

# EARNINGS RELEASE

## 4Q17



- 19.4 million members, an annual increase of 17.6%
- Gross Billings of points of R\$ 605.4 million in 4Q17, growth of 11.9% vs. 4Q16
- 23.3 billion of points issued in 4Q17, an increase of 15.7% vs. 4Q16  
28,3% of points accrual in non-air and non-financial partners
- 19.1 billion points redeemed, annual growth of 9,7%
- Net Income of R\$ 517.2 million in 2017.

Highlights (R\$ million)	4Q17	3Q17	Var %	4Q16	Var %	2017	2016	Var %
Points issued (billion)	23.3	20.9	11.5%	20.1	15.7%	92.0	80.7	14.0%
Points redeemed (billion)	19.1	18.0	5.8%	17.9	6.4%	75.7	69.1	9.7%
Burn/earn ratio (%)	81.8%	86.2%	-4.4p.p.	89.0%	-7.2p.p.	82.3%	85.6%	-3.2p.p.
Breakage ratio (average LTM, %)	17.5%	17.0%	0.5p.p.	17.0%	0.5p.p.	17.5%	17.0%	0.5p.p.
Gross billings of points	605.4	570.5	6.1%	540.8	11.9%	2,453.7	2,353.3	4.3%
<b>Net revenue</b>	<b>571.6</b>	<b>550.8</b>	<b>3.8%</b>	<b>547.4</b>	<b>4.4%</b>	<b>2,309.8</b>	<b>2,199.3</b>	<b>5.0%</b>
Gross income	163.6	183.8	-11.0%	176.4	-7.3%	747.3	752.0	-0.6%
<i>Gross margin %</i>	28.6%	33.4%	-4.8p.p.	32.2%	-3.6p.p.	32.4%	34.2%	-1.8p.p.
Financial Income	24.5	55.0	-55.5%	47.0	-47.9%	161.7	196.9	-17.9%
<b>Net income</b>	<b>94.5</b>	<b>162.4</b>	<b>-41.8%</b>	<b>116.2</b>	<b>-18.7%</b>	<b>517.2</b>	<b>513.8</b>	<b>0.7%</b>
<i>Net margin %</i>	16.5%	29.5%	-12.9p.p.	21.2%	-4.7p.p.	22.4%	23.4%	-1.0p.p.
Earnings per share	0.58	1.00	-41.8%	0.72	-18.7%	3.19	3.17	0.7%

Last price 12/28/2017	R\$ 35.00
Market cap 12/28/2017 (R\$ billion)	R\$ 5.6
Average traded volume on 4Q17 (R\$ million)	R\$ 11.9
EPS (R\$)	R\$ 0.58
Total shares	162,246,573
Shares in treasury	113,974

#### CONFERENCE CALL IN ENGLISH

[Click here to access the webcast](#)

**March, 08, 2017**  
11:00 a.m. (Brasília time)  
09:00 a.m. (US-EST)

#### Phones:

+1 1 646 828-8246  
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+55 11 2820-4001

**Password:** Multiplus

**Replay:** +55 (11) 3193 1012 or  
+55 (11) 2820 4012

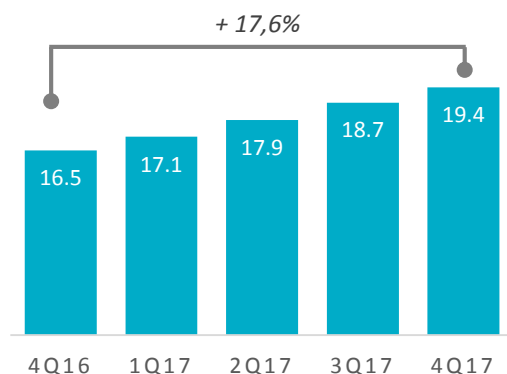
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Available from 03/08 to 03/14 or  
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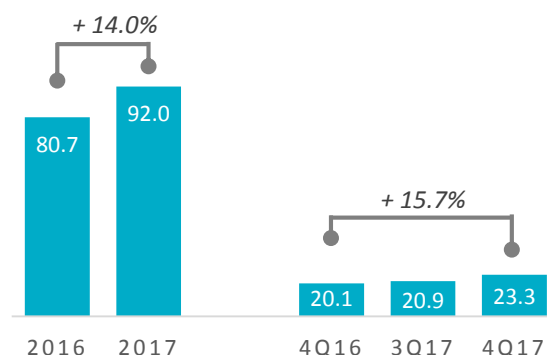
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**HIGHLIGHTS**

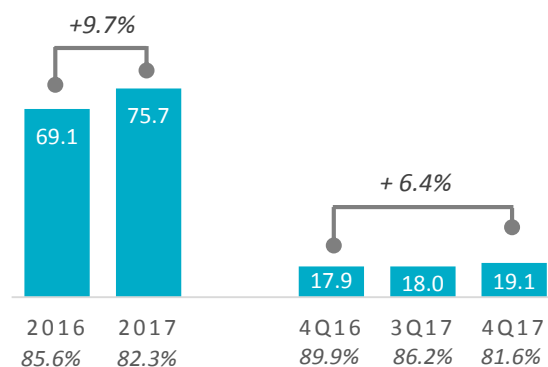
**MEMBERS (million)**



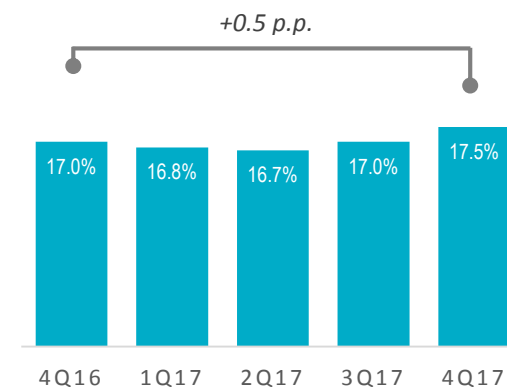
**POINTS ISSUED (billion)**



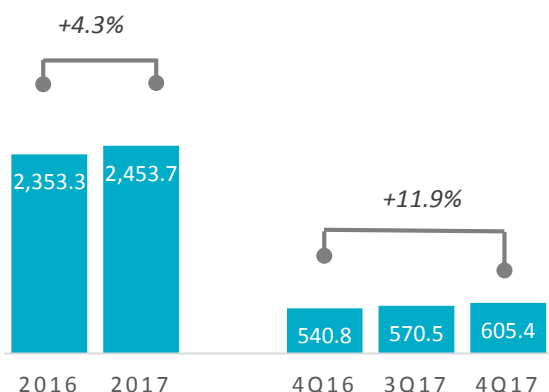
**POINTS REDEEMED (billion) & BURN/EARN (%)**



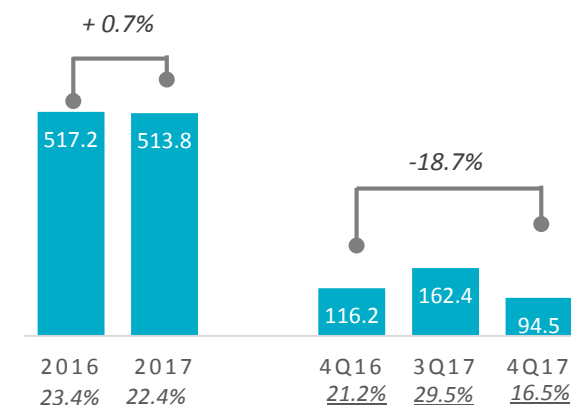
**BREAKAGE (%) – 12 months average**



**GROSS BILLINGS OF POINTS (BRL million)**



**NET INCOME (BRL million) & NET MARGIN (%)**



## MANAGEMENT DISCUSSION

The fourth quarter of 2017 was a period of growth for Multiplus, of particular note being the gross billings of R\$ 605.4 million, an increase of 11.9% compared to the same period a year earlier, and the net revenue of R\$ 571.6 million, up 4.4% on 4Q16. The number of points issued was up 15.7%, to 23.3 billion, with a record 28.3% of accruals coming from sources other than airlines or financial institutions. The number of points redeemed amounted to 19.1 billion, an increase of 6.4% on 4Q16, with 20.6% being for products from our retail partners.

In 2017, Multiplus maintained its leadership position in the Brazilian loyalty market, with gross billings of R\$ 2.45 billion, up 4.3% compared to 2016, with a member base of 19.4 million. 92.0 billion points were issued during the year, up 14.0% compared to 2016, while 75.7 billion points were redeemed, an increase of 9.7% compared to the previous year

During 2017, Multiplus developed a variety of initiatives, in line with our strategic plan of being the best and most complete loyalty network, with a focus on our members. Of particular note were:

- **Launching of the Multiplus Itaucard creditcard:** with this new product, Multiplus has become present in members' day-to-day lives, with a product that includes differentials such as 2.5 points for every dollar spent, points that do not expire and a regular platform of promotions and benefits, which during the year introduced initiatives such as higher point scoring for international purchases for variations on the Black and Platinum themes, a 50% point bonus on billings for November 2017, among others.
- **Partnerships of particular note:** Vivo, in an agreement with Multiplus, was the first loyalty network to award points to fixed-line and mobile clients; B2W (Americas.com, Submarino and Shoptime), so increasing opportunities for point accrual with major retailers; Airbnb, a pioneering partnership in Brazil; Cabify: our members are already earning points using this mobile app.
- **Expansion to Multiplus' insurance portfolio:** Multiplus' insurance brokerage, which was the first loyalty network to award points when taking out insurance, completed one year with a growth of 188% on 4Q17. Multiplus' members, in addition to motor, residential, travel and life insurance, can also take out online insurance for civil liability, individual micro-insurance and guarantees for used products

- **New Market Place version:** In September, with the objective of diversifying and encouraging its members to accrue points, the Multiplus group improved its members' experience with the Comprei Pontuei marketplace. Among the improvements introduced was that whoever acquires products from the partners of Comprei Pontuei will now know, at the time of purchase, the quantity of points that will be accrued, and the date they will be credited to them.
- **Reformulation of the hotel platform:** In October Multiplus put its new hotel reservation platform on the air, in partnership with Hotéis.com, expanding its portfolio of hotels and hostels, improving members' navigation experience and allowing payment in up to 12 instalments. As a result of the new platform and other partnerships in the hotel and accommodation sector, offering options to a large variety of profiles, Multiplus ended 2017 with more than 900,000 nights sold, and a 184,2% increase in the partnerships and products available in the area of tourism and entertainment
- **International Expansion:** Putting into practice the announcement made in September on international expansion, Multiplus began its operations in Paraguay, assuming the co-branded creditcard operation of the LATAM Brasil group with Itaú.
- **A better airline experience:** From the second quarter of 2018, Multiplus will have access to 100% of routes on LATAM Airlines. In other words, our members will be able to redeem points for 100% of the seats available on all LATAM flights, this being Latin America's largest aviation network, with direct flights to those destinations most coveted by Brazilians, and new routes such as to Lisbon, Rome, Israel and Melbourne.

We are happy with the results reported at the end of 2017 and we believe that they represent the response of our members and partnerships to the proposal of value which we offer to everyone. And, principally, with what we have built taking into consideration our members wishes, whether with respect to new partnerships, or offers to accrue and redeem points for some of the most coveted retail products, as well as for flights through Latin America's largest aviation network, LATAM. Proof of this is the growth seen in our membership base and the increasing engagement of our members.

## OPERATIONAL RESULTS

Informações Operacionais	4T17	3T17	Var %	4T16	Var %	2017	2016	Var %
Participantes (milhões)	19.4	18.7	3.6%	16.5	17.6%	19.4	16.5	17.6%
Pontos emitidos (bilhões)	23.3	20.9	11.5%	20.1	15.7%	92.0	80.7	14.0%
LATAM Brasil	3.6	3.7	-3.3%	4.5	-19.9%	15.0	15.1	-0.2%
Bancos, Varejo, Indústria e Serviços	19.7	17.2	14.7%	15.7	25.9%	77.0	65.7	17.2%
Pontos resgatados (bilhões)	19.1	18.0	5.8%	17.9	6.4%	75.7	69.1	9.7%
Passagens aéreas	15.1	15.3	-1.1%	14.8	2.2%	62.5	58.6	6.6%
Outros produtos e serviços	3.9	2.7	44.4%	3.1	26.0%	13.3	10.4	27.1%
Taxa de breakage (média UDM, %)	17.5%	17.0%	0.5p.p.	17.0%	0.5p.p.	17.5%	17.0%	0.5p.p.
Taxa burn/earn (%)	81.8%	86.2%	-4.4p.p.	89.0%	-7.2p.p.	82.3%	85.6%	-3.2p.p.

**POINTS ISSUED** totalled 23.3 billion in 4Q2017, an increase of 15.7% when compared to the fourth quarter of 2016 and an increase of 11.5% versus 3Q2017.

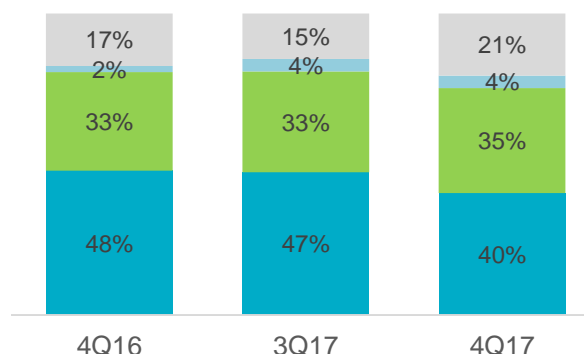
**Bank, Retail, Industry and Services:** The number of points issued came to a total of 19.7 billion in the fourth quarter, an increase of 10% in the number of points issued to the banks compared to 4Q2016. The number of points accrued with our retail, industry and services partners correspond to 28.3% of the total of points issued in fourth quarter of 2017. The goal is to ensure the diversification of point accumulated from various sources for all Multiplus member profiles, with constant incentives for them to increasingly enjoy their experience with the network.

**LATAM Brazil and Oneworld:** The points accrued by Latam Brasil and Oneworld partner companies came to a total of 3.6 billion of points in 4Q17, a decrease of 19.9% compared to the same period of last year, due to the change in the accrual criteria announced during the year 2017.

**POINTS REDEEMED** reached a total of 19.1 billion in 4Q2017, an increase of 6.4%, a growth of 2.0p.p on international airline tickets compared to the same period a year earlier and an increase of 5.8% compared to the last quarter.

**Points redeemed** (% of total)

- Other products and services
- Tickets redeemed in other airlines
- International tickets redeemed at LATAM Brasil
- Domestic tickets redeemed at LATAM Brasil



**FINANCIAL RESULTS**

**GROSS BILLINGS OF POINTS** totalled R\$ 605.4 million in the fourth quarter of 2017, an increase of 11.9% compared to the same period a year earlier and an increase of 6.1% compared to 3Q2017.

Gross billings (R\$ million)	4Q17	3Q17	Var %	4Q16	Var %	2017	2016	Var %
Gross billings of points	605.4	570.5	6.1%	540.8	11.9%	2,453.7	2,353.3	4.3%
LATAM Brazil	57.3	56.5	1.4%	69.5	-17.6%	233.6	235.3	-0.7%
Banking, Retail, Industrial and Services	548.1	514.0	6.6%	471.4	16.3%	2,220.2	2,118.0	4.8%

4Q17 vs 4Q16: Variation of (+) 11.9%

4Q17 vs 3Q17: Variation of (+) 6.1%

**Banks, retail, industry and services:** an increase of 16.3%, due to a growth of 25.9% in the number of points issued.

**Banks, retail, industry and services:** an increase of 6.6%, due to (i) a growth of 14.7% number of points issued, (ii) impacted by a 4.2% appreciation in the US dollar against the Brazilian Real.

**LATAM Brasil:** a decrease of 17.6% as a consequence of the 19.9% decrease in the number of points issued, despite of the higher average unit price, due to mix between international and domestic airline tickets.

**LATAM Brasil:** an increase of 1.4% as a consequence of an higher average unit price and a change in the redemption mix between international and domestic airline tickets, partially impacted by a decrease of 3.3% of the volume of points issued.

## INCOME STATEMENT

Income Statement (R\$ thousand)	4Q17	3Q17	Var %	4Q16	Var %	2017	2016	Var %
<b>Gross revenue</b>	<b>625,325</b>	<b>613,524</b>	<b>1.9%</b>	<b>603,263</b>	<b>3.7%</b>	<b>2,549,836</b>	<b>2,423,724</b>	<b>5.2%</b>
Sale of points	510,374	512,250	-0.4%	523,568	-2.5%	2,138,404	2,049,251	4.4%
LATAM Brazil	36,169	37,755	-4.2%	38,806	-6.8%	159,778	148,414	7.7%
Banks, Retail, Industry and Services	474,205	474,495	-0.1%	484,762	-2.2%	1,978,626	1,900,837	4.1%
Breakage	114,950	101,274	13.5%	79,695	44.2%	411,432	374,473	9.9%
Taxes on sales	(53,762)	(62,690)	-14.2%	(55,837)	-3.7%	(240,068)	(224,440)	7.0%
<b>Net Revenue</b>	<b>571,562</b>	<b>550,834</b>	<b>3.8%</b>	<b>547,426</b>	<b>4.4%</b>	<b>2,309,768</b>	<b>2,199,284</b>	<b>5.0%</b>
<b>Cost of the points redeemed</b>	<b>(394,396)</b>	<b>(367,004)</b>	<b>7.5%</b>	<b>(371,009)</b>	<b>6.3%</b>	<b>(1,548,886)</b>	<b>(1,447,264)</b>	<b>7.0%</b>
Air tickets	(318,554)	(314,865)	1.2%	(308,666)	3.2%	(1,304,116)	(1,246,468)	4.6%
Other products / services	(75,842)	(52,139)	45.5%	(62,343)	21.7%	(244,770)	(200,796)	21.9%
<b>Other operating cost</b>	<b>(13,597)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,597)</b>	<b>-</b>	<b>-</b>
Total cost of services rendered	(407,993)	(367,004)	11.2%	(371,009)	10.0%	(1,562,483)	(1,447,264)	8.0%
<b>Gross Profit</b>	<b>163,569</b>	<b>183,830</b>	<b>-11.0%</b>	<b>176,417</b>	<b>-7.3%</b>	<b>747,284</b>	<b>752,020</b>	<b>-0.6%</b>
<b>Gross Margin %</b>	<b>28.6%</b>	<b>33.4%</b>	<b>-4.8p.p.</b>	<b>32.2%</b>	<b>-3.6p.p.</b>	<b>32.4%</b>	<b>34.2%</b>	<b>-1.8p.p.</b>
Shared services	(117)	(175)	-33.3%	(175)	-33.3%	(642)	(700)	-8.3%
Personnel expenses	(21,527)	(19,350)	11.2%	(19,767)	8.9%	(77,109)	(72,933)	5.7%
Marketing	(7,251)	(5,831)	24.4%	(2,145)	238.0%	(21,339)	(14,790)	44.3%
Depreciation	(5,982)	(9,267)	-35.4%	(6,430)	-7.0%	(28,058)	(25,153)	11.5%
Results on equity share	(1,612)	(42)	3738.1%	(2,301)	-29.9%	(3,049)	(2,301)	32.5%
Other	20,377	(18,465)	-210.4%	(23,103)	-188.2%	(34,398)	(76,398)	-55.0%
<b>Total Operating Expenses</b>	<b>(16,112)</b>	<b>(53,130)</b>	<b>-69.7%</b>	<b>(53,921)</b>	<b>-70.1%</b>	<b>(164,595)</b>	<b>(192,276)</b>	<b>-14.4%</b>
Total Costs and Operating Expenses	(424,105)	(420,134)	0.9%	(424,930)	-0.2%	(1,727,078)	(1,639,540)	5.3%
<b>Operating Income</b>	<b>147,457</b>	<b>130,700</b>	<b>12.8%</b>	<b>122,496</b>	<b>20.4%</b>	<b>582,689</b>	<b>559,744</b>	<b>4.1%</b>
<b>Operating Margin %</b>	<b>25.8%</b>	<b>23.7%</b>	<b>2.1p.p.</b>	<b>22.4%</b>	<b>3.4p.p.</b>	<b>25.2%</b>	<b>25.5%</b>	<b>-0.2p.p.</b>
Financial Income/Expenses	24,482	54,990	-55.5%	46,963	-47.9%	161,679	196,865	-17.9%
<b>Net income before tax and social contribution</b>	<b>171,940</b>	<b>185,690</b>	<b>-7.4%</b>	<b>169,459</b>	<b>1.5%</b>	<b>744,369</b>	<b>756,609</b>	<b>-1.6%</b>
Income tax and social contribution	(77,482)	(23,333)	232.1%	(53,237)	45.5%	(227,174)	(242,806)	-6.4%
<b>Net Income</b>	<b>94,458</b>	<b>162,357</b>	<b>-41.8%</b>	<b>116,222</b>	<b>-18.7%</b>	<b>517,195</b>	<b>513,803</b>	<b>0.7%</b>
<b>Net Margin %</b>	<b>16.5%</b>	<b>29.5%</b>	<b>-12.9p.p.</b>	<b>21.2%</b>	<b>-4.7p.p.</b>	<b>22.4%</b>	<b>23.4%</b>	<b>-1.0p.p.</b>

## NET REVENUES

Net revenue totalled R\$ 571.5 million in the fourth quarter of 2017, an increase of 4.4% compared to the same period a year earlier, and an increase of 3.8% compared to 3Q2017.

4Q17 vs 4Q16: Variation of (+) 4.4%

**Gross revenue from points sold:** an increase of 3.7%, due to the 6.4% growth in the volume of points redeemed and partially to a lower average unit revenue price.

**Breakage revenue:** an increase of 44.2% mainly due to a growth in the volume of points issued of 15.7%

4Q17 vs 3Q17: Variation of (+) 3.8%

**Gross revenue from points sold:** an increase of 1.9%, due to the 5.8% growth in the volume of points redeemed and partially to a lower average unit revenue price.

**Breakage revenue:** an increase of 13.5% mainly due to a growth in the volume of points issued of 11.5%

**COST OF POINTS REDEMPTION** totalled R\$ 394.3 million in the fourth quarter.

4Q17 vs 4Q16: Variation of (+) 10.0%

**Airline tickets:** increase of 3.2% due to: (i) a 2.2% growth in the volume of points redeemed in airline tickets; (ii) mainly as result of the change in the redemption mix between domestic airline tickets compared to international

**Other products and services:** an increase of 21.7%, as a consequence of the 26.0% increase in the number of points redeemed.

4Q17 vs 3Q17: Variation of (+) 11.2%

**Airline tickets:** increase of 1.2% mainly as result of (i) the change in the redemption mix between domestic airline tickets compared to international, (ii) impacted by a 4.2% appreciation in the US dollar against the Brazilian Real.

**Other products and services:** an increase of 45.5%, due 44.4% growth in number of points redeemed, in line with our strategy this quarter.



**GROSS PROFIT** - total of R\$ 163.5M, decrease of 7.3% when compared to 4Q2016, due to a higher redemption cost by 6.3%, partially impacted by revenue growth of 3.7%. Compared to the previous quarter a decrease of 11.2%, due to a higher redemption cost.

**SHARED SERVICES** - refers to the remuneration paid to LATAM Brasil for the shared services of the ERP system.

**EQUITY INCOME RESULT** – refers to the result from the insurance broker “Multiplus Corretora” and “Comprei Pontuei”

**STAFF EXPENSES** - at the end of the period, Multiplus had 275 employees, 11 more staff compared with the fourth quarter in 2016. As a consequence, personnel expenses in the fourth quarter came to a total of R\$21.5 million an increase of 11.2% when compared to the previous quarter and an increase 8.9% when compared to 4Q16.

**MARKETING EXPENSES** - totalled R\$ 7.2 million in the fourth quarter of 2017, 24.4% higher when compared to the previous quarter and 238% higher when compared to the same period a year earlier, due to the higher concentration of campaigns in this period and the marketing campaign "Go with Multiplus and earn more".

**OTHER EXPENSES** - referring to outsourced services for Information Technology, the Call Centre, rent and others. In 2016, IT expenses and the amortization of certain software were presented in the general and administrative expenses group. For a better presentation, in 2017, the Company reclassified these balances to the Cost of services provided group, in the amount of R\$ 13,597, of which R\$ 4,345 related to amortization and R\$ 9,252 related to IT expenses.

On the next page we present an explanatory table with the movements of the other operating expenses:

**Income Statement (R\$ thousand)**

	4Q17	Reclassification	4Q17
<b>(=) Gross Profit</b>	<b>163,569</b>	<b>13,597</b>	<b>177,166</b>
(-) Operating Expenses	(36,489)		(36,489)
(-) Other Operating Expenses	20,377	(34,760) (a) (13,597) (b)	(14,383) (13,597)
<b>(=) Operating Income</b>	<b>147,457</b>	<b>(34,760)</b>	<b>112,697</b>
Financial Income/Expenses	24,482	-	24,482
<b>(=) Net income before tax and social contribution</b>	<b>171,940</b>	<b>-</b>	<b>137,180</b>
(-) Income tax and social contribution	(77,482)	34,760	(42,722)
<b>(=) Net Income</b>	<b>94,458</b>	<b>-</b>	<b>94,458</b>

(a) Other revenues from tax credits

(b) Reclassification to other operating expenses

**FINANCIAL REVENUES/EXPENSES** - totalled R\$24.5 million in 4Q2017, a decrease of 55.5% when compared to the previous quarter, mainly due to a non-recurring effect of monetary restatement of of tax credits from federal tax prepayments (IRPJ and CSL) in 2010, index by the Selic rate in R\$ 24.3 million and interest rate cuts (4Q17 7.5% vs. 3Q17 9.2%), and a decrease of 47.9% compared to the same period a year earlier due to interest rate cuts(4Q17 7.5% vs. 4Q16 14.03%). To this performance should be added the resumption of the allocation of part of the company's cash to structured / FX funds.

*Given that a substantial part of the points already billed will be the object of redemption for international air tickets or other redemptions with a cost referenced in US dollars, the company allocates part of its cash to structured / FX funds as a protection instrument. The limits and structure of this protection were approved by the Committee for Auditing, Financing and Related Parties on October 13, 2015.*

**Breakdown by type of return in 4rd quarter 2017 (R\$ million)**

Index	Gross financial income		Average balance 2017
	4Q17	3Q17	
CDI*	22.7	137.3	1,385.3
USD	1.9	5.4	108.0
Other financial income/expenses**	-0.2	-5.9	-
Monetary restatement (SELIC)	0.0	-	-
<b>Total</b>	<b>24.5</b>	<b>161.7</b>	<b>1,493.4</b>

\* Prepaid expenses

\*\* FX rate effect payables, receivables and taxes

**NET INCOME** – R\$ 94.4 million, a decrease of 18.7% when compared to the previous year and 41.8% lower when compared to the previous quarter mainly due to a non-recurring effect of monetary restatement of of tax credits from federal tax prepayments (IRPJ and CSL) in 2010.

**NET MARGIN** – 16.5%, -4.7 p.p. lower when compared to the same quarter of last year and -12.9p.p. lower when compared to the previous quarter, mainly due a decrease in the financial income and an increase of redmpetion cost.

## CORPORATE GOVERNANCE AND CAPITAL MARKETS

Since Multiplus became listed on the Novo Mercado, as part of the BM&FBovespa index, Multiplus has been improving its corporate governance practices based on the principles of transparency, equity, accountability and corporate responsibility, proposed by the Brazilian Corporate Governance Institute (IBGC). The Company also has a dividend policy of distributing a minimum of 25% of net earnings. However, with the aim of maximising the return to shareholders, last year the Company distributed 100% of its earnings in the form of dividends and interest-on-equity.

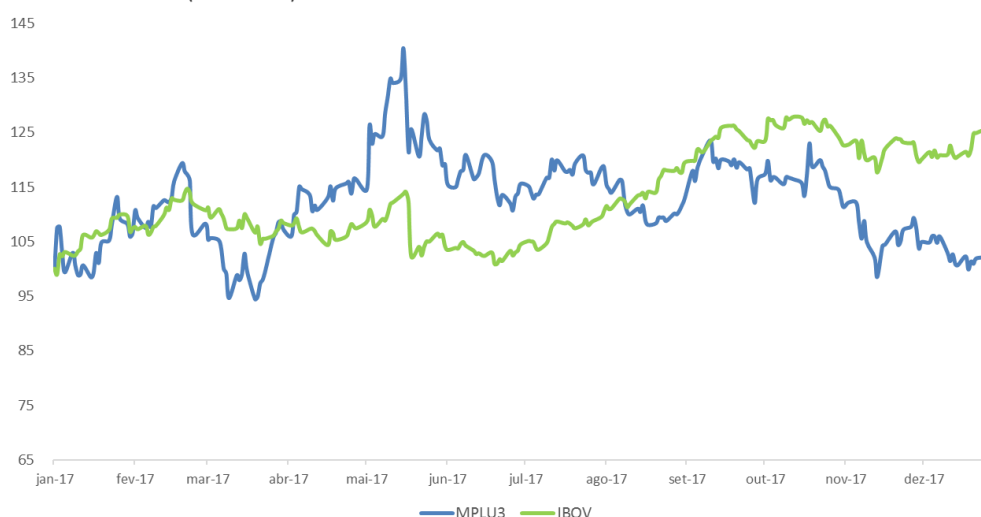
Multiplus' Board of Directors consists of seven members, with two (30%) of them being independent. In addition, there are two advisory committees to the Board, which assist it in the Company's strategic decisions, these being the Committee for Ethics and Staff Management, and the Committee for Finance, Auditing, Governance and Related Parties.

As at December 28, 2017, Multiplus had a market value equivalent to R\$ 5.6 billion taking a closing share price of R\$ 35.00, an increase of 3.55% compared to the last day of December 2016.

The ownership breakdown of the Company is divided in 72.74% of the shares belonging to the controlling shareholder TAM S.A. and 27.26% being traded on Novo Mercado, with the ticker MPLU3.

## STOCK PERFORMANCE YTD

MPLU3 vs. IBOV (base 100)



## CASH FLOW

Cash Flow (R\$ thousand)	4Q17	3Q17	Var %	4Q16	Var %
<b>Net Income</b>	<b>94,458</b>	<b>162,357</b>	<b>-41.8%</b>	<b>116,222</b>	<b>-18.7%</b>
Depreciation/Amortization	5,982	9,267	-35.4%	6,430	-7.0%
Accounts Receivable	29,561	43,043	-31.3%	31,393	-5.8%
Accounts Payable	(62,484)	86,377	-172.3%	13,779	-553.5%
Taxes	(4,666)	(41,641)	-88.8%	(34,618)	-86.5%
Deferred Taxes	-	-	-	-	-
Related Parties	-	-	-	-	-
Prepaid Expenses*	(7,814)	(20,240)	-61.4%	(94,108)	-91.7%
Deferred Revenue and Breakage liabilities	5,319	(3,110)	-271.0%	16,055	-66.9%
Derivative Instruments	1,612	42	3738.1%	2,301	-29.9%
Advance Payments from Clients	39,289	193,344	-79.7%	340,773	-88.5%
Other assets and liabilities	-	-	-	-	-
Equity Share on Results from Investments	1,612	42	3738.1%	2,301	-29.9%
<b>Operating Cash Flow</b>	<b>(1,780)</b>	<b>(585)</b>	<b>204.3%</b>	<b>(2,311)</b>	<b>-23.0%</b>
Investments	(23,664)	(2,375)	896.4%	(6,362)	272.0%
Stakes in companies	(1,780)	(585)	204.3%	(2,311)	-23.0%
<b>Cash Flow from Investing Activities</b>	<b>(25,444)</b>	<b>(2,960)</b>	<b>759.6%</b>	<b>(8,673)</b>	<b>193.4%</b>
Net proceeds from public offer	-	-	-	-	-
Capital	-	-	-	-	-
Shares in treasury	-	-	-	-	-
Capital Reserve	412	512	-19.5%	313	31.6%
Carrying value adjustments/hedge	-	-	-	-	-
Dividends and Interest on Equity	(154,237)	(119,511)	29.1%	(127,232)	21.2%
<b>Cash Flow from Financing Activities</b>	<b>(153,825)</b>	<b>(118,999)</b>	<b>29.3%</b>	<b>(126,919)</b>	<b>21.2%</b>
<b>Increase (Decrease) in Cash</b>	<b>(139,980)</b>	<b>71,385</b>	<b>-296.1%</b>	<b>205,181</b>	<b>-168.2%</b>
<b>Increase (Decrease) in Cash adjusted**</b>	<b>24,735</b>	<b>209,357</b>	<b>-88.2%</b>	<b>81,245</b>	<b>-69.6%</b>
Cash at beginning of period***	1,463,135	1,391,750	5.1%	1,255,829	16.5%
Cash at end of period***	1,323,155	1,463,135	-9.6%	1,461,010	-9.4%

\*Includes advanced tickets purchase

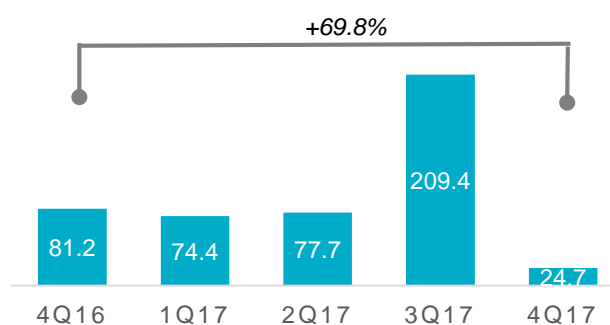
\*\*Cash and cash equivalents, investments and long term investments

\*\*\*The value excludes effects of advanced payments from clients, advances to suppliers, payments of dividends and interest on capital

NOTE: the Cash Flow lines Deferred Taxes, Derivative Instruments and Hedge reflect mainly hedge positions accounting.

**CASH GENERATION** to shareholders in the fourth quarter of 2017: excluding the effects of dividends, interest-on-equity and the variation in advances to suppliers, capital and advances to clients, totaled R\$ 24.7 million, a decrease of 69.6% compared to the fourth quarter of the previous year, mainly due to a lower net income and higher investments on the period, and 88.2% lower compared to 3Q2017.

## Cash Generation (in BRL million) \*



Note: The value excludes effects of advanced payments from clients, advances to suppliers, payments of dividends and interest on capital

## BALANCE SHEET

Balance Sheet (R\$ thousand)	4T17	VA	3T17	VA	4T16	VA
<b>Assets</b>	<b>1,721,500</b>	<b>100.0%</b>	<b>1,866,310</b>	<b>100.0%</b>	<b>1,751,446</b>	<b>100.0%</b>
<b>Current assets</b>	<b>1,617,884</b>	<b>94.0%</b>	<b>1,780,825</b>	<b>95.4%</b>	<b>1,648,551</b>	<b>94.1%</b>
Cash and cash equivalents	969	0.1%	34	0.0%	1,196	0.1%
Financial assets at fair value through profit and loss	1,322,185	76.8%	1,463,100	78.4%	1,459,813	83.3%
Financial assets held-to-maturity	-	0.0%	-	0.0%	-	0.0%
Accounts receivable	216,280	12.6%	244,842	13.1%	151,329	8.6%
Deferred income tax and social contribution	50,188	2.9%	46,252	2.5%	8,759	0.5%
Related Parties	21,429	1.2%	22,428	1.2%	26,031	1.5%
Current account	21,429	1.2%	22,428	1.2%	26,031	1.5%
Prepaid expenses	-	0.0%	-	0.0%	-	0.0%
Derivative instruments	-	0.0%	-	0.0%	-	0.0%
Advances to suppliers	6,833	0.4%	4,169	0.2%	502	0.0%
Other receivables	-	0.0%	-	0.0%	921	0.1%
<b>Non-current assets</b>	<b>103,616</b>	<b>6.0%</b>	<b>85,485</b>	<b>4.6%</b>	<b>102,895</b>	<b>5.9%</b>
Financial assets - bank deposits	-	0.0%	-	0.0%	-	0.0%
Financial assets held-to-maturity	-	0.0%	-	0.0%	-	0.0%
Deferred income tax	-	0.0%	-	0.0%	-	0.0%
Derivative financial instruments	-	0.0%	-	0.0%	-	0.0%
Other accounts receivable	316	0.0%	35	0.0%	15	0.0%
Investments	1,142	0.1%	974	0.1%	101	0.0%
Property, plant and equipment	7,907	0.5%	7,716	0.4%	13,724	0.8%
Intangible assets	94,251	5.5%	76,760	4.1%	89,055	5.1%
Related Parties	-	0.0%	-	0.0%	-	0.0%
<b>Liabilities and shareholders' equity</b>	<b>1,721,500</b>	<b>100.0%</b>	<b>1,866,310</b>	<b>100.0%</b>	<b>1,751,446</b>	<b>100.0%</b>
<b>Current liabilities</b>	<b>1,468,074</b>	<b>85.3%</b>	<b>1,556,755</b>	<b>83.4%</b>	<b>1,480,010</b>	<b>84.5%</b>
Suppliers	238,692	13.9%	301,176	16.1%	173,955	9.9%
Salaries and payroll taxes	22,107	1.3%	19,745	1.1%	20,757	1.2%
Tax, charges and contributions	312	0.0%	1,042	0.1%	257	0.0%
Income and social contribution tax	-	0.0%	-	0.0%	-	0.0%
Interest on own capital and dividends	-	0.0%	-	0.0%	-	0.0%
Derivative financial instruments	-	0.0%	-	0.0%	-	0.0%
Deferred revenue	1,028,077	59.7%	1,031,070	55.2%	1,112,457	63.5%
Breakage liabilities	151,820	8.8%	168,842	9.0%	165,460	9.4%
Advances from customers	27,066	1.6%	34,880		7,124	
Other liabilities	-	0.0%	-	0.0%	-	0.0%
Dividends payable	-	0.0%	-	0.0%	-	0.0%
<b>Non-current liabilities</b>	<b>13,669</b>	<b>0.8%</b>	<b>10,431</b>	<b>0.6%</b>	<b>15,337</b>	<b>0.9%</b>
Deferred income tax and social contribution	12,450	0.7%	9,268	0.5%	14,203	0.8%
Related parties	-	0.0%	-	0.0%	-	0.0%
Contingencies	1,219	0.1%	1,163	0.1%	1,134	0.1%
Derivative financial instruments	-	0.0%	-	0.0%	-	0.0%
Deferred revenue	-	0.0%	-	0.0%	-	0.0%
<b>Equity</b>	<b>239,757</b>	<b>13.9%</b>	<b>299,124</b>	<b>16.0%</b>	<b>256,099</b>	<b>14.6%</b>
Share capital	107,300	6.2%	107,300	5.7%	107,300	6.1%
Capital reserve	(4,096)	-0.2%	(4,096)	-0.2%	(8,060)	-0.5%
Shares in treasury	(656)	0.0%	(1,068)	-0.1%	(850)	0.0%
Earnings reserve	137,209	8.0%	196,988	10.6%	157,709	9.0%
Carrying value adjustments	-	0.0%	-	0.0%	-	0.0%
Retained Earnings (loss)	-	0.0%	-	0.0%	-	0.0%

## GLOSSARY

**Air tickets redemption:** air ticket issued by an airline as a result of redemption by a member of loyalty programs or loyalty coalition networks.

**Bonus point:** a point free of charge; that might be issued as a stimulus to engage prospective/current members.

**Breakage provision:** amount related to the percentage (=Breakage ratio) of points issued that will not be redeemed based on company estimates.

**Breakage rate:** Average of the last 12 Monthly Breakages.

**Breakage revenue:** amount related to recognition of Breakage provision as Breakage revenue based on redemption curve.

**Gross Billings of points:** amount related to Multiplus points issued during the period, recognized as deferred revenue.

**Member:** person registered as a member of loyalty programs or loyalty coalition networks.

**Monthly breakage:** points expired and not redeemed as a percentage of points issued 2 years before (Ex: points expired and not redeemed in Jan 2010 as a percentage of points issued in Jan 2008).

**Point expiration date:** The date after which a point is no longer valid. According to Multiplus expiry policy, points expire 2 years after the issuance date.

**Revenue from point's sale:** amount related to recognition of gross billings as revenue when points are redeemed.

### About Multiplus

Multiplus (B3: MPLU3) is the leading loyalty network and the pioneer in the industry, consisting of 305 partners and more than 19.4 million members. By connecting different companies and loyalty programs, Multiplus allows its members to accrue points in one single account, by exercising their day-to-day activities, such as: transferring points from credit cards, travelling with LATAM and other airlines' companies affiliated at Oneworld Alliance, filling up their cars, purchasing electronic goods and domestic appliances, sporting articles, toys, including other purchases from affiliated companies of Multiplus' group, such as the Platform Comprei Pontuei and Multiplus' Insurance Broker. At these Multiplus' companies, members are informed of the points accrued at the time of purchase and when hiring and renewing their insurance policies.

Members of Multiplus can chose from more than 550,000 products and services that can be exchanged with redeemed points, including new products and some of the most desirable items from the main brands and retailers. Points can also be exchanged for airline tickets to fly with the best carriers: there are more than 1000 destinations available, in 150 countries in which LATAM and the other companies of the Oneworld Alliance operate.

Multiplus' strategic partners include major companies such as LATAM Airlines, LATAM Travel, Pontofrio.com, Ipiranga, Netshoes, Dafiti, Accor, Booking.com, Hoteis.com, Vivo, Airbnb, Cabify, B2W, among others.

For more information about Multiplus please access [pontosmultiplus.com.br](http://pontosmultiplus.com.br).