Earnings 2Q18

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Code: Fleury
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In June 29th, 2018:
Total shares
315,312,192
Market cap
R$ 8,340MM | US$ 2,163MM
Share price
R$ 26.45 /US$ 6.86

Fleury ON
B3: FLRY3 Bloomberg:
FLRY3 BZ Thomson Reuters:
FLRY3-BR

Debentures
BRFLRYDBS007
BRFLRYDBS015
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São Paulo, July 26th, 2018 – Grupo Fleury announces today its 2nd quarter 2018 (2Q18) results. All figures are compared to the same period last year, unless otherwise stated, and are rounded to the nearest thousand, but may have differences when compared to the financial statements due to decimal digits.

Highlights

- Net Revenue of R$ 673.4 (+12.7%).
- Cancellations represented 1.4% (stable).
- EBITDA of R$ 178.8 million (+18.1%), with 26.6% margin (+122 bps).
- Net Income of R$ 86.6 million (-1.4%), impacted by the cumulative adjustment of the effective tax rate in 2Q17. On a comparable basis, growth in Net Income would have been 14.9%.
- Operating Cash Generation of R$ 211.9 million (+31.3%).
- Return on Invested Capital (*ROIC*[1]), excluding goodwill, reached 41.9% (+213 bps).
- NPS reached 76.5% (+186 bps).
- Launch of 4 new a+ PSCs[2]: 3 of them in São Paulo and 1 in Pernambuco. In July/18, opening of 3 a+ PSCs in São Paulo.
- 73% of the area launched in the Expansion Plan is in initial stage of maturation with under 12 months of operation.
- In July/18, we announced a distribution of Interest on Capital in the amount of R$ 57.6 million related to 6M 2018, corresponding to R$ 0,1826 per share.

[1] Excludes the goodwill of the stockholder´s equity.
[2] Patient Service Center
[3] Considers the price of FLRY3 shares as of 12/28/2017 and the net amount of total earnings distributions through interest on shareholder´s equity and dividends.

Financial Indicators

Financial Indicators (R$ MM)	2Q18	2Q17	Variation	6M 2018	6M 2017	Variation
Gross Revenue	728.1	646.5	12.6%	1,434.4	1,288.6	11.3%
Net Revenue	673.4	597.6	12.7%	1,326.7	1,185.4	11.9%
Gross Profit	213.3	186.8	14.2%	426.7	389.3	9.6%
EBITDA	178.8	151.4	18.1%	364.8	324.6	12.4%
Net Income	86.6	87.9	-1.4%	183.1	169.4	8.1%
Net Cash Income[1]	85.7	92.2	-7.1%	190.0	197.8	-3.9%
Operating Cash Flow	211.9	161.4	31.3%	315.8	247.3	27.7%
Cancellations (% Gross Revenue)	-1.4%	-1.4%	-01 bps	-1.4%	-1.8%	44 bps
Gross Margin %	31.7%	31.3%	42 bps	32.2%	32.8%	-68 bps
EBITDA Margin %	26.6%	25.3%	122 bps	27.5%	27.4%	11 bps
Effective Tax Rate	-27.6%	-16.4%	-1,117 bps	-27.1%	-25.8%	-126 bps
Net Income Margin %	12.9%	14.7%	-184 bps	13.8%	14.3%	-49 bps
Net Cash Income / Net Revenue	12.7%	15.4%	-271 bps	14.3%	16.7%	-236 bps
Operating Cash Flow / Net Revenue	118.5%	106.6%	1,192 bps	86.6%	76.2%	1,040 bps
ROE (LTM)	20.0%	18.2%	186 bps	20.0%	18.2%	186 bps
ROIC (LTM)	15.3%	13.9%	140 bps	15.3%	13.9%	140 bps
ROIC without goodwill (LTM)	41.9%	39.8%	213 bps	41.9%	39.8%	213 bps

"Net Cash Income": excludes the impact of deferred income tax

Management Comments

Following the execution of our Expansion Plan, we added 3 a + brand PSCs in São Paulo and 1 in Pernambuco in the second quarter. In April, we inaugurated the first a + brand PSC in Guarulhos, with a full range of imaging exams and clinical analyzes. In May, we inaugurated the Casa Forte small PSC in Pernambuco. In the city of São Paulo, we inaugurated 2 fast-site PSCs, Ipiranga in June and Funchal in May, expanding the offer of clinical and imaging analyzes.

In July, we inaugurated an additional 3 a+ fast-site PSCs in São Paulo (Vila Andrade, Brazil and Alphaville Rio Negro). Counting these, we totaled 8 new units in 2018 and 41 new PSCs in total since the beginning of the Expansion Plan. The execution of the Expansion Plan will be intensified in the second half, mainly in the a + brand in São Paulo and also in Rio de Janeiro with the brands Felippe Mattoso and Labs a+.

Our Customer Satisfaction, measured by the Net Promoter Score (NPS), reached 76.5% in the quarter, an increase of 186 bps compared to 2Q17, highlighting operations in Paraná, Pernambuco and Rio de Janeiro, with both Felippe Mattoso and Labs a+.

At the same time, we have intensified our digital transformation journey, with the aim of streamlining and simplifying customer service. After the launch of the pilot phase of the digital reception at the a+ Queiroz Filho PSC, the digital service project is now available at the a+ Morumbi PSC. In the coming months, the initiative will be implemented in the other a+ PSC's in São Paulo, Fleury and, later, to other brands of the Group.

Our initiatives in digital transformation and innovation were acknowledged with the achievement of the 2nd place in the ranking of the Value Innovation Brazil Award in the Medical Services category. The publication acknowledged the large investments that companies have made in artificial intelligence, with the Fleury Group as a prime example. Excellence in customer service also secured the Top of Mind Rio Grande do Sul 2017 Award, which listed the Weinmann brand as the most remembered in the category of Clinical Analyzes Laboratory. The Fleury Group led the category of Diagnostic Medicine in the Modern Consumer Award for the 17th year.

The 2Q18 result registered growth of 12.6% in Gross Revenue and 12.7% in Net Revenue. EBITDA increased by 18.1% and registered R $ 178.8 million, with a margin of 26.6%. Net Income totaled R$ 86.6 million.

The quarter was marked mainly by the truckers' strike in May, in addition to the World Cup in June. During the strike, all our PSC's maintained their normal operation despite supply difficulties, as a result of a combined effort of planning and engagement to deliver quality healthcare to our patients, physicians and hospital partners. During this period, we noticed a lower demand attributed to people's difficulty in mobility due to fuel shortage, as well as a reduction in medical requests for tests, which prolonged the impact in the weeks following the end of the strike. At the end of the quarter, we noticed a similar effect during the World Cup, attributed to the postponement of medical consultations and demand for tests.

In May/18, we expanded our hospital portfolio with the start of clinical analyzes operations in the traditional Vera Cruz Hospital, a reference in Campinas city, in the state of São Paulo, with about 800 thousand tests per year.

In June/18, we initiated a partnership with the Sabin Group for international technical-scientific cooperation, in which we jointly invested in Qure, a venture capital for startups in healthcare of the Israeli investment fund Ourcrowd, for the development of artificial intelligence, remote diagnostics, data security, among others.

It is also important to highlight the launch, through the Genomic platform, of "Oncofoco", the first genomic diagnostic test developed with the use of artificial intelligence in Brazil in partnership with IBM Watson Health. Based on Next Generation Sequencing, the test is able to evaluate the mutation of genes related to different types of tumors. The exam is directed to oncology patients with complex situations with the objective to indicate a therapeutic alternative.

In the quarter, we also obtained the renewal and update, in accordance with the new standards, of ISO 9001 and ISO 14001 certifications, including for the first time the certification for Felippe Mattoso brand and Central Lab in Rio de Janeiro. In early July, we published our Annual Sustainability Report, according to the international guidelines established by the Integrated Report and the Global Reporting Initiative (GRI). Click here to access it.

Finally, we announced, on this date, the distribution payment in the amount of R$ 57.6 million related to Interest on Capital (IOC) referring to the earnings of the first half of 2018. The payment to shareholders will occur on August 15th, according to the shareholders position (record date) of July 31st.

In the second semester, we will continue working on relevant projects, focused on maintaining the sustainable growth of our operations, based on our positioning: technical, medical, customer service and management excellence.

Financial Performance

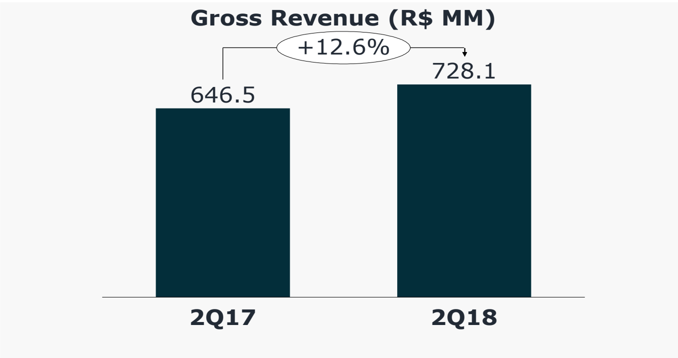
Gross Revenue

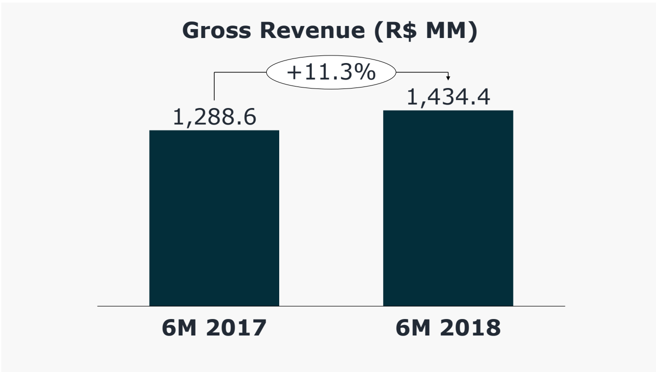
In the quarter, the Company reached Gross Revenue of R$ 728.1 million, corresponding to an increase of 12.6%. Highlight to the growth of regional brands excluding RJ (+36.2%) and Rio de Janeiro brands (+16.4%).

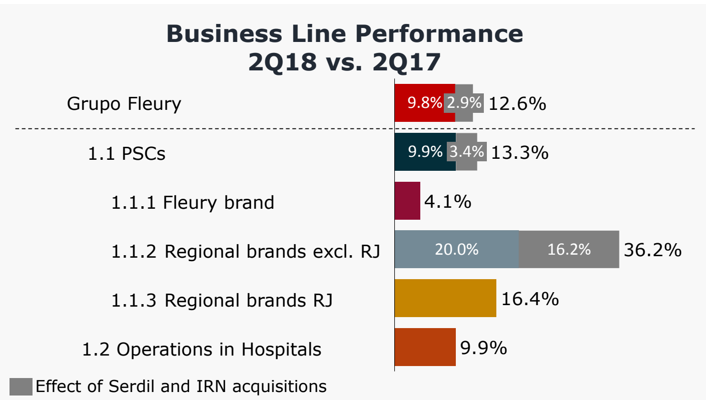
Disregarding PSC's resulting from the Serdil and IRN acquisitions consolidated in 1Q18 and 2Q18, respectively, Gross Revenue in the quarter registered organic growth of 9.8%. Highlight to the growth of regional brands excluding Rio de Janeiro (+20.0%) and Rio de Janeiro brands (+16.4%).

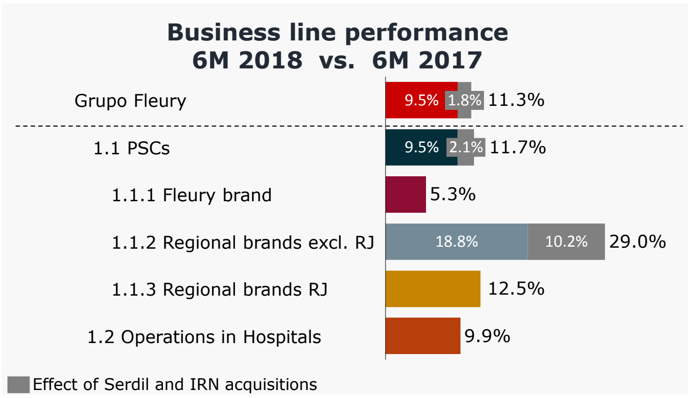
In 6M 2018, Gross Revenue increased by 11.3%. Highlight to the growth of regional brands excluding Rio de Janeiro (+29.0%) and Rio de Janeiro brands (+16.4%).

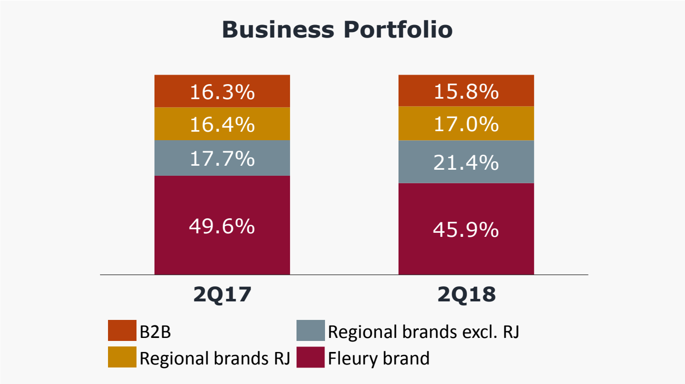
Similarly, without considering PSC's resulting from the Serdil and IRN acquisitions consolidated in 1Q18 and 2Q18, respectively, Gross Revenue in 6M 2018 registered organic growth of 9.5%. Highlight to the growth of regional brands excluding Rio de Janeiro (+18.8%) and Rio de Janeiro brands (+12.5%).

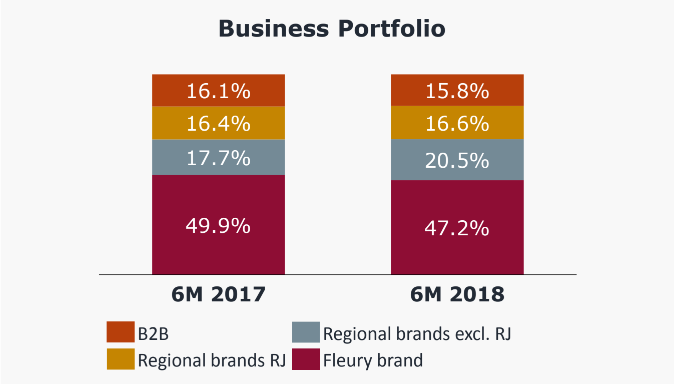












Gross Revenue and Asset Efficiency from Patient Service Center (PSC's)

Gross Revenue from PSC's reached R$ 613.3 million in 2Q18, a 13.3% increase.

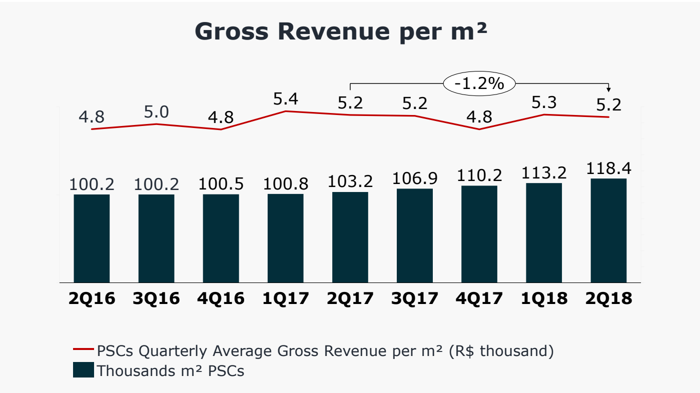
Disregarding PSC's resulting from the Serdil and IRN acquisitions consolidated in 1Q18 and 2Q18, respectively, Gross Revenue from PSC's in the quarter registered an organic growth of 9.9%.

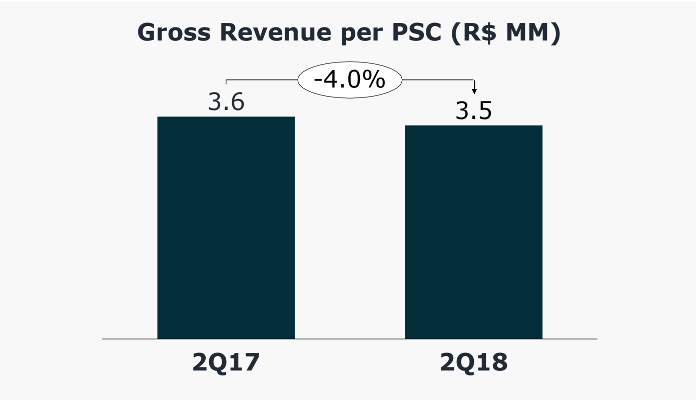
In 6M 2018, the Gross Revenue from PSC's totaled R$ 1.2 billion, an 11.7% increase.

Similarly, without considering PSC's resulting from the Serdil and IRN acquisitions consolidated in 1Q18 and 2Q18, respectively, Gross Revenue from PSC's in 6M 2018 registered organic growth of 9.5%.

The asset efficiency indicators reflect the Expansion Plan that added a significant Patient Service Area to our portfolio of brands. At the same time, the new PSCs are advancing in the maturity curves according to plan, to reach their revenue potential and profitability.

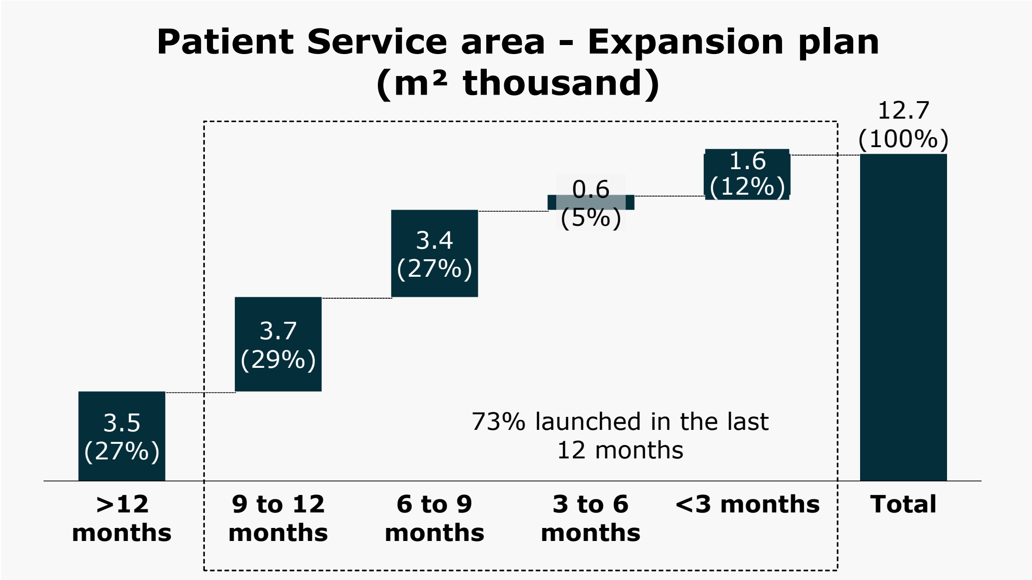
In 2Q18, asset efficiency measured by Gross Revenue per square meter presented a 1.2% reduction compared to the same period of 2017, while Gross Revenue efficiency per PSC decreased by 4.0%, reaching R$ 3.5 million per PSC in the quarter.





Since the announcement of our Expansion Plan in the 4th quarter of 2016 up until June/18, we inaugurated 38 PSCs, corresponding to a gross increase of 12.7 thousand square meters of patient service area. Of this total, 73% were launched less than 12 months ago, which means that they are in the early stages of the maturity curve.

In addition to the PSCs launched in the Expansion Plan, we added 5 new units resulting from acquisitions, 1 from Serdil brand (Porto Alegre) and 4 from IRN brand (Natal), representing 4,8 thousand square meters of patient service area.



Gross Revenue per Exam

Gross Revenue per exam increased by 2.1% in the quarter. This growth reflects the mix of exams, brands and segments carried out in the period, as well as the new price list resulting from the annual readjustment. In 6M 2018, growth was 1.8%.

- PSC´s: Gross Revenue per exam grew 1.0% in the quarter and 0.7% in 6M 2018. This growth is due to the mix of exams and brands, as well as the annual price readjustment that reflects the lower level of inflation, significantly below compared to the previous year;

- Hospital Operations: Gross Revenue per exam registered growth of 2.0% in the quarter and 2.5% in 6M 2018. The increase is a result of the maturation process of the mix of exams in new hospital operations, which has been observed in the previous quarters;

- Lab to Lab: decreased by -1.2% in the quarter and -2.4 in 6M 2018.

Gross Revenue per exam	2Q18	2Q17	Variation	6M 2018	6M 2017	Variation
Grupo Fleury	**38.5**	**37.6**	**2.1%**	**38.4**	**37.7**	**1.8%**
- Patient Service Centers	55.8	55.2	1.0%	55.1	54.7	0.7%
- Hospital Operations	13.8	13.5	2.0%	13.9	13.6	2.5%
- Lab to Lab	36.4	36.8	-1.2%	35.4	36.3	-2.4%

Gross Revenue from PSCs

In 2Q18, Gross Revenue from PSCs grew 13.3%. Disregarding PSCs from acquisitions, growth was 9.9%, with Same Store Sales (SSS) increasing by 3.8%.

In the quarter, we recorded the effects of the truckers' strike, in addition to the World Cup, which impacted demand across in all segments, especially the brands with predominant clinical analyzes such as the Fleury brand. In addition to the impact of lower demand for tests on strike days at the end of May, we verified a prolonged impact in June, due to the reduction in the number of tests requests resulting from fewer medical consultations during the strike period. The brands with predominance of imaging tests that require scheduling presented less impact, such as the Rio de Janeiro region.

In 6M 2018, Gross Revenue from PSCs grew 11.7% and 9.5%, excluding PSCs from acquisitions.

Fleury Brand

Fleury brand´s gross revenue increased 4.1% in the quarter and 5.3% in 6M 2018, with most of the growth derived from volume, mix of exams and demand captured with the launch of 8 PSCs in the 12-month period ended June/18, 4 fast sites, 2 large units and 2 medium units. However, the Fleury brand was the most impacted by the effects of the truck drivers' strike, both on strike days due to fuel shortages, as well as the subsequent period, due to fewer medical requests, in addition to the World Cup. The Fleury brand has a higher proportion of clinical analysis tests which were the most impacted tests in this period, since they don't require prior scheduling in contrast to the imaging tests, which due to the need for pre-scheduling were less impacted.

The Fleury brand SSS is impacted by the new PSCs. This effect is related to the distribution of clients, old and new, between existing PSCs and the new PSCs in the same geographic area of influence ("Clusters"). In addition, in this quarter we made several substitutions of equipment for others state-of-the-art, especially in the Paraíso PSC in São Paulo, the largest PSC of the brand.

Our goal is to maintain and develop the Fleury brand as a reference in the premium segment. These investments, together with the effect of the strike and the World Cup, affected the growth indicators of the brand.

The new PSCs are still maturing according to plan, advancing in their revenue potential and better serving regions/neighborhoods where we had limited service offerings. This way, we continue to grow significantly, despite the decrease in beneficiaries in the Brazilian private health system according to ANS.

It is worth noting that in addition to the impacts of strike and World Cup, we registered a lower level of price readjustment due to significant lower inflation rates.

Regional Brands excluding Rio de Janeiro

Gross Revenue of Regional Brands excluding Rio de Janeiro registered growth of 36.2% (+20.0% organic), with the highlight on the Gross Revenue increase in a+ SP brand (+30.0%), in which all growth is organic; Rio Grande do Sul region (+19.0%), due to Serdil acquisition, consolidated in 1Q18, and Northeast region (+72.3%), due to IRN acquisition, consolidated in 2Q18. In 6M 2018, the growth was 29.0% and 18.8%, disregarding the PSCs resulting from acquisitions.

The strong growth of these regional brands, despite the effects of the strike and World Cup, is explained, mostly, by: (i) increase in volume of services, (ii) expansion of supply with the inauguration of new PSCs and expansion in homecare routes, (iii) medical relationship, and (iv) increasing recognition of our brands by physicians and clients.

In the last twelve months ended June/18, the revenue increase was also a result of the 12 PSCs launched, composed of 6 fast sites, 5 medium and 1 large PSC.

Rio de Janeiro Brands

Gross Revenue of Rio de Janeiro Brands increased 16.4% in the quarter and 12.5% in 6M 2018. In this quarter, it is possible to observe an acceleration trend in growth, compared to previous quarters. This is due to several factors, among which are: (i) increase in clinical analysis, (ii) expansion and optimization of the offer with an expanded agenda in imaging tests, (iii) accreditation of new healthcare insurance companies started since the 4Q17 (iv) expansion of homecare routes, (v) medical relationship, and (vi) increase of service to the beneficiaries of the Company's main health insurance partners.

In the last twelve months ended June/18, the revenue increase was also a result of 7 new PSCs launched in 4Q17, composed of 6 fast sites in Labs a+ and 1 in Felippe Mattoso.

Gross Revenue Indicators 2Q18 vs. 2Q17	Fleury Brand	Regional Brands excl. RJ	Brands RJ	Total (PSCs)
Indicators				
- Gross Revenue	4.1%	36.2%	16.4%	13.3%
- SSS	-2.0%	10.0%	14.6%	3.8%
- Gross Revenue / m^2*	-3.5%	1.7%	11.4%	-1.2%
- Gross Revenue / PSC*	-7.8%	19.4%	1.6%	-4.0%

* Operational Efficiency Indicators reflect the impact of the Expansion Plan on Fleury and Regional brands in which the new PSCs are still advancing on the maturity curve.

Gross Revenue from B2B

Hospital Operations

Gross revenue totaled R$ 105.1 million in the quarter, an increase of 9.9%. In Same Hospital Sales, there was an increase of 4.4% in the same period.

In 6M 2018, Gross Revenue registered growth of 9.9%.

In May/18, we initiated operations for clinical analyses operation in Vera Cruz Hospital in Campinas City, in São Paulo, which performs about 800 thousand tests per year.

Lab-to-lab

Gross revenue reached R$ 8.2 million, an increase of 7.2%. This increase is mainly due to the growth in new customers.

Preventive Medicine

Gross revenue reached R$ 1.5 million in the quarter and R$ 2.6 million in 6M 2018.

Revenue Tax and Cancellations/Deductions

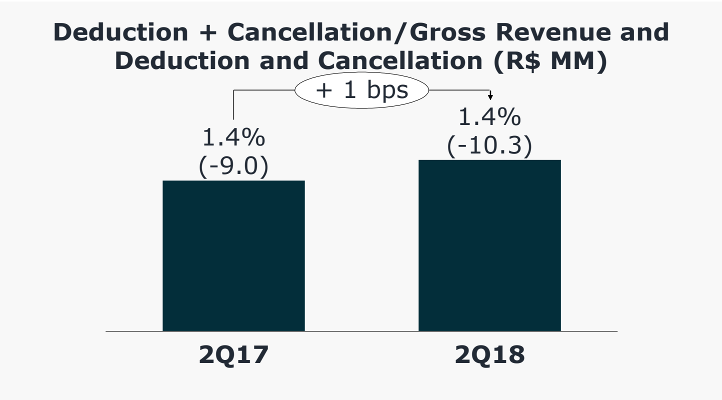
Revenue taxes represented 6.3% in the quarter, stable when compared to same period last year.

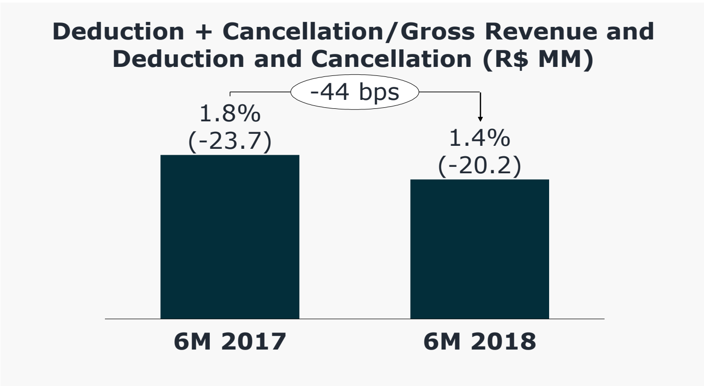
In the quarter, cancellations and deductions accounted for 1.4% of Gross Revenue, R$ -10.3 million, stable compared to 2Q17.

In 6M 2018, cancellations and deductions accounted for 1.4% of Gross revenue, R$ -20.2 million, representing a 44 bps decrease compared to the same period in 2017.

This result reflects the ongoing improvement in systems and processes of the accounts receivable cycle and renegotiations with healthcare payers. Disregarding these one-time effects, the indicator of cancellations and deductions would have been 1.6% in 2Q18 and 1.8% in 2Q17.

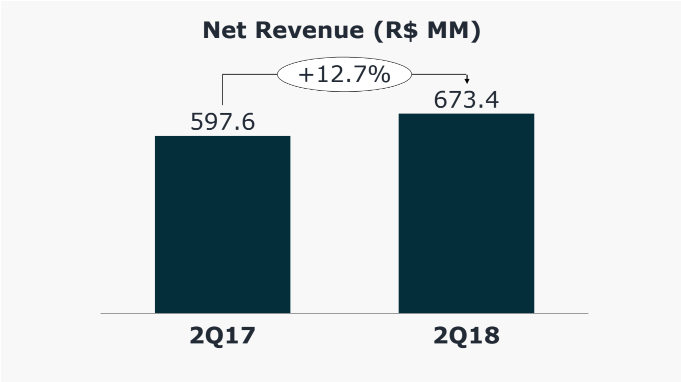
Since 1Q18, the accounting standard CPC 48 was enforced, which, among other requirements, impacted the Company with a new classification for estimated losses resulting from bad debt. Until 2017, the classification of these losses was carried out as a reduction of gross revenue and will now be accounted for in Other Operating Expenses (Notes 2.1 - letter "e" and 31). On a managerial basis, we continue to report the percentage of cancellations and deductions including the estimated losses with bad debt.

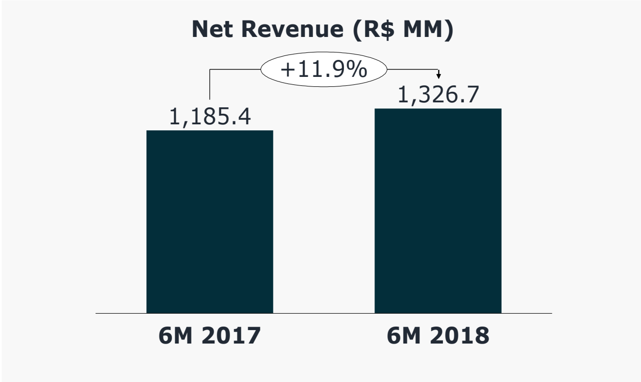




Net Revenue

Net Revenue totaled R$ 673.4 million, an increase of 12.7%. In 6M 2018, Net Revenue increased 11.9%.





Cost of Services

The Cost of Services in 2Q18 amounted to R$ 460.1 million, an increase of 12.0%. The Cost of Services accounted for 68.3% of Net Revenue, a 42 bps reduction over the same period in 2017. In 6M 2018, there was an increase of 13.1%, a 68 bps dilution over Net Revenue.

Cost of Services breakdown	2Q18		2Q17		Variation	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	▲ %	▲ *bps*
Personnel and medical services	229.8	34.1%	209.9	35.1%	9.5%	-100 bps
General services, rentals and utilities	131.6	19.5%	115.2	19.3%	14.3%	27 bps
Materials and Exam Intermediation	64.5	9.6%	60.3	10.1%	6.9%	-52 bps
Depreciation and Amortization	32.2	4.8%	23.0	3.9%	39.8%	93 bps
General Expenses	2.1	0.3%	2.4	0.4%	-14.1%	-10 bps
Cost of Services	**460.1**	**68.3%**	**410.9**	**68.7%**	**12.0%**	**-42 bps**

Cost of Services breakdown	6M 2018		6M 2017		Variation	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	▲ %	▲ *bps*
Personnel and medical services	454.2	34.2%	404.2	34.1%	12.4%	14 bps
General services, rentals and utilities	254.0	19.1%	223.4	18.8%	13.7%	31 bps
Materials and Exam Intermediation	124.2	9.4%	117.8	9.9%	5.4%	-58 bps
Depreciation and Amortization	63.9	4.8%	46.3	3.9%	38.2%	92 bps
General Expenses	3.6	0.3%	4.4	0.4%	-18.2%	-10 bps
Cost of Services	**900.0**	**67.8%**	**796.1**	**67.2%**	**13.1%**	**68 bps**

Below, the analysis of the main Cost of Services in 2Q18 compared to 2Q17:

- **Personnel and Medical Services (+9.5%)** are the Company's main costs and accounted for 34.1% of Net Revenue, a 100 bps decrease. The efficiency gain of this line is related to: (i) reduction of costs with our employees' healthcare plans, with more efficient management and use of this resource, and (ii) salaries, which presented growth of only 6.3% in headcount, as well as annual readjustment of about 1.7% as a result of collective labor agreements as of May/18.
- **General Services, Rentals and Utilities (+14.3%)** represented 19.5% of Net Revenue, an increase of 27 bps, impacted by the account of equipment rental in the Central Laboratory, due to the new a procurement model for reagents negotiated with one of our suppliers.
- **Materials and Exam Intermediation (+6.9%)** represented 9.6% of Net Revenue, a decrease of 52 bps. The reduction in relation to the Net Revenue is due to the new procurement model for

reagents negotiated with one of our suppliers of the Central Laboratory. The new model with this supplier reduces the cost of reagents, having as a counterpart the increase in the rental of equipment allocated in the line of "General Services, Rentals and Utilities". This initiative will result in a positive impact on the 2018 EBITDA margin.

- **Depreciation and Amortization (+39.8%)** accounted for 4.8% of Net Revenue, a 93 bps increase compared to the previous period. The growth is the result of the Company's Expansion Plan with an increase in property and equipment related to improvements and new imaging equipment.
- **General Expenses (-14.1%)** represented 0.3% of Net Revenue, a decrease of 10 bps. The reduction can be explained by lower expenses with labor and civil lawsuits.

Gross Profit

Gross Profit amounted to R$ 213.3 million, representing an increase of 14.2%. The Gross Margin reached 31.7%, an increase of 42 bps.

In 6M 2018, Gross Profit increased 9.6%. The gross margin reached 32.2%, a reduction of 68 bps.

Operating Expenses and Equity in Subsidiaries

Operating expenses amounted to R$ 78.8 million in the quarter, representing an increase of 14.3%. In relation to Net Revenue, this line represented 11.7%, a 16 bps growth compared to the same period in 2017.

In 6M 2018, Operating Expenses increased by 14.3%, up 23 bps in relation to Net Revenue.

Operating Expenses breakdown and Equity in Subsidiaries	2Q18		2Q17		Variation	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	▲ %	▲ *bps*
G&A	62.4	9.3%	56.4	9.4%	10.5%	-18 bps
Depreciation and Amortization	12.3	1.8%	10.8	1.8%	13.5%	1 bps
Other Operating (Income) Expenses	3.2	0.5%	1.3	0.2%	151.7%	26 bps
Provision (Reversal) for Contingency	1.1	0.2%	0.7	0.1%	57.0%	5 bps
Equity in Subsidiaries	(0.2)	0.0%	(0.3)	-0.1%	-33.2%	2 bps
Operating Expenses and Subsidiaries' Share of Profits	**78.8**	**11.7%**	**68.9**	**11.5%**	**14.3%**	**16 bps**

Operating Expenses breakdown and Equity in Subsidiaries	6M 2018		6M 2017		Variação	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	▲ %	▲ *bps*
G&A	119.1	9.0%	104.7	8.8%	13.8%	15 bps
Depreciation and Amortization	24.8	1.9%	21.1	1.8%	17.5%	9 bps
Other Operating (Income) Expenses	4.6	0.3%	5.8	0.5%	-20.8%	-14 bps
Provision (Reversal) for Contingency	2.1	0.2%	0.5	0.0%	355.9%	12 bps
Equity in Subsidiaries	(0.5)	0.0%	(0.7)	-0.1%	-28.6%	2 bps
Operating Expenses and Subsidiaries' Share of Profits	**150.1**	**11.3%**	**131.3**	**11.1%**	**14.3%**	**23 bps**

Below, the analysis of the main lines of operating expenses in 2Q18 compared to 2Q17:

- **General and Administrative Expenses (+10.5%)** represented 9.3% of Net Revenue, an 18 bps dilution. Lower expenses related to marketing and technical services contributed to this improvement.
- **Depreciation and Amortization (+13.5%)** represented 1.8% of Net Revenue, a decrease of 1 bp. The increase is due to the growth in the amortization of software.
- **Other operational Income / Expenses (+151.7%)** represented 0.5% of Net Revenue, an increase of 26 bps. The growth is related to the increase in miscellaneous provisions.
- **Provision for contingencies (+57.0%)** represented 0.2% of Net Revenue, an increase of 5 bps, impact of provisions for civil risks recorded in the quarter compared to reversals in the previous period.

Equity in Subsidiaries

Grupo Papaiz, a dental diagnostic company in São Paulo, was acquired by Grupo Fleury and Odontoprev in the end of 2012. The figures have been reported by the equity equivalence method considering the form of a Joint Venture in which Grupo Fleury holds a 51% stake of the business. Below is the performance in 2Q18 and 6M 2018:

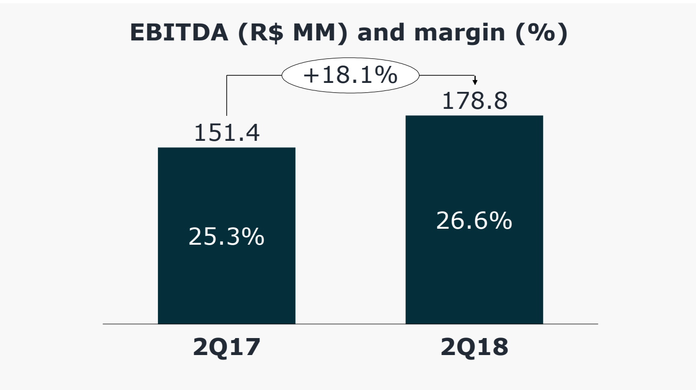
Equity in Subsidiaries Papaiz	2Q18		2Q17		Variation	
	R$ thousand	% Net Revenue	R$ thousand	% Net Revenue	▲ %	▲ bps
Net Revenue	5,797.4		4,917.7		17.9%	
EBITDA	1,132.8	19.5%	1,128.2	22.9%	0.4%	-340 bps
Net Income	395.5	6.8%	592.2	12.0%	-33.2%	-522 bps
Net Income attributed to Grupo Fleury (51%)	201.7		302.0		-33.2%	

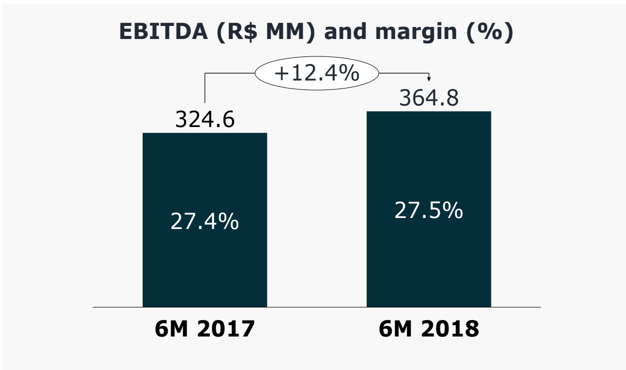
Equity in Subsidiaries Papaiz	6M 2018		6M 2017		Variation	
	R$ thousand	% Net Revenue	R$ thousand	% Net Revenue	▲ %	▲ bps
Net Revenue	11,369.2		9,821.2		15.8%	
EBITDA	2,448.4	21.5%	2,461.7	25.1%	-0.5%	-353 bps
Net Income	1,024.2	9.0%	1,434.1	14.6%	-28.6%	-559 bps
Net Income attributed to Grupo Fleury (51%)	522.4		731.4		-28.6%	

EBITDA

EBITDA reached R$ 178.8 million in the quarter, an 18.1% increase. EBITDA margin reached 26.6%, up 122 bps, demonstrating the strength of our portfolio of brands as well as our continuous effort to gain operational efficiency. This result was achieved despite the launch of 38 PSCs of the Expansion Plan until June/2018, which are largely in the initial phase of maturation, in addition to the aforementioned one-time effects of trucker's strike and World Cup.

In 6M 2018, EBITDA increased 12.4%, resulting in a margin of 27.5%, an expansion of 11 *bps*.





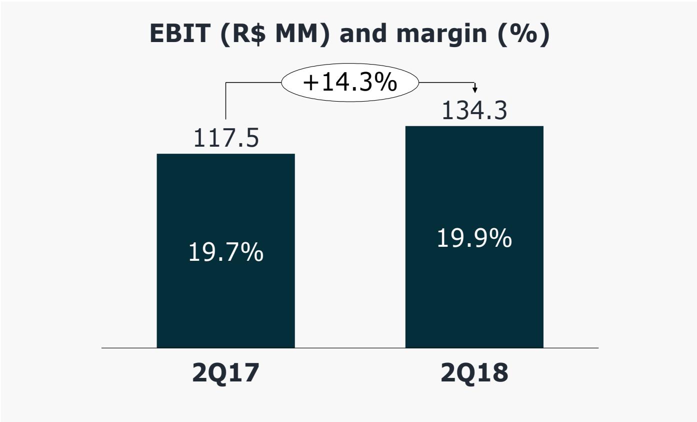
EBITDA	2Q18		2Q17		Variation	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	▲ %	▲ bps
Net Income	86.6	12.9%	87.9	14.7%	-1.4%	-184 bps
Financial Result	14.8	2.2%	12.7	2.1%	16.9%	8 bps
Depreciation and Amortization	44.5	6.6%	33.9	5.7%	31.4%	94 bps
Income Tax and Social Contribution	33.1	4.9%	17.3	2.9%	91.1%	201 bps
Equity in Subsidiaries	(0.2)	0.0%	(0.3)	-0.1%	-33.2%	2 bps
EBITDA	**178.8**	**26.6%**	**151.4**	**25.3%**	**18.1%**	**122 bps**

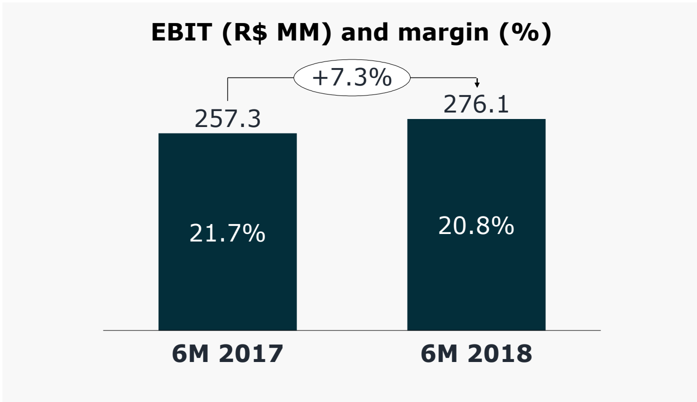
EBITDA	6M 2018		6M 2017		Variation	
	R$ MM	% Net Revenue	R$ MM	% Net Revenue	▲ %	▲ bps
Net Income	183.1	13.8%	169.4	14.3%	8.1%	-49 bps
Financial Result	25.6	1.9%	29.6	2.5%	-13.7%	-57 bps
Depreciation and Amortization	88.7	6.7%	67.3	5.7%	31.7%	101 bps
Income Tax and Social Contribution	68.0	5.1%	59.0	5.0%	15.3%	15 bps
Equity in Subsidiaries	(0.5)	0.0%	(0.7)	-0.1%	-28.6%	2 bps
EBITDA	**364.8**	**27.5%**	**324.6**	**27.4%**	**12.4%**	**11 bps**

EBIT (Operational Income)

EBIT amounted to R$ 134.3 million in the quarter, an increase of 14.3%. The margin was 19.9%, an increase of 28 *bps*.

In 6M 2018, EBIT expanded 7.3% reaching a 20.8% margin, representing a 89 bps reduction.





Financial Result

The financial result reached R$ -14.8 million, an increase of 16.9%. Financial expenses increased by 0.7%, while financial revenues decreased by 16.4%. This expansion is due to the 22.9% increase in the Company's net indebtedness, as well as the lower interest rates of the economy, with an impact on the interest income of financial investments.

In 6M 2018, the financial result decreased by 13.7%.

Financial Result (R$ MM)	2Q18	2Q17	Variation	6M 2018	6M 2017	Variation
Net financial income	**(14.8)**	**(12.7)**	**16.9%**	**(25.6)**	**(29.6)**	**-13.7%**
Financial income	**10.1**	**12.0**	**-16.4%**	**20.2**	**26.3**	**-23.2%**
Earnings on financial investments	9.3	10.6	-12.6%	18.6	23.4	-20.6%
Interest and inflation adjustment	0.8	1.4	-44.5%	1.6	2.9	-43.9%
Financial expenses	**(24.9)**	**(24.7)**	**0.7%**	**(45.8)**	**(55.9)**	**-18.2%**
Interest on debentures and financing	(19.9)	(21.0)	-5.3%	(35.9)	(45.4)	-20.8%
Interest and inflation adjustment	(5.0)	(3.7)	35.1%	(9.8)	(10.5)	-6.8%

Indebtedness

In the quarter, the ratio net debt over EBITDA LTM reached 0.8x, a slight increase when compared to the same period in 2017.

Composition of Net Debt (R$ MM)	2Q17	1Q18	2Q18	Next 12 months
Gross Debt (Debentures and Borrowings and Acquisitions)	837.5	919.7	1,418.1	328.6
Cash, Cash Equivalents and Marketable Securities	(433.8)	(470.5)	(883.6)	
Net Debt	**403.7**	**449.2**	**534.5**	
Net Debt / EBITDA LTM	0.7x	0.7x	0.8x	
EBITDA LTM / Financial Result LTM	12.6x	14.7x	14.6x	

In the quarter, we raised R$ 500 million through the 4th issuance of debentures (click here to access the Material Fact) and re-paid R$ 7.2 million related to other financing. In addition, we paid R$ 15.2 million in interest, including debentures and financing.

In 6M 2018, we raised R$ 500 million through the 4th issuance of debentures, re-paid R$ 166.7 million related to the 2nd issuance of debentures and R$ 16.7 million related to other financing. The total of interest paid in the period amounted to R$ 37.1 million related to debentures and financing.

Income Tax and Social Contribution

In the quarter, the income tax and social contribution totaled R$ 33.1 million. The effective tax rate reached 27.6% compared to 16.4% in 2Q17, which at the time accounted for the effect of retroactive linearization of Interest on Capital (IOC) of two consecutive quarters (1Q17 and 2Q17).

In 6M 2018, the income tax and social contribution totaled R$ 68.0 million. The effective tax rate reached 27.1% compared to 25.8% in the same period of 2017.

Income Tax and Social Contribution (R$ MM)	2Q18	2Q17	Variation	6M 2018	6M 2017	Variation
Earnings Before Tax (EBIT)	**119.7**	**105.2**	**13.8%**	**251.0**	**228.4**	**9.9%**
Expected taxes	(40.7)	(35.8)	13.8%	(85.3)	(77.6)	9.9%
Non-deductible expenses and incentives	0.2	0.2	-2.6%	2.6	0.3	703.7%
Effective taxes linearization	6.5	18.1	-64.0%	13.8	18.1	-23.6%
Subsidiaries' share of profits	0.9	0.2	513.8%	0.9	0.2	276.7%
Income tax and social contribution	**(33.1)**	**(17.3)**	**91.1%**	**(68.0)**	**(59.0)**	**15.3%**
% EBIT	**27.6%**	**16.4%**	**1,117 bps**	**27.1%**	**25.8%**	**126 bps**
Current	(34.0)	(12.9)	163.3%	(61.0)	(30.6)	99.4%
Deferred	0.9	(4.4)	-121.1%	(7.0)	(28.4)	-75.4%

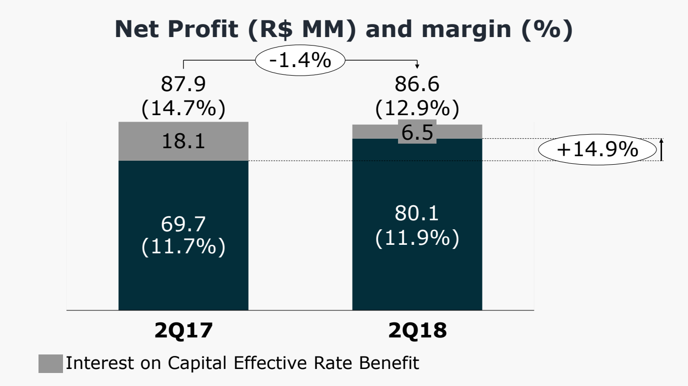
Below is the expectation for the goodwill amortization for tax purposes, which reduces the cash tax.

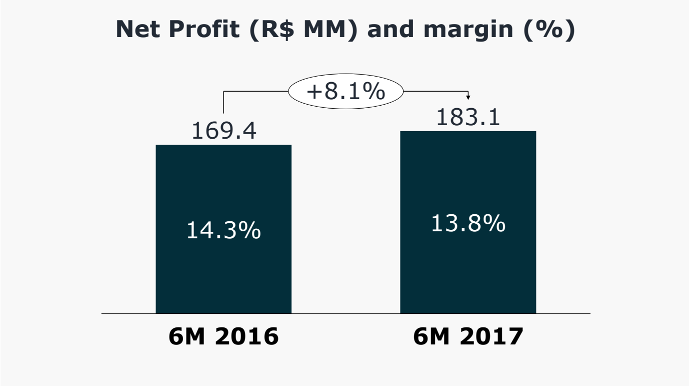
Expected Amortization of Goodwill	
Period	Balance R$ MM
2018	4
2019	7
2020	7

Net Income

Net income reached R$ 86.6 million, a decrease of 1.4%. The net margin reached 12.9%, a decrease of 184 bps. It should be noted that the reduction in Net Income was impacted by the cumulative adjustment of the effective tax rate in 2Q17. On a comparable basis, the growth in net income would have been 14.9%.

In 6M 2018, Net Income reached R$ 183,1 million, an 8.1% growth. Net margin reached 13.8%, representing a decrease of 49 bps.





Cash Flow

In the quarter, operating cash flow registered R$ 211,9 million, representing an increase of 31.3%. The conversion rate (operating cash flow/EBITDA) reached 118.5% versus 106.6% in 2Q17. This improvement reflects the increase in the percentage of accounts receivable conversion, with an average receivables collection period reaching 67 days, stable in comparison with 2Q17, and the lengthening of the average payment term that reached 52 days, 4 days more than 2Q17, impacting suppliers account.

Investment activities recorded R$ -451.3 million, compared to R$ -136.5 million in 2Q17. In the quarter, we recorded an increase in investments in securities due to the proceeds of the 4th issuance of debentures in the amount of R$ 500 million.

Financing activities reached R$ 270.2 million compared to R$ -14.6 million in 2Q16 due to the 4th issuance of debentures in the amount of R$ 500 million.

In 6M 2018, Operating Cash Flow totaled R$ 315.8 million, an increase of 27.7%. The conversion rate (operating cash flow/EBITDA) reached 86.6%. Investment activities amounted to R$ -462.4 million, compared to R$ -167.4 million in the same period of 2017.Financing activities totaled R$ 31.5 million versus R$ -125.8 million in 6M 2017.

Cash Flow (R$ MM)	2Q18	2Q17	Variation	6M 2018	6M 2017	Variation
Net Income	**86.6**	**87.9**	**-1.4%**	**183.1**	**169.4**	**8.1%**
Items not affecting cash:						
Financial revenues and expenses	19.7	17.2	14.8%	32.3	30.8	5.0%
Depreciation and amortization	44.5	33.9	31.4%	88.7	67.3	31.7%
Income tax and social contribution	33.1	17.3	91.4%	68.0	59.0	15.3%
Provisions (Reversals)	21.8	17.8	22.8%	43.7	44.8	-2.5%
Others	0.9	(0.2)	529.9%	1.5	2.2	-32.5%
Net Income before non-cash effects	**206.7**	**173.7**	**19.0%**	**417.2**	**373.5**	**11.7%**
? Working capital:						
Accounts receivables	13.6	3.7	263.6%	(40.1)	(87.6)	54.2%
Suppliers	20.8	4.6	355.6%	14.1	1.1	1145.7%
Salaries / Charges	18.9	6.5	188.8%	4.8	(14.0)	134.4%
Others Assets and Liabilities	(17.0)	(11.9)	-43.4%	(31.4)	1.7	-1994.8%
Other Operating Cash Flow:						
Income tax and social contribution	(31.0)	(15.3)	-102.9%	(48.8)	(27.4)	-78.3%
Cash Flow from Operating Activities	**211.9**	**161.4**	**31.3%**	**315.8**	**247.3**	**27.7%**
Investment Activities:						
Acquisition of fixed and intangible assets	(53.5)	(54.7)	2.2%	(86.0)	(110.9)	22.5%
Interest income and dividends received	3.3	5.1	-36.0%	8.3	17.0	-51.5%
Marketable Securities	(382.3)	(86.3)	-342.9%	(327.1)	(72.9)	-348.5%
Acquisitions Payments	(17.5)	(0.6)	-2941.5%	(57.3)	(0.6)	-9699.5%
Others Investment Activities	(1.3)	0.0	0.0%	(0.3)	0.0	0.0%
Cash Flow from Investing Activities	**(451.3)**	**(136.5)**	**-230.7%**	**(462.4)**	**(167.4)**	**-176.2%**
Financing Activities						
Borrowings and Debentures Issue	500.0	(2.8)	-17950.1%	500.0	0.0	166666666.7%
Others Financing Activities	(25.6)	(20.2)	-26.7%	(264.2)	(63.1)	-318.8%
Dividends and/or interest on capital	(204.2)	0.0	0.0%	(204.2)	(71.1)	-187.1%
Capital increase	0.0	8.4	-100.0%	0.0	8.4	-100.0%
Cash Flow from Financing Activities	**270.2**	**(14.6)**	**1949.1%**	**31.5**	**(125.8)**	**125.0%**
Cash Flow	**(469.2)**	**13.1**	**-3684.2%**	**(615.1)**	**(45.9)**	**-1239.0%**
Cash Flow Adjusted by Marketable Securities	**(86.9)**	**99.4**	**-187.4%**	**(288.0)**	**27.0**	**-1167.3%**
Conversion (Operating Cash Flow / EBITDA)	**118.5%**	**106.6%**	**1,192 bps**	**86.6%**	**76.2%**	**1,040 bps**

Account Receivables

Comparing the quarters, there is a continuous improvement in the aging profile of current receivables which accounted for 87.1% of the total receivables compared to 86.4% in 2Q17. The amount due over 121 days decreased from 6.7% in 2Q17 to 5.0% in 2Q18 and Accounts Receivable (CR) provisions due over 121 days accounted for 71.2% of this amount (84.2% in 2Q17).

Aging Account Receivable R$ MM	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Trade Receivables	470.8	465.4	444.7	520.3	495.0	508.7	531.5	579.8	552.9
- Current	358.4	365.9	349.7	439.0	427.7	437.1	464.6	515.3	481.3
- Up to 120 days past due	37.8	37.7	36.7	31.6	34.1	42.1	35.9	34.6	44.1
- 121 to 360 days past due	45.3	38.2	31.3	26.6	22.1	20.7	24.8	26.0	22.1
- Over 361 days past due	29.4	23.6	27.0	23.1	11.2	8.8	6.1	4.0	5.4
Sales Deductions Provisions	(49.5)	(40.9)	(41.6)	(40.6)	(28.0)	(23.0)	(19.2)	(21.4)	(19.5)
Total	**421.3**	**424.5**	**403.0**	**479.7**	**467.0**	**485.7**	**512.2**	**558.5**	**533.3**
Current / Trade Receivables	76.1%	78.6%	78.6%	84.4%	86.4%	85.9%	87.4%	88.9%	87.1%
Up to 120 days past due/ Trade Receivables	8.0%	8.1%	8.2%	6.1%	6.9%	8.3%	6.8%	6.0%	8.0%
Over 121 days past due / Trade Receivables	15.9%	13.3%	13.1%	9.5%	6.7%	5.8%	5.8%	5.2%	5.0%
Provisions / Over 121 days past due	66.4%	66.1%	71.4%	81.7%	84.2%	77.9%	62.0%	71.3%	71.2%

Expansion Plan

In 2Q18, Fleury Group launched 3 PSC's of a+ brand in São Paulo and 1 PSC of a+ brand in Pernambuco. In July, another 3 PSC's in a+ brand in São Paulo were launched. Therefore, from October 2016 to July 2018, 41 PSC's were launched. These correspond to 56% of the minimum and 46% of the maximum bounds of the Company's Expansion Plan, which forecasts the launch of 73 to 90 PSCs by 2021.

	Fleury Brand	Complexity	Patient Service Area (m²)	State	Date
1	Fleury Santo André	Medium	587	São Paulo	feb/18
2	Fleury Carlos Weber	Medium	681	São Paulo	oct/17
3	Fleury Alameda Jaú	Fast site	380	São Paulo	set/17
4	Fleury Morumbi	Large	1.988	São Paulo	jul/17
5	Fleury Anália Franco	Large	1.214	São Paulo	jun/17
6	Fleury Heitor Penteado	Fast site	183	São Paulo	jun/17
7	Fleury São Caetano do Sul	Fast site	411	São Paulo	may/17
8	Fleury Cerro Corá	Fast site	233	São Paulo	apr/17
9	Fleury Ipiranga	Fast site	206	São Paulo	mar/17
10	Fleury Brasil	Fast site	235	São Paulo	jan/17
11	Fleury Moema	Fast site	126	São Paulo	dec/16
	Regional South	**Complexity**	**Patient Service Area (m²)**	**State**	**Date**
1	a+ João Bettega	Small	128	Paraná	dec/17
2	a+ Água Verde	Small	171	Paraná	may/17
3	Weinmann General Vitorino	Small	113	Rio Grande do Sul	may/17
4	a+ Ecoville	Small	47	Paraná	feb/17
5	a+ Champagnat	Small	81	Paraná	feb/17
6	a+ Centro	Small	29	Paraná	feb/17
7	a+ Batel	Small	134	Paraná	dec/16
8	a+ Nossa Saúde	Small	79	Paraná	oct/16
	a+ São Paulo	**Complexity**	**Patient Service Area (m²)**	**State**	**Date**
1	a+ Vila Andrade	*Fast site*	235	São Paulo	jul/18
2	a+ Brasil	*Fast site*	348	São Paulo	jul/18
3	a+ Alphaville Rio Negro	*Fast site*	230	São Paulo	jul/18
4	a+ Ipiranga	Medium	359	São Paulo	jun/18
5	a+ Funchal	Fast site	240	São Paulo	may/18
6	a+ Guarulhos	Large	832	São Paulo	apr/18
7	a+ Pedroso de Morais	Medium	421	São Paulo	dec/17
8	a+ Leôncio Magalhães	Medium	544	São Paulo	nov/17
9	a+ Queiroz Filho	Medium	673	São Paulo	oct/17
10	a+ Santo André	Medium	437	São Paulo	jul/17
12	a+ Augusto Tolle	Fast site	392	São Paulo	jul/17
13	a+ Itaim Bibi	Fast site	207	São Paulo	may/17
	Regional RJ	**Complexity**	**Patient Service Area (m²)**	**State**	**Date**
1	Felippe Mattoso Ipanema	Fast site	239	Rio de Janeiro	dec/17
2	Labs a+ Catete	Fast site	145	Rio de Janeiro	dec/17
3	Labs a+ Shopping Santa Cruz	Fast site	131	Rio de Janeiro	dec/17
4	Labs a+ Mariz e Barros	Fast site	134	Rio de Janeiro	dec/17
5	Labs a+ Uruguai	Fast site	129	Rio de Janeiro	nov/17
6	Labs a+ Santa Rosa	Fast site	148	Rio de Janeiro	oct/17
7	Labs a+ Campo Grande	Fast site	281	Rio de Janeiro	set/17
	Regional Brasília	**Complexity**	**Patient Service Area (m²)**	**State**	**Date**
1	a+ Asa Sul	Fast site	58	Brasília	aug/17
2	a+ Sudoeste	Fast site	119	Brasília	aug/17
	Regional Pernambuco	**Complexity**	**Patient Service Area (m²)**	**State**	**Date**
1	a+ Casa Forte	Small	151	Pernambuco	may/18
	Total 41 PSCs		**13.478 sqm**		

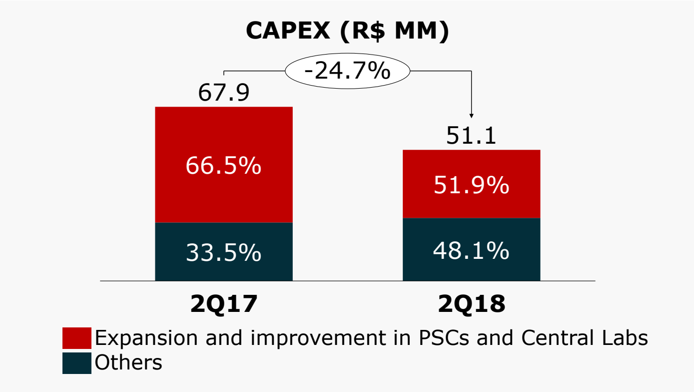
In addition, we listed below the 5 PSC's resulting from acquisitions, of which 4 are from the Institute of Radiology of Natal (IRN) and 1 from Serdil.

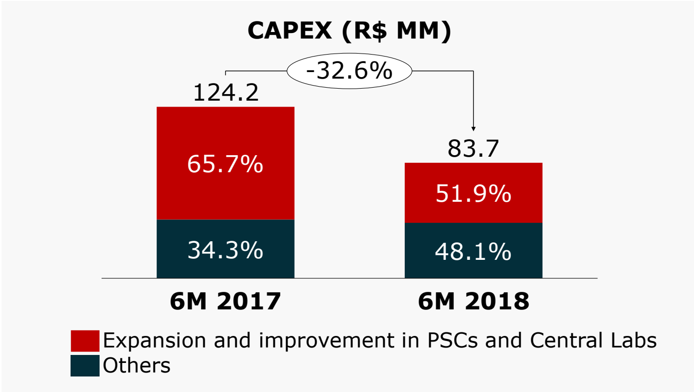
	PSC	Complexity	Patient Service Area (m²)	State	Date
1	IRN - Instituto de Radiologia Matriz	NA	1.697	Rio Grande do Norte	NA
2	IRN - Instituto de Radiologia Parnamirim	NA	477	Rio Grande do Norte	NA
3	IRN - Instituto de Radiologia Zona Sul	NA	1.317	Rio Grande do Norte	NA
4	IRN - Harmony Center	NA	98	Rio Grande do Norte	NA
5	Serdil	NA	1.213	Rio Grande do Sul	NA
	Total 5 PSCs by acquisition		**4.801 sqm**		

Investments

Capex (additions to fixed and intangible assets) totaled R$ 51.1 million in the quarter, of which 51.9% were concentrated in the Expansion Plan and improvements in PSC's. Compared to 2Q17, there was a reduction of 24.7%. In 6M 2018, investments reached R $ 83.7 million, with 51.9% dedicated to the Expansion Plan and improvements to PSC's. The Company will continue to invest in the Expansion Plan and the improvement of PSCs, with these investments more concentrated in the coming quarters.

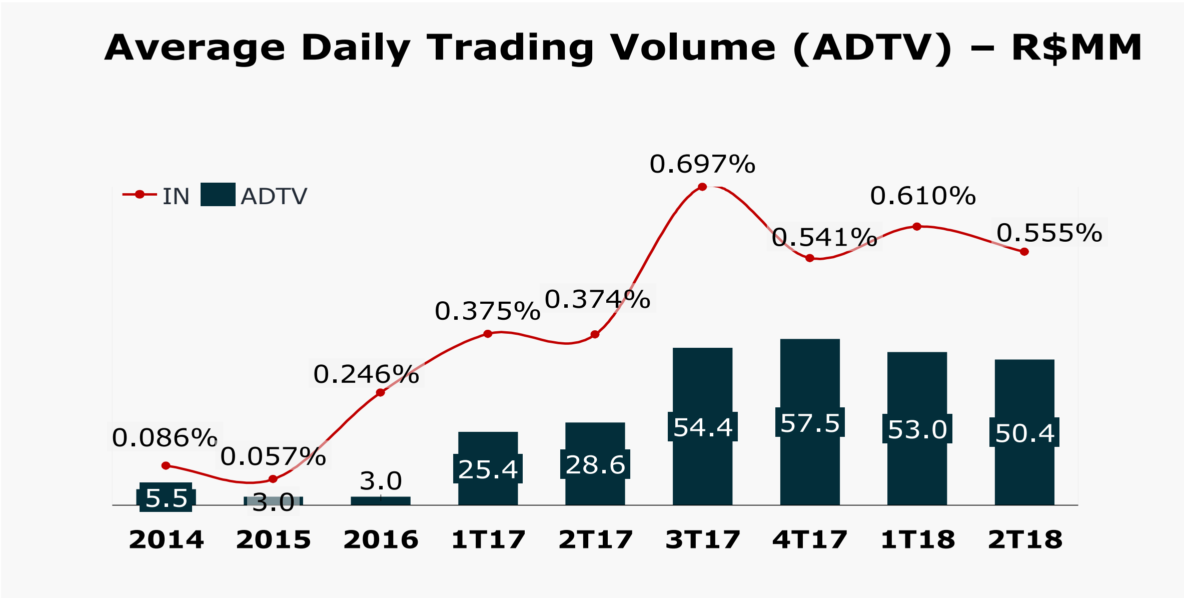
The "Others" group is composed of strategic projects, infrastructure, IT and equipment renewal.





Stock Market Performance

Fleury shares (B3: FLRY3) at the end of 2Q18 were quoted at R$ 26.45. The Average Daily Trading Volume (ADTV) in the period was R$ 50.4 million, 76% higher than the volume registered in the same period in 2017.



* NI: Negotiability Index

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Performance Indicators

Operational Indicators	Description	Unit	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Income Statment											
Gross Revenue	Gross Revenue	R$ MM	577.1	592.2	572.4	642.1	646.5	667.7	630.2	706.3	728.1
Net Revenue	Gross Revenue - Tax (ISS and PIS/COFINS) - Cancellations	R$ MM	525.1	539.8	523.2	587.8	597.6	615.6	582.0	653.3	673.4
COGS	Personnel and Medical Services + Materials and Outsourcing + General Services, Rent and Utilities + General Expenses + Depreciation and Amortization	R$ MM	-373.8	-374.8	-391.4	-385.2	-410.9	-422.4	-428.5	-439.9	-460.1
SG&A	Does not include Other Operating Expenses / Revenues neither Contingency Provisions	R$ MM	-59.2	-62.0	-69.1	-58.5	-67.2	-65.5	-65.3	-69.3	-74.7
EBIT	Earnings Before Interest and Taxes	R$ MM	85.7	102.3	63.1	139.7	117.5	127.5	91.2	141.7	134.3
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	R$ MM	122.0	138.6	100.7	173.2	151.4	163.4	130.7	185.9	178.8
Net Finance Income	Interest Revenue - Interest Expenses	R$ MM	-15.0	-8.7	-6.6	-16.9	-12.7	-11.2	-8.3	-10.7	-14.8
Net Income	Net Income	R$ MM	46.1	63.1	74.9	81.6	87.9	86.6	64.6	96.4	86.6
Net Cash Income	Net Income - Deferred income tax	R$ MM	57.8	80.9	75.1	105.6	92.2	112.7	82.2	104.3	85.7
Result Indicators											
Cancellation Index	Cancellations / Gross Revenue	%	-2.8%	-2.7%	-2.4%	-2.3%	-1.4%	-1.7%	-1.5%	-1.4%	-1.4%
Gross Margin	Gross Profit / Net Revenue	%	28.8%	30.6%	25.2%	34.5%	31.3%	31.4%	26.4%	32.7%	31.7%
EBIT Margin	Earnings Before Interest and Tax / Net Revenue	%	16.3%	18.9%	12.1%	23.8%	19.7%	20.7%	15.7%	21.7%	19.9%
EBITDA Margin	Earnings Before Interest, Tax, Depreciation and Amortization / Net Revenue	%	23.2%	25.7%	19.3%	29.5%	25.3%	26.5%	22.4%	28.5%	26.6%
Effective Tax Rate	Current Tax / Earnings Before Tax	%	-35.1%	-32.9%	32.3%	-33.8%	-16.4%	-25.8%	-21.8%	-26.6%	-27.6%
Net Margin	Net Profit / Net Revenue	%	8.8%	11.7%	14.3%	13.9%	14.7%	14.1%	11.1%	14.8%	12.9%
Net Cash Income Margin	(Net Income - Deferred income tax) / Net Revenue	%	11.0%	15.0%	14.4%	18.0%	15.4%	18.3%	14.1%	16.0%	12.7%
Financial Debt											
Cash & Equivalents	Cash, Equivalents and Marketable Securities	R$ MM	759.3	835.5	406.8	337.2	433.8	482.7	671.8	470.5	883.6
Gross Debt	Short and Long Term Debts (Borrowings and Debentures)	R$ MM	997.6	991.0	840.0	825.4	837.5	858.4	1,069.6	919.7	1,418.1
Net Debt	Gross Debt - Cash and Cash equivalents	R$ MM	238.2	155.5	433.2	488.2	403.7	375.7	397.7	449.2	534.5
Net Debt / EBITDA LTM	(Gross Debt - Cash and Cash equivalents) / EBITDA LTM	Multiple	0.6x	0.3x	0.9x	0.9x	0.7x	0.6x	0.6x	0.7x	0.8x
Profitability and Return											
ROIC without Goodwill (LTM)	NOPAT LTM (tax= 34%) / Capital Employed (Shareholders Equity + Net Debt - Goodwill)	%	26.8%	31.5%	32.5%	35.6%	39.8%	43.6%	43.8%	43.6%	41.9%

FLEURY S.A. CONSOLIDATED

Balance Sheet as of June 30, 2018 and December 31, 2017 (In R$ thousands)

	Consolidated	
Assets	**6/30/2018**	**12/31/2017**
Current		
Cash and cash equivalents	222,272	337,544
Marketable securities	661,348	334,286
Derivative financial instruments	120	17
Accounts receivable	533,340	512,241
Inventories	28,289	21,545
Taxes recoverable	19,309	27,028
IRPJ e CSLL recoverble	39,397	22,258
Credits receivable	3,770	3,854
Related Parties	56	-
Other assets	22,039	8,264
Total current	**1,529,940**	**1,267,037**
Non-current		
Credits receivable	7,470	12,694
Other assets	5,456	9,555
Judicial deposits	48,262	47,521
Investments	11,920	11,296
Property and equipment	649,624	641,920
Intangible assets	1,612,783	1,537,309
Total non-current	**2,335,515**	**2,260,295**
Total assets	**3,865,455**	**3,527,332**

	Consolidated	
Liabilities and equity	**6/30/2018**	**12/31/2017**
Current		
Financing	29,261	30,948
Debentures	283,619	284,693
Financial lease	610	606
Derivative financial instruments	-	-
Trade accounts payable	162,611	148,485
Payroll and related taxes payable	122,934	100,354
Taxes and contributions payable	36,457	30,634
Accounts payable - company acquisition	15,738	1,855
Dividends payable	20	41,420
Other accounts payable	482	151
Total current	**651,732**	**639,146**
Non-current		
Financing	90,879	105,949
Debentures	966,667	633,334
Financial lease	6,507	6,769
Deferred income tax and social contribution, ne	370,578	362,777
Provision for tax, labor and civil risks	28,596	30,480
Taxes and contributions payable	29,001	29,549
Accounts payable - company acquisition	31,958	12,800
Total non-current	**1,524,186**	**1,181,658**
Equity		
Share capital	1,413,608	1,413,608
Capital reserve - options granted recognized	22,110	17,923
Revaluation reserve	78	78
Legal reserve	70,681	70,681
Retained earnings	183,060	204,238
Additional dividends proposed	-	-
Total equity	**1,689,537**	**1,706,528**
Total liabilities and equity	**3,865,455**	**3,527,332**

FLEURY S.A. CONSOLIDATED

Income Statement as of June 30, 2018 and 2017 (R$ thousands)

	Consolidated	
	2Q18	**2Q17**
Revenue from services rendered	**673,417**	**597,625**
Cost of services rendered	(460,138)	(410,864)
	-	-
Gross Profit	**213,279**	**186,761**
Operating income (expenses)		
General and administrative	(74,652)	(67,241)
Other operating income (expenses), net	(3,197)	(1,270)
Provision for tax, labor and civil risks	(1,103)	(702)
Equity in the earnings (losses) of subsidiaries	202	302
	-	-
Operating profit before financial result	**134,529**	**117,850**
Financial income	10,057	12,028
Financial expenses	(24,901)	(24,727)
	-	-
Financial result	**(14,844)**	**(12,699)**
Earnings before income tax and social contribution	**119,685**	**105,151**
Income tax and social contribution:		
Current	(33,982)	(12,905)
Deferred	928	(4,389)
	-	-
Profit for the period	**86,631**	**87,857**
Earnings per share attributable to owners of the Company		
Basic earnings per share (weighted average)	**0.28**	**0.28**
Diluted earnings per share (weighted average)	**0.27**	**0.27**

FLEURY S.A. CONSOLIDATED

Statements of Changes in Equity as of June 30, 2018 and December 31, 2017 and 2016 (R$ thousands)

	Share Capital		Capital Reserve				Investment Reserve			
	Share Capital	Share issue expenses	Options granted recognized	Revaluation reserve	Legal Reserve	Profit Reserve	Investment Reserve	Profit for the period	Additional dividends proposed	Equity
Balances on December 31, 2015	**1,402,531**	**(22,784)**	**5,709**	**242**	**43,213**	**-**	**215,762**	**-**	**10,766**	**1,655,439**
Capital increase	20,706	-	-	-	-	-	-	-	-	20,706
Realization of revaluation reserve	-	-	-	(165)	-	-	165	-	-	-
Stock option plan	-	-	3,703	-	-	-	926	-	-	4,629
Profit for the period (R$1.46 per share)	-	-	-	-	-	-	-	228,749	-	228,749
Dividends from previous period	-	-	-	-	-	-	(216,853)	-	(10,766)	(227,619)
Profit allocation:	-	-	-	-	-	-	-	-	-	-
Legal Reserve	-	-	-	-	11,437	-	-	(11,437)	-	-
Interest on own capital	-	-	-	-	-	-	-	(110,425)	-	(110,425)
'Dividends	-	-	-	-	-	-	-	(106,887)	71,133	(35,754)
	-	-	-	-	-	-	-	-	-	-
Balances on December 31, 2016	**1,423,237**	**(22,784)**	**9,412**	**77**	**54,650**	**-**	**-**	**-**	**71,133**	**1,535,725**
Realization of revaluation reserve	-	-	-	1	-	-	-	-	-	1
Capital increase	13,155	-	-	-	-	-	-	-	-	13,155
Stock option plan	-	-	8,511	-	-	-	-	-	-	8,511
Profit for the period (R$1.02 per share)	-	-	-	-	-	-	-	320,618	-	320,618
Profit allocation	-	-	-	-	-	-	-	-	-	-
Legal Reserve	-	-	-	-	16,031	-	-	(16,031)	-	-
Interest on own capital	-	-	-	-	-	-	-	(100,349)	(71,133)	(171,482)
Dividends	-	-	-	-	-	204,238	-	(204,238)	-	-
Balances on December 31, 2017	**1,436,392**	**(22,784)**	**17,923**	**78**	**70,681**	**204,238**	**-**	**-**	**-**	**1,706,528**
	-	-	-	-	-	-	-	-	-	-
Stock option plan	-	-	4,187	-	-	-	-	-	-	4,187
Profit for the period (R$1.02 per share)	-	-	-	-	-	-	-	183,060	-	183,060
Dividends	-	-	-	-	-	(204,238)	-	-	-	(204,238)
Balances on December 31, 2017	**1,436,392**	**(22,784)**	**22,110**	**78**	**70,681**	**-**	**-**	**183,060**	**-**	**1,689,537**

FLEURY S.A. CONSOLIDATED

Statements of Cash Flow as of June 30, 2018 and 2017 (R$ thousands)

	Consolidated	
	2Q18	**2Q17**
Profit for the period	**86,631**	**87,857**
Items not affecting cash:		
Income tax and social contribution	33,098	17,294
Financial and expenses income	19,702	17,159
Depreciation and amortization	44,510	33,868
Equity in the earnings (losses) of subsidiaries	(201)	(302)
Stock option plan	2,032	1,822
Constitution (reversal) of provision for tax, labor and civil risks	1,102	702
Estimated losses with allowance for doubtful accounts	9,743	8,949
Profit sharing	8,938	6,286
Other	1,150	82
Cash flows from operating activities before changes in assets and liabilities	**206,705**	**173,717**
		-
(Increase) decrease in accounts receivable	13,627	3,748
(Increase) decrease in inventories	(11,640)	(2,704)
(Increase) decrease in taxes recoverable	(1,476)	3,104
(Increase) decrease in judicial deposits	(217)	(3,611)
(Increase) decrease in other assets	(109)	(2,195)
Increase (decrease) in trade accounts payable	20,813	4,569
Increase (decrease) in payroll and related charges	18,859	6,529
Increase (decrease) in tax liabilities	(1,690)	(4,346)
Increase (decrease) in taxes paid in installments	(1,026)	(824)
(Increase) decrease in other liabilities	(876)	(1,300)
Total variation in assets and liabilities	**36,265**	**2,970**
Income tax and social contribution paid	(31,046)	(15,301)
Net cash from operating activities	**211,924**	**161,386**
Acquisition of property and equipment and intangible assets	(53,470)	(54,660)
Sale of fixed assets	768	-
Marketable securities and interest earned	(382,336)	(86,335)
Redemption of marketable securities	-	-
Payments	(17,500)	-
Payments excepted cash	-	(575)
Related parties increase	(2,031)	-
Interest earned from financial investments	3,255	5,084
Net cash used in investing activities	**(451,314)**	**(136,486)**
Borrowings and debentures	500,000	(2,801)
Settlement (principal) of financing and debentures	(8,770)	(4,940)
Interest paid in financing and debentures	(15,160)	(14,081)
Financial expenses paid	(1,336)	(1,086)
Derivative financial instruments	(269)	(98)
Capital integralization	-	8,396
Dividends and / or interest on shareholders' equity	(204,238)	-
Dividends	-	-
		-
		-
Net cash used in financing activities	**270,171**	**(14,610)**
(Decrease) increase in cash and cash equivalents	**30,781**	**10,290**
Cash and cash equivalents		
At the beginning of the period	191,491	257,609
At the end of the period	222,272	267,899
Variation in cash and cash equivalents	**30,781**	**10,290**

FLEURY S.A. CONSOLIDATED

Statements of Value Added as of June 30, 2018 and 2017 (R$ thousands)

	Consolidated	
	06/30/18	**06/30/17**
Revenues	**1,413,679**	**1,265,132**
Goods and products sold and services rendered	1,434,049	1,288,503
Estimated losses with allowance for doubtful accounts	(22,842)	(23,626)
Other revenue	2,472	254
Inputs purchased from third parties	**(502,459)**	**(455,376)**
Cost of goods and products sold and services rendered	(465,072)	(423,505)
Materials, electricity, outsourced services and others	(36,585)	(31,475)
Loss/recovery of asset values	(802)	(396)
Gross value added	**911,220**	**809,756**
Depreciation and amortization	(88,714)	(67,338)
Net value added	**822,506**	**742,418**
Value added received through transfer	**21,288**	**27,886**
Equity in the earnings (losses) of subsidiaries	522	731
Financial income	20,766	27,155
	-	-
Total value added	**843,794**	**770,304**
	-	-
Distribution of value added	**(843,794)**	**(770,304)**
Personnel and charges	**(313,374)**	**(276,833)**
Direct remuneration	(214,605)	(190,037)
Benefits	(80,120)	(71,030)
Charges	(18,649)	(15,766)
Taxes, fees and contributions	**(217,554)**	**(193,943)**
Federal	(174,775)	(156,935)
Municipalities	(42,779)	(37,008)
State	-	-
Interest, rental and other operating expenses	**(129,806)**	**(130,107)**
Interest	(77,439)	(65,947)
Rental	(45,370)	(55,553)
Other operating expenses	(6,997)	(8,607)
Dividends and/or Interest on Equity	**-**	**-**
Legal Reserve	**-**	**-**
Retained earnings	**(183,060)**	**(169,421)**