3Q16 results – FLRY3

October 2016

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 3Q15 except when stated otherwise.

Financial highlights

Gross revenue

R$ 592 millions

▲ 8.3%

▲ 9.5% excl. CADE PSCs*

Net revenue

R$ 540 millions

▲ 8.9%

▲ 10.2% excl. CADE PSCs*

EBITDA

R$ 139 millions

▲ 36.1%

Net income

R$63 millions

▲ 79.4%

Operating Cash Flow

R$ 153 millions

▲ 18.0%

- **Historical record** in gross and net revenues, EBITDA and net income.
- **Gross revenue grows 9.5%*.** Highlights: regional brands excl. Rio de Janeiro (+12.4%) and Fleury brand (+9.4%).
- **Patient Service Centers' (PSC) same store sales increases 10.1%.**
- **Cancellations index fell to 2.7% -** decrease of 51 bps.
- Control and efficiency gains in costs and expenses processes: **dilution of 475 bps.**
- **EBITDA margin of 25.7%** – a 512 bps improvement.
- **A 79.4% growth in net income.**
- **Operating cash flow of R$ 152.6MM** with Operating Cash Flow/EBITDA conversion of 110%.
- **Evolution of return and service indicators:** ROIC without goodwill reaches 31.9% vs. 18.7%. In 3Q16, Grupo Fleury's NPS reached 73.0% - a 894 bps expansion (As from this quarter, this indicator will include RJ).

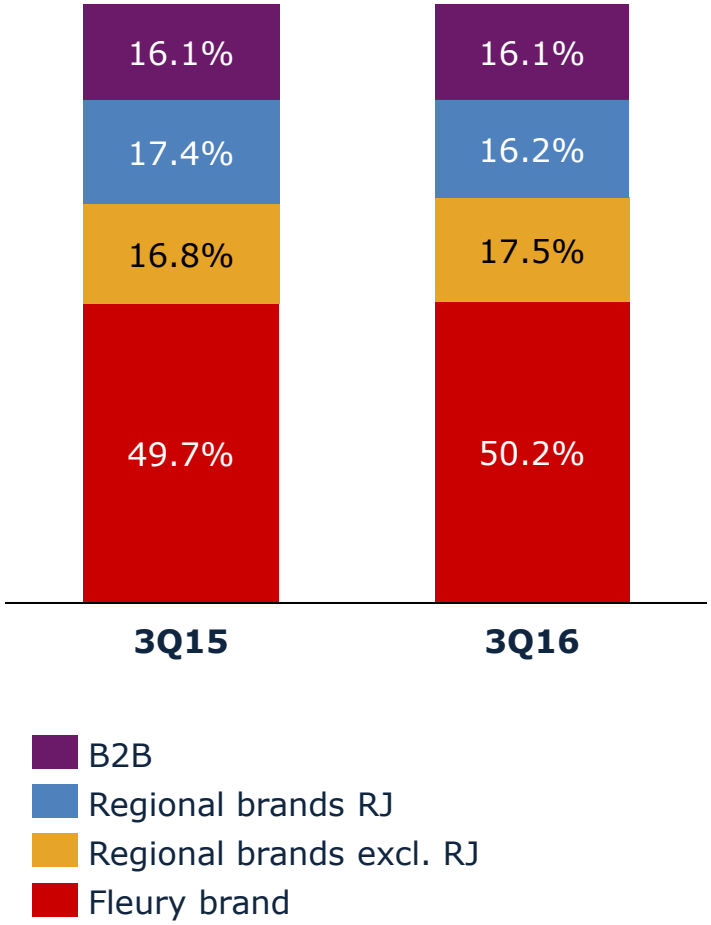
* Effect of PSCs CADE RJ: the effect of the sale of 5 PSCs in Rio de Janeiro (material fact 11/05/2015) in compliance with the agreement signed with CADE in 2014.

Highlights

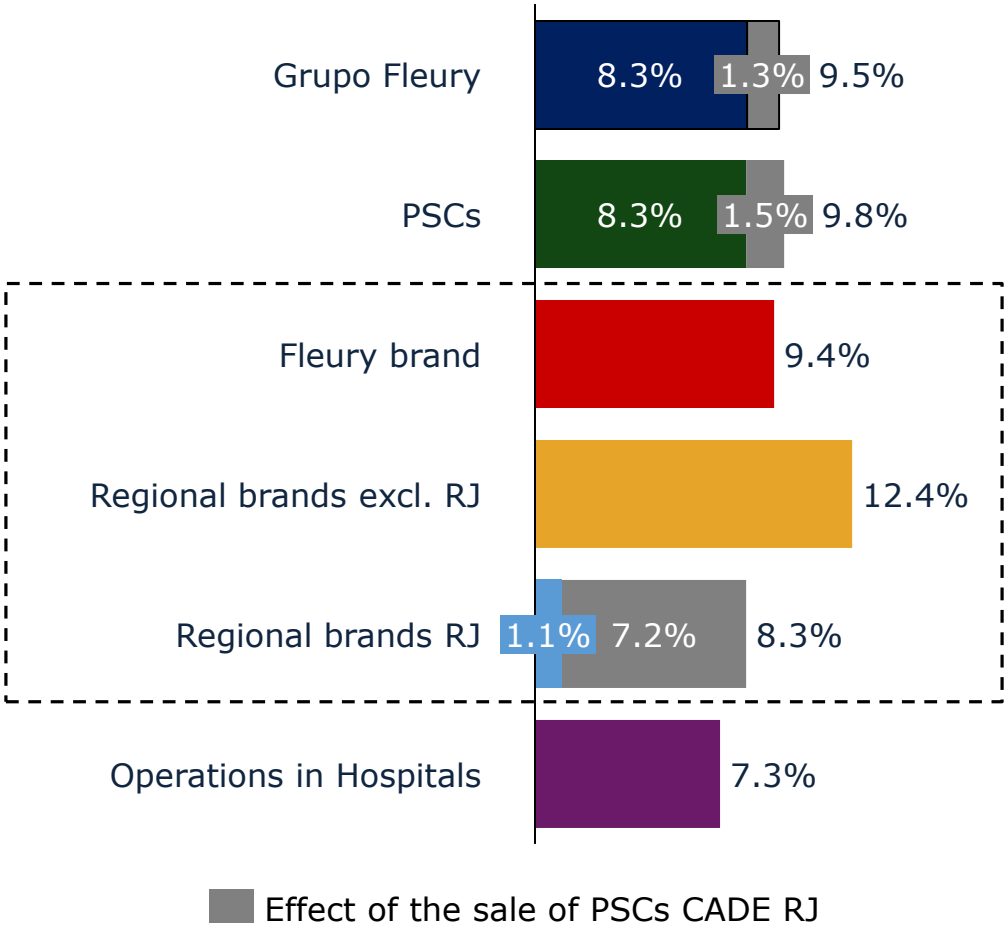
- "**Women's Season" campaign**: aims to raise awareness of women to care about their health. One of the campaign actions is 'Pink Bra', a digital project which aims to raise awareness among young people between 16 and 25 years to incorporate health care in their routines. The video of this action had more than 800 thousand views on Grupo Fleury's social media pages.
- **Unprecedented partnership:** Grupo Fleury joined IBM Watson Health unit in Latin America to test and validate the Watson Genomics in Brazil as a potential information tool to advance in custom studies of health care.
- **Rio de Janeiro's imaging reports Center:** it was launched in September to centralize the production of reports of MRI scans, CT scans and mammography in Labs a+ brand.
- **New operation:** Grupo Fleury started to operate in Santa Helena Hospital, part of Rede D'Or chain in Brasilia, in the diagnosis of clinical analysis through the a+ brand. At the same time, the Company ended the contract with Copa D'Or Hospital in Rio de Janeiro. Therefore, the B2B portfolio remained with 17 operations.
- **50th Brazilian Congress of Clinical Pathology in Rio de Janeiro:** about 1,500 people participated in scientific lectures and workshops that addressed topics such as "New Autoantibodies in myopathies Idiopathic Inflammatory" and "Oncotype DX in breast cancer".
- **IBrX-100:** Grupo Fleury's shares first entered in the index portfolio that gathers the 100 most traded shares on BM&FBOVESPA. The Company's weight in the index is 0.53%, which puts it in 43th position in the current portfolio, in effect between September and December 2016.

Gross revenue: 3Q16

Gross revenue breakdown

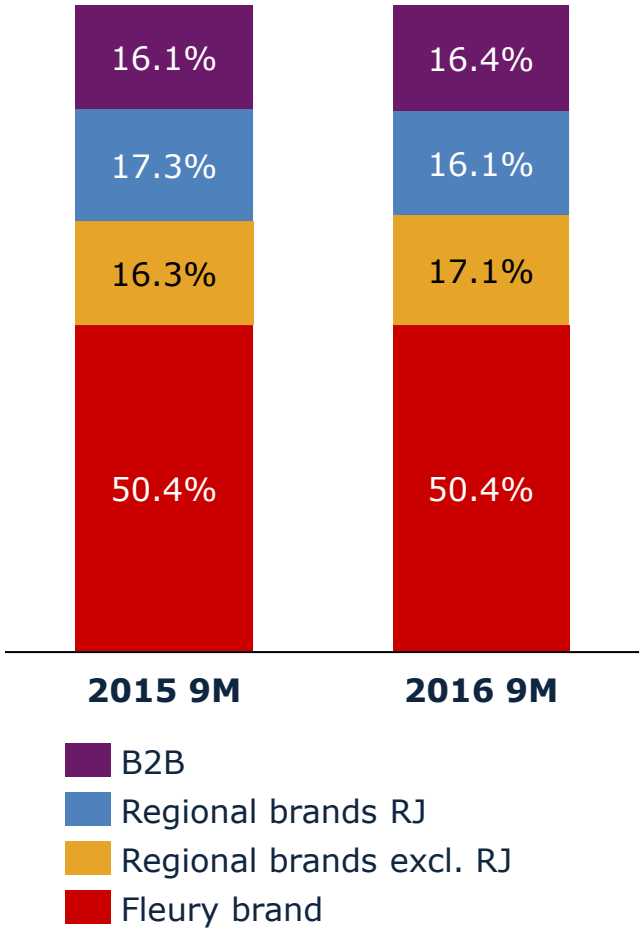


Business line performance (3Q16 vs 3Q15)

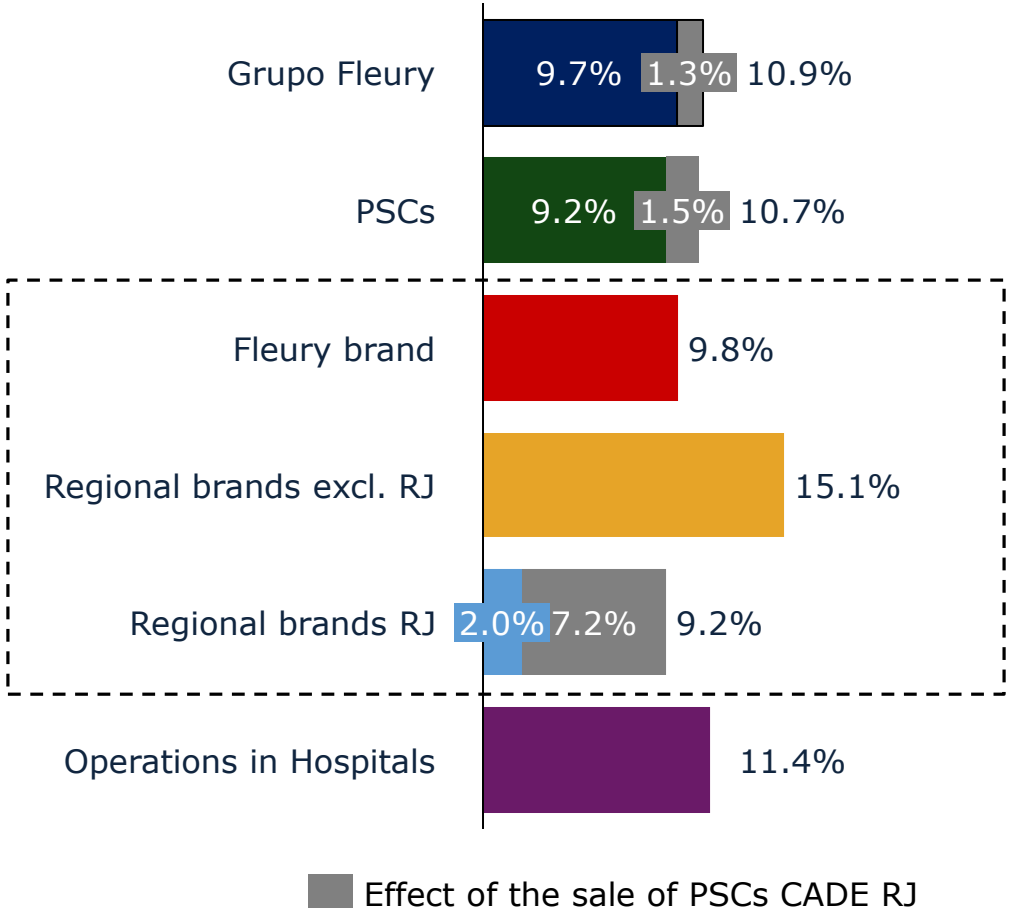


Gross revenue: 2016 9M

Gross revenue breakdown

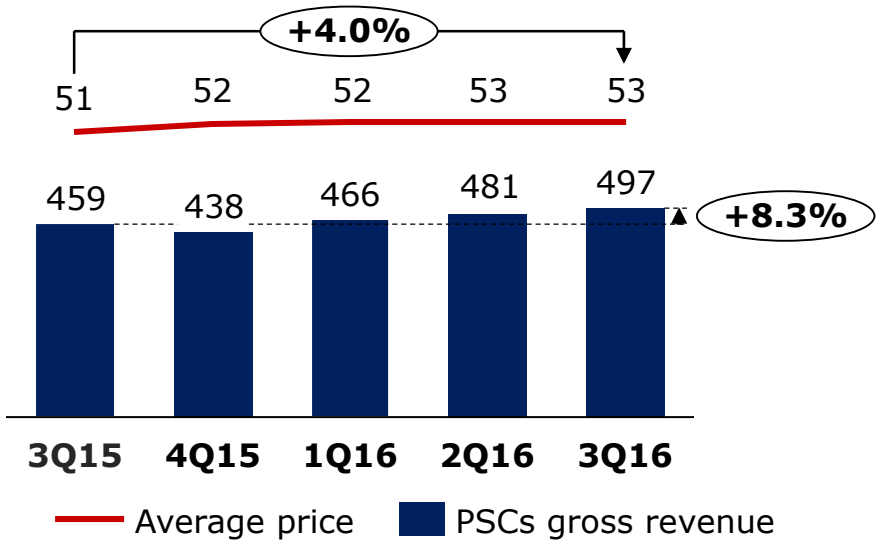


Business line performance (9M16 vs 9M15)

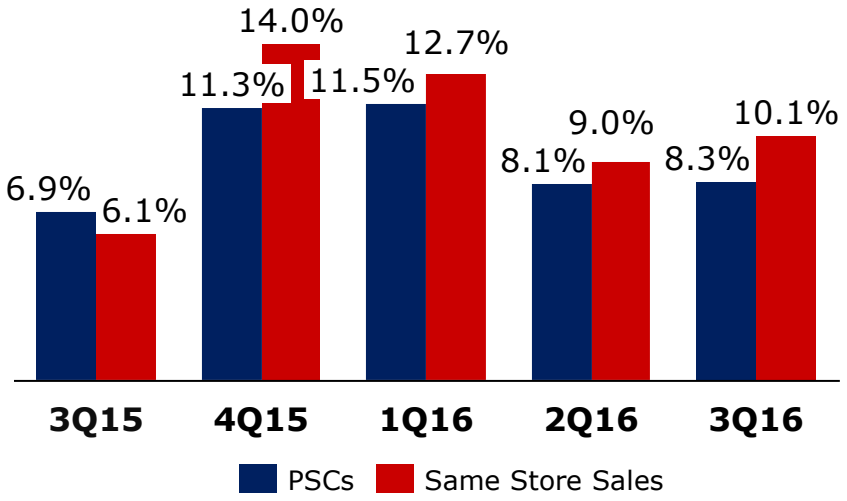


Patient Service Centers (PSC)
Revenue indicators

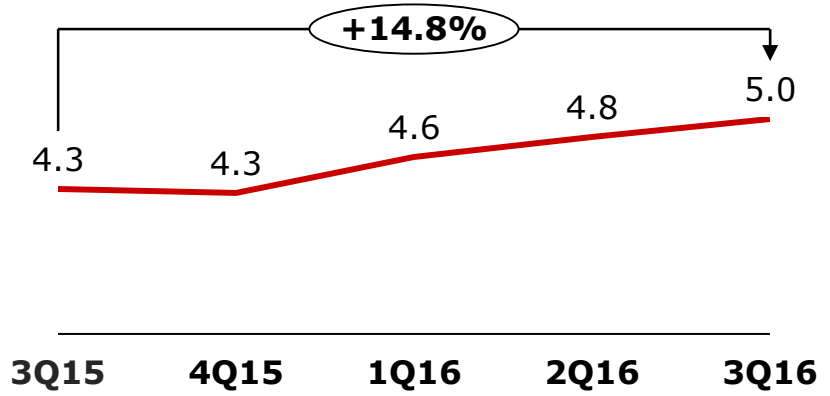
Gross revenue PSCs[1] (R$ MM) and average price



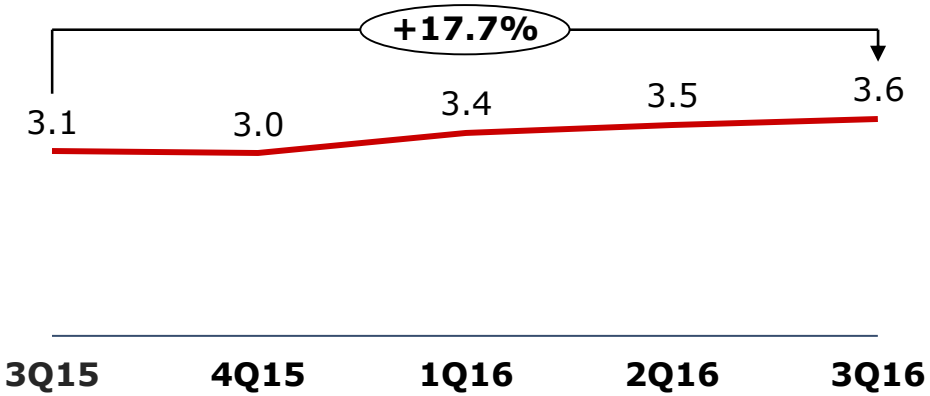
Gross revenue growth YoY



PSCs gross revenue per m² (R$ thousand)



Gross revenue per PSCs (R$ MM)



[1]PSCs – Patient Service Center

	3Q16 vs 3Q15			
	Fleury Brand	Regional Brands excl. RJ	Brands RJ	Total (PSCs)
Indicators PSCs				
- Gross Revenue	9.4%	12.4%	1.1%	8.3%
- Gross Revenue (excl. effect of the sale of PSCs CADE RJ)	9.4%	12.4%	7.7%	9.6%
- SSS	9.3%	12.3%	10.5%	10.1%
- Gross Revenue / Number of Tests	7.3%	6.2%	-1.9%	4.0%
- Gross Revenue / m^2	6.4%	16.6%	24.0%	14.8%
- Gross Revenue / PSC	9.4%	15.5%	25.2%	17.7%

- Fleury brand reported a 9.4% growth in gross revenue in the quarter and 7.3% in average price per exam. Actions to capture demand, such as offer and occupation of MRI agendas in the morning, afternoon and weekends.
- In regional brands excluding Rio de Janeiro, growth in clinical analysis, mainly in a+ brands. In imaging exams, growth in offer and occupation of ultrasound and MRI in São Paulo, Pernambuco and Bahia in the morning, afternoon and weekends.
- Rio de Janeiro brands grew 10.5% in Same Store Sales. 3Q16 results were impacted by the four holidays due the Olympics Games in the city. Highlight to the growth in the volume of clinical analysis exams.

Diagnostic Operations in Hospitals

- **Gross revenue grows 7.3%** in the quarter and reaches R$ 85.7 MM.
- **8.6% increase in *Same Hospital Sales (SHS).***
- Grupo Fleury started to operate in Santa Helena Hospital, part of Rede D'Or chain in Brasilia. At the same time, the Company ended the contract with Copa D'Or Hospital in Rio de Janeiro. Therefore, the B2B portfolio remained with 17 operations.

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

- **Gross revenue** reaches R$ 7.4 MM.
- Preventive Medicine's revenue amounted to R$ 2.2 MM in the quarter.

[1]PM – Preventive Medicine

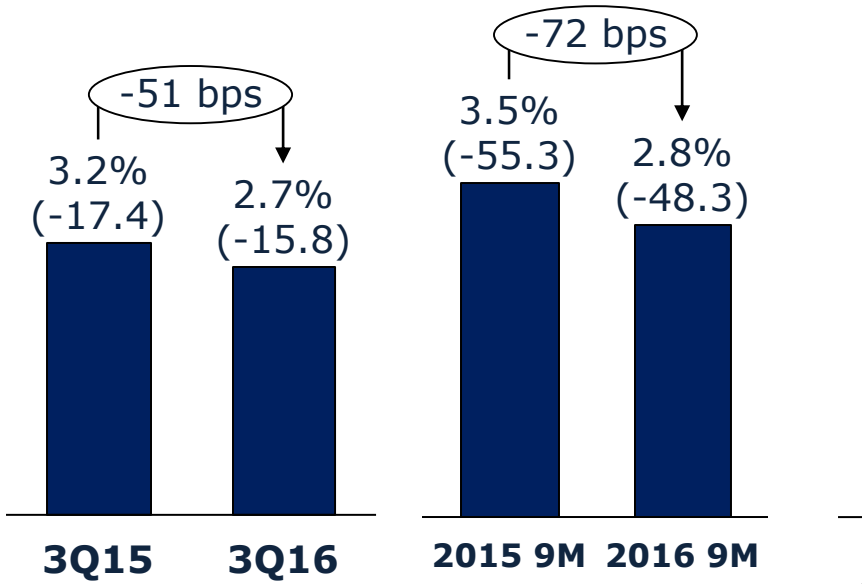
Sales taxes, deductions, allowances and net revenue

GrupoFleury

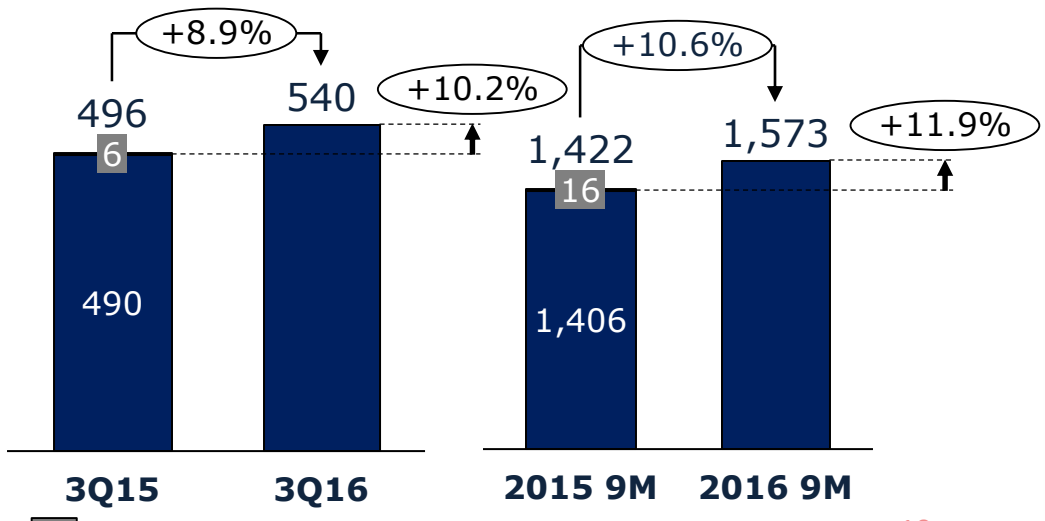
Revenue qualification

- **Deductions (cancellations and provision for doubtful accounts) + Allowances** represented 2.7% of gross revenue (R$ 15.8 MM), a 51 bps reduction.
- **Sales taxes over gross revenue stable** in the quarter and in the year (6.2%).

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

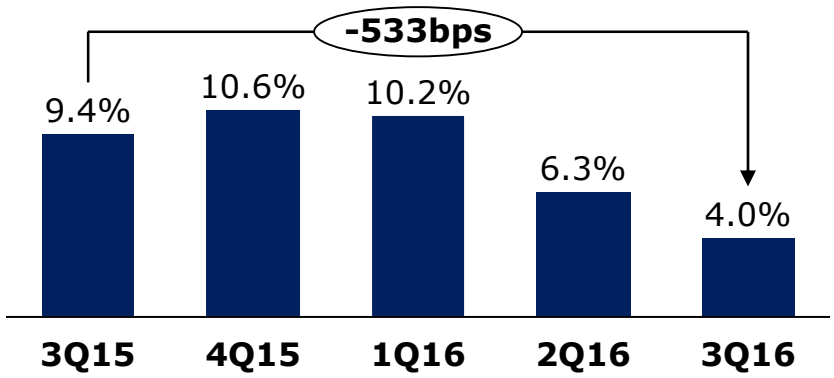


Net revenue (R$ MM)

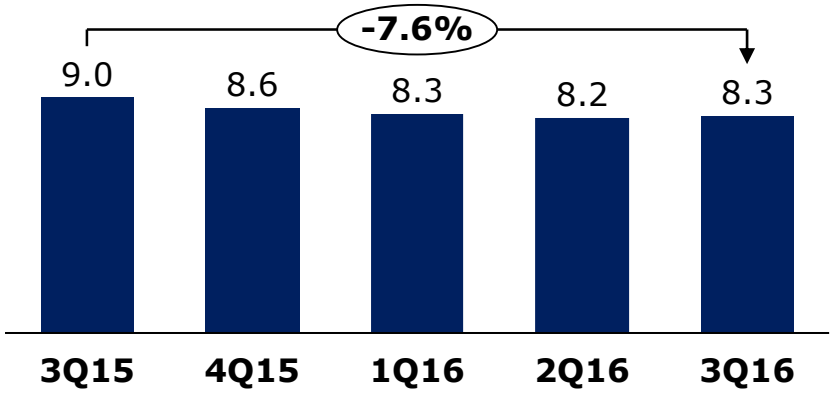


Cost of Services
Indicators

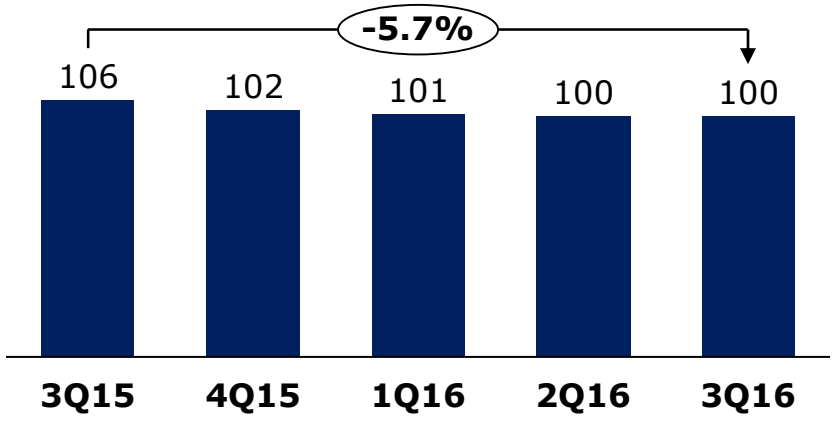
Cost of Services Growth (YoY)



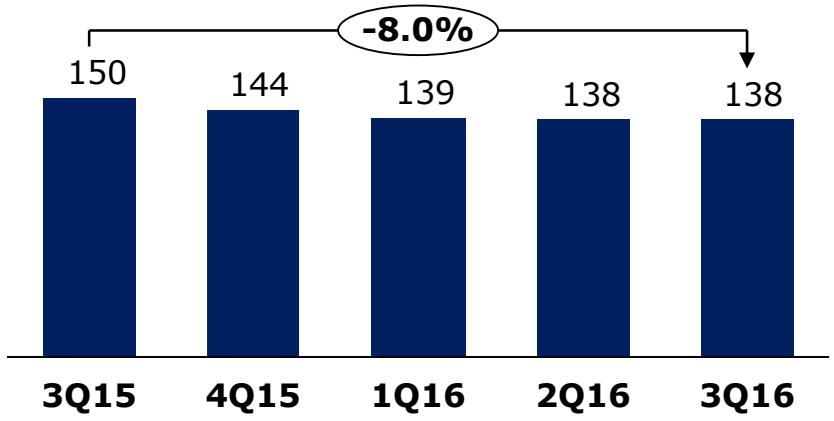
Number of employees (thousand)



M² - PSCs (thousand)

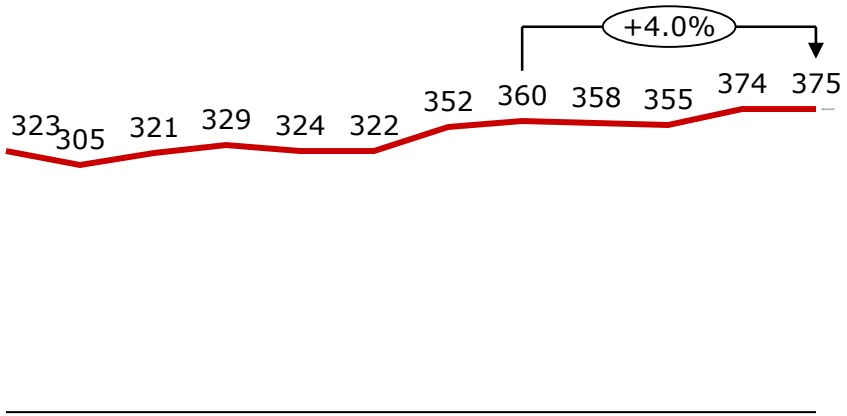


Number of PSCs

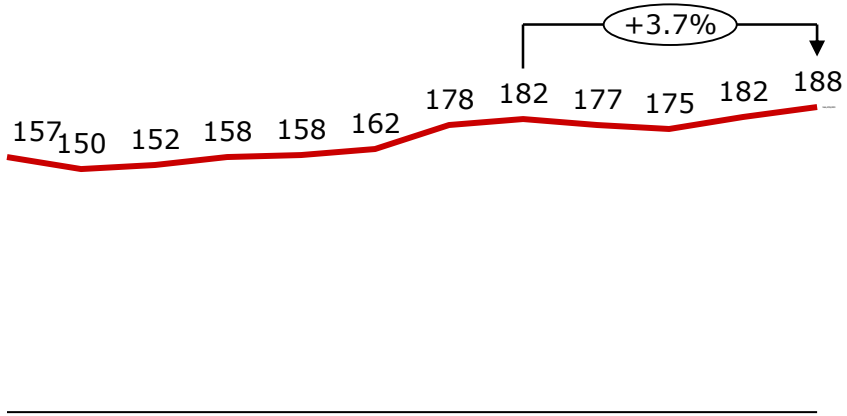


Cost of Services
Breakdown

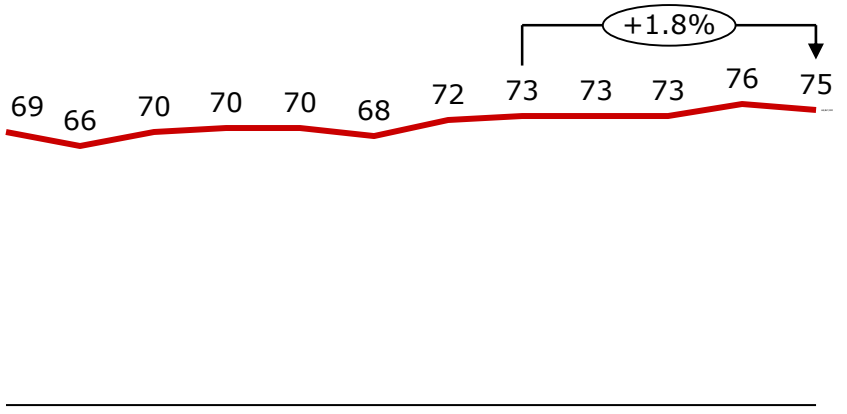
Evolution of costs (R$ MM)



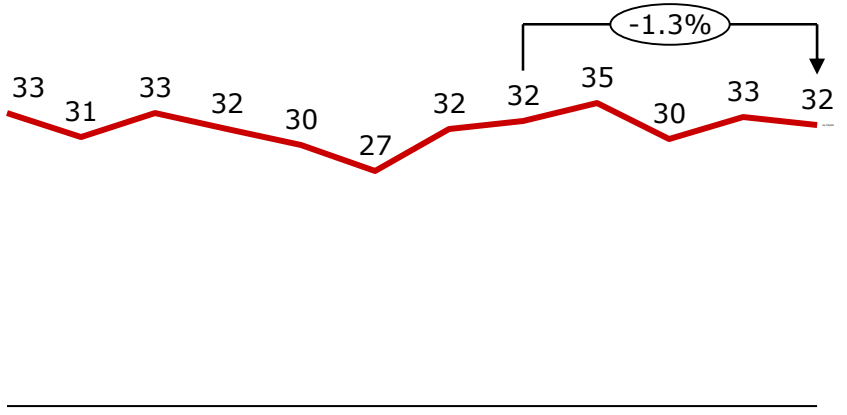
Personnel and Medical Services (R$ MM)



Gen. Services, Rentals and Util. (R$ MM)



General Expenses (R$ MM)



Cost of services

	3Q16		3Q15		2016 9M	2015 9M
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	% Net Revenue	
Personnel and medical services	188.4	34.9%	181.6	36.6%	34.7%	36.7%
General services, rentals and utilities	74.7	13.8%	73.4	14.8%	14.3%	15.1%
Materials and outsourcing	51.7	9.6%	49.4	10.0%	9.8%	9.8%
General expenses	32.0	5.9%	32.4	6.5%	6.1%	6.4%
Depreciation and Amortization	28.1	5.2%	23.4	4.7%	5.3%	4.8%
Cost of Services	**374.8**	**69.4%**	**360.3**	**72.7%**	**70.2%**	**72.7%**

- **175 bps reduction (%NR) in Personnel and Medical Services:** For the third consecutive quarter, this line grows below net revenue due, mainly, to efficiency gains in PSCs.
- **97 bps reduction (%NR) in General Services, Rents and Utilities:** impacted by the reduction in the value of PSCs' rents, contract renegotiation with cleaning suppliers and transport of materials as well as implementation of processes and systems to reduce costs with fixed telephony line.
- **41 bps growth (%NR) in Material and Outsourcing:** due to reduction in costs associated with intermediation of exams to foreign laboratories.
- **62 bps reduction (%NR) in General Expenses:** mainly impacted by the redesign of customer service processes in Call Center Central.

Operational expenses

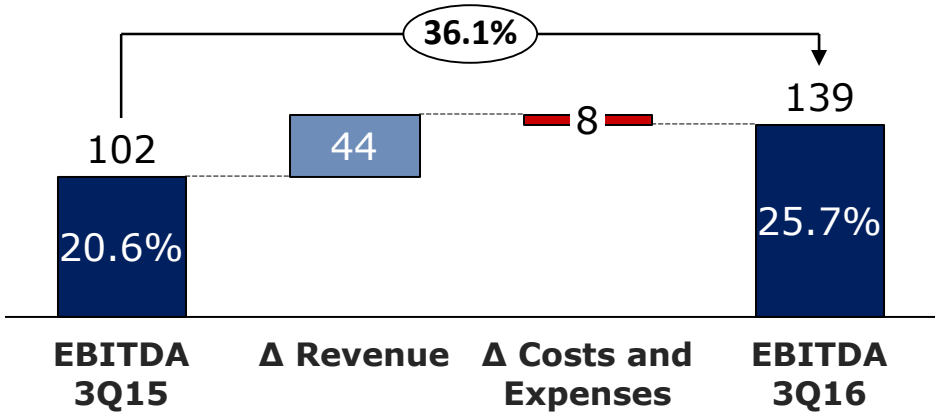
	3Q16		3Q15		Excluding non-recurring	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	2016 9M % Net Revenue	2015 9M % Net Revenue
G&A (Excl. Depreciation and Amortization)	53.7	9.9%	50.0	10.1%	9.5%	9.9%
Depreciation and Amortization	8.2	1.5%	7.8	1.6%	1.6%	1.6%
Other Operating Income (Expenses), net	1.4	0.3%	2.8	0.6%	1.0%	0.9%
Provision for Contingency	(0.6)	-0.1%	4.0	0.8%	0.3%	0.5%
Subsidiaries' share of profits	(0.5)	-0.1%	(0.2)	0.0%	-0.1%	0.0%
Operating Expenses	**62.2**	**11.5%**	**64.5**	**13.0%**	**12.3%**	**12.9%**

- **15 bps decrease in General and Administrative Expenses (excluding Depreciation):** The growth of this line is below the growth in net revenue can be explained mainly by the reduction of costs related to Personnel expenses.
- **13 bps decrease in Other Operating Income (expenses):** accumulated R$ 1.4 million and represented 0.3% of net revenue. The reduction of 51.0% in this line can be explained by the effect of PSCs write-offs in 3Q15 that amounted to R$ 1.6 MM.
- **Provision for Contingency:** represented a net credit of R$ 600 thousand, impacted by the reversal of provisions due the closure of labor claims.

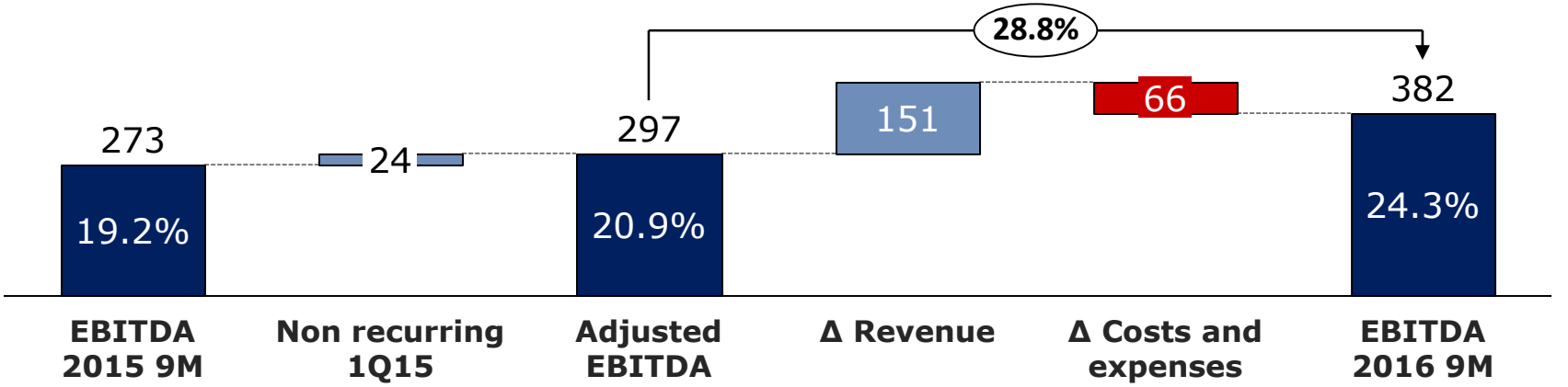
EBITDA

- Improvement of the EBITDA margin is a direct result of **net revenue growth and efficiency gain** in costs and expenses.

EBITDA (R$ MM) and margin (%) 3Q16 vs. 3Q15



EBITDA (R$ MM) and margin (%) 9M 2016 vs. 9M 2015



Debt

R$ MM	3Q15	2Q16	3Q16	Next 12 months
Gross Debt (Debentures and Financing)	1,037.8	988.7	981.9	194.6
Cash & Cash Equivalents	(617.1)	(753.9)	(829.6)	
Net Debt (Gross debt - Cash and Cash Equivalents)	**420.7**	**234.9**	**152.2**	
Net Debt / EBITDA LTM	1.2	0.5	0.3	
EBITDA LTM / Financial Result LTM	5.3	7.3	9.1	

98.3% of CDI

Average weighted cost of debt

Debentures

1st issuance in dec/11

1st Series: R$ 150MM (CDI+0.94%)

Amortization: 4Q14, 4Q15 e 4Q16

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

Amortization: 4Q16, 4Q17, 4Q18

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
- Deadline for settlement: 97 months, annual interest rate of 4%

Financial result

			Excl. non-recurring		Reported	
R$ million	3Q16	3Q15	2016 9M	2015 9M	2016 9M	2015 9M
Financial income (expenses), net	**(8.7)**	**(16.0)**	**(37.9)**	**(46.5)**	**(37.9)**	**(49.7)**
Financial income	**30.8**	**23.3**	**78.8**	**60.0**	**78.8**	**60.0**
Interest and inflation adjustment	3.9	4.4	8.5	10.5	8.5	10.5
Exchange rate change and hedge	0.0	0.1	0.4	0.2	0.4	0.2
Interest received	28.1	20.1	73.6	50.2	73.6	50.2
Other	(1.4)	(1.3)	(3.7)	(1.0)	(3.7)	(1.0)
Financial expenses	**(39.4)**	**(39.3)**	**(116.7)**	**(106.5)**	**(116.7)**	**(109.7)**
Interest and inflation adjustment	(37.9)	(38.0)	(109.2)	(103.2)	(109.2)	(106.4)
Exchange rate change and hedge	(0.2)	(0.1)	(1.1)	(0.4)	(1.1)	(0.4)
Other	(1.3)	(1.2)	(6.3)	(2.9)	(6.3)	(2.9)

- Financial results reached R$ (8.7) MM, impacted by the growth of interest received from financial investments due to increased cash position.

Income tax and social contribution

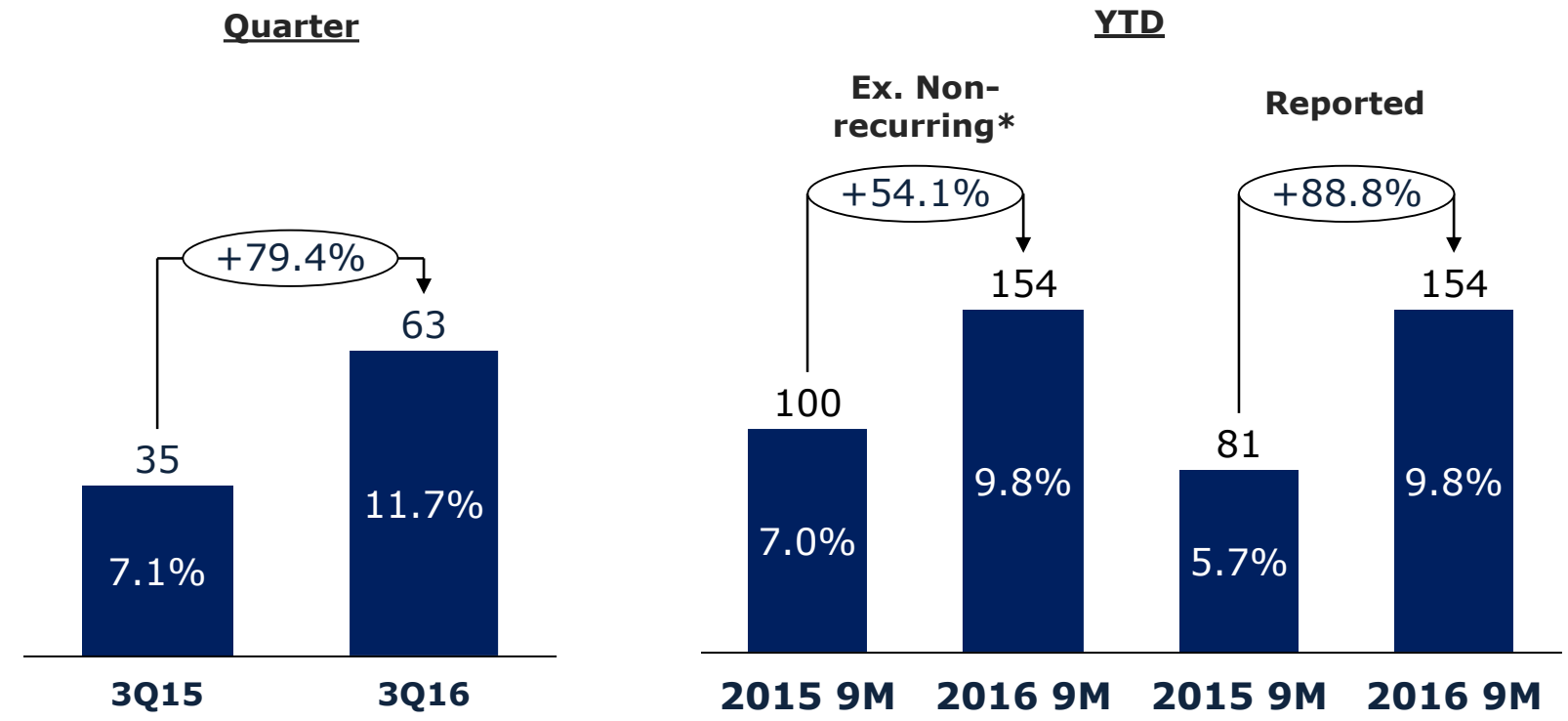
(R$ MM)	3Q16	3Q15	2016 9M	2015 9M
Earnings Before Taxes (EBT)	**94.1**	**54.8**	**237.8**	**131.5**
Expected taxes (standard rate of 34%)	32.0	18.6	80.8	44.7
Non-deductible expenses and taxes breaks	(1.0)	0.9	2.8	4.9
Subsidiaries' share of profits	0.1	0.2	0.3	0.5
Income tax and social contribution	**31.0**	**19.7**	**83.9**	**50.1**
% EBT	**32.9%**	**35.8%**	**35.3%**	**38.1%**
Current	13.2	5.0	34.8	12.6
Deferred	17.8	14.7	49.1	37.4

- The income tax and social contribution rate was 32.9% in the quarter vs. 35.8% in 3Q15.

Net income

- Improvement in operating results and the income tax rate resulted in an **increase of 79.4% in the net income in 3Q16**.

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



* Adjusted excluding 1Q15 non-recurring item related to Health's Solid Waste Tax (TRSS).

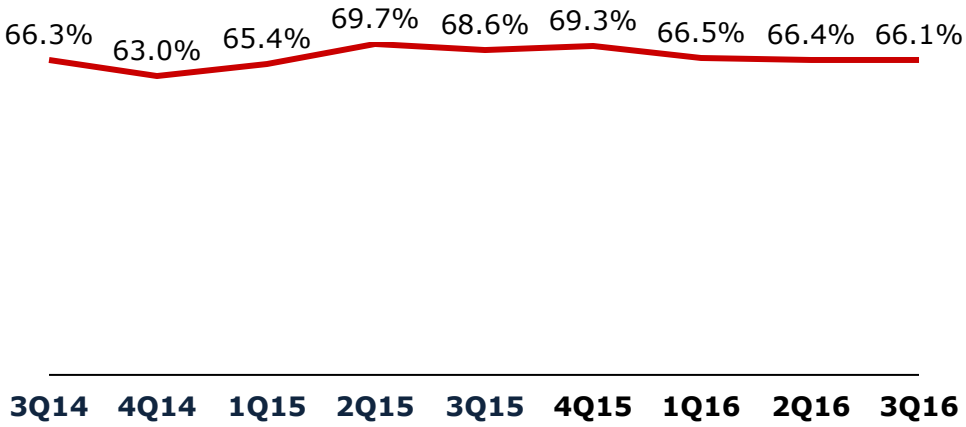
Receivables

Account Receivable (R$ MM)	3Q15	2Q16	3Q16
Trade receivables	482	471	465
Sales Deductions Provisions	(50)	(50)	(41)
Total	**433**	**421**	**425**

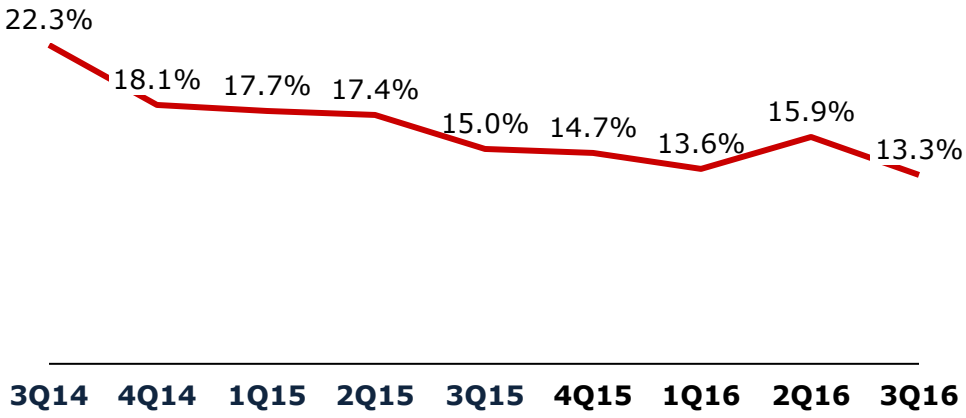
Aging Acc. Receivable (R$ MM)	3Q15	2Q16	3Q16
Current	352	358	366
Up to 120 days past due	58	38	38
121 to 360 days past due	43	45	38
Over 361 days past due	30	29	24

- **Improvement in the aging profile:** current receivables correspond to 78.6% vs. 73.0% in 3Q15.
- **Average collection period:** 66 days vs. 74 in 3Q15.

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



Receivables due over 120 days / Total Receivables



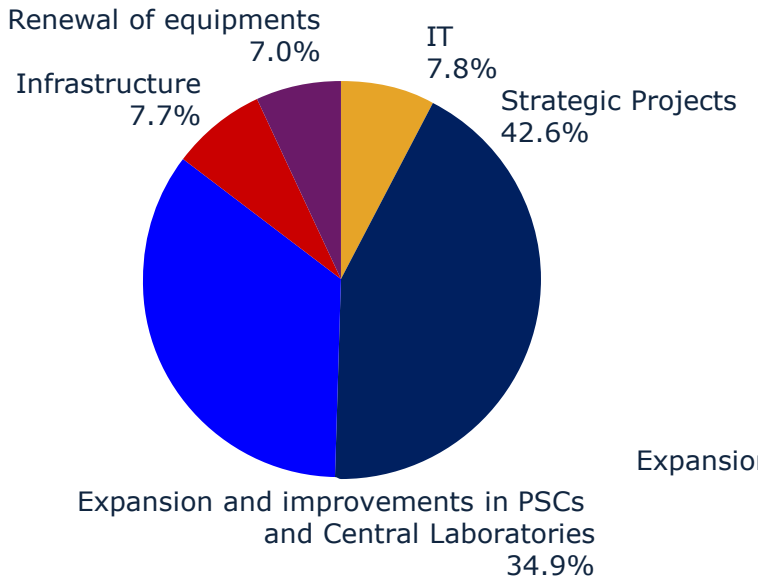
Cash flow

R$ MM	3Q16	3Q15	2016 9M	2015 9M
Net Income	**63.1**	**35.2**	**153.9**	**81.5**
Deferred Income Tax	17.8	14.7	49.1	37.4
Cash Net Income	**80.9**	**49.8**	**202.9**	**118.9**
Depreciation and amortization	36.3	31.2	107.8	91.8
Δ Provisions	33.4	33.3	45.3	(7.4)
Others	2.0	14.9	33.1	46.7
Operating Cash Flow	**152.6**	**129.3**	**389.0**	**250.0**
Changes in PP&E and IT System	(32.9)	(31.4)	(93.7)	(71.3)
Acquisitions	0.0	0.0	(5.2)	(5.3)
Financing Activities	(12.2)	(15.4)	(32.0)	(45.4)
Dividends	(31.8)	(9.7)	(53.1)	(16.2)
Cash Flow	**75.8**	**72.8**	**205.1**	**111.8**
Conversion (Operating Cash Flow / EBITDA)	**110%**	**127%**	**102%**	**92%**

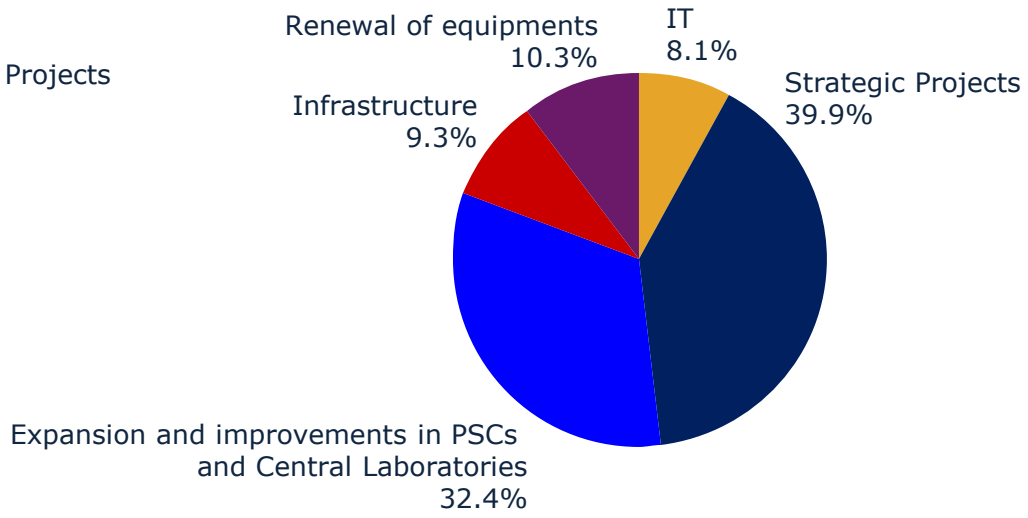
Capex

- The investments are concentrated in (i) strategic projects and (ii) expansion and improvements in PSCs and technical areas.

3Q16 = R$ 33.6 MM

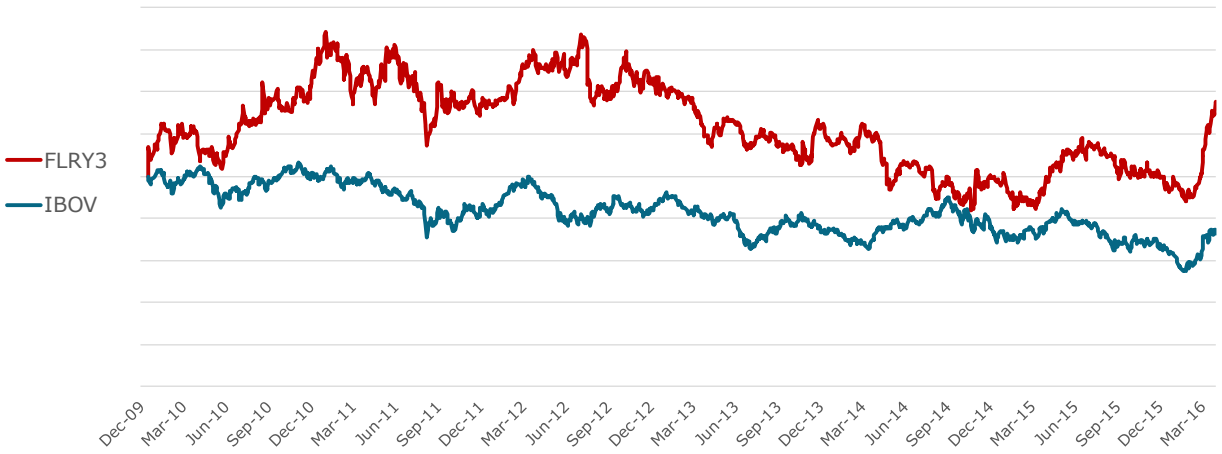


9M16 = R$ 94.0 MM



Market Perfomance (September 30th 2016)

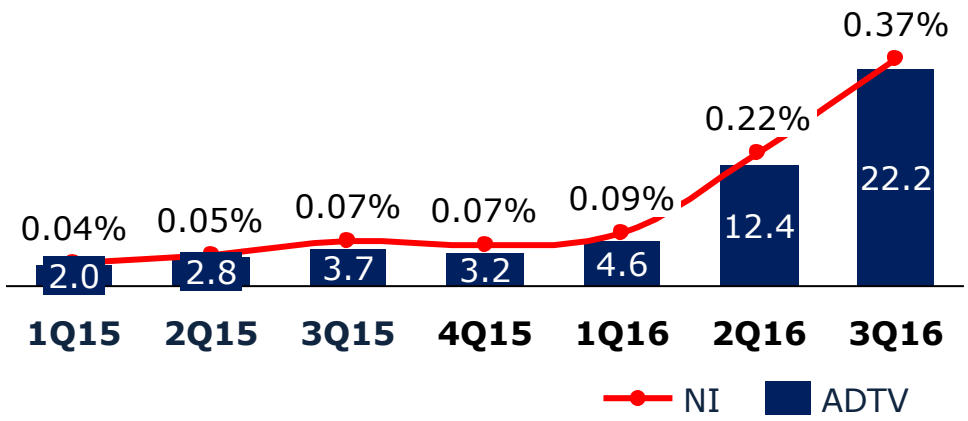
Shares performance x Ibovespa (IPO = 100 base)



▲ +44.2% in 3Q16

▲ +139.7% in 9M16

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



Shares and market cap	
Total shares	156,293,356
Market Cap	R$ 6.0 bn
Closing price	R$ 38.35

Agenda

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

Date	Event	Place
October 31	Breakfast with investors – BTG Pactual	São Paulo | Brazil
November 15 and 16	Bradesco's 6th Annual CEO Forum	New York | USA
November 17	NDR with CEO – Bradesco BBI	Boston | USA
November 17 and 18	NDR with CFO – BofA Merril Lynch	London | UK
November 28	Site visit – J.P. Morgan	São Paulo | Brazil
November 29	Healthcare Trip – Morgan Stanley	São Paulo | Brazil
December 01	J.P. Morgan Brazil Opportunities Conference 2016	São Paulo | Brazil
December 08	Fleury Investor's Day	São Paulo | Brazil

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

3Q16 results – FLRY3

October 2016