



EARNINGS PRESENTATION

4Q20

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



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Saúde e
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Annual Consolidated Highlights*

- › **DRUGSTORES:** 2,303 stores in operation (240 openings** and 11 closures)
- › **MARKET SHARE:** 1.0 percentage point national increase, with gains in every region
- › **GROSS REVENUE:** R\$ 21.2 billion, 15.1% growth (7.4% retail same-store sales growth)
- › **STORE CONTRIBUTION MARGIN***:** 9.5%, 12.2% of growth and 0.3 p.p. of margin pressure
- › **ADJUSTED EBITDA:** R\$ 1,429.2 million, a 6.7% EBITDA margin and a 6.4% growth
- › **ADJUSTED NET INCOME:** R\$ 601.0 million, 2.8% of net margin and a 2.4% growth
- › **CASH FLOW:** R\$ 291.2 million positive free cash flow, R\$ 103.9 million total cash generation
- › **EVERY CARE COUNTS GRANT:** R\$ 25 million donated to 51 hospitals to fight COVID-19

* Considers the IAS 17 / CPC 06 reporting standard

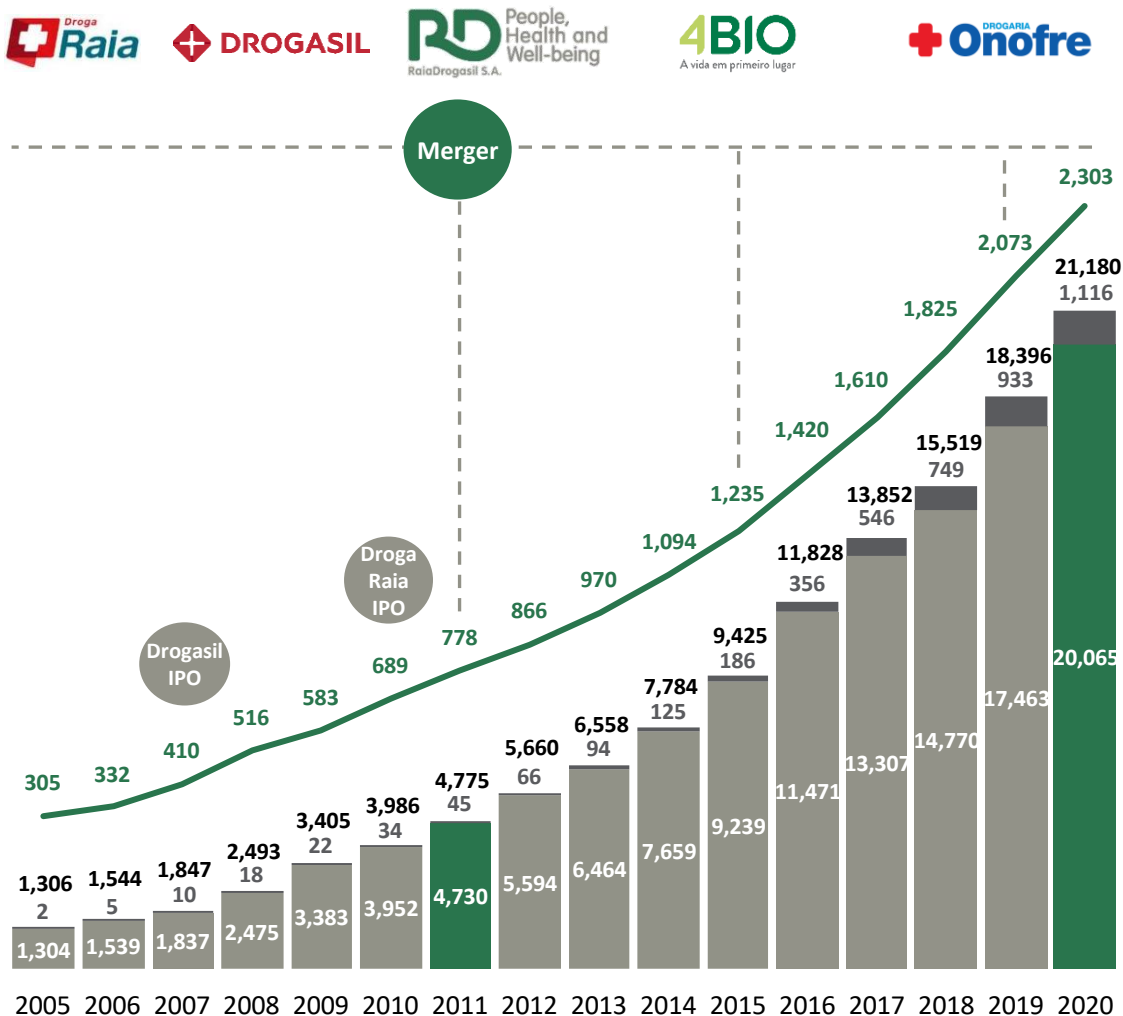
** Does not include one 4Bio store opened in the year

*** Margin before the corporate overhead (gross profit – selling expenses)

Our long-term growth continued despite the pandemic as we reached 2,303 stores and R\$ 21.2 billion in revenues in 2020.

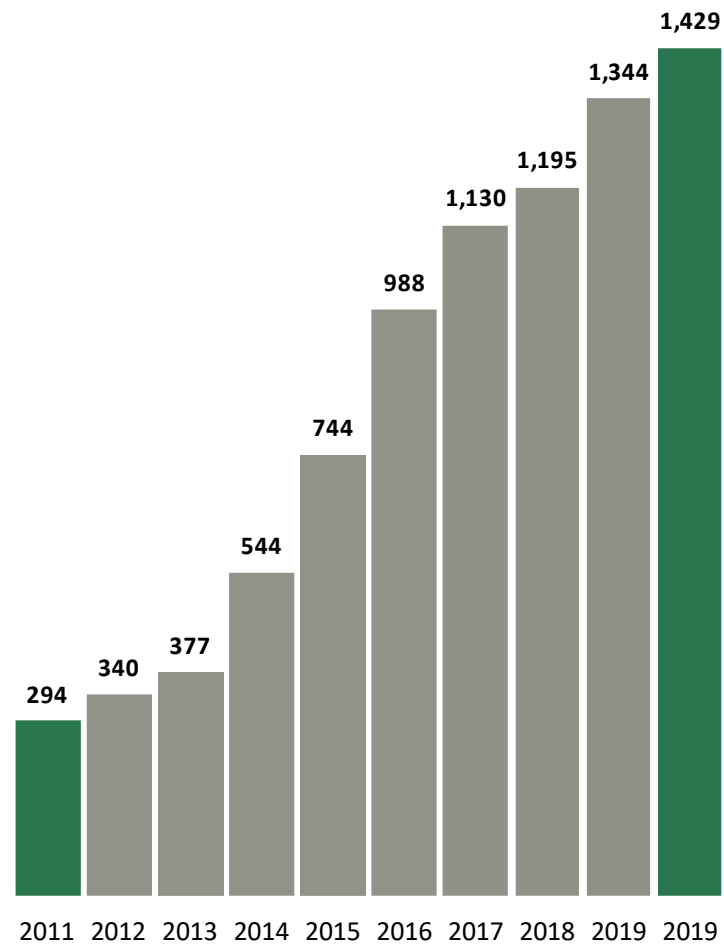
Combined Gross Revenues & Store Count*

R\$ million, Stores



Adjusted EBITDA

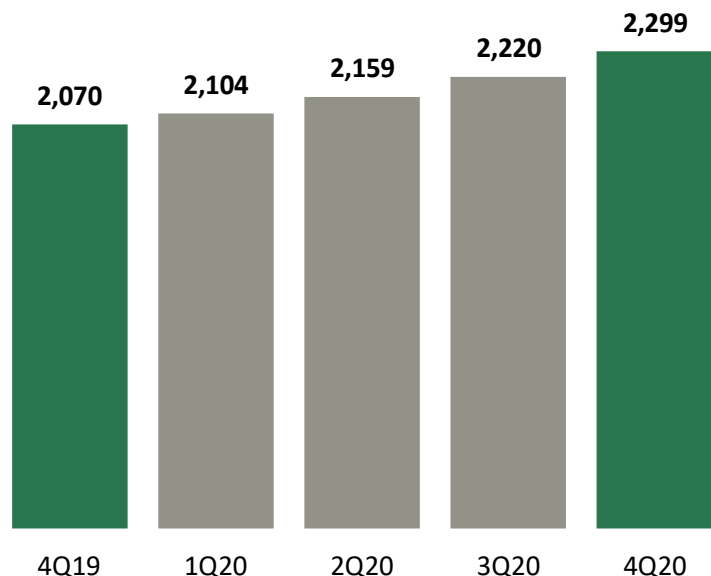
R\$ million



* Includes 4Bio stores

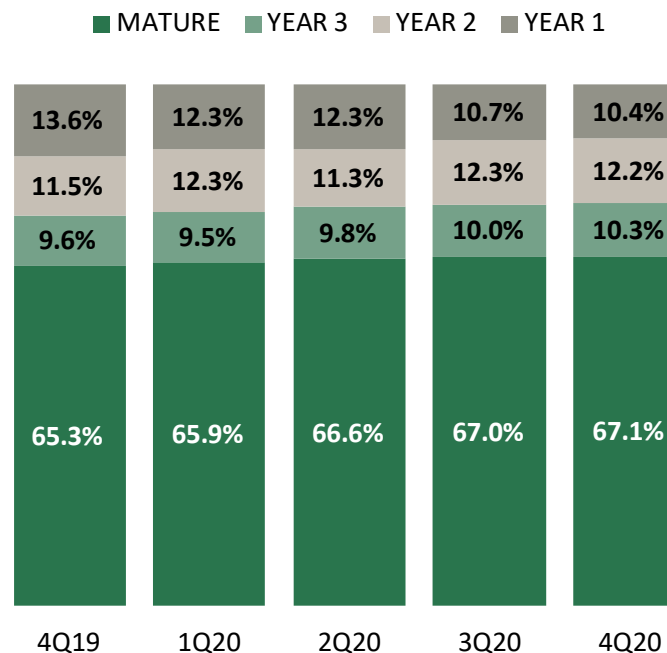
We opened 240* stores in the year, with 11 closures, and reiterate our guidance of 240 stores per year for 2021 and 2022.

Retail Store Count*



	4Q19	1Q20	2Q20	3Q20	4Q20
Openings	79	39	55	64	82
Closures	(1)	(5)	0	(3)	(3)

Age Structure of Retail Store Portfolio



Guidance 2021-22:

240 New Stores

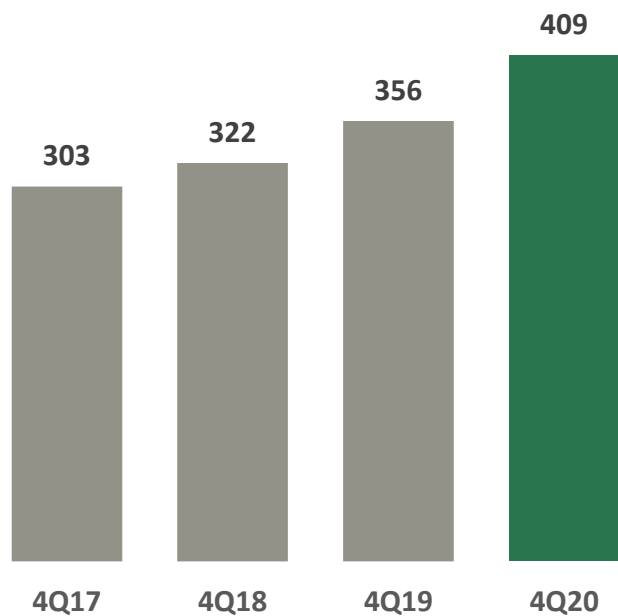
per year, while maintaining the current geographical and customer segment diversification



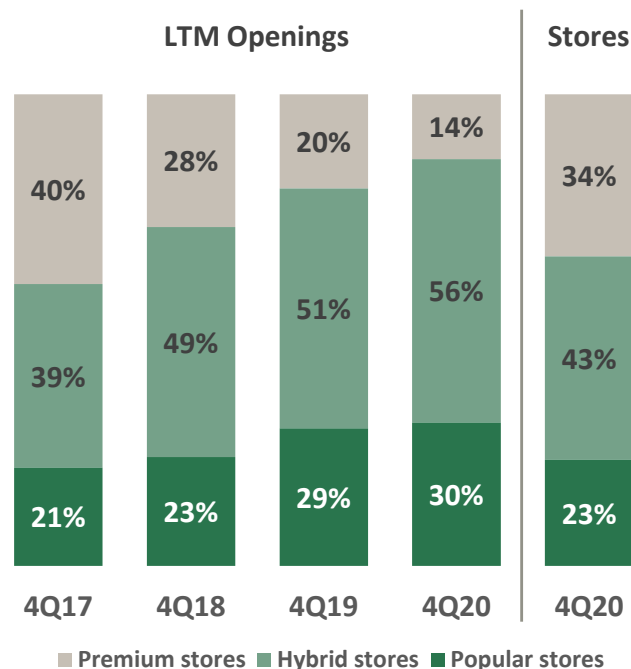
*Does not include 4 4Bio stores, of which 1 was opened in the year

We entered 53 new cities in 2020, with 86% of the year's openings consisting of Popular or Hybrid formats to serve the expanded middle class.

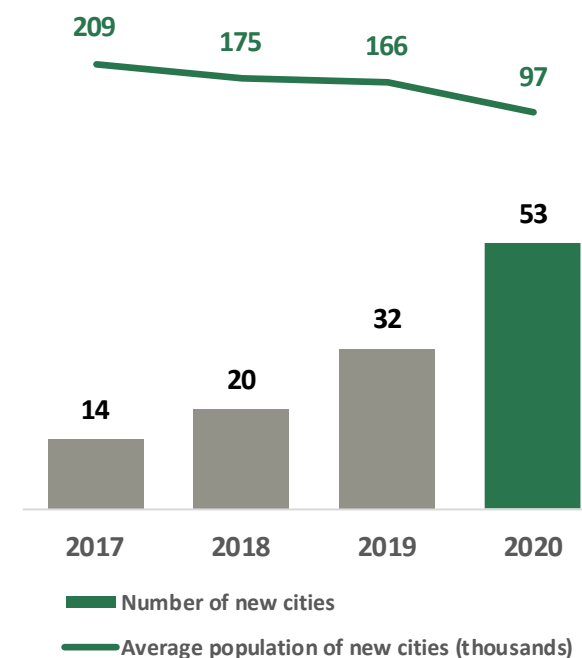
Cities with stores



Store composition by format*



Added cities and average population**

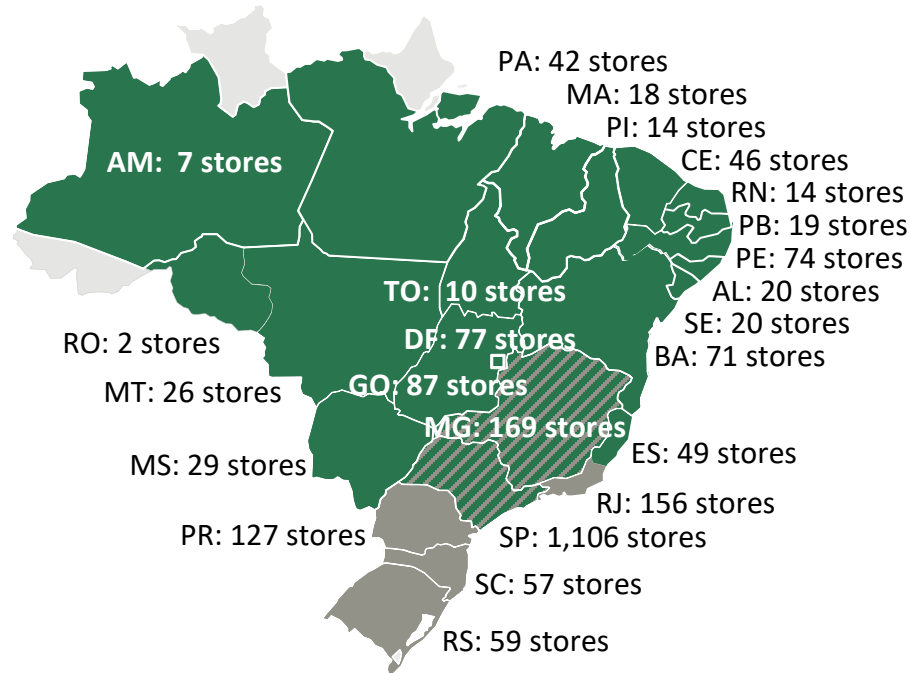


* Premium and super premium stores are grouped together, as well as popular and super popular stores. Openings exclude the Onofre acquisition.

** Average population excluding state capitals

Our national market share reached 14.7% with gains in every region.

Retail Geographic Presence

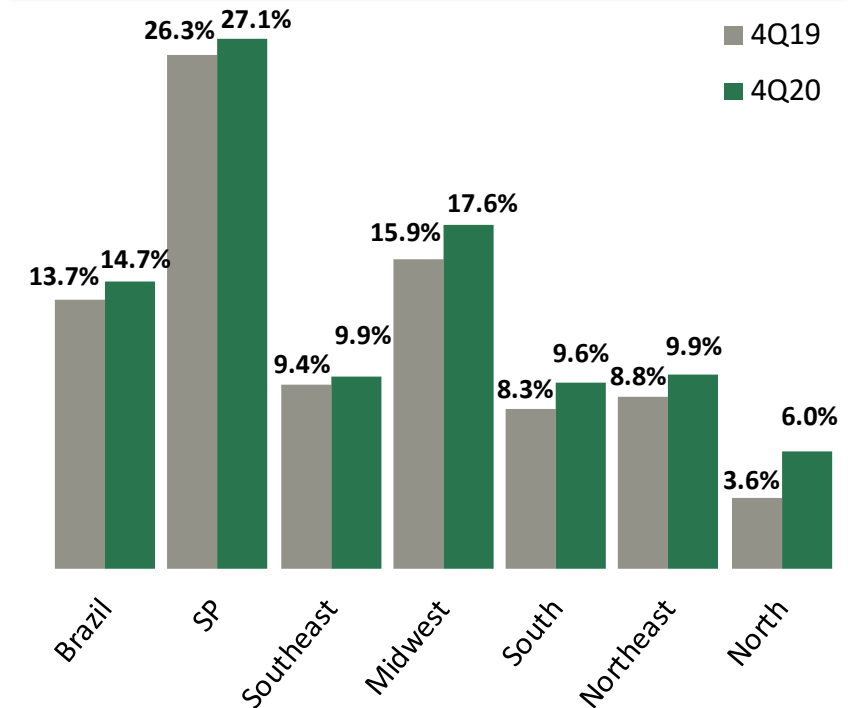


Total: 2,299 stores

Raia: 995 stores

Drogasil: 1,304 stores

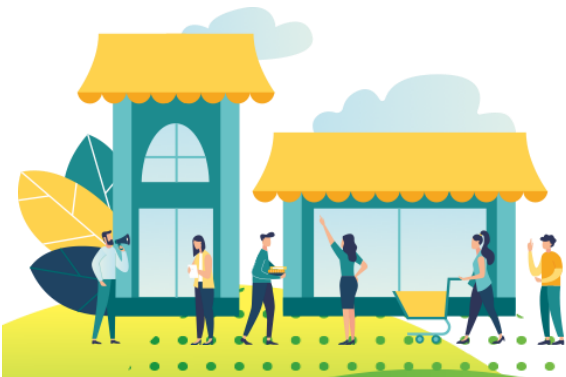
Retail Market Share



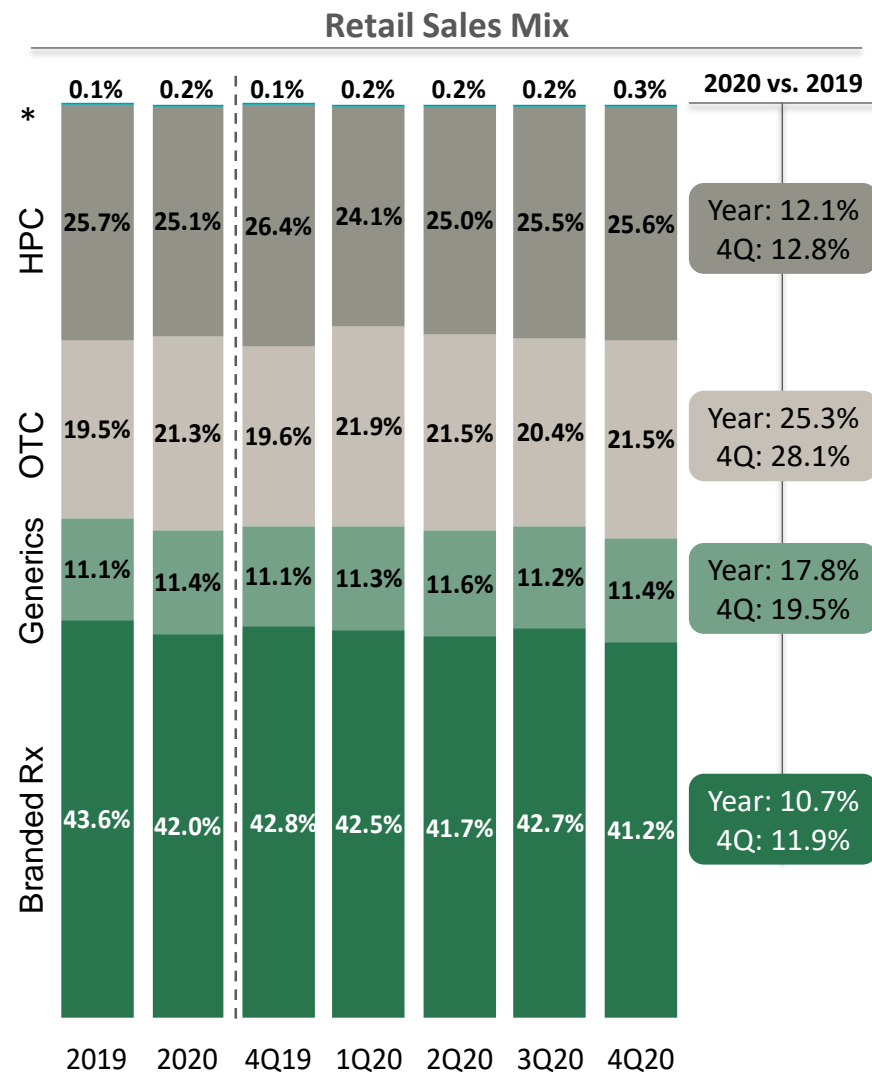
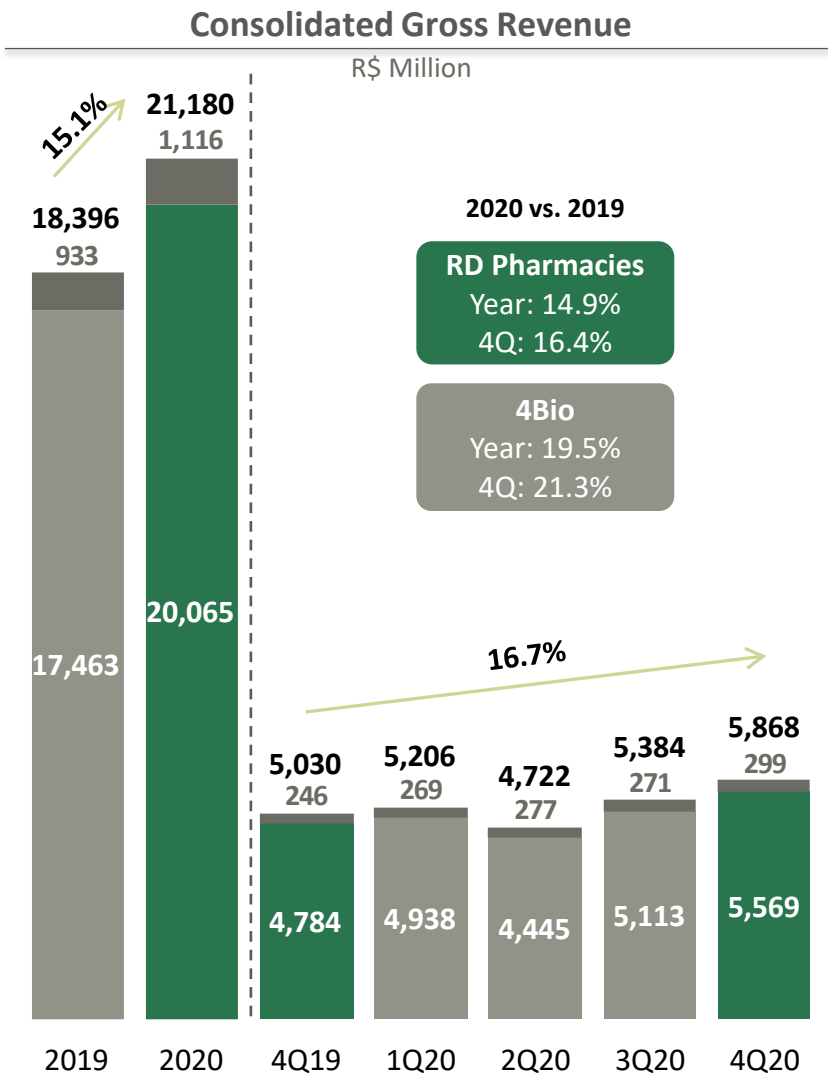
Source: IQVIA. Southeast excludes SP.

LTM Openings	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
São Paulo	73	76	67	65	76	71	71	71	66
Other States	167	182	176	166	164	146	154	166	174
Onofre				42	42	42	42		
Total	240	258	243	273	282	259	267	237	240
<i>São Paulo %*</i>	<i>30%</i>	<i>29%</i>	<i>28%</i>	<i>28%</i>	<i>32%</i>	<i>33%</i>	<i>32%</i>	<i>30%</i>	<i>28%</i>

*Disconsiders Onofre.



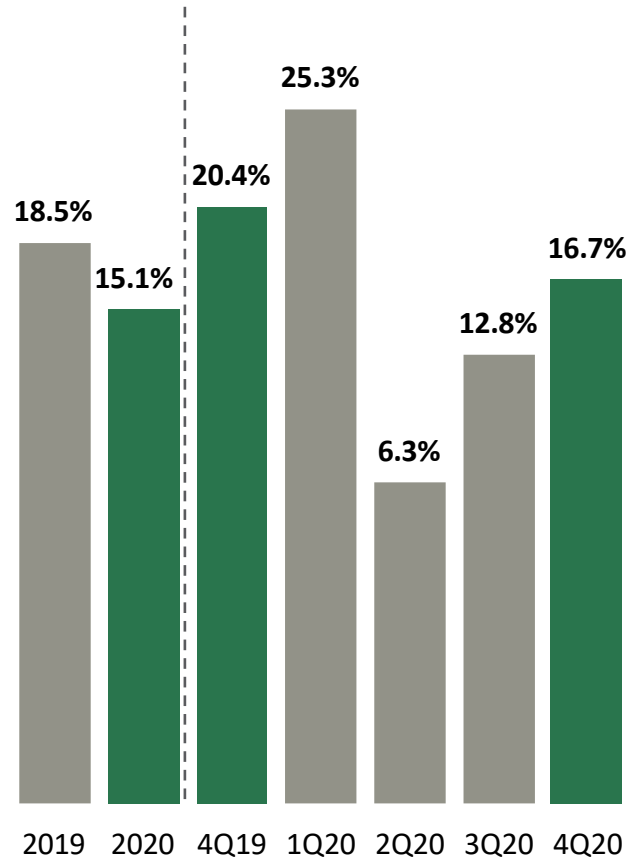
Retail sales grew 14.9%, while 4Bio grew 19.5%. OTC was the highlight of 2020, leveraged by COVID-19 related items.



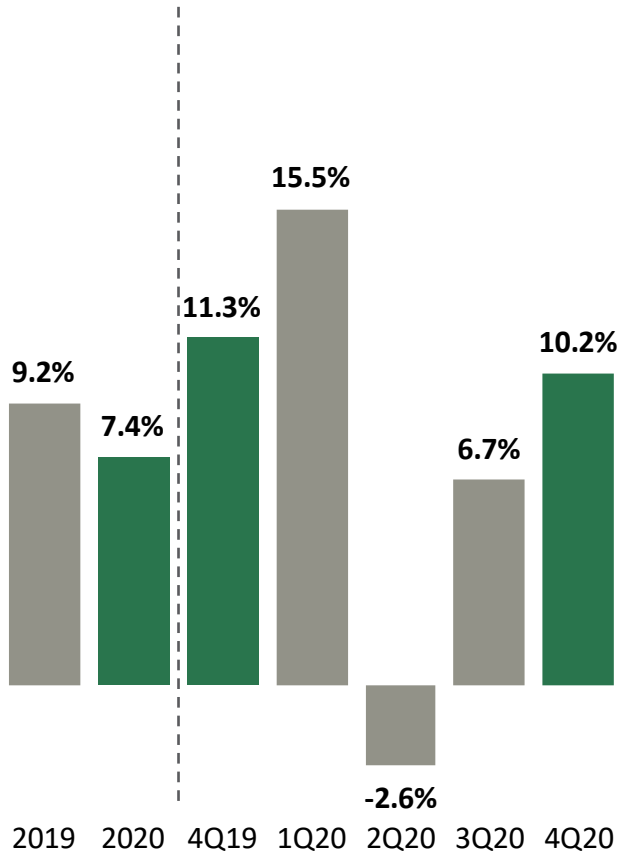
* Services

Mature stores grew 6.0% in the 4Q20, a real growth of 1.5%. Same store sales increased by 10.2%.

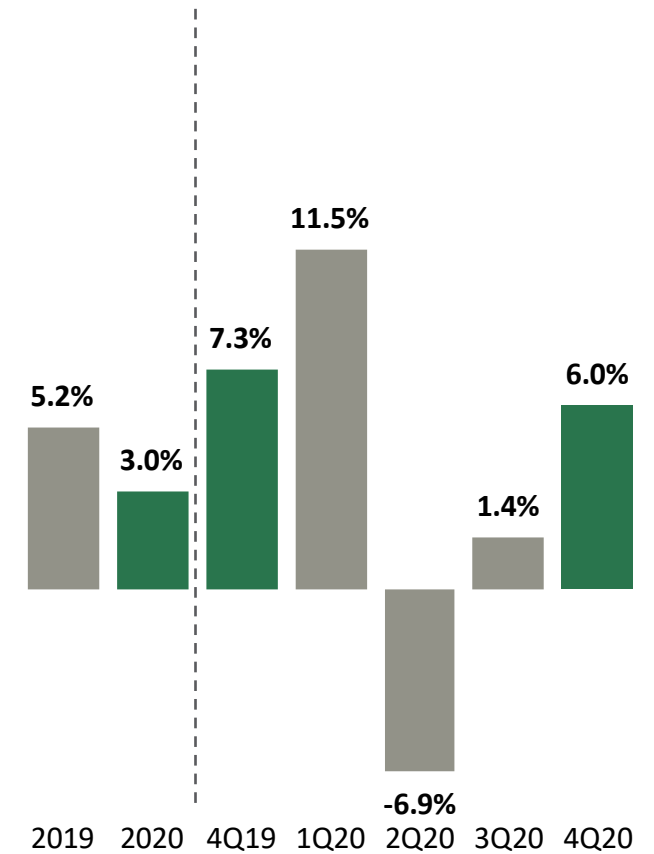
Consolidated Revenue Growth



Same-Store Sales Growth - Retail

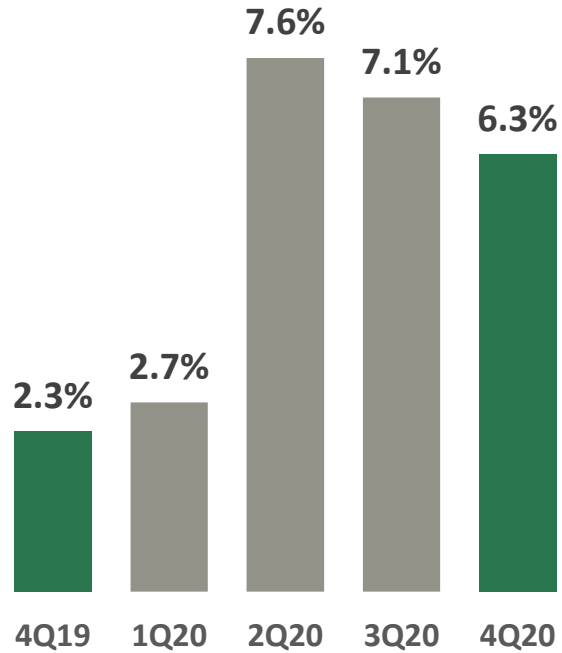


Mature-Store Sales Growth - Retail

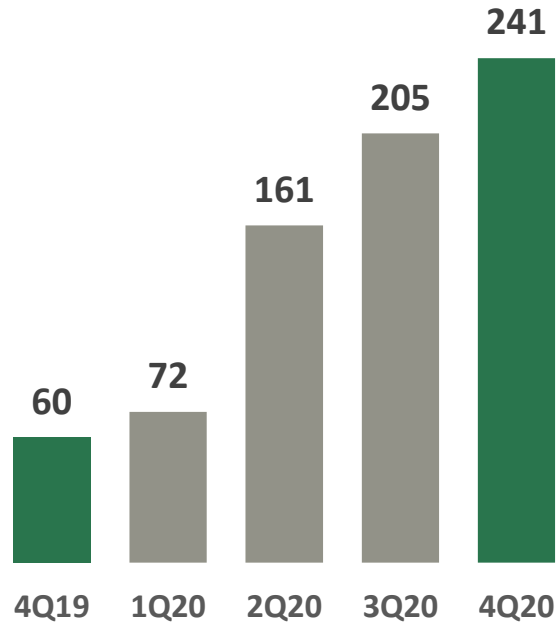


Despite improved customer traffic at stores, Digital sustained a high penetration driven by an enhanced execution, with an annual average of 5.9%.

Digital channels penetration

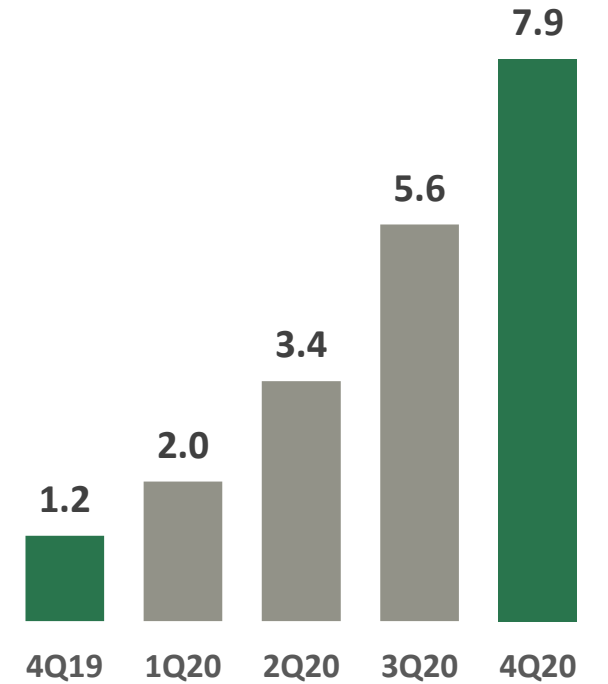


Cities with motorized ship-from-store deliveries

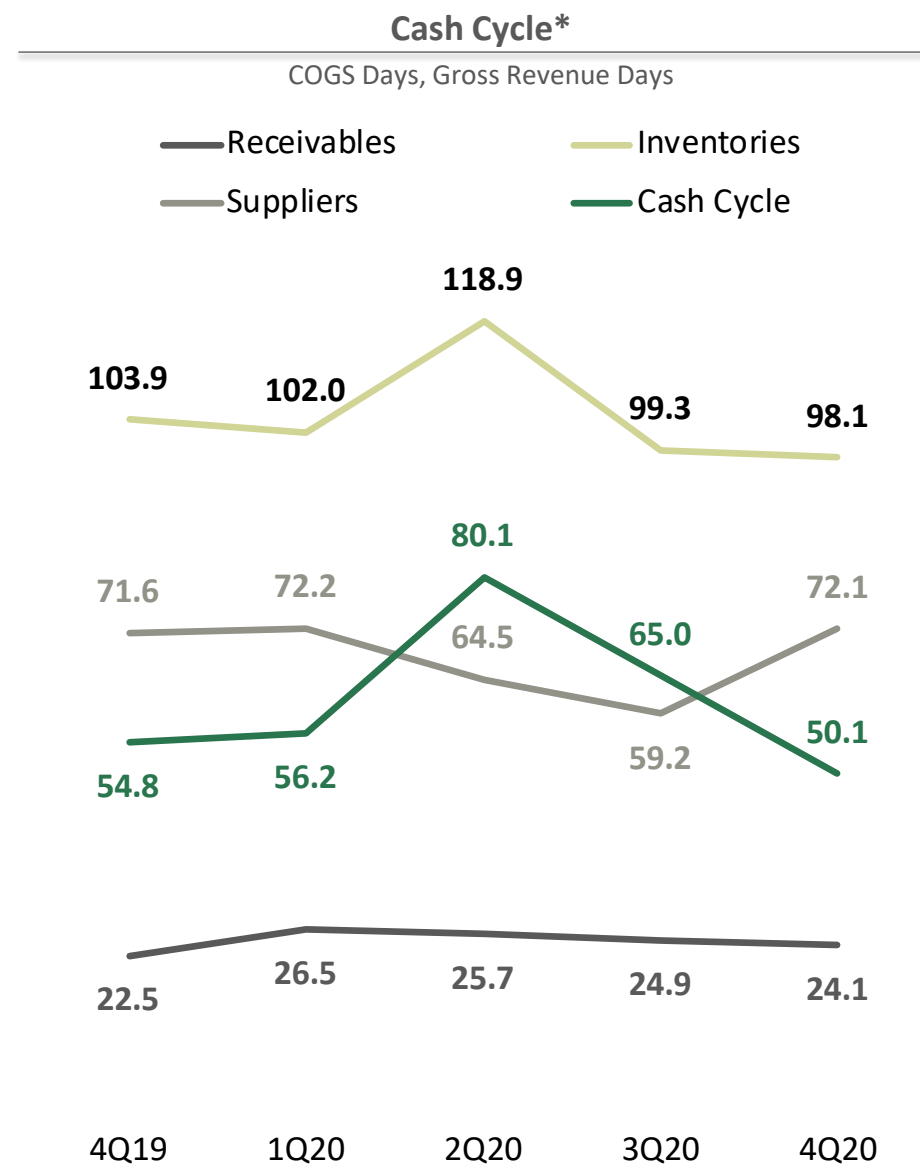
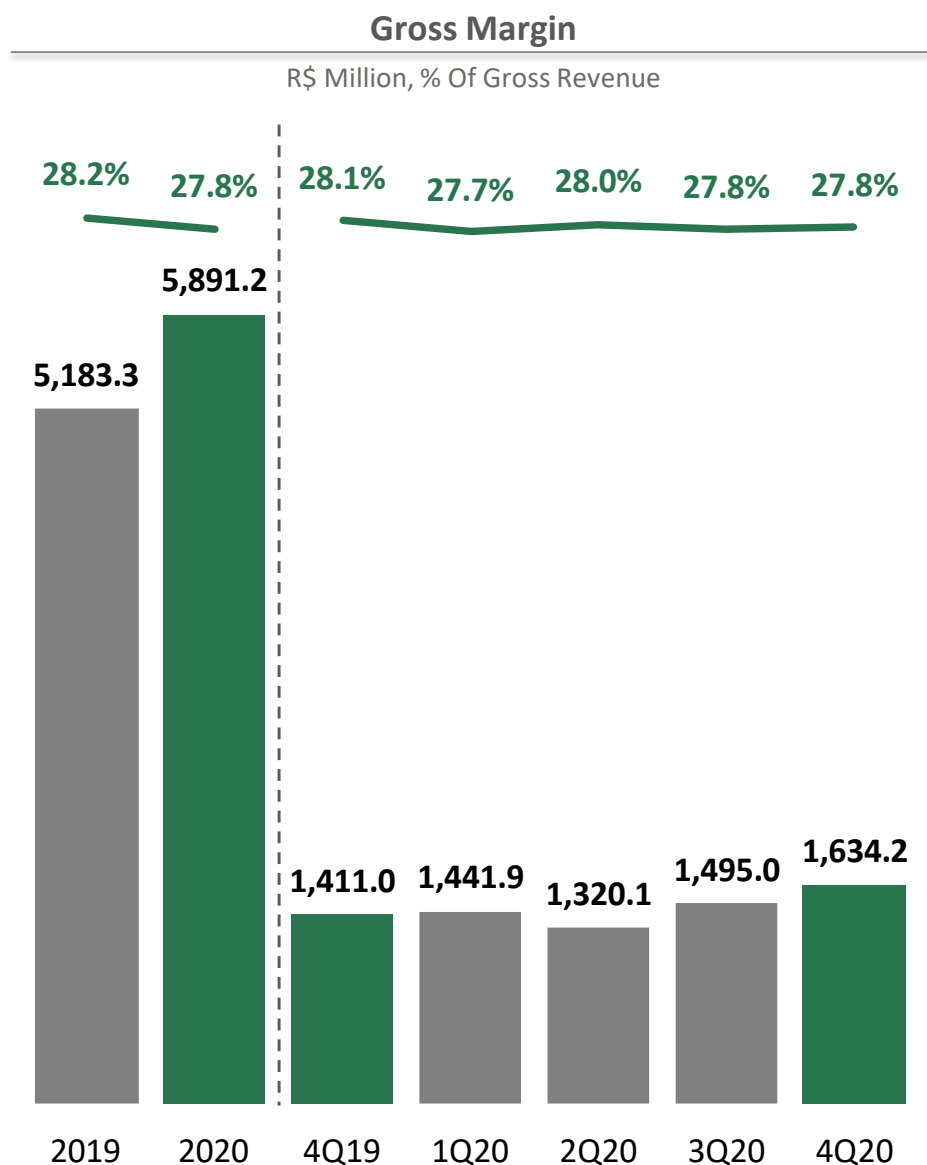


Cumulative app downloads

Millions



Gross margin pressure of 0.4 p.p.. Cash cycle improved 4.7 days versus the 4Q19 and 30.0 days versus the peak of the pandemic in the 2Q20.

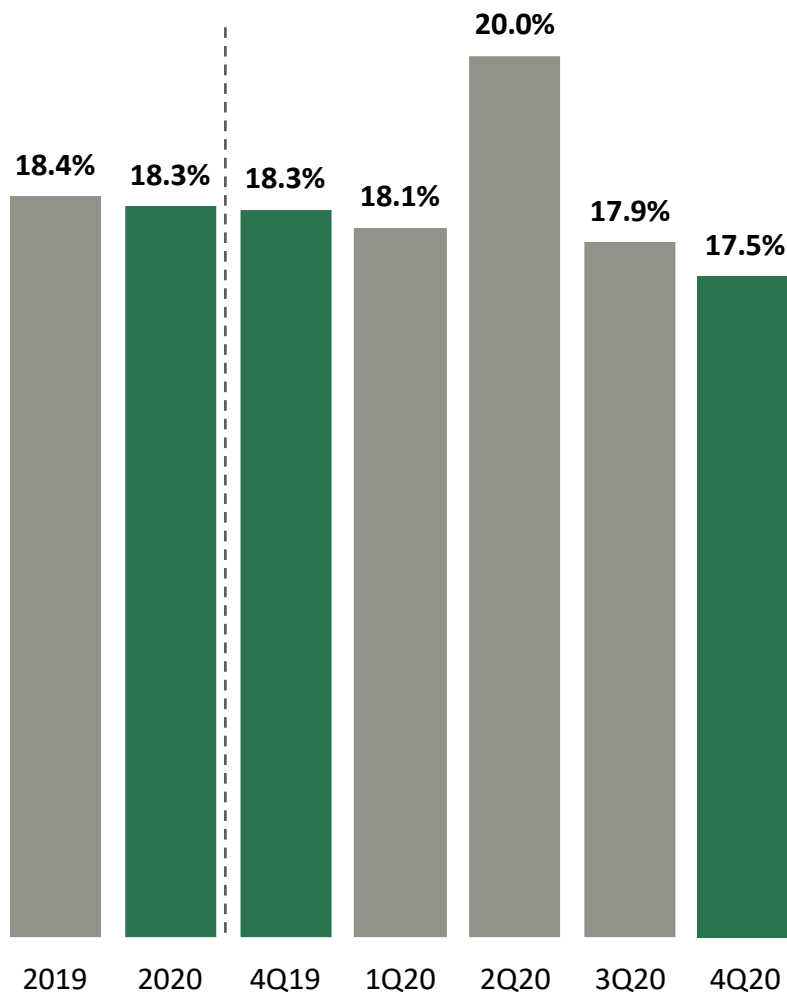


* Adjusted for discounted receivables.

Store contribution margin pressure of 0.3 p.p. driven by gross margin investments in the year. Expansion of 0.5 p.p. in the 4Q20.

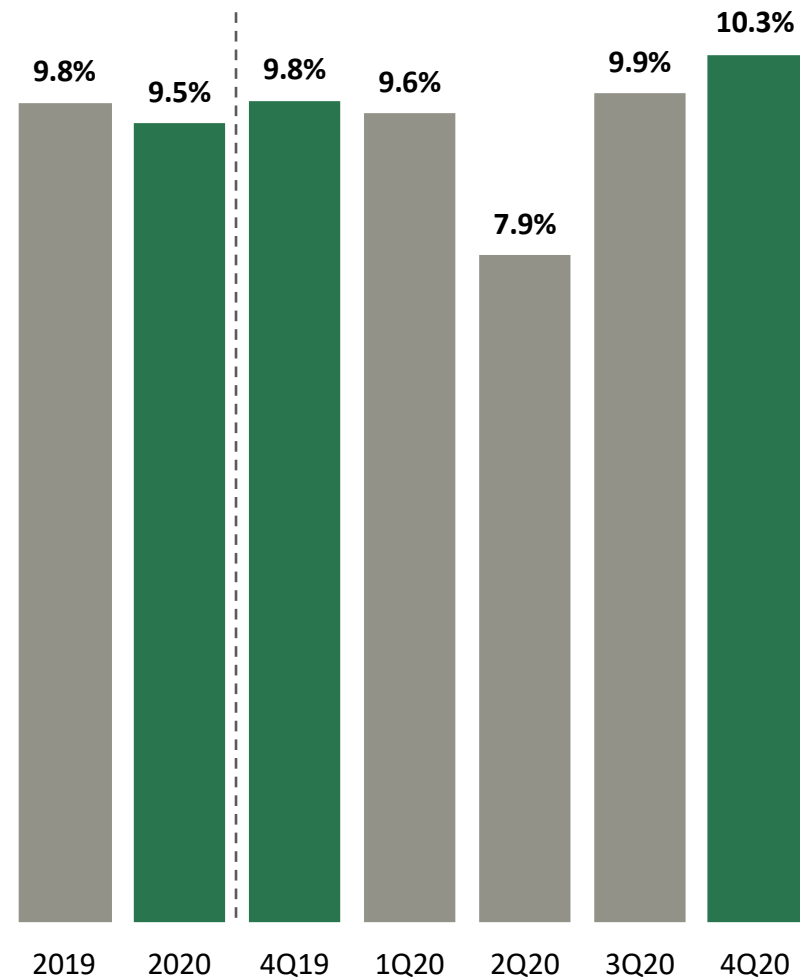
Selling Expenses

% of Gross Revenue



Store Contribution Margin

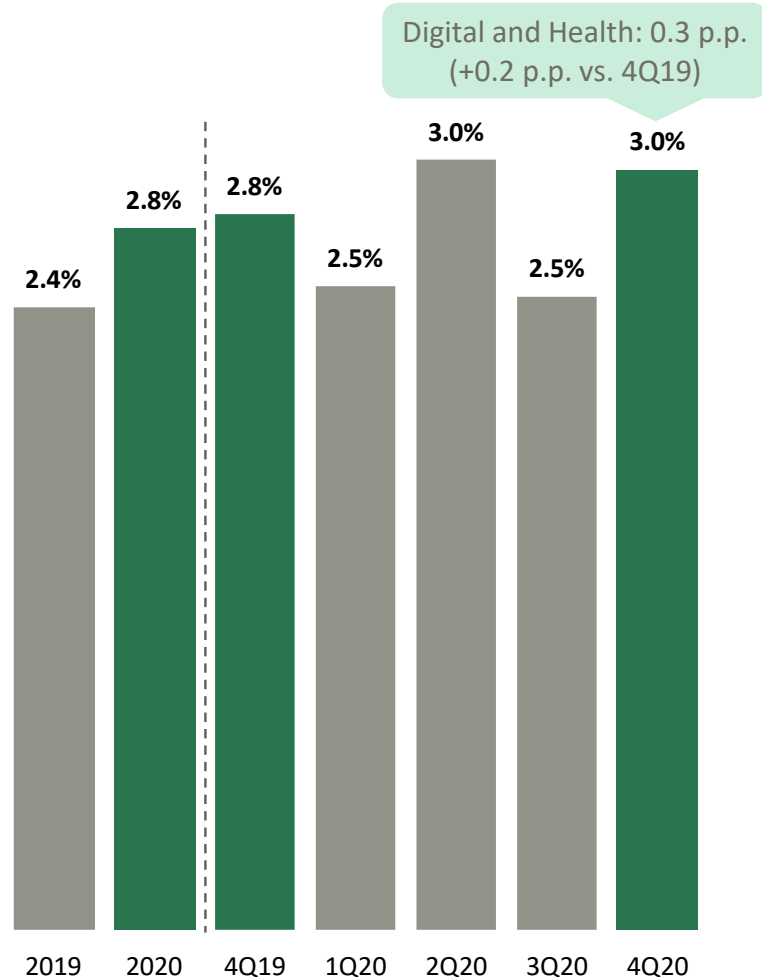
% of Gross Revenue



EBITDA totaled R\$ 1,429.2 million in the year, an increase of 6.4% versus 2019, in spite of a 0.4 p.p. G&A pressure.

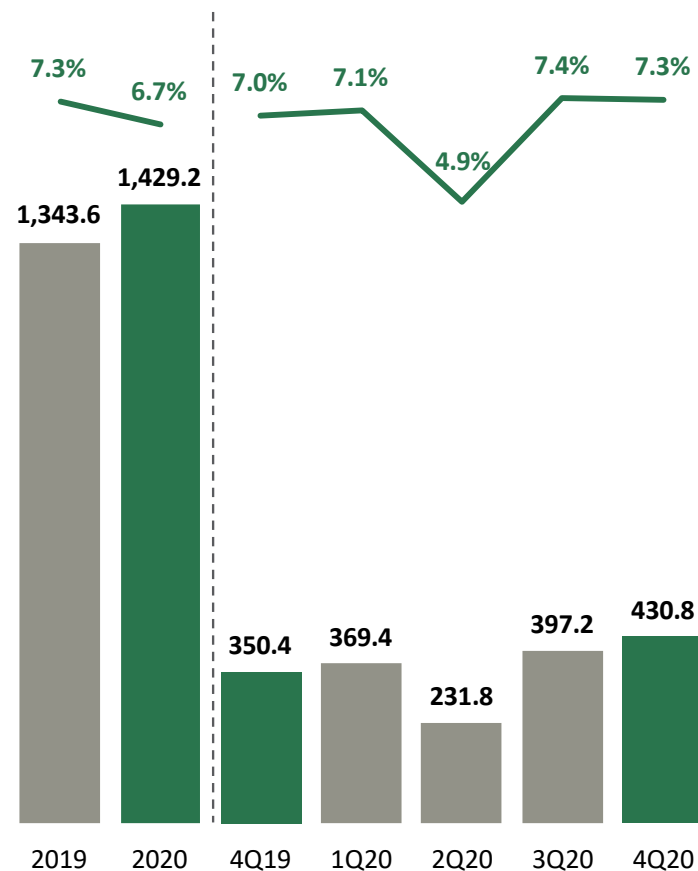
General and Administrative Expenses

% of Gross Revenue



Adjusted EBITDA

R\$ Million, % Of Gross Revenue



RD Pharmacies

- › EBITDA of R\$ 1,414.5 million (R\$ 425.3 million in the 4Q20)
- › EBITDA margin of 7.0% (7.6% in the 4Q20)

4Bio

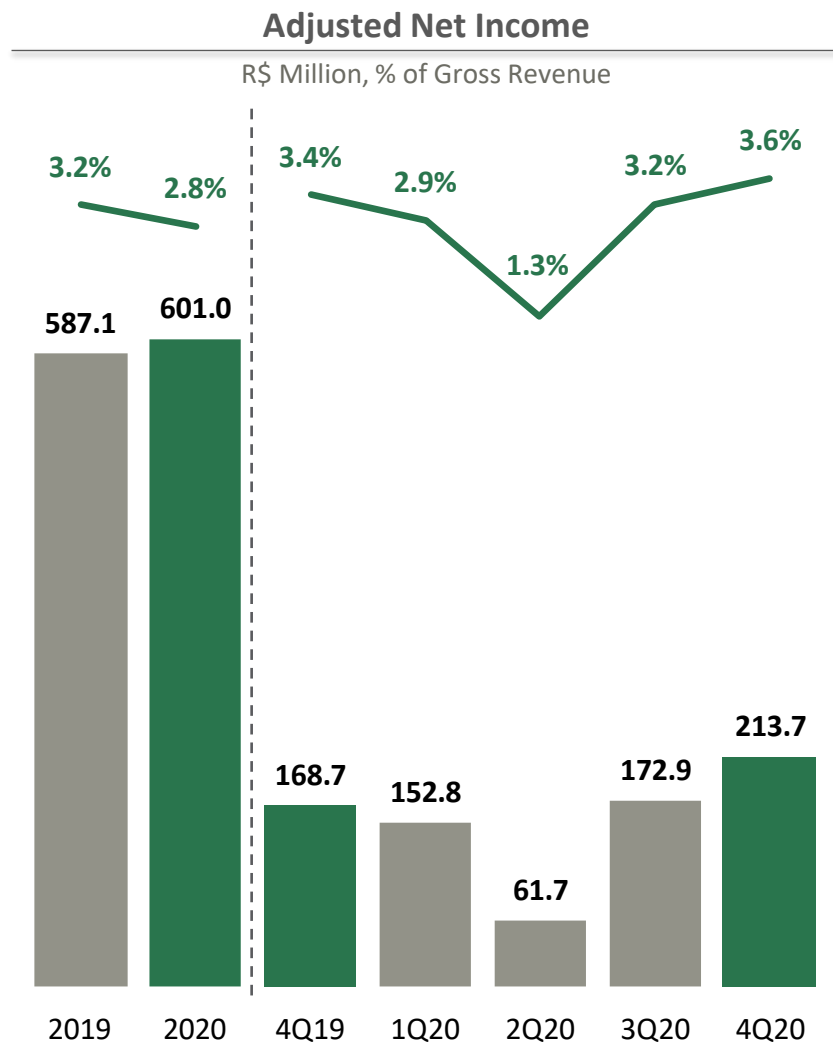
- › EBITDA of R\$ 14.6 million (R\$ 5.5 million in the 4Q20)
- › EBITDA margin of 1.3% (1.9% in the 4Q20)

We recorded R\$ 32.9 MM in non-recurring/non-operating expenses in 2020, of which R\$ 25 MM is related to our donation to support the fight against COVID-19.

EBITDA Reconciliation

EBITDA Reconciliation	1Q20	2Q20	3Q20	4Q20	2020
<i>(R\$ million)</i>					
Net Income	145.8	60.2	174.7	198.5	579.3
(+) Income Tax	54.8	10.2	57.4	41.5	164.0
(+) Equity Equivalence	0.0	0.0	4.3	3.6	7.9
(+) Financial Result	22.4	20.2	22.0	16.7	81.3
EBIT	223.1	90.6	258.4	260.3	832.4
(+) Depreciation and Amortization	135.8	138.9	141.5	147.6	563.8
EBITDA	358.9	229.6	400.0	407.8	1,396.3
(+) Donations		25.9	2.0	1.3	29.3
(+) Consulting, Advisory and Restructuring Expenses	0.4	8.0	(2.3)	10.0	16.1
(+) Provisions for Inventory Losses from previous periods	11.5	(0.1)		(0.0)	11.4
(+) Asset Write-off	(0.2)	0.2	1.7	4.5	6.2
(+) Losses from previous periods				4.3	4.3
(+) Distribution Center Closure			0.7	0.0	0.7
(-) INSS, Pis and Cofins Credits from Previous Years		(32.0)	(3.9)		(35.8)
(+) Other non-recurring / non-operating net expenses	(1.3)	0.2	(0.9)	2.8	0.7
Non-recurring / non-operating Expenses	10.5	2.2	(2.8)	23.0	32.9
Adjusted EBITDA	369.4	231.8	397.2	430.8	1,429.2

Adjusted Net Income totaled R\$ 601.0 million in 2020, an increase of 2.4% vs. 2019, and R\$ 213.7 million in the 4Q20, an increase of 26.7% vs. the 4Q19.



We generated R\$ 103.9 million in total cash flow in 2020 and ended the year with a leverage of 0.6x, 0.1x lower than in 2019.

Cash Flow (R\$ million)	2020	2019	4Q20	4Q19
Adjusted EBIT	865.3	826.3	283.3	217.2
NPV Adjustment	(24.4)	(55.5)	(7.9)	(17.3)
Non-Recurring Expenses	(32.9)	205.9	(23.0)	(38.5)
Income Tax (34%)	(274.7)	(332.1)	(85.8)	(54.9)
Depreciation	563.8	507.3	147.6	133.3
Others	142.9	31.4	95.2	29.1
Resources from Operations	1,240.0	1,183.3	409.3	268.9
Cash Cycle*	(256.9)	(418.8)	378.5	(60.4)
Other Assets (Liabilities)**	(18.8)	(106.5)	(164.8)	(6.3)
Operating Cash Flow	964.3	657.9	623.0	202.2
Investments	(673.1)	(656.5)	(197.9)	(153.8)
Free Cash Flow	291.2	1.5	425.1	48.4
Interest on Equity	(190.5)	(186.6)	(63.4)	(93.0)
Income Tax Paid over Interest on Equity	(25.0)	(30.5)	(13.1)	(14.1)
Net Financial Expenses***	(56.7)	(67.8)	(9.9)	(6.7)
Income Tax (Tax benefit over financial expenses and interest on equity)	84.9	95.0	19.4	18.9
Total Cash Flow	103.9	(188.4)	358.0	(46.5)

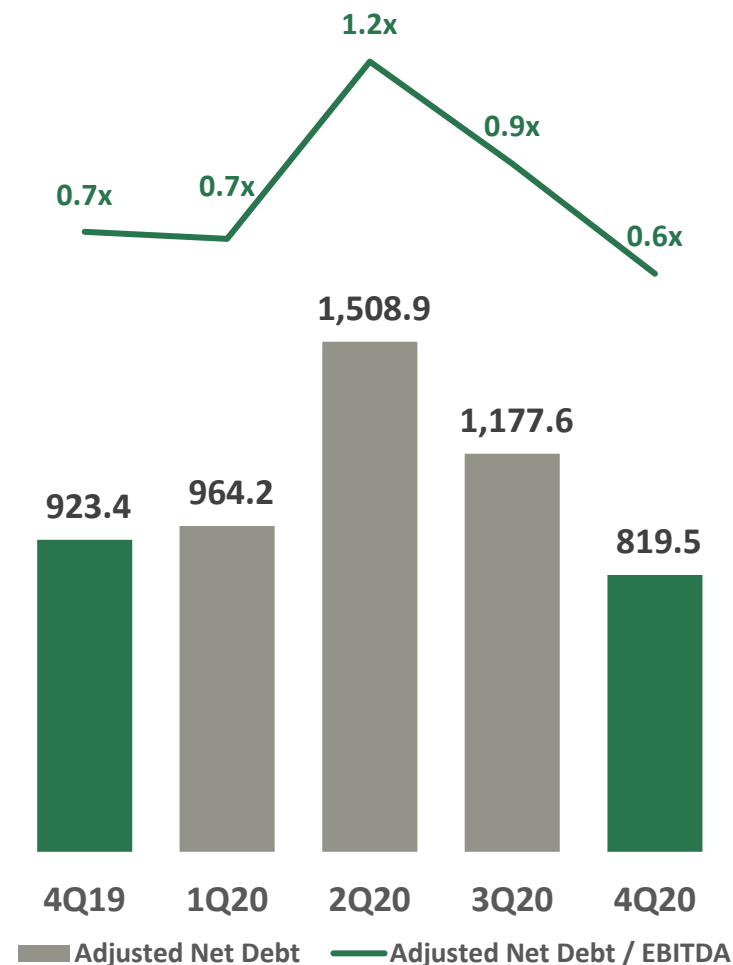
*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

Net Debt and Financial Leverage

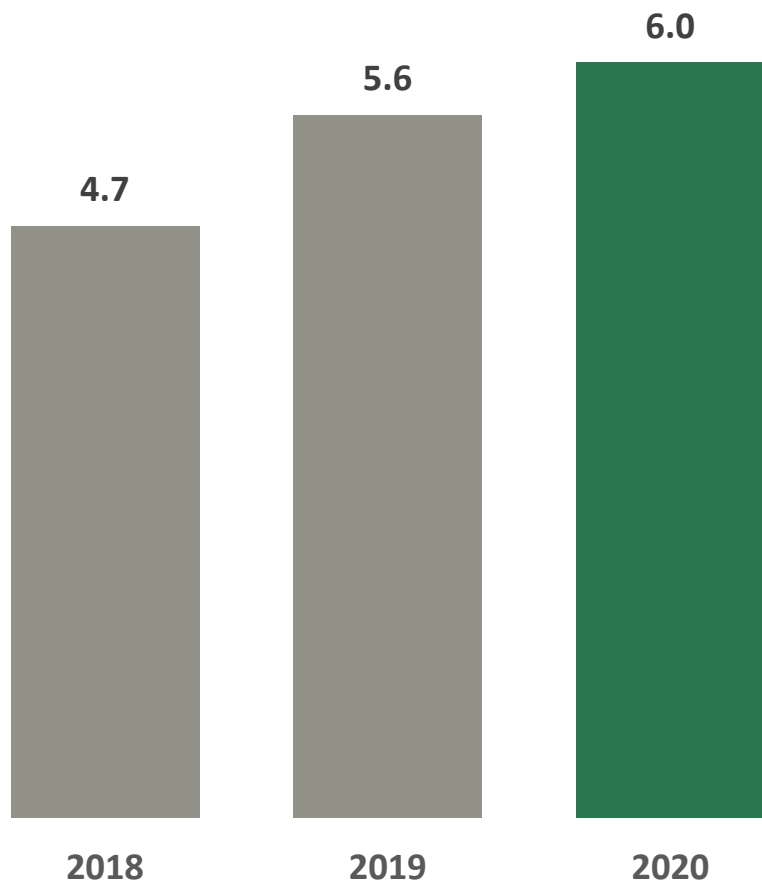
R\$ Million, As a ratio of LTM Adjusted EBITDA



The total value creation for our stakeholders amounted to R\$ 6.0 billion.

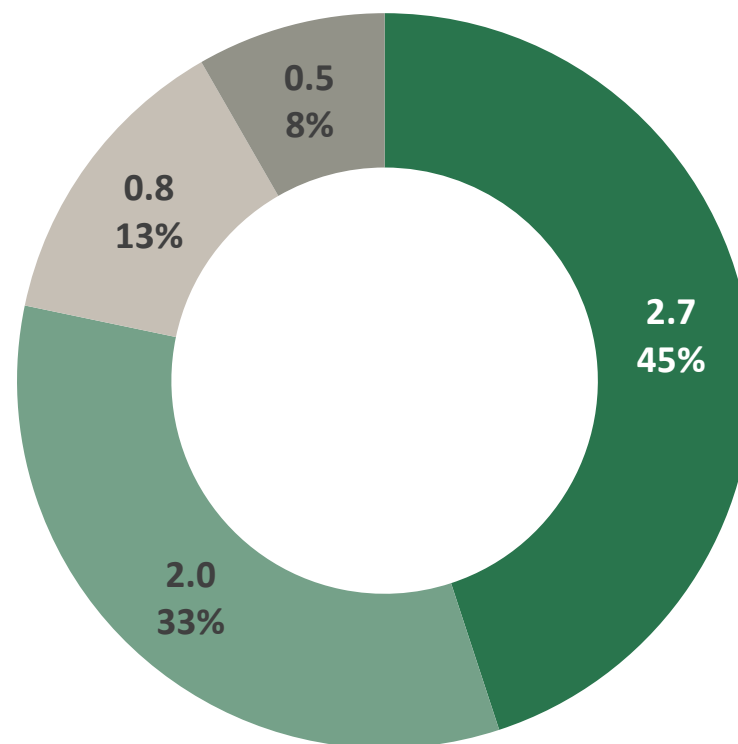
Total Value Added*

R\$ billion



Value Added per Stakeholder

R\$ billion, % of the Yearly Total

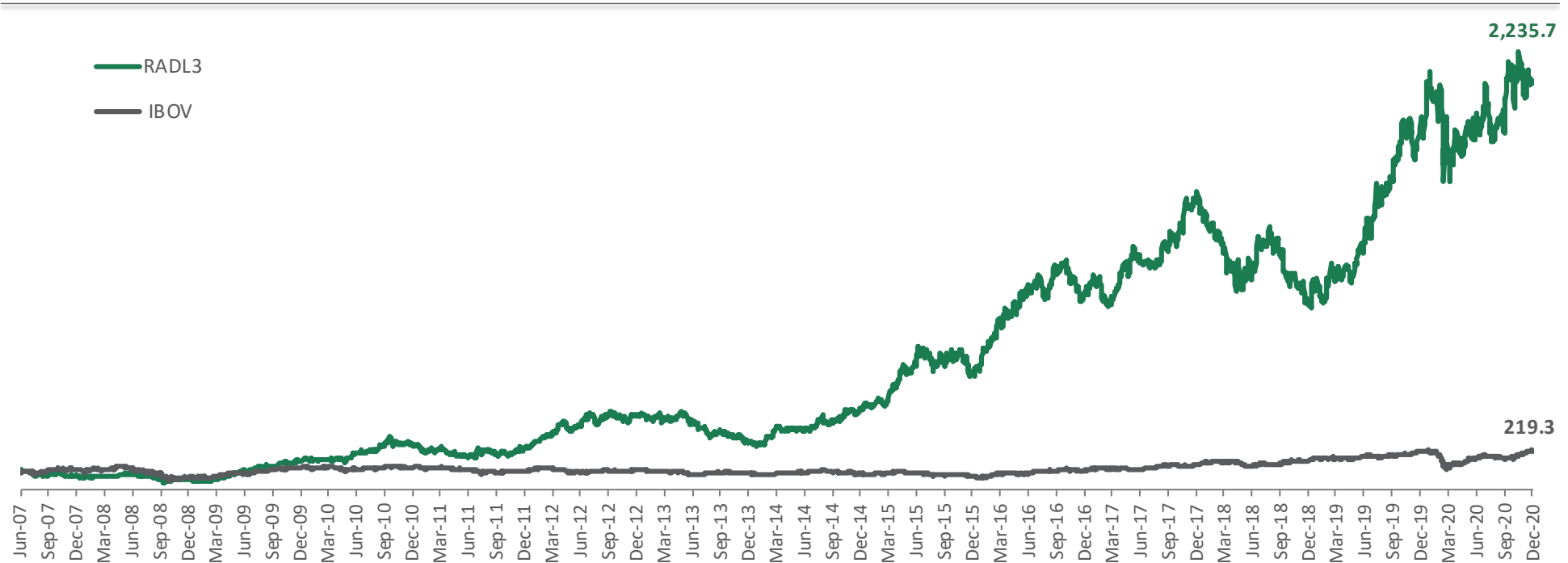


- Taxes
- Employees
- Remuneration of 3rd Parties*
- Shareholder Remuneration

* Adjusted for effective rentals and interest expenses

RADL3 shares increased by 12.1% in 2020, performing 9.2 p.p. above the IBOVESPA.

Share Appreciation



Performance in 2020

RADL3: 12.1%
BOVESPA: +2.9%
Alpha: +9.2%
Average Trading Volume RADL3: R\$ 178.0 MM

- › Average annual return of 26.2% since the Drogasil IPO.
- › Average annual return of 24.3% since the Raia IPO.

- › Performed a 1:5 split in Sep/20
- › Joined B3's ICO2 index

What we accomplished in 2020

We became a safe harbor for health and well-being in the communities we serve

- › Adopted rigorous safety protocols to protect customers and employees in our stores
- › Guaranteed integral coverage of employee hospitalization costs related to COVID-19 as well as of 24 thousand free telemedicine consultations to our employees performed by the Albert Einstein Hospital
- › Preserved all job posts and the full remuneration for our employees on temporary leave
- › Performed 1.5 million COVID-19 tests since May 2020, of which 0.9 million were applied in 2020 alone
- › Achieved record NPS scores as a customer recognition of our response to the pandemic
- › Donated R\$ 25 million to 51 hospitals to help fight COVID-19 while leaving a permanent legacy

Mitigated sales and margin losses through digital, with a strong performance in the 4Q20

- › 4Q20 sales growth of 16.7%, with mature stores growing 6.0%, 1.5% above inflation
- › R\$ 1.2 billion in digital revenues (5.9% of total retail sales), versus R\$ 0.3 billion in 2019
- › Fully delivered the guidance of 240 new stores and opened a new DC in Rio Grande do Sul
- › R\$ 103.9 million in total cash generation, with leverage reduced to 0.6x net debt/EBITDA



We established in 2020 a common Aspiration which will drive both our Business and Sustainability strategies for the next 10 years



COMMON ASPIRATION

Becoming the company that most promotes the access to a healthy life in Brazil by 2030

RD: Strategy

Taking close care of people's health and well-being during all times of their lives

Healthier People (Employees, Customers, Community)

Healthier Businesses (Diversity, Education & Employment, Inclusion)

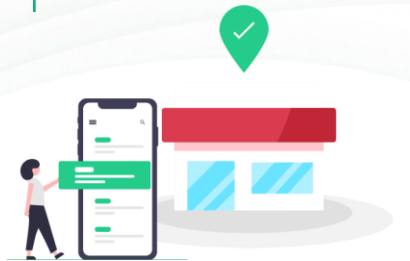
Healthier Planet (Emissions, Energy, Waste)



Pharmaceutical
Retail



Integral Health



I New Pharmacy
(Omnichannel +
Health Hub)



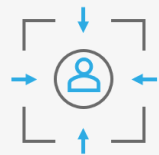
II Marketplace for
Health Products



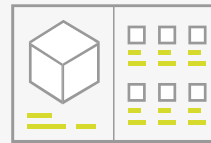
III Healthcare
Platform



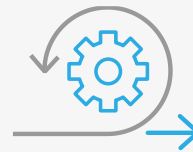
Focus on
People



Customer
Centricity



1P and 3P
Logistics



Technology, Data and
Agile Organization



Digital and
Innovative Culture



RD Ventures

Sustainability Ambition 2030: *Becoming the company that most promotes the access to a healthy life in Brazil by 2030*

RD Ventures is investing in healthtechs to accelerate our digital transformation and develop our Healthcare Platform.



› Signed on July 22nd, 2020

› Marketplace of apothecary pharmacies

› Develop a health vertical adjacent to our core business through RD's stores and marketplace

› Team of 35 people

› Minority stake with paths to control and full ownership

› Signed on February 18th, 2021

› Digital platforms for the promotion of healthy habits, with a customer base of over 31 MM people

› Accelerate the development of our platform by offering our customers health promotion, disease prevention, personalized journeys and content, including healthy eating and exercising

› Team of 41 people

› Full ownership

› Signed on March 09th, 2021

› Big data solution to reduce health costs in ~ 140 companies through health promotion and disease prevention initiatives, which have benefited circa 1 million employees

› Develop new health promotion and disease prevention solutions for employees and members of companies and health operators, which can involve *Univers*, *4Bio* and *tech.fit*

› Team of 57 people

› Control with path to full ownership

Challenges and Opportunities for 2021



Advance in digitalization, with the experience of a truly digital company

- › The New Pharmacy will continue to be our main priority for 2021
- › Stores are the main gateway for both customer acquisition and their digital onboarding, with very low CAC
- › Our new businesses will be primarily digital, feeding from the digitalization of retail customers
- › Digital NPS is still below that of stores and digital-native companies and its improvement is a major goal
- › We aim at developing a digital culture with agile execution fully focused on the customer



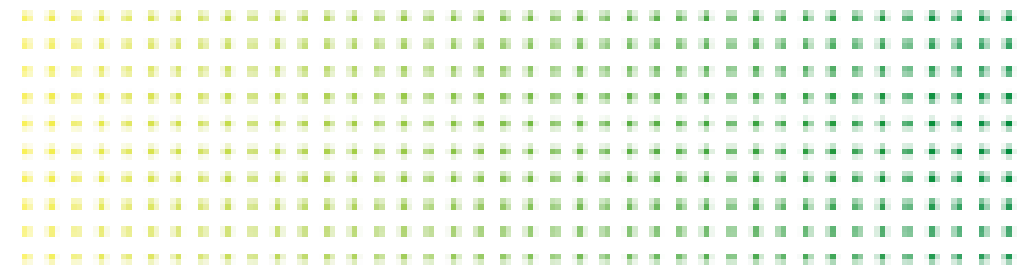
Develop our team to support our Strategy and execution

- › Attracting, retaining and developing individuals with a digital mindset and with the required capabilities
- › Hiring outside specialists and incorporating people from acquired start-ups
- › Supporting our current employees on developing new skills and in adapting to the new culture



Advance our Sustainability 2030 agenda

- › Improved reporting and transparency in our upcoming 2020 Annual and Sustainability Report
- › Unveiling our commitments and goals for 2030 still this year



Q&A

sua  Droga Raia



 DROGASIL
& você

