



## March 2020 Corporate Presentation

New growth cycle and value innovation



# Index

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- 1. About OdontoPrev**
- 2. Dental benefits: an incipient sector in Brazil**
- 3. Inside OdontoPrev: strategic competitive advantages**
- 4. Financial and Operational Performance**
- 5. Capital Markets**

# 1

## About OdontoPrev

# About OdontoPrev

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OdontoPrev, listed in São Paulo since 2006, is the leading dental benefits provider in Latin America, and the largest company in the Brazilian healthcare sector in terms of clients, with more than 7 million members. The company is a member of the Novo Mercado at B3 and a constituent of the FTSE4Good Index, one of 4 Brazilian companies included in the Bloomberg 2020 Gender -Equality Index (GEI) and with quarterly cash dividends payments to shareholders, from more than 30 different countries.

# OdontoPrev's unique opportunity

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- ✓ **Largest dental benefits company in Latin America, over 7 million clients;**
- ✓ **Asset-light business model, with proprietary dental IT platform and exclusive distribution channels;**
- ✓ **Zero debt, negative working capital needs, low capex requirements, quarterly dividends, 70% payout practice;**
- ✓ **Chairman # CEO since 1998, professional management team since foundation, 1 share = 1 vote, 100% tag-along rights.**

# Net revenues, adjusted EBITDA and net income evolution since IPO

2006 - OCT18-SEP19 CAGR

Net revenues

**20%** p.y.

Adjusted EBITDA

**19%** p.y.

Net income

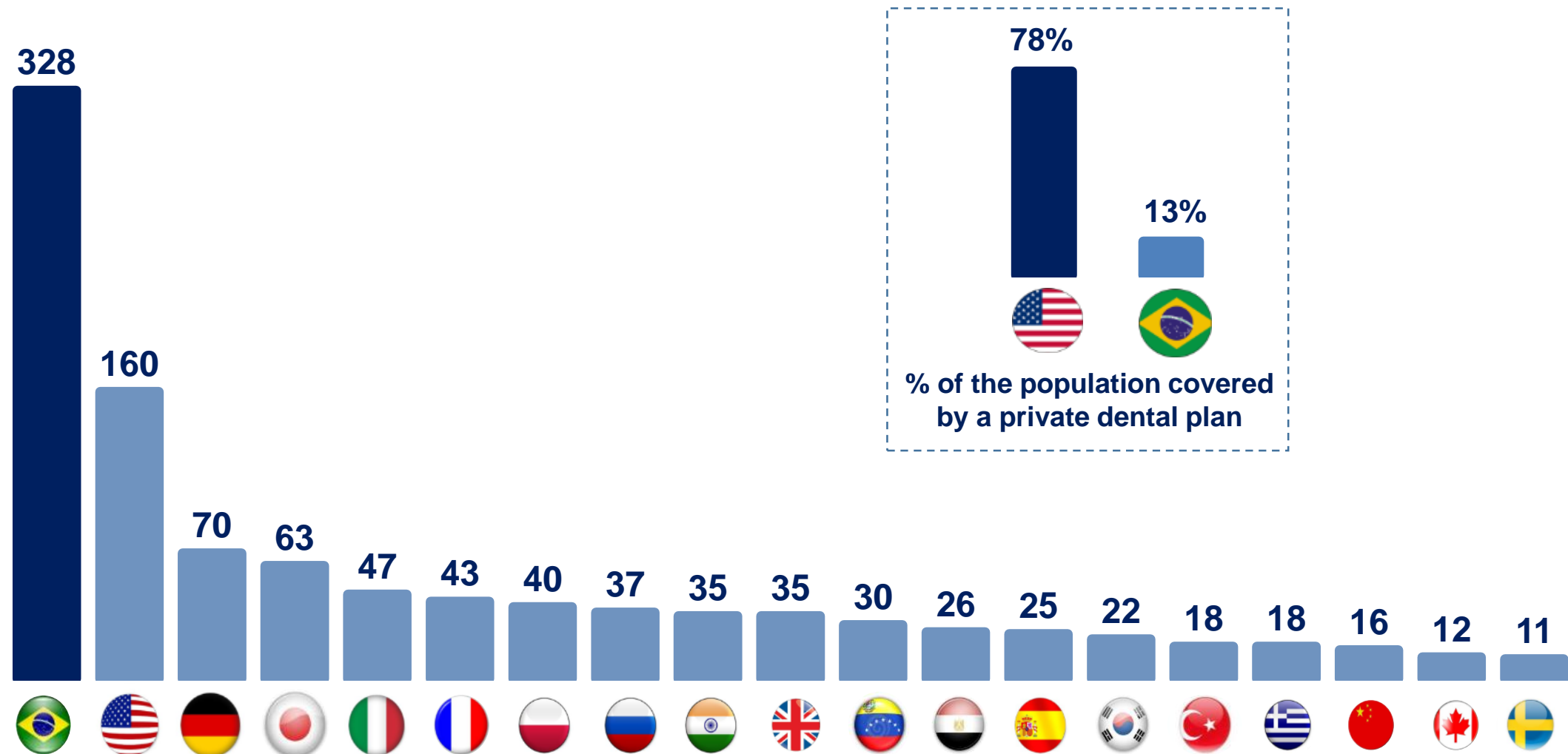
**25%** p.y.

**Dental benefits:  
an incipient sector  
in Brazil**

**2**

# Brazil leads the global ranking of dentists

Number of dentists per country (thousand)



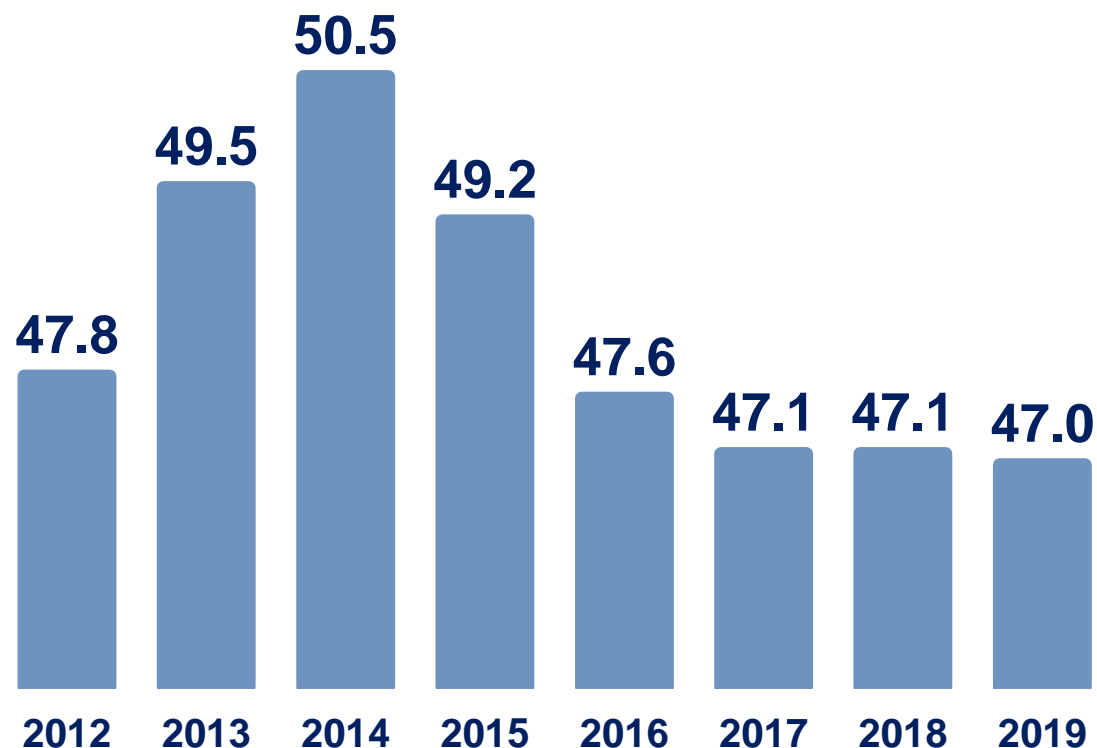
Source: FDI World Dental Federation – The Oral Health Atlas 2009, Federal Council of Dentistry– Brazil (September 2019) and Eurostat 2015-2016



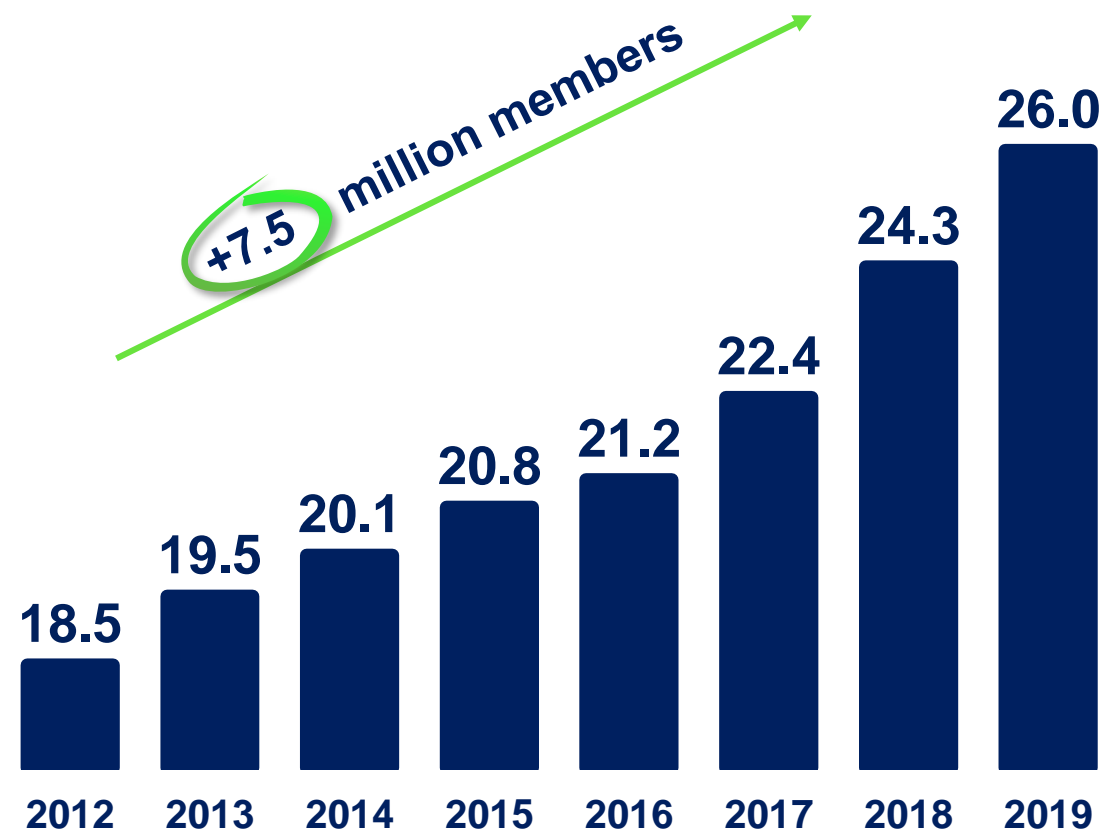
# Medical and dental plans membership growth

Million members

Medical plans

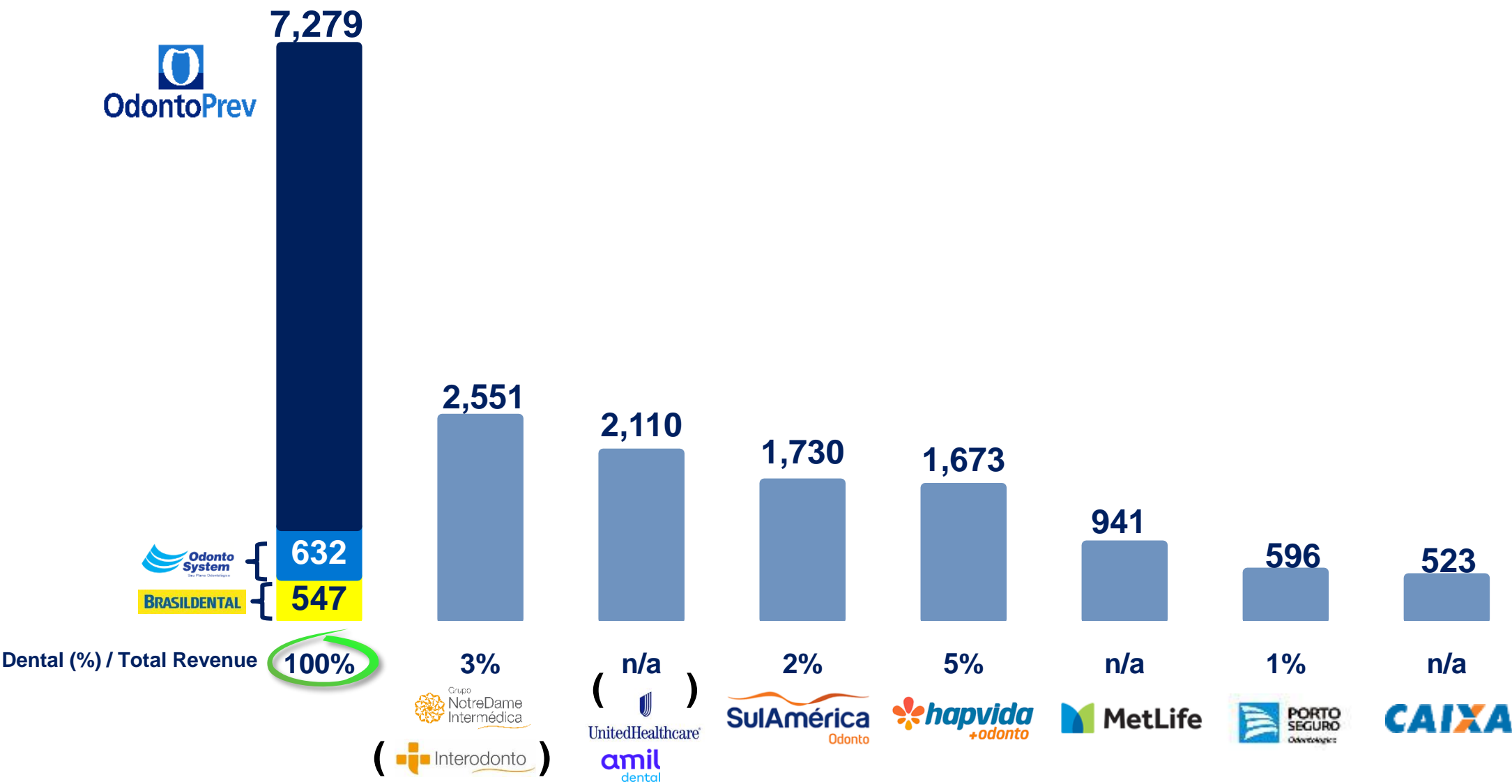


Dental plans



# OdontoPrev: market leader since 1998

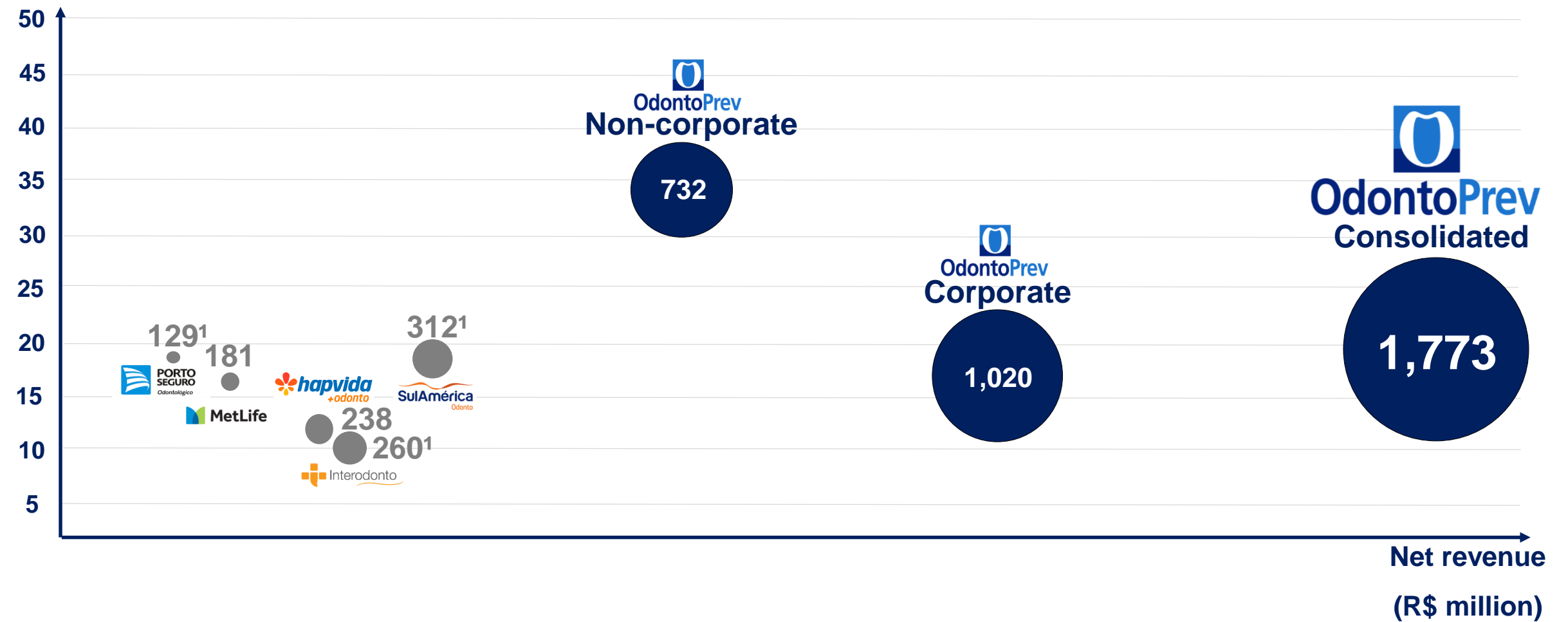
Key players, brazilian dental benefits 3Q19 (thousand members)



# OCT18- SEP19 Net revenue and average ticket

R\$ million

Average Ticket (R\$ / member / month)



Source: OdontoPrev  
<sup>1</sup>Porto Seguro, SulAmérica and GNDI: Earnings Release 4Q19

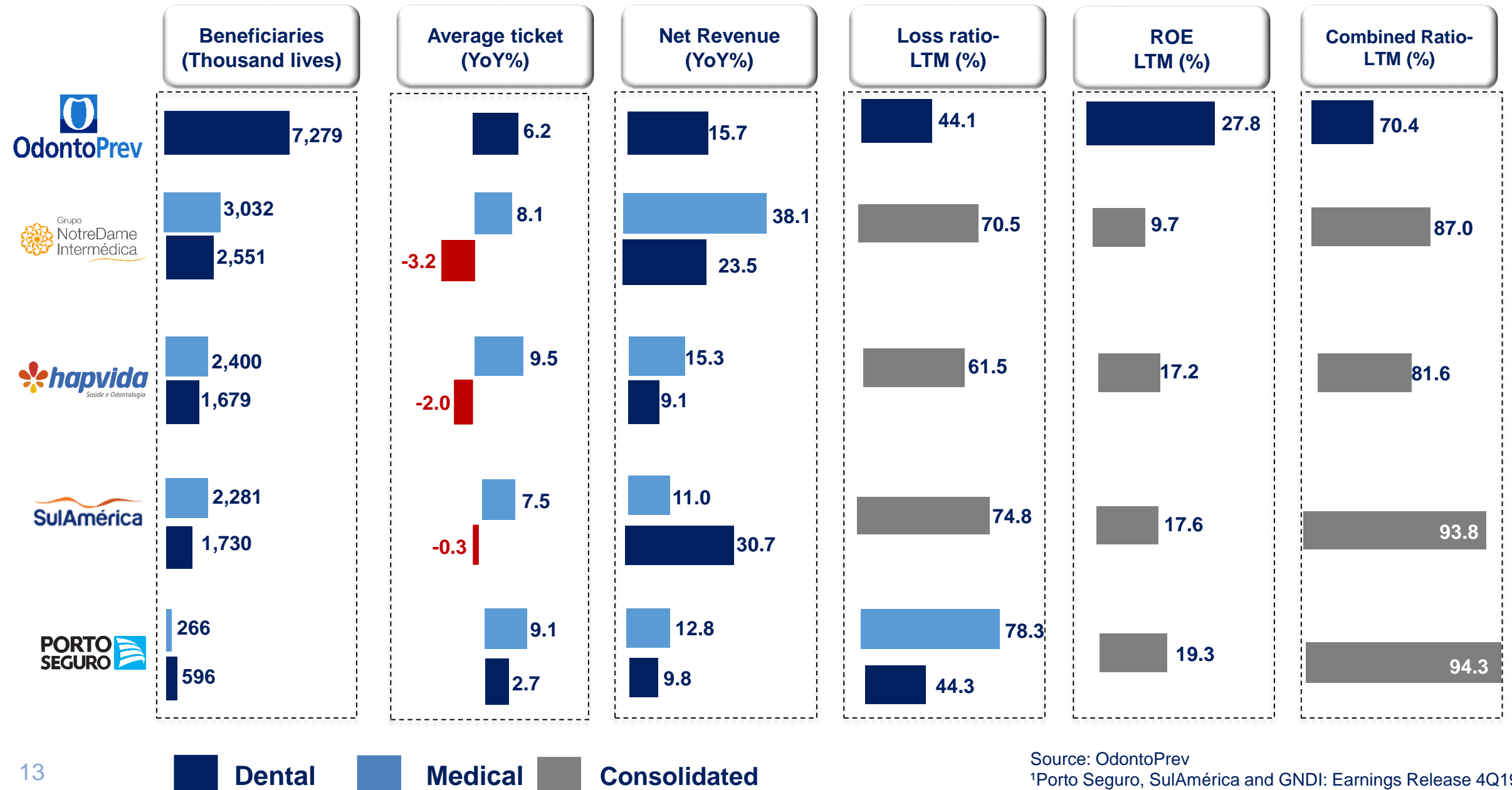
# OdontoPrev is the #1 player each and every region

Key players per region, brazilian dental benefits (thousand members)

										
	Members	Ranking	Members	Ranking	Members	Ranking	Members	Ranking	Members	Ranking
Southeast	4,128	1st	2,300	2nd	1,565	3rd	1,253	4th	85	18th
South	703	1st	51	12th	116	4th	216	3rd	35	13th
Middle-West	529	1st	37	9nd	194	2nd	141	4th	7	18th
Northeast	1,596	1st	55	16th	199	4th	230	3rd	1,274	2nd
North	300	1st	10	11th	36	7th	174	3rd	265	2nd
<b>Total</b>	<b>7,256</b>	<b>1st</b>	<b>2,454</b>	<b>2nd</b>	<b>2,110</b>	<b>3rd</b>	<b>2,014</b>	<b>4th</b>	<b>1,666</b>	<b>5th</b>

Source: ANS Sep19




# Key metrics of peer companies, 9M19



Source: OdontoPrev

<sup>1</sup>Porto Seguro, SulAmérica and GNDI: Earnings Release 4Q19

# OdontoPrev competitive advantages X Peers

	 OdontoPrev	Peers
Dental focus	Yes	No
Strategy	 Value driven	Volume/Cross-sell
Membership market-share	29%	71%
Revenue market-share <sup>1</sup>	47%	53%
Dental as % of revenues	 100%	<2% <sup>2</sup>
3Q19 Average Ticket (R\$/member/month)	21	14 <sup>2</sup>

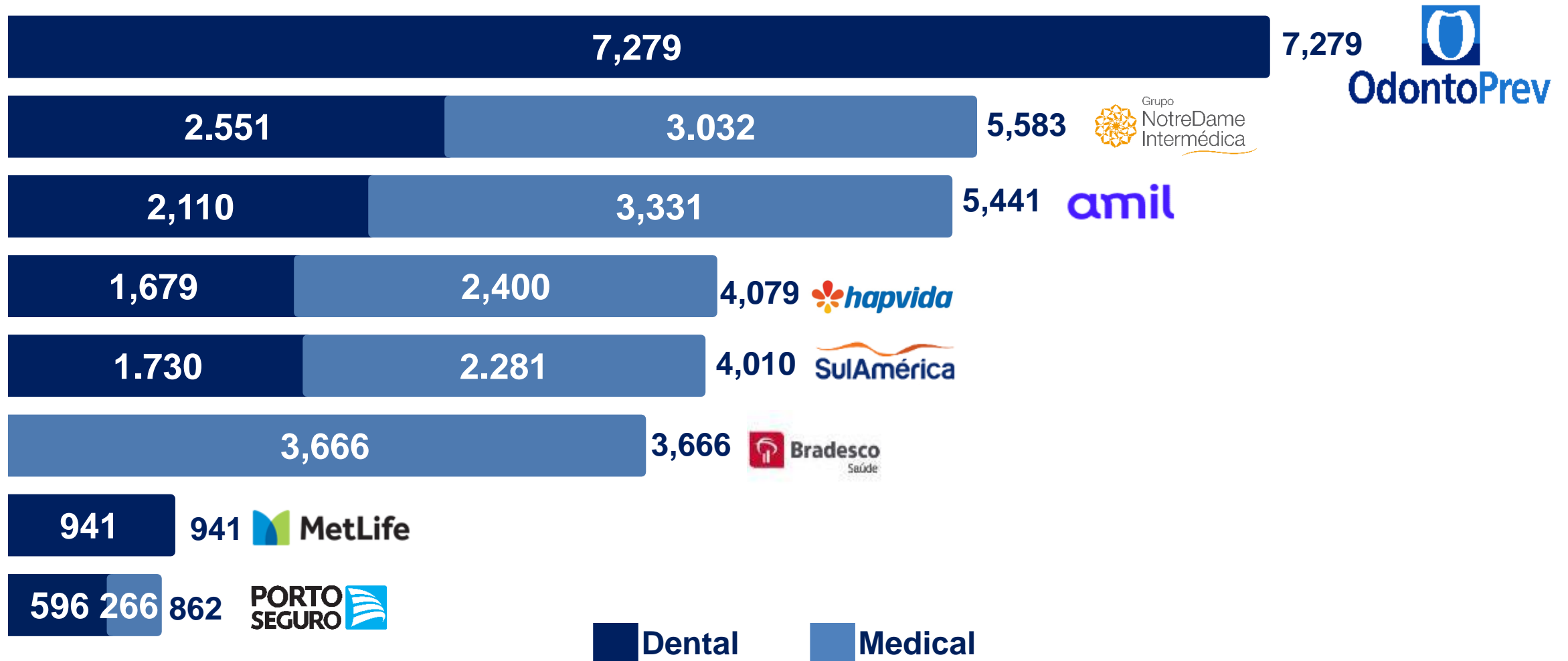
<sup>1</sup> Excludes Amil (Uneted Healthcare), Hapvida and GNDI

<sup>2</sup>Peer group: Porto Seguro, SulAmérica, GNDI, Hapvida and MetLife – 3Q19

# Key healthcare players: OdontoPrev has the largest membership base

Thousand members

3Q19





Source: OdontoPrev

<sup>1</sup>Porto Seguro, SulAmérica and GNDI: Earnings Release 4Q19

**3 accelerated growth cycles,  
over the last decade, by  
specific strategic movements**

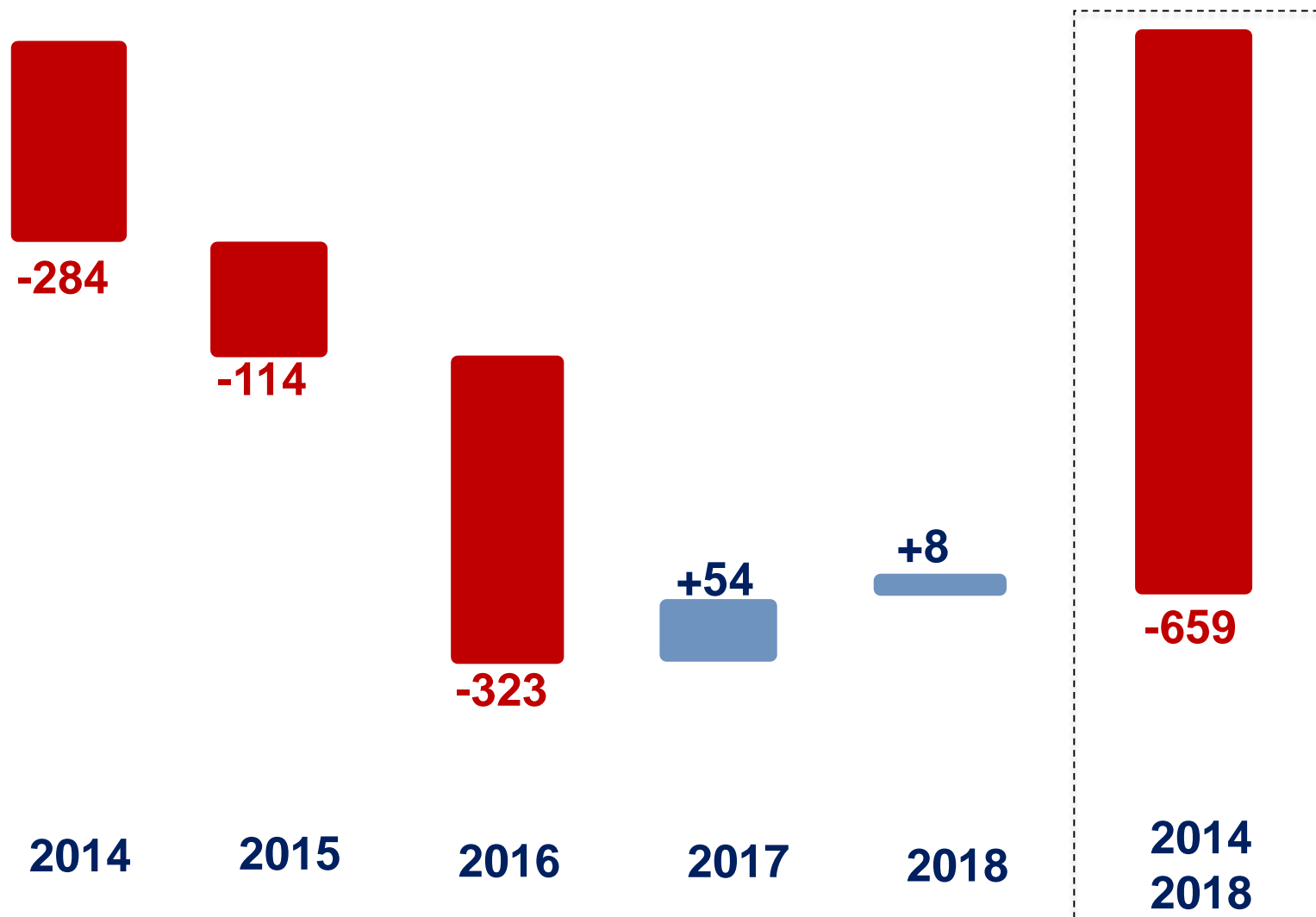


# Accelerated sector growth cycles since 2006

	Period	Players	Membership growth	Strategic movement
Cycle 01	2006 - 2009	 <b>Bradesco</b> Dental	~1 million members	Merger with OdontoPrev
Cycle 02	2010 - 2013		~1 million members	Acquisition by UnitedHealthcare
Cycle 03	From 2014	+  <b>hapvida</b> Bain Capital	~1.6 million members	IPOs

# Negative result in Brazil since the acquisition in 2014

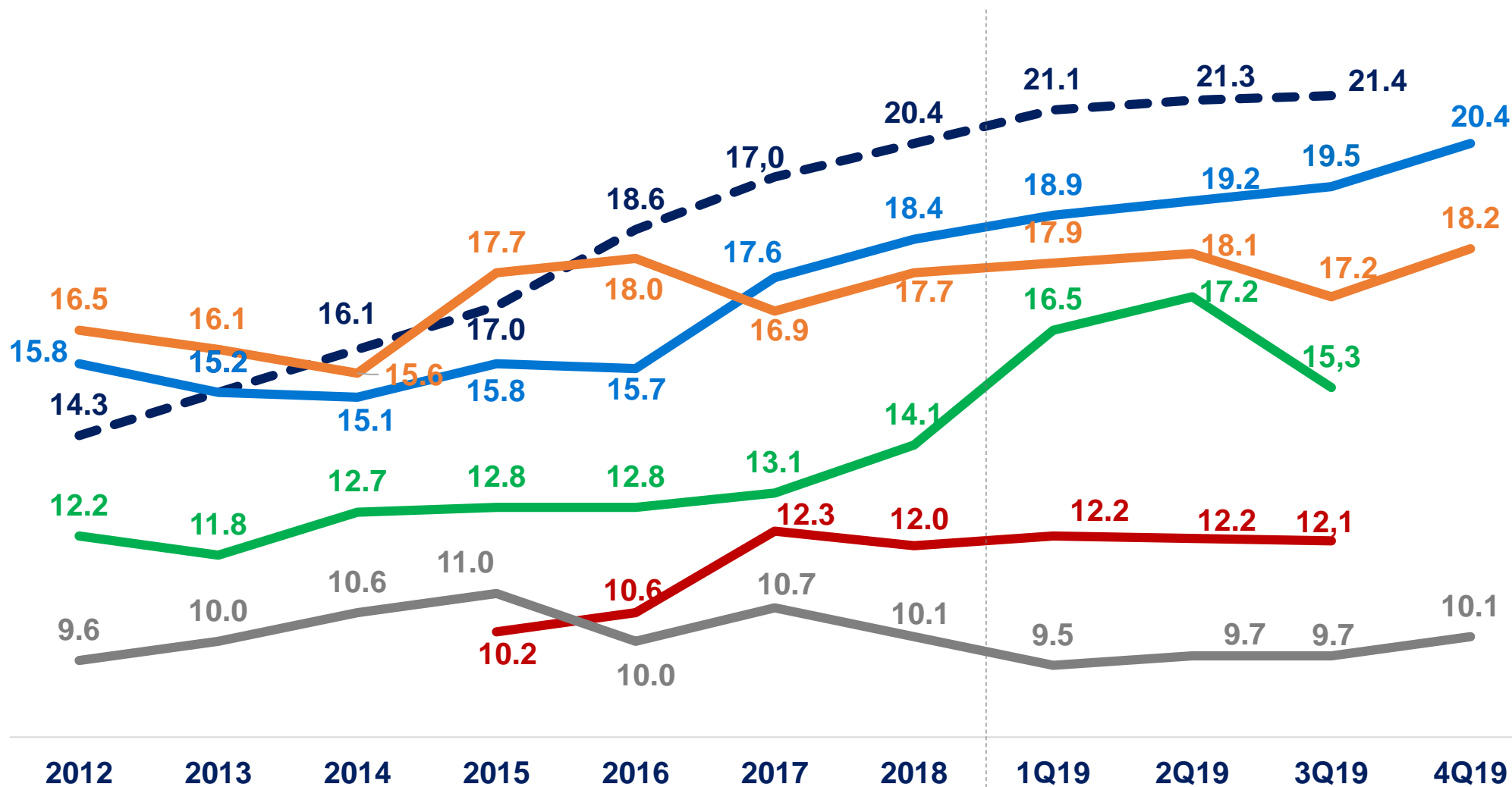
Net income/loss (R\$ million)



# Rational pricing + value innovation = premium ticket

R\$/member/month

Average ticket evolution 2012 – 3Q19



 OdontoPrev

 PORTO SEGURO  
Odontológico

 SulAmérica  
Odonto

 MetLife

 hapvida  
+odonto

 Interodonto  
Grupo NotreDame Intermédica

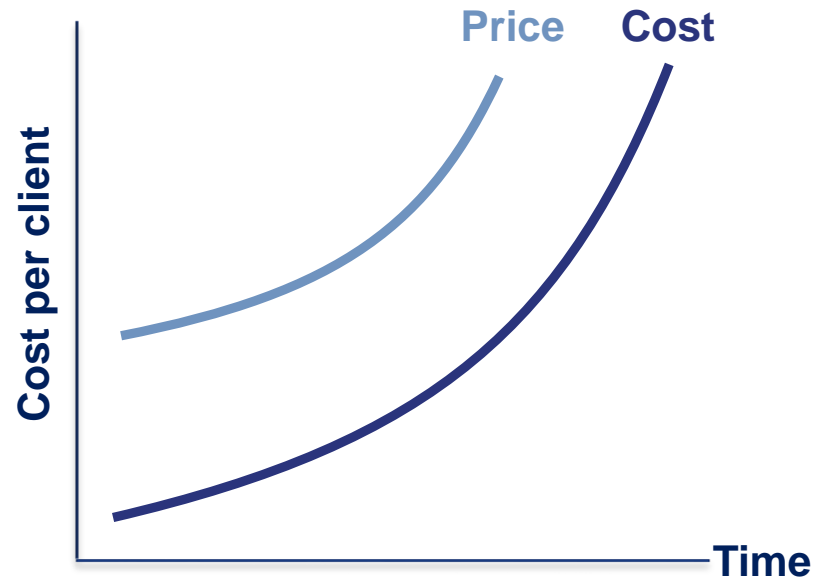
3

**Strategic  
competitive  
advantages**

# Attractive cost dynamics

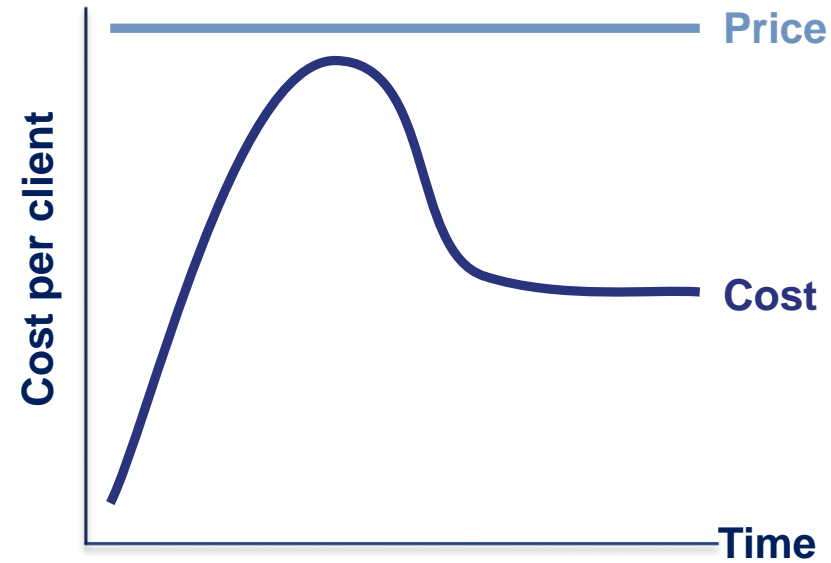
Over time, OdontoPrev dental plans present a price and cost profile...

## Medical plans



- ✓ Cost increases by medical inflation and better technology
- ✓ Short-term contract: 1 year tenor

## OdontoPrev plans



- ✓ Predictable cost evolution due to prevention
- ✓ Long-term contract: 2 year + duration

... predictable and more attractive than medical plans.

# Proprietary dental IT Platform allows high quality standards



- ✓ Complete electronic record of all beneficiaries
- ✓ 3 decades of actuarial data
- ✓ Risk management and fraud prevention

# Largest and best dentist network

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**29,000 dentists at 2,600 cities**

- ✓ **National distribution**
- ✓ **Differentiated academic background**
- ✓ **Continuous education**



**4**

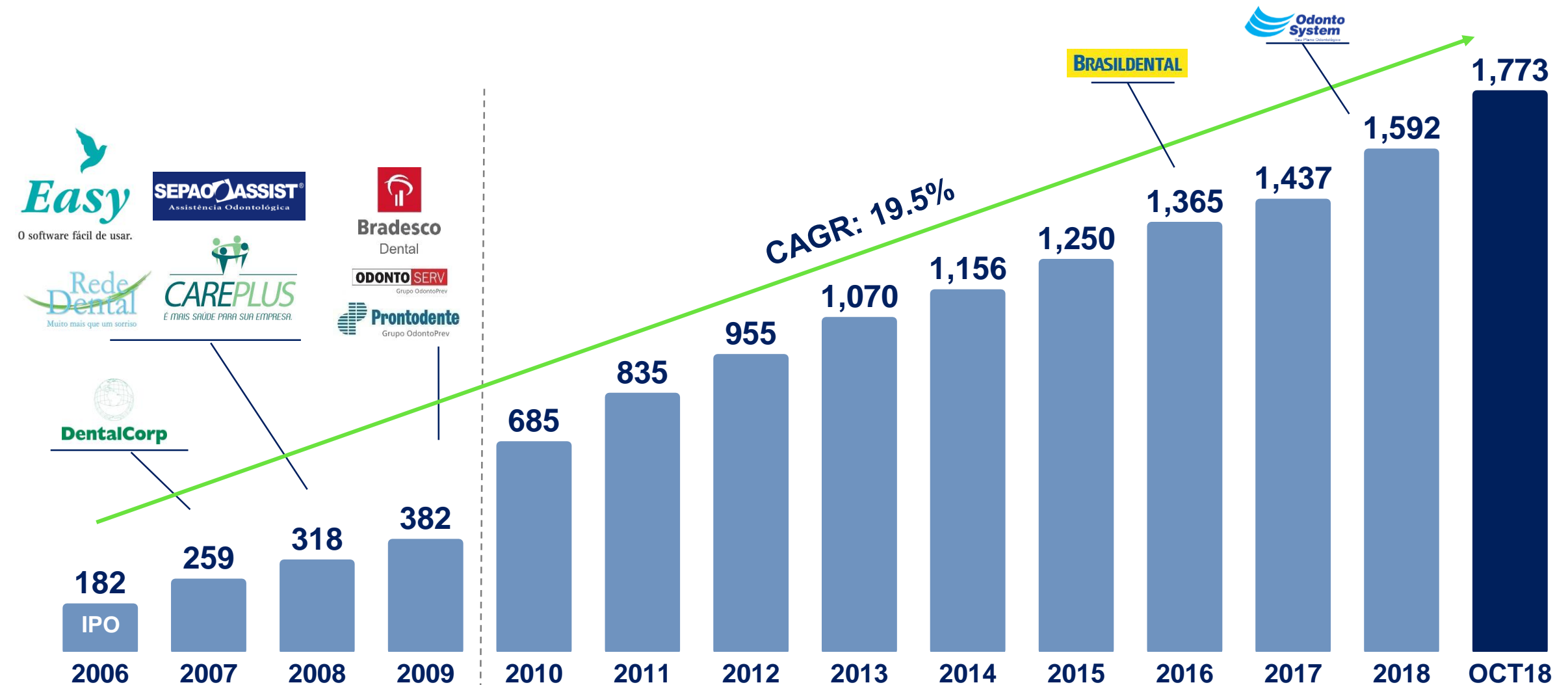
**Financial  
and  
Operational  
Performance**



# OdontoPrev: 13 years of sustainable value creation since IPO

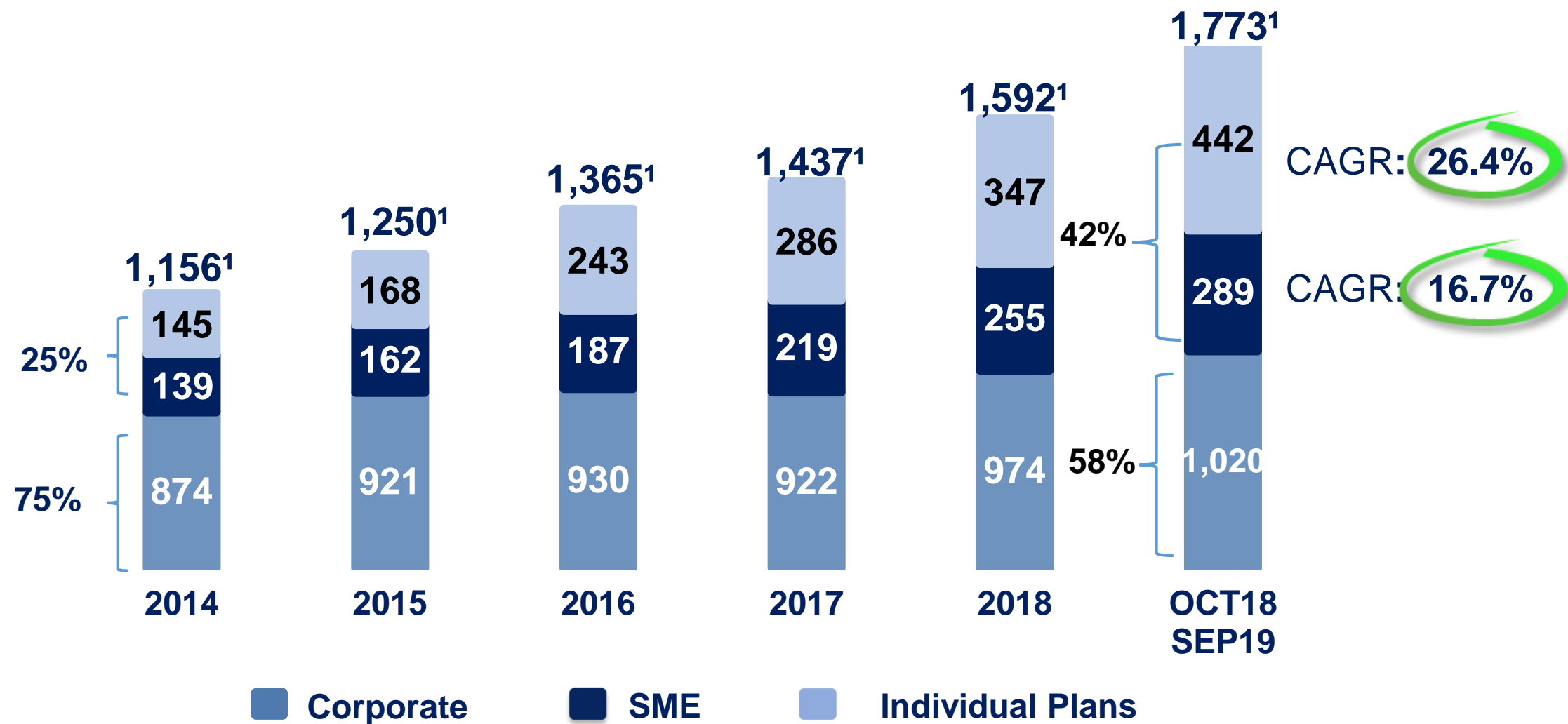
R\$ million

Net revenue



# Revenues per segment

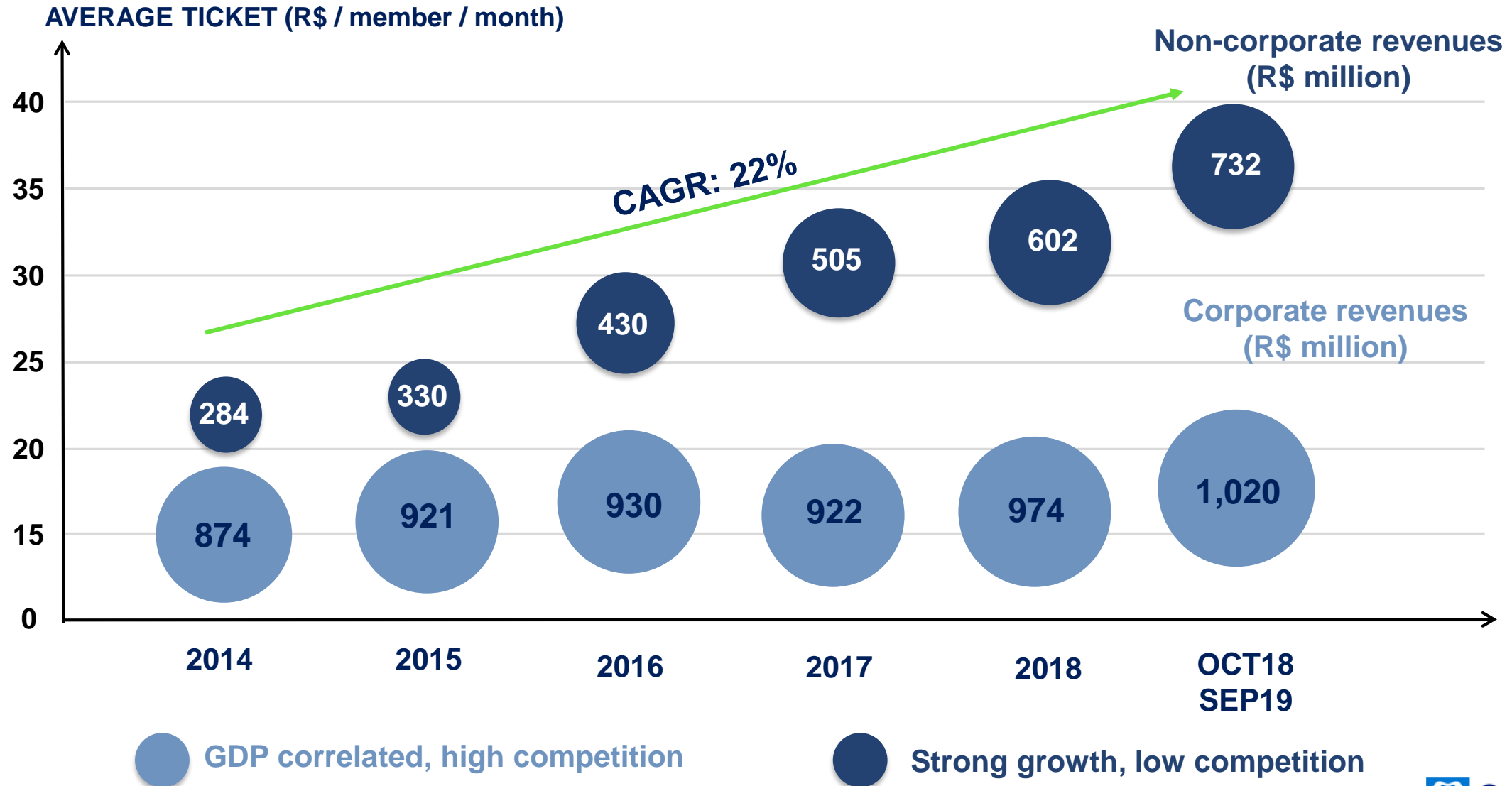
R\$ million



<sup>1</sup>includes sales of services and products

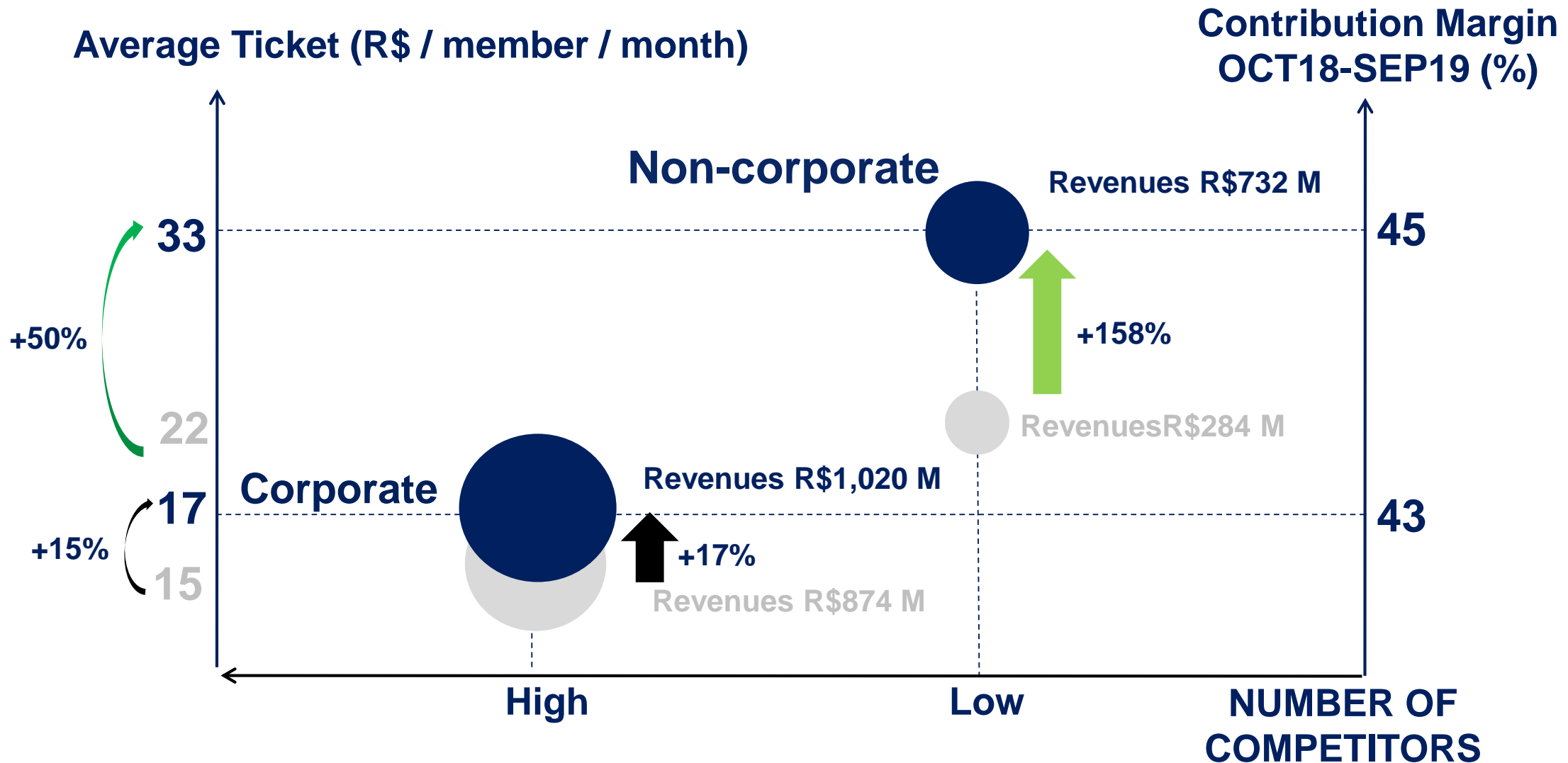
# Revenues and average ticket evolution per segment since 2014

R\$ million



# Revenues, average ticket and contribution margin per segment

OCT18-SEP19 x 2014



<sup>1</sup> M: million

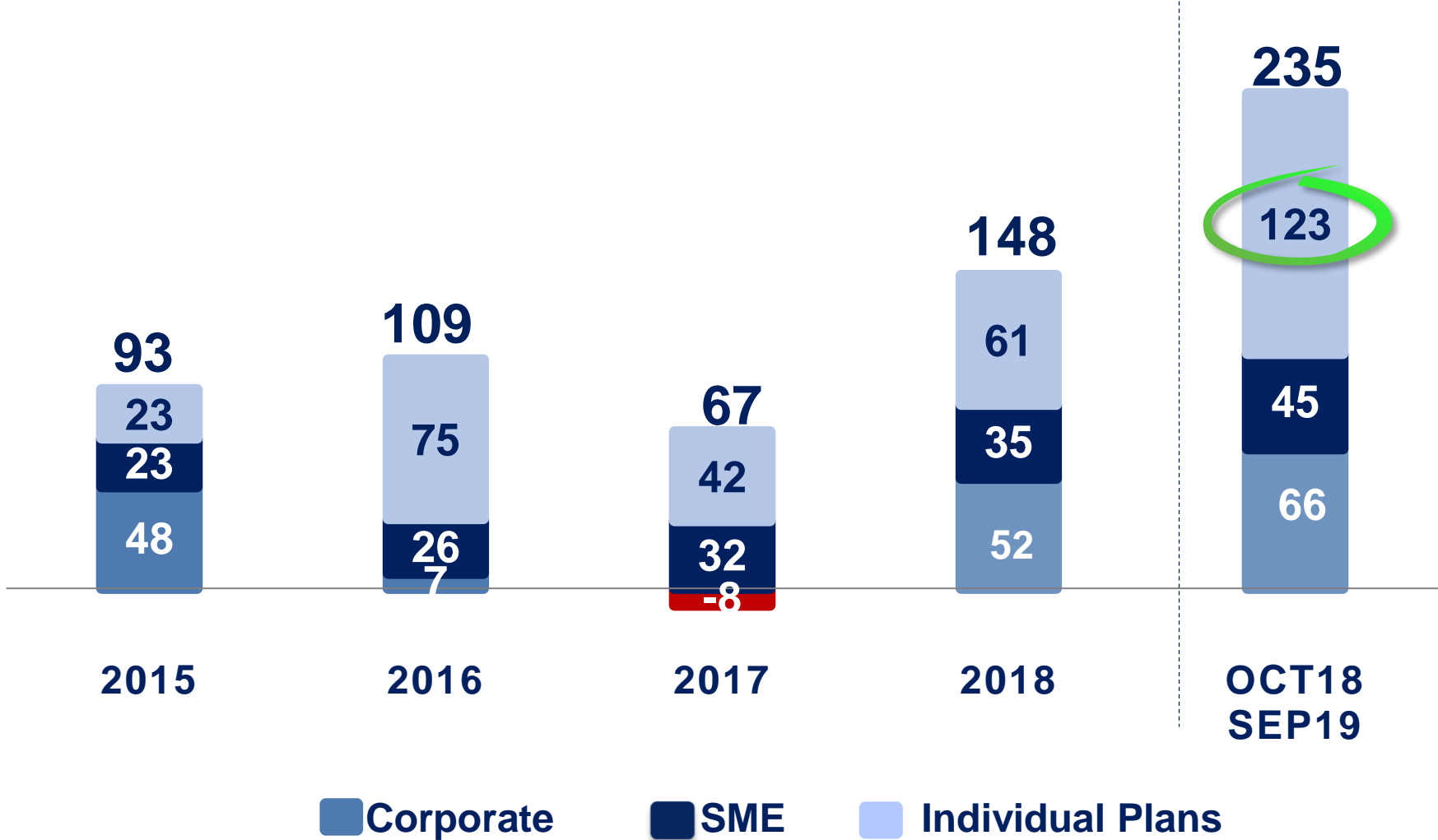
Contribution Margin: Net Revenue (-) Cost of Services (-) Selling Expenses

# Two business segments

	Corporate	Non-corporate
GDP impact	High	Low
Penetration	+50%	<5%
Growth Potential	Medium	High
Own distribution	Internal + brokers	Retail banks (shareholders)
3Q19 Average ticket (R\$/member/month)	R\$17	R\$33
Barriers to entry	Low	High

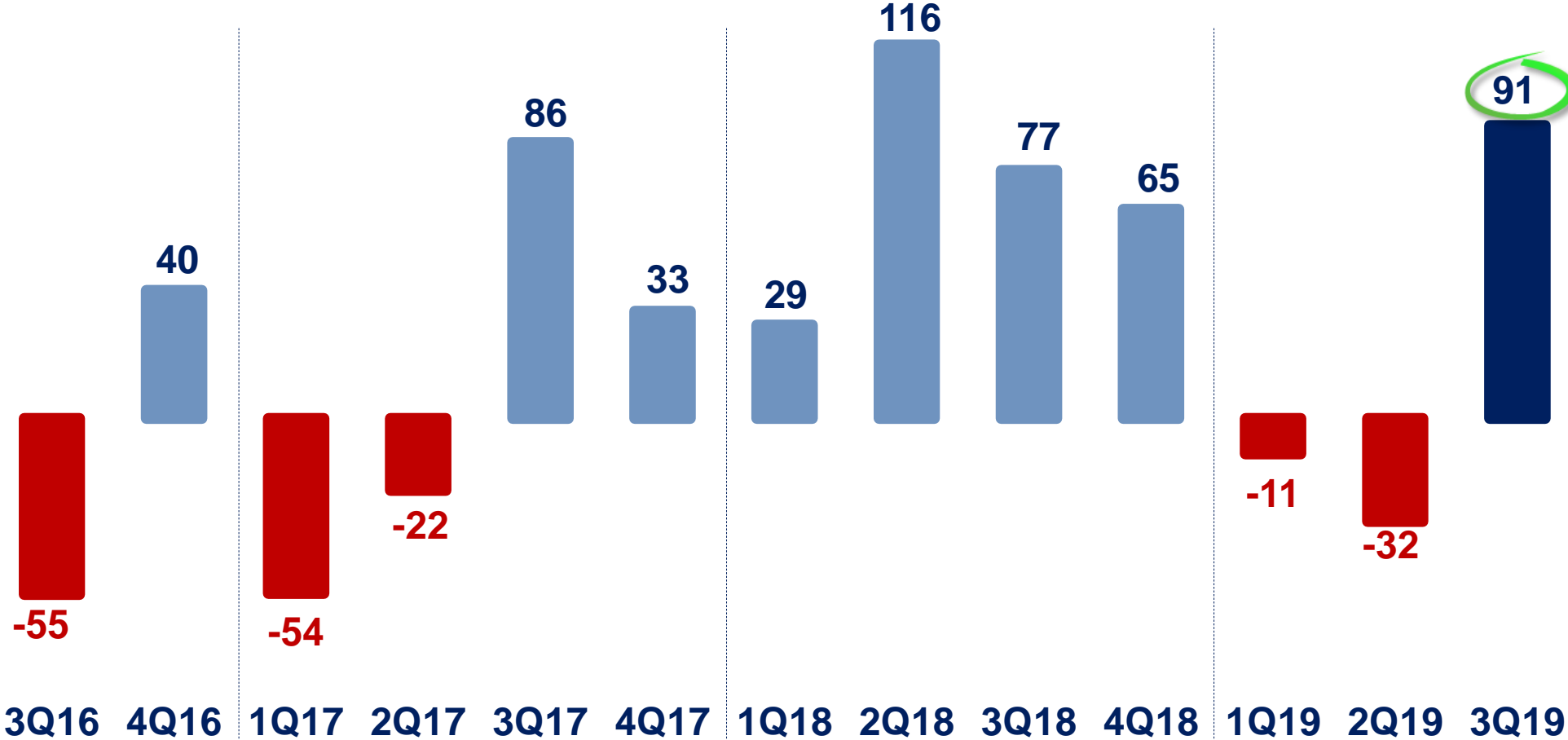
# Since 2015, SMEs and Individuals are driving incremental revenues

YoY Incremental revenues (R\$ million)



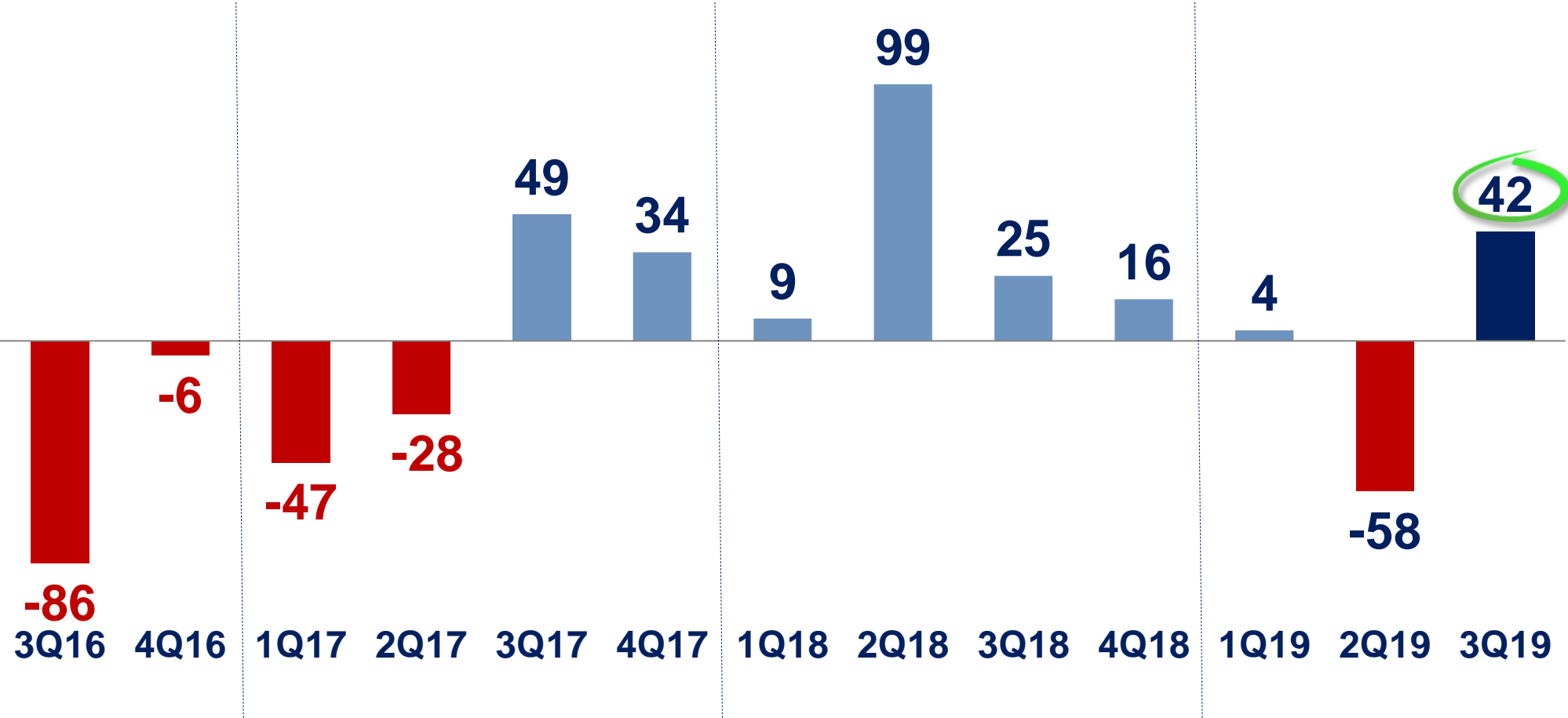
# Consolidated: Organic quarterly net additions

Thousand lives



# Corporate: Organic quarterly net additions

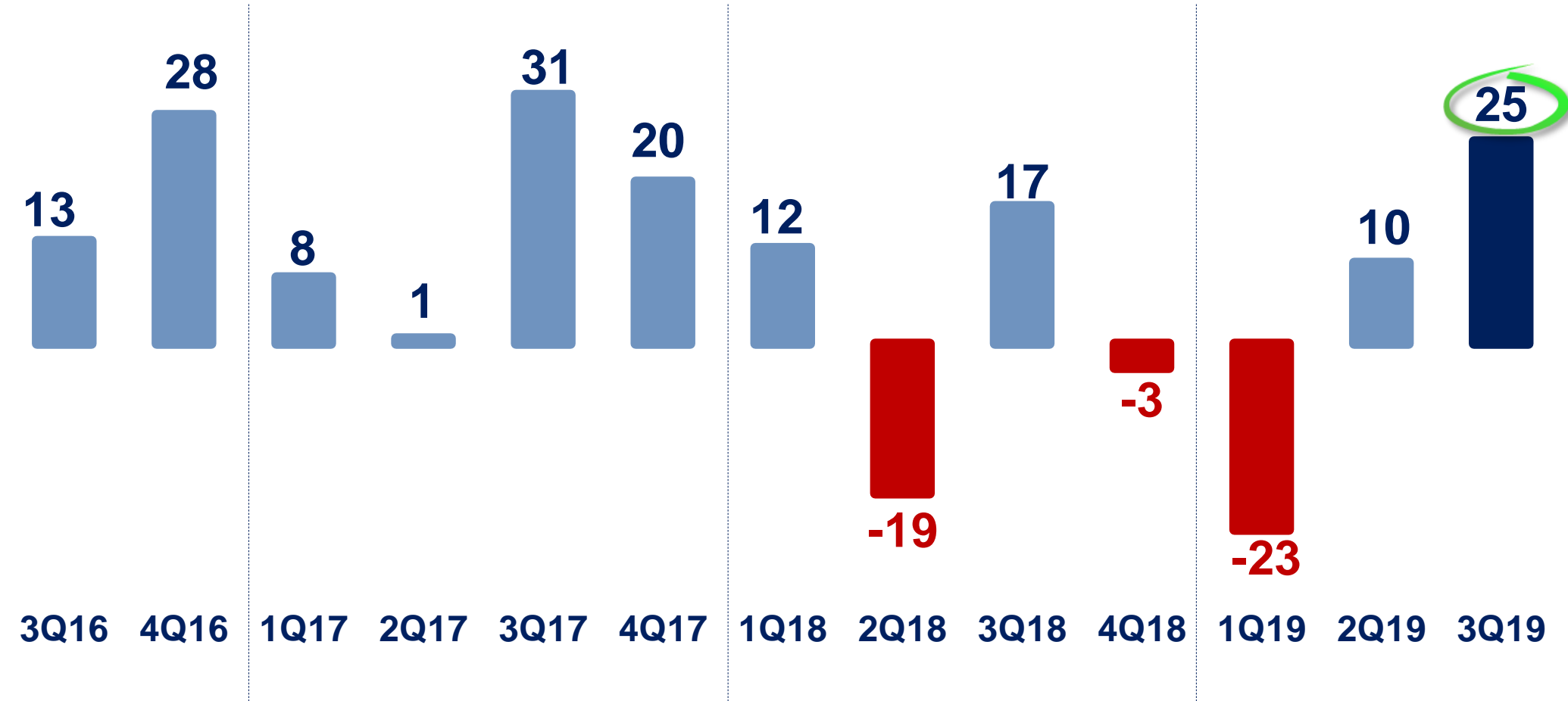
Thousand lives





# SME: Organic quarterly net additions

Thousand lives



# Breakdown of SME lives

Number of beneficiaries (thousand)

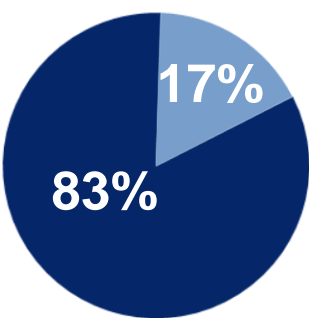
827

875

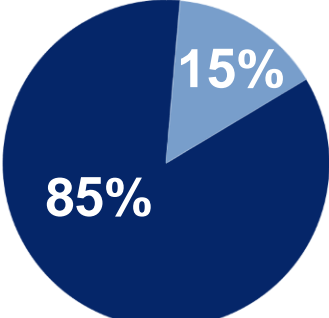
943

973<sup>1</sup>

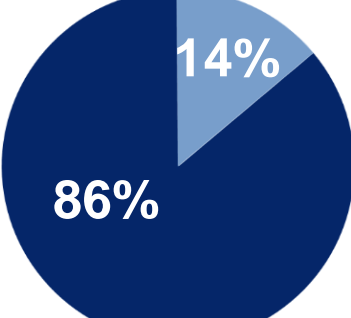
992<sup>1</sup>



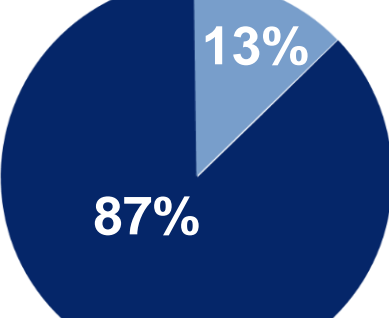
3Q15



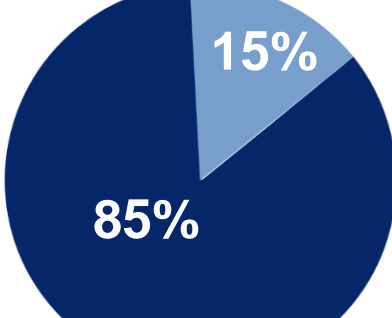
3Q16



3Q17



3Q18



3Q19

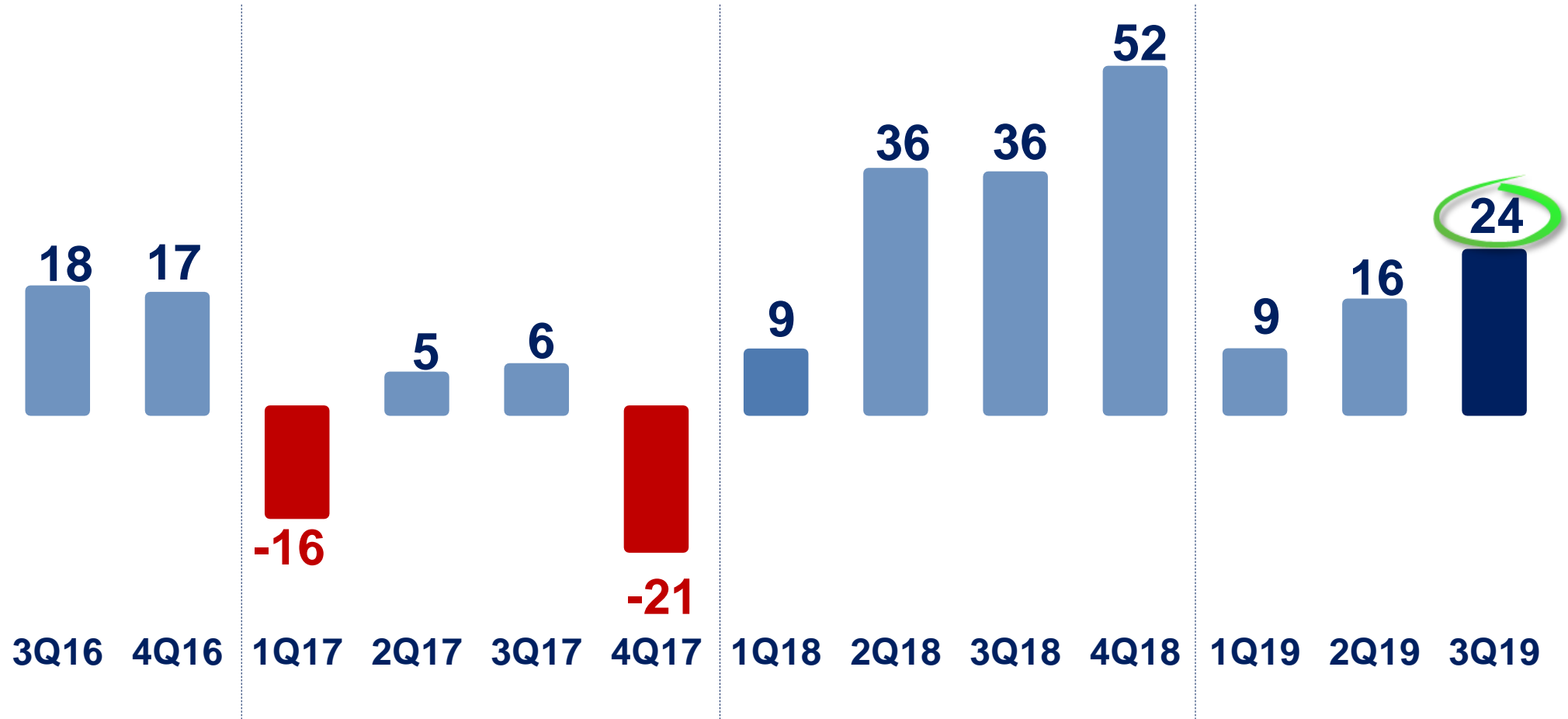
■ Bank channels

■ OdontoPrev

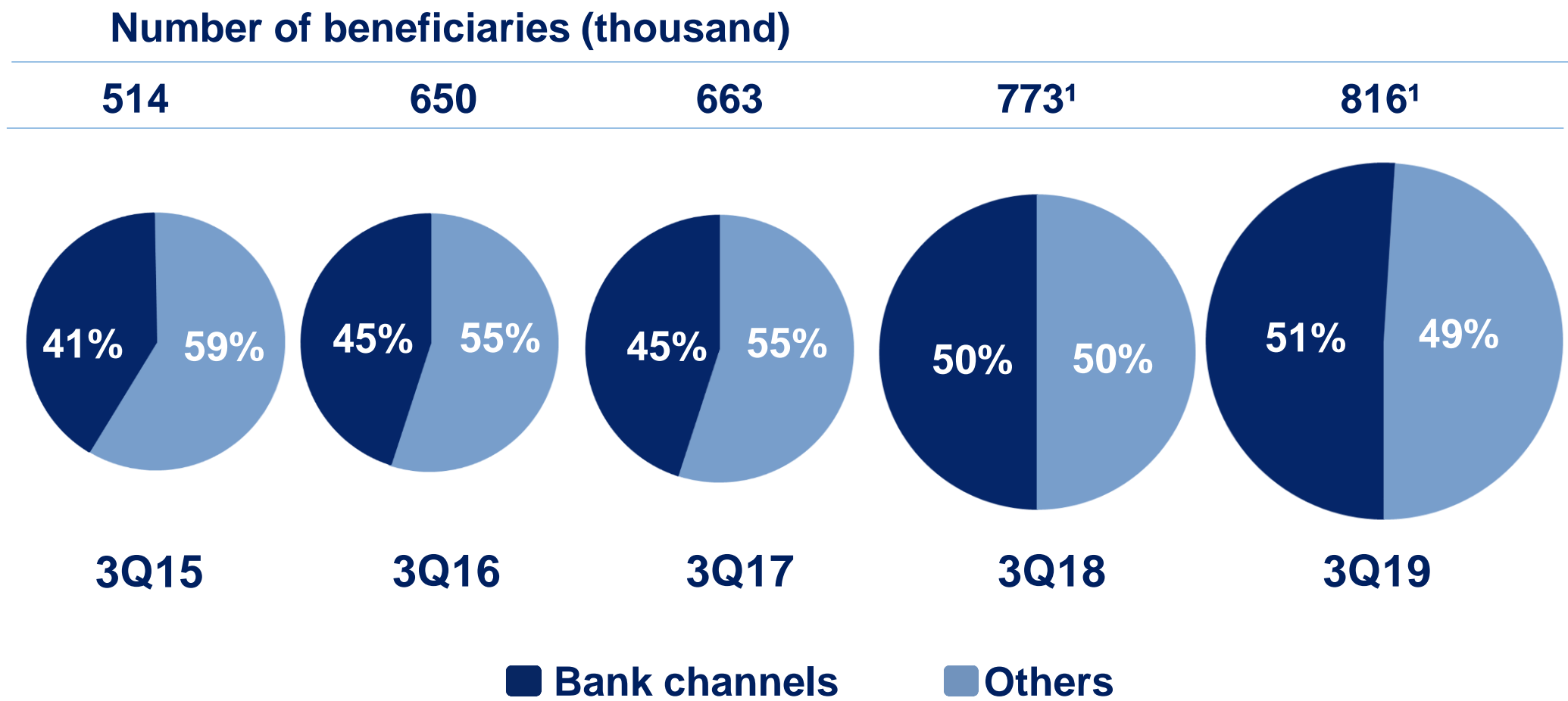
<sup>1</sup>Excludes Odonto System

# Individual Plans: Organic quarterly net additions

Thousand lives



# Individual bank customers becoming more important

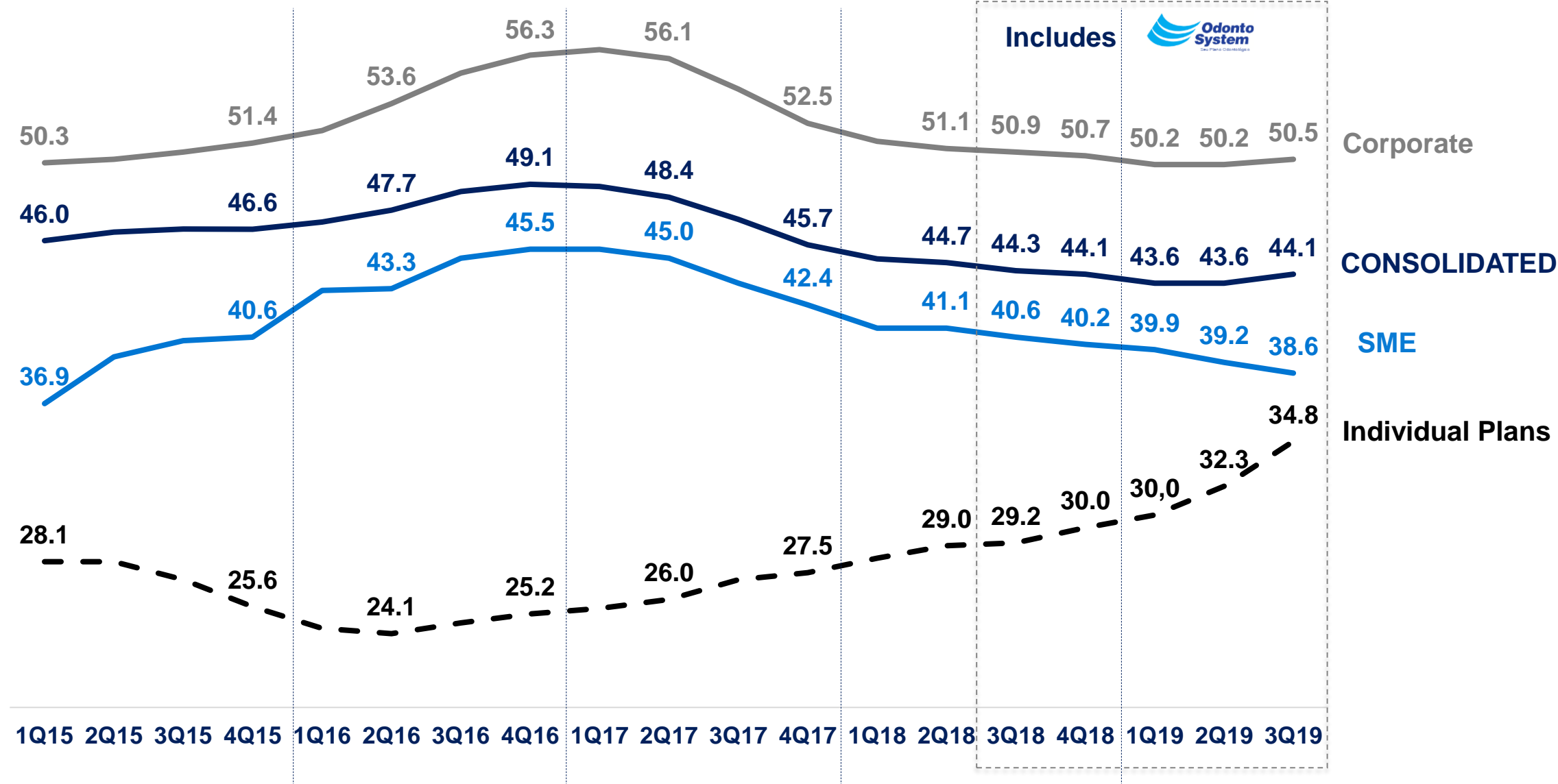


## Positive effects of bank channels expansion

	Retailers	 & 
3Q19 average list price	R\$37.5 to R\$42.5	R\$45.6 to R\$55.2
Acquisition cost	25% to 45%	10% to 15%
Profitability	Lower	Higher

# Dental care ratio – consolidated and per segment

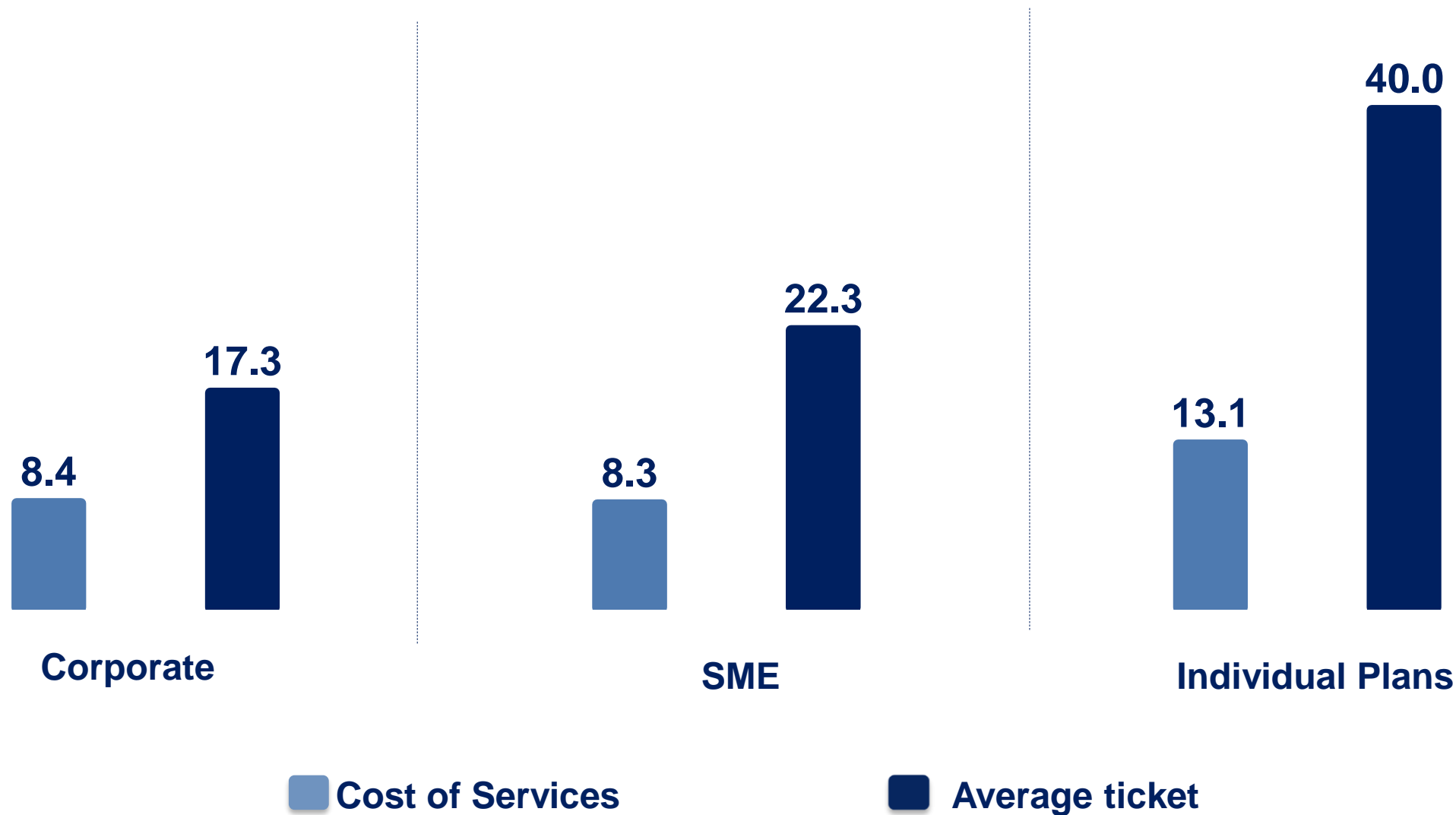
% Sales / Last twelve months



# Pricing power offsets higher cost of services of Individual Plans

R\$ / member / month

OCT18-SEP19



# Selling expenses per segment

% of Sales LTM



## Corporate

Average  
selling expenses

7%

Own sales	0%
Brokers	10% - 15%
Banks	10% - 15%



## SME

13%

Banks	10% - 15%
Brokers	10% - 15%
Online	5% - 7.5%



## Individual Plans

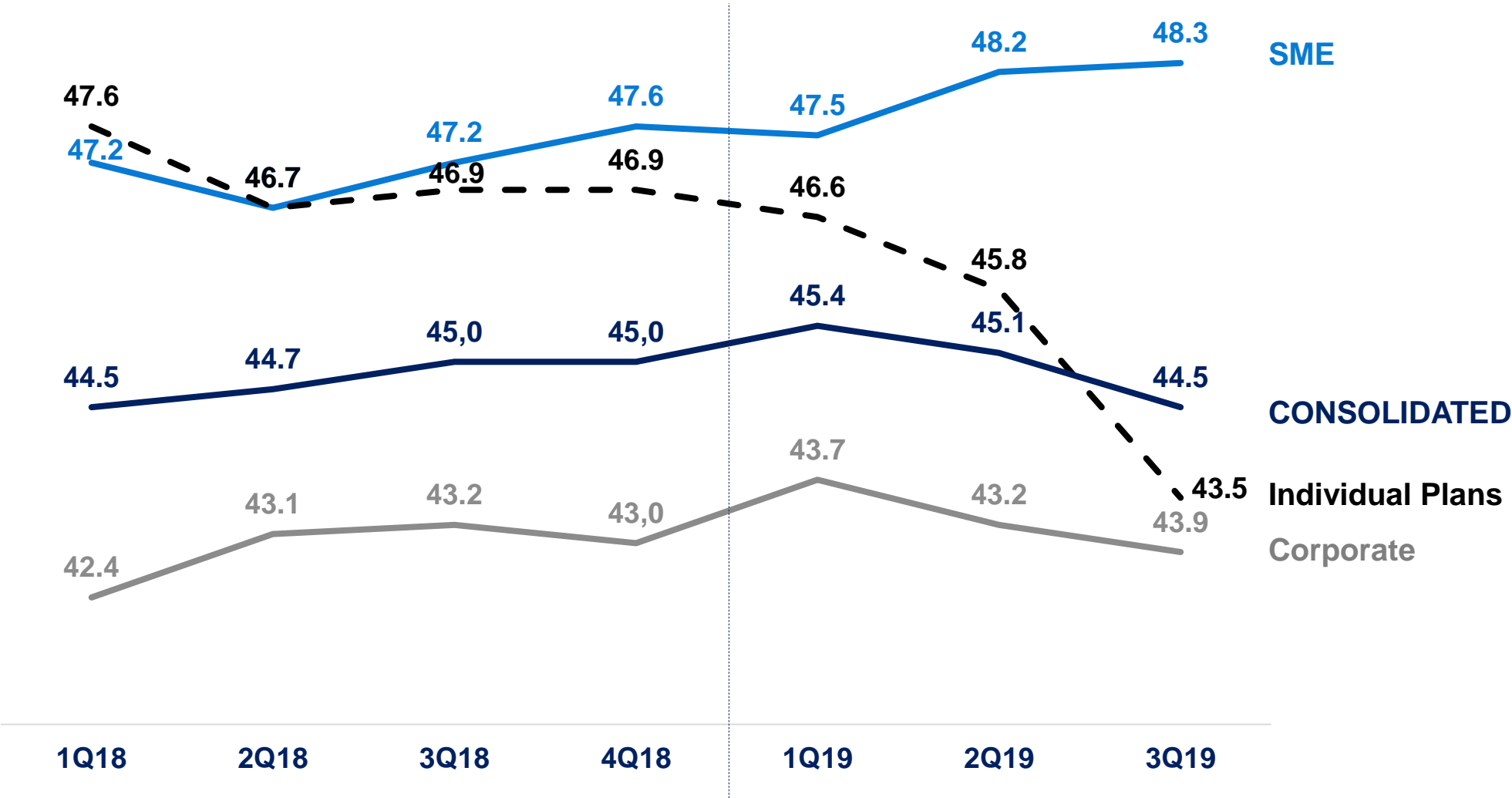
22%

Banks	10% - 15%
Retailers	25% - 45%
Online	5% - 7.5%



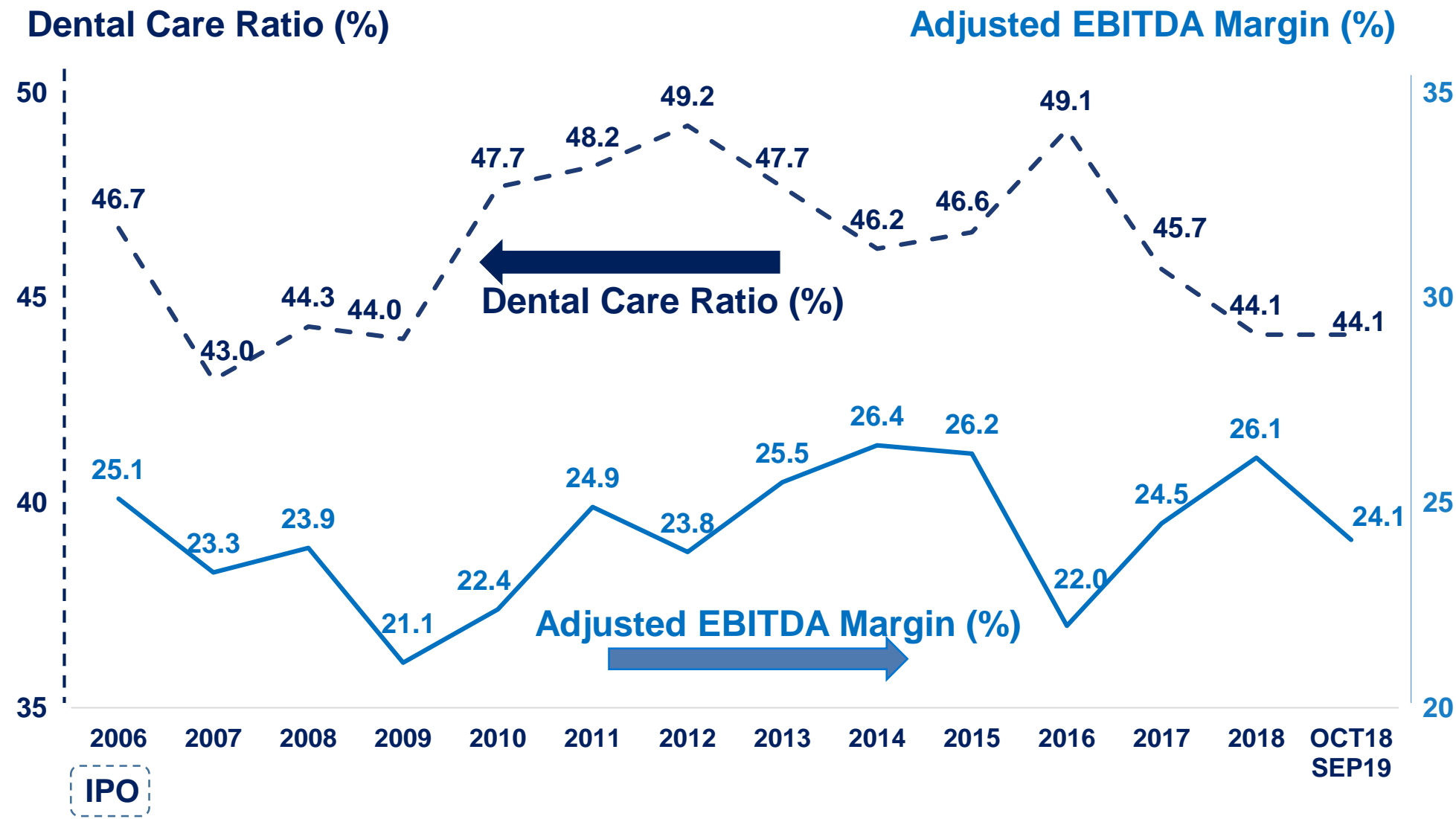
# Annualized contribution margin: consolidated and per segment

% Sales

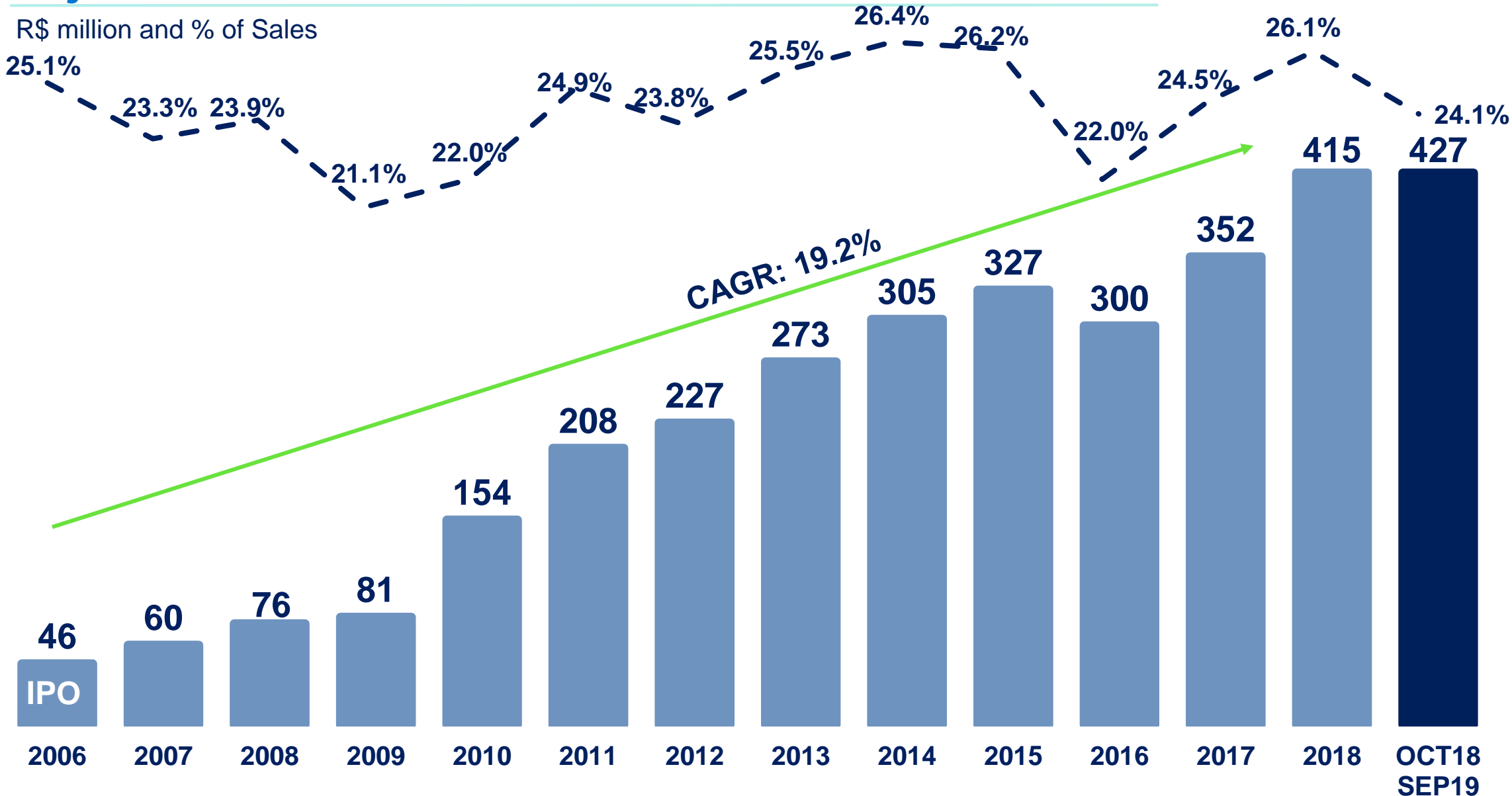


# Dental care ratio and Adjusted EBITDA margin since the IPO

% of Sales



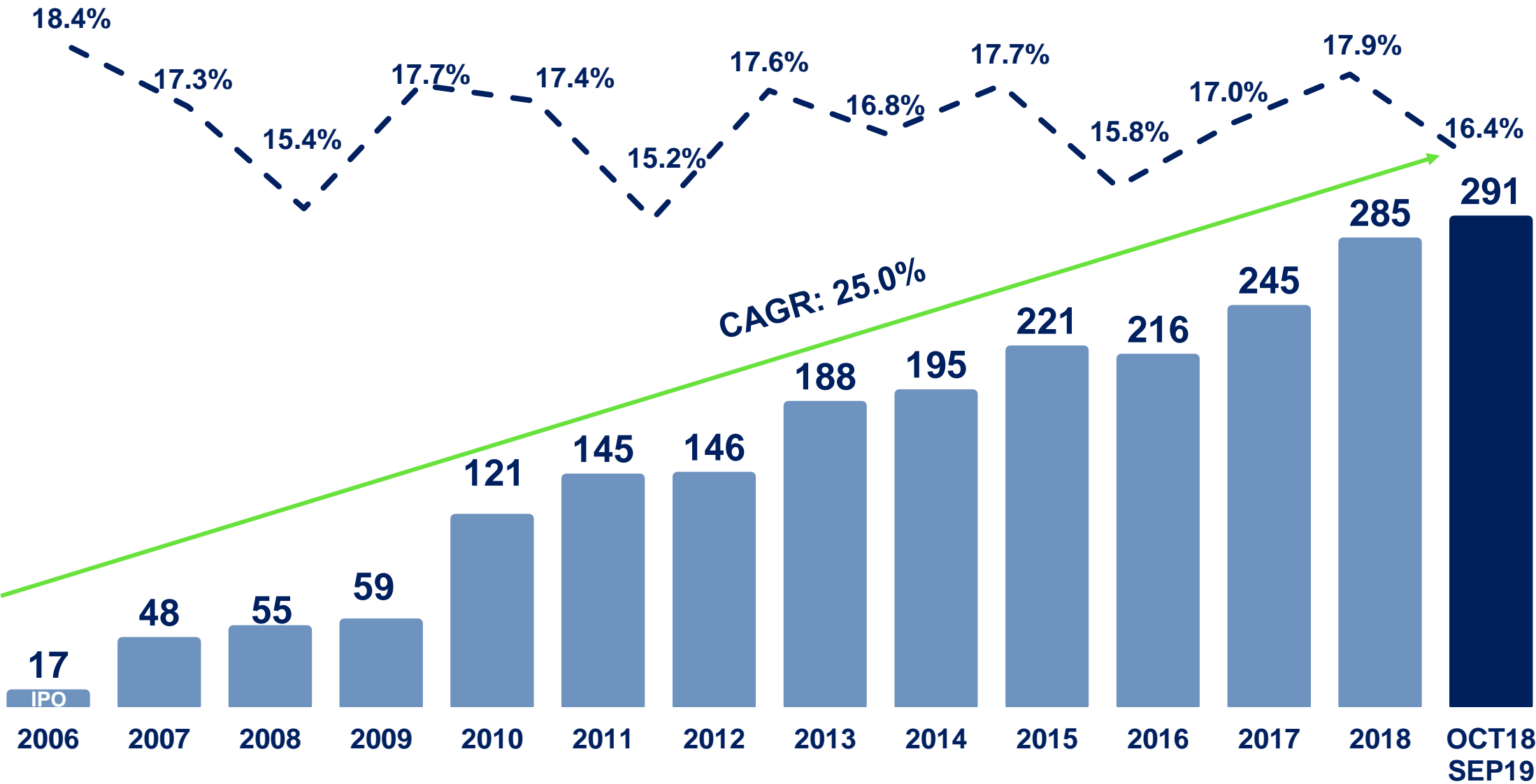
# Adjusted EBITDA since the IPO



----- Adjusted EBITDA margin

# Net Income and net margin since the IPO

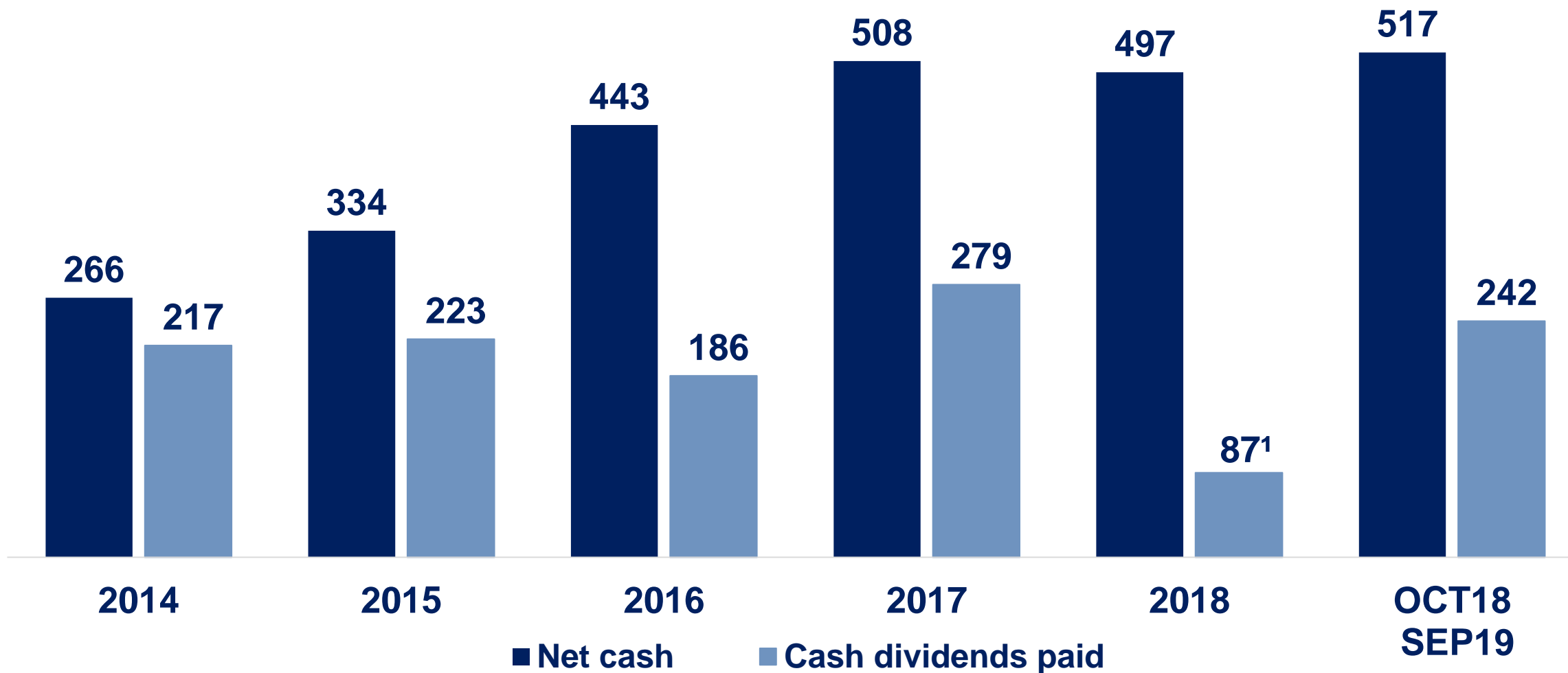
R\$ million and % of Sales



----- Net margin

# Net cash (zero debt) and cash dividends paid

R\$ million

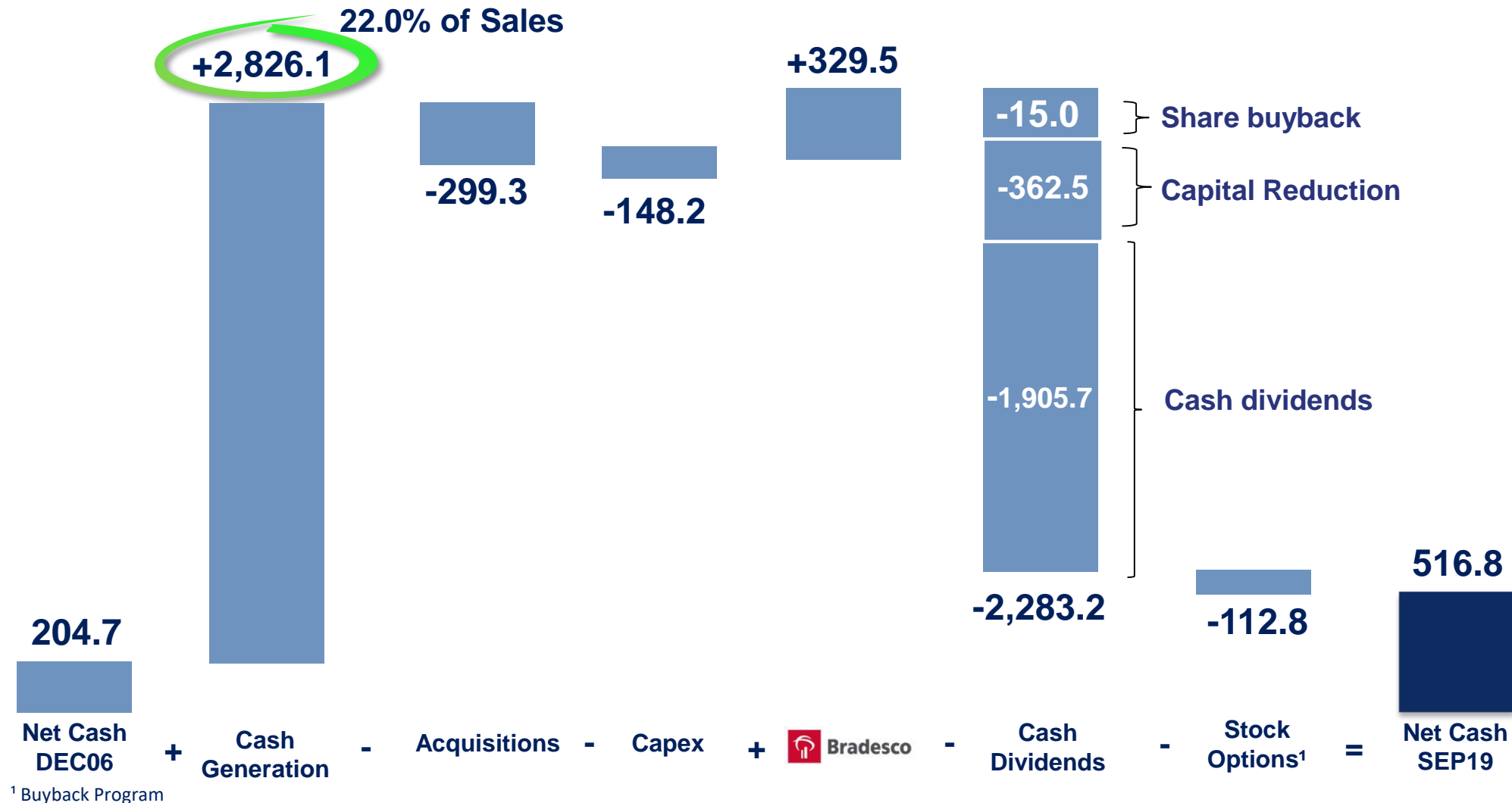


<sup>1</sup>After acquisition of Odonto System

# Cash flow since IPO: dividends our #1 priority

(R\$ million)

Since the IPO in 2006, OdontoPrev business model required CAPEX of R\$148 million, compared to cash generation of R\$2.8 billion. In the period, cash dividends was R\$2.3 billion.

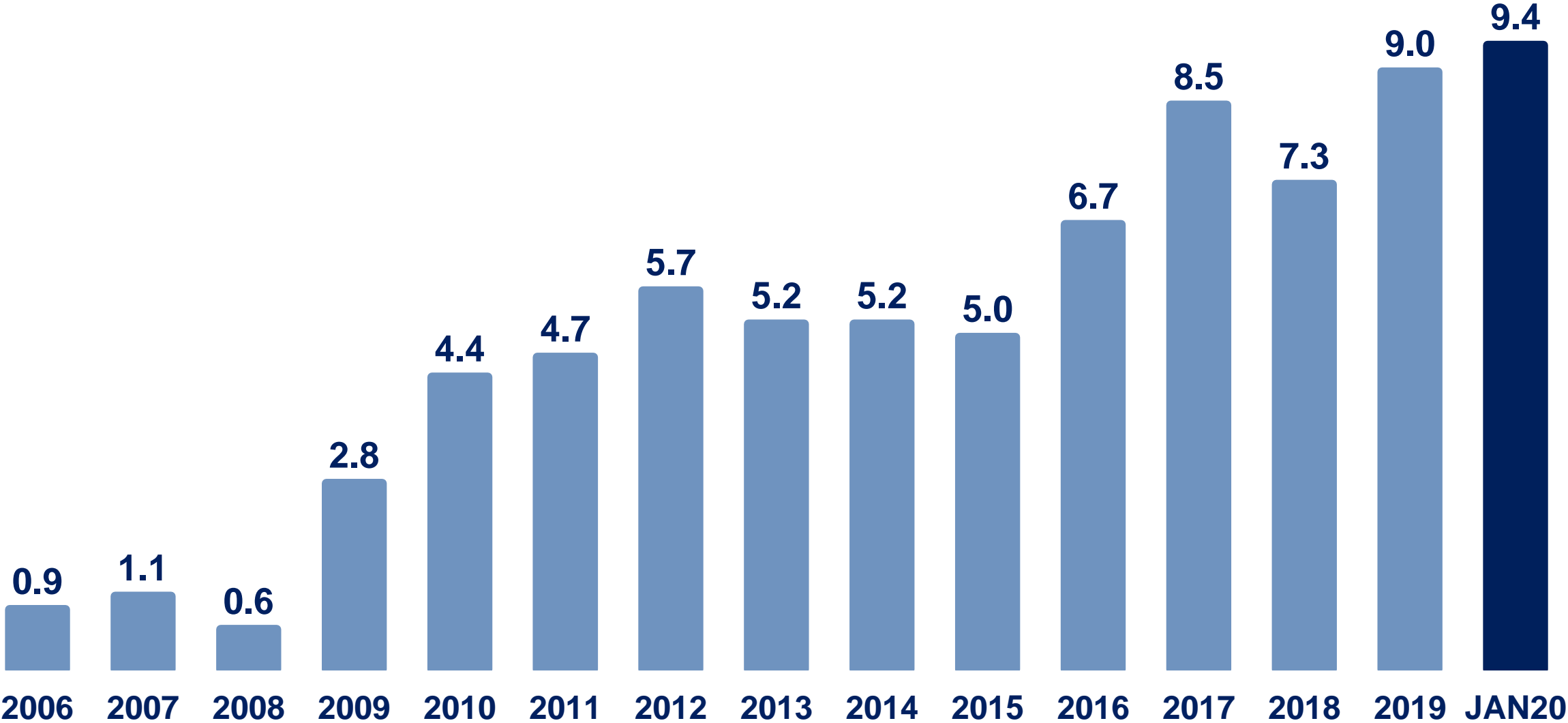


**5**

## **Capital Markets**

# Market cap Evolution (R\$ billion)

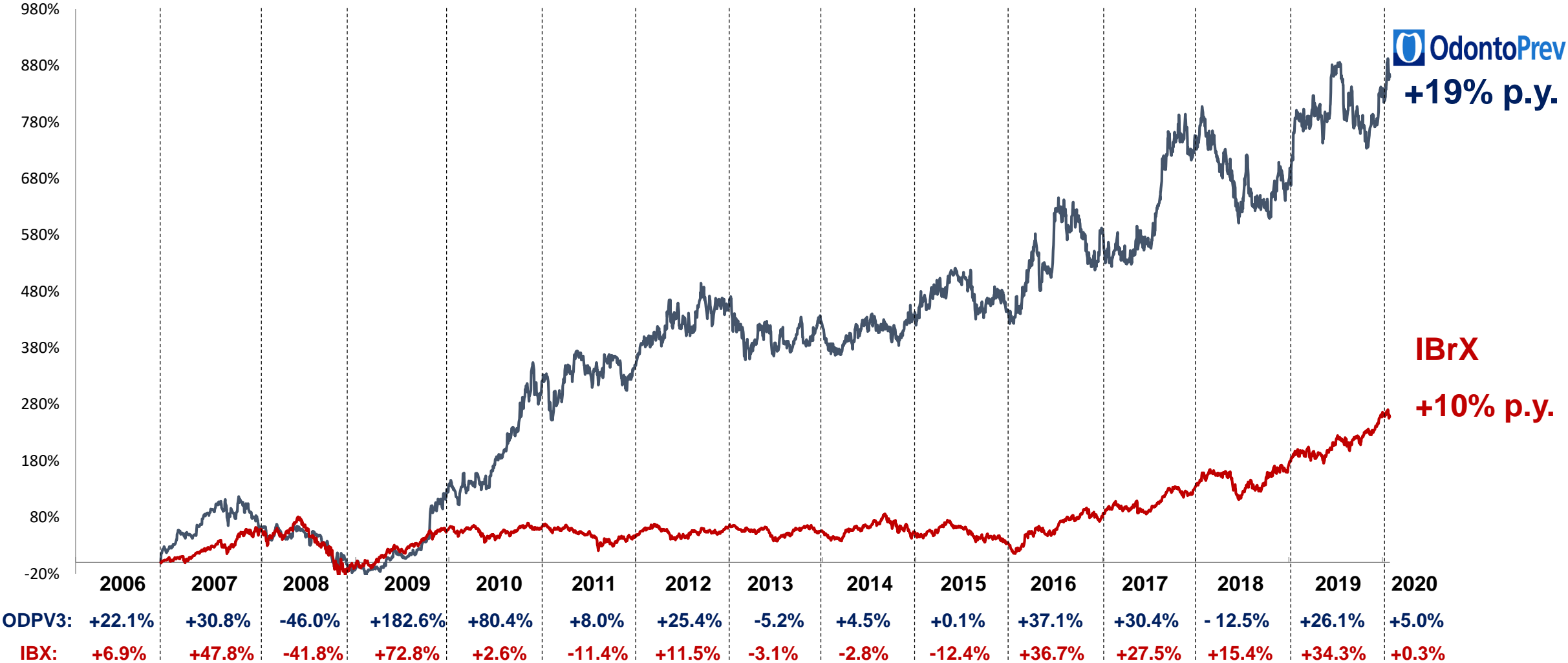
Updated on 01.31.2020



Source: OdontoPrev/ B3



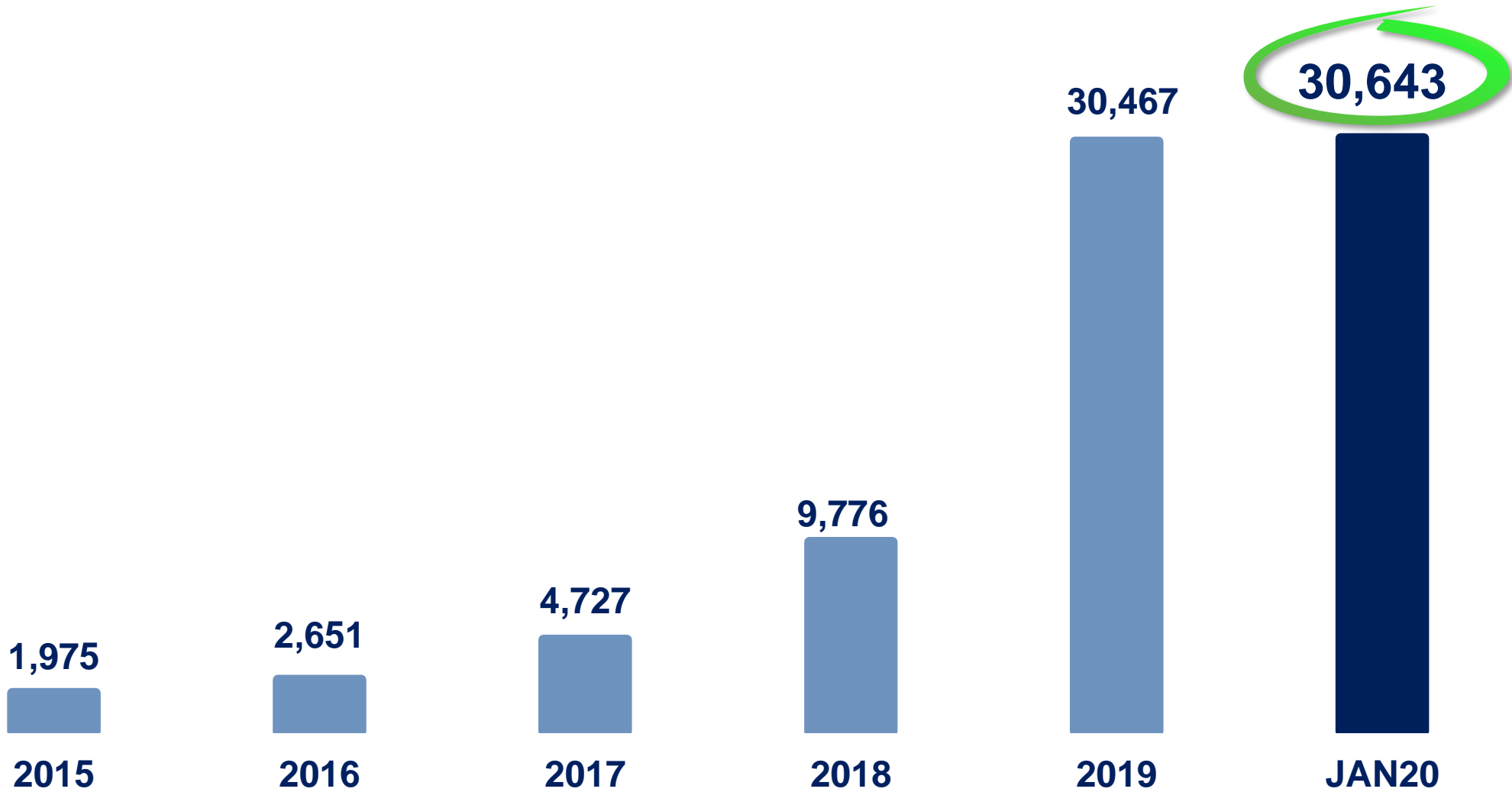
# OdontoPrev total shareholder return since IPO x IBX



Source: B3

# Expansion in the number of individual investors

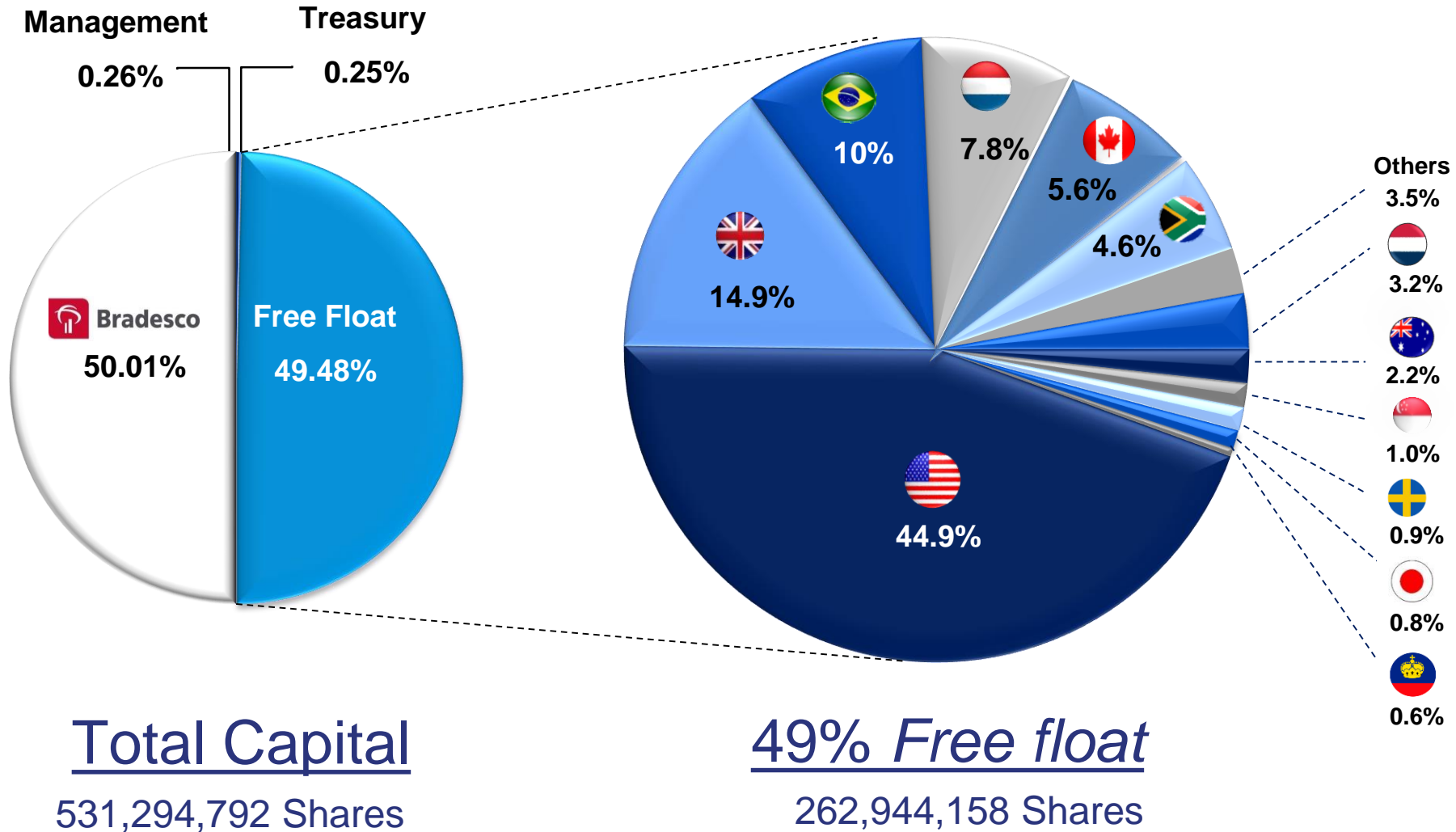
Updated on 01.31.2020



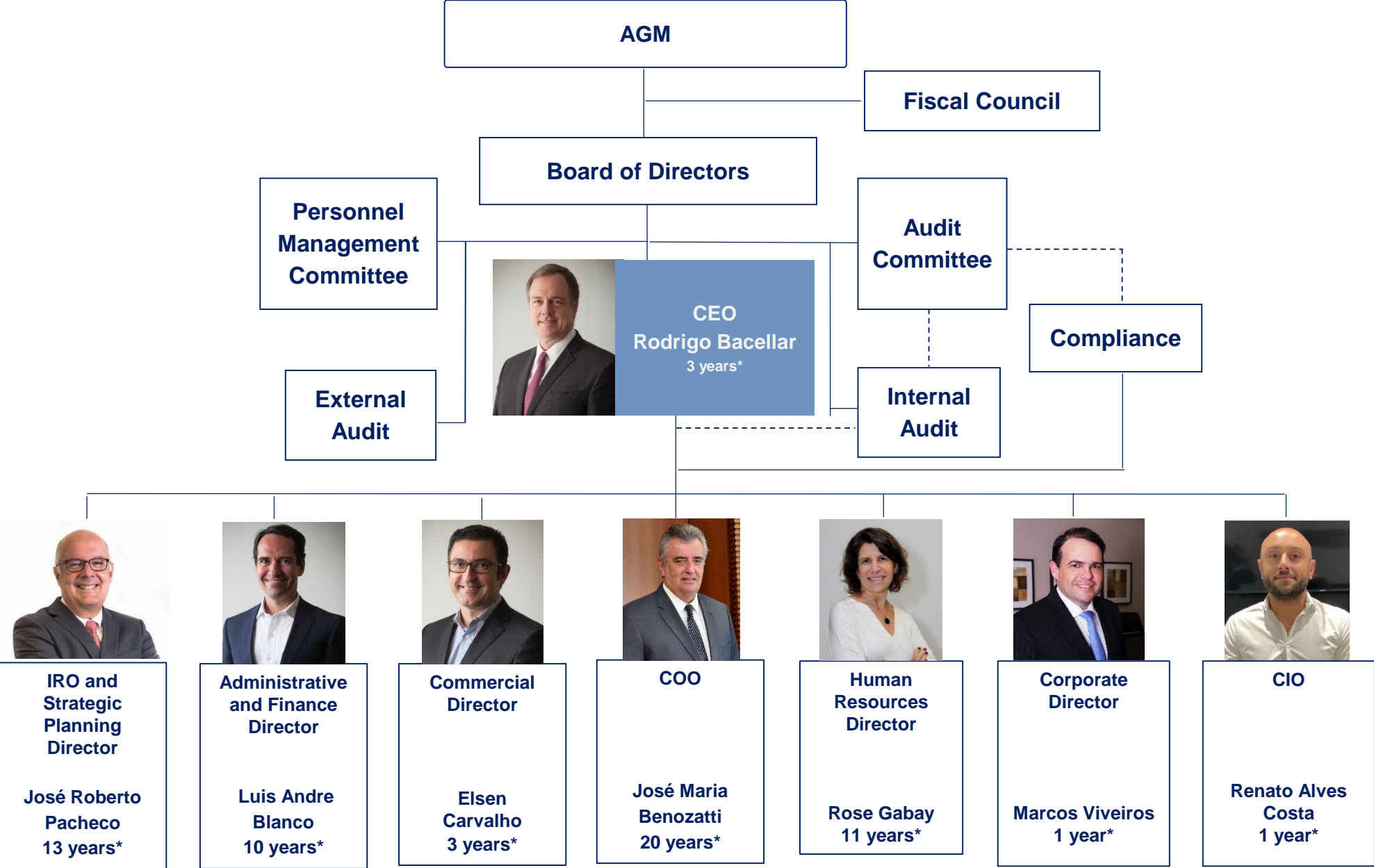
Source: B3

# Global shareholder structure: investors from more than 30 countries

JAN20



# Professional management team since foundation in the 80's



# Key metrics for management's compensation

## Quantitative goals

- ✓ Revenue growth
- ✓ Incremental EBITDA (R\$)
- ✓ Member expansion

## Perception Studies

- ✓ Beneficiaries
- ✓ Dentists
- ✓ HR managers
- ✓ Quality of our services

# OdontoPrev as a member of FTSE4Good

In 2019, OdontoPrev was confirmed as a FTSE4Good Index Series constituent, for the third consecutive year.



# OdontoPrev included in the Bloomberg 2020 Gender-Equality Index

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In 2020, OdontoPrev was included in the Bloomberg 2020 Gender-Equality Index (GEI) for the first time.



# Institutional Investor

**Best IR Team in Healthcare sector / Latin America**

**2010 / 2011 / 2012 / 2013 / 2014 / 2015 / 2016 / 2017 / 2018 / 2019**

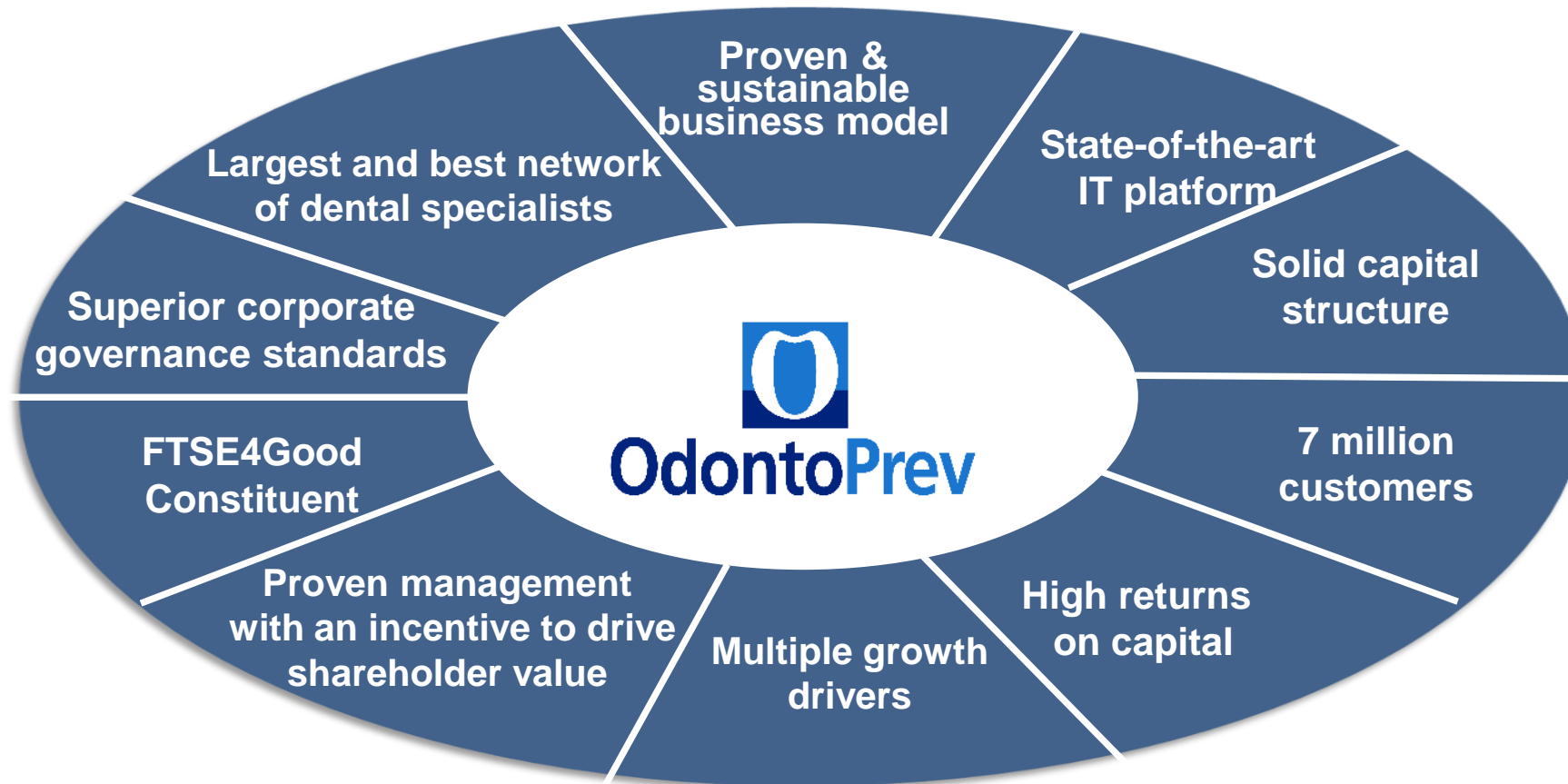
**... Thank you very much!**



# Upcoming IR events

UPCOMING EVENTS				
Date	Country	City	Broker	Event
Mar 05, 2020				4Q19 Earnings Release
Mar 06, 2020				4Q19 Webcast
Mar 24, 2020		São Paulo		UBS X Healthcare Day
Mar 31 - Apr 01, 2020		São Paulo		7th Brazil Investment Forum
Apr 7, 2020		São Paulo		Healthcare Day
Apr 29, 2020				1Q20 Earnings Release
Apr 30, 2020				1Q20 Webcast
Apr 30, 2020		São Paulo		Investor Presentation - Safra
Jun 2-4, 2020		Miami		BofAML EM Debt & Equity Conference
Jul 29, 2020				2Q20 Earnings Release
Jul 30, 2020				2Q20 Webcast

# Why OdontoPrev?



# Contact Investor Relations



**Jose Roberto Pacheco**  
IRO and Strategic  
Planning Director



**Stella Hong**  
IR Supervisor



**Catarina Bruno**  
IR Analyst



**Gustavo Tordin**  
IR Analyst

## Corporate Headquarters

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**Bradesco**

**Custodian & Market Maker**



**pwc**

**Independent Auditors**



**B3 Ticker**

# Appendix

R\$ million	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	OCT18-SEP19
Net Revenues	182	259	318	382	685	835	955	1,070	1,156	1,250	1,365	1,437	1,592	1,773
Average ticket (R\$/memeber/month)	12.25	12.53	12.07	12.80	12.87	13.66	14.33	15.22	16.07	17.04	18.58	19.66	20.43	21.15
Number of members (000)	1,492	2,113	2,460	4,175	4,978	5,533	5,976	6,172	6,316	6,409	6,267	6,309	7,230	7,279
EBITDA	46	60	76	81	154	208	227	273	305	327	300	352	415	427
EBITDA Margin (%)	25.1	23.3	23.9	21.1	22.4	24.9	23.8	25.5	26.4	26.2	22.0	24.5	26.1	24.1
Net Income	17	48	55	59	121	145	146	188	195	221	216	245	285	291
Market Cap	872	1,122	587	2,833	4,443	4,711	5,701	5,223	5,239	5,021	6,694	8,453	7,305	8,368
ODPV3 Return (%)	22	31	-46	183	80	8	25	-5	5	0	37	30	-13	20
IBX-100 (%)	7	48	-42	73	3	-11	12	-3	-3	-12	37	28	15	21