4Q11 and 2011 Results

FLRY3



March, 2012

Grupo FLEURY

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Disclaimer

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All figures are compared to 4Q10 (and 2010)
except when stated otherwise

Operational Highlights

- On **October 6th,** Grupo Fleury was considered one of the twenty most innovative companies in Brazil by "Época Negócios" Magazine, in partnership with A.T. Kearney consultancy.



- During **November** and **December** Fleury became the service provider for clinical analysis in the three São Luiz Hospitals in São Paulo. In 1Q12 we will also become the service provider for imaging







- On **November 9th,** Grupo Fleury was considered one of the model companies in social and environmental responsibility elected by Guia Exame.

- On **December 16th** the payment of R$ 10 MM (R$ 0.14 per share) as Interest on Capital was announced. In 2011, R$ 28 MM were paid as Interest on Capital.

- On **December 20th** the Group announced the expansion of "a+" brand through the incorporation of eight Campana's Patient Service Centers and the delivery of six additional units by the end of the first semester.

- On **December 23rd** the first issuance of non convertible Debentures was concluded, improving the cash position by R$ 450 MM.

- On **December 30th** the Extraordinary Shareholders Meeting approved the merger of Labs Cardiolab by Fleury SA.

Financial Highlights

- **Growth Acceleration:** Gross Revenue increases by 56.8% QoQ to R$ 365 MM. In 2011, increases by 31.2% YoY to R$ 1.2 billion.

- **Organic growth** accelerates to **14.9%** in the quarter (11.8% 4Q10) and **13.6%** FY11 (9.2% FY10).

	FY10	1Q11	2Q11	3Q11	4Q11	FY11
PSC - Total	**13.3%**	**10.8%**	**12.4%**	**44.4%**	**60.9%**	**32.4%**
PSC - Organic	6.9%	10.8%	11.2%	12.7%	13.8%	12.1%
Diag Operations in Hospitals - Total	**48.4%**	**51.7%**	**29.9%**	**25.2%**	**53.6%**	**39.4%**
Diag Operations in Hospitals - Organic	26.3%	41.1%	29.9%	25.2%	25.4%	29.5%
Reference Laboratory - Total	**-14.4%**	**-7.0%**	**-16.2%**	**-9.8%**	**-4.2%**	**-9.5%**
Reference Laboratory - Organic	-6.4%	-0.4%	-6.9%	-4.1%	1.8%	-2.5%
Preventive Medicine - Total	**-7.8%**	**30.9%**	**23.7%**	**24.2%**	**23.8%**	**25.3%**
Preventive Medicine - Organic	48.0%	30.9%	23.7%	24.2%	23.8%	25.3%
Group - Total	**13.9%**	**13.6%**	**13.1%**	**39.9%**	**56.8%**	**31.2%**
Group - Organic	9.2%	13.3%	12.6%	13.7%	14.9%	13.6%

- **Gross profit** in 4Q11 has reached **R$ 100 million, + 35.6% QoQ**. In FY11, gross profit reached **R$ 393 million, +22.8% YoY.**

- **EBITDA** achieves **R$ 50.3 million** in the quarter with margin of 15.2% (**R$ 200 million** and 17.7% FY11). The EBITDA margin would be 648 bps higher in the quarter and 507 bps higher in the year if we exclude the non-recurring expenses.

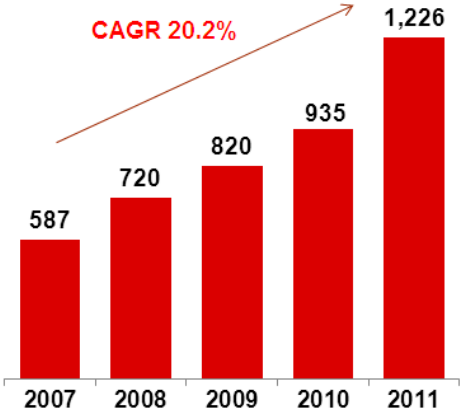
- In 4Q11 **Net Income** achieves **R$ 12.7 million** and **R$ 101 million** in the year. **Net cash** provided by operating activities achieves **R$ 146 million** in the year.

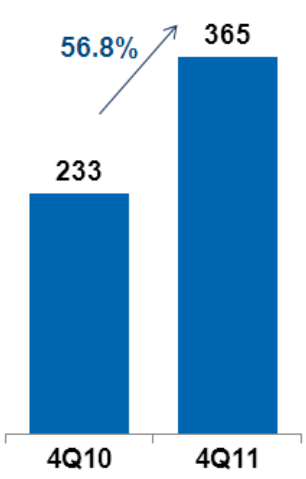
Performance

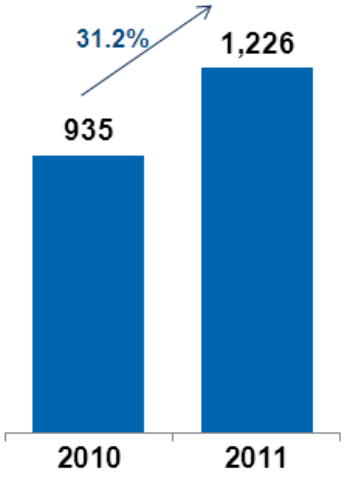
(R$ million)

Grupo FLEURY

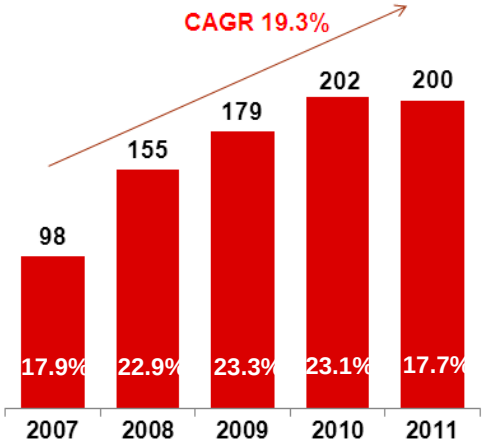
Gross Revenue

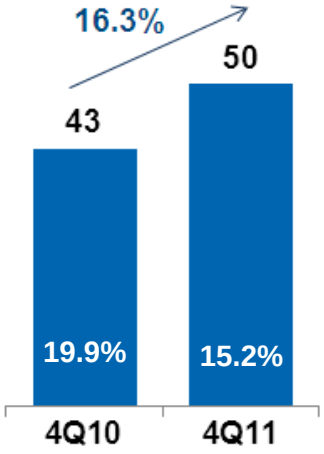


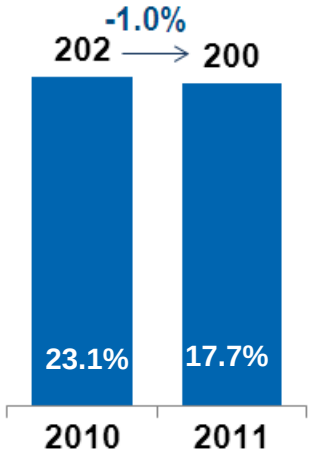




EBITDA

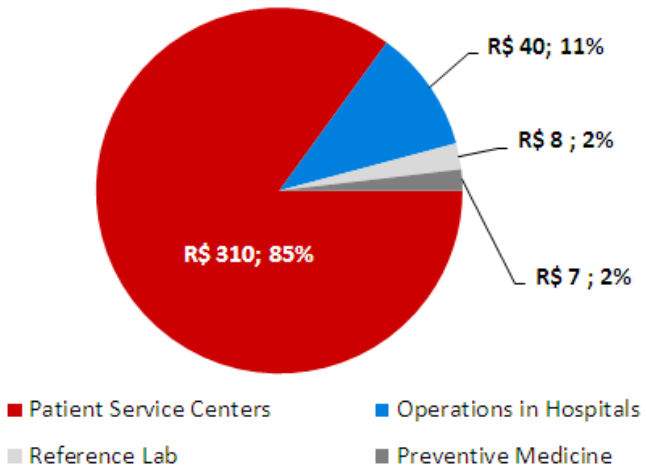




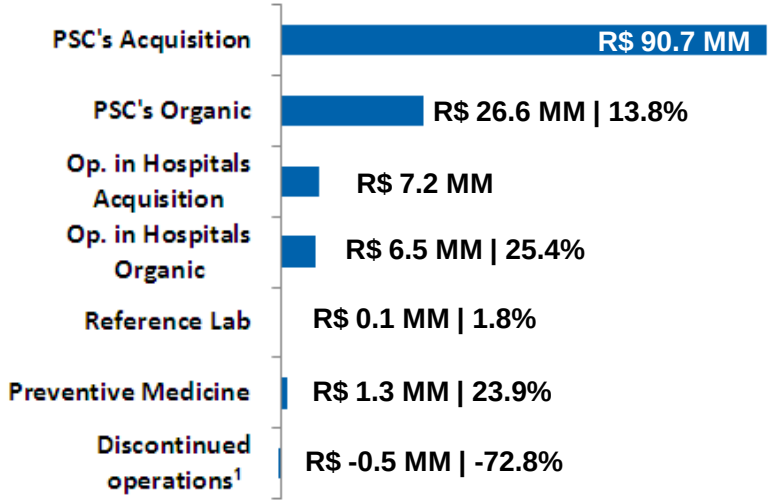


Gross Revenue
Breakdown 4Q11

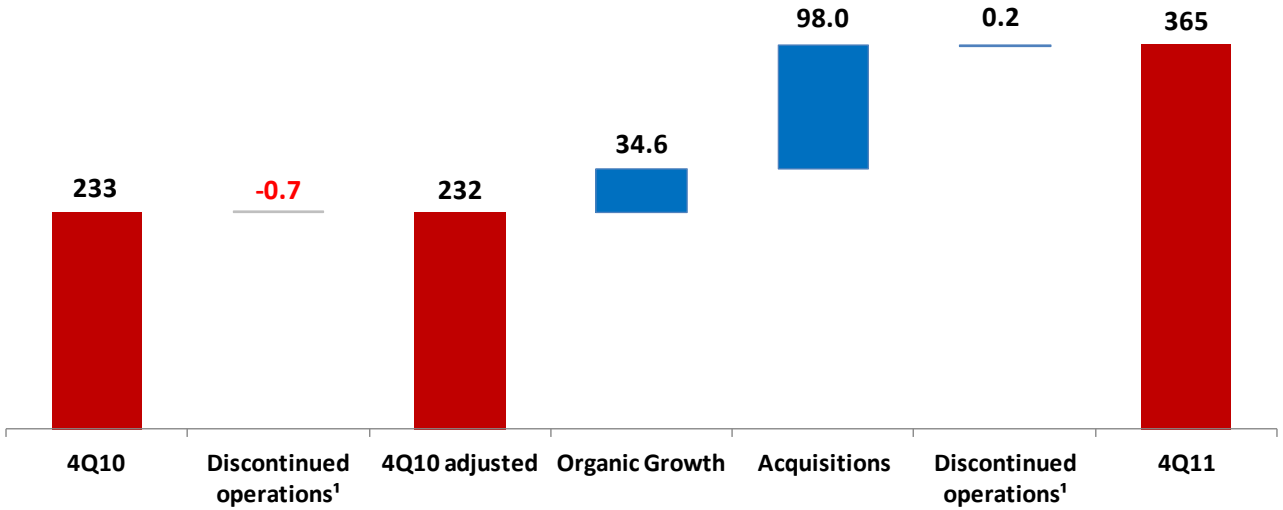
Gross Revenue: R$ 365 million



Growth 4Q11 vs 4Q10: R$ 132 MM | 56.8%



Organic growth has achieved 14.9%:

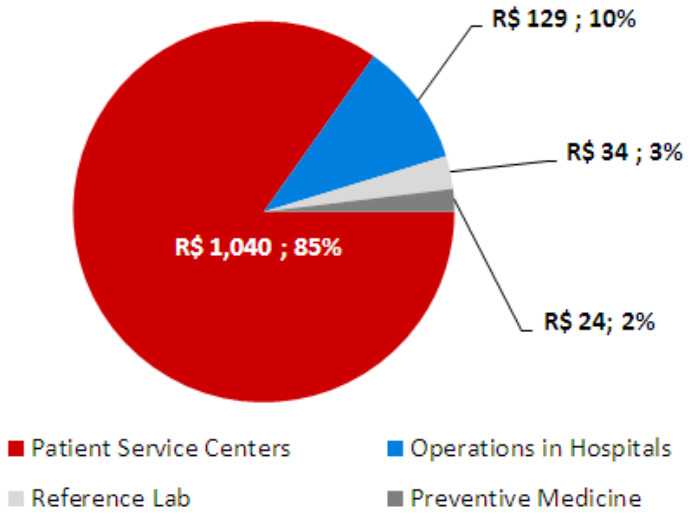


[1] Clinical Trial

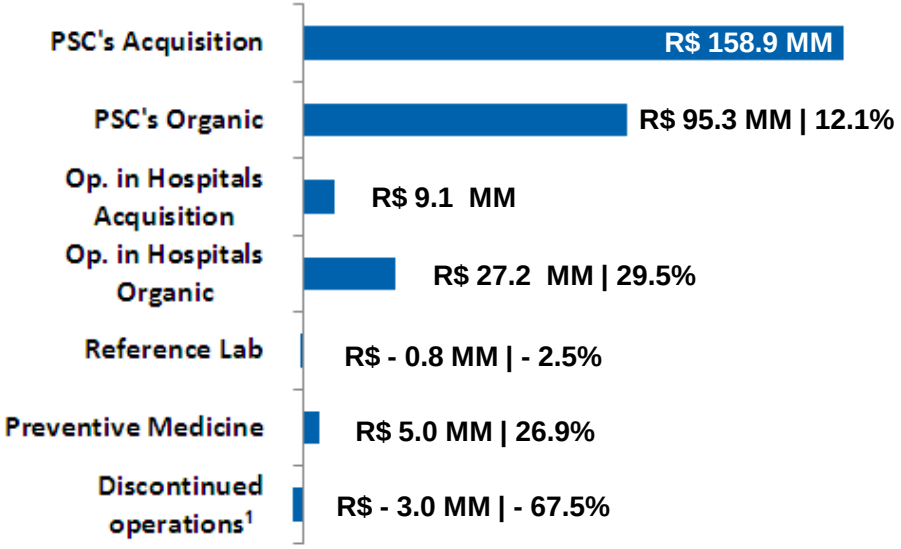
Gross Revenue
Breakdown FY2011

Grupo FLEURY

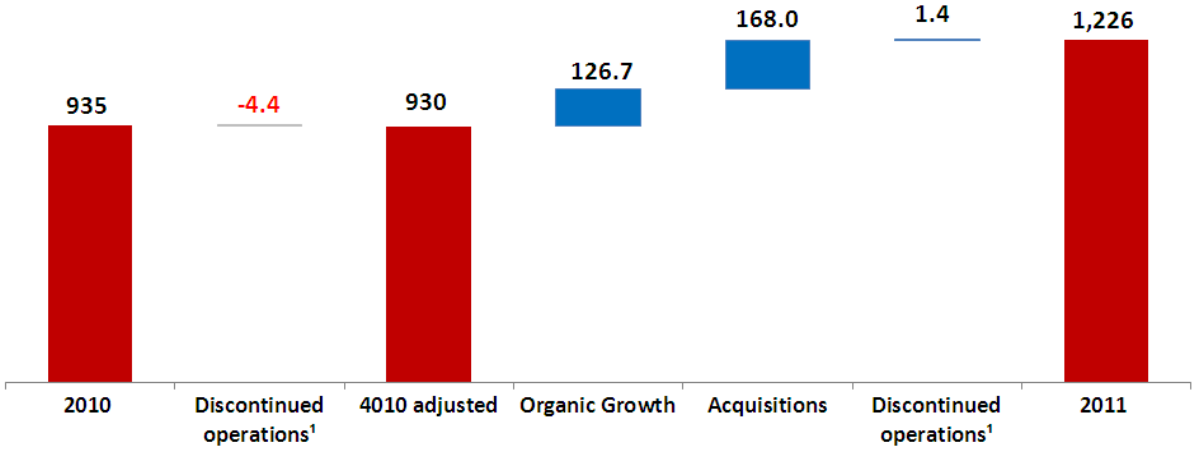
Gross Revenue: R$ 1,226 million



Growth 2011 vs 2010: R$ 292 MM | 31.2%



Organic growth has achieved 13.6%:



[1] Clinical Trial, Hospital Day

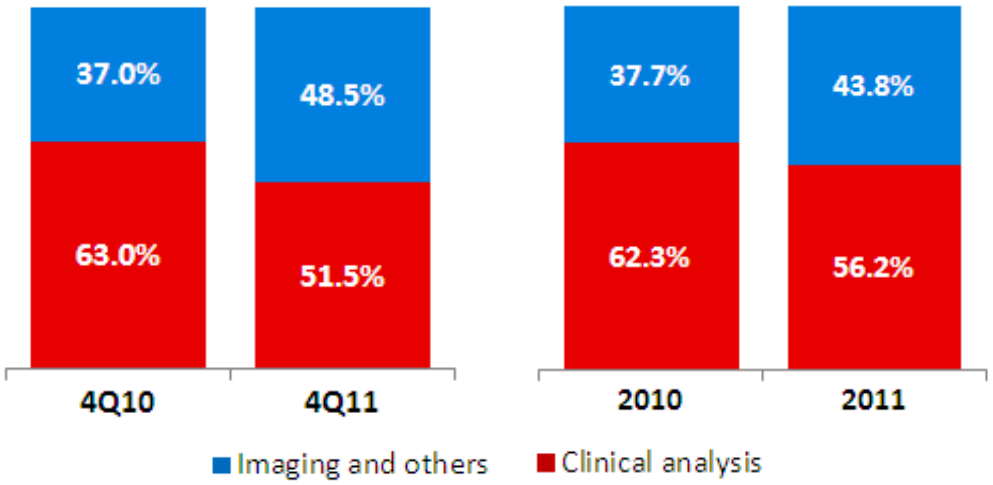
Gross Revenue

Breakdown by Type of Test (PSCs)

- Share of "**Imaging & Other Specialties**" has increased as a percentage of Total Revenue, reflecting Labs D'Or portfolio of services and the "a+" improved mix of services.
- **Clinical Analyses Revenue increases 31.8% in the quarter and 19.5% in the year,** mainly due to the organic growth.
- **Imaging and Others Revenue growth 110% in the quarter and 53.5% in the year**.

Breakdown by type of test (%)

Patient Service Center

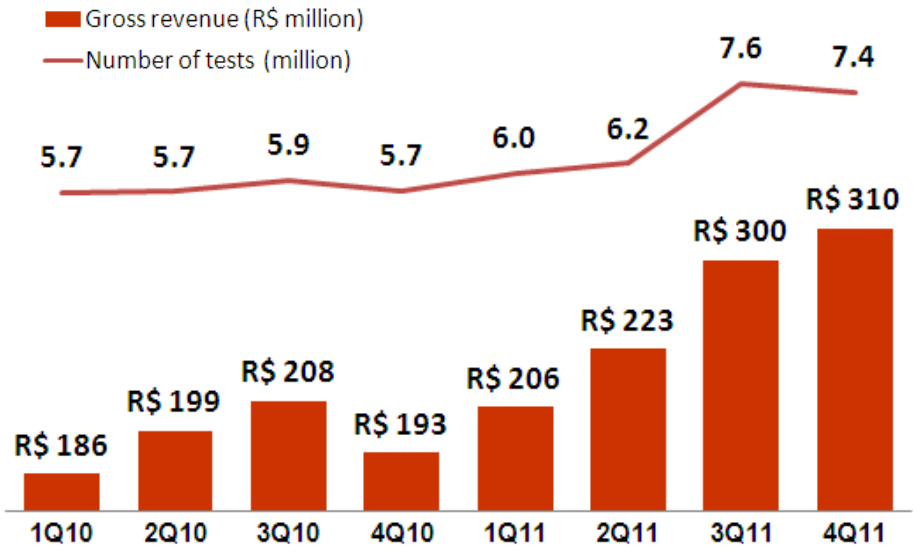


Patient Service Centers

Business lines performance

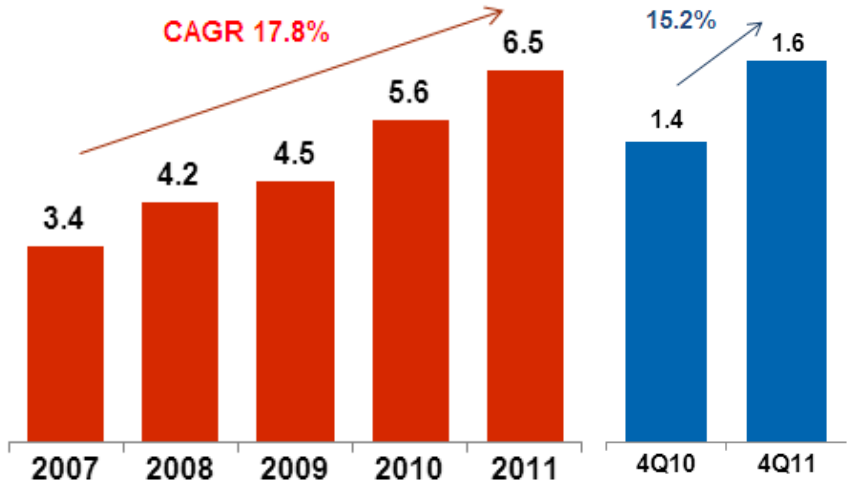
- Growth of 60.9% QoQ, amounting to R$ 310 million in the quarter. In the FY2011 it reaches R$ 1.0 billion, a 32.4% increase.
- Labs D'Or PSCs figures have been fully consolidated in the 4Q11.
- Organic growth: 13.8% in the Quarter and 12.1% in FY11.
- Expansion of 9.3K square meters of new service's area, ending the year with 99.6K square meters.

Gross Revenue and Number of Tests



Gross Revenue per PSC's

(R$ million)



Patient Service Centers

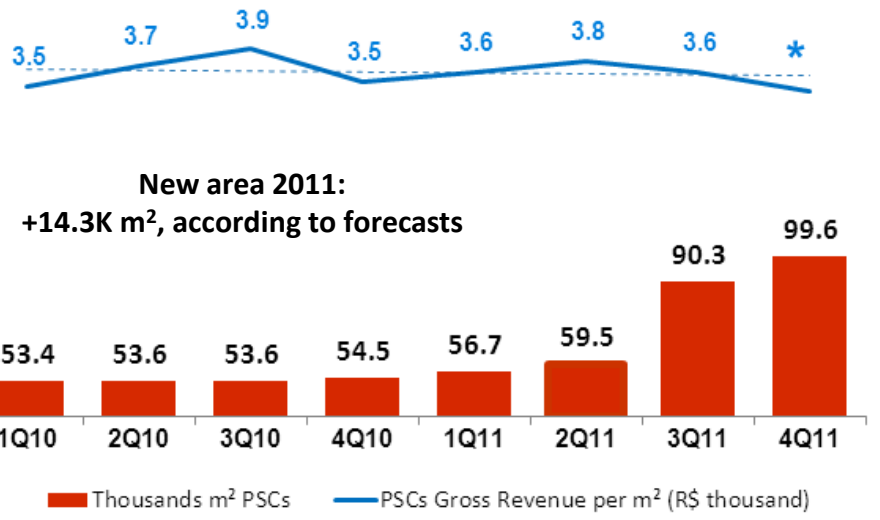
Business lines performance

- In the 4th Quarter, the Group launches its second largest PSC: Fleury Alphaville (SP) with 4.2K square meters of service area, built on the highest standards of sustainability.
- New "a+" facilities were also delivered in São Paulo, consolidating the brand's presence in the city and offering a complete portfolio in important areas as Morumbi and Paraíso.
- Average Revenue per square meter, excluding expansion and Labs D'Or impacts, of R$ 3.7 thousand.



PSC Fleury Alphaville

PSCs Assets Efficiency





PSC a+ Paraíso

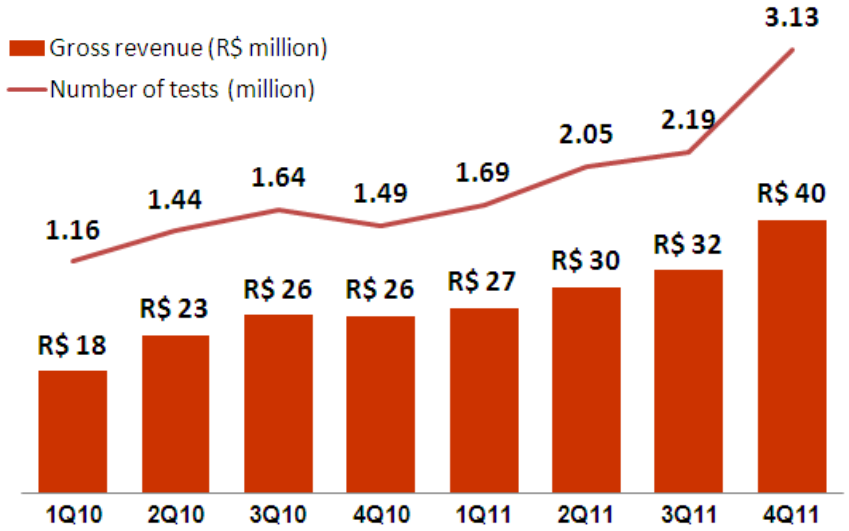
* 4Q11 – Gross Revenue / m² (R$ Thousand)		
Not considering Labs and Expansion	Not considering Labs	Considering all effects
3.7	**3.2**	**3.1**

Diagnostic Operations in Hospitals

Business lines performance

- **53.6%** QoQ increase, achieving R$ **39.5 million**. (39.4% YoY increase, reaching R$ 129 million FY11).
- It represents **10.8%** of Group's Revenue. (**10.5%** in 2011). This participation should increase above 15% as soon as the operations in "Rede D'Or" hospitals are fully consolidated.
- Number of tests performed increased by **109%** QoQ (57.7% in 2011).
- São Luiz Hospitals: The Itaim, Analia Franco and Morumbi units have been serviced by Grupo Fleury since October 29th, November 27th and December 19th respectively. Imaging services are also being provided since 1Q12.

Gross Revenue and Number of tests





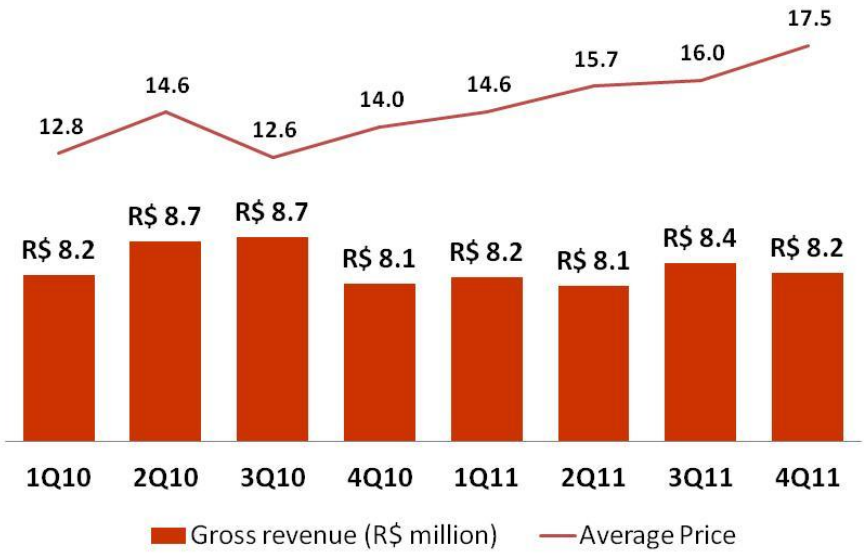




Reference Lab
Business lines performance

- **Reference Lab** reaches **R$ 8.2 million** in the quarter a increase of 1.8% over 4Q10. In 2011, gross revenue achieves R$ 32.8 million. The company continue to pursue its strategic intent to improve this business line's profitability, through its differentiation strategy.

Gross Revenue and Average Price



Preventive Medicine

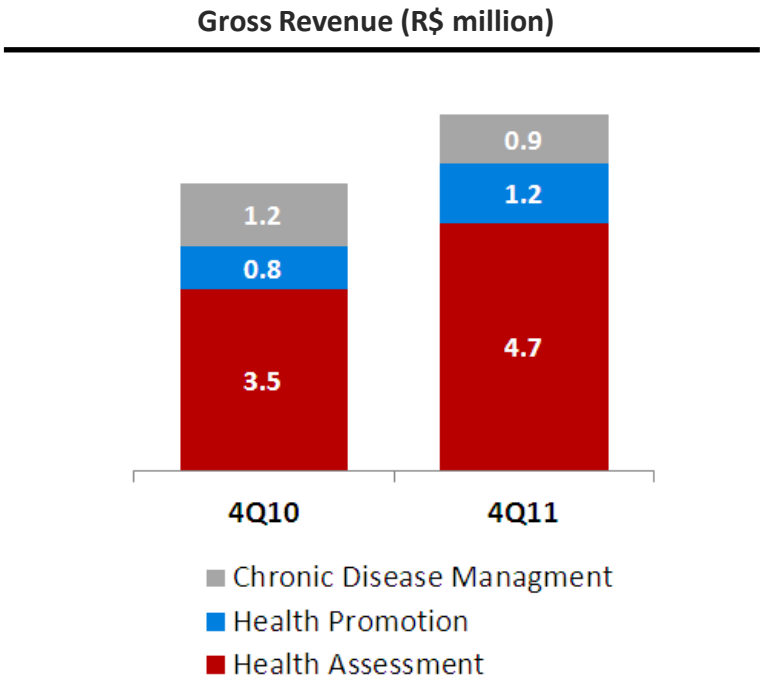
Business lines performance

- **23.8% increase in 4Q11,** amounting to R$ 6.8 million and representing 2% of the Group's revenues. In 2011, revenue increases by **25.3%**, adding up to R$ 24 million.

- **Health Assessment** revenue increases by **36.6%** QoQ and **28.4%** in FY11**,** with a 26.8% and 19.8% growth in the number of assessments performed, respectively.

- **Health Promotion Revenue** increased by **38.9%** in 4Q11 and **20.3%** in 2011**.**

- **Chronic Disease Management** reaches **47 thousand lives** under contract; Revenues amounted to R$ 0.9 million in 4Q11 and R$ 4.6 million in 2011.



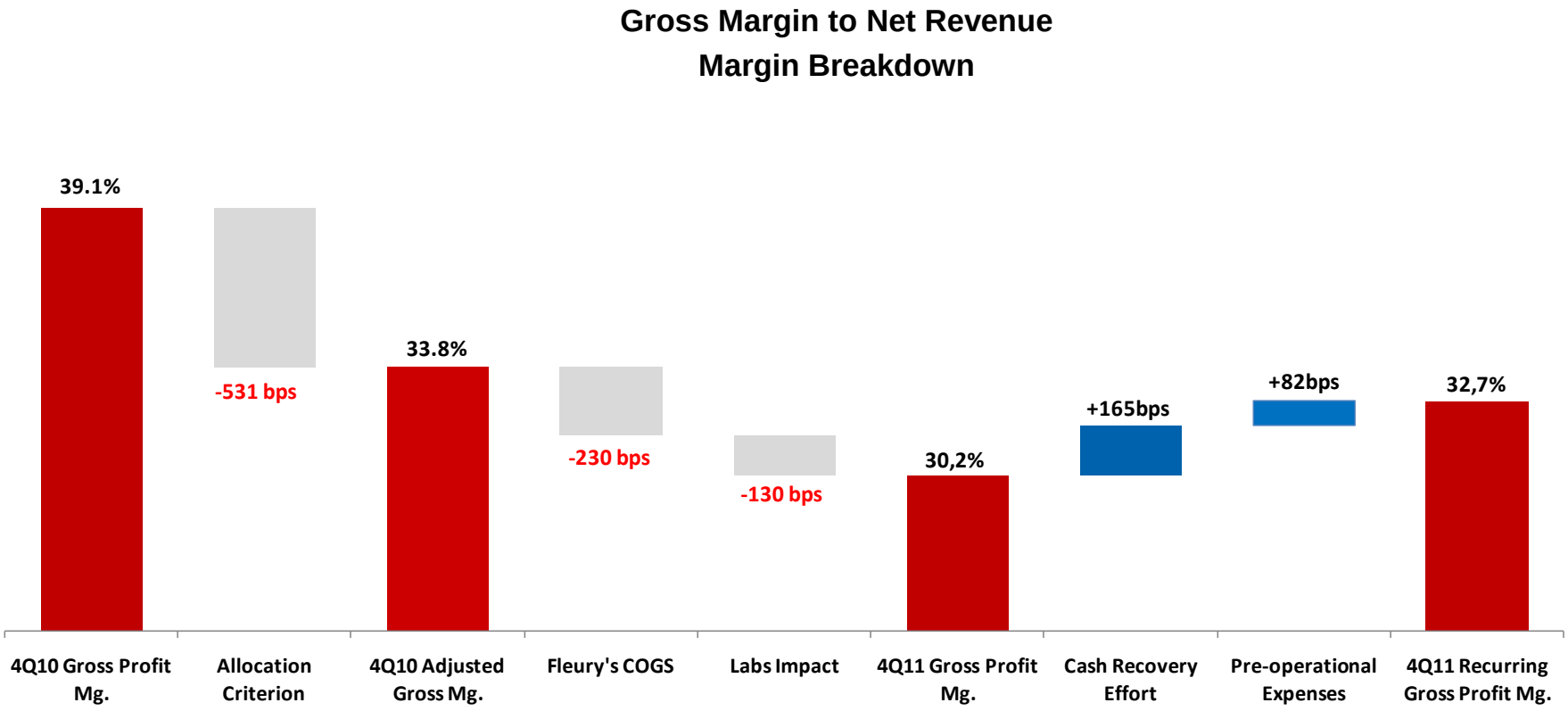
Cost of Services – 4Q11

	4Q11			4Q10	
	R$ mm	% NR Reported	%NR Adjusted[1]	R$ mm	% NR Adjusted[2]
Personnel and medical services	117.2	*35.4%*	*34.6%*	*73.7*	*33.9%*
Materials and Outsourcing	35.2	*10.7%*	*10.4%*	*25.2*	*11.6%*
General services, Rent and Utilities	44.6	*13.5%*	*13.2%*	*27.3*	*12.5%*
General Expenses	33.7	*10.2%*	*10.0%*	*17.9*	*8.2%*
Total	**230.7**	***69.8%***	***68.1%***	***144.2***	***66.2%***

1 Not considering the non-recurring cancellations in the period.
2 Change in allocation criterion implemented in 1Q11, operational back-office costs were formerly allocated in SGA.

- An additional column was added to adjust the Net Revenue of the non recurring effects of cancellations in the amount of R$ 8 MM.
- Pre operational expenses amounted to R$ 2.7 MM (82 bps) in 4Q11.
- It's also important to highlight that Labs Cardiolab P&L structure is different from Grupo Fleury's. Although Labs EBITDA's margin at 25% is expected to be higher than Group's 23%-24%, Gross Margin is lower. Therefore, Group's margin has been reduced by 130bps due to this Labs effect in 4Q11.

Gross Margin – 4Q11



Cost of Services – FY11

	2011			2010 (%NR)	
	R$ mm	% NR Reported	%NR Adjusted[1]	R$ mm	% NR Adjusted[2]
Personnel and medical services	364.2	*32.3%*	*32.0%*	*274.5*	*31.5%*
Materials and Outsourcing	125.1	*11.1%*	*11.0%*	*103.4*	*11.9%*
General services, Rent and Utilities	148.2	*13.2%*	*13.0%*	*107.9*	*12.4%*
General Expenses	95.8	*8.5%*	*8.4%*	*66.1*	*7.6%*
Total	**733.2**	***65.1%***	***64.4%***	***552.0***	***63.3%***

1 Not considering the non-recurring cancellations in the period.
2 Change in allocation criterion implemented in 1Q11. operational back-office costs were formerly allocated in SGA.

- An additional column was added to adjust the Net Revenue of the non recurring effects of cancellations in the amount of R$ 13 MM.
- Pre operational expenses amounted to R$ 6.9 MM (61 bps) in FY11.
- As from January 2012 on, Depreciation and Amortization related to technical area, imaging equipments and PSCs will be accounted as Cost of Services. In 2011, this normalized cost represents 3.5% of Net Revenues.

Operating Expenses

- **General and Administrative Expenses (exc. Depreciation)** amounts to R$ 43.2 MM in 4Q11 and R$ 167 MM in FY2011. As a percentage of Net Revenues it is 13.1% in the quarter and 14.9% in the year.
- **Depreciation** amounts to R$ 21.2 MM in the quarter and R$ 58.5 MM in FY11. Labs Cardiolab Hospitals contracts began to be amortized in the amount of R$ 3.9 MM per quarter for ten years.
- **Other Operating Income (Expenses), net** amounts to R$ 0.1 million in the quarter and R$ 16.6 MM in the year.
- **Contingency Provision:** R$ 6.2 million in the quarter and $ 8.9 million in 2011.

	4Q11		4Q10			2011		2010		
			Adjusted Criterion[1]					Adjusted Criterion[1]		
	R$ million	% NR reported	R$ million	% NR	▲	R$ million	% NR reported	R$ million	% NR	▲
General and Administrative (Exc. Depreciation)	43.2	13.1%	30.0	13.8%	-69 bps	167.4	14.9%	118.7	13.6%	125 bps
Depreciation	21.2	6.4%	9.3	4.3%	214 bps	58.5	5.2%	33.0	3.8%	142 bps
Other Operating Expenses (income), net	0.1	0.0%	- 3.4	- 1.6%	-163 bps	16.6	1.5%	- 2.2	- 0.3%	174 bps
Provision for contingency	6.2	1.9%	3.8	1.7%	12 bps	8.9	0.8%	1.6	0.2%	61 bps
Operating Expenses	**70.7**	**21.4%**	**39.6**	**18.2%**	**319 bps**	**251.5**	**22.3%**	**151.0**	**17.3%**	**501 bps**

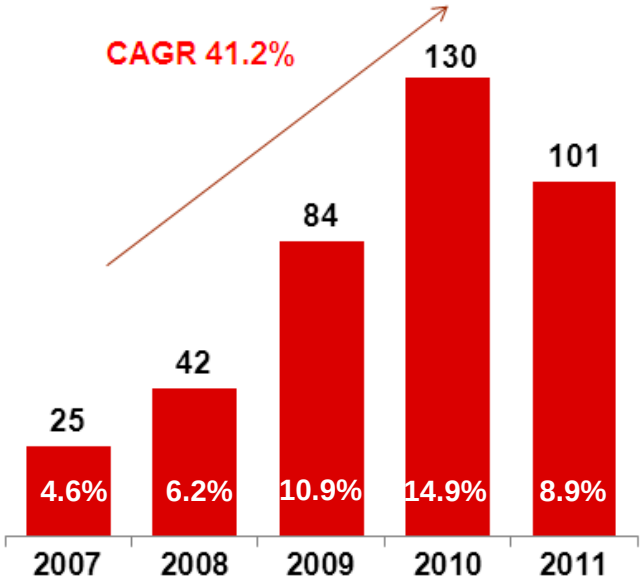
1 Change in allocation criterion implemented in 1Q11, operational back-office costs were formerly allocated in SGA.

Net Income

- **Net Profit reaches in 4Q11 R$ 12.7 million (3.9% of net revenue) .** In FY11 amounts to **R$ 101 million (8.9% of net revenue).**
- **EPS** (earnings per share) **of R$ 0,09 in 4Q11 (R$ 0,74 in 2011)**.

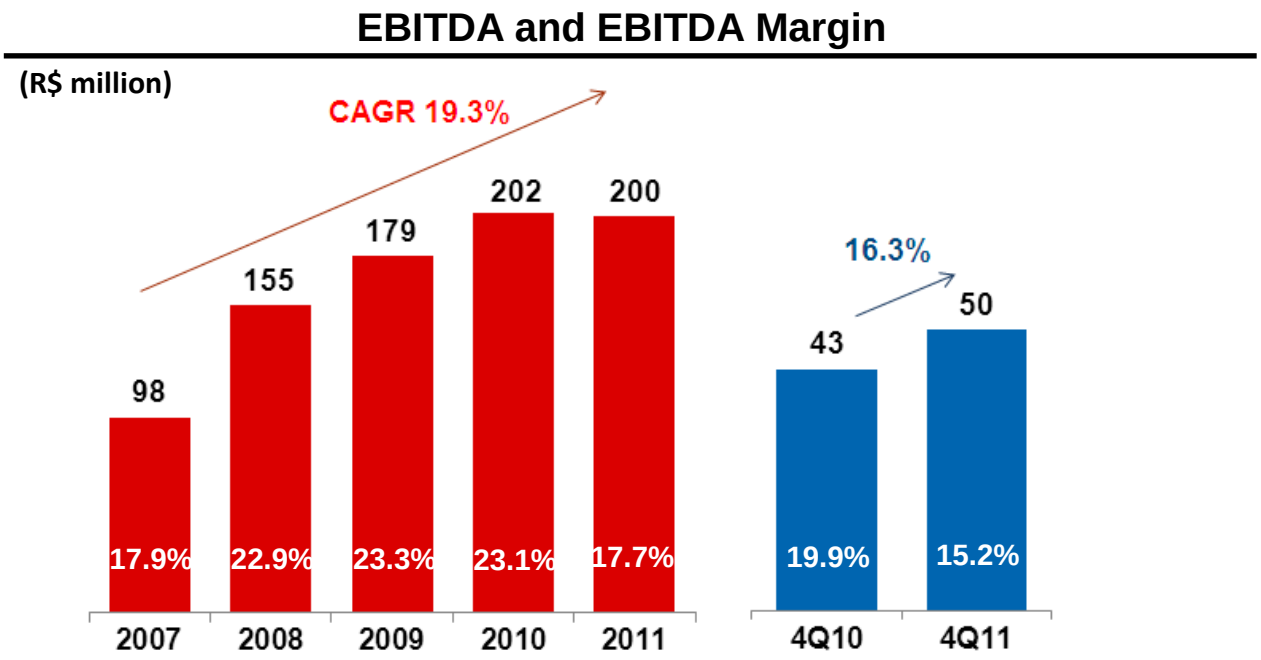
Net Income and Profit Margin

(R$ million)



EBITDA

- + 16.3% in the 4Q11, reaching **R$ 50.3 MM**. In the year it remains stable at **R$ 200 MM**.
- **EBITDA Margin of 15.2% in the quarter and 17.7% in 2011**. Non-recurring costs and expenses added up to 648 bps in the Quarter and 507 bps in the FY2011.



EBITDA

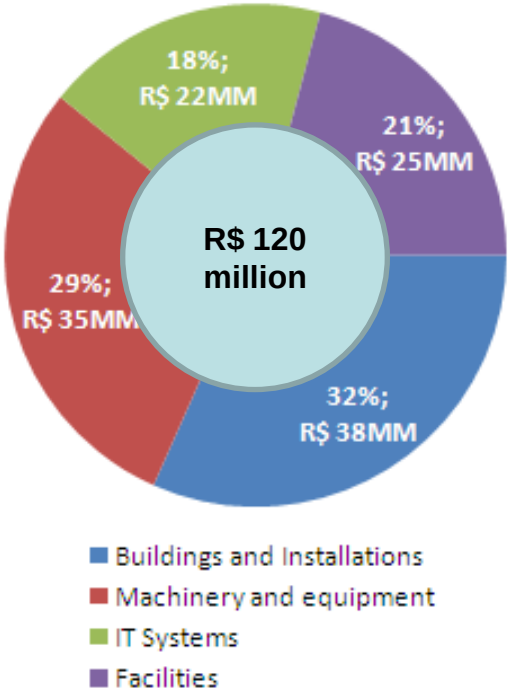
	4Q11	4Q10	2011	2010
Reported Margin	**15.2%**	**19.9%**	**17.7%**	**23.1%**
Non-recurring Cancellations & Write-Offs	+200bps		+165bps	
Pre-Operational Expenses	+82bps	+35bps	+61bps	+103bps
Branding "a+"			+47bps	
Marketing Campaign				+60bps
Costs related to Labs acquisition	+221bps		+136bps	
Others	+150bps	+200bps	+102bps	-123bps
Adjusted Margin	**21.7%**	**22.3%**	**22.8%**	**23.5%**

Investments

- Capital Expenditure added up to **R$ 83.3 million** in 4Q11. (In 2011 **R$ 182.2 million**).

Capital Expenditure 2011	
Expected Capex – Fleury	R$ 135 MM
Capex – Labs D'or	R$ 10 MM
Expenditure above budget	R$ 7 MM
Anticipated 2012 Capex	R$ 30 MM

CAPEX Expected 2012



Debt Position

Debt Position	Total (R$ MM)	Next 12 months
Bank Loans	136	34
Debentures	453	2
Acquisitions	231	196
Taxes	98	27
Total Debt	**918**	**259**

First Company's issuance of debentures "Aa1.br" by Moody's

Debentures		Unit Value		Total
45,000	X	R$ 10,000	⇨	R$ 450,000,000

1st Series	
Amount	R$ 150,000,000
Remuneration	100% DI
Spread	0.94%
Maturity Date	5 years

2nd Series	
Amount	R$ 300,000,000
Remuneration	100% DI
Spread	1.20%
Maturity Date	7 years

Pro Forma Cash Flow

Cash Flow 4Q11	(R$ MM)
Net Income	**101**
Depreciation and amortization	59
Provisions	57
Accounts receivables	(77)
Others	7
Operational Cash Flow	**146**
Capex	(182)
Acquisitions	(461)
Financing Activities	468
Interest on Capital	(28)
Cash Flow	**(57)**

Receivables

Account Receivable (R$ MM)	12/31/2011	12/31/2010
Trade receivables	356	236
Bad debt	(43)	(33)
Total	**313**	**203**

Aging Acc. Receivable (R$ MM)	12/31/2011	12/31/2010
Current	183	110
Up to 120 days past due	74	49
121 to 360 days past due	79	39
Over 360 days past due	20	38

During 2011, the company recovered more than **R$ 20 MM** in cash from debts older than 360 days through this cash recovery process.

A new bad debt provision policy has been established to all clients as of January 1st, 2012 as follows:

- 120 to 180 days past due: 15% of provision
- 181 to 360 days past due: 50% of provision
- Over 361 days past due: 85% of provision.
- No more discretionary provision below the mentioned levels

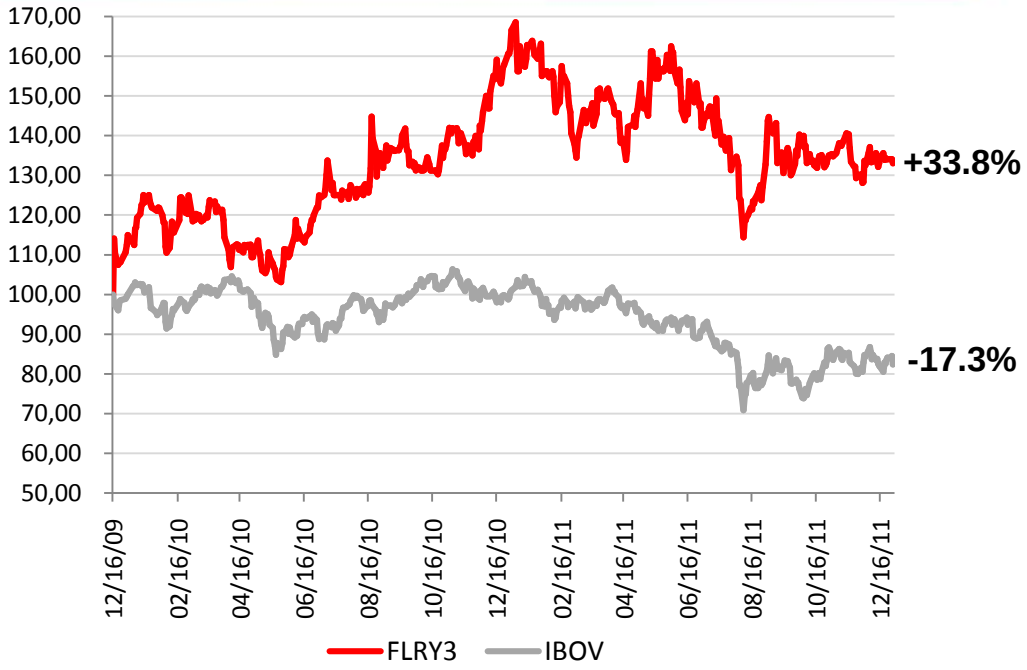
The estimated impact to match this new policy is around R$ 10MM in 1Q12.

Capital Market

Shares and Market Cap - 12/31/2011	
Number of Shares	156,203,919
Free Float	36.0%
Market Cap	R$ 3.3 billion
Closing Price	R$ 21.40

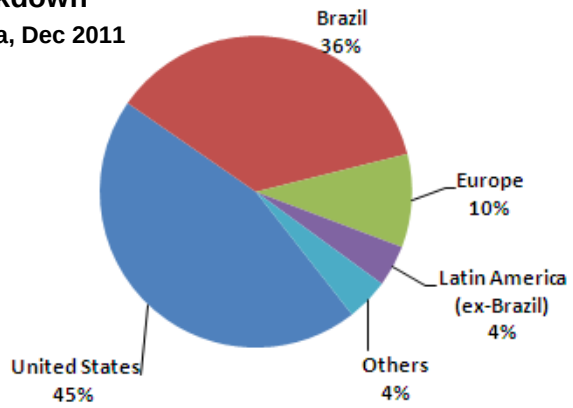
Stock performance	
4Q11	-4.6%
FY11	-19.7%
Since IPO	+33.8%

Average Daily Trading Volume	
4Q11	R$ 4.7 mm
2011	R$ 4.5 mm



Free Float breakdown

Source: Fleury data, Dec 2011



IR Schedule – Upcoming events

2012	Events
Mar 15	**Deutsche Bank: Healthcare Series - São Paulo**
Mar 21	**V Bank of America Merrill Lynch Brazil Conference - São Paulo**
Apr 02	**Annual Shareholders' Meeting**
May 03	**Release of 1Q12 Results**
May 04	**1Q12 Results Conference Call**