3Q17
EARNINGS RELEASE

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TABLE OF CONTENTS

São Paulo, November 8th, 2017 - Centro de Imagem Diagnósticos S.A. ("Alliar" or "Company") (B3: AALR3), the country's third largest diagnostic company, announces today its earnings results for the third quarter and the nine months of 2017 (3Q17 and 9M17, respectively). The figures and their historical series (when available) can be obtained in excel format at http://ir.alliar.com

HIGHLIGHTS

- **Net revenue**[1] growth of **14.0%** in Q3, with same store sales of **7%.** YTD growth of **18.0%**, SSS of **11%**
- **Acceleration** of the 2017-2018 **organic expansion plan,** with the opening of **1 new mega store** (reaching a total of 6 inaugurations LTM); final investments on RBD's **11 hospitals**
- **EBITDA** growth of **9.1**%, reaching **R$ 55.6** million in Q3**,** with **adjusted EBITDA** totaling **R$ 62.4** million (+2.3%). **YTD adjusted EBITDA** of **R$ 171.3 million (+10.3%)**
- **Net income** (after minority interests**) growth of 1811%,** reaching **R$ 10.2 million** in Q3, a **R$ 9.7 million** expansion YoY
- **Operating cash flow** of R$ **45.3** million in Q3 (**+85.1%**), with **73% cash conversion**
- Issuance of R$ **270.0** million in **bonds** (concluded in October), with R$ **168.5** million due in **3** years at a cost of **116%** of the risk-free rate, and R$ **101.5** million due in **5** years, at a cost of **118%** of the risk-free rate
- Net promoter score (**NPS**) of **74.0%**

Financial KPIs (R$ Million)	**3Q16**	**3Q17**	**YoY**	**9M16**	**9M17**	**YoY**
Gross Revenue	271.0	315.6	16.5%	739.4	886.2	19.8%
Net Revenue	253.7	292.7	15.3%	692.5	822.4	18.8%
Net Revenue (ex-construction)[1]	245.6	280.1	14.0%	667.2	787.2	18.0%
EBITDA	51.0	55.6	9.1%	130.0	154.4	18.7%
Adjusted EBITDA[2]	61.1	62.4	2.3%	155.2	171.3	10.3%
Net Income	4.7	13.1	179.9%	8.8	26.6	200.8%
Net Income (AALR3 shareholders)	0.5	10.2	+9.7	-1.3	19.9	+21.2
Operating Cash Flow	24.5	45.3	85.1%	67.6	111.4	64.8%
Cash Conversion	40%	73%	3251 bps	44%	65%	2151 bps
ROIC[3]	18.2%	13.0%	-519 bps	18.2%	13.0%	-519 bps
Adjusted EBITDA Margin[4]	24.9%	22.3%	-256 bps	23.3%	21.8%	-151 bps
Net Margin[4]	1.9%	4.7%	276 bps	1.3%	3.4%	205 bps

1) Excludes "construction revenue", accounting entry referring to the investment made at RBD (PPP Bahia).
2) Excludes non-recurring and/or non-cash effects (see chapter on EBITDA).
3) ROIC without goodwill (adjusted NOPAT divided by average invested capital without goodwill)
4) Margins are calculated on net revenue (ex-construction)

Operational KPIs End of period	2Q17	3Q17	QoQ	9M16	9M17	YoY
	Assets					
PSCs	122	122	0.0%	103	122	18.4%
Mega	17	18	5.9%	11	18	63.6%
Standard	87	86	-1.1%	91	86	-5.5%
Collection Points	18	18	0.0%	1	18	1700.0%
MRI equipments	122	123	0.8%	114	123	7.9%
Clinical Analysis Rooms	287	294	2.4%	178	294	65.2%

Operational Highlights (R$ Million)	3Q16	3Q17	YoY	9M16	9M17	YoY
	Performance					
Avg Revenue/MRI equipment	0.86	0.90	4.3%	2.32	2.55	9.8%
Avg Revenue/Clinical Analysis Room	0.17	0.14	-21.7%	0.47	0.39	-17.9%
MRI exams ('000)	175	191	8.7%	476	543	14.1%
Clinical analysis exams ('000)	1,975	2,542	28.7%	5,435	6,892	26.8%
MRI Avg. Ticket (R$)	560	580	3.5%	557	578	3.8%
Clinical analysis Avg. Ticket (R$)	15.6	15.6	0.4%	15.4	16.4	7.0%
MRI exams / equipment / day	24.6	24.8	0.8%	22.2	23.5	5.8%
Clinical analysis / room / day	177.5	138.3	-22.1%	162.8	125.0	-23.2%
NPS[5]	n/a	74.0%	n/a	n/a	73.2%	n/a

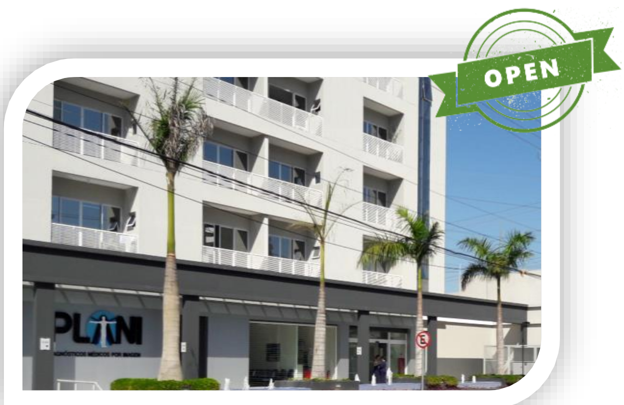
5) Comparison vs previous period is unavailable since the measurement on CDB brand started in 4Q16.

EXPANSION

- ✓ Opening of **1 mega store** (3T17); 6 mega stores inaugurated LTM
- ✓ PPP: **Final investments** on RBD's **11 hospitals**

Mega PLANI São José dos Campos

September / 2017



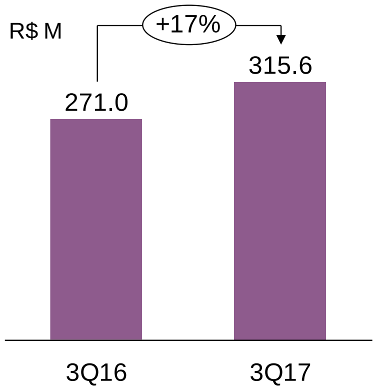
RBD (Bahia)

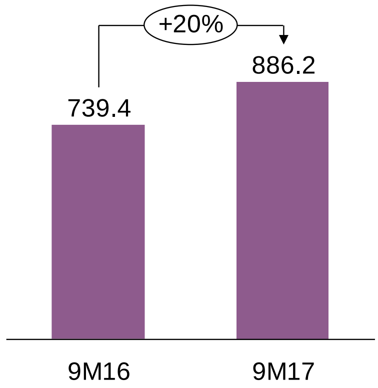
RBD operations at a public hospital

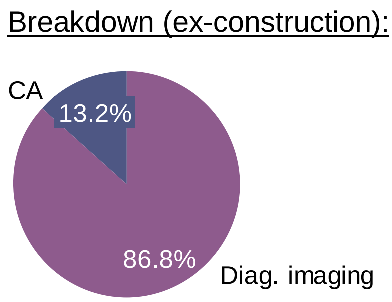
FINANCIAL PERFORMANCE

REVENUE

Gross revenue grew **16.5%** in the quarter, reaching **R$ 315.6 million** (**+19.8% YTD**).







Gross Revenue (R$ Million)	3Q16	3Q17	YoY	9M16	9M17	YoY
Gross Revenue	271.0	315.6	16.5%	739.4	886.2	19.8%
Diagnostic imaging	230.4	262.5	13.9%	626.6	735.6	17.4%
MRI Exams	98.2	110.5	12.5%	264.9	313.9	18.5%
Other Imaging Exams	132.2	152.0	15.0%	361.7	421.7	16.6%
Clinical analysis	30.8	39.8	29.3%	83.6	113.4	35.6%
Construction revenue	9.8	13.4	35.9%	29.3	37.3	27.3%
Deductions	17.3	22.9	32.8%	46.9	63.8	36.0%
Net Revenue	253.7	292.7	15.3%	692.5	822.4	18.8%
Net Revenue (ex-construction)	245.6	280.1	14.0%	667.2	787.2	18.0%

Net revenue (ex-construction) has grown **14.0%** in the quarter, reaching **R$ 280.1 million**.

The Company's organic growth is a function of increased productivity on existing facilities (**7%** SSS in Q3 / **11%** YTD) and of the opening of new mega stores. Acquisitions are also relevant, with Multiscan and Multilab being the key additions during the last year.

Diagnostic imaging revenue grew **13.9%** in the quarter, reaching **R$ 262.5 million** as a result of double-digit growth on both MRIs and other imaging exams (CDB, RBD and Axial brands being the top performers). The MRI growth can be explained by the addition of **9** MRI equipment in the last twelve months (**+7.9%**), by a price increase of **3.5%** and by a **0.8%** increase in productivity, which has reached **24.8** exams / MRI equipment / day. The strategy of adding new MRI equipment has been successful, as the Company has been able to increase its installed base while also improving average productivity.

Other imaging exams revenue has grown **15.0%** in the quarter, being equivalent to **1.38 times** the MRI revenue.

Clinical analysis has growth **29.3%** (volume **+28.7%**; price **+0.4%**), reflecting the acquisition of Multilab and the ramp-up of collection rooms in existing stores. The acquisitions in this segment have allowed Alliar to obtain important contracts with HMOs, accelerating the clinical analysis expansion in existing stores. Such strategy was key in cities like Vitória (Biolab), Belo Horizonte (Lab. São Lucas) and Campo Grande (Multilab). Each collection room performed, on average, **138.3** exams / day (**-22.1%**) with **R$ 0.14 million** (**-21.7%**) in sales. The lower productivity is a result of the high number of new rooms added during the last 12 months (**116** rooms; **+65.2%**), which are still ramping-up. This leads to no losses to Alliar, as investments in collection rooms are marginal and clinical analysis costs are variable.

The construction revenue is an accounting line related to the investment made at RBD. This value, after tax, is offset by the “construction costs” line, in accordance with ICPC 01 (public concession accounting rules).

COSTS OF SERVICES

Costs ex (construction and D&A) totaled R$ **175.5** million in the quarter (**+18.5%**).

Costs (R$ Million)	3Q16	3Q17	YoY	9M16	9M17	YoY
Medical Services	-43.3	-50.1	15.5%	-119.4	-138.9	16.4%
Employees	-44.7	-49.5	10.8%	-112.9	-135.8	20.3%
Supplies and Support Labs	-32.7	-35.7	9.4%	-86.8	-103.5	19.2%
Maintenance	-6.1	-8.1	32.4%	-18.5	-22.9	23.8%
Occupancy	-14.4	-22.7	57.2%	-38.7	-52.4	35.3%
Third-party services and others	-6.8	-9.4	37.6%	-23.0	-29.0	25.9%
Costs ex (construction and D&A)	**-148.1**	**-175.5**	**18.5%**	**-399.3**	**-482.6**	**20.8%**
Depreciation and amortization	-18.9	-16.5	-12.7%	-47.9	-54.2	13.1%
Construction cost	-8.1	-12.6	54.7%	-25.3	-35.2	39.1%
Total Costs	**-175.2**	**-204.6**	**16.8%**	**-472.5**	**-571.9**	**21.0%**

Note: The costs and expenses for 2016, as presented in the September 30, 2016 statements, were reclassified to allow a comparison according to Alliar’s cost structure in 2017.

The growth in costs, higher than the growth in revenues, can be explained by the opening of the **6** new mega stores in the last twelve months, as well as by the ramp-up of RBD. These impact, mostly, the occupancy, third-party services and maintenance lines, reducing the quarter’s adjusted EBITDA margin by **2.4 p.p.** The Company understands that such reduction is temporary and will be reverted following the ramp-up of the new stores.

OPERATING EXPENSES

Operating expenses totaled R$ **50.8** million in Q3, a **7.1%** increase.

Operating (Expenses) Income, Net (R$ Million)	3Q16	3Q17	YoY	9M16	9M17	YoY
General and administrative expenses	**-46.1**	**-54.3**	**17.7%**	**-144.9**	**-164.1**	**13.3%**
Employess	-24.1	-26.6	10.4%	-70.2	-83.5	19.0%
Occupancy, third-party services and others	-12.7	-23.5	85.5%	-61.6	-67.6	9.8%
Depreciation and amortization	-0.9	-1.8	107.5%	-4.0	-6.0	49.6%
Long-term incentive program	-8.4	-2.3	-72.5%	-9.0	-7.0	-22.7%
Other expenses, net	**-4.8**	**-0.3**	**-93.1%**	**-4.3**	**-2.9**	**-31.6%**
Equity in the earnings (loss) of subsidiaries	**3.6**	**3.9**	**8.5%**	**7.3**	**10.8**	**48.0%**
Total Expenses	**-47.4**	**-50.8**	**7.1%**	**-141.9**	**-156.3**	**10.2%**

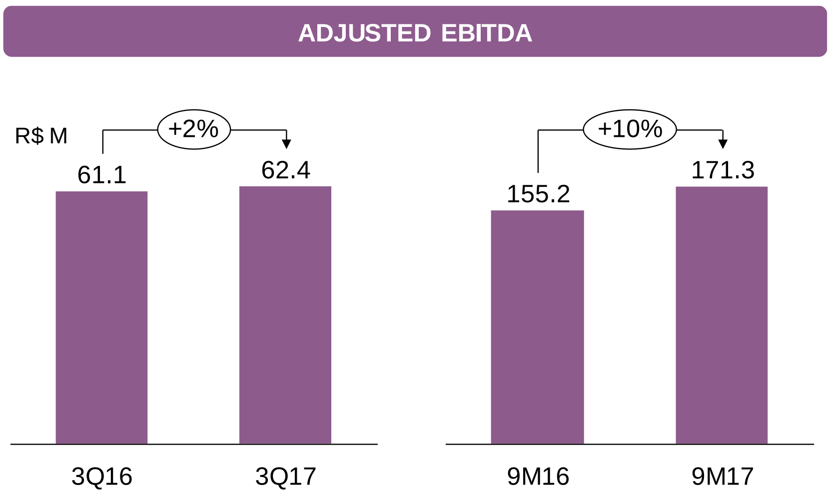
Note: The costs and expenses for 2016, as presented in the September 30, 2016 statements, were reclassified to allow a comparison according to Alliar's cost structure in 2017.

The increase in occupancy, third-party services and others can be explained mostly by the opening of the new mega stores (which led to higher advertising expenditures) and to an increase in IT and third-party services.

It's worth to highlight that 3Q16 was impacted by non-recurring expenses related to the liquidation of the old stock-options program (**R$ 8.4 million**), while all quarters since 4Q16 include the recurring provision of the new restricted-shares program (**R$ 2.3 million** per quarter).

EBITDA

EBITDA has growth **9.1%**, reaching **R$ 55.6 million** in Q3, while **adjusted EBITDA** totaled R$ **62.4** million (+2.3%) with **22.3%** margin (-256 bps YoY). YTD, the adjusted EBITDA has reached R$ **171.3** million (**+10.3%**)



EBITDA (R$ Million)	3Q16	3Q17	YoY	9M16	9M17	YoY
EBIT	**31.2**	**37.3**	**19.5%**	**78.1**	**94.1**	**20.5%**
Depreciation and amortization[1]	19.8	18.3	-7.3%	52.0	60.3	15.9%
EBITDA	**51.0**	**55.6**	**9.1%**	**130.0**	**154.4**	**18.7%**
EBITDA Margin %	**20.8%**	**19.9%**	**-90 bps**	**19.5%**	**19.6%**	**12 bps**
Adjustments	**10.1**	**6.8**	**-32.4%**	**25.2**	**16.9**	**-32.9%**
Write-downs[2]	1.6	6.8	321.4%	**3.3**	**16.9**	409.0%
Pre-IPO	8.4	0.0	-100.0%	10.1	0.0	-100.0%
M&A	0.0	0.0	n/a	11.8	0.0	-100.0%
Delfin integration	0.0	0.0	n/a	5.2	0.0	-100.0%
M&A expenses	0.0	0.0	n/a	6.5	0.0	-100.0%
Adjusted EBITDA	**61.1**	**62.4**	**2.3%**	**155.2**	**171.3**	**10.3%**
Adjusted EBITDA Margin %	**24.9%**	**22.3%**	**-256 bps**	**23.3%**	**21.8%**	**-151 bps**

1) Includes write-down of parts.
2) In 2017, the write down line refers exclusively to the write-down of financial asset (RBD's depreciation)

The limited EBITDA/adjusted EBITDA growth reflects the acceleration of the organic expansion plan, with **6** new mega stores being opened in 12 months. The Company has chosen to anticipate investments planned for 2018 in order to obtain relevant new contracts, increasing its coverage in key cities such as São Paulo, Belo Horizonte and São José dos Campos. In this process, the Company incurs in costs and expenses while the new stores are still not operating at full capacity (leading to lower margin). Additionally, the conclusion of investments in RBD hospitals has also led to increased costs and expenses.

Despite the temporary margin impact, the investments in organic expansion create significant future growth opportunities. As new stores mature, EBITDA margins should rebound, since most operating costs and expenses are fixed.

The margin reduction reflects the increase in costs and expenses, with an impact of **4,3** p.p., partially offset by the write-down of financial asset at RBD (**+1,8** p.p.).

FINANCIAL RESULT

Financial Result (R$ Million)	3Q16	3Q17	YoY	9M16	9M17	YoY
Financial income	1.0	0.3	-74.0%	1.5	3.9	155.2%
Financial expenses	-20.6	-20.7	0.4%	-64.3	-55.4	-13.8%
Foreign exchange effect on USD debt	-1.0	1.8	n/a	14.5	1.2	-91.8%
Total Financial Result	**-20.5**	**-18.6**	**-9.6%**	**-48.2**	**-50.3**	**4.4%**

Note: Foreign exchange effect no longer include 4131 debt.

The **9.6%** improvement in financial result can be explained mostly by the FX impact in USD-denominated debt. In this period, the BRL has appreciated **1.1%** vs. the USD, while in the previous year the BRL depreciated **4.2%** (leading to a **R$ 1.0 million** loss). Starting from 1Q17, the Company has adopted the hedge accounting methodology for its 4131 debt. As a result, these loans are once again accounted for in Brazilian Reais and no longer cause foreign exchange variation.

Financial expenses totaled **R$ -20.7 million** in Q3, remaining at the same level as in 3Q16.

INCOME TAX AND SOCIAL CONTRIBUTION

The Company posted an **effective tax rate** of **30.2%** in 3Q17 (vs. 56.3% in 3Q16) and of **39.3%** YTD (vs 70.4% in 9M16).

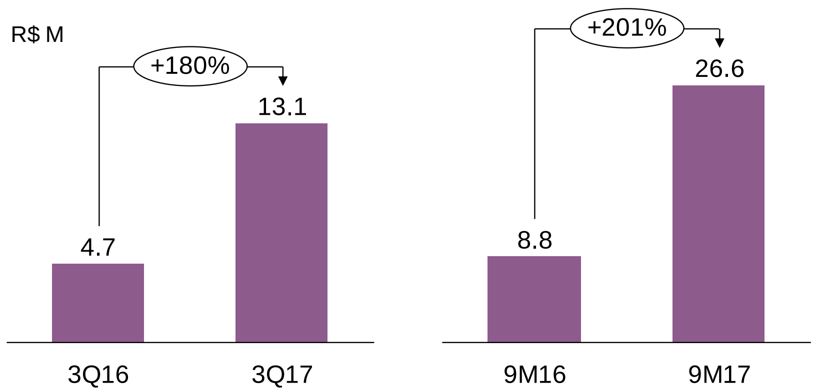
Income Tax	Consolidated					
(R$ Million)	3Q16	3Q17	YoY	9M16	9M17	YoY
EBT	10.7	18.7	75.5%	29.9	43.8	46.5%
Income Tax and Social Contribution	-6.0	-5.7	-5.7%	-21.0	-17.2	-18.3%
Effective Tax Rate (%)	-56.3%	-30.2%	-26 p.p.	-70.4%	-39.3%	-31 p.p.

The current dynamic reflects a combination of companies which pay taxes under different tax regimes. Companies which account for **~69%** of revenue operate under the real profit regime (taxes are calculated based on EBT), while other companies operate under the deemed profit regime (taxes are calculated based on expected profit margins applied to revenues). At this point, companies under the deemed profit regime pay approximately R$ **2.5** to **3.0** million in taxes per quarter (no matter their EBT or the Company's consolidated EBT). Additionally, profits and losses in different companies cannot offset each other, as tax calculations must be done on an individual company basis.

As a result, the overall effective tax rate can change substantially, especially when the consolidated EBT margin is below 8% (the expected profit rate for medical services). The reduction in number of subsidiaries through incorporation by the holding Company, besides reducing operating costs and simplifying the holding structure, will lead to a normalization of the consolidated effective tax rate, as it will allow the combination of profits and losses between formerly separate companies.

NET INCOME

Total net income grew **179.9%** in the quarter, to R$ **13.1** million and **4.7%** margin (**+276** bps). Net income after minority interests grew **1811%**, reaching **R$ 10.2 million**, a **R$ 9.7 million** improvement vs. 3Q16.



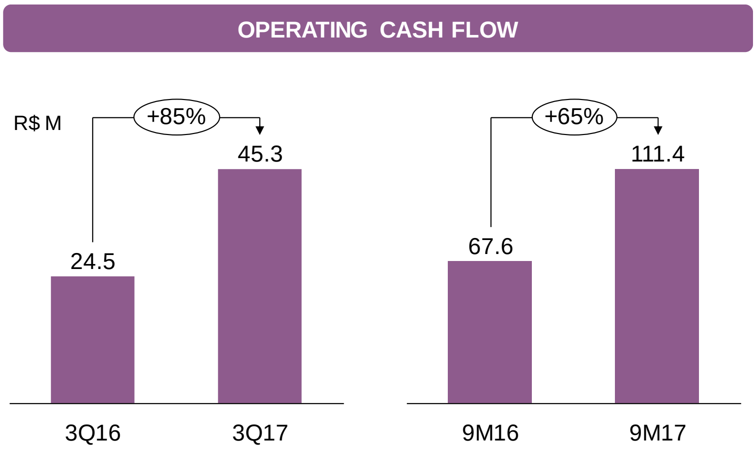
Net Income (R$ Million)	3Q16	3Q17	YoY	9M16	9M17	YoY
Net Income	**4.7**	**13.1**	**179.9%**	**8.8**	**26.6**	**200.8%**
AALR3 shareholders	0.5	10.2	+9.7	-1.3	19.9	+21.2
Attributable to noncontrolling interests	4.1	2.9	-30.4%	10.1	6.6	-34.4%
Net Income per share (in R$)	0.01	0.09	+0.08	-0.01	0.17	+0.18
Net Margin	**1.9%**	**4.7%**	**276 bps**	**1.3%**	**3.4%**	**205 bps**

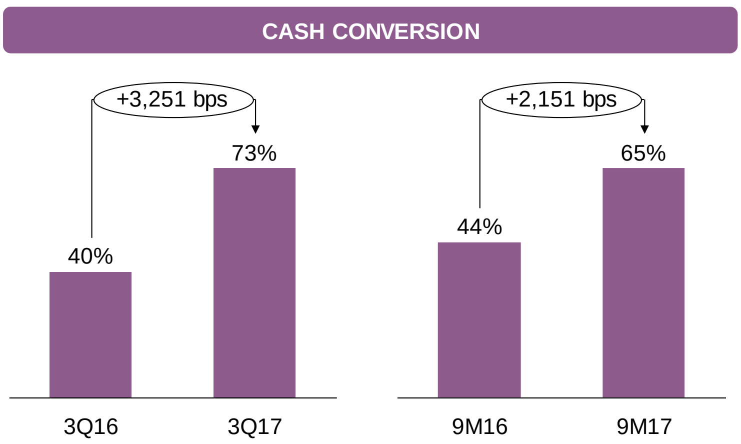
The **increase** of R$ **8.4** million in net income between 3Q16 and 3Q17 reflects the effects that impacted **EBITDA** (top-line growth, change from stock options to restricted stock, etc.), besides improvements in depreciation and financial result. The effective tax rate (substantially lower than 3Q16 – 30.2% vs. 56.3%) contributed marginally with R$ **0.3** million (R$ -5.7 million in taxes in 3Q17 vs. R$ -6.0 million in the previous year).

YTD, out of the total R$ **26.6** million profit R$ **19.9** million are attributable to Alliar shareholders (R$ **0.17** per share) and R$ **6.6** million are attributable to non-controlling interests (mostly shareholders of RBD, of which the Company owns a 50.1% stake).

CASH FLOW

Operating cash flow totaled R$ **45.3** million in the quarter, up **85%**, while **cash conversion** reached **73%.** This reflects an improvement in working capital (particularly in suppliers).





Cash Flow (R$ Million)	3Q16	3Q17	YoY	9M16	9M17	YoY
(1) Net Income	**4.7**	**13.1**	**179.9%**	**8.8**	**26.6**	**200.8%**
(2) Non-cash items	**73.9**	**33.9**	**-54.1%**	**141.7**	**96.7**	**-31.8%**
(3) Cash Flow from Operations (=(1)+(2))	**78.6**	**47.0**	**-40.2%**	**150.6**	**123.3**	**-18.1%**
(4) Working Capital[a]	**-54.1**	**-1.7**	**-96.9%**	**-83.0**	**-11.9**	**-85.7%**
(5) Operating Cash Flow (=(3+4))	**24.5**	**45.3**	**85.1%**	**67.6**	**111.4**	**64.8%**
(6) Investing Activities[b]	**-51.0**	**-35.2**	**-31.0%**	**-77.0**	**-208.4**	**170.7%**
Investments	-44.0	-21.8	-50.4%	-53.5	-171.1	219.7%
Purchase of PPE and intangible assets	-39.1	-21.5	-45.0%	-49.6	-123.0	147.9%
Acquisition of subsidiaries, net of cash received	0.0	0.0	n/a	0.9	-42.4	n/a
Increase in Investments	-4.8	-0.3	-94.5%	-4.8	-5.7	18.9%
Financial Asset (Capex RBD)	-7.0	-13.4	90.4%	-23.5	-37.3	58.8%
(7) Financing Activities	**47.3**	**-10.5**	**n/a**	**32.2**	**-11.5**	**n/a**
Financial Asset (Capex RBD)	30.7	-7.8	n/a	14.1	-57.1	n/a
Short-term investments	11.1	0.1	-98.7%	10.4	41.9	302.7%
Dividends and interest on equity received	-1.1	-5.9	464.0%	1.1	-5.9	n/a
Related parties	6.6	3.0	-54.6%	6.6	9.7	45.6%
(8) Cash Incresase (decrease) (=(5+6+7))	**20.9**	**-0.3**	**n/a**	**22.8**	**-108.5**	**n/a**
Conversion (Operating Cash Flow/Adjusted EBITDA)	**40%**	**73%**	**3251 bps**	**44%**	**65%**	**2151 bps**
Adjusted EBITDA	61.1	62.4	2.3%	155.2	171.3	10.3%

a) Working capital excluding Financial Asset (RBD Capex), dividends and received interest on net equity
b) Includes Financial Asset (RBD Capex) and excludes financial investments and related parties (see Financing)
c) Includes financial investments, dividends + received interest on net equity and related parties

INVESTMENTS

INVESTMENTS (R$ Million)	3Q16	3Q17	YoY	9M16*	9M17	YoY
Organic Expansion	27.9	11.6	-58.4%	48.3	87.2	80.4%
Maintenance	6.3	6.3	0.6%	23.1	20.7	-10.2%
Others	5.0	3.7	-26.1%	13.4	15.2	13.4%
Total CAPEX	**39.1**	**21.5**	**-45.0%**	**84.8**	**123.0**	**45.1%**
Financial Asset (RBD)	7.0	13.4	90.4%	23.5	37.3	58.8%
M&A / Investments	4.8	0.3	-94.5%	3.9	48.1	1132.1%
Total	**51.0**	**35.2**	**-31.0%**	**112.2**	**208.4**	**85.8%**

*2016 amounts include R$ 35 million of non-cash addition to PPE which was made through financing agreements, as described in note 27 of the financial statements.

CAPEX totaled R$ **35.2** million in the quarter (**-31.0%**), with most being concentrated in organic expansion and in RBD (in both cases the Company is already concluding its planned investments).

The **R$ 208.4 million** invested YTD reflect the Company's effort to capture new contracts through the anticipation of investments. As a result, Alliar believes that 4Q17 and specially 2018 will benefit from the added installed capacity and reduced capex requirements.

ACCOUNTS RECEIVABLES, CANCELLATIONS AND PDA

Accounts Receivable, Cancellations and PDA (R$ Million)	2016	9M17	Δ	6M17	QoQ
Gross Total	**275.9**	**336.2**	**21.9%**	**315.2**	**6.7%**
Cancellations and PDA	-42.6	-53.8	26.3%	-51.6	4.1%
Net Total	**233.3**	**282.4**	**21.1%**	**263.6**	**7.2%**
Accounts Receivable Days	**80**	**86**	**7.7%**	**80**	**6.9%**
Cancellations and PDA as % of revenue	**-0.8%**	**-1.2%**	**-41 bps**	**-1.5%**	**27 bps**

The balance of **accounts receivable** net of cancellations and PDA reached R$ **282.4** million YTD, a **21.1%** increase in relation to the 2016 figure. This effect is a result of increased sales and a higher number of days on **accounts receivable**. The **cancellations and PDA** level has remained stable vs. 6M17.

DEBT

Debt (R$ Million)	2Q17	3Q17	QoQ
Loans, financing and debentures	497.5	514.0	3.3%
Derivative financial statements	27.9	25.1	-10.1%
Gross Bank Debt	**525.4**	**539.0**	**2.6%**
Gross Bank Debt R$	478.8	496.1	3.6%
Gross Bank Debt US$	46.6	42.9	-7.9%
Tax installment payments	9.1	9.6	5.4%
Accounts payable - acquisitions of companies	47.0	90.6	92.8%
Gross Total Debt	**581.4**	**639.2**	**9.9%**
Cash, securities and cash equivalents	56.5	56.3	-0.4%
Net Bank Debt	**468.9**	**482.7**	**3.0%**
Net Total Debt	**524.9**	**582.9**	**11.0%**
Adjusted EBITDA LTM[1]	227.5	229.0	0.7%
Net Total Debt / Adjusted EBITDA LTM	**2.3 x**	**2.5 x**	**10.3%**

1) Adjusted LTM EBITDA including acquisitions

By the end of 3Q17 **net bank debt** totaled R$ **482.7** million, 3.0% above 2Q17, while net total debt reached R$ **582.9** million (+11.0%). As a result, the **net total debt / adjusted EBITDA** ratio reached **2.5x** (+**10.3%** vs. 2Q17). In the table above, dated September 30, 2017, the **cash** position is below historical averages due to investments being concentrated in the beginning of the year, and also due to the fact that the issuance of bonds was been concluded only in October.

As disclosed in the notice to the market dated August 31st, 2017, the Bookbuilding Procedure registered demand for the totality of the Offering of the Company. In October, the R$ **270.0** million proceeds were raised and they are already being utilized mainly to anticipate future amortizations (from debts that used to run at higher financial costs than the ones just obtained). As a result, the Company has lengthened the maturity of its debt and expects from 2018 onwards to significantly reduce its financial expenses.

Out of the total **gross bank debt, 92%** is denominated in BRL and **8%** is denominated in USD (8% less than in 2Q17). The **average cost** of BRL debts is the Brazilian risk-free rate + 2.4% and the average cost for USD debt is Libor + 2.3%. The **average length** is 1.9 years (47% of the gross debt is due in the long-term).

FINANCIAL STATEMENTS

BALANCE SHEETS AT SEPTEMBER 30, 2017 AND DECEMBER 31, 2016

(R$'000)

ASSETS	Consolidated 12/31/2016	Consolidated 09/30/2017
CURRENT ASSETS		
Cash and cash equivalents	159,333	50,806
Securities	37,811	-
Accounts receivable	233,260	282,444
Inventories	6,391	5,983
Financial assets	14,407	30,555
Taxes recoverable	26,373	49,081
Other accounts receivable	16,854	11,518
Total current assets	**494,429**	**430,387**
NONCURRENT ASSETS		
Securities	5,696	5,468
Escrow deposits	22,050	22,766
Contingency reimbursement guarantee	139,229	118,240
Related parties	31,114	34,298
Deferred income and social contribution taxes	61,530	98,079
Other accounts receivable	893	-
Financial assets	64,390	82,977
Investments	4,694	5,706
Property and equipment	464,206	537,744
Intangible assets	878,081	972,574
Total noncurrent assets	**1,671,883**	**1,877,852**
TOTAL ASSETS	**2,166,312**	**2,308,239**

LIABILITIES AND EQUITY	Consolidated 12/31/2016	Consolidated 09/30/2017
CURRENT LIABILITIES		
Trade payables	69,737	72,763
Payroll and benefits	41,227	49,926
Borrowings and financing	202,830	267,888
Derivative financial instruments	25,549	19,103
Tax obligations	35,813	52,389
Tax installment payments	2,088	2,186
Accounts payable - acquisition of companies	13,478	39,973
Other accounts payable	13,857	8,425
Total current liabilities	**404,579**	**512,653**
NONCURRENT LIABILITIES		
Borrowings and financing	302,817	246,075
Derivative financial instruments	13,101	5,956
Related parties	293	3,098
Tax installment payments	6,979	7,371
Accounts payable - acquisition of companies	33,487	50,598
Deferred income and social contribution taxes	-	33,745
Deferred PIS/COFINS/ISS	4,452	7,421
Provision for legal contingencies	179,478	155,178
Other accounts payable	9,191	11,415
Total non-current liabilities	**549,798**	**520,857**
EQUITY		
Capital stock	580,910	612,848
Capital stock to be paid in	(1,130)	(422)
Capital reserves	615,794	622,771
Other comprehensive income	-	(1,757)
Treasury shares	(4,102)	(5,112)
Accumulated profits	(17,872)	2,057
Controlling shareholders' equity	1,173,600	1,230,385
Minority interest	38,335	44,344
Total equity	**1,211,935**	**1,274,729**
TOTAL LIABILITIES AND EQUITY	**2,166,312**	**2,308,239**

INCOME STATEMENTS FOR THE QUARTERS ENDED SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016 (R$'000)

Consolidated	09/30/2016 Quarter	09/30/2017 Quarter	09/30/2016 9M16	09/30/2017 9M17
NET SERVICE REVENUE	253,736	292,674	692,494	822,356
Cost of services	(150,291)	(204,620)	(420,940)	(571,948)
GROSS PROFIT	103,445	88,054	271,554	250,408
OPERATING (EXPENSES) INCOME				
General and administrative expenses	(64,233)	(54,283)	(179,878)	(164,154)
Other (expenses) income, net	(11,564)	(334)	(20,887)	(2,946)
Equity in the earnings (loss) of subsidiaries	3,554	3,857	7,291	10,792
OPERATING INCOME BEFORE FINANCIAL RESULT	31,202	37,294	78,080	94,100
FINANCIAL RESULT	(20,528)	(18,564)	(48,214)	(50,347)
Financial expenses	(21,552)	(18,830)	(49,741)	(54,244)
Financial income	1,024	267	1,527	3,898
OPERATING INCOME (LOSS) BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	10,674	18,730	29,866	43,753
CURRENT AND DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES	(6,006)	(5,664)	(21,033)	(17,187)
NET INCOME (LOSS) FOR THE PERIOD	4,668	13,066	8,833	26,566
ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS	533	10,189	(1,279)	19,929
ATTRIBUTABLE TO MINORITY INTEREST	4,135	2,877	10,112	6,637

Note: The costs and expenses for 2016 presented in this table follow the September 30, 2016 statements. For a comparable basis, refer to pages 7 and 8.

CASH FLOW STATEMENTS FOR QUARTERS ENDED SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016
(R$'000)

	Consolidated	
	9M16	9M17
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (loss) for the period	**8,833**	**26,567**
Adjustments to reconcile net income to net cash generated by (used in) operating activities:	141,717	96,685
Depreciation and amortization	38,479	60,255
Stock options granted and restricted stocks	9,023	6,977
Residual value of property, plant and equipment disposed of, and investments	26,170	1,846
Finance charges, foreign exchange effect and derivatives	45,572	48,786
Financial asset update	-	(14,399)
Income (loss) from subsidiaries	(7,291)	(10,792)
Allowance for doubtful debts	8,731	10,127
Provisions for civil, labor and tax risks	-	(3,311)
Income Tax and Social Contribution	21,033	(2,804)
	150,550	123,252
Decrease (increase) in operating assets	(103,909)	(93,299)
Decrease (increase) in clients	(58,023)	(38,319)
Decrease (increase) in inventories	(1,540)	408
Decrease (increase) in other assets	(20,873)	(18,116)
Decrease (increase) in Financial Asset	(23,473)	(37,272)
Increase (decrease) in operating liabilities:	4,069	53,781
Increase (decrease) in trade payables	5,915	17,262
Increase (decrease) in payroll and related taxes	15,798	7,464
Increase (decrease) in taxes payable and taxes in installments	(7,747)	24,789
Increase (decrease) in other liabilities	(12,183)	1,064
Income Tax and Social Contribution paid	(4,344)	(6,450)
Dividends and interest on equity received	6,630	9,652
Net Cash generated by Operating Activies	**50,710**	**83,734**
CASH FLOW FROM INVESTING ACTIVITIES		
Short-term investments	10,414	41,937
Acquisition of subsidiaries, net of cash received	902	(42,430)
Related Parties	1,100	(5,928)
Increase in Investments	(4,810)	(5,719)
Purchase of property, plant and equipment and intangible assets	(49,620)	(122,992)
Net cash used in investing activities	**(42,014)**	**(135,132)**
CASH FLOW FROM FINANCING ACTIVITIES		
Capital Increase	994	708
Treasury Shares	(658)	(7,010)
Transaction with shareholders	1,283	-
Borrowings, net	142,684	207,398
Interest paid	(29,614)	(35,178)
Repayment of borrowings and financing	(100,585)	(223,047)
Net cash used in financing activities	**14,104**	**(57,129)**
INCREASE IN CASH AND CASH EQUIVALENTS	22,800	(108,527)
CASH AND CASH EQUIVALENTS		
At the beginning of the priod	21,920	159,333
At the end of the period	44,720	50,806

Note: This table, as presented, considers the line 'decrease/increase in financial asset', which related to the Capex at RBD, as an operating activity. The table on page 14 allocates it on the 'investing activities' section in order to better reflect its nature.