Earnings Release - 1Q18

Fortaleza (CE), May 14th 2018 – Hapvida Participações e Investimentos S.A. (B3:HAPV3), the third largest health and dental plan operator in Brazil, and absolute leader in the country's North and Northeast regions in number of beneficiaries, announces today its results from the first quarter of 2018. The operating and financial information contained in this report is presented in IFRS and in Reais (R$), except where otherwise indicated.

Hapvida Participações e Investimentos S.A.

B3:HAPV3 – "New Market"
Stock price: R$ 27.32
Shares outstanding: 657,872,341
Market cap: R$ 18.0 billion
(closing: 05/14/2018)

1Q18 Conference Call

May 15th 2018
In Portuguese and English:
(Simultaneous translation)
11:00am (Brasília time)
10:00am (US EDT)
Phone: +55 (11) 2188-0155 or +1 (646) 843-6054
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Webcast (Portuguese)
Webcast (English)

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Highlights

- **Members (health):** 2.27 million
  +8.6% when compared to 1Q17
- **Members (dental):** 1.56 million
  +22.6% higher than 1Q17
- **Medical Loss Ratio:** 54.6%
  -1.8p.p. when compared to 1Q17
- **Net Revenues:** R$ 1,089.9 million
  +22.8% up when compared to 1Q17
- **EBITDA:** R$ 282.9 million & 26.0% margin
  +43.1% & +3.7p.p. higher than 1Q17
- **Net income:** R$ 214.1 million & 19.6% margin
  +33.9% & +1.6p.p. when compared to 1Q17
- **Cash Flow generation:** R$ 57.0 million
- ***Capex*:** R$ 52.6 million

Message from management

It is with great satisfaction that we present to our shareholders and to the market in general Hapvida's first earnings release report for the first quarter of 2018. The beginning of the year was marked by the company's IPO, a move that will allow us to continue working to expand our presence nationwide, reaping more and more the benefits of the verticalized business model, which encompasses hospitals, emergency care units, clinics, laboratories and diagnostic imaging units.

Throughout its history, the company followed the strategy of expanding its own service network, through acquisitions of new units, expansion and reform of existing ones and investments in information technology, guaranteeing the accomplishment of a service focused on the customer assistance efficiency and satisfaction of beneficiaries. The beginning of this year was marked by the inauguration of our first hospital in the city of Teresina, in the state of Piauí, with 50 beds, and two walk in emergency units in the states of Pernambuco and Bahia.

In the first quarter of 2018, the health plans market maintained stable the number of members covered by some type of supplementary health care when compared in annual basis. The dental market, in turn, showed a 6.2% growth in the same period. However, the company continues to a high annual growth of the number of health and dental plans members at rates of 8.6% and 22.6%, respectively.

Exclusively among the medical plans, corporate plans showed a growth of 9.5% when compared to 1Q17 and individual plans grew by 6.4% in the same comparison. As a result, the company's market share in the North and Northeast regions grew by 2.0p.p. in relation to 1Q17, reaching 23.5% and 28.0%, respectively. Thus, the company remains the third largest operator in Brazil and absolute leader in the North and Northeast regions.

Considering dental plans alone, also in the annual comparison, corporate plans grew 31.1% and the individual plans grew 16.0%. Therefore, the market share reached 23.4% in the North and 24.9% in the Northeast. The best performance in the sale of corporate plans is partially due to the 0.6p.p. decrease in the unemployment rate, to 13.1% at the end of 1Q18 from 13.7% at the end of 1Q17 and the efforts of our sales team to expand our customer base throughout the country.

The portfolio’s medical loss ratio is one of the lowest ever recorded in the company's history: the rate was 54.6%, 1.8p.p. lower than the same quarter last year, once again demonstrating the economic the benefits of having a vertical and integrated operation. It should be noted that especially during the second quarter of the year we generally suffer from the seasonality characteristic of the rainy season in the North and Northeast regions. This is due to the higher incidence of viral disease and increase in the numbers of procedures made by our internal and accredited network.

Message from management (cont.)

Amid the financial indicators, the company recorded a 22.8% growth in net revenues, which totaled R$ 1,090 million in 1Q18. EBITDA increased by 43.1% to R$ 282.9 million, with a margin of 26.0%, an increase of 3.7 percentage points when compared to the first quarter of 2017.

We would like to highlight the main noticeable events of this first quarter:

Medical appointment online return. We created a new form of return consultation for the beneficiaries. After the first appointment at a Hapclínica, the doctor will determine whether that patient is eligible or not to an online medical appointment. If the patient is eligible, he or she can do it from anywhere through an mobile application that will connect with the doctor on the appointment day and time, providing a greater convenience to our members, who will no longer have to go to a Hapclínica to see the doctor in person. This project is already implemented in two Hapclínicas in Fortaleza and will soon be expanded to the other units.

New accreditation. Rio Negro Hospital, Hapvida's reference center for cardiology and neurology in Manaus/AM received the accreditation certificate from the National Accreditation Organization (ONA). To obtain this certification, the unit undergoes several careful evaluations in order to guarantee the service quality and safety. We have three more hospitals in the initial stage of accreditation: Layr Maia (Belém/PA), Paraíba (João Pessoa/PB) and Vasco Lucena (Recife/PE).

Expansion of the service network. We opened the Rio Poty Hospital (Teresina/PI) and two emergency care units: Caxangá (Recife/PE) and Costa Azul (Salvador/BA). The former, with more than 4,000 square meters, is the company’s largest emergency care unit.

Hapvida voted #1 in customer service. In February, Hapvida won the healthcare sector first place in the ranking of the best companies in customer service promoted by the Ibero Brazilian Institute of Customer Relations (IBRC). In addition, the company evolved 30 positions from the 2017 ranking in relation to the previous year. This recognition is the result of the effort of all areas of the company, which help us daily to fulfill with excellence what we propose to do, keeping the focus on the care quality.

We will continue to pursue our goal of ensuring access to quality, careful and affordable health care. This is our mission!

Operating performance

Item	Unit	1Q18	1Q17	1Q18 x 1Q17	4Q17	1Q18 x 4Q17
Members	**# million**	**3.83**	**3.36**	**13.9%**	**3.78**	**1.2%**
Health plan	# million	2.27	2.09	8.6%	2.24	1.4%
Dental plan	# million	1.56	1.27	22.6%	1.55	1.0%
Market share (health)	**%**					
North	%	23.5%	21.5%	2.0p.p.	22.7%	0.8p.p.
Northeast	%	28.0%	26.0%	2.0p.p.	27.8%	0.2p.p.
Market share (dental)	**%**					
North	%	23.4%	22.5%	0.9p.p.	23.5%	-0.2p.p.
Northeast	%	24.9%	22.4%	2.5p.p.	24.6%	0.3p.p.
IGR - Hapvida (per 10.000 lives)	**#**	**2.27**	**2.41**	**-5.8%**	**2.42**	**-6.2%**
Average ticket (health)	**R$**	**160.22**	**141.88**	**12.9%**	**157.09**	**2.0%**
Individual	R$	236.38	207.76	13.8%	234.89	0.6%
Corporate	R$	130.99	115.54	13.4%	127.71	2.6%
Average ticket (dental)	**R$**	**11.78**	**12.39**	**-4.9%**	**12.06**	**-2.3%**
Individual	R$	12.64	13.79	-8.3%	13.09	-3.4%
Corporate	R$	10.80	10.58	2.1%	11.12	-2.9%

Members (health): the number of members presented a growth in line with the last quarters, and the growth rates solely from North and Northeast regions are similar. As a result, market share in both regions increased by 2.0p.p. when compared to 1Q17, to 23.5% and 28.0% in the North and Northeast regions, respectively.

Members (dental): the number of dental plan members showed a growth rate acceleration in the last two quarters, mainly due to the Northeast region, which market share gain was 2.5p.p.. With this, market share reached 23.4% in the North and 24.9% in the Northeast. It is worth noting that the company has a greater number of corporate clients in the health segment in the Northeast compared to the North, which favors the commercialization of dental plans in the Northeast and explains the greater market share gain in this region.

Average Ticket (health): the average ticket for the health segment showed a 12.9% growth, aligned with the ANS annual readjustment in May 2017 (13.55%). It is worth noting that the mix of sales influences the average ticket, since prices are different in each city that the company operates. In corporate plans, the average ticket can also be influenced by different negotiations and contractual conditions.

Own service network

Item	Unit	1Q18	1Q17	1Q18 x 1Q17	4Q17	1Q18 x 4Q17
Units of own network	**#**	**201**	**184**	**9.2%**	**197**	**2.0%**
Hospitals	#	25	21	19.0%	25	0.0%
Number of beds	#	1,671	1,276	31.0%	1,485	12.5%
Emergency Units	#	19	18	5.6%	18	5.6%
Clinics	#	74	71	4.2%	74	0.0%
Image diagnosis and labs	#	83	74	12.2%	80	3.8%

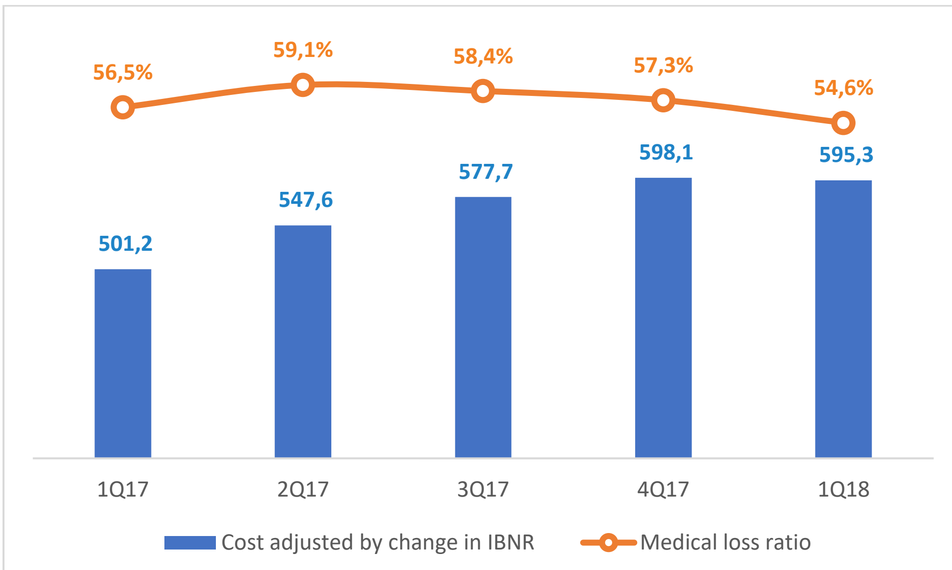
The company continues to focus on the continuous expansion of its own service network, through acquisitions of new units, expansion and reform of existing ones and investments in information technology, guaranteeing the accomplishment of a service focused on the efficiency of customer service and satisfaction of members. This quarter marked the inauguration of our first hospital in Teresina, in Piauí, with 50 beds.

Also in the first quarter, we inaugurated two emergency care units: Caxangá (Recife/PE), and Costa Azul in Salvador/BA. The former, with more than 4,000 square meters, is the company's largest emergency care unit.

The walk in emergency units helps to reduce the foot traffic in hospital emergencies, as well as giving greater access flexibility to members in the usage of the network. In addition, the company usually maintains an idle capacity in hospitals of major cities to allow growth and maintain quality of service to health plan members.

Medical loss ratio

Item	Unit	1Q18	1Q17	1Q18 x 1Q17	4Q17	1Q18 x 4Q17
(=) Total cost	R$ million	(598.0)	(505.7)	18.2%	(604.0)	-1.0%
(-) Change in IBNR	R$ million	(2.7)	(4.5)	-40.8%	(6.0)	-54.8%
(=) Adjusted cost **(a)**	R$ million	(595.3)	(501.2)	18.8%	(598.1)	-0.5%
(=) Net revenues **(b)**	R$ million	1,089.9	887.8	22.8%	1,043.8	4.4%
Medical loss ratio (c) = (a)/(b)	**R$ million**	**54.6%**	**56.5%**	**-1.8p.p.**	**57.3%**	**-2.7p.p.**



The consolidated medical loss ratio was one of the lowest ever recorded in the company's history: the rate was 54.6%, 1.8p.p. lower than the same quarter last year. This index is a result of the integrated and controlled management of a wide range of medical and hospital indicators, of the supply chain, preventive medicine practices and IT investments.

Financial performance

Item	Unit	1Q18	1Q17	1Q18 x 1Q17	4Q17	1Q18 x 4Q17
Revenues from gross payments	R$ million	1,136.1	925.6	22.7%	1,084.3	4.8%
Revenue from other activities	R$ million	3.1	2.0	52.3%	7.1	-57.1%
Deductions	R$ million	(49.3)	(39.8)	23.8%	(47.6)	3.6%
Net revenues	**R$ million**	**1,089.9**	**887.8**	**22.8%**	**1,043.8**	**4.4%**
Medical cost and others	R$ million	(594.2)	(499.0)	19.1%	(599.2)	-0.8%
Change in IBNR	R$ million	(2.7)	(4.5)	-40.8%	(6.0)	-54.8%
Change in SUS reimbursement provision	R$ million	(1.0)	(2.2)	-51.5%	1.1	-192.6%
Total cost	**R$ million**	**(598.0)**	**(505.7)**	**18.2%**	**(604.0)**	**-1.0%**
Gross profit	**R$ million**	**491.9**	**382.1**	**28.7%**	**439.8**	**11.8%**
Gross margin	***%***	***45.1%***	***43.0%***	***2.1p.p.***	***42.1%***	***3.0p.p.***

Net revenues: net revenues grew by 22.8% when compared to 1Q17, mainly influenced by (i) an increase of 8.6% in the number of members of health care plans and (ii) a 12.9% increase in the average ticket in the same comparison. Until May 2018, the individual healthcare plans will follow the standard adjustment released by ANS, which was 13.55% in 2017. It is worth noting that net revenue also increases in comparison with 4Q17.

Medical cost and others: in 1Q18, the evolution of total cost in relation to 1Q17 was 18.2%, lower than the 22.8% annual growth of net revenues in the same period, contributing to the medical loss ratio reduction. This result is mainly due to the integral verticalization of the healthcare operation, technology, customer-oriented management and waste reduction. In addition, there is a constant review of internal processes aiming to account medical losses in an accrual basis, leading to a lower need of IBNR constitution.

Change in IBNR: the provision of events incurred but not reported remained at a similar level both in the annual and quarterly comparison. The company has been continually improving its medical billing processes so that IBNR remains negligible in terms of cost.

Change in SUS reimbursement provision: this item includes the updated amount indicated by the ANS of events arising from the company's members assisted by the public health system.

Financial performance (cont.)

Item	Unit	1Q18	1Q17	1Q18 x 1Q17	4Q17	1Q18 x 4Q17
Selling expenses	**R$ million**	**(121.9)**	**(93.8)**	**30.0%**	**(88.0)**	**38.5%**
Administrative expenses	**R$ million**	**(96.8)**	**(98.7)**	**-1.9%**	**(133.7)**	**-27.6%**
Personnel	R$ million	(32.3)	(34.6)	-6.6%	(56.5)	-42.8%
Third party services	R$ million	(17.8)	(18.0)	-1.0%	(21.9)	-18.8%
Location and operation	R$ million	(22.4)	(24.5)	-8.5%	(25.6)	-12.5%
Rent with related parties	R$ million	(5.4)	(5.1)	4.8%	(6.0)	-10.4%
Taxes	R$ million	(4.5)	(5.2)	-13.2%	(13.0)	-65.3%
Provisions for civil. labor and tax risks	R$ million	(8.8)	(7.1)	24.2%	(2.7)	229.6%
Miscellaneous expenses	R$ million	(5.6)	(4.2)	32.8%	(8.1)	-31.3%
Other expenses/operational revenues	**R$ million**	**0.3**	**1.8**	**-82.0%**	**0.4**	**-23.3%**
Total expenses	**R$ million**	**(218.4)**	**(190.6)**	**14.6%**	**(221.3)**	**-1.3%**

The following is a breakdown of the main changes:

Selling expenses: sales expenses were impacted by the doubtful accounts allowance of R$ 65.2 million, mainly due to the default of a single corporate customer, which represented approximately one-third of this amount. Excluding this effect, the provision would show a slight increase of 0.2p.p. of net revenues in relation to 1Q17.

Personnel: personnel expenses were 6.6% lower than in 1Q17, mainly as a result of a variable compensation reversal that had been accounted in 2017 which totaled R$ 3.7 million. Disregarding this effect, personnel expenses would have been 4.1% higher in the annual comparison, in line with period's inflation.

Location and operation: the location and operation expenses totaled R$ 22.4 million and had a 8.5% reduction when compared to 1Q17, mainly due to the savings of R$ 1.2 million in travel expenditures with the adoption of a new policy that implemented a more rigorous purchase premises, allowing better control over these expenses. A further R$ 0.8 million in savings on printing and graphics and electricity was also observed, replacing installations with technologies that rationalize consumption levels. The company continuously monitors expenses of this nature in order to identify savings opportunities.

Financial performance (cont.)

Item	Unit	1Q18	1Q17	1Q18 x 1Q17	4Q17	1Q18 x 4Q17
Financial revenues	R$ million	34.1	38.6	-11.6%	31.0	10.2%
Financial expenses	R$ million	(12.3)	(5.6)	118.9%	(7.2)	72.0%
Financial result	**R$ million**	**21.8**	**33.0**	**-33.9%**	**23.8**	**-8.5%**

Financial result: the financial result was mainly influenced by the reduction in the Selic rate, to 6.4% at the end of 1Q18 from 12.2% at the end of 1Q17, partially offset by a positive net effect of R$ 1.2 million related to reduction of charges on tax debts, due to the early settlement of federal tax installments.

Item	Unit	1Q18	1Q17	1Q18 x 1Q17	4Q17	1Q18 x 4Q17
IR and CSLL	**R$ million**	**(81.2)**	**(64.6)**	**25.7%**	**(69.7)**	**16.5%**
Net income	**R$ million**	**214.1**	**159.8**	**33.9%**	**172.6**	**24.0%**
Net margin	***%***	***19.6%***	***18.0%***	***1.6p.p.***	***16.5%***	***3.1p.p.***

IR and CSLL: the effective IR and CSLL rate recorded in 1Q18 was 27.5%, 1.3p.p. lower than the rate calculated in 1Q17. This is due to savings obtained by the non-taxable reversal of bonus provisioned in 4Q17. Disregarding the aforementioned effect, the effective 1Q18 IR and CSLL rate would be 29.7%. In addition, about a year ago, the company began the process of corporate restructuring of healthcare companies that include its own service network. As a result, the profits of these companies are gradually migrating from presumed profit to real profit tax regime.

Net income: net income increased 33.9% year over year to R$ 214.1 million in 1Q18. Net margin increased by 1.6p.p. to 19.6% in the period.

EBITDA and Adjusted EBITDA

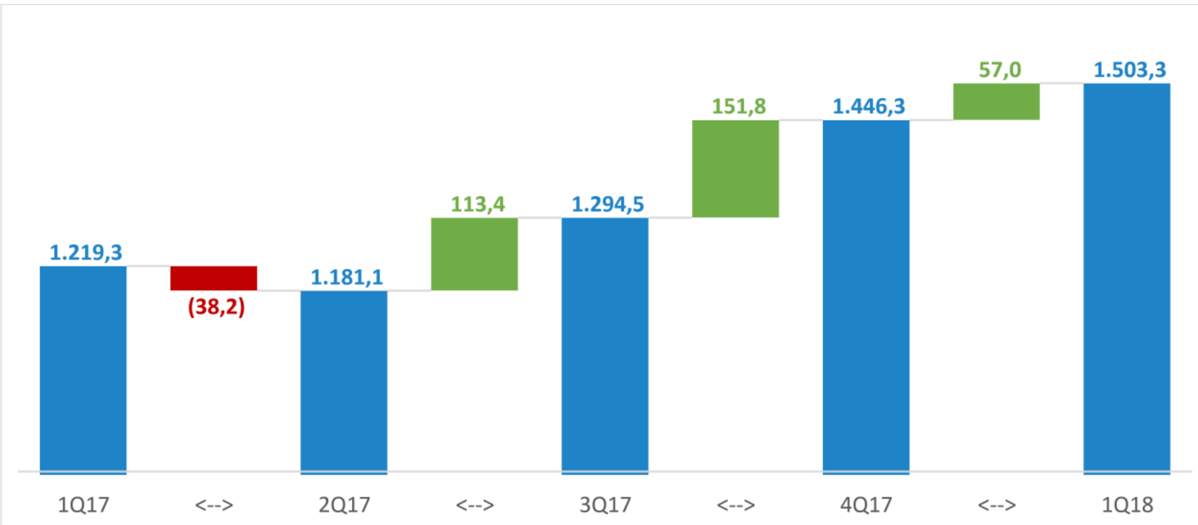
Item	Unit	1Q18	1Q17	1Q18 x 1Q17	4Q17	1Q18 x 4Q17
EBIT	**R$ million**	**273.5**	**191.4**	**42.9%**	**218.5**	**25.2%**
Depreciation	R$ million	8.4	6.0	39.0%	18.8	-55.5%
Amortization	R$ million	1.0	0.2	430.0%	0.9	6.2%
EBITDA	**R$ million**	**282.9**	**197.7**	**43.1%**	**238.2**	**18.7%**
EBITDA margin	**%**	***26.0%***	***22.3%***	***3.7p.p.***	***22.8%***	***3.1p.p.***
Financial revenue from ANS investments	R$ million	5.8	8.0	-27.5%	5.2	11.9%
Revenue from overdue receivables	R$ million	6.4	6.0	6.1%	6.2	3.2%
Discounts given	R$ million	(3.9)	(2.0)	91.9%	(2.0)	94.5%
Non-recurring events	R$ million	21.2	-	-	13.0	63.4%
Adjusted EBITDA	**R$ million**	**312.4**	**209.7**	**49.0%**	**260.6**	**19.9%**
Adjusted EBITDA margin	**%**	***28.7%***	***23.6%***	***5.0p.p.***	***25.0%***	***3.7p.p.***

EBITDA: with an increase of 43.1% in relation to 1Q17 and 18.7% in comparison with 4Q17, EBITDA reached R$ 282.9 million. The 1Q18 EBITDA margin (26.0%) also showed significant expansion both in annual and quarterly comparison: 3.7p.p. and 3.1p.p., respectively. EBITDA growth was driven by net revenues increase of 22.8% and a 2.1p.p. gain in gross margin in relation to 1Q17.

Adjusted EBITDA: the company understands that the financial income from investments related to the collateral assets (restricted cash), as well as the income from overdue receivables and possible discounts granted to customers are an integral part of the operation and should therefore be considered in the Adjusted EBITDA calculation. In addition to the aforementioned adjustments, there were non-recurring events in 1Q18 related to (i) doubtful accounts provision associated to a single corporate client totaling R$ 21.1 million, and in 4Q17 related to the (ii) appropriation of charges due to the debt regularization program from the regulatory entity, totaling R$ 13.0 million. As a result, Adjusted EBITDA was R$ 312.4 million in 1Q18 with margin of 28.7%, an increase of 49.0% and 5.0p.p., compared to 1Q17.

Cash generation and capex

Cash generation: the company's cash generation, represented by the change in cash and cash equivalents and investments, is presented in the following chart:



In 1Q18, total availability reached R$ 1,503.3 million, an increase of 23.3% over 1Q17.

Capex: the net investments of depreciation and amortization resulted by the property, plant and equipment and intangible assets addition totaled R$ 52.6 million in 1Q18, mainly due to the operating and administrative expansion of the own service network, with the openings of Rio Poty Hospital in Teresina and two emergency care units (one in in Salvador/BA and another in Recife/PE).

Income Statement

Item	Unit	1Q18	1Q17	1Q18 x 1Q17	4Q17	1Q18 x 4Q17
Revenues from gross payments	R$ million	1,136.1	925.6	22.7%	1,084.3	4.8%
Revenue from other activities	R$ million	3.1	2.0	52.3%	7.1	-57.1%
Deductions	R$ million	(49.3)	(39.8)	23.8%	(47.6)	3.6%
Net revenues	**R$ million**	**1,089.9**	**887.8**	**22.8%**	**1,043.8**	**4.4%**
Medical cost and others	R$ million	(594.2)	(499.0)	19.1%	(599.2)	-0.8%
Change in IBNR	R$ million	(2.7)	(4.5)	-40.8%	(6.0)	-54.8%
Change in SUS reimbursement provision	R$ million	(1.0)	(2.2)	-51.5%	1.1	-192.6%
Total cost	**R$ million**	**(598.0)**	**(505.7)**	**18.2%**	**(604.0)**	**-1.0%**
Gross profit	**R$ million**	**491.9**	**382.1**	**28.7%**	**439.8**	**11.8%**
Gross margin	***%***	***45.1%***	***43.0%***	***2.1p.p.***	***42.1%***	***3.0p.p.***
Selling expenses	**R$ million**	**(121.9)**	**(93.8)**	**30.0%**	**(88.0)**	**38.5%**
Administrative expenses	**R$ million**	**(96.8)**	**(98.7)**	**-1.9%**	**(133.7)**	**-27.6%**
Personnel	R$ million	(32.3)	(34.6)	-6.6%	(56.5)	-42.8%
Third party services	R$ million	(17.8)	(18.0)	-1.0%	(21.9)	-18.8%
Location and operation	R$ million	(22.4)	(24.5)	-8.5%	(25.6)	-12.5%
Rent with related parties	R$ million	(5.4)	(5.1)	4.8%	(6.0)	-10.4%
Taxes	R$ million	(4.5)	(5.2)	-13.2%	(13.0)	-65.3%
Provisions for civil. labor and tax risks	R$ million	(8.8)	(7.1)	24.2%	(2.7)	229.6%
Miscellaneous expenses	R$ million	(5.6)	(4.2)	32.8%	(8.1)	-31.3%
Other expenses/operational revenues	**R$ million**	**0.3**	**1.8**	**-82.0%**	**0.4**	**-23.3%**
Total expenses	**R$ million**	**(218.4)**	**(190.6)**	**14.6%**	**(221.3)**	**-1.3%**
Operational income	**R$ million**	**273.5**	**191.4**	**42.9%**	**218.5**	**25.2%**
Financial revenues	R$ million	34.1	38.6	-11.6%	31.0	10.2%
Financial expenses	R$ million	(12.3)	(5.6)	118.9%	(7.2)	72.0%
Financial result	**R$ million**	**21.8**	**33.0**	**-33.9%**	**23.8**	**-8.5%**
EBIT	**R$ million**	**295.3**	**224.4**	**31.6%**	**242.2**	**21.9%**
IR and CSLL current	R$ million	(91.1)	(63.5)	43.4%	(69.9)	30.3%
IR and CSLL deferred	R$ million	9.9	(1.1)	-1028.9%	0.2	4056.8%
IR and CSLL	**R$ million**	**(81.2)**	**(64.6)**	**25.7%**	**(69.7)**	**16.5%**
Net income	**R$ million**	**214.1**	**159.8**	**33.9%**	**172.6**	**24.0%**
Net margin	***%***	***19.6%***	***18.0%***	***1.6p.p.***	***16.5%***	***3.1p.p.***

Balance Sheet (Assets)

Item	Unit	1Q18	1Q17	1Q18 x 1Q17	4Q17	1Q18 x 4Q17
Assets	**R$ million**	**2,694.1**	**2,174.1**	**23.9%**	**2,614.9**	**3.0%**
Current assets	**R$ million**	**1,487.2**	**1,401.1**	**6.1%**	**1,517.8**	**-2.0%**
Cash and cash equivalents	R$ million	347.8	71.4	387.1%	104.2	233.7%
Short-term investments	R$ million	566.5	830.3	-31.8%	802.8	-29.4%
Trade receivables	R$ million	363.8	336.7	8.0%	421.8	-13.8%
Inventory	R$ million	12.6	13.8	-9.1%	14.2	-11.8%
Recoverable tax	R$ million	21.6	15.8	36.5%	26.5	-18.5%
Other assets	R$ million	22.4	10.0	123.4%	16.6	34.6%
Advances to suppliers	R$ million	28.7	25.6	12.1%	26.2	9.7%
Deferred commission	R$ million	123.9	97.5	27.1%	105.3	17.6%
Non-current assets	**R$ million**	**1,206.9**	**773.0**	**56.1%**	**1,097.2**	**10.0%**
Long-term investments	R$ million	589.1	317.6	85.4%	539.3	9.2%
Deferred taxes	R$ million	74.8	72.6	3.1%	64.9	15.2%
Judicial deposits	R$ million	65.2	39.5	65.2%	58.5	11.5%
Deferred commission	R$ million	88.7	84.1	5.5%	88.5	0.2%
Related party receivable	R$ million	9.0	3.0	200.2%	9.2	-1.9%
Other assets	R$ million	0.2	0.1	46.8%	0.1	46.9%
Investments	R$ million	-	-	-	-	-
Property. plant and equipment	R$ million	331.2	235.2	40.8%	290.6	14.0%
Intangible assets	R$ million	48.7	20.9	132.8%	46.0	5.9%

Balance Sheet (Liabilities and shareholders' equity)

Item	Unit	1Q18	1Q17	1Q18 x 1Q17	4Q17	1Q18 x 4Q17
Liabilities and shareholders' equity	**R$ million**	**2,694.1**	**2,174.1**	**23.9%**	**2,614.9**	**3.0%**
Current liabilities	**R$ million**	**1,695.1**	**1,185.0**	**43.1%**	**1,818.8**	**-6.8%**
Trade payables	R$ million	61.6	40.1	53.9%	56.1	9.8%
Technical provisions for health care operations	R$ million	594.0	599.6	-0.9%	638.3	-6.9%
Health care payables	R$ million	54.7	54.5	0.4%	55.2	-0.8%
Payroll obligations	R$ million	88.7	71.9	23.4%	96.2	-7.8%
Taxes and contributions payable	R$ million	45.8	35.2	30.1%	59.2	-22.6%
Income and social contribution taxes	R$ million	69.4	67.8	2.4%	54.5	27.4%
Dividends and interest on shareholders’ equity payable	R$ million	766.2	302.9	152.9%	836.3	-8.4%
Other accounts payable	R$ million	14.6	13.0	12.3%	23.0	-36.5%
Non-current liabilities	**R$ million**	**313.3**	**317.8**	**-1.4%**	**324.1**	**-3.4%**
Taxes and contributions payable	R$ million	11.3	26.1	-56.9%	21.7	-48.0%
Provision for tax. civil and labor risks	R$ million	248.7	236.7	5.1%	248.8	0.0%
Provision for investment losses	R$ million	-	-	-	-	-
Related party payables	R$ million	48.3	35.3	36.9%	48.0	0.6%
Advance for future capital increase	R$ million	-	11.8	-100.0%	-	-
Other accounts payable	R$ million	5.0	7.8	-36.3%	5.7	-12.5%
Shareholders' equity	**R$ million**	**685.7**	**671.3**	**2.1%**	**472.0**	**45.3%**
Capital	R$ million	280.0	280.0	0.0%	280.0	0.0%
Legal reserve	R$ million	55.6	23.0	141.3%	55.6	0.0%
Accumulated profits	R$ million	215.4	-	-	-	-
Profit reserves	R$ million	136.3	368.1	-63.0%	136.3	0.0%
Equity attributable to controlling shareholders	R$ million	687.3	671.2	2.4%	471.9	45.6%
Non-controlling interest	R$ million	(1.6)	0.1	-1488.7%	0.1	-1413.7%

Cash Flow Statement

Item	Unit	1Q18	1Q17	1Q18 x 1Q17
Net income	**R$ million**	**214.1**	**159.8**	**33.9%**
Adjustments to reconcile net income with cash	**R$ million**	**147.1**	**50.6**	**190.9%**
Depreciation and amortization	R$ million	9.4	6.2	50.9%
Technical provisions for health care operations	R$ million	3.7	6.7	-44.2%
Equity	R$ million	-	-	-
Provision for losses on receivables	R$ million	65.2	33.9	92.5%
Provision for losses on investments	R$ million	-	-	-
Write-off of property. plant and equipment	R$ million	0.0	2.2	-99.2%
Write-off of intangible assets	R$ million	0.0	0.0	-66.7%
Provision for tax. civil and labor risks	R$ million	3.4	3.7	-9.3%
Income from financial investments	R$ million	(15.9)	(70.3)	-77.4%
Tax income and social contribution	R$ million	91.1	63.5	43.4%
Deferred taxes	R$ million	(9.9)	4.6	-313.1%
(Increase) decrease in asset accounts	**R$ million**	**(37.2)**	**(109.2)**	**-65.9%**
Accounts receivable	R$ million	(7.2)	(74.6)	-90.4%
Inventory	R$ million	1.7	0.1	1939.0%
Taxes recoverable	R$ million	4.9	1.2	299.4%
Financial investments	R$ million	0.1	(13.7)	-101.0%
Judicial deposits	R$ million	(10.2)	9.0	-213.6%
Other assets	R$ million	(5.8)	(0.4)	1421.8%
Advance payments	R$ million	(2.5)	(4.3)	-41.7%
Deferred taxes	R$ million	0.5	-	-
Deferred Sales Expense	R$ million	(18.7)	(26.6)	-29.5%
Increase (decrease) in liability accounts:	**R$ million**	**(83.4)**	**54.7**	**-252.5%**
Technical provisions for health care operations	R$ million	(48.0)	46.2	-204.0%
Debts of health care operations	R$ million	(0.4)	7.6	-105.7%
Social obligations	R$ million	(7.5)	11.2	-166.7%
Suppliers	R$ million	5.5	(3.3)	-264.7%
Taxes and contributions payable	R$ million	(23.8)	(1.5)	1442.1%
Other accounts payable	R$ million	(9.2)	(5.4)	69.5%

Cash Flow Statement (Cont.)

Item	Unit	1Q18	1Q17	1Q18 x 1Q17
Net cash provided by operating activities	**R$ million**	**164.4**	**112.7**	**45.9%**
Cash provided by operating activities	R$ million	240.5	155.9	54.3%
Income tax and social contribution paid	R$ million	(76.1)	(43.2)	76.4%
Change in equity	R$ million	-	-	-
Cash flow from investing activities	**R$ million**	**149.8**	**(93.7)**	**-259.8%**
Payments to related parties	R$ million	0.2	(0.3)	-155.7%
Acquisition of property. plant and equipment	R$ million	(49.0)	(26.0)	88.3%
Acquisition of intangibles	R$ million	(3.7)	(3.1)	21.2%
Acquisition/sale of investments	R$ million	-	-	-
Dividends received	R$ million	-	-	-
Financial investments	R$ million	(71.1)	(64.4)	10.5%
Redemption of financial investments	R$ million	273.4	-	-
Cash flow from financing activities	**R$ million**	**(70.7)**	**(11.3)**	**522.9%**
Receipt of related parties	R$ million	0.3	0.3	0.0%
Payment of dividends and interest on own capital	R$ million	(70.1)	(11.6)	502.4%
Non-controlling shareholding stake	R$ million	(0.8)	-	-
Change in cash and cash equivalents	**R$ million**	**243.5**	**7.6**	**3103.7%**
Cash and cash equivalents at the beginning of the period	R$ million	104.2	56.9	83.3%
Cash and cash equivalents at the end of the period	R$ million	347.7	64.5	439.5%

Glossary

ANS: National Supplementary Health Agency. It is the regulatory agency linked to the Ministry of Health responsible for the health sector in Brazil.

IGR: general complaints index. Its purpose is to present a behavior thermometer of the sector's operators in attending to the problems pointed out by the members. It includes the average number of complaints from members received in the previous three months and classified up to the data's date of extraction. The index is based presented per 10,000 members.

IBNR: provision of events occurred but not reported. Provision for payment of events that have already occurred and were not informed to the company before the end of the period, which was constituted based on actuarial methodology.

MAE: minimum adjusted equity. In order to operate in the healthcare market regulated by the ANS, the health plan operator must keep the adjusted shareholders' equity for economic purposes as established by the ANS. Minimum adjusted equity is calculated as equity less non-current intangible assets, tax credits arising from fiscal losses, deferred sales expenses and prepaid expenses.

Medical loss ratio: index that shows the relationship between healthcare expenses and total revenues from healthcare operations (effective payments).

OCR: outstanding claims reserve. Provision for the collateral of events that have already occurred, recorded in the accounts and not yet paid. The accounting record is made at the full amount informed by the supplier or member when the charge is presented to the entity, and is subsequently adjusted for glosses and discounts after company's evaluation (medical auditors).

ONA: National Accreditation Organization. It is a non-governmental and non-profit entity that certifies health services quality in Brazil, focusing on patient safety.

SM: solvency margin. At a pre-established price, it corresponds to the adjusted shareholders' equity sufficiency to cover the greater of the following amounts: (i) 20% of the revenues from the gross payments or (ii) 33% of the last 36 months events annual average.

UPR: unearned premiums reserve. It is characterized by the accounting record of the charged by the operators to hedge contractual risk proportional to the days not yet elapsed within the monthly coverage period, to be appropriated as revenue only in the subsequent period when the term is actually incurred.