

2nd Quarter 2013

Earnings Presentation

August 5th, 2013

Disclaimer

This release contains forward-looking statements that are exclusively related to the prospects of the business, its operating and financial results, and prospects for growth. These data are merely projections and, as such, based exclusively on our management's expectations for the future of the business and its continued access to capital to fund its business plan. These forward-looking statements substantially depend on changing market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors, as well as the risks shown in our filed disclosure documents, and are therefore subject to change without prior notice.

In addition, unaudited information herein reflects management's interpretation of information taken from its financial statements and their respective adjustments, which were prepared in accordance with market practices and for the sole purpose of a more detailed and specific analysis of our results. Therefore, these additional points and data must also be analyzed and interpreted independently by shareholders and market agents, who should carry out their own analysis and draw their own conclusions from the results reported herein. No data or interpretative analysis provided by our management should be treated as a guarantee of future performance or results and are merely illustrative of our directors' vision of our results.

Our management is not responsible for compliance or accuracy of the management financial data discussed in this report, which must be considered as for informational purposes only, and should not override the analysis of our audited consolidated financial statements for purposes of a decision to invest in our stock, or for any other purpose.

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Agenda

- Highlights
- Earnings

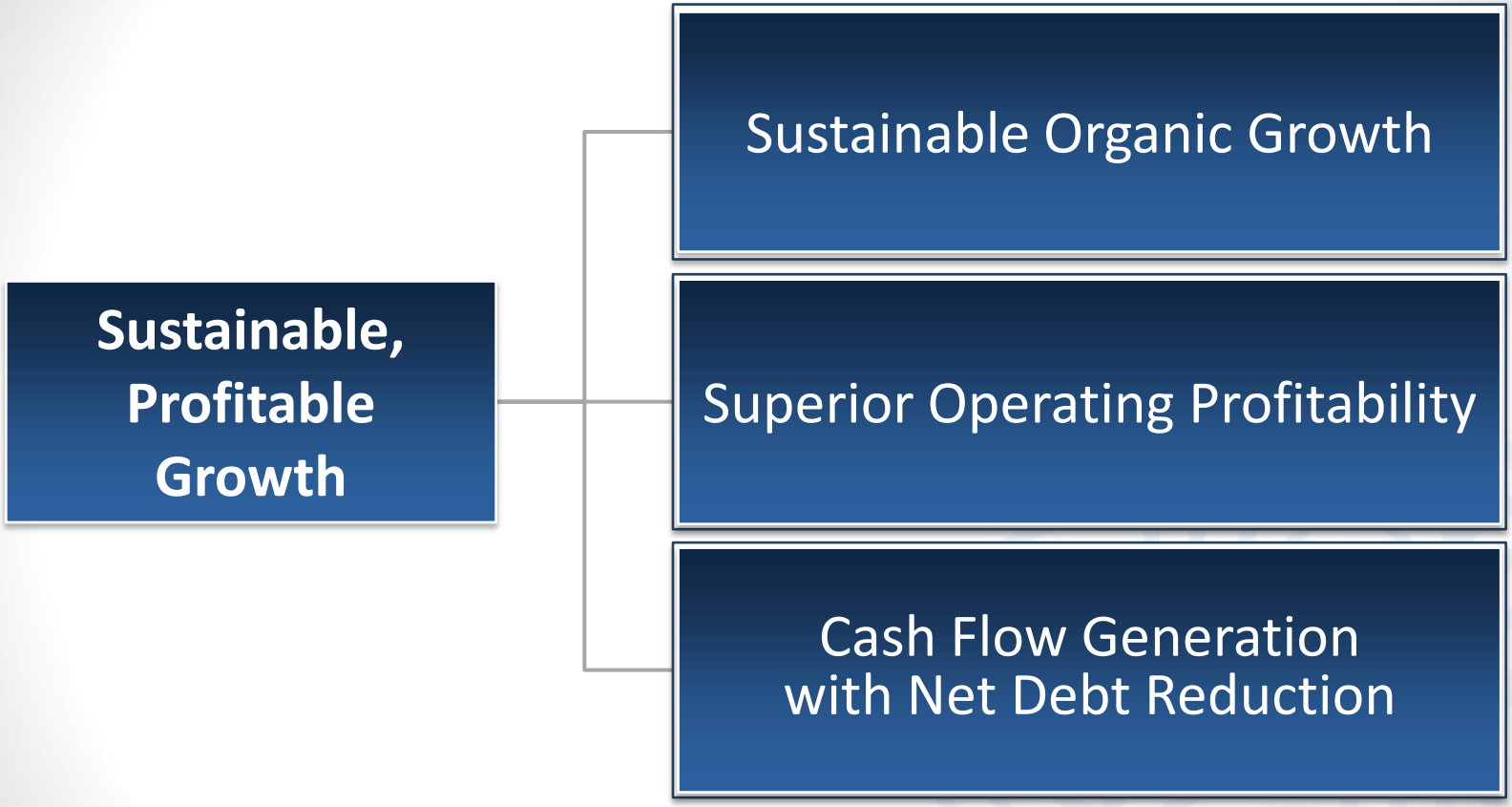
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Agenda

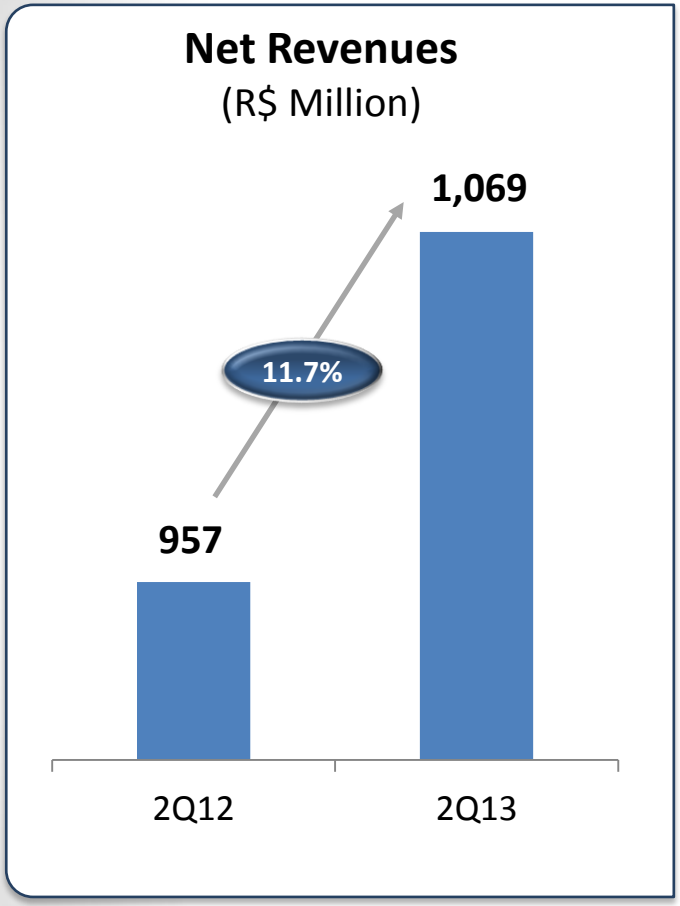
- Highlights

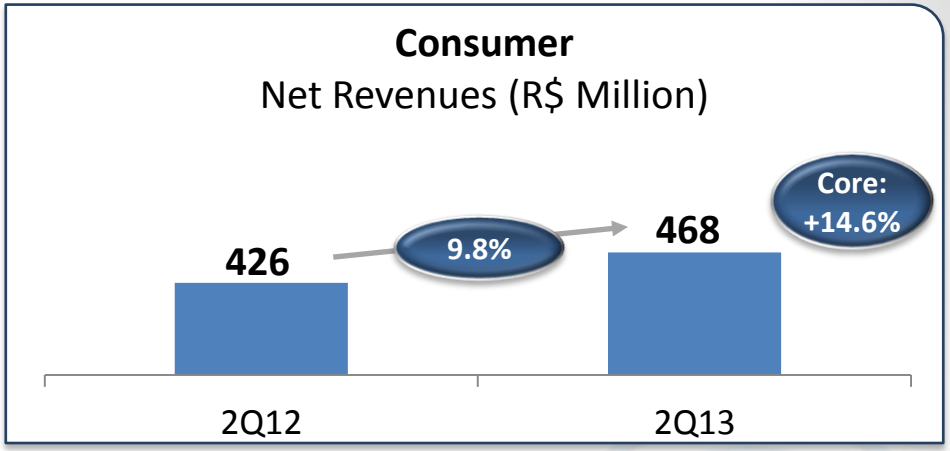
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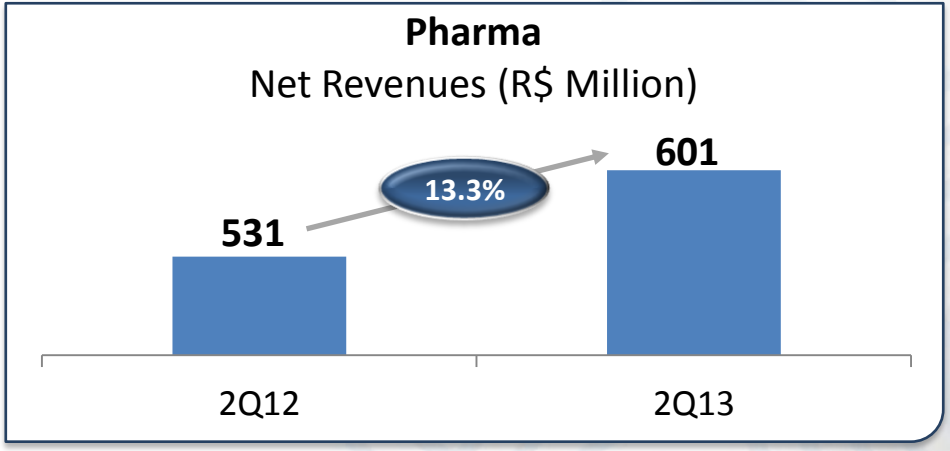
Strategic Plan



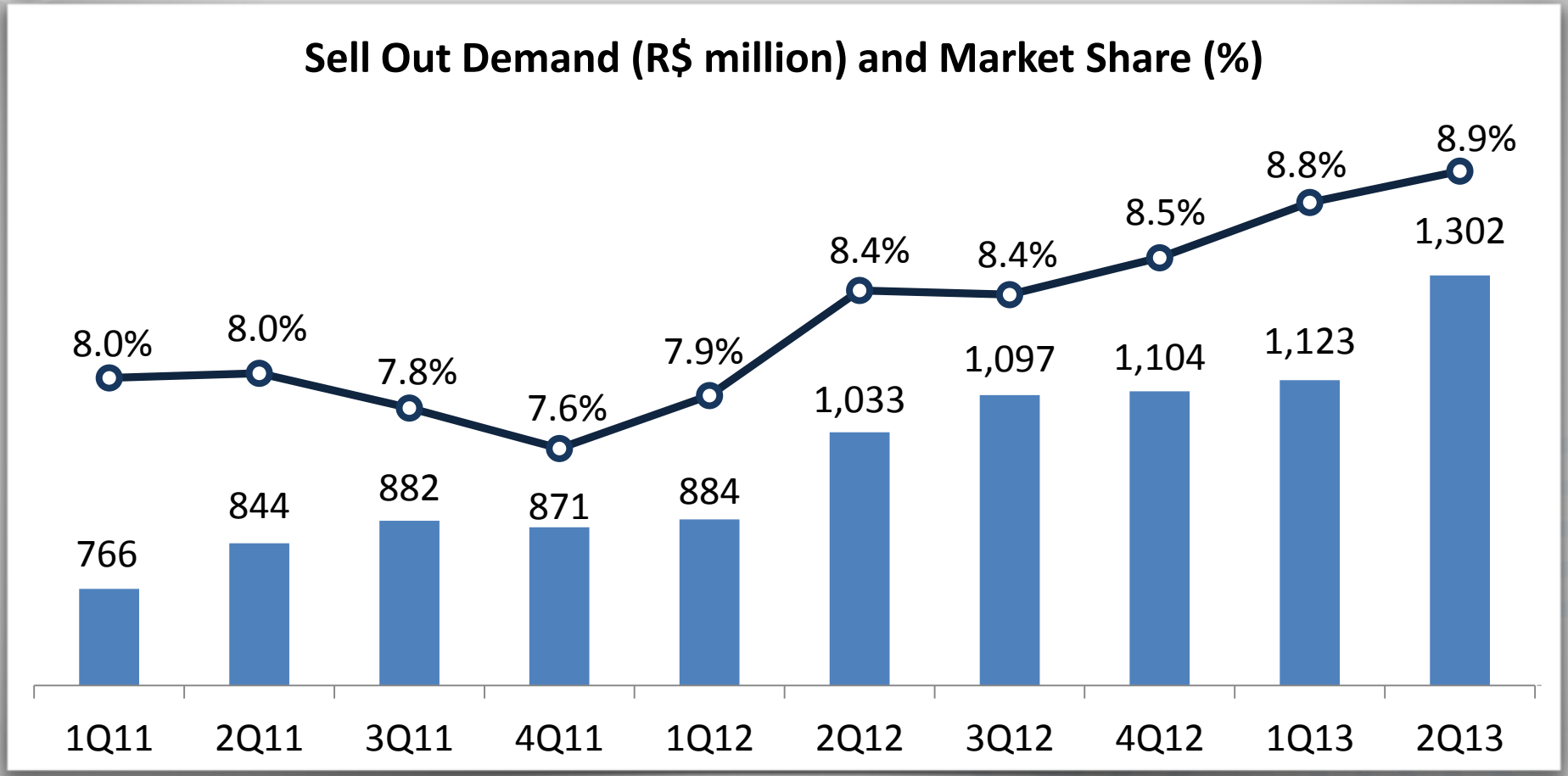
Organic Growth – 2Q13





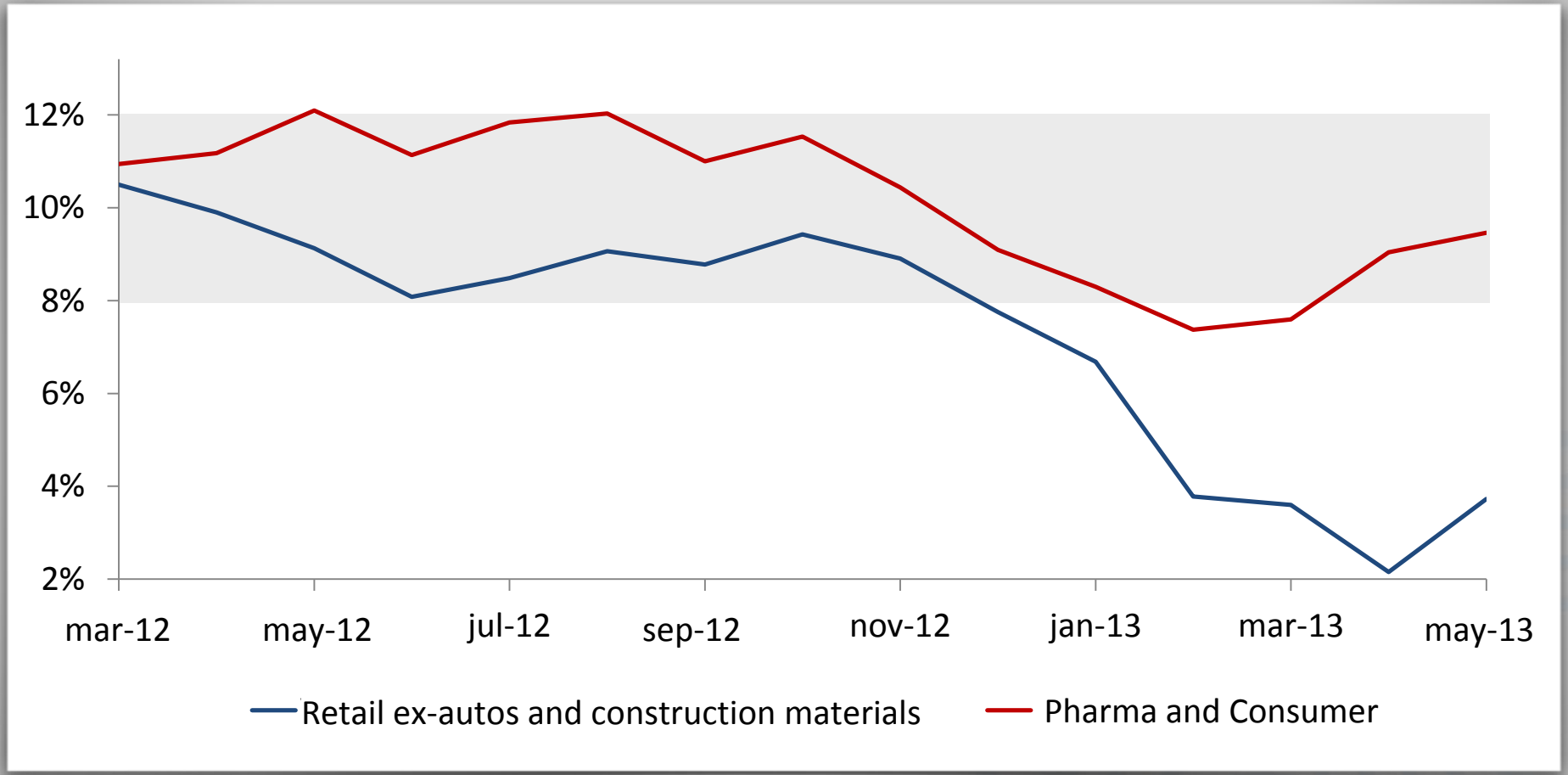


Demand Progress – Pharma Division



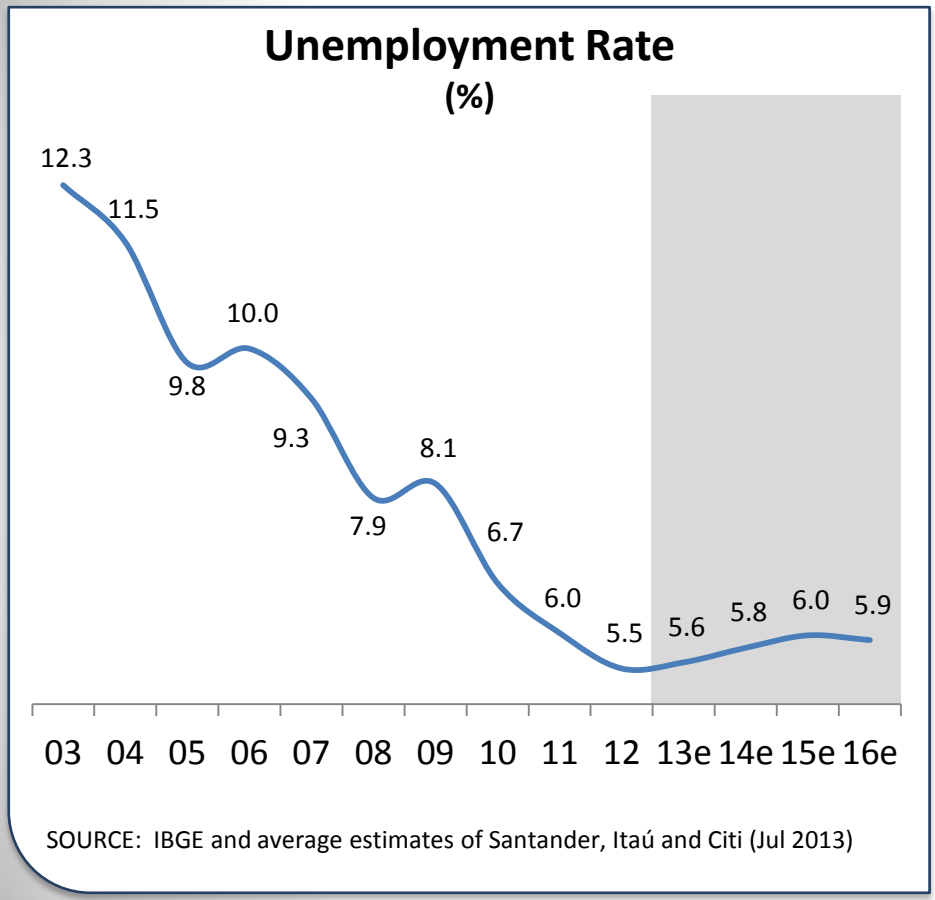
SOURCE: IMS Health Brasil – Jun 13 (PMB)

Real Growth of Retail Sales – Farma and Cosmetics

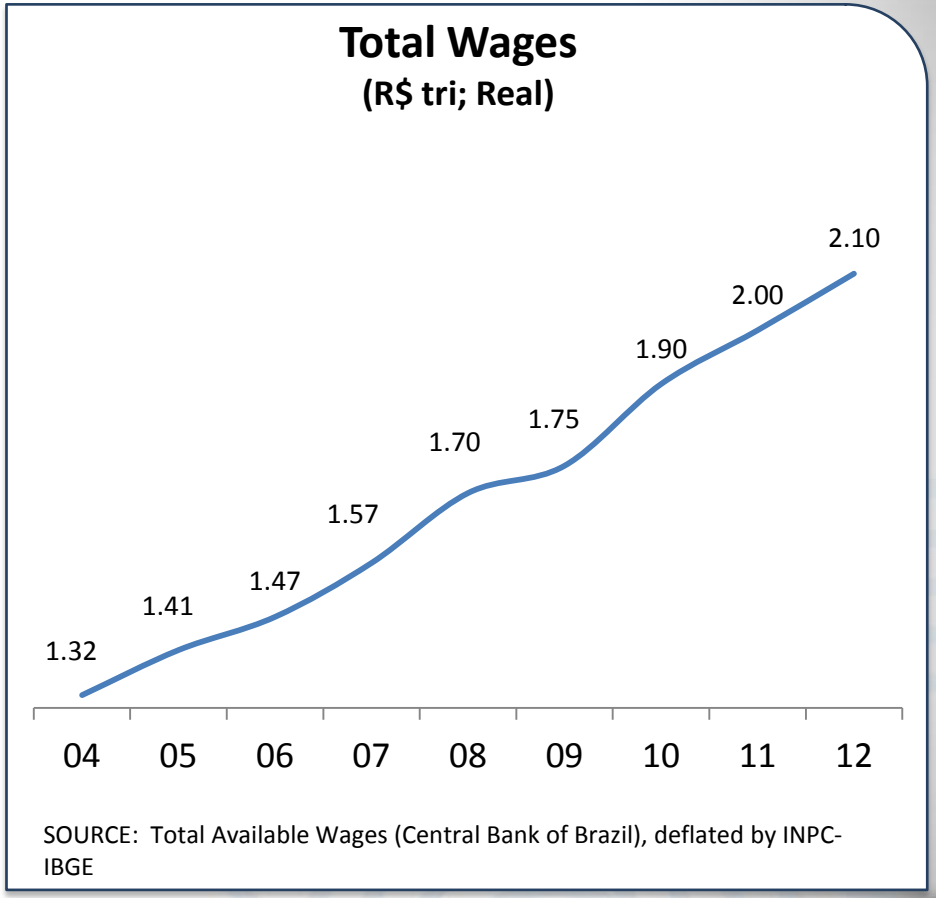


SOURCE: IBGE (Jul 13) - 3 month average y-o-y growth; in real terms

Unemployment Rate and Total Wages



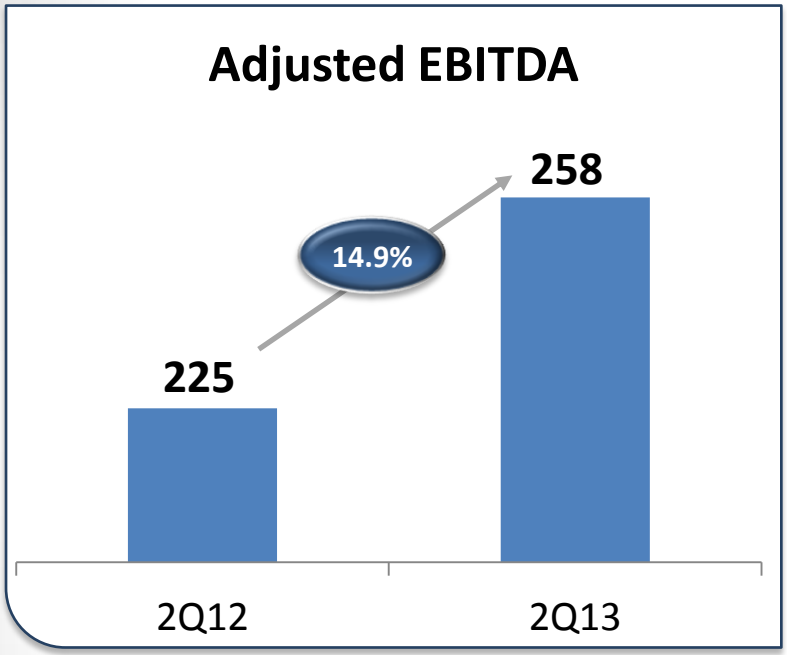
SOURCE: IBGE and average estimates of Santander, Itaú and Citi (Jul 2013)

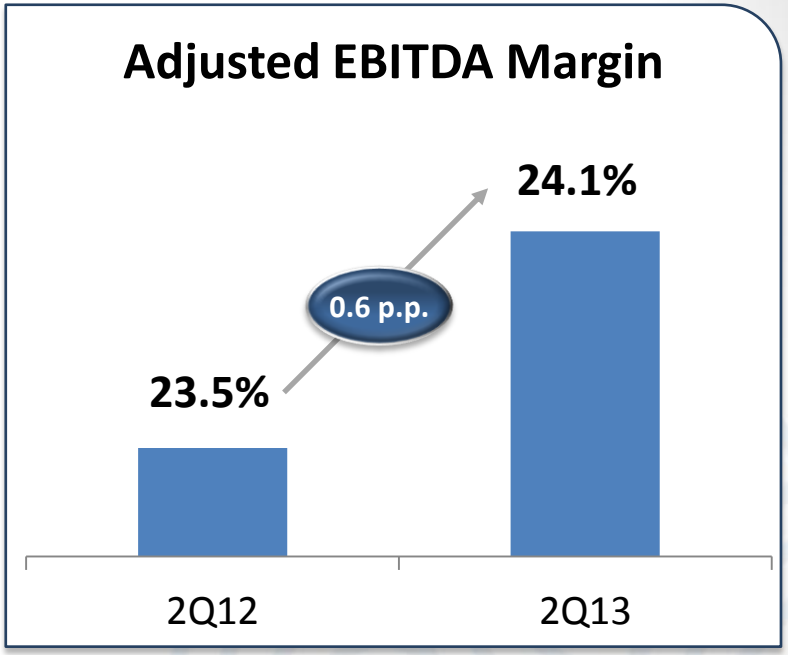


SOURCE: Total Available Wages (Central Bank of Brazil), deflated by INPC-IBGE

Operating Results – 2Q13

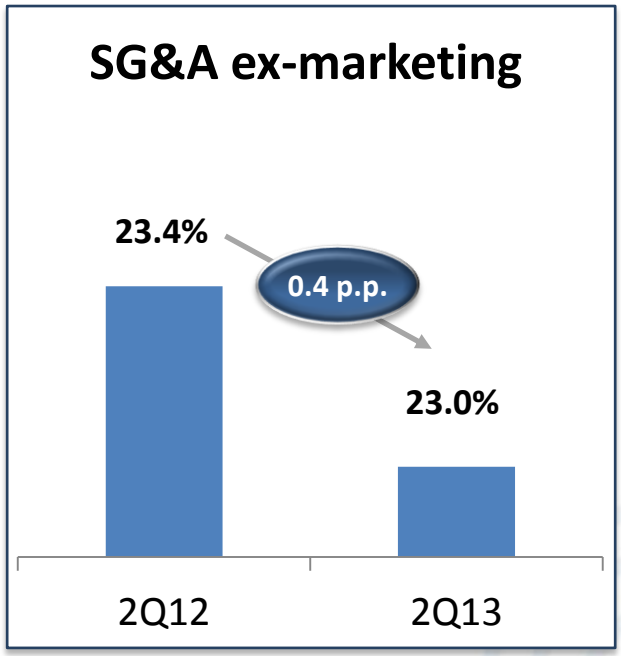
(R$ million)

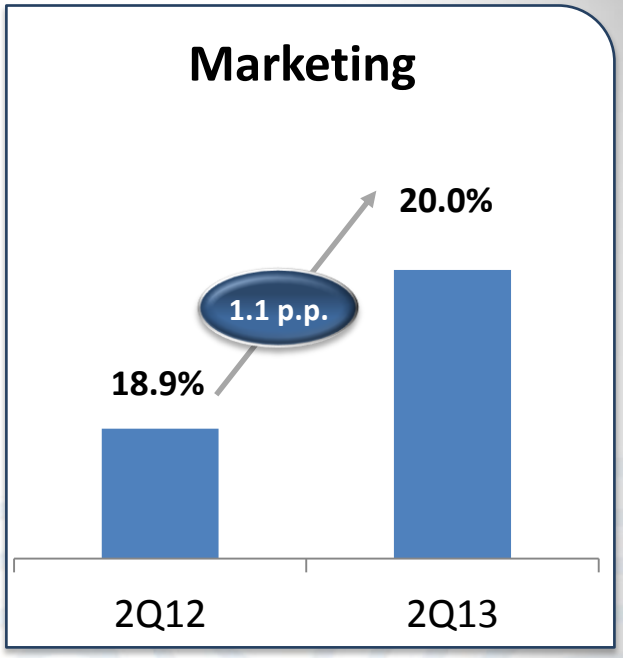




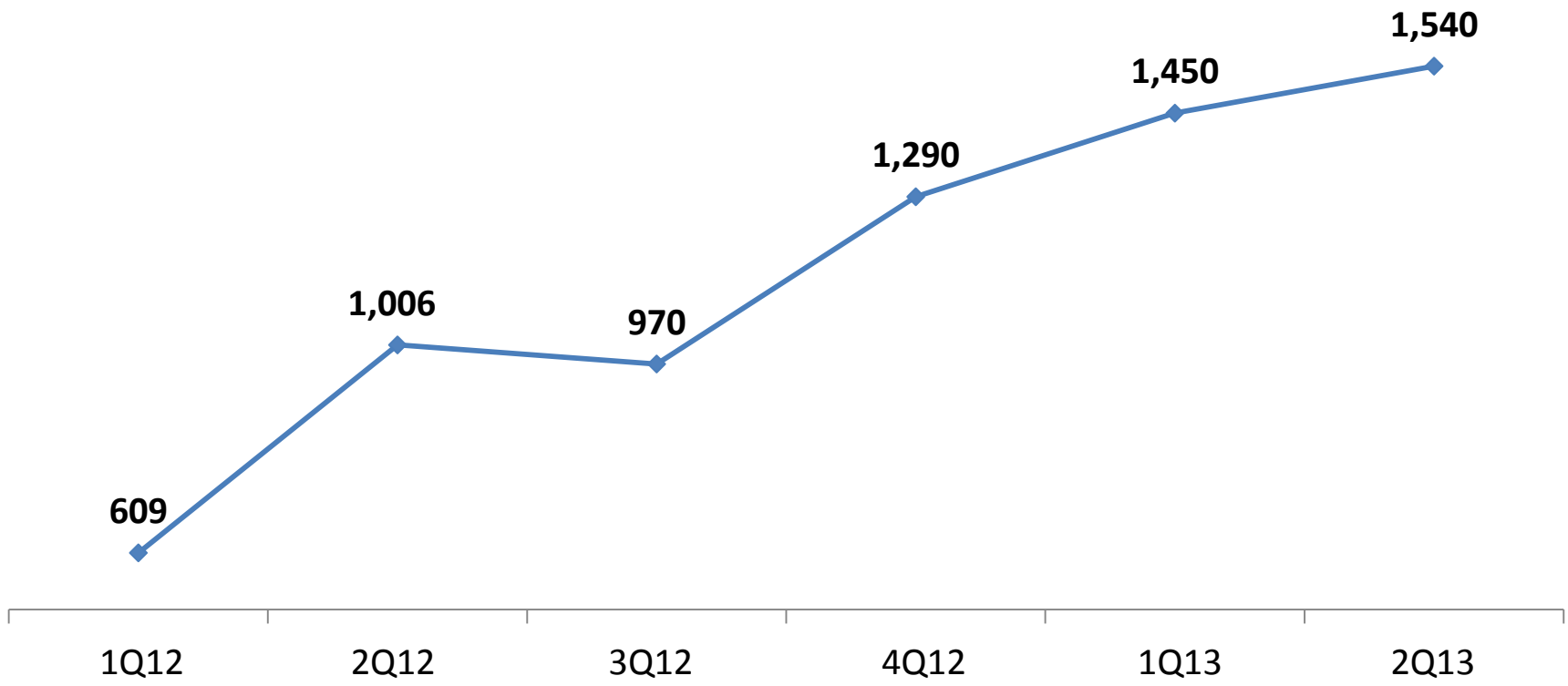
Gross Margin and Expenses – 2Q13







Productivity Improvement – Pharma



Obs.: Anápolis plant productivity in units/employee/day

Marketing Campaigns – 2Q13





























Category Management – OTC







Launches – Consumer











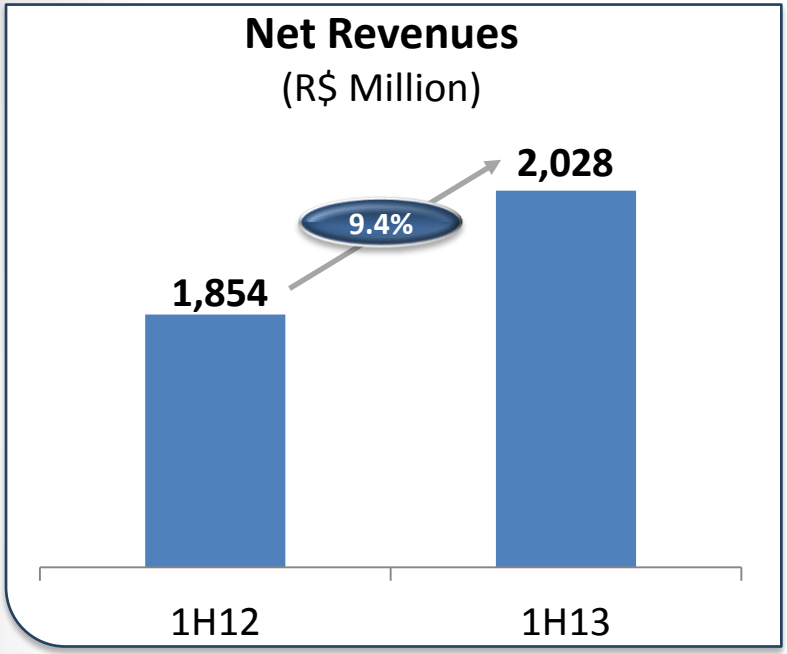
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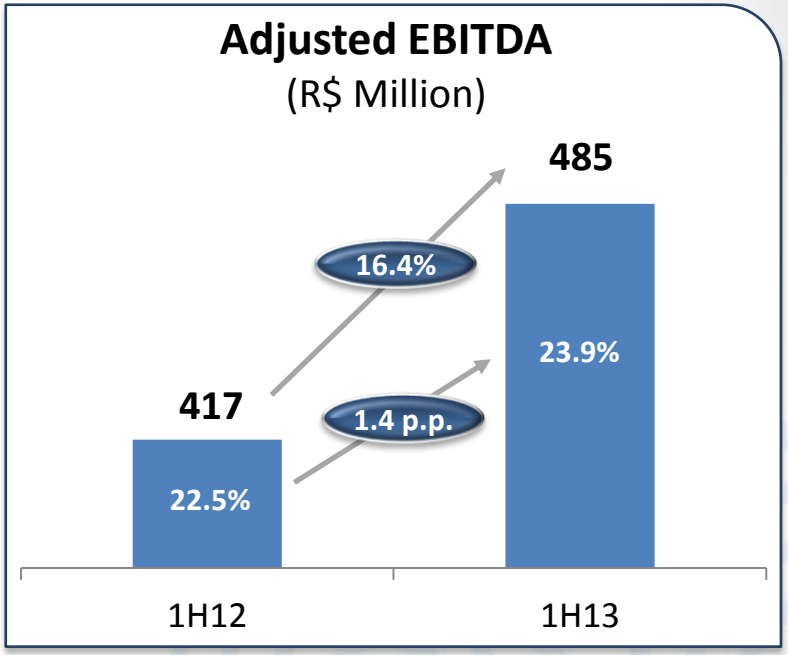
Launches – Pharma



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1H13 Summary



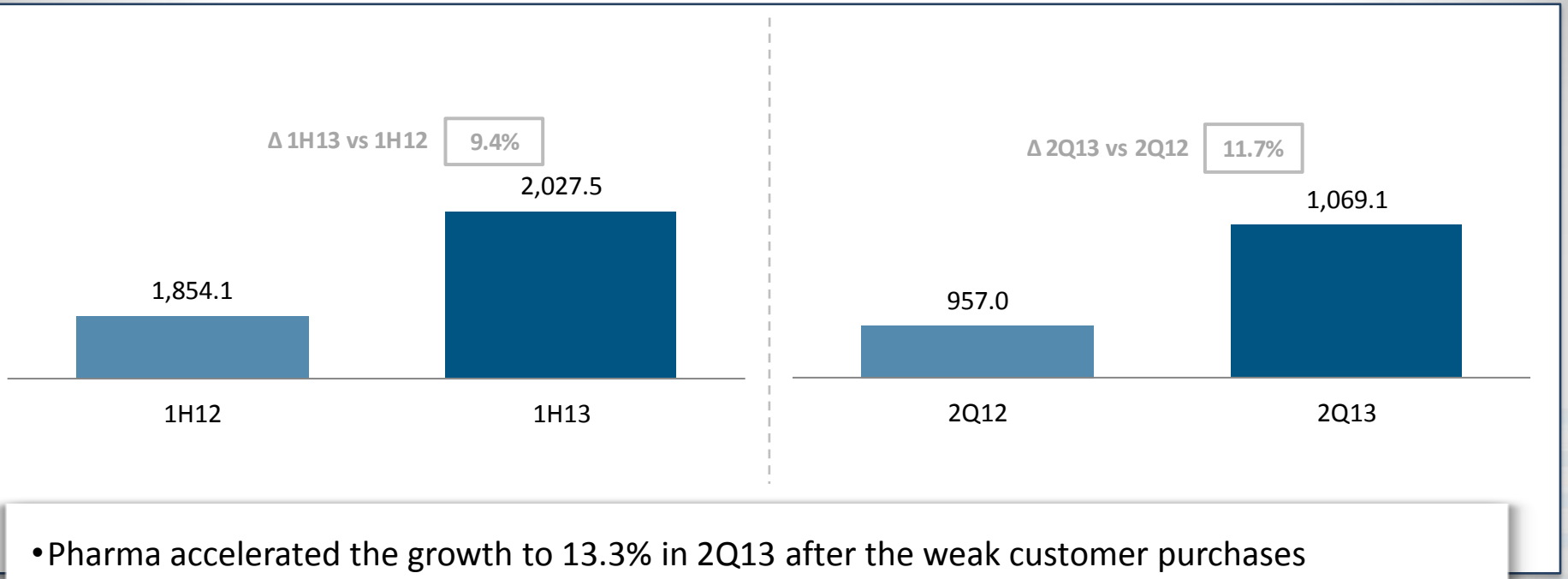


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- Earnings

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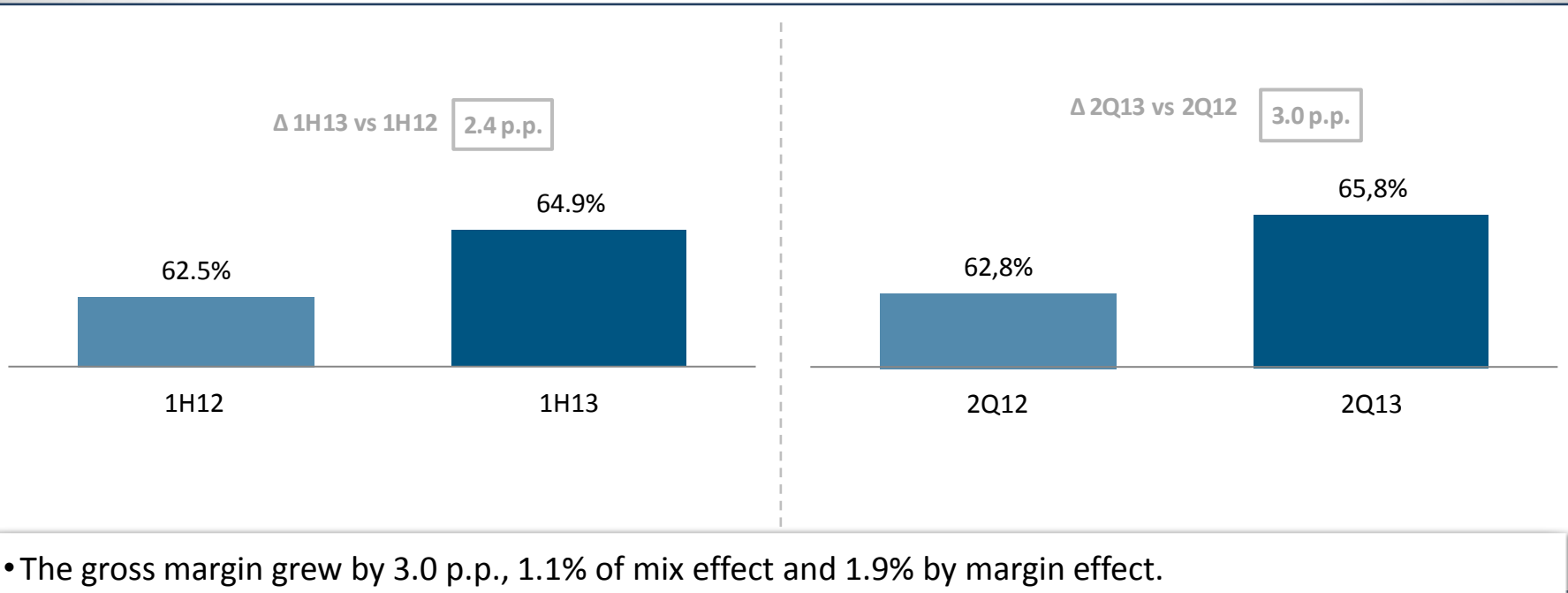
Net Revenues
(R$ million)



- Pharma accelerated the growth to 13.3% in 2Q13 after the weak customer purchases antecipation in 1Q13. In 1H13 the growth was 9.0%
- Consumer grew 9.9% in the 1H13 with expansions of 9.8% in 2Q13 and 10.0% in 1Q13

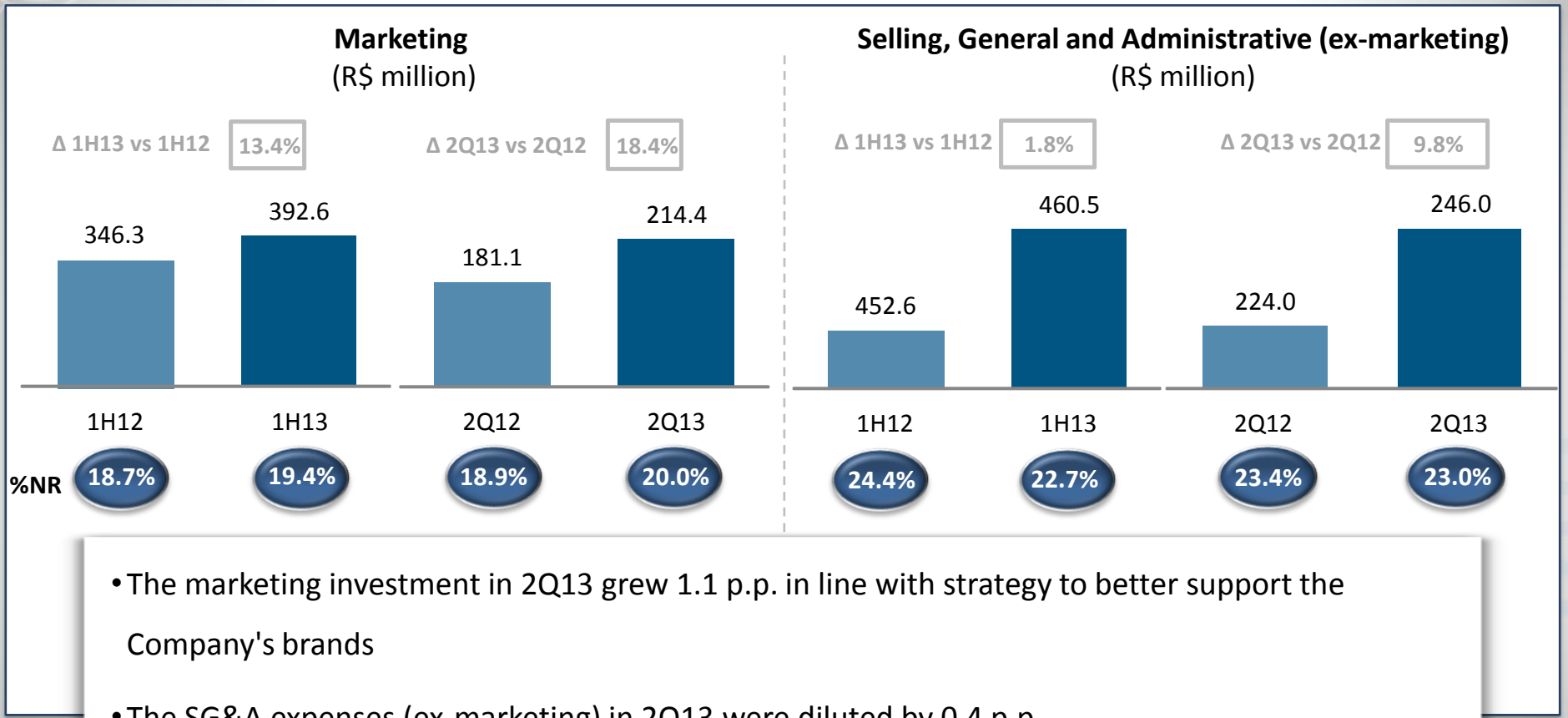
Gross Margin

(%)



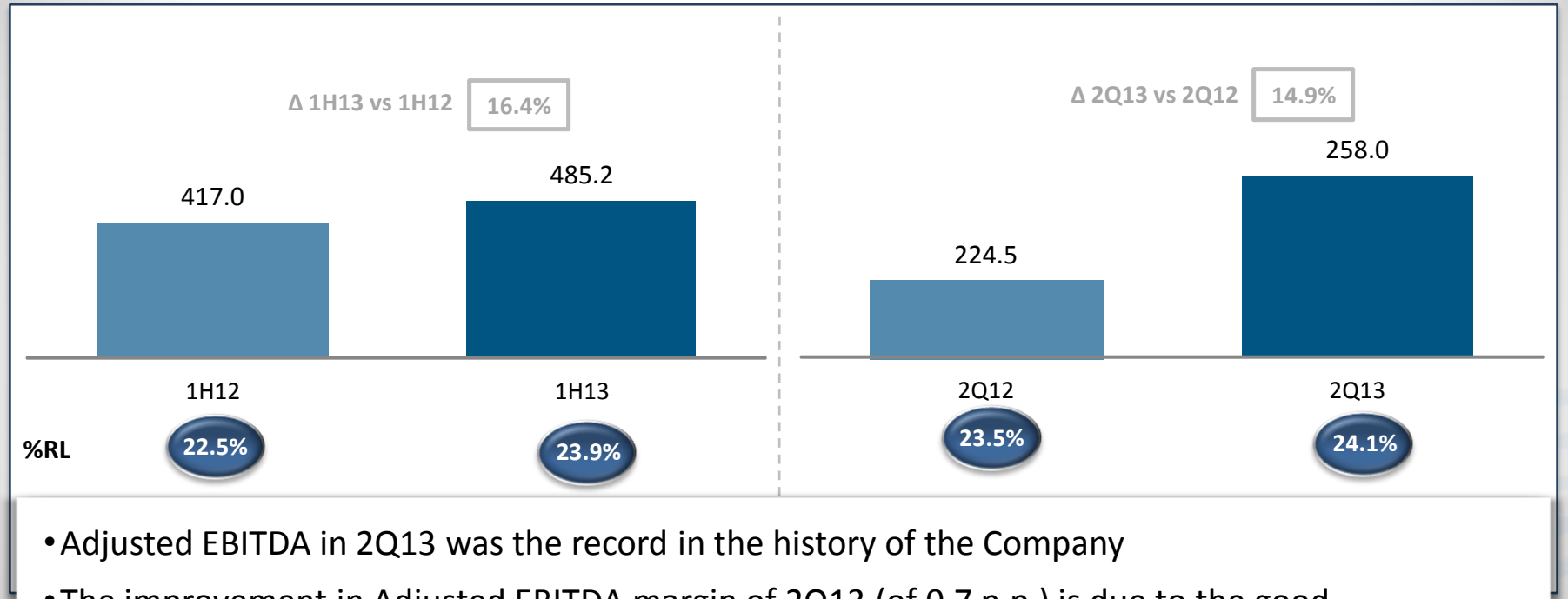
- The gross margin grew by 3.0 p.p., 1.1% of mix effect and 1.9% by margin effect.
- In Pharma, the gain is mainly due to the plant productivity improvement in Anápolis
- In Consumer, the increase is related to operational consolidation in the state of Goiás and the process of brands and SKUs portfolio rationalization

Selling, General and Administrative Expenses



- The marketing investment in 2Q13 grew 1.1 p.p. in line with strategy to better support the Company's brands
- The SG&A expenses (ex-marketing) in 2Q13 were diluted by 0.4 p.p.

Adjusted EBITDA
(R$ million)



- Adjusted EBITDA in 2Q13 was the record in the history of the Company
- The improvement in Adjusted EBITDA margin of 2Q13 (of 0.7 p.p.) is due to the good performance in gross margin, in partialy offset by higher marketing expenses

Net Income

(R$ million)	1H12	1H13	Δ	2Q12	2Q13	Δ R$
Continuing Operations EBIT	350.4	413.2	*17.9%*	206.6	222.4	7.7%
(-) Net Financial Expenses	(287.7)	(262.2)	*-8.8%*	(231.3)	(209.0)	-9.6%
(-) Income Tax and Social Contribution	(38.4)	(30.5)	*-20.4%*	(2.3)	4.9	-316.2%
(+) Discontinued Operation Net Income	(13.4)	1.2	*(109.2%)*	(3.0)	1.0	-135.0%
Net Income	**10.9**	**121.6**	***1,019.2%***	**(29.9)**	**19.3**	**-**

- Net income increased by R$ 49.3 million when compared to 2Q12
- The increase was due to better operating results and lower net financial expenses, despite the unfavorable exchange rate for the quarter

Free Cash Flow

(R$ Million)	1H12	1H13	2Q12	2Q13	Δ R$
Cash Flow from Operations	376.5	323.9	237.1	139.5	(97.5)
Purchase of Property, Plant and Equipment	(117.4)	(88.4)	(67.6)	(54.2)	13.4
(=) Free Cash Flow	**259.1**	**235.5**	**169.5**	**85.4**	**(84.1)**
Net Interest Expenses	(116.7)	(120.9)	(57.6)	(58.3)	(0.7)
Free Cash Flow after Interest Expenses	**142.4**	**114.6**	**111.9**	**27.1**	**(84.8)**

- The cash conversion cycle was reduced by 19 days compared to 2Q12 and remained stable compared to 1Q13, despite the temporary additional inventory related to the operational consolidation process


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