

# Qualicorp Consultoria e Corretora de Seguros S.A.

## 4Q19 Earnings Release



### Qualicorp Consultoria e Corretora de Seguros S.A.

#### B3: QUAL3

**Shares Outstanding**  
(3/12/2020)  
284,014,325 shares

**Free Float**  
(3/12/2020)  
245,423,390 shares ( 86.4%)

**Cash and Cash Equivalents**  
(3/12/2020)  
R\$441.8 million

#### Investor Relations

Grace Tourinho  
IRO  
Pedro Nocetti  
IR

Phone: +55 (11) 3191 3829  
ri@qualicorp.com.br  
www.qualicorp.com.br

#### Conference Calls

March 13th 2020 (Friday)

#### Portuguese

Time: 11:00 am (EST Brasilia) /  
10:00 am (NY)  
Phone: +55 11 2188-0155  
Code: QUALICORP S.A.

#### English

Time: 11:00 am Brasilia  
10:00 EST Simultaneous Translation  
Phone: +1 646 843-6054  
Code: QUALICORP S.A.

São Paulo, March 12th 2020. QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A (B3: QUAL3), one of the leading full-service healthcare benefits trader, administrator and health management services provider in Brazil, announces its consolidated 4Q19 results. The operating and financial data are presented on a consolidated basis in Reais ("BRL" or "R\$"), in accordance with Corporate Law and regulations of "Comissão de Valores Mobiliários" – CVM (the Brazilian SEC). **From January 1<sup>st</sup>, 2019 on, the IFRS 16 instruction became effective, reflecting financial statements regarding rental expenses.**

### FINANCIAL AND OPERATING HIGHLIGHTS

- ✓ The 4Q19 Net Revenue reached R\$521.2 million, 0.7% q/q and 8.8% y/y growth. The increase reflects higher non-recurring revenue in the new sales fee. In 2019 we had a 3.7% increase;
- ✓ The Adjusted EBITDA reached R\$126.4 million in 4Q19, -47.2% y/y and -53.4% q/q, due to the impairment of the investment in Gama and the non-incurring costs with operators in the amount of R\$136 million in 4Q19. In 2019, we reached R\$883.2 million, -5.6% lower than 2018;
- ✓ The Company's net income reached R\$66.7 million in 4Q19, lower than comparable quarters mainly due to operational income performance. In 2019, R\$392.8 million accumulated, -0.6% lower than 2018;
- ✓ We closed 4Q19 with R\$246.2 million operating cash flow. After CAPEX, the cash flow generation reached R\$189.2 million.
- ✓ In 4Q19, the cash was R\$918.0 million of net debt, due to the capital reduction of R\$980 million, paid on November 5<sup>th</sup>, 2019.

### MAIN INDICATORS (R\$MM)

Consolidated Income Statement - (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Net Revenues	521.2	479.0	8.8%	517.7	0.7%	2,003.0	1,932.1	3.7%
Total Expenses (Ex-Depreciation and amortization)	(361.5)	(221.8)	63.0%	(222.6)	62.4%	(1,014.8)	(931.4)	9.0%
Adjustments to EBITDA	(33.2)	(17.9)	86.0%	(23.6)	40.7%	(102.2)	(65.1)	57.0%
Adjusted EBITDA	126.4	239.4	-47.2%	271.5	-53.4%	883.2	935.7	-5.6%
Adjusted EBITDA Margin	24.3%	50.0%	-2571bps	52.4%	-2818bps	44.1%	48.4%	-433bps
<b>Net Income (Loss)</b>	<b>66.7</b>	<b>95.6</b>	<b>-30.2%</b>	<b>119.1</b>	<b>-44.0%</b>	<b>392.8</b>	<b>395.0</b>	<b>-0.6%</b>
Balance Sheet	4Q19	4Q18	Change 4Q19/4Q18					
Equity	1,426.8	2,356.7	-39.5%					
Net Debt <sup>(1)</sup>	918.0	189.2	385.3%					
Other	4Q19	4Q18	Change 4Q19/4Q18					
Net Debt / Equity	0.64x	0.08x	701.6%					
Net Debt / Adjusted EBITDA LTM	0.92x	0.20x	355.9%					

<sup>(1)</sup> Includes acquisition payables recognized as "other payables". It does not include the investment retained as a guaranteed asset in the direct subsidiary Qualicorp Administradora de Benefícios S.A., and in the indirect subsidiary Clube de Saúde Administradora de Benefícios Ltda., according to the 33rd normative instruction by the ANS, from October 5, 2009.



## 4Q19 Earnings Release



### IFRS 16

IFRS 16 instruction were issued by the IASB and became effective on January 1<sup>st</sup>, 2019, reflecting the financial statements in the current year with opening balance on January 1<sup>st</sup>, 2019.

The instruction establishes criteria to demonstrate in the balance sheet the commitments assumed in lease contracts in exchange for a right asset corresponding to the leased asset.

The Company evaluated the lease agreements in the amount of R\$ 68 million, which were recognized on January 1<sup>st</sup>, 2019 using retrospective method with cumulative effect suggested by the standard on the date of initial application, using the balance of remaining payments.

On December 31<sup>st</sup>, 2019, lease payments reached R\$96.6 million (R\$24.2 million in current and R\$72.4 million in noncurrent) and in the asset allocated to fixed assets, as a right of use, totals the net amount R\$92.8 million.

**It is important to highlight that, for comparison purposes, the Company is applying the effects mentioned above in 2018 financial year here presented, differing from the Press Releases previously reported.**

Income Statement (R\$ MN)	1Q18	IFRS 16	1Q18 with IFRS	2Q18	IFRS 16	2Q18 with IFRS
Operational Expenses	(112.8)	1.1	(111.7)	(130.7)	1.1	(129.6)
Financial Results	(6.2)	(2.0)	(8.2)	(7.2)	(1.9)	(9.1)
Tax and Contribution	(61.2)	0.3	(60.9)	(50.8)	0.3	(50.6)
Net Income	102.7	(0.6)	102.1	88.6	(0.5)	88.1

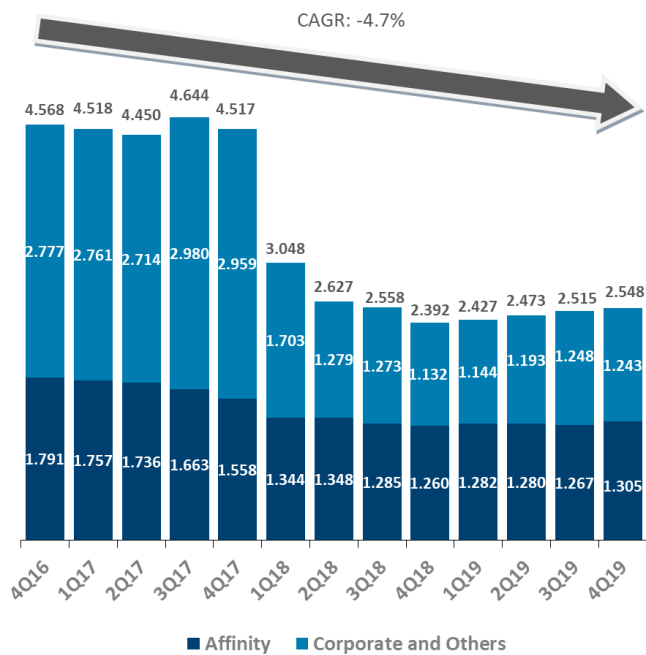
Income Statement (R\$ MN)	3Q18	IFRS 16	3Q18 with IFRS	4Q18	IFRS 16	4Q18 with IFRS
Operational Expenses	(121.7)	1.1	(120.6)	(133.4)	1.1	(132.3)
Financial Results	(6.4)	(1.8)	(8.2)	(8.2)	(1.7)	(10.0)
Tax and Contribution	(58.7)	0.2	(58.5)	(60.3)	0.2	(60.1)
Net Income	109.7	(0.5)	109.3	96.0	(0.4)	95.6

# Qualicorp Consultoria e Corretora de Seguros S.A.

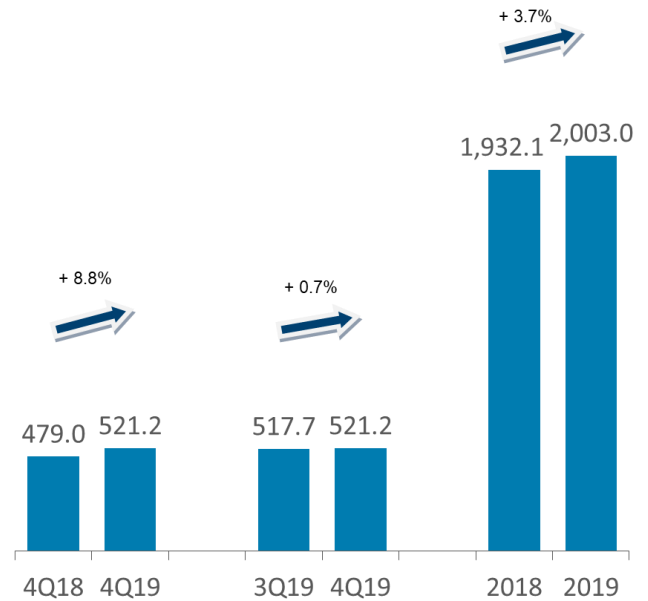


## 4Q19 Earnings Release

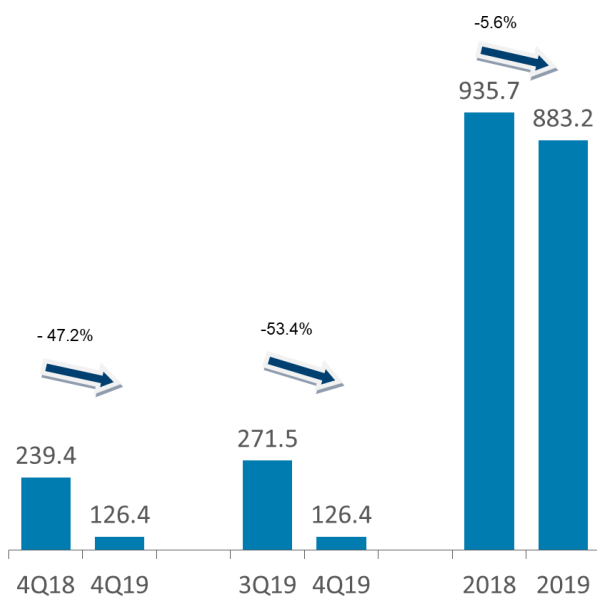
### BENEFICIARIES (MM)



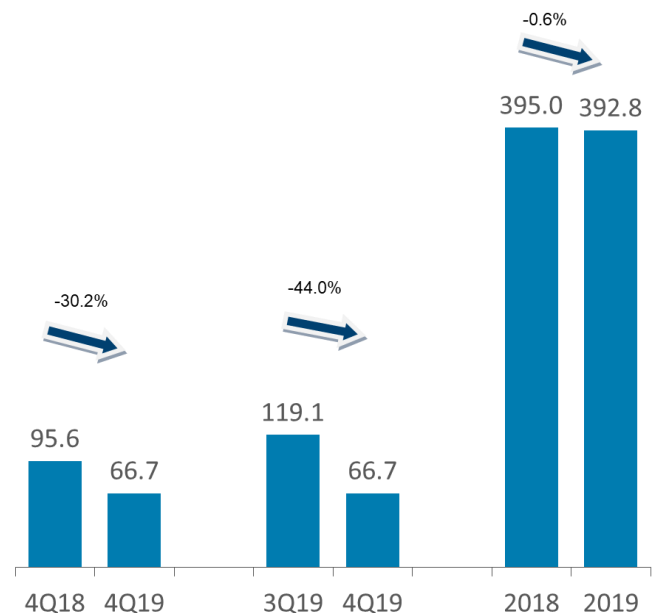
### NET REVENUES (R\$ MM)



### ADJUSTED EBITDA (R\$ MM)

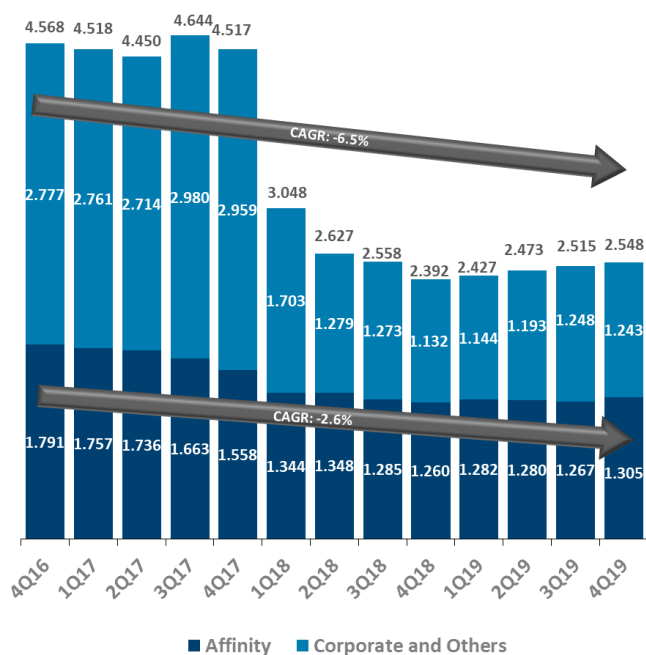


### NET INCOME (R\$ MM)

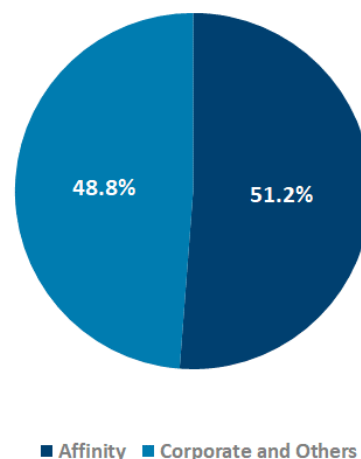


## 1 | Beneficiaries

## BENEFICIARIES (MM)



## BENEFICIARIES PORTFOLIO QUARTER BREAKDOWN



## Total Portfolio

The total number of beneficiaries reached 2.5 million lives in 4Q19. The increase regarding y/y is mainly related to higher volume of lives in Affinity, Corporate and SME. Out of the total beneficiaries, 1.3 million are in the Affinity segment and 1.2 million in the Corporate and Others segment.

## Affinity Portfolio

☐ Medical Care

Our Affinity Medical Care portfolio ended 4Q19 with 1.2 million lives, leading to a variation of 2.0% q/q and 2.3% y/y. In the comparisons, the increase observed is due to the acquisition of two new portfolios, which represented 41.4 thousand lives.

☐ Other products

The Other products portfolio, in the Affinity segment, closed 4Q19 with 115.3 thousand lives, with growth in annual and sequential comparisons, with the increase of dental care lives.

### Corporate and Others Total Portfolio

Our total portfolio of beneficiaries in the Corporate and Others segment presented a 9.8% y/y variation in 4Q19, mainly due to higher life members on Corporate and SME contracts. In the sequential comparison, this portfolio decreased 0.4%, due the reduction of Corporate lives.

#### ❑ Corporate

The Corporate segment increased 23.6% y/y in 4Q19 (-3.6% q/q), reaching 361.0 thousand lives. The positive variations reflect not only more lives in the contracts under management, but also new clients.

#### ❑ SME

The SME segment shows an increase of 27.3% when compared to 4Q18 (4.1% q/q). It is important to mention that the lives increase had a minor impact on revenues in the quarter.

#### ❑ TPA

The Self-management portfolio, which consolidates Qualicorp TPA and CRC/Gama lives has reached 0.7 million lives by the end of 4Q19, slightly higher than y/y and q/q, given new contracts, but with low profitability for the Company on the quarter.

# Qualicorp Consultoria e Corretora de Seguros S.A.

## 4Q19 Earnings Release



### 1.1 Portfolio of lives evolution

Portfolio	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
<b>Affinity Health Lives</b>								
Total Portfolio (BOP)	1,166,509	1,186,331	-1.7%	1,191,876	-2.1%	1,163,291	1,211,591	-4.0%
(+) Gross Adds	98,229	88,628	10.8%	102,189	-3.9%	409,334	380,654	7.5%
(-) Churn	- 116,408	- 111,668	4.2%	- 133,825	-13.0%	- 430,564	- 439,866	-2.1%
(+) Portfolio Acquisition	41,363	-	N.A.	6,269	559.8%	47,632	10,912	336.5%
New Lives Added (net)	23,184	23,040	-200.6%	25,367	-191.4%	26,402	48,300	-154.7%
Total Portfolio (EOP)	1,189,693	1,163,291	2.3%	1,166,509	2.0%	1,189,693	1,163,291	2.3%
<b>Affinity Other Products Lives</b>								
Total Portfolio (BOP)	100,528	98,179	2.4%	87,751	14.6%	96,944	346,635	-72.0%
New Lives Added (net)	14,763	1,235	-1295.4%	12,777	15.5%	18,347	249,691	-107.3%
Total Portfolio (EOP)	115,291	96,944	18.9%	100,528	14.7%	115,291	96,944	18.9%
<b>Affinity Portfolio</b>	<b>1,304,984</b>	<b>1,260,235</b>	<b>3.6%</b>	<b>1,267,037</b>	<b>3.0%</b>	<b>1,304,984</b>	<b>1,260,235</b>	<b>3.6%</b>
<b>Corporate</b>	<b>361,000</b>	<b>292,070</b>	<b>23.6%</b>	<b>374,523</b>	<b>-3.6%</b>	<b>361,000</b>	<b>292,070</b>	<b>23.6%</b>
<b>TPA</b>	<b>693,512</b>	<b>691,661</b>	<b>0.3%</b>	<b>692,449</b>	<b>0.2%</b>	<b>693,512</b>	<b>691,661</b>	<b>0.3%</b>
<b>Small/Medium Enterprises</b>	<b>188,722</b>	<b>148,248</b>	<b>27.3%</b>	<b>181,266</b>	<b>4.1%</b>	<b>188,722</b>	<b>148,248</b>	<b>27.3%</b>
<b>Corporate and Others Portfolio</b>	<b>1,243,234</b>	<b>1,131,979</b>	<b>9.8%</b>	<b>1,248,238</b>	<b>-0.4%</b>	<b>1,243,234</b>	<b>1,131,979</b>	<b>9.8%</b>
<b>Total Portfolio</b>	<b>2,548,218</b>	<b>2,392,214</b>	<b>6.5%</b>	<b>2,515,275</b>	<b>1.3%</b>	<b>2,548,218</b>	<b>2,392,214</b>	<b>6.5%</b>

In the Affinity segment, which represents 92.5% of our net revenues in 4Q19 ( 92.8% in 3Q19 and 92.4% in 4Q18), we reached 98.2k lives in gross additions. Compared to 4Q18, should be noted the sales campaigns impact, focusing on sales made through the digital tool. In addition to the regular gross additions, we had two portfolio acquisition which represents a total of 41.4k lives.

From the 4Q19 additions, 27% came from Clube de Saúde segment, compared to 22% in 4Q18 and 21% in 3Q19.

Regarding churn, we had 116 thousand cancellations in 4Q19, 4.2% higher than 4Q18 and 13.0% lower than 3Q19. It is important to remember that price readjustments of plans, still affected the fourth quarter. In 2019, the Company readjusted its membership base, with an average price increase of 17.4%. We keep our focus on customer retention, by enhancing our servicing and facilitating cross-plan migrations as needed. In 4Q19, our retention channel downgraded approximately 8.2k lives (19.2k lives in 4Q18), with ticket down approximately 28%.

With improvements in gross additions and churn, as well as considering the acquired portfolio, we had net adds of +23.2K lives, an outstanding performance regarding the quarters under analysis.

The portfolio in Medical Care Affinity segment had 1.2 million lives in the end of 4Q19, 2.3% y/y and 2.0% q/q. Out of this amount, almost 155 thousand lives belongs to the Clube de Saúde segment.

## 4Q19 Earnings Release



### 2 | Operating Net Revenues

Net Revenues (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Affinity	482.1	442.7	8.9%	480.4	0.4%	1,854.7	1,781.5	4.1%
% on Total Net Revenues	92.5%	92.4%	9bps	92.8%	-28bps	92.6%	92.2%	39bps
Corporate and Other	39.1	36.4	7.4%	37.3	4.6%	148.3	150.6	-1.5%
% on Total Net Revenues	7.5%	7.6%	-9bps	7.2%	28bps	7.4%	7.8%	-39bps
<b>Total Consolidated</b>	<b>521.2</b>	<b>479.0</b>	<b>8.8%</b>	<b>517.7</b>	<b>0.7%</b>	<b>2,003.0</b>	<b>1,932.1</b>	<b>3.7%</b>

Our total Net Revenues decreased 8.8% y/y in 4Q19, reaching R\$521.2 million. Regarding 3Q19, there was a 0.7% growth, reflecting new sales fee volume increase, partially from the previous quarters.

The Affinity segment contributed with R\$482.1 million in 4Q19 (8.9% y/y and 0.4% q/q). The annual increase reflects the price readjustments and it is important to highlight that although the medium price readjustment was 17.4% for 2019, the average ticket of the Company's portfolio is impacted by downgrades and by new lives with more affordable ticket.

The Net Revenue from the Corporate and Others Segment reached R\$39.1 million in 4Q19, (7.4% y/y and 4.6% q/q), reflecting not only the increase in lives, but also price adjustments in current contracts.

Therefore, the Company recovers revenue growth regarding the previous year, as a result of a better performance of the Affinity portfolio.

The Group gross revenue tax rate (ISS, PIS and COFINS) reached 8.1% in 4Q19 (versus 7.8% in 4Q18 and 7.9% in 3Q19).

## 4Q19 Earnings Release



### 3 | Operating Expenses

Cost summary (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Cost of Services	(110.3)	(86.8)	27.1%	(89.6)	23.2%	(379.5)	(359.1)	5.7%
<b>Total Costs of Services</b>	<b>(110.3)</b>	<b>(86.8)</b>	<b>27.1%</b>	<b>(89.6)</b>	<b>23.2%</b>	<b>(379.5)</b>	<b>(359.1)</b>	<b>5.7%</b>
Total Adm. Expenses	(155.1)	(135.8)	14.2%	(132.5)	17.0%	(557.8)	(507.8)	9.8%
Total Selling Expenses	(75.9)	(69.3)	9.5%	(72.3)	5.0%	(277.7)	(274.9)	1.0%
Bad Debt (Uncollectible Receivables)	(6.7)	(23.7)	-71.8%	(23.3)	-71.3%	(71.1)	(119.4)	-40.5%
Other Operating Income (Expenses)	(113.2)	2.2	-5160.9%	2.3	-5056.9%	(112.6)	(10.4)	983.3%
<b>Total Operating Expenses</b>	<b>(350.9)</b>	<b>(226.6)</b>	<b>54.8%</b>	<b>(225.9)</b>	<b>55.3%</b>	<b>(1,019.1)</b>	<b>(912.5)</b>	<b>11.7%</b>
<b>Total Consolidated</b>	<b>(461.2)</b>	<b>(313.4)</b>	<b>47.2%</b>	<b>(315.5)</b>	<b>46.2%</b>	<b>(1,398.6)</b>	<b>(1,271.6)</b>	<b>10.0%</b>
(-) One-time Revenues (a)	(2.9)	-	N.A.		N.A.	(2.9)	-	0.0%
(+) One Time Expenses (a)	0.2	0.3	-45.3%	0.1	133.1%	0.4	1.3	-69.6%
<b>Total Consolidated Recurring</b>	<b>(463.9)</b>	<b>(313.1)</b>	<b>48.2%</b>	<b>(315.4)</b>	<b>47.1%</b>	<b>(1,398.2)</b>	<b>(1,270.3)</b>	<b>10.1%</b>

a) Refers to Stock option expenses.

Our consolidated recurring Operating Expenses increased 47.3% y/y in 4Q19 (46.2% q/q). The increase over the previous quarter reflects two non-recurring impacts: [i] impairment of the gain paid on Gama's acquisition, in the amount of R\$111.4 million; and [ii] expenses related to the loss ratio of a beneficiaries' portfolio migration. In addition, it should be noted that the increase in administrative expenses is due to personnel expenses, mainly due to the QSaúde project, which should not affect the Company's results as of 1Q20.

**Due to IFRS 16, occupancy expenses do not include rental expenses. These expenses are amortized and only carry over administrative expenses.**

Regarding Selling expenses, these go up sequentially due to the higher volume of recurring sales, as well as the continuity of incentive campaigns for new sales made by digital channel.

Losses on bad debt, as a percentage of net revenue, decreased in the annual comparison and moved slightly up sequentially. The improvement is due to the Company's efforts [i] in customer retention, resulting in less cancellations caused by delinquency; [ii] reduction in customer losses with injunctions with operators; and [iii] effort to recover late payments from customers.



## 4Q19 Earnings Release



## 3.1 | Cost of Services

Cost of Services (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Personnel expenses	(28.7)	(28.7)	-0.3%	(27.2)	5.4%	(120.7)	(124.0)	-2.6%
Third Party Services	(27.7)	(26.2)	5.8%	(29.5)	-5.9%	(108.9)	(103.1)	5.6%
Occupancy expenses	(1.6)	(1.9)	-14.1%	(1.9)	-16.5%	(7.5)	(7.9)	-4.6%
Royalties (a)	(22.2)	(20.6)	7.9%	(21.6)	2.9%	(84.5)	(87.0)	-2.9%
Others (b)	(30.1)	(9.3)	222.0%	(9.4)	220.9%	(57.8)	(37.0)	56.0%
<b>Total Consolidated</b>	<b>(110.3)</b>	<b>(86.8)</b>	<b>27.1%</b>	<b>(89.6)</b>	<b>23.2%</b>	<b>(379.5)</b>	<b>(359.1)</b>	<b>5.7%</b>
<b>Gross Margin</b>	<b>78.8%</b>	<b>81.9%</b>	<b>-306bps</b>	<b>82.7%</b>	<b>-386bps</b>	<b>81.1%</b>	<b>81.4%</b>	<b>-36bps</b>

a) Refers to expenses related to financial 'pass through' incurred in agreements signed with professional associations for the contracting and selling of affinity plans (called royalties).

b) Refers mainly to lawsuits, mailing expenses and annual membership fees paid by the Company to associations, unions and councils on behalf of the beneficiaries / members of the professional associations, paid by the Company for associations, unions and councils to which the beneficiaries are affiliated.

The consolidated Cost of Services reached R\$110.3 million in 4Q19 (27.1% y/y and 23.2% q/q). Thus, we achieved 78.8% of gross margin. This variance is due to other costs, expenses with the loss ratio of our beneficiaries with an operator.

In terms of personnel expenses, we had a relative stability y/y, and in 2019, we can observe savings due to adjustments in the operational areas, mainly carried out in the first half of the year.

The cost of third party services increased in comparative terms. The Company has been going through a digital transformation process that includes not only the sales process, but also the service to customers. This transformation considers IT system's expenses, which were intensified over a few quarters, until some systems are permanently replaced. We can already observe sequential reduction in 4Q19, as a result of this effort.

The Royalties, net of revenue with stipulation of contracts, increased in the comparisons, mainly due to the price readjustments of the plans, which affects the value passed on to the entities. In 2019, we had savings of about 2.9%.

The Others line was impacted by about R\$24 million. This extraordinary value is related to a portfolio migration agreement of 90k lives, from one insurer to another. This migration, carried out on February 2019, provided for Qualicorp's responsibility for the loss costs of customers in the portfolio. This contract was added in February 2020, remaining those lives in the Company and without risk of affecting our costs by the handling of the sinister for the operator.

## 4Q19 Earnings Release



## 3.2 | Administrative Expenses

Administrative expenses (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Personnel expenses	(42.7)	(26.0)	64.1%	(26.4)	61.6%	(128.3)	(113.1)	13.5%
Third Party services	(16.9)	(16.9)	-0.2%	(18.6)	-9.3%	(62.0)	(54.9)	12.9%
Occupancy expenses	(0.5)	(0.6)	-17.0%	(0.5)	16.6%	(2.1)	(2.8)	-23.6%
Amortization of Tenance expenses	(8.6)	(4.2)	106.5%	(5.9)	46.1%	(26.6)	(16.7)	59.1%
Depreciation and amortization	(61.8)	(67.2)	-8.0%	(61.2)	1.0%	(253.1)	(248.9)	1.7%
Others	(24.5)	(20.8)	17.8%	(19.9)	23.0%	(85.7)	(71.4)	19.9%
<b>Total Consolidated</b>	<b>(155.1)</b>	<b>(135.8)</b>	<b>14.2%</b>	<b>(132.5)</b>	<b>17.0%</b>	<b>(557.8)</b>	<b>(507.8)</b>	<b>9.8%</b>
(+) Stock Options Expenses	0.2	0.3	-45.3%	0.1	133.1%	0.4	1.3	-69.6%
<b>Total Recurring Adm. Expenses</b>	<b>(154.9)</b>	<b>(135.5)</b>	<b>14.4%</b>	<b>(132.5)</b>	<b>17.0%</b>	<b>(557.4)</b>	<b>(506.6)</b>	<b>10.0%</b>
<b>Recurring Adm. Expenses/ Net Revenue %</b>	<b>29.7%</b>	<b>28.3%</b>	<b>144bps</b>	<b>25.6%</b>	<b>414bps</b>	<b>27.8%</b>	<b>26.2%</b>	<b>161bps</b>

Our recurring Administrative expenses increased 14.4% y/y (17.0% q/q), reaching R\$154.9 million in 4Q19. Regarding net revenue, 4Q19 closed at 29.7%, 144 bps higher than 4Q18 and 414 bps higher than 3Q19.

Personnel, excluding the amortization effect of Stock Option expenses, increased 65.4% y/y, and 61.4% q/q. The increase is mainly due to: [i] R\$8.6 million related to QSaúde; [ii] R\$6.6 million related to Restricted Shares, considering that a relevant part of this amount is due to the severance of directors who left the Company in November.

In terms of expenses with third party services, the sequential decrease is due to the decrease in expenses with lawyers, consultancy and IT.

Regarding rental expenses, the increase in the amortized value is due to the return of Adjustment to Present Value - APV, according to the contract length. The increase in amortized value is due to the rental contract of the property that will be occupied by QSaúde.

Lastly, the annual increase in other administrative expenses, is due to the increase in lawsuits and infraction notices in 4Q19.

## 4Q19 Earnings Release



## 3.3 | Selling Expenses

Selling Expenses (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Personnel expenses	(11.8)	(11.6)	2.0%	(12.3)	-3.8%	(46.4)	(55.5)	-16.5%
Third Party services	(2.8)	(4.4)	-36.6%	(2.3)	20.1%	(9.7)	(14.3)	-32.3%
Occupancy expenses	(0.4)	(0.5)	-11.7%	(0.4)	1.5%	(1.9)	(2.6)	-25.7%
Sales campaign	(5.0)	(5.7)	-12.0%	(4.2)	18.7%	(15.6)	(21.8)	-28.6%
Sponsorships	(2.8)	(2.8)	0.4%	(1.2)	141.8%	(5.9)	(8.0)	-26.0%
New sales comission amortization	(29.2)	(20.2)	44.8%	(25.8)	13.4%	(101.1)	(74.6)	35.5%
Third-party commission	(16.6)	(17.4)	-4.7%	(16.5)	0.6%	(66.8)	(65.1)	2.5%
Publicity and advertising	(5.9)	(4.5)	31.0%	(6.2)	-4.9%	(20.6)	(19.8)	4.2%
Others (a)	(1.2)	(2.1)	-42.7%	(3.4)	-63.3%	(9.7)	(13.1)	-25.9%
<b>Total Consolidated</b>	<b>(75.9)</b>	<b>(69.3)</b>	<b>9.5%</b>	<b>(72.3)</b>	<b>5.0%</b>	<b>(277.7)</b>	<b>(274.9)</b>	<b>1.0%</b>
<b>Selling/Net Revenue %</b>	<b>14.6%</b>	<b>14.5%</b>	<b>9bps</b>	<b>14.0%</b>	<b>60bps</b>	<b>13.9%</b>	<b>14.2%</b>	<b>-36bps</b>

Our consolidated Selling Expenses increased 9.5% y/y in 4Q19 ( 5.0% q/q) reaching R\$ 75.9 million.

Regarding the behavior of personnel expenses in 4Q19, we had little variation in the comparisons.

In the third party services line, the annual reduction reflects not only less consulting expenses, but also the digital sales implementation, reducing sales expenditures. The share of sales from the digital tool ended the year at 99%, accumulating 71% of the total market in the year.

Regarding sales campaigns expenses, these were reduced annually, due to the focus on sales campaigns awards, aiming digital sales. The awards that were considered intangible in the quarter reached R\$20.5 million. The volume of awards generated, already reflects the incentives created and may be adjusted in the coming quarters according to the Company needs.

Recurring third-party commissions, linked to the performance of external channels, decreased 4.7% y/y. This line moves according to the performance of the external channel that assists customer retention work within Qualicorp.

Third-party commissions for new sales, both internally and externally, are being capitalized in the Company's intangible assets. Amortizations reflects sales performance in the 24 months, prior to the end of each period, which were the foundation for amortization purposes. The increase reflects the higher premiums for new sales, in line with the Company's interest on compensating channels according to their performance.

If we were to spend these commissions (internal and external channel) by competency, these would represent R\$17.2 million in 4Q19 (R\$18.3 million in 4Q18 and R\$18.8 million in 3Q19).

## 4Q19 Earnings Release



### 3.4 | Bad Debt (Uncollectible Receivables)

Bad Debt (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Bad Debt/Uncollectible Receivables	(6.7)	(23.7)	-71.8%	(23.3)	-71.3%	(71.1)	(119.4)	-40.5%
% Net Revenue	1.3%	4.9%	-366bps	4.5%	-322bps	3.5%	6.2%	-263bps

Our Bad Debt expenses, reached R\$ 6.7 million in 4Q19, representing 1.3% of our total net revenue, 4.9% in 4Q18 and 4.5% in 3Q19. The strong reduction in comparisons is due to the strong volume of credit recoveries with customers who were delinquent.

Breakdown	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Bad Debt	(24.7)	(30.9)	-20.0%	(26.3)	-5.9%	(103.4)	(146.7)	-29.5%
Recovering	18.1	7.2	150.1%	3.0	502.4%	32.4	27.3	18.5%

The past due credit recovery contributed positively with R\$18.1 million during 4Q19, higher than R\$ 7.2 million in 4Q18. This is justified by last year's efforts to recover customer credit, allowing the Company to have the largest volume recovered in its entire history, in this year of 2019.

### 3.5 | Other Operating Income / (Expense)

Other Operating Income/Expenses (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Expenses related to contingencies	(0.7)	6.3	-111.9%	1.8	-142.5%	0.2	(0.9)	-123.3%
Impairment	(111.9)	(2.1)	5273.0%	-	0.0%	(112.1)	(3.4)	3192.4%
Operational Losses	(4.9)	(6.2)	-22.0%	(0.2)	2577.6%	(11.9)	(6.4)	86.5%
Aircraft sale	2.9	-	N.A.	-	N.A.	2.9	-	N.A.
Other income (expenses)	1.4	4.3	-66.2%	0.7	103.4%	8.3	0.3	2523.3%
<b>Total Consolidated</b>	<b>(113.2)</b>	<b>2.2</b>	<b>-5160.9%</b>	<b>2.3</b>	<b>-5056.9%</b>	<b>(112.6)</b>	<b>(10.4)</b>	<b>983.3%</b>
(-) One-time revenues	2.9	-	N.A.	-	N.A.	2.9	-	N.A.
<b>Total Consolidated</b>	<b>(116.1)</b>	<b>2.2</b>	<b>-5290.8%</b>	<b>2.3</b>	<b>-5184.1%</b>	<b>(109.7)</b>	<b>(10.4)</b>	<b>955.4%</b>

Other Consolidated Operating Income / Expenses had a negative effect of R\$116.1 million, compared to a positive effect of R\$2.2 million in 4Q18 and R\$2.3 million in 3Q19. The main offender is the impairment of the subsidiaries Connectmed-CRC and Gama Saúde, in a total value of R\$111.4 million. This amount, goodwill for future profitability, corresponds to 55.1% of the total amount paid by the Company, of R\$202.3 million, in April 2014.

The Company sold the aircraft that had been acquired in 2017, with a net result of R\$2.9 million.

## 4Q19 Earnings Release



### 4 | Financial Income (expenses)

Financial Income (Expenses) (R\$MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Financial income								
Income from short-term investments	8.4	8.1	3.9%	16.2	-48.0%	44.8	35.0	28.1%
Interest and fine on late payment of health plans	7.4	6.2	18.8%	8.0	-7.9%	28.0	25.0	12.1%
Other income	1.1	0.2	396.9%	2.4	-53.2%	6.4	3.1	108.8%
<b>Total</b>	<b>16.9</b>	<b>14.5</b>	<b>16.3%</b>	<b>26.5</b>	<b>-36.4%</b>	<b>79.2</b>	<b>63.0</b>	<b>25.7%</b>
Financial expenses								
Debentures Interest	(20.2)	(11.5)	76.7%	(19.4)	4.4%	(62.4)	(46.8)	33.5%
Monetary adjustment from acquisition payables	(1.8)	(1.7)	5.2%	(1.3)	35.8%	(6.0)	(7.4)	-19.2%
Other financial expenses	(10.7)	(11.2)	-4.2%	(13.4)	-20.1%	(47.6)	(44.3)	7.3%
<b>Total</b>	<b>(32.7)</b>	<b>(24.3)</b>	<b>34.5%</b>	<b>(34.1)</b>	<b>-3.9%</b>	<b>(116.0)</b>	<b>(98.5)</b>	<b>17.7%</b>
<b>Total Consolidated</b>	<b>(15.9)</b>	<b>(9.8)</b>	<b>61.4%</b>	<b>(7.6)</b>	<b>109.8%</b>	<b>(36.7)</b>	<b>(35.5)</b>	<b>3.6%</b>

The Company's financial income derives from two main sources: interest from financial investments and interest and penalties for late payment of premiums by beneficiaries.

The Company completed its capital reduction of R\$980 million on November 5<sup>th</sup>, 2019. With this, we had a strong sequential reduction in revenues from financial investments.

In compliance with IFRS 16, financial expenses include the present value adjustment of the Company's rental agreements.

In relation to debentures, these were renewed in 3Q19, whose interest will be paid in the 1Q and 3Q of each year.

Other financial expenses, which include financial operations IOF, bank expenses, discounts, had little variation in annual and sequential comparisons, because of the lower volume on discounts granted to customers.

# Qualicorp Consultoria e Corretora de Seguros S.A.

## 4Q19 Earnings Release



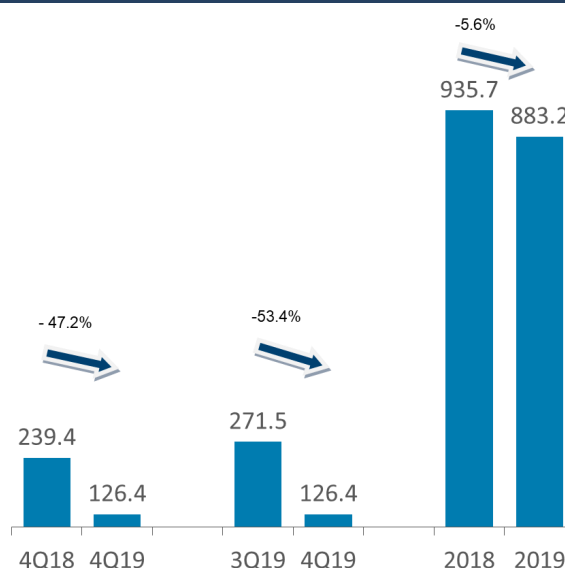
### 5 | Generation of Operating Cash (EBITDA and Adjusted EBITDA) <sup>1,2</sup>

EBITDA and Adjusted EBITDA (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Net Income	66.7	95.6	-30.2%	119.1	-44.0%	392.8	395.0	-0.6%
(+) Taxes	(22.6)	60.1	-137.6%	75.6	-129.9%	175.1	230.0	-23.9%
(+) Depreciation and Amortization	99.7	91.6	8.9%	92.9	7.3%	380.7	340.2	11.9%
(+) Financial Expense	32.7	22.4	46.1%	34.1	-3.9%	116.0	91.1	27.3%
(-) Financial Income	(16.9)	(12.4)	35.5%	(26.5)	-36.4%	(79.2)	(55.6)	42.4%
<b>EBITDA</b>	<b>159.7</b>	<b>257.2</b>	<b>-37.9%</b>	<b>295.1</b>	<b>-45.9%</b>	<b>985.3</b>	<b>1,000.7</b>	<b>-1.5%</b>
<b>EBITDA Margin</b>	<b>30.6%</b>	<b>53.7%</b>	<b>-2306bps</b>	<b>57.0%</b>	<b>-2637bps</b>	<b>49.2%</b>	<b>51.8%</b>	<b>-260bps</b>
Non-cash Stock Option Plan Expense	0.2	0.3	-45.3%	0.1	133.1%	0.4	1.3	-69.6%
Aircraft sale	(2.9)	-	N.A.	-	N.A.	(2.9)	-	N.A.
Interest and fine on late payment of health plans	7.4	6.2	18.8%	8.0	-7.9%	28.0	24.9	12.3%
Amortization of Tenance Expenses	(8.6)	(4.2)	106.5%	(5.9)	46.1%	(26.6)	(16.7)	59.1%
New sales comission amortization	(29.2)	(20.2)	44.8%	(25.8)	13.4%	(101.1)	(74.6)	N.A.
<b>Adjusted EBITDA</b>	<b>126.4</b>	<b>239.4</b>	<b>-47.2%</b>	<b>271.5</b>	<b>-53.4%</b>	<b>883.2</b>	<b>935.7</b>	<b>-5.6%</b>
<b>Adjusted EBITDA Margin</b>	<b>24.3%</b>	<b>50.0%</b>	<b>-2571bps</b>	<b>52.4%</b>	<b>-2818bps</b>	<b>44.1%</b>	<b>48.4%</b>	<b>-433bps</b>

Our consolidated Adjusted EBITDA reached R\$126.4 million in 4Q19 (+53.4% q/q and +47.2% y/y). The consolidated Adjusted EBITDA margin reached 24.3% in 4Q19. The drop is mainly due to MLR costs and impairment. It is important to point out that the MLR expenses should not be repeated in the coming quarters, since the contract has been revised.

If the Company eliminated these non-recurring effects of EBITDA, we would reach R\$261.8 MM, with 50.2% margin, a decrease of 3.6% q/q, mainly due to personnel expenses in administrative expenses and a higher volume of commercial expenses.

#### ADJUSTED EBITDA (R\$ MN) <sup>1,2</sup>



- (1) EBITDA and Adjusted EBITDA are presented because management believes that they are significant indicators of financial performance. According to the IFRS, EBITDA and Adjusted EBITDA are not indicators of financial performance and shall not be considered as an alternative to net profit, operational performance, operating cash flow, or as a liquidity indicator.
- (2) EBITDA and Adjusted EBITDA consist of net income before income tax and social contribution, financial income, financial expense, and depreciation and amortization. "Other adjustments" include items such as spending on acquisitions and associations; costs of corporate restructuring and operational provisions for stock option plan; interest and penalties on late fees; and other non-cash adjustments.

# Qualicorp Consultoria e Corretora de Seguros S.A.

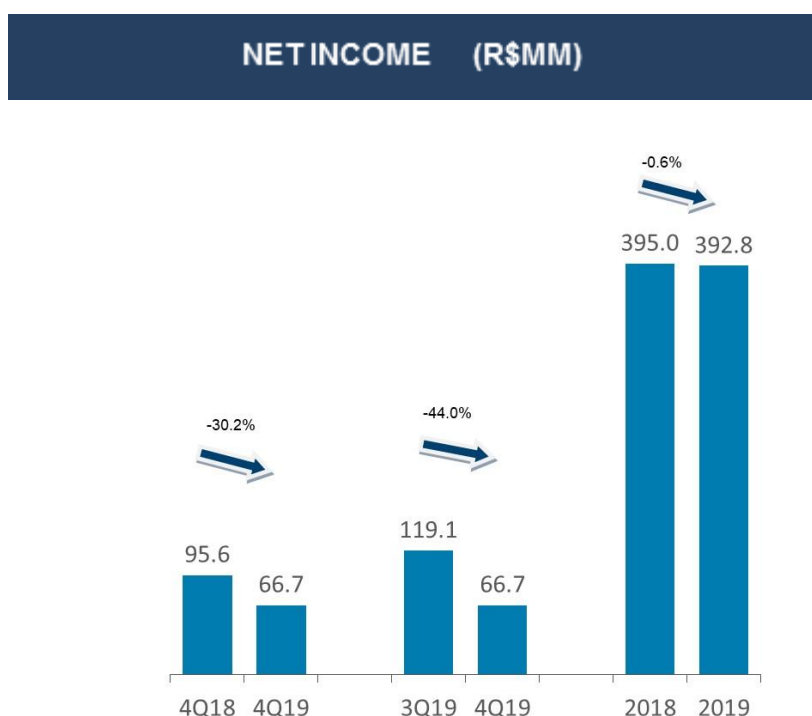
## 4Q19 Earnings Release



### 6 | Net Income (Loss)

Net Income (Loss) (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Net Income	66.7	95.6	-30.2%	119.1	-44.0%	392.8	395.0	-0.6%

Our consolidated net income reached R\$66.7 million in 4Q19, lower than 4Q18, due to a decrease on operating results. In 2019, the Company recorded R\$392.8 million in net income, for an effective tax rate of 30.8%, versus 36.8% in 2018.



### 7 | Amortization

Amortization	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Amortization Clients Relationship	21.2	23.8	-11.1%	22.0	-3.8%	90.6	95.4	-5.0%
Goodwill Amortization	39.0	39.0	0.0%	39.0	0.0%	155.9	255.8	-39.0%
Portfolio Amortization	21.3	24.2	-12.1%	20.8	2.4%	86.5	79.5	8.8%

Amortization Summary	Income Statement	Fiscal benefit	Amount 4Q19	Tax	Adjustments to net income
Amortization Clients Relationship	Yes	No	21.2	7.2	14.0
Goodwill amortization	No	Yes	39.0	13.3	13.3
Portfolio Amortization	Yes	Yes	21.3	7.2	14.0

Amortization Schedule	2019	2020	2021	2022	2023	2024
Clients Relationship	90.6	52.3	-	-	-	-
Goodwill	155.9	154.0	150.8	150.3	3.4	-
Portfolio Acquisition	86.5	84.9	60.3	46.7	39.1	25.9

## 4Q19 Earnings Release



### 8 | Capital Expenditures

Capex (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Capex in IT	12.6	17.5	-27.8%	12.3	2.1%	38.4	66.8	-42.5%
Other Capex	0.4	0.7	-42.7%	0.1	236.1%	1.1	1.2	-9.0%
Right Assignment Agreement / Exclusivity	11.8	-	0.0%	10.2	15.3%	22.1	230.5	-90.4%
<b>TOTAL</b>	<b>24.8</b>	<b>18.1</b>	<b>36.7%</b>	<b>22.7</b>	<b>9.3%</b>	<b>61.5</b>	<b>298.5</b>	<b>-79.4%</b>

Our IT CAPEX reached R\$12.6 million in 4Q19, mainly due to investments in systems aiming operational improvement.

The Company acquired a portfolio of approximately 6.5 thousand lives, for the amount of R\$11.8 million.

In addition, in December 2019, the Company started to manage the lives of *Uniconsult Administradora de Benefícios e Serviços Ltda.* In February 2020, the Company completed the acquisition of 75% of the administrator, for the amount of R\$24.8 million, for a portfolio of approximately 35 thousand lives.

### 9 | Capital Structure

Capital Structure (R\$ MM)	4Q19	4Q18	Change 4Q19/4Q18
Current Debt	63.6	617.5	-89.7%
Long Term Debt <sup>(1)</sup>	1,296.3	6.9	18618.6%
<b>TOTAL</b>	<b>1,359.9</b>	<b>624.4</b>	<b>117.8%</b>
Cash and cash equivalents <sup>(2)</sup>	441.8	435.3	1.5%
<b>TOTAL NET DEBT</b>	<b>918.0</b>	<b>189.2</b>	<b>385.3%</b>

(1) Includes acquisition payables

(2) It does not include the investment retained as a guaranteed asset in the direct subsidiary Qualicorp Administradora de Benefícios S.A., and in the indirect subsidiary Clube de Saúde Administradora de Benefícios Ltda., according to the 33rd normative instruction by the ANS, from October 5, 2009

On November 5<sup>th</sup>, 2019, the Company's capital reduction of R\$980 million was paid. The transaction was approved by the Extraordinary General Meeting held on August 15<sup>th</sup>, 2019 and became effective after 60 days.

The Company ended 2019 with a net debt position of R\$918 MM, maintaining strong operating cash generation, which allows the Company to continue delivering value to its shareholders, by making acquisitions, or through the payment of dividends and interest on equity.



## 4Q19 Earnings Release



### 10 | Return on Investments

We closed 4Q19 with 39.5% ROIC, deaccelerating from the previous quarter due to the operating result in the quarter.

Return on Investment	4T19	3T19	2T19	1T19	4T18
<b>Invested Capital</b>					
Fixed Asset	2,274,723	2,384,404	2,415,039	2,468,913	2,521,908
Working Capital	(2,220)	54,719	(7,839)	(34,552)	40,841
<b>TOTAL</b>	<b>2,272,503</b>	<b>2,439,123</b>	<b>2,407,200</b>	<b>2,434,361</b>	<b>2,562,749</b>
(-) Intangible - Goodwill (LBO)	924,767	924,767	924,767	924,767	924,767
(-) Intangible - Client Relationship (LBO)	52,333	72,113	91,584	111,210	130,834
<b>Adjusted Invested Capital</b>	<b>1,295,403</b>	<b>1,442,243</b>	<b>1,390,849</b>	<b>1,398,384</b>	<b>1,507,148</b>
<b>NOPAT</b>					
Adjusted EBITDA	126,430	271,479	246,665	238,593	239,380
EBIT	26,754	178,605	152,124	144,977	147,824
(+) Ammortization	(90,138)	(85,041)	(75,350)	(74,637)	(72,361)
EBIT adjusted	116,892	263,646	227,474	219,614	220,185
(-) taxes (34%)	(39,743)	(89,640)	(77,341)	(74,669)	(74,863)
<b>NOPAT</b>	<b>77,149</b>	<b>174,006</b>	<b>150,133</b>	<b>144,945</b>	<b>145,322</b>
<b>ROIC (12m)</b>	<b>39.5%</b>	<b>42.8%</b>	<b>42.2%</b>	<b>41.3%</b>	<b>42.2%</b>

Analyzing operating cash flow in 4Q19, it reached R\$241.2 million in the quarter. After CAPEX, the Company generated cash of R\$189.2 million. The reduction compared to 3Q19 is due to [i] the improvement of working capital accounts; [ii] aircraft sale; and [iii] the lower use of cash to pay taxes and commissions for new sales.

Cash Flow	2019	4Q19	3Q19	2Q19	1Q19	2018	4Q18
Income adjusted by non-cash effects	1,153,491	289,259	314,708	284,943	264,581	1,028,395	259,797
Working Capital	(44,566)	13,878	(68,071)	(51,866)	61,493	(3,582)	(49,739)
Interest paid	(32,659)	-	(9,893)	(22,766)	-	(47,236)	(23,496)
Income tax and social contribution paid	(209,595)	(56,963)	(69,621)	(37,467)	(45,544)	(172,931)	(59,447)
<b>Cash Flow from Operating Activities</b>	<b>866,671</b>	<b>246,174</b>	<b>167,123</b>	<b>172,844</b>	<b>280,530</b>	<b>804,646</b>	<b>127,115</b>
Capex (TI)	(28,945)	(4,269)	(11,335)	(5,942)	(7,399)	(58,156)	(14,446)
PP&E	3,830	4,171	(341)	329	(329)	(1,456)	(668)
New Sales Comissions	(138,949)	(37,644)	(40,314)	(34,301)	(26,690)	(91,409)	(29,339)
Rental Expenses	(21,495)	(5,451)	(5,268)	(5,498)	(5,278)	(21,115)	(5,279)
Intangible (M&A + Portfolio + Deals)	(24,358)	(13,761)	(10,034)	(375)	(188)	(255,032)	(206,993)
<b>Cash Flow from Investment Activities</b>	<b>(209,917)</b>	<b>(56,954)</b>	<b>(67,292)</b>	<b>(45,787)</b>	<b>(39,884)</b>	<b>(427,168)</b>	<b>(256,725)</b>
<b>Cash Flow from Operating Activities (-) Capex</b>	<b>656,754</b>	<b>189,220</b>	<b>99,831</b>	<b>127,057</b>	<b>240,646</b>	<b>377,478</b>	<b>(129,610)</b>
<b>Cash Flow from Financing Activities</b>	<b>(654,484)</b>	<b>(970,753)</b>	<b>501,231</b>	<b>(184,962)</b>	<b>-</b>	<b>(455,718)</b>	<b>(30,596)</b>
<b>Other Investments</b>	<b>61,334</b>	<b>798,539</b>	<b>(601,701)</b>	<b>(19,972)</b>	<b>(115,532)</b>	<b>68,953</b>	<b>53,922</b>
<b>Total Cash Flow</b>	<b>63,604</b>	<b>17,006</b>	<b>(639)</b>	<b>(77,877)</b>	<b>125,114</b>	<b>(9,287)</b>	<b>(106,284)</b>
<b>Cash Flow on the begining of the period</b>	<b>137,446</b>	<b>184,044</b>	<b>184,683</b>	<b>262,560</b>	<b>137,446</b>	<b>146,733</b>	<b>243,730</b>
<b>Cash Flow on the end of the period</b>	<b>201,050</b>	<b>201,050</b>	<b>184,044</b>	<b>184,683</b>	<b>262,560</b>	<b>137,446</b>	<b>137,446</b>

## 4Q19 Earnings Release



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### Forward-looking statements

This release may contain forward-looking statements concerning the business outlook. These statements are based exclusively on the expectations of the management of Qualicorp S.A. regarding the prospects of the business and its continued ability to access capital markets to finance its business plan. These forward-looking statements are highly sensitive to changes in the capital markets, government regulations, competitive pressures, the performance of the industry and the Brazilian economy and other factors, as well as to the risk factors highlighted in documents previously filed by Qualicorp S.A., and therefore are subject to change without prior notice

## 4Q19 Earnings Release



### Appendix I – Income Statement

INCOME STATEMENT (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
<b>Net Operating Revenue</b>	<b>521.2</b>	<b>479.0</b>	<b>8.8%</b>	<b>517.7</b>	<b>0.7%</b>	<b>2,003.0</b>	<b>1,932.1</b>	<b>3.7%</b>
Cost of Services	(110.3)	(86.8)	27.1%	(89.6)	23.2%	(379.5)	(359.1)	5.7%
<b>Gross Profit</b>	<b>410.9</b>	<b>392.3</b>	<b>4.7%</b>	<b>428.1</b>	<b>-4.0%</b>	<b>1,623.5</b>	<b>1,573.1</b>	<b>3.2%</b>
<b>Operating Income (expenses)</b>	<b>(350.9)</b>	<b>(226.6)</b>	<b>54.8%</b>	<b>(225.9)</b>	<b>55.3%</b>	<b>(1,019.1)</b>	<b>(912.5)</b>	<b>11.7%</b>
Administrative expenses	(155.1)	(135.8)	14.2%	(132.5)	17.0%	(557.8)	(507.8)	9.8%
Selling expenses	(75.9)	(69.3)	9.5%	(72.3)	5.0%	(277.7)	(274.9)	1.0%
Losses on uncollectible receivables	(6.7)	(23.7)	-71.8%	(23.3)	-71.3%	(71.1)	(119.4)	-40.5%
Other operating income (expenses), net	(113.2)	2.2	-5160.9%	2.3	-5056.9%	(112.6)	(10.4)	983.3%
<b>Income From Operations Before Financial Income (Expenses)</b>	<b>60.0</b>	<b>165.7</b>	<b>-63.8%</b>	<b>202.2</b>	<b>-70.3%</b>	<b>604.4</b>	<b>660.6</b>	<b>-8.5%</b>
Financial income	16.9	12.4	35.5%	26.5	-36.4%	79.2	55.6	42.4%
Financial expenses	(32.7)	(22.4)	46.1%	(34.1)	-3.9%	(116.0)	(91.1)	27.3%
<b>Income Before Income Tax Social Contribution</b>	<b>44.1</b>	<b>155.7</b>	<b>-71.7%</b>	<b>194.7</b>	<b>-77.3%</b>	<b>567.7</b>	<b>625.1</b>	<b>-9.2%</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>22.6</b>	<b>(60.1)</b>	<b>-137.6%</b>	<b>(75.6)</b>	<b>-129.9%</b>	<b>(175.1)</b>	<b>(230.0)</b>	<b>-23.9%</b>
Current	(48.8)	(61.7)	16.7%	(72.0)	-32.2%	(227.0)	(196.8)	15.4%
Deferred	71.4	1.6	-326.0%	(3.6)	-2078.4%	51.9	(33.3)	-256.1%
<b>NET (LOSS) INCOME FOR PERIOD</b>	<b>66.7</b>	<b>95.6</b>	<b>-30.2%</b>	<b>119.1</b>	<b>-44.0%</b>	<b>392.6</b>	<b>395.0</b>	<b>-0.6%</b>

# Qualicorp Consultoria e Corretora de Seguros S.A.

## 4Q19 Earnings Release



### Appendix II – Balance Sheet

ASSETS (R\$ MM)	2019	2018	% Change 2019/2018
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	201.1	137.4	46.3%
Short-term investments	290.8	352.1	-17.4%
Trade receivables	207.2	192.4	7.7%
Other assets	226.9	299.2	-24.2%
Other financial assets	209.2	292.0	-28.4%
Other non-financial assets	17.7	7.2	144.5%
Related Parties	-	-	N.A.
<b>Total current assets</b>	<b>925.9</b>	<b>981.1</b>	<b>-5.6%</b>
<b>NONCURRENT ASSETS</b>			
<b>Long-term assets</b>			
Trade receivables	0.4	-	N.A.
Income tax and social contribution	113.6	86.1	31.9%
Other assets	65.4	21.4	204.9%
Other financial assets	51.3	9.5	437.6%
Other non financial assets	14.1	11.9	18.4%
<b>Total long-term assets</b>	<b>179.4</b>	<b>107.5</b>	<b>66.8%</b>
Investments	0.3	0.3	0.0%
Property, plant and equipment	134.0	116.3	15.2%
Intangible assets			
Goodwill	1,516.3	1,624.2	-6.6%
Others intangible assets	624.2	781.1	-20.1%
<b>Total noncurrent assets</b>	<b>2,454.1</b>	<b>2,629.4</b>	<b>-6.7%</b>
<b>TOTAL ASSETS</b>	<b>3,380.1</b>	<b>3,610.6</b>	<b>-6.4%</b>
LIABILITIES & SHAREHOLDERS EQUITY (R\$ MM)	2019	2018	% Change 2019/2018
<b>CURRENT LIABILITIES</b>			
Debentures	34.3	615.7	-94.4%
Taxes payable	44.8	30.7	45.9%
Technical Reserves	15.7	13.2	19.0%
Premiums to be transferred	149.2	202.9	-26.5%
Financial transfers payable	18.4	20.0	-8.2%
Payroll and related taxes	34.8	43.8	-20.4%
Transferable prepayments	62.0	46.4	33.6%
Related parties	0.0	0.0	N.A.
Other payables	87.7	73.8	18.8%
Leases	24.2	20.0	21.1%
<b>Total current liabilities</b>	<b>471.1</b>	<b>1,066.5</b>	<b>-55.8%</b>
<b>NONCURRENT LIABILITIES</b>			
Debentures	1,296.1	0.0	N.A.
Income tax and social contribution	4.1	5.1	-19.2%
Deferred income tax and social contribution	48.2	71.0	-32.0%
Provision for risks	54.9	55.0	-0.3%
Other payables	6.4	16.2	-60.6%
Leases	72.4	40.0	80.9%
<b>Total noncurrent liabilities</b>	<b>1,482.1</b>	<b>187.4</b>	<b>691.0%</b>
<b>EQUITY</b>			
Capital	841.9	1,809.1	-53.5%
Capital reserves	14.4	1.1	1183.2%
Earnings reserves	425.5	401.5	6.0%
Asset v: Accumulated losses	-	0.0	N.A.
Asset valuation adjustment	145.0	145.0	0.0%
<b>Total equity</b>	<b>1,426.8</b>	<b>2,356.7</b>	<b>-39.5%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,380.1</b>	<b>3,610.6</b>	<b>-6.4%</b>

## Appendix III – Cash Flow Statement

STATEMENTS OF CASH FLOWS (R\$ MM)	2019	2018	Var. 2019 / 2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit (losses) before income tax and social contribution	567.8	625.1	-9.2%
<b>Adjustments</b>	<b>585.7</b>	<b>403.3</b>	<b>45.2%</b>
Depreciation and Amortization	380.7	340.2	11.9%
Impairment	112.1	3.4	3245.8%
Result from fixed Assets and Intangibles	(2.9)	0.4	-763.2%
Stock Option Program	0.4	1.3	-69.6%
Restrict Shares	23.4	-	0,0%
Financial Expenses	72.1	57.2	26.2%
Provision for Risks	(0.2)	0.9	-123.2%
<b>Adjusted profit (loss)</b>	<b>1,153.5</b>	<b>1,028.4</b>	<b>12.2%</b>
<b>Origin Cash provided by operating activities</b>	<b>(40.2)</b>	<b>(7.8)</b>	<b>416.0%</b>
<b>Cash provided by operating activities</b>	<b>1,113.2</b>	<b>1,020.6</b>	<b>9.1%</b>
Interest paid on debentures	(32.7)	(47.2)	-30.9%
Income tax and social contribution paid	(209.6)	(172.9)	21.2%
<b>Net cash provided by operating activities</b>	<b>871.0</b>	<b>800.4</b>	<b>8.8%</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in intangible assets	(192.3)	(191.2)	0.6%
Purchase of property, plant and equipment	3.8	(1.5)	-363.0%
Financial Investments	57.0	73.2	-22.1%
Non-compete agreement	-	(213.4)	-100.0%
<b>Net cash used in investing activities</b>	<b>(131.4)</b>	<b>(332.9)</b>	<b>-60.5%</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Cost of Raising Debentures	(7.8)	-	0,0%
Buyback - Treasury	-	(129.8)	-100.0%
Dividends paid to Qualicorp S.A. shareholders	(366.6)	(354.9)	3.3%
Rental Expenses	(21.5)	(21.1)	1.8%
Amounts paid upon issuance of debentures	(611.0)	-	0,0%
Amounts received upon issuance of debentures	1,300.0	-	0,0%
Capital Decrease	(980.0)	-	0,0%
Capital Increase	10.9	28.9	-62.3%
<b>Cash provided by (used in) financing activities</b>	<b>(676.0)</b>	<b>(476.8)</b>	<b>41.8%</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS, NET</b>	<b>63.6</b>	<b>(9.3)</b>	<b>-784.9%</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>137.4</b>	<b>146.7</b>	<b>-6.3%</b>
<b>Cash and cash equivalents at end of period</b>	<b>201.0</b>	<b>137.4</b>	<b>46.3%</b>