

EARNINGS RELEASE 3Q18

Investor Relations
Marcos Aurélio Couto
CEO and
Investor Relations Officer
+55 (11) 3175-2900

ri@brinsurance.com.br
Renan Stocco Baccarin
Investor Relations
Manager
+55 (11) 3175-2920

BR INSURANCE ANNOUNCES GROWTH OF 18.8% IN NET REVENUE COMPARED WITH 3Q17 AND ADJUSTED EBITDA OF R\$ 2.1 MILLION

BR Insurance Corretora de Seguros S.A. (B3: BRIN3) – one of the largest and most diversified insurance brokers in Brazil announces its 3Q18 results.

This quarterly information was reviewed by Grant Thornton Auditores Independentes and prepared in accordance with the accounting practices adopted in Brazil, the international financial reporting standards (IFRS), and CVM (Brazilian Securities and Exchange Commission) regulations.

Message from Management

Dear shareholders,

In the first half of 2018 we operated intensively in the two main pillars of our strategic planning: **commercial efficiency** and **profitability gain**. Now, in the third quarter, initiatives and projects structured during 2018 begin to bring the first results with the reporting of a **positive EBITDA after 15 consecutive negative quarters (except 1Q16) and a robust revenue growth of 18.8% against 3Q17 and 1.3% against 2Q18**. When excluding the non-recurring effects for the quarter, **EBITDA in 3Q18 reached R\$ 2.1 million, with a margin of 9.4%**. Moreover, the Company generated recurring cash of R\$ 1.8 million in the period, ending the quarter with a cash balance of R\$ 41.0 million.

During this quarter, we made an important investment in structuring the BR Insurance digital platform, with the goal of improving our clients' experience and increasing our operational efficiency. This is a strategic long-term project that seeks to position the Company as one of the most innovative brokers in Brazil.

We continue to invest in our commercial and business intelligence team to accelerate the potential of our cross-sell initiatives and allow a detailed monitoring of our prospects, conversion funnel and profitability of our sales channels.

These initiatives allowed a more accurate analysis of the profitability of our channels of operation and Business Units, with greater focus and investments in more profitable operations and cost adjustments in channels with low profitability. In this quarter we highlight the top line of the Benefits and Auto Units, which grew by 12.6% and 16.1%, respectively, when compared to 3Q17, due to the organic growth of their client bases and the acquisition of new contracts in the period.

The commercial team of the P&C Unit also received new investments, aiming to gain new clients and offer increasingly customized insurance solutions. Our sales team has been consistently increasing the pipeline of new clients and we expect that throughout 2019 we will resume the growth of this Business Unit.

Regarding expense control, the Company's management continues to generate operating efficiency through renegotiations with its service providers and the optimization of its personnel structure, which

in twelve months had a 20.6% reduction in its workforce. Together, the Personnel and Infrastructure lines accounted for almost 83% of expenses for this quarter and, when compared to 3Q17, the savings totaled R\$ 2.1 million in this 3Q18.

On October 19, 2018, Mr. Luiz Roberto Mesquita de Salles Oliveira presented to the Board of Directors his letter of resignation to the position of Chief Operations Officer. On behalf of BR Insurance and the Board of Directors, we are thankful for his commitment and valuable contribution over the last few years.

The Company remains committed to its strategic plan to generate profitability and increase its relevance in all its markets, always seeking high performance in all its fronts of action.

Marcos Aurélio Couto
CEO and Investor Relations Officer

Conference Call



We will hold a conference call to discuss the quarterly results on November 9, 2018 as disclosed in the calendar sent to CVM. Time: in Portuguese, at 10h00, Brasilia's Time (07h00 New York's Time) and in English, at 11h00, Brasilia's Time (08h00 New York's Time).

The attendees must call +55 (11) 2188-0155 for domestic calls and +1 (412) 317-6776 for international calls. The access code for all numbers is BR Insurance. The live audio of the conference calls may be accessed at <http://ri.brinsurance.com.br/>. We will provide a replay of the audio about two hours after the event.

Subsequent Events

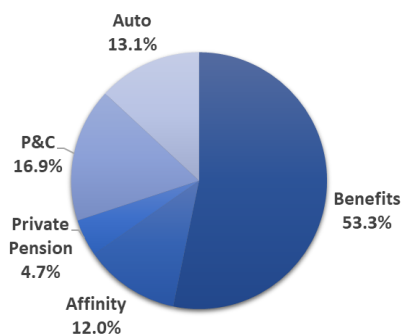
- **Resignation of the Chief Operations Officer:** on October 19, 2018 Mr. Luiz Roberto Mesquita de Salles Oliveira presented to the Board of Directors his letter of resignation to the position of Chief Operations Officer, position he had held since December 16, 2017. On the same date, Mr. André Martins, who held the position of Chief Business Officer, began to cumulatively hold the positions of Chief Business Officer and Chief Operations Officer of BR Insurance. Further details are found in the [Material Fact](#).
- **Election of Chief Business Officer and Technical Officer before SUSEP:** on October 23, 2018, the Board of Directors elected Mr. Antônio Luiz Joaquim Sallenave de Azevêdo as Chief Business Officer and Technical Officer of BR Insurance before SUSEP. Mr. Azevêdo holds a degree in Veterinary Medicine from UFBA ("Federal University of Bahia") and started his career in insurance as a Commercial Supervisor at "Minas Brasil Seguros". He was commercial manager of "Banco Mercantil de São Paulo" and also manager at Marsh Bahia. He founded "Sercose Corretora de Seguros", which was acquired by BR Insurance in 2010. Further details are found in the [Notice to the Market](#) published by the Company.
- **Sale of Subsidiary:** on November 7, 2018, the Company sold all its shares of "Carraro Corretora de Seguros Ltda.", through the execution of an Agreement for the Purchase and Sale of Shares. This operation is in line with the portfolio optimization process being carried out, since the subsidiary did not present synergy with the Company's strategic repositioning. Further details are found in the [Notice to the Market](#) published by the Company.

Analysis of 3Q18 Results

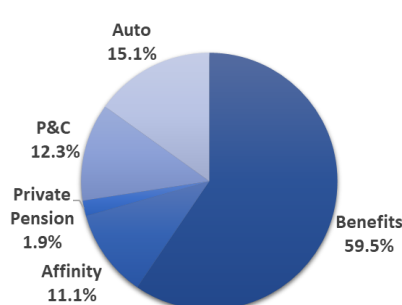
- Net Revenue**

R\$ thousand	Consolidated					
	3Q18	3Q17	Ch. %	3Q18	2Q18	Ch. %
Net Revenue	22,483	18,921	18.8%	22,483	22,194	1.3%

Net Revenue % (3Q18)



Net Revenue % (3Q17)



BR Insurance's 5 business units delivered an 18.8% increase in Net Revenue in 3Q18 compared to the same period of last year and 1.3% compared to the immediately preceding quarter. The main growth was in the Benefits Unit, which increased from a 53.3% revenue contribution in 3Q17 to 59.5% in 3Q18, due to the organic growth of its client base and the acquisition of new contracts in the period. The Auto Unit also increased its share in the Company's Revenue due to the good commercial performance in the period.

In this quarter, investments were made in the commercial team of the P&C Unit, aiming to gain new clients and offer customized insurance solutions to the market. The Affinity Unit remained virtually in line with the last twelve months, and the reduction of its percentage share in the comparison above is chiefly due to the increase in the contributions of Benefits and Auto.

This evolution reflects the BR Insurance Management's focus on the organization and training of its commercial teams, resulting in the generation, in consolidated analysis, of increasingly business opportunities in all fronts of the Company's operations, even in the midst of a macroeconomic environment still quite challenging and uncertain.

• Operating Expenses

R\$ thousand	Consolidated					
	3Q18	3Q17	Ch. %	3Q18	2Q18	Ch. %
SG&A	(20,792)	(21,329)	-2.5%	(20,792)	(32,140)	-35.3%
Personnel	(15,195)	(16,887)	-10.0%	(15,195)	(14,819)	2.5%
Institutional and Legal	(1,764)	(1,313)	34.4%	(1,764)	(12,950)	-86.4%
Infrastructure	(1,970)	(2,369)	-16.8%	(1,970)	(1,791)	10.0%
Commercial / Marketing Expenses	(808)	(702)	15.1%	(808)	(1,116)	-27.6%
Other Operating Expenses	(1,055)	(58)	1711.9%	(1,055)	(1,464)	-27.9%

Note: the "Transfers" account, now presented within Operating Expenses, is no longer considered in this manner and historical figures have been updated reflecting this change in the presentation of this Earnings Release

Operating Expenses decreased 2.5% compared to the same quarter last year. As published in the [2Q18 Earnings Release](#), between April and June 2018, the Company performed a detailed review of its judicial contingencies, impacting significantly the expenses for the second quarter. When this effect was disregarded, total expenses remained virtually steady in the comparison 3Q18 vs. 2Q18. The main variations are detailed below:

Personnel: the savings of 10.0% compared to 3Q17, or approximately R\$ 1.7 million, is due to the 20.6% reduction in the Company's staff, from 588 people at the end of 3Q17 to 467 in 3Q18. Compared to 2Q18, the 2.5% increase in the Personnel line is directly related to the severance payments of some of the Company's officers in the period.

Institutional and Legal: in the third quarter of this year, the Company recorded R\$ 1.8 million in Institutional and Legal expenses, representing a 34.4% increase in this expense line when compared to 3Q17. This increase occurred due to the payment of arbitration in a legal dispute faced by the Company and, when this effect is disregarded as it is not a recurring expense, this expense line returns to the expense level considered normal for the BR Insurance business, remaining virtually steady in comparative terms. Recalling that in 2Q18 there was a detailed review of contingencies (with no impact on the Company's cash position).

Infrastructure: the restructuring and review of the planning of all the Company's areas and business units resulted in reductions in virtually all lines of this expense group in the last twelve months, resulting in a total decrease of 16.8% in the comparison 3Q18 vs. 3Q17. The largest savings were in building occupations, telephony and warehousing. Compared with the immediately preceding quarter, Infrastructure expenses had a net increase of 10.0% due to changes and renovations of the Company's branches in the period.

Commercial/Marketing Expenses: in 2018, in line with the commercial strengthening of all business units, the Company began to invest more in marketing and client relations, resulting in an increase of 15.1% in these 3Q18 expenses when compared to 3Q17. In the immediately preceding quarter, the 27.6% reduction occurred due to the concentration of events and advertising expenses in 2Q18.

• EBITDA and Adjusted EBITDA

R\$ thousand	Consolidated					
	3Q18	3Q17	Ch. %	3Q18	2Q18	Ch. %
EBITDA	427	(3,281)	N/A	427	(12,117)	N/A
<i>EBITDA Mg</i>	1.9%	-17.3%	19.2% p.p.	1.9%	-54.6%	56.5% p.p.
Non recurring adjustments	1,676	258	550.2%	1,676	10,078	-83.4%
Restructuring Expenses	404	-	N/A	404	874	-53.7%
Institutional and Legal	1,271	258	393.2%	1,271	9,204	-86.2%
Contingency Reviews	923	258	258.1%	923	9,204	-90.0%
Extraordinary Expenses with Arbitration	348	-	N/A	348	-	N/A
Adjusted EBITDA*	2,102	(3,023)	N/A	2,102	(2,039)	N/A
<i>Adjusted EBITDA Mg.*</i>	9.4%	-16.0%	25.3% p.p.	9.4%	-9.2%	18.5% p.p.

* Management information; unaudited data.

During this quarter, as a result of the growth in Net Revenue and the control of Operating Expenses, due to the continuous cost reduction process, the Company reached EBITDA of R\$ 0.4 million, with a Margin of 1.9%. In the same period of last year, EBITDA was negative by R\$ 3.3 million. When excluding the non-recurring events of restructuring expenses, effects of judicial contingency reviews and arbitration expenses incurred in this quarter, EBITDA in 3Q18 would have been R\$ 2.1 million, with a margin of 9.4%, representing an increase of 25.3 percentage points over the same period last year. Therefore, BR Insurance once again delivers results at positive levels, demonstrating consistency in its business management.

• Net Profit/Loss

R\$ thousand	Consolidated					
	3Q18	3Q17	Ch. %	3Q18	2Q18	Ch. %
Net Profit/Loss	(877)	(22,539)	-96.1%	(877)	(17,638)	-95.0%
Non recurring adjustments	1,676	258	550.2%	1,676	10,078	-83.4%
Adjusted Net Profit/Loss*	799	(22,281)	N/A	799	(7,560)	N/A

* Management information; unaudited data.

After the recording of Depreciation and Amortization, Non-Recurring Expenses, Finance Income (Costs) and Income Tax and Social Contribution, the Company closed 3Q18 with a net loss of R\$ 0.9 million, against a loss of R\$ 22.5 million in the same quarter of last year, which was strongly impacted by the recording of Impairment of some cash-generating units in an amount greater than R\$ 16.2 million. When adjusted by the already mentioned non-recurring effects of this quarter, the Company presented Adjusted Net Income of R\$ 0.8 million.

• Cash Generation/Consumption

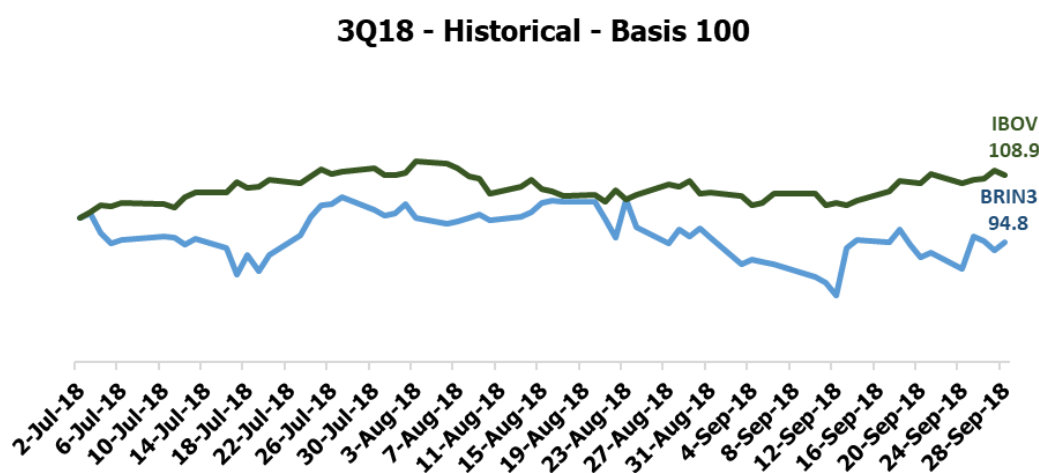
The Company generated R\$ 1.8 million in recurring cash in the third quarter of 2018 (including finance income) and ended the quarter with Cash / Cash Equivalents and Securities totaling R\$ 41.0 million. The restructuring process generated total expenses of R\$ 0.4 million in the quarter and R\$ 2.1 million since its inception.

Cash <i>R\$ thousands</i>	Consolidated	
	3Q18	2Q18
Initial Balance	39,719	42,510
Final Balance	40,963	39,719
Change	1,244	(2,791)
Earn-out	-	(52)
Payment of Dividends	(296)	-
Disposal of Investments - net effect	15	-
Capex	(336)	(112)
Tax Credits	433	30
Restructuring	(404)	(874)
Generation / (consumption) of recurring cash	1,833	(1,783)
Financial Income	573	608
Net Recurring Cash from Financial Income	1,260	(2,391)

• Stock Performance and Capital Composition

BR Insurance's shares ended 3Q18 at R\$ 13.75, representing a depreciation of 6.5% in the quarter, while the Ibovespa index appreciated 9.0% during the same period.

The Company's shares were traded in all B3 trading sessions in 3Q18 and the average daily traded volume reached 19,457 shares.



Shares outstanding (free float)	6,081,901	79.2%
Founders and Acquired Brokers	1,286,320	16.8%
Treasury Stock	310,167	4.0%
Shares Issued	7,678,388	100.0%

- **Relationship with external auditors**

In accordance with CVM Instruction No. 381 of January 14, 2003, the Company informs that its policy for contracting services not related to external audit is based on principles that preserve the independence of the auditor. In the quarter ended September 30, 2018, "Grant Thornton Auditores Independentes" has been hired exclusively for the performance of audit services for the current year and review of the quarterly financial statements for the same fiscal year.

- **About BR Insurance Corretora de Seguros S.A.**

BR Insurance is one of the largest and most diversified insurance brokers in Brazil, with a broad portfolio of products and services covering diverse economic sectors and providing diversified sources of revenue. The Company has a strong presence in the corporate health, life, auto, industrial, service, foreign trade and consumer, among other sectors, catering to corporate clients and, to a smaller extent, individuals. For further information, visit www.brin3.com.br.

- **Disclaimer**

This document does not constitute an offer, invitation, or solicitation of an offer to subscribe for, or purchase any securities, this presentation nor anything contained herein form the basis to any contract or commitment whatsoever.

The material fact that follows contains general information about the business of BR Insurance Corretora de Seguros S.A. and its subsidiaries referring to the third quarter of 2018. This material must not be understood as an advice to potential investors, nor is this information intended to be complete as it is presented in a summarized form. No reliance should be placed on the accuracy, fairness, or completeness of the information presented herein and no representation or warranty, express or implied, is made concerning the accuracy of the information presented herein.

This release contains statements that may be forward-looking and are only predictions, not guarantees of future performance. Investors are warned that these forward-looking statements are and will be subject to many risks, uncertainties, and factors related to the operations and business environments of BR Insurance such as competitive pressures, the performance of the Brazilian economy and the industry, changes in market conditions, among other factors disclosed in BR Insurance filed disclosure documents. Such risks may cause the actual results of the Company to be materially different from any future results expressed or implied in such forward-looking statements.

BR Insurance believes that based on information currently available to management, the expectations and assumptions reflected in the forward-looking statements are reasonable. Nevertheless, BR Insurance cannot guarantee future results or events.

Lastly, the Company expressly refuses any duty to update any of the forward-looking statements contained herein.

• Statement of Income

R\$ thousand	Consolidated					
	3Q18	3Q17	Ch. %	3Q18	2Q18	Ch. %
Net Revenue	22,483	18,921	18.8%	22,483	22,194	1.3%
Transfers	(1,264)	(873)	44.8%	(1,264)	(2,170)	-41.7%
Gross Profit	21,219	18,048	17.6%	21,219	20,024	6.0%
SG&A	(20,792)	(21,329)	-2.5%	(20,792)	(32,140)	-35.3%
Personnel	(15,195)	(16,887)	-10.0%	(15,195)	(14,819)	2.5%
Institutional and Legal	(1,764)	(1,313)	34.4%	(1,764)	(12,950)	-86.4%
Infrastructure	(1,970)	(2,369)	-16.8%	(1,970)	(1,791)	10.0%
Commercial / Marketing Expenses	(808)	(702)	15.1%	(808)	(1,116)	-27.6%
Other Operating Expenses	(1,055)	(58)	1711.9%	(1,055)	(1,464)	-27.9%
EBITDA	427	(3,281)	-113.0%	427	(12,117)	-103.5%
<i>EBITDA Mg.</i>	1.9%	-17.3%	19.2% p.p.	1.9%	-54.6%	56.5% p.p.
Non recurring adjustments	1,676	258	550.2%	1,676	10,078	-83.4%
Adjusted EBITDA*	2,102	(3,023)	N/A	2,102	(2,039)	N/A
<i>Adjusted EBITDA Mg.</i>	9.4%	-16.0%	25.3% p.p.	9.4%	-9.2%	18.5% p.p.
Depreciation / Amortization	(2,065)	(2,533)	-18.5%	(2,065)	(2,170)	-4.9%
Other Results	23	(16,243)	N/A	23	(4,319)	N/A
Financial Result	526	63	732.2%	526	916	-42.6%
Profit Before Income Tax and Social Contribution	(1,088)	(21,994)	-95.1%	(1,088)	(17,690)	-93.8%
Income Tax and Social Contribution	211	(545)	-138.7%	211	52	305.6%
Net Profit/Loss	(877)	(22,539)	-96.1%	(877)	(17,638)	-95.0%
Non recurring adjustments	1,676	258	550.2%	1,676	10,078	-83.4%
Adjusted Net Profit/Loss*	799	(22,281)	N/A	799	(7,560)	N/A

* Management information; unaudited data.

- **Balance Sheet**

Balance Sheet	Consolidated	
R\$ Thousand	9/30/2018	6/30/2018
Assets		
Current Assets	58,550	58,486
Cash and Cash Equivalents	6,406	3,181
Financial Securities	34,557	36,538
Accounts Receivable	7,336	6,890
Taxes Receivable	9,326	10,723
Accounts Receivable from Disposal of Investments	441	439
Other Current Assets	484	715
Non-Current Assets	226,451	227,813
	4,610	4,004
Other Receivables from Related Parties	2,245	2,182
Taxes Receivable	21	21
Judicial Deposits	2,344	1,801
Other Non-Current Assets	0	0
Fixed Assets	3,520	3,762
Intangible	218,321	220,047
Total Assets	285,001	286,299

Balance Sheet	Consolidated	
R\$ Thousand	9/30/2018	6/30/2018
Liabilities		
Current Liabilities	20,929	20,853
Suppliers	6,938	6,860
Payroll And Social Charges	8,358	7,844
Taxes Payable	463	557
Taxes Payable	1,403	1,482
Dividend Payable	789	493
Accounts Payable from Related Parties	0	0
Accounts Payable for Subsidiaries Acquisition	390	345
Other Current Liabilities	2,588	3,272
Non-Current Liabilities	29,777	30,267
Deferred Income Tax and Social Contribution	9,488	10,026
Taxes obligation	295	320
Provision for judicial claims	18,899	18,853
Accounts payable for subsidiaries acquisition	955	927
Other non-current Liabilities	140	141
Equity	234,295	235,179
Social Capital	348,407	348,407
Treasury Shares	(36,827)	(36,827)
Premium on issued shares	143,932	143,932
Capital Reserve	46,329	46,329
Accumulated Loss	(267,547)	(266,671)
Non-controlling interest	1	9
Total Liabilities And Equity	285,001	286,299

• **Statements of Cash Flows**

Cash flow R\$ thousand	Consolidated	
	3Q18	2Q18
Cash flow from operating activities	7,504	(1,953)
Loss/Profit before income tax and social contribution	(1,088)	(17,690)
Revenues/Expenses adjustments – Non cash:	8,592	15,737
Bad Debt Provision	37	447
Depreciation and amortization	2,063	2,171
Reversal of fair value for accounts payable - acquisitions	73	(28)
Financial Guarantee	(64)	(384)
Provision for judicial claims	678	9,814
Interest and Income from securities	(690)	(477)
Disproportional dividend loss	291	354
Write-off fixed and intangible assets	70	3,218
Other Provisions	6,134	622
Increase/decrease in assets and increase/decrease in liabilities	(4,730)	(785)
Accounts Receivable	(483)	(1,077)
Tax Receivable – net of income tax and social contribution	1,158	2,713
Suppliers	(6,045)	3,118
Payroll obligations	514	(2,661)
Taxes Payable	(88)	(419)
Judicial Claims (redemption)	6	20
Payment of judicial claims	(632)	(502)
Tax credit refund	433	30
Other assets and liabilities	830	(302)
Income Tax and Social Contribution paid	(423)	(1,705)
Net cash from operating activities	2,774	(2,738)
Cash from investing activities		
Fixed assets acquisition and Intangible	(165)	(112)
Acquisitions payment (without cash acquired)	-	(50)
Investment / Redemption of securities	1,886	740
Disposal of investments (without discontinued operations - cash)	15	30
Net cash from investing activities	1,736	608
Cash flow from investing activities		
Related Parties – excluding financial guarantee	1	53
Dividends distribution - non-controlling interest	(1,286)	(467)
Net Cash from Financing Activities	(1,285)	(414)
Decrease in Cash and Cash Equivalents	3,225	(2,544)
Cash and cash equivalents on the beginning of the period	3,181	5,725
Cash and cash equivalents on the end of the period	6,406	3,181