São Francisco Hospital - Ribeirão Preto/São Paulo

Quarterly Results – 4th Quarter 2019

Hapvida (ex-acquisitions)

- Net revenues of R$ 1.4 billion (+14.9%) in the quarter and R$ 5.2 billion (+14.5%) in the year
- Health and dental net enrollment grows 5.1% compared to 2018
- MLR ex-SUS of 56.1% (-4.2 p.p.) in 4Q19 and 58.4% (-1.2 p.p.) in the year
- EBITDA of R$278.5 million (+20.6%) in the quarter and R$1,059.3 million (+16.0%) in 2019
- EBITDA margin of 20.0% (+0.9 p.p.) in 4Q19 and 20.2% (+0.2 p.p.) in the year
- Net income of R$173.2 million in the quarter and R$ 825.2 million (+4.7%) in 2019

Hapvida (including acquisitions)

- Net revenues of R$1.8 billion (+47.4%) and R$5.6 billion (+23.1%), respectively in 4Q19 and 2019
- Health and dental net enrollment grows 56.8% compared to 4Q18
- MLR ex-SUS of 58.7% (-1.6 p.p.) in the quarter and 59.1% (-0.5 p.p.) in the year
- EBITDA of R$344.3 million (+49.1%) in 4Q19 and R$1,125.1 million (+23.2%) in 2019
- EBITDA margin of 19.3% (+0.2 p.p.) in the quarter and 20.0% (0.0 p.p.) in the year
- Net income of R$ 866.6 million (+9.9%)

Conference Call
March 26th, 2020 (Thursday)
Portuguese (with simultaneous translation into English)
10am (Brazil) | 9am (US/DST)
Webcast: ri.hapvida.com.br
Phone number: Brazil: +55 (11) 3181-8565 | **USA:** +1 (412) 717-9627

MESSAGE FROM MANAGEMENT

2019 was an intense and transformational year for Hapvida. We have reached important milestones in our history, having at year-end around 6 million customers, 30 thousand employees, more than 15 thousand doctors and over 14 thousand dentists. We also ended the year as the first and only Brazilian healthcare operator to have its own service network in all five regions of the country. Our infrastructure consists of 39 hospitals, 42 emergency units, 185 clinics and 179 diagnostic and laboratories centers.

Large and relevant acquisitions marked our year. In May, we announced the acquisition of Grupo São Francisco with its headquarters located in the city of Ribeirão Preto (State of São Paulo). Also in May, we announced the acquisition of Hospital das Clinicas e Fraturas do Cariri in Juazeiro do Norte (State of Ceará). In June we announced the acquisition of Grupo América, in the metro region of Goiânia (State of Goiás). Then, in July, we announced the acquisition of the healthcare operator RN Saúde, headquartered in the city of Uberaba (State of Minas Gerais), in the Triângulo Mineiro region. In November, we signed a purchase agreement for the Hospital das Clínicas de Parauapebas (State of Pará). In December, we announced the acqusition of the healthcare operator Medical located in Limeira (State of São Paulo) and Plamed's customer portfolio in Aracajú (State of Sergipe), the latter two still pending regulatory approvals.

All of the aforementioned acquisitions contributed to our geographic expansion, reinforced our proprietary healthcare structure and increased the portfolios of beneficiaries in several regions. The Company's exposure is now nationwide and will follow a different dynamic from the one it has followed until now. The implementation of our business model in those new regions will connect the Company to millions of customers who will have access to an intelligent health plan like Hapvida. It was also a year of strong organic expansion and investments to strengthen our operations. Our investments in physical structure totaled more than R$ 150 million in 2019, including the opening of the Joinville hospital (State of Santa Catarina), which marked our entry into the Southern region of Brazil. Our proprietary infrastructure more than doubled last year, both due to acquisitions and organic growth. Our permanent investments in increasing our own network and the consequent verticalization of claims will allow us to continue offering a quality product at an affordable cost to all while preserving our margins.

In July, we concluded our first issuance of debentures in the amount of R$ 2.0 billion, contributing to a better capital structure. For this issue, we obtained the maximum investment grade (AAA) from the risk rating agency Fitch Ratings. Also in July, we concluded a follow-on share offering in the amount of R$ 2.6 billion, which became one of the most successful capital market operations in Brazil. The proceeds from this offer will be used to support our geographic expansion strategy, strengthen our own health delivery structures and restabilish our cash and working capital position.

We were also recognized by the market and received important awards with an emphasis on the “Campeões da Década” (Gamechanger category), “Top of Mind” in the state of Manaus and “Marcas que eu gosto” in the state of Pernambuco. Another important recognition was Hapvida's entry into the new Ibovespa portfolio that is in force in the first four months of 2020. For us, this moment was quite celebrated because it reinforces the solidity and good practices that we are carrying out throughout the Company.

Some important Hapvida programs were created last year and some continue to be improved. These programs exist to offer quality care and ensure the safety of our patients, such as VidaHap (group of wellness promotion programs focused on preventive medicine and health promotion), Qualitotal (quality seal with emphasis on patient safety and continuous improvement of processes) that have been implemented in 14 of our hospitals and the “5-star service” (satisfaction survey with the purpose of measuring the customers’ opinion) which obtained more than 2 million evaluations so far. We also seek to reinforce the standardization of our procedures, implementing 75 medical protocols in emergency units in addition to constant improvements in surgical kits, special drugs and materials, that guarantee a smarter control.

Net revenues in the quarter increased by 47.4% (including the acquisitions of Grupo São Francisco and Grupo América) and 14.9% (ex-acquisitions) compared to the same quarter last year. MLR ex-SUS (ex-acquisitions) in 4Q19 was 56.1%, a reduction of 4.2 p.p., even considering the additional costs of new healthcare facilities that came online in the period and the reclassification of expenses with certain employees previously recorded as administrative expenses that started to be accounted for as medical losses. The proper management of selling expenses reaching a rate of 8.9% and administrative expenses with a rate of 16.4% contributed to an EBITDA of R$ 278.5 million (ex-acquisitions), growth of 20.6%. EBITDA including acquisitions was R$ 344.3 million for the quarter, an increase of 49.1%. Both in the quarter and in the year, we managed to show strong EBITDA growth even considering an extraordinarily high level of reimbursements to SUS and with certain non-recurring administrative expenses.

MESSAGE FROM MANAGEMENT (continued)

The Company maintained its growth rate of enrollment for health and dental beneficiaries above the sector growth. Compared to the previous period, membership grew 3.7% (ex-acquisitions) and 49.0% (including acquisitions), reaching a market share of 7.4%. The number of dental beneficiaries also grew significantly, increasing by 7.0% (ex-acquisitions) and 67.7% (including acquisitions) reaching 9.6% of market share. The company's growth performance stands out specially when we consider the adverse market scenario for 2019 in which the number of beneficiaries covered by private plans recorded a reduction of more than 60 thousand lives.

We are very optimistic about the integration process because we are seeing our planning being followed without having any surprises so far. We remain confident that we will deliver the promised synergies and with great chances of reducing the time to integrate the assets, both for Grupo São Francisco and for Grupo América.

We are pioneers in creating, using and improving new technologies here at Hapvida. Disruptive changes in our industry are happening and we are aware that a corporate success story no longer guarantees the future. As a leading healthcare company, we believe that innovation can promote people's health, improve care quality and increase accessibility. For this reason, we have incorporated "innovation" to the pillars of the Company so that we can continue to take advantage of the opportunities brought by the use of artificial intelligence, automation and new technologies, always maintaining our essence of serving our customers with hospitality, quality and cost efficiency.

In 2019, in addition to the creation of Maida Health, Hapvida's healthtech, several projects were implemented that reinforce the Company's focus on innovation and digital transformation, such as the use of facial recognition in addition to biometrics, new technology for monitoring vital signs of fetuses, medical audit using artificial intelligence (machine learning), SAP - corporate management system (ERP) - deployment in all units of Hapvida, authorization of exams and surgeries online or through our app and the digital sale of health plans. Everything to prepare Hapvida for the future.

We understand that this is a very delicate moment because of the current situation caused by the coronavirus pandemic in Brazil and in the world. Therefore, the Company put together a special working scheme for the coming months. Hapvida has a proprietary healthcare structure fully capable of assisting patients with viral syndromes of any nature. Our own network has available hospital beds, trained teams, updated medical protocols and the latest equipment. Management also initiated some systematic procedures to monitor and receive pandemic-related information.

Hapvida is using its experience of more than 40 years of medical-hospital management to minimize possible impacts on our operations and to continue taking care of our customers and employees with the usual care, which is characteristic of the Hapvida system. We will remain vigilant, monitoring the impact of covid-19 on the Brazilian economy and acting proactively to mitigate the effects caused by the potential spread of the virus in the country.

We are confident in our business model and we are certain that all achievements in 2019 are the result of engaged and inspired people working together. To all employees, medical and dental providers, brokers, business partners, shareholders, members of the board, other stakeholders and specially our clients who were part of each of those achievements, our thank you.

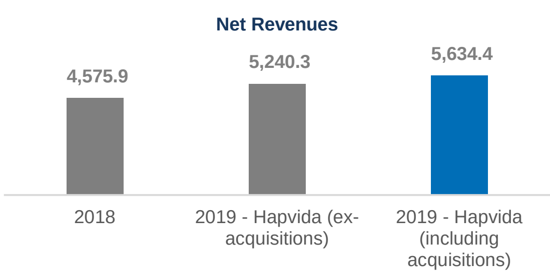
Jorge Pinheiro
CEO

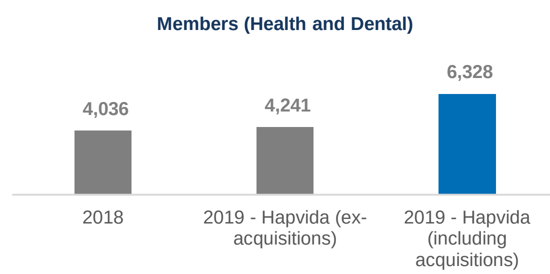
1. INTEGRATION AND REPORTING CRITERIA

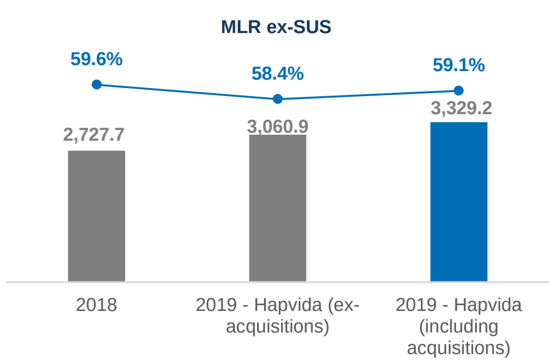
On November 1st, 2019, we have completed the acquisition of GSFRP Participações S.A. (São Francisco Group) after the fulfillment of all conditions precedent, and all of its assets were integrated into our platform that same day. Grupo São Francisco was consolidated as a subsidiary of Ultra Som Serviços Médicos S.A. in November and it became part of the financial statements of Hapvida Participações e Investimentos S.A. that same month. Consequently, São Francisco Group's assets and liabilities are fully reflected on our balance sheet and cash flow. Following the same rationale, on December 2nd, 2019, we have concluded the acquisition of the companies that make up Grupo América after all the conditions precedent had been met, all of its assets were integrated into our platform that same day. The companies that make up the América Group were consolidated as subsidiaries of Ultra Som Serviços Médicos S.A. and Hapvida Assistência Médica Ltda. in December, which became part of the financial statements of Hapvida Participações e Investimentos S.A. that same month. Therefore, Grupo América's assets and liabilities are fully reflected on our balance sheet and cash flow.

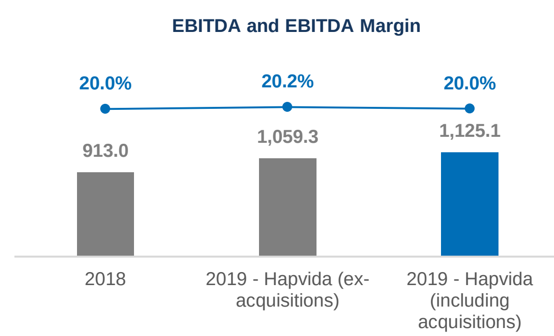
Regarding Hapvida's income statement, two months (November and December) of operations of Grupo São Francisco and one month (December) of operations of Grupo América were consolidated onto our results. Consequently, Hapvida’s consolidated results considers a combination of Hapvida’s full year standalone results added by São Francisco Group and América Group. In order to report a clear view on the impact of the operations of the acquired companies within Hapvida Participações e Investimentos S.A., we will present operating and financial data in this release with and without the acquisitions. Thus, we will present Hapvida's results individually considering the results prior to the acquisitions and to facilitate identification in the release, we will identify it as “Hapvida ex-acquisitions”. We will also present all Hapvida numbers on a consolidated basis, identified as “Hapvida Consolidated” or “Hapvida including acquisitions”. In addition, we also present information of São Francisco Group (GSF) and América Group (America) identified as “Acquired Companies”.

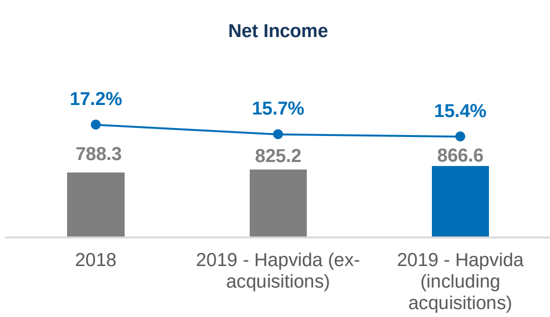
2. HIGHLIGHTS

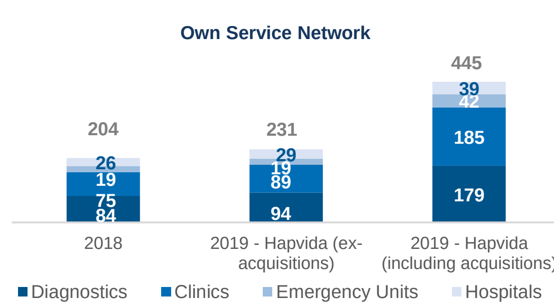












3. QUALITY OF CARE

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

In 2019 Hapvida implemented 5-star Customer Service, which is a satisfaction survey that allows evaluations between 1 and 5 stars carried out by our customers after each eligible interaction. This program is a valuable tool for the entire Company because it will enable us to see opportunities for improvement and recognize the best performances in serving our customers.This program includes evaluation for clinics, diagnostics units, walk-in emergency centers, laboratory collection stations, hospitals, dentistry services, preventive medicine units, telemedicine and our wellness and well-being promotion programs. Over the second half of 2019, we have received more than 2.6 million evaluations. The overall average grade for December 2019 based on more than 450 thousand evaluations, was 4.46.

4.46

Overall average rating

WAITING TIME FOR URGENT/EMERGENCY CARE

Hapvida has a technological platform which involves a system integration of all its 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 4Q19, 79.8% of all of 1.2 million urgent and emergency consultations carried out in our hospitals and walk-in emergency centers took place within 15 minutes.

79.8%

Service in 15 minutes or less

VIVER BEM - A *VIDAHAP* PROGRAM

Viver Bem is a wellness program for Hapvida's beneficiaries that offers a resolutive 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 December 2019, the group of patients monitored by the program achieved a very significant reduction in glycated hemoglobin when compared to that of unaccompanied patients. At the end of 2019, around 5,300 beneficiaries were part of the program.

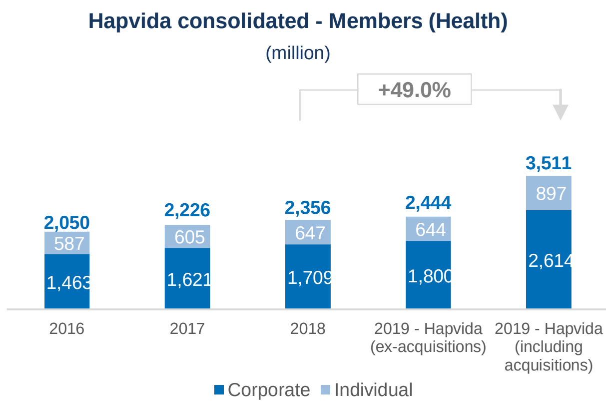
74.2%

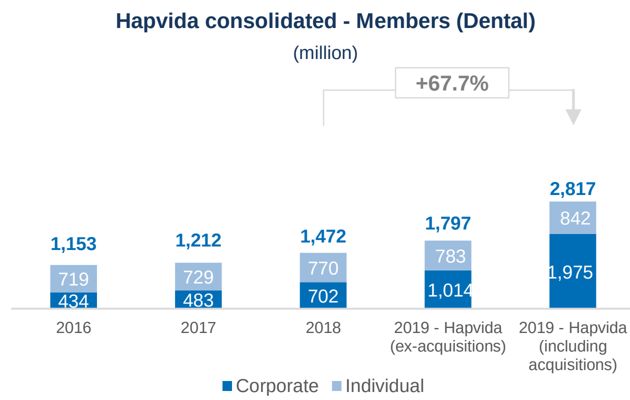
Reduction of glycated hemoglobin

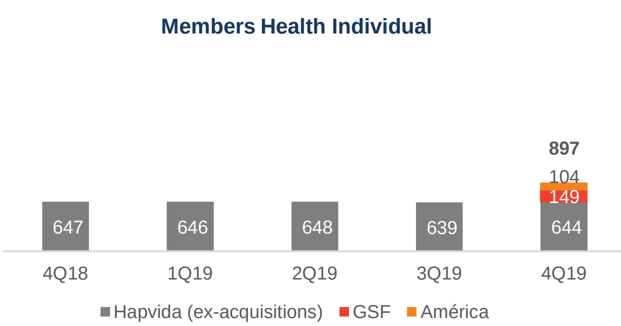
4. MEMBERS

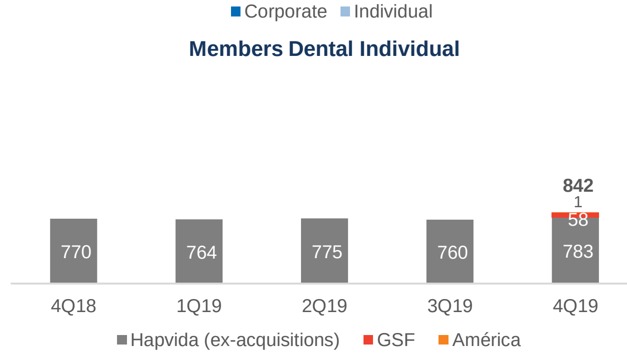
The number of health plan beneficiaries increased by 49.0% in the quarter compared to 4Q18. Inorganic growth highlights are the portfolio of 853 thousand beneficiaries (149 thousand in individual plans and 704 thousand in group plans) resulting from the acquisition of the São Francisco Group; the portfolio of 214 thousand beneficiaries (104 thousand in individual plans and 110 thousand in group plans) resulting from the acquisition of Grupo América.

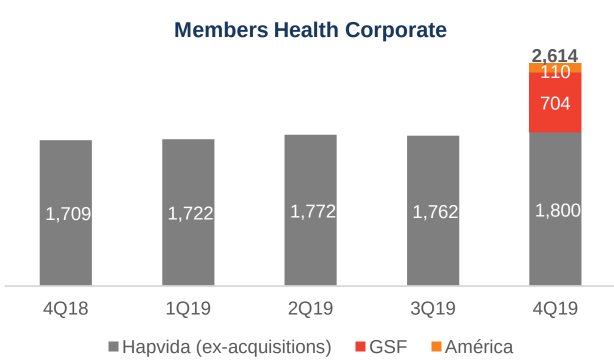
The organic growth highlight was a net increase of 88 thousand beneficiaries in group plans, driven by the states of Santa Catarina (with the start of operations in Joinville), Bahia, Pernambuco and Manaus. The portfolio of individual plans was impacted by a more rigorous contracting procedure in some regions, which was implemented in order to better qualify the sale with a potential increase in contract retention.

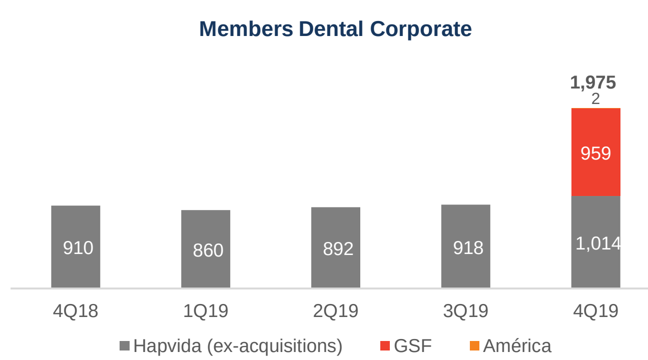










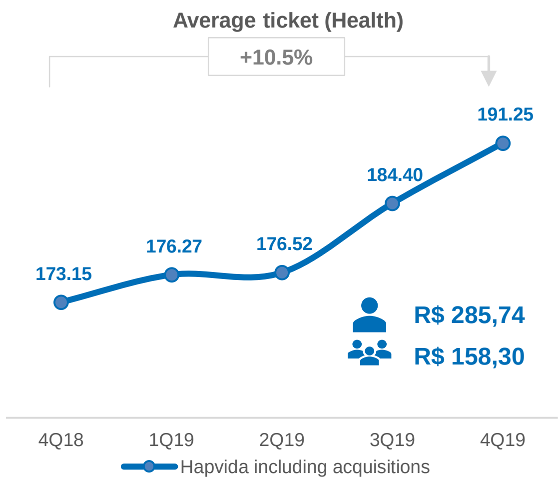


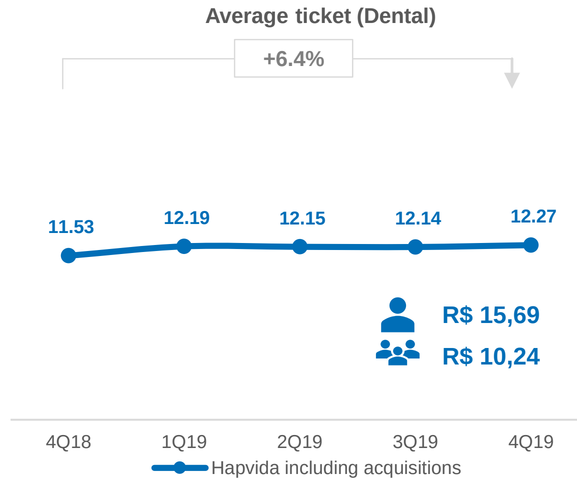
The number of dental plan beneficiaries grew by 67.7% in the quarter compared to the same period last year. A portfolio of 1.017 million beneficiairies (58 thousand in individual plans and 959 thousand in group plans) came with the acquisition of the São Francisco Group and a portfolio of around 3 thousand beneficiaries (1 thousand in individual plans and 2 thousand in collective plans) with the acquisition of Grupo América.

In terms of Hapvida's ex-acquisitions organic growth, there was a net increase of 13 thousand beneficiaries in individual plans and 104 thousand beneficiaries in group plans. Growth was concentrated in the states of Ceará, Bahia, Pernambuco, Amazonas and the Federal District.

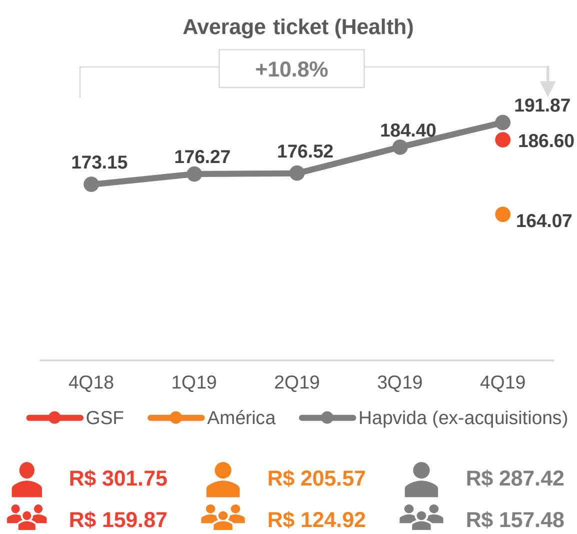
5. AVERAGE TICKET

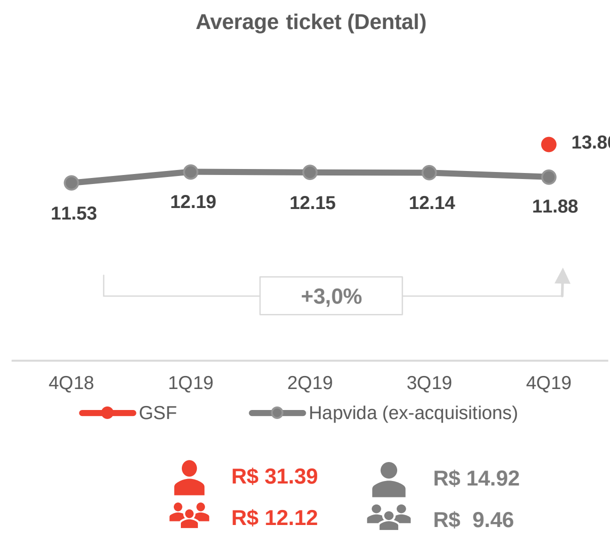
The consolidated average ticket for the health segment (Hapvida including acquisitions) grew 10.5% compared to 4Q18, mainly due to the price readjustments of existing contracts and new sales at Hapvida, since the average ticket of acquired companies is lower. The average ticket in the dental segment grew by 6.4% compared to 4Q18, mainly due to a higher average ticket from the acquired companies.





Hapvida's ex-acquisitions average ticket grew by 10.8% compared to 4Q18, mainly due to price adjustments in existing contracts and new sales.





In the dental segment, Hapvida's average ticket ex-acquisitions increased by 3.0% compared to the same period last year, mainly due to the net entry of 13 thousand beneficiaries of individual plans with an average ticket higher than the group plans.

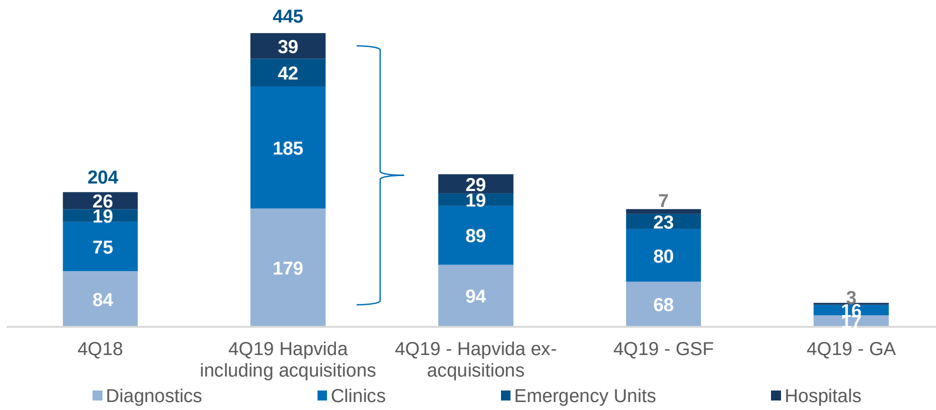
The portfolio of dental plans of América Group did not have a meaningful number of beneficiaries at year-end so average ticket will not be presented. New sales for America have been already discontinued and replaced by plans with the Hapvida brand.

6. OWN SERVICE NETWORK

Hapvida continues to expand its own network through the inauguration of new units, expansion and reform 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).

Own service network - Hapvida consolidated

(units)

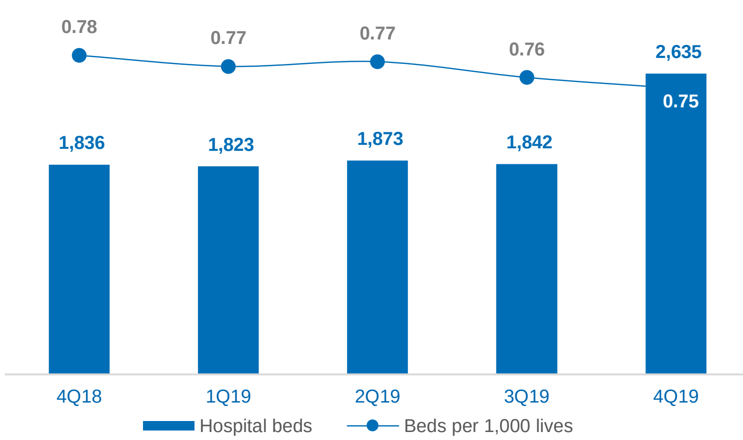


Including assets from acquired companies, the Company ended 4Q19 with 39 hospitals, 42 emergency care units, 185 clinics and 179 diagnostic imaging and laboratory collection units, thus totaling 445 service points accessible to our beneficiaries, in all five regions of Brazil.

Throughout 2019, we continued to strongly expand and requalify our proprietary health structures, adding 3 hospitals (Hospital Geral de Joinville/SC, Hospital Geral Padre Cícero/CE and Hospital das Clínicas de Parauapebas/PA), the latter two by acquisition. We also added 14 new medical clinics and 10 new diagnostic units.

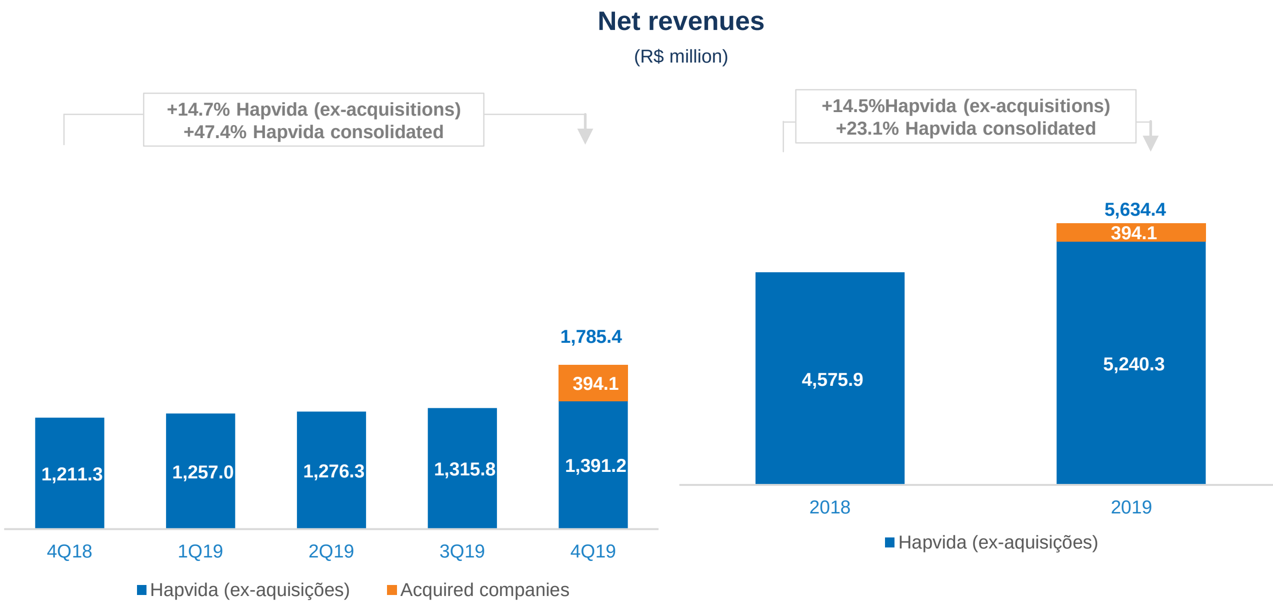
Beds per 1,000 lives - Hapvida consolidated

(units)



The company ended 4Q19 with 2,635 hospital beds in operation, which represents 0.75 bed per 1,000 beneficiaries. The increase in the number of beds in comparison to 4Q18 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, in the south of the state of Ceará) and 33 beds at the Hospital das Clínicas de Parauapebas, in addition to the 520 beds resulting from the acquisition of São Francisco and 185 beds from the acquisition of Grupo América. The reduction in the number of beds for each 1,000 beneficiaries from 0.78 to 0.75 is a reflection of the acquisitions already mentioned, which operated with an index of about 0.69 bed per 1,000 beneficiaries.

7. NET REVENUES



In 4Q19, net revenues increased by 47.4% when compared to 4Q18, mainly influenced by: (i) R$ 358.4 million from Grupo São Francisco related to 2 (two) months' revenues; (ii) R$ 35.8 million from Grupo América for 1 (one) month's revenue; (iii) growth of 5.1% in the number of beneficiaries of dental care plans at Hapvida ex-acquisitions; and (iv) increases of 10.8% in the average ticket of medical plans and 3.0% in the average ticket of dental plans of Hapvida ex-acquisitions, reflecting the price adjustments implemented in the existing contracts necessary for the economic, and new sales.

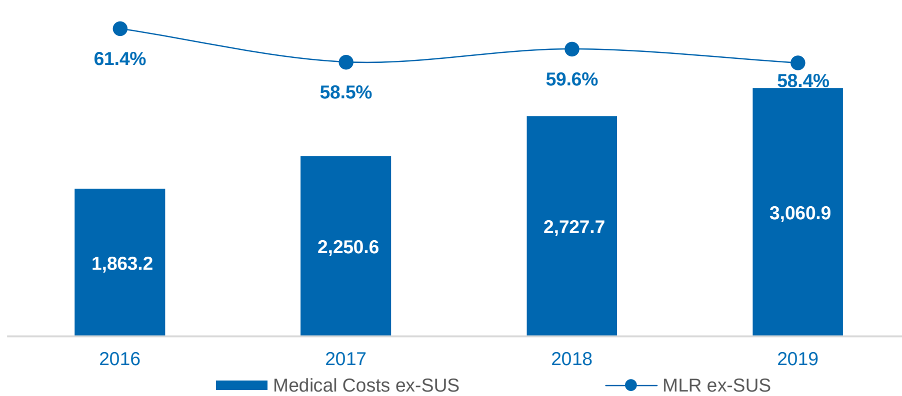
In 2019 total net revenues were R$ 5.6 billion, an increase of 23.1% compared to 2018, influenced by the aforementioned points above.

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), provision for events Incurred but Not Reported (IBNR) and SUS reimbursement provision.

To better facilitate the understanding and evolution of the Company's medical loss ratio (MLR), we are presenting below the composition of Hapvida standalone total medical losses (excluding acquisitions). We then show Hapvida consolidated numbers which will show all aggregated losses, including those of the acquired companies. Additionally, we disclose in a separate topic the rationale of the SUS reimbursement provisions.

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



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

Composition of Total Medical Costs Hapvida (ex-acquisitions) *(R$ million)*	**4Q19**	**4Q18**	**4Q19 x 4Q18**	**2019**	**2018**	**2019 x 2018**
Medical Costs - Cash	(784.5)	(710.6)	10.4%	(3,078.3)	(2,669.6)	15.3%
Depreciation and Amortization (D&A without IFRS16)	(12.2)	(10.1)	20.8%	(42.8)	(35.5)	20.6%
Change in IBNR provision	16.3	(10.1)	-261.4%	60.2	(22.6)	-366.4%
Change in SUS reimbursement provision	(63.5)	(13.3)	377.4%	(117.4)	(27.0)	334.8%
Medical Costs – Total	(843.9)	(744.2)	19.1%	(3,178.3)	(2,754.7)	15.4%
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	**56.4%**	**58.7%**	**-2.3 p.p.**	**58.7%**	**58.3%**	**0.4 p.p.**
MLR ex-SUS	**56.1%**	**60.3%**	**-4.2 p.p.**	**58.4%**	**59.6%**	**-1.2 p.p.**
MLR Total	**60.7%**	**61.4%**	**-0.7 p.p.**	**60.7%**	**60.2%**	**0.5p.p.**

MLR ex-SUS (ex-acquisitions), which is the ratio that represents the quality of our operations and that excludes the variation in the SUS reimbursement provision, was 56.1% in 4Q19 and 58,4% in 2019, an improvement of 4.2 p.p. and 1.2 p.p. compared to the same period of the previous year. Positively impacted by: **(i)** efficiency gains from claims management initiatives and wellness promotion programs; and **(ii)** positive movement of IBNR provision (R$ 16.3 million in 4Q19 and R$ 60.2 in 2019) as a result of improvements in the presentation and processing of medical bills, as a result of the improvement carried out in our operating systems to adapt them to the interfaces with SAP. The index showed significant improvements even when negatively impacted by: **(i)** a reclassification of expenses with certain employees previously recorded as administrative expenses that started at 2Q19 to be accounted for as medical losses (negative impact of R$ 6.9 million in the quarter and R$ 25.3 million in 2019, both offset by a positive effect in G&A expenses by the same amount); and **(ii)** collective bargaining agreement and hiring of new employees (R$ 9.5 million in 4Q19 and R$ 35.6 million in 2019).

Total MLR (which includes D&A, changes in IBNR and in reimbursement to SUS provisions) was 60.7% both in 4Q19 and in 2019, a decrease of 0.7 p.p. versus 4Q18 and an increase of 0.5 p.p. versus 2019. The improvement in the index in 4Q19 was only possible due to the permanent efficiency gains from several initiatives in claims management and a positive change in IBNR provision, explained previously. This more than offset the significant and extraordinary increase in the SUS reimbursement provision (R$ 63.5 million in 4Q19 versus R$ 13.3 million in 4Q18, and R$ 117.4 million in 2019 versus R$ 27.0 million in 2018).

8.2 Medical costs and MLR – Acquired Companies (Grupo São Francisco and Grupo América)

Composition of Total Medical Costs Acquired Companies* *(R$ million)*	**4Q19**	**2019**
Medical Costs - Cash	(257.0)	(257.0)
Depreciation and Amortization (D&A without IFRS16)	(2.0)	(2.0)
Change in IBNR provision	(9.4)	(9.4)
Change in SUS reimbursement provision	(5.5)	(5.5)
Medical Costs - Total	(273.9)	(273.9)
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	**65.2%**	**65.2%**
MLR ex-SUS	**68.1%**	**68.1%**
Total MLR	**69.5%**	**69.5%**

* Figures for 4Q19 and 2019 refer to November and December 2019 for Grupo São Francisco and December 2019 for Grupo América.

MLR ex-SUS from acquired companies was 68.1%. Total MLR in 4Q19 (which includes D&A, changes in IBNR and in reimbursement to SUS provisions) was 69.5%. Cash MLR (which excludes all non-cash provisions) was 65.2%.

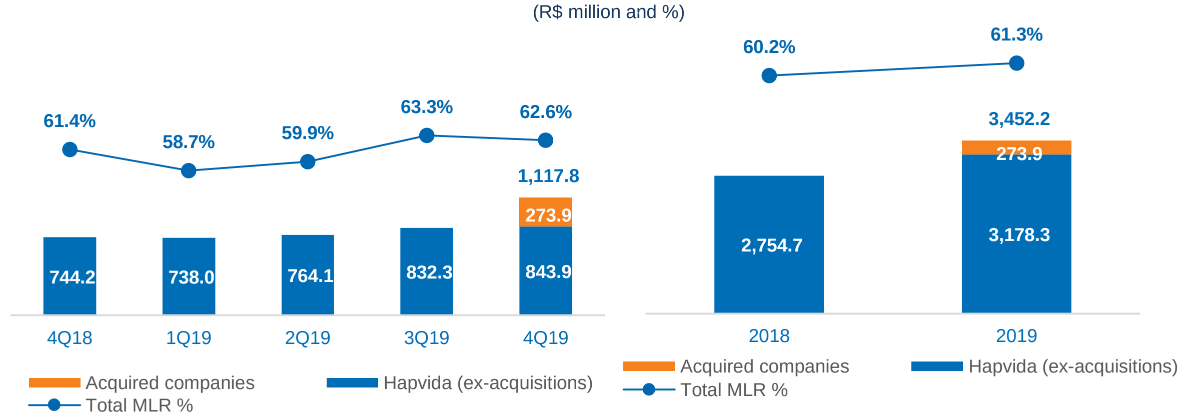
8. MEDICAL COSTS, MLR AND TECHNICAL RESERVES (continuation)

Composition of Total Medical Costs Hapvida including acquisitions* *(R$ million)*	**4Q19**	**4Q18**	**4Q19 x 4Q18**	**2019**	**2018**	**2019 x 2018**
Medical Costs - Cash	(1,041.5)	(710.6)	46.6%	(3,335.3)	(2,669.6)	24.9%
Depreciation and Amortization (D&A without IFRS16)	(14.2)	(10.1)	40.6%	(44.8)	(35.5)	26.2%
Change in IBNR provision	6.9	(10.1)	-168.3%	50.8	(22.6)	-324.8%
Change in SUS reimbursement provision	(69.0)	(13.3)	418.8%	(122.9)	(27.0)	355.2%
Medical Costs - Total	(1,117.8)	(744.2)	50.2%	(3,452.2)	(2,754.7)	25.3%
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	**58.3%**	**58.7%**	**-0.4 p.p.**	**59.2%**	**58.3%**	**0.9 p.p.**
MLR ex-SUS	**58.7%**	**60.3%**	**-1.6 p.p.**	**59.1%**	**59.6%**	**-0.5 p.p.**
Total MLR	**62.6%**	**61.4%**	**1.2 p.p.**	**61.3%**	**60.2%**	**1.1 p.p.**

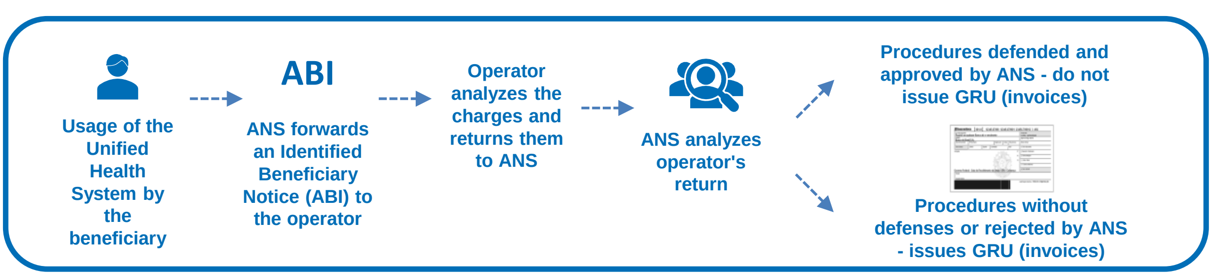
Our consolidated Total MLR in 4Q19 and 2019 was 62.6% and 61.3%, an increase of 1.2 p.p. and 1.1 p.p. compared to the same period last year, mainly impacted by costs arising from the acquired companies in R$ 273.9 million, which operate with a loss ratio above Hapvida (ex-acquisitions), in addition to the impacts previously explained at Hapvida ex-acquisitions topic.

Total Medical Costs compositon x MLR - Hapvida consolidated

(R$ million and %)



8.4 SUS reimbursements provision



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 that specific ABI is rejected by ANS, the Company records a supplement to the provision at the new value of the GRU (Federal invoice) generated. GRUs, when generated, include, in addition to the principal, interest. Moreover, GRUs not paid after a certain date are also subject to fines and additional interest for the elapsed period of time. Interest and eventual fines will be recorded in financial expenses. The total amount of interest and fines were not relevant up until 3Q19.

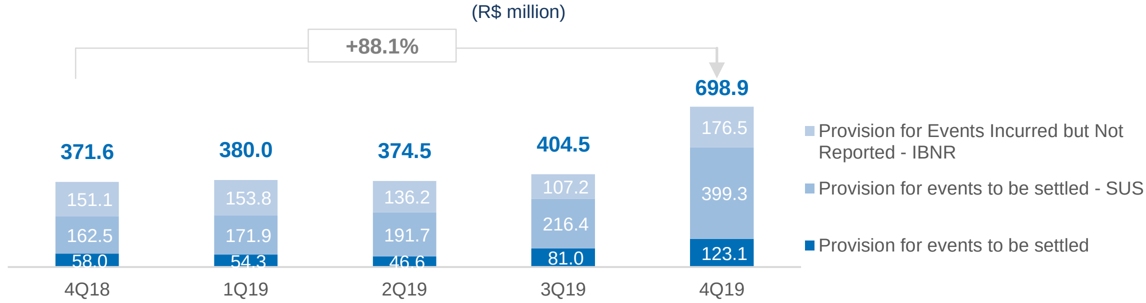
The following table shows the total impact of SUS reimbursement provisions:

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

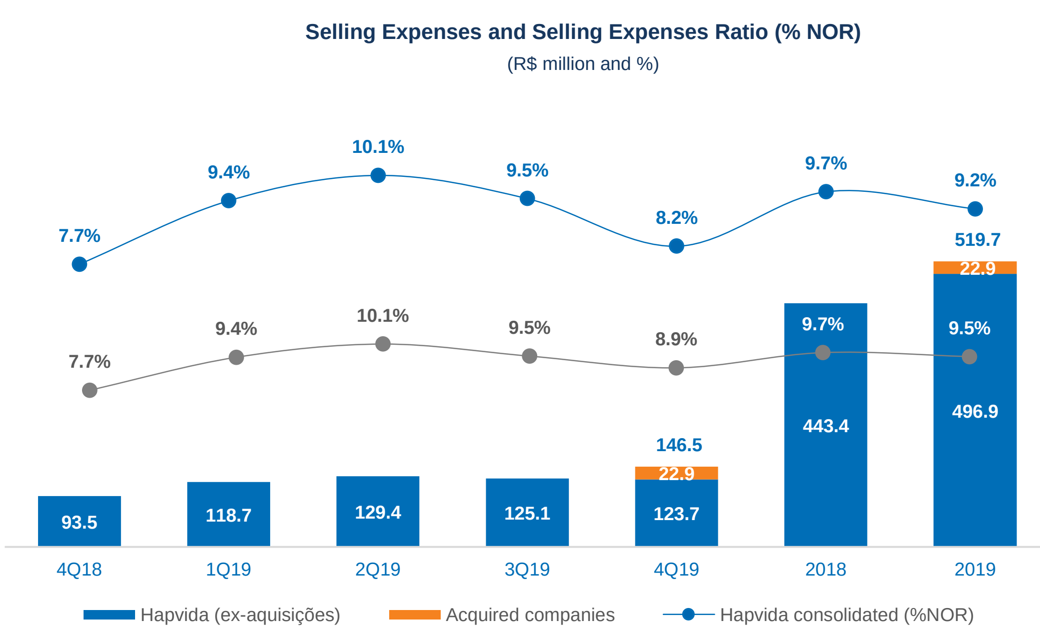
(R$ million)	4Q19	2019
ABIs provision	44.6	61.0
Principal charged through GRUs	35.0	56.4
Interest, monetary restatement and fines	32.3	48.4
Reclassification of Interest, monetary restatement and fines to Financial results	(48.4)	(48.4)
SUS reimbursement – Acquired companies	5.5	5.5
SUS reimbursement – Medical costs	64.6	122.9
Interest, monetary restatement and fines	48.4	48.4
SUS reimbursement – Financial results	48.4	48.4
SUS reimbursement provision	117.4	171.3

8.5 Technical reserves

Total technical reserves for healthcare costs ended the quarter at R$ 698.9 million, an increase of 88.1% over 4Q18, mainly due to the balance of technical provisions transferred from the acquired companies in the amount of R$ 229.2 million. The SUS reimbursement provision balance increased by R$ 236.8 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 demonstrated in the previous topic.



9. SELLING EXPENSES



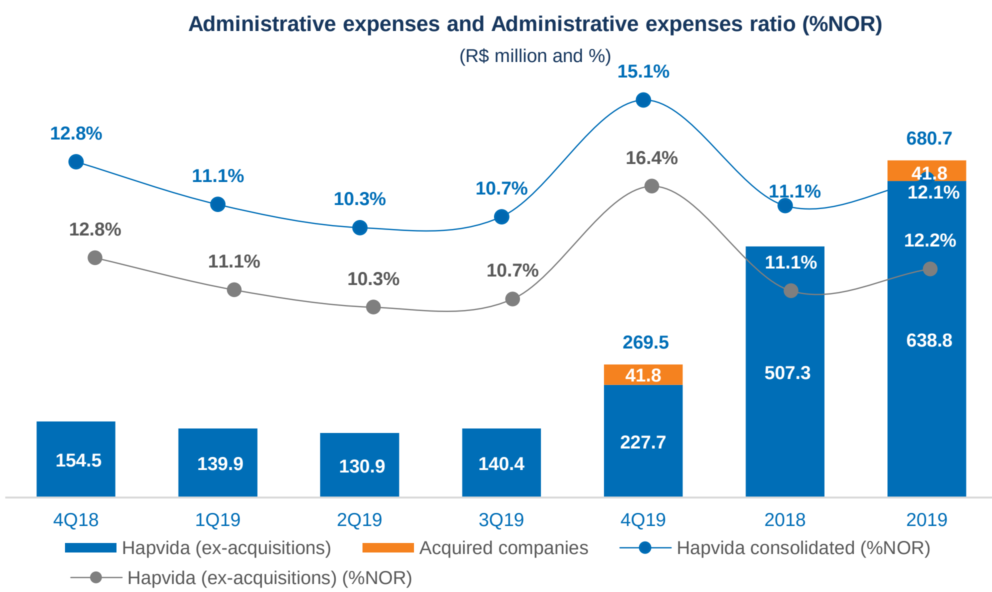
9. SELLING EXPENSES (continuation)

Regarding to Hapvida (ex-acquisitions) numbers, the selling expenses ratio (measured by dividing total selling expenses by net revenues) was 8.9% in 4Q19, 1.2 pp higher than 4Q18, mainly due to the increase in the deferral period for commissions in the previous comparative period, since as of 4Q18, commissions on health plan contracts were adjusted in line with the average terms of the contracts, which caused a concentrated effect in 4Q18). As we do every year, we reassessed the average life of our contracts and now at the end of 2019 there was no significant change in the period for deferral of commissions in comparison with the previous year.

For the year 2019, this index was 9.5%, an improvement of 0.2 pp, mainly due to the increase in the period for deferral of commissions (positive impact of R$ 6.4 million), the reduction in the allowance for loan losses. collective plans (positive impact of R$ 8.6 million) substantially explained by a provision related to the default of a single corporate client occurred in 2018 that was not repeated.

The consolidated selling expenses ratio, which includes acquisitions, was 8.2% in 4Q19 and 9.2% In 2019. Acquired Companies operate until then with a lower index than Hapvida (ex-acquisitions).

10. ADMINISTRATIVE EXPENSES

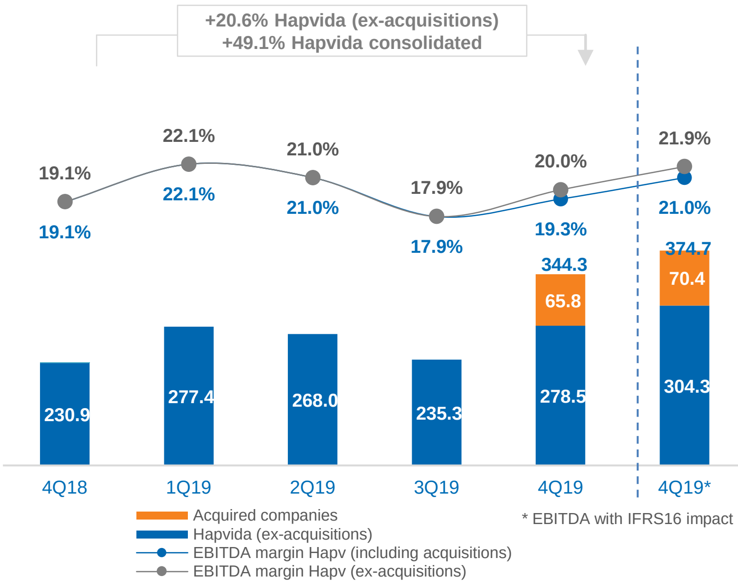


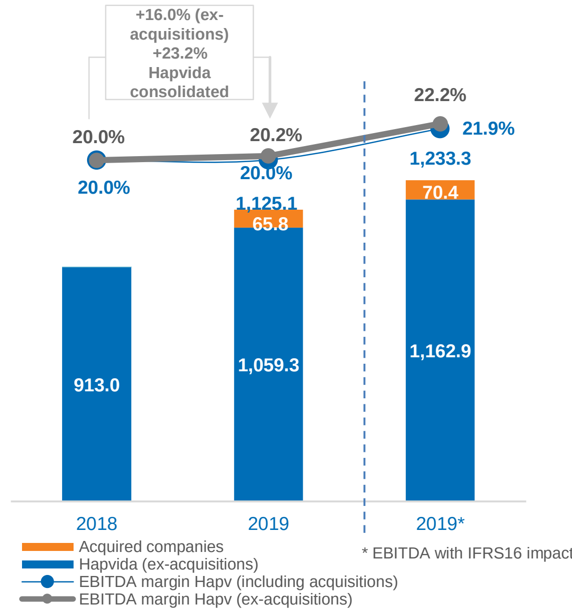
The administrative expenses ratio (measured by the ratio of total administrative expenses to net revenues) for Hapvida (ex-acquisitions) was 16.4% in 4Q19 and 12.2% in 2019, 3.6 pp and 1.1 pp higher than 4Q18 and previous year, respectively. The index was impacted by: **(i)** the amortization of the value added from acquired companies (R$ 65.3 million in the quarter and in the year); **(ii)** the amortization of beneficiary portfolios acquired Uniplan and Freelife (R$ 2.6 million in 4T19 and R$ 13.6 million in the year); **(iii)** collective bargaining and hiring new employees (R$ 2.9 million in 4T19 and R$ 12.7 million in the year), and **(iv)** expenses related to our M&A initiatives - Grupo São Francisco and Grupo América (R$ 39.0 million in the year).

The administrative expenses ratio for Hapvida Consolidated was 15.1% in 4Q19 and 12.1% in 2019, 2.3 p.p. and 1.0 p.p. higher compared to the previous year, mainly due to the administrative expenses of the acquired companies in the amount of R$ 41.8 million, M&A expenses already mentioned above (R$ 39.0 million), which are non-recurring, and the amortization of the value added from acquired companies (R$ 65.3 million), which is a non-cash impact. Acquired Companies operate until then with a higher index than Hapvida (ex-acquisitions).

11. EBITDA

Regarding Hapvida (ex-acquisitions), EBITDA (excluding IFRS16 impact) reached R$ 278.5 million and R$ 1,059.3 million in 4Q19 and 2019, respectively, with growth of 20.6% and 16.0% related to the same comparative periods of 2018 due to the factors already explained above. EBITDA margin in 4Q19 was 20.0%, an increase of 0.9 p.p. compared to 4Q18, and 20.2% in 2019, an increase of 0.2 p.p. compared to 2018.





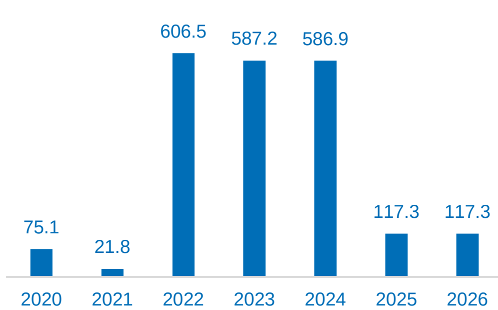
Regarding Hapvida Consolidated, EBITDA (ex-impact of IFRS 16) reached R$ 344.3 million and R$ 1,125.1 million in 4Q19 and 2019, respectively, with growth of 49.1% and 23.2% versus same comparative periods of 2018 due to the factors previously explained. EBITDA margin in 4Q19 was 19.3%, an increase of 0.2 p.p. compared to 4Q18, and 20.0% in 2019, stable compared to 2018.

12. DEBT

On July 10th, 2019 we concluded our first issuance of debentures in the amount of R$ 2.0 billion, in 2 (two) series with maturities of five years (109.0% of CDI remuneration) and seven years (110.55% of CDI remuneration), respectively, totaling a balance on December 31, 2019 of R$ 2,044.5 million. The funds raised through this issue were used in full for the acquisition of the São Francisco Group, announced in May this year and completed in November 2019. On December 31, 2019, the Company has, in addition to the debentures, a debt balance of R$ 67.5 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 calculated pro forma after the cash disbursements for paying our recent acquisitions is (-1.23) due to the net cash position of R$ 1.5 billion.

Indebtedness schedule

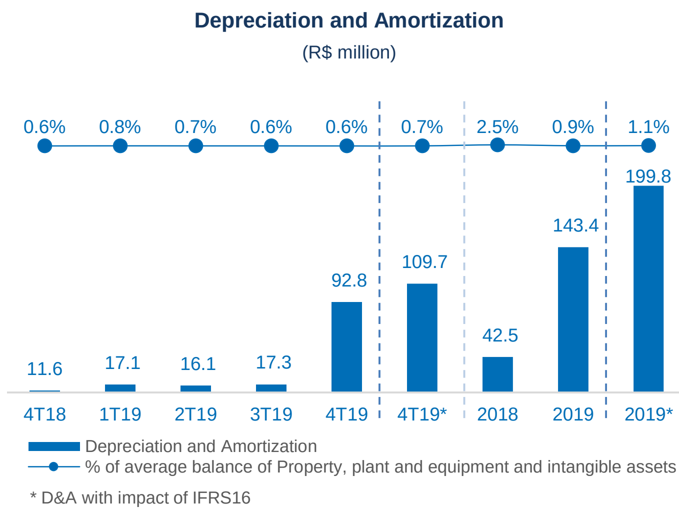
(R$ million)



Net debt/ EBITDA (R$ million)	4Q19
Short-term debt*	75.1
Long-term debt*	2,036.9
Gross debt	**2,112.0**
(-) Cash and cash equivalentes and short-term and long-term investments (proforma)	3,630.2
Net debt	**(1,518.2)**
Net debt/ EBITDA LTM	(1,23)x

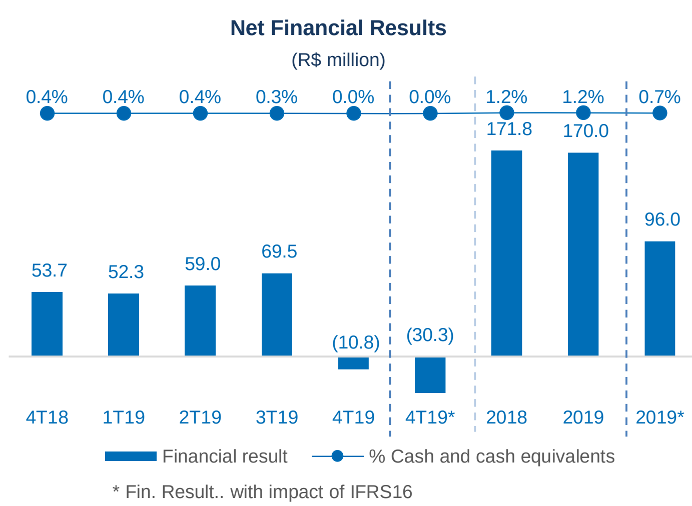
* Debt balance considers the value of debentures net of its respective transaction costs plus other financing lines.

13. DEPRECIATION AND AMORTIZATION



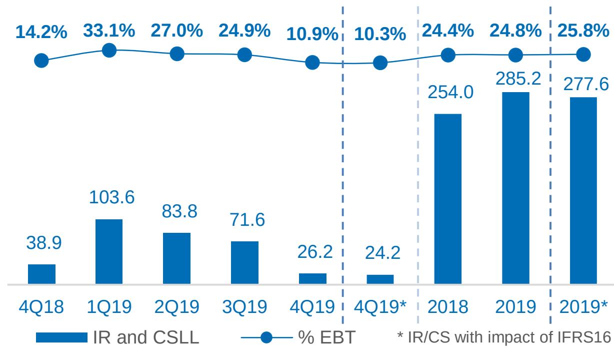
Depreciation and amortization expenses and costs totaled R$ 92.8 million in 4Q19, equivalent to 0.6% of the average balance of the respective equity assets. This indicator was influenced by the amortization of the added value of the acquired companies (R$ 65.3 million) and by the depreciation and amortization from acquired companies (R$ 9.0 million). In 2019, depreciation and amortization expenses and costs totaled R$ 143.4 million according to the same explanations above. Considering the IFRS 16, depreciation totaled R$ 109.7 million in 4Q19 and R$ 199.8 million in 2019, due to the recognition of rights of use assets of R$ 15.9 million and R$ 56.5 million, respectively.

14. FINANCIAL RESULTS



Net financial results in 4Q19 were an expense of R$ 10.8 million influenced by the pro rata recognition of accrued interest in the amount of R$ 49.2 million regarding to the first debentures issuance, by financial expenses from acquired companies (R$ 1.3 million) and by the recognition of interest and fines totaling R$ 48.4 million related to the reimbursement to SUS, as explained in topic 8.4. In 2019, net financial results totalled R$ 170.0 million, in line with 2018, impacted by the same factors of 4Q19. Under the IFRS 16, net financial results were an expense of R$ 24.2 million in 4Q19 and R$ 277.6 million in 2019, due to recognition of lease interest of R$ 19.5 million and R$ 74.0 million, respectively.

15. INCOME TAX



The effective income tax rate in 4Q19 was 10.9% in the 4Q19 and 24.8% in 2019, mainly due to the financial expenses with the issuance of debentures (R$ 27.3 million in 4Q19 and R$ 49.2 million in the year), the amortization of the added value of the acquired companies (R$ 65.3 million in 4Q19 and 2019) and the declaration of interest on equity (R$ 118.6 million in 4Q19 and R$ 223.0 million in 2019).

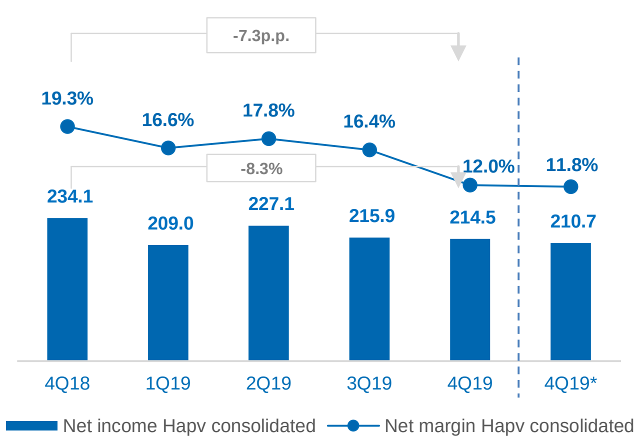
The IFRS 16 does not change the effective tax base, as the mismatch between the "cash" and the accrued income taxes is booked as a deferred asset. The amount recognized in this quarter is R$ 1.8 million.

16. NET INCOME

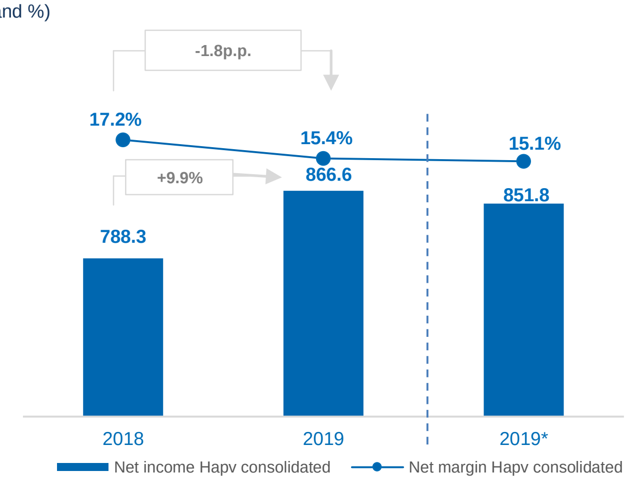
Hapvida (ex-acquisitions) net income in 4Q19 reached R$ 214.5 million with an increase of 8.3% compared to 4Q18 with 7.3p.p. increase in net income margin. In 2019, net income for Hapvida Consolidated was R$ 866.6 million, an increase of 9.9% compared to the same period last year, with a net margin of 15.4%, a decrease of 1,8 p.p., mainly impacted by an increase in provisions and higher financial expenses, both related to the reimbursement to SUS.

Net income and Net income margin

(R$ million and %)



* Net income with impact of IFRS16



* Net income with impact of IFRS16

17. IFRS16

The financial statements for 4Q19 were prepared with the effects of the adoption of IFRS 16, effective as of January 1st, 2019. Thus, lease agreements that meet the requirements of said standard are now accounted as lease liabilities, totaling R$ 932.7 million at the end of this quarter. As a result, rental expenses incurred throughout 2018, such as costs of services or location and operation expenses, are accounted in the depreciation and financial expenses lines. We present below the effects on the income statement from the standard application in 4Q19 :

Value in R$ million

Item	4T19 without IFRS 16	Rent Reversion	Depreciation and amortization	Financial expenses	4T19 with IFRS 16
Total cost	(1.117,8)	28,1	(14,4)	-	(1.104,1)
Gross profit	**667,6**	**28,1**	**(14,4)**	**-**	**681,3**
Administrative expenses	(269,3)	2,3	(2,5)	-	(269,5)
Operational income	**251,5**	**30,4**	**(16,9)**	**-**	**265,0**
Financial result	(10,8)	-	-	(19,5)	(30,3)
Tax effects	-	(10,3)	5,7	6,7	2,1
Net income	**214,5**	**20,1**	**(11,2)**	**(12,8)**	**210,7**
EBITDA	**344,4**	**30,4**	**N/A**	**N/A**	**374,8**

We show below the effects resulting from the application of the standard in the 2019 income statement:

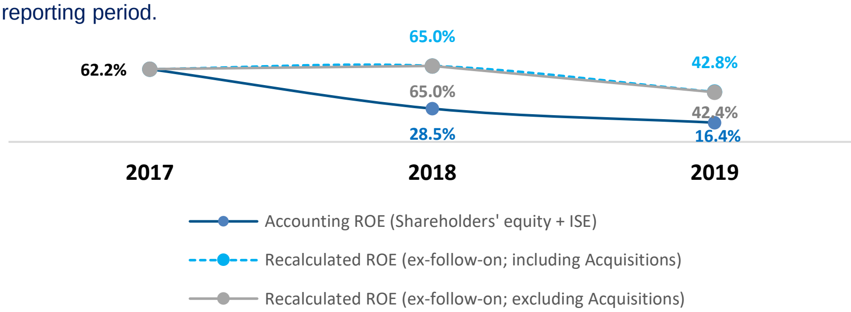
Value in R$ million

Item	2019 without IFRS 16	Rent Reversion	Depreciation and amortization	Financial expenses	2019 with IFRS 16
Total cost	(3.452,2)	100,0	(48,2)	-	(3.400,4)
Gross profit	**2.182,2**	**100,0**	**(48,2)**	**-**	**2.234,0**
Administrative expenses	(676,0)	8,2	(8,3)	-	(676,1)
Operational income	**981,8**	**108,2**	**(56,5)**	**-**	**1.033,5**
Financial result	170,0	-	-	(74,1)	96,0
Tax effects	-	(36,8)	19,2	25,2	7,6
Net income	**866,6**	**71,4**	**(37,3)**	**(48,9)**	**851,8**
EBITDA	**1.125,1**	**108,2**	**N/A**	**N/A**	**1.233,3**

For comparison purposes, the result analysis in this earnings release is performed with and without the effects of the new standard adoption established in 2019, presented above.

18. ROE

ROE (Return on Average Equity) recalculated in the last 12 months was 42.4% at the end of 4Q19, 22.6 p.p. below from 65.0% in 2018, mainly due to the full consolidation of the equity of the companies acquired at the end of 2019 and partial consolidation of the results (only 2 months for the São Francisco Group and 1 month for the América Group). Recalculated ROE 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 reporting period.



Values in R$ million

Item	2017	2018	2019
Net income (a) with IFRS16	650.6	788.3	851,8
Equity (including ISE)	1,308.3	3,605.9	7,476,4
Average equity(b)[1]	1,045.8	2,337.0	5,227,3
ROE (LTM) (c) = (a)/(b)	**62.2%**	**28.9%**	**16.4%**
Equity excluding IPO and Follow on	1,308.3	1,075.9	4,671.9
Average equity excluding IPO and Follow on (d)	1,045.8	1,212.9	2,009.3
ROE (LTM) Recalculated (e) = (a)/(d)	**62.2%**	**65.0%**	**42.8%**

[1]2017, 2018 e 2019 = Average equity of the previous 5 quarters.

19. CASH GENERATION AND CAPEX

Free cash flow for Hapvida (ex-acquisitions) reached R$ 36.7 million in 4Q19 and R$ 370.9 million in 2019, an decrease of 70,8% and 16.5%, respectively, when compared to same periods of the previous year, negatively impacted by change in working capital (affected by the greater variation in SUS reimbursement) and positively impacted by higher depreciation and amortization amounts resulting from the amortization of the added value of the acquired companies (R$ 65.3 million) and by the depreciation and amortization from the acquired companies (R$ 9.0 million). Free cash flow including acquisitions was negative by R$ 4,699.5 million in 2019 due to the payment of company acquisitions (São Francisco Group, America, Hospital das Clínicas de Parauapebas, Hospital Geral Padre Cícero and Infoway) and investments for expansion in our own network structure. Capex resulting from additions to property, plant and equipment and intangible assets totaled R$ 236.6 million in 2019, an increase of 14.5%, mainly due to investments in our own network, especially the opening or acquisition of 3 hospitals (Joinville, Padre Cícero and Parauapebas), 14 clinics and 10 diagnostic units.

Values in R$ million

Item	4Q19	4Q18	4Q19 x 4Q18	2019	2018	2019 x 2018
EBIT	**251,5**	**219,2**	**14,7%**	**981,8**	**870,5**	**12,8%**
Effective income tax rate (*)	10,9%	14,2%	**-3,3 p.p**	24,8%	24,4%	**0,4 p.p**
NOPAT	**224,1**	**188,1**	**19,2%**	**738,3**	**658,2**	**12,2%**
(+) Depreciation and amortization	92,8	11,7	**694,4%**	143,4	42,5	**237,4%**
(+/-) Change in working capital[1]	(229,8)	(15,5)	**1.382,5%**	(274,3)	(50,0)	**448,5%**
(-) Cash CAPEX	(50,4)	(58,7)	**-14,1%**	(236,6)	(206,5)	**14,5%**
Free cash flow (ex-acquisitions)	**36,7**	**125,6**	**-70,8%**	**370,9**	**444,2**	**-16,5%**
(-) Companies acquisitions	(5.053,4)	-	**n/a**	(5.070,4)	-	**n/a**
Free cash flow	**(5.016,7)**	**125,6**	**-4.095,7%**	**(4.699,5)**	**442,4**	**-1.157,9%**

([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.

18. INCOME STATEMENT – SUMMARY – Hapvida consolidated

Item	4Q19	AV 4Q19	4Q18	AV 4Q18	4Q19 x 4Q18	3Q19	AV 3Q19	4Q9 x 3Q19	4Q19 - IFRS 16	2019	2018	2019 x 2018
Revenues from gross payments	1.845,1	103,3%	1.247,9	103,0%	47,9%	1.394,5	106,0%	32,3%	1.845,1	5.877,2	4.758,2	23,5%
Revenue from other activities	36,0	2,0%	17,0	1,4%	111,5%	7,5	0,6%	379,5%	36,0	54,0	25,6	111,2%
Deductions	(95,7)	-5,4%	(53,6)	-4,4%	78,6%	(86,3)	-6,6%	11,0%	(95,7)	(296,8)	(207,8)	42,8%
Net revenues	**1.785,4**	**100,0%**	**1.211,3**	**100,0%**	**47,4%**	**1.315,8**	**100,0%**	**35,7%**	**1.785,4**	**5.634,4**	**4.575,9**	**23,1%**
Medical cost and others	(1.055,7)	59,1%	(720,7)	59,5%	46,5%	(836,7)	63,6%	26,2%	(1.042,0)	(3.380,1)	(2.705,1)	25,0%
Rent with related parties	(13,4)	0,8%	(13,2)	1,1%	1,1%	(14,1)	1,1%	-100,1%	-	(42,0)	(41,9)	0,3%
Change in IBNR	6,9	-0,4%	(10,1)	0,8%	-168,2%	29,1	-2,2%	-76,3%	6,9	50,8	(22,6)	-325,2%
Change in SUS reimbursement provision	(69,0)	3,9%	(13,3)	1,1%	417,1%	(24,6)	1,9%	180,1%	(69,0)	(122,9)	(27,0)	355,8%
Total cost	**(1.117,8)**	**62,6%**	**(744,2)**	**61,4%**	**50,2%**	**(832,3)**	**63,3%**	**34,3%**	**(1.104,1)**	**(3.452,2)**	**(2.754,7)**	**25,3%**
Gross profit	**667,6**	**37,4%**	**467,2**	**38,6%**	**42,9%**	**483,5**	**36,7%**	**38,1%**	**681,3**	**2.182,2**	**1.821,2**	**19,8%**
Gross margin	***37,4%***	-	***38,6%***	-	***-1,2p.p.***	***36,7%***	-	***0,6p.p.***	***38,2%***	***38,7%***	***39,8%***	***-1,1p.p.***
Selling expenses	**(146,5)**	**8,2%**	**(93,5)**	**7,7%**	**56,8%**	**(125,1)**	**9,5%**	**17,1%**	**(146,5)**	**(519,7)**	**(443,4)**	**17,2%**
Administrative expenses	**(269,4)**	**15,1%**	**(145,0)**	**12,0%**	**85,8%**	**(138,4)**	**10,5%**	**94,7%**	**(269,5)**	**(676,1)**	**(507,2)**	**33,3%**
Personnel	(67,6)	3,8%	(56,6)	4,7%	19,5%	(56,8)	4,3%	19,1%	(67,6)	(222,5)	(195,3)	13,9%
Third party services	(86,4)	4,8%	(32,7)	2,7%	164,1%	(25,9)	2,0%	233,0%	(86,4)	(158,2)	(98,9)	59,9%
Location and operation	(108,7)	6,1%	(27,0)	2,2%	302,9%	(29,9)	2,3%	263,0%	(108,8)	(202,8)	(103,2)	96,6%
Taxes	5,6	-0,3%	(3,0)	0,2%	-290,1%	(1,2)	0,1%	-556,5%	5,6	(5,6)	(38,1)	-85,4%
Provisions for civil, labor and tax risks	(9,8)	0,5%	(22,4)	1,8%	-56,3%	(21,0)	1,6%	-53,3%	(9,8)	(76,4)	(62,4)	22,4%
Miscellaneous expenses	(2,6)	0,1%	(3,4)	0,3%	-23,5%	(3,5)	0,3%	-26,3%	(2,6)	(10,6)	(9,2)	14,5%
Other expenses/operational revenues	**(0,2)**	**0,0%**	**(9,5)**	**-0,8%**	**-98,0%**	**(2,0)**	**0,2%**	**-90,3%**	**(0,2)**	**(4,7)**	**(0,1)**	**3515,5%**
Total expenses	**(416,2)**	**23,3%**	**(248,0)**	**20,5%**	**67,8%**	**(265,4)**	**20,2%**	**56,8%**	**(416,2)**	**(1.200,5)**	**(950,7)**	**26,3%**
Operational income	**251,4**	**14,1%**	**219,2**	**18,1%**	**14,7%**	**218,1**	**16,6%**	**15,3%**	**265,0**	**981,7**	**870,5**	**12,8%**
Financial revenues	102,5	-4,6%	63,4	5,2%	29,5%	102,5	-7,8%	-19,9%	82,1	310,6	213,1	45,8%
Financial expenses	(33,0)	5,2%	(9,7)	0,8%	860,3%	(33,0)	2,5%	181,5%	(112,4)	(140,5)	(41,3)	240,5%
Financial result	**(10,8)**	**-0,6%**	**53,7**	**4,4%**	**-120,0%**	**69,5**	**5,3%**	**-115,5%**	**(30,3)**	**170,0**	**171,8**	**-1,0%**
EBIT	**240,7**	**13,5%**	**272,9**	**22,5%**	**-11,8%**	**287,6**	**21,9%**	**-16,3%**	**234,8**	**1.151,7**	**1.042,3**	**10,5%**
IR and CSLL current	(93,1)	3,3%	(82,2)	-6,8%	-28,7%	(93,1)	7,1%	-37,0%	(58,6)	(362,8)	(315,1)	15,1%
IR and CSLL deferred	21,4	-1,8%	43,3	3,6%	-25,2%	21,4	-1,6%	51%	34,4	77,6	61,1	27,0%
IR and CSLL	**(26,2)**	**1,5%**	**(38,9)**	**3,2%**	**-32,6%**	**(71,6)**	**5,4%**	**-63,4%**	**(24,2)**	**(285,2)**	**(254,0)**	**12,3%**
Net income	**214,5**	**12,0%**	**234,1**	**19,3%**	**-8,4%**	**215,9**	**16,4%**	**-0,7%**	**210,6**	**866,5**	**788,3**	**9,9%**
Net margin	***12,0%***	-	***19,3%***	-	***-7,3p.p.***	***16,4%***	-	***-4,4p.p.***	***11,8%***	***15,4%***	***17,2%***	***-1,8p.p.***

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20. BALANCE SHEET - SUMMARY – Hapvida consolidated

Item	4Q19 - IFRS 16	4Q19	4Q18	4Q19 x 4Q18	3Q19	4Q19 x 3Q19
Assets	**12.453,7**	**11.512,1**	**4.876,7**	**136,1%**	**10.039,8**	**14,7%**
Current assets	**2.161,3**	**2.161,3**	**1.276,0**	**69,4%**	**1.934,2**	**11,7%**
Cash and cash equivalents	224,2	224,2	185,5	20,9%	169,6	32,2%
Short-term investments	1.180,4	1.180,4	702,4	68,1%	1.151,6	2,5%
Trade receivables	297,0	297,0	152,7	94,4%	146,1	103,2%
Other assets	314,5	314,5	131,6	139,0%	359,4	-12,5%
Deferred commission	145,2	145,2	103,8	39,9%	107,4	35,1%
Non-current assets	**10.292,4**	**9.350,8**	**3.600,7**	**159,7%**	**8.105,6**	**15,4%**
Long-term investments	2.225,6	2.225,6	2.685,6	-17,1%	6.924,4	-67,9%
Deferred taxes	289,5	280,6	126,0	122,7%	171,2	63,9%
Judicial deposits	187,6	187,6	96,9	93,7%	133,9	40,1%
Deferred commission	127,5	127,5	121,6	4,8%	124,0	2,8%
Derivative financial instruments	2,0	2,0	-	-	-	-
Other assets	54,0	54,0	40,9	32,0%	42,2	28,1%
Property, plant and equipment	2.100,3	1.167,6	414,5	181,7%	531,3	119,7%
Intangible assets	5.305,9	5.305,9	115,1	4510,0%	178,6	2871,4%

Item	4Q19 - IFRS 16	4Q19	4Q18	4Q19 x 4Q18	3Q19	4Q19 x 3Q19
Liabilities and shareholders' equity	**12.453,7**	**11.512,1**	**4.876,7**	**136,1%**	**10.039,8**	**14,7%**
Current liabilities	**1.745,4**	**1.708,6**	**987,5**	**73,0%**	**1.007,0**	**69,7%**
Lending and Financing	75,0	75,0	-	-	21,0	257,2%
Trade payables	95,0	95,0	61,4	54,8%	40,2	136,4%
Technical provisions for health care operations	858,1	858,1	408,1	110,3%	512,2	67,5%
Health care payables	8,8	8,8	65,2	-86,5%	2,1	324,5%
Payroll obligations	172,5	172,5	112,9	52,7%	142,7	20,9%
Taxes and contributions payable	152,4	152,4	55,9	172,7%	69,3	119,9%
Income and social contribution taxes	62,0	62,0	33,9	83,1%	73,7	-15,9%
Dividends and interest on shareholders' equity payable	220,0	220,0	184,5	19,2%	102,1	115,5%
leases payable	36,9	-	-	-	-	-
Related party payables	4,0	4,0	42,7	-90,5%	4,0	0,0%
Other accounts payable	60,6	60,6	22,9	164,1%	39,6	52,9%
Non-current liabilities	**3.446,4**	**2.524,4**	**283,3**	**791,0%**	**2.314,5**	**9,1%**
Lending and Financing	2.037,0	2.037,0	-	-	1.996,7	2,0%
Taxes and contributions payable	26,1	26,1	12,0	118,5%	12,1	116,6%
leases payable	921,9	-	-	-	-	-
Provision for tax, civil and labor risks	388,7	388,7	263,4	47,5%	293,1	32,6%
Other accounts payable	72,7	72,7	7,9	818,2%	12,5	479,5%
Shareholders' equity	**7.261,9**	**7.279,1**	**3.605,9**	**101,9%**	**6.718,3**	**8,3%**
Capital	5.650,5	5.650,5	2.810,2	101,1%	5.400,2	4,6%
Profit reserves	1.609,1	1.626,3	795,6	104,4%	1.318,1	23,4%
Equity attributable to controlling shareholders	7.259,6	7.276,8	3.605,9	101,8%	6.718,3	8,3%
Non-controlling interest	2,3	2,3	0,0	-	0,00	-

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21. CASH FLOW STATEMENT – SUMMARY – Hapvida consolidated

Item	4Q19 - IFRS 16	4Q19	4Q18	4Q19 x 4Q18	3Q19	4Q19 x 3Q19	2019	2018	2019 x 2018
Net income	**210,6**	**214,5**	**234,1**	**-8,4%**	**215,9**	**-0,7%**	**866,5**	**788,3**	**9,9%**
Adjustments to reconcile net income with cash	**143,7**	**109,2**	**95,3**	**14,6%**	**66,9**	**63,4%**	**438,7**	**392,3**	**11,8%**
Depreciation and amortization	92,9	92,9	11,7	694,6%	17,3	437,7%	143,4	42,5	237,6%
Depreciation of usage rights	16,9	-	-	-	-	-	-	-	-
Technical provisions for health care operations	(60,8)	(60,8)	23,5	-359,2%	(4,4)	1274,5%	(50,8)	49,5	-202,6%
Provision for losses on receivables	52,3	52,3	23,7	120,5%	37,7	38,6%	167,0	148,7	12,3%
Write-off of property, plant and equipment	0,8	0,8	3,2	-75,5%	4,2	-81,7%	5,3	3,5	51,2%
Write-off of intangible assets	12,3	12,3	5,4	127,5%	1,3	844,2%	23,8	5,4	338,9%
Write-off of intangible assets	-	-	-	-	-	-	-	-	-
Provision for tax, civil and labor risks	15,2	15,2	16,5	-7,8%	16,5	-8,0%	71,8	36,1	98,9%
Income from financial investments	(60,7)	(60,7)	(27,5)	120,9%	(99,4)	-38,9%	(260,0)	(147,4)	76,4%
Earning on derivative financial instrur	0,2	0,2	-	-	-	-	0,2	-	-
Interest and monetary restatement of leases	19,4	-			-				
Interest and financial charges on loans and financing	28,4	28,4	-	-	22,0	29,0%	50,3	-	-
Exchange rate	2,7	2,7	-	-	-	-	2,7	-	-
Tax income and social contribution	58,6	58,6	82,2	-28,7%	93,1	-37,1%	362,8	315,1	15,1%
Deferred taxes	(34,4)	(32,5)	(43,3)	-24,9%	(21,5)	51,4%	(77,7)	(61,1)	27,2%
(Increase) decrease in asset accounts	**(194,3)**	**(194,3)**	**(59,4)**	**226,9%**	**(8,9)**	**2072,7%**	**(412,3)**	**(292,0)**	**41,2%**
Accounts receivable	(59,0)	(59,0)	(12,1)	386,3%	(7,9)	646,2%	(164,8)	(156,7)	5,2%
Inventory	(21,8)	(21,8)	(6,8)	220,8%	(0,8)	2781,1%	(23,6)	(4,6)	407,8%
Taxes recoverable	(55,3)	(55,3)	(29,4)	88,5%	(13,2)	319,4%	(86,3)	(38,8)	122,6%
Financial investments	-	-	42,4	-100,0%	-	-	-	40,4	-100,0%
Judicial deposits	(38,1)	(38,1)	(18,2)	109,9%	(33,2)	14,8%	(102,7)	(59,8)	71,7%
Other assets	(11,6)	(11,6)	(22,8)	-49,0%	52,4	-122,2%	(20,3)	(41,0)	-50,4%
Advance payments	-	-	1,4	-100,0%	-	-	-	-	-
Deferred Sales Expense	(8,4)	(8,4)	(14,0)	-39,6%	(6,3)	34,6%	(14,5)	(31,5)	-54,1%
Increase (decrease) in liability accounts:	**(135,4)**	**(135,4)**	**(130,1)**	**4,0%**	**(46,0)**	**194,5%**	**(344,5)**	**(371,9)**	**-7,4%**
Technical provisions for health care operations	150,5	150,5	(25,8)	-683,3%	75,7	98,8%	221,6	(0,9)	-25314,4%
Debts of health care operations	(22,9)	(22,9)	4,9	-570,1%	(41,3)	-44,4%	(63,1)	10,0	-729,6%
Social obligations	(158,6)	(158,6)	(5,1)	2987,3%	13,6	-1262,8%	(132,2)	14,8	-993,2%
Suppliers	(21,2)	(21,2)	3,0	-796,4%	(6,0)	250,2%	(43,3)	2,9	-1583,3%
Taxes and contributions payable	45,6	45,6	(19,4)	-335,1%	7,6	500,5%	57,4	(32,9)	-274,7%
Other accounts payable	(52,1)	(52,1)	(4,4)	1081,0%	14,9	-449,5%	(43,2)	(29,8)	44,7%
Income tax and social contribution paid	(76,7)	(76,7)	(83,3)	-7,9%	(110,5)	-30,5%	(341,8)	(336,1)	1,7%
Net cash provided by operating activities	**24,6**	**(6,0)**	**139,8**	**-104,3%**	**227,9**	**-102,6%**	**548,4**	**516,7**	**6,1%**
Cash flow from investing activities	**60,9**	**60,9**	**(49,1)**	**-224,1%**	**(4.761,7)**	**-101,3%**	**(4.898,7)**	**(2.138,8)**	**129,0%**
Payments to related parties	(4,8)	(4,8)	(0,0)	479500,0%	(38,6)	-87,6%	(43,4)	5,8	-842,8%
Acquisition of property, plant and equ	(45,4)	(45,4)	(31,2)	45,6%	(53,6)	-15,4%	(198,9)	(160,8)	23,7%
Acquisition of intangibles	(27,6)	(27,6)	(19,7)	39,9%	(29,0)	-4,8%	(74,8)	(45,7)	63,6%
Acquisition/sale of investments	(4.837,8)	(4.837,8)	-	-	(17,2)	28044,7%	(5.070,4)	-	-
Redemption of financial investments	4.969,5	4.969,5	1,8	273100,9%	(4.624,1)	-207,5%	480,9	(1.938,1)	-124,8%
Cash flow from financing activities	**(30,9)**	**(0,5)**	**5,7**	**-108,6%**	**4.560,5**	**-100,0%**	**4.388,9**	**1.703,4**	**157,7%**
Receipt of related parties	-	-	0,0	-100,0%	(0,0)	-100,0%	-	(5,4)	-100,0%
Issuance of Debentures	-	-	-	0,0%	2.000,0	0,0%	2.000,0	-	0,0%
Obtaining loans	(0,5)	(0,5)	-	0,0%	-	0,0%	(0,5)	-	0,0%
Expenses with share issuance	0,2	0,2	0,0	N/A	(79,6)	-100,3%	(79,3)	(100,8)	-21,3%
Payment / Acquisition of loans and financing	-	-	2,5	-100,0%	-	-	-	-	-
Payment of dividends and interest on own capital	(1,7)	(1,7)	0,1	-1441,9%	(2,5)	-32,1%	(192,7)	(823,8)	-76,6%
Principal payments - Leases	(30,4)	-	-	-	-	-	-	-	-
Capital contribution	-	-	(0,0)	N/A	2.664,5	-100,0%	2.664,5	2.631,0	1,3%
Treasury shares	(0,0)	(0,0)	-	N/A	-	-	(0,0)	-	-
Non-controlling shareholding stake	1,4	1,4	3,0	N/A	(22,0)	-106,5%	(3,1)	2,3	-231,3%
Change in cash and cash equivalents	**54,6**	**54,6**	**96,3**	**-43,3%**	**26,7**	**104,8%**	**38,7**	**(15,1)**	**-357,4%**
Cash and cash equivalents at the beginning of the period	169,6	169,6	89,2	90,3%	143,0	18,7%	185,5	104,2	78,0%
Cash and cash equivalents at the end of the period	224,2	224,2	185,5	20,9%	169,6	32,2%	224,2	89,2	151,5%

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