HALF YEAR RESULTS RELEASE

2017

LUZ SAÚDE

Announcement – Lisbon, 28th of August of 2017

Luz Saúde S.A. (public company) informs about its consolidated results for 2017 first half.

HIGHLIGHTS

In the first half of 2017, our business continued to grow organically and through geographic expansion of our private network, with the implementation of an ambitious expansion program of the existing units that will fuel the Group's growth trajectory and consolidation of its leadership in the Portuguese private healthcare sector through selective acquisitions:

- Consolidated operating revenues increased by 4.3% vis-à-vis 2016 H1, reaching €241.2 million, mainly influenced by the 4.9% growth of the private segment;
- Consolidated EBITDA of €26.8 million in 2017 H1 and EBITDA margin of 11.1%, representing a 1 p.p. decrease versus 2016 H1;
- Net Income attributable to shareholders was €8.7 million (versus €10.0 million in 2016 H1);
- Total investment of €35.5 million, of which €24.5 million represents private network expansion investment, both geographically with the acquisition of two units in Madeira, the construction of a new unit in Vila Real and the refurbishing of a new unit to be opened in Odivelas, and in existing units with the investment in progress in increasing the capacity of Hospital da Luz Lisboa and Hospital da Luz Oeiras;
- In July, the acquisition of the British Hospital Group was completed, which will contribute to the consolidation of the presence of the Luz Saúde Group in the Lisbon region.

OVERALL PERFORMANCE

Consolidated Income Statement

(Million Euro)	2016 H1[1]	2017 H1[1]	Var.
Operating revenues	**231.2**	**241.2**	**4.3%**
Operating costs	(203.2)	(214.4)	5.5%
EBITDA	**28.0**	**26.8**	**-4.2%**
EBITDA margin	12.1%	11.1%	-1.0 p.p.
Depreciation	(11.7)	(12.5)	7.2%
EBIT	**16.3**	**14.3**	**-12.3%**
EBIT margin	7.0%	5.9%	-1.1 p.p.
Financial results	(3.5)	(3.3)	-3.5%
EBT	**12.8**	**11.0**	**-14.7%**
Taxes	(2.9)	(2.1)	-29.6%
Net Income	**9.9**	**8.9**	**-10.2%**
Non-controlling interests	(0.15)	0.14	N.A.
Net Income attributable to Shareholders	**10.0**	**8.7**	**-13.0%**
EPS (Euro)	0.106	0.092	-13.9%

[1] Non-audited values

In 2017 H1, Luz Saúde consolidated operating revenues increased by 4.3% vis-à-vis 2016 H1, reaching €241.2 million, mainly driven by activity growth of 4.9% on the private healthcare segment.

EBITDA reached €26.8 million in 2017 H1 and EBITDA margin reached 11.1%, a 1 p.p. decrease vis-à-vis 2016 H1. This evolution was reflected on the net income attributable to shareholders of €8.7 million, representing a 13.0% decline versus 2016 H1.

OPERATING REVENUES PERFORMANCE

Operating revenues by segment

(Million Euro)	2016 H1	2017 H1[1]	Var.
Consolidated operating revenues	**231.2**	**241.2**	**4.3%**
Private Healthcare	181.6	190.5	4.9%
Public Healthcare	47.6	48.8	2.7%
Other businesses	4.9	7.5	53.5%
Corporate center	6.8	8.0	18.4%
Eliminations	(9.6)	(13.6)	42.0%

[1] Non-audited values

The private healthcare segment operating revenues totaled €190.5 million, 4.9% above 2016 H1. This growth was mainly fueled by the acquisition of two units in Madeira, by the turnaround process in Hospital da Luz – Guimarães (acquired in 2016) and by the organic growth of the existing units, although conditioned by capacity constraints, especially in the units in the Lisbon region.

The public healthcare segment operating revenues increased to €48.8 million, as a consequence of an improvement of case mix index vis-à-vis 2016 H1.

The other businesses segment obtained €7.5 million operating revenues, an increase due to the consolidation of operations of GLSMED Trade, an internal logistics company, as well as the start of GLS Learning Health, a company dedicated to medical training and research.

RESULTS PERFORMANCE

Consolidated EBITDA and EBITDA margin

	2016 H1		2017 H1[1]		
	€ million	Margin	€ million	Margin	Var.
Consolidated results	**28.0**	**12.1%**	**26.8**	**11.1%**	**-4.2%**
Private Healthcare	31.0	17.1%	31.0	16.3%	-0.3%
Public Healthcare	(2.1)	-4.5%	(2.9)	-5.9%	35.5%
Other businesses	0.2	4.8%	0.4	5.6%	79.3%
Corporate center	(1.2)	N.A.	(1.7)	N.A.	N.A.

[1] Non-audited values

In consolidated terms, Luz Saúde's EBITDA was €26.8 million and EBITDA margin decreased from 12.1% in 2016 H1 to 11.1% in 2017 H1.

On the private healthcare segment, EBITDA stayed at €31.0 million and the EBITDA margin decreased from 17.1% in 2016 H1 to 16.3% in 2017 H1. Part of this evolution was due to a generalized pressure for price reduction by some relevant payers, not always recognizing the high differentiation of healthcare provided by the Group units. This evolution was also due to the operational investment, translated in this phase into personnel costs, to reinforce the support structures for the acquisition activities, to the development of new business areas and client service, specialized training and centralization of services, together with personnel restructuring at the units level, in harmony with the strategy of increasing capacity.

On the public healthcare segment, EBITDA margin decreased from -4.5% to -5.9%, as a result of the increase of personnel costs (increase in the number of residents and full year effect of personnel expenses growth in 2016), the growth in costs with anti-retroviral therapy for HIV and the level of provisions, partially offset by positive impact obtained through efficiency improvement initiatives.

In relation to the acknowledgment of the right of Hospital Beatriz Ângelo to receive payment for additional healthcare services rendered in outpatient context to HIV/AIDS patients, the manager entity of the Hospital has triggered the mechanisms of dispute resolution set out in the Management Contract. This corresponds to a measure with significant impact in the hospitals' financial performance. In particular, for Hospital Beatriz Ângelo, the recognition of this right would represent an estimated impact of € 2.2 million for 2017 H1 (vs. €1.8 million in 2016H1).

The economic benefit to the Portuguese State of the public private partnership of Hospital Beatriz Ângelo is clear from the comparative analysis of the operational costs per standardized patient of this unit at national level and in particular in the context of the

ARSLVT, where it operates.

However, in order for the sustainability of the model and its benefits to the State not to be exhausted in a short-term perspective, it implies that the partnership necessarily involves a balance of benefits between the State and the private operator, as well as an adequate risk sharing, which must necessarily take into account risk control capabilities criteria and on a bona fide basis, as well as fairness of treatment in the context of the National Health Service.

BALANCE SHEET

Consolidated Balance Sheet

(Million Euro)	2016 Dec	2017 Jun[1]
Fixed assets	377.3	400.1
Working capital	50.8	47.4
Net debt	212.8	254.5
Net debt / EBITDA	4.1	4.7

[1] Non-audited values

In 2017 H1, Luz Saúde consolidated CAPEX was €35.5 million, of which €24.5 million corresponded to expansion CAPEX, whether in geographic expansion, through the acquisition of two units in Madeira, as well as the construction of a new unit in Vila Real, and in existing units with the investment in progress in increasing the capacity of Hospital da Luz Lisboa and Hospital da Luz Oeiras, which will allow to respond to current capacity constraints and demand satisfaction. The remainder €11.0 million corresponded to replacement and technological upgrade CAPEX, distributed across the Group's facilities, with emphasis on the continued investment in the area of imaging diagnostic.

With this investment, total fixed assets amounted to € 400.1 million at the end of the reporting period, explained by the company's strategy of detaining most of its assets, with a significant real estate portfolio, which includes both healthcare units and the land where the said units are located.

Working capital decreased €3.4 million, reaching €47.4 million by the end of 2017 H1, despite the maintenance of historically high receivables days.

By the end of 2017 H1, Luz Saúde consolidated financial debt totaled €288.0 million, with €254.5 million in bank loans and €33.5 million in financial leases, with an overall average maturity of 3.7 years. Net debt reached €254.5 million, representing a €41.2 million increase from 2016 EOY value, mainly driven by investments in expansion. This increase combined with the evolution of EBITDA levels led to an increase of Net debt / EBITDA to 4.7 times, comparing to 4.1 in 2016 EOY.

OUTLOOK FOR 2017

In 2017 Q1, the Portuguese economy grew by 2.8% (National Bureau of Statistics data), a figure well above the growth experienced by the Euro Zone (1.9% and 2.2%). Unemployment, as of June 2017, fell to 8.8% (from 11.1% of the working population in the end of 2016), bringing Portugal below to the level of unemployment in the Euro zone (9.1%). For the remainder of 2017, estimates of economic growth are being reviewed according to the growth level experienced in the beginning of the year.

The health insurance market in Portugal increased the level of growth in 2017 H1, with a 11.7% increase in the amount of premiums issued compared to 2016 H1, and this growth path is expected to continue in 2017.

Regarding health subsystems, the process underway to change the governance structure of ADSE represents, in the opinion of Luz Saúde Group, an opportunity for this payer to evolve towards a functioning model with greater participation of the beneficiaries and the different stakeholders, in the direction of a greater sustainability of the system, without compromising freedom of choice and quality.

For the remainder of 2017, Luz Saúde will focus on leveraging the high demand for its services in the private health care segment, specifically in response to the high growth of health insurance, by continuously improving the utilization of installed capacity, asset turnover and, consequently, overall profitability.

At the same time, the company will continue its expansion plans, namely at Hospital da Luz Oeiras, whose phased opening will take place in 2017 second half (the first phase already opened in the end of July), in the opening of a new ambulatory unit in Odivelas in October 2017, the doubling of the installed capacity of Hospital da Luz Lisboa and the development of a new Hospital in Vila Real. In addition, Luz Saúde will be focused in the turnaround of recently acquired units (Guimarães and Madeira), in order to potentiate their growth and improve their profitability. Finally, Luz Saúde will continue to be active in materializing consolidation opportunities in the domestic market.

Regarding the recently acquired British Hospital Group, Luz Saúde's focus will be on the development of its operational activity, as well as on the articulation with the other units, which will consolidate Luz Saúde Group's position in the Lisbon region and, in particular, help to meet the current capacity constraints and consequent demand satisfaction.

On the public healthcare segment, the Group will be focused on maintaining the high standards of quality and clinical effectiveness of the services provided to its patients and on efficiency enhancement initiatives, in particular the referral capacity of patients to the continuous care network and the resolution of social cases that increase pressure the Hospital’s inpatient capacity, in order to improve Hospital Beatriz Ângelo’s profitability levels.

Regarding the international expansion of Luz Saúde, the Group proceeds with the development of a private health unit in Luanda in conjunction with its shareholder Fidelidade

already present in this market through the Universal insurance company. At the same time, the active analysis of expansion opportunities for other geographies will be maintained, in the context of the shareholder Fidelidade / Fosun.

Luz Saúde, S.A.

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DISCLAIMER

Certain statements in this document are not historical facts but constitute “forward-looking statements” that are subject to risks and uncertainties. Examples of such forward-looking statements include, but are not limited to statements of possible or assumed future results of our business, financial position, results of operations, liquidity, plans, objectives, goals or strategies; statements relating to our expectations of demand for our services, the evolution of the healthcare market in Portugal or changes in policy of the government of Portugal; and the assumptions underlying such forward-looking statements. Words such as “targets”, “believes”, “anticipates”, “expects”, “estimates”, “intends”, “plans”, “continues”, “projects”, “predicts”, “foresees”, “likely”, “will”, “may”, “could” or “should” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

Any forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. Current and prospective investors as well as analysts should not rely upon forward-looking statements as predictions of future events and should carefully consider the aforementioned factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate.

Such forward-looking statements speak only as of the date on which they are made. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee the events and circumstances reflected in the forward-looking statements will materialize or will occur. Accordingly, except as required by law or regulation, we do not undertake any obligation to update or review any of them after the date of this document to conform these statements to actual results or to changes in our expectations, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

APPENDIX

Consolidated Income Statement

(Million Euro)	2016 H1[1]	2017 H1[1]	Var.
Revenue from sales and services provided	230.6	240.7	4.3%
Other operating income and earnings	0.6	0.5	-3.4%
Other financial income and earnings	0.0	0.0	-89.3%
Total income and earnings	**231.2**	**241.2**	**4.3%**
Inventory consumed	(35.7)	(37.3)	4.7%
Cost of services and materials	(103.9)	(108.5)	4.5%
Personnel expenses	(62.2)	(66.2)	6.3%
Depreciation and amortization	(11.7)	(12.5)	7.2%
Other operating expenses and losses	(0.5)	(0.5)	14.0%
(Accrual to)/release of provisions	(0.6)	(1.2)	90.8%
Write-off and impairment losses	(0.3)	(0.6)	88.1%
Interest and other financial expenses and losses	(3.5)	(3.3)	-4.3%
Total expenses and losses	**(218.4)**	**(230.3)**	**5.4%**
Income/(loss) before taxes	**12.8**	**11.0**	-14.7%
(Income taxes)/tax benefit	(2.9)	(2.1)	-29.6%
Net income before non-controlling interests	**9.9**	**8.9**	-10.2%
Income/(loss) attributable to non-controlling interests	(0.1)	0.1	N.A.
Net income attributable to equity holders	**10.0**	**8.7**	-13.0%
Earnings per Share (Euros)	0.106	0.091	-14.1%

[1] Non-audited values

Consolidated Statement of Financial Position

(Million Euro)	2016 Dec	2017 Jun[1]	Var.
Assets			
Property, plant and equipment	263.1	283.6	7.8%
Intangible assets	113.1	115.5	2.1%
Investments in associates and joint ventures	1.0	0.9	-8.4%
Other receivables	1.1	1.0	-2.7%
Tax receivable	1.0	1.5	50.0%
Total non-current assets	**379.3**	**402.6**	**6.1%**
Inventories	9.8	10.4	5.5%
Trade receivables	105.6	103.1	-2.3%
Other receivables	45.4	91.7	N.A.
Cash and cash equivalents	41.5	33.5	-19.2%
Total current assets	**202.3**	**238.7**	**18.0%**
Total assets	**581.6**	**641.3**	**10.3%**
Shareholders' Equity			
Share capital	95.5	95.5	0.0%
Own shares	(0.7)	0.0	N.A.
Share premiums	61.8	61.8	0.0%
Reserves and retained earnings/(losses)	58.7	67.8	15.5%
Shareholders' equity attributable to equity holders	**215.4**	**225.1**	**4.5%**
Shareholders' equity attributable to non-controlling interests	1.6	2.0	25.2%
Total shareholders' equity	**217.0**	**227.1**	**4.7%**
Liabilities			
Provisions for risks and charges	8.4	9.7	14.7%
Non-current bank loans	207.7	227.5	9.5%
Financial derivatives instruments	4.7	3.2	-32.5%
Non-current financial lease liabilities	22.4	26.4	18.1%
Total non-current liabilities	**243.2**	**266.7**	**9.7%**
Trade payables	35.0	35.3	1.0%
Other payables	66.8	81.0	21.3%
Current bank loans	13.5	23.9	77.0%
Tax payable	0.2	0.1	-39.7%
Current financial lease liabilities	5.9	7.0	20.1%
Total current liabilities	**121.4**	**147.4**	**21.4%**
Total liabilities	**364.5**	**414.1**	**13.6%**
Total shareholders' equity and liabilities	**581.6**	**641.3**	**10.3%**

[1] Non-audited values

Income Statement by segment – 2017 H1[1]

(Million Euro)	Private Healthcare	Public Healthcare	Other businesses	Corporate Center	Eliminations	Consolidated
Operating revenues						
Sales of goods and services	190.0	48.7	7.4	7.9	(13.4)	240.7
Other operating revenues	0.4	0.1	0.1	0.1	(0.2)	0.5
Total operating revenues	**190.5**	**48.8**	**7.5**	**8.0**	**(13.6)**	**241.2**
Operating costs	(159.5)	(51.7)	(7.1)	(9.7)	13.6	(214.4)
EBITDA	**31.0**	**(2.9)**	**0.4**	**(1.7)**	**0.0**	**26.8**
EBITDA margin	**16.3%**	**-5.9%**	**5.6%**	**-20.9%**	**0.0%**	**11.1%**
Depreciation and amortization	(10.1)	(1.7)	(0.5)	(0.3)	0.0	(12.5)
EBIT	**20.9**	**(4.6)**	**(0.1)**	**(2.0)**	**0.0**	**14.3**
Financial results						(3.3)
EBT						**11.0**
Income taxes						(2.1)
Income/(loss) attributable to non-controlling interests						0.1
Net income attributable to equity holders						**8.7**

[1] Non-audited values

Income Statement by segment – 2016 H1[1]

(Million Euro)	Private Healthcare	Public Healthcare	Other businesses	Corporate Center	Eliminations	Consolidated
Operating revenues						
Sales of goods and services	181.1	47.4	4.8	6.7	(9.3)	230.6
Other operating revenues	0.5	0.1	0.0	0.1	(0.2)	0.6
Total operating revenues	**181.6**	**47.6**	**4.9**	**6.8**	**(9.6)**	**231.2**
Operating costs	(150.5)	(49.7)	(4.6)	(7.9)	9.6	(203.2)
EBITDA	**31.0**	**(2.1)**	**0.2**	**(1.2)**	**(0.0)**	**28.0**
EBITDA margin	**17.1%**	**-4.5%**	**4.8%**	**-17.2%**	**0.0%**	**12.1%**
Depreciation and amortization	(9.3)	(1.8)	(0.3)	(0.3)	0.0	(11.7)
EBIT	**21.7**	**(3.9)**	**(0.1)**	**(1.4)**	**(0.0)**	**16.3**
Financial results						(3.5)
EBT						**12.8**
Income taxes						(2.9)
Income/(loss) attributable to non-controlling interests						(0.1)
Net income attributable to equity holders						**10.0**

[1] Non-audited values

Cash Flow

(Million Euro)	2016 H1[1]	2017 H1[1]
EBITDA	28.0	26.8
Financial Results	(3.5)	(3.3)
Income Tax	(2.9)	(2.1)
Cash Flow from Operations	**21.6**	**21.4**
Capex	(53.6)	(35.7)
Working Capital Variation	(9.8)	3.4
Free Cash Flow	**-41.8**	**-10.9**

[1] Non-audited values

Working Capital

(Million Euro)	2016 Dec	2017 Jun[1]
Inventories	9.8	10.4
in days of inventory consumed	*51*	*50*
Clients	150.9	161.9
in days of revenues from sales and services provided	*123*	*122*
Suppliers	(101.8)	(120.8)
in days of inventory consumed, costs of services and materials and personnel expenses	*94*	*99*
Others	(8.2)	(3.9)
Working capital	**50.8**	**47.4**

[1] Non-audited values

Debt Breakdown

(Million Euro)	2016 Dec	2017 Jun[1]
Short and Medium-Long Term Commercial Paper	198.2	229.8
Medium-Long Term Loans	22.9	19.3
Short Term Loans	4.8	5.4
Financial Leases	28.2	33.5
Total Financial Debt	**254.1**	**288.0**
Cash and Cash Equivalents	41.5	33.5
Net Debt	**212.6**	**254.5**
Net Debt / Recurrent EBITDA	**4.1**	**4.7**

[1] Non-audited values

Activity Volumes

(Thousands)	2016 H1	2017 H1	Var.
Consultations	919	946	+2.9%
Emergency Visits	313	303	-3.3%
Surgeries and Deliveries	32	32	+0.6%
Imaging Exams	536	552	+3.1%

Glossary

CAPEX: Investments in tangible and intangible assets, excluding cash inflows from sale of assets

Days of payables: (Current trade payables + Current other payables + Tax payables) / (Inventory consumed in the period + Cost of services and materials in the period + Personnel expenses in the period) x number of days in the period considered

Days of receivables: (Current trade receivables + Current other receivables) / (Revenue from sales and services provided in the period) x number of days in the period considered

EBIT: EBITDA - Depreciation and amortization

EBIT margin: EBIT / Operating revenues

EBITDA: Operating revenues – Operating costs

EBITDA margin: EBITDA / Operating revenues

EBT: EBIT – Financial results

EPS: Earnings per Share = Net Income attributable to Luz Saúde shareholders / total number of shares

Financial debt: Current bank loans + Non-current bank loans + Current financial lease liabilities + Non-current financial lease liabilities + non recurrent suppliers

Financial results: Other financial income and earnings - Interest and other financial expenses and losses

Fixed assets: Property, plant and equipment + Intangible assets + Investments in associates and joint ventures

Net debt: Financial debt – Cash and cash equivalents

Operating costs: Sum of inventory consumed, cost of services and materials, personnel expenses, other operating expenses and losses, accrual to/release of provisions, write-off and impairment losses

Operating revenues: Revenues from sales and services provided plus other operational income and earnings

Shareholder funds: Share capital + Share premiums + Non-distributable reserves + Distributable reserves + Retained earnings/(losses) + Net income/(loss) attributable to equity holders

Working capital: Inventories + Trade receivables + Other receivables + Current taxes receivable - Trade payables - Other payables - Tax payable - Deferred tax liabilities - Shareholders' equity attributable to non-controlling interests