Earnings 1Q20

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In March 31st, 2020:
Total shares:
316.788.210
Market cap
R$ 6.4 Bn | US$ 1.2 Bn
Share price
R$ 20.24 /US$ 3.89

Fleury ON
B3: FLRY3

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São Paulo, May 14th, 2020 – Grupo Fleury announces today its 1st quarter 2020 (1Q20) results. All figures are compared to the same period of the previous year, unless otherwise stated, and are rounded to the nearest thousand. However, there may be differences when compared to the financial statements due to decimal digits.

The following numbers considers the implementation of IFRS 16 since 1Q19, less noted otherwise.

Highlights

- Gross Revenue of R$ 770.6 MM (+1.7%).
- Cancellations represented -1.2% (increase of 23 bps).
- EBITDA of R$ 195.9 MM (-16.7%), with margin of 27.4% (-614 bps).
- EBITDA ex-IFRS 16 of R$ 153.9 MM (-21.7%), with margin of 21.6% (-651 bps).
- Net Income of R$ 58.7 MM (-36.6%).
- Operating Cash Flow Generation of R$ 131.3 MM (+20.0%).
- Return on Invested Capital (ROIC[1]) excluding goodwill ex-IFRS 16 reached 41.0% (-439 bps).
- The NPS[2] reached 76.9% (+130 bps).

[1] Excludes the goodwill of the stockholder's equity. [2] Net Promoter Score

Main Financial Indicators

Financial Indicators (R$ MM)	1Q20	1Q19	Variation
Gross Revenue	770.6	757.9	1.7%
Net Revenue	713.9	700.6	1.9%
Gross Profit	187.6	223.2	-16.0%
EBITDA	195.9	235.3	-16.7%
EBITDA ex-IFRS 16	153.9	196.7	-21.7%
Net Income	58.7	92.6	-36.6%
Cancellations (% Gross Revenue)	-1.2%	-1.4%	23 bps
Gross Margin %	26.3%	31.9%	-559 bps
EBITDA Margin %	27.4%	33.6%	-614 bps
EBITDA ex-IFRS 16 Margin %	21.6%	28.1%	-651 bps
Effective Tax Rate	-26.5%	-27.0%	49 bps
Net Income Margin %	8.2%	13.2%	-499 bps
Operating Cash Flow	131.3	109.5	20.0%
CAPEX	40.7	48.1	-15.3%
Average Collection Period (Days)	65	67	-2 days
ROIC ex-IFRS 16 (LTM)	13.1%	15.8%	-273 bps
ROIC without goodwill ex-IFRS 16 (LTM)	41.0%	45.3%	-439 bps

Management Comments - Covid-19 and the digital future we are building

The Covid-19 pandemic made "HEALTHCARE" become the most important word in Brazil and in the world. The disease gave rise to a crisis that goes beyond the medical issue and has economic and social impacts of incalculable proportions. Healthcare went from being an individual issue to becoming a collective concern. Nothing is more aspirational today in all of society, and will continue to be for a long time.

As one of the leading healthcare companies in Brazil, Grupo Fleury's routine was sensibly affected by this crisis. How to deal with an unknown and unexpected enemy? Our essence is what gave us the answer: with employee engagement, customer confidence, knowledge development, and acceleration of digital projects.

In the early days of the crisis, we focused on preparing for this long-coming battle. To face this challenge, it was necessary, first, to take care of our team, formed by more than 10 thousand employees and 2.5 thousand doctors. We quickly put the employees of the back office into a remote work scheme. In parallel, we have reinforced all of our security protocols to ensure that frontline personnel works protected. Committed to preserving the jobs we generate, we were one of the first signatories of the #nãodemita movement, which guarantees the maintenance of these jobs until the end of May.

Knowledge for society

As a reference group in healthcare, we quickly assumed the role of guiding society on how to deal with Covid-19. We prepared our call center - which started operating 100% digitally, via Whatsapp - to answer customer questions. We started a wide campaign on our social networks. Our physicians gave dozens of interviews to the main media outlets to bring quality information to the population. The signature of the Fleury brand - "we care, you trust" - once again proved that it goes far beyond a slogan. It represents who, in fact, we are.

In our laboratories, physicians and scientists developed in record time a quality test for the new coronavirus, launched in mid-February. As the world was already facing severe drops in the supply chain, at that time we chose not to make tests available in our patient service centers. They were made available, at cost, in 30 partner hospitals, to ensure that patients with more severe symptoms could access these tests. The decision ensured that there were no disruptions and that Fleury was able to deliver these precious results in 48 hours.

The combination "Science + social impact" has guided many other actions of Grupo Fleury since the crisis broke out. We entered into a partnership with Bradesco Seguros, Coca-Cola, Coca-Cola Femsa, São Paulo State Department of Health and the Butantan Institute to process almost 26 thousand tests and clear the queue at the Butantan Institute.

We integrated a team with Ibope, Instituto Semeia, University of São Paulo and Federal University of São Paulo to map the presence of the new coronavirus in the capital of São Paulo. By knowing who has already been infected and where, the study will bring valuable conclusions to strategies for getting out of isolation - and for resuming the economy.

In conjunction with Hospital Sírio-Libanês we created Telecorona Solidário, a call center service available for residents of low-income neighborhoods in São Paulo to ask questions about the disease with volunteer physicians, through an online platform.

Leading transformation

In our view, Covid-19 is a turning point for the medical and healthcare sector in Brazil. The digital revolution has definitely come to healthcare. We have already begun to experience what happened in the financial sector in the past decade, radically changing the use of services. Applications for Prevention, control and information in healthcare are already and will be increasingly installed on mobile phones, as happened with apps from banks, retailers and food deliveries, which are already prevalent today.

For Grupo Fleury, which has been investing in the digital transition of its business for more than two years, there is a feeling that we are and will be very well adapted to this new reality. It is not just our digital strategy that is ready. Covid-19 led us to further accelerate the development of scalable products and services, which we announced in

2019, and proved that we have the speed to bring these solutions to market. Our vision, technology and execution capacity, shows that Fleury is ready to organize, defrag and integrate the healthcare market in the country, whatever the scenario.

Telemedicine, a path of no return

The first major result of this digital transformation is telemedicine. For years, this topic was debated, but it ran into regulatory issues. Now, the modality has been regulated - at first, while the pandemic lasts. But this is a path of no return. In a country of continental dimensions like Brazil, with tremendous difficulties of displacement, especially in large cities, why not use the technologies available and thus bring physicians closer to patients? Of course, it is necessary to take all precautions, such as the development of own protocols and the use of electronic medical records, but there is no denying that telemedicine guarantees patients and physicians more access and the possibility of monitoring their health.

As soon as the telemedicine was approved, we launched the Cuidar Digital, a solution that safely and effectively connects physicians and patients in a context of social isolation, so that they can continue their health care (not related to Covid-19). Within a month we added more than 2000 registered physicians, coming from 24 Brazilian states (several of them where Grupo Fleury is not even physically present). We add, on average, 300 consultations and appointments every day. Among physicians who have already adhered to the solution, the engagement is growing and already reaches more than 3.5 consultations per physician. The potential of this market, which is still crawling in Brazil, is enormous.

Growth in digital and client's home service

In addition to launching new products, such as Cuidar Digital, Fleury has put its agility to create new services with the profile required by the "low touch economy", an economy that emerges from the experience of social isolation caused by the pandemic, and unites technology and distance with a high level of service and efficiency. These demand characteristics are here to stay. In our Investor Day held in December 2019, we presented the first steps of our healthcare platform model through Santécorp, a care coordination company acquired by the Group in 2018.

With 1 million lives in its portfolio today, Santécorp recently put into operation a complete healthcare management application. Its first customer is a healthcare operator, which adds up to almost 65 thousand lives initially contracted. Through the app, users have access to telemedicine and chatbot clinics and services. This is yet another innovation that can be replicated and scaled up quickly in other Santécorp client companies.

Santécorp's growth process also has a physical expansion arm. The Group opened primary care medical clinics within six patient service centers - five from the a+ brand and one from Fleury. All in São Paulo.

If, on the one hand, social isolation impacted the movement in our units, on the other hand it generated an increase in services in clients home and launched us in intense efforts of innovation in order to prepare for a new service environment for our customers.

The services in clients home started to offer imaging exams that are available in the Fleury, a+, Labs Felipe Mattoso brands, in 6 Brazilian states. Overall, these services grew by 21% in the first quarter, compared to the same period in 2019 and further accelerated its growth based on social isolation measures. It takes a very strong relationship of trust for a patient to open the doors of his home to receive a healthcare professional - especially during a pandemic.

Campana até Você, presented to the market in December 2019 as the first 100% digital lab in Brazil, started operating in March. The response from customers has been encouraging: the number of visits has increased fivefold in just one month. Campana até Você is the first online-to-offline initiative in the diagnostic medicine market, in which the interaction between the client and the laboratory, for scheduling and monitoring test results, is completely digital, through an application. The collection of clinical analysis tests is performed at the client's home or wherever it is most convenient, but without the use of a patient service center.

The concept of low contact economy and high use of technology has been incorporated into the day-to-day life of low-service units. In March, we started the drive thru service in patient service units for testing RT-PCR and Serology, both for the diagnosis of Covid-19. This way the patient can do his exam without even having to get out of the car.

The service is now available in 19 units and in less than two months of operation, the total daily volume of exams performed was multiplied by 10. In these first months of 2020, we put our resilience, agility, execution capacity and vision of the future to the test. All of this while taking care of our employees, exercising our social role as a reference company in healthcare and preserving our financial strength. We are prepared to face current adversities, whatever the scenario. By leading the process of digital transformation in the healthcare sector in this new low-contact economy that emerges from Covid-19, we have the chance to build the future of medical excellence, which will be personalized, integrated and on a large scale.

Our Strategy for 2020

Search for growth on new fronts

- Services in Clients home: growth of 21% in gross revenue versus 1Q19, expansion of routes, start of the IRN brand (Natal) offering and beginning of the offering of imaging exams in 6 brands.
- Launch in April/2020 of the Drive-Thru for clinical analysis tests at the Patient Service Centers (RT-PCR and Serology for Covid-19) with increasing volumes, currently 600 exams/day.
- New outpatient services: Infusion therapy and Day Clinic in Orthopedics with growth of 71% and 40% versus 4Q19, respectively.

Adaptation to a more convenient and less physical world

- We moved our call center (CAC) operation to employees' homes through remote service positions and Whatsapp, during this period we set new records for daily contacts (approx. 25% increase in April) and we already have 70% of workforce operating remotely.
- Currently 18% of the scheduled exams are already being attended within the digital check-in model. Customers reduce their length of stay and level of physical interaction at the patient service units, resulting in less risk exposure.
- The 10 largest healthcare operators already accept medical orders for tests in digital format, minimizing the transit of patients to medical offices for complementary orders or follow-up exams.

Multiplying the organization's possibilities

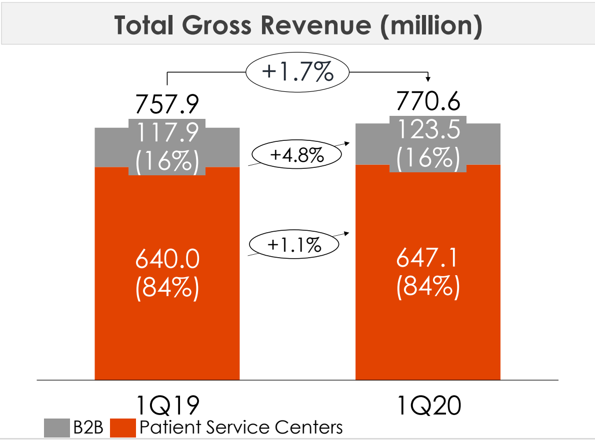
- We already have projects underway at the Company to transform "Home Office" into "Home Working", allowing a significant portion of employees to remain working from their homes, even after the end of the Pandemic.
- We have adopted new technology that allows the remote report to be scaled effectively, ensuring quality without the need for major investments in equipment. Our physicians can view images in their homes with central processing that maintains diagnostic quality.
- We increased the efficiency of our billing, highlighting the decrease in the average receipt period with total adherence to the requirements of the operators, within a 100% digital environment.

Accelerate Digital Adoption

- In just 15 days, we launched a secure TeleMedicine solution for all physicians in Brazil, with electronic medical records and access to Grupo Fleury's consolidated exam base. In the first month of use, we had more than 2,000 doctors registered, with an average of 3.5 consultations per physician and around 300 appointments and consultations per day.
- In 90 days of work, we built and launched an integrated healthcare management solution on the platform model offered through SantéCorp. We closed this period with a healthcare operator with 65 thousand lives.
- We built an agile management model, with product and development teams totaling almost 80 people responsible for more than 25 deliveries of products, services and digital experiences.

Consolidated Gross Revenue

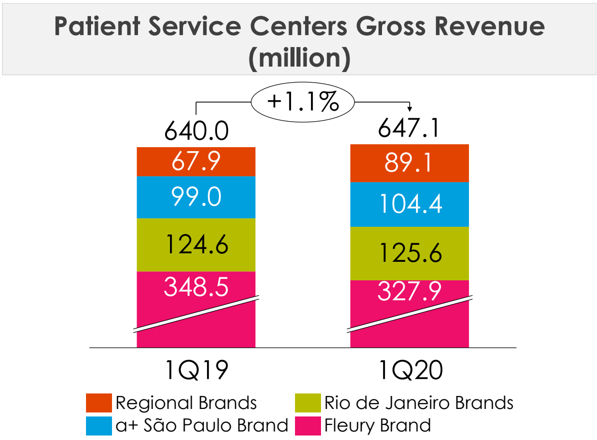
In 1Q20, total Gross Revenue reached R$ 770.6 million, growth of 1.7%, with the Patient Service Centers maintaining the share of 84% in Gross Revenue.

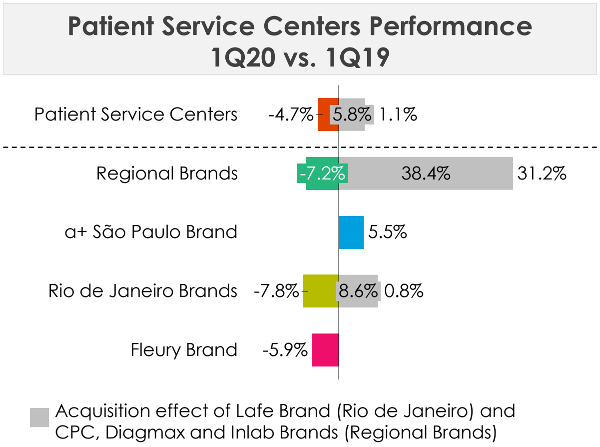


Patient Service Centers

Gross Revenue | Patient Service Centers

In 1Q20, the Gross Revenue of the Patient Service Centers presented an increase of 1.1% (-4.7% organic), reaching R$ 647.1 million.

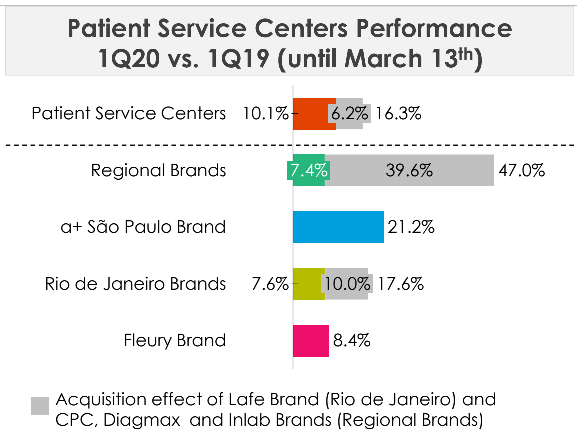




Gross Revenue prior Covid-19 | Patient Service Centers

With the restrictions imposed by Covid-19, including social distancing and urban mobility, the elective medical consultations have shown a relevant reduction and, consequently, most of the diagnostic services have been postponed. In the second half of March, with the adoption of more restrictive measures, there was an increasing reduction of demand at the Patient Service Centers.

Intending to isolate the effect of Covid-19 in Gross Revenue, we compared the periods ended on March 13, 2020 and 2019, prior the restrictions that had a negative impact on demand. In this analysis, with real data only, the growth in Patient Service Centers reaches +16.3% (+10.1% organic) and the brands a+ São Paulo (+21.2%) and Fleury (+8.4%) stand out with the highest organic growth in the period.



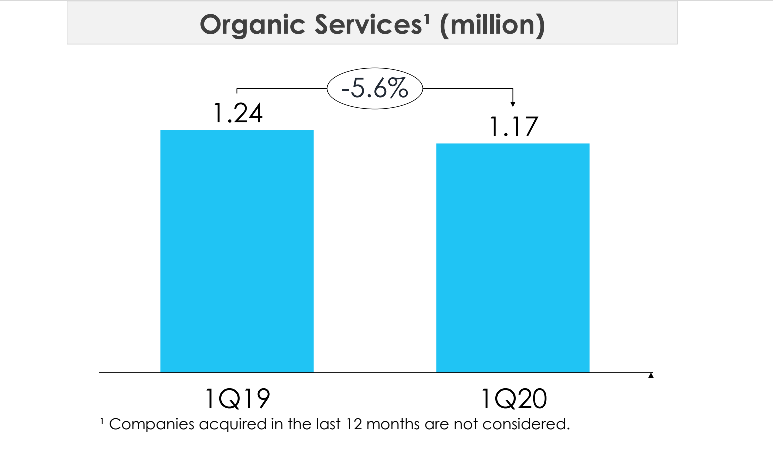
Volume and Gross Revenue per Test | Patient Service Centers

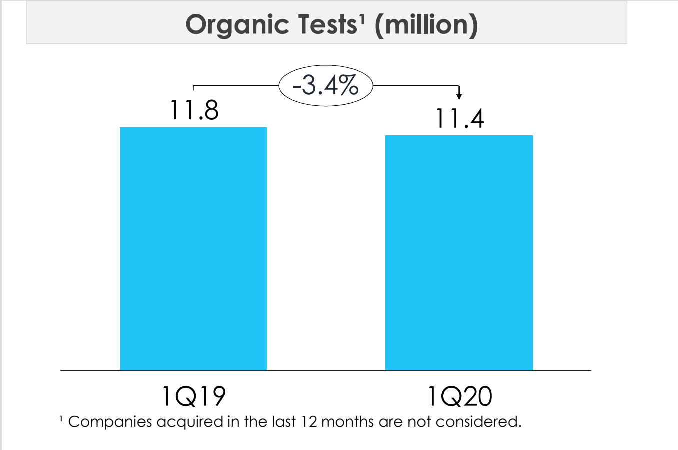
In 1Q20, the number of organic services reached 1.2 million, a reduction of 5.6% compared to the last year. As mentioned in the analysis of Covid-19 in the Gross Revenue of the Patient Service Centers, the reduction reflects the impacts generated by the social distancing, from the second half of March, impacting on the relevant reduction of elective medical consultations and, consequently, the postponement of most part of the diagnostic services.

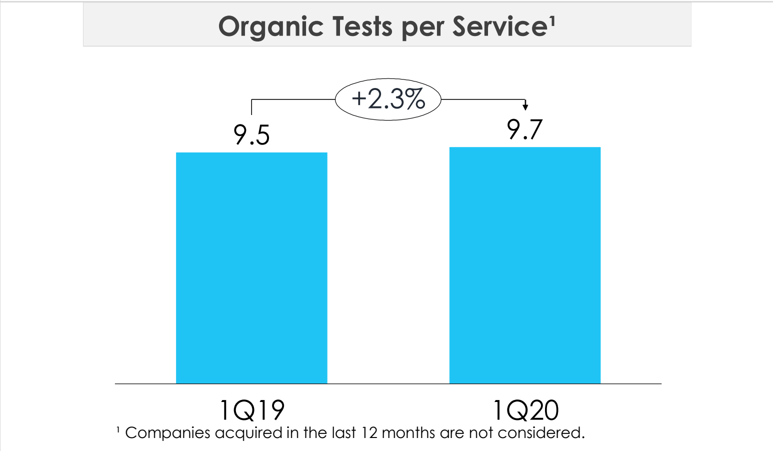
The volume of organic tests reached 11.4 million and registered a decrease of 3.4% in the quarter, in line with the reduction of the number of services.

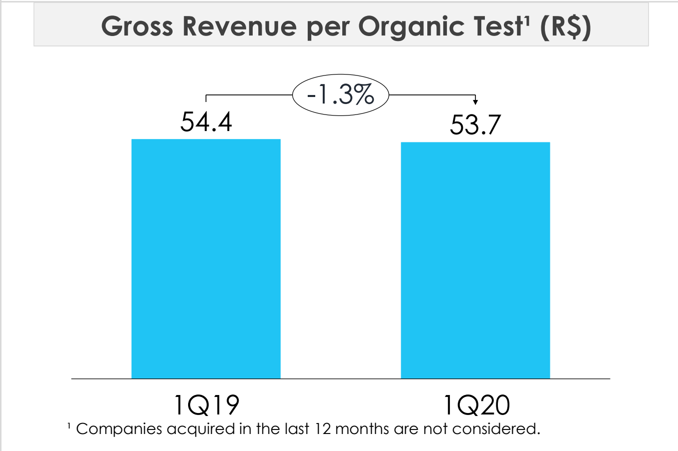
Despite the reduction of organic services and organic tests volumes, the indicator of the number of tests per service continues to present growth, reaching an increase of 2.3%, with 9.7 tests per service. This effect is due to the penetration of clinical analysis tests in Rio de Janeiro brands.

In 1Q20, the Gross Revenue per test presented a decrease of 1.3%, reaching R$ 53.70. As the previous quarters, the observed reduction is driven by Rio de Janeiro brands, where we presented an increase of share in clinical analysis tests, that have a lower average ticket versus imaging tests, and by the mix effect of healthcare operators. The mix between brands has also impacted the Gross Revenue per test calculation, with the higher growth of the intermediate brands that present a lower ticket per test.









Gross Revenue and Same Store Sales | Patient Service Centers

In 1Q20, the Patient Service Centers reached an increase of +1.1% (4.7% organic). The SSS presented a reduction of -4.6%. With the restrictions imposed by Covid-19, including social distancing and urban mobility, the demand for medical services not related to the pandemic presented a sharp drop, with more relevant impact from the second half of March. Analyzing the period between January 1st and March 13th, prior to the restriction measures, and comparing to the same period of the previous year, we observed a growth of +16.3% (+10.1% organic) of the Patient Service Centers.

In view of these effects, the diagnostic services offering was reorganized, temporarily closing and reducing the hours of most of the Patient Service Centers, and every week there is a new evaluation of demand scenario and, if necessary, adjustments of the service offering. Adjustments are always made with the focus on keeping the services available to our customers in a safe and complete way.

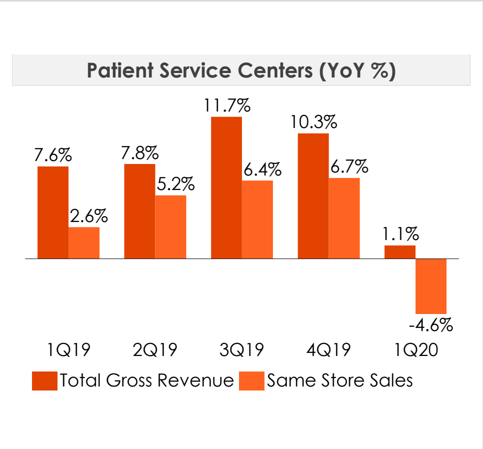
On the other hand, we have intensified the offering of diagnostics at the Clients' Home, which consists of assistance for collecting clinical analysis exams at the client's home, in all our brands. We understand that this service has a lot of potential, especially at this moment. In 1Q20, Clients' Home service grew 21.0%, with a + São Paulo brand, the increase was 73.0%. Fleury brand also continues to show strong growth, with furniture being the brand's third unit in terms of revenue. The Clients' Home service has also showed an increase in the revenue share, considering only the revenue from clinical analysis of our brands, 11.6% is already generated by Clients' Home service, an increase of 2.3 percentage points compared to 1Q19.

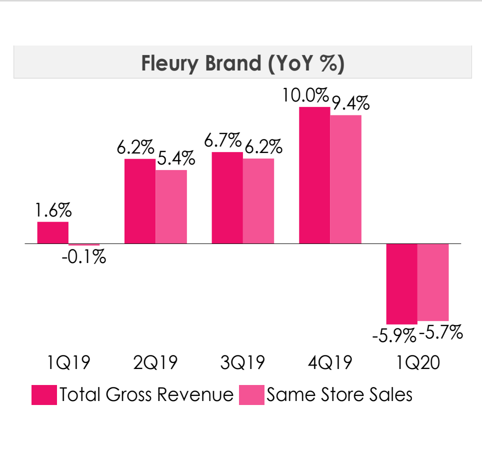
Fleury Brand (51% of PSCs Gross Revenue), reduction of -5.9% in Gross Revenue and -5.7% in Same Store Sales (SSS). As we highlighted earlier, in the period between January 1st and March 13th, prior to the restriction measures, the increase in Gross Revenue reached 8.4%, highlighting the fourth consecutive quarter of which the brand would show growth close to a high single digit. Ambulatory services of infusion therapy and orthopedic procedures of medium and low complexity also stood out in the period, as an alternative for people who continue to need assistance, especially at this moment.

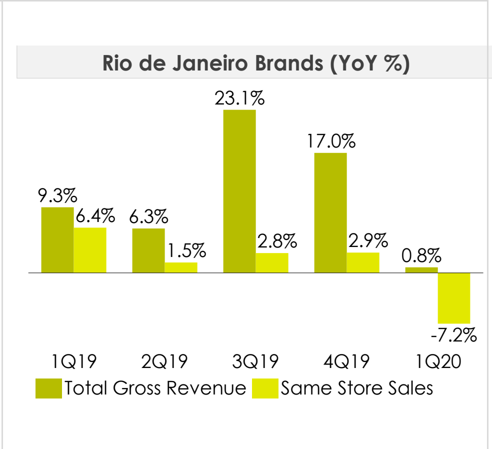
Rio de Janeiro Brands (19% of PSCs Gross Revenue), Gross Revenue increase of 0.8% (-7.8% organic). In the prior period to the restriction measures, the increase of Rio de Janeiro brands was 17.6%, with organic growth of 7.6%, in line with the result presented in the previous quarters.

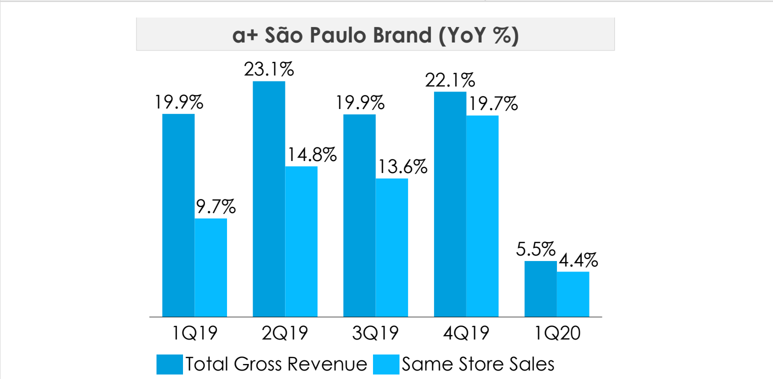
a+ São Paulo Brand (16% of PSCs Gross Revenue), Gross Revenue increase of 5.5% and SSS reached 4.4%. In the period prior to the restriction's measures, the increase was 21.2%, reflecting the continuous capture of market share already observed in the previous quarters with the growth of the patient service centers opened between 2017 and 2018.

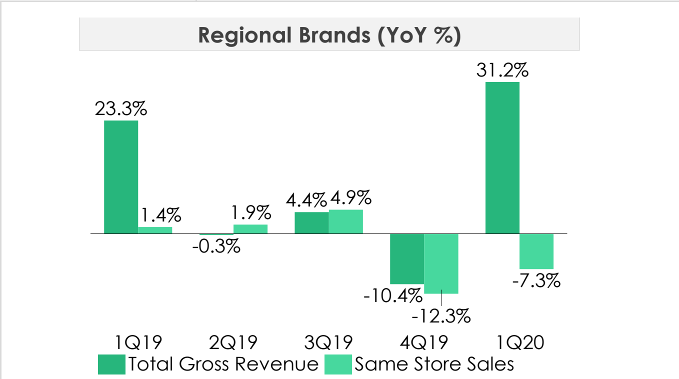
Regional Brands (14% of PSCs Gross Revenue), Gross Revenue increase of 31.2% (-7.2% organic) with SSS decrease of -7.3%. The growth was positively impacted by the consolidation, in this quarter, of the Diagmax (Recife) and Inlab (São Luis do Maranhão) brands, acquired in 4Q19. As in other regions and brands, demand decreased in the second half of March, the increase in Gross Revenue before such effects was +47.0% (+7.4% organic).











B2B: Hospital Operations and Lab-to-lab

Volume and Gross Revenue | B2B

In 1Q20, B2B Operations presented growth of 4.8% in Gross Revenue, with a significant increase in Gross Revenue per test of 6.5%, despite a reduction of 1.6% in the volume of tests, caused by the reduction of demand flow in partner hospitals for elective procedures, as well as a drop in orders in the Reference Laboratory segment, from the second half of March.

In the quarter, Hospitals Operations presented and increase of 4.4% in Gross Revenue (+3.1% SSS). The growth is related to the increase in Gross Revenue per test (+5.5%), mitigating the effect of the reduction in the volume of tests (-1.1%). Part of the growth in Gross Revenue per test can be explained by the RT-PCR test for diagnosing the new Corona virus, which has a higher average ticket compared to the other tests performed. In 1Q20, more than 15 thousand tests were performed in partner hospitals, another effect is related to the growth of outpatient services, which has more complex tests, compared to hospitalized patients.

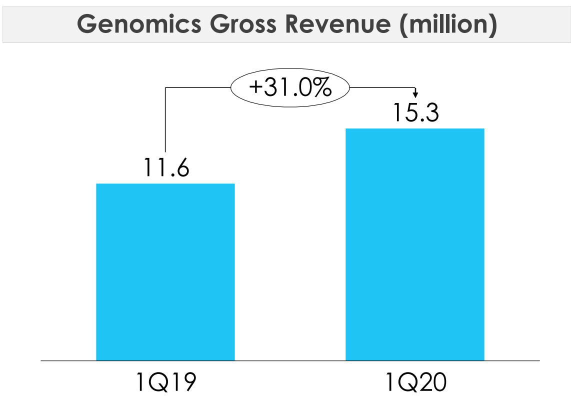
In 1Q20, the Reference Laboratory grew 9.2% in Gross Revenue. Most of the increase is due to Gross Revenue per test (+25.6%), since the volume of tests decreased (-13.1%). The growth of the Gross Revenue per test reflects the increase of sales of genomics tests in partner labs and pharmaceutical companies, of which this last one has shown an increasing growth with the emergence of specific drugs for certain oncological conditions and that need an accurate and personalized diagnosis for the treatment recommendation.

B2B Indicators	1Q20	1Q19	Variation
Gross Revenue (R$ Million)			
B2B	123.5	117.9	4.8%
Hospital Operations	112.1	107.4	4.4%
Lab-to-Lab	11.4	10.4	9.2%
Same Store Sales (R$ Million)			
Hospital Operations	107.6	104.4	3.1%
Tests (Million)			
B2B	7.8	7.9	-1.6%
Hospital Operations	7.5	7.6	-1.1%
Lab-to-Lab	0.3	0.3	-13.1%
Average Ticket per Test (R$)			
B2B	15.9	14.9	6.5%
Hospital Operations	15.0	14.2	5.5%
Lab-to-Lab	39.0	31.0	25.6%

Precision and Personalized Medicine: Genomics

In 1Q20, Gross Revenue from genomics tests reached R$ 15.3 million, an increase of +31.0% compared to the previous year. Despite the strong growth, the genomics channels have also showed a reduction on demand in the second half of March.

Genomics tests are offered through four channels (in order of relevance): Patient Service Centers, Reference Laboratory, Hospitals and Website. The ones that have shown the greatest growth are the Reference Laboratory, with a higher penetration in small laboratories that do not have the offer of molecular tests and an increasing number of programs with the pharmaceutical industry, and the "Fleury Genômica" website, with an increasing mix diversity of performed tests, highlighting the preference and ease of the digital channel from the beginning to the end.



Cost of Services

As previously mentioned, the restrictions imposed by Covid-19, including social distancing and urban mobility, strongly and negatively impacted the demand for medical services in the second half of March. Before the effects of Covid-19, we were seeing an increase of 16.3% (10.1% organic) for the Patient Service Centers and, consequently, the cost structure was prepared for a much higher volume than the one achieved in the second half of March. This abrupt reduction, in the most relevant month for the quarter, reduced the efficiency of fixed costs, which represent the greater part of the total costs.

Bellow, the analysis of the main lines of costs in 1Q20 compared to 1Q19:

Personnel and Medical Services (+8.8%) The line mainly consists of costs related to Personnel and Benefits with a fixed nature, the other costs are related to Medical Services, which have a variable nature.

General Services, Rentals and Utilities (+12.1%) most of the line is composed by fixed costs related to Building and Medical Equipment Maintenance, IT Infrastructure and Third Party Services.

Materials and Test Intermediation (+20.1%) the totality of this line is associated to the variable cost and the growth of the line reflects the mix effect already observed in the previous quarters, as well as the increase of Specialized Tests Section versus other sections.

Depreciation and Amortization (+3.8%) depreciation of the Real State right of use, Medical Equipment and Real State improvements are the most representative of this line.

General Expenses (-23.3%) reaching R$ -1.1 million

Cost of Services breakdown	1Q20		1Q19		Variation	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	▲ %	▲ bps
Personnel and medical services	(260.1)	-36.4%	(239.0)	-34.1%	8.8%	-232 bps
General services, rentals and utilities	(112.2)	-15.7%	(100.1)	-14.3%	12.1%	-142 bps
Materials and Test Intermediation	(81.2)	-11.4%	(67.7)	-9.7%	20.1%	-172 bps
Depreciation and Amortization	(71.7)	-10.0%	(69.1)	-9.9%	3.8%	-18 bps
General Expenses	(1.1)	-0.2%	(1.5)	-0.2%	-23.3%	5 bps
Cost of Services	**-526.3**	**-73.7%**	**-477.4**	**-68.1%**	**10.3%**	**-559 bps**

Operating Expenses and Equity in Subsidiaries

As well as in costs, operating expenses were impacted by the abrupt reduction in demand. A large part of operating expenses is fixed and, therefore, has lost efficiency since the Company was prepared for a much higher volume than what was done in the second half of March.

Below, the analysis of the main lines of operating expenses in 1Q20 compared to 1Q19:

General and Administrative Expenses (+16.7%) the majority of the line, approximately 70%, is related to fixed expenses, mainly Personnel and Benefits. The observed increase is according to consulting expenses and administrative expenses of acquired companies that were not integrated yet.

Depreciation and Amortization (+5.5%) equals to -2.2% of the Net Revenue, increase of 8 bps.

Other Operating (Income)/Expenses (-1,221.1%) represented an improvement of 11 bps of the Net Revenue, due to other taxable operating income.

Provision (Reversal) for Contingency (-144.5%) represented an improvement of 31 bps.

Operating Expenses breakdown and Equity in Subsidiaries	1Q20		1Q19		Variation	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	▲ %	▲ bps
G&A	(64.7)	-9.1%	(55.5)	-7.9%	16.7%	-115 bps
Depreciation and Amortization	(15.5)	-2.2%	(14.7)	-2.1%	5.5%	-8 bps
Other Operating (Income) Expenses	0.7	0.1%	(0.1)	0.0%	-1221.1%	11 bps
Provision (Reversal) for Contingency	0.7	0.1%	(1.5)	-0.2%	-144.5%	31 bps
Equity in Subsidiaries	0.0	0.0%	(0.1)	0.0%	-136.9%	2 bps
Operating Expenses and Equity in Sub.	**-78.9**	**-11.0%**	**-71.9**	**-10.3%**	**9.7%**	**-79 bps**

Income Statement

The Net Revenue presented an increase of +1.9%, result of the Gross Revenue growth of +1.7% and of the Cancellations improvement of 23 bps, reaching the level of -1.2% of the Gross Revenue.

As mentioned in the analysis of operating costs and expenses, the abrupt effect of the reduced demand in the second half of March, had an impact on the efficiency of fixed costs and expenses, with a significant loss of efficiency.

The Gross Profit presented a reduction of -16.0% with gross margin of 26.3%, decrease of -559 bps.

The EBITDA decreased -16.7% with EBITDA margin of 27.4%, decreasing -614 bps compared to the 1Q19. EBITDA ex-IFRS 16, which includes rental costs and expenses in its calculation, decreased -21.7% with EBITDA margin ex-IFRS 16 of 21.6%, a reduction of -651 bps compared to 1Q19.

The Net Income reached R$ 58.7 million, with a decrease of -36.6%.

Income Statement (R$ million)	1Q20	1Q19	Variation
Gross Revenue	770.6	757.9	1.7%
Taxes on Gross Revenue	(47.6)	(46.7)	-2.1%
Cancellations	(9.0)	(10.6)	15.1%
Cancellations (% Gross Revenue)	*-1.2%*	*-1.4%*	*23 bps*
Net Revenue	**713.9**	**700.6**	**1.9%**
Cost of Rendered Services	(526.3)	(477.4)	-10.3%
Gross Profit	**187.6**	**223.2**	**-16.0%**
Gross Margin	**26.3%**	**31.9%**	**-559 bps**
Operating Expenses and Equity in Subsidiaries	(78.9)	(71.9)	-9.7%
Financial Results	(28.8)	(24.6)	-17.3%
Earnings Before Tax (EBIT)	**79.9**	**126.8**	**-37.0%**
Income Tax and Social Contribution	(21.2)	(34.2)	38.1%
Effective Tax Rate	*-26.5%*	*-27.0%*	*49 bps*
Net Income	**58.7**	**92.6**	**-36.6%**
Net Margin	**8.2%**	**13.2%**	**-499 bps**
EBITDA	**195.9**	**235.3**	**-16.7%**
EBITDA Margin	**27.4%**	**33.6%**	**-614 bps**
EBITDA ex-IFRS 16	**153.9**	**196.7**	**-21.7%**
EBITDA Margin ex-IFRS 16	**21.6%**	**28.1%**	**-651 bps**

Indebtedness

Gross debt presented an 49.5% increase, as a result of issuances in the period, R$ 500 million in December 2019 and R$ 150 million in March 2020, with a consequent impact on cash and cash equivalents that increased its position by 33,5%.

Net debt grew 67.7%, and the relation with EBITDA LTM ratio was 1.1x.

Due to the uncertainties and volatility caused by the Covid-19 pandemic, the Company carried out measures, aiming to establish an even more robust cash position in a preventive manner, in order to ensure that the Company can go through this period overcoming the needs that may arise. In addition to issuance of R$ 150 million in March 2020, another R$ 400 million issuances was completed in April 2020.

Composition of Net Debt (R$ MM)	1Q20	1Q19	Variation
Gross Debt (Debentures and Borrowings and Acquisitions)	1,692.2	1,131.9	49.5%
Cash, Cash Equivalents and Marketable Securities	803.6	602.0	33.5%
Net Debt	**888.6**	**529.8**	**67.7%**
Net Debt / EBITDA LTM	1.1x	0.7x	0.3x
EBITDA LTM / Financial Result LTM	6.1x	11.2x	-5.1x

Investments

In the quarter, the investments presented a decrease of 15.3%, reaching R$ 40.7 million. The reduction observed can be explained, mainly by the decrease of investments due to the opening of new patient service centers and the equipment exchange.

CAPEX (R$ million)	1Q20	1Q19	Variation
New PSC's, Offer Expansion in Existing Units and Technical Areas	8.9	16.1	-44.6%
Diagnostic Equipment Renewal and Maintenance	15.5	22.1	-29.8%
IT/Digital	16.2	9.8	66.0%
Total Capex	**40.7**	**48.1**	**-15.3%**

Cash Flow

In 1Q20, Operating Cash Flow totaled R$ 131.3 million, an increase of +20.0%. The observed increase is explained by the improvement of working capital, that reverted the reduction observed in EBITDA. The most important effects occur in accounts receivables variation, with the improvement of two days in the Average Collections Period, that reached 65 days.

The Cash Flow conversion (Operating Cash/EBITDA) was 67.0% compared to 46.5% in 1Q19.

In the quarter, the Company's Free Cash Flow presented expansion of 49.3%, with the benefit of the reduction of investments in CAPEX.

At last, in 1Q20 the Free Cash Flow to Equity presented growth, from R$ -169.7 million to R$ 24.6 million, impacted by the net effect of the debentures amortization and issuance of debts in the amount of R$ 150 million accomplished in 1Q20, versus the debentures amortization occurred in 1Q19.

Cash Flow (R$ MM)	1Q20	1Q19	▲ %
EBITDA	**195.9**	**235.3**	**-16.7%**
Provisions (reversions)	10.7	19.9	-46.3%
Income Tax Paid	(27.8)	(22.9)	-21.4%
Others Operating Results	7.8	10.5	-25.3%
Working Capital Variation:	**(55.3)**	**(133.4)**	**58.5%**
Trade Accounts Receivables	23.3	(61.0)	138.2%
Suppliers	(17.0)	(21.2)	19.8%
Salaries / Charges	(31.7)	(28.2)	-12.7%
Others Assets and Liabilities	(29.8)	(23.0)	-29.6%
(=) Operating Cash Flow	**131.3**	**109.5**	**20.0%**
Capital Expenditures	(40.7)	(48.1)	15.3%
Others Investing Activities	0.2	(0.6)	126.2%
(=) Free Cash Flow to Firm (FCFF)	**90.8**	**60.8**	**49.3%**
Interest Paid / Received	(5.7)	(13.0)	56.2%
Change in Debt	(18.1)	(177.9)	89.9%
Leasing	(42.5)	(39.6)	-7.2%
(=) Free Cash Flow to Equity (FCFE)	**24.6**	**(169.7)**	**114.5%**
Dividends and Interest on Capital	(31.2)	(35.0)	10.8%
Payment of Acquisitions	(48.5)	(3.8)	-1176.2%
Capital Increase (Stock Options)	0.9	1.6	-45.2%
(=) Cash Flow	**(54.2)**	**(206.9)**	**73.8%**

[1] It does not consider the variation in Marketable securities

Cash Flow Indicators	1Q20	1Q19	▲
Average Collection Period	65	67	-2 days
Average Payment Period	50	54	-4 days
Cash Flow Conversion to EBITDA	67.0%	46.5%	2052.0 bps

Organic Expansion Plan and Acquisitions

In October 2016, the Company announced the projection for opening from 73 to 90 new patient service centers until 2021, which compose the organic expansion plan. Until 1Q20, there were opened 54 patient service centers, corresponding to 74% of the lower range of the projection.

In addition to the 54 patient service centers inaugurated in the organic expansion plan, the Company also made acquisitions of six diagnostics brands, adding another 72 new patient service centers to the brand portfolio, with 38 patient service centers in regions where the Company already has operations and 34 patient service centers in new regions.

Below is the list of patient service centers inaugurated in the organic expansion plan and acquired.

	Patient Service Centers launched within the Organic Expansion Plan				
	Fleury Brand	**Complexity**	**Patient Service Area (sqm)**	**State**	**Date**
1	Fleury Santo André	Medium	587	São Paulo	feb/18
2	Fleury Carlos Weber	Medium	681	São Paulo	oct/17
3	Fleury Alameda Jaú	Fast site	380	São Paulo	set/17
4	Fleury Morumbi	Large	1,988	São Paulo	jul/17
5	Fleury Anália Franco	Large	1,214	São Paulo	jun/17
6	Fleury Heitor Penteado	Fast site	183	São Paulo	jun/17
7	Fleury São Caetano do Sul	Fast site	411	São Paulo	may/17
8	Fleury Cerro Corá	Fast site	233	São Paulo	apr/17
9	Fleury Ipiranga	Fast site	206	São Paulo	mar/17
10	Fleury Brasil	Fast site	235	São Paulo	jan/17
11	Fleury Moema	Fast site	126	São Paulo	dec/16
	Regional South	**Complexity**	**Patient Service Area (sqm)**	**State**	**Date**
1	a+ João Bettega	Small	128	Paraná	dec/17
2	a+ Água Verde	Small	171	Paraná	may/17
3	Weinmann General Vitorino	Small	113	Rio Grande do Sul	may/17
4	a+ Ecoville	Small	47	Paraná	feb/17
5	a+ Champagnat	Small	81	Paraná	feb/17
6	a+ Centro	Small	29	Paraná	feb/17
7	a+ Batel	Small	134	Paraná	dec/16
8	a+ Nossa Saúde	Small	79	Paraná	oct/16
	a+ São Paulo	**Complexity**	**Patient Service Area (sqm)**	**State**	**Date**
1	a+ Canário	Grande	680	São Paulo	out/19
2	a+ Chácara Flora	Fast site	299	São Paulo	dec/18
3	a+ Verbo Divino	Fast site	196	São Paulo	dec/18
4	a+ Berrini	Fast site	199	São Paulo	dec/18
5	a+ São Bernardo do Campo	Fast site	517	São Paulo	sep/18
6	a+ Granja Viana	Fast site	231	São Paulo	aug/18
7	a+ Tatuapé	Large	1,483	São Paulo	aug/18
8	a+ Vila Andrade	Fast site	234	São Paulo	jul/18
9	a+ Brasil	Fast site	348	São Paulo	jul/18
10	a+ Alphaville Rio Negro	Fast site	230	São Paulo	jul/18
11	a+ Ipiranga	Medium	359	São Paulo	jun/18
12	a+ Funchal	Fast site	239	São Paulo	may/18
13	a+ Guarulhos	Large	832	São Paulo	apr/18
14	a+ Pedroso de Morais	Medium	421	São Paulo	dec/17
15	a+ Leôncio Magalhães	Medium	544	São Paulo	nov/17
16	a+ Queiroz Filho	Medium	673	São Paulo	oct/17
17	a+ Santo André	Medium	437	São Paulo	jul/17
18	a+ Augusto Tolle	Fast site	392	São Paulo	jul/17
19	a+ Itaim Bibi	Fast site	207	São Paulo	may/17

	Patient Service Centers launched within the Organic Expansion Plan (Part 2)				
	Regional RJ	**Complexity**	**Patient Service Area (sqm)**	**State**	**Date**
1	Felippe Mattoso Mena Barreto	Fast site	276	Rio de Janeiro	dec/18
2	Felippe Mattoso Av. das Américas	Large	1009	Rio de Janeiro	nov/18
3	Labs a+ Carioca	Fast site	559	Rio de Janeiro	nov/18
4	Labs a+ Posto 6	Medium	318	Rio de Janeiro	nov/18
5	Labs a+ Freguesia	Medium	363	Rio de Janeiro	nov/18
6	Labs a+ Flamengo	Medium	478	Rio de Janeiro	nov/18
7	Felippe Mattoso Ipanema	Fast site	239	Rio de Janeiro	dec/17
8	Labs a+ Catete	Fast site	145	Rio de Janeiro	dec/17
9	Labs a+ Shopping Santa Cruz	Fast site	131	Rio de Janeiro	dec/17
10	Labs a+ Mariz e Barros	Fast site	134	Rio de Janeiro	dec/17
11	Labs a+ Uruguai	Fast site	129	Rio de Janeiro	nov/17
12	Labs a+ Santa Rosa	Fast site	148	Rio de Janeiro	oct/17
13	Labs a+ Campo Grande	Fast site	281	Rio de Janeiro	sep/17
	Regional Brasília	**Complexity**	**Patient Service Area (sqm)**	**State**	**Date**
1	a+ Asa Sul	Fast site	58	Brasília	aug/17
2	a+ Sudoeste	Fast site	119	Brasília	aug/17
	Regional Pernambuco	**Complexity**	**Patient Service Area (sqm)**	**State**	**Date**
1	a+ Casa Forte	Small	151	Pernambuco	may/18
	Total 54 PSCs		**20,085 sqm**		

	Acquired Patient Service Centers (Part 1)				
	Company	**PSC**	**Complexity**	**PSCs area (sqm)**	**State**
1	Serdil	Serdil	NA	1,213	Rio Grande do Sul
2	IRN	Matriz	NA	1,697	Rio Grande do Norte
3	IRN	Parnamirim	NA	453	Rio Grande do Norte
4	IRN	Lagoa Nova	NA	1,193	Rio Grande do Norte
5	IRN	Harmony Center	NA	98	Rio Grande do Norte
6	LAFE	Alcantara	NA	217	Rio de Janeiro
7	LAFE	Bairro de Fatima	NA	287	Rio de Janeiro
8	LAFE	Barra I	NA	256	Rio de Janeiro
9	LAFE	Barra II	NA	107	Rio de Janeiro
10	LAFE	Barra III	NA	151	Rio de Janeiro
11	LAFE	Belford Roxo	NA	202	Rio de Janeiro
12	LAFE	Botafogo I	NA	442	Rio de Janeiro
13	LAFE	Centro I	NA	308	Rio de Janeiro
14	LAFE	Copacabana I	NA	207	Rio de Janeiro
15	LAFE	Copacabana II	NA	212	Rio de Janeiro
16	LAFE	Del Castilho	NA	303	Rio de Janeiro
17	LAFE	Duque de Caxias I	NA	176	Rio de Janeiro
18	LAFE	Duque de Caxias II	NA	257	Rio de Janeiro
19	LAFE	Gavea	NA	132	Rio de Janeiro
20	LAFE	Guadalupe	NA	120	Rio de Janeiro
21	LAFE	Icarai	NA	522	Rio de Janeiro
22	LAFE	Ilha do Governador I	NA	156	Rio de Janeiro
23	LAFE	Ilha do Governador II	NA	268	Rio de Janeiro
24	LAFE	Ipanema I	NA	251	Rio de Janeiro
25	LAFE	Laranjeiras I	NA	211	Rio de Janeiro
26	LAFE	Laranjeiras II	NA	84	Rio de Janeiro
27	LAFE	Leblon	NA	117	Rio de Janeiro
28	LAFE	Madureira	NA	154	Rio de Janeiro
29	LAFE	Nilopolis	NA	170	Rio de Janeiro
30	LAFE	Nova Iguacu I	NA	242	Rio de Janeiro
31	LAFE	Nova Iguacu II	NA	88	Rio de Janeiro
32	LAFE	Nova Iguacu III	NA	200	Rio de Janeiro
33	LAFE	Sao Cristovão	NA	620	Rio de Janeiro
34	LAFE	Tijuca	NA	318	Rio de Janeiro
35	LAFE	Vila da Penha I	NA	209	Rio de Janeiro
36	LAFE	Vila da Penha II	NA	175	Rio de Janeiro

Acquired Patient Service Centers (Part 2)					
37	CPC	Matriz	NA	838	Rio Grande do Norte
38	CPC	Mirassol	NA	94	Rio Grande do Norte
39	CPC	Alexandrino	NA	106	Rio Grande do Norte
40	CPC	Clinorte	NA	43	Rio Grande do Norte
41	CPC	Cidade Verde	NA	132	Rio Grande do Norte
42	CPC	Lima e Silva	NA	124	Rio Grande do Norte
43	CPC	Parnamirim	NA	77	Rio Grande do Norte
44	Diagmax	Cedire	NA	317	Pernambuco
45	Diagmax	Derby I	NA	414	Pernambuco
46	Diagmax	Derby Ii	NA	626	Pernambuco
47	Diagmax	Shopping Recife	NA	565	Pernambuco
48	Diagmax	Shopping Rio Mar	NA	697	Pernambuco
49	Diagmax	Shopping Tacaruma	NA	379	Pernambuco
50	Inlab	Anil	NA	70	Maranhão
51	Inlab	Araçagy	NA	122	Maranhão
52	Inlab	Bequimão	NA	93	Maranhão
53	Inlab	Centro	NA	75	Maranhão
54	Inlab	Cidade Operáeia	NA	67	Maranhão
55	Inlab	Cohab	NA	70	Maranhão
56	Inlab	Cohafuma	NA	88	Maranhão
57	Inlab	Cohajap	NA	72	Maranhão
58	Inlab	Cohama	NA	79	Maranhão
59	Inlab	Cohatrac	NA	64	Maranhão
60	Inlab	Holandeses	NA	324	Maranhão
61	Inlab	João Paulo	NA	153	Maranhão
62	Inlab	Lagoa	NA	82	Maranhão
63	Inlab	Maiobao	NA	76	Maranhão
64	Inlab	São Marcos	NA	24	Maranhão
65	Inlab	Shopping da Ilha	NA	57	Maranhão
66	Inlab	Turu	NA	47	Maranhão
67	Inlab	Olho D'Água	NA	84	Maranhão
68	Inlab	Vinhais	NA	73	Maranhão
69	Inlab	Matriz	NA	298	Maranhão
70	Inlab	Ponta do Farol	NA	65	Maranhão
71	Inlab	São Cristovão	NA	82	Maranhão
72	Inlab	São Francisco	NA	22	Maranhão
	Total 72 PSCs through acquisition			**18,413 sqm**	

Performance Indicators

Operational Indicators	Description	Unit	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Income Statment											
Gross Revenue	Gross Revenue	R$ MM	706.3	728.1	738.5	706.8	757.9	787.6	818.0	778.6	770.6
Net Revenue	Gross Revenue - Tax (ISS and PIS/COFINS) - Cancellations	R$ MM	653.3	673.4	683.0	654.8	700.6	728.7	755.7	720.1	713.9
COGS	Personnel and Medical Services + Materials and Outsourcing + General Services, Rent and Utilities + General Expenses + Depreciation and Amortization	R$ MM	(439.9)	(460.1)	(473.7)	(482.2)	(477.4)	(509.9)	(524.3)	(506.7)	(526.3)
SG&A	Does not include Other Operating Expenses / Revenues, Contingency Provisions and Equity in Subsidiaries	R$ MM	(69.3)	(74.7)	(72.0)	(79.7)	(70.2)	(83.9)	(79.1)	(85.6)	(80.3)
EBIT	Earnings Before Interest and Taxes	R$ MM	141.7	134.3	135.0	91.3	151.5	127.7	151.9	129.4	108.7
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	R$ MM	185.9	178.8	181.5	145.4	235.3	211.9	238.7	195.1	195.9
Net Finance Income	Interest Revenue - Interest Expenses	R$ MM	(10.7)	(14.8)	(11.2)	(15.3)	(24.6)	(28.2)	(27.4)	(53.8)	(28.8)
Net Income	Net Income	R$ MM	96.4	86.6	90.3	58.2	92.6	72.6	91.1	56.1	58.7
Net Cash Income	Net Income - Deferred income tax	R$ MM	104.3	85.7	106.1	63.7	94.5	59.1	102.2	61.3	65.6
Result Indicators											
Cancellation Index	Cancellations / Gross Revenue	%	-1.3%	-1.3%	-1.4%	-1.2%	-1.4%	-1.3%	-1.4%	-1.3%	-1.2%
Gross Margin	Gross Profit / Net Revenue	%	32.7%	31.7%	30.6%	26.3%	31.9%	30.0%	30.6%	29.6%	26.3%
EBIT Margin	Earnings Before Interest and Tax / Net Revenue	%	21.7%	19.9%	19.8%	13.9%	21.6%	17.5%	20.1%	18.0%	15.2%
EBITDA Margin	Earnings Before Interest, Tax, Depreciation and Amortization / Net Revenue	%	28.5%	26.6%	26.6%	22.2%	33.6%	29.1%	31.6%	27.1%	27.4%
Effective Tax Rate	Current Tax / Earnings Before Tax	%	-26.6%	-27.6%	-27.2%	-23.5%	-27.0%	-27.0%	-27.0%	-25.5%	-26.5%
Net Margin	Net Profit / Net Revenue	%	14.8%	12.9%	13.2%	8.9%	13.2%	10.0%	12.1%	7.8%	8.2%
Net Cash Income Margin	(Net Income - Deferred income tax) / Net Revenue	%	16.0%	12.7%	15.5%	9.7%	13.5%	8.1%	13.5%	8.5%	9.2%
Financial Debt											
Cash & Equivalents	Cash, Equivalents and Marketable Securities	R$ MM	470.5	883.6	889.8	808.9	602.0	300.4	463.6	857.8	803.6
Gross Debt	Short and Long Term Debts (Borrowings and Debentures)	R$ MM	919.7	1,418.1	1,422.3	1,305.8	1,131.9	1,150.4	1,155.0	1,639.2	1,692.2
Net Debt	Gross Debt - Cash and Cash equivalents	R$ MM	449.2	534.5	532.6	497.0	529.8	850.1	691.4	781.4	888.6
Net Debt / EBITDA LTM	(Gross Debt - Cash and Cash equivalents) / EBITDA LTM	Multiple	0.7x	0.8x	0.8x	0.7x	0.7x	1.1x	0.8x	0.9x	1.1x
Profitability and Return											
ROIC without Goodwill ex-IFRS 16 (LTM)	NOPAT ex-IFRS 16 LTM (Tax= 34%) / Capital Employed (Shareholders Equity + Net Debt - Goodwill)	%	43.6%	41.9%	41.3%	41.2%	45.3%	36.0%	38.3%	38.7%	41.0%
ROIC ex- IFRS 16 (LTM)	NOPAT ex-IFRS 16 LTM (tax= 34%) / Capital Employed (Shareholders Equity + Net Debt)	%	15.5%	15.3%	15.4%	15.3%	15.8%	13.6%	14.1%	14.1%	13.1%

FLEURY S.A. CONSOLIDATED BALANCE SHEET

Balance Sheet as of March 31st, 2020 and March 31st, 2019 (In R$ thousand) – IFRS 16

	Consolidated	
Assets	**03/31/2020**	**12/31/2019**
Current		
Cash and cash equivalents	19,411	8,966
Marketable securities	709,987	795,298
Accounts receivable	548,082	570,086
Inventories	36,868	31,867
Taxes recoverable	19,538	17,514
IRPJ e CSLL recoverble	52,376	49,804
Related Parties	26	26
Other assets	23,186	11,639
Derivative financial instruments	1,528	-
Total current	**1,411,002**	**1,485,200**
Non-current		
Marketable securities	74,178	53,538
Other assets	22,372	23,155
Deferred income tax and social contribution	12,527	12,590
Judicial deposits	43,449	39,170
Investments	17,570	16,828
Property and equipment	754,231	750,686
Intangible assets	2,018,047	1,920,808
Rights of use	790,361	794,677
Total non-current	**3,732,735**	**3,611,452**
Total assets	**5,143,737**	**5,096,652**

	Consolidated	
Liabilities and equity	**03/31/2020**	**12/31/2019**
Current		
Financing	36,808	31,220
Debentures	22,233	177,276
Financial lease	92,853	131,939
Derivative financial instruments	-	126
Trade accounts payable	178,578	190,442
Payroll and related taxes payable	108,911	139,226
Taxes and contributions payable	28,059	30,941
IRPJ e CSLL payable	474	448
Accounts payable - company acquisition	54,675	8,991
Dividends payable	197,783	31,207
Other accounts payable	5,707	5,219
Total current	**726,081**	**747,035**
Non-current		
Financing	191,157	47,914
Debentures	1,299,441	1,300,000
Financial lease	731,113	690,940
Labor liabilities	-	218
Deferred income tax and social contribution, net	418,369	409,843
Provision for tax, labor and civil risks	38,365	37,947
Taxes and contributions payable	21,029	21,527
Accounts payable - company acquisition	87,870	73,813
Other accounts payable	7,609	8,439
Total non-current	**2,794,953**	**2,590,641**
Equity		
Share capital	1,427,151	1,426,267
Capital reserve - options granted recognized	33,956	32,067
Legal reserve	102,877	102,877
Retained earnings	58,719	197,766
Additional dividends proposed	-	-
Total equity	**1,622,703**	**1,758,976**
Total liabilities and equity	**5,143,737**	**5,096,652**

FLEURY S.A. CONSOLIDATED INCOME STATEMENT

Income Statement as of March 31st, 2020 and March 31st, 2019 (In R$ thousand, except Earnings per share) – IFRS 16

	Consolidated	
	1Q20	1Q19
Revenue from services rendered	**713,934**	**700,592**
Cost of services rendered	(526,346)	(477,353)
Gross Profit	**187,588**	**223,239**
Operating income (expenses)		
General and administrative	(80,285)	(70,196)
Other operating income (expenses), net	721	(63)
Provision for tax, labor and civil risks	667	(1,504)
Equity in the earnings (losses) of subsidiaries	39	(105)
Operating profit before financial result	**108,730**	**151,371**
Financial income	9,878	12,098
Financial expenses	(38,718)	(36,680)
Financial result	**(28,840)**	**(24,582)**
Earnings before income tax and social contribution	**79,890**	**126,789**
Income tax and social contribution:		
Current	(14,244)	(32,315)
Deferred	(6,927)	(1,900)
Profit for the period	**58,719**	**92,574**
Earnings per share attributable to owners of the Company		
Basic earnings per share (weighted average)	**0.19**	**0.29**
Diluted earnings per share (weighted average)	**0.18**	**0.29**

FLEURY S.A. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Statements of Changes in Equity as of March 31st, 2020 and March 31st, 2019 (In R$ thousand) – IFRS 16

	Share Capital		Capital Reserve		Investment Reserve		
	Share Capital	Share issue expenses	Options granted recognized	Legal Reserve	Profit for the period	Additional dividends proposed	Equity
Balances on December 31, 2018	**1,441,920**	**(22,784)**	**26,259**	**87,261**	**217,305**	**-**	**1,749,961**
Capital increase	7,131	-	-	-	-	-	7,131
Stock option plan	-	-	5,808	-	-	-	5,808
Profit for the period (R$0,87 per share)	-	-	-	-	0	312,317	312,317
Legal reserve	-	-	-	15,616	-	(15,616)	-
Dividends	-	-	-	-	(217,305)	-	(217,305)
Interest on own capital	-	-	-	-	-	(98,935)	(98,935)
Intangible assets	-	-	-	-	197,766	(197,766)	-
Balances on December 31, 2019	**1,449,051**	**(22,784)**	**32,067**	**102,877**	**197,766**	**-**	**1,758,976**
Capital increase	884	-	-	-	-	-	884
Stock option plan	-	-	1,889	-	-	-	1,889
Profit for the period	-	-	-	-	-	58,719	58,719
Intangible assets						-	(197,766)
Balances on March 31, 2020	**1,449,935**	**(22,784)**	**33,956**	**102,877**	**197,766**	**58,719**	**1,622,703**

FLEURY S.A. CONSOLIDATED STATEMENTS OF CASH FLOW

Statements of Cash Flow as of March 31st, 2020 and March 31st, 2019 (In R$ thousand) – IFRS 16

	Consolidated	
	1Q20	1Q19
Profit for the period	**58,719**	**92,574**
Items not affecting cash:		
Income tax and social contribution	21,171	34,215
Financial and expenses income	34,257	32,436
Depreciation and amortization	87,255	83,838
Equity in the earnings (losses) of subsidiaries	(39)	105
Stock option plan	1,889	1,678
Constitution of provision for tax, labor and civil risks	(668)	1,504
Estimated losses with doubtful accounts and disallowances	9,289	10,692
Profit sharing	176	6,021
Other	2,436	1,473
Cash flows from operating activities before changes in assets and liabilities	**214,485**	**264,536**
(Increase) decrease in accounts receivable	23,264	(60,960)
(Increase) decrease in inventories	(5,002)	3,607
(Increase) decrease in taxes recoverable	(4,520)	(11,403)
(Increase) decrease in judicial deposits	(4,277)	879
(Increase) decrease in other assets	(9,997)	(12,935)
Increase (decrease) in trade accounts payable	(17,030)	(27,094)
Increase (decrease) in labor liabilities	(31,728)	(22,301)
Increase (decrease) in tax liabilities	(4,679)	(2,040)
Increase (decrease) in taxes paid in installments	(1,442)	(990)
(Increase) decrease in other liabilities	68	(152)
Total variation in assets and liabilities	**(55,343)**	**(133,389)**
Income tax and social contribution paid	(27,790)	(22,885)
Net cash from operating activities	**131,352**	**108,262**
Acquisition of property and equipment and intangible assets	(40,699)	(48,051)
Marketable securities and interest earned	64,671	157,630
Payments	(48,499)	(2,447)
Related parties increase	-	-
Acquisition of	-	(1,334)
Interest earned from financial investments	43	21
Net cash used in investing activities	**(24,484)**	**105,819**
Borrowings and debentures	150,000	-
Settlement (principal) of financing and debentures	(173,933)	(173,934)
Interest paid in financing and debentures	(5,712)	(12,972)
Financial expenses paid	(837)	(555)
Derivative financial instruments	985	(19)
Leasing	(42,513)	(38,474)
Capital integralization	885	1,615
Dividends and / or interest on shareholders' equity	(31,177)	(34,960)
Risk Withdrawn Operation	5,879	
Net cash used in financing activities	**(96,423)**	**(263,302)**
(Decrease) increase in cash and cash equivalents	**10,445**	**(49,221)**
Cash and cash equivalents		
At the beginning of the period	8,966	55,231
At the end of the period	19,411	6,010
Variation in cash and cash equivalents	**10,445**	**(49,221)**

FLEURY S.A. CONSOLIDATED STATEMENTS OF VALUE ADDED

Statements of Value Added as of March 31st, 2020 and March 31st, 2019 (In R$ thousand) – IFRS 16

	Consolidated	
	12/03/2020	12/31/2019
Revenues	**764,028**	**749,028**
Goods and products sold and services rendered	770,349	757,572
Estimated losses with doubtful accounts and disallowances	(9,289)	(10,692)
Other revenue	2,968	2,148
Inputs purchased from third parties	**(297,462)**	**(264,353)**
Cost of goods and products sold and services rendered	(274,104)	(247,171)
Materials, electricity, outsourced services and others	(23,006)	(17,127)
Loss/recovery of asset values	(352)	(55)
Gross value added	**466,566**	**484,675**
Depreciation and amortization	(87,254)	(83,838)
Net value added	**379,312**	**400,837**
Value added received through transfer	**10,245**	**12,570**
Equity in the earnings (losses) of subsidiaries	38	(105)
Financial income	10,207	12,675
	-	-
Total value added	**389,557**	**413,407**
	-	-
Distribution of value added	**(389,557)**	**(413,407)**
Personnel and charges	**(176,535)**	**(164,044)**
Direct remuneration	(116,244)	(111,849)
Benefits	(49,024)	(42,393)
Charges	(11,267)	(9,802)
Taxes, fees and contributions	**(105,556)**	**(110,279)**
Federal	(81,616)	(87,258)
Municipalities	(23,940)	(23,021)
Interest, rental and other operating expenses	**(48,747)**	**(46,510)**
Rental	(5,387)	(5,100)
Interest	(38,719)	(36,680)
Other operating expenses	(4,641)	(4,730)
Dividends and/or Interest on Equity	-	-
Legal Reserve	-	-
Retained earnings	**(58,719)**	**(92,574)**