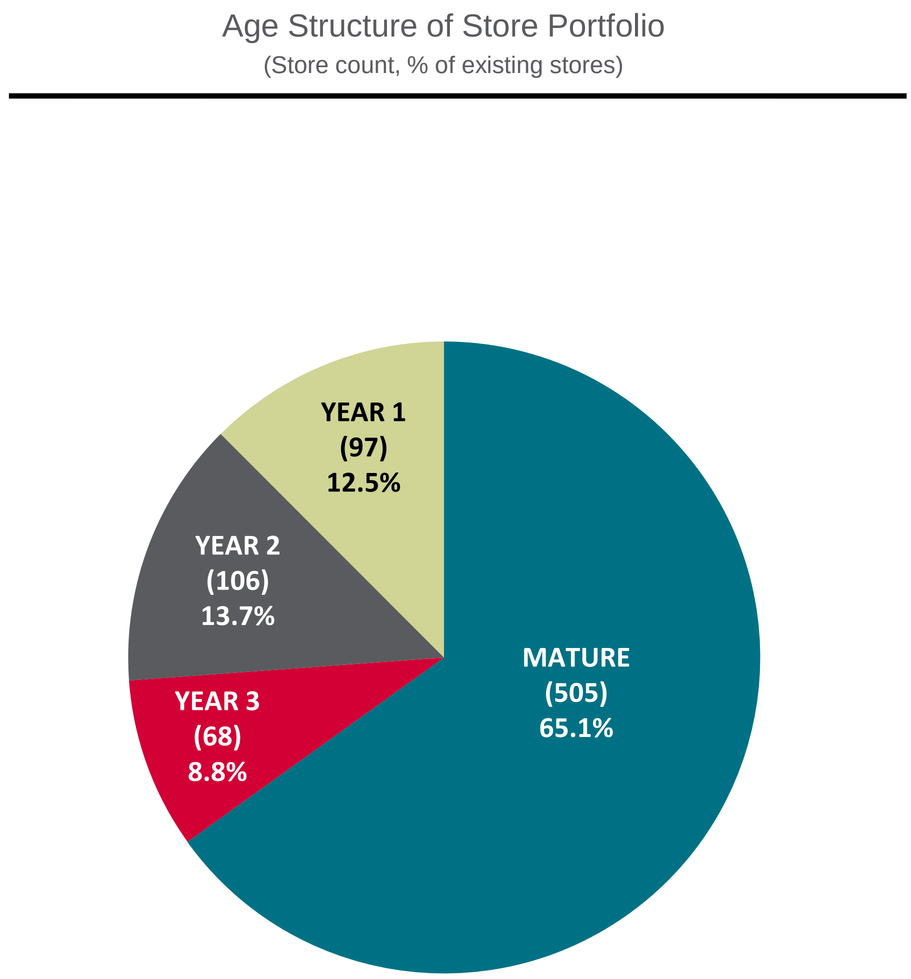
ABRAFARMA TOP 5 | ABRAFARMA TOP 6 - 10 | SUPERMARKETS | OTHER CHAINS | INDEPENDENTS

Source: IMS 2011. Acquisitions that happened in 2011 and at the beggining of 2012 (acquisition of Big Ben and Sant'anna by Brazil Pharma) were reflected in 2011 on a pro-forma basis.

We opened 99 new stores and closed 11 in the year, reaching a total of 776 stores by year-end. Currently, more than a third of our stores are still undergoing maturation.

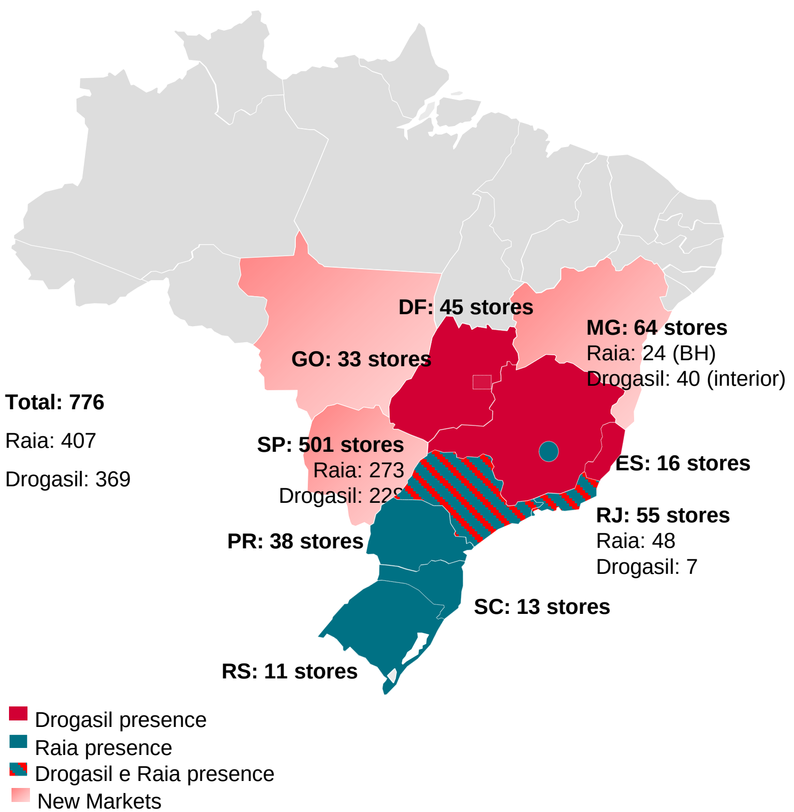


	4Q10	1Q11	2Q11	3Q11	4Q11
Openings:	**49**	**8**	**20**	**31**	**40**
Closure:	**2**	**0**	**1**	**3**	**7**

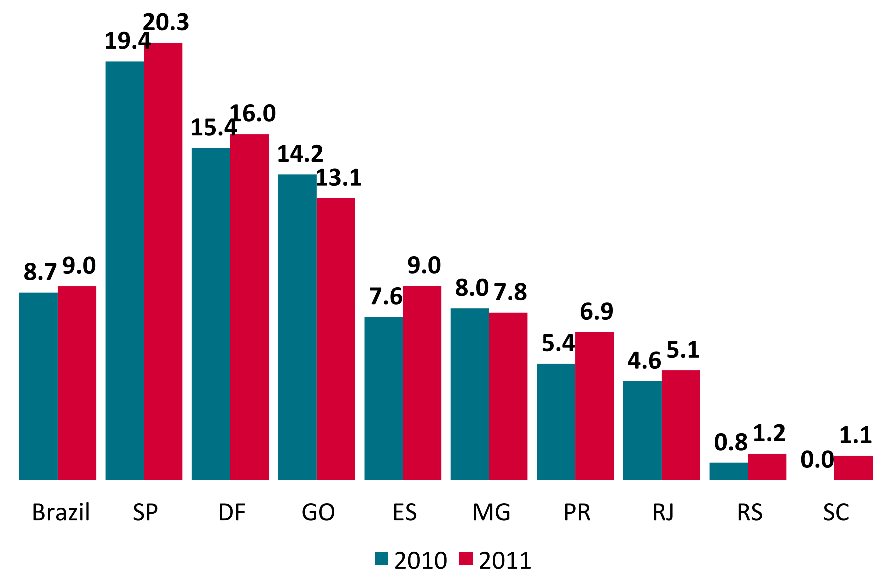


Our national market share increased by 0.3 percentage point, including strong share gains in PR and in SP. We are entering into 3 new states, increasing our coverage to 84% of the Country.

Geographic Presence



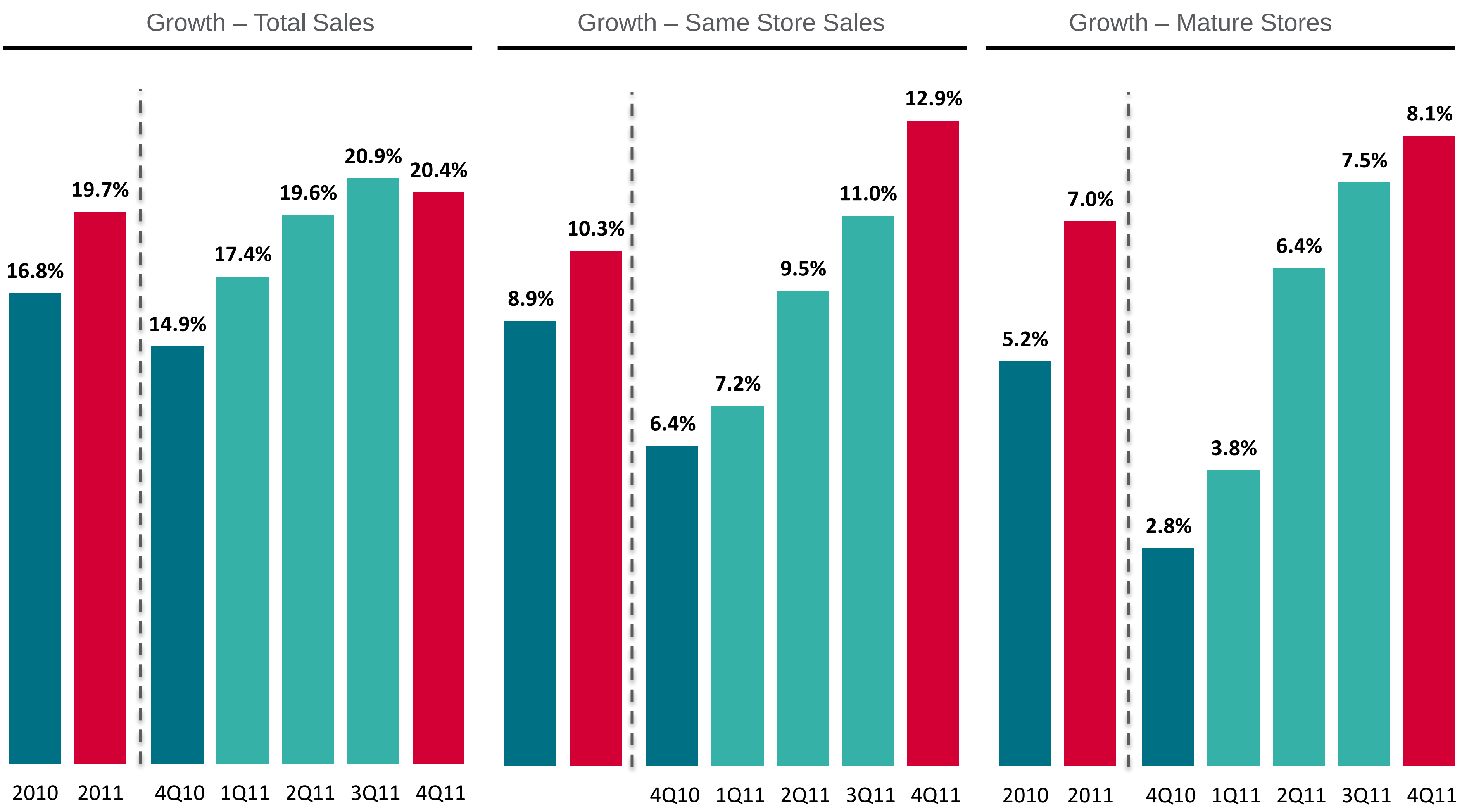
Market Share
(Dec/11)



PHARMACEUTICAL MARKET DISTRIBUTION BY STATE

Brazil	SP	DF	GO	ES	MG	PR	RJ	RS	SC
100.0%	29.2%	2.2%	3.0%	2.0%	9.9%	5.7%	13.1%	7.2%	3.6%

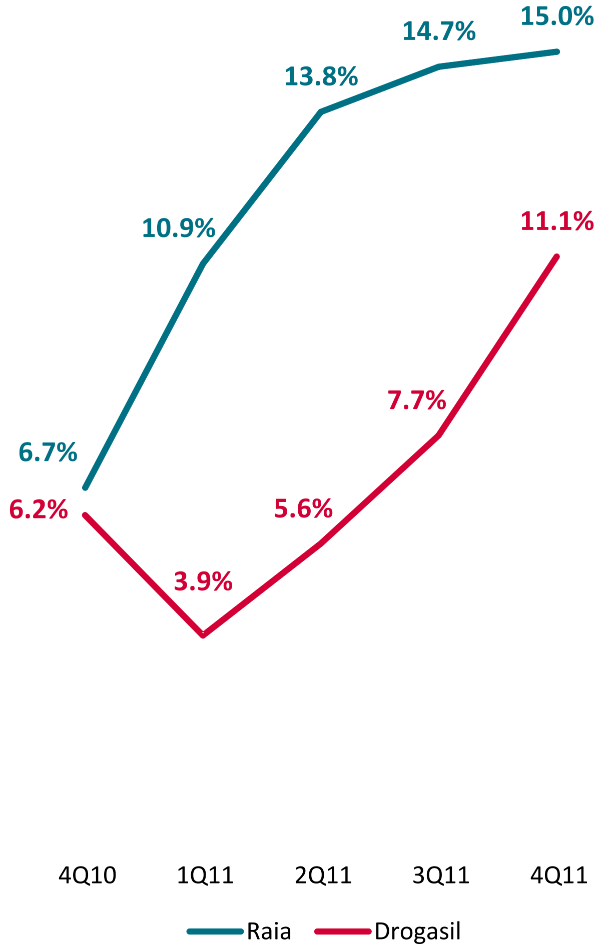
We accelerated growth through the year and reached a total revenue increase of 20.4% in the 4Q11, with 12.9% for same-stores sales and 8.1% for mature stores.



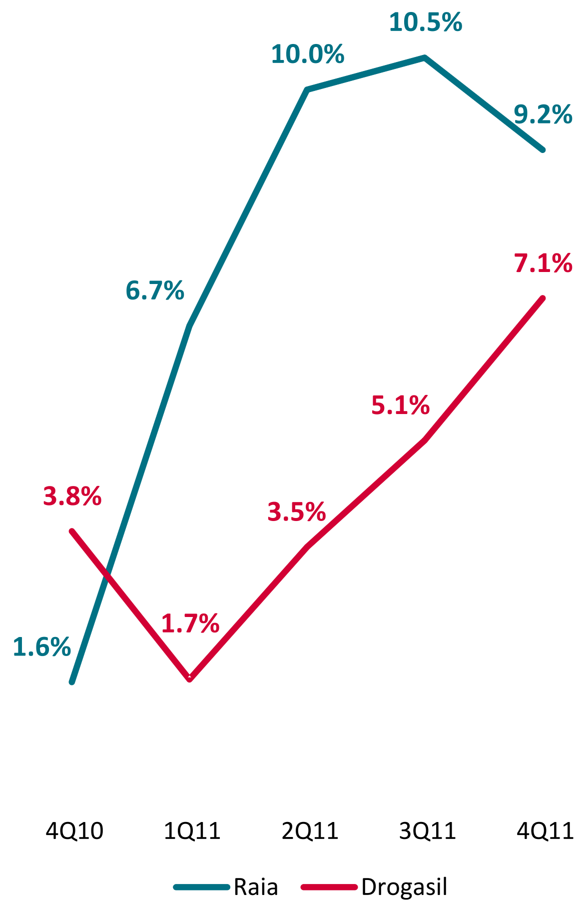
Droga Raia achieved strong revenue growth through the year, while Drogasil started in a softer way but presented a significant recovery, approaching the growth level of Droga Raia in the 4Q11.

Growth – Total Sales

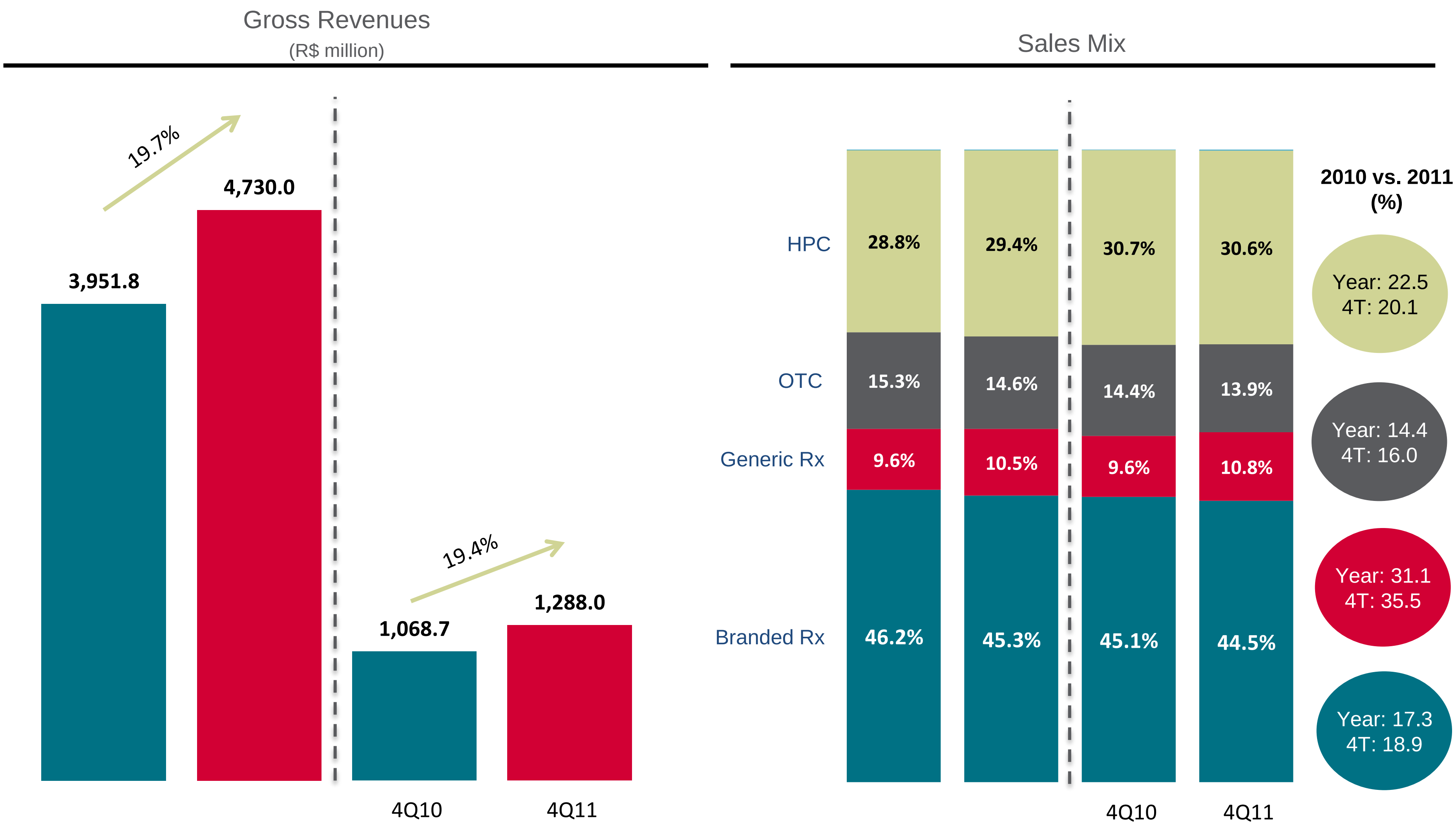
Growth – Same Store Sales



Growth – Mature Stores



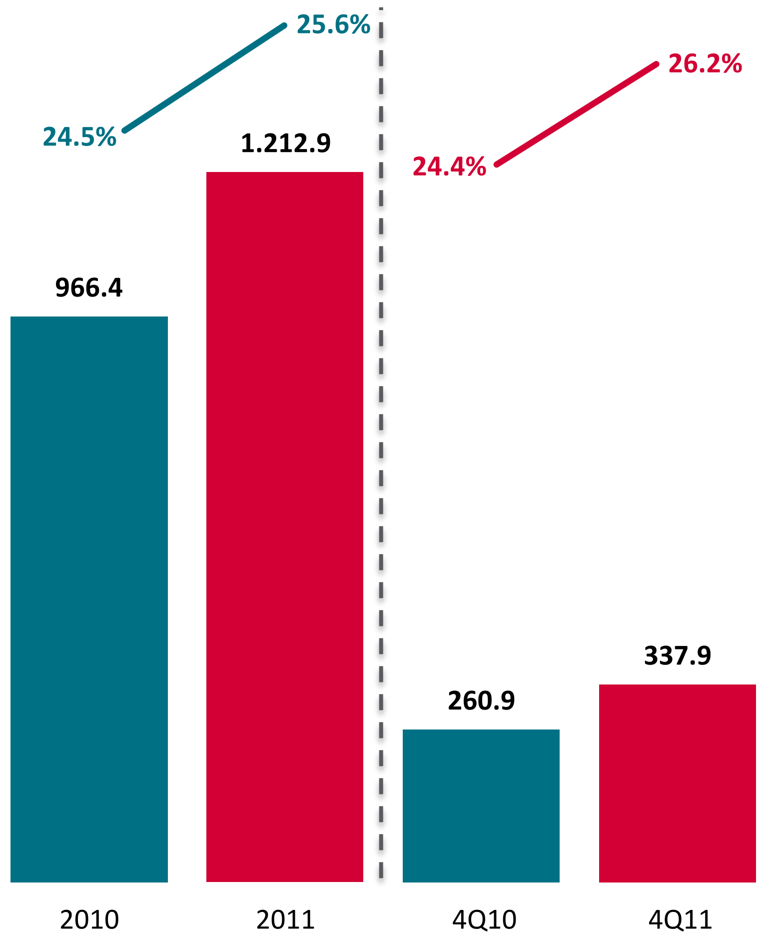
Our revenues increased by 19.7% in the year with Generics as the highlight (31.1%). OTC was affected by mandatory shelf removal and HPC by weak seasonal sales in the 4Q11.



Strong gross margin expansion coming from an overall increase in trade allowances, opportunistic purchases and through the adoption of Raia´s new purchasing model in the 1Q11.

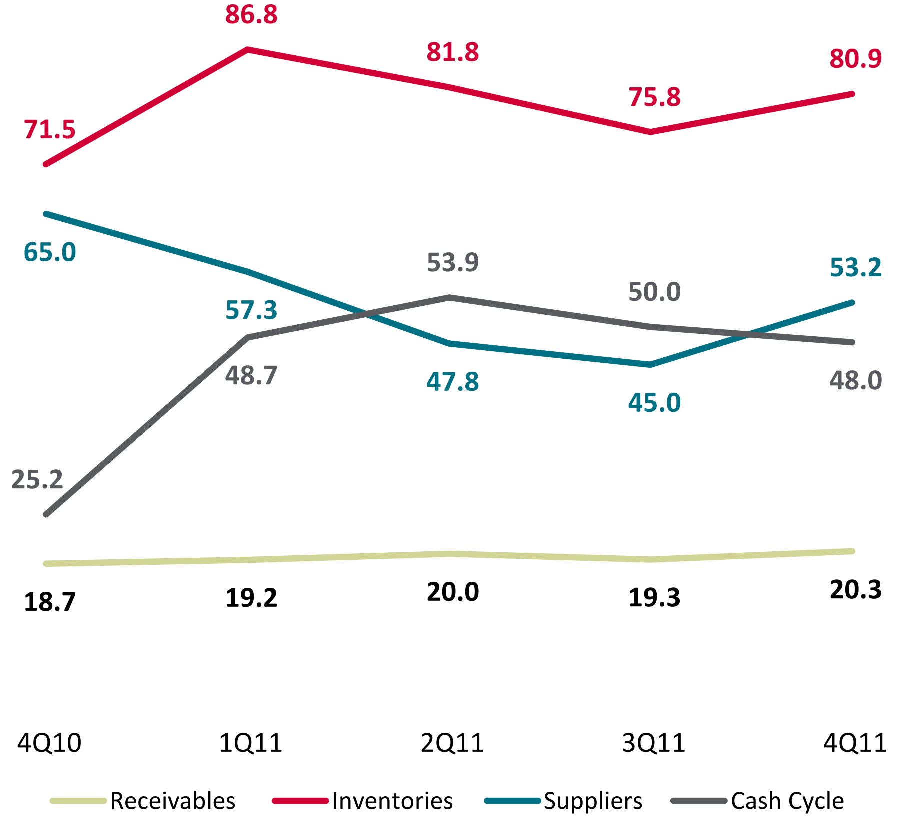
Adjusted Gross Profit

(R$ million, % of gross revenues)



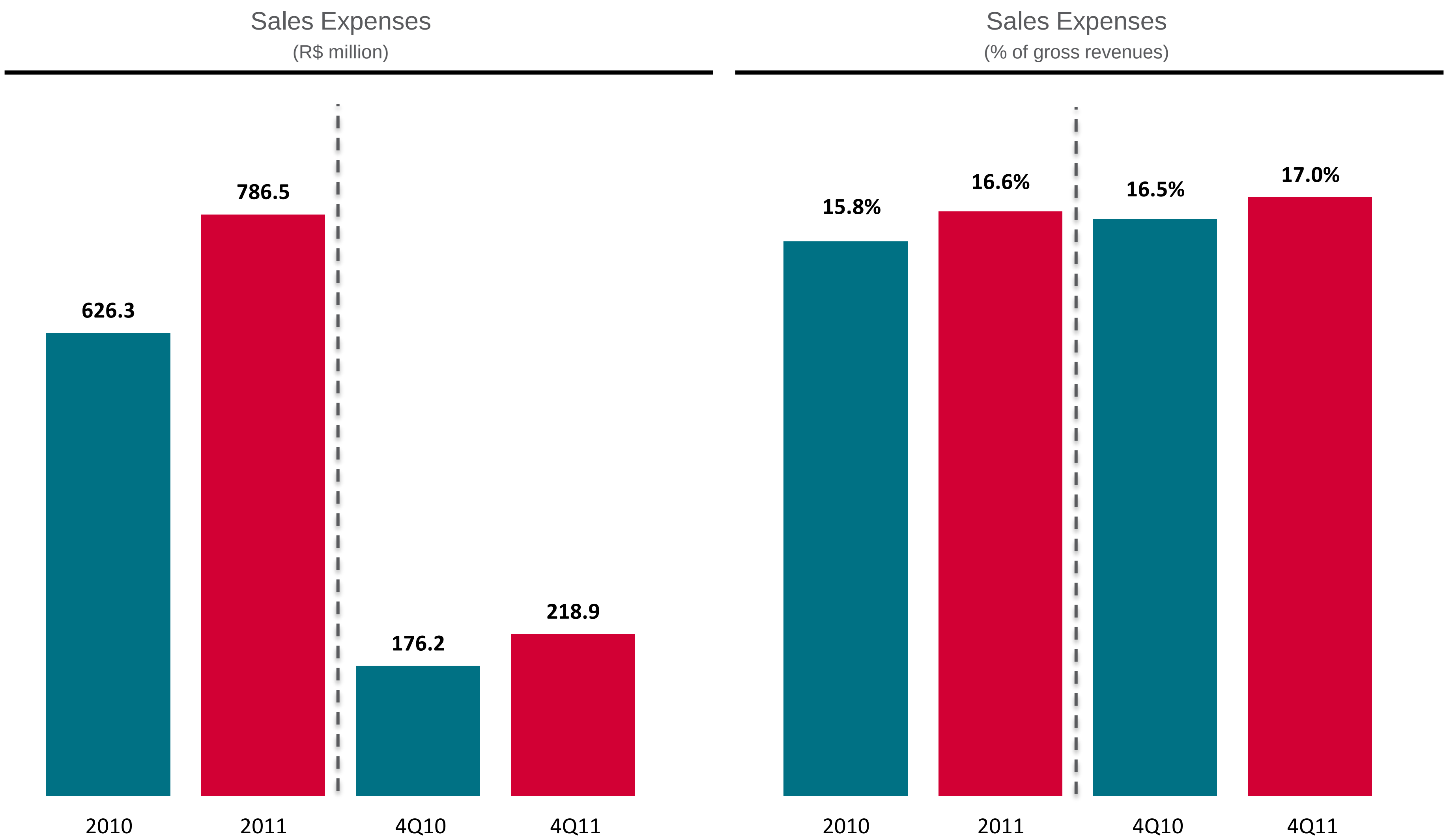
Cash Cycle

(COGS days, gross revenues days)



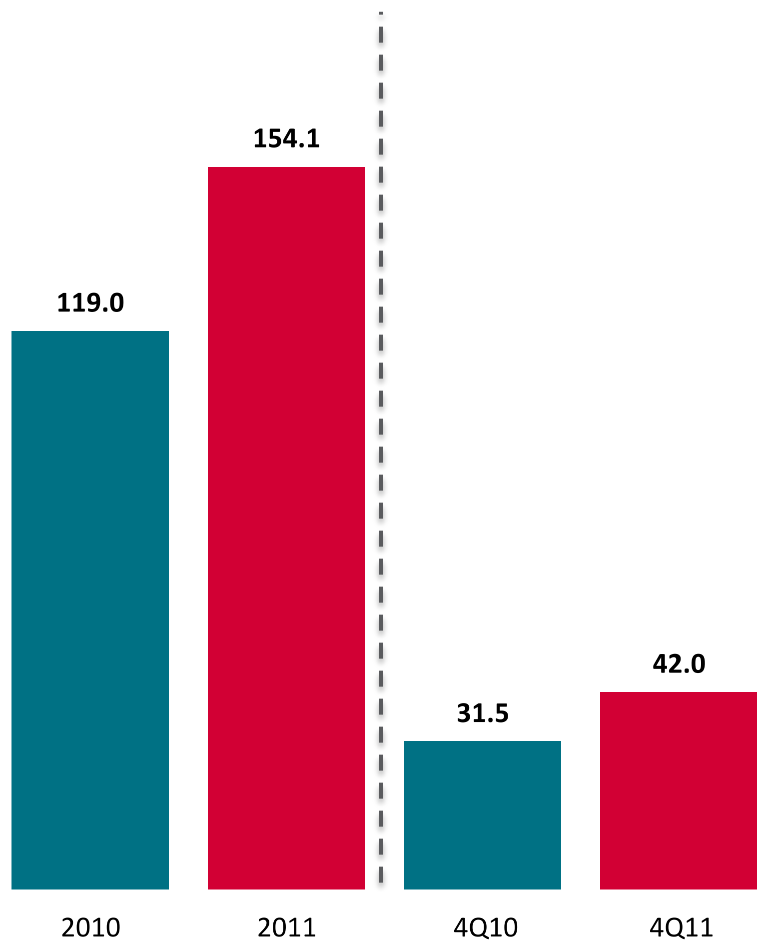
* Adjusted Gross Profit excludes R$ 7.1 million related to PPA amortization over inventories in 2011 and R$ 23.3 million related to alignement of accounting practices

Sales expenses increased due to the acceleration of store openings in the 2H11, to the headcount increase at Droga Raia in the 3Q11, to the opening of a new DC and to inflationary pressures.

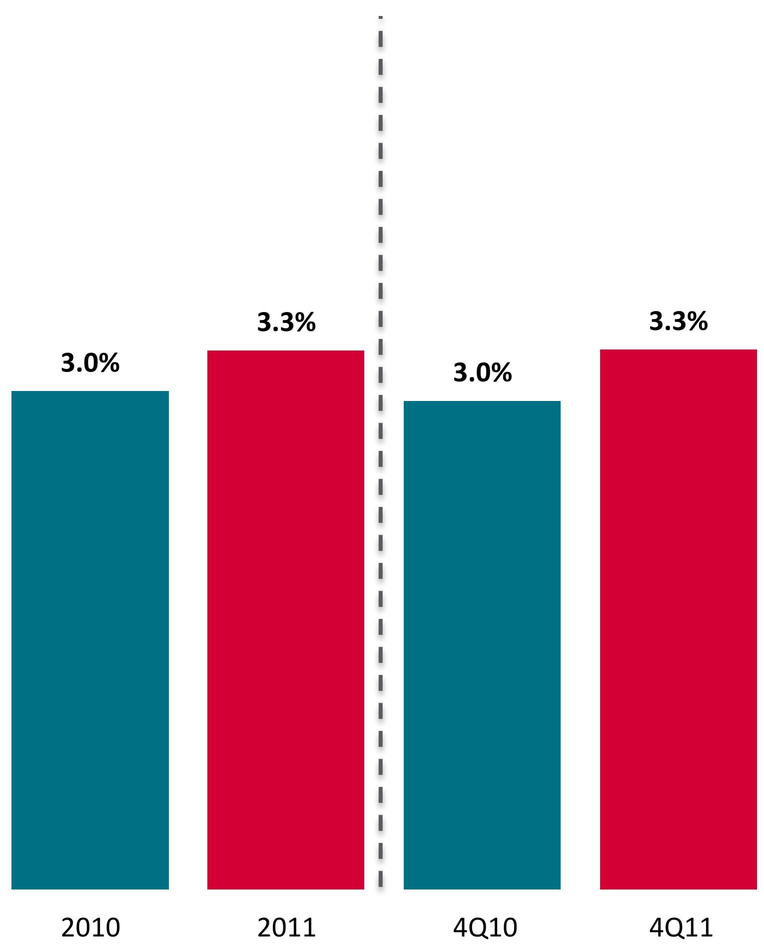


General & Administrative expenses increased due to an upgrade in our HR structure to support new store openings and to inflationary pressures.

Adjusted General and Administrative Expenses
(R$ million)



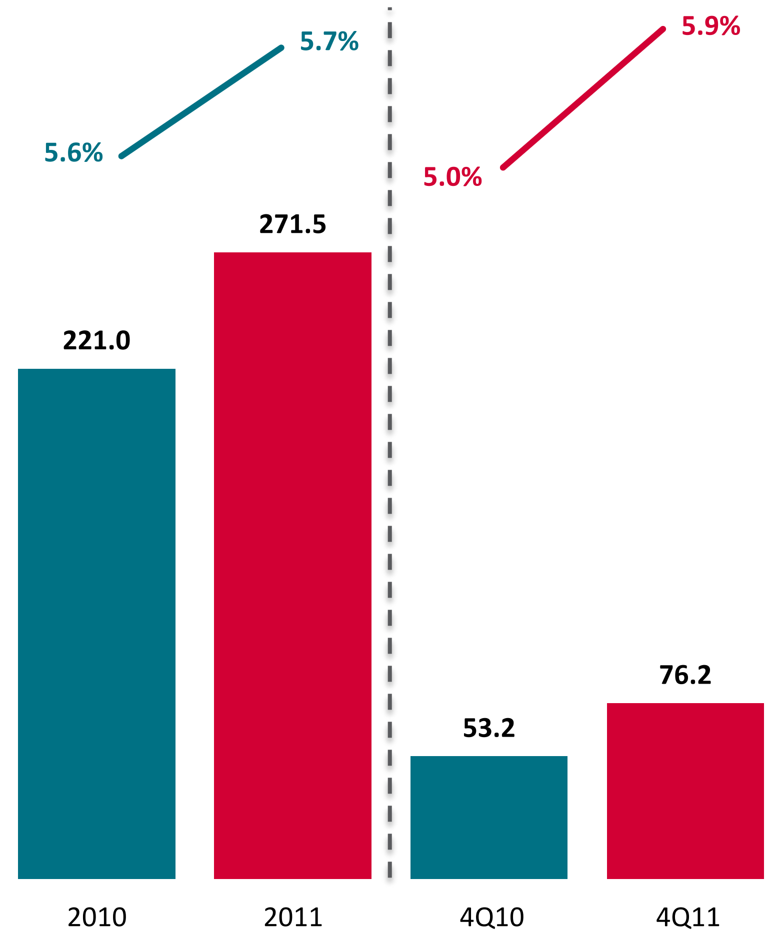
Adjusted General and Administrative Expenses
(% of gross revenues)



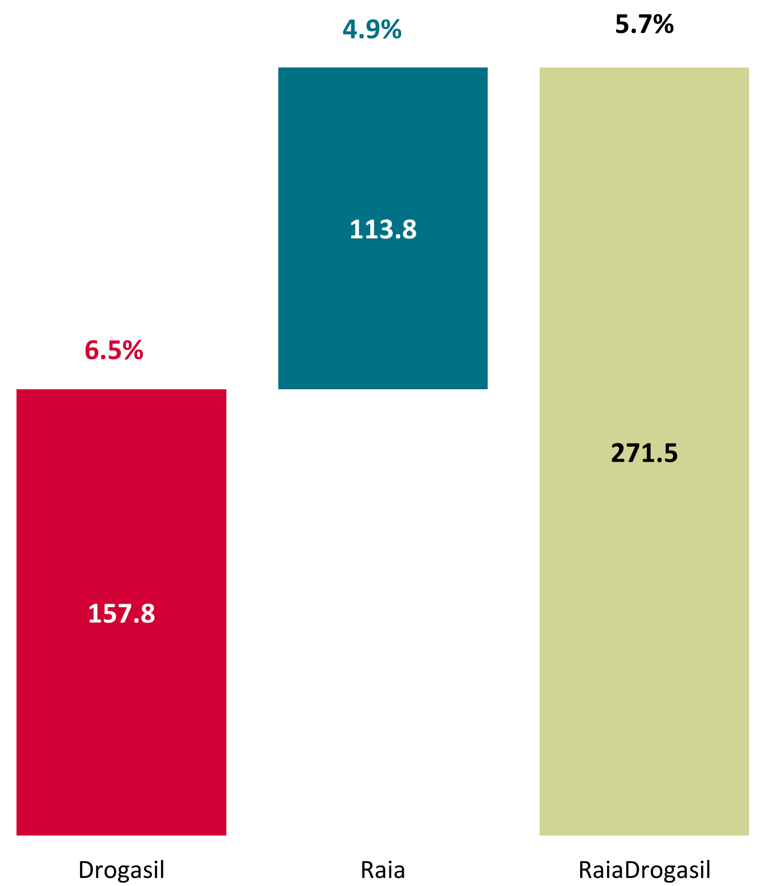
* G&A adjusted expenses excludes R$ 35.3 million related to to transaction costs and R$ 0.8 credit related to alignment of accounting practices.

EBITDA margin expansion of 0.1 percentage point (5.7%) in 2011 and of 0.9 percentage point (5.9%) in the 4Q11. Gross margin improvement offset expense increases.

Adjusted EBITDA
(R$ million)



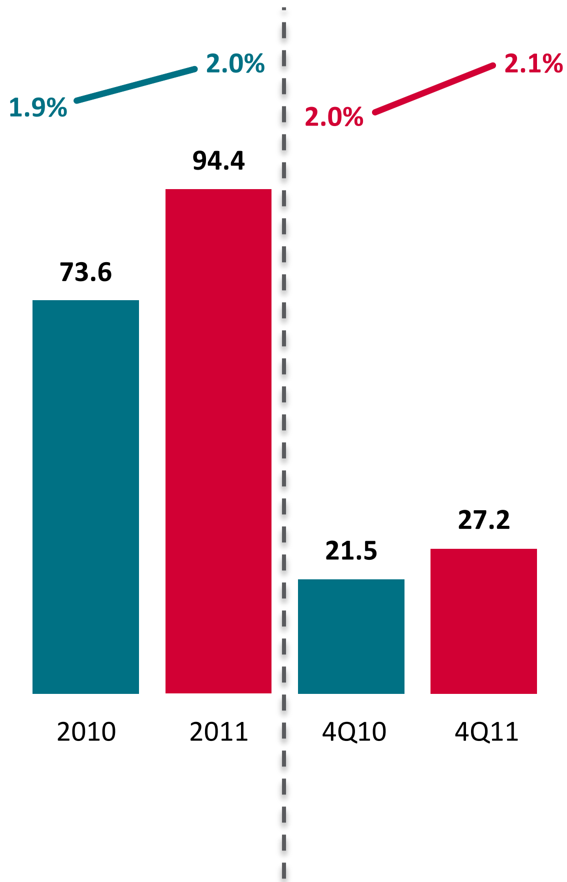
Adjusted EBITDA by Brand
(R$ million, % of gross revenues)



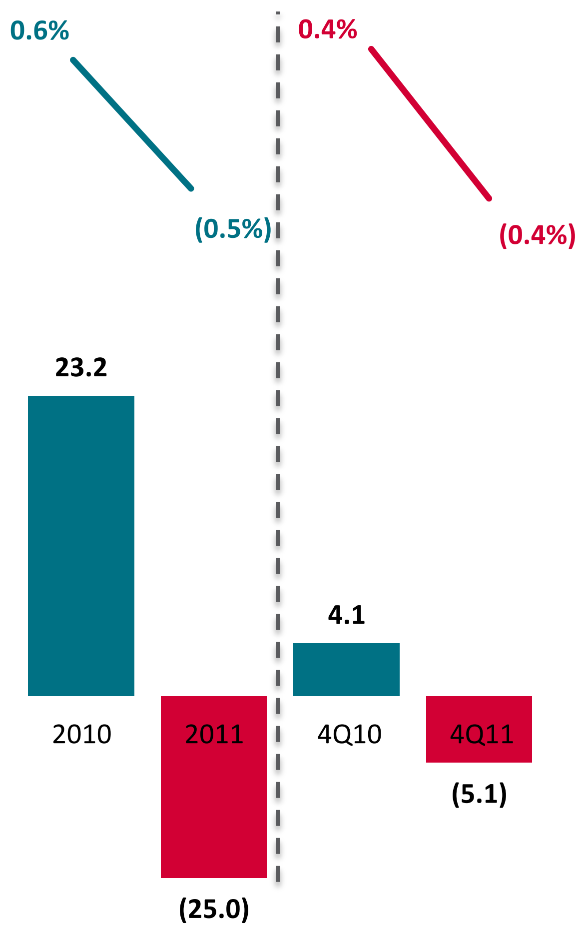
* Adjusted EBITDA excludes R$ 57.9 million related to transaction costs (R$ 35.3 MM), alignement of accounting practices (R$ 15.5 MM) and PPA amortization (R$ 7.1MM).

We reached an adjusted net income of R$ 151.4 million, a 66.8% increase over 2010.

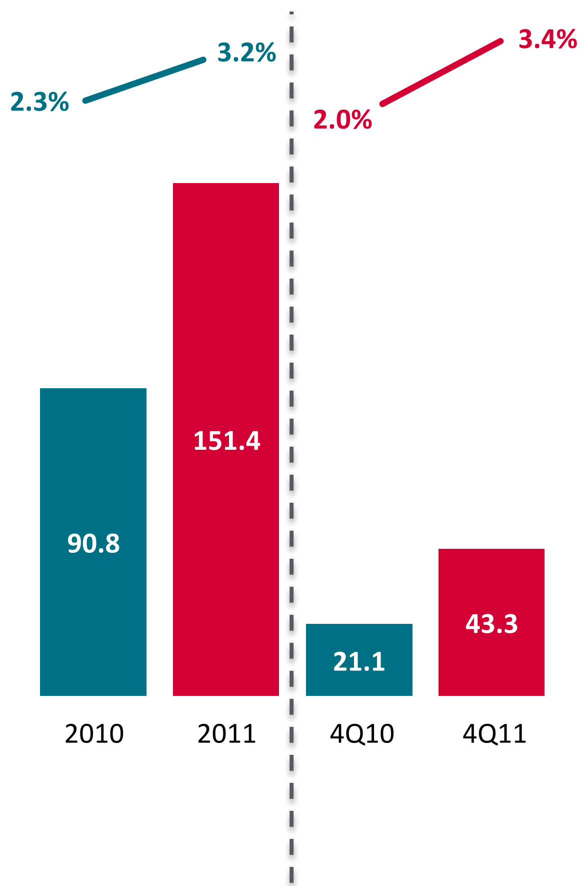
Depreciation
(R$ million, % of gross revenues)



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



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



* Adjusted Net Income excludes R$ 45.7 million related to transaction costs (R$ 23.3MM), alignment of accounting practices (R$ 15.9 MM) and PPA amortization (R$ 6.5 MM).

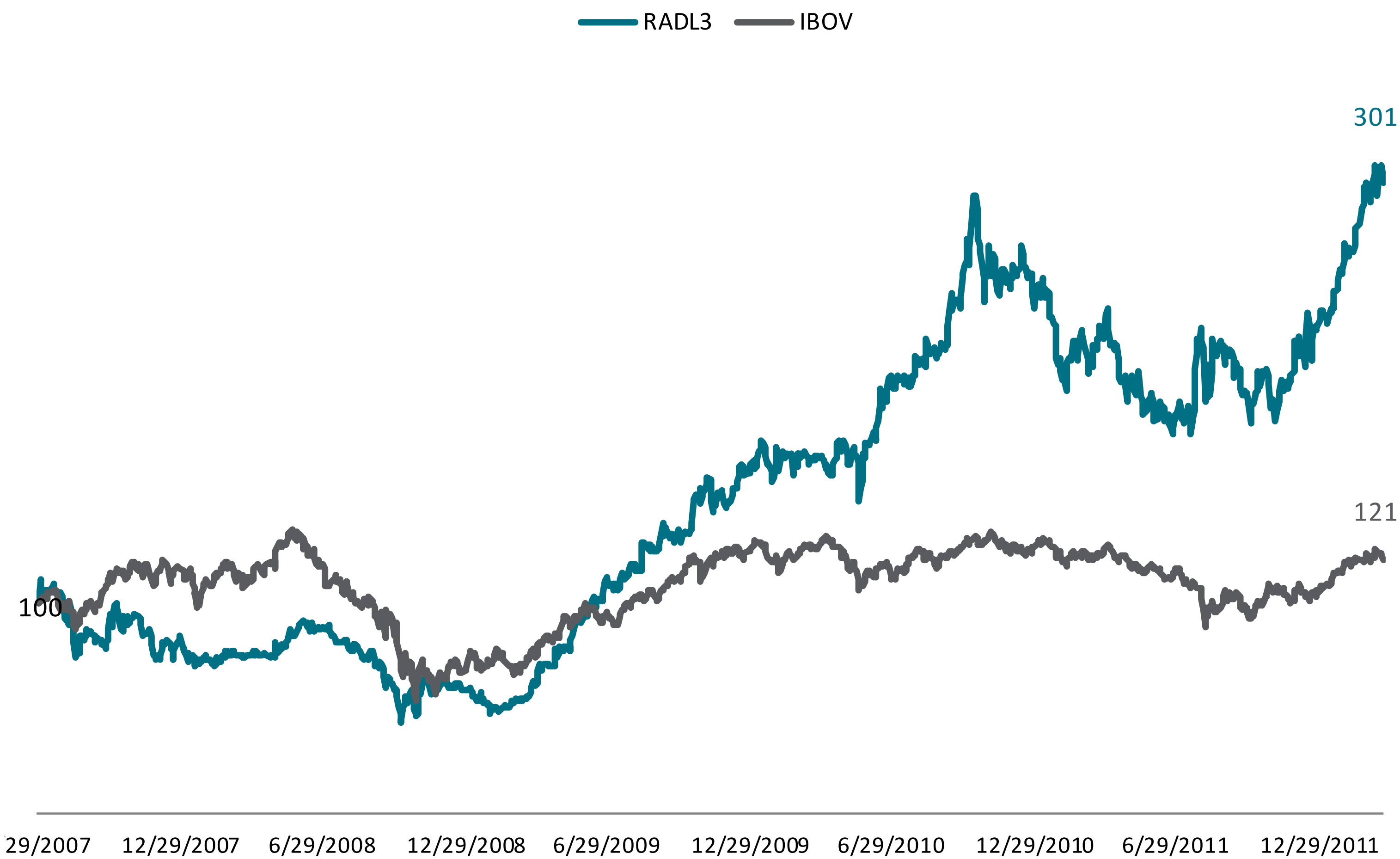
Store development CAPEX and working capital investments aimed at increasing gross margins generated a cash consumption of R$ 226,0 million.

Cash Flow	4Q11	4Q10	2011	2010
(R$ million)				
EBT	**3.4**	**27.6**	**144.2**	**124.2**
(-) Income Tax				
(+) Depreciation	27.2	21.5	94.4	73.6
(-) Other Adjustments	(1.8)	(0.6)	10.3	9.4
Resources from Operations	**11.5**	**39.6**	**205.5**	**175.4**
Cash Cycle*	0.7	3.8	(289.1)	(75.3)
Others	5.5	(5.3)	8.6	27.1
Operations	**17.7**	**38.1**	**(75.0)**	**127.3**
Investments	**(53.2)**	**(53.2)**	**(151.0)**	**(184.6)**
Total Cash Flow	**(35.5)**	**(15.1)**	**(226.0)**	**(57.4)**

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

** Does not include financing cash flow

Our share price increased 201% since Drogasil´s IPO in 2007, an average annual return of 29.1% (R$ 16.85 of share price on March 23, 2011).



Number of Shares (thousand)	330.386
Stock Quote - March 23rd (R$)	16,85
Market Cap (R$ billion)	5,6
Average Trading Volume 4Q11 (R$ million)	12,2