

Y 2021 Earnings Call

Company Participants

- Jeane Tsutsui, Chief Executive Officer
- Jose Antonio de Almeida Filippo, Chief Financial and Investor Relations Officer
- Unidentified Speaker

Other Participants

- Analyst
- Fred Mendes
- Gustavo Meneghelli
- Joseph Giordano
- Mauricio Cepeda
- Vinicius Ribeiro

Presentation

Operator

Good morning, and thank you for holding. At this time, we would like to welcome you to the Grupo Fleury Conference Call to release Result for the Fourth Quarter '21. We have with us today, Mrs. Jeane Tsutsui, the CEO; Mr. Jose Filippo, the Executive Director of Finances and IR Officer; and Mr. Renato Braun, IR Director.

We would like to inform you that this event is being recorded, and all participants will be in listen-only mode during the company presentation. Ensuing this, there will be a question-and-answer session, when further instructions will be provided. (Operator Instructions). 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 flip through the slides at your own convenience. The replay of this event will be available soon after closing. We would like to remind the webcast participants that they can record their questions to the Fleury Group through the website.

As a reminder, the forward-looking statements made herein referring to the business prospects of Grupo Fleury, projections, operational and financial goals are based on the beliefs and assumptions of the company management, as well as on information currently available to the Grupo Fleury. These forward-looking statements are no guarantees of performance. They involve risks, uncertainties and assumptions, as they refer to future events and therefore depend on circumstances that may or may not occur. Investors and analysts should understand that general conditions, sectoral conditions and other operating factors could impact the future results of Grupo Fleury, and lead to results that differ materially from those expressed in the forward-looking statements.

I would now like to give the floor to Mrs. Jeane Tsutsui, who will begin the presentation. You may proceed, ma'am.

Jeane Tsutsui {BIO 19695005 <GO>}

A good morning to all of you. First of all, I would like to thank you for your participation. Before we speak of the highlights of the fourth quarter '21, I would like to remind you that we're building our integrated health ecosystem.

As you can see on Slide Number 3, Diagnostic Medicine permeates the entire health journey for our customers. The offerings within Diagnostic Medicine can be seen at the top of the chart with our brands, and the health journey of individuals is illustrated in the part just below; starting with prevention with checkup and genomic exams, and going to primary care, then secondary care, and finally tertiary care. Fleury Group already provides different services in all of these stages, and this health journey is complemented by diagnostics that support medical decisions in each phase of care.

And it is with this vision of an integrated ecosystem that we have at Grupo Fleury, the three avenues for growth illustrated on Slide Number 4. Diagnostic Medicine, the new links in the value chain, and the health platform. And 2021 was a key year for the strengthening of this strategy. And we are firmly on this path, achieving a record performance in the Group's history.

Let's look at the highlights on Slide Number 5. Let's -- we reached a record revenue of BRL4.2 billion for the year. We had a 30.1% growth and expansion in our business lines. Our recurring EBITDA was BRL1.1 billion, which was also a record number, and it grew 26.6% year-over-year. Here, I would like to highlight that even with the acquisitions, we sustained the same level of margin. Also showing the strength of our integrated growth strategy, the adjusted net revenues increased 37.3% and totaled 37 -- BRL374.7 million. It is the highest that we have ever attained.

And this profit was made possible the distribution of BRL297.4 million in dividends, equivalent to BRL0.94 per share for 2021, which represents a payout of 85% and dividend yield of 5.2%. Finally, our operating cash generation reached BRL1.0 billion for the first time, 57.4% higher than in 2020 and with a conversion into EBITDA of 96.5%. This outstanding performance was a combination of organic growth and acquisitions.

We made six acquisitions in 2021. Three were in our core Diagnostic Medicine, and three acquisitions in the New Links, respectively in the drug infusion, orthopedics and ophthalmology segments. Within Diagnostic Medicine, we continue to invest in mobile care, which today equates to an average revenue of 26 physical units; and we continued, of course, to add more and more patient care units with acquisitions, retrofits, via organic growth, as well as with the opening of three new units in the year. These records that I have mentioned were achieved as our revenue from COVID tests has been gradually decreasing. In the fourth quarter '21, their share was the lowest since the beginning of the pandemic, which shows that people are doing more elective test now than in the pre-pandemic period.

In this context of strategic investments we made in our growth avenues to build the health care ecosystem serve to strengthen and scale our business and give us the conditions to continue growing in a very sustainable way and with a very long-term horizon focused on adding value in the customers' healthcare journey. In the year 2021, revenue from New Links and iD Health totaled BRL223.3 million, a fivefold growth vis-a-vis the previous year.

Before we get into the details of the financial results, it is important to point out that 2021 was also an outstanding year in the ESG agenda, where we continue to make progress with improvements in our corporate governance. Among them, the increase in the number of independent members on the Board of Director, with the participation of two women. We also created the ESG Committee, coordinated by the Chairman of the Board of Directors and the Medical Culture Commission, which aims to promote, disseminate, and improve the company's medical and health culture. This is how we will be able to ensure quality of care and patients' safety.

In summary, a year of challenges and significant achievements. I will now give the floor to Jose Filippo, Executive Director of Finance and Investor Relations, who will continue on to detail our results.

Jose Antonio de Almeida Filippo {BIO 1726218 <GO>}

Thank you, Jeane, and good morning, everyone. I will now continue with the presentation, bringing you the financial results for the fourth quarter and full year 2021.

On Slide 6, we see that in 2021, the consolidated gross[ph] revenue totaled BRL54.2 billion, a growth of 30.1% vis-a-vis the previous year. If we discount the effects of COVID tests, this result grows to 32.9%. We continued the expansion of mobile service in our brands. In addition to new logistic routes, mobile service represents 7.4% of gross revenue for the year, equivalent to the average revenue of 26 patient care units.

In the fourth quarter of '21, gross revenue reached BRL1.1 billion, a growth of 9.5% vis-a-vis the same period in 2020. The COVID test continued to decrease in terms of representativity and gross revenue, as we will see, and the quarter was impacted by the base of comparison given that the fourth quarter '20 was atypical in terms of seasonality, benefited by the resumption of elective procedures that had been held back.

On Slide Number 7, we see the representativity of COVID-19 tests and gross revenue since the beginning of the pandemic. In the fourth quarter, COVID test accounted for 5.7% of total revenue, down from 11.1% in the same period 2020. As mentioned before, these numbers are at the lowest level since the start of the pandemic. The share of these tests in the fourth quarter in care units was of 4.1%, and in B2B, 6.2%.

We now go on to the next Slide Number 8. In 2021, the gross revenue of our patient care units had a growth of 25% vis-a-vis the previous year, reaching BRL3.3 billion. If we consider only the organic growth, the increase in gross revenue from these units was 23.9%, demonstrating the strength of Diagnostic Medicine in all of our brands. In the fourth quarter '21, gross revenue grew 3.7% vis-a-vis the same period 2020, reaching

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BRL841.5 million. In the year, we added 40 service units through acquisitions, we opened three new units, and retrofitted 14. We continued the expansion of mobile service, which as we have already mentioned is equivalent to the average revenue of 24 Patient Care Units.

Now, to speak about the New Links and the health platform results on Slide Number 9. Both businesses grew fivefold for the year and in the fourth quarter 2021. The New Links segment was driven by the acquisitions made in 2021, in addition to existing services. The health platform, which is still in the development phase, had an organic growth of the 38.2% in 2021 and 13.4% in the fourth quarter '21, including an additional 915,000 medical teleconsultations performed. In 2021, the gross revenue from the New Links and the health platform totaled BRL223 million, a 450.6% growth over the previous year. In the fourth quarter, the total gross revenue reached BRL81.7 million, a growth of BRL492.9 million, representing 7.5% of the Group's gross revenue.

On Slide Number 10, we can see that in 2021, cost represented 70.9% of net revenues, with a reduction of 185 basis points. In the fourth quarter '21, cost represented 73%. This represents an increase of 601 basis points and a growth of 19.5%, impacted by the strong comparison base with the same period in 2020. It is worth remembering that the fourth quarter '20 as already mentioned, benefited from the cost and expense[ph] contingency plan to mitigate the effects of the pandemic, and from the strong presumption[ph] of exams which affected the typical seasonality of the quarter.

In Slide Number 11. In 2021, expenses remained at the same level as the previous year vis-a-vis net revenue. Recurring operating expenses reached BRL424.8 million, representing 11% of net revenues against 10.8% in 2020, an increase of only 18 basis points. We highlight the effect of non-recurring expenses amounting to BRL34.8 million, mainly related to the cyber incident, in addition to expenses with business acquisitions and organizational restructuring. In the fourth quarter '21, operating expenses represented 12.5% of net revenue, 211 basis points more than in 2020. We highlight the effect of non-recurring net revenues of BRL6.8 million due to the provisioning of the insurance reimbursement for the cyber incident.

On Slide Number 12, you can highlight the 28.6% growth of recurring EBITDA in 2021, which reached BRL1.1 billion, with a 28.2% margin. This positive result is explained by the resumption of elective exams, reflected in revenue growth, and the productivity recorded in the period. In the fourth quarter of '21, recurring EBITDA was BRL255.4 million, a reduction of 17.2% vis-a-vis the fourth quarter '20 and a margin of 25.1%. Again, this reduction is a consequence of the atypical seasonality that occurred in the fourth quarter '20.

On Slide 13, we highlight the adjusted net income that in the year totaled BRL374.7 million, a growth of 37.3% vis-a-vis 2020, with an adjusted net margin of 9.7%, 49 basis points above the previous year. In the fourth quarter of '21, the adjusted net income reached BRL66 million, a 57.6 contraction compared to the previous year, and adjusted net margin of 6.5%. The reduction reflected the lower epidemic -- the increase in financial expenses due to the variation in net debt and the CDI in the period.

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On Slide Number 14. In 2021, the operating cash flow reached a record of BRL1 billion, an increase of 57.5% compared to 2020, and EBITDA conversion of 96.5%. In the fourth quarter '21, the operating cash flow reached BRL277.3 million, an increase of 1.8% compared to the fourth quarter '20 and EBITDA conversion of 105.8%.

On Slide 15, the investments in 2021 totaled BRL413.3 million, an expansion of 120% compared to the same period last year. In the fourth quarter of '21, investments totaled BRL185.2 million, an increase of 145.8% vis-a-vis the fourth quarter '20. Both for the year and the quarter, the increase is a consequence of the resumption of investments in 2021. They had been held back in 2020 during the most acute phase of the pandemic. We highlight investments in IT and Digital, representing 39.4% of the total investments in 2021, focused on the continuous expansion of the Group's digitization strategy and IT infrastructure.

In Slide Number 16, we have indebtedness, as gross debt reached BRL2.3 billion at the end of 2021, with a growth of 12.9% in the period. We amortized BRL400 million of debentures, BRL387.8 million of promissory notes, and BRL27 million referring to other financing. The net debt on December 31 was BRL1.4 billion, with an increase of 56.6% vis-a-vis the previous year after the acquisitions and investments made. At the end of the year the net debt EBITDA ratio was 1.3x compared to 1.1x in 2020, below the limit of 3x set forth in existing debt instruments. It is important to highlight the issuance of debentures of a company in the health sector in Brazil, with targets linked to ESG performance of BRL1 billion concluded in July of 2021.

We go on to Slide Number 17 to see the return on invested capital without the goodwill effect reaching 44.4% in the fourth quarter '21, an increase of 844 basis points compared to the same period in 2020. In the follow-up of NPS, the net promoter score, the consolidated indicator represented 7.6%, 20 basis points above the fourth quarter of 2020.

In Slide Number 18 and nearing the end of the presentation, I would like to highlight Fleury's Group IR agenda for the coming months. This is also available on the company's Investor Relations website.

Before we go on to the question-and-answer session, I'll return the floor to Jeane, for the conclusion of the presentation. Thank you.

Jeane Tsutsui {BIO 19695005 <GO>}

Thank you, Filippo. We ended the year 2021 even stronger, thanks to the nearly 13,000 employees and 3,000 doctors who were intensely dedicated to the health and well-being of our customers. We are grateful not only for the work of the teams, but also for the trust that Fleury Group's customers and partners have placed in us throughout the year. The work of this team is essential for the Fleury Group's brands to remain as a benchmark in the country. And the robust performance in 2021 reinforces our confidence that we will remain committed to our mission of providing quality services throughout our clients' healthcare journey.

Thank you very much, and we are now at your disposal for the question-and-answer session.

Questions And Answers

Operator

(Question And Answer)

Ladies and gentlemen, we will now go on to the question-and-answer session. (Operator Instructions) Our first question is from Mauricio Cepeda from Credit Suisse.

Q - Mauricio Cepeda {BIO 21783651 <GO>}

Hey, good morning to all of you, and thank you for taking my questions. I have two questions. The first referring to diagnosis images. We see that you had a significant recovery vis-a-vis 2020, but compared to 2019, the enhancement has been quite limited. My question is, if this can be seen as a proxy of use, occupation of your units and in terms of COVID per se, what has taken to such a strong improvement vis-a-vis diagnostic images. Now to speak about your costs, you have expanded lesson terms of your brick and mortar units. And compared to the pre-pandemic period, the results are quite good. So how have you better made use of your physical space? And what is it that we should expect going forward? Thank you very much.

A - Jeane Tsutsui {BIO 19695005 <GO>}

Settle down we do apologize, we had a minor technical glitch. Now to resume, we have a very strong reception of mobile care. The attention at these clinics was very good and regarding images we do believe that gradually we have -- we will have a recovery in image testing, the year 2021 had a minor impact in the second quarter, but we already observe a recovery in terms of our cost efficiency.

You are right, when we look at our rate of cost of personnel vis-a-vis net revenues and when we compare this with the year 2019, which was not a very good year because of the seasonality fluctuations. We see that this percentage cost is being maintained. So this represents efficiency. We have two factors there. We work with operational efficiency constantly. We have different ways of continuing to look upon the cost with a great deal of discipline. The second aspect is that we have other routes such as mobile care.

And this enables us to control our costs without having to invest in patient care units. We have shown that through time, our revenues per square meter have increased. Thanks to the increase in mobile care. So in sum, we're looking at all the costs with a great deal of discipline. We know that in the year 2022 this will be highly necessary and we will broaden our avenues of growth because of this discipline.

Q - Mauricio Cepeda {BIO 21783651 <GO>}

And that cost discipline would that be sufficient to deal with the new businesses that perhaps are more labor intensive?

A - Jeane Tsutsui {BIO 19695005 <GO>}

Excellent question Cepeda. We know that we are growing with a mix in terms of business, New Links and the Health Platform already represent 7.5% of our revenues in the last quarter. When we look at the year, it will represent 5.4% of total revenues. Now, the cost structure of New Links is somewhat different to the diagnostic medicine business. What we have is that through time, we have maintained a gain of synergy to maintain our margins in the diagnostic medicine business, and in diagnostic medicine, in the preclinical, we have just announced -- which is awaiting the decision of the antitrust agency. This gives us synergy gains as we add new services with a different cost structure in the line of materials. For example, there has been an increase in the drugs for infusion in the Pacaembu infusion center, what we are seeking through time is healthy cost.

We are going to continue to grow, this is our focus, an organic growth and through acquisitions maintaining a cost discipline that will enable us to have healthy margins, the main focus is to maintain growth, build a very careful journey, we have a good relationship with operators and a well defined strategy, so that we can firmly continue on with this strategy. Thank you, thank you very much.

Operator

Thank you Mauricio Cepeda. Our next question is from Gustavo Meneghelli from Goldman Sachs.

Q - Gustavo Meneghelli {BIO 18807959 <GO>}

Jeane and Antonio Filippo, well thank you for the call. I have two questions at my end, the first regarding the ROIC of the company. When we compare the year 2021, with the last 12 months, we observe that the gross margin and ROIC have been diluted. Now the performance in the fourth quarter was a typical positively, what draws attention in this analysis is that apparently the ROIC drops less than gross margin and cash which is curious, because you had a high non-recurring CapEx as you mentioned.

I would like to know if you can share with us, if there's a one-time benefit that happened in the company that we cannot visualize, which is the impact of New Links from the viewpoint of return on invested capital and the impact on gross margin and what will happen with the pressure you will have, or if this will be the normalized figure for ROIC going forward. This is the first question.

The second is the New Links and your conversation with Health Plans, the maturation of these new assets, we would like to understand if this will alter the mix of partners for the company. So the ROIC dynamic, and what is happening with your relationship with operators.

A - Jose Antonio de Almeida Filippo {BIO 1726218 <GO>}

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Gustavo, thank you for the question. Let's begin with the ROIC, what happens in this dynamic is that we use a rolling system. If you look at the design of the graph that we presented, it very clearly has an exclusion at the 12 months of the second quarter of 2020, which was a very poor quarter. And this generates a movement, it refers to one of those situations, and it has become more normal, as when you add new quarters, we repeat the base it's not a one-time base, it is always looking at the 12 previous months, and it also uses the capital utilized during the average of that period. So it ends up being attenuated.

This explains some of the movements but not the inclusion and exclusion of the second quarter of 2020 because of the relevance that it had, it was a very negative quarter causing a deformation in our results. Now going forward, what is it that we can imagine? As we base ourselves on the average of the capital used in former quarters, it is diluted because of this effect, which is very healthy because it works with the transformation of our business, and it will be an influence here in efficiency gain and because of the growth, the growth of margins.

So, we truly cannot imagine that this will have a negative impact. We imagine that this will merge into the existing situation of the company and we'll have less influence. Of course, we mentioned once and it is worthwhile reminding you that New Links will bring in less margin than diagnostic medicine. And well, they do make a bit of noise. And what we do gain is productivity and blend that makes -- tends to dilute this and preserve everything. I think that's it. And if you want me to elaborate further. Well, we're basing ourselves on averages and I hope I have given you an idea of which is the dynamic when you look at this through time.

A - Jeane Tsutsui {BIO 19695005 <GO>}

Yes, that's very clear Filippo. I simply wanted to reiterate that this comparison is on the same base, it compares 2021, with the 12 months until the third quarter of -- well from 2020 until the third quarter 2021 we're comparing bananas and bananas here. Now what I was questioning is, well not a malignant impact, that's not a good term. But the impact on the ROIC that you would have from New Links, it is less impactful than the impact on margin, I believe. And perhaps the impact on margin will be somewhat greater than that on ROIC and this will become normal. I'm sorry.

Well, before I go on to the second question, I would like to reiterate this, the New Links here are made of through acquisitions initially, but we also have acquisitions in diagnostic medicine with very good imaging. So, we have a combination of acquisitions that is very good and could explain that trend that we mentioned for the return on capital invested. Thank you very much. Now, if you could speak about your payment sources? Your relationship with operators?

If you could repeat the question, we were not able to hear it properly please?

Q - Gustavo Meneghelli {BIO 18807959 <GO>}

Bloomberg Transcript

We would like to understand what will happen with the maturation of New Links? And how this will impact your relationship with these operators? Do you have a simple negotiation? Is it complex? If it is in a certain way, goes against the relationship that you have with your main partners.

A - Jeane Tsutsui {BIO 19695005 <GO>}

Thank you very much Meneghelli. Now, when we presently look at the challenges in the health system, we know that we require further solutions. We have that trend of the aging of population chronic diseases and as we work with integrated solutions, when we look at the New Links and we add diagnostic consultations and the outpatient environment. We have two main factors. One factor, which is to eliminate waste and improve the outlook for the patient. And secondly, we do have a benefit in our relationship with operators who are actively seeking solutions. So, the construction of this ecosystem has positive aspects.

The fact that we're able to capture a client, maintain that client with us and bring in revenues from diagnostic medicine. We spoke about the somewhat lower margins of New Links. But I draw your attention that when you work with this combination, New Links help the growth of diagnostic medicine that has a higher margin and this mix ends up being very healthy. And secondly, without a doubt, we have strengthened our relationship with operators.

Now these solutions have been very well accepted by operators, there's a logic in the system of doing a treatment, an outpatient treatment. We mentioned some specialties that our outpatient treatment, there are -- there is a reduction of costs. There is a better outlook and a better experience for the patient in general. So we're very convinced of this strategy of expanding our activity going beyond diagnostic medicine, and mainly by strengthening our relationship with the operators.

Q - Gustavo Meneghelli {BIO 18807959 <GO>}

Very clear Jeane, and thank you very much.

Operator

Thank you, Meneghelli. Our next question is from -- Patra from Citibank.

Q - Analyst

Good morning. And thank you for taking my questions. This is a very quick question. We would like to understand your levels of CapEx you said that this year you are resuming your investments they were held back in 2020, because of the pandemic. What can we expect in terms of CapEx for 2022? And the second question, referring to your capital allocations the balance is very comfortable way below the covenant. If we can expect more aggressive movements throughout this chain or a continuity in the growth of New Links through acquisitions. Thank you.

A - Jose Antonio de Almeida Filippo {BIO 1726218 <GO>}

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Thank you for the question when it comes to our CapEx. And we included in the release the difference between 2020 and 2021 because of the retention that we had in our cash in general. And I think this was a very assertive move and then there was that resumption with a carryover of things that happened in 2021 and could not be executed. If we work with an average of both years looking forward, although we haven't given you a formal indication of doing this, this is a reasonable reference of what we can expect going forward.

It is equivalent to two years normalized and this could be a way of looking forward. Now, when it comes to our capital structure, we are following up on this, we have very clearly referred to the net debt EBITDA ratio and 0.3 at the end of the year, but we're still in a very comfortable position. We speak about the classical limitations in terms of debt, three times net debt EBITDA, but we don't intend to get too close to that so it's a combination of some factors not only the net debt EBITDA ratio, which we have already mentioned.

Once again, we not only have a guidance but a reference to show that that space until the three times will not be used. Another important aspect in capital structure is the average term of the debt, which is also comfortable. Our debt has been diluted we have increased the gross debt somewhat because of the acquisitions. But the debt that remained is well distributed throughout the years, which means we do not have a concentration and we have a compatible cost for Fleury.

Now, in terms of the opportunities to use our capital structure as a source for the acquisitions obviously, we can use the debt to do this in the way that I describe our own cash generation would be helpful. And of course, the differential of our pipeline that we analyzed today, which precedes with a great deal of discipline. Always analyzing the returns and potentials, so this is a combination where we will see the management of our capital structure, and how it will be used for future growth.

Q - Analyst

Thank you very much. That's excellent. Thank you.

Operator

(Operator Instructions) Our next question comes from Joseph Giordano from J.P. Morgan.

Q - Joseph Giordano {BIO 20154008 <GO>}

Hey, good morning.

A - Jeane Tsutsui {BIO 19695005 <GO>}

Good morning

Q - Joseph Giordano {BIO 20154008 <GO>}

Jeane, Filippo thank you for taking my question. I am looking forward and would like to know more about the market dynamic. There have been great M&As happening in the

sector. Perhaps the most emblematic will be the union of Sul America and Rede D'Or. I would like to understand your vision of the organic growth of Fleury openings, expansion going forward and thinking strategically, what is it that you have in mind? Are you thinking of carrying out a larger movement in your core diagnostic market or in other outpatient services like oncology. Thank you.

A - Jeane Tsutsui {BIO 19695005 <GO>}

Thank you. Joseph, for the question. Regarding the market dynamic, we are following-up on this and we see those significant movements specifically that acquisition of Rede D'Or of Sul America. Some aspects to analyze, we truly believe that in the complex health system, there is no single model. We do have the model of the verticals for a specific segment of population, but we also have some segments, where we have that option to choose.

And in truth what is happening is the creation of ecosystems Rede D'Or and Sul America have stated that they will remain independent, but there is a possibility of having a reorganization of the health system with the creation of ecosystems where you can work more with integration especially because of the patient information and more integrated healthcare.

This is our thesis, what we are doing is building an ecosystem perhaps beginning with the preventive part, health management but also expanding what we do to offer primary care, telemedicine, secondary outpatient care and the hospitals. So, in our vision there is a reorganization of the system. And of course we're extremely active when it comes not only to our M&A's but also our opportunities for integration.

Our organic growth Joseph, we had 24% growth ex-M&A in 2021. If we take away the revenues from COVID, growth is not very recurrent. 9.3% of revenues in 2020, 7.3% coming from COVID. When we exclude these two factors COVID and M&A, we have an organic growth of 25.8% vis-a-vis 2020. This shows that our strategy of having new products and services, we have launched 430 new products and services in 2021.

We have expanded the mobile routes, expanded other solutions for clients. And this is a winning strategy in terms of organic growth. We have expanded three patient care units. We retrofitted 14 offering more services per square meter. And this has meant an increase of productivity per square meter. We have mobile care and we're going to continue on with this organic growth vision capturing opportunities, we have tried to close greater contracts at the end of last year.

We announced a contract with a large operator with 400,000 lives that are being serviced and always with a look upon the more basic segment. So we're growing quiet robustly in the premium segment, the Fleury brand grew 26%. We have a market share protection and gain -- we gained market share throughout the group, specifically for the Fleury brand, the increase was four percentage points. So we're very attentive to market movements, but we continue on with discipline executing our strategy.

Operator

Our next question is from the webcast. You may proceed.

A - Unidentified Speaker

A question from Eduardo De Toledo in truth there are two questions, which is the growth outlook in diagnostic medicine. It is a mature segment and which has seen the market share dilution.

A - Jeane Tsutsui {BIO 19695005 <GO>}

Thank you for the question. Diagnostic medicine, there's a global factor that I would like to draw your attention to. First of all, the aging of the Brazilian population and increase of chronic diseases and this epidemiological situation will create a greater demand for health services, especially diagnostic medicine. We have to work more with preventive care and diagnostic medicine permeates the clients journey not only prevention but primary and secondary care and greater complexities. We're also working with diagnostic medicine in large hospitals. So in our vision, we still have the possibility of growing. Now, when we look at the entire diagnostic medicine of supplementary medicine in Brazil, we know that even when we base ourselves on the four largest players in the sector we have 33% market share. There is a sector fragmentation. There are opportunities for growth, and that is why we want to grow, not only organically, but also through acquisitions.

A - Jose Antonio de Almeida Filippo {BIO 1726218 <GO>}

Simply to refer to market share. I approach this very quickly and shows of question. Yes, we have seen a market share evaluation in the year 2021, the growth was three percentage points. For the market share of Fleury group vis-a-vis 2020, specifically in the Fleury brand, the gain was four percentage points in market share. This is a mature brand this has been mentioned with a high market share. And despite this, we continue to gain share and this shows that our innovation strategy, those strong relationship with the medical community through years, we have implemented a variety of activities for relationship with physicians offering support to the doctors, not only through consultancy, but also providing information on the importance of our portfolio.

In genomics we grew 51% and it continues to grow. We have a highly differentiated portfolio and with the aging of the population some situations will increase oncology for example. This is an area where our diagnostic medicine and genomics portfolio is very broad and a reference in Brazil as well. So we have made strides looking at the needs of the different medical specialties looking at the brand's market share, and we can continue to grow that market share. Thank you for the question.

Operator

Our next question is from Fred Mendes, Bank of America.

Q - Fred Mendes {BIO 22302086 <GO>}

A good day to all of you. I have two questions on my side. Thank you for the call. The first, well both follow the same line they speak about Saude iD and the learning that you had in 2021, and your goals for 2022, qualitative goals for 2022 on that front would be interesting to hear about the second question.

There have been several M&As both in the diagnostic part and New Links at present and growth has always been important during the existence of Fleury, but I would like to know what happens with data integration, the different M&As, different issues, if these could eventually pose a challenge or difficulty or if most of the M&As have been fully integrated, what is going to happen going forward? Thank you very much.

A - Jose Antonio de Almeida Filippo {BIO 1726218 <GO>}

Hi, Fred, and thank you for the questions. I will begin here with Saude iD to remind you, we launched this in 2020. And we had an initial product and we can break down this data product referring to telemedicine. Of course, we were in the context of a pandemic and the evolution of the number of telemedicine, refers to the peaks of acute cases where we needed to have more teleconsultations, the great learning that we had in the year 2020. We first of all tested this first product that was very positive.

And our vision was the need to build a marketplace. And this is the great goal of Saude iD. We don't want to be restricted to only a few products. What we want is to build a marketplace with an enormous potential, And at this point in time, we have set up the conditions and created partnerships so that we can have more sellers, more products within this marketplace. We ended 2021 with nine new partners and new products. Surgeries, for example, where we have more than 50 types of surgeries with large partners. Now, which is the goal or learning for 2022 to continue to pursue this vision of marketplace working with this product.

So that through time, we can have hyper growth. This is the growth of Saude iD of course we continue on with telemedicine but Saude iD will have an enormous potential that will go much beyond one product or service at present, we're at a development stage with a very good potential and dedicated teams. The second aspect that you asked about, Filippo will remark on this and then I would like to make an additional comment.

Well, Fred, regarding acquisitions, well the concern that we always have is the challenge of integration and integration goes through several dimensions and integration of structure, but digital integration is very important. And we are working on that. Obviously, when the prospection and M&A process also has this outlook, the capacity that we could obtain, how we could add value through this acquisition with, of course, the difficult work of integration. We always assess this when we carry out a perception for M&A. It is important to preserve the processes and systems that, of course, have value in an acquisition.

We have to be very cautious with us, but we have also invested to carry out this integration. So that we can not only be efficient, but also guarantee that the information will be consistent and that the information can be absorbed in a due way within our standards during the consolidation process. Now we have specific areas that are responsible for this. They have their own goals and each new company incorporated will

bring us learning. This is a continuous process and we have been successful in it. I think we have a great deal of focus on this. I return the floor to Jeane.

A - Jeane Tsutsui {BIO 19695005 <GO>}

Thank you, Filippo. Simply to compliment this thread, we have an enormous potential when it comes to the use of data. We have created internal teams of data scientists, the integration of clinical and image and surgery data, the data from diagnostic medicine all this goes through a very well structured process. We're able to do this very quickly and we're able to bring that data into the same base. And integration of New Links is also important, through time the integrated journey will enable us the possibility to look at the outlook, to look at the end to end process. And to work with populational health. This is our goal.

We simply have to be very careful in terms of the law of privacy, we have obtained very interesting information at present and through time. This will offer us a great potential, because of our integrator journey we're very attentive to some of the issues. We have the challenge of doing this, so that we ensure autonomy for our partners. So that we can continue growing, but in terms of data and information, all of this is very important. And at the right time we will discuss all of these issues with you in terms of the potential of working with populational health management based on this data.

Q - Fred Mendes {BIO 22302086 <GO>}

Thank you very much Jeane and thank you, Filippo.

Operator

(Operator Instructions) Our next question comes from Vinicius Ribeiro from UBS.

Q - Vinicius Ribeiro {BIO 19720178 <GO>}

A good day or good afternoon already. Two questions that are in, the first if you could remark on margins and the several parts that will have an impact and a more specific person when we think of New Links, we have gained upscale synergy and cross benefits in terms of diagnosis, how should we think about the margin in the coming years? Are these positive effects sufficient to mitigate pressure? Or instability and their short-term, or should we expect stability and no pressure?

The second question is very similar to one that was posed about your M&A and consolidation procedures that have taken place. And the creation of ecosystems and more closed arrangements in B2B of Saude iD as this is a platform strategy, how do you coordinate the information in the chain? Now a movement of this magnitude, does it change your strategy? Does it change your vision regarding the potential of this specific part of Saude iD. These are the questions.

A - Jeane Tsutsui {BIO 19695005 <GO>}

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Thank you, Vinicius for the questions. First, regarding the New Link margins or Saude iD. What we observe is a process of maturation. We structurally know that the margins are somewhat lower than diagnostic medicine, but we reinforced that vision of an ecosystem, when you create these New Links through time, you have the possibility of gaining synergy between the New Links and mainly of having a potential gain throughout the entire ecosystem.

In some specialties we are able to capture more revenues in diagnostic medicine and beyond that we can offer the patient faster, more integrated and care that is more -- diagnostic medicine has been growing at a very good speed, as we showed you and we also begin to have a share of 7.5% of New Links in the last quarter. So far this has not caused any disruption in terms of our mix.

I apologize, Vinicius. I think we had an interference. What we have regarding the margins for a New Link and Saude iD is that through time. Yes, we will have pressure they are new businesses during 2021, they represented 7.4% of revenues in the last quarter, 7.5% but we have the opportunity of capturing greater synergy. I draw your attention to the ecosystem vision when you create other services looking at the client journey you bring in revenues of diagnostic medicine.

And you resolved the patients health problem. So through time, I would like to remind you we are going to continue to grow in diagnostic medicine and we're also going to grow in other specialties bringing in new revenues for New Links and Saude iD. Our vision is focused on growth on the construction of the ecosystem and increasing the total EBITDA of the group and the mix of that should attain a level of greater stability. Initially, of course, the margins structure we will be lower and through time where the gain of synergy, we will also have a gradual increase in margins, in terms of the creation of ecosystems.

And if this will impact Saude iD our vision is contrary to this. Saude iD will connect the digital journey of patients and will put on the platform, different players, they don't necessarily have to be from the same group or be players of a single ecosystem. This intersection will take us to an exponential potential for growth. The proposal of Saude iD is to carry out an integrated proposal connecting different players and coordinating everything for the individual.

Saude iD has a special look, which is B2C. We have a very large population without access to health plans and they could benefit from all of this care coordination. And the creation of ecosystems will not reduce the value proposal of Saude iD quite the contrary. Evermore, we will have partnerships that we have not thought about presently to give thrust to, and have an appropriate connection for an integrated journey for patients.

Q - Vinicius Ribeiro {BIO 19720178 <GO>}

Thank you, Jeane. And thank you for responding my questions.

Operator

Thank you, Vinicius. With this, we would like to end the question-and-answer session. We will return the floor to Mrs.Tsutsui for her closing remarks. Mrs.Tsutsui, you can proceed please.

A - Jeane Tsutsui {BIO 19695005 <GO>}

I would like to thank all of you for your presence in this conference. The year 2021 was truly exceptional for group of Fleury. We are determined with our strategy and very confident in our execution. We have very clear views of the growth avenues, diagnostic medicine and much more. We're focused on execution with a great deal of discipline and will continue on their way. Thank you very much. Have a good day. And I hope to see you in our next call.

Operator

The group of Fleury conference call ends here. We would like to thank all of you for your participation. Have a good afternoon.

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