

Hypera Pharma reports EBITDA and Net Income from Continuing Operations growth of 10.7% and 9.5%, respectively

São Paulo, April 26, 2019 – Hypera S.A. (“Hypera Pharma” or “Company”; B3: HYPE3; Reuters: HYPE3.SA; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; ADR: HYPMY) announces its financial results for the first quarter of 2019. Financial data disclosed here are taken from the consolidated quarterly financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Highlights

- Sell-out¹ growth of 5.9%, speeding up the average growth to 8.4% from February/19
- EBITDA from Continuing Operations of R\$401.4 million, or 10.7% above 1Q18
- Net Income from Continuing Operations of R\$330.8 million, with 9.5% growth over 1Q18
- Interest on Capital approval of R\$161.0 million, or R\$0.25 per share

Table 1

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
Net Revenue	927.9	100.0%	383.6	100.0%	-58.7%
Gross Profit	689.7	74.3%	185.9	48.5%	-73.1%
Marketing Expenses	(180.8)	-19.5%	(159.6)	-41.6%	-11.7%
Selling Expenses	(120.7)	-13.0%	(124.3)	-32.4%	3.0%
General and Administrative Expenses	(46.4)	-5.0%	(52.0)	-13.6%	12.0%
Other Operational Net Expenses	1.1	0.1%	521.9	136.1%	46250.1%
Equity in Subsidiaries	0.0	0.0%	(0.4)	-0.1%	na
EBIT from Continuing Operations	342.9	37.0%	371.4	96.8%	8.3%
Net Financial Expenses	1.1	0.1%	(1.8)	-0.5%	-
Income Tax and CSLL	(41.8)	-4.5%	(38.8)	-10.1%	-7.2%
Net Income (Loss) from Continuing Operations	302.2	32.6%	330.8	86.2%	9.5%
Net Income from Discontinued Operations	(2.4)	-0.3%	(9.6)	-2.5%	299.0%
Net Income (Loss)	299.8	32.3%	321.2	83.7%	7.1%
EBITDA from Continuing Operations	362.7	39.1%	401.4	104.6%	10.7%

⁽¹⁾ Sell out PPP (Pharmacy Purchase Price), as per IQVIA, considers the drug stores and big retailers average purchase price



Operating Scenario

As mentioned on the last conference call, the Company's working capital optimization was one of the priorities for 2019, mainly due to the investments in the operation over the last years, which brought significant improvements to the factory and to the products delivery lead time, and the recent increase of coverage by the merchandising team that serves the point of sales of medium and big chains.

With these improvements, the Company is able to reach the same service level with a lower investment in the branded products working capital. Thus, sales in Branded Prescription and Consumer Health were reduced in the quarter in order to decrease the inventory level of these products at the clients and, as a consequence, reduce the receivables term, which will positively contribute to the operational cash flow and to a more efficient capital allocation in the factory expansion and in the innovation projects in the medium and long term.

Hypera Pharma decided to reduce the investment in working capital in 1Q19 due to the booking of the tax credit related to the favorable ruling over the exclusion of ICMS (State Tax) from the calculation basis of PIS/COFINS (Federal Tax), that amounted R\$546.4 million, which preserved both EBITDA and Net Income from Continuing Operations, which grew 10.7% and 9.5%, respectively. The 1Q19 ROIC (Return on Invested Capital) reached 19.3%, or 0.4 percentage points higher than 4Q18.

With the working capital optimization, the Company starts to operate with a lower inventory level at its clients, generating several operational and financial benefits, such as: the higher assertiveness in sales projection and production planning, the more agile product delivery process and the better placement of the launches, which success is essential for the Company's long term sustainable growth.

With the conclusion of the working capital optimization, Hypera Pharma starts to concentrate its efforts on sell-out growth, without losing sight of the maintenance of the new inventory level in its clients. These variables start to compose the variable remuneration targets for the main executives of the Company this year.

In the quarter, Hypera Pharma's sell-out¹, according to IQVIA, grew 5.9% over 1Q18, with February and March being the highlights of the quarter with an average growth of 8.4%. The pharmaceutical retail market growth was 8.8%² in 1Q19.

The growth acceleration in the Company's sell-out on the second half of the quarter was mainly boosted by the investments in marketing and at the point of sales, as well as by the initial positive results from the increase of coverage by the merchandising team that serves the point of sales of medium and big chains.

The Company reinforces that it will continue with its bold investments plan to foster the sell-out growth throughout the year, which combined to the launches performance, should benefit the demand generation and the Company's net revenue, that from 2Q19 onwards will have a performance closer to the sell-out.

The operational cash flow and the increase in the net cash position allowed the Company to keep distributing capital to its shareholders through Interest on Capital (IOC). In 1Q19, the Company distributed R\$612.0 million on IOC related to the fiscal year of 2018, and the Board of Directors also approved the distribution of approximately R\$161.0 million, or around R\$0.25 per share, to be paid until January 31, 2020.

In the last general meeting held on April 24, the Company promoted some changes in its Board of Directors with the election of Dr. Flair Carrilho, head of the Department of Gastroenterology at *Instituto Central do Hospital das Clínicas*,

(1) Sell out PPP (Pharmacy Purchase Price), as per IQVIA, considers the drug stores and big retailers average purchase price

(2) According to IQVIA, excluding the infant formula segment

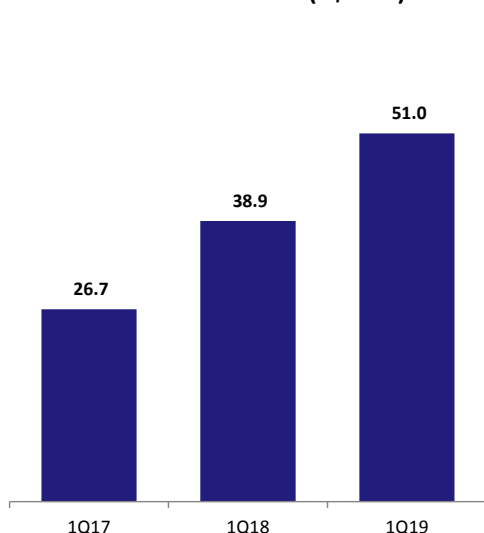


and Hugo Leal, lawyer and partner of *Cescon, Barrieu, Flesch & Barreto Sociedade de Advogados*, as members of the board. The same meeting also approved the election of Álvaro Stainfeld, member of the Board of Directors since 2014, to the position of Chairman.

In April 26, the Board of Directors approved the election of Adalmario Couto, Investor Relations Officer and Business Development Officer, to the position of CFO of the Company. Thereby, he will also lead the accounting and finance areas, which were previously led by Vivian Angiolucci, which will now dedicate even more time to the Company's strategic planning and projects. Furthermore, Luiz Clavis, Commercial and Marketing Vice President since 2018, became a statutory officer of the Company.

Innovation & Launches

R&D* Investments (R\$ mm)



Total investments in innovation, research and development, including the amount capitalized as intangible assets, grew 31.2% in 1Q19, and the innovation index, corresponding to the percentage of Net Revenue from products launched in the last five years, was 28%.

In the quarter, Hypera Pharma launched 9 products, and the highlights were Fluviral Dia and Fluviral Noite, brand extensions of the anti-flu Fluviral, to accelerate the sell-out growth in the anti-flu market.

The Company also launched the analgesic Atroveran Dip, which composes the line of products of Atroveran brand. Atroveran Dip has dipyrone as active pharmaceutical ingredient and starts to participate in a market of more than R\$2.5 billion in Brazil.



* It considers R&D expenses and the amount of capitalized as intangible assets. Excludes the Lei do Bem benefit and R&D amortization in the period.



Earnings Discussion

Income Statement

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

Table 2

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
Net Revenue	927.9	100.0%	383.6	100.0%	-58.7%
Gross Profit	689.7	74.3%	185.9	48.5%	-73.1%
Marketing Expenses	(180.8)	-19.5%	(159.6)	-41.6%	-11.7%
Selling Expenses	(120.7)	-13.0%	(124.3)	-32.4%	3.0%
General and Administrative Expenses	(46.4)	-5.0%	(52.0)	-13.6%	12.0%
Other Operational Net Expenses	1.1	0.1%	521.9	136.1%	46250.1%
Equity in Subsidiaries	0.0	0.0%	(0.4)	-0.1%	na
EBIT from Continuing Operations	342.9	37.0%	371.4	96.8%	8.3%
Net Financial Expenses	1.1	0.1%	(1.8)	-0.5%	-
Income Tax and CSLL	(41.8)	-4.5%	(38.8)	-10.1%	-7.2%
Net Income (Loss) from Continuing Operations	302.2	32.6%	330.8	86.2%	9.5%
Net Income from Discontinued Operations	(2.4)	-0.3%	(9.6)	-2.5%	299.0%
Net Income (Loss)	299.8	32.3%	321.2	83.7%	7.1%
EBITDA from Continuing Operations	362.7	39.1%	401.4	104.6%	10.7%



Net Revenue

Graph 1

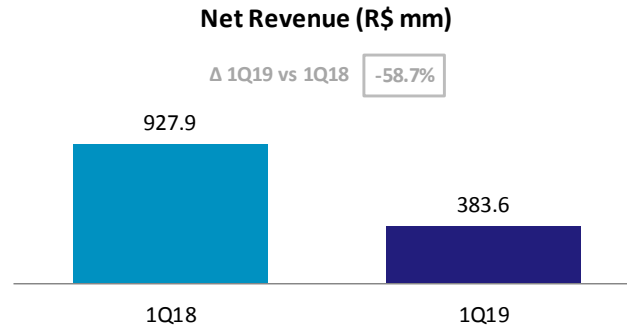


Table 3

(R\$ million)	1Q18	1Q19	Δ %
Net Revenue	927.9	383.6	-58.7%

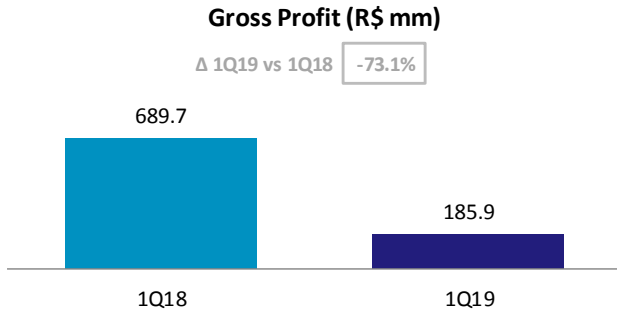
Net Revenue totaled R\$383.6 million and was impacted by 1Q19 working capital optimization, which resulted in the sales decrease in Branded Prescription and Consumer Health in order to reduce the inventory level of these products at clients and, as a consequence, the receivables term.

In Similar and Generics, the growth was boosted by the leading brands Neosoro, Flavonid, Doralgina and Gastrol, as well as by the performance of generics.



Gross Profit

Graph 2



Graph 3

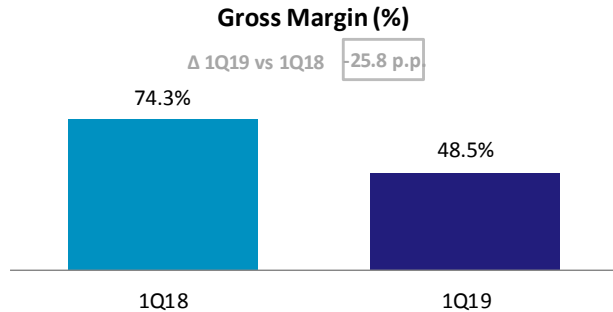


Table 4

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %	Δ p.p.
Gross Profit	689.7	74.3%	185.9	48.5%	-73.1%	-25.8 p.p.

Gross Profit was of R\$185.9 million, with Gross Margin of 48.5%. This reduction in both Gross Profit and Gross Margin is mainly a result from: (i) the lower Net Revenue due to the working capital optimization process promoted by the Company in 1Q19, which resulted in the reduction of sales in Branded Prescription and Consumer Health; (ii) the mix effect of products in the quarter, given the greater relevance of similars and generics sales in the period; and (iii) the lower dilution of fixed costs due to the lower Net Revenue.



Marketing Expenses

Table 5

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
Marketing Expenses	(180.8)	-19.5%	(159.6)	-41.6%	-11.7%
Advertisement and Consumer Promotion	(64.6)	-7.0%	(48.3)	-12.6%	-25.2%
Trade Deals	(14.6)	-1.6%	(11.8)	-3.1%	-19.2%
Medical Visits, Promotions and Samples	(101.6)	-11.0%	(99.5)	-26.0%	-2.0%

Marketing Expenses decreased by 11.7%, mainly as a result of the lower expenses with Advertisement and Consumer Promotion in the quarter. It is worth to mention that for 2019 the marketing campaigns related to the advertising packages will occur in a more relevant way from the 2Q19 on, mainly due to the higher concentration of launches expected for the next quarters of the year.

Selling Expenses

Table 6

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
Selling Expenses	(120.7)	-13.0%	(124.3)	-32.4%	3.0%
Commercial Expenses	(77.3)	-8.3%	(79.0)	-20.6%	2.2%
Freight and Logistics Expenses	(19.6)	-2.1%	(16.5)	-4.3%	-15.6%
Research & Development	(23.8)	-2.6%	(28.8)	-7.5%	20.9%

Selling Expenses increased 3.0% year over year, mostly reflected by a 20.9% growth in Research & Development expenses. This growth mainly reflects the increase in the Company's innovation investments to accelerate the pace of launches.

The total investments in R&D, including the amount capitalized as intangible assets, totaled R\$51.0 million in 1Q19, or 31.2% higher than 1Q18.

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

Table 7

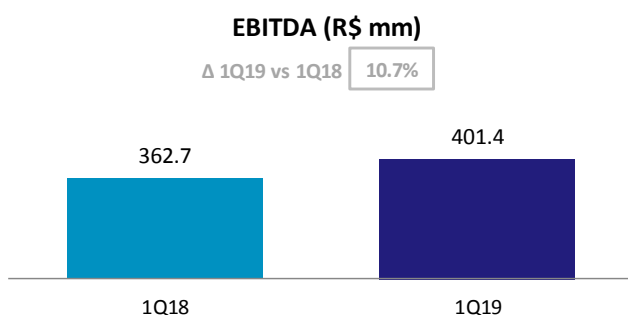
(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
General & Administrative Expenses	(46.4)	-5.0%	(52.0)	-13.6%	12.0%
Other Operating Revenues (Expenses)	1.1	0.1%	521.9	136.1%	46250.1%

General & Administrative Expenses totaled R\$52.0 million, up 12.0% year over year. This variation in General & Administrative Expenses also reflects the labor tax increase, in place since the beginning of 2019. Other Operating Revenues were positively affected by the booking of the tax credit related to the favorable ruling over the exclusion of ICMS (State Tax) from the calculation basis of PIS/COFINS (Federal Tax), that amounted R\$546.4 million in 1Q19.



EBITDA from Continuing Operations

Graph 4



Graph 5

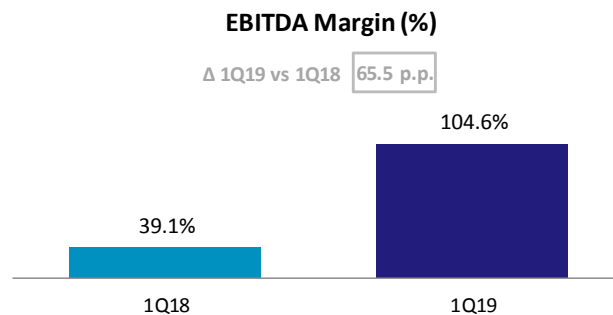


Table 8 –EBITDA from Continuing Operations Reconciliation

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ %
Net Income	299.8	32.3%	321.2	83.7%	7.1%
(-) Net Income from Discontinued Operations	2.4	0.3%	9.6	2.5%	299.0%
(+) Income Tax and CSLL	41.8	4.5%	38.8	10.1%	-7.2%
(+) Net Interest Expenses	(1.1)	-0.1%	1.8	0.5%	-
EBIT from Continuing Operations	342.9	37.0%	371.4	96.8%	8.3%
(+) Depreciations / Amortizations	19.8	2.1%	29.9	7.8%	51.5%
EBITDA from Continuing Operations	362.7	39.1%	401.4	104.6%	10.7%

EBITDA from Continuing Operations reached R\$401.4 million in 1Q19, a 10.7% growth over 1T18. This growth was mainly due to the combination of: (i) the reduction of Net Revenue due to the lower Branded Prescription and Consumer Health sales related to the working capital optimization process; and (ii) the booking of the tax credit related to the favorable ruling over the exclusion of ICMS (State Tax) from the calculation basis of PIS/COFINS (Federal Tax).

In the quarter, the Company started the adoption of CPC 06/IFRS 16 Leases and it was also impacted by the labor tax increase for the pharmaceutical industry, in place since the beginning of the year. It is worth mentioning, however, that the impact on EBITDA from Continuing Operations related to the combination of these two factors was not significant.



Net Financial Expenses

Table 9

(R\$ million)	1Q18	% NR	1Q19	% NR	Δ R\$
Net Financial Expenses	1.1	0.1%	(1.8)	-0.5%	(2.9)
Net Interest Expenses	10.5	1.1%	7.7	2.0%	(2.8)
Cost of Hedge and FX Gains (Losses)	(2.2)	-0.2%	(1.0)	-0.3%	1.2
Other	(7.1)	-0.8%	(8.5)	-2.2%	(1.4)

Net Financial Expenses presented a negative balance of R\$1.8 million in the quarter, compared to a positive balance of R\$1.1 million in 1Q18. This variation also results from the accounting of interest related to leasing agreements, as per the adoption of CPC 06 / IFRS 16.

Net Income

Table 10

(R\$ million)	1Q18	1Q19	Δ %
EBIT from Continuing Operations	342.9	371.4	8.3%
(-) Net Financial Expenses	1.1	(1.8)	-
(-) Income Tax and Social Contribution	(41.8)	(38.8)	-7.2%
Net Income from Continuing Operations	302.2	330.8	9.5%
(+) Net Income from Discontinued Operations	(2.4)	(9.6)	299.0%
Net Income	299.8	321.2	7.1%
EPS	0.47	0.51	7.1%
EPS from Continuing Operations	0.48	0.52	9.4%

Net Income from Continuing Operations reached R\$330.8 million in 1Q19, an increase of 9.5% when compared to the previous year. This Net Income growth, at a higher level than the EBIT from Continuing Operations growth, is mainly a consequence of the lower effective tax rate, due to the increase of Interest on Capital approved.

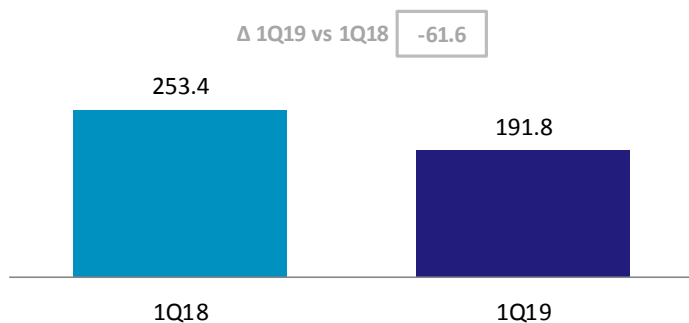
Net Income grew 7.1%, and it was affected negatively by the Net Income from Discontinued Operations of R\$9.6 million, which was mainly related to non-recurring provisions for contingencies booked in the quarter.



Cash Flow (Continuing and Discontinued Operations)

Graph 6

Cash Flow from Operations (R\$ mm)



Graph 7

Free Cash Flow (R\$ mm)

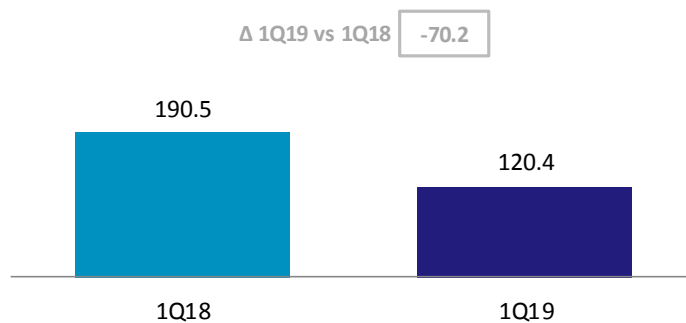


Table 11

(R\$ million)	1Q18	1Q19
Cash Flow from Operations	253.4	191.8
Purchase of Property, Plant and Equipment	(36.5)	(48.5)
Purchase of Intangible Assets	(15.6)	(23.4)
Sale of Property, Plant and Equipment	(10.7)	0.5
(=) Free Cash Flow	190.5	120.4

The Cash Flow from Operations was R\$191.8 million, a 24.3% decrease over 1Q18. This variation is mainly a consequence of the higher usage of federal tax credits for withholding taxes from Interest on Equity in 1Q18, when compared to 1Q19.

The Free Cash Flow was R\$70.1 million lower when compared to 1Q18, and it was affected, in addition to the reduction of Cash Flow from Operations, by the beginning of investments related to the expansion of the facilities in Anápolis and by the higher investments in innovation.



Net Debt

Table 12

(R\$ million)	1Q19
Loans and Financing	(551.3)
Notes Payable	(18.3)
Gross Debt	(569.7)
Cash and Cash Equivalents	1,189.5
Net Cash / (Debt)	619.9
Unrealized Gain/Loss on Debt Hedge	(6.9)
Net Cash / (Debt) After Hedge	613.0

Net Cash ended 1Q19 at R\$613.0 million, compared to R\$1,060.1 million in 4Q18 and R\$462.8 million in 1Q18. The Net Cash reduction when compared to 4Q18 reflected the payment of Interest on Capital in 1Q19, related to the fiscal year of 2018, while the Net Cash increase in comparison with 1Q18 was essentially due to Free Cash Flow growth in the period.



Investor Relations Agenda

Earnings Conference Call

	Portuguese	English
Date:	April 29, 2019	April 29, 2019
Time:	11:00 (Brasília) 09:00 (New York)	11:00 (Brasília) 09:00 (New York)
Phone:	+55 (11) 2188-0155	+1 (646) 843-6054
Code:	Hypera	Hypera
Webcast:	Click here	Click here
Replay:	+55 (11) 2188-0400	+55 (11) 2188-0400
Replay Code:	Hypera	Hypera

Contact Information

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 Website: www.hypera.com.br/ir

Upcoming events

Table 13

Date	Event	Region
05-06-jun	Citi 12th Annual Brazil Equity Conference	São Paulo
10-11-jun	HSBC GEM's Investor Forum	New York
12-13-jun	Bradesco 11th London Conference	London



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.

Additional unaudited information herein reflects management's interpretation of information taken from its financial 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 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

	1Q18	1Q19
Net Revenue	927,856	383,578
Cost of Goods Sold	(238,172)	(197,711)
Gross Profit	689,684	185,867
Selling and Marketing Expenses	(301,468)	(283,891)
General and Administrative Expenses	(46,447)	(52,009)
Other Operating Income (Expenses)	1,126	521,902
Equity in Subsidiaries	0	(433)
Operating Income Before Equity Income and Financial Result	342,895	371,436
Net Financial Expenses	1,113	(1,803)
Financial Expenses	(21,254)	(20,847)
Financial Income	22,367	19,044
Profit Before Income Tax and Social Contribution	344,008	369,633
Income Tax and Social Contribution	(41,838)	(38,828)
Net Income from Continuing Operations	302,170	330,805
Net Income from Discontinued Operations	(2,412)	(9,623)
Income for the Period	299,758	321,182
Earnings per Share – R\$	0.47	0.51



Consolidated Balance Sheet (R\$ thousand)

Table 15

Assets	31/12/2018	31/03/2019	Liabilities and Shareholders' Equity	31/12/2018	31/03/2019
Current Assets	4,318,253	3,458,643	Current Liabilities	1,419,235	968,091
Cash and Cash Equivalents	1,646,869	1,189,531	Suppliers	198,119	147,735
Accounts Receivables	1,457,265	979,421	Suppliers' Assignment of Receivables	161,200	145,822
Inventories	596,683	664,069	Loans and Financing	106,548	104,344
Recoverable Taxes	338,166	323,627	Salaries Payable	150,352	168,877
Financial Derivatives	7,292	5,791	Income Tax and Social Contribution	17	1,266
Other Assets	270,648	295,109	Taxes Payable	54,250	51,476
Assets Held for Sale	1,330	1,095	Accounts Payable	160,446	160,772
			Dividends and IOC Payable	560,295	161,014
			Notes Payable	18,070	18,349
			Financial Derivatives	2,327	1,345
			Liabilities Held for Sale	7,611	7,091
Non-Current Assets	6,238,730	6,868,973	Non-Current Liabilities	870,075	933,766
Long Term Assets	246,099	796,039	Loans and Financing	457,761	446,967
Deferred Income Tax and Social Contribution	27,745	28,647	Deferred Income Tax and Social Contribution	231,185	261,063
Recoverable Taxes	58,558	605,569	Taxes Payable	8,941	8,806
Other Assets	159,796	161,823	Accounts Payable	1,602	26,957
			Provisions for Contingencies	166,106	183,104
			Financial Derivatives	4,480	6,869
Investments	5,992,631	6,072,934	Shareholders' Equity	8,267,673	8,425,759
Investments	11,562	11,129	Capital	4,448,817	4,448,817
Investment Properties	154,263	153,270	Capital Reserve	1,285,171	1,283,207
Other Investments	369	369	Equity Valuation Adjustments	(254,680)	(253,516)
Property, Plants and Equipments	963,906	1,031,758	Profit Reserves	2,794,824	2,794,824
Intangible Assets	4,862,531	4,876,408	Treasury Stock	(6,459)	(4,215)
Total Assets	10,556,983	10,327,616	Total Liabilities and Shareholders' Equity	10,556,983	10,327,616



Consolidated Cash Flow Statement (R\$ thousand)

Table 16

	1Q18	1Q19
Cash Flows from Operating Activities		
Income (Loss) Before Income Taxes including Discontinued Operations	343,058	355,081
Depreciation and Amortization	19,765	29,940
Asset Impairment	(6)	0
Gain on Permanent Asset Disposals	1,962	15,494
Equity Method	(725)	(85)
Foreign Exchange (Gains) Losses	2,198	1,013
Net Interest and Related Revenue/Expenses	(3,296)	790
Expenses Related to Share Based Remuneration	2,820	2,960
Provisions (Delinquency, Inventories and Contingencies)	(2,981)	25,046
Adjusted Results	362,795	430,239
Decrease (Increase) in Assets	(83,628)	(158,040)
Trade Accounts Receivable	(60,958)	478,492
Inventories	(48,124)	(74,556)
Recoverable Taxes	75,035	(528,921)
Judicial Deposits and Others	(2,223)	(3,080)
Other Accounts Receivable	(47,358)	(29,975)
Increase (Decrease) in Liabilities	(25,727)	(80,381)
Suppliers	26,030	(46,193)
Suppliers' Assignment of Receivables	(1,077)	(15,379)
Financial Derivatives	(768)	1,863
Income Tax and Social Contribution Paid	(7,866)	(2,241)
Taxes Payable	512	(2,174)
Salaries and Payroll Charges	(35,837)	15,837
Accounts Payable	(28,224)	(21,514)
Operations Interest Paid	5,720	(7,320)
Other Accounts Payable	15,783	(3,260)
Net Cash Provided by Operating Activities	253,440	191,818
Cash flows from Investing Activities		
Acquisitions of Property, Plant and Equipment	(36,540)	(48,457)
Intangible Assets	(15,626)	(23,438)
Proceeds from the Sale of Assets with Permanent Nature	(10,737)	451
Interest and Others	10,658	12,031
Net Cash Used in Investing Activities	(52,245)	(59,413)
Cash Flows from Financing Activities		
Treasury Stock Purchase / Sale	11,701	0
Repayment of Loans - Principal	(175,043)	(22,558)
Repayment of Loans - Interest	(16,123)	(6,910)
Dividends Paid	(581,291)	(560,275)
Loan Derivatives	9,615	0
Net Cash Used in Financing Activities	(751,141)	(589,743)
Net Increase (Decrease) in Cash and Cash Equivalents	(549,946)	(457,338)
Statement of Increase in Cash and Cash Equivalents, Net		
Cash and Cash Equivalents at the Beginning of the Period	1,522,135	1,646,869
Cash and Cash Equivalents at the End of the Period	972,189	1,189,531
Change in Cash and Cash Equivalent	(549,946)	(457,338)



Other Information

Cash Conversion Cycle – Continuing Operations

Table 17

(Days)	1Q18	2Q18	3Q18	4Q18	1Q19	(R\$ million)	1Q18	2Q18	3Q18	4Q18	1Q19
Receivables ⁽¹⁾	114	115	118	128	197	Receivables	1,285	1,281	1,363	1,457	979
Inventories ⁽²⁾	189	189	184	185	302	Inventories	501	529	570	597	664
Payables ⁽²⁾⁽³⁾	(125)	(130)	(123)	(111)	(134)	Payables ⁽³⁾	(330)	(364)	(380)	(359)	(294)
Cash Conversion Cycle	178	174	179	201	366	Working Capital	1,456	1,446	1,552	1,695	1,350
						% of Annualized Net Revenue ⁽⁴⁾	38%	39%	42%	45%	51%

(1) Calculated based on Continuing Operations Gross Revenue, Net of Discounts.

(2) Calculated based on Continuing Operations COGS

(3) Includes Suppliers' Assignment of Receivables

(4) Annualized Net Revenue for the last 6 months

Goodwill Amortization for Fiscal Purposes / Tax Credits

The Company holds R\$88.7 million in goodwill to be amortized for fiscal purposes in 2019, generating a cash effect of R\$30.1 million, according to the following table:

Table 18

Period	R\$ million
2019	88.7
Total	88.7
Tax Rate	34%
Cash Effect	30.1

In addition, the Company holds the following tax credits:

- i) Federal Recoverable Taxes: R\$798.9 million (please refer to Explanatory Note 13 of the Financial Statements);
- ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$1,334.9 million (please refer to Explanatory Note 23(a) of the Financial Statements).

