EARNINGS RELEASE

4Q18

CONFERENCE CALL
IN PORTUGUESE

March 20, 2019
12h30 pm (Brasília)
11h30 am (New York)
Telephone: +55(11) 2188-0155
Code: Alliar

CONFERENCE CALL
IN ENGLISH

March 20, 2019
1h30 pm (Brasília)
12h30 pm (New York)
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Code: Alliar

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MESSAGE FROM MANAGEMENT

Alliar initiated a new corporate phase in 2018. After several years of accelerated growth and major investments towards the construction of our business platform, we entered a new phase in which we are prioritizing the maturing of investments, projects aimed at increasing efficiency, the enhancement of our patients' journey through technology and innovation, and the development of new business models through our integrated platform. The results of this new phase have already started to appear, creating value for our stakeholders. Such results are reflected not only in our financial indicators, which recorded substantial increases in Free Cash Generation (R$ 104.4 million in 2018, an increase by R$ 132.5 million versus the negative free cash of 2017) and Net Income (R$ 40.1 million in 2018, up by 502.7%), but also through improvements in the patient experience, with an NPS of 65.8%.

We highlight our 86% NPS at RBD (PPP Bahia), which completed its first full operational year in 2018 at all 11 hospitals, increasingly proving to be a winning public health solution as it represents lower costs for the State while offering a substantially superior diagnostics quality for users.

Technology and innovation continue as important engines for operational efficiency, patient satisfaction and medical quality. After the centralization of our call centers into a single Contact Center, a new efficiency and automation phase was launched with SOFIA, our virtual artificial intelligence attendant, and a web check-in tool, in order to simplify the exam scheduling process and to better provide patients with information on pre-exam procedures. The benefits arising from this new automated phase will significantly change our client interaction process in the coming years. Online reception monitoring tools also enabled us to accelerate our front-desk processes and better distribute our staff and work schedules, which resulted in a combination of cost efficiency and improved patient satisfaction (measured by NPS). Our Command Center also underwent significant improvements with the expansion of remote CT scans and enabled us the possibility of developing new business models.

The alignment of our integrated platform with our remote MRI and CT scan operations resulted in the creation of IDr, a new healthcare service company. IDr's business model is an "asset light" platform that offers clients diverse services such as exam scheduling, remote equipment operations, medical reports, image storing, and other facilities, which can be contracted as an individual taylor-made solution or combined into a service package according to the client's needs. IDr has the potential of generating value for hospitals, diagnostic clinics and vertical healthcare providers and offers Alliar a new growth perspective beyond the services we currently provide at our clinics. IDr began operating in 2019 as an independent company, with its own management structure.

On the clinical front, we advanced both in terms of execution of exams and medical reports, as well as in the relationship we maintain with requesting physicians. Leveraged by our Command Center, we expanded the efficiency and quality in MRI exams, which allowed us to create an increased number of standard exam protocols, significantly increasing the productive capacity of our equipment. In medical reports, Alliar started developing multimedia formats, adding more information and greater value to the requesting physicians. Partnerships with radiologists who are reference in their fields and regions, coupled with our brands' strength and the quality of our clinical staff in different locations helped us broaden our prominence position as a reference diagnostics player in the regions where we operate. In this sense, we enhanced our relationship program with requesting physicians, known as *Programa Alliança*, and we extended the offering of our Medical Concierge across the country, facilitating interaction between Alliar's clinical staff and requesting physicians and increasing value generation for the healthcare chain.

Alliar also strengthened investments in leadership training. The PEGA - Alliar's Management Excellence Program was developed, offering leadership and management training for executives and clinical staff, in association with teachers from some of the main business schools in Brazil. Additionally, our program of recognition and succession of medical leaders, known as the "9-box program", continues awarding our distinguished doctors by offering them the possibility of becoming partners in the company.

Finally, we highlight that Alliar entered a new cycle in 2018. The investments we made in the development of our integrated technology and operational platform, our constant focus on efficiency, quality and innovation, and the expansion of our operations gave us important competitive differentials that are being transformed into value creation for our shareholders through the improvements in supplementary healthcare chain efficiency.

Management

São Paulo, March 19th, 2019 - Centro de Imagem Diagnósticos S.A. ("Alliar" or "Company") (B3: AALR3), one of Brazil's largest diagnostic medicine companies, announces today its earnings results for the fourth quarter and full-year 2018 (4Q18 and 2018, respectively). The figures and their historical series (when available) can be obtained in excel format at http://ir.alliar.com

HIGHLIGHTS

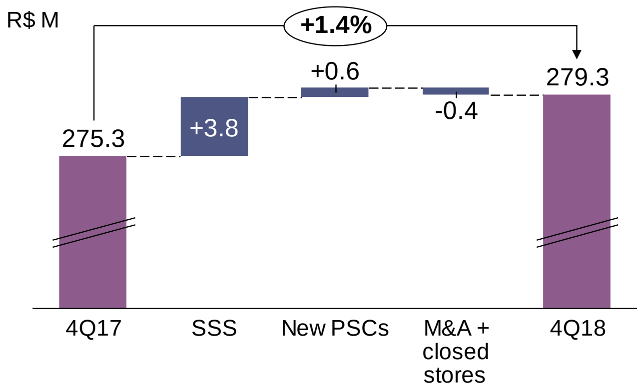
- **Net revenue[1] growth** of **1.7%** when compared to 4Q17, with same-store-sales (SSS) of **1.4%**. In the year, revenues reached R$ **1,075.5** million, a **3.3%** growth, with SSS of **2.1%**
- **Expansion of +484 bps** in adjusted EBITDA margin, reaching **25.1%** in the quarter, with adjusted EBITDA of R$ **64.9** million, a **growth of 26.0%**. In the year, adjusted EBITDA totaled R$ **250.8** million (**+12.6%**), with margin of **23.3%** (**+194 bps**)
- **Net income** (Shareholders) **increased by R$ 29.7** million in the quarter, reaching R$ **16.4** million (compared to a net loss of R$ 13.3 million in 4Q17). In the year, net income **increased by 502.7%**, reaching R$ **40.1** million
- **Operating cash flow** of R$ **73.2** million in 4Q18 and R$ **181.3** million in the year (+13.8%). **Positive free cash flow** of R$ **104.4** million in 2018 demonstrates the Company's new momentum
- **ROIC** without goodwill of **12.7%**, up by **183 bps,** due to the **maturation of investments**
- Net promoter score (**NPS**) of **67.0%** at the end of 4Q18 and **65.3% in the year** reflects the ongoing improvements in **real-time management** of the patients' flow in our units

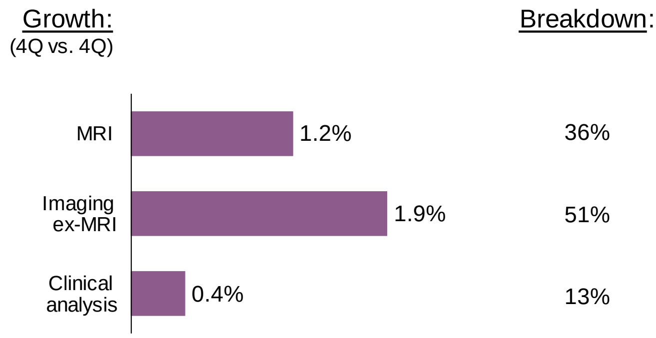
KPIs (R$ Million)	4Q18	4Q17	YoY	2018	2017	YoY
Gross Revenue (ex-construction)[1]	279.3	275.3	1.4%	1,162.4	1,124.3	3.4%
Net Revenue (ex-construction)[1]	258.6	254.3	1.7%	1,075.5	1,041.5	3.3%
Gross Profit	68.0	60.6	12.3%	289.4	273.4	5.8%
Gross Profit Margin[2]	26.3%	23.8%	248 bps	26.9%	26.2%	66 bps
EBITDA	57.1	-5.0	n/a	219.9	149.3	47.2%
EBITDA Margin[2]	22.1%	-2.0%	n/a	20.4%	14.3%	611 bps
Adjusted EBITDA[3]	64.9	51.5	26.0%	250.8	222.8	12.6%
Adjusted EBITDA Margin[2]	25.1%	20.2%	484 bps	23.3%	21.4%	194 bps
Net Income (Shareholders)	16.4	-13.3	n/a	40.1	6.7	502.7%
Operating Cash Flow	73.2	36.8	98.8%	181.3	159.4	13.8%
Cash Conversion	112.7%	71.5%	4118 bps	72.3%	71.6%	73 bps
Free Cash Flow	58.8	9.6	515.2%	104.4	-28.1	n/a
ROIC[4]	12.7%	10.9%	183 bps	12.7%	10.9%	183 bps
NPS[5]	67.0%	n/a	n/a	65.8%	n/a	n/a

1) Excludes "construction revenue", accounting entry referring to the investment made at RBD (PPP Bahia)
2) Margins are calculated on net revenue (ex-construction)
3) Excludes write-down of financial asset in 2017 and 2018 and other in 2017 (see chapter on EBITDA)
4) ROIC without goodwill (adjusted NOPAT divided by average invested capital without goodwill)
5) Comparison of Net Promoter Score vs 4Q17 is not applicable: Alliar concluded in 1Q18 an automation process that improves the methodology of capturing data on patients' satisfaction levels.

REVENUE

Gross revenue (ex-construction) reached R$ **279.3** million (**+1.4%**) in the quarter with SSS performance of **+1.4%**, plus the +0.2% in contribution from new units and partially offset by the closing of units when compared to 4Q17.





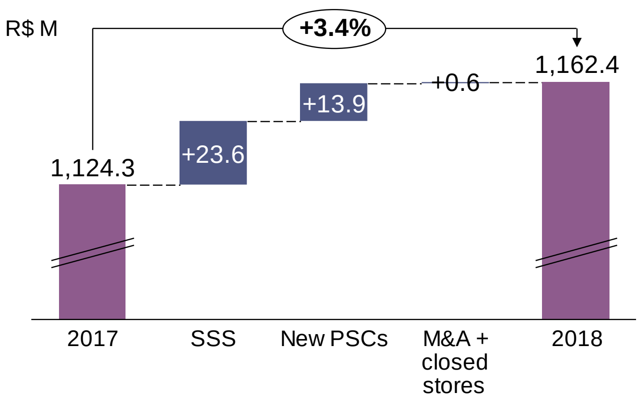
Contribution: 1.4% + 0.2% - 0.2%

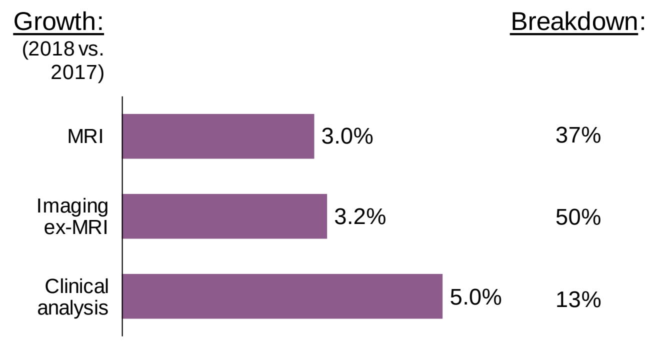
The growth in sales mainly reflects the increase in image exams and was partially offset by a lower average ticket, which in turn was impacted by the trade-down of healthcare plans.

With the recovery in the creation of formal jobs (CAGED) as of 3Q18, an increase in the number of healthcare beneficiaries is expected after a long cycle of stagnation which, in addition to driving the sector's demand, should end the cycle of trade-downs.

In terms of brands and regional dynamics, CDB (São Paulo) continues as our highlight, showing the best growth among the Company's brands. The latest mega-units, inaugurated in 2017, continue to mature and are the main source for this growth. On the other hand, the Company faces growth challenges for the Delfin brand (Bahia) due to losses of beneficiaries by the main players in the region.

In 2018, Alliar's revenue reached R$ **1,162.4** million (**+3.4%**) with **SSS of 2.1%**, as illustrated below.





Contribution: 2.1% + 1.2% + 0.1%

Gross Revenue (R$ Million)	4Q18	4Q17	YoY	2018	2017	YoY
Gross Revenue (ex-construction)	279.3	275.3	1.4%	1,162.4	1,124.3	3.4%
Diagnostic imaging	242.8	239.0	1.6%	1,005.1	974.5	3.1%
MRI Exams	101.4	100.2	1.2%	426.6	414.1	3.0%
Other Imaging Exams	141.4	138.8	1.9%	578.5	560.4	3.2%
Clinical analysis	36.5	36.4	0.4%	157.2	149.7	5.0%
Construction revenue	0.1	1.3	-90.4%	1.5	38.5	-96.0%
Gross Revenue	279.4	276.6	1.0%	1,163.9	1,162.8	0.1%
Deductions	-20.7	-21.1	-2.0%	-87.0	-84.9	2.4%
Net Revenue	258.7	255.5	1.3%	1,076.9	1,077.9	-0.1%
Net Revenue (ex-construction)	258.6	254.3	1.7%	1,075.5	1,041.5	3.3%

Operational Highlights	Performance					
	4Q18	4Q17	YoY	2018	2017	YoY
Avg Revenue/MRI equipment (R$ M)	0.84	0.82	2.0%	3.53	3.39	3.9%
Avg Rev./Clin. Analysis Room (R$ M)	0.13	0.13	0.7%	0.54	0.51	5.4%
MRI exams ('000)	177	172	2.6%	744	715	4.1%
Clinical analysis exams ('000)	2,415	2,288	5.5%	10,302	9,520	8.2%
MRI Avg. Ticket (R$)	574	582	-1.4%	573	579	-1.0%
Clinical analysis Avg. Ticket (R$)	15.1	15.9	-4.9%	15.3	15.7	-3.0%
MRI exams / equipment / day	23.4	22.6	3.5%	24.6	23.4	4.9%
Clinical analysis / room / day	133.2	125.8	5.9%	142.1	130.9	8.6%

Operational KPIs	Assets					
End of period	4Q18	3Q18	QoQ	2018	2017	YoY
PSCs	111	114	-2.6%	111	118	-5.9%
Mega	17	18	-5.6%	17	18	-5.6%
Standard	83	83	0.0%	83	84	-1.2%
Collection Points	11	13	-15.4%	11	16	-31.3%
MRI equipments	121	124	-2.4%	121	122	-0.8%
Clinical Analysis Rooms	290	292	-0.7%	290	291	-0.3%

Total deductions from gross revenue reached 8.0% in the quarter, **an improvement of 25 bps** over the same period of the previous year, and begin to reflect Alliar's actions since 2018, to improve its **receiving cycle processes,** with a reduction in cancellations.

The Company continues to improve the productivity of its RMI equipment. In the quarter, this gain reached 3.5% and, in year, the **gain in productivity reached 4.9%**, totaling **24.6** exams/MRI/day on average.

The **complementary offer of CA** continues its maturing process and recorded a **5.5%** growth in number of exams performed in the quarter, and **8.2%** in year, reflecting our increase in productivity in the collection rooms to an average of **142.1** exams/room/day in the year. As a result, CA accounted for **13.5%** of gross revenue (compared to 13.3% in 2017). At the end of Dec/2018, Alliar offered CA exams in **50** of its units.

FINANCIAL PERFORMANCE

Alliar's **current growth cycle**, which is focused on **increasing profitability** through the **maturation of investments** and **productivity** gains with technology and innovation, began in January 2018 and has been positively reflected in the Company's annual results.

In 4Q18, similarly to the previous quarters of the year, Alliar recorded a relevant operational leverage with a **26.0% growth** in **adjusted EBITDA** and a **Net Income** (Shareholders) R$ **29.7** million higher than the same period of the previous year.

In the year, revenue increased by +3.3%, **adjusted EBITDA** increased by **12.6%** and **Net Income grew by 502.7%**, reaching R$ **40.1** million.

In addition to the **operational leverage** from the maturation of investments and gains in productivity, the highlights below the EBITDA line were the **reduction in financial expenses** and the lower **effective tax rate**. At the end of the year, the **tax rate reached 26.4%**, reflecting the Company's efforts to reduce tax inefficiencies associated with its corporate structure.

Income Statement Overview	4Q18	4Q17	YoY	2018	2017	YoY
Gross Revenue (ex-construction)	279.3	275.3	1.4%	1,162.4	1,124.3	3.4%
Deductions	(20.7)	(21.0)	-1.7%	(86.9)	(82.7)	5.0%
Net Revenue (ex-construction)	**258.6**	**254.3**	**1.7%**	**1,075.5**	**1,041.5**	**3.3%**
Cost of services	(190.6)	(193.7)	-1.6%	(786.1)	(768.1)	2.3%
Gross Profit	68.0	60.6	12.3%	289.4	273.4	5.8%
Gross Profit Margin	*26.3%*	*23.8%*	248 bps	*26.9%*	*26.2%*	66 bps
General and administrative expenses	(42.4)	(41.7)	1.8%	(175.7)	(168.2)	4.4%
Other income (expenses), net	10.9	(45.7)	n/a	8.7	(48.7)	n/a
Share of profit (loss) on investments	4.1	3.1	33.6%	14.9	13.8	7.6%
(+) Depreciation and Amortization	16.6	18.8	-11.7%	82.6	79.0	4.6%
EBITDA	57.1	(5.0)	n/a	219.9	149.3	47.2%
(+/- adjustments)	7.8	*56.5*	*-86.3%*	30.9	*73.4*	*-57.9%*
Adjusted EBITDA	**64.9**	**51.5**	**26.0%**	**250.8**	**222.8**	**12.6%**
Adjusted EBITDA Margin	*25.1%*	*20.2%*	484 bps	*23.3%*	*21.4%*	194 bps
(-) Depreciation and Amortization	(16.6)	(18.8)	-11.7%	(82.6)	(79.0)	4.6%
Finance income (expenses)	(15.0)	(27.9)	-46.2%	(67.2)	(78.3)	-14.1%
EBT	**25.5**	**(51.7)**	**n/a**	**70.0**	**(7.9)**	**n/a**
Taxes	(5.0)	39.7	n/a	(18.5)	22.6	n/a
Effective tax rate	*-19.6%*	*-76.9%*	5732 bps	*-26.4%*	*-284.8%*	25843 bps
Attributable to non-controlling shareholders	(4.1)	(1.4)	203.4%	(11.5)	(8.0)	43.7%
Net Income (Shareholders)	**16.4**	**-13.3**	**n/a**	**40.1**	**6.7**	**502.7%**
Net margin (Shareholders)	*6.3%*	*-5.2%*	n/a	*3.7%*	*0.6%*	309 bps

OPERATING LEVERAGE

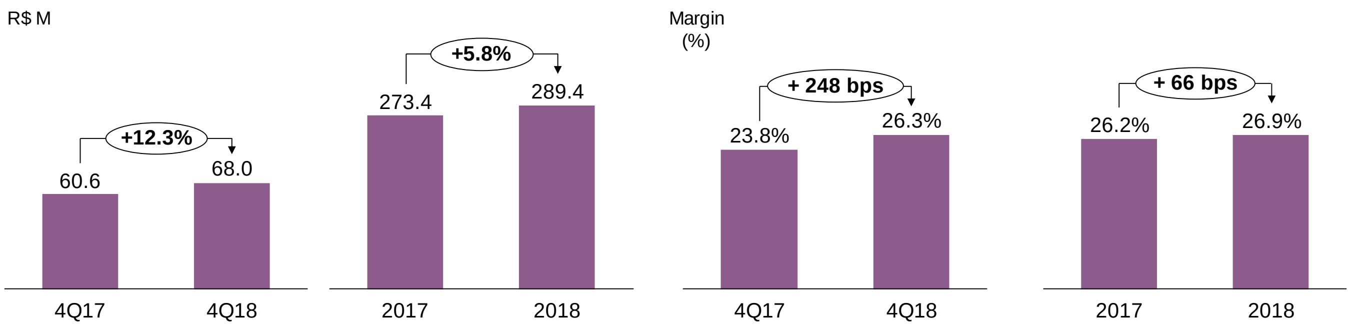
GROSS PROFIT / GROSS MARGIN

Gross Profit reached R$ **68.0** million in the quarter (**+12.3%**) with a gross margin of 26.3% (**+248 bps**). In the year, gross profit reached R$ **289.4** million, with a margin of **26.9%** (+66 bps).

In both quarterly and annual results, the strategic sourcing initiatives, combined with cost control plans, led to gross margin expansion. We highlight the emphasis on contract renegotiations for supplies and support labs which, in addition to contributing to the 2018 results, will also provide additional benefits in 2019. Other cost categories should also contribute in 2019 due to negotiations already carried out.

Margin expansion was partially offset by the increase in medical fees, reflecting the greater share of ultrasound exams in the Company's revenue (medical-dependent exams).

GROSS PROFIT AND GROSS MARGIN



Gross Profit (R$ Million)	4Q18	4Q17	YoY	% NRev (4Q18)	% NRev (4Q17)	YoY	2018	2017	YoY	% NRev (2018)	% NRev (2017)	YoY
Net Revenue (ex)	**258.6**	**254.3**	**1.7%**	-	-	-	**1,075.5**	**1,041.5**	**3.3%**	-	-	-
Costs (ex)	**-190.5**	**-193.7**	**-1.7%**	**-73.7%**	**-76.2%**	**251 bps**	**-786.1**	**-768.1**	**2.3%**	**-73.1%**	**-73.8%**	**66 bps**
Medical Services	-50.4	-48.0	5.0%	-19.5%	-18.9%	-62 bps	-206.8	-187.0	10.6%	-19.2%	-18.0%	-128 bps
Employees	-54.7	-54.1	1.0%	-21.1%	-21.3%	14 bps	-208.0	-204.1	1.9%	-19.3%	-19.6%	25 bps
Supplies and Support Labs	-32.3	-33.2	-2.7%	-12.5%	-13.0%	56 bps	-131.1	-136.7	-4.1%	-12.2%	-13.1%	93 bps
Maintenance	-6.2	-4.1	51.1%	-2.4%	-1.6%	-79 bps	-27.4	-28.8	-4.7%	-2.6%	-2.8%	21 bps
Occupancy	-19.3	-23.4	-17.5%	-7.5%	-9.2%	174 bps	-88.0	-86.0	2.2%	-8.2%	-8.3%	8 bps
Third-party serv. and others	-12.7	-14.0	-9.6%	-4.9%	-5.5%	61 bps	-50.4	-54.5	-7.5%	-4.7%	-5.2%	54 bps
Deprec. and amortization	-14.9	-16.9	-11.7%	-5.8%	-6.6%	87 bps	-74.4	-71.1	4.6%	-6.9%	-6.8%	-9 bps
Gross Profit	**68.0**	**60.6**	**12.3%**	**26.3%**	**23.8%**	**248 bps**	**289.4**	**273.4**	**5.8%**	**26.9%**	**26.2%**	**66 bps**
Construction cost	-0.1	-1.2	-90.4%	-	-	-	-1.4	-36.3	-96.0%	-	-	-

Note: Costs and expenses for 2017, as presented in the 2017 financial statements, were reclassified in this report to equalize with the cost structure utilized for all Alliar brands in 2018.

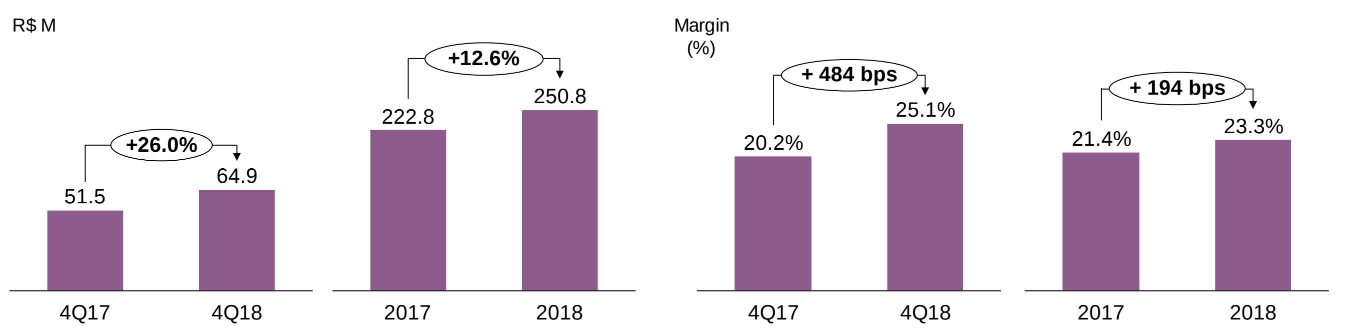
EBITDA / EBITDA MARGIN

Adjusted EBITDA increased by **26.0%** in the quarter, reaching R$ **64.9** million, with an EBITDA margin of **25.1%** (**+484 bps**). The gains registered in the quarter reflect the Company's discipline in cost and expense management, combined with the strategic sourcing initiatives already mentioned.

In addition, the "Other expenses, net" account also contributed to the EBITDA growth in the quarter. The main impacts in this account were: i) gains on maintenance contracts in the year, ii) sale of PP&E, and iii) recovery of cancellations and PDD.

In 2018, **adjusted EBITDA** totaled R$ **250.8** million (**+12.6%**) with a **23.3%** margin, which **increased by 194 bps**.

ADJUSTED EBITDA AND ADJUSTED MARGIN



EBITDA (R$ Million)	4Q18	4Q17	YoY	% NRev (4Q18)	% NRev (4Q17)	YoY	2018	2017	YoY	% NRev (2018)	% NRev (2017)	YoY
Net Revenue (ex)	**258.6**	254.3	**1.7%**	-	-	-	**1,075.5**	1,041.5	**3.3%**	-	-	-
Gross Profit	**68.0**	60.6	**12.3%**	**26.3%**	23.8%	**248 bps**	**289.4**	273.4	**5.8%**	**26.9%**	26.2%	**66 bps**
General and adm. expenses	-42.4	-41.7	1.8%	-16.4%	-16.4%	-2 bps	-175.7	-168.2	4.4%	-16.3%	-16.2%	-19 bps
Employees	-24.6	-19.2	28.4%	-9.5%	-7.5%	-198 bps	-93.0	-88.5	5.1%	-8.7%	-8.5%	-15 bps
Occupancy, 3rd party, other	-15.6	-18.7	-16.9%	-6.0%	-7.4%	135 bps	-70.6	-62.9	12.3%	-6.6%	-6.0%	-53 bps
Long-term incentive	-0.6	-1.9	-67.2%	-0.2%	-0.8%	51 bps	-3.8	-8.9	-57.3%	-0.4%	-0.9%	50 bps
Depreciation and amort.	-1.7	-1.9	-11.5%	-0.6%	-0.7%	10 bps	-8.3	-7.9	4.6%	-0.8%	-0.8%	-1 bps
Other expenses, net	10.9	-45.7	n/a	4.2%	-18.0%	n/a	8.7	-48.7	n/a	0.8%	-4.7%	n/a
Earnings of subsidiaries	4.1	3.1	33.6%	1.6%	1.2%	38 bps	14.9	13.8	7.6%	1.4%	1.3%	6 bps
EBIT	**40.6**	-23.8	**n/a**	**15.7%**	-9.3%	**n/a**	**137.3**	70.3	**95.2%**	**12.8%**	6.8%	**601 bps**
(+) Depreciation and amort.	16.6	18.8	-11.7%	6.4%	7.4%	-97 bps	82.6	79.0	4.6%	7.7%	7.6%	10 bps
EBITDA	**57.1**	-5.0	**n/a**	**22.1%**	-2.0%	**n/a**	**219.9**	149.3	**47.2%**	**20.4%**	14.3%	**611 bps**
Write-down of financial asset	7.8	7.7	1.5%	3.0%	3.0%	-1 bps	30.9	24.6	25.9%	2.9%	2.4%	52 bps
Other adjustments (2017)	0.0	48.8	-100.0%	0.0%	19.2%	n/a	0.0	48.8	-100.0%	0.0%	4.7%	n/a
Adjusted EBITDA	**64.9**	51.5	**26.0%**	**25.1%**	20.2%	**484 bps**	**250.8**	222.8	**12.6%**	**23.3%**	21.4%	**194 bps**

Accounting EBITDA registered R$ 219.9 million (**+47.2%**) in the year. The following summary describes the adjustment made in 2018 for a better understanding of Alliar's EBITDA.

- Write-down of Financial Asset: A recurring entry concerning the depreciation of investments made by RBD (PPP Bahia), which reached R$ **7.8** million in 4Q18 (vs. R$ **7.7** million in 4Q17) and R$ **30.9** million in the year.

FINANCIAL RESULT AND DEBT

Financial Result (R$ Million)	4Q18	3Q18	4Q17	YoY	2018	2017	YoY
Financial income	0.2	0.4	0.8	-74.5%	1.3	4.7	-73.3%
Financial expenses	-15.9	-17.0	-27.3	-41.5%	-67.2	-82.8	-18.8%
FX effect on USD debt	0.7	-0.2	-1.4	n/a	-1.3	-0.2	520.4%
Total Financial Result	**-15.0**	**-16.8**	**-27.9**	**-46.2%**	**-67.2**	**-78.3**	**-14.1%**

The **46.2%** improvement in financial result during the quarter is mainly due to lower financial expenses in the period (-41.5%), in addition to a small gain in exchange variation recorded at the end of the year.

In 2018, the **14.1%** improvement in total financial result also reflects lower financial expenses (-18.8%), which were partially offset by lower financial revenue and a negative impact from exchange variation due to the devaluation of the Brazilian Real in 2018.

Debt (R$ Million)	4Q18	3Q18	4Q17	YoY
Loans and debentures	605.5	618.6	599.3	1.0%
Supplier 'drawee risk'	0.0	0.0	11.7	-100.0%
Derivative fin. instruments	-2.3	-2.8	1.3	-283.6%
Gross Bank Debt	**603.2**	**615.8**	**612.2**	**-1.5%**
Gross Bank Debt R$[1]	595.9	606.4	598.6	-0.5%
Gross Bank Debt US$	7.3	9.4	13.5	-45.7%
Tax installment payments	10.7	8.6	9.2	16.6%
Acquisitions of companies	46.8	50.8	85.3	-45.1%
Total Gross Debt	**660.7**	**675.2**	**706.6**	**-6.5%**
Cash and equivalents	**75.9**	**50.4**	**95.3**	**-20.4%**
Total Net Debt	**584.8**	**624.8**	**611.3**	**-4.3%**
Adjusted EBITDA LTM[2]	250.8	237.4	224.9	11.5%
Total Net Debt / Adj. EBITDA	**2.33 x**	**2.63 x**	**2.72 x**	**-14.2%**

1) Approximately 10% of this BRL-based debt is exposed to foreign currency and is protected from exchange variation effects through hedge instruments
2) Adjusted LTM EBITDA including acquisitions

At the end of the quarter, **total net debt** was R$ **584.8** million, a 4.3% decrease YoY, representing a **total net debt/LTM adjusted EBITDA** ratio of **2.33x.**

The **14.2% reduction in the leverage indicator** is a consequence of the Company's efforts to increase free cash generation, a trend that should continue to be observed throughout 2019, in line with Alliar's financial deleveraging strategy.

INCOME TAX AND SOCIAL CONTRIBUTION

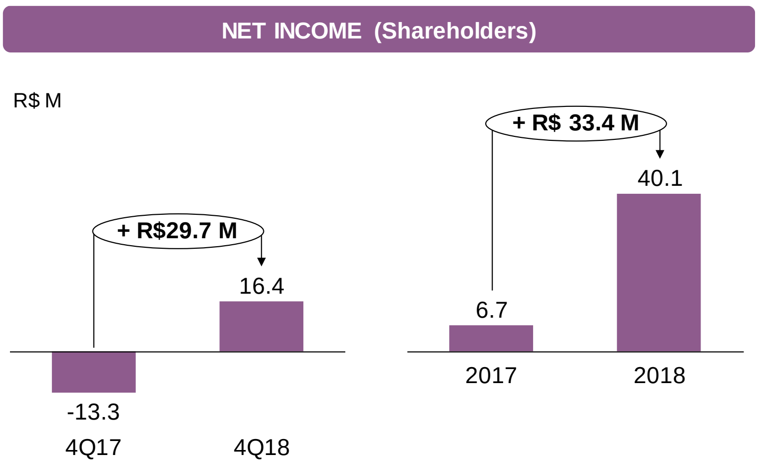
Income Tax (R$ Million)	Consolidated					
	4Q18	4Q17	YoY	2018	2017	YoY
EBT	**25.6**	**-51.7**	**n/a**	**70.0**	**-7.9**	**n/a**
Income Tax	**-5.0**	**39.7**	**n/a**	**-18.5**	**22.6**	**n/a**
Current income tax	*-10.9*	*-5.4*	*102.4%*	*-23.8*	*-22.7*	*4.8%*
Deferred income tax	*5.9*	*45.1*	*-87.0%*	*5.3*	*45.3*	*-88.2%*
Effective Tax Rate (%)	**19.6%**	**76.9%**	**-5732 bps**	**26.4%**	**284.8%**	**-25843 bps**

In **4Q18**, the Company posted income taxes in the amount of R$ **5.0** million, equivalent to an effective rate of **19.6%,** an improvement of **5,732 bps** when compared to 4Q17. **In 2018,** the tax rate came in at **26.4%**, representing once again a **significant improvement** versus the previous period. The results reflect Alliar's efforts in reducing the inefficiencies associated with its corporate structure and normalizing its effective tax rate.

NET INCOME

Net Income (Shareholders) **reached** R$ **16.4** million (**margin of 6.4%**), a R$ **29.7** million **growth** in the quarter. In 2018, **the growth was 502.7%**, reaching a net income of R$ **40.1** million with a margin of **3.7%**. When compared to the net income of 2017, the increase was 63%.

The **net income growth** in the quarter mainly reflects the operating leverage of the Company's current phase. Between EBITDA and Net Income, it also reflects the improved levels of financial results (lower cost of debt), more than compensating the higher depreciation level registered in 2018.



Net Income (R$ Million)	4Q18	4Q17	YoY	2018	2017	YoY
Net Income	20.6	-11.9	n/a	51.6	14.6	252.2%
(-) Attributable to noncontrolling interests	4.1	1.4	203.4%	11.5	8.0	43.7%
Net Income (Shareholders)	**16.5**	**-13.3**	**n/a**	**40.1**	**6.7**	**502.7%**
Net Income per share (in R$)	0.14	-0.11	n/a	0.34	0.06	496.9%
Net Margin	**8.0%**	**-4.7%**	n/a	**4.8%**	**1.4%**	339 bps
Net Margin (Shareholders)	**6.4%**	**-5.2%**	**n/a**	**3.7%**	**0.6%**	**309 bps**

INVESTMENTS

Investments (R$ Million)	4Q18	4Q17	YoY	2018	2017	YoY
Organic Expansion	8.4	19.4	-56.8%	28.1	124.7	-77.5%
Maintenance	13.9	6.9	102.5%	49.8	27.6	80.6%
Others	-8.0	6.0	n/a	-2.5	21.2	n/a
Total CAPEX[1]	**14.3**	**32.3**	**-55.8%**	**75.4**	**173.5**	**-56.5%**
Financial Asset (RBD)	0.1	1.2	-90.1%	1.5	38.5	-96.0%
M&A / Investments[2]	0.0	0.0	n/a	12.5	92.0	-86.4%
TOTAL	**14.4**	**33.5**	**-57.0%**	**89.4**	**304.1**	**-70.6%**

1) Capex includes non-cash additions to PPE in 2017, through financing agreements, as described in note 27 of the financial statements.
2) M&A/Investments are in the accrual method (they differ from the cash flow amounts recorded)

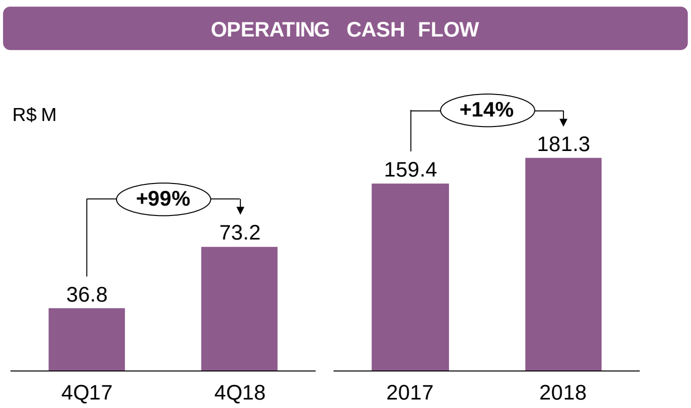
Total investments reached R$ **14.4** million in 4Q18, down by 57.0%, mainly reflecting the lower level of investments towards organic expansion. The growth observed in maintenance, which is a result of a higher volume of equipment parts' replaced, was compensated by the reduction registered in 'Others'. This reduction relates to the sale by R$10.6 million of PP&E of the Hospital São Rafael operation (Delfin brand).

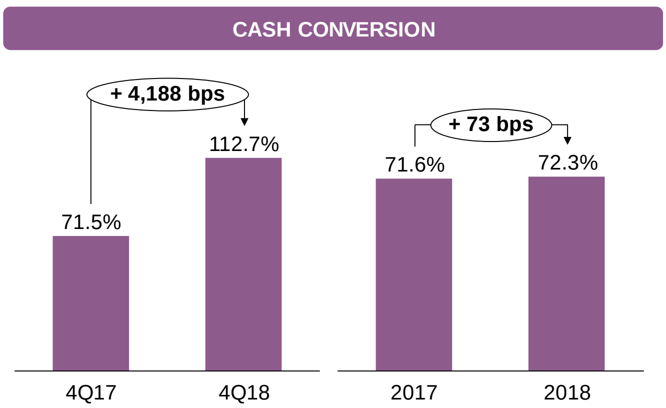
It is worth noticing that a higher volume of equipment parts replaced do not affect the Company's cash disbursements since maintenance contracts are signed under fixed amounts, regardless of the volume of replaced parts

In 2018, the strong reduction by **70.6%** in comparison to the previous year reflects mainly the end of the large investment cycle held until 2017. The most significant reductions in the year were in organic expansion CAPEX (-77.5%) and in investments in financial asset (RBD) and M&A, in line with the Company's strategy to **improve the use of its current assets base and maturation of investments already made**.

CASH FLOW

Operating cash generation reached R$ **73.2** million in the quarter, up by **99%**, with a **cash conversion** rate of **112.7%**, or **4,118 bps** higher than the same period in 2017. In the year, operating cash generation totaled R$ **181.3** million (+13.8%), with a **cash conversion** rate of **72.3%**.





The variation in operating cash generation in the quarter was mainly due to the Company's improved adjusted EBITDA level, caused by operating leverage, lower expenses and cost discipline.

Additionally, Alliar suspended in 4Q18 its service agreement with Hospital São Rafael. As a result, the Company received approximately R$ 32 million in Dec/2018 as part of the overdue amounts related to services provided (gains to the "accounts receivable" line). The other amounts received are mainly related to the sale of the unit's equipment (gain in "investment activities").

Since the Company's new cycle, its high operational cash generation capacity has also transformed into an **important evolution in the generation of free cash flow**. During 2018, with the continuous maturation of operations and lower investments, **positive free cash flow reached R$ 104.4 million**.

Cash Flow (R$ Million)	4Q18	4Q17	YoY	2018	2017	YoY
(1) Adjusted EBITDA	**64.9**	**51.5**	**26.1%**	**250.8**	**222.8**	**12.6%**
(2) Non-cash items	-13.4	-12.7	4.9%	-29.7	-24.3	22.2%
(3) Working Capital[a]	32.5	3.5	839.7%	-16.0	-16.4	-2.1%
Clients	42.9	32.6	31.7%	-8.6	-20.1	-57.0%
Trade payables	0.4	-5.1	n/a	-1.0	12.1	n/a
Payroll and related taxes	-8.8	2.7	n/a	-9.2	10.2	n/a
Taxes payable and taxes in installments	-8.8	-31.0	-71.5%	6.9	-6.2	n/a
Other	6.8	4.3	59.5%	-4.1	-12.4	-66.6%
(4) Current income tax	**-10.9**	**-5.4**	**102.4%**	**-23.8**	**-22.7**	4.8%
(5) Operating Cash Flow [=(1)+(2)+(3)+(4)]	**73.2**	**36.8**	**98.8%**	**181.3**	**159.4**	**13.8%**
(6) Investing Activities[b]	**-14.4**	**-27.3**	**-47.1%**	**-76.9**	**-187.5**	**-59.0%**
Investments	-14.3	-26.0	-45.1%	-75.4	-149.0	-49.4%
Purchase of PPE and intangible assets	-24.9	-26.0	-4.5%	-86.0	-149.0	-42.3%
Sale of PPE	10.6	0.0	n/a	10.6	0.0	n/a
Financial Asset (Capex RBD)	-0.1	-1.2	-90.4%	-1.5	-38.5	-96.0%
Acquisition of subsidiaries (M&A)	0.0	-6.2	-100.0%	-12.5	-54.4	-77.0%
(7) Free Cash Flow ex-M&A [= (5)+(6)]	**58.8**	**9.6**	**515.2%**	**104.4**	**-28.1**	**n/a**
(8) Financing Activities[c]	**-32.6**	**37.5**	**n/a**	**-110.3**	**14.8**	**n/a**
Dividends / IOC paid	-4.1	-1.0	317.7%	-4.1	-1.0	317.7%
Borrowings and amortizations, net	-15.3	50.5	n/a	-40.8	34.8	n/a
Financial expenses (cash)	-15.7	-7.6	107.0%	-69.0	-2.4	2804.2%
Treasury Shares	-1.5	-1.3	14.5%	-1.5	-8.3	-82.0%
Related Parties	4.0	-3.2	n/a	5.1	-8.4	n/a
(9) Cash Increasase (decrease) [= (7)+(8)]	**26.2**	**40.8**	**-35.8%**	**-18.4**	**-67.7**	**-72.8%**
Conversion (Operating Cash Flow/Adjusted EBITDA)	**113%**	**72%**	**4118 bps**	**72%**	**72%**	**73 bps**
Adjusted EBITDA	64.9	51.5	26.0%	250.8	222.8	12.6%

a) Excludes Financial Asset (RBD Capex), considered in Investing
b) Includes Financial Asset (RBD Capex) and excludes M&A, financial investments and related parties, considered in Financing
c) Includes debt from acquisitions (M&A), in addition to financial investments and related parties.
Note: Some of the 2017 accounts have been reclassified to allow comparability with the 2018 figures above.

FINANCIAL STATEMENTS

BALANCE SHEETS AT DECEMBER 31, 2018 AND DECEMBER 31, 2017

(R$'000)

ASSETS	Consolidated	
	12/31/2018	12/31/2017
CURRENT ASSETS		
Cash and cash equivalents	73,165	91,597
Securities	-	10
Accounts receivable	228,961	219,178
Inventories	5,435	4,650
Financial assets	31,094	30,676
Taxes recoverable	40,770	41,153
Derivative financial instruments	2,313	-
Other accounts receivable	17,998	14,290
Total current assets	**399,736**	**401,554**
NONCURRENT ASSETS		
Securities	2,712	3,692
Escrow deposits	26,107	25,817
Contingency reimbursement guarantee	50,576	104,389
Related parties	23,496	38,406
Deferred income and social contribution taxes	128,061	123,127
Financial assets	79,854	83,164
Investments	6,625	5,364
Property and equipment	525,020	532,523
Intangible assets	967,239	966,949
Total noncurrent assets	**1,809,690**	**1,883,431**
TOTAL ASSETS	**2,209,426**	**2,284,985**

LIABILITIES AND EQUITY	Consolidated	
	12/31/2018	12/31/2017
CURRENT LIABILITIES		
Trade payables	60,803	61,758
Supplier 'drawee risk'	-	11,652
Payroll and benefits	43,471	52,652
Borrowings and financing	232,561	167,044
Derivative financial instruments	-	1,260
Tax obligations	21,012	23,524
Tax installment payments	2,277	2,212
Accounts payable - acquisition of companies	13,418	36,488
Dividends payable	6,716	-
Other accounts payable	4,477	5,463
Total current liabilities	**384,735**	**362,053**
NONCURRENT LIABILITIES		
Borrowings and financing	372,950	432,208
Related parties	1,025	5,881
Tax installment payments	8,418	6,960
Accounts payable - acquisition of companies	33,368	48,790
Deferred income and social contribution taxes	10,294	5,161
Deferred PIS/COFINS/ISS	6,754	8,033
Provision for legal contingencies	89,429	140,045
Other accounts payable	2,741	5,598
Total non-current liabilities	**524,979**	**652,676**
EQUITY		
Capital stock	612,412	612,412
Capital reserves	622,280	620,222
Treasury shares	(38)	(1,954)
Profits reserve	22,151	-
Other comprehensive income	141	-
Accumulated losses	-	(11,220)
Controlling shareholders' equity	1,256,946	1,219,460
Minority interest	42,766	50,796
Total equity	**1,299,712**	**1,270,256**
TOTAL LIABILITIES AND EQUITY	**2,209,426**	**2,284,985**

INCOME STATEMENTS FOR THE QUARTERS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017 (R$'000)

Consolidated	12/31/2018 Quarter	12/31/2017 Quarter	12/31/2018 Year	12/31/2017 Year
NET SERVICE REVENUE	258,750	255,520	1,076,918	1,077,876
Cost of services	(190,646)	(184,631)	(787,538)	(756,580)
GROSS PROFIT	68,104	70,889	289,380	321,296
OPERATING (EXPENSES) INCOME				
General and administrative expenses	(42,439)	(51,984)	(175,717)	(216,138)
Other (expenses) income, net	10,872	(45,721)	8,730	(48,667)
Equity in the earnings (loss) of subsidiaries	4,081	3,055	14,893	13,846
OPERATING INCOME BEFORE FINANCIAL RESULT	40,617	(23,762)	137,286	70,337
FINANCIAL RESULT	(15,020)	(27,913)	(67,238)	(78,260)
Financial expenses	(15,224)	(28,712)	(68,494)	(82,957)
Financial income	204	799	1,256	4,697
OPERATING INCOME (LOSS) BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	25,597	(51,677)	70,048	(7,923)
CURRENT AND DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES	(5,002)	39,750	(18,482)	22,563
NET INCOME (LOSS) FOR THE PERIOD	20,594	(11,927)	51,566	14,640
ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS	16,493	(13,278)	40,087	6,652
ATTRIBUTABLE TO MINORITY INTEREST	4,102	1,352	11,479	7,988

Note: The costs and expenses for 2017 presented in this table follow the financial statements. For a comparable basis, refer to pages 8 and 9.

CASH FLOW STATEMENTS AT DECEMBER 31, 2018 AND DECEMBER 31, 2017 (R$'000)

	Consolidated	
	12/31/2018	12/31/2017
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (loss) for the period	**51,566**	**14,640**
Adjustments to reconcile net income to net cash generated by (used in) operating activities:	110,725	89,434
Depreciation and amortization	82,621	79,017
Stock options granted and restricted stocks	2,771	7,617
Residual value of property, plant and equipment disposed of, and investments	10,625	20,267
Finance charges, foreign exchange effect and derivatives	54,644	80,891
Financial asset update	(26,522)	(21,108)
Income (loss) from subsidiaries	(14,893)	(13,844)
Allowance for doubtful debts	3,270	(7,135)
Provisions for civil, labor and tax risks	658	(3,416)
Defered Taxes	(2,449)	(52,855)
	162,291	104,074
Decrease (increase) in operating assets	12,062	(2,509)
Decrease (increase) in clients	17,887	49,855
Decrease (increase) in inventories	(785)	1,741
Decrease (increase) in other assets	(3,514)	(15,588)
Decrease (increase) in Financial Asset	(1,526)	(38,517)
Increase (decrease) in operating liabilities:	**(13,164)**	**32,629**
Increase (decrease) in trade payables	(955)	12,115
Increase (decrease) in suppliers drawees risk	(11,652)	11,652
Increase (decrease) in payroll and related taxes	(9,181)	10,190
Increase (decrease) in taxes payable and taxes in installments	6,862	(6,203)
Increase (decrease) in other liabilities	(4,821)	483
Income Tax and Social Contribution paid	(7,050)	(8,654)
Dividends and interest on equity received	13,633	13,046
Net Cash generated by Operating Activies	**161,189**	**134,194**
CASH FLOW FROM INVESTING ACTIVITIES		
Short-term investments	1,073	44,504
Acquisition of subsidiaries, net of cash received	(41,101)	(42,430)
Related Parties	10,054	(9,071)
Increase in Investments	-	(11,958)
Purchase of property, plant and equipment and intangible assets	(86,033)	(149,022)
Net cash used in investing activities	**(116,007)**	**(167,977)**
CASH FLOW FROM FINANCING ACTIVITIES		
Capital Increase	-	693
Treasury Shares	(1,496)	(8,317)
Dividends paid to non-controlling shareholders	(4,081)	-
Borrowings, net	237,954	474,637
Interest paid	(57,472)	(49,511)
Repayment of borrowings and financing	(238,519)	(451,455)
Net cash used in financing activities	**(63,614)**	**(33,953)**
INCREASE IN CASH AND CASH EQUIVALENTS	(18,432)	(67,736)
CASH AND CASH EQUIVALENTS		
At the beginning of the priod	91,597	159,333
At the end of the period	73,165	91,597