2Q18 - RESULTS

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HIGHLIGHTS

- **Organic net revenue**[1] growth of **5.7%** in the quarter, with same-store-sales (SSS) of **5.0%** and ramp-up of the new mega-units. YTD growth of **6.0%** to reach R$ **537.5** million, with SSS of **3.5%**

- **Adjusted EBITDA** of R$ **59.4** million (**+0.5%**) in the quarter and an adjusted EBITDA margin of **21.6%**. YTD adjusted EBITDA reached R$ **118.8** million (**+9.2%**), with an adjusted EBITDA margin of **22.1%**

- **Net income** (Shareholders) of R$ **5.3** million in the quarter (**+33.2%)** and R$ **12.4** million during the first half of 2018 (**+27.0%**)

- **Operating cash generation** growth of **5.6%**, reaching R$ **53.2** million in the quarter, with a cash conversion rate of **89%** (**+433 bps**), demonstrating, once again, Alliar's high operating cash generating capacity

- **Positive free cash flow** of R$ **29.2** million in the quarter and **beginning of the deleveraging process** evidence Alliar's new growth cycle

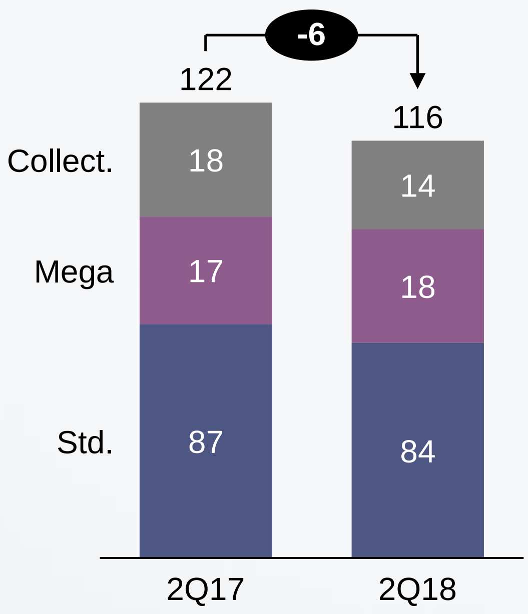
- Net promoter score (NPS) of **65.4%** at the end of 2Q18, an important evolution of **~500** bps when compared to 1Q18, reflects the stabilization of our **centralized contact center** and ongoing improvements in the **real-time management** of the patients' flow in our units

(1) Excludes construction-revenue

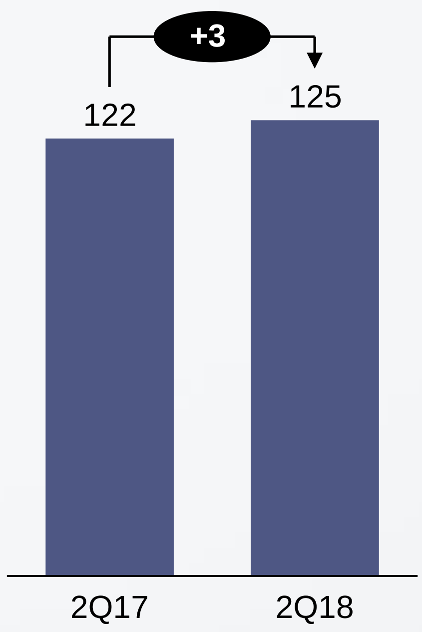
KEY ASSETS

Evolution

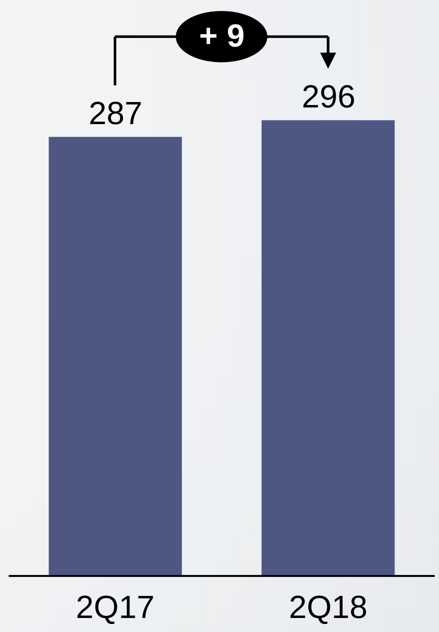
STORES



MRIs

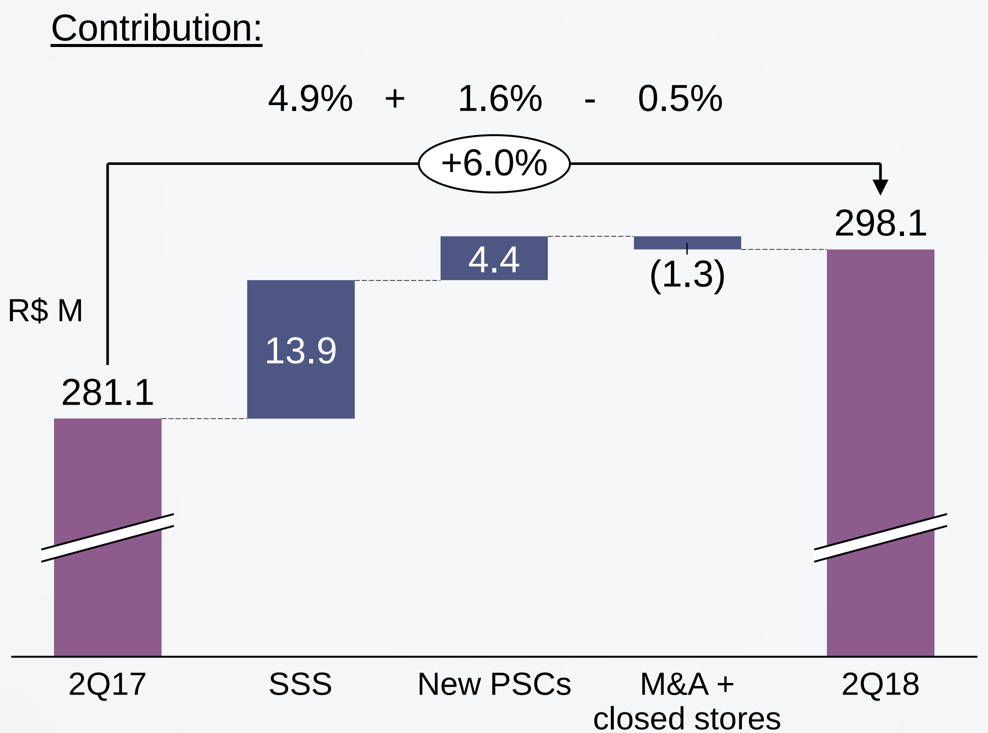


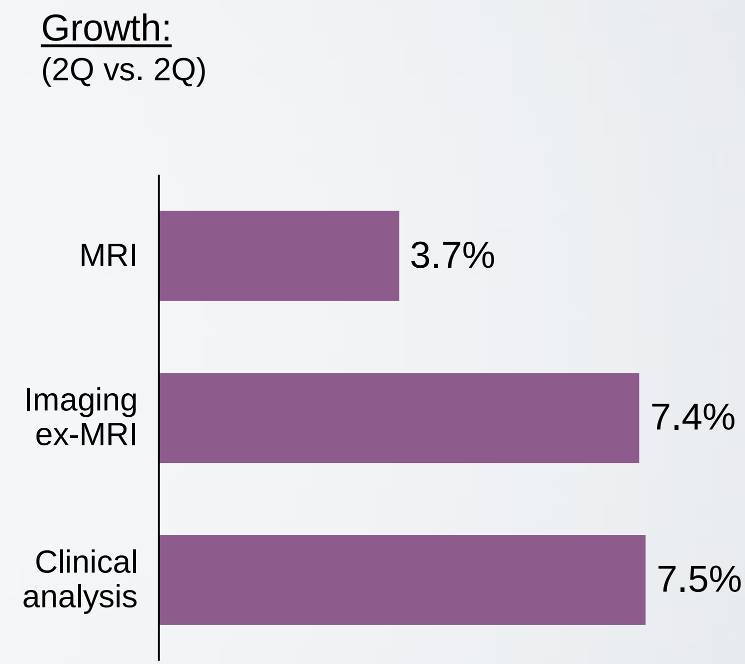
C. ANALYSIS ROOMS



- +**1 mega store** LTM (Plani brand in S. José dos Campos) and +**3 MRIs** (coming from closed stores)
- **+ 9** CA rooms, CA offering available in **53** stores (stable vs. 1Q18)

GROSS REVENUE[1]





- **Organic** growth by the combination of **5.0% SSS** and the opening of mega-units (nearly 40% of SSS growth comes from mega-units currently in maturation process)
- Growth affected by the national truck drivers' strike and the soccer world cup (by ~220 bps on revenue)
- Growths on MRI, Imaging ex-MRI and Clinical Analysis (representing **14%** of revenues in 6M18)

(1) Excludes construction-revenue

FINANCIAL PERFORMANCE

Income Statement Overview	2Q18	2Q17	YoY	6M18	6M17	YoY
Gross Revenue (ex-construction)	298.1	281.0	6.1%	582.1	546.7	6.5%
Deductions	(22.8)	(20.5)	11.2%	(44.6)	(39.5)	12.8%
Net Revenue (ex-construction)	**275.2**	**260.5**	**5.7%**	**537.5**	**507.1**	**6.0%**
Cost of services	(202.6)	(189.4)	6.9%	(392.1)	(371.4)	5.6%
Gross Profit	72.7	71.0	2.3%	145.4	135.8	7.1%
Gross Profit Margin	*26.4%*	*27.3%*	-88 bps	*27.1%*	*26.8%*	27 bps
General and administrative expenses	(47.6)	(41.5)	14.6%	(89.2)	(83.3)	7.1%
Other income (expenses), net	0.0	(1.1)	n/a	(2.3)	(2.6)	-10.6%
Share of profit (loss) on investments	3.7	3.5	6.7%	7.0	6.9	1.5%
(+) Depreciation and Amortization	22.9	21.0	9.0%	42.5	41.9	1.5%
EBITDA	51.7	52.9	-2.2%	103.4	98.7	4.8%
(+/- adjustments)	7.7	*6.3*	*22.9%*	15.4	*10.1*	*52.7%*
Adjusted EBITDA	**59.4**	**59.2**	**0.5%**	**118.8**	**108.8**	**9.2%**
Adjusted EBITDA Margin	*21.6%*	*22.7%*	-113 bps	*22.1%*	*21.5%*	64 bps
(-) Depreciation and Amortization	(22.9)	(21.0)	9.0%	(42.5)	(41.9)	1.5%
Finance income (expenses)	(18.7)	(22.0)	-15.0%	(35.4)	(31.8)	11.5%
EBT	**10.2**	**9.9**	**2.7%**	**25.5**	**25.0**	**1.7%**
Taxes	(2.4)	(5.2)	-53.0%	(8.1)	(11.5)	-29.8%
Effective tax rate	*-23.8%*	*-52.1%*	2824 bps	*-31.8%*	*-46.1%*	1425 bps
Attributable to non-controlling shareholders	(2.5)	(0.8)	215.0%	(5.0)	(3.8)	32.8%
Net Income (Shareholders)	**5.3**	**4.0**	**33.2%**	**12.4**	**9.7**	**27.0%**
Net margin (Shareholders)	*1.9%*	*1.5%*	39 bps	*2.3%*	*1.9%*	37 bps

OPERATING LEVERAGE

Adj. EBITDA & MARGIN

EBITDA (R$ Million)	2Q18	2Q17	YoY	% NRev (2Q18)	% NRev (2Q17)	YoY	6M18	6M17	YoY	% NRev (6M18)	% NRev (6M17)	YoY
Net Revenue (ex)	**275.2**	260.5	**5.7%**	-	-	-	**537.5**	507.1	**6.0%**	-	-	-
Gross Profit	**72.7**	71.0	**2.3%**	**26.4%**	27.3%	**-88 bps**	**145.4**	135.8	**7.1%**	**27.1%**	26.8%	**27 bps**
General and adm. expenses	-47.6	-41.5	14.6%	-17.3%	-15.9%	-135 bps	-89.2	-83.3	7.1%	-16.6%	-16.4%	-19 bps
Employees	-22.9	-22.3	2.5%	-8.3%	-8.6%	25 bps	-45.1	-45.3	-0.4%	-8.4%	-8.9%	53 bps
Occupancy, 3rd party, other	-21.3	-14.8	44.7%	-7.8%	-5.7%	-210 bps	-37.8	-29.2	29.5%	-7.0%	-5.8%	-129 bps
Long-term incentive	-1.1	-2.3	-54.5%	-0.4%	-0.9%	50 bps	-2.1	-4.7	-54.5%	-0.4%	-0.9%	51 bps
Depreciation and amort.	-2.3	-2.1	8.9%	-0.8%	-0.8%	-3 bps	-4.3	-4.2	1.5%	-0.8%	-0.8%	3 bps
Earnings of subsidiaries	0.0	-1.1	n/a	0.0%	-0.4%	n/a	-2.3	-2.6	-10.6%	-0.4%	-0.5%	7 bps
Other expenses, net	3.7	3.5	6.7%	1.3%	1.3%	0 bps	7.0	6.9	1.5%	1.3%	1.4%	-7 bps
EBIT	**28.8**	31.9	**-9.5%**	**10.5%**	12.2%	**-177 bps**	**60.9**	56.8	**7.2%**	**11.3%**	11.2%	**12 bps**
(+) Depreciation and amort.	22.9	21.0	9.0%	8.3%	8.1%	24 bps	42.5	41.9	1.5%	7.9%	8.3%	-36 bps
EBITDA	**51.7**	52.9	**-2.2%**	**18.8%**	20.3%	**-152 bps**	**103.4**	98.7	**4.8%**	**19.2%**	19.5%	**-23 bps**
Write-down of financial asset	7.7	6.3	22.9%	2.8%	2.4%	38 bps	15.4	10.1	52.7%	2.9%	2.0%	87 bps
Adjusted EBITDA	**59.4**	59.2	**0.5%**	**21.6%**	22.7%	**-113 bps**	**118.8**	108.8	**9.2%**	**22.1%**	21.5%	**64 bps**

- Adj. EBITDA **growth of 0.5%** in 2Q and **9.2% YTD** led to a margin of **22.1%** (**+64 bps**) in 6M18
- **Temporary loss** in quarterly margin (**-113 bps)** reflects a comparison basis favored in 2Q17 by provisions reversal and the higher concentration of marketing expenses in 2Q18 (**these effects aren't expected to occur in the upcoming quarters**)
- Highlight to the **tight expenses control** (mainly employees)

FINANCIAL RESULT / DEBT

Financial Result (R$ Million)	2Q18	1Q18	2Q17	YoY	6M18	6M17	YoY
Financial income	0.3	0.4	0.3	-6.9%	0.7	3.6	-80.9%
Financial expenses	-17.2	-17.1	-20.2	-15.2%	-34.3	-34.7	-1.2%
FX effect on USD debt	-1.8	0.0	-2.1	-12.7%	-1.8	-0.7	160.4%
Total Financial Result	**-18.7**	**-16.7**	**-22.0**	**-15.0%**	**-35.4**	**-31.8**	**11.5%**

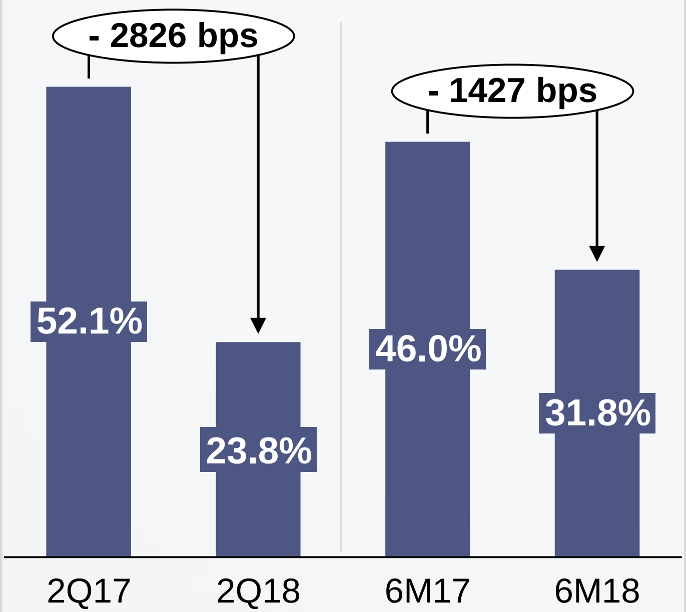
- Lower average cash balance
- FX effect reflects the Real depreciation from March to June 2018

Debt (R$ Million)	2Q18	1Q18	4Q17	2Q17	YoY
Loans and debentures	609.2	631.3	599.3	497.5	22.5%
Supplier 'drawee risk'	0.0	4.3	11.7	0.0	n/a
Derivative fin. instruments	0.0	1.0	1.3	27.9	-100.0%
Gross Bank Debt	**609.2**	**636.6**	**612.2**	**525.4**	**16.0%**
Gross Bank Debt R$	598.2	625.0	598.6	478.8	25.0%
Gross Bank Debt US$	11.0	11.7	13.5	46.6	-76.4%
Tax installment payments	8.9	9.3	9.2	9.5	-5.8%
Acquisitions of companies	56.3	62.2	85.3	88.8	-36.6%
Total Gross Debt	**674.4**	**708.2**	**706.6**	**623.6**	**8.1%**
Cash and equivalents	**66.8**	**71.8**	**95.3**	**56.5**	**18.2%**
Total Net Debt	**607.6**	**636.3**	**611.3**	**567.0**	**7.2%**
Adjusted EBITDA LTM	232.8	232.5	224.9	227.5	2.3%
Total Net Debt / Adj. EBITDA	**2.61 x**	**2.74 x**	**2.72 x**	**2.49 x**	**4.7%**

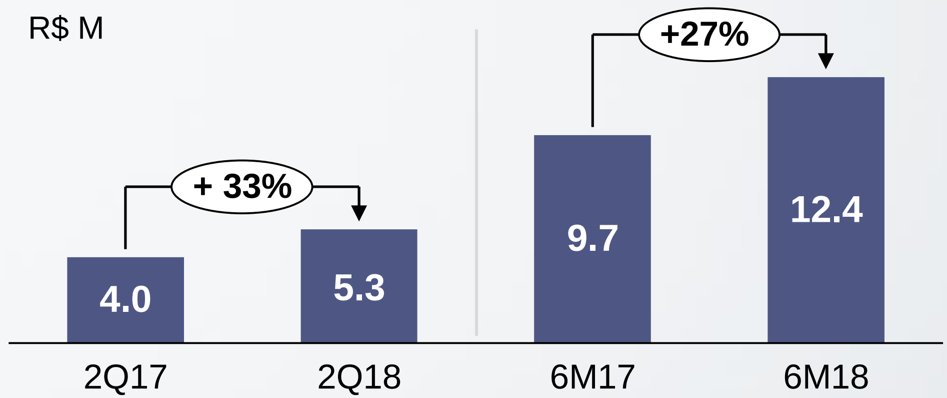
- Highlight to the beginning of the deleveraging process:
  - Net debt reduction (vs 4Q17 and 1Q18)
  - **2.61x** net debt to adj. EBITDA

TAX RATE & NET INCOME

TAX RATE



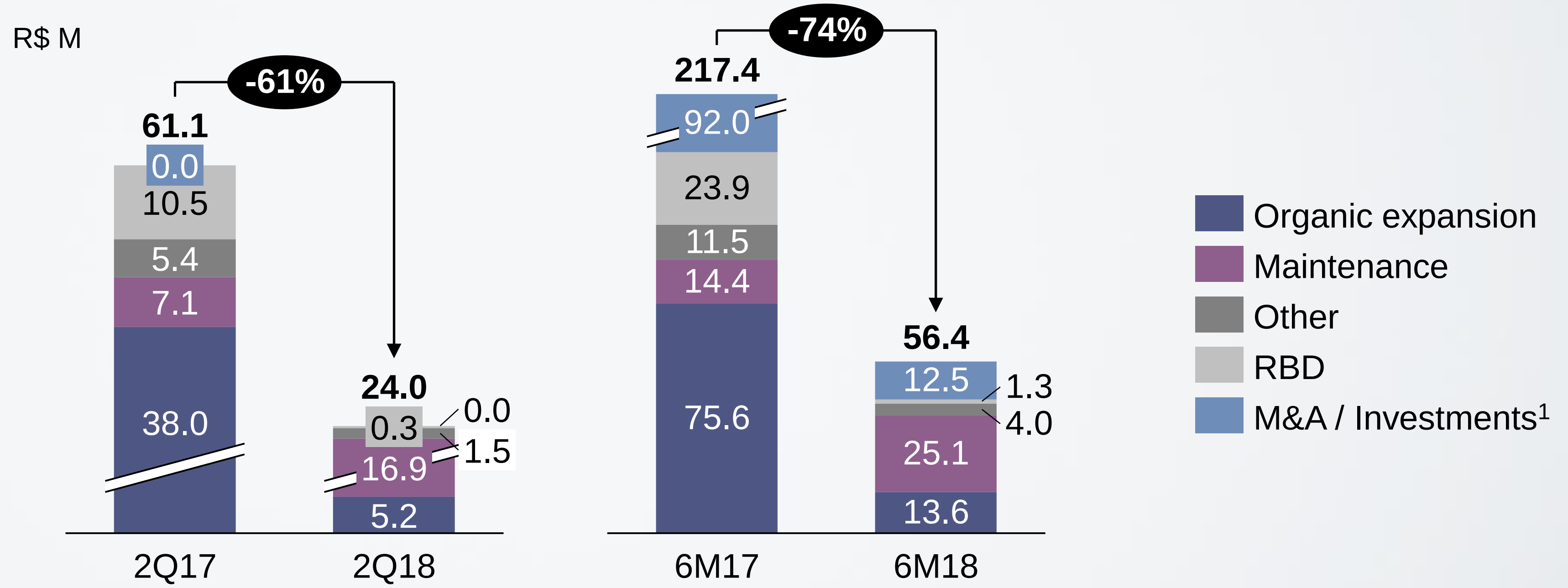
Net Income (R$ Million)	2Q18	2Q17	YoY	6M18	6M17	YoY
Net Income	7.7	4.7	63.3%	17.4	13.5	28.6%
Attributable to noncontrolling interests	2.5	0.8	215.0%	-5.0	-3.8	32.8%
Net Income (Shareholders)	**5.3**	**4.0**	**33.2%**	**12.4**	**9.7**	**27.0%**
Net Income per share (in R$)	0.04	0.03	32.0%	0.10	0.08	24.6%
Net Margin	**2.8%**	**1.8%**	99 bps	**3.2%**	**2.7%**	57 bps
Net Margin (Shareholders)	**1.9%**	**1.5%**	**40 bps**	**2.3%**	**1.9%**	**38 bps**



- **Tax rates of 23.8% in 2Q and 31.8% YTD** (vs 46% in 6M17) due to Alliar's efforts to reduce inefficiencies of its corporate structure
- Net income growth higher than EBITDA demonstrates the **operating leverage** of the Company's current cycle (better levels of **financial results** and **income taxes**)
- Net Income (Shareholders) reached R$ **5.3** million, a **33.2% growth**

INVESTMENTS

TOTAL INVESTMENTS (CAPEX + M&A)

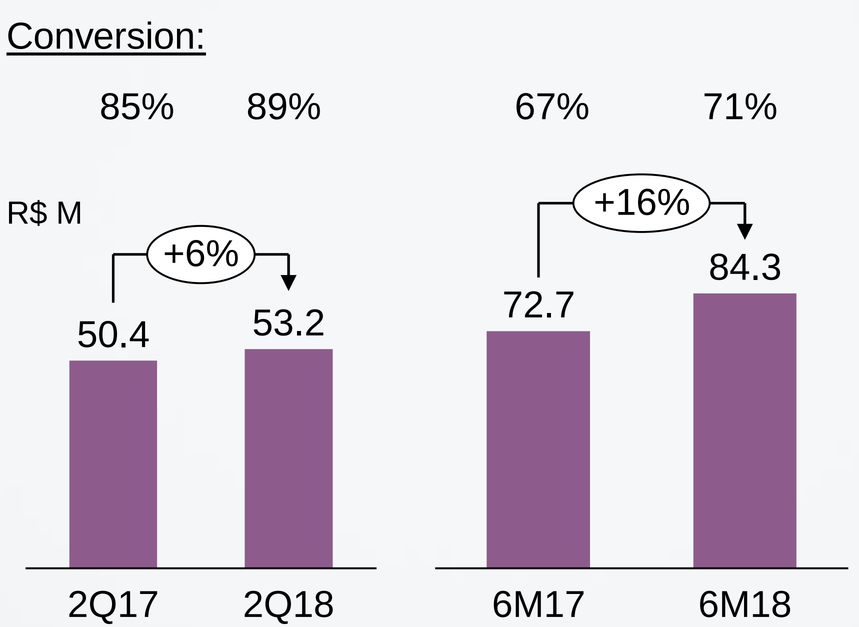


- 61% reduction reflects: (i) the anticipation of investments in expansion in 2017; and (ii) the conclusion of the investment cycle in RBD (PPP Bahia)
- Total investments totaled **R$ 24 million in 2Q18**
- Investments reduction as an important driver of **free cash generation**

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

CASH FLOW

OPERATING CASH AND CASH CONVERSION



FREE CASH FLOW

- **Operating Cash Flow** reached R$ **53.2** million (+6%), with **89%** of cash conversion
- Positive free cash flow of R$ **29.2** million
- These results demonstrate once again the Company's **strong cash generation capacity**

CLOSING REMARKS

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- Focus on **Profitability** begins to reflect on Alliar's results
  - ***Ramp-up*** of new **mega stores** in line with Company's expectations
  - **Higher Productivity** in Operations: **24.5** exams / MRI / day in the 2Q18 average (**+2.2%** vs. 2Q17 even after the addition of 3 machines)
  - **Expansion** of margins and **higher** Net Income and Cash Generation
- Continuous focus on the use of **technology and innovation** as drivers of **operational efficiency, medical quality and patient experience**

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Q&A