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 second quarter ended in June 30, 2016.

The financial information contained herein refers to the comparison between the Consolidated second quarter of 2016 (2Q16) and the Retail second quarter of 2015, 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

- Better sales performance than market indicators. 3.8 p.p. Year-on-year increase in market share value in the book market, reaching 24.7% market share in May, 2016.
- 2Q16 Retail gross revenue dropped 2.4%, reflecting the strong comparison base with the 2Q15 - quarter impacted by the non-recurring sales success of the coloring books. Excluding the effects from the coloring books, sales increased 3.0%.
- Good sales performance in e-commerce, reaching a 13.8% growth. This result underlines the continuous focus on improving the customer experience and the assertiveness of the Company's sales strategy, despite of a growing competitive environment.
- Gross sales dropped 8.1% in 2Q16 in the concept of physical comparable stores, also reflecting the non-recurring effects from the coloring books. Excluding the effects from the coloring books, sales decreased 0.6%.
- The gross margin improved for the fifth consecutive quarter. The Retail gross margin increased to 36.2% in the 2Q16, 2.9 bps higher than the 33.3% recorded in the 2Q15. Gross Profit moved up 3.3% year on year, reaching R$134 million.
- Important decrease of 3.3% in operating expenses in the 2Q16. Excluding the impact of INSS on payroll (in the 2Q15, INSS was calculated on revenue) there was a 7.5% reduction. This result underlines the Company's efforts to control expenses despite the strong inflationary pressure on its main costs.
- EBITDA totaled R$1 million in the 2Q16, presenting a significant improvement in relation to the negative R$8 million recorded in the 2Q15. The EBITDA margin reached 0.3% in the period (2.3 bps up on 2Q15).
- In April 2016 our store in Shopping Nova Iguaçu (Rio de Janeiro state) was inaugurated, featuring the new visual merchandising to focus on the improvement of our customer experience.
- Development of our multi-channel concept. In the 2Q16, 13.1% of the sales in the e-commerce were chosen to be picked up in one of our stores (against 8.5% in the 2Q15).
- Ongoing improvement in customer experience. On the "Reclame Aqui" website, a reference platform for companies' reputation among consumers, the number of complaints against the Company fell 25% between 2Q15 and 2Q16 and we increased our rating 10%, remaining as level "Great".
- The Saraiva Plus loyalty program associated customers rose 1.7 million by the end of 2Q16, reaching 13.1 million customers.
- In the 2Q16, PUBLIQUE-SE! (a self-publishing platform) number of digital books increased 74%, reinforcing our strategic positioning in the digital market.
- During the second quarter of 2016 we received three awards, reinforcing the continuous focus on our customers: "the Most Loved Store" in the Bookstore category by the E-BIT Award; "the Best Retail Company" in the Bookstore and Stationary category by the BR Week 2016 Award; and first place in the "The Best of São Paulo – Bookstore services" award of Data Folha, which we were elected by popular vote.

SUBSEQUENT EVENTS

- In July, release of the R$77.8 million portion (base 12/30/2015) deposited in an escrow account as a Guarantee Deposit for Price Adjustment, related to the sale of the publishing assets.

Main Indicators

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

Retail	1H16	1H15	Y/Y	2Q16	2Q15	Y/Y	1Q16	Q/Q
Gross Revenue *(Stores + E-commerce)*	947,317	939,928	0.8%	404,975	415,033	-2.4%	542,342	-25.3%
Store Sales	635,902	660,881	-3.8%	268,686	295,256	-9.0%	367,216	-26.8%
E-commerce Sales	311,414	279,047	11.6%	136,289	119,777	13.8%	175,126	-22.2%
Net Revenue *(Stores + E-commerce)*	875,741	888,625	-1.4%	371,044	389,984	-4.9%	504,697	-26.5%
Store Sales	596,409	620,418	-3.9%	250,142	275,754	-9.3%	346,265	-27.8%
E-commerce Sales	279,333	268,206	4.1%	120,901	114,230	5.8%	158,431	-23.7%
Gross Profit	306,801	294,311	4.2%	134,150	129,869	3.3%	172,651	-22.3%
Gross Margin (%)	35.0%	33.1%	1.9 p.p.	36.2%	33.3%	2.9 p.p.	34.2%	1.9 p.p.
Operating Expenses	(285,928)	(290,767)	-1.7%	(132,991)	(137,532)	-3.3%	(152,937)	-13.0%
EBITDA	20,857	3,544	489.0%	1,159	(7,663)	-	19,714	-94.1%
EBITDA Margin (%)	2.4%	0.4%	2.0 p.p.	0.3%	-2.0%	2.3 p.p.	3.9%	-3.6 p.p.
Net Income (Loss) before Disc. Operations	(16,265)	(32,189)	-49.5%	(16,801)	(23,134)	-27.4%	536	-
Net Margin (%) before Disc. Operations	-1.9%	-3.6%	1.8 p.p.	-4.5%	-5.9%	1.4 p.p.	0.1%	-4.6 p.p.
Net results from Discontinued Operations	1,438	-	-	1,708	-	-	(270)	-
Net Income (Loss)	(14,827)	(32,189)	-53.9%	(15,093)	(23,134)	-34.8%	266	-
Net Margin (%)	-1.7%	-3.6%	1.9 p.p.	-4.1%	-5.9%	1.9 p.p.	0.1%	-4.1 p.p.
SSS - Same Store Sales Growth (%)	-3.0%	-1.8%	-1.2 p.p.	-8.1%	2.9%	-11.0p.p.	1.1%	-9.2 p.p.
E-Commerce Sales Growth	11.6%	-4.6%	16.2 p.p.	13.8%	-5.8%	19.6 p.p.	10.0%	3.8 p.p.
Number of Stores – End of Period	112	114	-1.8%	112	114	-1.8%	111	0.9%
Sales Area – End of Period (m²)	62,795	62,692	0.2%	62,795	62,692	0.2%	62,214	0.9%

Performance Review

Despite the slight improvement in the future prospects for certain economic indicators, retail sales continued to be influenced by the strong recession we have been going through. According to IBGE's Monthly Trade Survey ("PMC"), retail sales fell 6.6% in 2T16 over 2T15, and 2.2% when compared to the end of 2015.

Given the still quite challenging macroeconomic scenario, we have concentrated our efforts on opportunities to improve operational efficiency. We have worked with a strong discipline in the use of resources, and constantly seeking to exceed our customers' expectations through a prime experience in our sales channels.

Notwithstanding the adverse economic scenario, we continued to perform above market indicators despite the 2.4% gross revenue reduction in 2Q16. The "books, newspapers, magazines and stationery" category of IBGE's Monthly Trade Survey ("PMC"), of which we are leaders, posted a strong decline, down by 19.9% in the period. Excluding the effects from the coloring books, which significantly favored sales in 2Q15, retail gross revenue grew by 3.0% in the period. It is worth mentioning that we closed May 2016 with a 24.7% market share in value in the book market, according to the consulting firm GFK, equivalent to a 3.8 p.p. year-on-year increase.

Aware of the challenges to consistent and sustainable growth, we remain focused on our ongoing efforts to reduce costs, improve working capital and gain gross margin. The retail gross margin grew once more, closing the quarter at 36.2%, 2.9 bps higher than in 2Q15. Considering the impact of INSS (social security), which as of November 2015 was no longer calculated on revenue, but on payroll, the gross margin would be 35.5%, still representing an important gain compared to 2Q15. Since 2Q15, we have reported gross margin gains, reflecting better management of prices and the structuring of the supply and business planning areas.

We continued to focus on the strict control of expenses and registered an important R$4.5 million reduction in 2Q16, despite the R$6 million impact of the calculation of INSS on payroll (change in the government's payroll tax relief policy) and strong inflationary pressure. We understand the impact of a strong cost control on the sustainability of our business. As a result, we will continue to implement a series of measures to ensure this goal is met. We expect to capture additional value still in 2H16 through several ongoing initiatives, especially the renegotiation of agreements and partnerships.

Following our resource rationalization and selective investment plan, we opened a store in Nova Iguaçu, in Rio de Janeiro state. With a modern and attractive architectural design, the store offers a full range of our product mix and the spaces were specially designed to enhance customer experience, encouraging interactivity and contributing to increase the average length of stay of customers in the store. The store soon became an important attraction and a popular destination at the mall and the surrounding region.

We have also developed studies to invest in renovations and adjustments to the space and mix of categories offered in strategic stores. In line with strategy, the store in Shopping Jardim Sul, in São Paulo, was renovated and reopened in June 2016. Now the store offers a prime experience with an expanded service and product mix. In a joint initiative with the operators of Shopping Iguatemi Porto Alegre, in Rio Grande do Sul, we are going to change the store's location (scheduled for September 2016) in order to reduce occupancy costs and improve customer experience with the implementation of a complete mix of products and services at the unit.

In line with the strategy of optimizing our total occupancy cost, reviewing the mix of categories offered and adjusting the size of certain units to the current reality of the market, we began to downsize certain stores in 2Q16. This strategy was implemented in June 2016 at Shopping Recife, in Recife, Pernambuco state, and we expect to complete the location change inside Shopping Iguatemi Alphaville, in São Paulo, in October 2016, adjusting operating expenses and taking the store to a better-located site. We are moving on with the review of our Café operations, focusing on growing in number, thereby contributing to improve store profitability.

As for our assortment strategy, in the Games category, we implemented the assisted sales project in another two stores in 1H16, in light of the promising results obtained in the four stores where the project was initially developed. We have also moved forward with other projects under development, especially the beginning of the rollout of the Bomboniere category, currently present in five stores, and planned to be implemented in at least 30 stores by the end of the year.

It is also worth noting the Company's efforts to reduce the working capital employed. We have a wide range of initiatives in progress, such as the review of the ideal clustering of stores and implementation of tools that promote better management of purchases and returns. We closed the first half with an important reduction in inventories (R$20 million) compared to December 31, 2015.

It is important to emphasize the continuous evolution of the Company's multichannel operation. We were one of the pioneers in the strategic and synergistic use of this concept and continued to develop initiatives that favor our customers' multichannel experience. For instance, the option to buy from the website with store pick-up was used in 13.1% of all e-commerce purchases, bringing greater convenience to customers and increasing the flow of clients in the store.

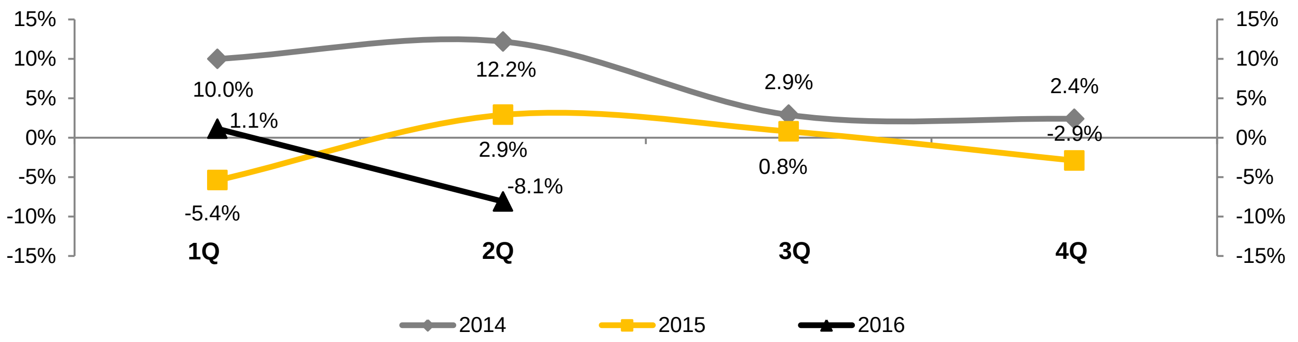
We reassure our commitment to building solid bases in order to guarantee sustainable growth. Despite the challenges of the economic conjuncture, we trust in the assertiveness of the Company's strategy and execution capacity. The results achieved in the first two quarters of 2016 strengthen our positioning and make us feel optimistic that we will rapidly create additional value.

RESULTS

REVENUE – Retail gross revenue totaled R$405 million in 2Q16, a 2.4% decrease when compared to the R$415 million in the 2Q15, quarter impacted by the non-recurring sales success of the coloring books. Retail net revenue reached R$371 million in the 2Q16, down 4.9% when compared do the same period of the previous year (R$390 million in the 2Q15).

PHYSICAL STORES REVENUE – Stores gross revenue decreased 9.0% in 2Q16 and 8.1% in the concept of comparable stores, when compared do the same period of the previous year. In 2Q16, Stores net revenue fell 9.3%, reflecting the strong economic downturn and the effects from the coloring books, which significantly favored sales in 2Q15.

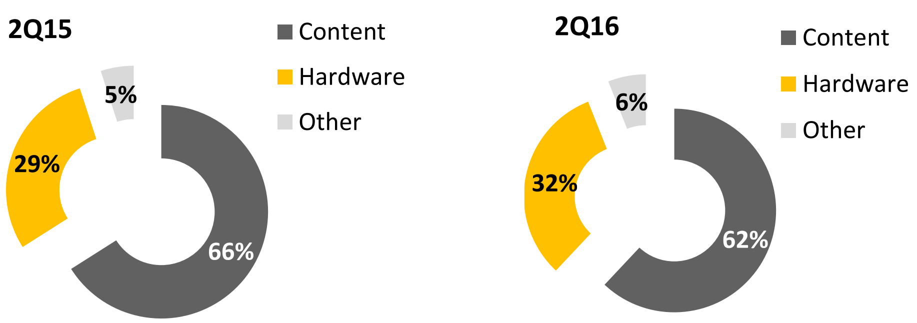
Chart 1. Sales Performance - Nominal Growth of Same Store Sales (by quarter)



E-COMMERCE REVENUE – Saraiva.com gross revenue were 13.8% higher when compared with the 2Q15, reaching R$136 million. Net revenue totaled R$121 million in 2Q16, a 5.8% increase year on year.

This result underlines the developed measures to improve the service level and reflects the growth achieved in the major product categories. In line with this performance, total gross revenue of e-commerce operations reached 34% of the retail operations in the 2Q16 (against 29% in 2Q15).

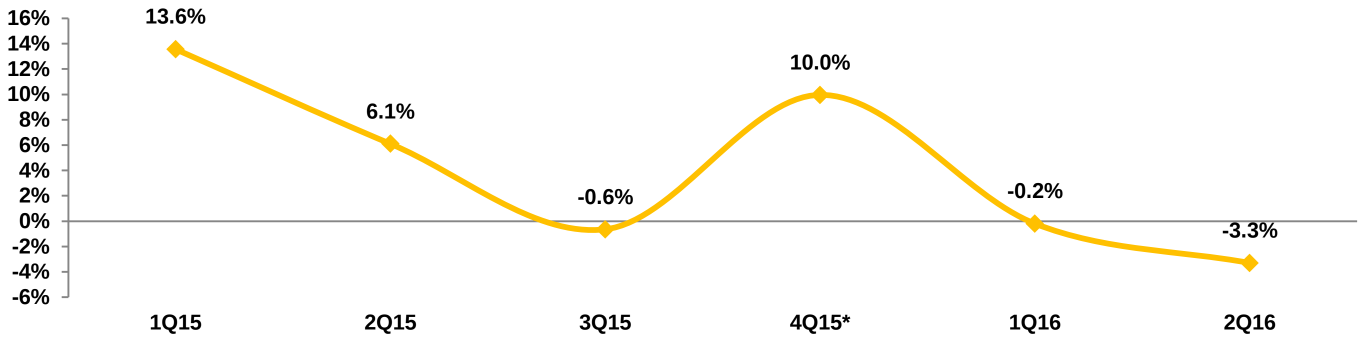
Chart 2. Gross Profit in Retail by segment (R$ million)



GROSS PROFIT – Retail gross profit reached R$134 million in 2Q16, 3.3% higher than in 2Q15. The gross margin showed an increase of 2.9 bps, from 33.3% in 2Q15 to 36.2% in 2Q16. Even considering the impact of INSS on revenue in the period, the gross margin grew 2.2 p.p. to 35.5% in the second quarter to 2016.

OPERATING EXPENSES – Operating expenses totaled R$133 million in 2Q16, representing a decrease of 3.3% when compared to the R$138 million reported in the same period of the previous year. Excluding the impact of INSS on payroll, totaling approximately R$6 million (in 2Q15, INSS was calculated on revenue) there was an important 7.5% reduction from 2Q15. This result was due to the Company's efforts to improve productivity by optimizing costs, reviewing agreements and changing processes, despite inflationary pressure.

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



* Excluding extraordinary expenses, especially with consulting services regarding publishing assets sale process and write-off of ICMS ST credits not recognized by SEFAZ-SP

EBITDA – Retail EBITDA totaled R$1 million in the 2Q16 against a negative R$ 8 million in the 2Q15. EBITDA margin was 0.3% in 2Q16, 2.3 bps higher than the 2Q15 margin.

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

Retail	1H16	1H15	Y/Y	2Q16	2Q15	Y/Y	1Q16	Q/Q
Net Income (Loss)[1]	**(14,827)**	**(32,189)**	**-53.9%**	**(15,093)**	**(23,134)**	**-34.8%**	**266**	**-**
(+) Financial Result	27,130	32,843	-17.4%	17,338	17,844	-2.8%	9,792	77.1%
(+) Income Tax / Social	(8,092)	(15,595)	-48.1%	(8,443)	(11,526)	-26.7%	351	-
(+) Depreciation Amortization	18,101	18,485	-2.1%	9,066	9,153	-1.0%	9,035	0.3%
(+) Net Income from Discontinued Operations	(1,438)	-	-	(1,708)	-	-	270	-
(+) Other	(17)	-	-	(1)	-	-	-	-
EBITDA	**20,857**	**3,544**	**488.5%**	**1,159**	**(7,663)**	**-**	**19,714**	**-94.1%**
EBITDA Margin (%)	**2.4%**	**0.4%**	**2.0 p.p.**	**0.3%**	**-2.0%**	**2.3 p.p.**	**3.9%**	**-3.6 p.p.**

WORKING CAPITAL* – The working capital/net revenue ratio slightly improved reaching 20.9% in 2Q16 compared with 2Q15. The Retail operating cycle was 79 days in 2Q16 against 89 days in 2Q15. Accounts receivable went from 56 days in 2Q15 to 60 days in 2Q16, reflecting the longer terms demanded by customers. The average inventory coverage period decreased by 12 days, from 104 days in 2Q15 to 92 days in 2Q16. The supplier payment term increased by 2 days in 2Q16 when compared with the 2Q15, reaching 73 days (71 days in the 2Q15).

* 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$17 million in 2Q16 against R$18 million in 2Q15.

NET INCOME (LOSS) FOR THE PERIOD – Net loss before the result from discontinued operations was R$17 million in 2Q16 against net loss of R$23 million in 2Q15.

INVESTIMENTS (CAPEX) – Investments made in Retail totaled R$ 6 million in 2Q16, in line when compared to the 2Q15. We reinforce our determination to rationalize the use of funds by taking a selective approach to the investments made, prioritizing projects with faster return expectations.

LIQUIDITY – The following table presents information on maturities by financing line:

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

Consolidated	Average Cost (p.a)	Total	Until 2016	Until 2017	Until 2018	After 2018
Transaction Type						
BNDES[1]	**12.5%**	**64,450**	2,419	10,035	15,590	36,406
Working Capital/other	**16.7%**	**435,867**	179,593	164,094	84,148	8,032
Total Gross Debt[2]	**16.2%**	**500,317**	**182,013**	**174,130**	**99,738**	**44,438**

Note 1: Average cost at the close of 2Q16 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 14.25% p.a.
Note 2: Loans net of financial derivative instruments

The table below presents the Saraiva Group's consolidated net debt, which totaled R$311 million on June 30, 2016, versus R$754 million in 2Q15 and R$397 million in 1Q16.

If we consider credit card receivables, net debt came to R$96 million in 2Q16 against R$474 million in 2Q15 and R$191 million in 1Q16.

It is worth noting that we adjusted the Net Debt method calculation, excluding the Receivables Prepayment (described on the Table 4 – Note 1), according to the standard practices adopted by listed companies.

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

Consolidated[1]	2Q16	2Q15	Y/Y	1Q16	Q/Q
Transaction Type					
Loans and Financing[2]	500,317	938,535	-46.7%	572,130	-12.6%
(+) Acquisition Obligations	2,110	2,845	-25.8%	5,117	-58.8%
(-) Cash and Cash Equivalents / Financial Investments	191,224	187,266	2.1%	180,248	6.1%
Consolidated Net Debt Before Receivables	**311,203**	**754,114**	**-58.7%**	**396,999**	**-21.6%**
(-) Credit Card Receivables	215,577	279,748	-22.9%	205,696	4.8%
Consolidated Net Debt After Receivables	**95,626**	**474,366**	**-79.8%**	**191,303**	**-50.0%**

Note 1: "Receivables Prepayment" (R$96 million in 2Q16, R$152 million in 1Q16 and no impact in 2Q15)
Note 2: Loans net of financial derivative instruments

It is important to note that the restated amount of the sale of the publishing assets was R$777 million on December 30, 2016. Of this amount, R$395 million was retained in an escrow account. The PNLD supply guarantee deposit was released between April and the beginning of May 2016. The guarantee deposit for price adjustment was partially released on July 2016. The remaining amount is expected to be released by August 2016.

Table 5. Sale of Publishing Assets (R$ Thousand)

Amounts on 12/30/2015

Contractual Price Conditions	
Total Transaction Amount	**776,599**
(-) Adjustment in the Estimated Accounting Price (Net Debt and Working Capital)	281,979
Net Transaction Amount	**494,620**
(-) Amount Received on December 30, 2015	99,165
(-) Amount Received in 2Q16 - PNLD Supply Guarantee Deposit	261,558
(-) Amount Received – Saraiva - Guarantee Deposit for Price Adjustment – Jul/16	77,780
(-) Amount Received – Somos Educação - Guarantee Deposit for Price Adjustment – Jul/16	13,270
Amount Receivable in 2016*	**42,846**
*** Escrow Account**	**42,846**
(-) Guarantee Deposit for Price Adjustment[1]	42,846

Note: 1. Expected for August 2016, it refers to the usual adjustments for this type of transaction.

OUR STORES - In 2Q16, Saraiva had 112 stores in 17 Brazilian states and the Federal District. In April, 2016, we open a store in Shopping Nova Iguaçu mall, in Rio de Janeiro.

In accordance with the reports developed to estimate the potential penetration in medium cities, we are investing in reduced sized movable stores (“Pop-up store”) to capture possible opportunities in certain markets and assess new regions. In line with this strategy, we plan to open a store in Franca, a city in the countryside of São Paulo state with a population of 340 thousand inhabitants. The store, scheduled to open in Nov 2016, will have a 260m² sales area, and provides us good prospects in terms of returns.

LEV – The Saraiva portable digital reader (e-reader), LEV, released in early August 2014, already has digital catalog of over 531 thousand titles in foreign languages and 65 thousand titles in Portuguese.

PUBLIQUE-SE! – Publique-se! (a self-publishing platform) in 2Q16 had a total of 11.3 thousand published books versus 6.5 thousand books published in 2Q15. The advantage of this tool is that the digital books are promoted by the largest online book retailer in Brazil. More than 12 million people visit the online store each month, where they can access the entire collection of Publique-se! works.

SARAIVA PLUS – Another important initiative is the Saraiva Plus Program, our customer loyalty card, and an important relationship-building tool with clients of both the physical stores and Saraiva.com.br. The Saraiva Plus loyalty program had 13.1 million associated customers at the end of 2Q16 versus 11.4 million customers in 2Q15.

ANNEX – RETAIL

R$ thousand	2Q16	2Q15	Y/Y	1Q16	Q/Q
CURRENT ASSETS					
Cash and Cash Equivalents / Financial Investments	191,224	18,015	>500%	179,541	6.5%
Accounts Receivable	224,162	286,245	-21.7%	213,750	4.9%
Inventories	263,621	345,437	-23.7%	296,643	-11.1%
Recoverable Taxes	146,085	151,488	-3.6%	119,751	22.0%
Financial Derivative Instruments	12,980	-	0.0%	27,291	-52.4%
NON-CURRENT ASSETS					
Other Long Term Assets	103,177	101,688	1.5%	85,298	21.0%
Financial Derivative Instruments	14,569	-	0.0%	26,413	-44.8%
Investments	158	6,152	-97.4%	135	17.0%
Property, Plant & Equipment	94,219	79,055	19.2%	70,360	33.9%
Intangible assets	143,291	120,701	18.7%	119,933	19.5%
CURRENT LIABILITIES					
Loans and Financing	276,355	249,193	10.9%	429,407	-35.6%
Suppliers	182,224	196,834	-7.4%	336,177	-45.8%
Financial Derivative Instruments	5,398	32,114	-83.2%	8,835	-38.9%
NON-CURRENT LIABILITIES					
Intragroup Loans	-	92,810	-100.0%	-	-
Loans and Financings	246,113	294,637	-16.5%	155,025	58.8%
Financial Derivative Instruments	-	23,057	-100.0%	-	0.0%
SHAREHOLDERS' EQUITY	**527,262**	**230,044**	**129.2%**	**518,703**	**1.7%**

CONFERENCE CALL DETAILS

Saraiva's 2Q16 Earnings Conference Call, to be held in Portuguese and simultaneously translated to English, will be held on **August 15, 2016**, 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: 4773202# (Portuguese) and 4686258# (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.