



São Paulo, May 2, 2018. **RD – People, Health and Well-being** (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 1st quarter of 2018 (1Q18). The Company's parent company and consolidated quarterly financial statements for the periods ended in March 31, 2018 and 2017 have been prepared in accordance with technical pronouncement CPC 21 (R1) – “Interim Financial Reporting”, the requirements in Official Letter/CVM/SNC/SEP 003/2011 of April 28, 2011, and the International Financial Reporting Standards (IFRS) – IAS 34 and discloses all material information specific to the individual and consolidated quarterly information, which is consistent with the information used by management in managing the activities. Such information was prepared in Reais and all growth rates relate to the same period of 2017.

QUARTERLY HIGHLIGHTS:

- › **DRUGSTORES:** 1,651 stores in operation (44 openings and 3 closures)
- › **GROSS REVENUES:** R\$ 3.6 billion, 12.2% growth (2.7% retail same-store sales growth)
- › **GROSS MARGIN:** 28.5% of gross revenues, a 0.2 percentage point decrease
- › **EBITDA:** R\$ 272.2 million, a margin of 7.6%, in line with the 1Q17
- › **NET INCOME:** R\$ 121.3 million, 3.4% of net margin, an increase of 15.0%
- › **CASH FLOW:** R\$ 102.0 million negative free cash flow, R\$ 135.2 million of cash consumption
- › **DEBENTURES:** Issuance of R\$ 400 million in April 2018

RADL3

R\$ 68.78/share

NUMBER OF SHARES

330.386.000

MARKET CAP

R\$ 22,724 (million)

CLOSING

April 30, 2018

IR CONTACTS:

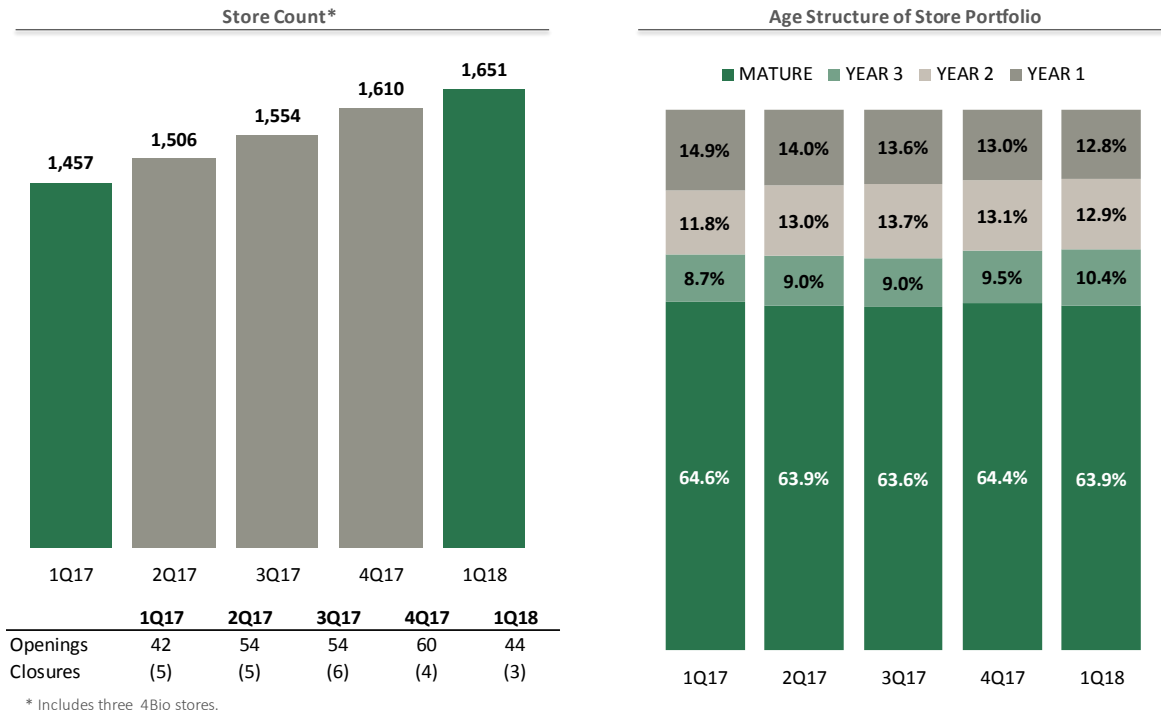
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Summary	1Q17	2Q17	3Q17	4Q17	1Q18
<i>(R\$ thousand)</i>					
# of Stores - Retail + 4Bio	1,457	1,506	1,554	1,610	1,651
Store Openings	42	54	54	60	44
Store Closures	(5)	(5)	(6)	(4)	(3)
# of Stores (average)	1,435	1,485	1,533	1,588	1,629
Headcount (EoP)	28,952	30,264	31,163	32,265	32,633
Pharmacist Count (EoP)	5,561	5,773	5,977	6,044	6,323
# of Tickets (000)	48,439	51,091	52,798	53,957	52,291
Gross Revenue	3,212,406	3,397,860	3,580,024	3,662,178	3,603,969
Gross Profit	921,624	999,721	1,020,396	1,046,258	1,026,758
% of Gross Revenues	28.7%	29.4%	28.5%	28.6%	28.5%
EBITDA	244,018	301,085	296,463	288,719	272,185
% of Gross Revenues	7.6%	8.9%	8.3%	7.9%	7.6%
Adjusted Net Income	105,427	137,970	136,493	132,623	121,288
% of Gross Revenues	3.3%	4.1%	3.8%	3.6%	3.4%
Net Income	104,002	137,970	136,493	134,188	121,288
% of Gross Revenues	3.2%	4.1%	3.8%	3.7%	3.4%
Free Cash Flow	(172,735)	(47,500)	102,135	68,432	(102,012)

STORE DEVELOPMENT



We opened 44 new stores in the 1Q18, ending the quarter with a total of 1,651 stores in operation, including three 4Bio units. We reiterate our guidance of 240 gross openings per year for both 2018 and 2019.

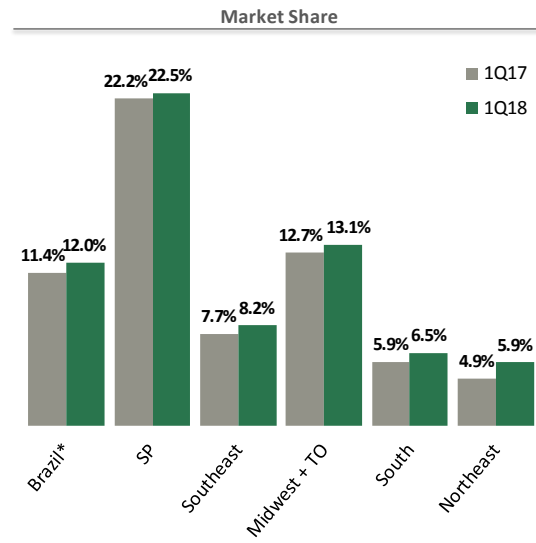
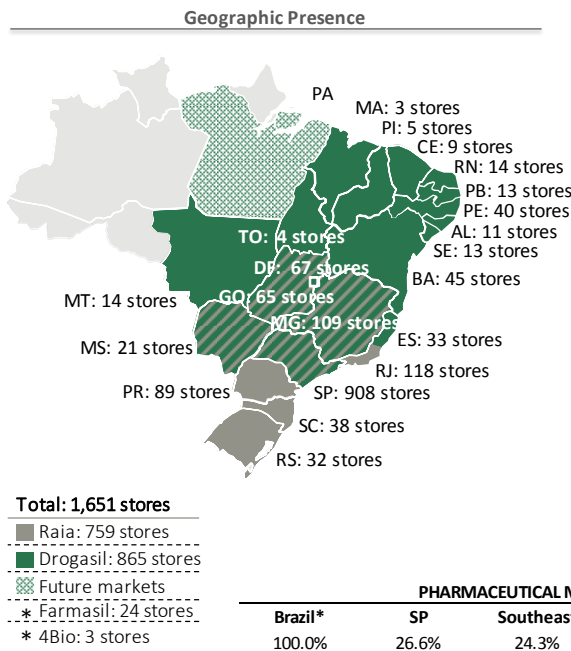
At the end of the period, 36.1% of our stores were still in the process of maturation and had not yet reached their full potential both in terms of revenue and of profitability. It is important to mention that the performance of the stores opened over the last twelve months remains very strong when compared to our historical standards.

We had three store closures in the quarter, of which two were still in the maturation process, representing corrections of expansion mistakes that are normal in such large-scale expansion, and one mature store relocation, with positive return expectations associated to it.

Our national market share reached 12.0% in the 1Q18 (including 4Bio), a 0.6 percentage point increase when compared to the same period of the previous year. We increased our market share in all five regions where we operate under a context of increased competition due to accelerated store addition from the other national chains. This share gain under increased competition represents a testament to the strength of our brands, to the unique quality of our locations and to the high caliber of our execution. Together, they constitute a very high entry barrier in all our core markets.

The Northeast remained as our main highlight, where we recorded a market share of 5.9%, a 1.0 percentage point increase driven by our organic expansion. We recorded a market share of 22.5% in São Paulo, a 0.3 percentage point increase, and of 8.2% in the remaining states of the Southeast, a 0.5 percentage point gain. Lastly, we have resumed to gain market share in the Midwest after 3 quarters of year-on-year decline or stability due to a strong comp base in Brasília, recording a 13.1% market share and a 0.4 percentage point increase.

In March, we entered the state of Maranhão by opening three stores in São Luís, extending our presence to all the nine states of the Northeast region (Bahia, Sergipe, Alagoas, Pernambuco, Paraíba, Rio Grande do Norte, Ceará, Piauí and Maranhão). This marks the achievement of an important milestone for RD, which is now present in 21 states that account for 96% of the Brazilian pharmaceutical market. We are also preparing our entry in the coming months into the state of Pará, which will extend our presence to 22 states.



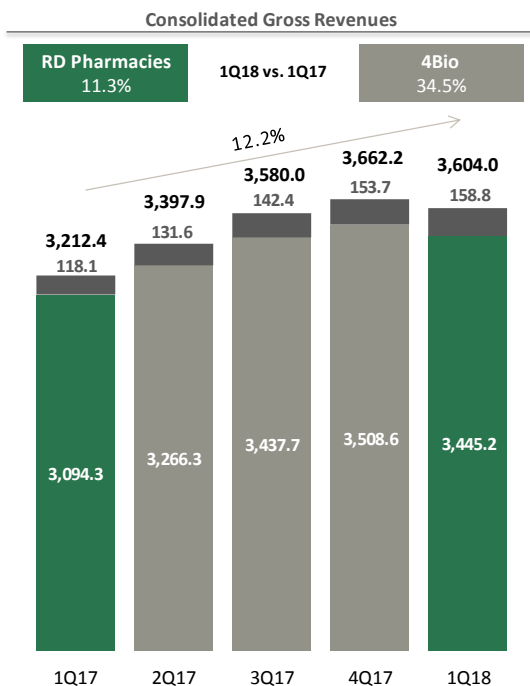
PHARMACEUTICAL MARKET BREAKDOWN BY REGION (%)

Region	SP	Southeast	Midwest + TO	South	Northeast
Brazil*	100.0%	26.6%	24.3%	9.9%	16.1%
					18.7%

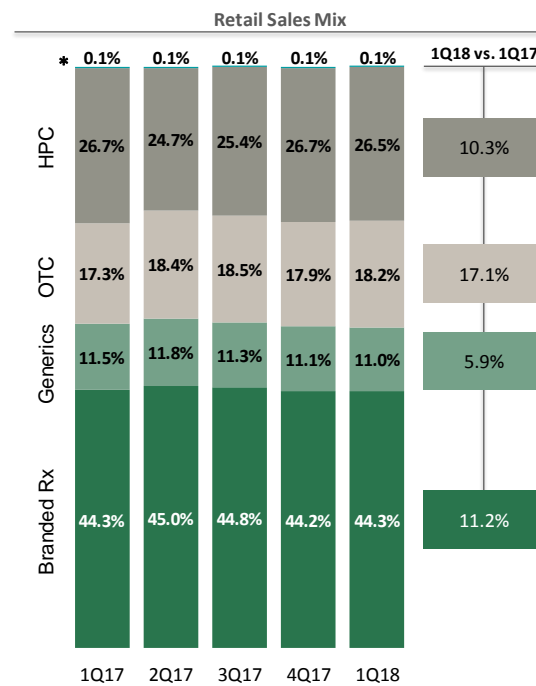
Source: IMS Health
* Includes 4Bio only for Brazil total.

GROSS REVENUES

We ended the 1Q18 with consolidated gross revenues of R\$ 3,604.0 million, a 12.2% increase over the same period of the previous year. Our drugstore revenues increased by 11.3%, while 4Bio grew 34.5% in the period.

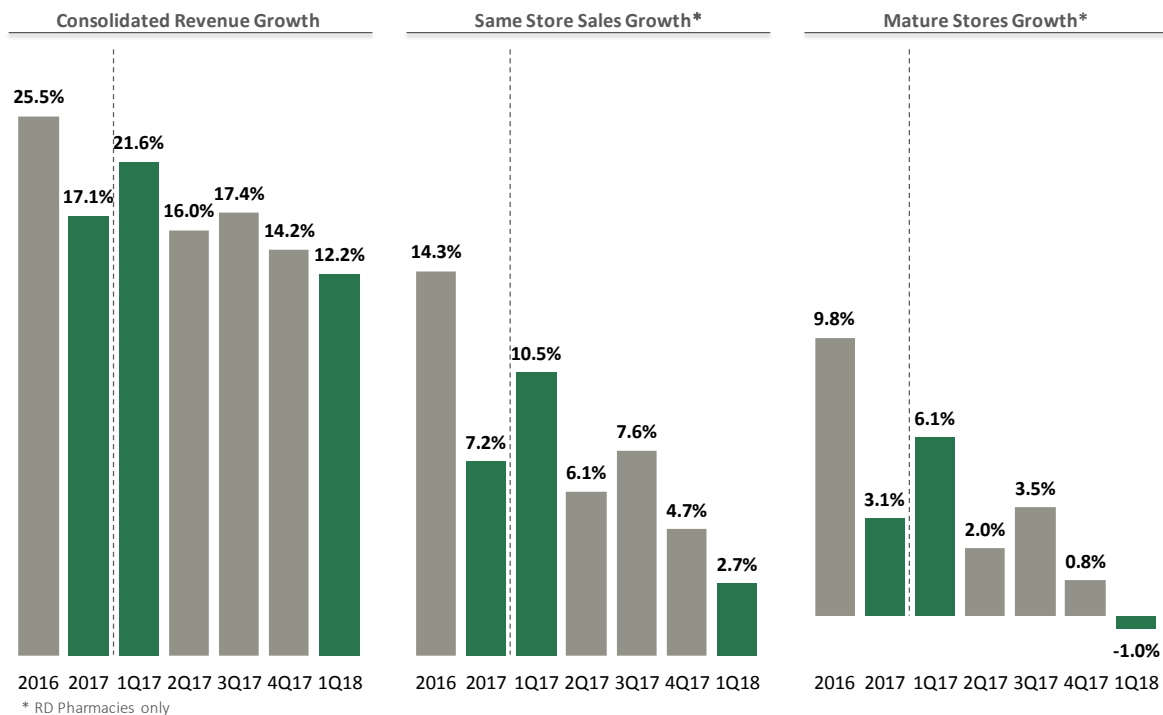


* Services



OTC was the highlight of the quarter by growing 17.1% and gaining 0.9 percentage point of participation in the sales mix. Branded Rx grew 11.2%, maintaining its participation in the sales mix. On the other hand, HPC grew by 10.3% in the quarter, losing 0.2 percentage point in the sales mix, while Generics grew by 5.9% and lost 0.5 percentage point in the sales mix.

We recorded an unusually colder quarter, which slightly penalized our seasonal HPC mix but strongly benefited the OTC category. It is important to highlight that the relative outperformance by OTC is also partially explained by the switch of specific drugs from Branded Rx, which represented a migration of 0.2 percentage point of the sales mix.



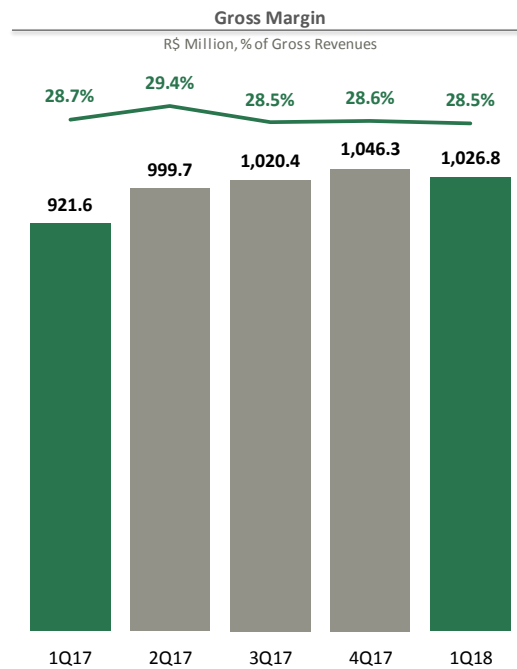
Considering our retail operations, same store sales increased by 2.7%, while our mature stores declined 1.0%. We recorded a negative calendar effect of 0.6% in the quarter, leading to a normalized mature store decline of 0.4%.

In the context of robust market share gains recorded in every region, RD's lower revenue growth in the 1Q18 reflects a relevant deceleration in the overall pharmaceutical industry growth in Brazil due to macroeconomic reasons. We increased our retail revenues by 11.3% in the quarter versus a national pharmaceutical market growth of only 5.6% according to IMS. If we compare our performance to the remaining chains of Abrafarma, the difference is even higher, as they reported an average growth of only 4.2% in the quarter (excluding RD) as depicted below, even below the overall market growth.

Growth Y/Y (%)	LTM	1Q18
RD Pharmacies	13.9%	11.3%
Abrafarma (ex-RD)	5.9%	4.2%
Pharma Total - IMS	7.9%	5.6%

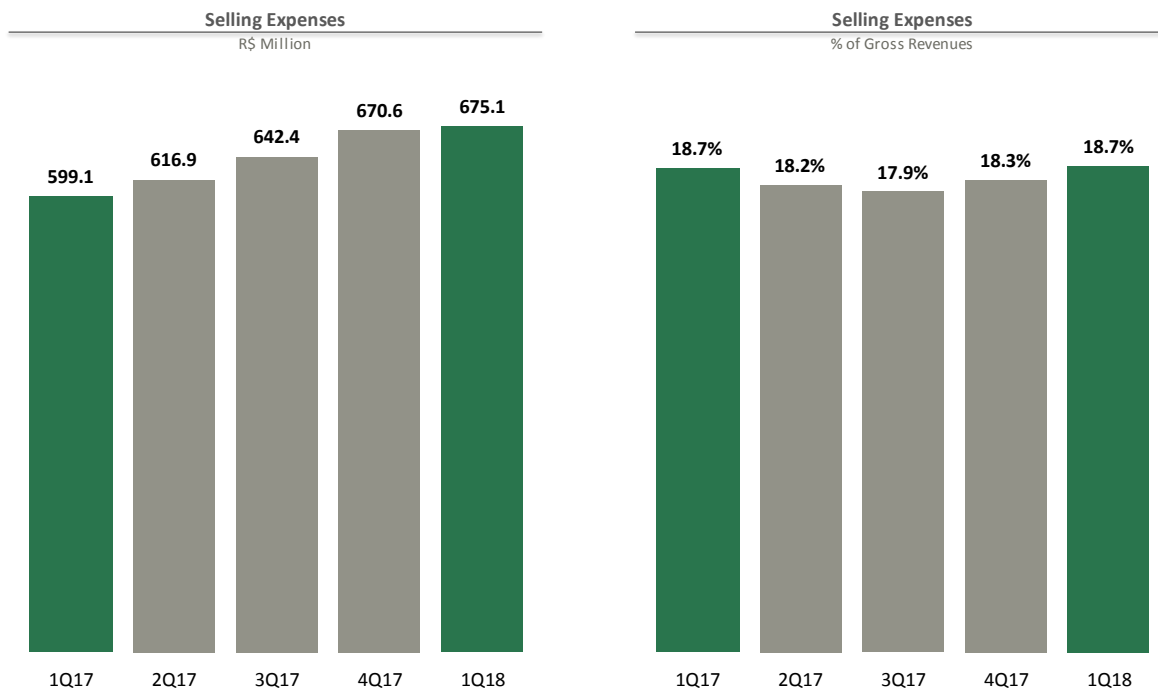
GROSS MARGIN

Our gross margin reached 28.5% in the quarter, a 0.2 percentage point pressure versus the 1Q17. We recorded a 0.4 percentage point margin pressure due to a lower Net Present Value (NPV) adjustment, which is a non-cash effect due to the sharp decline in interest rates that was offset by other commercial gains. We also recorded a 0.2 percentage point pressure from 4Bio, due to its negative mix effect and to gross margin pressures.



SELLING EXPENSES

In the 1Q18, selling expenses totaled R\$ 675.1 million, equivalent to 18.7% of gross revenues, stable when compared to the same quarter of the previous year.

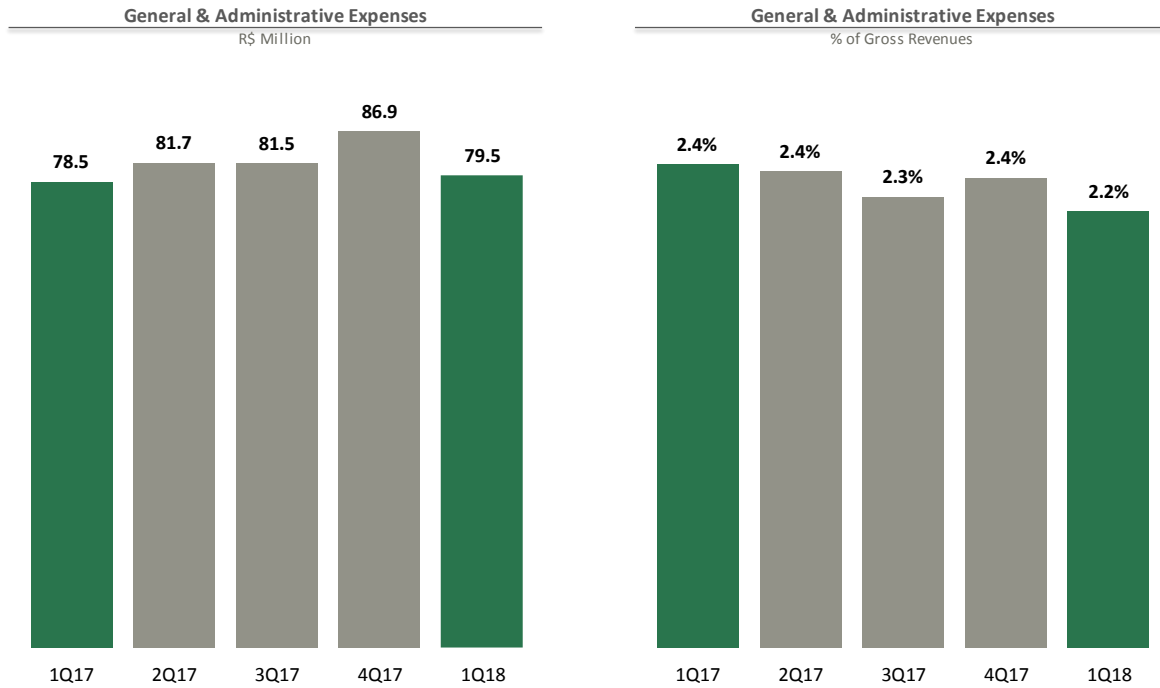


Personnel expenses pressured by 0.2 percentage point and rentals pressured by another 0.1 percentage point. These pressures were offset by 0.1 percentage point gains both in pre-operating expenses and in other expenses. Finally, we recorded a 0.1 percentage point dilution due to 4Bio, which has lower selling expenses than the average for the Company.

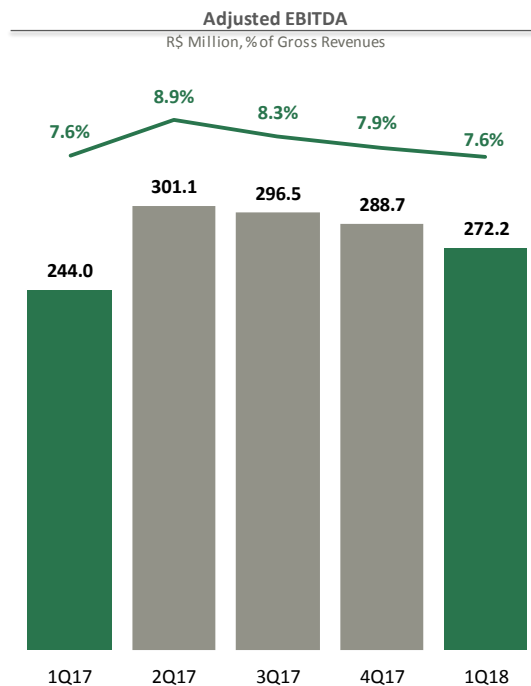
Although we faced a negative operating leverage in the stores' fixed expenses, we maintained them flat as a percentage of revenues. This is a result of the enhanced expense control and disciplined execution carried out by the Company.

GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R\$ 79.5 million in the 1Q18, equivalent to 2.2% of gross revenues and a 0.2 percentage point dilution over both the 1Q17 and the 4Q17. This expense dilution was due to a lower variable compensation allowance and also to other gains stemming from economies of scale.



EBITDA

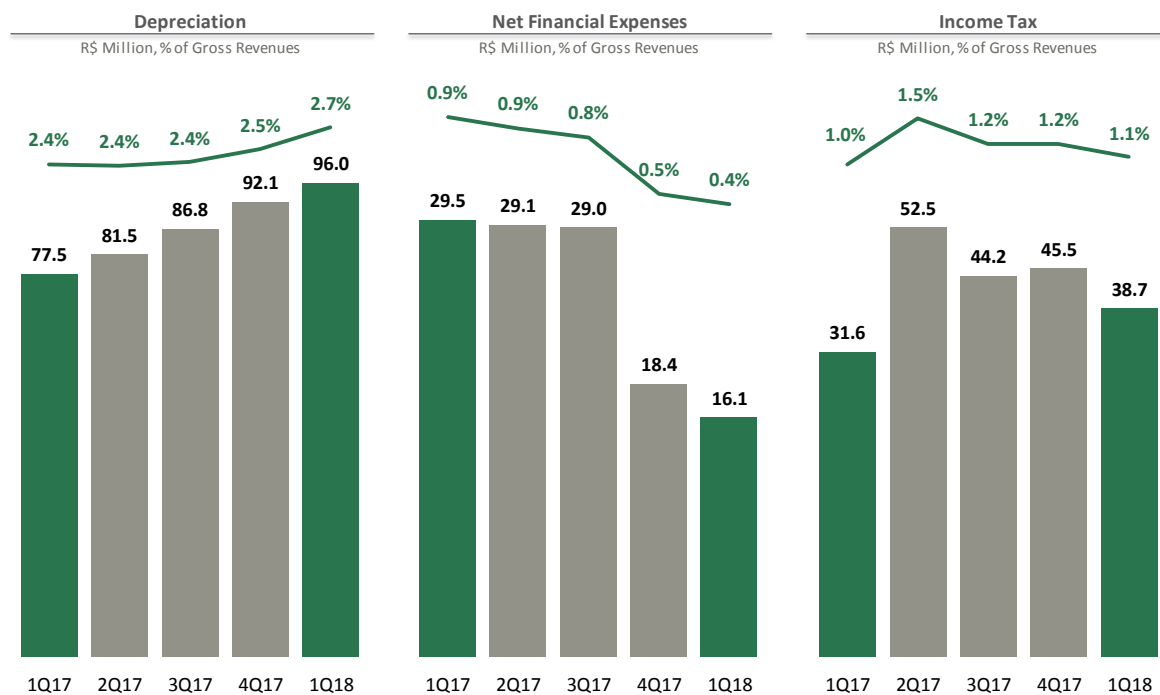


Our EBITDA reached R\$ 272.2 million in the quarter, an increase of 11.5% over the 1Q17. Our EBITDA margin totaled 7.6%, in line with the same period of last year. It is important to mention that we recorded a gross margin pressure due to a lower Net Present Value (NPV) adjustment, which is a non-cash adjustment mainly driven by lower interest rates. Excluding that adjustment, our structural EBITDA margin increased by 0.4 percentage point.

New stores opened in the quarter, as well as those in the opening process, reduced the EBITDA by R\$ 10.2 million. Therefore, considering only the 1,607 stores in operation since the end of 2017 and the full absorption of logistics, general and administrative expenses by such stores, our EBITDA would have totaled R\$ 282.4 million, equivalent to a margin of 7.9% over gross revenues.

RD Pharmacies reached an EBITDA of R\$ 269.9 and a margin of 7.8% in the 1Q18, stable over the same period of the last year. Finally, 4Bio reached an EBITDA of R\$ 2.3 million and a margin of 1.4%, a 0.6 percentage point margin pressure due to one-offs in the gross margin that we expect to be reversed in the following quarter.

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES



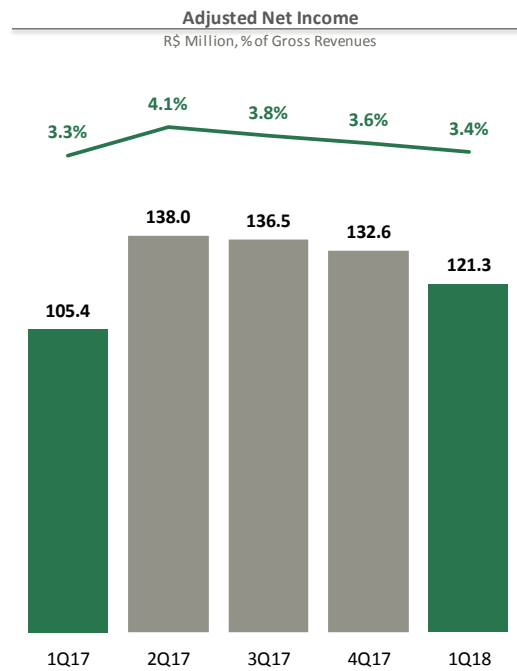
Depreciation expenses amounted to R\$ 96.0 million in the 1Q18, equivalent to 2.7% of gross revenues, a 0.3 percentage point increase when compared to the previous year reflecting a higher capex due to an acceleration in our expansion program and a lower dilution due to a weaker sales performance.

Net Financial expenses represented 0.4% of gross revenues, a 0.5 percentage point decrease over the 1Q17. Of the R\$ 16.1 million recorded in the quarter, R\$ 10.8 million refers to the NPV adjustment while other R\$ 1.3 million refers to interest on the option to acquire the remaining 45% of 4Bio in 2021. We also recorded a one-off financial income of R\$ 5.1 million due to a reversion of interests accrued on tax payables.

Excluding the NPV adjustments, expenses related to the option to acquire 4Bio and the one-off event, the interest accrued on net debt amounted to R\$ 9.1 million in the 1Q18, equivalent to 0.3 percentage point of gross revenues and in line with the 1Q17. Finally, we booked R\$ 38.7 million in income taxes, equivalent to 1.1% of gross revenues

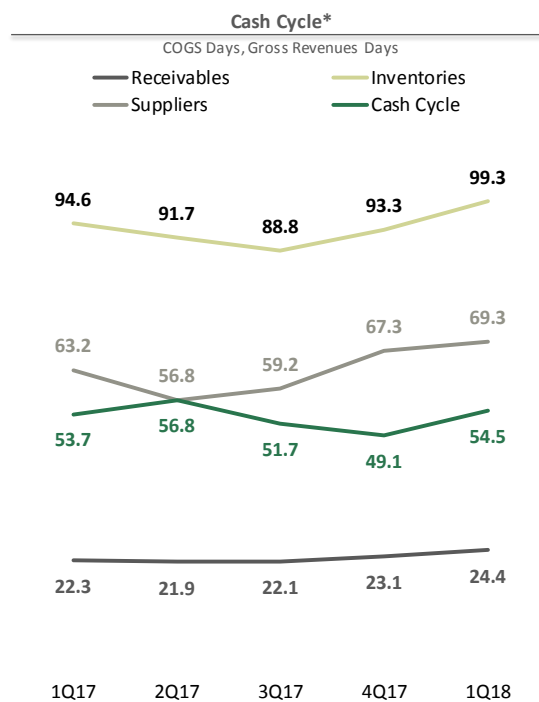
NET INCOME

Net income totaled R\$ 121.3 million in the quarter, a 15.0% increase over the same period of the previous year. We achieved a net margin of 3.4%, a 0.1 percentage point expansion over the 1Q17.



CASH CYCLE

Our cash cycle in the 1Q18 was 0.7 day higher when compared to the same period of the previous year. Inventories increased by 4.7 days while accounts payable increased by 6.1 days. Lastly, receivables increased by 2.1 days, reflecting an unfavorable calendar in the end of March when compared to the same period in 2017.



* Adjusted to discounted receivables.

CASH FLOW

In the 1Q18, we recorded a negative free cash flow of R\$ 102.0 million, and a negative total cash flow of R\$ 135.2 million. Both free cash flow and total cash flow improved versus the 1Q17, due to a lower working capital consumption. It is important to highlight that the first quarter always brings an unfavorable cash cycle seasonality, while the fourth quarter has the most favorable seasonality of the year, therefore resulting in a material cash outlay in the quarter.

Cash Flow	1Q18	1Q17
<i>(R\$ million)</i>		
Adjusted EBIT	176.1	166.5
NPV Adjustment	(8.5)	(21.1)
Non-Recurring Expenses	-	(2.2)
Income Tax (34%)	(57.0)	(48.7)
Depreciation	96.0	77.5
Others	2.2	16.3
Resources from Operations	208.9	188.3
Cash Cycle*	(153.3)	(246.7)
Other Assets (Liabilities)**	(33.4)	20.8
Operating Cash Flow	22.2	(37.7)
Investments	(124.2)	(135.1)
Free Cash Flow	(102.0)	(172.7)
Interest on Equity	(0.1)	(0.1)
Net Financial Expenses***	(5.4)	(10.9)
Share Buyback	(46.9)	-
Income Tax (Tax benefit over financial expenses and interest on equity)	19.2	21.1
Total Cash Flow	(135.2)	(162.7)

*Includes adjustments to discounted receivables.

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

***Excludes NPV adjustments.

Resources from operations amounted to R\$ 208.9 million, equivalent to 5.8% of gross revenues, while we recorded a working capital increase of R\$ 186.7 million (including adjustments to discounted receivables), amounting to a total operating cash flow of R\$ 22.2 million.

Of the R\$ 124.2 million invested in the quarter, R\$ 80.9 million corresponded to new store openings, R\$ 19.7 million to the renovation or expansion of existing stores and R\$ 23.7 million to investments in infrastructure.

Net financial expenses totaled R\$ 5.4 million in the quarter, excluding NPV adjustments. These were more than fully offset by the R\$ 19.2 million tax shield related to the net financial expenses and to the interest on equity accrued in the period, which shall be paid in the following quarters. We also recorded a cash outlay of R\$ 46.9 million in share buyback in order to support our long term executive restricted shares plan.

We accrued R\$ 51.0 million in interest on equity in the 1Q18, reflecting a payout of 42.0%, through the full usage of the legal interest on equity limit.

INDEBTEDNESS

At the end of the quarter, we recorded an adjusted net debt position of R\$ 528.8 million, versus R\$ 345.2 million recorded in the same period of 2017. The Adjusted Net Debt to EBITDA totaled 0.5x, 0.2x higher than the same period of last year due to the significant investment undertaken in the last twelve months.

This net debt includes R\$ 48.9 million in liability related to the exercise of the put option granted and/or call option obtained for the acquisition of the remaining 45% minority stake of 4Bio. This liability reflects the estimated valuation of 4Bio as of December 2017, assuming the pre-agreed multiple, the average forecasted annual EBITDA for 2018, 2019 and 2020 and the forecasted net

debt for 2020 as stipulated in the acquisition contracts. This estimate will be revisited annually to reflect changes in the economic outlook of 4Bio. Further, 4Bio ended the quarter with R\$ 9.1 million in discounted receivables.

Net Debt	1Q17	2Q17	3Q17	4Q17	1Q18
<i>(R\$ million)</i>					
Short-term Debt	167.9	240.6	231.8	196.2	186.2
Long-term Debt	305.5	513.0	486.7	414.7	387.3
Total Gross Debt	473.4	753.7	718.5	611.0	573.5
(-) Cash and Equivalents	181.6	324.4	394.6	264.9	102.7
Net Debt	291.8	429.3	323.9	346.1	470.8
Discounted Receivables	5.9	-	-	-	9.1
Put/Call option to acquire 4Bio (estimated)	47.5	50.0	52.5	47.5	48.9
Adjusted Net Debt	345.2	479.3	376.4	393.6	528.8
Adjusted Net Debt / EBITDA	0.3x	0.5x	0.3x	0.3x	0.5x

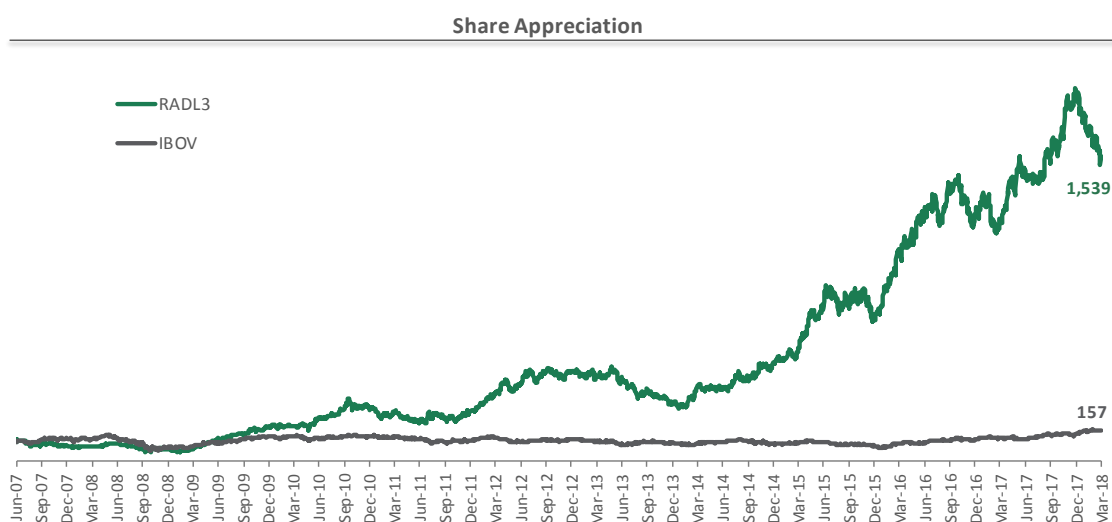
Our gross debt totaled R\$ 573.5 million, of which 46.3% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines, and 53.7% correspond to the debentures issued on April 2017. Of our total debt, 67.5% is long-term, while 32.5% relates to its short-term parcels. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 102.7 million.

In April 2018, we raised R\$ 400 million in the Company's second Debenture issuance. The emission was divided in nine different series with a 2.7 years duration, 5 years maturity to the payment of the last series and an average cost of 104.5% of CDI.

TOTAL SHAREHOLDER RETURN

Our share price fell by 18.4% in the 1Q18 versus a 33.5% gain of the Ibovespa. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,439.1% versus a return of only 56.9% for the Ibovespa. Including the payment of interest on equity, we generated an average annual total return to shareholders of 29.4%. Considering the IPO of Raia in December of 2010, the cumulative return amounted to 614.0% versus an increase of only 25.6% of the Ibovespa. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 31.3%.

We recorded an average daily trading volume of R\$ 86.9 million in the quarter.



Adjusted Income Statement <i>(R\$ thousand)</i>	<u>1Q17</u>	<u>1Q18</u>
Gross Revenue	3,212,406	3,603,969
Taxes, Discounts and Returns	(155,296)	(170,391)
Net Revenue	3,057,110	3,433,578
Cost of Goods Sold	(2,135,486)	(2,406,819)
Gross Profit	921,624	1,026,758
Operational (Expenses) Revenue		
Sales	(599,142)	(675,113)
General and Administrative	(78,464)	(79,461)
Operational Expenses	(677,606)	(754,573)
EBITDA	244,018	272,185
Depreciation and Amortization	(77,522)	(96,038)
Operational Earnings before Financial Results	166,496	176,147
Financial Expenses	(57,710)	(32,605)
Financial Revenue	28,219	16,467
Financial Expenses/Revenue	(29,490)	(16,138)
Earnings before Income Tax and Social Charges	137,006	160,009
Income Tax and Social Charges	(31,578)	(38,722)
Net Income	105,427	121,288

Consolidated Income Statement <i>(R\$ thousand)</i>	<u>1Q17</u>	<u>1Q18</u>
Gross Revenue	3,212,406	3,603,969
Taxes, Discounts and Returns	(155,296)	(170,391)
Net Revenue	3,057,110	3,433,578
Cost of Goods Sold	(2,135,486)	(2,406,819)
Gross Profit	921,624	1,026,758
Operational (Expenses) Revenue		
Sales	(599,142)	(675,113)
General and Administrative	(78,464)	(79,461)
Other Operational Expenses, Net	(2,160)	0
Operational Expenses	(679,766)	(754,573)
EBITDA	241,858	272,185
Depreciation and Amortization	(77,522)	(96,038)
Operational Earnings before Financial Results	164,336	176,147
Financial Expenses	(57,710)	(32,605)
Financial Revenue	28,219	16,467
Financial Expenses/Revenue	(29,490)	(16,138)
Earnings before Income Tax and Social Charges	134,846	160,009
Income Tax and Social Charges	(30,844)	(38,722)
Net Income	104,002	121,288

Assets (R\$ thousand)	<u>1Q17</u>	<u>1Q18</u>
Current Assets		
Cash and Cash Equivalents	181,601	102,675
Accounts Receivable	781,330	959,181
Inventories	2,221,116	2,627,073
Taxes Receivable	95,620	68,598
Other Accounts Receivable	139,299	141,816
Following Fiscal Year Expenses	28,452	32,454
	<u>3,447,418</u>	<u>3,931,798</u>
Non-Current Assets		
Deposit in Court	25,076	29,972
Taxes Receivable	24,302	34,683
Other Credits	5,770	3,092
Property, Plant and Equipment	1,049,967	1,306,937
Intangible	1,179,057	1,190,326
	<u>2,284,172</u>	<u>2,565,010</u>
ASSETS	<u>5,731,590</u>	<u>6,496,808</u>

Liabilities and Shareholder's Equity (R\$ thousand)	1Q17	1Q18
Current Liabilities		
Suppliers	1,483,477	1,832,996
Loans and Financing	167,928	186,160
Salaries and Social Charges Payable	193,325	205,257
Taxes Payable	127,157	98,994
Dividend and Interest on Equity	131,169	133,933
Provision for Lawsuits	5,596	4,196
Other Accounts Payable	120,631	113,828
	<u>2,229,284</u>	<u>2,575,363</u>
Non-Current Liabilities		
Loans and Financing	305,479	387,345
Provision for Lawsuits	7,373	5,973
Income Tax and Social Charges deferred	199,069	243,587
Other Accounts Payable	59,986	60,148
	<u>571,908</u>	<u>697,053</u>
Shareholder's Equity		
Common Stock	1,808,639	1,808,639
Capital Reserves	141,319	107,490
Revaluation Reserve	12,337	12,153
Income Reserves	919,117	1,228,149
Accrued Income	52,903	69,998
Equity Adjustments	(30,230)	(30,230)
Non Controller Interest	26,314	28,193
	<u>2,930,398</u>	<u>3,224,392</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>5,731,590</u>	<u>6,496,808</u>

Cash Flow	1Q17	1Q18
<i>(R\$ thousand)</i>		
Earnings before Income Tax and Social Charges	134,846	160,009
Adjustments		
Depreciation and Amortization	77,522	96,038
Compensation plan with restricted shares, net	2,768	3,271
Interest over additional stock option	2,310	1,348
P,P&E and Intangible Assets residual value	429	1,787
Provisioned Lawsuits	10,534	598
Provisioned Inventory Loss	1,086	(507)
Provision for Doubtful Accounts	1,540	(2,359)
Provisioned Store Closures	(91)	(592)
Interest Expenses	13,050	11,128
Debt Issuance Costs Amortization	0	(3,938)
	243,994	266,783
Assets and Liabilities variation		
Clients and Other Accounts Receivable	(44,802)	(49,554)
Inventories	(72,734)	(108,973)
Other Short Term Assets	257	(4,389)
Long Term Assets	(4,289)	1,008
Suppliers	(123,259)	14,334
Salaries and Social Charges	(6,054)	2,458
Taxes Payable	14,956	(31,794)
Other Liabilities	530	(7,808)
Rent Payable	1,646	2,182
Cash from Operations	10,245	84,247
Interest Paid	(5,984)	(3,292)
Income Tax and Social Charges Paid	(16,516)	(30,575)
Net Cash from (invested) Operational Activities	(12,255)	50,380
Investment Activities Cash Flow		
P,P&E and Intangible Acquisitions	(135,578)	(124,239)
P,P&E Sale Payments	494	0
Net Cash from Investment Activities	(135,084)	(124,239)
Financing Activities Cash Flow		
Funding	85,849	585
Payments	(33,474)	(41,938)
Share Buyback	0	(46,925)
Interest on Equity and Dividends Paid	(67)	(61)
Net Cash from Funding Activities	52,308	(88,339)
Cash and Cash Equivalents net increase	(95,031)	(162,198)
Cash and Cash Equivalents in the beginning of the period	276,632	264,873
Cash and Cash Equivalents in the end of the period	181,601	102,675

1Q18 Results Conference Calls – May 3, 2018

Portuguese

at 10:00 am (Brasília)

Dial in access:
+55 (11) 2188-0155

Conference ID: RD

Replay (available for 7 days):
+55 (11) 2188-0400

English

at 12:00 pm (Brasília)

Dial in access:
+1 (646) 843-6054
+55 (11) 2188-0155

Conference ID: RD

Replay (available for 7 days):
+55 (11) 2188-0400

Live broadcast through the internet at: www.rd.com.br.

For more information, please contact our Investor Relations department.

E-mail: ri@rd.com.br