



Earnings Release 2Q19

August 14th, 2019



Forward-looking statements

This release may contain forward-looking statements concerning the business outlook, estimates of operating and financial results and growth prospects of Qualicorp S.A. These statements are based exclusively on the expectations of the management of Qualicorp S.A. regarding the prospects of the business and its continued ability to access capital markets to finance its business plan. These forward-looking statements are highly sensitive to changes in the capital markets, government regulations, competitive pressures, the performance of the industry and the Brazilian economy and other factors, as well as to the risk factors highlighted in documents previously filed by Qualicorp S.A., and therefore are subject to change without prior notice.

Main Indicators

Consolidated Income Statement - (R\$ MM)	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Net Revenues	497.5	482.8	3.0%	466.6	6.6%	964.1	962.0	0.2%
Total Expenses (Ex-Depreciation and amortizatic	(227.1)	(251.9)	-9.8%	(206.5)	10.0%	(433.6)	(477.5)	-9.2%
Adjustments to EBITDA	(23.7)	(15.3)	54.7%	(21.6)	10.0%	(45.3)	(31.2)	45.0%
Adjusted EBITDA	246.7	215.5	14.4%	238.6	3.4%	485.3	453.3	7.1%
Adjusted EBITDA Margin	49.6%	44.6%	494bps	51.1%	-155bps	50.3%	47.1%	321bps
Net Income (Loss)	110.1	88.1	25.0%	96.9	13.5%	207.0	190.2	8.9%
Balance Sheet	2Q19	2018	Change 2Q19/2018					
Equity	2,378.4	2,356.7	0.9%					
Net Debt ¹	20.8	189.2	-89.0%					
Other	2Q19	2018	Change 2Q19/2018					
Net Debt / Equity	0.01x	0.08x	-89.1%					
Net Debt / Adjusted EBITDA LTM	0.02x	0.20x	-89.4%					

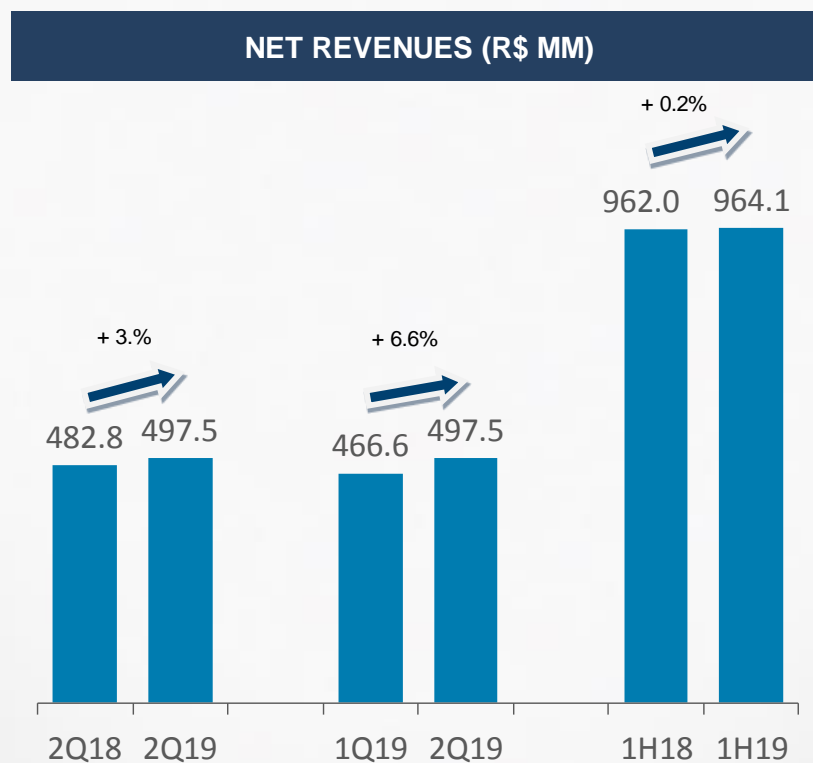
(¹) Includes acquisition payables recognized as "other payables". It does not include the investment retained as a guaranteed asset in the direct subsidiary Qualicorp Administradora de Benefícios S.A. and Clube de Saúde Administradora de Benefícios Ltda., according to the 33rd normative instruction by the ANS, from October 5, 2009.

Portfolio Evolution (cont.)

Portfolio	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Affinity Health Lives								
Total Portfolio (BOP)	1,187,450	1,222,706	-2.9%	1,163,291	2.1%	1,163,291	1,211,591	-4.0%
(+) Gross Adds	93,393	98,981	-5.6%	115,523	-19.2%	208,916	196,786	6.2%
(-) Churn	- 88,967 -	93,927	-5.3%	- 91,364 -	-2.6%	- 180,331 -	191,529	-5.8%
(+) Portfolio Acquisition	-	-	N.A.	-	N.A.	-	10,912	N.A.
New Lives Added (net)	4,426	5,054	-12.4%	24,159	-81.7%	28,585	16,169	76.8%
Total Portfolio (EOP)	1,191,876	1,227,760	-2.9%	1,187,450	0.4%	1,191,876	1,227,760	-3.3%
Affinity Other Products Lives								
Total Portfolio (BOP)	95,005	121,607	-21.9%	96,944	-2.0%	96,944	346,635	-72.0%
New Lives Added (net)	- 7,254 -	1,385	423.8%	- 1,939 -	274.1%	- 9,193 -	226,413	-95.9%
Total Portfolio (EOP)	87,751	120,222	-27.0%	95,005	-7.6%	87,751	120,222	-27.0%
Affinity Portfolio	1,279,627	1,347,982	-5.1%	1,282,455	-0.2%	1,279,627	1,347,982	-5.1%
Corporate	349,504	326,869	6.9%	307,242	13.8%	349,504	326,869	6.9%
TPA	676,315	806,295	-16.1%	681,202	-0.7%	676,315	806,295	-16.1%
Small/Medium Enterprises	167,219	146,081	14.5%	155,682	7.4%	167,219	146,081	14.5%
Corporate and Others Portfolio	1,193,038	1,279,245	-6.7%	1,144,126	4.3%	1,193,038	1,279,245	-6.7%
Total Portfolio	2,472,665	2,627,227	-5.9%	2,426,581	1.9%	2,472,665	2,627,227	-5.9%

Net Revenues

Net Revenues (R\$ MM)	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Affinity	462.0	444.2	4.0%	430.2	7.4%	892.2	884.6	0.9%
% on Total Net Revenues	92.9%	92.0%	86bps	92.2%	67bps	92.5%	92.0%	58bps
Corporate and Other	35.5	38.6	-8.0%	36.4	-2.6%	71.9	77.4	-7.0%
% on Total Net Revenues	7.1%	8.0%	-86bps	7.8%	-67bps	7.5%	8.0%	-58bps
Total Consolidated	497.5	482.8	3.0%	466.6	6.6%	964.1	962.0	0.2%

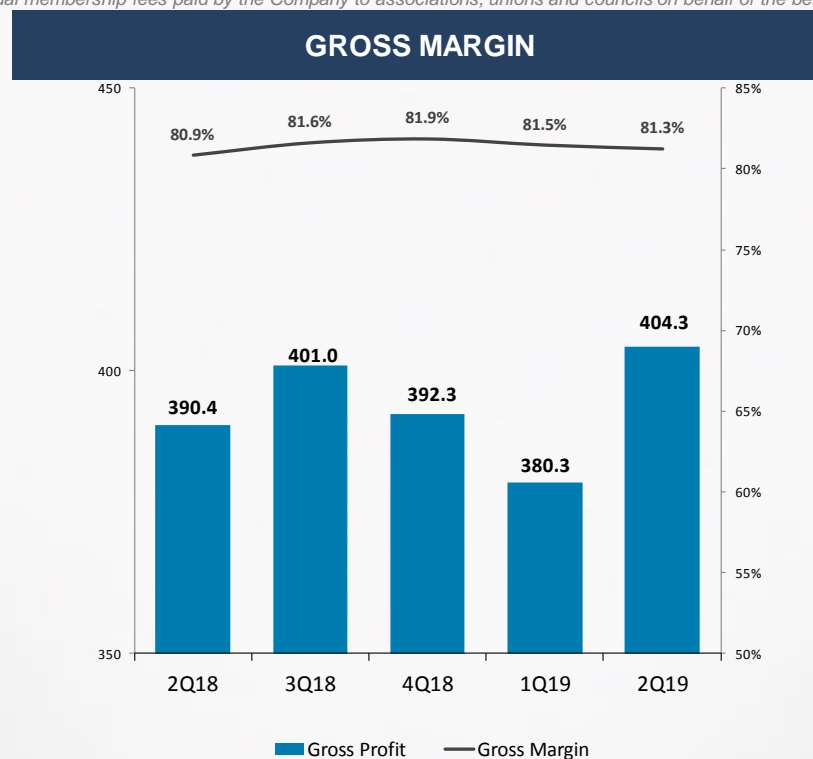


Cost of Services

Cost of Services (R\$ MM)	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Personnel expenses	(31.4)	(33.4)	-6.0%	(33.5)	-6.4%	(64.9)	(63.7)	1.9%
Third Party Services	(28.4)	(26.1)	8.8%	(23.3)	21.5%	(51.7)	(50.9)	1.6%
Occupancy expenses	(1.9)	(1.8)	0.9%	(2.1)	-12.8%	(4.0)	(3.6)	9.8%
Royalties (a)	(22.3)	(22.2)	0.9%	(18.3)	21.9%	(40.7)	(46.3)	-12.2%
Others (b)	(9.3)	(8.9)	4.2%	(9.0)	2.8%	(18.3)	(17.6)	3.9%
Total Consolidated	(93.2)	(92.4)	0.9%	(86.3)	8.0%	(179.5)	(182.1)	-1.4%
Gross Margin	81.3%	80.9%	39bps	81.5%	-24bps	81.4%	81.1%	31bps

a) Refers to expenses from financial 'pass through' incurred in connection with the agreements signed with professional associations for the contracting and selling of affinity plans (called royalties).

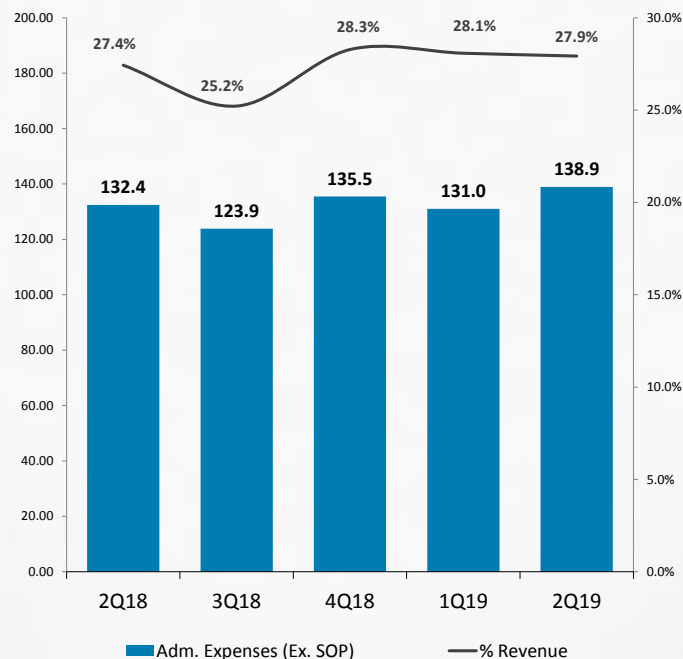
b) Refers primarily to mailing expenses and annual membership fees paid by the Company to associations, unions and councils on behalf of the beneficiaries / members of the professional associations.



Administrative Expenses

Administrative expenses (R\$ MM)	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Personnel expenses	(32.8)	(35.7)	-8.2%	(26.4)	24.3%	(59.2)	(58.4)	1.4%
Third Party services	(16.0)	(13.8)	16.2%	(10.5)	53.2%	(26.5)	(25.5)	3.9%
Occupancy expenses	(0.5)	(0.7)	-31.0%	(0.7)	-31.5%	(1.1)	(1.4)	-20.2%
Amortization of Tenance expenses	(6.2)	(4.2)	48.8%	(5.8)	6.6%	(12.0)	(8.3)	44.2%
Depreciation and amortization	(64.3)	(61.2)	5.1%	(65.8)	-2.3%	(130.1)	(121.3)	7.2%
Others	(19.2)	(17.2)	11.8%	(21.9)	-12.4%	(41.2)	(32.9)	25.2%
Total Consolidated	(139.0)	(132.8)	4.7%	(131.1)	6.0%	(270.1)	(247.9)	9.0%
(+) Stock Options Expenses	0.1	0.3	-77.5%	0.1	0.0%	0.1	0.6	-77.5%
Total Recurring Adm. Expenses	(138.9)	(132.4)	4.9%	(131.0)	6.0%	(270.0)	(247.2)	9.2%
Recurring Adm. Expenses/ Net Revenue %	27.9%	27.4%	50bps	28.1%	-15bps	28.0%	25.7%	230bps

ADMINISTRATIVE EXPENSES (% REVENUES)



Selling Expenses

Selling Expenses (R\$ MM)	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Personnel expenses	(12.3)	(14.4)	-14.5%	(9.9)	23.7%	(22.2)	(28.1)	-20.9%
Third Party services	(2.4)	(3.4)	-30.2%	(2.2)	6.5%	(4.6)	(7.3)	-37.4%
Occupancy expenses	(0.5)	(0.6)	-25.4%	(0.6)	-17.1%	(1.0)	(1.3)	-21.3%
Sales campaign	(1.1)	(4.9)	-78.0%	(5.2)	-79.2%	(6.3)	(9.7)	-35.2%
Sponsorships	(1.2)	(1.1)	10.0%	(0.7)	65.0%	(1.9)	(2.5)	-23.6%
New sales comission amortization	(24.1)	(17.8)	35.2%	(22.0)	9.5%	(46.0)	(35.9)	28.2%
Third-party commission	(17.0)	(15.3)	11.0%	(16.8)	1.3%	(33.7)	(29.8)	13.3%
Publicity and advertising	(4.8)	(5.2)	-6.2%	(3.7)	30.0%	(8.6)	(9.9)	-13.4%
Others (a)	(2.0)	(5.0)	-58.8%	(3.1)	-33.0%	(5.1)	(7.0)	-27.3%
Total Consolidated	(65.3)	(67.6)	-3.4%	(64.2)	1.8%	(129.5)	(131.5)	-1.6%
Selling/Net Revenue %	13.1%	14.0%	-88bps	13.8%	-62bps	13.4%	13.7%	-24bps

(a) Considers office supplies, mailing and discounts.

SELLING EXPENSES (% REVENUES)



Bad Debt (Uncollectible Receivables) and Other Operating Income (Expense)

Bad Debt (R\$ MM)	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Bad Debt/Uncollectible Receivables	(18.9)	(35.3)	-46.5%	(22.2)	-14.8%	(41.1)	(70.2)	-41.5%
% Net Revenue	3.8%	7.3%	-352bps	4.8%	-95bps	4.3%	7.3%	-304bps

Breakdown	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Bad Debt	(24.4)	(42.1)	-42.2%	(28.0)	-13.0%	(52.4)	(82.3)	-36.4%
Recovering	5.5	6.8	-19.3%	5.8	-6.3%	11.3	12.1	-6.4%

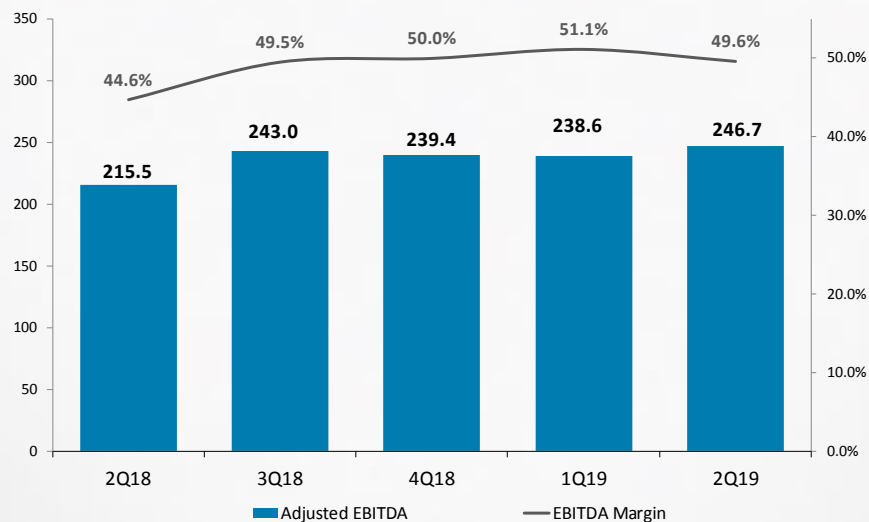
Other Operating Income/Expenses (R\$ MM)	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Expenses related to contingencies	(2.0)	(5.1)	-60.3%	1.2	-263.7%	(0.8)	(11.0)	-92.8%
Impairment	-	0.5	-100.0%	-	0.0%	-	1.3	-100.0%
Operational Losses	(4.2)	(3.3)	28.9%	(2.6)	60.4%	(6.9)	2.5	-371.4%
Other income (expenses)	1.1	0.9	18.9%	5.1	-78.4%	6.2	(4.0)	-253.0%
Total Consolidated	(5.2)	(7.0)	-25.6%	3.7	-240.8%	(1.5)	(11.3)	-86.7%

Financial Income (Expense)

Financial Income (Expenses) (R\$MM)	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Financial income								
Income from short-term investments	10.6	8.6	23.2%	9.7	9.5%	20.2	17.7	14.1%
Interest and fine on late payment of health plans	6.5	6.4	2.2%	6.2	5.0%	12.7	12.4	1.9%
Other income	1.9	0.7	167.4%	1.0	89.9%	2.9	1.5	91.7%
Total	19.0	15.7	21.3%	16.9	12.6%	35.8	31.7	13.1%
Financial expenses								
Debentures Interest	(11.4)	(11.6)	-1.6%	(11.3)	1.1%	(22.8)	(23.4)	-2.8%
Monetary adjustment from acquisition payables	(1.6)	(1.9)	-15.0%	(1.2)	30.3%	(2.9)	(3.9)	-26.6%
Other financial expenses	(11.7)	(11.2)	4.2%	(11.8)	-0.8%	(23.5)	(21.8)	7.9%
Total	(24.8)	(24.8)	0.0%	(24.4)	1.7%	(49.1)	(49.1)	0.1%
Total Consolidated	(5.8)	(9.1)	-36.5%	(7.5)	-22.9%	(13.3)	(17.4)	-23.6%

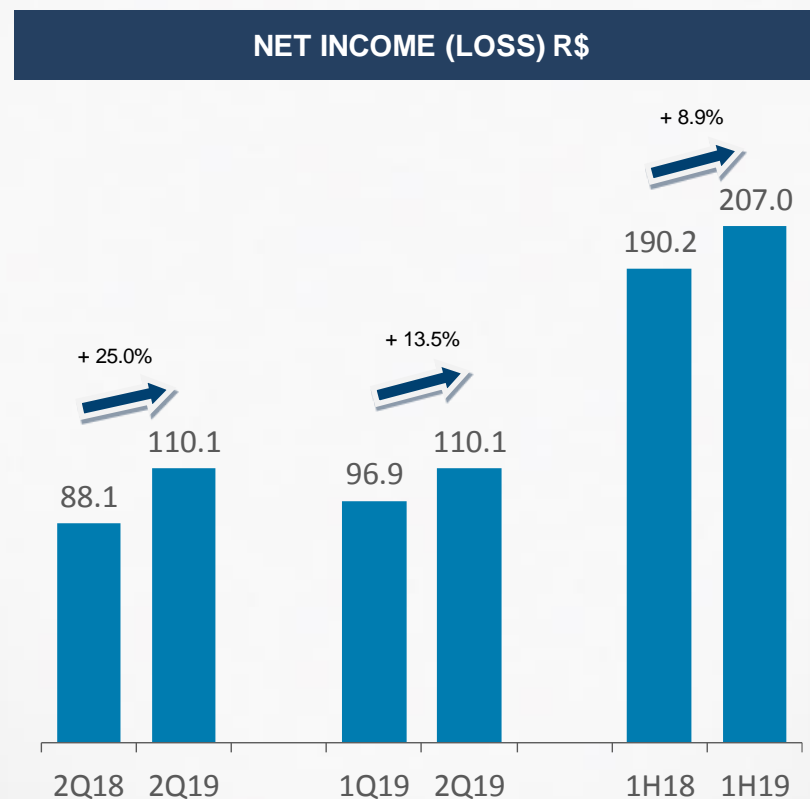
Adjusted EBITDA

EBITDA and Adjusted EBITDA (R\$ MM)	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Net Income	110.1	88.1	25.0%	96.9	13.5%	207.0	190.2	8.9%
(+) Taxes	60.0	50.5	18.6%	62.1	-3.4%	122.1	111.5	9.5%
(+) Depreciation and Amortization	94.5	83.1	13.7%	93.6	1.0%	188.2	165.6	13.7%
(+) Financial Expense	24.8	22.9	8.3%	24.4	1.7%	49.1	45.4	8.2%
(-) Financial Income	(19.0)	(13.7)	38.1%	(16.9)	12.6%	(35.8)	(28.1)	27.3%
EBITDA	270.4	230.9	17.1%	260.1	3.9%	530.5	484.5	9.5%
EBITDA Margin	54.3%	47.8%	653bps	55.7%	-140bps	55.0%	50.4%	467bps
Non-cash Stock Option Plan Expense	0.1	0.3	-77.5%	0.1	0.0%	0.1	0.6	-77.5%
Interest and fine on late payment of health plans	6.5	6.3	2.6%	6.2	5.0%	12.7	12.4	2.1%
Amortization of Tenance Expenses	(6.2)	(4.2)	48.8%	(5.8)	6.6%	(12.0)	(8.3)	44.2%
New sales comission amortization	(24.1)	(17.8)	35.2%	(22.0)	9.5%	(46.0)	(35.9)	N.A.
Adjusted EBITDA	246.7	215.5	14.4%	238.6	3.4%	485.3	453.3	7.1%
Adjusted EBITDA Margin	49.6%	44.6%	494bps	51.1%	-155bps	50.3%	47.1%	321bps



Net Income (Loss)

Net Income (Loss) (R\$ MM)	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Net Income	110.1	88.1	25.0%	96.9	13.5%	207.0	190.2	8.9%



Investments¹ (CAPEX) and Capital Structure

Capex (R\$ MM)	2Q19	2Q18	% Change 2Q19/2Q18	1Q19	% Change 2Q19/1Q19	1H19	1H18	% Change 1H19/1H18
Capex in IT	6.3	18.1	-65.1%	7.1	-11.3%	13.4	30.6	-56.1%
Other Capex	0.5	0.2	160.4%	0.1	870.7%	0.6	0.5	18.0%
Right Assignment Agreement / Exclusivity	-	10.0	-100.0%	-	0.0%	-	23.6	-100.0%
TOTAL	6.8	28.3	-75.8%	7.2	-4.6%	14.0	54.7	-74.4%

Capital Structure (R\$ MM)	2Q19	4Q18	Change 2Q19/4Q18
Current Debt	644.5	617.5	4.4%
Long Term Debt ⁽¹⁾	-	6.9	-100.0%
TOTAL	644.5	624.4	3.2%
Cash and cash equivalents ⁽²⁾	623.7	435.3	43.3%
TOTAL NET DEBT	20.8	189.2	-89.0%

(1) Includes acquisition payables.

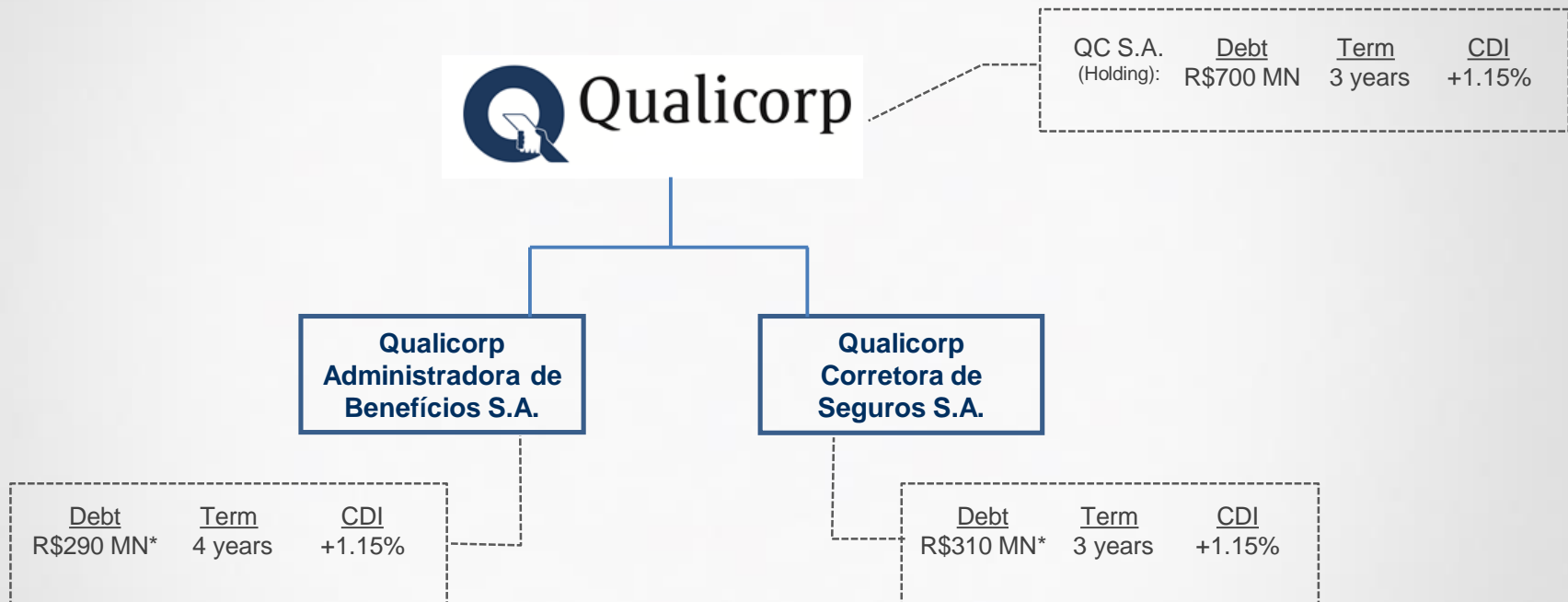
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Cash Flow

Cash Flow	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18
Income adjusted by non-cash effects	284,943	264,581	259,797	261,773	241,437	265,388
Working Capital	(51,866)	61,493	(49,739)	27,430	(49,100)	67,827
Interest paid	(22,766)	-	(23,496)	-	(23,740)	-
Income tax and social contribution paid	(37,467)	(45,544)	(59,447)	(46,629)	(33,111)	(33,744)
Cash Flow from Operating Activities	172,844	280,530	127,115	242,574	135,486	299,471
Capex (TI)	(5,942)	(7,399)	(14,446)	(18,229)	(14,837)	(10,644)
PP&E	329	(329)	(668)	(163)	(196)	(429)
New Sales Comissions	(34,301)	(26,690)	(29,339)	(31,149)	(16,674)	(14,247)
Rental Expenses	(5,498)	(5,278)	(5,279)	(5,279)	(5,279)	(5,278)
Intangible (M&A + Portfolio + Deals)	(375)	(188)	(206,993)	(6,993)	(15,706)	(25,340)
Cash Flow from Investment Activities	(45,787)	(39,884)	(256,725)	(61,813)	(52,692)	(55,938)
Cash Flow from Operating Activities (-) Capex	127,057	240,646	(129,610)	180,761	82,794	243,533
Cash Flow from Financing Activities	(184,962)	-	(30,596)	-	(192,091)	(233,031)
Other Investments	(19,972)	(115,532)	53,922	(45,523)	39,120	21,434
Total Cash Flow	(77,877)	125,114	(106,284)	135,238	(70,177)	31,936
Cash Flow on the begining of the period	262,560	137,446	243,730	108,492	178,669	146,733
Cash Flow on the end of the period	184,683	262,560	137,446	243,730	108,492	178,669

Issuance of Debentures

- June 26th, 2019 – Issuance of Debentures;
- Operations Settled in 3Q19.



*Amount was used to to pay off 2016 debt.

- Capital structure optimization in favor of shareholders;
- Payment of R\$980 MN (expected R\$3.49 per share, 12% yield based on the closing price of 08/12/2019);
- Approval at the Extraordinary General Meeting:
 - 1st call (held on 08.05.2019) - not installed, since 2/3 of the capital stock was required for voting;
 - 2nd call (scheduled for August 15th, 2019) - as per Management Proposal.
- Once approved at the Extraordinary General Meeting, the capital reduction will become effective 60 (sixty) days after the publication of the minutes, without any contrary manifestation of creditors that would make the proposed reduction unfeasible, the Company will disclose to the shareholders the procedures, payment date and start date of ex-reduction trading.
- The conclusion of the process and the payment must take place by December 30, 2019.

Qualicorp Consultoria e Corretora de Seguros S.A.

Thanks for your participation

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