Operator:

Good morning, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to DASA's 4Q13 earnings results conference call. Today we have a simultaneous webcast that may be accessed through the website, www.dasa3.com.br. The slide presentation may be downloaded from that website as well. There will be a replay facility for this call on the website for a week.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of DASA and on information currently available to the Company. They involve risks, uncertainties, and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions, and other operating factors could also affect the future results of DASA and could cause results to differ materially from those expressed in such forward-looking statements.

Now I will turn the conference over to Mr. Paulo Bokel, CFO and IRO. You may begin your conference.

Paulo Bokel:

Thank you. Good morning, everyone, and thank you for participating. Welcome to DASA's 4Q results conference call. We will begin on slide number three, presenting growth, quality, and shareholder return. Gross revenue came to R$689 million in the quarter, 14% up compared to the 4Q12. The lab-to-lab and outpatient markets performed exceptionally well with growth of 26.7% and 14.5% respectively. In the quarter, we delivered seven refurbished units and two new units.

In the medical area, 38 papers were presented at RSNA 2013, the most important radiology event in the world held in December in Chicago. Additionally, more than 50 papers have been submitted to the AACC 2014 organizing committee, the world's largest event on clinical analysis. DASA is participating in the National Health Survey developed by the Health Ministry in Brazil with the Fiocruz Foundation and the Brazilian Institute of Geography and Statistics, IBGE.

Regarding shareholder return, EBITDA came to R$113 million in the 4Q, 53.7% higher than the 4Q12 with a margin of 18%. In 2013, our margin stood at 17.8%. We once again posted a strong operational cash flow, which totaled R$34 million in the quarter and R$211 million in the year. Cash net income totaled R$44 million in the quarter and R$165 million in the year.

Moving to slide four, gross revenue totaled R$690 million, 40% more than the 4Q12, comprising 13% from image and 14.2% from clinical analysis. From January to December 2013, gross revenue came to R$2.7 billion, 10.2% up on the prior year, comprising 7.5% from image and 11.7% from clinical analysis. In terms of mix, clinical analysis represented 66.1% of our revenue and image, 33.9%.

It is important to note the effect from the number of business days on the Company expansion. In 2013, there were a total of 251 business days compared to 245 in 2012, a variation of 2.4%. In the 4Q13, the variation was 6.9%, totaling 52 days versus 58 days in the

4Q12, driving our growth. For 2014, this will be a challenging year with 247 business days, less than in 2013, and excluding the Soccer World Cup to take place in the 2Q14.

Moving to slide five, patient service centers grew by 14.5% in the 4Q. Same-store sales reached 12%. In the 4Q13, we recorded the highest increase in image of the year, 13.8%, while clinical analysis continued to post strong growth, totaling 15.1%, which was impacted by contract negotiation and the increase of labor days already mentioned.

The number of MRI and CT tests in the image mix, as well as the number per requisition for clinical analysis, continued to increase. These factors combined by contract renegotiations increased average requisition price by R$11.80 or approximately 8.8%.

Let us move to slide six. The hospital market revenue totaled R$66 million in the 4Q, 12.6% more than last year, and R$267 million in 2013, 14.4% higher than 2012. Average ticket grew by 21.4% to R$68.50. These results were achieved despite the hospital contracts canceled during the year, thanks to our strategy of focus on profitability.

On slide seven, we can see that revenue from lab-to-lab market came to R$73.4 million, a significant 26.7% growth over the 4Q12 and R$288 million in 2013, 18.6% up on 2012. The number of customers increased by 136. Revenue per laboratory grew by 23.2% and requisition per lab by 25.6%. We continue with our strategy of increasing our penetration, prospecting new customers, and opening new logistic routes, while seeking to improve the product mix for our customers with new services and increased volumes in certain specialties.

Moving on to slide eight, in the public market, we posted revenue of R$41 million in the 4Q, 6.7% lower than the 4Q12, and R$182 million in the year with an increase of 1%. We remain very selective in relation to new customers.

On slide nine, we comment on costs. In the 4Q, costs from services cash were R$415 million, 7.4% more than the 4Q last year, representing 66% of net revenue, a dilution of 4.6 p.p. in relation to the 4Q12. Personnel expenses grew by 5.3%, below inflation, remaining virtually in line with the 3Q13.

Cost of materials increased by 18.9% compared to the 4Q due to the strong growth of clinical analysis, especially in the lab-to-lab market, in which the percentage of the cost of material in the past cost is significantly higher compared to outpatient market and also due to the high complexity of lab-to-lab tests. Cost of service and utilities grew by 2.5% over the 4Q, substantially below inflation due to the contract renegotiation done in 2013. Dilution in the 4Q totaled 3.2 p.p.

On slide ten, general and administrative expenses came to R$104.9 million versus R$109.2 million in the 4Q last year, a decrease of 4%. We have a more strict cost control, especially in terms of hiring our personnel. In addition, we benefit from the reversal of ICMS, Brazilian VAT, provision of R$5.1 million. In the quarter, we recorded a provision of R$3.9 million related to the profit sharing provision and a gain of R$7 million in other operating revenue expenses. In 2012, we sold a property that impacted R$20.4 million in the same line.

Moving on to slide 11, EBITDA totaled R$113 million in the quarter, 53.7% more than R$73.5 million recorded in the 4Q last year. EBITDA margin stood at 18% versus 13.4% in the 4Q12, mainly impacted by dilution of cost of service and utilities of 3.2%. In the chart at the bottom of the slide, we can see that we are within the expectation of sustainable margin growth quarter-by-quarter.

On slide 12, we discuss income tax and social contribution. Considering a statutory rate of 34%, goodwill amortization and tax benefit allowed us to have an effective rate of 18.9% in the quarter. The reduction of the accounting rate observed in the income statement is due to the result of DASA Finance, a subsidiary located abroad after its debt restructuring.

Slide 13 shows that we have maintained our doubtful account provision with 100% of the receivables overdue more than 360 days bad debt provision. The collection period is stable in relation to the 4Q last year at 82.9 days. Provision for discounts in the quarter represented 2.3% of gross revenue compared to 3.6% in the last quarter last year. There is a downward trend in provision, thanks to the several initiatives we are implementing. However, reduction was higher this quarter due to a major credit recovery from a period.

Slide 14 presents operating cash flow, which came to R$34 million in the quarter. Our working capital was impacted by the payment of the Christmas bonus due to the end of the year period. We recorded a gain of R$5.1 million from other working capital accounts related to the reversal of the ICMS provision and a financial gain from financial expenses related to this reversal worth R$5.3 million. Net debt remained stable at around R$860 million and our covenants stood at 1.95x EBITDA at the close of the quarter, a record low in the last 12 months.

Slide 15 shows the Company's profile. We concluded a fourth debenture issuance last year worth R$450 million with the amortization of the principal in the fourth and fifth years and interest of CDI +1.15% per year. With respect to our foreign currency exposure, on December 31st, approximately R$1 million of our debt was denominated in foreign currency, a trend that is expected to be eliminated.

Page 16 shows our return on invested capital, which came to 10.4% and with a trend to improve due to the constant improved results that we had posted quarter-by-quarter. We are focused on maintaining our invested capital levels compatible with our ROIC exposure for levels above our cost of capital.

CAPEX totaled R$42.6 million in the 4Q13, as shown on slide 17, and R$144.3 million in 2013. During the year, we focused on improving our operational performance and increasing the use of existing investments. In this context, we were very careful in terms of investments.

Dickson Tangerino:

In the last slide, although 4Q results are typically the weakest in the year, we posted better figures than during the other quarters of the year, with a growth of 14%. This reflects our goal of constantly and gradually improving the Company's performance. We still have that big challenge ahead, but we are controlling costs, expenses, and CAPEX, while we are modernizing our facilities and pursuing prices compatible with our services.

The Q&A session is now open. Thank you.

Guilherme Assis, Brasil Plural:

Hi, good morning. Thanks, everyone, for taking the call. I have actually a follow-up from the Portuguese conference call. I would like to understand a little bit the dynamics for the lab-to-lab segment, which was, I think, a highlight in terms of growth in this quarter, like it grew almost 27% year-on-year. I would like to understand the competitive environment in the lab-to-lab segment and how you are being able to grow this fast, what is the strategy for the Company, if you are being more aggressive on pricing or on relationship with new labs. What is driving this kind of growth and how is competition reacting to that in that regard? That is my question. Thank you.

Paulo Bokel:

Guilherme, I think one of the things in terms of the growth that we had, we had a very bad December last year in terms of lab-to-lab that makes comparison easier. What happened in the markets is that we have been focusing on strengthening our relationship with the customer labs. And one of the things that we are doing is that we are providing different types of exams to them and basically we are growing through that strategy. So, basically we are trying to get more volume from the same labs that we have. So, basically that has been the strategy that we have been pursuing.

In terms of pricing, prices have been kind of stable. Basically you see that the price per exam that we have has been not increasing very much. It has stopped at least to go down and now it is going up a little bit, but it is not really what is driving our growth. What is driving our growth is the relationship that we are having with the current labs that we have.

Guilherme Assis:

OK. And regarding the competition there, like I know there is a big player in Brazil that is not listed, so we do not have the information. But what is your view about the competitive environment? When you approach the labs, how is the negotiations and have you seen any pent-up competition from other players?

Paulo Bokel:

The competition in this market is really for peers, but we think that we are providing good service, and also the level of service that we provide is very good. So, basically we are getting market share and getting more business from the labs because of this. And Pardini is always, I think, one of our main competitors in that segment, but we think we are delivering good service and good products and this is driving our growth.

Guilherme Assis:

OK. Thank you very much.

Operator:

I am showing no further questions. This concludes the question and answer session. At this time, I would like to turn the floor back to Mr. Paulo Bokel, CFO and IRO, for any closing remarks.

Paulo Bokel:

Thank you very much for your attention. We are looking forward to meeting you in the next earning call, next May. Thank you. Have a good day.

Operator:

Thank you. This concludes today's DASA 4Q13 earnings results conference call. You may disconnect your lines at this time.

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