

Leading the Consolidation of the Drugstore Industry in Brazil



The material that follows is a presentation of general background information about RaiaDrogasil S.A. (the “Company”) as of the date of the presentation. It is information in summary form and does not purport to be complete. It is not intended to be relied upon as advice to potential investors. This presentation is strictly confidential and may not be disclosed to any other person. No representation or warranty, express or implied, is made concerning, and no reliance should be placed on, the accuracy, fairness, or completeness of the information presented herein.

This presentation contains statements that are forward-looking within the meaning of Section 27A of the Securities Act of 1933 (the “Securities Act”) and Section 21E of the Exchange Act of 1934. Such forward-looking statements are only predictions and are not guarantees of future performance. Investors are cautioned that any such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the operations and business environments of the Company that may cause the actual results of the companies to be materially different from any future results expressed or implied in such forward-looking statements.

Although the Company believes that the expectations and assumptions reflected in the forward-looking statements are reasonable based on information currently available to the Company’s management, the Company cannot guarantee future results or events. The Company expressly disclaims a duty to update any of the forward looking-statements.

Our securities have not been and will not be registered under the Securities Act or under any state securities laws in the United States, and are being offered under exemptions from registration under the Securities Act. Securities may not be offered or sold in the United States unless they are registered or exempt from registration under the Securities Act. Any offering to be made in the United States will be made by means of an offering circular that may be obtained from the agents.

This presentation does not constitute an offer, or invitation, or solicitation of an offer, to subscribe for or purchase any securities. Neither this presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever.



Marcilio Pousada

Chief Executive Officer

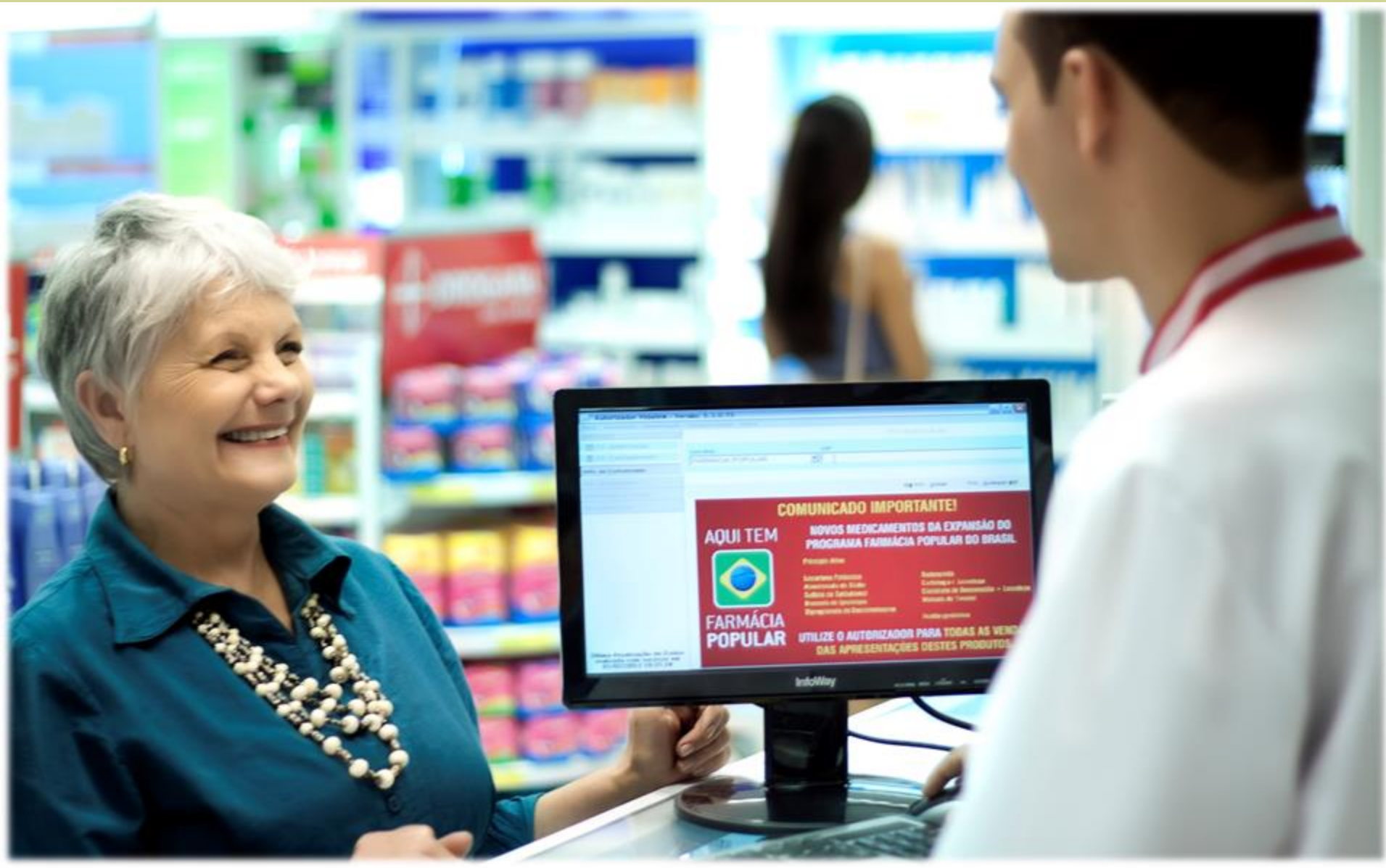
- CEO of Raia Drogasil since July 2013
- 30 years of multi-industry retail experience in large Brazilian and global organizations.
- Former Saraiva and Office Net CEO
- Also worked for Submarino, Sam's Club (Wal-Mart Group), Mappin and C&A.
- BBA from FAAP

Eugênio De Zagottis

*Investor Relations and
Corporate Planning V.P.*

- More than 15 years of industry experience. Responsible for IR, Corporate Planning, M&A, Own Brands and PBM. Former Commercial & IR VP of Droga Raia
- Member of Founding Family
- Board Member and Planning Director of ABRAFARMA (Brazilian Association of Chain Drugstores)
- Worked as a consultant for McKinsey in Brazil and in Italy and also for Arthur Andersen in Brazil
- MBA from the University of Michigan, BBA from FGV-SP

Raia Drogasil – Company Highlights





- Brazil's largest drugstore chain and 6th largest retailer: Revenues of R\$ 10.0 billion, EBITDA of R\$ 782.5 MM and adjusted net income* of R\$ 410.5 MM in the LTM. Launched ADR Level 1 in the NYSE.
- Merger between Raia S.A. and Drogasil S.A., two leading Brazilian drugstore chains with 192 years of combined history, with shared control by shareholders who are members of the founding families;
- Around 1,300 stores in 17 states of Brazil, which represent 89% of the Brazilian pharmaceutical market, and a national market share of 11%;
- Unparalleled business model, combining two iconic drugstore brands, a proprietary PBM and a specialty retailing platform (acquired 55% of 4Bio, Brazil's #2 Specialty Retailer);
- Unique growth track record in the Brazilian drugstore industry: more than doubling our store base between 2010 and 2016 while relying on organic growth.



* Considers 4Bio on a pro-forma basis

Our Belief: PHARMACY IS HEALTH AND BEAUTY FOR A LIFETIME



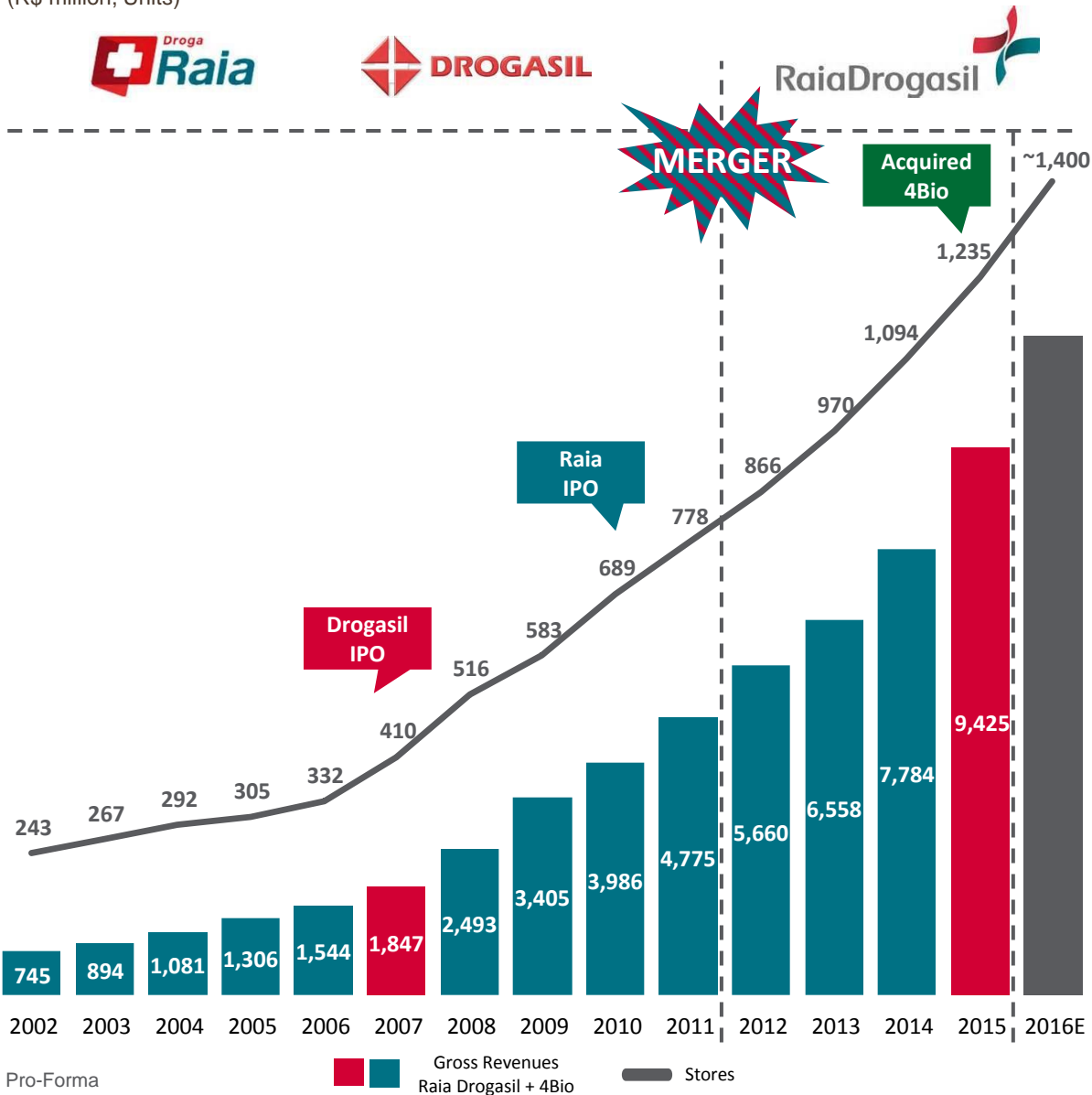
**Our Vision: LEADING THE CONSOLIDATION OF THE
DRUGSTORE INDUSTRY IN BRAZIL**

Unique Track Record of Accelerated Organic Growth with Margin Expansion: Multiplied Stores by **3X**, Sales by **5X** and EBITDA by **10X** from 2007 to 2015.



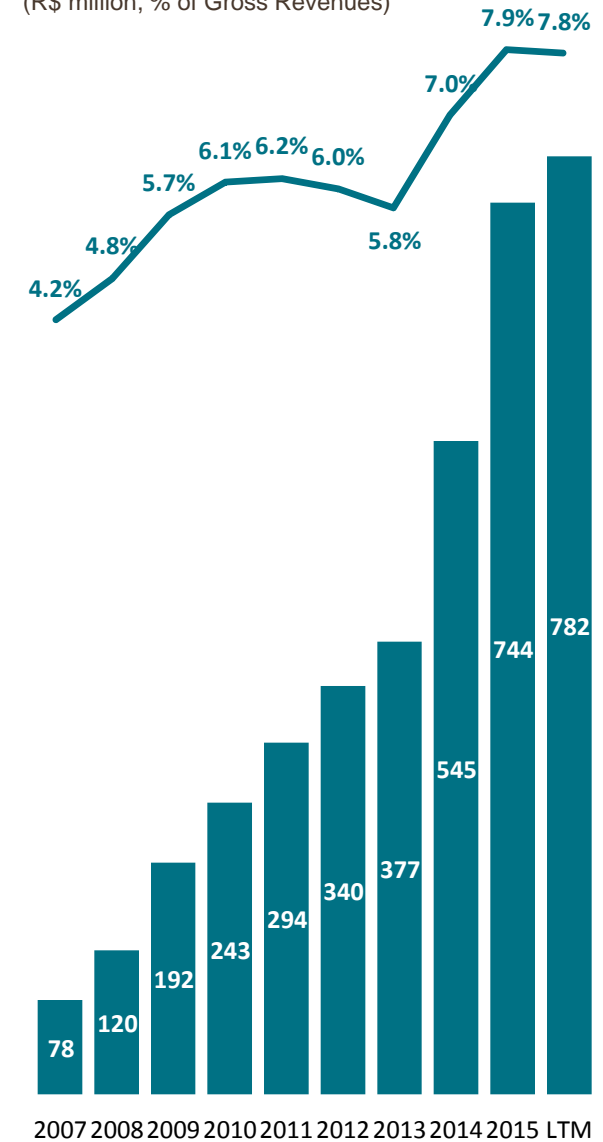
Combined Gross Revenues & Store Count

(R\$ million, Units)



Combined EBITDA

(R\$ million, % of Gross Revenues)



* Pro-Forma

Largest, Fastest-Growing and Most Profitable Drugstore Chain in Brazil. Ranks as the 6th Largest Retailer Overall in the Country.



Ranking		Gross Rev. (billion)	Stores	EBITDA (million)	EBITDA (%)
1 st	RaiaDrogasil	R\$ 9.4 +21%	1,235 +13%	R\$ 743.5 +37%	7.9% + 0.9 p.p.
2 nd	DPSPsa	R\$ 7.3 +15%	1,079 +13%	R\$ 476.7 +15%	6.5% 0.0 p.p.
3 rd	FARMÁCIAS Pague Menos DRUGSTORE	R\$ 5.0 +14%	828 +12%	R\$ 336.6 +1%	6.7% - 0.9 p.p.
4 th	pharma	R\$ 3.6 -5%	532 -27%	(R\$ 31.9) -87%	- 0.9% + 5.7 p.p.

Retail Ranking*		Gross Rev. (billion)	Stores
1 st	GPA	R\$ 76.9 +6%	2,181 +2%
2 nd	Carrefour	R\$ 42.7 +13%	288 +15%
3 rd	Walmart	R\$ 29.3 -1%	485 -11%
4 th	LOJAS AMERICANAS	R\$ 20.7 +12%	1041 +9%
5 th	magazine luiza vem ser feliz	R\$ 10.5 -9%	786 +4%
6 th	RaiaDrogasil	R\$ 9.4 +21%	1,235 +13%
7 th	cencosud	R\$ 9.0 -6%	222 1%
8 th	Máquina de Vendas Brasil	R\$ 8.5 -10%	1,100 +6%

Source: Companies, 2015
 *Brazilian Supermarket Ranking: Supermercado Moderno, 2015 and Valor Economico Newspaper
 Only considers retailers which operate with own stores.



RaiaDrogasil

Pharmaceuticals

SPECIALTIES



* Adquirindo 55% da Empresa

STORES



Front Store

BRANDS

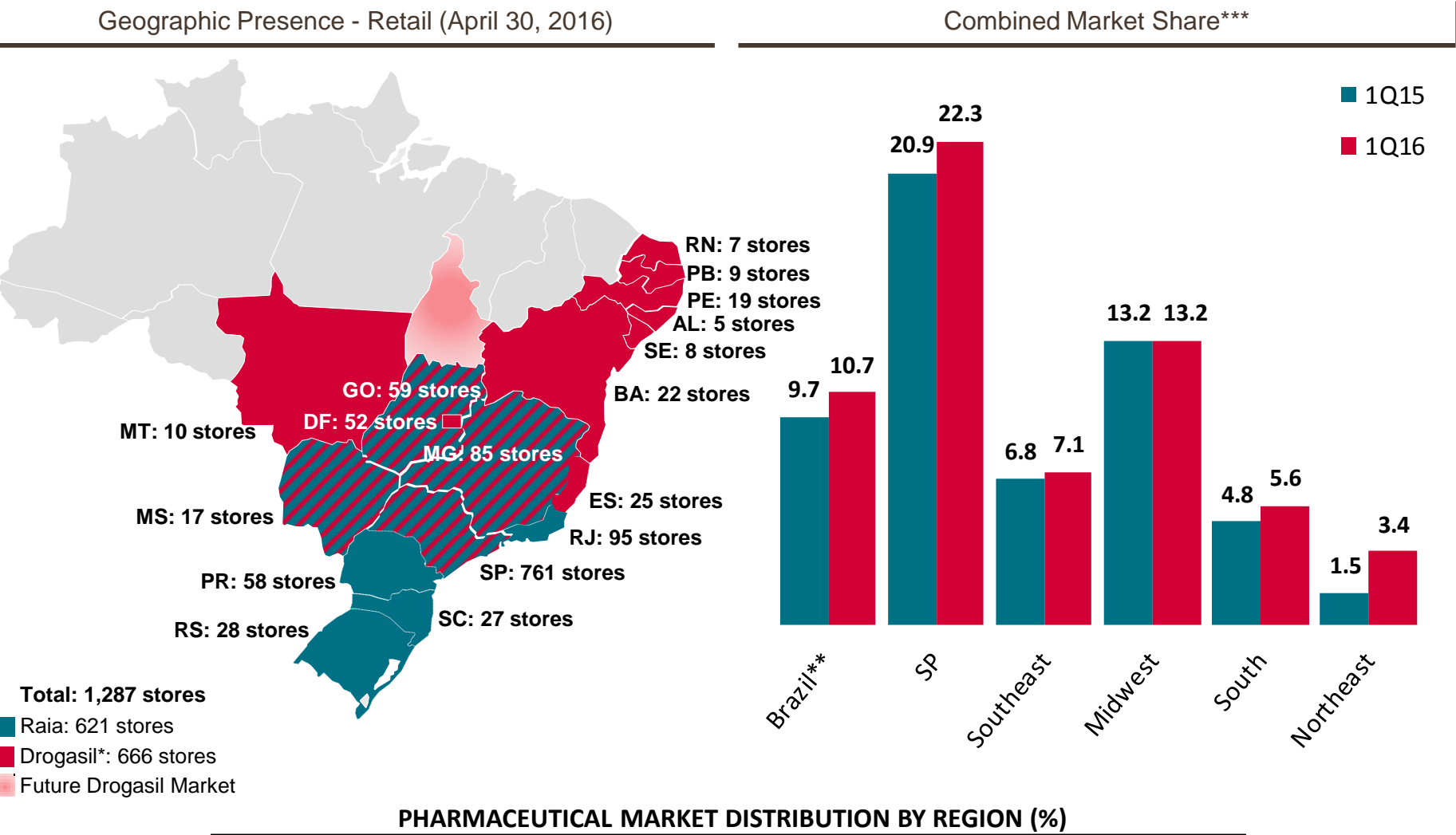


TRISS

PBM



Strong Geographic Presence and Further Growth Potential



Source: IMS Health

* Includes Farmasil stores

** Includes 4Bio only for Brazil

*** 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 10.5%

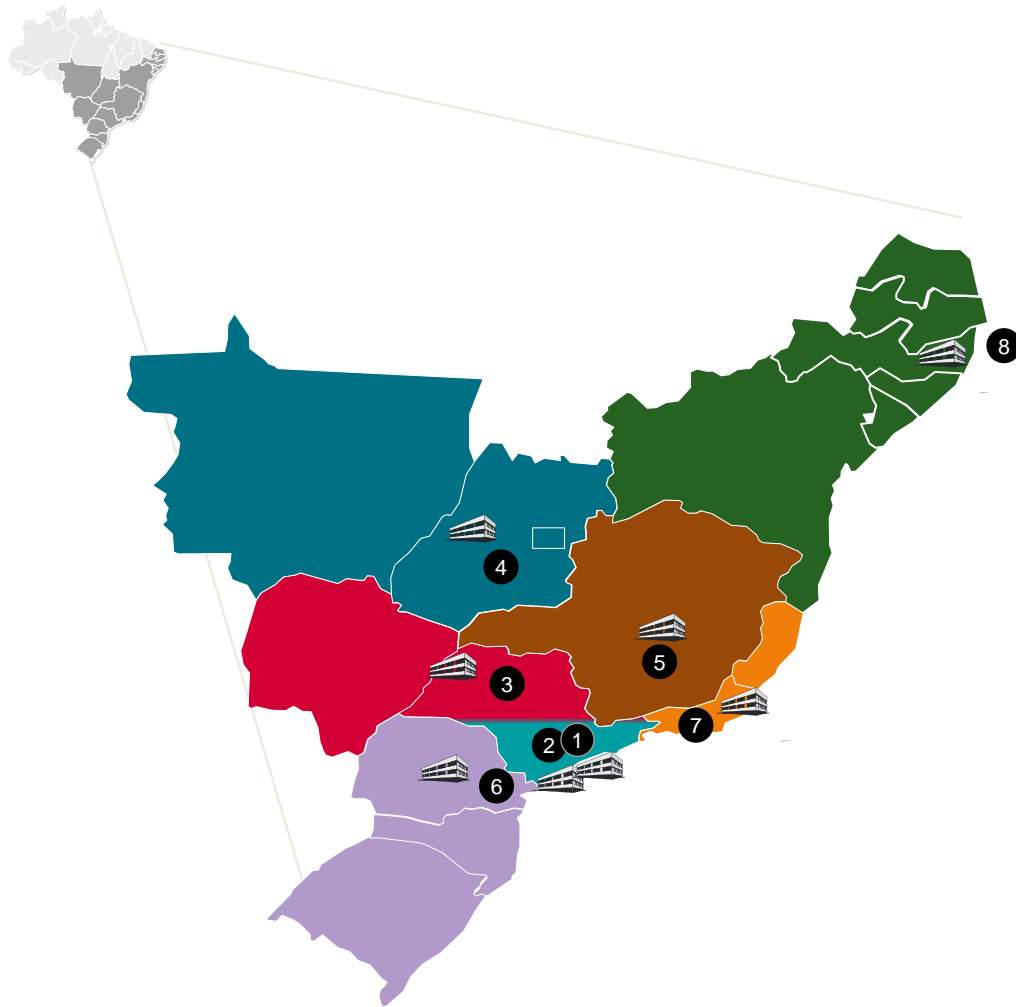
Unified, Decentralized and Scalable Distribution Infrastructure, with Just-in-Time Supply Chain Management



Distribution Centers



Distribution Centers



Embu Distribution Center

1

- ▶ São Paulo (SP)
- ▶ Area: 17,000 sqm

2

- ▶ Embu (SP)
- ▶ Area: 19,000 sqm

3

- ▶ Ribeirão Preto (SP)
- ▶ Area: 20,000 sqm

4

- ▶ Aparecida (GO)
- ▶ Area: 12,600 sqm

5

- ▶ Contagem (MG)
- ▶ Area: 6,200 sqm

6

- ▶ S. J. dos Pinhais (PR)
- ▶ Area: 6,000 sqm

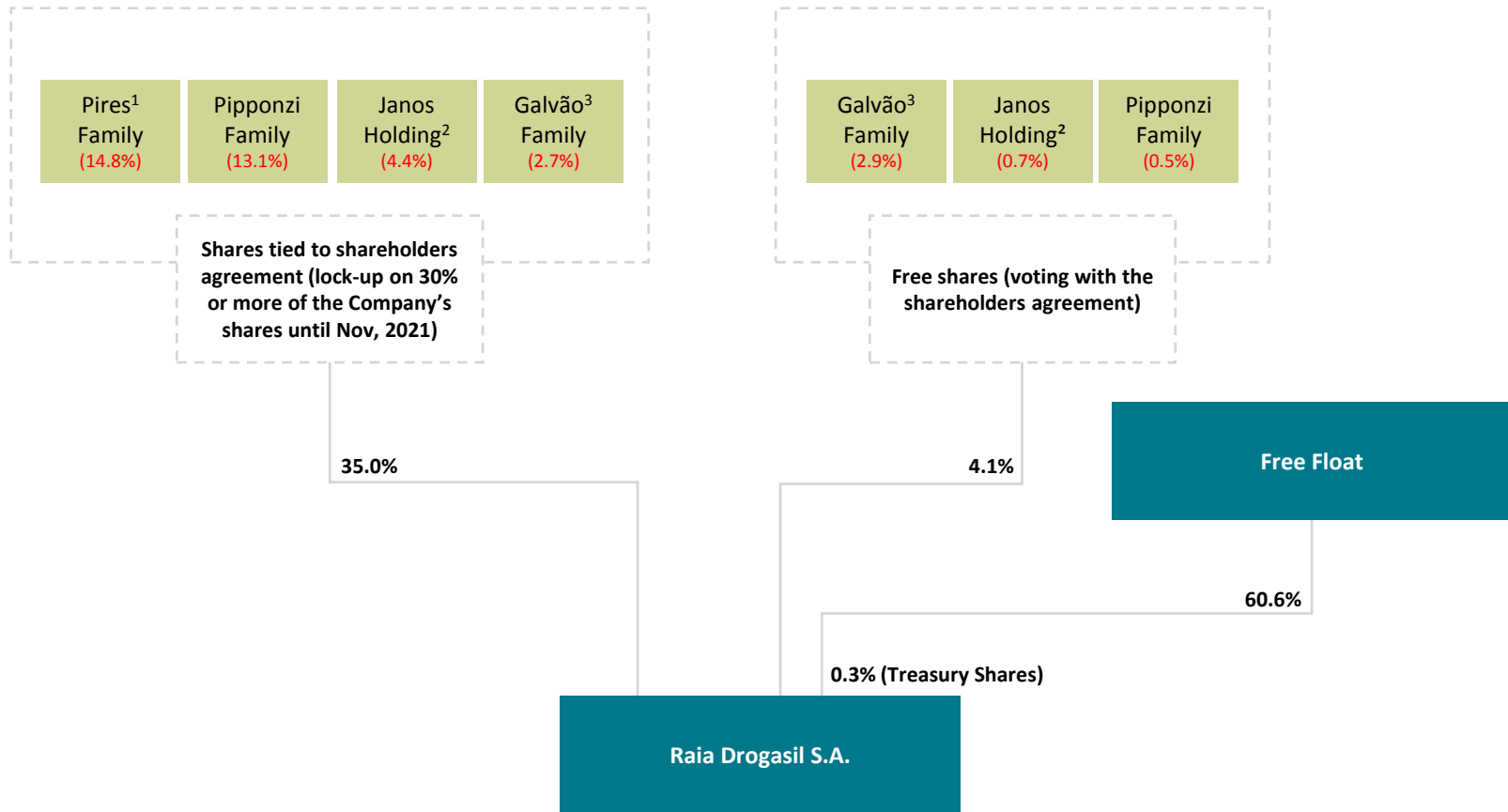
7

- ▶ Barra Mansa (RJ)
- ▶ Area: 8,400 sqm

8

- ▶ Jaboatão (PE)
- ▶ Area: 8,000 sqm

High Standards of Corporate Governance, with Members of the Founding Families of both Raia and Drogasil as Long-Term Majority Shareholders



- The number of locked-up shares will decrease from 35% to 30% of the stock capital by Nov, 2016, and will remain unchanged until Nov, 2021. Therefore, 89% of the current controlling shareholders' shares will remain locked-up until November, 2021.

¹ Carlos Pires Oliveira Dias and Regimar Comercial S.A.

² Pragma's carve-out, Janos Holding is the long-term strategic investment group of Guilherme Leal, Luis Seabra and Pedro Passos, founders of Natura.

³ GI Participações Ltda

Significant Synergies Achieved Since the Merger



Combined Operational Highlights	2011	LTM 1Q16	Var. %
Store Count	778	1,274	63.8%
Sales Area (sqm)	109,095	182,615	67.4%
Geographic Presence	9 states 78% of the Brazilian Market	17 states 89% of the Brazilian Market	+8 states +11% of the Brazilian Market
Employees	17,244	26,720	55.0%
Combined Financial Highlights (R\$ M)			
Gross Revenues	4,775	9,975	108.9%
Gross Profit (% of Gross Revenues)	1,241 26.0%	2,896 29.0%	+133.4% +3.0 p.p.
EBITDA (% of Gross Revenues)	294 6.2%	782 7.8%	166.0% +1.7 p.p.
Net Income (% of Gross Revenues)	152 3.2%	411 4.1%	170.4% +0.9 p.p.
Market Cap (billion)	4.3	17.2	302.5%

High Growth Industry, in the Process of Consolidation

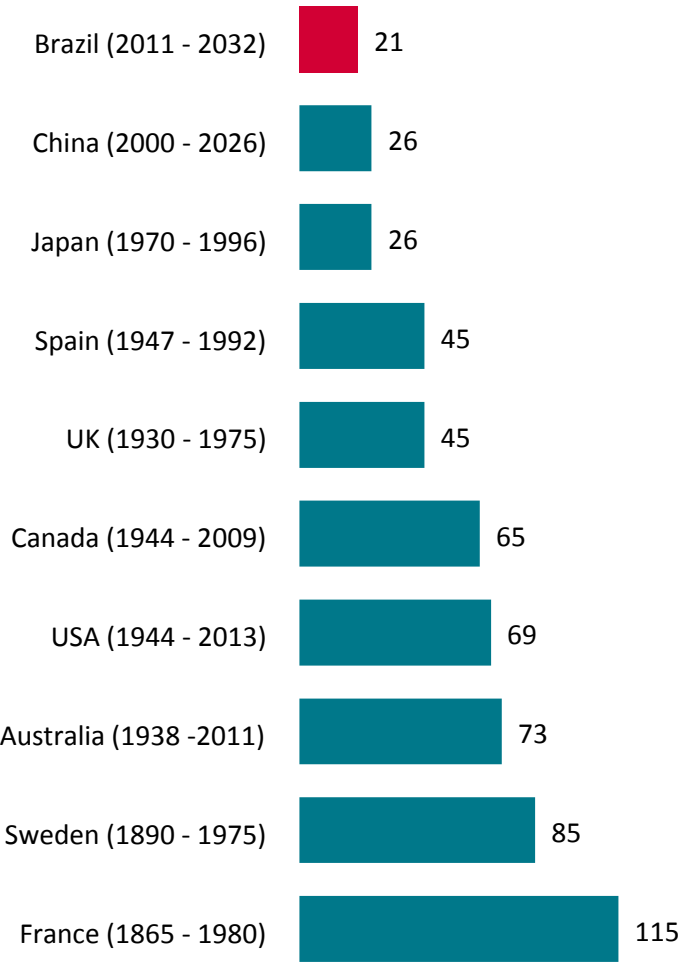


Brazil is Undergoing an Unprecedented Demographic Transformation. The Senior Population will Escalate from 16 million to 30 million over the next 15 Years.



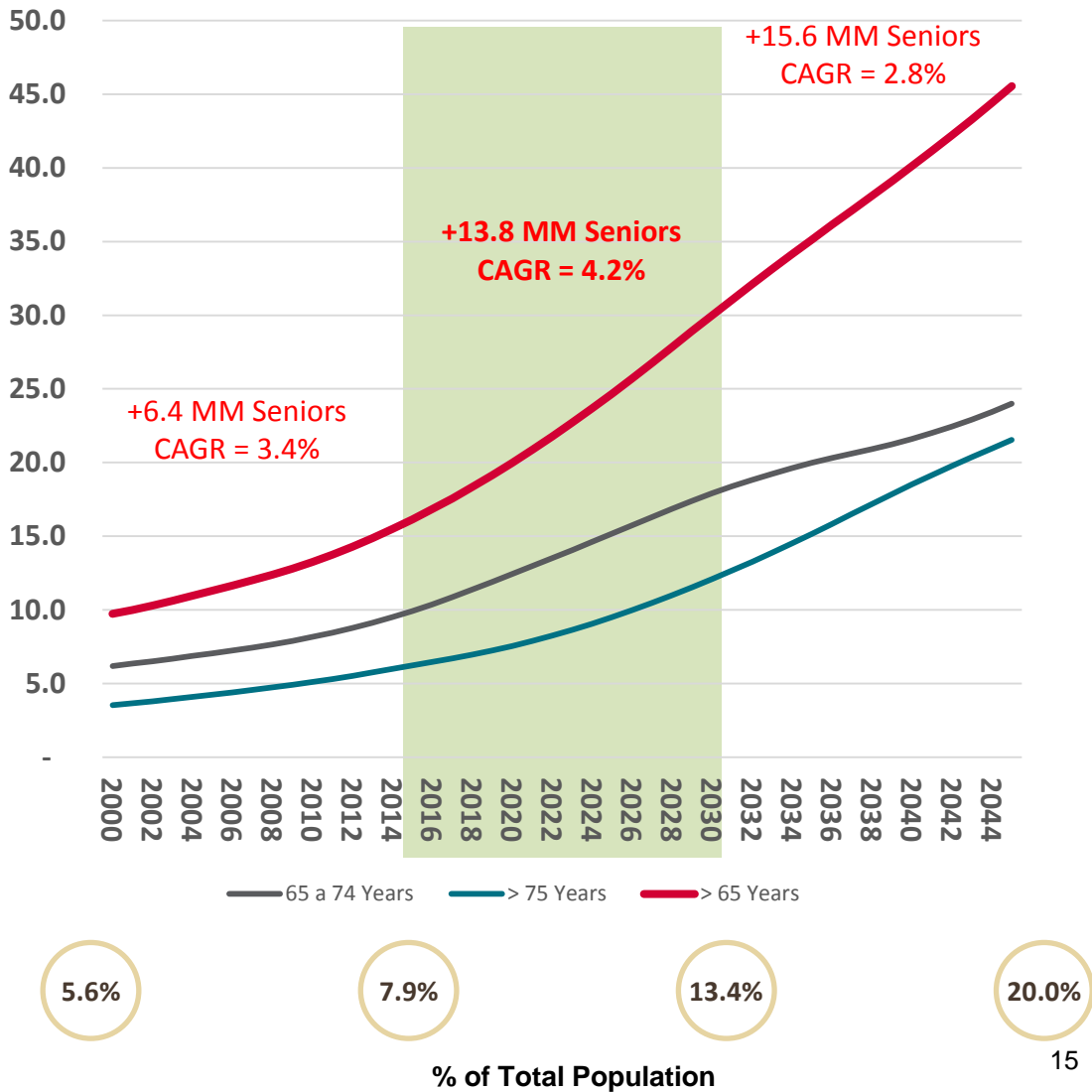
Speed of Population Aging

(Number of years to the 65+ population increase from 7% to 14%)

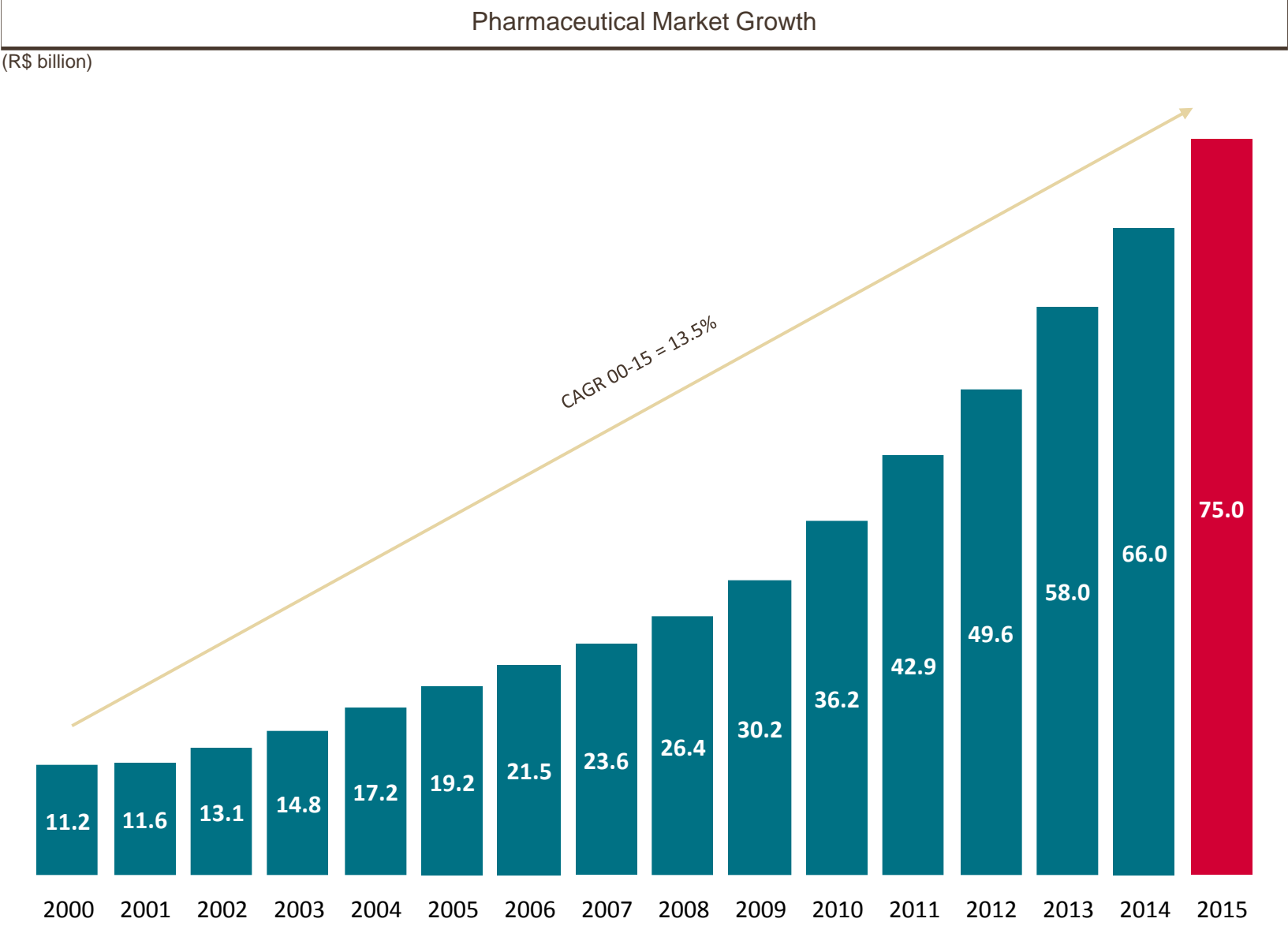


Brazilian Population above 65 years old

(Million People)



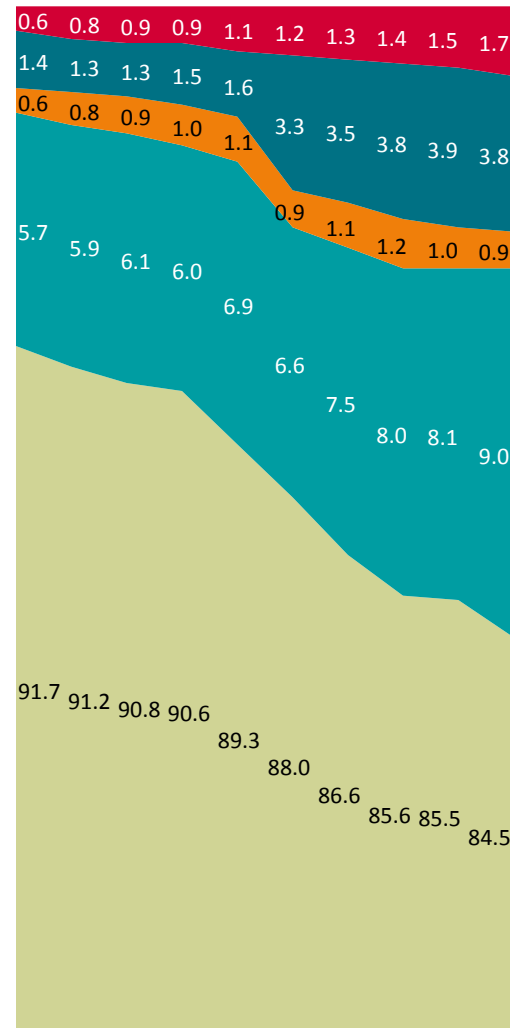
As a Result, the Pharmaceutical Market, which Grew Significantly over the Last 15 Years, Shall Sustain Double Digit Growth for Another 15 years.



Additionally, the Drugstore Market Remains Very Fragmented, Allowing Raia Drogasil to Lead the Industry's Consolidation & Enhance the Productivity Edge versus our Peers.

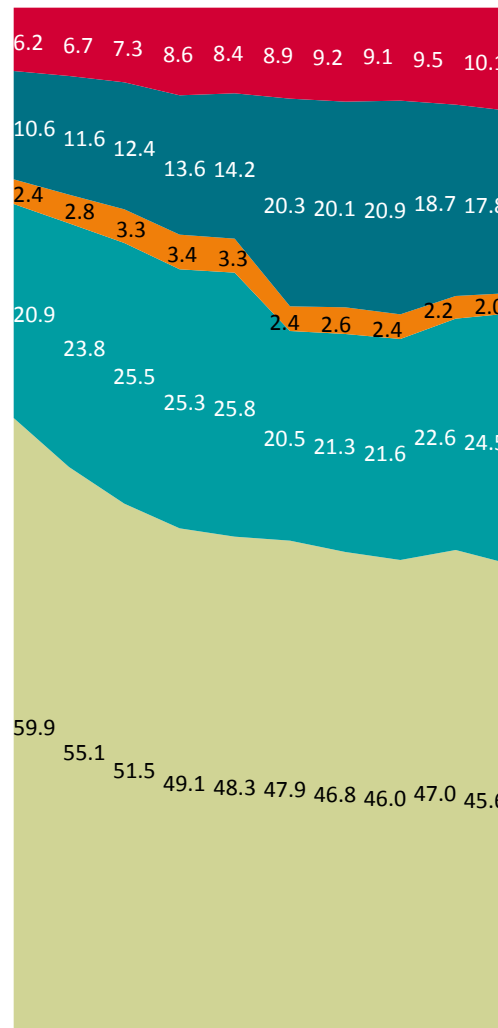


% of Stores



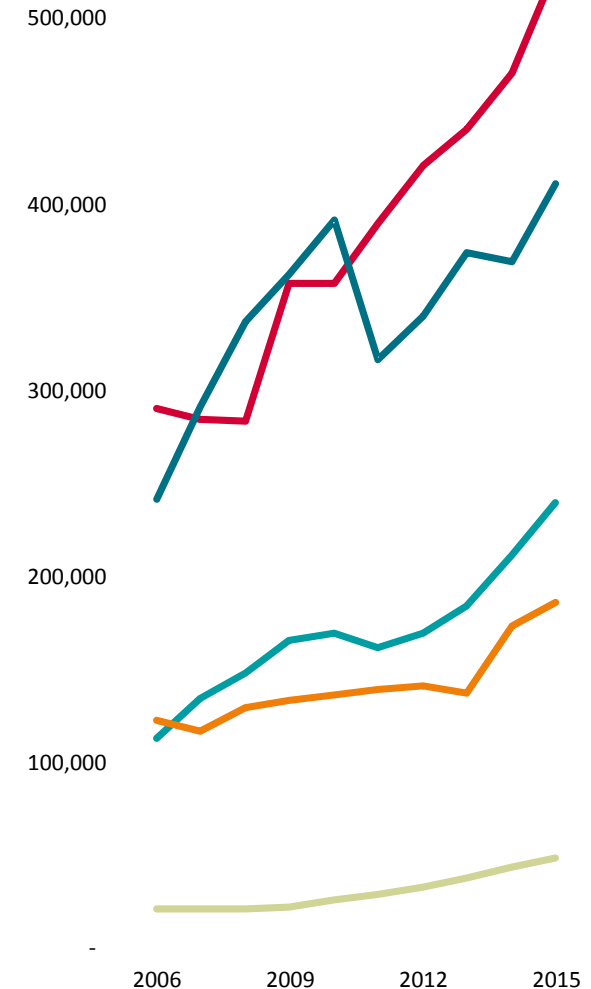
2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

% of Pharma Revenues



2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

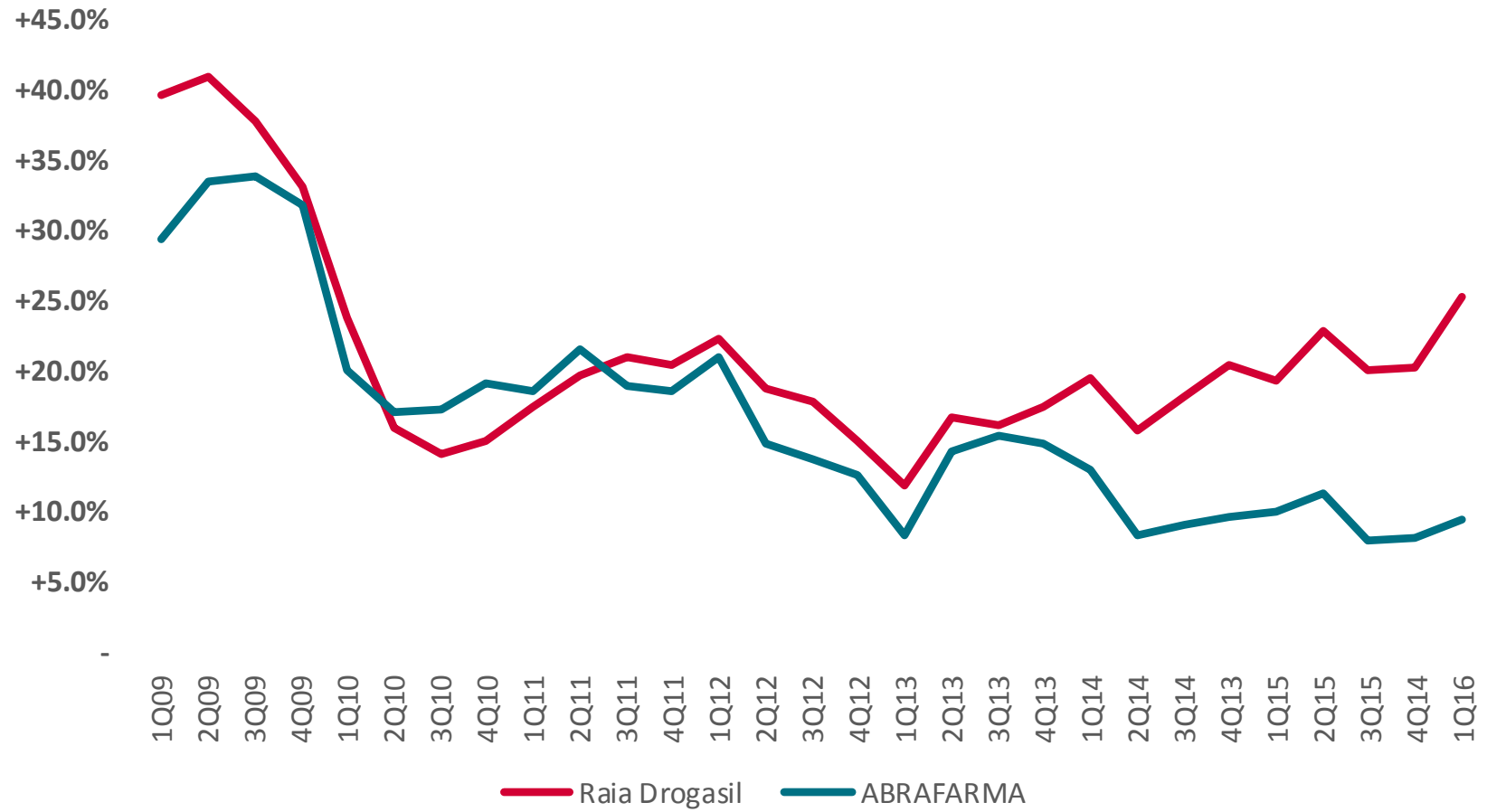
Pharma Revenues per Store (R\$/Month)



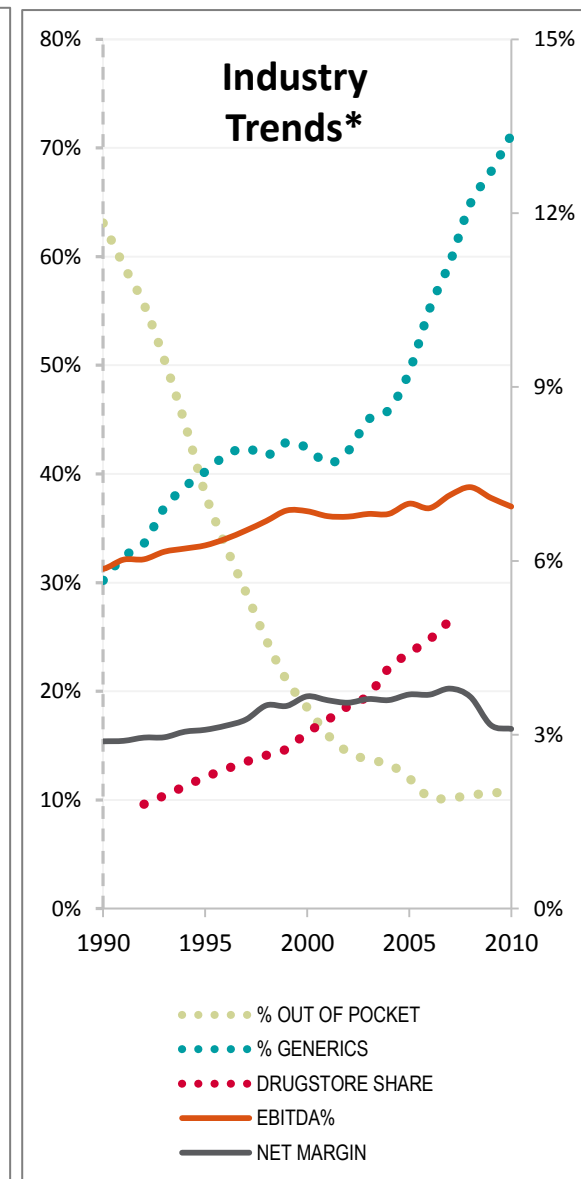
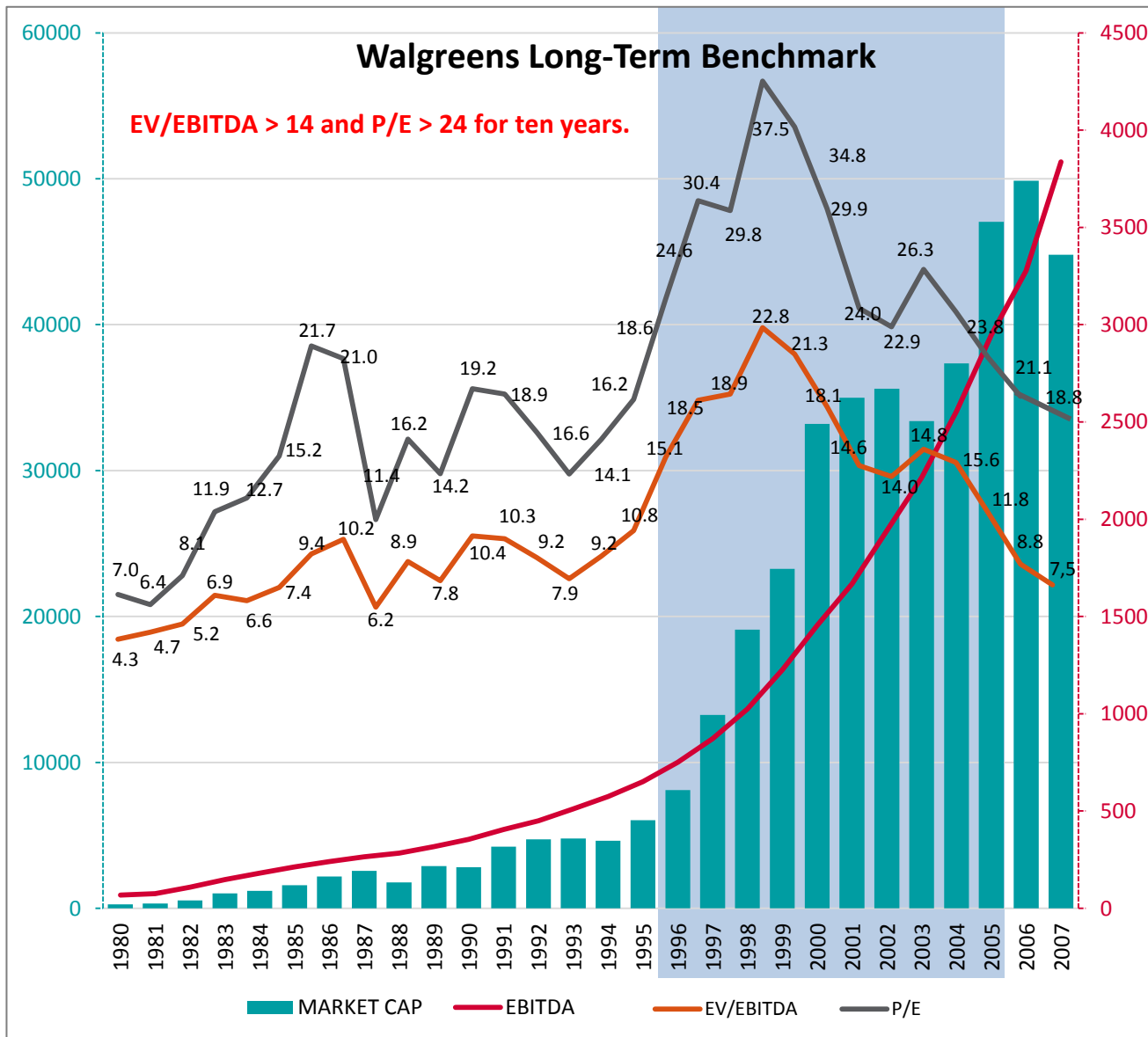
RAIA DROGASIL ABRAFARMA #2 TO #5 OTHER CHAINS SUPERMARKETS INDEPENDENTS



Raia Drogasil Growth vs. Rest of ABRAFARMA



The Brazilian Drugstore Industry Resembles the US Market in the Early 90s, with Similar Real Growth Opportunity but Larger Margin Expansion Potential



* WAG's financial performance in lieu of its market share increase and of industry trends (generics increase and out of pocket payment substitution by third-party payors)

Differentiated Assets & Competencies Drive Unique Execution



Differentiated Assets and Competencies



ASSETS



1 - Iconic Brands

Two of the Leading Brands in Brazilian Retailing, with Differentiated Positioning and Centennial Tradition



2 - Prime Locations

Hundreds of the Best Corners in Brazil, Capacity to Replicate it through Accelerated Organic Growth



3 - Proprietary Platforms & Infrastructure

CRM-driven Platform, Efficient & Scalable Distribution Network, Specialty Pharmacy & PBM



4 - Differentiated and Capital-Efficient Formats

Strong Shopping Experience, Data-Driven Category Management, Growing Private Label Portfolio, High Marginal ROIC

5 - Qualified and Motivated People

Experienced Management Team and Strong People Development Culture, with Entry only at the Base of the Pyramid



COMPETENCIES





DROGASIL: Traditional Drugstore Brand, with Higher Focus on Seniors and Pharma



... with Differentiated & Complementary Positioning



DROGA RAIA: Upscale Wellness Format, focused on Women and on Families



Prime Locations in Brazil's Top Corners, Streets and Commercial Centers



Location Profile

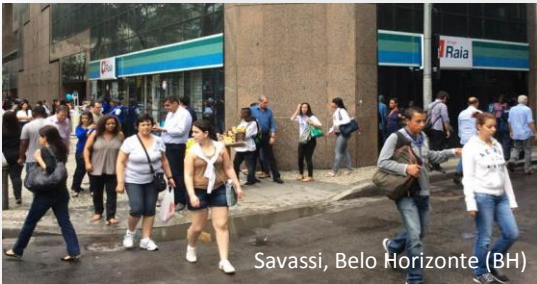
■ Stores with Parking



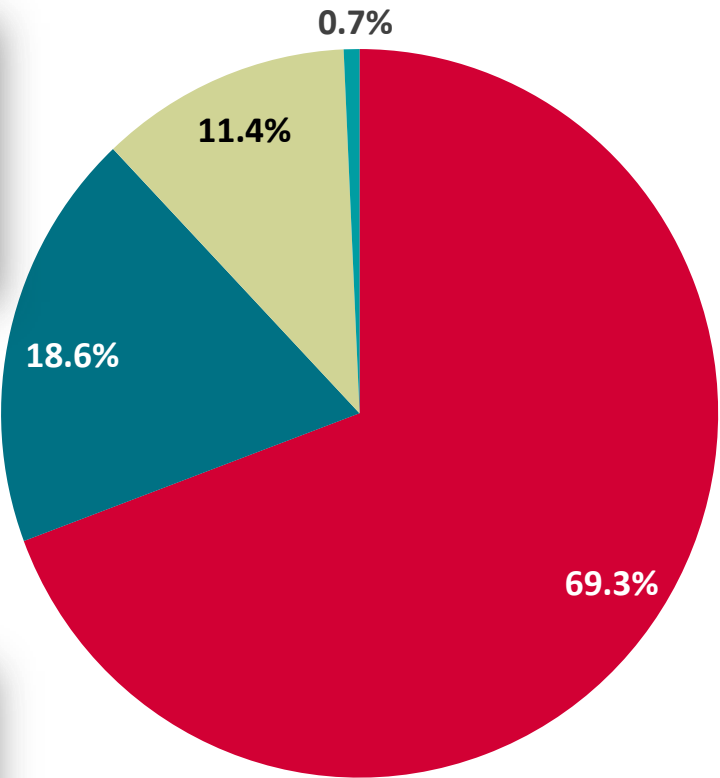
■ Shopping & Commercial Centers



■ Pedestrian Stores



■ Corporate Stores

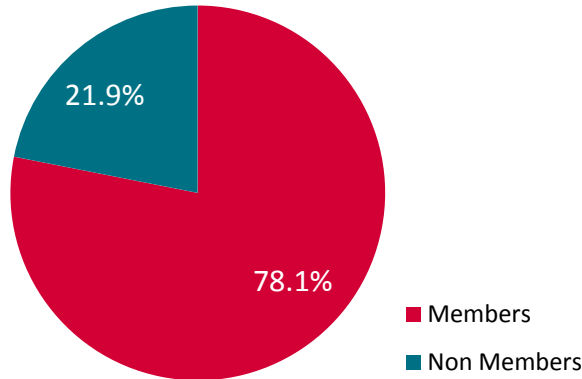


Proprietary, Cutting-Edge Platforms, with CRM-Driven Retail Execution



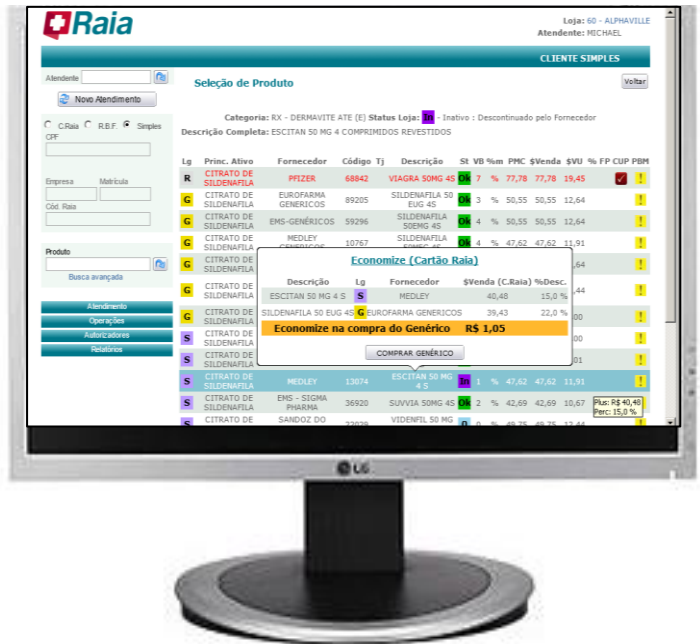
1) Enroll

Loyalty Program -% of Total Revenues



✓ 3 MM Raia Smart Coupons / Month

2) Shop

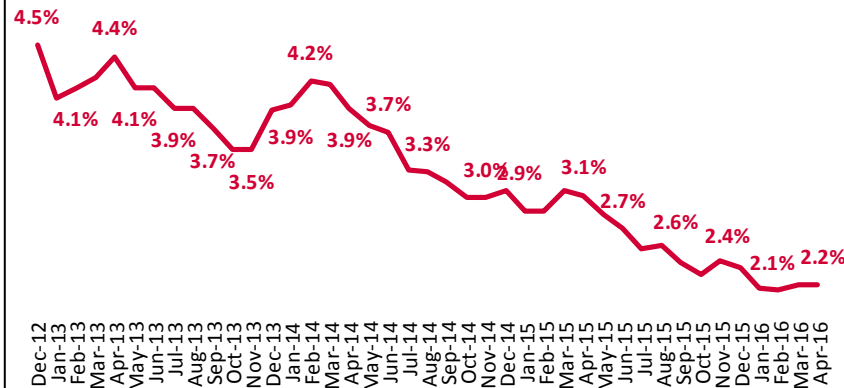


4) Earn & Redeem Points



3) Pay & Evaluate

Raia Customer Service Evaluations (% Negative)

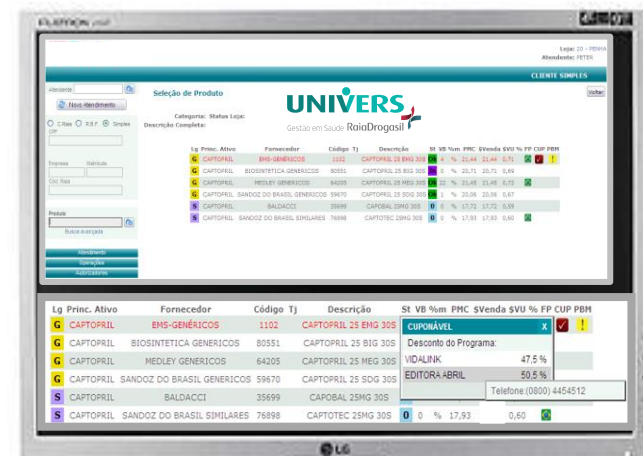




Processing & Eligibility Check



PBM System



Preferred Retail Network



Specialty Pharmacy



> 700 third-party pharmacies



- **Fastest-Growing Pharmaceutical Segment in Brazil and Worldwide**

- ✓ High-cost, high-tech, high-touch patented medicines used in the treatment of high-complexity diseases
- ✓ High Growth industry: 2015 was a record year for new approvals by the FDA and the late-stage R&D pipeline remains very robust
- ✓ Products are centrally dispensed and delivered to the patient's house, requiring a multitude of patient services
- ✓ Demand generation through the patient, physician and/or payer
- ✓ Drug cost covered either by the patient (assisted reproduction, gynecology, endocrinology, etc.) or by a third-party payer (Oncology and Immunobiology)

- **4Bio is the Second-Largest and Fastest-Growing Specialty Player in Brazil, with Unique Execution**

- ✓ **4Bio:** R\$ 218.3mm in Revenues in the LTM (86% of revenue growth in the 1Q15)
- ✓ Only focused, pure play specialty retailer among the Top 3, without any wholesaling or government exposure
- ✓ Leader in Oncology, Hepatitis C, Assisted Reproduction, Immunobiology and Gynecology
- ✓ Managed by André Kina (CEO, founding shareholder & former P&G executive), 4Bio has a unique execution in the industry (clinical services, ISO 9001, awarded twice among the Great Places to Work, etc.)

- **Reinventing the Industry by Combining Drugstore and PBM with Specialty Retailing**

- ✓ Becoming the only full-service pharmaceuticals provider to patients, physicians, payers and manufacturers
- ✓ Leveraging our presence and capillarity to capture demand and to provide game-changing, on-site patient services and product access on selected stores, fulfilling unmet manufacturer, physician, payer and patient needs
- ✓ Leveraging our PBM relationships to increase 4Bio's penetration with corporations and health operators

Attractive Formats ...





... with High Marginal Returns on Invested Capital

Average Mature Store Contribution Margin ⁽¹⁾

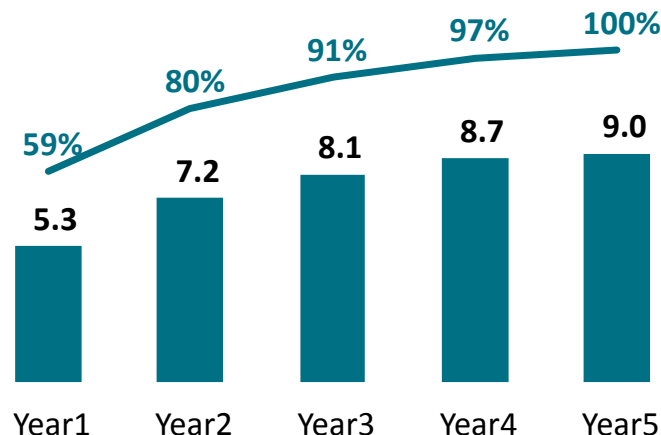
Income Statement (Mature Store) 2015	
<i>(In R\$ 000)</i>	
Gross Revenues	8,957
Gross Profit	2,685
% of Gross Revenue	30.0%
Store Expenses	(1,442)
% of Gross Revenue	16.1%
Store Contribution Margin	1,243
% of Gross Revenue	13.9%
NPV Effect	(52)
Depreciation	(268)
Income Tax (34%)	(314)
Depreciation	268
NOPAT (a)	877
% of Gross Revenue	9.8%
Capex	1,338
Pre-Operational Expenses	183
Operating Working Capital	577
Total Investment (b)	2,098
ROIC (a/b) ⁽²⁾	41.8%

(1) Does not consider G&A and DCs expenses.

(2) ROIC calculation includes the full CAPEX (gross PP&A instead of Net PP&A), and therefore no depreciation in the NOPAT

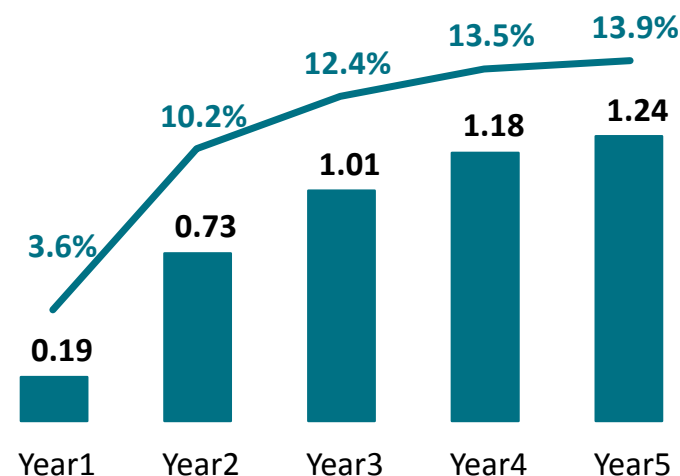
Gross revenues Ramp-Up

(as a % of the sales: in million of Reais per stores/year)



Contribution Margin Ramp-Up

(% of gross revenues: in million of Reais per stores/year)



Qualified and Motivated People, who are Developed and Promoted Internally



e-learning
portals^{do}  ber

Store Career Program


trilhar
Seu futuro passa por aqui.

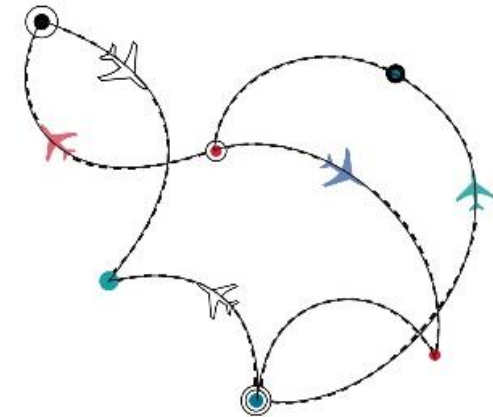


Performance Assessment

CRESCER

Porque evoluir é tudo de bom.

Leadership Development



LIDERAR



Uma viagem para quem é protagonista da própria história.

Reinventing the Execution for the Next 15 Years



Strategic Pillars



1 - Accelerate the Organic Expansion



2 - Introduce New Formats



3 - Enhance Category Mgmt. & Shopping Experience



4 - Involve, Understand & Potentialize Customers



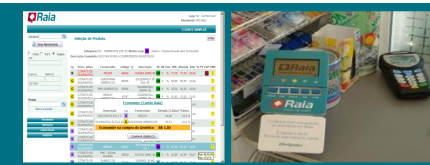
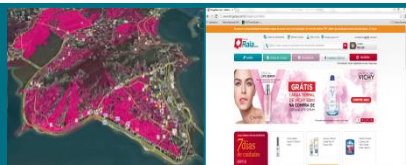
5 – Attract, Develop, Engage & Retain People



6 – Integrate, Streamline & Reinforce Processes



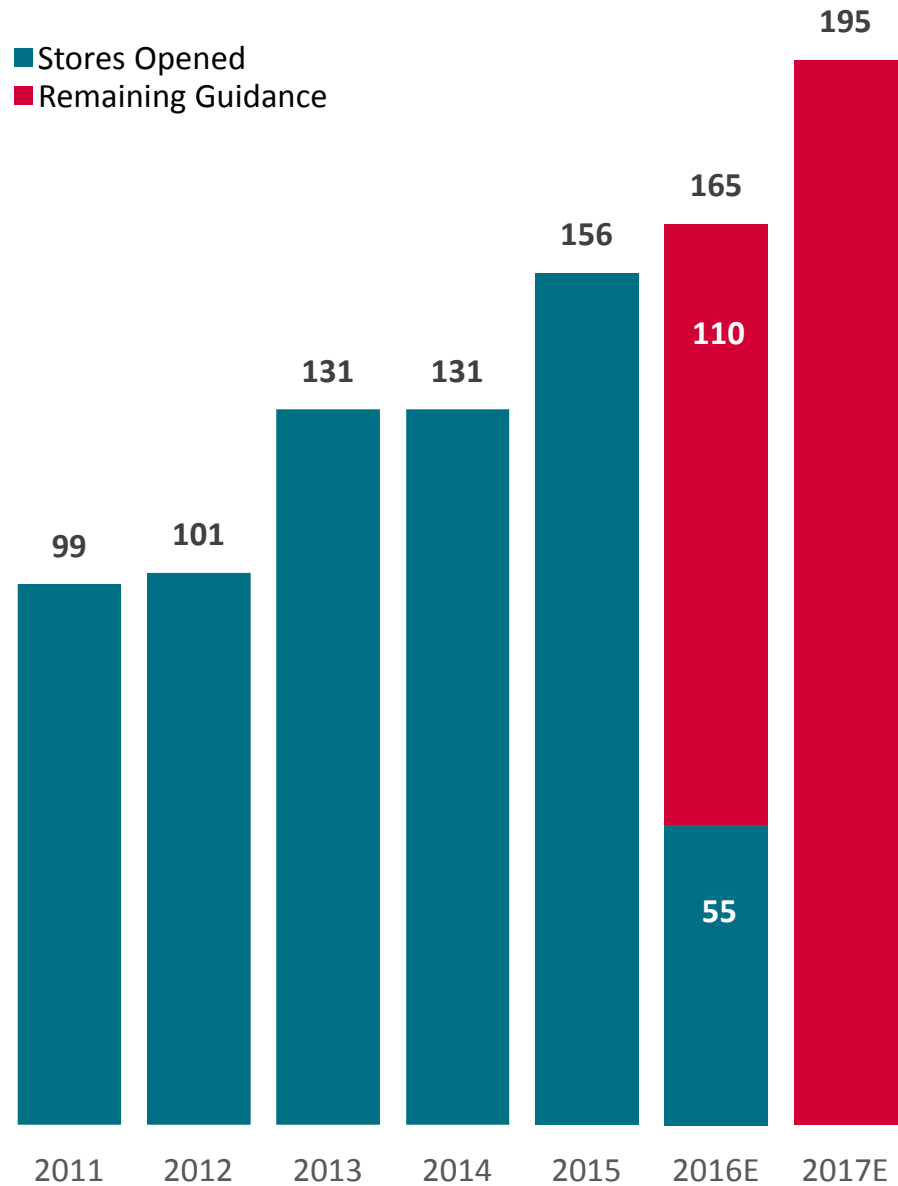
7 – Leverage & Improve Platforms



1 – Accelerate Organic Expansion



New Store Openings – April 30, 2016



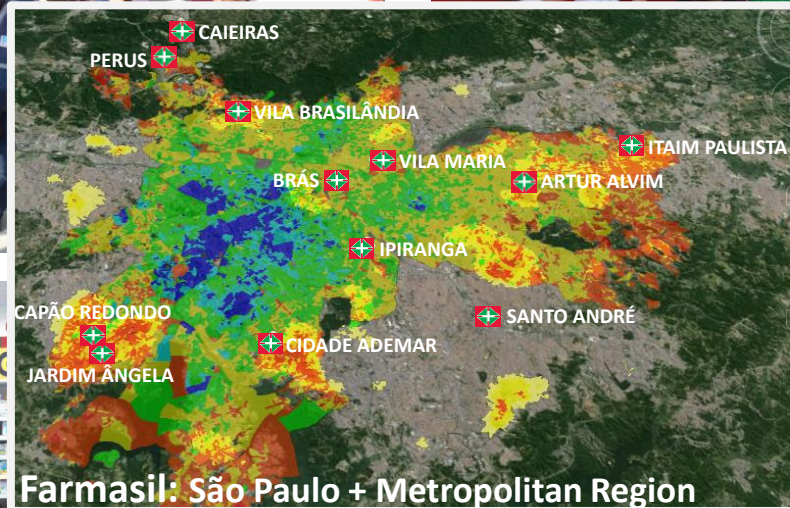
Main Challenges

- Accelerating Prospections
- Tougher Licensing Requirements
- Excessive 4Q Opening Concentration
- Developing New Managers

Main Solutions

- Expanded the Real Estate Team
- Increasing Contract Buffer
- Implementing PMO to Align Functional Areas & Streamline Process
- Enhancing Training Programs & Turnover Reduction

2 – Introduce New Formats



3 – Enhance Category Management & Shopping Experience



Customer-Centric Category Management



Become a Beauty Destination



Become a Full-Service Pharmaceutical Provider



Primary Care

+



Specialty Drugs

Increase Private Label Range & Penetration



4 – Involve, Understand & Potentialize Customers

dunnhumby



■ Partnership with Dunnhumby

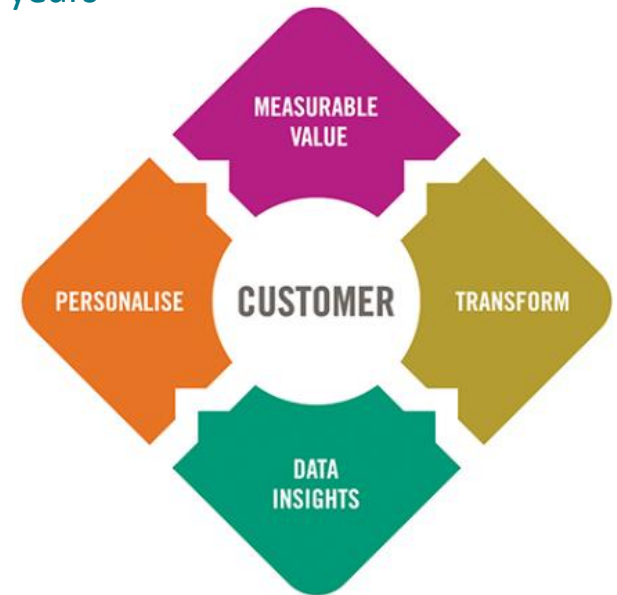
- ✓ Global leader in *Customer Science and Personalization*
- ✓ Long-term partnerships with global retail leaders such as Tesco, Kroger, Casino & Macy's
- ✓ £ 500 million invested in IT and Innovation over the last 3 years
- ✓ Since 2010 in Brazil with GPA, Unilever, P&G and Colgate

■ Partnership goals: **Data + Science = Delight + Loyalty**

- ✓ CRM and Loyalty Programs
- ✓ Category Management
- ✓ Pricing

■ Partnership Terms

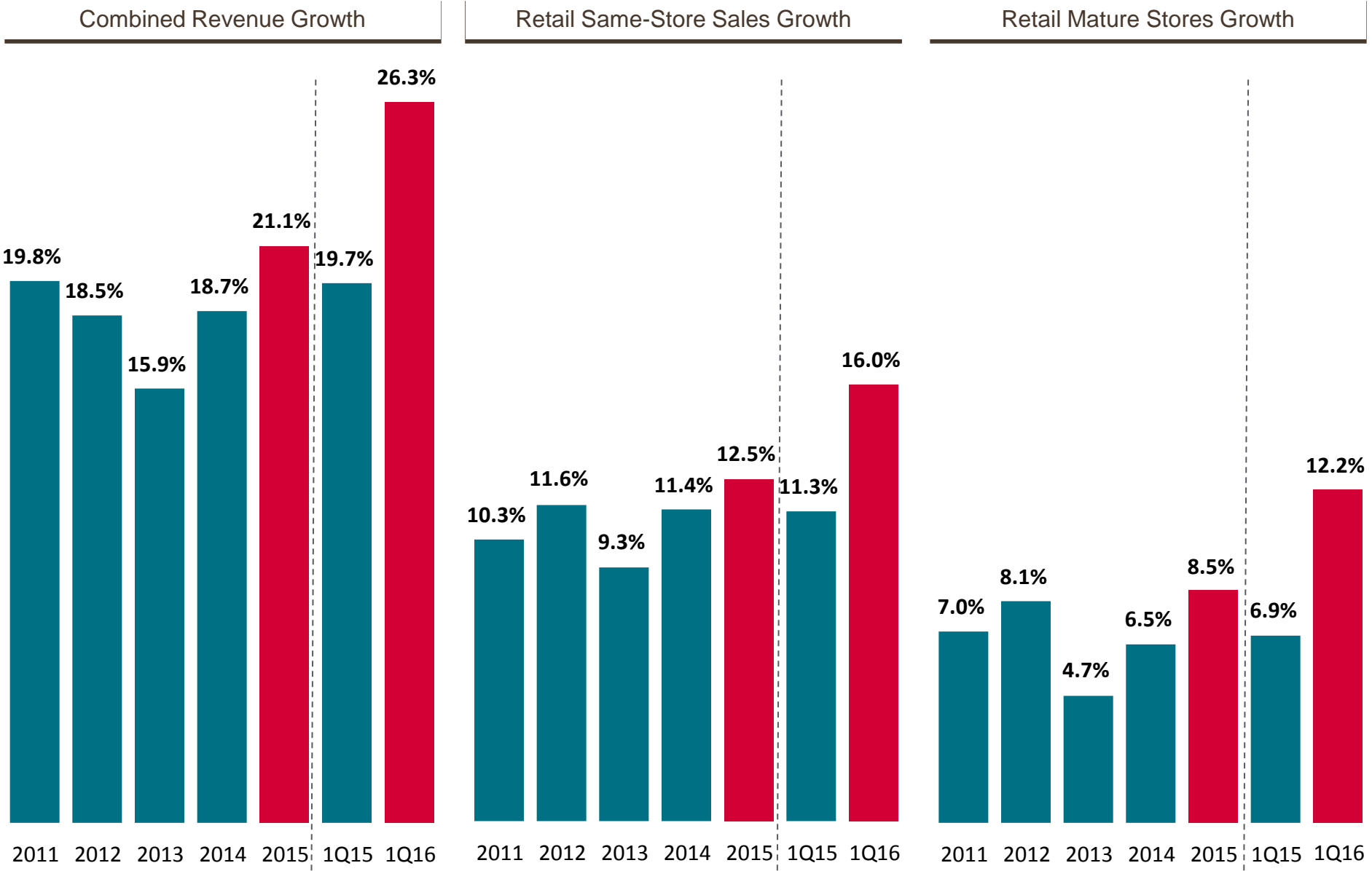
- ✓ Long-term partnership, with 3-year initial contract
- ✓ Dunnhumby will provide Raia Drogasil with fully dedicated team and cutting-edge platforms
- ✓ Raia Drogasil will have exclusivity in the Brazilian drugstore market



Proven Track Record in Delivering High Growth with Margin Expansion



Accelerating the Revenue Growth Pace after a Strong 2014 and 2015

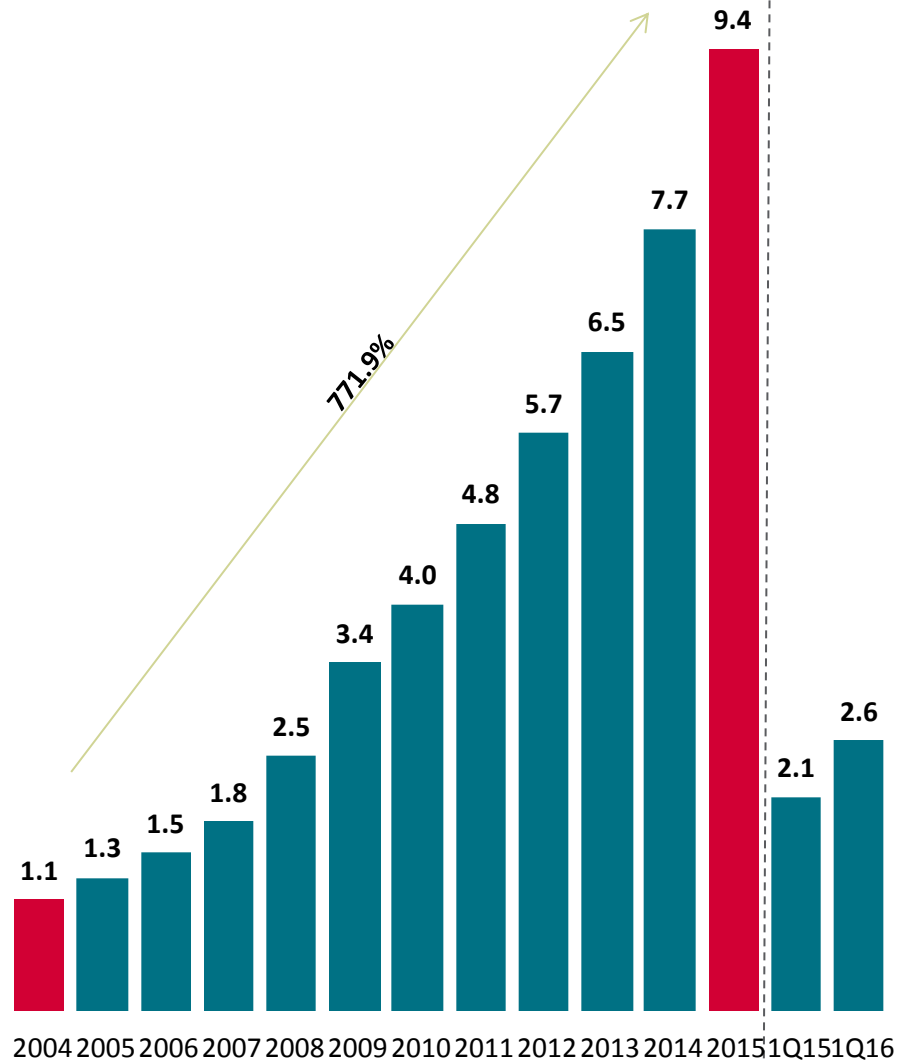


All Categories Performing Well, with HPC and OTC Slightly Outgrowing the Mix

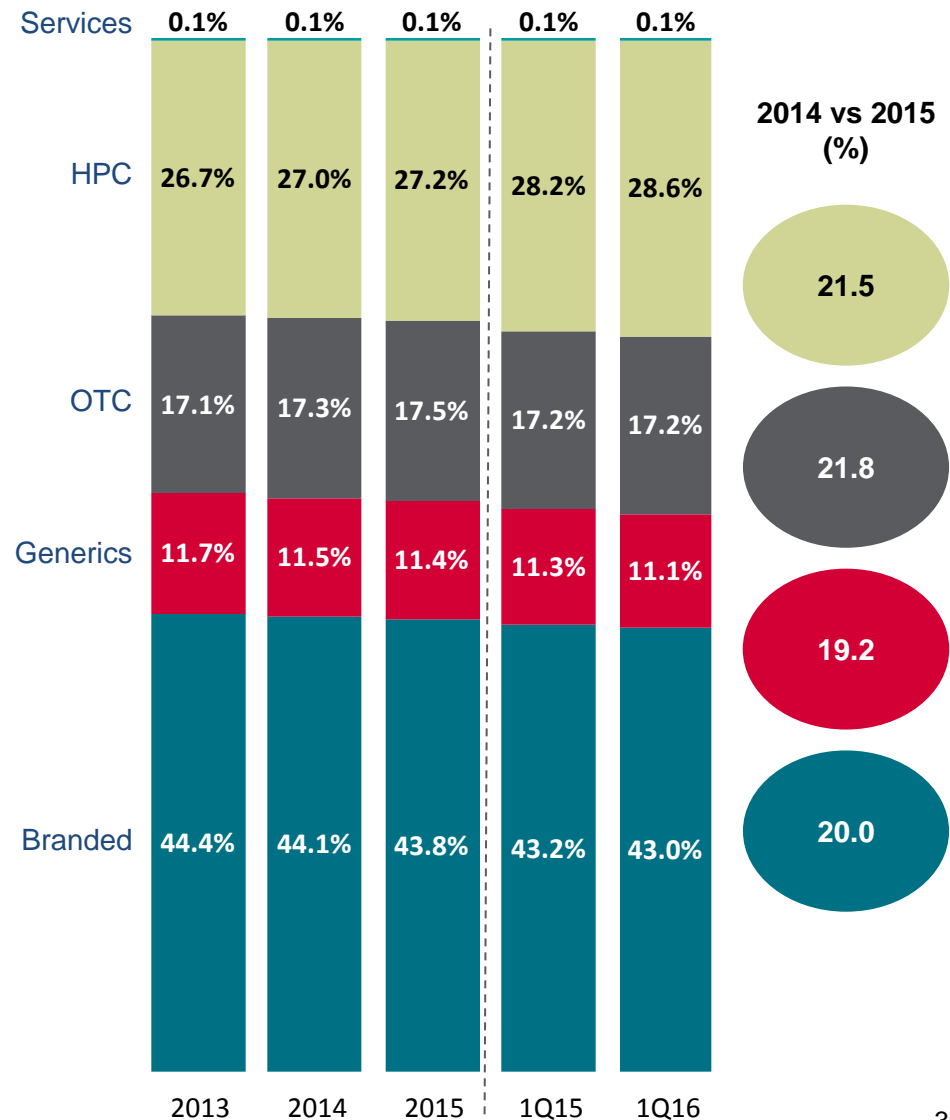


Combined Gross Revenues

(R\$ million)



Retail Sales Mix

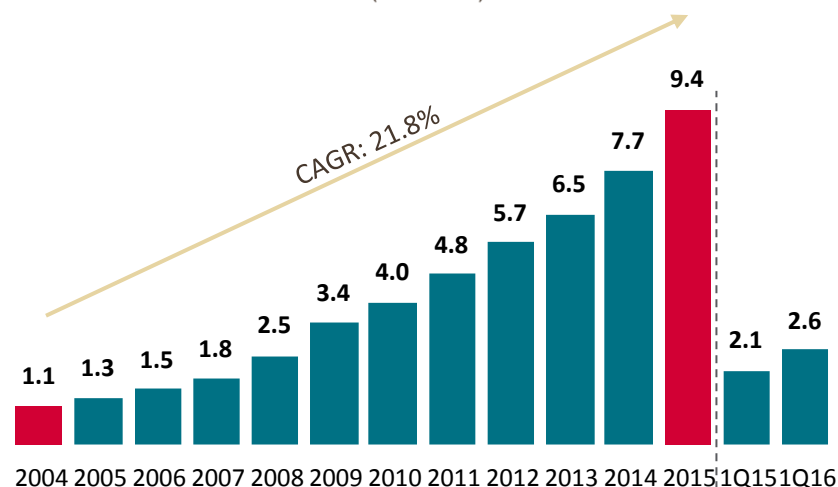


Delivering Accelerated Long-Term Growth with Margin Expansion*



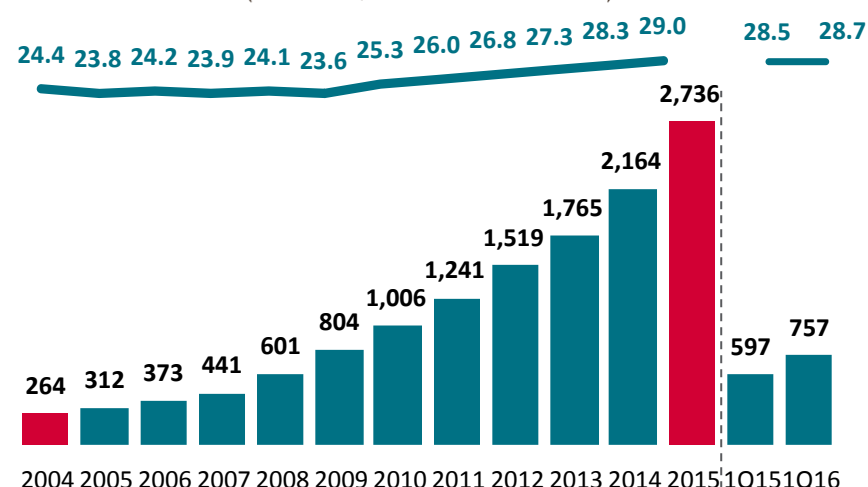
Gross Revenues

(R\$ billion)



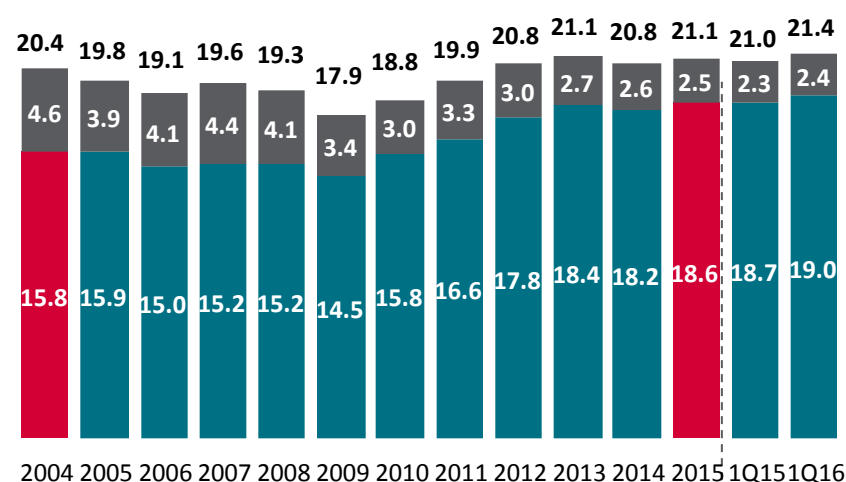
Gross Profit

(R\$ million, % of Gross Revenues)



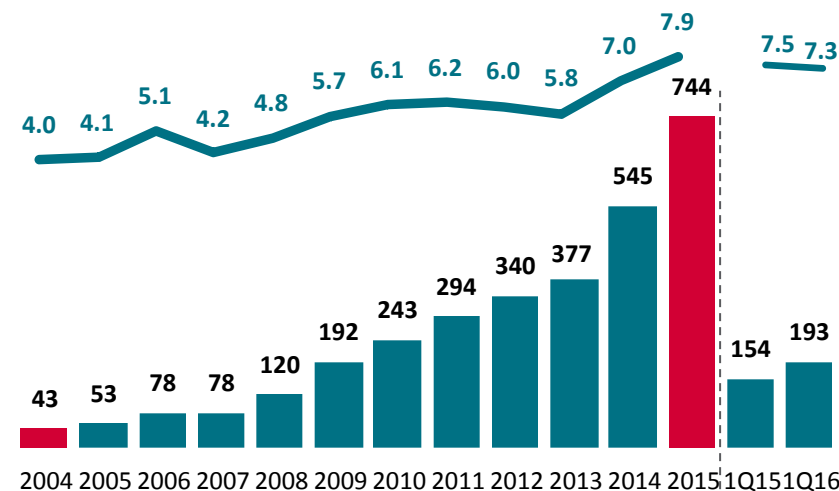
Adjusted Operating Expenses

(% of Gross Revenues)



EBITDA

(R\$ million, % of Gross Revenues)



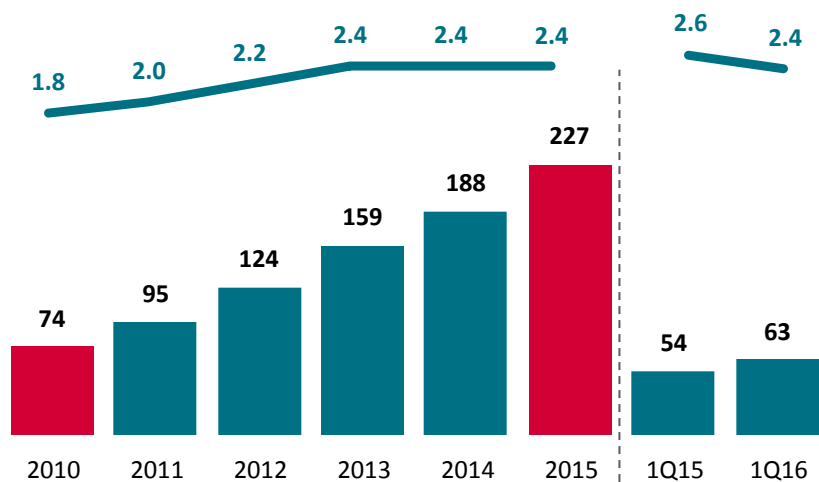
* Considers 4Bio on a Pro-forma Basis

Expanding Net Margin*



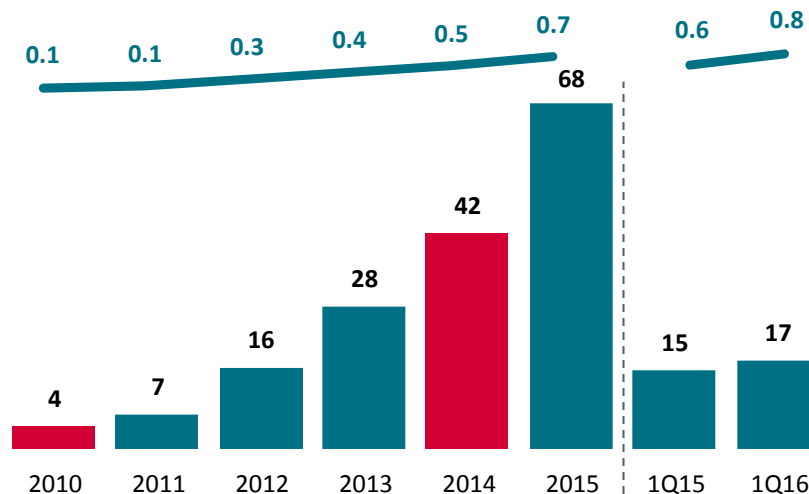
Depreciation

(R\$ million, % of Gross Revenues)



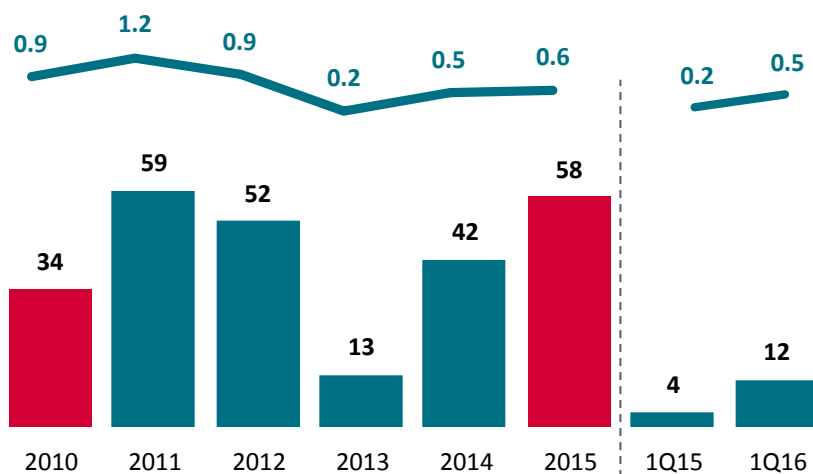
Net Financial Expenses

(R\$ million, % of Gross Revenues)



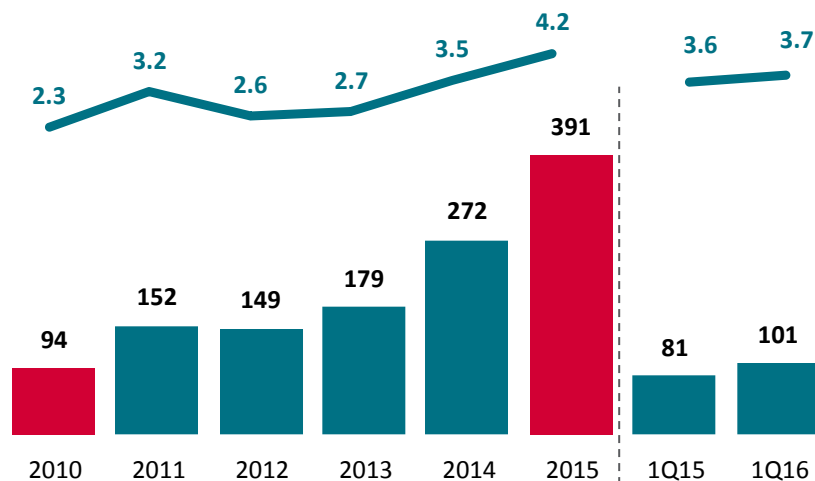
Income Tax

(R\$ million, % of Gross Revenues)



Adjusted Net Profit

(R\$ million, % of Gross Revenues)



Positive Free Cash Flow Generation in 2015 for the Third Consecutive Year



Cash Flow

Cash Flow	2015	2014	2013
<i>(R\$ million)</i>			
Adjusted EBIT	516.5	356.7	202.4
Non-Recurring Expenses	(10.0)	(9.5)	(48.5)
Income Tax (34%)	(172.2)	(118.1)	(52.3)
Tax Shield from Goodwill	42.8	42.8	22.3
Depreciation	227.1	187.8	158.9
Others	6.3	9.1	24.7
Resources from Operations	610.4	468.9	307.4
Cash Cycle*	(90.6)	(116.6)	(110.6)
Other Assets (Liabilities)	(20.7)	(4.8)	85.2
Operating Cash Flow	499.1	347.5	282.0
Investments	(388.7)	(271.2)	(237.1)
Free Cash Flow	110.4	76.4	44.9
Interest on Equity	(121.3)	(41.5)	(29.3)
Income Tax Paid over Interest on Equity	(25.3)	(10.6)	(5.3)
Net Financial Expenses	(67.6)	(42.2)	(12.2)
Share Buyback	-	(20.9)	-
Income Tax (Tax benefit over financial expenses and interest on equity)	83.9	39.7	22.7
Total Cash Flow	(19.9)	0.9	20.8

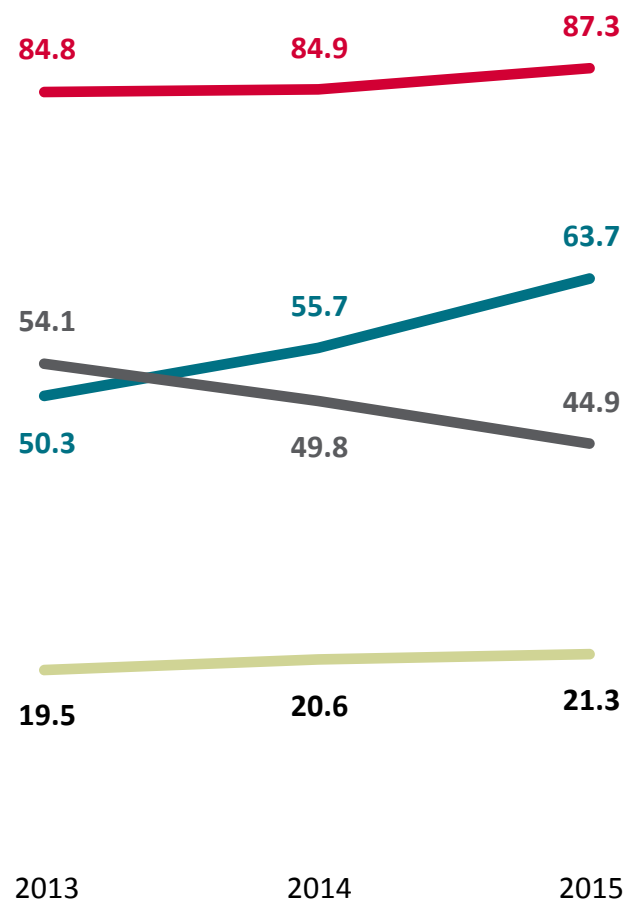
* Cash cycle includes variation in accounts receivables, inventories and suppliers

** Does not include financing cash flow

Cash Cycle

(COGS Days, Gross Revenues Days)

Receivables Inventories Suppliers Cash Cycle





IBOVESPA



***Índice
Brasil 50*** ***IBRX 50***



- 1 Largest, Fastest Growing and Best Positioned Player in the Industry
- 2 Transformational Market Growth for 15 Years Driven by the Aging of the Population
- 3 Leading the Drugstore Industry's Consolidation
- 4 Unique Assets and Competencies: Brands, Locations, Platforms, Formats & People
- 5 Reinventing the Execution for the Next 15 Years
- 6 Proven Track Record of Accelerated Organic Growth with Margin & ROIC Expansion