



**Presentation  
to Investors  
November / 2013**

 **Saraiva**



Corporate Profile



Business Overview



Highlights of Consolidated Results



Retail



Publishing



Learning Systems



Appendix

This presentation shows statements and references towards expectations, growth plans, result forecast as well as future strategies for Saraiva. Although statements and references hereby described reflect managers belief, they refer to uncertain and difficult risks to forecast and there may, thus, be different results or consequences from that which is herein anticipated and discussed. The pieces of information herein described are no guarantee of future performance. These risks and uncertainties include, but are not limited to, the ability to realize the scale of forecasted synergies and their schedules, as well as economic, competitive, governmental and technological factors which may impact the Company's operations and market, products, prices and other factors specified in Saraiva's documents filed with CVM – Brazil's Securities Commission, where those interested must bear the responsibility to carefully read and evaluate expectations and estimates contained herein. Saraiva does not undertake any obligation to update this presentation due to new information and/or future events.



## Corporate Profile



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Learning Systems

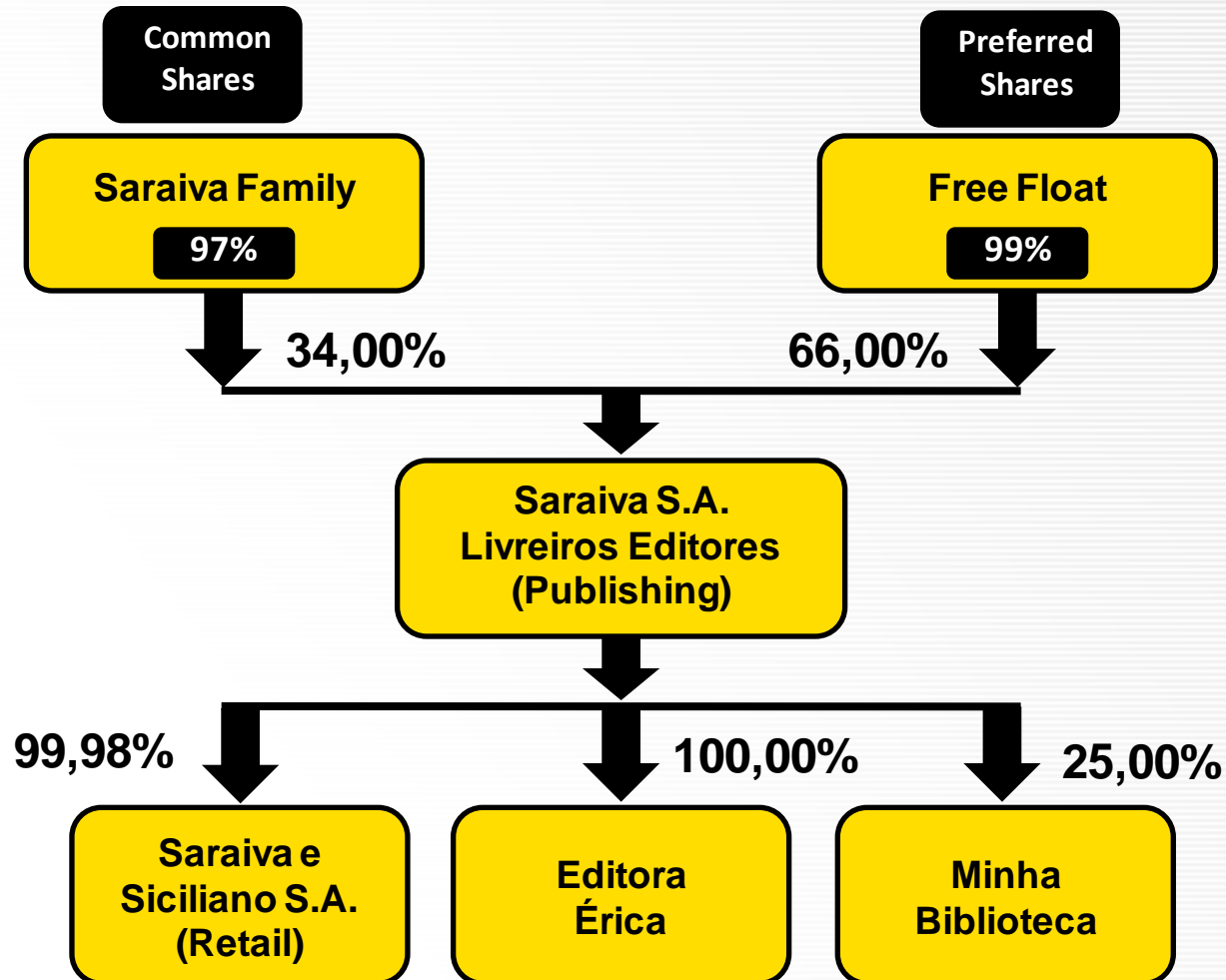


Appendix

- Largest retailer of culture and entertainment in Brazil with net revenue of R\$ 1.5 billion in 2012
- E-commerce 34% of net revenue, relevant player in e-book market and customer service benchmark in Brazil
- Leader in legal and technical books and 4th largest in K-12 textbooks in Brazil with net revenue of R\$ 432 million in 2012
- Editorial businesses with the largest digital collection (1,700 titles) and digital initiatives since 1993
- High quality Learning System (96% of renewal) with over 154 thousand students and revenue of R\$ 37 million in 2012

# Ownership Structure

Saraiva S.A. Livreiros Editores is a publicly held company, has been listed on BM&FBovespa for 40 years





- BM&FBovespa's **level 2**
- 100% **tag along** for common shares and 90% for preferred shares
- **GVA®**: Shareholder Value Management
- **Market Maker**
- **Board of Directors** - 6 members: of which 3 are independent members
- **Variable compensation** system for executives
- Capital structure from **BNDES financing** since 1997



## Board

### Chairman

Jorge E. Saraiva

### Board Members

Eduardo Valente de Castro (Independent)

Jorge Saraiva Neto

Marcel Sapir (Independent)

Maria Cecília S. Mendes Gonçalves

Ricardo Reisen Pinheiro (Independent)

## Directors

### PRESIDENT

Jorge Saraiva Neto

### CEO

Michel Jacques Levy

## Business

GENERAL  
OPERATIONS  
Pierre Albert  
Berenstein

RETAIL  
Open

PUBLISHING  
Maurício Pereira  
Fanganiello

LEARNING  
SYSTEMS  
José Arnaldo  
Favaretto

## Corporate

FINANCE  
& IR  
João Luís  
Ramos Hopp

HUMAN  
RESOURCES  
Lília Cruz de  
Paula Vieira

IT  
Marcos Roberto  
Teixeira



**Cross-Business  
Synergies**

**Efficiency**

**Power as a  
Group**

**Backoffice  
Synergies**





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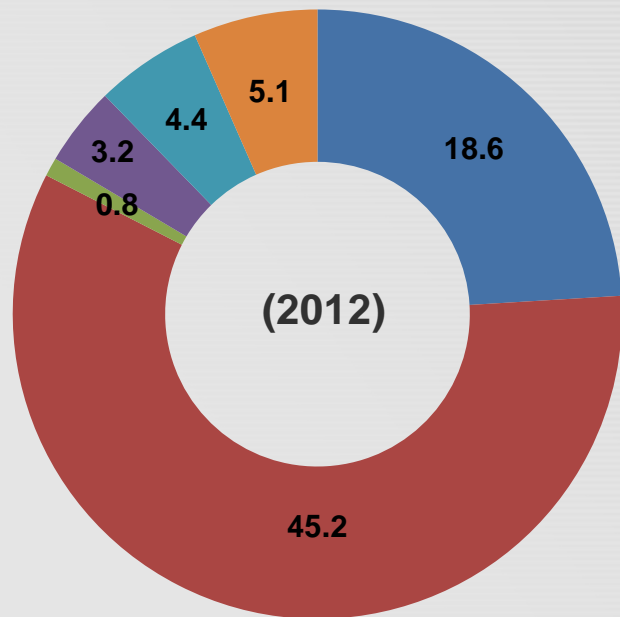


Learning Systems



Appendix

**R\$ 77.4 Billion**



- Mobile
- Information Technology/Electronic
- Health/Beauty
- Small Appliances
- Toys
- Books

Source: Saraiva's estimates

# Retail Business Highlights

## ASSORTMENT

- Products and services related to leisure, culture and information
- Book category leader
- Unique expertise on “back to school”

## STORE CHAIN

- 111 stores, multiformat
- Apple Premium Reseller

## CUSTOMER RELATIONSHIP

- 4.6 thousand cultural events held in 2012
- Reference in customer service

## E-COMMERCE

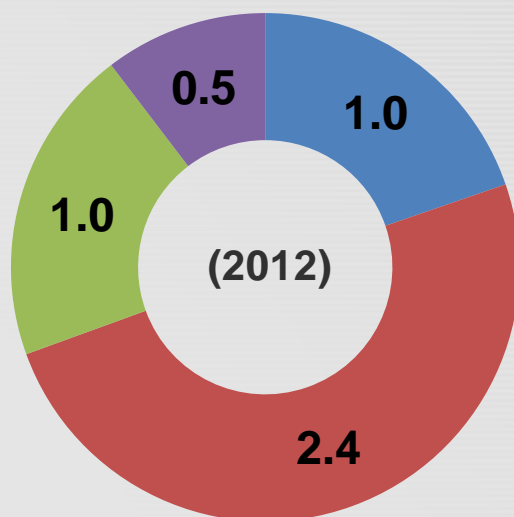
- 2.4 million active customers
- 34% of net revenue Retail

## DIGITAL BUSINESS

- 20-30% sales market share for e-books
- Over 2.2 million downloads from Saraiva Digital Reader
- Publique-se! (*self-publishing*)



**R\$ 4.9 Billion**



- Scientific, Technical and Professional (STP)
- K12/Complementary Textbooks
- Fiction and Non-Fiction
- Religious

Source: CBL



## K-12 TEXTBOOKS



- 16% market share
- Relevant share in the purchase program of the Federal Government (PNLD)

## STP (Scientific, Technical and Professional)



- 15% market share (leader in law books)
- Joint venture “Minha Biblioteca” with the purpose of distributing digital content to universities
- Roll out of innovative platform for learning services: SSA (Saraiva Solução de Aprendizagem)
- Video lessons
- Technical publishing – Editora Érica

## Digital Initiatives

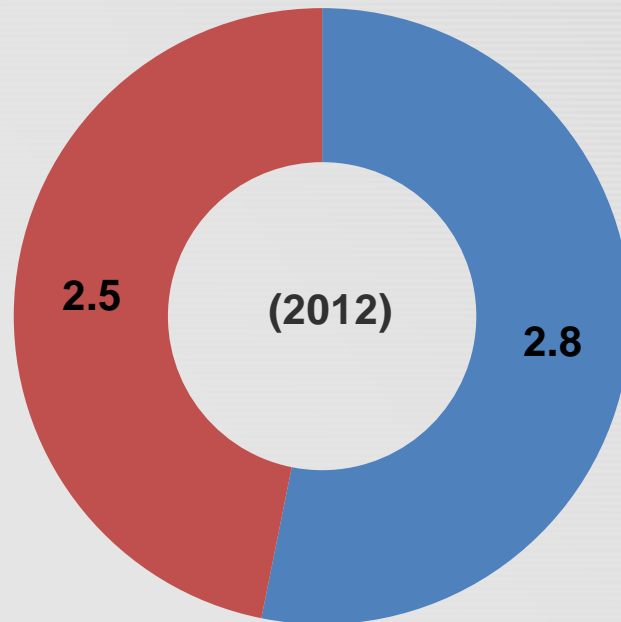


- 1,700 book titles (Brazil's largest digital catalogue)
- Hybrid solutions (Conecte and Jornadas)
- Solution for learning assessment: Saraiva Acompanha



**5.3 Million of Students**

(Private)



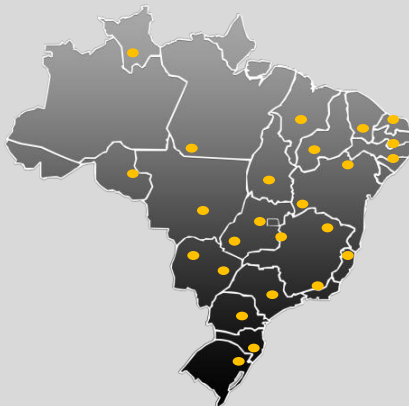
- Textbook
- Teaching Systems

Source: MEC/INEP/Saraiva's estimates

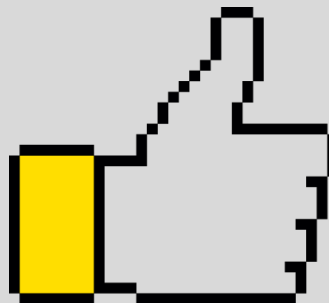
## FULL CURRICULUM FRAMEWORK



## NATIONAL COVERAGE



## 96% PRIVATE RENEWALS

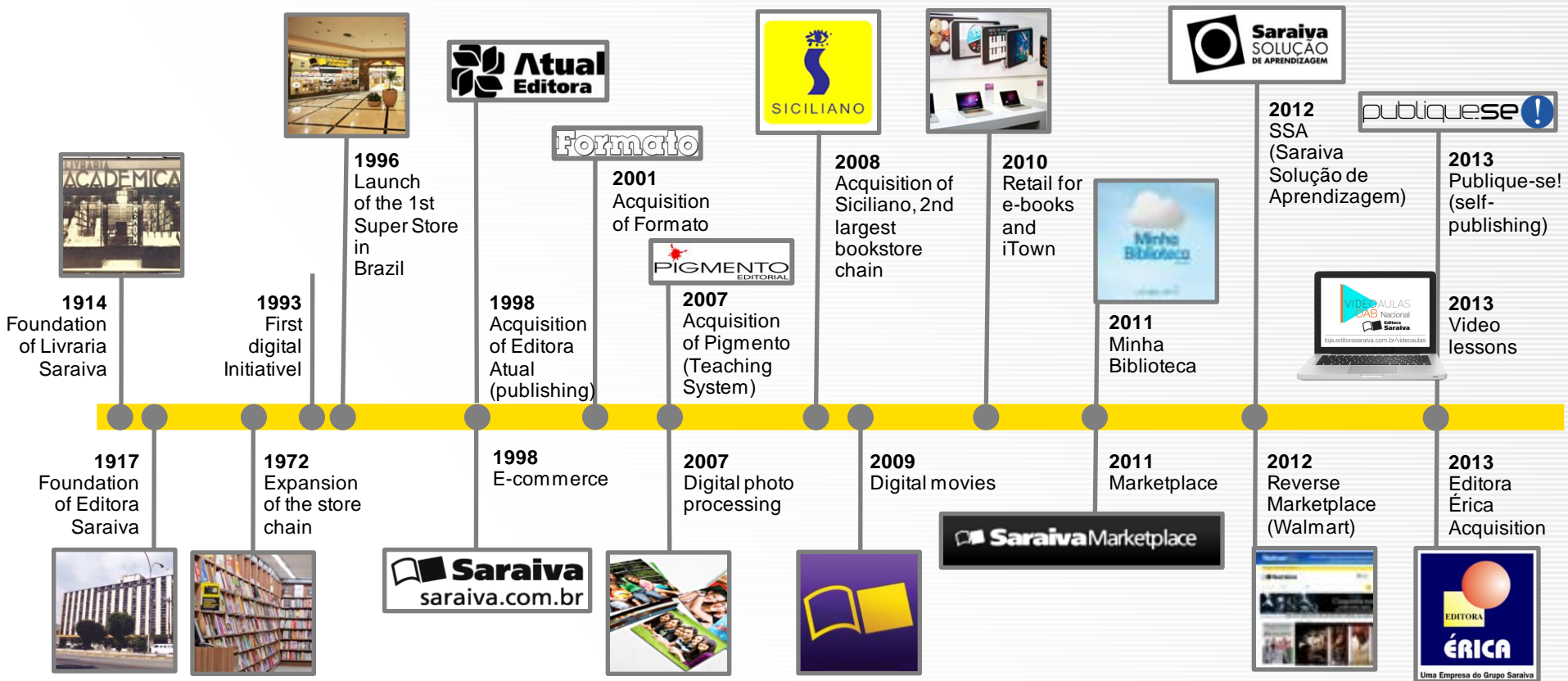


## 154 THOUSAND STUDENTS

• Private and Public Solutions



## A Successful History with Strategic Achievements and Innovations





## Retail (Livraria)

- High growth
- Strong competitive scenario
- Correlation with macroeconomic variations

## Publishing and Teaching Systems (Content)

- Seasonality (from quarter to quarter and from year to year)
- Resilient to macroeconomic variations
- Proprietary content: higher margins



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Teaching Systems



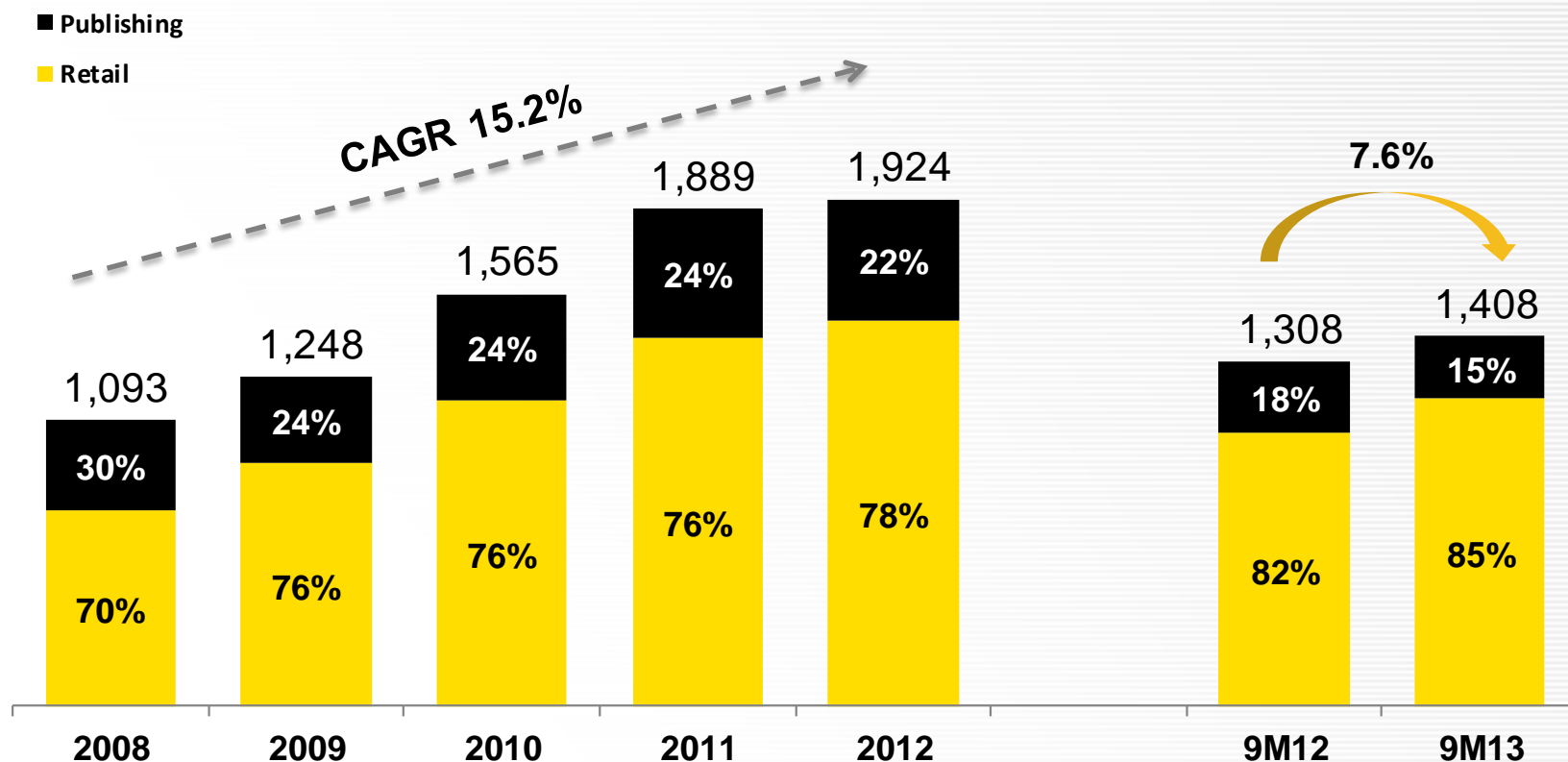
Appendix



# Net Revenue

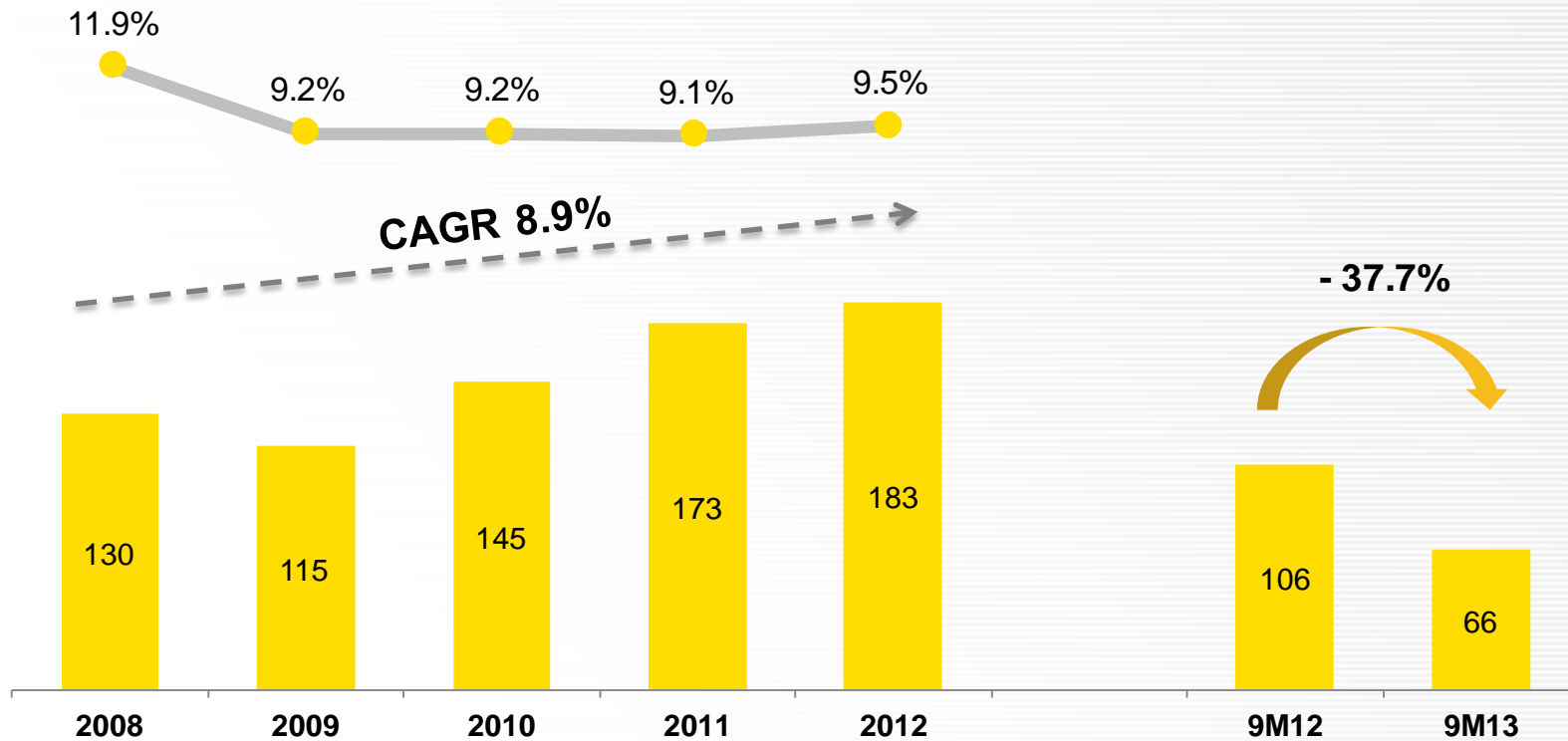
Expansion and diversification of business through organic investments and acquisitions have brought growth in recent years...

Net Revenue by Business (R\$ million)



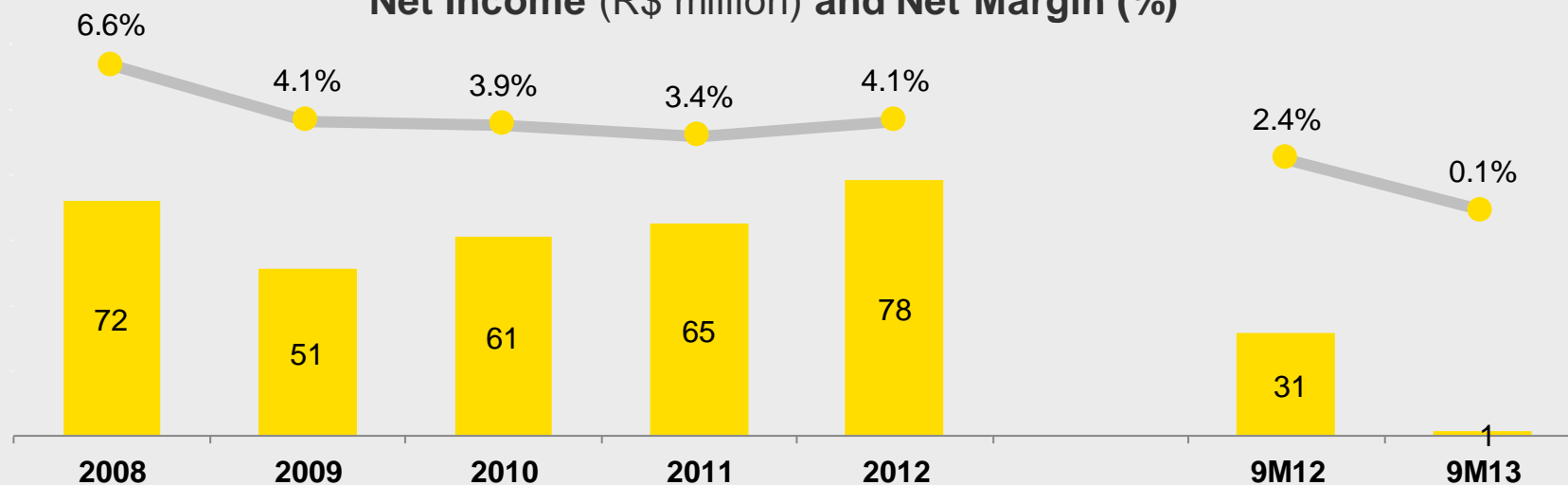
...having EBITDA increase of 8.9% per year in the past four years...

## EBITDA (R\$ million) and EBITDA Margin (%)

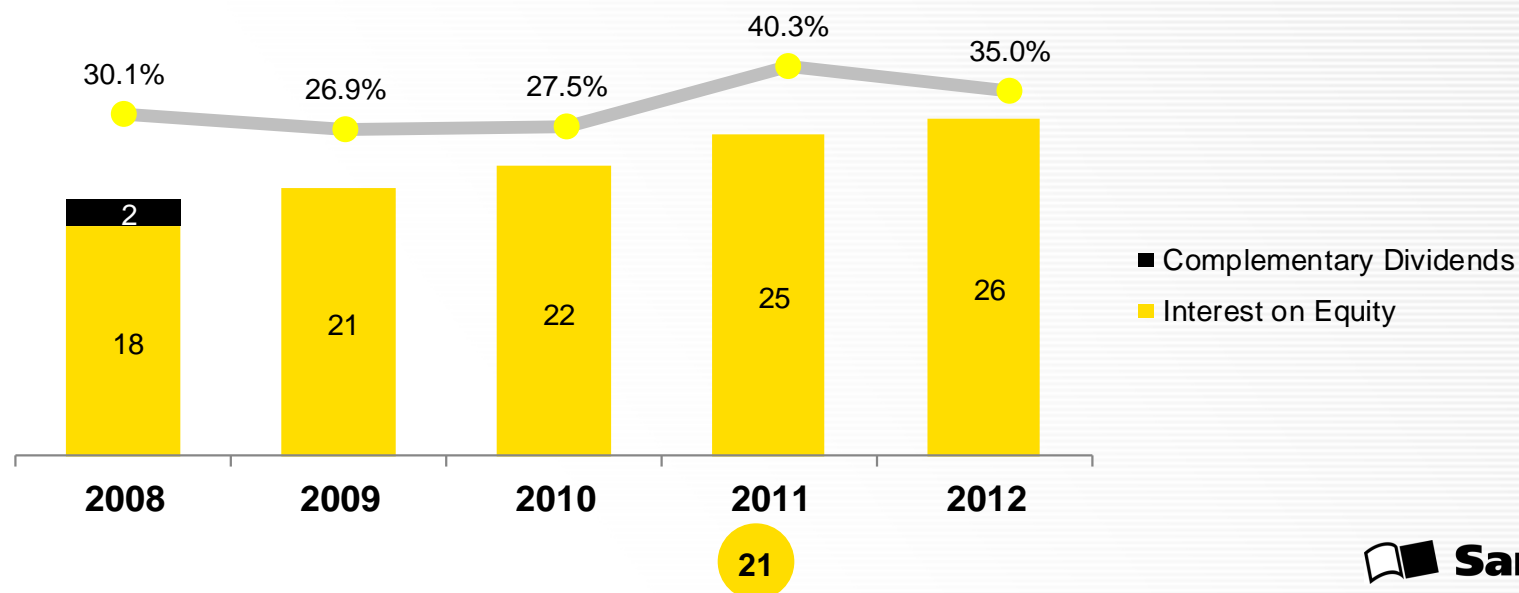


# Net Income and Dividends

## Net Income (R\$ million) and Net Margin (%)



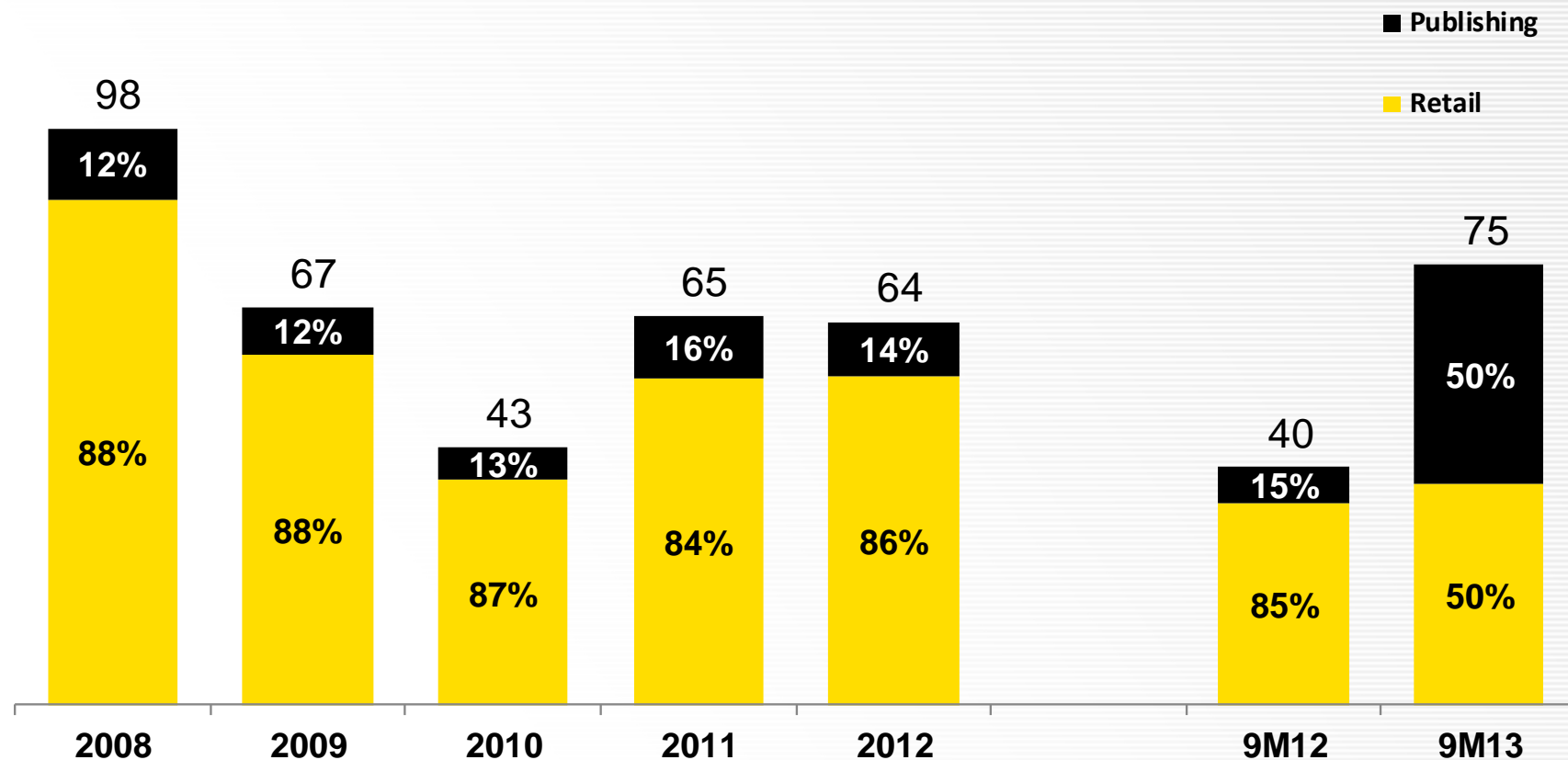
## Shareholder's Dividends (R\$ thousand) and Payout Ratio (%)



## Investments

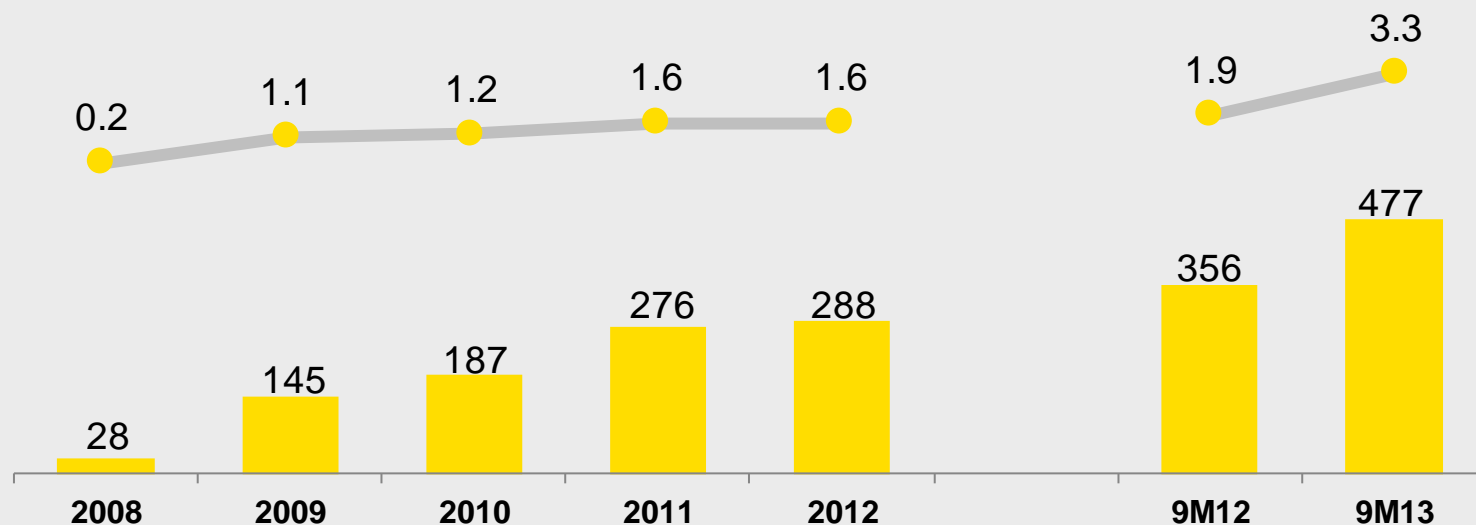
Investments focused on acquisitions, store chain expansion and IT projects (including digital)

Investments (R\$ million)

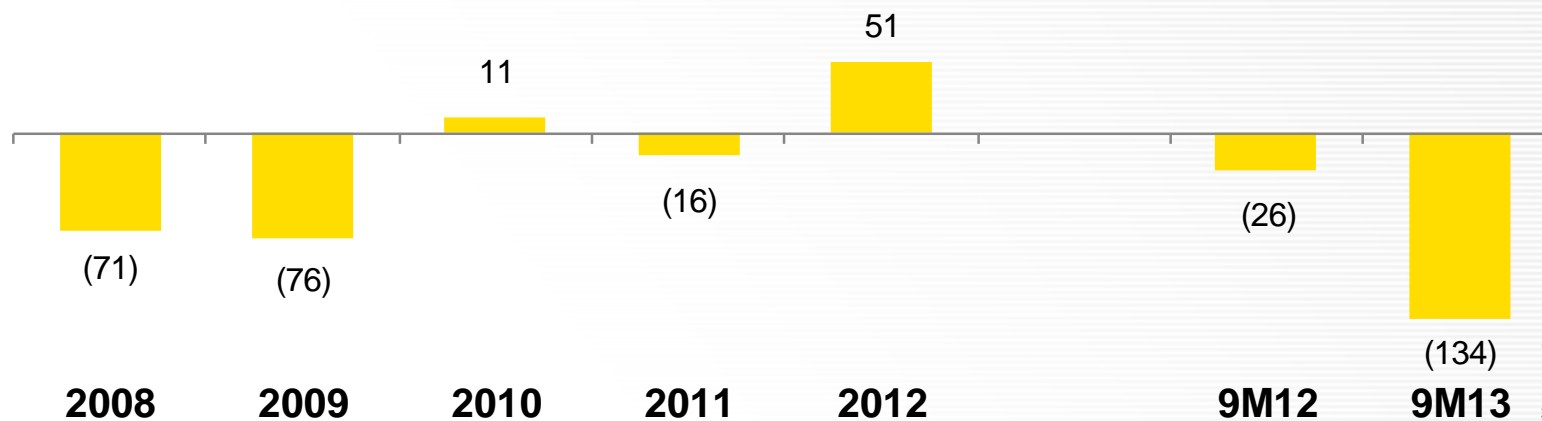


# Net Debt and Free Cash Flow

**Net Debt (R\$ million) and Net Debt/EBITDA<sup>2</sup>**



**Free Cash Flow<sup>1</sup> (R\$ million)**



<sup>1</sup> Excludes service of debt and dividends payment

<sup>2</sup> accumulated EBITDA in last 12 months





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Publishing



Learning Systems



Appendix

### MULTICHANNEL

Offering experience and operating in integrated manner between channels

How to be relevant in leisure, culture and entertainment?

### SERVICES

Offer more and more a broad service portfolio enhancing “purchasing experience”

### DIGITAL PLATFORM

Developing and enhancing digital content solutions





## 111 Stores

- +60 million visitors (2012)
- +7.9 million Saraiva Plus customers (loyalty program)
- +368 thousand Saraiva co-branded credit cards (VISA)
- +4.6 thousand cultural events (2012)

## Saraiva.com.br

- +2 million active customers
- +3 million orders per year
- Same day delivery
- Free delivery for in-store pick up
- Scheduled delivery
- +2 million downloads from Saraiva Digital Reader

## Logistics

- Multichannel Integration between bricks and mortar and e-Commerce
- Distribution Center Southeast: Cajamar project
- Distribution Center Salvador: Since 2012
- 63 million items delivered per year

## Assortment



## Services



## Customer Relationship



## Specialists

## Generalists

Bookstore

 LIVRARIA  
DA VILA

LIVRARIA DA TRAVESSA

**Nobel**

A maior rede de livrarias do Brasil

livraria cultura



**Saraiva**

  
via varejo  
Livraria pontofrio

Walmart 

 nova  
PONTOCOM

COMPRAfacil  
.COM

americanas.com

magazineluiza.com

Submarino 

General Retailers

Electronic Device  
Specialists

**FAST**  
SHOP

iPlace

fnac

a2you

PONTO FRIO







- Providing "one stop shop" experience
- Increasing perceived value by the customer
- Reinforcing the multichannel positioning



- Repairing Apple products that are out of warranty period
- Repurchase Model, commercially called "Intelligent Exchange"
- Benefit in the margin

# Multiformat: Models Can Be Adapted To Fit Each Market

## SUPERSTORES

- 53 Stores (52 stores in shopping malls)
- Up to 2.500 m<sup>2</sup> of sales area
- 71 thousand items
- Full product mix
- Area for children, coffee shop and events



## REGULAR

- 31 Stores
- Up to 250 m<sup>2</sup> of sales area
- Most are street-front
- 15 thousand items
- Books, stationery and periodicals



## NEW REGULAR

- 19 Stores
- Up to 400 m<sup>2</sup> of sales area
- Mix of street-front and in malls
- 29 thousand items
- Books, stationery, periodicals, music and movies
- Area for children



## ITOWNS

- 7 Stores
- Up to 200 m<sup>2</sup> of sales area
- Apple Premium Reseller
- Maintenance services



## AIRPORT

- 1 Store
- Up to 250 m<sup>2</sup> of sales area
- Books, stationery, periodicals, travel guide, accessories and convenience items

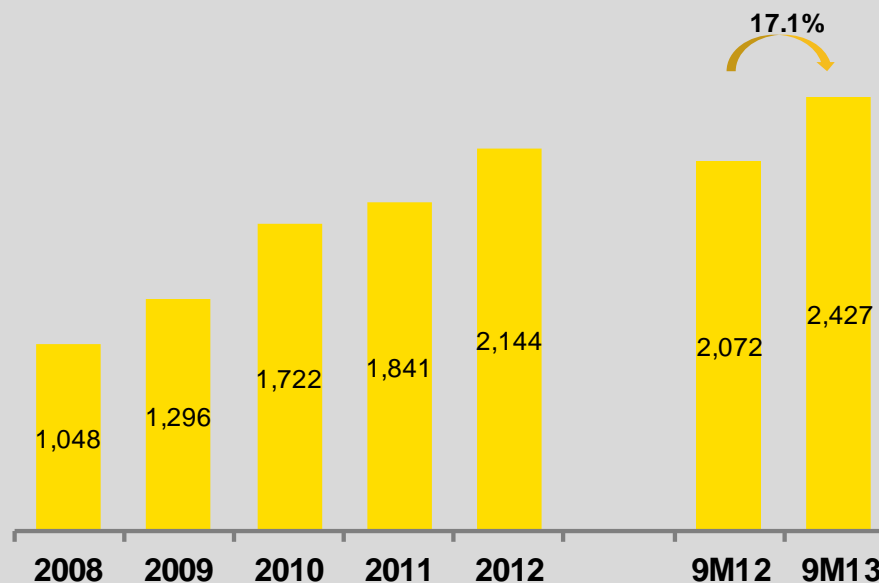


|            |                |               |                        |                |                  |           |                    |            |                    |                          |               |
|------------|----------------|---------------|------------------------|----------------|------------------|-----------|--------------------|------------|--------------------|--------------------------|---------------|
| books      | imported books | digital books | tablets                | digital movies | movies           | shows     | cds                | mp3 & ipod | toys               | digital photo processing | movie & photo |
| stationery | games          | software      | Information technology | eletronicas    | Small appliances | telephony | healthy and beauty | gift card  | SaraivaMarketplace |                          |               |

## E-COMMERCE

- Since 1998
- Book sales leadership
- Part of multichannel strategy
- Full product mix
- Access to digital content

Active Customers (Thousand)



## Customer relationship goes beyond all formats



Well-Qualified  
Personnel



Events



Saraiva Plus  
loyalty  
program



Own  
call center



Saraiva content website



766K followers

Social networks



252K followers



Broadening product mix  
with great partners with no  
inventory loading...

...and also increasing  
sales volume of  
large categories  
with other partners.

assinaturas | **Saraiva**    cosméticos | **Saraiva**  
cursos | **Saraiva**    flores | **Saraiva**  
ingressos | **Saraiva**    óculos | **Saraiva**  
perfume | **Saraiva**    pet | **Saraiva**  
viagens | **Saraiva**



alô ingressos

SEPHORA



AssineAbril.com



ANNA PEGOVA  
PARIS



# Digital Initiatives

## E-BOOKS



- Relevant player in Brazil
- Catalogue with 19 thousand titles in Portuguese
- Over 2.2 million downloads from Saraiva Digital Reader

## MOVIES



- Movies, rent and sales
- Pioneer in Latin America (2009)
- High quality catalogue



## DIGITAL PHOTO PROCESSING



- First digital initiative of retail operation (2007)
- Revenue of R\$5.6 million in 2012

## MOBILE COMMERCE



- Making electronic retail available to mobile platforms



## MAGAZINES



- Beginning with in house publication: “Almanaque Saraiva”
- Coming soon: magazine sales

## PUBLIQUE-SE! (Self-Publishing)

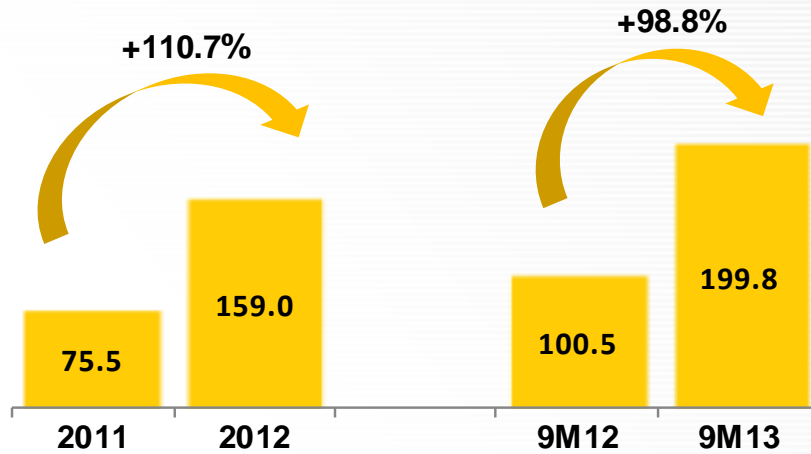


- Digital self-publishing
- Coming soon services, physical media and events

publique.se   
grandes talentos não podem ficar na gaveta



## Sales by volume– E-books (thousand)



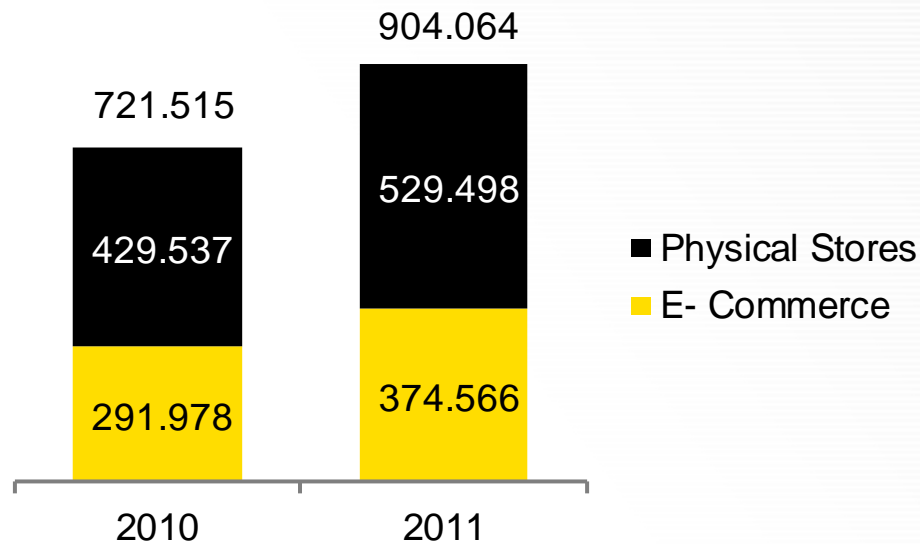
Constant improvement  
and digital experience



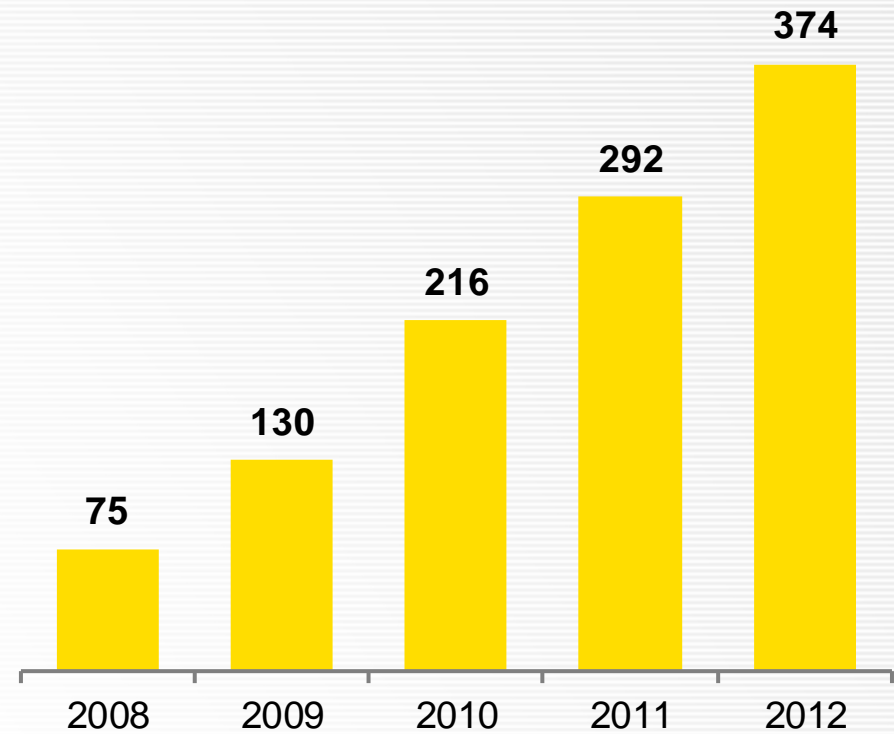
High availability  
to digital collection

**Target:**  
Provide unique experience

## K-12 Textbooks sold



## School Partners



## Recognitions in Customer Service



A total of only 16 non-answered complaints in the Procon-SP (Bureau of Consumer Protection from São Paulo), in December 2012

P R Ê M I O

ÉPOCA  
ReclameAQUI®

AS MELHORES  
EMPRESAS PARA  
O CONSUMIDOR

2 0 1 3

Best organization for customer according to Revista ÉPOCA and website ReclameAqui.



Diamond Award by e-bit



**Prêmio Consumidor Moderno**  
de Excelência em Serviços ao Cliente

Finalist of the 13<sup>th</sup> Modern Consumer Award for Customer Service Excellence by Grupo Padrão



INSTITUTO IBERO-BRASILEIRO DE  
RELACIONAMENTO COM O CLIENTE

7<sup>th</sup> in the rank among 100 top organizations that best offer customer service according to IBRC. 2<sup>nd</sup> year in a row for best customer service among companies in its industry

**ReclameAQUI**

6<sup>th</sup> best organization for customer service according to website ReclameAqui



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Highlights of Consolidated Results



Retail



**Publishing**

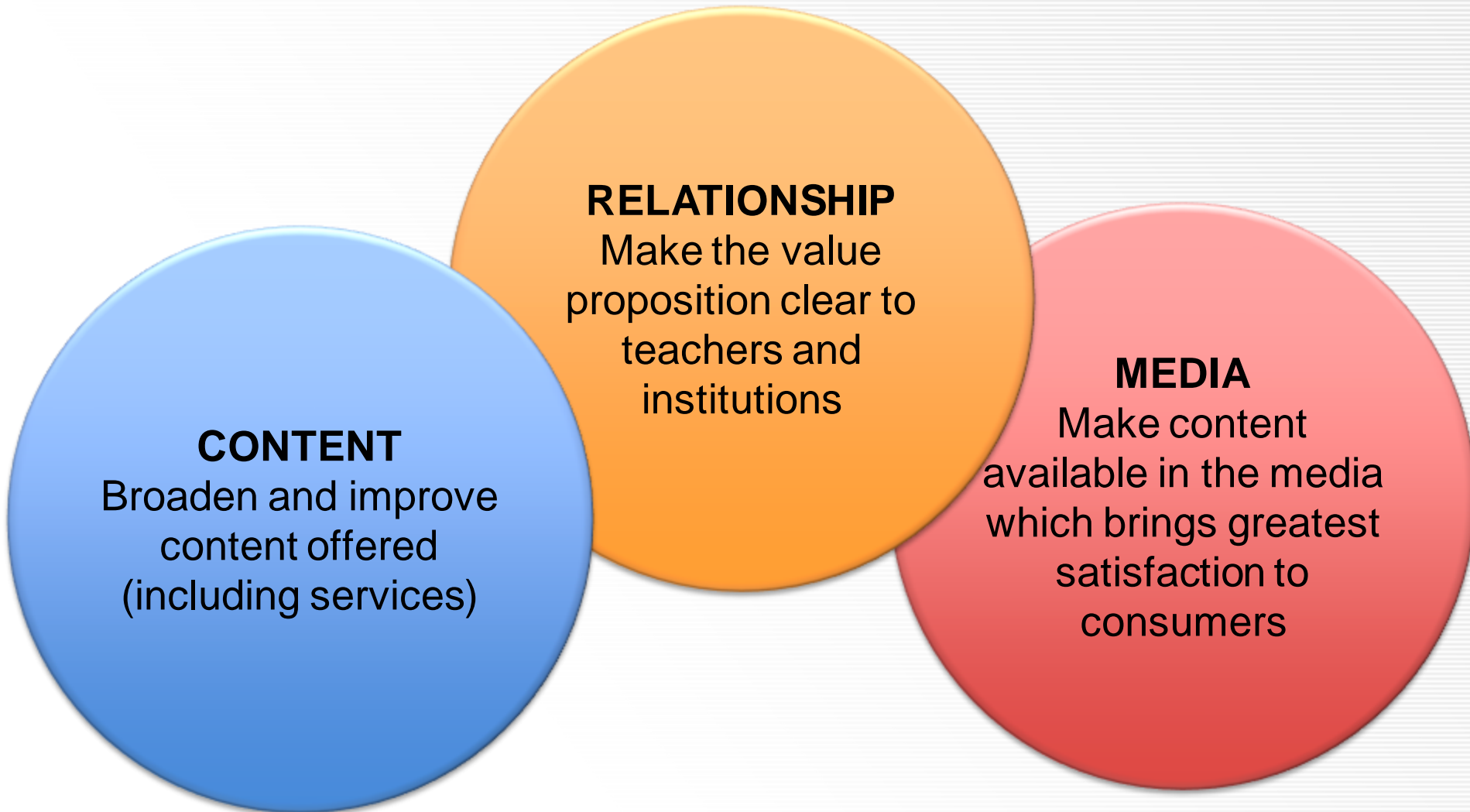


Learning Systems



Appendix

### How to be relevant in offering content with recognized editorial quality?



## CONTENT OFFERED

- K12 / Complementary Textbooks
- STP
- Fiction and Non-Fiction



## CONTENT FORMATS

- Physical
- Digital
- Hybrid
- Learning assessment



## POSITIONING

- Law book sales leader
- 15% market share in K-12 textbooks
- 16% market share in STP



- Platform of fragmented digital content for the higher education market
- 17 institutions already using the solution
- 45 thousand students





**HOPER EDUCAÇÃO**

+

**SARAIVA**

=

**SSA**

**1,376 students**  
(September/13)



## Available for the courses:

- Law
- Management
- Accounting

## Support solution which encompasses:

- Methodology to improve pedagogical efficiency (teacher support and greater efficacy)
- Includes material for basic curricular activities
- Solution that develops skills for Enade and OAB exams



- **“Série Destino”**: Math and English software
- **“Saraiva Acompanha”**: Management platform for learning and assessment
- **“Conecte”** and **“Jornadas”**: Combination between print media and digital solutions for use in classroom for 6<sup>th</sup> to 9<sup>th</sup> grades and high school teaching levels
- Over **1,700 titles** converted to digital format





- Full course for the 1<sup>st</sup> stage of the OAB test (local BAR)
- Question Resolution
- Fragmented selling



- Support on elaborating study plans

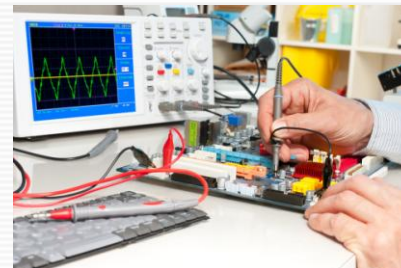
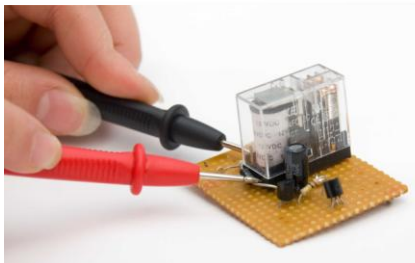
- Marks the entrance of Publishing in education
- Other contents may be offered

### Strategic move to broaden catalogue option for expanding publishing segment

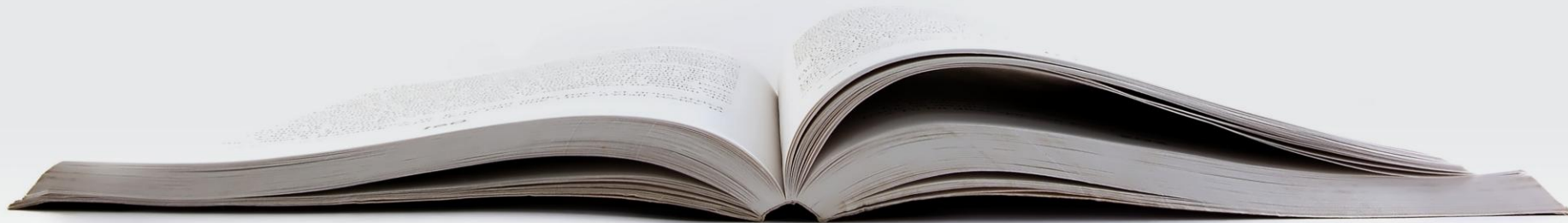


- Net revenue of R\$ 14.2 million
- EBITDA of R\$ 4.9 million
- 280 thousand books sold

(2012 data)



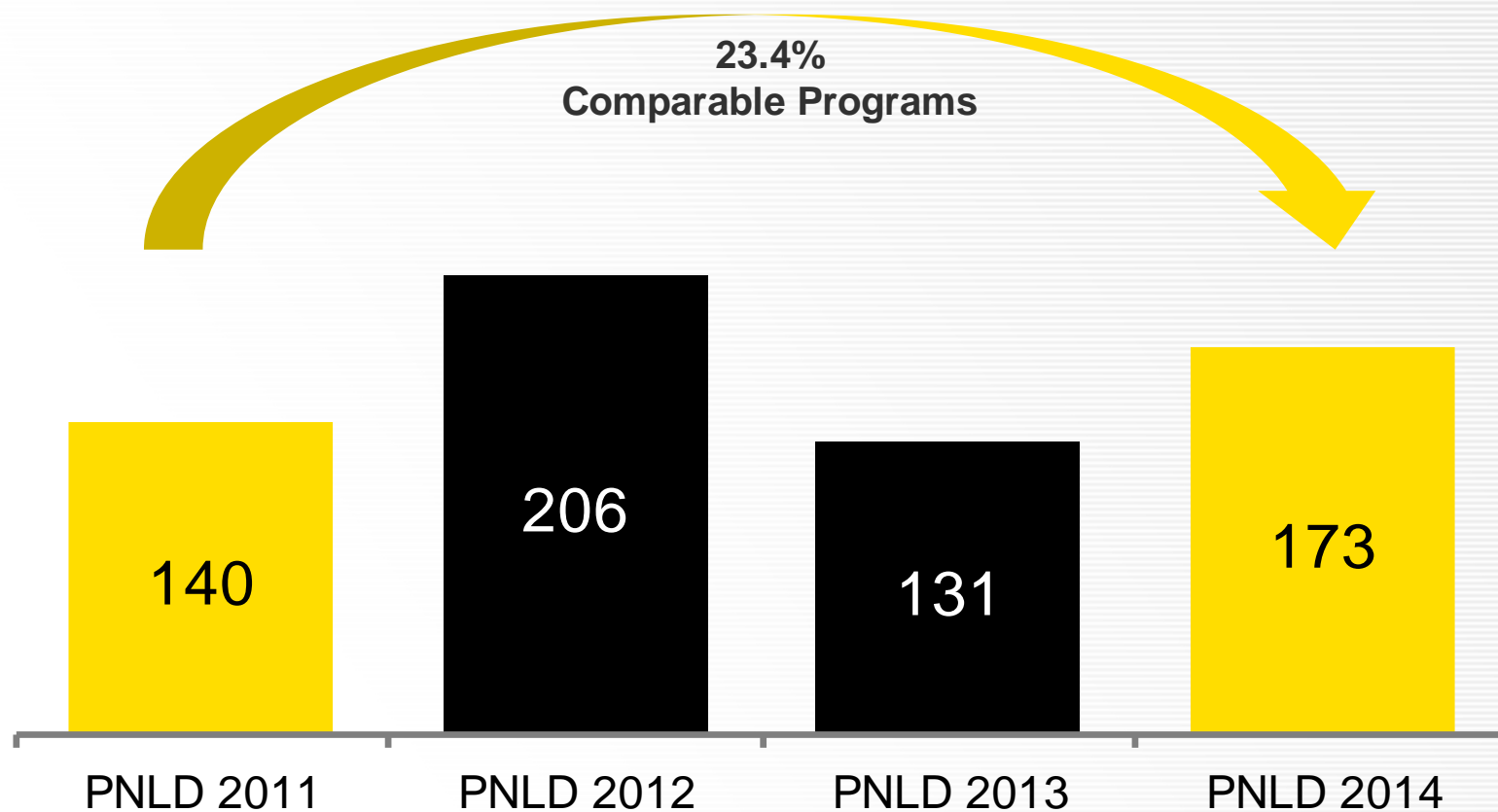
- **Catalogues for technical education:** Business Administration, Electronics, Power Systems, Mechanic Systems, IT, Internet, Networks, Telecommunications and Health.
- **450 titles**
- **Leader in its segment**



## The Last Government Purchase Cycle (PNLD):

|   | 6 <sup>th</sup> to 9 <sup>th</sup> grades | High School                | 1 <sup>th</sup> to 5 <sup>th</sup> grades |
|---|---|----------------------------|---|
|   | 1 <sup>st</sup> Cycle Year                | 2 <sup>nd</sup> Cycle Year | 3 <sup>rd</sup> Cycle Year                |
|   | PNLD 2014                                 | PNLD 2012                  | PNLD 2013                                 |
| <b>Total Program</b><br>(million books) | 137.9                                     | 161,9                      | 132.5                                     |
| <b>Replacements</b><br>(million books)  | 62.2                                      | 70,2                       | 72.4                                      |
| <b>New Adoptions</b><br>(million books) | 75.7                                      | 91,7                       | 60.1                                      |
| Novas Adoções                           |   |                            |   |
| <b>Market Share</b>                     | 13.9%                                     | 24.6%                      | 10.0%                                     |
| <b>Average Price Book</b>               | R\$ 7.17                                  | R\$ 7.23                   | R\$ 4.62                                  |

Contracts (R\$ million)

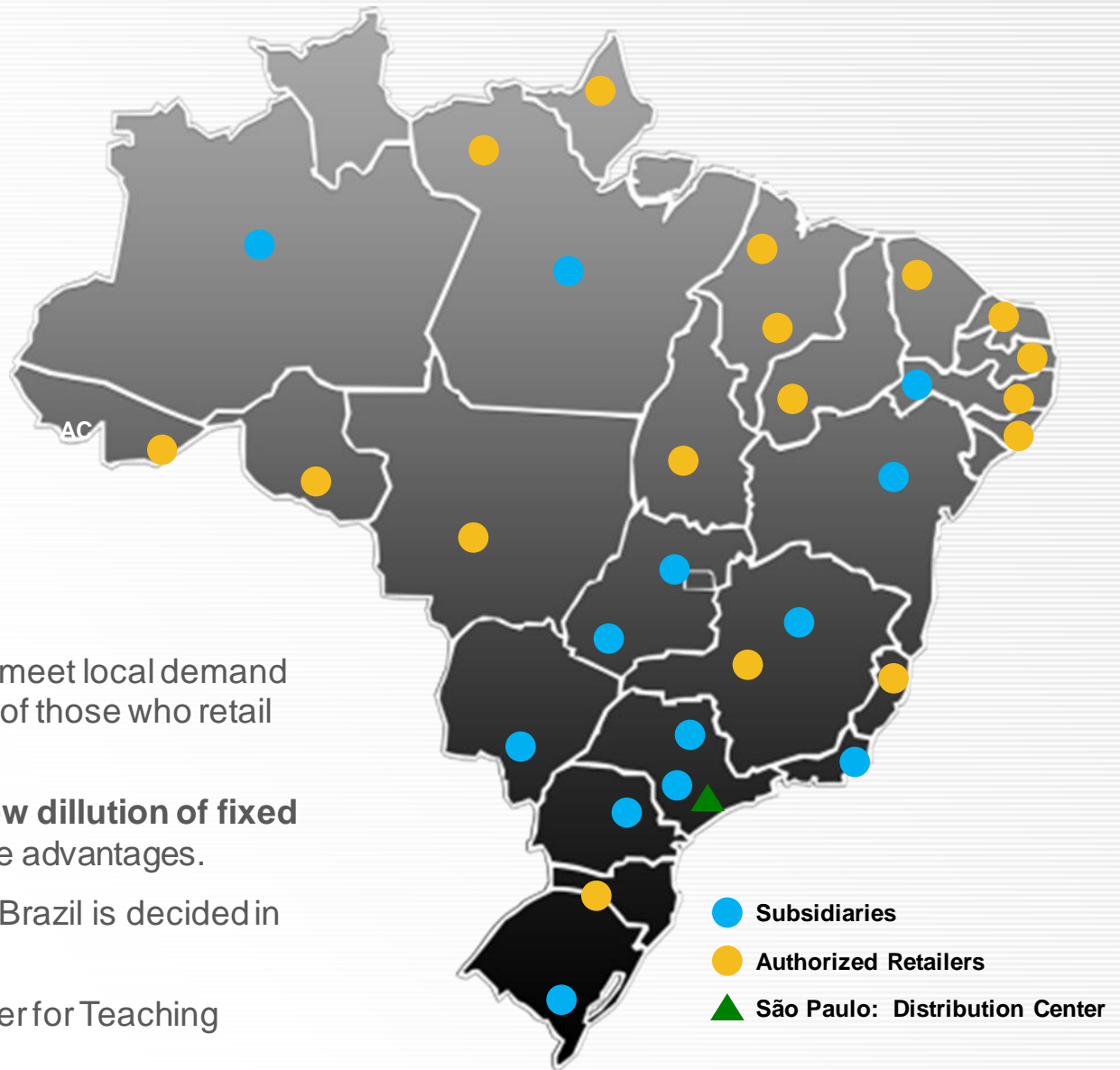


The Government Purchase Cycle (PNLD) is based on 3-year cycles.

### National Presence:

13 branches and  
17 authorized dealers

- Branches hold inventory to meet local demand and maximize sales efforts of those who retail our products.
- Multiple **editorial lines** allow **dilution of fixed costs** and bring competitive advantages.
- K-12 textbooks adoption in Brazil is decided in a **decentralized manner**.
- Exclusive Distribution Center for Teaching Systems.







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Appendix

### QUALITY

Pedagogical support, content, and efficient logistics

### SCALE

Increasing base of students allows for improved margins

### MARKET

Potential to grow in less explored markets in Brazil



# Value offer in Learning Systems



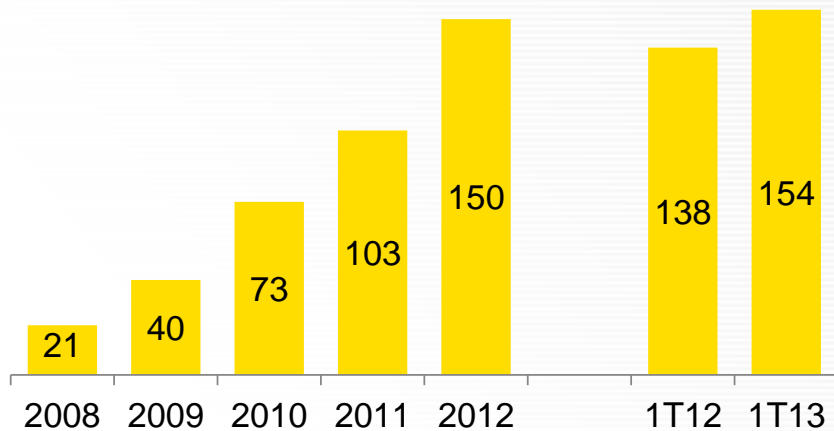
- 154 thousand students (24 Brazilian States, plus the Federal District)
- Full catalogue (pre-school to preparatory courses for university) including digital content
- High quality of teaching system (96% of renewals)
- Exclusive Distribution Center for Teaching Systems

(March/13)

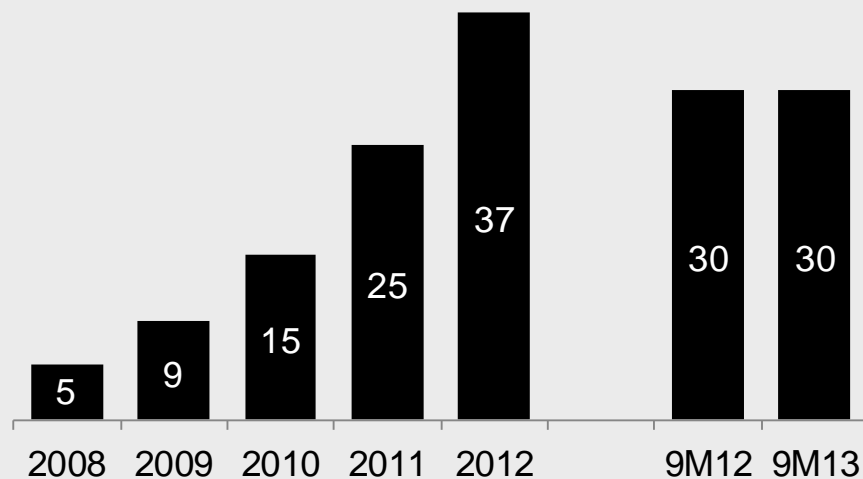


# Learning Systems Performance

## Student Enrollment (thousands)



## Net Revenue (R\$ million)



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Investor Relations website: [www.saraivari.com.br](http://www.saraivari.com.br)



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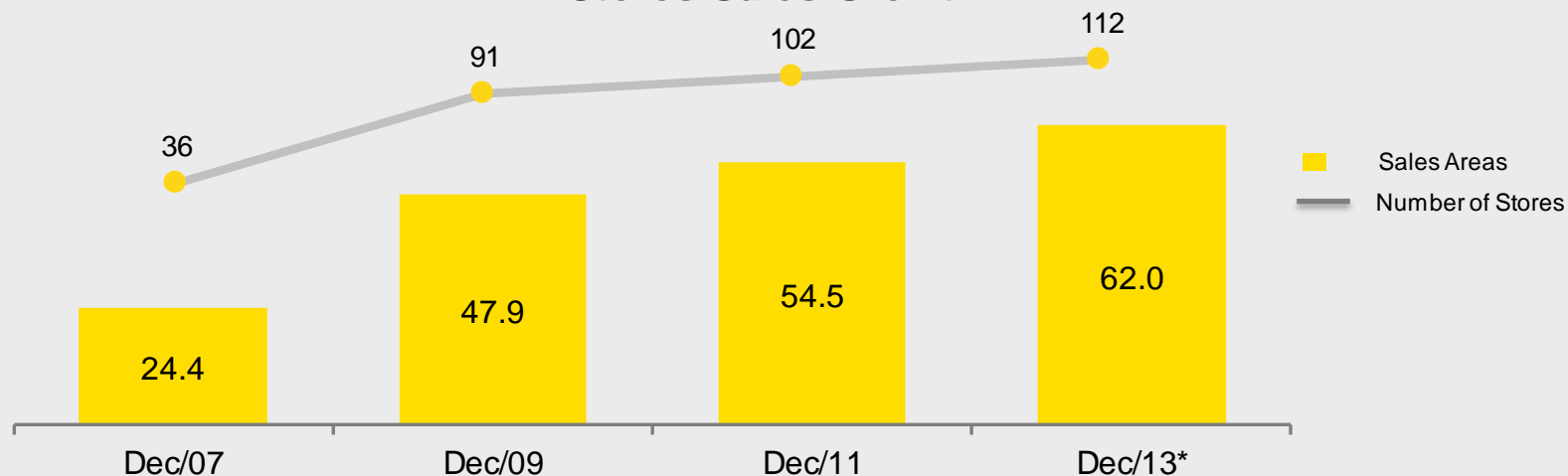
Learning Systems



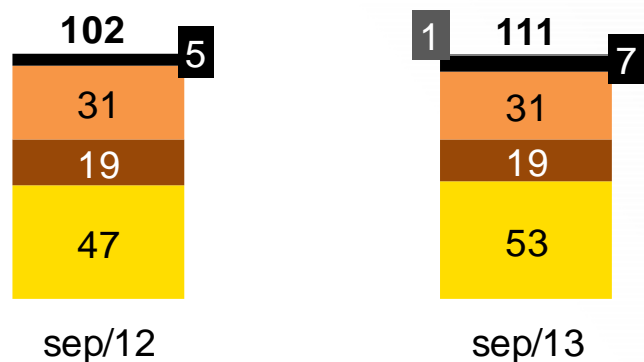
Appendix

# Retail : Organic Growth

## Number of Stores and Sales Area (thousand m²) and Same Stores Sales Growth

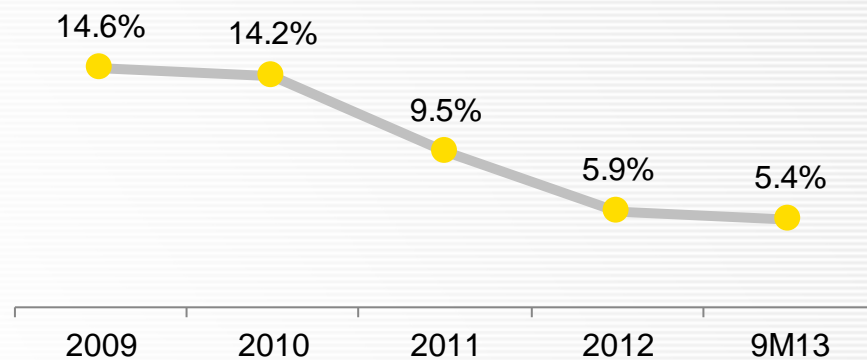


## Number of Stores (n°)



■ Super Stores 
 ■ New Regular 
 ■ Regular 
 ■ iTown 
 ■ Airport

## Same Stores Sales (%)

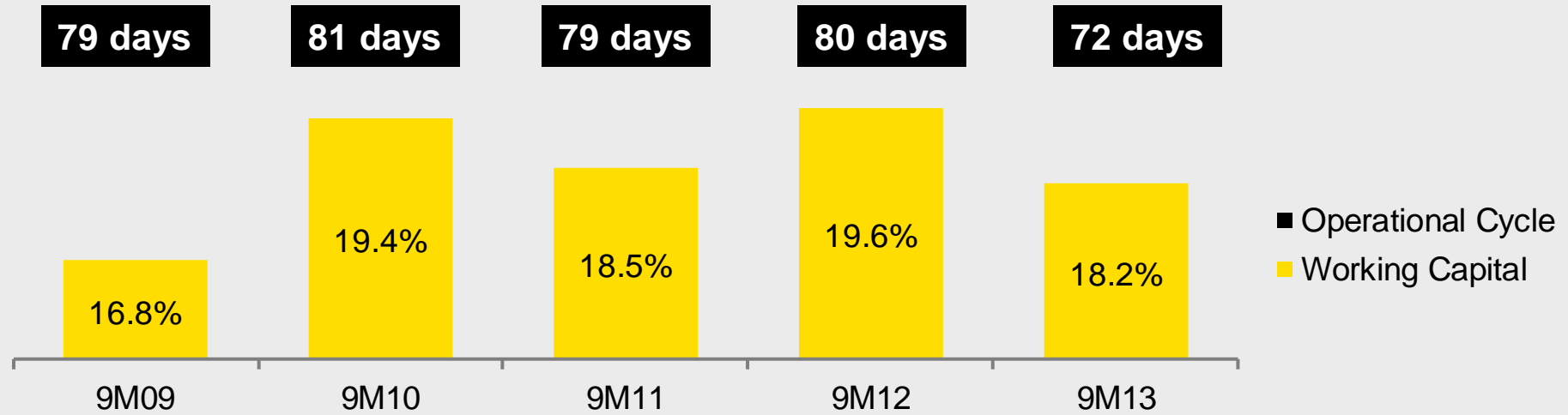


(\*) Estimate of expansion project, subject to alterations



# Retail: Working Capital and Retail Net Revenue Breakdown

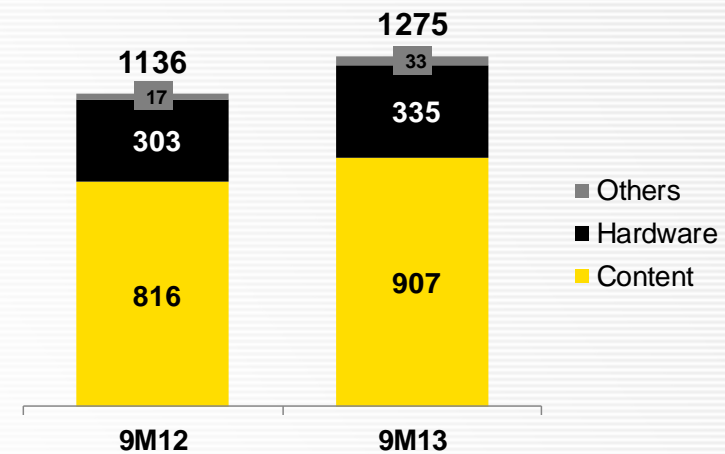
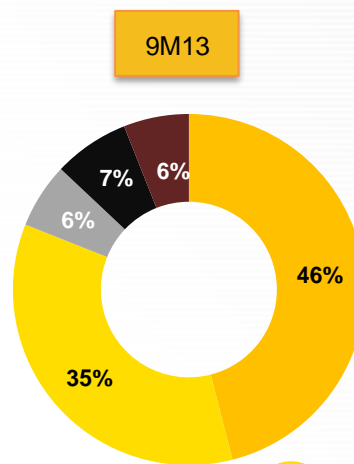
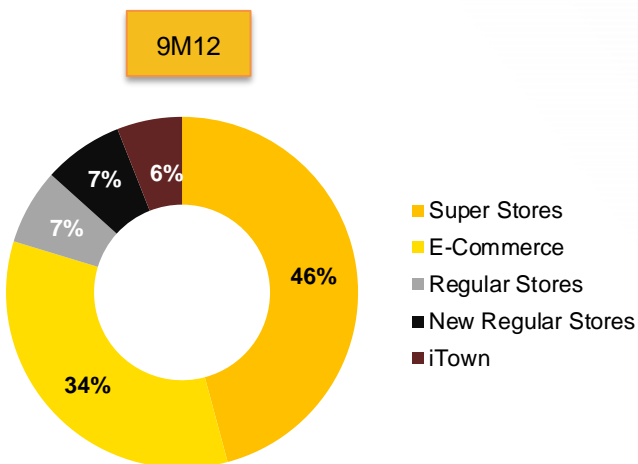
## Working Capital / Net Revenue (%) and Operating Cycle (days)



## Retail Net Revenue Breakdown

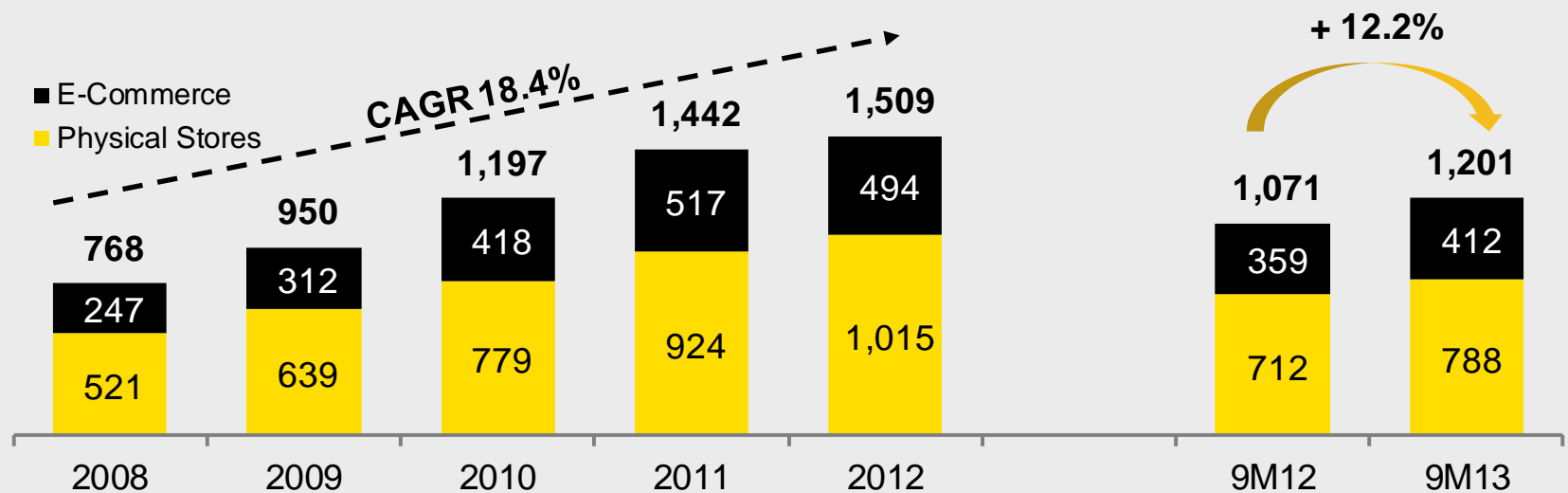
### By Channel (%)

### By Category (%)

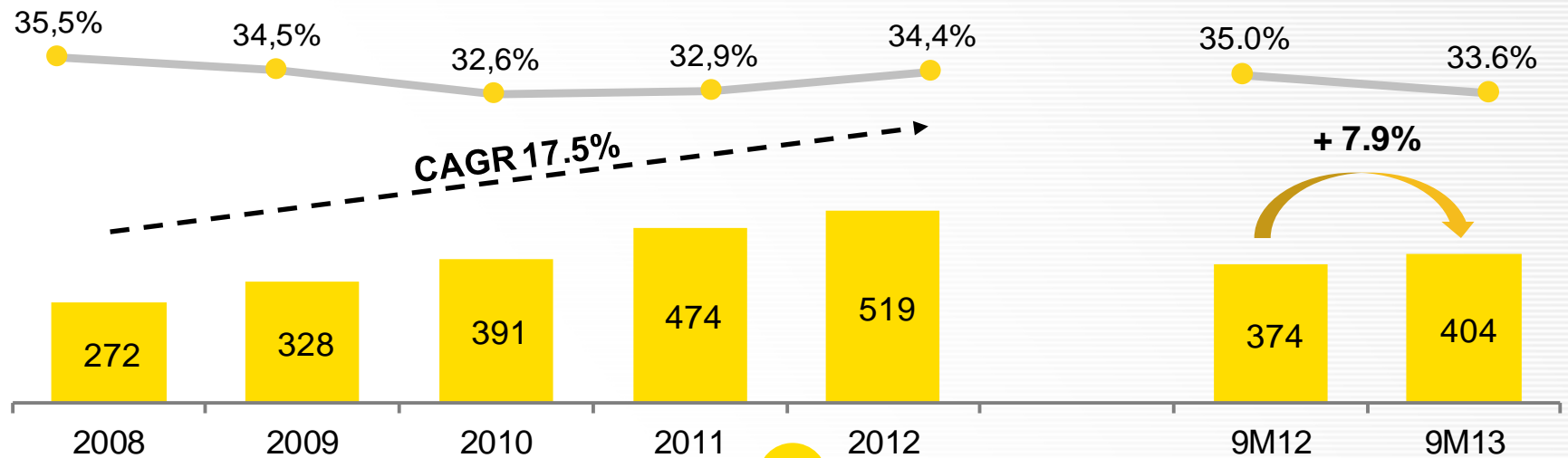


# Retail: Highlights of Results

## Net Revenue (R\$ million)

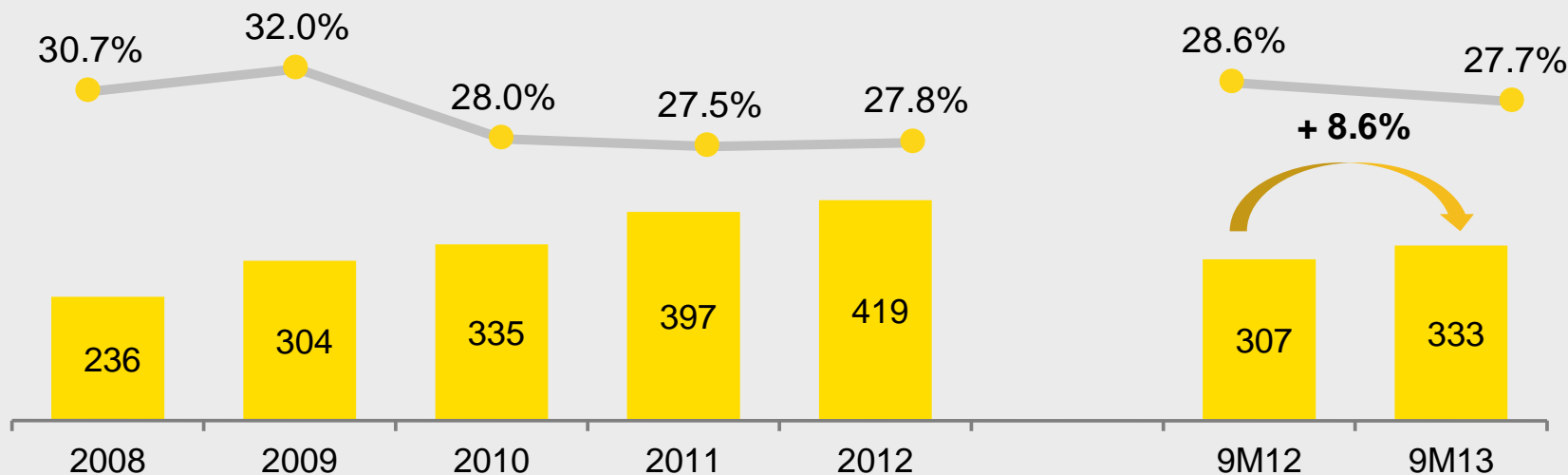


## Gross Profit (R\$ million) and Gross Margin (%)

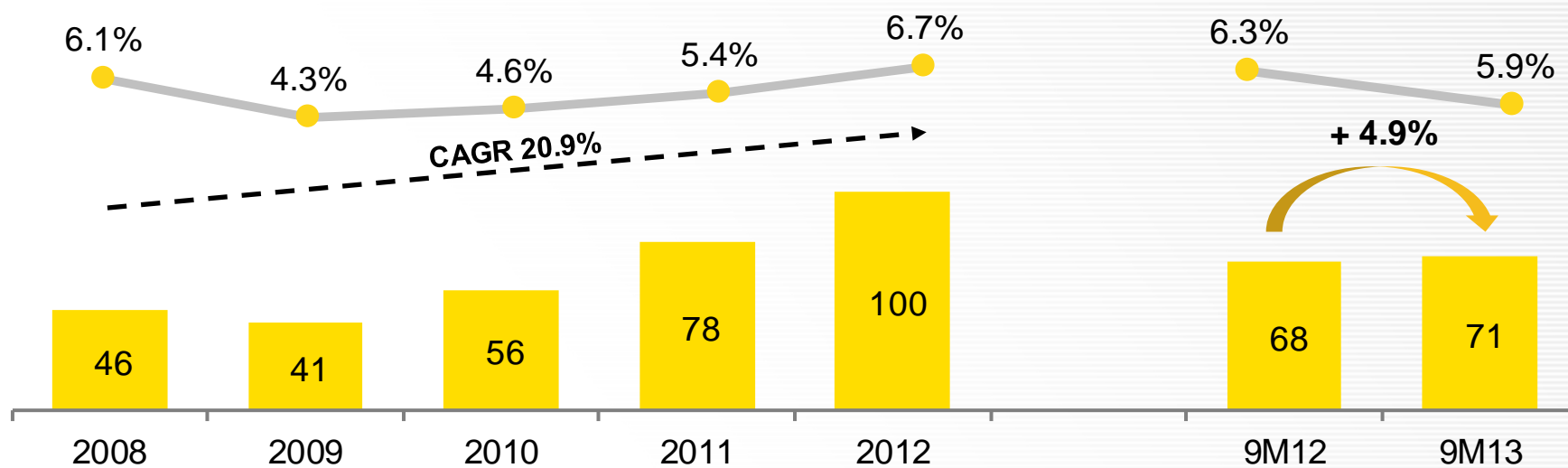


## Retail: Highlights of Results

Operation Expenses (R\$ million) and  
Operation Expenses / Net Revenue (%)

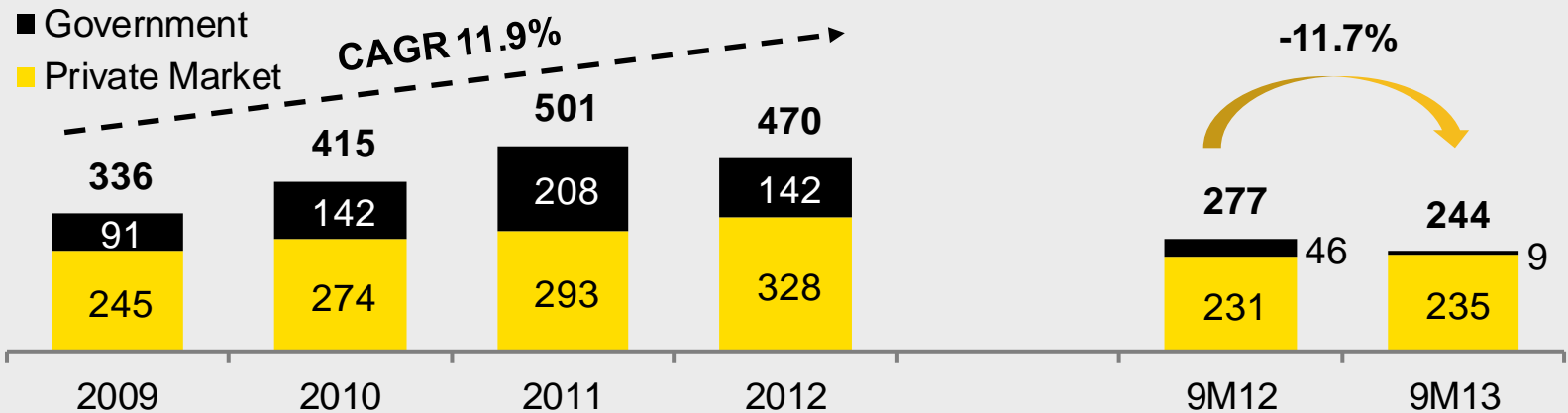


EBITDA (R\$ million) and EBITDA Margin (%)

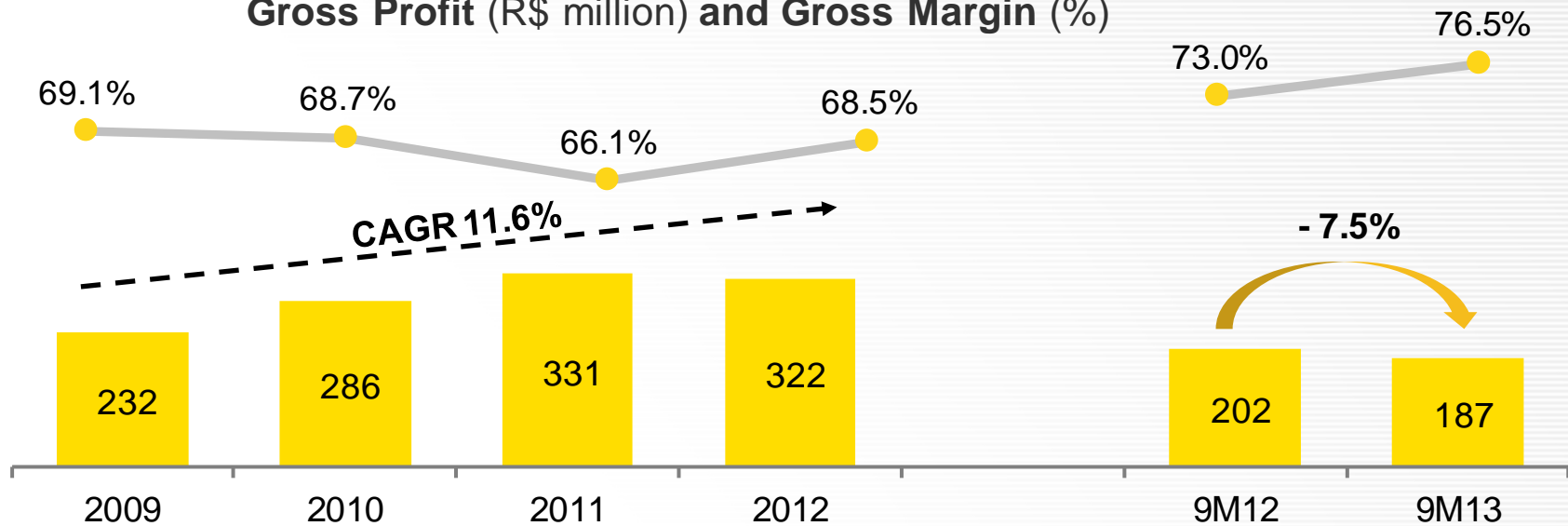


# Publishing: Highlights of Results

## Net Revenue (R\$ million)

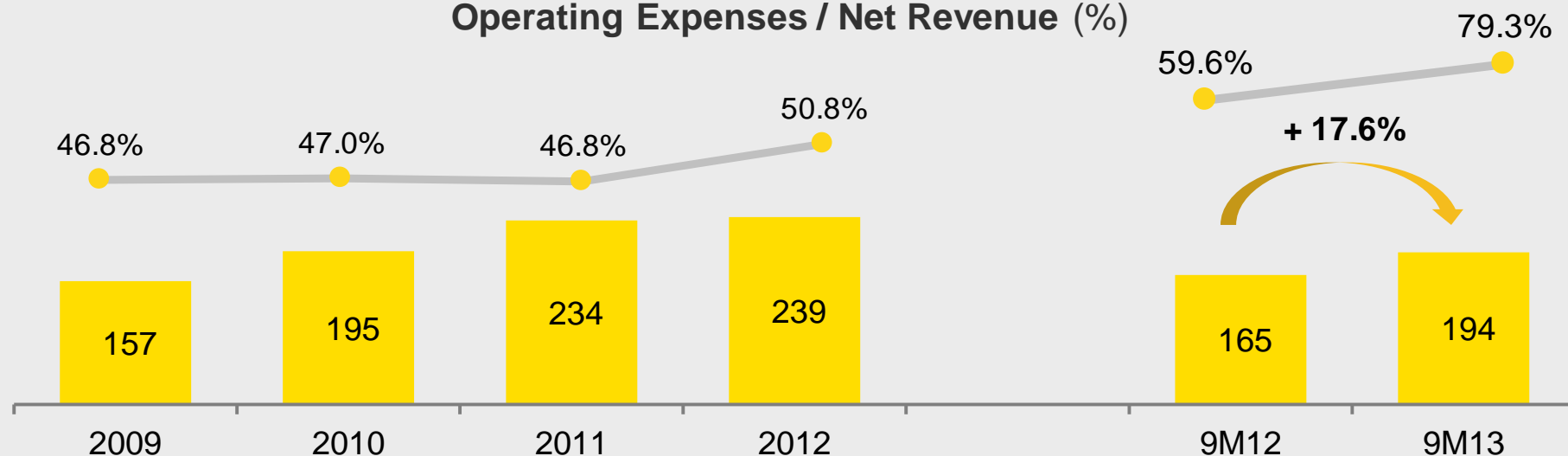


## Gross Profit (R\$ million) and Gross Margin (%)

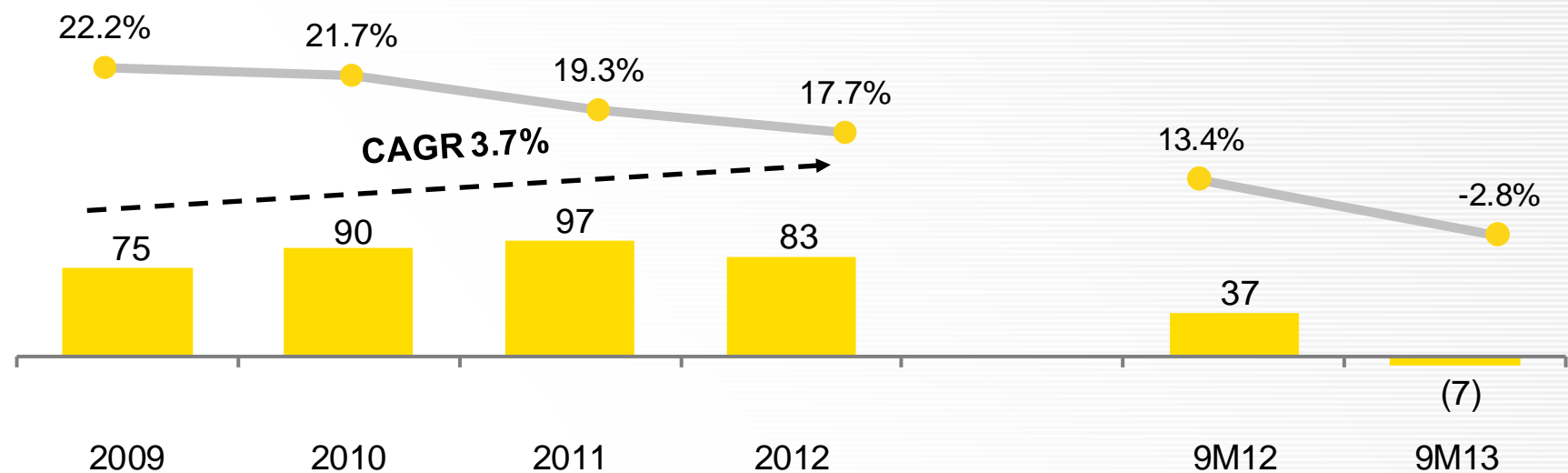


## Publishing: Highlights of Results

### Operating Expenses (R\$ million) and Operating Expenses / Net Revenue (%)



### EBITDA (R\$ million) and EBITDA Margin (%)



# Breakdown of Net Publishing Revenue

