

Qualicorp S.A.

4Q12 Earnings Release



Qualicorp S.A. BOVESPA:QUAL3

Last Price
March, 27th, 2013
R\$ 19,60/share

Shares Outstanding
(12/31/2012)
263.401.198 shares

Free Float
(12/31/2012)
190.837.910 shares (72,45%)

Cash and Cash Equivalents
(12/31/2012)
R\$ 124 million²

Investor Relations

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Conference Calls

March, 28th 2013 (Thursday)

Portuguese

Time: 7am ET / 10am Brasilia
Phone: +55 11 2188 0155
Code: Qualicorp

English

Time: 9am ET / 12pm Brasilia
Phone: +1 412 317 6776
Code: Qualicorp

Sao Paulo, March 27th, 2013. Qualicorp S.A (BM&FBOVESPA: QUAL3), one of the leading full-service healthcare benefits administrator and health management services provider in Brazil, announced its consolidated 4Q12 results. The operating and financial data are presented on a consolidated basis in Reais ("BRL" or "R\$"), in accordance with Corporate Law and regulations of "Comissão de Valores Mobiliários" – CVM.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

- ✓ Our total portfolio of beneficiaries of 4.4 million lives, including Affinity, Corporate and Other Segments grew 14.4% y/y in 2012, as follow:
 - Our portfolio of beneficiaries in the Affinity segment grew 24.9% y/y in 2012, and the health portfolio grew 32.2% y/y;
 - Our portfolio of beneficiaries in the Corporate and Others Segment grew 8.5% y/y in 2012 to approximately 2,6 million lives;
- ✓ Our total consolidated Net Revenues grew 34,9% y/y in 4Q12 and 35.3 y/y in 2012, reaching R\$ 920,7 million;
- ✓ Our consolidated Adjusted EBITDA grew 34.0 % y/y in 4Q12 and 26.5% y/y in 2012, to R\$ 317,9 million;
- ✓ We closed 2012 with an adjusted net profit of R\$ 69.8 million, which represents an 18,2% y/y growth. In 4Q12, adjusted net profit reached R\$ 7,9 million which compares with R\$ 16.2 million in 4Q11.

MAIN INDICATORS

Income Statement (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Net Revenues	259.2	192.1	34.9%	251.6	3.0%	920.7	680.5	35.3%
Total Expenses	(249.3)	(175.9)	41.7%	(225.9)	10.4%	(841.5)	(669.1)	25.8%
Adjustments ¹	25.4	7.4	244.6%	16.7	51.9%	50.7	92.8	-45.4%
Adjusted Operating Expenses	(223.9)	(168.5)	32.9%	(209.2)	7.1%	(790.8)	(576.4)	37.2%
Adjusted EBITDA	84.7	63.2	34.0%	91.3	-7.2%	317.9	251.3	26.5%
Adjusted EBITDA Margin	32.7%	32.9%	-21bps	36.3%	-361bps	34.5%	36.9%	-240bps
Adjusted earnings	7.9	16.2	-51.2%	29.4	-73.1%	69.8	59.1	18.2%

Balance Sheet	2012	2011	% change 2012/2011
Equity	1,992.2	1,938.1	2.8%
Net Debt ²	447.6	70.6	533.6%

Other	2012	2011	% change 2012/2011
Net Debt / Equity	0.22x	0.04x	N.A.
Net Debt / Adjusted EBITDA LTM	1.41x	0.28x	N.A.

- (1) Adjustments include stock option plan expenses with non-cash effect, IPO expenses and acquisitions expenses, write-off of tax credit and impairment.
- (2) Includes acquisition payables recognized as "other payables". It does not include the investment made as a guarantee asset in the direct subsidiary Qualicorp Administradora de Benefícios S.A., and in the indirect the subsidiaries Padrão Administradora de Benefícios Ltda. and Aliança Administradora de Benefícios de Saúde S.A according to the 33rd normative instruction by the ANS, from October 5, 2009.

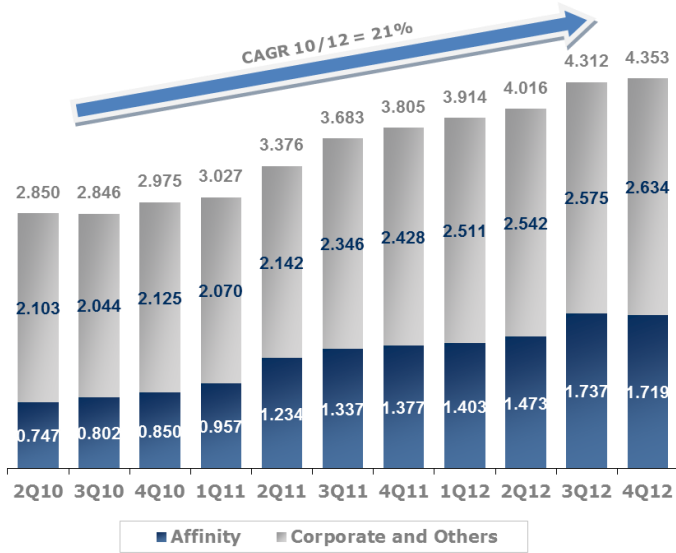
Our adjusted earnings considers the adjustment of item (1) and non-recurring financial revenue.

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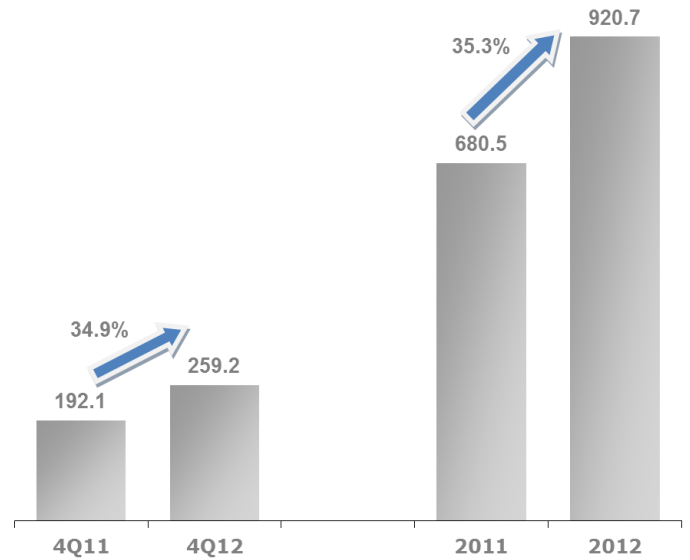
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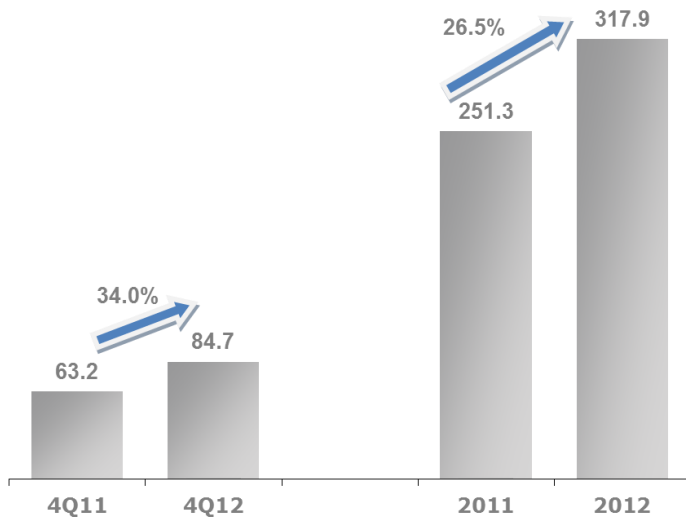
BENEFICIARIES (MM)



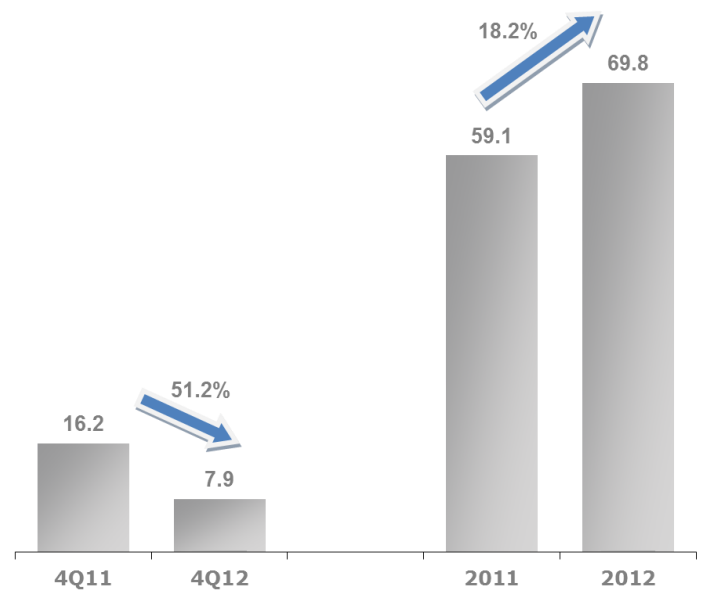
NET REVENUES (R\$ MM)



ADJUSTED EBITDA (R\$ MM)



ADJUSTED EARNINGS (R\$ MM)



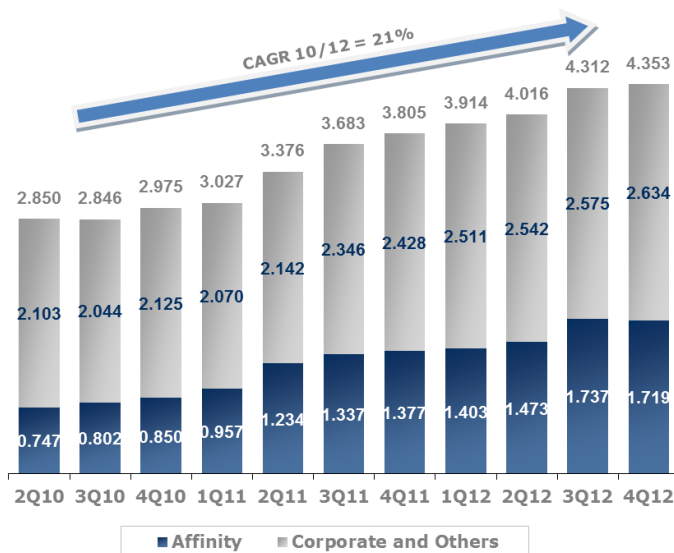
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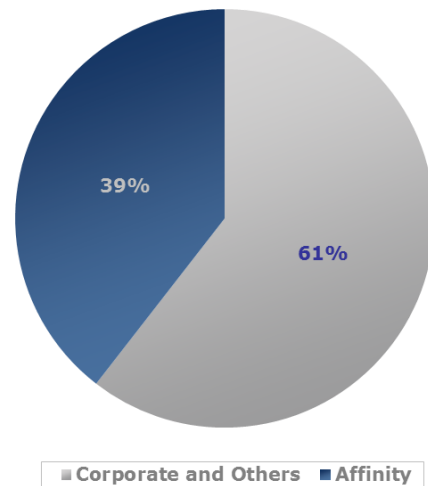


1 | Beneficiaries

BENEFICIARIES (MM)



BENEFICIARIES PORTFOLIO BREAKDOWN



The total number of beneficiaries grew 14.4% y/y in 2012, totaling a net increase of approximately 548.2k beneficiaries. When compared to 3Q12, our portfolio of beneficiaries increased approximately 40.8k beneficiaries.

The net addition of approximately 548.2k beneficiaries to the portfolio in 2012 compared to 2011 was a result of a 342.4k net increase in the Affinity Segment (62.4% of total growth) and a 205.8k net increase in the Corporate and Other segments (37.6% of total growth), including the acquisitions.

Our portfolio of beneficiaries in the Affinity segment grew 24.9% y/y in 2012 due to a combination of 32.2% y/y growth in Health products (+0.7% q/q) and 8.3% y/y growth in New Products (-5.5% q/q). The New Products portfolio decrease sequentially mainly due to a higher churn level on life insurance products that CAASP offers to its members.

Our portfolio of beneficiaries in the Corporate and Other segments grew 8.5% y/y in 2012 (+2.3% q/q) mainly due to our Corporate portfolio, which grew 23.3% y/y (+6.2% q/q) and the SME portfolio, which grew 19.7% y/y (-10.6% q/q). Our Health Management segment grew by 18.2% y/y (+2.1% q/q).

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1.1 Portfolio of lives evolution

Portfolio	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Affinity Health Lives								
Total Portfolio (BOP)	1,252,848	928,484	34.9%	1,039,893	20.5%	954,240	668,946	42.6%
New Lives Added (net)	8,870	25,756	-65.6%	212,955	-95.8%	307,478	285,294	7.8%
Total Portfolio (EOP)	1,261,718	954,240	32.2%	1,252,848	0.7%	1,261,718	954,240	32.2%
Affinity New Products Lives								
Total Portfolio (BOP)	483,926	408,036	18.6%	433,382	11.7%	422,442	181,651	132.6%
New Lives Added (net)	(26,580)	14,406	-284.5%	50,544	-152.6%	34,904	240,791	-85.5%
Total Portfolio (EOP)	457,346	422,442	8.3%	483,926	-5.5%	457,346	422,442	8.3%
Affinity Portfolio	1,719,064	1,376,682	24.9%	1,736,774	-1.0%	1,719,064	1,376,682	24.9%
Corporate	1,153,432	935,480	23.3%	1,085,657	6.2%	1,153,432	935,480	23.3%
TPA	1,387,322	1,414,399	-1.9%	1,390,427	-0.2%	1,387,322	1,414,399	-1.9%
Small/Medium Enterprises	57,837	48,327	19.7%	64,677	-10.6%	57,837	48,327	19.7%
Health Management	35,415	29,951	18.2%	34,681	2.1%	35,415	29,951	18.2%
Corporate and Others Portfolio	2,634,006	2,428,157	8.5%	2,575,442	2.3%	2,634,006	2,428,157	8.5%
Total Portfolio	4,353,070	3,804,839	14.4%	4,312,216	0.9%	4,353,070	3,804,839	14.4%

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2 | Operating Net Revenues

Net Revenues (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 3Q12/2Q12	2012	2011	% change 2012/2011
Affinity	237.9	174.8	36.1%	226.8	4.9%	830.9	620.0	34.0%
% on Total Net Revenues	91.8%	91.0%	82bps	90.1%	164bps	90.3%	91.1%	-86bps
Corporate and Other	21.3	17.4	22.7%	24.8	-14.1%	89.7	60.5	48.4%
% on Total Net Revenues	8.2%	9.0%	-82bps	9.9%	-164bps	9.7%	8.9%	86bps
TOTAL	259.2	192.1	34.9%	251.6	3.0%	920.7	680.5	35.3%

Our consolidated Operating Net Revenues reached R\$ 259,2 million in 4Q12, representing an increase of 34,9% y/y. In 2012 it reached R\$ 920,7 million, which represents an increase of 35,3% compared with 2011. The Net Revenues growth in the Affinity Segment in 4Q12 is mainly supported by the addition of new beneficiaries to our portfolio (organic growth) and the acquisition of Padrão and Aliança, which combined contributed with R\$26,4 million in revenues in 4Q12.

The Net Revenues growth in the Corporate and Other segment reached R\$ 89,7 million in 2012 (+48,4% y/y) and R\$ 21,3 million in 4Q12 (+22,7% y/y). This grow in 2012 is supported not only by an increase in the number of customers but also by the offer of higher value added products to our customers. In 3Q12 our Net Revenues reflected the closing of two large contracts, justifying a slight sequential decline.

3 | Operating Expenses

Our Recurring Operating Expenses increased by 32,9% y/y in 4Q12 (+7,1% in 3Q12). The increase y/y came as a result of the investment efforts in the business in order to support future growth and mainly due to a significant increase in bad debt expenses caused by a worsening macroeconomic scenario and our exposure to the high indebted population. The consolidation of Padrão and Aliança in 4Q12 results also contributed to an increase in our expenses, since they were not included in 4Q11.

During 4Q12 we also recognized R\$ 25,4 million in one-time expenses, related to: (i) the impairment of PraxiSolutions portfolio, acquisition made in 2011 and focused on the distribution of mass insurance products. Since the acquisition, the company has struggled to perform and for that reason we wrote-off its assets (R\$ 11,4 million). The beginning of the project "Boleto Carona" in 2013 (project that would take advantage of Qualicorp distribution and collection capacity to sell mass products), showed a higher than expected market penetration and should make this acquisition bring better results throughout 2013; and (ii) Stock Option Plan expenses and CEO's resignation (R\$ 8,6 million); and (iii) Write-off of Tax credit resulting from no accounting earnings in one of our subsidiaries for 3 years in a row (R\$ 4,7 million).

Cost summary (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Cost of Services	(69.3)	(50.3)	37.8%	(66.0)	5.0%	(246.4)	(180.2)	36.7%
Total Costs of Services	(69.3)	(50.3)	37.8%	(66.0)	5.0%	(246.4)	(180.2)	36.7%
Total Adm. Expenses	(85.9)	(66.4)	29.4%	(78.7)	9.2%	(303.4)	(290.7)	4.4%
Total Selling Expenses	(52.0)	(45.8)	13.4%	(50.0)	3.9%	(200.3)	(155.5)	28.8%
Bad Debt (Uncollectible Receivables)	(24.2)	(13.3)	82.5%	(18.6)	30.4%	(66.0)	(39.6)	66.8%
Other Operating Income (Expenses)	(17.9)	(0.1)	N.A.	(12.6)	42.1%	(25.4)	(3.1)	N.A.
Total Operating Expenses	(180.0)	(125.6)	43.3%	(159.9)	12.6%	(595.1)	(488.9)	21.7%
Total	(249.3)	(175.9)	41.7%	(225.9)	10.4%	(841.5)	(669.1)	25.8%
(+) One-time Expenses	25.4	7.4	245.3%	16.1	58.0%	50.0	90.5	-44.7%
(+) One-time Selling Expenses	-	0.0	N.A.	0.7	N.A.	0.7	2.2	-70.9%
Total Recurring Operating Expenses	(223.9)	(168.5)	32.9%	(209.2)	7.1%	(790.8)	(576.4)	37.2%

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3.1. Cost of Services

COGS (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Personnel expenses	(20.4)	(13.0)	57.2%	(17.1)	19.8%	(67.0)	(45.2)	48.1%
Third Party Services	(11.9)	(8.5)	40.3%	(11.8)	0.7%	(41.1)	(29.0)	41.7%
Occupancy expenses	(3.3)	(2.5)	35.9%	(3.0)	10.2%	(11.5)	(7.8)	48.0%
Royalties (a)	(27.4)	(21.7)	26.1%	(27.4)	0.1%	(101.0)	(77.2)	30.7%
Others (b)	(6.3)	(4.7)	35.1%	(6.8)	-7.4%	(25.9)	(21.0)	23.2%
TOTAL	(69.3)	(50.3)	37.8%	(66.0)	5.0%	(246.4)	(180.2)	36.7%

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

Our Cost of Services increased by 37,8% in 4Q12 (+5,0% q/q) once its composed mainly by variable items, reflecting the growth in revenue and also due to the Company's expansion, which requires a higher number of employees to support our operational demands. When we compare the sequential evolution, it is worth noticing that (i) Aliança was consolidated throughout the 3 months of 4Q12 compared with 2 months in 3Q12; (ii) collective salary raise were given in August 2012, affecting only 2 months in 3Q and 3 months in 4Q; and (iii) recognition of incremental costs from acquisition incorporations.

3.2. Administrative Expenses

Administrative expenses (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Personnel expenses	(24.2)	(15.2)	59.5%	(17.2)	41.1%	(73.3)	(110.9)	-33.9%
Third Party services	(10.3)	(7.9)	30.5%	(11.5)	-10.5%	(37.0)	(28.3)	30.8%
Occupancy expenses	(2.3)	(1.1)	111.8%	(1.5)	53.8%	(6.2)	(3.9)	56.8%
Depreciation and amortization	(42.7)	(35.6)	20.2%	(42.4)	0.8%	(162.4)	(129.8)	25.2%
Others	(6.3)	(6.7)	-5.8%	(6.1)	3.8%	(24.5)	(17.8)	37.6%
TOTAL	(85.9)	(66.4)	29.4%	(78.7)	9.2%	(303.4)	(290.7)	4.4%
(+) One-time Administrative Expenses (a)	8.6	6.1	40.4%	5.7	49.8%	22.8	86.7	-73.7%
Total Recurring Adm. Expenses	(77.4)	(60.3)	28.2%	(73.0)	6.0%	(280.6)	(204.0)	37.5%

- a) It is related to stock option plan, IPO and acquisitions expenses.

Our Recurring Administrative Expenses increased by 28,2% y/y in 4Q12 (+6,0% q/q), mainly due to the Company's organic growth and consolidation of Padrão and Aliança.

The R\$ 8.6 million in one-time expenses relates to the stock option plan expenses and the CEO's resignation expenses.

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3.3. Selling Expenses

Selling Expenses (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Personnel expenses	(15.6)	(12.2)	27.9%	(15.5)	0.6%	(58.6)	(43.3)	35.3%
Third Party services	(2.8)	(3.4)	-16.9%	(2.8)	-0.8%	(10.4)	(9.7)	6.9%
Occupancy expenses	(1.8)	(1.1)	69.0%	(1.6)	16.0%	(6.1)	(3.9)	58.4%
Other selling expenses	(3.8)	(4.9)	-22.8%	(3.0)	23.8%	(13.9)	(14.1)	-1.6%
Sales campaign	(5.9)	(3.4)	75.3%	(4.4)	35.6%	(18.4)	(8.7)	112.4%
Sponsorships	(2.6)	(4.2)	-39.5%	(2.2)	16.5%	(10.9)	(9.7)	12.5%
Third-party commission	(14.7)	(9.6)	52.8%	(8.8)	67.8%	(40.6)	(29.2)	38.9%
Publicity and advertising	(2.4)	(5.6)	-57.6%	(8.9)	-73.2%	(32.1)	(30.9)	3.9%
Others (a)	(2.4)	(1.4)	69.9%	(2.8)	-14.9%	(9.4)	(6.1)	52.2%
TOTAL	(52.0)	(45.8)	13.4%	(50.0)	3.9%	(200.3)	(155.5)	28.8%
(+) One-time Comercial Expenses (b)	-	0.0	N.A.	0.7	N.A.	0.7	2.2	-70.9%
Total Recurring Selling Expenses	(52.0)	(45.8)	13.5%	(49.4)	5.3%	(199.6)	(153.3)	30.2%

a) Includes office supplies, mailing expenses and discounts granted.

b) Relates to IPO and acquisitions expenses.

Our Recurring Selling Expenses increased by 13,5% y/y in 4Q12 (+5,3% q/q). The growth in selling expenses on a y/y basis primarily results from expenses incurred in connection with sales marketing campaigns, commissions and an increase in the commercial structure to support our geographic expansion. However, on a quarterly comparison, we note an important reduction in Publicity and Advertising expenses. As we have always highlighted, some of the selling expenses such as Publicity have discretionary characteristics and are utilized based on the nature of the expense. The management of these expenses is done on a yearly basis, which might create some volatility during the quarters.

3.4. Bad Debt (Uncollectible Receivables)

Bad Debt (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Bad Debt (Uncollectible Receivables)	(24.2)	(13.3)	82.5%	(18.6)	30.4%	(66.0)	(39.6)	66.8%
TOTAL	(24.2)	(13.3)	82.5%	(18.6)	30.4%	(66.0)	(39.6)	66.8%

Our Bad Debt Expenses in 4Q12 increased by 82,5% y/y, representing 9.3% of our net revenues, which compares with 7.4% in 3Q12 and 6.9% in 4Q11. Aliança and Padrão contributed for this performance by adding R\$ 3.7 million, or 14.0% of their revenues, in Bad Debt expenses in 4Q12. Even excluding the acquisitions, our Bad Debt would have reached 8.8% of revenues, which indicates a high level of churn, partially explained by a worsening of the macroeconomic scenario jointly with a higher indebted population.

Qualicorp has endeavored its best efforts to contain this expenses through initiatives such as: (i) stimulate direct debt (automatic payment); (ii) evaluate sending the bad payers to the black list; (iii) more aggressive approach in customer retention; (iv) hiring of a specialized collection agency; among others.

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3.5. Other Operating Income / (Expense)

Other Operating Income/Expenses (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Expenses related to contingencies	(1.0)	(1.3)	-16.5%	(1.9)	-44.5%	2.5	(3.9)	N.A.
Allowance for impairment losses	(11.4)	-	N.A.	(10.4)	9.5%	(21.7)	-	N.A.
Write-off of tax credits on subsidiary	(4.7)	-	N.A.	-	N.A.	(4.7)	-	N.A.
Fixed Assets write-off (acquisitions)	(0.8)	-	N.A.	-	N.A.	(0.8)	-	N.A.
Other income	0.0	1.2	N.A.	(0.3)	N.A.	(0.7)	0.8	N.A.
TOTAL	(17.9)	(0.1)	N.A.	(12.6)	42.1%	(25.4)	(3.1)	N.A.
(+) One-time expenses (a)	16.9	1.3	N.A.	10.4	62.5%	27.2	3.9	N.A.
Other recurring expenses	(1.0)	1.2	N.A.	(2.2)	-53.3%	1.8	0.8	138.1%

a) Impairment losses, write-off of tax credits on subsidiary and fixed assets write-off of acquisitions.

Our other recurring expenses in 4Q12 were -R\$ 1,0 million due to the constitution of provisions for contingencies during the quarter. We accounted in 4Q12 for R\$ 16,9 million of non-recurring expenses related to: (i) the impairment of PraxiSolutions portfolio, as we already mentioned (R\$ 11,4 million); (ii) Write-off of Tax credit resulting from no accounting earnings in one of our subsidiaries for 3 years in a row (R\$ 4,7 million); and (iii) fixed asset write-off of acquisitions (R\$ 0,8 million).

4 | Financial Income (expenses)

Financial Income (Expenses) (R\$MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 4Q12/4Q11
Financial income								
Income from short-term investments	3.1	10.1	-69.5%	4.1	-24.8%	24.9	31.1	-19.9%
Interest and fine on late payment of health plans	6.6	6.1	8.1%	6.4	3.4%	25.6	20.6	24.3%
Monetary adjustment reversion from call option - Praxis	4.3	-	N.A.	-	N.A.	4.3	-	N.A.
Other income	0.1	0.3	-64.4%	0.2	-44.5%	2.9	1.1	176.6%
Total	14.1	16.6	-15.0%	10.7	31.4%	57.7	52.7	9.3%
Financial expenses								
Debentures Interest	(6.1)	(12.2)	-50.1%	(8.3)	-26.3%	(34.3)	(54.6)	-37.2%
Monetary adjustment from call option - Aliança	(19.3)	-	N.A.	(0.2)	N.A.	(20.4)	-	N.A.
Other financial expenses	(5.1)	(3.7)	36.4%	(4.6)	10.3%	(17.4)	(10.0)	74.8%
Total	(30.5)	(16.0)	91.2%	(13.1)	133.3%	(72.1)	(64.6)	11.7%
TOTAL	(16.4)	0.6	N.A.	(2.4)	595.1%	(14.5)	(11.9)	21.9%

Financial income resulted from two main sources: interest on financial investments and interest and penalties on late payment of premiums from beneficiaries. Financial expenses refer primarily to the debentures held with Bradesco bank and other bank tariffs. Despite the reduction in of interest rates (SELIC), our financial revenues increased 31.4% q/q due to monetary adjustment reversion on the call option to acquire Praxisolution (as result of Fixed Assets write-off, the value of the call option to acquire the remaining 20% stake also decreased, causing a positive effect in our financial result).

On financial expenses it is important to highlight the recognition of R\$ 19,3 million of monetary adjustment on the call option and debt related to Aliança acquisition, referring to 5 months (from Augusto to December). The debt and call option will be adjusted on a monthly basis until the total payment of the acquisition is done and will have a cash effect only on the date of the payment.

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4Q12 Earnings Release



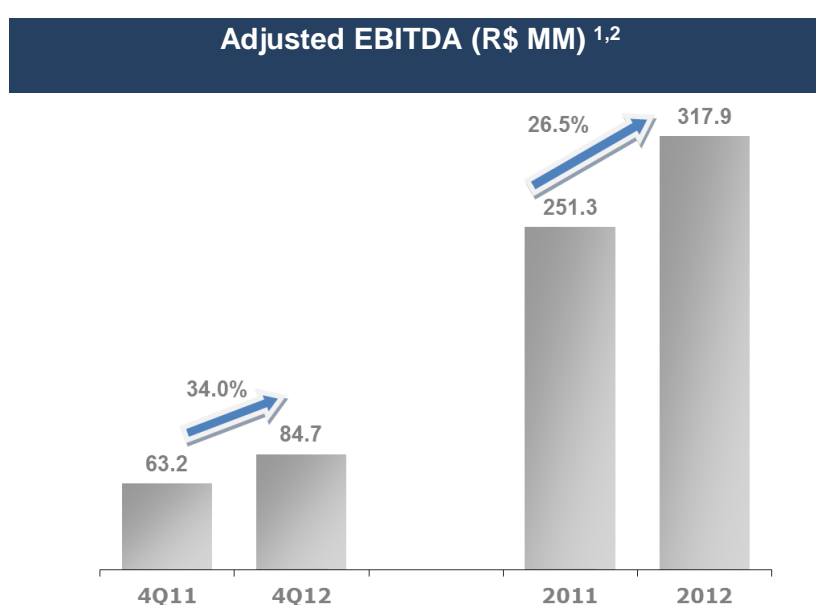
5 | Generation of Operating Cash (EBITDA and Adjusted EBITDA) ^{1,2}

EBITDA and Adjusted EBITDA (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Net Income	(13.3)	8.8	N.A.	12.7	N.A.	23.4	(33.7)	N.A.
(+) Taxes	6.7	8.0	-16.3%	10.7	-37.3%	41.3	33.1	24.7%
(+) Depreciation and Amortization	42.7	35.6	20.2%	42.4	0.8%	162.4	129.8	25.2%
(+) Financial Expense	30.5	16.0	91.2%	13.1	133.3%	72.1	64.6	11.7%
(-) Financial Income	(14.1)	(16.6)	-15.0%	(10.7)	31.4%	(57.7)	(52.7)	9.3%
EBITDA	52.6	51.8	1.7%	68.1	-22.7%	241.6	141.1	71.2%
EBITDA Margin	20.3%	26.9%	-664bps	27.1%	-677bps	26.2%	20.7%	551bps
Expenses incurred in preparation for IPO	-	0.2	N.A.	-	N.A.	-	10.6	N.A.
Non-cash Stock Option Plan Expense	5.7	4.7	20.6%	3.5	65.4%	17.7	22.7	-22.1%
Interest and fine on late payment of health plans	6.6	6.1	8.1%	6.4	3.4%	25.6	20.6	24.3%
Other non recurring (a)	8.4	2.4	248.8%	2.9	186.3%	11.3	13.3	-15.2%
Other Reclassifications	-	(2.1)	N.A.	-	N.A.	-	(3.2)	N.A.
Impairment (b)	11.4	-	N.A.	10.4	9.5%	21.7	-	N.A.
Adjusted EBITDA	84.7	63.2	34.0%	91.3	-7.2%	317.9	251.3	26.5%
Adjusted EBITDA Margin	32.7%	32.9%	-21bps	36.3%	-361bps	34.5%	36.9%	-240bps

(a) Due diligence expenses on acquisitions, write-off of tax credit and fixed asset and CEO resignation.

(b) Write-off of PraxiSolutions.

Our consolidated Adjusted EBITDA grew 34,0% y/y to R\$ 84,7 million in 4Q12. In 2012 we reached R\$ 317,9 million (+26,5% y/y). This result comes from our strong top line performance associated the incorporation of Aliança and Padrão, which together contributed with R\$7.4 million in 4Q12 EBITDA. Our EBITDA margin reached 32,7% in 4Q12, flat when compared with 4Q11 even with a bad debt expense significantly higher (+2.4 p.p.), which shows our operational leverage in other Income Statement lines.



- (1) EBITDA and Adjusted EBITDA are presented because management believes that they are significant indicators of financial performance. According to the IFRS, EBITDA and Adjusted EBITDA are not indicators of financial performance and shall not be considered as an alternative to net profit, operational performance, operating cash flow, or as a liquidity indicator.
- (2) EBITDA and Adjusted EBITDA consist of net income before income tax and social contribution, financial income, financial expense, and depreciation and amortization. "Other adjustments" include items such as spending on acquisitions and associations; costs of corporate restructuring and operational provisions for stock option plan; interest and penalties on late fees; and other non-cash adjustments.

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6 | Adjusted Earnings

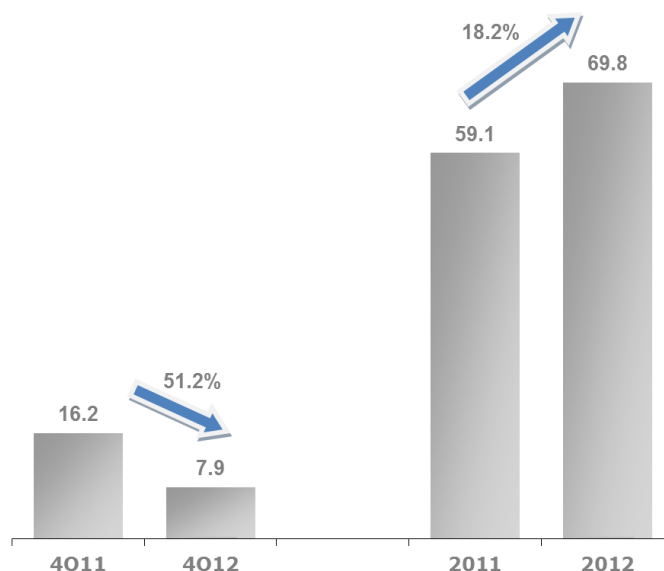
Adjusted Earnings (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Net Income	(13.3)	8.8	N.A.	12.7	N.A.	23.4	(33.7)	N.A.
Total one-time expense (a)	25.4	7.4	244.5%	16.7	51.9%	50.7	92.8	-45.4%
Total one time revenues (b)	(4.3)	-	N.A.	-	N.A.	(4.3)	-	N.A.
TOTAL	7.9	16.2	-51.2%	29.4	-73.1%	69.8	59.1	18.2%

a) For 2012 refers to non-cash stock option plan expenses, acquisition expenses, impairment expenses and write-off of tax credit of fixed assets. For 4Q11 these expenses are related to Stock Option Plans and expenses incurred in preparation for IPO.

b) It refers to the reversion of monetary adjustment on the call option to acquire Praxisolution (due to Fixed Assets write-off, the value of the call option to acquire the remaining 20% stake also decreased, causing a positive effect in our financial result.

In 4Q12 we recognized \$ 19,3 million expense related to monetary adjustment in the call option to acquire Aliança (non-cash effect). If we were to adjust it for this factor, our earnings in 4Q12 would have reached R\$ 27,4 million, which would represent an increase of 68% y/y in 2012 (R\$ 89,1 million). Considering this expense in the results, our Adjusted Net Earnings decreased 51.2% y/y in 4Q12, even though presenting an 18,2% y/y growth in 2012.

Adjusted Earnings (R\$ MM)



Amortization	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Amortization Clients Relationship	24.1	22.2	8.8%	23.8	1.2%	91.5	86.7	5.6%
Portfolio Amortization	12.0	8.6	39.8%	14.8	-18.8%	53.8	27.1	98.7%
Goodwill Amortization	46.9	48.8	-3.9%	47.2	-0.7%	188.5	195.1	-3.4%

Amortization Summary	Income Statement	Fiscal benefit	Amount 4Q12	Tax	Adjustments to net income
Amortization Clients Relationship	Yes	No	24.1	8.2	15.9
Portfolio Amortization	Yes	Yes	12.0	4.1	12.0
Goodwill amortization	No	Yes	46.9	15.9	15.9

Above we provide more details of our Amortization expenses and its impact in the income statement.

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7 | Capital Expenditures ⁽¹⁾

Capex (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
Capex in IT	21.3	6.8	214.8%	15.5	36.9%	43.8	14.6	200.8%
Other Capex	1.5	2.4	-37.9%	1.0	51.3%	5.7	6.3	-10.2%
TOTAL	22.7	9.1	149.0%	16.5	37.7%	49.5	20.9	137.1%

(1) Excludes expenses related to portfolio acquisitions .

Our total Capex increased R\$ 13.6 million y/y in 4Q12 resulting from higher investments in the new IT platform to support future growth. In 2012 we have invested R\$49.5 million in Capex. (excluding acquisitions). We have already started the IT outsourcing process in the new operational platform development as well as in the infrastructure area.

8 | Capital Structure

Capital Structure (R\$ MM)	2012	2011	% change 2012/2011
Current Debt	88.2	75.6	16.7%
Long Term Debt ⁽¹⁾	483.4	364.7	32.5%
TOTAL	571.6	440.3	29.8%
Cash and cash equivalents ⁽²⁾	124.0	369.7	-66.5%
TOTAL NET DEBT	447.6	70.6	533.6%

Our Total Net Debt increased significantly mainly due to the acquisitions of Grupo Padrão and Grupo Aliança.

(1) Includes acquisition payables

(2) It does not include the investment made as a guarantee asset in the direct subsidiary Qualicorp Administradora de Benefícios S.A., and in the indirect the subsidiaries Padrão Administradora de Benefícios Ltda. and Aliança Administradora de Benefícios de Saúde S.A according to the 33rd normative instruction by the ANS, from October 5, 2009.

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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.

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Appendix I – Income Statement

INCOME STATEMENT (R\$ MM)	4Q12	4Q11	% change 4Q12/4Q11	3Q12	% change 4Q12/3Q12	2012	2011	% change 2012/2011
NET OPERATING REVENUE	259.2	192.1	34.9%	251.6	3.0%	920.7	680.5	35.3%
Cost of Services	(69.3)	(50.3)	37.8%	(66.0)	5.0%	(246.4)	(180.2)	36.7%
GROSS PROFIT	189.9	141.8	33.9%	185.6	2.3%	674.2	500.2	34.8%
Operating Income (expenses)	(180.0)	(125.6)	43.3%	(159.9)	12.6%	(595.1)	(488.9)	21.7%
Administrative expenses	(85.9)	(66.4)	29.4%	(78.7)	9.2%	(303.4)	(290.7)	4.4%
Selling expenses	(52.0)	(45.8)	13.4%	(50.0)	3.9%	(200.3)	(155.5)	28.8%
Losses on uncollectible receivables	(24.2)	(13.3)	82.5%	(18.6)	30.4%	(66.0)	(39.6)	66.8%
Other operating income (expenses), net	(17.9)	(0.1)	N.A.	(12.6)	42.1%	(25.4)	(3.1)	721.7%
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)	9.9	16.2	-39.1%	25.7	-61.6%	79.2	11.3	598.6%
Financial income	14.1	16.6	-15.0%	10.7	31.4%	57.7	52.7	9.3%
Financial expenses	(30.5)	(16.0)	91.2%	(13.1)	133.3%	(72.1)	(64.6)	11.7%
INCOME BEFORE INCOME TAX SOCIAL CONTRIBUTION	(6.6)	16.8	N.A.	23.3	N.A.	64.7	(0.5)	N.A.
INCOME TAX AND SOCIAL CONTRIBUTION	(6.7)	(8.0)	-16.3%	(10.7)	-37.3%	(41.3)	(33.1)	24.7%
Current	(8.9)	(2.0)	340.0%	(10.3)	-13.9%	(24.4)	(20.0)	21.8%
Deferred	2.2	(6.0)	N.A.	(0.3)	N.A.	(16.9)	(13.1)	29.2%
NET (LOSS) INCOME FOR PERIOD	(13.3)	8.8	N.A.	12.7	-204.8%	23.4	(33.7)	N.A.
Attributable to								
Controlling interest	(14.3)	8.8	N.A.	12.7	N.A.	22.3	(33.9)	N.A.
Noncontrolling interest	1.0	-	N.A.	(0.04)	N.A.	1.1	0.2	N.A.
Controlling interest	(13.3)	8.8	N.A.	12.7	N.A.	23.4	(33.7)	N.A.

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Appendix II – Balance Sheet

ASSETS (R\$ MM)	2012	2011	% change 2012/2011
CURRENT ASSETS			
Cash and cash equivalents	124.0	369.7	-66.5%
Short-term investments	19.1	12.2	56.5%
Trade receivables	87.0	49.0	77.4%
Other assets	49.1	31.9	54.0%
Other financial assets	43.9	29.4	49.0%
Other non-financial assets	5.2	2.4	114.6%
Related Parties	0.6	1.9	-69.8%
Total current assets	279.8	464.7	-39.8%
NONCURRENT ASSETS			
Long-term assets			
Trade receivables	3.7	0.9	292.4%
Deferred income tax and social contribution	218.5	273.6	-20.2%
Related Parties	18.8	-	N.A.
Other assets	24.2	3.9	518.0%
Other financial assets	24.2	3.9	518.0%
Total long-term assets	265.2	278.5	-4.8%
Investments	0.10	0.07	0.0%
Property, plant and equipment	20.2	18.8	49.8%
Intangible assets			
Goodwill	1,514.2	1,032.3	46.7%
Others intangible assets	1,015.8	1,060.9	-4.3%
Total noncurrent assets	2,815.5	2,390.6	17.8%
TOTAL ASSETS	3,095.3	2,855.3	8.4%
LIABILITIES & SHAREHOLDERS EQUITY (R\$ MM)	2012	2011	% change 2012/2011
CURRENT LIABILITIES			
Debentures	87.0	75.6	15.1%
Loans and Financing	1.2	-	N.A.
Taxes payable	23.6	19.2	22.8%
Premiums to be transferred	64.0	36.1	77.0%
Financial transfers payable	8.7	8.2	7.1%
Payroll and related taxes	30.2	21.8	38.3%
Transferable prepayments	45.3	42.3	7.0%
Other payables	44.2	73.4	-39.9%
Total current liabilities	304.3	276.9	9.9%
NONCURRENT LIABILITIES			
Debentures	216.9	295.6	-26.6%
Incom	4.5	4.5	0.2%
Deferr	253.1	269.5	-6.1%
Provision for risks	74.6	51.0	46.2%
Deferred income	0.2	5.8	-97.1%
Granted options on no controlling interest	153.5	5.9	N.A.
Other payables	96.0	8.0	N.A.
Total noncurrent liabilities	798.8	640.3	24.8%
EQUITY			
Capital	1,822.4	1,809.3	0.7%
Capital reserves	58.2	40.5	43.7%
Earnings reserves	145.0	145.0	0.0%
Accumulated losses	(28.6)	(50.9)	-43.8%
Total equity majority shareholder	1,997.0	1,944.0	2.7%
Noncontrolling interest in subsidiaries	(4.8)	(5.9)	-17.5%
Total equity	1,992.2	1,938.1	2.8%
TOTAL LIABILITIES AND EQUITY	3,095.3	2,855.3	8.4%

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Appendix III – Cash Flow Statement

STATEMENTS OF CASH FLOWS (R\$ MM)	2012	2011	% change 2012/2011
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (losses) before income tax and social contribution	64.7	(0.5)	N.A.
Adjusts	252.9	221.1	14.4%
Depreciation and Amortization	162.4	129.8	25.2%
Impairment	21.7	-	N.A.
Result from selling Imobilized Assets and others	1.1	0.0	N.A.
Stock Option Program	17.7	23.3	-24.1%
Payments to executives under stock option plan	-	-	N.A.
Financial Expenses	51.6	64.3	-19.8%
Provision for Risks	(1.6)	3.7	N.A.
Expenses for Issue of shares	-	-	N.A.
Adjusted profit (loss)	317.6	220.6	44.0%
Origin Cash provided by operating activities	(40.9)	(3.2)	N.A.
Cash provided by operating activities	276.7	217.4	27.3%
Interest paid on debentures	(42.7)	(55.8)	-23.4%
Interest paid on taxes and suppliers	-	-	N.A.
Income tax and social contribution paid	(16.5)	(23.2)	-29.1%
Net cash provided by operating activities	217.5	138.4	57.1%
CASH FLOW FROM INVESTING ACTIVITIES			
Increase in short-term investments	(5.7)	(4.7)	21.8%
Investments in intangible assets	(127.0)	(168.5)	-24.6%
Purchase of property, plant and equipment	(5.9)	(13.4)	-56.0%
Amount paid in acquisition (Medlink), less cash acquired	-	(0.4)	N.A.
Amount paid in acquisition (Praxis), less cash acquired	-	(23.5)	N.A.
Amount paid in acquisition (Aliança), less cash acquired	(92.0)	-	N.A.
Amount paid in acquisition (GA Consultoria), less cash acquire	(5.9)	-	N.A.
Amount paid in acquisition (Grupo Padrão), less cash acquired	(179.2)	-	N.A.
Net cash used in investing activities	(415.7)	(210.6)	97.4%
CASH FLOW FROM FINANCING ACTIVITIES			
Amount paid in loans and financing	(0.6)	-	N.A.
Payment of debentures	(60.0)	(40.0)	50.0%
Capital Increase	13.1	342.7	-96.2%
Cash provided by (used in) financing activities	(47.5)	302.7	N.A.
INCREASE IN CASH AND CASH EQUIVALENTS, NET	(245.7)	230.6	N.A.
Cash and cash equivalents at beginning of period	369.7	139.1	165.8%
Cash and cash equivalents at end of period	124.0	369.7	-66.5%

Key Events in 4Q12 and Other Subsequent Events

In the fourth quarter of 2012 we had an important change in our shareholders base and a significant increase in liquidity, contributing to our entrance in the MSCI and IBrX indexes. In February 2013, The General Superintendence of CADE issued an opinion about the acquisition of Aliança recommending disapproval the acquisition.

(i) BHCS Fundo de Investimentos em Ações, (“Carlyle”) sold 100% of its participation in Qualicorp.

From the end of November to the beginning of December, the BHCS Fundo de Investimentos em Ações, (“Carlyle”) sold 100% of its participation in Qualicorp, inserting more than 61 million shares in the free float. Since then, Qualicorp has 72,45% of its shares in free-float.

(ii) Increase in Liquidity and entrance in MSCI and IBrX Indexes

Until September 2012, the company had an average daily trading volume around R\$ 8,3 million. By the end of December, we reached R\$ 22 million a day. This increase in the liquidity level of our shares (QUAL3) allowed us to enter the IBrX of BM&FBOVESPA and MSCI (Morgan Stanley Capital International) indexes.

(iii) CADE’s opinion

On February 7th, 2012, the General Superintendence (“SG”) of CADE - Conselho Administrativo de Defesa Economica – the Brazilian antitrust authority, has issued an opinion that recommended the disapproval of the association between Qualicorp and Aliança Administradora de Benefícios S.A. and GA Consultoria, Administração e Serviços Ltda. in the format it was presented. The issuance of this opinion by SG is not binding with respect to CADE’s Tribunal review of the merits of the transaction and does not anticipate the ruling to be issued by CADE’s Tribunal about the association of Qualicorp and Aliança. This opinion represents the first step in a process.

The SG highlighted several important aspects, like the positioning of Qualicorp in the private healthcare sector, its importance in this segment and its organic and sustainable growth capacity. It also emphasizes the benefit Qualicorp business model creates for the final beneficiary and the relevant role that all the benefit administration companies have in the private supplementary healthcare sector in Brazil.