



Conference Call 3Q18 (Portuguese Translation)

Operator: Good morning. Welcome to the 3Q18 earnings conference call of Grupo Notredame Intermédica. Participating in this call are Irlau Machado, CEO; Marcelo Moreira, CFO; and Glauco Desiderio, Investor Relations Officer.

We would like to inform that all participants will be in listen-only mode during the company's presentation. Afterwards, there will be a question and answer session for investors and analysts, when further instructions will be given. If anyone needs assistance, please press asterisk zero. The audio is being simultaneously webcast at ri.gndi.com.br.

Before proceeding, we'd like to clarify that any forward-looking statements that may be made during this conference call related to the business outlook, operational and financial projections and targets of Grupo Notredame Intermédica are based on beliefs and assumptions of the Company's Management as well as information currently available. Forward-looking statements are not guarantees of future performance. These involve risks, uncertainties and assumptions as they refer to future events and therefore depend on circumstances that may or may not materialize. Investors should understand that general economic conditions, industry conditions and other operational factors could affect the Company's future performance and could lead to results that are significantly different from those mentioned in said forward-looking statements.

I will now turn the floor over to Mr. Machado, who will begin the presentation. Please go ahead.

Mr. Irlau Machado: Good morning to all and thanks for attending. I'd like to say that we are glad we could once again deliver a solid quarter. Our average health membership rose 3.3% from the same period last year, totaling 2.1394 million members, while average dental members grew 22.5% from the average in 3Q17 to approximately 1.8 million.

Our net revenue increased 13.8% from 3Q17, coming at R\$1.588 billion. Our revenue from health plans grew 15.1% in relation to 2017.

Our cash medical loss grew significantly by 1.8 p.p., stemming from the verticalization process and operating synergies in relation to average hospital costs.

Cash G&A came to 9.0%, that is, 0.4 p.p. down from 3Q17, but we will discuss it later on, it was due to a nonrecurring event in 2017 that brought it down. Without the nonrecurring event we were better than last year, and for the full year it really had a significant dilution in Cash G&A that we will discuss later on.

Adjusted EBITDA was R\$212.7 million, up 18.9% from 3Q17. Adjusted EBITDA margin rose to 13.7% from 13.1% in 2017, thus also an improvement.





Adjusted net income came to R\$127.2 million, up 8.2% and 73.4% from 3Q17. Net debt came to R\$6.3 million, a sharp 91.9% reduction from 2Q18. It's worth noting our acquisition of GreenLine with 464,000 members and 557 hospital beds this quarter and the approval of the SAMED acquisition by regulatory authorities in October. We already mentioned it in our October results.

Some operating highlights. Our strategic agenda is focused on generating value. We made this GreenLine acquisition, as we've said. Note that in addition to the two hospitals with 557 beds, we have 9 clinical centers, 10 emergency rooms and another clinical analysis laboratory.

We had the approval for SAMED in Mogi das Cruzes with 80,000 members, a hospital with 102 beds and a clinical analysis laboratory. We are increasing our verticalization capacity also in clinical analysis within the group.

Note that in terms of verticalization, we launched our NotreLabs brand with over 2,000 types of exams and the capacity for 500,000 clinical analyses/month. We are now in the process of expanding our plant, our Technical Operations Center (NTO) to increase the capacity to perform around 1 million exams/month.

Some of the acquisitions made in recent years came with their own lab structures and we are making use of them. We are allocating exam collection points inside our own clinical centers, that is, we are not increasing Capex for this purpose but using our idle capacity within our own clinics.

In our own network, we inaugurated an autonomous emergency room in Arujá. With this inauguration, we also foresee the possibility of additional verticalization in the region. There is the clinical center in São Gonçalo, Rio de Janeiro.

We also finished renovations at the Cruzeiro do Sul hospital; we are well underway in renovating the Samci hospital in Rio de Janeiro, expecting the renovation to be finished by the end of November; we are also renovating the Frei Galvão and São Bernardo hospitals, the latter also near completion.

Accreditations, in terms of quality, I always make a point of noting that we continue highly focused on hospital accreditation. We did the Intermédica ABC Hospital, the former Unimed ABC, where we got our ONA 1; at the clinical center in South Zone we also got our ONA 1 this quarter; and the Barueri ER already got ONA 2.

Regarding technology, we launched our GNDI Easy app with diverse features such as virtual ID, scheduling and cancelling appointments and search our service network. Truly a milestone in terms of accessibility of our services. As a result, there is a dilution and reduction of costs in our call centers. Net revenue... obviously in addition to the ease of use.





Net revenue grew 13.8% from 3Q17. The average number of members increased 11.4% compared to 3Q17. In 9M18 we are up 9.5% from 9M17.

Health growing at a slower pace, nevertheless growing amid a very harsh economic environment. This quarter we also registered organic growth and we see this with much optimism.

Net monthly average ticket in dental care has been lower and we believe this is a great strategy because we have a significant margin in this segment and, therefore, it gives us the opportunity to offer even cheaper plans and thus increase our market share, just like the impressive growth of 22% we had this year in this segment.

In terms of revenue from hospital services, our performance was perhaps not so aggressive, mainly due to the fact that in the third quarter last year, all these hospitals that today are part of our network already were at that time; however, since then we closed down several hospitals, or hospital beds, exactly so we could renovate them. This happened with 50% of Samci and São Bernardo hospitals. We completely closed Monte Magno hospital, and completely closed the Baeta Neves hospital for renovation. I'm glad to say that these renovations at the Baeta Neves were successfully concluded and we should open it now at the start of 2019. The others are in the final stages, thus we expect resumption of growth in this segment as well.

Net revenue grew significantly by 15.4% in the last 9 months as against 9M17.

Cash medical loss declining. We sought...the integration of acquisitions in 2017 are in their final stage, many units are finishing their renovations and expansions. Once completed, the Company will capture gains in its verticalization and the reduction of fixed costs.

We also achieved a 1.8% reduction in cash medical loss, also due to the increase from 60% to 61% in terms of verticalization in hospitalizations and also in terms of verticalization of consultations from 66% to 70%.

As you know, we introduced the new autonomous ERs that have started to make significant contributions to reducing hospitalizations, which was our goal. In 3Q18, coparticipation rose 15% from 3Q17, and this is already a result of a partnership with clients that are realizing that it is a driving factor for behavior, which improves medical loss and, consequently, reduces the need for adjustments on the anniversary of the contract.

Historically, the growth in dental costs is significantly lower than that of health, and so the substantial growth in the number of dental plan members, thanks to the cross-sell strategy, helped expand gross margin.





SG&A, the increase in selling expense lines was like we expected and commented on previously. We'll have the peak at the end of this year, when that deferral process we started three years ago ends, and as such, we imagine that selling expenses should hover around 5%, 5.2% going forward.

Cash G&A fell 1.8%, to 9% in 9M18 from 10.8% in the same period last year. We continue to obtain important synergies when we deliver new operations in the company with significant reductions, especially in the personnel line, as you may have already seen in our financial statements.

As for adjusted EBITDA, the recovery in EBITDA from 13.4% in 2017, whereas in 3Q17 it was 13.1%, now in 3Q18 it is 13.8%. In 9M18 it was 13.5%, versus 12.1% in 9M17.

Adjusted net income. Growth of 73% in adjusted net income. Book net income was 162% higher than in 3Q17.

Capex and debt. We made important investments in this period, totaling R\$283 million in 9M18. This is very much in line with what we expected, and where were they allocated? In our renovation of Samci hospital, which is still ongoing but should be concluded in November; at the Cruzeiro do Sul hospital, which was an important renovation; Frei Galvão hospital; São Bernardo; Baeta Neves and Intermédica ABC.

In September 2018 we signed the acquisition of the GreenLine group, which has approximately 464,000 members, as you know. We are awaiting (the approval) from CADE and ANS.

In the 3rd quarter, the company its brought net debt down to R\$6.3 million, reflecting the cash generation from its operations and the proceeds from the first tranche of the IPO obtained in the second quarter. Basically zero.

Some observations on the healthcare market, which is still in the consolidation phase. This scenario many of you have seen over time continues to accelerate. The evolution of members is still tepid. We can see that in 3Q18 compared to the average in 2017, a growth of 100,000 lives in health. Dental is still growing by a reasonably significant number, but see, as against this growth number that happened already in 3Q, for the dental 3Q, we were responsible for almost half this amount. We are gaining considerable market share.

We are gaining market share gains organic initiatives and M&A, despite the still adverse economic scenario. Our organic sales this quarter amounted to 104,000. Remember that we are talking about 400,000 new sales over the year, so we are in line with what we had committed ourselves to.

Reducing headcount continues to be a problem, 14,000. We already expected the economy to have recovered by now, but on the other hand it went down significantly compared to last year and for





us that is very positive. We had cancellations of contracts of approximately 69,000 lives. This is very much still a result of the adverse economic scenario, especially in SME, as many of them continue to vanish from the market. We still have high production in SME, but it is a segment still suffering from the current macroeconomic scenario.

Therefore, as against the last quarter, we registered growth of 20,000 lives approximately, 21,000 lives organically.

In terms of M&A, in 9M18 we didn't increase from 2.056 million lives; we had organic sales of around 287,000; 48,000 lives in M&A (which was Cruzeiro do Sul); a headcount reduction of around 46,000 and then 198,000 cancellations during this period. Yet, growth from 2.056 million to 2.148 million.

In the next chart, that I believe you had also seen before, the evolution of our acquisitions. Back in 2015/16 we had Santamália, Family and Unimed ABC; in 2017 it was Samci, São Bernardo, Novavida; and in 1Q18 it was Cruzeiro do Sul, in June and July we had Samed and Mediplan, whereas the former we already incorporated in October and we are still awaiting CADE's decision on Mediplan – ANS in this case has also already given approval if I'm not mistaken and we are now waiting for CADE.

And GreenLine that we acquired, we are looking forward to begin the incorporation process and you already know the numbers. Unless you have some specific question on this subject, I think we can move past it.

We can now go on to the questions.

Operator: ladies and gentlemen, we will now begin the question and answer session. To ask a question, please press asterisk (*) and 1. To remove your question from the list, press asterisk (*) and 2.

Our first question is from Mr. Joseph Giordano, J. P. Morgan.

Mr. Joseph Giordano: Good morning everyone, good morning Irlau, thanks for taking my question. Actually, I have a few, starting with the top line. I'd like to understand more about what you think when talking to your main clients about the outlook for hiring, as we still see a pretty high turnover in the existing portfolios.

Also looking at the revenue mix, I'd like to understand how we are supposed to break down what was actually a price increase and what was the effect of the mix on sales, as you're focusing more on entry plans.





Lastly, regarding M&As, what is the current internal timeframe for the total absorption of Samed and Mediplan that should be approved soon and when do you expect approval from the regulatory agency regarding GreenLine, thanks.

Mr. Irlau Machado: talking about the regulatory agency in relation to Samed, for example, it was approved very quickly. I believe it was very positive. I think the perspective we have for the other two is also very positive. We imagine that, at least concerning GreenLine, we see something already in early 1Q19. Discussions are going well, I don't think there is a significant reason at the moment to believe we'll have more problems, more so considering the market configuration in São Paulo. So I believe sooner rather than later.

Regarding ticket growth, we posted growth of around 11.4% in average ticket in health in the third quarter. We implemented some adjustments but definitively, as I had already said in some previous calls, we are trying to heavily focus our sales on more basic products, that are more limited on the cost side and which obviously have lower prices, and why is that?

Because you have already seen in strategy that this works, that there's a reduction in cash medical loss due to better control of the cost base. So today, PPO accounts for 17% of what we sell while the rest is HMO. HMO products are those that are more limited and more focused within our own network.

As we go on to have more hospitals to direct these products, we will obviously have even greater competitiveness to be able to offer... and more interest from clients to seek these basic products. So I believe this is going to be the continuation of our strategy.

Mr. Joseph Giordano: and when you talk to your clients, what are they thinking from the point of view of hiring and turnover of the existing portfolio, will it improve?

Mr. Irlau Machado: well, I've seen a significant reduction in the number of terminations. They still haven't zeroed, but we see that for some clients, indeed, there are prospects of investments. The climate is very positive, people are very optimistic – but all of this takes some time to rebuild. This demand has to start happening, and demand often stems from the job itself.

So one thing feeds another; but without doubt the positive outlook... this is just like inflation; if you believe inflation; if you believe inflation is going to be high, it's high, if you think it will be low, it's usually low. So everyone has good prospects for investing. Many people ask me to wait to see if the reforms will really happen, etc. But we already notice certain optimism about it and we expect these unemployment numbers to gradually decline faster.





Mr. Joseph Giordano: perfect, thank you.

Mr. Irlau Machado: thank you.

Operator: our next question is from Mr. Marco Calvi, Itaú BBA.

Mr. Marco Calvi: good morning, everyone. Two questions from me, the first on the NotreLabs initiative. Can you explain from the point of view of types of exams, clients, size, in other words, could you further describe in addition to what we read in the release, to better understand this initiative and what kind of investment you intend with this NTO mentioned in the release? That is my first question.

The second question is about hospital services. We saw a very healthy number, a very healthy growth in the same hospitals portion and revenue ended up being affected by several renovations of hospital beds you acquired recently.

Can we get an idea of how much this ended up influencing total revenue from hospital services? These are my two questions, thanks.

Mr. Irlau Machado: Good morning Marco. I will give you a brief explanation about it. Regarding the second question on hospital services: we may expect a loss of approximately – it's a guess, we do not have a forecast of it – 15% on this volume, 10% to 15%.

Why? Because when we talk about hospital, there's a point about location. So, if I have a location, I can transfer several users to my hospital, as soon as they reach a local emergency room unit. But, for example, if I have a hospital like Baeta Neves closed and it was where a mother takes her two-year old child with throat ache at 2 in the morning, maybe she will not be able to go to São Bernardo hospital but might look for something closer. It is important to understand that this has an impact.

And we are prepared for this, we prepared ourselves for this, and doing what we did is absolutely necessary. We invite you to visit our São Bernardo hospital, our Baeta Neves hospital, you will understand the changes made to improve productivity, comfort, quality, etc. – this is what we have done in all our facilities. We will reap the fruits over the coming year, I have no doubt about it.

The first question was regarding NotreLabs. We are the first client – the biggest client – and we did it with the purpose of not necessarily selling services to third parties. We are taking it inside our clinics; quality is something we have been focusing once again, including by obtaining certifications for our facilities.





We are moving some processing centers into a large processing center, the investment is somehow marginal, of around R\$3 million, which is not something that pressures us.

We have our clients, we already the clientele in many of our clinics and, with the acquisitions we made, we acquired more clientele. In fact, this is an important move that could reduce by almost 50% our clinical analysis costs, which is an important cost for us, and we will work on it during 2019.

Mr. Marcelo Moreira: Complementing the information, in terms of clinical analysis exams, our goal is to offer all exams, obviously some of them will be done internally and others outsourced, as the entire industry does; from the patient's point of view, Marco, it is extremely convenient. They look for our emergency service and obtain not only a prescription, but are also medicated, already with the exams done for the doctor to see. They go to the clinic and have all of this too. So, that integrated health vision that has been much talked about in the market, we execute it. We have been executing it quickly and...

Mr. Irlau Machado: Recently, another company launched its primary and integrated health program, and this is very interesting; we did (incomprehensible 27:50) this is our motto, to offer a global service in our clinic, with a primary-care physician and... if necessary, resolve the health issue immediately.

Now we are also offering clinical analysis.

Mr. Marcelo Moreira: One more brief comment on hospital services. You will remember that the three acquisitions we made came with hospitals, but mainly Mediplan and Samed offer hospital services. Samed is already included in the October results and all acquisitions already have laboratory and hospital services. So, this will help us to resume the growth mentioned by Irlau.

Mr. Marco Calvi: Very clear, Irlau and Marcelo, thank you.

Mr. Irlau Machado: Thank you.

Operator: Our next question comes from Mr. Tobias Stingelin, Citibank.

Mr. Tobias Stingelin: Good morning, congratulations on the results. I have two questions: your release informs that you appropriated R\$16 million from former owners. Was this amount recorded in the statement of income under the personnel lines?

Mr. Marcelo Moreira: Tobias, could you please repeat your question?

Mr. Tobias Stingelin: Sure. In the release, you mentioned that you appropriated 16.5 million in contingencies which were the responsibilities of former owners. Was this figure recorded in the





statement of income? Was it included under personnel expenses? I would like to know if it is recurring or not, because if it was a one-time expense, expenses could have been lower.

Mr. Marcelo Moreira: All expenses are the responsibility of the seller. You know that in all our agreements and M&A agreements, except for one of the twelve agreements we signed recently, the sellers are entirely responsible for any past contingencies. So, in case of any past contingency of these sellers – I am not aware of this figure you mentioned, actually – but the general rule is this: Sellers' past contingencies must be recorded as an expense, because this is a proceeding to be borne by the company; but we will recover it in future installments, so this means zero impact. It could be recorded with no impact in one line or the other, but the impact is zero on the bottom line.

Mr. Tobias Stingelin: Great. I believe that in terms of cash flow it may be zero impact, but my doubt is if your results could not have been even better, despite the costs you recorded now and will recover in the future. But we can clarify this later.

I have another question. Personnel expenses of R\$23 million is year on year? This is also totally recurring, I mean, your synergies from now on, obviously, because you made acquisitions, you may have increases here and there; but can we work with personnel expenses at similar levels seen in the third quarter?

Mr. Irlau Machado: Certainly. That's it. We have obtained a series of synergies in the companies we absorbed, and during the learning period of these companies we also cut costs by obtaining personnel synergies.

Mr. Marcelo Moreira: Especially in the quarter, in the last two quarters, the level of synergies we obtained at Cruzeiro do Sul, as we had already mentioned to some of you, was great because this was that situation when we had two hospitals in the same region and we managed to centralize everything.

In addition to all G&A expenses, we are maintaining our permanent and significant synergy gains in terms of costs.

Mr. Tobias Stingelin: Perfect. Speaking of which, what about GreenLine? Is there any change? Now that you entered now, you probably are closer to figures than the groups. Is there any expectation that it could be better than expected or is it still early to tell? Will you maintain it as earlier?

Mr. Irlau Machado: Look, we will maintain everything as it is. I think it is too early to tell. Remember, we are still awaiting authorization from the regulatory agency. I cannot be in and operating the hospital. So, we will wait, but for now it is exactly what we imagined.





Operator: Our next question comes from Mr. Vinicius Ribeiro, Bradesco BBI.

Mr. Vinicius Ribeiro: Good morning everyone and thank you for accepting my question. Actually, two questions here. You talked about the sale of more basic products that practically accounted for half the sales in the last twelve months. Could you comment on these results this quarter, and if the increase in gross adds reported this quarter has anything to do with this higher sale compared to other basic products? If you could give an idea of the churn in this portfolio...

My second question refers to MLR. The release also reported a very interesting breakdown of improvement drivers. Could you give a breakdown of how much the increase in verticalization and how much the M&A contributed to this improvement in the medical loss? Thank you.

Mr. Irlau Machado: Well, first of all: I would like to remind you that our M&A is not necessarily about acquiring revenue or just acquiring companies; the idea is to acquire infrastructure and lives to dilute our MLR, that is, we start to forward certain services to our own network instead of an outsourced chain, and an example is the expansion of Cruzeiro do Sul.

This is what I frequently say in terms of MLR improvement. This is a Boeing with 300 different buttons: you must know how to press them in the right sequence and with the right pressure. Our mix – we have highly precise figures, but I don't have them here to show you – involves lower frequency in emergency services, forwarding patients from emergency service to minor hospitalization, which is precisely due to the verticalization and M&A transactions.

We are aware that we have more limited products, so in terms of lives, we are absorbing more lives into more basic products. If we sold 100,000 lives in a period and lost 60,000 lives, the probability is we will have 50 and 50 in loss and 80–20 in net sales, net adds... gross adds, therefore, mix will change.

So, currently we have more lives in PPO not just in terms of sales but also in portfolio... sorry, in HMO.

Sr. Vinicius Ribeiro: Perfect, it is clear. I think my question was not very clear. I would like to understand the new sale, gross adds, if more basic products gained a greater share this quarter, given that they had significant effects on MLR, as you already mentioned.

Mr. Marcelo Moreira: This is a trend in place since late last year, which is the result of our strategy. So every action has a reaction. Since the second quarter of 2017 we have been selling an extremely high volume of PPO, reaching 30%, and we needed to return to more healthy figures, so we started





to sell much more, around... from around 30% to about 17% of PPO products and other HMO products. With this, we could rebalance the portfolio, and now we have much better performance.

It happened in the first nine months, it happened in the second half of last year, it happened in the nine-month period and in the quarter as well. It continues to be our strategy.

As soon as we can include GreenLine, maybe we can rebalance it again. But for now, our strategy continues on these lines.

Mr. Vinicius Ribeiro: Perfect, thank you.

Operator: The next question comes from Mrs. Mariana Hernandez, Credit Suisse.

Mrs. Mariana Hernandez: Hi everyone, good morning. Congratulations on the results and thank you for picking my question. I also have two questions. The first is that we saw inpatient beds increasing in the own network even without 100% of the hospitals fully operational, some are still under renovation.

I would like to know if you have any idea of the level of inpatient beds with your own network already working 100%.

My second question is about NotreLabs. I know that there is not much new information about your intention to grow in the lab segment. I am curious about the timing. Was there some recent event? Why do you want to grow in this segment now?

I know you have already talked about it before, but it was not very clear if you intend to expand the service to non-clients or if you only want to keep this service to your client base. Thank you.

Mr. Irlau Machado: I will try to answer the second question first, about NotreLabs. What is our intention... also about verticalization of clinical analysis? There are many. First, we came to the conclusion that, with our current scale, we can already obtain results with costs lower than those we are contracting in the market.

Second, the quality of exams. We want quality to be the best possible, we really pursue it. Third, we want to make it convenient for clients when they look for hospital services.

Four, the number of frauds we have found in the use of clinical analysis has constantly been high. Clinical analysis became an important element in our cost account, so we really want to give attention to that.





But above all this, since the exams are conducted in our systems, we will have greater knowledge of the evolution of health. If required, we will repeat the exams. This way we seek to reduce costs and offer greater transparency for clients regarding their health over time.

Mr. Irlau Machado: (inaudible 39:52) ... that is, actually we have not invested anything in this segment. We are using the acquisitions we made over time, reducing our costs and improving service quality.

Mrs. Mariana Hernandes: Perfect, thank you.

Mr. Irlau Machado: And regarding verticalization, we have a target in mind of maintaining hospitalizations between 65 and 70%. This is our ultimate goal – which includes new lab exams conducted in-house, new beds with the termination of emergency agreements with third parties in some cases, a faster and more dynamic sale of a certain product at the base of the pyramid – all this in order to reach about 70% in hospitalizations.

Remember that GreenLine already reaches 90% of verticalization, Samed is around 75, 78%; that is, our acquisitions already come in the direction of what we want in terms of verticalization.

Mr. Marcelo Moreira: All this combined with the strategy of opening emergency units, which too brings convenience to our clients. We have already opened Ribeirão Pires, Diadema, Cotia and Arujá, which was the last one. After delivering Arujá at the end of last quarter, we started renovations at a hospital in the east region of São Paulo, as well as the expansion and opening of another one. So, this strategy continues.

Mrs. Mariana Hernandes: Perfect, thank you for your answer.

Operator: Our next question comes from Mr. Rodrigo Gastim, BTG Pactual.

Mr. Rodrigo Gastim: Good morning guys. I have two questions, the first one also refers to NotreLabs. During the call, you mentioned that your goal is to add 500,000 medical exams to reach almost one million per month, in terms of processing and clinical analyses.

I would like to know if it is already sufficient for you to process most of your exams in your own network, and if it is your goal. Also, I would like to know if you have any plans of offering medical imaging exams, probably to third parties, and if you plan to insource and verticalize medical imaging exams.

Also, I want to understand to what extent this insourcing of exams could increase the level of consolidated verticalization of the company. We are talking about moving approximately 60% of





costs into the own network. Obviously, I think this will continue to increase in hospitals, clinics etc. But excluding this and considering only verticalization of exams in percentage points, or a qualitative idea as to whether it would increase the company's verticalization level. This is the first doubt.

My second question is about competition. I would like to know if there are other companies succeeding – like you – in the lower-income segment. We have heard a lot about the downgrade of health plans. Obviously premium operators do not reach this market that you target; but is there anyone making a good job? Is there anyone growing like you do? Who bothers you most now in terms of competition? These are my two questions, thank you, guys.

Mr. Irlau Machado: Thank you Gastim. Look, two things: Currently, 15% of our events are lab exams, so we are conducting about 2 million exams per month. We have the capacity for 500,000, but we are expanding it to 1 million and 1.5 million exams. For now, our goal is to have the capacity to absorb 70% of our exams. In this case, obviously we are talking about between 5 and 8 percentage points in verticalization.

Regarding medical imaging exams, we have different imaging machines in our hospitals, and we are simply consolidating the management of these imaging operations to streamline these services for outpatients and not just for inpatients. So this figure will start to grow sometime.

Regarding our market, Gastim, I would like to say this: first, it is not about downgrading a product. I consider this a smart trade of the product. Smarter products in terms of health quality management, integrated population management and, obviously, better management of wastage – and we do it very well. I cannot see in our the market any competitor doing such competent work that combines not only cost and frequency management, but also quality, which is our motto.

So, I will avoid false modesty. Prevent Senior is a company that I like very much, and I believe it does a great job. I have only heard excellent comments both from users and health professionals. So they deserve an honorable mention. It's a market niche we don't yet work with, but without doubt we consider Prevent Senior a competitor and we are already learning a lot from them.

Mr. Rodrigo Gastim: Excellent, thank you for your answers.

Operator: Ladies and gentlemen, if you have any questions, press asterisk and one.

The question and answer session is now over. I would like to turn the call back to Mr. Irlau for his closing remarks.





Mr. Irlau Machado: Thank you once again for participating in the call. It is a pleasure to be here with you, mainly to present one more solid and positive – and now, much more optimistic - quarter. Warm regards and thank you.

Operator: The conference call of Grupo Notredame Intermédica has ended. Thank you for your participation, have a nice day and thank you for using Chorus Call.

