Dear Shareholders,

Saraiva S.A. Livreiros Editores (BM&FBOVESPA: SLED3 and SLED4), one of the largest retailers in content focused on culture and education in Brazil, announces its financial results for the fourth quarter and year ended on December 31, 2017 (4Q17 and 2017).

The financial information contained herein refers to the fourth quarter and year ended on December 31, 2017 and the comparisons are made in relation to the same period last year, unless otherwise stated.

The financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS) and accounting practices adopted in Brazil.

Any non-accounting information or information derived from non-accounting figures has not been reviewed by the independent auditors.

Highlights

- New achievement in market share[1] through gains in the Books (+1.3 p.p.) and Games (+1.8 p.p.) segment;
- Accelerated pace of growth in the E-commerce channel, reaching a 25.2% growth in 4Q17 and 15.3% in 2017, totaling 37.6% of total retail operations in the year (versus 32.5 % in 2016);
- Important decrease of 7.4% in recurring operating expenses when compared to 4Q16, as a result of the Action Plan to increase profitability implemented in 3Q17. In 2017, the recurring expenses decreased 5.4% when compared to 2016;
- EBITDA totaled R$ 22.3 million (+116% vs 4Q16) in 4Q17. Excluding the impact of extraordinary expenses, adjusted EBITDA reached R$ 24.4 million (+136% vs 4Q16) with a 5.1% margin (+3.0 p.p. vs 4Q16). In 2017, adjusted EBITDA totaled R$ 42.8 million with a margin of 2.5% (+0.7 p.p. vs 2016);
- New improvements in the management of employed working capital, with a 2-day gain in the operating cycle;
- Progress in our strategy to position the Company as a omnichannel operation:
    - New growth in the Click & Collect service, through which customers shop on our E-commerce channel and pick up their purchases at one of our stores. Currently, around 20% of the online orders are placed in under this model. Of those customers who opt for this service, 40% make an additional purchase when they pick up the product at the physical store;
    - Implementation of phase 2 of the Saraiva Entrega Project, through which customers can purchase any product that is not physically available at one of our stores and receive it wherever is most convenient, improving the shopping experience. The Saraiva Entrega Project sales increased 13.4% when compared to 3Q17.
- Revamp of Saraiva Plus loyalty program, which now have even simpler and more attractive and interactive rules. After the program relaunch, in jun/17, the customer reactivation rate increased 16.2%. In dec/17, the program had 15.4 million registered customers (an increase of over 1.9 million in the last 12 months) and around 82.5% of our revenue identified;
- Expansion of marketplace partnerships for the sale of products on strategic partners' websites. Currently, 70% of purchases through Mercado Livre, for example, were made by consumers that were not our customers;
- Maintenance of physical store channel transformation throughout 2017:
    - Inauguration of four units based on the new ideal store concepts;
    - Closing of stores with low perspective to add value (representing 5.1% of the total sales area);
    - Optimization of operating costs and higher profitability of existing units through the resizing of three important stores throughout 2017.
- Winner of the first edition of the "Black Friday de Verdade" (Real Black Friday) award in the Books, Films and Games category. The purpose of this award is to recognize by popular vote the best companies and best practices on Black Friday in Brazil.

[1] YoY: 2017 vs 2016 consolidated data of expanded Market (Consultoria GFK)

Subsequent Events

- Substantial growth of 15.3% in total sales in the first two months of 2018, a seasonally strong period for the Company. The E-commerce further accelerated the pace of growth, moving up 44.0%, while the Physical Stores (SSS) channel resumed its growth curve (+4.4%), reflecting the success of the Back to School Campaign, the traditional Sale at the beginning of January, and the important evolution of initiatives such as the marketplace and the *Saraiva Entrega* service;
- We hired the consulting firm Galeazzi in late feb/18, after an initial diagnostic stage, in order to produce continuous operational efficiency gains by reviewing and optimizing processes and ensuring that the structure can support increased sales with effective cost dilution;
- We received important recognitions and awards in early 2018:
    - We won the *Melhores Serviços do Estadão* (Estadão Best Services) award, in the Culture and Entertainment category, for the third consecutive time;
    - Third most recommended company in the Customer Experience Report (CX Report) study by IBOPE/CONECTA;
    - E-bit *Melhores do E-commerce* (Best of E-commerce) award in the *Mais querida - TOP 5* (Most liked - TOP 5) category for the fourth time, as well as first place in the *Loja Mais Querida - Livros* (Most Liked Store - Books) award.

Main Indicators

Table 1. (R$'000, unless otherwise specified)

Consolidated	4Q17	4Q16	Y/Y	3Q17	Q/Q	2017	2016	Y/Y
Gross Revenue *(Stores + E-commerce)*[1]	529,219	537,444	-1.5%	408,601	29.5%	1,883,326	1,890,859	-0.4%
Store Sales	319,770	370,164	-13.6%	249,886	28.0%	1,175,172	1,276,743	-8.0%
E-commerce Sales	209,449	167,280	25.2%	158,716	32.0%	708,153	614,116	15.3%
Net Revenue *(Stores + E-commerce)*[1]	476,842	487,101	-2.1%	374,279	27.4%	1,724,886	1,737,563	-0.7%
Store Sales	295,012	341,423	-13.6%	233,265	26.5%	1,093,802	1,190,848	-8.1%
E-commerce Sales	181,831	145,677	24.8%	141,014	28.9%	631,085	546,715	15.4%
Gross Profit	161,206	158,077	2.0%	122,051	32.1%	574,801	594,279	-3.3%
Gross Margin (%)	33.8%	32.5%	1.3 p.p.	32.6%	1.2 p.p.	33.3%	34.2%	-0.9 p.p.
Operating Expenses	(138,866)	(147,730)	-6.0%	(148,005)	-6.2%	(560,629)	(562,670)	-0.4%
Recurring Operating Expenses[1]	(136,766)	(147,730)	-7.4%	(129,742)	5.4%	(532,016)	(562,670)	-5.4%
EBITDA	22,340	10,347	115.9%	(25,954)	-	14,172	31,609	-55.2%
EBITDA Margin (%)	4.7%	2.1%	2.6 p.p.	-6.9%	11.6 p.p.	0.8%	1.8%	-1.0 p.p.
Adjusted EBITDA	24,440	10,347	136.2%	(7,691)	-	42,785	31,609	35.4%
Adjusted *EBITDA Margin (%)*[2]	5.1%	2.1%	3.0 p.p.	-2.1%	7.2 p.p.	2.5%	1.8%	0.7 p.p.
Adjusted Net Income (Loss) before Disc. Operations[2]	200	(19,430)	-	(20,548)	-	(30,470)	(51,490)	-40.8%
Adjusted *Net Margin (%)* before Disc. Operations[2]	0.0%	-4.0%	4.0 p.p.	-5.5%	5.5 p.p.	-1.8%	-3.0%	1.2 p.p.
Net results from Discontinued Operations	(1,029)	(2,458)	-58.1%	(836)	23.1%	(2,655)	1,686	-
Adjusted Net Income (Loss)[2]	(829)	(21,888)	-96.2%	(21,384)	-96.1%	(33,125)	(49,804)	-33.5%
Adjusted Net Margin (%)[2]	-0.2%	-4.5%	4.3 p.p.	-5.7%	5.5 p.p.	-1.9%	-2.9%	0.9 p.p.
Net Income (Loss)	(2,215)	(21,888)	-89.9%	(33,438)	-93.4%	(52,009)	(49,804)	4.4%
Net Margin (%)	-0.5%	-4.5%	4.0 p.p.	-8.9%	8.5 p.p.	-3.0%	-2.9%	-0.1 p.p.
SSS - Same Store Sales Growth (%)	-12.5%	-4.6%	-7.9 p.p.	-7.9%	-4.6 p.p.	-7.8%	-4.5%	-3.3 p.p.
E-Commerce Sales Growth	25.2%	5.0%	20.2 p.p.	17.2%	8.0 p.p.	15.3%	8.9%	6.4 p.p.
Number of Stores – End of Period	103	113	-8.8%	100	3.0%	103	113	-8.8%
Sales Area – End of Period (m²)	59,594	61,851	-3.6%	59,477	0.2%	59,594	61,851	-3.6%

Note 1: Includes the "Saraiva Entrega" revenue in the Physical Stores results.
Note 2: Excludes the effects of extraordinary expenses in 1Q17 (R$ 4.8 million), 2Q17 (R$ 3.5 million), 3Q17 (R$ 18.3 million), 4Q17 (R$ 2.1 million) and 2017 (R$ 28.6 million).

Performance Review

We began our transformation plan in 2015, focused on the customer and on more agile and sustainable retail sales, aiming at growth, competitiveness and profitability.

In order to support this transformation, we have invested in restructuring our operation to increase productivity and make decision-making more assertive. One of the initiatives was the creation of the non-statutory Strategy and Innovation Committee, which brings together Saraiva's leaders and independent members, such as Alberto Serrentino, Gustavo Caetano and Ricardo Durazzo, as well as Board members and occasional guests, every month to create, monitor and develop Saraiva's transformation plan.

In this context, we are now focused on four transforming fronts: Omnichannel, Customer Centricity, Digital Transformation and Operational Efficiency.

The evolution of the Company's mindset required us to review the brand positioning and the organizational culture.

Omnichannel

In order to transform consumption into an integrated experience, with a seamless interaction between the digital and the offline world, we have developed important initiatives designed to improve the consumer experience, regardless of the shopping channel.

Our actions are supported by a differentiation pillar comprising the improvement of services and a more convenient and practical shopping process, in addition to challenging the last mile of delivery to customers. We continue improving in several service modalities, including:

- **Click & Collect**: Customers shop on our E-commerce channel and pick up their purchases at one of our stores free of charge. Currently, around 20% of the online orders are placed in under this model. Of those customers who opt for this service, 40% make an additional purchase when they pick up the product at the physical store. **Partnership with "99":** In order to help these customers come to us, we entered into a partnership with the country's largest urban mobility startup, 99. Customers receive a R$10.00 (per ride) discount in the taxi or private car fare to pick up purchases at our stores.

- ***Saraiva Entrega***: In case customers want a product that is not physically available at one of our stores, they can make the purchase and receive it at home or, if they prefer, pick it up at the store. We make Saraiva's full catalog available at all our points of sale, regardless of the format, size, profile or location of the store.

- **Same Day Delivery (SDD)**: Customers in the city of São Paulo who buy books through our E-commerce channel before 1.00 pm may choose to receive the order by 10.00 pm on the same day. As part of the evolution of this modality, we have a pilot at the Eldorado shopping mall in São Paulo, with a **one-hour book delivery** service, which is expected to be expanded to other categories and other stores/regions.

- **Turbo delivery**: Customers who place orders in our E-commerce channel by 5.00 pm receive their purchases the next day. The service is available in São Paulo, Belo Horizonte, Rio de Janeiro, Curitiba, Porto Alegre, Florianópolis, Vitória, Salvador and Recife.

In 2017, we inaugurated four stores with a new, more modern and attractive architectural design that requires less investment than the previous model, favoring faster paybacks. This new store concept was the result of more in-depth studies on consumer profile and shopping behavior, the competitive environment in the region, the presence of educational institutions and the influence of one channel on the other (store/website). A good example is the new store in Franca, in São Paulo state, which, after opening, increased E-commerce revenue in the region by 42% compared to the previous year.

Customer Centricity

Our main value is the focus on the customer. In this sense, we seek to understand the needs of our public, providing more personalized and relevant shopping experiences that best suit our customers' needs.

Here we would like to point out that:

- We continue investing in **Saraiva Plus, one of the largest retail loyalty programs in the country**, which now has even simpler, more attractive and more interactive rules. The new model makes it easier to accumulate and redeem points, favoring the customer-centered strategy based on the solid knowledge of consumer behavior and preferences. After the program relaunch, in jun/17, we noticed a significant 16.2% increase in the customer reactivation rate, reinforcing the success of the new model. In dec/17, we had 15.4 million registered customers (an increase of over 1.9 million in the last 12 months) and around 82.5% of our revenue identified. One of the goals of the Program is to expand the number of multi-channel customers, which have an average ticket and frequency of purchase 2.5 times higher than regular customers.

- We also implemented another important initiative in 2017: the creation of the ***Leia enquanto espera*** (Read while you wait) functionality, which allows customers to have digital access to the first chapters of physical books purchased through the E-commerce channel while they wait for delivery.

- With the purpose of inviting the public to experience Saraiva not only as a shopping place but also as an entertainment and leisure option for the whole family, we expanded the **café operation** in our stores through strategic partnerships with Starbucks, Havanna, Grão Espresso, Nespresso and Feito a Grão, among others.

- We have expanded the **immersive experience focused on the games category.** Ten of our stores now have areas dedicated exclusively to allowing customers to experience games, with cockpit and gaming laptops.

- We host more than 4,700 **cultural events** in our stores every year, including launches, autograph sessions, fan meetings, storytelling for children and debates, among others.

- We have the ***Troca Inteligente*** service, which allows the exchange of used smartphones or tablets for discounts when buying a new device in more than 80 stores in the network.

- We offer **extended warranty** services, extending the manufacturer's warranty by another 12 or 24 months, and ***Proteção Saraiva*** (insurance against theft, qualified theft and accidental breakage).

- We also offer Apple authorized **technical support** in 15 of our stores, with specialized teams to better serve our customers. We offer advantages including maintenance, memory and HD upgrade, system reinstallation, software and modem installation, disk check, iPod and iPad system restore and update and more.

Digital Transformation

We are making progress in the implementation of a digital culture, increasing interaction between Saraiva and its customers. This allows customers to have a unified experience in all points of contact with the brand, regardless of the chosen platform and form.

We have thus invested in:

- Expansion of **marketplace** partnerships for the sale of products on websites of strategic partners, such as Walmart, Mercado Livre and B2W, among others. Currently, 70% of purchases of our products through Mercado Livre, for example, were made by consumers that were not our customers. We continue making progress on this front through negotiation with other partners. We will also expand our **own marketplace**, with the integration of a unified checkout cart including items from various suppliers. Equipped with agile methodology, this front is one of the Company's main bets for 2018.

- **Marketing** initiatives:
  - Investment in local inventory ads. In partnership with Google, the initiative is a type of online ad for physical stores with geolocation resources, in which users connect to our ads available at the closest stores;
  - Use of the Google Store Visits tool, which measures visits to physical stores after the impact of the sponsored-link ads, enabling ad management in order to optimize returns. This tool generated 2 million visits in 4Q17 alone.

- We introduced new versions of our **e-reader**, **Lev neo** and **Lev fit**, and we have launched the Lev online reader, an online reading platform that allows customers to access all our collection through their computer's web browser without the need to download any app. Our digital ecosystem also includes self-publication platforms (*Publique-se!*), audiobooks and the sale of prepaid content cards.

- Regarding the management of categories, it is worth noting the success of the new service in the Games category: the **online sale of game cards** and streaming services. The credits offered to our customers with the main content servers reinforce our positioning and pioneering stance in the delivery of online-prepaid services.

- We restructured the **Back to School** project, developing solutions to add services and expand partnerships and sale conversion levels.

Operational Efficiency

2017 was a year of important advances that will help the Company prepare for a new phase of revenue growth and dilution of costs. We constantly work on the rigorous and continuous control of expenses, strict investment selection process and balanced management of working capital in order to enable value creation. With this focus, we point out:

- **Transformation of the physical store channel:**
  - Inauguration of four units based on the **new ideal store concepts**, with investments in capex/m² 25% lower, on average, and favoring faster paybacks;
  - Closing of stores with low perspective to add value (representing 5.1% of the total sales area);
  - Optimization of operating costs and higher profitability in existing units. Proceeding with this strategy, we invested in resizing, helping increase the profitability of the operation and add value to our customers' shopping experience in three important units of the network throughout 2017;
  - Expansion of the **Assortment Project** to all our stores, refining the supply algorithms and improving the assertiveness of inventory in each store, as part of the process of continuous evolution in the Company's inventory management;
  - Expansion of the ***bomboniere*** category, already present in 86 of our stores, and redesign of the accessory and adventure and leisure categories, adjusting product display, experimentation and assortment.

- **Logistics management and supply system:**
  - Adjustments to the distribution model by installing **Transit Points** in strategic regions (Rio de Janeiro, Rio Grande do Sul, Bahia and Pernambuco), reducing transportation costs and improving the lead time of deliveries, both to supply physical stores and to deliver products sold online;
  - Review of the logistics and supply chain planning, with implementation of two **new distribution centers** scheduled for the beginning of 2018, optimizing the store supply process and improving our E-commerce competitiveness by reducing the lead time of deliveries, as well as contributing to avoiding the accumulation of tax credits.

- **Hiring of the consulting firm Galeazzi** in late feb/18, after an initial diagnostic stage, in order to produce continuous operational efficiency gains by reviewing and optimizing processes and ensuring that the structure can support increased sales with effective cost dilution.

- **Hiring of Mr. José Roberto Beraldo**, who will work as a Consultant in the Company supporting the centralization of strategy and policies in the financial area.

The improvement in the operating result between 4Q16 and 4Q17 already shows an important inflection point and marks the beginning of a new value creation stage for the Company.

Total **gross revenue** reached R$1.9 billion in 2017, virtually in line with 2016. The positive highlights were E-commerce sales growth of 15.3% in 2017 and 25.2% in 4Q17 and, once again, a market share[2] gain (+1.3 p.p.) in the books segment, our core business, which recorded a market share gain for the fifth consecutive year. The Games segment is still increasing its share of our category mix, with a new market share gain (+1.8 p.p.).

In 2017, the **gross margin** reflected fiercer competition in online retail and the effect of the increased weighted share of the E-commerce channel in total sales, down 0.9 p.p. In 4Q17, the gross margin came to 33.8%, 1.3 p.p. up on 4Q16, thanks to management gains following the implementation of a new dynamic pricing system for the E-commerce channel in late aug/17.

The action plan to improve profitability implemented at the end of 3Q17 is expected to generate annual savings of R$30 million and already had an important impact, contributing to a substantial decline of 7.4% in **operating expenses** in 4Q17. In the full year, comparable expenses fell by an impressive 5.4%.

Thanks to the action plan focused on increasing profitability implemented in 3Q17, adjusted **EBITDA** totaled R$24.4 million in 4Q17, versus R$10.3 million in 4Q16. The adjusted EBITDA margin closed 4Q17 at 5.1%, 3.0 p.p. higher than in 4Q16. In 2017, adjusted EBITDA reached R$42.8 million, versus R$31.6 million in 2016, representing significant growth of 35.4%, with a 0.7 p.p. gain in the adjusted EBITDA margin.

Regarding **working capital** management, we once again closed the period with a reduction in the operating cycle, from 79 days in 4Q16 to 77 days in 4Q17. It is worth mentioning the strategy adopted to leverage our sales growth in the Back to School period, which involved several initiatives, especially a logistics and supply plan comprising early purchases and inventory building at the turn of the year. This has allowed us to deliver any school textbook list in up to 72 hours in all our stores, contributing to the success of sales in this important seasonal period.

Our strategic initiatives to ensure liquidity include Management's focus on the adoption of measures to accelerate the recovery of tax credits accumulated in the normal course of business and reduce the recurring accumulation of credits by converting them into cash. Concerning refundable Pis and Cofins credits, the Company implemented measures designed to receive a response from the federal authorities about requests for refund pending for over one year, and we have good expectations to receive these refunds. For accumulated ICMS credits arising from store supply operations originated in São Paulo state, we filed an administrative proceeding in late feb/18 to recover such credits through e-CredAc, a portal of the São Paulo State Department of Finance, through which the state authority analyzes the recurring accumulation of ICMS credits and authorizes the transfer of approved credits to third parties in the secondary market. Also in relation to ICMS tax, in order to avoid the accumulation of credits in São Paulo state, we are making relevant operational adjustments to the current supply logistics model. These adjustments have been implemented since late 2017 and are expected to be completed by apr/18, promoting the decentralization of our stores' supply operations and, consequently, converting a substantial share of the accumulated tax credits into cash.

We could already see significant progress in 4Q17, partially reflecting the efforts implemented in 3Q17 as part of our action plan to reduce costs and increase profitability. We have a lighter and leaner structure, with a better-adjusted operating cycle, and we have implemented several initiatives under the omnichannel, customer centricity, digital transformation and operational efficiency fronts that are beginning to mature and will contribute significantly to improving profitability.

Significant sales growth in the first two months of 2018 attests to the strength of our positioning for consistent resumption of growth and dilution of costs. The successive market share gains and the robust and growing customer base also contribute to our confidence in the improvement of results. As we see the beginning of the economic recovery, we are confident that we are well structured and prepared to capture significant gains in scale that will contribute to increased profitability and cash generation.

[2] 2017 vs. 2016 annual data of the expanded market by the consulting firm GFK.

RESULS

REVENUE – Gross revenue totaled R$ 529.2 million in 4Q17, down 1.5% when compared to the R$ 537.4 million registered in 4Q16. Net revenue followed the same trend decreasing 2.1% in the quarter. In the full year of 2017, gross and net revenue presented a slight decrease of 0.4% and 0.7%, respectively.

It is worth noting that the data disclosed by the IBGE's Monthly Trade Survey[3] (dec/17) show that sales volume in the books, newspapers, magazines and stationary segment reduced by 9.7% in dec/17 and 4.2% in the full year of 2017. Considering that, the same survey shows a recovery in other significant retail segments and the economic data that have been published are showing improvements in important indicators, we can say the current scenario favors a recovery perspective in the main sectors where we operate. It is worth to mention that, despite the steady scenario in terms of sales, our market share increased by 1.3 p.p. in the Books Category, our main segment, and 1.8 p.p. in the Games Category.

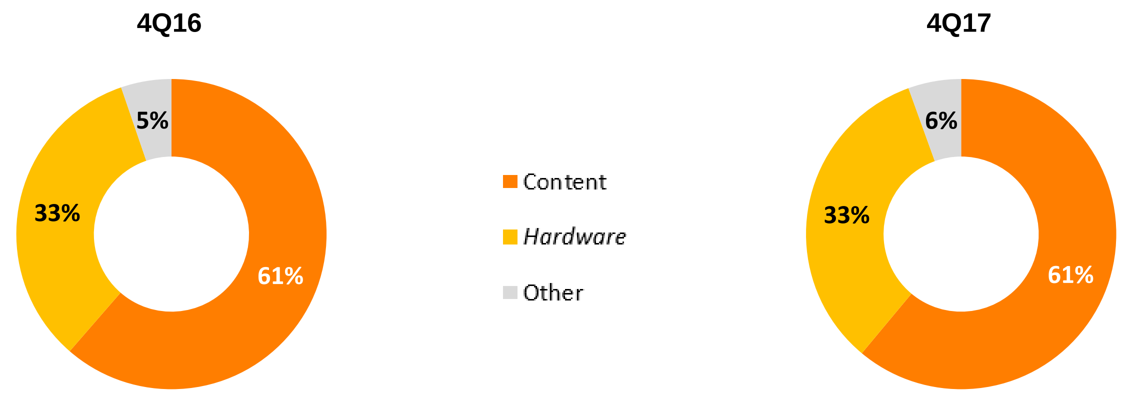
As our value creation proposition is based on the omnichannel strategy, designed to provide a unique experience regardless of the channel, it makes more sense to analyze the sales result as a whole, consolidating the physical stores and E-commerce. During the purchase process, there are several initiatives in which customers begin contact on one channel, but complete the purchase on another, such as *Saraiva Entrega* and Click and Collect.

PHYSICAL STORES REVENUE – Stores gross revenue decreased 13.6% in 4Q17 and 8.0% in 2017 when compared to same period of previous year. Net revenue was down 13.6% in 4Q17 and 8.1% in 2017.

E-*COMMERCE* REVENUE – In 4Q17, Saraiva.com gross revenue registered a solid growth of 25.2% when compared to 4Q16, reaching R$ 209.4 million. In the full year, the increase was 15.3% and R$ 708.2 million, respectively. Net revenue totaled R$ 181.8 million in 4Q17, a 24.8% increase when compared to 4Q16. In 2017, net revenue reached R$ 631.1 million with a 15.4% growth.

This result underlines the developed measures to enhance our users' shopping experience, and have been improved with initiatives such as the expansion of Click & Collect and the recent strategic partnerships to reinforce the presence in Marketplace. In line with this performance, total gross revenue of E-commerce operations reached 39.6% of total retail operations in 4Q17 (versus 31.1 % in 4Q16) and 37.6% in 2017 (versus 32.5 % in 2016).

Chart 2. Gross Revenue in Retail by segment (R$ million)



[3] The IBGE's Monthly Trade Survey published data are based on the Fixed Base Index disclosed.

GROSS PROFIT – Gross profit increased when compared to 4Q16, totaling R$ 161.2 million in 4Q17. The gross margin also increased reaching a growth of 1.3 p.p., from 32.5% in 4Q16 to 33.8% in 4Q17. In the full year of 2017, gross profit reached R$ 574.8 million with a 33.3% margin, down 3.3% and 0.9 p.p., respectively, when compared to 2016.

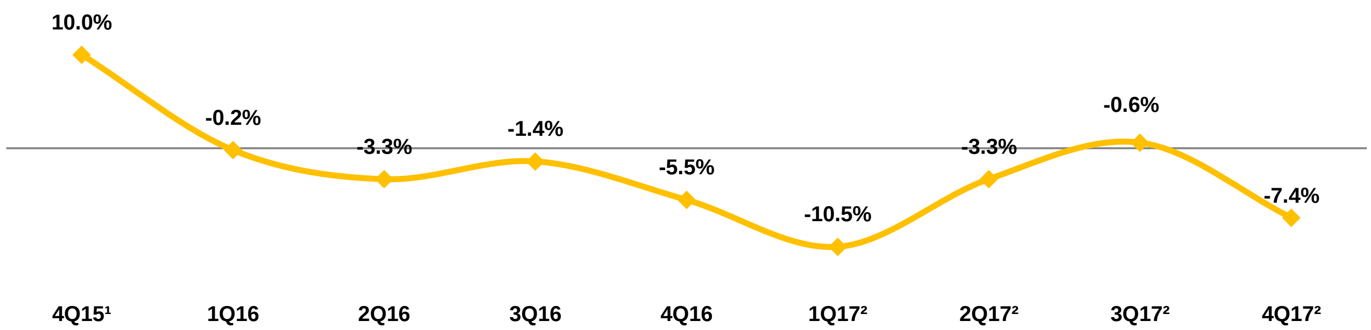
During the year, we continued to be impacted by the fiercer competition in the online retail market, which continues to increase its weighted share of our total revenues. At the same time, we invested in new tools, especially a new dynamic pricing system for the E-commerce channel, aiming to increase sales and improve gross margin management, which already presented positive results in the last quarter of the year, when the gross margin increased.

OPERATING EXPENSES – Operating expenses totaled R$ 138.9 million in 4Q17 and R$ 560.6 million in 2017, presenting a decrease of 6.0% and 0.4% when compared to the same period of the previous year.

Excluding the effects from non-recurring impacts, operating expenses decrease was even higher in the periods. Adjusted operating expenses fell 7.4% in 4Q17, totaling R$ 136.8 million, and 5.4% in 2017, totaling R$ 532.0 million in 2017.

It is worth noting that we remain focused on rationalizing expenses to improve results, and part of the decrease presented in 4Q17 was due to our action plan executed in 3Q17.

Chart 3. Operating Expense Evolution (% of change in relation to the same quarter of last year)



[1] Excluding extraordinary expenses, especially with consulting services regarding publishing assets sale process and write-off of ICMS ST credits not recognized by SEFAZ-SP
[2] Excludes the effects of extraordinary expenses in 1Q17 (R$ 4.8 million), 2Q17 (R$ 3.5 million), 3Q17 (R$ 18.3 million) and 4Q17 (R$ 2.1 million).

EBITDA – Reflecting the action plan implemented in 3Q17 focused on the improvement of profitability, Adjusted EBITDA totaled R$ 24.4 million in 4Q17 (versus 10.3 million in 4Q16), and the Adjusted EBITDA margin ended the quarter 3.0 p.p. higher than 4Q16. In 2017, Adjusted EBITDA totaled R$ 42.8 million (versus 31.6 million in 2016) and the Adjusted EBITDA margin ended the quarter 0.7 p.p. higher than 2016.

Table 2. EBITDA (R$'000, unless otherwise indicated)

Consolidated	4Q17	4Q16	Y/Y	3Q17	Q/Q	2017	2016	Y/Y
Net Income (Loss)	**(2,215)**	**(21,888)**	**-89.9%**	**(33,438)**	**-93.4%**	**(52,009)**	**(49,804)**	**4.4%**
(+) Financial Result	14,086	13,419	5.0%	13,780	2.2%	48,372	53,647	-9.8%
(+) Income Tax / Social	2,009	7,301	-72.5%	(15,795)	-	(18,090)	(6,910)	161.8%
(+) Depreciation Amortization	7,431	9,058	-18.0%	8,665	-14.2%	33,247	36,381	-8.6%
(+) Net Income from Discontinued Operations	1,029	2,458	-58.1%	836	23.1%	2,655	(1,686)	-
(+) Other[1]	2,100	(1)	-	18,261	-88.5%	28,610	(19)	-
Adjusted EBITDA[1]	**24,440**	**10,347**	**136.2%**	**(7,691)**	**-**	**42,785**	**31,609**	**35.4%**
Adjusted EBITDA Margin (%)[1]	5.1%	2.1%	3.0 p.p.	-2.1%	7.2 p.p.	2.5%	1.8%	0.7 p.p.

Note: 1. Excludes the effects of extraordinary expenses in 1Q17 (R$ 4.8 million), 2Q17 (R$ 3.5 million), 3Q17 (R$ 18.3 million), 4Q17 (R$ 2.1 million) and 2017 (R$ 28.6 million).

WORKING CAPITAL* – The working capital/net revenue ratio improved reaching 15.9% in 4Q17. The Retail operating cycle was 77 days in 4Q17 against 79 days in 4Q16.

Accounts receivable went from 64 days in 4Q16 to 60 days in 4Q17. The average inventory coverage period increased 8 days from 93 days in 4Q16 to 101 days in 4Q17, reflecting the supply strategy of inventory building targeting the increase of market share in back-to-school period (early 2018). The supplier payment term increased by 7 days in 4Q17 when compared with the 4Q16, reaching 84 days (77 days in 4Q16).

* to calculate the operating cycle days, we used the average of the last 12 months

NET FINANCIAL REVENUE (EXPENSES) – Net financial result was an expense of R$ 14.1 million in 4Q17, up 5.0% when compared to 4Q16, and R$ 48.4 million in 2017, down 9.8% when compared to 2016.

NET INCOME (LOSS) FOR THE PERIOD – Adjusted Net Income before the result from discontinued operations was R$ 0.2 million in 4Q17 against a Net Loss of R$ 19.4 million in 4Q16. In 2017, Adjusted Net Loss before the result from discontinued operations was R$ 30.5 million against a Net Loss of R$ 51.5 million in 2016.

INVESTIMENTS (CAPEX) – Investments made in Retail totaled R$ 18.6 million in 4Q17 (versus R$ 9.3 million in 4Q16), and R$ 53.3 million in 2017 (versus R$ 29.3 million in 2016). The investments were mainly focused on initiatives for the E-commerce channel, projects covering Information Technology area, and in the opening/remodeling of the stores.

LIQUIDITY – The following table presents information on maturities by financing line on December 31, 2017:

Table 3. Sources of financing for working capital and investments and their respective maturities (R$'000)

Consolidated	Average Cost (p.a)	Total	Until 2018	Until 2019	Until 2020	After 2020
Transaction Type						
BNDES[1]	10.0%	54,778	12,648	12,648	12,648	16,833
Working Capital/other	8.7%	258,849	102,320	114,858	41,671	-
Total Gross Debt[2]	**8.9%**	**313,627**	**114,969**	**127,506**	**54,320**	**16,833**

Note 1: Cost at the close of 4Q17 from the balance of the 2014 BNDES agreement, without considering the cost of bank guarantee, considering TJLP of 7.0% p.a. and SELIC of 6.9% p.a.
Note 2: Loans net of financial derivative instruments.

The table below presents the Saraiva's consolidated net debt, which totaled R$ 247.2 million on December 31, 2017, versus R$ 198.6 million on December 31, 2016.

If we consider credit card receivables, net debt came to R$ 48.1 million on December 31, 2017, versus a net cash of R$ 152.6 million on December 31, 2016.

Among the factors that affect the Company's liquidity, the balance of recoverable taxes (ICMS, Pis and Cofins) is currently a significant portion of our balance sheet. In 4Q17 this balance increased by R$12.0 million. We have been observing this increase and implemented several initiatives, both to monetize accrued credits and to mitigate the accruing of new ones. In this sense, in addition to our good expectation to recover a portion of the credits, we are envisaging a significant reduction in the accrual of these credits in São Paulo State, due to the implementation of the new logistics supply model.

Table 4. Evolution of the main CONSOLIDATED debt indicators monitored by the Company (R$'000)

Consolidated [1]	4Q17	4Q16	Y/Y	3T17	Q/Q
Transaction Type					
Loans and Financing[2]	**313,627**	**321,592**	**-2.5%**	**322,097**	**-2.6%**
(+) Acquisition Obligations	2,477	2,254	9.9%	2,434	1.8%
(-) Cash and Cash Equivalents / Financial Investments	68,952	125,290	-45.0%	25,442	171.0%
Consolidated Net Debt Before Receivables	**247,152**	**198,556**	**24.5%**	**299,089**	**-17.4%**
(-) Credit Card Receivables	199,070	351,152	-43.3%	191,456	4.0%
Consolidated Net Debt After Receivables	**48,082**	**(152,596)**	**-**	**107,633**	**-55.3%**

Note 1: "Receivables Prepayment" (R$115.2 million in 4Q17, R$3.2 million in 4Q16 and R$75.1 million in 3Q17)
Note 2: Loans net of financial derivative instruments.

OUR STORES – Saraiva closed 4Q17 with 103 stores in 17 Brazilian states and in the Federal District. In 2017, in line with our strategy of prioritizing assets that have stronger value creation potential, we concluded important renovations, refits and inaugurations. In 2017, we carried out retrofits and renovations in four units, adjusting layouts and the category mix in our units, in addition to the transformation, in jun/17, of the store located in Natal Shopping into an iTown (107 m² sales area), a Saraiva store specialized in Apple products that offers a complete mix of Apple products, as well as technical support.

As part of the strategy of refitting the sales spaces to optimize operating costs and increase the profitability of the units, seven cafés were opened and three important units were resized in 2017:

- Remodeling of the store in Shopping Iguatemi Campinas, including the partnership with Starbucks, in jul/17, which reduced its sales area from 1,883 m² to 1,067 m²
- Relaunch of the store in Shopping Rio Sul, in oct/17, which reduced its sales area from 1,133 m² to 997 m²;
- Relaunch of the store in Morumbi, in oct/17. The unit, which is now in a location with higher customer traffic and remains with the partnership with Starbucks, reduced its sales area from 1,389 m² to 931 m²;

Regarding the prioritization of investments, we inaugurated five new units in 2017 and are scheduled to open another four stores in 2018, in line with the new ideal store concepts defined by Management, with investment/m² 25% lower, on average, and favoring faster paybacks:

- Store in North Shopping Fortaleza (Fortaleza/CE), with sales area of 643 m², in jan/17;
- Store in Guarulhos Airport (Guarulhos/SP), with sales area of 150 m², reopened in sep/17;
- Store in Park Shopping Canoas (Canoas/RS), with sales area of 486 m², in nov/17;
- Store in Shopping Village Mall (Rio de Janeiro/RJ), with sales area of 237 m², in nov/17;
- Store in Uberlândia Shopping (Uberlândia/MG), with sales area of 534 m², in dec/17;
- Store in Patteo Olinda Shopping (Olinda/PE), with inauguration scheduled for apr/18;
- Store in Recreio Shopping (Rio de Janeiro/RJ), with inauguration scheduled for apr/18;
- Store in Ilha Plaza Shopping (Rio de Janeiro/RJ), with inauguration scheduled for may/18;
- Store in Shopping Estação Cuiabá (Cuiabá/MT), with inauguration scheduled for oct/18.

In addition, we have already scheduled the inauguration of four cafés, as well as refits, retrofits and renovations in another three other units:

- Store in Shopping Metrô Santa Cruz (São Paulo/SP);
- Store in Shopping Recife (Recife/PE);
- Store in Shopping Tijuca (Rio de Janeiro/RJ).

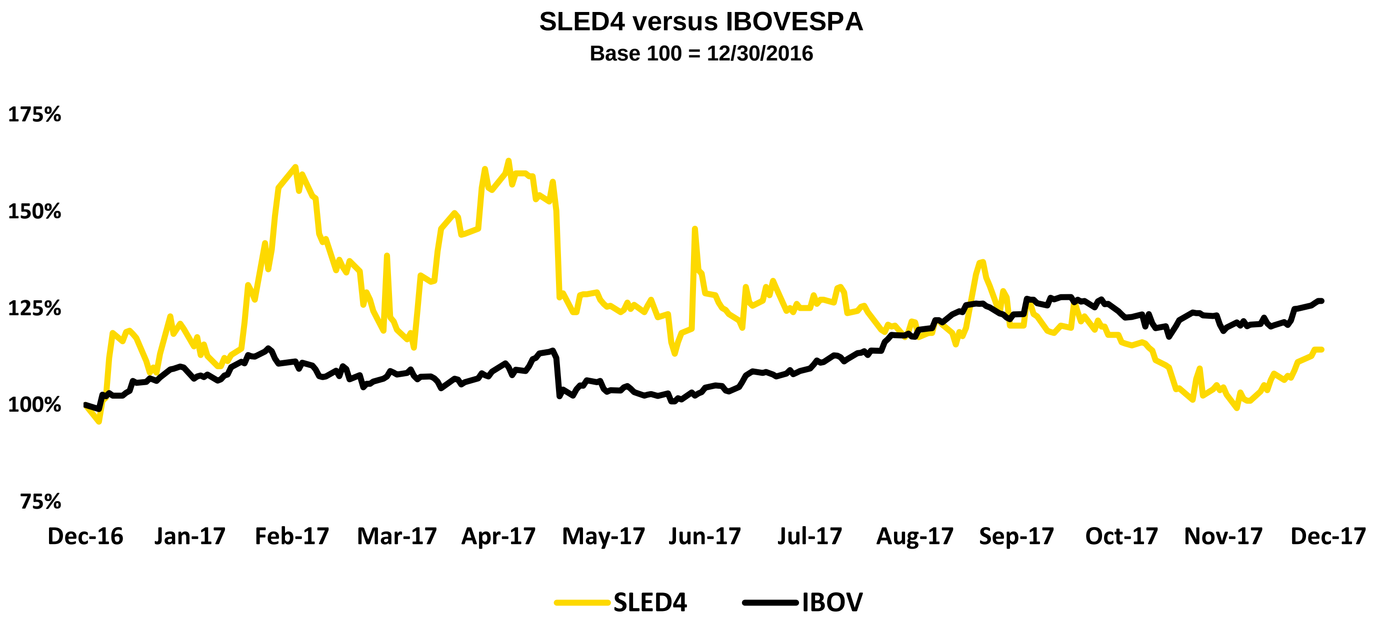
CAPITAL MARKETS

Below is a table of indicators summarizing the movement of Saraiva's shares in 2017 compared with 2016.

Indicators(*)	2017	2016	Var.
Number of Trades[1]	85,882	60,543	41.9%
Participation in trading sections - %[1]	100.0	100.0	-
Qtt. trades – thousand[1]	72,655	55,797	29.8%
Volume traded – R$ thousand[1]	356,383	214,081	66.5%
Share Price (PN) – R$[1]	4.24	3.71	14.3%
Share Price (ON) – R$	5.00	10.00	-50.0%
Total shares outstanding – thousand	26,686	26,686	-
Market Value – R$ mllion	120.4	159.6	-24.6%

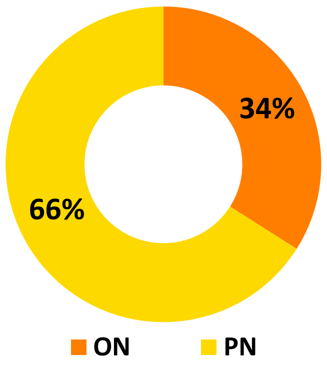
Source: BM&FBOVESPA
1 Reffers to PN shares (SLED4)
(*) Unaudited

Saraiva's preferred shares (SLED4) reported an increase of 14.3% over the previous year. During the same period, the Ibovespa stock index recorded a positive variation of 26.9%. As of December 31, 2017 Saraiva's market capitalization was R$ 120.4 million.



SHAREHOLDING STRUCTURE

Saraiva's subscribed and paid in capital stock was R$ 283.0 million on December 31, 2017, made up of a total of 26,701,745 shares, all nominative, book entry and with no par value. Of these shares, 9,622,313 are common (ON) and 17,079,432, preferred (PN). The Company holds 15,700 common shares as treasury stock.



DIVIDENDS

Pursuant to the resolution made at the Company's Annual Shareholders' Meeting held on April 28, 2017, partial distribution, in jul/17, of the retained mandatory dividends for fiscal year 2015, totaling R$4.8 million, corresponding to the gross amount of R$0.18 per share, equivalent to 22% of the balance of the special reserve for non-distributed mandatory dividends. The remaining balance, in accordance with the Material Fact filled on August 2, 2017, will be distributed in three equal installments in the amount of R$5.8 million, between 2018 and 2020.

EMPLOYEES

We closed 2017 with 3,186 employees (3,860 in December 2016). The Human Resources strategic initiatives focused on development, engagement, diversity and efficiency/productivity. In this context, the highlights for 2017 were:

- We implemented a new internal communication plan at Saraiva, which is closer and more appealing to the internal public;
- We proceeded with the cultural transformation project, continuing with the definition of new values and a plan to implement the new culture that will support the Company's transformation;
- We implemented the new HR cycle, evaluating all our leaders, choosing our internal talents and mapping our successors in order to support the continuity and transformation of our business;
- We completed the first cycle of senior management training with support from internal consulting;
- We implemented *Gestão de Lojas* (Store Management), a systemic capacity building and career development program for our entire salesforce;
- We implemented a quality and excellence program for our call center (SAC) and logistics (Cajamar DC and Salvador DC) teams with the aim of stimulating meritocracy and a result-oriented culture.

Corporate Governance

In line with best corporate governance practices, since the end of 2013, the Company has had a Governance area, responsible for concentrating and organizing the Company's internal controls.

This department also includes an Asset Protection Area, divided into Loss Prevention, Ombudsman Channel, Inventory Processes and Insurance.

The Internal Audit has established as a goal to apply the best practices, in line with companies that have the highest governance levels in the market. As a result, we established that the structure and targeting of the Internal Audit's work should focus on risks, prioritizing the most critical ones and those that have a direct impact on the Company's business objectives and strategic plan.

A General Risk Assessment (GRA) was initiated in 2014 and continued in 2015 in order to identify, classify and detail the main risks involved in the Company's activities, areas and structure and as well as risk qualifiers that indicate its exposure.

The General Risk Assessment (GRA) was reviewed and approved by the Company's Board of Directors, although a Risk Management Policy has not been formally established. The Governance area helps Management map, analyze, and appropriately treat risk events that may affect the Company's business.

Monitoring the evolution of this project led to the definition of an annual Internal Audit plan for 2017 focusing on risks, which was approved by the Company's Governance Executive Department and Chief Executive Officer.

Sustainability and Social Actions

Saraiva also sponsors the Jorge Saraiva Institute, a non-profit education institution that promotes the full development of children aged between three and six years, in the physical, psychological, intellectual and cognitive aspects.

The institute was founded in 2004, mainly due to the need to alleviate the economic difficulties experienced by families and their effects on children, since a competent school has the power to help overcome socio-economic inequalities.

The institute currently educates 35 children as it believes that early childhood care is important because high-quality child education provides benefits, including learning, affection, respect and confidence.

In accordance with the Brazilian Education Guidelines and Bases and the Child and Adolescent Statute, it offers kindergarten and pre-school, both on a full time basis. Through recreational activities, students are encouraged to exercise their motor skills, make discoveries and take their first steps in literacy.

Independent Auditors

The financial information (individual and consolidated) have been examined by Grant Thornton Auditores Independentes ("Grant Thornton").

The engagement of independent auditors is based on the principles which safeguard the independence of the auditor, consisting in (a) the auditor not auditing its own work; (b) not exercising managerial functions; and (c) not advocating on behalf of the Company or rendering any services which might be deemed as subject to restriction under prevailing regulations.

The total value booked relative to outside audit fees for fiscal year 2017 was R$ 462 thousand.

ADHERENCE TO THE MARKET ARBITRATION PANEL

As a result of adherence to Corporate Governance Level 2, the Company, its shareholders and management undertake through arbitration to resolve all conflicts established in the Commitment Clause in the Bylaws pursuant to BM&FBOVESPA's Market Arbitration Panel Regulations.

DECLARATION OF THE EXECUTIVE BOARD ON THE FINANCIAL STATEMENTS

Pursuant to the provision in Article 25 of CVM Instruction 480/09, the Executive Board declares that it has reviewed, discussed and agrees with the financial statements, individual and consolidated, authorizing its conclusion on this date.

DECLARATION OF THE EXECUTIVE BOARD ON THE OPINION OF THE INDEPENDENT AUDITORS

Pursuant to the provision in Article 25 of CVM Instruction 480/09, the Executive Board declares that it has reviewed, discussed and agrees with the opinions expressed in the opinion of the independent auditors on these statements, issued as of this date.

ACKNOWLEDGEMENTS

We wish to thank all shareholders, clients, suppliers, financial institutions, employees and communities for the support provided in 2017 without which we would have been unable to achieve the year`s results.

São Paulo, March 13, 2018.

The Management

ANNEX – RETAIL

R$ thousand	4Q17	4Q16	Y/Y	3Q17	Q/Q
CURRENT ASSETS					
Cash and Cash Equivalents / Financial Investments	68,942	125,133	-44.9%	25,411	171.3%
Accounts Receivable	206,910	357,494	-42.1%	195,683	5.7%
Inventories	460,541	292,045	57.7%	286,327	60.8%
Recoverable Taxes	178,315	173,195	3.0%	195,886	-9.0%
Financial Derivative Instruments	1,010	17,305	-94.2%	48	>500%
NON-CURRENT ASSETS					
Other Long Term Assets	187,377	93,774	99.8%	157,688	18.8%
Financial Derivative Instruments	3,030	4,326	-30.0%	338	>500%
Investments	-	135	-100.0%	-	-
Property, Plant & Equipment	67,140	66,885	0.4%	64,420	4.2%
Intangible assets	186,111	168,249	10.6%	177,624	4.8%
CURRENT LIABILITIES					
Loans and Financing	119,635	189,666	-36.9%	95,398	25.4%
Suppliers	545,884	402,480	35.6%	290,000	88.2%
Financial Derivative Instruments	-	-	-	-	-
NON-CURRENT LIABILITIES					
Related Parties	-	11,833	-100.0%	-	-
Loans and Financings	198,032	146,732	35.0%	227,085	-12.8%
Financial Derivative Instruments	-	-	-	-	-
SHAREHOLDERS' EQUITY	**439,486**	**481,583**	**-8.7%**	**440,167**	**-0.2%**

CONFERENCE CALL DETAILS

Saraiva's 4Q17/2017 Earnings Conference Call, to be held in Portuguese and simultaneously translated to English, will be held on **March 15, 2018**, at 3.00 PM (local time) / 2.00 PM (US EST).

The call will be webcast live through streaming audio.

For more details, visit: www.saraivari.com.br

CONFERENCE CALL IN PORTUGUESE WITH SIMULTANEOUS TRANSLATION INTO ENGLISH

Time:
Brazil BRT (Brasília): 3.00 pm
US Eastern Standard Time US EST (New York): 2.00 pm

Telephone Numbers:
Dial-in for connecting from the United States: +1 646 828-8246
Dial-in for connecting from Brazil: +55 11 3193-1001
Dial-in for connecting from Brazil: +55 11 2820-4001

Password: **SARAIVA**

***Replay**: +55 11 3193-1012 or 2820-4012 (available for 7 days)*
Access codes: 2474995# (Portuguese) and 8119077# (English)

To listen in on the conference call over the Internet, connect to the **webcast platform**:

Portuguese: Click Here
English: Click Here

ABOUT SARAIVA

Saraiva, a Company focused on education, culture and entertainment, is present in all phases of its clients' lives. The Company operates through an omnichannel concept, offering a wide range of products and services. The Company conducts its e-commerce business through the site Saraiva.com.br, whose operations are fully integrated with those of the physical stores, and Saraiva has a presence throughout the entire country.