

Qualicorp Consultoria e Corretora de Seguros S.A.



1Q20 Earnings Release

Qualicorp Consultoria e Corretora de Seguros S.A.

B3: QUAL3

Shares Outstanding (5/5/2020)
284,014,325 shares

Free Float (5/5/2020)
238,735,590 shares (84.1%)

Cash and Cash Equivalents (5/5/2020)
R\$556.7 million

Investor Relations
Grace Tourinho
IRO
Pedro Nocetti
IR

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

Conference Calls
May 8th 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, May 7th 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 1Q20 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 1st, 2019 on, the IFRS 16 instruction became effective, reflecting financial statements regarding rental expenses.**

FINANCIAL AND OPERATING HIGHLIGHTS

- ✓ The 1Q20 Net Revenue reached R\$502.5 million, -3.6% q/q and 7.7% y/y growth. The annual increase reflects higher recurring revenue in the affinity segment and a better performance in the other segments, to an increase in the portfolio of lives;
- ✓ The Adjusted EBITDA, excluding the severance non-recurring and QSaúde effects, reached R\$251.6 million in 1Q20, 5.4% y/y and 99.0% q/q, due to the impairment of the investment in Gama and the non-recurring impact of cost with operators, which totaled R\$ 136 million in 4Q19.
- ✓ The Company's net income reached R\$70.7 million in 1Q20, lower y/y, mainly due to the non-recurring events mentioned above;
- ✓ We closed 1Q20 with R\$187.1 million operating cash flow. After CAPEX, the cash flow generation reached R\$115.6 million.
- ✓ In 1Q20, the cash was R\$777.9 million of net debt, annually higher due to the R\$980 million Capital Reduction on November 5th, 2019.

MAIN INDICATORS (R\$MM)

Consolidated Income Statement - (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Net Revenues	502.5	466.6	7.7%	521.2	-3.6%
Total Expenses (Ex-Depreciation and amortizatio	(274.3)	(206.5)	32.8%	(361.5)	-24.1%
Adjustments to EBITDA	23.3	(21.6)	-208.0%	(33.2)	-170.0%
Adjusted EBITDA	251.6	238.6	5.4%	126.4	99.0%
Adjusted EBITDA Margin	50.1%	51.1%	-107bps	24.3%	2580bps
Net Income (Loss)	70.7	96.9	-27.1%	66.7	5.9%

Balance Sheet	1Q20	4Q19	Change 1Q20/4Q19
Equity	1,505.6	1,426.8	5.5%
Net Debt ¹	777.9	918.0	-15.3%

Other	1Q20	4Q19	Change 1Q20/4Q19
Net Debt / Equity	0.52x	0.64x	-19.7%
Net Debt / Adjusted EBITDA LTM	0.77x	1.04x	-25.8%

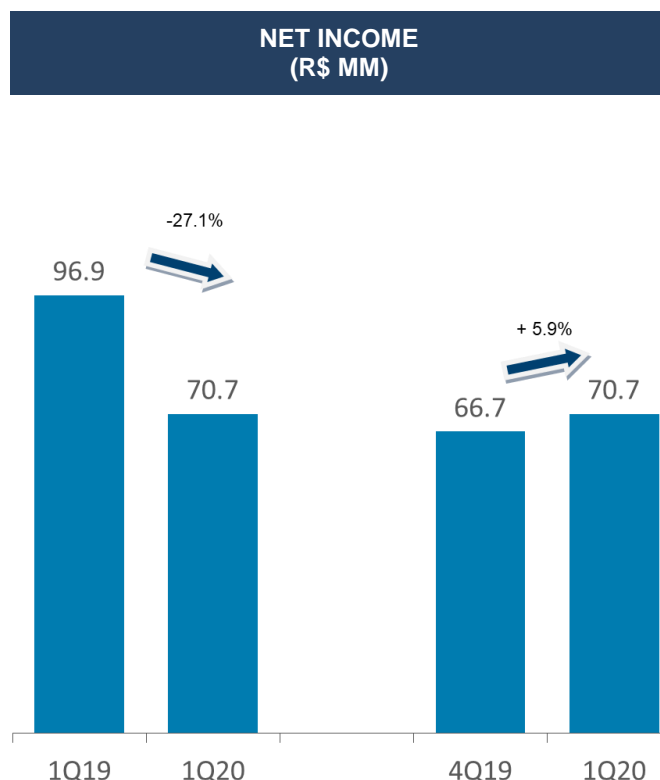
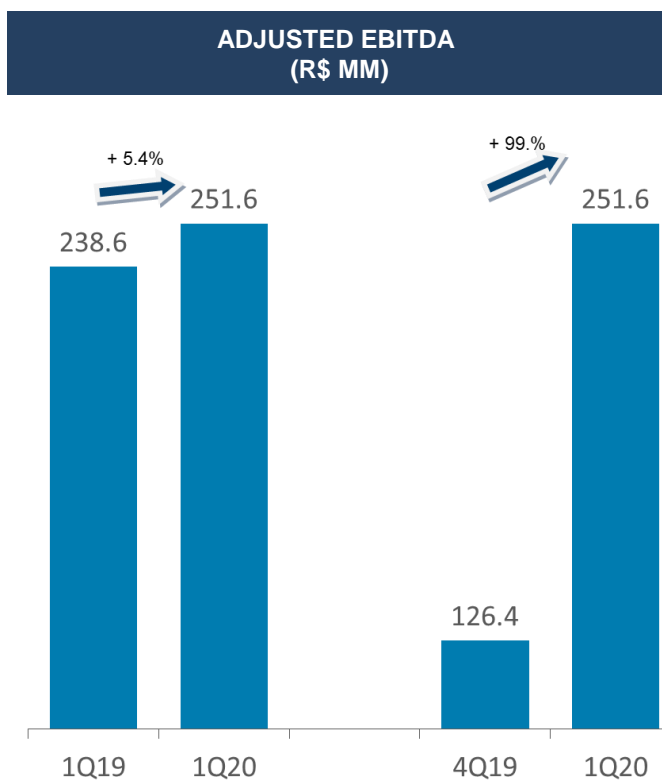
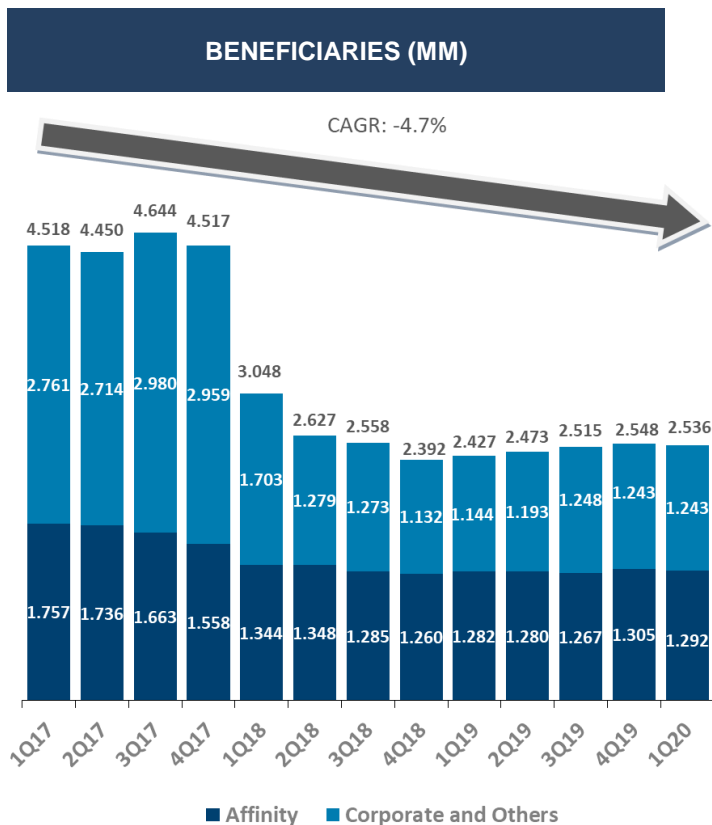
(¹) Includes acquisition payables recognized as "other payables". It does not include the investment retained as a guaranteed asset in the direct subsidiary Qualicorp Administradora de Benefícios S.A., and in the indirect subsidiary Clube de Saúde Administradora de Benefícios Ltda., according to the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



Qualicorp Consultoria e Corretora de Seguros S.A.

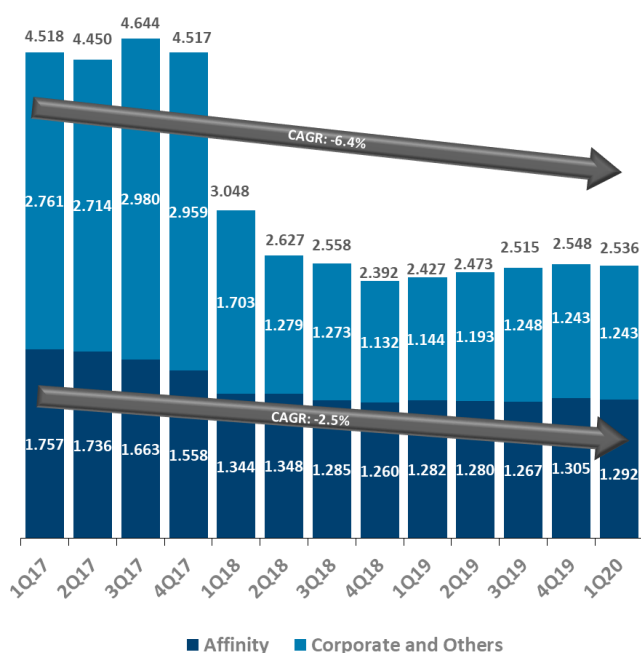


1Q20 Earnings Release

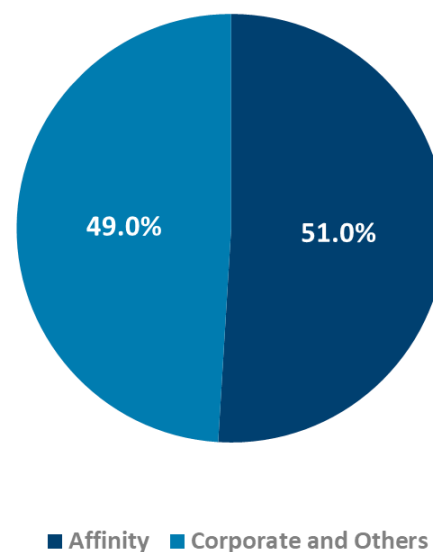


1 | Beneficiaries

BENEFICIARIES (MM)



BENEFICIARIES PORTFOLIO QUARTER BREAKDOWN



Total Portfolio

The total number of beneficiaries reached 2.5 million lives in 1Q20. The increase regarding y/y is mainly related to higher volume of lives in Corporate, TPA 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 1Q20 with 1.2 million lives, leading to a variation of -1.8% q/q and -1.6% y/y. In the comparisons, the reduction is due to a portfolio exit around 15.7k lives.

Other products

The Other products portfolio, in the Affinity segment, closed 1Q20 with 124.2 thousand lives, higher in annual and sequential comparisons, due to dental care lives increase.

Corporate and Others Total Portfolio

Our total portfolio of beneficiaries in the Corporate and Others segment presented a 8.7% y/y variation in 1Q20, mainly due to higher lives on Corporate and SME segments. In the sequential comparison, the portfolio was flat.

❑ Corporate

The Corporate segment increased 16.4% y/y in 1Q20 (-1.0% q/q), reaching 357.5 thousand lives. The positive variations reflect not only more lives in the contracts under management, but also new clients.

❑ SME

The SME segment shows a 16.3% increase when compared to 1Q19 (-4.1% q/q).

❑ TPA

The Self-management portfolio, which consolidates Qualicorp TPA and CRC/Gama lives has reached 0.7 million lives by the end of 1Q20, slightly higher than y/y and q/q, given new contracts, but with low profitability for the Company on the quarter.

1Q20 Earnings Release

1.1 Portfolio of lives evolution

Portfolio	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Affinity Health Lives					
Total Portfolio (BOP)	1,189,693	1,163,291	2.3%	1,166,509	2.0%
(+) Gross Adds	86,937	115,523	-24.7%	98,229	-11.5%
(-) Churn	- 108,438	- 91,364	18.7%	- 116,408	-6.8%
(+) Portfolio Acquisition	-	-	N.A.	41,363	-100.0%
New Lives Added (net)	- 21,501	24,159	-189.0%	23,184	-192.7%
Total Portfolio (EOP)	1,168,192	1,187,450	-1.6%	1,189,693	-1.8%
Affinity Other Products Lives					
Total Portfolio (BOP)	115,291	96,944	18.9%	100,528	14.7%
New Lives Added (net)	8,918	1,939	-559.9%	14,763	-39.6%
Total Portfolio (EOP)	124,209	95,005	30.7%	115,291	7.7%
Affinity Portfolio	1,292,401	1,282,455	0.8%	1,304,984	-1.0%
Corporate	357,567	307,242	16.4%	361,000	-1.0%
TPA	704,594	681,202	3.4%	693,512	1.6%
Small/Medium Enterprises	180,991	155,682	16.3%	188,722	-4.1%
Corporate and Others Portfolio	1,243,152	1,144,126	8.7%	1,243,234	0.0%
Total Portfolio	2,535,553	2,426,581	4.5%	2,548,218	-0.5%

In the Affinity segment, which represents 91.6%

of our net revenues in 1Q20 (92.5% in 4Q19 and 92.2% in 1Q19), we reached 86.9k lives in gross additions. Compared to 1Q19, it should be remembered the impact of the entry of two portfolios in that quarter, totaling approximately 31 thousand lives.

From the 1Q20 additions, 30% came from Clube de Saúde segment, compared to 16% in 1Q19 and 27% in 4Q19.

Regarding churn, we had 108 thousand cancellations in 1Q20, 18.7% higher than 1Q19. The annual increase in cancellation is mainly due to a portfolio-exit with 15.7 thousand lives, in January. Regarding the improvement related to 4Q19, it is important to remember that the plans price readjustments, still affected the fourth quarter. In 1Q20, our retention channel downgraded approximately 5.8 thousand lives, with ticket decrease of approximately 27.5%.

Therefore, with the portfolio-exit impact, we ended 1Q20 with -21.5 thousand lives on net adds.

The portfolio in Medical Care Affinity segment reached 1.2 million lives in the end of 1Q20, -1.6% y/y and -1.8% q/q. Out of this amount, almost 161 thousand lives belongs to the Clube de Saúde segment.

1Q20 Earnings Release

2 | Operating Net Revenues

Net Revenues (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Affinity	460.5	430.2	7.0%	482.1	-4.5%
% on Total Net Revenues	91.6%	92.2%	-55bps	92.5%	-87bps
Corporate and Other	42.0	36.4	15.3%	39.1	7.6%
% on Total Net Revenues	8.4%	7.8%	55bps	7.5%	87bps
Total Consolidated	502.5	466.6	7.7%	521.2	-3.6%

Our total Net Revenues increased 7.7% y/y in 1Q20, reaching R\$502.5 million. The increase is due to the evolution of the average monthly ticket, in Affinity, as well as, greater participation of other segments in revenue. In relation to the previous quarter, we had a variation of -3.6%, reflecting a lower volume of agency revenue.

The Affinity segment contributed with R\$460.5 million in 1Q20 (7.0% y/y and -4.5% q/q). The annual increase reflects the price readjustments and it is important to highlight that although the medium price readjustment was 17.4% in 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 Corporate and Others Segment reached R\$42.0 million in 1Q20, (15.3% y/y and 7.6% q/q), reflecting not only lives increase, but also price adjustments in current contracts.

The Company gross revenue tax rate (ISS, PIS and COFINS) reached 8.13% in 1Q20 (8.15% in 1Q19 and 8.12% in 4Q19).

1Q20 Earnings Release

3 | Operating Expenses

Cost summary (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Cost of Services	(86.7)	(86.3)	0.4%	(110.3)	-21.4%
Total Costs of Services	(86.7)	(86.3)	0.4%	(110.3)	-21.4%
Total Adm. Expenses	(175.1)	(131.1)	33.5%	(155.1)	12.9%
Total Selling Expenses	(72.8)	(64.2)	13.5%	(75.9)	-4.1%
Bad Debt (Uncollectible Receivables)	(18.2)	(22.2)	-17.9%	(6.7)	172.5%
Other Operating Income (Expenses)	(16.1)	3.7	-531.3%	(110.3)	-85.4%
Total Operating Expenses	(282.2)	(213.7)	32.0%	(347.9)	-18.9%
Total Consolidated	(368.9)	(300.1)	22.9%	(458.3)	-19.5%
(-) One-time Revenues (a)	-	-	N.A.	(2.9)	N.A.
(+) One Time Expenses (a)	53.3	0.1	74625.0%	0.2	31960.1%
Total Consolidated Recurring	(315.6)	(300.0)	5.2%	(461.0)	-31.5%

a) Refers to Restricted shares expenses, executive severance and expenses with QSaúde.

Our consolidated recurring Operating Expenses increased 22.9% y/y in 1Q20. The growth over the previous year reflects two non-recurring impacts on our administrative expenses: [i] R\$42.4 million severance from an executive and [ii] R\$11 million expenses related to QSaúde project, whose sale will impact 2Q20. Furthermore, we should mention the increase in commercial expenses reflected by the amortization of commissions and sales fees.

Regarding bad debt, as a percentage of net revenue, there was a decrease in the annual comparison and an increase sequentially. It is important to highlight the higher volume of recoveries obtained by the Company in 4Q19, resulting in lower volume of losses when compared to the recurring operation. It is worth mentioning the continuous efforts to retain clients and reduce cancellation by delinquency, which allowed the Company to maintain losses below 5% of its net revenue in the last 6 quarters.

1Q20 Earnings Release

3.1 | Cost of Services

Cost of Services (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Personnel expenses	(28.1)	(33.5)	-16.2%	(28.7)	-2.0%
Third Party Services	(23.8)	(23.3)	2.0%	(27.7)	-14.2%
Occupancy expenses	(1.7)	(2.1)	-19.2%	(1.6)	8.7%
Royalties (a)	(23.0)	(18.3)	25.6%	(22.2)	3.5%
Others (b)	(10.1)	(9.0)	11.7%	(30.1)	-66.6%
Total Consolidated	(86.7)	(86.3)	0.4%	(110.3)	-21.4%
Gross Margin	82.8%	81.5%	125bps	78.8%	392bps

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\$ 86.7 million in 1Q20 (0.4% y/y and -21.4% q/q). Therefore, we achieved 82.8% of gross margin. This sequential variance is due to other costs, as expenses with the loss ratio of our beneficiaries with an operator in the 4Q19.

In terms of personnel expenses, we had a reduction y/y. It is important to highlight the adjustments in the operational areas, mainly carried out in the first half of 2019, which explains the savings with lower payroll and lower expenses with severance in these areas.

The third party services cost increased slightly in y/y and decreased q/q. The digital transformation reflects IT system's expenses, which increased over a few quarters, but will provide savings as soon as the systems are permanently replaced. Since the end of 2019, we have been observing the maturing of the investments made and the consequent economy.

The Royalties, net of revenue with stipulation of contracts, increased in the comparisons, mainly due to the lower volume recorded in 1Q19, which was compensated in 2Q19.

In terms of Others line, the sequential reduction is due to the extraordinary expense with loss ratio, as explained above.

1Q20 Earnings Release



3.2 | Administrative Expenses

Administrative expenses (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Personnel expenses	(80.5)	(26.4)	205.0%	(42.7)	88.6%
Third Party services	(18.8)	(10.5)	79.4%	(16.9)	11.1%
Occupancy expenses	(1.1)	(0.7)	58.9%	(0.5)	97.8%
Amortization of Tenance expenses	(7.5)	(5.8)	29.4%	(8.6)	-12.6%
Depreciation and amortization	(56.9)	(65.8)	-13.5%	(61.8)	-7.9%
Others	(10.3)	(21.9)	-53.3%	(24.5)	-58.2%
Total Consolidated	(175.1)	(131.1)	33.5%	(155.1)	12.9%
(+) Stock Options Expenses	-	0.1	N.A.	0.2	N.A.
(+) Management severance cost	42.4	-	N.A.	-	N.A.
(+) Qsaude Expenses	11.0	-	N.A.	-	N.A.
Total Recurring Adm. Expenses	(121.8)	(131.0)	-7.1%	(154.9)	-21.4%
Recurring Adm. Expenses/ Net Revenue %	24.2%	28.1%	-385bps	29.7%	-549bps

Our recurring Administrative expenses increased 33.5% y/y (2.9% q/q). Excluding the effect the executive severance expenses and spending on QSaúde project in 1Q20, whose sale was approved in January, we presented a decrease in both comparisons.

QSaúde expenses affected administrative expenses as follows: [i] R\$5.7 million in personnel expenses; [ii] R\$2.1 million in rental amortizations; [iii] R\$1.8 million on third-party services and [iv] R\$1.4 million in other expenses with occupancy, sponsorships and others.

Regarding the Personnel expenses line, excluding the amortization effect of Stock Option, executive severance and QSaúde personnel expenses, increased 23.3% y/y, and decreased 23.7% q/q. The increase is mainly due to the final calculation of PPR. The difference between the amount effectively paid to employees and the provisioned over the fiscal year of 2019.

In terms of expenses with third party services, the annual increase reflects, in addition to QSaúde project, the expenses with lawyers and consultancy for the sale process, in the amount of R\$8.0 million..

Regarding rental expenses, the increase in the amortized value is due to the rental contract of the property occupied by QSaúde.

The other administrative expenses decreased, due to the lower expenses with infraction notices in 1Q20.

1Q20 Earnings Release

3.3 | Selling Expenses

Selling Expenses (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Personnel expenses	(12.2)	(9.9)	22.4%	(11.8)	2.6%
Third Party services	(1.7)	(2.2)	-21.9%	(2.8)	-38.2%
Occupancy expenses	(0.6)	(0.6)	1.9%	(0.4)	27.5%
Sales campaign	(2.9)	(5.2)	-44.2%	(5.0)	-42.1%
Sponsorships	(3.3)	(0.7)	352.6%	(2.8)	15.2%
New sales comission amortization	(30.1)	(22.0)	37.1%	(29.2)	3.0%
Third-party commission	(16.7)	(16.8)	-0.4%	(16.6)	0.6%
Publicity and advertising	(4.1)	(3.7)	11.2%	(5.9)	-29.6%
Others (a)	(1.2)	(3.1)	-61.0%	(1.2)	-3.4%
Total Consolidated	(72.8)	(64.2)	13.5%	(75.9)	-4.1%
Selling/Net Revenue %	14.5%	13.8%	74bps	14.6%	-8bps

Our consolidated Selling Expenses had a variation of 13.5% y/y in 1Q20 (-4.1% q/q) reaching R\$ 72.8 million.

Regarding personnel expenses in 1Q20, we had little variation in the sequential comparison. The annual comparison was affected by the PPR paid to employees, which in 2019 it was recorded in the second quarter.

In the third party services line, the annual reduction reflects not only less consultancy expenses, but also the digital sales implementation, reducing sales expenditures. The share of sales from the digital tool still represents 99%.

Regarding sales campaigns expenses, these were reduced due to the focus on sales campaigns fees, aiming digital sales. The sales fees that were considered intangible in the quarter reached R\$21.0 million. The volume granted, already reflects the incentives created and may be adjusted in the coming quarters according to the Company needs.

In terms of the recurring third-party commissions, associated with the performance of external channels, remained flat. This line reflects the performance of the external channel that assists customer retention efforts within Qualicorp.

Third-party commissions for new sales, both internally and externally, is 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 higher new sales fees, 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\$16.3 million in 1Q20 (R\$16.0 million in 1Q19 and R\$17.2 million in 4Q19).

1Q20 Earnings Release



3.4 | Bad Debt (Uncollectible Receivables)

Bad Debt (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Bad Debt/Uncollectible Receivables	(18.2)	(22.2)	-17.9%	(6.7)	172.5%
% Net Revenue	3.6%	4.8%	-113bps	1.3%	234bps

Our Bad Debt expenses, reached R\$ 18.2 million in 1Q20, representing 3.6% of our total net revenue, 4.8% in 1Q19 and 1.3% in 4Q19. The strong reduction in comparisons is due to the volume of credit recoveries with customers who were delinquent.

Breakdown	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Bad Debt	(25.9)	(28.0)	-7.4%	(24.7)	4.9%
Recovering	7.7	5.8	32.5%	18.1	-57.2%

The past due credit recovery contributed positively with R\$ 7.7 million during 1Q20, higher than R\$ 5.8 million in 1Q19, this is justified by the efforts to recover customer credit with delinquent costumers.

3.5 | Other Operating Income / (Expense)

Other Operating Income/Expenses (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Expenses related to contingencies	(7.3)	1.2	-681.2%	(0.7)	873.3%
Impairment	-	0.0	-100.0%	(109.0)	-100.0%
Operational Losses	(9.7)	(2.6)	267.1%	(4.9)	99.8%
Aircraft Sale	-	-	N.A.	2.9	N.A.
Other income (expenses)	0.9	5.1	-83.1%	1.4	-40.7%
Total Consolidated	(16.1)	3.7	-531.3%	(110.3)	-85.4%
(-) One-time revenues	-	-	N.A.	2.9	N.A.
Total Consolidated	(16.1)	3.7	-531.3%	(113.2)	-85.8%

Other Consolidated Operating Income / Expenses had a negative effect of R\$16.1 million, compared to a positive effect of R\$3.7 million in 1Q19 and negative effect of R\$113.2 million in 4Q19, whose main offender is the impairment of the subsidiaries Connectmed-CRC and Gama Saúde, in a total value of R\$111.4 million.

In the first quarter of 2020, the main offenders were contingencies, with provision in processes of which the Company is a party and operating losses of values with health operators.

1Q20 Earnings Release



4 | Financial Income (expenses)

Financial Income (Expenses) (R\$MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Financial income					
Income from short-term investments	4.1	9.7	-57.1%	8.4	-50.7%
Interest and fine on late payment of health plans	7.7	6.2	23.8%	7.4	4.0%
Other income	1.1	1.0	6.9%	1.1	-3.3%
Total	12.9	16.9	-23.6%	16.9	-23.7%
Financial expenses					
Debentures Interest	(16.9)	(11.3)	49.4%	(20.2)	-16.5%
Monetary adjustment from acquisition payables	(2.1)	(1.2)	65.9%	(1.8)	13.5%
Other financial expenses	(15.0)	(11.8)	27.2%	(10.7)	40.5%
Total	(34.0)	(24.4)	39.5%	(32.7)	3.8%
Total Consolidated	(21.1)	(7.5)	181.0%	(15.9)	33.0%

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 5th, 2019. With this, we had a strong sequential reduction in revenues from financial investments.

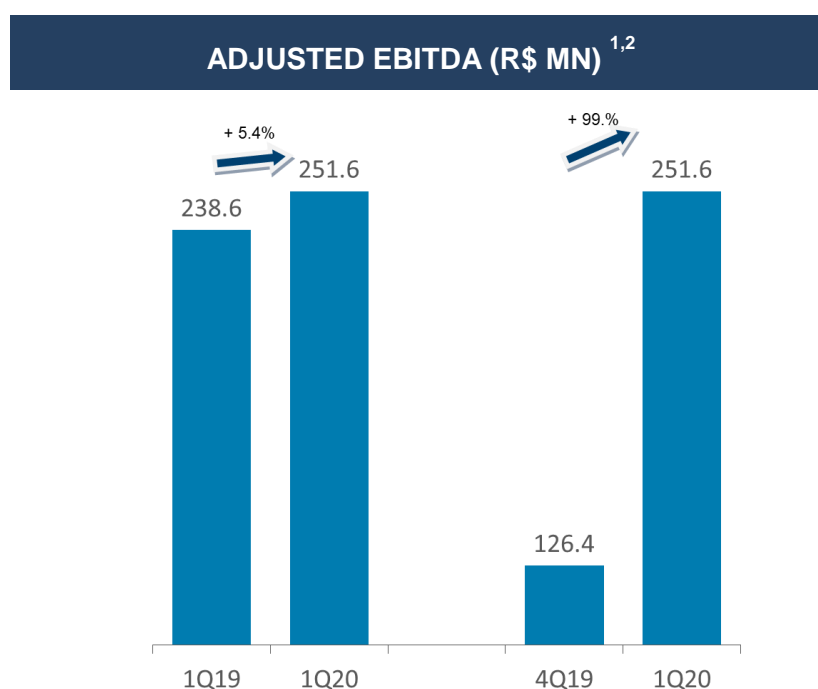
In relation to debentures, these were renewed in 3Q19, whose interest will be paid in the 1Q and 3Q of each year.

Other financial expenses, which include financial operations IOF, bank expenses, discounts, increased due to the devaluation of Quotas (marked on the market) of an Exclusive Investment Fund during the COVID-19 pandemic, in the amount of R\$4.4 million..

5 | Generation of Operating Cash (EBITDA and Adjusted EBITDA) ^{1,2}

EBITDA and Adjusted EBITDA (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Net Income	70.7	96.9	-27.1%	66.7	5.9%
(+) Taxes	41.9	62.1	-32.6%	(22.6)	-285.3%
(+) Depreciation and Amortization	94.6	93.6	1.1%	99.7	-5.1%
(+) Financial Expense	33.8	24.4	38.6%	32.7	3.2%
(-) Financial Income	(12.7)	(16.9)	-24.8%	(16.9)	-24.9%
EBITDA	228.3	260.2	-12.3%	159.7	43.0%
EBITDA Margin	45.4%	55.7%	-1033bps	30.6%	1479bps
Non-cash Stock Option Plan Expense	-	0.1	-100.0%	0.2	-100.0%
Aircraft sale	-	-	N.A.	(2.9)	N.A.
Interest and fine on late payment of health plans	7.7	6.2	23.8%	7.4	4.0%
Executive Severance	42.4	-	N.A.	-	N.A.
Qsaúde expenses return	11.0	-	N.A.	-	N.A.
Amortization of Tenance Expenses	(7.5)	(5.8)	29.4%	(8.6)	-12.6%
New sales comission amortization	(30.1)	(22.0)	37.1%	(29.2)	3.0%
Adjusted EBITDA	251.6	238.6	5.4%	126.4	99.0%
Adjusted EBITDA Margin	50.1%	51.1%	-107bps	24.3%	2580bps

Our consolidated Adjusted EBITDA reached R\$251.6 million in 1Q20 (+99.0% q/q and + 5.4% y/y). The consolidated Adjusted EBITDA margin reached 50.1% in 1Q20. The slightly drop is mainly due selling expenses, which should continue to have a greater influence compared to the Company's net revenue, considering the current cycle of investments to accelerate sales.



- (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.

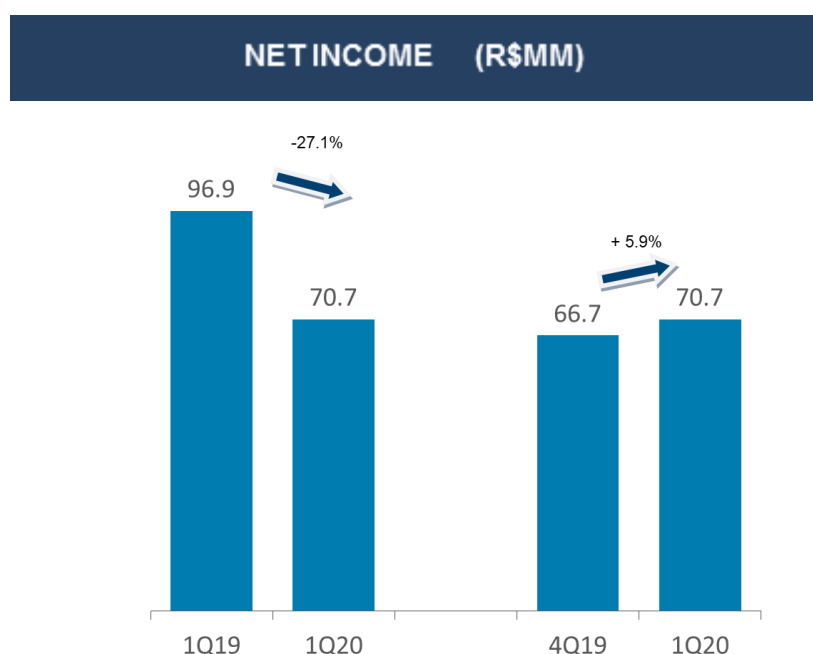
1Q20 Earnings Release



6 | Net Income (Loss)

Net Income (Loss) (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Net Income	70.7	96.9	-27.1%	66.7	5.9%

Our consolidated net income reached R\$70.7 million in 1Q20, lower than 1Q19, due to a decrease on operating results. The effective tax rate was 37.2% in 1Q20, versus 39.0% in 1Q19.



7 | Amortization

Amortization	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Amortization Clients Relationship	19.6	23.8	-17.5%	21.2	-7.2%
Goodwill Amortization	39.0	39.0	0.0%	39.0	0.0%
Portfolio Amortization	21.5	23.0	-6.6%	21.3	1.1%

Amortization Summary	Income Statement	Fiscal benefit	Amount 1Q20	Tax	Adjustments to net income
Amortization Clients Relationship	Yes	No	19.6	6.7	13.0
Goodwill amortization	No	Yes	39.0	13.3	13.3
Portfolio Amortization	Yes	Yes	21.5	7.3	14.2

Amortization Schedule	2020	2021	2022	2023	2024	2025	2026
Clients Relationship	52.3	-	-	-	-	-	-
Goodwill	154.0	150.8	150.3	3.4	-	-	-
Portfolio Acquisition	85.7	61.2	47.6	40.0	29.2	0.2	0.0

1Q20 Earnings Release



8 | Capital Expenditures

Capex (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Capex in IT	6.2	7.1	-12.9%	12.6	-50.8%
Other Capex	6.1	0.1	11076.4%	0.4	1471.3%
Right Assignment Agreement / Exclusivity	23.7	-	0.0%	11.8	100.2%
TOTAL	36.0	7.2	401.8%	24.8	45.1%

Our IT CAPEX reached R\$6.2 million in 1Q20, mainly due to investments in systems aiming operational improvement.

Of the R\$6.1 million in acquisition of fixed assets, R\$5.3 million refers to investments at QSaúde headquarters. The Company completed the acquisition of 75% of Uniconsult administrator. The final amount, calculated in April 2020, was R\$21.0 million, representing a portfolio of approximately 35 thousand lives. In addition, the Company signed an exclusivity contract with an entity of R\$4.5 million.

9 | Capital Structure

Capital Structure (R\$ MM)	1Q20	4Q19	Change 4Q19/4Q18
Current Debt	34.3	63.6	-46.1%
Long Term Debt ⁽¹⁾	1,300.3	1,296.3	0.3%
TOTAL	1,334.6	1,359.9	-1.9%
Cash and cash equivalents ⁽²⁾	556.7	441.8	26.0%
TOTAL NET DEBT	777.9	918.0	-15.3%

(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

The Company ended 1Q20 with a net debt position of R\$778 million, maintaining strong operating cash generation, even after paying debentures interest, which allows the Company to have serenity in strategic decisions, without deteriorating the cost of its debt to ensure the security of its operation.

The Company is always committed to add value to its shareholders, either with dividends or in capital reduction. At this moment, when the COVID-19 pandemic brings uncertainties regarding the macroeconomic scenario, the Company proposed the payment of income corresponding to 25% of the adjusted net income for 2019, which was ratified at the General Shareholders Meeting, on April 30, 2020. The amount held in a profit reserve may be decided in the future upon management's analysis.

1Q20 Earnings Release



10 | Return on Investments

We closed 1Q20 with 42.0% ROIC, deaccelerating from the previous quarter due to the operating result in the quarter.

Return on Investment	1T20	4T19	3T19	2T19	1T19
Invested Capital					
Fixed Asset	2,205,139	2,274,723	2,384,404	2,415,039	2,468,913
Working Capital	(10,135)	(2,220)	54,719	(7,839)	(34,552)
TOTAL	2,195,004	2,272,503	2,439,123	2,407,200	2,434,361
(-) Intangible - Goodwill (LBO)	924,767	924,767	924,767	924,767	924,767
(-) Intangible - Client Relationship (LBO)	32,709	52,333	72,113	91,584	111,210
Adjusted Invested Capital	1,237,528	1,295,403	1,442,243	1,390,849	1,398,384
NOPAT					
Adjusted EBITDA	251,560	126,430	271,479	246,665	238,593
EBIT	156,943	26,754	178,605	152,124	144,977
(+) Ammortization	(86,785)	(90,138)	(85,041)	(75,350)	(74,637)
EBIT adjusted	243,728	116,892	263,646	227,474	219,614
(-) taxes (34%)	(82,867)	(39,743)	(89,640)	(77,341)	(74,669)
NOPAT	160,860	77,149	174,006	150,133	144,945
ROIC (12m)	41.9%	39.5%	42.8%	42.2%	41.3%

Analyzing operating cash flow in 1Q20, it reached R\$187.1 million in the quarter. After CAPEX, the Company generated R\$115.6 million cash. The difference compared to 4Q19 is due to [i] the higher consumption in working capital accounts and [ii] debentures payment. The amount related to the acquisition of Uniconsult was recorded net of cash held by the company by the acquisition time.

Cash Flow	1Q20	4Q19	3Q19	2Q19	1Q19
Income adjusted by non-cash effects	281,785	289,259	314,708	284,943	264,581
Working Capital	(17,076)	13,878	(68,071)	(51,866)	61,493
Interest paid	(37,833)	-	(9,893)	(22,766)	-
Income tax and social contribution paid	(39,765)	(56,963)	(69,621)	(37,467)	(45,544)
Cash Flow from Operating Activities	187,111	246,174	167,123	172,844	280,530
Capex (TI)	(8,562)	(4,269)	(11,335)	(5,942)	(7,399)
PP&E	(5,790)	4,171	(341)	329	(329)
New Sales Comissions	(37,280)	(37,644)	(40,314)	(34,301)	(26,690)
Rental Expenses	(5,143)	(5,451)	(5,268)	(5,498)	(5,278)
Intangible (M&A + Portfolio + Deals)	(14,719)	(13,761)	(10,034)	(375)	(188)
Cash Flow from Investment Activities	(71,494)	(56,954)	(67,292)	(45,787)	(39,884)
Cash Flow from Operating Activities (-) Capex	115,617	189,220	99,831	127,057	240,646
Cash Flow from Financing Activities	(728)	(970,753)	501,231	(184,962)	-
Other Investments	(76,831)	798,539	(601,701)	(19,972)	(115,532)
Total Cash Flow	38,058	17,006	(639)	(77,877)	125,114
Cash Flow on the beginning of the period	201,050	184,044	184,683	262,560	137,446
Cash Flow on the end of the period	239,108	201,050	184,044	184,683	262,560

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

1Q20 Earnings Release



Appendix I – Income Statement

INCOME STATEMENT (R\$ MM)	1Q20	1Q19	% Change 1Q20/1Q19	4Q19	% Change 1Q20/4Q19
Net Operating Revenue	502.5	466.6	7.7%	521.2	-3.6%
Cost of Services	(86.7)	(86.3)	0.4%	(110.3)	-21.4%
Gross Profit	415.9	380.3	9.3%	410.9	1.2%
Operating Income (expenses)	(282.2)	(213.7)	32.0%	(350.9)	-19.6%
Administrative expenses	(175.1)	(131.1)	33.5%	(155.1)	12.9%
Selling expenses	(72.8)	(64.2)	13.5%	(75.9)	-4.1%
Losses on uncollectible receivables	(18.2)	(22.2)	-17.9%	(6.7)	172.5%
Other operating income (expenses), net	(16.1)	3.7	-531.3%	(113.2)	-85.8%
Income From Operations Before Financial Income (Expenses)	133.7	166.6	-19.8%	60.0	122.8%
Financial income	12.7	16.9	-24.8%	16.9	-24.9%
Financial expenses	(33.8)	(24.4)	38.6%	(32.7)	3.2%
Income Before Income Tax Social Contribution	112.6	159.1	-29.2%	44.1	155.1%
INCOME TAX AND SOCIAL CONTRIBUTION	(41.9)	(62.1)	-32.6%	22.6	-285.3%
Current	(40.8)	(55.2)	-11.6%	(48.8)	-16.4%
Deferred	(1.0)	(6.9)	-1141.4%	71.4	-101.4%
NET (LOSS) INCOME FOR PERIOD	70.7	97.0	-27.1%	66.7	5.9%
Attributable to					
Controlling interest	70.4	97.0	-27.4%	66.7	5.5%
Noncontrolling interest	0.3	-	N.A.	-	N.A.

Qualicorp Consultoria e Corretora de Seguros S.A.

1Q20 Earnings Release



Appendix II – Balance Sheet

ASSETS (R\$ MM)	1Q20	4Q19	% Change 1Q20/4Q19
CURRENT ASSETS			
Cash and cash equivalents	239,1	201,1	18,9%
Short-term investments	369,5	290,8	27,1%
Trade receivables	178,9	207,2	-13,7%
Other assets	230,3	193,0	19,3%
Other financial assets	214,4	175,3	22,3%
Other non-financial assets	15,9	17,7	-10,2%
Related Parties	0,2	-	N.A.
Non-current assets classified as held for sale	76,7	-	N.A.
Total current assets	1.094,8	892,0	22,7%
NONCURRENT ASSETS			
Long-term assets			
Trade receivables	-	0,4	-100,0%
Income tax and social contribution	108,1	113,6	-4,8%
Other assets	76,5	65,4	17,1%
Other financial assets	64,3	51,3	25,3%
Other non financial assets	12,3	14,1	-12,8%
Total long-term assets	184,6	179,4	2,9%
Investments	0,3	0,3	0,0%
Property, plant and equipment	82,7	134,0	-38,3%
Intangible assets			
Goodwill	1.530,9	1.516,3	1,0%
Others intangible assets	591,2	624,2	-5,3%
Total noncurrent assets	2.389,8	2.454,1	-2,6%
TOTAL ASSETS	3.484,5	3.346,1	4,1%
LIABILITIES & SHAREHOLDERS EQUITY (R\$ MM)	1Q20	4Q19	% Change 1Q20/4Q19
CURRENT LIABILITIES			
Debentures	13,4	34,3	-60,9%
Taxes payable	41,0	38,4	6,9%
Technical Reserves	8,1	15,7	-48,5%
Premiums to be transferred	178,6	115,3	54,9%
Financial transfers payable	18,6	18,4	1,4%
Payroll and related taxes	63,2	41,2	53,3%
Transferable prepayments	54,0	62,0	-12,9%
Related parties	1,2	1,2	0,0%
Other payables	65,9	87,7	-24,9%
Leases	18,1	24,2	-25,2%
Liabilities directly associated with non-current assets classified as held for sale	53,1	0,0	N.A.
Total current liabilities	515,3	438,4	17,5%
NONCURRENT LIABILITIES			
Debentures	1.296,6	1.296,1	0,0%
Income tax and social contribution	4,3	4,1	4,8%
Deferred income tax and social contribution	51,1	48,2	5,9%
Options for non-controlling interests acquiring	5,6	0,0	N.A.
Provision for risks	64,0	54,9	16,7%
Other payables	9,9	6,4	53,9%
Leases	32,1	72,4	-55,7%
Total noncurrent liabilities	1.463,6	1.482,1	-1,2%
EQUITY			
Capital	852,4	841,9	1,3%
Capital reserves	13,6	14,4	-5,2%
Earnings reserves	424,3	424,3	0,0%
Accumulated losses	70,4	0,0	N.A.
Asset valuation adjustment	145,0	145,0	0,0%
Total equity majority shareholder	1.505,8	1.425,6	5,6%
Total equity	1.505,6	1.425,6	5,6%
TOTAL LIABILITIES AND EQUITY	3.484,5	3.346,1	4,1%

1Q20 Earnings Release



Appendix III – Cash Flow Statement

STATEMENTS OF CASH FLOWS (R\$ MM)	1Q20	1Q19	Var. 2019 / 2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (losses) before income tax and social contribution	112.6	159.0	-29.2%
Adjustments	169.2	105.6	60.3%
Depreciation and Amortization	94.6	93.6	1.1%
Impairment	0.0	(0.0)	-106.5%
Result from fixed Assets and Intangibles	-	-	0,0%
Stock Option Program	-	0.1	-100.0%
Restrict Shares	47.5	-	0,0%
Financial Expenses	19.6	13.2	49.2%
Provision for Risks	7.5	(1.2)	-698.1%
Adjusted profit (loss)	281.8	264.6	6.5%
Origin Cash provided by operating activities	(17.2)	67.8	-125.3%
Cash provided by operating activities	264.6	332.4	-20.4%
Interest paid on debentures	(37.8)	-	0,0%
Income tax and social contribution paid	(39.8)	(45.5)	-12.7%
Net cash provided by operating activities	187.0	286.8	-34.8%
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in intangible assets	(46.0)	(34.3)	34.2%
Purchase of property, plant and equipment	(5.8)	(0.3)	1659.9%
Financial Investments	(76.8)	(121.8)	-37.0%
Amount paid in acquisition (Uniconsult)	(14.6)	-	N.A.
Net cash used in investing activities	(143.1)	(156.4)	-8.5%
CASH FLOW FROM FINANCING ACTIVITIES			
Cost of Raising Debentures	(0.1)	-	0,0%
Buyback - Treasury	-	-	0,0%
Dividends paid to minorities	(0.6)	-	0.0%
Dividends paid to Qualicorp S.A. shareholders	-	-	0,0%
Rental Expenses	(5.1)	(5.3)	-2.6%
Amounts paid upon issuance of debentures	-	-	0,0%
Amounts received upon issuance of debentures	-	-	0,0%
Capital Decrease	-	-	0,0%
Capital Increase	-	-	0,0%
Cash provided by (used in) financing activities	(5.9)	(5.3)	11.2%
INCREASE IN CASH AND CASH EQUIVALENTS, NET	38.1	125.1	-69.6%
Cash and cash equivalents at beginning of period	201.1	137.4	46.3%
Cash and cash equivalents at end of period	239.1	262.6	-8.9%