EARNINGS RELEASE 2011

São Paulo, March 26, 2012. RaiaDrogasil S.A. (BM&FBovespa: RADL3) announces today its results for its 4th quarter 2011 (4Q11) and for its fiscal year 2011. The consolidated financial statements of RaiaDrogasil S.A. and of its wholly-owned subsidiary Raia S.A. for the years ended December 31, 2011 and 2010 were prepared in accordance with IFRS and were audited by our independent auditors in accordance with Brazilian and international standards of auditing. Such financial statements were prepared in Reais and all growth rates are related to the same period of 2010.

In order to complement analysis of our consolidated results, we are supplementally presenting unaudited combined financial information of RaiaDrogasil S.A. and Raia S.A. for the fiscal years of 2011 and 2010. This unaudited combined financial information represents a summation of the audited unconsolidated individual financial statements of each Drogasil and Raia for each fiscal year, without the equity effects of Raia recognized in RaiaDrogasil. The combined non audited financial for the fiscal years ended on December 31, 2011 and 2010 do not reflect the pro forma adjustments which would be necessary on the assumption that the operations of Raia and Drogasil would have occurred on the first day of the presented periods. This way, the combined information may and should be considered representative of our future results.

As a result of the creation of RaiaDrogasil, in 2011 we incurred on certain non-recurring expenses related to the costs of the transaction and the alignment of certain accounting practices between the entities, as well as additional depreciation and amortization expenses related to the allocation of the transaction purchase price (PPA) to acquired tangible and intangible assets, in accordance with IFRS. These non-recurring expenses were recorded during 2011 and are explained elsewhere in this document. To facilitate a better understanding and analysis of our operating performance, we are supplementally presenting adjusted results for 2011, excluding the effects of non-recurring expenses. Financial information for the year ended in December 31, 2010 is presented based on the original practices, and therefore, may not be entirely comparable.

MAIN HIGHLIGHTS:

- **RaiaDrogasil: Industry leader in revenues and in store count in 2011 (Abrafarma Ranking)**
- **Drugstores: 776 stores in operation (99 new store openings and 11 closures)**
- **Gross Revenues: R$ 4.7 billion, 19.7% growth (10.0% of 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**

RADL3: **R$16,85/share**

Number of Shares: **330.386.000**

Market Cap: **R$ 5.567 million**

Closing: **March 23rd, 2012**

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Combined Summary	4Q10	1Q11	2Q11	3Q11	4Q11
(R$ thousand)					
# of Stores (end of period)	688	696	715	743	776
Store Openings	49	8	20	31	40
Store Closures	2	0	1	3	7
# of Stores (average)	671	694	707	734	762
Head Count	14,440	14,749	15,583	16,278	17,244
Ticket Count	27,067	26,471	28,160	29,315	30,143
Gross Revenues	1,068,741	1,051,744	1,158,037	1,232,279	1,287,973
Gross Profit (Adjusted)	260,904	254,593	305,753	314,639	337,867
% of Gross Revenues	24.4%	24.2%	26.4%	25.5%	26.2%
EBITDA (Adjusted)	53,169	44,616	82,333	68,433	76,167
% of Gross Revenues	5.0%	4.2%	7.1%	5.6%	5.9%
Net Profit (Adjusted)	21,130	21,874	51,101	35,049	43,334
% of Gross Revenues	2.0%	2.1%	4.4%	2.8%	3.4%

RaiaDrogasil

LETTER TO OUR SHAREHOLDERS

The 2011 fiscal year marked the creation of RaiaDrogasil S.A., a merger of equals between Raia S.A. and Drogasil S.A., which was effected through the incorporation of the Raia shares by Drogasil on November 10th, 2011. RaiaDrogasil was born from shared values and visions by two companies with great tradition in the Brazilian drugstore market (Raia: 106 years, Drogasil: 76 years) and by their controlling shareholders, who are members of the founding families of each company and have four generations of experience and commitment to the Brazilian drugstore industry.

The new company combines two of the most recognized and respected brands in Brazilian retail, with operations in nine different states and in the process of entry into three additional ones, which together represent 84% of the Brazilian pharmaceutical market. This combination of assets, talents and skills will allow RaiaDrogasil to capture synergies and to enhance the competitiveness of both brands, thus creating value to the company, to its shareholders and to consumers.

Already in its first year, RaiaDrogasil achieved the undisputed leadership of the Brazilian drugstore market, both in revenues and in store count, according to the 2011 Abrafarma (Brazilian Association of Pharmacy and Drugstore Chains) ranking, with 786 stores and R$ 4.7 billion in revenues, an increase of 19.7% over the combined revenues of 2010.

In 2011, we opened a total of 99 stores, of which 60 were Droga Raia and 39 were Drogasil, in line with our 100 total gross store openings guidance provided for the year. We reaffirm the guidance of 130 gross new stores to be opened in 2012 not considering eventual closures, which in 2011 amounted to 11 stores.

We achieved an excellent increase in our combined profitability. Our adjusted EBITDA reached R$ 271.5 million, which represented a 5.7% margin over our gross revenues, an increase of 22.8% and a margin expansion of 0.1 percentage point over 2010. Our adjusted net income totalled R$ 151.4 million, a net margin of 3.2% and an increase of 66.8% over 2010.

It is important to mention that we booked non recurrent expenses of R$ 57.9 million (R$ 35.5 million of expenses with the association, R$ 15.5 million related to the alignment of accounting practices and R$ 7.0 million related to the amortization of the Purchase Price Allocation, an IFRS accounting rule which allocates to our assets the traceable parts of the goodwill generated in the transaction). Considering these expenses, we achieved a combined EBITDA of R$ 213.6 million, equivalent to 4.5% of our gross revenues, and a combined net income of R$ 105.7 million, or 2.2% of net margin.

We also highlight our investments in two new distribution centers in the states of Paraná and Goiás during 2011. Considering that two other new facilities are already contracted for 2012, we will upgrade our distribution capacity to a total of seven distribution centres with a total area of approximately 90 thousand square meters, which will have an instrumental role in supporting the acceleration of our expansion. Another important achievement was the introduction of Pluii, our private brand of hygiene and personal care products. Pluii is a brand focused on the pleasure of the senses, with high quality proprietary formulas and fragrances and premium prices and margins, which aims at becoming an important platform to boost client loyalty, revenues and profits in the years to come. Launched in November at Droga Raia, Pluii will be introduced in Drogasil during 2012.

In order to succeed in our growth journey, we believe it is paramount that we impart positive effects to society. Conscious of this responsibility, RaiaDrogasil not only invests permanently and intensively in people development, but also seeks to involve and mobilize our business partners and clients to promote health and wellbeing in the communities we serve. In 2011, we undertook more than 20 thousand pre-diagnostic clinical exams (glucose dosage, body mass index, posture assessment and blood pressure measurement) at Droga Raia and at Drogasil and collected more than 135 thousand used books from our clients to be donated to more than 180 schools and public libraries in the cities were we operate. Through the *"Sorria"* and *"Ser Família"* magazines, sold respectively at Droga Raia and at Drogasil, with more than 200 thousand units sold bimonthly, we raised more than R$ 3 million in 2011 to fund the expansion of the GRAAC hospital, a national reference center for child and youth cancer treatment, and to donate both to the *Superação Jovem* project from

IAS (Ayrton Senna Institute) and to *Obra do Berço*, an institution that supports unassisted families. Social magazines represent a pioneering fundraising initiative by RaiaDrogasil. They are funded by advertising revenues, which are multiplied by selling the magazines to our clients. In 2006, *Sorria* was Brazil's 6th largest magazine in terms of non-subscription sales, according to IDV.

Finally, we would like to thank our shareholders for the immense trust bestowed on us, to our more than 17,000 employees for their relentless commitment, and to the millions of clients that, every month, entrust us with their health and wellbeing. We would like to reiterate our commitment to keep on creating value for our shareholders, opportunities for our employees and wellbeing for our clients, and of always ***Serving Trust*** with ***Pleasure in Caring***.

The Executive Board

COMBINED FINANCIAL INFORMATION AND ACCOUTING PRACTICES ALIGNMENT

We present below our combined financial information for the years ended December 31, 2011 and 2010. The presentation of combined financial information is not described in the accounting practices adopted in Brazil or under IFRS and do not reflect the changes in our capital structure and other effects of the business combination with Raia S.A. As such, this combined financial information should be used as supplementary information, in addition to our audited financial statements. result of the association between Raia and Drogasil, now denominated RaiaDrogasil, affected through the exchange of Drogasil shares for those of Raia, we incurred on certain non-recurring expenses related to the costs of the transaction and to the alignment of certain accounting practices between the entities, as well as additional depreciation and amortization expenses related to the allocation of the transaction purchase price (PPA) to acquired tangible and intangible assets, in accordance with IFRS.

To facilitate a better understanding and analysis of our operating performance, we are supplementally presenting adjusted results for 2011, excluding the effects of non-recurring expenses. Financial information for 2010 is presented based on the original accounting practices of each company and, therefore, may not be entirely comparable. The following summarizes the non-recurring expenses recorded in 2011, which have been adjusted in our results herein:

Summary (In thousands R$) - Fav. / (Unfav.)	Gross Profit	Sales Expenses	G&A Expenses	**EBITDA**	D&A, Interests Income Tax	**Net Profit**
PPA Amortization	(7.091)			**(7.091)**	635	**(6.456)**
Alignement of Accounting Practices	(16.237)	(58)	791	**(15.504)**	(428)	**(15.932)**
Transaction Costs			(35.331)	**(35.331)**	12.013	**(23.319)**
Total	**(23.328)**	**(58)**	**(34.540)**	**(57.926)**	**12.220**	**(45.707)**

We describe below the non-recurring expenses incurred in each of the groups mentioned in the table above.

1) <u>PPA Amortization</u>

IFRS requires that the consideration deemed paid in the merger transaction be allocated to identifiable assets and liabilities based on fair value. Management determined the purchase price allocation (PPA) based on internal estimates assisted by external valuation specialists. The appraisal determined a step-up in the basis of Raia's inventories of R$ 8.7 million, related to its expected net realizable value as a function of the remuneration due to the acquired company for the acquisition of the products, which is transferred to COGS based on the sale of the related inventories. Besides that, additional intangibles were identified related to (1) the Raia brand (R$ 151.7 million), (2) commercial locations (R$ 56.3

million), (3) customer relationships under the Raia loyalty program (R$ 34.8 million), and (4) corporate client relationships under the Raia PBM (R$ 6.9 million).

Purchase Price Allocation	
(In R$ million)	
Equity (October 31st)	613,5
Goodwill	780,1
Brand Raia	151,7
Commercial Points	56,3
Loyalty Card	34,8
Inventories	8,7
Raia PBM Client Portfolio	6,9
Deferred Income Tax	(87,9)
Amount Paid	**1.564,1**

The following table details the amortization of these assets effected during 2011:

PPA Amortization (In thousands R$) - Fav. / (Unfav.)	Gross Profit	Sales Expenses	G&A Expenses	**EBITDA**	D&A, Interests Income Tax	**Net Profit**
Inventories	(7.091)			**(7.091)**		**(7.091)**
Intangibles					(2.691)	**(2.691)**
Income Tax					3.326	**3.326**
Total	**(7.091)**			**(7.091)**	**635**	**(6.456)**

2) Alignment of Accounting Practices

The 2011 financial information is presented based on unified accounting policies, practices and estimates for both RaiaDrogasil S.A. and Raia S.A. that were aligned for consistency as management deemed appropriate.

As a result, we recorded in 2011 additional COGS of R$ 11.0 million for the alignment of the estimation criteria for the recognition of commercial revenue/discounts. Additionally, we recorded additional COGS in the amount of R$ 4.6 million related to the alignment of estimation criteria for inventory allowances related to physical inventory losses.

Alignement of Accounting Practices (In thousands R$) - Fav. / (Unfav.)	Gross Profit	Sales Expenses	G&A Expenses	**EBITDA**	D&A, Interests Income Tax	**Net Profit**
Recognition of commercial revenues	(11.027)			**(11.027)**	160	**(10.867)**
Inventory differences / losses	(4.588)			**(4.588)**	1.560	**(3.028)**
Provision adjustments and others	(622)	(58)	791	**111**	(38)	**73**
Income Tax					(2.110)	**(2.110)**
Total	**(16.237)**	**(58)**	**791**	**(15.504)**	**(428)**	**(15.932)**

3) Transaction Costs

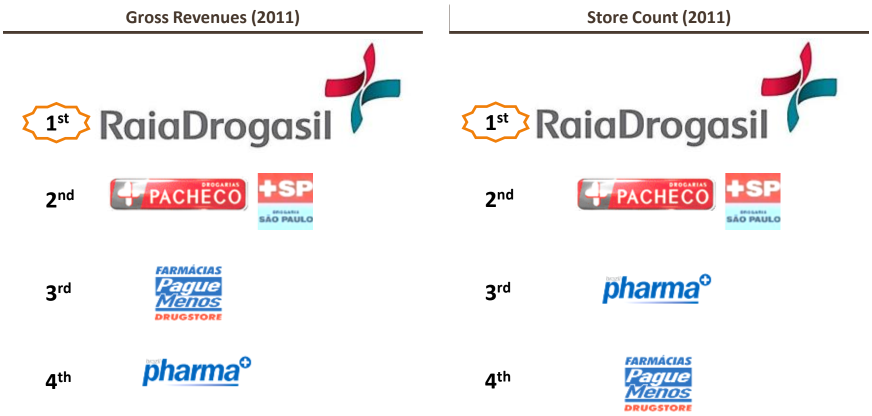
In 4Q11, we recorded expenses related to the merger in the amount of R$35.3 million. These expenses were primarily composed of investment banking fees (R$ 19 million), consulting services related to the PMI, (R$ 6.7 million) and amounts paid to settle stock options already granted to Raia officers (R$ 4.5 million) as follows:

Transaction Costs (In thousands R$) - Fav. / (Unfav.)	Gross Profit	Sales Expenses	G&A Expenses	**EBITDA**	D&A, Interests Income Tax	**Net Profit**
Investment Banks			(18.955)	**(18.955)**	6.445	**(12.510)**
Consulting (McKinsey, Hay e Thymus)			(6.671)	**(6.671)**	2.268	**(4.403)**
Stock Options Plan Cancellation (Raia)			(4.494)	**(4.494)**	1.528	**(2.966)**
Lawyers, Auditing and Appraisals			(4.452)	**(4.452)**	1.514	**(2.938)**
Severances			(552)	**(552)**	188	**(364)**
Legal Publications			(208)	**(208)**	71	**(137)**
Total			**(35.331)**	**(35.331)**	**12.013**	**(23.319)**

The transaction expenses were recorded only in 2011. Financial information for fiscal year 2010 considers reported results based on historical criteria adopted by each company, with no accounting alignments. Therefore, the supplemental adjusted financial information for 2011 fully incorporates the aligned accounting practices of RaiaDrogasil S.A. and Raia S.A., and shall be comparable to our financial information for upcoming years.

MERGER OF RAIA AND DROGASIL – CREATION OF AN UNDISPUTED INDUSTRY LEADER

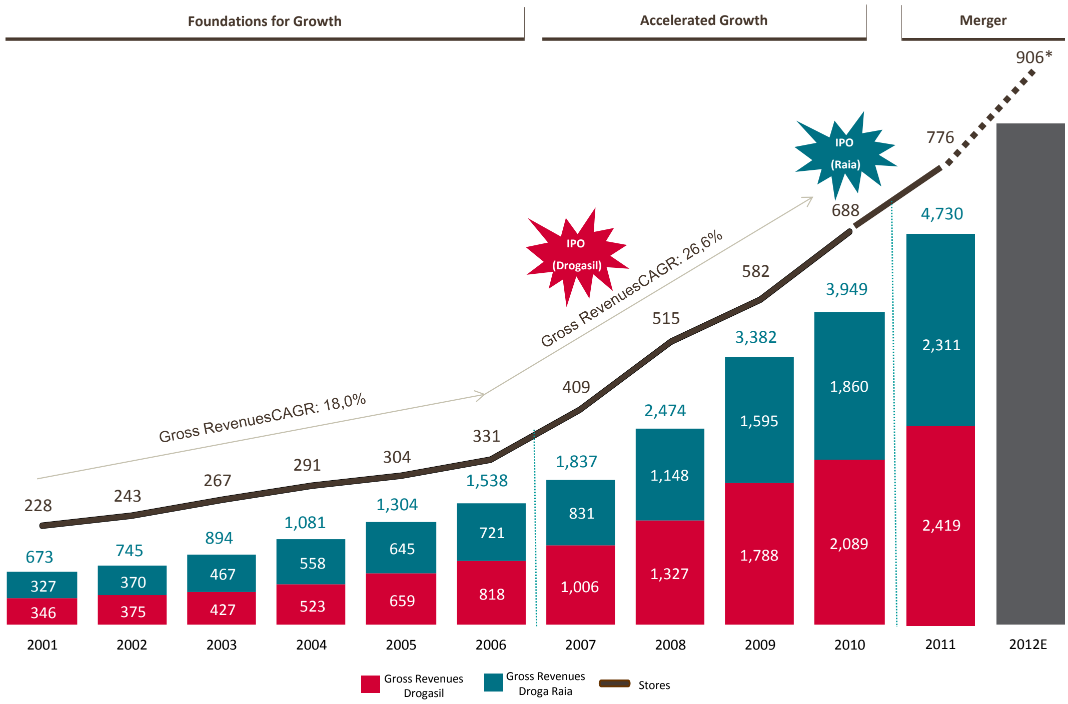
In August 3rd 2011, we announced the merger between Raia and Drogasil, which was effected in November 10th, 2011. The merger created RaiaDrogasil, the undisputed leader of the Brazilian drugstore market, with an unparalleled combination of scale, efficiency and financial flexibility.



Source: ABRAFARMA Ranking, 2011. M&As undertook in 2011 and in early 2012 (purchase of Big Ben and Santana by Brazil Pharma) are reflected pro-forma in 2011

RaiaDrogasil was born from shared values and visions by two companies with great tradition in the Brazilian drugstore industry (Raia: 106 years, Drogasil: 76 years) and by their controlling shareholders, who are members of the founding families of each company and have four generations of experience and commitment to the business.

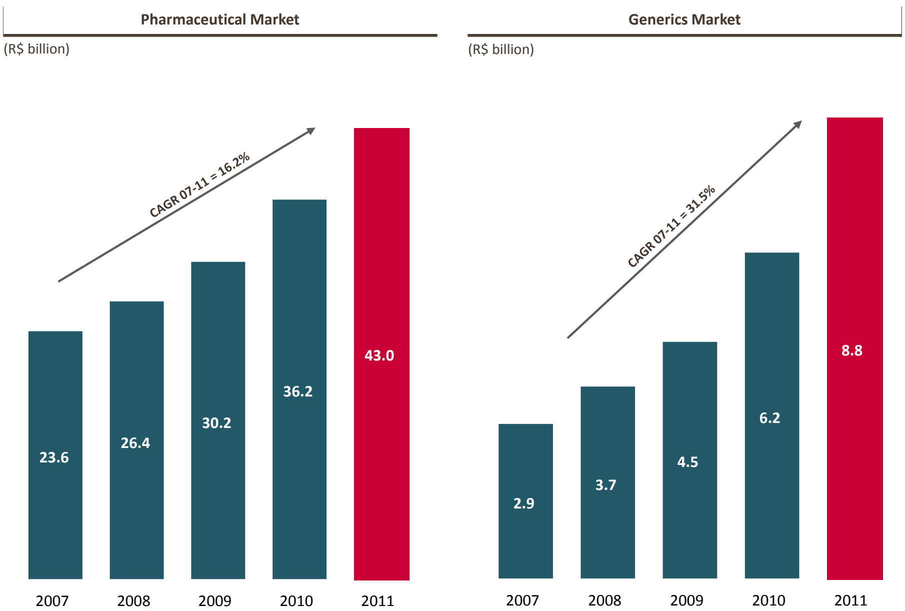
The new Company combines two of the most recognized and trusted brands in Brazilian retail. This combination of assets, talents and skills will allow the Companies to generate synergies in order to increase the competitiveness of both brands before consumers and thus generating economic benefits to the company, to its shareholders and to our customers. The graph below depicts the historical revenue and store count growth for both brands:



** Assumes the gross store opening guidance of 130 new stores, not considering closures that might to take place during 2012*

MARKET EVOLUTION

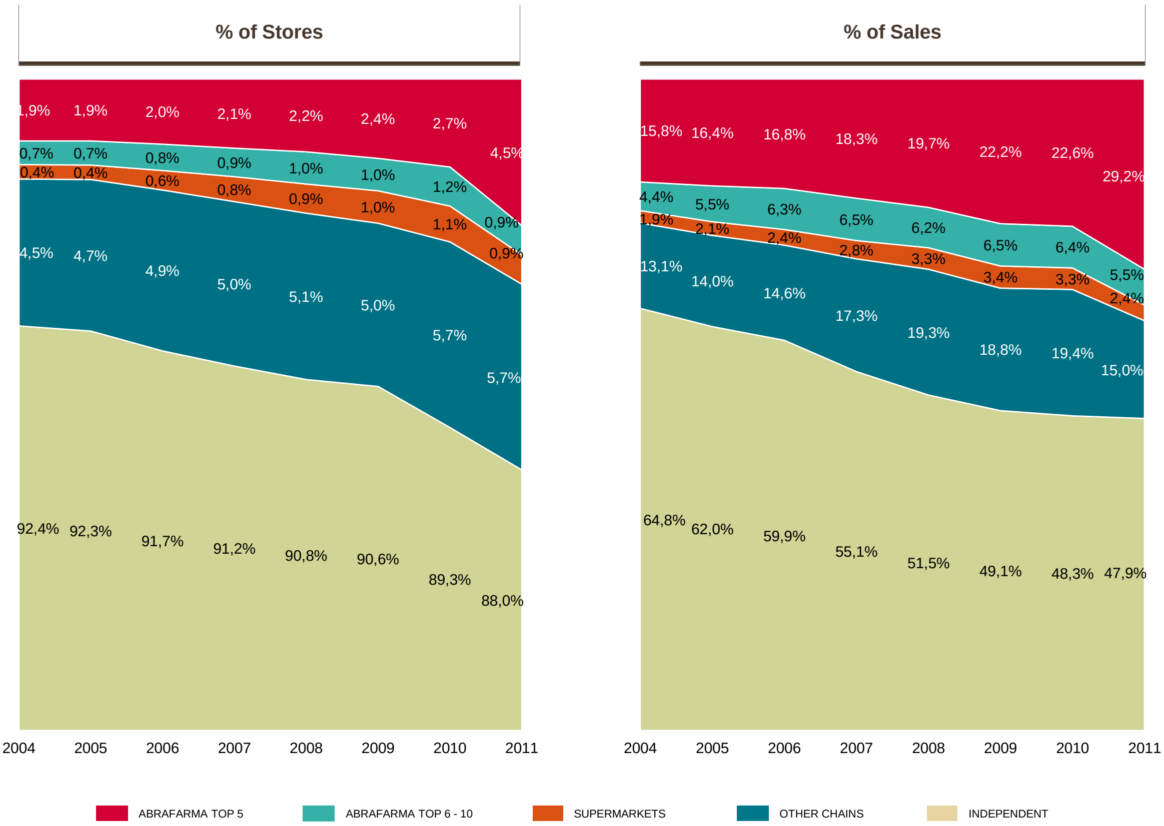
In 2011, the pharmaceutical market sustained accelerated growth as shown in the chart below.



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

According to IMS Health, the Brazilian pharmaceutical market grew 18.8% over 2010, reaching R$ 43.0 billion in revenues, driven by a strong increase in generics levered by a patent expiration cycle that started in late 2010 and was intensified in 2011, reached R$ 8.8 billion in revenues, a 42.0% annual increase.

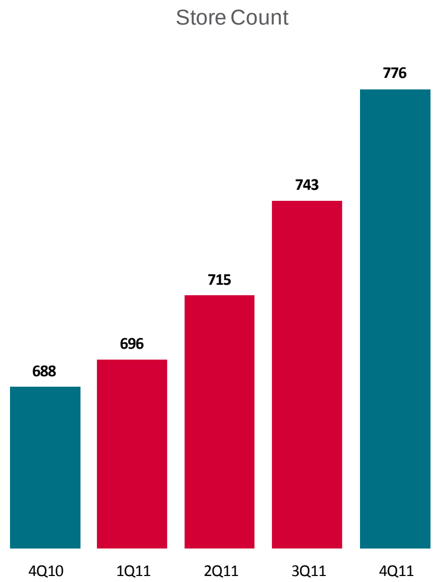
We believe that 2011 represented a landmark in terms of the consolidation of the Brazilian drugstore industry, powered by a strong wave of mergers and acquisitions involving several of the previous Top 10 players, which resulted in a market share gain by the current Top 5 companies of 6.6 percentage points. However, the sector still remains fragmented, as the current five largest companies ended 2011 with a pro-forma market share of only 29.2%.

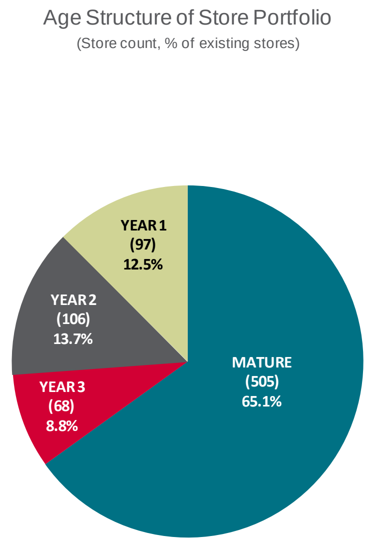


Source: IMS. M&As undertook both in 2011 and in early 2012 (purchase of Big Ben and Santana by Brazil Pharma) are reflected pro-forma in 2011

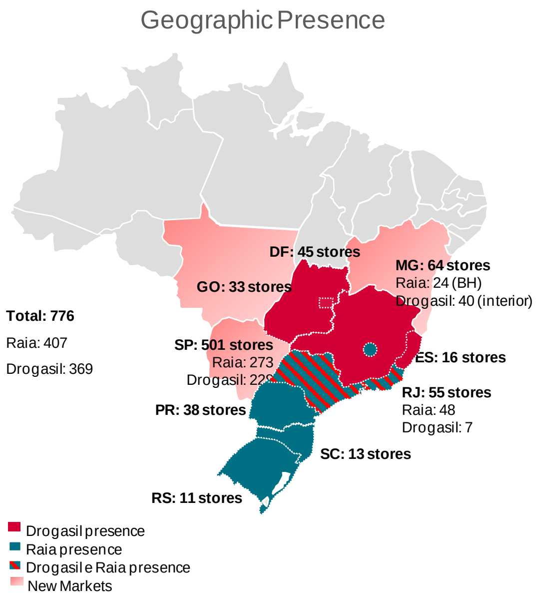
CHAIN EXPANSION

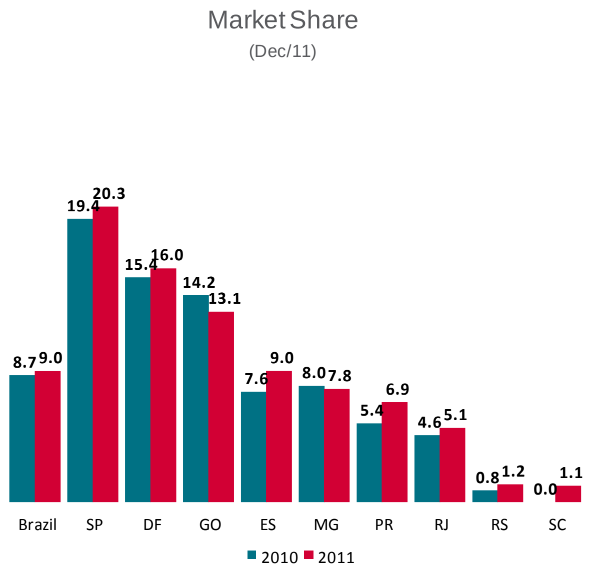
We ended the fiscal year of 2011 with 776 stores in operation by opening 99 new stores (60 Raia and 39 Drogasil) and closing 11 existing stores. We opened a total of 40 new stores and closed seven existing stores in the 4Q11. At the end of the year, 35% of our stores were still undergoing maturation, and have not yet reached their full potential in terms of revenues and profitability.





The chart below illustrates our geographic presence and the market share evolution that we obtained in each of the states where we operate.





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%

In the fourth quarter of 2011 we closed seven stores in Brasilia that were part of a group of 23 stores that had been acquired in the 3Q10. After a full year in operation and with a complete assessment of the potential of each store, we closed those that presented negative results or high potential of revenue and profitability transfer to the surviving stores. Therefore, we enhanced both the profitability and the productivity of our operation in the Federal District.

We reached in December 2011 a national market share of 9.0%, which represents an annual share increase of 0.3 percentage point. We also increased our market share in almost all the states where we operate.

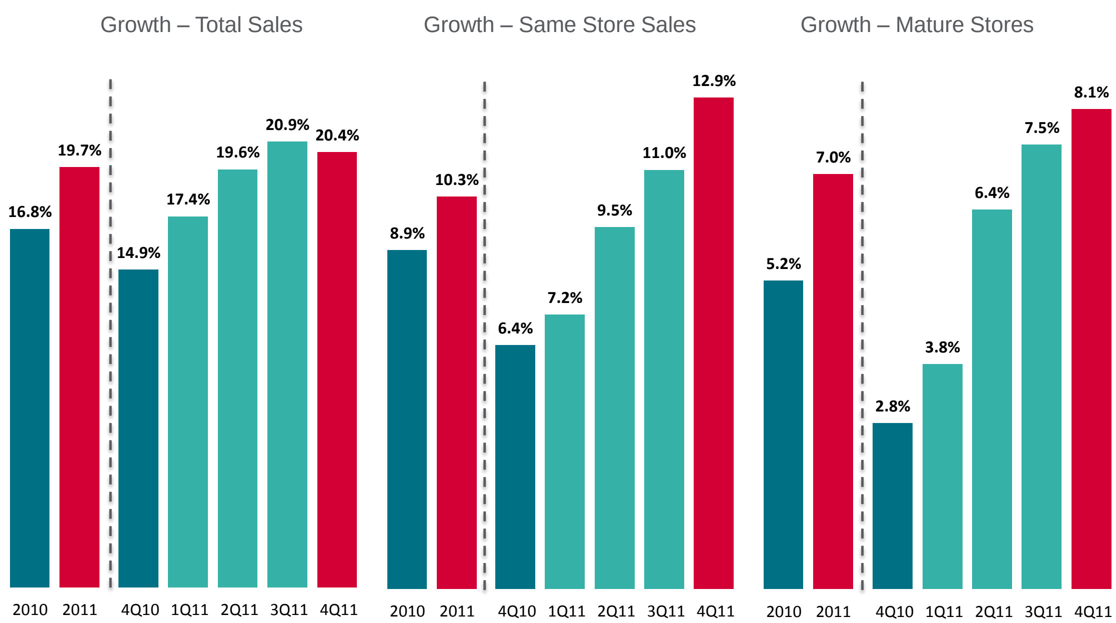
We highlight the significant market share increase achieved in the state of Paraná, where our successful expansion into the countryside resulted in an annual share increase of 1.5 percentage point, as well as our solid progress in Santa Catarina, where we ended the quarter with 13 stores in operation and with 1.1% of market share.

In São Paulo, our main market, we also registered an important market share gain. The improvement of inventory levels and the quality of our expansion in this market resulted in an incremental market share gain of 0.9 percentage point.

GROSS REVENUES

We ended 2011 with gross revenues of R$ 4.7 billion, representing a 19.7% growth of total revenues, 10.3% of same store sales and 7.0% for mature stores. We followed a trend of sales recovery during the year and, in the 4Q11, we registered 20.4% growth, reaching 12.9% for same store sales and 8.1% for mature store sales.

Sales Evolution of RaiaDrogasil (Combined)

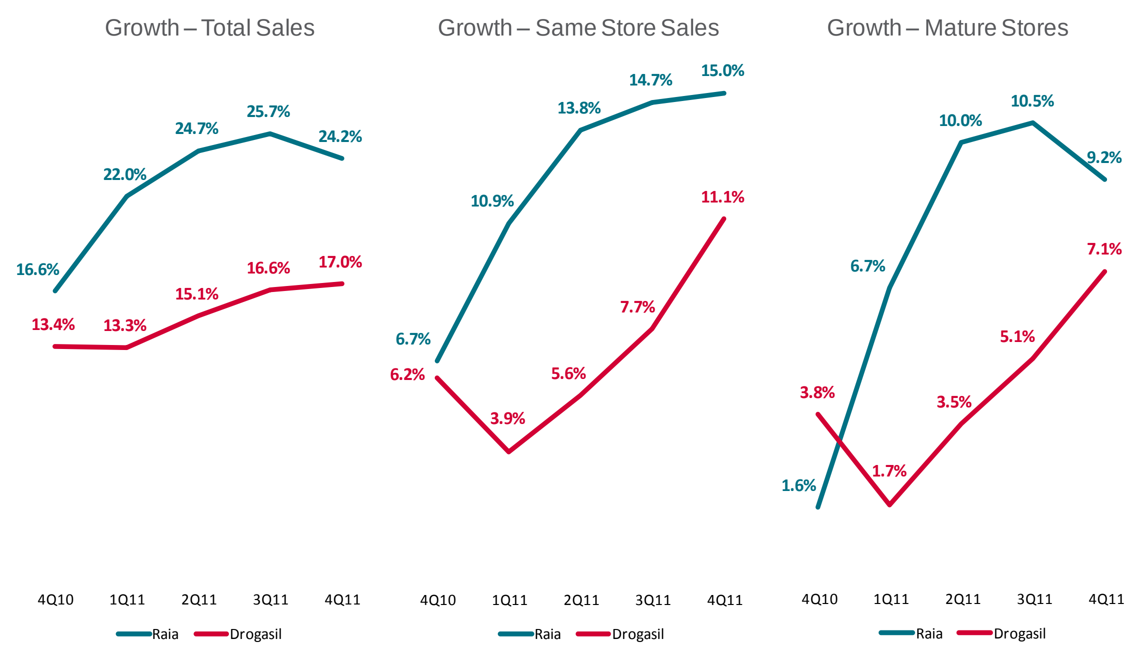


Droga Raia sustained strong revenue growth, while Drogasil, which started with lower growth, accelerated through the year and by the 4Q11 had nearly converged to the growth level of Droga Raia. While the proceeds raised by the Raia IPO allowed it to improve store execution and to accelerate growth, Drogasil was affected by the initial cannibalization from doubling its presence in Brasilia, by the concentration of new stores in existing markets with initial cannibalization in specific cities, and by the improvement in Droga Raia's operation in São Paulo, where both brands compete.

In 2011, Droga Raia increased revenues by 24.2%, with 13.7% for the same-stores and 9.6% for the mature stores, while Drogasil grew total revenues by 15.6%, with 7.2% for its same stores and 4.7% for its mature stores.

However, Drogasil experienced significant growth acceleration through the year and reached in the 4Q11 17.0% of revenue growth, with 11.1% of same-stores sales growth and 7.1% of mature stores sales growth, versus 24.2% of revenue growth, with 15.0% of same-stores sales growth and 9.2% of mature stores sales growth for Droga Raia:

Sales Evolution of Raia and Drogasil



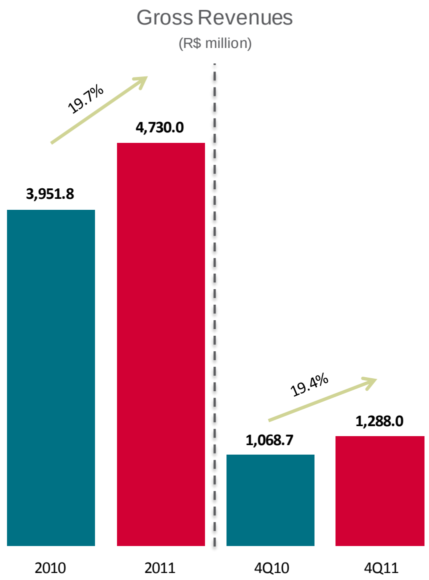
In the 4Q11, the Brazilian southeast region registered mild weather, with temperatures below the standard of the season. Additionally, December´s calendar was unfavorable, with the Christmas and Year End holidays happening during weekends. This limited the ability of our clients to travel and the intense consumption that happens in anticipation of extended holiday trips. Those variables negatively affected our sales in the 4Q11, especially for HPC.

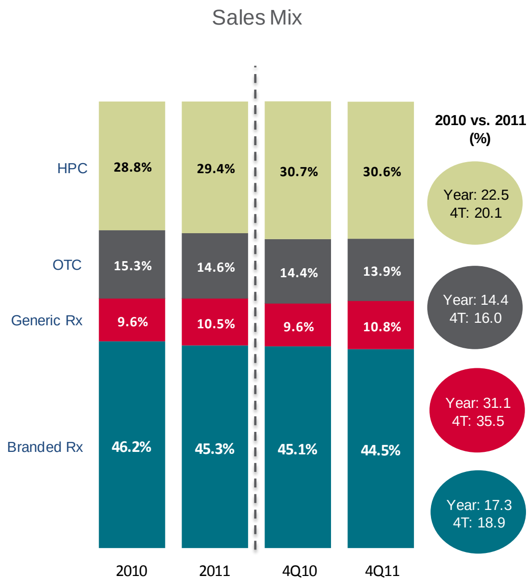
We recorded in 2011 generics growth of 31.1% (35.5% in 4Q11), which made it the fastest growing category in the year. Generics share in the annual sales mix increased to 10.5%, an increase of 0.9 percentage point when compared to 2010. In the 4Q11, generics represented 10.8% of our revenues, an increase of 1.2 percentage point over the 4Q10.

Generics growth constitutes an important gross margin expansion lever, because they are significantly more profitable than branded pharmaceuticals. The main drivers of this growth have been the wave of new generics introductions, which started in the end of 2010 and intensified in 2011, and our improved execution in generics at our stores.

On the other hand, we recorded in 2011 a 0.7 percentage point reduction of OTC as part of our total mix, due to the requirement by ANVISA in late 2010 that OTC be sold behind the counter, which limited the annual category growth to 14.4% versus the 19.7% obtained for our total sales.

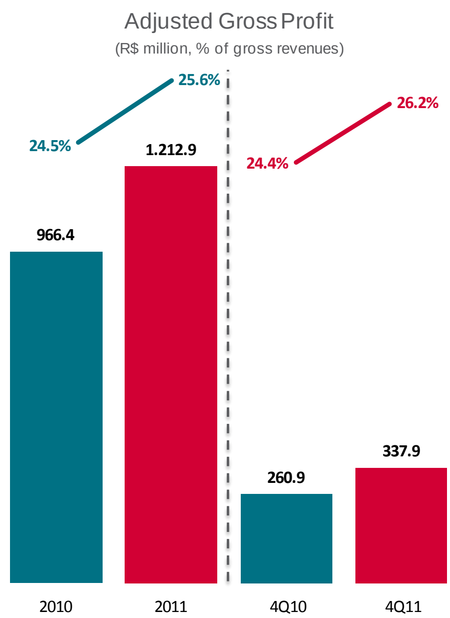
We believe that the potential impact of this deceleration to our profitability was more than offset by the strong growth achieved in hygiene and personal care, which increased its share in our annual sales mix by 0.6 percentage point, and by the additional trade allowances obtained for both categories through the year.





GROSS PROFIT

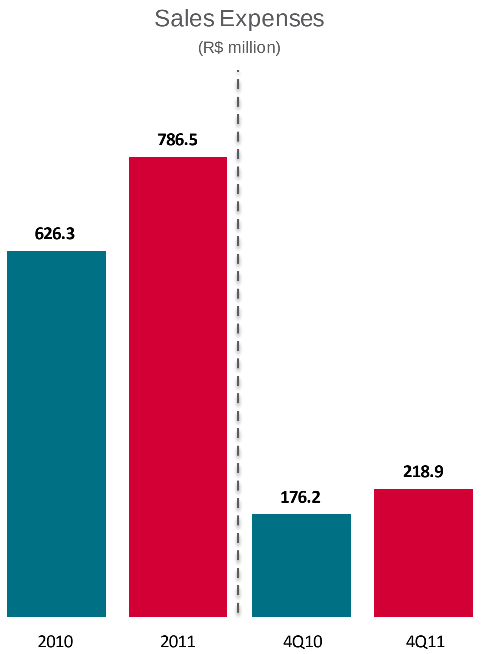
We ended 2011 with adjusted gross margin of 25.6%, a 1.2 percentage point increase over 2010 (26.2% in 4Q11, a 1.8 percentage point gain over the 4Q10). The increase in trade allowances and opportunistic purchases for both brands, and the improvement of purchasing terms achieved by Raia after its IPO have been the main drivers of this expansion. The alignment of accounting practices of Raia and Drogasil and the amortization of the PPA on inventories resulted in a negative one-time reduction of R$ 23.3 million (0.5 percentage point reduction) in 2011.

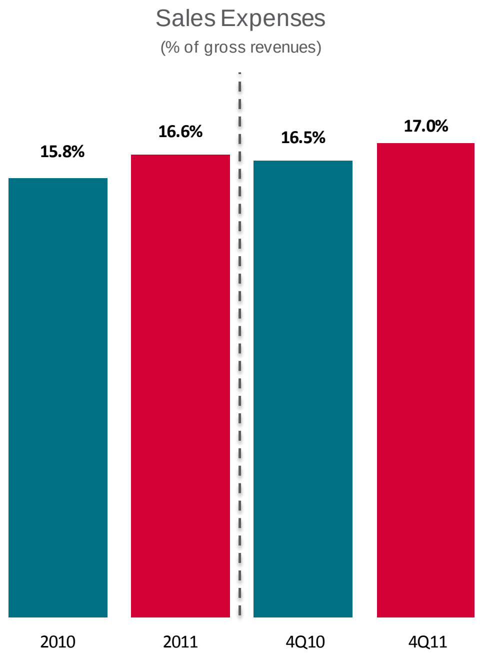


*Adjusted Gross Margin excludes one-time charges of R$ 7.1 million related to the amortization of the PPA and of R$ 23.3 million related to the alignment of accounting practices.

SALES EXPENSES

In 2011, sales expenses totaled R$ 786.5 million, or 16.6% of gross revenues (17.0% in 4Q11). We experienced a 0.8 percentage point increase when compared to 2011 (0.5 percentage point increase in the 4Q11). Our revenues per store in the 4Q11 increased 6.2%, while our expenses per store grew 9.5%, thus jeopardizing our expense absorption.





The increase in sales expenses resulted from the acceleration of our store openings in the 3Q11 and in the 4Q11, from the increase in annual inflation, from the opening of a new Distribution Center in Goiás and, especially, due to an enhancement in the number of employees per store at Droga Raia.

In the 3Q11 we boosted the number of employees per store at Droga Raia, in order to fulfill an important competitive gap in relation to Drogasil and to our main competitors. We believe that this new headcount level (circa 18 employees per store), which was maintained in 4Q11, will allow us to materially improve our service standards and customer satisfaction, thus contributing in a decisive way to increase our average revenues and profitability per store so as to progressively close the gap with Drogasil, which operates with an average of 19.6 employee per store and achieves significantly higher revenues per mature store when compared to Droga Raia.

The rise in inflation has also pressured our expenses in 2011. The main inflationary pressure came from the annual salary readjustment undertook in July. The negotiated readjustment for 2011 was of 8.3%, which was above the CPI of 6.5% registered in the year.

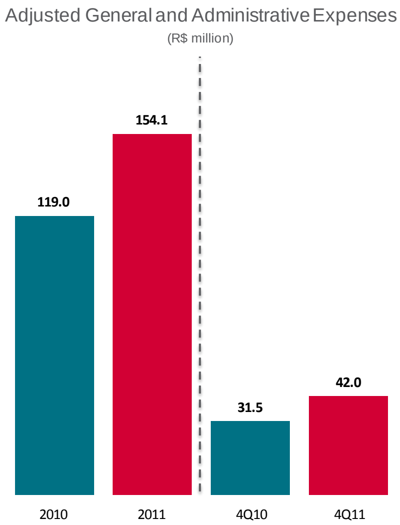
We accelerated our store openings pace by adding 40 new stores in the 4Q11. In 2H11, we opened a total of 71 new stores when compared to only 28 stores in the entire 1H11. It is important to mention that, in its first month of existence, a new store delivers only 50% of the expected revenues when compared to 90% of the expected expenses at maturity. Therefore, in periods in which the company accelerates organic growth, the absorption of sales expenses is generally penalized. Additionally, we also incurred in pre-operational expenses related to the new stores which amounted to R$ 8.2 million in the year, equivalent to 0.2% of our gross sales.

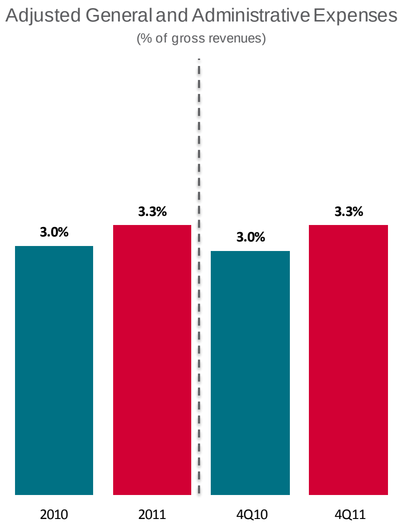
Finally, in order to support our growth in the Midwest region, we opened in the 2H11 a new Distribution Center with a footprint of 8.000 square meters in the state of Goiás. In the first year of operation, a new DC generally works with significant undercapacity, which is progressively solved as our operations grow in the region. This new Distribution Center brought additional expenses of R$ 3.2 million, equivalent to 0.1% of our gross revenues in 2011.

GENERAL AND ADMINISTRATIVE EXPENSES

General and Administrative expenses totaled R$ 154.0 million in the year, equivalent to 3.3% of our gross revenues, which represented a 0.3 percentage point increase when compared to the same period in 2010. In the 4Q11, general and administrative expenses totaled R$ 42.0 million, in line with the level of 3.3% registered in the whole year (growth of 0.3 percentage point over the same period in the previous year).

In 2011, we strengthened our corporate structure, mainly by upgrading our human resources processes in order to support our expansion plan. Also, as we boosted Droga Raia's staff per store, we had to pay additional fees to recruitment agencies and to bear additional expenses to train the new employees.





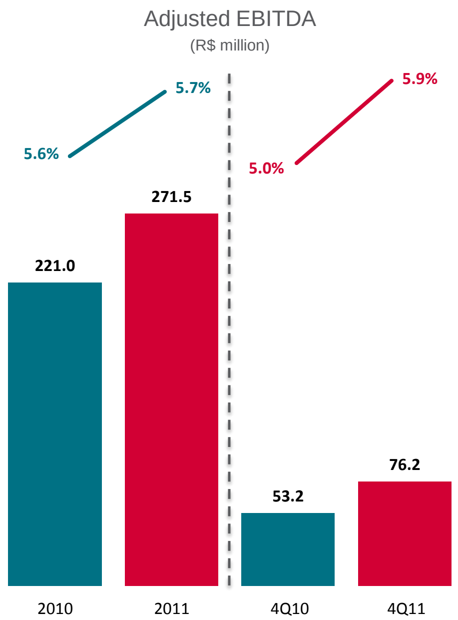
** Adjusted G&A expenses exclude R$ 35.3 million of transaction expenses and a credit of R$ 0.8 million related to the alignment of accounting practices.*

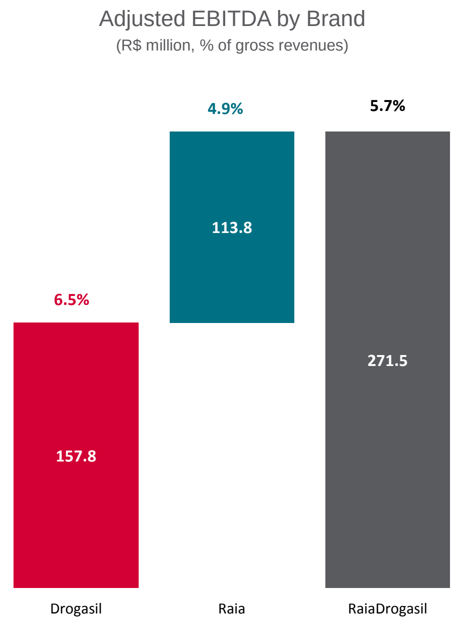
EBITDA

We reached R$ 271.5 million of adjusted EBITDA in 2011, a 22.8% increase when compared to 2010. Our adjusted margin reached 5.7% of gross revenues, a 0.1 percentage point margin expansion. In the 4Q11, we registered an adjusted EBITDA of R$ 76.2 million, a 43.3% increase over the same period in 2010. Our adjusted margin reached 5.9%, in the quarter, a 0.9 percentage point margin expansion.

We recorded an important gross margin increase both for the full year and for the 4Q11 that allowed us to offset the expense increases generated by the enhancement of store headcount, by the annual salary readjustment, by the acceleration of our store openings and by other inflationary pressures.

We highlight that the stores opened or in the process of opening in 2011 generated gross revenues of R$ 118.7 million in the year and of R$ 67.3 million in the 4Q11, and penalized our EBITDA by R$ 4.8 million in the year and by R$ 1.3 million in the 4Q11. Therefore, the 688 stores that we already had in the beginning of 2011 produced an adjusted annual EBITDA of R$ 276.3 million, an EBITDA margin of 6.0% over gross revenues of R$ 4.6 billion in the year, and an EBITDA of R$ 77.4 million in the quarter, an EBITDA margin of 6.3% over gross revenues of R$ 1.2 billion in the 4Q11.





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

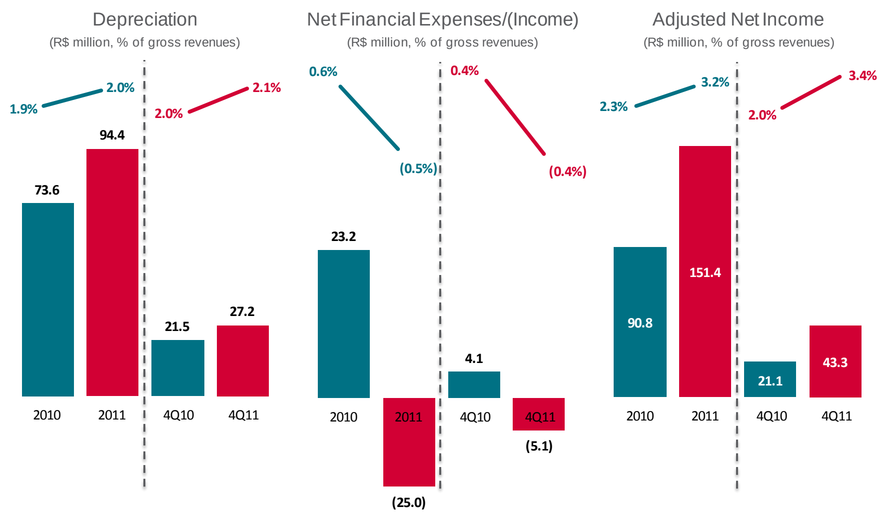
EBITDA Reconciliation	**4Q10**	**4Q11**	**2010**	**2011**
(R$ thousand)				
Net Income	21.1	10.8	90.8	105.7
Net Financial Expenses (Revenues)	4.1	(5.1)	23.2	(25.0)
Income Tax	6.5	(7.4)	33.5	38.6
Depreciation and Amortization	21.5	27.2	73.6	94.4
EBITDA	**53.2**	**25.4**	**221.0**	**213.6**
Adjustments		50.7		57.9
Adjusted EBITDA	**53.2**	**76.2**	**221.0**	**271.5**
% of Gross Revenues	5.0%	5.9%	5.6%	5.7%

FINANCIAL INCOME, DEPRECIATION AND NET PROFIT

Our net financial revenues totaled R$ 25.0 million in 2011, equivalent to 0.6% of our gross revenues, when compared to net financial expenses of R$ 23.2 million in 2010. In the 4Q11 we registered net financial revenues of R$ 5.1 million, representing 0.4% of our gross revenues. This result comes from the investment of the resources raised during the Raia IPO in December 2010 and also due to our debt repayment.

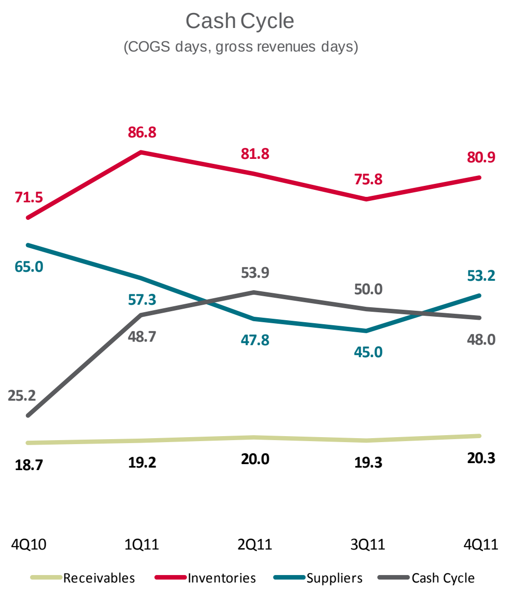
Depreciation totaled R$ 94.4 million, or 2.0% of gross revenues, a 0.1 percentage point increase over 2010. In the 4Q11, it amounted to R$ 27.2 million, or 2.1% of gross revenues (a 0.1 percentage point increase over 2010). Depreciation increases stemmed from new store openings and from an amortization of R$ 2.7 million of PPA over intangible assets.

The improvement in our results and in our capital structure resulted in an adjusted net profit of R$ 151.4 million, a 66.8% increase over 2010. In the 4Q11 we reached an adjusted net income of R$ 43.3 million, an increase of 105.1% versus 2010. Considering the adjustments related to the association, alignment of accounting practices and PPA amortization, net profit totaled R$ 105.7 million, an increase of 16.4% over 2010 and a net margin of 2.2% of gross revenues.



** excludes R$ 45.7 million of transaction expenses (R$ 23.3 million), alignment of accounting practices (R$ 15.9 million) and PPA amortization (R$ 6.5 million).*

CASH CYCLE



We invested 23 days of cash cycle when compared to the 4Q10 and achieved a 2 day cash cycle reduction versus 3Q11. The increase in cash consumption over 2010 was due to the new purchase strategy adopted by Raia, which started in the 1Q10 and included a reduction of payment terms and an increase in inventories through opportunistic purchases which aimed at improving our purchasing conditions with our suppliers. The adoption of this purchasing strategy was the main driver behind our gross margin expansion of 1.5 percentage point in 2011.

In the 4Q11, we improved our cash cycle by 2 days as consequence of the purchase of seasonal products and of generics with extended payment terms.

CASH FLOW

We experienced in 2011 a cash consumption of R$ 226.0 million. We generated R$ 205.5 million in resources from operations, corresponding to 4.3% of our gross sales, an increase of 17.2% over 2010. It is important to highlight that the transaction expenses incurred in the 4Q11 required a cash consumption of R$ 35.3 million in the period, which is included in the above figure.

In 2011, we employed R$ 280.5 million in working capital. This increase was mainly related to the implementation of the new purchase strategy by Droga Raia at the 1Q11, which consisted in a reduction of the extended payment terms that Raia enjoyed aimed at reducing our purchasing costs, which resulted in an incremental gross margin of 1.1% over 2010.

We invested R$ 151.0 million in 2011: R$ 93.4 million in our chain expansion, R$ 16.9 million in existing stores maintenance and R$ 40.7 million in upgrading our infrastructure.

Cash Flow *(R$ million)*	**4Q11**	**4Q10**	**2011**	**2010**
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

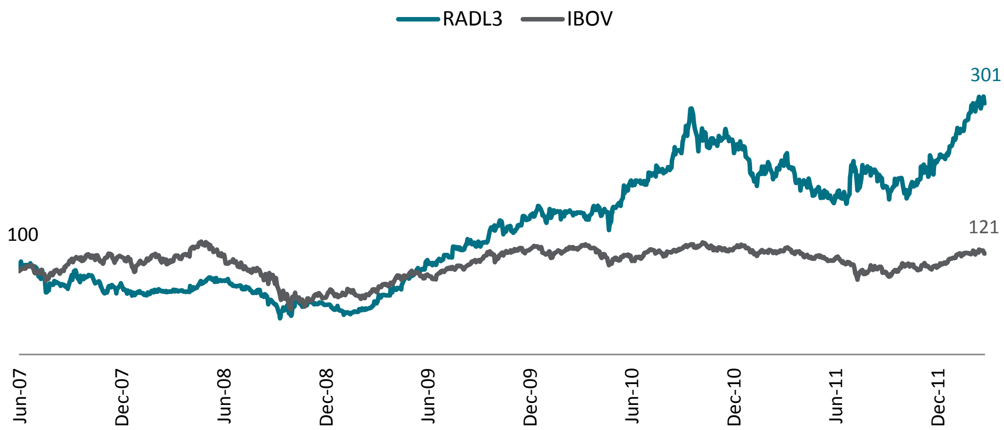
In 2011, we accrued R$ 44.2 million of interest on own equity, and the total amount paid in the fiscal year amounted to R$ 42.5 million, a 36.1% increase over the R$ 31.3 million paid in 2010.

CAPITAL MARKETS

Since the merger of Raia and Drogasil was made public, we increased our share price by 59.7%, considering the R$ 16.85 of share price in March 23rd 2012, thus outperforming the IBOVESPA by 9.2 percentage points.

On December 19th, 2011, the Raia and Drogasil stocks were merged into the RADL3 ticker. Since that date, we registered an average daily liquidity of R$ 14.2 million. In January 2nd 2012, we were included in the IBRX-100, which includes the 100 most traded stocks in Bovespa in terms of financial volume and number of trades.

The graph below highlights the increase of our stock price since the Drogasil IPO in June 2007. We achieved a cumulative increase of 200.9% when compared to 21.0% registered by the IBOVESPA, equivalent to an annual return of 29.1% in the period. This return reflects both our operational performance and the trust bestowed on us by investors.



Adjusted Income Statement *(R$ thousand)*	4Q10	4Q11	2010	2011
Gross Revenues	**1,068,741**	**1,287,973**	**3,951,826**	**4,730,034**
Taxes, Discounts and Returns	(40,992)	(49,641)	(150,852)	(182,601)
Net Revenues	**1,027,749**	**1,238,332**	**3,800,974**	**4,547,433**
Cost of Goods Sold	(766,845)	(900,465)	(2,834,591)	(3,334,580)
Gross Profit	**260,904**	**337,867**	**966,383**	**1,212,853**
Operational (Expenses) Revenues				
Sales	(176,187)	(218,884)	(626,317)	(786,430)
General and Administrative	(31,548)	(42,816)	(119,025)	(154,875)
Other Operational Expenses, Net				
Operational Expenses	**(207,735)**	**(261,700)**	**(745,342)**	**(941,305)**
EBITDA	**53,169**	**76,167**	**221,041**	**271,548**
Depreciation and Amortization	(21,457)	(24,460)	(73,594)	(91,717)
Operational Earnings before Financial Results	**31,712**	**51,707**	**147,447**	**179,831**
Financial Expenses	(11,212)	(4,950)	(38,776)	(21,662)
Financial Revenues	7,123	11,276	15,569	52,124
Financial Expenses/Revenues	**(4,089)**	**6,326**	**(23,207)**	**30,462**
Earnings before Income Tax and Social Charges	**27,623**	**58,033**	**124,240**	**210,293**
Income Tax and Social Charges	**(6,493)**	**(14,698)**	**(33,487)**	**(58,935)**
Net Income	**21,130**	**43,335**	**90,753**	**151,358**

Income Statement *(R$ thousand)*	4Q10	4Q11	2010	2011
Gross Revenues	**1,068,741**	**1,287,973**	**3,951,826**	**4,730,034**
Taxes, Discounts and Returns	(40,992)	(50,263)	(150,852)	(183,223)
Net Revenues	**1,027,749**	**1,237,710**	**3,800,974**	**4,546,811**
Cost of Goods Sold	(766,845)	(916,725)	(2,834,591)	(3,357,286)
Gross Profit	**260,904**	**320,985**	**966,383**	**1,189,525**
Operational (Expenses) Revenues				
Sales	(176,187)	(218,943)	(626,317)	(786,488)
General and Administrative	(31,548)	(42,025)	(119,025)	(154,084)
Other Operational Expenses, Net		(34,576)		(35,331)
Operational Expenses	**(207,735)**	**(295,544)**	**(745,342)**	**(975,903)**
EBITDA	**53,169**	**25,441**	**221,041**	**213,622**
Depreciation and Amortization	**(21,457)**	**(27,151)**	**(73,594)**	**(94,408)**
Operational Earnings before Financial Results	**31,712**	**(1,710)**	**147,447**	**119,214**
Financial Expenses	(11,212)	(4,950)	(38,776)	(21,661)
Financial Revenues	7,123	10,072	15,569	46,686
Financial Expenses/Revenues	**(4,089)**	**5,122**	**(23,207)**	**25,025**
Earnings before Income Tax and Social Charges	**27,623**	**3,412**	**124,240**	**144,239**
Income Tax and Social Charges	(6,493)	7,412	(33,487)	(38,586)
Net Income	**21,130**	**10,824**	**90,753**	**105,653**

RaiaDrogasil

Assets	4Q10	4Q11	2010	2011
(R$ thousand)				
Current Assets				
Cash and Cash Equivalents	561,721	339,971	561,721	339,971
Financial Assets Held to Maturity	15,319		15,319	
Accounts Receivable	219,391	287,843	219,391	287,843
Inventories	602,869	814,975	602,869	814,975
Taxes Receivable	58,135	93,160	58,135	93,160
Other Accounts Receivable	51,129	79,340	51,129	79,340
Following Fiscal Year Expenses	7,402	10,506	7,402	10,506
	1,515,966	1,625,795	1,515,966	1,625,795
Non-Current Assets				
Deposit in Court	4,320	7,445	4,320	7,445
Taxes Receivable	27,620	35,874	27,620	35,874
Income Tax and Social Charges deferred	54,043		54,043	
Other Credits	821	744	821	744
Investments				
Property, Plant and Equipment	315,935	370,605	315,935	370,605
Intangible	96,927	327,873	96,927	327,873
Goodwill		799,972		799,972
	499,666	1,542,513	499,666	1,542,513
ASSETS	2,015,632	3,168,308	2,015,632	3,168,308

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

Liabilities and Shareholder's Equity	**4Q10**	**4Q11**	**2010**	**2011**
(R$ thousand)				
Current				
Suppliers	547,729	536,399	547,729	536,399
Loans and Financing	47,723	50,325	47,723	50,325
Salaries and Social Charges Payable	70,082	92,460	70,082	92,460
Taxes Payable	22,894	30,035	22,894	30,035
Dividend and Interest on Equity	11,914	3,662	11,914	3,662
Provision for Lawsuits	1,264	1,637	1,264	1,637
Other Accounts Payable	36,464	76,714	36,464	76,714
	738,070	791,232	738,070	791,232
Non-Current Assets				
Loans and Financing	95,694	111,985	95,694	111,985
Provision for Lawsuits	5,247	3,272	5,247	3,272
Income Tax and Social Charges deferred		51,715		51,715
Other Accounts Payable	10,940	8,930	10,940	8,930
	111,881	175,902	111,881	175,902
Shareholder's Equity				
Common Stock	817,831	908,639	817,831	908,639
Capital Reserves	138,554	1,039,935	138,554	1,039,935
Revaluation Reserve	19,523	13,325	19,523	13,325
Income Reserves	188,837	229,537	188,837	229,537
Treasury Stock	(3,302)		(3,302)	
Additional Dividend Proposed	4,238	9,738	4,238	9,738
	1,165,681	2,201,174	1,165,681	2,201,174
LIABILITIES AND SHAREHOLDERS' EQUITY	2,015,632	3,168,308	2,015,632	3,168,308

RaiaDrogasil

	4Q10	4Q11	2010	2011
Cash Flow				
Earnings before Income Tax and Social Charges	**27,623**	**3,412**	**124,240**	**144,239**
Adjustments				
Depreciations and Amortization	21,457	27,151	73,594	94,408
Stock Option Plan	207	(285)	829	532
P,P&E and Intangible Assets residual value	756	811	657	771
Provisioned Lawsuits	416	(1,957)	1,949	(260)
Provisioned Inventories Loss	(3,690)	(2,397)	(1,663)	183
Allowance for Doubtful Accounts	53	(961)	1,117	(1,071)
Interest Expenses	1,672	2,967	6,511	10,175
	48,494	**28,741**	**207,234**	**248,977**
Assets and Liabilities variation				
Financial Investments	364	16,444	(810)	15,319
Accounts Receivable	(5,515)	(26,810)	(32,364)	(74,195)
Inventories	(110,950)	(77,359)	(141,168)	(203,589)
Other Short Term Assets	13,110	(3,165)	2,124	(48,156)
Long Term Assets	(9,473)	(4,313)	1,674	(9,523)
Suppliers	120,272	104,833	98,253	(11,331)
Salaries and Social Charges	(7,353)	(9,967)	12,045	22,378
Taxes Payable	(2,420)	5,946	(3,604)	5,752
Other Liabilities	730	12,191	14,926	33,938
Rent Payable	132	4,847	(45)	4,174
Cash from Operations	**47,391**	**51,388**	**158,265**	**(16,256)**
Income Tax and Social Charges Paid	(8,892)	(17,218)	(31,795)	(43,444)
Net Cash from (invested) Operational Activities	**38,499**	**34,170**	**126,470**	**(59,700)**
Investment Activities Cash Flow				
P,P&E and Intangible Acquisitions	(53,202)	(53,671)	(185,519)	(152,496)
P,P&E Sale Payments	10	489	871	1,509
Restricted Investments			2,065	
Net Cash from Investment Activities	**(53,192)**	**(53,182)**	**(182,583)**	**(150,987)**
Financing Activities Cash Flow				
Funding	6,136	19,193	80,118	66,325
Payments	(130,813)	(13,593)	(151,780)	(42,065)
Interest Paid	(10,088)	(4,087)	(33,578)	(15,596)
Common Stock increase, net from Share Issuance expenditures	477,818		477,818	21,899
Exercise of Stock Option Plan Payment		644	262	909
Treasury Stock Sale Payment	125,510		125,510	
Interest on Equity and Dividends Paid	(9,666)	(26,968)	(31,251)	(42,535)
Cash and Cash Equivalents in the beggining of the period	**458,897**	**(24,811)**	**467,099**	**(11,063)**
Cash and Cash Equivalents net increase	**444,204**	**(43,823)**	**410,986**	**(221,750)**
Cash and Cash Equivalents in the beggining of the period	**117,517**	**383,794**	**150,735**	**561,721**
Cash and Cash Equivalents in the end of the period	**561,721**	**339,971**	**561,721**	**339,971**

4Q11/2011 Results Schedule

RaiaDrogasil will disclose its results for the 4Q11 and 2011 on March 26th, 2012, after BM&FBovespa's trading hours.

Conference Calls – March 27th, 2012

Portuguese
at 10:00 am (Brasília) / 09:00 am (US ET)
Dial in access: +55 (11) 3127-4971
Conference ID: RaiaDrogasil
Replay (available 'til 04/03/12): +55 (11) 3127-4999
Replay ID: 63612032

English
at 12:00 pm (Brasília) / 11:00 am (US ET)
Dial in access: +1 (412) 317-6776
Conference ID: RaiaDrogasil
Replay (available 'til 04/03/12): +1 (412) 317-0088
Replay ID: 10011618

Live broadcast through the internet at: http://ri.drogaraia.com.br and www.drogasil.com.br/ri

Quiet Period: According to best Corporate Governance Practices, we will be in quiet period from March 11th, 2012 to March 27th, 2012, after the Conference call.

For more information, please contact our Investor Relations department.

E-mail: ri@raiadrogasil.com.br