Hypera Pharma grows 12.7% in 2017 reaching Continuing Operations Net Income of R$1,111.5 million, an increase of 71.7% in the year

São Paulo, February 23, 2017 – Hypera S.A. (BM&FBovespa: HYPE3; Reuters: HYPE3.SA; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; ADR: HYPMY) announces its financial results for 2017. Financial data disclosed here are taken from the Consolidated Financial Statements of Hypera S.A., prepared in accordance with norms of the Brazilian Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Highlights

- **Net Revenue of R$3,638.5 million , a 12.7% increase in 2017**
- **Continuing Operations EBITDA of R$1,232.5 million, a 12.9% increase over 2016 and above the R$1.2 billion guidance**
- **Continuing Operations Net Income of R$1,111.5 million, up 71.7% over 2016**

Table 1

(R$ million)	9M16	% NR	9M17	% NR	Δ %	4Q16	% NR	4Q17	% NR	Δ %	2016	% NR	2017	% NR	Δ %
Net Revenue	2,350.2	*100.0%*	2,605.8	*100.0%*	*10.9%*	877.9	*100.0%*	1,032.7	*100.0%*	*17.6%*	3,228.1	*100.0%*	3,638.5	*100.0%*	*12.7%*
Gross Profit	1,755.2	*74.7%*	1,942.4	*74.5%*	*10.7%*	639.7	*72.9%*	769.3	*74.5%*	*20.3%*	2,394.8	*74.2%*	2,711.7	*74.5%*	*13.2%*
S,G&A (ex-Marketing)	(415.2)	*-17.7%*	(475.3)	*-18.2%*	*14.5%*	(152.0)	*-17.3%*	(175.7)	*-17.0%*	*15.6%*	(567.2)	*-17.6%*	(651.1)	*-17.9%*	*14.8%*
Marketing	(585.0)	*-24.9%*	(655.0)	*-25.1%*	*12.0%*	(219.5)	*-25.0%*	(242.2)	*-23.5%*	*10.4%*	(804.5)	*-24.9%*	(897.2)	*-24.7%*	*11.5%*
Continuing Operations EBITDA	805.7	*34.3%*	868.0	*33.3%*	*7.7%*	286.1	*32.6%*	364.5	*35.3%*	*27.4%*	1,091.8	*33.8%*	1,232.5	*33.9%*	*12.9%*
Continuing Operations Net Income	434.9	*18.5%*	649.3	*24.9%*	*49.3%*	212.3	*24.2%*	462.2	*44.8%*	*117.7%*	647.2	*20.0%*	1,111.5	*30.5%*	*71.7%*
Continuing Operations Earnings per Share	0.69	-	1.03	-	*49.8%*	0.34	-	0.73	-	*117.1%*	1.02	-	1.76	-	*72.0%*
Operating Cash Flow	703.1	*29.9%*	724.5	*27.8%*	*3.0%*	178.6	*20.3%*	208.2	*20.2%*	*16.5%*	881.8	*27.3%*	932.6	*25.6%*	*5.8%*

As of October 1, 2017, the Company voluntarily reviewed its sales revenue recognition process, booking it in the delivery of the products to the client, and no longer in the invoicing, without significant impact in the Financial Statements.
Further details can be found in Table 19 of the Earnings Release and in Note 2.27 of the Consolidated Financial Statements for the fiscal year of 2017.



Operating Scenario

Hypera Pharma presents its annual results for the first time after the adoption of a new corporate brand which conveys the Company's new moment, as it has started having exclusive focus on the pharmaceutical industry since the year of 2017.

In the fiscal year, the Company's Net Revenue reached R$3,638.5 million, a 12.7% growth compared to the prior year. This result was mostly derived from the performance of branded products in the Branded Prescription and Consumer Health business units.

In such units, the positive effect of recent launches can be already perceived, under brands such as Addera D3, Alivium, Benegrip Multi and Doril Enxaqueca. The Company's innovation index, measured by the percentage of the Net Revenue coming from products launched over the past five years, climbed to 28% in 2017, the highest level in the Company's history, indicating the rising relevance of innovation to Hypera Pharma's performance.

By mid-2017, the Company's new innovation center, Hynova, became operational. The center is equipped with state-of-the-art technology and harbors a team that includes Ph.D. and master-degree professionals for the research and development of pharmaceuticals, nutraceuticals, dermocosmetics, among other products. In 2017, the Company's R&D investments amounted to 2.3% of Net Revenue, compared to 2.0% reported in 2016.

Since 2016, the Company has also been leveraging on its Business Development function, with a dedicated team that searches for partnerships globally to accelerate the pace of introduction of new concepts and Technologies in its product portfolio. Such efforts have already resulted in concrete launches, mainly in the Branded Prescription business unit.

Besides reinforcing its initiatives towards the development of new products and technologies, the Company also kept investing in its brands, directing 24.7% of its annual Net Revenue to Marketing, an 11.5% nominal increase compared to the prior year.

The Gross Margin expansion by 0.3 percentage point compared to the prior year, to 74.5% in 2017, mostly related to a better mix given the growth in branded products, was one of the key factors for the Continuing Operations EBITDA Margin growth, to 33.9% of Net Revenue in the year. This result was reached in spite of the SG&A expenses (ex-Marketing) increase in the same period.

In nominal terms, the Continuing Operations EBITDA amounted to R$1,232.5 million, a 12.9% growth compared to the prior year, in line with the guidance for the fiscal year, of around R$1,200 million.

The expansion of the operating result, coupled with the improvement of the financial performance, led the Continuing Operations Net Income to a 71.7% increase compared to 2016, to R$1,111.5 million in the year. This achievement was possible also because of the reduction of the Company's tax burden given the announcement, still in 4Q17, of the payment of interest on capital, in the total amount of R$581.3 million, paid in 1Q18, corresponding to R$0.92 per share.

The Company thus kept returning cash to its shareholders, while maintaining an unleveraged capital structure and preserving the profitability of its operations. In 2017, Hypera Pharma distributed about R$1.2 billion to its shareholders, including R$409.8 million as dividends (or R$0.65 per share) and R$821.9 million as a capital stock reduction completed in July.



Guidance

After analyzing the macroeconomic environment and the dynamics of the markets in which it operates, the Company has established the following guidances for 2018:

- Continuing Operations EBITDA of around R$1,350 million; and
- Continuing Operations Net Income of around R$1,100 million.



Earnings Discussion

Income Statement

The following table is a summary of Hypera Pharma's Income Statement:

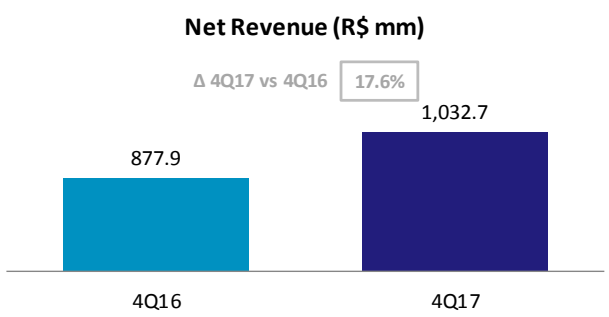
Table 2

(R$ million)	9M16	% NR	9M17	% NR	Δ %	4Q16	% NR	4Q17	% NR	Δ %	2016	% NR	2017	% NR	Δ %
Net Revenue	**2,350.2**	***100.0%***	**2,605.8**	***100.0%***	***10.9%***	**877.9**	***100.0%***	**1,032.7**	***100.0%***	***17.6%***	**3,228.1**	***100.0%***	**3,638.5**	***100.0%***	***12.7%***
Gross Profit	**1,755.2**	***74.7%***	**1,942.4**	***74.5%***	***10.7%***	**639.7**	***72.9%***	**769.3**	***74.5%***	***20.3%***	**2,394.8**	***74.2%***	**2,711.7**	***74.5%***	***13.2%***
Marketing Expenses	(585.0)	*-24.9%*	(655.0)	*-25.1%*	*12.0%*	(219.5)	*-25.0%*	(242.2)	*-23.5%*	*10.4%*	(804.5)	*-24.9%*	(897.2)	*-24.7%*	*11.5%*
Selling Expenses	(300.2)	*-12.8%*	(336.5)	*-12.9%*	*12.1%*	(113.2)	*-12.9%*	(130.1)	*-12.6%*	*15.0%*	(413.4)	*-12.8%*	(466.6)	*-12.8%*	*12.9%*
General and Administrative Expenses	(115.0)	*-4.9%*	(138.8)	*-5.3%*	*20.8%*	(38.8)	*-4.4%*	(45.6)	*-4.4%*	*17.5%*	(153.8)	*-4.8%*	(184.4)	*-5.1%*	*19.9%*
Other Operational Net Expenses	3.9	*0.2%*	1.8	*0.1%*	*-54.5%*	(2.2)	*-0.2%*	(8.1)	*-0.8%*	*272.3%*	1.7	*0.1%*	(6.3)	*-0.2%*	-
Equity in Subsidiaries	1.6	*0.1%*	0.5	*0.0%*	*-69.8%*	1.1	*0.1%*	2.4	*0.2%*	*112.3%*	2.7	*0.1%*	2.9	*0.1%*	*5.4%*
Continuing Operations EBIT	**760.5**	***32.4%***	**814.3**	***31.3%***	***7.1%***	**267.1**	***30.4%***	**345.7**	***33.5%***	***29.4%***	**1,027.6**	***31.8%***	**1,160.0**	***31.9%***	***12.9%***
Net Financial Expenses	(199.2)	*-8.5%*	49.4	*1.9%*	-	7.0	*0.8%*	3.9	*0.4%*	*-43.9%*	(192.1)	*-6.0%*	53.4	*1.5%*	-
Income Tax and CSLL	(126.5)	*-5.4%*	(214.5)	*-8.2%*	*69.6%*	(61.9)	*-7.0%*	112.6	*10.9%*	-	(188.3)	*-5.8%*	(101.9)	*-2.8%*	*-45.9%*
Continuing Operations Net Income (Loss)	434.9	*18.5%*	649.3	*24.9%*	*49.3%*	212.3	*24.2%*	462.2	*44.8%*	*117.7%*	647.2	*20.0%*	1,111.5	*30.5%*	*71.7%*
Net Income from Discontinued Operations	938.7	*39.9%*	(129.7)	*-5.0%*	-	(408.1)	*-46.5%*	(16.9)	*-1.6%*	*-95.9%*	530.6	*16.4%*	(146.5)	*-4.0%*	-
Net Income (Loss)	1,373.5	*58.4%*	519.6	*19.9%*	*-62.2%*	(195.8)	*-22.3%*	445.3	*43.1%*	-	1,177.7	*36.5%*	964.9	*26.5%*	*-18.1%*
Continuing Operations EBITDA	**805.7**	***34.3%***	**868.0**	***33.3%***	***7.7%***	**286.1**	***32.6%***	**364.5**	***35.3%***	***27.4%***	**1,091.8**	***33.8%***	**1,232.5**	***33.9%***	***12.9%***



Net Revenue

Graph 1



Graph 2

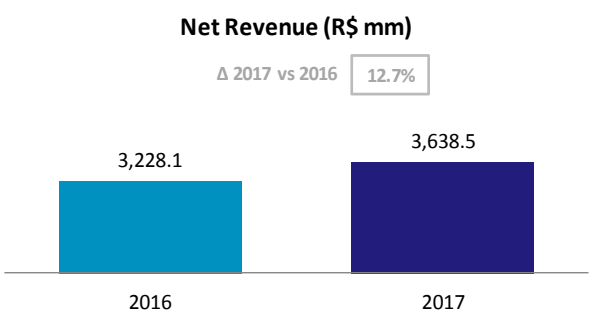


Table 3

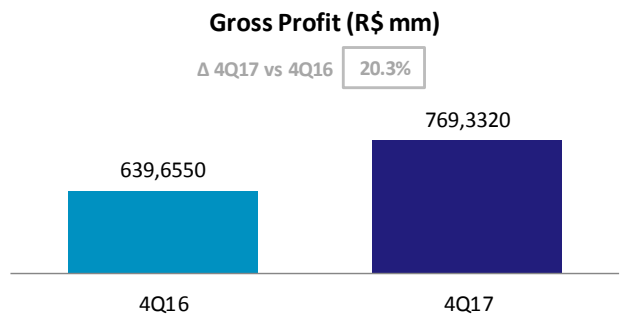
(R$ million)	4Q16	4Q17	Δ %	2016	2016	Δ %
Net Revenue	877.9	1,032.7	*17.6%*	3,228.1	3,638.5	*12.7%*

Net Revenue grew 12.7% in 2017 when compared to the previous year. This growth is mainly due to volume expansion in this period, especially because of the performance of branded products (Branded Prescription and Consumer Health).

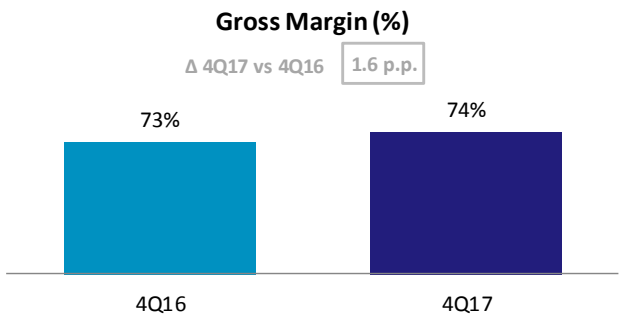


Gross Profit

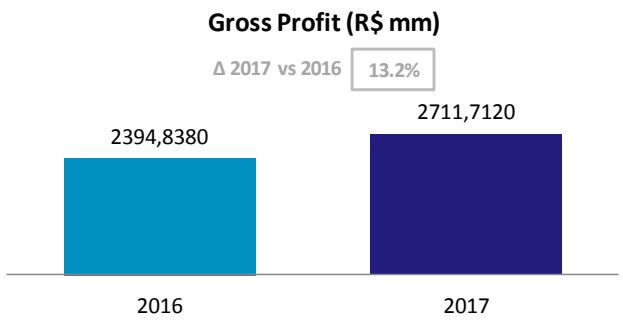
Graph 3



Graph 4



Graph 5



Graph 6

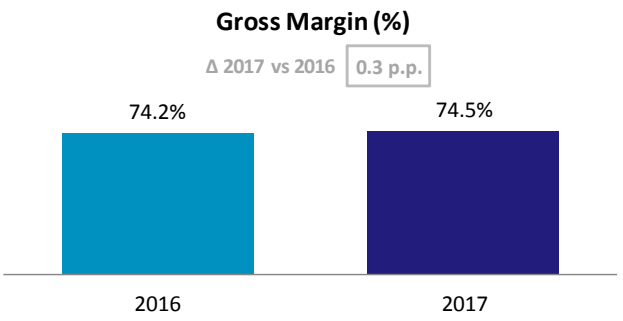


Table 4

(R$ million)	4Q16	% NR	4Q17	% NR	Δ %	Δ p.p.	2016	% NR	2017	% NR	Δ %	Δ p.p.
Gross Profit	639.7	*72.9%*	769.3	*74.5%*	*20.3%*	*1.6 p.p.*	2,394.8	*74.2%*	2,711.7	*74.5%*	*13.2%*	*0.3 p.p.*

The Gross Margin reached 74.5% in the year, increasing by 0.3 percentage point compared to 2016, mainly as a consequence of a more favorable mix effect.



Marketing Expenses

Table 5

(R$ million)	4Q16	% NR	4Q17	% NR	Δ %	2016	% NR	2017	% NR	Δ %
Marketing Expenses	(219.5)	-25.0%	(242.2)	-23.5%	10.4%	(804.5)	-24.9%	(897.2)	-24.7%	11.5%
Advertisement and Consumer Promotion	(85.9)	-9.8%	(95.6)	-9.3%	11.3%	(304.2)	-9.4%	(346.0)	-9.5%	13.7%
Trade Deals	(59.6)	-6.8%	(60.7)	-5.9%	1.8%	(178.9)	-5.5%	(199.6)	-5.5%	11.6%
Medical Visits, Promotions and Samples	(73.9)	-8.4%	(85.8)	-8.3%	16.2%	(321.3)	-10.0%	(351.5)	-9.7%	9.4%

Marketing Expenses increased by 11.5% in 2017 when compared to the previous year, reaching 24.7% of Net Revenue, 0.2 percentage point lower than 2016 and in line with the Company's strategy for the year.

Selling Expenses

Table 6

(R$ million)	4Q16	% NR	4Q17	% NR	Δ %	2016	% NR	2017	% NR	Δ %
Selling Expenses	(113.2)	-12.9%	(130.1)	-12.6%	15.0%	(413.4)	-12.8%	(466.6)	-12.8%	12.9%
Commercial Expenses	(73.7)	-8.4%	(92.4)	-8.9%	25.4%	(262.5)	-8.1%	(303.7)	-8.3%	15.7%
Freight and Logistics Expenses	(19.7)	-2.2%	(19.8)	-1.9%	0.5%	(85.2)	-2.6%	(78.5)	-2.2%	-7.8%
Research & Development	(19.8)	-2.3%	(18.0)	-1.7%	-9.5%	(65.8)	-2.0%	(84.4)	-2.3%	28.3%

Selling Expenses did not increase in 2017 in relation to the previous year, as a percentage of Net Revenue. Research and Development Expenses reached 2.3% of Net Revenue in the year, or 0.3 p.p. above the previous year. In 4Q17, however, there was a reduction of 1.8 p.p. in relation to 4Q16 due to the positive impact of the usage of the Incentive for R&D Law for the year 2017.

General and Administrative Expenses & Other Operating Revenues / Expenses, net

Table 7

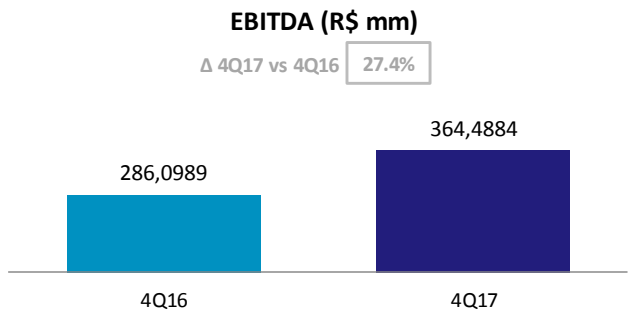
(R$ million)	4Q16	% NR	4Q17	% NR	Δ %	2016	% NR	2017	% NR	Δ %
General & Administrative Expenses	(38.8)	-4.4%	(45.6)	-4.4%	17.5%	(153.8)	-4.8%	(184.4)	-5.1%	19.9%
Other Operating Revenues (Expenses)	(2.2)	-0.2%	(8.1)	-0.8%	272.3%	1.7	0.1%	(6.3)	-0.2%	-

General and Administrative Expenses increased by 0.3 pp in 2017, compared to the previous year, mainly as a result of the higher relevance of corporate expenses after the sale of the Disposable Products business.

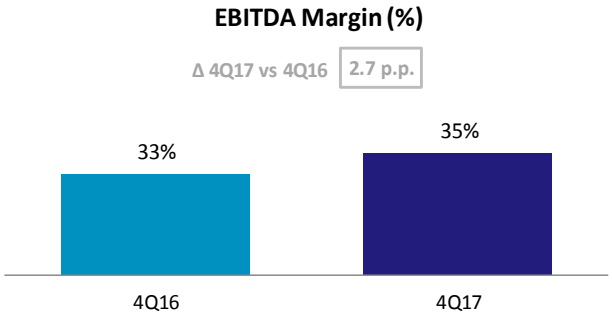


Continuing Operations EBITDA

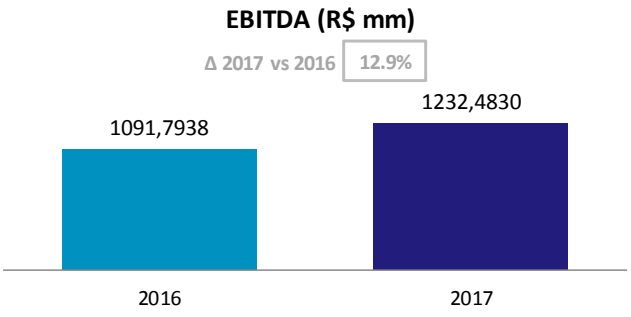
Graph 7



Graph 18



Graph 9



Graph 10

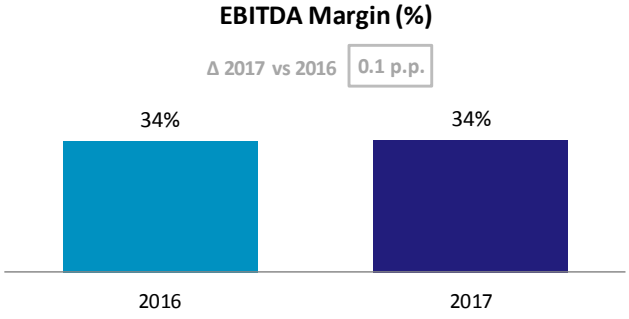


Table 8 – Continuing Operations EBITDA Reconciliation

(R$ million)	4Q16	% NR	4Q17	% NR	Δ %	2016	% NR	2017	% NR	Δ %
Net Income	(195.8)	-22.3%	445.3	43.1%	-	1,177.7	36.5%	964.9	26.5%	-18.1%
(-) Net Income from Discontinued Operations	408.1	46.5%	16.9	1.6%	-95.9%	(530.6)	-16.4%	146.5	4.0%	-
(+) Income Tax and CSLL	61.9	7.0%	(112.6)	-10.9%	-	188.3	5.8%	101.9	2.8%	-45.9%
(+) Net Interest Expenses	(7.0)	-0.8%	(3.9)	-0.4%	-43.9%	192.1	6.0%	(53.4)	-1.5%	-
Continuing Operations EBIT	267.1	30.4%	345.7	33.5%	29.4%	1,027.6	31.8%	1,160.0	31.9%	12.9%
(+) Depreciations / Amortizations	19.0	2.2%	18.8	1.8%	-0.8%	64.2	2.0%	72.5	2.0%	13.0%
Continuing Operations EBITDA	**286.1**	**32.6%**	**364.5**	**35.3%**	**27.4%**	**1,091.8**	**33.8%**	**1,232.5**	**33.9%**	**12.9%**

Continuing Operations EBITDA reached R$1,232.5 million in 2017, with a margin of 33.9%, slightly above the previous year. This performance mainly reflects the Gross Margin gain in the period, wich was offset by the increase in Sales, General and Administrative Expenses (ex-Marketing), as a percentage of Net Revenue.



Net Financial Expenses

Table 9

(R$ million)	4Q16	% NR	4Q17	% NR	Δ R$	2016	% NR	2017	% NR	Δ R$
Net Financial Expenses	7.0	*0.8%*	3.9	*0.4%*	(3.1)	(192.1)	*-6.0%*	53.4	*1.5%*	245.5
Net Interest Expenses	25.8	*2.9%*	12.9	*1.2%*	(12.9)	30.0	*0.9%*	99.3	*2.7%*	69.3
Cost of Hedge and FX Gains (Losses)	(4.0)	*-0.5%*	(1.8)	*-0.2%*	2.2	(65.9)	*-2.0%*	(12.0)	*-0.3%*	54.0
Debt Pre-Payment Expenses	(3.8)	*-0.4%*	0.0	*0.0%*	3.8	(109.0)	*-3.4%*	0.0	*0.0%*	109.0
Other	(11.0)	*-1.3%*	(7.2)	*-0.7%*	3.9	(47.2)	*-1.5%*	(34.0)	*-0.9%*	13.2

Net Financial Expenses totaled R$53.4 million in the year, mainly due to a combination of: i) the absence of expenses with debt prepayment in this period, against R$109.0 million in 2016; ii) reduction of hedge costs and FX Gains; and iii) increase in net interest revenue, mainly related to the higher average net cash position in 2017, as a result of the cash inflow from the sale of the former Consumer division businesses between the end of 2016 and the beginning of this year.

Net Income

Table 10

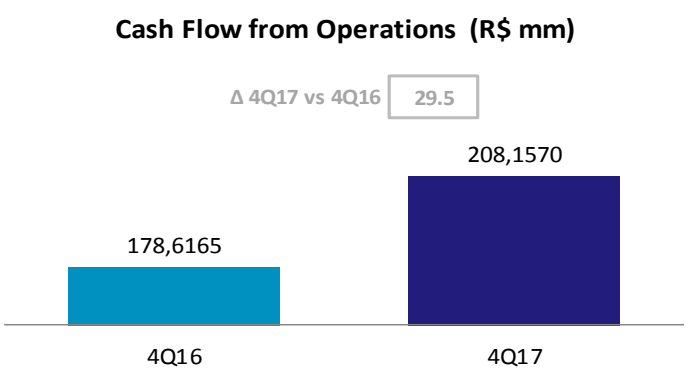
(R$ million)	4Q16	4Q17	Δ %	2016	2017	Δ %
Continuing Operations EBIT	267.1	345.7	*29.4%*	1,027.6	1,160.0	*12.9%*
(-) Net Financial Expenses	7.0	3.9	*-43.9%*	(192.1)	53.4	-
(-) Income Tax and Social Contribution	(61.9)	112.6	-	(188.3)	(101.9)	*-45.9%*
Continuing Operations Net Income	**212.3**	**462.2**	***117.7%***	**647.2**	**1,111.5**	***71.7%***
(+) Discontinued Operation Net Income	(408.1)	(16.9)	*-95.9%*	530.6	(146.5)	-
Net Income	**(195.8)**	**445.3**	**-**	**1,177.7**	**964.9**	***-18.1%***
EPS	**(0.31)**	**0.70**	**-**	**1.87**	**1.53**	***-17.9%***
EPS Continuing Operations	**0.34**	**0.73**	***117.1%***	**1.02**	**1.76**	***72.0%***

Continuing Operations Net Income reached R$1,111.5 million in the year, a 71.7% increase over the previous year. This performance is linked to the expansion of operating income, combined with the improvement in net financial expenses. The reduction of the tax burden due to the statement, in 4Q17, of interest on capital, in the total amount of R$581.3 million, wich was paid in 1Q18, also contibuted to a greater profitability.

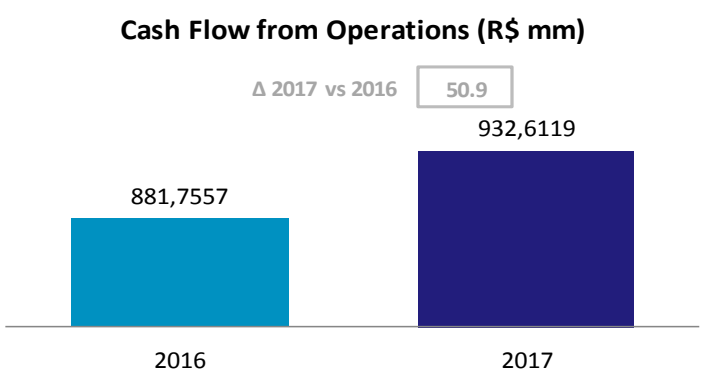


Cash Flow (Continuing and Discontinued Operations)

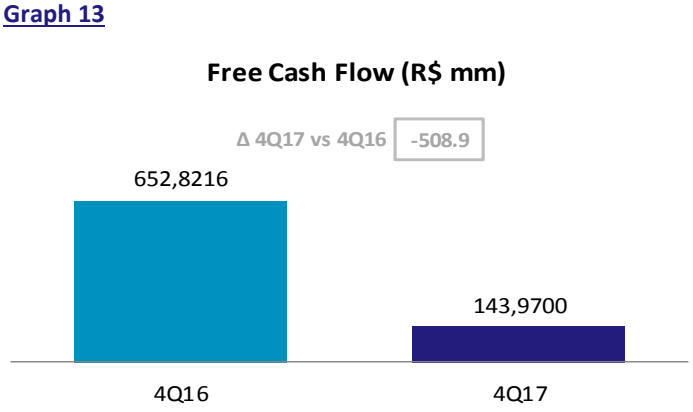
Graph 11



Graph 12



Graph 13



Graph 14

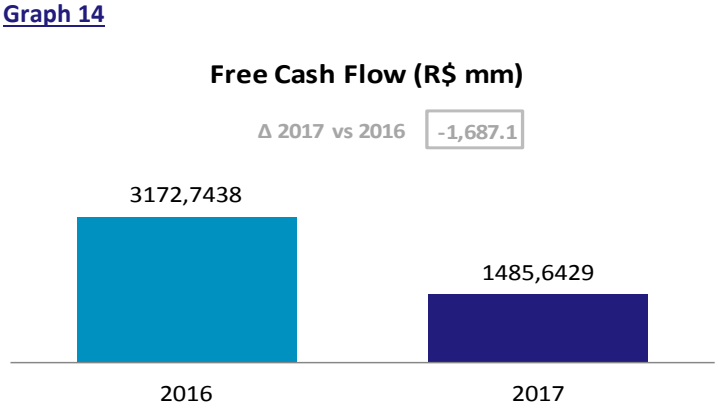


Table 11

(R$ million)	4Q16	4Q17	2016	2017
Cash Flow from Operations	178.6	208.2	881.8	932.6
Net Purchase of Property, Plant and Equipment	482.3	(41.4)	2,328.2	607.3
Purchase of Property, Plant and Equipment	(54.8)	(34.6)	(176.9)	(157.6)
Sale of Property, Plant and Equipment	537.0	(6.8)	2,505.1	764.9
Purchase of Intangible Assets	(8.1)	(22.8)	(37.2)	(54.2)
(=) Free Cash Flow	**652.8**	**144.0**	**3,172.7**	**1,485.6**

Operating Cash Flow was R$932.6 million in 2017, an increase of R$50.9 million compared to 2016. It should be noted that the Operating Cash Flow was impacted by the advance of part of the media expenses, which in 2017 was R$81.0 million higher than the amount prepaid in 2016, mainly due to the prepayment related to Globo TV's soccer programming in 2018. Free Cash Flow decreased by R$1,687.1 million in the year, mainly as a result of resources received during 2016 for the sale of the Cosmetics and Condoms business.



Net Debt

Table 12

(R$ million)	4Q17
Loans and Financing	(656.3)
Notes Payable	(19.7)
Gross Debt	**(676.0)**
Cash and Cash Equivalents	1,522.1
Net Cash / (Debt)	**846.1**
Interest on Capital	(821.9)
Pro-forma Net Cash / (Debt) After Interest on Capital	**264.8**

The Net Cash position ended 2017 at R$846.1 million. Considering the payment of interest on capital in January 2018, the pro-forma net cash position started this year at a level of R$264.8 million, in line with the Company's strategy of maintaining a slightly positive capital structure.



Investor Relations Agenda

Earnings Conference Call

	Portuguese	English
Date:	February 26, 2018	February 26, 2018
Time:	11:00 (Brasília) 09:00 (New York)	11:00 (Brasília) 09:00 (New York)
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Upcoming events

Table 13

Date	Event	City
03-04-apr	Bradesco 5th Annual Brazil Investment Forum	São Paulo
08-11-apr	Bradesco 5th Brazil Investor Forum in Asia	Asia



Disclaimer

This release contains forward-looking statements that are exclusively related to the prospects of the business, its operating and financial results, and prospects for growth. These data are merely projections and, as such, based exclusively on our management's expectations for the future of the business and its continued access to capital to fund its business plan. These forward-looking statements substantially depend on changing market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors, as well as the risks shown in our filed disclosure documents, and are therefore subject to change without prior notice.

In addition, unaudited information herein reflects management's interpretation of information taken from its quarterly information and their respective adjustments, which were prepared in accordance with market practices and for the sole purpose of a more detailed and specific analysis of our results. Therefore, these additional points and data must also be analyzed and interpreted independently by shareholders and market agents, who should carry out their own analysis and draw their own conclusions from the results reported herein. No data or interpretative analysis provided by our management should be treated as a guarantee of future performance or results and are merely illustrative of our directors' vision of our results.

Our management is not responsible for compliance or accuracy of the management financial data discussed in this report, which must be considered as for informational purposes only, and should not override the analysis of our audited consolidated financial statements or our reviewed quarterly information for purposes of a decision to invest in our stock, or for any other purpose.



Consolidated Income Statement (R$ thousand)

Table 14

	4Q16	4Q17	2016	2017
Net Revenue	**877,886**	**1,032,705**	**3,228,092**	**3,638,458**
Cost of Goods Sold	(238,231)	(263,373)	(833,254)	(926,746)
Gross Profit	**639,655**	**769,332**	**2,394,838**	**2,711,712**
Selling and Marketing Expenses	(332,670)	(372,353)	(1,217,892)	(1,363,816)
General and Administrative Expenses	(38,812)	(45,588)	(153,763)	(184,428)
Other Operating Income (Expenses)	(2,181)	(8,120)	1,727	(6,340)
Equity in Subsidiaries	1,124	2,386	2,721	2,868
Operating Income Before Equity Income and Financial Result	**267,116**	**345,657**	**1,027,631**	**1,159,996**
Net Financial Expenses	7,032	3,947	(192,133)	53,351
Financial Expenses	(42,155)	(22,849)	(453,814)	(113,740)
Financial Income	49,187	26,796	261,681	167,091
Profit Before Income Tax and Social Contribution	**274,148**	**349,604**	**835,498**	**1,213,347**
Income Tax and Social Contribution	(61,851)	112,604	(188,325)	(101,871)
Net Income from Contining Operations	**212,297**	**462,208**	**647,173**	**1,111,476**
Net Results from Discontinued Operations	(408,078)	(16,869)	530,575	(146,534)
Income for the Period	**(195,781)**	**445,339**	**1,177,748**	**964,942**
Earnings per Share – R$	**-0.31**	**0.70**	**1.87**	**1.53**



Consolidated Balance Sheet (R$ thousand)

Table 15

Assets	31/12/2016	31/12/2017
Current Assets	**5,210,477**	**3,927,541**
Cash and Cash Equivalents	1,348,008	1,522,135
Accounts Receivables	1,018,951	1,224,227
Inventories	431,316	454,776
Recoverable Taxes	158,136	355,194
Financial Derivatives	359,025	10,132
Other Assets	223,718	358,136
Assets Held for Sale	1,671,323	2,941
Non-Current Assets	**6,173,557**	**6,202,896**
Long Term Assets	**399,370**	**330,336**
Deferred Income Tax and Social Contribution	179,730	30,331
Recoverable Taxes	75,439	147,184
Financial Derivatives	2,891	0
Other Assets	141,310	152,821
Investments	**5,774,187**	**5,872,560**
Investments	3,318	6,186
Investment Properties	60,887	156,726
Other Investments	564	564
Property, Plants and Equipments	943,702	906,770
Intangible Assets	4,765,716	4,802,314
Total Assets	**11,384,034**	**10,130,437**

Liabilities and Shareholders' Equity	31/12/2016	31/12/2017
Current Liabilities	**1,741,982**	**1,710,737**
Suppliers	124,901	178,271
Suppliers' Assignment of Receivables	173,386	124,304
Loans, Financing and Debentures	176,110	337,813
Salaries Payable	138,386	161,843
Income Tax and Social Contribution	13,482	2,944
Taxes Payable	42,950	53,919
Accounts Payable	164,396	200,649
Dividends Payable	10	581,299
Notes Payable	47,402	19,669
Financial Derivatives	18,222	818
Liabilities Held for Sale	842,737	49,208
Non-Current Liabilites	**933,581**	**681,941**
Suppliers	0	2,348
Loans, Financing and Debentures	684,048	318,516
Deferred Income Tax and Social Contribution	56,589	184,418
Taxes Payable	100	6,773
Other Accounts Payable	1,599	11,855
Provisions for Contingencies	181,231	158,031
Financial Derivatives	10,014	0
Shareholders' Equity	**8,708,471**	**7,737,759**
Capital	5,270,726	4,448,817
Capital Reserve	1,457,291	1,276,978
Equity Valuation Adjustments	(254,900)	(254,975)
Profit Reserves	1,896,277	2,279,920
Proposed Additional Dividends	409,831	0
Treasury Stock	(70,754)	(12,981)
Total Liabilities and Shareholders' Equity	**11,384,034**	**10,130,437**



Consolidated Cash Flow Statement (R$ thousand)

Table 16

	4Q16	4Q17	2016	2017
Cash Flows from Operating Activities				
Income (Loss) Before Income Taxes including Discontinued Operations	(352,413)	324,175	1,612,547	998,262
Depreciation and Amortization	20,844	18,861	72,164	76,912
Asset Impairment	894,249	(4,070)	884,901	2,770
Gain on Permanent Asset Disposals	(262,800)	18,681	(1,712,356)	206,102
Equity Method	(1,568)	(2,690)	10,622	(5,249)
Foreign Exchange (Gains) Losses	5,547	1,851	91,238	13,624
Interest and Related Expense	(14,827)	(5,772)	122,366	(61,290)
Stock Option Expense	415	3,784	1,559	9,456
Provisions (Delinquency, Inventories and Contingencies)	(9,553)	44,793	33,006	64,048
Adjusted Results	**279,894**	**399,614**	**1,116,047**	**1,304,635**
Decrease (Increase) in Assets	**(56,695)**	**(224,882)**	**44,151**	**(168,311)**
Trade Accounts Receivable	(134,074)	(159,029)	(110,127)	(47,147)
Inventories	100,448	(40,403)	72,322	(13,453)
Recoverable Taxes	12,968	(7,780)	61,785	(2,490)
Judicial Deposits and Others	(1,842)	(2,310)	(5,567)	(8,277)
Other Accounts Receivable	(34,194)	(15,359)	25,738	(96,944)
Increase (Decrease) in Liabilities	**(44,583)**	**33,425**	**(278,442)**	**(203,712)**
Suppliers	(34,383)	17,291	77,889	10,963
Suppliers' Assignment of Receivables	(573)	22,186	(187,130)	(105,606)
Financial Derivatives	(43,032)	(1,560)	(100,362)	(37,531)
Income Tax and Social Contribution Paid	(7,545)	(13,061)	(16,543)	(33,876)
Taxes Payable	(13,213)	(8,191)	(13,506)	9,939
Salaries and Payroll Charges	(15,228)	7,322	17,586	32,076
Accounts Payable	49,185	17,116	(102,250)	(48,509)
Operations Interest Paid	8,650	(418)	(6,026)	13,086
Other Accounts Payable	11,556	(7,260)	51,900	(44,254)
Net Cash Provided by Operating Activities	**178,616**	**208,157**	**881,756**	**932,612**
Cash flows from Investing Activities				
Acquisitions of Subsidiaries, Net of Cash Acquired	0	0	(18,636)	0
Acquisitions of Property, Plant and Equipment	(54,779)	(34,555)	(176,864)	(157,626)
Intangible Assets	(8,055)	(22,793)	(37,238)	(54,238)
Proceeds from the Sale of Assets with Permanent Nature	537,039	(6,835)	2,505,090	764,895
Interest and Others	31,357	13,596	177,388	105,946
Net Cash Used in Investing Activities	**505,562**	**(50,587)**	**2,449,740**	**658,977**
Cash Flows from Financing Activities				
Borrowings	(282)	92,466	16,535	92,466
Treasury Stock Purchase / Sale	5,229	(27,323)	(80,674)	(139,078)
Repayment of Loans - Principal	(428,756)	(80,156)	(4,006,715)	(345,872)
Repayment of Loans - Interest	(63,494)	(19,571)	(420,028)	(119,294)
Dividends Paid	0	0	(316,108)	(409,827)
Capital Restitution	0	(0)	0	(821,892)
Loan Derivatives	(5,096)	(1,431)	67,364	326,035
Net Cash Used in Financing Activities	**(492,399)**	**(36,014)**	**(4,739,626)**	**(1,417,462)**
Net Increase (Decrease) in Cash and Cash Equivalents	**191,780**	**121,556**	**(1,408,131)**	**174,127**
Statement of Increase in Cash and Cash Equivalents, Net				
Cash and Cash Equivalents at the Beginning of the Period	1,156,228	1,400,579	2,756,138	1,348,008
Cash and Cash Equivalents at the End of the Period	1,348,008	1,522,135	1,348,008	1,522,135
Change in Cash and Cash Equivalent	**191,780**	**121,556**	**(1,408,130)**	**174,127**



Other Information

Cash Conversion Cycle – Continuing Operations*

Table 17

(Days)	4Q16	1Q17	2Q17	3Q17	4Q17
Receivables [1]	97	103	99	99	96
Inventories [2]	163	171	159	174	155
Payables [2] [3]	(113)	(111)	(103)	(104)	(104)
Cash Conversion Cycle	**147**	**163**	**155**	**169**	**147**

(R$ million)	4Q16	1Q17	2Q17	3Q17	4Q17
Receivables	1,019	1,054	1,005	1,101	1,224
Inventories	431	406	401	429	455
Payables [3]	(298)	(263)	(260)	(258)	(305)
Working Capital	**1,152**	**1,196**	**1,145**	**1,272**	**1,374**
% of Annualized Net Revenue	***33%***	***35%***	***34%***	***35%***	***33%***

(1) Calculated based on Continuing Operations Gross Revenue, Net of Discounts.
(2) Calculated based on Continuing Operations COGS
(3) Includes Suppliers' Assignment of Receivables

*Due to the change in accounting practice regarding the recognition of the sales revenue adopted as of 4Q17, there were changes in Cash Conversion Cycle and Working Capital.

Goodwill Amortization for Fiscal Purposes / Tax Credits

The Company holds R$597.6 million in goodwill to be amortized for fiscal purposes over the coming years, generating a cash effect of R$203.2 million, according to the following table:

Table 18

Period	R$ million
2018	452.2
2019	145.4
Total	**597.6**
Tax Rate	34%
Cash Effect	**203.2**

Source: Hypera

In addition, the Company holds the following tax credits:

i) Federal Recoverable Taxes: R$326.6 million (please refer to Explanatory Note 13 of the Financial Statements);
ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R$1,082.8 million (please refer to Explanatory Note 23(a) of the Financial Statements).



Quarterly Consolidated Results for 2017 in accordance with the new accounting practice

Table 19

2017 Adjusted Income Statement	1Q17 (a)	% RL	2Q17 (a)	% RL	3Q17 (a)	% RL	4Q17 (a)	% RL	2017 (a)	Δ Adjust	2017 (b)
Net Revenue	**846.8**	***100.0%***	**846.9**	***100.0%***	**912.1**	***100.0%***	**1,032.7**	***100.0%***	**3,638.5**	**7.7**	**3,630.8**
Gross Profit	**633.2**	***74.8%***	**619.7**	***73.2%***	**689.4**	***75.6%***	**769.3**	***74.5%***	**2,711.7**	**11.4**	**2,700.3**
Marketing Expenses	(207.3)	*-24.5%*	(197.6)	*-23.3%*	(250.1)	*-27.4%*	(242.2)	*-23.5%*	(897.2)	-2.7	(894.4)
Selling Expenses	(107.0)	*-12.6%*	(109.0)	*-12.9%*	(120.5)	*-13.2%*	(130.1)	*-12.6%*	(466.6)	0.0	(466.8)
General and Administrative Expenses	(44.9)	*-5.3%*	(46.8)	*-5.5%*	(47.2)	*-5.2%*	(45.6)	*-4.4%*	(184.4)	0.0	(184.3)
Other Operational Net Expenses and Equity in Subsidiaries	(0.4)	*0.0%*	18.1	*2.1%*	(15.5)	*-1.7%*	(5.7)	*-0.6%*	(3.5)	0.0	(3.5)
Continuing Operations EBIT	**273.7**	***32.3%***	**284.5**	***33.6%***	**256.2**	***28.1%***	**345.7**	***33.5%***	**1,160.0**	**8.8**	**1,151.2**
Net Financial Expenses	14.0	*1.6%*	26.0	*3.1%*	9.4	*1.0%*	3.9	*0.4%*	53.4	0.0	53.4
Income Tax and CSLL	(74.2)	*-8.8%*	(82.5)	*-9.7%*	(57.8)	*-6.3%*	112.6	*10.9%*	(101.9)	-3.0	(98.9)
Continuing Operations Net Income (Loss)	213.5	*25.2%*	228.0	*26.9%*	207.8	*22.8%*	462.2	*44.8%*	1,111.5	5.8	1,105.6
Net Income from Discontinued Operations	(44.0)	*-5.2%*	(43.6)	*-5.2%*	(42.0)	*-4.6%*	(16.9)	*-1.6%*	(146.5)	24.8	(171.3)
Net Income (Loss)	169.5	*20.0%*	184.4	*21.8%*	165.8	*18.2%*	445.3	*43.1%*	964.9	30.6	934.3
Continuing Operations EBITDA	**290.5**	***34.3%***	**302.9**	***35.8%***	**274.6**	***30.1%***	**364.5**	***35.3%***	**1,232.5**	**8.8**	**1,223.7**

Indices:

(a) - New Accounting Practice
(b) - Previous Accounting Practice

