

1Q10 Conference Call

May, 2010

Grupo FLEURY

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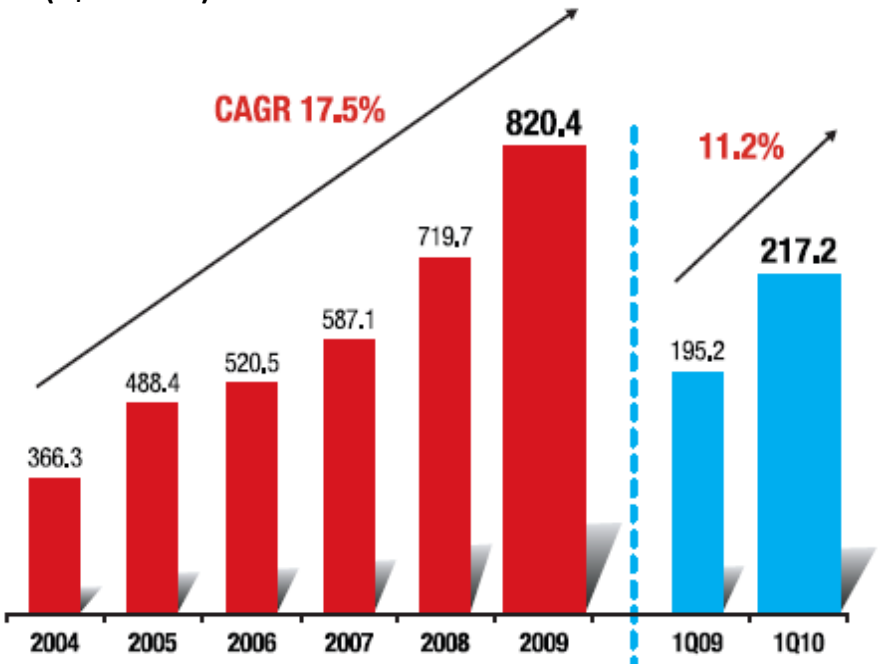
All mentioned comparisons are against the same period in 2009 - 1Q09 - except when stated differently

Financial Highlights

- **Gross Revenue 11.2% growth – 12.9% at PSCs, 18.7% at Hospital-Based Diagnostics**.
- **Gross Profit margin** to net revenue **achieved 42.2%,** representing **a 14.3% increase.**
- **EBITDA (not adjusted) increased 16.7%,** achieving **22% margin to net revenue.**
- **Net Income reached R$ 24 millions, a 114% increase**.

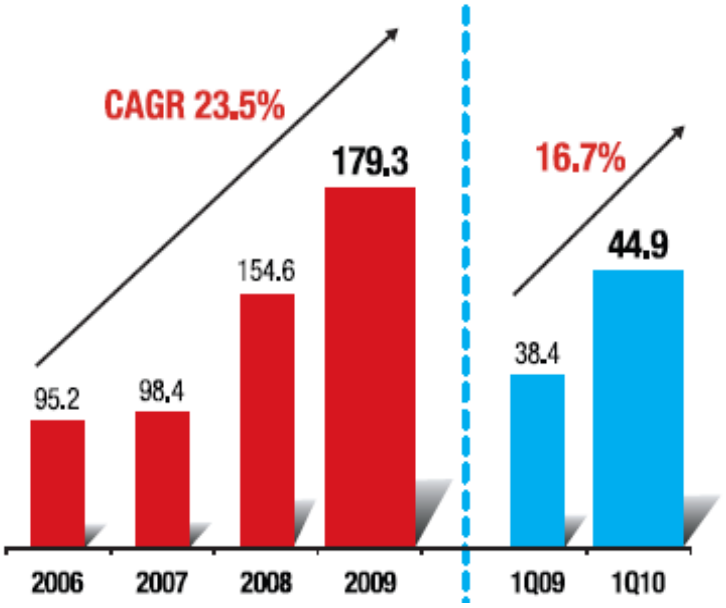
Gross Revenue

(R$ millions)



EBITDA[1]

(R$ millions)



(1) Without any adjustment

Operational highlights

- **Completion of the integration of Biesp (São Paulo state) and Centro de Mastologia do Rio de Janeiro operations, with the unification of front-end IT platform.**

- **Optimization of PSCs network in Rio de Janeiro,** with the start-up of Image Services in two centers and closure of 10 satellite ones.

- **Completion of the unification of sample processing facilities of São Paulo State** with closure of one sample processing facility.

- **Incorporation of Weinmann Laboratories**, which was acquired by the Group in October 2009.

Gross Revenue

- **Patient Service Centers, 12.9% revenue increase.**
  - Average revenue **per PSC expanded 16.2%**.
  - 6.4% increase in the number of patients.
- **Diagnostic Operations in Hospitals with 18.7% increase.**
- **Preventive and Therapeutic Medicine increased 51.6%** excluding the Fleury Day-Hopital numbers**.**

Gross Revenue by Business Unit

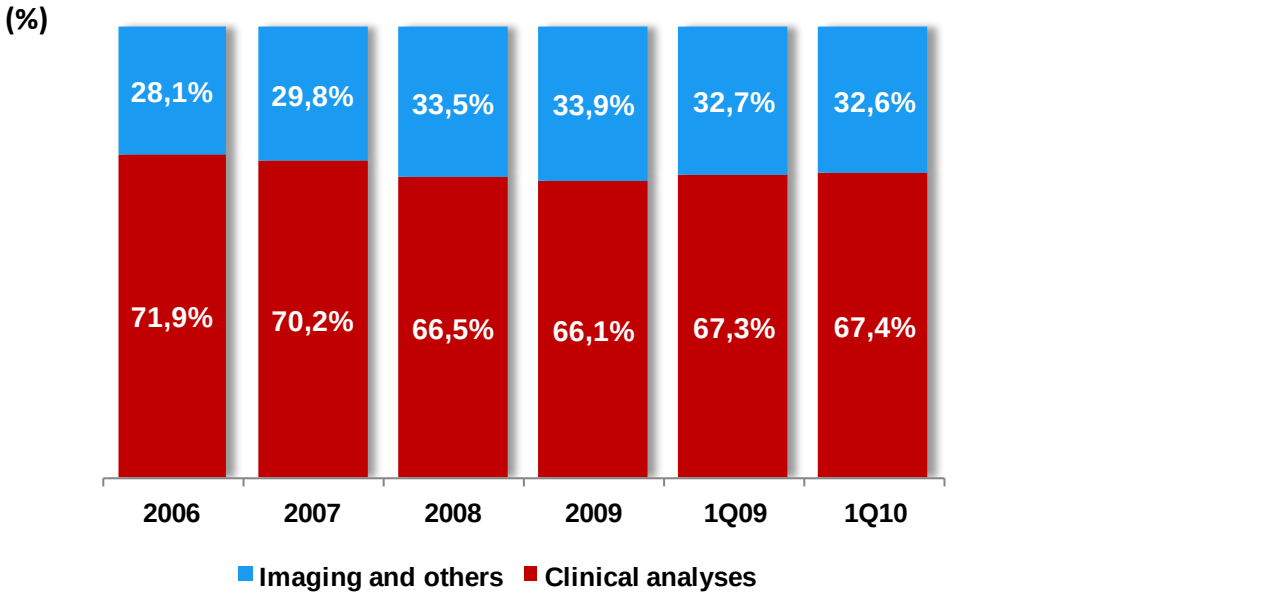
(R$ millions)

	1Q10	1Q09	% Net Rev	△ (%)
Medical Diagnostics	**213.5**	**191.4**	**97.3%**	**11.5%**
Patient Service Centers	**186.2**	**164.9**	**85.7%**	**12.9%**
Diagnostic Operations in Hospitals	**17.7**	**14.9**	**8.2%**	**18.7%**
Lab-to-lab and Clinical Trials	**9.6**	**11.6**	**4.4%**	**-17.4%**
Preventive and Therapeutic Medicine	**3.6**	**3.8**	**1.7%**	**-4.1%**

Medical Diagnostics

- Composed by Patient Service Centers (PSCs), Diagnostic Operations in Hospitals and Lab-to-Lab, **grew 11.5% in 1Q10 x 1Q09.**
  - **12.9% Growth of PSCs revenues**, 6.4% increase of patients and enrichment in tests' portfolio.
  - **Expansions by the Hospital-based Operations.**
  - **Geographic expansion** through the acquisition of Weinmann, adding 26 PSCs, 2 operations in hospitals and a strong Lab-to-Lab operation.
- **Imaging and other specialties revenue increase by 11.2%, clinical analyses revenue increase by 11.7%.**

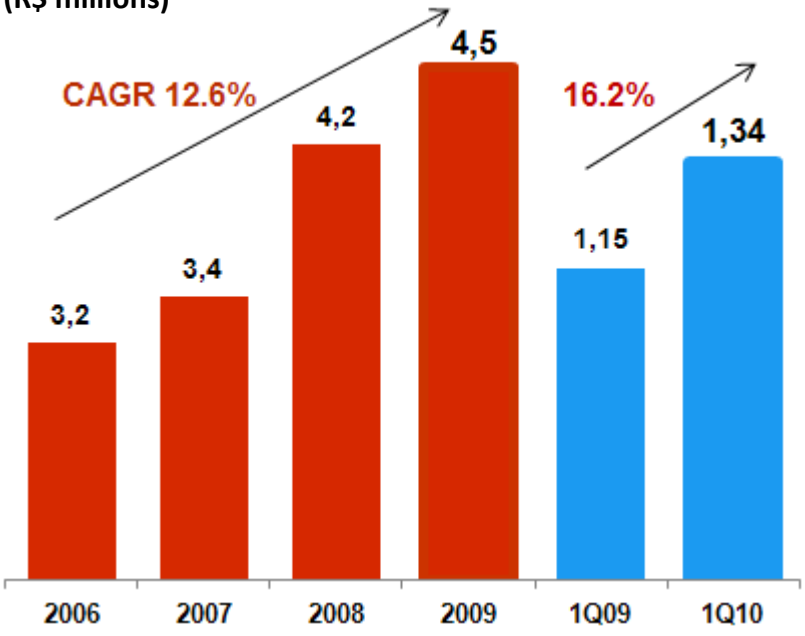
Gross Revenue of Medical Diagnostics by type of test



Patient Service Center

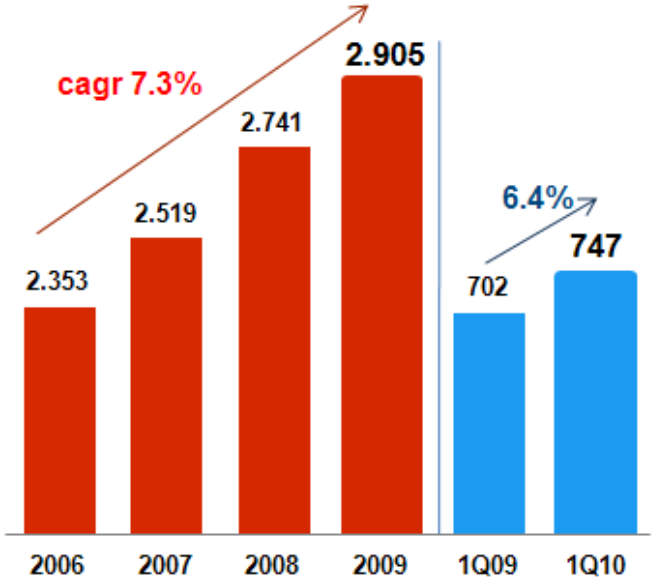
Average revenue per PSC

(R$ millions)



Number of patients

(Thousands)



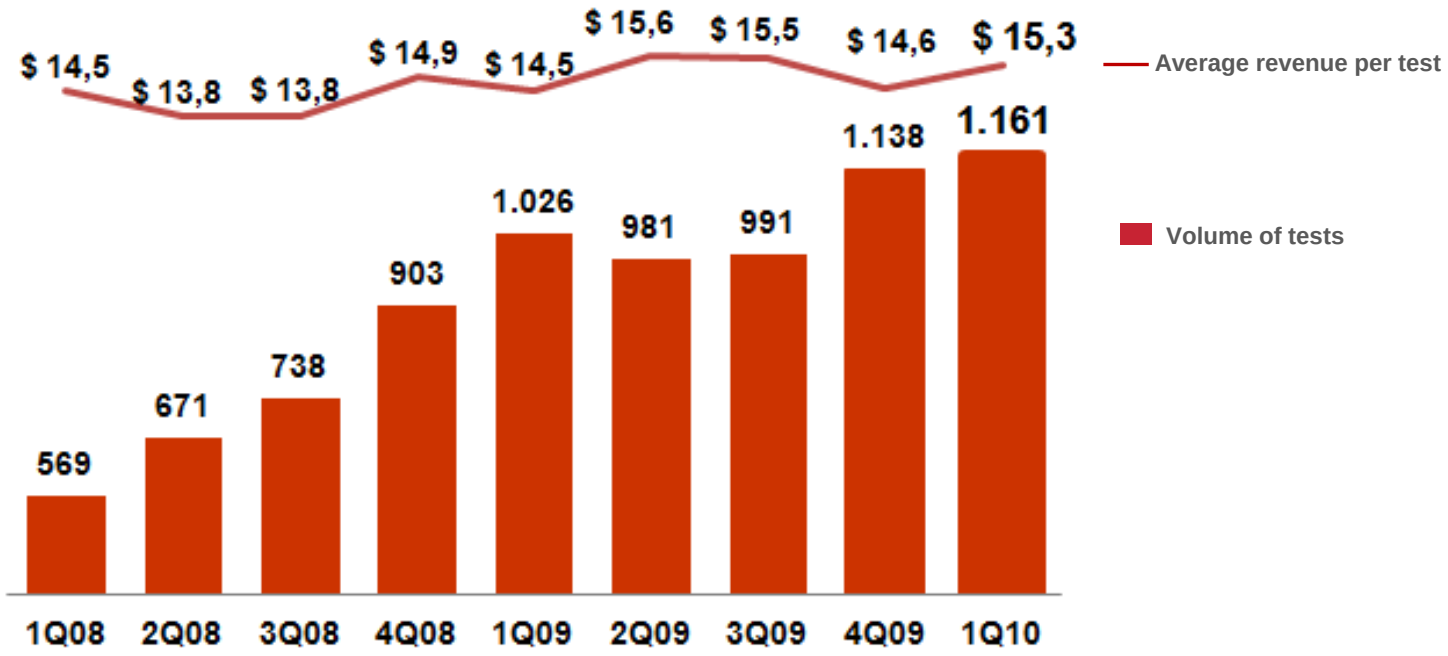
- **Growth of 16.2% in the average revenue per PSC**.
- **Growth of 12.9% in 1Q10** compared to 1Q09
- Increased **number of patients** in **1Q10, 6.4%** compared to 1Q09.

Operations in Hospitals

- **Growth 18.7% in 1Q10** compared to 1Q09, due to:
  - **Expansion of Hospital-based Operations**
  - **Presence in hospitals in Porto Alegre, from Weinmann acquisition**

Volume of tests and average revenue per test

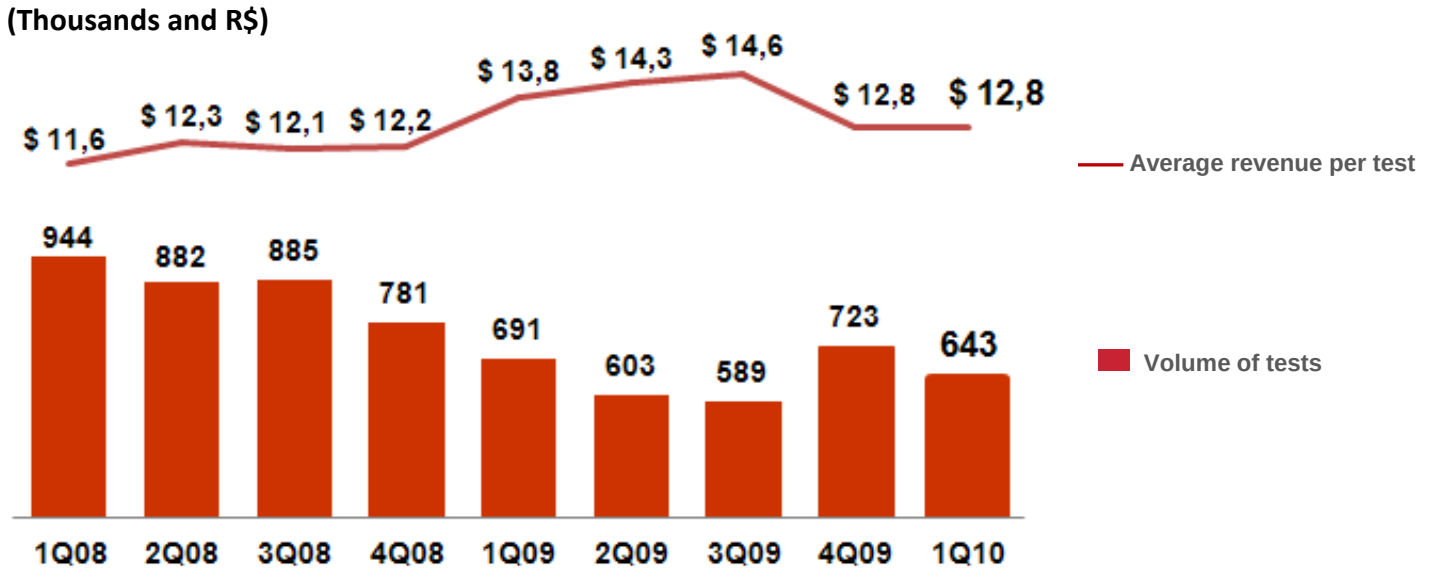
(Thousands and R$)



Lab-to-Lab and Clinical Trials

- **Reduction of 1.6% in 1Q10** compared to 1Q09 **in Lab-to-Lab**
  - Reduction in low-complexity tests, concentrating on products with higher added value;
  - Qualification of the portfolio and increase in profitability;
  - Weinmann Lab-to-lab operation influencing average revenue per test.
- **Discontinuity of Clinical Trials business**. Revenues from R$ 2.1 million in 1Q09 to R$ 0.2 million in 1Q10.
- Overall business line revenue decreased 17.4%

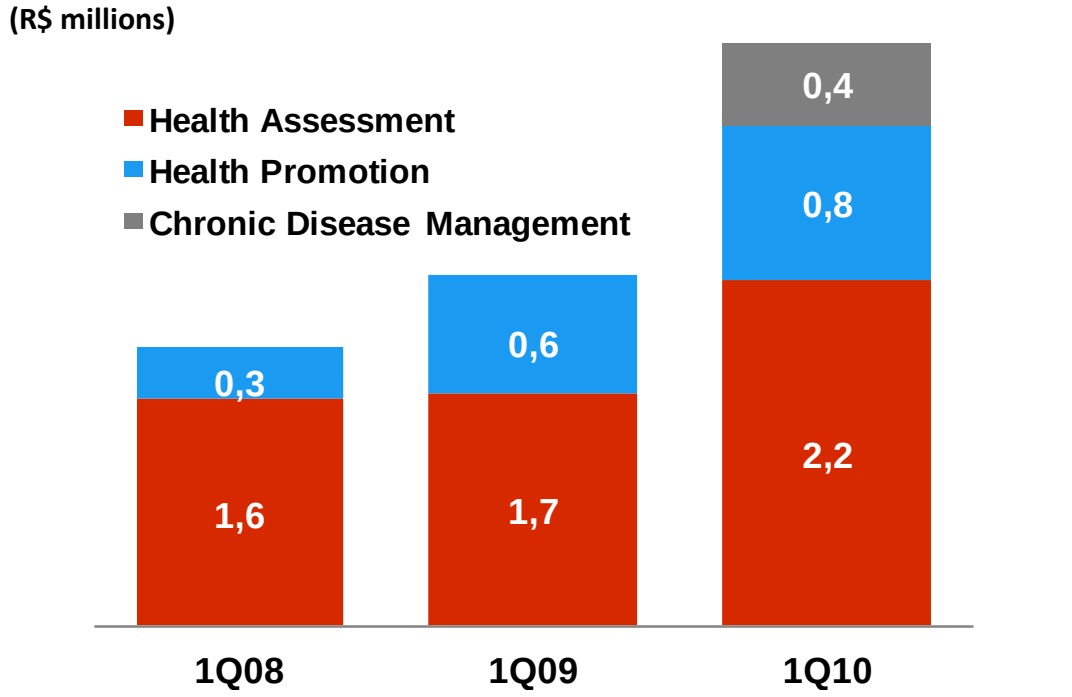
Volume of tests and average revenue per test (excluding Clinical Trials)



Preventive and Therapeutic Medicine

- **Growth of 51.6% excluding Fleury Hospital-Dia.**
- **Chronic Disease Management services reached 13.0 thousand lives contracted**.
- **Health Assessment revenue grew 33%,** with 27% increase in the number of Health Assessments.
- **Health Promotion** services within companies **revenue grew 32%**.

Quarterly Gross Revenue - Preventive and Therapeutic Medicine



Cost of services

- **Dilution of 110 basis points compared to 1Q09, and dilution of 490 basis points compared to 4Q09:**
  - Unification of sample processing facilities in the São Paulo State completed 1Q10
  - Unification of front-end and sample processing facilities IT platforms.
  - Despite expenditures related to the closure of PSCs and operations' optimization.

	R$ million		*% Net Revenue*		
	1Q10	1Q09	1Q10	1Q09	△
Personnel and medical services	57,9	50,7	-28,4%	-27,7%	71 bp
Materials and outsourcing	25,1	23,5	-12,3%	-12,8%	-50 bp
General services, rent and utilities	24,2	25,4	-11,9%	-13,9%	-199 bp
General expenses	10,6	8,3	-5,2%	-4,5%	68 bp
Cost of services	117,9	107,9	-57,8%	-58,9%	-110 bp

Operating Expenses

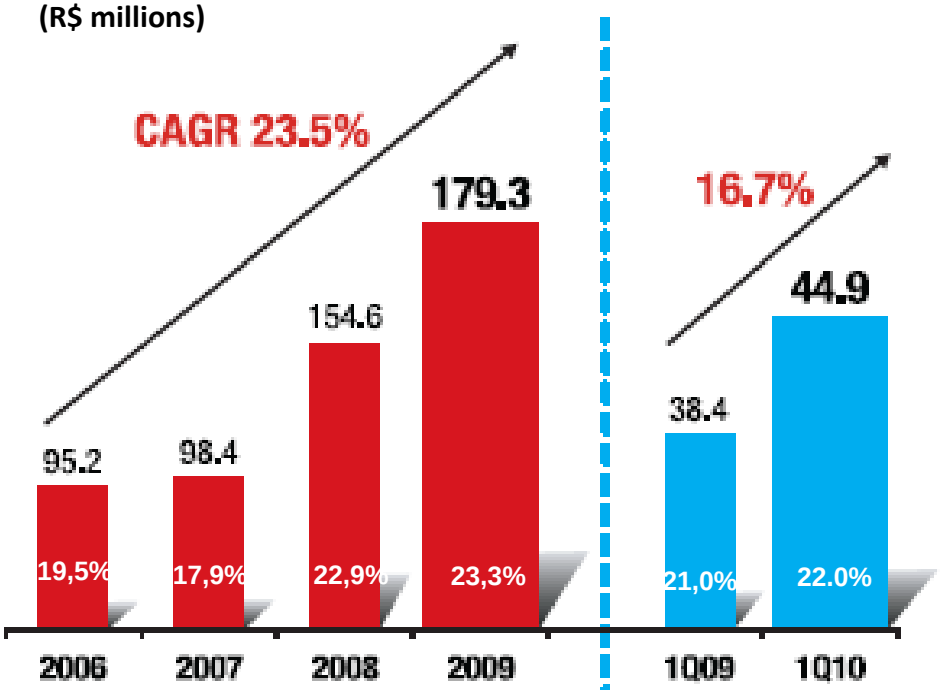
- **General and administrative expenses**, excluding the provisions for Profit Sharing Plan (PSP) and Depreciations, **were R$32.9 millions,** 16,2% of Net Revenue, **a dilution of 81 basis points compared to 1Q09.**
- **Depreciation** reached **R$ 8.0 millions**, **PSP** amounted **R$ 2.5 millions.**
- **Other income (expense), net** increased R$2.9 millions, mainly to adjust the level of bad debt provisions.

	R$ million		*% margin-to-net-revenue*		
	1Q10	1Q09	1Q10	1Q09	△
General and administrative	32.9	31.1	-16.2%	-17.0%	-81 bp
Accrued profit sharing	2.5	2.9	-1.2%	-1.6%	-36 bp
Other operational expenses	6.0	3.0	-2.9%	-1.6%	128 bp
Provision for contingencies	-0.2	0.2	0.1%	-0.1%	-16 bp
Operational expenses (ex-deprec.)	41.2	37.1	-20.2%	-20.2%	-5 bp

EBITDA

- **Growth of 16.7%,** reaching **R$ 44.9 millions.**
- **Additional expenses** totaled R$ 4.0 million, caused by expenses related to administrative restructurings, integrations and the closing of PSCs, **have not been deducted from the EBITDA.**
- **EBITDA margin** on net sales **improved 101** basis points **(to 22.0%)**.

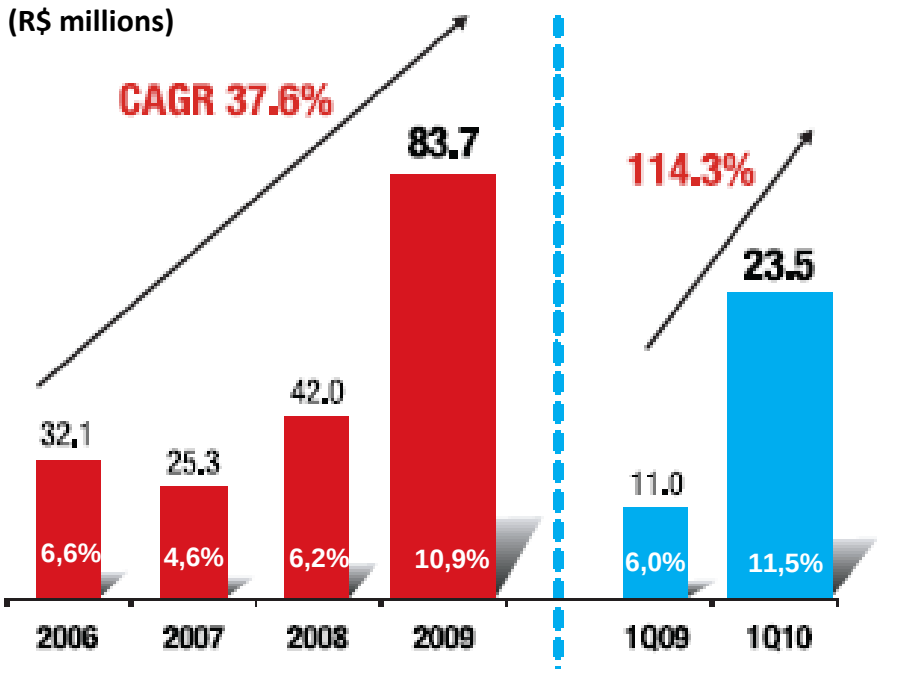
EBITDA & EBITDA margin-to-net-revenue



Net Income

- **Growth of 114%**, reaching **R$ 23.5 millions.**
- **The profit margin** on net revenue reached **11.5%.**
- Deferred income tax bringing the total tax and social contribution **to R$ 17.0 millions**, of which **R$ 5.3 millions are current income tax (effective Tax Rate was 13%).**

Net income & Net income margin



Financial Highlights

R$ million	1Q10	1Q09	Δ	4Q09	Δ
Gross Revenue	217.2	195.2	11.2%	215.7	0.7%
Net Revenue	203.9	183.2	11.3%	202.5	0.7%
Gross Profit	86.0	75.3	14.3%	75.5	13.9%
% NR	42.2%	41.1%	110 bps	37.3%	490 bps
EBITDA	44.9	38.4	16.7%	41.0	9.5%
% NR	22.0%	21.0%	101 bps	20.2%	178 bps
Net Earnings	23.5	11.0	114.3%	20.1	17.2%
% NR	11.5%	6.0%	555 bps	9.9%	163 bps
Net Debt	(402.2)	104.3		(327.8)	
Shares Outstanding (million)	131.3	4.6		126.2	

Capital Markets

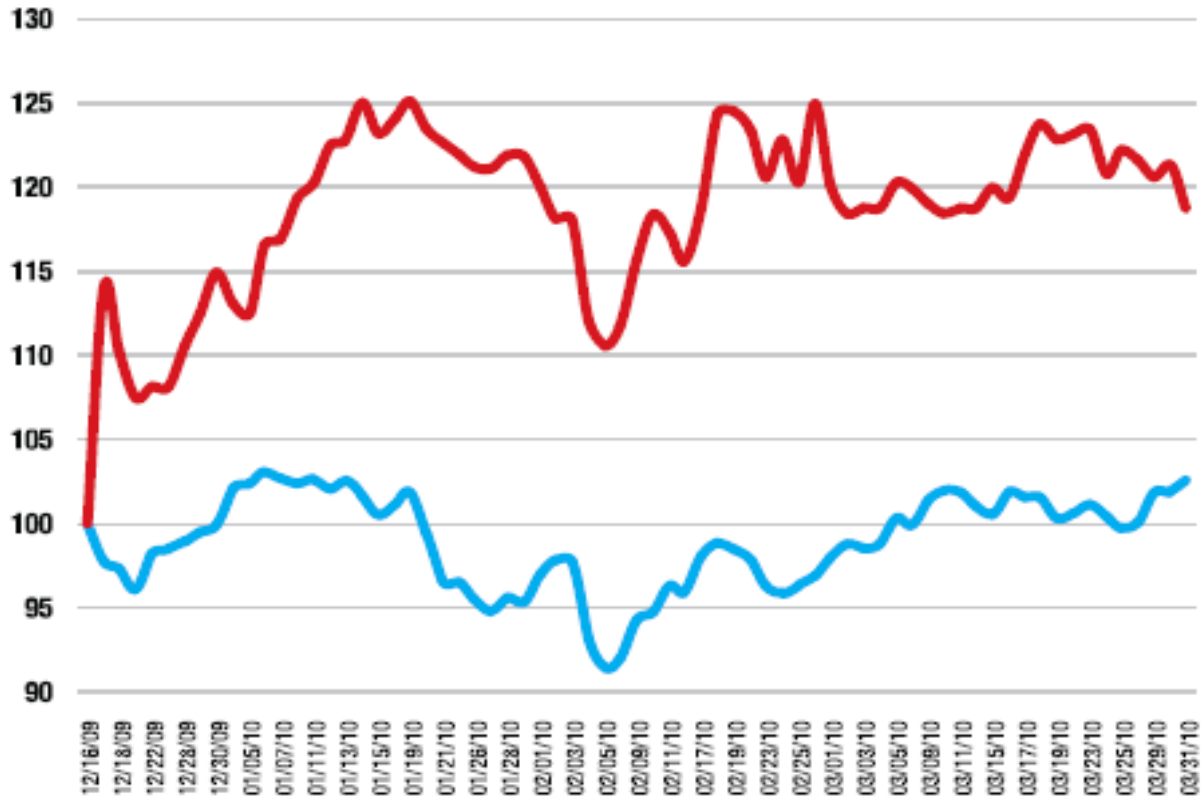
FLRY3	
Close (03/31/2010)	R$ 19.00
1Q10 High	R$ 20.00
1Q10 Low	R$ 17.69

Total Shares(05/13/10)
131.298.550 shares

Share Price on 05/13/10
R$ 17.70/share

Free float (05/13/10)
39.389.570 shares (30,0%)

Market Cap (05/13/10)
R$2.32 billion



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