



Earnings Release 4Q19

March 13th, 2020



Forward-looking statements

This release may contain forward-looking statements concerning the business outlook, estimates of operating and financial results and growth prospects of Qualicorp. These statements are based exclusively on the expectations of the management of Qualicorp. 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, and therefore are subject to change without prior notice.

Main Indicators

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 amortizatic	(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
Net Income (Loss)	66.7	95.6	-30.2%	119.1	-44.0%	392.8	395.0	-0.6%
Balance Sheet	4Q19	4Q18	Change 4Q19/4Q18					
Equity	1,426.8	2,356.7	-39.5%					
Net Debt ¹	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%					

(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 Clube de Saúde Administradora de Benefícios Ltda., according to the 33rd normative instruction by the ANS, from October 5, 2009.

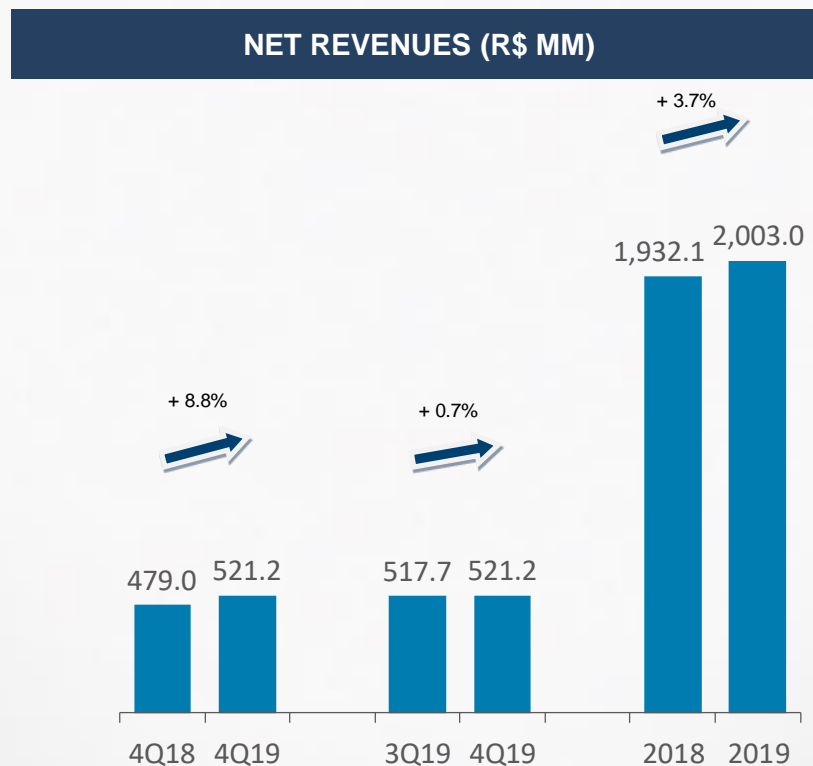
Portfolio Evolution



Portfolio	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Affinity Health Lives								
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%
Affinity Other Products Lives								
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%
Affinity Portfolio	1,304,984	1,260,235	3.6%	1,267,037	3.0%	1,304,984	1,260,235	3.6%
Corporate	361,000	292,070	23.6%	374,523	-3.6%	361,000	292,070	23.6%
TPA	693,512	691,661	0.3%	692,449	0.2%	693,512	691,661	0.3%
Small/Medium Enterprises	188,722	148,248	27.3%	181,266	4.1%	188,722	148,248	27.3%
Corporate and Others Portfolio	1,243,234	1,131,979	9.8%	1,248,238	-0.4%	1,243,234	1,131,979	9.8%
Total Portfolio	2,548,218	2,392,214	6.5%	2,515,275	1.3%	2,548,218	2,392,214	6.5%

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
Total Consolidated	521.2	479.0	8.8%	517.7	0.7%	2,003.0	1,932.1	3.7%



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%
Total Consolidated	(110.3)	(86.8)	27.1%	(89.6)	23.2%	(379.5)	(359.1)	5.7%
Gross Margin	78.8%	81.9%	-306bps	82.7%	-386bps	81.1%	81.4%	-36bps

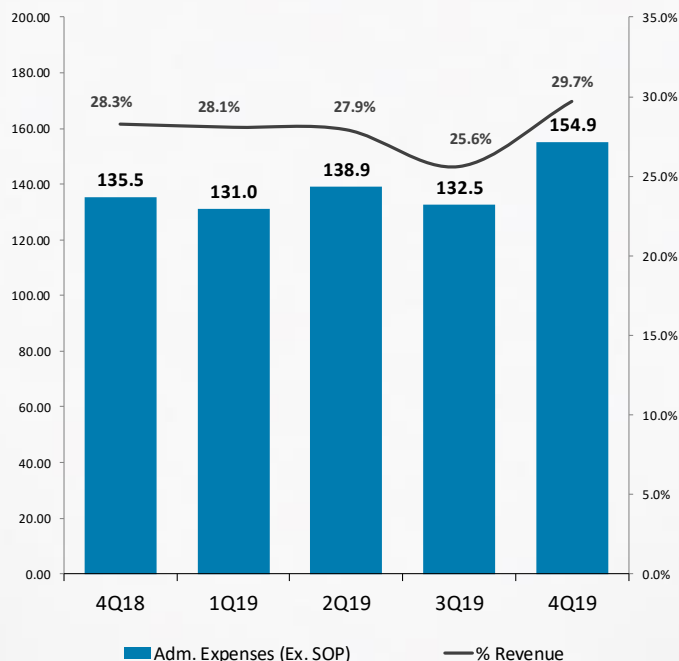
- a) Refers to expenses from financial 'pass through' incurred in connection with the agreements signed with professional associations for the contracting and selling of affinity plans (called royalties).
- b) Refers primarily to mailing expenses and annual membership fees paid by the Company to associations, unions and councils on behalf of the beneficiaries / members of the professional associations.



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%
Total Consolidated	(155.1)	(135.8)	14.2%	(132.5)	17.0%	(557.8)	(507.8)	9.8%
(+) Stock Options Expenses	0.2	0.3	-45.3%	0.1	133.1%	0.4	1.3	-69.6%
Total Recurring Adm. Expenses	(154.9)	(135.5)	14.4%	(132.5)	17.0%	(557.4)	(506.6)	10.0%
Recurring Adm. Expenses/ Net Revenue %	29.7%	28.3%	144bps	25.6%	414bps	27.8%	26.2%	161bps

ADMINISTRATIVE EXPENSES (% REVENUES)

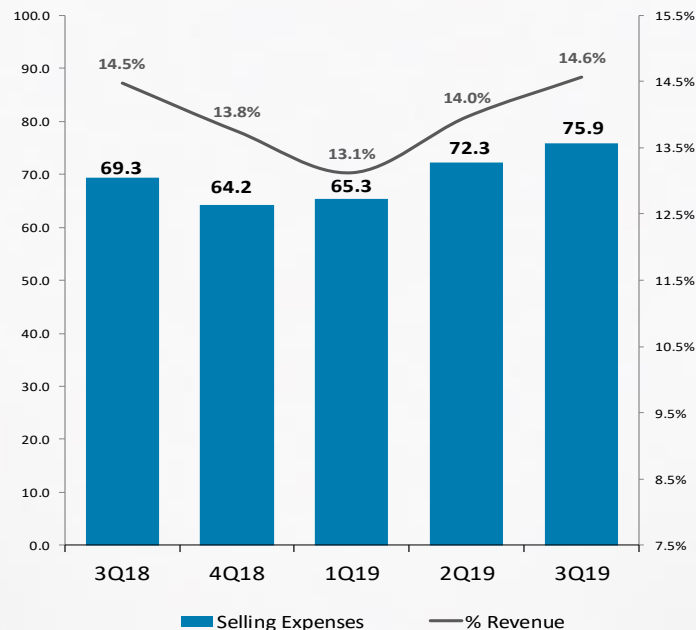


Selling Expenses

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%
Total Consolidated	(75.9)	(69.3)	9.5%	(72.3)	5.0%	(277.7)	(274.9)	1.0%
Selling/Net Revenue %	14.6%	14.5%	9bps	14.0%	60bps	13.9%	14.2%	-36bps

(a) Considers office supplies, mailing and discounts.

SELLING EXPENSES (% REVENUES)



Bad Debt (Uncollectible Receivables) and Other Operating Income (Expense)



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

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%

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%
Total Consolidated	(113.2)	2.2	-5160.9%	2.3	-5056.9%	(112.6)	(10.4)	983.3%
(-) One-time revenues	2.9	-	N.A.	-	N.A.	2.9	-	N.A.
Total Consolidated	(116.1)	2.2	-5290.8%	2.3	-5184.1%	(109.7)	(10.4)	955.4%

Financial Income (Expense)

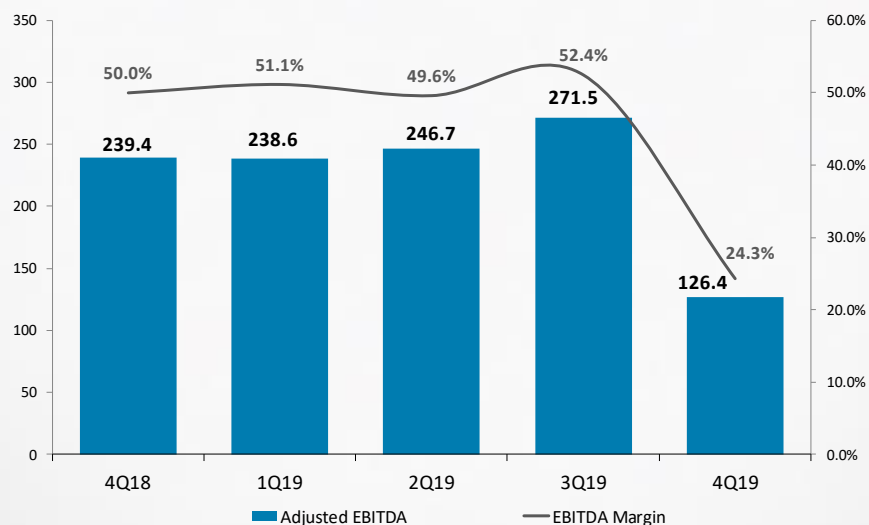


Financial Income (Expenses) (R\$MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Financial income								
Income from short-term investments	8.4	8.1	3.9%	16.2	-48.0%	44.8	35.0	28.1%
Interest and fine on late payment of health plans	7.4	6.2	18.8%	8.0	-7.9%	28.0	25.0	12.1%
Other income	1.1	0.2	396.9%	2.4	-53.2%	6.4	3.1	108.8%
Total	16.9	14.5	16.3%	26.5	-36.4%	79.2	63.0	25.7%
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%
Total	(32.7)	(24.3)	34.5%	(34.1)	-3.9%	(116.0)	(98.5)	17.7%
Total Consolidated	(15.9)	(9.8)	61.4%	(7.6)	109.8%	(36.7)	(35.5)	3.6%

Adjusted EBITDA

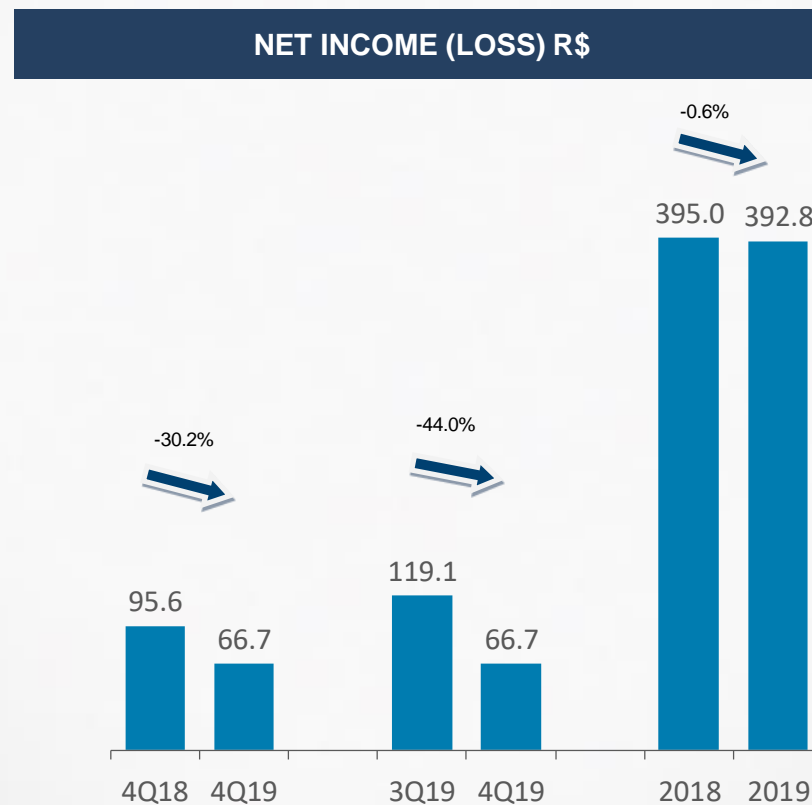


EBITDA and Adjusted EBITDA (R\$ MM)	4Q19	4Q18	% Change 4Q19/4Q18	3Q19	% Change 4Q19/3Q19	2019	2018	% Change 2019/2018
Net Income	66.7	95.6	-30.2%	119.1	-44.0%	392.8	395.0	-0.6%
(+) Taxes	(22.6)	60.1	-137.6%	75.6	-129.9%	175.1	230.0	-23.9%
(+) Depreciation and Amortization	99.7	91.6	8.9%	92.9	7.3%	380.7	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%
EBITDA	159.7	257.2	-37.9%	295.1	-45.9%	985.3	1,000.7	-1.5%
EBITDA Margin	30.6%	53.7%	-2306bps	57.0%	-2637bps	49.2%	51.8%	-260bps
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.
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



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%



Investments¹ (CAPEX) and Capital Structure



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%
TOTAL	24.8	18.1	36.7%	22.7	9.3%	61.5	298.5	-79.4%

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

(1) Includes acquisition payables.

(2) 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.

Cash Flow



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)
Cash Flow from Operating Activities	866,671	246,174	167,123	172,844	280,530	804,646	127,115
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)
Cash Flow from Investment Activities	(209,917)	(56,954)	(67,292)	(45,787)	(39,884)	(427,168)	(256,725)
Cash Flow from Operating Activities (-) Capex	656,754	189,220	99,831	127,057	240,646	377,478	(129,610)
Cash Flow from Financing Activities	(654,484)	(970,753)	501,231	(184,962)	-	(455,718)	(30,596)
Other Investments	61,334	798,539	(601,701)	(19,972)	(115,532)	68,953	53,922
Total Cash Flow	63,604	17,006	(639)	(77,877)	125,114	(9,287)	(106,284)
Cash Flow on the begining of the period	137,446	184,044	184,683	262,560	137,446	146,733	243,730
Cash Flow on the end of the period	201,050	201,050	184,044	184,683	262,560	137,446	137,446

- Jose Seripieiri Filho leaves the company's management and makes offer for the subsidiary QSaúde acquisition;
- Board of Directors receives offer, which the amount corresponds to all amounts spent on the QSaúde project since the end of 2018;
- Board of Directors hires Rothschild & Co to make economic and financial evaluation;
- Board of Directors hires Vinci for market evaluation and possible stakeholders;
- Board hires PWC to evaluate the investments made in the QSaúde project;
- Board calls, on January 13th 2020, Extraordinary Shareholders' Meeting to approve the sale of QSaúde to Junior, as well as addition of non-compete agreement and a future commercial partner;
- Extraordinary Shareholders' Meeting approves, on January 30th, 2020, the sale of QSaúde to Junior.

Qualicorp Consultoria e Corretora de Seguros S.A.

Thank you for your participation

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