



EARNINGS PRESENTATION

1Q20

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



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

Disclaimer

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.

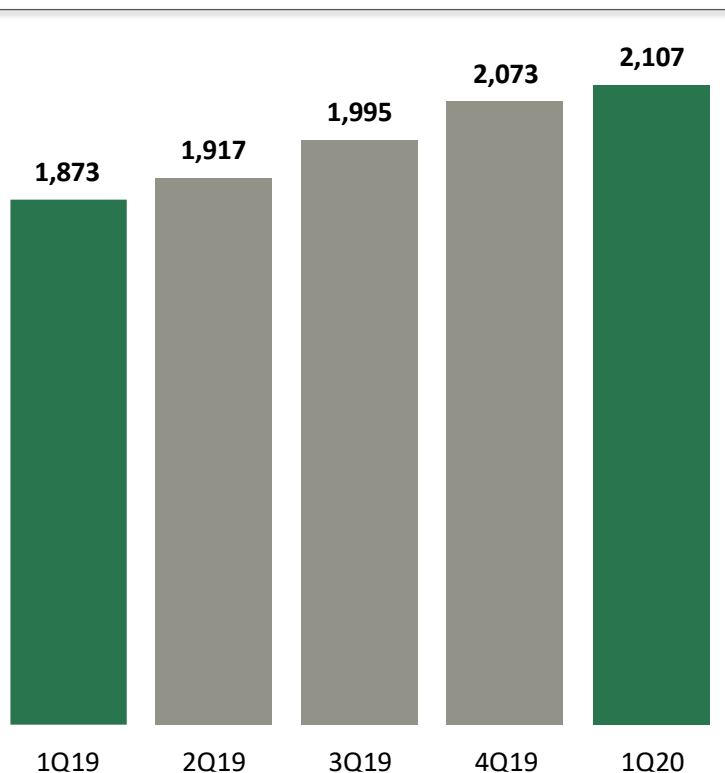
Consolidated highlights

- › **DRUGSTORES:** 2,107 stores in operation (39 openings and 5 closures)
- › **MARKET SHARE:** 1.1 percentage point national increase, with a 1.6 gain in São Paulo
- › **GROSS REVENUE:** R\$ 5.2 billion, 25.3% growth (11.5% retail mature-store sales growth)
- › **GROSS MARGIN:** 27.7% of gross revenue, a 0.3 percentage point decrease
- › **ADJUSTED EBITDA:** R\$ 369.4 million, a margin of 7.1% and an increase of 36.8%
- › **NET INCOME:** R\$ 152.8 million, 2.9% of net margin and an increase of 44.8%
- › **CASH FLOW:** R\$ 48.1 million negative free cash flow, R\$ 40.8 million of cash consumption



We opened 39 stores and closed 5 in the 1Q20. We reiterate our guidance of 240 new stores for 2020.

Store Count*



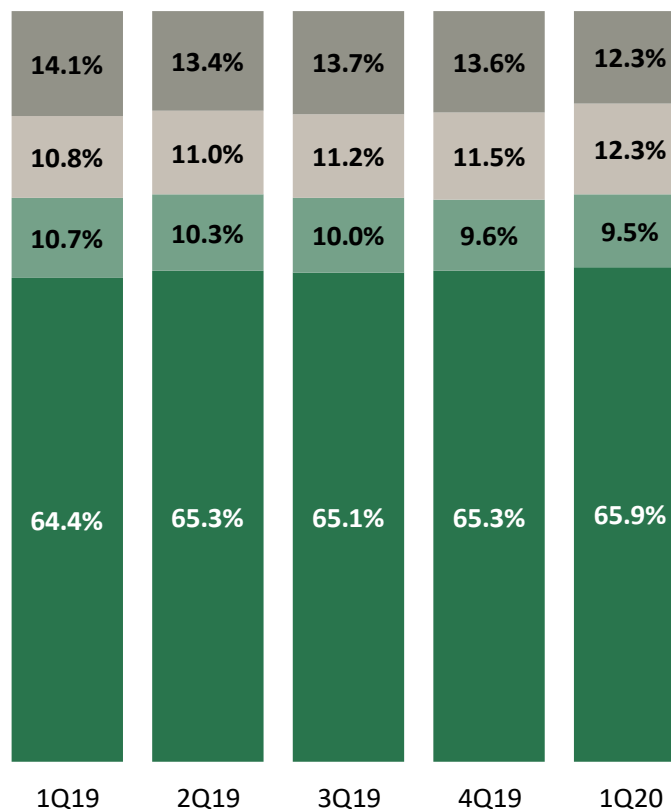
	1Q19	2Q19	3Q19	4Q19	1Q20
Openings	62	47	52	79	39
Onofre			42		
Closures	(14)	(3)	(16)	(1)	(5)

*Includes three 4Bio units.

**Stores acquired from Onofre were added to our base as Year 1.

Age Structure of Store Portfolio**

■ MATURE ■ YEAR 3 ■ YEAR 2 ■ YEAR 1



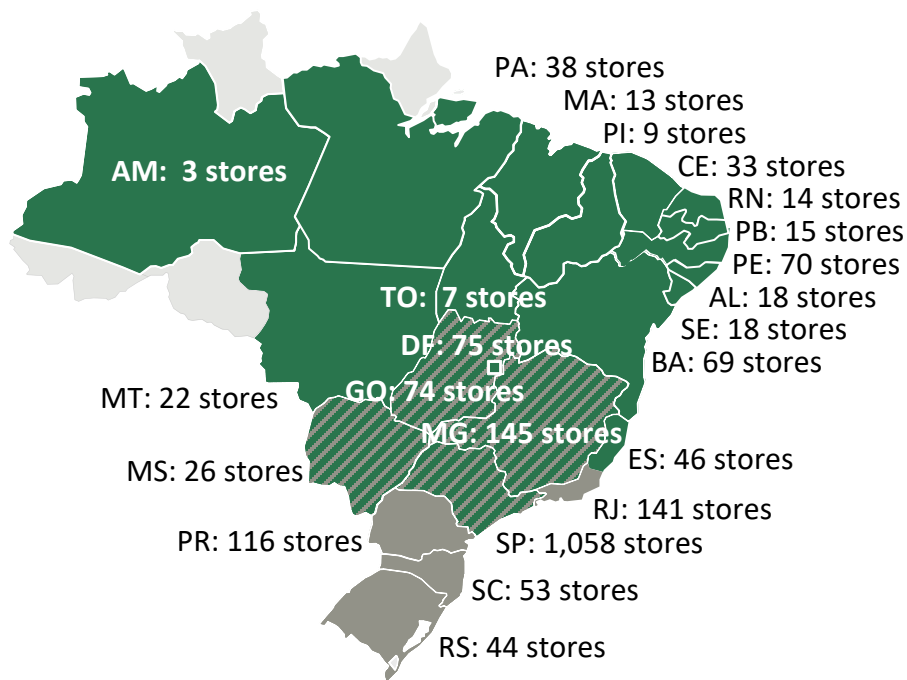
Guidance 2020:

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



Our national market share reached 13.8%, a 1.1 p.p. increase with gains in all the regions where we operate.

Geographic Presence



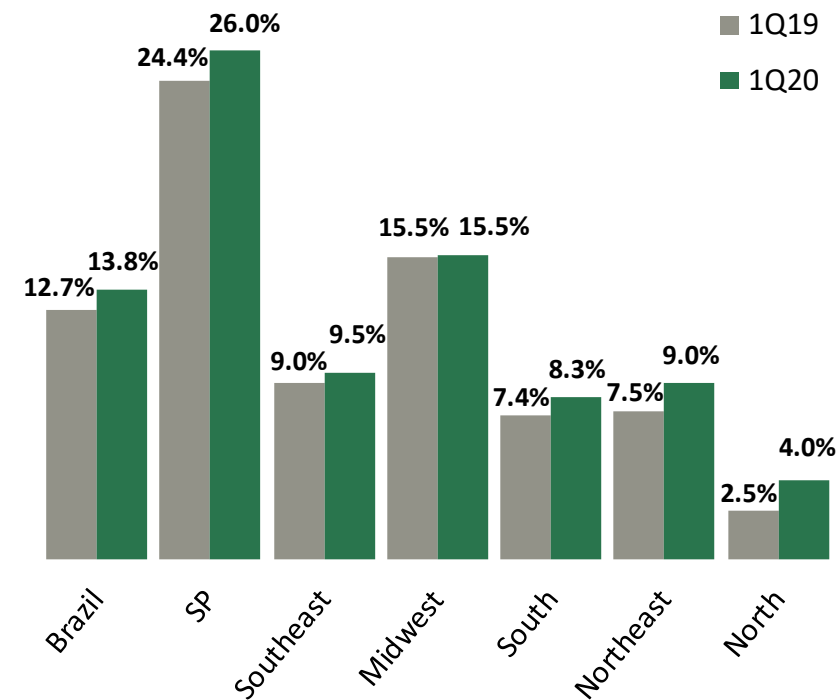
Total: 2,107 stores

■ Raia: 926 stores

■ Drogasil: 1,178 stores

* 4Bio: 3 stores

Retail Market Share



Source: IQVIA.

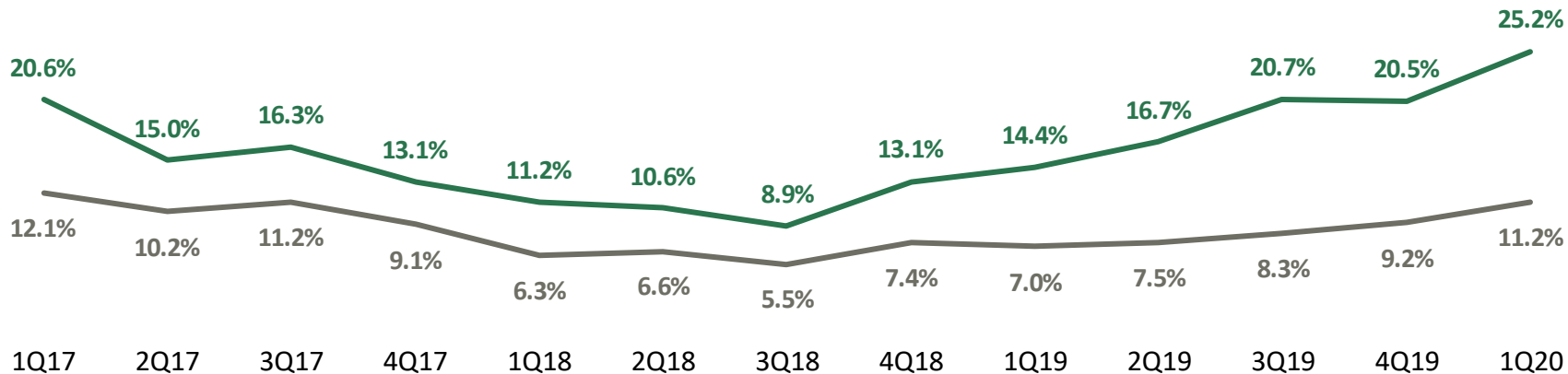
LTM Openings	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
São Paulo	75	79	76	73	76	67	65	76	71
Other States	137	141	154	167	182	176	166	164	146
Onofre							42	42	42
Total	212	220	230	240	258	243	273	282	259
<i>São Paulo %*</i>	<i>35.4%</i>	<i>35.9%</i>	<i>33.0%</i>	<i>30.4%</i>	<i>29.5%</i>	<i>27.6%</i>	<i>28.1%</i>	<i>31.7%</i>	<i>32.7%</i>

*Disconsiders Onofre

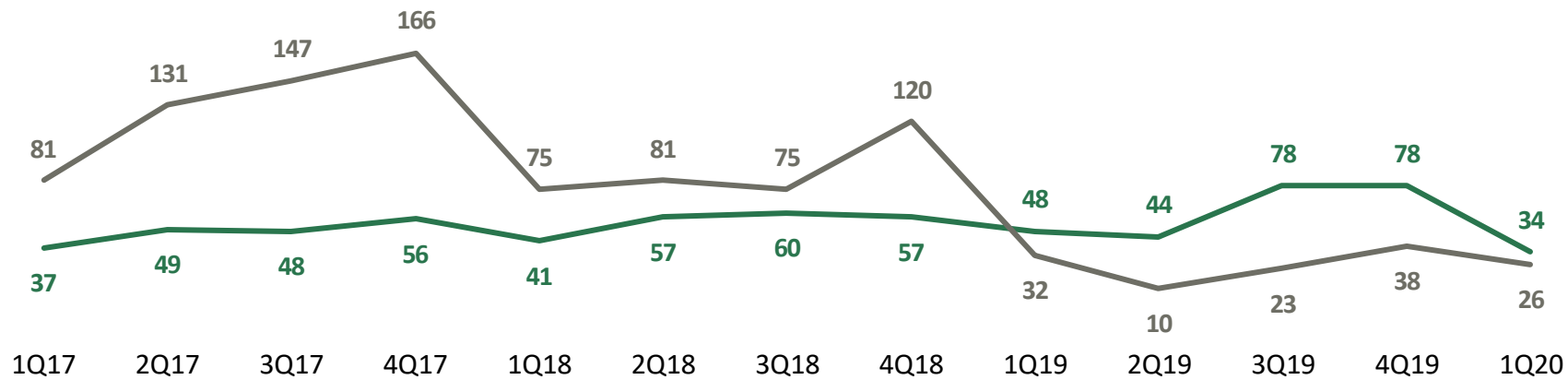


Our market share growth accelerated versus other chains during the pandemic. We opened more stores than all combined.

Retail Gross Revenues – Nominal Growth Y/Y (%)



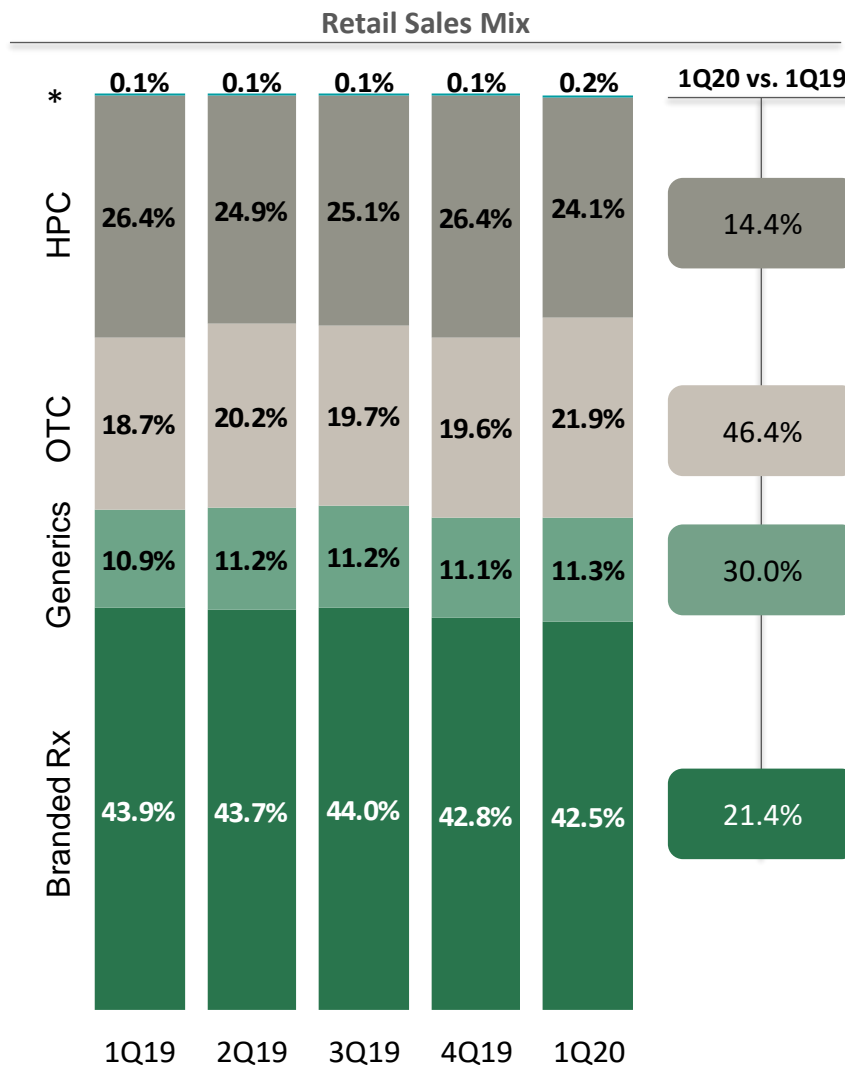
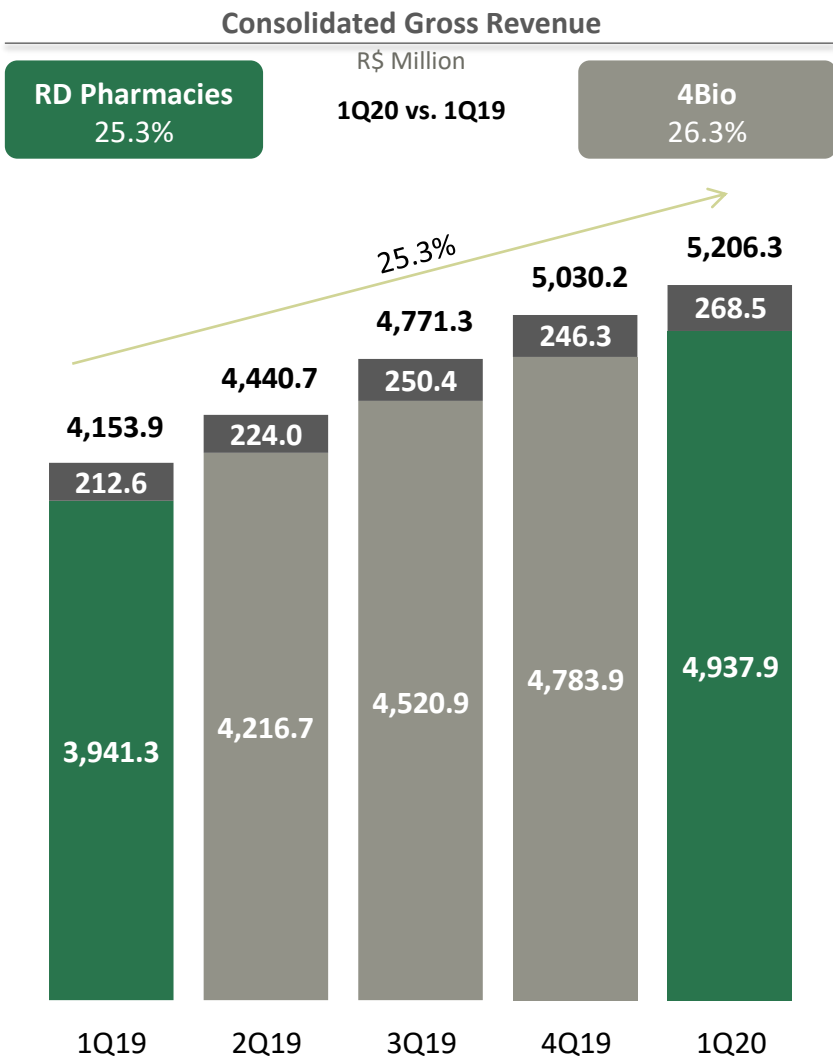
Net Store Addition



— RD — Abrafarma (ex-RD)*

*Note: Data adjusted to exclude the effect of players entering/leaving the database.

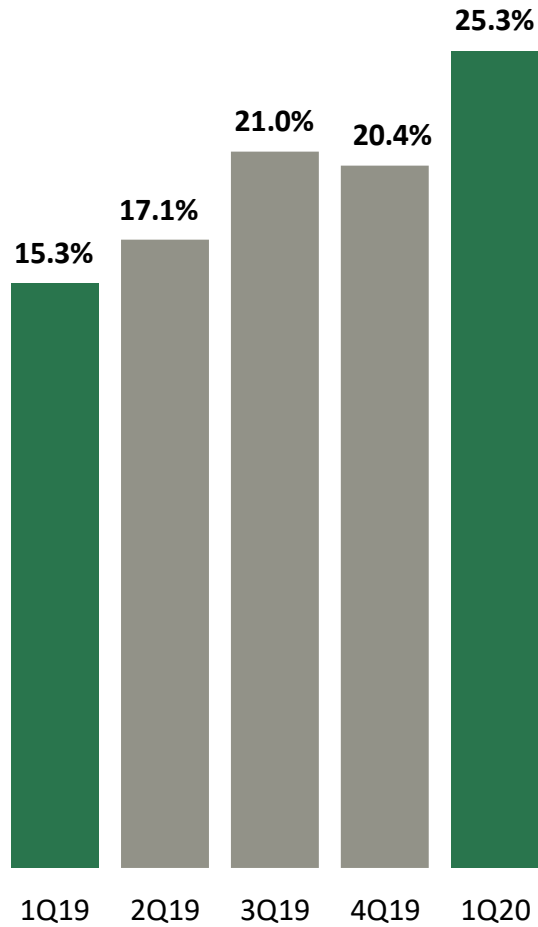
Retail revenues grew 25.3% driven by OTC and Generics, while 4Bio grew 26.3%.



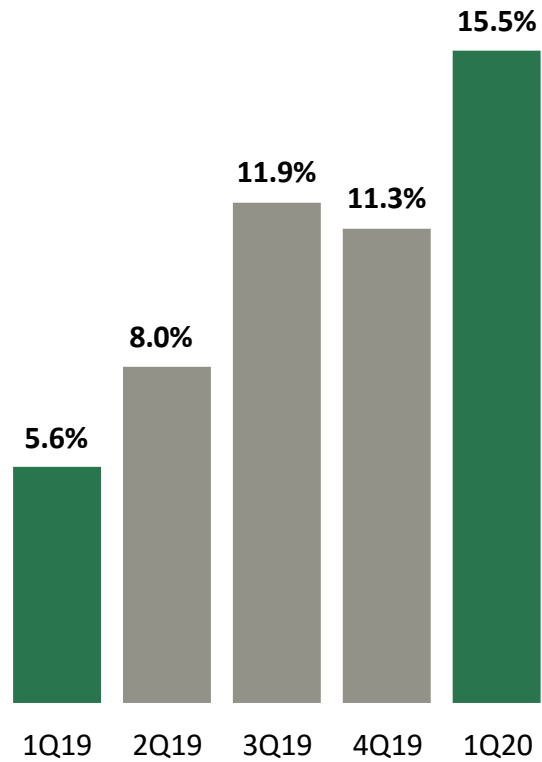
* Services

Mature stores growth accelerated to 11.5%, with 15.5% for same stores.

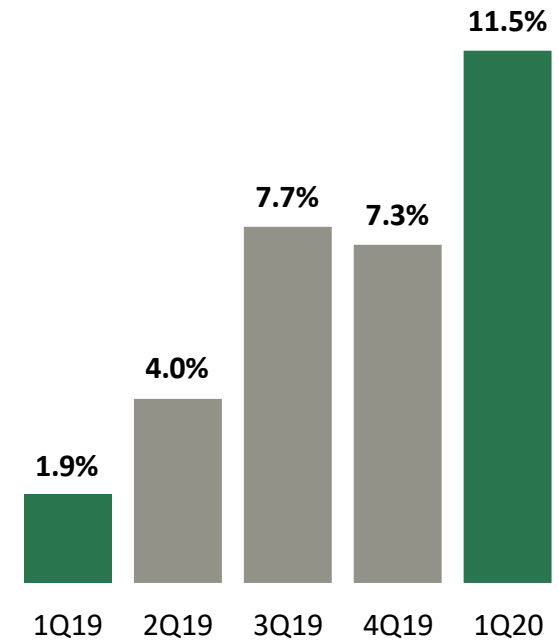
Consolidated Revenue Growth



Same-Store Sales Growth - Retail

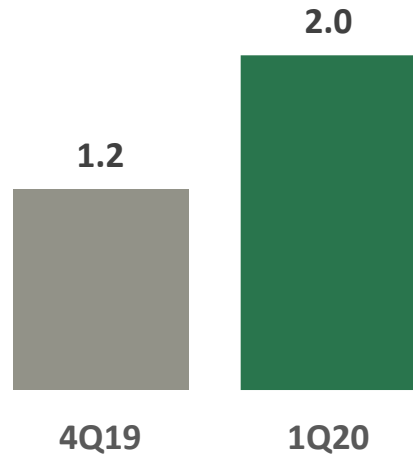


Mature-Store Sales Growth - Retail

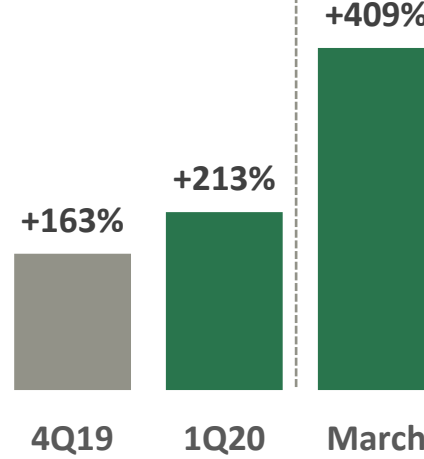


We posted strong growth in digital sales and app downloads driven by the COVID-19 pandemic.

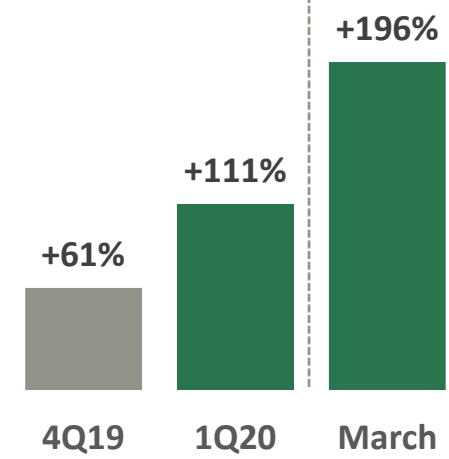
Cumulative app downloads (millions)



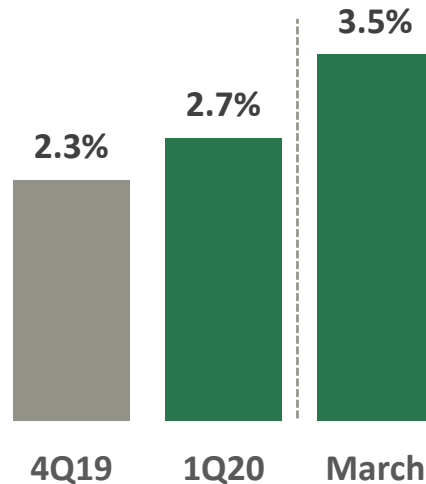
Digital sales growth



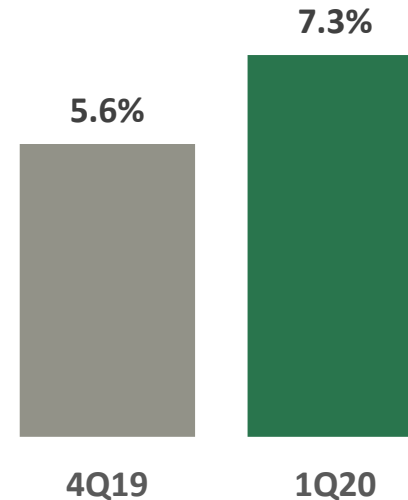
Organic* digital growth



Digital channels share

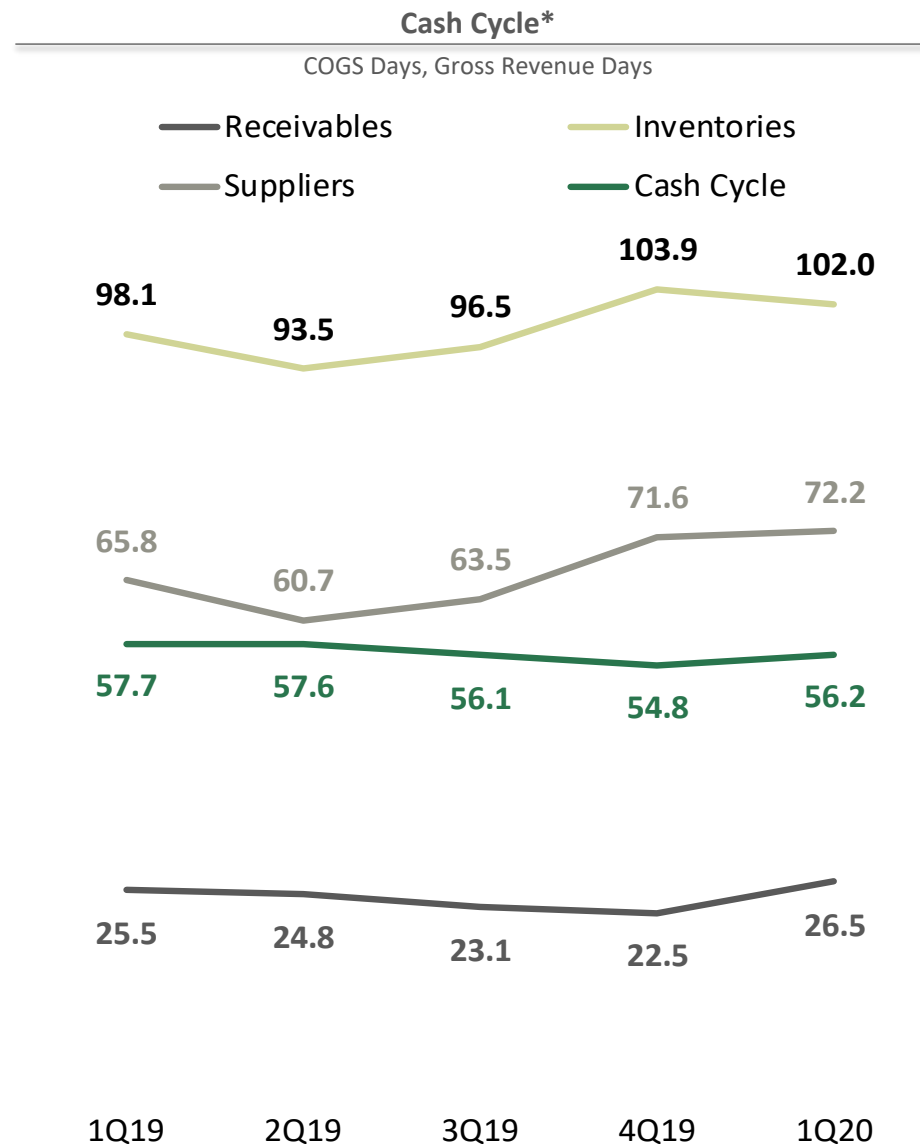
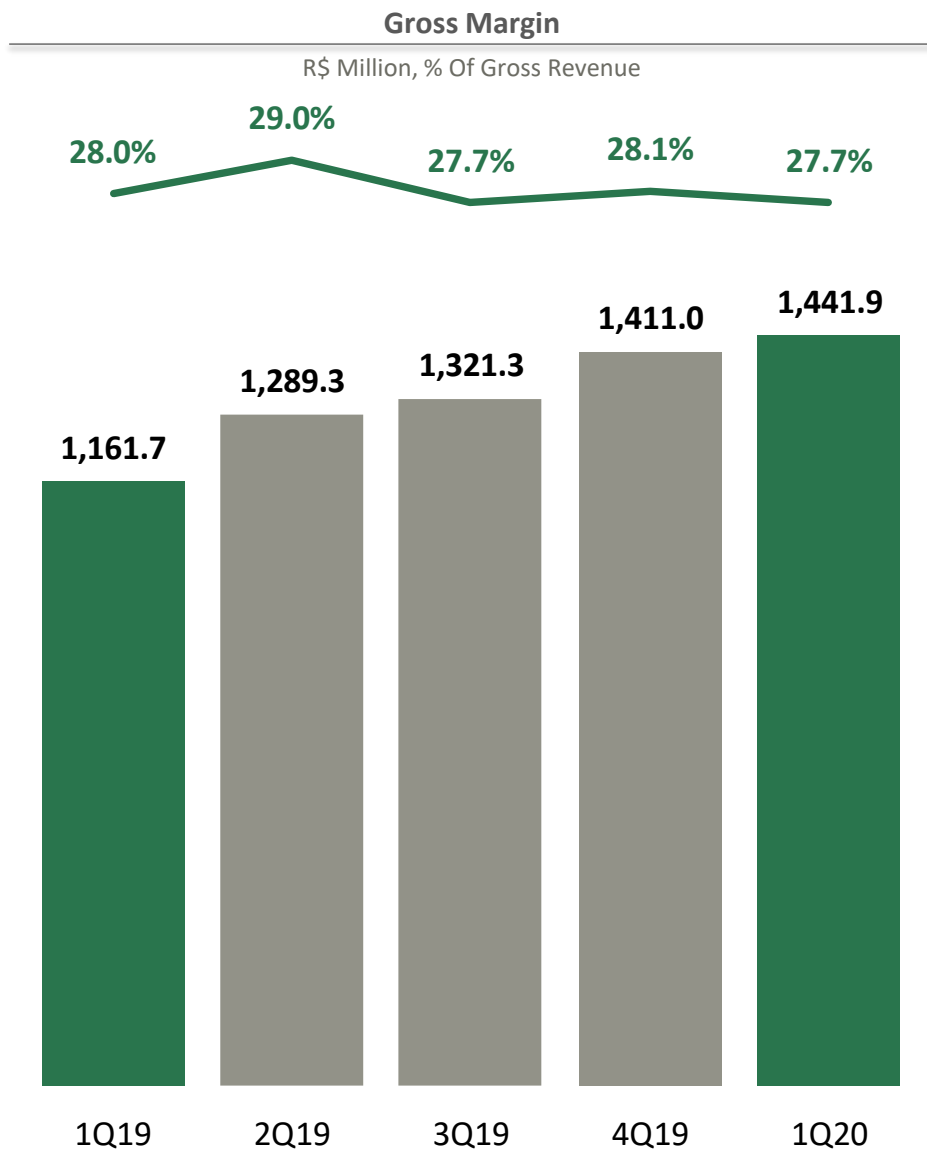


Digital clients share



* Excludes Onofre

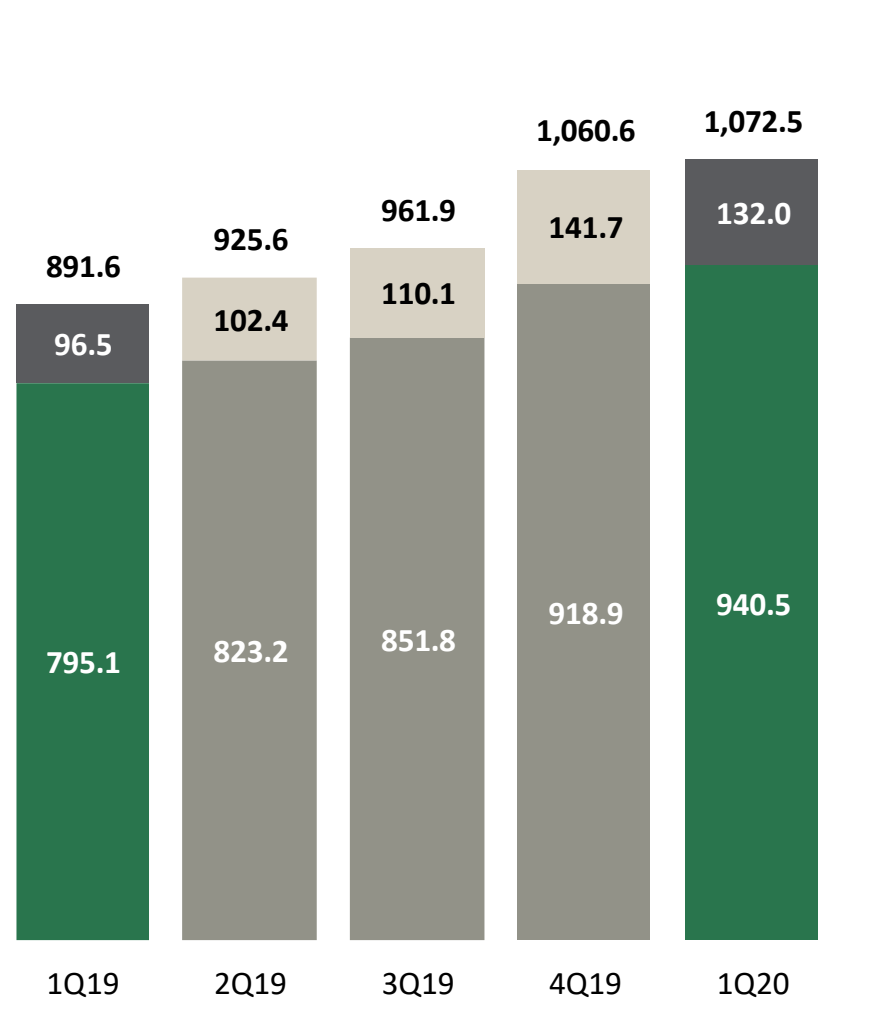
Gross margin decreased 0.3 p.p.. Cash cycle improvement of 1.5 day.



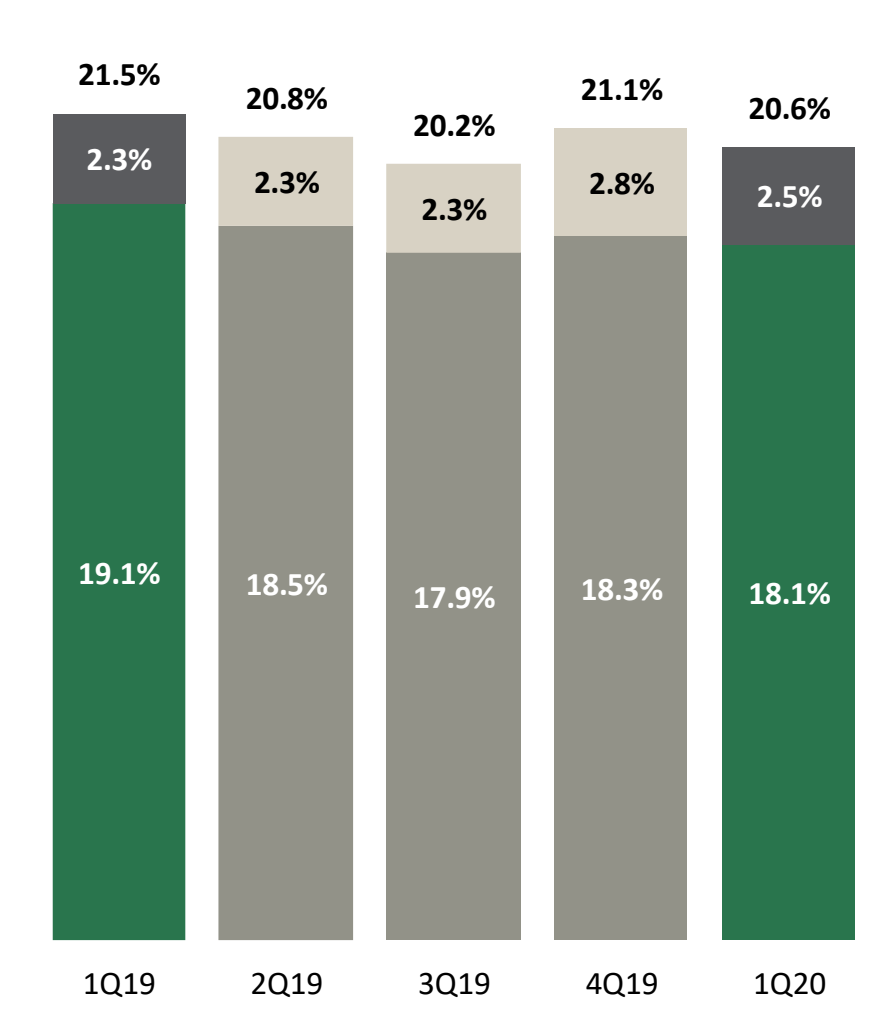
* Adjusted to discounted receivables.

Expense dilution of 0.9 p.p. from operating leverage gains.

Operating Expenses
R\$ Million



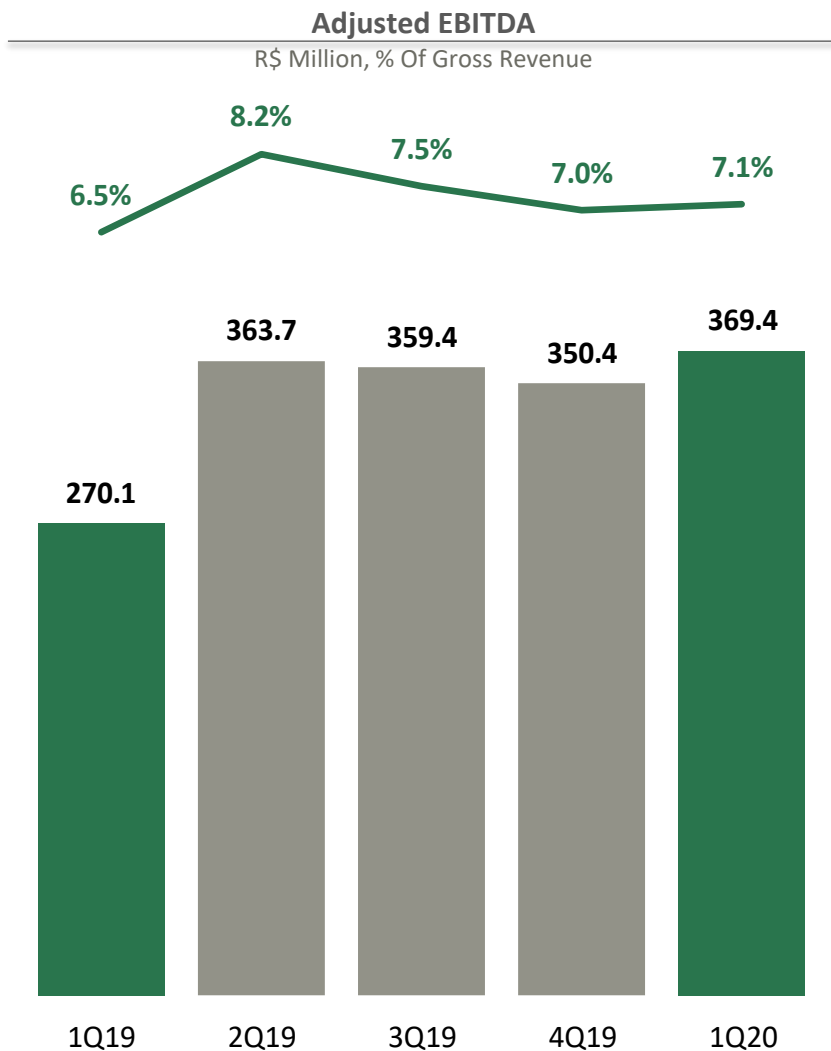
Operating Expenses
% of Gross Revenue



■ Selling Expenses ■ General & Administrative Expenses



Adjusted EBITDA totaled R\$ 369.4 MM in the quarter, an increase of 36.8% and a margin expansion of 0.6 p.p..



2,068* stores operating since 2019:

(performance in the 1Q20)

- > R\$ 5,189.0 million in Gross Revenues
- > EBITDA of R\$ 378.4 million
- > EBITDA growth of 33.7%

RD Pharmacies

- > EBITDA of R\$ 366.5 million
- > Growth of 36.3%

4Bio

- > EBITDA of R\$ 2.8 million
- > Growth of 141.4%

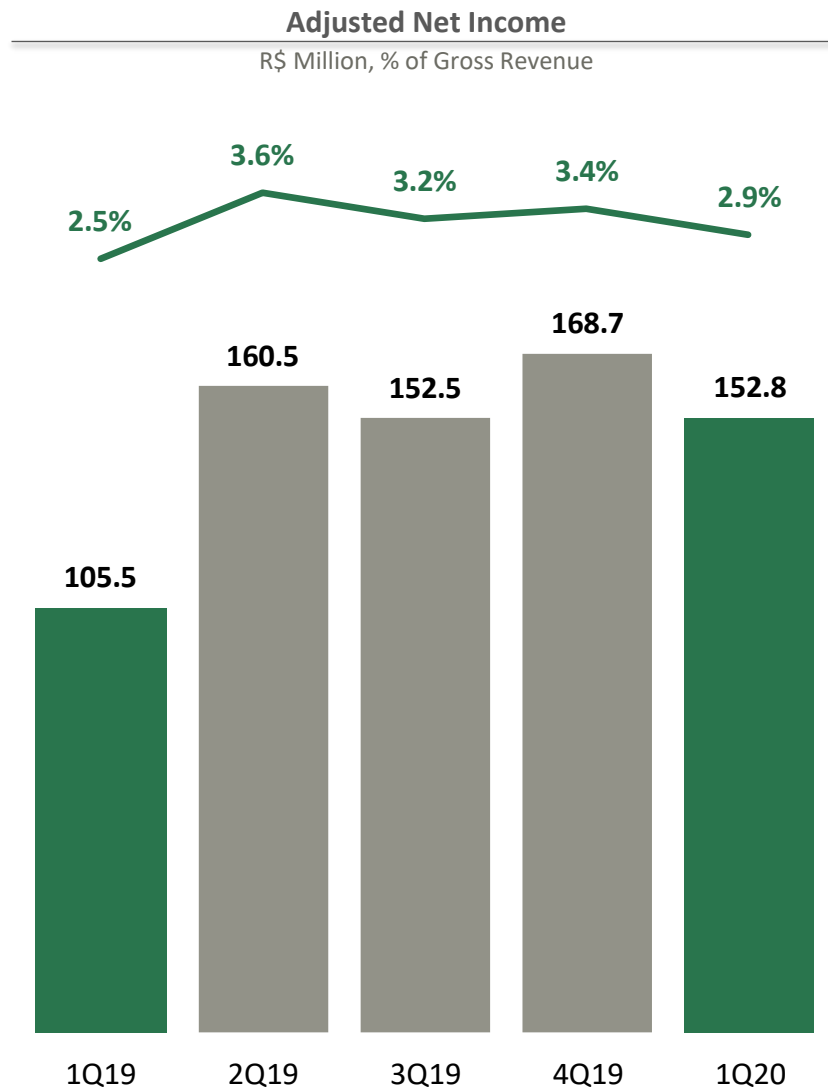
* 2,073 stores by the end of the 4Q19 less 5 stores closed.

We booked R\$10.5 MM in non-recurring/non-operating expenses.

EBITDA Reconciliation

EBITDA Reconciliation	1Q19	1Q20
<i>(R\$ million)</i>		
Net Income	102.1	145.8
(+) Income Tax	16.6	54.8
(+) Financial Result	28.4	22.4
EBIT	147.0	223.1
(+) Depreciation and Amortization	117.8	135.8
EBITDA	264.9	358.9
(+) Provisions for Inventory Losses from previous periods		11.5
(+) Other non-recurring / non-operating Expenses	5.2	(1.1)
Total non-recurring / non-operating Expenses	5.2	10.5
Adjusted EBITDA	270.1	369.4

Adjusted Net Income totaled R\$ 152.8 MM in the 1Q20, an increase of 44.8%.



R\$ 48.1 million in negative free cash flow, with R\$ 40.8 million of total cash consumption in the 1Q20.

Cash Flow	1Q20	1Q19
<i>(R\$ million)</i>		
Adjusted EBIT	233.5	152.3
NPV Adjustment	(9.1)	(10.1)
Non-Recurring Expenses	(10.5)	(5.2)
Income Tax (34%)	(72.7)	(46.5)
Depreciation	135.8	117.8
Others	29.7	2.7
Resources from Operations	306.7	210.9
Cash Cycle*	(248.2)	(186.1)
Other Assets (Liabilities)**	32.8	(32.9)
Operating Cash Flow	91.3	(8.1)
Investments	(139.5)	(202.4)
Free Cash Flow	(48.1)	(210.5)
Interest on Equity	(0.6)	(1.2)
Net Financial Expenses***	(12.1)	(16.0)
Income Tax (Tax benefit over financial expenses and interest on equity)	20.1	24.8
Total Cash Flow	(40.8)	(202.9)

*Includes adjustments to discounted receivables.

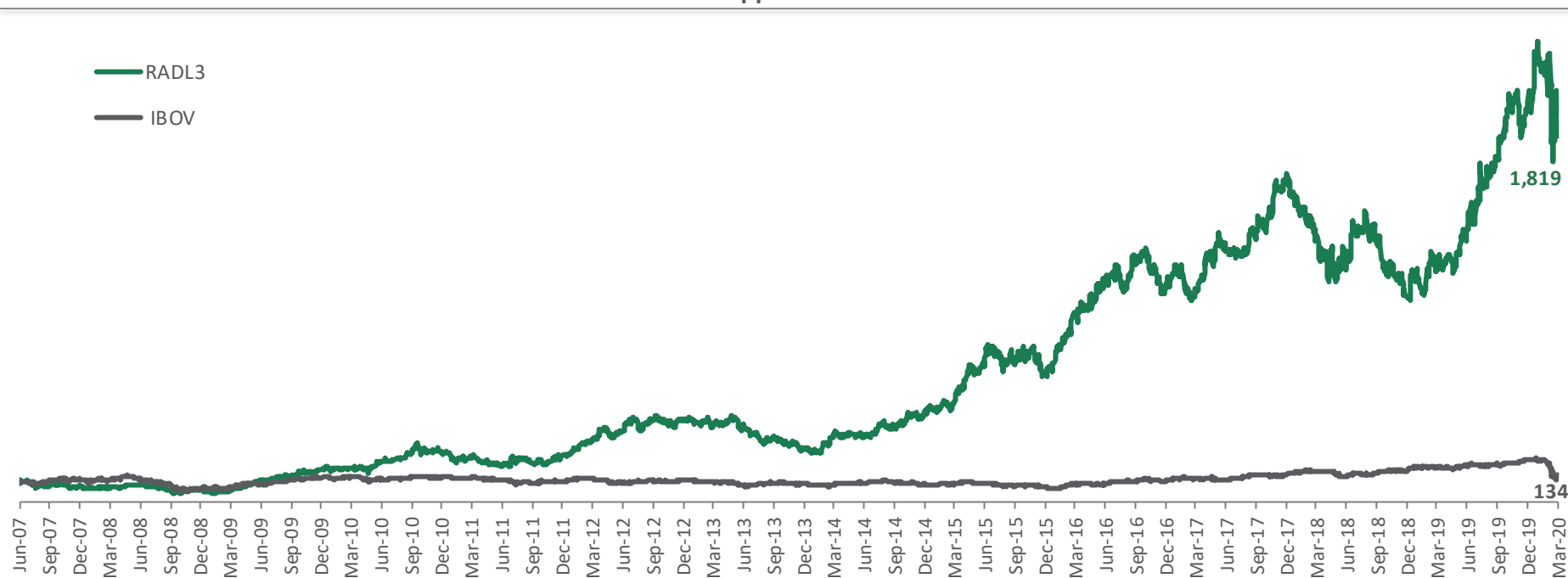
**Includes NPV adjustments.

***Excludes NPV adjustments.



RADL3 shares fell by 8.8% in the 1Q20, performing 28.3 p.p. above the IBOVESPA.

Share Appreciation



Performance in 2020

RADL3: - 8.8%
BOVESPA: - 37.0%
Alpha: 28.3%

Average Trading Volume RADL3: R\$ 203.8 MM

- › Average annual return of 27.3% since the Drogasil IPO.
- › Average annual return of 24.5% since the Raia IPO.

RD is having an important social role during the pandemic.

Safeguarding the physical and economic wellbeing of our employees and their families

- › Education on prevention, masks, hand-sanitizers, smart working, store adaptation
- › Paid leaves for employees in the risk group
- › Telemedicine by Einstein, Telepsychology and private hospital inpatient care when necessary
- › Relief fund for employees under family distress capitalized by RD
- › Preservation of existing job posts and full employee income

Becoming a safe harbor for health access within the communities we serve

- › Safe environment through store adaptations
- › Special hours for senior customers
- › Assurance of finding what you need (supply chain) at fair prices
- › Express delivery from 191 stores in 46 cities (340 stores in 174 cities by June)
- › Neighborhood deliveries (direct orders within 300 meters), drive-thru or curbside Click & Collect pick-up
- › Health services extension (immunization, public healthcare partnerships, quick tests under evaluation)
- › Launching of *Saúde em Dia*, our new COVID-19 pilot digital solution (www.rdsaudeemdia.com.br)
- › Donations (values and destinations being evaluated by the Board)



Todo cuidado conta SAÚDE EM DIA

Saiba mais sobre a iniciativa

Digite seu email aqui e fique informado com dicas de saúde

Cadastrar



Consulta médica de forma remota, interpretação de exames, prescrição online e laudos médicos à distância



Consultório virtual para falar com psicólogos, tirar suas dúvidas e fazer um acompanhamento terapêutico



Assistência farmacêutica RaiaDrogasil com objetivo de orientar, auxiliar e tirar suas dúvidas sobre medicamentos

CONHEÇA QUEM ESTÁ COM A GENTE NESSA

conexa
Plataforma de
Telemedicina

cui)ai

dasara

dr.consulta

vitalk

vittude

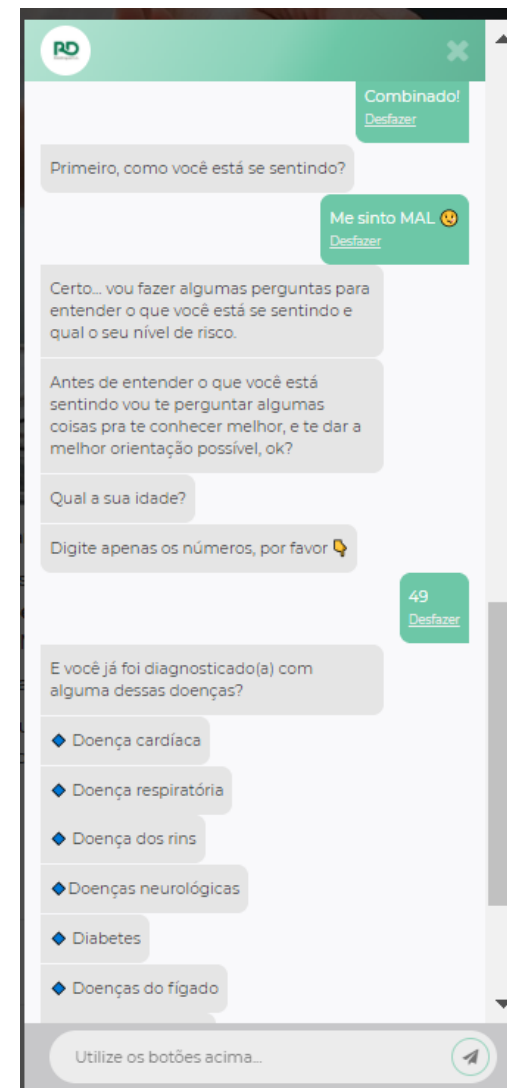
SYMPTOM CHECKER (CHATBOT)

Chat coronavírus: faça um teste online para avaliar seus sintomas e tirar suas dúvidas sobre o COVID-19!

Em parceria com a Vitalk, trouxemos um sistema para ajudar a identificar se os seus sintomas são compatíveis aos causados pelo novo coronavírus. Lembre-se de que este **não é um diagnóstico e não substitui uma consulta médica**. As orientações têm caráter informativo, com base em diretrizes da OMS (Organização Mundial da Saúde) e do Ministério da Saúde.

Em caso de dúvidas ou sintomas mais graves, busque a avaliação de um médico de forma remota ou presencial.

Todos os dados que você compartilhar durante o teste virtual são anônimos, estão seguros e não serão compartilhados com ninguém sem a sua autorização. Você também pode refazer os testes sempre que quiser ou se perceber mudanças em seus sintomas.



Negative short-term economic impacts but strong long-term legacy from the pandemic.

Relevant sales and profitability pressure expected for the 2Q20, with normalization from the 3Q20

- › Strong 1Q20 performance due to anticipation of demand in March, in preparation for social distancing
- › Strong pressure expected in the 2Q20: 2.2% MTD* growth in April, with negative calendar of 2.8%, price-cap increase delay from April to June, extraordinary expenses due to COVID-19
- › Normalization expected from the 3Q20 with traffic normalization

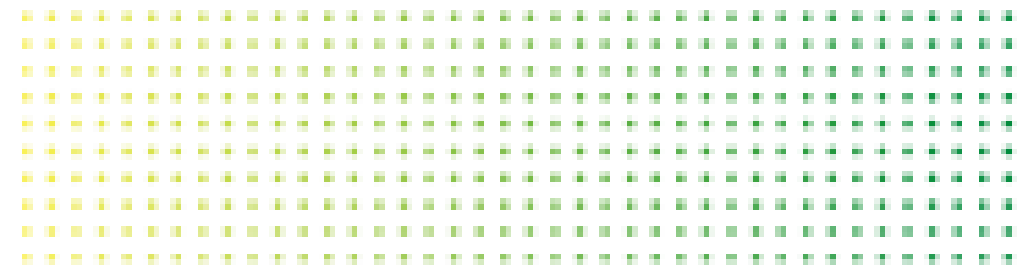
Temporary debt increase in the 2Q20 comfortably supported by capital structure

- › Cash cycle increase from anticipated purchases and sales decrease
- › Full preservation of investment plans, including 240 gross store openings
- › Current net debt of 0.7x EBITDA, versus existing covenants of 3x EBITDA
- › Issuance of R\$ 700 MM in debt due to extreme caution (CDI + 3.5%, 1 to 2 years to maturity)
- › R\$ 1.2 billion in credit card receivables available for cash conversion as a safety blanket

Strong positive legacy expected for the future

- › **Digital:** Customer habits changing at a moment of strong advances by RD: local deliveries from 340 stores in 174 cities by June, new neighborhood delivery model, strong evolution of platforms driven by agile squads
- › **Healthcare:** *Saúde em Dia* digital solution, reinvigorated role in health promotion and disease prevention
- › **Market share:** Accelerated growth through sustained store openings, unique supply chain infrastructure and solid balance sheet in a challenging economic landscape

* Consolidated annual growth from April 1, 2020 to April 27, 2020.



Q&A

sua  Droga Raia



 DROGASIL
& você

