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 quarter ended on March 31, 2017 (1Q17).

The financial information contained herein refers to the first quarter of 2017 (1Q17) and the comparisons are made in relation to the same period last year, unless otherwise stated.

The interim 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 segment (+0.2 p.p.).
- Good sales performance in e-commerce reaching a 10.3% growth in the 1Q17.
- Reporting drops for five consecutive quarters, operating expenses decreased 7.4% when compared to 1Q16. Excluding the impact of extraordinary restructuring expenses, there was a 10.7% reduction.
- Adjusted EBITDA totaled R$ 25 million (+27.0% vs 1Q16) with a 5.0% margin (+1.1 p.p. vs 1Q16).
- Adjusted Net profit before Discontinued Operations reached R$ 3.1 million in 1Q17, against R$ 0.5 million in 1Q16.
- Gains in the management of employed working capital, with a 6-day improvement in the operating cycle and a 4.8% reduction in inventory.
- Progress of our strategic positioning as a multichannel operation:
  - Improvement in the Click & Collect service, through which clients buy on the E-commerce platform and the package is sent to wherever it is most convenient for them, with a growth from 11.4% in 1Q16 to 14.9% in 1Q17.
  - Implementation of “Saraiva Entrega” in all units. “Saraiva Entrega” it is a service available at the stores and integrated with the E-commerce platform, allowing the sale of products which are not available in stores for delivery to wherever it is most convenient for clients.
- Opening, in jan/17, of the store located at North Shopping (Fortaleza/CE). The megastore has 643m² in sales area and presents the new ideal store model specified by the management.
- Remodeling, in mar/17, of the store located at Brascan Open Mall (São Paulo/SP), adjusting the mix of categories and services, as well as including a Café Havanna operation.
- Transaction with Banco do Brasil to extend our debt profile.
- At the beginning of 2017 we accomplished recognitions and awards:
  - LIDE Retail, Consumption & Shopping Centers award, in the category "digital service in retail and shopping malls". Promoted by LIDE, a group of business leaders, the award recognizes industry leaders;
  - E-bit award, for the third time, the Best in E-commerce in the "one of the five most beloved stores" category and also the 1st place in the "the most beloved bookstore” category;
  - 3rd place in the IBOPE/Conecta survey which evaluates consumer satisfaction with leading E-commerce companies in the country;
  - 1st place in the ranking of stores’ branded credit cards with the best cost-benefit ratio in Brazil. In partnership with Banco do Brasil and Visa, the Saraiva credit card was ranked first according to a survey by the CVA Solutions consulting firm conducted in November 2016 and published in February 2017.

[1] YoY: 1Q17 vs 1Q16 consolidated data of expanded Market (Consultoria GFK)

SUBSEQUENT EVENTS

- Approval by the Annual and Extraordinary Shareholders' Meeting held on April 28, 2017 of a proposal for the partial distribution of the retained mandatory dividends for fiscal year 2015, totaling R$4.8 million, to be paid on July 3, 2017, corresponding to the gross amount of R$0.18 per share and equivalent to 22% of the balance of the special reserve for non-distributed mandatory dividends.
- Remodeling of the units at Shopping Tamboré (Barueri/SP) and Shopping Anália Franco (São Paulo/SP) in April and May 2017, respectively. The two stores underwent a retrofit and layout changes in order to include our partnership with Café Havanna and improve our customers' shopping experience.
- Transaction, in May 2017, with Banco Itaú to extend our debt profile.
- Creation of an Innovation committee composed of professionals renowned for their talent and expertise in retail and innovation in order to advise and support the Company's Board of Directors in the development and analysis of initiatives involving new products, services and processes that accelerate the Digital Transformation process and contribute to value creation and the continuity of the business.

Main Indicators

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

Retail	1Q17	1Q16	Y/Y	4Q16	Q/Q
Gross Revenue *(Stores + E-commerce)*	541,317	542,342	-0.2%	537,444	0.7%
Store Sales	348,081	367,216	-5.2%	370,164	-6.0%
E-commerce Sales	193,237	175,126	10.3%	167,280	15.5%
Net Revenue *(Stores + E-commerce)*	503,436	504,697	-0.2%	487,101	3.4%
Store Sales	326,664	346,265	-5.7%	341,423	-4.3%
E-commerce Sales	176,772	158,431	11.6%	145,677	21.3%
Gross Profit[1]	161,664	172,651	-6.4%	158,077	2.3%
Gross Margin (%)	32.1%	34.2%	-2.1 p.p.	32.5%	-0.3 p.p.
Operating Expenses	(141,640)	(152,937)	-7.4%	(147,730)	-4.1%
Recurring Operating Expenses[1]	(136,620)	(152,937)	-10.7%	(147,730)	-7.5%
EBITDA	20,024	19,714	1.6%	10,347	93.5%
EBITDA Margin (%)	4.0%	3.9%	0.1 p.p.	2.1%	1.9 p.p.
Adjusted EBITDA	25,044	19,714	27.0%	10,347	142.0%
Adjusted *EBITDA Margin (%)*	5.0%	3.9%	1.1 p.p.	2.1%	2.9 p.p.
Net Income (Loss) before Disc. Operations[1]	3,113	536	480.8%	(19,430)	-
Net Margin (%) before Disc. Operations[1]	0.6%	0.1%	0.5 p.p.	-4.0%	4.6 p.p.
Net results from Discontinued Operations	481	(270)	-	(2,458)	-
Adjusted Net Income (Loss)[1]	3,594	266	>500%	(21,888)	-
Adjusted Net Margin (%)[1]	0.7%	0.1%	0.7 p.p.	-4.5%	5.2 p.p.
Net Income (Loss)	281	266	5.6%	(21,888)	-
Net Margin (%)	0.1%	0.1%	0.0 p.p.	-4.5%	4.5 p.p.
SSS - Same Store Sales Growth (%)	-6.3%	1.1%	-7.4 p.p.	-4.6%	-1.7 p.p.
E-Commerce Sales Growth	10.3%	10.0%	0.4 p.p.	5.0%	5.4 p.p.
Number of Stores – End of Period	110	111	-0.9%	113	-2.7%
Sales Area – End of Period (m²)	61,746	62,214	-0.8%	61,851	-0.2%

Note 1: Excludes the effects of Extraordinary restructuring expenses to increase productivity in 1Q17 (R$ 5 million).

Performance Review

Our total gross revenue remained virtually flat in 1Q17 compared with the same period last year, outperforming the 3.4% decline reported by the IBGE's Monthly Trade Survey ("PMC") results in the books, newspapers, magazines and stationery segment. Our positive highlights were the 10.3% increase in e-commerce sales and, once again, a market share[2] gain (+0.2 p.p.) in the books segment, our core business.

The gross margin fell for the first time since 1Q15, from 34.2% in 1Q16 to 32.1% in 1Q17, reflecting the efforts to sell the inventory associated with the back-to-school period (as many titles will be renewed for the next period) and fiercer competition in the online retail market.

Expenses were once again an important highlight, decreasing for the fifth consecutive quarter, reflecting our efforts to review processes, renegotiate agreements and strictly control costs. Recurring operating expenses (excluding R$5 million in extraordinary restructuring expenses to increase productivity) fell a substantial 10.7% in the period.

Adjusted EBITDA increased year on year to R$25 million, with a 5.0% margin in 1Q17 (+1.1 p.p. versus 1Q16), continuing the profitability recovery process.

It is also worth noting the Company's ongoing efforts to reduce employed working capital. We closed 1Q17 with a 4.8% decline in inventory levels and a 6-day reduction in our operating cycle, from 83 days in 1Q16 to 77 days in 1Q17.

In the first quarter, we also received important awards from institutions such as Lide, E-bit and Ibope, reflecting positive consumer evaluations of aspects such as shopping experience, customer satisfaction and level of service provided to consumers.

We began 2017 focusing on continuing our transformation plan, supported by three pillars: (i) execution of existing initiatives to increase operational efficiency; (ii) ongoing development of new value creation initiatives; (iii) consolidation of the transformation with the redefinition of the brand's purpose and the design of a new organizational culture.

In 1Q17, we continued to implement our transformation plan, with the following highlights:

In the **physical store channel**, in line with the strategy of replacing of assets that have low expected value creation with investments with high potential returns, we inaugurated another store under the defined model in Jan/17 - the unit at North Shopping (643 m²) in Fortaleza - and closed the unit at IBMEC (127 m²), in Rio de Janeiro, and the store at Rua Augusta (216 m²) and the store at Guarulhos Airport (212 m²), in São Paulo.

In order to optimize operating costs and improve the profitability of existing units, in mid-March, we remodeled the store in Brascan Open Mall (São Paulo/SP), adjusting the mix of categories and services to the public in the region, as well as including a Café Havanna operation, helping improve the operation's profitability and adding value to our customers' shopping experience. In April and May 2017, after a retrofit and layout adjustments, we renovated the stores in Shopping Tamboré and Shopping Anália Franco, which now also feature Café Havanna.

We also continued the assortment project in order to improve the health of the existing inventory in each store and enhance supply algorithms. After the pilot projects carried out in 2016, the project is currently active in 26 stores and we expect to expand it to the entire network in 2017. Still regarding assortment management, we have other projects under development, especially the expansion of the bomboniere category, already present in 62 stores, and the redesign of the accessory and adventure and leisure categories, adjusting product display, experimentation and assortment.

As for the strategy of providing services that add important value to our customers' shopping experience and help build customer loyalty and increase profitability, in addition to expanding the number of stores that offer coffee bars, we are studying the expansion of the *Troca Inteligente* (buyback) service, now available in 81 stores, and Technical Support, currently offered by 14 units.

In the **e-commerce channel**, we remain focused on Multichannel experience as a pillar of differentiation, designed to provide an all-line experience focused on the customer's journey in order to ensure that the interaction with our brand is efficient and differentiated, regardless of the contact channel.

In this sense, in 1Q17, our efforts were focused on investments to improve customer experience for those who purchase products from the website and pick them up at one of our stores (14.9% in 1Q17 vs. 11.4% in 1Q16),

[2] YoY: 1Q17 vs 1Q16 consolidated data of expanded Market (Consultoria GFK)

including measures that encourage cross selling. We also devoted our efforts to the implementation of the *Saraiva Entrega* project, in which customers who access our e-commerce channel can order products that are unavailable in stores and have them delivered to their destination of choice. *Saraiva Entrega* is currently present in 100% of our stores, further strengthening our multichannel operation.

Our e-commerce sales have also been fueled by the strategy of implementing curatorial services for product recommendations and new display models that favor increased conversion, additional sales and greater digital interaction.

In Saraiva's **digital transformation** journey, it is worth noting the renovation of our Saraiva Plus loyalty program, one of the largest retail loyalty programs in the country, which will have even simpler and more attractive and interactive rules. We currently have 13.6 million registered customers (an 800,000 increase in the last 12 months) and almost 84% of our revenue identified. Using tools that enable a customer-driven strategy based on solid knowledge of consumer behavior and preferences, the relaunch of this program, scheduled for the end of 2Q17, aims to capture the relevant value potential that this rich database and consumption profiles can provide.

Another period highlight was the preparation for the launch of the new LEV version in early 2Q17. Even lighter and with new features and a more modern look, our portable e-reader comes with a platform of digital books available for research and purchase, increasing the value creation potential of e-books and further strengthening our digital ecosystem, which also includes platforms for self-publication (*Publique-se!*), audiobooks and the sale of prepaid content cards.

Overall, despite the challenges of the economic environment, we have made significant progress in our operation and remain focused on moving forward with our transformation project, always centered on customers, while constantly seeking to increase profitability and cash generation.

RESULTS

REVENUE – Retail gross revenue totaled R$ 541 million in 1Q17, in line when compared to the R$ 542 million registered in 1Q16. Retail net revenue was also in line reaching R$ 503 million in 1Q17.

It's worth to mention that, despite the steady scenario in terms of sales, our market share increased by 0,2 p.p. in the Books Category, our main segment.

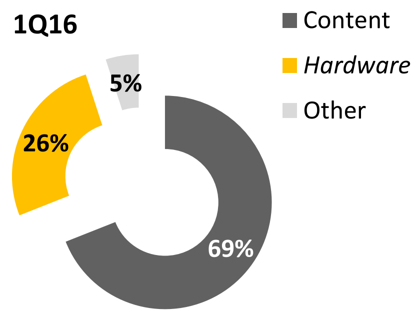
The company has presented superior performance when compared to the IBGE's Monthly Trade Survey ("PMC") results. The survey recorded a decrease of 3,4% in in the books, newspapers, magazines and stationery category in 1Q17.

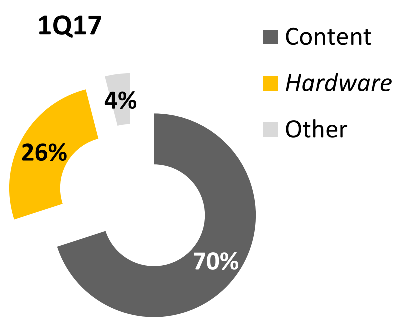
PHYSICAL STORES REVENUE – Stores gross revenue decreased 5.2% in 1Q17 and 6.3% in the concept of comparable stores.

E-COMMERCE REVENUE – Saraiva.com gross revenue were 10.3% higher when compared to the 1Q16, reaching R$ 193 million. Net revenue totaled R$ 177 million in 1Q17, an 11.6% increase when compared to 1Q16.

This result underlines the developed measures to improve the service level and reflects the growth achieved in the key products categories. In line with this performance, total gross revenue of e-commerce operations reached 35.7% of total retail operations in the 1Q17 (against 32.3% in 1Q16).

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

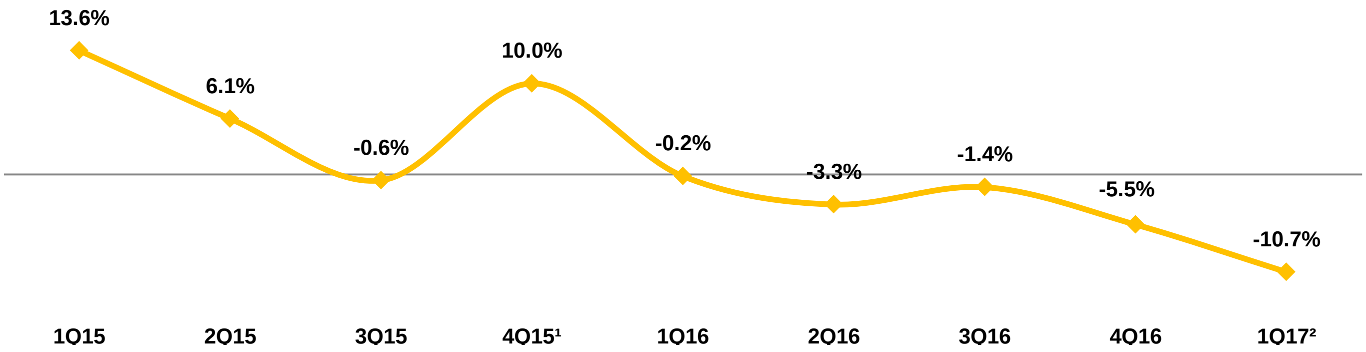




GROSS PROFIT – Gross profit reached R$ 162 million in 1Q17. The gross margin decreased 2.1 p.p., from 34.2% in 1Q16 to 32.1% in 1Q17. After successive quarters of gross margin improvement, this performance reflects the efforts to sell the inventory associated with the back-to-school period (as many titles will be renewed for the next period) and fiercer competition in the online retail market.

OPERATING EXPENSES – Operating expenses totaled R$ 142 million in 1Q17, representing a decrease of 7.4% when compared to the R$ 153 million reported in the same period of the previous year. Excluding the impact from non-recurring expenses there was a 10.7% reduction from 1Q16. Decreasing for the fifth consecutive quarter, this performance was due to the Company's efforts to improve productivity by optimizing costs, reviewing agreements and changing processes.

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 extraordinary restructuring expenses to increase productivity in 1Q17 (R$ 5 million).

EBITDA – Adjusted EBITDA totaled R$ 25 million in the 1Q17, 27,0% higher when compared to 1Q16. The EBITDA margin reached 5.0% in the period (+1.1 p.p. vs 1Q16).

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

Retail	1Q17	1Q16	Y/Y	4Q16	Q/Q
Net Income (Loss)	**281**	**266**	**5.6%**	**(21,888)**	**-**
(+) Financial Result	9,658	9,792	-1.4%	13,419	-28.0%
(+) Income Tax / Social	2,142	351	>500%	7,301	-70.7%
(+) Depreciation Amortization	8,424	9,035	-6.8%	9,058	-7.0%
(+) Net Income from Discontinued Operations	(481)	270	-	2,458	-
(+) Other[1]	5,020	-	-	(1)	-
Adjusted EBITDA[1]	**25,044**	**19,714**	**27.0%**	**10,347**	**142.0%**
Adjusted EBITDA Margin (%)[1]	**5.0%**	**3.9%**	**1.1 p.p.**	**2.1%**	**2.9 p.p.**

Note 1: Excludes extraordinary restructuring expenses to increase productivity in 1Q17 (R$ 5 million).

WORKING CAPITAL* – The working capital/net revenue ratio slightly improved reaching 19.4% in 1Q17 when compared with 1Q16. The Retail operating cycle was 77 days in 1Q17 against 83 days in 1Q16.

Accounts receivable went from 59 days in 1Q16 to 64 days in 1Q17, reflecting the longer terms demanded by customers and the changes in the mix of products sold. The average inventory coverage period decreased by 4 days, from 95 days in 1Q16 to 91 days in 1Q17, indicating the importance of the assortment and supply initiatives. The supplier payment term increased by 7 days in 1Q17 when compared with the 1Q16, reaching 78 days (71 days in 1Q16).

* 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 in the amount of R$ 9.7 million in 1Q17, presenting a slight decrease when compared to 1Q16.

NET INCOME (LOSS) FOR THE PERIOD – Adjusted Net Profit before the result from discontinued operations was R$ 3.1 million in 1Q17 against adjusted net profit of R$ 0.5 million in 1Q16.

INVESTIMENTS (CAPEX) – Investments made in Retail totaled R$ 13 million in 1Q17 (R$ 5 million in 1Q16).

LIQUIDITY – In March and May 2017, respectively, we completed transactions with Banco do Brasil and Banco Itaú to extend our debt profile. With a one-year grace period and two years to pay the principal, the two loans total approximately R$215 million and have their final maturity scheduled for 2020.

The following table presents information on maturities by financing line on March 31, 2017 (excludes the new loan with Banco Itaú):

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

Consolidated	Average Cost (p.a)	Total	Until 2017	Until 2018	Until 2019	After 2019
Transaction Type						
BNDES[1]	**12.2%**	**62,003**	7,596	14,763	14,763	24,881
Working Capital/other	**14.7%**	**220,565**	58,749	78,242	66,187	17,387
Total Gross Debt[2]	**14.2%**	**282,568**	**66,346**	**93,005**	**80,950**	**42,268**

Note 1: Cost at the close of 1Q17 from the balance of the 2014 BNDES agreement, without considering the cost of bank guarantee, considering TJLP of 7.5% p.a. and SELIC of 12.15% p.a.
Note 2: Loans net of financial derivative instruments

The table below presents the Saraiva's consolidated net debt, which totaled R$ 267 million on March 31, 2017, versus R$ 397 million in 1Q16 and R$ 199 million in 4Q16.

If we consider credit card receivables, net cash came to R$ 93 million in 1Q17 against a net debt of R$ 191 million in 1Q16 and a net cash of R$ 153 million in 4Q16.

It is important to point out that the variation in the cash position reflects the seasonality of our operations, due to inventory building for Black Friday and Christmas (November and December) and the back-to-school period (November to February), whose payments to suppliers are made in the first half of the following year.

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

Consolidated[1]	1Q17	1Q16	Y/Y	4Q16	Q/Q
Transaction Type					
Loans and Financing[2]	282,568	572,129	-50.6%	321,592	-12.1%
(+) Acquisition Obligations	2,322	5,117	-54.6%	2,254	3.0%
(-) Cash and Cash Equivalents / Financial Investments	17,747	180,248	-90.2%	125,290	-85.8%
Consolidated Net Debt Before Receivables	**267,144**	**396,998**	**-32.7%**	**198,556**	**34.5%**
(-) Credit Card Receivables	360,558	205,327	75.6%	351,152	2.7%
Consolidated Net Debt After Receivables	**-93,415**	**191,671**	**-**	**-152,596**	**-38.8%**

Note 1: "Receivables Prepayment" (R$0.5 million in 1Q17, R$3 million in 4Q16 and R$152 million in 1Q16)
Note 2: Loans net of financial derivative instruments

OUR STORES - In 1Q17, Saraiva had 110 stores in 17 Brazilian states and the Federal District. In Jan/17, we opened a store located at North Shopping Fortaleza and, in mar/17, reopened a store located at Brascan Open Mall (São Paulo/SP), adjusting the mix of categories and services to the public in the region, as well as including a Café Havanna operation, and remodeled the units at Shopping Tamboré (Barueri/SP) and Shopping Anália Franco (São Paulo/SP) in April and May 2017, respectively. The two remodeled stores underwent a retrofit and layout changes in order to include our partnership with Café Havanna and improve our customers' shopping experience. In 2017, we closed 3 units:

- In jan/17, Guarulhos Airport store (212m² in sales area), in São Paulo/SP.
- In feb/17, IBMEC store (127m² in sales area), in Rio de Janeiro/RJ.
- In mar/17, Rua Augusta store (216 m² in sales area), in São Paulo/SP.

We also temporarily closed one unit for remodeling:

- Natal Shopping store (107 m² of sales area). We are transforming this unit into another iTown, a Saraiva store specialized in Apple products, with inauguration scheduled for June 2017. The remodeled store will have a complete mix of Apple products, in addition to technical support services.

We have 3 new contracted stores, all aligned with the new ideal store concept defined by Management and with investments/m² 25% below the previous standard, favoring faster paybacks:

- One store located at Park Shopping Canoas (RS), expected to open in October, 2017, with 430m² in sales area;
- One store located at Shopping Metro Itaquera (SP), expected to open in November, 2017, with 447m² in sales area;
- One store located at Shopping Estação Cuiabá (MT), expected to open in 2018, with 659m² in sales area.

We remain focused on extract value from our current assets and, in 2017, we will continue with this strategy. We already have one reduction contracted, Shopping Iguatemi Campinas (Campinas/SP), and one readjustment, Shopping Morumbi (São Paulo/SP).

ANNEX – RETAIL

R$	1Q17	1Q16	Y/Y	4Q16	Q/Q
CURRENT ASSETS					
Cash and Cash Equivalents / Financial Investments	17,725	179,541	-90.1%	125,133	-85.8%
Accounts Receivable	365,466	213,751	71.0%	357,494	2.2%
Inventories	282,365	296,643	-4.8%	292,045	-3.3%
Recoverable Taxes	170,269	119,751	42.2%	173,195	-1.7%
Financial Derivative Instruments	14,034	53,704	-73.9%	17,305	-18.9%
NON-CURRENT ASSETS					
Other Long Term Assets	120,900	138,123	-12.5%	93,774	28.9%
Financial Derivative Instruments	-	-	-	4,326	-100.0%
Investments	135	135	-	135	-
Property, Plant & Equipment	66,861	70,360	-5.0%	66,885	0.0%
Intangible assets	173,257	119,934	44.5%	168,249	3.0%
CURRENT LIABILITIES					
Loans and Financing	112,395	429,407	-73.8%	189,666	-40.7%
Suppliers	373,998	336,177	11.3%	402,480	-7.1%
Financial Derivative Instruments	-	8,834	-	-	-
NON-CURRENT LIABILITIES					
Related Parties	-	-	-	11,833	-100.0%
Loans and Financings	184,207	155,025	18.8%	146,732	25.5%
Financial Derivative Instruments	-	-	-	-	-
SHAREHOLDERS' EQUITY	**484,399**	**518,703**	-6.6%	**481,583**	**0.6%**

CONFERENCE CALL DETAILS

Saraiva's 1Q17 Earnings Conference Call, to be held in Portuguese and simultaneously translated to English, will be held on May 16, 2017, at 10:30 AM (local time) / 9:30 AM (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): 10:30 am
US Eastern Standard Time US EST (New York): 9:30 am

Telephone Numbers:
Dial-in for connecting from the United States: +1 786 924-6977
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: 2250170# (Portuguese) and 8176162# (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 a multi-channel 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.