SARAIVA
EARNINGS RELEASE 1Q15

FOR IMMEDIATE RELEASE – **São Paulo, May 14, 2015** – Saraiva S.A. Livreiros Editores (Bovespa: SLED3 and SLED4), one of the major publishers in Brazil and one of the largest retailers in content, culture and education reported today financial results for the first quarter ended March 31, 2015.

HIGHLIGHTS SARAIVA GROUP – 1Q15

- Consolidated net revenue of R$626.8 million in 1Q15 (-7% vs 1Q14).
- Consolidated gross profit reached R$285.1 million in 1Q15 (-10% vs 1Q14).
- Consolidated EBITDA was R$69.7 million in 1Q15 (-37% vs 1Q14).
- In the 1Q15, consolidated net income was R$25.1 million (-55% vs 1Q14).
- In line with its strategy of lengthening its debt profile, the Company contracted in early 2015 new loan operations, with maturities between 1 and 3 years, which represents around 55% of its short-term maturities.
- The release of funds under the financing contract signed with BNDES together with new financial agreements with commercial banks will result in improved management of our financial liabilities, aimed to improve both extensions of the average maturity of the Company's debt as well as improvement of the overall debt profile.
- Implementation of Matrix Budgeting in order to rationalize the Saraiva Group's expenses.
- Hiring of Enéas Pestana & Associados consulting firm, along with Saraiva's executives, to assist the Company in the strategic review process of its Retail Business Unit.

RETAIL HIGHLIGHTS

- Retail Net Revenue reached R$ 498.6 million in 1Q15 (-3% vs 1Q14).
- SSS (Same Store Sales) decreased 5.4% in 1Q15 vs 1Q14.
- In-store sales decrease of 4.0% in 1Q15, beating the most recent data published by the PMC/IBGE reports, which showed retail drop in sales of 7.8% during the same period – for books, newspapers, magazines and stationery segment.
- In the 1Q15, we initiated a redesign of the layout plan of the stores ("Project 25") with the inclusion of games and smartphones, aiming at increasing sales per square meter in these units.
- In 1Q15, the e-commerce division, excluding sales of consumer electronics, remained stable vs 1Q14. We highlight the positive sales performance of books, telephony and stationery.
- EBITDA was R$11.2 million in 1Q15 vs R$41.3 million reported in 1Q14.
- On February 20, 2015, the company announced the closure of its store in Shopping D&D, located in São Paulo, due to the low expectations of value creation.

PUBLISHING BUSINESS HIGHLIGHTS

- Net revenue reached R$ 151.4 million in 1Q15 (-16% vs 1Q14). Sales of the publishing business were impacted by the delay in the start of classes in the segment of higher education, announcement of expectation of the new Civil Procedure Code ("CPC") which negatively affected sales period and basic education by anticipating the billing of learning systems and textbooks of 1Q15 to 4Q14.
- Publishing business operating expenses reached R$ 63.8 million in 1Q15, decreases of 14% versus 1Q14. This result reflects efforts of the restructuring that began in 2013 and lower sales volume.
- EBITDA totaled R$57.3 million in 1Q15 (-16% vs 1Q14).

SUBSEQUENT EVENTS

- Resumption of sales growth books for higher education, an increase of 38% or R$ 5 million in April 2015 vs. the previous year.
- Saraiva received stamp Diamond rating by eBit (consumer evaluation).
- The Company continued the process of lengthening the debt profile by hiring new operation with BB with a term of three years.

Table 1. Main Indicators – Saraiva Group (R$000, unless otherwise specified)

Consolidated	**1Q15**	**1Q14**	**Y/Y**	**4Q14**	**Q/Q**
Gross Revenues	654,548	702,133	-7%	779,570	-16%
Net Revenues	626,768	670,387	-7%	739,465	-15%
Gross Profit	285,077	317,979	-10%	292,989	-3%
Gross Margin (%)	45.5%	47.4%	-1.9 p.p.	39.6%	5.9 p.p.
Operating Expenses	215,410	208,226	3%	233,156	-8%
EBITDA	69,667	109,753	-37%	59,833	16%
EBITDA Margin (%)	11.1%	16.4%	-5.3 p.p.	8.1%	3.0 p.p.
Net Income	25,084	56,337	-55%	22,915	9%
Net Margin (%)	4.0%	8.4%	-4.4 p.p.	3.1%	0.9 p.p.

The consolidated financial statements contained herein has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil (BR GAAP). The individual financial statements of the Publishing business contained herein has been prepared in accordance with BR GAAP. Any and all non-accounting information, or figures derived from non-accounting information, has not been reviewed by the independent auditors.

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MAIN INDICATORS

The Company's sales are highly seasonal, concentrated in two periods during the year: (1) the first quarter of the fiscal year due to a greater demand for textbooks and workbooks from the private sector during the back-to-school period; and (2) the fourth quarter due to the government's purchases from the Publishing business and Christmas and Black Friday sales in the Retail business. Below we present the main operating and financial indicators by business segment.

Table 2. Main Indicators – Retail Business (R$000, unless otherwise specified)

Retail	1Q15	1Q14	Y/Y	4Q14	Q/Q
Gross Revenues	524.895	546.973	-4%	553.014	-5%
Net Revenues	498.641	515.450	-3%	515.559	-3%
Store Sales	344.665	357.765	-4%	366.876	-6%
E-commerce Sales	153.976	157.686	-2%	148.683	4%
Gross Profit	164.442	176.222	-7%	149.148	10%
Gross Margin (%)	33.0%	34.2%	-1.2 p.p.	28.9%	4.0 p.p.
Operating Expenses	153.235	134.937	14%	142.149	8%
EBITDA	11.207	41.285	-73%	6.999	60%
EBITDA Margin (%)	2.2%	8.0%	-5.8 p.p.	1.4%	0.9 p.p.
Net Income (Loss)	(9.055)	13.637	-	(13.544)	-33%
Net Margin (%)	-1.8%	2.6%	-4.5 p.p.	-2.6%	0.8 p.p.
Same store sales growth	-5.4%	10.0%	-15.4 p.p.	2.4%	-7.8 p.p.
E-commerce sales growth	-3.6%	-0.9%	-2.7 p.p.	7.8%	-11.4 p.p.
E-commerce growth ex-electr.	-0.8%	6.0%		16.0%	-17.3 p.p.
Number of Stores - End of Period	115	114	1%	116	-1%
Sales Area - End of Period (m²)	63.759	62.547	2%	63.870	0%

Table 3. Main Indicators – Publishing, including Editora Érica acquired in June 2013 **(R$000, unless otherwise specified)**

Publishing	1Q15	1Q14	Y/Y	4Q14	Q/Q
Gross Revenues	152.927	179.838	-15%	257,490	-41%
Net Revenues	151.401	179.615	-16%	254,840	-41%
Private	151.401	175.023	-13%	103,062	47%
Government	0	4.592	-	151,778	-
Gross Profit	120.123	141.527	-15%	148,146	-19%
Gross Margin (%)	79.3%	78.8%	0.5 p.p.	58.1%	21.2 p.p.
Operating Expenses	62.787	73.289	-14%	91,058	-31%
EBITDA	57.336	68.238	-16%	57,088	0%
EBITDA Margin (%)	37.9%	38.0%	-0.1 p.p.	22.4%	15.5 p.p.
Net Income [1]	32.990	42.644	-23%	40,990	20%
Net Margin (%)	21.8%	23.7%	-14.8 p.p.	16.1%	0.5 p.p.

Note: 1. Net income before equity income.

Table 4. Main Indicators Consolidated Balance Sheet (R$000, unless otherwise specified)

Consolidated	1Q15	1Q14	Y/Y	4Q14	Q/Q
Cash and cash equivalents	140,372	29,968	368%	275,019	-49%
Total Debt	846,638	433,974	95%	801,243	6%
Net Debt[1]	385,921	150,842	155,8%	215,625	79,0%
Total Assets	1,725,430	1,426,124	21%	1,871,799	-8%
Shareholders' Equity	497,729	571,854	-13%	472,518	5%
Net Debt/Equity	142%	71%	71,2 p.p.	111%	30,5 p.p.
Net Debt/EBITDA[2]	5.4	1.7		1.9	

Nota 1: includes credit card receivables net of discounts, which have immediate liquidity. To calculate the net debt to EBITDA ratio the accumulated EBITDA of the LTM was used.

PERFORMANCE REVIEW

During the first quarter of 2015, Saraiva Group continued its strategic actions in order to improve customer satisfaction as well medium and long term financial performance. Among the measures adopted, we highlight the review and optimization of internal processes (customer focus), logistics improvements in buying processes and more efficient inventory management (focus on the use of resources). The highlight of the period was the implementation of the Zero Basis Budget, with support from Gradus Consulting, aiming the establishment of a culture oriented to results targeting: cost reduction on a permanent basis and increased operational efficiency. This process is expected to be concluded by the end of 1S15.

The more challenging macroeconomic environment brought a sense of even greater urgency in Saraiva's Retail Business, which led the Company to follow up the process of intensifying the search for rationalization of expenses e professionalization of its management, with the conviction that these actions will contribute to value creation and sustainable growth.

We also announced the hiring of the turnaround consulting firm Enéas Pestana & Associados to assist the Company in the restructuring process of its Retail Business Unit. Conducted by a team of consultants led by Eneas Pestana, together with Saraiva's executives, the process is now moving to the final phase of the first stage of evaluation to propose an action plan that will be submitted to the Board of Directors. Upon approval, the start of the second phase of execution of the action plan is expected to take place during the 2H15.

The decision to act with greater emphasis in the textbooks and university books segments, benefiting from Saraiva's recognized image in these markets, particularly in the back-to-school period, was agreed and brought sales results above market performance in 1Q15. Despite some cooling in demand due to lower consumer confidence, the Retail unit recorded an increase of 5.4% in sales of products targeted for the back-to-school period. Even with the good sales performance of the categories of books and telephony, overall sales of the Retail fell by 4% in, due to the decrease in sales of music, movies and computers. In 1Q15, Saraiva's sales turned to the books, newspapers, magazines and stationery segment remained stable, while the domestic market recorded in the same period a drop in sales of 7.8%, according to the monthly trading survey by the IBGE.

E-commerce has been gaining more importance in the Retail operations, especially after the relaunch of the e-commerce platform at the end of September 2014. Despite the growth in the number of invoiced orders by 11.0%, the conversion rate of 15% and mobile access of 86%, number of visitors by 28%, the average ticket per transaction on internet purchases was down by 15.0% year-over-year and stood at R$114.00. Therefore, the share of total gross revenue from the e-commerce operations compared to the total of the Group's Retail operations was virtually stable at 30% in 1Q15 versus 31% in 1Q14. Sales through the Saraiva.com website totaled R$154 million in the period. The Market Place operation increased by 49.0% in sales – highlighting major partnerships with Walmart, Electrolux and Digipix (digital photo processing).

It is also worth mentioning, as a subsequent event, that the month of April marked the beginning of the transformation process of 25 stores, with investments through partnerships with the industry, the so-called "Project 25". The positive performance of these stores is expected, after the inclusion of game and telephone product lines, which provided increase in sales per m² and improve profitability.

The products sold by the Publishing unit in the first quarter are basically content adopted by private schools of kindergarten, primary and secondary levels, and scientific, technical and professional books used by university students and professionals from different areas. In 1Q15, the Publishing sales were affected due to: (1) anticipation of the requests of textbooks sold in the private market 1Q15 for 4Q14, (2) the delay in the start of classes at federal universities (3) the sanction of the new Civil Procedure Code ("CPC").

The results of adoption of Editora Saraiva titles point to maintain our market share in the textbook segment targeted to the private in the basic education. However, much of the sale of the Back to School period was recorded in 4Q14 - effect which affect the annual comparison.

Another significant impact was the reduction in the category of Scientific, Technical and Professional (CTP) books. The beginning of 2015 was negatively affected by the delay in the start of classes at federal universities and especially the sanction of the new Civil Procedure Code ("CPC") by the Federal Government, which effectively took place in March. Some important work by the Publishing Business' catalog within the legal segment had a historical low average of sales due to the expected update of this new legislation.

We expect to recover the sales of the legal segment throughout the year with the launch of the new Civil Procedure Code, among other titles of renowned authors, since Law operators and students will need to update their libraries. Preliminary sales results, in April, have reinforced this expectation.

Saraiva Group's strategy is focused on strengthening the Company's business model and competitive position. We expect progress with the action plan focused on the Company's cash management through working capital enhancement measures (suppliers and inventories), personnel restructuring, rationalization and optimization of processes and intense renegotiation of the main contracts signed by the Company.

SARAIVA CONSOLIDATED RESULTS

The Company's sales are highly seasonal, concentrated in two periods during the year: (1) the first quarter of the fiscal year due to a greater demand for textbooks and workbooks from the private sector during the back-to-school period; and (2) the fourth quarter due to the government's purchases from the Publishing business and Christmas and Black Friday sales in the Retail business. Below we present the main operating and financial indicators by business segment.

With the effects of typical first quarter seasonality, we commented our key operational and financial indicators based on the annual evolution. The comments presented below about the Saraiva Group's operating performance are based on the consolidated figures, which include the operating results of the Publishing and Retail businesses.

GROSS REVENUE – Consolidated gross revenue reached R$655 million, a decrease of 7% compared to the R$702 million reported in the prior year, due to lower sales volume of Retail and Publishing Business segment.

NET REVENUE – In 1Q15, consolidated net revenue decreased 7.0%, totaling R$627 million compared to R$670 million in 1Q14.

Table 5. Net Revenue by Business Segment (R$000, unless otherwise specified)

	1Q15	1Q14	Y/Y	4Q14	Q/Q
Publishing[1]	151,401	179,615	-16%	254,840	-41%
Retail	498,641	515,450	-3%	515,559	-3%
Eliminations[2]	(23,274)	(24,678)	-6%	(30,934)	-25%
Total[3]	**626,768**	**670,387**	**-7%**	**739,465**	**-15%**

Notes: 1. Includes Editora Érica results. 2. The Publishing business sells books it publishes to the Retail business. Therefore, for consolidation purposes, adjustments have to be made to the consolidated sales figure to take into account transactions between Saraiva Group's two business units. 3. Consolidated net revenue.

GROSS PROFIT – In 1Q15, consolidated gross profit reached R$285 million, 10% lower than the R$318 million recorded in the prior year. The gross margin was off by 1.9 percentage points, dropping from 47.4% in 1Q14 to 45.5% in 1Q15. This was due to a decrease in the Publishing business' share of the gross sales mix from 22,7% to 25,6% of the total.

OPERATING EXPENSES – Operating expenses totaled R$215 million in 1Q15, an increase of 3% vs. 1Q14. As a result, operating expenses as a percentage of consolidated net revenue fell from 31.1% to 34.3% in the 1Q15, due to the lower sales volume and the impact of extraordinary expenses of R$ 6.4 million. We reinforce that the changes implemented, despite their pressure on short-term results, strengthen our capacity for seeking new opportunities.

Table 6. Operating Expenses by Business Segment (R$000, unless otherwise specified)

	1Q15	1Q14	Y/Y	4Q14	Q/Q
Publishing	62,787	73,289	-14%	91,058	-31%
Retail	153,235	134,937	14%	142,149	8%
Eliminations	(612)	0		(51)	
Total	**215,410**	**208,226**	**3%**	**233,156**	**-8%**

EBITDA – EBITDA was R$70 million in 1Q15, 37% below the R$110 million reported in 1Q14, due to the drop in sales and the increase in expenses mentioned above. The EBITDA margin was 11.1% compared to 16.4% during the same period of the prior year.

Table 7. Consolidated EBITDA (R$000, unless otherwise specified)

	1Q15	1Q14	Y/Y	4Q14	Q/Q
Net Income	**25,085**	**56,335**	**-55%**	**22,915**	**9%**
(+) Net financial interests	21,291	14,312	49%	24,343	-13%
(+) Income tax / Social Cont.	11,903	28,132	-58%	1,214	>500%
(+) Deprec. and Amortiz.	11,625	11,010	6%	11,296	3%
(+) Equity Income	(235)	(38)	>500%	68	-
(+) Minority shareholders	(1)	2	-	(3)	-33%
EBITDA	**69,668**	**109,753**	**-36,5%**	**59,833**	**16%**
EBITDA Margin	**11.1%**	**16.4%**	**-5.3 p.p.**	**8.1%**	**3.0 p.p.**

NET INTEREST REVENUE (EXPENSE) – The net financial result for 1Q15 was an expense of R$21.3 million compared to R$14.3 million in 1Q14, reflecting an increase in the average debt balance.

NET INCOME FOR THE PERIOD – In 1Q15, the Group's consolidated net income totaled R$25.1 million, an increase of 55% compared to the prior year. The net margin was 4.0% in 1Q15 vs. 8.4% in 1Q14.

INVESTMENTS (CAPEX) – The Saraiva Group's investments totaled R$6.8 million in 1Q15 versus R$17 million in 1Q14.

LIQUIDITY – On March 31, 2015, the Company had approximately R$140.4 million in Cash and cash equivalents compared to a balance of R$30 million at the end of 1Q14 and R$275 million in 4Q14. Gross debt at March 31, 2015 totaled R$846.6 million, an increase of R$45 million compared to the R$801.2 million balance reported at the end of 4Q14 and R$434.0 million in 1Q14.

Table 8. Evolution of the main debt indicators monitored by the Company (R$000)

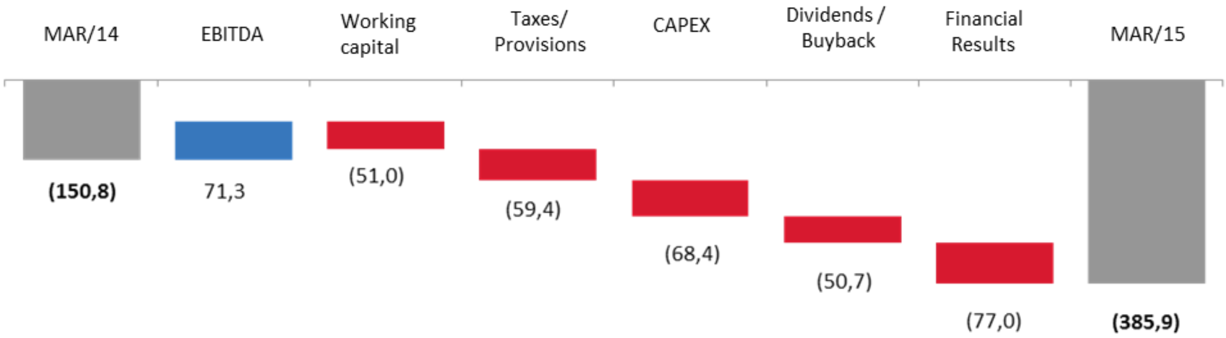
Consolidated	1Q15	1Q14	Y/Y	4Q14	Q/Q
Type of Transaction					
BNDES	320.925	107.248	199%	327.191	-2%
Working Capital/others	525.713	326.726	61%	474.052	11%
Total consolidated debt	**846.638**	**433.974**	**95%**	**801.243**	**6%**
Short term	398.916	309.652	29%	503.677	-21%
Long term	447.722	124.322	260%	297.566	50%
Cash and cash equivalents	**140.372**	**29.968**	**368%**	**275.019**	**-49%**
Acquisition obligations	4.556	10.268	-55,6%	4.462	2,1%
Credit Card Accounts Receivables Net of Discounts	324.901	263.432	23,3%	315.061	3,1%
Net Debt[1]	**385.921**	**150.842**	**155,8%**	**215.625**	**79,0%**
Shareholders' equity	**497.729**	**571.854**	**-13%**	**472.518**	**5%**

Note 1: includes credit card receivables net of discounts, which have immediate liquidity.

For the calculation of net debt, the Company began to report similar concept used in the indicators of loans and financing signed agreements. Thus, as shown in the table above, the net debt considers the gross debt balance, deducted from cash and cash equivalents as well as credit card receivables net of discounts, which have immediate liquidity.

At the end of 2014, net debt, which includes Credit Card Accounts Receivables totaled R$ 386 million, compared to R$ 151 million reported in 1Q14. Thus, the ratio of net debt to EBITDA was 5.4 times at March 31, 2015.

Chart 1. Breakdown of Adjusted Net Debt (1Q15 versus 1Q14)



The following table presents the maturities of our credit lines.

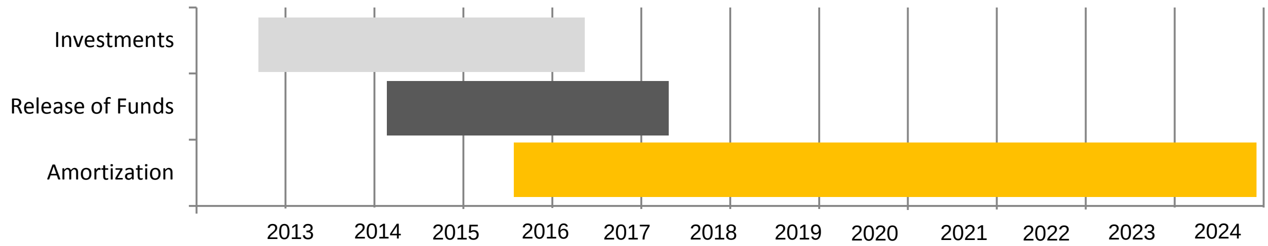
Table 9. Sources of financing for working capital and investments used and respective maturities

Consolidado	Custo médio	Total	Até 2015	Até 2016	Até 2017	Após 2017
Tipo de Transação						
Linha BNDES[1]	**9.1%**	**320,925**	**28,768**	**46,048**	**57,425**	**188,684**
Capital de Giro/outros	**14.1%**	**530,270**	**232,088**	**46,571**	**3,008**	**248,604**
Dívida Total Consolidada	**12.2%**	**851,195**	**260,855**	**92,619**	**60,433**	**437,288**

Note 1: Average cost on March 31, 2015 from the balance of the two agreements with BNDES (2011 and 2014), without considering the cost of bank guarantee, considering TJLP of 5.5% p.a. and SELIC of 12.75% p.a..

It is worth highlighting the Company's new credit line of R$629 million with BNDES. This borrowing significantly modifies the debt profile, extending payments to the medium/long-term. The release of funds under the new line with BNDES will be in tranches and, until the end of 1Q15, around R$258 million have already been released – 41% of total credit granted in the amount of R$ 629 million.

Chart 2. Investment Timeline, Release of Funds and Amortization of BNDES New Credit Line



Note: As shown in the graph below, the amortization period of the new BNDES credit line will extend up to 10 years (from 2014 to 2024), including a grace period of 24 to 36 months for the principal amount, resulting in an average duration of 59 months. As an example of the improvement in the debt profile due to the initial release of funds, the average maturity of the portfolio increased from 21 months in December 31, 2014 to 28 months in March,31 2015. The contract is 67% indexed to the TJLP (Long-Term Interest Rate) and the remaining to the UM Selic rate, with an effective rate of 9.12% p.a. (without considering the bank guarantee cost) considering the TJLP at 5.5% p.a. and the Selic rate at 12.75% p.a. in 1Q15..

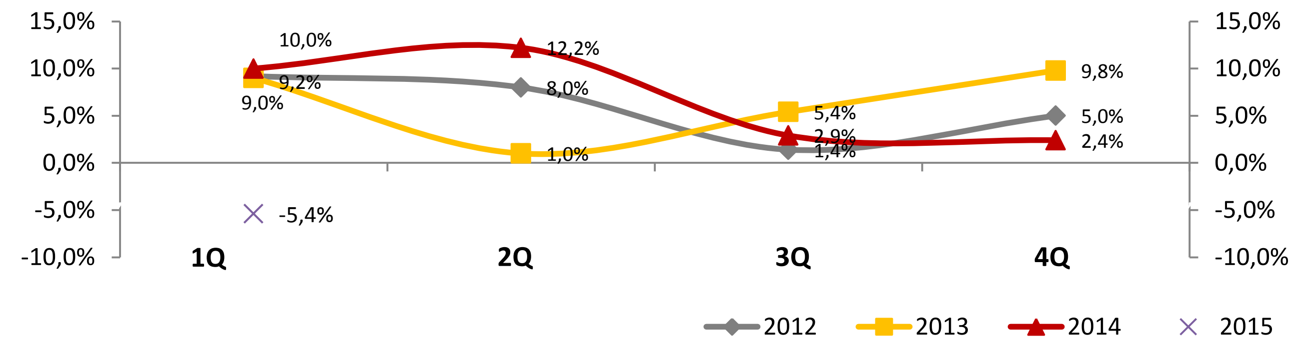
RETAIL BUSINESS RESULTS

REVENUE – Net revenue in the Retail business dropped 3% in 1Q15 to R$498 million.

RECEITA LOJAS FÌSICAS – Sales in the Saraiva stores decreased 3.7%, reaching R$345 million, with same store sales revenue increasing 5.4% in the period, given some cooling in demand due to lower consumer confidence.

The decision to act with greater emphasis in the textbooks and university books segments, benefiting from Saraiva's recognized image in these markets, particularly in the back-to-school period, was agreed and brought sales results above market performance in 1Q15. It should be noted increase of 5.4% in sales of products targeted for the back-to-school period and the good performance in the telephone line. In 1Q15, Saraiva's sales turned to the books, newspapers, magazines and stationery segment remained stable, while the domestic market recorded in the same period a drop in sales of 7.8%, according to the monthly trading survey by the IBGE.

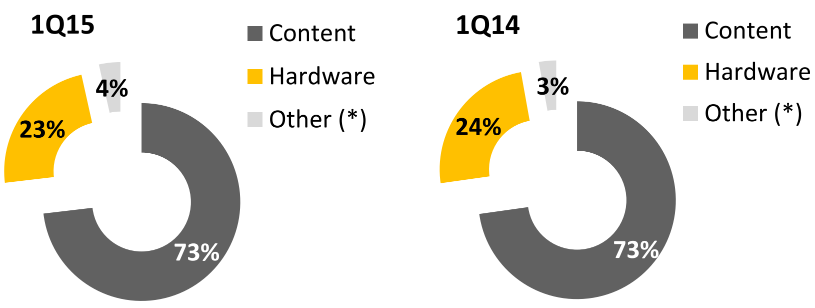
Chart 3. Sales Performance – Nominal Growth of Same Store Sales – by Quarter



RECEITA *E-COMMERCE* – Sales through the Saraiva.com website dropped of 2% to R$154 million in 1Q15. Last year, the Company chose to stop selling consumer electronics (televisions) because of commercial conditions that resulted in negative economic value. In 1Q15, the e-commerce division, excluding sales of consumer electronics, remained stable compared to same period last year, given the good sales performance of books, stationery items and telephone segment.

The share of total gross revenue from the e-commerce operations compared to the total of the Group's Retail operations was virtually stable at 30% in 1Q15 versus 31% in 1Q14.

Chart 4. Gross Income Retail by segment (R$ million)



GROSS PROFIT – In 1Q15, Retail gross profit totaled R$164 million, 7% less than 1Q14. The gross margin fell by 1.2 percentage points from 34.2% in 1Q14 to 33.0% in 1Q15 – mainly due to a lower contribution from higher margin products to sales and promotional activities focused on products with lower turnover.

OPERATING EXPENSES – Operating expenses in the Retail business increased 14% in 1Q15 to R$153 million from R$ 135 million in 1Q14. This result reflects inflationary impact and non-recurring expenses related to the restructuring process. It is expected that the action plan designed to rationalize expenses will result in a significant reduction in expenses. This impact will start to be realized as from mid 2015.

EBITDA – Retail EBITDA totaled R$11.2 million in 1Q15 vs. R$41.3 million in 1Q14. This was due to a drop in the sales volume and in the gross margin as well as an increase in expenses.

Table 10. EBITDA Retail Business (R$000, unless otherwise specified)

	1Q15	1Q14	Y/Y	4Q14	Q/Q
Net Income (Loss)	**(9,055)**	**13,637**	**-**	**(13,544)**	**-33%**
(+) Net financial interests	14,999	11,654	29%	18,292	-18%
(+) Income tax / Social Contribution	(4,069)	7,446	-	(6,821)	-40%
(+) Depreciation Amortization	9,332	8,548	9%	9,072	3%
EBITDA	**11,207**	**41,285**	**-73%**	**6,999**	**60%**
EBITDA Margin	**2.2%**	**8.0%**	**-5.8 p.p.**	**1.4%**	**0.9 p.p.**

NET INCOME (LOSS) FOR THE PERIOD – The net loss in the Retail business totaled R$9.1 million in 1Q15 and R$13.6 million in 1Q14 due to the aforementioned factors.

WORKING CAPITAL – The working capital/net revenue ratio increased from 20.2% in 1Q14 to 20.1% in 1Q15. The Retail operating cycle reached 87 days in 1Q15 compared to 85 days in 1Q14. Accounts receivable totaled 55 days in 1Q14 compared to 56 days in 1Q15. The average inventory coverage period increased by 8 days from 94 days in 1Q14 to 102 days in 1Q15. The payment period to suppliers increased by 8 days to 71 days in 1Q15 from 63 days in 1Q14. We have ongoing initiatives to reduce the operational cycle in retail operations, focusing on release of capital employed.

RETAIL HIGHLIGHTS – At the end of 1Q15, Saraiva had 115 stores located in 17 states and the capital, 3 of which are airport stores. In 2015, we only expect to open the units in Viracopos Airport in Campinas. It has approximately 400m2 and was negotiated in early 2014. Our efforts will be on obtaining greater value from existing assets, renegotiating contracts or closing four unprofitable stores (estimate of 3 stores, without considering the store located in D&D mall in São Paulo, closed in 1Q15).

Table 12. New Stores Planned for 2015

Date	Format	Location	City	State
2Q15-3Q15	Airport	Aeroporto Internacional de Viracopos	Campinas	SP

In addition, we plan on including the game and telephone product lines in 25 select stores, which will provide an increase in sales per m² and improve profitability. 'Project 25' is the chosen name for a strategy divided into separate implementation waves. It will require a minimal investment and rely on partnerships with industry. The initial phase will begin during the first half of the year.

LEV –Saraiva portable e-reader, launched in early August 2014, contains more than 450 thousand foreign-language titles and 35 thousand titles in Portuguese.

MARKETPLACE – The Market Place operation increased by 49.0% in sales – highlighting major partnerships with Walmart, Electrolux and Digipix (digital photo processing).

PUBLIQUE-SE! – Publique-se! (self-publish platform) completed the milestone of 2.5 thousand books published in 2014. The advantage of the tool is that the digital books are promoted by the largest on-line book retailer in Brazil. More than 12 million people visit the on-line store each month, where they can access the entire collection of products, including the 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. By analyzing the data of customer usage we can identify the habits and preferences of each member of the program, aggregate more value to the customer buying experience, anticipate customers' demands, and as a result, leverage sales. The Saraiva Plus Loyalty Program had 10.9 million members at the end of 1Q15 vs 10.0 in 1Q14.

PUBLISHING BUSINESS RESULTS

The products sold by the Publishing unit in the first quarter are basically content adopted by private schools of primary and secondary levels, and scientific, technical and professional books used by university students and professionals from different areas.

RECEITA – Revenue in the Publishing business totaled R$151 million in 1 Q15, a decrease of 16% y-o-y. No 1Q15, a receita líquida da Editora, incluindo o resultado da Editora Érica, totalizou R$ 151 milhões, registrando redução de 16% em relação ao mesmo período do ano anterior. In 1Q15, the Publishing sales were affected due to the sanction of the new Civil Procedure Code ("CPC"), the delay in the start of classes at federal universities and the anticipation of the requests of textbooks sold in the private market in 1Q15 to 4Q14. Despite this result, our market readings point to maintain our market share in the educational segment.

In 1Q15, net revenue of the Learning Systems unit totaled R$16 million, a decrease of 10% compared to the same prior year period, given the anticipation of the requests related to the new contracts signed in the private market in 1Q15 to 4Q14, in the amount of R$3 million.

Another significant impact was the reduction in the category of Scientific, Technical and Professional (CTP) books. The beginning of 2015 was negatively affected by the delay in the start of classes at federal universities and especially the sanction of the new Civil Procedure Code ("CPC") by the Federal Government, which effectively took place in March.

Some important work by the Publishing Business' catalog within the legal segment had a historical low average of sales due to the expected update of this new legislation. We expect to recover the sales of the legal segment throughout the year with the launch of the new Civil Procedure Code, among other titles of renowned authors, since Law operators and students will need to update their libraries. Preliminary sales results, in April, have reinforced this expectation.

GROSS PROFIT – In 2014, In 1Q15, gross profit was R$120 million, 15% less than the amount reported in 1Q14. The gross margin fell to 79.3% in 1Q15, compared to 78.8% in 1Q14.

OPERATING EXPENSES – Operating expenses in the Publisher fell by 14% y-o-y to R$63.8 million. This is mainly due to action plans related to the restructuring process that began in 2013.

EBITDA – EBITDA in the Publisher totaled R$57 million in 1Q15 vs. R$68 million in 1Q14, given the lower sales volume registered during the period. The EBITDA margin remained stable at 37.9% in 1Q15 vs 1Q14.

Table 13. EBITDA Publishing Business including Editora Érica (R$000, unless otherwise specified)

	1Q15	1Q14	Y/Y	4Q14	Q/Q
Net Income	**25,085**	**56,335**	**-55%**	**22,915**	**9,5%**
(+) Net financial interests	6,292	2,658	137%	6,050	4,0%
(+) Income tax / Social Contribution	16,080	20,794	-23%	8,143	97,5%
(+) Depreciation Amortization	1,974	2,142	-8%	1,905	3,7%
(+) Equity Income	7,904	(13,691)	-158%	18,075	-56,3%
EBITDA	**57,336**	**68,238**	**-16%**	**57,088**	**0%**
EBITDA Margin	**37.9%**	**38.0%**	**-0.1 p.p.**	**22.4%**	**15.5 p.p.**

NET INCOME FOR THE PERIOD – Net income in the Publishing business, before the equity income, totaled R$33 million in 1Q15 and R$43 million in 1Q14.

PNLD – The results on the preliminary approval by the Department of Basic Education, directed by MEC of the 2016 National Textbook Program (PNLD/2016), is expected to be released by the National Fund for Educational Development ("FNDE") during the 2Q15. The 2016 PNLD covers the purchase of textbooks for the Elementary I (1st to 5th) school years, in more than 140,000 schools public of Brazil.

We expect lower sales volume under PNLD 2016 over the comparable cycle for Elementary School I, with fewer students supported by the program due to: (1) the exclusion of EJA (young adults) and PNLD Campo, both segments currently have an exclusive National Textbook Program (PLND-EJA and PNLD-Campo) and (2) changes in the demographic profile of Brazil's population and (3) the migration of students from the public school system to private schools.

For PNLD 2016 Publisher will feature new works and invested in a structured way in the training of the sales force. The result of the evaluation of the works by MEC will be published in 2T15.

Among the corrective measures taken in the Publisher, in order to recover the participation in the PNLD, we highlight the changes to the editing team, hiring of new authors and development of new products.

SSA – Among the variety of initiatives designed to find new methods of producing and marketing content, the highlight is SSA (Saraiva Learning Solution), which is already being used by 19 IHEs (Institutions of Higher Education), compared to 5 in 1Q14. This solution is the product of a partnership with Hoper Education and combines a learning-based methodology with the Publisher's outstanding content to create a Virtual Learning Environment (AVA). Launched at the end of 2012, the solution is available for Administration, Accounting, Law and Technology courses. The methodology has been well received by the universities and is already being used by 9,235 thousand students, a positive sign for future results.

CUSTOMIZED DL SOLUTION – Seeking to offer a complete Distance Learning solution, we combined: (1) content of recognized quality; (2) flexibility – the ability to purchase modules that comprise 20% of the live class course load; and (3) leading educational technology. In 1Q15, Saraiva entered into its second contract with an Institution of Higher Education to provide content in the DL format, including print and digital content and a customized learning management platform. New partnerships with IHEs related to the DL segment may be announced in the near future. Brazilian law allows 20% of the total course load to be taken in distance learning courses.

VIVAZ – In 2014, Saraiva announced the expansion of its digital learning solutions portfolio through the launch of an innovative and fun digital platform targeting elementary schools (1st to 5th grades), known as Vivaz – the Knowledge Game. Developed in partnership with Tamboro, a start-up specializing in educational games, Vivaz is a game-based platform that combines the world of gaming with concepts of adaptive learning. It adapts to the individual learning needs of each student, guiding progress within the game based on performance, while reinforcing the material in which the student still must improve. The program allows teachers to accompany the performance of each student through the generation of reports in real-time. In addition, performance by a group/class, institution and even a network of schools can be monitored in detail. Parents can also follow the development of their children using a password access, but cannot influence the progress of the activities, which is the responsibility of the teachers. Vivaz will be marketed together with Tamboro either as an accessory to our collections for the first cycle of elementary school (1st to 5th grades), or independently, in accordance with the school's preference.

In 1Q15, the VIVAZ started to be offered in conjunction with Tamboro. In addition, it is used by schools adopting our collections aimed at the first segment of Elementary Education (1st to 5th grade).

TECHNICAL EDUCATION – Another highlight goes to the solid prospects resulting from Saraiva's entrance into the technical education segment through the acquisition of Editora Érica - which has relevant securities distributed through retailers and technical courses schools catalog, including the system S. This move is consistent with our strategy to diversify and expand Saraiva's relevance in Brazil's publishing segment. In addition to the original catalog, our business model evolved with the introduction of SET (Saraiva Technical Education System), and there are already around 53 thousand students from PRONATEC already using SET in courses offered by Kroton Educacional, Ânima Educação e UNIP.

ADAPTATIVE LEARNING – Saraiva announced the creation of an adaptive learning platform, currently available to law students from Kroton and Devry, for students preparing for the Brazilian Bar Exam (OAB). This is part of the Group's positioning strategy to provide schools with content, technology and services in an integrated manner.

VIRTUAL LIBRARY – The My Library initiative, formed as part of a venture with 3 other Brazilian publishers focused on Scientific, Technical and Professional disciplines (CTP), is a digital content platform designed for universities. The project has shown solid results, with a total of 77 schools already being served, growth of 305% compared to the prior year.

STRATEGIC POSITIONING OF THE PUBLISHING BUSINESS – In 2014, we concluded an important phase in the restructuring of the Publishing business, reevaluating the strategic position which will be adopted by the Company in the coming years. We mapped opportunities that will aggregate even more value to Saraiva's solutions, in both the primary and higher education segments. The investments required for executing the strategic plan will be made in two phases: (i) pilot projects in 2015 through partnerships with schools; and (ii) in a more structured and commercially aggressive way beginning in 2016.

CONFERENCE CALL DETAILS

Saraiva's 1Q15 Earnings Conference Call, to be held in Portuguese and simultaneously translated to English, will be held on May 15, 2015, at 10:30 AM (local time) / 9:30 AM (EST).

The conference call with be broadcast live through streaming audio.

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

Scheduled Time
Brazil BRT (Brasília): 10:30 am
US Eastern standard time EST (New York): 09:30 am
Greenwich mean time GMT (London): 1:30 pm
Central European Time CET (Madrid): 2:30 pm

Telephone numbers
Dial-in for connecting from Brazil: **+55 11 3193-1001**
Dial-in for connecting from Brazil: **+55 11 2820-4001**

Dial-in for connecting from U.S.: **+1 786 924-6977**
Toll-free for connecting from U.S.: **+1 888 700-0802**

Password: SARAIVA

Click here to access the webcast in english

Replay: +55 11 3193-1012 or 2820-4012 (available for 7 days)
Access codes: **3071699#** (call in Portuguese) and **0825535#** (call in English)

The live webcast will be available at www.saraivair.com the conference call will also be archived in audio format on the same website.

Portuguese: http://webcast.neo1.net/Cover.aspx?PlatformId=y3%2BguMK%2BHXLoX%2FZCxAXRiA%3D%3D
English: http://webcast.neo1.net/Cover.aspx?PlatformId=%2BbJmkpeWcNhopKySTDo51Q%3D%3D

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. Saraiva also publishes and delivers content, focused primarily on the education segment, in print and digital form and through its Learning Systems, serving pre-school through college levels, in addition to its technical and professional content.

CONSOLIDATED INCOME STATEMENTS

	1Q15	1Q14	Y/Y	4Q14	Q/Q
Gross Revenues	654,548	702,133	-7%	779,570	-16%
Deductions	(27,780)	(31,746)	-12%	(40,105)	-31%
Net Revenues	626,768	670,387	-7%	739,465	-15%
Cost of Goods Sold	(341,691)	(352,408)	-3%	(446,476)	-23%
Gross Profit	285,077	317,979	-10%	292,989	-3%
SG&A	217,389	210,261	3%	249,769	-13%
Other Revenue/Expenses	(1,979)	(2,035)	-3%	(16,613)	-88%
Equity Income	(235)	(38)	518%	68	-
Operating Income / Expenses	215,175	208,188	3%	233,224	-8%
Depreciation and Amortization	11,625	11,010	6%	11,296	3%
Results before Net Financial Interests and Taxes	58,277	98,781	-41%	48,469	20%
Net Financial Interests	(21,291)	(14,312)	49%	(24,343)	-13%
Financial Revenues	7,260	1,750	315%	3,678	97%
Financial Expenses	(28,551)	(16,062)	78%	(28,021)	2%
Results before Taxes	36,986	84,469	-56%	24,126	53%
Income Tax and Social Contribution	(11,903)	(28,132)	-58%	(1,214)	>500%
Net Income (Loss)	25,083	56,337	-55%	22,912	9%
Attributable to:					
Controlling Shareholders	25,085	56,335	-55%	22,915	9%
Minority Shareholders	(2)	2	-200%	(3)	-33%
EBITDA[1]	69,667	109,753	-37%	59,833	16%

Note: EBITDA represents net income before financial results, social contribution, income tax, depreciation and amortization. It is not a measure used in accordance with accounting practices adopted in Brazil, or the generally accepted accounting principles of other countries; not representing cash flows for the periods presented, and should not be considered an alternative to net income as an indicator of the operating performance of the Company, or an alternative to cash flows as an indicator of liquidity. EBITDA does not have a standardized formula, and this definition of EBITDA may not be comparable with EBITDA as defined by other companies.

CONSOLIDATED BALANCE SHEETS

	1Q15	1Q14	Y/Y	4Q14	Q/Q
Total Assets	**1,725,531**	**1,426,124**	21%	**1,871,799**	**-8%**
CURRENT ASSETS	**1,299,489**	**1,055,190**	**23%**	**1,444,747**	**-10%**
Cash and Cash Equivalents	140,372	29,968	368%	275,019	-49%
Trade Accounts Receivable	470,255	396,356	19%	421,602	12%
Inventories	502,935	471,915	7%	556,954	-10%
Recoverable Taxes	152,811	136,533	12%	154,615	-1%
Other Credits	24,534	17,782	38%	34,087	-28%
Prepaid expenses	8,582	2,636	226%	2,470	247%
NON-CURRENT ASSETS	**426,042**	**370,934**	**15%**	**427,052**	**0%**
Long Term Assets	**105,926**	**72,973**	**45%**	**101,945**	**4%**
Deferred income tax and social	26,754	4,813,00	456%	22,686	18%
Other credits	79,172	68,160	16%	79,259	0%
Investments	**1,032**	**752**	**37%**	**729**	**42%**
In controlled company	23	23	0%	23	0%
In jointly controlled company	164	149	10%	164	0%
Other	846	580	46%	543	56%
Property, Plant & Equipment	**113,334**	**115,144**	**-2%**	**118,341**	**-4%**
Intangibles	**205,750**	**182,065**	**13%**	**206,037**	**0%**
Total Liabilities	**1,725,531**	**1,426,124**	21%	**1,871,799**	**-8%**
CURRENT LIABILITIES	**728,617**	**688,854**	**6%**	**1,053,068**	**-31%**
Suppliers	244,765	255,220	-4%	436,358	-44%
Loans and Financing	398,916	309,652	29%	503,677	-21%
Taxes and contributions payable	9,266	15,533	-40%	14,334	-35%
Income tax and social contribution	3,794	12,922	-71%	123	>500%
Management profit sharing	639	1,695	-62%	639	0%
Dividends and Interest on Own Equity	1,219	2,763	-56%	1,219	0%
Other liabilities	70,018	91,069	-23%	96,718	-28%
NON-CURRENT LIABILITIES	**499,185**	**165,416**	**202%**	**346,213**	**44%**
Loans and Financings	447,722	124,322	260%	297,566	50%
Deferred income tax and social contribution	23,444	19,206	22%	21,828	7%
Provision for tax, civil and labor risks	17,895	16,806	6%	17,787	1%
Other liabilities	10,124	5,082	99%	9,032	12%
Shareholders Equity	**497,729**	**571,854**	**-13%**	**472,518**	**5%**
Social capital	279,901	279,901	0%	279,901	0%
Treasury shares	(30,919)	(5,168)	498%	(30,919)	0%
Profit reserve	192,452	209,907	-8%	192,325	0%
Asset valuation adjustments	11,279	11,279	0%	11,279	0%
Proposed additional dividends	19,884	19,543	2%	19,884	0%
Retained earnings	25,085	56,335	-55%	-	-
Equity attributable to controlling Minority Shareholders	47	57	-18%	48	-2%

INCOME STATEMENT – PUBLISHING

	1Q15	1Q14	Y/Y	4Q14	Q/Q
Gross Revenues	152,927	179,838	-15,0%	257,490	-41%
Deductions	(1,526)	(223)	584,3%	(2,650)	-42%
Net Revenues	151,401	179,615	-15,7%	254,840	-41%
Cost of Goods Sold	(31,278)	(38,088)	-17,9%	(106,694)	-71%
Gross Profit	120,123	141,527	-15,1%	148,146	-19%
SG&A	63,370	73,250	-13%	99,699	-36%
Other Revenue/Expenses	(583)	39	-1594,9%	(8,641)	-93%
Equity Income	7,904	(13,691)	-157,7%	18,075	-56%
Operating Income/Expenses	70,691	59,598	18,6%	109,133	-35%
Depreciation and Amortiz.	1,975	2,142	-7,8%	1,905	4%
Results before Net Financial Interests and Taxes	47,457	79,787	-40,5%	37,108	28%
Net Financial Interests	(6,292)	(2,658)	136,7%	(6,050)	4%
Financial Revenues	4,768	1,067	346,9%	1,812	163%
Financial Expenses	(11,060)	(3,725)	196,9%	(7,862)	41%
Results before Taxes	41,165	77,129	-46,6%	31,058	33%
Income Tax and Social Contribution	(16,080)	(20,794)	-22,7%	(8,143)	97%
Net income before minority shareholders	25,085	56,335	-55,5%	22,915	9%
Minority shareholders					
Net Income (Loss)	25,085	56,335	-55,5%	22,915	9%
EBITDA[1]	**57,336**	**68,238**	**-16%**	**57,088**	**0%**

Note: EBITDA represents net income before financial results, social contribution, income tax, depreciation and amortization. It is not a measure used in accordance with accounting practices adopted in Brazil, or the generally accepted accounting principles of other countries; not representing cash flows for the periods presented, and should not be considered an alternative to net income as an indicator of the operating performance of the Company, or an alternative to cash flows as an indicator of liquidity. EBITDA does not have a standardized formula, and this definition of EBITDA may not be comparable with EBITDA as defined by other companies.

INCOME STATEMENT – RETAIL

	1Q15	1Q14	Y/Y	4Q14	Q/Q
Gross Revenues	524,895	546,973	-4,0%	553,014	-5%
Deductions	(26,254)	(31,523)	-16,7%	(37,455)	-30%
Net Revenues	498,641	515,450	-3,3%	515,559	-3%
Cost of Goods Sold	(334,199)	(339,228)	-1,5%	(366,411)	-9%
Gross Profit	164,442	176,222	-6,7%	149,148	10%
SG&A	154,631	137,011	13%	146,157	6%
Other Revenue/Expenses	(1,396)	(2,074)	-32,7%	(4,008)	-65%
Operating Revenue/Expenses	153,235	134,937	13,6%	142,149	8%
Deprec and Amortization	9,332	8,548	9,2%	9,072	3%
Operating Income before Financial Net	1,875	32,737	-94,3%	(2,073)	-
Net Financial Interests	(14,999)	(11,654)	28,7%	(18,292)	-18%
Financial Revenues	2,494	1,167	113,7%	1,988	25%
Financial Expenses	(17,493)	(12,821)	36,4%	(20,280)	-14%
Results before Taxes	(13,124)	21,083	-162,2%	(20,365)	-36%
Income Tax and Social Contribution	4,069	(7,446)	-154,6%	6,821	-40%
Net Income (Loss)	(9,055)	13,637	-166,4%	(13,544)	-33%
EBITDA[1]	**11,207**	**41,285**	**-73%**	**6,999**	**60%**

Note 1: EBITDA represents net income before financial results, social contribution, income tax, depreciation and amortization. It is not a measure used in accordance with accounting practices adopted in Brazil, or the generally accepted accounting principles of other countries; not representing cash flows for the periods presented, and should not be considered an alternative to net income as an indicator of the operating performance of the Company, or an alternative to cash flows as an indicator of liquidity. EBITDA does not have a standardized formula, and this definition of EBITDA may not be comparable with EBITDA as defined by other companies.

GLOSSARY

ABRELIVROS – Brazilian Association of School Book Publishers is a non-profit organization that guides, defends and protects the interests of educational book publishers in the country and their affiliates, representing the companies to the federal government and other bodies.

BNDES – National Bank for Economic and Social Development.

CNE – The National Education Council, which executes the functions and responsibilities of the federal government in matters related to education.

EBITDA – According to CVM Instruction 527, EBITDA is defined as Earnings Before the Net Financial Result, Income Taxes including Social Contribution, Depreciation and Amortization.

Basic Education – Basic education is the first level of schooling in the country and is comprised of three levels: early childhood education (for children up to 5 years old), elementary / middle school (for students from 6 to 14 years old) and high school (for students from 15 to 17 years old).

Higher Education – Education in universities, colleges, polytechnic schools, graduate schools and other institutions offering academic or professional degrees.

Technical Education – Intermediate level between basic education and higher education, or a substitute for higher education. Its purpose is to prepare students that have completed primary or secondary education for the job market.

FNDE – National Fund for the Development of Education – Administrative Unit responsible for the PNLD.

Hoper – Hoper Education is a group of consulting firms specialized in the public and private education sectors in Brazil.

MEC – The Ministry of Education, which is the federal agency responsible for national policies on: Early Childhood Education; Elementary, Middle/High School and Professional Education; Higher Education; Youth and Adults; Special Education; and Distance Learning.

MecDaisy – MecDaisy is a technology tool that allows for the reproduction of books in an accessible digital format. It allows for the creation of spoken digital books, with reproduction in audio, either recorded or synthesized; allows for easy navigation of the text, the synchronized playback of select passages, moving back and forth between paragraphs and searching for sections or chapters.

OED – Digital Educational Objects - audiovisual content produced under the PNLD program designed to provide students with experiences that go beyond reading and writing. The content of a printed book is integrated with digital educational objects, including videos, animations, games and simulators.

National Textbook Program – A program focused on the distribution of textbooks to students in Brazil's public school system at the primary and secondary levels. The process of evaluating, purchasing and distributing books under the PNLD is performed by the FNDE, using financial resources from the Federal Budget and the collection of educational allowances. The entire pedagogical evaluation process, selection of the material and preparation of the textbook guides is coordinated by the MEC's Secretary of Basic Education.

Pronatec – The National Program for Access to Technical Education and Employment (Pronatec), created by the federal government in 2011, has the objective of expanding professional and technological course offerings.

SEB – Secretary of Basic Education.

Sistema S – Term that defines the set of corporate entities focused organizations for professional training, social assistance, consultancy, research and technical assistance. Sistema S includes: Serviço Nacional de Aprendizagem Industrial (Senai); Serviço Social do Comércio (Sesc); Serviço Social da Indústria (Sesi); and Serviço Nacional de Aprendizagem do Comércio (Senac). There are also the following: Serviço Nacional de Aprendizagem Rural (Senar); Serviço Nacional de Aprendizagem do Cooperativismo (Sescoop); and Serviço Social de Transporte (Sest).

SSA – didactic solution designed to support the teaching of Law and Business Administration. It is a methodology developed to support professors in the classroom and to maximize student learning; contemplating a wide range of activities in support of the curriculum, able to help students develop the abilities and skills required to perform better on official tests and assessments, including, for example, the ENADE and OAB.

Saraiva Group participates in the Publishing segment through the sale of books and content through Saraiva S.A. Livreiros Editores ("Editora"), Editora Érica Ltda. ("Érica") and Minha Biblioteca Ltda. ("Minha Biblioteca"), and the Retail segment with products focused on culture, entertainment and information through Saraiva e Siciliano S.A. ("Varejo").