

# Earnings

## 3Q18

**Conference call:**

October 26<sup>th</sup> | 11AM (10AM EDT)

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**In September 28<sup>th</sup>, 2018:**

**Total shares**

315,654,796

**Market cap**

R\$ 6,989MM | US\$ 1,745MM

**Share price**

R\$ 22.14 /US\$ 5.53

**Fleury ON**

B3: FLRY3

Bloomberg: FLRY3 BZ

Thomson Reuters: FLRY3-BR

**Debentures**

BRFLRYDBS015

BRFLRYDBS023

BRFLRYDBS031

BRFLRYDBS049

BRFLRYDBS056



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**São Paulo, October 25<sup>th</sup>, 2018** – Grupo Fleury announces today its 3<sup>rd</sup> quarter 2018 (3Q18) results. All figures are compared to the same period of the previous year, unless otherwise stated, and are rounded to the nearest thousand, but may have differences when compared to the financial statements due to decimal digits.

## Highlights

- Net Revenue of R\$ 683.0 million (+11.0%).
- Same Store Sales growth of 6.8% in PSCs<sup>2</sup>.
- Cancellations represented 1.5% (improvement of 14 bps).
- EBITDA of R\$ 181.5 million (+11.1%), with margin of 26.6% (stable).
- Net Income of R\$ 90.3 million (+4.4%).
- Operating Cash Flow of R\$ 173.5 million (+1.7%).
- Return on Invested Capital (ROIC<sup>1</sup>), excluding goodwill, reached 41.3% (-238 bps).
- NPS reached 77.9% (+93 bps).
- Launch of 6 new a+ brand PSCs in São Paulo.
- 55% of the Expansion Plan's new area is in initial stage of maturation with under 12 months of operation.

<sup>1</sup> Excludes the goodwill of the stockholder's equity.

<sup>2</sup> Patient Service Centers.

## Financial Indicators

Financial Indicators (R\$ MM)	3Q18	3Q17	Variation	9M 2018	9M 2017	Variation
Gross Revenue	738.5	667.7	10.6%	2,172.8	1,956.3	11.1%
Net Revenue	683.0	615.6	11.0%	2,009.7	1,801.0	11.6%
Gross Profit	209.3	193.2	8.3%	636.0	582.5	9.2%
EBITDA	181.5	163.4	11.1%	546.3	488.0	11.9%
Net Income	90.3	86.6	4.4%	273.4	256.0	6.8%
Net Cash Income <sup>1</sup>	106.1	112.7	-5.8%	296.2	310.5	-4.6%
Operating Cash Flow	173.5	170.5	1.7%	489.3	417.8	17.1%
Cancellations (% Gross Revenue)	-1.5%	-1.7%	14.0 bps	-1.4%	-1.8%	33 bps
Gross Margin %	30.6%	31.4%	-74.0 bps	31.6%	32.3%	-70 bps
EBITDA Margin %	26.6%	26.5%	3.0 bps	27.2%	27.1%	8 bps
Effective Tax Rate	-27.2%	-25.8%	-136.0 bps	-27.1%	-25.8%	-129 bps
Net Income Margin %	13.2%	14.1%	-84.0 bps	13.6%	14.2%	-61 bps
Net Cash Income / Net Revenue	15.5%	18.3%	-276.0 bps	14.7%	17.2%	-250 bps
Operating Cash Flow / Net Revenue	95.6%	104.4%	-877.0 bps	89.6%	85.6%	396 bps
ROE (LTM)	19.9%	19.2%	66.0 bps	19.9%	19.2%	66 bps
ROIC (LTM)	15.4%	14.9%	49.0 bps	15.4%	14.9%	49 bps
ROIC without goodwill (LTM)	41.3%	43.6%	-238.0 bps	41.3%	43.6%	-238 bps

<sup>1</sup> "Net Cash Income": excludes the impact of deferred income tax

## Management Comments

We continued with the execution of our Expansion Plan, adding 6 a+ brand PSCs in São Paulo this quarter. This expansion of our network occurred with the opening in July of 3 PSCs, all fast sites, offering clinical analysis and ultrasonography in the regions of Jardins, Vila Andrade and Alphaville. In August, we inaugurated the a+ Granja Viana PSC, a fast site unit with clinical analysis offering, marking our entrance in the extreme west of São Paulo city. Also, this month, we inaugurated the PSC a+ Tatuapé, a large PSC, with a complete mix of tests, including 2 MRIs and 1 CT scan. Lastly, in September, we inaugurated the São Bernardo do Campo fast site PSC, the second PSC in this region, to meet the growing demand for our clinical analysis and ultrasound services.

In the personalized and precision medicine segment, we developed internally, through our R&D, 16 new tests for genomics, among these we highlight 3 new tests for diabetes that represents an important advance for a better diagnosis of more rare and genetic types. Currently we have a portfolio of 287 tests for genomics, which puts us ahead in this segment. In 9M18, genomics revenues grew by 51%.

We have started an unprecedented research in Brazil, in partnership with Pérola Byinton Hospital and the american company, Genomic Health, to advance the treatment of breast cancer through the genomic test Oncotype. The expectation is that in more than 70% of the cases of the studied patients there is no need for treatment through chemotherapy, which could result in a strong reduction, around 30%, in the cost of treatment and delivery a relevant benefit for the patients, increasing the chances of treatment and reducing side effects.

Still in the personalized and precision medicine segment, we concluded in 3Q18 the negotiation of accreditation with 2 healthcare operators of a relevant part of our portfolio of genomics tests. These are important movements and connected with our strategy of strong growth in the genomics segment in the coming years, gaining relevance in our revenues.

At the same time, we have intensified our digital transformation, with the objective of improving the client's journey in the use of our services, as well as further streamlining our internal management and efficiency processes. In this context, the Digital Check-In Project is already implemented in 10 PSCs in São Paulo, 6 of the a+ brand and 4 of the Fleury brand. In the coming quarters we expect to accelerate the roll out of this project.

Our actions in digital transformation and innovation were once again recognized through Valor Inovação Brasil award, from the Valor Econômico newspaper. In this edition, the highlight was our platform of genomic tests, in addition to projects with the use of Artificial Intelligence. We also received a recognition from the Cancer Institute of the State of São Paulo (ICESP), with the first place in the Oncology Research category with the TOT genomic test, indicated to identify metastatic tumors of unknown origin.

An important award was also granted by Center for Communication Studies (CECOM), which recognized the company among the companies that best communicate with journalists, being the only mention in the segment of healthcare service providers. Finally, we were in fifth place among 185 companies with shares traded on B3 in the Broadcast Empresas award, after evaluating several financial indicators.

These advances and acknowledgments contributed to further increase of the Customer Satisfaction, as measured by the Net Promoter Score (NPS), which reached 77.9% in the quarter, an increase of 93 bps compared to 3Q17, highlighted by the operations of a+ brand in Paraná, Felipe Mattoso brand and Labs a+ brand both in Rio de Janeiro and a+ brand in Pernambuco.

The 3Q18 result showed growth of 10.6% in Gross Revenue and 11.0% in Net Revenue. EBITDA increased by 11.1% to R\$ 181.5 million, with a EBITDA margin of 26.6%. Net Income increased by 4.4%, to R\$ 90.3 million.

We faced in the quarter the seasonal effect caused by the World Cup event in the first fortnight of July, which impacted our operations, reducing customer flow in the month. Despite this effect, we observed a consistent growth in the Regional Brands, mainly in the a+ brands in São Paulo, Labs a+ and Felipe Mattoso brands, both in Rio de Janeiro.

It is also worth noting that, in view of the economic scenario, the premium segment has shown a variation in the number of beneficiaries in recent quarters, having this effect reflected in the performance of the Fleury brand. Even in the face of this scenario, we understand that the brand has expanded its market share in the premium segment, mainly because of its competitive power, an attribute that protects it more from the negative effects imposed by this context.

For the next few quarters, we continue working to capture the growth opportunities and efficiency gains in our portfolio of brands, either through organic expansion through the Expansion Plan, whose focus in the short term is on Regional Brands, or on the Fleury brand, increasing the occupation of existing assets by capturing new customers and offering new products and services, in a design of a differentiated healthcare platform.

Therefore, the company will continue to apply its skills - technical, medical, service and management excellence - to implement a strategy of leadership in the healthcare sector, with a focus on integrated patient care and the generation of value for the whole healthcare chain and its shareholders.

## Financial Performance

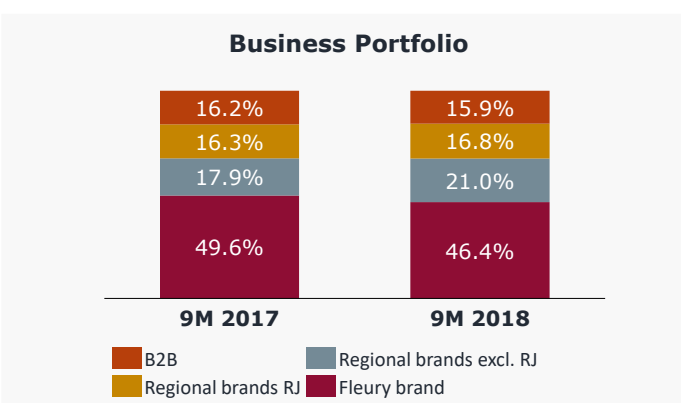
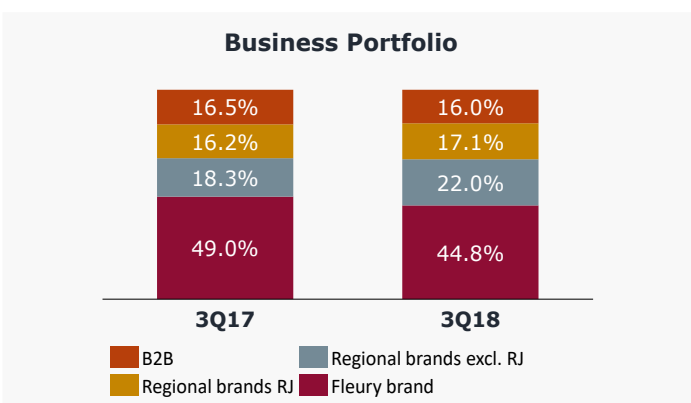
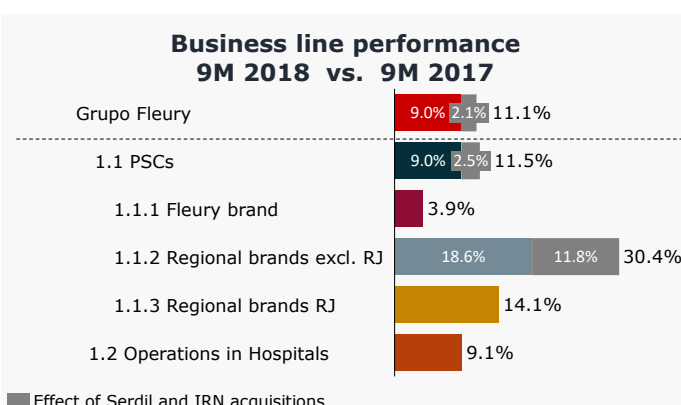
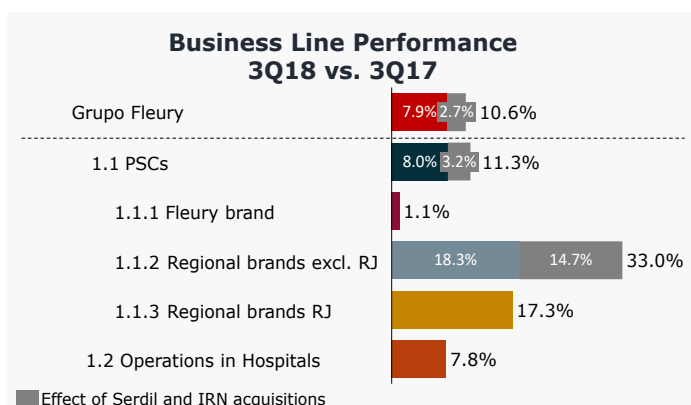
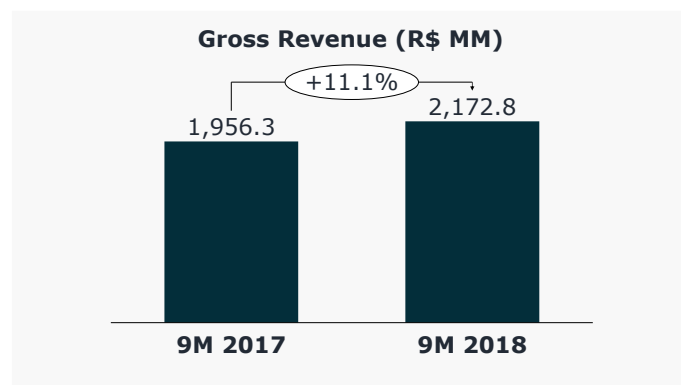
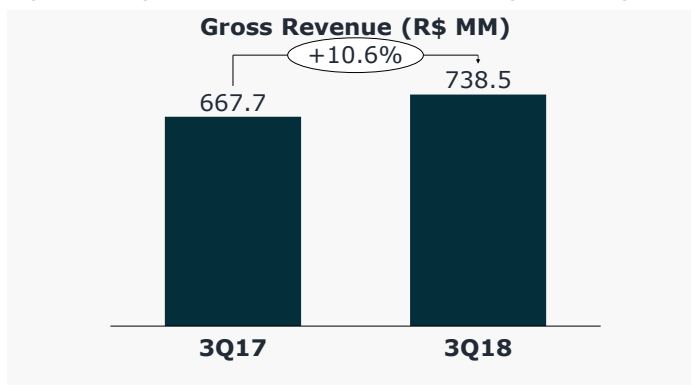
### Gross Revenue

Revenue reached R\$ 738.5 million in the quarter, growth of 10.6%. The expansion of Regional Brands excluding Rio de Janeiro (+33.0%) and brands of Rio de Janeiro (+17.3%) was noteworthy.

Disregarding the PSCs from the acquisitions of Serdil and IRN, consolidated as of 1Q18 and 2Q18, respectively, Gross Revenue in the quarter showed an organic growth of 7.9%. Highlights for Regional Brands excluding Rio de Janeiro (+18.3%) and Rio de Janeiro Brands (+17.3%).

In 9M18, Gross Revenue increased by 11.1%. The increase in Regional Brands excluding Rio de Janeiro (+30.4%) and Rio de Janeiro Brands (+14.1%) was noteworthy.

Similarly, PSCs from the Serdil and IRN acquisitions, consolidated as of 1Q18 and 2Q18, respectively, Gross Revenue in 9M18 posted an organic growth of 9.0%. Highlights for Regional Brands excluding Rio de Janeiro (+18.6%) and Rio de Janeiro Brands (+14.1%).



## Gross Revenue and Asset Efficiency from Patient Service Center (PSC's)

The Gross Revenue of PSCs reached R\$ 620.1 million in 3Q18, an increase of 11.3%.

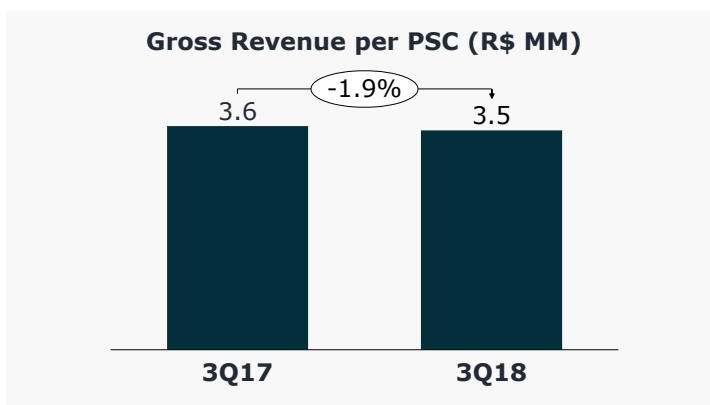
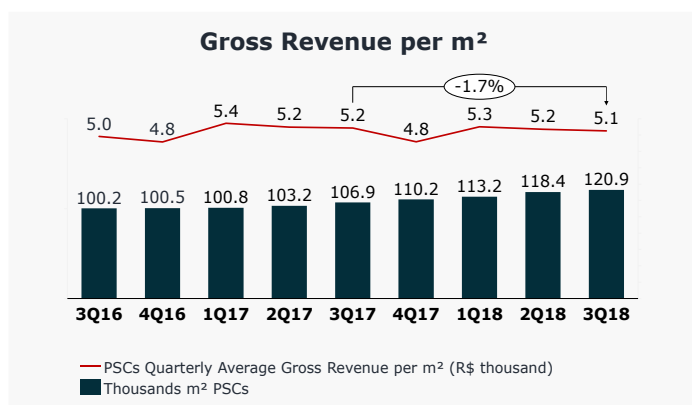
Excluding the PSCs from the acquisitions of Serdil and IRN, consolidated as of 1Q18 and 2Q18, respectively, Gross Revenue of the PSCs in the quarter showed an organic growth of 8.0%.

In 9M18, Gross Revenue from PSCs reached R\$ 1.8 billion, an increase of 11.5%.

Similarly, without considering the PSCs coming from the acquisitions of Serdil and IRN, consolidated as of 1Q18 and 2Q18, respectively, the Gross Revenue of the PSCs in 9M18 presented an organic growth of 9.0%.

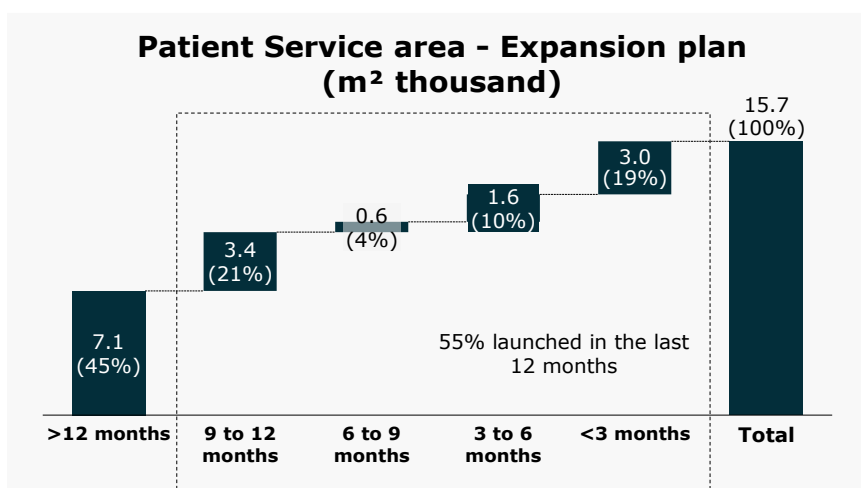
The efficiency indicators, measured by Gross Revenue per sqm and number of PSCs, reflect the Expansion Plan, which added a significant service area to our portfolio of brands. The new PSCs are advancing in the maturation curves established in our planning to reach the potential of revenue and profitability.

In 3Q18, asset efficiency measured by the Gross Revenue per square meter decreased by 1.7% compared to the same period of 2017, while the efficiency of the Gross Revenue per PSC decreased by 1.9%, reaching R\$ 3.5 million per PSC in the quarter.



Since the announcement of our Expansion Plan in the last quarter of 2016 through September/18, we have inaugurated 44 PSCs, corresponding to a gross increase of 15.7 thousand square meters of patient service area. Of this area, 55% were inaugurated less than 12 months ago, which means that most of these PSCs are still in the early stage of the maturation curve.

In addition to the PSCs inaugurated by the Expansion Plan, we added 5 new PSCs through acquisitions, of which 1 in the Serdil brand (Porto Alegre) and 4 in the IRN brand (Natal), representing 4,800 square meters of service area.



## Gross Revenue per Test

The Gross Revenue per Test for the Fleury Group presented a growth of 1.7% in the quarter. This growth reflects the mix of tests, brands and segments carried out in the period, as well as the new price table resulting from the annual readjustment. In 9M18, growth was 1.8%.

- PSC's: Gross Revenue per test increased by 0.7% in the quarter and 0.7% in 9M18. The observed growth stems from the mix of tests and brands, as well as the annual price readjustment that reflects the lower level of inflation, significantly below the comparison with the previous year;
- Hospital Operations: Gross Revenue per test recorded growth of 1.5% in the quarter and 2.2% in 9M18. The increase is a result of the process of maturation of the mix of tests of the new hospital operations, which has been observed in the previous quarters;
- Lab-to-Lab: presented a reduction of 2.4% in the quarter and 4.1% in 9M18.

Gross Revenue per test	3Q18	3Q17	Variation	9M 2018	9M 2017	Variation
<b>Grupo Fleury</b>	<b>38.0</b>	<b>37.4</b>	<b>1.7%</b>	<b>38.3</b>	<b>37.6</b>	<b>1.8%</b>
- Patient Service Centers	54.5	54.1	0.7%	54.9	54.5	0.7%
- Hospital Operations	14.0	13.8	1.5%	14.0	13.7	2.2%
- Lab to Lab	36.4	37.3	-2.4%	35.1	36.6	-4.1%

## Gross Revenue from PSCs

In 3Q18, PSC's grew 11.3% and 8.0% excluding PSCs from acquisitions. In the period Same Store Sales (SSS) increased 6.8%.

In the quarter, we had a calendar impacted by the World Cup in the first half of July, as well as a business day less in the state of São Paulo due to holiday.

In 9M18, the PSC's grew 11.5% and 9.0%, excluding PSCs from acquisitions.

## Fleury Brand

Fleury's gross revenue grew 1.1% in the quarter and 3.9% in 9M18. Given the economic scenario, the premium segment has shown a variation in the number of beneficiaries in the last quarters, this effect has reflected in the performance of the Fleury brand. Even in view of this scenario, we understand that the brand has expanded its market share in the premium segment, mainly in the regions where we launched new PSCs. In addition to the most relevant effect cited above, we had a combination of punctual effects with the World Cup event, weaker calendar due a holyday, maintenance and replacements of imaging equipment that affected our growth.

We continue to develop new product and service offerings that should broaden our participation in the healthcare market and increase the occupancy of existing assets, as well as capture new customers in the current product and service offerings, in a design of a differentiated healthcare platform.

## Regional Brands excluding Rio de Janeiro



The Gross Revenue of the Regional Brands, excluding Rio de Janeiro, increased by 33.0% (+18.3% organic), mainly due to the increase in Gross Revenue in the a+ brand in São Paulo (+29.5%), , where all growth is organic; Rio Grande do Sul (+20.4%), resulting from the acquisition of Serdil brand, consolidated in 1Q18; and Northeast region (+58.1%), due to the acquisition of IRN brand, consolidated in 2Q18.

In 9M18, growth was 30.4% and 18.6% excluding acquisitions.

The strong growth of Regional Brands is explained, for the most part, by: (i) increase in the number of services, (ii) expansion of the offer with the inauguration of the new units and expansion of routes in mobile attendance services, (iii) relationship with physicians based on medical knowledge exchanged, and (iv) increasing recognition of our brands by physicians and clients.

In the 12-month period ended September/18, 14 units were added to the revenue increase, 8 fast-site units, 4 medium-sized units and 2 large units.

In the quarter, 6 a+ brand units were inaugurated in São Paulo and 5 a+ brand units were closed in Bahia. The closures in Bahia are part of the action plan to generate better efficiency in the assets of this region.

## Rio de Janeiro Brands

clínica luiz felippe mattoso **LABS a+** medicina diagnóstica

The Gross Revenue of Rio de Janeiro Brands grew 17.3% in the quarter and 14.1% in 9M18. The strong growth is the result of a number of factors, among which we have listed: (i) increased attendance in clinical analyzes, (ii) expansion and optimization of the offer with an expanded scheduling for image tests, (iii) accreditation of new operators initiated since 4Q of the previous year, (iv) expansion of mobile attendance services routes, (v) relationship with physicians based on medical knowledge exchanged, and (vi) increase of penetration in the current healthcare operators portfolio.

In the accumulated 12 months, ended in September/18, contributed to the increase of revenue 5 new PSCs Labs a+ and 1 PSC Felipe Mattoso, all fast sites.

Gross Revenue Indicators 3Q18 vs. 3Q17	Fleury Brand	Regional Brands excl. RJ	Brands RJ	Total (PSCs)
<b>Indicators</b>				
- Gross Revenue	1.1%	33.0%	17.3%	11.3%
- SSS	-1.2%	9.3%	15.1%	6.8%
- Gross Revenue / m <sup>2</sup> *	-1.4%	-3.9%	13.4%	-1.7%
- Gross Revenue / PSC*	-4.6%	18.2%	4.8%	-1.9%

\* The Gross Revenue per sqm and Gross Revenue per PSC indicators are impacted by the Expansion Plan since the new PSCs are at the beginning of the maturation curve.

## Gross Revenue from B2B

### Hospital Operations

The Gross Revenue from Operations in Hospitals reached R\$ 108.1 million in the quarter, an increase of 7.8%. Growth in Same Hospital Sales (SHS) was 4.2% over the same period.

In 9M18, Gross Revenue increased by 9.1%.

### Lab-to-lab

Gross Revenue was R\$ 8.8 million in the quarter, an increase of 6.9%.

In 9M18, Gross Revenue increased by 10.4%.

### Preventive medicine

Gross Revenue reached R\$ 1.4 million in the quarter and R\$ 4.0 million in 9M18.



## Revenue Tax and Cancellations/Deductions

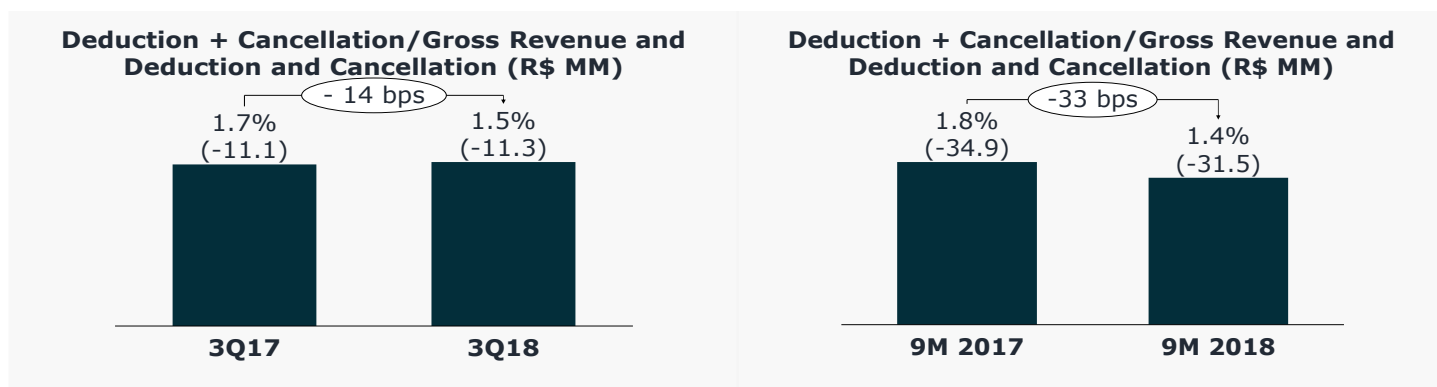
Taxes on Gross Revenue represented 6.1% in the quarter, a stable percentage compared to the same period in 2017.

In the quarter, the cancellations and deductions accounted for 1.5% of gross revenue, R\$ -11.3 million, and improved by 14 bps compared to 3Q17.

In 9M18, the grosses and rebates indicator totaled 1.4% of gross revenue, R\$ -31.5 million, and improved 33 bps compared to the same period of the previous year.

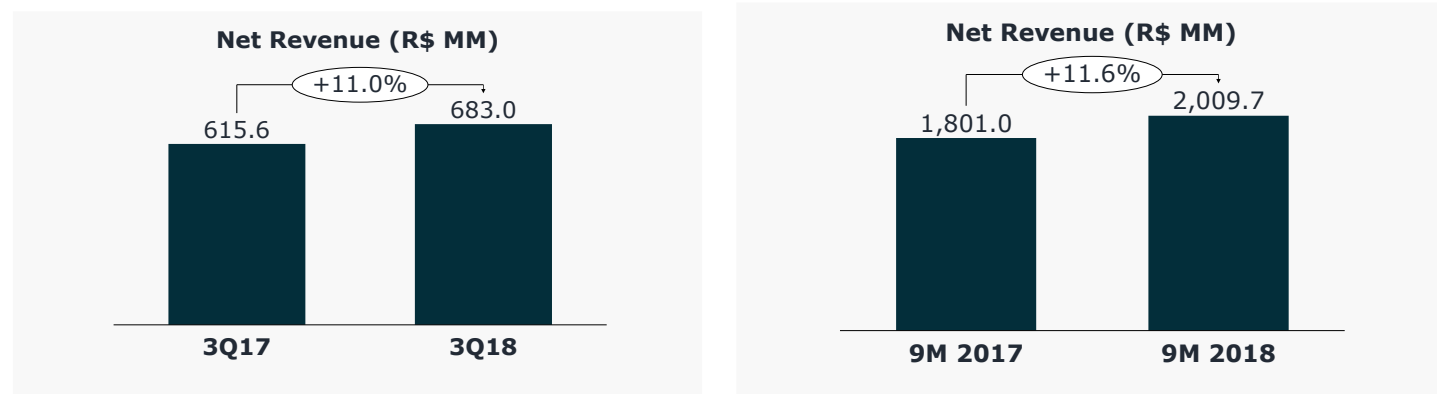
The result reflects the continuous improvement of processes and systems related to the receiving cycle.

Since 1Q18, the accounting standard CPC 48 was enforced, which, among other requirements, has impacted the Company with a new classification of the estimated losses with bad debt. Until 2017, the classification of these losses was carried out as a reduction of gross revenue and was recognized as Other Operating Expenses (Notes 2.1 - letter "e" and 31). On a managerial basis, we continue to report the percentage of cancellations and deductions including the estimated losses with bad debt.



## Net Revenue

Net Revenue totaled R\$ 683.0 million in the quarter, growth of 11.0%. In 9M18, the increase was 11.6%.



## Cost of Services

Cost of Services in 3Q18 amounted to R\$ 473.7 million, a growth of 12.2%. In relation to Net Revenue, costs represented 69.4%, an increase of 74 bps compared to the same period of the previous year.

In 9M18, there was a 12.7% growth, with a 70 bps increase in relation to Net Revenue.

Cost of Services breakdown	3Q18		3Q17		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Personnel and medical services	234.1	34.3%	218.9	35.6%	7.0%	-128 bps
General services, rentals and utilities	135.0	19.8%	116.0	18.9%	16.3%	91 bps
Materials and Test Intermediation	68.7	10.1%	59.9	9.7%	14.7%	33 bps
Depreciation and Amortization	34.1	5.0%	25.3	4.1%	34.8%	88 bps
General Expenses	1.9	0.3%	2.3	0.4%	-18.2%	-10 bps
<b>Cost of Services</b>	<b>473.7</b>	<b>69.4%</b>	<b>422.4</b>	<b>68.6%</b>	<b>12.2%</b>	<b>74 bps</b>

Cost of Services breakdown	9M 2018		9M 2017		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Personnel and medical services	688.3	34.3%	623.1	34.6%	10.5%	-35 bps
General services, rentals and utilities	389.0	19.4%	339.4	18.8%	14.6%	51 bps
Materials and Exam Intermediation	192.9	9.6%	177.7	9.9%	8.5%	-27 bps
Depreciation and Amortization	98.0	4.9%	71.6	4.0%	37.0%	90 bps
General Expenses	5.5	0.3%	6.7	0.4%	-18.2%	-10 bps
<b>Cost of Services</b>	<b>1,373.7</b>	<b>68.4%</b>	<b>1,218.4</b>	<b>67.7%</b>	<b>12.7%</b>	<b>70 bps</b>

As below, the analysis of the main Cost of Service in 3Q18 compared to 3Q17:

- **Personnel and Medical Services (+7.0%)** are the main cost of the company and accounted for 34.3% of Net Revenue, a reduction of 128 bps. The efficiency gain of this line is related to: (i) reduction of costs with our employees' health plans, with more efficient management and usage of this resource; and (ii) with salaries, in which we presented growth of only 6.5% of the headcount, as well as a readjustment of about 1.7% as a result of collective bargaining as of May/18.
- **General Services, Rentals and Utilities (+16.3%)** corresponded to 19.8% of Net Revenue, an increase of 91 bps, impacted by the rental of equipment in the central lab, due to the new model of contracting of one of our materials' suppliers, and increased costs with electricity according to seasonal rate adjustment.
- **Materials and Tests Intermediation (+14.7%)** accounted for 10.1% of Net Revenue, an increase of 33 bps. The increase in the relation with Net Revenue is associated with the growth in the volume of tests sent to reference international laboratories, whose the cost matrix is more concentrated in this line.
- **Depreciation and Amortization (+34.8%)** amounted to 5.0% of Net Revenue, an increase of 88 bps in comparison with the previous period. The growth is the result of the Company's Expansion Plan with an increase in property, plant and equipment related to new PSCs and new imaging equipment.
- **General Expenses (- 18.2%)** represented 0.3% of Net Revenue, a reduction of 10 bps. The reduction can be explained by lower labor costs.

## Gross Profit

Gross Profit reached R\$ 209.3 million, which represents growth of 8.3%. The gross margin in turn reached 30.6%, a reduction of 74 bps.

In 9M18, Gross Profit increased by 9.2%. Gross margin reached 31.6%, a reduction of 70 bps.

## Operating Expenses and Equity in Subsidiaries

Operating Expenses totaled R\$ 74.0 million in the quarter, which represents an increase of 13.3%. In relation to Net Revenue, this line represented 10.8%, an increase of 22 bps compared to the same period of 2017.

In 9M18, they presented growth of 14.0% and advance of 23 bps in relation to Net Revenue.

Operating Expenses breakdown and Equity in Subsidiaries	3Q18		3Q17		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
G&A	59.6	8.7%	54.8	8.9%	8.7%	-18 bps
Depreciation and Amortization	12.4	1.8%	10.6	1.7%	16.8%	9 bps
Other Operating (Income) Expenses	0.6	0.1%	1.2	0.2%	-48.8%	-11 bps
Provision (Reversal) for Contingency	1.7	0.2%	(1.0)	-0.2%	-269.9%	41 bps
Equity in Subsidiaries	(0.3)	0.0%	(0.4)	-0.1%	-21.6%	2 bps
<b>Operating Expenses and Subsidiaries'</b>	<b>74.0</b>	<b>10.8%</b>	<b>65.4</b>	<b>10.6%</b>	<b>13.3%</b>	<b>22 bps</b>

Operating Expenses breakdown and Equity in Subsidiaries	9M 2018		9M 2017		Variação	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
G&A	178.7	8.9%	159.5	8.9%	12.0%	3 bps
Depreciation and Amortization	37.2	1.9%	31.7	1.8%	17.3%	9 bps
Other Operating (Income) Expenses	5.2	0.3%	7.0	0.4%	-25.8%	-13 bps
Provision (Reversal) for Contingency	3.8	0.2%	(0.5)	0.0%	-815.6%	22 bps
Equity in Subsidiaries	(0.8)	0.0%	(1.1)	-0.1%	-26.2%	2 bps
<b>Operating Expenses and Subsidiaries'</b>	<b>224.1</b>	<b>11.2%</b>	<b>196.7</b>	<b>10.9%</b>	<b>14.0%</b>	<b>23 bps</b>

Below, the analysis of the main lines of operating expenses in 3Q18 compared to 3Q17:

- **General and Administrative Expenses (+8.7%)** accounted for 8.7% of Net Revenue, a reduction of 18 bps. They collaborated to improve, increase efficiency in the use of expenses related to consulting and maintenance of equipment.
- **Depreciation and Amortization (+16.8%)** amounted to 1.8% of Net Revenue, an increase of 9 bps. This increase is due to the increase in the amortization of IT systems.
- **Other operational Income/Revenues (- 48.8%)** accounted for 0.1% of Net Revenue, a reduction of 11 bps. The improvement is related to the sale of imaging equipment replaced in the period.
- **Provision for Contingencies (- 269.9%)** represented 0.2% of Net Revenue, growth of 41 bps, due to the increase in contingencies and provisions for civil risks compared to the previous period.

## Equity in Subsidiaries

Grupo Papaiz, a dental diagnostics company in São Paulo, was acquired by the Fleury and Odontoprev at the end of 2012. The figures have been reported by equity equivalence method, considering the form of a Joint Venture in which Grupo Fleury holds a 51% stake of the business. Below is the performance in the 3Q18 and 9M18:

Equity in Subsidiaries Papaiz	3Q18		3Q17		Variation	
	R\$ thousand	% Net Revenue	R\$ thousand	% Net Revenue	▲ %	▲ bps
Net Revenue	4,434.5		5,674.3		-21.8%	
EBITDA	1,179.0	26.6%	1,374.8	24.2%	-14.2%	236 bps
Net Income	577.9	13.0%	737.6	13.0%	-21.6%	3 bps
Net Income attributed to Grupo Fleury (51%)	294.7		376.2		-21.6%	

Equity in Subsidiaries Papaiz	9M 2018		9M 2017		Variation	
	R\$ thousand	% Net Revenue	R\$ thousand	% Net Revenue	▲ %	▲ bps
Net Revenue	15,803.7		15,495.5		2.0%	
EBITDA	3,627.3	23.0%	3,836.5	24.8%	-5.5%	-181 bps
Net Income	1,602.2	10.1%	2,171.7	14.0%	-26.2%	-388 bps

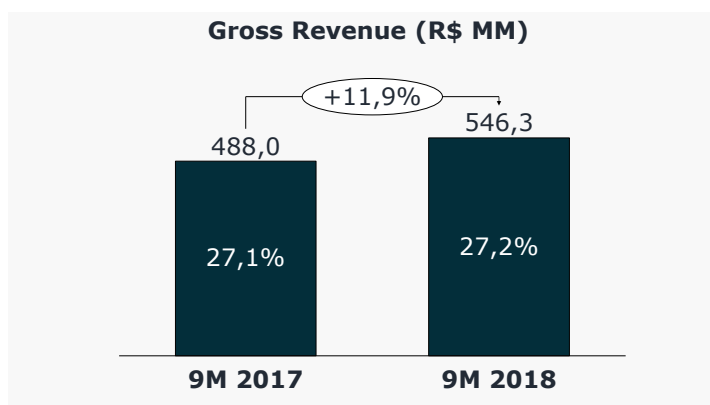
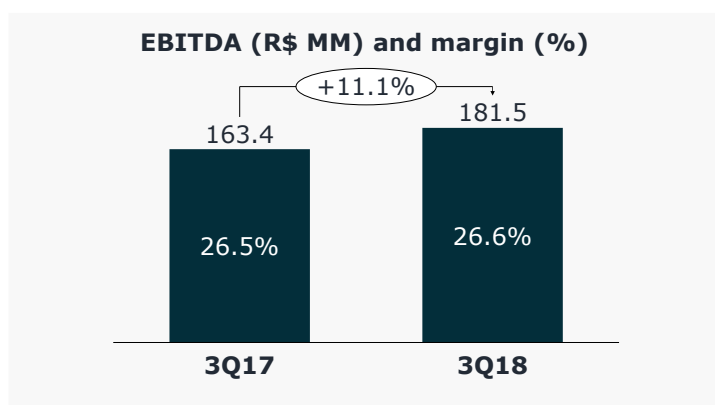
Net Income attributed to Grupo Fleury (51%)	817.1		1,107.6		-26.2%	
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## EBITDA

EBITDA reached R\$ 181.5 million in the quarter, an increase of 11.1%. The EBITDA margin reached 26.6%, stable in relation to the previous period, despite impacts related to the expansion plan.

The strong performance of Regional Brands, which contributed with 39% of participation in the gross revenue (470 bps more than in 3Q17), combined with efficiency gains and operating leverage, resulted in improvements of EBITDA margin neutralizing the effects of the new PSCs ramp up, as well as changes in the brands mix in the revenues.

In 9M18, EBITDA increased by 11.9%, recording a margin of 27.2%.



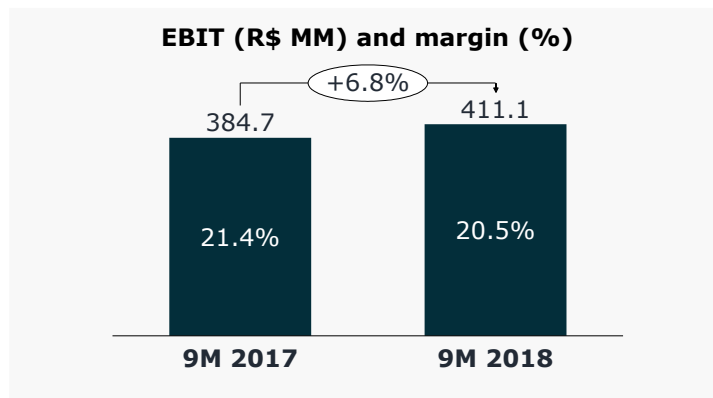
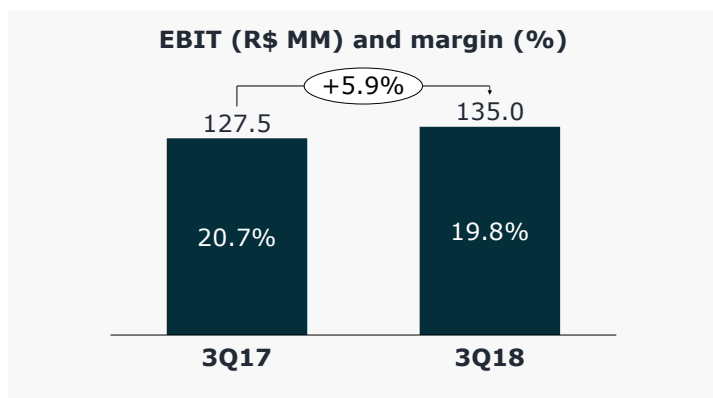
EBITDA	3Q18		3Q17		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Net Income	90.3	13.2%	86.6	14.1%	4.4%	-84 bps
Financial Result	11.2	1.6%	11.2	1.8%	0.5%	-17 bps
Depreciation and Amortization	46.5	6.8%	35.9	5.8%	29.4%	97 bps
Income Tax and Social Contribution	33.7	4.9%	30.1	4.9%	11.9%	4 bps
Equity in Subsidiaries	(0.3)	0.0%	(0.4)	-0.1%	-21.6%	2 bps
<b>EBITDA</b>	<b>181.5</b>	<b>26.6%</b>	<b>163.4</b>	<b>26.5%</b>	<b>11.1%</b>	<b>3 bps</b>

EBITDA	9M 2018		9M 2017		Variation	
	R\$ MM	% Net Revenue	R\$ MM	% Net Revenue	▲ %	▲ bps
Net Income	273.4	13.6%	256.0	14.2%	6.8%	-61 bps
Financial Result	36.8	1.8%	40.8	2.3%	-9.8%	-43 bps
Depreciation and Amortization	135.2	6.7%	103.3	5.7%	30.9%	99 bps
Income Tax and Social Contribution	101.7	5.1%	89.1	4.9%	14.1%	11 bps
Equity in Subsidiaries	(0.8)	0.0%	(1.1)	-0.1%	-26.2%	2 bps
<b>EBITDA</b>	<b>546.3</b>	<b>27.2%</b>	<b>488.0</b>	<b>27.1%</b>	<b>11.9%</b>	<b>8 bps</b>

## EBIT (Operational Income)

EBIT reached R\$ 135.0 million in the quarter, a growth of 5.9%. The margin was 19.8%, a reduction of 95 bps.

In 9M18, EBIT expanded 6.8%, reaching a margin of 20.5%, a reduction of 91 bps.



## Financial Result

The financial result reached R\$ -11.2 million, representing an increase of 0.5%. Financial expenses increased 19.7%, while financial revenues increased 37.6%.

In 9M18, the financial result showed a reduction of 9.8%.

Financial Result (R\$ MM)	3Q18	3Q17	Variation	9M 2018	9M 2017	Variation
<b>Net financial income</b>	<b>(11.2)</b>	<b>(11.2)</b>	<b>0.5%</b>	<b>(36.8)</b>	<b>(40.8)</b>	<b>-9.8%</b>
<b>Financial income</b>	<b>16.4</b>	<b>11.9</b>	<b>37.6%</b>	<b>36.6</b>	<b>38.3</b>	<b>-4.2%</b>
Earnings on financial investments	14.3	10.8	31.8%	32.9	34.3	-4.0%
Interest and inflation adjustment	2.1	1.1	95.2%	3.8	4.0	-5.9%
<b>Financial expenses</b>	<b>(27.6)</b>	<b>(23.1)</b>	<b>19.7%</b>	<b>(73.4)</b>	<b>(79.0)</b>	<b>-7.1%</b>
Interest on debentures and financing	(23.0)	(19.3)	19.1%	(58.9)	(64.7)	-8.9%
Interest and inflation adjustment	(4.7)	(3.8)	22.9%	(14.5)	(14.4)	1.1%

## Indebtedness

In the quarter, the net debt/LTM EBITDA ratio reached 0.8x compared to 0.6x in the same period of 2017.

Composition of Net Debt (R\$ MM)	3Q17	2Q18	3Q18	Next 12 months
Gross Debt (Debentures and Borrowings and Acquisitions )	858.4	1,418.1	1,422.3	340.7
Cash, Cash Equivalents and Marketable Securities	(482.7)	(883.6)	(889.8)	
<b>Net Debt</b>	<b>375.7</b>	<b>534.5</b>	<b>532.6</b>	
Net Debt / EBITDA LTM	0.6x	0.8x	0.8x	
EBITDA LTM / Financial Result LTM	12.4x	14.6x	15.0x	

In the quarter, we amortized R\$ 7.3 million referring to financing and payment of R\$ 13.2 million of interest, related to debentures and financing.

In 9M18, there was a release of R\$ 500 million related to the fourth issue of debentures, the amortization of R\$ 166.7 million related to the second issue of debentures and R\$ 23.9 million related to financing. Interest paid in the period totaled R\$ 50.3 million between debentures and financing.

## Income Tax and Social Contribution

In the quarter, income tax and social contribution on net income totaled R\$ 33.7 million. The effective rate was 27.2% compared to 25.8% in 3Q17.

In 9M18, income tax and social contribution on net income totaled R\$ 101.7 million. The effective rate was 27.1% compared to 25.8% in the same period in 2017.

Income Tax and Social Contribution (R\$ MM)	3Q18	3Q17	Variation	9M 2018	9M 2017	Variation
<b>Earnings Before Tax (EBIT)</b>	<b>124.1</b>	<b>116.7</b>	<b>6.3%</b>	<b>375.1</b>	<b>345.1</b>	<b>8.7%</b>
Expected taxes	(42.2)	(39.7)	6.3%	(127.5)	(117.3)	8.7%
Non-deductible expenses and incentives	1.7	0.8	105.9%	4.3	1.2	274.9%
Effective taxes linearization	7.4	8.6	-13.6%	21.3	26.7	-20.4%
Subsidiaries' share of profits	(0.7)	0.1	-615.6%	0.3	0.4	-26.3%
<b>Income tax and social contribution</b>	<b>(33.7)</b>	<b>(30.1)</b>	<b>11.9%</b>	<b>(101.7)</b>	<b>(89.1)</b>	<b>14.1%</b>
<b>% EBIT</b>	<b>27.2%</b>	<b>25.8%</b>	<b>136 bps</b>	<b>27.1%</b>	<b>25.8%</b>	<b>129 bps</b>
Current	(17.9)	(4.1)	342.9%	(78.9)	(34.6)	127.9%
Deferred	(15.8)	(26.1)	-39.5%	(22.8)	(54.5)	-58.2%

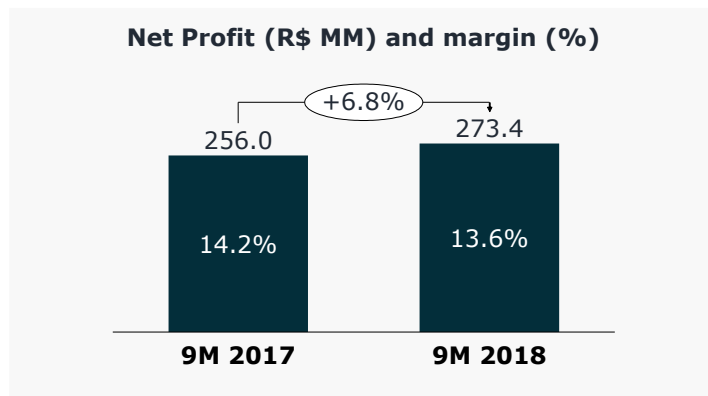
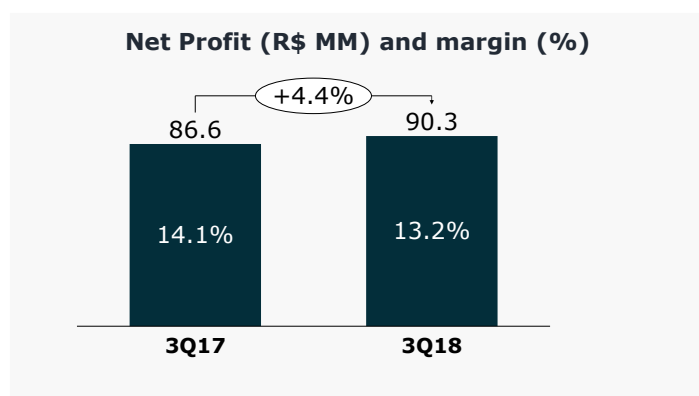
Below is the expectation for the goodwill amortization for tax purposes, which reduces the cash tax.

Expected Amortization of Goodwill	
Period	Balance R\$ MM
2018	2
2019	7
2020	7

## Net Income

Net Income reached R\$ 90.3 million, an increase of 4.4%. The net margin was 13.2%, a decrease of 84 bps.

In 9M18, Net Income reached R\$ 273.4 million, an increase of 6.8%. Net margin reached 13.6%, a reduction of 61 bps.



## Cash Flow

In the quarter, the Operating Cash Flow recorded R\$ 173.5 million, which represents an increase of 1.7%. The conversion (Operating Cash/EBITDA) was 95.6%, compared to 104.4% in 3Q17. The average receivables collection reached 68 days versus 67 days in the 3Q17. Among the variations presented in working capital, we highlight the recoverable taxes, which due to a change in legislation, will be offset only in the next year of its incorporation, for which reason the account presented a negative variation.

Investment activities recorded R\$ -192.6 million compared to R\$ -79.7 million in 3Q17. In the quarter, we recorded an increase in investments in marketable securities and fixed assets resulting from the Expansion Plan.

Financing activities recorded R\$ -72.8 million compared to R\$ -45.7 million in 3Q17. In the quarter there were no new fund-raising and in 3Q17 there was a R\$ 50.2 million fund-raising.

In 9M18, the Operating Cash Flow registered R\$ 489.3 million, an increase of 17.1%. The conversion (Operating Cash/EBITDA) was 89.6%. Investment activities reached R\$ -655.0 million compared to R\$ -247.1 million in the same period of the previous year. Financing activities recorded R\$ -41.3 million versus R\$ -171.5 million in 9M17.

Cash Flow (R\$ MM)	3Q18	3Q17	Variation	9M 2018	9M 2017	Variation
<b>Net Income</b>	<b>90.3</b>	<b>86.6</b>	<b>4.4%</b>	<b>273.4</b>	<b>256.0</b>	<b>6.8%</b>
<b>Items not affecting cash:</b>						
Financial revenues and expenses	22.7	13.3	70.7%	55.0	44.1	24.9%
Depreciation and amortization	46.5	35.9	29.4%	135.2	103.3	30.9%
Income tax and social contribution	33.7	30.1	11.9%	101.7	89.1	14.1%
Provisions (Reversals)	16.5	17.1	-3.5%	60.2	61.9	-2.8%
Others	(0.1)	(1.2)	94.5%	1.4	1.0	39.2%
<b>Net Income before non-cash effects</b>	<b>209.8</b>	<b>181.9</b>	<b>15.3%</b>	<b>627.0</b>	<b>555.4</b>	<b>12.9%</b>
<b>Δ Working capital:</b>						
Accounts receivables	(28.3)	(29.5)	4.2%	(68.4)	(117.1)	41.6%
Inventories	6.3	(4.7)	233.8%	(0.4)	7.8	-105.6%
Taxes recoverable	(11.1)	16.0	-169.0%	(20.5)	10.5	-295.6%
Suppliers	(0.6)	(6.7)	91.4%	13.5	(5.6)	341.3%
Salaries / Charges	9.2	11.3	-18.4%	14.0	(2.7)	618.5%
Others Assets and Liabilities	7.4	4.8	54.6%	(7.8)	(0.5)	-1378.7%
<b>Other Operating Cash Flow:</b>						
Income tax and social contribution	(19.3)	(2.5)	-680.0%	(68.1)	(29.9)	-128.2%
<b>Cash Flow from Operating Activities</b>	<b>173.5</b>	<b>170.5</b>	<b>1.7%</b>	<b>489.3</b>	<b>417.8</b>	<b>17.1%</b>
<b>Investment Activities:</b>						
Acquisition of fixed and intangible assets	(97.4)	(83.5)	-16.6%	(183.4)	(194.5)	5.7%
Interest income and dividends received	2.4	7.6	-68.7%	10.7	24.7	-56.8%
Marketable Securities	(98.1)	(3.8)	-2452.6%	(425.1)	(76.8)	-453.8%
Acquisitions Payments	0.0	0.0	0.0%	(57.3)	(0.6)	-9699.5%
Others Investment Activities	0.5	0.0	0.0%	0.2	0.0	0.0%
<b>Cash Flow from Investing Activities</b>	<b>(192.6)</b>	<b>(79.7)</b>	<b>-141.6%</b>	<b>(655.0)</b>	<b>(247.1)</b>	<b>-165.1%</b>
<b>Financing Activities</b>						
Borrowings and Debentures Issue	0.0	50.2	-100.0%	500.0	50.2	996.0%
Others Financing Activities	(18.3)	(37.0)	50.6%	(241.1)	(100.1)	-140.9%
Dividends and/or interest on capital	(57.6)	(58.9)	2.3%	(303.2)	(130.1)	-133.1%
Capital increase	3.0	0.0	0.0%	3.0	8.4	-64.3%
<b>Cash Flow from Financing Activities</b>	<b>(72.8)</b>	<b>(45.7)</b>	<b>-59.3%</b>	<b>(41.3)</b>	<b>(171.5)</b>	<b>75.9%</b>
<b>Cash Flow</b>	<b>(91.9)</b>	<b>45.1</b>	<b>-303.8%</b>	<b>(207.0)</b>	<b>(0.8)</b>	<b>-24719.2%</b>
<b>Cash Flow Adjusted by Marketable Securities</b>	<b>6.1</b>	<b>48.9</b>	<b>-87.4%</b>	<b>218.1</b>	<b>75.9</b>	<b>187.3%</b>
<b>Conversion (Operating Cash Flow / EBITDA)</b>	<b>95.6%</b>	<b>104.4%</b>	<b>-877 bps</b>	<b>89.6%</b>	<b>85.6%</b>	<b>396 bps</b>

## Account Receivables

In the comparison between quarters, there is a continuous improvement in the aging profile with the balances maturing, corresponding to 88.1% of the total, compared to 85.9% in 3Q17. The amount due over 121 days decreased from 5.8% in 3Q17 to 5.3% in 3Q18 and Accounts Receivable provisions over 121 days accounted for 76.6% of this amount (77.9% in 3Q17).

Aging Account Receivable R\$ MM	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
Trade Receivables	465.4	444.7	520.3	495.0	508.7	531.5	579.8	552.9	574.0
- Current	365.9	349.7	439.0	427.7	437.1	464.6	515.3	481.3	505.8
- Up to 120 days past due	37.7	36.7	31.6	34.1	42.1	35.9	34.6	44.1	37.7
- 121 to 360 days past due	38.2	31.3	26.6	22.1	20.7	24.8	26.0	22.1	21.4
- Over 361 days past due	23.6	27.0	23.1	11.2	8.8	6.1	4.0	5.4	9.1
Sales Deductions Provisions	(40.9)	(41.6)	(40.6)	(28.0)	(23.0)	(19.2)	(21.4)	(19.5)	(23.4)
<b>Total</b>	<b>424.5</b>	<b>403.0</b>	<b>479.7</b>	<b>467.0</b>	<b>485.7</b>	<b>512.2</b>	<b>558.5</b>	<b>533.3</b>	<b>550.6</b>
Current / Trade Receivables	78.6%	78.6%	84.4%	86.4%	85.9%	87.4%	88.9%	87.1%	88.1%
Up to 120 days past due/ Trade Receivables	8.1%	8.2%	6.1%	6.9%	8.3%	6.8%	6.0%	8.0%	6.6%
Over 121 days past due / Trade Receivables	13.3%	13.1%	9.5%	6.7%	5.8%	5.8%	5.2%	5.0%	5.3%
Provisions / Over 121 days past due	66.1%	71.4%	81.7%	84.2%	77.9%	62.0%	71.3%	71.2%	76.6%



## Expansion Plan

In 3Q18, the Fleury Group inaugurated 6 a+ brand PSCs in São Paulo. In this way, from October 2016 to October 2018, 44 service PSCs were inaugurated. These inaugurations correspond to 60% of the minimum and 49% of the maximum bounds of the Company's Expansion Plan, which foresees the inauguration of 73 to 90 PSCs by 2021.

PSCs inaugurated by brand					
	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+ São Bernardo do Campo	Fast site	517	São Paulo	sep/18
2	a+ Granja Viana	Fast site	231	São Paulo	aug/18
3	a+ Tatuapé	Large	1,483	São Paulo	aug/18
4	a+ Vila Andrade	Fast site	234	São Paulo	jul/18
5	a+ Brasil	Fast site	348	São Paulo	jul/18
6	a+ Alphaville Rio Negro	Fast site	230	São Paulo	jul/18
7	a+ Ipiranga	Medium	359	São Paulo	jun/18
8	a+ Funchal	Fast site	239	São Paulo	may/18
9	a+ Guarulhos	Large	832	São Paulo	apr/18
10	a+ Pedroso de Morais	Medium	421	São Paulo	dec/17
11	a+ Leôncio Magalhães	Medium	544	São Paulo	nov/17
12	a+ Queiroz Filho	Medium	673	São Paulo	oct/17
13	a+ Santo André	Medium	437	São Paulo	jul/17
14	a+ Augusto Tolle	Fast site	392	São Paulo	jul/17
15	a+ Itaim Bibi	Fast site	207	São Paulo	may/17
	Regional RJ	Complexity	Patient Service Area (sqm)	State	Date
1	Felipe Mattoso Ipanema	Fast site	239	Rio de Janeiro	dec/17
2	Labs a+ Catete	Fast site	145	Rio de Janeiro	dec/17
3	Labs a+ Shopping Santa Cruz	Fast site	131	Rio de Janeiro	dec/17
4	Labs a+ Mariz e Barros	Fast site	134	Rio de Janeiro	dec/17
5	Labs a+ Uruguai	Fast site	129	Rio de Janeiro	nov/17
6	Labs a+ Santa Rosa	Fast site	148	Rio de Janeiro	oct/17
7	Labs a+ Campo Grande	Fast site	281	Rio de Janeiro	set/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
<b>Total 44 PSCs</b>			<b>15,707 sqm</b>		

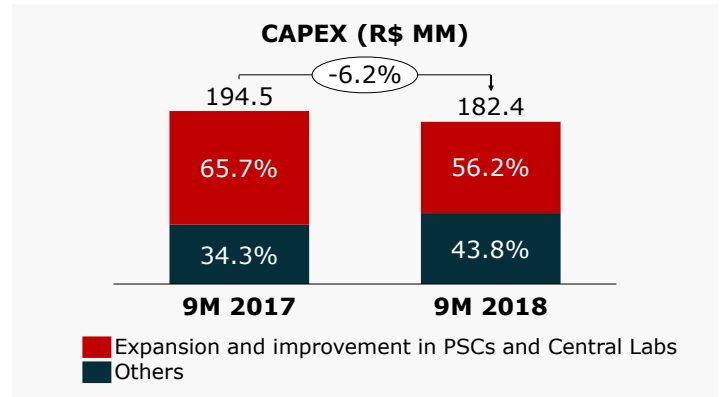
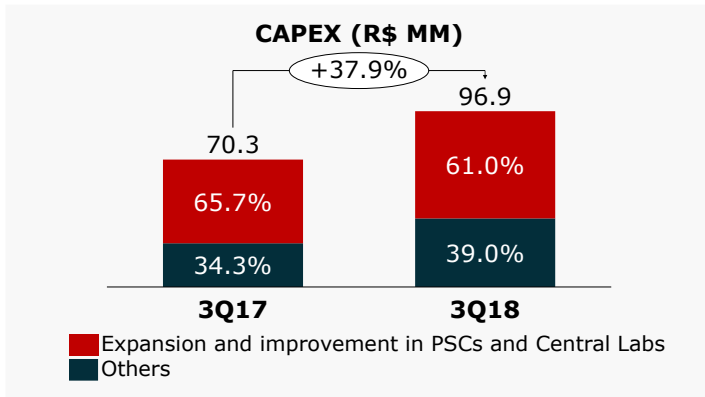
Additionally, we listed below the 5 PSCs from the acquisitions, being 4 PSCs of the Institute of Radiology of Natal (IRN) and 1 of Serdil.

	PSC	Complexity	Patient Service Area (sqm)	State	Date
1	IRN - Instituto de Radiologia Matriz	NA	1,697	Rio Grande do Norte	NA
2	IRN - Instituto de Radiologia Pamamirim	NA	477	Rio Grande do Norte	NA
3	IRN - Instituto de Radiologia Zona Sul	NA	1,317	Rio Grande do Norte	NA
4	IRN - Harmony Center	NA	98	Rio Grande do Norte	NA
5	Serdil	NA	1,213	Rio Grande do Sul	NA
<b>Total 5 PSCs by acquisition</b>			<b>4,801</b>		

## Investments

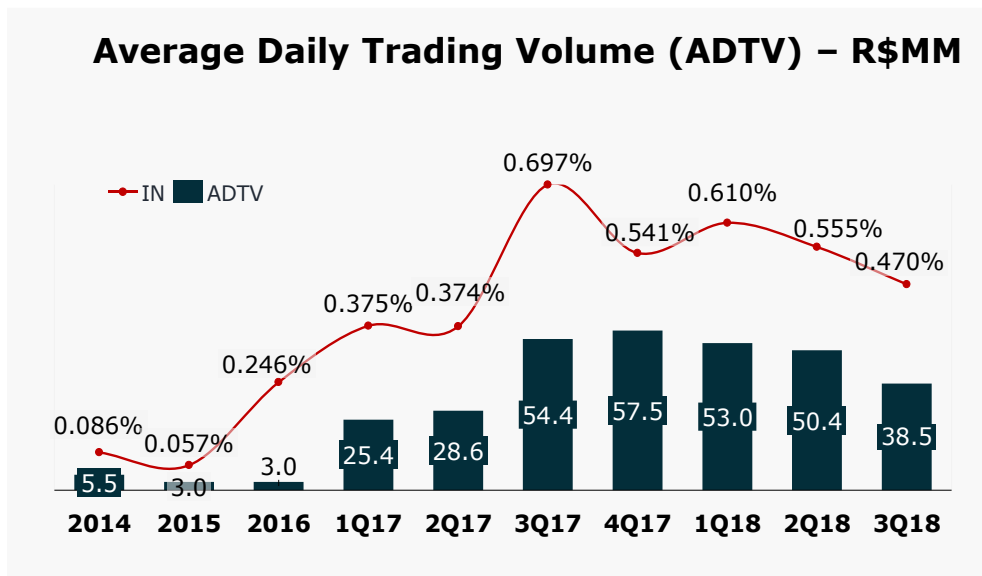
Investments (additions to fixed and intangible assets) totaled R\$ 96.9 million in the quarter, of which 61.0% were concentrated in the Expansion Plan and improvements in PSCs. Compared with 3T17, there was an increase of 37.9%. In 9M18, investments reached R\$ 182.4 million, with 56.2% dedicated to the Expansion Plan and improvements in PSCs.

The "Other group" consists of strategic projects, infrastructure, IT and equipment renovation.



## Stock Market Performance

Fleury shares (B3: FLRY3) at the end of 3Q18 were quoted at R\$ 22.14. The Average Daily Trading Volume (ADTV) for the period was R\$ 38.5 million, an amount 29.4% lower than that registered in the same period of 2017.



\* Índice de Negociabilidade

## Investor Relations

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## Performance Indicators

Operational Indicators	Description	Unit	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
<b>Income Statement</b>										
Gross Revenue	Gross Revenue	R\$ MM	572.4	642.1	646.5	667.7	630.2	706.3	728.1	738.5
Net Revenue	Gross Revenue - Tax (ISS and PIS/COFINS) - Cancellations	R\$ MM	523.2	587.8	597.6	615.6	582.0	653.3	673.4	683.0
COGS	Personnel and Medical Services + Materials and Outsourcing + General Services, Rent and Utilities + General Expenses + Depreciation and Amortization	R\$ MM	-391.4	-385.2	-410.9	-422.4	-428.5	-439.9	-460.1	-473.7
SG&A	Does not include Other Operating Expenses / Revenues neither Contingency Provisions	R\$ MM	-69.1	-58.5	-67.2	-65.5	-65.3	-69.3	-74.7	-72.0
EBIT	Earnings Before Interest and Taxes	R\$ MM	63.1	139.7	117.5	127.5	91.2	141.7	134.3	135.0
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	R\$ MM	100.7	173.2	151.4	163.4	130.7	185.9	178.8	181.5
Net Finance Income	Interest Revenue - Interest Expenses	R\$ MM	-6.6	-16.9	-12.7	-11.2	-8.3	-10.7	-14.8	-11.2
Net Income	Net Income	R\$ MM	74.9	81.6	87.9	86.6	64.6	96.4	86.6	90.3
Net Cash Income	Net Income - Deferred income tax	R\$ MM	75.1	105.6	92.2	112.7	82.2	104.3	85.7	106.1
<b>Result Indicators</b>										
Cancellation Index	Cancellations / Gross Revenue	%	-2.4%	-2.3%	-1.4%	-1.7%	-1.5%	-1.4%	-1.4%	-1.5%
Gross Margin	Gross Profit / Net Revenue	%	25.2%	34.5%	31.3%	31.4%	26.4%	32.7%	31.7%	30.6%
EBIT Margin	Earnings Before Interest and Tax / Net Revenue	%	12.1%	23.8%	19.7%	20.7%	15.7%	21.7%	19.9%	19.8%
EBITDA Margin	Earnings Before Interest, Tax, Depreciation and Amortization / Net Revenue	%	19.3%	29.5%	25.3%	26.5%	22.4%	28.5%	26.6%	26.6%
Effective Tax Rate	Current Tax / Earnings Before Tax	%	32.3%	-33.8%	-16.4%	-25.8%	-21.8%	-26.6%	-27.6%	-27.2%
Net Margin	Net Profit / Net Revenue	%	14.3%	13.9%	14.7%	14.1%	11.1%	14.8%	12.9%	13.2%
Net Cash Income Margin	(Net Income - Deferred income tax) / Net Revenue	%	14.4%	18.0%	15.4%	18.3%	14.1%	16.0%	12.7%	15.5%
<b>Financial Debt</b>										
Cash & Equivalents	Cash, Equivalents and Marketable Securities	R\$ MM	406.8	337.2	433.8	482.7	671.8	470.5	883.6	889.8
Gross Debt	Short and Long Term Debts (Borrowings and Debentures)	R\$ MM	840.0	825.4	837.5	858.4	1,069.6	919.7	1,418.1	1,422.3
Net Debt	Gross Debt - Cash and Cash equivalents	R\$ MM	433.2	488.2	403.7	375.7	397.7	449.2	534.5	532.6
Net Debt / EBITDA LTM	(Gross Debt - Cash and Cash equivalents) / EBITDA LTM	Multiple	0.9x	0.9x	0.7x	0.6x	0.6x	0.7x	0.8x	0.8x
<b>Profitability and Return</b>										
ROIC without Goodwill (LTM)	NOPAT LTM (tax= 34%) / Capital Employed (Shareholders Equity + Net Debt - Goodwill)	%	32.5%	35.6%	39.8%	43.6%	43.8%	43.6%	41.9%	41.3%

# FLEURY S.A. CONSOLIDATED

Balance Sheet as of September 30, 2018 and December 31, 2017 (In R\$ thousands)

	Consolidated	
<u>Assets</u>	<u>09/30/2018</u>	<u>12/31/17</u>
<b>Current</b>		
Cash and cash equivalents	130,335	337,544
Marketable securities	759,434	334,286
Derivative financial instruments	225	17
Accounts receivable	550,611	512,241
Inventories	21,983	21,545
Taxes recoverable	30,886	27,028
IRPJ e CSLL recoverable	38,851	22,258
Credits receivable	4,752	3,854
Related Parties	98	-
Other assets	22,430	8,264
<b>Total current</b>	<b>1,559,605</b>	<b>1,267,037</b>
<b>Non-current</b>		
Credits receivable	3,528	12,694
Dividends receivable	26	-
Other assets	4,509	9,555
Judicial deposits	48,365	47,521
Investments	12,397	11,296
Property and equipment	705,266	641,920
Intangible assets	1,604,788	1,537,309
<b>Total non-current</b>	<b>2,378,879</b>	<b>2,260,295</b>
<b>Total assets</b>	<b>3,938,484</b>	<b>3,527,332</b>
<u>Liabilities and equity</u>	<u>09/30/2018</u>	<u>12/31/17</u>
<b>Current</b>		
Financing	33,006	30,948
Debentures	293,372	284,693
Financial lease	610	606
Derivative financial instruments	-	-
Trade accounts payable	162,032	148,485
Payroll and related taxes payable	137,758	100,354
Taxes and contributions payable	24,875	30,575
IRPJ e CSLL payable	10,516	59
Accounts payable - company acquisition	14,363	1,855
Dividends payable	22	41,420
Other accounts payable	850	151
<b>Total current</b>	<b>677,404</b>	<b>639,146</b>
<b>Non-current</b>		
Financing	83,614	105,949
Debentures	966,667	633,334
Financial lease	6,354	6,769
Deferred income tax and social contribution, n/c	386,196	362,777
Provision for tax, labor and civil risks	29,509	30,480
Taxes and contributions payable	30,242	29,549
Accounts payable - company acquisition	31,301	12,800
<b>Total non-current</b>	<b>1,533,883</b>	<b>1,181,658</b>
<b>Equity</b>		
Share capital	1,416,603	1,413,608
Capital reserve - options granted recognized	24,077	17,923
Revaluation reserve	-	78
Legal reserve	70,681	70,681
Retained earnings	-	204,238
Additional dividends proposed	215,836	-
<b>Total equity</b>	<b>1,727,197</b>	<b>1,706,528</b>
<b>Total liabilities and equity</b>	<b>3,938,484</b>	<b>3,527,332</b>

**FLEURY S.A. CONSOLIDATED**

Income Statement as of September 30, 2018 and 2017 (R\$ thousands)

	Consolidated	
	3Q18	3Q17
<b>Revenue from services rendered</b>	<b>683,036</b>	<b>615,586</b>
Cost of services rendered	(473,700)	(422,373)
	-	-
<b>Gross Profit</b>	<b>209,336</b>	<b>193,213</b>
Operating income (expenses)		
General and administrative	(72,020)	(65,478)
Other operating income (expenses), net	(636)	(1,244)
Provision for tax, labor and civil risks	(1,685)	992
Equity in the earnings (losses) of subsidiaries	295	376
	-	-
<b>Operating profit before financial result</b>	<b>135,290</b>	<b>127,859</b>
Financial income	16,424	11,935
Financial expenses	(27,641)	(23,091)
	-	-
<b>Financial result</b>	<b>(11,217)</b>	<b>(11,156)</b>
<b>Earnings before income tax and social contribution</b>	<b>124,073</b>	<b>116,703</b>
Income tax and social contribution:		
Current	(17,946)	(4,052)
Deferred	(15,786)	(26,090)
	-	-
<b>Profit for the period</b>	<b>90,341</b>	<b>86,561</b>
<b>Earnings per share attributable to owners of the Company</b>		
Basic earnings per share (weighted average)	<b>0.29</b>	<b>0.28</b>
Diluted earnings per share (weighted average)	<b>0.28</b>	<b>0.27</b>

# FLEURY S.A. CONSOLIDATED

Statements of Changes in Equity as of September 30, 2018 and December 31, 2017 and 2016 (R\$ thousands)

	Share Capital		Capital Reserve		Revaluation reserve	Legal Reserve	Profit Reserve	Investment Reserve		Additional dividends proposed	Equity
	Share Capital	Share issue expenses	Options granted recognized					Investment Reserve	Profit for the period		
<b>Balances on December 31, 2015</b>	<b>1,402,531</b>	<b>(22,784)</b>	<b>5,709</b>	<b>242</b>	<b>43,213</b>	-	<b>215,762</b>	-	<b>10,766</b>	<b>1,655,439</b>	
Capital increase	20,706	-	-	-	-	-	-	-	-	20,706	
Realization of revaluation reserve	-	-	-	(165)	-	-	165	-	-	-	
Stock option plan	-	-	3,703	-	-	-	926	-	-	4,629	
Profit for the period (R\$1.46 per share)	-	-	-	-	-	-	228,749	-	-	228,749	
Dividends from previous period	-	-	-	-	-	-	(216,853)	-	(10,766)	(227,619)	
Profit allocation:	-	-	-	-	-	-	-	-	-	-	
Legal Reserve	-	-	-	-	11,437	-	-	-	-	(11,437)	
Interest on own capital	-	-	-	-	-	-	-	-	-	(110,425)	
'Dividends	-	-	-	-	-	-	-	-	71,133	(35,754)	
<b>Balances on December 31, 2016</b>	<b>1,423,237</b>	<b>(22,784)</b>	<b>9,412</b>	<b>77</b>	<b>54,650</b>	-	<b>71,133</b>	-	<b>71,133</b>	<b>1,535,725</b>	
Realization of revaluation reserve	-	-	-	1	-	-	-	-	-	1	
Capital increase	13,155	-	-	-	-	-	-	-	-	13,155	
Stock option plan	-	-	8,511	-	-	-	-	-	-	8,511	
Profit for the period (R\$1.02 per share)	-	-	-	-	-	-	320,618	-	-	320,618	
Profit allocation	-	-	-	-	-	-	-	-	-	-	
Legal Reserve	-	-	-	-	16,031	-	-	-	-	(16,031)	
Interest on own capital	-	-	-	-	-	-	-	-	-	(100,349)	
'Dividends	-	-	-	-	-	-	204,238	-	(204,238)	-	
<b>Balances on December 31, 2017</b>	<b>1,436,392</b>	<b>(22,784)</b>	<b>17,923</b>	<b>78</b>	<b>70,681</b>	-	<b>204,238</b>	-	<b>71,133</b>	<b>1,706,528</b>	
Capital increase	2,995	-	-	-	-	-	-	-	-	2,995	
Stock option plan	-	-	6,154	-	-	-	-	-	-	6,154	
Profit for the period (R\$0.87 per share)	-	-	-	-	-	-	273,402	-	-	273,402	
'Dividends	-	-	-	(78)	-	-	(204,238)	-	-	(278,136)	
Interest on own capital	-	-	-	-	-	-	-	-	-	(57,566)	
Revaluation reserve	-	-	-	-	-	-	-	-	-	-	
<b>Balances on December 31, 2018</b>	<b>1,439,387</b>	<b>(22,784)</b>	<b>24,077</b>	<b>-</b>	<b>70,681</b>	-	<b>215,836</b>	-	<b>71,133</b>	<b>1,727,197</b>	

## FLEURY S.A. CONSOLIDATED

Statements of Cash Flow as of September 30, 2018 and 2017 (R\$ thousands)

	Consolidated	
	3Q18	3Q17
<b>Profit for the period</b>	<b>90,341</b>	<b>86,561</b>
<b>Items not affecting cash:</b>		
Income tax and social contribution	33,731	30,142
Financial and expenses income	22,726	13,311
Depreciation and amortization	46,513	35,935
Equity in the earnings (losses) of subsidiaries	(295)	(377)
Stock option plan	1,967	2,177
Constitution (reversal) of provision for tax, labor and civil risks	(2,037)	(992)
Estimated losses with allowance for doubtful accounts	11,016	10,806
Profit sharing	5,598	5,153
Other	230	(832)
<b>Cash flows from operating activities before changes in assets and liabilities</b>	<b>209,790</b>	<b>181,884</b>
(Increase) decrease in accounts receivable	(28,288)	(29,531)
(Increase) decrease in inventories	6,306	(4,714)
(Increase) decrease in taxes recoverable	(11,052)	16,010
(Increase) decrease in judicial deposits	(103)	(1,099)
(Increase) decrease in other assets	2,898	6,157
Increase (decrease) in trade accounts payable	(579)	(6,748)
Increase (decrease) in payroll and related charges	9,225	11,298
Increase (decrease) in tax liabilities	2,278	849
Increase (decrease) in taxes paid in installments	(978)	(1,203)
(Increase) decrease in other liabilities	3,323	120
<b>Total variation in assets and liabilities</b>	<b>(16,970)</b>	<b>(8,861)</b>
Income tax and social contribution paid	(19,314)	(2,477)
<b>Net cash from operating activities</b>	<b>173,506</b>	<b>170,546</b>
Acquisition of property and equipment and intangible assets	(97,380)	(83,528)
Sale of fixed assets	660	-
Marketable securities and interest earned	(98,086)	(4,376)
Redemption of marketable securities	-	534
Payments	-	-
Payments excepted cash	-	-
Related parties increase	1,192	-
Acquisition of	(1,387)	-
Interest earned from financial investments	2,389	7,630
<b>Net cash used in investing activities</b>	<b>(192,612)</b>	<b>(79,740)</b>
Borrowings and debentures	-	50,203
Settlement (principal) of financing and debentures	(7,329)	(5,760)
Interest paid in financing and debentures	(13,209)	(29,795)
Financial expenses paid	(780)	(1,285)
Derivative financial instruments	(148)	(156)
Capital integralization	2,995	-
Dividends and / or interest on shareholders' equity	(57,566)	(130,071)
Dividends	-	-
Related Parties	-	71,159
Other	(550)	-
Risk Withdrawn Operation	3,756	-
<b>Net cash used in financing activities</b>	<b>(72,831)</b>	<b>(45,705)</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(91,937)</b>	<b>45,101</b>
<b>Cash and cash equivalents</b>		
At the beginning of the period	222,272	267,899
At the end of the period	130,335	313,000
<b>Variation in cash and cash equivalents</b>	<b>(91,937)</b>	<b>45,101</b>

**FLEURY S.A. CONSOLIDATED**

Statements of Value Added as of September 30, 2018 and 2017 (R\$ thousands)

	Consolidated	
	09/30/18	09/30/17
<b>Revenues</b>	<b>2,149,369</b>	<b>1,922,151</b>
Goods and products sold and services rendered	2,172,230	1,955,886
Estimated losses with allowance for doubtful accounts	(30,638)	(34,433)
Other revenue	7,777	698
<b>Inputs purchased from third parties</b>	<b>(770,219)</b>	<b>(697,031)</b>
Cost of goods and products sold and services rendered	(712,521)	(646,766)
Materials, electricity, outsourced services and others	(56,749)	(49,360)
Loss/recovery of asset values	(949)	(905)
<b>Gross value added</b>	<b>1,379,150</b>	<b>1,225,120</b>
Depreciation and amortization	(135,227)	(103,275)
<b>Net value added</b>	<b>1,243,923</b>	<b>1,121,845</b>
<b>Value added received through transfer</b>	<b>39,193</b>	<b>41,181</b>
Equity in the earnings (losses) of subsidiaries	817	1,107
Financial income	38,376	40,074
	-	-
<b>Total value added</b>	<b>1,283,116</b>	<b>1,163,026</b>
	-	-
<b>Distribution of value added</b>	<b>(1,283,116)</b>	<b>(1,163,026)</b>
<b>Personnel and charges</b>	<b>(470,918)</b>	<b>(424,693)</b>
Direct remuneration	(323,681)	(288,557)
Benefits	(119,424)	(112,251)
Charges	(27,813)	(23,885)
<b>Taxes, fees and contributions</b>	<b>(329,152)</b>	<b>(294,615)</b>
Federal	(263,702)	(238,523)
Municipalities	(65,450)	(56,092)
State	-	-
<b>Interest, rental and other operating expenses</b>	<b>(209,644)</b>	<b>(187,736)</b>
Interest	(118,360)	(98,943)
Rental	(73,421)	(79,028)
Other operating expenses	(17,863)	(9,765)
<b>Dividends and/or Interest on Equity</b>	<b>(57,566)</b>	<b>(58,941)</b>
<b>Legal Reserve</b>	<b>-</b>	<b>-</b>
<b>Retained earnings</b>	<b>(215,836)</b>	<b>(197,041)</b>