

EARNINGS RELEASE

1Q19



alliar médicos à frente
sistema de diagnósticos de saúde

CONFERENCE CALL
IN PORTUGUESE

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São Paulo, May 13, 2019 - Centro de Imagem Diagnósticos S.A. (“Alliar” or “Company”) (B3: AALR3), one of Brazil’s largest diagnostic medicine companies, announces today its earnings results for the first quarter of 2019. The figures and their historical series (when available) can be obtained in excel format at <http://ir.alliar.com>

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. To better understand, a ‘1Q19 Pro-forma’ column was included throughout this report, disregarding these effects in the main accounts affected.

HIGHLIGHTS

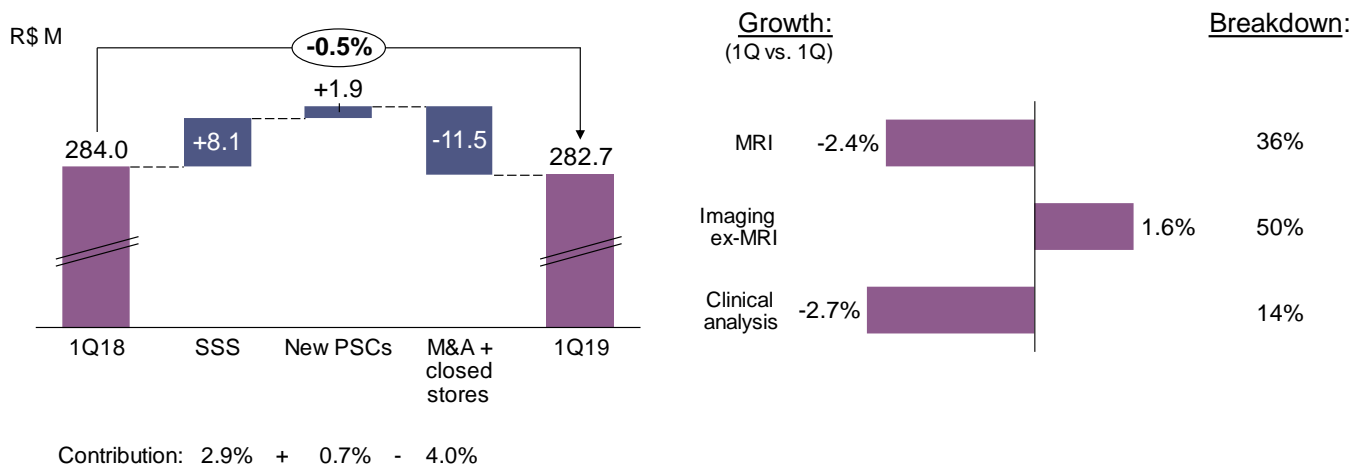
- **Net income** (Shareholders) **grew by 39.2% in the quarter**, reaching **R\$9.9 million**. Net income (Proforma) of R\$11.9 million, **up by 67.6%**
- EBITDA margin **expanded +504 bps**, to reach **27.7%** in the quarter, with adjusted EBITDA of **R\$72.4 million, up by 21.9%**. Adjusted 1Q19 EBITDA (Proforma) of **R\$60.8 million, up +2.3%** vs. 1Q18
- **Same-store-sales** (SSS) of **+3.0%**, offset mainly by the sale of Hospital São Rafael’s operations, led to a **stable net revenue¹ (-0.3%) of R\$261.6 million** in the quarter
- **Operating cash generation** of **R\$40.8 million (+24.4%)** and cash conversion of **56.4%**. **The positive free cash flow** of **R\$24.5 million (+91.0%)** demonstrates Alliar’s new momentum
- **ROIC** without goodwill reached **12.8%**, up by **69 bps** due to the **investment maturation** strategy
- Net promoter score (**NPS**) reached **63.0%** at the end of 1Q19, increasing by **247 bps** vs. 1Q18, reflecting the ongoing improvement processes and the **real-time management** of patient flow in our units

KPIs (R\$ Million)	1Q19	1Q18	YoY	(IFRS 16)	1Q19 (Pro-forma)	YoY (Pro-forma)
Gross Revenue (ex-construction) ¹	282.7	284.0	-0.5%	-	282.7	-0.5%
Net Revenue (ex-construction) ¹	261.6	262.3	-0.3%	-	261.6	-0.3%
Gross Profit	70.1	72.7	-3.7%	0.3	70.4	-3.2%
Gross Profit Margin ²	26.8%	27.7%	-95 bps	-	26.8%	-95 bps
EBITDA	64.6	51.7	25.0%	-11.6	53.0	2.5%
EBITDA Margin ²	24.7%	19.7%	499 bps	-	20.3%	54 bps
Adjusted EBITDA ³	72.4	59.4	21.9%	-11.6	60.8	2.3%
Adjusted EBITDA Margin ²	27.7%	22.6%	504 bps	-	23.2%	58 bps
Net Income (Shareholders)	9.9	7.1	39.2%	2.0	11.9	67.6%
Operating Cash Flow	40.8	32.8	24.4%	-11.6	29.2	-11.1%
Cash Conversion	56.4%	55.3%	113 bps	-	48.0%	-723 bps
Free Cash Flow	24.5	12.8	91.0%	-11.6	12.9	0.3%
ROIC ⁴	12.8%	12.1%	69 bps	-	12.5%	34 bps
NPS	63.0%	60.5%	247 bps	-	63.0%	247 bps

- 1) Excludes "construction revenue", accounting entry referring to the investment made at RBD (PPP Bahia)
- 2) Margins are calculated on net revenue (ex-construction)
- 3) Excludes write-down of financial asset in 2017 and 2018 and other in 2017 (see chapter on EBITDA)
- 4) ROIC without goodwill (adjusted NOPAT divided by average invested capital without goodwill)

REVENUE

Gross revenue (ex-construction) reached R\$282.7 million (-0.5%) in the quarter with SSS performance of +3.0% and contribution of +0.7% from the new units, offset mainly by the sale of Hospital São Rafael's operations (Delfin brand, Bahia).



The SSS growth mainly reflects the ramp-up of the mega-units inaugurated in 2017 while the new units received the contribution of IDR initiatives, both being offset by the impact of Hospital São Rafael (nearly R\$8 million in the quarter), as well as the effect of units closed for renovations during the quarter.

The recovery in the generation of formal jobs (CAGED), which began in 3Q18, is happening at a slow pace, resulting in a small increase in the number of health plan beneficiaries. As the economy returns to its regular growth pace, the increased number of health care beneficiaries, plus the increase in aging population, tends to benefit the diagnostic medicine industry.

Regarding our brands and regional dynamics, we highlight the CDB brand (São Paulo), which continues to present the best performance among the Company's brands. The increase in demand in São Paulo has supported the brand's growth and allowed the maturation of the mega units inaugurated in 2017. On the other hand, the Company faces growth challenges in the Delfin brand (Bahia), due to the losses of beneficiaries by the main healthcare plans of the region.

Gross Revenue (R\$ Million)	1Q19	1Q18	YoY
Gross Revenue (ex-construction)	282.7	284.0	-0.5%
Diagnostic imaging	243.1	243.4	-0.1%
MRI Exams	101.3	103.8	-2.4%
Other Imaging Exams	141.8	139.6	1.6%
Clinical analysis	39.5	40.7	-2.7%
Construction revenue	0.3	0.9	-72.2%
Gross Revenue	282.9	284.9	-0.7%
Deductions	-21.1	-21.8	-3.4%
Net Revenue	261.8	263.1	-0.5%
Net Revenue (ex-construction)	261.6	262.3	-0.3%

Operational Highlights	Performance		
	1Q19	1Q18	YoY
Avg Revenue/MRI equipment (R\$ M)	0.85	0.85	0.0%
Avg Rev./Clin. Analysis Room (R\$ M)	0.14	0.14	-1.0%
MRI exams ('000)	180	181	-0.6%
Clinical analysis exams ('000)	2,622	2,617	0.2%
MRI Avg. Ticket (R\$)	564	574	-1.8%
Clinical analysis Avg. Ticket (R\$)	15.1	15.5	-2.9%
MRI exams / equipment / day	24.2	23.7	1.9%
Clinical analysis / room / day	146.2	143.4	1.9%

Operational KPIs	Assets					
	1Q19	4Q18	QoQ	1Q19	1Q18	YoY
End of period						
PSCs	108	111	-2.7%	108	118	-8.5%
Mega	17	17	0.0%	17	18	-5.6%
Standard	80	83	-3.6%	80	84	-4.8%
Collection Points	11	11	0.0%	11	16	-31.3%
MRI equipments	119	121	-1.7%	119	122	-2.5%
Clinical Analysis Rooms	287	290	-1.0%	287	292	-1.7%

There was an increase in the number of exams, which was offset by the lower average tickets, still due to the trade-down seen in health plans. This way, revenue from imaging tests remained stable despite the effect of Hospital São Rafael. Excluding this effect, **imaging revenue grew by 3.1%**.

Alliar continues to improve the productivity of its MRI equipment. In the quarter, the **productivity gain reached 1.9%**, reaching an average of **24.2** exams/MRI/day in the units.

The **complementary offer of CA**, which is still in the process of maturation, also recorded productivity gains in the collection rooms (**+1.9%**, to an average of **146.2** exams/room/day in the period). The number of exams remained stable in the quarter (**+0.2%**) despite the removal of 5 collection rooms year-over-year. As a result, AC's representativeness reached **14.0%** of the gross revenue. By the end of March 2019 Alliar offered AC in **49** of its units.

Total deductions on Gross Revenue accounted for 8.0% in the quarter, an improvement of 24 bps year-over-year, reflecting Alliar's efforts since 2018 to improve the processes related to its receipt cycle, reducing losses and deductions.

FINANCIAL PERFORMANCE

Alliar's **current growth cycle**, focused on **increasing profitability** through the **investments maturation** and **productivity** gains with technology and innovation, started in January 2018 and continues to be favorably reflected in the Company's results.

In this quarter, starting from a stable net revenue (-0.3%), **adjusted EBITDA** increased by **21.9%** and **Net income** increased by **39.2%**, to reach R\$9.9 million. Disregarding the adoption of IFRS 16, adjusted EBITDA (Proforma) grew **2.3%** and **Net income (Proforma)** increased by **67.6%**.

In addition to the **operational leverage** due to maturing investments and productivity gains, below EBITDA the highlights were the **decrease in financial expenses** (-8.8% Proforma) and the improvement of the **effective IR&CS rate** (1,131 bps Proforma), mainly reflecting the efforts to reduce tax inefficiencies related to Alliar's corporate structure.

Income Statement Overview	1Q19	1Q18	YoY	(IFRS 16)	1Q19	YoY
					(Pro-forma)	(Pro-forma)
Gross Revenue (ex-construction)	282.7	284.0	-0.5%	-	282.7	-0.5%
Deductions	(21.0)	(21.8)	-3.3%	-	(21.0)	-3.3%
Net Revenue (ex-construction)	261.6	262.3	-0.3%	-	261.6	-0.3%
Cost of services	(191.5)	(189.5)	1.1%	0.3	(191.2)	0.9%
Gross Profit	70.1	72.7	-3.7%	0.3	70.4	-3.2%
<i>Gross Profit Margin</i>	26.8%	27.7%	-95 bps	-	26.9%	-83 bps
General and administrative expenses	(36.7)	(41.7)	-11.8%	(3.0)	(39.7)	-4.7%
Other income (expenses), net	(1.5)	(2.4)	-38.3%	-	(1.5)	-38.3%
Share of profit (loss) on investments	4.2	3.3	26.6%	-	4.2	26.6%
(+) Depreciation and Amortization	28.5	19.7	44.9%	-	28.5	44.9%
EBITDA	64.6	51.7	25.0%	(11.6)	53.0	2.5%
<i>(+/- adjustments)</i>	7.8	7.7	1.4%	-	7.8	1.4%
Adjusted EBITDA	72.4	59.4	21.9%	-11.6	60.8	2.3%
<i>Adjusted EBITDA Margin</i>	27.7%	22.6%	504 bps	-	23.2%	58 bps
(-) Depreciation and Amortization	(28.5)	(19.7)	44.9%	9.0	(19.6)	-0.7%
Finance income (expenses)	(20.7)	(16.7)	23.7%	5.4	(15.3)	-8.8%
EBT	15.4	15.3	0.6%	2.8	18.2	18.9%
Taxes	(3.9)	(5.7)	-31.3%	(0.8)	(4.7)	-17.4%
<i>Effective tax rate</i>	-25.3%	-37.1%	1176 bps	-	-25.7%	1131 bps
Attributable to non-controlling shareholders	(1.6)	(2.5)	-36.2%	0.0	(1.6)	-36.9%
Net Income (Shareholders)	9.9	7.1	39.2%	2.0	11.9	67.6%
<i>Net margin (Shareholders)</i>	3.8%	2.7%	107 bps	-	4.6%	184 bps



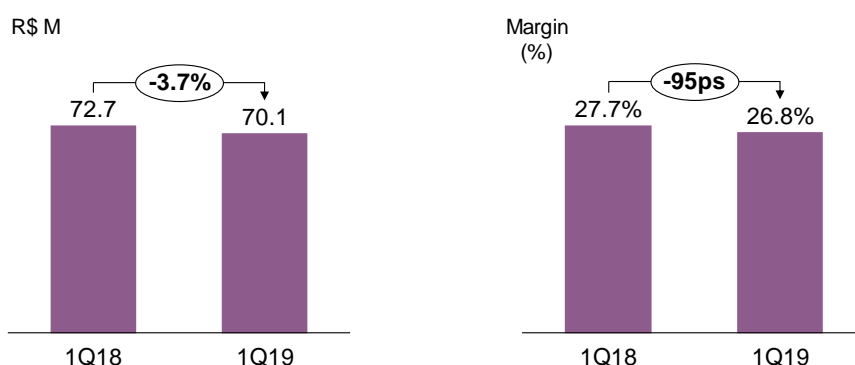
OPERATING
LEVERAGE

GROSS PROFIT / GROSS MARGIN

Gross Profit reached R\$70.1 million in the quarter (-3.7%), with gross margin of 26.8% (-95 bps). In the accounting view, lower expenses on occupancy (IFRS 16) are partially offset by higher depreciation. The Proforma Gross Profit of R\$70.4 million reflects the higher costs in supplies and third-party accounts and the Company's discipline in employees and medical services' accounts (both stable as a percentage of revenue).

The small contraction in Gross Margin during the quarter is linked to the comparison base of 2018 (the highest quarterly gross margin in 2018), in addition to the higher share of ultrasound exams in the mix.

Strategic sourcing initiatives continue to generate benefits in 2019, albeit to a lesser extent.

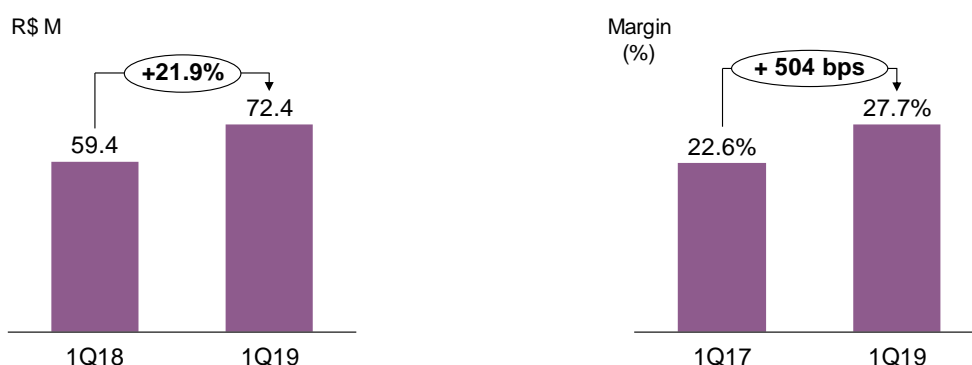


Gross Profit (R\$ Million)	1Q19	1Q18	YoY	% NRev (1Q19)	% NRev (1Q18)	YoY	(IFRS 16)	1Q19 (Pro-forma)	YoY (Pro-forma)
Net Revenue (ex)	261.6	262.3	-0.3%	-	-	-	-	261.6	-0.3%
Costs (ex)	-191.5	-189.5	1.1%	-73.2%	-72.3%	-95 bps	0.3	-191.2	0.9%
Medical Services	-50.5	-50.2	0.5%	-19.3%	-19.1%	-15 bps	-	-50.5	0.5%
Employees	-50.6	-49.7	1.7%	-19.3%	-18.9%	-38 bps	-	-50.6	1.7%
Supplies and Support Labs	-32.7	-30.7	6.6%	-12.5%	-11.7%	-81 bps	-	-32.7	6.6%
Maintenance	-6.0	-7.4	-18.4%	-2.3%	-2.8%	51 bps	-	-6.0	-18.4%
Occupancy	-11.9	-21.2	-43.8%	-4.6%	-8.1%	354 bps	-8.4	-20.3	-4.3%
Third-party serv. and others	-13.5	-12.6	7.2%	-5.2%	-4.8%	-36 bps	-	-13.5	7.2%
Deprec. and amortization	-26.3	-17.7	48.4%	-10.0%	-6.8%	-329 bps	8.7	-17.6	-0.7%
Gross Profit	70.1	72.7	-3.7%	26.8%	27.7%	-95 bps	0.3	70.4	-3.2%
Construction cost	-0.2	-0.9	-72.2%	-0.1%	-0.3%	24 bps	-	-0.2	-72.2%

EBITDA / EBITDA MARGIN

Adjusted EBITDA increased by **21.9%** in the quarter and reached **R\$72.4** million with an EBITDA margin of **27.7% (+504 bps)**. The gain recorded in the quarter mainly reflects the accounting of rents in accordance with IFRS 16. In the Proforma, adjusted EBITDA **increased by 2.3% in the period**, leading to an adjusted EBITDA margin **58 bps above** 1Q18's margin.

We highlight the strong control in costs and expenses as a consequence of Alliar's projects aimed at **increasing productivity through the use of technology and innovation**. Through these projects, Alliar has been able to bring together operational efficiency and a better patient experience, resulting in an increase of +247 bps in NPS.



EBITDA (R\$ Million)	1Q19	1Q18	YoY	% NRev (1Q19)	% NRev (1Q18)	YoY	(IFRS 16)	1Q19 (Pro-forma)	YoY (Pro-forma)
Net Revenue (ex)	261.6	262.3	-0.3%	-	-	-	-	261.6	-0.3%
Gross Profit	70.1	72.7	-3.7%	26.8%	27.7%	-95 bps	0.3	70.4	-3.2%
General and adm. expenses	-36.7	-41.7	-11.8%	-14.0%	-15.9%	184 bps	-3.0	-39.7	-4.7%
Employees	-22.4	-22.2	0.7%	-8.5%	-8.5%	-8 bps	-	-22.4	0.7%
Occupancy, 3 rd party, other	-11.6	-16.4	-29.4%	-4.4%	-6.3%	183 bps	-3.3	-14.9	-9.6%
Depreciation (expense)	-2.2	-2.0	14.2%	-0.9%	-0.8%	-11 bps	0.3	-2.0	-0.7%
Long-term incentive	-0.5	-1.1	-50.7%	-0.2%	-0.4%	20 bps	-	-0.5	-50.7%
Other expenses, net	-1.5	-2.4	-38.3%	-0.6%	-0.9%	35 bps	-	-1.5	-38.3%
Earnings of subsidiaries	4.2	3.3	26.6%	1.6%	1.3%	34 bps	-	4.2	26.6%
EBIT	36.1	32.0	12.7%	13.8%	12.2%	159 bps	-2.7	33.4	4.4%
(+) Depreciation and amort.	28.5	19.7	44.9%	10.9%	7.5%	340 bps	-9.0	19.6	-0.7%
EBITDA	64.6	51.7	25.0%	24.7%	19.7%	499 bps	-11.6	53.0	2.5%
(+) Write-down of financial asset	7.8	7.7	1.4%	3.0%	2.9%	5 bps	-	7.8	1.4%
Adjusted EBITDA	72.4	59.4	21.9%	27.7%	22.6%	504 bps	-11.6	60.8	2.3%

Accounting EBITDA totaled **R\$64.6** million (**+ 25.0%**) in the quarter, impacted by the change of accounting rule according to IFRS 16. Pro-forma EBITDA grew by 2.5%

The following summary describes the adjustment made for a better understanding of Alliar's EBITDA.

- **Write-down of Financial Asset:** A recurring entry concerning the depreciation of investments made by RBD (PPP Bahia), which reached R\$ 7.8 million in 1Q19 (vs. R\$ 7.7 million in 1Q18).

FINANCIAL RESULT AND DEBT

Financial Result (R\$ Million)	1Q19	4Q18	1Q18	YoY	(IFRS 16)	1Q19 (Pro-forma)	YoY (Pro-forma)
Financial income	0.5	0.2	0.4	10.0%	-	0.5	10.0%
Financial expenses	-15.7	-15.9	-17.1	-8.4%	-	-15.7	-8.4%
Lease interest	-5.4	0.0	0.0	n/a	5.4	0.0	n/a
FX effect on USD debt	0.0	0.7	0.0	-0.4%	-	0.0	-0.4%
Total Financial Result	-20.7	-15.0	-16.7	23.7%	5.4	-15.3	-8.8%

The **23.7%** increase in the financial result for the quarter is mainly attributable to lease interest under IFRS 16. In the Proforma comparison, the total financial result decreased by **8.8%**, mainly reflecting a reduction in the Company's **total net debt, down by 7.1% over 1Q18** (see table below).

Debt (R\$ Million)	1Q19	4Q18	1Q18	YoY	(IFRS 16)	1Q19 (Pro-forma)	YoY (Pro-forma)
Loans and debentures	608.3	605.5	631.3	-3.7%	-	608.3	-3.7%
Supplier 'drawee risk'	0.0	0.0	4.3	-100.0%	-	0.0	-100.0%
Derivative fin. instruments	-2.9	-2.3	1.0	n/a	-	-2.9	n/a
Gross Bank Debt	605.4	603.2	636.6	-4.9%	-	605.4	-4.9%
Gross Bank Debt R\$ ¹	599.2	595.9	625.0	-4.1%	-	599.2	-4.1%
Gross Bank Debt US\$	6.2	7.3	11.7	-47.0%	-	6.2	-47.0%
Tax installment payments	10.3	10.7	9.3	11.0%	-	10.3	11.0%
Acquisitions of companies	42.4	46.8	62.2	-31.9%	-	42.4	-31.9%
Total Gross Debt	658.1	660.7	708.2	-7.1%	-	658.1	-7.1%
Cash and equivalents	67.0	75.9	71.8	-6.7%	-	67.0	-6.7%
Total Net Debt	591.1	584.8	636.3	-7.1%	-	591.1	-7.1%
Adjusted EBITDA LTM	263.9	250.8	232.5	13.5%	-11.6	252.2	8.5%
Total Net Debt / Adj. EBITDA	2.24 x	2.33 x	2.74 x	-18.1%	-	2.34 x	-14.4%

1) Approximately 24% of this BRL-based debt is exposed to foreign currency and is protected from exchange variation effects through hedge instruments

With **total net debt** reducing to R\$591.1 million, the **total net debt/adjusted EBITDA ratio** reached **2.24x** at the end of the quarter.

The **18.1% reduction in the leverage indicator** is a consequence of the Company's efforts to increase its free cash generation, a trend that should continue to be observed throughout 2019, in line with Alliar's financial deleveraging strategy.

INCOME TAX AND SOCIAL CONTRIBUTION

Income Tax (R\$ Million)	Consolidated			(IFRS 16)	1Q19 (Pro-forma)	YoY (Pro-forma)
	1Q19	1Q18	YoY			
EBT	15.4	15.3	0.6%	2.8	18.2	0.6%
Income Tax	-3.9	-5.7	-31.3%	-0.8	-4.7	-17.4%
<i>Current income tax</i>	-3.0	-7.0	-57.1%	-	-3.0	-57.1%
<i>Deferred income tax</i>	-0.9	1.3	n/a	-0.8	-1.7	n/a
Effective Tax Rate (%)	25.3%	37.1%	-1176 bps	-	25.8%	-1131 bps

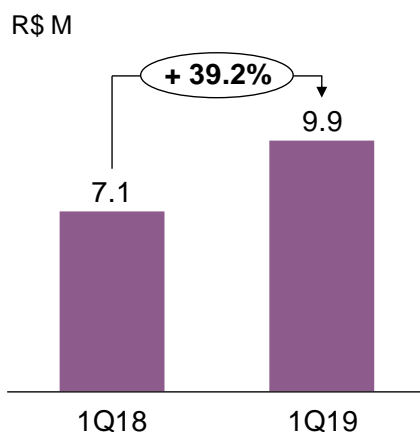
In **1Q19**, the Company recorded IR&CS of R\$**3.9** million, corresponding to an effective rate of **25.3%**, **1,176 bps** better year-over-year. The data reflect Alliar's efforts to reduce the inefficiencies related to its corporate structure and to normalize its effective tax rate.

The impact of IFRS 16 on the effective tax rate was marginal, as shown above.

NET INCOME

Net Income (Shareholders) registered a **gain** of 39.2% in the quarter and **reached R\$9.9 million (margin of 3.8%)**. Net income (Proforma) was R\$**11.9** million, up by **67.6%**.

The **net income growth** in the quarter mainly reflects the **operational leverage** of the Company's current momentum and the gains recorded between EBITDA and Net income, such as a better tax rate, slightly jeopardized by the adoption of IFRS 16.



Net Income (R\$ Million)	1Q19	1Q18	YoY	(IFRS 16)	1Q19 (Pro-forma)	YoY (Pro-forma)
Net Income	11.5	9.6	19.4%	2.0	13.5	40.4%
(-) Attributable to noncontrolling interests	1.6	2.5	-36.2%	0.0	1.6	-35.6%
Net Income (Shareholders)	9.9	7.1	39.2%	2.0	11.9	67.6%
Net Income per share (in R\$)	0.08	0.06	39.2%	0.02	0.10	67.6%
Net Margin	4.4%	3.7%	72 bps	-	5.2%	150 bps
Net Margin (Shareholders)	3.8%	2.7%	107 bps	-	4.6%	184 bps

INVESTMENTS

Investments (R\$ Million)	1Q19	1Q18	YoY
Organic Expansion	6.5	8.4	-23.3%
Maintenance	8.0	8.2	-2.5%
Others	1.6	2.5	-34.4%
Total CAPEX	16.1	19.1	-15.8%
Financial Asset (RBD)	0.3	0.9	-72.2%
M&A / Investments ¹	0.0	12.5	-100.0%
TOTAL	16.3	32.5	-49.8%

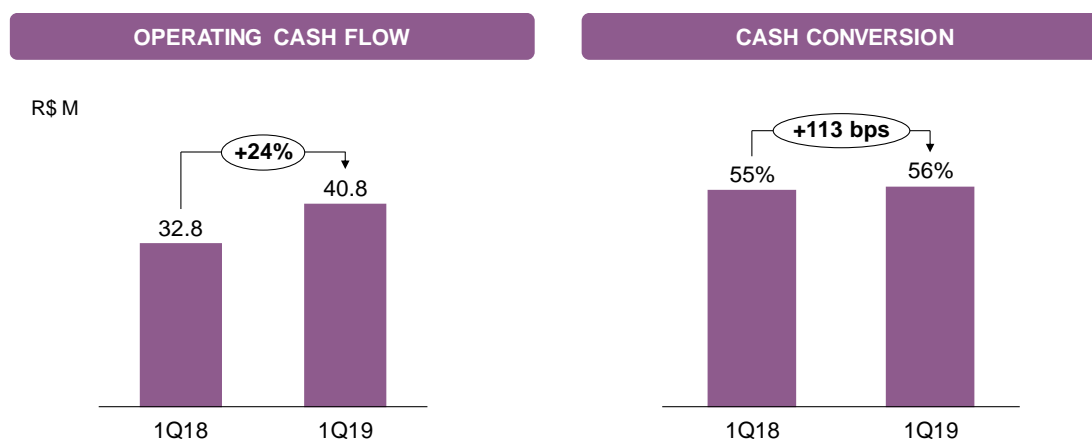
1) M&A/Investments are in the accrual method (they differ from the cash flow amounts recorded)

CAPEX totaled R\$16.1 million in the period, down **15.8%** over 1Q18, mainly due to the lower investments in organic expansion. Total investments reached R\$16.3 million, **down 49.8% vs. 1Q18**, reflecting mainly the fact that the Company did not invest in M&A/Investments in 2019.

These reductions are in line with the Company's strategy to **improve the use of its current assets base and maturation of investments already made.**

OPERATING AND FREE CASH FLOW

Operating cash generation reached R\$40.8 million in the quarter, up by **24.4%** vs. 1Q18, with a **cash conversion** rate of **56%** (+113 bps), benefited by the adoption of IFRS 16.



Since the Company's new cycle, the high capacity of operating cash generation has led to an important **evolution in the generation of free cash.**

In 1Q19, with the ongoing maturation of the operation and lower investments, the **positive free cash flow reached R\$24.5 million** (+91.0% vs. 1Q18), also benefited by the adoption of IFRS 16. Excluding this effect, the **free cash flow** reached R\$12.9 million (a **+0.3%** Proforma growth).

Cash Flow (R\$ Million)	1Q19	1Q18	YoY	(IFRS 16)	1Q19 (Pro-forma)	YoY (Pro-forma)
(1) Adjusted EBITDA	72.4	59.4	21.9%	-11.6	60.8	2.3%
(2) Non-cash items	-10.6	0.0	n/a	-	-10.6	n/a
(3) Working Capital ^a	-18.0	-19.6	-8.3%	-	-18.0	-8.3%
Clients	-13.2	-21.5	-38.6%	-	-13.2	-38.6%
Trade payables	-7.6	2.2	n/a	-	-7.6	n/a
Payroll and related taxes	1.2	-7.9	n/a	-	1.2	n/a
Taxes payable and taxes in installments	4.3	11.5	-62.5%	-	4.3	-62.5%
Other	-2.7	-3.9	-32.2%	-	-2.7	-32.2%
(4) Current income tax	-3.0	-7.0	-57.1%	-	-3.0	-57.1%
(5) Operating Cash Flow [= (1)+(2)+(3)+(4)]	40.8	32.8	24.4%	-11.6	29.2	-11.1%
(6) Investing Activities^b	-16.3	-20.0	-18.4%	-	-16.3	-18.4%
Investments	-16.1	-19.1	-15.8%	-	-16.1	-15.8%
Purchase of PPE and intangible assets	-16.1	-19.1	-15.8%	-	-16.1	-15.8%
Sale of PPE	0.0	0.0	n/a	-	0.0	n/a
Financial Asset (Capex RBD)	-0.3	-0.9	-72.2%	-	-0.3	-72.2%
Acquisition of subsidiaries (M&A)	0.0	-6.3	-100.0%	-	0.0	-100.0%
(7) Free Cash Flow ex-M&A [= (5)+(6)]	24.5	12.8	91.0%	-11.6	12.9	0.3%
(8) Financing Activities^c	-33.4	-29.7	12.6%	11.6	-21.8	-26.6%
Dividends / IOC paid	-4.4	0.0	n/a	-	-4.4	n/a
Borrowings, leases and amortizations, net	-13.6	-2.8	380.3%	11.6	-1.9	-31.6%
Financial expenses (cash)	-15.4	-18.8	-18.1%	-	-15.4	-18.1%
Treasury Shares	-1.1	0.0	n/a	-	-1.1	n/a
Related Parties	1.0	-8.1	n/a	-	1.0	n/a
(9) Cash Increase (decrease) [= (7)+(8)]	-8.9	-23.1	-61.5%	-	-8.9	-61.5%
Conversion (Operating Cash Flow/Adjusted EBITDA)	56%	55%	113 bps	-	48%	-723 bps
Adjusted EBITDA	72.4	59.4	21.9%	-11.6	60.8	2.3%

a) Excludes Financial Asset (RBD Capex), considered in Investing

b) Includes Financial Asset (RBD Capex) and excludes M&A, financial investments and related parties, considered in Financing

c) Includes debt from acquisitions (M&A), in addition to financial investments and related parties.

Note: Some of the 2018 accounts have been reclassified to allow comparability with the 2019 figures above.

FINANCIAL STATEMENTS
BALANCE SHEETS AT MARCH 31, 2019 AND DECEMBER 31, 2018
(R\$'000)

ASSETS	Consolidated		LIABILITIES AND EQUITY	Consolidated	
	03/31/2019	12/31/2018		03/31/2019	12/31/2018
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	64,266	73,165	Trade payables	53,155	60,803
Accounts receivable	239,566	228,961	Payroll and benefits	44,685	43,471
Inventories	4,996	5,435	Borrowings and financing	238,734	232,561
Financial assets	31,165	31,094	Leases	30,486	-
Taxes recoverable	42,433	40,770	Derivative financial instruments	511	-
Derivative financial instruments	3,409	2,313	Tax obligations	20,096	21,012
Other accounts receivable	15,768	17,998	Tax installment payments	2,260	2,277
Total current assets	401,603	399,736	Accounts payable - acquisition of companies	8,379	13,418
			Dividends payable	6,716	6,716
			Other accounts payable	2,298	4,477
			Total current liabilities	407,320	384,735
NONCURRENT ASSETS			NONCURRENT LIABILITIES		
Securities	2,725	2,712	Borrowings and financing	369,528	372,950
Escrow deposits	26,544	26,107	Leases	205,555	-
Contingency reimbursement guarantee	38,923	50,576	Related parties	1,025	1,025
Related parties	22,418	23,496	Tax installment payments	8,074	8,418
Deferred income and social contribution taxes	132,107	128,061	Accounts payable - acquisition of companies	33,980	33,368
Financial assets	78,753	79,854	Deferred income and social contribution taxes	14,514	10,294
Investments	7,106	6,625	Deferred PIS/COFINS/ISS	6,832	6,754
Property and equipment	521,992	525,020	Provision for legal contingencies	76,671	89,429
Intangible assets	966,778	967,239	Other accounts payable	2,757	2,741
Usage rights	230,802	-	Total non-current liabilities	718,936	524,979
Total noncurrent assets	2,028,148	1,809,690	EQUITY		
			Capital stock	612,412	612,412
			Capital reserves	621,709	622,280
			Treasury shares	(200)	(38)
			Profits reserve	32,037	22,151
			Other comprehensive income	(1,198)	141
			Controlling shareholders' equity	1,264,760	1,256,946
			Minority interest	38,735	42,766
			Total equity	1,303,495	1,299,712
TOTAL ASSETS	2,429,751	2,209,426	TOTAL LIABILITIES AND EQUITY	2,429,751	2,209,426

**INCOME STATEMENTS FOR THE QUARTERS ENDED MARCH 31, 2019 AND MARCH 31, 2018
(R\$'000)**

Consolidated	03/31/2019	03/31/2018
	Quarter	Quarter
NET SERVICE REVENUE	261,845	263,142
Cost of services	(191,778)	(190,404)
GROSS PROFIT	70,067	72,738
OPERATING (EXPENSES) INCOME		
General and administrative expenses	(36,729)	(41,661)
Other (expenses) income, net	(1,470)	(2,384)
Equity in the earnings (loss) of subsidiaries	4,232	3,342
OPERATING INCOME BEFORE FINANCIAL RESULT	36,101	32,035
FINANCIAL RESULT	(20,712)	(16,744)
Financial expenses	(21,187)	(17,176)
Financial income	475	432
OPERATING INCOME (LOSS) BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	15,388	15,291
CURRENT AND DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES	(3,894)	(5,668)
NET INCOME (LOSS) FOR THE PERIOD	11,494	9,623
ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS	9,886	7,103
ATTRIBUTABLE TO MINORITY INTEREST	1,608	2,520

CASH FLOW STATEMENTS AT MARCH 31, 2019 AND MARCH 31, 2018 (R\$'000)

	Consolidated	
	03/31/2019	03/31/2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (loss) for the period	11,494	9,623
Adjustments to reconcile net income to net cash generated by (used in) operating activities:	40,840	32,643
Depreciation and amortization	28,532	19,691
Stock options granted and restricted stocks	220	1,057
Residual value of property, plant and equipment disposed of, and investments	-	2,345
Finance charges, foreign exchange effect and derivatives	18,727	15,013
Financial asset update	(6,499)	(6,675)
Income (loss) from subsidiaries	(4,232)	(3,342)
Allowance for doubtful debts	3,901	5,861
Provisions for civil, labor and tax risks	(783)	102
Defered Taxes	974	(1,409)
	52,334	42,266
Decrease (increase) in operating assets	(6,343)	(20,997)
Decrease (increase) in clients	(6,724)	(14,870)
Decrease (increase) in inventories	439	307
Decrease (increase) in other assets	194	(5,528)
Decrease (increase) in Financial Asset	(252)	(906)
Increase (decrease) in operating liabilities:	(7,406)	1,581
Increase (decrease) in trade payables	(7,648)	2,203
Increase (decrease) in suppliers drawees risk	-	(7,333)
Increase (decrease) in payroll and related taxes	1,214	(7,903)
Increase (decrease) in taxes payable and taxes in installments	4,320	11,531
Increase (decrease) in other liabilities	(3,283)	1,315
Income Tax and Social Contribution paid	(5,760)	(1,470)
Dividends and interest on equity received	3,751	3,238
Net Cash generated by Operating Activities	38,585	22,850
CASH FLOW FROM INVESTING ACTIVITIES		
Short-term investments	(13)	832
Acquisition of subsidiaries, net of cash received	(3,750)	(32,597)
Related Parties	1,009	(8,073)
Increase in Investments	-	-
Purchase of property, plant and equipment and intangible assets	(16,056)	(19,073)
Net cash used in investing activities	(18,810)	(58,911)
CASH FLOW FROM FINANCING ACTIVITIES		
Capital Increase	-	-
Treasury Shares	(1,085)	-
Dividends paid to non-controlling shareholders	(4,399)	-
Borrowings, net	94,785	67,950
Interest paid	(13,362)	(17,866)
Repayment of borrowings and financing and lease	(104,613)	(37,097)
Net cash used in financing activities	(28,674)	12,987
INCREASE IN CASH AND CASH EQUIVALENTS	(8,899)	(23,074)
CASH AND CASH EQUIVALENTS		
At the beginning of the priod	73,165	91,597
At the end of the period	64,266	68,523