4Q17
EARNINGS RELEASE

CONFERENCE CALL IN PORTUGUESE

March 29, 2018
1:30 pm (Brasília)
12:30 pm (New York)
Telephone: +55 (11) 2188-0155
Code: Alliar

CONFERENCE CALL IN ENGLISH

March 29, 2018
12:30 pm (Brasília)
11:30 am (New York)
Telephone: +1 (646) 843-6054
Code: Alliar

AALR3
BRAALRDBS008 / S016

Frederico Oldani: CFO / IRO
Francisco de Paula: IR Manager
Telephone: + 55 (11) 4369-1387
http://ir.alliar.com
ri@alliar.com

TABLE OF CONTENTS

MESSAGE FROM MANAGEMENT

An important cycle ended at the end of 2017, a year in which Alliar focused on expanding its geographic presence and productive capacity and that best exemplifies our efforts. Given unique market opportunities, especially in the city of São Paulo, the Company has launched 5 mega units - anticipating launches scheduled for 2018 and 2019; it has concluded investments in 11 public hospitals (through its pioneer PPP with the government of the state of Bahia); in addition to acquisitions of companies of different sizes, such as Multiscan (solidifying Alliar's leadership in the state of Espirito Santo) and small labs of clinical analysis, expanding the offer of one-stop shop services to Alliar's existing units. The capex incurred on the mega units has a revenue potential of nearly R$ 180 million until 2020 (16% of Alliar's current size), which allows the Company to start a new growth cycle with smaller capex requirement, higher cash flow generation and ROIC.

Despite the challenging macroeconomic environment, Alliar remained faithful to its growth trend. Imaging exams, which are the core business of the Company, grew 15.7% in the year, driven by the increased productivity (+7.2%) and installed capacity (+5.2%) in MRIs. At the same time, clinical analysis had an upturn of 30.9%, evidencing the success of the strategy of cross-selling and portfolio expansion. Despite the costs from anticipating the launches, the Company's adjusted EBITDA reached R$222.8 million (+9.6%) and recurring net income (shareholders) came to R$24.6 million. Recurring operating cash flow reached R$176.1 million (+17.1%), with a 79% conversion of adjusted EBITDA into cash, evidencing the strong cash flow capacity of our business model.

Technology and innovation remain as the foundations of our management model, which has 3 key purposes: Operating Efficiency, Patient Satisfaction (NPS) and Medical Quality. In 2017, the Company concluded the integration of its main management systems (RIS and ERP) into a single cloud data base, which led to significant improvements in the quality and control of patients' journeys. For example, online monitoring of the time spent at the reception desk and a more effective control of billing, receipt and cancellations. We have also concluded the centralization of call centers, bringing them all to a single physical location (previously their operations were in a single and integrated technology platform). This initiative leads to new possibilities of automation and robotization, and to the use of more robust algorithms that will bring greater efficiency to the scheduling process. At the same time, Command Center Alliar now operates with the 3 largest manufacturers of MRI equipment and started operations with CT equipment. With the progress made in 2017, the Company starts the year of 2018 ready to take advantage of new opportunities in automation, Artificial Intelligence and Machine Learning. The adoption of these new technologies will revolutionize not only the productivity of our assets, but mainly the quality of our diagnostic imaging services, benefiting the entire health chain.

On the Medical front, each of Alliar brands continues to be recognized by their unique clinical staff and decisive diagnostics. The quality of the exams is ensured through the revision process of reports, which also diffuses knowledge with the optimal use of sub-specializations. In turn, innovation and technology have brought significant gains in medical quality and efficiency, and the Command Center enabled the standardization of medical protocols. As a result, the main MRI scans now have a better image quality and are carried out in less time. Finally, the Concierge Medico program was implemented in the main brands to strengthen the relationship with the physicians who request the exams. The purpose of the program is to provide a unique access to Alliar services and a direct communication channel with our main radiologists.

Alliar’s integrated platform continues to enable a new model of partnerships with the healthcare operators and to create new business fronts. The verticalization model of imaging exams (implemented, for instance, with Prevent Senior) is a winning example of a partnership that benefits the entire chain. Other models, such as imaging management in third-party hospitals, have also been successfully exploited, significantly contributing to the growth of our brands. However, the latest innovation is the new business model of “lab-to-lab for imaging”, through which Alliar offers several models of equipment management, exams and delivery and storage of reports. This new model – unique in the world – can revolutionize the market of imaging diagnostics, with Alliar leading the way.

In short, 2017 was an extremely important year for Alliar. The Company has built its foundation for a long-term growth, focusing on technology, medical quality and patient experience. Therefore, at the end of this cycle, Alliar has robust installed capacity and privileged positioning, ready to start a new round of growth and generation of value.

Management

São Paulo, March 28, 2018 - 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 fourth quarter and the full year of 2017 (4Q17 and 2017, 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 **13.7%** in 4Q17, mainly organic, with same-store-sales (SSS) of **6%** and ramp-up of the new mega units. In the year, growth of **16.9%** in net revenue[1], with SSS of **9%**
- **Adjusted EBITDA** of R$**51.5** million (+**7.2**%) in the quarter and R$**222.8** million in 2017 (+**9.6**%)
- **Recurring net income** (shareholders) of R$**4.7** million in 4Q and R$**24.6** million in the year
- **Recurring operating cash flow** of R$**55.3** million in the quarter (+7.1%), with **107% cash conversion**. In the year, **cash flow reached R$176.3 million** (+**17.1**%)
- **Centralization of call centers**, with **all Alliar's brands** migrating to the new **contact center** in São Paulo
- Net promoter score (**NPS**) of **68.9%** at the end of 4Q17, with a significant advance in the methodology adopted to capture data
- Implementation of the new ERP concluded and developments in the internal controls process

Financial KPIs (R$ Million)	**4Q16**	**4Q17**	**YoY**	**2016**	**2017**	**YoY**
Gross Revenue (ex-construction)[1]	244.2	275.2	12.7%	956.9	1,124.3	17.5%
Net Revenue	259.0	255.5	-1.3%	951.5	1,077.9	13.3%
Net Revenue (ex-construction)[1]	223.8	254.3	13.7%	891.0	1,041.5	16.9%
EBITDA	43.0	-5.0	n/a	173.0	149.4	-13.7%
Adjusted EBITDA[2]	48.1	51.5	7.2%	203.3	222.8	9.6%
Net Income (Shareholders)	16.1	-13.3	n/a	14.8	6.7	-55.0%
Recurring Net Income (Shareholders)[3]	19.1	4.7	-75.7%	39.7	24.6	-38.1%
Recurring Operating Cash Flow[4]	51.6	55.3	7.1%	150.6	176.3	17.1%
Cash Conversion	107%	107%	-9 bps	74%	79%	507 bps
ROIC[5]	19.0%	10.9%	-809 bps	19.0%	10.9%	-809 bps
Adjusted EBITDA Margin[6]	21.5%	20.3%	-122 bps	22.8%	21.4%	-143 bps
Recurring Net Margin (Shareholders)[6]	8.6%	1.8%	-673 bps	4.5%	2.4%	-210 bps

1) Excludes "construction revenue", accounting entry referring to the investment made at RBD (PPP Bahia)
2) Excludes write-downs and non-recurring effects (see chapter on EBITDA)
3) Excluding write-downs and non-recurring effects (see chapter on Net Income)
4) Considers the same adjustments to EBITDA, except for the write-downs. In 2016 it considers IPO expenses of R$ 2.9 M
5) ROIC without goodwill (adjusted NOPAT divided by average invested capital without goodwill)
6) Margins are calculated on net revenue (ex-construction)

Operational KPIs End of period	Assets 3Q17	4Q17	QoQ	2016	2017	YoY
PSCs	122	118	-3.3%	112	118	5.4%
Mega	18	18	0.0%	12	18	50.0%
Standard	86	84	-2.3%	90	84	-6.7%
Collection Points	18	16	-11.1%	10	16	60.0%
MRI equipments	123	122	-0.8%	116	122	5.2%
Clinical Analysis Rooms	294	291	-1.0%	226	291	28.8%

Operational Highlights (R$ Million)	Performance 4Q16	4Q17	YoY	2016	2017	YoY
Avg Revenue/MRI equipment	0.77	0.82	6.2%	3.06	3.39	11.0%
Avg Revenue/Clinical Analysis Room	0.14	0.13	-8.3%	0.51	0.51	1.7%
MRI exams ('000)	159	172	8.6%	634	715	12.7%
Clinical analysis exams ('000)	1,978	2,288	15.7%	7,413	9,180	23.8%
MRI Avg. Ticket (R$)	566	582	2.9%	559	579	3.6%
Clinical analysis Avg. Ticket (R$)	15.6	15.9	2.1%	15.4	16.3	5.7%
MRI exams / equipment / day	21.9	22.6	3.2%	21.9	23.4	7.2%
Clinical analysis / room / day	140.1	125.8	-10.2%	131.2	126.2	-3.8%
NPS[7]	n/a	68.9%	n/a	n/a	n/a	n/a

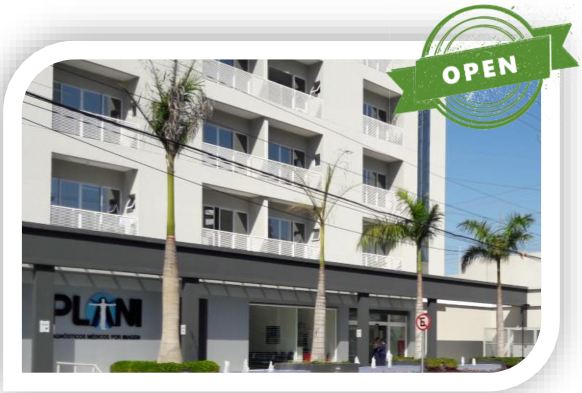
7) Comparison vs 2016 is not applicable. From 4Q17, the Company started automating the methodology adopted to capture data on patient's satisfaction in order to better reflect its situation regarding the quality that is perceived by patients.

EXPANSION 2017

- ✓ Launch of **5** mega units in 2017, 3 of which in the region of São Paulo, **1** in **Belo Horizonte** and **1** in **São José dos Campos.** In 2017 only, the number of mega units has increased by **50%** (each mega unit has a business plan of approximately R$ **50** million on sales per year when mature).
- ✓ Conclusion of the RBD investment cycle (PPP Bahia)
- ✓ Acquisition of Multiscan (leading company of imaging diagnostics in ES): R$ **45.7** million in gross revenue and R$ **15.5** million in EBITDA (annualized figures)
- ✓ Acquisition of small CA labs, speeding the accreditation and roll-out of the CA strategy to existing units
- ✓ Relocation of 6 MRI machines (with the closure of 6 standard units) of low production to units with greater potential

Mega PLANI São José dos Campos

September / 2017

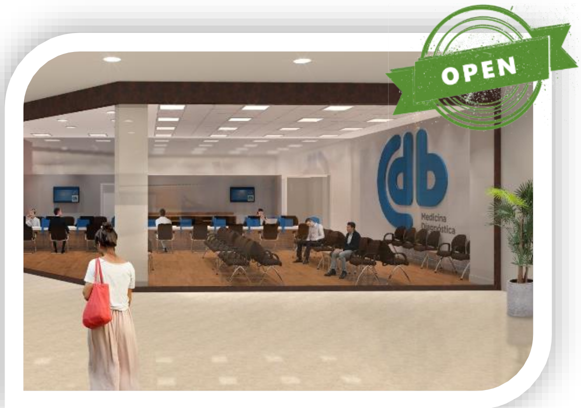


RBD (Bahia)

RBD operations at a public hospital

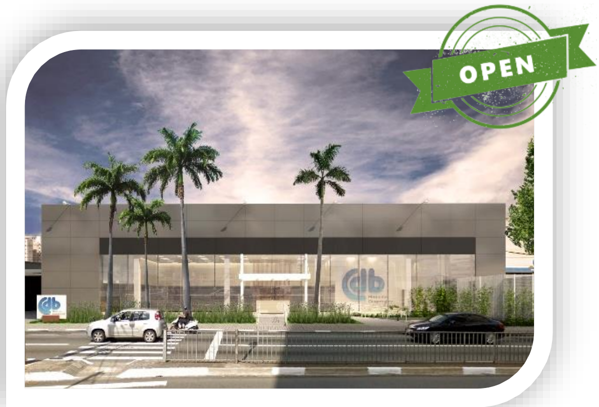
Mega CDB São Bernardo do Campo

April / 2017



Mega CDB Móoca

May / 2017



Mega CDB Morumbi

March / 2017

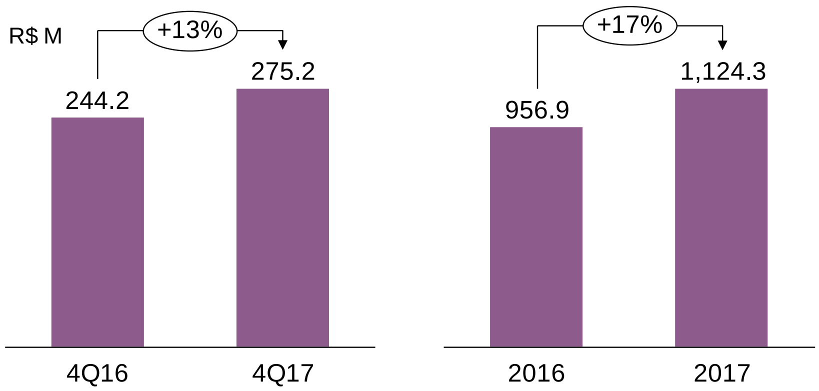
Mega Axial Bernardo Monteiro

March / 2017

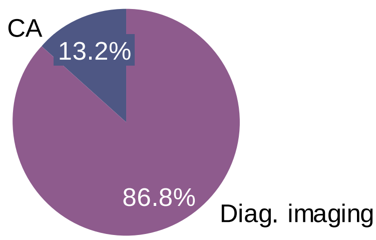
FINANCIAL PERFORMANCE

REVENUE

Gross revenue (ex-construction) grew **12.7%** in the quarter, reaching **R$ 275.2 million**. In 2017, gross revenue growth achieved **17.5%**, to **R$ 1.1 billion.**



Breakdown 2017 (ex-construction):



Gross Revenue (R$ Million)	4Q16	4Q17	YoY	2016	2017	YoY
Gross Revenue (ex-construction)	244.2	275.2	12.7%	956.9	1,124.3	17.5%
Diagnostic imaging	213.4	238.8	11.9%	842.5	974.5	15.7%
MRI Exams	89.7	100.2	11.7%	354.6	414.1	16.8%
Other Imaging Exams	123.7	138.6	12.1%	487.9	560.4	14.9%
Clinical analysis	30.8	36.4	18.1%	114.4	149.7	30.9%
Construction revenue	37.3	1.3	-96.6%	64.1	38.5	-39.9%
Gross Revenue	281.5	276.5	-1.8%	1,021.0	1,162.8	13.9%
Deductions	-22.6	-21.0	-7.2%	-69.5	-84.9	22.2%
Net Revenue	259.0	255.5	-1.3%	951.5	1,077.9	13.3%
Net Revenue (ex-construction)	223.8	254.3	13.7%	891.0	1,041.5	16.9%

Revenue growth **has been mainly organic**, adding same-store sales (**6**% in 4Q17 and **9**% in 2017) and ramp-up of new mega units. Acquisitions also fomented growth, especially Multiscan (2017) and Delfin (annualized 2016), adding **5** p.p. in the quarter and **7** p.p. in the year.

The highlights go to the **double-digit growth** in imaging exams, both in 4Q17 and 2017, driven by the **increased productivity of the current machines** and the addition of new equipment. Another highlight was the **ramp-up of the strategy of additional offer** of clinical analysis (CA) in existing units, an exam that had an 18% growth in 4Q and a 31% growth in 2017.

The increased productivity in MRI scans, the Company's main exam, reached **3.2**% in the quarter and **7.2**% in the year, with **23.4** scans/MRI/day in the 12-month average. The strategy of adding new MRI equipment has been successful, as the Company has been able to expand its installed base while also improving average productivity. We also highlight the relocation of 6 machines with low productivity to centers with greater potential for growth, fomenting a better use of our assets.

In **CA**, the **strong growth** recorded both in the quarter and in the year mainly reflects the increased volume from the acquisition of Multilab (December 2016) and the ramp-up of collection rooms in existing units. At the end of the year, Alliar offered CA in **53** of its units. The productivity decline is in line with what is planned and does not result in loss to the Company. The new rooms start their operations with a lower level of productivity versus current rooms. On the other hand, they require marginal investments and most of their costs have a variable nature.

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$ **166.6** million in the quarter (**+10.5%**) and R$ **649.1** million in 2017.

Costs (R$ Million)	4Q16	4Q17	YoY	2016	2017	YoY
Medical Services	-43.6	-48.0	10.1%	-163.0	-187.0	14.7%
Employees	-45.9	-50.8	10.7%	-158.8	-186.6	17.5%
Supplies and Support Labs	-35.1	-33.2	-5.5%	-121.9	-136.7	12.1%
Maintenance	-5.6	-6.0	6.7%	-24.1	-28.9	19.8%
Occupancy	-15.0	-17.8	18.7%	-53.7	-70.2	30.7%
Third-party services and others	-5.5	-10.7	94.5%	-28.6	-39.7	39.1%
Costs ex (construction and D&A)	**-150.8**	**-166.6**	**10.5%**	**-550.1**	**-649.1**	**18.0%**
Depreciation and amortization	-18.4	-16.9	-8.2%	-66.3	-71.1	7.2%
Construction cost	-35.2	-1.2	-96.6%	-60.5	-36.3	-39.9%
Total Costs	**-204.4**	**-184.6**	**-9.7%**	**-676.9**	**-756.6**	**11.8%**

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

The increased costs are mainly due to anticipating the launch of new mega units, which start their operations with most of the cost structure already implemented (rent, security, cleaning, etc.), but with a small fraction of their potential revenue. In addition, throughout the year, the Company had the final ramp-up of RBD, with all its hospitals fully operational. The combination of these effects explains the drop in the gross margin in 2017. In 4Q17, the Company already showed a recovery of this indicator.

OPERATING EXPENSES

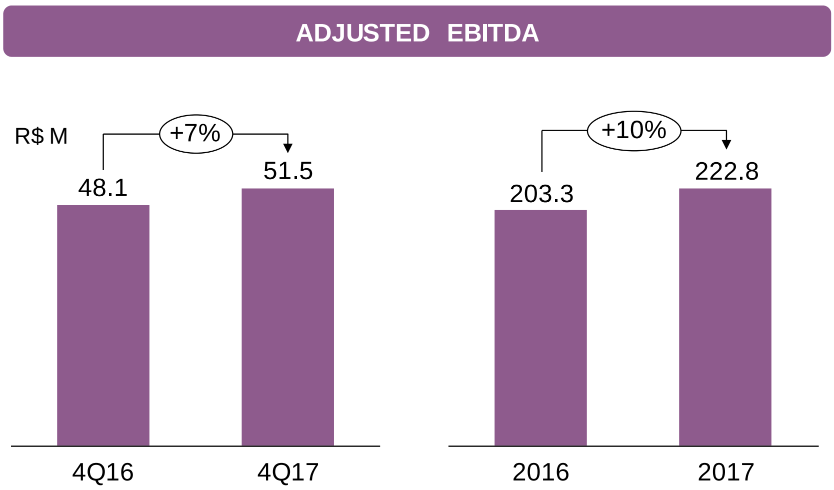
Operating (Expenses) Income (R$ Million)	4Q16	4Q17	YoY	2016	2017	YoY
General and adm. expenses (ex-depreciation)	**-44.1**	**-46.5**	**5.4%**	**-163.1**	**-204.6**	**25.5%**
Employess	-20.3	-22.4	10.7%	-90.5	-106.0	17.1%
Occupancy, third-party services and others	-22.3	-22.1	-0.7%	-71.0	-89.8	26.3%
Long-term incentive program	-1.6	-1.9	24.5%	-1.6	-8.9	474.5%
Other expenses, net	**14.3**	**-0.5**	**n/a**	**10.0**	**-3.4**	**n/a**
Equity in the earnings (loss) of subsidiaries	**2.8**	**3.1**	**7.2%**	**10.1**	**13.8**	**36.6%**
Subtotal ex (write-downs and depreciation)	**-26.9**	**-43.9**	**63.0%**	**-142.9**	**-194.2**	**35.9%**
Write-downs and other	-3.1	-48.8	1487.1%	-25.0	-48.8	95.8%
Depreciation and amortization	-2.0	-1.9	-8.2%	-6.1	-7.9	30.1%
Total Operating (Expenses) Income	**-32.1**	**-94.7**	**195.1%**	**-173.9**	**-251.0**	**44.3%**

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

Operating expenses, excluding write-downs and depreciation, totaled R$43.9 million in the quarter and R$194.2 million in the year, an increase of 63.0% and 35.9%, respectively. This significant growth is mainly due to a favored comparative base in 4Q16, with a PDD reversal of R$12 million (see the "Other expenses, net" line). Another impact in 2017 was the accounting of the new long-term incentive program (grant of restricted shares took place 4Q16). Up to the 9M16, where the stock-options plan was still in place, this "Long-term incentive program" line used to register no relevant expense (its impact was through the dilution of the shareholders' base).

In addition, the 4Q17 and 4Q16 were negatively impacted by non-recurring items (see chapter on EBITDA to further details).

EBITDA



EBITDA (R$ Million)	4Q16	4Q17	YoY	2016	2017	YoY
EBIT	**22.5**	**-23.8**	**n/a**	**100.6**	**70.3**	**-30.1%**
Depreciation and amortization[1]	20.4	18.8	-8.2%	72.4	79.0	9.1%
EBITDA	**43.0**	**-5.0**	**n/a**	**173.0**	**149.4**	**-13.7%**
EBITDA Margin %	**19.2%**	**-2.0%**	**n/a**	**19.4%**	**14.3%**	**-508 bps**
Adjustments	**5.1**	**56.5**	**1011.4%**	**30.3**	**73.4**	**142.5%**
Write-downs	3.7	52.9	1331.7%	**7.0**	**69.8**	895.1%
Impairment	1.7	45.2	2580.0%	**1.7**	**45.2**	2580.0%
Financial asset (RBD)	2.0	7.7	282.3%	**5.3**	**24.6**	361.3%
Pre-IPO	0.0	0.0	n/a	10.1	0.0	-100.0%
M&A and other	1.4	3.6	159.8%	13.2	3.6	-72.6%
Adjusted EBITDA	**48.1**	**51.5**	**7.2%**	**203.3**	**222.8**	**9.6%**
Adjusted EBITDA Margin %	**21.5%**	**20.3%**	**-122 bps**	**22.8%**	**21.4%**	**-143 bps**

1) Includes write-down of parts.

Adjusted EBITDA reached R$**51.5** million (**+7.2%**) in the quarter and R$**222.8** million in 2017 (+**9.6**%), with a margin of **21.4**% (-143 bps). The increase in adjusted EBITDA was affected by the gross margin loss, mainly due to two main effects: i) the anticipation of the launches, in which fixed cost is up front, and the revenue ramp-up takes from 3 to 5 years; and ii) expenses of the new long-term incentive program (restricted stock). In addition, the PDD reversal in 4Q16 (see the expenses item) impairs the comparison between the years.

Accounting EBITDA was R$**-5.0** million in 4Q and R$**149.4** million in 2017, affected by the write-downs, mainly as a consequence of the impairment on receivables. The following summary describes the main non-recurring effects of 4Q, adjusted for a better understanding of EBITDA.

- Impairment: Net impact of R$45.2 million in 4Q, including a write-down of R$49.5 million in accounts receivable, partially offset by gains of R$4.2 million in other accounting reconciliations.

- Write-down of Financial Assets: A recurring entry concerning the depreciation of investments made by RBD (PPP Bahia), which reached R$24.6 million in 2017 (R$5.3 million in 2016)

- Pre-IPO: Non-recurring expenses registered in 2016, mainly related to the liquidation of the stock-options plan, which took place in 3Q16. As of 4Q16 the Company has migrated to the current long-term incentive program (through restricted stock), no longer adjusting this expense for the adjusted EBITDA calculation.

- M&A and Others: Non-recurring expenses of R$3.6 million due to M&A operations, terminations and costs with the call center centralization.

Accounts Receivable Impairment Test

During 2017, the Company's management made important improvements in its control environment based on recommendations from external auditors included in the internal control charts of recent years. Among the various lines of actions, billing and accounts receivable were defined as the priority areas. The combination of the new structure dedicated to the management of receivables (revenue management area) with the unification of the information systems (ERP and RIS) into single cloud-stored data bases, and the new centralized reconciliation process of receivables allowed the Company to test the recoverability of accounts receivable as well as to implement improvements in the receipt, loss control and cancellation processes.

In 4Q17, the Company performed recoverability tests on accounts receivables for each of its units. Throughout this process, the documentation and payment deadlines related to the outstanding balances recognized in the balance sheet were analyzed in order to evaluate the Company's capacity to receive such amounts. As a result, an impairment charge in the amount of R$49.5 million was needed for the Accounts Receivable since they were considered as non-billable amounts according to the Management's view. The write-down was registered in the 2017 fiscal year in the 'other operating expenses' line.

Based on the new recoverability assumptions for Accounts Receivable, the Company also reviewed its expectations for invoice loss and cancellations. As of 4Q17, the provision for losses and cancellation was increased by 0.5 p.p. - from 1.3% to 1.8% of sales - and will be periodically reviewed whenever management assesses the need to do so, either to increase or reduce provisions. The policy for allowance for doubtful accounts (PDD) remains unchanged: 50% for balances overdue for more than 6 months and 85% for balances overdue for more than 1 year.

Management believes that the revised provision levels are adequate for the current loss and cancellations scenario and that the improvements made to receivables process, as well as the new internal control procedures, provide assurance on the effectiveness of accounts receivable and minimize the likelihood that such problems will occur again in the future.

FINANCIAL RESULT

Financial Result (R$ Million)	**4Q16**	**4Q17**	**YoY**	**2016**	**2017**	**YoY**
Financial income	4.3	0.8	-81.4%	5.8	4.7	-19.5%
Financial expenses	-21.7	-27.3	25.9%	-86.0	-82.8	-3.7%
Foreign exchange effect on USD debt	-0.4	-1.4	251.3%	14.1	-0.2	n/a
Total Financial Result	**-17.8**	**-27.9**	**57.0%**	**-66.0**	**-78.3**	**18.6%**
Non-recurring effects	0.0	6.7	n/a	0.0	6.7	n/a
Recurring Financial Result	**-17.8**	**-21.2**	**19.1%**	**-66.0**	**-71.5**	**8.4%**

Note: Foreign exchange effect no longer include 4131 debt

The **19.1**% growth in the recurring financial result for the quarter was mainly due to higher net indebtedness year over year. Despite the SELIC/CDI decrease in the period, part of the 2016 financial expenses were capitalized (R$**2.7** million), affecting the comparison.

In addition, in **4Q17**, debts were prepaid using funds from the issue of bonds, with an accounting impact of R$**10.5** million related to: i) differences between accounting value and market value of operations; and ii) pre-payment debt fees. This value was partially offset by a R$**3.7** million gain related to the corrections of judicial deposits. For comparative purposes, both effects were considered as non-recurring.

The **issue of bonds** and prepayment of (more expensive) debts brought no benefits in 4Q17, but should lead to a **significant drop in financial expenses** as of 1Q18.

INCOME TAX AND SOCIAL CONTRIBUTION

Income Tax	Consolidated					
(R$ Million)	4Q16	4Q17	YoY	2016	2017	YoY
EBT	**4.8**	**-51.7**	**n/a**	**34.6**	**-7.9**	**n/a**
Income Tax	**15.2**	**39.8**	**161.8%**	**-5.9**	**22.6**	**n/a**
Current income tax	*-10.3*	*-5.4*	*-48.0%*	*-24.2*	*-22.7*	*-6.1%*
Deferred income tax	*25.5*	*45.1*	*76.9%*	*18.3*	*45.3*	*146.8%*
Effective Tax Rate (%)	n/a	-76.9%	n/a	-16.9%	-284.8%	268 p.p.
Non-recurring:	**0.0**	**-37.7**	**n/a**	**0.0**	**-37.7**	**n/a**
Deferred tax write-down (liabilities)	*0.0*	*-21.0*	*n/a*	*0.0*	*-21.0*	*n/a*
Deferred tax (previous periods)	*0.0*	*-16.7*	*n/a*	*0.0*	*-16.7*	*n/a*
Adjusted Income Tax	**15.2**	**2.1**	**-86.2%**	**-5.9**	**-15.1**	**157.9%**
Adjusted Tax Rate (%)	**n/a**	**-4.0%**	**n/a**	**-16.9%**	**n/a**	**n/a**

In **4Q17**, the Company had a tax gain of R$**39.8** million, which led to a gain of R$**22.6** million in 2017, mainly explained by two non-recurring benefits: i) R$**21.0** million referring to the write-down of deferred income tax (liabilities), pursuant to Law 12,973/14 (Article 65), which overturns the *RTT* and equates the tax and accounting bases; and ii) R$**16.7** million referring to other deferred taxes (related to accumulated losses on previous fiscal periods).

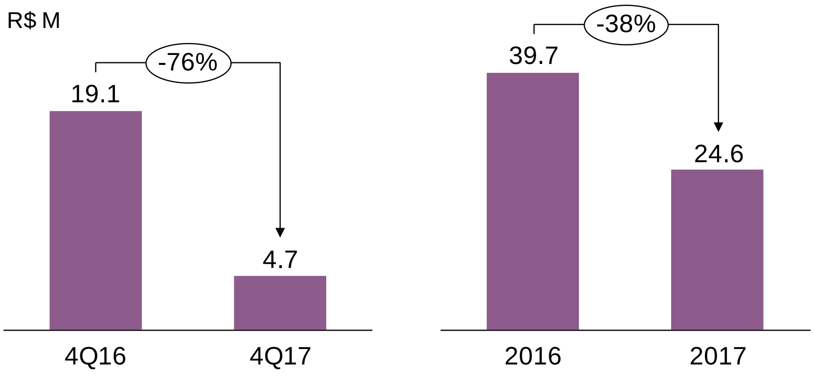
The adjusted tax rate reflects a combination of companies which pay taxes under different tax regimes. Companies which account for **~66%** of revenue operate under the real profit regime (taxes are calculated based on EBT), while other companies operate under the deemed profit regime (taxes are calculated based on expected profit margins applied to revenues). The outcome from this combination is that when the consolidated EBT margin is below 8% of gross revenue, the effective rate tends to surpass the theoretical 34% tax rate. This effect shall come to a normalization from the moment that EBT gets closer to the 8% margin or surpasses it. This way, the future effective tax rate of the Company shall not be based on current rates; rather, it should be modeled as a function of EBT.

In 2017, the Company started to carry on projects aiming at a simplified corporate structure, which will be possible through incorporations and through the reduction of the number of legal entities. Such initiatives, in addition to generating synergies and reducing operating costs, may also benefit the consolidated effective tax rate as entities previously taxed separately will be able to offset profits and losses, as well as for the allowance of distribution of profits through the payment of interest on equity (IOE).

NET INCOME

The **recurring net income** (shareholders) reached R$ **4.7** million in 4Q (**1.8%** margin) and R$ **24.6** million in 2017 (**2.4%** margin). Accounting net income (shareholders) achieved **R$ 6.7 million** in 2017, mainly due to non-recurring effects (see chapter on EBITDA)

RECURRING NET INCOME (Shareholders)



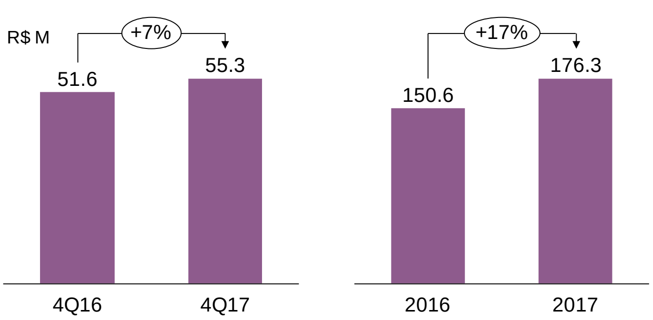
Net Income (R$ Million)	4Q16	4Q17	YoY	2016	2017	YoY
Net Income	19.9	-11.9	n/a	28.8	14.6	-49.1%
Attributable to noncontrolling interests	3.9	1.4	-65.0%	14.0	8.0	-42.8%
Net Income (Shareholders)	**16.1**	**-13.3**	**n/a**	**14.8**	**6.7**	**-55.0%**
Net Income per share (in R$)	0.14	-0.11	n/a	0.14	0.06	-60.8%
EBITDA adjustments	5.1	56.5	1011.4%	30.3	73.4	142.5%
Financial asset adjustment (RBD)	-2.0	-7.7	282.3%	-5.3	-24.6	361.3%
Finacial result adjustments	0.0	6.7	n/a	0.0	6.7	n/a
Income tax adjustments	0.0	-37.7	n/a	0.0	-37.7	n/a
Recurring Net Income (Shareholders)	**19.1**	**4.7**	**-75.7%**	**39.7**	**24.6**	**-38.1%**
Recurring Net Margin (Shareholders)	8.6%	1.8%	-673 bps	4.5%	2.4%	-210 bps

The decline in **recurring net income** was due to the favored 4Q16 comparison basis (in which there was an entry of R$25.5 million as deferred income tax and social contribution). In addition, the increase in financial expenses (due to higher net indebtedness) and the write-down of financial assets, which was R$**5.7** million higher than in 4Q16 (see the EBITDA table), also played a role in this change.

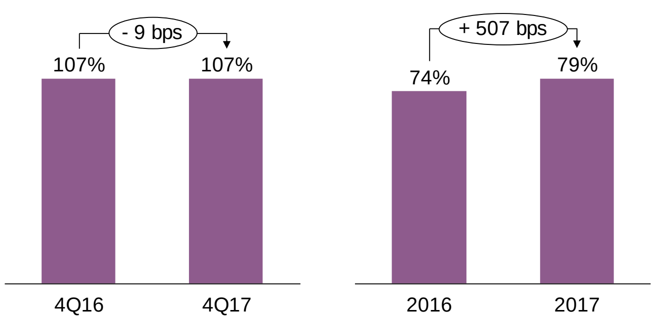
CASH FLOW

Recurring operating cash flow totaled R$ **55.3** million in the quarter (+7.1%) and R$ **176.3** million in 2017 (+17.1%), while **cash conversion** reached **107% i**n 4Q17 and **79%** in the year. These results demonstrate the strong capacity of cash flow generation of the Company's business model.

RECURRING OPERATING CASH FLOW



CASH CONVERSION



Cash Flow (R$ Million)	4Q16	4Q17	YoY	2016	2017	YoY
(1) Net Income	**19.9**	**-11.9**	**n/a**	**28.8**	**14.6**	**-49.1%**
(2) Non-cash items[a]	**-7.9**	**42.2**	**n/a**	**133.8**	**138.9**	**3.8%**
(3) Cash Flow from Operations (=(1)+(2))	**12.0**	**30.3**	**151.5%**	**162.6**	**153.5**	**-5.6%**
(4) Working Capital[a]	**38.2**	**21.4**	**-44.0%**	**-38.2**	**19.2**	**n/a**
(5) Operating Cash Flow (=(3+4))	**50.2**	**51.7**	**2.9%**	**124.4**	**172.7**	**38.8%**
(6) Investing Activities[b]	**-82.7**	**-33.5**	**-59.5%**	**-159.7**	**-241.9**	**51.5%**
Investments	-60.7	-32.3	-46.8%	-114.2	-203.4	78.1%
Purchase of PPE and intangible assets	-56.0	-26.0	-53.5%	-105.6	-149.0	41.1%
Acquisition of subsidiaries, net of cash received	-3.0	0.0	-100.0%	-2.1	-42.4	1929.2%
Increase in Investments	-1.7	-6.2	269.2%	-6.5	-12.0	84.0%
Financial Asset (Capex RBD)	-22.0	-1.2	-94.3%	-45.5	-38.5	-15.3%
(7) Financing Activities[c]	**147.0**	**22.6**	**-84.6%**	**172.6**	**1.5**	**-99.1%**
Financing	195.0	23.2	-88.1%	209.1	-34.0	n/a
Short-term investments	-37.8	2.6	n/a	-27.3	44.5	n/a
Related parties	-10.2	-3.1	-69.2%	-9.1	-9.1	-0.2%
(8) Cash Incresase (decrease) (=(5+6+7))	**114.6**	**40.8**	**-64.4%**	**137.4**	**-67.7**	**n/a**
(9) Non-recurring Effects	**1.4**	**3.6**	**159.8%**	**26.2**	**3.6**	**-86.2%**
EBITDA adjustments except for the write-downs	1.4	3.6	159.8%	23.3	3.6	-84.5%
IPO Expenses	0.0	0.0	n/a	2.9	0.0	-100.0%
Recurring Operating Cash Flow (=(5+9))	**51.6**	**55.3**	**7.1%**	**150.6**	**176.3**	**17.1%**
Conversion (Operating Cash Flow/Adjusted EBITDA)	**107%**	**107%**	**-9 bps**	**74%**	**79%**	**507 bps**
Adjusted EBITDA	48.1	51.5	7.2%	203.3	222.8	9.6%

a) Non-cash items consider R$49.5 million related to the impairment on receivables. In turn, this amount has been not been considered in the working capital figure above. Additionally, the working capital figure excludes Financial Asset (RBD Capex)
b) Includes Financial Asset (RBD Capex) and excludes financial investments and related parties (see Financing)
c) Includes financial investments and related parties

INVESTMENTS

INVESTMENTS* (R$ Million)	4Q16	4Q17	YoY	2016	2017	YoY
Organic Expansion	33.7	19.4	-42.3%	82.0	124.7	52.1%
Maintenance	6.7	6.9	2.4%	29.8	27.6	-7.4%
Others	9.6	6.0	-37.5%	23.0	21.2	-7.9%
Total CAPEX	**50.0**	**32.3**	**-35.4%**	**134.8**	**173.5**	**28.7%**
Financial Asset (RBD)	22.0	1.2	-94.3%	45.5	38.5	-15.3%
M&A / Investments	4.7	6.2	33.2%	8.6	54.4	533.1%
Total	**76.7**	**39.8**	**-48.1%**	**188.8**	**266.4**	**41.1%**

*The amounts include non-cash additions to PPE which were made through financing agreements, as described in note 28 of the financial statements.

In 2017, **total investments** reached R$ **266.4** million, reflecting the 2018 and 2019 launches antecipated to 2017, the conclusion of the investment cycle in RBD and M&As, especially the acquisition of Multiscan (see section Expansion). The deceleration observed in 4Q17 (**-48.1%**) already reflects the end of the large investment cycle.

With this cycle complete, the Company believes it has sufficient installed capacity to support the expected volume growth for the coming years. Thus, from 2018 investments requirements shall be substantially reduced, without new unit openings for the year.

DEBT

Debt (R$ Million)	**3Q16**	**4Q17**	**3Q17**	**4Q17**	**YoY**
Loans, financing and debentures	552.3	505.6	514.0	599.3	18.5%
Supplier 'drawee risk'	0.0	0.0	0.0	11.7	n/a
Derivative financial statements	36.2	38.7	25.1	1.3	-96.7%
Gross Bank Debt	**588.5**	**544.3**	**539.0**	**612.2**	**12.5%**
Gross Bank Debt R$	295.1	258.8	496.1	598.6	131.3%
Gross Bank Debt US$	293.5	285.5	42.9	13.5	-95.3%
Tax installment payments	11.0	9.1	9.6	9.2	1.2%
Accounts payable - acquisitions of companies	44.6	47.0	90.6	85.3	81.6%
Gross Total Debt	**644.1**	**600.3**	**639.2**	**706.6**	**17.7%**
Cash, securities and cash equivalents	50.2	202.8	56.3	95.3	-53.0%
Net Bank Debt	**538.4**	**341.5**	**482.7**	**516.9**	**51.4%**
Net Total Debt	**593.9**	**397.5**	**582.9**	**611.3**	**53.8%**
Adjusted EBITDA LTM[1]	201.0	207.5	229.0	224.9	8.4%
Net Total Debt / Adjusted EBITDA LTM	**2.95 x**	**1.92 x**	**2.54 x**	**2.72 x**	**41.9%**

1) Adjusted LTM EBITDA including acquisitions

At the end of 2017, **total net debt** was R$**611.3** million, with a **2.72**x ratio of **total net debt / LTM adjusted EBITDA**. The indebtedness growth in 2017 was due three factors: i) the anticipation of investments, as the Company invested R$67 million more than the Company's operating cash flow; ii) the financial result; and iii) the debt related to the acquisition of Multiscan.

In October 2017, the Company concluded its first issuance of bonds, totaling R$**270** million, with terms of 3 and 5 years and rates of 116% and 118% of the CDI, respectively. The Offer led the Company to reduce its indebtedness cost and extend its debt profile.

From the total bank debt, 98% is denominated in BRL or with hedge operations, so that only 2% is subject to foreign exchange effects.

alliar médicos à frente
sistema de diagnósticos de saúde

FINANCIAL STATEMENTS
BALANCE SHEETS AT DECEMBER 31, 2016 AND DECEMBER 31, 2017
(R$'000)

ASSETS	Consolidated	
	12/31/2016	12/31/2017
CURRENT ASSETS		
Cash and cash equivalents	159,333	91,597
Securities	37,811	10
Accounts receivable	233,260	219,178
Inventories	6,391	4,650
Financial assets	14,407	30,676
Taxes recoverable	26,373	41,153
Other accounts receivable	16,854	14,290
Total current assets	**494,429**	**401,554**
NONCURRENT ASSETS		
Securities	5,696	3,692
Escrow deposits	22,050	25,817
Contingency reimbursement guarantee	139,229	104,389
Related parties	31,114	38,406
Deferred income and social contribution taxes	61,530	123,127
Other accounts receivable	893	-
Financial assets	64,390	83,164
Investments	4,694	5,364
Property and equipment	464,206	532,523
Intangible assets	878,081	966,949
Total noncurrent assets	**1,671,883**	**1,883,431**
TOTAL ASSETS	**2,166,312**	**2,284,985**

LIABILITIES AND EQUITY	Consolidated	
	12/31/2016	12/31/2017
CURRENT LIABILITIES		
Trade payables	69,737	61,758
Supplier 'drawee risk'	-	11,652
Payroll and benefits	41,227	52,652
Borrowings and financing	202,830	167,044
Derivative financial instruments	25,549	1,260
Tax obligations	35,813	23,524
Tax installment payments	2,088	2,212
Accounts payable - acquisition of companies	13,478	36,489
Other accounts payable	13,857	5,463
Total current liabilities	**404,579**	**362,053**
NONCURRENT LIABILITIES		
Borrowings and financing	302,817	432,208
Derivative financial instruments	13,101	-
Related parties	293	5,881
Tax installment payments	6,979	6,960
Accounts payable - acquisition of companies	33,487	48,790
Deferred income and social contribution taxes	-	5,161
Deferred PIS/COFINS/ISS	4,452	8,033
Provision for legal contingencies	179,478	140,045
Other accounts payable	9,191	5,597
Total non-current liabilities	**549,798**	**652,676**
EQUITY		
Capital stock	579,780	612,412
Capital stock to be paid in	615,794	620,222
Treasury shares	(4,102)	(1,954)
Accumulated profits	(17,872)	(11,220)
Controlling shareholders' equity	1,173,600	1,219,460
Minority interest	38,335	50,796
Total equity	**1,211,935**	**1,270,256**
TOTAL LIABILITIES AND EQUITY	**2,166,312**	**2,284,985**

INCOME STATEMENTS FOR THE QUARTERS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2017 (R$'000)

Consolidated	12/31/2016 Quarter	12/31/2017 Quarter	12/31/2016 2016	12/31/2017 2017
NET SERVICE REVENUE	258,976	255,520	951,470	1,077,876
Cost of services	(170,079)	(184,632)	(591,019)	(756,580)
GROSS PROFIT	88,897	70,888	360,451	321,296
OPERATING (EXPENSES) INCOME				
General and administrative expenses	(77,397)	(51,984)	(257,275)	(216,138)
Other (expenses) income, net	8,184	(45,721)	(12,703)	(48,667)
Equity in the earnings (loss) of subsidiaries	2,848	3,054	10,139	13,846
OPERATING INCOME BEFORE FINANCIAL RESULT	22,532	(23,763)	100,612	70,337
FINANCIAL RESULT	(17,779)	(27,913)	(65,993)	(78,260)
Financial expenses	(22,084)	(28,713)	(71,825)	(82,957)
Financial income	4,305	800	5,832	4,697
OPERATING INCOME (LOSS) BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	4,753	(51,676)	34,619	(7,923)
CURRENT AND DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES	15,181	39,750	(5,852)	22,563
NET INCOME (LOSS) FOR THE PERIOD	19,934	(11,926)	28,767	14,640
ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS	16,071	(13,277)	14,792	6,652
ATTRIBUTABLE TO MINORITY INTEREST	3,863	1,351	13,975	7,988

Note: The costs and expenses for 2016 presented in this table follow the Financial statements for 2016 and 2017. For a comparable basis, refer to pages 9 and 10.

CASH FLOW STATEMENTS FOR QUARTERS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2017
(R$'000)

	Consolidated	
	2016	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (loss) for the period	**28,767**	**14,640**
Adjustments to reconcile net income to net cash generated by (used in) operating activities:	133,828	89,434
Depreciation and amortization	54,367	79,017
Stock options granted and restricted stocks	1,551	7,617
Residual value of property, plant and equipment disposed of, and investments	34,937	20,267
Finance charges, foreign exchange effect and derivatives	57,807	80,891
Financial asset update	-	(21,108)
Income (loss) from subsidiaries	(10,139)	(13,844)
Allowance for doubtful debts	7,506	(7,135)
Provisions for civil, labor and tax risks	-	(3,416)
Asset impairment	1,688	-
Deferred PIS/COFINS/ISS	4,452	3,581
Income Tax and Social Contribution	(18,341)	(56,436)
	162,595	104,074
Decrease (increase) in operating assets	(114,397)	(2,509)
Decrease (increase) in clients	(56,662)	49,855
Decrease (increase) in inventories	(948)	1,741
Decrease (increase) in other assets	(11,330)	(15,588)
Decrease (increase) in Financial Asset	(45,457)	(38,517)
Increase (decrease) in operating liabilities:	30,776	32,629
Increase (decrease) in trade payables	12,435	12,115
Increase (decrease) in suppliers drawees risk	-	11,652
Increase (decrease) in payroll and related taxes	5,962	10,190
Increase (decrease) in taxes payable and taxes in installments	17,466	(6,203)
Increase (decrease) in other liabilities	5,368	483
Stock options paid	(11,932)	-
Income Tax and Social Contribution paid	(8,391)	(8,654)
Dividends and interest on equity received	9,868	13,046
Net Cash generated by Operating Activies	**78,974**	**134,194**
CASH FLOW FROM INVESTING ACTIVITIES		
Short-term investments	(27,338)	44,504
Acquisition of subsidiaries, net of cash received	(2,091)	(42,430)
Related Parties	(9,089)	(9,071)
Increase in Investments	(6,500)	(11,958)
Purchase of property, plant and equipment and intangible assets	(105,617)	(149,022)
Net cash used in investing activities	**(150,635)**	**(167,977)**
CASH FLOW FROM FINANCING ACTIVITIES		
Capital Increase	280,451	693
Expenses from shares issuance	(22,525)	-
Treasury Shares	1,128	(8,317)
Transaction with shareholders	(1,567)	-
Borrowings, net	156,023	474,637
Interest paid	(45,374)	(49,511)
Repayment of borrowings and financing	(159,062)	(451,455)
Net cash used in financing activities	**209,074**	**(33,953)**
INCREASE IN CASH AND CASH EQUIVALENTS	137,413	(67,736)
CASH AND CASH EQUIVALENTS		
At the beginning of the priod	21,920	159,333
At the end of the period	159,333	91,597

Note: This table, as presented, considers the line 'decrease/increase in financial asset', which relates to the Capex at RBD, as an operating activity. The table on page 15 allocates it on the 'investing activities' section in order to better reflect its nature.