



alliar médicos à frente
sistema de diagnósticos de saúde



ALLIAR – 1Q18 RESULTS

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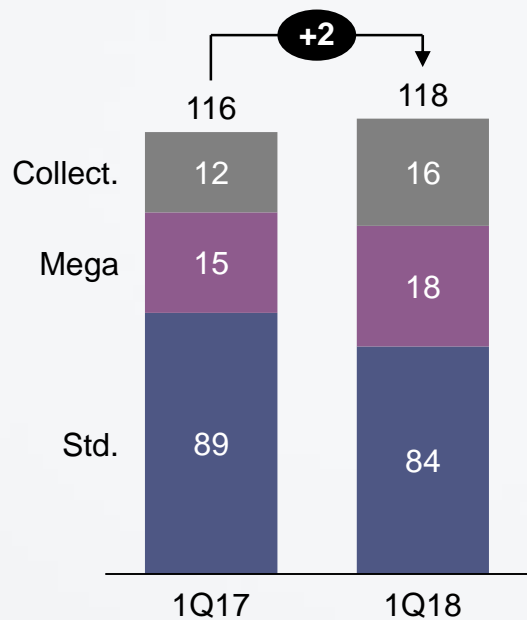
HIGHLIGHTS

- **Net revenue¹ growth of 6.3%** in the quarter, with same-store-sales (SSS) of **2%** (**5%** growth considering same comparable days base) and ramp-up of the new mega-units.
- Gross profit of R\$ **72.7** million in the quarter, growth of **12.4%** with gross margin reaching **27.7%** (+148 bps)
- **Adjusted EBITDA** of R\$ **59.4** million (**+19.6%**) in the quarter with an adjusted EBITDA margin of **22.6%** (+251 bps), reflecting the operating leverage through **cost reduction and strict expense control initiatives**.
- **Net income** (Shareholders) of R\$ **7.1** million in the quarter, a **22.8%** increase.
- **Operating cash generation** growth of **39.5%** to R\$ **31.1** million, with **52%** cash conversion (**+747 bps**), demonstrating the Company's high cash generation capacity.
- Net promoter score (**NPS**) of **60.5%** at the end of 1Q18, contemplating a single and improved methodology to capture data for **all Alliar brands**

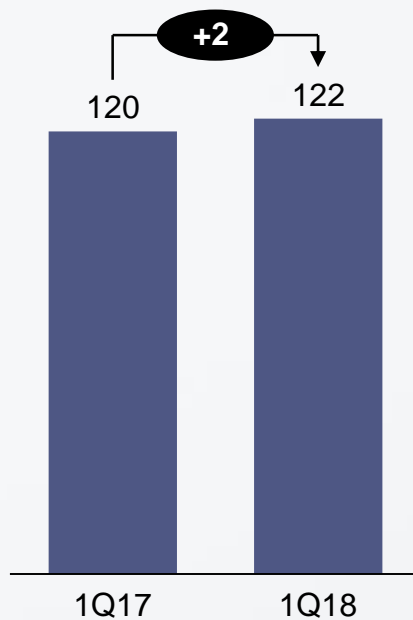
KEY ASSETS

Evolution

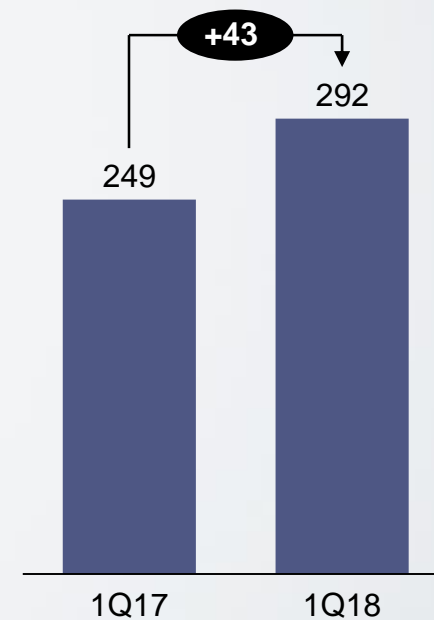
STORES



MRIs



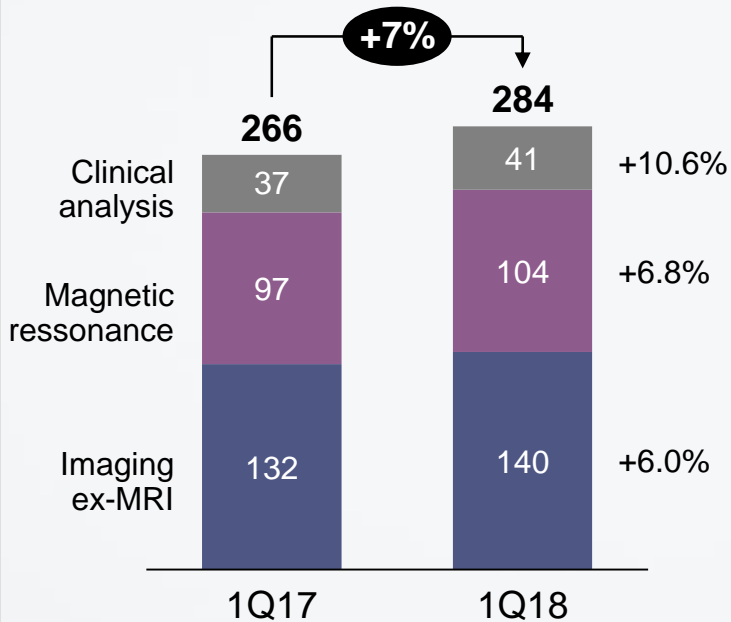
C. ANALYSIS ROOMS



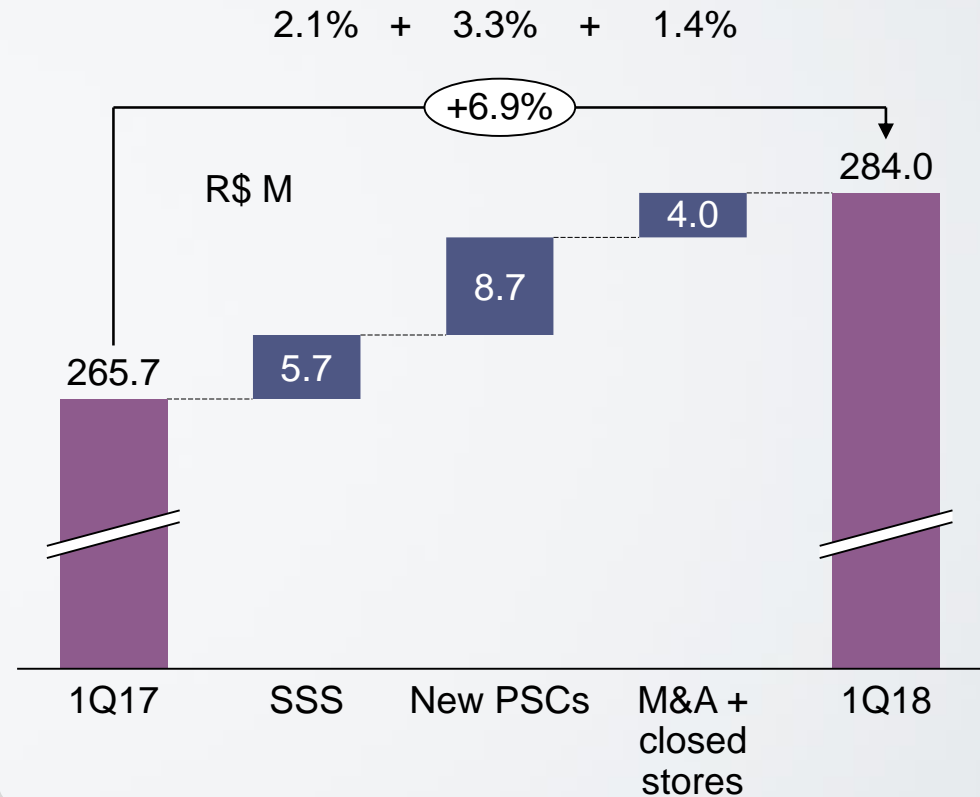
- Addition of 3 **mega stores** LTM (CDB brand in S. Bernardo and Móoca, Plani in S. José dos Campos)
- Clinical analysis offering stable vs. 4Q17: available in **53** stores (45% of total stores)

GROSS REVENUE¹

R\$ million



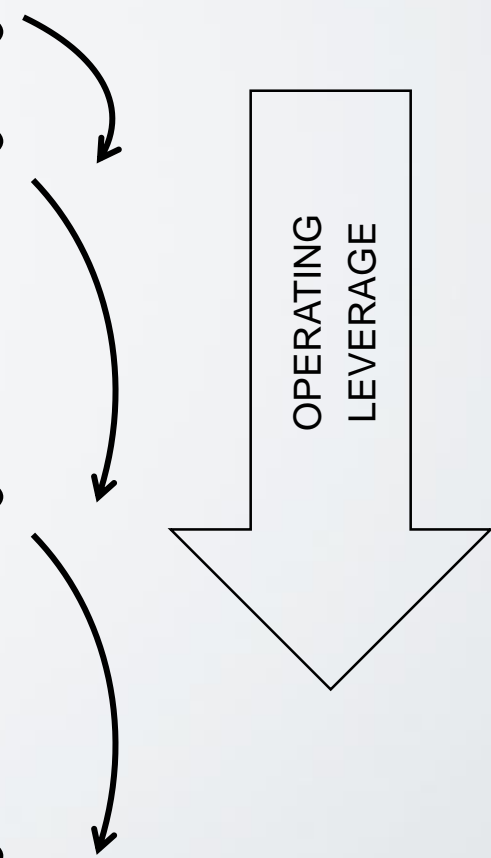
Contribution:



- **Consistent growths** on MRI and Imaging ex-MRI (ratio of **1.34** : 1)
- **Double-digit** clinical analysis growth, currently representing **14%** of revenues

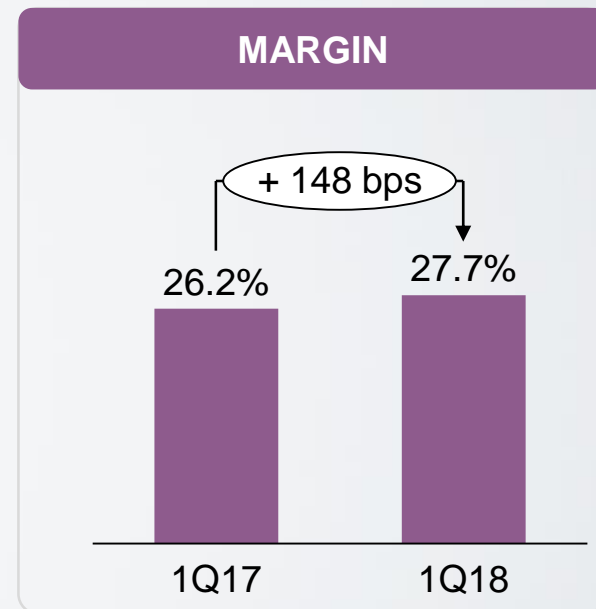
FINANCIAL PERFORMANCE

Income Statement Overview	1Q18	1Q17	YoY
Gross Revenue (ex-construction)	284.0	265.7	6.9%
Deductions	(21.8)	(19.0)	14.5%
Net Revenue (ex-construction)	262.3	246.7	6.3%
Cost of services	(189.5)	(181.9)	4.2%
Gross Profit	72.7	64.7	12.4%
<i>Gross Profit Margin</i>	27.7%	26.2%	148 bps
General and administrative expenses	(41.7)	(41.8)	-0.3%
Other income (expenses), net	(2.4)	(1.5)	57.5%
Share of profit (loss) on investments	3.3	3.5	-3.7%
(+) Depreciation and Amortization	19.7	20.9	-6.0%
EBITDA	51.7	45.9	12.8%
<i>(+/- adjustments)</i>	7.7	3.8	101.9%
Adjusted EBITDA	59.4	49.7	19.6%
<i>Adjusted EBITDA Margin</i>	22.6%	20.1%	251 bps
(-) Depreciation and Amortization	(19.7)	(20.9)	-6.0%
Finance income (expenses)	(16.7)	(9.8)	71.0%
EBT	15.3	15.1	1.1%
Taxes	(5.7)	(6.4)	-11.0%
<i>Effective tax rate</i>	-37.1%	-42.1%	503 bps
Attributable to non-controlling shareholders	(2.5)	(3.0)	-15.3%
Net Income (Shareholders)	7.1	5.8	22.8%
<i>Net margin (Shareholders)</i>	2.7%	2.3%	35 bps



GROSS PROFIT & MARGIN

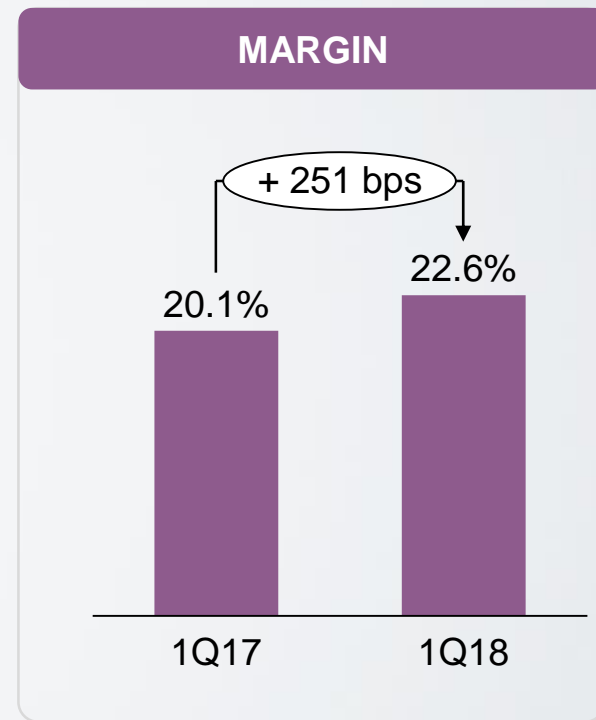
Gross Profit (R\$ Million)	1Q18	1Q17	YoY	% NRev (1Q18)	% NRev (1Q17)	YoY
Net Revenue (ex)	262.3	246.7	6.3%	-	-	-
Costs (ex)	-189.5	-181.9	4.2%	-72.3%	-73.8%	148 bps
Medical Services	-50.2	-44.0	14.2%	-19.1%	-17.8%	-134 bps
Employees	-49.7	-46.2	7.5%	-18.9%	-18.7%	-22 bps
Supplies and Support Labs	-30.1	-33.2	-9.4%	-11.5%	-13.5%	198 bps
Maintenance	-7.4	-7.3	0.7%	-2.8%	-3.0%	15 bps
Occupancy	-21.2	-20.0	6.2%	-8.1%	-8.1%	0 bps
Third-party serv. and others	-13.2	-12.3	6.7%	-5.0%	-5.0%	-3 bps
Deprec. and amortization	-17.7	-18.8	-5.9%	-6.8%	-7.6%	87 bps
Gross Profit	72.7	64.7	12.4%	27.7%	26.2%	148 bps
Construction cost	-0.9	-12.6	-93.2%	-	-	-



- **Gross profit** growth driven by **higher revenue** and **margin expansion**
- Highlight to **cost reduction initiatives** ('strategic sourcing')
- Growth of other lines negatively impacted by: (i) inauguration of units throughout 2017; (ii) full operation phase of the PPP; and (iii) increased participation of ultrasound and CA exams

Adj. EBITDA & MARGIN

EBITDA (R\$ Million)	1Q18	1Q17	YoY	% NRev (1Q18)	% NRev (1Q17)	YoY
Net Revenue (ex)	262.3	246.7	6.3%	-	-	-
Gross Profit	72.7	64.7	12.4%	27.7%	26.2%	148 bps
General and adm. expenses	-41.7	-41.8	-0.3%	-15.9%	-16.9%	104 bps
Employess	-22.2	-22.9	-3.2%	-8.5%	-9.3%	82 bps
Occupancy, 3 rd party, other	-16.4	-14.4	14.0%	-6.3%	-5.8%	-43 bps
Long-term incentive	-1.1	-2.3	-54.5%	-0.4%	-0.9%	53 bps
Depreciation and amort.	-2.0	-2.1	-6.0%	-0.8%	-0.8%	9 bps
Earnings of subsidiaries	-2.4	-1.5	57.5%	-0.9%	-0.6%	-31 bps
Other expenses, net	3.3	3.5	-3.7%	1.3%	1.4%	-14 bps
EBIT	32.0	24.9	28.6%	12.2%	10.1%	210 bps
Depreciation and amort.	19.7	20.9	-6.0%	7.5%	8.5%	-99 bps
EBITDA	51.7	45.9	12.8%	19.7%	18.6%	112 bps
Write-down of financial asset	7.7	3.8	101.9%	2.9%	1.5%	138 bps
Adjusted EBITDA	59.4	49.7	19.6%	22.6%	20.1%	251 bps



- Adj. EBITDA **growth of 19.6%** led to a margin of **22.6%** (+251 bps)
- The highlights are the revenue growth, **gross margin expansion** and tight **expenses control**
- Margin remains **below its potential** (units still in the maturation process)

FINANCIAL RESULT / DEBT

Financial Result (R\$ Million)	1Q18	4Q17	1Q17	YoY
Financial income	0.4	0.8	3.4	-87.1%
Financial expenses	-17.1	-27.3	-15.3	12.0%
FX effect on USD debt	0.0	-1.4	2.2	n/a
Total Financial Result	-16.7	-27.9	-9.8	71.0%

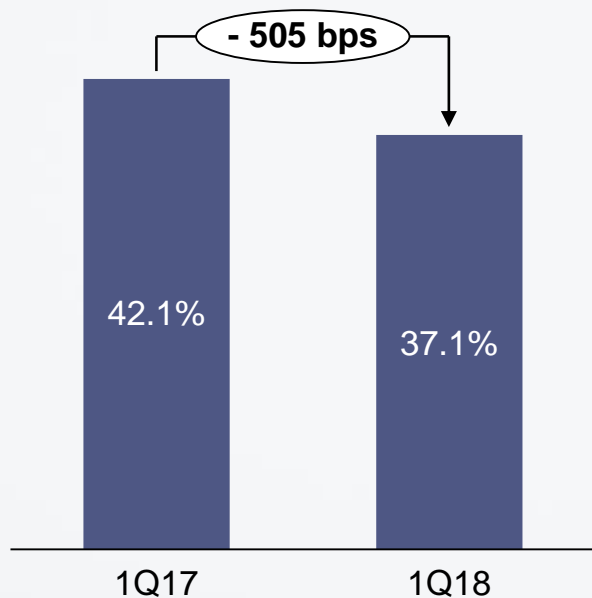
- Higher net debt level, favorable exchange effect in 1Q17 and lower average cash balance
- Evolution in comparison to 4Q17

Debt (R\$ Million)	1Q18	4Q17	1Q17	4Q16	YoY
Loans and debentures	631.3	599.3	484.1	505.6	30.4%
Supplier 'drawee risk'	4.3	11.7	0.0	0.0	n/a
Derivative financial statements	1.0	1.3	32.8	38.7	-97.1%
Gross Bank Debt	636.6	612.2	516.9	544.3	23.2%
Gross Bank Debt R\$	625.0	598.6	439.7	258.8	42.1%
Gross Bank Debt US\$	11.7	13.5	77.3	285.5	-84.9%
Tax installment payments	9.3	9.2	8.9	9.1	4.3%
Acquisitions of companies	62.2	85.3	88.3	47.0	-29.5%
Total Gross Debt	708.2	706.6	614.2	600.3	15.3%
Cash and equivalents	71.8	95.3	59.2	202.8	21.4%
Total Net Debt	636.3	611.3	555.0	397.5	14.7%
Adjusted EBITDA LTM	232.5	224.9	224.1	207.5	3.8%
Total Net Debt / Adj. EBITDA	2.74 x	2.72 x	2.48 x	1.92 x	10.5%

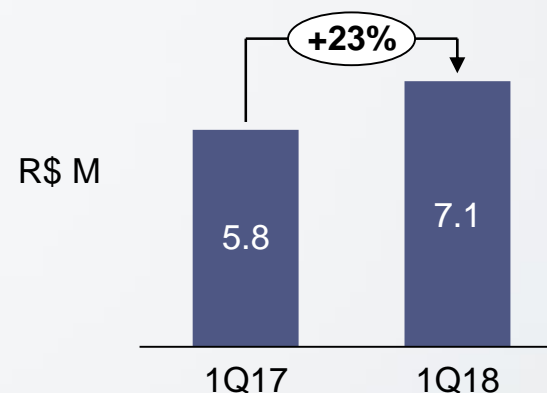
- Gross debt in line with 4Q17
- 2.74x net debt to adj. EBITDA
- Only 2% of bank debt subject to foreign exchange effect

TAX RATE & NET INCOME

TAX RATE

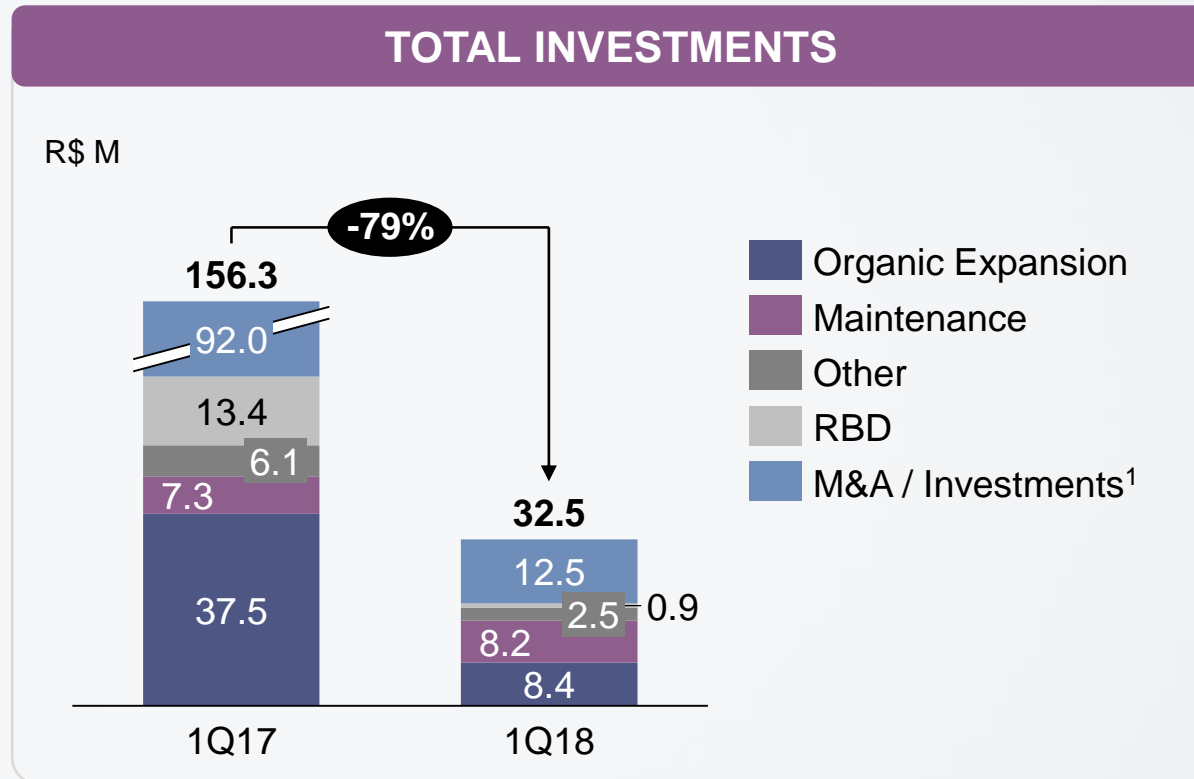


Net Income (R\$ Million)	1Q18	1Q17	YoY
Net Income	9.6	8.8	9.9%
Attributable to noncontrolling interests	2.5	3.0	-15.3%
Net Income (Shareholders)	7.1	5.8	22.8%
Net Income per share (in R\$)	0.06	0.05	19.2%
Net Margin	3.7%	3.6%	12 bps
Net Margin (Shareholders)	2.7%	2.3%	36 bps



- Alliar's efforts to **normalize its effective tax rate** (-505 bps vs. 1Q17 tax rate) begins to show-up; gradual improvement expected over the next quarters
- Net income growth higher than EBITDA growth demonstrates the **operating leverage** achieved, benefited by **cost reduction and expenses control initiatives**

INVESTMENTS

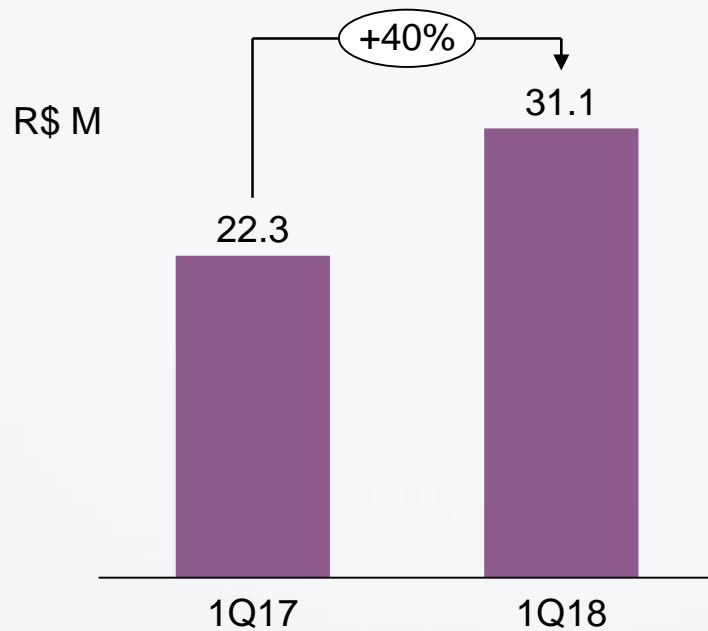


- 79% reduction reflects: (i) the anticipation of investments in organic expansion in 1Q17; and (ii) the conclusion of the investment cycle in the RBD (PPP Bahia)
- Total investments ex-M&A/Investments totaled **R\$ 20 million in 1Q18**
- Starting from our new growth cycle, evolution in free cash generation

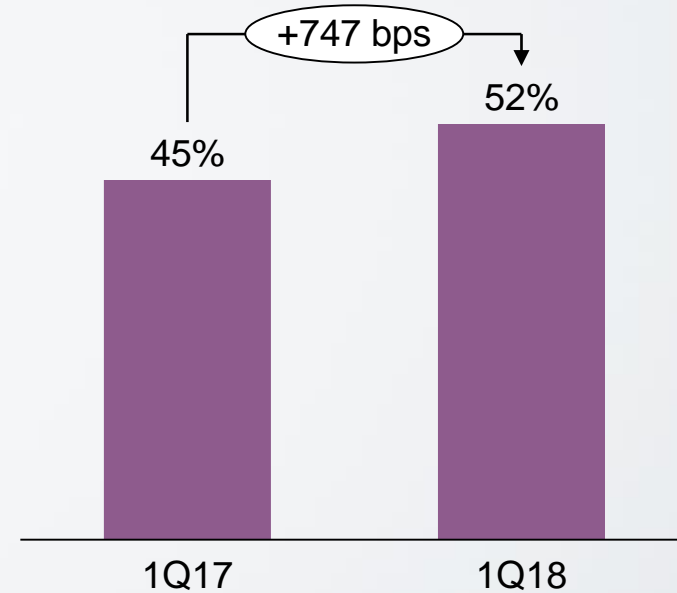
(1) M&A/Investments are in the accrual method (different from the cash flow)

CASH FLOW

OPERATING CASH FLOW



CASH CONVERSION



- **Operating Cash Flow** reached R\$ 31.1 million (+40%), with **52%** of cash conversion
- Alliar's high operating cash flow begins, from the new cycle, to convert into improved free cash flow

Q & A



CLOSING REMARKS

Start of new cycle 2018-2020 allows for Operating Leverage

- Focus on **Profitability** begins to reflect on the Company's results
 - **Ramp-up** of new **mega stores** in line with Company's expectations
 - **Higher Productivity** in Operations: **23.7** exams / MRI / day in 1Q18 average (+5.1% vs. 1Q17)
 - **Expansion** of margins and **higher** Net Income and Cash Generation





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