



Saraiva

Saraiva S.A. Livreiros Editores

Conference Call - Jan-Sept 2006 Results



November 17, 2006

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.

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Consolidated Performance

Editora Saraiva

Livraria Saraiva

Consolidated Performance

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Highlights

R\$ million	3Q 05	3Q 06	Chg.	9M 05	9M 06	Chg.
Consolidated Gross Revenue	82.2	101.8	23.9%	339.3	397.3	17.1%
<i>Gross Revenue BooksStores</i>	<i>61.9</i>	<i>79.8</i>	<i>28.9%</i>	<i>193.8</i>	<i>251.0</i>	<i>29.5%</i>
<i>Gross Revenue Publishing House</i>	<i>20.3⁽¹⁾</i>	<i>22.0⁽¹⁾</i>	<i>8.8%⁽¹⁾</i>	<i>145.5⁽¹⁾</i>	<i>146.3</i>	<i>0.6%</i>
Net Sales	76.3	93.7	22.9%	321.4	372.5	15.9%
Gross Margin %	51.4%	45.4%	(6,0)pp	55.3%	53.3%	(2,0)pp
Ajusted EBITDA	(0.4)	(0.7)⁽²⁾	61.9%	44.2	47.6⁽²⁾	7.7%
EBITDA Margin %	-0.6%	-0.8%	(0,2)pp	13.7%	12.8%	(0,9)pp
Net Income	(3.2)	(2.3)	-27.5%	19.8	23.2⁽³⁾	17.0%
Investment	2.8	1.2	-58.3%	4.8	2.9	-39.6%
SGA / Net Sales %	56.5%	47.8%	(8,7)pp	44.9%	43.1%	(1,8)pp

⁽¹⁾ Exclude Inter Company Sales.

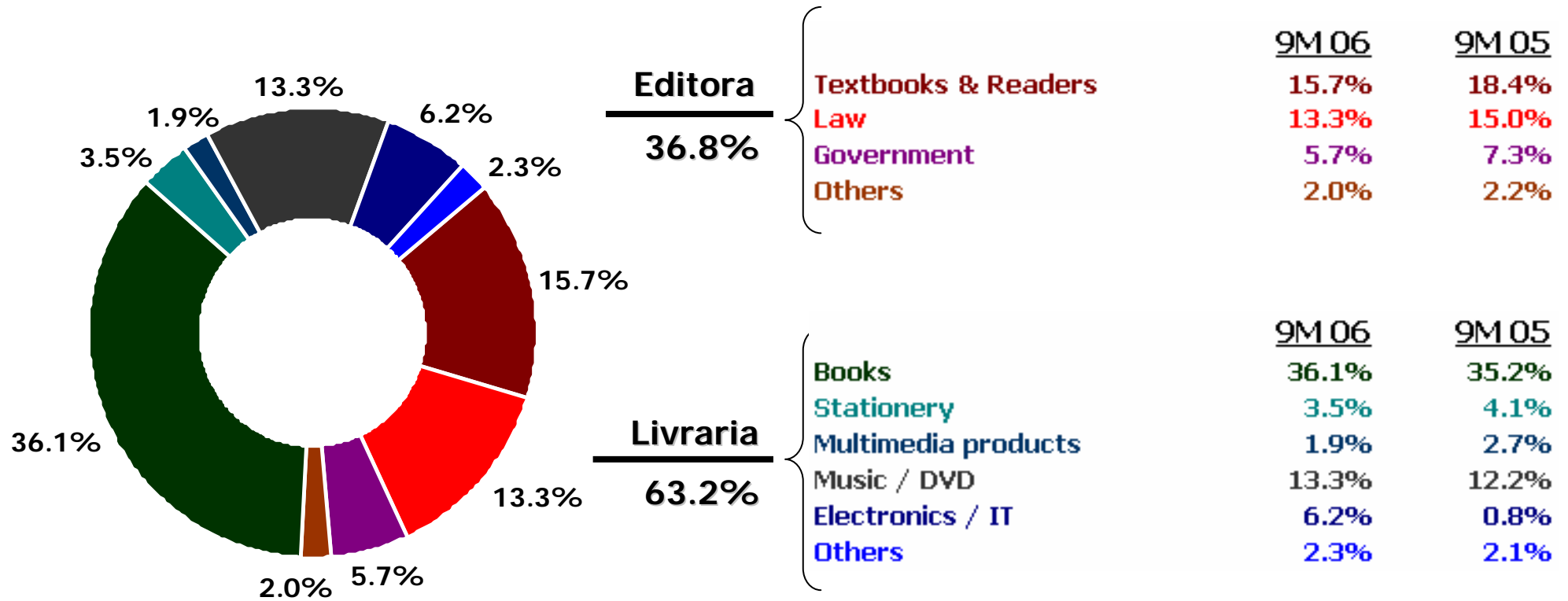
⁽²⁾ Includes R\$ 0.5MM non-recurring expenses of lawyers and auditors fees related to our primary/secondary share issue.
Adjusted EBITDA: does not include Saraiva Plus provision (R\$ 1.6MM).

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

PNLD / PNLEM	-	-	-	24.8	22.8	-8.2%
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Consolidated Performance

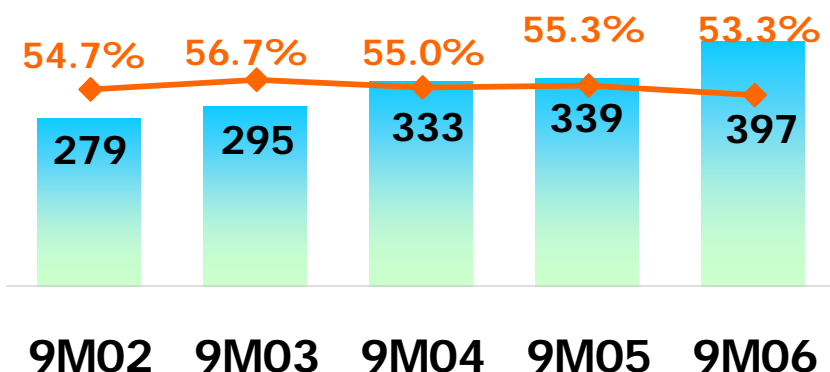
Sales Mix – 9M06



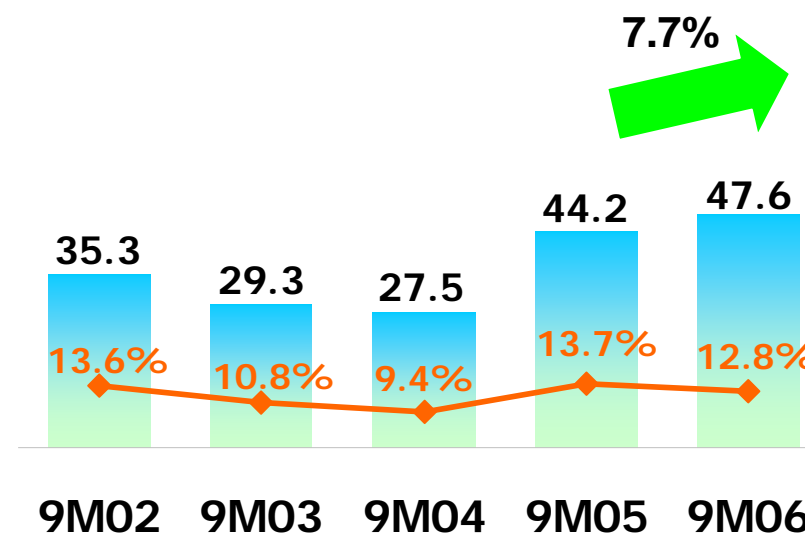
Consolidated Performance

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



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

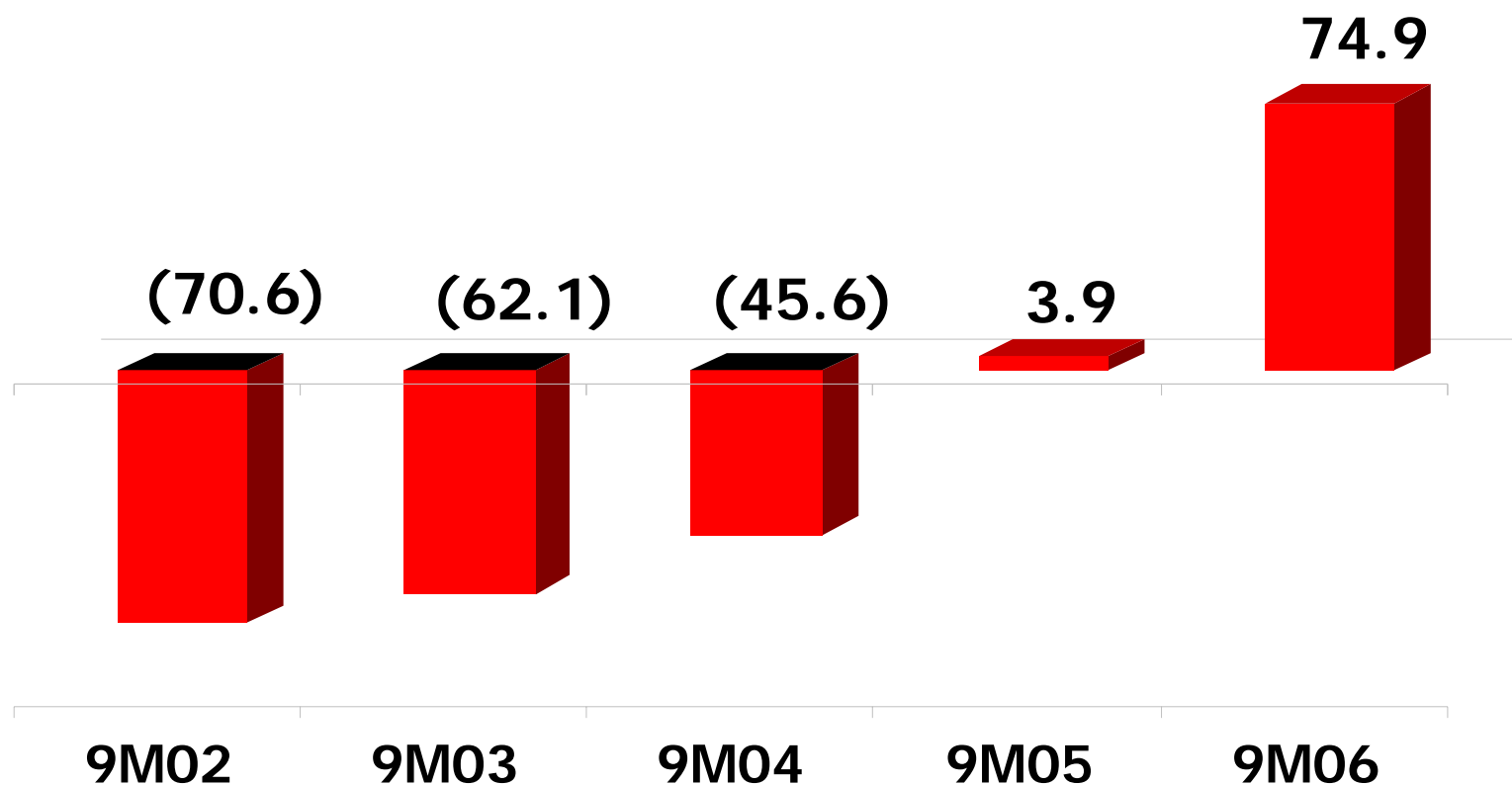


9M06 - ADJUSTED EBITDA (R\$ 1.6M – Saraiva Plus)

Gross Sales

R\$ million	9M04	%	9M05	%	9M06	%
Editora	146.7	44.0%	145.5	42.9%	146.3	36.8%
Livraria	186.5	56.0%	193.8	57.1%	251.0	63.2%

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	9M 05	9M 06	Chg.
Gross Revenues	153.5	156.8	2.2%
<i>Private Market</i>	<i>128.7</i>	<i>134.1</i>	<i>4.2%</i>
<i>Government^(*)</i>	<i>24.8</i>	<i>22.8</i>	<i>-8.2%</i>
Net Sales	153.3	156.6	2.2%
Gross Margin %	71.1%	73.4%	2,3pp
EBITDA	34.5	34.3 ⁽¹⁾	-0.8%
EBITDA Margin %	22.5%	21.9%	(0,6)pp
Net Income	19.8	23.2 ⁽²⁾	17.0%
Investment	2.2	1.1	-51.9%
SGA / Net Sales %	50.7%	50.3%	(0,4)pp

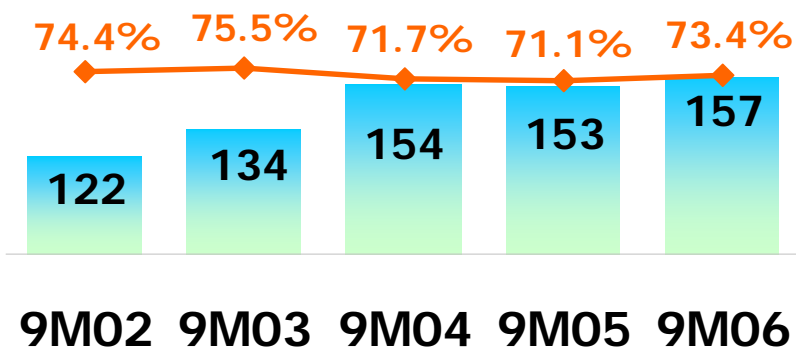
^(*) Government Sales	24.8	22.8	-8.2%
PNLD	16.5	11.2	-32.2%
PNLEM	8.2	4.2	-48.8%
PNLEM MG "Programa Livro na Escola"	-	7.3 ⁽³⁾	-

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

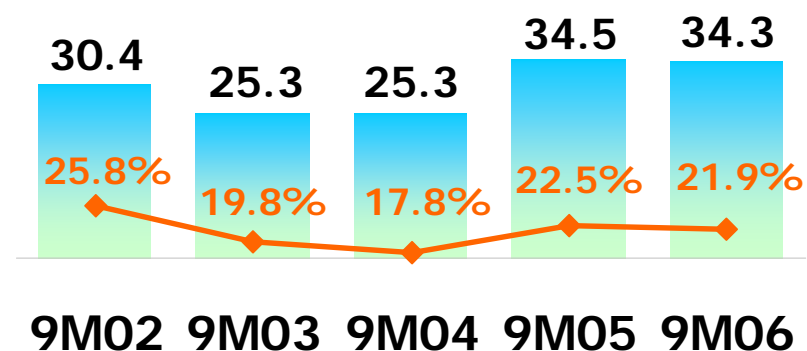
⁽²⁾ R\$ 2.4MM - Commission charges related to the public offering.

⁽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

	9M02	9M03	9M04	9M05	9M06
Market	110.6	129.0	125.6	128.7	134.1
Government	11.8	5.3	28.4	24.8	22.8

Government Programs

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Program School Year	(Contract Value) (R\$ million)	Stage	Recorded Sales		
			2Q06	4Q06	1Q07
PNLD/07	39.2	Contracted	-	35.3M - 90%	3.9M - 10%
PNLEM/07	29.5	Contracted	-	26.6M - 90%	2.9M - 10%
BOOKS IN SCHOOL - SEE/MG Physics, Chemistry and Biology	7.3	Concluded	7.3 - 100%	-	-
BOOKS IN SCHOOL - SEE/MG History and Geography	4.7	Being Contracted	-	4.2M - 90%	0.5M - 10%
PNBE/06	1.1	Being Contracted	-	1.1M - 100%	
PROMED - FDE/SP	0.8	Contracted	-	0.8M - 100%	
TOTAL	82.6		7.3	68.0	7.3

Consolidated Performance

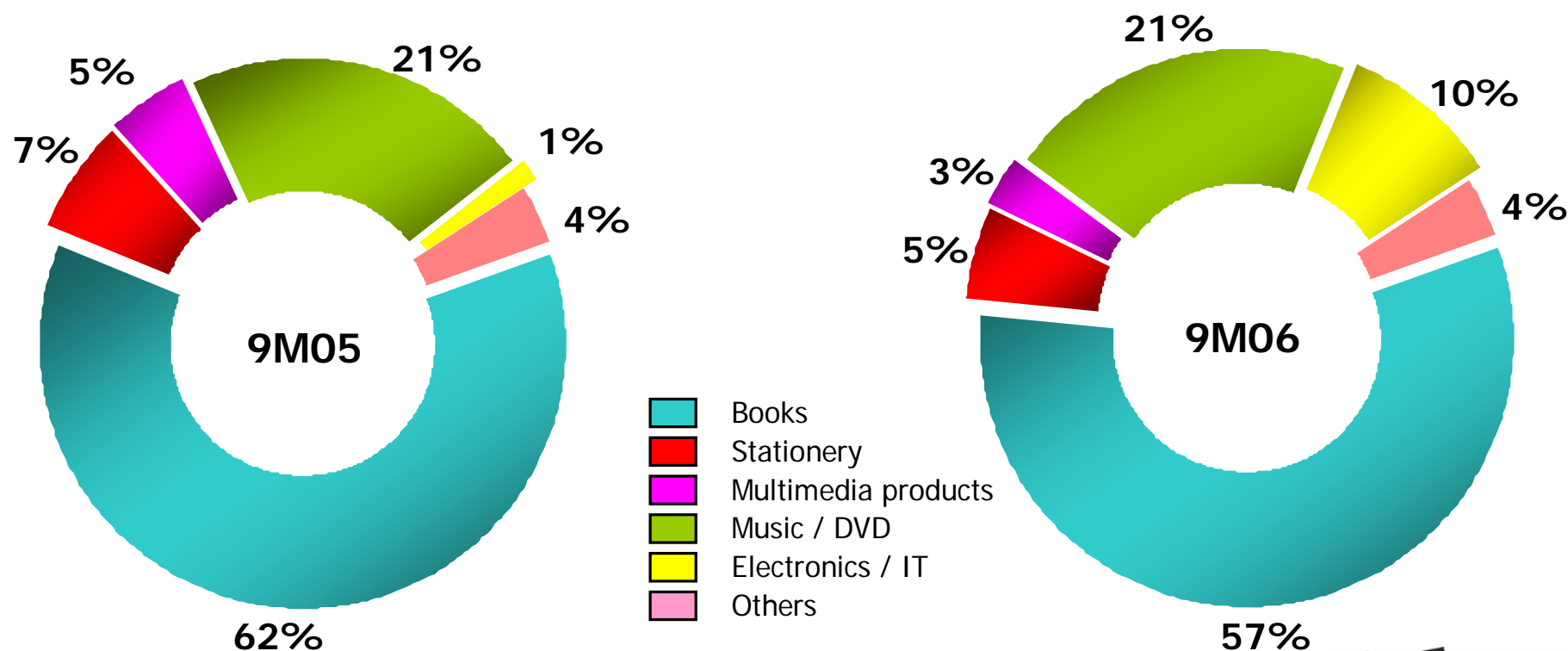
Editora Saraiva

Livraria Saraiva

Livraria Saraiva – Evolution of Revenues

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R\$ million	3Q 05	3Q 06	Chg.	9M 05	9M 06	Chg.
Gross Sales	61.9	79.8	28.9%	193.8	251.0	29.5%
Comparable Sales (Physical Stores + Saraiva.com)	61.5	75.2	22.3%	192.5	237.9	23.6%
Saraiva.com	14.5	22.1	52.0%	45.2	71.4	58.1%
Physical Stores	47.4	57.7	21.8%	148.7	179.6	20.8%
Same Store Sales (Physical Stores)	47.0	53.1	13.1%	147.3	166.5	13.0%



Highlights

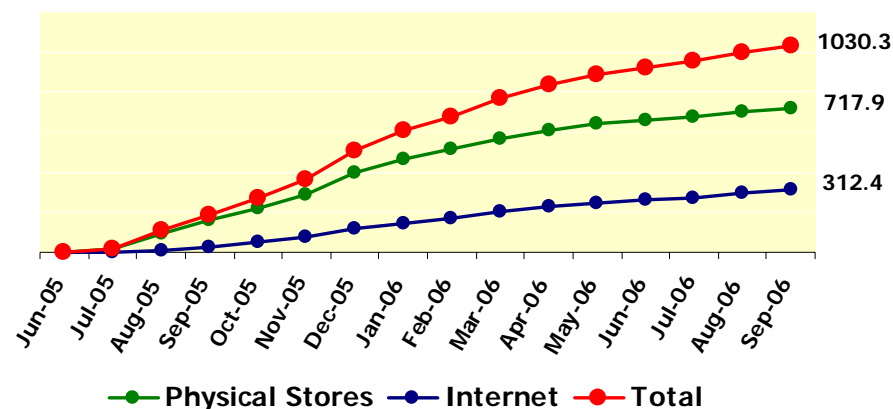
R\$ million	9M 05	9M 06	Chg.
Gross Sales	193.8	251.0	29.5%
Net Sales	176.0	226.3	28.6%
Gross Margin %	39.0%	37.0%	(2,0)pp
Ajusted EBITDA ^(*)	9.6	13.3	38.2%
EBITDA Margin %	5.5%	5.9%	0,4pp
Net Income	3.0	3.8	26.1%
Investment	2.5	1.8	-28.8%
SGA / Net Sales %	36.1%	34.1%	(2,0)pp
Working Capital	28.1	41.2	46.5%
Average Working Capital/Net Sales %	10.4%	12.2%	1,8pp

(*) Ajusted EBITDA: does not include Saraiva Plus provision (R\$ 1.6MM)

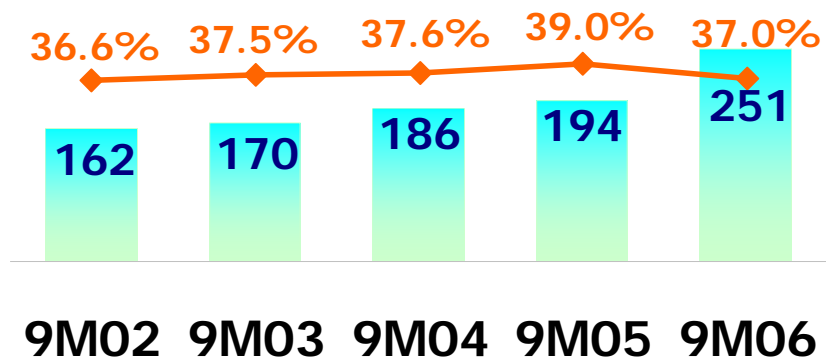
Adjusted EBITDA

Reconciliation EBITDA - R\$ million	9M 05	9M 06	Chg.
Income from Operations after Net Financial Expenses	5.2	6.5	24.7%
(+) Depreciation and Amortization	3.6	3.7	1.5%
(+) Net Financial Expense	0.8	1.6	91.6%
(=) EBITDA	9.6	11.7	21.6%
(+) Provision for Saraiva Plus Bonus Points Redemption	-	1.6	-
(=) Adjusted EBITDA	9.6	13.3	38.2%

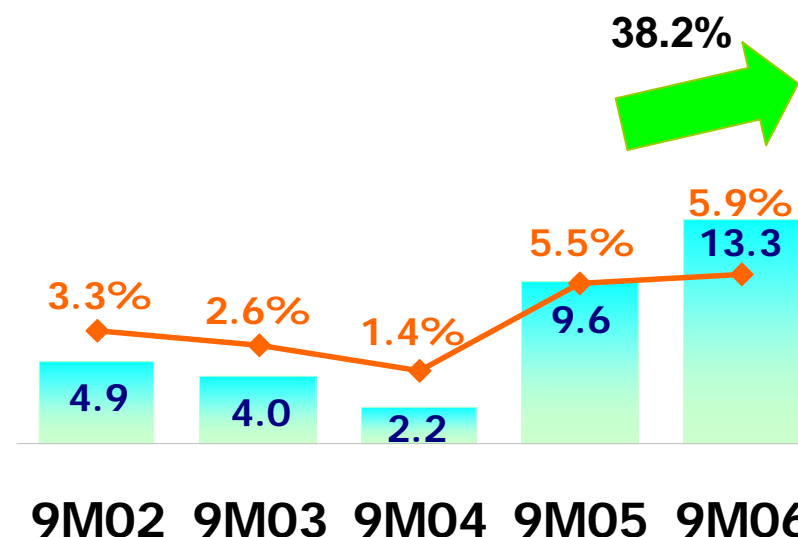
Saraiva Plus Costumers



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



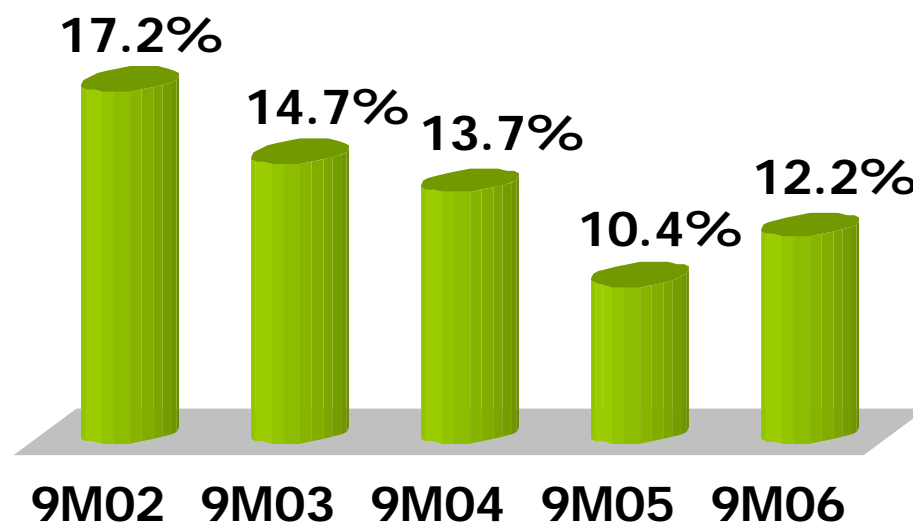
EBITDA (R\$ Million) and EBITDA Margin (%)



9M06 –ADJUSTED EBITDA

R\$ million	9M 05	Turnover	9M 06	Turnover	Chg.
Inventories	33.9	82	40.8	77	20.4%
Costumers	19.6	26	38.4	41	95.5%
Suppliers	25.4	62	37.9	64	49.4%
Working Capital	28.1	46	41.2	54	46.5%

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

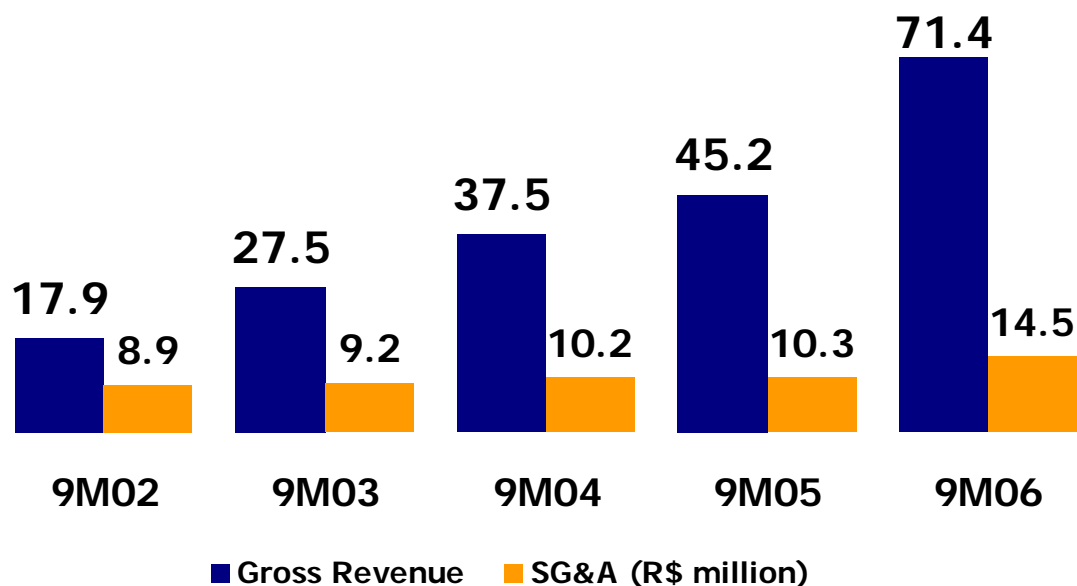


⁽¹⁾ Inventory + Costumers – Suppliers (average last 12 months)

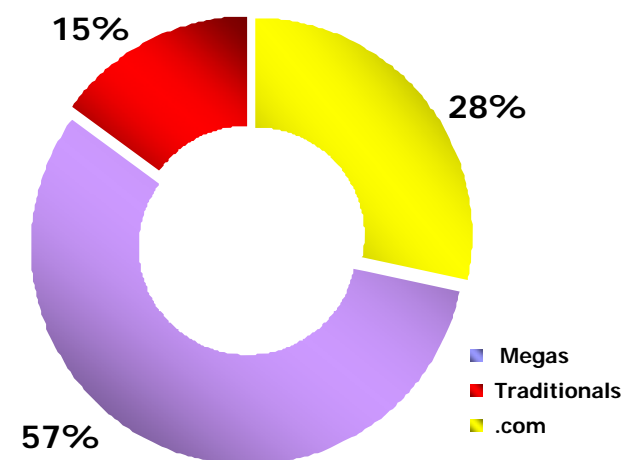
⁽²⁾ Gross Revenues last 12 months

Highlights

R\$ million	3Q 05	3Q 06	Chg.	9M 05	9M 06	Chg.
Gross Revenues	14.5	22.1	52.0%	45.2	71.4	58.1%
Net Sales	13.4	19.7	46.6%	41.9	64.4	53.6%
Ajusted EBITDA	1.9	3.1	69.9%	6.5	8.9	38.5%
Active Customers (000)	732	989	35.2%	732	989	35.2%
% of Gross Sales - Livraria	23.5%	27.7%	4,2pp	23.3%	28.5%	5,2pp
Average Ticket (R\$)	76.1	115.6	52.0%	80.7	111.8	38.5%



% Participation on the Gross Sales



⁽¹⁾ Ajusted EBITDA: Includes provision for redemption of bonus from the Saraiva Plus program (R\$ 461K), 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

PNLEM 2007: Purchases for the 2007 school year, contracted in 2006:

- Saraiva: 27% market share
- From 2007 on: positive outlook: Physics, Chemistry*, History and Geography

✓ **PNLD 2007: Purchase of a new adaptation of textbooks for elementary school students from the 1st to the 4th grade**

- Saraiva: 8.4% market share
- Hiring of new executives
- Market positioning

✓ **PNLD 2008: Purchases for school year 2008, contracted in 2007:**

- New choices for 5th to 8th grade students
- Saraiva: well positioned catalog

✓ **Technical and financial capacity for new investments (acquisitions)**

✓ **Renewal of editorial catalog and search for new niches**

*Saraiva does not have titles approved in chemistry for this purchase cycle.

➤ Organic growth speeding up

- New product categories: imported books, information technology and electronic consumer goods
- ✓ Expansion plan (*): 11 new stores up to December 2008
 - Norte Shopping (RJ) – January 2007
 - Florianópolis (SC) – March 2007
 - Salvador (BA) – April 2007
 - + another store in Rio de Janeiro, being negotiated – February 2007
- ✓ Partnership with Starbucks at the MorumbiShopping mall, in São Paulo
- ✓ Saraiva.com: strong growth

(*) Subject to changes

INDICATORS	9M06	9M05	Chg.
Number of Trades ⁽¹⁾	20,187	706	2759.3%
Participation in Trading Sessions - % ⁽¹⁾	100.0	70.7	29,3pp
Quantity Traded - thousand shares ⁽¹⁾	13,460	2,744	390.5%
Volume Traded - R\$ 000 ⁽¹⁾	270,322	34,087	693.0%
Share Price - R\$ ⁽¹⁾ ⁽²⁾	18.70	11.70	59.8%
Total Shares Outstanding - 000 ⁽²⁾ ⁽³⁾	28,230	22,937	23.1%
Market Value - R\$ million ⁽²⁾	527.9	268.4	96.7%

Source: Bovespa

⁽¹⁾ Referring to preferred shares (SLED4)

⁽²⁾ At end of year

⁽³⁾ The EGM of January 6 2006 announced a stock dividend of 2,326,920 preferred shares. In April/06 the Company issued 3,000,000 preferred shares.

- **ITAG** – Special Tag Along Stock Index
- **IGC** – Special Corporate Governance Stock Index
- **IBrX** – Brazil Index September/2006 – (100 stocks selected among BOVESPA's most traded shares)

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