

# MOODY'S

## INVESTORS SERVICE

### CREDIT OPINION

11 April 2018

#### Update

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#### RATINGS

##### Fleury SA

Domicile	Sao Paulo, Brazil
Long Term Rating	Ba2
Type	LT Corporate Family Ratings - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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## Fleury SA

Update following change in outlook to stable

### Summary

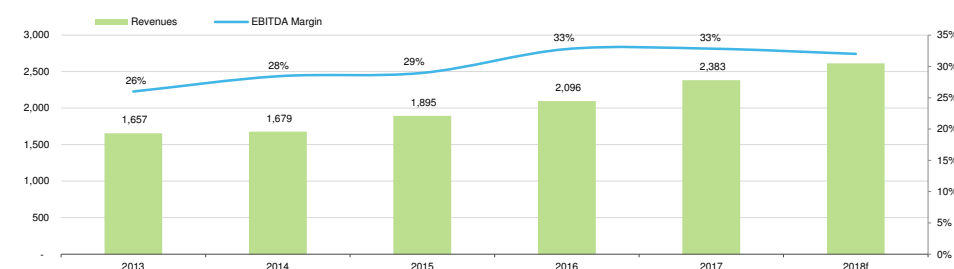
[Fleury SA's](#) (Fleury) Ba2/Aa2.br ratings are supported by the company's strong and well-recognized brands, its market position in Brazil, its focus on the more resilient higher-income population and the positive long-term prospects of the Brazilian healthcare industry. The ratings also incorporate (1) Fleury's improved diversification in terms of branding, consumer's profile and geographic footprint, derived from the company's acquisitive growth strategy; and (2) our expectations of adequate credit metrics and liquidity profile, even when considering the execution of the expansion plan announced in 2016. The company's resilient business model, as shown by the maintenance of adequate operating and financial performance during Brazil's recession in 2015-16, is an additional positive credit consideration (see Exhibit 1).

The ratings are constrained by [Brazil's](#) (Ba2 stable) sovereign rating and the company's small size compared with that of its global peers, as well as the fragmented nature of the industry, which provides room for M&A activity. Furthermore, we see risks related to Fleury's expansion plans, which entail both organic growth and acquisitions, and from large dividend distributions, although we expect the company to match capital spending and shareholders' distributions to its cash generation to preserve its creditworthiness.

Exhibit 1

#### Fleury's revenue and EBITDA margin proved resilient during Brazil's 2016-17 recession

In BRL million



Note: Moody's 2018 estimates.  
Source: Moody's Financial Metrics™

### Credit strengths

- » Strong and well-recognized brands in the local market
- » Long-term fundamentals for the healthcare industry remain favorable
- » Adequate credit metrics and liquidity, even with the announced expansion plan

- » Disciplined and successful acquisitions

## Credit challenges

- » Ratings constrained by Brazil's sovereign rating
- » Relatively small size compared with that of its global peers
- » Highly fragmented industry, which increases the likelihood of further M&A activity

## Rating outlook

The stable outlook on Fleury's ratings reflects our expectations that credit metrics will remain at around the current levels in the next 12-18 months and that the company will prudently manage its growth strategy and dividend distributions to preserve its liquidity profile.

## Factors that could lead to an upgrade

An upgrade of Fleury's ratings would depend on an upgrade of Brazil's sovereign rating. Positive pressure on the ratings would also require Fleury to continue to grow organically while pursuing its expansion strategy and to maintain stable profitability, leverage and liquidity levels even during tougher macroeconomic conditions.

## Factors that could lead to a downgrade

The ratings could be lowered if the company fails to grow organically or to maintain an EBITDA margin at around the current level. The ratings could also come under pressure if the leverage ratio remains above 3.5x, free cash flow remains negative on a consistent basis or liquidity deteriorates. A downgrade of Brazil's sovereign rating could also put negative pressure on Fleury's ratings.

## Key indicators

Exhibit 2

### Key indicators

Fleury SA

USD Millions	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	(Dec-17)	Next 12-18 Months
Revenue	771.9	770.7	715.3	578.0	604.2	746.4	\$0.5 - \$1.0
EBITA Margin %	17%	15%	17%	18%	21%	23%	15% - 20%
Debt / EBITDA	2.1x	3.3x	3.2x	2.6x	1.8x	1.9x	2x - 3x
EBITA / Interest Expense	3.4x	2.1x	2.0x	2.1x	3.0x	5.2x	4x - 6x
RCF / Net Debt	57%	34%	21%	57%	41%	77%	40% - 50%

All figures and ratios are calculated using Moody's estimates and standard adjustments. Moody's Forecasts (f) or Projections (proj.) are Moody's opinion and do not represent the views of the issuer. Periods are fiscal year-end unless indicated. LTM = Last 12 months.

Source: Moody's Financial Metrics™

## Profile

Founded in 1926, Fleury SA (Fleury) is a major provider of high-quality diagnostic medicine in Brazil through its patient service centers (84% of gross revenue) and operations in the hospitals (16% of gross revenue). The group has a diversified portfolio of brands that envisages different social classes in seven Brazilian states and Distrito Federal. In 2017, Fleury posted revenue of BRL2.6 billion (around \$715 million) and an adjusted EBITDA margin of 32.8%.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

## Detailed credit considerations

### Strong and well-recognized brands in the local market

After the acquisition of Instituto de Radiologia de Natal Ltda (IRN) and Serdil Serviço Especializado em Radiodiagnóstico Ltda. (Serdil), Fleury will operate under eight brands (Fleury, Clínica Felipe Mattoso, Weinmann, a+, Diagnoson a+, Labs a+, Serdil and IRN) in seven Brazilian states and in Distrito Federal, providing premium and intermediary-level services, mainly to customers in classes A and B.

The brands Fleury, Clínica Felipe Mattoso and Weinmann Labs have leading positions in the A social class in São Paulo, Rio de Janeiro and Rio Grande do Sul states, some of the most economically robust regions of the country. The national brand a+ was launched in 2011 as a result of the consolidation process of brands previously acquired. Currently, a+ operates in the six main economic centers of Brazil, offering diagnostic services to beneficiaries of intermediary-level health plans.

Unlike the US and other markets, the choice of a healthcare provider in Brazil is usually determined by the patient, and procedures are performed outside of hospitals and medical consultations. In our view, Fleury's successful branding strategy, which is illustrated by the wide recognition of the Fleury brand by patients and physicians, provides a competitive advantage to the company during a patient's decision-making process. The company's wide coverage and integrated solutions for physicians also contribute to its strong market position in Brazil.

The Fleury brand, which accounted for 49.6% of the company's revenue in 2017, also benefits from the resilience of the consumption patterns of the higher-income population, which confers defensive characteristics to Fleury's business model and allows for an adequate operating performance even during economic cycles. This factor was particularly important during the economic recession in Brazil in 2015-16, when weak macroeconomic conditions led to a marked increase in unemployment rates and, consequently, to a reduction in the total number of health plan beneficiaries.

### Long-term fundamentals for Brazil's healthcare industry remain favorable

The long-term prospects for the Brazilian healthcare industry remain favorable, but contrast with the short-term challenges related to high unemployment rates and reduced number of health plan beneficiaries.

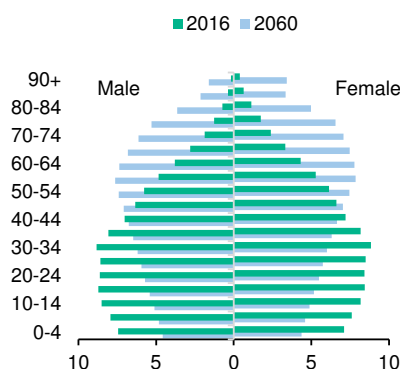
Over the last several years, the increase in the population's average income level and the importance of health spending for Brazilians — third in consumption priority, lagging behind only education and housing, according to Datafolha — led to gradual growth in private health spending in the country. There were about 16.6 million net additions to health plans between 2005 and 2014 as a consequence of the 13.9 million jobs created in the same period.

On the other hand, although health spending tends to be relatively resilient to economic cycles, the weakness in Brazil's macroeconomic environment in 2015-16 hurt the sector's operations, with rising unemployment leading to a decline in the total number of health plan beneficiaries. Since the beginning of 2015 until December 2017, the accumulated number of health plan beneficiaries decreased by 2.8 million as a result of an acute macroeconomic contraction in Brazil. In the same period, almost 3.0 million formal job positions closed in the country. Despite the early signs of improvement in the number of health plan beneficiaries and in the creation of formal job positions in the country, there are still no signs of sustained recovery in the labor market. Nevertheless, Fleury's brands have been proving relatively resilient, given the high quality of service and brand recognition, and the company's focus on higher-income customers, which will continue to temper the impact of high unemployment rates in Brazil on the company's operating performance.

In the long term, the aging population will support an increased demand for healthcare services in Brazil. According to the Brazilian Institute of Geography and Statistics (IBGE), the proportion of Brazilians aged 60 years or older should reach 34% by 2060 (or 73.6 million inhabitants) from 13% in 2013. Also, the private health plan segment is still under-penetrated in the country, especially compared with developed countries. We estimate that as of year-end 2017, only about 23% of the Brazilian population had a health plan contracted, while in developed economies, the penetration rate is around 37%, according to the National Health Agency. It is noteworthy that the individual penetration rate is higher than Brazil's average in more developed states such as São Paulo (38%) and Rio de Janeiro (33%), where Fleury has a particularly strong presence.

Exhibit 3

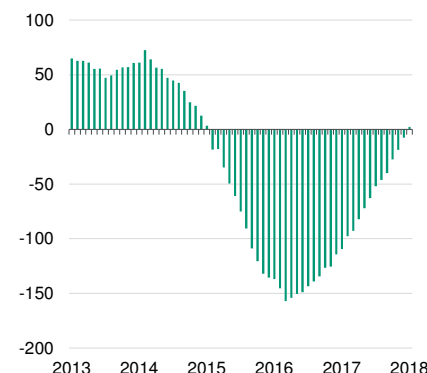
**Population aging supports long-term fundamentals...**  
In million pax



IBGE estimates.  
Source: IBGE

Exhibit 4

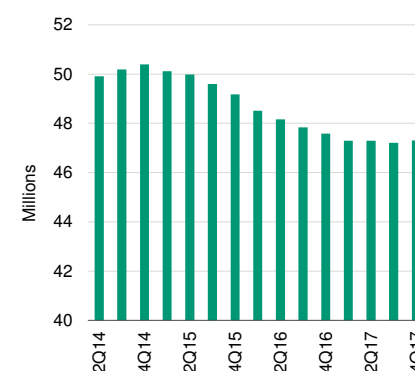
**...but a decline in formal jobs and in health plan additions...**  
Brazil's net addition of formal jobs



In thousands, 12-month trailing average.  
Source: CAGED

Exhibit 5

**...will constrain the sector's growth in the short term**  
Number of health plan beneficiaries in Brazil



In millions.  
Source: National Health Agency

### Highly fragmented industry increases the likelihood of further M&A activity

The private healthcare sector in Brazil is highly fragmented and has no dominant company, with the four largest companies (Fleury, Dasa, Hermes Pardini and Alliar) holding only 29% of the sector's market share in terms of revenue as of year-end 2016. There are currently more than 16,000 medicine diagnostic providers in the country. In such a fragmented industry, we believe larger companies such as Fleury are in a more advantageous situation and have broader bargaining power when dealing with health insurance providers and hospitals. Negotiations with health insurance providers are usually made once a year and include the price adjustment to be implemented by the healthcare service providers.

Also, under this scenario, further industry consolidation is expected, especially involving larger and capitalized companies such as Fleury. However, the assigned ratings incorporate our expectation that Fleury would conduct any future acquisition in a prudent manner to preserve its creditworthiness.

### Disciplined and successful acquisitions partially mitigate execution and integration risks

Acquisitions were key in Fleury's growth strategy in the past years, and we believe the company will continue to pursue opportunistic acquisitions to further consolidate its position in the Brazilian market. Although M&A activity can entail integration challenges, and higher working capital and investment needs, we recognize that Fleury has so far managed its acquisitions well. Originally, the Fleury group targeted the A social class in the State of São Paulo. Through acquisitions, the company managed to diversify its revenue, in terms of both customer base and geographic footprint. Currently, Fleury is present in seven Brazilian states and Distrito Federal, and its portfolio of brands covers social classes A and B. Despite the acquisitions, the company's growth has been mainly driven organically, with most of the group's revenue growth coming from its existing operations — with the exception of the Labs D'Or deal, a BRL1.2 billion acquisition announced in 2011.

From 2013 through September 17, Fleury did not announce any acquisition and focused on business integration and cost efficiencies to recover profitability. In September 2017, Fleury acquired Serdil, an image diagnostic company in Porto Alegre, for BRL30 million. Additionally, in March 2018, the company announced the acquisition of IRN, an image diagnostic company with operations in the City of Natal, Rio Grande do Norte, for BRL91 million. We expect the company to continue pursuing M&A opportunities in 2018-19, although we do not expect any transformational acquisition in the medium term.

The acquisition of IRN will bring BRL15 million-BRL20 million in annual EBITDA while expanding Fleury's national coverage by introducing an additional image diagnostic business for the company in the northeast region of Brazil. With the acquisition, Fleury will be able to leverage the relationship with health insurance providers and hospitals in the Rio Grande do Norte state to increase its

market share in the region. The Serdil acquisition will bring BRL5 million in additional annual EBITDA. Both IRN and Serdil focus on the high income level population and on the higher-margin image business, which will contribute to the maintenance of Fleury's overall business strategy and consolidated margin level.

#### **Adequate credit metrics and cash generation, even with the announced expansion plan**

Fleury's credit metrics have improved significantly since 2013 and, as of year-end 2017, compared favorably with those of similarly rated companies. During 2013 and 2014, the company faced some headwinds, and margins were negatively affected by (1) operational adjustments and integration costs in Rio de Janeiro, (2) the early stage of new a+ brand labs, (3) the company's strategy to adequate its service offering by focusing on more profitable clients and on cost synergies, and (4) inflationary cost pressures. Following these pressures, the adjustments and strategic focus improved Fleury's profitability in 2015-17 even as the company faced challenges related to a contracting market, rising inflation (because around 50% of Fleury's costs are related to labor) and currency depreciation (which increases dollar-denominated costs, about 10% of the total).

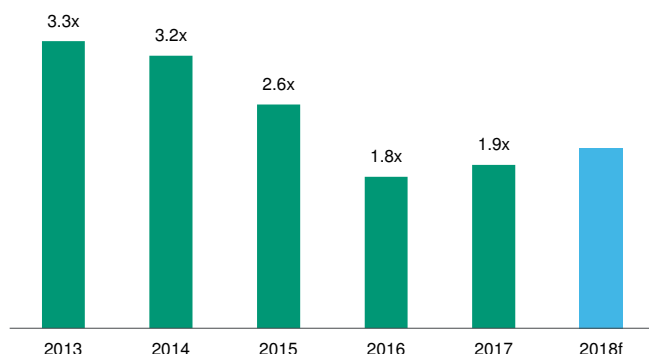
Lower inflation in Brazil should contribute to lower margin volatility and lower dependence on the adequate pass-through of cost increases, and a more stable economic environment will prevent further contraction in the local labor market. These factors will allow Fleury's organic growth rates to remain strong and the company to focus on resuming its inorganic growth strategy.

In this context, Fleury announced an expansion plan in December 2016 that included the opening of up to 90 new service centers until 2021, focused mainly on its regional brands (including the a+ brand) and on fast-sites — smaller units that offer simpler procedures. Fast-sites require lower investment and usually present higher margins than larger units, which should increase Fleury's operating leverage in the medium term. In the short term, however, the early stage of the new centers will limit margin expansion and will result in higher capital spending. Since the announcement of the expansion plan until February 2018, Fleury had opened 34 new centers (representing 38% of the maximum expansion plan target), spending BRL182 million in expansion investments in 2017. We expect total capital spending in 2018 to remain near the 2017 level, while working capital requirements will likely increase due to the fast ramp-up of the fast-sites units.

However, even with the ramp-up of new units and under adverse market conditions, we expect Fleury to sustain operating margins and cash generation from operations fairly close to the current levels in the next 12-18 months, given continued efficiency gains and the company's position within the A and B social classes in Brazil, for whom healthcare spending is more resilient. In 2017, Fleury's adjusted EBITDA margin remained at 33%, in line with that in 2016 and up from a low of 26% as of year-end 2013, reflecting the operational adjustments made by the company in the last few years.

We also expect leverage (measured by total adjusted debt/EBITDA) to remain between 1.5x-2.0x owing to an adequate profitability level and the maintenance of the current gross debt level. Fleury's business model proved to be resilient during the downturn in Brazil, and the company was able to amortize gross debt while improving operations, which resulted in adjusted leverage declining to 1.9x as of year-end 2017 compared with a peak of 3.3x in 2013. While we do not expect additional debt amortizations in the medium term, we believe Fleury has built a buffer under its credit metrics to weather the potential volatility in its operations without compromising its credit quality.

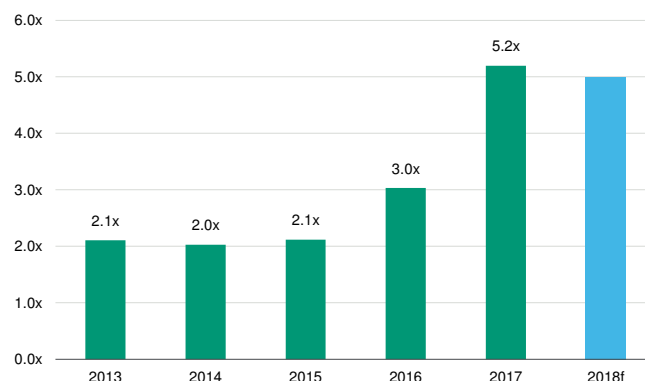
Exhibit 6

**Fleury's adjusted leverage**  
 Total adjusted debt/EBITDA


Moody's 2018 estimates.

Source: Moody's Investors Service

Exhibit 7

**Fleury's adjusted interest coverage**  
 Adjusted EBITA/interest expense


Moody's 2018 estimates.

Source: Moody's Investors Service

### Relatively small size compared with that of global peers

Although acquisitions have increased Fleury's size, the company remains relatively small compared with its global peers, with annual net revenue of BRL2.6 billion in 2017. In our view, larger companies generally have greater resilience to changes in demand, wider geographic diversity, are often better able to realize economies of scale, benefit from broader access to potential customers and have more access to capital markets if needed. Nevertheless, Fleury's ratings incorporate its position as one of the largest providers of diagnostic medicine in Brazil.

### Ratings are constrained by Brazil's sovereign rating

Fleury generates 100% of its revenue in the local market and although it operates in a resilient segment, one of its main growth drivers is the creation of formal jobs, which we expect will remain weak in the short to medium term. In our view, rising unemployment and reduced additions to health plans could weaken Fleury's operating performance, leaving the company exposed to Brazil's domestic fundamentals.

### Liquidity analysis

Fleury's liquidity profile remains strong and its debt maturities are manageable. As of year-end 2017, the company's cash position of BRL672 million was sufficient to cover reported short-term debt by 2.1x and corresponded to 64% of total reported debt. In the fourth quarter of 2017, Fleury issued BRL300 million in debentures and paid BRL105 million in debt. The company will likely use excess proceeds from the new debenture issuance made in November 2017 to amortize debt in 2018, thus lengthening its debt amortization schedule further.

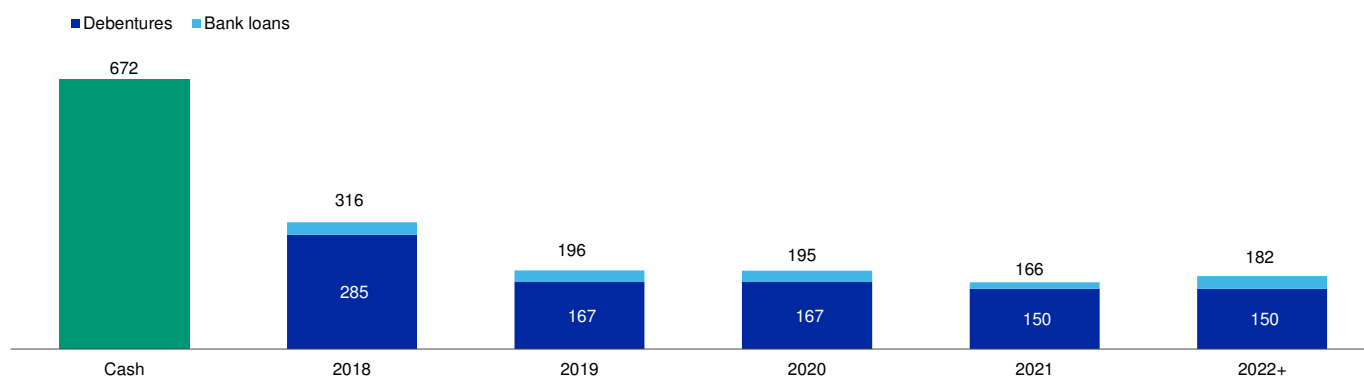
At the current margin level, Fleury's cash flow from operations should be sufficient to cover capital spending (including its expansion plan), but given the company's strategy of maintaining a high dividend payout and pursuing opportunistic M&A, additional gross debt reduction will be limited. Although we tend to view large shareholders' distributions as credit negative, we believe Fleury's current metrics accommodate such dividend payments, especially when considering the debt amortizations made in the last two years. We expect Fleury to manage capital spending, M&A and shareholders' distributions in a prudent manner, and be able to post modestly positive free cash flow. Furthermore, we expect Fleury to adjust its cash outflows, if needed, to preserve its liquidity profile.

Fleury has a good buffer under financial covenants applicable to its debentures (87% of total debt), setting a target of maximum reported net leverage of 3.0x (0.6x as of year-end 2017) and minimum reported net interest coverage of 1.5x (12.6x as of year-end 2017), thus reducing the risk of a covenant breach.

Exhibit 8

**Fleury's debt amortization schedule**

In BRL million, as of December 2017



Sources: Company's financials

**Corporate governance**

Fleury is a public-owned company listed on the São Paulo Stock Exchange, B3 (former Bovespa). Currently, 59.4% of its shares are in free float and the company is part of B3's Novo Mercado, the level with the highest standards of corporate governance in Brazil. Fleury's largest shareholders are the partner doctors through their direct stake of 12.4% and indirect stake, through Integritas, of 11.9%. Bradesco Seguros S.A. (Bradseg) is Fleury's second-largest shareholder, with 16.3% of total shares.

The company's board of directors is composed of 10 members, of which five are nominated by the partner doctors, two by Bradseg and three are independent members. The company is ruled by a shareholders' agreement signed between Integritas and Bradseg, and valid through 2030. In our opinion, the implementation of a permanent fiscal committee and formal financial policies regarding a leverage target and minimum liquidity would be positive for Fleury's corporate governance practices. Currently, the company has a nonformal target of maintaining reported net debt/EBITDA below 1.5x.

**Rating methodology and scorecard factors**

Fleury's grid-indicated rating under our Business and Consumer Service Industry rating methodology maps to a Baa3 rating, two notches above the assigned ratings. The grid reflects the company's good profitability and debt-protection metrics, while the assigned ratings are primarily constrained by Brazil's sovereign rating. Prospectively, our 12-18-month forward view maps to a Ba1 rating, reflecting lower, although still adequate, profitability as a result of the early stage of the company's new service centers and a slight decrease in debt protection metrics, reflecting the use of cash to pursue growth instead of additional debt reduction.

Exhibit 9

## Rating factors

Fleury SA

## Business and Consumer Service Industry Grid [1][2]

		Current FY 12/31/2017
Factor 1 : Scale (20%)	Measure	Score
a) Revenue (USD Billion)	\$0.7	B
Factor 2 : Business Profile (20%)		
a) Demand Characteristics	Baa	Baa
b) Competitive Profile	Ba	Ba
Factor 3 : Profitability (10%)		
a) EBITA Margin	22.7%	Baa
Factor 4 : Leverage and Coverage (40%)		
a) Debt / EBITDA	1.9x	A
b) EBITA / Interest	5.2x	Ba
c) RCF / Net Debt	77.2%	Aa
Factor 5 : Financial Policy (10%)		
a) Financial Policy	Ba	Ba
Rating:		
a) Indicated Rating from Grid		Baa3
b) Actual Rating Assigned		Ba2

Moody's 12-18 Month Forward View  
As of 3/28/2018 [3]

Measure	Score
\$0.5 - \$1	B
Baa	Baa
Ba	Ba
15% - 20%	Ba
2x - 3x	Baa
4x - 6x	Ba
40% - 50%	A
Ba	Ba
	Ba1
	Ba2

[1] All ratios are based on "Adjusted" financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 12/31/2017(L). [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisition and divestitures.

Source: Moody's Financial Metrics™

## Appendix

Exhibit 10

## Peer snapshot

Historical performance of key peers

	Fleury SA Ba2 Negative			Laboratory Corporation of Am Baa2 Stable			Abbott Laboratories Baa2 Positive			MEDNAX, Inc. Ba2 Stable			Charles River Laboratories I Ba2 Stable		
(in US millions)	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-15	FYE Dec-16	FYE Dec-17
Revenue	\$578	\$604	\$746	\$8,680	\$9,642	\$10,441	\$20,405	\$20,853	\$27,390	\$2,780	\$3,183	\$3,458	\$1,363	\$1,681	\$1,858
EBITDA	\$167	\$198	\$245	\$1,976	\$2,202	\$2,396	\$4,986	\$4,973	\$6,279	\$656	\$701	\$630	\$345	\$432	\$501
Total Debt	\$362	\$373	\$449	\$7,701	\$7,216	\$8,233	\$11,024	\$24,118	\$33,121	\$1,383	\$1,831	\$1,990	\$976	\$1,452	\$1,433
Cash & Cash Equiv.	\$159	\$125	\$203	\$716	\$434	\$317	\$5,001	\$18,620	\$9,407	\$52	\$56	\$60	\$118	\$118	\$164
EBITA Margin	18.0%	21.5%	22.7%	16.6%	17.0%	17.3%	19.9%	19.6%	18.8%	21.8%	20.1%	16.2%	18.7%	19.6%	21.0%
EBITA / Int. Exp.	2.1x	3.0x	5.2x	5.3x	6.1x	6.3x	15.4x	8.2x	5.2x	21.4x	9.3x	6.9x	11.9x	9.4x	9.5x
Debt / EBITDA	2.6x	1.8x	1.9x	3.9x	3.3x	3.4x	2.2x	4.8x	5.3x	2.1x	2.6x	3.2x	2.8x	3.4x	2.9x
RCF / Net Debt	57.1%	40.8%	77.2%	17.9%	24.1%	21.3%	28.7%	59.1%	7.9%	35.6%	28.3%	22.3%	34.7%	26.1%	32.0%
FCF / Debt	13.3%	-6.3%	2.9%	9.6%	12.5%	14.0%	6.2%	3.6%	8.9%	24.7%	22.1%	23.2%	23.3%	18.6%	16.6%

All figures and ratios calculated using Moody's estimates and standard adjustments. As of the most recently published last-12-months' financial results. FYE = Fiscal year-end. LTM = Last 12 months

Source: Moody's Financial Metrics™

Exhibit 11

## Moody's-adjusted debt breakdown

Fleury SA

(in USD Millions)	FYE Dec-12	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17
As Reported Debt	273.5	417.3	390.8	250.2	255.6	318.0
Operating Leases	116.5	158.8	149.0	95.6	99.5	114.4
Non-Standard Adjustments	40.0	34.5	30.9	15.8	17.6	16.8
Moody's-Adjusted Debt	430.0	610.6	570.7	361.6	372.7	449.3

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™



Exhibit 12

## Moody's-adjusted EBITDA breakdown

Fleury SA

(in USD Millions)	FYE Dec-12	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17
<b>As Reported EBITDA</b>	<b>163.7</b>	<b>147.0</b>	<b>159.1</b>	<b>131.6</b>	<b>164.8</b>	<b>205.5</b>
Operating Leases	39.2	45.0	45.0	33.3	31.1	36.9
Unusual	9.9	8.2	-0.8	2.5	2.1	2.7
<b>Moody's-Adjusted EBITDA</b>	<b>212.8</b>	<b>200.3</b>	<b>203.4</b>	<b>167.4</b>	<b>198.0</b>	<b>245.1</b>

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Exhibit 13

## Fleury SA

Select historical Moody's-adjusted financial data

USD Million	2013	2014	2015	2016	2017
<b>INCOME STATEMENT</b>					
Revenue	770.70	715.33	578.04	604.25	746.44
EBITDA	200.30	203.35	167.42	198.03	245.07
EBIT	114.00	118.99	104.30	129.80	169.26
<b>BALANCE SHEET</b>					
Cash & Cash Equivalents	228.86	190.08	159.12	124.99	202.54
Total Debt	610.59	570.68	361.61	372.71	449.28
<b>CASH FLOW</b>					
Capex = Capital Expenditures	104.57	85.96	59.83	79.37	123.69
Dividends	39.11	85.21	4.94	110.81	40.74
Retained Cash Flow	140.95	91.80	139.55	94.78	197.99
RCF / Debt	21.04%	14.20%	31.98%	27.10%	42.41%
Free Cash Flow (FCF)	-20.02	-35.14	57.97	-22.13	13.72
FCF / Debt	-2.99%	-5.44%	13.28%	-6.33%	2.94%
<b>PROFITABILITY</b>					
% Change in Sales (YoY)	10.33%	1.33%	12.87%	10.62%	13.69%
SG&A % of Sales	12.20%	11.59%	10.96%	10.90%	10.10%
EBIT Margin %	14.79%	16.63%	18.04%	21.48%	22.68%
EBITDA Margin %	25.99%	28.43%	28.96%	32.77%	32.83%
<b>INTEREST COVERAGE</b>					
EBIT / Interest Expense	2.11x	2.03x	2.12x	3.03x	5.20x
EBITDA / Interest Expense	3.71x	3.47x	3.40x	4.63x	7.53x
(EBITDA - CAPEX) / Interest Expense	1.77x	2.00x	2.19x	2.77x	3.73x
<b>LEVERAGE</b>					
Debt / EBITDA	3.35x	3.18x	2.61x	1.77x	1.90x
Debt / (EBITDA - CAPEX)	7.00x	5.51x	4.06x	2.95x	3.85x
Avg.Assets / Avg.Equity	1.93x	2.16x	2.19x	2.17x	2.23x

All figures and ratios calculated using Moody's estimates and standard adjustments. LTM = Last 12 months.

Source: Moody's Financial Metrics™

## Ratings

Exhibit 14

Category	Moody's Rating
<b>FLEURY SA</b>	
Outlook	Stable
Corporate Family Rating -Dom Curr	Ba2
Senior Unsecured -Dom Curr	Ba2
NSR Corporate Family Rating	Aa2.br
NSR Senior Unsecured	Aa2.br

Source: Moody's Investors Service

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