

2018-Q3 RESULTS

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Thiago Rocha
IR Officer



José Leoni
IR Manager



Olavo Aires
IR Analyst

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HIGHLIGHTS

ACQUISITION OF CONSULTBRASIL

Reasons

- **Strategic:** another important step to build the first full banking platform in Brazil
 - It adds solutions that were our strategic priorities: SPB, messaging, Bacen Jud and CCS
- **Financial:** may significantly contribute with EBITDA after the integration and conclusion of technological renewal

Numbers

- **Enterprise Value (EV):** R\$ 6.8 MM
- **Gross Revenues (GR):** R\$ 4.9 MM (12M-Sep/18)
- **Multiple:** 1.4x EV/GR

COMMERCIAL PERFORMANCE

Decisions made

- **R&D:** intensify investments, expand technological advances and reduce functional gaps (impact of **R\$ 0.8 MM** in 3Q18)
- **Commercial:** subsidize the setup of new sales, replacing variable implementation revenues with recurring subscription revenues (impact of R\$ **0.5 MM** in 3Q18)

Achieved Results

COMMERCIAL PERFORMANCE OF SOFTWARE – SUBSCRIPTION (R\$ MM)

	1Q18	2Q18	3Q18	9M18
(A) Sales - cancellations*	2.2	2.7	3.2	8.1
(B) Gross revenues LTM	78.6	79.2	79.3	79.3
(A/B)	2.8%	3.4%	4.0%	10.2%

*Annualized gross values

GROWTH OF 6.6%, 2.1 P.P. ABOVE OFFICIAL INFLATION

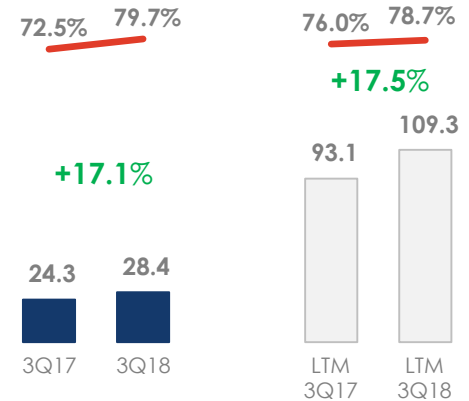
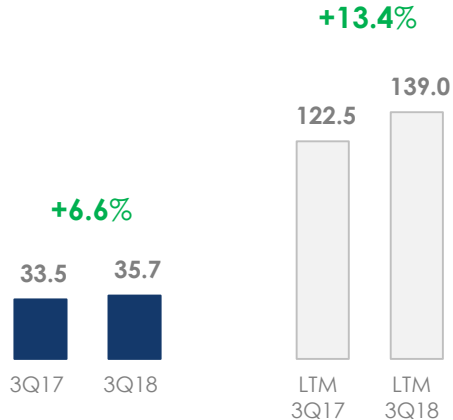
NET REVENUES (R\$ MM)

- **Services:** Record **(+24.0% vs. 3Q17)** with strong demand for Outsourcing
- **Software:** slight reduction **(-2.2% vs. 3Q17)** with cancellations from 2017

RECURRING REVENUES (R\$ MM | % NR)

- **Record (+55.1% vs. 3Q17)** mainly due to the strong demand for Outsourcing

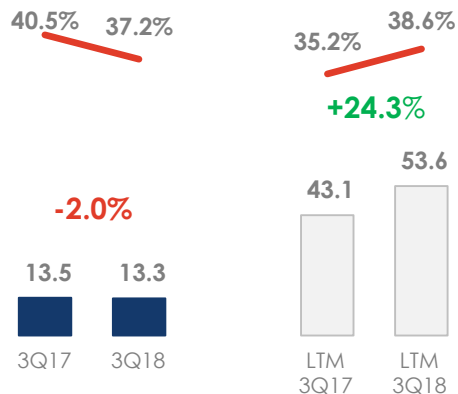
3Q18 BREAKDOWN



INCREMENT IN RD&I AND SUBSIDY FOR SETUP IMPACTED THE RESULTS

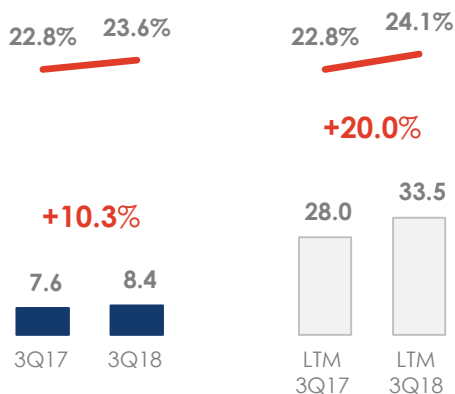
GROSS PROFIT (R\$ MM | Gross Mg.%)

- Reduction of **R\$ 0.2 MM** in the absolute value with increase in **RD&I** investments (**+R\$ 0.8 MM vs. 3Q17**)



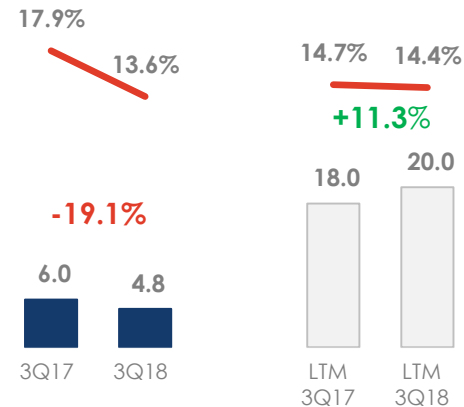
EXPENSES¹ (R\$ MM | % NR)

- Growth of **RS 0.8 MM**, with subsidy for **setup (+R\$ 0.5 MM vs. 3Q17)** and expenses with **acquisitions (+R\$ 0.2 MM vs. 3Q17)**



ADJ. EBITDA (R\$ MM | ADJ. EBITDA Mg. %)

- Reduction of **R\$ 1.1 MM**, almost entirely explained by the increase in **RD&I** investments and subsidy to **setup**, with an impact added of **R\$ 1.3 MM**

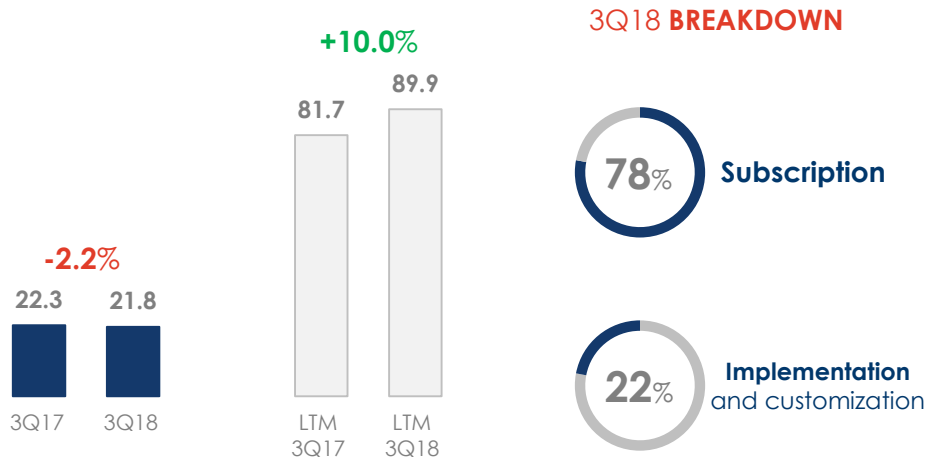




REDUCTION OF GROSS PROFIT WITH INCREASE IN RD&I

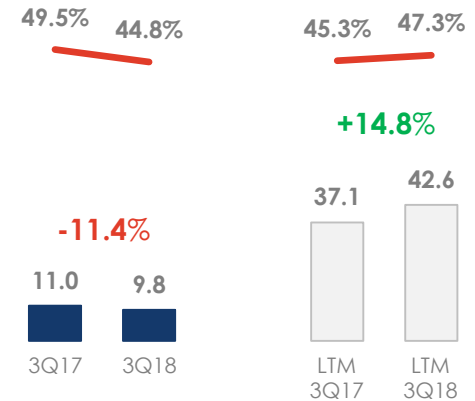
NET REVENUE (R\$ MM)

- **Subscription:** flat **(+0.7% vs. 3Q17)**, with growth in pension plans and investments which offset a reduction in asset management related to customers that reduced their operations in Brazil
- **Implementation:** reduction **(-11.2% vs. 3Q17)** in the pension plans and asset management areas, resulting from the conclusion of recent implementations



GROSS PROFIT (R\$ MM | Gross Mg.%)

- Reduction **(-11.4% vs. 3Q17)** due to, mainly, the increase in RD&I investments, already explained

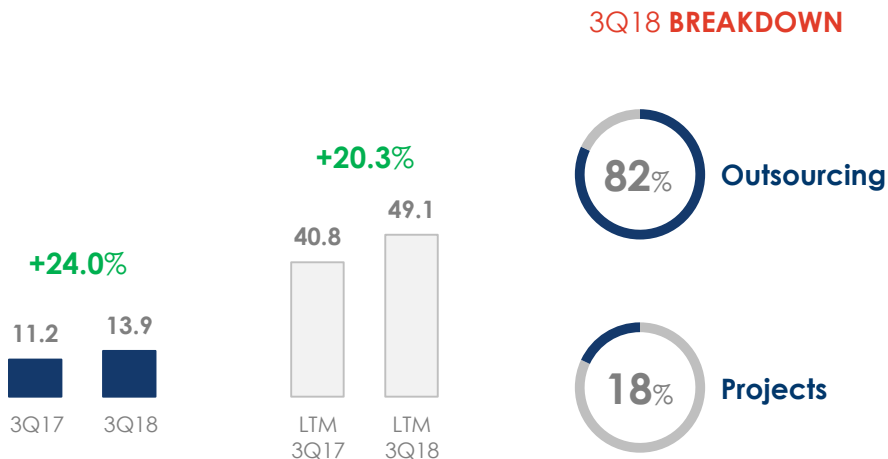




INCREASE IN GROSS PROFIT WITH OUTSOURCING EXPANSION

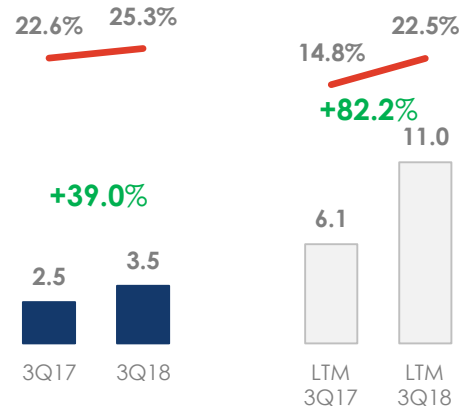
NET REVENUES (R\$ MM)

- **Outsourcing:** record **(+55.1% vs. 3Q17)** related to the strong portfolio expansion and lower turnover
- **Projects:** reduction **(-35.1% vs. 3Q17)**, related to the reclassification of attps revenues and sale of projects by Torq



GROSS PROFIT (R\$ MM | Mg. bruta %)

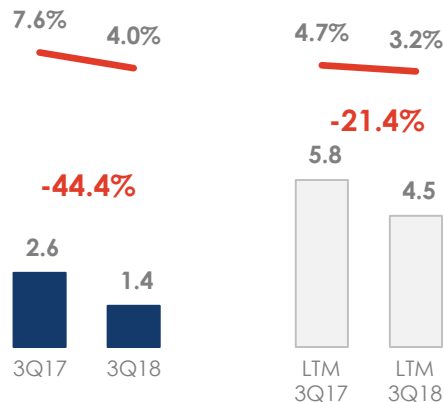
- Growth **(+39.0% vs. 3Q17)**, with profitability gain **(+2.7 p.p. vs. 3Q17)**



REDUCTION OF NET INCOME AND ADJUSTED CASH EARNINGS

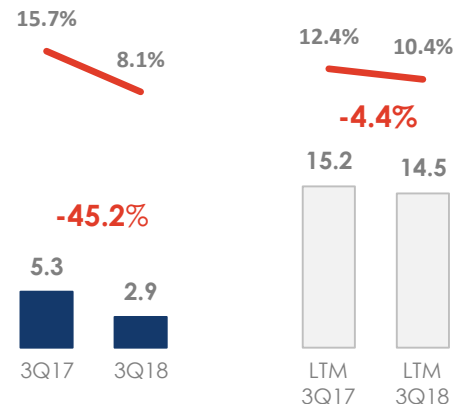
NET INCOME (R\$ MM | Net Mg.%)

- Reduction of **R\$ 1.1 MM** almost entirely explained by the increase in **RD&I** investments and subsidy for **setup**, with no impact added of **R\$ 1.3 MM**



ADJ. CASH EARNINGS (R\$ MM | Adj. CA Mg.%)

- Decrease of **R\$ 2.4 MM** caused by the reduction of **R\$ 1.1 MM** in net income and the deferred income tax and social contribution line, whose **R\$ 1.2 million** debt in 3Q17 caused a positive adjustment in the comparison basis

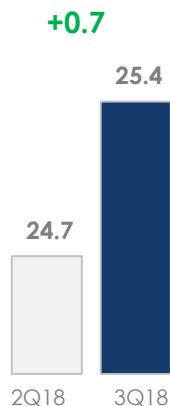




LEVERAGE REDUCTION TO 0.5x ADJUSTED EBITDA-LTM

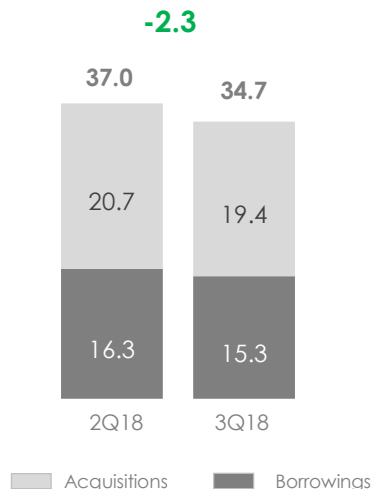
GROSS CASH (R\$ MM)

- Increase related to the Company's operating cash generation



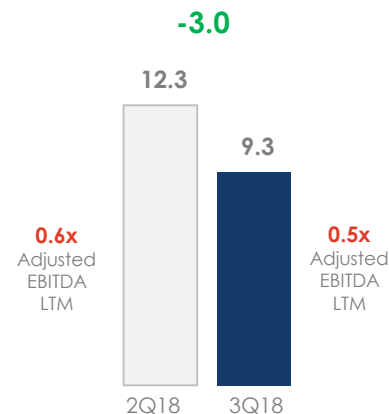
GROSS DEBT (R\$ MM)

- Reduction with the amortization of obligations from **acquisitions (-R\$ 1.3 MM)** and **borrowings (-R\$ 0.9 MM)**



NET DEBT (R\$ MM)

- Reduction, representing only **0.5x adjusted EBITDA** of the last 12 months (**vs. 0.6x in 2Q18**)
- There is room to expand leverage to continue acquisitions





THE SEEDS ALREADY PLANTED BEGAN TO BEAR FRUITS



2018 ORGANIC

We intensified the **RD&I** investments and subsidized the **setup** of new sales

Results: there was a sensitive and continuous improvement in the commercial indicators



2018 INORGANIC

We changed the **mindset** about target pricing and opened new fronts

Resultado: we announced our 10th acquisition and expanded the possibilities



THANK YOU!

Q&A



www.seniorsolution.com.br/ri



ri@seniorsolution.com.br



+55 (11) 3478-4845/4788