

Earnings 2Q20

Conference Call:

July 31st | 11:00AM (10:00AM EDT)

Phone:

Brasil: + 55 11 2188-0155

Abroad: +1 646-843-6054

Replay: +55 11 2188-0400

Code: Fleury

Webcast: www.fleury.com.br/ir

In June 30th, 2020:

Total shares:

316.788.210

Market cap

R\$ 6.5 Bn | US\$ 1.2 Bn

Share price

R\$ 20.59 /US\$ 3.76

Fleury ON

B3: FLRY3

FLRY
B3 LISTED NM



IBOVESPA

Índice Brasil **IBRX ISEB3**



Investor Relations

www.fleury.com.br/ir | ri@grupofleury.com.br | +55 11 5014-7413

São Paulo, July 30th, 2020 – Grupo Fleury announces today its 2nd quarter 2020 (2Q20) 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, unless noted otherwise.

Highlights

- Gross Revenue of R\$ 492.2 MM (-37.5%).
 - Client's Home Service with a 66.7% growth, corresponding to 15.5% of Gross Revenue (vs. 5.3% in 2Q19).
 - 63 thousand services realized on the Drive-Thru model.
 - More than 550 thousand tests for COVID-19¹ conducted (355 thousand tests in 2Q20).
 - Hiring of Integrated Care by more than 300 companies to restart their activities.
- Cancellations represented -1.4% (-6 bps).
- EBITDA of R\$ 19.6 MM with margin of 4.3%.
 - Contingency Plan with R\$ 102.4 MM of Costs and Expenses avoided in the quarter.
- Net Loss of R\$ -73.3 MM.
- Operating Cash Generation of R\$ 65.5 MM (-60.0%).
- Return on Invested Capital (ROIC) without goodwill ex-IFRS 16 LTM of 20.8% (-1,519 bps).
- NPS² reached 76.7% (+34 bps).

¹ Updated on 07/30/2020, including RT-PCR and Serology | ² Net Promoter Score

Main Financial Indicators

Financial Indicators (R\$ MM)	2Q20	2Q19	Variation	6M 2020	6M 2019	Variation
Gross Revenue	492.2	787.6	-37.5%	1,262.8	1,545.5	-18.3%
Net Revenue	454.9	728.7	-37.6%	1,168.9	1,429.3	-18.2%
Gross Profit	2.6	218.8	-98.8%	190.2	442.1	-57.0%
EBITDA	19.6	211.9	-90.7%	215.6	447.2	-51.8%
EBITDA ex-IFRS 16	(20.9)	172.6	-112.1%	133.0	369.2	-64.0%
Net Income	(73.3)	72.6	-201.0%	(14.6)	165.2	-108.8%
Cancellations (% Gross Revenue)	-1.4%	-1.3%	-6 bps	-1.3%	-1.4%	11 bps
Gross Margin %	0.6%	30.0%	-2946 bps	16.3%	30.9%	-1466 bps
EBITDA Margin %	4.3%	29.1%	-2477 bps	18.4%	31.3%	-1285 bps
EBITDA ex-IFRS 16 Margin %	-4.6%	23.7%	-2828 bps	11.4%	25.8%	-1445 bps
Effective Tax Rate	-28.6%	-27.0%	-165 bps	-36.1%	-27.0%	-912 bps
Net Income Margin %	-16.1%	10.0%	-2608 bps	-1.2%	11.6%	-1280.0 bps
Recurring EBITDA	19.6	230.0	-91.5%	215.6	465.3	-53.7%
Recurring Net Income	(73.3)	85.8	-185.4%	(14.6)	178.4	-108.2%
Recurring EBITDA Margin %	4.3%	31.6%	-2726 bps	18.4%	32.6%	-1412 bps
Recurring Net Income Margin %	-16.1%	11.8%	-2789 bps	-1.2%	12.5%	-1373 bps
Operating Cash Flow	65.5	163.7	-60.0%	196.8	273.2	-28.0%
CAPEX	40.1	41.7	-3.7%	80.8	89.7	-9.9%
ROIC ex-IFRS 16 (LTM)	7.0%	13.6%	-663.0 bps	7.0%	13.6%	-663.0 bps
ROIC without goodwill ex-IFRS 16 (LTM)	20.8%	36.0%	-1519 bps	20.8%	36.0%	-1519 bps

Management Comments: 4 years in 4 months – our digital future has arrived

To face the challenges brought by covid-19 pandemic, Grupo Fleury relied on a combination of vision, courage, innovation, financial strength and capacity for execution. We have further accelerated our digital transformation, achieving operational results that prove we are on the right path. The future of healthcare will be increasingly digital, integrated and consumer centered. To achieve this future, since March we have adopted a bold and entrepreneurial posture as we have never had in our 94 years of history - or, as we mention here, we have done 4 years in 4 months. This evolution of our culture is already widespread among our 10 thousand employees and 3 thousand physicians.

Over the decades, we have developed a relationship of absolute trust with the players of the healthcare sector: patients, physicians, hospitals, HMOs and companies that offer healthcare services to their employees. We are in a privileged position, which not only allows us to have access to the main links of the chain, but also gives us the legitimacy to create innovative solutions that bring quality and efficiency to the sector.

The largest healthcare ecosystem in Brazil

A few years ago we decided that our future would go beyond diagnostic medicine. We realized that it would be possible to take our excellence in diagnostic medicine to other links in the chain, who understand HEALTHCARE as one of the main assets to guarantee the quality of people's life and for their full fulfillment as individuals. Our Vision was that, inexorably, the future would require more connected and more integrated healthcare. Once the north was established, we took action. We anticipate the future and began a process of diversification.

Those who watched our Investor Day on December 2019 knows that words like platform, ecosystem, app and so many others that have exploded in the recent months have been part of our repertoire for some time. We have been talking about digital transformation in healthcare long before thinking that telemedicine would be as essential as it has been proven to be in the recent months, since the covid-19 pandemic took over.

Our ability to add technology and healthcare, amazinly goes back, amazingly, to the last century. When we decided to put our test results on the Internet in 1997, they called us crazy or irresponsible. We were the first in the world to do this "madness". In a short time, many others followed the same path that we opened. Not only in this episode, but in many others that was followed since then, exercising our pioneering spirit and our leading role.

The recent multiplication of platforms launched on the market, in different sectors, only proves that we are on the right path. Is it possible for one of the longest-running companies in a sector to become the fastest startup? Is it possible to innovate and maintain the excellence of almost a century of history? Is it possible to be ambidextrous? The answer to all questions is a resounding "YES".

It is clear to us that being comfortably passive in our 23 consecutive growth quarters was not an option. With courage and boldness, we have invested in our own structure to support this digital and new business journey. But we do this in the "Fleury way of being": keeping the customer at the center of all of our decisions and preserving the return to the shareholder with the maintenance of results that remain the market benchmark.

We embraced the idea that technology guarantees freedom of choice for the individual. We also believe that all this evolution can only succeed if it is inclusive. It can only be really transformative if it brings partners - other participants of the chain and, eventually, even competitors - to add knowledge and data. We know that it is not a simple logic, but when our obsession is based on people's health and the sustainability of the sector, why limit who participates? The more opened and democratic this environment is, the better results will be generated. Let it be clear: we are not disputing the present space. We are creating an environment that does not exist.

We are convinced that a healthcare platform requires a relevant number of lives, care coordination centered on the individual, the capacity for innovation with technology translated into products and the legitimacy of years in healthcare. We also believe that this environment is heavily based on primary care, the correct gateway to the healthcare system.

Today we have already reached the mark of 7 million people connected to the offers of SantéCorp and the brands of Grupo Fleury. There are 7 million people of which we have established a relationship of trust, based on hospitality and medical excellence, and not on occasional business transactions. Our multichannel allows individuals to connect with us - to schedule face-to-face and remote consultations, make teleconsultations, schedule and access diagnostic test results - through their employers, HMOs and even directly, as needed.

These millions of individuals have gained now the possibility to consult their electronic medical records and, soon, self-manage chronic diseases, through two partner companies - the first ones not controlled by Grupo Fleury to integrate this ecosystem. One of them is Prontmed, one of the largest providers of electronic medical records in Brazil. The other one is the Israeli startup Sweetch, a healthtech specialized in chronic diseases prevention and management.

In this environment that we are building the individuals' health, as it already happens in other aspects of their daily life, it will be a touch away. In addition, for the first time, their health data will belong to the individual himself, and it is up to us to govern the ecosystem.

It is a truly transformative concept. And, to some, it may even seem "crazy". We heard the same thing in 1997.

Startup head

Our ability to innovate with agility has been tested in other fronts. In mid-April we realized that there would be an opportunity to help Brazilian companies plan to restart their activities, in order to ensure the safety of their employees and customers. In early June, we launched Integrated Care for Companies, a service that includes employee testing to consulting for the creation of security protocols. In 50 days, Integrated Care went from zero to more than 300 contracts signed, these companies total a potential population of more than 400 thousand individuals to use our services. We believe that concern for the health of employees will remain a focal point for companies even after the current pandemic has cooled. As some experts abroad say, we have entered the Healthcare Era.

The new habits imposed by the pandemic also boosted our client's home service, which grew 67% in the second quarter of this year, when compared to the second quarter of 2019 (the revenues generated by this type of service have already exceed those of any physical Patient Service Center of the company). For 14.3% of the total patients who used the service in the period, client's home service represented its first contact with the Group. Comfort and quality of service resulted in an NPS of 86.2% (the average in physical Patient Service Centers is 76.7%). The multichannel strategy is proving that it is able to incorporate new customers into the base while providing quality services.

All digital services that started to be offered as soon as the pandemic was installed showed significant growth. Today almost 40% of appointments are made by whatsapp and 45% of the eligible public already do digital check in before doing their tests. In the field of telemedicine, the advance is exponential. In the three months since the service started operating, almost 30 thousand consultations have been carried out by the SantéCorp and Cuidar Digital environment.

It was thanks to these various innovations and our financial strength that we managed to get through the most difficult period imposed by the pandemic - the month of April, when revenues shrank 61% compared to the same period in 2019. Since then, we have demonstrated a strong capacity to recovery. In June, the retraction in relation to the same month of 2019 was 5%. The most challenging phase was clearly behind us.

Knowledge leadership

In the medical field, we have intensified our presence as protagonists in the effort to combat Covid-19. Since the beginning of the pandemic, we have performed more than half a million tests, including 320 thousand RT-PCRs and 212 thousand Serologies, and the volumes continue to grow. In April, we started a study in partnership with Ibope, Instituto Semeia and scientists from the University of São Paulo (USP) and Federal University of São Paulo (Unifesp) to map the new coronavirus in the capital of São Paulo. We also participated in a study on the Covid-19 vaccine, developed by Oxford University. These are some examples of how our knowledge makes us a reference in healthcare, even outside Brazil.

This knowledge remains one of the pillars of our expansion. It is part of our essence. Now the knowledge that has brought us here is being fueled by a myriad of digital products and services. We remain convinced that the future of medical excellence will be personalized, integrated and on a large scale. It is what our new launched digital services and the new offer delivery channels are being delivered for. And that is just the beginning.

Growth on New Fronts and Multichannel

The Company's multichannel was enhanced during this period. The Client's Home Service of our brands presented a historical increase in 2Q20, we launched a new product, the Integrated Care for Companies, currently focusing on COVID-19, combining testing, medical consultancy and reports in a complete and modular solution. We have also started the services through drive-thru in our brands, serving our customers in a safe way for testing COVID-19. Finally, the Infusion Therapy Centers and Day Clinic in Orthopedics, new outpatient services launched last year, continue to grow despite the restrictions imposed by COVID-19, proving their effective value generation for patients, physicians and HMOs.

- Client's Home Service grew by 66.7% in 2Q20. Now representing 15.5% of the Patient Service Centers Gross Revenue (vs. 5.3% in 2Q19). In Fleury brand, client's home service increased 43.1%, becoming the largest patient service center in the Group.
- 305 companies contracted the Integrated Care for Companies, focused on COVID-19. In addition to testing employees for the resumption of operations.
- We have done more than 550 thousand tests for COVID-19 until July 2020, being 330 thousand RT-PCRs and 220 thousand Serological.
- The drive-thru of the Fleury brand and regional brands, created in the middle of the pandemic, made more than 62 thousand services in 2Q20.
- Infusion Therapy Centers grew 33.0% compared to 1Q20 and the Day Clinic in Orthopedics increased 72.0% compared to 1Q20.

The healthcare platform will organize through its ecosystem the offering for different target public, generating even greater scale for the multichannel of Grupo Fleury products and services, besides SantéCorp products, mainly Telemedicine and Primary Care.

Gross Revenue - COVID-19 Impacts

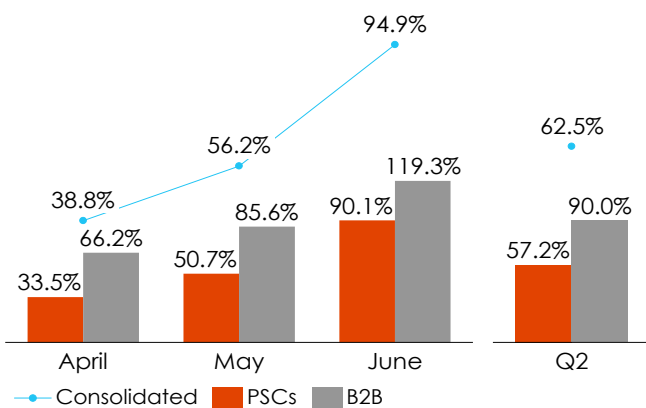
With the restrictions imposed by COVID-19, elective medical consultations showed a significant reduction, mainly in the initial stage of the pandemic.

In the Patient Service Centers, we started the month of April 2020 with an important adjustment in the offering of diagnostic services, with a smaller number of opened Patient Service Centers, and we adjusted our operations to serve our customers safely.

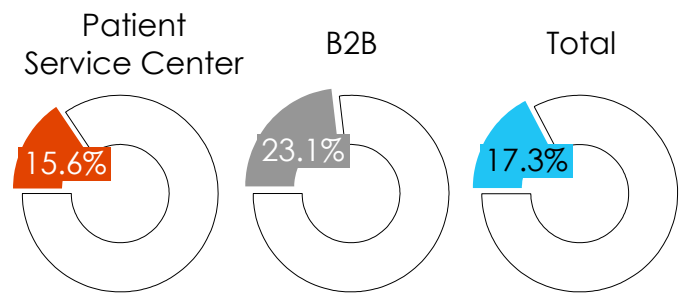
As observed in the graph, the month of April 2020 showed a significant drop in Gross Revenue of the Patient Service Centers, with the realization of only 33.5% of Gross Revenue in the same period of 2019, however in June we observed an important improvement in the demand reaching 90.1% of Gross Revenue compared to the previous year. B2B showed growth of 19.3% in June, with the return of elective procedures and the contribution of tests for COVID-19 in hospitals and in the Lab-to-Lab segment.

It is important to highlight the contribution of COVID-19 tests in the quarter, the representativeness of these exams was 17.3% in total Gross Revenue, 15.6% in the Patient Service Centers and 23.1% in B2B.

Gross Revenue Relation 2Q20 vs. 2Q19 (%)



Participation in Gross Revenue of COVID-19 tests¹ (% of total)

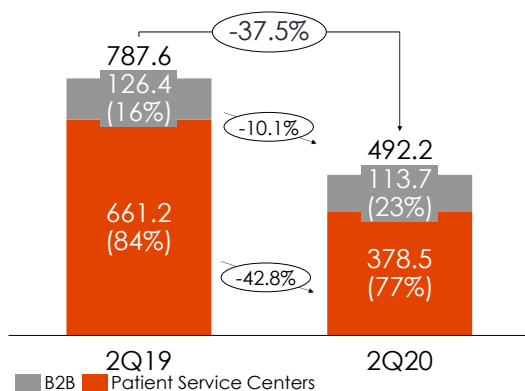


¹ Considered the Gross Revenue from the RT-PCR and Serological tests on the Total Gross Revenue for each segment.

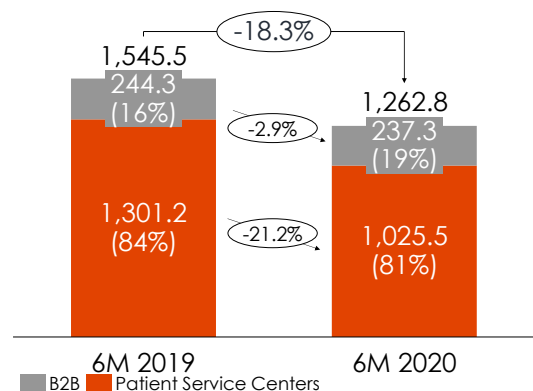
Consolidated Gross Revenue

In 2Q20, total Gross Revenue reached R\$ 492.2 million, decrease of -37.5%, with the Patient Service Centers reducing their share from 84% to 77% of Gross Revenue. In 6M20, the Patient Service Centers represented the share of 81% of the Gross Revenue.

Total Gross Revenue (million)



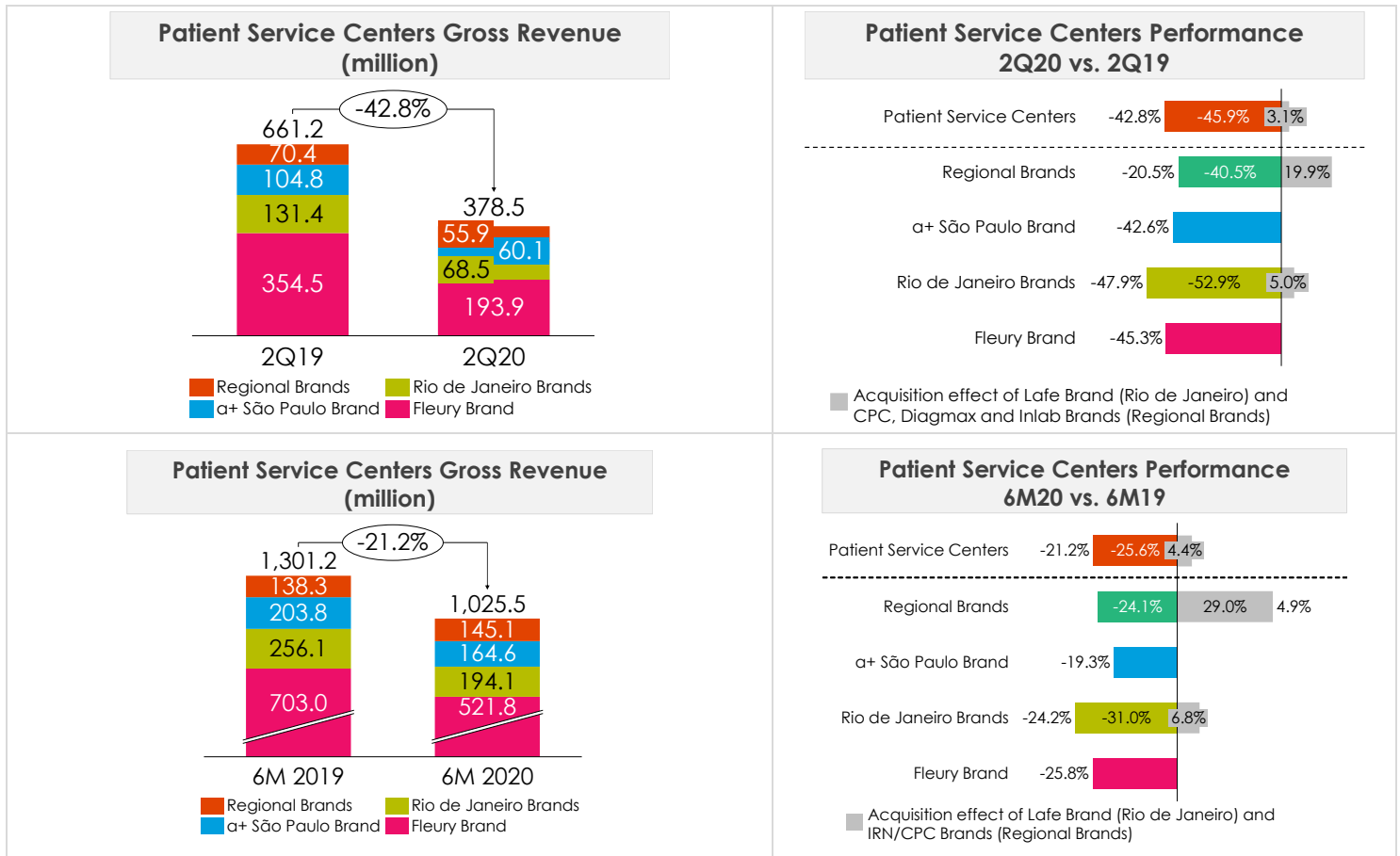
Total Gross Revenue (million)



Patient Service Centers

Gross Revenue | Patient Service Centers

In 2Q20, the Gross Revenue of the Patient Service Centers presented a decrease of -42.8% (-45.9% organic), reaching R\$ 378.5 million. In the 6M20 period, there was a retraction of -21.2% (-25.6% organic).



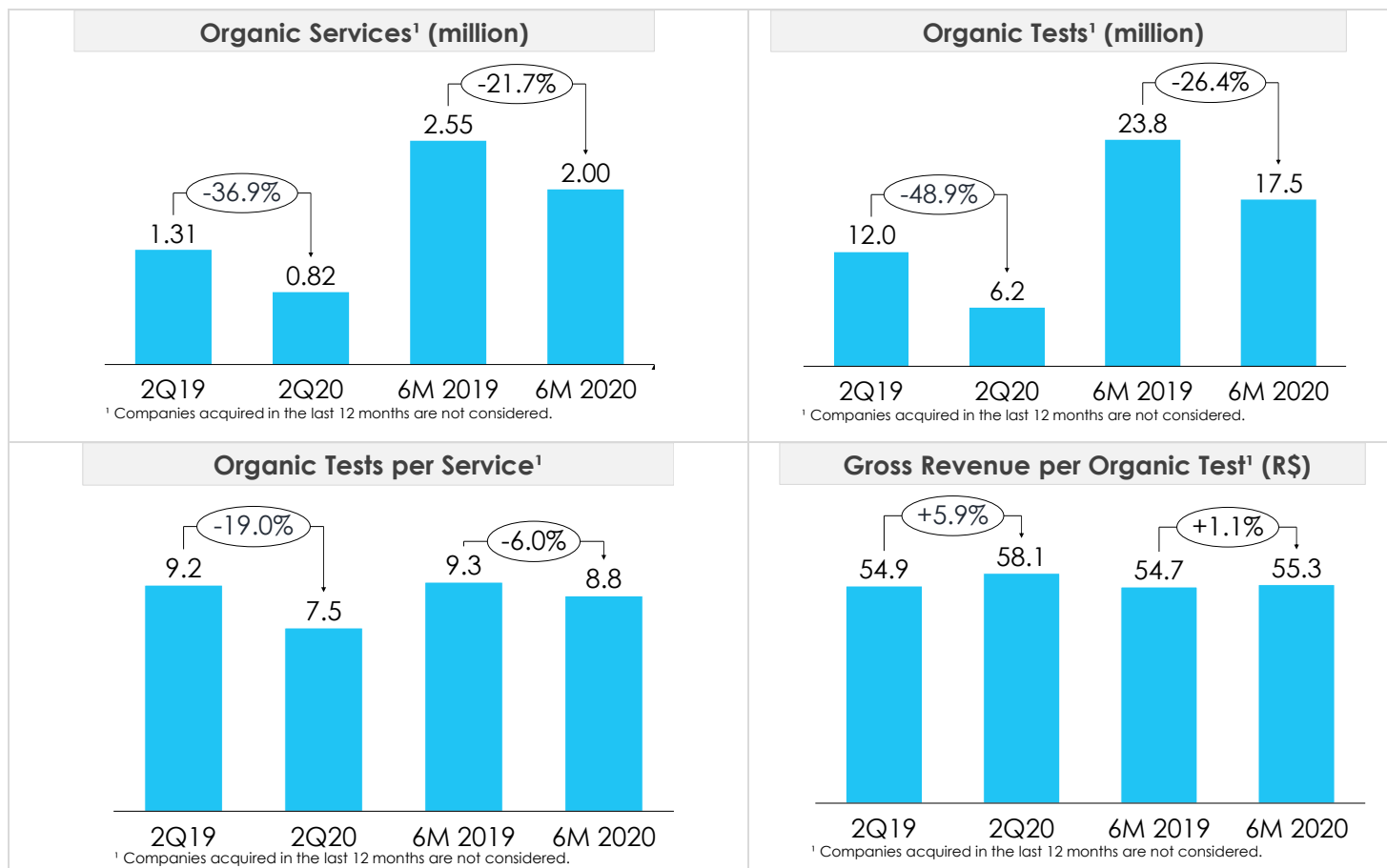
Volume and Gross Revenue per Test | Patient Service Centers

In 2Q20, the number of organic services reached 0.8 million, a reduction of -36.9% compared to the last year. As mentioned, the reduction reflects the effects caused by social distancing, starting in the second half of March, which significantly impacted our operations in the months of April and May.

In 2Q20, the volume of Organic Tests reached 6.2 million and decreased -48.9% in the quarter. The greater decrease in comparison with Organic Services, can be explained by the mix of tests in the period, with a high incidence of tests for COVID-19, RT-PCR and Serology, which are often not accompanied by other tests in service.

In 2Q20, the number of Organic Tests per Service presented a decrease of -19.0%.

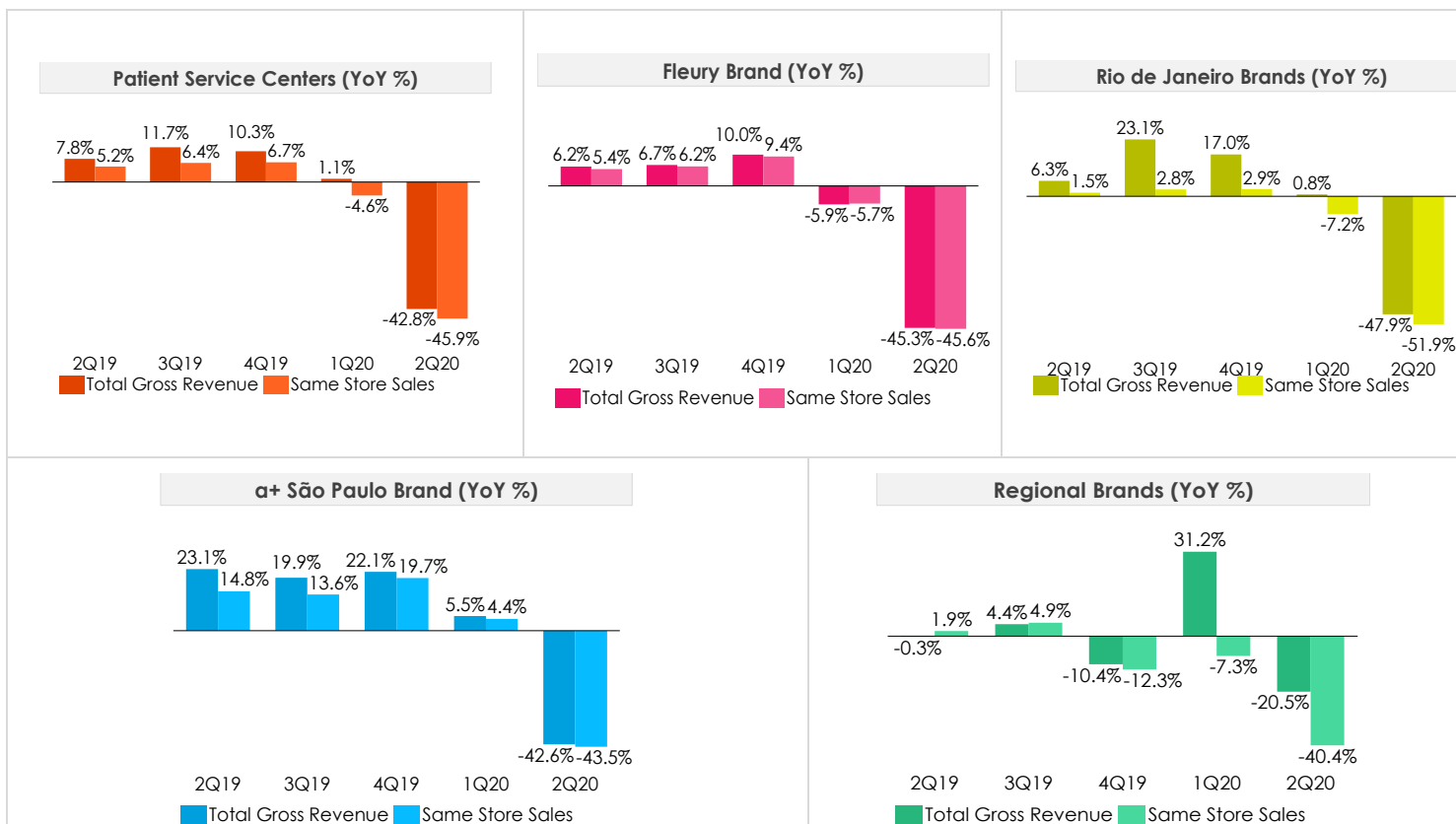
In 2Q20, Gross Revenue per Test presented an increase of +5.9%, reaching R\$ 58.1 compared to R\$ 54.9 in the same period last year. The most relevant effect that occurred in the quarter is related to the mix of tests, with a higher incidence of tests related to COVID-19, which represented 15.6% of the Gross Revenue from the Patient Service Centers that have higher Gross Revenue per Test.



Gross Revenue and Same Store Sales | Patient Service Centers

In 2Q20, the Patient Service Centers presented a decrease of -42.8% (-45.9% organic). The SSS decreased by -45.9%. The quarter showed a sharp drop, mainly in April and May, and in June we registered a good recovery with a retraction of only -9.9%.

The recovery observed throughout the quarter continued in July, where we have already seen a double-digit growth in the Patient Service Centers.



B2B: Hospital Operations and Lab-to-lab

Volume and Gross Revenue | B2B

In the 2Q20, B2B Operations have showed a reduction in Gross Revenue of -10.1%, as a result of the drop of -28.3% in the volume of Tests, due to the reduction in the demand flow in partner hospitals for elective procedures due to COVID-19, and the 25.4% increase in Gross Revenue per Test, impacted by the high participation, 23.1% of Gross Revenue, of COVID-19 tests, which have higher revenue per test.

In the quarter, Hospital Operations decreased -13.5% in Gross Revenue (-17.1% SSS). In view of the reduction in the demand flow for elective procedures, the volume of Tests decreased by -27.9%, in contrast the Gross Revenue per Test was positively impacted by the incidence of COVID-19 tests, mainly RT-PCR, that presents higher Gross Revenue per Test.

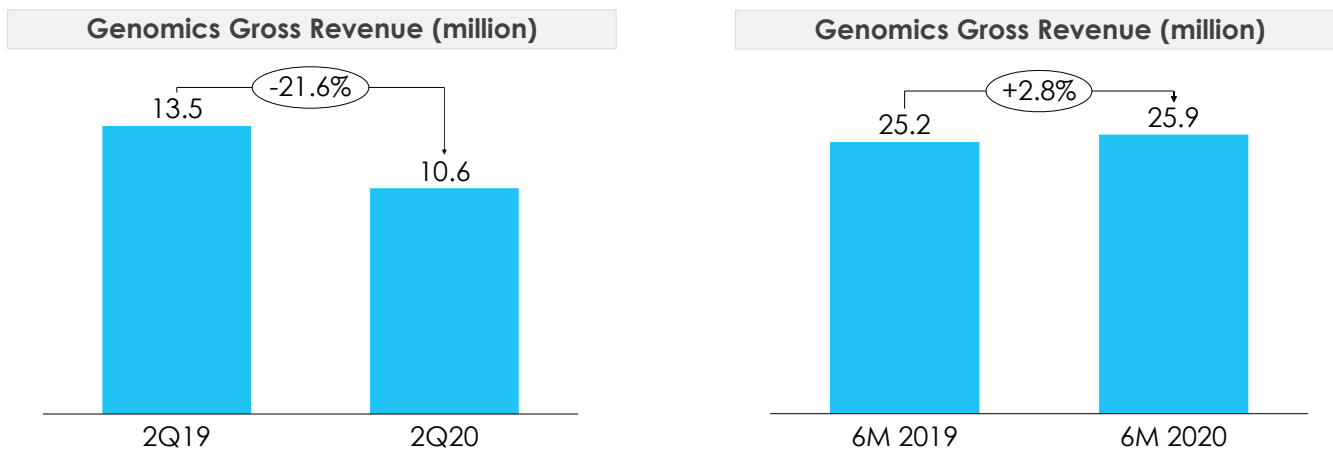
In 2Q20, Lab-to-Lab grew 22.6% in Gross Revenue. Most of the increase comes from Gross Revenue per Test, which grew 95.8%, since the volume of tests decreased (-37.4%). The growth in Gross Revenue per Test reflects the high volume of COVID-19 tests performed for partner laboratories.

B2B Indicators	2Q20	2Q19	Variation	6M 2020	6M 2019	Variation
Gross Revenue (R\$ Million)						
B2B	113.7	126.4	-10.1%	237.3	244.3	-2.9%
Hospital Operations	98.9	114.3	-13.5%	211.0	221.8	-4.8%
Lab-to-Lab	14.8	12.1	22.6%	26.2	22.5	16.4%
Same Store Sales (R\$ Million)						
Hospital Operations	94.8	114.3	-17.1%	NA	NA	NA
Tests (Million)						
B2B	6.0	8.3	-28.3%	13.7	16.2	-15.3%
Hospital Operations	5.8	8.0	-27.9%	13.2	15.5	-14.8%
Lab-to-Lab	0.2	0.4	-37.4%	0.5	0.7	-25.7%
Average Ticket per Test (R\$)						
B2B	19.0	15.2	25.4%	17.3	15.1	14.7%
Hospital Operations	17.2	14.3	19.9%	16.0	14.3	11.7%
Lab-to-Lab	65.4	33.4	95.8%	50.5	32.3	56.6%

Precision and Personalized Medicine: Genomics

In 2Q20, the Gross Revenue from Genomics reached R\$ 10.6 million, a reduction of -21.6% in relation to the previous year. In the 6M20 period, Gross Revenue from Genomics increased 2.8%. Despite the upward trend for genomics tests, with the growing demand and the increase of its penetration in medical orders, the effects of social distancing with COVID-19 pandemic significantly reduced elective medical appointments with a decrease in requests for medical orders of tests. As in the other brands of the Company, we observed an improvement in volume during 2Q20.

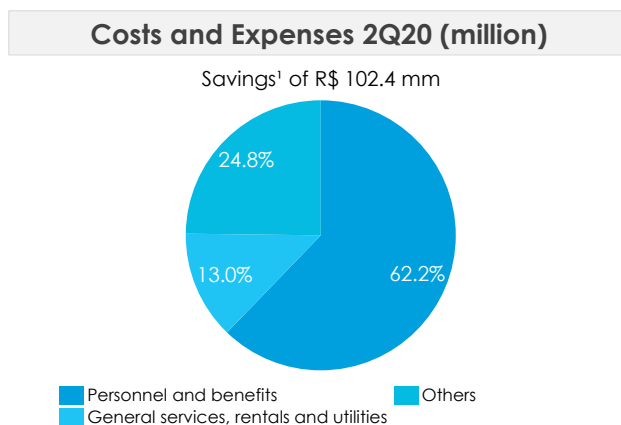
Genomics tests are offered through four channels (in order of relevance): Patient Service Centers (all brands of Grupo Fleury), Lab-to-Lab, Hospitals and Website. The ones that have shown the greatest growth are Lab-to-Lab, with higher penetration in small labs that do not have the offer of genomic tests as well as the growing demand for programs with the pharmaceutical industry, and "Fleury Genomics" website, with an increasingly diverse mix of tests performed, highlighting the preference and ease of the digital channel from the beginning to the end.



Contingency Plan of Operational Costs and Expenses

In March 2020 we started a contingency plan to reduce costs and expenses in view of the reduced demand caused by the restrictions imposed by COVID-19. Between the months of May 2020 and June 2020, there are the largest gains from the negotiations carried out. We worked in negotiations with several suppliers, we promoted a reduction in working hours with the adherence of most employees and reorganized our service offering, concentrating the offering in certain Patient Service Centers with the reduction of service hours and the closing of part of the Patient Service Centers.

The costs and expenses avoided in the period, considering rents, totaled R\$ 102.4 million.



¹ It does not consider reductions related to tests volume.

Cost of Services

In 2Q20, Costs and Services Provided decreased 11.3% in the period. Below, the analysis of the main cost lines in 2Q20 compared to 2Q19.

Personnel and Medical Services (-23.2%) 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. In fixed costs, during May and June, the Company promoted the adoption of MP 936 with a 25% reduction in working hours and, consequently, salaries at the same level. As of July, with the significant resumption of demand, we suspended the reduction in working hours.

General Services, Rentals and Utilities (-5.8%) most of the line consists in fixed costs related to building maintenance, with equipment maintenance, IT infrastructure, outsourced services and utilities related to Patient Service Center and Technical Areas. In April and May, mainly, we reorganized the service offer with the temporary closure of approximately 40% of the Patient Service Centers. In June we started their reopening, which we have less than 5% of the Patient Service Centers closed.

Materials and Test Intermediation (+12.1%) The growth of 12.1% in materials is related to the materials and reagents related to COVID-19 tests, excluding this effect we would have a reduction in the nominal cost. The loss of efficiency in relation to net revenue is explained by: (i) strong reduction in demand in the quarter with the more impact on imaging tests, which have a lower cost associated to materials and (ii) mix between clinical analysis tests, with lower participation in automated tests, which have higher percentage margins.

Depreciation and Amortization (-0.9%) depreciation of the Real State right of use, Medical Equipment and Real State improvements are the most representative of this line.

General Expenses (-68.3%) reaching R\$ -600 million

Cost of Services breakdown	2Q20		2Q19		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Personnel and medical services	(195.1)	-42.9%	(253.9)	-34.8%	-23.2%	-804.6 bps
General services, rentals and utilities	(100.1)	-22.0%	(106.3)	-14.6%	-5.8%	-742.3 bps
Materials and Test Intermediation	(87.4)	-19.2%	(77.9)	-10.7%	12.1%	-851.2 bps
Depreciation and Amortization	(69.1)	-15.2%	(69.7)	-9.6%	-0.9%	-561.7 bps
General Expenses	(0.6)	-0.1%	(2.0)	-0.3%	-68.3%	13.4 bps
Cost of Services	-452.4	-99.4%	-509.9	-70.0%	-11.3%	-2946.4 bps

Cost of Services breakdown	6M 2020		6M 2019		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Personnel and medical services	(455.2)	-38.9%	(492.9)	-34.5%	-7.6%	-445.8 bps
General services, rentals and utilities	(212.3)	-18.2%	(206.4)	-14.4%	2.9%	-372.2 bps
Materials and Exam Intermediation	(168.6)	-14.4%	(145.6)	-10.2%	15.8%	-424.0 bps
Depreciation and Amortization	(140.8)	-12.0%	(138.8)	-9.7%	1.4%	-233.2 bps
General Expenses	(1.8)	-0.2%	(3.5)	-0.2%	-49.0%	9.2 bps
Cost of Services	-978.7	-83.7%	-987.2	-69.1%	-0.9%	-1466.1 bps

Operating Expenses and Equity in Subsidiaries

In 2Q20, Operating Expenses decreased -24.7% (reduction of -6.1% excluding the non recurring effects that occurred in 2Q19). Below, the analysis of the main expense lines in 2Q20 compared to 2Q19.

General and Administrative Expenses (-24.3%), excluding the non recurring effects that occurred in 2Q19 of R\$ 9.9 million (-11.7%). Most of the line, approximately 70%, is related to fixed expenses, mainly Personnel and Benefits. The decrease observed is explained by the adoption of most employees of the reduction in working hours, including Senior Management and the Board of Directors, with the reduction of 25% of salaries during the months of May and June, in addition, actions were taken for the suspension of hiring, advance of vacation, relocation of teams, among others.

Depreciation and Amortization (+7.6%) Equals to -3.4% of the Net Revenue, increase of 144 bps. The greater representation of the line is related to software amortization.

Other Operating (Income)/Expenses (-106.8%), excluding the non recurring effects that occurred in 2Q19 of R\$ 8.2 million (+23.3%).

Provision (Reversal) for Contingency (-111.4%) Represented an increase of 9 bps.

Operating Expenses breakdown and Equity in Subsidiaries	2Q20		2Q19		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
G&A	(52.5)	-11.5%	(69.4)	-9.5%	-24.3%	-202 bps
Depreciation and Amortization	(15.6)	-3.4%	(14.5)	-2.0%	7.6%	-144 bps
Other Operating (Income) Expenses	0.5	0.1%	(7.8)	-1.1%	-106.8%	118 bps
Provision (Reversal) for Contingency	(0.1)	0.0%	0.5	0.1%	-111.4%	-9 bps
Equity in Subsidiaries	(1.0)	-0.2%	(0.1)	0.0%	964.2%	-21 bps
Operating Expenses and Equity in Sub.	-68.7	-15.1%	-91.3	-12.5%	-24.7%	-258 bps
Non-recurring	0.0	0.0%	18.1	2.5%	-100.0%	-248 bps
Recurring Operating Expenses and Equity in Sub.	-68.7	-15.1%	-73.2	-10.0%	-6.1%	-506 bps

Operating Expenses breakdown and Equity in Subsidiaries	6M 2020		6M 2019		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
G&A	(117.3)	-10.0%	(124.9)	-8.7%	-6.1%	-129 bps
Depreciation and Amortization	(31.2)	-2.7%	(29.2)	-2.0%	6.5%	-62 bps
Other Operating (Income) Expenses	1.3	0.1%	(7.8)	-0.5%	-116.0%	66 bps
Provision (Reversal) for Contingency	0.6	0.1%	(1.0)	-0.1%	-163.3%	12 bps
Equity in Subsidiaries	(1.0)	-0.1%	(0.2)	0.0%	389.2%	-7 bps
Operating Expenses and Equity in Sub.	-147.6	-12.6%	-163.1	-11.4%	-9.5%	-121 bps
Non-recurring	0.0	0.0%	18.1	1.3%	-100.0%	-127 bps
Recurring Operating Expenses and Equity in Sub.	-147.6	-12.6%	-145.0	-10.1%	1.7%	-248 bps

Income Statement

Net Revenue decreased -37.6%, as a result of the -37.5% decrease in Gross Revenue and Cancellations and Discounts, reaching -1.4% in relation to Gross Revenue, practically stable compared to 2Q19 (-6 bps).

As mentioned in the analysis of Operating Costs and Expenses, the sharp effect of reduced demand, especially in April and May, due to the restriction measures to increase social distancing, had an impact on the efficiency of fixed costs and expenses.

In March 2020 we started the Contingency Plan to reduce fixed Operating Costs and Expenses, we were successful with the reduction of R\$ 102.4 million between April and June, mitigating part of the effects related to the decrease in the volume of the operations.

Gross Profit reached R\$ 2.6 million, a reduction of -98.8%.

EBITDA reached R\$ 19.6 million, a decrease of -91.5% compared to 2Q19 adjusted for non-recurring effects. EBITDA ex-IFRS 16, which includes rental costs and expenses in its calculation, reached R\$ -20.9 million.

Net Loss was R\$ -73.3 million, a decrease of -185.4% compared to 2Q19 adjusted for non-recurring effects.

Income Statement (R\$ million)	2Q20	2Q19	Variation	6M 2020	6M 2019	Variation
Gross Revenue	492.2	787.6	-37.5%	1,262.8	1,545.5	-18.3%
Taxes on Gross Revenue	(30.4)	(48.5)	37.3%	(78.1)	(95.2)	18.0%
Cancellations	(6.8)	(10.4)	34.6%	(15.9)	(21.1)	24.7%
<i>Cancellations (% Gross Revenue)</i>	-1.4%	-1.3%	-6.0 bps	-1.3%	-1.4%	11.0 bps
Net Revenue	454.9	728.7	-37.6%	1,168.9	1,429.3	-18.2%
Cost of Rendered Services	(452.4)	(509.9)	11.3%	(978.7)	(987.2)	0.9%
Gross Profit	2.6	218.8	-98.8%	190.2	442.1	-57.0%
Gross Margin	0.6%	30.0%	-2946.0 bps	16.3%	30.9%	-1466.0 bps
Operating Expenses and Equity in Subsidiaries	(68.7)	(91.3)	24.7%	(147.6)	(163.1)	9.5%
Financial Results	(36.6)	(28.2)	-30.0%	(65.4)	(52.7)	-24.1%
Earnings Before Tax (EBIT)	(102.7)	99.4	-203.3%	(22.8)	226.2	-110.1%
Income Tax and Social Contribution	29.4	(26.8)	209.6%	8.2	(61.0)	113.5%
<i>Effective Tax Rate</i>	-28.6%	-27.0%	-165.0 bps	-36.1%	-27.0%	-912.0 bps
Net Income	(73.3)	72.6	-201.0%	(14.6)	165.2	-108.8%
Net Margin	-16.1%	10.0%	-2608.0 bps	-1.2%	11.6%	-1280.0 bps
EBITDA	19.6	211.9	-90.7%	215.6	447.2	-51.8%
EBITDA Margin	4.3%	29.1%	-2477.0 bps	18.4%	31.3%	-1285.0 bps
EBITDA ex-IFRS 16	(20.9)	172.6	-112.1%	133.0	369.2	-64.0%
EBITDA Margin ex-IFRS 16	-4.6%	23.7%	-2828.0 bps	11.4%	25.8%	-1445.0 bps
EBITDA Recorrente	19.6	230.0	-91.5%	215.6	465.3	-53.7%
Margem EBITDA Recorrente	4.3%	31.6%	-2726.0 bps	18.4%	32.6%	-1412.0 bps
Recurring Net Income	(73.3)	85.8	-185.4%	(14.6)	178.4	-108.2%
Recurring Net Margin	-16.1%	11.8%	-2789.0 bps	-1.2%	12.5%	-1373.0 bps

Indebtedness

Gross debt presented an 78.9% increase, as a result of issuances in the period, R\$ 500 million in December 2019 and R\$ 150 million in March 2020 and R\$ 400 million in April, with a consequent impact on cash and cash equivalents that increased its position by 283.8%.

Net debt grew 6.5%, and the relation with EBITDA LTM ratio was 1.4x.

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.

Composition of Net Debt (R\$ MM)	2Q20	1Q20	Variation
Gross Debt (Debentures and Borrowings and Acquisitions)	2,057.7	1,692.2	21.6%
Cash, Cash Equivalents and Marketable Securities	1,152.8	803.6	43.5%
Net Debt	904.9	888.6	1.8%
Net Debt / EBITDA LTM	1.4x	1.1x	0.3x
EBITDA LTM / Financial Result LTM	4.4x	6.1x	-1.7x

Investments

In the quarter, the investments presented a decrease of -3.7%, reaching R\$ 40.1 million.

The investments in new Patient Service Centers, Expansion of Supply in Existing Patient Service Centers and Technical Areas line decreased by -29.0%, with no investment in new ones.

The IT/Digital line decreased -18.0%, exclusively with reductions related to IT investments without compromising the operation. Digital investments grew by 53.5%.

CAPEX (R\$ million)	2Q20	2Q19	Variation	6M 2020	6M 2019	Variation
New PSC's, Offer Expansion in Existing Units and Technical Areas	9.2	12.9	-29.0%	18.1	29.0	-37.6%
Diagnostic Equipment Renewal and Maintenance	13.7	7.7	77.9%	29.2	29.8	-2.0%
IT/Digital	17.3	21.1	-18.0%	33.5	30.8	8.6%
Total Capex	40.1	41.7	-3.7%	80.8	89.7	-9.9%

Cash Flow

In 2Q20, Operating Cash Flow registered R\$ 65.5 million, a decrease of -60.0%. The observed decrease is explained by the -90.7% reduction in EBITDA and partially mitigated by the improvement in working capital.

In Working Capital, the variation in accounts receivable had the most relevant impact, from R\$ -52.9 million in 2Q19 to R\$ 114.8 million in 2Q20. The effect is mainly due to the sharp drop in revenue that occurred in the months of April 2020 and May 2020, at the same time that the company did not lose its efficiency in receiving the revenue from previous periods. The Average Collection Period is distorted, as it lists the final balance of Accounts Receivable, in this case June 2020, divided by Gross Revenue minus 2Q20 Cancellations, which presented a significant retraction.

We emphasize the maintenance of the Company's liquidity level, with low cash consumption, despite the extremely adverse demand scenario.

The Company's Free Cash Flow decreased -79.7%, as the level of CAPEX was similar to 2Q19.

Finally, Shareholder Free Cash Flow grew, from R\$ 52.4 million to R\$ 354.2 million, impacted by the debt captions in the period.

Cash Flow (R\$ MM)	2Q20	2Q19	▲ %	6M 2020	6M 2019	▲ %
EBITDA	19.6	211.9	-90.7%	215.6	447.2	-51.8%
Provisions (reversions)	7.3	19.3	-62.4%	17.9	39.2	-54.2%
Income Tax Paid	(1.4)	(43.8)	96.9%	(29.1)	(66.7)	56.3%
Others Operating Results	3.0	5.2	-42.0%	10.8	15.7	-30.8%
Working Capital Variation:	37.0	(28.8)	228.1%	(18.4)	(162.2)	88.7%
Trade Accounts Receivables	114.8	(52.9)	316.9%	138.1	(113.9)	221.2%
Suppliers	(16.0)	(5.1)	-211.9%	(33.0)	(26.4)	-25.2%
Salaries / Charges	20.1	16.9	19.1%	(11.6)	(11.3)	-3.0%
Others Assets and Liabilities	(82.0)	12.3	-765.1%	(111.8)	(10.7)	-945.2%
(=) Operating Cash Flow	65.5	163.7	-60.0%	196.8	273.2	-28.0%
Capital Expenditures	(40.2)	(41.7)	3.5%	(80.9)	(89.7)	9.8%
Others Investing Activities	(0.7)	(1.3)	47.2%	(0.5)	(1.8)	72.0%
(=) Free Cash Flow to Firm (FCFF)	24.6	120.8	-79.7%	115.4	181.6	-36.5%
Interest Paid / Received	(21.4)	(27.5)	22.0%	(27.1)	(40.4)	33.0%
Change in Debt	386.6	(4.2)	9212.5%	368.6	(182.2)	302.3%
Leasing	(35.6)	(36.7)	3.0%	(78.1)	(76.3)	-2.3%
(=) Free Cash Flow to Equity (FCFE)	354.2	52.4	575.8%	378.7	(117.3)	422.9%
Dividends and Interest on Capital	0.0	(217.3)	100.0%	(31.2)	(252.3)	87.6%
Payment of Acquisitions	(5.0)	(136.8)	96.3%	(53.5)	(140.6)	61.9%
Capital Increase (Stock Options)	0.0	0.0	0.0%	0.9	1.6	-45.2%
(=) Cash Flow	349.2	(301.7)	215.8%	295.0	(508.5)	158.0%

¹ It does not consider the variation in Marketable securities

Cash Flow Indicators	2Q20	2Q19	▲	6M 2020	6M 2019	▲
Average Collection Period	79	70	9 days	61	72	-10 days
Average Payment Period	60	54	6 days	55	57	-2 days
Cash Flow Conversion to EBITDA	333.8%	77.3%	25657.0 bps	91.3%	61.1%	3022.0 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 36 patient service centers in regions where the Company already has operations and 36 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 Betttega	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	NA	1.213	Rio Grande do Sul
2	IRN	Matriz	1.697	Rio Grande do Norte
3	IRN	Parnamirim	453	Rio Grande do Norte
4	IRN	Lagoa Nova	1.193	Rio Grande do Norte
5	IRN	Harmony Center	98	Rio Grande do Norte
6	LAFE	Alcantara	217	Rio de Janeiro
7	LAFE	Bairro de Fatima	287	Rio de Janeiro
8	LAFE	Barra I	256	Rio de Janeiro
9	LAFE	Barra II	107	Rio de Janeiro
10	LAFE	Barra III	151	Rio de Janeiro
11	LAFE	Belford Roxo	202	Rio de Janeiro
12	LAFE	Botafogo I	442	Rio de Janeiro
13	LAFE	Centro I	308	Rio de Janeiro
14	LAFE	Copacabana I	207	Rio de Janeiro
15	LAFE	Copacabana II	212	Rio de Janeiro
16	LAFE	Del Castilho	303	Rio de Janeiro
17	LAFE	Duque de Caxias I	176	Rio de Janeiro
18	LAFE	Duque de Caxias II	257	Rio de Janeiro
19	LAFE	Gavea	132	Rio de Janeiro
20	LAFE	Guadalupe	120	Rio de Janeiro
21	LAFE	Icarai	522	Rio de Janeiro
22	LAFE	Ilha do Governador I	156	Rio de Janeiro
23	LAFE	Ilha do Governador II	268	Rio de Janeiro
24	LAFE	Ipanema I	251	Rio de Janeiro
25	LAFE	Laranjeiras II	84	Rio de Janeiro
26	LAFE	Leblon	117	Rio de Janeiro
27	LAFE	Madureira	154	Rio de Janeiro
28	LAFE	Nilopolis	170	Rio de Janeiro
29	LAFE	Nova Iguacu I	242	Rio de Janeiro
30	LAFE	Nova Iguacu II	88	Rio de Janeiro
31	LAFE	Nova Iguacu III	200	Rio de Janeiro
32	LAFE	Sao Cristovão	620	Rio de Janeiro
33	LAFE	Tijuca	318	Rio de Janeiro
34	LAFE	Vila da Penha II	175	Rio de Janeiro

Acquired Patient Service Centers (Part 2)					
35	CPC	Matriz	NA	838	Rio Grande do Norte
36	CPC	Mirassol	NA	94	Rio Grande do Norte
37	CPC	Alexandrino	NA	106	Rio Grande do Norte
38	CPC	Clinorte	NA	43	Rio Grande do Norte
39	CPC	Cidade Verde	NA	132	Rio Grande do Norte
40	CPC	Lima e Silva	NA	124	Rio Grande do Norte
41	CPC	Panamirim	NA	77	Rio Grande do Norte
42	Diagmax	Cedire	NA	317	Pernambuco
43	Diagmax	Derby I	NA	414	Pernambuco
44	Diagmax	Derby li	NA	626	Pernambuco
45	Diagmax	Shopping Recife	NA	565	Pernambuco
46	Diagmax	Shopping Rio Mar	NA	697	Pernambuco
47	Diagmax	Shopping Tacaruma	NA	379	Pernambuco
48	Inlab	Anil	NA	70	Maranhão
49	Inlab	Araçagy	NA	122	Maranhão
50	Inlab	Bequimão	NA	93	Maranhão
51	Inlab	Centro	NA	75	Maranhão
52	Inlab	Cidade Operáeia	NA	67	Maranhão
53	Inlab	Cohab	NA	70	Maranhão
54	Inlab	Cohafuma	NA	88	Maranhão
55	Inlab	Cohajap	NA	72	Maranhão
56	Inlab	Cohama	NA	79	Maranhão
57	Inlab	Cohatrac	NA	64	Maranhão
58	Inlab	Holandeses	NA	324	Maranhão
59	Inlab	João Paulo	NA	153	Maranhão
60	Inlab	Lagoa	NA	82	Maranhão
61	Inlab	Maiobao	NA	76	Maranhão
62	Inlab	São Marcos	NA	24	Maranhão
63	Inlab	Shopping da Ilha	NA	57	Maranhão
64	Inlab	Turu	NA	47	Maranhão
65	Inlab	Olho D'Água	NA	84	Maranhão
66	Inlab	Vinhais	NA	73	Maranhão
67	Inlab	Matriz	NA	298	Maranhão
68	Inlab	Ponta do Farol	NA	65	Maranhão
69	Inlab	São Cristovão	NA	82	Maranhão
70	Inlab	Cassi	NA	15	Maranhão
71	Inlab	I-Medical	NA	9	Maranhão
72	Inlab	São Francisco	NA	22	Maranhão
Total 73 PSCs through acquisition				18017,83 sqm	

Performance Indicators

Operational Indicators	Description	Unit	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Income Statement											
Gross Revenue	Gross Revenue	R\$ MM	728.1	738.5	706.8	757.9	787.6	818.0	778.6	770.6	492.2
Net Revenue	Gross Revenue - Tax (ISS and PIS/COFINS) - Cancellations	R\$ MM	673.4	683.0	654.8	700.6	728.7	755.7	720.1	713.9	454.9
COGS	Personnel and Medical Services + Materials and Outsourcing + General Services, Rent and Utilities + General Expenses + Depreciation and Amortization	R\$ MM	(460.1)	(473.7)	(482.2)	(477.4)	(509.9)	(524.3)	(506.7)	(526.3)	(452.4)
SG&A	Does not include Other Operating Expenses / Revenues, Contingency Provisions and Equity in Subsidiaries	R\$ MM	(74.7)	(72.0)	(79.7)	(70.2)	(83.9)	(79.1)	(85.6)	(80.3)	(68.1)
EBIT	Earnings Before Interest and Taxes	R\$ MM	134.3	135.0	91.3	151.5	127.7	151.9	129.4	108.7	(65.1)
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	R\$ MM	178.8	181.5	145.4	235.3	211.9	238.7	195.1	195.9	19.6
Net Finance Income	Interest Revenue - Interest Expenses	R\$ MM	(14.8)	(11.2)	(15.3)	(24.6)	(28.2)	(27.4)	(53.8)	(28.8)	(36.6)
Net Income	Net Income	R\$ MM	86.6	90.3	58.2	92.6	72.6	91.1	56.1	58.7	(73.3)
Net Cash Income	Net Income - Deferred income tax	R\$ MM	85.7	106.1	63.7	94.5	59.1	102.2	61.3	65.6	(89.8)
Result Indicators											
Cancellation Index	Cancellations / Gross Revenue	%	-1.3%	-1.4%	-1.2%	-1.4%	-1.3%	-1.4%	-1.3%	-1.2%	-1.4%
Gross Margin	Gross Profit / Net Revenue	%	31.7%	30.6%	26.3%	31.9%	30.0%	30.6%	29.6%	26.3%	0.6%
EBIT Margin	Earnings Before Interest and Tax / Net Revenue	%	19.9%	19.8%	13.9%	21.6%	17.5%	20.1%	18.0%	15.2%	-14.3%
EBITDA Margin	Earnings Before Interest, Tax, Depreciation and Amortization / Net Revenue	%	26.6%	26.6%	22.2%	33.6%	29.1%	31.6%	27.1%	27.4%	4.3%
Effective Tax Rate	Current Tax / Earnings Before Tax	%	-27.6%	-27.2%	-23.5%	-27.0%	-27.0%	-27.0%	-25.5%	-26.5%	-28.6%
Net Margin	Net Profit / Net Revenue	%	12.9%	13.2%	8.9%	13.2%	10.0%	12.1%	7.8%	8.2%	-16.1%
Net Cash Income Margin	(Net Income - Deferred income tax) / Net Revenue	%	12.7%	15.5%	9.7%	13.5%	8.1%	13.5%	8.5%	9.2%	-19.7%
Financial Debt											
Cash & Equivalents	Cash, Equivalents and Marketable Securities	R\$ MM	883.6	889.8	808.9	602.0	300.4	463.6	857.8	803.6	1,152.8
Gross Debt	Short and Long Term Debts (Borrowings and Debentures)	R\$ MM	1,418.1	1,422.3	1,305.8	1,131.9	1,150.4	1,155.0	1,639.2	1,692.2	2,057.7
Net Debt	Gross Debt - Cash and Cash equivalents	R\$ MM	534.5	532.6	497.0	529.8	850.1	691.4	781.4	888.6	904.9
Net Debt / EBITDA LTM	(Gross Debt - Cash and Cash equivalents) / EBITDA LTM	Multiple	0.8x	0.8x	0.7x	0.7x	1.1x	0.8x	0.9x	1.1x	1.4x
Profitability and Return											
ROIC without Goodwill ex-IFRS 16 (LTM)	NOPAT ex-IFRS 16 LTM (tax= 34%) / Capital Employed (Shareholders Equity + Net Debt - Goodwill)	%	41.9%	41.3%	41.2%	45.3%	36.0%	38.3%	38.7%	41.0%	20.8%
ROIC ex-IFRS 16 (LTM)	NOPAT ex-IFRS 16 LTM (tax= 34%) / Capital Employed (Shareholders Equity + Net Debt)	%	15.3%	15.4%	15.3%	15.8%	13.6%	14.1%	14.1%	13.1%	7.0%

FLEURY S.A. CONSOLIDATED BALANCE SHEET

 Balance Sheet as of June 30th, 2020 and December 31st, 2019 (In R\$ thousand) – IFRS 16

Assets	Consolidated	
	06/30/2020	12/31/2019
Current		
Cash and cash equivalents	19,598	8,966
Marketable securities	1,064,097	795,298
Accounts receivable	425,917	570,086
Inventories	83,863	31,867
Taxes recoverable	16,890	17,514
IRPJ e CSLL recoverable	74,899	49,804
Related Parties	26	26
Other assets	26,668	11,639
Derivative financial instruments	895	-
Total current	1,712,853	1,485,200
Non-current		
Marketable securities	69,063	53,538
Other assets	32,452	23,155
Deferred income tax and social contribution	14,889	12,590
Judicial deposits	40,995	39,170
Total non-current	3,690,979	3,611,452
Total assets	5,403,832	5,096,652

Liabilities and equity	Consolidated	
	06/30/2020	12/31/2019
Current		
Financing	57,067	31,220
Debentures	254,388	177,276
Financial lease	101,069	131,939
Derivative financial instruments	-	126
Trade accounts payable	162,595	190,442
Payroll and related taxes payable	128,829	139,226
Taxes and contributions payable	26,145	30,941
IRPJ e CSLL payable	749	448
Accounts payable - company acquisition	53,858	8,991
Dividends payable	197,787	31,207
Other accounts payable	5,397	5,219
Total current	987,884	747,035
Non-current		
Financing	558,557	47,914
Debentures	1,049,468	1,300,000
Financial lease	704,584	690,940
Labor liabilities	-	218
Deferred income tax and social contribution, net	404,284	409,843
Provision for tax, labor and civil risks	38,793	37,947
Taxes and contributions payable	19,444	21,527
Accounts payable - company acquisition	84,333	73,813
Other accounts payable	7,032	8,439
Total non-current	2,866,495	2,590,641
Equity		
Share capital	1,427,152	1,426,267
Capital reserve - options granted recognized	34,011	32,067
Legal reserve	102,876	102,876
Retained earnings	-	14,586
Additional dividends proposed	-	-
Total equity	1,549,453	1,758,976
Total liabilities and equity	5,403,832	5,096,652

FLEURY S.A. CONSOLIDATED INCOME STATEMENT

Income Statement as of June 30th, 2020 and June 30th, 2019 (In R\$ thousand, except Earnings per share) – IFRS 16

	Consolidated	
	2Q20	2Q19
Revenue from services rendered	454,944	728,692
Cost of services rendered	(452,364)	(509,857)
Gross Profit	2,580	218,835
Operating income (expenses)		
General and administrative	(68,137)	(83,929)
Other operating income (expenses), net	529	(7,771)
Provision for tax, labor and civil risks	(62)	545
Equity in the earnings (losses) of subsidiaries	(1,028)	(97)
Operating profit before financial result	(66,118)	127,583
Financial income	8,778	7,777
Financial expenses	(45,378)	(35,930)
Financial result	(36,600)	(28,153)
Earnings before income tax and social contribution	(102,718)	99,430
Income tax and social contribution:		
Current	12,926	(40,345)
Deferred	16,486	13,513
Profit for the period	(73,306)	72,598
Earnings per share attributable to owners of the Company		
Basic earnings per share (weighted average)	(0.23)	0.23
Diluted earnings per share (weighted average)	(0.23)	0.23

FEURY S.A. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Statements of Changes in Equity as of June 30th, 2020 and December 31st, 2019 and 2018 (In R\$ thousand) – IFRS 16

	Share Capital		Capital Reserve	Legal Reserve	Investment Reserve	Additional dividends proposed	Equity
	Share Capital	Share issue expenses	Options granted recognized		Profit for the period		
Balances on December 31, 2018	<u>1,441,920</u>	<u>(22,784)</u>	<u>26,259</u>	<u>87,261</u>	<u>217,305</u>	-	<u>1,749,961</u>
Capital increase	7,131	-	-	-	-	-	7,131
Stock option plan	-	-	5,808	-	-	-	5,808
Profit for the period (R\$0,87 per share)	-	-	-	-	-	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	<u>1,449,051</u>	<u>(22,784)</u>	<u>32,067</u>	<u>102,876</u>	<u>197,766</u>	-	<u>1,758,976</u>
Capital increase	885	-	-	-	-	-	885
Stock option plan	-	-	1,944	-	-	-	1,944
Profit for the period	-	-	-	-	-	(14,586)	(14,586)
Intangible assets	-	-	-	-	(197,766)	-	(197,766)
Balances on June 30, 2020	<u>1,449,936</u>	<u>(22,784)</u>	<u>34,011</u>	<u>102,876</u>	-	<u>(14,586)</u>	<u>1,549,453</u>

FLEURY S.A. CONSOLIDATED STATEMENTS OF CASH FLOW

Statements of Cash Flow as of June 30th, 2020 and June 30th, 2019 (In R\$ thousand) – IFRS 16

	Consolidated	
	30/06/2020	30/06/2019
Profit for the period	(14.586)	165.171
Items not affecting cash:		
Income tax and social contribution	(8.241)	61.048
Financial and expenses income	76.202	64.884
Depreciation and amortization	171.954	168.075
Equity in the earnings (losses) of subsidiaries	989	202
Stock option plan	1.944	3.142
Constitution of provision for tax, labor and civil risks	(606)	959
Estimated losses with doubtful accounts and disallowances	16.629	21.401
Profit sharing	(26)	12.586
Other	77	3.514
Cash flows from operating activities before changes in assets and liabilities	244.336	500.982
(Increase) decrease in accounts receivable	138.089	(113.899)
(Increase) decrease in inventories	(51.996)	(4.043)
(Increase) decrease in taxes recoverable	(24.395)	2.846
(Increase) decrease in judicial deposits	(1.825)	460
(Increase) decrease in other assets	(23.563)	(6.972)
Increase (decrease) in trade accounts payable	(33.014)	(26.359)
Increase (decrease) in labor liabilities	(11.608)	(11.269)
Increase (decrease) in tax liabilities	(6.332)	(2.287)
Increase (decrease) in taxes paid in installments	(3.289)	(1.992)
(Increase) decrease in other liabilities	(450)	2.410
Total variation in assets and liabilities	(18.383)	(161.105)
Income tax and social contribution paid	(29.144)	(66.690)
Net cash from operating activities	196.809	273.187
Acquisition of property and equipment and intangible assets	(80.917)	(89.708)
Marketable securities and interest earned	(284.324)	462.241
Payments	(42.113)	(139.352)
Related parties increase	-	(740)
Acquisition of	-	(1.216)
Interest earned from financial investments	84	28
Net cash used in investing activities	(407.270)	231.253
Borrowings and debentures	550.000	-
Settlement (principal) of financing and debentures	(181.328)	(181.200)
Interest paid in financing and debentures	(38.801)	(40.463)
Financial expenses paid	(2.643)	(1.071)
Derivative financial instruments	2.002	(19)
Leasing	(77.619)	(76.329)
Capital integralization	885	1.615
Dividends and / or interest on shareholders' equity	(31.177)	(252.264)
Risk Withdrawn Operation	(225)	-
Net cash used in financing activities	221.094	(550.711)
(Decrease) increase in cash and cash equivalents	10.632	(46.271)
Cash and cash equivalents		
At the beginning of the period	8.966	55.231
At the end of the period	19.598	8.960
Variation in cash and cash equivalents	10.632	(46.271)

FLEURY S.A. CONSOLIDATED STATEMENTS OF VALUE ADDED

Statements of Value Added as of June 30th, 2020 and June 30th, 2019 (In R\$ thousand) – IFRS 16

	Consolidated	
	06/30/2020	06/30/2019
Revenues	1,251,807	1,528,228
Goods and products sold and services rendered	1,262,354	1,544,716
Estimated losses with doubtful accounts and disallowances	(16,629)	(21,401)
Other revenue	6,082	4,913
Inputs purchased from third parties	(549,400)	(553,717)
Cost of goods and products sold and services rendered	(507,375)	(513,992)
Materials, electricity, outsourced services and others	(41,009)	(39,024)
Loss/recovery of asset values	(1,016)	(701)
Gross value added	702,407	974,511
Depreciation and amortization	(171,953)	(168,075)
Net value added	530,454	806,436
Value added received through transfer	18,402	20,619
Equity in the earnings (losses) of subsidiaries	(989)	(202)
Financial income	19,391	20,821
	-	-
Total value added	548,856	827,055
	-	-
Distribution of value added	(548,856)	(827,055)
Personnel and charges	(323,348)	(342,708)
Direct remuneration	(213,203)	(233,764)
Benefits	(91,238)	(88,967)
Charges	(18,907)	(19,977)
Taxes, fees and contributions	(135,916)	(221,929)
Federal	(95,504)	(174,379)
Municipalities	(40,412)	(47,550)
Interest, rental and other operating expenses	(104,178)	(97,247)
Rental	(10,603)	(9,943)
Interest	(84,096)	(72,610)
Other operating expenses	(9,479)	(14,694)
Dividends and/or Interest on Equity	-	-
Legal Reserve	-	-
Retained earnings	14,586	(165,171)