RaiaDrogasil

EARNINGS RELEASE – FIRST QUARTER OF 2012

São Paulo, May 10, 2012. RaiaDrogasil S.A. (BM&FBovespa: RADL3) announces today its results for the 1st quarter of 2012 (1Q12). The consolidated financial statements of RaiaDrogasil S.A. and of its wholly-owned subsidiary Raia S.A. for the period ended March 31st, 2012 were prepared in accordance with IFRS and were audited by our independent auditors in accordance with Brazilian and international standards of auditing. Such financial statements were prepared in Reais and all growth rates are related to the same period of 2011.

In order to allow the comparison to our 2012 consolidated financials, we are supplementally presenting unaudited combined financial information of RaiaDrogasil S.A. and of Raia S.A. for 2011. This unaudited combined financial information represents a summation of the audited unconsolidated individual financial statements of each RaiaDrogasil and Raia for the fiscal year, without the equity effects of Raia recognized into RaiaDrogasil. The combined non-audited financial statements for the period ended on March 31st, 2012 do not reflect the pro forma adjustments that would be necessary on the assumption that the operations of Raia and Drogasil would have occurred on the first day of the presented periods. This way, the combined information may and should be considered as representative of our future results.

As a result of the creation of RaiaDrogasil, we incurred both in 2012 and in 2011 on certain non-recurring expenses related to the transaction and to the alignment of certain accounting practices between the entities, as well as on additional depreciation and amortization expenses related to the allocation of the transaction purchase price (PPA) to acquired tangible and intangible assets, in accordance with IFRS. To facilitate a better understanding and analysis of our operating performance, we are supplementally presenting adjusted results for the first quarter of 2012 and for 2011, excluding the effects of non-recurring expenses.

HIGHLIGHTS:

- **Drugstores: 785 stores in operation (9 new store openings)**
- **Gross Revenues: R$ 1,286 million, 22.4% of growth (14.8% for same-store sales)**
- **Adjusted Gross Margin: 25.4% of gross revenues (1.2 percentage point increase)**
- **Adjusted EBITDA: R$ 61.4 million, an increase of 37.5%**
- **Adjusted EBITDA Margin: 4.8%, a 0.6 percentage point margin expansion**
- **Adjusted Net Income: R$ 27.5 million, 2.1% of net margin**

RADL3: **R$20.90/share**

Number of Shares: **330,386,020**

Market Cap: **R$ 6,905 million**

Closing: **May 9th, 2012**

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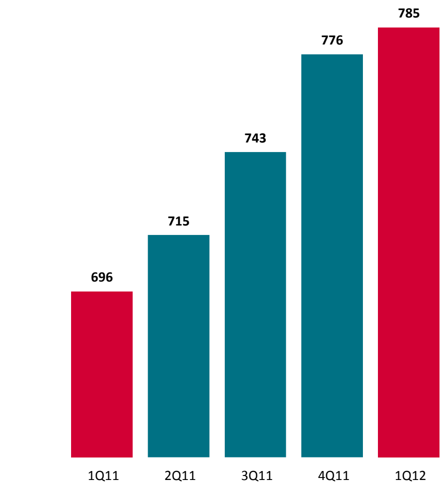
Combined Summary *(R$ thousand)*	1Q11	2Q11	3Q11	4Q11	1Q12
# of Stores (end of period)	696	715	743	776	785
Store Openings	8	20	31	40	9
Store Closures	0	1	3	7	0
# of Stores (average)	694	707	734	762	781
Head Count	14,749	15,583	16,278	17,244	18,510
Ticket Count	26,471	28,160	29,315	30,143	29,790
Gross Revenues	1,051,744	1,158,037	1,232,279	1,287,973	1,286,847
Gross Profit (Adjusted)	254,593	305,753	314,639	337,867	327,176
% of Gross Revenues	24.2%	26.4%	25.5%	26.2%	25.4%
EBITDA (Adjusted)	44,616	82,333	68,433	76,167	61,362
% of Gross Revenues	4.2%	7.1%	5.6%	5.9%	4.8%
Net Profit (Adjusted)	21,874	51,101	35,049	43,334	27,484
% of Gross Revenues	2.1%	4.4%	2.8%	3.4%	2.1%

STORE DEVELOPMENT

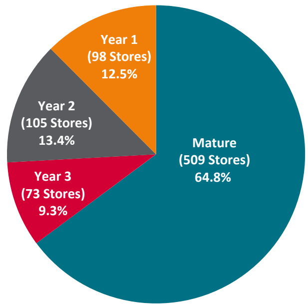
We ended the first quarter of 2012 with 785 stores in operation through the opening of 9 new stores (6 for Raia and 3 for Drogasil). At the end of the period, 34% of our stores were still undergoing maturation, and had not yet reached their full potential in terms of revenues and profitability.

Store Count



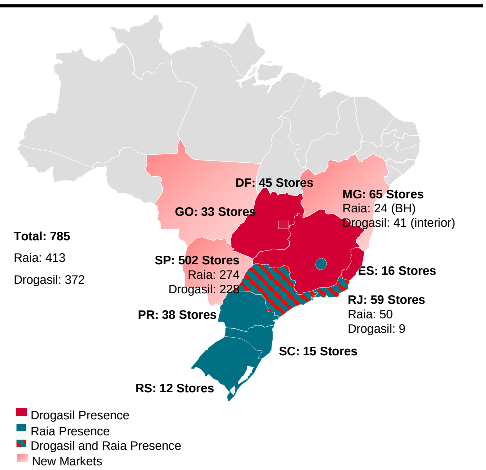
	1Q11	2Q11	3Q11	4Q11	1Q12
Opened	8	20	31	40	9
Closed	0	1	3	7	0

Age Structure of Store Portfolio
(store count, % of existing stores)

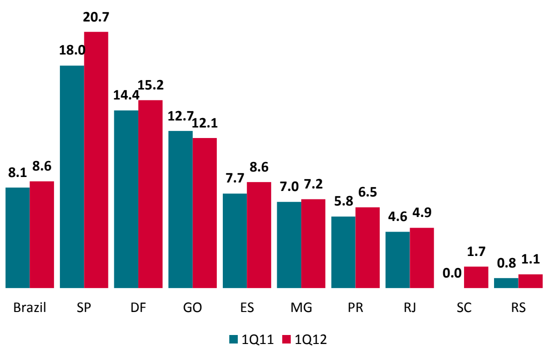


The chart below illustrates our geographic presence and the market share evolution that we obtained in each of the states where we operate.

Geographic Presence



Market Share (March/12)



PHARMACEUTICAL MARKET DISTRIBUTION BY STATE

Brazil	SP	DF	GO	ES	MG	PR	RJ	RS	SC
100.0%	26.0%	2.3%	3.2%	2.0%	10.5%	5.7%	13.0%	7.8%	3.9%

We reached in March 2012 a national market share of 8.6%, which represents an annual share increase of 0.5 percentage point. We also increased our market share in almost all the states where we operate.

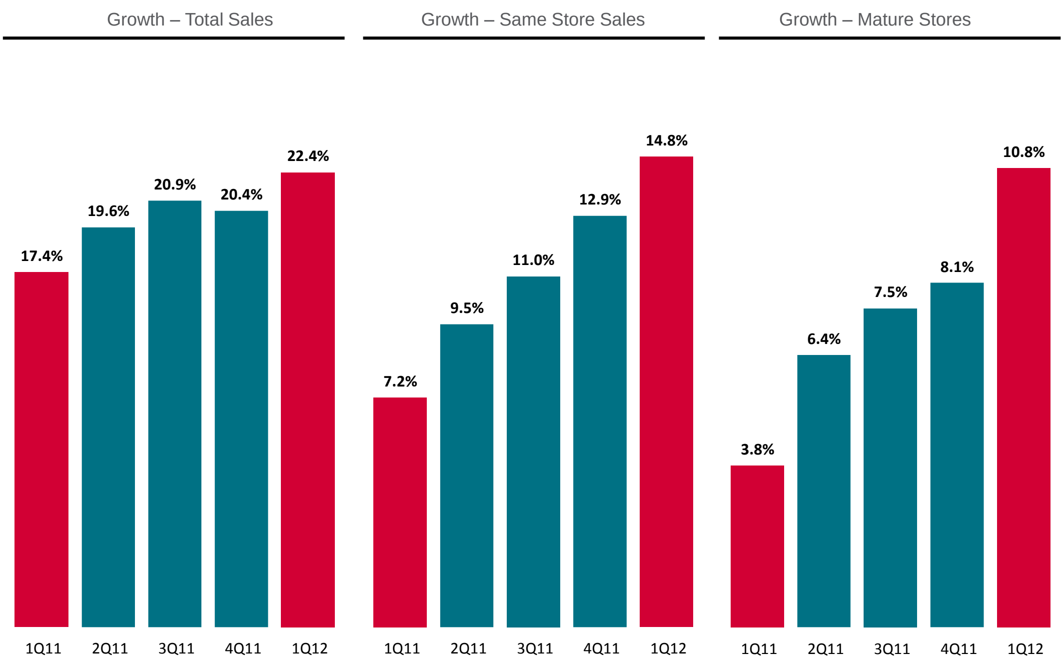
We highlight the significant market share increase achieved in the state of São Paulo, our main market. The consistent improvement in inventory levels of our existing stores and the quality of our expansion in the region, were the main drivers behind a market share gain of 2.7 percentage points.

We also recorded important market share gains in recent markets, like Distrito Federal (0.8 percentage point gain) and Espírito Santo (0.9 percentage point increase) with the ongoing maturation of our operations, as well as in Paraná (0.7 percentage point increase) due to our recent entry into the countryside, and in Santa Catarina, where we entered in May of 2011 and have already reached a total of 15 stores in operation that totaled 1,7% of market share in the state.

GROSS REVENUES

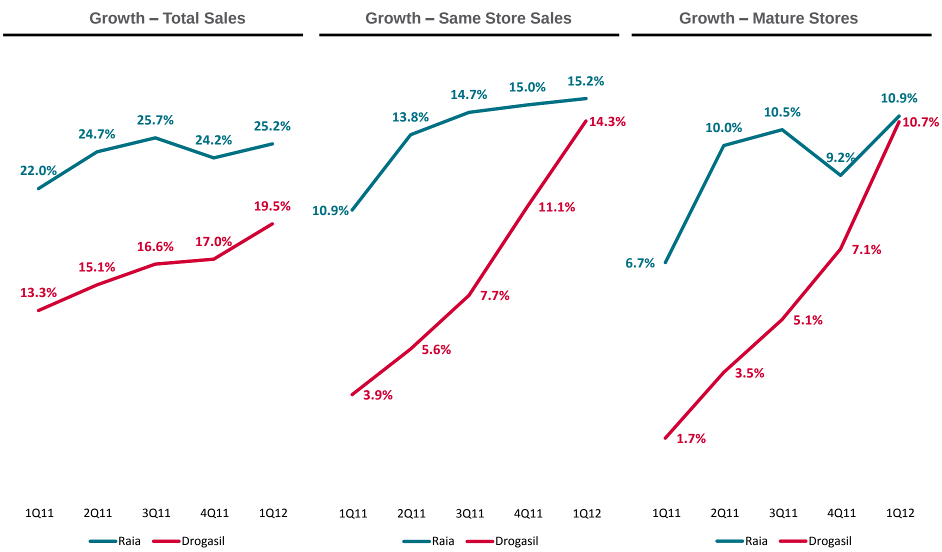
We recorded gross revenues of R$ 1,286 million in the quarter, a 22.4% increase when compared to the same period in 2011. We reached 14.8% of growth for our same store sales and 10.8% for our mature stores, which have three or more years in operation. We sustained the recovery trend that began in the second quarter of 2011 and accelerated growth for the fourth consecutive quarter. It is important to highlight that a favorable calendar positively imparted our growth by 1.2 percentage point, since 2012 is a leap year with an extra day of sales in the quarter.

Combined Revenue Growth



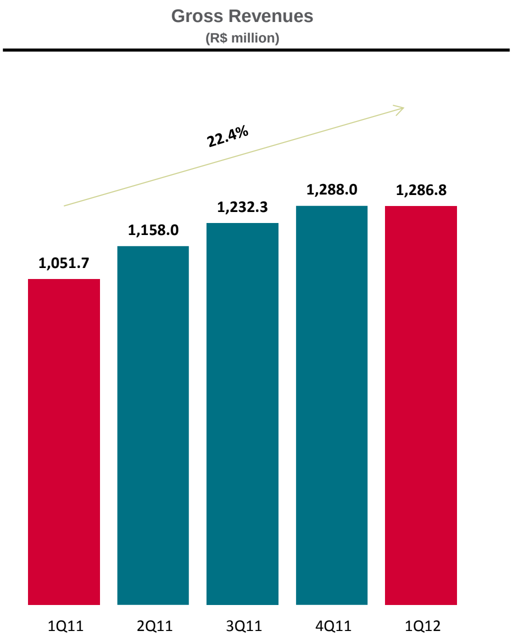
We recorded in the quarter similar mature store growth levels for both Droga Raia and Drogasil, which grew by 10.9% and 10.7%, respectively. However, due to its higher maturation momentum, Droga Raia achieved higher total revenue and same-store sales growth, as shown in the graph below.

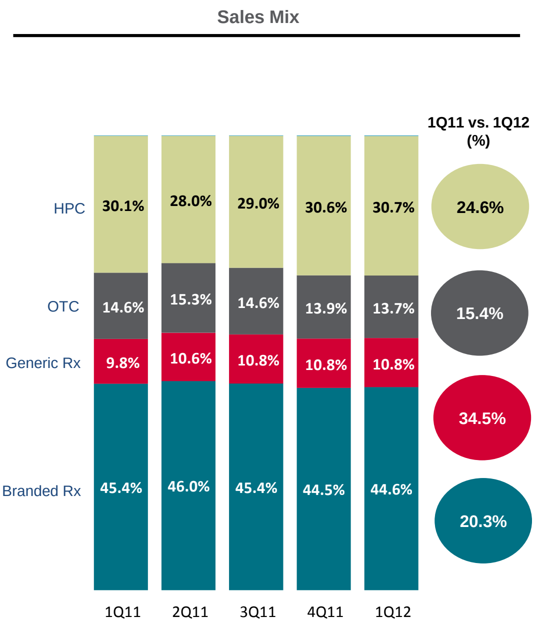
Sales Evolution of Raia and Drogasil



Droga Raia sustained the strong mature store growth pace that started in the beginning of 2011, in spite of the high comp base of 6.7% that had been recorded at the 1Q11. This performance can be credited to an improvement in our operating standards that was achieved through stock-out reductions and increased staff deployment at Droga Raia in 2011 following its IPO. Likewise, Drogasil, which faced the lower comp base of 2011, was able to further accelerate on the strong sales recovery that had started in the second half of 2011.

We maintained in the quarter our strong growth momentum in Generics and were able to accelerate growth in Hygiene & Personal Care, which, this time, was positively impacted by favorable weather in the quarter.





IBRX IBRA IGCT ITAG IGC ICON SMLL RADL3 NOVO MERCADO BM&FBOVESPA

We recorded a 34.5% increase in Generics, our fastest growing category in the quarter. Generics share in our sales mix remained at 10.8%, the same level of the 4Q11 and a 1.0 percentage point increase over the 1Q11.

Generics growth constitutes an important gross margin expansion lever, because they are significantly more profitable than branded pharmaceuticals. The main drivers of this growth have been the wave of new generics introductions, which started in the end of 2010 and intensified in 2011, and our improved execution in generics at our stores.

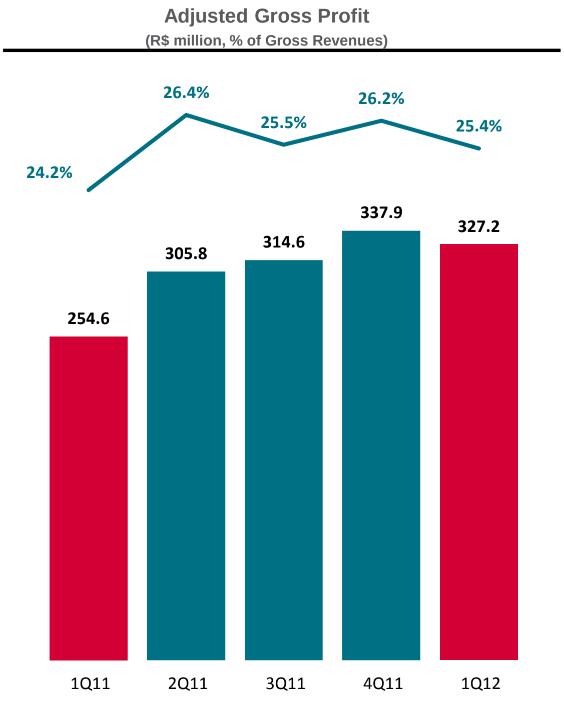
Hygiene & Personal care grew 24.6% in the quarter, an increase of 0.6 percentage point over the previous year and of 0.1 percentage point over the 4Q11, which is a seasonally favorable quarter for the category.

GROSS PROFIT

We ended the first quarter of 2012 with an adjusted gross margin of 25.4%, a 28.5% increase and a 1.2 percentage point gross margin gain over the 1Q11. It is important to mention that we returned to the same gross margin level of the 3Q11, which constituted a 0.8 percentage point margin decrease over the 4Q11.

The quarter marked the starting of the purchasing terms renegotiation cycle with our main suppliers as a new merged company, which is now in its final stages. As the process unfolded, we faced a postponement of certain trade allowances that partially and provisionally penalized our gross margin in the quarter.

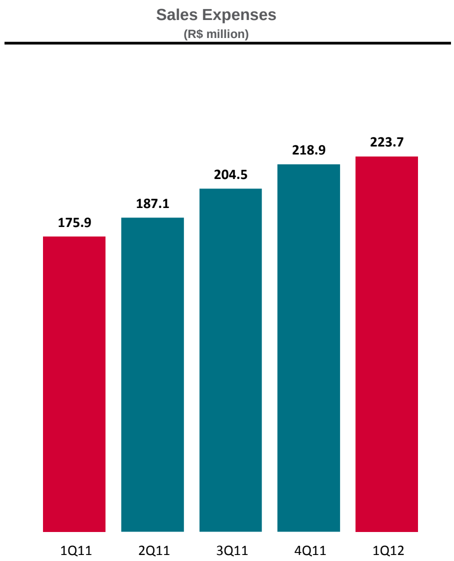
It is important to mention that we booked in the quarter R$ 1.6 million in non-recurring expenses related to the final amortization of the PPA on inventories. We also recorded in the 1Q11 a gross profit reduction of R$ 2.2 million related to the alignment in the criteria for trade allowances recognition, which consisted in the quarter's accrual of the R$ 11.0 million reported in the 4Q11.

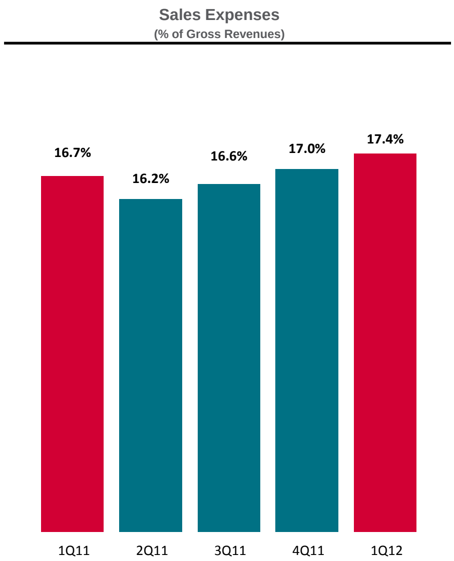


* Adjusted Gross Profit excludes the R$ 1.6 million amortization of the PPA on inventories in the 1Q12 and the R$ 7.1 million amortization in 2011, as well as the effects of the accounting practice alignment between Raia and Drogasil, which amounted to another R$ 23.3 million in 2011.

SALES EXPENSES

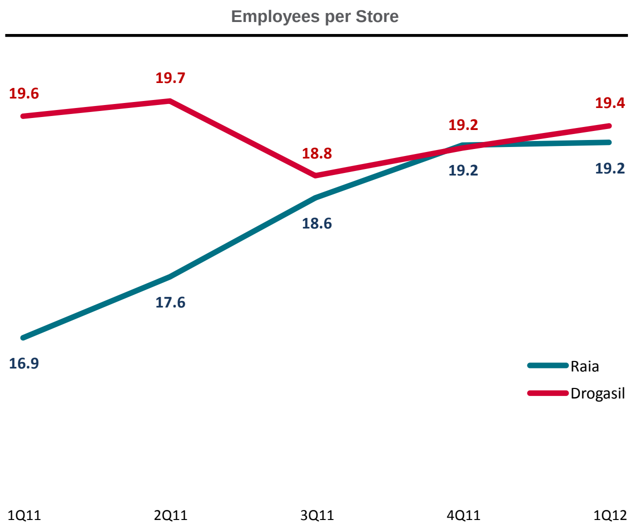
Sales expenses totaled R$ 223.7 million in the quarter, equivalent to 17.4% of gross revenues. We experienced a 0.7 percentage point increase when compared to the same period in 2011. Our revenues per store in the quarter increased by 8.7%, while expenses per store grew 13.0% in the same period, which negatively affected our expense absorption.





The increase in sales expenses stemmed from the acceleration of inflation rates in 2011, from the opening of two additional distribution centers, one in Goiás in 2011 and the other in Rio de Janeiro that started operating in the 1Q12, and especially, from the enhancement in the number of employees per store at Droga Raia.

We raised the average number of employees per store at Droga Raia in order to fulfill an important competitive gap in relation to Drogasil and to our main competitors. This new headcount level (circa 19 employees per store) is allowing us to materially improve our service standards and customer satisfaction, thus contributing in a decisive way to increase our average revenues and profitability per store so as to progressively close the gap to Drogasil.



The rise in inflation has also pressured our expenses in 2011 and into the 1Q12. The main inflationary pressure came from the annual salary readjustment undertook in July. The negotiated readjustment applied in July 2011, was of 8.3%, which was above the CPI of 6.5% registered in the year. The increase in the store headcount and the salary readjustment caused a raise of 0.4 percentage point in our sales expenses.

Finally, in order to support our growth, we opened in the 2H11 a new Distribution Center with a footprint of 12,600 square meters in the state of Goiás in order to serve our stores in the Midwest region, and started the opening process of an 8,400 square meter distribution center in Rio de Janeiro. In the first months of operation, new DCs generally work significantly under capacity, which is progressively solved as our operations grow and mature in the region. These new distribution centers brought additional expenses of R$ 2.3 million, equivalent to 0.2 percentage point of our gross revenues in the 1Q12.

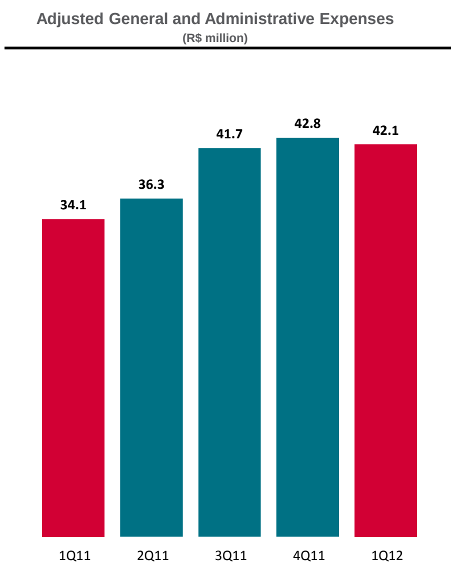
GENERAL AND ADMINISTRATIVE EXPENSES

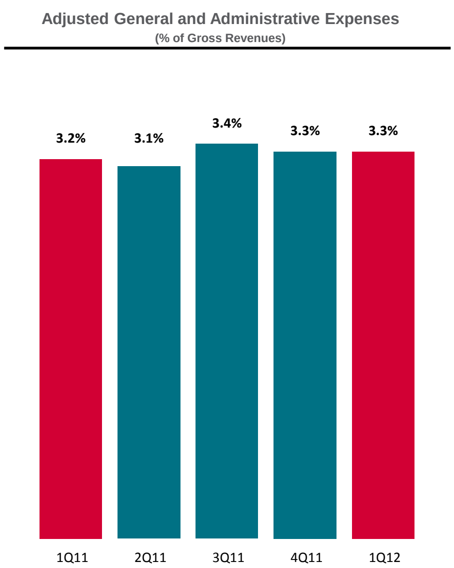
General and Administrative expenses amounted to R$ 42.1 million in the quarter, equivalent to 3.3% of our gross revenues, which represented a 0.1 percentage point increase when compared to the same period in 2011.

We strengthened our corporate structure in 2011 by upgrading our human resources area so as to support our expansion program. Also, as we raised the average number of employees per store, we had to bear higher admission and training expenses.

We recorded a R$ 0.7 million reduction in general and administrative expenses over the 4Q11, which is credited to the synergies captured in the unification of our top and middle management and to a freeze in new hires at our headquarters. As a result, we maintained an expense absorption level in line with the ones of the 3Q11 and 4Q11 in spite of a seasonally unfavorable quarter in terms of revenues. Therefore, the 0.1 percentage point expense increase over the 1Q11 was mainly due to the maintenance of the structure that had already been established through 2011.

We emphasize that these reported expenses do not reflect non-recurring expenses related to management consulting fees and severance payments generated by our post-merger integration process that totaled R$ 6.6 million in the quarter, as well as the non-recurring transaction expenses recorded at the 4Q11.



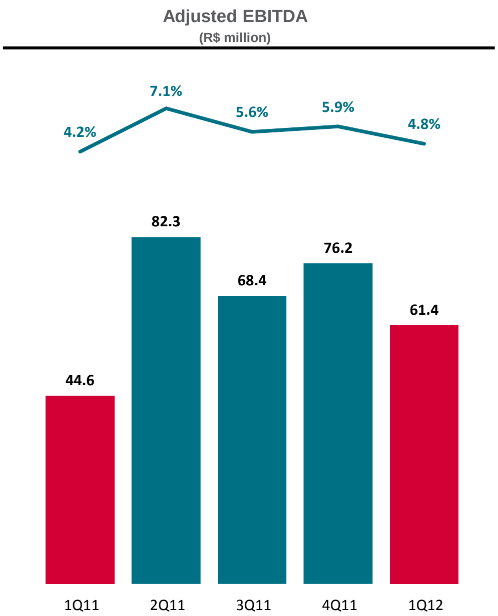


* Excludes R$ 6.6 million of non-recurring expenses recorded in the 1Q12 (consultancy and resignation expenses) and R$ 35.3 million recorded in 2011 (general transaction expenses, including Bank fees, consultancy expenses and alignment of accounting practices).

EBITDA

We reached R$ 61.4 million of adjusted EBITDA in the quarter, a 37.7% increase when compared to the 1Q11. Our EBITDA margin grew by 0.6 percentage point over the previous year, and represented 4.8% of gross revenues. We recorded an important gross margin increase over the 1Q11 that allowed us to offset the sales expenses pressure and the slight increase in administrative expenses in the quarter.

It is important to highlight that the stores opened or in the process of opening in 2012 generated gross revenues of R$ 2.2 million in the quarter, and penalized our EBITDA by R$ 2.5 million. Therefore, the 776 stores we had at the end of 2011 produced an adjusted EBITDA of R$ 63.9 million, an EBITDA margin of 5.0% over gross revenues of R$ 1.3 billion in the quarter.



* Excludes R$ 8.2 million of non-recurring expenses (R$ 6.6 million in consulting and R$ 1.6 million in PPA amortization over inventories) incurred in the 1Q12 and R$ 57.9 million of non-recurring expenses (general transaction expenses, including investment bank fees, consulting expenses, alignment of accounting practices and amortization of the PPA over inventories) recorded in 2011.

EBITDA Reconciliation	1Q11	1Q12
(R$ thousand)		
Net Income	**18.9**	**19.4**
Net Financial Expenses (Revenues)	(8.1)	(1.8)
Income Tax	9.9	6.6
Depreciation and Amortization	21.7	28.9
EBITDA	**42.5**	**53.1**
Consultancy and Resignation Expenses		6.6
PPA Amortization over Inventories		1.6
Trade Allowance Alignment	2.2	
Adjustments	**2.2**	**8.2**
Adjusted EBITDA	**44.6**	**61.4**
% of Gross Revenues	4.2%	4.8%

* The 1Q11 EBITDA was impacted by R$ 2.2 million of non-recurring expenses, which corresponded to the quarter's accrual of the R$ 11.0 million charge for the alignment in the criteria for trade allowance recognition, which was reported in the 4Q11.

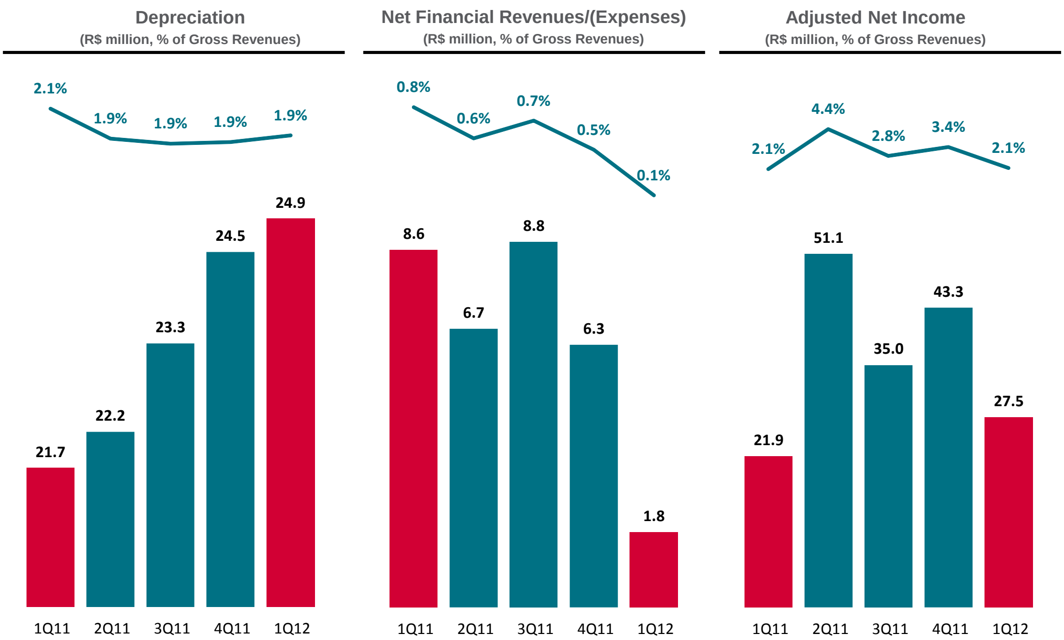
FINANCIAL REVENUES, DEPRECIATION AND NET INCOME

Our net financial revenues totaled R$ 1.8 million in the quarter, equivalent to 0.1% of our gross revenues, when compared to net financial revenues of R$ 8.6 million in 1Q11. This reduction stemmed from the cash consumption incurred in the last 12 months, which reduced net cash and financial income.

Depreciation totaled R$ 24.9 million, or 1.9% of gross revenues, a 0.2 percentage point decrease over the same period in 2011 that resulted from our same-store sales growth.

As a consequence of the improvement in our performance, we recorded an adjusted net income of R$ 27.4 million, a 25.5% increase over 2011.

When considering our non-recurring expenses related to the transaction, our net income totaled R$ 19.4 million, a reduction of 11.4% over the 1Q11 and a net margin of 1.5% of gross revenues.



* Excludes R$ 8.2 million of non-recurring expenses in the 1Q12 (net effect of R$ 4.1 million in consultancy and resignation and R$ 4.1 million of PPA amortization over inventories, commercial points, PBM and loyalty card) and R$ 45.7 million in 2011.

CASH CYCLE

We invested 13 days of cash cycle when compared to the 1Q11, as shown below:

The increase in our cash consumption over the 1Q11 was due to the new purchasing strategy adopted by Raia at the beginning of 2011, following its IPO, which assumed a reduction of payment terms and an increase in inventory levels through opportunistic purchases, which aimed at improving the purchasing conditions with our suppliers. The adoption of this strategy was the main driver behind the gross margin expansion of 1.2 percentage point over 2011.

It is important to highlight that the first quarter of each year implies in a seasonal cash consumption, which is due to the payment of summer products sold at the end of the previous year that were purchased with extended terms, as well as to the forward buying in anticipation to the annual pharmaceuticals price increase that happened at the end of March.

CASH FLOW

We experienced in the first quarter of 2012 a cash consumption of R$ 154.0 million.

We generated R$ 65.9 million in resources from operations, corresponding to 5.1% of our gross sales, an increase of 33.7% over 2011, and employed R$ 181.3 million in working capital, when compared to a cash consumption o R$ 197.7 million in the 1Q11. We invested R$ 38.5 million in the quarter: R$ 19.3 million in store development, R$ 3.9 million in the maintenance of existing stores, and R$ 15.3 million in the upgrade of our infrastructure.

It is important to mention that the first quarter is a seasonally unfavorable quarter in terms of cash consumption, due to our lower sales, to the payment of summer products sold in the fourth quarter, and to the inventory increase through forward buying in anticipation of the annual price increase for pharmaceutical products.

Cash Flow	1Q12	1Q11	Var.
(R$ million)			
EBT	**38.3**	**28.8**	**9.5**
(-) Income Tax	(2.6)	(7.4)	4.7
(+) Depreciation	24.9	21.7	3.1
(-) Other Adjustments	5.4	6.1	(0.7)
Resources from Operations	**65.9**	**49.3**	**16.6**
Cash Cycle*	(150.3)	(205.0)	54.7
Others	(31.0)	7.3	(38.4)
Operations	**(115.4)**	**(148.4)**	**33.0**
Investments	**(38.5)**	**(25.0)**	**(13.5)**
Total Cash Flow	**(154.0)**	**(173.5)**	**19.5**

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

** Does not include financing cash flow

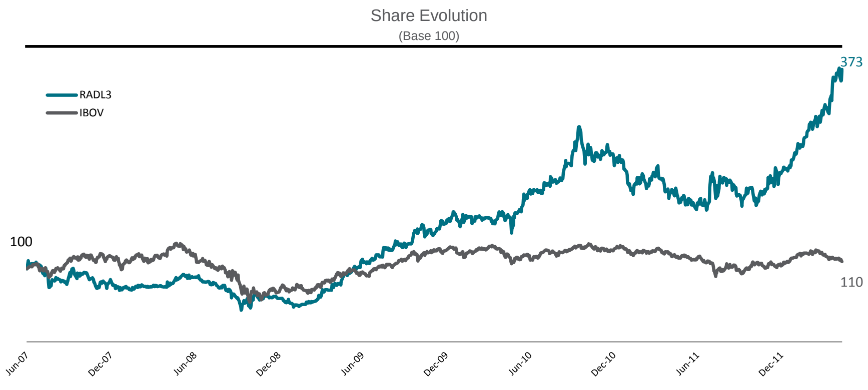
We accrued R$ 7.0 million in interest on equity in the quarter, a 14.1% decrease over the R$ 8.2 million accrued in 2011 as a result of our non-recurring expenses, which penalized our net income.

CAPITAL MARKETS

Considering the stock price of R$ 20.90 in May 9th, 2012, we recorded a cumulative return of 61.1% in 2012. Our appreciation exceeded IBOVESPA's by 55.8 percentage points, reflecting both our performance and the trust bestowed on us by our investors.

As a consequence of the increase in our trading index, we recorded a significant increase in our liquidity. In April, our average daily trading volume was of R$ 25.1 million, when compared to the average liquidity of R$ 11.5 million that we recorded since the beginning of 2012.

The chart below highlights the increase in our stock price since the IPO of Drogasil in June 2007. We achieved a cumulative increase of 273.2% when compared to only 9.9% registered by the IBOVESPA over the same period, a compounded annual return of 30.8% in the period. For those who invested at the Raia IPO in December of 2010, the cumulative return in the period amounted to 99.5% when compared to a decrease of 12.1% recorded by the IBOVESPA, a compounded annual return of 63.0% in the period.



Adjusted Income Statement *(R$ thousand)*	1Q11	1Q12
Gross Revenues	**1,051,744**	**1,286,847**
Taxes, Discounts and Returns	(40,846)	(49,773)
Net Revenues	**1,010,898**	**1,237,074**
Cost of Goods Sold	(756,306)	(909,899)
Gross Profit	**254,592**	**327,175**
Operational (Expenses) Revenues		
Sales	(175,906)	(223,716)
General and Administrative	(34,071)	(42,099)
Other Operational Expenses, Net		
Operational Expenses	**(209,977)**	**(265,815)**
EBITDA	**44,615**	**61,360**
Depreciation and Amortization	(21,746)	(24,876)
Operational Earnings before Financial Results	**22,869**	**36,484**
Financial Expenses	(5,807)	(4,877)
Financial Revenues	14,418	6,691
Financial Expenses/Revenues	**8,611**	**1,814**
Earnings before Income Tax and Social Charges	**31,480**	**38,298**
Income Tax and Social Charges	**(9,607)**	**(10,815)**
Net Income	**21,873**	**27,483**

Income Statement *(R$ thousand)*	**1Q11**	**1Q12**
Gross Revenues	**1,051,744**	**1,286,847**
Taxes, Discounts and Returns	(40,846)	(49,773)
Net Revenues	**1,010,898**	**1,237,074**
Cost of Goods Sold	(758,458)	(911,508)
Gross Profit	**252,440**	**325,566**
Operational (Expenses) Revenues		
Sales	(175,906)	(223,716)
General and Administrative	(34,071)	(42,099)
Other Operational Expenses, Net		(6,624)
Operational Expenses	**(209,977)**	**(272,439)**
EBITDA	**42,463**	**53,127**
Depreciation and Amortization	**(21,746)**	**(28,913)**
Operational Earnings before Financial Results	**20,717**	**24,215**
Financial Expenses	(5,807)	(4,877)
Financial Revenues	13,860	6,691
Financial Expenses/Revenues	**8,053**	**1,814**
Earnings before Income Tax and Social Charges	**28,770**	**26,028**
Income Tax and Social Charges	(9,872)	(6,643)
Net Income	**18,898**	**19,385**

Assets	1Q11	1Q12
(R$ thousand)		
Current Assets		
Cash and Cash Equivalents	436,795	169,441
Financial Assets Held to Maturity	15,773	
Accounts Receivable	221,957	286,599
Inventories	723,148	910,612
Taxes Receivable	63,326	85,585
Other Accounts Receivable	62,397	91,355
Following Fiscal Year Expenses	9,138	14,636
	1,532,534	1,558,228
Non-Current Assets		
Deposit in Court	4,609	8,758
Taxes Receivable	27,150	45,373
Income Tax and Social Charges deferred	47,289	
Other Credits	698	974
Investments		
Property, Plant and Equipment	317,836	376,808
Intangible	97,926	1,130,988
Goodwill		
	495,509	1,562,901
ASSETS	2,028,042	3,121,129

Liabilities and Shareholder's Equity	1Q11	1Q12
(R$ thousand)		
Current		
Suppliers	477,726	495,722
Loans and Financing	49,839	51,678
Salaries and Social Charges Payable	67,567	85,344
Taxes Payable	23,995	35,256
Dividend and Interest on Equity	18,878	9,720
Provision for Lawsuits	1,092	1,280
Other Accounts Payable	48,222	58,438
	687,319	737,438
Non-Current Assets		
Loans and Financing	124,796	104,983
Provision for Lawsuits	5,671	3,972
Income Tax and Social Charges deferred	81	52,673
Other Accounts Payable	10,807	8,501
	141,355	170,129
Shareholder's Equity		
Common Stock	840,372	908,639
Capital Reserves	137,954	1,039,935
Revaluation Reserve	19,473	13,275
Income Reserves	199,636	229,536
Accrued Income		12,436
Treasury Stock	(2,304)	
Additional Dividend Proposed	4,238	9,738
	1,199,369	2,213,559
LIABILITIES AND SHAREHOLDERS' EQUITY	2,028,043	3,121,126

RaiaDrogasil

First Quarter of 2012 Results Schedule

RaiaDrogasil will disclose its results for the first quarter of 2012 on May 10th, 2012, after BM&FBovespa's trading hours.

Conference Calls – May 11th, 2012

Portuguese
at 10:00 am (Brasília) / 09:00 am (US ET)
Dial in access: +55 (11) 3127-4971
Conference ID: RaiaDrogasil
Replay (available 'til 05/18/12): +55 (11) 3127-4999
Replay ID: 27546525

English
at 12:00 pm (Brasília) / 11:00 am (US ET)
Dial in access: +1 (412) 317-6776
Conference ID: RaiaDrogasil
Replay (available 'til 05/22/12): +1 (412) 317-0088
Replay ID: 10013081

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

Quiet Period: According to best Corporate Governance Practices, we will be in quiet period from April 27th, 2012 to May 11th, 2012, after the Conference Call.

For more information, please contact our Investor Relations department.

E-mail: ri@raiadrogasil.com.br