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ALLIAR – 4Q17 RESULTS

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AGENDA

1) Management Comments on 2017

2) 4Q17 / 2017 Results

3) Q&A

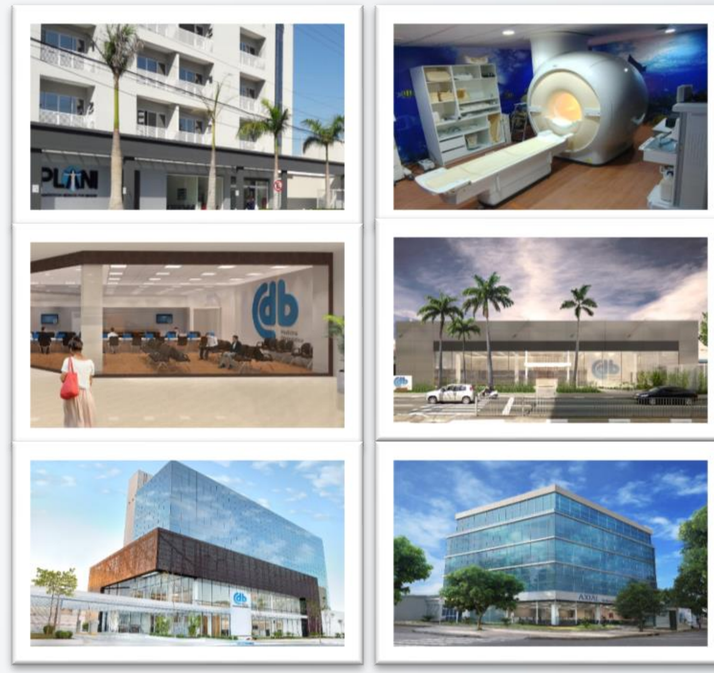
4) Closing Remarks

EXPANSION 2017

Organic

- **5 mega** units **opened** in 2017, being **3** in São Paulo region **(CDB brand)**, **1** in Belo Horizonte **(AXIAL)** and **1** in São José dos Campos **(PLANI)**
- The number of mega-stores increased by **50%** (business plan of aprox. R$ 50 million/mega)
- **Investment cycle concluded** on RBD's hospitals (PPP Bahia), allowing for **full monthtly revenue until 2026**

Mega Units and PPP



Acquisitions

- **Multiscan** (leading company of imaging diagnostics in the state of Espírito Santo) strengthens our presence in the region
- Small CA labs **speeds accreditation** and **roll-out** of CA strategy to existing units

OPERATIONS 2017

Technology and innovation serving patient satisfaction, operational efficiency and medical quality

PATIENT SATISFACTION

>> Remote monitoring of reception desks

>> Advances in the metho-dology to capture data

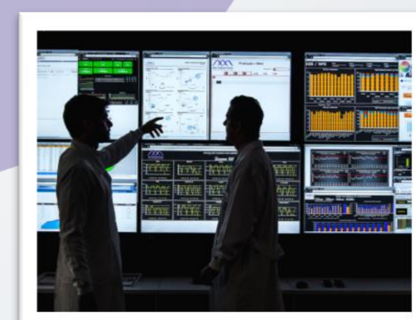
>> New partnership models

OPERATIONAL EFFICIENCY

>> RIS and ERP integration

>> Centralization of call centers in 1 contact center

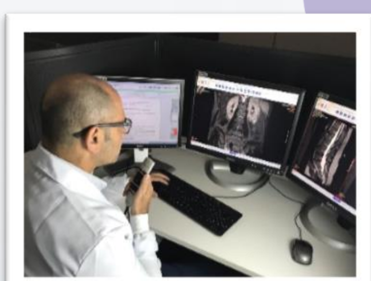
>> Higher equipment productivity



>> Command Center (3 suppliers)

>> Standardization of protocols

>> *Concierge Medico* program



MEDICAL QUALITY

STRATEGIC PILLARS

COMMERCIAL 2017

Opportunities through New Partnership Models

- **Virtual Verticalization (e.g. Prevent Sênior)**

  >> Exclusivity on MRI exams optimizes Alliar’s installed base

  >> Guarantee of attendance, control of schedules and deadlines prevent fines and leads to cost reduction to the provider

- **Outsourcing of Alliar’s Own Services**

  >> Lower costs for the operator and larger volumes for Alliar

- **Lab-to-Lab on Imaging**

  >> New sources of revenue with no need for additional investments

MEDICAL AREA 2017

Medical Quality and Resolutive Diagnostics

- Continuous evolution on Peers-Review (re-evaluation of reports)

  >> knowledge diffusion

  >> more across-brands, over-specialized reports (teleradiology) improve diagnostic quality

- **Command Center** with 3 main suppliers and Standardized protocols generate better images and reduces average exam time

- ***Concierge Medico*** *program* offers diagnostic quality and on-time interaction with Alliar’s medical staff

- **Medical Productivity Tools**

- **Resolutive Diagnostics**

CLOSING REMARKS 2017

This year closed the 2014-2017 cycle and built the base for 2018-2020

- **The last cycle was extremely important for building the Company's foundation:**

  >> 2014 M&A CDB

  >> 2015 partnership with State of Bahia (1st PPP of its kind in Brazil)

  >> 2016 M&A Delfin

  >> 2017 opening of mega units, end of investments in RBD and acquisition of Multiscan

- Continuous focus on **technology, medical quality and patient experience**

- Higher **MRI productivity**; **1 single** contact center; new command center to **GE** and **Philips' MRIs**

- Implementation of the **new ERP concluded** and developments in the **internal controls process**

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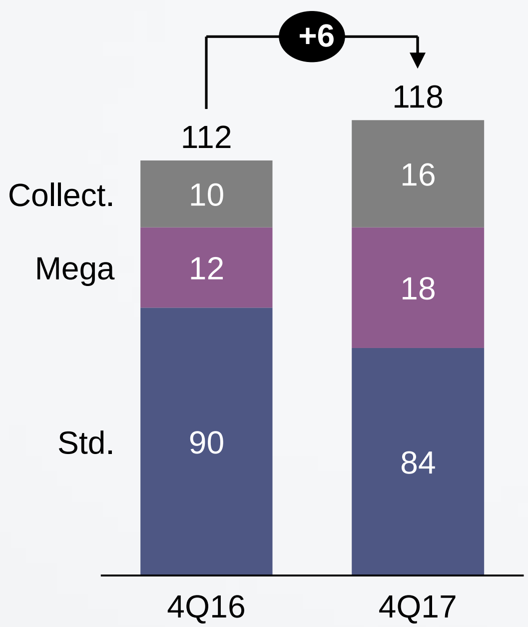
HIGHLIGHTS OF 4Q / 2017

- **Net revenue[1] growth** of **13.7%** in 4Q17, mainly organic, with same-store-sales (SSS) of **6%** and ramp-up of the new mega units. In the year, growth of **16.9%** in net revenue[1], with SSS of **9%**
- **Adjusted EBITDA** of R$**51.5** million (**+7.2%**) in the quarter and R$**222.8** million in 2017 (**+9.6%**)
- **Recurring net income** (shareholders) of R$**4.7** million in 4Q and R$**24.6** million in the year
- **Recurring operating cash flow** of R$**55.3** million in the quarter (**+7.1%**), with **107%** cash conversion. In 2017, cash flow reached R$**176.3** million (**+17.1%)**
- **Centralization of call centers**, with **all Alliar's brands centers** migrating to the new **contact center** in São Paulo
- Net promoter score (**NPS**) of **68.9%** at the end of 4Q17, with a significant advance in the methodology adopted to capture data
- Implementation of the new ERP concluded and developments in the internal controls process

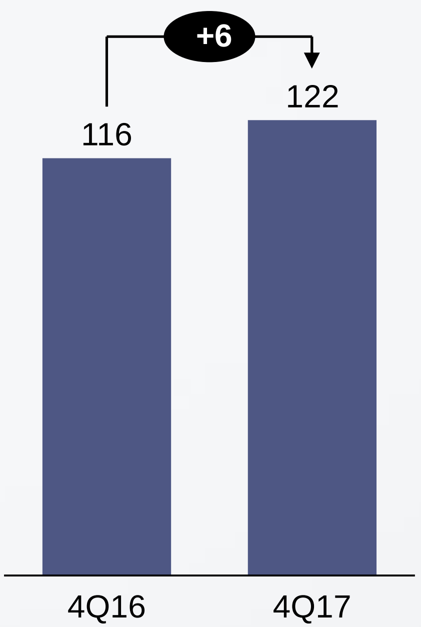
(1) Excludes construction-revenue

KEY ASSETS
EVOLUTION

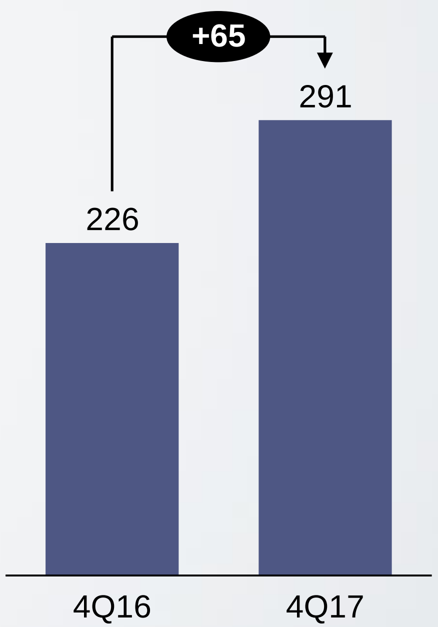
STORES



MRIs



C. ANALYSIS ROOMS

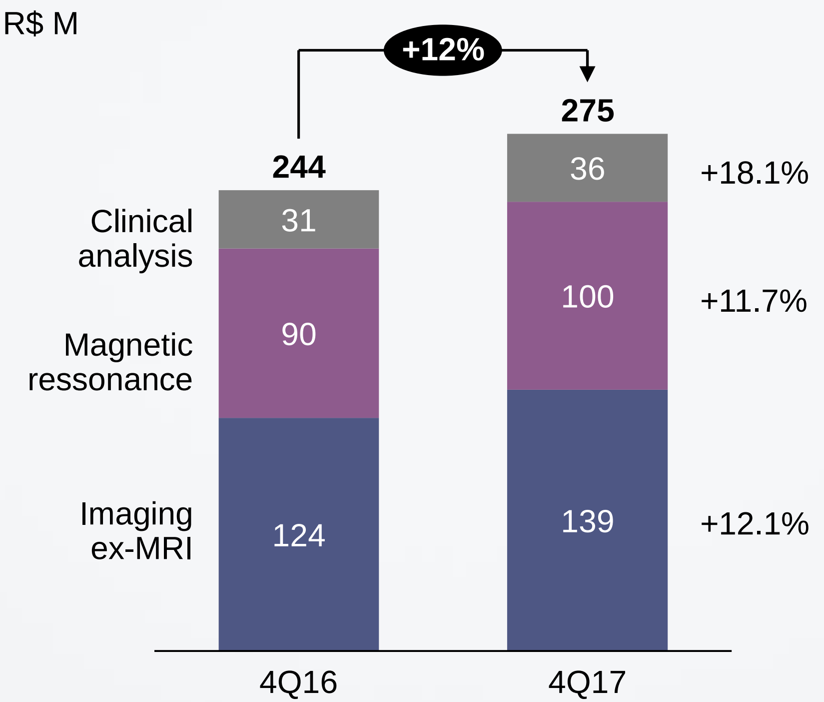


HIGHLIGHTS

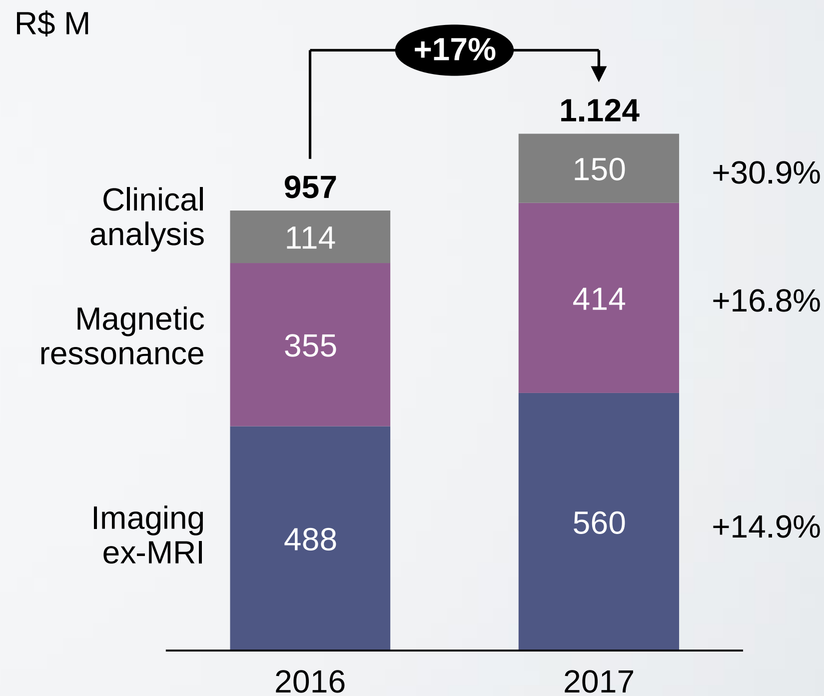
- Addition of **6** mega stores in **2017** (includes 1 from acquisitions - Multiscan)
- **Clinical analysis** offering now available in **53** stores (**45%** of total stores)

GROSS REVENUE
EX-CONSTRUCTION

QUARTER



YEAR TO DATE



HIGHLIGHTS

- **Double-digit growths** on **MRI** and **Imaging ex-MRI** (ratio of **1.38 : 1**)
- Strong **clinical analysis growth**, currently representing **13.2**% of revenues

COSTS AND EXPENSES

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Costs (R$ Million)	4Q16	4Q17	YoY	2016	2017	YoY
Medical Services	-43.6	-48.0	10.1%	-163.0	-187.0	14.7%
Employees	-45.9	-50.8	10.7%	-158.8	-186.6	17.5%
Supplies and Support Labs	-35.1	-33.2	-5.5%	-121.9	-136.7	12.1%
Maintenance	-5.6	-6.0	6.7%	-24.1	-28.9	19.8%
Occupancy	-15.0	-17.8	18.7%	-53.7	-70.2	30.7%
Third-party services and others	-5.5	-10.7	94.5%	-28.6	-39.7	39.1%
Costs ex (construction and D&A)	**-150.8**	**-166.6**	**10.5%**	**-550.1**	**-649.1**	**18.0%**
Depreciation and amortization	-18.4	-16.9	-8.2%	-66.3	-71.1	7.2%
Construction cost	-35.2	-1.2	-96.6%	-60.5	-36.3	-39.9%
Total Costs	**-204.4**	**-184.6**	**-9.7%**	**-676.9**	**-756.6**	**11.8%**

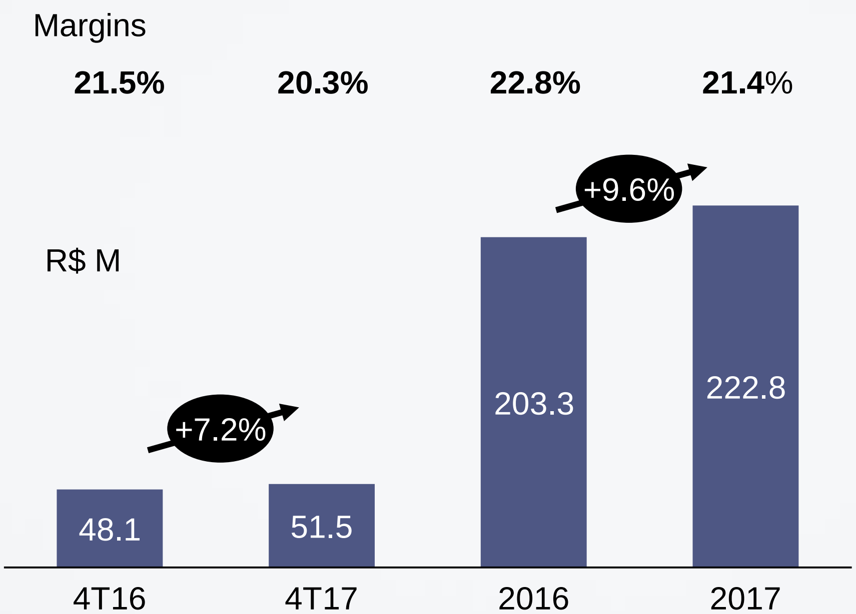
Operating (Expenses) Income (R$ Million)	4Q16	4Q17	YoY	2016	2017	YoY
General and adm. expenses (ex-depreciation)	**-44.1**	**-46.5**	**5.4%**	**-163.1**	**-204.6**	**25.5%**
Employess	-20.3	-22.4	10.7%	-90.5	-106.0	17.1%
Occupancy, third-party services and others	-22.3	-22.1	-0.7%	-71.0	-89.8	26.3%
Long-term incentive program	-1.6	-1.9	24.5%	-1.6	-8.9	474.5%
Other expenses, net	**14.3**	**-0.5**	**n/a**	**10.0**	**-3.4**	**n/a**
Equity in the earnings (loss) of subsidiaries	**2.8**	**3.1**	**7.2%**	**10.1**	**13.8**	**36.6%**
Subtotal ex (write-downs and depreciation)	**-26.9**	**-43.9**	**63.0%**	**-142.9**	**-194.2**	**35.9%**
Write-downs and other	-3.1	-48.8	1487.1%	-25.0	-48.8	95.8%
Depreciation and amortization	-2.0	-1.9	-8.2%	-6.1	-7.9	30.1%
Total Operating (Expenses) Income	**-32.1**	**-94.7**	**195.1%**	**-173.9**	**-251.0**	**44.3%**

HIGHLIGHTS

- Cost growth higher than revenue reflects the opening of **mega stores and the ramp-up of RBD**
- Change in expenses impacted by a comparison basis favored in 4Q16 (PDD reversal of R$12 million)
- Quarterly **expenses** registered non-recurring effects

ADJUSTED EBITDA

QUARTER and YEAR



EBITDA ADJUSTMENTS

EBITDA (R$ Million)	4Q16	4Q17	YoY
EBIT	**22.5**	**-23.8**	**n/a**
Depreciation and amortization[1]	20.4	18.8	-8.2%
EBITDA	**43.0**	**-5.0**	**n/a**
EBITDA Margin %	**19.2%**	**-2.0%**	**n/a**
Adjustments	**5.1**	**56.5**	**1011.4%**
Write-downs	3.7	52.9	1331.7%
Impairment	1.7	45.2	2580.0%
Financial asset (RBD)	2.0	7.7	282.3%
Pre-IPO	0.0	0.0	n/a
M&A and other	1.4	3.6	159.8%
Adjusted EBITDA	**48.1**	**51.5**	**7.2%**
Adjusted EBITDA Margin %	**21.5%**	**20.3%**	**-122 bps**

HIGHLIGHTS

- Adjusted EBITDA growth of 7.2% in 4Q and **9.6%** in 2017 (**21.4% margin**)
- Evolution in the internal controls and recoverability tests led to accounting write-downs
- Accounting EBIT and EBITDA impacted mainly by impairment on receibables **and by other non-recurring** (e.g. terminations, call center) that led to a worst 2017 result in turn for a better structure from 2018

FINANCIAL RESULT AND TAXES

Financial Result (R$ Million)	4Q16	4Q17	YoY	2016	2017	YoY
Financial income	4.3	0.8	-81.4%	5.8	4.7	-19.5%
Financial expenses	-21.7	-27.3	25.9%	-86.0	-82.8	-3.7%
Foreign exchange effect on USD debt	-0.4	-1.4	251.3%	14.1	-0.2	n/a
Total Financial Result	**-17.8**	**-27.9**	**57.0%**	**-66.0**	**-78.3**	**18.6%**
Non-recurring effects	0.0	6.7	n/a	0.0	6.7	n/a
Recurring Financial Result	**-17.8**	**-21.2**	**19.1%**	**-66.0**	**-71.5**	**8.4%**

Income Tax (R$ Million)	Consolidated					
	4Q16	4Q17	YoY	2016	2017	YoY
EBT	**4.8**	**-51.7**	**n/a**	**34.6**	**-7.9**	**n/a**
Income Tax	**15.2**	**39.8**	**161.8%**	**-5.9**	**22.6**	**n/a**
Current income tax	*-10.3*	*-5.4*	*-48.0%*	*-24.2*	*-22.7*	*-6.1%*
Deferred income tax	*25.5*	*45.1*	*76.9%*	*18.3*	*45.3*	*146.8%*
Effective Tax Rate (%)	n/a	-76.9%	n/a	-16.9%	-284.8%	268 p.p.
Non-recurring:	**0.0**	**-37.7**	**n/a**	**0.0**	**-37.7**	**n/a**
Deferred tax write-down (liabilities)	*0.0*	*-21.0*	*n/a*	*0.0*	*-21.0*	*n/a*
Deferred tax (previous periods)	*0.0*	*-16.7*	*n/a*	*0.0*	*-16.7*	*n/a*
Adjusted Income Tax	**15.2**	**2.1**	**-86.2%**	**-5.9**	**-15.1**	**157.9%**
Adjusted Tax Rate (%)	**n/a**	**-4.0%**	**n/a**	**-16.9%**	**n/a**	**n/a**

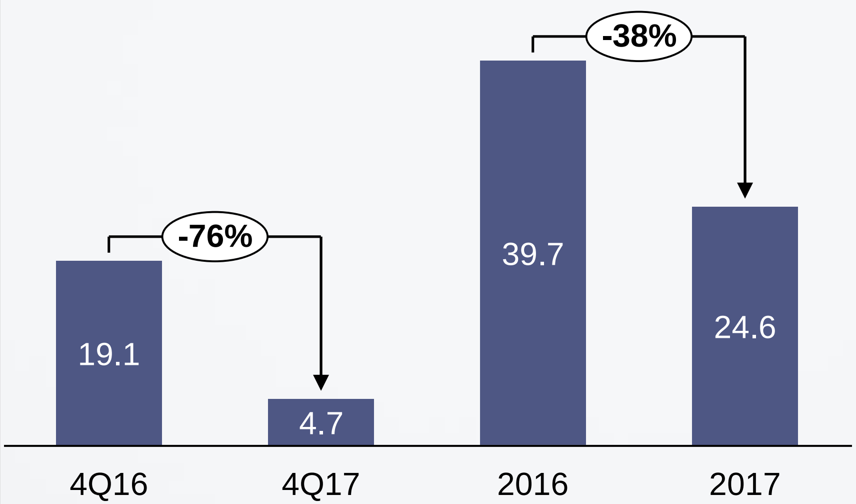
HIGHLIGHTS

- **Higher net debt** and accounting impacts due to **debt prepayment in 4Q17**
- **Non-recurring benefits** of **R$ 37.7 million** led to **positive** deferred **income tax** in 2017 (amount **negatively adjusted** in recurring net income)

RECURRING NET INCOME AFTER MINORITY INTEREST

QUARTER AND YEAR TO DATE

R$ M



ADJUSTMENTS

R$ M

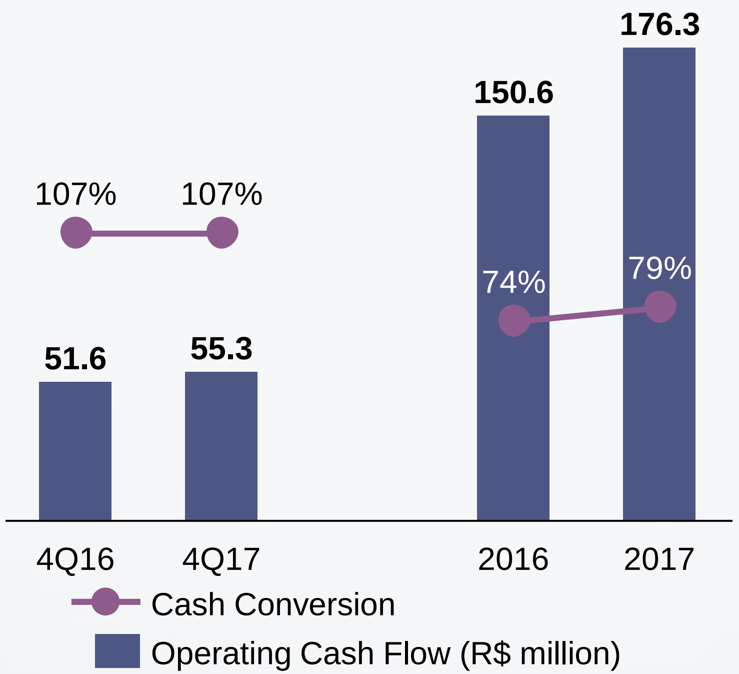
Net Income (R$ Million)	4Q16	4Q17	YoY
Net Income	19,9	-11,9	n/a
Attributable to noncontrolling interests	3,9	1,4	-65,0%
Net Income (Shareholders)	**16,1**	**-13,3**	**n/a**
Net Income per share (in R$)	0,14	-0,11	n/a
EBITDA adjustments	5,1	56,5	1011,4%
Financial asset adjustment (RBD)	-2,0	-7,7	282,3%
Finacial result adjustments	0,0	6,7	n/a
Income tax adjustments	0,0	-37,7	n/a
Recurring Net Income (Shareholders)	**19,1**	**4,7**	**-75,7%**
Recurring Net Margin (Shareholders)	8,6%	1,8%	-673 bps

HIGHLIGHTS

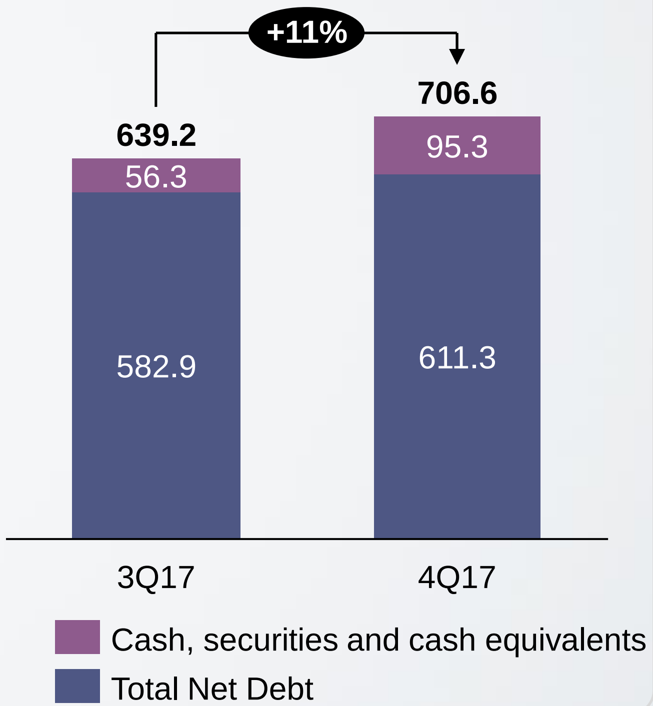
- Recurring net income of R$ 24.6 million in 2017 after minority interest
- **Reduction vs 2016** mainly due to the 4Q16 comparison favored basis (in which there was an entry of R$25.5 million as deferred income tax)

OPERATING CASH FLOW AND DEBT

RECURRING OPERATING CASH FLOW



TOTAL DEBT EVOLUTION

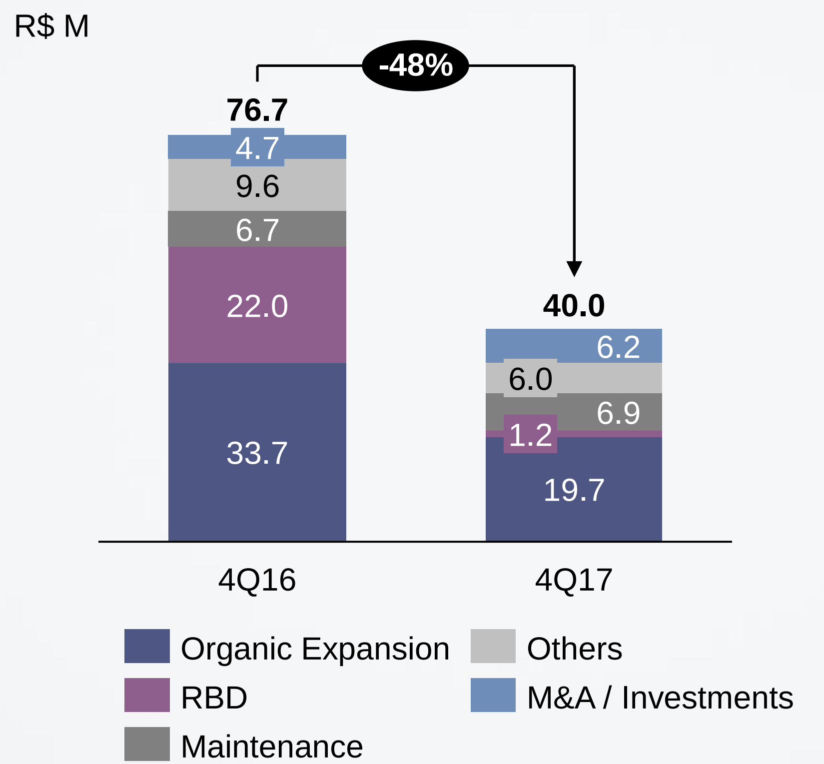


HIGHLIGHTS

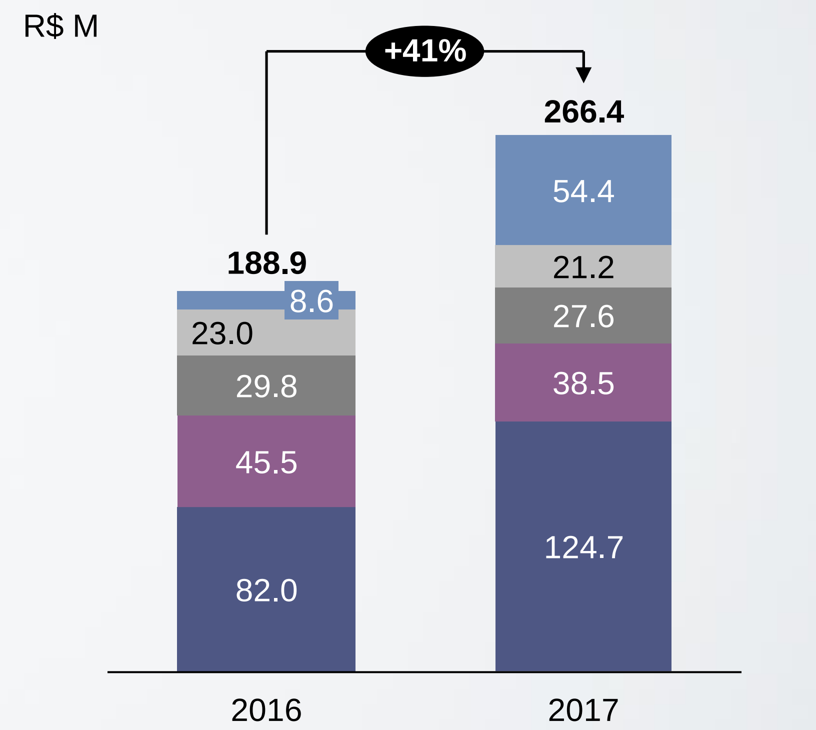
- Recurring Operating Cash Flow reaches **R$ 176.3 million** in 2017 (+17.1%), with 79% of cash conversion
- Total Debt **11% above 3Q17**, net debt **2.72x** EBITDA

INVESTMENTS

QUARTER



YEAR TO DATE



HIGHLIGHTS

- **Reduction** from 4Q16, reflecting the anticipation of investments in organic expansion and the conclusion of the PPP investment cycle
- R$ **266.4 million** invested in 2017, including R$ **54.4 million** in M&A (mainly Multiscan)

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Q & A

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CLOSING REMARKS

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Conclusion of strong investment cycle, start of new cycle 2018-2020

- Focus on **Profitability**:
  - **Returns** on investments already made
  - Higher **Productivity** in Operation through **Technology and Innovation**
  - **Expansion** of margins and increase of **Net Profit, ROIC and Cash**

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