



## Quarterly Results – 2<sup>nd</sup> quarter 2018

- Total revenues of R\$5.1 billion (+16.7%) in 2Q18 and R\$9.9 billion (+14.4%) in 1H18
- Net income of R\$135.4 million (+68.0%) in 2Q18 and R\$276.8 million (+32.3%) in 1H18
- Consolidated loss ratio of 77.4% in 2Q18, 340 BPS lower
- Combined ratio of 98.9% in the quarter, an improvement of 400 BPS
- Health and dental group insurance members grow 8.6%
- Return on average equity of 15.1% in the last 12 months

### Conference Call

**August 3, 2018** (Friday)

**Portuguese** (with simultaneous translation to English)

**10am (Brasília) | 9am (US/DST)**

**Webcast:** [www.sulamerica.com.br/ir](http://www.sulamerica.com.br/ir)

**Brazil:** +55 (11) 3193-1001 or +55 (11) 2820-4001

**USA:** 1-800-492-3904 or +1 (646) 828-8246 | **UK:** +44 20 7442-5660

## MESSAGE FROM MANAGEMENT

In the second quarter of 2018, we continued to take advantage of growth opportunities in the markets in which we operate, while at the same time achieving important gains in profitability. In parallel, we continued with our efforts to improve customer experience, developing new products and implementing new technologies for SulAmérica's more than 7 million clients. The operational consistency we presented in the last few cycles demonstrates the excellence of our strategy focused on strict underwriting discipline, control of costs and expenses, and accurate capital management, combined with solid growth.

We ended the quarter with R\$5.1 billion in revenues, an increase of 16.7% over the previous year. The combined ratio for the period presented a significant improvement of 400 basis points, on the back of an improved consolidated loss ratio which, in turn, was 340 basis points lower. Once again we proved our ability to achieve greater operational efficiency, overcoming the challenge brought by a lower contribution from investment income. These operating gains, combined with growth in revenues, led net income to grow 68.0%, reaching R\$135.4 million in the quarter. The return on average equity (ROAE) in the last twelve months reached 15.1%.

In the health and dental segment, we continued to present good performance in enrollment of new members. Even in a quarter that is notably impacted by unfavorable seasonality, we were able to reduce the loss ratio by 310 basis points year-on-year. In the coming periods, we will intensify our investments in claims management, health promotion and care coordination initiatives, being increasingly assertive in the management of our network of providers, always aiming to offer the best care and the best value proposition to our customers.

The auto insurance portfolio has been one of the highlights of the year. In the second quarter, we continued to show a significant recovery in the segment's profitability, in a process which began at the end of 2017 and continues in 2018. In this context, we reduced the loss ratio by 780 basis points to 60.4% in the quarter, with a 125% improvement in the gross margin. In addition, benefiting from a more positive market context and the strength of the SulAmérica brand, we grew the insured fleet, proving that our efforts in recovering profitability and subsequent focus on volume growth have been successful. These results are explained by the constant improvement in our underwriting with an effective selection of risk, always focused on profitability.

The life and personal accident insurance segment posted growth of 15.6% in revenues, showing significant improvements in both loss ratio and gross margin. The savings bonds operation recovered and resumed its growth pace, with revenues 13.2% higher than in the same period of the previous year. Our massified portfolio (homeowners/households, condominium and small businesses) continues on its consolidation path and presented another quarter of growth, with revenues 9.3% higher. The volume of assets under management of *SulAmérica Investimentos*, our asset management operation, reached R\$37.6 billion, an increase of 11.9%.

We continue to launch new services that will benefit our clients even more. In another *Saúde Ativa* (Active Health) initiative, SulAmérica's health management program, we expanded the "House Calls" feature, which was successfully launched in our health app last year and at the time was only for children, but from now on will also provide home care for insured patients over 65 years in low complexity procedures. Such initiatives are important because they offer technology, convenience, quality of service and better care to our insured members.

Engagement in environmental, social and governance issues (ESG) continues to be an important agenda in the Company. As a provider of financial protection, we are especially engaged in the financial sustainability of all our stakeholders. In this sense, in order to disseminate the importance of financial planning, we carried out the 5<sup>th</sup> National Financial Education Week, with the participation of about 500 employees. This year's theme was "Plan Your Future", talking about the importance of personal financial health and how it relates to investments, retirement, pension, and lifestyle.

Our operational and financial results continue to be a source of great satisfaction, reinforcing SulAmérica's long and well succeeded track record. We would like to thank our employees as well as the brokers and other business partners for their professionalism, trust, teamwork and important contribution to the results in this quarter.

**Gabriel Portella**  
CEO

## 1. Main Highlights

Financial Highlights (R\$ million)	2Q18	2Q17	Δ	1Q18	Δ	1H18	1H17	Δ
<b>Operating Revenues</b>	<b>4,875.8</b>	<b>4,179.8</b>	<b>16.7%</b>	<b>4,572.0</b>	<b>6.6%</b>	<b>9,447.7</b>	<b>8,248.2</b>	<b>14.5%</b>
Health & Dental	3,793.7	3,304.3	14.8%	3,717.6	2.0%	7,511.4	6,563.5	14.4%
Automobile	910.0	724.0	25.7%	703.8	29.3%	1,613.8	1,388.8	16.2%
Other Property & Casualty	48.6	44.7	8.6%	48.2	0.8%	96.8	86.0	12.6%
Life & Personal Accident	123.4	106.7	15.6%	102.3	20.6%	225.7	209.9	7.5%
<b>Other Operating Revenues</b>	<b>209.9</b>	<b>178.1</b>	<b>17.8%</b>	<b>199.4</b>	<b>5.2%</b>	<b>409.3</b>	<b>370.8</b>	<b>10.4%</b>
Private Pension	156.4	128.6	21.6%	151.0	3.6%	307.4	260.9	17.8%
Savings Bonds	14.0	12.4	13.2%	13.1	6.7%	27.1	26.8	1.3%
Administrative Services Only	14.7	14.2	3.1%	15.1	-2.5%	29.7	25.5	16.5%
Asset Management	13.2	10.8	23.0%	11.0	20.4%	24.2	20.4	18.4%
Other Revenues	11.5	12.1	-4.9%	9.3	24.0%	20.8	37.2	-44.0%
<b>Total Operating Revenues</b>	<b>5,085.6</b>	<b>4,357.9</b>	<b>16.7%</b>	<b>4,771.4</b>	<b>6.6%</b>	<b>9,857.0</b>	<b>8,619.0</b>	<b>14.4%</b>
Investment Income	168.2	212.6	-20.9%	144.9	16.1%	313.1	436.7	-28.3%
Net Income	135.2	81.5	65.9%	142.0	-4.8%	277.2	210.5	31.7%
<b>Net Income after non-Controlling Interest</b>	<b>135.4</b>	<b>80.6</b>	<b>68.0%</b>	<b>141.4</b>	<b>-4.3%</b>	<b>276.8</b>	<b>209.2</b>	<b>32.3%</b>
Net Income per unit (R\$)*	0.35	0.21	67.9%	0.37	-4.4%	0.71	0.58	23.7%
Recurring ROAE (% last 12 months)	15.1%	13.5%	170 BPS	14.3%	80 BPS			
<b>Insurance Operational Information (R\$ million)</b>	<b>2Q18</b>	<b>2Q17</b>	<b>Δ</b>	<b>1Q18</b>	<b>Δ</b>	<b>1H18</b>	<b>1H17</b>	<b>Δ</b>
<b>Earned Premiums</b>	<b>4,799.8</b>	<b>4,270.2</b>	<b>12.4%</b>	<b>4,693.2</b>	<b>2.3%</b>	<b>9,493.0</b>	<b>8,500.0</b>	<b>11.7%</b>
Health & Dental	3,803.7	3,307.1	15.0%	3,734.3	1.9%	7,538.0	6,591.1	14.4%
Automobile	811.3	804.2	0.9%	792.9	2.3%	1,604.1	1,598.5	0.4%
Other Property & Casualty	54.5	46.7	16.9%	50.4	8.2%	104.9	88.3	18.8%
Life & Personal Accident	130.2	112.3	16.0%	115.7	12.6%	245.9	222.0	10.8%
<b>Retained Claims</b>	<b>-3,715.2</b>	<b>-3,450.6</b>	<b>-7.7%</b>	<b>-3,585.2</b>	<b>-3.6%</b>	<b>-7,300.3</b>	<b>-6,690.0</b>	<b>-9.1%</b>
Health & Dental	-3,148.3	-2,838.9	-10.9%	-3,029.6	-3.9%	-6,177.9	-5,452.7	-13.3%
Automobile	-489.7	-547.8	10.6%	-491.7	0.4%	-981.4	-1,109.5	11.5%
Other Property & Casualty	-21.5	-13.2	-63.0%	-17.9	-20.2%	-39.4	-29.7	-32.4%
Life & Personal Accident	-55.7	-50.8	-9.5%	-46.0	-21.0%	-101.6	-98.0	-3.7%
<b>Insurance Operational Ratios (%)</b>	<b>2Q18</b>	<b>2Q17</b>	<b>Δ</b>	<b>1Q18</b>	<b>Δ</b>	<b>1H18</b>	<b>1H17</b>	<b>Δ</b>
<b>Loss Ratio</b>	<b>77.4%</b>	<b>80.8%</b>	<b>340 BPS</b>	<b>76.4%</b>	<b>-100 BPS</b>	<b>76.9%</b>	<b>78.7%</b>	<b>180 BPS</b>
Health & Dental	82.8%	85.8%	310 BPS	81.1%	-160 BPS	82.0%	82.7%	80 BPS
Automobile	60.4%	68.1%	780 BPS	62.0%	170 BPS	61.2%	69.4%	820 BPS
Other Property & Casualty	39.4%	28.2%	-1120 BPS	35.5%	-390 BPS	37.5%	33.7%	-390 BPS
Life & Personal Accident	42.2%	44.9%	270 BPS	39.4%	-280 BPS	40.9%	43.9%	300 BPS
<b>Acquisition Cost</b>	<b>9.6%</b>	<b>10.1%</b>	<b>50 BPS</b>	<b>9.7%</b>	<b>20 BPS</b>	<b>9.6%</b>	<b>10.3%</b>	<b>60 BPS</b>
Health & Dental	6.3%	6.0%	-30 BPS	6.4%	10 BPS	6.4%	6.2%	-10 BPS
Automobile	20.1%	22.2%	210 BPS	20.7%	60 BPS	20.4%	22.5%	210 BPS
Other Property & Casualty	31.0%	33.4%	250 BPS	32.4%	140 BPS	31.6%	34.4%	280 BPS
Life & Personal Accident	29.2%	32.1%	290 BPS	31.5%	230 BPS	30.3%	32.3%	210 BPS
<b>Combined</b>	<b>98.9%</b>	<b>102.9%</b>	<b>400 BPS</b>	<b>98.6%</b>	<b>-30 BPS</b>	<b>98.8%</b>	<b>101.9%</b>	<b>310 BPS</b>
<b>Operating</b>	<b>95.5%</b>	<b>97.9%</b>	<b>240 BPS</b>	<b>95.5%</b>	<b>-10 BPS</b>	<b>95.5%</b>	<b>96.7%</b>	<b>120 BPS</b>
<b>Consolidated Ratios (% of total operating revenues)</b>	<b>2Q18</b>	<b>2Q17</b>	<b>Δ</b>	<b>1Q18</b>	<b>Δ</b>	<b>1H18</b>	<b>1H17</b>	<b>Δ</b>
Operating Gross Margin	9.8%	6.6%	320 BPS	10.2%	-50 BPS	10.0%	8.2%	180 BPS
General & Administrative Expenses	8.5%	8.4%	-20 BPS	8.0%	-60 BPS	8.3%	9.0%	70 BPS
Net Margin	2.7%	1.8%	80 BPS	3.0%	-30 BPS	2.8%	2.4%	40 BPS
<b>Operating Highlights</b>	<b>2Q18</b>	<b>2Q17</b>	<b>Δ</b>	<b>1Q18</b>	<b>Δ</b>			
Health & Dental Insured Members (thousand)	3,225	2,995	7.7%	3,218	0.2%			
Health Insured Members	2,178	2,088	4.3%	2,164	0.6%			
Dental Insured Members	1,047	907	15.4%	1,054	-0.7%			
Insured Fleet (thousand)	1,583	1,606	-1.4%	1,513	4.7%			
Insured Lives (thousand)	3,257	2,781	17.1%	3,175	2.6%			
Assets under Management (R\$ billion)	37.6	33.6	11.9%	38.5	-2.2%			
Private Pension Reserves (R\$ million)	6,573	5,999	9.6%	6,421	2.4%			

Main highlights in the 2<sup>nd</sup> quarter of 2018 are:

- growth of 16.7% in total operating revenues, reaching R\$5.1 billion, with growth in all business lines;
- health and dental group net enrollment grew 8.6% over 2Q17, reaching 3.1 million insured members;
- total loss ratio of 77.4%, 340 BPS lower compared to 2Q17, mainly as a result of the significant and consistent recovery in the auto segment, as well as the good performance in the health and dental segment;
- consistent operational gains drove combined ratio to an improvement of 400 BPS, achieving 98.9% in the quarter;
- invested assets in proprietary portfolio yielded 111.6% of the CDI (benchmark rate), which, together with the operational gains in the quarter, helped mitigate the lower average Selic rate impacting the contribution of investment income; and
- significant increase of 68.0% in net income compared to 2Q17, totaling R\$135.4 million.

\*Net income per unit is calculated by multiplying the basic earnings per share by three. Each unit is comprised of three shares, one common share and two preferred. The total number of shares outstanding for the years 2017 and 2018 are different. Please refer to Note 22.6 in the Financial Statements for the period details on the calculation of earnings per share.

## 2. Health and Dental, and Administrative Services Only (ASO)

(R\$ million)	2Q18	2Q17	Δ	1Q18	Δ	1H18	1H17	Δ
<b>Operating Revenues</b>	<b>3,808.4</b>	<b>3,318.6</b>	<b>14.8%</b>	<b>3,732.7</b>	<b>2.0%</b>	<b>7,541.1</b>	<b>6,597.2</b>	<b>14.3%</b>
Insurance	3,793.7	3,304.3	14.8%	3,717.6	2.0%	7,511.4	6,563.5	14.4%
Group	3,249.7	2,800.4	16.0%	3,176.7	2.3%	6,426.5	5,556.8	15.6%
Corporate/Affinity	2,117.5	1,894.4	11.8%	2,090.1	1.3%	4,207.5	3,778.5	11.4%
SME	1,075.4	856.8	25.5%	1,030.3	4.4%	2,105.7	1,680.8	25.3%
Dental	56.9	49.2	15.6%	56.3	1.0%	113.2	97.5	16.0%
Individual Health	544.0	503.9	8.0%	540.9	0.6%	1,084.9	1,006.7	7.8%
Administrative Services Only	14.7	14.2	3.1%	15.1	-2.5%	29.7	25.5	16.5%
Other Operating Revenues	0.0	0.1	-96.2%	0.0	-79.3%	0.0	8.1	-99.9%
<b>Changes in Technical Reserves</b>	<b>-21.2</b>	<b>-18.0</b>	<b>-17.8%</b>	<b>-17.1</b>	<b>-24.1%</b>	<b>-38.3</b>	<b>-25.5</b>	<b>-50.2%</b>
Insurance	-21.2	-18.0	-17.8%	-17.1	-24.1%	-38.3	-25.5	-50.2%
<b>Operating Expenses</b>	<b>-3,489.9</b>	<b>-3,130.5</b>	<b>-11.5%</b>	<b>-3,391.2</b>	<b>-2.9%</b>	<b>-6,881.1</b>	<b>-6,055.1</b>	<b>-13.6%</b>
Insurance	-3,485.9	-3,128.1	-11.4%	-3,388.6	-2.9%	-6,874.5	-6,050.6	-13.6%
Administrative Services Only	-4.0	-2.4	-69.3%	-2.6	-55.4%	-6.6	-4.5	-46.8%
<b>Gross Margin</b>	<b>297.3</b>	<b>170.1</b>	<b>74.7%</b>	<b>324.4</b>	<b>-8.4%</b>	<b>621.7</b>	<b>516.5</b>	<b>20.4%</b>
Insurance	286.6	158.2	81.1%	311.9	-8.1%	598.5	487.4	22.8%
Administrative Services Only	10.7	11.9	-10.1%	12.5	-14.4%	23.2	21.1	10.0%
Other	0.0	0.1	-96.2%	0.0	-79.3%	0.0	8.1	-99.9%
<b>Loss Ratio</b>	<b>82.8%</b>	<b>85.8%</b>	<b>310 BPS</b>	<b>81.1%</b>	<b>-160 BPS</b>	<b>82.0%</b>	<b>82.7%</b>	<b>80 BPS</b>
<b>Acquisition Cost</b>	<b>6.3%</b>	<b>6.0%</b>	<b>-30 BPS</b>	<b>6.4%</b>	<b>10 BPS</b>	<b>6.4%</b>	<b>6.2%</b>	<b>-10 BPS</b>

### Health and Dental Insurance

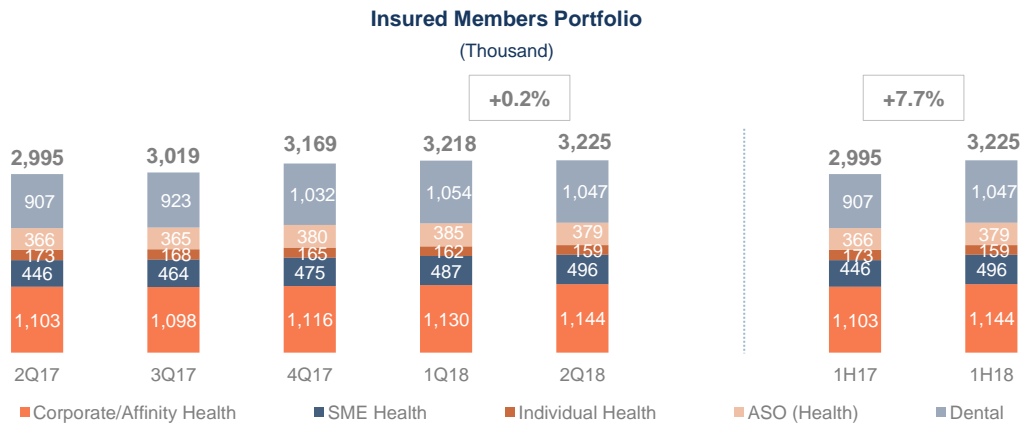
Operating revenues for the health and dental insurance segment increased 14.8%, reaching R\$3.8 billion in 2Q18. Group plans presented a good performance in all portfolios, with growth in SME – small and medium enterprises – (+25.5%), dental (+15.6%) and corporate/affinity (+11.8%). The segment's gross margin increased 74.7% compared to the same period of last year, as a result of revenue growth and lower loss ratio in the quarter. According to recent data released by ANS (National Supplementary Health Agency), SulAmérica's market share was 10.1% of total revenues in the Brazilian private healthcare market for 2017.

The segment sustained the good growth pace in the number of insured members. The performance in the quarter is a result of the Company's continuous efforts to boost enrollment of new clients through its commercial strength, as well as maintaining a good level of customer retention. The strength of the SulAmérica brand, the expansion of our regional reach, as well as the expertise to format products and innovations that bring convenience to the insured members are essential for attracting and maintaining clients with different needs.

(Thousand members)	2Q18	2Q17	Δ	1Q18	Δ
<b>Group Health</b>	<b>2,019</b>	<b>1,915</b>	<b>5.4%</b>	<b>2,002</b>	<b>0.8%</b>
Corporate/Affinity Health	1,144	1,103	3.7%	1,130	1.2%
SME Health	496	446	11.1%	487	1.9%
Administrative Services Only	379	366	3.6%	385	-1.6%
<b>Dental</b>	<b>1,047</b>	<b>907</b>	<b>15.4%</b>	<b>1,054</b>	<b>-0.7%</b>
Dental	1,018	875	16.3%	1,023	-0.5%
Administrative Services Only	29	32	-8.9%	31	-6.4%
<b>Group Total</b>	<b>3,066</b>	<b>2,822</b>	<b>8.6%</b>	<b>3,056</b>	<b>0.3%</b>
Individual Health	159	173	-7.9%	162	-2.0%
<b>Total</b>	<b>3,225</b>	<b>2,995</b>	<b>7.7%</b>	<b>3,218</b>	<b>0.2%</b>

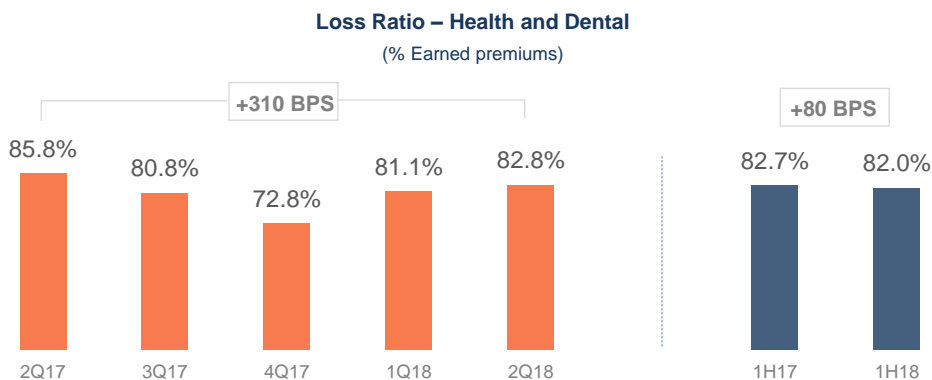
The health and dental group plans portfolio presented net adds of 243 thousand lives, growth of 8.6% compared to 2Q17, totaling 3.1 million members. All group portfolios grew in the quarter, with top performers being dental and SME plans (+15.4% and +11.1%, respectively), maintaining the good pace observed in the last quarters. The corporate/affinity portfolio increased for the second consecutive quarter, by 3.7% compared to 2Q17, reaffirming the recovery in this portfolio, which has been benefiting from a more positive employment scenario.

## 2. Health and Dental, and Administrative Services Only (ASO) (cont.)



Recent available statistics from ANS show that, at the end of May 2018, the private system reached 47.3 million beneficiaries in health plans and 23.0 million in dental plans, representing growth in both health (+0.1%) and dental (+5.3%) segments, in comparison to the same period of the previous year. According to data from CAGED (General Register of Employees and Unemployed in Brazil), there was a positive balance of 392.5 thousand jobs created until June, which already indicates a more favorable employment scenario compared to 2017. This movement contributed to the growth in insured lives, given the high correlation between the net number of formal jobs created and enrollment of beneficiaries in the private health sector, in a way that we have already begun to benefit from this evolution.

The segment's loss ratio reached 82.8% in the second quarter, an improvement of 310 BPS compared to 2Q17. In the first half of the year, the loss ratio totaled 82.0%, 80 BPS better than in the same period of last year. The lower loss ratio is a result of the Company's ongoing initiatives focused on claims management, wellness and well-being promotion programs. More recently, the Company started to invest in care coordination initiatives that involve the organization of assistance activities to the insured members and the sharing of information among all participants in the healthcare chain involved in patient care in order to obtain care results that are safer and more effective, as well as greater satisfaction of the beneficiaries.



### Health Administrative Services Only (ASO)

Revenues from ASO plans grew 3.1% compared to the same period of last year. This increase followed the growth of 2.6% in membership, keeping the good growth pace posted in the last quarters. The ASO portfolio, considering beneficiaries in both health and dental, reached 408 thousand lives.

### 3. Auto and Other Property and Casualty Insurance

(R\$ million)	2Q18	2Q17	Δ	1Q18	Δ	1H18	1H17	Δ
<b>Operating Revenues</b>	<b>969.4</b>	<b>780.5</b>	<b>24.2%</b>	<b>761.0</b>	<b>27.4%</b>	<b>1,730.4</b>	<b>1,503.2</b>	<b>15.1%</b>
Insurance	958.6	768.7	24.7%	752.0	27.5%	1,710.6	1,474.7	16.0%
Automobile	910.0	724.0	25.7%	703.8	29.3%	1,613.8	1,388.8	16.2%
Other Property & Casualty	48.6	44.7	8.6%	48.2	0.8%	96.8	86.0	12.6%
Other Operating Revenues	10.7	11.8	-8.8%	9.0	19.3%	19.8	28.4	-30.5%
Automobile	9.0	9.4	-4.9%	9.1	-1.3%	18.0	19.8	-8.9%
Other Property & Casualty	1.8	2.4	-24.5%	-0.1	NA	1.7	8.6	-80.2%
<b>Changes in Technical Reserves</b>	<b>-111.0</b>	<b>66.9</b>	<b>NA</b>	<b>74.8</b>	<b>NA</b>	<b>-36.2</b>	<b>183.7</b>	<b>NA</b>
Automobile	-115.3	66.6	NA	74.3	NA	-41.0	184.1	NA
Other Property & Casualty	4.3	0.4	NA	0.5	831.8%	4.7	-0.4	NA
<b>Operating Expenses</b>	<b>-702.8</b>	<b>-760.0</b>	<b>7.5%</b>	<b>-707.8</b>	<b>0.7%</b>	<b>-1,410.6</b>	<b>-1,552.8</b>	<b>9.2%</b>
Insurance	-702.8	-760.0	7.5%	-707.8	0.7%	-1,410.6	-1,552.8	9.2%
Automobile	-664.5	-738.2	10.0%	-669.7	0.8%	-1,334.3	-1,493.1	10.6%
Other Property & Casualty	-38.3	-21.8	-75.3%	-38.1	-0.5%	-76.3	-59.7	-27.8%
<b>Gross Margin</b>	<b>155.6</b>	<b>87.4</b>	<b>78.0%</b>	<b>128.0</b>	<b>21.6%</b>	<b>283.6</b>	<b>134.0</b>	<b>111.6%</b>
Automobile	139.2	61.8	125.3%	117.4	18.5%	256.6	99.5	157.8%
Other Property & Casualty	16.4	25.6	-36.0%	10.5	55.5%	26.9	34.5	-21.9%

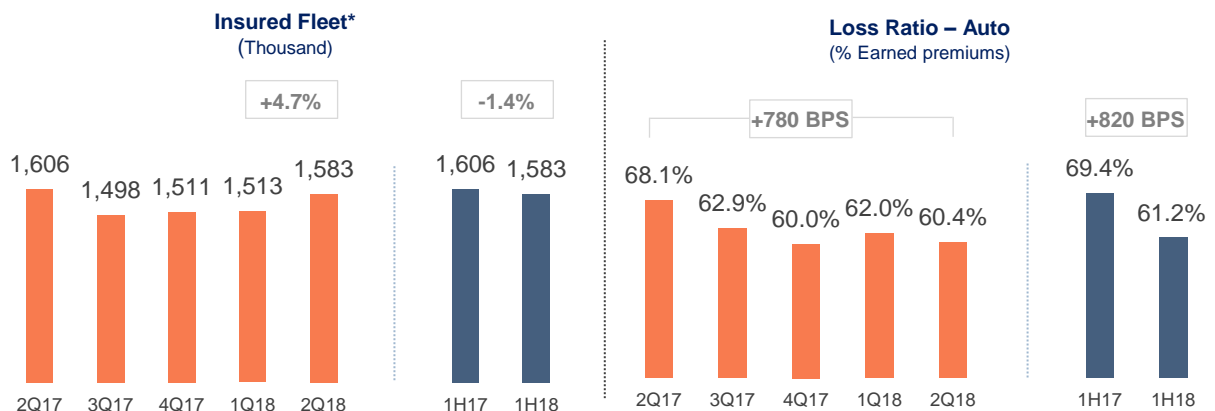
Loss Ratio	59.0%	65.9%	690 BPS	60.4%	140 BPS	59.7%	67.5%	780 BPS
Automobile	60.4%	68.1%	780 BPS	62.0%	170 BPS	61.2%	69.4%	820 BPS
Other Property & Casualty	39.4%	28.2%	-1120 BPS	35.5%	-390 BPS	37.5%	33.7%	-390 BPS
<b>Acquisition Cost</b>	<b>20.8%</b>	<b>22.8%</b>	<b>200 BPS</b>	<b>21.4%</b>	<b>60 BPS</b>	<b>21.1%</b>	<b>23.1%</b>	<b>200 BPS</b>
Automobile	20.1%	22.2%	210 BPS	20.7%	60 BPS	20.4%	22.5%	210 BPS
Other Property & Casualty	31.0%	33.4%	250 BPS	32.4%	140 BPS	31.6%	34.4%	280 BPS

#### Auto Insurance

The auto segment performance consolidated the recovery trend started in the end of 2017, as evidenced by relevant results in this quarter. Operating revenues reached R\$910.0 million in 2Q18, 25.7% above the figure recorded in 2Q17. The loss ratio achieved 60.4% compared to 68.1% in 2Q17, a significant improvement of 780 BPS year-on-year. In addition to the good performance of operating revenues and loss ratio, acquisition costs also showed gains (+210 BPS), coming down to 20.1% in the quarter.

As a result of the strong revenue growth and gains in profitability, gross margin grew 125.3% in the quarter. The operational results, as well as the whole recovery process shown in the last periods, are mostly related to the introduction of new underwriting tools, continuous operational improvements and the continued adequacy of risk exposure levels, besides an improvement in market conditions.

After resuming growth in 4Q17, the insured fleet accelerated its recovery process and, at the end of the quarter, totaled 1.6 million vehicles, 4.7% above the figure recorded in 1Q18. Recent data from Susep (Private Insurance Commission) show that SulAmérica had a market share of 9.5% of the total written premiums for the period from January until June 2018.



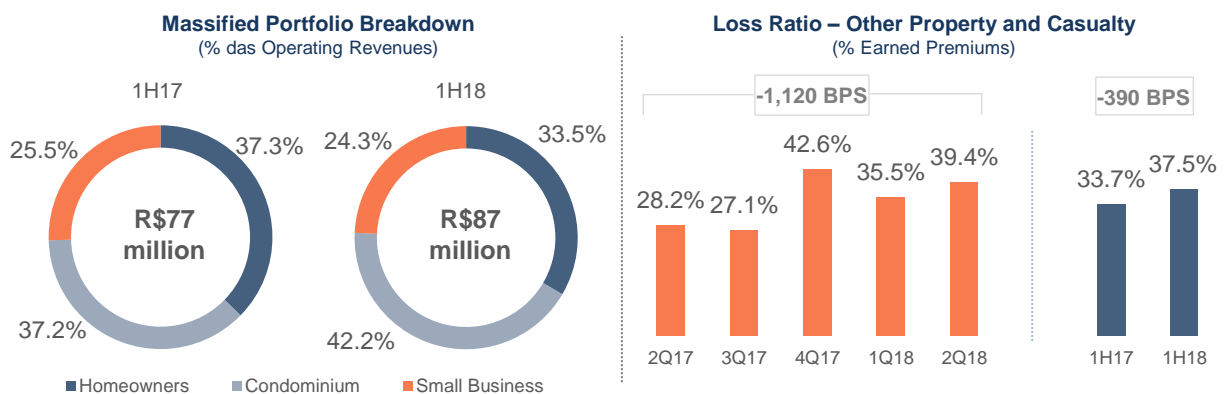
\*Insured fleet net of technical cancellations

### 3. Auto and Other Property and Casualty Insurance (cont.)

#### Other Property and Casualty Insurance

The other property & casualty insurance revenues continued to present a growth trend along the quarters, reaching R\$48.6 million in 2Q18, an increase of 8.6% compared to the same quarter of the previous year. Loss ratio was 39.4% in the quarter, 1,120 BPS worse than in 2Q17, mainly as a result of a higher frequency and severity of claims in the small business and condominium portfolios. Gross margin reached R\$16.4 million, 36.0% lower than in 2Q17, mainly due to the higher loss ratio in the period, which was partially offset by a gain of 250 BPS in the acquisition costs ratio.

Considering only the massified portfolio (homeowners/households, condominium and small businesses) – which represented around 90% of this segment in the first half of the year – operating revenues grew 9.3% in the quarter, reaching R\$42.8 million, while the loss ratio totaled 40.1%, 920 BPS worse than in 2Q17, mainly driven by a higher volume of claims in the period.



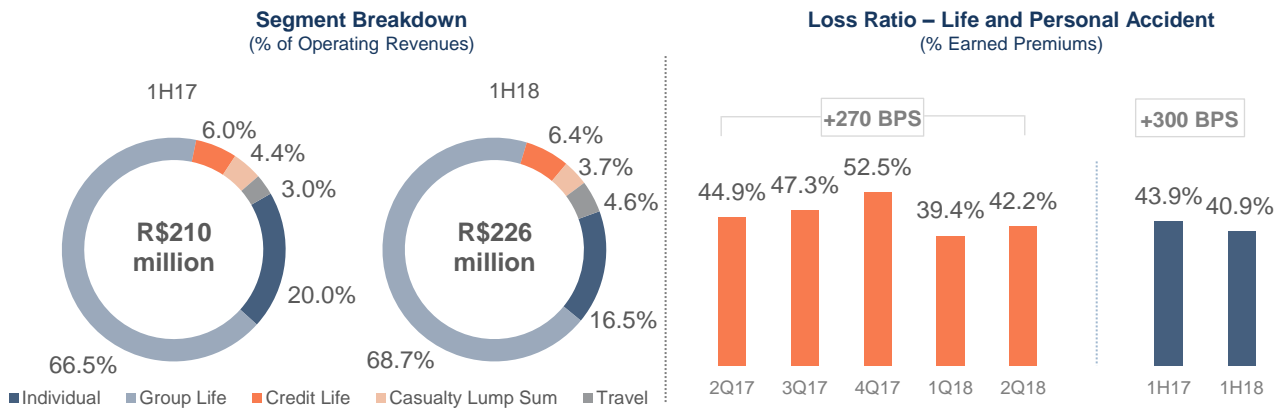
### 4. Life and Personal Accident Insurance and Private Pension

(R\$ million)	2Q18	2Q17	Δ	1Q18	Δ	1H18	1H17	Δ
<b>Operating Revenues</b>	<b>280.6</b>	<b>235.7</b>	<b>19.1%</b>	<b>253.6</b>	<b>10.7%</b>	<b>534.2</b>	<b>471.5</b>	<b>13.3%</b>
Insurance	123.4	106.7	15.6%	102.3	20.6%	225.7	209.9	7.5%
Private Pension	156.4	128.6	21.6%	151.0	3.6%	307.4	260.9	17.8%
Other Operating Revenues	0.8	0.3	177.0%	0.3	179.2%	1.1	0.6	65.1%
<b>Changes in Technical Reserves</b>	<b>-124.6</b>	<b>-84.4</b>	<b>-47.7%</b>	<b>-111.7</b>	<b>-11.6%</b>	<b>-236.3</b>	<b>-179.7</b>	<b>-31.5%</b>
Insurance	3.0	2.5	22.9%	9.8	-68.9%	12.8	6.2	105.6%
Private Pension	-127.6	-86.8	-47.0%	-121.4	-5.1%	-249.1	-185.9	-33.9%
<b>Operating Expenses</b>	<b>-121.3</b>	<b>-138.8</b>	<b>12.6%</b>	<b>-122.3</b>	<b>0.9%</b>	<b>-243.6</b>	<b>-268.8</b>	<b>9.4%</b>
Insurance	-89.0	-103.3	13.8%	-92.5	3.9%	-181.5	-202.0	10.2%
Private Pension	-32.3	-35.5	9.0%	-29.8	-8.4%	-62.1	-66.8	7.0%
<b>Gross Margin</b>	<b>34.7</b>	<b>12.5</b>	<b>177.0%</b>	<b>19.6</b>	<b>77.5%</b>	<b>54.3</b>	<b>22.9</b>	<b>136.8%</b>
Insurance	37.5	6.0	529.2%	19.5	91.7%	57.0	14.1	304.2%
Private Pension	-3.5	6.3	NA	-0.3	NA	-3.8	8.2	NA
Other	0.8	0.3	177.0%	0.3	179.2%	1.1	0.6	65.1%
<b>Loss Ratio</b>	<b>42.2%</b>	<b>44.9%</b>	<b>270 BPS</b>	<b>39.4%</b>	<b>-280 BPS</b>	<b>40.9%</b>	<b>43.9%</b>	<b>300 BPS</b>
<b>Acquisition Cost</b>	<b>29.2%</b>	<b>32.1%</b>	<b>290 BPS</b>	<b>31.5%</b>	<b>230 BPS</b>	<b>30.3%</b>	<b>32.3%</b>	<b>210 BPS</b>

#### Life and Personal Accident Insurance

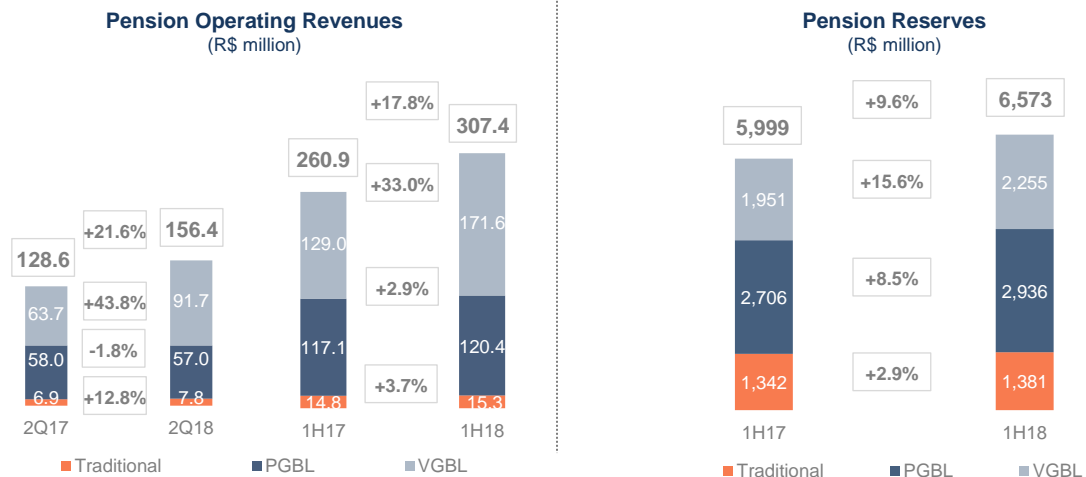
Life and personal accident revenues were up 15.6% to R\$123.4 million in 2Q18, posting positive performance after a few quarters. The segment's loss ratio reached 42.2%, a gain of 270 BPS compared to the second quarter of 2017. Gross margin totaled R\$37.5 million, a significant increase of more than six times compared to 2Q17. This positive result was driven by revenue growth and loss ratio improvement, but was also boosted by a favorable decision in a legal lawsuit, which positively impacted the Insurance Operating Expenses line, with a contingency liability reversal of approximately R\$18 million.

## 4. Life and Personal Accident Insurance and Private Pension (cont.)



### Private Pension

Pension reserves grew 9.6% over the same period of last year, reaching R\$6.6 billion, as a result of higher volume of contributions and a net positive balance of portability (transfers), in addition to accumulated returns of the underlying pension funds. Operating revenues were up 21.6% in the quarter, propelled by the increase of the participation from the VGBL product (+43.8%).



## 5. Savings Bonds

(R\$ million)	2Q18	2Q17	Δ	1Q18	Δ	1H18	1H17	Δ
Operating Revenues	14.0	12.4	13.2%	13.1	6.7%	27.1	26.8	1.3%
Operating Expenses	-19.3	-5.1	-278.4%	-8.5	-125.4%	-27.8	-15.8	-75.8%
<b>Gross Margin</b>	<b>-5.3</b>	<b>7.3</b>	<b>NA</b>	<b>4.6</b>	<b>NA</b>	<b>-0.7</b>	<b>10.9</b>	<b>NA</b>
Savings Bonds Reserves	638.3	606.7	5.2%	651.5	-2.0%			

The savings bonds segment finished the second quarter with an increase of 13.2% in operating revenues compared to 2Q17, reaching R\$14.0 million. This performance reflects the efforts on two segments: (i) in the real estate segment through the increase of our distribution capacity, besides the good relationship fostered with brokers, real estate agents, landlords and tenants; and (ii) in the promotional segment, driven by investments in the revision of processes and services model, in addition to the identification of new consumer niches. Despite the revenue growth in the quarter, the savings bonds operation presented a negative gross margin of R\$5.3 million, being negatively impacted by one-off expenses related to contingent liabilities in the amount of approximately R\$12 million.



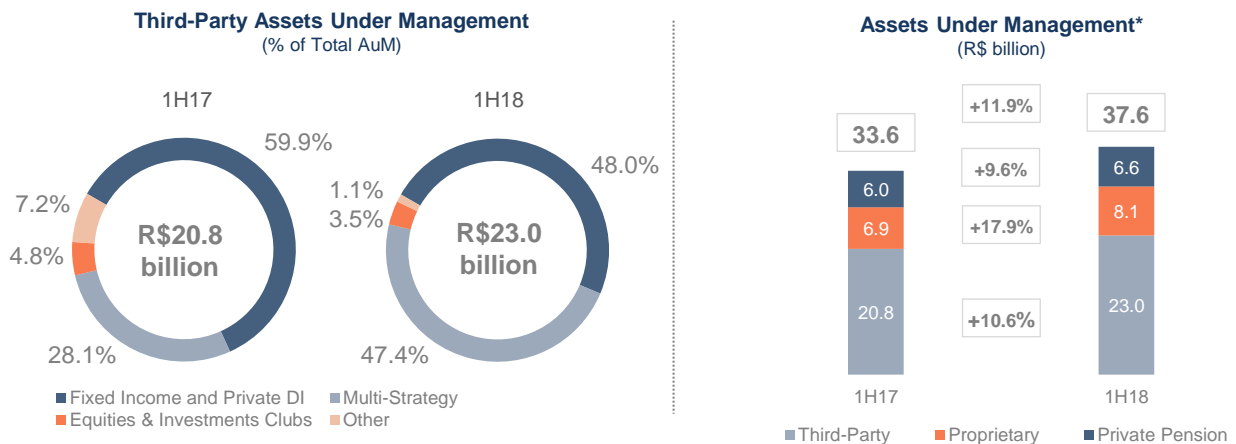
## 6. Asset Management

(R\$ million)	2Q18	2Q17	Δ	1Q18	Δ	1H18	1H17	Δ
<b>Operating Revenues</b>	<b>13.2</b>	<b>10.8</b>	<b>23.0%</b>	<b>11.0</b>	<b>20.4%</b>	<b>24.2</b>	<b>20.4</b>	<b>18.4%</b>
Management Fee	11.9	9.4	27.1%	10.8	10.8%	22.7	18.9	20.3%
Performance Fee	1.3	1.4	-5.1%	0.2	477.4%	1.5	1.6	-3.5%
Operating Expenses	-0.9	-1.7	45.7%	-0.9	-5.5%	-1.8	-2.9	36.7%
<b>Gross Margin</b>	<b>12.3</b>	<b>9.0</b>	<b>36.0%</b>	<b>10.1</b>	<b>21.7%</b>	<b>22.4</b>	<b>17.6</b>	<b>27.4%</b>

*SulAmérica Investimentos*, our asset management arm, ended the second quarter of 2018 with R\$37.6 billion in AuM, a increase of 11.9% compared to the same period of last year. This increase follows the growth shown in third-party assets (+10.6% to R\$23.0 billion), proprietary portfolio – insurance float (+17.9% to R\$8.1 billion) and pension reserves (+9.6% to R\$6.6 billion).

Operating gross margin improved 36.0% in 2Q18, following the management fee revenues growth (+27.1%), which more than offset the decrease of 5.1% in performance fees revenues this quarter.

Following the trend observed since last year, the allocation in multi-strategy funds continued to gain share in the portfolio of third-party assets, reaching 47.4% of the portfolio, basically the same portion allocated to fixed income assets, which has been losing share over the last quarters due to a movement related to the lower average benchmark interest rate (Selic), and, consequently, the lower yield of securities linked to the CDI (Brazil's Interbank Certificate of Deposit).



\*The reported third-party assets under management include investment funds and portfolios that are managed or administered by *SulAmérica Investimentos S.A.*

## 7. Administrative Expenses

(R\$ million)	2Q18	2Q17	Δ	1Q18	Δ	1H18	1H17	Δ
Personnel Expenses	-196.3	-162.6	-20.7%	-188.1	-4.4%	-384.4	-339.8	-13.1%
Third-Party Services	-9.9	-102.1	8.0%	-90.5	-3.8%	-184.4	-204.4	9.8%
Buildings and Maintenance	-38.5	-40.8	5.4%	-38.8	0.8%	-77.4	-80.3	3.7%
Other Administrative Expenses	-54.0	-23.3	-131.2%	-24.3	-121.9%	-78.3	-71.8	-9.0%
Profit Sharing	-17.8	-15.5	-15.0%	-17.8	0.0%	-35.7	-31.8	-12.4%
Tax Expenses	-22.2	-7.7	-189.2%	-9.8	-126.6%	-32.0	-19.2	-66.8%
Depreciation & Amortization	-11.3	-13.3	15.6%	-11.1	-1.8%	-22.3	-27.5	19.0%
<b>Total</b>	<b>-434.0</b>	<b>-365.3</b>	<b>-18.8%</b>	<b>-380.4</b>	<b>-14.1%</b>	<b>-814.4</b>	<b>-774.8</b>	<b>-5.1%</b>
General & Administrative Expenses Ratio (% operating revenues)	8.5%	8.4%	-20 BPS	8.0%	-60 BPS	8.3%	9.0%	70 BPS

Our efforts to maintain strict control over costs and expenses remain in place, aiming at efficiency gains and, consequently, increased operational leverage. The administrative expenses ratio (measured by the ratio of total administrative expenses to total operating revenues) reached 8.5% in 2Q18, virtually stable when compared to the same quarter of last year. In the first half of the year, the ratio reached 8.3%, a gain of 70 BPS over the first half of 2017. In absolute terms, administrative expenses increased 18.8% in the second quarter of 2018, mainly explained by higher expenses with contingent liabilities.

## 8. Investment Income

(R\$ million)	2Q18	2Q17	Δ	1Q18	Δ	1H18	1H17	Δ
<b>Investment Income ex-Private Pension</b>	<b>166.7</b>	<b>204.3</b>	<b>-18.4%</b>	<b>145.7</b>	<b>14.4%</b>	<b>312.4</b>	<b>423.9</b>	<b>-26.3%</b>
Return on Investment Portfolio	156.7	205.1	-23.6%	160.6	-2.4%	317.2	445.9	-28.8%
Debt Service Cost	-27.7	-32.5	14.7%	-29.6	6.3%	-57.4	-75.6	24.1%
Other Investment Income	37.7	31.8	18.8%	14.8	155.8%	52.5	53.6	-2.1%
<b>Investment Income from Private Pension</b>	<b>1.5</b>	<b>8.3</b>	<b>-82.0%</b>	<b>-0.8</b>	<b>NA</b>	<b>0.7</b>	<b>12.9</b>	<b>-94.5%</b>
Return on Investment Portfolio of Private Pension	104.9	99.1	5.8%	144.5	-27.4%	249.4	289.9	-14.0%
Change in Liabilities of Private Pension	-103.4	-90.8	-13.9%	-145.3	28.9%	-248.7	-277.1	10.2%
<b>Total Investment Income</b>	<b>168.2</b>	<b>212.6</b>	<b>-20.9%</b>	<b>144.9</b>	<b>16.1%</b>	<b>313.1</b>	<b>436.7</b>	<b>-28.3%</b>

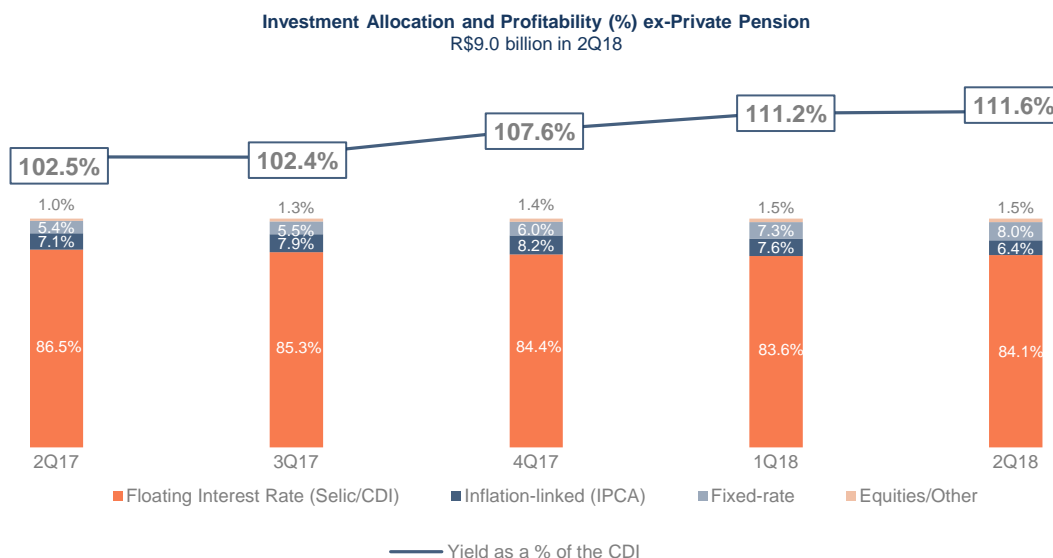
### Balance

(R\$ million)	2Q18	2Q17	Δ	1Q18	Δ
Balance Excluding Private Pension	9,046.4	7,928.2	14.1%	9,237.4	-2.1%
Private Pension Operations Balance	6,572.6	5,998.9	9.6%	6,421.3	2.4%
<b>Total Balance</b>	<b>15,619.0</b>	<b>13,927.1</b>	<b>12.1%</b>	<b>15,658.6</b>	<b>-0.3%</b>

Total net investment income reached R\$168.2 million in 2Q18, 20.9% lower in relation to 2Q17. The main driver for this negative performance, as has been over the last quarters, was the drop of 23.6% in the return on investment portfolio, partially offset by the increase of 14.1% in proprietary assets. This performance followed mainly the decrease in the Selic rate, to which most of our assets are indexed and that presented a significant reduction when compared to the same period of last year. On the other hand, the lower Selic rate has a positive impact in the debt service cost line – which improved 14.7% comparing to 2Q17 – since most of the Company's debt service is also indexed to it.

The yield on the insurance float (Company's proprietary portfolio ex-private pension) has been improving each quarter and continued to present a positive performance. The yield in 2Q18 reached 111.6% of CDI against 102.5% in 2Q17, driven by good performance of fixed rate and inflation-linked assets, helping to minimize the impact of a lower Selic rate.

The Company has 99% of its proprietary assets (ex-private pension) allocated in fixed income and 1% held in equities and other asset classes. Approximately 87% of the fixed income allocation (ex-PGBL and VGBL) is invested in AAA-rated or sovereign risk securities (Brazilian government bonds).



## 9. Summary Income Statement

(R\$ million)	2Q18	2Q17	Δ	1Q18	Δ	1H18	1H17	Δ
<b>Operating Revenue</b>	<b>5,085.6</b>	<b>4,357.9</b>	<b>16.7%</b>	<b>4,771.4</b>	<b>6.6%</b>	<b>9,857.0</b>	<b>8,619.0</b>	<b>14.4%</b>
Insurance	4,875.8	4,179.8	16.7%	4,572.0	6.6%	9,447.7	8,248.2	14.5%
Private Pension	156.4	128.6	21.6%	151.0	3.6%	307.4	260.9	17.8%
Saving Bonds	14.0	12.4	13.2%	13.1	6.7%	27.1	26.8	1.3%
ASO	14.7	14.2	3.1%	15.1	-2.5%	29.7	25.5	16.5%
Asset Management	13.2	10.8	23.0%	11.0	20.4%	24.2	20.4	18.4%
Other	11.5	12.1	-4.9%	9.3	24.0%	20.8	37.2	-44.0%
<b>Changes in Premium Technical Reserves</b>	<b>-256.8</b>	<b>-35.5</b>	<b>-624.5%</b>	<b>-54.0</b>	<b>-375.6%</b>	<b>-310.8</b>	<b>-21.6</b>	<b>NA</b>
Insurance	-129.2	51.4	NA	67.4	NA	-61.8	164.4	NA
Private Pension	-127.6	-86.8	-47.0%	-121.4	-5.1%	-249.1	-185.9	-33.9%
<b>Operating Expenses</b>	<b>-4,332.2</b>	<b>-4,034.6</b>	<b>-7.4%</b>	<b>-4,229.5</b>	<b>-2.4%</b>	<b>-8,561.7</b>	<b>-7,893.0</b>	<b>-8.5%</b>
<b>Insurance</b>	<b>-4,275.7</b>	<b>-3,989.9</b>	<b>-7.2%</b>	<b>-4,187.7</b>	<b>-2.1%</b>	<b>-8,463.4</b>	<b>-7,803.1</b>	<b>-8.5%</b>
Claims	-3,715.2	-3,450.6	-7.7%	-3,585.2	-3.6%	-7,300.3	-6,690.0	-9.1%
Acquisition Costs	-458.5	-429.6	-6.7%	-457.1	-0.3%	-915.6	-872.7	-4.9%
Other	-102.0	-109.7	7.0%	-145.4	29.9%	-247.5	-240.5	-2.9%
<b>Private pension</b>	<b>-32.3</b>	<b>-35.5</b>	<b>9.0%</b>	<b>-29.8</b>	<b>-8.4%</b>	<b>-62.1</b>	<b>-66.8</b>	<b>7.0%</b>
Benefits and Redemptions Expenses	-24.1	-27.6	12.6%	-21.1	-13.9%	-45.2	-51.0	11.4%
Acquisition Costs	-7.7	-7.3	-5.3%	-7.9	2.7%	-15.6	-14.8	-5.9%
Other	-0.5	-0.6	18.4%	-0.7	31.8%	-1.2	-1.0	-29.1%
<b>Saving Bonds</b>	<b>-19.3</b>	<b>-5.1</b>	<b>-278.4%</b>	<b>-8.5</b>	<b>-125.4%</b>	<b>-27.8</b>	<b>-15.8</b>	<b>-75.8%</b>
ASO	-4.0	-2.4	-69.3%	-2.6	-55.4%	-6.6	-4.5	-46.8%
Asset Management	-0.9	-1.7	45.7%	-0.9	-5.5%	-1.8	-2.9	36.7%
Other	0.0	0.0	99.9%	0.0	NA	0.0	0.0	99.9%
<b>Operating Gross Margin</b>	<b>496.5</b>	<b>287.8</b>	<b>72.5%</b>	<b>487.9</b>	<b>1.8%</b>	<b>984.5</b>	<b>704.4</b>	<b>39.8%</b>
<b>General and Administrative Expenses</b>	<b>-434.0</b>	<b>-365.3</b>	<b>-18.8%</b>	<b>-380.4</b>	<b>-14.1%</b>	<b>-814.4</b>	<b>-774.8</b>	<b>-5.1%</b>
<b>Net Investment Income</b>	<b>168.2</b>	<b>212.6</b>	<b>-20.9%</b>	<b>144.9</b>	<b>16.1%</b>	<b>313.1</b>	<b>436.7</b>	<b>-28.3%</b>
<b>Equity Interest Income</b>	<b>7.5</b>	<b>9.6</b>	<b>-22.4%</b>	<b>9.4</b>	<b>-21.0%</b>	<b>16.9</b>	<b>18.6</b>	<b>-9.4%</b>
<b>Other Equity Income / (Expenses)</b>	<b>2.5</b>	<b>2.0</b>	<b>26.3%</b>	<b>3.7</b>	<b>-33.0%</b>	<b>6.1</b>	<b>3.8</b>	<b>60.6%</b>
<b>Income before tax and social contribution</b>	<b>240.6</b>	<b>146.7</b>	<b>64.1%</b>	<b>265.6</b>	<b>-9.4%</b>	<b>506.2</b>	<b>388.8</b>	<b>30.2%</b>
Income Tax and Social Contribution	-105.4	-65.2	-61.7%	-123.5	14.7%	-228.9	-178.3	-28.4%
<b>Net Income</b>	<b>135.2</b>	<b>81.5</b>	<b>65.9%</b>	<b>142.0</b>	<b>-4.8%</b>	<b>277.2</b>	<b>210.5</b>	<b>31.7%</b>
Attributable to Non-Controlling Shareholders	0.2	-0.9	NA	-0.6	NA	-0.4	-1.3	67.2%
<b>Net Income After Non-Controlling Interests</b>	<b>135.4</b>	<b>80.6</b>	<b>68.0%</b>	<b>141.4</b>	<b>-4.3%</b>	<b>276.8</b>	<b>209.2</b>	<b>32.3%</b>

## 10. Summary Balance Sheet

### ASSETS

(R\$ million)	2Q18	2017	Δ
<b>Current Assets</b>	<b>17,422.3</b>	<b>17,014.3</b>	<b>2.4%</b>
Cash, cash equivalents and marketable securities	14,528.2	14,119.2	2.9%
Receivables	2,027.8	1,974.2	2.7%
Taxes	130.5	225.3	-42.1%
Reinsurance assets	38.9	25.2	54.7%
Salvages for sale	49.1	51.1	-4.0%
Deferred acquisition costs	617.3	596.2	3.5%
Other	30.5	23.2	31.6%
<b>Non-current assets</b>	<b>6,647.1</b>	<b>6,435.2</b>	<b>3.3%</b>
Marketable securities	1,172.5	1,147.0	2.2%
Receivables	810.1	718.4	12.8%
Judicial deposits	2,887.6	2,856.4	1.1%
Reinsurance assets	8.9	7.7	16.2%
Deferred acquisition costs	540.6	498.1	8.5%
Taxes	867.7	796.0	9.0%
Other	5.0	3.0	68.1%
Investments, property and equipment, and intangible assets	354.6	408.6	-13.2%
<b>Total Assets</b>	<b>24,069.4</b>	<b>23,449.5</b>	<b>2.6%</b>

### LIABILITIES

(R\$ million)	2Q18	2017	Δ
<b>Current Liabilities</b>	<b>8,815.1</b>	<b>8,803.9</b>	<b>0.1%</b>
Accounts payable	1,504.7	1,706.0	-11.8%
Loans and financing	135.6	300.0	-54.8%
Insurance and reinsurance liabilities	310.2	289.9	7.0%
Technical reserves - Insurance	6,793.9	6,422.1	5.8%
Judicial provisions	62.7	78.3	-19.8%
Other	7.9	7.6	3.7%
<b>Non-current Liabilities</b>	<b>9,390.3</b>	<b>9,005.2</b>	<b>4.3%</b>
Accounts payable	31.5	32.5	-3.0%
Loans and financing	1,325.5	1,284.5	3.2%
Technical reserves - Insurance	5,613.8	5,326.0	5.4%
Judicial provisions	2,402.3	2,341.3	2.6%
Other	17.1	20.9	-18.3%
<b>Shareholders' Equity</b>	<b>5,864.0</b>	<b>5,640.4</b>	<b>4.0%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>24,069.4</b>	<b>23,449.5</b>	<b>2.6%</b>

## 11. Analyst Coverage

Firm	Analyst	Phone
Ágora	Aloísio Lemos	+55 (21) 2529-0807
Bradesco	Rafael Frade	+1 (212) 906 0874
Brasil Plural	Eduardo Nishio	+55 (11) 3206-8240
BTG Pactual	Eduardo Rosman	+55 (11) 3383-2772
Credit Suisse	Lucas Lopes	+55 (11) 3701-6052
JP Morgan	Domingos Falavina	+1 (212) 622 3602
Merrill Lynch	Gustavo Schroden	+55 (11) 2188-4588
Santander	Henrique Navarro	+55 (11) 3012-5756
UBS	Frederic De Mariz	+55 (11) 3513-6511

## 12. Glossary

**Operating revenues:** this account is comprised of (i) sum of net insurance retained premiums; (ii) contributions, management fees and other private pension revenues; (iii) collection revenues net of changes in technical provisions and other deductions; (iv) management fees and other revenues from Health administrative Services Only (ASO) plans; (v) management and performance fees from the asset management operation.

**Operating expenses:** this account is comprised of (i) insurance expenses (claims, acquisition costs and other insurance expenses); (ii) private pension expenses (benefits and redemptions, acquisition costs and other operating expenses); (iii) savings bonds expenses (acquisition costs and other expenses); (iv) general expenses related to ASO plans, excluding payable events already deducted from revenues; (v) general expenses related to the asset management operation; (vi) other expenses not directly linked to the operations.

**Operating gross margin:** this account is comprised of operating revenues net of operating expenses and changes in insurance and private pension technical provisions.

### Insurance Operational Ratios

**Loss ratio:** is the ratio between retained claims and earned premiums.

**Acquisition cost ratio:** the ratio between insurance acquisition costs and earned premiums.

**Combined ratio:** equals the sum of the loss ratio, acquisition cost ratio, other insurance operating revenues and expenses ratio, insurance tax expenses ratio and insurance gross margin ratio, which are calculated over earned premiums, and the division of general and administrative expenses by retained premiums.

**Operating ratio:** equals the difference between the combined ratio and the investment income ratio, which is calculated over retained premiums.

Other data can be found in the fundamentals spreadsheet, available at the Investor Relations website ([www.sulamerica.com.br/ir](http://www.sulamerica.com.br/ir))

### Other Consolidated Ratios

**Operating gross margin:** the ratio between operating gross margin and total operating revenues.

**General and administrative expenses ratio:** the ratio between general and administrative expenses and total operating revenues.

**Net margin:** the ratio between net income and total operating revenues.

**Return on average equity (ROAE):** considers net income in the last twelve months and average shareholders' equity in the period.

Some percentages and other figures included in this performance report have been rounded for ease of presentation and therefore may present small differences in the tables and notes of quarterly information. Additionally, for the same reason, the totals in certain tables may not reflect the arithmetic sum of the previous values. Consolidated net income, net income per unit, and ROAE figures consider results for the Company net of non-controlling interest.