RaiaDrogasil S.A.

Gente, Saúde e Bem-estar.

Earnings Presentation: 1Q17

Taking Close Care of People´s Health and Well-Being during all Times of their Lives

April 28, 2017

Disclaimer

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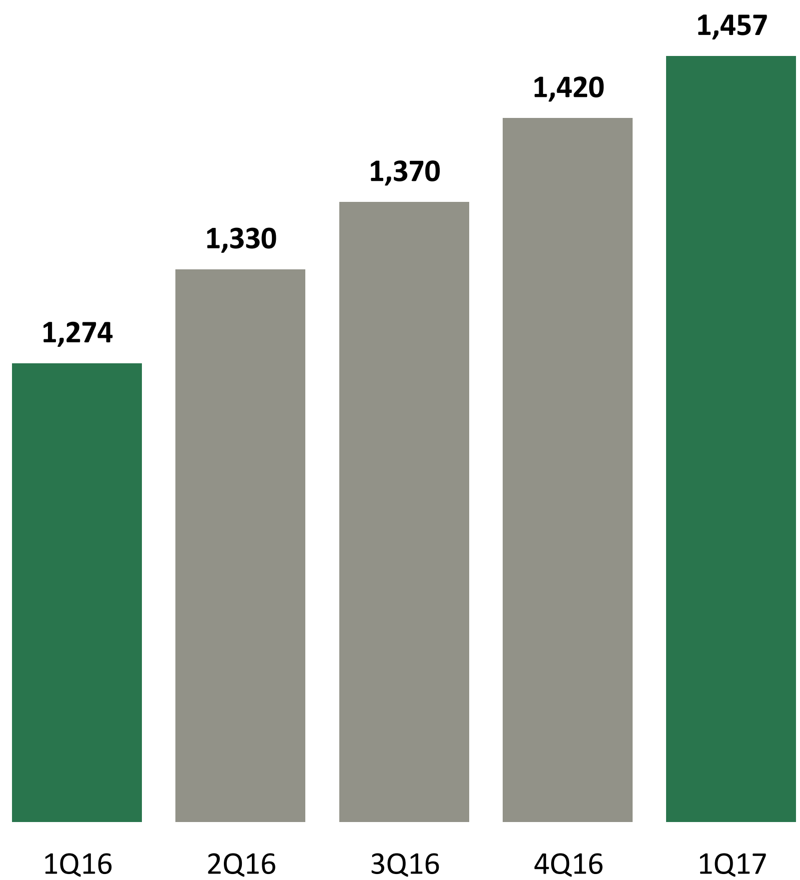
Highlights:

- **Drugstores:** 1,457 stores in operation (42 openings and 5 closures)
- **Gross Revenue:** R$ 3.2 billion, 21.6% of growth (10.5% retail same-store sales growth)
- **Gross Margin:** 28.7% of gross revenue, in line with 1Q16
- **Adjusted EBITDA:** R$ 244.0 million, 7.6% margin, a 0.3 percentage point margin expansion
- **Adjusted Net Income:** R$ 105.4 million, a 3.3% margin and an increase of 17.0%
- **Cash Flow:** R$ 172.7 million negative free cash flow, R$ 162.7 million total cash consumption
- **Debentures:** Raised 300 MM in April, 2017: Rating AAA-Br (Fitch), 5 years, 104,75% of CDI
- **New Corporate Name:** Changed to RD, which reflects the new identity that emerged since the merger

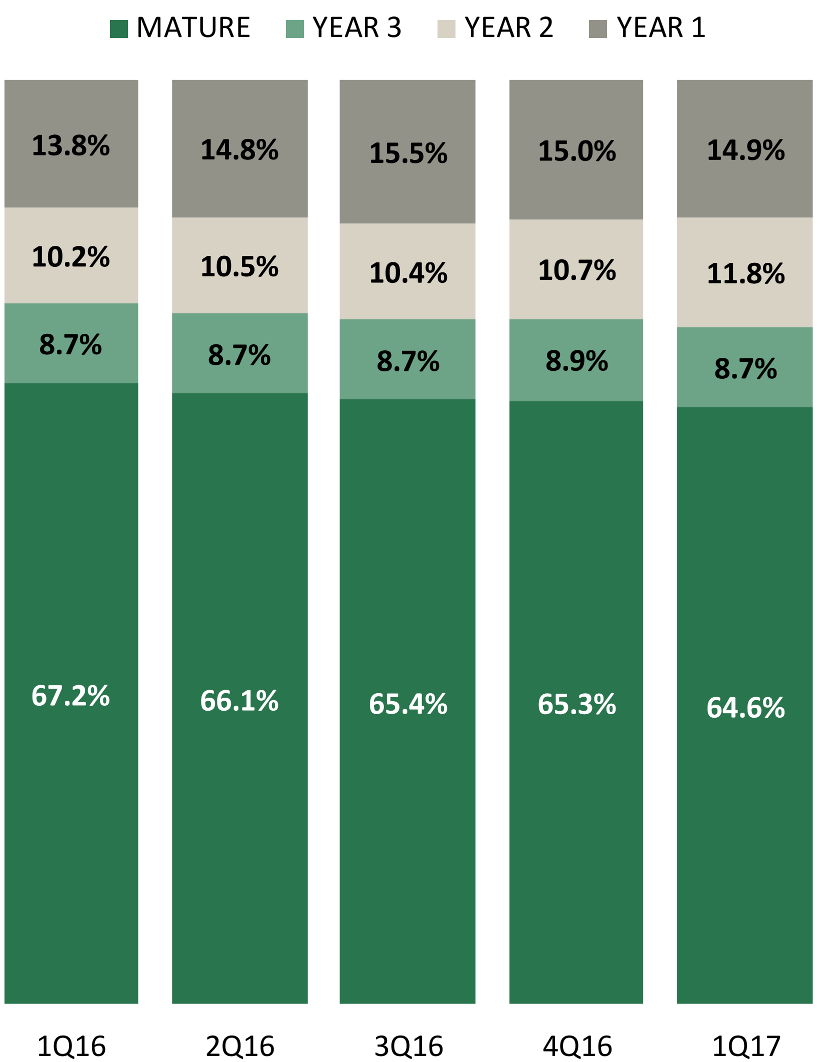
We opened 42 stores in the 1Q17 and 215 new stores in the last 12 months, a record for RD and for the market. At the end of the period, 35.4% of our stores were still maturing (highest since 2Q13).

Store Count*



	1Q16	2Q16	3Q16	4Q16	1Q17
Openings	39	58	53	62	42
Closures	0	(2)	(13)	(12)	(5)

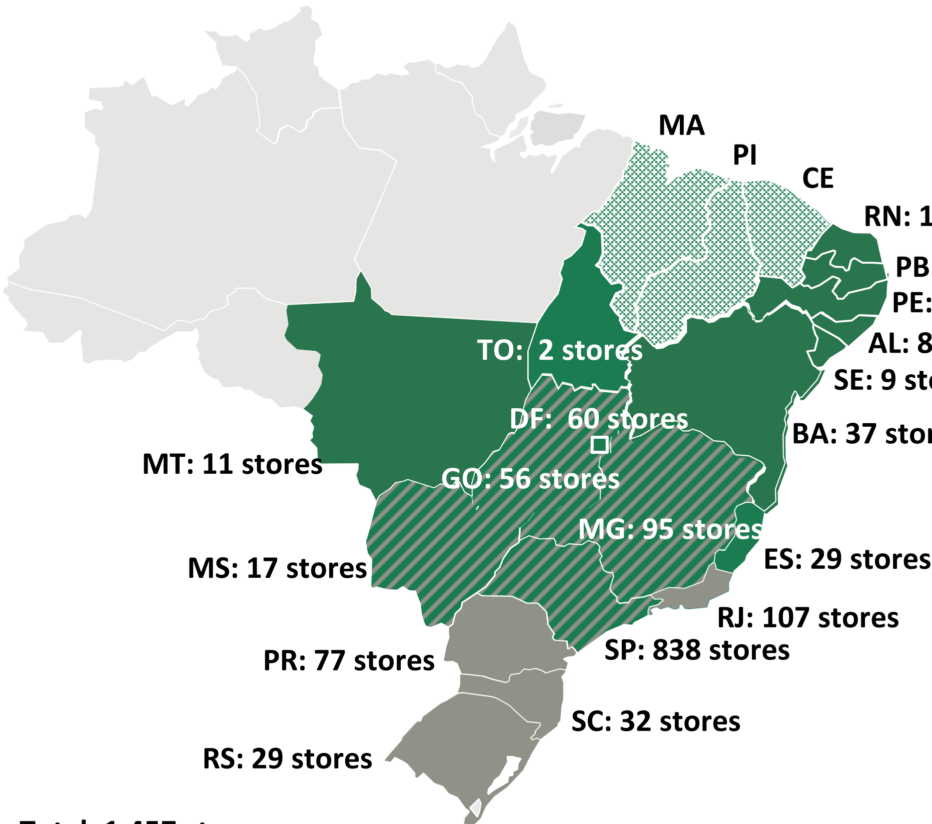
Age Structure of Store Portfolio



* Includes three 4Bio stores.

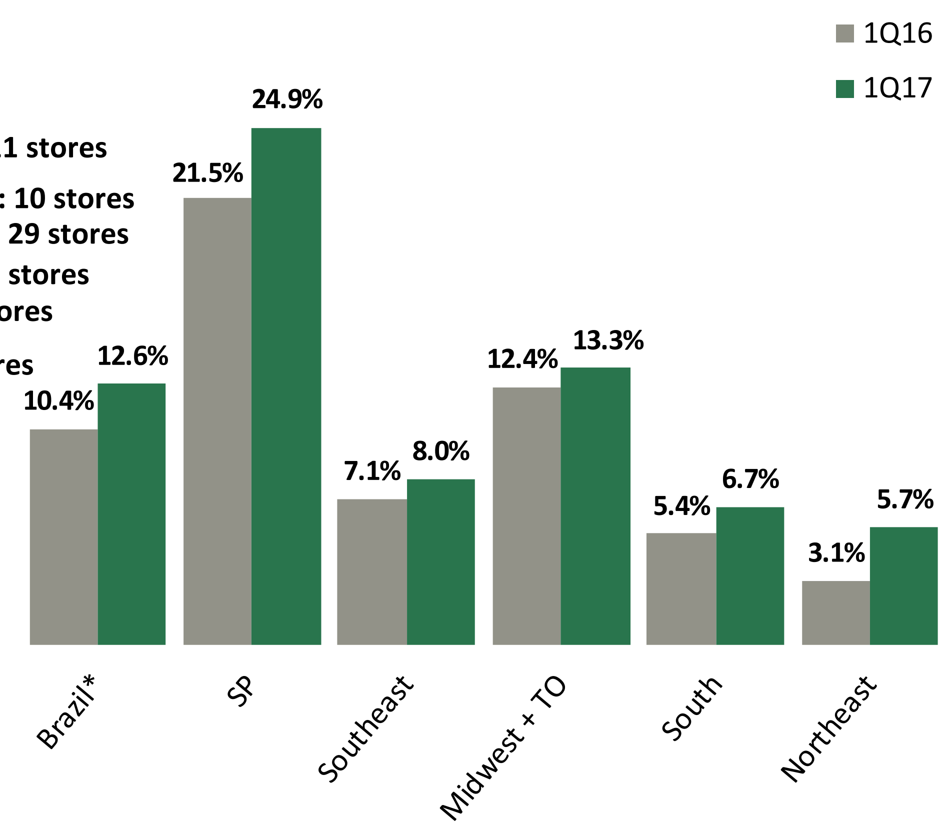
We have gained share in all regions where we operate, reaching 12.6% of comparable market share in Brazil, an increase of 2.2 p.p. compared to the previous year.

Geographic Presence



Total: 1,457 stores
- Raia: 694 stores
- Drogasil: 760 stores
- Future markets
- ∗ 4Bio: 3 stores

Market Share**



PHARMACEUTICAL MARKET BREAKDOWN BY REGION (%)

Brazil*	SP	Southeast	Midwest + TO	South	Northeast
100.0%	27.0%	23.8%	9.7%	16.3%	18.6%

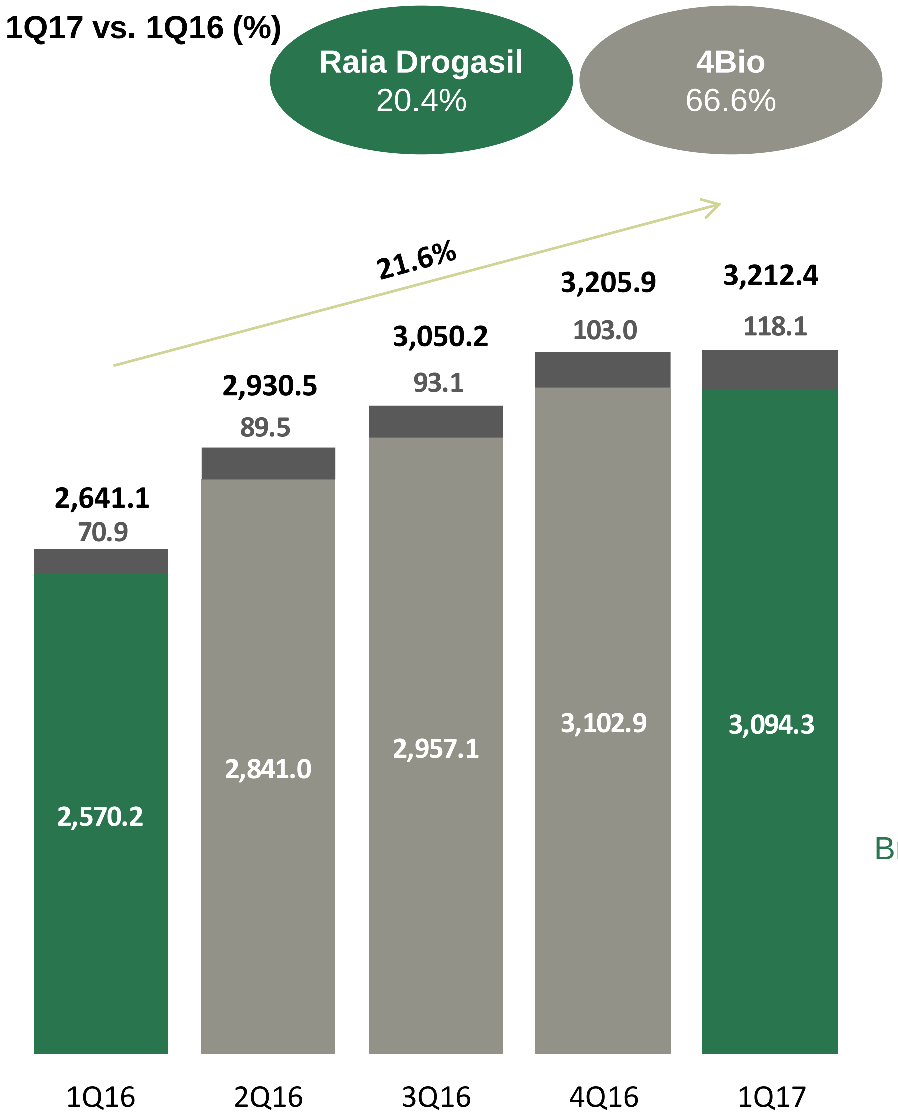
Source: IMS Health

* Includes 4Bio only for Brazil total.

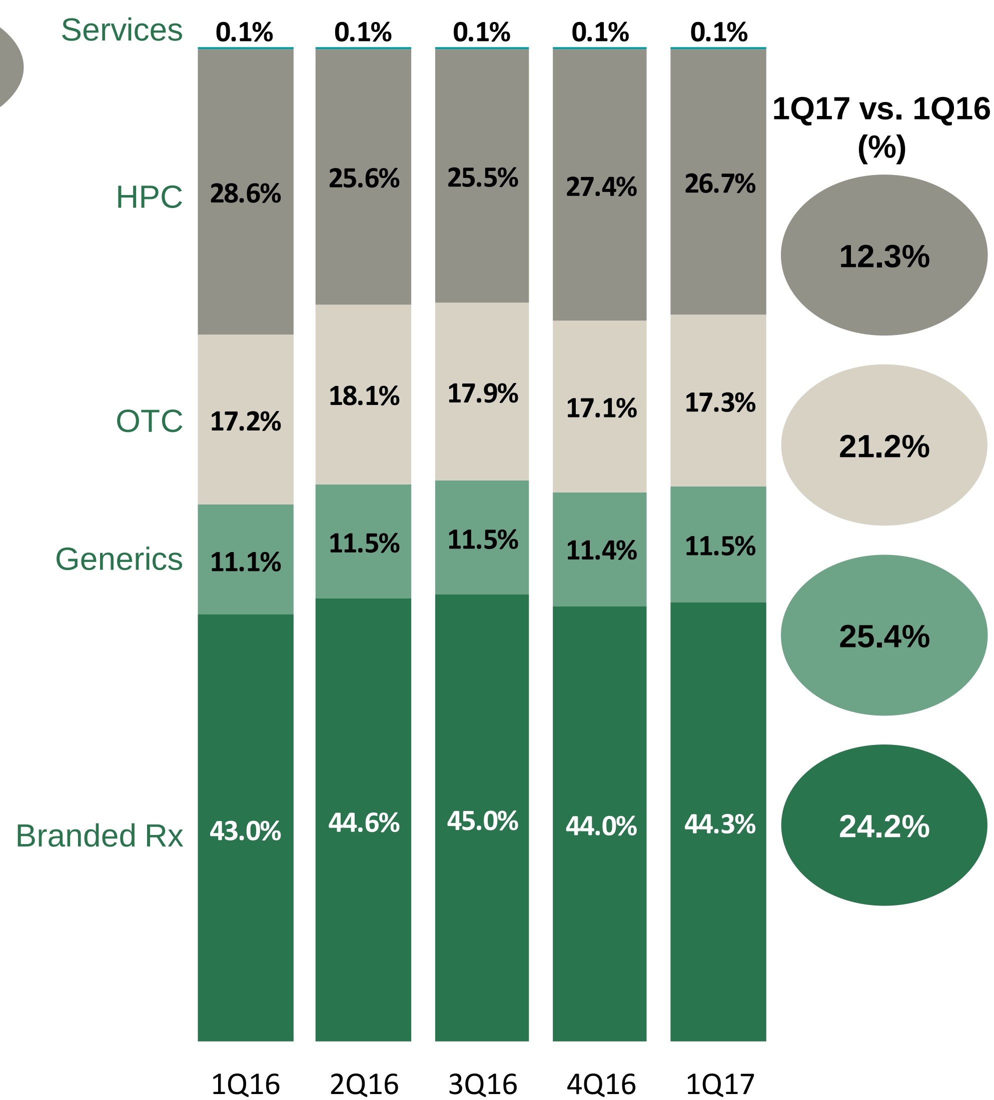
** Comparable Market Share, excluding new informants added to the panel during the last twelve months. Our national market share including the full panel was of 11.4%

Generics was the highlight of the quarter (0.4 p.p. increase in the sales mix), at the expense of OTC and HPC, which had a tough comp base in 2016 and faced a deceleration in basic categories.

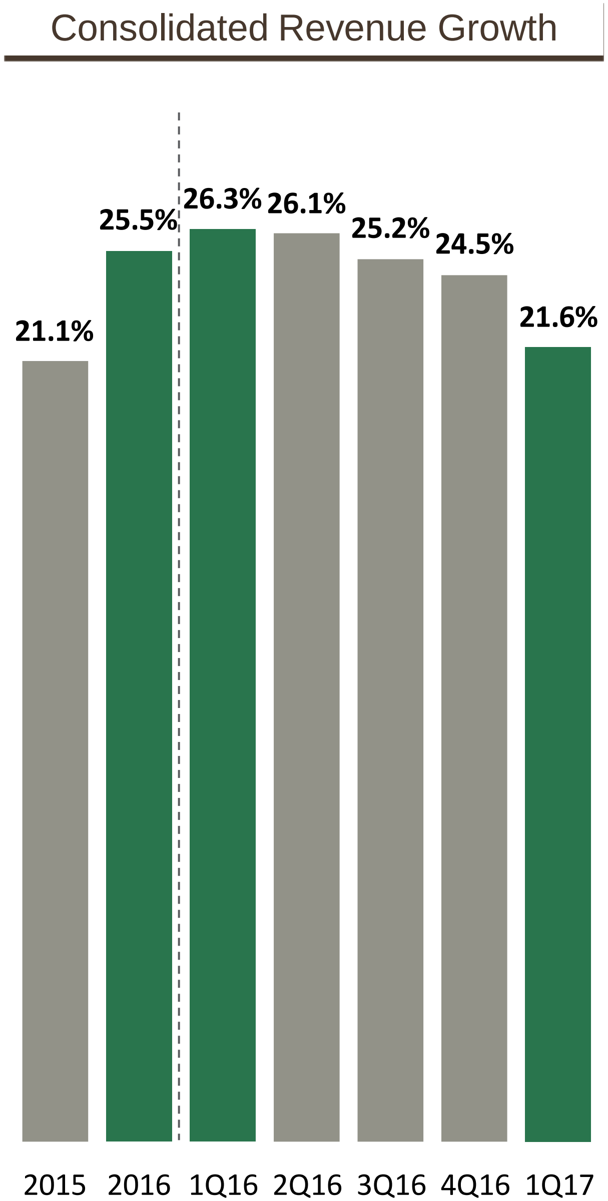
Consolidated Gross Revenue

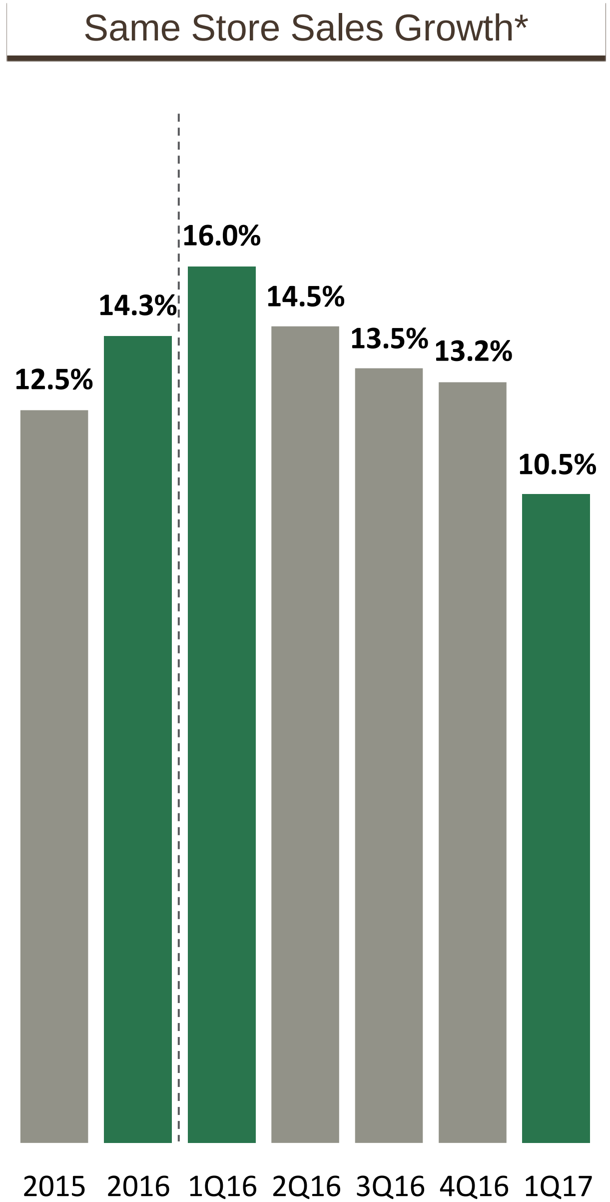


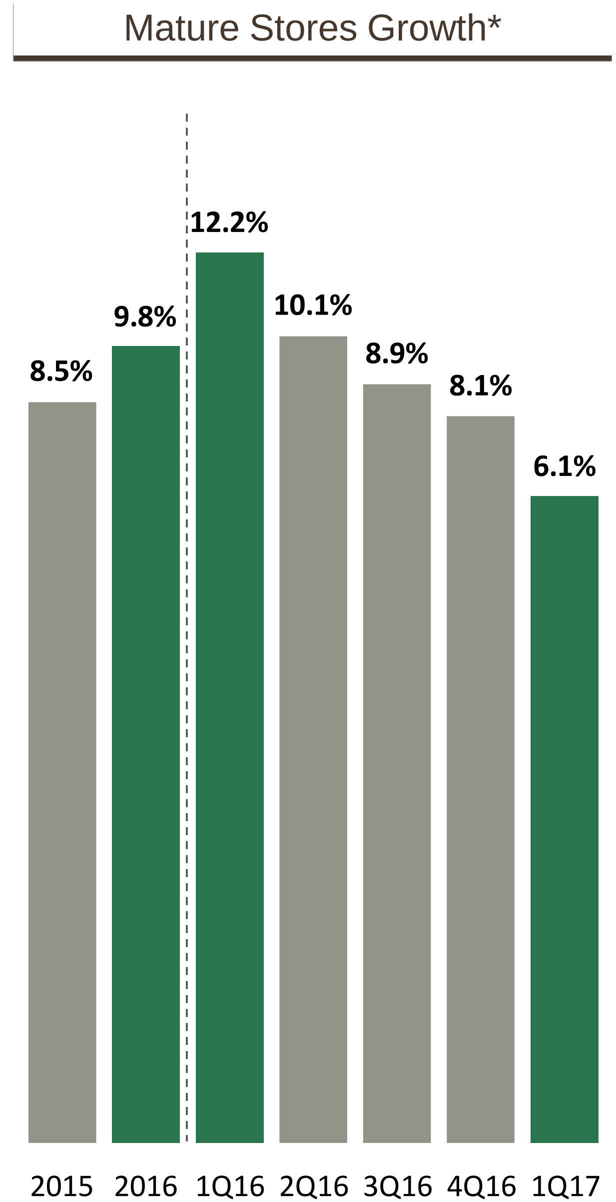
Retail Sales Mix



Our revenue grew by 21.6% in the 1Q17, with 10.5% for mature stores, including a negative calendar effect of 0.2%.





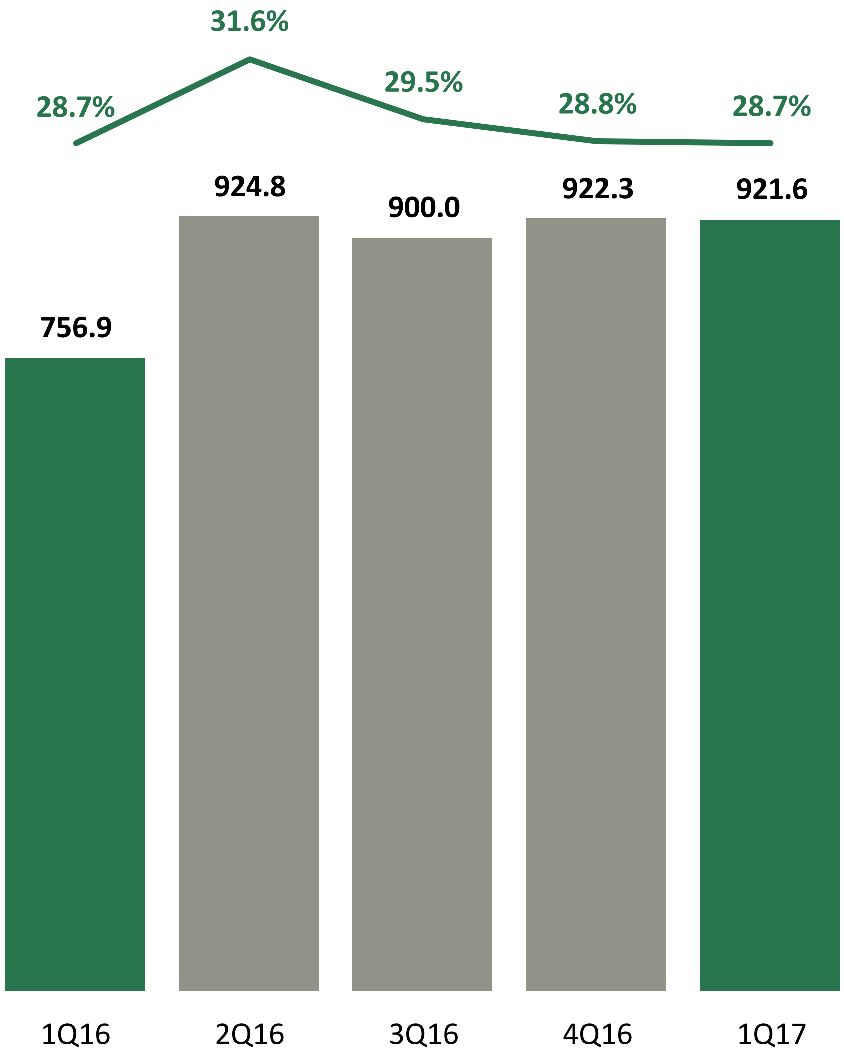


* Only considers retail

Gross margin remained flat versus 1Q16. 4Bio´s negative margin mix effect was offset by a 0.1 p.p. gain from commercial terms and a positive NPV effect of 0.2 p.p.

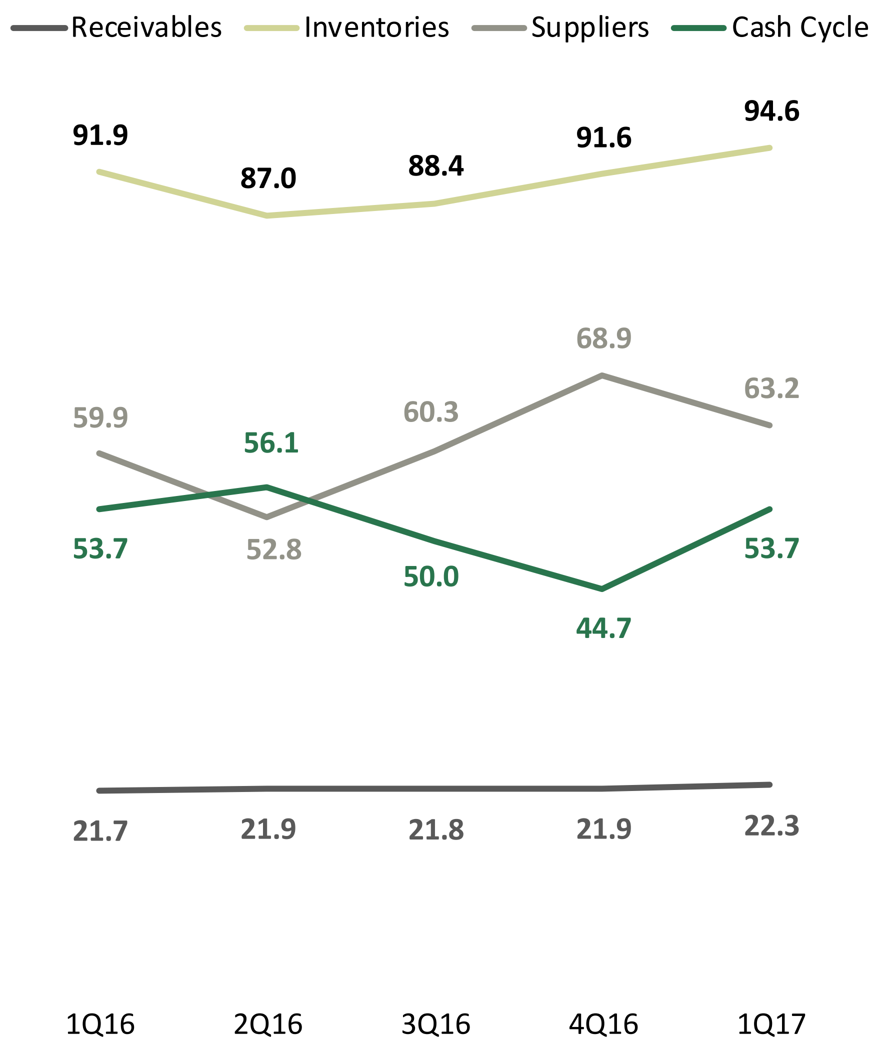
Gross Margin

(R$ million, % of Gross Revenues)



Cash Cycle*

(COGS Days, Gross Revenues Days)

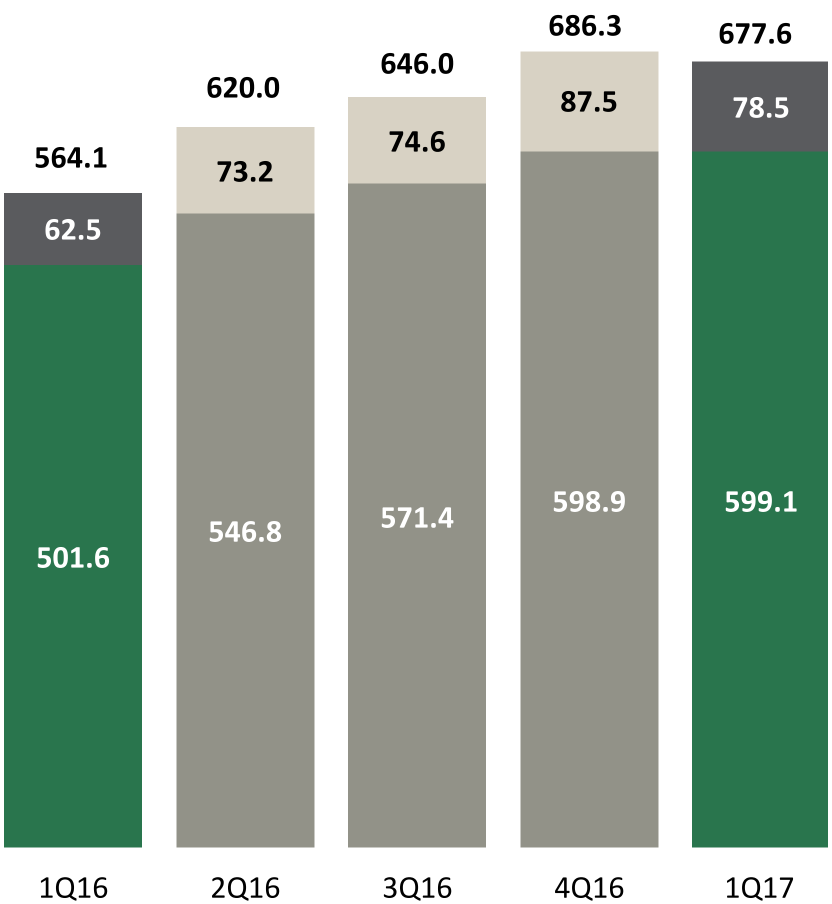


* Adjusted by discounted receivables.

SG&A dilution totaled 0.3 p.p. Payroll, electricity and 4Bio diluted 0.1 p.p. each. Pre-operational expenses diluted another 0.2 p.p. These gains were partially offset by a rental pressure of 0.2 p.p.

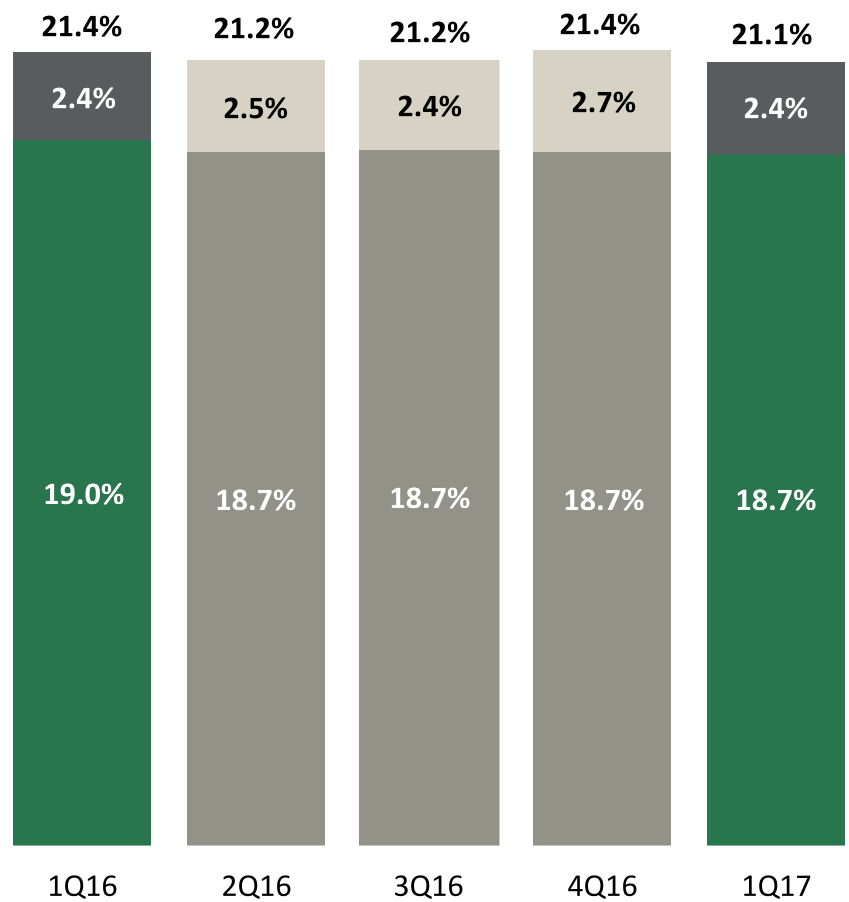
Operating Expenses

(R$ million)



Operating Expenses

(% of Gross Revenues)

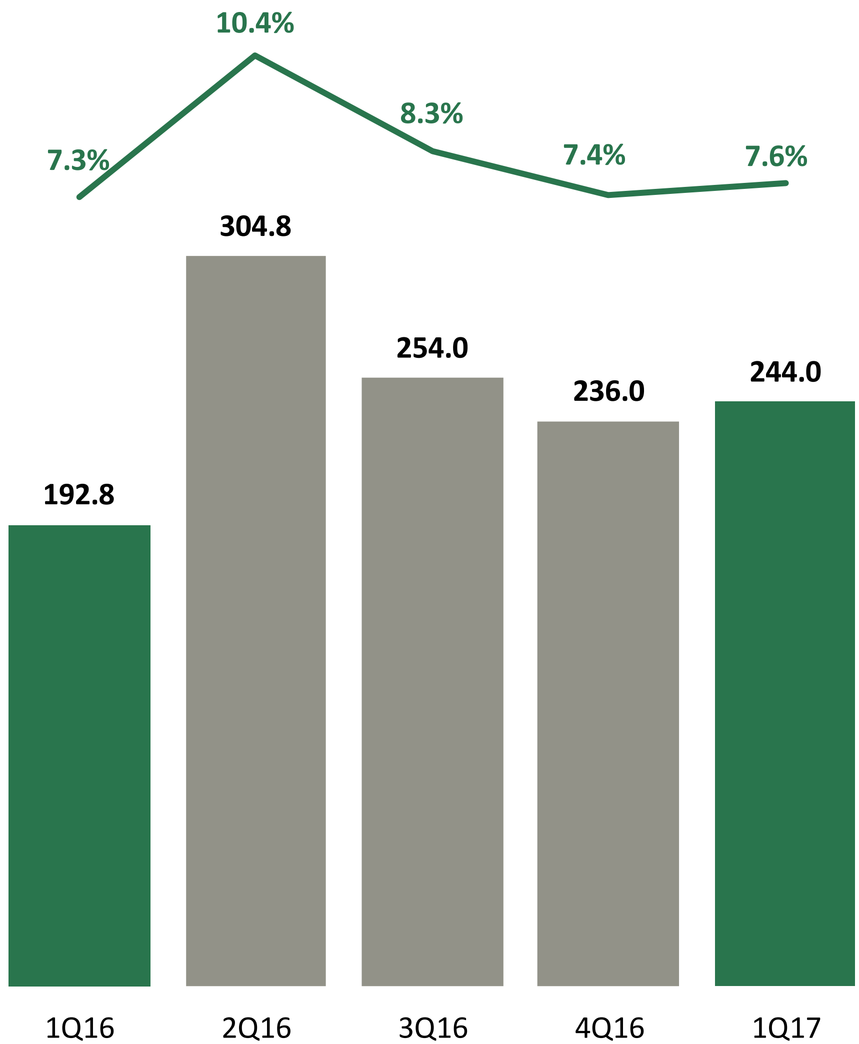


Sales Expenses General & Administrative Expenses

The adjusted EBITDA totaled R$ 244.0 MM, with a margin of 7.6%. EBITDA margin of 7.8% for drugstores and of 2.0% for 4Bio. New stores penalized EBITDA by R$ 11.7 MM.

Adjusted EBITDA

(R$ million, % of Gross Revenues)



1,415* stores operating since 2016:
(performance in the 1Q17)

- R$ 3.2 billion of Gross Revenues
- R$ 244.0 million of EBITDA
- EBITDA margin of 8.0%

Retail

- R$ 241.6 million of EBITDA
- EBITDA margin of 7.8%

4Bio

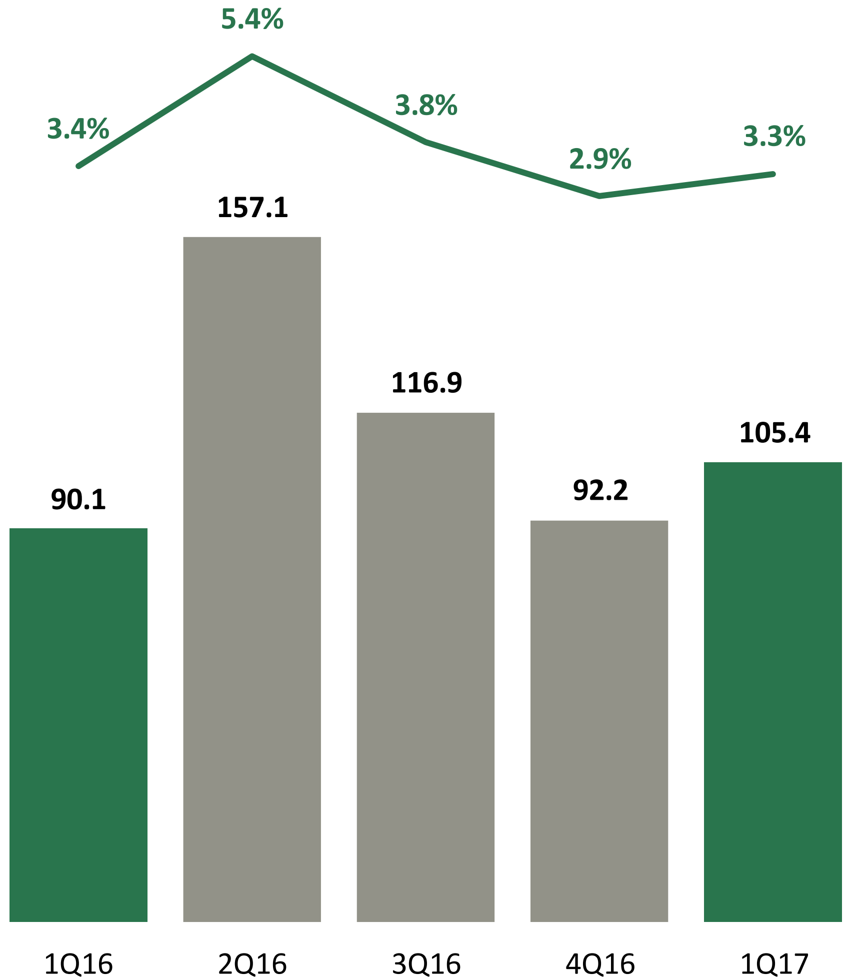
- R$ 2.4 million of EBITDA
- EBITDA margin of 2.0%

* 1420 stores by the end of the 4Q16 less 5 stores closed.

Adjusted net income totaled R$ 105.4 million in the 1Q17, a growth of 17.0%. Reported net income grew 15.4% versus 1Q16. We incurred in R$ 2.2 million of non-recurring expenses in the quarter.

Adjusted Net Income

(R$ million, % of Gross Revenues)



Non-recurring Revenues / Expenses

Non-Recurring Revenues / Expenses	1Q17
(R$ million)	
Labor contingencies: change in loss estimates	(12.1)
Retirement compensation: C-level Executive	(3.2)
Trade allowances: elimination of recognition timing delay	13.1
Total	**(2.2)**

Negative Free Cash Flow of R$ 172.7 million and Total Cash Flow of R$ 162.7 million driven by the unfavorable cash cycle seasonality and by the normalization of the working capital investment.

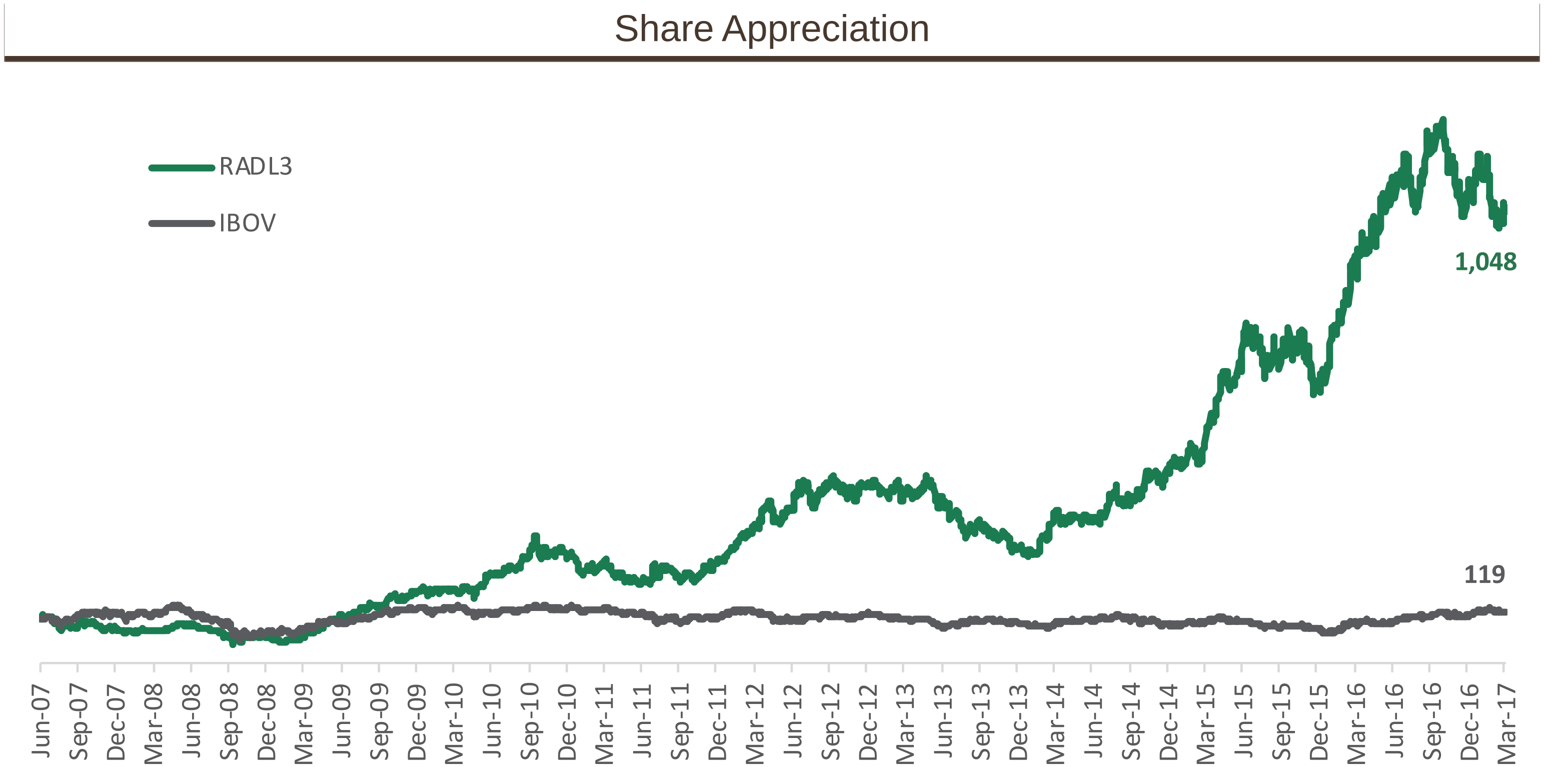
Cash Flow	1Q17	1Q16
(R$ million)		
Adjusted EBIT	**166.5**	**129.9**
NPV Adjustment	(21.1)	(10.5)
Non-Recurring Expenses	(2.2)	-
Income Tax (34%)	(48.7)	(40.6)
Depreciation	77.5	62.9
Others	16.3	(0.7)
Resources from Operations	**188.3**	**141.1**
Cash Cycle*	(246.7)	(206.6)
Other Assets (Liabilities)**	20.8	(6.6)
Operating Cash Flow	**(37.6)**	**(72.1)**
Investments	**(135.1)**	**(98.9)**
Free Cash Flow	**(172.7)**	**(171.0)**
Interest on Equity	(0.1)	(0.0)
Net Financial Expenses***	(10.9)	(4.9)
Income Tax (Tax benefit over financial expenses and interest on equity)	21.1	17.9
Total Cash Flow	**(162.7)**	**(158.1)**

*Includes adjustments to discounted receivables.

**Includes tax shield from goodwill amortization and NPV adjustments.

***Excludes NPV adjustments.

Since the IPO of Drogasil, we achieved a cumulative share appreciation of 947.7% and an average annual shareholder return of 27.2%. Considering the IPO of Raia, the average annual return was 31.5%.



Performance 2017

RADL3: -4.1%
BOVESPA: 7.9%
Alpha: -12.0%
Average Trading Volume RADL3: R$ 80.6 M

Capital Markets Highlights

- **First Issuance of Debentures**

  - Rated AAA-Br by Fitch, reflecting our strong balance sheet, cash generation and financial discipline
  - Simple, unsecured, non-convertible debentures: distributed publicly on a restricted efforts basis (CVM 476)
  - R$ 300.0 million raised on April 12, 2017
  - Term of 5 years, bi annual principal amortization and interest payments, 1 year grace period for principal
  - Firm commitment by Itaú at a rate of 107.5% of CDI
  - Bookbuilding reduced interest rate to **104.75% of CDI**

- **2017 Earnings Releases**

  - **2Q:** July 27th, 2017
  - **3Q:** October 26th, 2017

- **Scheduled Investor Conferences**

  - May 17th and 18th: **12nd Annual Latam CEO Conference**, Itaú BBA (New York)
  - June 6th to 8th: **2017 GEMS Conference**, Bank of America Merrill Lynch (California)
  - June 28th and 29th: **Annual Brazil Equity Conference**, Citi (São Paulo)
  - August 15th to 17th: **Annual Santander Brazil Conference**, Santander (São Paulo)
  - September 11th to 13th: **20th Annual Latin America Conference**, Morgan Stanley (London)

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

Our New Corporate Brand and Identity

A long history of taking care of people


Belief
People taking care of people
DROGASIL

Purpose

Taking Close Care of People´s Health and Well-being during all Times of their Lives

Values

Efficiency
Ethics
Innovation
Relationships of Trust
Long-Term View

Adopting a New Corporate Brand* that Reflects the new Identity which Emerged Since the Merger

- Established on November 10, 2011, Raia Drogasil combined shared values and vision and almost two centuries of tradition of Droga Raia and Drogasil, aiming at better caring for people's health and well-being.

- Within this period, we combined unique assets, talents and competences, reaching a new level of execution that has allowed us to lead the consolidation of the drugstore industry in Brazil.

- Today, 5 years after the merger, we are a completely different company, with scale, efficiency and profitability levels that are unique in the sector and with fully unified management, processes and systems.

- A unique Identity has emerged over this period, based on an own Essence, with Purpose and Values which are true to Droga Raia´s and to Drogasil´s roots.

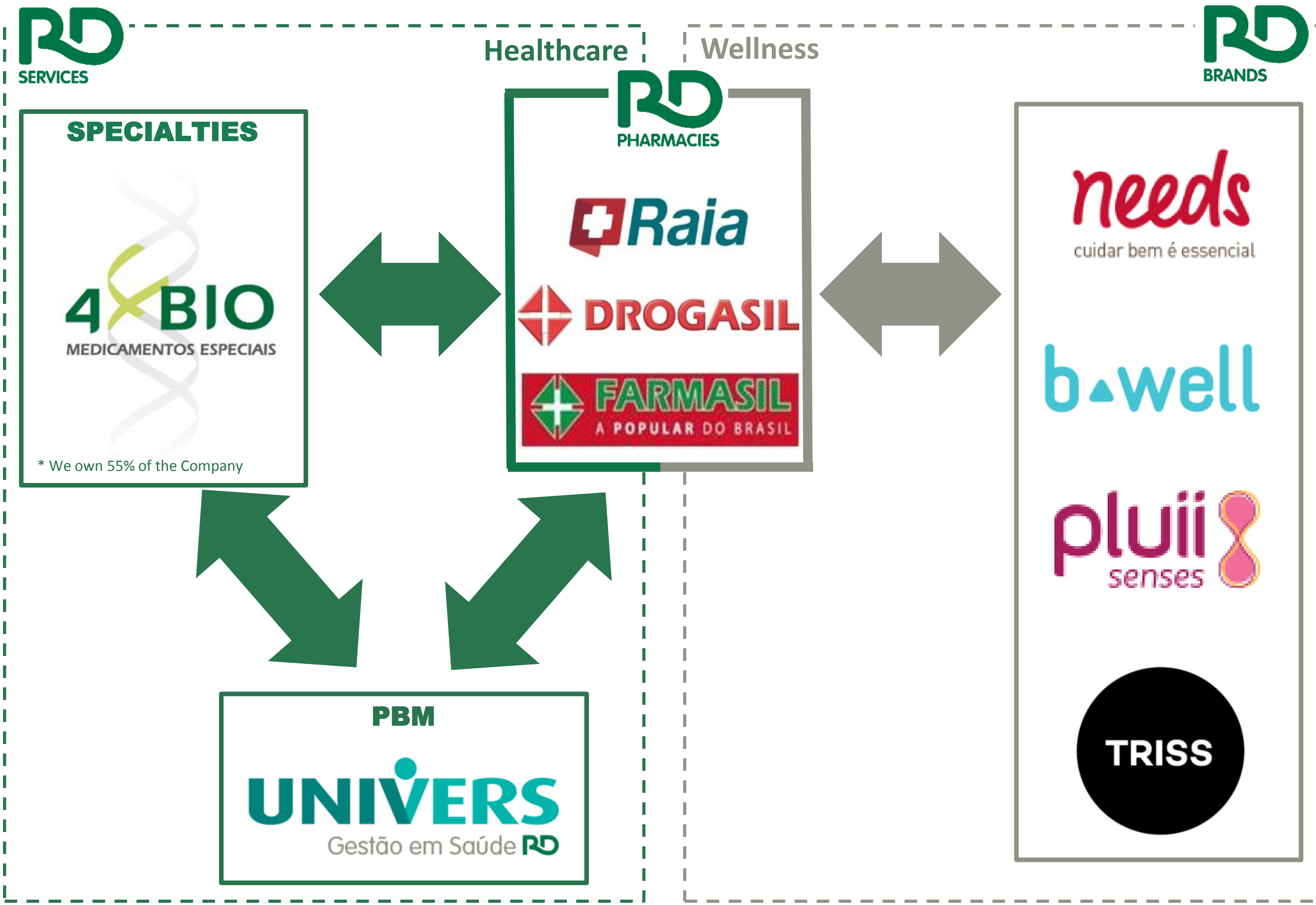
- We have become ***RD – People, Health and Well-being***. Our new corporate brand fully reflects our Identity, as well as our Purpose of "Taking Close Care of People´s Health and Well-being during all Times of their Lives".

Gente,
Saúde e
Bem-estar.

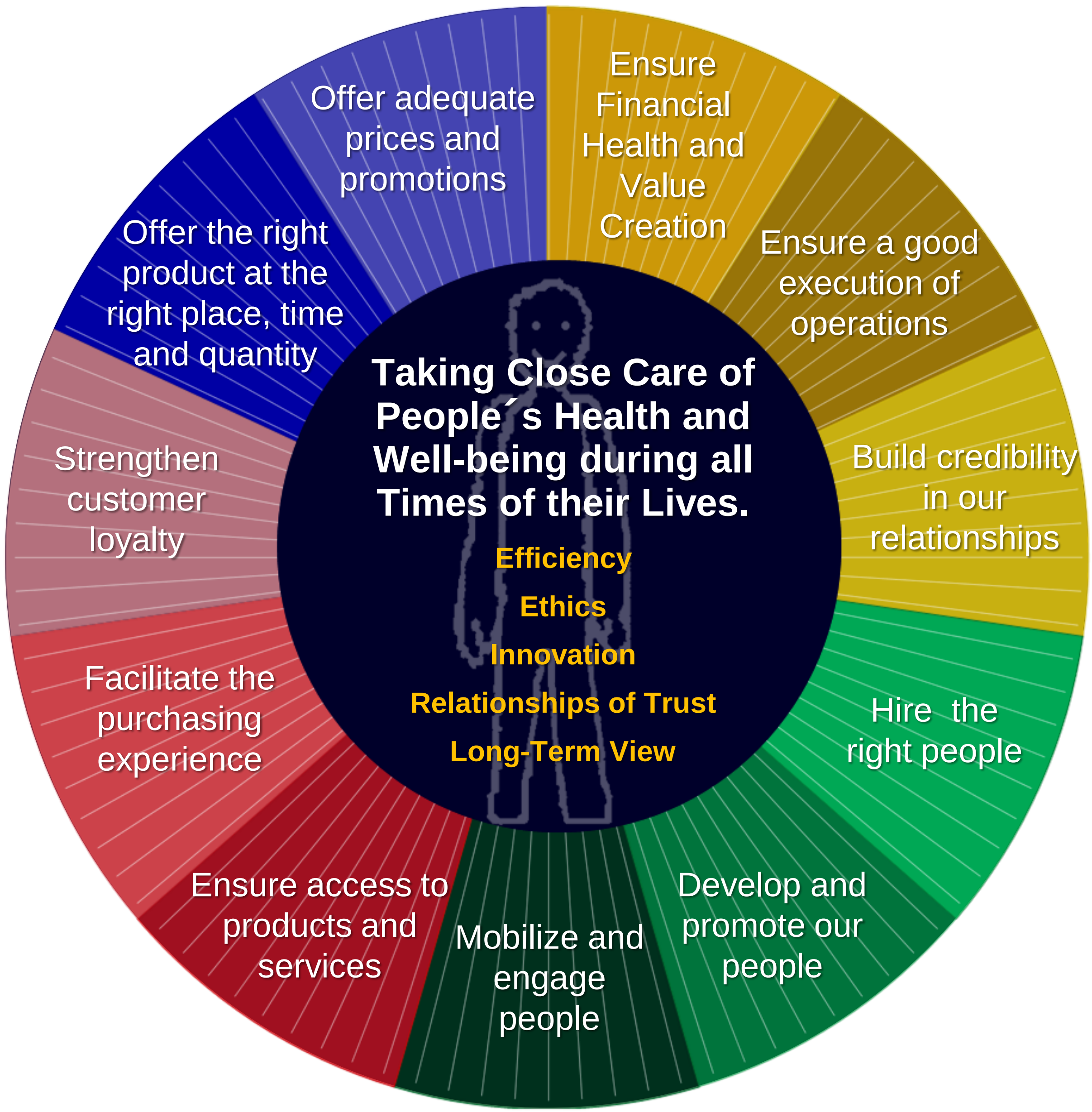
RaiaDrogasil S.A.

* Our legal corporate name remains Raia Drogasil S.A.

The RD brand also reflects the transformation undertook by our business, which combines an integrated portfolio of Healthcare and Wellness Assets: _RD Drugstores_, _RD Services_ and _RD Brands_.



We are igniting a cultural transformation within RD: every process and activity must be driven by our <u>Purpose</u> and adhere to our <u>Values</u>, with the <u>Customer</u> at its heart



The RD journey

Workshop: Defining the RD Essence (VPs and Shareholders - 8h)

Workshop: Defining the RD Culture Management System (VP’s and Shareholders - 8h)

Validating the RD Essence – (Strategic Committee - 3h)

Multiplying the RD Culture (5 workshops of 8 hours, 170 corporate and regional managers)