

2Q20

Results

August 26th,
2020



#NovoJeitoQualiDeSer

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Warning



Forward-looking statements

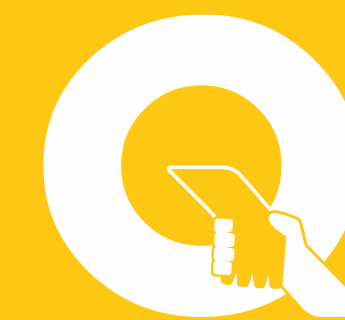


This release may contain forward-looking statements concerning the business outlook, estimates of operating and financial results and growth prospects of Qualicorp.

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.

Opening by Bruno Blatt



NovoJeito
QualiDe Ser

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New Qualicorp is born in 2020:

new strategic positioning, organizational culture and simpler and more agile business model.

We are accelerating investments in technology to complete the Company's digitalization process.

Resumption of growth: we will increase the portfolio of the Affinity and SME segment through a regionalization strategy, working with local partners to improve competitiveness and develop products.

Squads and tribes

were created to accelerate the implementation of strategies and generate more value to our stakeholders.



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Responsibility and commitment to the social - we invested R\$ 15 million to help society face and overcome the pandemic, through several fronts.

We created a solidarity fund to support brokers and family members impacted by Coronavirus.

We donated rapid tests and masks to health professionals in public hospitals who are at the forefront of combating Covid.

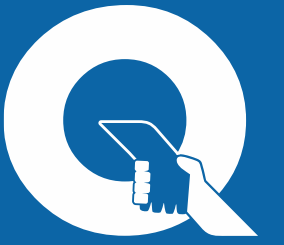
We also adopt safety and care measures for our employees - home office, home work gymnastics, rapid testing, Gympass and other benefits.

We donated 345 beds to patients from the Sistema Único de Saúde (SUS).

We sent gel alcohol to underserved communities.



Elton Carluci



Commercial Strategy

Commercial Strategy



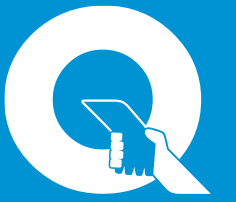
We launched a new Portfolio with Sul América
– new milestone, bringing the concept of family product to the Affinity segment.

Partnership with GNDI,
an unprecedented product that expands access to our offer within the portfolio.

We aim to be the largest SME broker in Brazil, incremental strategy,
without losing focus on the Affinity segment.

We started the sales of Paraná Clínicas in July.

Operation of Assim Saúde, in Rio de Janeiro, are 100% integralized in Qualicorp.



Highlights 2Q20

2Q20 Results

2Q20 HIGHLIGHTS



Key Indicators (R\$ MN)	2Q20	2Q19	Var. YoY	1Q20	Var. QoQ	1H20	1H19	Var YoY
Affinity Portfolio	1,318,032	1,279,627	3.0%	1,292,401	2.0%	1,318,032	1,279,627	3.0%
Affinity Health Lives	1,180,474	1,191,876	-1.0%	1,168,192	1.1%	1,180,474	1,191,876	-1.0%
Churn	(81,425)	(88,967)	-8.5%	(108,438)	-24.9%	(81,425)	(88,967)	-8.5%
Net Revenue	483.7	497.5	-2.8%	502.6	-3.8%	986.3	964.1	2.3%
Adjusted EBITDA	233.5	238.0	-1.9%	242.2	-3.6%	475.7	476.5	0.0%
<i>Adj, EBITDA Margin</i>	48.3%	47.8%	44bps	48.2%	8bps	48.2%	49.4%	-120bps
Net Income	126.7	104.3	21.5%	68.5	85.0%	195.2	201.2	-3.0%
Net Debt	594.8	20.8	2761.6%	777.9	-23.5%	594.8	20.8	2761.6%
<i>Net Debt / Adj, EBITDA LTM</i>	0.70x	0.02x	3114.6%	0.90x	-22.7%	0.70x	0.02x	3114.6%
Free Cash Flow	214.3	141.9	51.0%	154.9	38.4%	369.2	376.9	-2.0%
ROIC	42.0%	41.8%	23bps	39.8%	224bps	42.0%	41.8%	23bps

Affinity Portfolio: increase of +2.0% in total and +1.1% in health segments in relation to 1Q20, with na increase in sales and churn reduction.

Net Revenue: R\$ 483.7 million in 2Q20, -2.8%/- R\$13.8 MM vs 2Q19

Adj. EBITDA: 233.5 million (-1.9% / - R\$ 4.5 MM yoy) and Adj. EBITDA Margin of 48.3%

Net Income: R\$ 126.7 million in 2Q20 (+21.5% / R\$ 22.4 MN yoy) profited by Qsaúde selling.

Free Cash Flow: R\$ 214.3 million (+51.0% yoy)

Net Debt: R\$ 594.8 million, 0.7x Adj. EBITDA LTM

Lives Portfolio

Increase in sales and Churn Reduction in Affinities Health Segment



Portfolio	2Q20	2Q19	Var. YoY	1Q20	Var. QoQ	1H20	1H19	Var. YoY
Affinity Health Lives								
Total Portfolio (BOP)	1,168,192	1,187,450	-1.6%	1,189,693	-1.8%	1,189,693	1,163,291	2.3%
(+) Gross Adds	93,707	93,393	0.3%	86,937	7.8%	180,644	208,916	-13.5%
(-) Churn	(81,425)	(88,967)	-8.5%	(108,438)	-24.9%	(189,863)	(180,331)	5.3%
(+) Portfolio Acquisition	-	-	0.0%	-	0.0%	-	-	0.0%
New Lives Added (net)	12,282	4,426	177.5%	(21,501)	157.1%	(9,219)	28,585	-132.3%
Total Portfolio (EOP)	1,180,474	1,191,876	-1.0%	1,168,192	1.1%	1,180,474	1,191,876	-1.0%
Affinity Other Prod. Lives								
Total Portfolio (BOP)	124,209	95,005	30.7%	115,291	7.7%	115,291	96,944	18.9%
New Lives Added (net)	13,349	(7,254)	-284.0%	8,918	49.7%	22,267	(9,193)	-342.2%
Total Portfolio (EOP)	137,558	87,751	56.8%	124,209	10.7%	137,558	87,751	56.8%
Affinity Portfolio								
Corporate	311,853	349,504	-10.8%	357,567	-12.8%	311,853	349,504	-10.8%
Gama	645,542	676,315	-4.6%	704,594	-8.4%	645,542	676,315	-4.6%
SME	44,646	37,024	20.6%	43,882	1.7%	44,646	37,024	20.6%
SME Stipulation	-	130,195	-100.0%	137,109	-100.0%	-	130,195	-100.0%
Corp., Gama and SME Portf.	1,002,041	1,193,038	-16.0%	1,243,152	-19.4%	1,002,041	1,193,038	-16.0%
Total Portfolio	2,320,073	2,472,665	-6.2%	2,535,553	-8.5%	2,320,073	2,472,665	-6.2%

Consolidated Income Statement – 2Q20

Growth of 21.5% in Net Income impacted by Qsaúde selling



Income Statement (R\$ MN)	2Q20	2Q19	Var. YoY	1Q20	Var. QoQ	1H20	1H19	Var. YoY
Net Revenue	483.7	497.5	-2.8%	502.6	-3.8%	986.3	964.1	2.3%
(-) COGS	(92.7)	(93.2)	-0.6%	(86.7)	6.9%	(179.3)	(179.5)	-0.1%
(-) SG&A	(98.9)	(118.5)	-16.5%	(156.5)	-36.8%	(255.5)	(220.2)	16.0%
(-) Bad Debt	(16.9)	(18.9)	-10.8%	(18.2)	-7.4%	(35.1)	(41.1)	-14.7%
(+/-) Other Oper. Inc. (Exp.)	16.9	(5.2)	-425.6%	(16.1)	-204.9%	0.8	(1.5)	-152.7%
EBITDA	292.1	261.7	11.6%	225.0	29.8%	517.2	521.8	-0.9%
EBITDA Margin	60.4%	52.6%	780bps	44.8%	1562bps	52.4%	54.1%	-168bps
(-) D&A Rent + Comm.	(39.2)	(30.3)	29.6%	(37.7)	10.9%	(76.9)	(58.1)	38.0%
(+) Interest and fine	6.8	6.5	4.4%	7.7	-22.8%	14.4	12.7	11.0%
(+/-) Non-recurring effects	(26.2)	0.1	-368337.1%	47.2	-155.5%	21.0	0.1	14605.4%
Adjusted EBITDA	233.5	238.0	-1.9%	242.2	-3.6%	475.7	476.5	-0,2%
Adjusted EBITDA Margin	48.3%	47.8%	44bps	48.2%	8bps	48.2%	49.4%	-120bps
(-) D&A	(102.4)	(94.5)	8.4%	(94.6)	8.3%	(197.1)	(188.2)	4.7%
(+/-) Financial Inc. (Exp.)	(18.6)	(5.8)	221.6%	(21.1)	-11.7%	(39.7)	(13.3)	198.7%
(-) IR/Social Contrib.	(44.3)	(57.0)	-22.2%	(40.8)	8.7%	(85.1)	(119.1)	-28.5%
Net Income	126.7	104.3	21.5%	68.5	85.0%	195.2	201.2	-3.0%
Net Margin	26.2%	21.0%	523bps	13,6%	1257bps	19.8%	20.9%	-108bps

EBITDA – 292.1 / 60.4%

Profited by non recurring effects (R\$ 25.4 MN), due to Qsaúde selling

Adjusted EBITDA – 233.5 / 48.3%

Costs and Expenses control partially offset by the Revenue Increase
In D&A Commissions - Accounting Effect

Financial Income

Increasing in financial expenses yoy by the indebtedness growth (capital reduction in 2019).

R\$ (3.6) MM of Devaluation of Quotas - Exclusive Fund

IR/Social Contribution

Effective Rate Reduction - Non-Taxation on Principal by QSaúde Selling

Net Income – 126.7 MN / 26.2%

Drop in Adjusted EBITDA offset by Non-recurring earnings

Adjusted EBITDA – 2Q20

Quarter Affected by Miscellaneous Effects + 26.2 MM, Both Positive and Negative



EBITDA (R\$ MN)	2Q20	2Q19	Var. YoY	1Q20	Var. QoQ	1H20	1H19	Var. YoY
EBITDA	292.1	261.7	11.6%	225.0	29.8%	517.2	521.8	-0.9%
EBITDA Margin	60.4%	52.6%	780bps	44.8%	1562bps	52.4%	54.1%	-168bps
Amort. of Tenance. Exp.	(5.8)	(6.2)	-6.3%	(7.5)	-22.8%	(13.4)	(12.0)	11.0%
New Sales Comm. Amort.	(33.4)	(24.1)	38.8%	(30.1)	10.9%	(63.5)	(46.0)	38.0%
Inter. and Fine on Late Paym.	6.8	6.5	4.4%	7.7	-11.4%	14.4	12.7	13.9%
Non-recurring effects	(26.2)	0.1	-36833.1%	47.2	10.9%	21.0	0.1	14605.4%
Qsaúde selling	(40.8)	-	N/A	11.0	-472.5%	(29.8)	-	N/A
Exec. Termin.+ Restr. Shares	(7.1)	0.1	-10030.6%	36.2	-117.4%	29.1	0.1	20875.8%
COVID-19: Company Actions	9.4	-	N/A	-	N/A	9.4	-	N/A
Betterment Write-off	12.2	-	N/A	-	-3.3%	12.2	-	0.0%
Adjusted EBITDA	233.5	238.0	-1.9%	242.2	-3.6%	476.7	476.5	-0.2%
Adjusted EBITDA Margin	48.3%	47.8%	44bps	48.2%	8bps	48.2%	49.4%	-120bps

QSaúde

Gain calculated by the QSaúde Selling

Terminations

Costs of terminations ~ R\$ 18.0 MM

Reversal Charges 1Q20 on indemnification funds

Covid Actions

Donations made to Combat the Pandemic

Betterment Write-off

Write-off Immobilization in Third-Party Properties due to delivery 7 floors at the Barueri Office + demobilization

2Q20 – Costs and Expenses

Cost and Expense Performance Helped Offset Revenue Decreasing



Costs and Expenses (R\$ MN)	2Q20	2Q19	Var. YoY	1Q20	Var. QoQ	1H20	1H19	Var. YoY
Total COGS e SG&A	(191.6)	(211.7)	-9.5%	(243.2)	-21.2%	(434.8)	(399.7)	8.8%
COGS	(92.7)	(93.2)	-0.6%	(86.7)	6.9%	(179.3)	(179.5)	-0.1%
Administrative Exp.	(53.7)	(77.2)	-30.5%	(113.8)	-52.9%	(167,5)	(136.7)	22.5%
Commercial Exp.	(45.3)	(41.3)	9.8%	(42.7)	6.1%	(88.0)	(83.4)	5.4%
Total COGS e SG&A	(191.6)	(211.7)	-9.5%	(243.2)	-21.2%	(434.8)	(399.7)	8.8%
Personnal Exp.	(64.0)	(85.2)	-24.9%	(124.0)	-48.4%	(188.0)	(155.0)	21.3%
3rd-Services	(38.8)	(46.8)	-17.1%	(44.3)	-12.4%	(83.1)	(82.8)	0.4%
Occupancy Expenses	(5.5)	(2.8)	96.8%	(3.4)	63.2%	(8.8)	(6.2)	43.7%
Campaigns/Sponsorship	(10.2)	(7.1)	43.7%	(10.3)	-1.0%	(20.6)	(16.8)	22.5%
Comissions	(17.8)	(17.0)	4.8%	(16.7)	6.5%	(34.5)	(33.7)	2.2%
Others	(28.1)	(28.2)	-0.3%	(19.0)	47.6%	(47.1)	(59.8)	-21.2%
Pro Labore	(24.9)	(22.3)	11.6%	(23.0)	8.3%	(48.0)	(40.7)	17.9%
Membership Fees	(2.3)	(2.4)	-3.8%	(2.5)	-8.7%	(4.8)	(4.7)	0.5%
Bad Debt	(16.9)	(18.9)	-10.8%	(18.2)	-7.4%	(35.1)	(41.1)	-14.7%
Other Operational	16.9	(5.2)	-425.6%	(16.1)	-204.9%	0.8	(1.5)	-152.7%
Total Consolidated	(191.6)	(235.8)	-18.8%	(277.5)	-31.0%	(469.1)	(442.3)	6.0%
(+/-) Non-Rec. Effects	(26.2)	0.1	-36833.1%	47.2	-155.5%	21.0	0.1	14605.4%
Total Recurring	(217.8)	(235.7)	-7.6%	(230.3)	-5.5%	(448,1)	(442.2)	1.3%

Quarter Results Begins Reflect our direction of the Company

Retargeting of Resources to Drive Growth Strategy

Resources redirected to Growth Agendas: Customer Retention, Technology and Innovation, Sales Channels, Etc.

Efficiency and Cost Cuts in Other Expenses

Several opportunities already mapped: return 7 floors, home office, etc.

Profound Reformulation in Management Remuneration

Substantial Reduction of Expenses from New Management and Remuneration Model.

Cash Flow



Strong Free Cash Generation impulsioned by Reduction in Working Capital.

Cash Flow	2Q20	2Q19	Var. YoY	1Q20	Var. QoQ	1H20	1H19	Var. YoY
EBITDA	292.1	261.7	11.6%	225.0	29.8%	517.2	521.8	-0.9%
Non cash Itens	(30.7)	15.4	-299.8%	58.2	-152.8%	27.5	14.2	94.0%
Amount Paid for Leasing	(5.4)	(5.5)	-2.3%	(5.1)	4.5%	(10.5)	(10.8)	-2.4%
Commissions	(41.7)	(34.3)	21.7%	(37.3)	12.0%	(79.0)	(61.0)	29.6%
Taxes	(36.2)	(37.5)	-3.4%	(39.8)	-9.0%	(75.9)	(83.0)	-8.5%
Chang. In Working Capital	50.6	(51.9)	-197.5%	(17.1)	-396.2%	33.5	9.6	248.0%
Cash Operational Activ.	228.7	147.9	54.6%	184.0	24.3%	412.7	390.8	5.6%
Capex	(10.1)	(6.0)	68.8%	(14.5)	-30.3%	(24.6)	(13.9)	77.0%
Acquisitions	(4.3)	-	N/A	(14.6)	-70.7%	(18.8)	-	N/A
Cash Financial Activ.	(14.4)	(6.0)	140.0%	(29.1)	-50.6%	(43.4)	(13.9)	212.4%
Free Cash Flow	214.3	141.9	51.0%	154.9	38.3%	369.2	376.9	-2.0%
Financial Inc./Exp.	(5.0)	(14.9)	-66.8%	(39.4)	-87.4%	(44.3)	(9.2)	379.8%
Debentures	-	-	N/A	-	N/A	-	-	N/A
Financial Investments	3.2	(20.0)	-116.3%	(76.8)	-104.2%	(73.6)	(135.5)	-45.7%
Capital Increase	-	-	N/A	-	N/A	-	-	N/A
Dividends paid	(0.1)	(185.0)	-99.9%	(0.6)	-80.1%	(0.8)	(185.0)	-99.6%
Cash Financing Activ.	(1.8)	(219.8)	-99.2%	(116.9)	-98.4%	(118.7)	(329.7)	-64.0%
Cash Flow	212.5	(77.9)	-372.8%	38.1	458.4%	250.5	47.2	430.7%



**Investor
Relations**

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