Earnings Presentation – 1Q12

May 11th, 2012

RaiaDrogasil

Disclaimer

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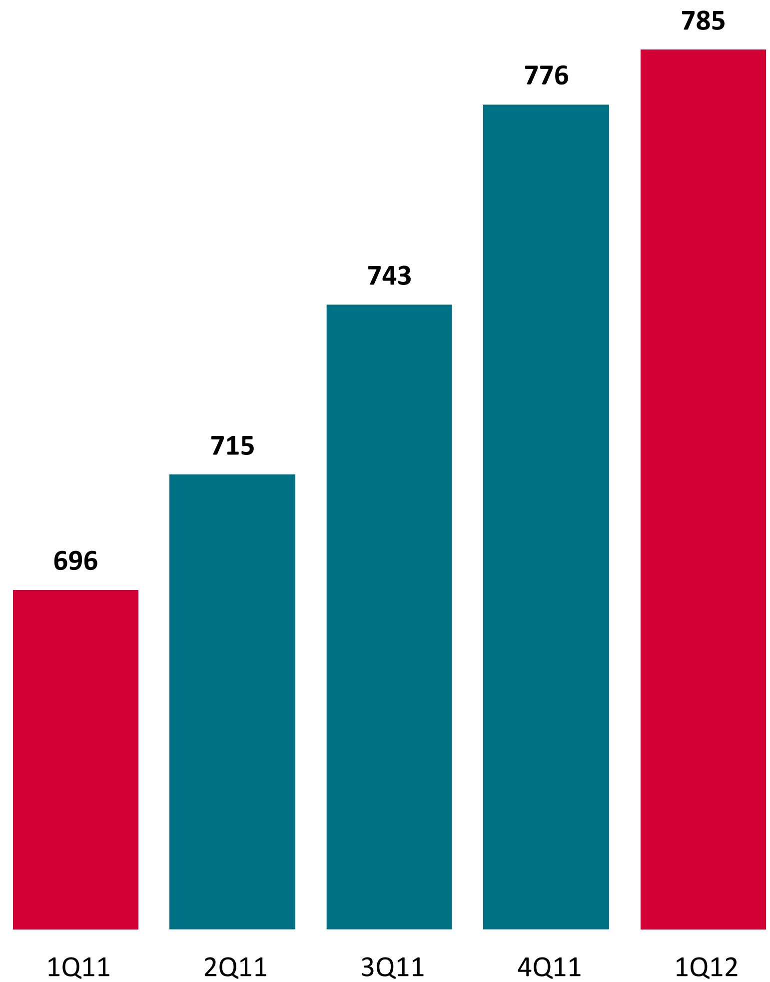
Highlights (Adjusted Figures)

- **Drugstores:** 785 stores in operation (9 new store openings)
- **Gross Revenues:** R$ 1,286 million, 22.4% of growth (14.8% for same-stores sales)
- **Gross Margin:** 25.4% of gross revenues, a 1.2 percentage point margin expansion
- **EBITDA:** R$ 61.4 million, an increase of 37.5%
- **EBITDA Margin:** 4.8%, a 0.6 percentage point margin expansion
- **Net Income:** R$ 27.5 million, 2.1% of net margin

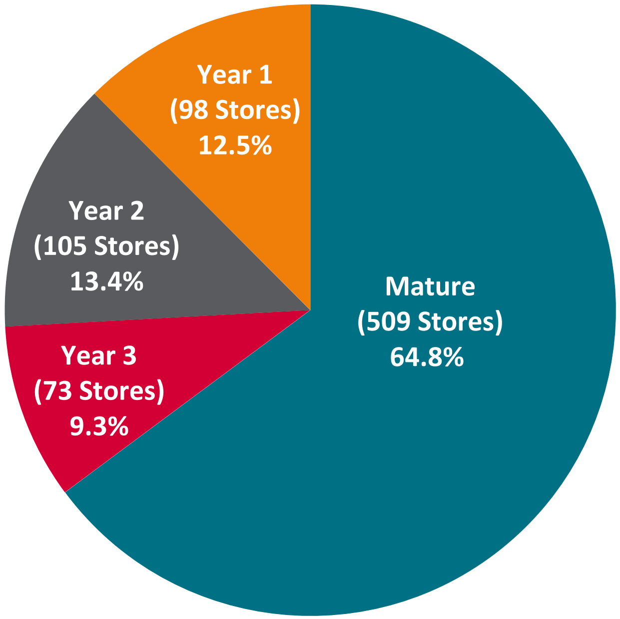
We opened 9 stores, reaching a total of 785 stores in operation, with 35% still under maturation.

Store Count



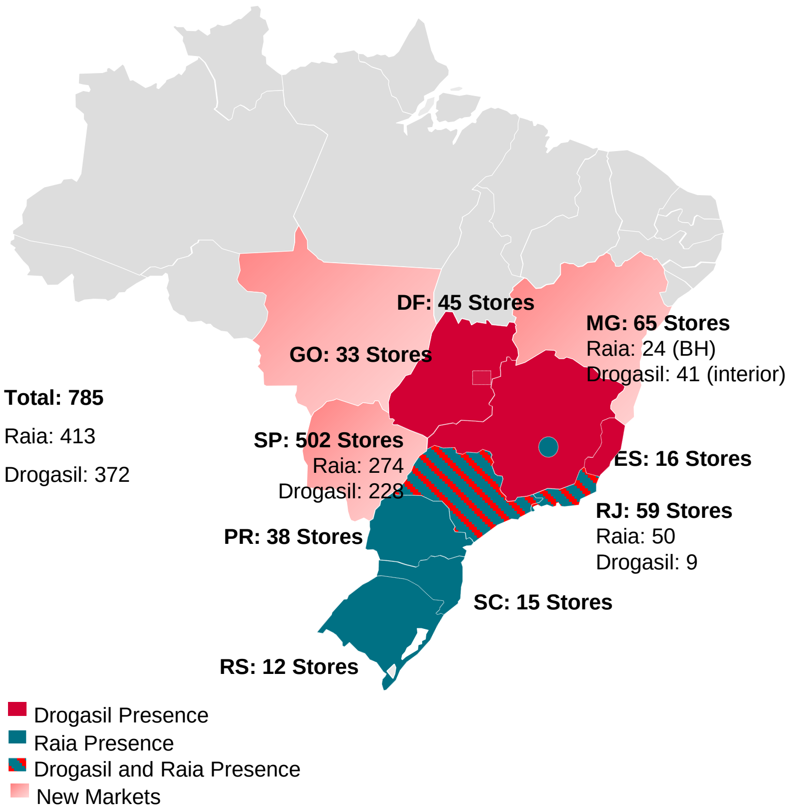
	1Q11	2Q11	3Q11	4Q11	1Q12
Opened	8	20	31	40	9
Closed	0	1	3	7	0

Age Structure of Store Portfolio
(store count, % of existing stores)

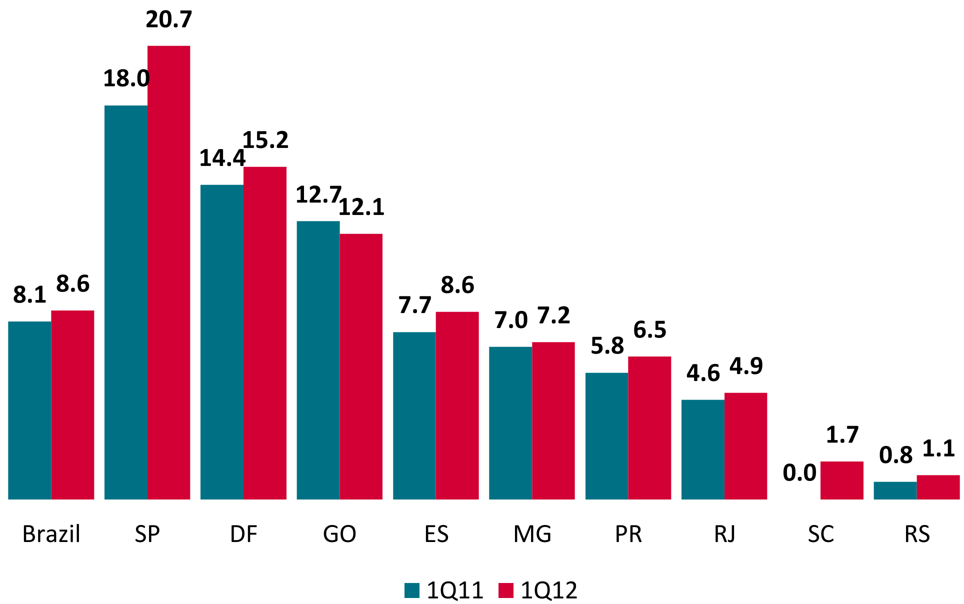


Our national market share increased by 0.5 percentage point. Main highlight was São Paulo (+ 2.7 percentage points), due to our improvement in execution and to our successful expansion.

Geographic Presence



Market Share (March/12)

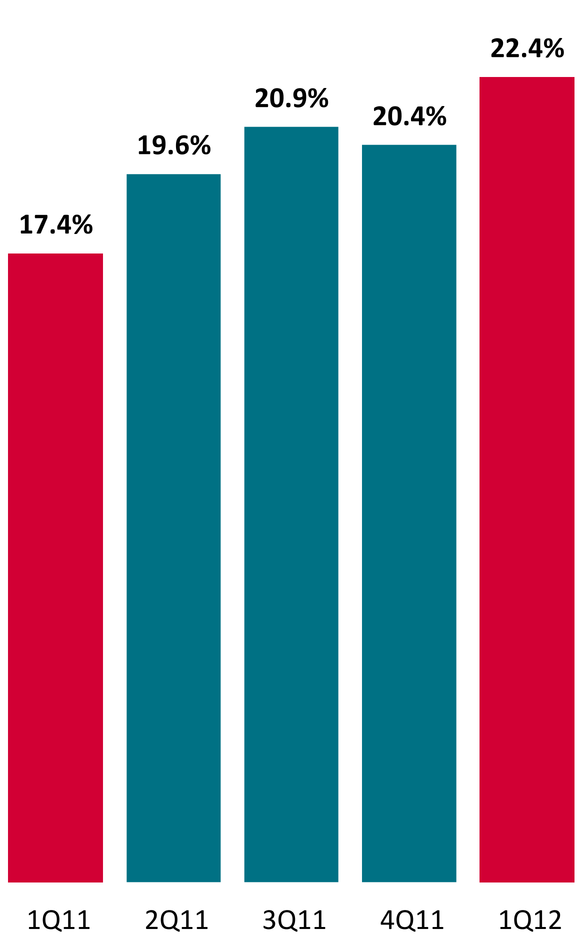


PHARMACEUTICAL MARKET DISTRIBUTION BY STATE

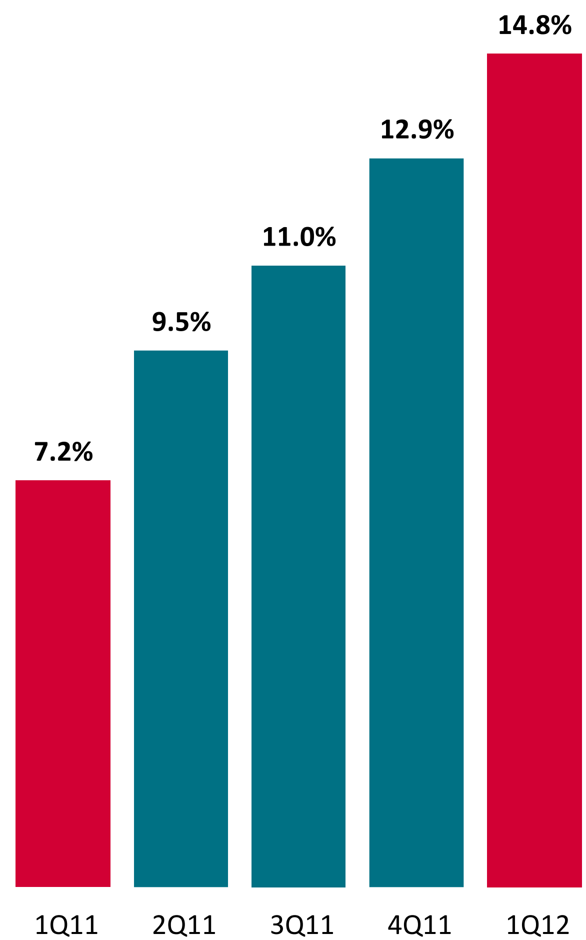
Brazil	SP	DF	GO	ES	MG	PR	RJ	RS	SC
100.0%	26.0%	2.3%	3.2%	2.0%	10.5%	5.7%	13.0%	7.8%	3.9%

Revenues increased by 22.4% in the quarter, with 14.8% for same-store sales and 10.8% for mature stores. Leap year imparted a positive effect of 1.2%.

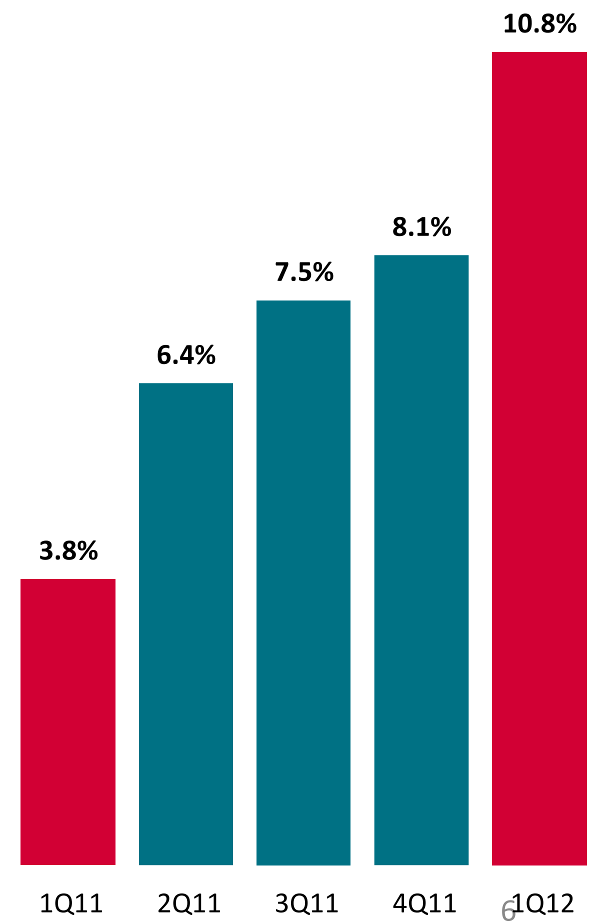
Growth – Total Sales



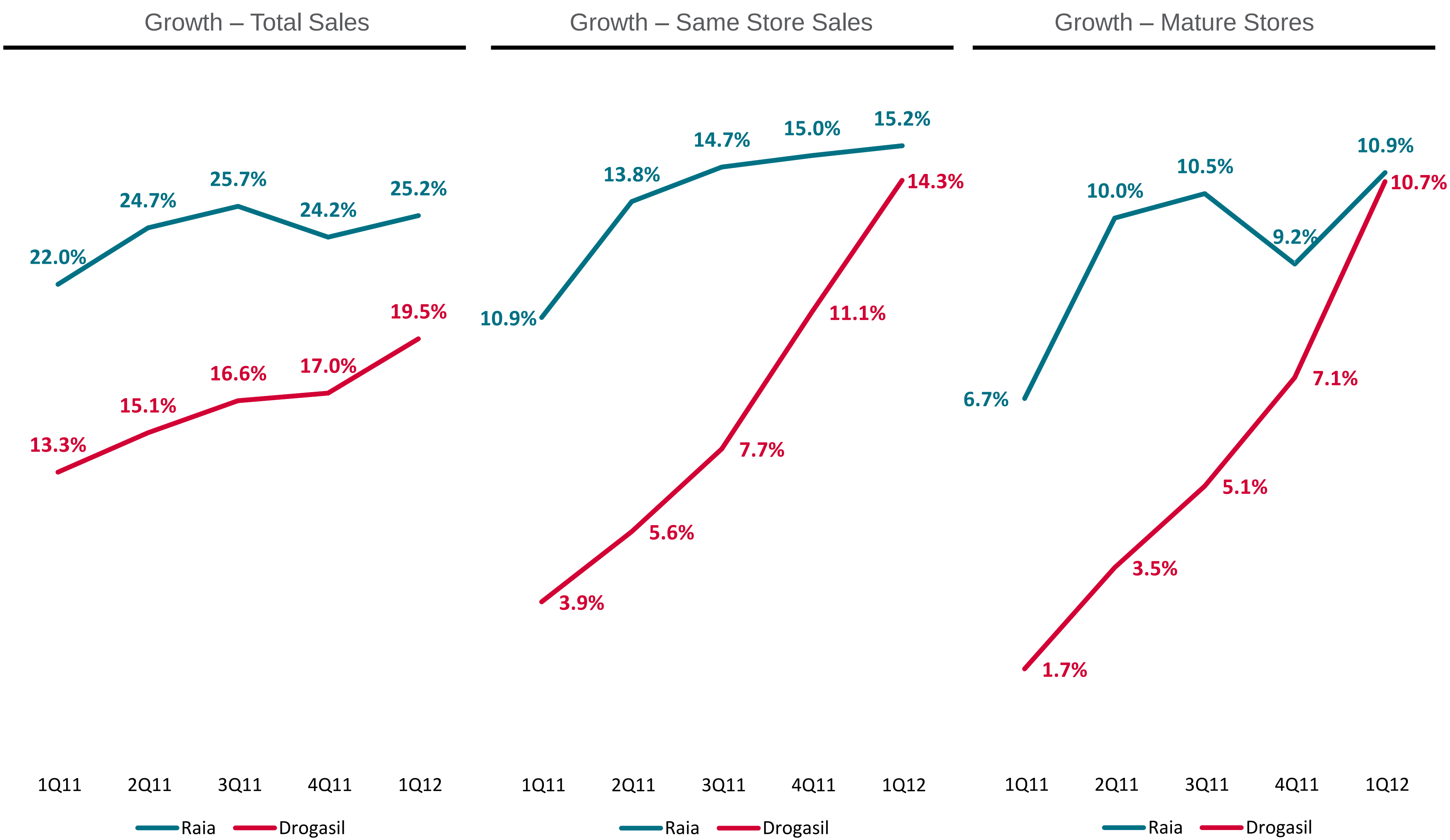
Growth – Same Store Sales



Growth – Mature Stores

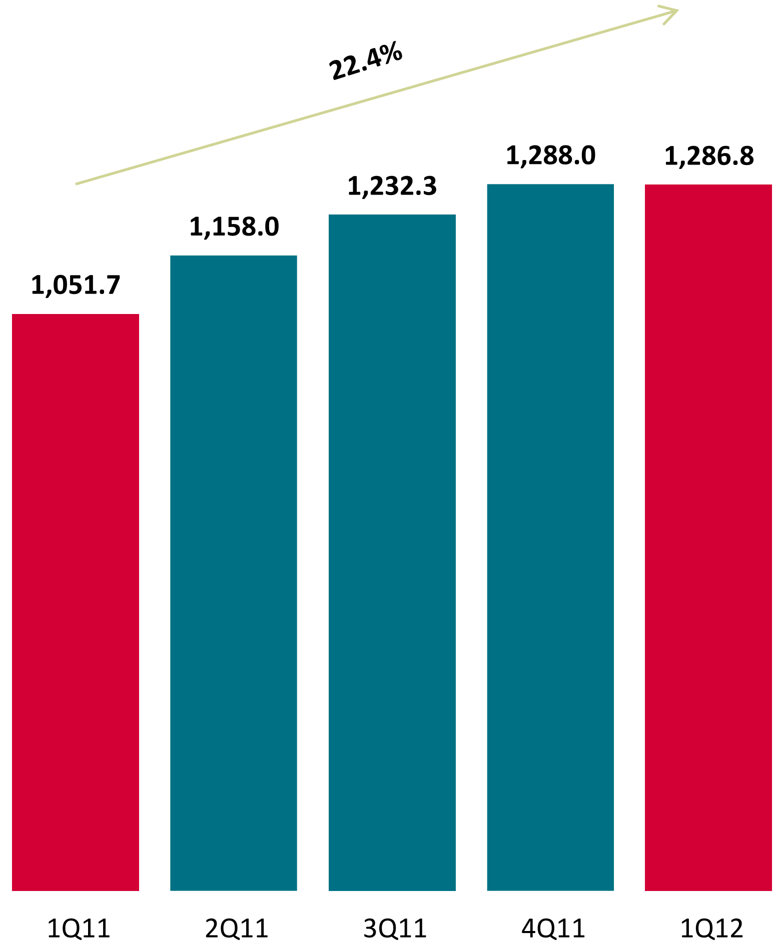


Mature store growth converged, as Raia sustained its growth pace over a tougher comp base and leveraged its maturation momentum, while Drogasil catched-up over an easier comp base.

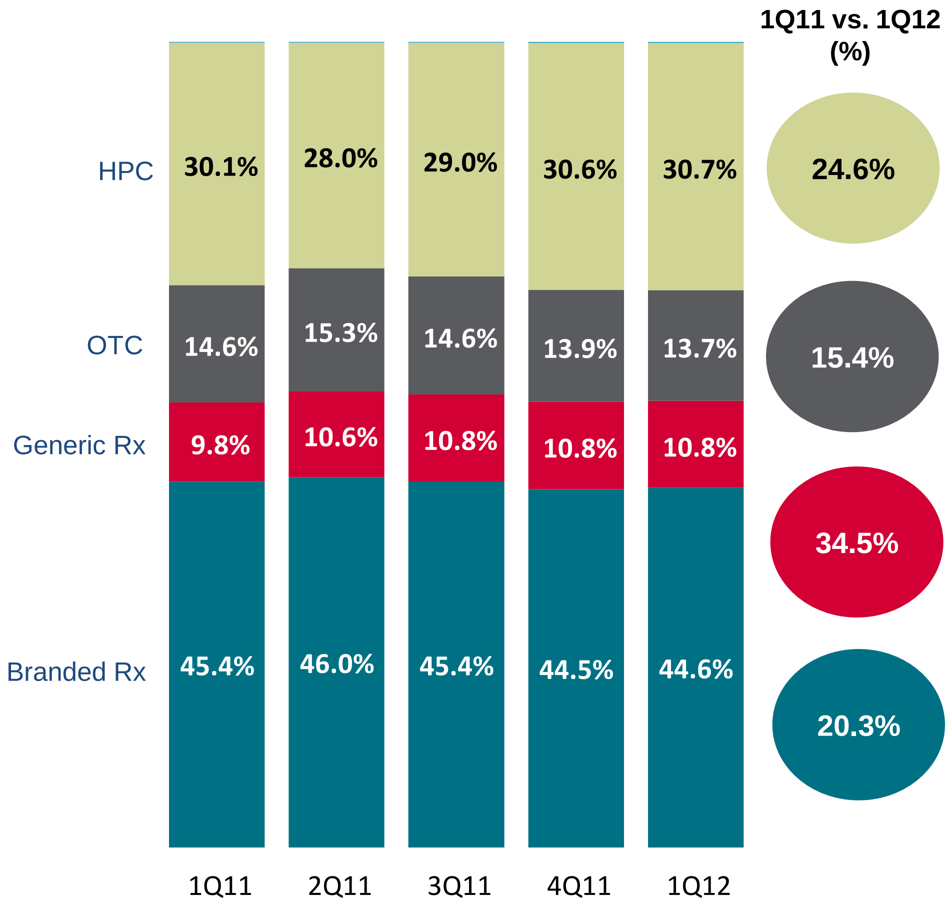


High growth in Generics (34.5%) and in HPC (24.6%). Generics sustained the 4Q11 level while HPC increased in the mix, in spite of the favorable seasonality of the fourth quarter.

Gross Revenues
(R$ million)

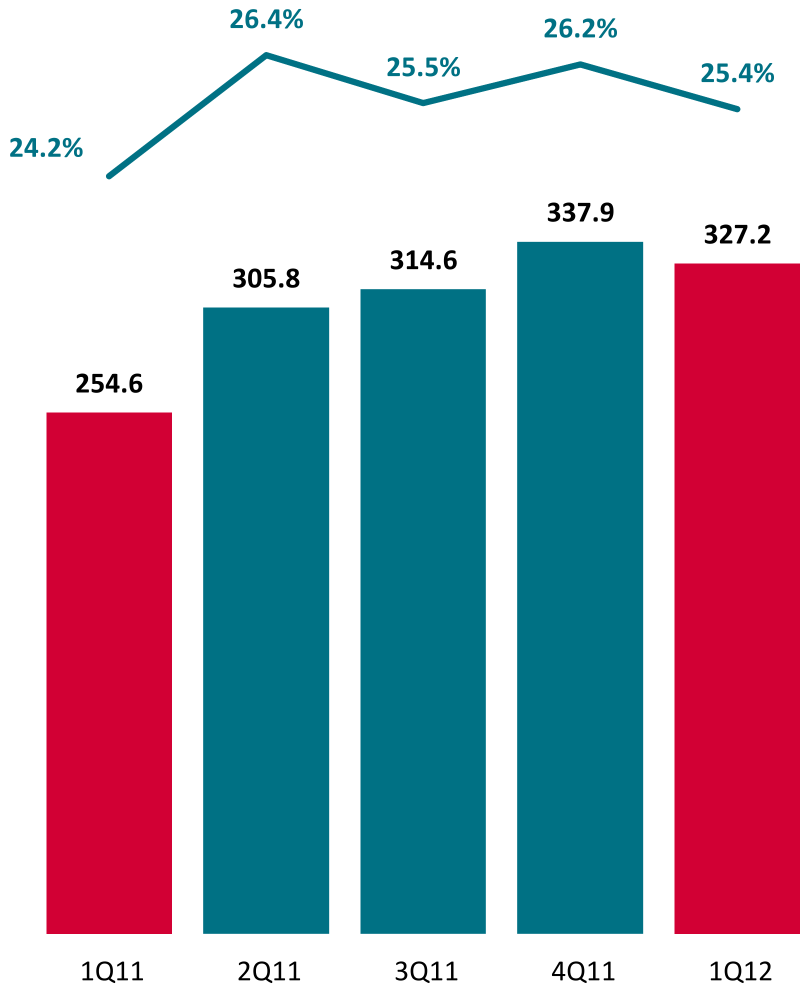


Sales Mix

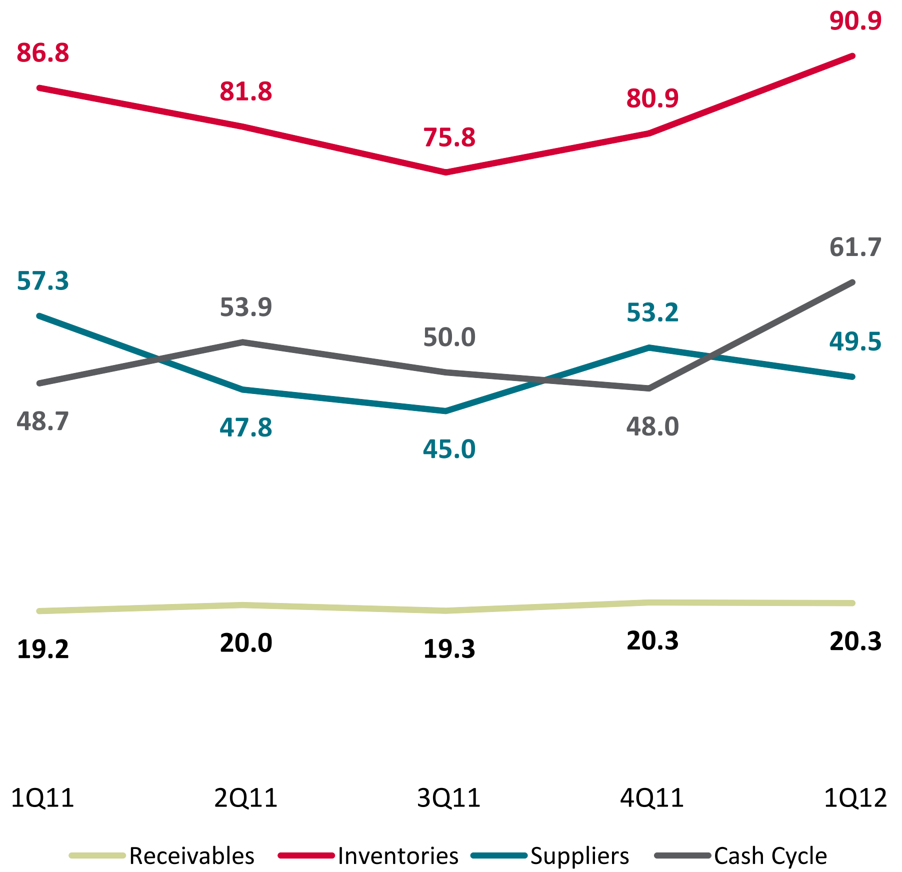


Gross margin increased by 1.2 percentage point as a result of Raia's new purchasing strategy. Renegotiations are under way, but caused the postponement of certain trade allowances.

Adjusted Gross Profit
(R$ million, % of Gross Revenues)



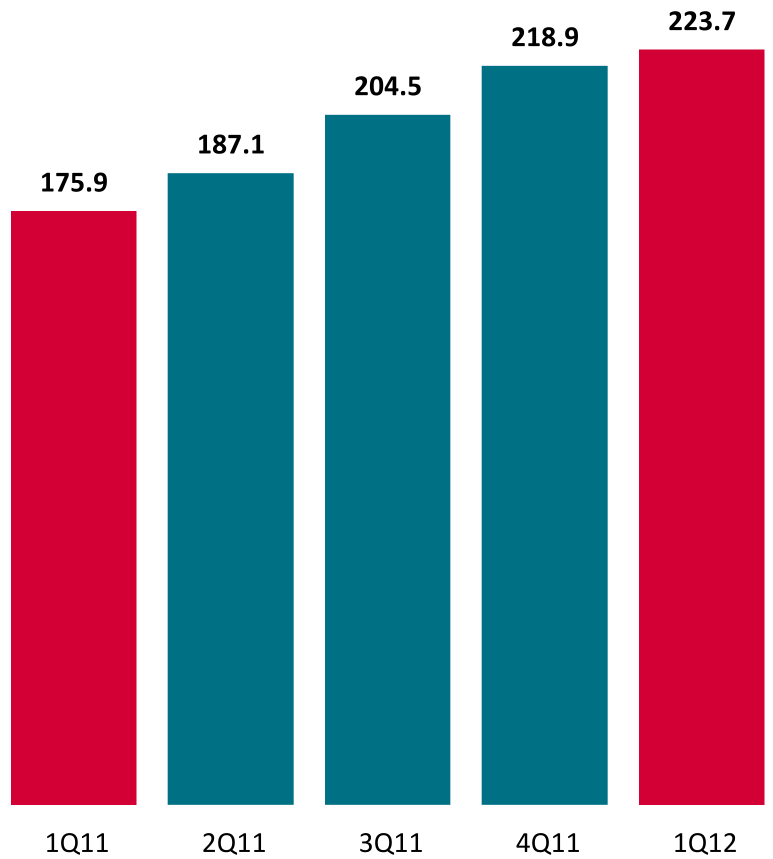
Cash Cycle



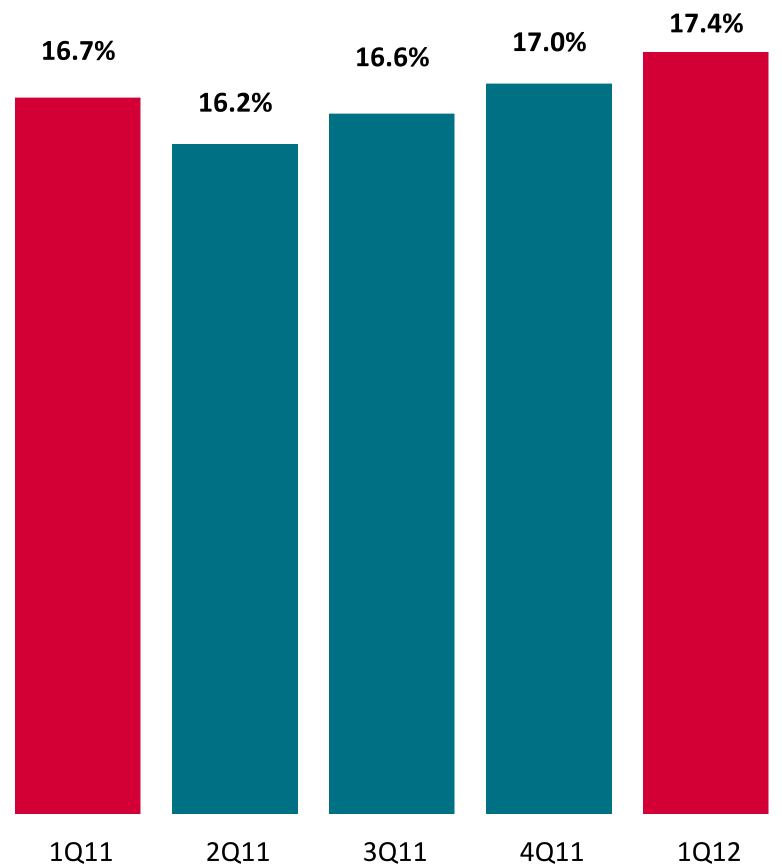
* Adjusted Gross Profit excludes the R$ 1.6 million amortization of the PPA on inventories in the 1Q12 and the R$ 7.1 million amortization in 2011, as well as the effects of the accounting practice alignment between Raia and Drogasil, which amounted to another R$ 23.3 million in 2011.

Sales expenses increased by 0.7 percentage point due to the inflationary pressures, to the staff increase at Raia and to the opening of two new distribution centers in Go and RJ.

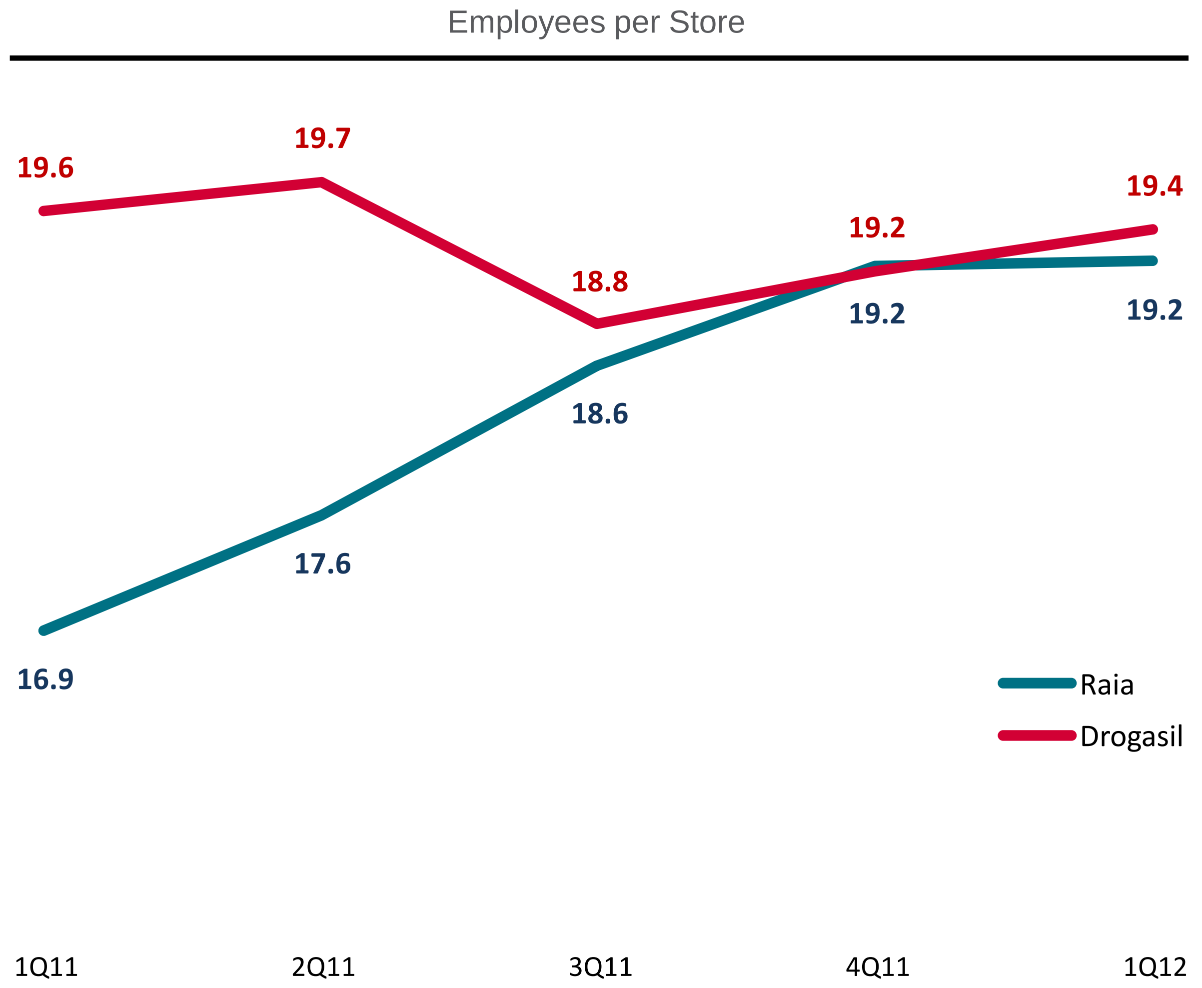
Sales Expenses
(R$ million)



Sales Expenses
(% of Gross Revenues)



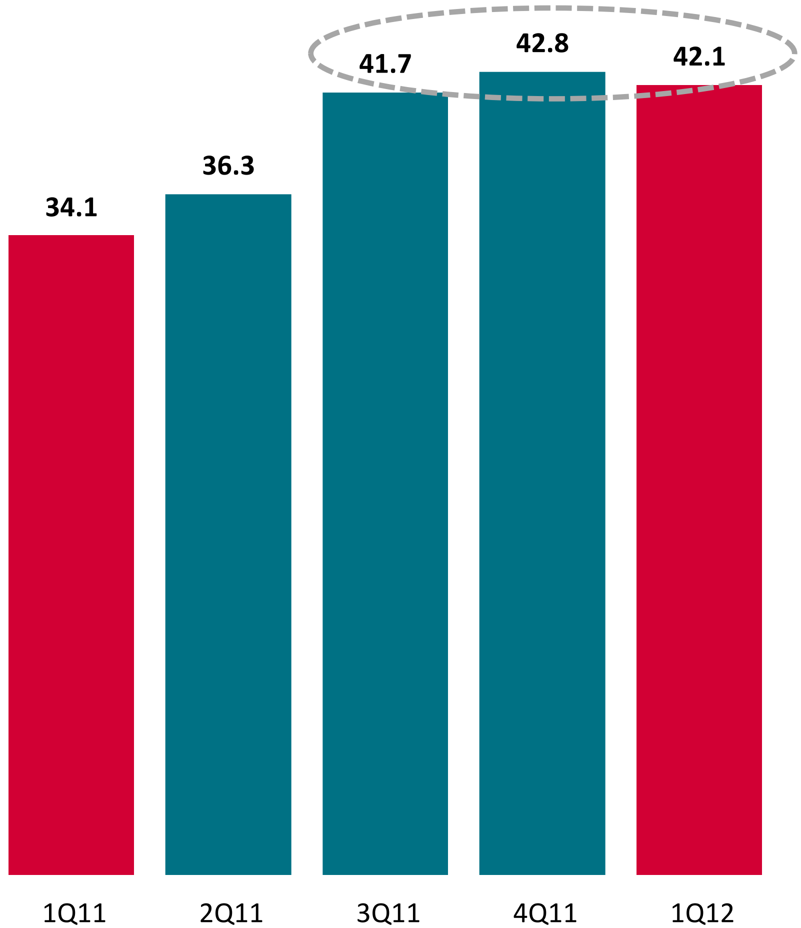
The number of employees per store at Droga Raia increased to 19.2, in line with Drogasil, so as to improve service standards, customer satisfaction and to boost revenues per store.



G&A drop from R$ 42.8MM (4Q11) to R$ 42.1MM, remaining flat for 3 consecutive quarters due to synergies captured in the unification of our management team and to a freeze in corporate hirings.

Adjusted General and Administrative Expenses

(R$ million)

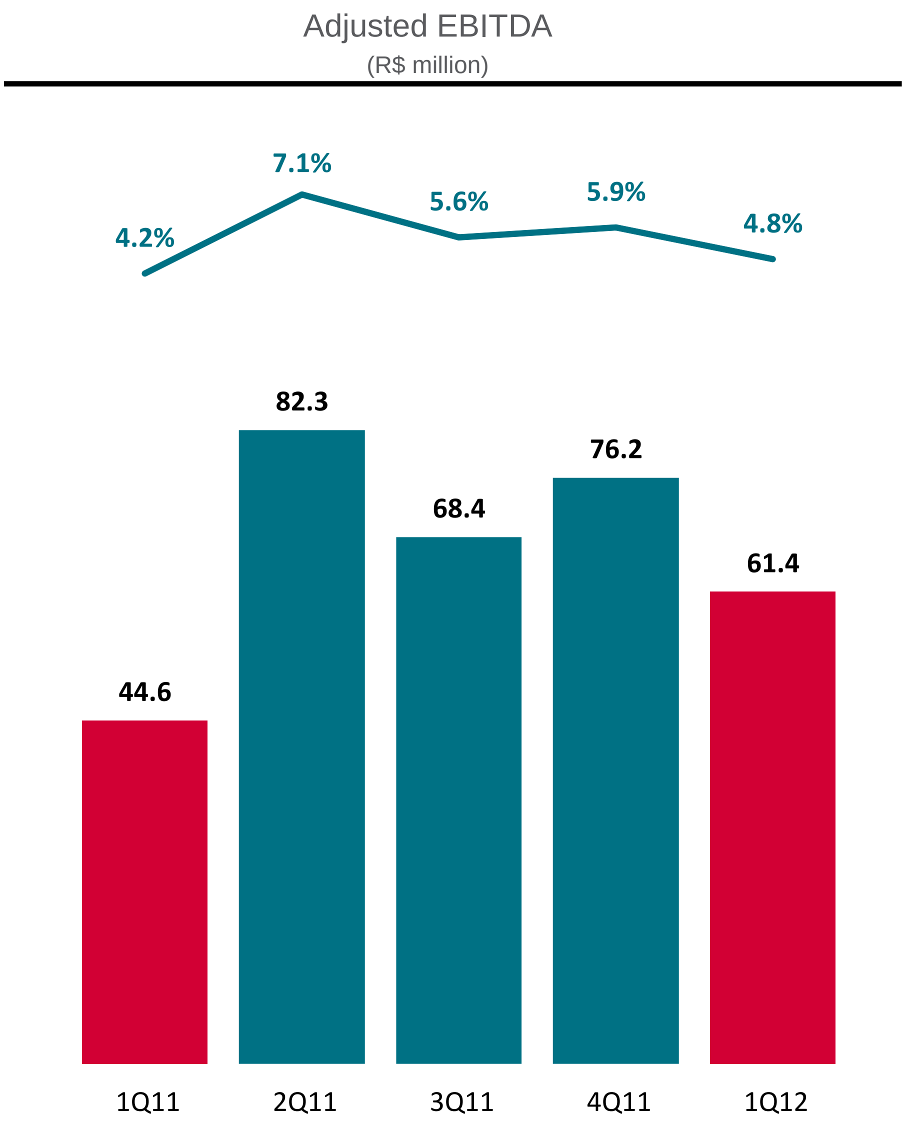


Adjusted General and Administrative Expenses

(% of Gross Revenues)

* Excludes R$ 6.6 million of non-recurring expenses recorded in the 1Q12 (consultancy and resignation expenses) and R$ 35.3 million recorded in 2011 (general transaction expenses, including Bank fees, consultancy expenses and alignment of accounting practices).

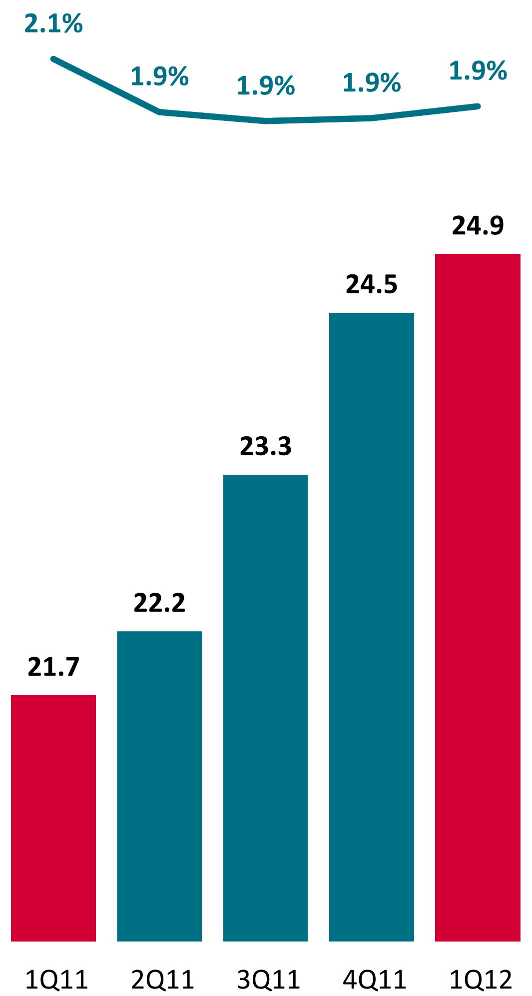
We reached R$ 61.4 MM in EBITDA, a margin expansion of 0.6 percentage point. The gross margin increase of 1.2 percentage points more than offset a sales expense pressure of 0.7 percentage point.



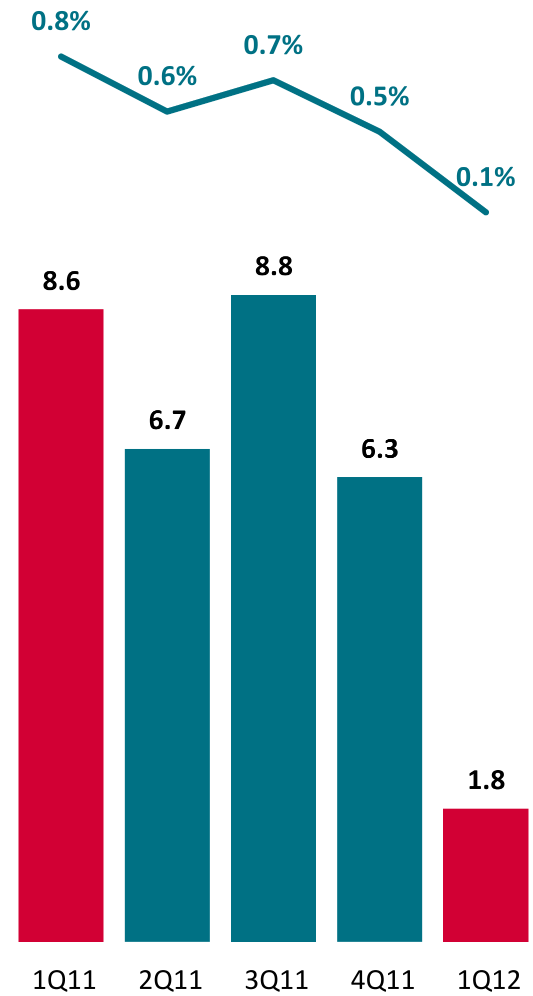
* Excludes R$ 8.2 million of non-recurring expenses (R$ 6.6 million in consulting and severance payments, and R$ 1.6 million in PPA amortization over inventories) incurred in the 1Q12 and R$ 57.9 million of non-recurring expenses (general transaction expenses, including investment bank fees, consulting expenses, alignment of accounting practices and amortization of the PPA over inventories) recorded in 2011

Adjusted net income of R$ 27.5 MM, a 25.6% increase over the 1Q11.

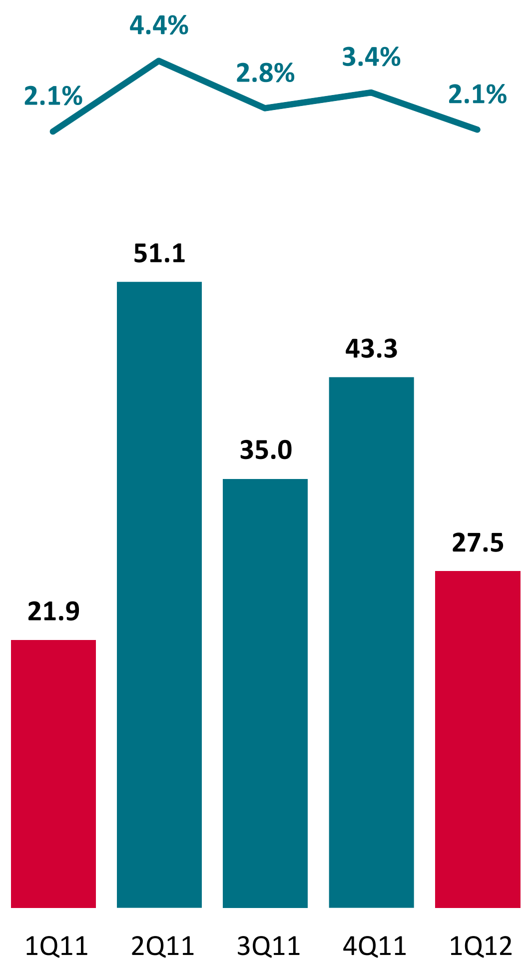
Depreciation
(R$ million, % of Gross Revenues)



Net Financial Revenues/(Expenses)
(R$ million, % of Gross Revenues)



Adjusted Net Income
(R$ million, % of Gross Revenues)



* Excludes R$ 8.2 million of non-recurring expenses in the 1Q12 (net effect of R$ 4.1 million in consultancy and resignation and R$ 4.1 million of PPA amortization over inventories, commercial points, PBM and loyalty card) and R$ 45.7 million in 2011.

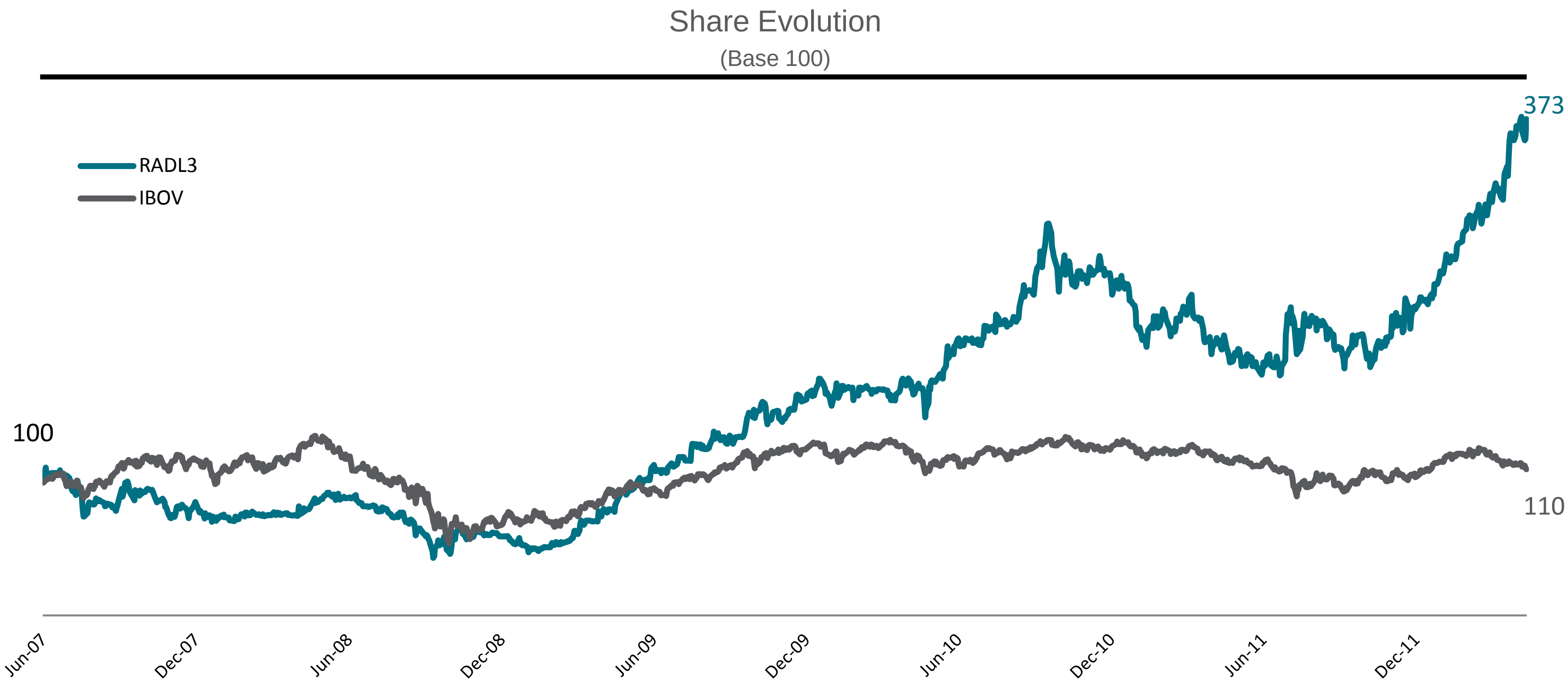
Store development CAPEX and working capital investments aimed at increasing gross margins, including forward buying, generated a cash consumption of R$ 154.0 MM

Cash Flow *(R$ million)*	**1Q12**	**1Q11**	**Var.**
EBT	**38.3**	**28.8**	**9.5**
(-) Income Tax	(2.6)	(7.4)	4.7
(+) Depreciation	24.9	21.7	3.1
(-) Other Adjustments	5.4	6.1	(0.7)
Resources from Operations	**65.9**	**49.3**	**16.6**
Cash Cycle*	(150.3)	(205.0)	54.7
Others	(31.0)	7.3	(38.4)
Operations	**(115.4)**	**(148.4)**	**33.0**
Investments	**(38.5)**	**(25.0)**	**(13.5)**
Total Cash Flow	**(154.0)**	**(173.5)**	**19.5**

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

** Does not include financing cash flow

RADL3 significantly ourperformed the IBOVESPA. Average annual return of 30.8% since the Drogasil IPO and of 63.0% since the Raia IPO.



Number of Shares (thousand)	330,386
Stock Quote - May 9th (R$)	20.90
Market Cap (R$ billion)	6.9
Average Trading Volume 1Q12 (R$ million)	6.4