RaiaDrogasil

# 2015 EARNINGS RELEASE

*São Paulo, February 18th, 2016. Raia Drogasil S.A. (BM&FBovespa: RADL3) announces today its results for the 4th quarter of 2015 (4Q15) and the year of 2015. The financial statements of Raia Drogasil S.A. was prepared in accordance with the accounting practices adopted in Brazil and with IFRS as well as the standards issued by the Brazilian Securities and Exchange Commission – CVM and was audited by our independent auditors in accordance with Brazilian standards of auditing. Such information was prepared in thousand Reais and all growth rates relate to the same period of 2014.*

*Starting in 2015, our financials include the effect of the adjustment on Net Revenues and on COGS of the Net Present Value of Accounts Payable and Accounts Receivable, a change versus previous years when such adjustments were considered non-material. The 2014 financials are presented on a comparable basis.*

*Specifically in the 4Q15, our financial statements were adjusted to exclude non-recurring expenses related to the 4Bio acquisition and integration as well as to other non-recurring expenses.*

*On October 1st, 2015 we concluded the acquisition of 55% of 4BIO. Starting in the 4Q15, our financials are consolidated. In order to assure historical comparability, the 2014 and 2015 results are combined on a pro-forma basis.*

## COMBINED HIGHLIGHTS:

- **Drugstores: 1,235 stores in operation (156 openings and 15 closures)**
- **Gross Revenues: R$ 9.4 billion, 21.1% of growth (12.5% retail same-store sales growth)**
- **Gross Margin: 29.0% of gross revenues, a 1.2 percentage point margin increase**
- **EBITDA: R$ 743.5 million, a 7.9% margin, 0.9 percentage point margin expansion**
- **Adjusted Net Income: R$ 391.1 million, a 4.2% margin and an increase of 43.6%**
- **Cash Flow: R$ 110.4 million free cash flow, R$ 19.9 million total cash consumption**

RADL3: **R$ 43.76/share**

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

Market Cap: **R$ 14,458 million**

Closing: **February 17th, 2016**


**IR Contacts:**

Eugênio De Zagottis
Gabriel Rozenberg
Corina Steindler

**Phone:** +55 11 3769-7159

**E-mail:** ri@raiadrogasil.com.br


| Summary | 2014 | 2015 | 4Q14 | 1Q15 | 2Q15 | 3Q15 | 4Q15 |
|---|---|---|---|---|---|---|---|
| *(R$ thousand)* | | | | | | | |
| # of Stores Raia Drogasil + 4BIO | 1,094 | 1,235 | 1,094 | 1,112 | 1,145 | 1,180 | 1,235 |
| Store Openings | 131 | 156 | 51 | 19 | 38 | 37 | 62 |
| Store Closures | (11) | (15) | (5) | (1) | (5) | (2) | (7) |
| # of Stores (average) | 1,020 | 1,147 | 1,067 | 1,099 | 1,126 | 1,159 | 1,206 |
| Head Count | 23,772 | 26,520 | 23,772 | 23,851 | 25,010 | 25,529 | 26,520 |
| Pharmacist Count | 3,931 | 4,698 | 3,931 | 3,956 | 4,230 | 4,479 | 4,698 |
| # of Tickets (000) | 145,582 | 165,299 | 37,839 | 38,208 | 41,115 | 42,067 | 43,908 |
| Gross Revenues | 7,784,235 | 9,424,777 | 2,128,284 | 2,090,599 | 2,323,102 | 2,436,861 | 2,574,215 |
| Gross Profit (Adjusted) | 2,164,368 | 2,735,741 | 594,060 | 596,563 | 702,775 | 696,319 | 740,084 |
| % of Gross Revenues | 27.8% | 29.0% | 27.9% | 28.5% | 30.3% | 28.6% | 28.7% |
| EBITDA (Adjusted) | 544,499 | 743,516 | 159,678 | 153,875 | 218,910 | 182,611 | 188,120 |
| % of Gross Revenues | 7.0% | 7.9% | 7.5% | 7.4% | 9.4% | 7.5% | 7.3% |
| Net Income (Adjusted) | 272,432 | 391,133 | 75,681 | 81,459 | 119,346 | 95,463 | 94,865 |
| % of Gross Revenues | 3.5% | 4.2% | 3.6% | 3.9% | 5.1% | 3.9% | 3.7% |
| Net Income | 223,387 | 341,753 | 62,441 | 70,760 | 108,647 | 83,999 | 78,347 |
| % of Gross Revenues | 2.9% | 3.6% | 2.9% | 3.4% | 4.7% | 3.4% | 3.0% |
| Free Cash Flow | 76,367 | 110,352 | 103,235 | (29,300) | 38,311 | 68,239 | 35,613 |

RaiaDrogasil

## LETTER TO OUR SHAREHOLDERS

Fiscal 2015 was another strong year for Raia Drogasil, as we delivered record results despite the challenging macroeconomic environment in Brazil. Our results underscore the defensive nature of our industry, driven by the secular ageing of the Brazilian population, the robustness of our capital structure and free cash flows, which insulate us from a tight credit market with rising interest rates, and the strength of our execution, which combines assets and capabilities that are unique in the market, fulfilling the vision that guided the formation of Raia Drogasil in 2011.

From 2012 to 2014, our focus was in concluding the integration and in advancing both our brands to the best existing standard of execution. The new management agenda that started in 2014 has challenged the limits of our execution through innovation and new capability building. We defined four Strategic Pillars that will allow us to create new differentials to the Company and to deliver better service to our Customers: *Accelerating Organic Growth*, *Introducing New Formats*, *Enhancing Category Management and Shopping Experience*, and *Engaging, Analyzing and Potentializing Customers.* We have also identified three core enablers for implementing these strategies: *People, Processes and Platforms.*

Already in 2015, we were able to achieve significant advancements towards that vision. We accelerated our organic growth from 131 new stores in 2013 and in 2014 to 156 openings in 2015, a significant boost in our growth pace while preserving the same historical standards and return expectations and while achieving outstanding initial results in the new stores. We have also prepared the Company for further acceleration in store openings for the coming years. We have also started our partnership with Dunnhumby, a data science company that will provide the big data and analytical capabilities to reinvent the way we do Category Management and CRM. Finally, we acquired the control of 4Bio, Brazil's second largest specialty pharmacy, and launched UNIVERS, our proprietary PBM, focused on capturing demand from corporations and health operators to drive volume to our stores. We believe this portfolio of integrated healthcare assets (Drugstores, Specialty and PBM) will uniquely position Raia Drogasil to provide innovative and integrated services for manufacturers, health operators, physicians and patients that are unmatched in the market.

In order to reinvent our execution, we have also worked relentlessly on the three core strategic enablers. Each process or platform that we inherited in 2014 represented the best between Raia and Drogasil, which was undoubtedly a great starting point, but was in no way a limit for our execution. With the integration fully behind us, we were finally able to reassess each of those practices, establishing a roadmap for improvement, reengineering our processes, upgrading our platforms, and further qualifying our team. This reinvention resulted in better customer service and productivity, enabling us to achieve, for example, leaps in employee turnover reduction (also leveraged by the current economic environment), in stock-outs reduction, in inventory losses reduction and in customer satisfaction increase, among other key performance indicators. We believe these improvements have had a profound effect in boosting our revenue growth and profitability increase.

We ended the year with R$ 9.4 billion in combined gross revenues, a 21.1% growth when compared to 2014, and a testament both to the defensive nature of our industry as well as to the improvements in our execution. We opened 156 new stores and closed 15 stores, ending the year with 1,235 stores throughout Brazil. Over the last five years, we opened a total of 616 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$ 1.6 billion in 2015, approximately the total revenues of the sixth largest drugstore chain in Brazil, which further consolidated our leadership of the Brazilian drugstore market.

Our EBITDA totaled R$ 743.5 million, an increase of 36.5% over 2014. The EBITDA margin reached 7.9%, a 0.9 percentage point expansion. Adjusted net income amounted to R$ 391.1 million, a net margin of 4.2%. We generated a free cash flow of R$ 110.4 million, our third consecutive year of positive free cash flow. Cash flow from operations totaled R$ 499.1 million, of which R$ 388.7 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 19.4% an increase of 4.4 percentage points, and is expected to increase in the long term both through productivity gains and through the maturation of our stores. We distributed R$ 179.2 million in interest on equity, a 140.2% increase over 2014, a payout of 52.6%. We posted a Total Shareholder Return of 41.4%, stemming from a 40.0% share appreciation and from a dividend yield of 1.4%. Finally, our increased share liquidity allowed us to join the IBOVESPA and IBrX-50, the two main Brazilian stock indices.

The reinvention of our operations is an ongoing effort, as several of our most ambitious initiatives demand a multi-year period to fructify. 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 intensify the prosperity cycle that started in 2014.

## CHALLENGES AND OPPORTUNITIES FOR 2016

In spite of our strong performance in 2015, we have much bigger ambitions for the future of our Company. We have several strategic initiatives in course that wil transform the way we do business, the service we provide to our customers and the value we create to our shareholders.

Although the challenging economic environment in Brazil has not affected our demand and capacity to grow, the higher interest rates and accelerating inflation have urged us to remain extra careful regarding our free cash flows, yet aggressive in seeking efficiency gains to mitigate the pressures from inflation and from the acceleration in store openings on our expenses.

Additionally, our high standard of our execution coupled with the robustness of our capital structure and free cash flow generation in such a defensive market creates significant opportunities of market share gains, since we face several leveraged competitors who bear significant cash flow pressures and declining execution.

In lieu of all these challenges and opportunities, we have established three main priorities for the year:

**Implement our Strategic Plan:** In 2014, we developed a strategic plan for the next five years that aligns execution and innovation across four different pillars: Accelerating the Organic Expansion, Introducing New Formats, Enhancing Category Management and Shopping Experience, and Engaging, Analyzing and Potentializing Customers. In 2015, we opened 156 stores, a significant increase over the 131 new stores opened annually in the previous two years. For 2016 and 2017, we plan to open 165 and 195 new stores, respectively, while maintaining the same property selection standards and IRR expectations. With respect to new formats, we are preparing our low-cost format to become a viable growth lever for the future, which includes opening a small number of new stores to reinforce our conviction. As regarding category management, we plan to advance the role of beauty in our stores and to do cross-sell specialty products at our stores to be fulfilled by 4Bio. Finally, on CRM, we expect to advance with Omnichannel and to relaunch our loyalty programs for both Raia and Drogasil, incorporating the learnings from our work with Dunnhumby, which is only at its initial stage. These strategies can have a significant impact in boosting our growth and in expanding our margins in the years to come.

**Leverage our Cash Generation and Capital Structure:** Our financial strength is one of our main competitive advantages in a crisis environment with a tight credit market and growing interest rates. Reinforcing our financial discipline in 2016 will be crucial, both in lieu of the financial crisis and of the acceleration of our organic growth, which will increase our investment needs and challenge our free cash flow generation. This will require a fiercer expense and working capital control and a higher scrutiny for non-expansion investments. On the other hand, there will be significant investment opportunities such as a more aggressive forward buying to profit from a higher expected price cap adjustment as well as reinforcing our bets in markets with higher expected IRR and in which ailing competitors have generated a more favorable competitive landscape.

**Enhance Productivity:** The growing inflation and the acceleration of our organic growth constitute significant sources of expense pressures. We will have a relentless focus on enhancing productivity in 2016. One of our main initiatives has been in upgrading our proprietary platforms to improve and expedite customer service while also driving efficiency. Another core area of focus will be on people, as we will benefit from reduced employee turnover (better service and lower hiring costs, among other benefits), as we deploy an improved staffing algorithm and standardize its application across Raia and Drogasil. We are also investing in increasing the automation and productivity of our main DC in São Paulo.

Overall, we remain optimistic towards 2016. We believe that the acceleration of our expansion, combined with a solid execution in an environment in which several competitors are suffering should result in robust top line growth and market share gains. We also believe that the sales expense pressures arising from inflation and from the acceleration of our organic growth can be mitigated through administrative expense dilution combined with efficiency gains, especially in the second semester. Finally, we believe that the continuous expansion of our gross margin will be able to bridge any remaining margin gaps arising from sales expenses pressures, allowing us to maintain similar margins in 2016 when compared to that of 2015 and to support longer-term margin expansion.

## ACQUISITION OF THE CORPORATE CONTROL OF 4BIO

On October 1st, 2015 we completed the acquisition of 55% of 4Bio, Brazil's second largest specialty pharmacy and a market leader in Assisted Reproduction, Oncology, Immunobiology and Gynecology.

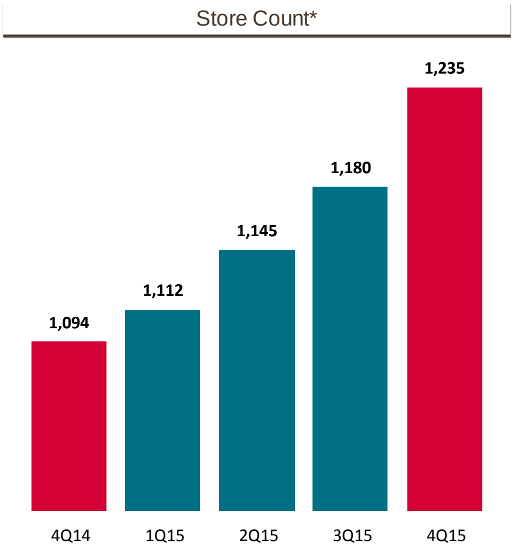
This acquisition marked our entry into the specialty retail market, the fastest growing pharmaceutical category in Brazil and in the world, in which we were not yet present. We believe that with our scale, national presence, capillarity and brand awareness, combined with the reputation, infrastructure, entrepreneurial culture and industry expertise of 4Bio, we will be uniquely positioned to lead the consolidation of the specialty retail market in Brazil, by allowing us to provide highly innovative, differentiated and integrated services for pharmaceutical manufacturers, payers, physicians and patients.

Starting in the 4Q15, the 4Bio financial statements are consolidated within Raia Drogasil. In order to provide historical comparability, we are reporting both 2014 and 2015 on a combined pro-forma basis. Please find below the segmented P&L for Raia Drogasil and 4Bio, as well as the combined figures quarter by quarter. Please find additional information in our web site: [www.raiadrogasil.com.br/ir](www.raiadrogasil.com.br/ir).

| | Raia Drogasil | | | | | | | 4Bio | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(R$ million)* | 4Q14 | 2014 | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 2015 | 4Q14 | 2014 | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 2015 |
| **Gross Revenues** | **2,093.1** | **7,658.9** | **2,052.4** | **2,281.2** | **2,388.2** | **2,517.4** | **9,239.2** | **35.2** | **125.3** | **38.2** | **41.9** | **48.7** | **56.8** | **185.6** |
| **Gross Profit** | **588.8** | **2,143.8** | **590.5** | **695.9** | **689.6** | **731.9** | **2,707.9** | **5.2** | **20.5** | **6.1** | **6.9** | **6.7** | **8.2** | **27.8** |
| % of Gross Revenues | 28.1% | 28.0% | 28.8% | 30.5% | 28.9% | 29.1% | 29.3% | 14.8% | 16.4% | 16.0% | 16.4% | 13.7% | 14.4% | 15.0% |
| **Operating Expenses** | **(430.0)** | **(1,604.0)** | **(438.1)** | **(478.7)** | **(508.4)** | **(545.8)** | **(1,971.0)** | **(4.4)** | **(15.8)** | **(4.6)** | **(5.1)** | **(5.3)** | **(6.2)** | **(21.2)** |
| % of Gross Revenues | (20.5%) | (20.9%) | (21.3%) | (21.0%) | (21.3%) | (21.7%) | (21.3%) | (12.4%) | (12.6%) | (12.0%) | (12.3%) | (10.9%) | (10.9%) | (11.4%) |
| Sales Expenses | (382.3) | (1,409.1) | (386.9) | (416.2) | (448.4) | (486.3) | (1,737.7) | (3.1) | (11.5) | (3.3) | (3.8) | (4.0) | (4.4) | (15.4) |
| % of Gross Revenues | (18.3%) | (18.4%) | (18.8%) | (18.2%) | (18.8%) | (19.3%) | (18.8%) | (8.9%) | (9.1%) | (8.6%) | (9.0%) | (8.1%) | (7.7%) | (8.3%) |
| G&A | (47.7) | (194.9) | (51.2) | (62.5) | (60.0) | (59.5) | (233.2) | (1.2) | (4.4) | (1.3) | (1.4) | (1.4) | (1.8) | (5.9) |
| % of Gross Revenues | (2.3%) | (2.5%) | (2.5%) | (2.7%) | (2.5%) | (2.4%) | (2.5%) | (3.4%) | (3.5%) | (3.4%) | (3.3%) | (2.8%) | (3.3%) | (3.2%) |
| **Adjusted EBITDA** | **158.8** | **539.8** | **152.4** | **217.2** | **181.3** | **186.2** | **737.0** | **0.9** | **4.7** | **1.5** | **1.7** | **1.4** | **2.0** | **6.6** |
| % of Gross Revenues | 7.6% | 7.0% | 7.4% | 9.5% | 7.6% | 7.4% | 8.0% | 2.4% | 3.7% | 4.0% | 4.1% | 2.8% | 3.4% | 3.5% |
| Depreciation & Amortization | (51.6) | (187.6) | (53.5) | (55.6) | (57.7) | (60.0) | (226.8) | (0.1) | (0.2) | (0.1) | (0.0) | (0.1) | (0.1) | (0.2) |
| Financial Expenses/Income | (12.5) | (40.5) | (14.4) | (14.7) | (15.0) | (20.3) | (64.4) | (0.6) | (1.6) | (0.8) | (1.0) | (0.6) | (0.7) | (3.2) |
| Income Tax & Social Contribution | (19.4) | (41.3) | (3.4) | (28.0) | (13.5) | (11.7) | (56.7) | 0.1 | (0.8) | (0.3) | (0.2) | (0.2) | (0.4) | (1.1) |
| **Adjusted Net Income** | **75.4** | **270.4** | **81.0** | **118.9** | **95.0** | **94.1** | **389.0** | **0.3** | **2.0** | **0.4** | **0.4** | **0.5** | **0.8** | **2.1** |
| % of Gross Revenues | 3.6% | 3.5% | 3.9% | 5.2% | 4.0% | 3.7% | 4.2% | 0.8% | 1.6% | 1.1% | 1.0% | 0.9% | 1.4% | 1.1% |

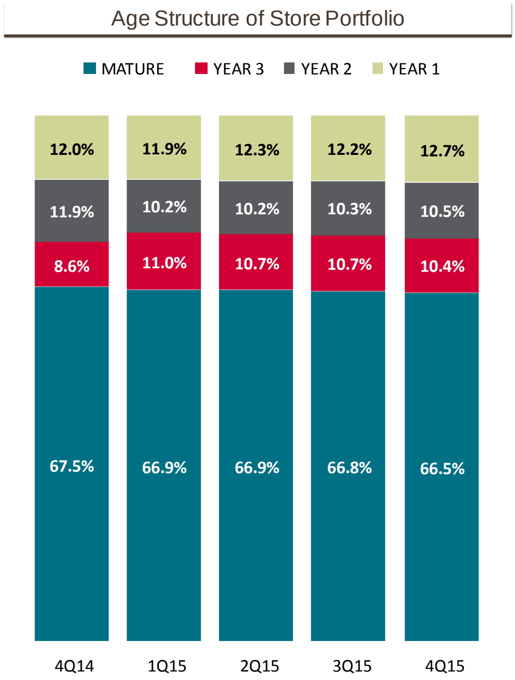
| | Combined | | | | | | |
|---|---|---|---|---|---|---|---|
| *(R$ million)* | 4Q14 | 2014 | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 2015 |
| **Gross Revenues** | **2,128.3** | **7,784.2** | **2,090.6** | **2,323.1** | **2,436.9** | **2,574.2** | **9,424.8** |
| **Gross Profit** | **594.1** | **2,164.4** | **596.6** | **702.8** | **696.3** | **740.1** | **2,735.7** |
| % of Gross Revenues | 27.9% | 27.8% | 28.5% | 30.3% | 28.6% | 28.7% | 29.0% |
| **Operating Expenses** | **(434.4)** | **(1,619.9)** | **(442.7)** | **(483.9)** | **(513.7)** | **(552.0)** | **(1,992.2)** |
| % of Gross Revenues | (20.4%) | (20.8%) | (21.2%) | (20.8%) | (21.1%) | (21.4%) | (21.1%) |
| Sales Expenses | (385.5) | (1,420.6) | (390.2) | (420.0) | (452.4) | (490.6) | (1,753.1) |
| % of Gross Revenues | (18.1%) | (18.2%) | (18.7%) | (18.1%) | (18.6%) | (19.1%) | (18.6%) |
| G&A | (48.9) | (199.3) | (52.5) | (63.9) | (61.3) | (61.3) | (239.1) |
| % of Gross Revenues | (2.3%) | (2.6%) | (2.5%) | (2.8%) | (2.5%) | (2.4%) | (2.5%) |
| **Adjusted EBITDA** | **159.7** | **544.5** | **153.9** | **218.9** | **182.6** | **188.1** | **743.5** |
| % of Gross Revenues | 7.5% | 7.0% | 7.4% | 9.4% | 7.5% | 7.3% | 7.9% |
| Depreciation & Amortization | (51.7) | (187.8) | (53.6) | (55.6) | (57.8) | (60.1) | (227.1) |
| Financial Expenses/Income | (13.0) | (42.2) | (15.2) | (15.7) | (15.6) | (21.1) | (67.6) |
| Income Tax & Social Contribution | (19.3) | (42.1) | (3.7) | (28.2) | (13.8) | (12.1) | (57.8) |
| **Adjusted Net Income** | **75.7** | **272.4** | **81.5** | **119.3** | **95.5** | **94.9** | **391.1** |
| % of Gross Revenues | 3.6% | 3.5% | 3.9% | 5.1% | 3.9% | 3.7% | 4.2% |

## STORE DEVELOPMENT




| | 4Q14 | 1Q15 | 2Q15 | 3Q15 | 4Q15 |
|---|---|---|---|---|---|
| Opened | 51 | 19 | 38 | 37 | 62 |
| Closed | (5) | (1) | (5) | (2) | (7) |

* Includes three 4Bio stores




We opened 156 new stores and closed 15 in 2015 (62 openings and 7 closures in the 4Q15), ending the year with 1,235 stores in operation, including three 4Bio stores.

We surpassed our guidance of 145 gross openings in the year, reflecting a relevant acceleration in our store-opening pace, which was made possible due to an increase in our new stores contracts pipeline built over the last twelve months in preparation for further acceleration. We established a guidance of 165 new stores in 2016 and of 195 stores in 2017.

At the end of the period, 33.5% of our stores were still in the process of maturation, and had not yet reached their full potential in terms of revenues and profitability. We ended the quarter with the highest percentage of non-mature stores since the 3Q13.

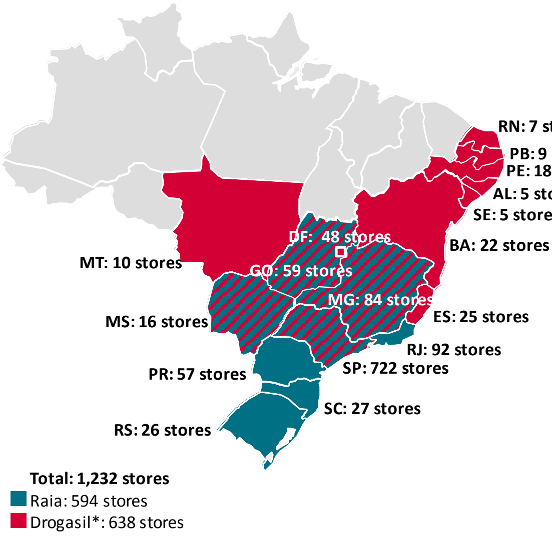
Our average comparable national market share reached 10.6% in the quarter, a 0.9 percentage point pro-forma increase when compared to 2014, including 4Bio. Our market share figures were adjusted by IMS Health to exclude new informants, so as to preserve historical comparability. Considering the inclusion of new informants, our national market share totaled 10.3%.

We increased our comparable market share in most of the regions where we operate. São Paulo was our main highlight, where we recorded a market share of 22.6%, a 0.8 percentage point increase driven by our organic expansion and by the solid performance of our mature stores. In the remaining states of the Southeast, we gained 0.1 percentage point.

We also recorded an outstanding performance in the Northeast, where we reached a market share of 3.0%, a 1.7 percentage point increase over the previous year, driven by our growth in Bahia as well as by our successful entry in five new states in the region: Sergipe, Alagoas, Pernambuco, Paraíba and Rio Grande do Norte in 2014. In the Southern region, we increased our market share by 0.7 percentage point, driven by store maturation in Paraná and in Santa Catarina and by our expansion in Rio Grande do Sul. Finally, we reached a market share of 13.0% in the Midwest, a 0.3 percentage point decrease when compared to the previous year, since we have not opened any stores in Goiás since 2013.

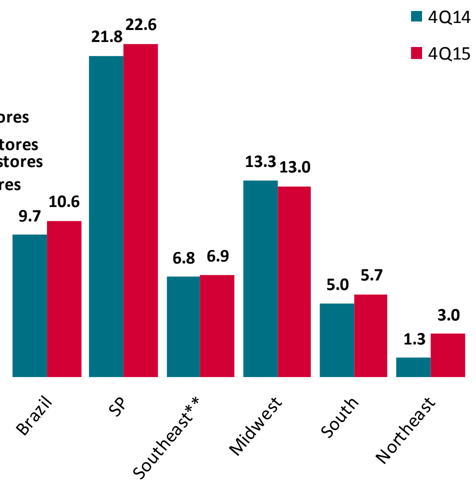


Geographic Presence - Retail





Combined Market Share***





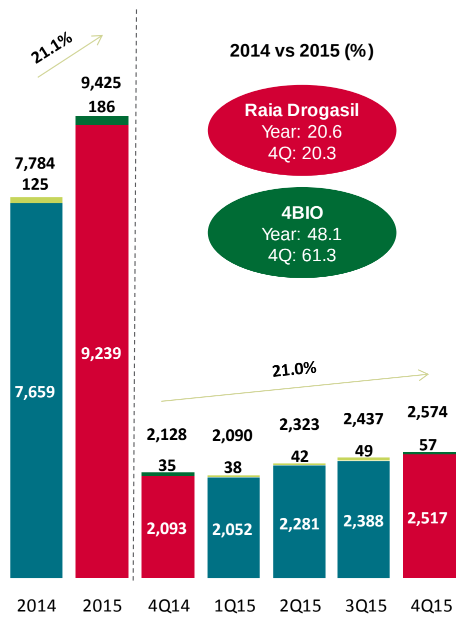
**PHARMACEUTICAL MARKET DISTRIBUTION BY REGION (%)**

| Brazil | SP | Southeast** | Midwest | South | Northeast |
|---|---|---|---|---|---|
| 100.0 | 26.5 | 24.3 | 8.8 | 16.6 | 18.9 |

Source: IMS Health
* Includes Farmasil stores
** Includes 4Bio only for Brazil
*** 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 10.3%

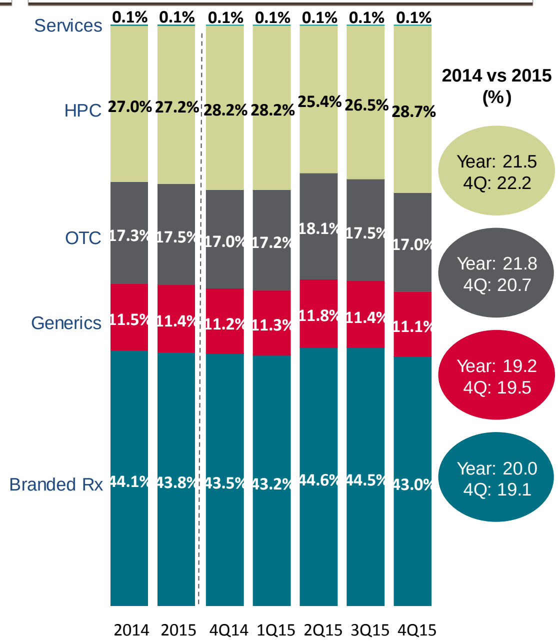
## GROSS REVENUES

Combined Gross Revenues





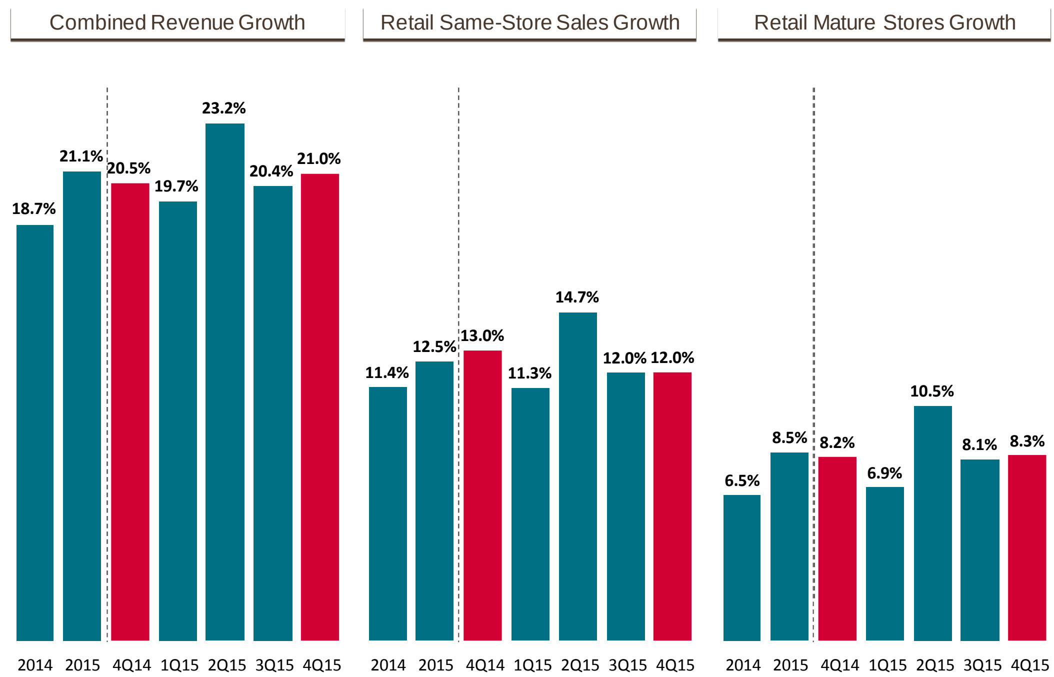
Retail Sales Mix





IBRX IBRA IGCT ITAG IGC ICON MLCX NOVO MERCADO

We ended 2015 with combined gross revenues of R$ 9,424.8 million (R$ 2,574.2 million in the quarter), a 21.1% increase over the previous year (21.0% in the quarter). Raia Drogasil grew 20.6% (20.3% in the quarter), while 4Bio grew 48.1% (61.3% in the quarter). HPC increased revenues by 21.5% (22.2% in the 4Q15) and OTC by 21.8% (20.7% in the quarter), versus 20.0% of Branded Rx (19.1% in the quarter) and 19.2% of Generics (19.5% in the 4Q15). We experienced an outbreak of the Zika virus in the 4Q15 that boosted mosquito repellent sales, contributing to an increase in HPC.



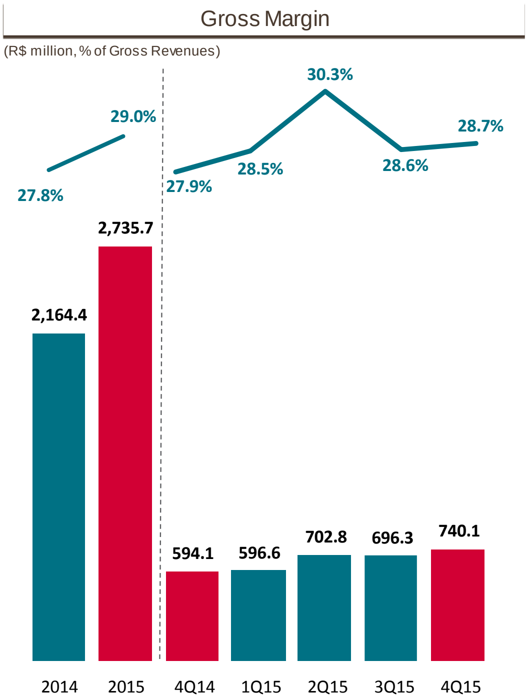

Same store sales at Raia Drogasil increased by 12.5% while our mature stores recorded an increase of 8.5%. In the 4Q15, same store sales increased by 12.0% and mature stores grew by 8.3%. It is important to mention that in the 4Q15 we recorded a negative calendar effect, which penalized our sales by 0.6%.

In 2015, the Brazilian pharmaceutical market grew by 14.3% (7.4% in units sold), according to the IMS Health, a testament to the defensive nature of our market.

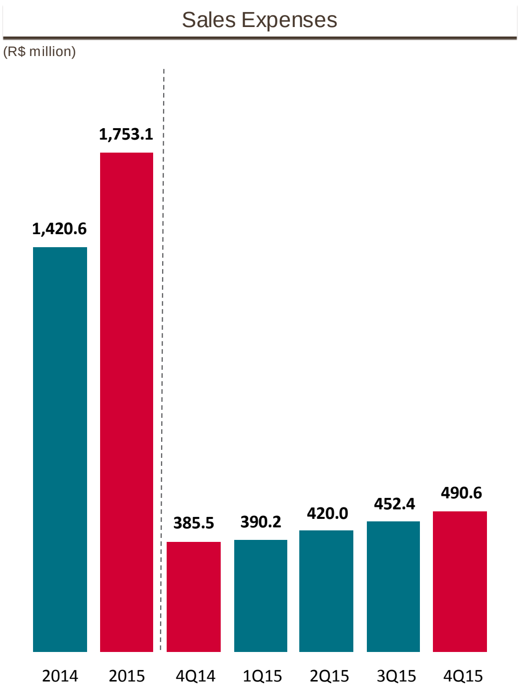
## GROSS PROFIT

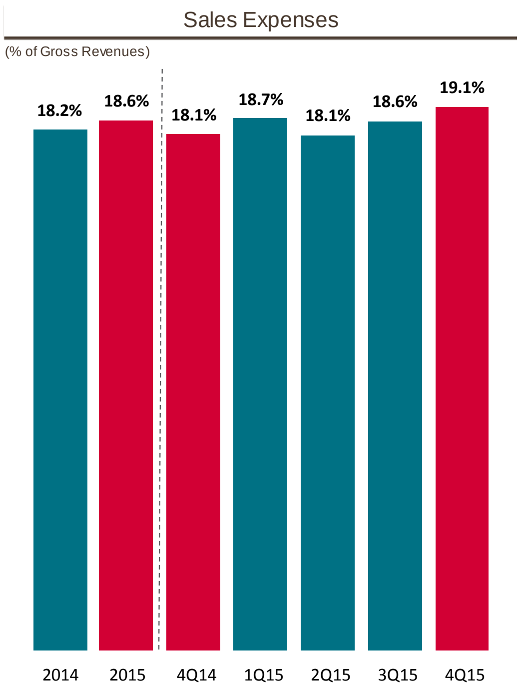
Our combined gross margin reached 29.0%, a 1.2 percentage point increase versus the 2014. In the 4Q15, we recorded a gross margin of 28.7%, a 0.8 percentage point increase over the same period of the previous year.

This gross margin expansion was driven by the structural improvements in our commercial terms, opportunistic purchases, tactical pricing adjustments and a reduction in inventory losses, contributing to a margin increase of about 1.2 percentage point in 2015 (0.7 percentage point in the quarter). Additionally, the Net Present Value Adjustment led to a gross margin increase of approximately 0.1 percentage point in the year (0.2 percentage point in the 4Q15), reflecting the rising interest rates and higher days of suppliers when compared to the previous year. 4Bio's growth had a negative margin mix effect of 0.1 percentage point both in the year and in the quarter, since Specialty Drugs have a lower gross margin than Retail.


## SALES EXPENSES




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

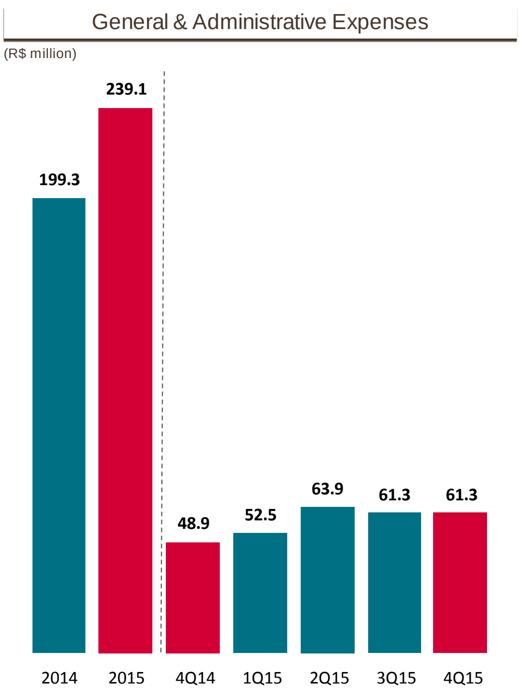
In 2015, combined sales expenses totaled R$ 1,753.1 million, equivalent to 18.6% of gross revenues, a 0.4 percentage point increase over 2014. Personnel expenses increased by 0.2 percentage point, while electricity pressured our sales expenses by 0.2 percentage point. Finally, the faster store-opening pace resulted in increased pre-operational expenses by 0.1 percentage point in the year. This pressure was partially offset by a 0.1 percentage point dilution in other expenses.

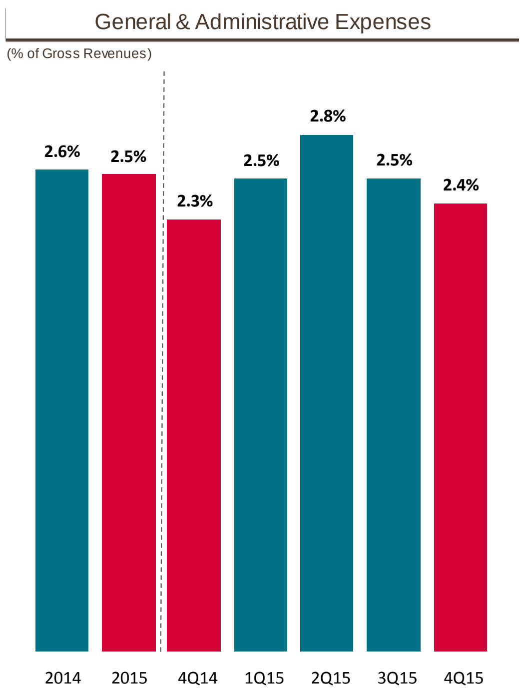
Sales expenses totaled R$ 490.6 million in the quarter, 19.1% of gross revenues, a 1.0 percentage point increase over the same period of the previous year. Personnel expenses increased by 0.4 percentage point, while electricity pressured our sales expenses by 0.3 percentage point and logistics expenses related to our expansion in the Northeast grew by 0.1 percentage point. Finally, the faster store-opening pace resulted in increased pre-operational expenses of 0.3 percentage point. These expenses were partially offset by a 0.1 percentage point dilution in other expenses.

## GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R$ 239.1 million in the year, equivalent to 2.5% of gross revenues, a 0.1 percentage point dilution. We recorded an increase in compensation allowance of 0.1 percentage point, which was more than offset by a dilution of 0.2 percentage point in other expenses.

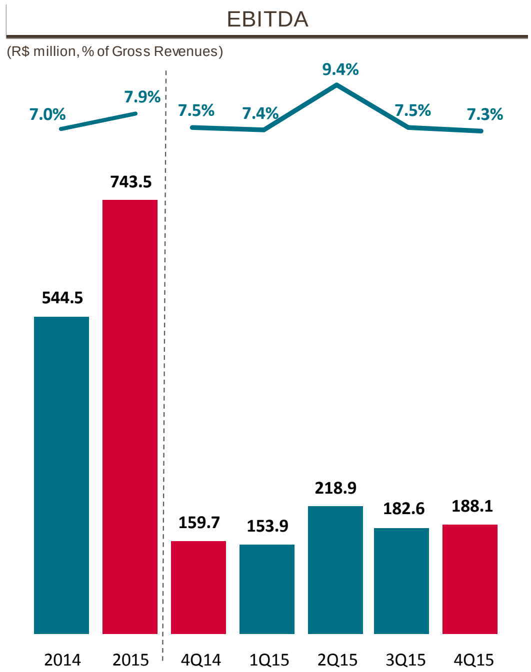
In the 4Q15 General and Administrative expenses amounted R$ 61.3 million, equivalent to 2.4% of gross revenues, a 0.1 percentage point expense pressure reflecting an increase in the compensation allowance (0.3 percentage point) due to the low comp base of the 4Q14, when variable compensation was reduced in order to offset an excess provisioning undertaken in the 1H14. This pressure was partially offset by a dilution of 0.2 percentage point in other expenses.



## EBITDA

Our combined EBITDA reached R$ 743.5 million, an EBITDA margin of 7.9% and a margin expansion of 0.9 percentage point, which corresponded to an increase of 36.6% over 2014. Our 4Q15 EBITDA totaled R$ 188.1 million, an EBITDA margin of 7.3% and a contraction of 0.2 percentage point versus the 4Q14.




New stores opened in the year, as well as those that were in the opening process, reduced the combined EBITDA by R$ 40.0 million in 2015 (R$ 12.8 million in the quarter). Therefore, considering only the 1,079 stores in operation since the end of 2014 and the full absorption of logistics as well as of general and administrative expenses by such stores, our adjusted EBITDA would have totaled R$ 783.5 million (R$ 200.9 million in the quarter), equivalent to an EBITDA margin of 8.3% over gross revenues (7.8% in the quarter).

Raia Drogasil achieved a retail EBITDA of R$ 737.0 million (R$ 186.2 million in the quarter), an EBITDA margin of 8.0% in the year (7.4% in the quarter), an annual margin expansion of 0.9 percentage point (margin contraction of 0.2 percentage point in the quarter). It is important to highlight that we experienced in the quarter a 0.3 percentage point pressure in pre operational expenses related to the acceleration of our growth, and also that the 4Q14 comp base benefited from a 0.3 percentage point reduction in the variable compensation provision to offset an excess provisioning happened in the 1H14.

4Bio reached an EBITDA of R$ 6.6 million (R$ 2.0 million in the quarter), an EBITDA margin of 3.5% in the year (3.4% in the quarter), an annual margin pressure of 0.2 percentage point (margin expansion of 1.0 percentage point in the quarter). It is important to highlight that 4Bio recorded a revenue growth of 61.3% in the quarter versus 48.1% in the year driven by a significant increase in inventories following the transaction, as Raia Drogasil recapitalized the company and restored supplier credit, which was the major driver of the margin expansion.

RaiaDrogasil

## NON-RECURRING EXPENSES

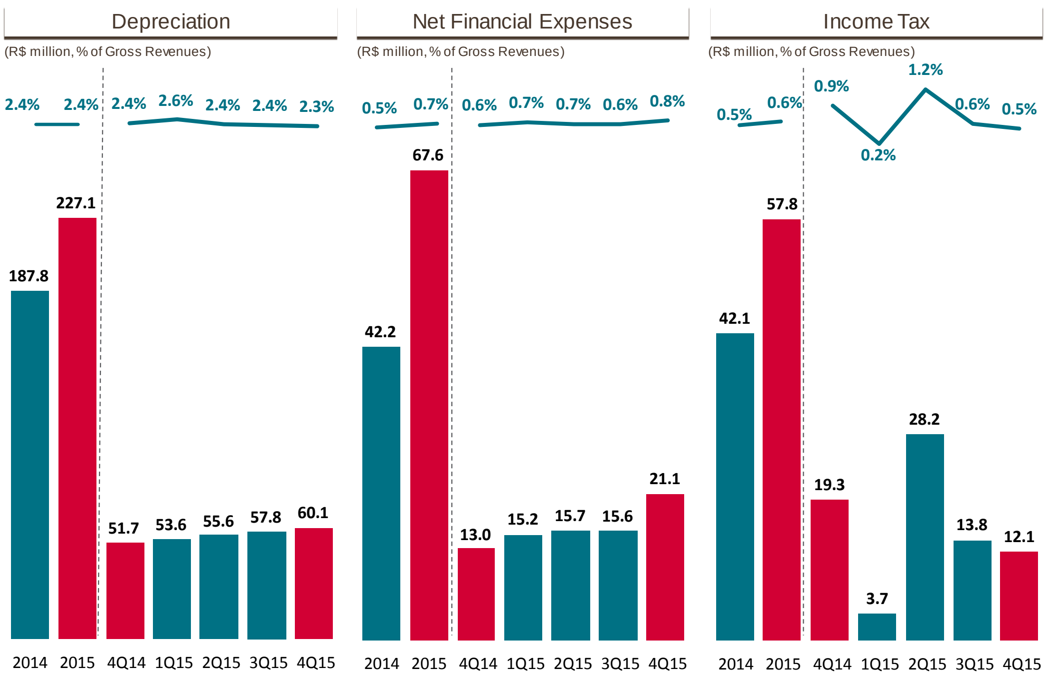
We incurred in R$ 8.8 million in non-recurring expenses in the 4Q15, as show below:

| *(R$ million)* | **4Q15** |
|---|---|
| **Bad debtors' provision - third-party PBM** | **(5.8)** |
| **4Bio transaction and integration** | **(1.9)** |
| **Change in PBM Receivables Provisioning** | **(1.1)** |
| **Total** | **(8.8)** |

We recorded in the quarter R$ 1.9 million in transaction and integration expenses related to the 4Bio acquisition.

We also booked R$ 5.8 million in bad debtors' provision related to a specific third-party PBM program to which we are accredited. It is the first time we incur material losses since the inception of such programs more than 15 years ago. We have also adopted a more rigorous provisioning criteria regarding our PBM receivables, a one-time change in accounting estimates that penalized our results by R$ 1.1 million.

## DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES




Depreciation expenses totaled R$ 227.1 million in 2015, equivalent to 2.4% of gross revenues, in line with the previous year. In the 4Q15, depreciation expenses amounted to R$ 60.1 million, or 2.3% of gross revenues, a 0.1 percentage point dilution when compared to the same period of the previous year.

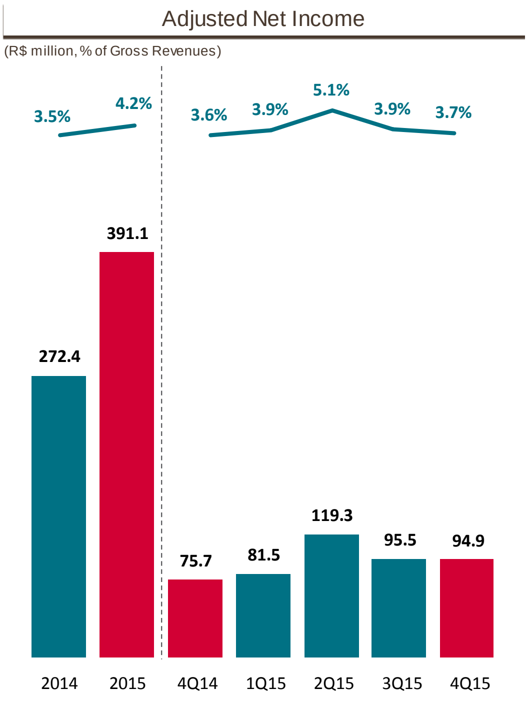
Financial expenses represented 0.7% of gross revenues in the year (0.8% in the quarter), a 0.2 percentage point increase both in 2015 and in the 4Q15, due to the Net Present Value Adjustment. Excluding the NPV Adjustment, the interest accrued on debt amounted to 0.1% of revenues in 2015 and in the 4Q15. Of the R$ 67.6 million of net financial expenses recorded in 2015 (R$ 21.1 million in the quarter), R$ 55.4 million (R$ 18.5 million in the quarter) refers to the Net Present Value Adjustment, while R$ 12.2 million (R$ 2.6 million in the quarter) refers to net interest accrued.

Finally, in 2015 we booked R$ 57.8 million in taxes, equivalent to 0.6% of gross revenues, a 0.1 percentage point increase due to the improvement in our profitability. In the 4Q15, we booked R$ 12.1 million in taxes, 0.5% of gross revenues, which represented a decrease of 0.4 percentage point reflecting a higher payout driven by the full utilization of the legal interest on capital limit.

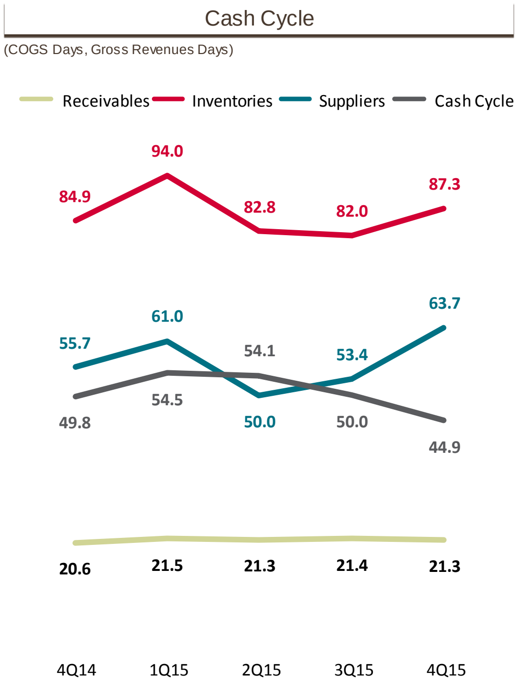
## ADJUSTED NET INCOME

Adjusted net income totaled R$ 391.1 million in 2015 (R$ 94.9 million in the quarter), a 43.6% increase over the previous year (25.4% in the 4Q15). We achieved an adjusted net margin of 4.2% (3.7% in the quarter), a 0.7 percentage point increase (0.1 percentage point decrease in the 4Q15).

Excluding the benefit from the goodwill amortization and the non-recurring expenses booked in the 4Q15, we recorded a reported net income of R$ 341.8 million in the year, a net margin of 3.6% (R$ 78.3 million, a net margin of 3.0% in the 4Q15).



## CASH CYCLE




We achieved a combined cash cycle reduction of 4.9 days when compared to the previous year. Inventories increased by 2.4 days, reflecting opportunistic purchases undertaken in the period, which led to an increase in our accounts payable of 8.0 days, driven by improvements in purchasing terms from suppliers related to the full funding of those opportunistic purchases. Finally, days of receivables increased by 0.7 day versus the previous year.

## CASH FLOW

We recorded a free cash flow of R$ 110.4 million in 2015, our third consecutive year of free cash flow generation. Total cash flow was a negative R$ 19.9 million. Our operating cash flow totaled R$ 499.1 million, which more than fully funded R$ 388.7 million in investments undertaken in the period. Resources from operations amounted to R$ 610.4 million, equivalent to 6.5% of our gross revenues, while we recorded a working capital consumption of R$ 111.3 million.

In the 4Q15, we generated a free cash flow of R$ 35.6 million, and a negative total cash flow of R$ 32.5 million. Our operating cash flow totaled R$ 180.0 million, which more than fully funded R$ 144.3 million in investments undertaken in the period. Resources from operations amounted to R$ 164.4 million, equivalent to 6.4% of our gross revenues, while we recorded a working capital increase of R$ 15.6 million.



Of the R$ 388.7 million invested in the year, R$ 229.8 million corresponded to new store openings, R$ 56.1 million to the renovation of existing stores, and R$ 102.8 million to investments in infrastructure.

Net financial expenses totaled R$ 67.6 million in the year (R$ 21.1 million in the 4Q15). These expenses were more than fully offset by the R$ 83.9 million tax shield related to the net financial expenses and to the interest on equity accrued in the period, which shall be paid at a later date (R$ 21.8 million in the quarter).

| Cash Flow<br>*(R$ million)* | 4Q15 | 4Q14 | 2015 | 2014 |
|---|---|---|---|---|
| **Adjusted EBIT** | **128.0** | **108.0** | **516.5** | **356.7** |
| Non-Recurring Expenses | (8.8) | (3.9) | (10.0) | (9.5) |
| Income Tax (34%) | (40.5) | (35.4) | (172.2) | (118.1) |
| Tax Shield from Goodwill | 10.7 | 10.7 | 42.8 | 42.8 |
| Depreciation | 60.1 | 51.7 | 227.1 | 187.8 |
| Others | 14.9 | 11.2 | 6.3 | 9.1 |
| **Resources from Operations** | **164.4** | **142.3** | **610.4** | **468.9** |
| Cash Cycle* | 54.4 | 80.1 | (90.6) | (116.6) |
| Other Assets (Liabilities) | (38.8) | (35.5) | (20.7) | (4.8) |
| **Operating Cash Flow** | **180.0** | **186.9** | **499.1** | **347.5** |
| **Investments** | **(144.3)** | **(83.7)** | **(388.7)** | **(271.2)** |
| **Free Cash Flow** | **35.6** | **103.2** | **110.4** | **76.4** |
| Interest on Equity | (57.3) | (24.5) | (121.3) | (41.5) |
| Income Tax Paid over Interest on Equity | (11.5) | (6.5) | (25.3) | (10.6) |
| Net Financial Expenses | (21.1) | (13.0) | (67.6) | (42.2) |
| Share Buyback | - | - | - | (20.9) |
| Income Tax (Tax benefit over financial expenses and interest on equity) | 21.8 | 12.4 | 83.9 | 39.7 |
| **Total Cash Flow** | **(32.5)** | **71.6** | **(19.9)** | **0.9** |

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

** Does not include financing cash flow

We accrued R$ 179.2 million in interest on equity in 2015 (R$ 43.0 million in the 4Q15) versus R$ 74.6 million in 2014 (R$ 23.5 million in the 4Q14), reflecting a payout of 52.6%, through the full utilization of the legal interest on equity limit.

## INDEBTEDNESS

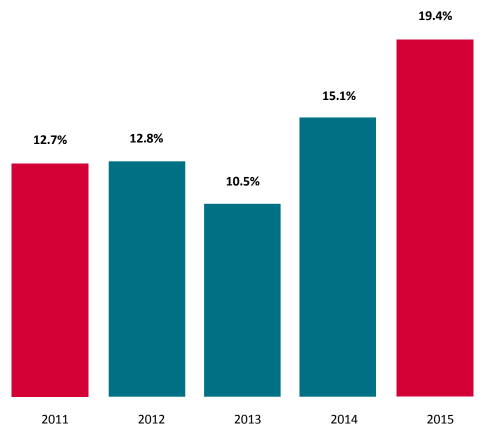
At the end of the year, we recorded a net debt position of R$ 30.3 million, versus a net debt of R$ 10.4 million recorded in the same period of 2014.

Our gross debt totaled R$ 296.4 million, of which 97.7% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines and 2.3% corresponds to bank debt related to 4Bio. Of our total debt, 63.5% is long-term, while 36.5% 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$ 266.1 million.

## RETURN ON INVESTED CAPITAL

We reached in 2015 a return on invested capital of 19.4%, a 4.4 percentage point increase over 2014, reflecting the significant improvements in our profitability and in our cash conversion cycle.

ROIC

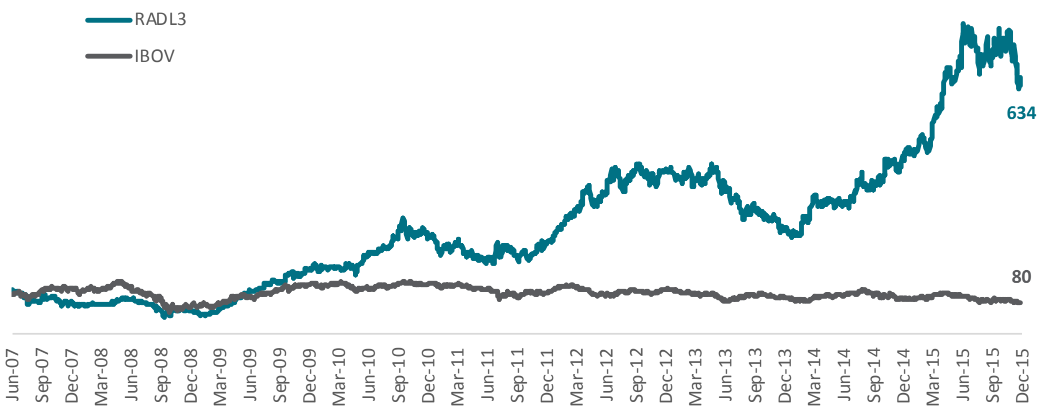



Our ROIC is heavily penalized by our accelerated organic growth, since 33.5% of our fully invested stores have not yet reached their maturation and their profitability potential. This effect is especially detrimental for the stores opened in 2015 and to those that were at the pre-operational stage for opening in 2016, which consumed a CAPEX of R$ 229.8 million as well as additional working capital investments, yet generated a negative EBITDA of R$ 40.0 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.

## TOTAL SHAREHOLDER RETURN

Our share price appreciated by 40.0% in 2015, 53.3 percentage points above the IBOVESPA, which lost 13.3% in the period.

Share Appreciation




Since the IPO of Drogasil, we achieved a cumulative share appreciation of 533.6% when compared to a negative return of 20.3% of the IBOVESPA over the same period. Including the payment of interest on equity, we generated an average annual total return to shareholders of 24.8%.

Considering the IPO of Raia in December of 2010, the cumulative return in the period amounted to 245.9% when compared to a decrease of 36.2% by the IBOVESPA. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 27.9%.

We recorded an average daily trading volume of R$ 58.1 million in the quarter.

RaiaDrogasil

| Combined Adjusted Income Statement<br>*(R$ thousand)* | 4Q14 | 4Q15 | 2014 | 2015 |
|---|---|---|---|---|
| **Gross Revenues** | **2,128,284** | **2,574,215** | **7,784,235** | **9,424,777** |
| Taxes, Discounts and Returns | (86,264) | (114,277) | (312,146) | (402,822) |
| **Net Revenues** | **2,042,020** | **2,459,938** | **7,472,089** | **9,021,955** |
| Cost of Goods Sold | (1,447,960) | (1,719,854) | (5,307,721) | (6,286,214) |
| **Gross Profit** | **594,060** | **740,084** | **2,164,368** | **2,735,741** |
| Operational (Expenses) Revenues | | | | |
| Sales | (385,467) | (490,616) | (1,420,582) | (1,753,100) |
| General and Administrative | (48,915) | (61,348) | (199,287) | (239,125) |
| Other Operational Expenses, Net | 0 | 0 | 0 | 0 |
| **Operational Expenses** | **(434,382)** | **(551,964)** | **(1,619,869)** | **(1,992,225)** |
| **EBITDA** | **159,678** | **188,120** | **544,499** | **743,516** |
| Depreciation and Amortization | (51,669) | (60,086) | (187,813) | (227,059) |
| **Operational Earnings before Financial Results** | **108,009** | **128,034** | **356,686** | **516,457** |
| Financial Expenses | (18,309) | (47,855) | (62,082) | (156,892) |
| Financial Revenues | 5,283 | 26,799 | 19,905 | 89,316 |
| **Financial Expenses/Revenues** | **(13,026)** | **(21,056)** | **(42,177)** | **(67,576)** |
| **Earnings before Income Tax and Social Charges** | **94,983** | **106,978** | **314,509** | **448,881** |
| Income Tax and Social Charges | (19,302) | (12,113) | (42,077) | (57,750) |
| **Net Income** | **75,681** | **94,865** | **272,432** | **391,131** |

| Combined Income Statement | 4Q14 | 4Q15 | 2014 | 2015 |
|---|---|---|---|---|
| *(R$ thousand)* | | | | |
| **Gross Revenues** | **2,128,284** | **2,574,215** | **7,784,235** | **9,424,777** |
| Deductions | (86,264) | (115,961) | (312,146) | (402,822) |
| **Net Revenues** | **2,042,020** | **2,458,254** | **7,472,089** | **9,021,955** |
| Cost of Goods Sold | (1,447,960) | (1,718,350) | (5,307,721) | (6,286,214) |
| **Gross Profit** | **594,060** | **739,904** | **2,164,368** | **2,735,741** |
| Operational (Expenses) Revenues | | | | |
| Sales | (385,467) | (490,616) | (1,420,582) | (1,753,100) |
| General and Administrative | (48,915) | (61,348) | (199,287) | (239,125) |
| Other Operational Expenses, Net | (3,851) | (8,818) | (9,473) | (9,978) |
| **Operational Expenses** | **(438,233)** | **(560,782)** | **(1,629,342)** | **(2,002,203)** |
| **EBITDA** | **155,827** | **179,122** | **535,026** | **733,538** |
| Depreciation and Amortization | (51,669) | (60,086) | (187,813) | (227,059) |
| **Operational Earnings before Financial Results** | **104,158** | **119,036** | **347,213** | **506,479** |
| Financial Expenses | (18,309) | (49,359) | (62,082) | (156,892) |
| Financial Revenues | 5,283 | 28,483 | 19,905 | 89,316 |
| **Financial Expenses/Revenues** | **(13,026)** | **(20,876)** | **(42,177)** | **(67,576)** |
| **Earnings before Income Tax and Social Charges** | **91,132** | **98,160** | **305,036** | **438,903** |
| Income Tax and Social Charges | (28,691) | (19,813) | (81,649) | (97,150) |
| **Net Income** | **62,441** | **78,347** | **223,387** | **341,753** |

| Consolidated Income Statement | 4Q14 | 4Q15 | 2014 | 2015 |
|---|---|---|---|---|
| *(R$ thousand)* | | | | |
| **Gross Revenues** | **2,093,076** | **2,574,215** | **7,658,890** | **9,295,978** |
| Deductions | (84,959) | (115,961) | (307,434) | (398,129) |
| **Net Revenues** | **2,008,117** | **2,458,254** | **7,351,456** | **8,897,849** |
| Cost of Goods Sold | (1,419,309) | (1,719,704) | (5,207,625) | (6,183,289) |
| **Gross Profit** | **588,808** | **738,550** | **2,143,831** | **2,714,560** |
| Operational (Expenses) Revenues | | | | |
| Sales | (382,321) | (490,616) | (1,409,067) | (1,742,093) |
| General and Administrative | (47,705) | (61,348) | (194,958) | (235,089) |
| Other Operational Expenses, Net | (3,851) | (8,818) | (9,473) | (8,818) |
| **Operational Expenses** | **(433,877)** | **(560,782)** | **(1,613,498)** | **(1,986,000)** |
| **EBITDA** | **154,931** | **177,768** | **530,333** | **728,560** |
| Depreciation and Amortization | (51,604) | (60,882) | (187,568) | (227,698) |
| **Operational Earnings before Financial Results** | **103,327** | **116,886** | **342,765** | **500,862** |
| Financial Expenses | (28,905) | (49,359) | (99,001) | (153,748) |
| Financial Revenues | 16,486 | 28,483 | 58,460 | 88,787 |
| **Financial Expenses/Revenues** | **(12,419)** | **(20,876)** | **(40,541)** | **(64,961)** |
| **Earnings before Income Tax and Social Charges** | **90,908** | **96,010** | **302,224** | **435,901** |
| Income Tax and Social Charges | (28,750) | (19,082) | (80,838) | (96,116) |
| **Net Income** | **62,158** | **76,928** | **221,386** | **339,785** |

| 2015 Income Statement Reconciliation | Consolidated[1] + | 4Bio 9M15[2] + | PPA[3] = | Combined + | Adjustments[4] = | Combined Adjusted |
|---|---|---|---|---|---|---|
| *(R$ thousand)* | | | | | | |
| **Gross Revenues** | **9,295,978** | **128,799** | **0** | **9,424,777** | **0** | **9,424,777** |
| Deductions | (398,129) | (4,693) | 0 | (402,822) | 0 | (402,822) |
| **Net Revenues** | **8,897,849** | **124,106** | **0** | **9,021,955** | **0** | **9,021,955** |
| Cost of Goods Sold | (6,183,289) | (104,278) | 1,353 | (6,286,214) | 0 | (6,286,214) |
| **Gross Profit** | **2,714,560** | **19,828** | **1,353** | **2,735,741** | **0** | **2,735,741** |
| Operational (Expenses) Revenues | | | | | | |
| Sales | (1,742,093) | (11,007) | 0 | (1,753,100) | 0 | (1,753,100) |
| General and Administrative | (235,089) | (4,036) | 0 | (239,125) | 0 | (239,125) |
| Other Operational Expenses, Net | (8,818) | (1,160) | 0 | (9,978) | 9,978 | 0 |
| **Operational Expenses** | **(1,986,000)** | **(16,203)** | **0** | **(2,002,203)** | **9,978** | **(1,992,225)** |
| **EBITDA** | **728,560** | **3,625** | **1,353** | **733,538** | **9,978** | **743,516** |
| Depreciation and Amortization | (227,698) | (157) | 796 | (227,059) | 0 | (227,059) |
| **Operational Earnings before Financial Results** | **500,862** | **3,468** | **2,149** | **506,479** | **9,978** | **516,457** |
| Financial Expenses | (153,748) | (3,144) | 0 | (156,892) | 0 | (156,892) |
| Financial Revenues | 88,787 | 529 | 0 | 89,316 | 0 | 89,316 |
| **Financial Expenses/Revenues** | **(64,961)** | **(2,615)** | **0** | **(67,576)** | **0** | **(67,576)** |
| **Earnings before Income Tax and Social Charges** | **435,901** | **853** | **2,149** | **438,903** | **9,978** | **448,881** |
| Income Tax and Social Charges | (96,116) | (303) | (731) | (97,150) | 39,400 | (57,750) |
| **Net Income** | **339,785** | **550** | **1,418** | **341,753** | **49,378** | **391,131** |

(1) **Consolidated:** refers to the consolidated financial statements ended on December 31st, 2015, audited by our independent auditors, which considers nine months of Raia Drogasil results and three months of 4Bio consolidated results.
(2) **4Bio 9M15:** refers to nine months of 4Bio intermediate statements.
(3) **PPA:** refers to PPA (purchase price allocation) adjustments on COGS (R$ 1,353 thousand), Depreciation and Amortization (R$ 796 thousand) and Income Tax and Social Charges (-R$ 731 thousand).
(4) **Adjustments:** refers to non-recurring expenses with bad debtors' provision from a third party PBM, 4Bio transaction and integration and a change in PBM receivables provisioning (R$ 9,978 thousand) and to tax shield from the goodwill amortization (R$ 42,792 thousand) and from the non-recurring expenses (-R$ 3,392 thousand).

| **Combined Assets** | **4Q14** | **4Q15** |
|---|---|---|
| *(R$ thousand)* | | |
| | | |
| Current Assets | | |
| Cash and Cash Equivalents | 281,467 | 266,051 |
| Accounts Receivable | 482,840 | 601,831 |
| Inventories | 1,350,971 | 1,650,453 |
| Taxes Receivable | 39,429 | 59,530 |
| Other Accounts Receivable | 107,638 | 98,261 |
| Income Tax and Social Charges deferred | 180 | 174 |
| Following Fiscal Year Expenses | 9,972 | 9,718 |
| | 2,272,497 | 2,686,018 |
| Non-Current Assets | | |
| Deposit in Court | 14,116 | 18,730 |
| Taxes Receivable | 17,330 | 23,156 |
| Other Credits | 1,923 | 2,613 |
| Investments | 0 | 30,317 |
| Property, Plant and Equipment | 648,360 | 801,985 |
| Intangible | 1,125,277 | 1,130,613 |
| | 1,807,006 | 2,007,414 |
| | | |
| ASSETS | 4,079,503 | 4,693,432 |

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| Combined Liabilities and Shareholder's Equity | 4Q14 | 4Q15 |
|---|---|---|
| *(R$ thousand)* | | |
| | | |
| Current | | |
| Suppliers | 886,533 | 1,203,382 |
| Loans and Financing | 103,686 | 108,191 |
| Salaries and Social Charges Payable | 142,635 | 165,409 |
| Taxes Payable | 43,516 | 55,877 |
| Dividend and Interest on Equity | 28,664 | 24,402 |
| Provision for Lawsuits | 5,209 | 3,346 |
| Other Accounts Payable | 88,368 | 88,159 |
| | 1,298,611 | 1,648,766 |
| | | |
| Non-Current Assets | | |
| Loans and Financing | 188,200 | 188,196 |
| Provision for Lawsuits | 4,113 | 3,352 |
| Income Tax and Social Charges deferred | 125,946 | 161,826 |
| Other Accounts Payable | 3,792 | 36,107 |
| | 322,051 | 389,481 |
| | | |
| Shareholder's Equity | | |
| Common Stock | 909,407 | 1,822,407 |
| Capital Reserves | 1,019,791 | 128,767 |
| Revaluation Reserve | 12,755 | 12,569 |
| Income Reserves | 475,420 | 666,608 |
| Accrued Income | 1,137 | 0 |
| Equity Adjustments | 0 | (23,409) |
| Additional Dividend Proposed | 40,331 | 48,243 |
| | 2,458,841 | 2,655,185 |
| | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | 4,079,503 | 4,693,432 |

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| Consolidated Cash Flow | 4Q14 | 4Q15 | 2014 | 2015 |
|---|---|---|---|---|
| **Earnings before Income Tax and Social Charges** | **91,132** | **96,011** | **305,038** | **436,756** |
| **Adjustments** | | | | |
| Depreciation and Amortization | 51,669 | 60,882 | 187,813 | 227,854 |
| Compensation plan with restricted shares, net | 754 | 996 | 754 | 3,471 |
| Interest over additional stock option | 0 | 1,402 | 0 | 1,402 |
| P,P&E and Intangible Assets residual value | (1,518) | 1,719 | (834) | 4,727 |
| Provisioned Lawsuits | (5,669) | (1,726) | (3,492) | (3,624) |
| Provisioned Inventories Loss | 5,234 | (9,361) | 10,238 | (12,106) |
| Allowance for Doubtful Accounts | (1,184) | 4,813 | (1,988) | 5,444 |
| Provisioned Store Closures | 570 | (1,559) | 3,651 | (1,415) |
| Interest Expenses | 5,798 | 8,909 | 24,103 | 32,086 |
| | **146,786** | **162,086** | **525,283** | **694,595** |
| **Assets and Liabilities variation** | | | | |
| Accounts Receivable | (5,130) | (20,599) | (94,258) | (114,819) |
| Inventories | (83,957) | (166,205) | (220,105) | (286,022) |
| Other Short Term Assets | 20 | 5,610 | (28) | (25,131) |
| Long Term Assets | (3,218) | (3,942) | (9,171) | (11,130) |
| Suppliers | 169,205 | 241,191 | 197,800 | 310,204 |
| Salaries and Social Charges | (32,249) | (31,472) | 25,511 | 22,772 |
| Taxes Payable | (12,247) | (5,778) | (40,811) | (8,394) |
| Other Liabilities | 10,269 | (7,307) | 7,959 | (8,830) |
| Rent Payable | 1,949 | 4,479 | 11,753 | 10,597 |
| **Cash from Operations** | **191,428** | **178,063** | **403,933** | **583,842** |
| Interest Paid | (4,594) | (4,890) | (19,976) | (21,512) |
| Income Tax and Social Charges Paid | (5,787) | 0 | (45,344) | (61,672) |
| **Net Cash from (invested) Operational Activities** | **181,047** | **173,173** | **338,613** | **500,658** |
| **Investment Activities Cash Flow** | | | | |
| Controlled Acquisition | 0 | (5,505) | 0 | (5,505) |
| P,P&E and Intangible Acquisitions | (86,556) | (139,730) | (274,845) | (385,022) |
| P,P&E Sale Payments | 2,887 | 895 | 3,680 | 1,806 |
| **Net Cash from Investment Activities** | **(83,669)** | **(144,340)** | **(271,165)** | **(388,721)** |
| **Financing Activities Cash Flow** | | | | |
| Funding | 85,472 | 55,928 | 125,928 | 120,788 |
| Payments | (26,840) | (31,268) | (92,092) | (126,862) |
| Share Buyback | 0 | 0 | (20,898) | 0 |
| Interest on Equity and Dividends Paid | (24,541) | (57,302) | (41,527) | (121,280) |
| **Net Cash from Funding Activities** | **34,091** | **(32,642)** | **(28,589)** | **(127,354)** |
| **Cash and Cash Equivalents net increase** | **131,469** | **(3,809)** | **38,859** | **(15,417)** |
| **Cash and Cash Equivalents in the beggining of the period** | **149,999** | **269,860** | **242,609** | **281,468** |
| **Cash and Cash Equivalents in the end of the period** | **281,468** | **266,051** | **281,468** | **266,051** |


**2015 Results Conference Calls – February 19th, 2016**

**Portuguese**
at 10:00 am (Brasília)

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

*Replay* (available for 7 days):
+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 for 7 days):
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For more information, please contact our Investor Relations department.

E-mail: ri@raiadrogasil.com.br