1Q17 Results – FLRY3

April 2017

GrupoFleury

Disclosure

This presentation may contain forward-looking statements. Such statements are not statements of historical facts and reflect the beliefs and expectations of the Company's management. The words "anticipates", "believes", "estimates", "expects", "forecasts", "plans", "predicts", "project", "targets" and similar words are intended to identify these statements, which necessarily involve known and unknown risks and uncertainties. Known risks and uncertainties include but are not limited to the impact of competitive services and pricing market acceptance of services, service transactions by the Company and its competitors, regulatory approval, currency fluctuations, changes in service mix offered, and other risks described in the Company's registration statement. Forward-looking statements speak only as of the date they are made and Grupo Fleury does not undertake any obligation to update them in light of new information or future developments.

All figures are compared to 1Q16 except when stated otherwise.

Financial highlights 1Q17

Main indicators:

Gross revenue

R$ 642 million ▲ 15.0%

Net revenue

R$ 588 million ▲ 15.7%

EBITDA

R$ 173 million ▲ 42.3%

Net income

R$ 82 million ▲ 82.6%

Operating Cash Flow

R$ 86 million ▲ 10.0%

Highlights:

- **Gross revenue increased 15.0% in the 1Q17.** Double-digit growth in all regional brands: RJ brands (+21.5%), regional brands excl. RJ (+20.3%) and Fleury brand (+12.8%).
- **Same Store Sales** of the PSCs [1] increased 15.1%: highlight to RJ brands (+21.6%) and regional brands excl. RJ (+19.0%).
- **Cancellation index reached 2.3% (-63bps).** As a consequence, **the net revenue increased by 15.7%.**
- **EBITDA margin of 29.5%** – an improvement of 551 bps.
- **82.6% expansion in net income**.
- **Operating cash flow of R$ 85.9 MM**, with operating cash flow conversion to EBITDA of 49.6%
- **Evolution in return and customer service indicators:** ROIC without goodwill reached 36.0% vs. 23.8% in the 1Q16. Grupo Fleury's NPS [2] reached 72.7% - a 657 bps expansion.
- Fleury Group **launched five new units in the 1Q17** , two fast sites under Fleury brand in São Paulo and three a+ Paraná

[1] PSCs: Patient Service Center
[2] NPS: Net Promoter Score

Expansion plan 2017 to 2021

Fleury launched eight new PSCs[1], adding to its portfolio 937 m², as of October, 2016:

PSCs[1]	Complexity	Size (m²)	State	Date
Fleury Ipiranga	Fast site	206	São Paulo	Mar-17
a+ Ecoville	Small	47	Paraná	Feb-17
a+ Champagnat	Small	81	Paraná	Feb-17
a+ Centro	Small	29	Paraná	Feb-17
Fleury Brasil	Fast site	235	São Paulo	Jan-17
Fleury Moema	Fast site	126	São Paulo	Dec-16
a+ Batel	Small	134	Paraná	Dec-16
a+ Nossa Saúde	Small	79	Paraná	Oct-16

Fleury Brasil



Fleury Ipiranga



[1]PSCs – Patient Service Center

General highlights

- **Digital positioning:** In April, 2017, we launched facebook pages for the following brands: Diagnoson a+, Felippe Mattoso, Labs a + and Weinmann. The entry in social media such as Facebook, helps position our brands regionally, providing specific regional information and targeted to the patients' health care.

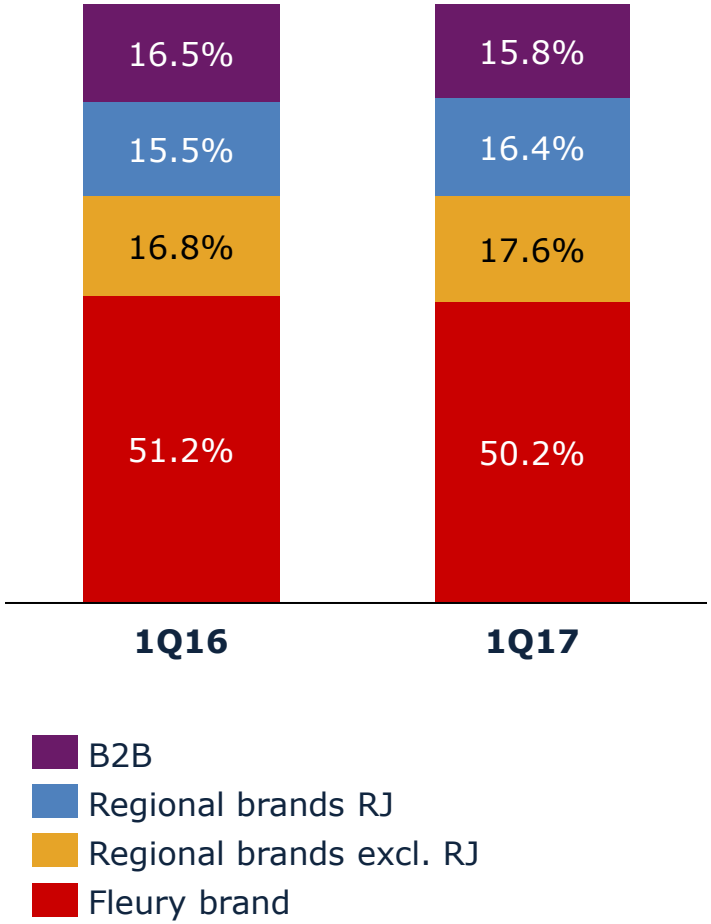
- **A+ app:** In March, 2017, a+ brand launched its app that allows the consultation of clinical exams and imaging using a smartphone, as well as the consultation of historical records of previous medical exams. The app is available for iOS and Android platforms and utilizes the integrated systems to enhance the customer experience, making it easy to access results for both patient and physician.

- **Women's Empowerment Principles:** In March, 2017, the Fleury Group became a signatory to the Women's Empowerment Principles, a joint commitment by UN Women and Global Compact to promote gender equality in all social and economic activities. With the adhesion, the Company reaffirms its commitment to promote a healthy environment, equality and opportunities for all employees.

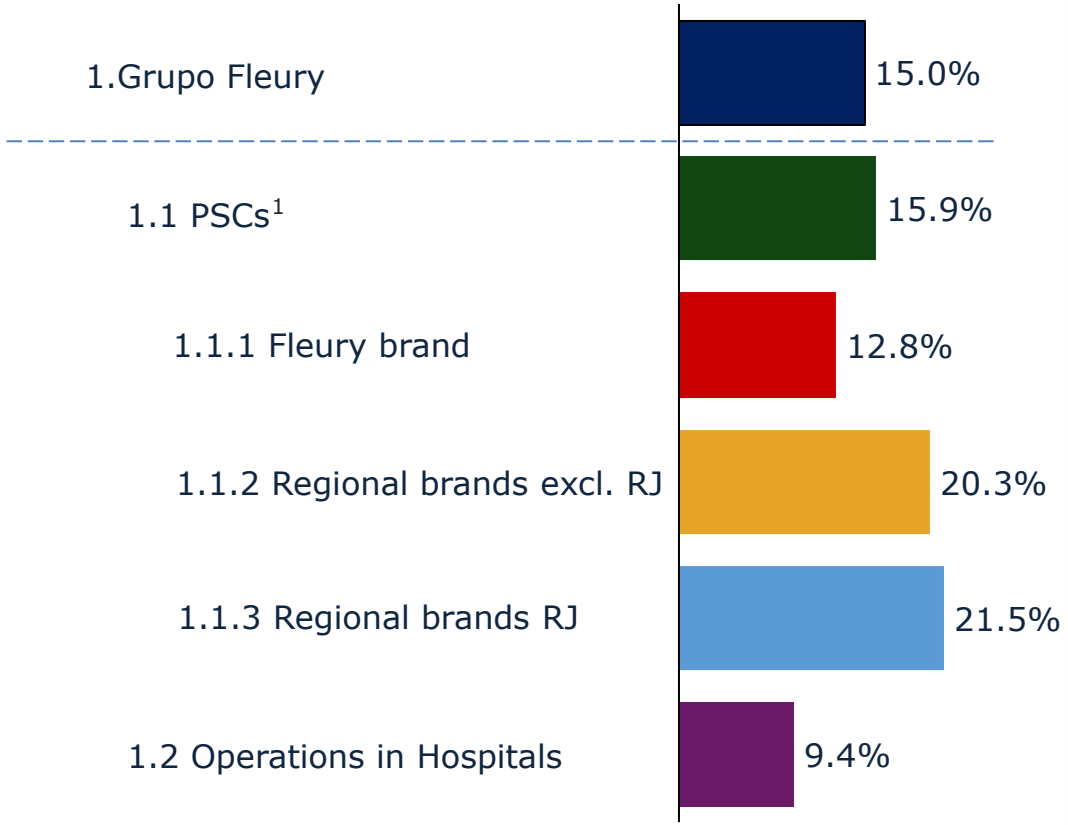
- **Regional award:** The Weinmann brand won first place in the most remembered brand in the category of Clinical Laboratory in the "Marcas de Quem Decide" research, one of the most relevant in Rio Grande do Sul conducted by Jornal do Comércio in partnership with Qualidata. This is the 19th edition and since the category was created, Weinmann is a winning brand.

Gross revenue

Gross revenue breakdown



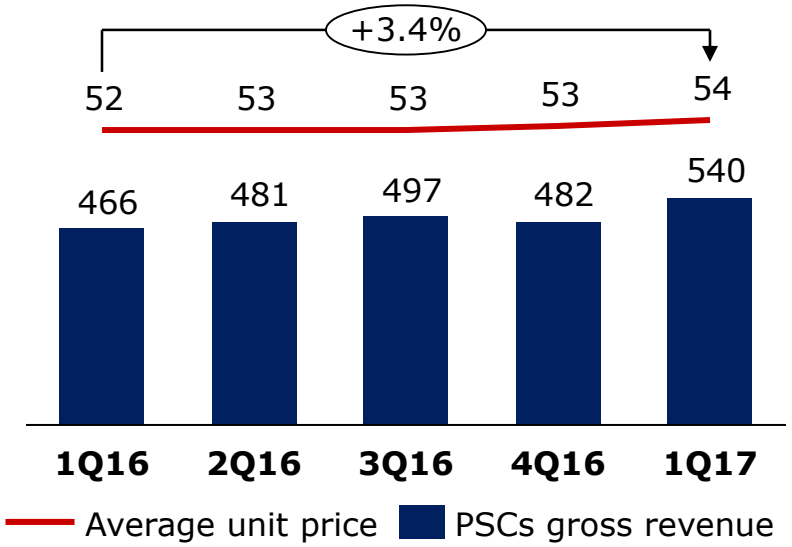
Business line performance (1Q17 vs 1Q16)



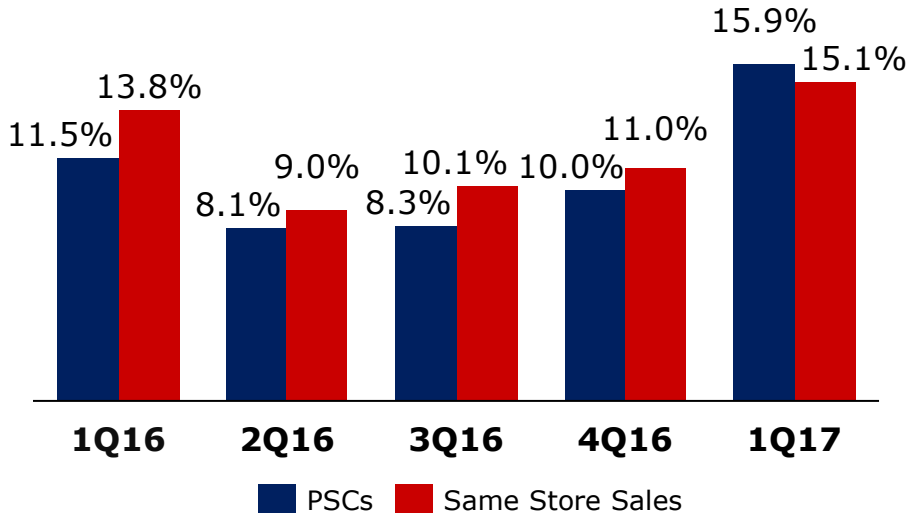
[1]PSCs – Patient Service Center

Patient Service Centers (PSC)
Revenue indicators

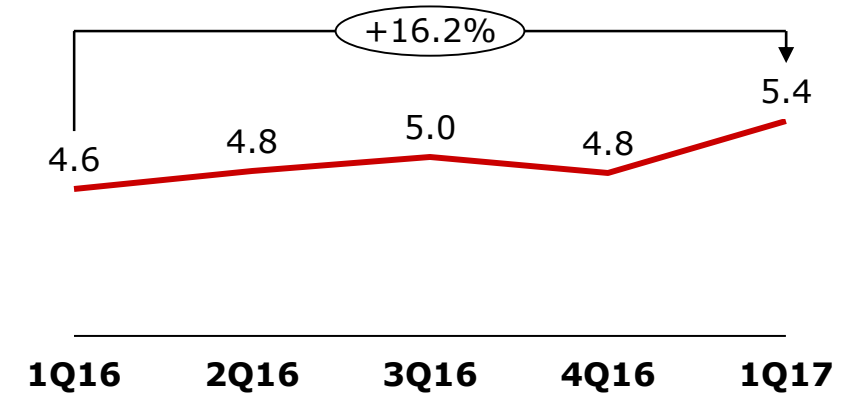
Gross revenue PSCs[1] (R$ MM) and average unit price



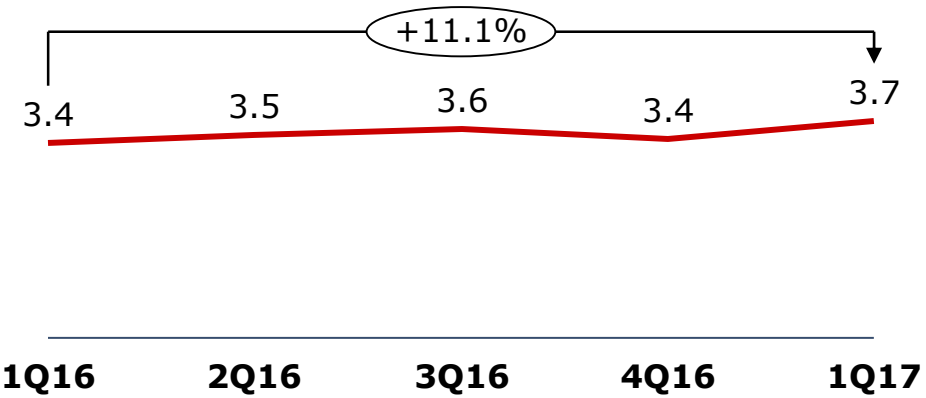
Gross revenue growth YoY



PSCs gross revenue per m² (R$ thousand)



Gross revenue per PSCs[1] (R$ MM)



[1]PSCs – Patient Service Center

Results by business
Patient Service Centers

	1Q17 vs 1Q16			
	Fleury Brand	Regional Brands excl. RJ	Brands RJ	Total (PSCs)
Indicators PSCs				
- Gross Revenue	12.8%	20.3%	21.5%	15.9%
- SSS	11.9%	19.0%	21.6%	15.1%
- Gross Revenue / m^2	11.4%	18.9%	26.7%	16.2%
- Gross Revenue / PSC	0.3%	12.5%	27.4%	11.1%

- **Fleury Brand:** In 1Q17, the Fleury brand reported an expansion of 11.9% in SSS. The revenue growth is explained by the activation of some medical specialties, which resulted in an increase in the number of exams, and the improvement of asset utilization related to imaging exams.

- **Regional brands excluding RJ:** In the 1Q17, the regional brands excluding Rio de Janeiro showed an increase of 20.3% in SSS. The growth is explained by the increased number of visits, mainly in clinical analysis, medical activation and the growing recognition of these brands by physicians and clients. In the a+ SP brand, we also observed a growth in the asset utilization, as well as an increase in imaging exams.

- **Rio de Janeiro brands:** an increase of 21.6% in SSS, explained by the strong increase in the number of clinical analysis exams, reinforcing the convenience model with the offer of clinical and imaging exams in the same PSC, as a result of medical activation and the growing recognition of these brands by physicians and clients in Rio de Janeiro.

Diagnostic Operations in Hospitals

- **Gross revenue increased 9.4%** and reached R$ 92.4 million
- **In Same Hospital Sales (SHS), the growth was 2.5%**. 1Q16 represented a strong comparison base, due to the high demand originated by the outbreak of respiratory and infectious diseases such as the Zika and H1N1 virus, verified in the previous year.
- We highlight the beginning of the operation, in February 2017, in 3 hospitals of BP medical group, former Beneficência Portuguesa.

Reference Lab (Lab-to-Lab) and PM[1]

- **Lab-to-lab:** gross revenue increased 8.3% and amounted to R$ 7.6 million.
- **Preventive Medicine:** gross revenue totaled R$ 1.6 million.

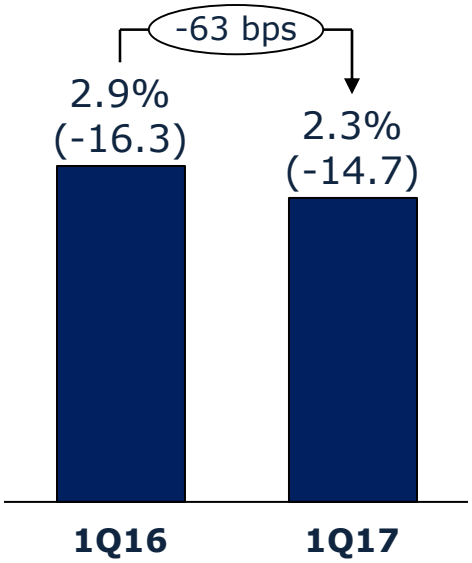
[1]PM – Preventive Medicine

Sales taxes, deductions, allowances and net revenue

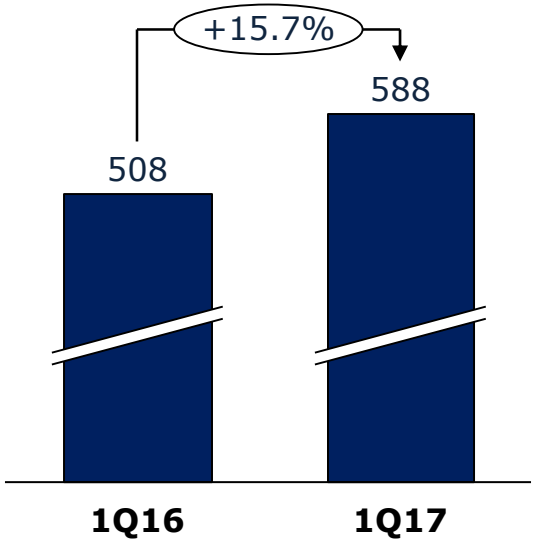
Revenue qualification

- **Deductions (cancellations and provision for doubtful accounts) + Allowances** represented 2.3% of gross revenue in the quarter, a decrease of 63 bps.
- **Revenue tax remained stable** (6.2% in 1Q17 vs. 6.1% in 1Q16).

Cancellations and deductions/Gross revenue (%) And Cancellations and deductions (R$ MM)

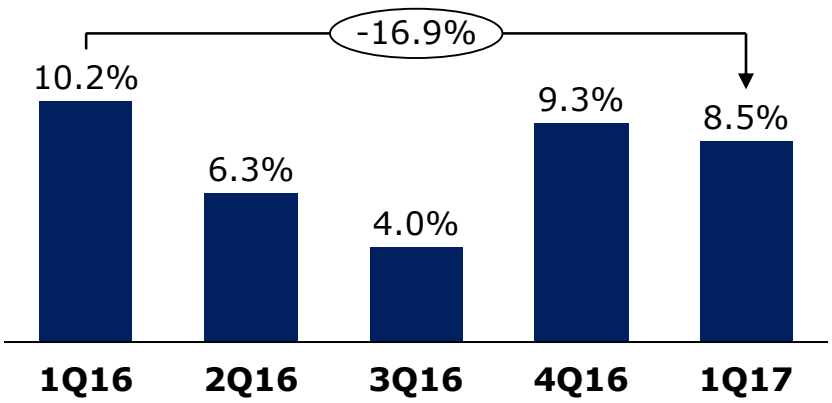


Net revenue (R$ MM)

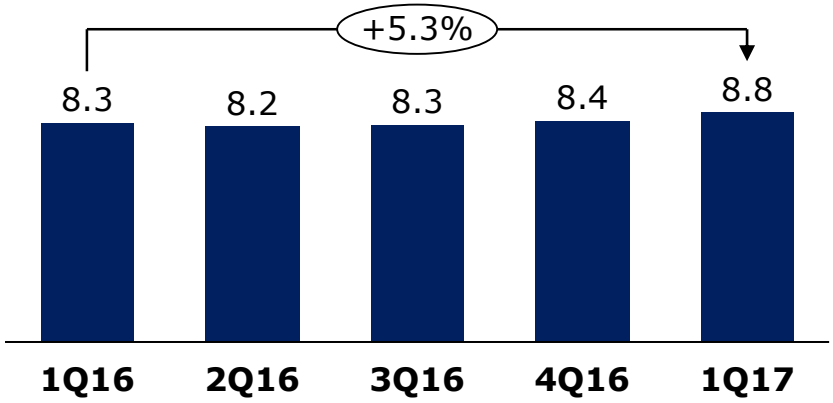


Cost of Services
Indicators

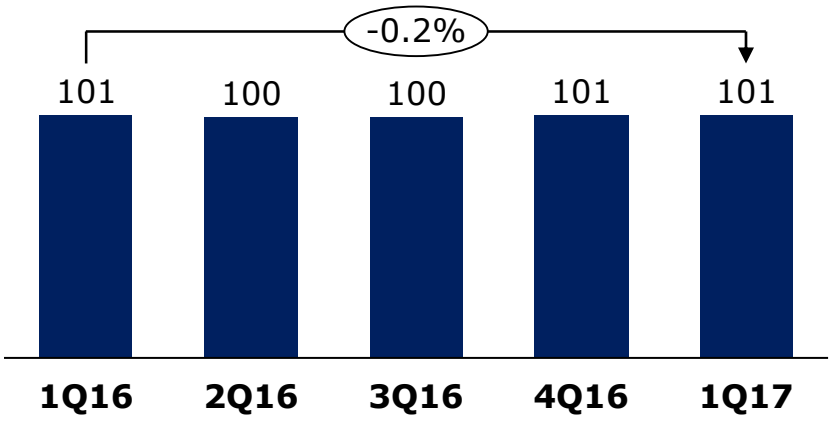
Cost of services growth (YoY)



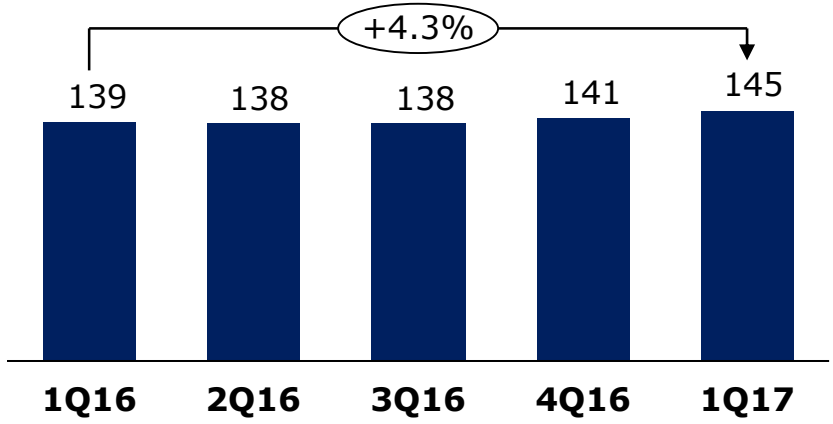
Number of employees (thousand)



M² - PSCs [1] (thousand)



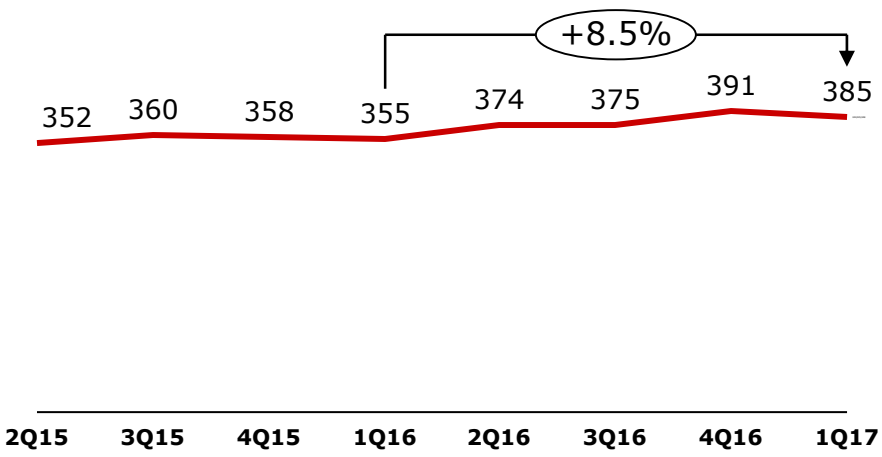
Number of PSCs [1]



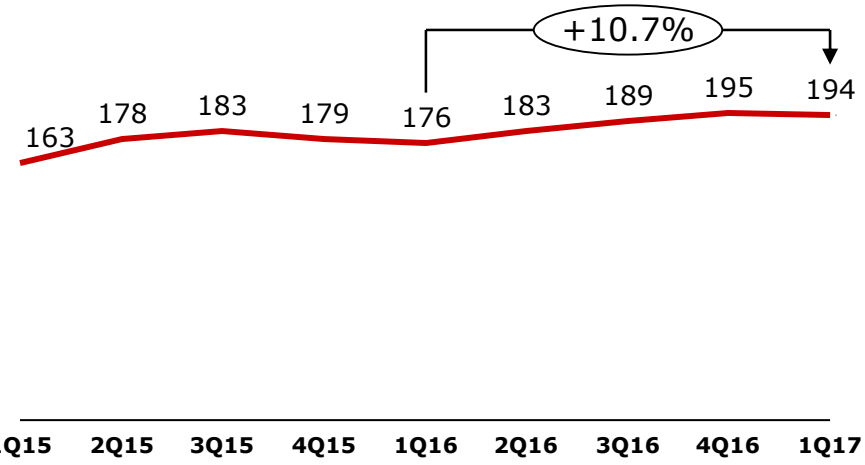
[1] PSCs: Patient Service Center

Cost of Services
Breakdown

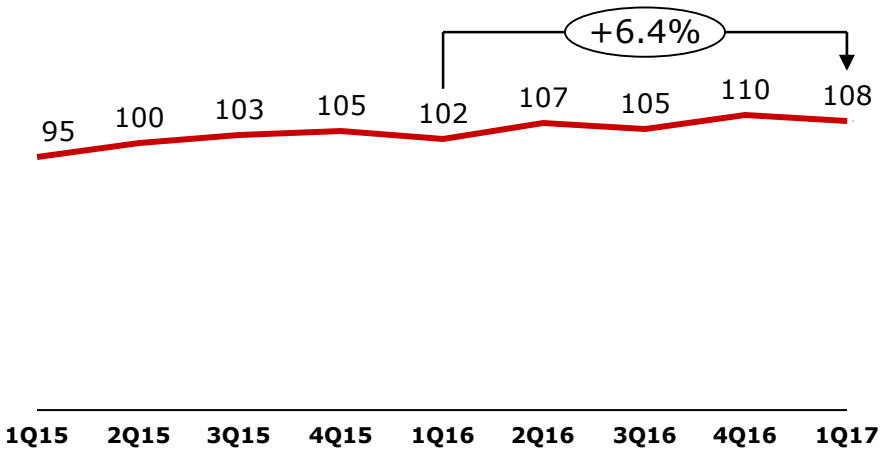
Evolution of costs (R$ MM)



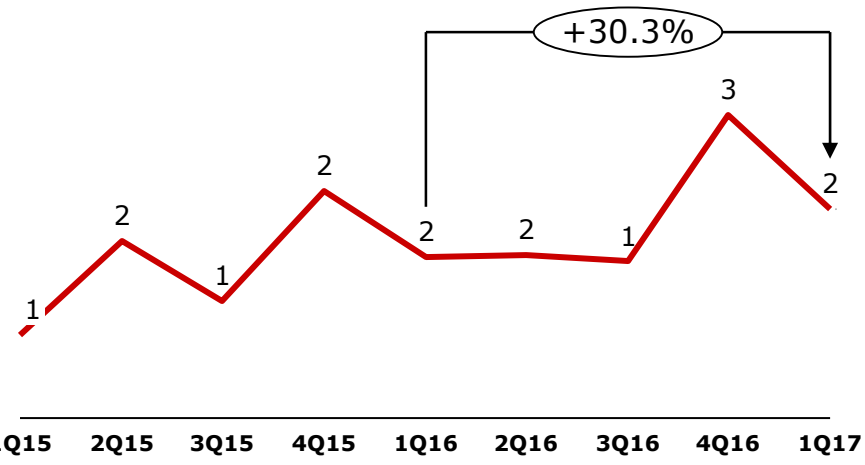
Personnel and Medical Services (R$ MM)



General Services, rentals and Util. (R$ MM)



General Expenses (R$ MM)



Cost of services

	1Q17		1Q16		Variation	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	HA	VA
Personnel and medical services	194.3	33.1%	175.5	34.6%	10.7%	-150 bps
General services, rentals and utilities	108.2	18.4%	101.7	20.0%	6.4%	-162 bps
Materials and outsourcing	57.5	9.8%	49.3	9.7%	16.7%	8 bps
General expenses	2.0	0.3%	1.5	0.3%	30.3%	4 bps
Depreciation and Amortization	23.2	4.0%	26.9	5.3%	-13.8%	-135 bps
Cost of Services	**385.2**	**65.5%**	**355.0**	**69.9%**	**8.5%**	**-435 bps**

- **Reduction of 150 bps (% Net Revenue) in Personnel and Medical Services:** This growth can be explained by the salary readjustments and the increase of 438 new positions compared to 1Q16, due to the opening of new agendas, expansion of services offered and new units. Despite the increase in the number of employees, it was possible to generate efficiency, increasing productivity.

- **Reduction of 162 bps (% Net Revenue) in General Services, Rentals and Utilities:** The efficiency gain can be explained by the lower costs of electrical energy and the continued control over fixed costs.

- **Stability (% Net Revenue)** in Materials and Outsourcing as well as General Expenses.

- **Reduction of 135 bps (% Net Revenue) in Depreciation and Amortization:** This reduction can be mainly explained by the revision of estimated useful life of specific medical equipment, occurred in 2016.

Operational expenses

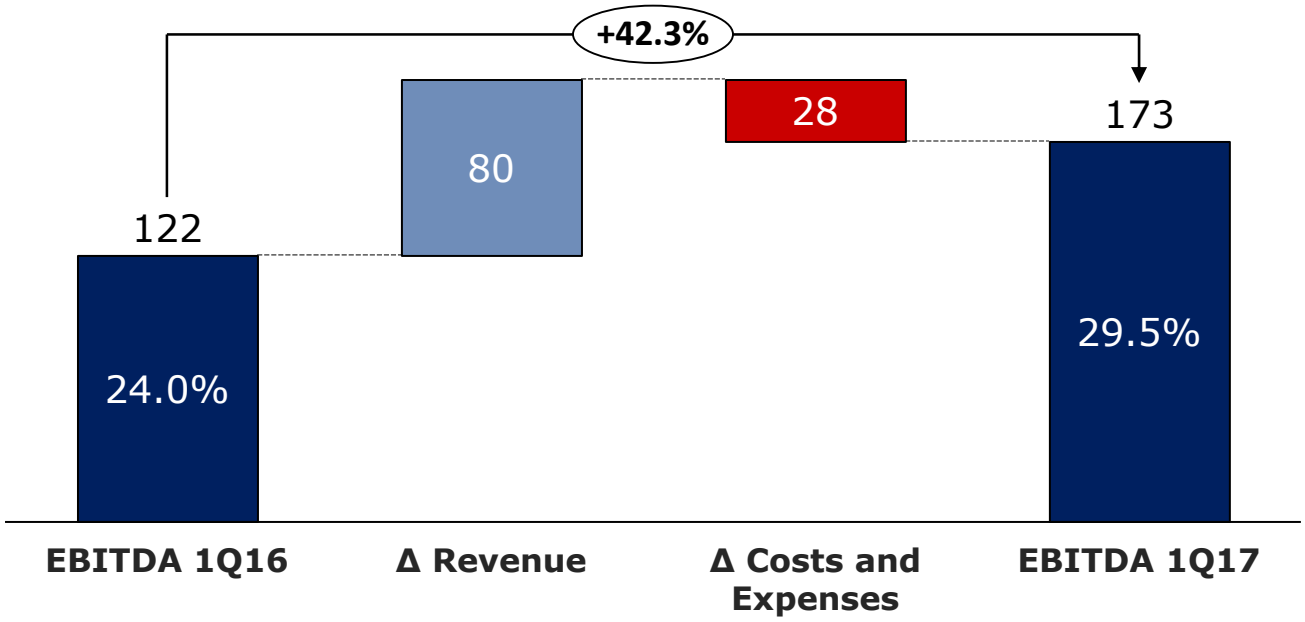
	1Q17		1Q16		Variation	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	AH	AV
G&A	48.3	8.2%	44.9	8.8%	7.5%	-63 bps
Depreciation and Amortization	10.3	1.7%	8.2	1.6%	25.1%	13 bps
Other Operating (Income) Expenses	4.5	0.8%	8.7	1.7%	-48.3%	-95 bps
Provision for Contingency	(0.2)	0.0%	4.5	0.9%	-105.3%	-93 bps
Subsidiaries' share of profits	(0.4)	-0.1%	(0.2)	0.0%	90.0%	-3 bps
Operating Expenses	**62.4**	**10.6%**	**66.1**	**13.0%**	**-5.7%**	**-240 bps**

- **Reduction of 63 bps in General and Administrative Expenses:** The efficiency gain can be explained mainly by (i) consulting expenses (ii) renegotiation of corporate rental agreements and (iii) reduction of electrical energy expenses and actions taken towards efficiency gains.
- **Increase of 13 bps in Depreciation and Amortization:** This is due to the increase of software amortization, as a result of the SAP re-implantation.
- **Decrease of 95 bps in Other (Income)/Expenses**: This reduction corresponds to a write off of R$ 4.6 million in recoverable taxes in the 1Q16.
- **Provision for contingencies:** totaled R$ 0.2 million with the reversal of, mainly, labor provisions.

EBITDA

- Increase in this indicator is a result of the strong net revenue performance, combined with the continued effort for operational efficiency gains.

EBITDA (R$ MM) and margin (%) 1Q17 vs. 1Q16



Debt

R$ MM	1Q16	4Q16	1Q17	Next 12 months
Gross Debt (Debentures and Financing)	983.7	832.0	817.2	301.7
Cash, Cash Equivalents and Marketable Securities	(657.1)	(406.8)	(337.2)	
Net Debt (Gross debt - Cash and Cash Equivalents)	**326.6**	**425.2**	**480.0**	
Net Debt / EBITDA LTM	0.8	0.9	0.9	
EBITDA LTM / Financial Result LTM	6.9	10.9	11.3	

99.5% of CDI

Average weighted cost of debt

Debentures

1st issuance in dec/11

2nd Series: R$ 300MM (CDI+1.2%)

Amortization: 4Q16, 4Q17, 4Q18

Current balance: R$ 200MM

2nd issuance in feb/13

R$ 500MM (CDI + 0,85%)

Amortization: 1Q18, 1Q19, 1Q20

Finep

- R$ 155MM contract signed in August 2014
- R$ 101.7 MM released in October 2014
- Repayment: 97 months, annual interest rate of 4%

FINAME

- R $ 2.8 million released in 1Q17
- Repayment: 60 months with interest rate equal to TJLP[1] + Spread BNDES/banking

[1] Long-term interest rate

Financial result

R$ million	1Q17	1Q16	Variation
Net financial income (expenses)	**(16.9)**	**(14.2)**	**19.1%**
Financial income	**14.3**	**23.5**	**-39.2%**
Interest and inflation adjustment	2.1	2.5	-13.7%
Exchange rate change	0.0	0.1	-67.5%
Interest income	12.8	22.1	-41.8%
Other	(0.7)	(1.1)	-38.1%
Financial expenses	**(31.2)**	**(37.7)**	**-17.2%**
Interest and inflation adjustment	(29.6)	(36.0)	-17.7%
Exchange rate change	(0.4)	(0.8)	-46.1%
Other	(1.1)	(0.9)	26.3%

- **The financial result** reached R$ (16.9) million, an increase of R$ 19.1%, **impacted by the decrease in gross debt and the reduction in the average cash position**, which resulted in lower financial income, due to the profit distribution related to 2016.

Income tax and social contribution

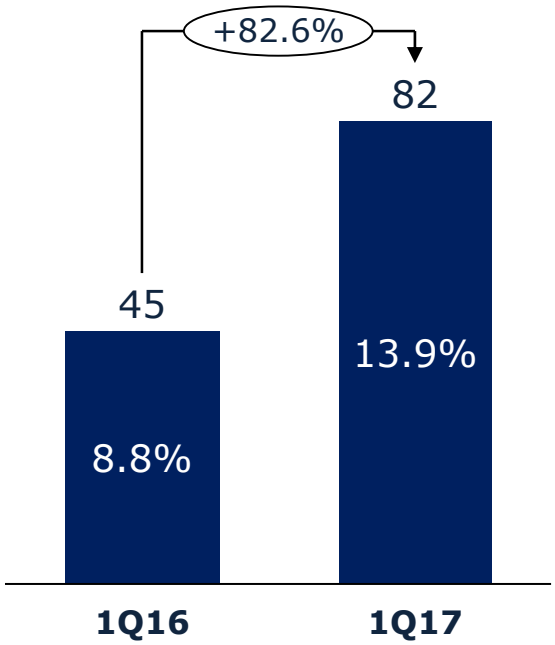
(R$ MM)	1Q17	1Q16	Variation
Earnings Before Tax (EBIT)	**123.2**	**72.6**	**69.7%**
Expected taxes (standard rate of 34%)	(41.9)	(24.7)	69.7%
Non-deductible expenses and incentives	0.1	(3.0)	-104.1%
Subsidiaries' share of profits	0.1	(0.2)	-140.6%
Income tax and social contribution	**-41.7**	**-28.0**	**49.1%**
% EBIT	**-33.8%**	**-38.5%**	**468 bps**
Current	(17.7)	(8.4)	111.2%
Deferred	(24.0)	(19.6)	22.5%

- **The income tax and social contribution rate** reached R$ 41.7 million, a **49.1% growth**. The effective rate represented -33.8%, increasing 468 bps.

Net income

- Improvement in the operating result lead to an **increase of 82.6% in the net income and 508 bps in net margin**.

Net income (R$ MM) and margin (%)



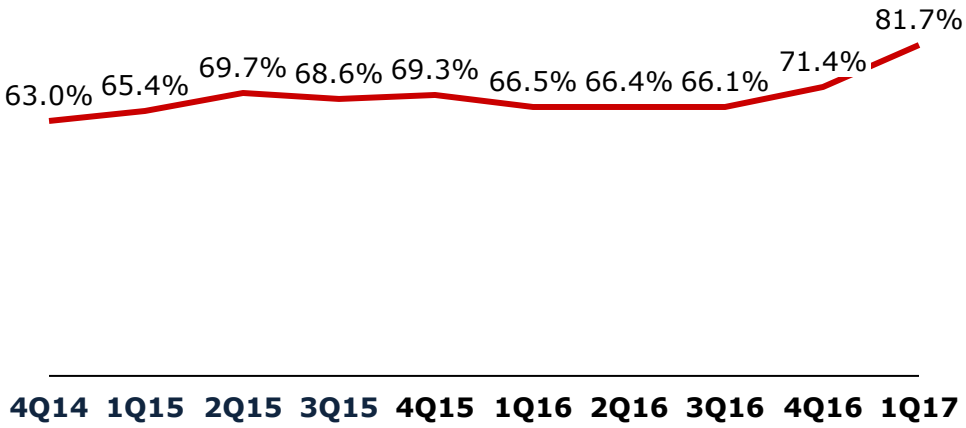
Receivables

Account Receivable (R$ MM)	1Q16	4Q16	1Q17
Trade receivables	482	445	520
Sales Deductions Provision	(44)	(42)	(41)
Total	**438**	**403**	**480**

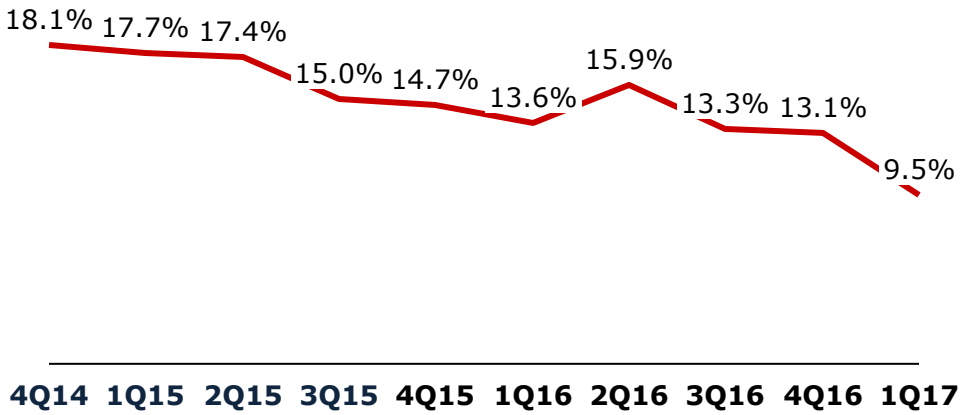
Aging Acc. Receivable (R$ MM)	1Q16	4Q16	1Q17
Current	362	350	439
Up to 120 days past due	54	37	32
121 to 360 days past due	41	31	27
Over 361 days past due	25	27	23

- **Improvement in the aging profile:** current receivables correspond to 84.4% vs. 75.1% in the 1Q16.
- **Average collection period:** 69 days in 1Q17, from 73 in 1Q16.

Provision Coverage Index
(BDP/ receivables due for more than 121 days)



Receivables due over 121 days / Total Receivables



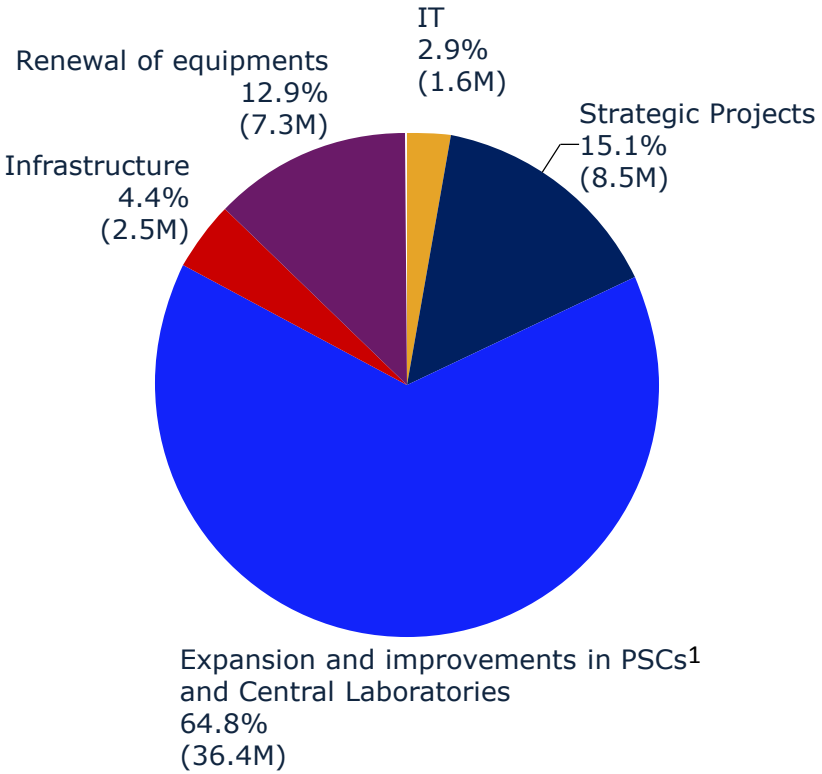
Cash flow

R$ MM	1Q17	1Q16	Variação AH
Net Income	**81.6**	**44.7**	**82.6%**
Items not affecting cash:	118.2	108.9	8.5%
Δ Working capital:			
Accounts receivables	(91.3)	(56.5)	-61.6%
Suppliers	(3.4)	(2.2)	-54.7%
Salaries / Charges	(20.5)	(17.6)	-16.6%
Others Assets and Liabilities	13.5	7.1	91.7%
Income tax and social contribution paid with credits	(12.1)	(6.2)	-96.5%
Operating Cash Flow	**85.9**	**78.1**	**10.0%**
Investing Activities	(30.9)	(16.0)	-93.4%
Financing Activities	(111.2)	(38.6)	-188.5%
Cash Flow	**(56.2)**	**23.6**	**-338.5%**
Conversion (Operating Cash Flow / EBITDA)	**49.6%**	**64.2%**	**-1458.3 bps**

Capex

- The investments are concentrated in organic growth.

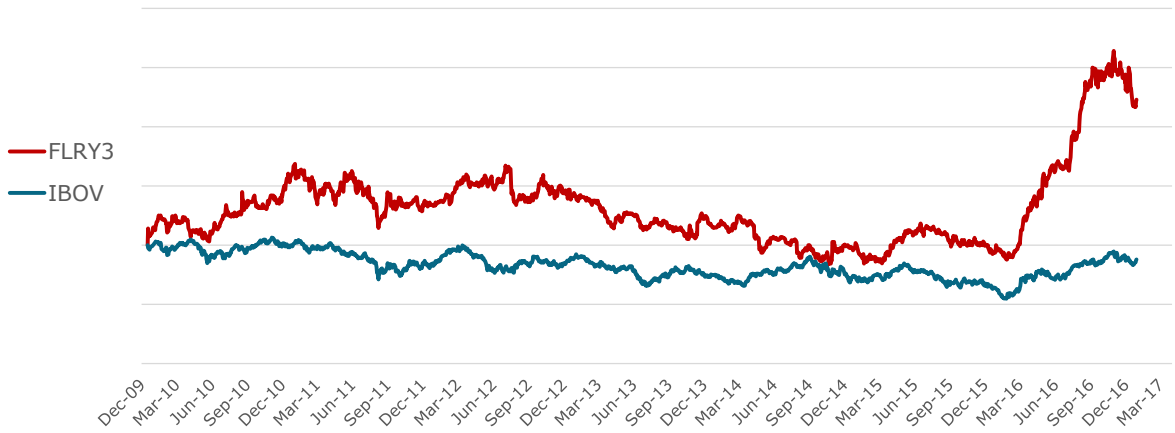
1Q17 = R$ 56.3 M



PSCs: Patient Service Center

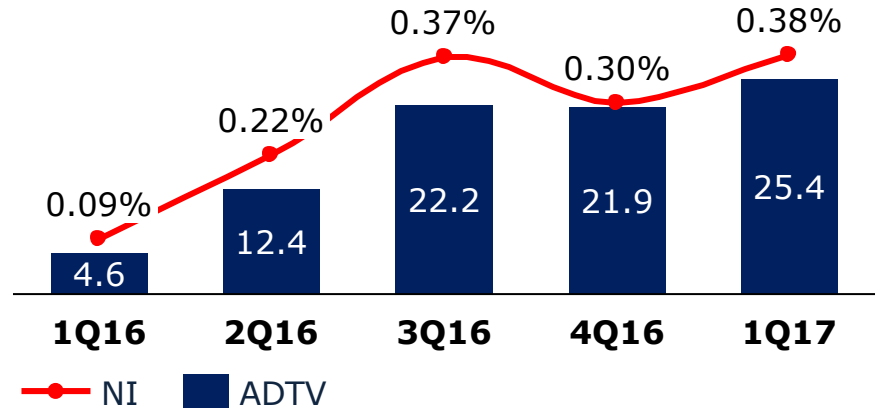
Market Perfomance (March 31st ,2017)

Shares performance x Ibovespa (IPO = 100 base)



▲ **+18.7% in 1T17**

Average Daily Trading Volume (ADTV) R$ MM and Negotiability Index (NI)



Shares and Market Cap	
Total shares	157,115,125
Market Cap	R$ 6.6 bn
Closing price	R$ 42.30

Agenda

Grupo Fleury's management will attend the following events in the next months:

Date	Event	Place
May 3	Breakfast with investors 1Q17 – Santander	São Paulo | Brazil
May 15	NDR – Credit Suisse	Toronto | Canada
May 16	NDR – Credit Suisse	Montreal | Canada
May 17 and 18	12th Annual Itaú BBA LatAm CEO Conference	New York | USA
May 19	NDR – Itau BBA	New York | USA
July 28	Conference call – Results 2Q17	São Paulo | Brazil
October 5	Fleury Investor Day	São Paulo | Brazil
October 27	Conference call - Results 3Q17	São Paulo | Brazil

For further information, please access: www.fleury.com.br/ir

1Q17 Results – FLRY3

April 2017

GrupoFleury