

Q1 2016 Earnings Call

Company Participants

- Adolpho Cyriaco Nunes de Souza Neto, Chief Financial Officer and Investor Relations Officer
- Carlos Alberto Iwata Marinelli, Chairman

Other Participants

- Bruno Giardino, Analyst
- Joseph Giordano, Analyst
- Rafael Frade, Analyst
- Rodrigo Gastim, Analyst
- Thiago Macruz, Analyst

Presentation

Operator

Good morning and thank you for waiting. We'd like to welcome you for the teleconference of the Grupo Fleury concerning the earnings of Q1 2016. We have with us Mr. Carlos Alberto Marinelli, Chairman; and Mr. Adolpho de Souza Neto, CFO and Investor Relations Officer for the company. This event is being recorded, and all the participants will be in the listen mode only during the presentation of Grupo Fleury.

Then after that we will begin the Q&A session, when more instructions will be supplied. (Operator Instructions) This event is also being transmitted simultaneously through the Internet by webcast. It can be accessed in the address, www.fleury.com.br/ri, where we have available the presentation. The slides will be controlled by you. The replay of this event will be available right after the closing.

We remind you that the participants of the webcast may register also questions for the Grupo Fleury. Before we continue, we'd like to clarify that any declarations that may be made during this teleconference concerning business perspectives of Grupo Fleury, projections, operational goals, financial goals or believes and assumptions of the company's management, and also based on the information currently available.

Future considerations are not guarantees of performance and involve risks and uncertainties and therefore they refer to future events with circumstances that may or not occur.

Investors and analysts must understand the general conditions, sector conditions and other operating factors may affect the future results of Grupo Fleury and may lead to results that will differ materially from those expressed in these future conditions.

Now I would like to pass the floor to Mr. Carlos Alberto Marinelli, who will begin the presentation. Mr. Carlos, you have the floor.

Carlos Alberto Iwata Marinelli {BIO 18884059 <GO>}

Good morning, ladies and gentlemen. I'd like to thank you all for your presence in our earnings teleconference for Q1, 2016. Grupo Fleury enters this year celebrating its 90th anniversary, which began in 1926 with the brand Fleury Medicina e Saude.

During this period we earned a valuable reputation among our clients, doctors, partners and public opinion anchored on the pillars of technical, medical and service excellence. And this continues to increase -- to the search for excellence in management fees attributes will truly increase the competitiveness and the growth potential of the company and will help us to go through the challenging scenario in the macroeconomic and political situation the company is going through.

At this conference, we announced that we delivered in the first quarter of 2016, an increase of 12.5% in gross revenue reaching BRL558.6 million a record amount in the company's history. This evolution is the consequence of the growing attractiveness in terms of our clients and doctors concerning their management and services based on a daily monitoring of our numbers, we increased hours, the number of services, we also increased the size of our units in order to give a good service to clients and capture maximum efficient in every square meter.

Now also with these pillars all our segments showed growth, double-digit growth. Our operations in hospitals went up 17.7%, regional brands excluding Rio de Janeiro had a rise in 16%, Fleury brand had an increase of 12.3% and Rio de Janeiro with the brand Clinica Luiz Felipe Mattoso and Labs a+ had 12.1% growth.

In parallel, like in previous quarters we continue to reduce bad debts and deductions resulting from the continuous improvement of management and processes and collections in the first, in Q1, the percentage of bad debts and deductions in relation to gross revenue was 2.9%, a reduction of 87 basis points in comparison with the previous year.

As a consequence, the net revenue increased 13.7% reaching BRL508 million, these efforts of with qualified growth together with gains in productivity and efficient management of costs and expenses resulted in an EBITDA of BRL121.7 million with a margin of 24% and correspond to a growth of 25.8% with an evolution of 231 basis points respectively.

With this operational results, the net profit increased by 40.6% reaching BRL44.7 million. The operational cash flow reached BRL74 million, a 11.7 times higher in relation to the value

that we had in the first quarter of 2015. This result is -- this result shows an even better management of working capital, especially accounts receivable which had a reduction in terms, which was 87 days in the first quarter of 2015 and in this quarter 73 days. Also the return measured by ROIC with our premium presented an evolution reaching 23.7% in comparison with 17% in Q1, 2015, showing the permanent efforts of the company to obtain the best optimization possible of its assets.

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Additionally, I'd like to stress that the customer satisfaction indices continue to grow the Net Promoter Score, NPS of Grupo Fleury, which measures the level of referrals to families and friends after using the services reached 72.7% in comparison with 68.2% in Q1, 2015. The reputation of our service is also proven through external recognitions and the well-done [ph] by the Brazilian Institute of Corporate Hospitality, where the Grupo Fleury was elected the most hospitable company in Brazil for the seventh consecutive year.

Another highlights was the survey brands that decide where the Weinmann brand was the one that -- that was the most remembered for the seventh consecutive way. The brand a+, a plus also appeared for the first time of this survey and is in third place and these done by Jornal do Comercio. These results really show the efforts that we make and what we give -- giving good service.

The quarter was also marked by the transfer and the expansion of our technical area Rio de Janeiro responsible for the processing of clinical analysis for the brands Clinica Felipe Mattoso and Labs a+ located in the suburb of Del Castilho 2.11 the new facilities have 750 square meters, 150 square meters larger than the previous one. We moved in March and the processing capacity increased by approximately 50% in the automated line.

Additionally, the technological park became more robust and modern with new equipment in areas like biochemistry and hematology, which now have innovative equipment in their segments. It is important to highlight that our employees in Rio de Janeiro now have a new and better prepared environment for their activities. Apart from being closer to their homes thus promoting a better organizational environment.

In February, the Fleury brand inaugurated the second phase of the unit Republica do Libano II, which has the Diagnostic -- which has the Advanced Diagnostic Center for Women with 831 square meters, this new space has a diversified portfolio for clinical analysis and also image.

We would also like to see that now in April, we're launching the new version of the conduct -- code of conduct, emphasizing even more the values that our employees should follow when during their professional activities. We also made available since 2015, a communication channel for any facts or conduct that are not in accordance with our principles. These actions show our permanent commitments with the best practices of corporate governance and transparency of our activities for all our stakeholders.

As you can see the company reach significant progress in revenue also bad debts, cancelation EBITDA margin, operational cash flow, ROIC apart from indicators of efficiency

and the service units together with customer satisfaction indices, as the Net Promoter Score and our reputation amongst doctors.

It is important to say that the backdrop of this performance -- of this performance has the Fleury brand maintaining its strength and the growing contribution of regional brands, a+, Clinica Felipe Mattoso, Diagnoson a+, Labs a+ and Weinmann. More and more working as leaders in their segments. So, that with excellence culture and showing the values of the Group and delivering results that are continuously better.

Now I'd like to pass the floor to Adolpho, who would like to continue with the presentation. I will be available at the end for questions. Adolpho, you have the floor.

Adolpho Cyriaco Nunes de Souza Neto {BIO 21636124 <GO>}

Thank you, Carlos. Good morning. Thank you for participating in our teleconference.

Now we would like to go on to slide number five, on the graph on the left, we'd like to see the breakdown of gross revenue in the quarter where we see -- where we see that the mix -- business mix did not have significant changes of the Fleury brand maintained its participation with a small drop in the participation of the brands of Rio de Janeiro due to accelerated growth in B2B and regional brands.

On the graph in the right, we see the evolution of gross revenue by business unit. Like within the fourth quarter of 2015, we like to highlight the effect of the sale of the units of Labs a +, which have in 2015 after an agreement with CADE. We had a growth -- double-digit growth in all our business lines resulting an consolidated growth here. Hence it would be even higher at 13.8%, if we hadn't considered the units in 2015. Now concerning hospitals, they grew 17.7% and regional brands with a growth of 16%. We continue to see a solid performance of Fleury brand 12.3% growth and in Rio de Janeiro a growth of 12.1%.

Now the next slide, we see here the evolution of the units here. It's important to stress the growth was 12.7% and later on we will see the growth by business. On the left, we see the increase of 12.8% in average price and this indicator is also influenced by the mix and here in the first quarter we had an impact of the operators and also an impact in second semester. Here at the bottom of the page, we can see the evolution of the revenue per square meter. We have optimized our assets and now we see the gross revenue per square meter went up 17.7% while the growth, the revenue per units went to 27.2%.

On slide number seven, the next, we see by business now. We had a solid growth, double-digit growth here in all the business lines. Where we would like to stress 17.2 for the regional brands; 16.6% for the brands in Rio de Janeiro; average of regional brands excluding Rio de Janeiro grew a 11.2% as a result of the mix of the clinical exams and evolution of the brands in Rio de Janeiro. The growth had an impact due to analysis clinics that have a lower average ticket to stress even more of the strong evolution of regional brands in Rio de Janeiro, we see these -- the gross revenue per square meter. All of them 22% -- above 22% growth.

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On the next slide, we detailed the results in B2B and Diagnostic medicine in hospitals, we see a growth of 17.7%, Same Hospital sales indicated also a strong expansion of 18.8%, average price advance 8.5% impacted by clinical analysis and also requests from hospitals.

In reference labs, we reached gross revenue 14.6% higher than last year due to repositioning of the business and now working with more complex analysis.

Slide number nine on the left, we can see that like in previous quarters, deductions and cancellations had a decrease and here we see a decrease of 87 basis points with a consequence of 2.5% in gross revenue and less cancellations and less provisions for doubtful accounts. Here we see 508 million in Q1, 2016.

Next slide number 10, we see here the cost of services apart from number of employees in square meters of service. Cost of services went up 10.2% in the quarter and this is concentrated in employees and medical services. We see an increase here of 8.3% and with -- this shows a better productivity and we have also lower number of employees. Here we see the comparison with Q1, 2015 even with the growth of the operations and also with the growth in the Customer Satisfaction Index.

Here we see a decrease of costs 9.2% in number of PSC. Also we began the second phase in Republica do Libano, we added 130 [ph] meters for service and also the unit Campo Grande 170 square meters. In the regional brands, we closed the activities of our units. Here we close these in order to have a better usage of our assets and also increase the revenue of the brands. The demand of these units was captured by -- closed by units.

On the next slide, evolution of cost of services, 352 million, an increase of 10.2% and 55 million, 10.2% and more. Here we see also the other graphs, here we have in our mainline, personnel and medical services, the variation was only 7.8%. And for a more in-depth analysis, let's go to slide number 12, where we have a variation of the costs.

Here personnel and medical services, salaries and also doctors' fees, as I said before we had a growth of 7.8% [ph] in gains of 187 basis points of efficiency and this is a result of the greater efficiency in our units and therefore we increased the revenue by square meter.

General services also general expenses rents, here we see the numbers for the quarter and we have 84 basis points reduction and this is due to the maintenance of the values of rent and also transportation of materials and also 2% increase in cleaning and security services. Materials and outsourcing, here we have 22 basis points growth and this increase is due to the impact of the US currency, the exchange rates and the growth in more sophisticated exams.

Now going on to the next slide 13, we see operating expenses 63 million and hence the same participation in net revenue in relation to 2015. Now, general and administrative expenses, excluding amortization had a decrease of 102 basis points in relation to 2015.

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Due to the -- due to the improvement of the salaries related to lower payroll and related expenses.

Other operating expenses totaled 8.7 million this line -- the main impact in Q1, 2016 did not have effect on cash. We had a reduction in taxes to be recovered and a write-off of 4.6 million. Here provisions for contingencies 4.5 million due to accruals, due to labor lawsuits.

Now going on to the next slide. We have EBITDA 121.7 million in the quarter with a margin of 24%, this margin was 231 basis points higher than in 2015 and was adjusted -- also this EBITDA margin is the results of a consistent cost control and expense control and this due also is affected by the growth of revenue, according to our business model.

Here, we have debt made up of debentures and cash-equivalents. Cash and cash equivalents average cost is 98.1% of the CDI index. Now we can see that the balance of cash reaches 751 [ph] million, a growth of 38% in comparison with last year resulting 332 million and a leverage measured by debt EBITDA in the last 12 months of 0.8 in comparison 1.8 times in 2015.

In the next slide, we have the financial results. In the quarter we had financial expenses 14.2 million, expenses 15.6% in Q1, 2015. Already adjusting this improvement is due to the improvement of the company's cash and the growth of revenue from financial investments and interest.

Now slide number 17, income tax and profit. Here we see the numbers for this and the comparison with Q1, 2015. Here 8.4 million were tax on cash. Now slide number 18, we see the increase of 40.6% in net income and as a consequence of the improvement in operating results, financial results and also taxes and social contribution 8.8% in the quarter here Q1 net income.

Here we have accounts receivable; we see an improvement in the rating with the balance of 65% improvement here. About 121 days went down from 17.7% to 13.6%, and the average collection number of days went from 73 to 63. And also this results in deductions is due to the efforts made by all the companies areas involved in the process that we call receiving cycle in the -- and detailed management through indicators of all the activities of this process.

The next slide, we see cash flow. Operational cash flow of 74 million in the semester went down 75% more than the previous year. This is due to the expansion of the net profit and cost of evolution of working capital especially in accounts receivable with a reduction in the collection days. The next slide number 21, we have CapEx, 25 million in this quarter announcing -- invested show the improvement in the technical areas, strategic projects and IT.

Slide 22, we have details about our performance in the capital markets and we see the increase of 24% -- 34% in the price of shares. Then here we see the events in which we will participate in the next few months.

Now we will begin the Q&A session. Thank you.

Questions And Answers

Operator

Thank you. We would like to begin the Q&A session. (Operator Instructions) The first question Rafael Frade from Bradesco.

Q - Rafael Frade {BIO 16621076 <GO>}

Carlos, good morning. I would like -- please show more revenue and expenses. We see expressive growth, I'd like to understand how we can see the usage of the capacity to have more growth in the same units, thus you had some -- you may have expansion, that during the last few years, but since you don't have a lot of expansion. Now the focus will be to have a better usage of the assets in the current units. Could you talk more about this?

And also the expenses, we had a surprise lower and what caught my attention, materials where due to the exchange rates, I expected a more significant impact. So materials, for example will we have price increases in materials in the future?

A - Carlos Alberto Iwata Marinelli {BIO 18884059 <GO>}

Thank you for your question. Concerning revenue, what I can tell you is the following. We have used the following -- we're using every square meter better and better and this is -- we do this by identifying the levers of our business in order to obtain this result. So it's an analysis concerning the configuration of our exams, requests from doctors how each clinical analysis impacts the other, relationships with the doctors.

So we have a strategy to understand how we can stimulate revenue and it has worked with all the brands where we have used this methodology.

In Fleury Grupo, in some brands like Fleury we have been able with the same number of square meters, we have had some expansions. We have others expansions in the pipeline for the Fleury brand in regions where we can explore more with a better service or gains in market share.

And I would like to stress other regions. Rio de Janeiro has a great potential to be explored, especially in the area of image, other things that we're analyzing, making studies and bringing also clinical analysis. Although the average ticket is lower, their profitability today with our processing capacity, we have a large capacity to do clinical analysis and expand them in Rio de Janeiro.

I would say that we are not only concerned in opening new units, and this is in our plans, we are working intensely here to do this in the future and also we will continue applying this strategy that we developed based on our numbers to leverage the revenue based

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on this, better usage of the square meter, good relationship with doctors and good customer service.

Now, I will pass the floor to Adolpho and he will talk about expenses.

A - Adolpho Cyriaco Nunes de Souza Neto {BIO 21636124 <GO>}

Good morning. I will focus on materials which was the focus of your question. The increase we saw in the first quarter is related to the direct impact of the part that we have within materials and intermediations, which is a direct -- which offers a direct impact from the exchange rates. Things that we pay in US currency. It's a small part 5% to 7%. If we take the average dollars 3.90 in relation to 2.80 last year, this is the impact we're seeing.

So if the exchange rate remains at 3.5 as it is now, it will go down, then we have local purchases and local purchases from bankers that import materials. We are negotiating, it is difficult because for example, we have the impact of the exchange rate that we haven't felt yet. We don't see a significant change in relation to our initial expectations for this year or last year. The total -- this amount was -- the increase was below inflation, this year we should have won between 10% and 15% price increases. And we have to see how this will happen.

So summarizing, Q1, we have a direct impact because of imports but we will have another impact during the year concerning materials that are affected indirectly by the US currency. We will see that in the next quarters. It's difficult, we are really working on other areas to compensate this impact, but we will have some impact due to the exchange rate.

Q - Rafael Frade {BIO 16621076 <GO>}

Also the costs and expenses. Is there, can we expect -- normally the second, third quarters are stronger in revenue with the same cost. So we should expect a higher margin in the next quarters as we see traditionally. Is there anything -- are there extra expenses that could come?

A - Adolpho Cyriaco Nunes de Souza Neto {BIO 21636124 <GO>}

I will talk about the prices and results during the year. The first quarter has a positive effect because we finished the price negotiations, but we don't have inflationary increases. So our labor agreements in Sao Paulo and Rio will happen in May with salary increases and this will have an impact on prices during the rest of the year.

As I mentioned previously in the first part of my answer. We should have a greater increase in materials in the next quarters. This quarter focused only -- had increases only in -- on the imports made by us, so we have gains that we expect from leverage, greater more revenue in second and third quarter and we are working internally to improve efficiency.

So perspective is positive, the outlook is positive but it is we will have some impacts due to inflation.

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Q - Rafael Frade {BIO 16621076 <GO>}

Thank you.

Operator

The next question Joseph Giordano from JP Morgan.

Q - Joseph Giordano {BIO 17751061 <GO>}

Good morning, Carlos, Adolpho. A question here concerning the reposition of the brands and image. During the year, do you expect to close more units to improve profitability in general and also how is the receptivity of healthcare plans concerning negotiations for price increases?

A - Carlos Alberto Iwata Marinelli {BIO 18884059 <GO>}

Thank you for your question, Carlos Marinelli, concerning the a+ brand, we don't expect to close more units. We have made some changes during 2015, we repositioned our capillarity location of our units, we made adjustments and today with level of profitability that we have reached in the a+ brand and with the results we have reached, this brand makes us, stimulate us to grow the a+ brand. It has contributed a lot for the company's results.

So what we can expect from the a+ brand in the future is expansion always in accordance with the repositioning the premium segments and this is well expressed in relation through the embedded technology we have in these units. The profile, also the client -- profile of the clients, the prices and of course, concerning the NPS of these units.

Today, clearly you see a recall -- greater recall from the doctors talking about the excellence of the a+ brand because it belongs to the Fleury Group. We're using these levers, the reputation of the Fleury Group with price repositioning and services, and growing recognition of clients concerning the quality of the services rendered in order to have this brand as a lever for growth and with better and better margins in a+.

Q - Joseph Giordano {BIO 17751061 <GO>}

So are you expecting regional expansion of this brands, maybe in other regions.

A - Carlos Alberto Iwata Marinelli {BIO 18884059 <GO>}

Concerning the a+ brands, we have a very interesting market to expand this brand in Sao Paulo. Sao Paulo is a region where we have a lot of market share to be captured by a+, in the premium segment, as you know with said domestic brand, it has co-branding Rio de Janeiro where we have great opportunities for growth. We have opportunities with the a+ brands also in the State of Parana in the south, we have had a lot of growth and it stimulates us to grow in Parana and concerning other regions where we're not present.

I can tell you that we will continue with this strategy, this winning strategy. We are in locations where there is a great penetration of private healthcare plans and avoiding

regions where there are monopolies. So we will continue with this strategy and we will observe and capture the growth opportunities we see in the future.

Operator

Our next question comes from Mr. Bruno Giardino from Santander Bank.

Q - Bruno Giardino {BIO 15974970 <GO>}

Good morning. Congratulations for the results. Now the labor increased last year, you had higher than expected increases in labor. What are you expecting for the wages increase in 2016, concerning expansions and acquisitions with this deleverage, strong cash position. Are you looking at acquisitions in a different way from now on?

A - Carlos Alberto Iwata Marinelli {BIO 18884059 <GO>}

Thank you for your question. Concerning wage increases, last year the wage increases were within -- within our numbers, no great surprise, of course there is inflation -- pressure from inflation. This really brings expectations on the part of unions to have a larger wage increase and due to inflation, we have a macroeconomic environment also putting pressure. These are forces we saw and we know how to handle them, we handled well and the value was within our expectations. This year, there is no reason to have wage increases outside our expectations or above apart [ph].

In terms of expansion, organic and inorganic through acquisitions. I can tell you that we have today capacity to expand. We have stimulated organic expansions in different expansion models to different front we normally do. We have worked very strongly on reviewing internal processes to make faster changes, more effective changes and also less costly expansion.

Now concerning inorganic, our acquisitions, we are with the difficult economy. We have a robust position to make acquisitions that would be interesting for the company. In other words, they would increase our capillarity, they would be an agreement with our values and culture and would have an adequate positioning as we have worked in our company.

So being this criteria and being in accordance with what we believe is our strategy. We will make acquisitions, always thinking of return on investments. This is a key variable for us to do any type of acquisition in the near future.

Operator

Our next question comes from Mr. Rodrigo Gastim, BTG Pactual.

Q - Rodrigo Gastim {BIO 19694950 <GO>}

Good morning. Two questions. The first I'd like to understand better the level of sustainability of this lower level of bad debts and an improvement in accounts receivable.

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I'd like to understand is there a space to improve this, we see bad debts lower than 3% which is excellent. So do you believe if there is space to improve this even more?

Second question, do you have any update concerning the study that you make internally to analyze churn. I'd like to understand the resilience of the nauseous during the crisis in order to guarantee revenue growth?

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A - Adolpho Cyriaco Nunes de Souza Neto {BIO 21636124 <GO>}

Well, I will answer the first part and Carlos can answer the second. Yes. We have made efforts, management, especially working on the sustainability of our actions. We don't want to do anything where -- when where we have results and then the opposite.

And this is can be applied to bad debts, we have worked in a partnership internally and also with operators and we have eliminated bottlenecks. We have made the process more efficient, making clear the relevant indicators to all and thus obtaining this consistent growth improvement that you mentioned.

Now -- from now on, we will have an improvements -- now we will have a more incremental improvement, we gave a quantum leap in performance, we believe that this quantum leap can be maintained. We have a situation that is sustainable and from now on we will improve it, but not with -- at the same speed or dealt, it'll be more incremental.

Now I'd like to pass the floor to Carlos.

A - Carlos Alberto Iwata Marinelli {BIO 18884059 <GO>}

So in -- what we see, what we have seen in the last few months and years is a confirmation that our strategy to focus on the premium segment has worked and when you see a reduction in the number of people in healthcare plans, you see a great concentration of this reduction in the basic healthcare plans not premium.

In other words, the segments where we work intermediate high-end premium should have a greater resilience, when you think of health care plans, you can see those that have a diversified portfolio, these who they are losing more clients in basic healthcare plans than the intermediate and premium.

When you look at the same healthcare plans and talk to premium healthcare plans, they have a healthy portfolio and a very resilient portfolio, both those work only with premium and those who try to work little with intermediate segments. So we have reasons to believe that the strategy that we established now is very positive and will continue to be resilient.

And we know very well that for the healthcare plans, this segments of premium is one of the most profitable for the healthcare plans too. I don't see any significant changes in this scenario in the near future.

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Q - Rodrigo Gastim {BIO 19694950 <GO>}

Thank you.

Operator

Our next question comes from Mr. Thiago Macruz, Itau Bank.

Q - Thiago Macruz {BIO 16404924 <GO>}

Hello, good morning. We see an impressive improvement in profitability in the last two years. And this is due to reduction in costs with personnel with labor. How do you see efficiency and quality and how are you evaluating this search for lower cost and the perception of the quality?

A - Carlos Alberto Iwata Marinelli {BIO 18884059 <GO>}

Thank you for the question. Carlos Marinelli. Yes, you are right. We have decreased the cost with personnel with labor with employees instead of saying that, yes we have responsibility, sustainability. You can look at the trends, you can see the drop with customer satisfaction. As we have more efficiency we will have a better INPS.

We see brands like a+ having a better, more and more recognition from doctors due to the fact that it is owned by the Fleury brands and we know very well, that there are many levers to be able to work on the cost of labor employees. Everything we have done is after analysis with a lot of statistics, mathematics and processes. We have -- we give daily attention to the results of the units with -- the exams to generate these gains and we haven't stopped.

Right now and for some time we have a project within the company to have lean processes for the units. This is strategic for the company. We have been working on it for some time and now we're beginning with the pilots and the units and then a rollout. We have applied a lot of science, a lot of techniques instead of applying only cost reduction. It's not playing off. No, we have in-depth analysis in order to take good decisions, we have more efficiency but we will -- we will always continue with this -- we will always continue looking at customer service and customer satisfaction.

Q - Thiago Macruz {BIO 16404924 <GO>}

Thank you. Congratulations.

Operator

(Operator Instructions) So we'd like to close the Q&A session. Now I'd like to pass the floor to Mr. Carlos Alberto Marinelli for final comments. Mr. Carlos, you can proceed.

A - Carlos Alberto Iwata Marinelli {BIO 18884059 <GO>}

Before we close the teleconference, I would like to thank you all for the interest in our earnings teleconference. We are now embarking on a new -- on a new era of growth after

these 90 years of history. We issued an evolution in our indicators and we increased the satisfaction of our clients and the trust of the medical doctors community in every brand we have.

These factors show the sustainability of our value proposal at Fleury group and give us to trust that the strategy used will allow us to go through a challenging year like the year of 2016 and built the pillars for the next 90 years of the company. Thank you.

Operator

The teleconference of the Fleury Group will be concluded. We thank you and wish you good day.

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