



Saraiva

Saraiva S.A. Livreiros Editores

Conference Call - First Semester 2006 Results



August 16, 2006

Consolidated Performance

Editora Saraiva

Livraria Saraiva

Highlights

R\$ million	2Q 05	2Q 06	Chg.	1S 05	1S 06	Chg.
Consolidated Gross Revenue	73.5	95.0	29.2%	257.1	295.5	14.9%
<i>Gross Revenue BooksStores</i>	<i>56.6</i>	<i>73.2</i>	<i>29.3%</i>	<i>131.9</i>	<i>171.2</i>	<i>29.8%</i>
<i>Gross Revenue Publishing House</i>	<i>16.9⁽¹⁾</i>	<i>21.8⁽¹⁾</i>	<i>29.0%</i>	<i>125.2⁽¹⁾</i>	<i>124.3⁽¹⁾</i>	<i>-0.7%</i>
Net Sales	68.1	86.9	27.6%	245.1	278.7	13.7%
Gross Margin %	49.8%	45.2%	(4,6)pp	56.5%	56.0%	(0,5)pp
Ajusted EBITDA	(6.9)	(9.4)⁽²⁾	37.1%	44.6	48.3⁽²⁾	8.3%
EBITDA Margin %	-10.1%	-10.8%	(0,7)pp	18.2%	17.3%	(0,9)pp
Net Income	(6.8)	(8.7)⁽³⁾	27.5%	23.0	25.5⁽³⁾	10.9%
Investment	1.1	0.9	-16.2%	1.9	1.7	-11.9%
SGA / Net Sales %	63.2%	60.2%	(3,0)pp	41.3%	41.5%	0,2pp

⁽¹⁾ Exclude Inter Company Sales.

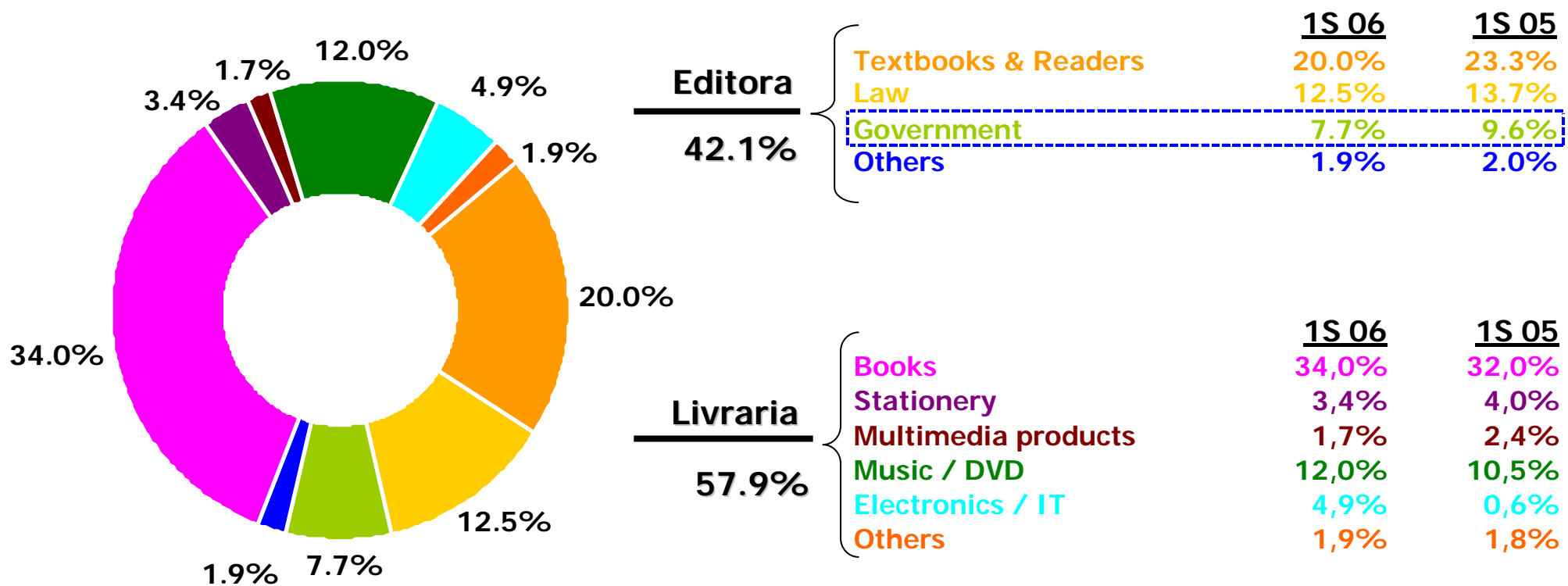
⁽²⁾ Includes R\$ 0.5MM non-recurring expenses of lawyers and auditors fees related to our primary/secondary share issue.
Adjusted EBITDA: does not include Saraiva Plus provision (R\$ 1.3MM).

⁽³⁾ R\$ 2.4MM - Commission charges related to the public offering.

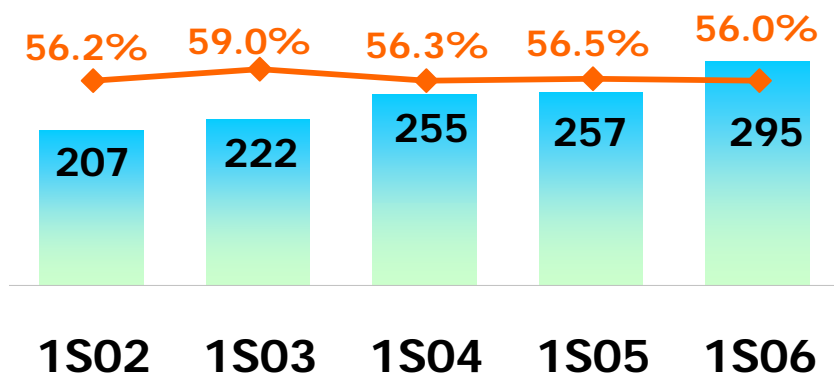
PNLD / PNLEM	-	8.0⁽⁴⁾	-	24.8	22.8	-8.2%
---------------------	----------	--------------------------	----------	-------------	-------------	--------------

⁽⁴⁾ PNLEM MG "Programa Livro na Escola" - Purchase of biology and physics textbooks public schools students in the state of Minas Gerais.

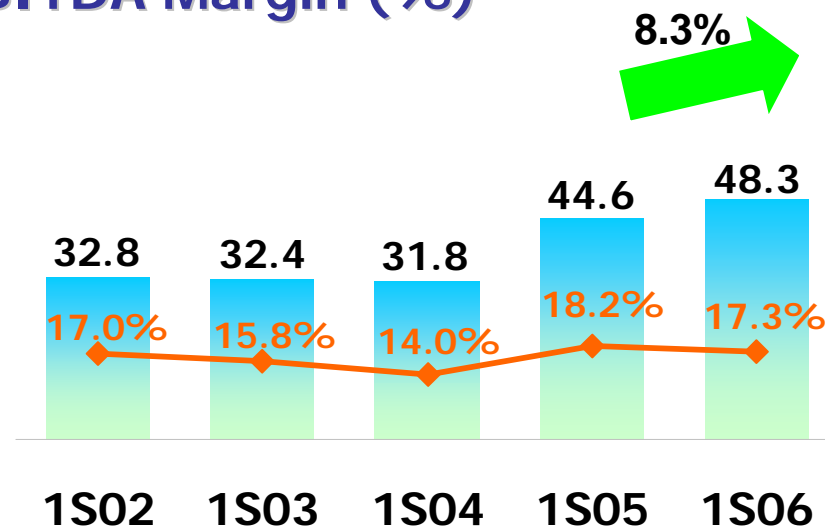
Sales Mix – 1S06



Gross Revenue (R\$ Million) and Gross Margin (%)



EBITDA (R\$ Million) and EBITDA Margin (%)

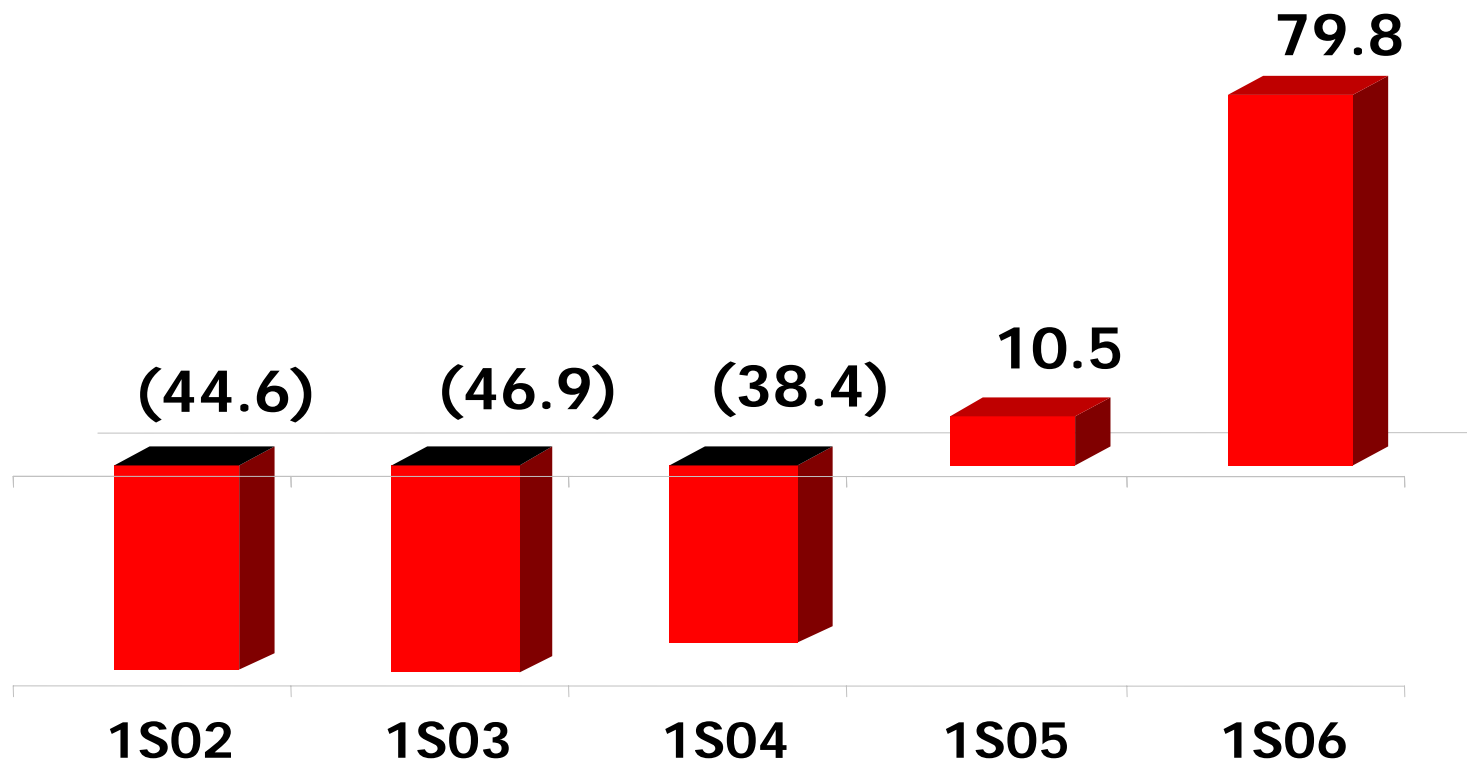


1S06 - ADJUSTED EBITDA (R\$ 1.3M – Saraiva Plus)

Gross Revenue (R\$ Million)

	1S04		1S05		1S06	
Editora	127	49.6%	125	48.7%	124	42.1%
Livraria	129	50.4%	132	51.3%	171	57.9%

Net Cash Position ⁽¹⁾ (R\$ Million)



(1) Net Cash Position = Cash & Banks – Loans and financing
Capital Raise April/2006 = R\$ 63.6 MM

Consolidated Performance

Editora Saraiva

Livraria Saraiva

Highlights

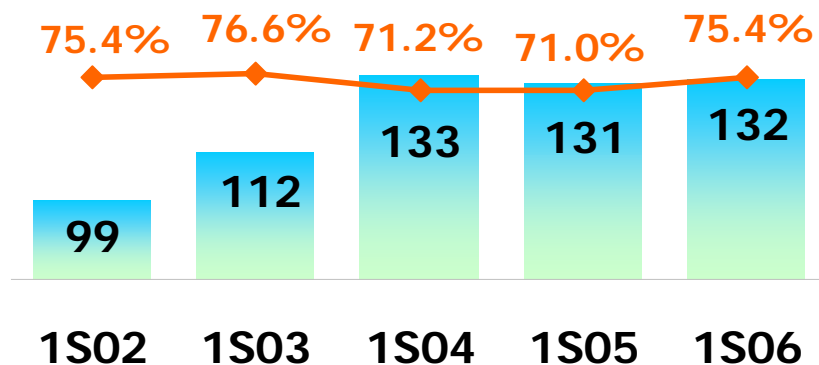
R\$ million	1S 05	1S 06	Chg.
Gross Revenues	130.5	131.8	1.0%
<i>Private Market</i>	<i>105.7</i>	<i>109.1</i>	<i>3.1%</i>
<i>Government^(*)</i>	<i>24.8</i>	<i>22.8</i>	<i>-8.2%</i>
Net Sales	130.4	131.7	1.0%
Gross Margin %	71.0%	75.4%	4,4pp
EBITDA	38.0	40.4 ⁽¹⁾	6.4%
EBITDA Margin %	29.1%	30.7%	1,6pp
Net Income	23.0	25.5 ⁽²⁾	10.9%
Investment	1.2	0.6	-49.8%
SGA / Net Sales %	43.4%	45.4%	2,0pp
(*)Vendas Government	24.8	22.8	-8.2%
PNLD	16.5	11.2	-32.2%
PNLEM	8.2	4.2	-48.8%
PNLEM MG "Programa Livro na Escola"	-	7.3⁽³⁾	-

⁽¹⁾ Includes R\$ 0.5MM non-recurring expenses of lawyers and auditors fees related to our primary/secondary share issue.

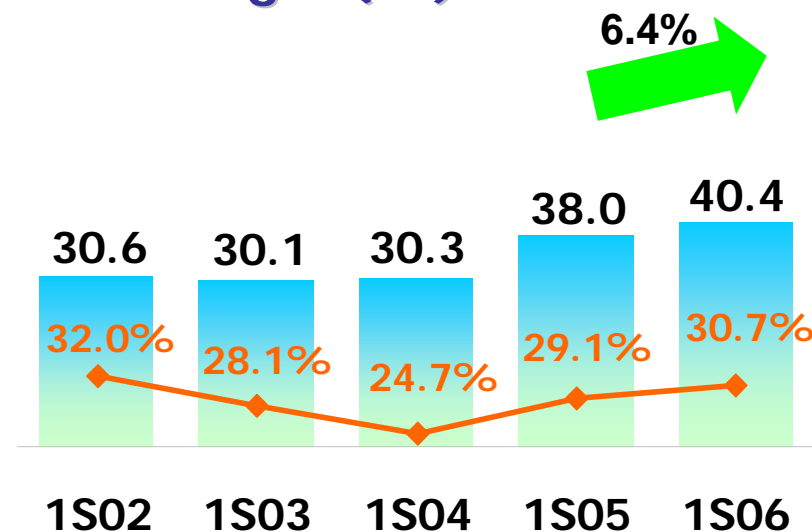
⁽²⁾ R\$ 2.4MM - Commission charges related to the public offering.

⁽³⁾ PNLEM MG "Programa Livro na Escola" - Purchase of biology and physics textbooks public schools students in the state of Minas Gerais.

Gross Revenue (R\$ Million) and Gross Margin (%)



EBITDA (R\$ Million) and EBITDA Margin (%)



Gross Sales (R\$ million)

	1S02	1S03	1S04	1S05	1S06
Market	90.4	107.1	104.4	105.7	109.1
Government	8.9	5.3	28.1	24.8	22.8

Consolidated Performance

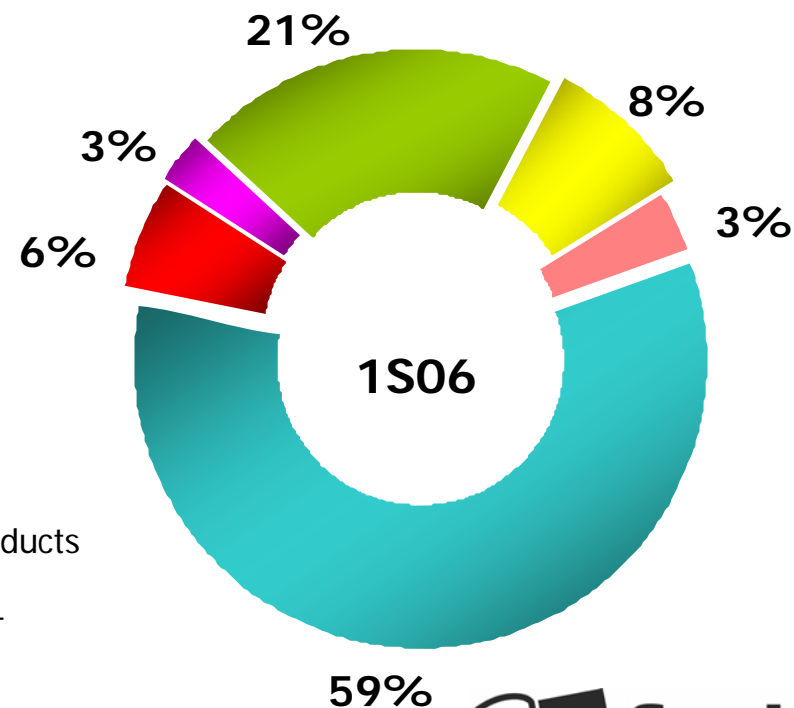
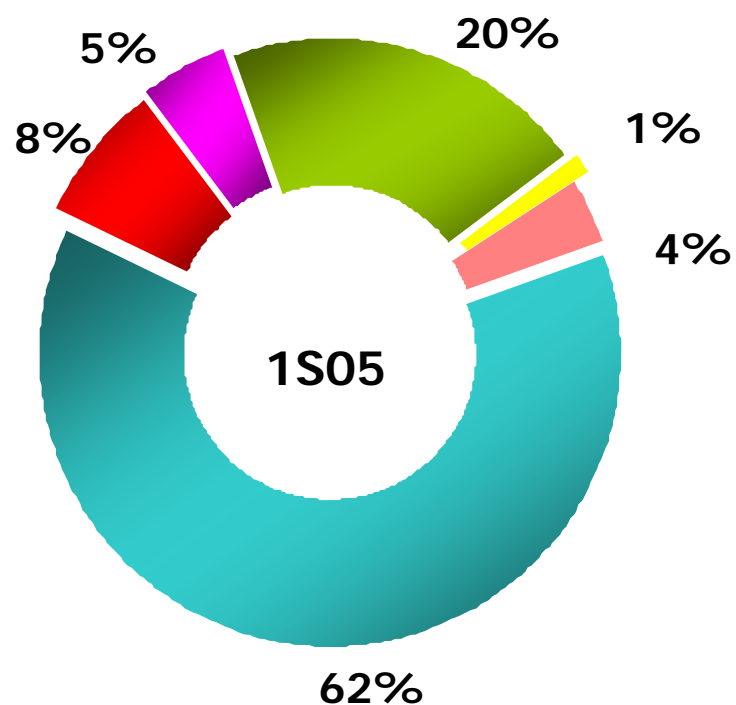
Editora Saraiva

Livraria Saraiva

Livraria Saraiva – Evolution of Revenues

11

R\$ million	2Q 05	2Q 06	Chg.	1S 05	1S 06	Chg.
Gross Sales	56.6	73.2	29.3%	131.9	171.2	29.8%
Comparable Sales (Physical Stores + Saraiva.com)	56.5	69.4	23.0%	131.0	162.7	24.3%
Saraiva.com	12.5	22.3	79.3%	30.6	49.3	61.0%
Physical Stores	44.2	50.9	15.2%	101.3	121.9	20.3%
Same Store Sales (Physical Stores)	44.0	47.1	7.0%	100.3	113.4	13.0%



- Books
- Stationery
- Multimedia products
- Music / DVD
- Electronics / IT
- Others

Highlights

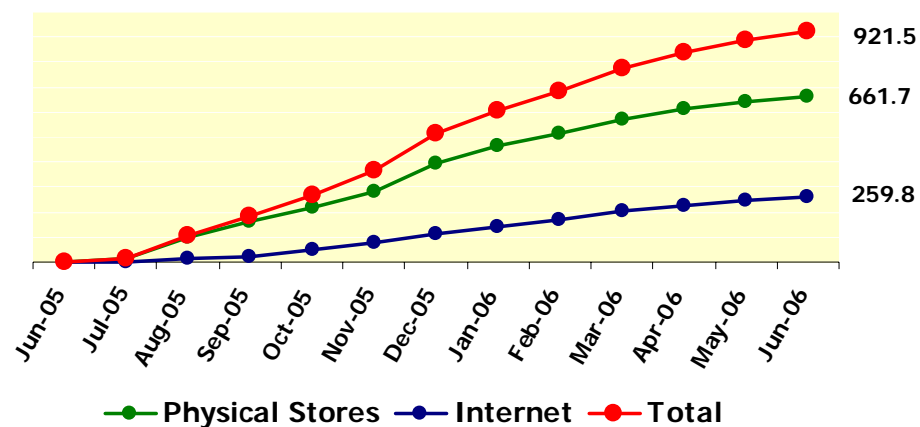
R\$ million	1S 05	1S 06	Chg.
Gross Sales	131.9	171.2	29.8%
Net Sales	120.0	154.6	28.8%
Gross Margin %	38.3%	36.7%	(1,6)pp
Ajusted EBITDA ^(*)	6.6	7.9	18.7%
EBITDA Margin %	5.5%	5.1%	(0,4)pp
Net Income	1.8	2.0	6.6%
Investment	0.7	1.1	49.6%
SGA / Net Sales %	35.5%	34.5%	(1,0)pp
Working Capital	31.0	33.7	8.7%
Average Working Capital/Net Sales %	11.7%	10.5%	(1,2)pp

(*) Adjusted EBITDA: does not include Saraiva Plus provision.

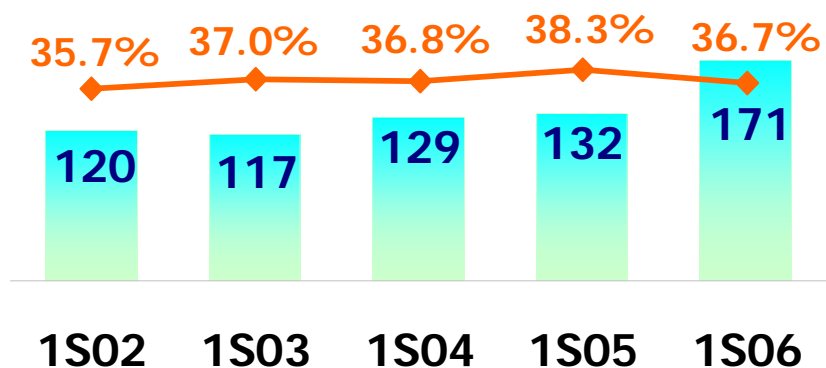
Adjusted EBITDA

Reconciliation EBITDA - R\$ million	1S 05	1S 06	Chg.
Income from Operations after Net Financial Expenses	3.2	3.4	5.2%
(+) Depreciation and Amortization	2.5	2.5	-2.2%
(+) Net Financial Expense	0.9	0.7	-21.9%
(=) EBITDA	6.6	6.6	-1.2%
(+) Provision for Saraiva Plus Bonus Points Redemption	-	1.3	-
(=) Adjusted EBITDA	6.6	7.9	18.7%

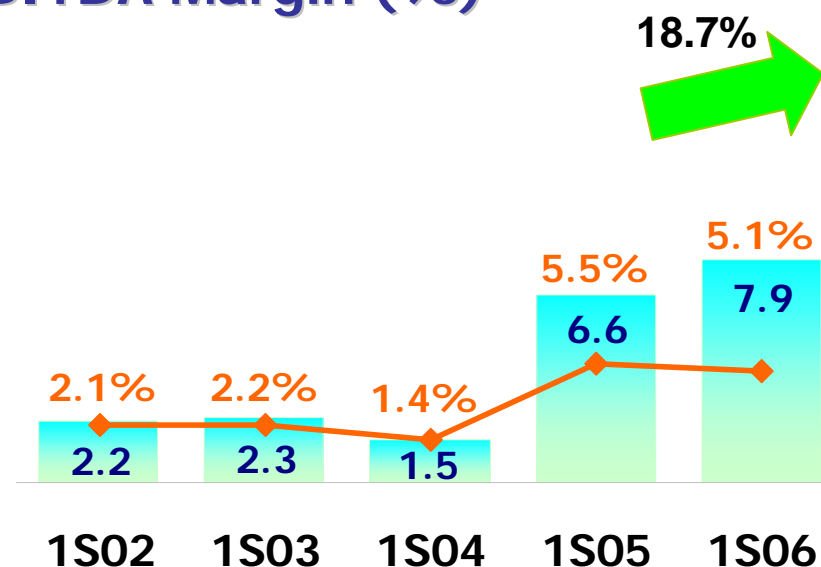
Saraiva Plus Costumers



Gross Revenue (R\$ Million) and Gross Margin (%)



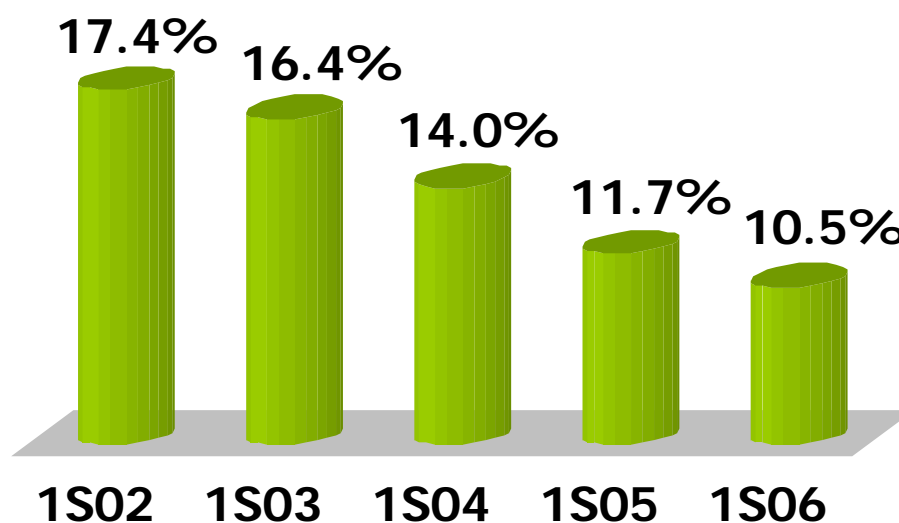
EBITDA (R\$ Million) and EBITDA Margin (%)



1S06 –ADJUSTED EBITDA

R\$ million	1S 05	Turnover	1S 06	Turnover	Chg.
Inventories	35.8	89	37.9	77	5.9%
Costumers	18.8	26	31.8	36	69.1%
Suppliers	23.6	61	36.0	65	52.6%
Working Capital	31.0	54	33.7	47	8.7%

Working Capital ⁽¹⁾ / Gross Sales ⁽²⁾ (%)



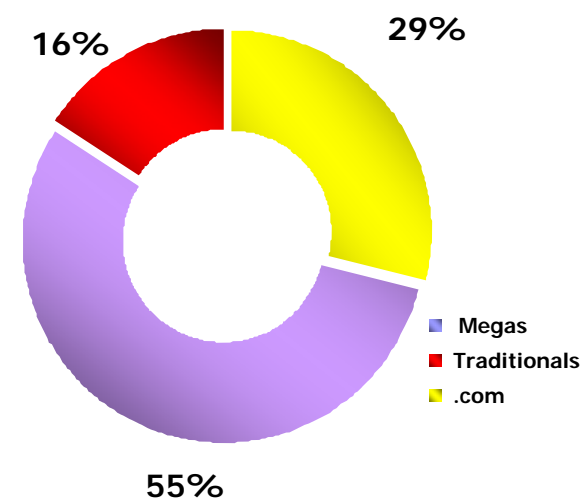
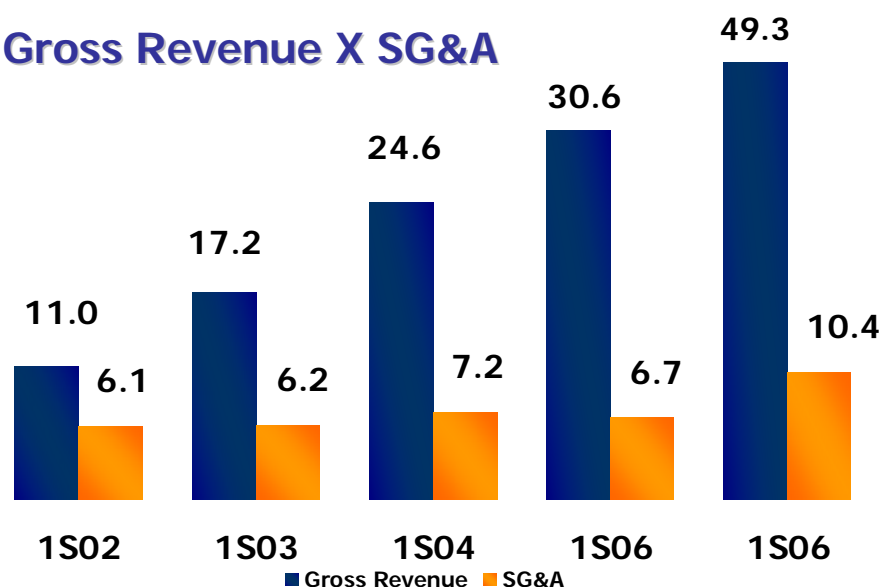
⁽¹⁾ Inventory + Costumers – Suppliers (average last 12 months)

⁽²⁾ Gross Revenues last 12 months

Highlights

R\$ million	2Q 05	2Q 06	Chg.	1S 05	1S 06	Chg.
Gross Revenues	12,5	22,3	79,3%	30,6	49,3	61,1%
Net Sales	11,4	19,8	73,1%	28,4	44,6	57,0%
Ajusted EBITDA	1,7	2,5 ⁽¹⁾	47,3%	4,6	5,8 ⁽¹⁾	25,9%
Active Customers (000)	631	924 ⁽²⁾	46,5%	631	924 ⁽²⁾	46,5%
% of Gross Sales - Livraria	22,0%	30,5%	8,5pp	23,2%	28,8%	5,6pp
Average Ticket (R\$)	77,2	112,7	46,0%	83,2	110,2	32,5%

Gross Revenue X SG&A



⁽¹⁾ Ajusted EBITDA: Includes provision for redemption of bonus from the Saraiva Plus program (R\$ 438K), which does not represent cash outflow

⁽²⁾ Active Customers : clients who have bought at least once a year in the last two years.

Brazil: Growing investments in education

- **Editora:**

- ✓ PNLEM 2007 (purchases for the 2007 school year, contracted in 2006):
 - Purchase of biology textbooks for students in the whole country: 8.2 MM textbooks
 - Replacement of Portuguese and Maths textbooks: 1.1 MM textbooks
 - Purchase of history and geography textbooks (Minas Gerais state): 1.7 MM textbooks

- ✓ PNLD 2007: Purchase of a new adaption of textbooks for elementary school students from the 1st to the 4th grade
- ✓ Technical and financial capacity for new investments (acquisitions)
- ✓ New editorial catalogue and developing new niches

➤ **Brazil: Growing investments in education**

➤ **Livraria:**

- ✓ New categories: imported books, information technology and electronic consumer goods
- ✓ Expansion plan: 11 new stores in 2007/08 (subject to changes)
 - Florianópolis (SC)
 - Rio de Janeiro (RJ)
 - Salvador (BA)
- ✓ Saraiva.com: strong growth

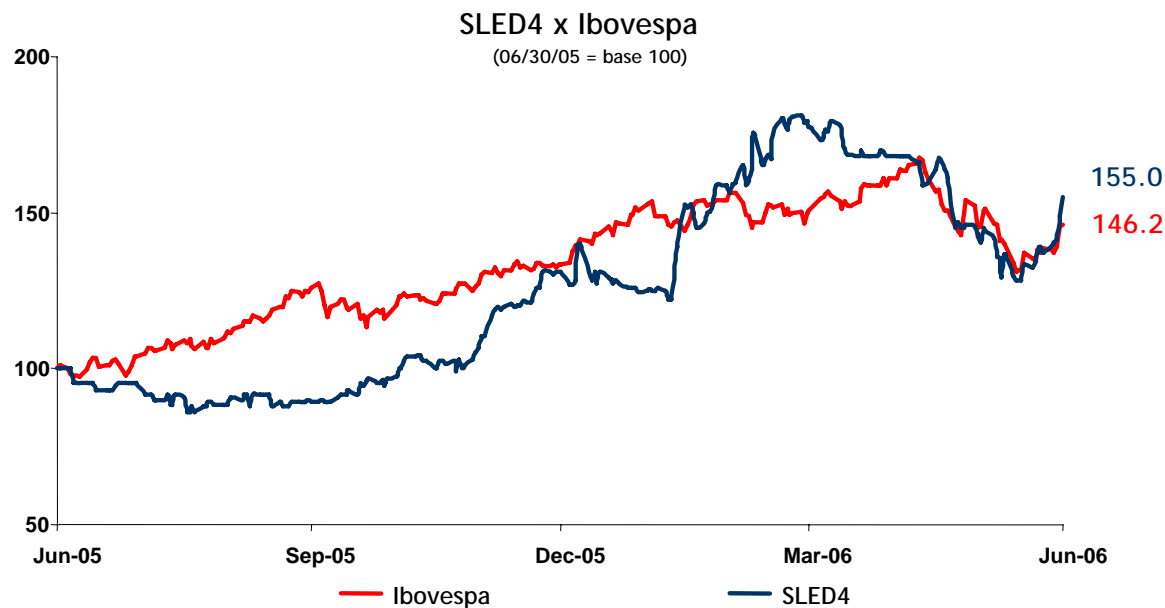
INDICATORS	1S06	1S05	Chg.
Number of Trades (1)	14,842	461	3119.5%
Participation in Trading Sessions - % (1)	100.0	73.2	36.6%
Quantity Traded - thousand shares (1)	8,890	1,569	466.6%
Volume Traded - R\$ 000 (1)	179,906	20,366	783.4%
Share Price - R\$ (1) (2)	20.30	13.10	55.0%
Total Shares Outstanding - 000 (2) (3)	28,230	22,937	23.1%
Market Value - R\$ million (2)	573.1	300.5	90.7%

Source: Bovespa

(1) Referring to preferred shares (SLED4)

(2) At end of year

(3) The General Shareholder's Meeting of January 6 2006 announced a stock split of 2,326,920 preferred shares. In April/06 the Company issued 3,000,000 preferred shares.



This presentation contains forward-looking statements. Such information is based on current expectations and goals of Saraiva's management. Words such "anticipate(s)", "desire(s)", "hope(s)", "intend(s)", "plan(s)", "forecast(s)", "project(s)", "aim(s)" and similar expressions, written or spoken, are intended to identify statements that necessarily involve known and unknown risks.

Known risks include uncertainties which are not limited to the impact of competition on prices and products, acceptance of products in the market, competitors' behavior, regulatory approval, type and fluctuation of currencies, regularity in the supply of raw material and operation, among others. Saraiva does not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Saraiva assumes no responsibility for operations or investment decision in reliance upon the information contained herein.

João Luís Ramos Hopp

CFO and Investor Relations Director

Phone: (55 11) 3613 3263

e-mail: jlhopp@editorasaraiva.com.br

Mauricio Fanganiello

Financial Planning and Controlling

Phone: (55 11) 3613 3302

e-mail: mpfanganiello@editorasaraiva.com.br

IR Website: www.saraivari.com.br

Ligia Montagnani

Investor Relations Consultant

FIRB - Financial Investor Relations Brasil

Phone: (55 11) 3897 6405

e-mail: ligia.montagnani@firb.com