

Agenda



Group overview



Editora Saraiva - Publishing House



Livraria Saraiva - Bookstore Chain








Financial highlights



Final remarks

Group Overview

Editora Saraiva (publishing house)






-  **One of the largest book publishers in Brazil**
-  **Leader in the law book industry**
-  **Law content in electronic media: Saraivajur.com.br**
-  **3rd in the elementary and high school textbook industry**
-  **Investing in Business Admin./Economics Publishing line**

Livraria Saraiva (retail)

-  **The largest bookstore chain in Brazil**
-  **Pioneer in the introduction of the Super Store concept**
-  **The largest on-line retailer of books in Brazil**
-  **32 stores: 14 Super Stores and 18 traditional stores**

Strategies - Operations Publishing

Editora Saraiva:

-  *Construct a complete and renewed catalogue;*
-  *Promote an aggressive, reaching the most important markets:*
 - Adoption of books in Brazil is decided by teachers*
-  *Build partnership with new and existing authors;*
-  *Take full advantage of existing synergies among publishing lines, diluting fixed costs;*
-  *Be aware of Internet & new technologies as well as acquisitions opportunities & strategic alliances
(Eg. Formato Editorial - August/2003)*

Strategies - Operations Retail

Livraria Saraiva:



Sales channels give a unique purchase experience



Seek all possible synergies among operations

+ Clicks & Mortar model



Retail is detail



Seek constant innovation in order to differentiate itself from competitors



Serve the customer in different selling channels:

+ Bricks & Mortar stores, Internet, telemarketing



Knowledge of publishing and book markets

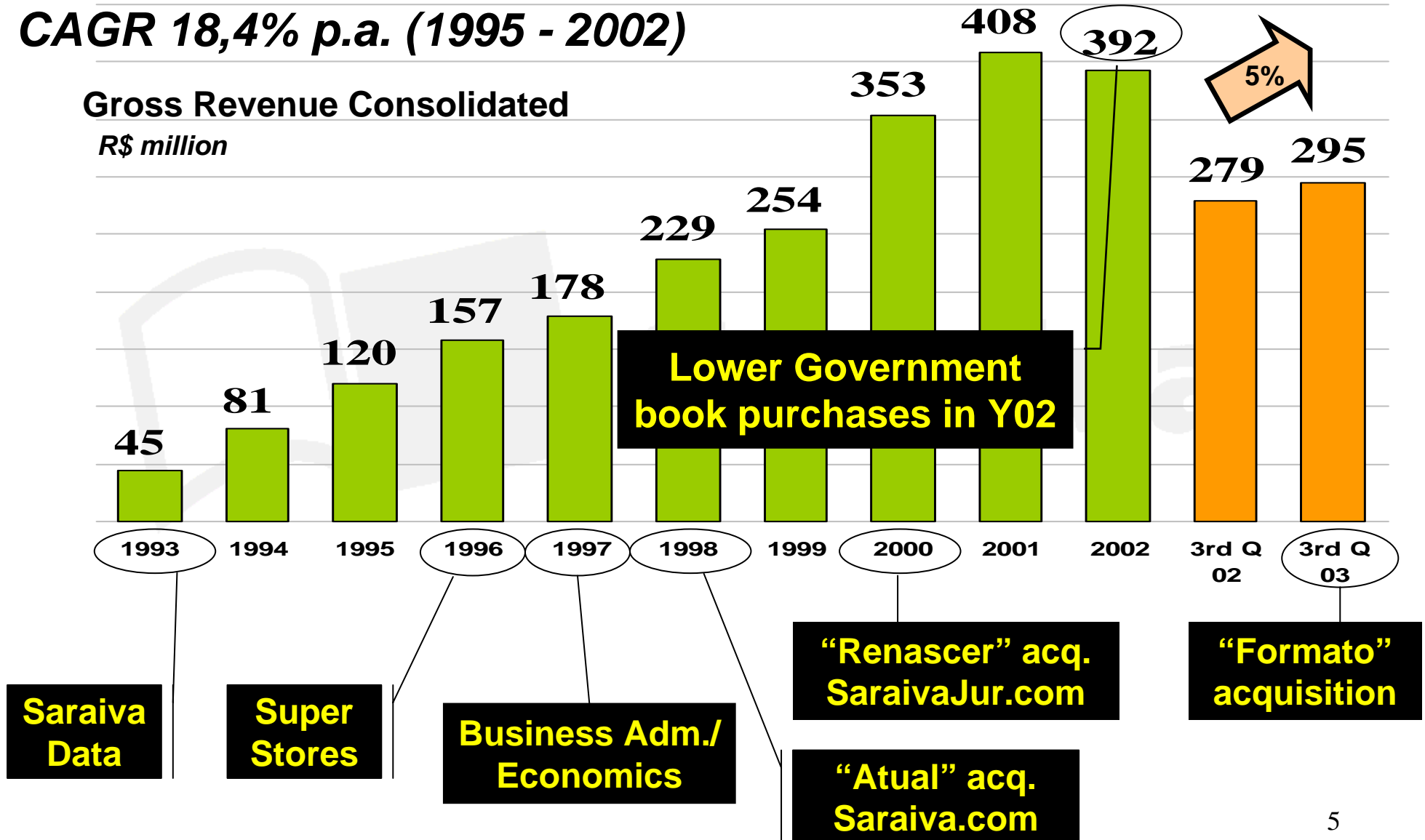


**Have a product mix that enhances the “purchase experience”:
culture + leisure + entertainment**

Growth - Innovation

CAGR 18,4% p.a. (1995 - 2002)

Gross Revenue Consolidated
R\$ million



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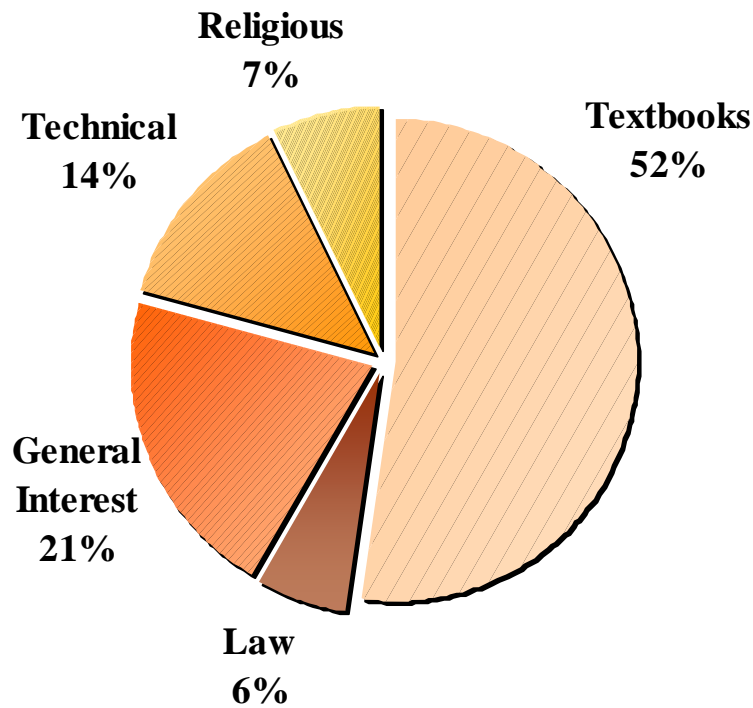
Financial highlights



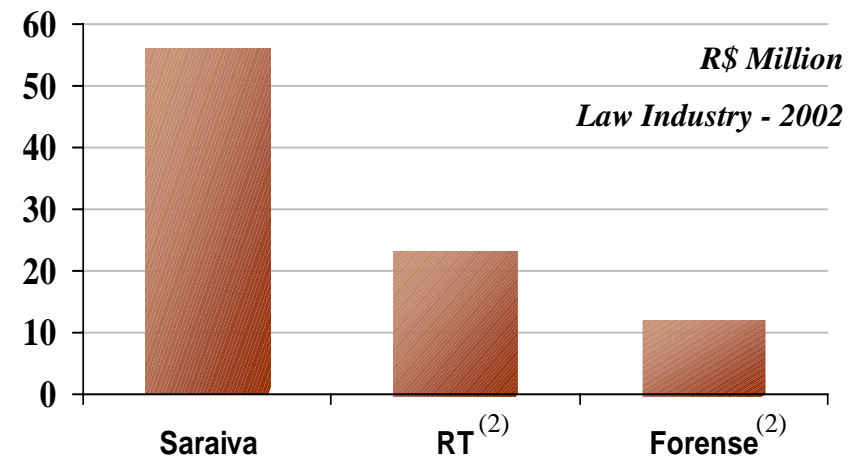
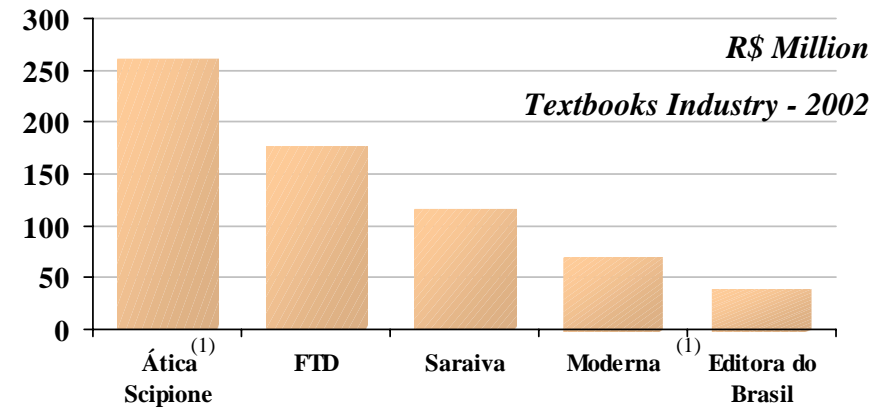
Final remarks

Publishing Market in Brazil

R\$ 1.44 Billion (2000)



Sources: Cerlalc (Centro Regional para o Livro na América Latina e Caribe), CBL (Câmara Brasileira do Livro), and ABIGRAF (Associação Brasileira da Indústria Gráfica), Gazeta Mercantil, Saraiva

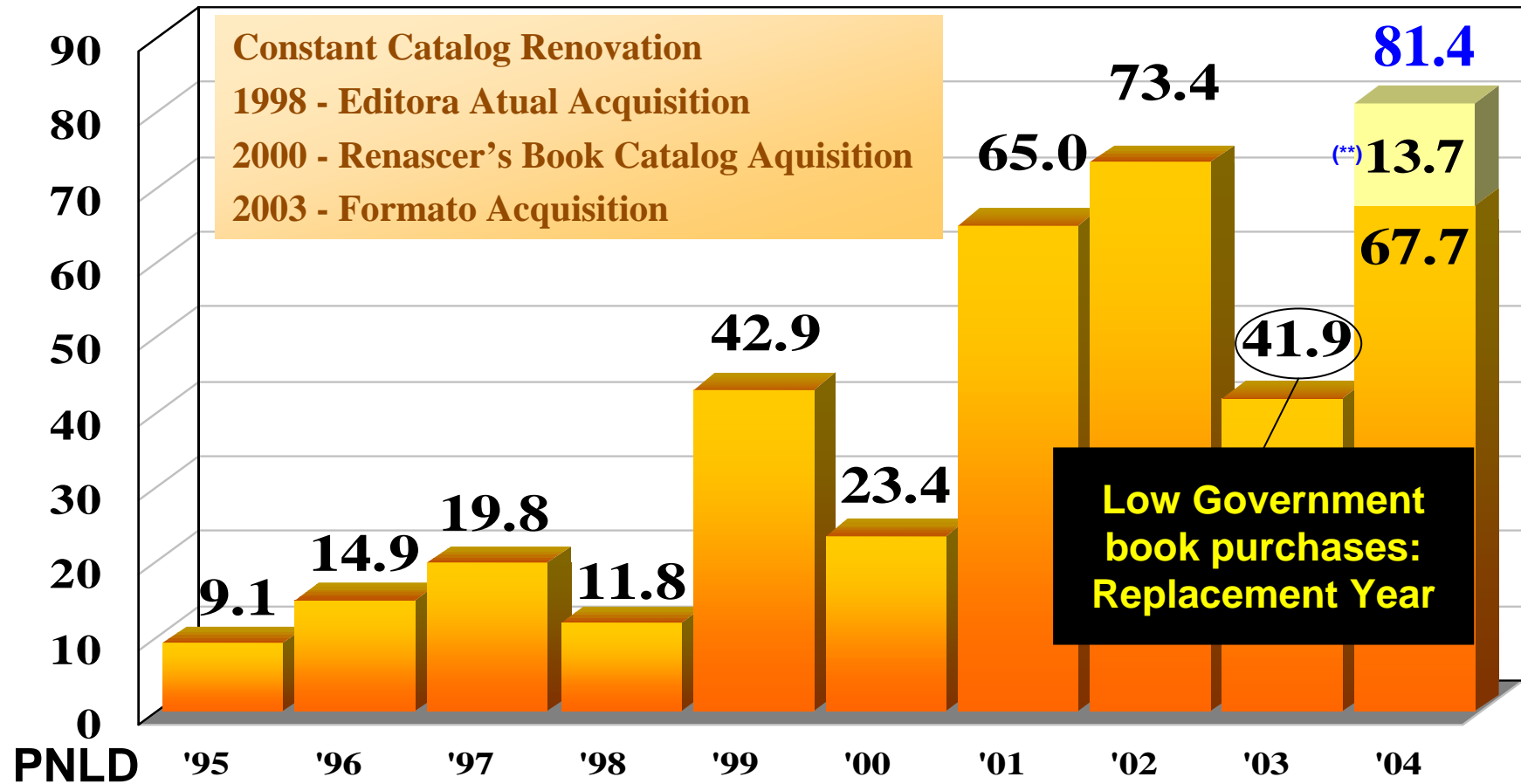


⁽¹⁾ Revenues in 2000

⁽²⁾ Revenues in 1999

Sales to Government through PNLD(*)

Considerable increase in sales of textbooks to the Government (R\$ Million)



(*) PNLD - Programa Nacional do Livro Didático (National Textbooks Program)

(**) To be confirmed. Preliminary data, not contracted.

Formato Editorial

- **Publishing house with headquarters in Minas Gerais State**
- **Textbooks & Readers: Excellent catalog, with approximately 450 titles**
- **Great synergies with Editora Saraiva (Distribution / Logistics / Administrative Expenses)**

Editora Saraiva's Competitive Advantages

- Proprietary content creating strong barriers to new entrants
- Strong distribution structure (13 branches)
- Consolidated brand name (Company founded in 1917)
 - *strong relationship with teachers and professionals*
- Excellent relationship with authors
- Access to funding (debt & equity)
 - *publicly held Company*
- Professional management

Competitive Advantages

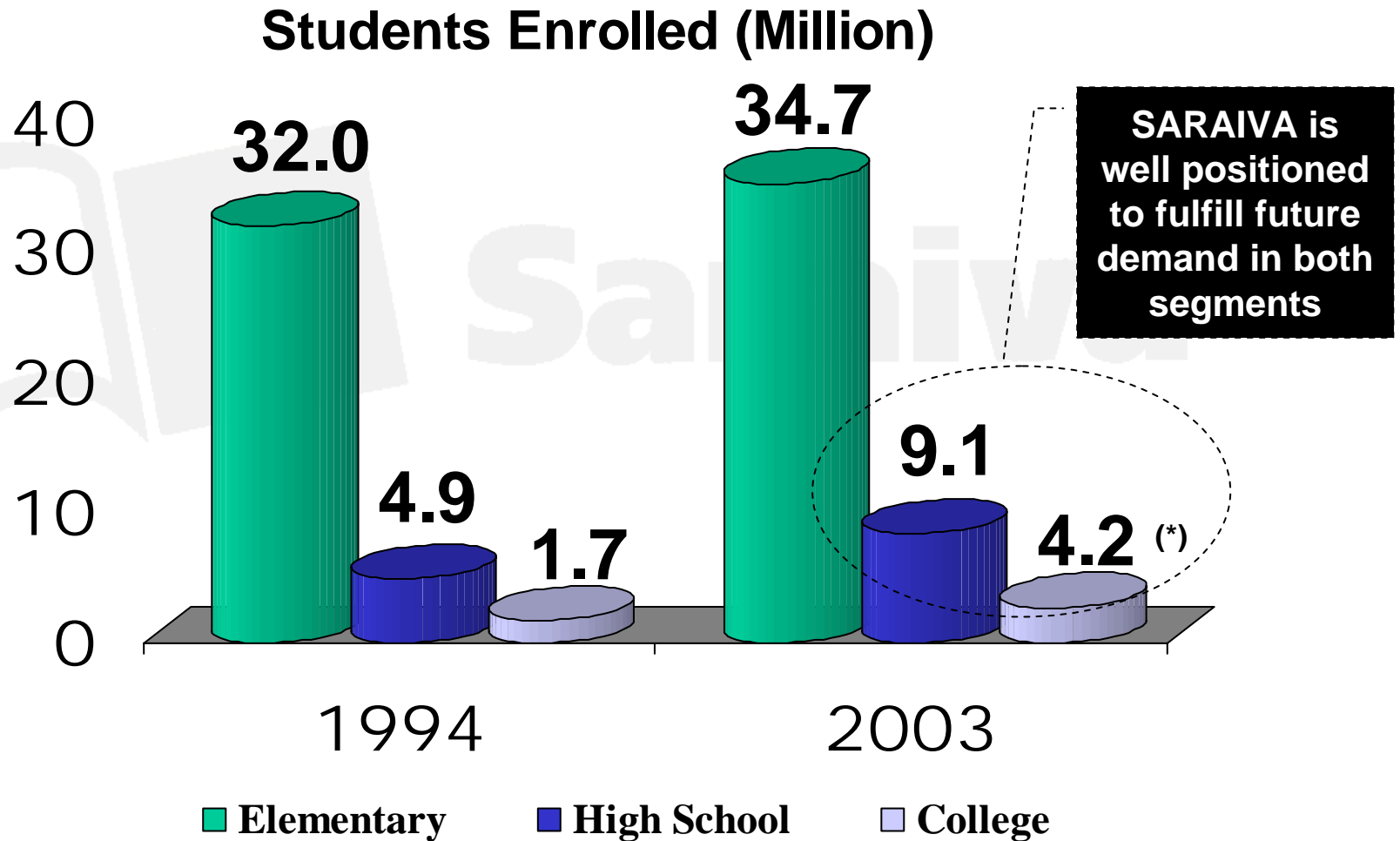


Publishing Industry:

- **Internet, new technologies: great opportunities**
 - **recognized value of proprietary content**
- **Consensus that Education is a top priority in Brazil**
 - **Industry's growth above population's growth**
 - ↑ **First "wave": increase access to school**
 - ↑ **Second "wave": increase quality of Education**

Education in Brazil

High school & College levels - large potential



Sources: Inep; MEC
(*) 2002 data

CAGR **0.8%** **6.4%** **10.6%**

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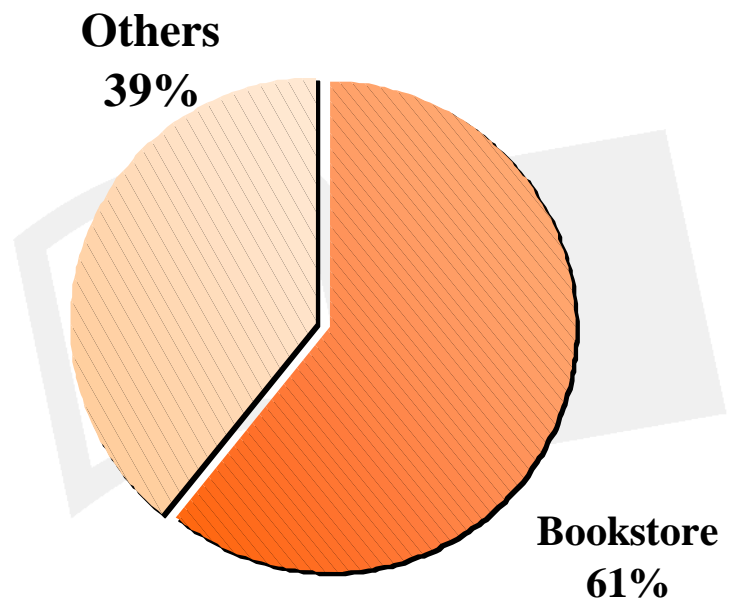
Financial highlights



Final remarks

Saraiva - The Largest Bookstore Chain in Brazil

Gross Revenues of the Brazilian Book Industry - R\$ 2.06 Billion (2000)
61% via Bookstores - R\$ 1.26 Billion (2000)

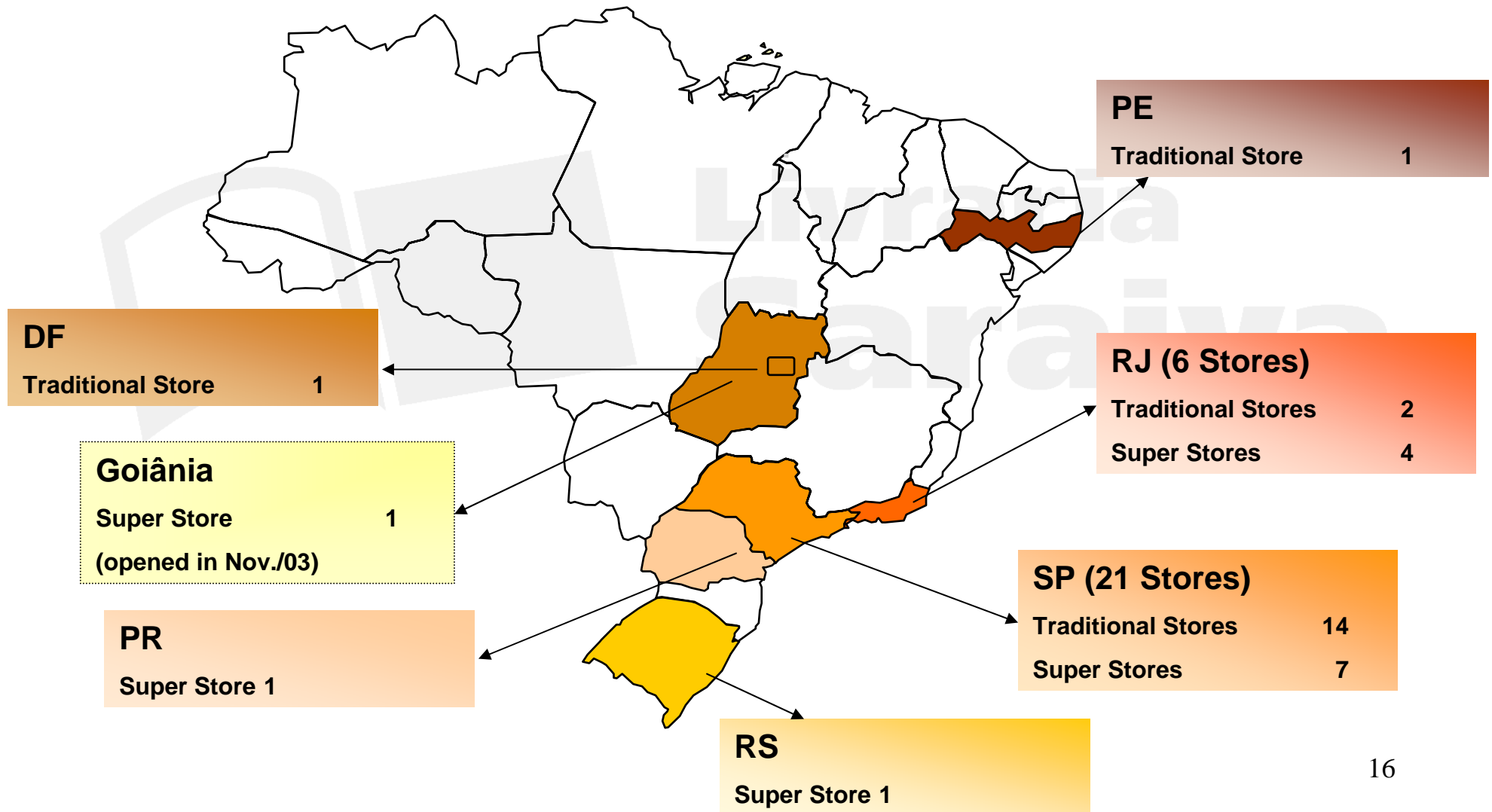


(1) Revenue in 2000
 (2) Revenue in 2001

Sources: Cerlalc (Centro Regional para o Livro na América Latina e Caribe), CBL (Câmara Brasileira do Livro), and ABIGRAF (Associação Brasileira da Indústria Gráfica), Gazeta Mercantil, Saraiva

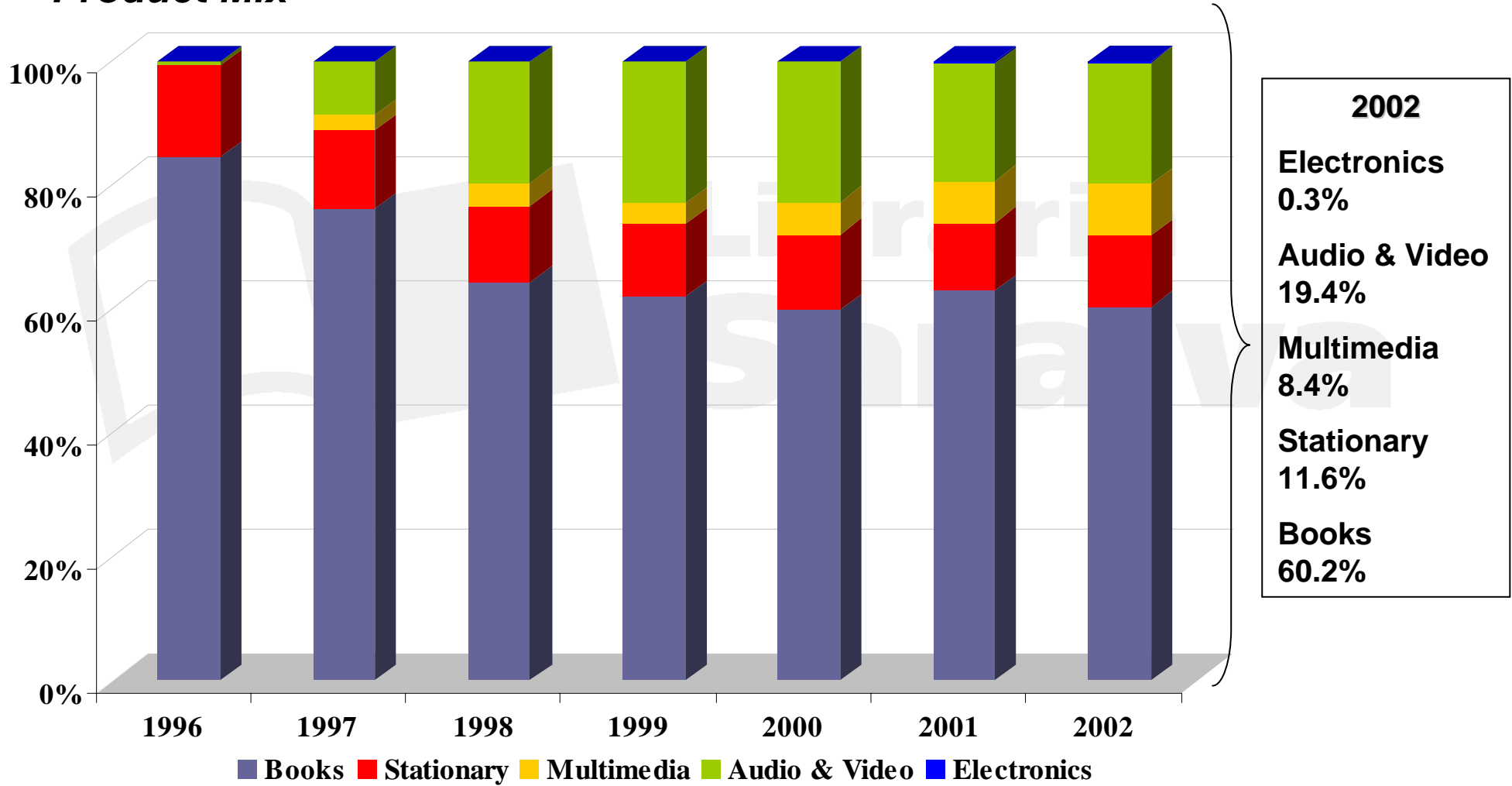
Geographic Location

32 Stores - 14 Super Stores and 18 Traditional Stores



Livraria Saraiva

Product Mix



Source: Livraria Saraiva (2002)

Livraria Saraiva's Competitive Advantages

- Largest bookstore chain in Brazil, both in terms of revenues and sales area; scale of operations
 - ↑ *Dilute fixed costs*
 - ↑ *Increase purchasing power*
- “First mover”, with presence in important shopping malls
- Strong brand name: customers’ share of mind
- Privileged position for expansion
 - ↓ *Lower costs for implementing new stores*
- ↑ Internet: large synergies with the bricks and mortar model
 - ↑ *There are no wholesalers of books in Brazil*

Saraiva.com.br - Competitive Advantages

Relationship with Saraiva Bookstore



saraiva.com.br

- **Brand recognition**
- **Fulfillment capabilities**
- **Large products offering**



- **Customer profile**
- **Geographic coverage**
- **“In-store” orders / services provided**

Bookstore Industry:

- **New selling channels**

- ↑ **Internet: clicks & mortar model creates more value to shareholders**

- **Service differentiation and focus in the “purchase experience”**

- ↑ **Complete mix of products**

- ↑ **Constant innovation**

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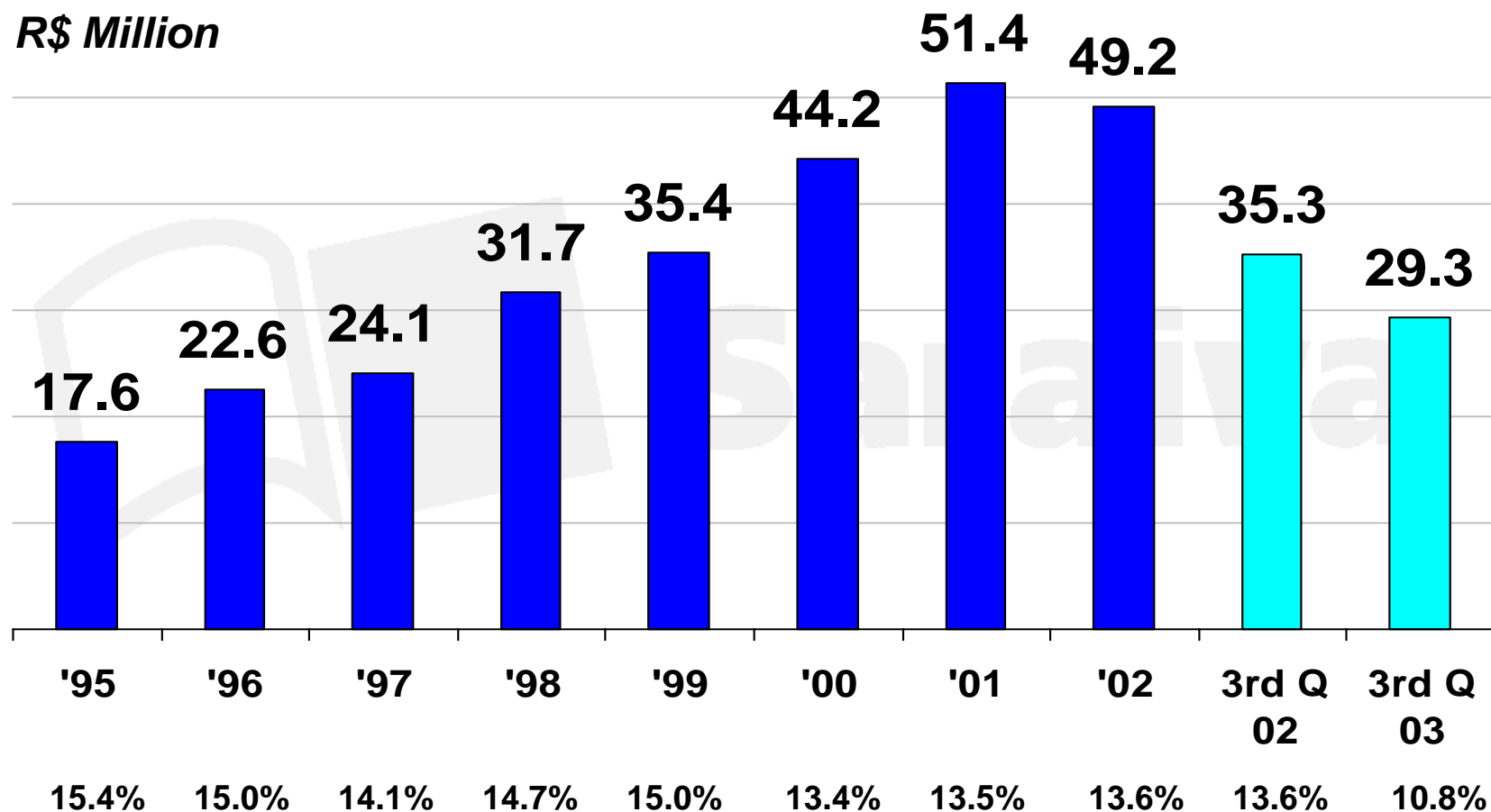
Financial highlights



Final remarks

Financial Highlights

Consolidated EBITDA and EBITDA Margins

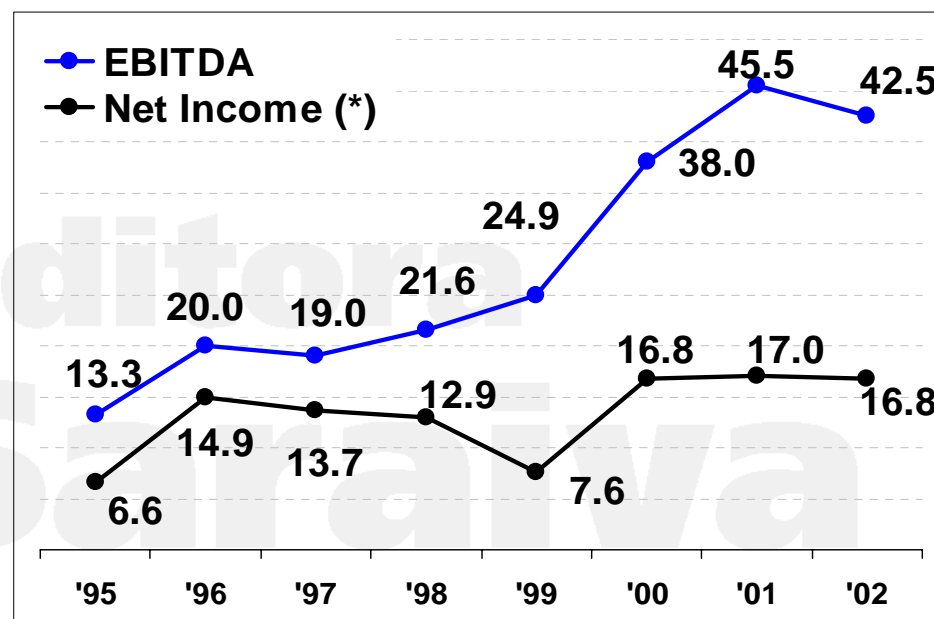
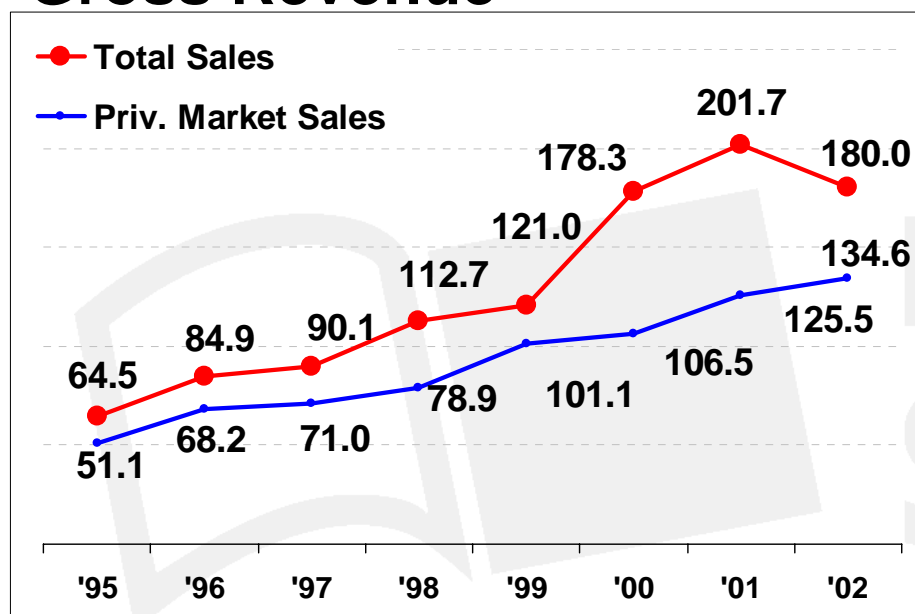


Financial Highlights

Saraiva Publishing House

R\$ Million

Gross Revenue



Financial expenses resulting from the devaluation of the Brazilian currency in 1999 and 2002 were fully recognized in the year's Income Statement.

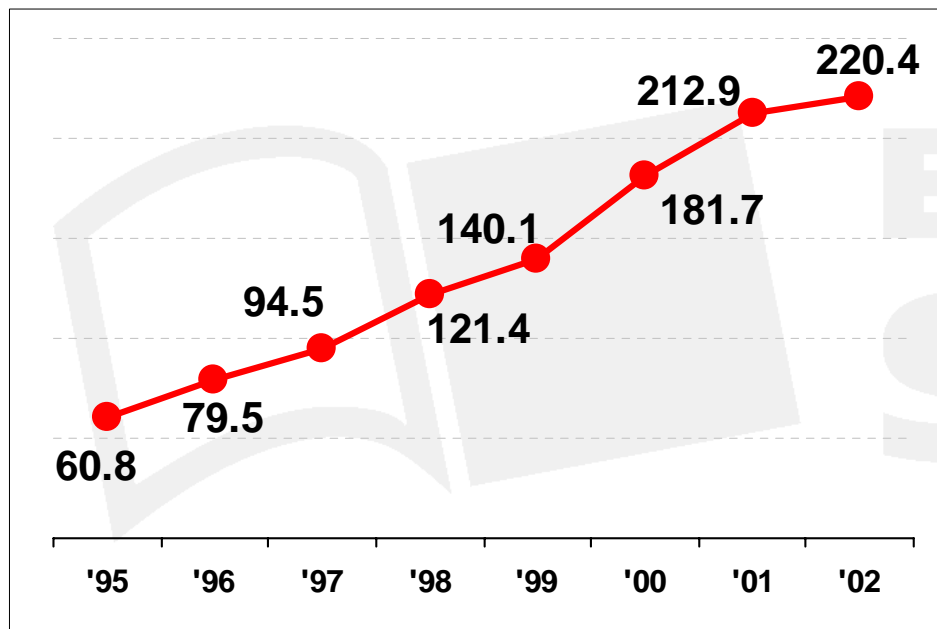
() Does not include Livraria's Equity Result*

Financial Highlights

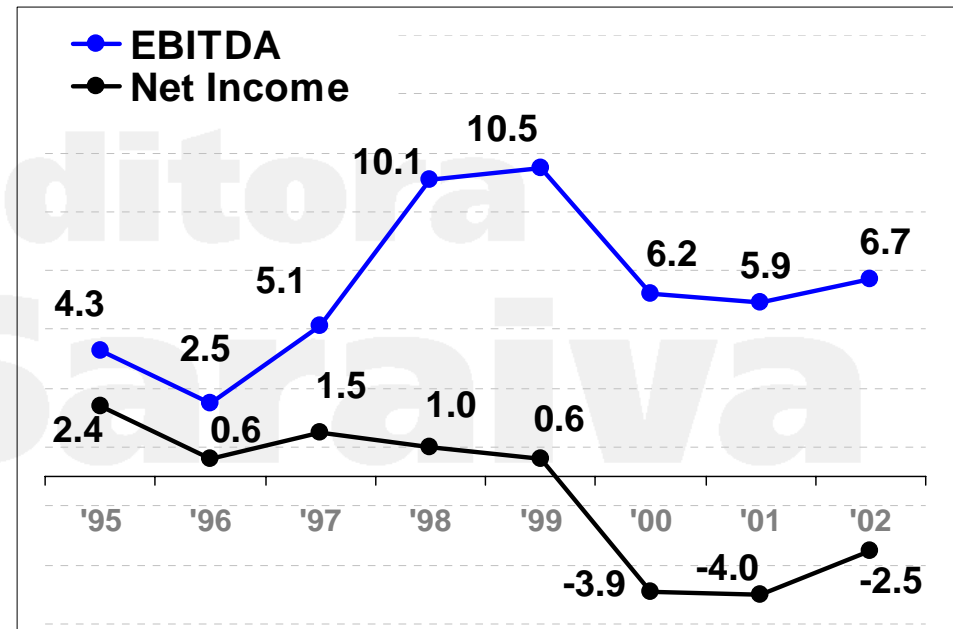
Saraiva Bookstore (retail)

R\$ Million

Gross Revenue



EBITDA & Net Income



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Final remarks

Scenario for 2003

Government:

 **“Complete purchase” of textbooks for elementary schools - from 1st to 4th grade**

 **“Formato Editorial” Acquisition (Aug./2003)**

 **Excelent catalogue**

 **Law segment sales: New Civil Code**

 **Bookstore: New stores**

 **Itaim - São Paulo (SP)**

 **Goiânia (GO)**

 **Saraiva.com: Strong sales growth**

Corporate Governance

- **1st Company in Brazil to guarantee tag along rights in its By Laws**
- **By Laws oblige the Company to distribute cash that exceeds 25% of its total assets if it occurs in four successive quarters**
- **ANIMEC: “Publicly Held Company 2000”**
- **Stock Repurchase Program**
 - **From sep./2002 to mar./2003: 1.43% of total shares repurchased**
- **Representative of no controlling shareholders in the Board of Directors**
- **ADR level 1**

Final Remarks

-  **Solid growth perspectives**
-  **Excellent positioning**
-  **Capital Market has strategic importance**
-  **Excellent relationship with minority shareholders: Corporate Governance**

Contacts

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