

2Q19 - RESULTS

ALLIAR



alliar médicos à frente
sistema de diagnósticos de saúde

LEGAL NOTICE

This presentation may contain certain forward-looking statements and information relating to Centro de Imagem Diagnósticos S.A. (Alliar) and its subsidiaries that reflect the current views and/or expectations of the Company's management with respect to its performance, business and future events. Forward looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like "believe", "anticipate", "expect", "estimate", "could", "envisage", "potential", "will likely result", or any other words or phrases of similar meaning. Such statements are subject to a number of risks, uncertainties and assumptions. We caution you that a number of important factors could cause actual results to differ materially from what is expressed in this presentation. Any third party (including investors) are solely and exclusively liable for any investment or business decision made or action taken in reliance on the information and statements contained in this presentation. or for any consequential, special or similar damages. Alliar does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In addition to factors identified elsewhere in this presentation, the following factors, among others, could cause actual results to differ materially from the forward-looking statements or historical performance: changes in the preferences and financial condition of our consumers, and competitive conditions in the markets we serve; changes in economic, political and business conditions in Brazil; governmental interventions resulting in changes in the Brazilian economy, taxes, tariffs or regulatory environment; our ability to compete successfully; changes in our business; our ability to successfully implement marketing strategies; our identification of business opportunities our ability to develop and introduce new products and services; changes in the cost of products and our operating costs; our level of indebtedness and other financial obligations; our ability to attract new customers; inflation in Brazil, devaluation of the Real against the U.S. Dollar and interest rate fluctuations; present or future changes in laws and regulations; and our ability to maintain existing business relationships, and to create new relationships.

HIGHLIGHTS

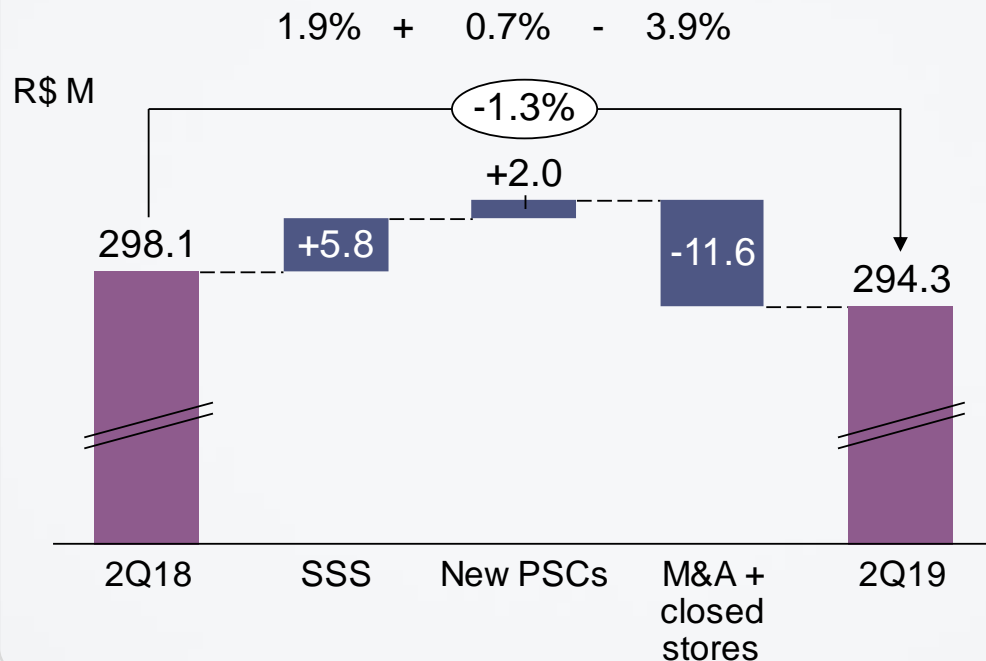
As of 2019, the adoption of IFRS 16 brought changes in the accounting of the fixed portion of rents (lease), requiring the recognition of future commitments as compensation for the usage rights. Rental costs and expenses, previously recorded under "Occupation", are recognized in depreciation and financial expenses. For a better understanding, 'Pro-forma' columns were included throughout this report, disregarding these effects in the main accounts affected.

- **Net income (Shareholders) of R\$9.6 million** in 2Q19, **up by 82.1%** (+108.4% pro-forma). Year to date, net income reached R\$19.5 million, **up by 57.5%** (+85.0% pro-forma)
- **Adjusted EBITDA margin expanded by +526 bps**, reaching **26.9%** in 2Q19 (+71 bps pro-forma), with an adjusted EBITDA of **R\$73.1 million (+23.0%** vs 2Q18; +2.2% pro-forma). YTD adjusted EBITDA totaled **R\$145.6 million (+22.5%)**, with a **27.3%** margin (pro-forma margin of 22.8%)
- **Net revenue¹** in the quarter registered **R\$272.4 million (-1.0%)**, with **same-store-sales (SSS) of +2.0%** and impacted by units closed (mainly the sale of Hospital São Rafael's operations). Year to date, **net revenue¹** reached **R\$534.0 million (-0.7%)**
- **YTD free cash flow of R\$68.9 million** once again demonstrates Alliar's strong cash generating capacity (pro-forma free cash flow of **R\$44.9 million**)
- In May 2019, **distribution of R\$10.0 million in dividends**, a *payout* ratio of 25% out of the **R\$40.1 million** net income recorded in 2018
- **ROIC** without goodwill reached **13.9%**, **up by 169 bps** vs 2Q18
- Net promoter score (NPS) of **66.7%** at the end of 2Q19, increasing by **130 bps** in the quarter (+190 bps in the 1H19).
- **New long-term incentive program** linked to the Company's future performance (2021 net income)

(1) Excludes construction-revenue

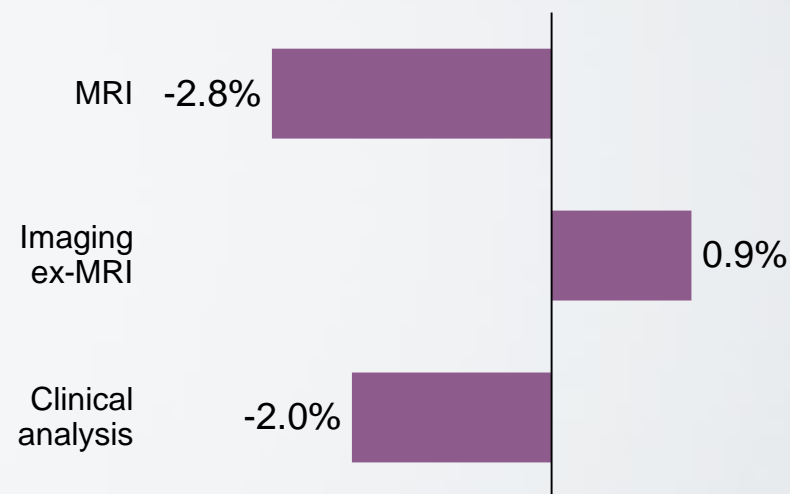
GROSS REVENUE¹

Contribution:



Growth:

(2Q vs. 2Q)



- **SSS of 2.0% in the quarter**, offset by the sale of Hospital São Rafael's operations (**Delfin brand, Bahia**) and by stores closed
- **Volume growth** offset by lower tickets (trade down of healthcare plans and slow macro recovery).
- Ex-São Rafael, **imaging segment grew by 2.4%**. The highlight is our **São Paulo operations: +5.6%**

FINANCIAL PERFORMANCE

Quarterly Income Statement OVERVIEW	2Q19	2Q18	YoY	(IFRS 16)	2Q19 (Pro-forma)	YoY (Pro-forma)
Gross Revenue (ex-construction)	294.3	298.1	-1.3%	-	294.3	-1.3%
Deductions (ex)	(21.9)	(22.8)	-4.1%	-	(21.9)	-4.1%
Net Revenue (ex-construction)	272.4	275.2	-1.0%	-	272.4	-1.0%
Cost of services	(199.6)	(202.6)	-1.5%	(0.1)	(199.7)	-1.4%
Gross Profit	72.8	72.7	0.2%	-0.1	72.7	0.1%
<i>Gross Profit Margin</i>	26.7%	26.4%	33 bps	-	26.7%	29 bps
General and administrative expenses	(39.9)	(47.6)	-16.2%	(3.2)	(43.0)	-9.5%
Other income (expenses), net	(1.4)	0.0	n/a	-	(1.4)	n/a
Share of profit (loss) on investments	4.2	3.7	13.9%	-	4.2	13.9%
(+) Depreciation and Amortization	29.6	22.9	29.5%	-	29.6	29.5%
EBITDA	65.3	51.7	26.4%	(12.4)	53.0	2.4%
<i>(+/- adjustments)</i>	7.8	7.7	0.8%	-	7.8	0.8%
Adjusted EBITDA	73.1	59.4	23.0%	-12.4	60.8	2.2%
<i>Adjusted EBITDA Margin</i>	26.9%	21.6%	526 bps	-	22.3%	71 bps
(-) Depreciation and Amortization	(29.6)	(22.9)	29.5%	9.1	(20.5)	-10.3%
Finance income (expenses)	(20.7)	(18.7)	10.6%	5.1	(15.6)	-16.4%
EBT	15.1	10.2	48.1%	1.8	16.8	65.7%
Taxes	(3.3)	(2.4)	34.4%	(0.5)	(3.8)	56.2%
<i>Effective tax rate</i>	-21.6%	-23.8%	222 bps	-	-22.5%	137 bps
Attributable to non-controlling shareholders	(2.2)	(2.5)	-10.8%	0.1	(2.1)	-16.0%
Net Income (Shareholders)	9.6	5.3	82.1%	1.4	11.0	108.4%
<i>Net margin (Shareholders)</i>	3.5%	1.9%	161 bps	-	4.0%	212 bps



OPERATING
LEVERAGE

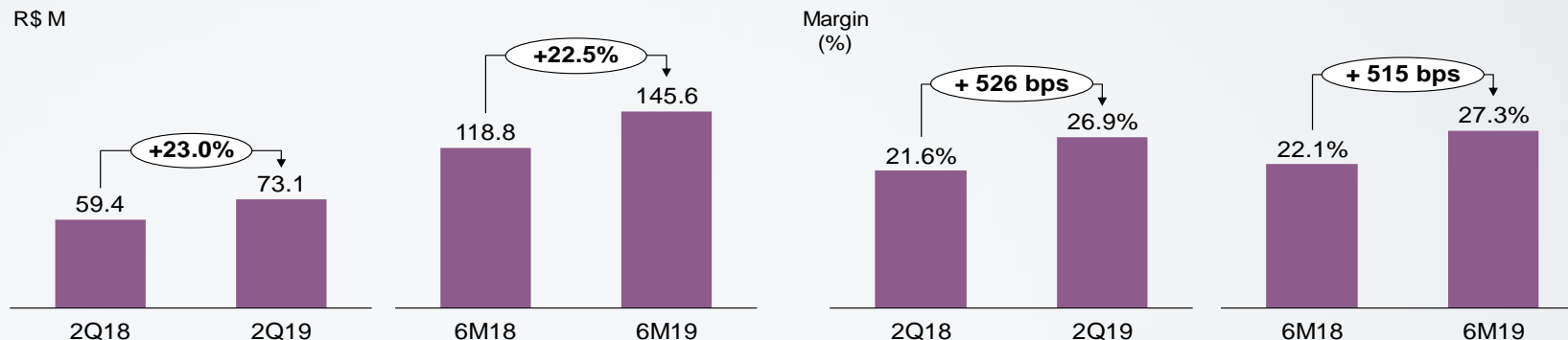
FINANCIAL PERFORMANCE

YTD Income Statement OVERVIEW	6M19	6M18	YoY	(IFRS 16)	6M19 (Pro-forma)	YoY (Pro-forma)
Gross Revenue (ex-construction)	576.9	582.1	-0.9%	-	576.9	-0.9%
Deductions (ex)	(42.9)	(44.6)	-3.7%	-	(42.9)	-3.7%
Net Revenue (ex-construction)	534.0	537.5	-0.7%	-	534.0	-0.7%
Cost of services	(391.1)	(392.1)	-0.3%	0.2	(390.9)	-0.3%
Gross Profit	142.9	145.4	-1.7%	0.2	143.1	-1.6%
<i>Gross Profit Margin</i>	26.8%	27.1%	-29 bps	-	26.8%	-26 bps
General and administrative expenses	(76.6)	(89.2)	-14.1%	(6.1)	(82.7)	-7.3%
Other income (expenses), net	(2.9)	(2.3)	24.1%	-	(2.9)	24.1%
Share of profit (loss) on investments	8.4	7.0	19.9%	-	8.4	19.9%
(+) Depreciation and Amortization	58.1	42.5	36.7%	-	58.1	36.7%
EBITDA	130.0	103.4	25.7%	(24.0)	106.0	2.4%
<i>(+/- adjustments)</i>	15.6	15.4	1.1%	-	15.6	1.1%
Adjusted EBITDA	145.6	118.8	22.5%	-24.0	121.5	2.3%
<i>Adjusted EBITDA Margin</i>	27.3%	22.1%	515 bps	-	22.8%	65 bps
(-) Depreciation and Amortization	(58.1)	(42.5)	36.7%	18.1	(40.1)	-5.8%
Finance income (expenses)	(41.4)	(35.4)	16.8%	10.5	(30.9)	-12.8%
EBT	30.4	25.5	19.6%	4.6	35.0	37.6%
Taxes	(7.1)	(8.1)	-11.6%	(1.3)	(8.5)	4.6%
<i>Effective tax rate</i>	-23.5%	-31.8%	830 bps	-	-24.2%	761 bps
Attributable to non-controlling shareholders	(3.8)	(5.0)	-23.6%	0.1	(3.7)	-26.5%
Net Income (Shareholders)	19.5	12.4	57.5%	3.4	22.9	85.0%
<i>Net margin (Shareholders)</i>	3.6%	2.3%	135 bps	-	4.3%	198 bps



OPERATING
LEVERAGE

Adj. EBITDA & MARGIN



Quarterly EBITDA (R\$ Million)	2Q19	2Q18	YoY	% NRev (2Q19)	% NRev (2Q18)	YoY	(IFRS 16)	2Q19 (Pro-forma)	YoY (Pro-forma)
Net Revenue (ex)	272.4	275.2	-1.0%	-	-	-	-	272.4	-1.0%
Gross Profit	72.8	72.7	0.2%	26.7%	26.4%	33 bps	-0.1	72.7	0.1%
General and adm. expenses	-39.9	-47.6	-16.2%	-14.6%	-17.3%	264 bps	-3.2	-43.0	-9.5%
Employees	-21.2	-22.9	-7.4%	-7.8%	-8.3%	54 bps	-	-21.2	-7.4%
Occupancy, 3 rd party, other	-16.2	-21.3	-24.3%	-5.9%	-7.8%	183 bps	-3.5	-19.6	-8.1%
Depreciation (expense)	-2.4	-2.3	3.2%	-0.9%	-0.8%	-4 bps	0.3	-2.1	-10.3%
Long-term incentive	-0.2	-1.1	-82.3%	-0.1%	-0.4%	32 bps	-	-0.2	-82.3%
Other expenses, net	-1.4	0.0	n/a	-0.5%	0.0%	n/a	-	-1.4	n/a
Earnings of subsidiaries	4.2	3.7	13.9%	1.5%	1.3%	20 bps	-	4.2	13.9%
EBIT	35.7	28.8	23.9%	13.1%	10.5%	264 bps	-3.3	32.5	12.5%
(+) Depreciation and amort.	29.6	22.9	29.5%	10.9%	8.3%	257 bps	-9.1	20.5	-10.3%
EBITDA	65.3	51.7	26.4%	24.0%	18.8%	520 bps	-12.4	53.0	2.4%
(+) Write-down of financial asset	7.8	7.7	0.8%	2.9%	2.8%	5 bps	-	7.8	0.8%
Adjusted EBITDA	73.1	59.4	23.0%	26.9%	21.6%	526 bps	-12.4	60.8	2.2%

- Adj. EBITDA growth of 23.0% in 2Q (26.9% margin, +526 bps vs 2Q18), benefiting from the IFRS 16 adoption. In the pro-forma view, 2.2% growth and a 22.3% margin (expansion of 71 bps)
- Strong control in costs and expenses as a consequence of Alliar's projects aimed at increasing productivity through the use of technology and innovation.
- Expansion of margins despite the shy revenue performance

FINANCIAL RESULT / DEBT

Quarterly Financial Result (R\$ Million)	2Q19	1Q19	2Q18	YoY	(IFRS 16)	2Q19 (Pro-forma)	YoY (Pro-forma)
Financial income	0.4	0.5	0.3	64.2%	-	0.4	64.2%
Financial expenses	-16.0	-15.7	-17.2	-6.5%	-	-16.0	-6.5%
Lease interest	-5.1	-5.4	0.0	n/a	5.1	0.0	n/a
FX effect on USD debt	0.0	0.0	-1.8	-99.8%	-	0.0	-99.8%
Total Financial Result	-20.7	-20.7	-18.7	10.6%	5.1	-15.6	-16.4%

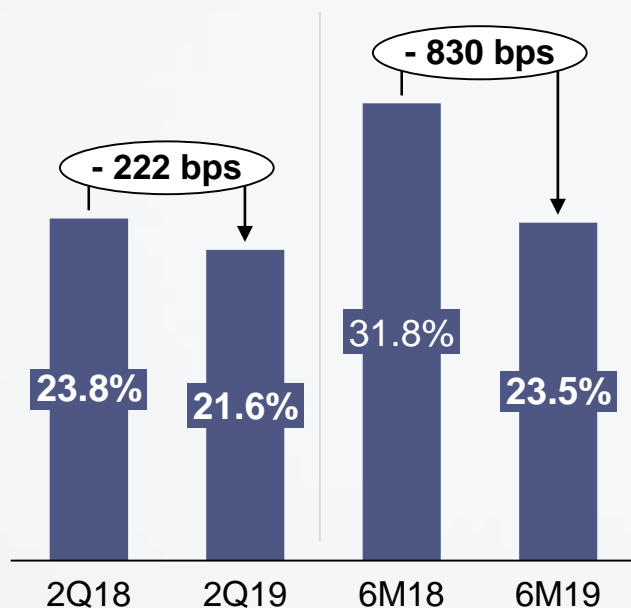
- Higher financial result due to the lease interest according to IFRS 16
- Pro-forma result 16.4% better, as a result of the lower net debt and lower financial expenses

Debt (R\$ Million)	2Q19	1Q19 (Pro-forma)	4Q18	2Q18	YoY	(IFRS 16)	2Q19 (Pro-forma)	YoY (Pro-forma)
Loans and debentures	599.5	608.3	605.5	609.2	-1.6%	-	599.5	-1.6%
Supplier 'drawee risk'	0.0	0.0	0.0	0.0	n/a	-	0.0	n/a
Derivative fin. instruments	-0.1	-2.9	-2.3	0.0	n/a	-	-0.1	n/a
Gross Bank Debt	599.4	605.4	603.2	609.2	-1.6%	-	599.4	-1.6%
Gross Bank Debt R\$ ¹	594.3	599.2	595.9	598.2	-0.7%	-	594.3	-0.7%
Gross Bank Debt US\$	5.1	6.2	7.3	11.0	-53.3%	-	5.1	-53.3%
Tax installment payments	9.9	10.3	10.7	8.9	10.8%	-	9.9	10.8%
Acquisitions of companies	41.7	42.4	46.8	56.3	-25.8%	-	41.7	-25.8%
Total Gross Debt	651.0	658.1	660.7	674.4	-3.5%	-	651.0	-3.5%
Cash and equivalents	63.9	67.0	75.9	66.8	-4.3%	-	63.9	-4.3%
Total Net Debt	587.1	591.1	584.8	607.6	-3.4%	-	587.1	-3.4%
Adjusted EBITDA LTM	277.6	252.2	250.8	232.8	19.2%	-24.0	253.5	8.9%
Total Net Debt / Adj.	2.12 x	2.34 x	2.33 x	2.61 x	-19.0%	-	2.32 x	-11.3%

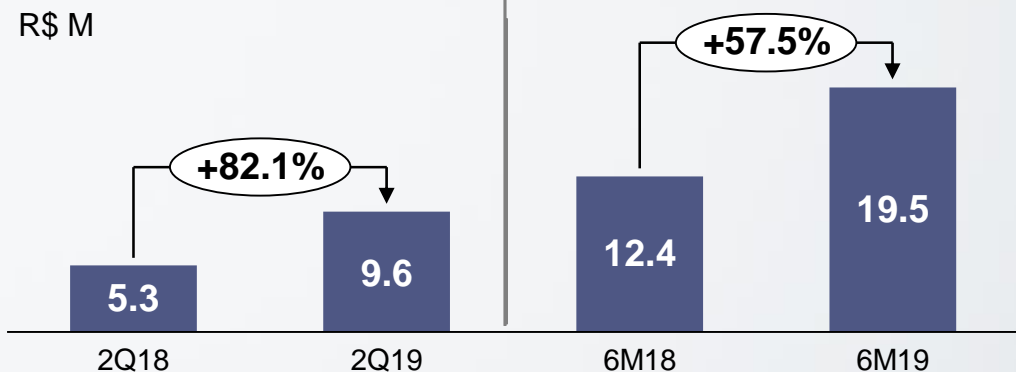
- Deleveraging process continues:
 - Net debt is **3.4% lower than in 2Q18**
 - 2.12x** net debt to adj. EBITDA

TAX RATE & NET INCOME

Income Tax



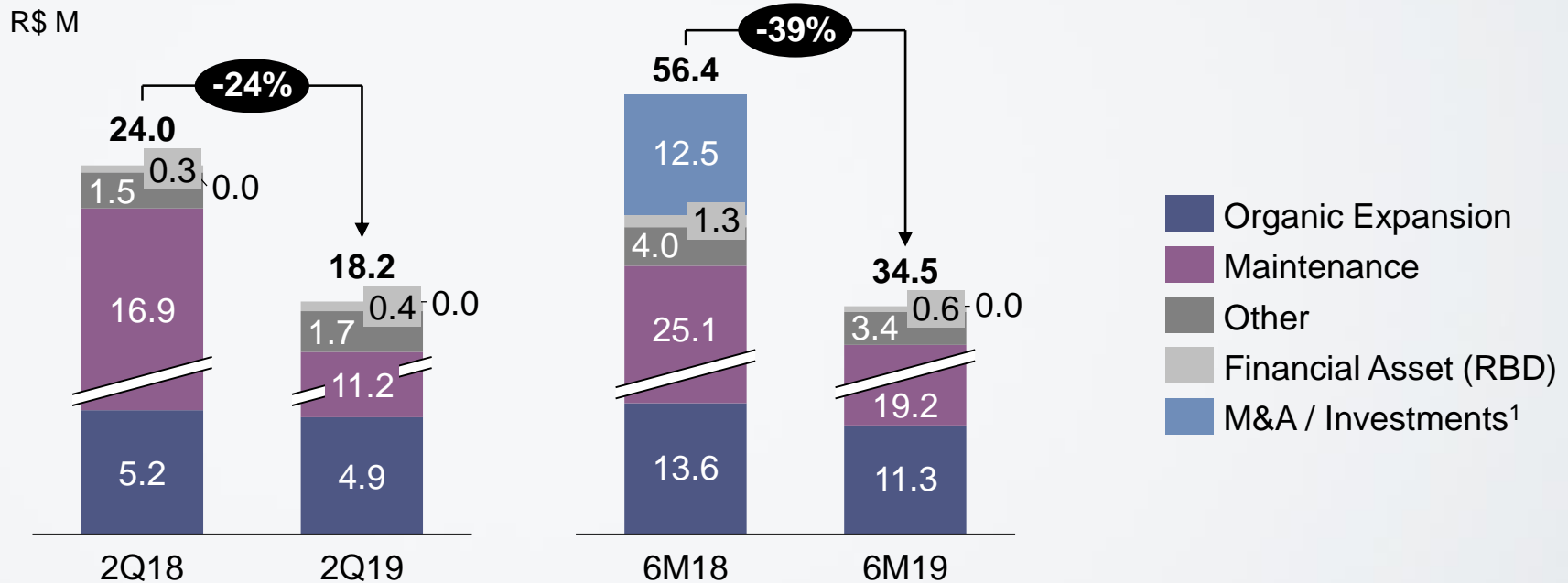
Quarterly Net Income (R\$ Million)	2Q19	2Q18	YoY	(IFRS 16)	2Q19 (Pro-forma)	YoY (Pro-forma)
Net Income	11.8	7.7	52.5%	1.4	13.2	70.4%
(-) Attributable to noncontrolling interests	2.2	2.5	-10.8%	0.1	2.3	-5.5%
Net Income (Shareholders)	9.6	5.3	82.1%	1.4	11.0	108.4%
Net Income per share (in R\$)	0.08	0.04	82.1%	0.01	0.09	108.4%
Net Margin	4.3%	2.8%	152 bps	-	4.8%	203 bps
Net Margin (Shareholders)	3.5%	1.9%	161 bps	-	4.0%	212 bps



- Tax rates of **21.6% in 2Q** and of **23.5% YTD** (an improvement of **830 bps**) reflect Alliar's efforts to reduce inefficiencies of its corporate structure
- Net income growth higher than EBITDA growth demonstrates the **operating leverage** of Alliar's current cycle and the gains obtained between EBITDA and net income (e.g. better levels of **pro-forma financial results**)
- Net Income (Shareholders) growth of **85.0%** in 2Q, to reach R\$ **22.9** million YTD

INVESTMENTS

TOTAL INVESTMENTS (CAPEX + M&A)



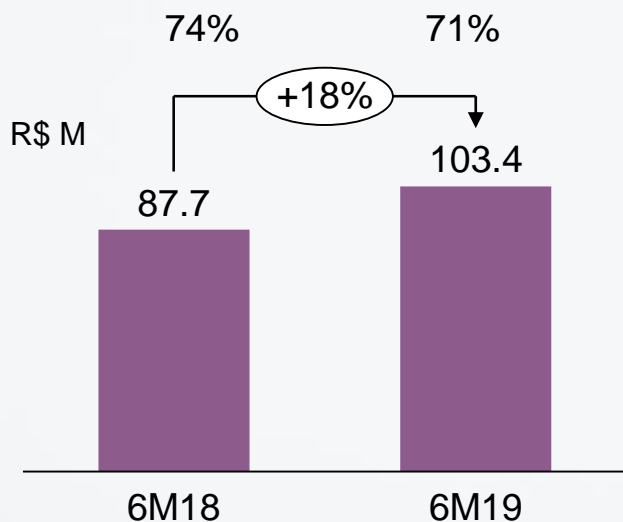
- **The 24% reduction in total investments** in the quarter reflects the smaller level of investments in organic expansion and maintenance
- Total investments reached R\$ **18.2** million in the quarter and R\$ **34.5** million YTD
- Investments' reduction is in line with Alliar's strategy to mature its current asset base. This translates into an important driver of **free cash generation**

(1) M&A/Investments in 2018 are in the accrual method

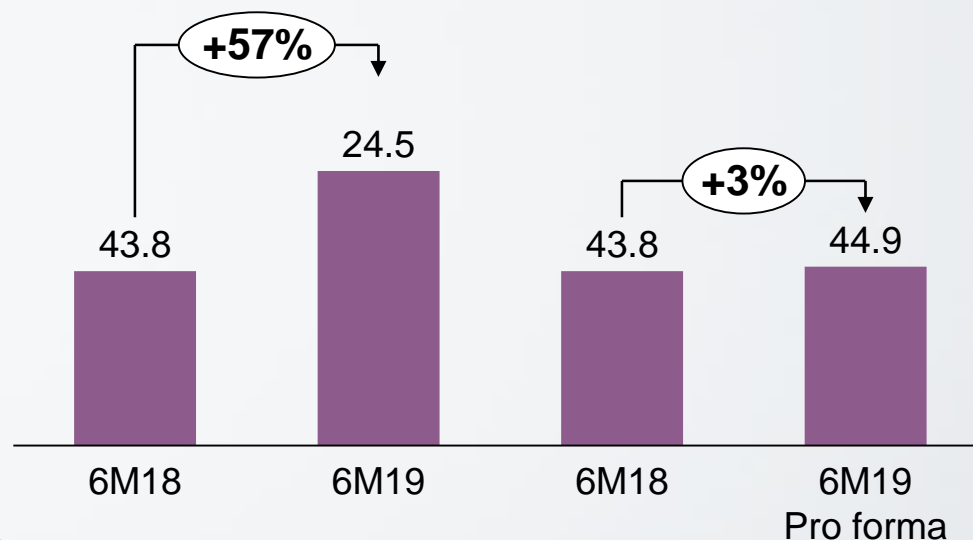
CASH FLOW

OPERATING CASH AND CASH CONVERSION

Conversion:



FREE CASH FLOW



- **Operating Cash Flow** reached R\$ 103.4 million YTD (+17.9%), benefiting from the adoption of IFRS 16, with **71%** of cash conversion
- In Alliar's current growth cycle, operating cash drives the **important free cash flow**
- **YTD positive free cash flow** of R\$ 68.9 million (with IFRS 16) and R\$ 44.9 million proforma **(+3%)**

RESTRICTED STOCK PROGRAM

- The new program has linked the long-term incentive to the future performance of the Company
 - Shares representing up to 1.63% of Alliar's equity subject to the achievement of a **minimum adjusted net income in 2021 of:**
 - **R\$ 100 million**, for 50% or more (proportionally) of the reference quantity
 - **R\$ 200 million**, for the total reference quantity
 - **No amount will be distributed** if the minimum income is not met

CLOSING REMARKS

- Focus on **Profitability** continues to be reflected on Alliar's results
 - **Mega-stores** are ramping-up
 - **Higher Productivity** in Operations: **25.5** exams / MRI / day
(+6.8% vs. 6M18)
 - Despite shy revenue performance, trend of **Margins expansion** and **higher Net Income** and **Cash Generation** continues

- For 2020, the use of **technology and innovation** as drivers of **operational efficiency**, **medical quality** and **patient experience** shall contribute to higher profitability



alliar médicos à frente
sistema de diagnósticos de saúde



Q&A

IR Contacts

Frederico Oldani | CFO/IRO

Francisco de Paula | IR Manager

Phone: (55 11) 4369-1387

<http://ir.alliar.com>

ri@alliar.com