

EARNINGS PRESENTATION 2Q20

RD Gente,
Saúde e
Bem-estar.
RaiaDrogasil S.A.



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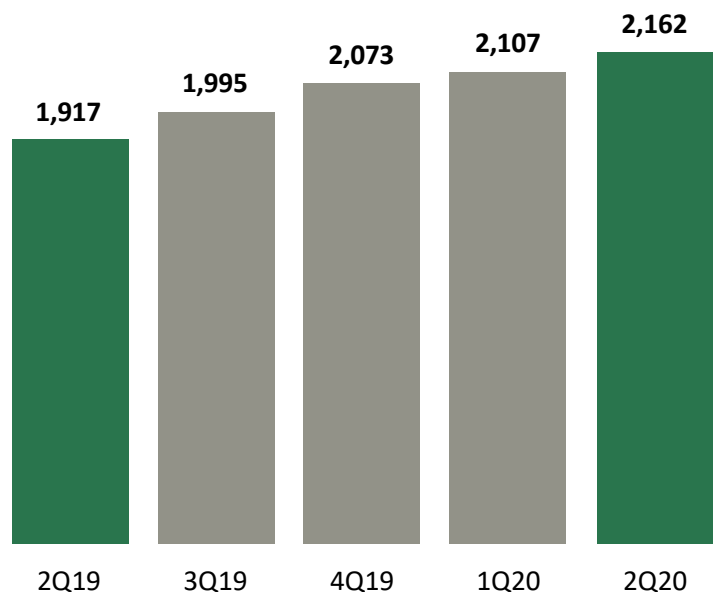
Consolidated highlights

- › **DRUGSTORES:** 2,162 stores in operation (55 openings and no closures)
- › **MARKET SHARE:** 13.0% national market share, with a 0.8 percentage point gain in São Paulo
- › **GROSS REVENUE:** R\$ 4.7 billion, a 6.3% growth over the 2Q19
- › **GROSS MARGIN:** 28.0% of gross revenues, a 1.0 percentage point decrease
- › **ADJUSTED EBITDA:** R\$ 231.8 million, a 4.9% EBITDA margin and a 3.3 percentage point pressure
- › **NET INCOME:** R\$ 61.7 million, 1.3% of net margin and a 2.3 percentage point reduction
- › **CASH FLOW:** R\$ 437.5 million negative free cash flow, R\$ 544.8 million of cash consumption

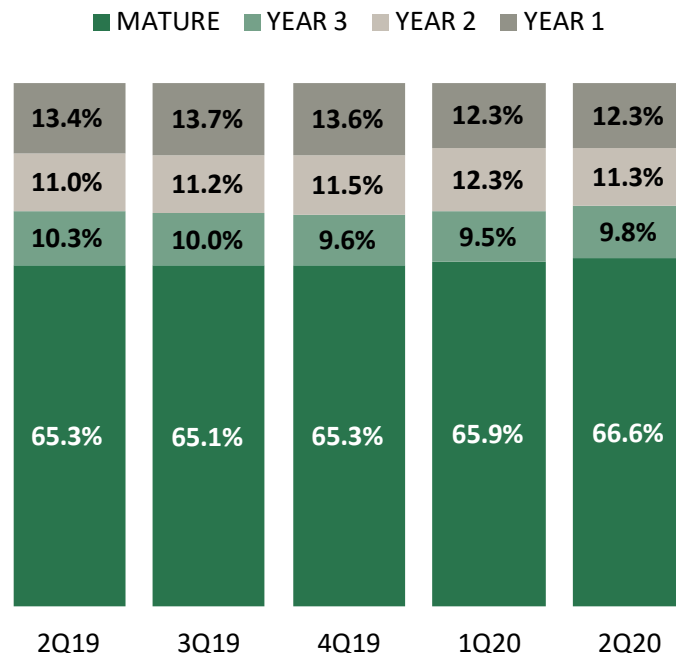


We opened 55 stores, versus 47 in the 2Q19 (94 in the 1H20 vs. 109 in the 1H19). We reiterate our guidance of 240 stores for 2020.

Store Count*



Age Structure of Store Portfolio**



Guidance 2020:
240 New Stores
while maintaining the current geographical and customer segment diversification



	2Q19	3Q19	4Q19	1Q20	2Q20
Openings	47	52	79	39	55
Onofre		42			
Closures	(3)	(16)	(1)	(5)	0

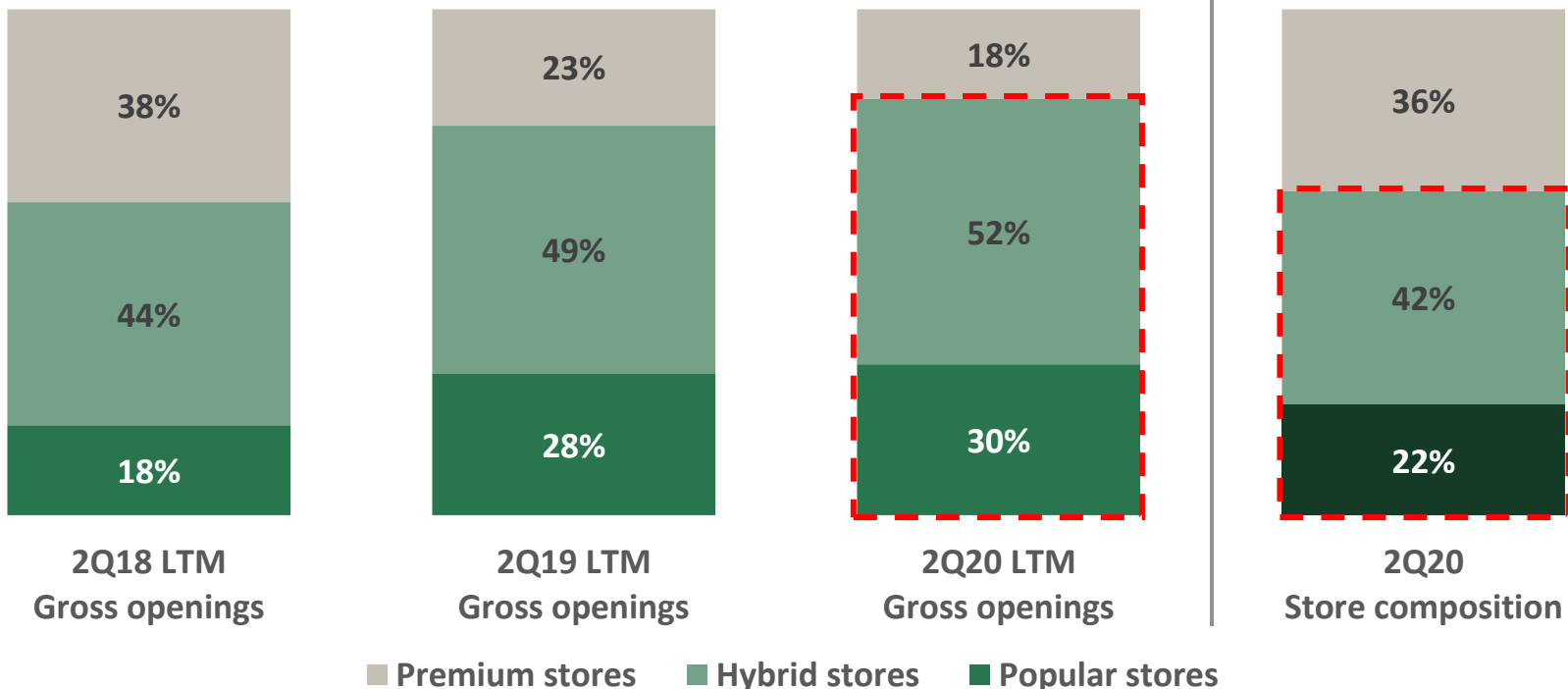
*Includes three 4Bio units.

**Stores acquired from Onofre were added as Year 1.

Of our LTM store openings, 82% were of the Popular or Hybrid formats, increasing our reach into the expanded middle class.

Store composition by format*

Openings exclude the Onofre acquisition.



- ✓ 911 hybrid stores
- ✓ 334 openings over the L3Y
- ✓ 471 popular stores
- ✓ 174 openings over the L3Y

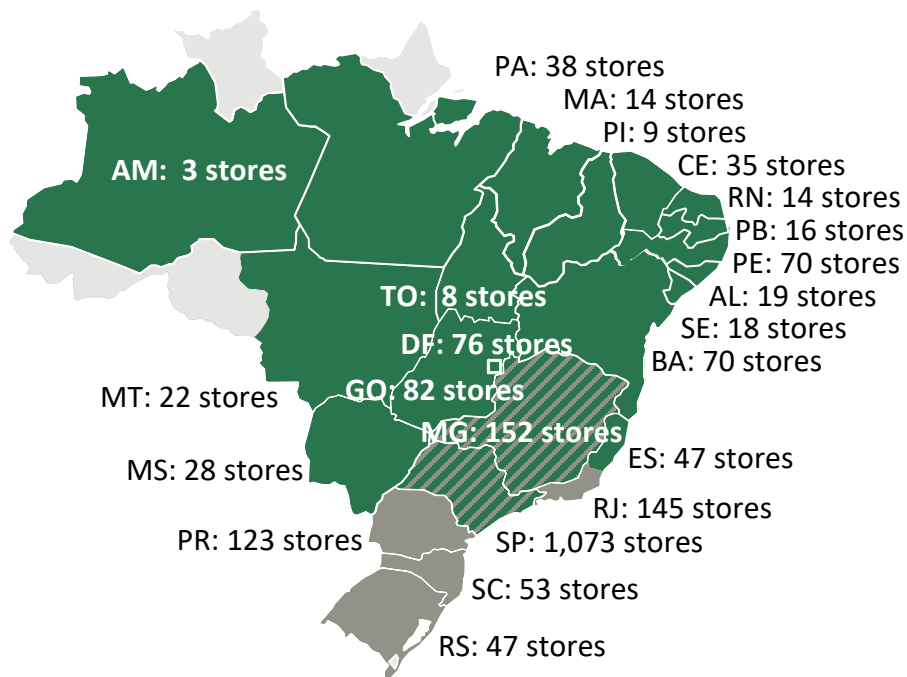


We have a total of 1,382 stores focused on the expanded Brazilian middle class (64% of the total), of which 508 were opened over the last 3 years.

* Premium and super premium stores are grouped together, as well as popular and super popular stores.

Our national market share was 13.0%. Opening a new DC in RS to accelerate our growth in the state.

Geographic Presence



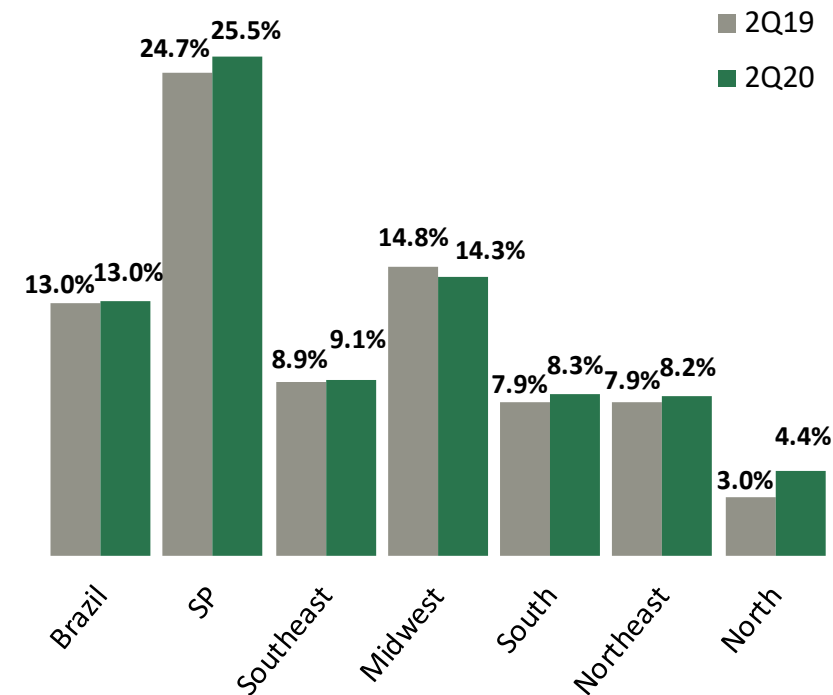
Total: 2,162 stores

■ Raia: 942 stores

■ Drogasil: 1,217 stores

* 4Bio: 3 stores

Retail Market Share



Source: IQVIA. Southeast excludes SP.

LTM Openings	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
São Paulo	79	76	73	76	67	65	76	71	71
Other States	141	154	167	182	176	166	164	146	154
Onofre						42	42	42	42
Total	220	230	240	258	243	273	282	259	267
<i>São Paulo %*</i>	<i>35,9%</i>	<i>33,0%</i>	<i>30,4%</i>	<i>29,5%</i>	<i>27,6%</i>	<i>28,1%</i>	<i>31,7%</i>	<i>32,7%</i>	<i>31,6%</i>

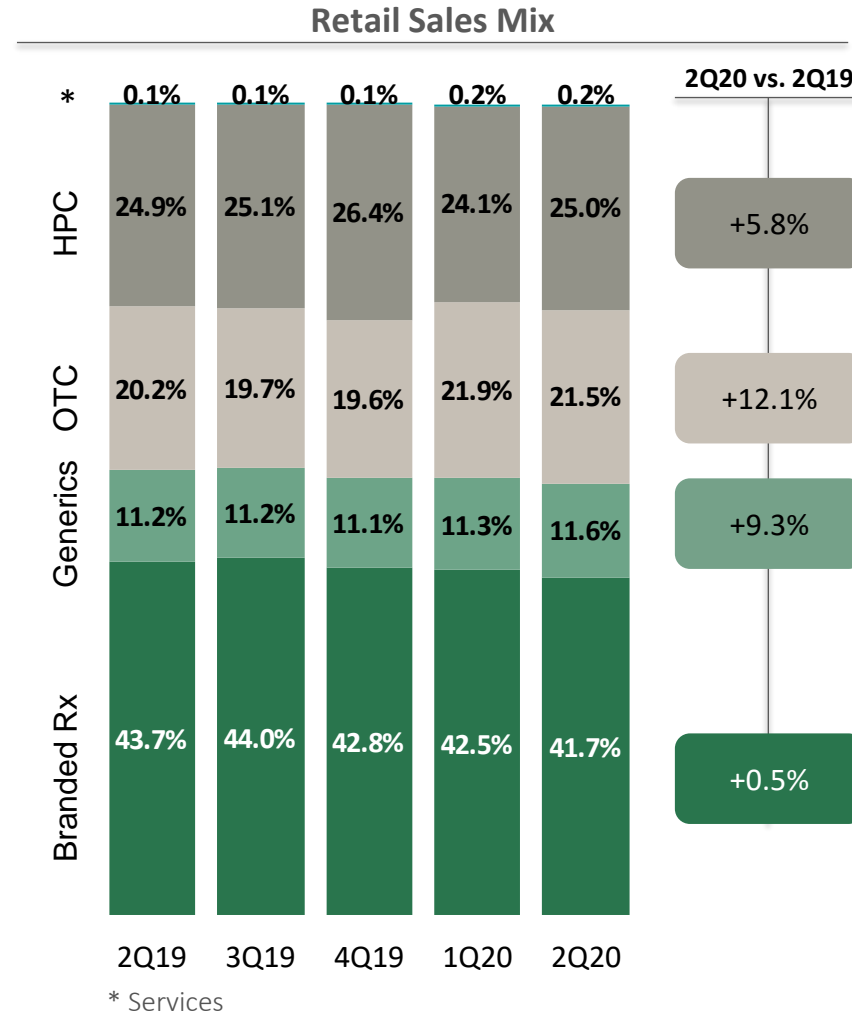
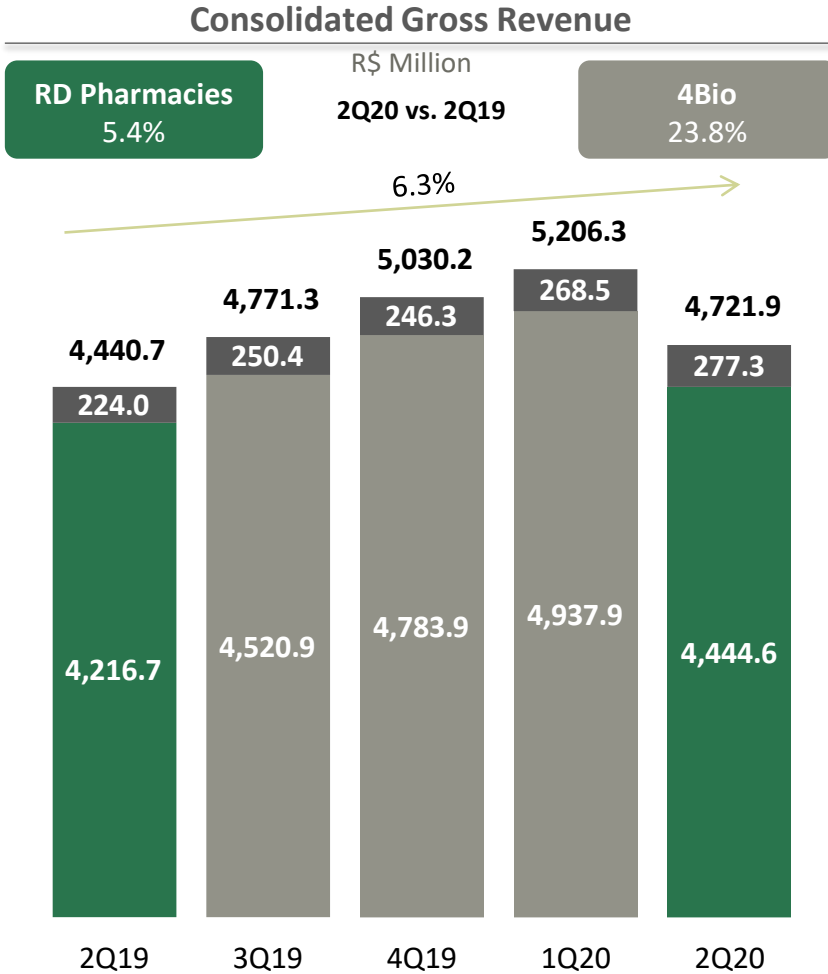
*Not including Onofre.

Retail Sales 2Q20	All Stores	Premium Stores	Hybrid Stores	Popular Stores
Total	+5.4%	-1.6%	+9.1%	+15.5%
Same Stores	-2.6%	-6.9%	-0.1%	+3.3%
Mature Stores	-6.9%	-10.1%	-4.4%	-3.5%

Retail excludes 4Bio.

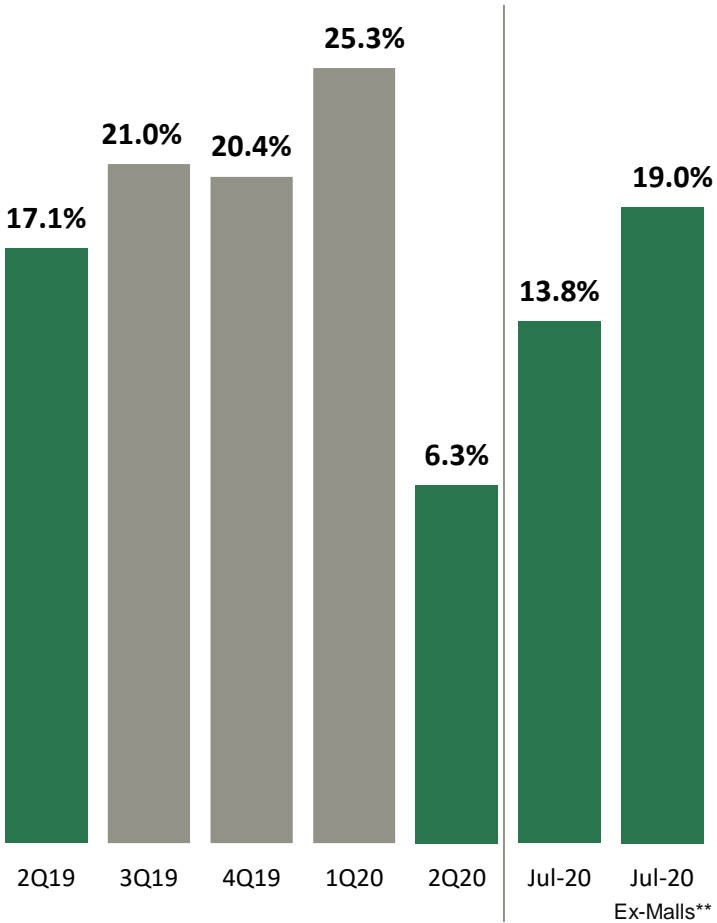


Retail sales grew 5.4%, driven by OTC and Generics, while 4Bio grew 23.8%.

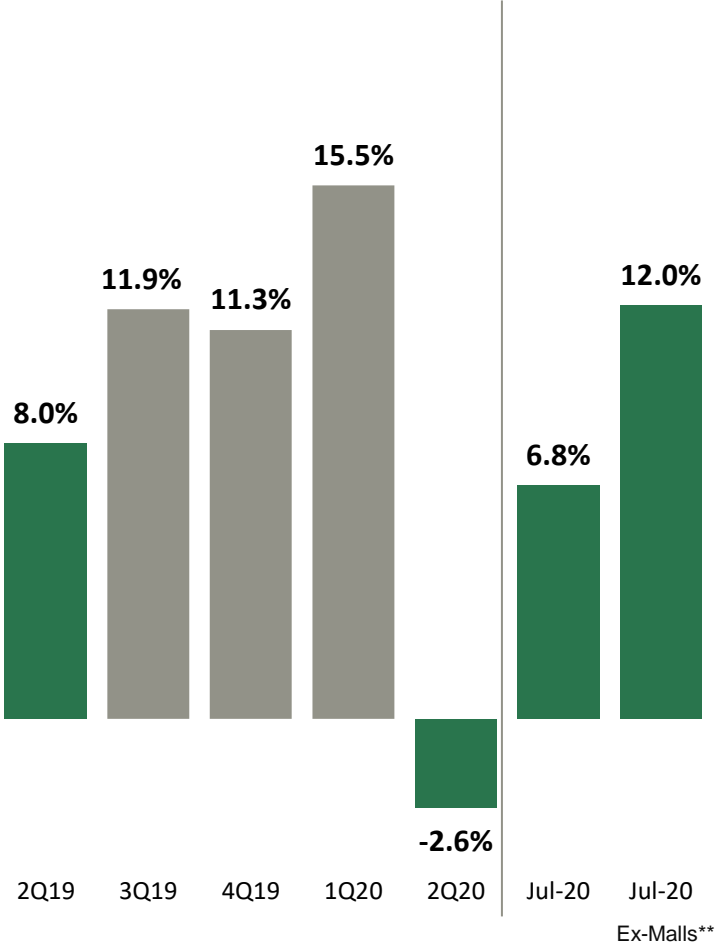


Mature stores decreased 6.9% in the 2Q20, but increased +0.8% in July (+5.8% excluding shopping malls, a real growth of 3.5%)*.

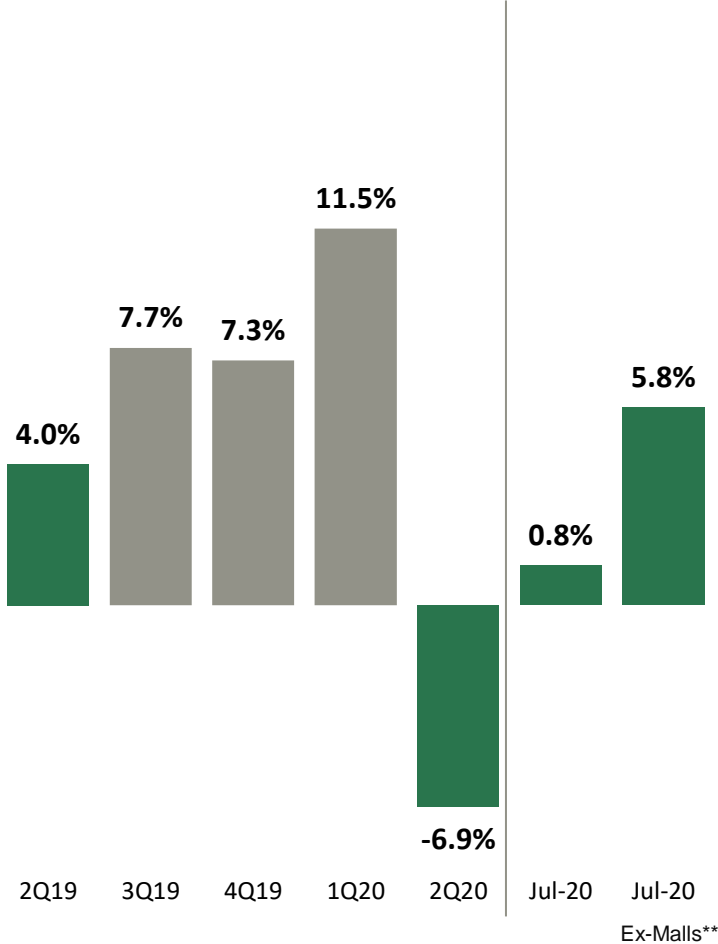
Consolidated Revenue Growth



Same-Store Sales Growth - Retail



Mature-Store Sales Growth - Retail

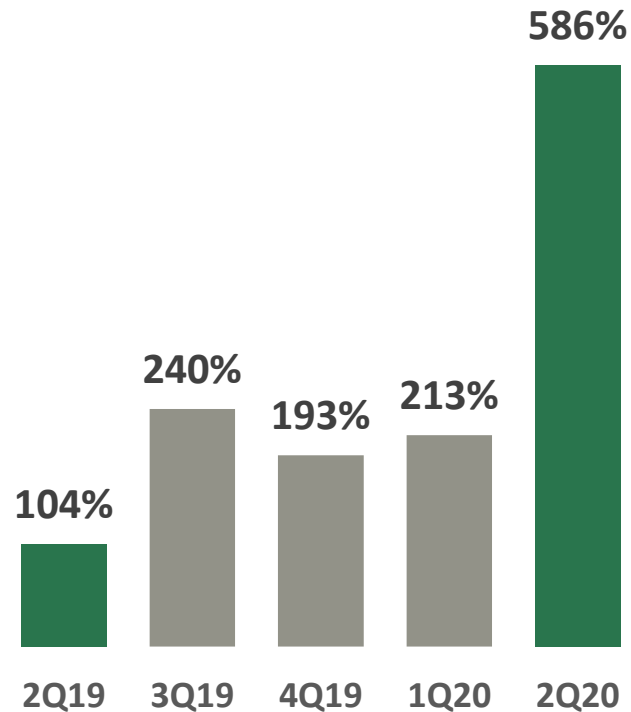


* Data regarding the 3Q20 is preliminary and managerial and hasn't been audited nor reviewed by independent auditors.

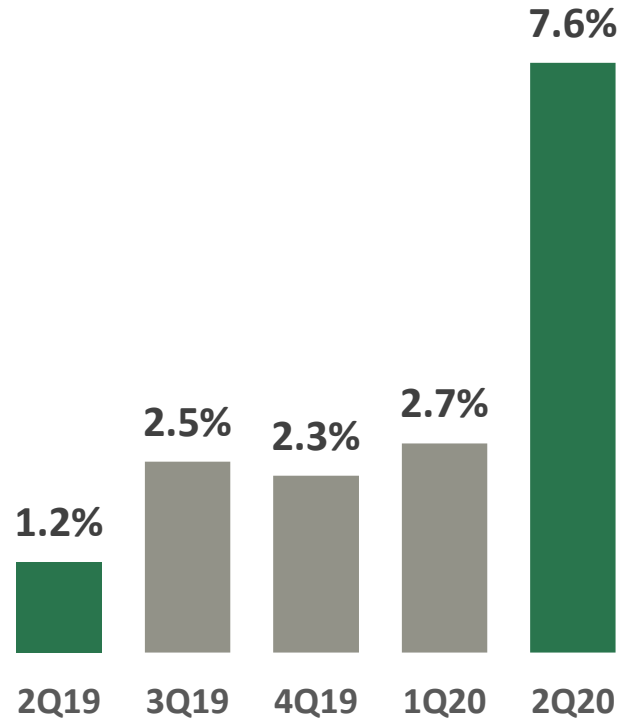
** Excludes 124 shopping mall stores which had to cope with temporary closures as well as with shorter working hours and severely diminished customer traffic in the quarter.

Digital sales grew nearly 7x, reaching a retail penetration of 7.6%, with 3.4 million cumulative app downloads.

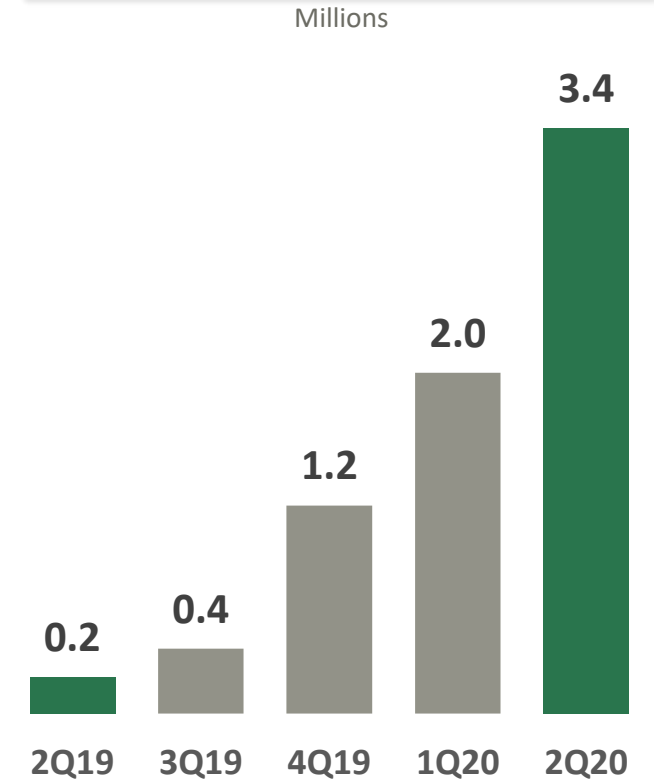
Digital channels growth



Digital channels penetration

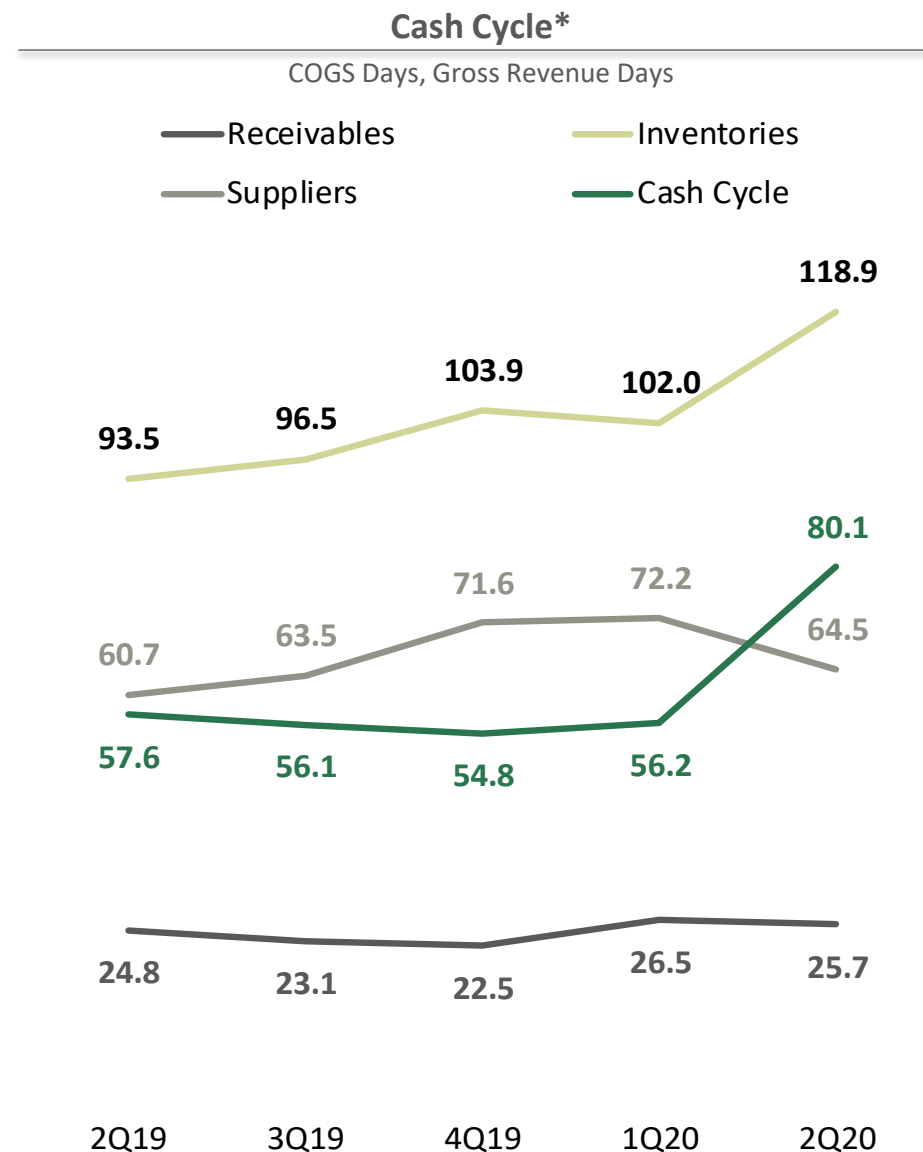
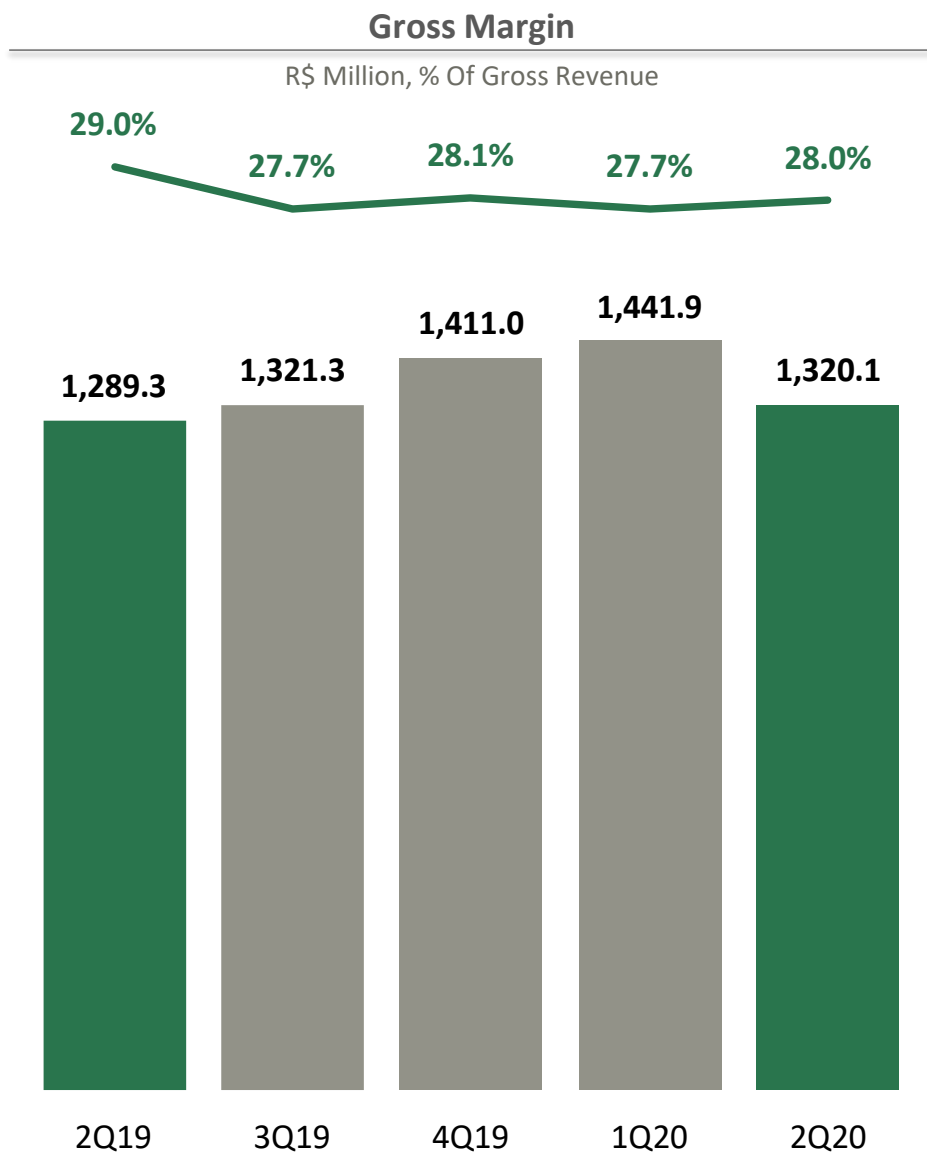


Cumulative app downloads



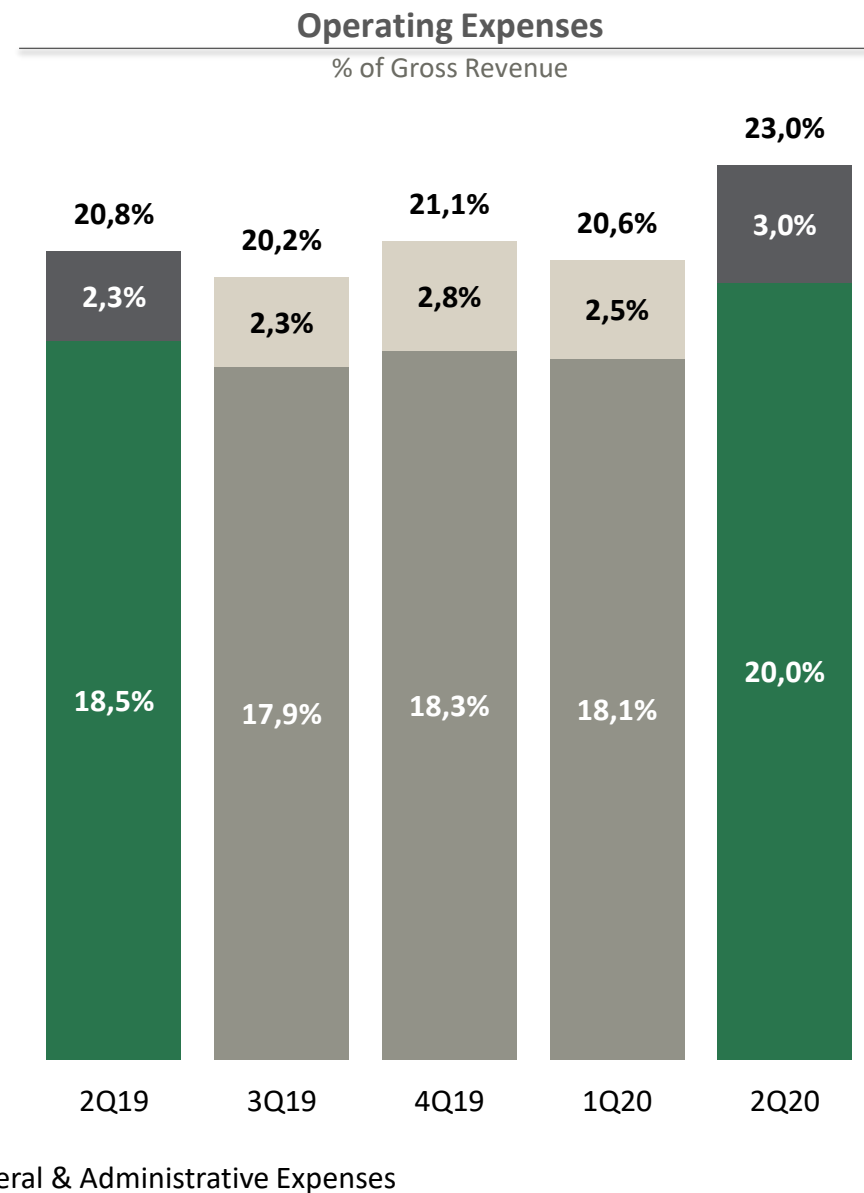
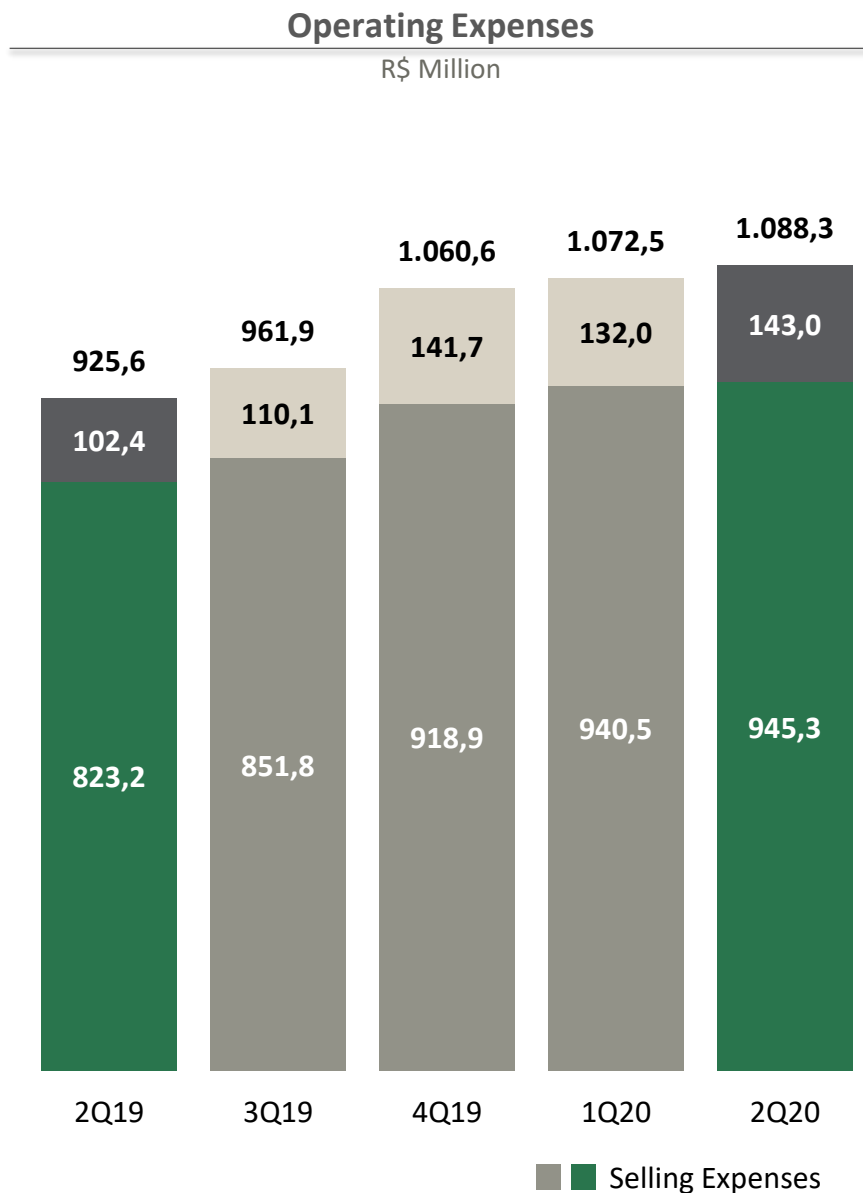
Due to our recent national roll-out, digital penetration ranges from 2.6% in the lowest-penetration state capital all the way to double-digit penetration in some markets, while peaking at 18.6% in our highest-penetrated capital.

Gross margin decreased 1.0 percentage point, mainly due to the price increase adjournment. Momentary cash cycle increase of 22.5 days.

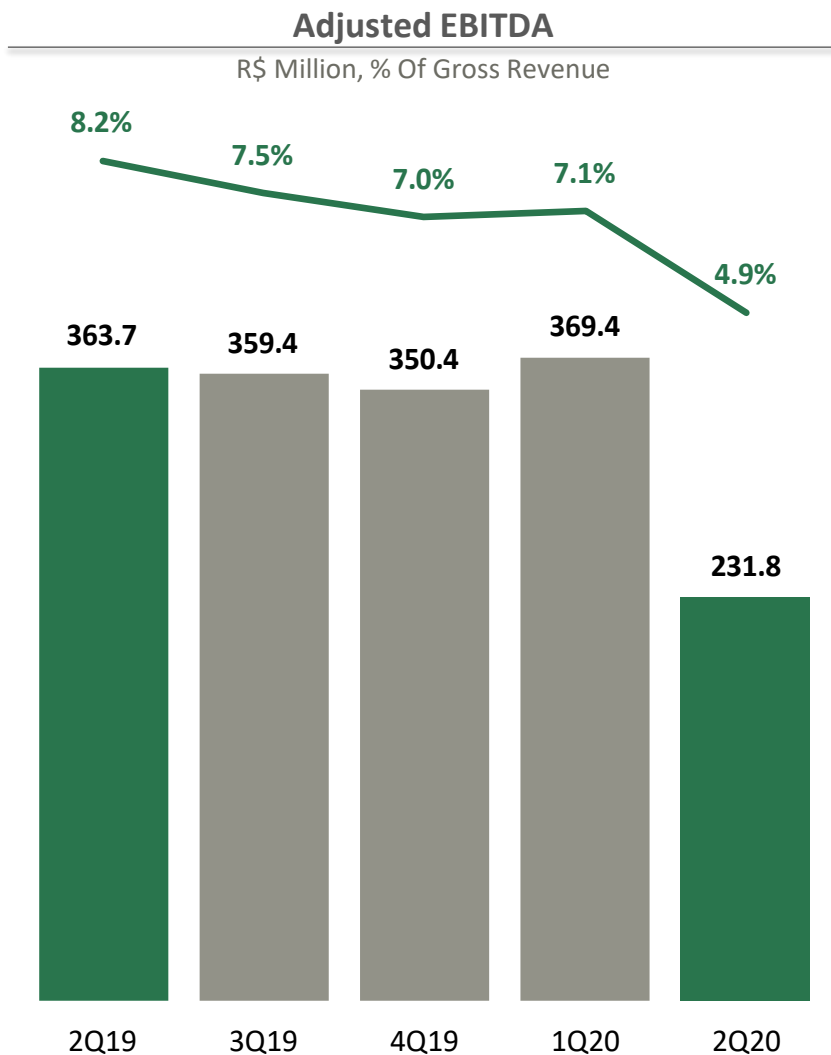


* Adjusted for discounted receivables.

Total expense pressure of 2.2 p.p., mainly driven by the loss of operating leverage and expenses related to the pandemic.



Adjusted EBITDA totaled R\$ 231.8 MM, with 4.9% of margin, due to the price increase adjournment and loss of operating leverage.



2,068* stores operating since 2019:

(performance in the 2Q20)

- > R\$ 4,640.6 million in Gross Revenues
- > EBITDA of R\$ 238.3 million
- > EBITDA margin of 5.1%

RD Pharmacies

- > EBITDA of R\$ 227.6 million
- > EBITDA margin of 5.1%

4Bio

- > EBITDA of R\$ 4.2 million
- > EBITDA margin of 1.5%

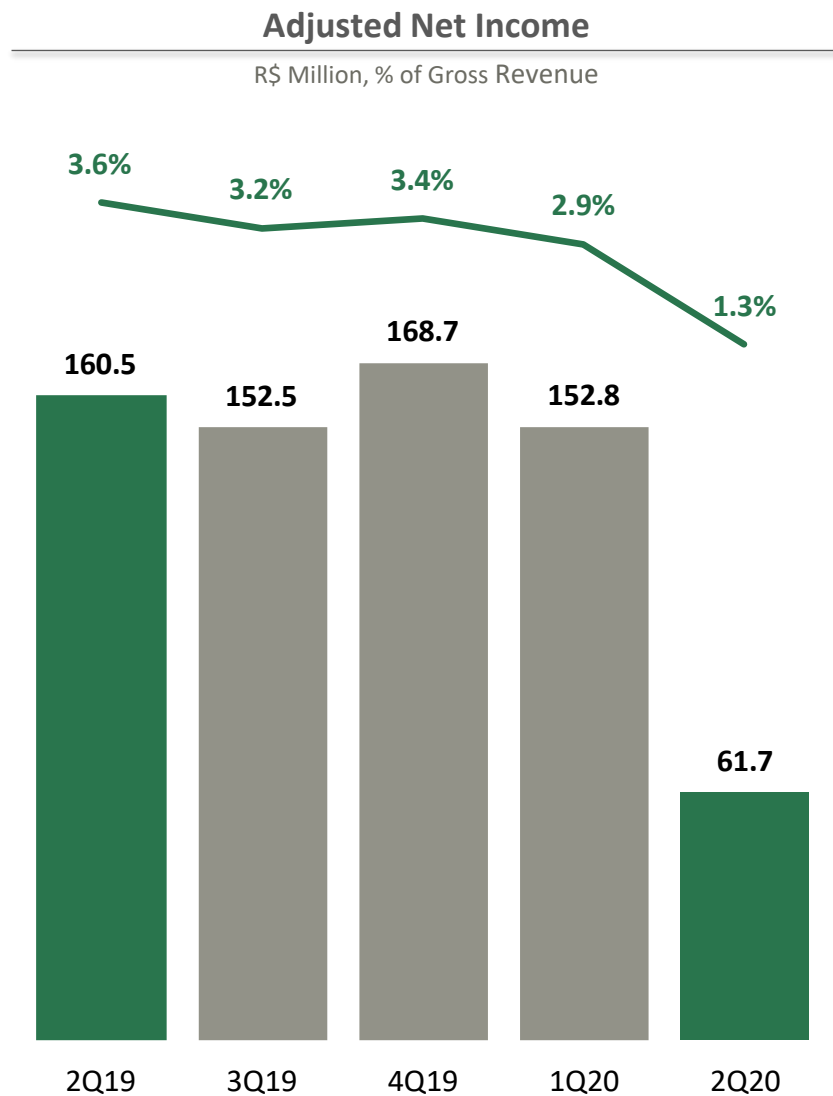
* 2,073 stores by the end of the 4Q19 less 5 stores closed.

R\$ 2.2 MM in net non-recurring/non-operating expenses, including a R\$ 25.9 MM grant to support public hospitals against the pandemic.

EBITDA Reconciliation

EBITDA Reconciliation	2Q20	2Q19
<i>(R\$ million)</i>		
Net Income	60.2	151.3
(+) Income Tax	10.2	41.3
(+) Financial Result	20.2	32.8
EBIT	90.6	225.4
(+) Depreciation and Amortization	138.9	124.4
EBITDA	229.6	349.8
(+) COVID-19 Donations	25.9	
(+) Consulting, Advisory and Restructuring Expenses	8.0	5.5
(+) Distribution Center Closure - Barra Mansa		7.8
(-) INSS, Pis and Cofins Credits from Previous Years	(32.0)	
(+) Other non-recurring / non-operating net expenses	0.3	0.6
Total non-recurring / non-operating Expenses	2.2	13.9
Adjusted EBITDA	231.8	363.7

Adjusted Net Income totaled R\$ 61.7 MM in the 2Q20, a net margin of 1.3%.



R\$ 437.5 million in negative free cash flow, which temporarily increased our leverage ratio to 1.2x Net Debt/EBITDA.

Cash Flow (R\$ million)	2Q20	2Q19
Adjusted EBIT	92.9	239.2
NPV Adjustment	(1.8)	(10.7)
Non-Recurring Expenses	(2.2)	(13.9)
Income Tax (34%)	(30.2)	(73.0)
Depreciation	138.9	124.4
Others	5.0	(2.3)
Resources from Operations	202.6	263.8
Cash Cycle*	(532.1)	(133.5)
Other Assets (Liabilities)**	43.3	71.2
Operating Cash Flow	(286.3)	201.6
Investments	(151.3)	(158.7)
Free Cash Flow	(437.5)	42.9
Interest on Equity	(107.0)	(92.4)
Income Tax Paid over Interest on Equity	(5.4)	(8.5)
Net Financial Expenses***	(17.5)	(19.8)
Income Tax (Tax benefit over financial expenses and interest on equity)	22.6	24.9
Total Cash Flow	(544.8)	(52.9)

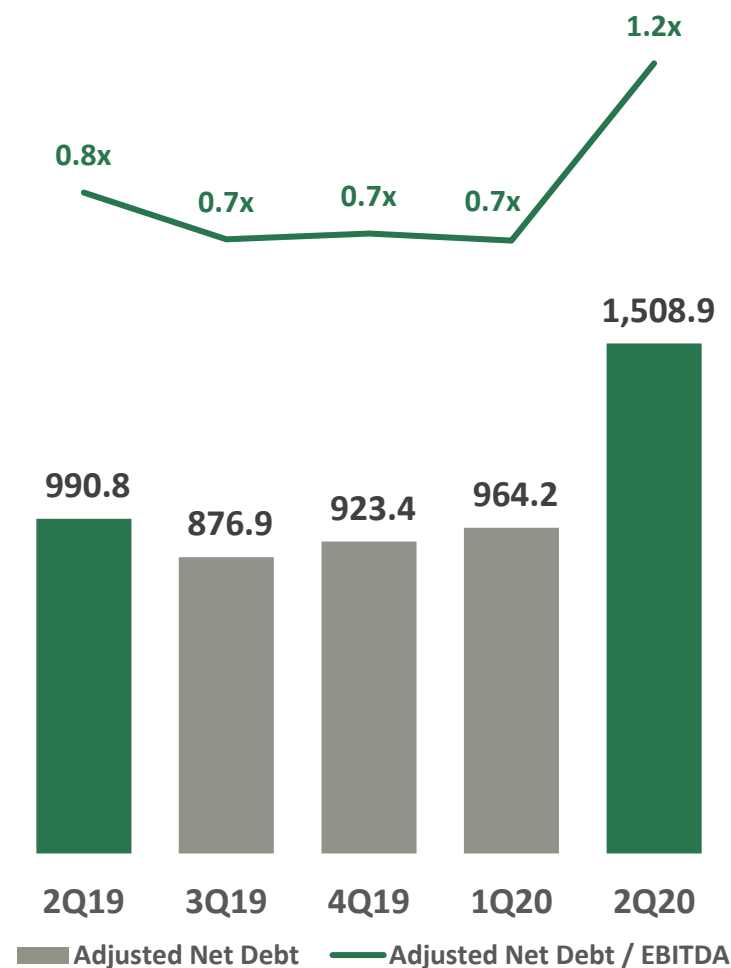
*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

Net Debt and Financial Leverage

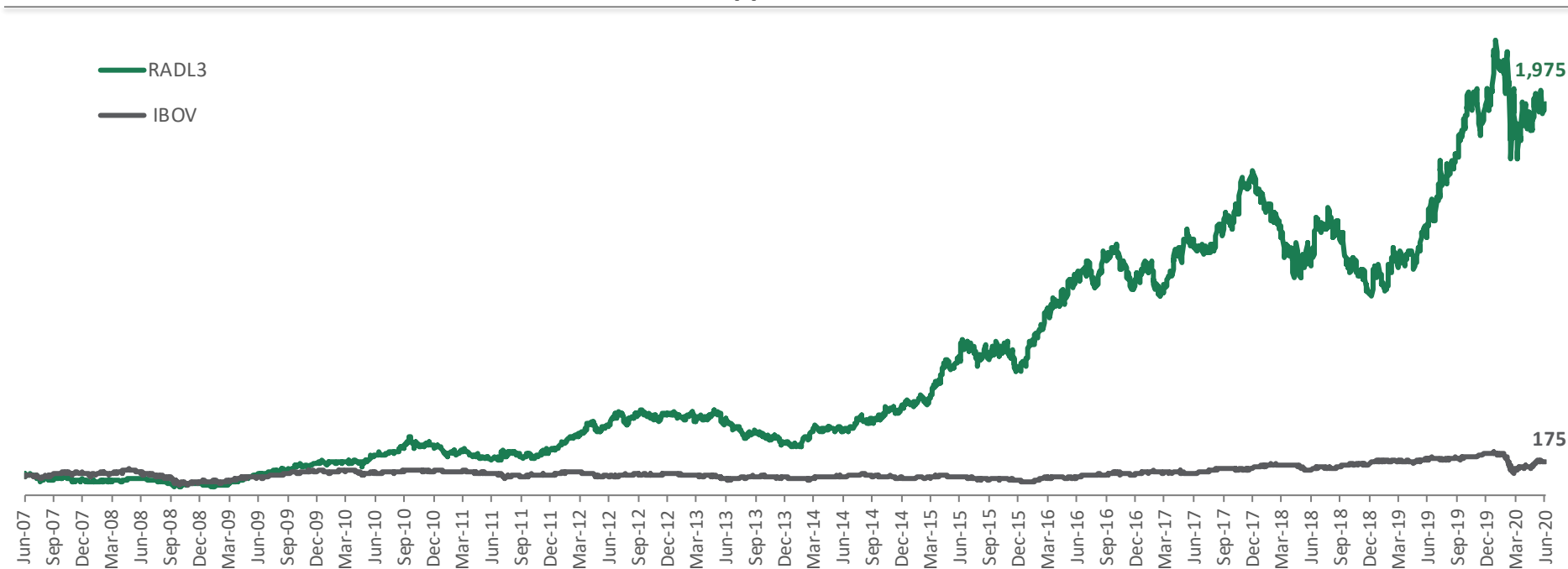
R\$ Million, As a ratio of LTM Adjusted EBITDA



Our working capital and financial leverage are expected to normalize by the end of 2020.

RADL3 shares increased by 8.6% in the 2Q20, performing 21.6 p.p. below the IBOVESPA.

Share Appreciation



Performance in 2020

RADL3: -0.9%
BOVESPA: -18.0%
Alpha: +17.1%

Average Trading Volume RADL3: R\$ 200.2 MM

- › Average annual return of 27.6% since the Drogasil IPO.
- › Average annual return of 24.9% since the Raia IPO.

We are seeing a meaningful demand recovery in the 3Q20 and are accelerating our strategy during the pandemic.



We faced challenges during the 2Q20, with -6.9% mature store performance and 3.3 p.p. EBITDA pressure:

- › Customers visited stores with less frequency, although with larger tickets and a considerably improved NSS during the period;
- › Our 124 shopping mall stores suffered due to closures, reduced hours and low traffic (-5.7 p.p. impact on total mature store growth);
- › Unfavorable demand mix (significant market contraction at upscale neighborhoods) penalized our market share growth;
- › Loss of operating leverage and other COVID-19 pressures (price cap increase delay, increased expenses, postponed DC closure).



The 3Q20 begins with encouraging signs of demand recovery:*

- › All shopping mall stores resumed operations, albeit with lower working hours and pedestrian traffic;
- › Consolidated growth of 13.8% in July, with +0,8% growth at mature stores;
- › Excluding shopping mall stores, consolidated sales in July grew by 19.0%, with 5.8% for mature stores, real growth of 3.5%;
- › Increased volume of prescriptions suggests recovery in elective medical activity.



We have been able to leapfrog our strategic plan during the pandemic:

- › Low Net Debt/EBITDA level of 1.2x at its peak, expected to return to historical levels by year-end;
- › Uninterrupted expansion: We are sustaining our 240 store opening guidance and have started building the pipeline for 2021;
- › New distribution center in the state of Rio Grande do Sul (3Q20) will allow us to accelerate our expansion in that state;
- › The pandemic has driven an acceleration in our digital and healthcare strategies, allowing us to differentiate our business model and to strengthen our customer perception.

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We are already delivering on our “New Pharmacy” strategy, which combines a local *Health Hub* with a *Digital and Omnichannel* customer experience



NEW PHARMACY

HEALTH HUB

Year-to-date highlights*



- ✓ More than 500 thousand injections applied;
- ✓ More than 12 thousand immunization shots given;
- ✓ 43 stores with vaccination licenses, expansion under way.



- ✓ 225 thousand serological COVID-19 tests (53% ABRAFARMA share);
- ✓ 158 thousand tests in July (among serological test leaders in Brazil);
- ✓ 800+ stores currently testing, in 213 cities and 22 states;
- ✓ More than 12,000 health procedures in 80 stores (18 types).



- ✓ 15,000 teleconsultations for employees via H.I. Albert Einstein;
- ✓ Telemedicine pilot for customers - *RDSaudeEmDia.com.br*
- ✓ Partnerships with *Conexa Saúde* and *Dr. Consulta*;
- ✓ 84 thousand digital prescriptions fulfilled in July (50% share**);
- ✓ ~10% of controlled-drug** sales through digital prescriptions.



DIGITAL AND OMNICHANNEL

2Q20 highlights



- ✓ Digital channels represented 7.6% of total retail sales;
- ✓ Annual growth of ~7x;
- ✓ Digital customers: 2x spending and 1.3x frequency.



- ✓ Click & Collect: 100% of stores;
- ✓ Free neighborhood delivery: 100% of stores (up to 500m radius);
- ✓ Deliveries in up to 1h in 23 cities and up to 4h in 49 additional cities;
- ✓ 345 stores with motorized ship-from-store capabilities.



- ✓ 3.7 million cumulative app downloads;
- ✓ 1.4 million additional downloads in the quarter;
- ✓ Current ratings of 4.4 in Google Play and 3.1 in App Store;
- ✓ Digital offers increased OFEX participation by ~50%***;
- ✓ The launch of Stix, our loyalty program, planned for 4Q20.

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** Estimated share by RD. Considers only sales of drugs subject to prescription retention for which a digital prescription may be accepted.

*** Growth of exclusive offer participation within front-store sales in comparison with the same period of the previous year (May-July).

Our Purpose of “Taking close care of people’s health and well-being during all times of their lives” has never been more relevant than today.



Taking Care of Our Team:

- › We applied stringent safety protocols at stores and DCs and introduced home office for our administrative staff;
- › Any infected or risk group employees were put on leave. We also guaranteed the maintenance of their full income;
- › Any hospitalization costs involving COVID-19 were supported by RD, including for those who opted-out of health insurance;
- › Every pre-existing job post was maintained during the pandemic;
- › We provided our staff with a total of 15 thousand free telemedicine consultations from Albert Einstein Hospital.



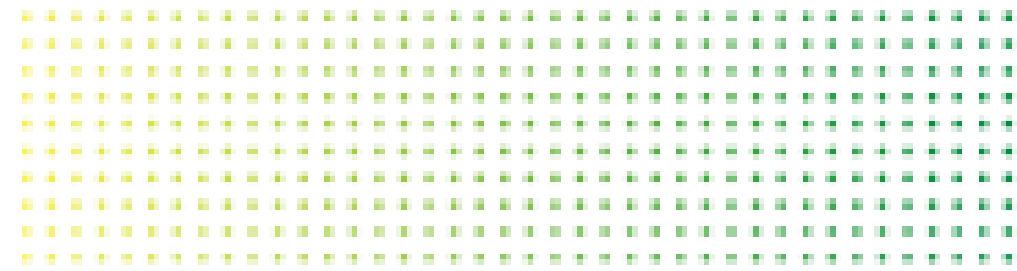
Taking Care of Our Customers:

- › Our stores became a safe harbor for healthcare, with separation between customers and staff and special hours for seniors;
- › We launched *RDSaudeEmDia.com.br*, a digital solution that includes COVID-19 related information and telemedicine provided at cost; consultations from *Doutor Consulta* and *Conexa*, as well as other health services from other partners for our customers;
- › To this day, we served over 200 thousand COVID-19 quick tests in more than 800 stores in 213 cities and 22 states.



Taking Care of the Communities we Serve:

- › We instituted the *#TodoCuidadoConta* grant, by donating R\$ 25 million to support 50 public hospitals in small and medium-sized cities in vulnerable regions;
- › Up to this date, R\$ 16 million has already been invested in 33 hospitals located in 33 cities from 14 states of Brazil.



Q&A

sua  Droga Raia



 DROGASIL
& você

