



SARAIVA
EARNINGS RELEASE 2Q15

DEAR SHAREHOLDERS,

The Saraiva Group operates in the publishing industry through Saraiva S.A. Livreiros Editores (Publisher or Company), Minha Biblioteca Ltda. (Minha Biblioteca) and Saraiva Educação Ltda. (Saraiva Educação) and in the retail segment through Saraiva and Siciliano S.A. (Retail or Company).

The financial information contained herein refers to the second quarter of 2015 (2Q15) and the comparisons are made in relation to the same period last year, unless otherwise stated.

The Publisher's consolidated interim financial information contained herein has been prepared in accordance with the International Financial Reporting Standards (IFRS) and accounting practices adopted in Brazil. The Publisher's interim individual financial statements contained herein have been prepared in accordance with accounting practices adopted in Brazil.

Due to the purchase and sale commitment agreement entered into on June 18, 2015, the publishing segment is registered in the financial statements as an asset available for sale and therefore it is not reflected in the consolidated results of the Saraiva Group.

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

RETAIL HIGHLIGHTS

- Net revenue from retail totaled R\$390 million (in line with the results from 2Q14).
- Same store sales (SSS) showed growth of +3% in 2Q15 vs 2Q14.
- Gross margin of 33.3% in 2Q15, 140 bps higher than 2Q14 (31.9% in 2Q14).
- With the implementation of matrix budgeting, we began to notice improvements in expenditure levels, with 6% expenditure growth between quarters, lower than the inflation rate for the period. Annual earnings, excluding non-recurring expenses and estimated implementation costs with the completion of the project, exceed R\$30 million.
- Completion of the diagnostics by the consulting firm Eneas Pestana & Associates, hired to evaluate opportunities to improve operating efficiency in Retail.
- In order to capture additional synergies and increase efficiency in the retail business, there was a review of the organizational structure and a redesign of the operational pillars.
- EBITDA in 2Q15 was negative R\$8 million (negative R\$6 million in 2Q14).
- Project 25 is ongoing, with the implementation of a review of the sales mix in stores, and is present in 22 stores.
- Launch of the digital audiobooks platform, now offering digital content for this category, with over one thousand titles.
- Closure of the store located in the Village Shopping Mall - in line with the strategy to close units with low prospects of generating value.
- E-BIT Award, for which Saraiva was elected "the Most Loved Store in the Bookstore and Entertainment category," by popular vote.
- "Most Innovative Company in the Retail Book and Stationery Store Sector" Award, based on a study conducted by DOM Strategy Partners.

SARAIVA EDUCAÇÃO HIGHLIGHTS

- The publishing segment carried out a corporate restructuring in June of this year, bringing together all of the editorial/educational assets under a single company, named Saraiva Educação, with a transfer of shares to Saraiva and Siciliano S.A.
- Approval, under PNLD 2016, for 92% of the works submitted for New Adoptions to Elementary Education I (1st to 5th grades), with contracts scheduled for September 2015.
- Signing of a book replacement contract under PNLD 2016, with the sale of 6.8 million books, totaling R\$66 million.

SARAIVA GROUP HIGHLIGHTS

- In July 2015, Saraiva executed a rolling funding operation with the Bank of Brazil, in the amount of R\$80 million, with an amortization period of three years and a grace period of one year.
- In June 2015, BNDES released the next installment of funds related to the contract signed in August 2014, in the amount of R\$118 million.
- On April 30, 2015, the new members of the Board of Directors and the Fiscal Council were elected.
- Signing the purchase and sale agreement of Publishing and Education assets, with Somos Educação, for R\$725 million (Enterprise Value), adjusted based on the CDI rate between June 18, 2015 and the close of the transaction. This move will allow for a significant improvement to the Company's capital structure, which now has a 100% focus on Retail.

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

Retail	1H15	1H14	Y/Y	1Q15	2Q14	Y/Y	1Q15	Q/Q
Gross Revenue	939,928	958,684	-2%	415,033	411,711	1%	524,895	-21%
Net Revenue	888,624	903,217	-2%	389,984	387,767	1%	498,641	-22%
Store Sales	620,418	624,423	-1%	275,754	266,657	3%	344,665	-20%
E-Commerce Sales	268,206	278,794	-4%	114,230	121,110	-6%	153,976	-26%
Gross Profit	294,311	299,834	-2%	129,869	123,612	5%	164,442	-21%
Gross Margin (%)	33.1%	33.2%	-0.1 p.p.	33.3%	31.9%	1.4 p.p.	33.0%	0.3 p.p.
Operating Expenses	290,767	264,562	10%	137,532	129,625	6%	153,235	-10%
EBITDA	3,544	35,272	-90%	-7,663	-6,013	27%	11,207	-
EBITDA Margin (%)	0.4%	3.9%	-3.5 p.p.	-2.0%	-1.6%	-0.4 p.p.	2.2%	-4.2 p.p.
Net Income (Loss) ¹	-32,189	-2,893	>500%	-23,134	-16,530	40,0%	-9,055	155%
Net Margin (%)	-3.6%	-0.3%	-3.3 p.p.	-5.9%	-4.3%	-1.7 p.p.	-1.8%	-4.1 p.p.
Same Store Sales Growth	-1.8%	11.0%	-12.8 p.p.	2.9%	12.2%	-9.3 p.p.	-5.4%	8.3 p.p.
E-Commerce Sales Growth	-4.6%	-0.6%	-4.0 p.p.	-5.8%	1.0%	-6.8 p.p.	-3.6%	-2.2 p.p.
E-Commerce Growth ex-electr.	-1.4%	6.2%	-7.7 p.p.	-1.5%	6.4%	-7.9 p.p.	-0.8%	-0.7 p.p.
Number of Stores – End of Period	114	114	0%	114	114	0%	115	-1%
Sales Area – End of Period (m²)	62,692	62,191	1%	62,692	62,191	1%	63,759	-2%

Note: 1. Net income before equity income.

PERFORMANCE REVIEW

The **macroeconomic environment** has become increasingly challenging, which has demanded **strong discipline in the use of resources** and the constant quest to outperform the expectations of our customers, by **offering differentiated products and services**.

In this sense, we're confident that we are following the right strategy, given that despite the decline in economic activity and consumer confidence (which shrank by 9.1% for the quarter, according to the PMC survey), we achieved **same store sales growth on the order of 3%**.

Actions such as **Project 25**, which aims to transform the layout of up to 25 stores, having been deployed in 22 of them during 2Q15, with the introduction of the games and telephony categories, and joint investment with the industry, achieved promising initial results in terms of **increased sales per square meter**.

Together with the improved shopping experience, **assertive pricing and assortments to improve margins** have brought good results, given that we achieved a 33.3% gross margin for the quarter, an **increase of 140 bps compared to the same period last year**. This accomplishment stands out all the more amidst the extremely competitive environment, which features some direct competitors, especially in the e-commerce channel. We reiterate our commitment to **marketing profitable products and services**, combining customer satisfaction with the generation of shareholder value.

E-commerce has stood out, albeit within a challenging macroeconomic scenario and competitive environment, for its **customer loyalty**. For the quarter, the 5.4% increase in the number of invoiced orders is the result of our ongoing efforts to improve the shopping experience, which leaves us excited about the prospects for this important sales channel, which **accounts for 30% of Retail revenue** for the quarter. However, the adjusted variation for this channel, excluding the family of electronics (discontinued in 2014), was a negative 1.5% for the quarter, precisely because of the competitive environment and the macroeconomic scenario, which affected the average ticket for the period.

It is also worth noting that in April Saraiva was the **first Brazilian company to participate in ImagineCommerce, an event created by eBay**, which annually highlights case studies and new technologies in the e-commerce sector. The global conference highlighted details of the development and the **results generated by the new Saraiva.com, implemented with eBay's Magento technology**, which provides solutions for the creation of custom online stores. The system was introduced by Mark Lavelle, senior vice president and general manager of eBay.

We have continually sought to reduce expenditure levels and increase operational efficiency. The initial results in reducing expenses, carried out in an environment of rising inflation, have been promising. Matrix budgeting, one of several of our initiatives to improve efficiency, implemented in conjunction with the Gradus

Consulting, has been fully implemented, **with an expected annualized reduction, excluding non-recurring expenses and deployment costs, of more than R\$30 million.**

There was also the **completion of the diagnostic work for restructuring the Retail business unit**, carried out by the consulting firm Eneas Pestana & Associates. The project focused on the realization of a diagnostic analysis of Saraiva's Retail Business Unit, including all areas, stores and business processes, in order to identify opportunities for improvements in management and to present recommendations and an action plan. **The work was completed and presented to Saraiva's Board of Directors on June 16, 2015.**

Further deepening and maturing the process of identifying opportunities for improvements in operating efficiency, **we are carrying out a new restructuring phase in Retail**, both in Operations and in Corporate. Various positions were eliminated in the Executive and Managerial groups, **bringing further reductions in expenses and decreased redundancies, as well as greater agility in decision making**, repositioning all of the areas in the service of stores and customers. **We will continue to analyze and introduce alternatives** for reducing expenses to compensate for the momentary adversities in the economy and increase the profitability and efficiency of the retail operation.

The review of the organizational structure, guided by a vision of processes and the definition of the company's value chain, **has also been accompanied by the design of the pillars** that summarize **the structural points that we understand will define the success of our business strategy**. These new pillars are: **Customer Experience, Inventory Management, Expense Levels, Management Tools and Employee Engagement.**

There was also, beginning on July 30, **the launch of yet another service through the Retail digital platform: the streaming of audiobooks by subscription** - which will allow unlimited access to the catalog of different publishers - **in partnership with uBook**, a pioneer in the development of technologies and the production of this type of content in Brazil. The launch of the system reinforces the Company's strategy of focusing on content distribution across all formats.

The service allows users to synchronize audio books between devices and applications, resuming the listening process from the point where they had previously stopped. It is also possible to take notes or select chapters of these works. Among other features, on the tablets and smartphones where users have installed the app, there is no need for an internet connection, provided that the content has already been downloaded. Currently, the collection includes approximately one thousand audiobooks narrated by professionals or by the authors themselves.

Among the initiatives to **increase liquidity and streamline the capital structure**, there was **the signing of a contract for the purchase and sale of the publishing and education assets, grouped into Saraiva Educação, to Somos Educação (formerly "Abril Educação")**. This move, which is subject to the CADE approval and the other customary preliminary conditions for this type of transaction, will enable Saraiva, which is now 100% dedicated to the retail business, to **optimize its capital structure and prepare for a new cycle of sustainable growth.**

It is important to mention that **ongoing efforts have been made throughout the publishing operation and back office to prepare and organize for the change in shareholder control**, among them the segregation of systems, the monitoring of processes and communications with all stakeholders involved with the Publisher.

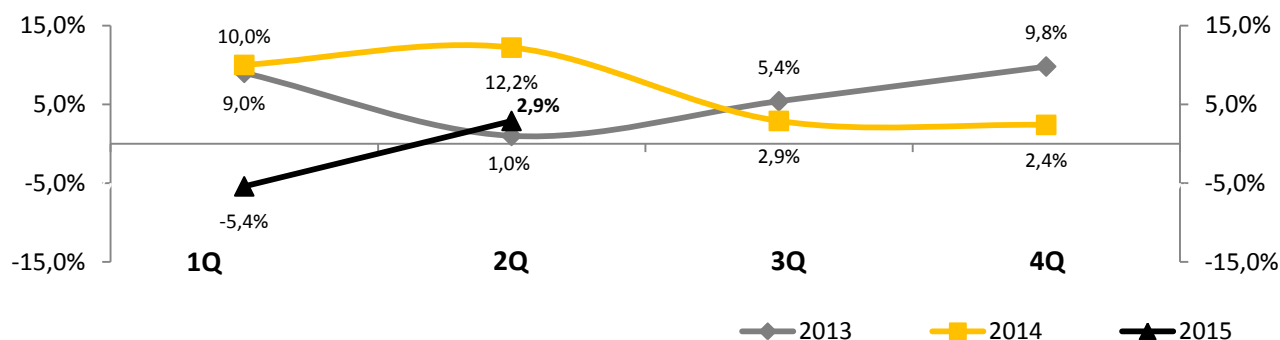
We are reinforcing a message based on **Saraiva's positioning and strategic direction, guided by the strengthening its business model and its competitive positioning. We have made progress with an action plan focused on the Company's cash management**, through personnel restructuring, rationalization of expenses and investments, process optimization and renegotiation of key contracts. We also hope to soon capture the initial benefits of the various initiatives aimed at improving working capital, resuming positive cash flow for the Retail segment.

RETAIL BUSINESS RESULTS

REVENUE - Net revenue in the Retail business totaled R\$390 million in 2Q15, stable year-on-year.

STORE REVENUE – Sales at Saraiva stores increased 3.4% in 2Q15 and 2.9% with regard to same store sales. This growth was due to low demand, verified, for example, by the PMC indicator, which noted a decrease of 9.1% in the quarter.

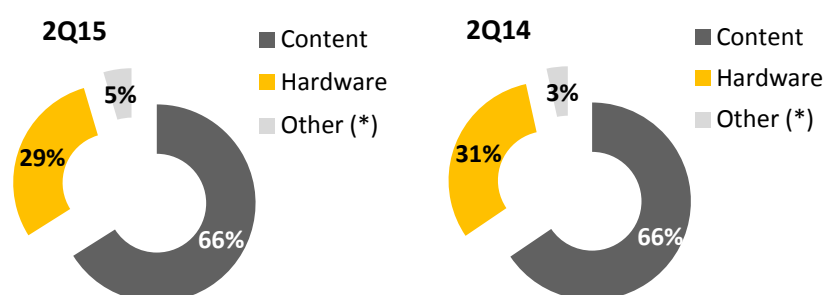
Figure 1. Sales Performance - Nominal Growth of Same Store Sales (by quarter)



E-COMMERCE REVENUE - sales through the website Saraiva.com totaled R\$114 million in 2Q15, a 6% decrease year-on-year. Excluding the sale of consumer electronics and appliances, the sales volume decreased by 1.5% compared to 2Q14, due to low demand and the direction of the Company to preserve margins, offering profitable products and services.

The e-commerce site's share of total gross operating revenue in relation to the Group's retail operations remained stable at 30% in 2Q15 (*versus* 31% in 2Q14).

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



GROSS PROFIT - Gross profit from Retail totaled R\$130 million in 2Q15, 5% higher than 2Q14. The gross margin increased by 140 bps, from 31.9% in 2Q14 to 33.3% in 2Q15.

OPERATING EXPENSES - The operating expenses line in the Retail totaled R\$138 million, an increase of 6% over the R\$130 million reported in the 2Q14. Growth was less than inflation for the period, which shows the change in the upward trend, which is now heading towards reduced expenditure growth versus both inflation and as a proportion of sales. This result also reflects non-recurring expenses related to the restructuring process. Beginning in the second half of 2015, it is expected that the action plan aimed at streamlining costs will contribute to improved results.

EBITDA - Retail EBITDA totaled negative R\$8 million in 2Q15 versus negative R\$6 million in 2Q14. This result is due to the maintenance of the sales volume in which, along with an increase in the gross margin, there was an increase in operating expenses.

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

	1H15	1H14	Y/Y	2Q15	2Q14	Y/Y	1Q15	Y/Y
Net Income (Loss)¹	-32,189	-2,893	>500%	-23,134	-16,530	40%	-9,055	155%
(+) Financial Result	32,843	22,101	49%	17,844	10,447	71%	14,999	19%
(+) Income Tax / Social	-15,595	-713	>500%	-11,526	-8,159	41%	-4,069	183%
(+) Depreciation Amortization	18,485	16,777	10%	9,153	8,229	11%	9,332	-2%
EBITDA	3,544	35,272	-90%	-7,663	-6,013	27%	11,207	-
EBITDA Margin	0.4%	3.9%	-3.5 p.p.	-2.0%	-1.6%	-0.4 p.p.	2.2%	-4.2 p.p.

Note 1: Net income before equity income.

WORKING CAPITAL - The working capital/net revenue ratio went from 20.9% in 2Q14 to 21.7% in 2Q15. The Retail operating cycle reached 89 days in 2Q15 compared to 85 days in 2Q14. Accounts receivable totaled 55 days in 2Q14 and 56 days in 2Q15. The average inventory coverage period increased by 7 days from 97 days in 2Q14 to 104 days in 2Q15. The payment period to suppliers increased by 4 days to 71 days in 2Q15 from 67 days in 2Q14. We have ongoing initiatives to reduce the operational cycle in retail operations, focusing on release of capital employed.

NET INTEREST REVENUE (EXPENSE) – The net financial result in the Retail business was an expense of R\$18 million in 2Q15 versus R\$10 million in 2Q14, reflecting the increase in the average debt balance and also the increase in the reference rates for bank debt (SELIC and TJLP).

NET INCOME (LOSS) FOR THE PERIOD – The net loss for the Retail segment, before equity, was R\$23 million in 2Q15 versus a net loss of R\$17 million in 2Q14, due to the effects mentioned above.

INVESTMENTS (CAPEX) - The investments made in the Retail totaled R\$6 million in 2Q15 versus R\$11 million in 2Q14. We are focused on streamlining the use of resources, and we are being selective in implementing investments.

LIQUIDITY - On June 30, 2015, the Retail segment had approximately R\$18 million in cash and cash equivalents, compared with R\$6 million in 2Q14 and R\$16 million in 1Q15. Gross debt as of June 31, 2015 was R\$637 million, an increase of R\$305 million over the R\$332 million reported at the end of 2Q14 and up from R\$568 million in 1Q15.

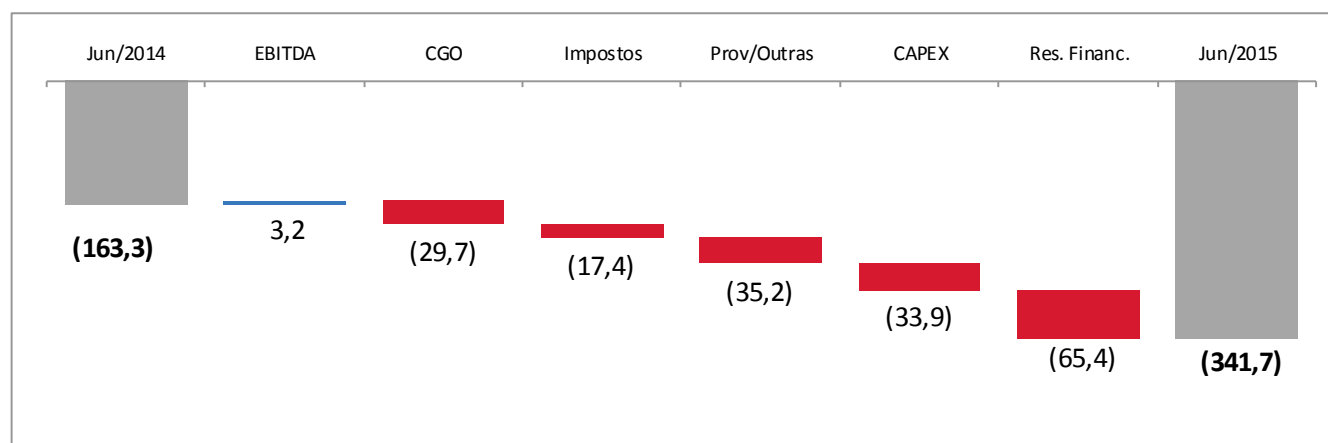
Table 3. Evolution of the main debt indicators monitored by the Company (R\$'000)

Retail	2Q15	2Q14	Y/Y	1Q15	Q/Q
Transaction Type					
BNDES	78,593	41,621	89%	81,872	-4%
Working Capital/other	558,046	289,988	92%	485,941	15%
Total Consolidated Debt	636,640	331,609	92%	567,813	12%
Short Term	342,003	275,273	24%	350,658	-2%
Long Term	294,637	56,336	423%	217,155	36%
Cash and Cash Equivalents	18,015	5,685	217%	16,196	11%
Acquisition Obligations	2,845	0	-	2,761	3%
Credit Card Receivables	279,748	162,603	72%	331,553	-16%
Net Debt	341,721	163,321	109%	222,826	53%
Shareholders' Equity (PL)	230,044	290,282	-21%	247,216	-7%

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.

Net debt, which includes receivables, totaled R\$342 million at the end of 2Q15, compared to R\$163 million at the end of 2Q14, with the main drivers illustrated in Chart 3.

Chart 3. Breakdown of Net Debt, 2Q15 vs. 2Q14



The following table presents the maturities of our credit lines.

Table 4. Sources of financing for working capital and investments and their respective maturities

Retail	Average Cost	Total	Until 2015	Until 2016	Until 2017	After 2017
Transaction Type						
BNDES ¹	10,7%	78.593	8.878	14.986	8.820	45.909
Working Capital/other	15,5%	558.046	165.396	190.249	107.277	95.124
Total Consolidated Debt	14,9%	636.640	174.274	205.235	116.097	141.034

Note 1: Average cost at the close of 2Q15 from the balance of the two agreements with BNDES (2011 and 2014), without considering the cost of bank guarantee, considering TJLP of 6.5% p.a. and SELIC of 13.75% p.a..

RETAIL HIGHLIGHTS - In 2Q15, Saraiva had 114 stores in 17 Brazilian states and the Federal District, three of them in Airport format.

At the moment, we do not expect to open new stores in 2015. The Viracopos units, which were contracted in early 2014, with approximately 400 m², have had their scheduled delayed until 2016, given that work on the airport is still ongoing.

Our focus will be on extracting greater value from existing assets and renegotiating or closing stores without prospects for future value creation. There was a store closure at the Village Shopping Mall, in Rio de Janeiro, and we have two more store closings expected in 2015.

In addition, we have implemented Project 25, which includes a change in the mix, with the inclusion of families of games and telephony, aimed at increasing sales per square meter and, consequently, greater profitability. Of the initial estimate, 22 stores have been converted to date, with promising early results.

LEV – The Saraiva portable digital reader (e-reader), LEV, released in early August 2014, already has digital catalog of over 450 thousand titles in foreign languages and 48 thousand titles in Portuguese.

PUBLIQUE-SE! – Publique-se! (a self-publishing platform) in 2Q15 had a total of 3.8 thousand published books versus 2.0 thousand books published in 2Q14. 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 11.4 million associated customers at the end of 2Q15 versus 9.7 million customers in 2Q14.

SARAIVA EDUCAÇÃO

Saraiva Educação, the name of the combined publishing and education assets, brought together under a single company through a reorganization of the net assets previously distributed among Editora Saraiva and Editora Erica, operates in the Basic Education and Higher Education segments, in addition to its Trade line.

With a prominent position in the Brazilian publishing market, it serves as a benchmark for editorial quality: it is the leading publisher of legal books and is among the largest companies in the segment of textbooks and teaching books. It operates in the market through the Saraiva, Current, Format, Benvirá, Caramel imprints and the Ético and Agora education systems, in addition to the operations of Editora Erica.

Saraiva Educação has invested in order to increase its participation in the education value chain, bolstering its strategy of investing in comprehensive and differentiated solutions that contribute to learning processes, from early childhood education to higher education. In this way, it has sought to provide structured and value-added solutions, adding technology and services to dedicated content developed by its leading authors, promoting new businesses that add recurring revenue and expand the student base.

There was, within the context of the Company's capital structure optimization, the signing of the purchase and sale agreement of Saraiva Educação to Somos Educação (formerly "Abril Educação").

We highlight the efforts and commitment of all employees in preparing and organizing this movement for change of shareholder control, which we expect to happen, probably at the end of 4Q15, after receiving CADE authorization and meeting other conditions customary for this type of transaction.

CONFERENCE CALL DETAILS

Saraiva's 2Q15 Earnings Conference Call, to be held in Portuguese and simultaneously translated to English, will be held on August 14, 2015, at 10:30 AM (local time) / 9:30 AM (EDT).

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 Daylight Time EDT (New York): 9:30 am

Greenwich Mean Time GMT (London): 2:30 pm

Central European Time CET (Madrid): 3:30 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 the United States: +1 786 924-6977

Toll-free for connecting from the United States: +1 888 700-0802

Password: SARAIVA

Replay: +55 11 3193-1012 or 2820-4012 (available for 7 days)

Access codes: 2687870# (Portuguese) and 3427280# (English)

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

WEBCAST PLATFORM

Portuguese: <http://webcast.neo1.net/Cover.aspx?PlatformId=ldtxyEZyx1SdriYL6eodpw%3D%3D>

English: <http://webcast.neo1.net/Cover.aspx?PlatformId=QTJYWb6352gQyJ4C4a%2B%2BSg%3D%3D>

Webcast: www.saraivari.com.br

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.

DISCLAIMER

This report contains forward-looking statements that are subject to risk and uncertainty. These statements are based on beliefs and assumptions of management and on information currently available. Our future results and shareholder value may differ materially from those expressed or implied in these forward-looking statements.