Earnings Presentation – 1Q13

May 10th, 2013

RaiaDrogasil

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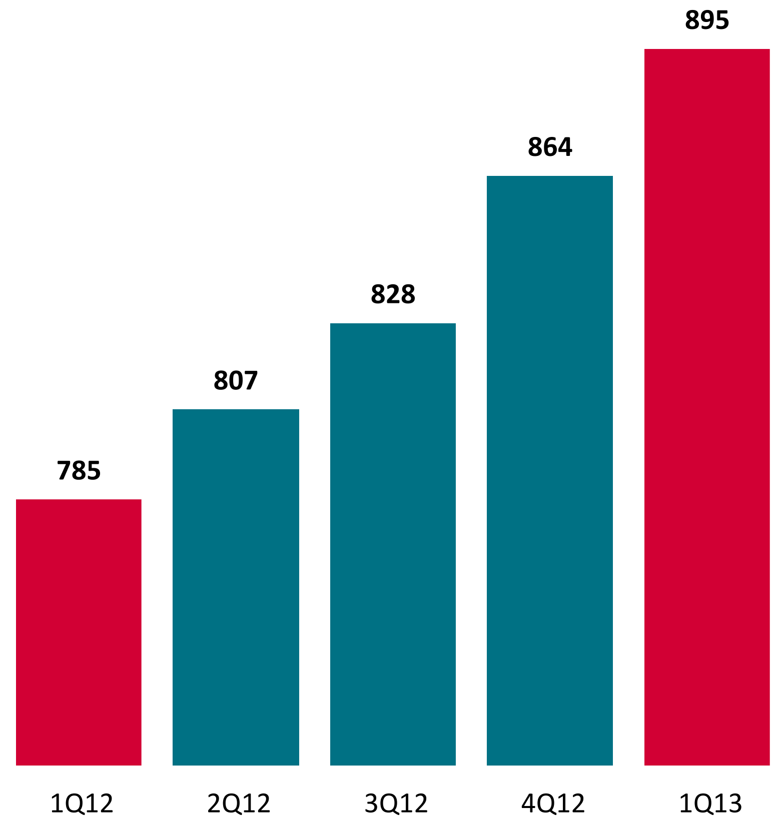
Highlights

- **Drugstores:** 895 stores in operation and 36 openings (record for a 1st quarter)
- **Gross Revenues:** R$ 1.4 billion, 11.8% of growth (5.2% for same-store sales)
- **Gross Margin:** 26.6% of gross revenues, a 1.2 percentage point margin increase
- **Adjusted EBITDA:** R$ 66.2 million, an increase of 7.8%
- **Adjusted EBITDA Margin:** 4.6%, a 0.2 percentage point decrease
- **Adjusted Net Income:** R$ 26.5 million, 1.8% of net margin

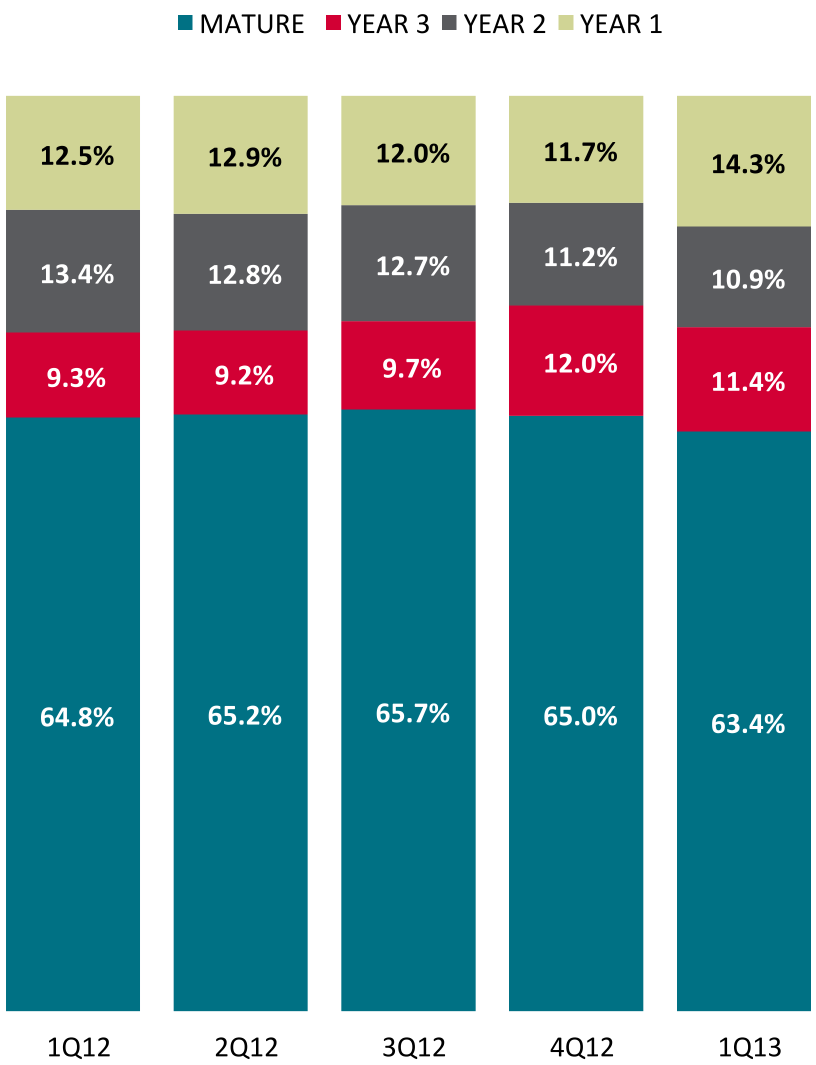
We opened 36 new stores, closed 4 and temporarily suspended one for rebranding. This is our greenest store portfolio since the 2Q11, with 36.6% of immature stores

Store Count

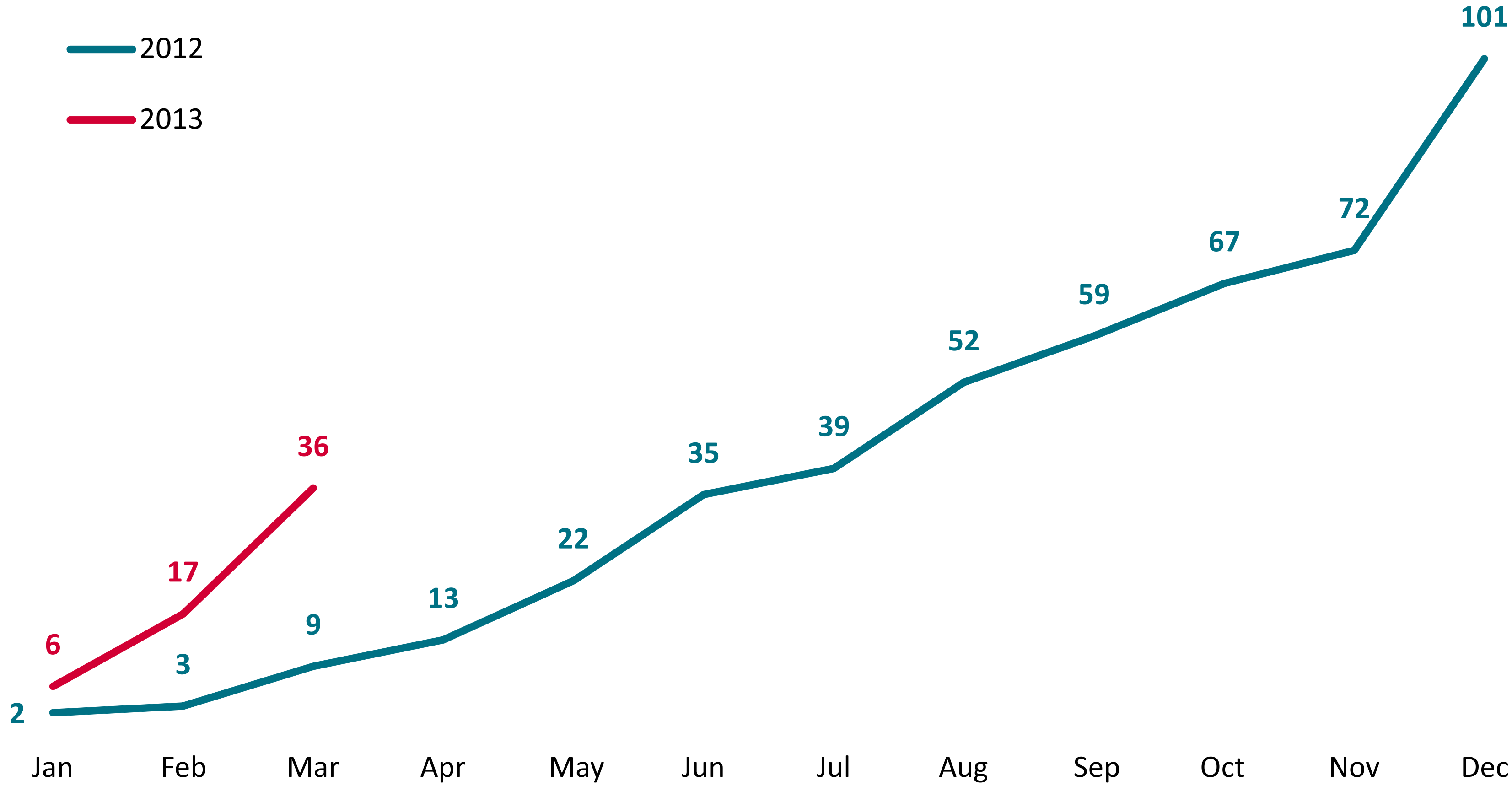


	1Q12	2Q12	3Q12	4Q12	1Q13
Opened	9	26	24	42	36
Closed	0	4	3	6	4
Suspended	0	0	0	0	1

Age Structure of Store Portfolio

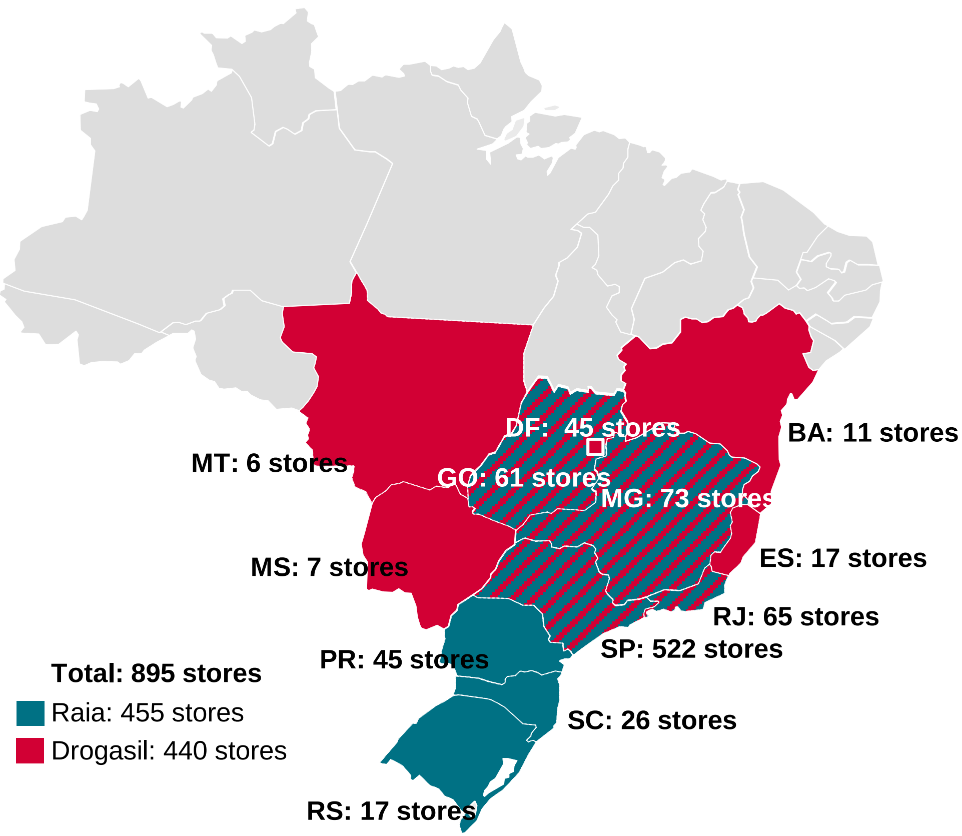


We opened 78 stores in the last 6 months and 65 stores in the last 4 months. We are fully on track to fulfill our guidance of 130 new gross openings in 2013

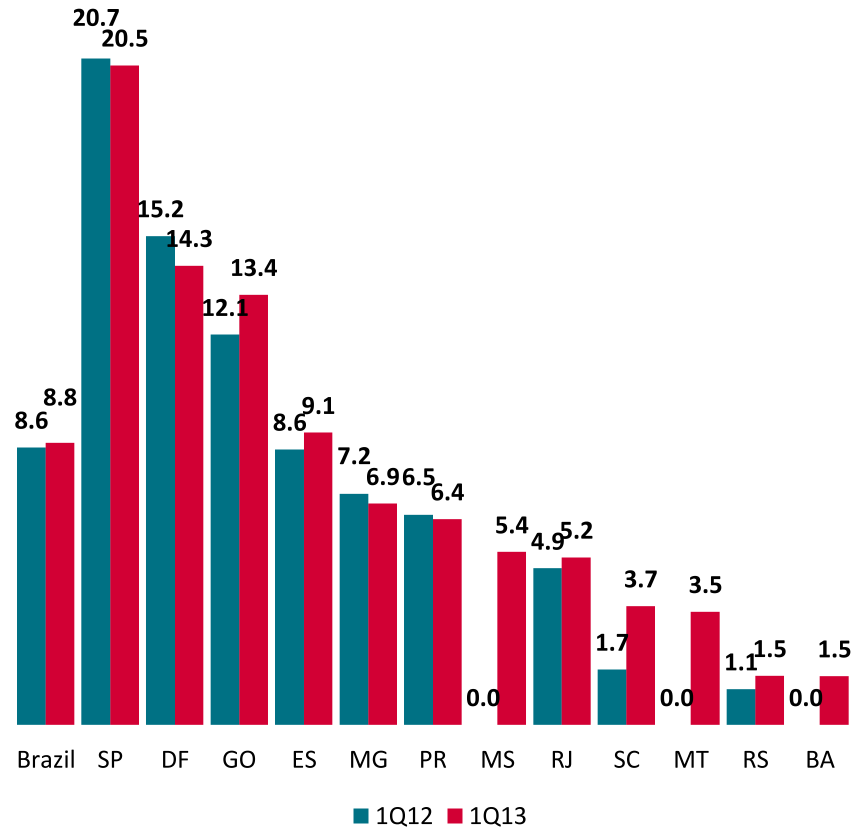


Our market share grew by 20 basis points, and the highlights were ES, RJ, SC, the new markets and GO, where we opened 23 acquired stores, including 11 as Droga Raia

Geographic Presence



Market Share (March '13)



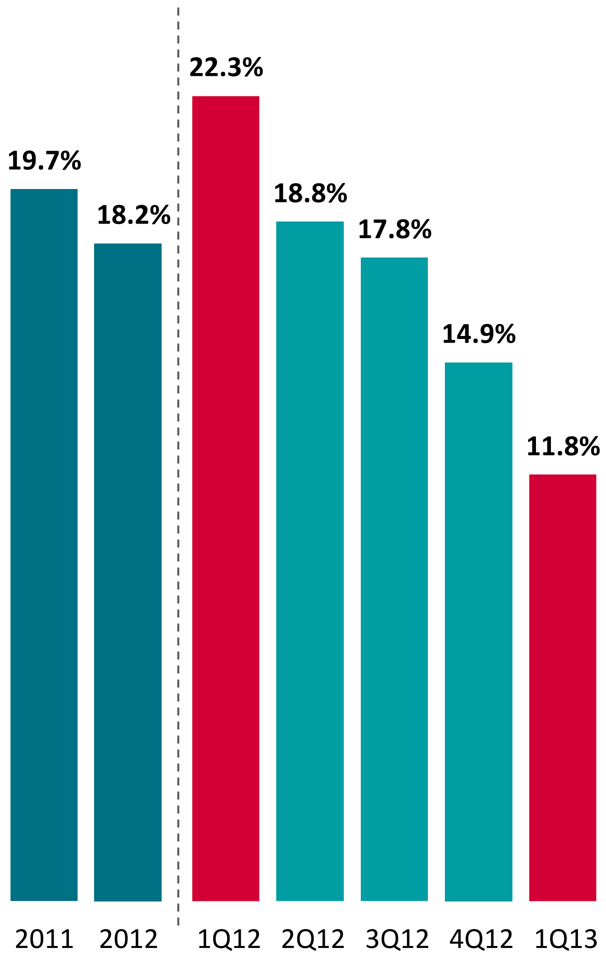
PHARMACEUTICAL MARKET DISTRIBUTION BY STATE (LAST 12 MONTHS)

Brazil	SP	DF	GO	ES	MG	PR	MS	RJ	SC	MT	RS	BA
100.0%	27.5%	2.7%	3.5%	2.0%	10.4%	6.0%	1.1%	13.0%	3.8%	1.1%	7.3%	4.6%

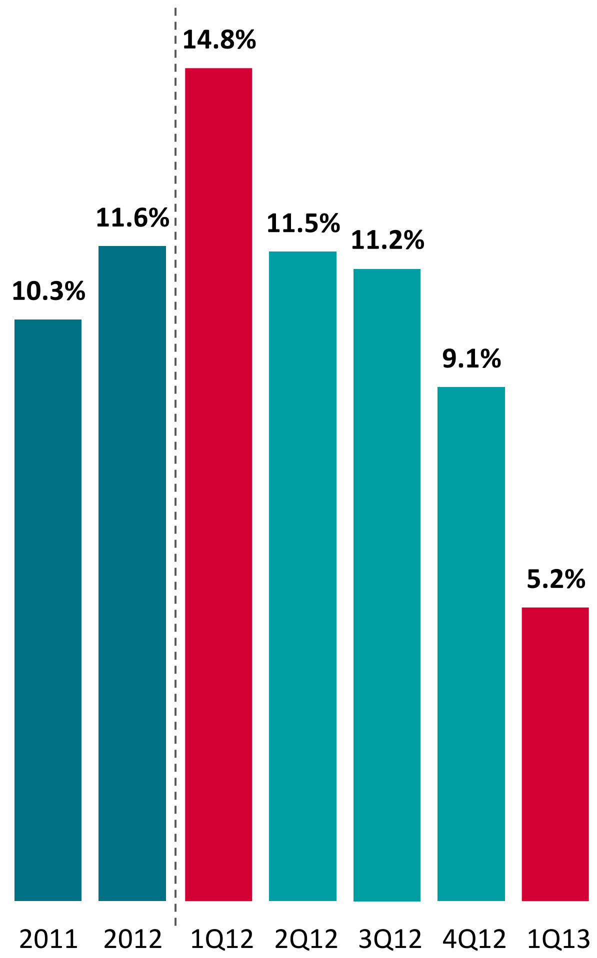
Source: IMS Health

Same store sales grew by 5.2%, while mature stores grew by 2.2%. A negative calendar effect penalized our revenue growth by 2.1 percentage points in the quarter

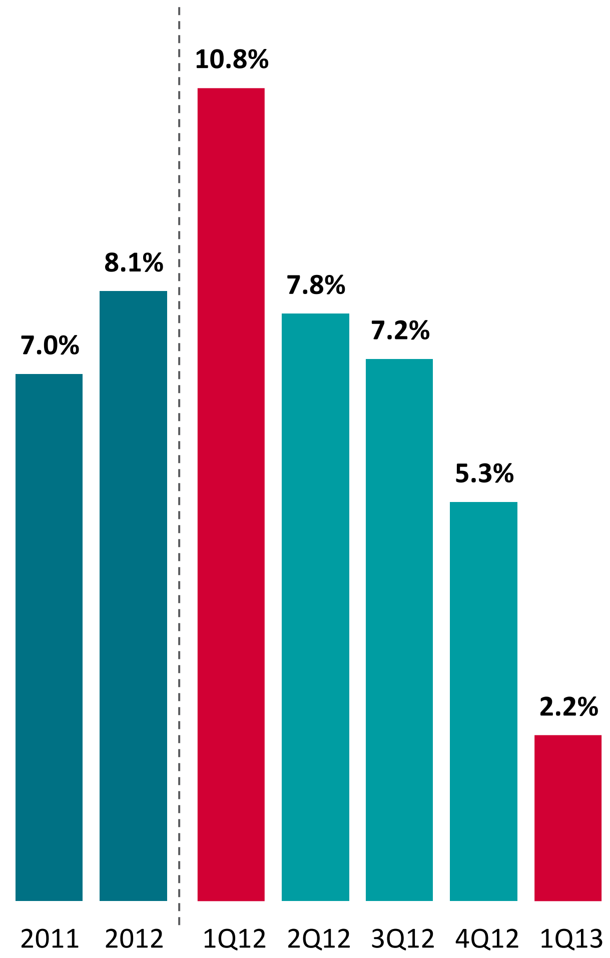
Growth – Total Sales



Growth – Same Store Sales



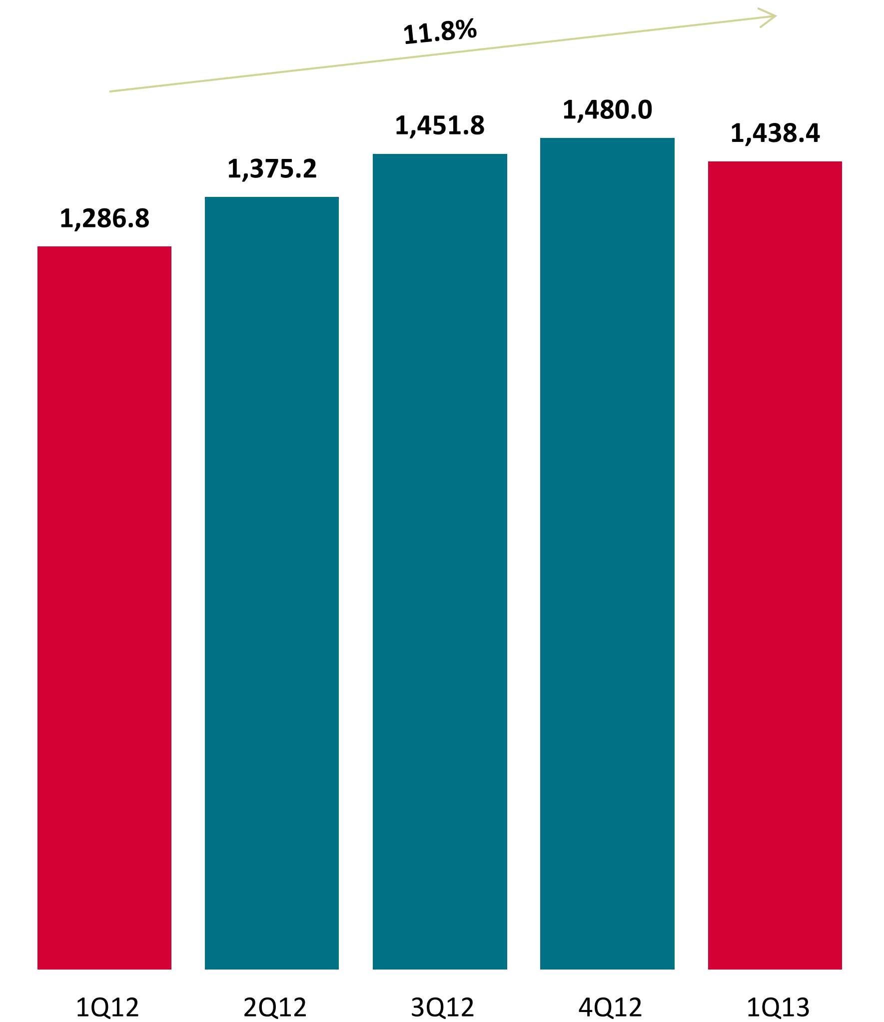
Growth – Mature Stores



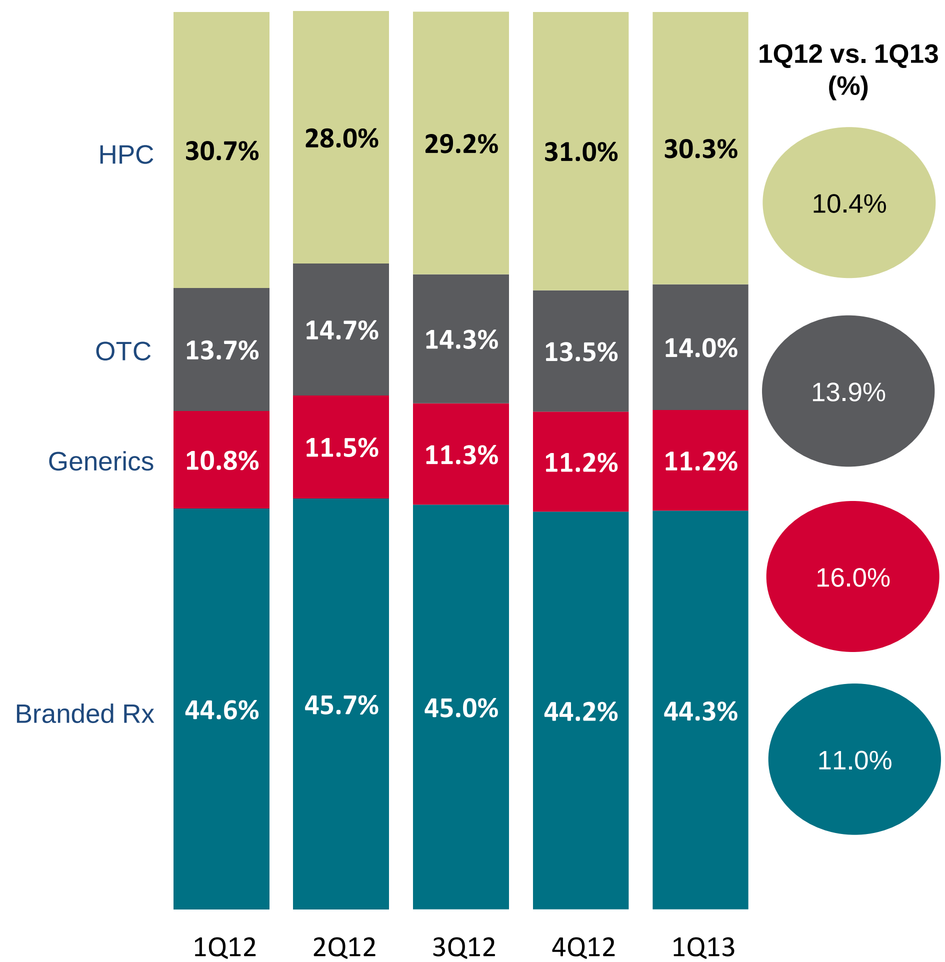
Generics and OTC have been the highlights of the quarter. Generics share in the sales mix expanded to 11.2% while OTC grew its participation in the mix to 14.0%

Gross Revenues

(R$ million)



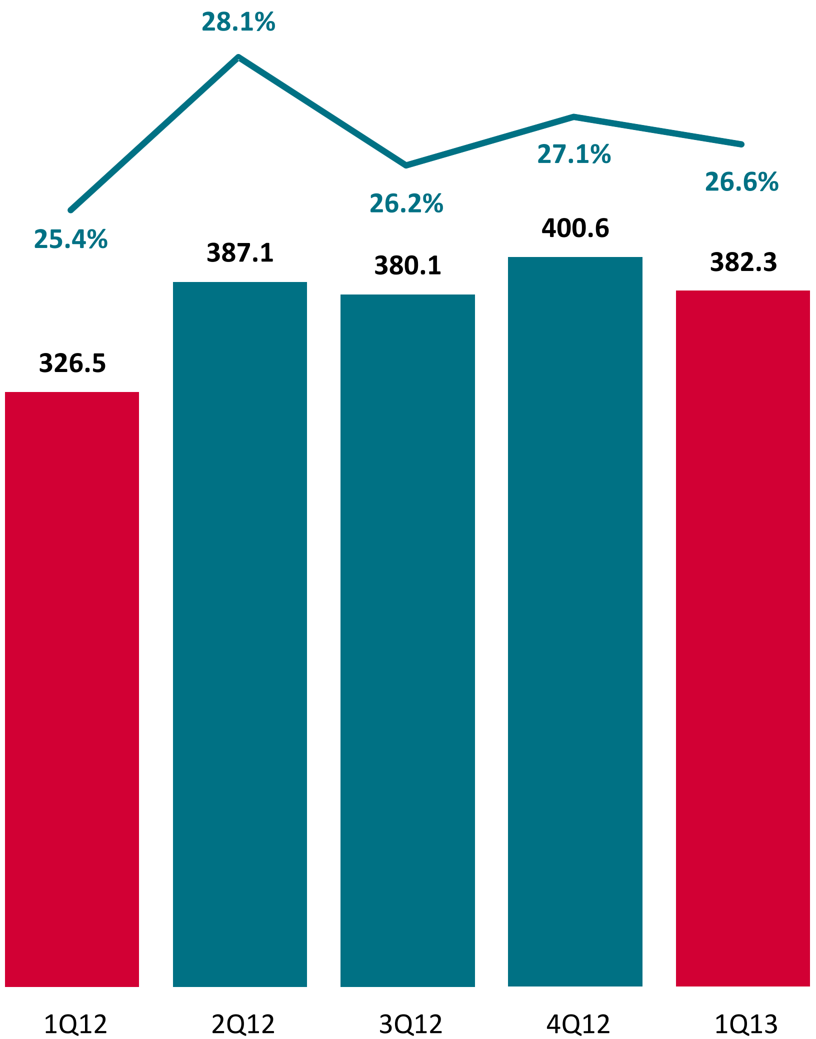
Sales Mix



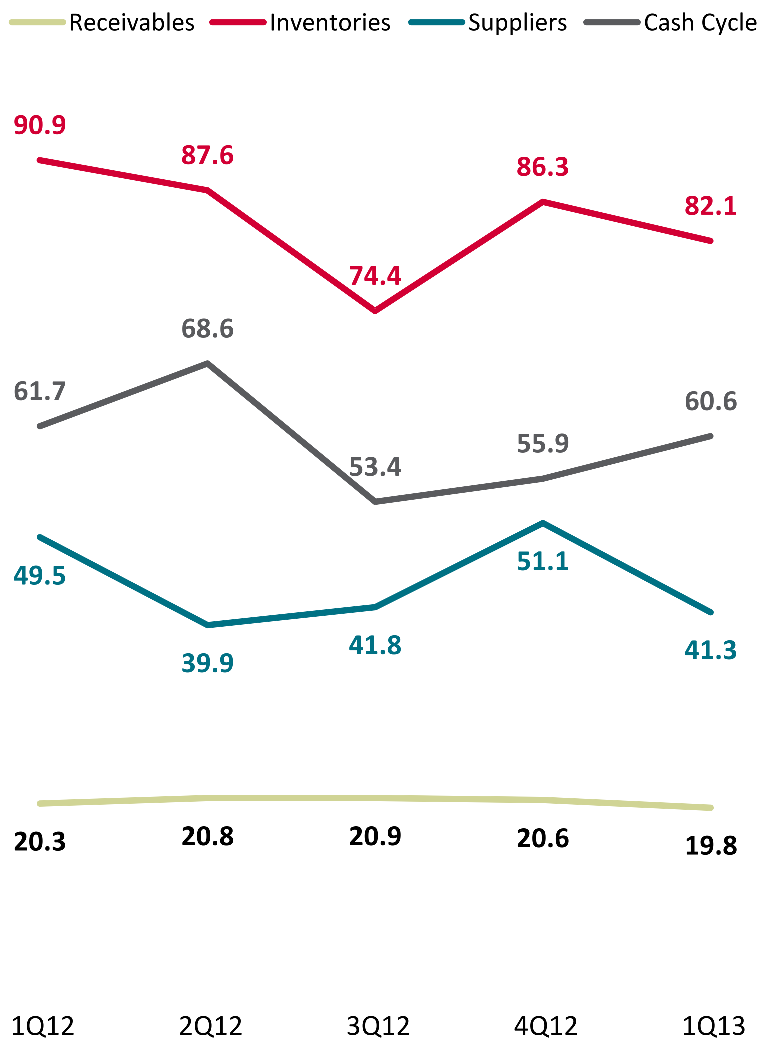
Gross margin was negatively affected by an increase in inventory losses (0.3 p.p.) and by the tax burden increase (0.4 p.p.). Cash cycle was reduced by 1.1 day in the quarter

Adjusted Gross Profit*

(R$ million, % of Gross Revenues)



Cash Cycle



* Excludes R$ 1.4 million of non-recurring expenses recorded in the 1Q13 and R$ 1.6 million in the 1Q12.

Sales expenses increased by 1.5 percentage point due to structural personnel and rental pressures and to transitory logistics and store opening pressures

Sales Expenses

(% of Gross Revenues)

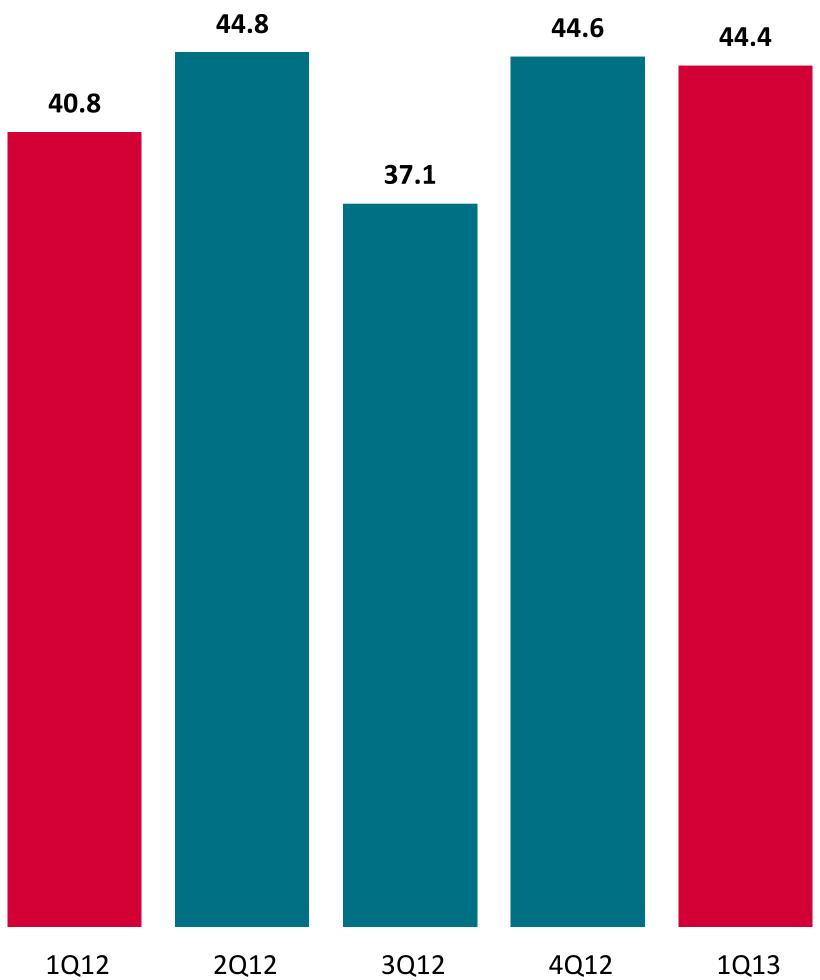
	1Q13
Personnel	0.4
Rental	0.3
Logistics	0.3
Store Openings	0.4
Other	0.1
Total	**1.5**

* Excludes R$ 5.1 million of non-recurring gain recorded in the 1Q13 and R$ 0.7 million of non recurring expenses in the 1Q12

G&A expenses have remained flat and been diluted since 2012, due to the unification of top and middle management and to a limitation in new admissions

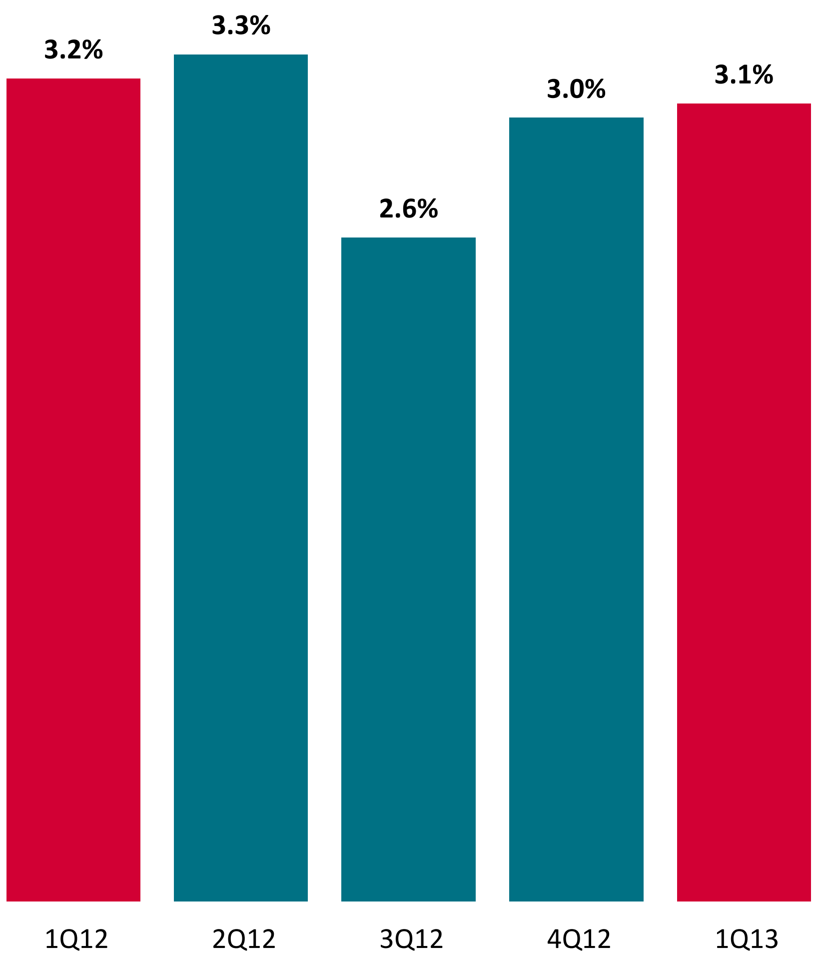
General & Administrative Expenses

(R$ million)



General & Administrative Expenses

(% of Gross Revenues)

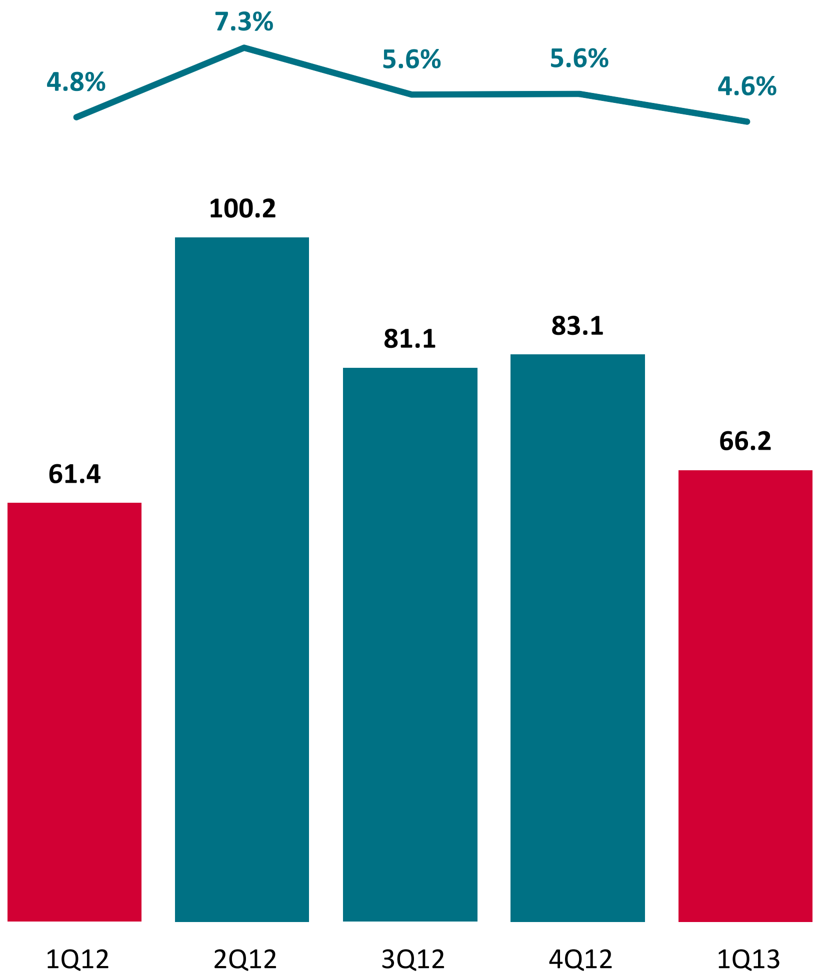


* Excludes R$ 9.4 million of non-recurring expenses recorded in the 1Q13 and R$ 7.3 million in the 1Q12.

We reached an EBITDA of R$ 66.2 million, a margin of 4.6%, affected by the higher tax burden (0.4), by the peak in new openings (0.4) and by the unfavorable calendar (0.4)

Adjusted EBITDA

(R$ million, % of Gross Revenues)



864 stores operating at 4Q12:
(performance in 2013)

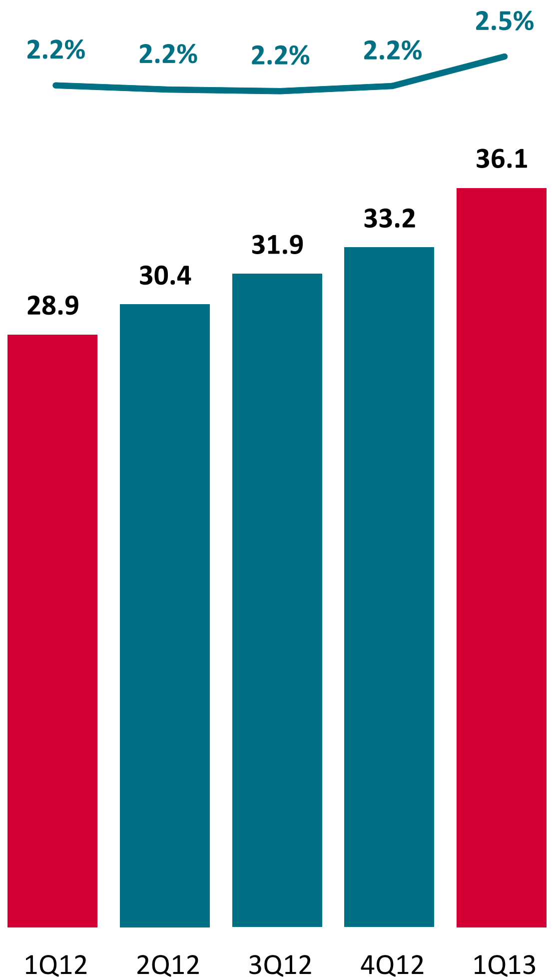
- R$ 1.4 billion of Gross Revenues
- R$ 73.2 million of EBITDA
- EBITDA margin of 5.1%

* Excludes R$ 5.7 million of non-recurring expenses in the 1Q13 and R$ 8.2 million in the 1Q12.

The tax shield from goodwill amortization allowed us to offset a lower EBITDA margin (0.2) and the increase in depreciation (0.3) and in financial expenses (0.4) ...

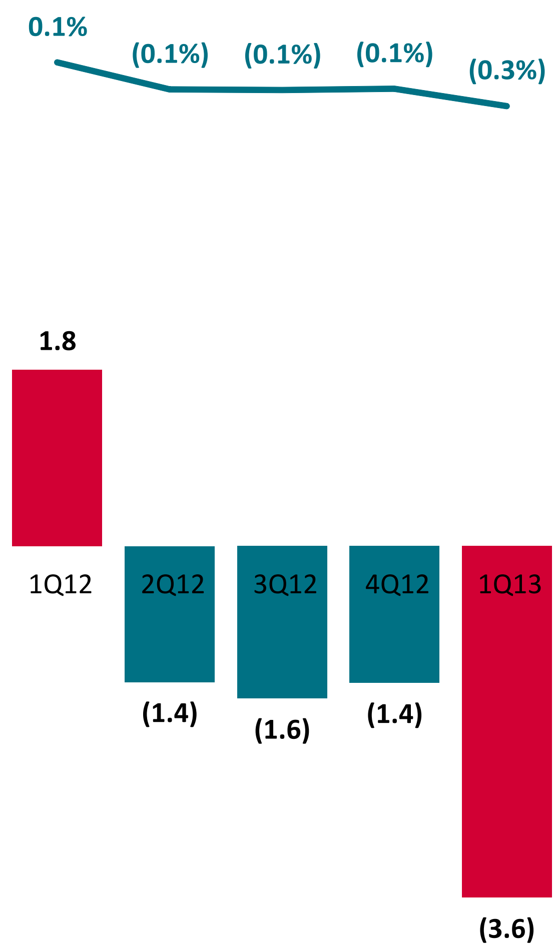
Depreciation

(R$ million, % of Gross Revenues)



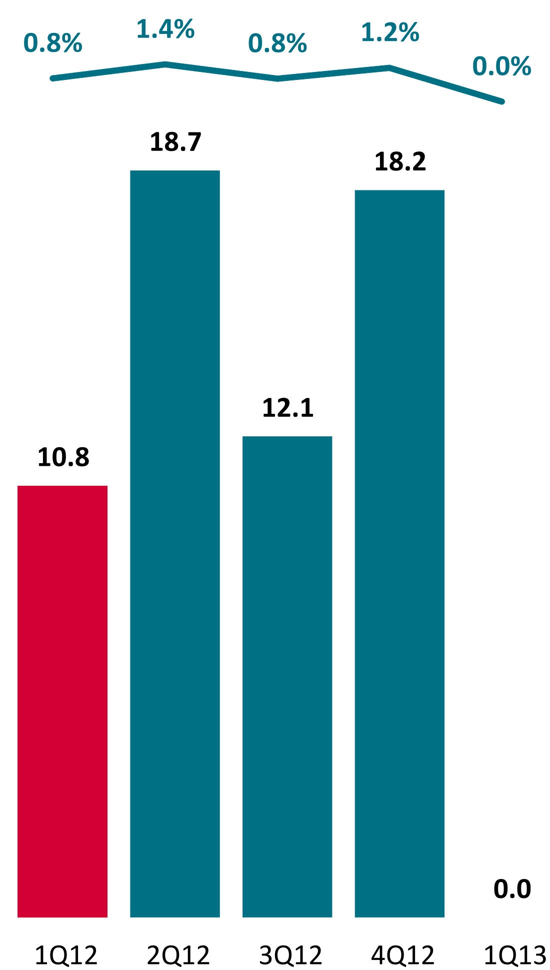
Net Financial Income/(Expenses)

(R$ million, % of Gross Revenues)

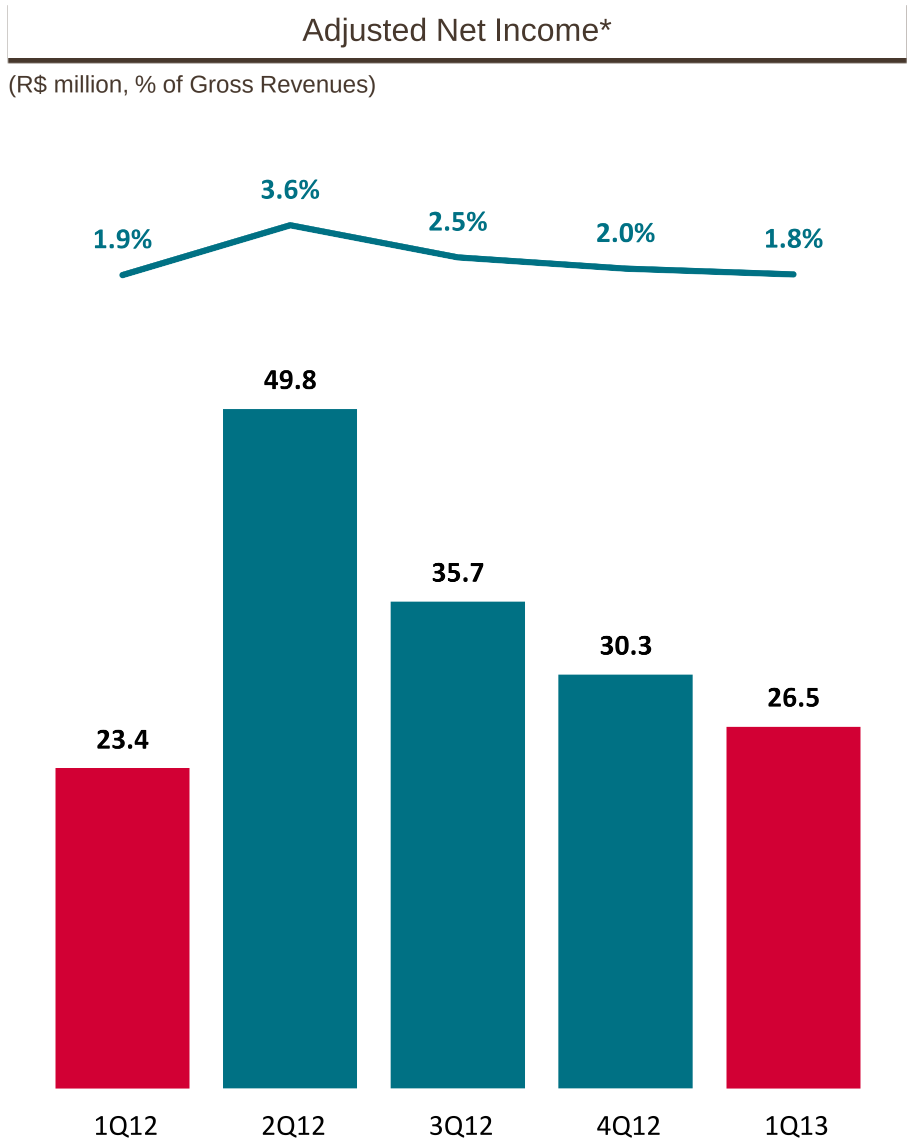


Taxes Accrued

(R$ million, % of Gross Revenues)



... As well as to maintain a constant net margin of 1.8% in the 1Q13



* Excludes R$ 12.2 million of non-recurring expenses incurred in the 1Q13 and R$ 5.4 million in the 1Q12.

Net non-recurring operating expenses amounted to R$ 5.7 million and generated a tax shield of R$ 1.9 million in the quarter

Adjustments *(R$ million)*	Gross Profit	SG&A	EBITDA	Income Tax	Net Profit
Integration Expenses		**(10.2)**	**(10.2)**	**3.5**	**(6.7)**
Consulting		(0.8)	(0.8)	0.3	(0.5)
Legal and Accounting		(1.6)	(1.6)	0.6	(1.1)
Farmácia Popular Program		(5.5)	(5.5)	1.9	(3.7)
Store/Raia Office Closures		(2.2)	(2.2)	0.8	(1.5)
Income/(Expenses) from Previous Years	**(1.4)**	**5.9**	**4.5**	**(1.5)**	**2.9**
Reversion in Payroll Taxes Provision		5.9	5.9	(2.0)	3.9
Inventory Losses	(1.4)		(1.4)	0.5	(0.9)
Total	**(1.4)**	**(4.3)**	**(5.7)**	**1.9**	**(3.8)**

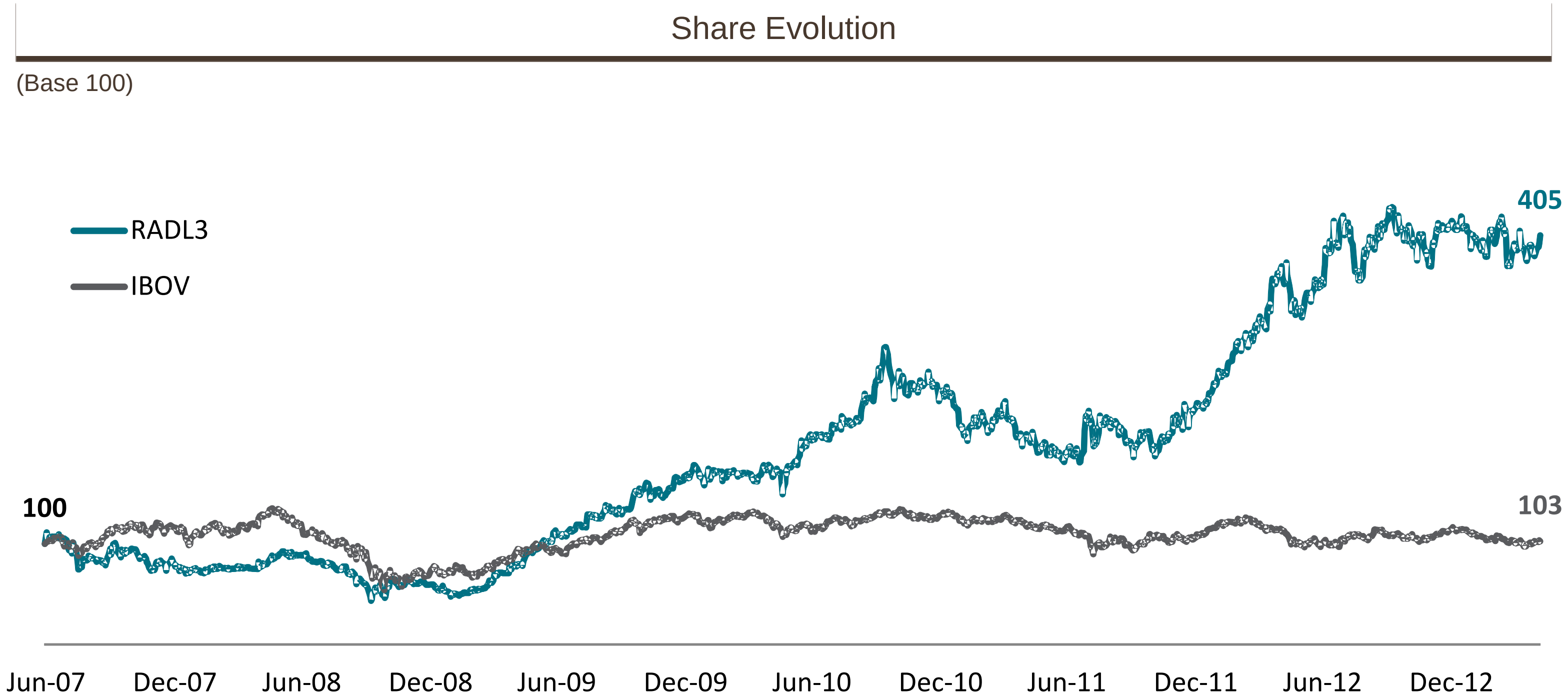
We recorded a cash consumption of R$ 49.7 million, versus R$ 164.9 million in the 1Q12. The stability in cash cycle led to a neutral cash flow before investments

Cash Flow	**1Q13**	**1Q12**
(R$ million)		
EBT	**20.8**	**26.0**
(-) Income Tax	(11.3)	(2.6)
(+) Goodwill Cash Effect	3.6	-
(+) Depreciation	36.1	28.9
(-) Other Adjustments	4.8	1.6
Resources from Operations	**53.9**	**53.9**
Cash Cycle*	(55.4)	(149.2)
ICMS Recovery	18.5	-
Others	(14.8)	(31.1)
Cash Flow Before Investments	**2.2**	**(126.3)**
Investments	**(51.9)**	**(38.5)**
Total Cash Flow	**(49.7)**	**(164.9)**

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

** Does not include financing cash flow

Share price is down by 1.6% in the year, less than the IBOVESPA. We generated an average annual return of 27.0% since the Drogasil IPO and of 38.2% since the Raia IPO



Number of Shares (thousand)	330,386
Stock Quote - May 8th (R$)	22.70
Market Cap (R$ billion)	7.5
Average Trading Volume 1Q13 (R$ million)	26.0