



Diagnósticos  
da América

## Quarterly Report Second Quarter Results

*August 2005*



## Disclaimer

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*The statements contained in this presentation about the Company's business prospects, operating and financial result projections and potential growth are merely forecasts based on the expectations of Company Management in relation to its future performance. Such estimates are highly dependent on market behavior, on Brazil's economic performance and on industry and international market conditions. As such, they are subject to change.*

# Diagnósticos da América S.A.

- ▶ Largest clinical laboratory and diagnostic imaging company in Latin America;
- ▶ One of the six largest public medical diagnostic companies in the world;
- ▶ The first healthcare company in Latin America to go public.

## DASA Highlights <sup>1</sup>

Requisitions in 2005	2.7 million
Menu of Tests Offered	more than 3,000
Patient Service Center (PSC) - July 2005	176
Mega Units <sup>2</sup>	20
Central Labs	3
Call center	27,000 calls / day
Certifications	ISO 9001, INMETRO
Accreditations	College of American Pathologists
Employees (July, 2005)	5,000

Notes:

- 1 As of June 30 2005, except as otherwise mentioned
- 2 PSC with more than 15,000 square feet

## Clinical Analysis



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## Imaging Services



# Highlights

- ▶ Gross revenues totaled R\$ 144.1 million in the second quarter 2005 (2Q05), a 15% growth compared to last year, boosted by a 30% increase in imaging services revenues.
- ▶ Adjusted EBITDA was 20% higher, achieving R\$ 34.9 million in the quarter as a result of margin improvements in the production areas.
- ▶ Net earnings increased to R\$ 5.0 million with a 3.7% net margin.

## Financial Highlights (R\$ MM)

	2Q05	2Q04	% Chg
<b>Gross Revenues</b>	<b>144.1</b>	<b>125.2</b>	<b>15.1%</b>
<b>Net Revenues</b>	<b>133.2</b>	<b>113.3</b>	<b>18%</b>
Cost of Services Rendered	(89.3)	(77.7)	15.0%
Gross Profit	43.9	35.6	23.3%
Operating Expenses	(36.0)	(42.9)	-16.1%
<b>Adjusted EBITDA</b>	<b>34.9</b>	<b>29.2</b>	<b>19.6%</b>
<i>Adjusted EBITDA Margin (%)</i>	<i>26.2%</i>	<i>25.7%</i>	
<b>Net Earnings</b>	<b>5.0</b>	<b>(8.0)</b>	<b>N.A.</b>
<i>Net Margin (%)</i>	<i>3.7%</i>	<i>-7.0%</i>	
<b>Shareholders' Equity</b>	<b>260.6</b>	<b>118.7</b>	<b>119.5%</b>
<b>Net Debt</b>	<b>50.8</b>	<b>147.6</b>	<b>-65.6%</b>

## Growth Strategy Update

### ORGANIC

- ▶ 3 new PSC's opened
- ▶ 2 standard units being expanded to mega
- ▶ 3 new units under construction (2 Mega)

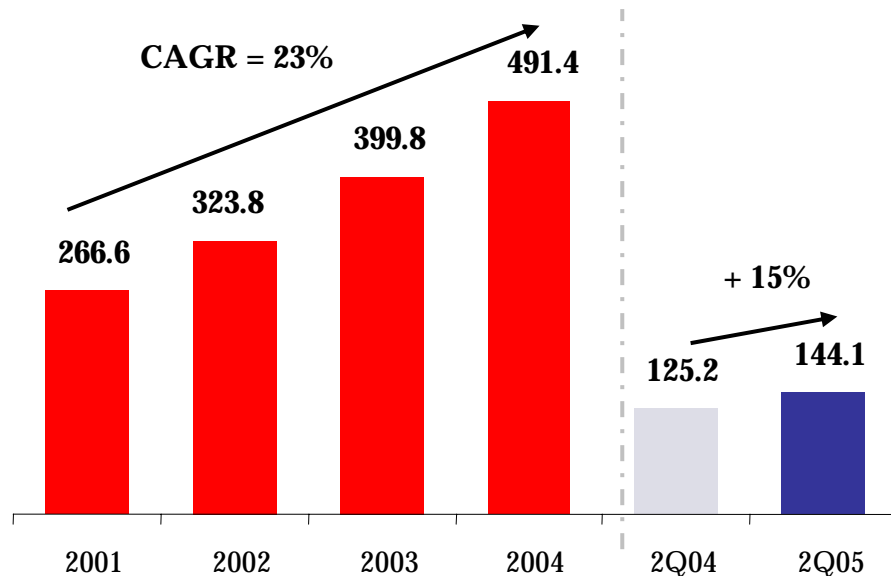
### ACQUISITIONS

- ▶ Acquisition of Laboratório Frischmann Aisengart (July 6<sup>th</sup>)
- ▶ Another 25 prospects under analysis in 8 different regions

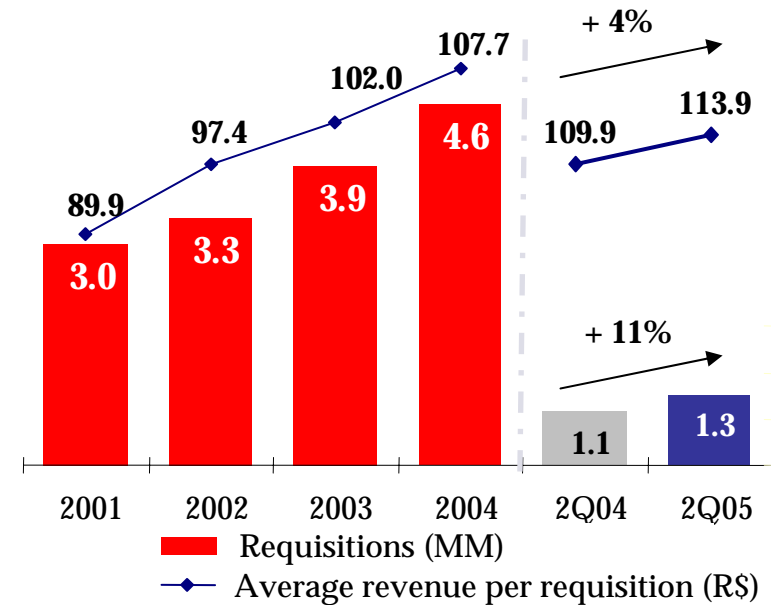
# Gross Revenues

- ▶ The 15% growth in gross revenues reflects an 11% increase in the volume of requisitions and a 4% increase in the average revenue per requisition.
- ▶ The increase in the number of requisitions reflects both the addition of 12 PSCs and the higher number of requisitions per PSC. The average revenue per PSC increased by 6% in the quarter.
- ▶ Revenues from same units increased 7% y-o-y.

Gross Revenues Evolution (R\$ MM)



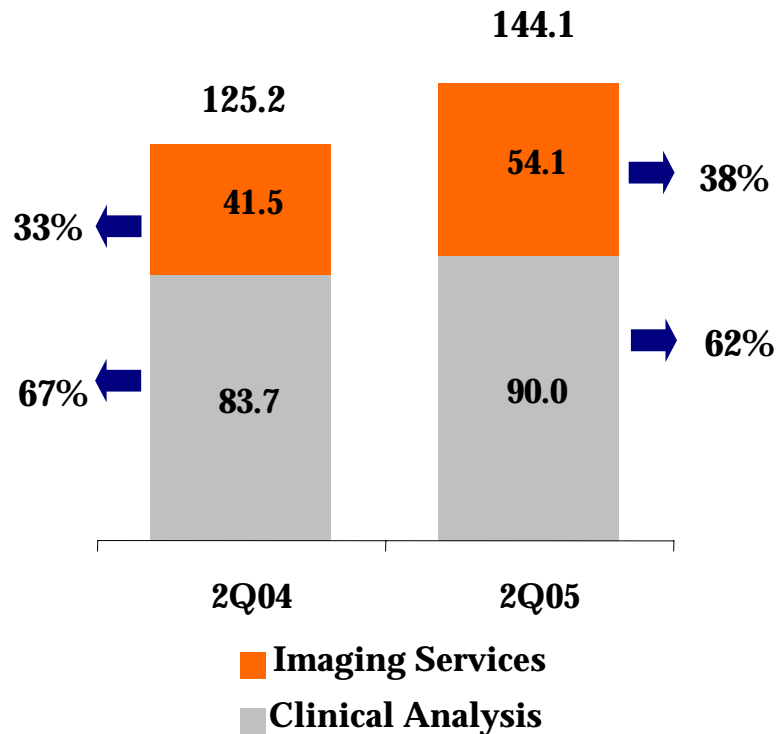
Growth Drivers (R\$ MM)



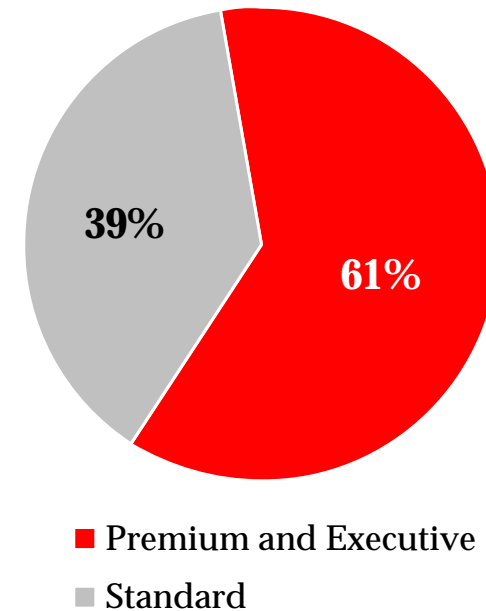
# Gross Revenues – Bridging the Imaging Gap

- ▶ Revenues from imaging services accelerated the company growth, expanding 30% quarter over quarter and accounting for 38% of DASA’s operating gross revenues in 2Q05.
- ▶ Club DA continues to gain market share in the premium segment, having grown 88% when compared to 2Q04.

Revenues per Service Line (R\$ MM)



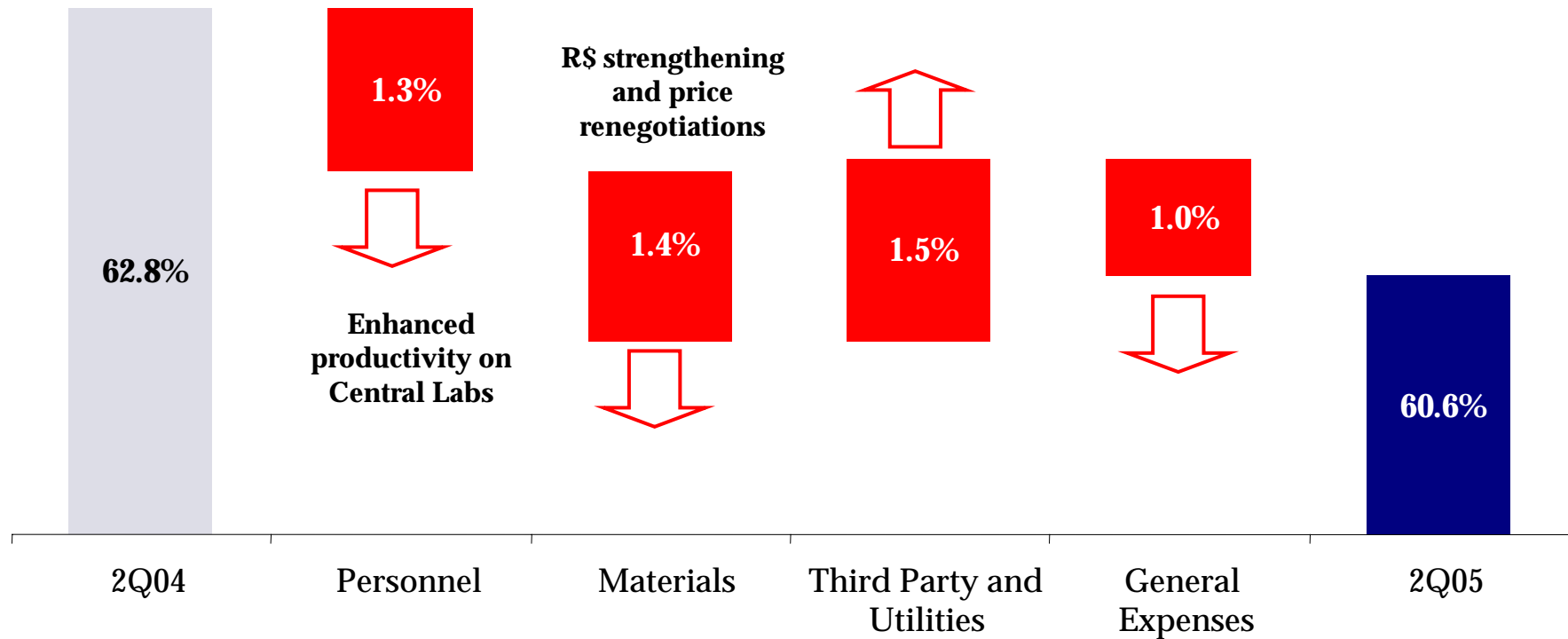
Revenues per Segment



# Gross Profit – Margin Improvements

- ▶ Gross profit margin increased by 1.4 p.p., as a consequence of synergies, scale gains and cost dilution.
- ▶ Improvements in gross profit are even more significant when we analyze the 2.2 p.p. reduction in ‘cash’ costs.

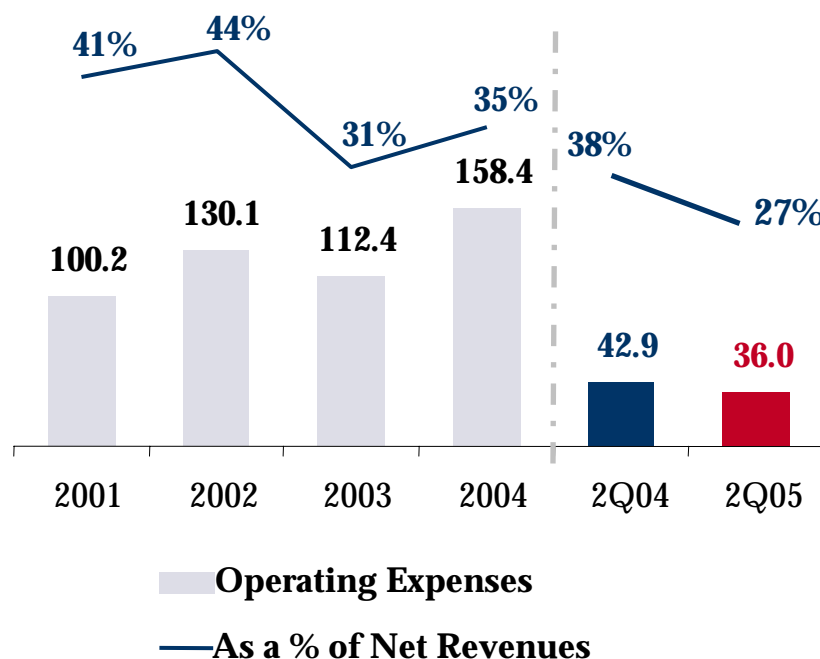
## Cost of Services Rendered – ‘Cash’ Costs (as a % of Net Revenues)



# Operating Expenses

- ▶ Operating expenses summed to R\$ 36.0 MM, 16% below the R\$ 42.9 MM posted in 2Q04. The decrease in SG&A, financial expenses and in goodwill amortization were key to bring operating expenses 10.8 p.p down as a percentage of revenues.

## Operating Expenses Evolution (R\$ MM)



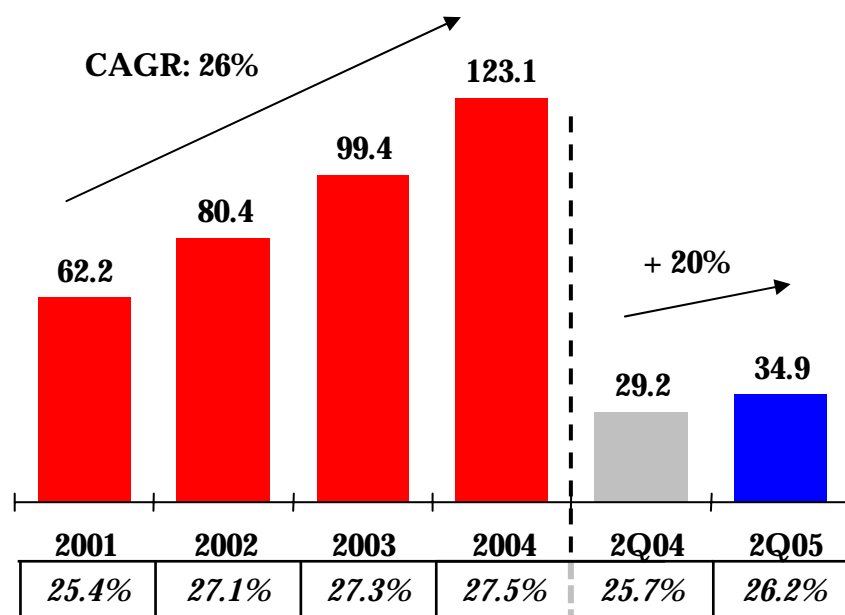
## Operating Expenses Breakdown (R\$ MM)

	2Q05	2Q04	Dilution (p.p)
SG&A Expenses (Cash)	23,8	24,8	-4,0
Depreciation & Amortiz	1,3	0,9	0,2
Net Financial Expenses	3,1	7,5	-4,3
Goodwill Amortization	8,1	11,7	-4,2
Other Expenses (Revenues)	(0,3)	(1,9)	1,5
<b>Operating Expenses</b>	<b>36,0</b>	<b>42,9</b>	<b>-10,8</b>

# Adjusted EBITDA

- ▶ Adjusted EBITDA reached R\$ 34.9 MM in the 2Q05, increasing 20% quarter over quarter, as a result of the margin improvement obtained at production areas.
- ▶ As a % of net revenues, Adjusted EBITDA margin increased 0.5 p.p..

## Adjusted EBITDA Evolution (R\$ MM)



Adjusted EBITDA Margin

## Adjusted EBITDA (R\$ MM)

	2Q05	2Q04	% Change
<b>Net Earnings</b>	<b>5,0</b>	<b>(8,0)</b>	<b>NA</b>
Net Financial Expenses	(3,1)	(7,5)	-59%
Depreciation & Amortiz	(9,9)	(7,5)	32%
Goodwill Amortization	(8,1)	(11,7)	-31%
Non-Operating Result	(0,2)	0,6	-126%
Income Tax	(2,7)	(1,3)	114%
<b>EBITDA</b>	<b>29,0</b>	<b>19,3</b>	<b>50%</b>
Non-Recurring Expenses*	(5,9)	(9,8)	-40%
<b>Adjusted EBITDA</b>	<b>34,9</b>	<b>29,2</b>	<b>20%</b>

\* Note: 2Q05, includes R\$ 3.3 MM from bonus payment, R\$ 0.9 MM of ICMS provision and R\$ 1.7 MM of IPO and M&A related expenses

# Expansion Agenda

- ▶ Currently, we have 3 new units under construction, 2 of which are mega units with more than 15.000 square feet and broad range of imaging services. Additionally, 2 standard PSC are under refurbishment to be converted into mega units.
- ▶ On July 6th, DASA announced the acquisition of Laboratório Frischmann Aisengart, located in Curitiba, Paraná State.
- ▶ Aisengart is the market leader in Curitiba, has a very strong penetration and brand awareness supported by 60 years of tradition;
  - ▶ DA plans to leverage on FA's strong brand recognition and trustworthiness to introduce imaging services in the patient service centers, including the opening of a new mega unit within the next 12 months.

## Acquired Company Highlights (2004)

Gross Revenues (R\$ MM)	28.4
Adjusted EBITDA (R\$ MM)	3.2
Clinical Analysis EBITDA (R\$ million)	4.8
EBITDA Margin	12.3%
# of Patient Service Centers	16
Avg. # of requisitions per month	40,000

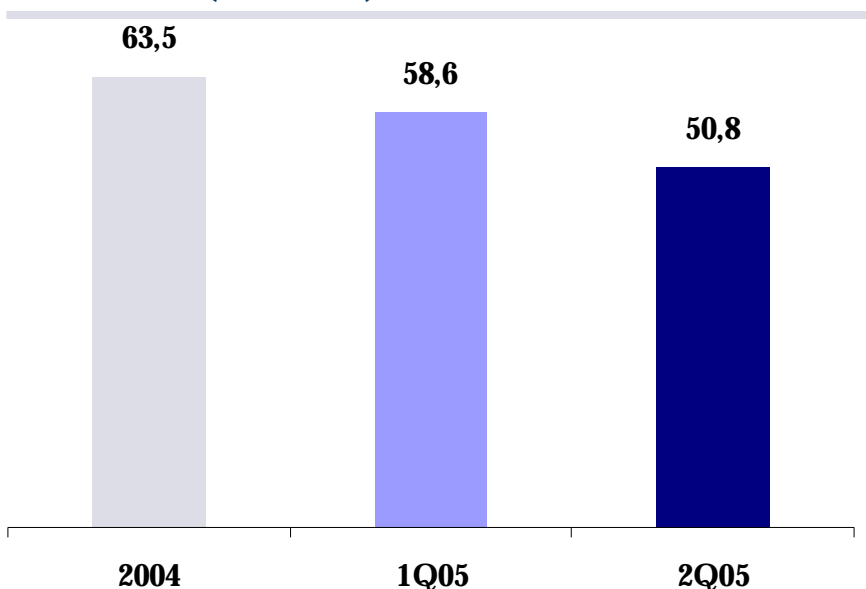
## Highlights of the Deal

Enterprise Value (R\$ million)	32.3
Clinical Analysis EV	29.1
EV / EBITDA (Clinical Analysis)	6.1x
EV / Gross Revenues	1.1
Down payment	90%

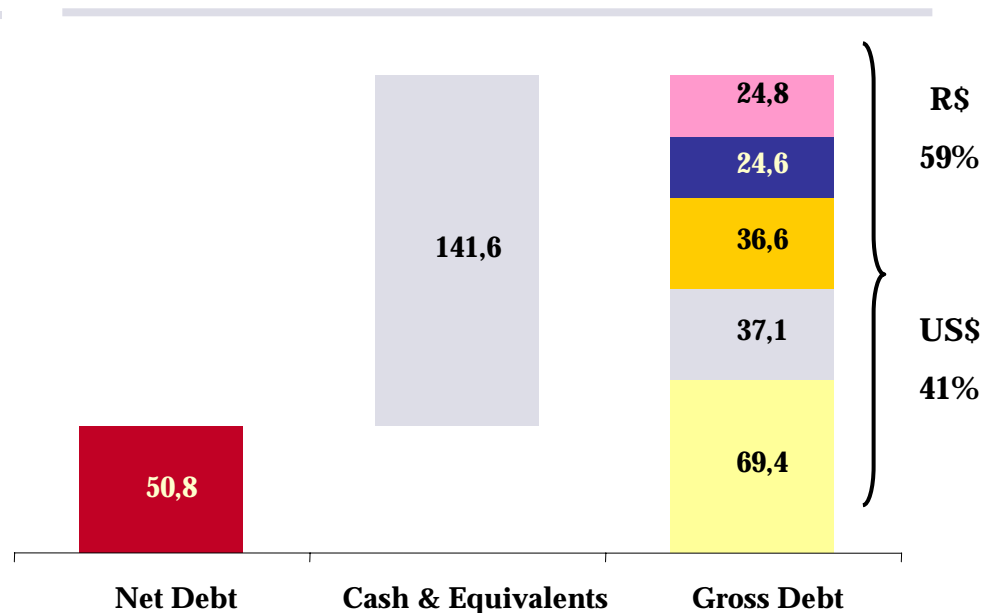
# Indebtedness

► During 2Q05, net debt reduced by R\$ 7.7 MM to R\$ 50.8 MM from 1Q05 (13.3%).

### Net Debt (R\$ MM)



### Debt Breakdown (R\$ MM)



- 1) Swap
- 2) Taxes in Installments
- 3) Sellers' Financing
- 4) Equipment Financing
- 5) Bank Loans

## Corporate Actions and Subsequent Events

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### **Acquisition of Laboratório Pasteur**

On April 4th, DASA acquired Laboratório Pasteur, located in Brasília, a remarkably high-income market and major region of consumption of diagnostic medicine services. The Brazilian Antitrust Commission (CADE) has approved the acquisition on July 14, 2005.

### **Acquisition of Laboratório Frischmann Aisengart**

On July 5<sup>th</sup>, 2005, DASA acquired 92.92% of the shares of Laboratório Frischmann Aisengart. The operation was authorized by the Board of Directors on 07.05.2005 and ratified by the stockholders in a Special Shareholders' Meeting held on 08.01.2005. On August 4th, DASA signed an agreement aiming to acquire the remaining 7.02% of the remaining shares.

### **Incorporation of Subsidiaries**

In the Special Shareholders' Meeting of August 1, DASA's stockholders authorized the Company to incorporate the following subsidiaries: Centro Radiológico da Lagoa Ltda., Presmedi Rio Serviços Médicos Ltda., Elkis e Furlanetto Centro de Diagnósticos e Análises Clínicas Ltda., Elkis e Furlanetto Laboratório Médico Ltda., and Laboratório Pasteur de Patologia Clínica S/S Ltda.. This operation will enable DASA to rationalize its business operations under a single structure and thus reduce its costs and administrative expenses.

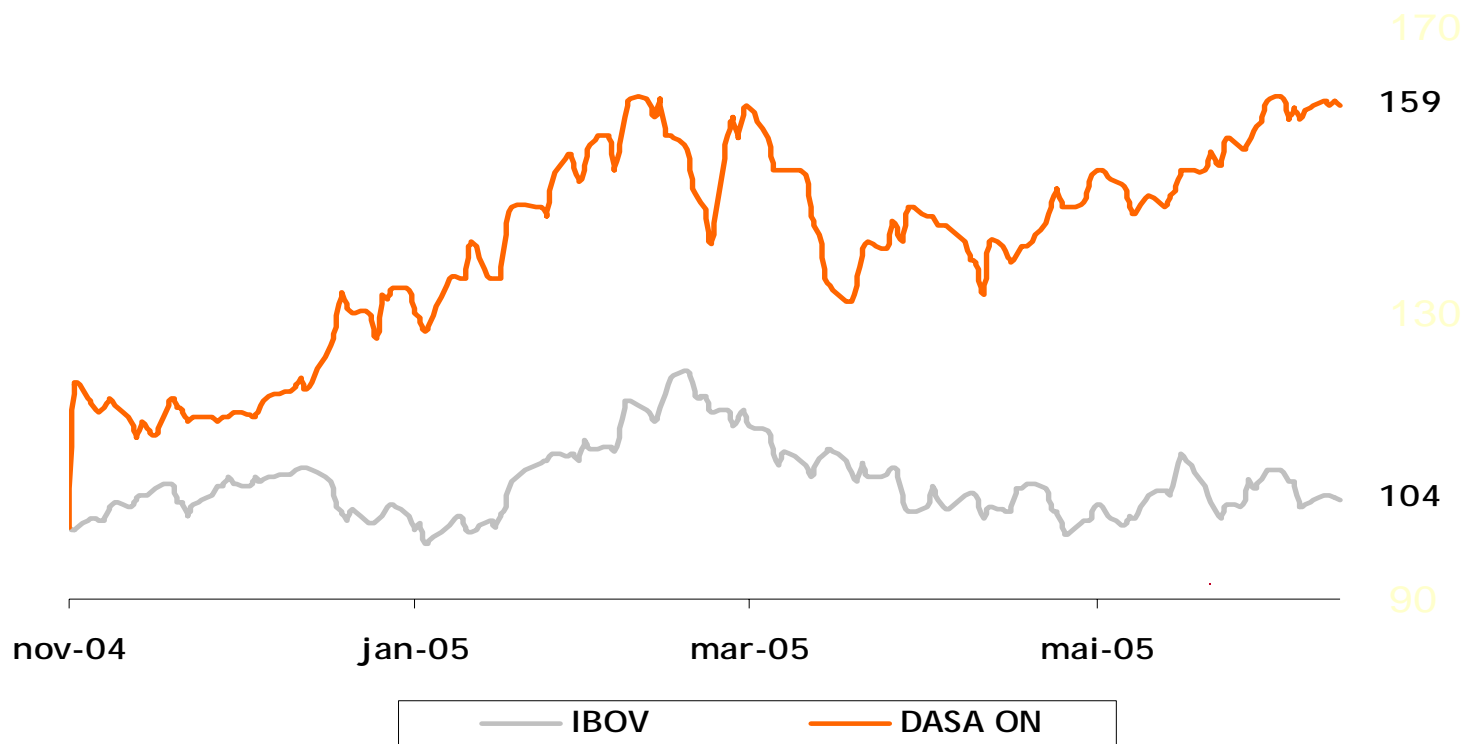
### **IR Awards Honor Mention**

On June 14th, DASA was honored by IR Magazine, a traditional magazine in the IR community, as one of the best Investor Relations Companies from an IPO in Brazil.

# Stock Performance

- ▶ Since the IPO, in November 11<sup>th</sup>, 2004 until June 30<sup>th</sup>, 2005, DASA's stock price went up 59%, outperforming the IBOVESPA Index, which raised 4% within the period.

## DASA3 vs. IBOVESPA





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