



Celina Guimarães Hospital - Mossoró/RN

Quarterly Results – 1st Quarter 2020

Hapvida (ex-acquisitions)

- Health and dental net enrollment grows 6.3%
- Net revenues of R\$1.4 billion (+12.9%)
- MLR ex-SUS of 55.4% (-1.6 p.p.) in the quarter
- EBITDA of R\$324.8 million (+8.1%)
- EBITDA margin of 22.9% (-1.0 p.p.)

Hapvida (including acquisitions)

- Health and dental net enrollment grows 59.7%
- Net revenues of R\$2.1 billion (+65.4%)
- MLR ex-SUS of 57.9% (+0.9 p.p.) in 1Q20
- EBITDA of R\$467.8 million (+55.7%)
- EBITDA margin of 22.5% (-1.4 p.p.)

Earnings Call

May 21st, 2020 (Thursday)

Portuguese (with simultaneous translation into English)

11am (Brazil) | 10am (US/DST)

Webcast: ri.hapvida.com.br

Phone number: Brazil: +55 (11) 3181-8565 | USA: +1 (412) 717-9627

MESSAGE FROM MANAGEMENT

The first quarter of the year was marked by the assumption of RN Saúde Group, which started to be included in our results in January 2020 after the fulfillment of all conditions precedent. To RN Saúde employees, doctors and nurses who are now part of the Hapvida system - welcome! The last few months were also dedicated to the expansion of our operations, with the inauguration of a new hospital in Mossoró (Rio Grande do Norte), a facility with complete urgent and emergency care services in addition to adult, neonatal and ICU beds. We continue to execute the integration plans of Grupo São Francisco and América, certain that we will achieve operational and administrative synergies in a shorter period than originally planned. We are also dedicated to planning the integration of our latest acquisitions, healthcare operator Medical located in Limeira (São Paulo) and Plamed's customer portfolio in Aracaju (Sergipe), both pending regulatory approvals.

With a continued focus on innovation, we launched in February a complete digital sales solution through the broker's app. Today, all sales of Hapvida's individual and family plans are already 100% digital. The sale is carried out entirely within the app and includes all steps, from the customer's registration to the upload of documents, with the confirmation and acceptance of the customer made through a link sent automatically. This innovation will allow us, in addition to better sales management, to reduce the time to complete the sale, eliminate forms and papers, and reduce logistics and storage costs. In this quarter, we launched an important client's app upgrade that includes, for example, pre-authorization of exams and surgeries, allowing them to take care of their health safely and without leaving home.

Hapvida continues to present above market growth in net enrollment of health beneficiaries, with an increase of 50.5% (with acquisitions) and 2.6% (ex-acquisitions) when compared to the same quarter of the previous year. The number of beneficiaries of dental plans also grew significantly, evolving 73.1% (with acquisitions) and 11.8% (ex-acquisitions). Net revenues grew 65.4% (with acquisitions) and 12.9% (ex-acquisitions). The loss ratio of Hapvida (ex-acquisitions) ex-SUS in this first quarter was 55.4%, an improvement of 1.6 p.p. even with additional costs associated with healthcare facilities that came online in the period and a reclassification of administrative expenses to losses with certain employees. The proper management of selling and administrative expenses, at 8.7% and 9.9%, respectively, made our EBITDA (ex-acquisitions) increase by 8.1% and reach R\$324.8 million. EBITDA (with acquisitions) was R\$ 467.8 million in the quarter, an increase of 55.7%.

The pandemic triggered significant decisions by governments and private sector entities to prevent the spread of the disease, which had a relevant impact on the economy and society. We have implemented several measures to combat the disease and mitigate the potential effects of the crisis arising from the pandemic. Measures, such as those listed below, have been periodically disclosed by the Company through notices to the market:

- We have surpassed the R\$70 million mark invested in fighting the pandemic to date, including the purchase of personal protective equipment (PPE) to protect customers, doctors and nurses and ventilators.
- We monitor the occupancy rate in our hospitals daily to offer an optimal and exclusive structure to our beneficiaries. We currently have more than 3,000 hospital beds, including 854 ICU beds.
- We are providing around 2,000 medical consultations by telemedicine per day to our beneficiaries, reducing everyone's exposure to the virus. Investments in strengthening our tech infrastructure and personnel for telemedicine will permanently expand our service capacity after the pandemic period.
- When there is a medical prescription, we have adopted the early treatment of symptoms with our beneficiaries and also in patients already hospitalized in order to prevent the evolution of the disease using certain medications. Aware of the scarcity of some products on the market, Hapvida's ambulatory patients are receiving the drugs they need free of charge through a donation made by Ana Lima Foundation.
- We suspended price readjustments for 90 days for plans classified as individual or family, affinity and small businesses with up to 29 lives.
- Because we have a lot of flexibility, we are constantly relocating teams of health professionals and medical and hospital equipment to the areas with the highest incidence of the disease. For example, we have already strengthened the frontline medical staff and sent ventilators to regions where we had a high incidence of Covid-19 cases.
- We have also hired around 1,400 hospital support professionals, such as nurses, for temp positions.
- We are renegotiating all lease agreements for properties used by the Company. The benefit obtained, represented by the average rent reduction, is also being applied to the properties we rent from the real estate holding company belonging to the same controlling shareholders of Hapvida.
- We remain with a robust balance sheet to get through this period, with a high level of liquidity and low indebtedness, with approximately R\$3 billion in free cash.

No relevant impacts of the pandemic on our results for the first quarter of 2020 were noticed. However, we are closely monitoring the potential impacts on our business and acting proactively to mitigate the effects caused by the spread of the virus in the country. Over these 40 years of medical and hospital management, we have built a solid, sustainable and agile business that will allow us to go through this pandemic in the most resilient way possible.

We would like to thank the Board of Directors, shareholders, medical and dental providers, brokers, business partners, employees and, in particular, our customers for the trust they have placed in us to take care of their health, especially in difficult times like these.

Jorge Pinheiro
CEO

1. INTEGRATION AND REPORTING CRITERIA

On January 3, 2020, we completed the acquisition of RN Metropolitan Ltda. (RN Saúde) after the fulfillment of all the conditions precedent, and all of its assets were integrated into our platform that same day. Consequently, RN Saúde's assets and liabilities are fully reflected on our balance sheet and cash flow.

Regarding Hapvida's consolidated financial statements for the first quarter of 2020, it includes three months of operations for Grupo São Francisco, Grupo América and RN Saúde. Consequently, Hapvida's consolidated results considers a combination of Hapvida's results added by Grupo São Francisco, América and RN Saúde for the period mentioned above.

In order to report a clear view on the impact of the acquisitions mentioned above (Grupo São Francisco, Grupo América and RN Saúde), we will present in this release the operational and financial data with and without the acquisitions mentioned above. Accordingly, Hapvida's results without the acquisitions mentioned above will be identified as "Hapvida (ex-acquisitions)". The consolidated results that include the acquisitions of Grupo São Francisco, Grupo América and RN Saúde will be identified as "Hapvida (including acquisitions)". Some operational and financial indicators of Grupo São Francisco (GSF), Grupo América (America) and RN Saúde will sometimes be presented individually and sometimes together. The data presented together will be identified as "Acquired Companies".

As of 2019, our financial statements have been prepared in accordance with IFRS 16 / CPC 06 (R2). Therefore, in order to make this report more objective, both current and past figures will be presented in accordance with the said regulation. The reconciliation without IFRS 16/CPC 06 (R2) can be found in the attachments to this release and in the fundamentals spreadsheet on the Company's investor relations website at ri.hapvida.com.br/en.

2. HIGHLIGHTS

	Hapvida (ex-acquisitions)			Hapvida (including acquisitions)		
FINANCIAL HIGHLIGHTS(R\$ million)	1Q20	1Q19	Var. %	1Q20	1Q19	Var. %
Net Revenue	1,418.9	1,257.0	12.9%	2,078.8	1,257.0	65.4%
Medical Costs - Cash	756.9	694.8	8.9%	1,160.7	694.8	67.0%
Total Medical Costs	855.4	726.4	17.8%	1,279.6	726.4	76.2%
Sales Expenses	123.0	118.7	3.6%	154.6	118.7	30.2%
Administrative Expenses	140.2	130.8	7.2%	210.1	130.8	60.6%
EBITDA	324.8	300.5	8.1%	467.8	300.5	55.7%
Net Income	87.1	205.4	-57.6%	164.6	205.4	-19.9%
RATIOS (% NOR)						
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	53.3%	55.3%	-2.0 p.p.	55.8%	55.3%	0.5 p.p.
Total MLR	60.3%	57.8%	2.5 p.p.	61.6%	57.8%	3.8 p.p.
Sales Expenses	8.7%	9.4%	-0.8 p.p.	7.4%	9.4%	-2.0 p.p.
Administrative Expenses ¹	9.9%	10.4%	-0.5 p.p.	10.1%	10.4%	-0.3 p.p.
EBITDA Margin	22.9%	23.9%	-1.0 p.p.	22.5%	23.9%	-1.4 p.p.
Net Margin	6.1%	16.3%	-10.2 p.p.	7.9%	16.3%	-8.4 p.p.
OPERATING HIGHLIGHTS						
Members Health and Dental (million)	4,243	3,992	6.3%	6,374	3,992	59.7%
Members Health	2,429	2,368	2.6%	3,564	2,368	50.5%
Members Dental	1,814	1,623	11.8%	2,810	1,623	73.1%
Own network service	231	205	12.7%	452	205	120.5%
Hospitals	29	26	11.5%	39	26	50.0%
Emergency Units	19	20	-5.0%	42	20	110.0%
Clinics	90	75	20.0%	194	75	158.7%
Diagnostics	93	84	10.7%	177	84	110.7%

¹Administrative Expenses ratio, measured by dividing total administrative expenses without depreciation and amortization by net revenues.

3. QUALITY OF CARE

Hapvida's culture values operational excellence, cost control, innovation and, above all, high quality care. Our efforts seeking for new solutions through several ongoing initiatives always aim to increase operational efficiency and improve the customer's perception of the quality of the services we provide. We created innovative solutions with substantial results in our operations and the level of service offered to our beneficiaries.

5-STAR SERVICE

The 5 star service, implemented in 2019, is an instant satisfaction survey with ratings between 1 and 5 stars carried out by our customers after each eligible interaction. This program is a valuable tool for the entire Company as it will enable us to see opportunities for improvement and recognize the best performance in serving our customers. Our hospitals, clinics, diagnostic units, walk-in emergency centers, laboratory collection points, dentistry services, preventive medicine units, telemedicine and the wellness and well-being promotion programs (such as Nascir Bem, Viver Bem and Family Doctor) are evaluated. Throughout the program's existence, we have received almost 3 million evaluations. In the first quarter of 2020 alone, more than 730 thousand evaluations were received. The overall average for the month of March, 2020, based on 116 thousand evaluations, was 4.44.



4.44

overall average
rating

Waiting time for urgent/emergency care

Hapvida has a tech platform with a system that allow us to monitor all of our units in real time 24x7. Through this tool, helped by video cameras in all of our units, service and waiting times in all walk-in emergency centers, for example, are monitored by the Company's Observation and Control Center. If the waiting time exceeds 15 minutes, the system signals the Control Center to take immediate actions to speed up the operation. In 1Q20, 75.5% of all of 1.2 million urgent and emergency consultations carried out in our hospitals and walk-in emergency services took place within 15 minutes.



75.5%

service in 15 minutes
or less

Viver Bem – A VidaHap Program

Viver Bem is a wellness program for Hapvida's beneficiaries that offers a resolute and efficient service, aiming to reduce diabetes complications. A robot system identifies through patients' blood tests with some alterations that indicate that they have or may have type 2 diabetes mellitus. The contact with the patient is carried out by a trained professional from our exclusive call center for the VidaHap programs. Available in Fortaleza, Recife and Salvador, is composed of doctors, nursing technicians and nutritionists specialized in the treatment of people with diabetes and aims to encourage a change in the people's lifestyle. The program also has a management center conducted by a nursing team trained in the remote care of patients with diabetes. Until March 2020, the group of monitored patients by the program presented a very significant difference in glycated hemoglobin reduction when compared to the control group. At the end of 1Q20, around 5,000 patients were part of the program.



Reduction of glycated
hemoglobin

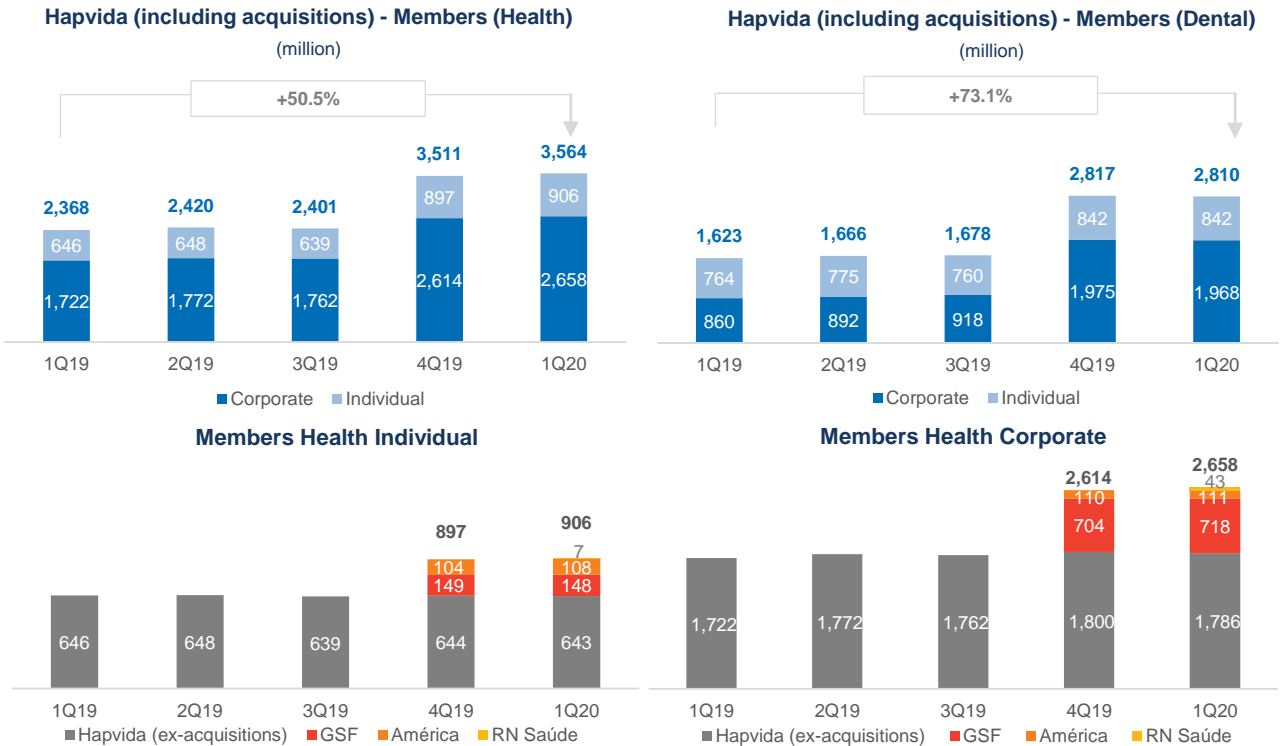
125.3%

higher than control group

4. MEMBERS

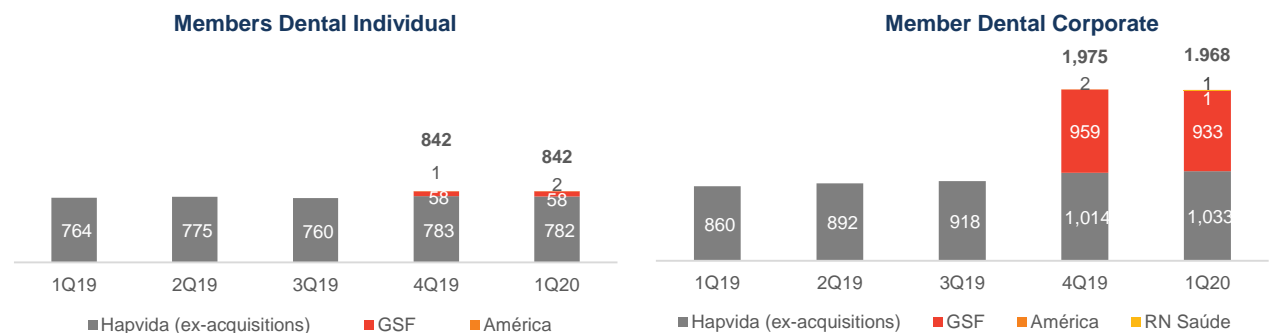
The number of health plan beneficiaries increased by 50.5% in the quarter compared to 1Q19. Inorganic growth highlights are the portfolio of 866 thousand beneficiaries (148 thousand in individual plans and 718 thousand in group plans) resulting from the acquisition of the São Francisco Group; the portfolio of 219 thousand beneficiaries (108 thousand in individual plans and 111 thousand in group plans) resulting from the acquisition of Grupo América and the portfolio of 50 thousand beneficiaries (7 thousand in individual plans and 43 thousand in group plans) resulting from the acquisition of RN Saúde.

The organic growth highlight was a net increase of 60 thousand beneficiaries in group plans, driven by the states of Santa Catarina (with the start of operations in Joinville), Ceará, Pernambuco, Amazonas and Piauí. The portfolio of individual plans was impacted by a more rigorous contracting procedure in some regions, which was implemented in order to better qualify the sale with a potential increase in contract retention.



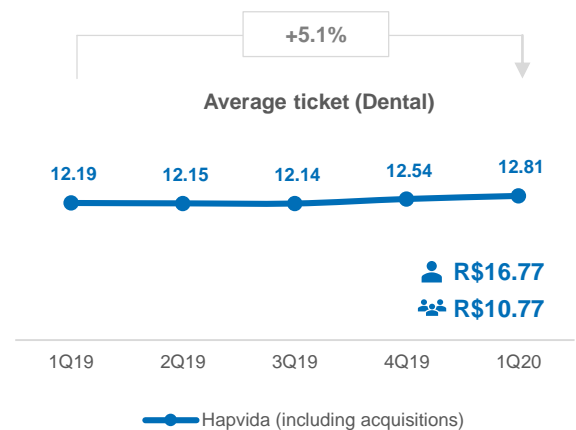
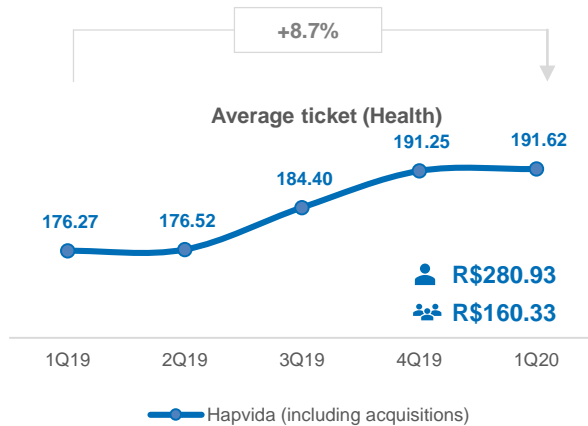
The number of dental plan beneficiaries grew by 73.1% in the quarter compared to the same period last year. A portfolio of 991 thousand beneficiaries (58 thousand in individual plans and 933 thousand in group plans) came with the acquisition of São Francisco, a portfolio of around 3 thousand beneficiaries (2 thousand in individual plans and 1 thousand in group plans) with the acquisition of Grupo América and 849 beneficiaries in group plans with the acquisition of RN Saúde.

As for organic growth in Hapvida (ex-acquisitions), there was a net increase of 18 thousand beneficiaries in individual plans and 173 thousand beneficiaries in group plans. Growth was concentrated in the states of Ceará, Pernambuco, Amazonas, Bahia and in Federal District.

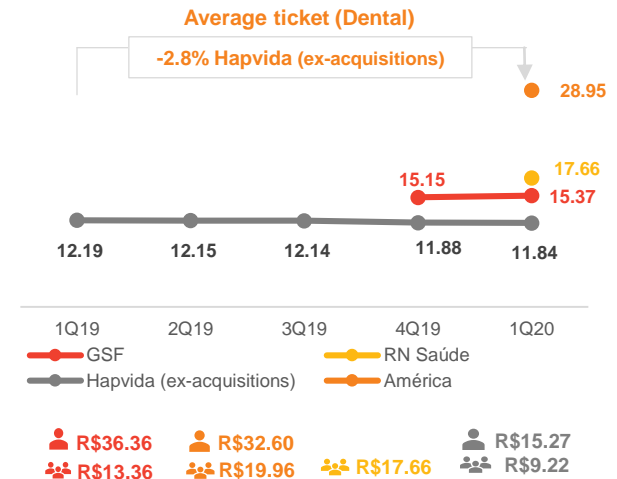
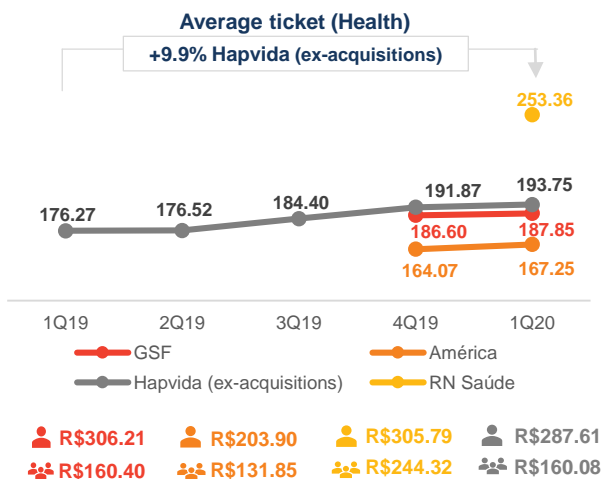


5. AVERAGE TICKET

Hapvida's consolidated average ticket for the health segment (including acquisitions) grew 8.7% compared to 1Q19, mainly due to the price readjustments of existing corporate contracts and new sales, in addition to the entry of RN Saúde, with a higher average ticket. Hapvida's consolidated average ticket for the dental segment (including acquisitions) grew 5.1% compared to 1Q19, mainly due to the higher average ticket from the acquired companies.



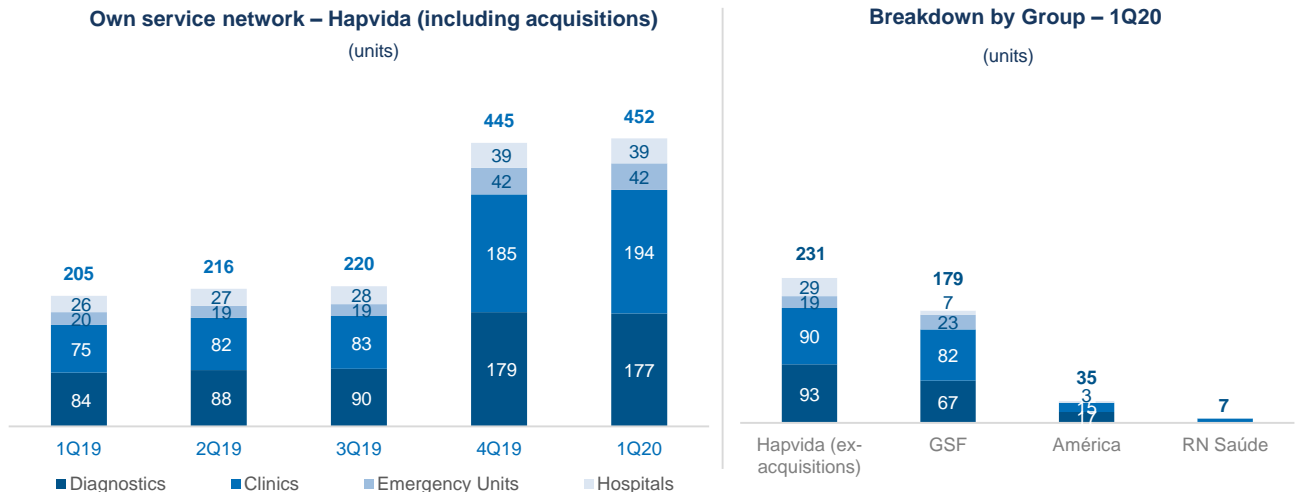
Hapvida's (ex-acquisitions) average ticket grew by 9.9% compared to 1Q19, mainly due to price adjustments in existing contracts and new sales.



In the dental segment, the average Hapvida (ex-acquisitions) ticket decreased by 2.8% compared to the same period last year, mainly due to the net addition of 18 thousand lives in individual plans and 173 thousand lives in collective plans, the latter with a concentration in the *Mais Odonto Urgente* type of plan (urgent dental care only) that has a lower average ticket.

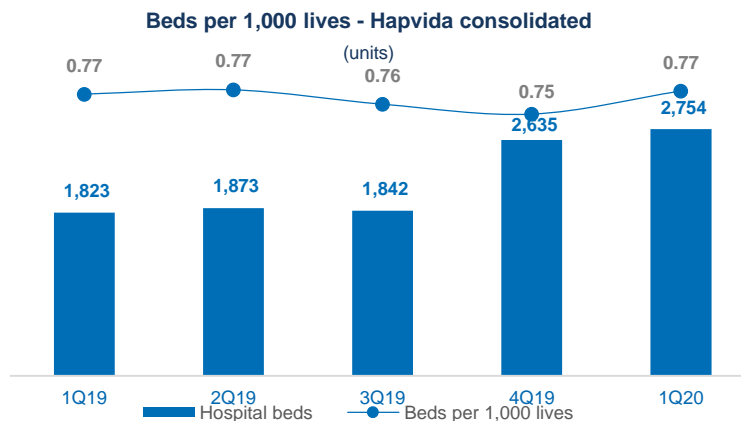
6. OWN SERVICE NETWORK

Hapvida continues to expand its own network through the inauguration of new units, expansion and remodeling of existing ones. We remain focused on our strategy of increasing verticalization levels to guarantee the quality of care, cost efficiency, better control losses and frequency of utilization (usage).



Including assets from acquired companies, the Company ended 4Q19 with 39 hospitals, 42 emergency care units, 194 clinics and 177 diagnostic imaging and laboratory collection units, thus totaling 452 service points accessible to our beneficiaries, in all five regions of Brazil.

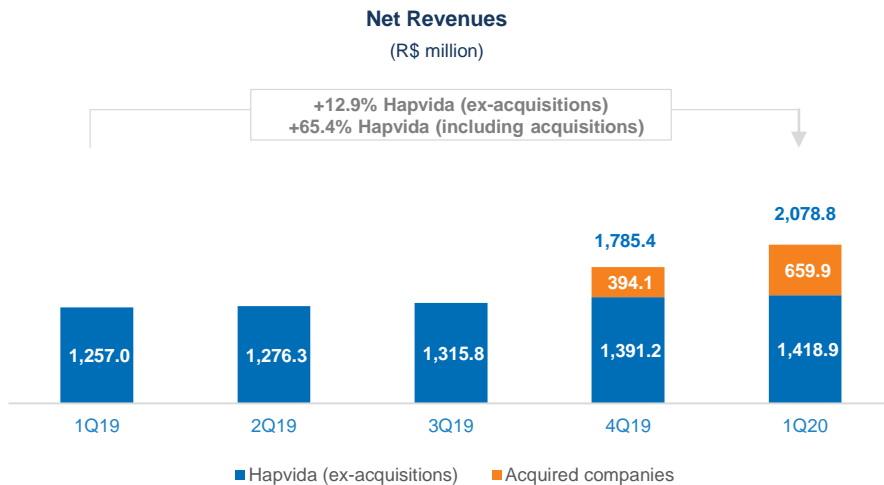
Throughout the quarter, the new hospital in Mossoró/RN, Celina Guimarães Hospital, was opened. This new unit, currently with 33 beds in operation (reaching up to 100 beds), replaced the Rodolfo Fernandes Hospital, in this same city, which was closed and will be transformed into clinic. In addition, we added 3 new medical clinics and closed 2 diagnostic imaging and laboratory collection units in the period.



The company ended 1Q20 with 2,754 hospital beds in operation, representing 0.77 bed per 1,000 beneficiaries. The increase in the number of beds in comparison to 1Q19 is mainly due to the start of the operation of 29 beds at the Joinville General Hospital (with capacity to expand to about 140 beds), 24 beds at the General Hospital Padre Cícero (in Juazeiro do Norte, Ceará), 33 beds at the Hospital das Clínicas de Parauapebas and 17 more beds in Mossoró/ RN (addition of 33 beds with the inauguration of Hospital Celina Guimarães and reduction of 16 beds with the closure of Hospital Rodolfo Fernandes). The acquisition of Groups São Francisco and América contributed with 527 and 185 hospital beds, respectively. It is important to note that the Company, in preparation for the pandemic, has been increasing beds dynamically since the end of the quarter. As of the date of this document, the Company had 3,090 beds, including 854 ICU beds.

7. NET REVENUES

In 1Q20, net revenues increased by 65.4% when compared to 1Q19, mainly influenced by: (i) R\$517.7 million from Grupo São Francisco; (ii) R\$105.6 million from Grupo América; (iii) R\$36.7 million from RN Saúde; (iv) a net increase of 60 thousand lives in group health plans and growth of 11.8% in the number of beneficiaries with dental plans at Hapvida (ex-acquisitions); and (v) increase of 9.9% in Hapvida's average ticket of health plans (ex-acquisitions), reflecting the necessary price adjustments applied to existing contracts and sales of new contracts.



8. MLR, MEDICAL COSTS AND TECHNICAL RESERVES

Cost of services comprises cash medical costs and some non-cash items, such as depreciation and amortization (D&A) with IFRS16, provision for events Incurred But Not Reported (IBNR) and SUS reimbursement provisions.

To better facilitate the understanding and evolution of the Company's medical loss ratio (MLR), we are presenting below the breakdown of Hapvida's total medical losses (ex-acquisitions), followed by a table with medical losses from the acquired companies only, and finally a consolidated table with numbers from Hapvida and acquired companies. Additionally, we are also disclosing the rationale of the SUS reimbursement provisions in a separate topic.

8.1 Medical costs and MLR – Hapvida (ex-acquisitions)

Composition of Total Medical Costs

Hapvida (ex-acquisitions)	1Q20	1Q19	1Q20 x 1Q19	4Q19	1Q20 x 4Q19
(R\$ million)					
Medical Costs - Cash	(756.9)	(694.8)	8.9%	(760.6)	-0.5%
Depreciation and Amortization (D&A with IFRS16)	(24.5)	(19.4)	26.3%	(23.4)	4.7%
Change in IBNR provision	(4.2)	(2.7)	52.9%	16.3	-125.6%
Change in SUS reimbursement provision	(69.8)	(9.4)	639.2%	(63.5)	9.8%
Medical Costs - Total	(855.4)	(726.4)	17.8%	(831.3)	2.9%
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	53.3%	55.3%	-2.0 p.p.	54.7%	-1.4 p.p.
MLR ex-SUS	55.4%	57.0%	-1.6 p.p.	55.2%	0.2 p.p.
MLR Total	60.3%	57.8%	2.5 p.p.	59.7%	0.6 p.p.

8. MLR, MEDICAL COSTS AND TECHNICAL RESERVES (continuation)

MLR ex-SUS (ex-acquisitions), which is the ratio that better represents the quality of our operations and that excludes the variation in the SUS reimbursement provision, was 55.4% in 1Q20, a decrease of 1.6 p.p. compared to the same period of last year, positively impacted by efficiency gains from claims management initiatives and wellness promotion programs. For example, the percentage of internalization of procedures, exams, consultations, surgeries and hospitalizations in the Company increased by almost 1.3 p.p. in the period.

The MLR ratio showed a significant improvement even after a few negative impacts in the period, such as: (i) a reclassification of expenses from administrative expenses to medical claims with certain employees (R\$2.3 million) in this quarter, offset by a positive effect in G&A expenses by the same amount; (ii) collective bargaining agreement and hiring of new employees (R\$15.4 million); and (iii) expenses with new units, including Joinville and Parauapebas hospitals (R\$15.0 million).

The total loss ratio (which includes D&A with IFRS16 and changes in IBNR provisions and reimbursement to SUS was 60.3% in 1Q20, an increase of 2.5 p.p. versus 1Q19, mainly due to a significant and extraordinary increase in the provision for SUS reimbursement (R\$69.8 million in 1Q20 versus R\$9.4 million in 1Q19) and an increase in depreciation due to a higher level of fixed assets owned by Hapvida (R\$24.5 million in 1Q20 versus R\$19.4 million in 1Q19).

8.2 Medical costs and MLR – Acquired Companies (Groups São Francisco, América and RN Saúde)

MLR ex-SUS from acquired companies was 63.4%. Total MLR in 1Q20 (which includes D&A, changes in IBNR and in reimbursement to SUS provisions) was 64.3%. Cash MLR (which excludes all non-cash provisions) was 61.2%. All indices showed significant improvements, as a result of the successful execution of the integration plan including, for example, direct and centralized purchase of materials and medicines, medical loyalty and unification and standardization of the pre-authorization processes for medical procedures.

Composition of Total Medical Costs

Acquired companies*

(R\$ million)	1Q20	4Q19	1Q20 x 4Q19
Medical Costs - Cash	(403.8)	(252.8)	59.7%
Depreciation and Amortization (D&A with IFRS16)	(8.7)	(5.2)	67.3%
Change in IBNR provision	(5.9)	(9.4)	-37.3%
Change in SUS reimbursement provision	(5.9)	(5.5)	7.2%
Medical Costs – Total	(424.2)	(272.8)	55.5%
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	61.2%	64.1%	-2.9 p.p.
MLR ex-SUS	63.4%	67.8%	-4.4 p.p.
MLR Total	64.3%	69.2%	-4.9 p.p.

* Figures for 4Q19 refer to November and December 2019 for GSF and December 2019 for America. For 1Q20, GSF, América and RN Saúde were fully incorporated.

8.3 Medical costs and MLR – Hapvida (including acquisitions)

Composition of Total Medical Costs

Hapvida including acquisitions

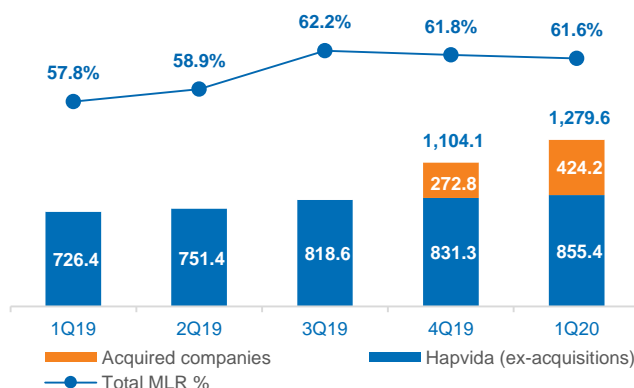
(R\$ million)	1Q20	1Q19	1Q20 x 1Q19	4Q19	1Q20 x 4Q19
Medical Costs - Cash	(1,160.7)	(694.8)	67.0%	(1,013.3)	14.5%
Depreciation and Amortization (D&A with IFRS16)	(33.2)	(19.4)	70.9%	(28.6)	16.1%
Change in IBNR provision	(10.1)	(2.7)	269.3%	6.9	-245.8%
Change in SUS reimbursement provision	(75.7)	(9.4)	701.3%	(69.0)	9.6%
Medical Costs – Total	(1,279.6)	(726.4)	76.2%	(1,104.1)	15.9%
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	55.8%	55.3%	0.5 p.p.	56.8%	-1.0 p.p.
MLR ex-SUS	57.9%	57.0%	0.9 p.p.	58.0%	-0.1 p.p.
MLR Total	61.6%	57.8%	3.8 p.p.	61.8%	-0.2 p.p.

8. MLR, MEDICAL COSTS AND TECHNICAL RESERVES (continuation)

8.3 Medical costs and MLR – Hapvida (including acquisitions) (continuation)

Hapvida (including acquisitions) total MLR in 1Q20 was 61.6%, an increase of 3.8 p.p. compared to the same period last year, mainly impacted by costs arising from the acquired companies in R\$403.8 million, which operate with an MLR above Hapvida's (ex-acquisitions), in addition to the impacts previously explained at Hapvida (ex-acquisitions) topic.

Total Medical Costs composition x MLR - Hapvida (including acquisitions)
(R\$ million and %)



8.4 SUS reimbursement provisions

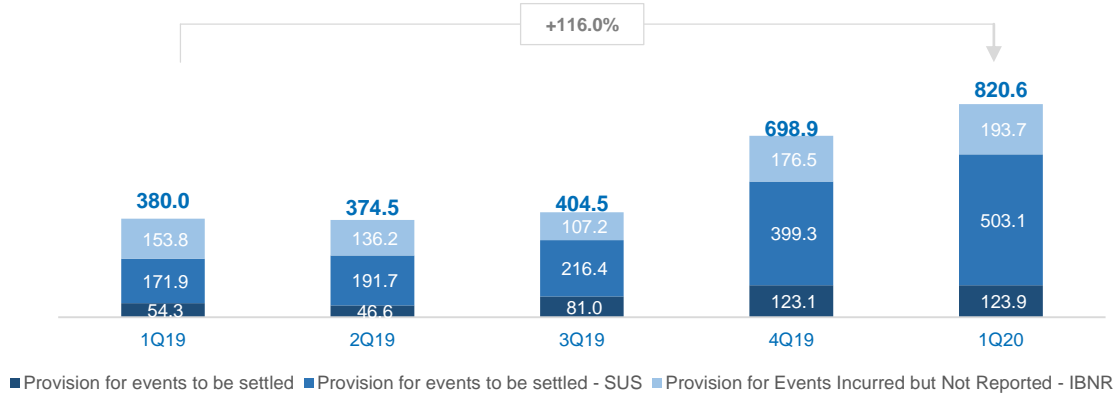
In accordance with the National Supplementary Health Agency (ANS) joint normative instruction 5, of September 30, 2011, and subsequent amendments, the Company must record in its liabilities with a corresponding entry in the results (Total Medical Costs) a provision related to the Identified Beneficiaries Notices (ABIs) face value multiplied by a percentage defined by ANS itself, which is unique for each healthcare operator and varies with each new batch of ABIs received. Subsequently, if our defense to an ABI is rejected by ANS, the Company records a supplement to the provision at the new value of the GRU (an invoice for federal taxes) generated. GRUs, when generated, include, in addition to the principal, interest charges. Moreover, unpaid GRUs are also subject to fines and additional interest for the elapsed period of time. Interest and eventual fines are being recorded in financial expenses. The total amount of interest and fines were not relevant up until 3Q19. From 4Q19 onwards, interest, monetary restatement and possible fines started to be recorded in financial expenses.

(R\$ million)	1Q20	1Q19
ABIs provision	36.4	1.0
Principal charged through GRUs	33.4	7.6
Interest, monetary restatement and fines	-	0.8
SUS reimbursement – Acquired companies	5.9	-
SUS reimbursement – Medical costs	75.7	9.4
Interest, monetary restatement and fines	27.1	-
SUS reimbursement – Financial results	27.1	-
SUS reimbursement – Total Hapvida	102.8	9.4

8.5 Technical reserves for claims

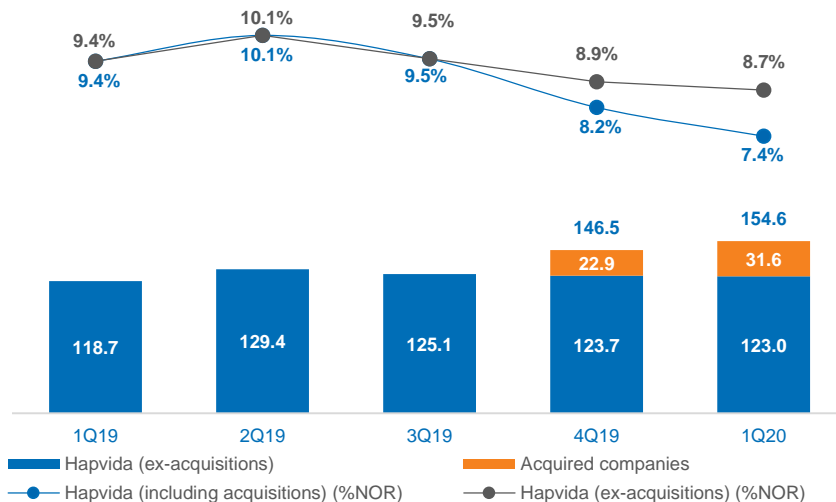
Total technical reserves for claims ended the quarter at R\$820.6 million, an increase of 116.0% over 1Q19, mainly due to the balance of technical provisions transferred from the acquired companies in the amount of R\$223.4 million. The balance of SUS reimbursement provisions increased by R\$331.2 million, impacted by an increase in the receipt of ABIs and an acceleration of the number of ABIs transformed into GRU (invoices) in the period, as shown in the previous topic.

Technical Reserves for Claims – Health Care Operations
(R\$ million)



9. SELLING EXPENSES

Selling Expenses and Selling Expenses Ratio (% NOR)
(R\$ million and %)

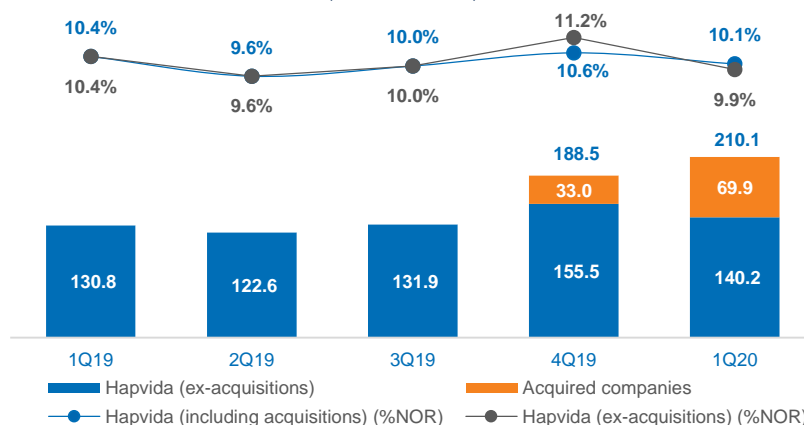


Regarding Hapvida (ex-acquisitions) numbers, the selling expenses ratio (measured by dividing total selling expenses by net revenues) was 8.7% in 1Q20, 0.7 pp less than 1Q19 due to the lower volume of new sales between the comparative periods. Hapvida's selling expense ratio (with acquisitions) was 7.4% in 1Q20. The Acquired Companies operated, until then, with a lower ratio than Hapvida (ex-acquisitions).

10. ADMINISTRATIVE EXPENSES

Administrative expenses and Administrative expenses ratio (%NOR)

(R\$ million and %)

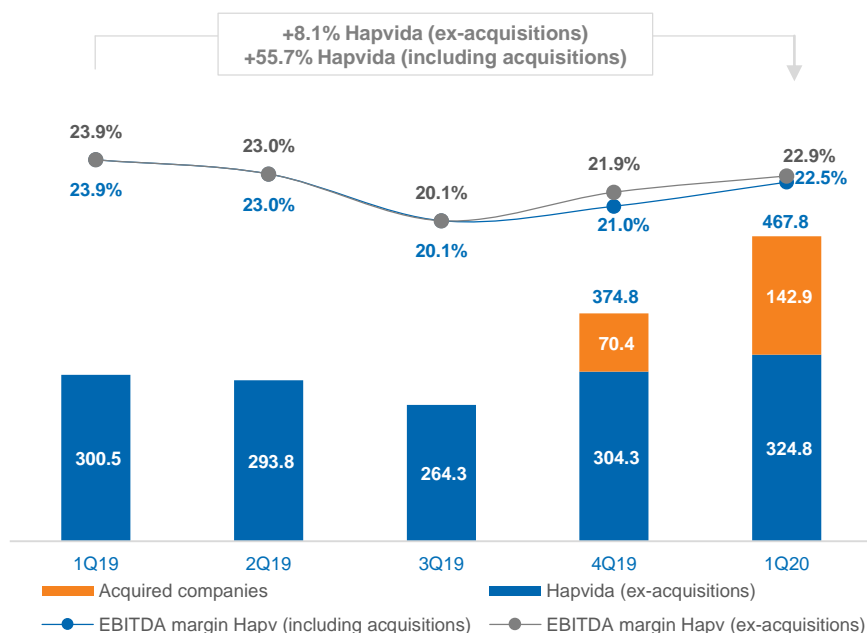


*Current and past figures are being presented without depreciation and amortization charges.

The administrative expenses ratio (measured by the ratio of total administrative expenses to net revenues) for Hapvida (ex-acquisitions) was 9.9% in 1Q20, 0.5 p.p. less than 1Q19. The ratio showed a significant improvement due to some expenses in 1Q19 that either did not repeat or were lower in 1Q20, such as: (i) supplementary health fees in 1Q19 of R\$3.9 million, that did not repeat in 1Q20; (ii) R\$4.0 million lower management's compensation (an increase of R\$6.3 million in 1Q19 against an increase of R\$2.3 million in 1Q20); (iii) collective bargaining agreement and hiring of new employees lower by R\$ 3.4 million (increase of R\$7.9 million in 1Q19 versus an increase of R\$4.5 million in 1Q20); and (iv) amortization of acquired portfolios lower by R\$1.9 million (R\$4.4 million in 1Q19 versus R\$2.5 million in 1Q20).

The administrative expenses ratio of Hapvida (including acquisitions) was 10.1% in 1Q20, 0.3 p.p. lower compared to the previous year, even with the entry of administrative expenses of the acquired companies in the amount of R\$ 69.9 million.

11. EBITDA



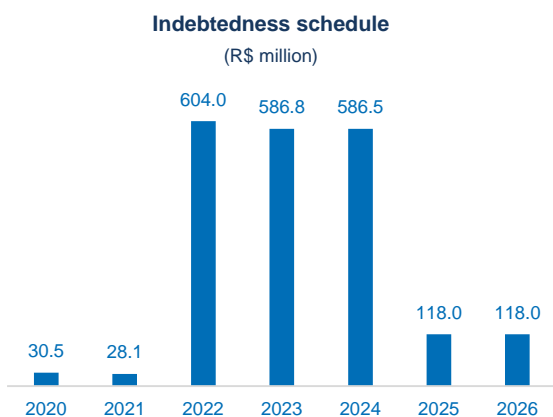
11. EBITDA (continuation)

Regarding Hapvida (ex-acquisitions), EBITDA (including IFRS 16 impact) reached R\$324.8 million in 1Q20, an increase of 8.1% compared to the same period of 2019 due to the factors already explained above. EBITDA Margin in 1Q20 was 22.9%, a decrease of 1.0 p.p. versus 1Q19.

For Hapvida (including acquisitions), EBITDA (with impact of IFRS 16) reached R\$467.8 million in 1Q20 with growth of 55.7% compared to the same comparative period of 2019 due to the factors already explained above. EBITDA Margin in 1Q20 was 22.5%, a decrease of 1.4 p.p. compared to 1Q19.

12. DEBT

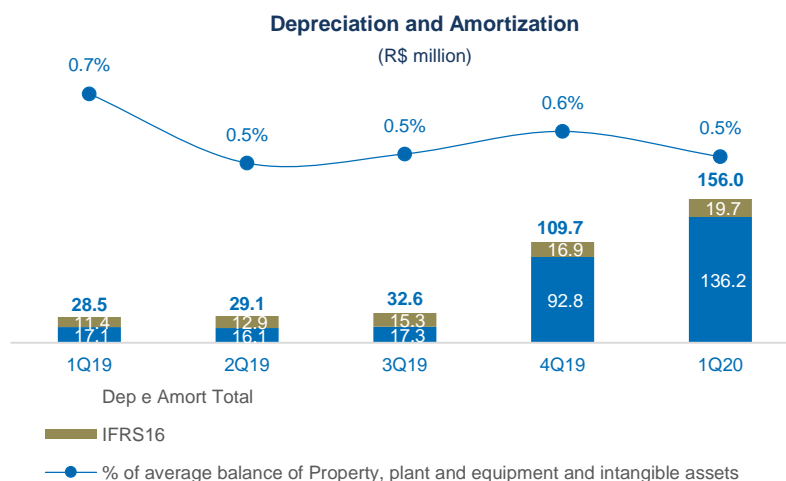
In the end of first quarter of 2020, the Company has a balance of R\$ 2,014.7 million referring to the raising of its first debenture, as well as a debt balance of R\$ 57.1 million from the balance sheet of the acquired companies. The chart below shows the payment schedule of the consolidated debt. The Net debt/EBITDA ratio in 1Q20 is -1.24 due to the net cash position of R\$ 1.7 billion.



Net debt/ EBITDA (R\$ million)	1Q20
Short-term debt*	30.5
Long-term debt*	2,041.4
Gross debt	2,071.9
(-) Cash and cash equivalents and short-term and long-term investments (proforma)	3,805.9
Net debt	(1,734.0)
Net debt/ EBITDA LTM	(1.24)x

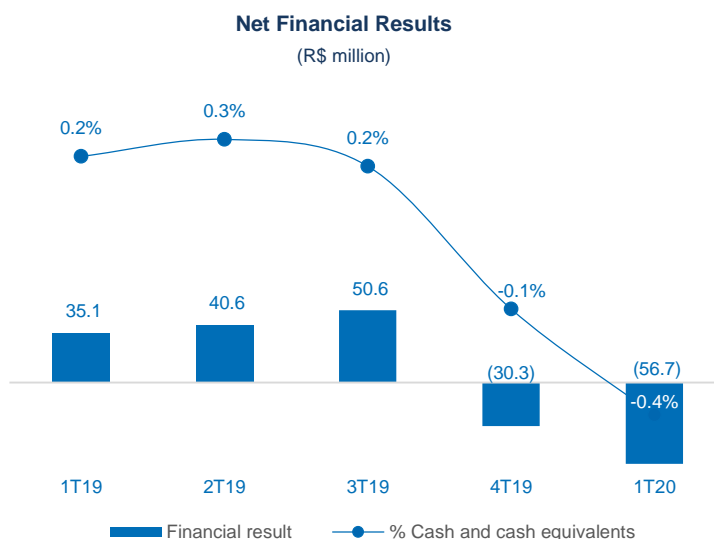
* Debt balance considers the value of debentures net of its respective transaction costs plus other financing lines.

13. DEPRECIATION AND AMORTIZATION



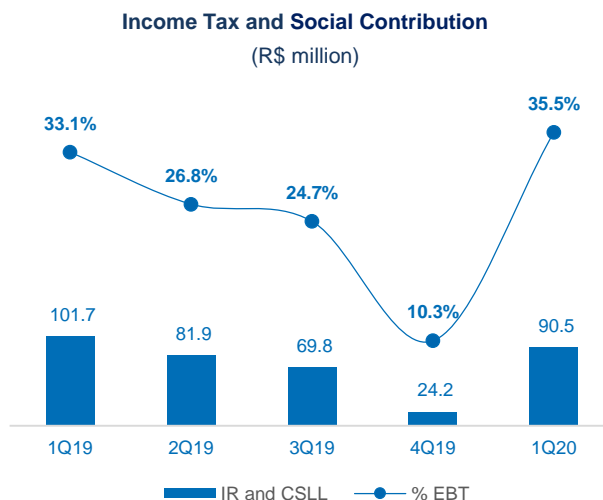
Considering IFRS16, depreciation and amortization expenses totaled R\$ 156.0 million in 1Q20, equivalent to 0.5% of the average balance of the respective equity assets. This indicator was influenced by the amortization of the added value of the acquired companies (R\$ 96.2 million) and by the depreciation and amortization from the acquired companies (R\$ 20.7 million).

14. FINANCIAL RESULTS



Net financial result for 1Q20 was an expense of R\$56.7 million influenced by: (i) the pro rata recognition of accrued interest in the amount of R\$21.9 million related to the first debentures issuance; (ii) the recognition of lease interest of R\$20.8 million; (iii), by financial expenses from acquired companies of R\$4.9 million; and (iv) by the recognition of interest and fines totaling R\$27.1 million related to SUS reimbursement.

15. INCOME TAX AND SOCIAL CONTRIBUTION

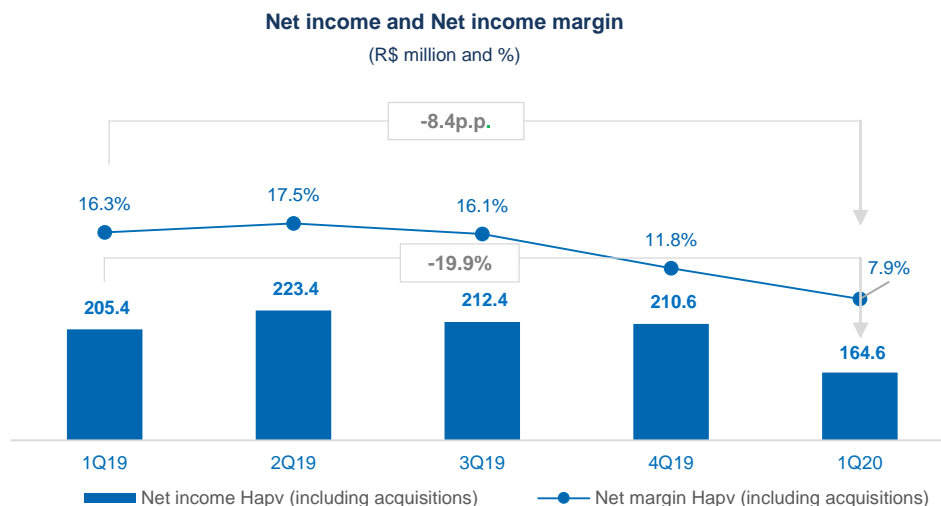


The effective income tax rate was 35.5% in 1Q20, close to the 34% nominal rate in force by current legislation, mainly due to the non-occurrence in this quarter of events that affect the tax base, such as: constitution of tax credit for the incorporation of an acquired entity (1Q19), expenses with the issue of debentures (3Q19) and declaration of interest on equity (2Q19 and 4Q19).

IFRS 16 does not change the effective tax base, and the mismatch between “cash” and accrued income taxes is booked as a deferred asset. The amount recognized in this quarter is R\$2.1 million.

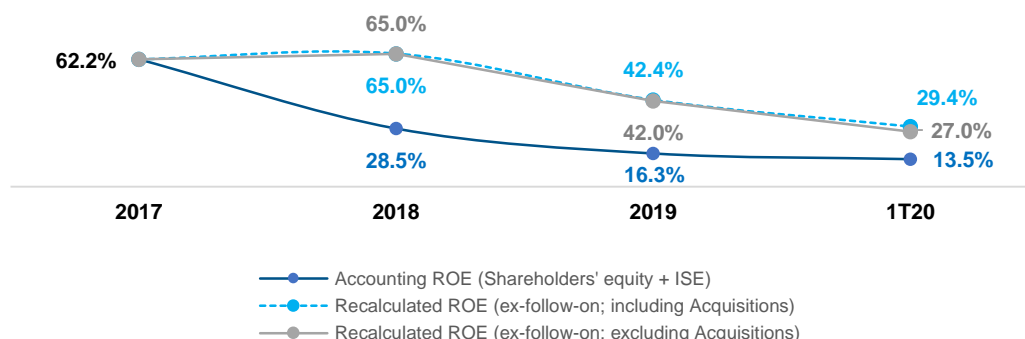
16. NET INCOME

Hapvida (including acquisitions) net income for 1Q20 totaled R\$164.6 million, a decrease of 19.9% compared to 1Q19, with a 8.4 p.p. decrease in net margin, mainly impacted by higher financial expenses and higher provisions for reimbursement to SUS, in addition to non-cash items, such as the increase in depreciation and amortization that went from R\$28.5 million in 1Q19 to R\$156.0 million in 1Q20, including the amortization of the added value of acquired companies of R\$ 96.2 million.



17. ROE

ROE (Return on Average Equity) recalculated in the last 12 months was 29.4% at the end of 1Q20, 13.0 p.p. below 42.4% in 2019, mainly due to the full consolidation of the equity of the companies acquired at the end 2019 and partial consolidation of the results (only 2 months for Grupo São Francisco and 1 month for Grupo América) plus 1Q20, in addition to the entry of the new acquired company, RN Saúde in 1Q20. Recalculated ROE for 1Q20 excludes the amount of R\$ 2.6 billion from the subsequent share offer (follow-on), which had not yet been invested until the end of this quarter.



Values in R\$ million

Item	2017	2018	2019	1Q20
Net income (a) with IFRS16	650.6	788.3	851.8	811.0
Equity (including ISE)	1,308.3	3,790.4	7,481.9	7,646.5
Average equity(b) ¹	1,045.8	2,770.7	5,228.4	5,999.7
ROE (LTM) (c) = (a)/(b)	62.2%	28.5%	16.3%	13.5%
Equity excluding IPO and Follow on	1,308.3	1,075.9	4,671.9	4,836.4
Average equity excluding IPO and Follow on (d)	1,045.8	1,212.9	2,009.3	2,761.4
ROE (LTM) Recalculated (e) = (a)/(d)	62.2%	65.0%	42.4%	29.4%

¹2017, 2018 e 2019 = Average equity of the previous 5 quarters.

18. CASH GENERATION AND CAPEX

Free cash flow for Hapvida (ex-acquisitions) reached R\$180.1 million in 1Q20, an increase of 13.2% versus 1Q19, positively impacted by higher depreciation and amortization amounts resulting from the amortization of added value of acquired companies (R\$96.2 million) and by the depreciation and amortization from the acquired companies (R\$20.7 million), which offset a negative impact in working capital affected by greater variation in SUS reimbursement. Free cash flow including acquisitions was R\$133.4 million in 1Q20 due to the payment for the acquisition of RN Saúde. Capex resulting from additions to property, plant and equipment and intangible assets totaled R\$74.3 million in 1Q20, in line with 1Q19, mainly due to investments in own network, including the new Celina Guimarães Hospital located in Rio Grande do Norte and 5 more medical clinics, 1 hospital, 1 diagnostic unit and 1 emergency care unit.

Values in R\$ million

Item	1Q20	1Q19	1Q20 x 1Q19
EBIT	311.8	272.0	14.6%
Effective income tax rate (*)	35.5%	33.1%	2.4 p.p
NOPAT	201.1	182.0	10.5%
(+) Depreciation and amortization	156.0	28.4	449.3%
(+/-) Change in working capital [†]	(102.7)	24.8	-514.1%
(-) Cash CAPEX	(74.3)	(76.1)	-2.4%
Free cash flow (ex-acquisitions)	180.1	159.1	13.2%
(-) Companies acquisitions	(46.7)	-	-
Free cash flow	133.4	159.1	-16.1%

([†]) Includes variations: (i) current assets: accounts receivable, inventories, other credits and advances to suppliers and (ii) current liabilities: loans, suppliers, technical provisions for health care operations net of PPCNG, debts of health care operations net of prepayments, other payables and social obligations.

19. INCOME STATEMENT – SUMMARY

Item	1Q20 IFRS16	1Q19 IFRS16	AV 1Q20 IFRS	1Q20 x 1Q19 IFRS16	1Q20 ex- IFRS16	1Q19 ex- IFRS16	1Q20 x 1Q19 ex-IFRS16
Revenues from gross payments	2,111.9	1,309.6	101.6%	60.8%	2,111.9	1,309.6	61.3%
Revenue from other activities	76.4	5.8	3.7%	1193.7%	76.4	5.8	1216.2%
Deductions	(109.6)	(58.4)	-5.3%	87.7%	(102.0)	(58.4)	87.7%
Net revenues	2,078.8	1,257.0	100.0%	65.4%	2,078.8	1,257.0	65.4%
Medical cost and others	(1,160.7)	(694.8)	55.8%	67.0%	(1,192.3)	(716.1)	66.5%
Rent with related parties	-	-	0.0%	-	(14.2)	(13.2)	7.7%
Depreciation and Amortization	(33.2)	(19.4)	1.6%	70.9%	(16.4)	(9.7)	68.1%
Change in IBNR	(10.1)	(2.7)	0.5%	269.3%	(10.1)	(2.7)	269.3%
Change in SUS reimbursement provision	(75.7)	(9.4)	3.6%	701.3%	(75.7)	(9.4)	701.3%
Total cost	(1,279.6)	(726.4)	61.6%	76.2%	(1,294.4)	(738.0)	75.4%
Gross profit	799.2	530.6	38.4%	50.6%	784.4	519.0	51.1%
Gross margin	38.4%	42.2%	-	-3.8p.p.	37.7%	41.3%	-3.6p.p.
Selling expenses	(154.6)	(118.7)	7.4%	30.2%	(154.6)	(118.7)	30.2%
Administrative expenses	(333.4)	(139.3)	16.0%	139.4%	(333.1)	(139.4)	139.0%
Personnel	(84.1)	(52.2)	4.0%	61.2%	(84.1)	(52.2)	61.2%
Third party services	(60.8)	(20.7)	2.9%	194.5%	(60.8)	(20.7)	194.5%
Location and operation	(29.5)	(24.1)	1.4%	22.3%	(32.1)	(25.9)	24.0%
Taxes	(3.3)	(11.3)	0.2%	-70.6%	(3.3)	(11.3)	-70.6%
Depreciation and Amortization	(122.8)	(9.0)	5.9%	1260.7%	(119.9)	(7.4)	1529.9%
Provisions for civil, labor and tax risks	(21.3)	(19.1)	1.0%	11.6%	(21.3)	(19.1)	11.6%
Miscellaneous expenses	(11.6)	(2.9)	0.6%	298.6%	(11.6)	(2.9)	298.3%
Other expenses/operational revenues	0.6	(0.6)	0.0%	-200.7%	0.6	(0.6)	-200.7%
Total expenses	(487.4)	(258.6)	23.4%	88.5%	(487.1)	(258.6)	88.3%
Operational income	311.8	272.0	15.0%	14.6%	297.3	260.3	14.2%
Financial revenues	49.6	60.3	-2.4%	-17.8%	49.6	60.3	-17.8%
Financial expenses	(106.2)	(25.2)	5.1%	321.6%	(85.4)	(8.0)	967.9%
Financial result	(56.7)	35.1	-2.7%	-261.6%	(35.9)	52.3	-168.6%
EBIT	255.1	307.1	12.3%	-16.9%	261.4	312.6	-16.4%
IR and CSLL current	(133.3)	(103.0)	6.4%	29.3%	(133.3)	(103.0)	29.3%
IR and CSLL deferred	42.7	1.3	-2.1%	3126.7%	40.6	(0.5)	-7519.2%
IR and CSLL	(90.5)	(101.7)	4.4%	-11.0%	(92.7)	(103.6)	-10.5%
Net income	164.6	205.4	7.9%	-19.9%	168.7	209.0	-19.3%
Net margin	7.9%	16.3%	-	-8.4p.p.	8.1%	16.6%	-8.5p.p.

Some percentages and other amounts included in this document have been rounded for ease of presentation and may therefore differ from quarterly information tables and notes. Additionally, some total values in certain tables may not reflect the arithmetic sum of the preceding values.

20. BALANCE SHEET - SUMMARY

Item	1Q20 IFRS 16	1Q19 IFRS 16	1Q20 x 1Q19 IFRS16	1Q20 ex-IFRS16	1Q19 ex-IFRS16	1Q20 x 1Q19 ex-IFRS16
Assets	12,798.0	5,978.8	114.1%	11,874.9	5,175.5	-56.4%
Current assets	2,754.2	1,227.3	124.4%	2,754.2	1,227.3	-55.4%
Cash and cash equivalents	498.0	143.0	248.1%	498.0	143.0	-71.3%
Short-term investments	1,391.0	639.8	117.4%	1,391.0	639.8	-54.0%
Trade receivables	358.8	167.6	114.1%	358.8	167.6	-53.3%
Other assets	350.9	154.9	126.5%	350.9	154.9	-55.8%
Derivative financial instruments	3.6	-	0%	3.6	-	-100.0%
Deferred commission	152.1	121.9	24.7%	152.1	121.9	-19.8%
Non-current assets	10,043.8	4,751.4	111.4%	4,264.8	3,948.2	-56.7%
Long-term investments	1,917.0	2,981.2	-35.7%	1,917.0	2,981.2	55.5%
Deferred taxes	332.2	127.3	160.9%	321.2	125.5	-60.9%
Judicial deposits	203.3	101.2	100.8%	203.3	101.2	-50.2%
Deferred commission	135.8	102.1	33.1%	135.8	102.1	-24.8%
Derivative financial instruments	8.8	-	-	8.8	-	-100.0%
Other assets	49.5	41.8	18.4%	49.5	41.8	-15.5%
Property, plant and equipment	2,107.2	1,256.9	67.7%	1,195.0	455.5	-61.9%
Intangible assets	5,290.1	140.9	3653.8%	5,290.1	140.9	-97.3%
Item	1Q20 IFRS 16	1Q19 IFRS 16	1Q20 x 1Q19 IFRS16	1Q20 ex-IFRS16	1Q19 ex-IFRS16	1Q20 x 1Q19 ex-IFRS16
Liabilities and shareholders' equity	12,798.0	5,978.8	114.1%	11,874.9	5,175.5	129.4%
Current liabilities	1,931.2	1,088.8	77.4%	1,894.7	1,060.1	78.7%
Lending and Financing	42.2	-	0%	42.2	-	-
Trade payables	112.5	62.5	80.0%	112.5	62.5	80.0%
Technical provisions for health care operations	990.8	414.3	139.1%	990.8	414.3	139.1%
Health care payables	5.7	62.7	-90.9%	5.7	62.7	-90.9%
Payroll obligations	189.4	110.3	71.7%	189.4	110.3	71.7%
Taxes and contributions payable	119.3	63.4	88.3%	119.3	63.4	88.3%
Income and social contribution taxes	111.6	90.2	23.8%	111.6	90.2	23.8%
Dividends and interest on shareholders' equity payable	220.0	184.5	19.2%	220.0	184.5	19.2%
Leases payable	36.5	28.7	26.9%	-	-	-
Related party payables	4.2	42.7	-90.2%	4.2	42.7	-90.2%
Other accounts payable	98.8	29.6	233.8%	98.8	29.6	234.0%
Non-current liabilities	3,440.4	1,069.7	221.6%	2,532.4	291.6	768.5%
Lending and Financing	2,029.6	-	0%	2,029.6	-	-
Taxes and contributions payable	24.1	12.0	101.7%	24.1	12.0	101.7%
leases payable	908.0	778.1	16.7%	-	-	-
Provision for tax, civil and labor risks	389.0	272.3	42.8%	389.0	272.3	42.8%
Other accounts payable	89.6	7.3	1127.0%	89.6	7.3	1127.0%
Shareholders' equity	7,426.4	3,820.2	94.4%	7,447.8	3,823.9	94.8%
Capital	5,650.5	2,810.2	101.1%	5,650.5	2,810.2	101.1%
Profit reserves	1,773.5	997.5	77.8%	1,794.9	1,013.7	77.1%
Equity attributable to controlling shareholders	7,424.0	3,807.7	95.0%	7,445.4	-	-
Non-controlling interest	2.4	12.6	-80.8%	2.4	0,00	-

Some percentages and other amounts included in this document have been rounded for ease of presentation and may therefore differ from quarterly information tables and notes. Additionally, some total values in certain tables may not reflect the arithmetic sum of the preceding values.

21. CASH FLOW STATEMENT – SUMMARY

Item	1Q20 IFRS 16	1Q19 IFRS 16	1Q20 x 1Q19 IFRS16	1Q20 ex- IFRS16	1Q19 ex- IFRS16	1Q20 x 1Q19 ex-IFRS16
Net income	164.6	205.4	-19.9%	168.7	209.0	-19.3%
Adjustments to reconcile net income with cash	338.5	15.0	118.4%	300.1	128.3	133.9%
Depreciation and amortization	135.0	17.1	690.3%	135.0	17.1	690.3%
Depreciation of usage rights	21.0	11.4	84.7%	-	-	-
Technical provisions for health care operations	10.2	8.6	18.5%	10.2	8.6	18.5%
Provision for losses on receivables	56.0	36.4	53.6%	56.0	36.4	53.6%
Write-off of property, plant and equipment	1.8	0.2	1126.7%	1.8	0.2	1126.7%
Write-off of intangible assets	1.3	1.2	14.1%	1.3	1.2	14.1%
Provision for tax, civil and labor risks	3.6	12.1	-70.0%	3.6	12.1	-70.0%
Income from financial investments	(24.4)	(50.8)	-52.1%	(24.4)	(50.8)	-52.1%
Earning on derivative financial instruments	(15.1)	-	-	(15.1)	-	-
Interest and monetary restatement of leases	20.8	17.2	21.0%	-	-	-
Interest and financial charges on loans and financing	23.6	-	-	23.6	-	-
Exchange rate	14.0	-	-	14.0	-	-
Tax income and social contribution	133.3	103.0	29.3%	133.3	103.0	29.3%
Deferred taxes	(42.7)	(1.3)	3126.7%	(39.4)	0.5	-7294.0%
(Increase) decrease in asset accounts	(175.3)	(81.7)	114.6%	(175.3)	(81.7)	114.6%
Accounts receivable	(109.9)	(51.3)	114.4%	(109.9)	(51.3)	114.4%
Inventory	(12.8)	1.4	-993.3%	(12.8)	1.4	-993.3%
Taxes recoverable	(4.6)	(3.3)	40.1%	(4.6)	(3.3)	40.1%
Judicial deposits	(18.9)	(7.6)	148.5%	(18.9)	(7.6)	148.5%
Other assets	(13.8)	(22.3)	-38.1%	(13.8)	(22.3)	-38.1%
Deferred Sales Expense	(15.2)	1.4	-1197.0%	(15.2)	1.4	-1197.0%
Increase (decrease) in liability accounts:	19.4	(48.7)	-139.9%	19.4	(48.7)	-139.9%
Technical provisions for health care operations	100.4	(2.4)	-4276.6%	100.4	(2.4)	-4276.6%
Debts of health care operations	(3.1)	(2.5)	22.4%	(3.1)	(2.5)	22.4%
Social obligations	15.9	(2.6)	-705.4%	15.9	(2.6)	-705.4%
Suppliers	17.5	1.1	1452.4%	17.5	1.1	1452.4%
Taxes and contributions payable	(36.6)	7.5	-589.8%	(36.6)	7.5	-589.8%
Other accounts payable	8.9	(3.0)	-392.6%	8.9	(3.0)	-392.6%
Income tax and social contribution paid	(83.6)	(46.7)	78.9%	(83.6)	(46.7)	78.9%
Net cash provided by operating activities	347.2	230.0	51.0%	312.9	206.9	51.2%
Cash flow from investing activities	33.9	(258.3)	-113.1%	33.9	(258.3)	-113.1%
Payments to related parties	4.7	0.0	-	4.7	0.0	-
Acquisition of property, plant and equipment	(41.0)	(51.8)	-20.9%	(41.0)	(51.8)	-20.9%
Acquisition of intangibles	(33.3)	(24.3)	36.9%	(33.3)	(24.3)	36.9%
Acquisition/sale of investments	(41.5)	-	-	(41.5)	-	-
Redemption of financial investments	145.0	(182.2)	-179.6%	145.0	(182.2)	-179.6%
Cash flow from financing activities	(107.3)	(14.1)	663.2%	(73.1)	9.0	-911.7%
Obtaining loans	(77.8)	-	-	(77.8)	-	-
Receipt of derivative financial instruments	4.7	-	-	4.7	-	-
Principal payments - Leases	(34.3)	(23.1)	48.6%	-	-	-
Non-controlling shareholding stake	(0.0)	9.0	-100.1%	(0.0)	9.0	-100.1%
Change in cash and cash equivalents	273.7	(42.4)	-744.9%	273.7	(42.4)	-744.9%
Cash and cash equivalents at the beginning of the period	224.2	185.5	20.9%	224.2	185.5	20.9%
Cash and cash equivalents at the end of the period	498.0	143.0	248.1%	498.0	143.0	248.1%

Some percentages and other amounts included in this document have been rounded for ease of presentation and may therefore differ from quarterly information tables and notes. Additionally, some total values in certain tables may not reflect the arithmetic sum of the preceding values.