



EARNINGS RELEASE 3Q15

São Paulo, October 29th, 2015. Raia Drogasil S.A. (BM&FBovespa: RADL3) announces today its results for the 3rd quarter of 2015 (3Q15). The quarterly information of Raia Drogasil S.A. was prepared in accordance to the Accounting Pronouncement 21 – Intermediate Statements as well as the standards issued by the Brazilian Securities and Exchange Commission – CVM and was reviewed by our independent auditors in accordance with Brazilian intermediate statements standards of auditing. Such information was prepared in 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.

HIGHLIGHTS:

- **Drugstores:** 1,177 stores in operation (37 openings and two closures)
- **Gross Revenues:** R\$ 2.4 billion, 20.0% of growth (12.0% for same-store sales)
- **Gross Margin:** 28.9% of gross revenues, a 1.0 percentage point margin increase
- **EBITDA:** R\$ 181.3 million, a 7.6% margin, 0.2 percentage point margin expansion
- **Adjusted Net Income:** R\$ 95.0 million, a 4.0% margin and an increase of 18.0%
- **Cash Flow:** R\$ 68.2 million free cash flow, R\$ 66.7 million total cash generation
- **RADL3:** recent entry into the IBOVESPA and the IBrX-50 indices
- **Store Opening Guidance:** from 130 to 145 new store openings in 2015

Summary	3Q14	4Q14	1Q15	2Q15	3Q15
<i>(R\$ thousand)</i>					
# of Stores (end of period)	1,045	1,091	1,109	1,142	1,177
Store Openings	33	51	19	38	37
Store Closures	(3)	(5)	(1)	(5)	(2)
# of Stores (average)	1,031	1,067	1,099	1,126	1,159
Head Count	22,753	23,675	23,743	24,894	25,408
Pharmacist Count	3,747	3,927	3,951	4,225	4,473
# of Tickets	37,536	37,818	38,186	41,091	42,043
Gross Revenues	1,990,328	2,093,076	2,052,433	2,281,177	2,388,153
Gross Profit (Adjusted)	555,446	588,808	590,463	695,908	689,639
% of Gross Revenues	27.9%	28.1%	28.8%	30.5%	28.9%
EBITDA (Adjusted)	147,192	158,782	152,351	217,191	181,250
% of Gross Revenues	7.4%	7.6%	7.4%	9.5%	7.6%
Net Income (Adjusted)	80,494	75,397	81,025	118,923	95,004
% of Gross Revenues	4.0%	3.6%	3.9%	5.2%	4.0%
Net Income	67,979	62,157	70,327	108,225	84,306
% of Gross Revenues	3.4%	3.0%	3.4%	4.7%	3.5%
Free Cash Flow	30,244	104,969	(30,537)	36,936	68,211

RADL3: R\$ 40.89/share

Number of Shares: 330,386,000

Market Cap: R\$ 13,509 million

Closing: October 28th, 2015

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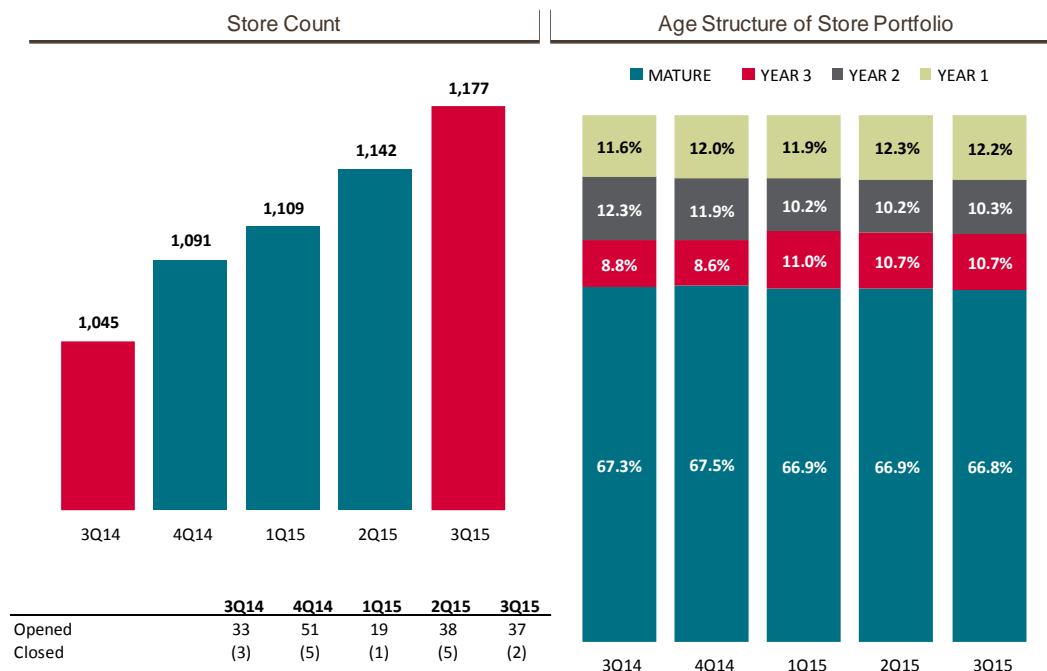
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STORE DEVELOPMENT

We opened 37 new stores and closed two in the 3Q15, ending the quarter with 1,177 stores in operation.

In the 9M15 we opened a total of 94 stores versus 80 stores in the same period of the previous year, a relevant acceleration in our store-opening pace, which was made possible due to an increase in our new stores contracts pipeline over the last twelve months. As a result, we are increasing our store opening guidance from 130 to 145 stores already in 2015. The guidance for 2016 is yet to be determined, but will reflect our increased store-opening capacity.

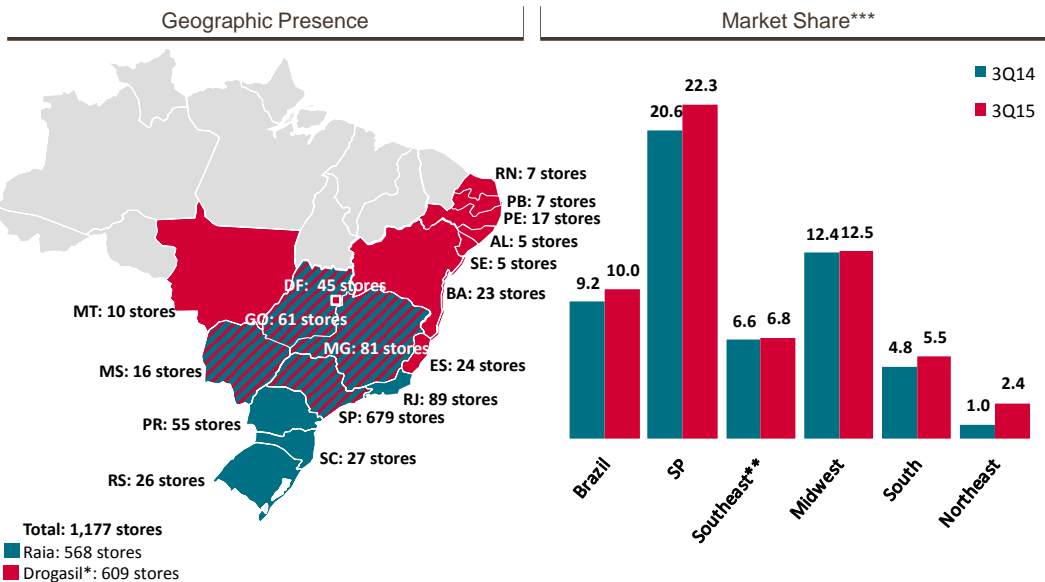


At the end of the period, 33.2% of our stores were still in the process of maturation, and had not yet reached their full potential in terms of revenues and profitability. This is the least mature store portfolio since the 2Q14.

Our average comparable national market share reached 10.0% in the quarter, a 0.8 percentage point increase when compared to the 3Q14. 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 9.7%.

We increased our comparable market share in all regions. São Paulo was our main highlight, where we recorded a market share of 22.3%, a 1.8 percentage point increase driven by our organic expansion and by the progressive recovery of the performance of one of our brands. In the other states of the Southeast, we gained 0.2 percentage point.

In the Midwest we recorded a market share gain of 0.1 percentage point. We also recorded an excellent performance in the Southern region, where our market share increased by 0.7 percentage point, driven by store maturation in Paraná and in Santa Catarina and by our growth in Rio Grande do Sul. Finally, we reached a market share of 2.4% in the Northeast, driven by our growth in Bahia as well as to our successful entry in five new states in the region: Sergipe, Alagoas, Pernambuco, Paraíba and Rio Grande do Norte.



PHARMACEUTICAL MARKET DISTRIBUTION BY REGION

Source: IMS Health

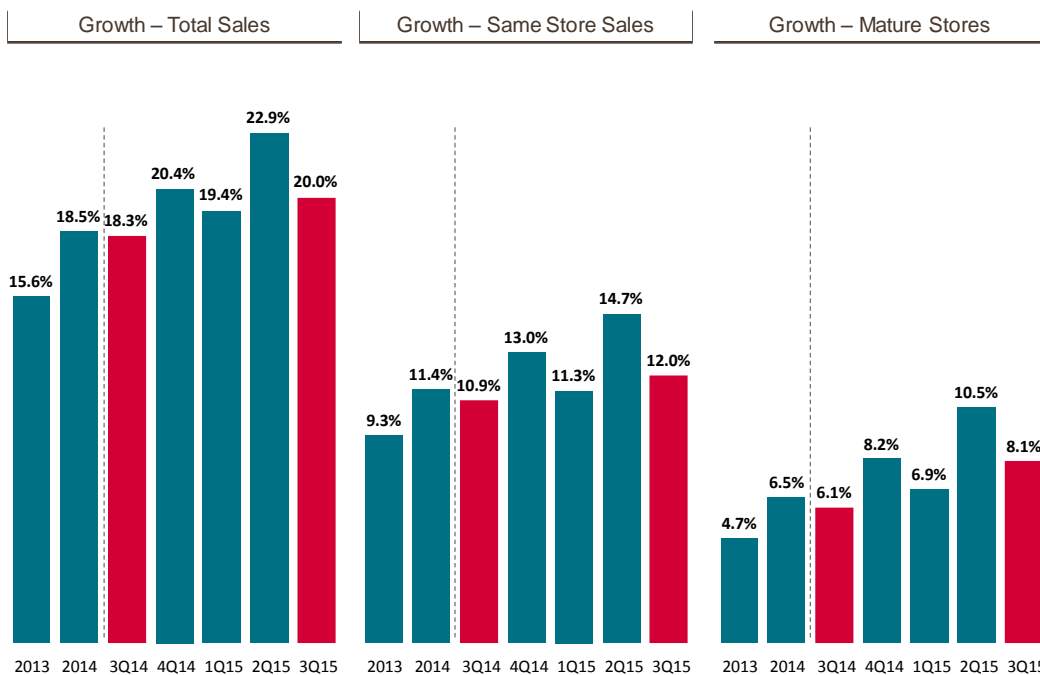
* Includes Farmasil stores

** Excludes São Paulo

*** 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 9.7%

Region	Brazil	SP	Southeast**	Midwest	South	Northeast
Market Share (%)	100.0%	25.9%	24.5%	9.1%	16.7%	18.9%

GROSS REVENUES

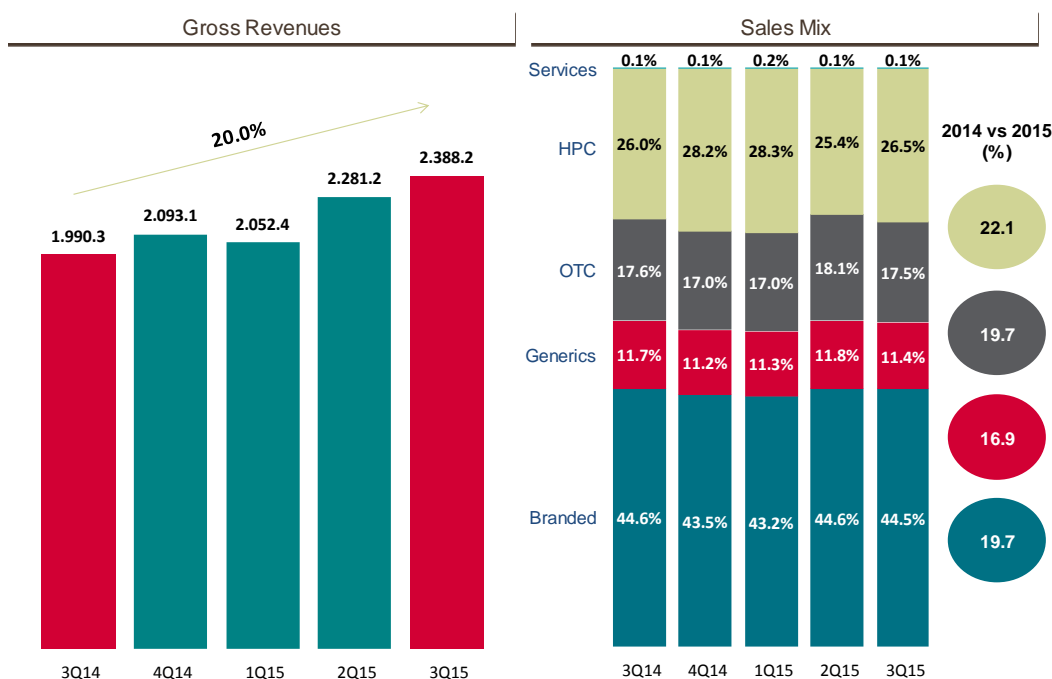




We ended the quarter with gross revenues of R\$ 2,388.2 million, a 20.0% increase over the 3Q14. Same store sales grew by 12.0% while our mature stores recorded an increase of 8.1%. It is important to mention that our sales growth benefited from the effect of the 2014 World Cup, which had an estimated negative impact of 0.7% in the 3Q14. On the other hand, in the 3Q15, we recorded a negative calendar effect which penalized our sales by 0.4%.

Over the same period, the Brazilian pharmaceutical market grew by 14.8% (8.2% in units sold), according to the IMS Health, a testament to the defensive nature of our market.

HPC was the highlight of the quarter, recording a gross revenue growth of 22.1%, a 0.5 percentage point increase in the sales mix over the 3Q14. OTC and Branded RX both grew 19.7% and reduced their participation in the sales mix by 0.1 percentage point, while Generics grew by 16.9%, reducing its share in the sales mix by 0.3 percentage point. It is important to mention that we experienced an abnormally hot weather in the quarter, which boosted HPC sales at the expense of the other categories, especially OTC and Generics, in which antibiotics is a key therapeutic class.



GROSS PROFIT

Our gross margin reached 28.9%, a 1.0 percentage point increase versus the 3Q14.

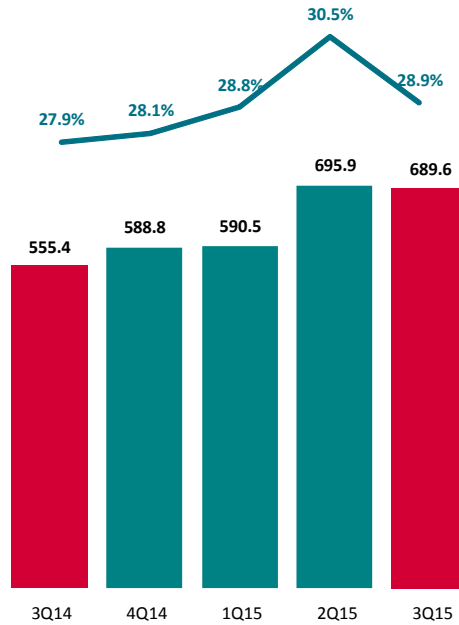
This gross margin expansion was driven by the structural improvements in our commercial terms, opportunistic purchases, tactical pricing adjustments and a reduction in inventory losses, contributing to a margin increase of about 0.7 percentage point. Additionally, the Net Present Value Adjustment led to a gross margin increase of approximately 0.3 percentage point, reflecting increased interest rates and days of suppliers when compared to the previous year.

Our gross margin remained in line with the 1Q15, with an improvement of 0.1 percentage point driven by a Net Present Value Adjustment increase of the same magnitude.



Gross Margin

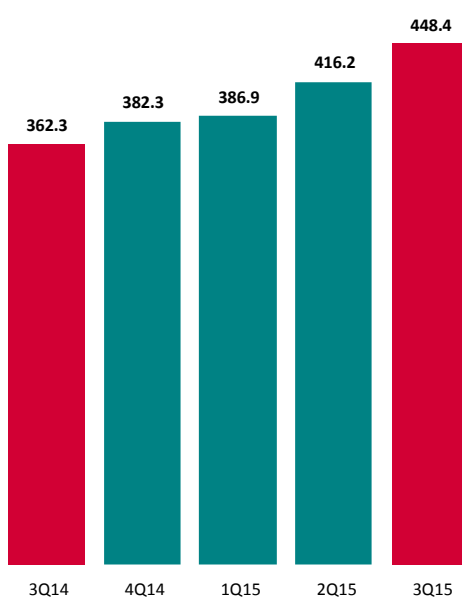
(R\$ million, % of Gross Revenues)



SALES EXPENSES

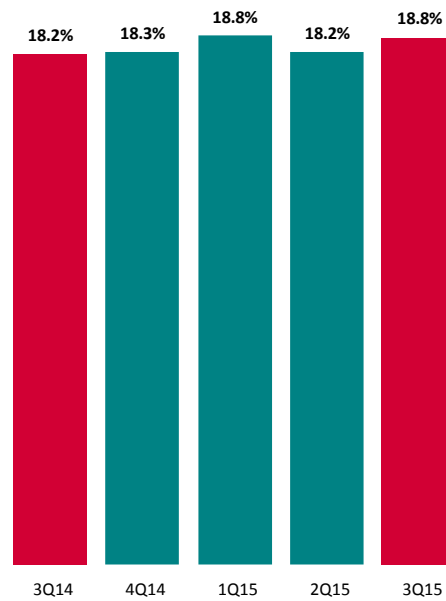
Sales Expenses

(R\$ million)



Sales Expenses

(% of Gross Revenues)



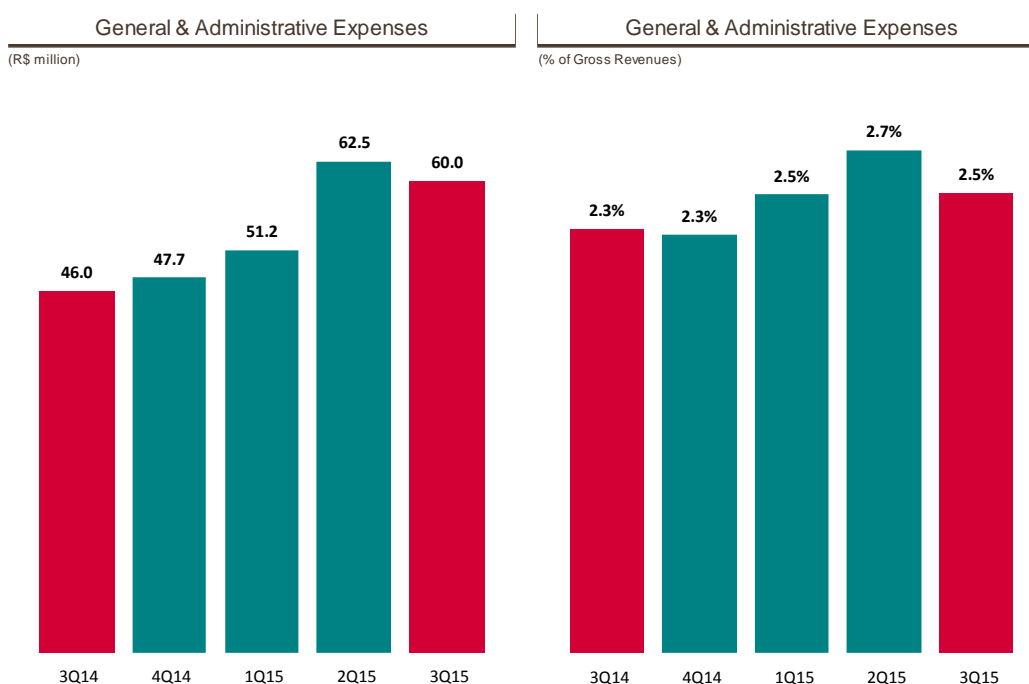


Sales expenses totaled R\$ 448.4 million, equivalent to 18.8% of gross revenues, a 0.6 percentage point increase over the 2Q14. Personnel expenses increased by 0.3 percentage point due to the annual salary readjustment of 9.3%, while electricity pressured our sales expenses by 0.2 percentage point. Finally, the faster store-opening pace resulted in increased pre-operational expenses of 0.1 percentage point.

When compared to the 2Q15, sales expenses increased by 0.6 percentage point. Personnel expenses increased by 0.3 percentage point, while new store openings, logistics and other expenses increased by 0.1 percentage point each.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R\$ 60.0 million in the quarter, equivalent to 2.5% of gross revenues, a 0.2 percentage point increase over the previous year, reflecting an increase in the compensation allowance due to the low comp base of the 3Q14, when variable compensation was reduced in order to offset an excess provisioning undertaken in the 1H14.



EBITDA

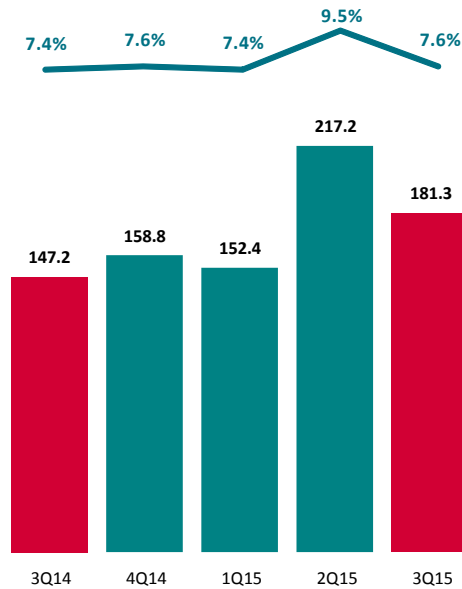
Our EBITDA reached R\$ 181.3 million, a margin improvement of 0.2 percentage point and a 23.1% increase. The margin expansion recorded in the quarter was driven by a gross margin increase of 1.0 percentage point, and was partially absorbed by an SG&A increase of 0.8 percentage point.

New stores opened in the year, as well as those that were in the opening process, reduced the EBITDA by R\$ 10.8 million in the quarter. Therefore, if we consider only the 1,083 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\$ 192.0 million, equivalent to an EBITDA margin of 8.3% over their respective gross revenues.



EBITDA

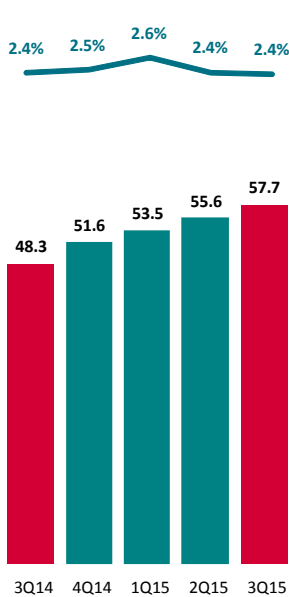
(R\$ million, % of Gross Revenues)



DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

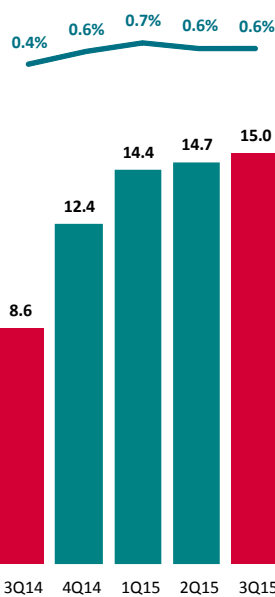
Depreciation

(R\$ million, % of Gross Revenues)



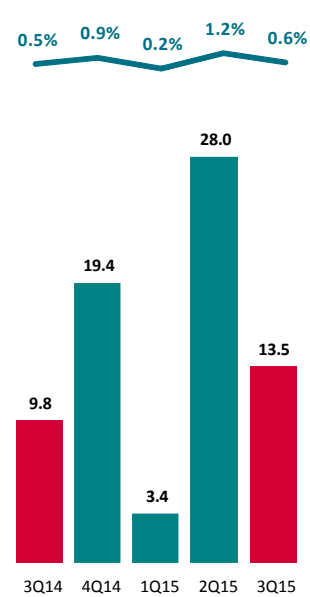
Net Financial Expenses

(R\$ million, % of Gross Revenues)



Income Tax

(R\$ million, % of Gross Revenues)



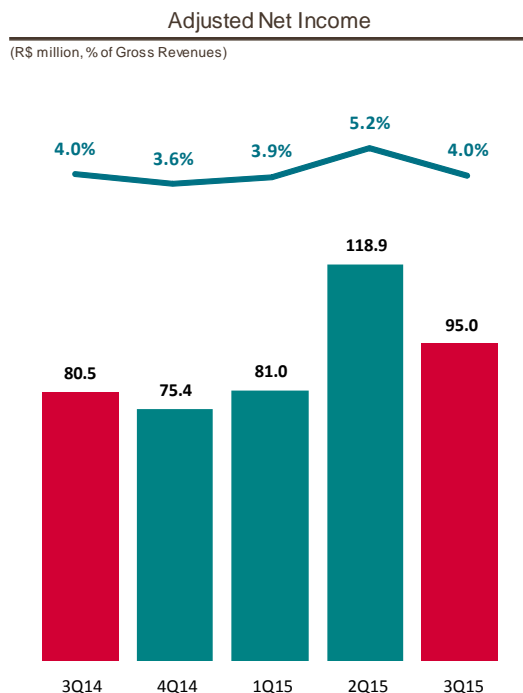


Depreciation expenses totaled R\$ 57.7 million in the quarter, equivalent to 2.4% of gross revenues, in line with the previous year.

Financial expenses represented 0.6% of gross revenues, a 0.2 percentage point increase over the 3Q14. The Net Present Value Adjustment increased by 0.3 percentage point, and was mitigated by a 0.1 percentage point interest expense reduction due to the improved cash situation in the quarter (R\$ 13.7 million in net cash versus R\$ 72.2 million in net debt in the 3Q14).

Finally, we booked R\$ 13.5 million in taxes, equivalent to 0.6% of gross revenues, a 0.1 percentage point increase due to the improvement in our profitability.

ADJUSTED NET INCOME



Adjusted net income totaled R\$ 95.0 million, an 18.0% increase over the same period of the previous year. We achieved an adjusted net margin of 4.0%, in line with the previous year.

Finally, the reported net income, which does not include the tax shield from the goodwill amortization and non-recurring expenses adjustments, grew by 24.0% when compared to the 3Q14, as non-recurring expenses ceased to exist.

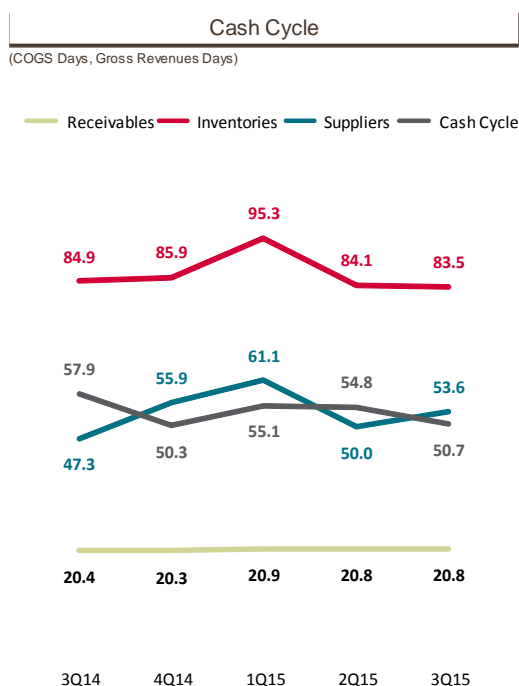
CASH CYCLE

We achieved a cash cycle reduction of 7.2 days when compared to the previous year.



Inventories decreased by 1.4 day, reflecting efficiency gains in our inventory management. Our accounts payable increased by 6.3 days, driven by improvements in purchasing terms from suppliers related to the full funding of our opportunistic purchases. Finally, days of receivables increased by 0.5 day versus the previous year.

The 2014 cash cycle is reported *pro-forma* in order to normalize the NPV adjustments. In the 3Q14, these adjustments represented a 0.6 day increase when compared to the previous reports (1.2 day in inventories and 0.6 day in accounts payable).



CASH FLOW

We generated a free cash flow of R\$ 68.2 million in the 3Q15, and a total cash flow of R\$ 66.7 million. Our operating cash flow totaled R\$ 166.7 million, which more than fully funded R\$ 98.5 million in investments undertaken in the period.

Resources from operations amounted to R\$ 140.8 million, equivalent to 5.9% of our gross revenues, while we recorded a working capital reduction of R\$ 26.0 million.

Of the R\$ 98.5 million invested in the quarter, R\$ 65.9 million corresponded to new store openings, R\$ 15.3 million to the renovation of existing stores, and R\$ 17.4 million to investments in infrastructure.

Net financial expenses totaled R\$ 15.0 million. These expenses were more than fully offset by the R\$ 18.5 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.

Finally, we accrued R\$ 39.4 million in interest on equity in the quarter versus R\$ 22.0 million in the 3Q14, reflecting a higher payout driven by the full utilization of the legal interest on capital limit.

Cash Flow <i>(R\$ million)</i>	3Q15	3Q14	9M15	9M14
Adjusted EBIT	123.5	98.9	384.0	244.9
Non-Recurring Expenses	-	(2.8)	-	(5.6)
Income Tax (34%)	(42.0)	(32.7)	(130.6)	(81.4)
Tax Shield from Goodwill	10.7	10.7	32.1	32.1
Depreciation	57.7	48.3	166.8	136.0
Others	(9.2)	(5.6)	(8.6)	(2.1)
Resources from Operations	140.8	116.9	443.8	323.9
Cash Cycle*	14.6	(49.7)	(141.7)	(192.6)
Other Assets (Liabilities)	11.4	27.7	16.4	29.9
Operating Cash Flow	166.7	94.8	318.5	161.2
Investments	(98.5)	(64.6)	(244.2)	(187.4)
Free Cash Flow	68.2	30.2	74.3	(26.2)
Interest on Equity	(0.0)	-	(64.0)	(17.0)
Income Tax Paid over Interest on Equity	(5.0)	(3.0)	(13.8)	(4.1)
Net Financial Expenses	(15.0)	(8.6)	(44.1)	(28.0)
Share Buyback	-	-	-	(20.9)
Income Tax (Tax benefit over financial expenses and interest on equity)	18.5	10.4	61.3	26.9
Total Cash Flow	66.7	29.0	13.7	(69.3)

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

** Does not include financing cash flow

INDEBTEDNESS

At the end of the 3Q15, we recorded a net cash position of R\$ 13.7 million, versus a net debt of R\$ 72.2 million recorded in the same period of 2014.

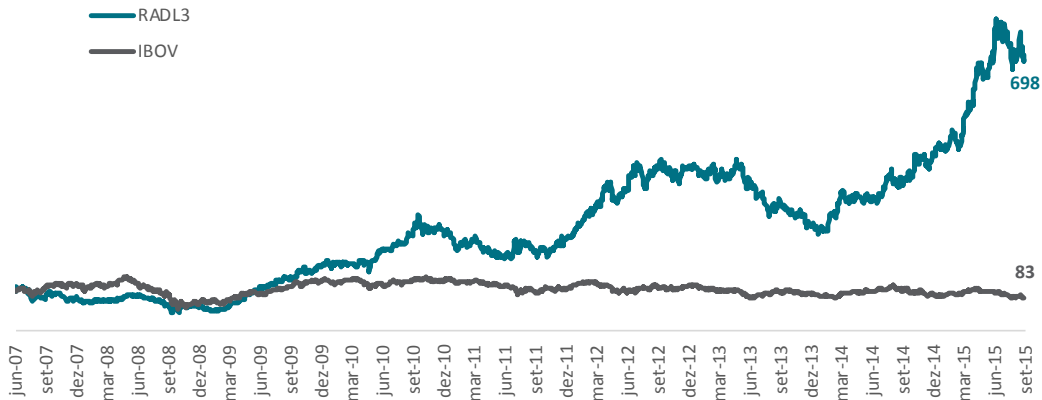
Our gross debt totaled R\$ 255.1 million, of which 100% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines. Of our total debt, 63.0% is long-term, while 37.0% relates to the short-term parcels of our long-term debt. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 268.8 million.

TOTAL SHAREHOLDER RETURN

Our share price appreciated by 54.2% in 2015, 64.1 percentage points above the IBOVESPA, which lost 9.9% in the period.



Share Appreciation



Since the IPO of Drogasil, we achieved a cumulative share appreciation of 598.2% when compared to a negative return of 17.2% of the IBOVESPA over the same period. Including the payment of interest on equity, we generated an average annual total return to shareholders of 27.0%.

Considering the IPO of Raia in December of 2010, the cumulative return in the period amounted to 273.2% when compared to a decrease of 33.7% by the IBOVESPA. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 32.1%.

We recorded an average daily trading volume of R\$ 60.0 million in the quarter.

Finally, on September 4th, 2015, Raia Drogasil was included in the IBOVESPA and in the IBrX-50, the most important stock indices in Brazil, due to our increased stock liquidity.

Adjusted Income Statement

(R\$ thousand)

	3Q14	3Q15	9M14	9M15
Gross Revenues	1,990,328	2,388,153	5,565,813	6,721,763
Taxes, Discounts and Returns	(79,116)	(102,985)	(222,592)	(282,168)
Net Revenues	1,911,212	2,285,168	5,343,221	6,439,595
Cost of Goods Sold	(1,355,766)	(1,595,529)	(3,788,315)	(4,463,585)
Gross Profit	555,446	689,639	1,554,906	1,976,010
Operational (Expenses) Revenues				
Sales	(362,287)	(448,417)	(1,026,746)	(1,251,477)
General and Administrative	(45,967)	(59,972)	(147,253)	(173,741)
Other Operational Expenses, Net				
Operational Expenses	(408,254)	(508,389)	(1,173,999)	(1,425,218)
EBITDA	147,192	181,250	380,907	550,792
Depreciation and Amortization	(48,300)	(57,705)	(135,964)	(166,816)
Operational Earnings before Financial Results	98,892	123,546	244,943	383,976
Financial Expenses	(24,591)	(40,235)	(70,097)	(104,388)
Financial Revenues	15,996	25,222	42,092	60,303
Financial Expenses/Revenues	(8,595)	(15,013)	(28,005)	(44,085)
Earnings before Income Tax and Social Charges	90,297	108,533	216,939	339,891
Income Tax and Social Charges	(9,803)	(13,529)	(21,904)	(44,939)
Net Income	80,494	95,004	195,034	294,952

Income Statement <i>(R\$ thousand)</i>	3Q14	3Q15	9M14	9M15
Gross Revenues	1,990,328	2,388,153	5,565,813	6,721,763
Deductions	(79,116)	(102,985)	(222,592)	(282,168)
Net Revenues	1,911,212	2,285,168	5,343,221	6,439,595
Cost of Goods Sold	(1,355,766)	(1,595,529)	(3,788,315)	(4,463,585)
Gross Profit	555,446	689,639	1,554,906	1,976,010
Operational (Expenses) Revenues				
Sales	(362,287)	(448,417)	(1,026,746)	(1,251,477)
General and Administrative	(45,967)	(59,972)	(147,253)	(173,741)
Other Operational Expenses, Net	(2,754)	0	(5,622)	0
Operational Expenses	(411,007)	(508,389)	(1,179,621)	(1,425,218)
EBITDA	144,439	181,250	375,285	550,792
Depreciation and Amortization	(48,300)	(57,705)	(135,964)	(166,816)
Operational Earnings before Financial Results	96,139	123,546	239,321	383,976
Financial Expenses	(24,591)	(40,235)	(70,097)	(104,388)
Financial Revenues	15,996	25,222	42,092	60,303
Financial Expenses/Revenues	(8,595)	(15,013)	(28,005)	(44,085)
Earnings before Income Tax and Social Charges	87,544	108,533	211,317	339,891
Income Tax and Social Charges	(19,565)	(24,227)	(52,087)	(77,033)
Net Income	67,979	84,306	159,230	262,858



Assets	<u>3Q14</u>	<u>3Q15</u>
<i>(R\$ thousand)</i>		
Current Assets		
Cash and Cash Equivalents	149,768	268,789
Accounts Receivable	445,430	546,711
Inventories	1,264,466	1,463,731
Taxes Receivable	38,060	60,745
Other Accounts Receivable	121,493	111,690
Following Fiscal Year Expenses	<u>10,861</u>	<u>13,103</u>
	<u>2,030,078</u>	<u>2,464,770</u>
Non-Current Assets		
Deposit in Court	12,649	18,670
Taxes Receivable	15,585	19,637
Other Credits	876	1,756
Property, Plant and Equipment	609,690	727,528
Intangible	<u>1,130,070</u>	<u>1,122,782</u>
	<u>1,768,870</u>	<u>1,890,373</u>
ASSETS	<u>3,798,948</u>	<u>4,355,143</u>

Liabilities and Shareholder's Equity

(R\$ thousand)

	<u>3Q14</u>	<u>3Q15</u>
Current		
Suppliers	704,648	939,642
Loans and Financing	98,756	94,375
Salaries and Social Charges Payable	173,499	194,860
Taxes Payable	38,350	47,088
Dividend and Interest on Equity	44,429	92,825
Provision for Lawsuits	5,188	2,996
Other Accounts Payable	<u>77,285</u>	<u>89,669</u>
	<u>1,142,154</u>	<u>1,461,456</u>
Non-Current Assets		
Loans and Financing	123,243	160,749
Provision for Lawsuits	8,943	4,542
Income Tax and Social Charges deferred	115,159	149,314
Other Accounts Payable	<u>3,294</u>	<u>4,280</u>
	<u>250,640</u>	<u>318,885</u>
Shareholder's Equity		
Common Stock	908,639	908,639
Capital Reserves	1,019,037	1,022,266
Revaluation Reserve	12,802	12,616
Income Reserves	357,169	475,420
Accrued Income	<u>108,507</u>	<u>155,861</u>
	<u>2,406,154</u>	<u>2,574,802</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>3,798,948</u>	<u>4,355,143</u>



	3Q14	3Q15	9M14	9M15
Cash Flow				
Earnings before Income Tax and Social Charges	87,544	108,532	211,317	339,891
Adjustments				
Depreciation and Amortization	48,300	57,705	135,964	166,816
Compensation plan with restricted shares	0	1,096	0	2,475
P,P&E and Intangible Assets residual value	259	1,328	684	3,009
Provisioned Lawsuits	(845)	262	2,222	(1,888)
Provisioned Inventories Loss	2,441	(4,354)	5,004	(2,745)
Allowance for Doubtful Accounts	(1,502)	113	(762)	590
Provisioned Store Closures	0	1,457	3,081	144
Interest Expenses	5,670	7,767	18,035	22,541
	141,867	173,906	375,545	530,833
Assets and Liabilities variation				
Accounts Receivable	(30,145)	(24,732)	(83,951)	(85,274)
Inventories	(95,361)	(81,986)	(136,848)	(120,787)
Other Short Term Assets	(5,688)	(10,695)	724	(29,040)
Long Term Assets	(2,231)	(3,111)	(5,757)	(7,398)
Suppliers	75,792	121,294	28,224	64,358
Salaries and Social Charges	20,710	18,627	57,147	53,311
Taxes Payable	2,655	9,147	(29,589)	(2,884)
Other Liabilities	4,091	(5,708)	(2,431)	(3,702)
Rent Payable	8,141	3,136	9,804	6,118
Cash from Operations	119,831	199,878	212,868	405,535
Income Tax and Social Charges Paid	(20,531)	(26,925)	(38,866)	(61,096)
Net Cash from (invested) Operational Activities	99,300	172,953	174,002	344,439
Investment Activities Cash Flow				
P,P&E and Intangible Acquisitions	(64,594)	(98,533)	(188,164)	(245,117)
P,P&E Sale Payments	0	0	793	911
Net Cash from Investment Activities	(64,594)	(98,533)	(187,371)	(244,206)
Financing Activities Cash Flow				
Funding	0	13,415	37,703	41,833
Payments	(23,921)	(24,278)	(63,455)	(74,571)
Interest Paid	(4,525)	(5,692)	(15,112)	(15,917)
Share Buyback	0	0	(20,898)	0
Interest on Equity and Dividends Paid	0	(3)	(16,986)	(63,978)
Net Cash from Funding Activities	(28,446)	(16,558)	(78,748)	(112,633)
Cash and Cash Equivalents net increase	6,260	57,862	(92,117)	(12,400)
Cash and Cash Equivalents in the beginning of the period	143,508	210,927	241,885	281,189
Cash and Cash Equivalents in the end of the period	149,768	268,789	149,768	268,789



3Q15 Results Conference Calls – October 30th, 2015

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):
+55 (11) 2188-0400

Live broadcast through the internet at: www.raiadrogasil.com.br/ir

For more information, please contact our Investor Relations department.

E-mail: ri@raiadrogasil.com.br