RaiaDrogasil

Earnings Presentation – 1Q16

April 29th, 2016

Disclaimer

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

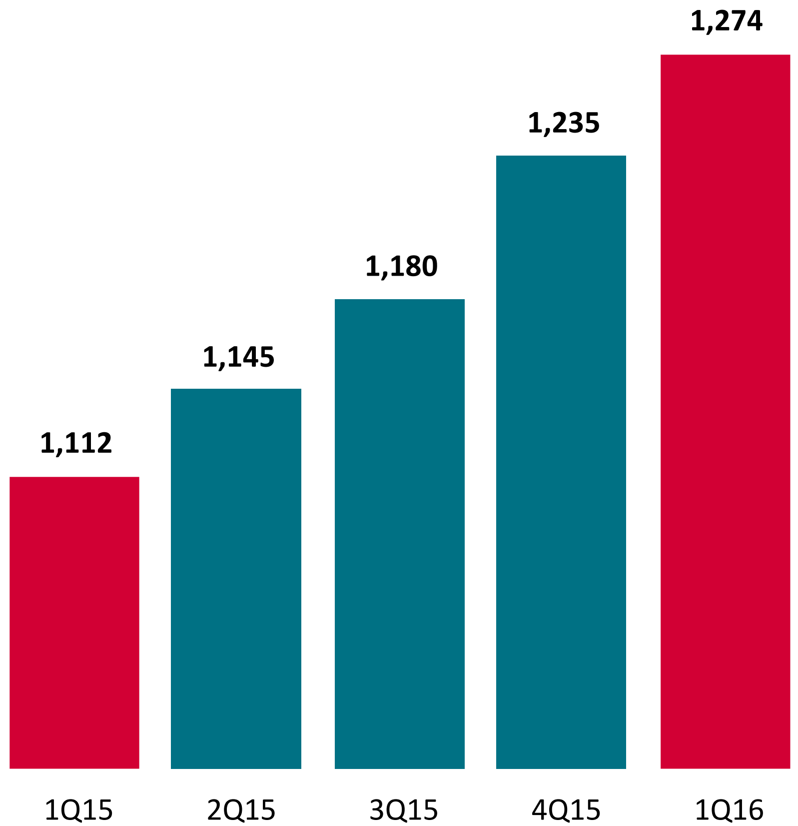
Although the Company believes that the expectations and assumptions reflected in the forward-looking statements are reasonable based on information currently available to the Company’s management, the Company cannot guarantee future results or events. The Company expressly disclaims a duty to update any of the forward looking-statements.

Consolidated Highlights

- **Drugstores:** 1,274 stores in operation (39 openings)
- **Gross Revenue:** R$ 2.6 billion, 26.3% of growth (16.0% retail same-store sales growth)
- **Gross Margin:** 28.7% of gross revenue, a 0.2 percentage point margin increase
- **EBITDA:** R$ 192.8 million, a 7.3% margin, 0.1 percentage point margin decrease
- **Adjusted Net Income:** R$ 100.8 million, a 3.8% margin and an increase of 23.8%
- **Cash Flow:** R$ 161.5 million negative free cash flow, R$ 156.6 million total cash consumption

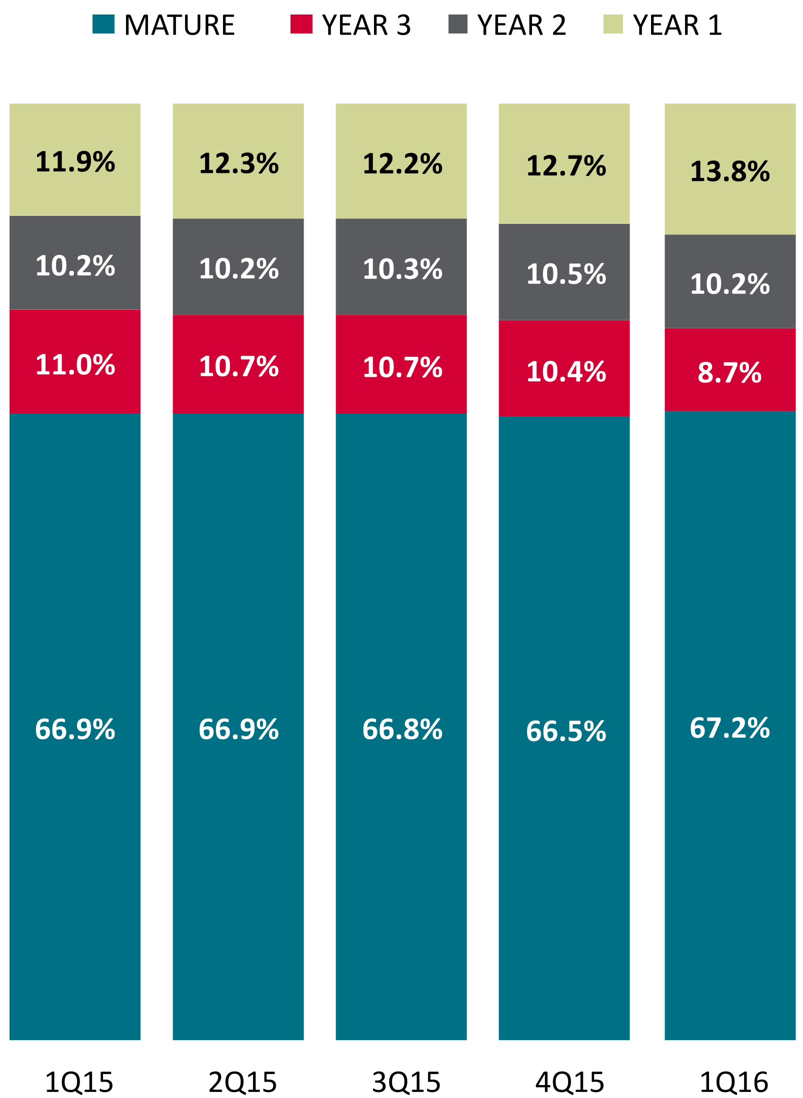
We opened 39 stores in the quarter and 176 new stores in the last twelve months, a record for Raia Drogasil and for the market. At the end of the period, 32.8% of our stores were still maturing.

Store Count*



	1Q15	2Q15	3Q15	4Q15	1Q16
Opened	19	38	37	62	39
Closed	(1)	(5)	(2)	(7)	0

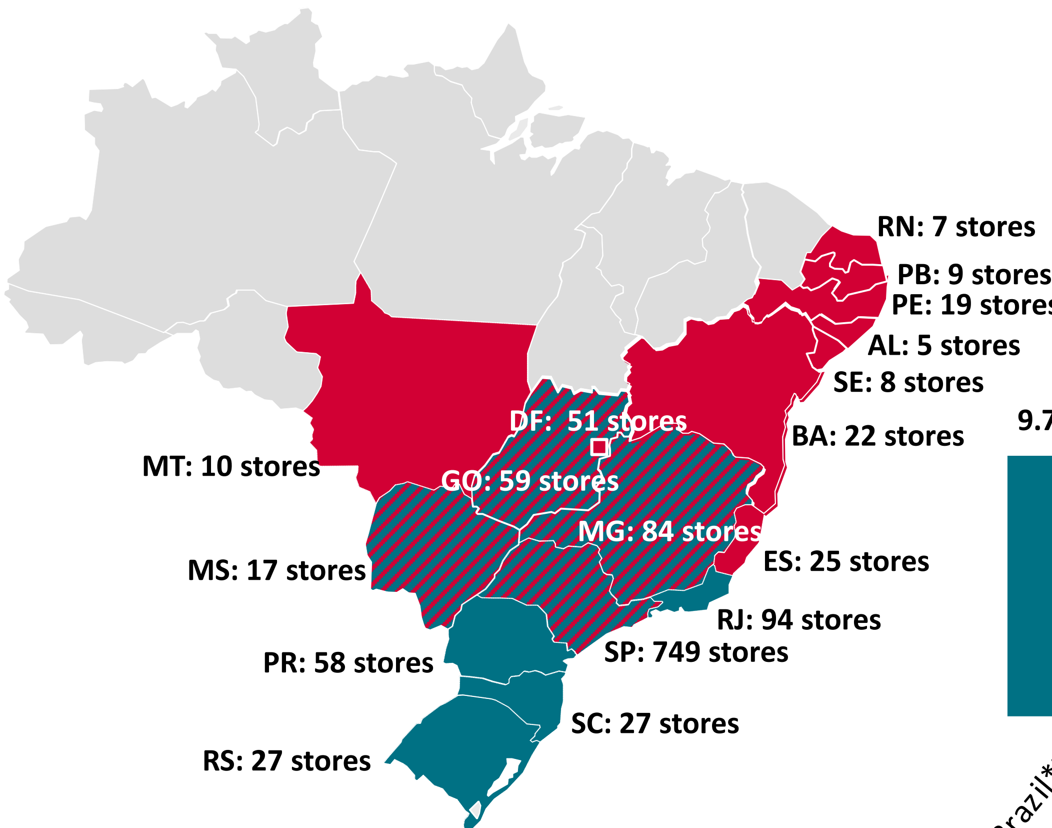
Age Structure of Store Portfolio



* Includes three 4Bio stores

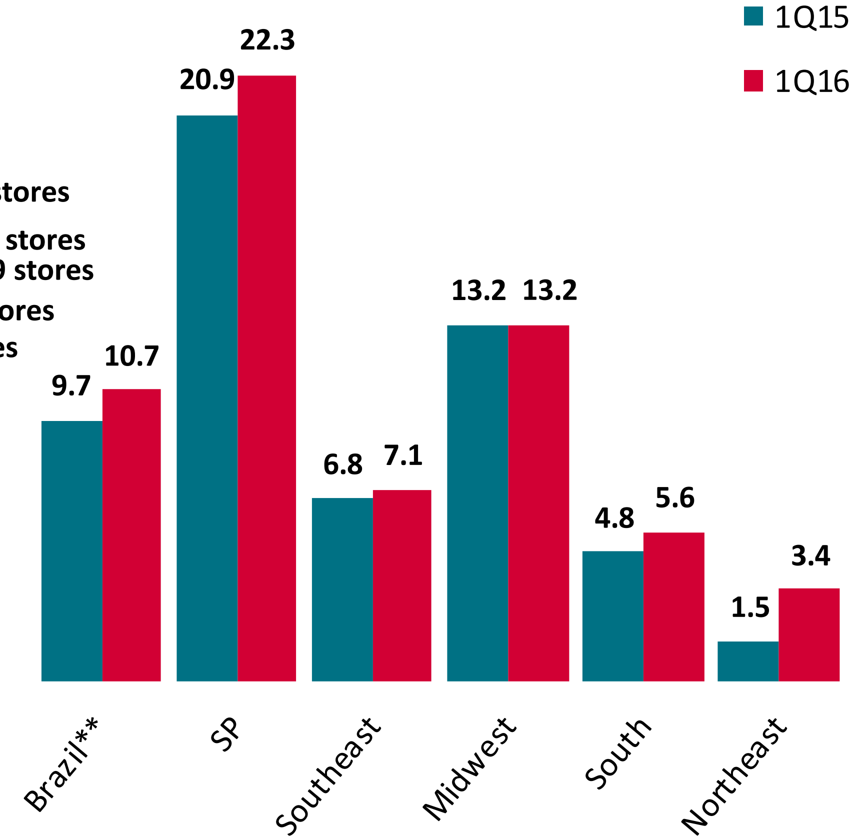
We gained or preserved share in every region, achieving 10.7% of comparable market share in Brazil, an increase of 1.0 percentage point compared to the previous year.

Geographic Presence - Retail



Total: 1.271 stores
Raia: 612 stores
Drogasil*: 659 stores

Market Share***



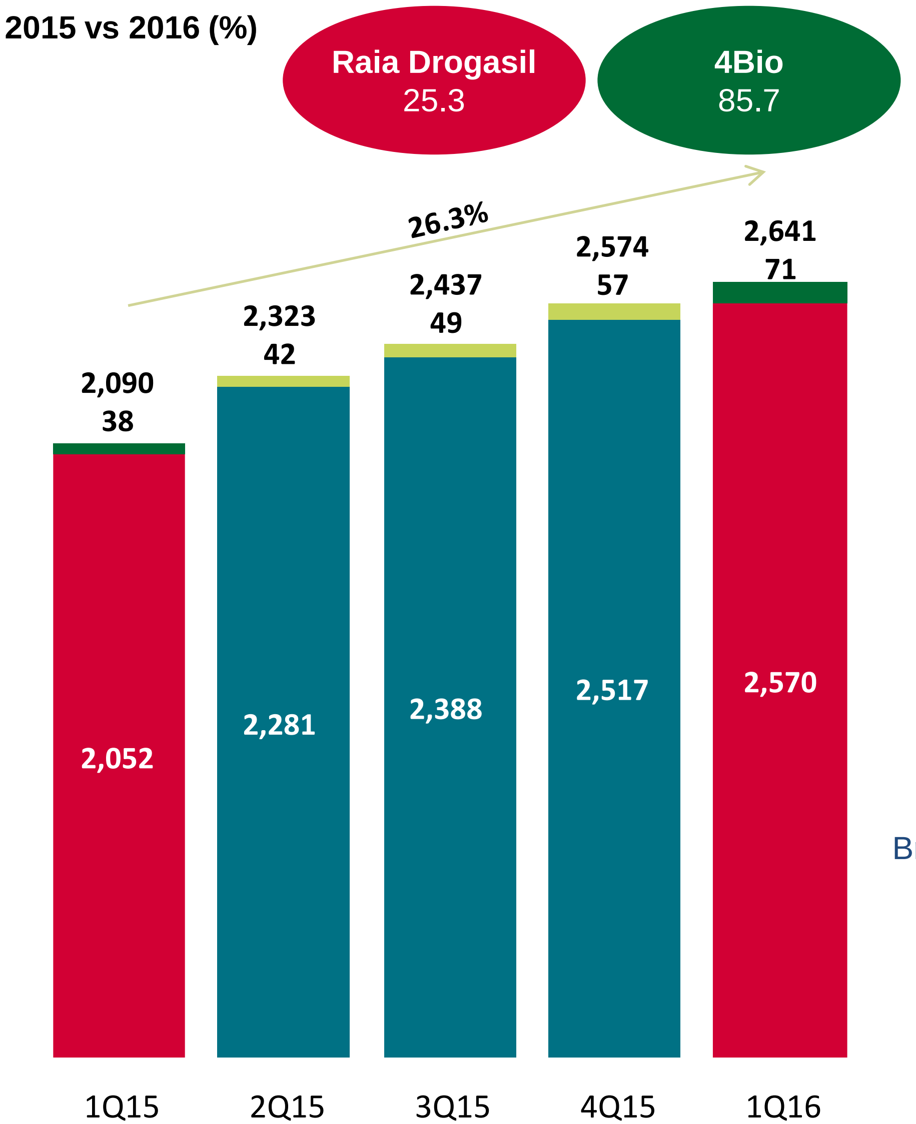
PHARMACEUTICAL MARKET DISTRIBUTION BY REGION (%)

Brazil**	SP	Southeast	Midwest	South	Northeast
100.0	26.6	24.1	8.9	16.4	19.1

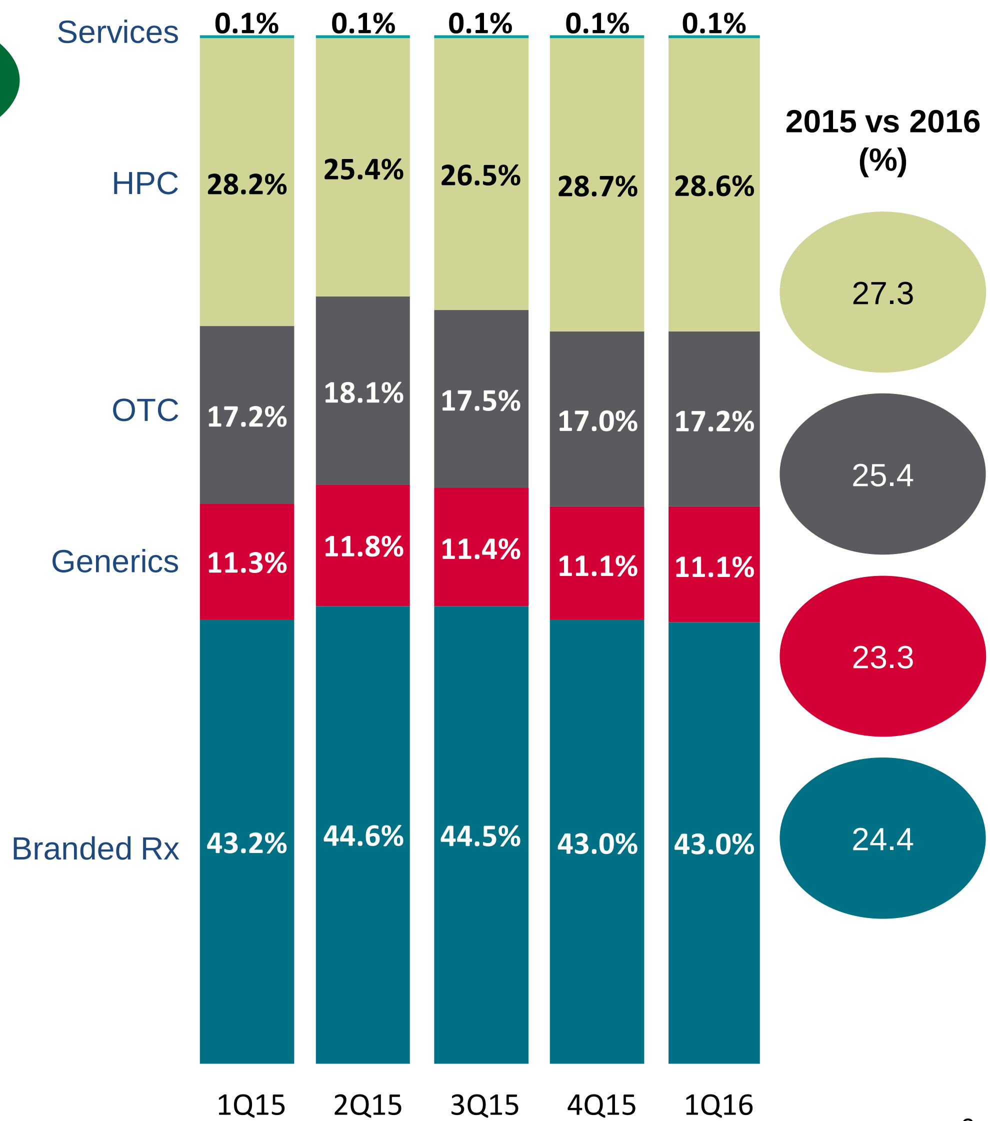
Source: IMS Health
* Includes Farmasil stores
** Includes 4Bio only for Brazil
*** Comparable Market Share, excluding new informants added to the panel during the last twelve months. Our national market share including the full panel was of 10.5%

Highest growth rate since the merger (25.3% for retail and 85.7% for 4Bio). HPC was the highlight of the quarter (0.4 p.p. increase in the sales mix), at the expense of Branded Rx and Generics.

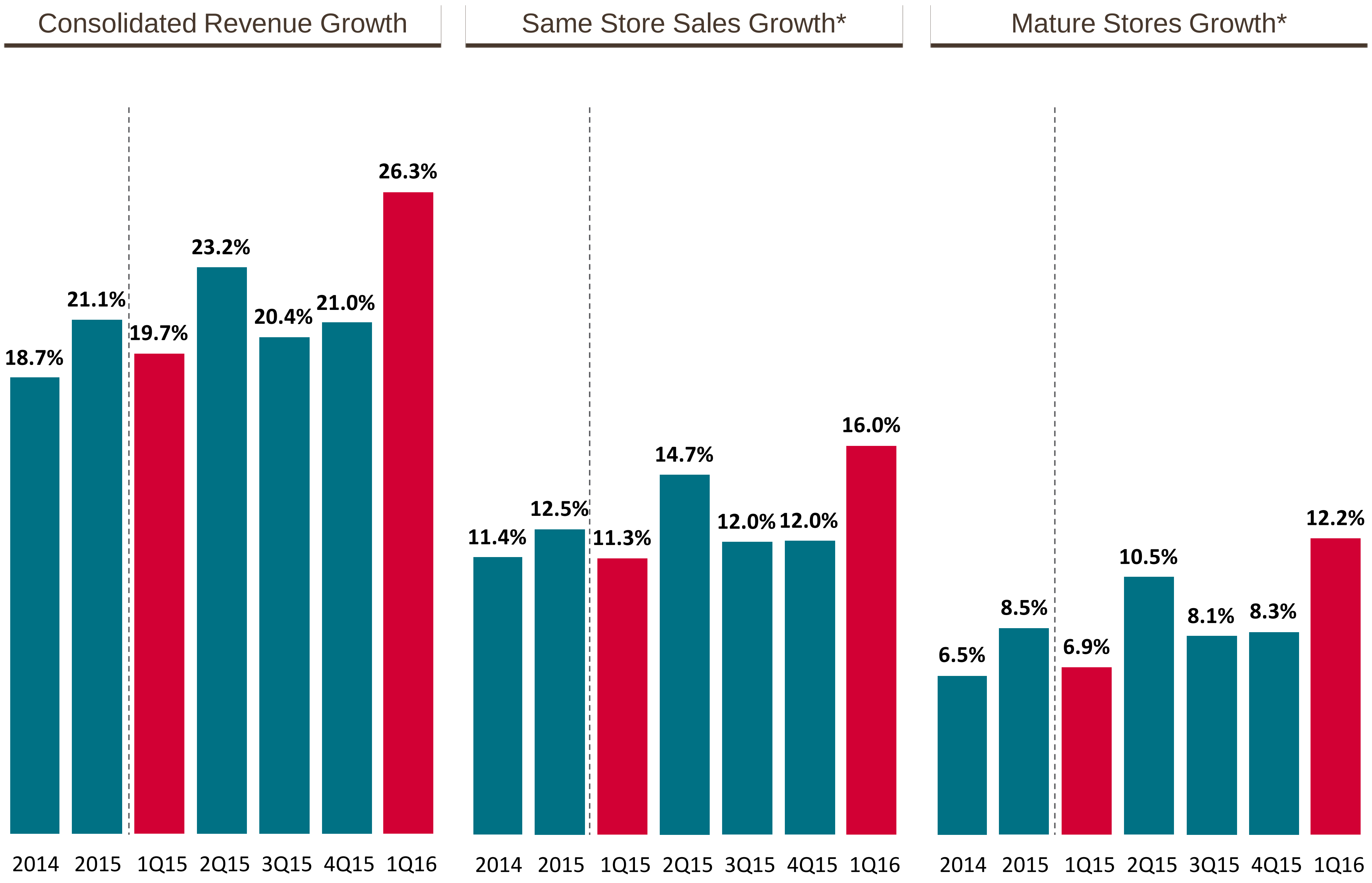
Consolidated Gross Revenue



Retail Sales Mix



Our revenue grew by 26.3% in the 1Q16, with 12.2% for mature stores, including a positive calendar effect of 0.8% due to the leap year.

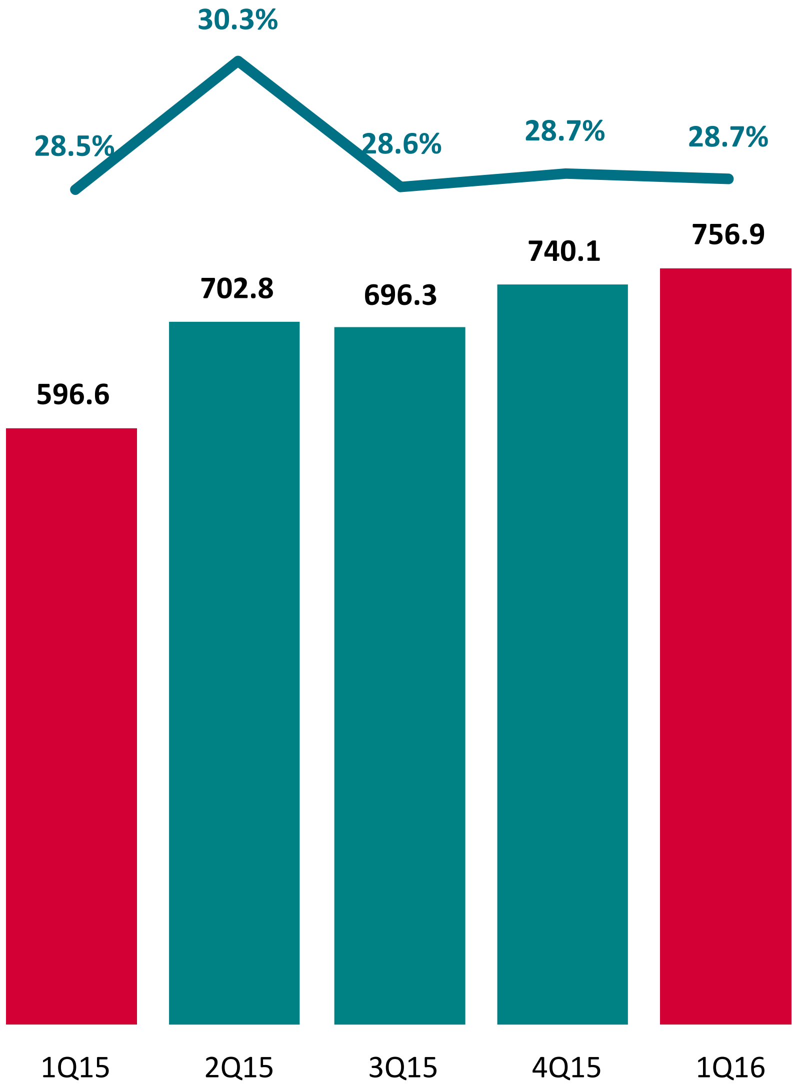


* Only considers retail

Gross margin increased by 0.2 percentage point due to improvements in commercial terms, opportunistic purchases and inventory losses. Cash cycle reduction of 0.8 days.

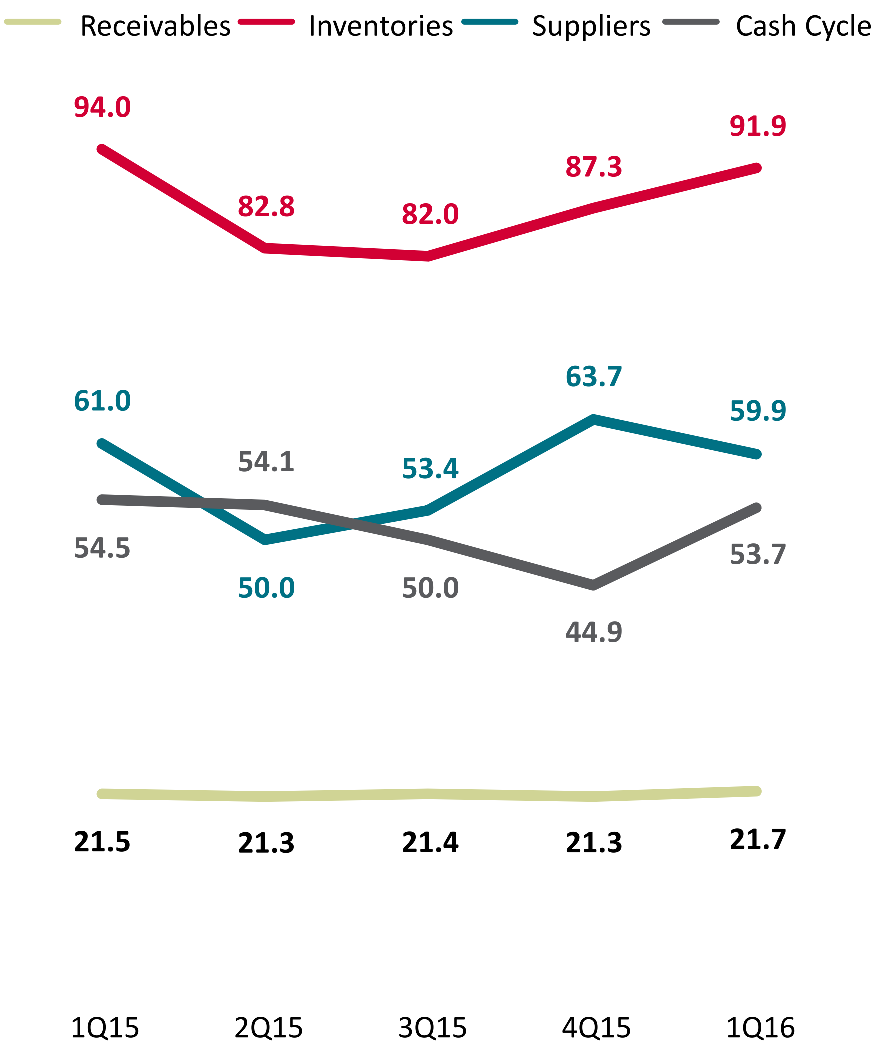
Gross Margin

(R$ million, % of Gross Revenues)



Cash Cycle

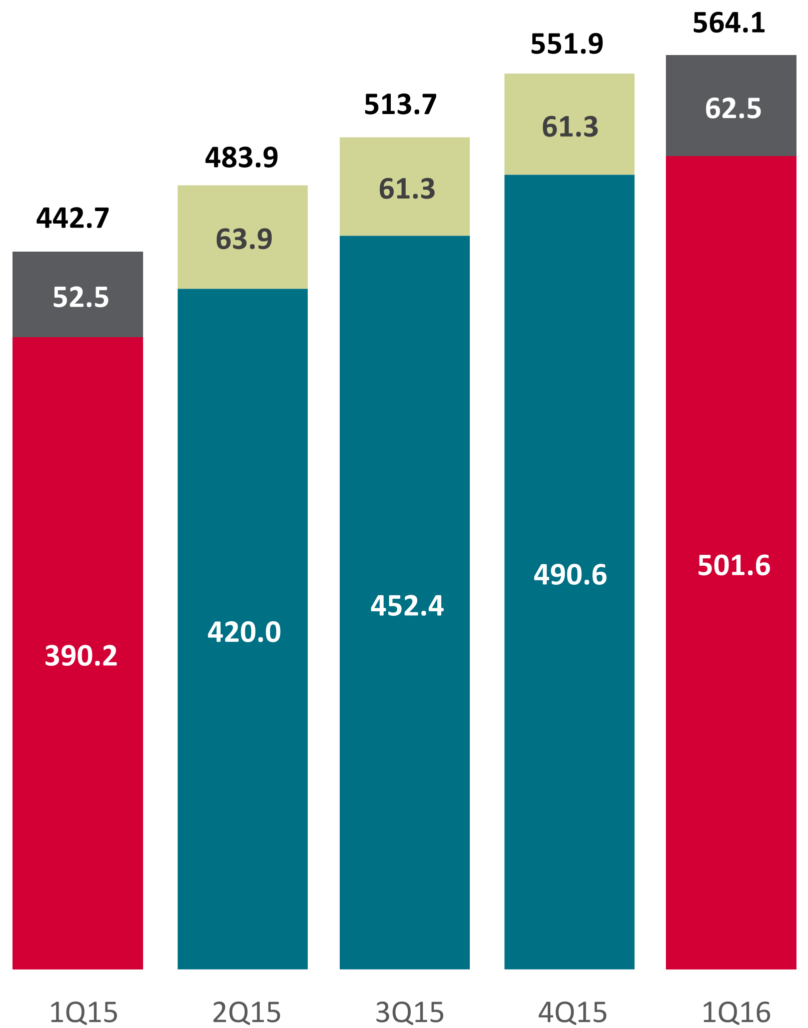
(COGS Days, Gross Revenues Days)



SG&A increased by 0.2 percentage point and was diluted by 0.1 p.p. versus the 4Q15. Pressures from payroll, electricity and store openings were partially offset by G&A dilution and by 4Bio.

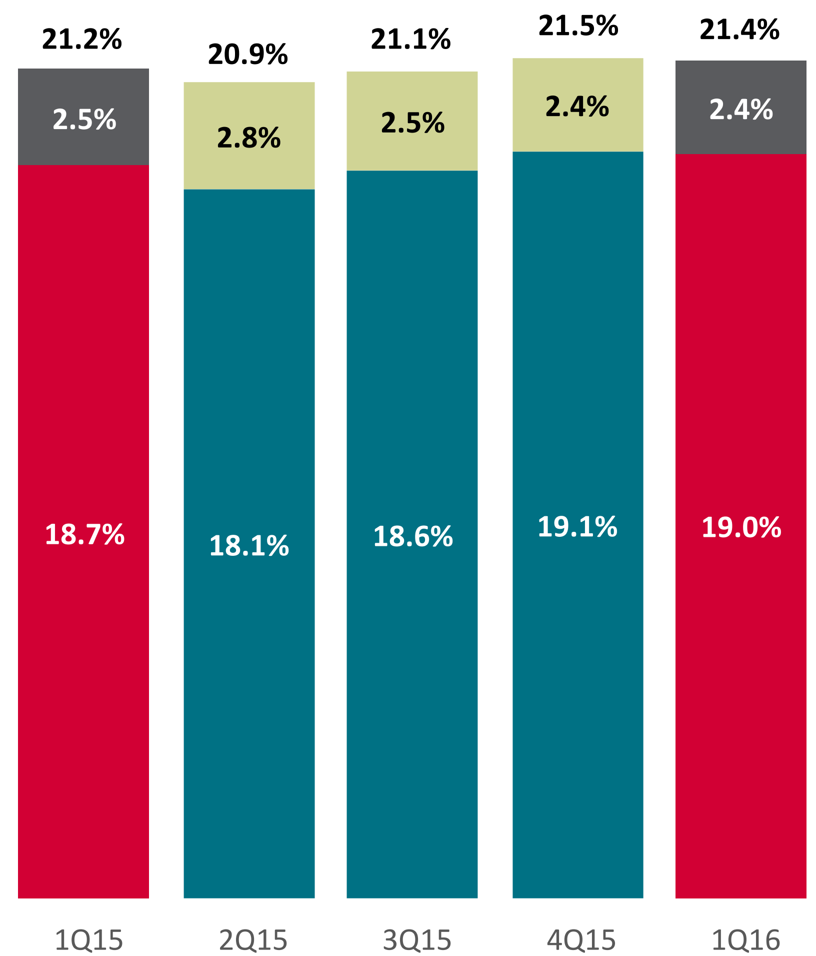
Operating Expenses

(R$ million)



Operating Expenses

(% of Gross Revenues)

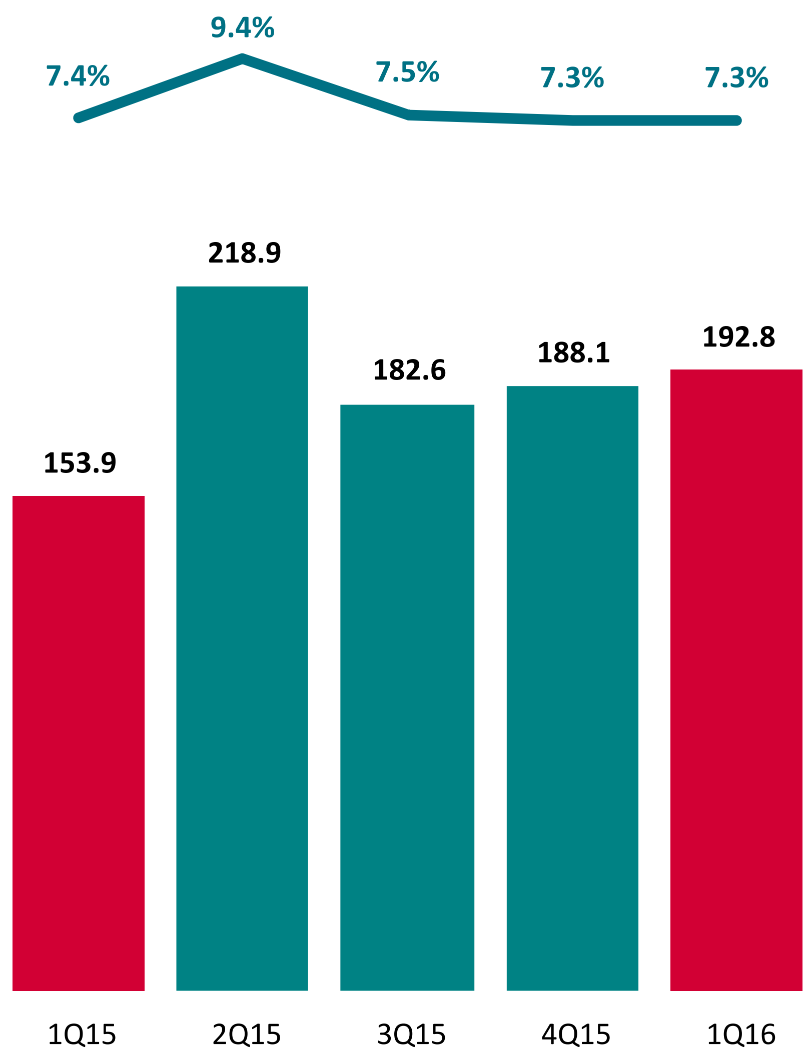


Sales Expenses General & Administrative Expenses

The consolidated EBITDA totaled R$ 192.8 M, with a margin of 7.3%. EBITDA margin of 7.4% for Raia Drogasil and of 2.5% for 4Bio. New stores penalized Raia Drogasil's EBITDA by R$ 14.3 M.

EBITDA

(R$ million, % of Gross Revenues)



1,235 stores operating since 2015:
(performance in the 1Q16)

- R$ 2.6 billion of Gross Revenues
- R$ 207.1 million of EBITDA
- EBITDA margin of 7.8%

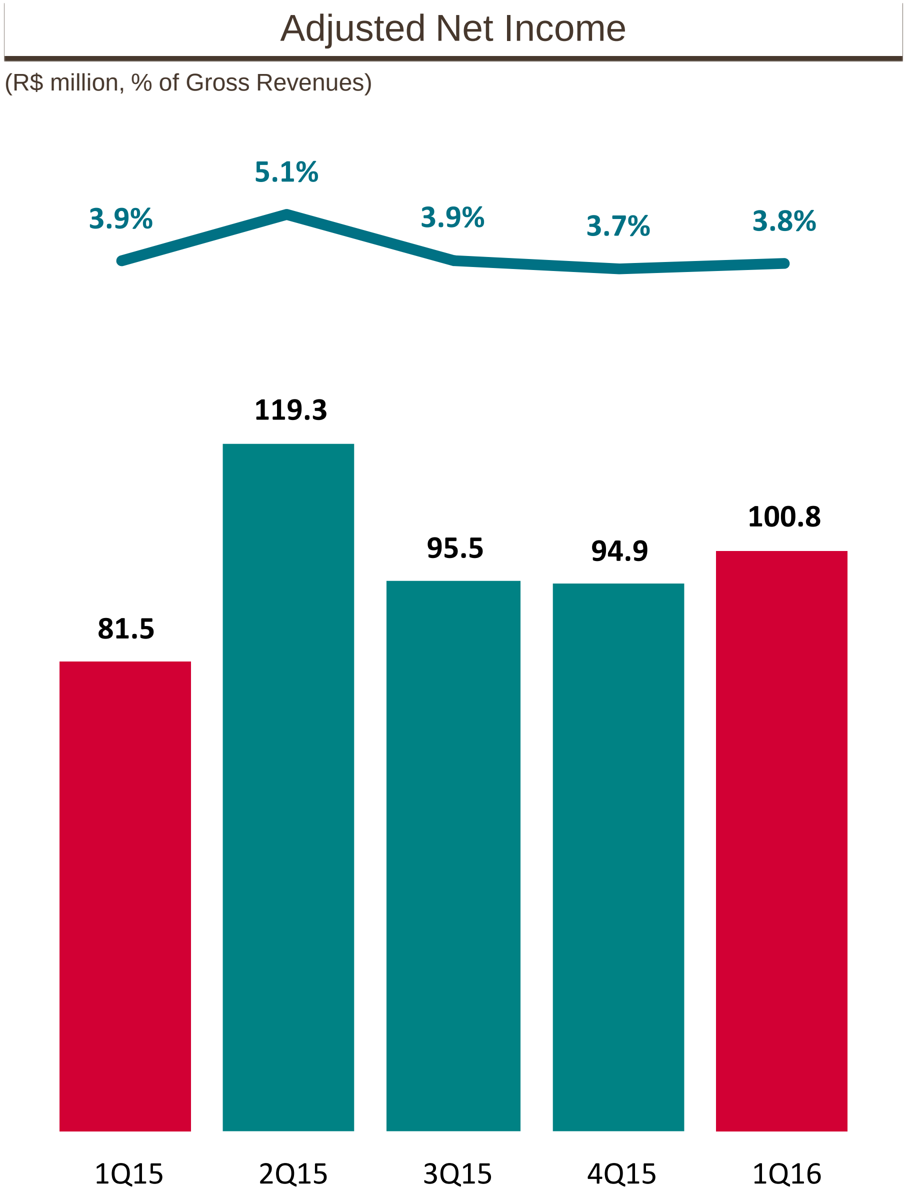
Raia Drogasil

- R$ 191.1 million of EBITDA
- EBITDA margin of 7.4%
- EBIT margin of 5.0%

4Bio

- R$ 1.8 million of EBITDA
- EBITDA margin of 2.5%
- EBIT margin of 2.4%

We reached an adjusted net income of R$ 100.8 M in the 1Q16, a growth of 23.8%. Reported net income grew 27.4% vs previous year.



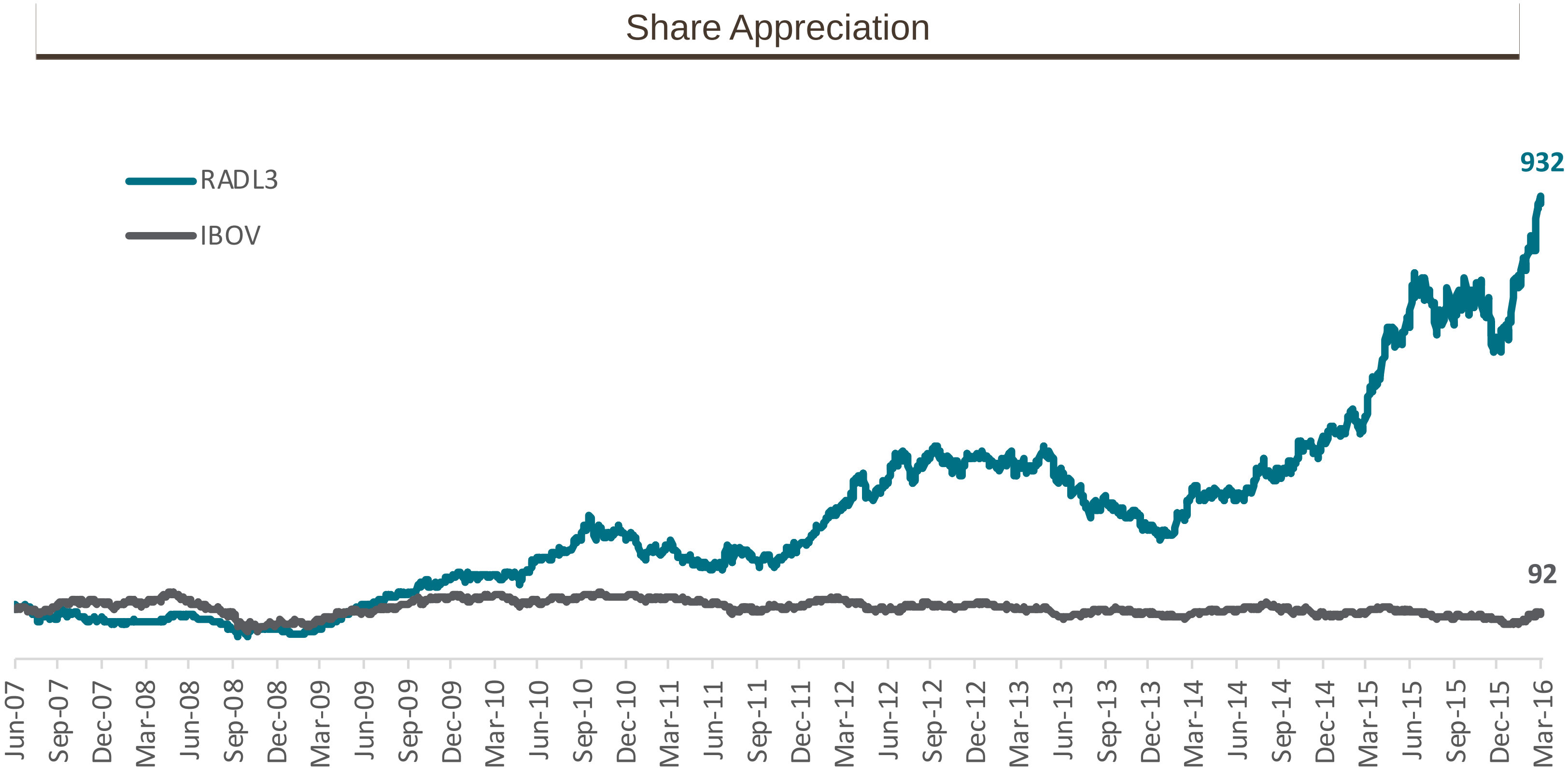
Negative Free Cash Flow of R$ 161.5 M and Total Cash Flow of R$ 156.6 M driven by the unfavorable cash cycle seasonality and by the normalization of the working capital investment.

Cash Flow *(R$ million)*	1Q16	1Q15
Adjusted EBIT	**129.9**	**100.3**
Income Tax (34%)	(44.2)	(34.1)
Tax Shield from Goodwill	10.7	10.7
Depreciation	62.9	53.6
Others	(2.6)	(12.8)
Resources from Operations	**156.8**	**117.6**
Cash Cycle*	(206.6)	(67.0)
Other Assets (Liabilities)	(12.7)	(22.3)
Operating Cash Flow	**(62.5)**	**28.3**
Investments	**(98.9)**	**(59.5)**
Free Cash Flow	**(161.5)**	**(31.1)**
Interest on Equity	(0.0)	(0.4)
Income Tax Paid over Interest on Equity	-	(4.2)
Net Financial Expenses	(17.2)	(15.2)
Income Tax (Tax benefit over financial expenses and interest on equity)	22.1	26.0
Total Cash Flow	**(156.6)**	**(24.9)**

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

** Does not include financing cash flow

We generated a Total Shareholder Return of 47.1% with average annual returns of 29.4% for Drogasil IPO investors and of 35.8% for the Raia IPO investors.



Performance 2016

RADL3: 47.1%
BOVESPA: 15.5%
Alpha: 31.7%
Average Trading Volume RADL3: R$ 75.9 M

Main Performance Highlights

- **Revenue Growth: Leveraging Zika Prevention**
  - **Customer Focus**: Detected prevention need in November, responded to assure supply and maintained the prices
  - **Operational Readiness**: Increased inventories, strong category execution at stores
  - **Structured Negotiations:** Financed key suppliers working capital to maximize availability
  - **Strong Performance**: Became the category leader in Brazil, reaching 40% of drugstore share with key suppliers
- **Store Development: Record Growth, Unparalleled Quality**
  - **Accelerated Organic Growth:** 176 new stores in the last twelve months
  - **Unique Store Quality:** Top-notch corners, trained and motivated staff, strong format, differentiated execution
  - **Very Strong Initial Performance:** New stores responded better than expected
  - **Increased ambitions:** Preparing to open 195 stores in 2017 as previously guided
- **Already Working for a Strong 2017**
  - **Price increase:** will allow a sales and administrative expenses dilution in 2016, setting a low entry base for 2017
  - **Rental contracts:** Negotiations are in the initial stage, but look very promising to support a dilution in 2017
  - **Labor productivity:** Improving staffing, upgrading telecom infrastructure and enhancing platforms

IR Highlights for 2016

- **ADR Level 1**
  - Launched on March 21st, 2016
  - Greater visibility by the Capital Markets
  - Access to a broader pool of investors

- **2016 Earnings Releases**
  - **2Q:** July 28th, 2016
  - **3Q:** October 27th, 2016

- **Scheduled Investor Conferences**
  - May 18th and 19th: **11th Annual Latam CEO Conference**, Itaú BBA (New York)
  - September 12th to 14th: **19th Annual Latin America Conference**, Morgan Stanley (London)