Operator:

Good morning and thank you for holding. Welcome to the Grupo Fleury conference call referring to the results for the 1Q19. We have with us today Mr. Carlos Marinelli, the Company's CEO; Mr. Fernando Leão, Chief Financial, Legal and IR Officer; and Mr. Rodrigo Penido Paes Manso, Senior IR Manager.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the Grupo Fleury's presentation. Ensuing this, we will go on to the question and answer session, when further instructions will be given. Should any participant require assistance during the call, please press *0 to request the help of the operator.

This event is also being broadcast simultaneously through internet via webcast and can be accessed at the address www.fleury.com.br/ri, where the presentation is also available. You can watch the slides at your own convenience. The replay of this event will be available soon after closing. We would like to remind you that the participants in the webcast can pose questions for the Fleury Group through the website.

Before proceeding, we would like to clarify that forward-looking statements made during this conference call referring to the business outlook of the Fleury Group, projections, operating and financial goals are based on beliefs and premises of the Company's Management, as well as on information currently available to the Group.

These forward-looking statements are no guarantees of performance, as they involve risks, uncertainties and premises. They refer to future events and depend on circumstances that may or may not occur.

Investors and analysts should understand that general conditions, conditions of the sector and other operating factors could impact the future results of the Fleury Group and lead to results that differ materially from those expressed in the forward-looking statements.

I would now like to give the floor to Mr. Carlos Marinelli, who will begin the presentation. You may proceed, Sir.

Carlos Marinelli:

Good morning. And I begin by thanking all of you for our 2019 conference call. During this period, we continued devoted to maturing our expansion plan that has contributed significantly to the growth of our operations.

Up to present, we reached a 73% range in the guidance as an observation and the conclusion of the expansion plan is foreseen for 2021. This percentage corresponds to 53 new units, or 19,400 square meters of service area. We continued to focus during the year to guarantee that the new units that presently correspond to 30% of the total units of the Company will continue to advance in the maturity curve, capturing market and improving the profitability of our brand portfolio.

I now go on to slide number three, where we have the main financial highlights for the quarter. For comparative purposes, the numbers are presented without the impact of the IFRS 16. Net revenues showed a growth of 7.2%, totaling R$701 million.

Cancellations represented 1.4% in this period, remaining stable vis-à-vis the same period in 2018.

EBITDA attained a growth of 5.8% with a margin of 28.1%. Our net income reached R$97 million, posting a growth of 0.5%. The ROIC without goodwill reached 39.4%.

Finally, I would like to underscore that 95% of the Company's new areas was inaugurated in the last 24 months, and 43% in the last 12 months.

We now go on to slide number four to speak about the operational results. Upon the close of the 1Q19, the Net Promoter Score reached 75.6%, showing the high level of differentiation of our services.

In personalized and precision medicine, we continue to make great strides to place test portfolio of Fleury Genomics as the best and most complete of Brazil. Last quarter, we had a significant increase in the exams offered in all relevant clinical conditions.

We have observed a significant growth in the Genomic business with a highlight for our dedicated portal, responsible for approximately 10% of the revenues arising from that business unit. We also highlighted 80% of the revenues of the portal takes place in regions where we do not have service centers.

In innovation and digital areas, we are developing great projects for the experience of our clients and the medical community. Additionally, we have 20 projects underway with startups in a diversity of areas.

In the business platform and health of Fleury brand, in February, we inaugurated the first structure dedicated to the infusion of drugs at the Morumbi unit. This totally novel space has boxes for treatments, staff and a pharmacy with a complete structure. We also have the infusion offer at the Itaim unit. Other units of the brand already have the structure to offer infusion without the need for significant investment, which should occur with a growth of demand.

Another new initiative of the Fleury brand, the orthopedics day clinic will be inaugurated in the 2Q at the Higienópolis unit.

We would like to mention the awards given to the Company last quarter. Thanks to our excellent services to our clients, we were acknowledged with brands that awarded the Weinmann brand as the most remembered and preferred in clinical laboratories for the 21st time in Rio Grande do Sul. The Fleury brand for the seventh consecutive time achieved the ranking of the most hospitable entrepreneurial companies.

Finally, I would like to highlight that in 2019, we will continue to deliver sustainable growth of our brand portfolio, with a maturing of our profitability.

In the Fleury brand, we are confident of our premium positioning and of our ability to increase our market share in diagnostic medicine, as well as in health business platform.

With this, I would like to give the floor to Fernando, who will proceed with the presentation of results. I will be available for questions at the end. Fernando, you have the floor.

Fernando Leão:

Thank you, Carlos. And a good day to all of you. We continue with the presentation in slide number five, where we show the performance of gross revenue. We had a growth in the quarter of 7.3%, amounting to R$757.9 million. Following the trend of other quarters, this growth reflects a stronger performance of the regional brands in Rio de Janeiro.

In regional brands, the growth was 21.3% while in Rio de Janeiro, the growth was 9.3%. The Fleury brand grew 1.6%, reversing the slight drop we presented in the 4Q18. Hospital operations had an increase of 5.8%.

On slide number six, in greater detail, we see the growth of our portfolio. In the graph, we see we had an increase in revenue thanks to regional brands, excluding Rio de Janeiro, that presented BRL 29.3 million, followed by R$10.6 million for the Rio de Janeiro brand. In the Fleury brand, we observe a growth of R$5.5 million.

In the table below the graph, we have variations expressed by gross revenues and same-store sales for each segment. Beginning with regional brands, excluding Rio de Janeiro, we observed an increase of 21.3 % in gross revenue and 6.6% in same-store sales, once again, a highlight of the a+ brand in São Paulo, with strong organic growth of 19.9%, representing 60% of these operations, besides the region of Pernambuco, with an organic growth of 9.9%.

In the Rio de Janeiro brands, we had an increase of 9.3% in gross revenue, with 6.4% growth in same-store sales. The Fleury brand had an evolution of 1.6% in same-store sales, practically stable at less than 0.1%.

The 1Q019 posed a very challenging calendar due to the holding of Carnival in March, which is the strongest month in the quarter. Despite this effect, we observed a positive evolution in the Fleury brand and maintained the growth levels in regional brands.

We highlight an important part of the older units of the a+ brand in São Paulo, Labs a and Felippe Mattoso. Before the expansion plan, they already have a high level of occupancy and, therefore, growth tends to have origin arising mostly from the expansion plan.

On slide number seven, we show you the execution of our expansion plan since the beginning in October 2016 until March 2019 where we inaugurated 53 units, representing an area of 19,400 square meters. These inaugurations represent an attainment of 73% in the range of guidance. And we estimate the opening of 73 units to 90 units until 2021.

In the graph, we show the aging of the areas inaugurated; 95% have less than 24 months of operations and 43% less than 12 months. It means they are still in a maturity stage.

We go on to slide number eight, where we show you cancellations and net revenues. In the graph to the left, we have the indicator of cancellations that maintained a high level of efficiency, reaching 1.4% in the quarter. On the right, we show a growth of 7.2% in net revenues, totaling R$700.6 million.

The next slide presents the main financial indicators. I would like to underscore that in January 2019, we adopted the IFRS 16 to present the best comparability between periods. On the next slide, what we showed does not include the impact of IFRS 16. All of the details of the impact of IFRS 16 can be found in our earnings release and audited financial statements.

On the next slide, we show you our cost structure. We had an increase of 10.1% in the quarter, an increase of 179 bps, vis-à-vis the net revenues. We continue showing important efficiency gains in our main line item cost, staff and medical services, with a growth of only 6.5% in the quarter, generating an improvement of 24 bps vis-à-vis net revenues. This efficiency generated took place because of a cost reduction with participation in profit and the cost of health plans of our associates.

As a counterpart, we had an increase of 11.5% in the rental cost, services and utilities, leading to an increase of 75 bps vis-à-vis net revenues. Part of these costs were impacted by the change in the hiring of IT services and payments of outsourced services. We also had a growth in our power and rental accounts due to the inauguration of 19 new units during the period.

It is important to highlight the growth of the depreciations and amortizations at 24.6%, an increase of 51 bps vis-à-vis net revenues. This is linked directly to the opening of new units, with an expansion of our service offer.

In the graph to the right, we show an increase of 1.3% in our operating expenses, an improvement of 60 bps vis-à-vis net revenues. The main positive impact took place because of reductions in consultancy and participation in profits.

On slide number ten on the left, we show that EBITDA reached R$196.7 million, with a growth of 5.8%. EBITDA margin stood at 28.1%, a retraction of 39 bps vis-à-vis the 1Q18. With a stronger growth of regional brands compared to the premium brands, we observed this mix exerting pressure on our margin. On the other hand, regional brands continued to present an EBITDA improvement, with a growing volume and an improvement of efficiency.

On the next slide, we see net income that reached R$96.9 million, a growth of 0.5% vis-à-vis 2018. Net margin was 13.8% compared to 14.8% in the 1Q18.

On slide number 11 to the left, we show you our operational cash flow graph that posted R$69.8 million in the quarter, a reduction of 32.8%.

The conversion of operational cash and EBITDA reached 35.5% versus 55.9% in the 1Q18. The reduction of operational cash flow is linked to a greater consumption of cash with suppliers, as we had a strong concentration of investments in the 4Q18. The average terms of reception and payment presented an improvement compared to the 1Q18. The average term of receiving is 67 days, compared to 72 days in 2018. The average term of payment had a lengthening of four days in the period, reaching 50 days.

We also highlight that in the 1Q19, we had a small drop of 1% compared to the same period of previous year, despite the growth of 7.3% in gross revenues during the same period.

To the right of the slide, we show you the CAPEX that totaled R$ 48 million, an increase of 47.7% vis-à-vis the 1Q18. In expansion and enhancement of units and technical areas, investments totaled R$17.4 million and were geared to expanding the offer of images in regional brands, an expansion of the technical area in Rio Grande do Sul and carryover of investments and inaugurations in the 4Q18. In the "Others" line item, the focus was renovation, substitution of equipment and images, digital projects and IT.

On slide 12 to the left, ROIC without goodwill reached 39.4%. The Company has undergone a strong cycle of investments for the expansion of our activities. The reduction of ROIC observed in the graph reflects this temporary effect.

On the graph to the right, we show the evolution of the Net Promoter Score that reached 75.6% in the period.

On slide number 13 in the graph, we show the daily average volume of our shares in B3 that reached R$45.4 million during the quarter.

Finally, on slide number 14, we include our agenda with the events already confirmed for the market. At this point, we would like to offer the floor for questions and answers. Thank you very much.

At this point, we would like to return the floor to Mr. Carlos Marinelli, who will make a statement.

Operator:

At this point, we would like to return the floor to Mr. Carlos Marinelli who will make a statement.

Carlos Marinelli:

Good day to all of you. And simply a correction here. As you know, we tend to record this audio much before, and unfortunately, the wrong version of this audio was played.

The only item we would like to correct is the ROIC without goodwill. It was 45.2% and not 39.4% as came out in the speech, in my address, as well as in Fernando's address. We did not give you the correct version and we do apologize for this mistake. The correct version, therefore, would be 45.2% for ROIC without goodwill, an evolution of 40 bps.

Operator:

Thank you very much. And now we can go on to the questions and answers.

Marco Calvi, Itaú BBA:

My first question refers to the regional brands. We observed a very good quarter when it comes to regional brands in Rio, as well as outside of Rio, but there is a certain slowdown as we observed in the last four quarters. If you could perhaps remark on this and divide everything between regional brands with Rio and without Rio. And what is associated to the slowdown? This is the first question.

Second question, if you could give us a qualitative vision of your audience in the premium brands, which has been the evolution in the 1Q, the 2Q is perhaps you have already observed a certain recovery in the last month. These are my two questions. Thank you for taking them.

Carlos Marinelli:

And perhaps Fernando can complement what I said. Now, to speak about regional brands, we have been selling intensely since last year, and of course, naturally this exerts some pressure on our figures. But we are highly confident in our regional brands and absolutely all of our regional brands, especially in Rio de Janeiro, which is the second largest market in the Company.

We still have some opportunity that we can capture, extensive opportunities, new opportunities that we can work with. And we are allowing important units to undergo a certain maturity.

So, we observe this as a very natural process. And as I have been saying for two years, we have been working with a very low inflation level and perhaps this is a cause of the slowdown. However, we are highly confident in our regional operations, and excluding the premium brands, we have had significant growth, especially in the a+ brand in São Paulo.

We have had a very robust growth, which is proof that our value offered for the patients, for doctors are highly differentiated and are able to capture market.

When it comes to the premium brand, without a doubt, at this specific point in time, and for three consecutive years with very low growth, this is a brand that has suffered a great deal. Our sector is not immune to what is happening in the country.

We had great expectations at the end of 2018, and although we continue to be very confident, we see that these expectations have not materialized. And we hope to have a somewhat different 2Q, with a more positive vision and hope for an eventual resumption of the economy. But growth continues strong, we show you real growth year on year.

And once again, we are highly confident that diagnostic medicine and the solutions and the platform of services we have to capture value in other areas, besides diagnostic medicine are solutions that can be very efficient for the entire market, given the sustainability of the solutions we are offering.

For example, the infusion of medication, the orthopedics day clinics that will be inaugurated in a very short while. We are confident as well in diagnostic medicine to bring us very good results.

And to reinforce what was said by Carlos in the hard count, for the Company as a whole, this year, well, the 1Q is always somewhat different. We have two relatively weak points and only one month was strong demand, that is, March.

Now, in this specific quarter, Carnival was celebrated very late, and there is an extension of Carnival several weeks before and after this holiday, and it is necessary to highlight this. And if we look at the Fleury brand, the Fleury brand had a growth 2018 vis-à-vis 2017 of 7%, which means that this is a significant phase to offset everything when we look at the growth of 2019 compared to 2018.

And it is important to present this, base ourselves on the base of the previous year for the sake of comparison.

Marco Calvi:

That was clear. Thank you very much.

Guilherme Palhares, BTG Pactual:

Good morning, everyone. Thank you for the call. Now, you are speaking about your breakdown and you are the first company to disclose this. Now, in truth, I have three questions.

The first refers to Santécorp. I would like to hear your outlook for this and how important this has become for the Fleury brand market, specifically.

The second question: this is the first time you have disclosed what is happening with the Genomic area. I am so surprised to see you have revenues. How is this being distributed between the brands and the B2B segment? And what can we expect from this sector for 2019?

And finally, as a follow-up to the question made by Marco, what is happening with the accrediting dynamics of units in the last 12 months? And what is happening with operators in terms of new accreditation, especially for the a+ brand?

Carlos Marinelli:

I wrote down all of your comments. If something is missing, please mention it. A simple point that appears here, perhaps I did not understand what you said correctly and do correct me if this is the case, Genomics represents 10% of the revenues of the portal. It is 10% of our total revenues, and of course, this is still a relatively small operation and not our main operation. Perhaps, I understood your question wrong.

Let's speak about Santécorp. This is an operation we began last year. We are still in the phase of integrating this. We are working jointly, approaching potential clients jointly to understand how this operation leverages and its business, what we can do jointly with Fleury, with a+ and with the regional brand.

And we do have a significant number of opportunities. Of course, these opportunities are based on lengthy negotiations. There are cost opportunities, the issue of proposals, offers we make, including the use of our units. And what has positively surprised us is the receptivity in the market. We have had a very good response. So far, we do not have a contract, but the reception in the market has been very good.

Simply a detail: although we are still working in the integration and we are working with Santécorp as something separate from the Company, with a separate management. We are doing this to have a more expeditious decision-making process, so that we can perhaps work with a mindset of a startup in this business that could truly leverage all of the Fleury brand.

For the time being, the interaction has been quite positive. I believe that in the coming months all of this will end up having an impact on our operations. And if we use the space of the units better, if we offer other types of services, without a doubt, we will be able to have a significant cost reduction, a relevant cost reduction, maintaining the differentiation of diagnostic medicine that is very important.

When it comes to the Fleury brand, we do have a very strong link between the Fleury brand and Santécorp. And the Fleury brand is appearing more in the market and this means we need to have a very good management in terms of the diagnostic part. And we do want to show that it is possible to have a differentiation for the Fleury brand, something that is desirable for the Fleury brand and still have an enhancement.

When it comes to the accreditation of units you mentioned of service centers, there are no great novelties. We know we are undergoing a rather challenging moment, and this accreditation takes place at a pace that is slower than we would desire.

But as these units show how they can offer greater convenience to the clients. This will improve. And the clients and the payers, will begin using these service centers more. Now, if people can be serviced in half the time, they will look for our service centers. And of course, this will have an impact on operator seeking accreditation. None of our new units are working without the accreditation.

And when it comes to a+, we continue that very familiar flow. We truly believe that there is a normal period for this accreditation. And of course, the speed is what was expected vis-à-vis the present-day scenario. Now, the accreditation of a+ has been robust compared to the past.

In terms of Genomics, as I mentioned, we are quite confident in this area and the figures point to this very clearly. This is an area that has grown exponentially as part of our portfolio. And hospitals are looking for us to work with this information.

I think some of you may have had access to an article that came out in *Jornal de São Paulo* showing how important the Genomics area is. We had an exclusive test, where we were able to reduce in 70% the indication of chemotherapy, for example. This is extremely important for the public sector and, why not, for health operators at large.

The recall of this article was very strong among operators. They are now aware we can offer this test that has a rather steep cost, but compared to the cost of chemotherapy, especially when it is not necessary, is something that is nondebatable. So, we truly are confident about the increase in the use of this test.

We have to think about the satisfaction of the clients and physicians as well. The possibility of avoiding a process that brings about additional side effects would be very positive. We are highly confident in Genomics, in these tests, and in other situations that are arising.

We have a great number of partnerships with hospitals and a new avenue, which refers to health operators. And, without a doubt, this fully enables us to reduce the unnecessary number of chemotherapies. If I have not answered your question, please mention it.

Guilherme Palhares:

No. That was very clear, still, within the question of the health platform, I would like to understand how important was the development of the drug infusion offering. It's just that further question. Thank you.

Carlos Marinelli:

The issue of infusion is still a very lateral business. We offer this in a service center, where there was space to do this without additional investments. This is the Morumbi Service Center. We are already offering this at the Itaim Service Center. Now the search for this has grown on the part of operators.

It is still very fragmented, and the operators have observed this Fleury's offer. From the viewpoint of packages or client satisfaction, we know that this can be something very positive. As I mentioned, this is still a minor operation, but they recall we have been very positive.

As we always highlight, it represents the utilization of space in one of our service centers that is idle, and it is a marginal business with capacity to generate flow in a very important relationship with the clients.

Guilherme Palhares:

Thank you very much.

Joseph Giordano, JP Morgan:

Good morning to all of you, and thank you for taking my question. I would like to refer to a very important topic, the calendar effect. The impact on revenues in the 1Q due to the month of May was weaker than normal. With the structural issues of the sector and the conversations with operators, how will the evolution of payment models be? We do observe some one-off impacts among operators. What is your opinion and outlook on this?

Secondly, the discussion of the operators embracing this new line of services in health that Fleury is developing. Thank you.

Fernando Leão:

Good morning, Giordano.

Once again, the issue of Carnival. The effect was different when we compare this with previous discussions on working days and holidays. And to avoid any expectations, we did not quantify it, because this is not a trivial reasoning as we tend to do use with working days, but we did observe a lower demand during this period.

In terms of quantification, this is something we did not do precisely, because we understood there is a great fluctuation day after day.

And, if you allow me, I think there is something that relates specifically to São Paulo. São Paulo has gained new dynamics for Carnival, something that is different from the past. Previously, Carnival had two days; on Wednesday, everything went back to normal.

São Paulo is now holding a pre-Carnival, as well as a post-Carnival, and the entire city is able to observe this. It is very difficult to get around the city.

And what is extremely interesting that we would like to mention is that many schools no longer have classes during the entire period of Carnival. So, people schedule themselves to go to the hinterland, to leave São Paulo.

Physicians that did not service anybody also had problems in moving around or had a decrease in their working agenda. They also stopped seeing patients, and there was a drop in everything.

So, the dynamic in São Paulo, which is the most important market, has changed in the last few years because of Carnival and did change this year, when we practically had an entire week, an extended week, with a lower volume of service in hospitals, in doctors' offices, with an impact on our Company, of course.

Now this will become the new normal period, this extended Carnival and the post-Carnival. Once again, this will become the new reality and we have to accommodate ourselves to that. Of course, we have to see what will happen with the next Carnival and see if all of this is confirmed.

In terms of your question about the reception among operators, this has been positive. We have held constant conversations with them, and these conversations tend to be more conceptual. Sometimes, we are able to discuss proposals as well.

We have taken this step, perhaps this is not obvious for many of you, and sometimes the reaction may be somewhat unclear. But this, of course, is one more step towards sustainability. And I say this because it is linked to your other question; we have been working on this issue.

We have organized and challenged ourselves in-house, working with new models and designs and we are going to begin working based on these new models very shortly. But it is not something trivial or simple.

We know that clients come to us with a request and with their health cards and we have to make sure we can offer them the exams without having different costs. And we have to do this throughout our entire chain; organize new models in this chain in which we will have a better utilization of our resources with benefits for clients, doctors, as well as operators, and also ensure that we will be a service renderer with a differentiated policy, which, of course, will result in greater gains.

We do not want to have more money; we do want to have more clients, more customers.

Joseph Giordano:

Thank you very much.

Vinicius Ribeiro, Bradesco BBI:

Good morning, and thank you for taking my question. You are always speaking about your regional brands and new openings and the limits of this. Can you conciliate the improvement of image of the regional brands with what is happening with the more mature regional brands?

Secondly, if you could give us a notion of the price and volume dynamics for the a+ brand during this quarter. It is very similar to the previous question. We have heard that some operators want to change the volume and we would like to gain an understanding if you are observing these results or not yet. Thank you.

Carlos Marinelli:

Vinicius, thank you for your question. Let me begin by the end, on price and volume. What we have been experimenting in terms of variation is, basically, due to the mix of operators we work with and what happens inter-operators.

There is nothing relevant when it comes to price variations going downwards or great increases in volume. This is not an impact we feel. We are in discussions and negotiations with operators and what could happen is a regulation of the mix and the participation of each of the operators.

If you could, please repeat your other question.

Vinicius Ribeiro, Bradesco BBI:

You have mentioned that the performance of the more mature regional brands is good. If you could give us an idea of how we should understand this. How should we look upon these more mature regional brands? Now, if you had maintained this good performance of the regional brands as you had in the 4Q18, would your results have been better now?

Carlos Marinelli:

All of this is linked to the volume of opening of new service centers, the operational gains, and the gain of revenues that will represent a gain in margin. And it is a very typical relationship to work with during a period of growth, when our growth continues to be very good in the regional brands. We have a significant increase vis-à-vis the 1Q18 and we continue to have a very robust growth in our regional brands. The units that have been opened are still growing in that maturity curve.

And in economic terms, we do have an important message: we are looking at growth perspectives going forward and we believe they will be positive, based on the fact that we should have an improvement in the macro scenario. This week, there was the report of a decree, CAGED, that should have an impact. Now we do hope that as these expectations consolidate, our outlook for the regional brands will improve even more.

Now in the regional brands, we do have a very positive vision in all the markets we penetrated last year or perhaps before the deal and others, IRN in the north in the part of imaging. So, this mix is natural; it should happen.

Now we have IBM, for example, helping us in images, and, because of this, we have a different mix composition and not only a growth of clinical exams. In Porto Alegre in Rio Grande do Sul, we have an imaging company that formerly only offered clinical exams.

What is more important is that we are still very confident about our medical diagnosis sector. It will continue to demand higher quality and it will get organized around operations that are truly reliable. And as always, we are confident in this and we analyze all the market opportunities that may arise.

The regional brands are our future for further acquisitions, which means that we are actively seeking out these new brands and we hope to have greater potential to increase the synergy in the sector. There are several operators that work with imaging that we are speaking to. And once again, we will continue to look for new opportunities in this field.

Vinicius Ribeiro:

Thank you very much, everyone.

Mariana Hernandes, Credit Suisse:

Good morning, and thank you for taking my question. My question refers to the comment you made about accelerating the openings this year. Do you have an outlook for the 2H? Is Fleury going to have any further openings? What is happening to the other brands? Are you concerned with the accreditation? Is this why you are slowing down on the opening of new service centers?

How should we look upon the CAPEX for this year? How much will be placed in inauguration? How much will be allocated to IT? And a follow-up on the last question: how can we think about the impact we saw in gross revenues divided among price and the mix of services? Once again, how is it that we should look upon this figure?

Carlos Marinelli:

Thank you for your question, Mariana. As you mentioned, we see very good results. We continue to present growth and an evolution of EBITDA in several of our line items. We organize ourselves based on the success we have had in recent years. Without a doubt, we have expressed these figures in terms of operations that set us aside in the sector.

When you speak about the slowdown, we are not speaking about a true slowdown. We have already complied with a significant part of our original plan. We were advancing at a very fast pace. We are not slowing down, we are simply making adjustments and we continue with our intention of concluding this expansion plan until 2021. You have seen the force with which we are working.

We cannot totally disconnect ourselves from the reality of our sector and all the other sectors of economy. The reality is not what we had imagined for this quarter. We cannot maintain the same plans with a completely different macro situation.

Once again, we do have a certain promise for growth in the future, but at this point in time, we prefer to put our CAPEX in technical improvement, in change of equipment or better solutions within our service centers, expand the imaging services we have and improve our relationship with the clients and not necessarily open new service centers.

When you look at the CAPEX, it perhaps has not been invested in new service centers, but has been invested in more productive and efficient services. We have service centers offering services that formerly they did not offer. We cannot say that not having new service centers will not mean that we will not have new services. This is a new model for Fleury and for all of our brands, even in the service centers that existed previously.

This does not mean we are slowing down or that we have lost our confidence. We continue to be very confident in terms of a reversion in the future. I think everybody is very optimistic, but what we had expected is not necessarily coming true and we think that there will be a change in midyear, when we will have a better scenario. Now, regarding your question on CAPEX, perhaps Fernando can give you more color.

Fernando Leão:

When we received these questions in previous meetings, we signaled that we would have a lower amount of CAPEX for this year. Carlos has already explained to you partially why. We have a new service offer in our new service centers, which means that the inauguration of new service centers has been reduced.

In this CAPEX, we have a certain mix, we have innovation projects, we have digital projects, and in the medium term, they will mean operational efficiency and enhancement. We will have fewer service centers and less expansion of services. As Carlos mentioned, we will be connected to investments in the already-existing service centers. All of this to enhance the Company's operations.

Mariana Hernandes:

Thank you. If you could give us more color: which was the impact on the price for exams? This would be very useful. Thank you.

Fernando Leão:

Mariana, it is very important to look at this change of mix. It refers to the change in the mix of revenues we have specifically in regional brands and that is very relevant for us in general. We have grown in Rio de Janeiro significantly. Now, when we look at the Northeast, the service center in Natal, the acquisition of IRN did bring an impact with a different mix of imaging, with different tickets and volumes.

When we look at hospitals, the growth of hospitals has also undergone a growth pattern. So, this change of mix exams and prices is influenced by the businesses under expansion that cause changes. We do have mature markets, but when we look at the

Company as a whole, there are important impacts coming from these markets we are opening up and where we will become ever more relevant.

Mariana Hernandes:

Thank you. That was very clear. Thank you for your responses.

Operator:

At this point, we would like to end the question and answer session and return the floor to Mr. Carlos Marinelli for his closing remarks.

Carlos Marinelli:

We end the 1Q19. We did have a very challenging quarter and depending on what happens, the 2Q will continue to be challenging. Nevertheless, we are highly confident about the Company's ability to better structure itself and continue to deliver the results that you already know about.

We will continue to deliver the values expected by our clients, physicians and operators. We are partners with the operators. We will continue to be partners with them based on new models. As I mentioned, we hope to have a better outlook, especially in our number of lives. But I do underscore everything that has been done by the Company to adapt to these difficult times. We have a capacity to give very rapid responses.

We do have a growth that is quite expressive, perhaps not what it was in the past. But in the Fleury brand, in our regional brands and in our Fleury platform in Genomics area, we think that what we are delivering is set aside in the market and that the results we are delivering have been better than ever before. Once again, we hope to see you at our next results call in June, or in other market events.

Operator:

Thank you very much. The conference call for the Fleury Group ends here. We would like to thank all of you for your participation. Have a good afternoon.