

4th Quarter 2012

Earnings Presentation

March 11th, 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

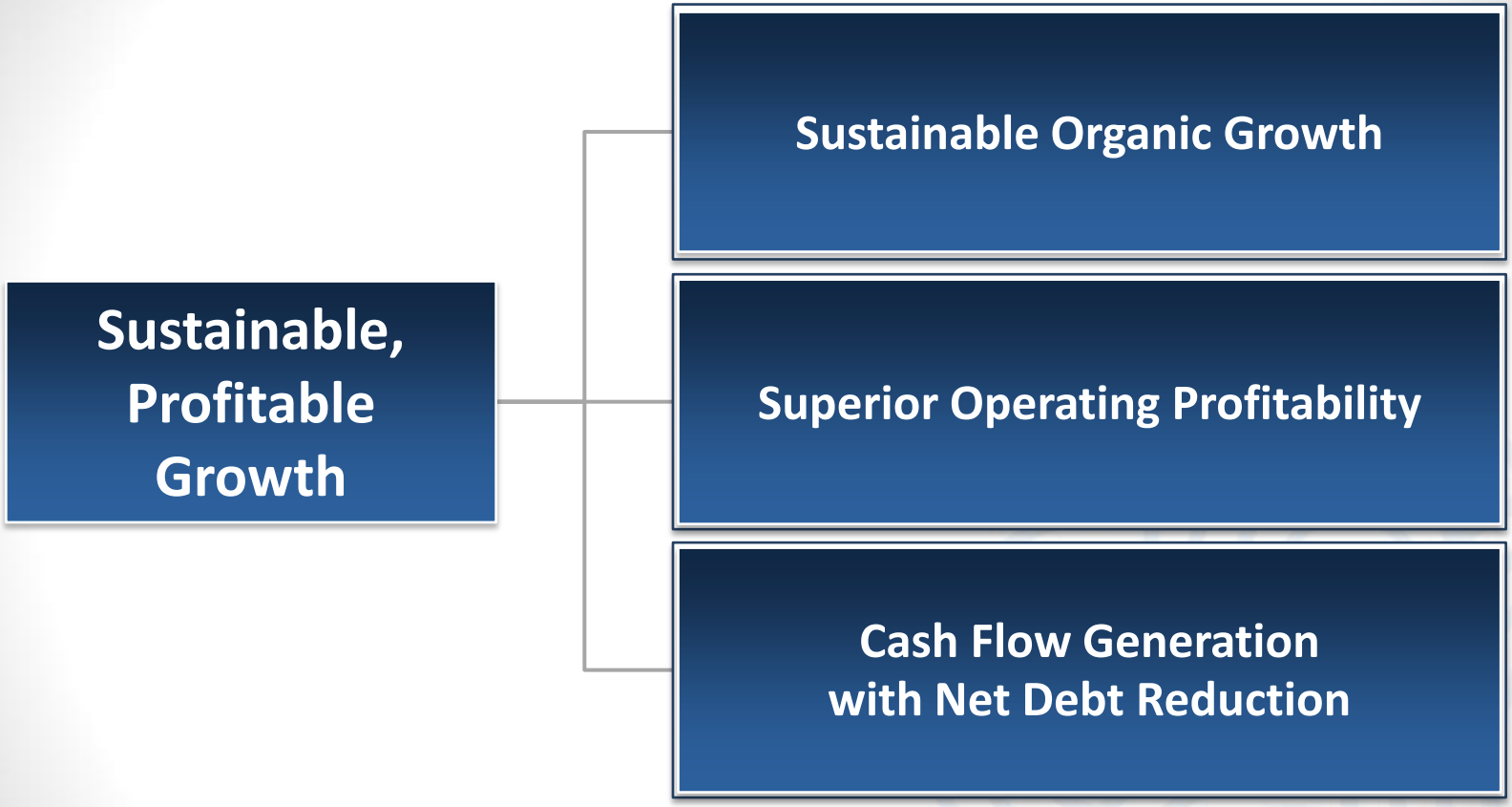
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Agenda

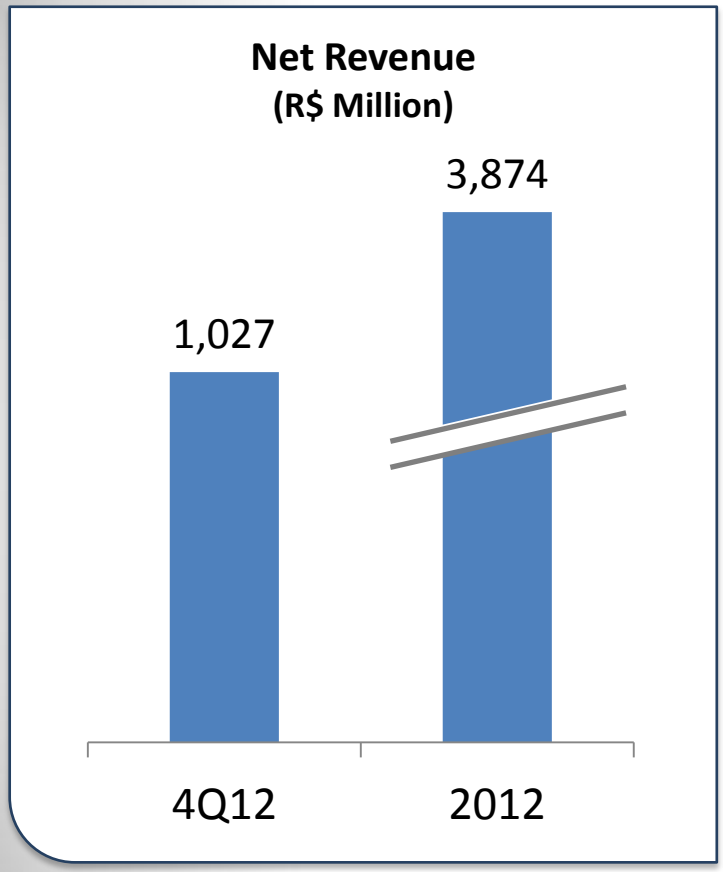
- Highlights

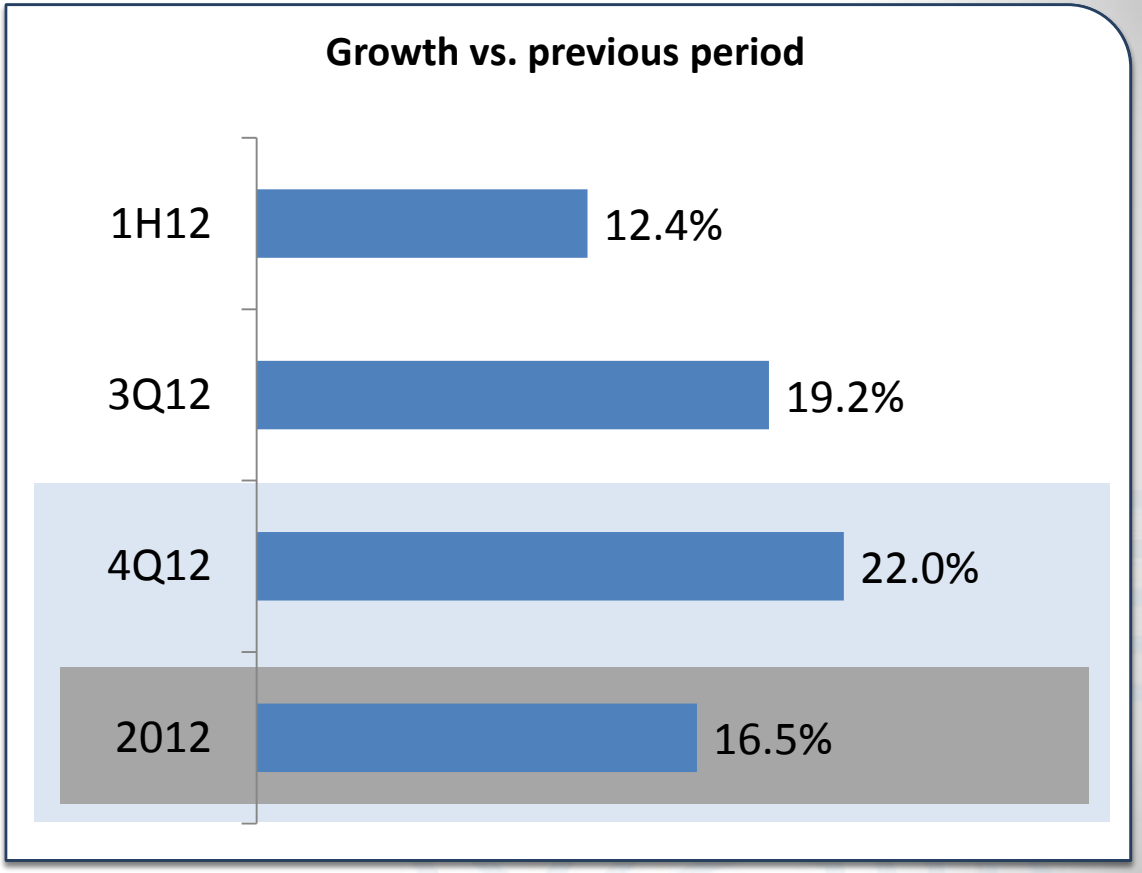
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Strategic Plan

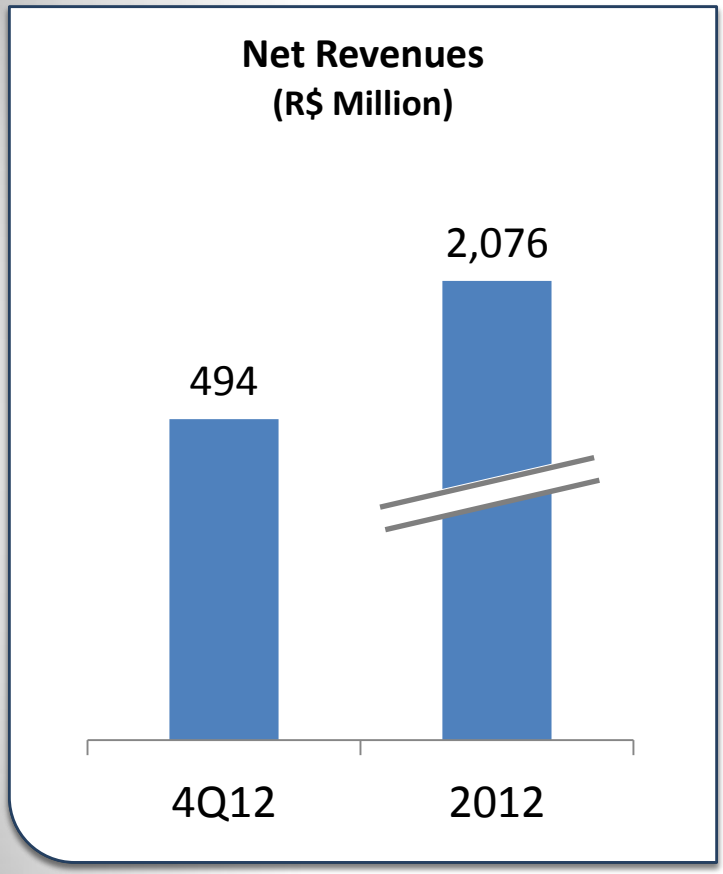


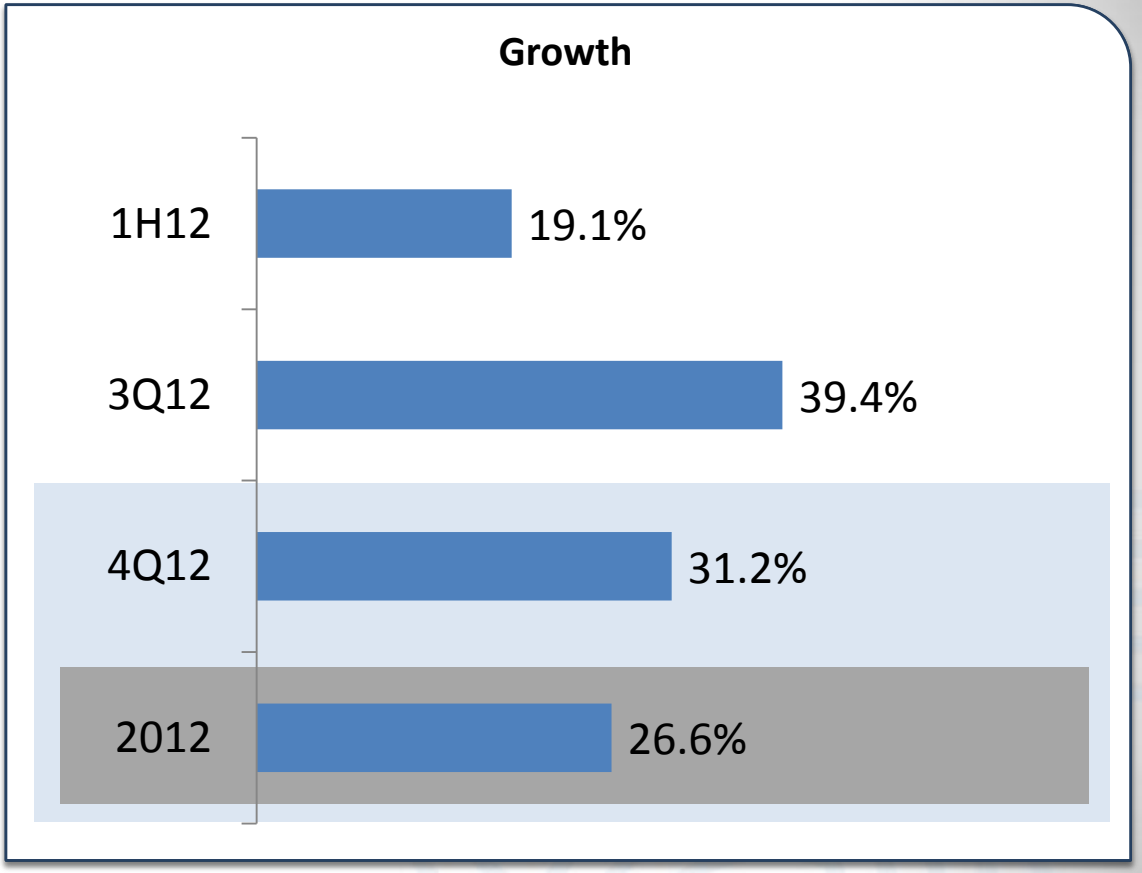
Organic Growth





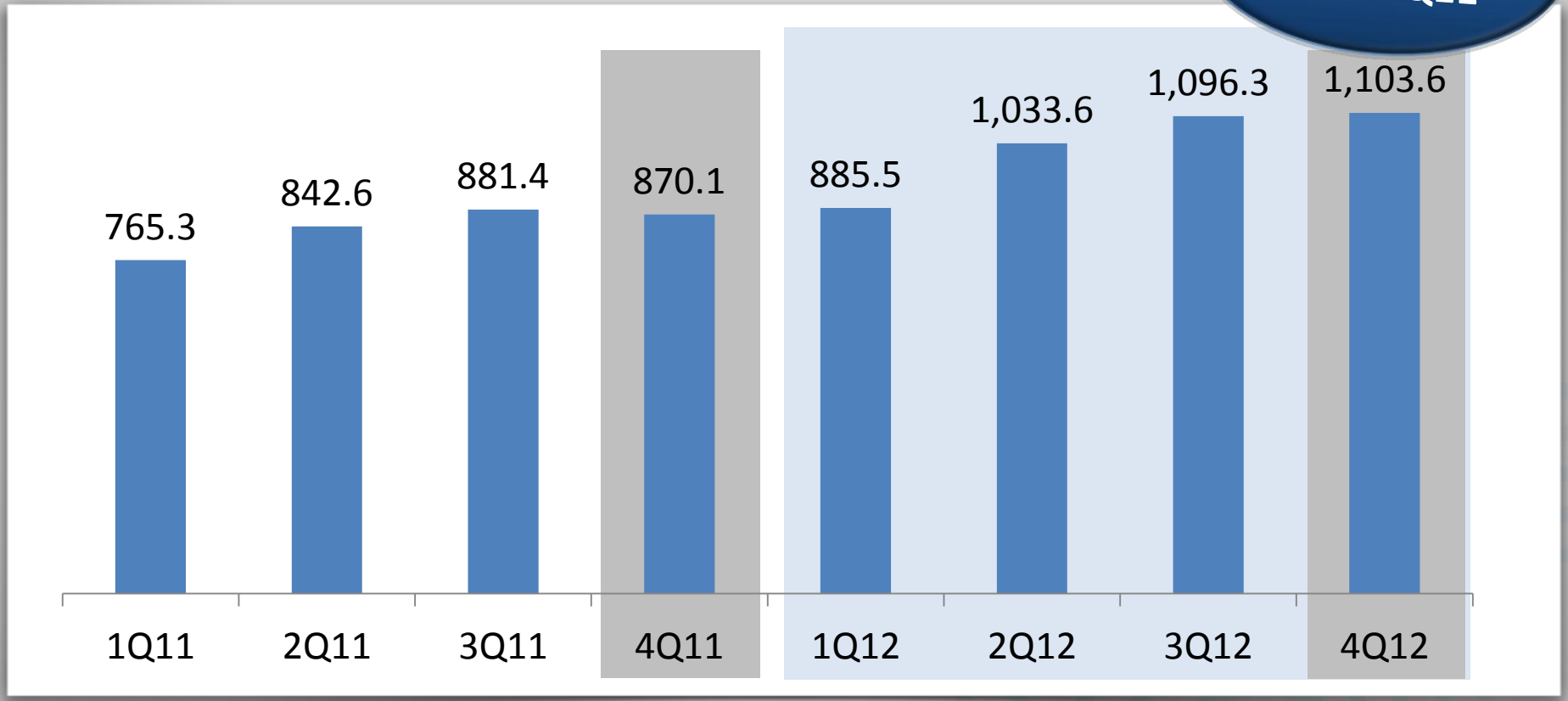
Organic Growth – Pharma Division





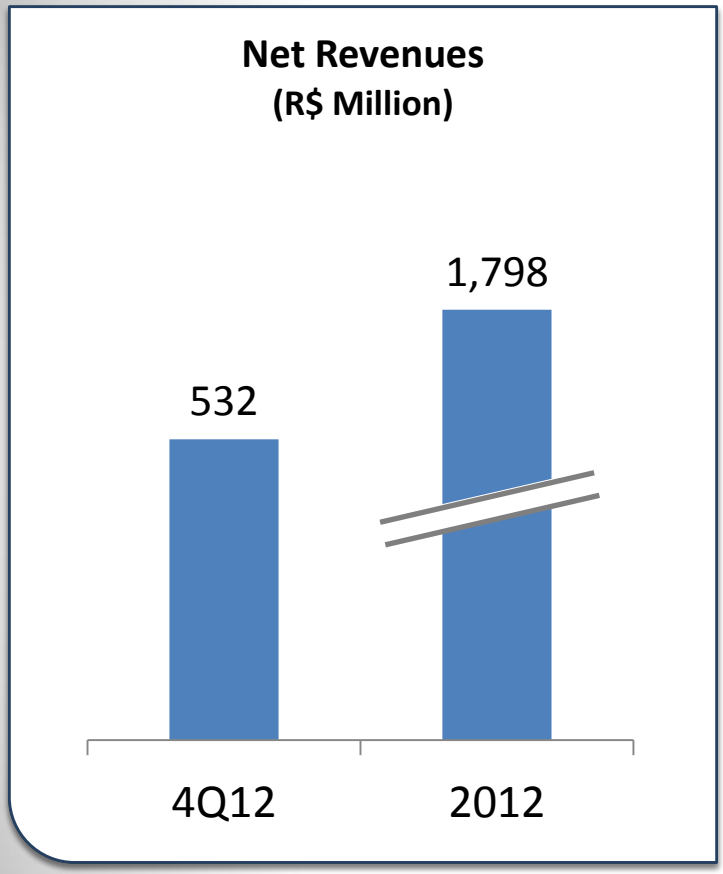
Demand Evolution – Pharma Division

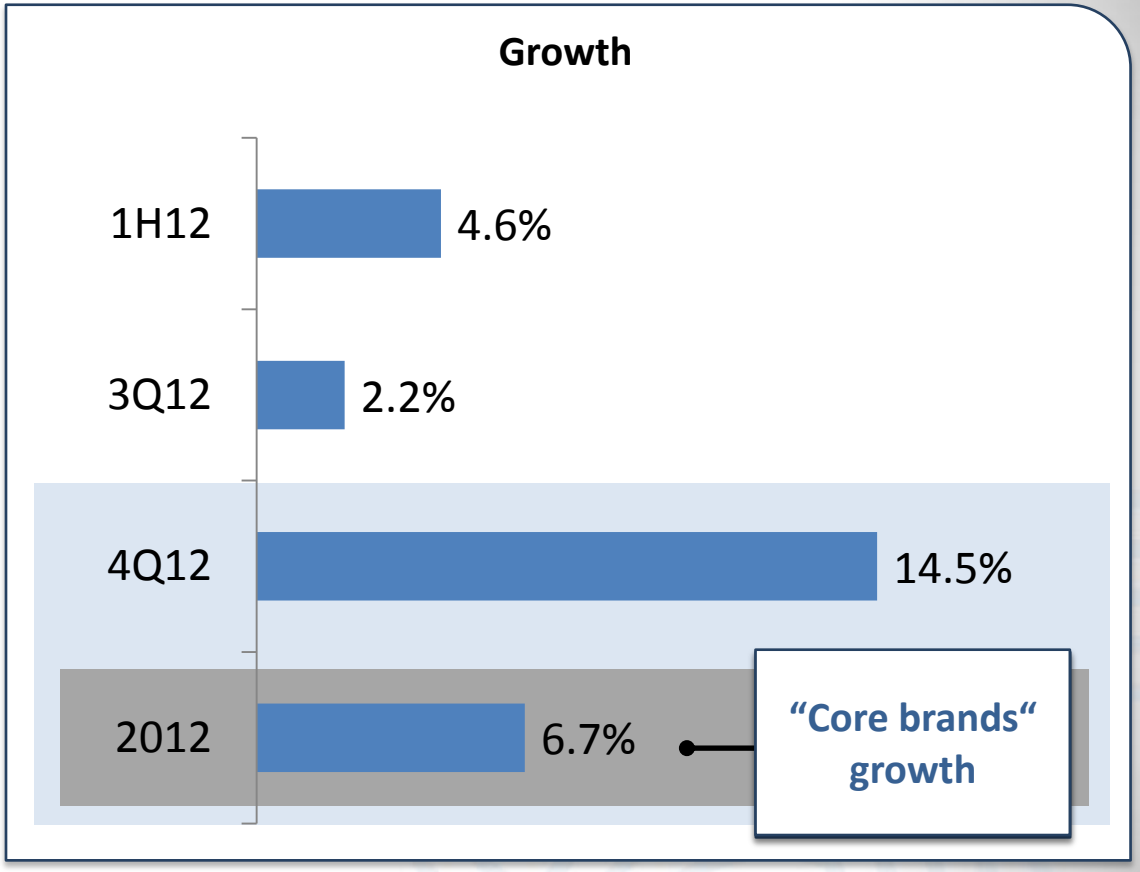
R$ million (Sell-out)



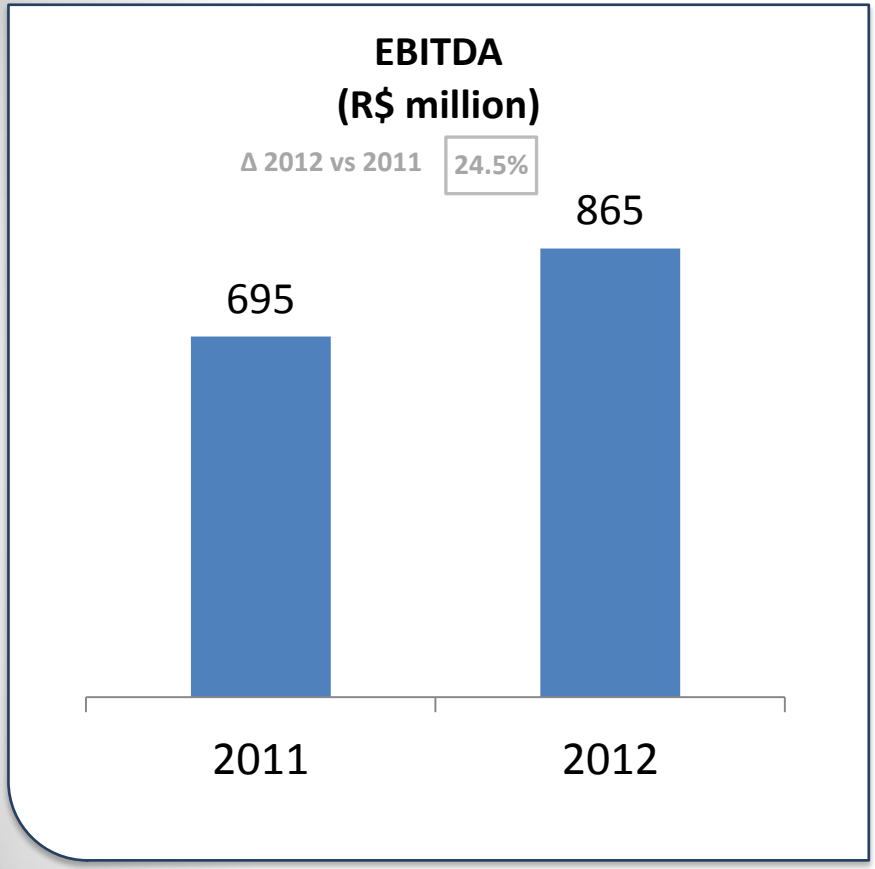
FONTE: IMS Health

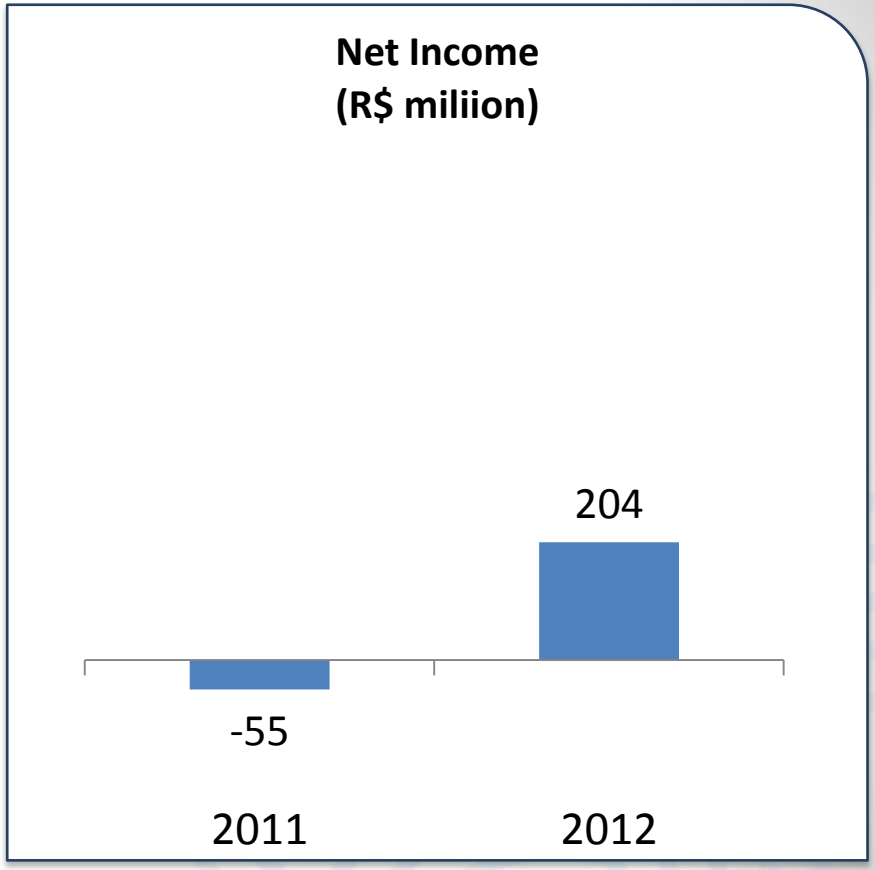
Organic Growth – Consumer Division





2012 Earnings





Cash Flow

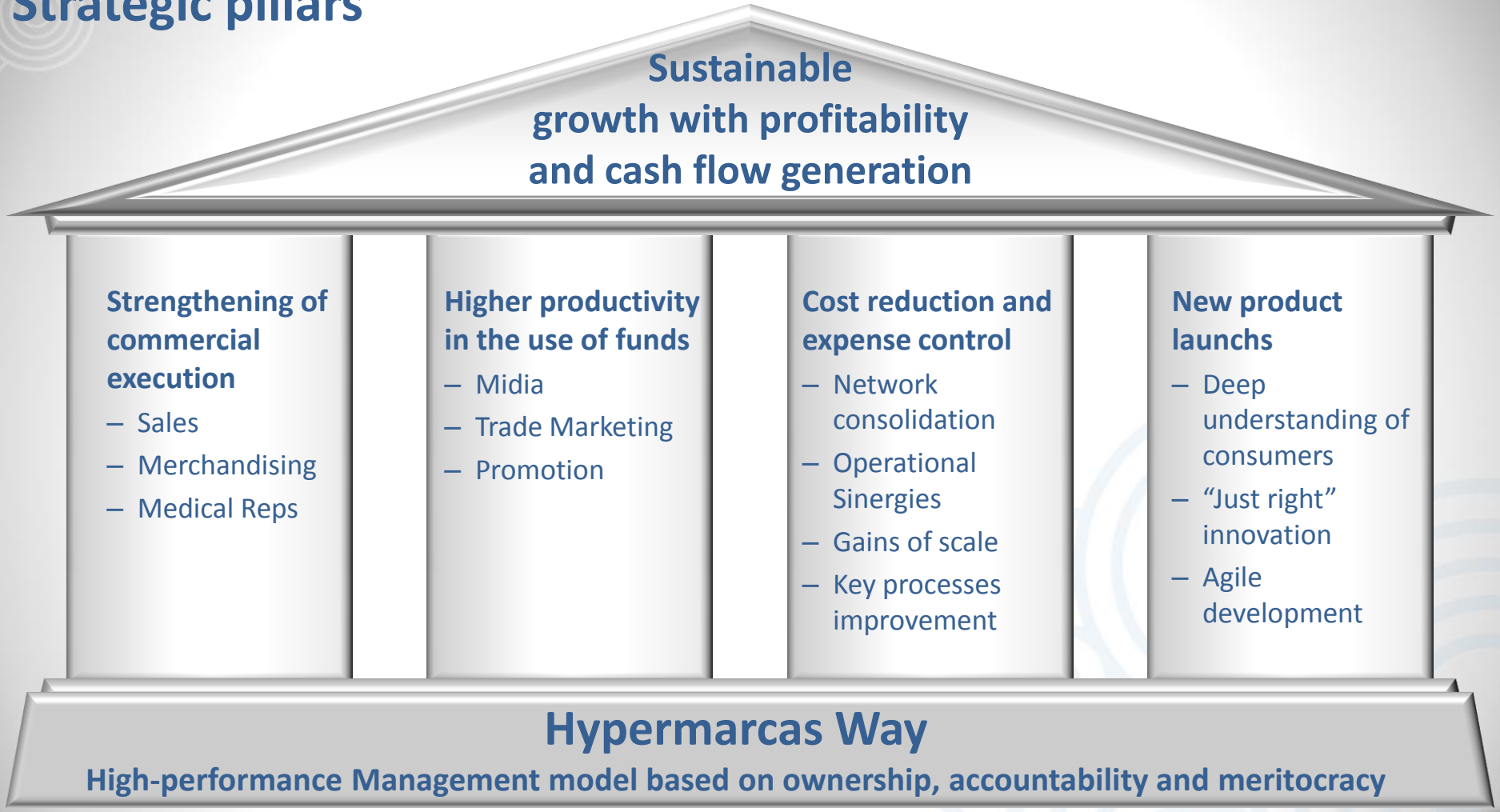
R$ million

	2011	2012
Cash Flow from Operations	580	714
(-) Capex	(188)	(221)
(=) Free Cash Flow	**393**	**493**
(-) Net Interest Expenses	(300)	(229)
(=) Free Cash Flow after Net Interest Expenses	**93**	**264**

184%
higher than 2011

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Strategic pillars



Guidance

To reach Adjusted EBITDA of around R$950 million in 2013

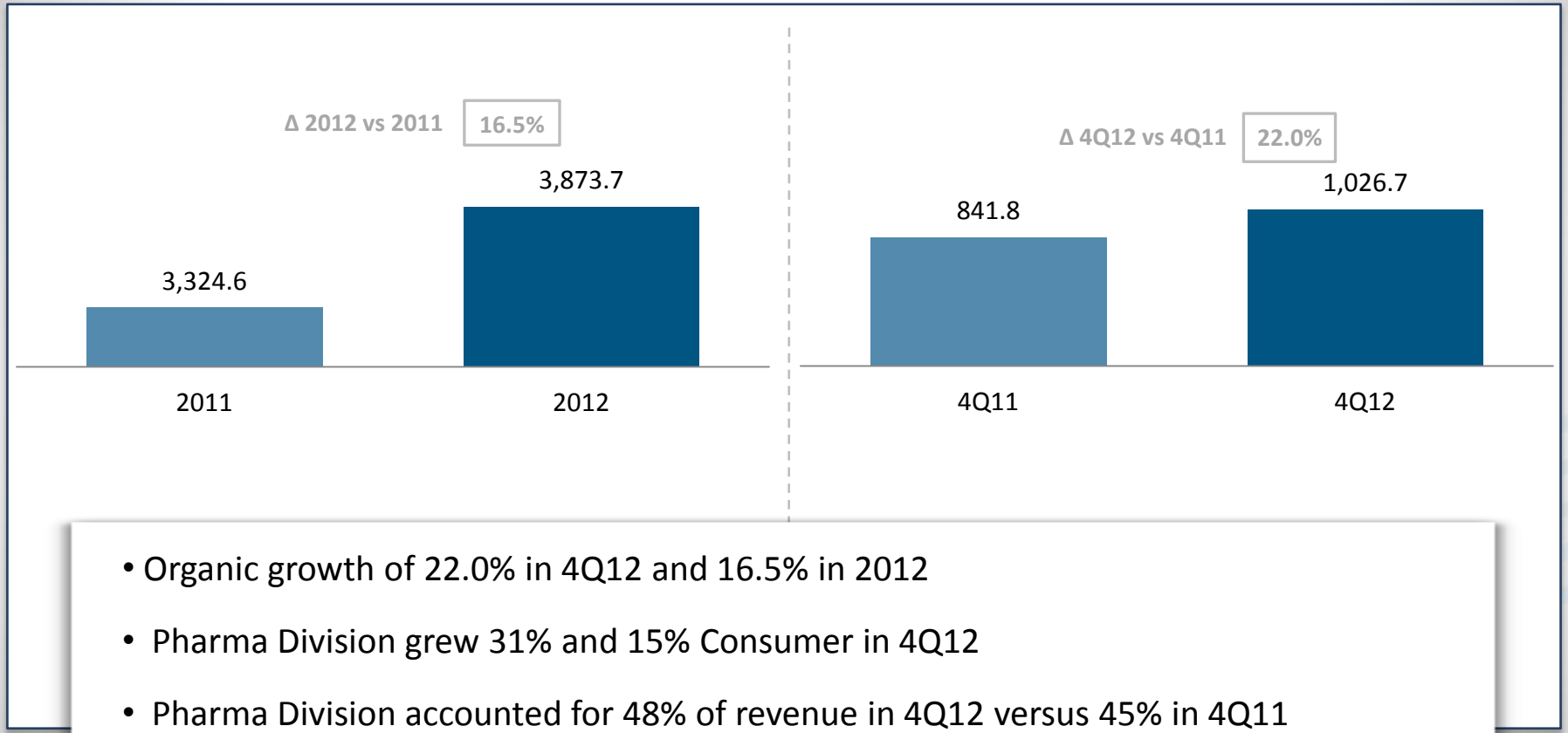
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- Earnings

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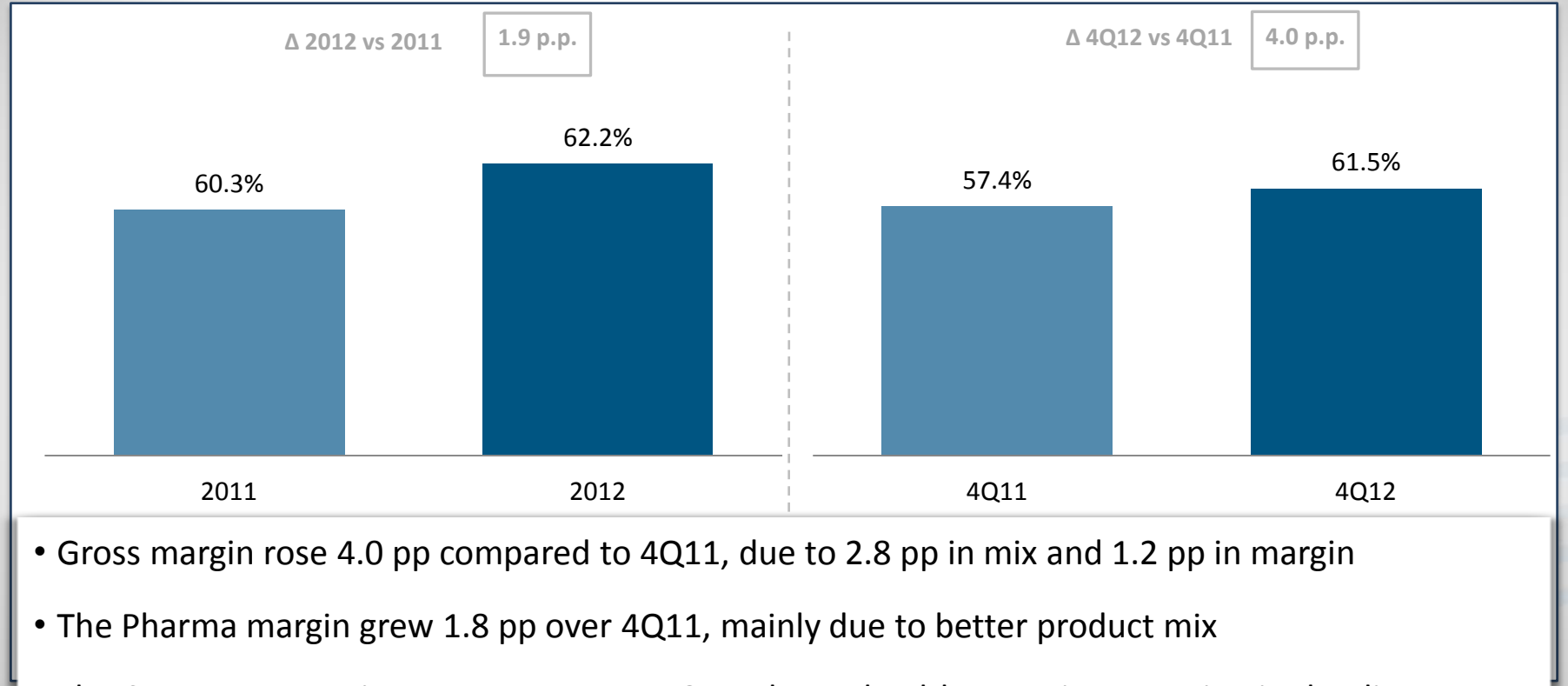
Net Revenue

(R$ million)



- Organic growth of 22.0% in 4Q12 and 16.5% in 2012
- Pharma Division grew 31% and 15% Consumer in 4Q12
- Pharma Division accounted for 48% of revenue in 4Q12 versus 45% in 4Q11

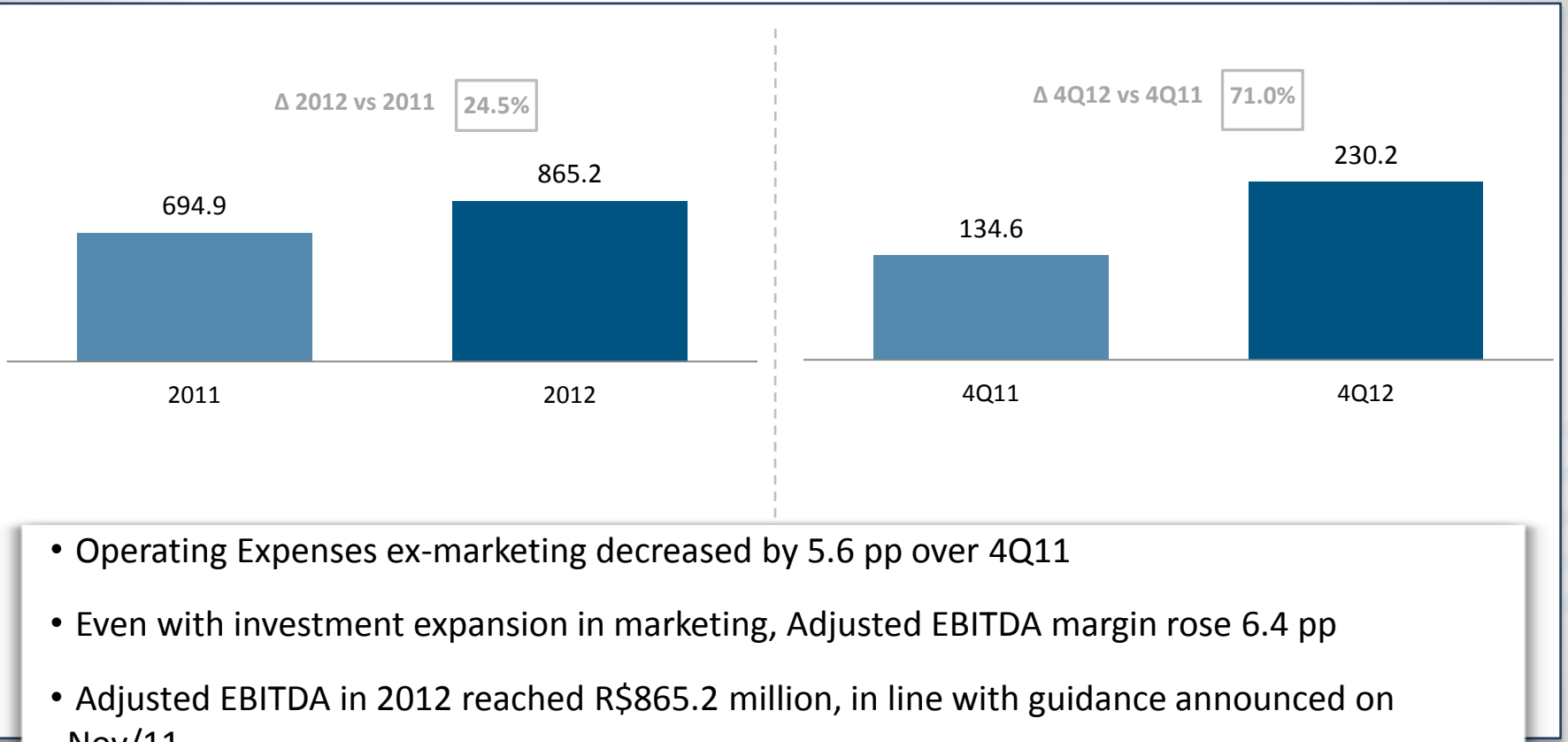
Gross Margin (%)



- Gross margin rose 4.0 pp compared to 4Q11, due to 2.8 pp in mix and 1.2 pp in margin
- The Pharma margin grew 1.8 pp over 4Q11, mainly due to better product mix
- The Consumer margin grew 4.4 pp over 4Q11, due to healthy margin expansion in the diaper segments

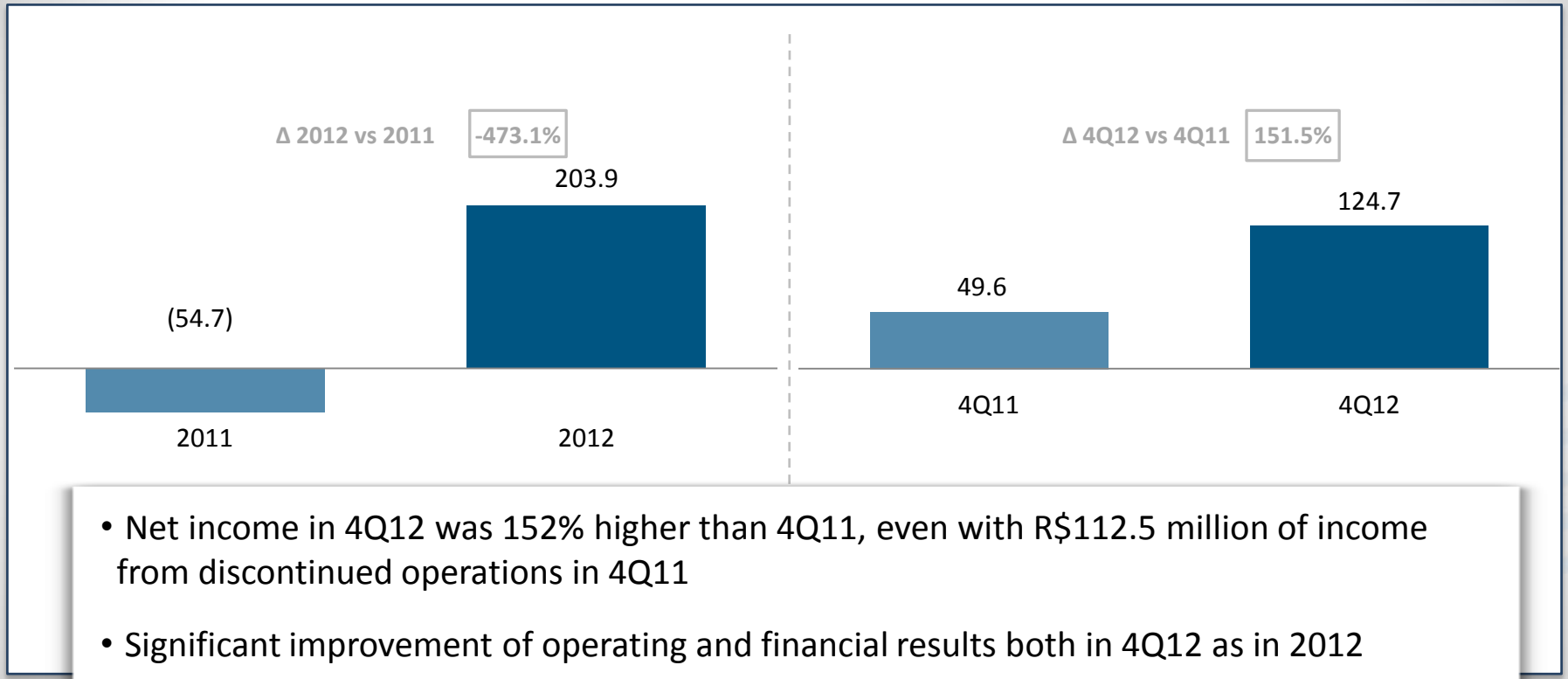
Adjusted EBITDA

(R$ million)



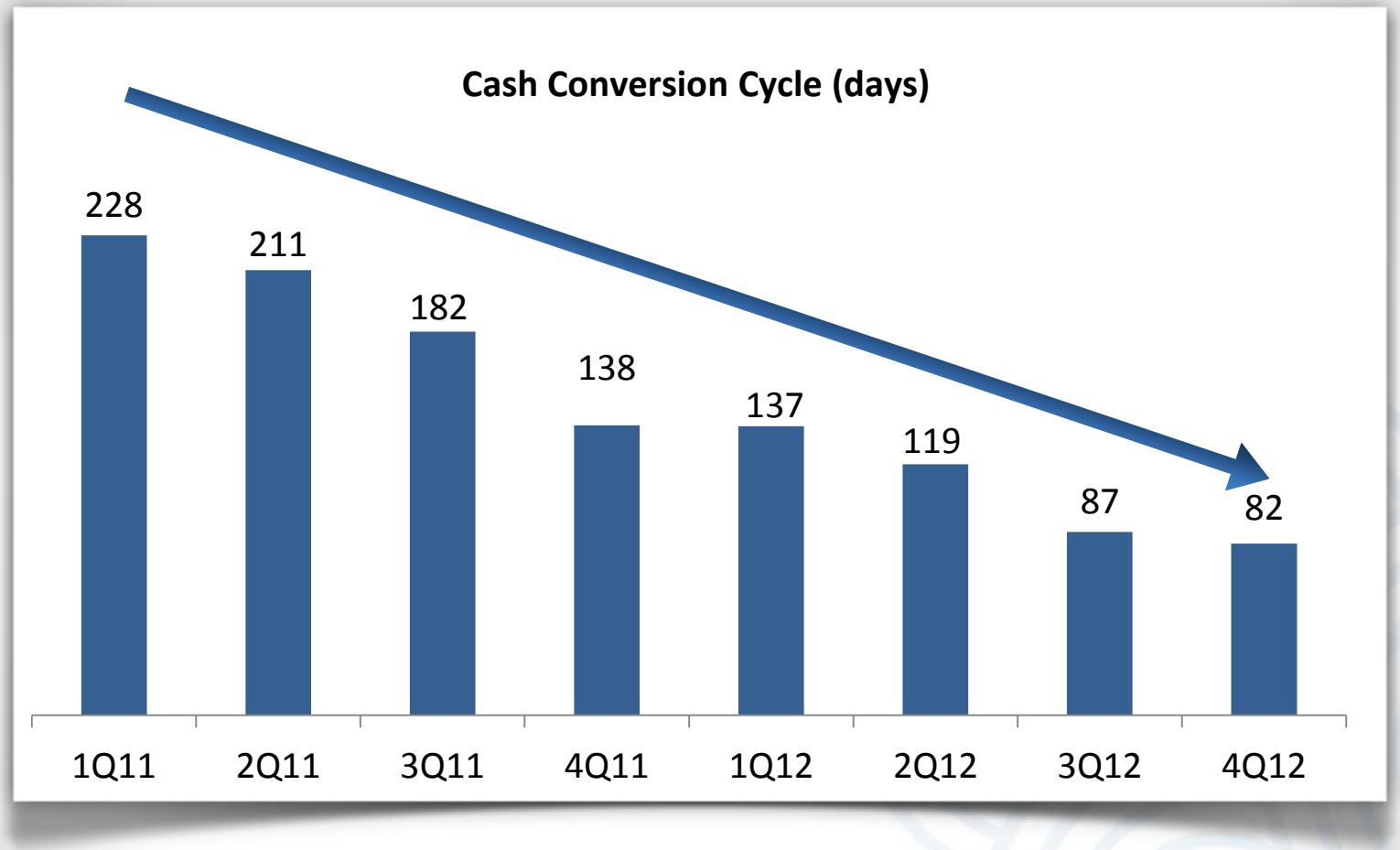
- Operating Expenses ex-marketing decreased by 5.6 pp over 4Q11
- Even with investment expansion in marketing, Adjusted EBITDA margin rose 6.4 pp
- Adjusted EBITDA in 2012 reached R$865.2 million, in line with guidance announced on Nov/11

Net Income
(R$ million)



- Net income in 4Q12 was 152% higher than 4Q11, even with R$112.5 million of income from discontinued operations in 4Q11
- Significant improvement of operating and financial results both in 4Q12 as in 2012

Working Capital



Free Cash Flow

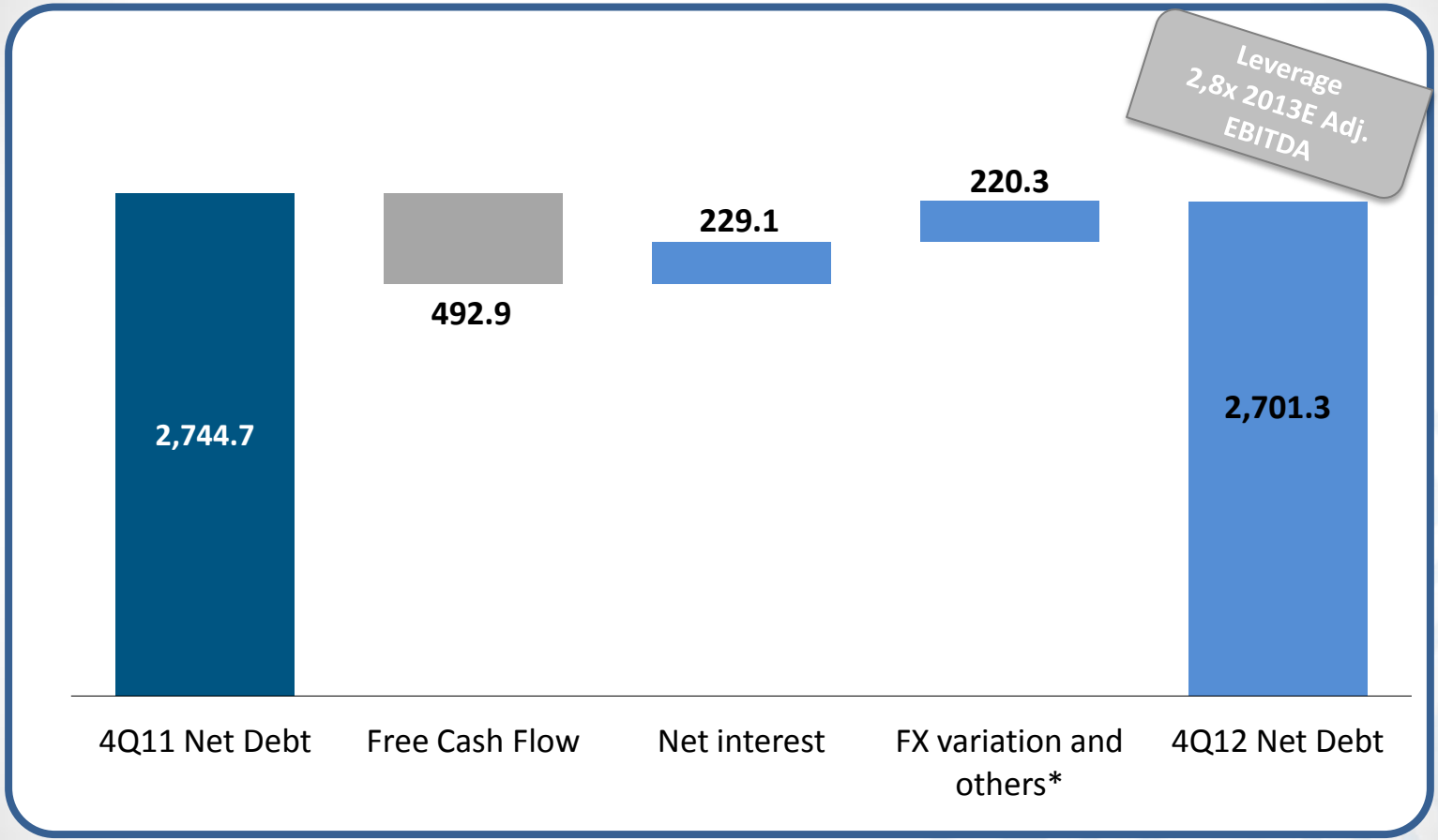
(R$ Million)	2011	2012	4Q11	4Q12
Cash flow from operations	580.2	713.,8	301.0	103.4
Purchase of property, plant and equipment	(187.7)	(220.9)	(32.0)	(41.0)
(=) Free cash flow	**392.5**	**492.9**	**269.0**	**62.3**
Net interest expenses	(299.5)	(229.0)	(72.0)	(63.1)
(=) Free cash flow after interest expenses	**93.1**	**263.9**	**197.0**	**(0.7)**

- Cash flow from Operations remains in line with the company's strategy, despite the seasonal effect in 4Q12 (increasing sales)
- CAPEX still high in terms of operational consolidation projects, although in line with the forecast
- Fall in interest expense, following the fall of average cost of debt

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Indebtedness

(R$ Million)



* - Fx variation (R$171.1 MM) + Present Value Adjustment Reversion (R$32.0 MM) + Others (R$17.2 MM)


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