

EARNINGS RELEASE

4Q19



alliar médicos à frente
sistema de diagnósticos de saúde

CONFERENCE CALL
IN PORTUGUESE

March 18, 2020
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MESSAGE FROM THE MANAGEMENT

After several years of fast growth and high level of investments, in 2019 we continued our plan to increase profitability by maturing investments, increasing efficiency and productivity through technology and innovation, in addition to reducing leverage. Despite the hardships in the macroeconomic environment with the stagnate number of beneficiaries of health plans and the challenging environment in some key areas, we managed to improve our financial performance even without revenue growth. Net Income reached R\$41.3 million, up by 19.9% YoY in the pro-forma view. EBITDA reached R\$291.8 million, and free cash generation totaled R\$142.3 million (R\$93.7 million pro-forma), representing a 75.1% cash conversion. Steady results, although still not reflecting all our potential to generate value due to the investments not yet matured and the prospects of increasing productivity and efficiency, which are under implementation.

The focus on increasing productivity through technology and innovation continues to generate significant benefits for our operations. The progress in the command center and the exams protocol, as well as the improvement in the exams' quality, also helped boost the productivity of MRI exams, the Company's main productivity indicator, which reached 26.2 exams per equipment per day (+6%), coming from an average of 23.4 in 2017. When we reach an average of 30, the marginal ROIC of each MRI equipment tends to be significantly higher. The patient's journey also underwent significant improvements with the technology evolution and automatization processes in the call center, reception, and medical reports. Finally, our integrated Technology platform allows us to monitor all operations in real-time and act on several fronts to improve the operations' efficiency, which has led to an enhanced NPS (+70 bps YoY).

This year we also started operations with IDr, our B2B service delivery platform. Starting with a modular service offer that includes several features related to the image diagnosis operation: command center, reports, smart schedule up to the full operation of image exams in clinics and hospitals, bringing new opportunities to grow and generate value. Located in the Inova HC District, Healthtechs Hub within the health department of *Hospital das Clínicas*, IDr should consolidate itself as a new business model based on technology and innovation to reduce costs and improve the efficiency of the image operation based on best practices and the effectiveness of the image operation developed by Alliar over the years.

Another highlight of the year was the arrival of Mr. Sami Foguel as Chief Executive Officer, succeeding Mr. Fernando Terni, who is now on the Board of Directors after seven years ahead of the Company. During his management, Alliar consolidated itself as one of Brazil's largest diagnostic medicine companies, recognized both for the quality of diagnostic medicine and for the use of technology and innovation to improve operational efficiency and increase the patient's satisfaction. We also continue to invest in the development of our leadership, with the graduation of PEGA's first class ("Executive Program for Alliar's Management") and starting a new class in the PEGA II program.

Finally, the year of 2019 ended a cycle, in which Alliar' main focus was dedicated to maturing the investments already made and increasing profitability. Within this strategy, a healthy financial deleverage was achieved, thus preparing the Company to a new growth cycle that is now beginning. Based on our platform that integrates technology and operations with permanent focus on medical quality, efficiency, and innovation, we aim to continue to generate value both to our shareholders and to the supplementary health chain.

The Management

São Paulo, March 17th, 2020 - 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 fourth quarter and full-year of 2019 (4Q19 and 2019, respectively). 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. For a better understanding, ‘Pro-forma’ columns were included throughout this report, disregarding these effects in the main accounts affected.

HIGHLIGHTS

- **Net Income** (Shareholders) totaled R\$**41.3** million in the year (or R\$**48.1** million Pro-forma, up by **19.9%**). In the quarter, Income reached R\$**7.4** million (or R\$**9.0** million Pro-forma).
- Adjusted EBITDA reached R\$**291.8** million in 2019 (**+16.3%**), with a **27.2% margin** (**22.7%** Pro-forma margin; -62 bps). In the quarter, up by +77 bps in the Adjusted EBITDA Margin, reaching **25.9%** in 4Q19, with Adjusted EBITDA totaling R\$**67.7** million (or R\$**55.4** million Pro-forma).
- **Net Revenue**¹ of R\$**1,071.5** million (-0.4%) in the year and R\$**261.8** million in the quarter, up by **+1.2%**. In the quarter, **same-store-sales** (SSS) grew **+4.3%**, and total revenue is partially affected by the units closed (mainly the sale of Hospital São Rafael’s operations).
- **Operating Cash Generation** of R\$**219.0** million in 2019 with a **75.1%** cash conversion. **Free Cash Flow** grew by **36.2%**, totaling R\$**142.3** million, demonstrating Alliar’s **cash-generating capacity** and benefited by the IFRS effect (Pro-forma free cash flow of R\$**93.7** million).
- **Sami Foguel** takes over as **Alliar’s** new **CEO**, to bring a new growth cycle to the Company. Fernando Terni migrates to the Board
- **ROIC** (without goodwill) reached **13.4%**, up by **66 bps** vs. 4Q18, reflecting the continued **investment maturation strategy**.
- Net Promoter Score (**NPS**) reached 66.5% in 2019, up by **70 bps** over the previous year, reflecting the continued improvement in **real-time management** of patient flow at Alliar’s units.

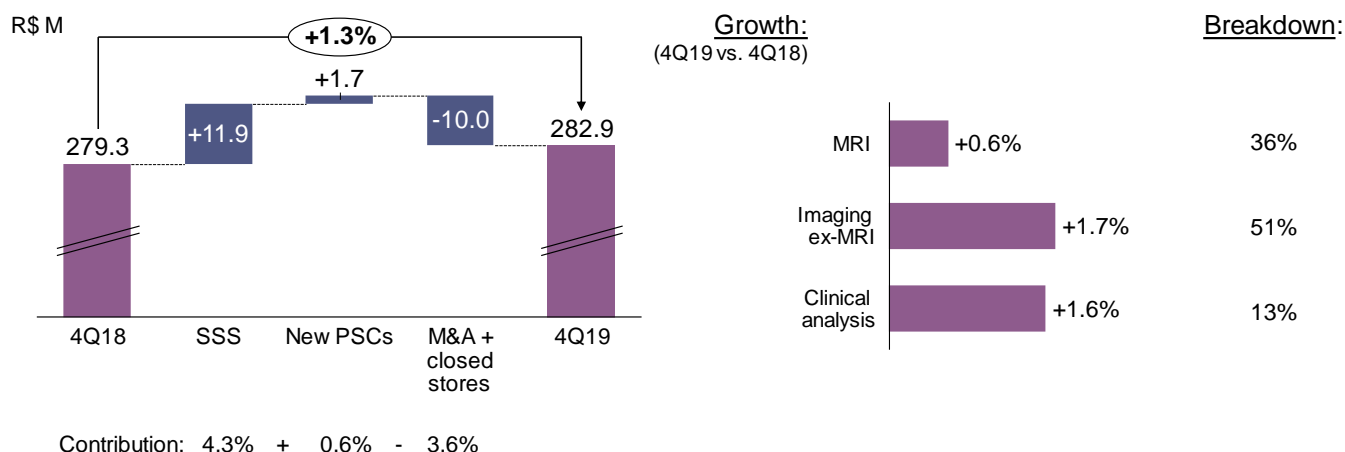
YTD KPIs (R\$ Million)	2019	2018	YoY	(IFRS 16)	2019 (Pro-forma)	YoY (Pro-forma)
Gross Revenue (ex-construction) ¹	1,157.7	1,162.4	-0.4%	-	1,157.7	-0.4%
Net Revenue (ex-construction) ¹	1,071.5	1,075.5	-0.4%	-	1,071.5	-0.4%
Gross Profit	284.8	289.4	-1.6%	-3.1	281.7	-2.7%
Gross Profit Margin ²	26.6%	26.9%	-33 bps	-	26.3%	-62 bps
EBITDA	260.5	219.9	18.5%	-48.5	212.0	-3.6%
EBITDA Margin ²	24.3%	20.4%	387 bps	-	19.8%	-66 bps
Adjusted EBITDA ³	291.8	250.8	16.3%	-48.5	243.2	-3.0%
Adjusted EBITDA Margin ²	27.2%	23.3%	391 bps	-	22.7%	-62 bps
Net Income (Shareholders)	41.3	40.1	3.0%	6.8	48.1	19.9%
Operating Cash Flow	219.0	181.3	20.8%	-48.5	170.5	-6.0%
Cash Conversion	75.1%	72.3%	277 bps	-	70.1%	-220 bps
Free Cash Flow	142.3	104.4	36.2%	-48.5	93.7	-10.2%
ROIC ⁴	13.4%	12.7%	66 bps	-	11.9%	-80 bps
NPS	66.5%	65.8%	70 bps	-	66.5%	70 bps

Quarterly KPIs (R\$ Million)	4Q19	4Q18	YoY	(IFRS 16)	4Q19 (Pro-forma)	YoY (Pro-forma)
Gross Revenue (ex-construction) ¹	282.9	279.3	1.3%	-	282.9	1.3%
Net Revenue (ex-construction) ¹	261.8	258.6	1.2%	-	261.8	1.2%
Gross Profit	67.7	68.1	-0.5%	-0.9	66.8	-1.9%
Gross Profit Margin ²	25.9%	26.3%	-46 bps	-	25.5%	-80 bps
EBITDA	59.9	57.2	4.7%	-12.3	47.5	-16.8%
EBITDA Margin ²	22.9%	22.1%	77 bps	-	18.2%	-394 bps
Adjusted EBITDA ³	67.7	64.9	4.3%	-12.3	55.4	-14.7%
Adjusted EBITDA Margin ²	25.9%	25.1%	77 bps	-	21.2%	-395 bps
Net Income (Shareholders)	7.4	16.5	-54.9%	1.6	9.0	-45.5%
Operating Cash Flow	59.3	73.2	-19.0%	-12.3	46.9	-35.9%
Cash Conversion	87.5%	112.7%	-2518 bps	-	84.7%	-2796 bps
Free Cash Flow	37.6	58.8	-36.0%	-12.3	25.3	-57.0%
ROIC ⁴	13.4%	12.7%	66 bps	-	11.9%	-80 bps
NPS	67.3%	67.0%	30 bps	-	67.3%	30 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 (see chapter on EBITDA)
- 4) ROIC without goodwill (adjusted NOPAT divided by average invested capital without goodwill)

REVENUE

Gross Revenue (ex-Construction) totaled R\$**282.9** million (+1.3%) in the quarter with SSS growth of **+4.3%** and a positive **+0.6%** contribution from the new units, mostly offset by the sale of Hospital São Rafael's operations (Delfin brand, Bahia).

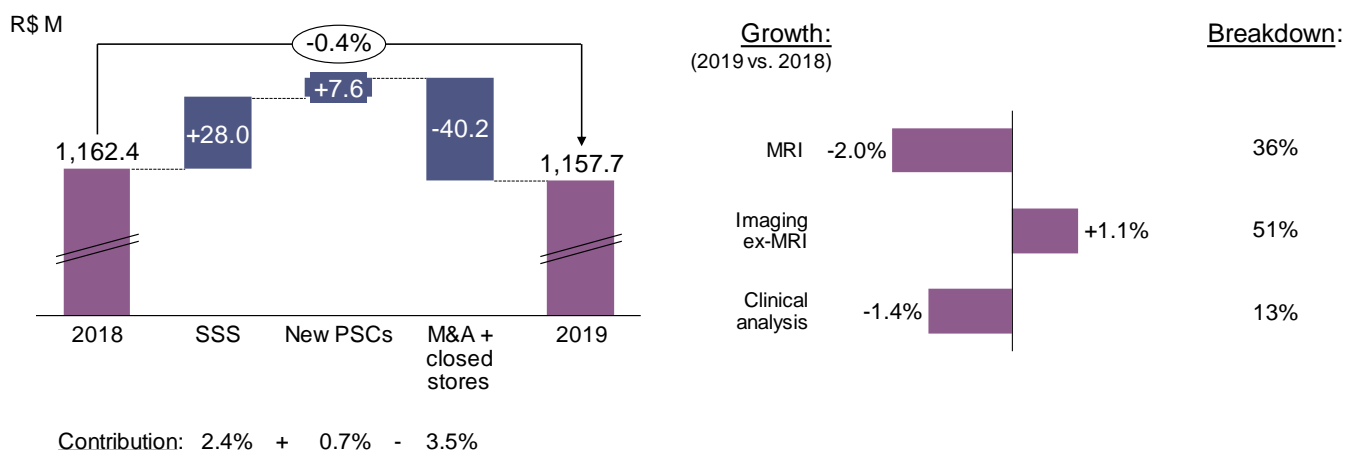


The SSS growth reflected the ramp-up of mega units inaugurated by Alliar in 2017 and was benefited by the positive comparison base (+2 business days vs. 4Q18). The R\$1.7 million contribution in new units is mainly due to IDR initiatives. The Company's total revenue growth was affected by the sale of Hospital São Rafael's operations (around R\$7 to 8 million per quarter) and by units closed in the last 12 months, also affecting the comparison base.

The SP regional unit continues to perform well, among the regions served by the Company, up by **5.0% YoY in the CDB brand**. Also noteworthy is the increased **revenue from private clients**. On the

other hand, the Company continues to face a challenging scenario in the Delfin brand (Bahia), due to an unfavorable comparison base in the period (sale of Hospital São Rafael's operations) and the challenges faced by the main healthcare plans of the region.

The charts below illustrate revenue behavior on a **YTD** basis.



Gross Revenue (R\$ Million)	4Q19	4Q18	YoY	2019	2018	YoY
Gross Revenue (ex-construction)	282.9	279.3	1.3%	1,157.7	1,162.4	-0.4%
Diagnostic imaging	245.8	242.8	1.2%	1,002.7	1,005.1	-0.2%
MRI Exams	102.0	101.4	0.6%	418.0	426.6	-2.0%
Other Imaging Exams	143.8	141.4	1.7%	584.7	578.5	1.1%
Clinical analysis	37.1	36.5	1.6%	155.1	157.2	-1.4%
Construction revenue	0.4	0.1	241.0%	1.5	1.5	-3.3%
Gross Revenue	283.3	279.4	1.4%	1,159.2	1,163.9	-0.4%
Deductions	-21.1	-20.7	2.3%	-86.4	-87.0	-0.7%
Net Revenue	262.2	258.7	1.3%	1,072.9	1,076.9	-0.4%
Net Revenue (ex-construction)	261.8	258.6	1.2%	1,071.5	1,075.5	-0.4%

Operational Highlights	Performance					
	4Q19	4Q18	YoY	2019	2018	YoY
Avg Revenue/MRI equipment (R\$ M)	0.88	0.84	5.0%	3.60	3.53	2.2%
Avg Rev./Clin. Analysis Room (R\$ M)	0.13	0.13	0.6%	0.53	0.54	-2.4%
MRI exams ('000)	188.9	176.6	7.0%	760.6	744.1	2.2%
Clinical analysis exams ('000)	2,462	2,415	1.9%	10,340	10,302	0.4%
MRI Avg. Ticket (R\$)	540.1	574.0	-5.9%	549.6	573.3	-4.1%
Clinical analysis Avg. Ticket (R\$)	15.1	15.1	-0.3%	15.0	15.3	-1.7%
MRI exams / equipment / day	26.1	23.4	11.6%	26.2	24.6	6.6%
Clinical analysis / room / day	134.4	133.2	0.9%	141.2	142.1	-0.7%

Operational KPIs	Assets					
	4Q19	3Q19	QoQ	4Q19	4Q18	YoY
End of period						
PSCs	107	107	0.0%	107	111	-3.6%
Mega	17	17	0.0%	17	17	0.0%
Standard	78	78	0.0%	78	83	-6.0%
Collection Points	12	12	0.0%	12	11	9.1%
MRI equipments	116	117	-0.9%	116	121	-4.1%
Clinical Analysis Rooms	293	294	-0.3%	293	290	1.0%

In the quarter, Alliar increased sales both in MRI (**revenue up by 0.6%**) and in image ex-MRI (**up by 1.7%**), due to the increased number of exams, which was partially offset by lower average tickets, still due to the trade-down seen in health plans (migration of diagnostic exams to plans with lower average tickets). The YTD volume of image exams also increased; however, tickets ended up affecting the revenue, which was also affected by the sale of Hospital São Rafael's operations. Excluding this effect, **imaging revenue increased by +2.8%** year to date.

Alliar continues to increase, every quarter, the productivity of its **MRI equipment**. In 4Q 2019, the **productivity gain reached 11%**, totaling **26.1** exams/MRI/day on average. In the year, productivity increased by **6%**, with **26.2** exams/MRI/day on average.

In clinical analysis (**CA**), **revenue grew 1.6%** in the quarter, a turnover of R\$**37.1** million. In 2019, the number of AC exams also grew, but revenue decreased by 1.4%, mainly due to the lower average tickets. As a result, collection room productivity averaged **141.2** exams/room/day in the year (-0.7%). CA's share totaled 13.4% of the gross revenue per year. In December, 2019 Alliar offered **CA** in **50** of its 107 units, operating a total of **293** collection rooms.

FINANCIAL PERFORMANCE

Alliar's **current growth cycle**, driven by **increased profitability** through the **maturation of investments** and **productivity** gains with technology and innovation, which began in January 2018, continued to reflect in the Company's results throughout 2019.

Initially, in the quarter assessment, the highlight was the increased net revenue, reaching 1.2% (ex-construction), returning to a positive level after a decrease in the previous three quarters. Adjusted EBITDA grew **4.3%**, benefited by IFRS 16, but fell down in the Pro-forma, mainly due to the unfavorable comparison base in 'other expenses, net' (impact of ~R\$10 million, more details in the EBITDA section).

Quarterly Income Statement OVERVIEW	4Q19	4Q18	YoY	(IFRS 16)	4Q19 (Pro-forma)	YoY (Pro-forma)
Gross Revenue (ex-construction)	282.9	279.3	1.3%	-	282.9	1.3%
Deductions (ex)	(21.1)	(20.7)	2.3%	-	(21.1)	2.3%
Net Revenue (ex-construction)	261.8	258.6	1.2%	-	261.8	1.2%
Cost of services	(194.0)	(190.5)	1.8%	(0.9)	(194.9)	2.3%
Gross Profit	67.7	68.1	-0.5%	-0.9	66.8	-1.9%
<i>Gross Profit Margin</i>	25.9%	26.3%	-46 bps	-	25.5%	-80 bps
General and administrative expenses	(42.8)	(42.4)	0.9%	(2.0)	(44.9)	5.7%
Other income (expenses), net	1.2	10.9	-88.7%	-	1.2	-88.7%
Share of profit (loss) on investments	4.3	4.1	6.5%	-	4.3	6.5%
(+) Depreciation and Amortization	29.4	16.6	77.5%	(9.4)	20.0	20.7%
EBITDA	59.9	57.2	4.7%	(12.3)	47.5	-16.8%
<i>(+/- adjustments)</i>	7.9	7.8	1.1%	-	7.9	1.1%
Adjusted EBITDA	67.7	64.9	4.3%	-12.3	55.4	-14.7%
<i>Adjusted EBITDA Margin</i>	25.9%	25.1%	77 bps	-	21.2%	-395 bps
(-) Depreciation and Amortization	(29.4)	(16.6)	77.5%	9.4	(20.0)	20.7%
Finance income (expenses)	(16.5)	(15.0)	9.7%	4.9	(11.6)	-23.0%
EBT	14.0	25.6	-45.2%	2.0	16.0	-37.5%
Taxes	(4.0)	(5.0)	-20.7%	(0.5)	(4.5)	-10.9%
<i>Effective tax rate</i>	-28.3%	-19.5%	-875 bps	-	-27.9%	-835 bps
Attributable to non-controlling shareholders	(2.6)	(4.1)	-36.3%	0.1	(2.5)	-38.3%
Net Income (Shareholders)	7.4	16.5	-54.9%	1.6	9.0	-45.5%
<i>Net margin (Shareholders)</i>	2.8%	6.4%	-353 bps	-	3.4%	-294 bps

In the YTD assessment for the year (table below), after starting from a slightly lower net revenue (-0.4%), **Adjusted EBITDA** grew **16.3%**, and **Net Income (Shareholders)** moved up by **3.0%**, both affected by the IFRS 16 standard. Excluding the standard's adoption, Pro-forma Adjusted EBITDA remained virtually stable (-3.0%), and **Income** grew significantly **(+19.9%)**, totaling R\$48.1 million.

After the EBITDA, the highlights were the **decrease in both the financial expenses** (down by 15.9% in the Pro-forma) and the **effective Income Tax & Social Contribution rate** (improved by 236 bps). The latter reflects the Company's efforts to reduce tax inefficiencies related to its corporate structure.

Thus, we highlight the operational leverage and improved profitability, in line with the Company's strategy to increase profitability.

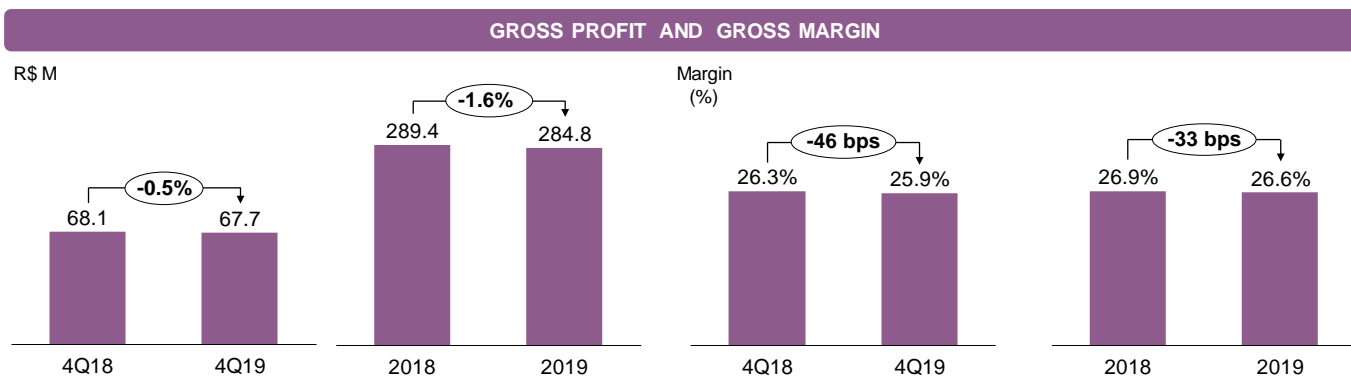
YTD Income Statement OVERVIEW	2019	2018	YoY	(IFRS 16)	2019 (Pro-forma)	YoY (Pro-forma)
Gross Revenue (ex-construction)	1,157.7	1,162.4	-0.4%	-	1,157.7	-0.4%
Deductions (ex)	(86.3)	(86.9)	-0.7%	-	(86.3)	-0.7%
Net Revenue (ex-construction)	1,071.5	1,075.5	-0.4%	-	1,071.5	-0.4%
Cost of services	(786.7)	(786.1)	0.1%	(3.1)	(789.8)	0.5%
Gross Profit	284.8	289.4	-1.6%	-3.1	281.7	-2.7%
Gross Profit Margin	26.6%	26.9%	-33 bps	-	26.3%	-62 bps
General and administrative expenses	(159.0)	(175.7)	-9.5%	(8.5)	(167.6)	-4.6%
Other income (expenses), net	(0.4)	8.7	n/a	-	(0.4)	n/a
Share of profit (loss) on investments	17.3	14.9	15.9%	-	17.3	15.9%
(+) Depreciation and Amortization	117.9	82.6	42.7%	(36.9)	81.0	-2.0%
EBITDA	260.5	219.9	18.5%	(48.5)	212.0	-3.6%
(+/- adjustments)	31.3	30.9	1.0%	-	31.3	1.0%
Adjusted EBITDA	291.8	250.8	16.3%	-48.5	243.2	-3.0%
Adjusted EBITDA Margin	27.2%	23.3%	391 bps	-	22.7%	-62 bps
(-) Depreciation and Amortization	(117.9)	(82.6)	42.7%	36.9	(81.0)	-2.0%
Finance income (expenses)	(76.9)	(67.2)	14.4%	20.4	(56.5)	-15.9%
EBT	65.7	70.0	-6.2%	8.8	74.5	6.3%
Taxes	(15.6)	(18.5)	-15.4%	(2.3)	(17.9)	-3.2%
Effective tax rate	-23.8%	-26.4%	259 bps	-	-24.0%	236 bps
Attributable to non-controlling shareholders	(8.8)	(11.5)	-23.6%	0.3	(8.5)	-25.9%
Net Income (Shareholders)	41.3	40.1	3.0%	6.8	48.1	19.9%
Net margin (Shareholders)	3.9%	3.7%	13 bps	-	4.5%	76 bps

OPERATING LEVERAGE

GROSS PROFIT / GROSS MARGIN

Gross Profit reached R\$67.7 million in the quarter, with a **gross margin of 25.9%** (-46 bps). The decline in the gross margin mainly reflects the higher maintenance and personnel costs. On the other hand, we highlight the savings achieved in inputs and support labs, where the Company reached significant savings despite the increased revenue in the period.

As evidenced in the table below, the IFRS 16 effect in gross profit is low, once the savings recorded in occupancy is mostly offset by the higher depreciation. In the Pro-forma, the impact on gross Profit is also due to higher expenses in 'occupancy'.



Quarterly Gross Profit (R\$ Million)	4Q19	4Q18	YoY	% NRev (4Q19)	% NRev (4Q18)	YoY	(IFRS 16)	4Q19 (Pro-forma)	YoY (Pro-forma)
Net Revenue (ex)	261.8	258.6	1.2%	-	-	-	-	261.8	1.2%
Costs (ex)	-194.0	-190.5	1.8%	-74.1%	-73.7%	-46 bps	-0.9	-194.9	2.3%
Medical Services	-50.4	-50.4	0.0%	-19.3%	-19.5%	24 bps	-	-50.4	0.0%
Employees	-52.2	-54.7	-4.5%	-20.0%	-21.1%	118 bps	-	-52.2	-4.5%
Supplies and Support Labs	-30.5	-32.3	-5.5%	-11.7%	-12.5%	82 bps	-	-30.5	-5.5%
Maintenance	-10.0	-6.2	60.8%	-3.8%	-2.4%	-142 bps	-	-10.0	60.8%
Occupancy	-11.7	-19.3	-39.5%	-4.5%	-7.5%	300 bps	-10.0	-21.7	12.1%
Third-party serv. and others	-12.1	-12.7	-4.8%	-4.6%	-4.9%	29 bps	-	-12.1	-4.8%
Deprec. and amortization	-27.1	-14.9	81.7%	-10.3%	-5.8%	-458 bps	9.1	-18.0	20.7%
Gross Profit	67.7	68.1	-0.5%	25.9%	26.3%	-46 bps	-0.9	66.8	-1.9%
Construction cost	-0.4	-0.1	239.8%	-0.1%	0.0%	-10 bps	-	-0.4	239.8%

Gross Profit reached R\$284.8 million in 2019, with a gross margin of 26.6% (-34 bps).

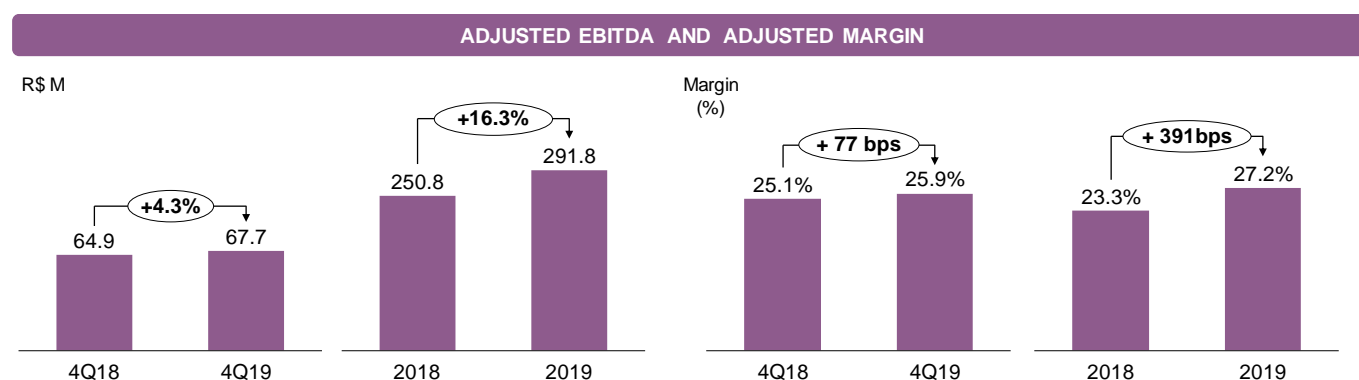
YTD Gross Profit (R\$ Million)	2019	2018	YoY	% NRev (2019)	% NRev (2018)	YoY	(IFRS 16)	2019 (Pro-forma)	YoY (Pro-forma)
Net Revenue (ex)	1,071.5	1,075.5	-0.4%	-	-	-	-	1,071.5	-0.4%
Costs (ex)	-786.7	-786.1	0.1%	-73.4%	-73.1%	-33 bps	-3.1	-789.8	0.5%
Medical Services	-207.1	-206.8	0.1%	-19.3%	-19.2%	-10 bps	-	-207.1	0.1%
Employees	-206.1	-208.0	-1.0%	-19.2%	-19.3%	11 bps	-	-206.1	-1.0%
Supplies and Support Labs	-129.5	-131.1	-1.2%	-12.1%	-12.2%	11 bps	-	-129.5	-1.2%
Maintenance	-31.8	-27.4	16.0%	-3.0%	-2.6%	-42 bps	-	-31.8	16.0%
Occupancy	-46.6	-88.0	-47.0%	-4.3%	-8.2%	383 bps	-38.8	-85.3	-3.0%
Third-party serv. and others	-57.1	-50.4	13.4%	-5.3%	-4.7%	-65 bps	-	-57.1	13.4%
Deprec. and amortization	-108.5	-74.4	45.9%	-10.1%	-6.9%	-321 bps	35.7	-72.8	-2.1%
Gross Profit	284.8	289.4	-1.6%	26.6%	26.9%	-33 bps	-3.1	281.7	-2.7%
Construction cost	-1.4	-1.4	-3.3%	-0.1%	-0.1%	0 bps	-	-1.4	-3.3%

EBITDA / EBITDA MARGIN

Adjusted EBITDA increased by **4.3%** in the quarter, reaching **R\$67.7** million, with an EBITDA margin of **25.9% (+77 bps)**. The gain recorded mainly reflects the accounting of rental costs and expenses in accordance with IFRS 16. In the Pro-forma, Adjusted EBITDA totaled **R\$55.4** million (-14.7%), with a **21.2%** margin.

The decrease observed in the period is mainly due to the change in 'other expenses, net', due to the comparison base of the previous year, including non-recurring in the total of ~R\$10 million. It also reflects an increase in the 'long-term incentive' line, due to the provisions arising from the restricted stock plan, where management compensation is linked to the Company's performance.

In the other lines, we highlight Alliar's **strict control of costs and expenses**, which grew below the revenue due to the Company's continued focus on **increasing productivity and delivering operating leverage**.



Quarterly EBITDA (R\$ Million)	4Q19			4Q18			YoY		
	4Q19	4Q18	YoY	% NRev (4Q19)	% NRev (4Q18)	YoY	(IFRS 16)	4Q19 (Pro-forma)	YoY (Pro-forma)
Net Revenue (ex)	261.8	258.6	1.2%	-	-	-	-	261.8	1.2%
Gross Profit	67.7	68.1	-0.5%	25.9%	26.3%	-46 bps	-0.9	66.8	-1.9%
General and adm. expenses	-42.8	-42.4	0.9%	-16.4%	-16.4%	5 bps	-2.0	-44.9	5.7%
Employees	-23.5	-24.6	-4.7%	-9.0%	-9.5%	55 bps	-	-23.5	-4.7%
Occupancy, 3 rd party, other	-15.4	-15.5	-1.2%	-5.9%	-6.0%	15 bps	-2.4	-17.7	14.0%
Depreciation (expense)	-2.3	-1.7	39.7%	-0.9%	-0.6%	-24 bps	0.3	-2.0	20.7%
Long-term incentive	-1.7	-0.6	167.3%	-0.6%	-0.2%	-40 bps	-	-1.7	167.3%
Other expenses, net	1.2	10.9	-88.7%	0.5%	4.2%	-373 bps	-	1.2	-88.7%
Earnings of subsidiaries	4.3	4.1	6.5%	1.7%	1.6%	8 bps	-	4.3	6.5%
EBIT	30.5	40.6	-24.9%	11.6%	15.7%	-406 bps	-2.9	27.6	-32.2%
(+) Depreciation and amort.	29.4	16.6	77.5%	11.2%	6.4%	483 bps	-9.4	20.0	20.7%
EBITDA	59.9	57.2	4.7%	22.9%	22.1%	77 bps	-12.3	47.5	-16.8%
(+) Write-down of financial asset	7.9	7.8	1.1%	3.0%	3.0%	0 bps	-	7.9	1.1%
Adjusted EBITDA	67.7	64.9	4.3%	25.9%	25.1%	77 bps	-12.3	55.4	-14.7%

Despite the lower gross Profit in the periods, accounting under the IFRS 16 boosts **Adjusted EBITDA Margins** (+77 bps in the quarter and +391 bps in the year). Regarding the expenses, we also highlight the **savings achieved in personnel, occupancy, and third parties**.

Excluding the IFRS 16 effect, the **Company's discipline in expenses** was not enough to allow **gains in the Adjusted EBITDA Margin** in the Pro-forma, given the said unfavorable comparison base in 'others'.

Therefore, **Adjusted EBITDA** for the year totaled R\$**291.8** million, and Pro-forma adjusted EBITDA reached R\$243.2 million, with margins of **27.2%** and **22.7%**, respectively.

YTD EBITDA (R\$ Million)	2019	2018	YoY	% NRev (2019)	% NRev (2018)	YoY	(IFRS 16)	2019 (Pro-forma)	YoY (Pro-forma)
Net Revenue (ex)	1,071.5	1,075.5	-0.4%	-	-	-	-	1,071.5	-0.4%
Gross Profit	284.8	289.4	-1.6%	26.6%	26.9%	-33 bps	-3.1	281.7	-2.7%
General and adm. expenses	-159.0	-175.7	-9.5%	-14.8%	-16.3%	150 bps	-8.5	-167.6	-4.6%
Employees	-84.6	-93.0	-9.0%	-7.9%	-8.7%	75 bps	-	-84.6	-9.0%
Occupancy, 3 rd party, other	-61.3	-70.6	-13.1%	-5.7%	-6.6%	84 bps	-9.8	-71.1	0.7%
Depreciation (expense)	-9.4	-8.3	13.6%	-0.9%	-0.8%	-11 bps	1.2	-8.2	-1.3%
Long-term incentive	-3.7	-3.8	-3.3%	-0.3%	-0.4%	1 bps	-	-3.7	-3.3%
Other expenses, net	-0.4	8.7	n/a	0.0%	0.8%	n/a	-	-0.4	n/a
Earnings of subsidiaries	17.3	14.9	15.9%	1.6%	1.4%	23 bps	-	17.3	15.9%
EBIT	142.7	137.3	3.9%	13.3%	12.8%	55 bps	-11.7	131.0	-4.6%
(+) Depreciation and amort.	117.9	82.6	42.7%	11.0%	7.7%	332 bps	-36.9	81.0	-2.0%
EBITDA	260.5	219.9	18.5%	24.3%	20.4%	387 bps	-48.5	212.0	-3.6%
(+) Write-down of financial asset	31.3	30.9	1.0%	2.9%	2.9%	4 bps	-	31.3	1.0%
Adjusted EBITDA	291.8	250.8	16.3%	27.2%	23.3%	391 bps	-48.5	243.2	-3.0%

YTD accounting EBITDA totaled R\$**260.5** million (**+18.5%**), impacted by the change of the accounting rule according to IFRS 16. Pro-forma EBITDA decreased by 3.6% in 2019.

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\$ 7.9 million in the quarter (stable vs. 4Q18) and R\$ 31.3 million YTD.

FINANCIAL RESULT AND DEBT

Quarterly Financial Result (R\$ Million)	4Q19	3Q19	4Q18	YoY	(IFRS 16)	4Q19 (Pro-forma)	YoY (Pro-forma)
Financial income	0.5	0.4	0.2	157.4%	-	0.5	157.4%
Financial expenses	-12.2	-16.0	-15.9	-23.5%	-	-12.2	-23.5%
Lease interest	-4.9	-5.1	0.0	n/a	4.9	0.0	n/a
FX effect on USD debt	0.1	0.0	0.7	-84.9%	-	0.1	-84.9%
Total Financial Result	-16.5	-20.7	-15.0	9.7%	4.9	-11.6	-23.0%

The increase in financial results by **9.7%** in the quarter was mainly attributable to interest according to IFRS 16, which more than offset the 26.5% savings recorded in financial expenses. On a Pro-forma basis, the total financial result fell by **23.0%**, mainly reflecting a reduction in **net debt by 2.8% versus 4Q18** (see the 'Debt' table on the next page).

YTD Financial Result (R\$ Million)	2019	2018	YoY	(IFRS 16)	2019 (Pro-forma)	YoY (Pro-forma)
Financial income	2.2	1.3	72.5%	-	2.2	72.5%
Financial expenses	-58.6	-67.2	-12.9%	-	-58.6	-12.9%
Lease interest	-20.4	0.0	n/a	20.4	0.0	n/a
FX effect on USD debt	-0.1	-1.3	-89.0%	-	-0.1	-89.0%
Total Financial Result	-76.9	-67.2	14.4%	20.4	-56.5	-15.9%

In 2019, the **14.4%** increase in the total financial result is also mainly due to the IFRS 16 adoption. On a Pro-forma basis, the **favorable 15.9% variation** is mainly due to lower financial expenses.

Debt (R\$ Million)	4Q19	3Q19 (Pro-forma)	4Q18	YoY	(IFRS 16)	4Q19 (Pro-forma)	YoY (Pro-forma)
Loans and debentures	614.8	642.3	605.5	1.5%	-	614.8	1.5%
Supplier 'drawee risk'	0.0	0.0	0.0	n/a	-	0.0	n/a
Derivative fin. instruments	-7.4	-16.5	-2.3	218.3%	-	-7.4	218.3%
Gross Bank Debt	607.4	625.8	603.2	0.7%	-	607.4	0.7%
Gross Bank Debt R\$ ¹	604.0	621.4	595.9	1.4%	-	604.0	1.4%
Gross Bank Debt US\$	3.4	4.4	7.3	-53.5%	-	3.4	-53.5%
Tax installment payments	10.4	9.4	10.7	-3.2%	-	10.4	-3.2%
Acquisitions of companies	42.0	41.9	46.8	-10.3%	-	42.0	-10.3%
Total Gross Debt	659.7	677.1	660.7	-0.1%	-	659.7	-0.1%
Cash and equivalents	91.1	100.2	75.9	20.1%	-	91.1	20.1%
Total Net Debt	568.6	576.9	584.8	-2.8%	-	568.6	-2.8%
Adjusted EBITDA LTM	291.8	252.8	250.8	16.3%	-48.5	243.2	-3.0%
Total Net Debt / Adj. EBITDA	1.95 x	2.28 x	2.33 x	-16.4%	-	2.34 x	0.3%

1) Approximately 37% of this BRL-based debt is exposed to foreign currency and is protected from exchange variation effects through hedge instruments

With the decreased **total net debt** to R\$**568.6** million, the **total net debt/adjusted EBITDA ratio** reached **1.95x** at the end of the fiscal year. On a Pro-forma basis, which reduces the EBITDA reported, the ratio came to **2.34x**.

The **16.4% decrease in the leverage ratio**, benefited by the adoption of IFRS 16, is also due to Alliar's efforts towards free cash generation, a trend that should continue to be observed in the coming quarters, in line with Alliar's financial deleveraging strategy.

INCOME TAX AND SOCIAL CONTRIBUTION

Quarterly Income Tax (R\$ Million)	Consolidated			(IFRS 16)	4Q19 (Pro-forma)	YoY (Pro-forma)
	4Q19	4Q18	YoY			
EBT	14.0	25.6	-45.2%	2.0	16.0	-37.5%
Income Tax	-4.0	-5.0	-20.7%	-0.5	-4.5	-10.9%
Current income tax	-5.0	-10.9	-54.3%	-	-5.0	-54.3%
Deferred income tax	1.0	5.9	-82.8%	-0.5	0.5	-91.2%
Effective Tax Rate (%)	28.3%	19.5%	875 bps	-	27.9%	835 bps

In **4Q19**, the Company's Income Tax and Social Contribution reached R\$**4.0** million, equivalent to an effective tax rate of **28.3%**, worsening by 875 bps versus 4Q18.

YTD Income Tax (R\$ Million)	Consolidated			(IFRS 16)	2019 (Pro-forma)	YoY (Pro-forma)
	2019	2018	YoY			
EBT	65.7	70.0	-6.2%	8.8	74.5	6.3%
Income Tax	-15.6	-18.5	-15.4%	-2.3	-17.9	-3.2%
<i>Current income tax</i>	-20.9	-23.8	-12.3%	-	-20.9	-12.3%
<i>Deferred income tax</i>	5.3	5.3	-1.3%	-2.3	3.0	-43.7%
Effective Tax Rate (%)	23.8%	26.4%	-259 bps	-	24.0%	-236 bps

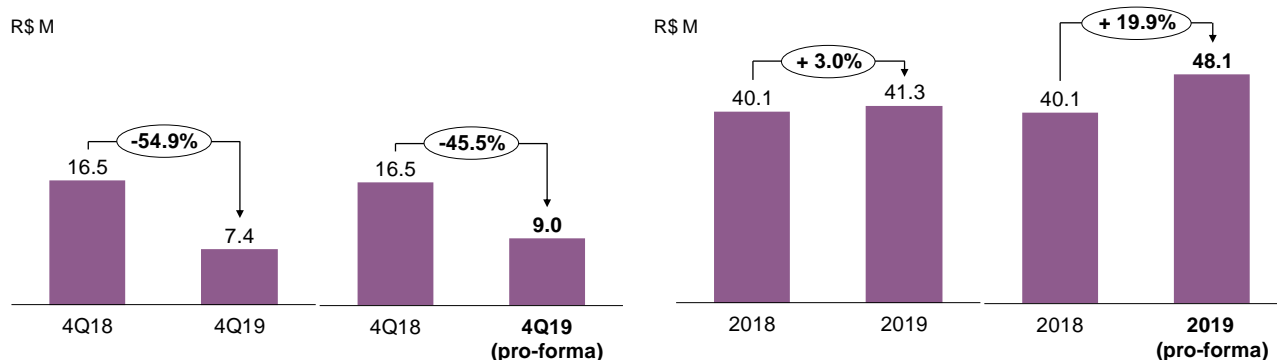
Year to date, the effective tax rate reached **23.8%** (vs. 26.4% in 2018), reflecting the Company's efforts to reduce inefficiencies related to its corporate structure. In both quarterly and year-to-date terms, the impact of IFRS 16 on the effective income tax and social contribution rate is small, as illustrated above.

NET INCOME

Net Income (Shareholders) decreased in the quarter, totaling R\$**9.0** million in the Pro-forma (**3.4%** margin), mainly due to the lower EBITDA.

On the other hand, in 2019, the bottom line **reached** R\$**41.3** million, or R\$**48.1** million (Pro-forma), representing a gain of **19.9%** vs. 2018, with a **4.4%** margin.

NET INCOME (Shareholders): QUARTER and YEAR (accounting and pro-forma)



Quarterly Net Income (R\$ Million)	4Q19	4Q18	YoY	(IFRS 16)	4Q19 (Pro-forma)	YoY (Pro-forma)
Net Income	10.1	20.6	-51.2%	1.6	11.6	-43.6%
(-) Attributable to noncontrolling interests	2.6	4.1	-36.3%	0.1	2.7	-34.4%
Net Income (Shareholders)	7.4	16.5	-54.9%	1.6	9.0	-45.5%
Net Income per share (in R\$)	0.06	0.14	-54.9%	0.01	0.08	-45.5%
Net Margin	3.8%	8.0%	-412 bps	-	4.4%	-353 bps
Net Margin (Shareholders)	2.8%	6.4%	-353 bps	-	3.4%	-294 bps

YTD Net Income (R\$ Million)	2019	2018	YoY	(IFRS 16)	2019 (Pro-forma)	YoY (Pro-forma)
Net Income	50.1	51.6	-2.9%	6.5	56.6	9.7%
(-) Attributable to noncontrolling interests	8.8	11.5	-23.6%	0.3	9.0	-21.2%
Net Income (Shareholders)	41.3	40.1	3.0%	6.8	48.1	19.9%
Net Income per share (in R\$)	0.35	0.34	3.0%	0.06	0.41	19.9%
Net Margin	4.7%	4.8%	-12 bps	-	5.3%	49 bps
Net Margin (Shareholders)	3.9%	3.7%	13 bps	-	4.5%	76 bps

INVESTMENTS

Investments (R\$ Million)	4Q19	4Q18	YoY	2019	2018	YoY
Organic Expansion	3.1	8.4	-62.5%	21.2	28.1	-24.4%
Maintenance	16.1	13.9	15.8%	46.9	49.8	-5.9%
Others	2.0	-8.0	n/a	7.2	-2.5	n/a
Total CAPEX	21.3	14.3	49.0%	75.3	75.4	-0.1%
Financial Asset (RBD)	0.4	0.1	239.8%	1.5	1.5	-3.3%
M&A / Investments	0.0	0.0	n/a	0.0	12.5	-100.0%
TOTAL	21.7	14.4	50.6%	76.8	89.4	-14.2%

CAPEX totaled R\$**21.3** million in the quarter, up by **49.0%** over 4Q18, mainly due to the low comparison base (R\$10.6 million asset sale in 4Q18). Excluding this effect, Total Capex in the quarter is nearly 15% below the 4Q18 level, reflecting lower investments in organic expansion. Total Investments, including the financial asset (RBD), totaled R\$**21.7** million in 4Q19.

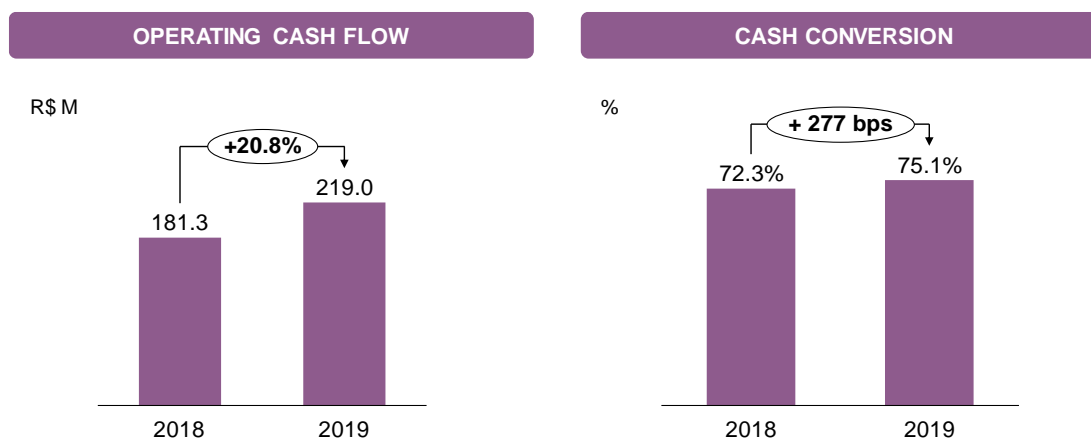
In 2019, Total Investments, driven by smaller investments in expansion, had a **significant decrease of 14.2% YoY**, totaling R\$**76.8** million. If excluded the asset sale effect in 2018, the 2019 reduction is even more significant.

These decreases registered in investments also reflect the fact that the Company did not invest in M&A transactions in 2019 and are in line with the Company's strategy to improve the use of its asset base and mature investments already made.

OPERATING AND FREE CASH FLOW

Operating Cash Generation reached R\$**219.0** million in the year, **20.8%** higher vs. 2018, benefiting from the IFRS 16 adoption, with **cash conversion** of **75.1%**.

As a result of the continued maturation of the operation and, especially, lower investments, **positive free cash flow increased by 36.2% to R\$142.3 million**, also benefiting from IFRS 16 (see item 7 in the chart on the following page). Excluding this accounting effect, **free cash flow** totaled R\$**93.7** million (Pro-forma).



YTD Cash Flow (R\$ Million)	2019	2018	YoY	(IFRS 16)	2019 (Pro-forma)	YoY (Pro-forma)
(1) Adjusted EBITDA	291.8	250.8	16.3%	-48.5	243.2	-3.0%
(2) Non-cash items	-52.6	-29.7	77.4%	-	-52.6	77.4%
(3) Working Capital ^a	0.8	-16.0	n/a	-	0.8	n/a
Clients	8.7	-8.6	n/a	-	8.7	n/a
Trade payables	-8.4	-1.0	781.2%	-	-8.4	781.2%
Payroll and related taxes	-6.6	-9.2	-28.0%	-	-6.6	-28.0%
Taxes payable and taxes in installments	9.2	6.9	33.7%	-	9.2	33.7%
Other	-2.1	-4.1	-49.4%	-	-2.1	-49.4%
(4) Current income tax	-20.9	-23.8	-12.3%	-	-20.9	-12.3%
(5) Operating Cash Flow [= (1)+(2)+(3)+(4)]	219.0	181.3	20.8%	-48.5	170.5	-6.0%
(6) Investing Activities^b	-76.8	-76.9	-0.2%	-	-76.8	-0.2%
Purchase of PPE and intangible assets	-75.3	-75.4	-0.1%	-	-75.3	-0.1%
Financial Asset (Capex RBD)	-1.5	-1.5	-3.3%	-	-1.5	-3.3%
Acquisition of subsidiaries (M&A)	0.0	-12.5	-100.0%	-	0.0	-100.0%
(7) Free Cash Flow ex-M&A [= (5)+(6)]	142.3	104.4	36.2%	-48.5	93.7	-10.2%
(8) Financing Activities^c	-127.3	-110.3	15.4%	48.5	-78.8	-28.6%
Dividends / IOC paid	-22.2	-4.1	444.1%	-	-22.2	444.1%
Borrowings, leases and amortizations, net	-46.7	-40.8	14.4%	48.5	1.9	n/a
Financial expenses (cash)	-57.8	-69.0	-16.2%	-	-57.8	-16.2%
Treasury Shares	-4.2	-1.5	183.4%	-	-4.2	183.4%
Related Parties	3.6	5.1	-29.3%	-	3.6	-29.3%
(9) Cash Increase (decrease) [= (7)+(8)]	15.1	-18.4	n/a	-	14.9	n/a
Conversion (Operating Cash Flow/Adjusted EBITDA)	75.1%	72.3%	277 bps	-	70.1%	-220 bps
Adjusted EBITDA	291.8	250.8	16.3%	-48.5	243.2	-3.0%

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 ON DECEMBER 31, 2019 AND DECEMBER 31, 2018
(R\$'000)

ASSETS	Consolidated		LIABILITIES AND EQUITY	Consolidated	
	12/31/2019	12/31/2018		12/31/2019	12/31/2018
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	88,301	73,165	Trade payables	52,388	60,803
Accounts receivable	229,645	228,961	Payroll and benefits	36,860	43,471
Inventories	10,928	5,435	Borrowings and financing	249,778	232,561
Financial assets	31,520	31,094	Leases	30,729	-
Taxes recoverable	34,904	40,770	Derivative financial instruments	287	-
Derivative financial instruments	7,649	2,313	Tax obligations	16,604	21,012
Other accounts receivable	14,096	17,998	Tax installment payments	2,276	2,277
Total current assets	417,043	399,736	Accounts payable - acquisition of companies	4,282	13,418
			Dividends payable	10,325	6,716
			Other accounts payable	2,702	4,477
			Total current liabilities	406,231	384,735
NONCURRENT ASSETS			NONCURRENT LIABILITIES		
Securities	2,823	2,712	Borrowings and financing	364,991	372,950
Escrow deposits	25,681	26,107	Leases	191,339	-
Contingency reimbursement guarantee	20,949	50,576	Related parties	542	1,025
Related parties	19,442	23,496	Tax installment payments	8,077	8,418
Deferred income and social contribution taxes	133,924	128,061	Accounts payable - acquisition of companies	37,704	33,368
Financial assets	75,272	79,854	Deferred income and social contribution taxes	10,618	10,294
Investments	8,951	6,625	Deferred PIS/COFINS/ISS	6,971	6,754
Property and equipment	519,777	525,020	Provision for legal contingencies	51,793	89,429
Intangible assets	966,126	967,239	Other accounts payable	2,853	2,741
Usage rights	211,133	-	Total non-current liabilities	674,888	524,979
Total noncurrent assets	1,984,078	1,809,690	EQUITY		
			Capital stock	612,412	612,412
			Capital reserves	620,797	622,280
			Treasury shares	(455)	(38)
			Profits reserve	49,842	22,151
			Other comprehensive income	(406)	141
			Controlling shareholders' equity	1,282,190	1,256,946
			Minority interest	37,812	42,766
			Total equity	1,320,002	1,299,712
TOTAL ASSETS	2,401,121	2,209,426	TOTAL LIABILITIES AND EQUITY	2,401,121	2,209,426

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

Consolidated	12/31/2019	12/31/2018	12/31/2019	12/31/2018
	Quarter	Quarter	Year	Year
NET SERVICE REVENUE	262,157	258,750	1,072,865	1,076,918
Cost of services	(194,424)	(190,645)	(788,049)	(787,538)
GROSS PROFIT	67,734	68,104	284,816	289,379
OPERATING (EXPENSES) INCOME				
General and administrative expenses	(42,811)	(42,439)	(159,023)	(175,717)
Other (expenses) income, net	1,228	10,872	(399)	8,730
Equity in the earnings (loss) of subsidiaries	4,346	4,081	17,262	14,893
OPERATING INCOME BEFORE FINANCIAL RESULT	30,496	40,618	142,655	137,286
FINANCIAL RESULT	(16,474)	(15,019)	(76,948)	(67,239)
Financial expenses	(16,999)	(15,223)	(79,115)	(68,495)
Financial income	525	204	2,167	1,256
OPERATING INCOME (LOSS) BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	14,020	25,598	65,709	70,048
CURRENT AND DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES	(3,967)	(5,002)	(15,635)	(18,482)
NET INCOME (LOSS) FOR THE PERIOD	10,053	20,595	50,073	51,566
ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS	7,442	16,494	41,300	40,088
ATTRIBUTABLE TO MINORITY INTEREST	2,611	4,101	8,771	11,478

CASH FLOW STATEMENTS ON DECEMBER 31, 2019 AND DECEMBER 31, 2018 (R\$'000)

	Consolidated	
	12/31/2019	12/31/2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (loss) for the period	50,073	51,566
Adjustments to reconcile net income to net cash generated by (used in) operating activities:	136,285	110,725
Depreciation and amortization	117,870	82,621
Stock options granted and restricted stocks	3,680	2,771
Residual value of property, plant and equipment disposed of, and investments	602	10,625
Finance charges, foreign exchange effect and derivatives	71,108	54,644
Financial asset update	(25,629)	(26,522)
Income (loss) from subsidiaries	(17,262)	(14,893)
Allowance for doubtful debts	(3,753)	3,270
Provisions for civil, labor and tax risks	(5,296)	658
Deferred Taxes	(5,035)	(2,449)
	186,358	162,291
Decrease (increase) in operating assets	37,752	12,062
Decrease (increase) in clients	34,330	17,887
Decrease (increase) in inventories	(5,493)	(785)
Decrease (increase) in other assets	10,391	(3,514)
Decrease (increase) in Financial Asset	(1,476)	(1,526)
Increase (decrease) in operating liabilities:	(10,700)	(13,164)
Increase (decrease) in trade payables	(8,415)	(955)
Increase (decrease) in suppliers drawees risk	-	(11,652)
Increase (decrease) in payroll and related taxes	(6,611)	(9,181)
Increase (decrease) in taxes payable and taxes in installments	9,176	6,862
Increase (decrease) in other liabilities	(5,508)	(4,821)
Income Tax and Social Contribution paid	(14,278)	(7,050)
Dividends and interest on equity received	14,936	13,633
Net Cash generated by Operating Activities	213,410	161,189
CASH FLOW FROM INVESTING ACTIVITIES		
Short-term investments	166	1,073
Acquisition of subsidiaries, net of cash received	(5,490)	(41,101)
Related Parties	3,571	10,054
Purchase of property, plant and equipment and intangible assets	(75,301)	(86,033)
Net cash used in investing activities	(77,054)	(116,007)
CASH FLOW FROM FINANCING ACTIVITIES		
Treasury Shares	(5,712)	(1,496)
Dividends paid	(22,204)	(4,081)
Borrowings and bonds, net	622,558	237,954
Interest paid	(52,114)	(57,472)
Repayment of borrowings and financing and lease	(663,748)	(238,519)
Net cash used in financing activities	(121,220)	(63,614)
INCREASE IN CASH AND CASH EQUIVALENTS	15,136	(18,432)
CASH AND CASH EQUIVALENTS		
At the beginning of the period	73,165	91,597
At the end of the period	88,301	73,165