



CIELO'S NET INCOME GROWS 13.8% AND CIELO BRASIL FINANCIAL VOLUME REACHES R\$143 BILLION IN 2Q16

Barueri, August 01, 2016 – Cielo S.A. (BM&FBOVESPA: CIEL3 / OTCQX: CIOXY) announces today its results for the second quarter of 2016. The Company's consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with the accounting practices adopted in Brazil.

2Q16 CONSOLIDATED CIELO'S HIGHLIGHTS

- **Net Operating Revenue** totaled **R\$3.1 billion**, up **9.8%** year-on-year or **R\$273.2 million**, and up **0.7%** compared to 1Q16 or **R\$21.1 million**;
- **EBITDA** of **R\$1.3 billion**, down **0.5%** year-on-year or **R\$6.8 million** and down **4.2%** quarter-on-quarter or **R\$58.6 million**;
- **EBITDA Margin** of **44.0%**, down **4.5 p.p.** compared to 2Q15 and down 2.2 p.p. when compared to 1Q16;
- **Cielo's Net Income** totaled **R\$989.2 million**, up **13.8%** year-on-year or **R\$119.8 million**, down **0.6%** quarter-on-quarter or **R\$6.2 million**;
- **Cielo's Adjusted Net Income** totaled **R\$1,056.6 million**, up **12.8%** year-on-year or **R\$119.8 million**, down **0.6%** quarter-on-quarter or **R\$6.2 million**;
- **Cielo's Net Income Margin** at **32.2%**, up **1.1 p.p.** year-on-year and down **0.5 p.p.** quarter-on-quarter;
- **Cielo Brasil transaction financial volume** totaled **R\$142.6 billion**, up **9.9%** compared to 2Q15 or **R\$12.9 billion**; up **2.2%** compared to 1Q16 or **R\$3.1 billion**;
- **Net revenue pro forma of Purchase of Receivables** totaled **R\$339.5 million**, up 21.5% year-on-year or **R\$60.1 million** and down 1.4% quarter-on-quarter or **R\$4.7 million**;
- **Purchase of Receivables** reached **20.4%** over the financial credit volume, up 1.9 p.p. compared to 2Q15 and up 0.3 p.p. compared to 1Q16;
- **Cateno's net revenue** increased **6.6%** or **R\$37.8 million** to **R\$609.4 million** in 2Q16, compared to **R\$571.7 million** in 2Q15 and an increase of **R\$16.4 million** or **2.8%** from 1Q16;
- Cateno reached **EBITDA margin** of **42.7%**, down **3.3 p.p.** from 2Q15 and down **1.2 p.p.** from 1Q16;
- Ranked 1st in the Services category of the Largest and the Best Companies Ranking of **Exame Magazine** for the 10th consecutive year;
- Amongst the 10 best Brazilian companies according to the **Corporate Governance Index (IG100)**;
- Amongst the Best Companies to Start a Career according to the **Você S.A. Magazine** for the 6th consecutive year; 6th in the overall ranking and best company in the Leadership category;
- Ranked 10th amongst Brazil's most valuable brands in a study conducted by **IstoÉ Dinheiro Magazine** in partnership with Millward Brown Vermeer;



- “Best Legal Team in Latin America” of 2016 by **ILASA – International Legal Alliance Summit & Awards 2016**, granted by Leaders League
- Cielo is the company with the highest satisfaction level in the **Escolha PME** (SME Selection) Award, prepared by O *Estado de S. Paulo* newspaper, in the POS terminal category;

CIELO CONSOLIDATED

The second quarter of 2016 was very active in Brazil's political scenario. The changes experienced positively impacted the confidence of businessmen and consumers, thus, we could see a slight improvement in investor sentiment and at retail. Below our results:

	2Q16	2Q15	1Q16	2Q16x2Q15	2Q16x1Q16
Net Operating Revenue	3,069.0	2,795.8	3,047.9	9.8%	0.7%
Cost of Services Rendered	(1,516.9)	(1,302.8)	(1,462.9)	16.4%	3.7%
Operating Expenses	(444.2)	(363.2)	(424.9)	22.3%	4.5%
EBITDA	1,349.0	1,355.8	1,407.6	-0.5%	-4.2%
% EBITDA	44.0%	48.5%	46.2%	-4.5p.p.	-2,2p.p.
Financial Income	351.8	217.4	341.3	61.9%	3.1%
Cielo Net Income	989.2	869.4	995.4	13.8%	-0.6%
% Cielo Net Income	32.2%	31.1%	32.7%	1,1p.p.	-0,5p.p.

Net Revenue

2Q16 X 2Q15

Cielo's consolidated net revenue increased 9.8% or R\$273.2 million, to R\$3,069.0 million in 2Q16 compared to R\$2,795.8 million in 2Q15. The increase in net revenue is chiefly related to the ongoing business expansion of Cielo, including revenues from Ourocard Arrangement in Cateno, M4U's mobile credit sales and the dollar appreciation effect over the revenues in U.S. from subsidiary Me-S, partially impacted by a decrease of the average gross MDR of the parent company.

2Q16 X 1Q16

When comparing to 1Q16, Cielo's consolidated net revenue increased by R\$21.1 million or 0.7%, to R\$3,069.0 million in 2Q16, compared to R\$3,047.9 million in 1Q16. Such growth derives from increased revenue from subsidiaries due to ongoing business expansion, partially offset by the average dollar depreciation in the quarter, applied in the consolidation of foreign investments.



Cost of Services Provided

2Q16 X 2Q15

The cost of services provided increased R\$214.1 million or 16.4%, to R\$1,516.9 million in 2Q16, compared to R\$1,302.8 million in 2Q15. The increase was chiefly due to the following:

- (i) Increase of R\$149.9 million related to the subsidiaries Merchant e-Solutions, due to the average dollar appreciation in the quarter and ongoing business expansion; and M4U, due to the increase of mobile credit sales;
- (ii) Increase of R\$26.4 million related to the management of the Ourocard Arrangement, such as brand's fees, supplies, cards issuing and management, due to ongoing business expansion of subsidiary Cateno;
- (iii) Net increase of R\$37.8 million in the costs related to the acquiring business, mostly represented by:
 - (a) Increase of R\$25.4 million in transaction costs, such as capture and processing, telecom services, call centers, brand's fees and expenditures with merchants, chiefly due to the increased volume and number of transactions, when compared to the same quarter of the prior period;
 - (b) Increase of R\$7.3 million related to equipment costs, including installation, uninstallation, POS terminals maintenance and activation, chiefly due to higher volumetry, when compared to 2Q15; and
 - (c) Increase of R\$5.1 million in other costs related to acquiring activities, as well as the hiring of professional services related to strategic projects, operational systems support and maintenance.

2Q16 X 1Q16

Q-o-Q, the cost of services provided increased R\$54.0 million, or 3.7% to R\$1,516.9 million in 2Q16. This increase was mainly due to the following:

- (i) Increase of R\$39.9 million related to the subsidiaries M4U and Merchant e-Solutions, due to ongoing business expansion, chiefly related to an increase of mobile credit sales, partially reduced by the average dollar depreciation in the quarter, which impacts the costs of foreign subsidiaries;
- (ii) Increase of R\$8.5 million in costs related to the management of the Ourocard Arrangement, such as cards issuing and management, supplies and call centers, due to ongoing business expansion of subsidiary Cateno;
- (iii) Net increase of R\$5.6 million in costs related to the acquiring business, mostly represented by:
 - (a) Increase of R\$9.5 million in transaction costs, such as capture and processing, telecom services, call centers, brand's fees and expenditures with merchants, basically due to the increased volume and number of captured transactions in 2Q16; and



- (b) Decrease of R\$3.9 million in costs related to equipment, chiefly due to reduced maintenance volumetry and activation of POS terminals compared to the previous quarter.

Operating Expenses

2Q16 X 2Q15

Operating expenses increased R\$81.0 million, or 22.3%, to R\$444.2 million in 2Q16, compared to R\$363.2 million in 2Q15. The main variations are described below:

Personnel Expenses – Personnel expenses increased R\$19.6 million or 17.0%, to R\$135.2 million in 2Q16, compared to R\$115.6 million in 2Q15. Such increase is mainly due to higher expenditures related to executive's retirement and severance pay in 2Q16, the increase in personnel expenses at subsidiaries Cateno and Me-S, this last one as a result of the average dollar appreciation in the quarter, as well as the 8.2% average adjustment over wages established in Collective Agreement in 3Q15 and related effects on the parent company's charges.

General and Administrative Expenses - General and administrative expenses, excluding depreciation, increased R\$15.8 million or 14.7%, to R\$123.0 million in 2Q16, compared to R\$107.2 million in 2Q15. The increase is mainly related to the expenses with business partners ("partnership fees") in subsidiary Merchant e-Solutions, also impacted by the average dollar appreciation in the quarter, as well as expenditures related to the accreditation and activation of Cielo's clients.

Sales and Marketing Expenses – Sales and marketing expenses increased R\$15.3 million or 21.7%, to R\$85.6 million in 2Q16, compared to R\$70.3 million in 2Q15. The increase is substantially related to higher expenses incurred for marketing activities held in conjunction with issuing banks by parent company in 2Q16, when compared to same period last year.

Equity Interest – The Equity Interest result decreased R\$1.1 million or 31.5%, to R\$2.5 million in revenues in 2Q16, compared to R\$3.6 million in revenues in 2Q15. The reduction is chiefly due to the loss at Stelo associated company in 2Q16.

Other Net Operating Expenses – Other net operating expenses increased R\$25.0 million or 41.9%, to R\$84.6 million in 2Q16, compared to R\$59.6 million in 2Q15. This increase is mainly related to higher provision for losses with POS terminals in 2Q16 and higher provision for civil and labor risks.

2Q16 X 1Q16

Q-o-Q, operating expenses increased R\$19.3 million or 4.5%, to R\$444.2 million in 2Q16. The increase is chiefly due to the following factors:

Personnel Expenses – Personnel expenses increased R\$8.7 million or 6.9%, to R\$135.2 million in 2Q16, compared to R\$126.5 million in 1Q16. This increase is chiefly due to higher expenditures related to executive's retirement and severance pay in 2Q16.



General and Administrative Expenses – General and administrative expenses, excluding depreciation, decreased R\$5.0 million or 3.9%, to R\$123.0 million in 2Q16, compared to R\$128.0 million in 1Q16. The decrease is basically due to the result of several initiatives to streamline administrative expenses at the Company, partially offset by expenses with business partners (“partnership fees”) in subsidiary Me-S and other measures to accredit and activate parent company’s clients.

Sales and Marketing Expenses – Sales and marketing expenses increased R\$24.6 million or 40.2%, to R\$85.6 million in 2Q16, compared to R\$61.0 million in 1Q16. The increase is chiefly due to the scheduling of expenditures related to institutional campaigns advertisements and higher expenses with marketing actions executed with issuing banks by parent company in 2Q16, in the Q-o-Q comparison.

Equity Interest – The Equity Interest result increased R\$0.5 million to R\$2.5 million in revenues in 2Q16, compared to R\$2.0 million in revenues in 1Q16. The increase is related to higher profits from the jointly-owned subsidiary Orizon, partially decreased by losses in Stelo associated company in 2Q16.

Other Net Operating Expenses – Other net operating expenses decreased by R\$8.3 million or 8.9%, to R\$84.6 million in 2Q16, compared to R\$92.9 million in 1Q16. The decrease is chiefly due to the recognition of a provision for impairment in investments and goodwill in Stelo no 1Q16, partially offset by higher expectations of losses with POS terminals and bad debts.

EBITDA

EBITDA totaled R\$1,349.0 million in 2Q16, down 0.5% compared to 2Q15 and down 4.2% over 1Q16, as follows:

EBITDA (R\$ million)	2Q16	2Q15	2Q16	2Q16 x 2Q15	2Q16 x 1Q16
Cielo Net Income	989.2	869.4	995.4	13.8%	-0.6%
Share of non-controlling shareholders	40.5	38.1	42.9	6.4%	-5.4%
Financial Income (Expenses)	(351.8)	(217.4)	(341.3)	61.9%	3.1%
Tax and Social Contribution	430.0	439.6	463.0	-2.2%	-7.1%
Depreciation and Amortization	241.1	226.0	247.6	6.7%	-2.6%
EBITDA	1,349.0	1,355.8	1,407.6	-0.5%	-4.2%
% EBITDA Margin	44.0%	48.5%	46.2%	-4.5p.p.	-2.2p.p.

EBITDA consists of net income, plus income tax and social contribution, financial income (expenses) and depreciation and amortization. It should be noted that, for this calculation, the share of non-controlling shareholders is added to the parent company’s net income.

Management believes that the EBITDA is an important parameter for the investors because it provides relevant information about our operating results and the profitability.

The EBITDA is not an accounting measurement used in the accounting practices adopted in Brazil. It does not represent the cash flow for the presented periods and it should not be considered as an alternative to net income as an operating performance measure or as an alternative to operating cash flow or as a measurement of liquidity.



Additionally, the EBITDA has limitations that may harm its use as an indicator of the profitability of the Company and its subsidiaries, since costs related to the business are not considered, and could deeply impact the income, e.g., financial expenses, taxes, depreciation, capital expenditures and other related charges.

FINANCIAL RESULT

2Q16 X 2Q15

The financial income totaled R\$351.8 million in 2Q16, up 61.9% or R\$134.6 million compared to 2Q15, which presented a figure of R\$217.4 million. The main variations are described as follows:

Financial Revenues – Financial revenues increased R\$17.4 million or 72.7%, to R\$41.3 million in 2Q16, compared to R\$23.9 million in 2Q15. The increase is chiefly due to higher average balance of financial investments held by subsidiary Cateno, due to minimum prudential capital.

Financial Expenses – Financial expenses decreased R\$11.5 million or 3.8%, to R\$290.0 million in 2Q16, compared to R\$301.5 million in 2Q15. The decrease is chiefly due to the lower average indebtedness with third parties, partially offset by the increase in DI rate and average dollar appreciation in the period when compared to same period last year.

Purchase of Receivables Accounting Results – Accounting results from purchase of receivables, net of funding with third parties and of taxes on financial revenues increased R\$110.0 million, to R\$603.6 million in 2Q16, compared to R\$493.6 million in 2Q15. The increase is chiefly due to the growth in the financial volume of purchased receivables, in line with ongoing product expansion; higher average spread in the quarter (increase in DI rate), reduced funding volume with third parties to finance the purchase of receivables (ARV), partially offset by the beginning of PIS and COFINS over taxes financial income from the second half of 2015.

2Q16 X 1Q16

Q-o-Q, financial income was up 3.1% or R\$10.5 million to R\$351.8 million in 2Q16. The main variations are the following:

Financial Revenues – Financial revenues decreased R\$17.5 million or 29.8%, to R\$41.3 million in 2Q16, compared to R\$58.8 million in 1Q16. The reduction is chiefly related to the decrease in average balance of financial investments in 2Q16 when compared to the previous quarter, due to the use of available funds to pay dividends in March 2016, as well as the payment of the first tranche of public debentures in April 2016.

Financial Expenses – Financial expenses decreased R\$48.8 million or 14.4%, to R\$290.0 million in 2Q16, compared to R\$338.8 million in 1Q16. The reduction is chiefly due to the decrease in average indebtedness with third parties, when compared to the previous quarter.

Purchase of Receivables Accounting Results – Accounting results from purchase of receivables net of funding with third parties and the taxes on financial revenues decreased R\$19.8 million or 3.2%, to R\$603.6 million in 2Q16, compared to R\$623.4 million in 1Q16. The decrease is primarily related to higher funding volume with third parties to finance the purchase of receivables (ARV), as well as the reduction of the average term of operations, in spite of product ongoing business expansion



Net Income

2Q16 X 2Q15

Net income increased by R\$119.8 million, or 13.8%, to R\$989.2 million in 2Q16, when compared to R\$869.4 million in 2Q15.

2Q16 X 1Q16

Compared to 1Q16, net income decreased by R\$6.2 million, or 0.6%.

Adjusted Net Income

Cielo Consolidated results from the performance of the several businesses of the group. The table below presents information regarding the managerial performance of these different businesses. The data below is not audited and is presented in millions of reais (BRL).

1. Cielo Consolidated					
	2Q16	2Q15	1Q16	2Q16 X 2Q15	2Q16 X 1Q16
Net Revenue	3,069.0	2,795.8	3,047.9	9.8%	0.7%
Cost + Expenses	(1,961.1)	(1,666.0)	(1,887.9)	17.7%	3.9%
Net Income Cielo	989.2	869.4	995.4	13.8%	-0.6%

2. Cielo ex Cateno e fin. exp.					
	2Q16	2Q15	1Q16	2Q16 X 2Q15	2Q16 X 1Q16
Net Revenue	2,459.6	2,224.1	2,454.9	10.6%	0.2%
Cost + Expenses	(1,515.7)	(1,261.5)	(1,458.7)	20.1%	3.9%
Net Income Cielo	1,059.7	956.6	1,096.1	10.8%	-3.3%

3. Cateno					
	2Q16	2Q15	1Q16	2Q16 X 2Q15	2Q16 X 1Q16
Net Revenue	609.4	571.7	593.0	6.6%	2.8%
Cost + Expenses	(445.5)	(404.5)	(429.1)	10.1%	3.8%
Amortization	(96.4)	(96.4)	(96.4)	0.0%	0.0%
Cost+Exp. ex Amort.	(349.0)	(308.1)	(332.7)	13.3%	4.9%
Net Contribution	(70.6)	(87.2)	(100.7)	-19.1%	-29.9%

4. Cielo Brasil					
	2Q16	2Q15	1Q16	2Q16 X 2Q15	2Q16 X 1Q16
Net Revenue	1,792.7	1,710.9	1,821.0	4.8%	-1.6%
Cost+Expenses	(856.6)	(784.0)	(817.1)	9.3%	4.8%
Equity Interest	2.5	3.6	2.0	-31.5%	25.8%
Net Income Cielo	1,066.4	943.6	1,120.8	13.0%	-4.8%

5. Other Subsidiaries					
	2Q16	2Q15	1Q16	2Q16 X 2Q15	2Q16 X 1Q16
Net Revenue	666.8	513.2	633.9	29.9%	5.2%
Cost+Expenses	(661.6)	(481.1)	(643.6)	37.5%	2.8%
Net Income Cielo	(6.7)	13.0	(24.7)	-151.7%	-72.8%

Table 1: Cielo Consolidated; Table 2: Cielo Consolidated excluding Cateno and financial expenses resulting from debt issued for Cateno's formation; Table 3: Cateno including financial expenses with debentures issued due to Cateno; Table 4: Cielo Brasil, acquiring activities in Brazil; Table 5: Other Subsidiaries (Merchant e-Solutions, M4U, Braspag and Aliança)



It is important to highlight that Cateno has amortization expenses with no cash effect. For this reason, we present below Cielo's Consolidated adjusted net income, which excluded this amortization effect from Cateno's intangible assets ("Cateno cash basis" concept).

1. Cielo Consolidated					
	2Q16	2Q15	1Q16	2Q16 X 2Q15	2Q16 X 1Q16
Net Revenue	3,069.0	2,795.8	3,047.9	9.8%	0.7%
Cost + Expenses	(1,961.1)	(1,666.0)	(1,887.9)	17.7%	3.9%
Net Income Cielo	989.2	869.4	995.4	13.8%	-0.6%

2. Cielo ex Cateno e fin. exp.					
	2Q16	2Q15	1Q16	2Q16 X 2Q15	2Q16 X 1Q16
Net Revenue	2,459.6	2,224.1	2,454.9	10.6%	0.2%
Cost + Expenses	(1,515.7)	(1,261.5)	(1,458.7)	20.1%	3.9%
Net Income Cielo	1,059.7	956.6	1,096.1	10.8%	-3.3%

"Cash Basis" (ex Cateno amortization)	
Net Revenue	609.4
Cost+Expenses	(349.0)
Net contribution – "Cash Basis"	(3.1)

Net Income Adjustment composition (R\$ million)	
Cielo's Net Income excluding Cateno and financial expenses	1,059.7
Cateno's Net Contribution - "cash basis"	(3.1)
Cielo's Adjusted Net Income	1,056.6

2Q16 X 2Q15

Adjusted net income increased by R\$119.8 million, or 12.8%, to R\$1,056.6 million in 2Q16, compared to R\$936.9 million in 2Q15.

2Q16 X 1Q16

Q-o-Q, adjusted net income decreased by R\$6.2 million, or 0.6%, compared to R\$1,062.9 million in 1Q16.

CIELO BRASIL

OPERATING PERFORMANCE

Transaction Financial Volume

In 2Q16, the transaction financial volume totaled R\$142.6 billion, an expansion of 9.9% compared to R\$129.7 billion in the same period in 2015 and up 2.2% compared to R\$139.5 billion recorded in 1Q16. In addition, Cielo captured 1.631 billion transactions in 2Q16, an increase of 9.1% compared to 2Q15 and up 0.5% over 1Q16.



Specifically with credit cards, financial volume totaled R\$81.0 billion in 2Q16, up 4.5% compared to 2Q15 and up 1.7% quarter-on-quarter.

With debit cards, financial volume totaled R\$61.6 billion in 2Q16, an increase of 17.9% compared to 2Q15 and up 2.8% quarter-on-quarter.

The Agro product, which is included in total debit transactions, had financial volume of R\$6.7 billion in 2Q16, up 170.1% compared to 2Q15 and up 114.5% quarter-on-quarter.

Excluding the Agro product from the total debit cards transactions, the financial volume captured would have been R\$55.0 billion in 2Q16, up 10.4% compared to 2Q15 and down 3.3% quarter-on-quarter.

Operating Highlights	2Q16	2Q15	1Q16	2Q16 x 2Q15	2Q16 x 1Q16
Credit and Debit Cards					
Financial transaction volume (R\$ million)	142.582,8	129.698,0	139.509,3	9,9%	2,2%
Number of transactions (million)	1.630,9	1.495,0	1.623,3	9,1%	0,5%
Credit Cards					
Financial transaction volume (R\$ million)	80.954,8	77.434,2	79.571,9	4,5%	1,7%
Number of transactions (million)	696,8	658,7	676,8	5,8%	3,0%
Debit Cards					
Financial transaction volume (R\$ million)	61.628,0	52.263,8	59.937,5	17,9%	2,8%
Number of transactions (million)	934,1	836,3	946,5	11,7%	-1,3%
Agro Product					
Financial transaction volume (R\$ million)	6.665,5	2.468,2	3.107,8	170,1%	114,5%
Number of transactions (million)	0,07	0,03	0,03	133,2%	117,1%
Debit Excluding Agro					
Financial transaction volume (R\$ million)	54.962,4	49.795,6	56.829,7	10,4%	-3,3%
Number of transactions (million)	934,0	836,2	946,4	11,7%	-1,3%

It is worth noting that Elo's volume, which currently is considered in Cielo's total volume came to R\$22.1 billion, up 73.1% compared to 2Q15 and 24.8% quarter-on-quarter.

Active Points of Sales and Equipment Base

The number of Points of Sales Merchants totaled 1.7 million at the end of 2Q16, up 1.6% over 2Q15 and 0.3% over 1Q16. Active clients are those points of sale that have made at least a single transaction in the last 30 days. In the 60-day activity criterion, the increase compared to 2Q15 was 3.0% and 0.8% quarter-on-quarter.

Points of Sales Merchants	2Q16	2Q15	1Q16	2Q16 x 2Q15	2Q16 x 1Q16
Points of Sales Merchants 30 days ('000)	1.700	1.674	1.705	1,6%	-0,3%
Points of Sales Merchants 60 days ('000)	1.798	1.746	1.808	3,0%	-0,6%

*We are considering only the merchants affiliated to Cielo's network. Thus, we are excluding the new affiliations of the Multivan Elo Project in 2Q16 and 1Q16



The installed POS base came in line with same quarter last year and decreased 0.6% compared to 1Q16. The WiFi/GPRS equipment represented 69.4% of the installed base at the close of 2Q16, an increase of 4.3 p.p. year-on-year and 1.0 p.p. q-o-q.

POS Terminals	2Q16	2Q15	1Q16	2Q16 x 2Q15	2Q16 x 1Q16
# Installed POS ('000)	2.070	2.071	2.082	0,0%	-0,6%
% Wireless	69,4%	65,1%	68,4%	4.3 p.p	1.0 p.p

FINANCIAL PERFORMANCE

Net Revenues

2Q16 X 2Q15

Cielo Brasil net revenue increased 4.8% or R\$81.8 million, to R\$1,792.7 million in 2Q16, compared to R\$1,710.9 million in 2Q15. The increase is related to the growth in financial volume captured due to the ongoing business expansion, partially offset by a decrease in revenue yield in the quarter, which was 1.26% compared to 1.32% in 2Q15. It is worth noting, that excluding Agro product, the revenue yield would present variation not so relevant, 1.34% in 2Q15 and 1.32% in 2Q16

4. Cielo Brasil					
	2Q16	2Q15	1Q16	2Q16 X 2Q15	2Q16 X 1Q16
Net Revenue	1,792.7	1,710.9	1,821.0	4.8%	-1.6%
Cost+Expenses	(856.6)	(784.0)	(817.1)	9.3%	4.8%
Equity Interest	2.5	3.6	2.0	-31.5%	25.8%
Net Income Cielo	1,066.4	943.6	1,120.8	13.0%	-4.8%

2Q16 X 1Q16

Q-o-Q, Cielo Brasil net revenue decreased by R\$28.3 million, or 1.6%. The reduction is related to decreased revenue yield by 5 bps compared to 1Q16, which was 1.31%. This reduction is chiefly due to the concentration of Agro product in 2Q16, if we do not consider Agro product, the yield variation would be 2 bps.

Total Expenses

2Q16 X 2Q15

Total expenses increased by R\$72.6 million, or 9.3%, to R\$856.6 million in 2Q16, compared to R\$784.0 million in 2Q15. The increase was primarily due to higher financial volume captured, increased number of transactions and expenses concentrated in the quarter related to higher expenses due to retirement, severance payments and increasing sales and marketing expenses.

2Q16 X 1Q16



Q-o-Q, total expenses increased by R\$39.5 million, or 4.8%. The increase was primarily due to higher financial volume captured, increased number of transactions and expenses concentrated in the quarter related to higher expenses due to retirement, severance payments and increasing sales and marketing expenses.

Purchase of Receivables

The purchase of receivables is the operation in which Cielo Brasil acquires the merchant's receivables portfolio, at an agreed pricing structure. In this case, the merchant receives from Cielo for the sale of future receivables already performed, at any given moment. Given the importance of the business for Cielo Brasil, we present its key metrics below.

Purchases of Receivables	2Q16	2Q15	1Q16	2Q16 X 2Q15	2Q16 X 1Q16
% Purchased volume over Total Credit Volume	20.4%	18.5%	20.1%	1.9 p.p.	0.3 p.p.
Financial Volume of purchased receivables (R\$ million)	16,517.8	14,360.3	15,991.4	15.0%	3.3%
Average Term (Calendar Days)	50.9	56.5	53.3	(5.6)	(2.4)
Average Term (Business Days)	35.3	38.9	36.3	(3.6)	(0.9)
Net Revenue of Purchased Receivables (R\$ million)	678.3	561.7	684.9	20.8%	-1.0%
Cost of Funding with Third Parties (R\$ million)	(43.2)	(68.1)	(30.2)	-36.6%	43.0%
Taxes (PIS / COFINS) (R\$ million)	(31.5)	-	(31.3)	0.0%	0.7%
Purchases of Receivables Accounting Result (R\$ million)	603.6	493.6	623.4	22.3%	-3.2%

2Q16 X 2Q15

Purchase of receivables accounting result net of funding costs with third parties and of PIS and COFINS taxes on financial revenues increased R\$110.0 million, to R\$603.6 million in 2Q16, compared to R\$493.6 million in 2Q15. The increase is chiefly due to the growth in the financial volume of purchased receivables in line with the ongoing product expansion and to higher average spread in the quarter (increase in DI rate), and reduced funding volume with third parties to finance the purchase of receivables (ARV), partially offset by the beginning of PIS and COFINS over taxes financial income from the second half of 2015.

The average ticket of these operations in 2Q16 was R\$2.1 thousand, which was slightly lower than the R\$2.2 thousand recorded in 2Q15.

Managerial Exercise	2Q16	2Q15	1Q16	2Q16 X 2Q15	2Q16 X 1Q16
Net Revenue of Purchases of Receivables (R\$ million)	678.3	561.7	684.9	20.8%	-1.0%
Cost of Funding* (R\$ million)	(307.3)	(282.3)	(309.4)	8.9%	-0.7%
Managerial Net Revenue (R\$ million)	371.0	279.4	375.5	32.8%	-1.2%
Taxes (PIS / COFINS) (R\$ million)	(31.5)	-	(31.3)	-	0.7%
Net Revenue pro forma with Purchases of Receivables (R\$ million)	339.5	279.4	344.2	21.5%	-1.4%

*Assuming the cost of 104% of CDI in Financial Volume of Purchases

In a managerial analysis performed to verify the profitability of the purchase of receivables' business, assuming, hypothetically, 100% of the financing volume with third parties, at a rate of 104% of the CDI (interbank deposit certificate) the managerial result with purchase of receivables would be R\$339.5 million, an increase of 21.5% compared to the same period in the prior year.

2Q16 X 1Q16



When compared to 1Q16 Purchase of receivables accounting result net of funding costs with third parties and of PIS and Cofins taxes on financial revenues decreased R\$19.8 million, or 3.2%. This decrease is mainly related to higher funding volume with third parties to finance the purchase of receivables (ARV).

The average ticket of these operations in 2Q16 was R\$2.1 thousand, which was slightly lower than the R\$2.3 thousand recorded in 1Q16.

In the same managerial exercise presented above, the managerial result with purchase of receivables would be 1.4% lower compared to 1Q16.

Net Income

2Q16 X 2Q15

Cielo Brasil net income increased by R\$122.8 million, or 13.0%, to R\$1,066.4 million in 2Q16, compared to R\$943.6 million in 2Q15.

2Q16 X 1Q16

Compared to 1Q16, Cielo Brasil net income decreased by R\$54.4 million, or 4.8%.

CATENO

Accounting value	2Q16	2Q15	1Q16	2Q16x2Q15	2Q16x1Q16	Cateno, established on February 27, 2015, is a company formed in association with Banco do Brasil aimed at making the processing (card embossing, monthly print invoices, delivery of the card and invoices to the cardholder, security management of transactions and payment of fees of payment arrangements) of credit and debit transactions using cards issued by the Ourocard Arrangement (all cards issued by Banco do Brasil, except private label, government and pre-paid cards).
Financial Volume	59.7	52.8	55.9	13.1%	6.7%	
Credit Volume	29.3	28.7	28.8	1.9%	1.5%	
Debit Volume	30.4	24.0	27.1	26.6%	12.2%	
Net Revenue	609.4	571.7	593.0	6.6%	2.8%	
Total Costs+Expenses	(445.4)	(404.5)	(429.1)	10.1%	3.8%	
Costs+Expenses ex-Amortization	(349.0)	(308.1)	(332.7)	13.3%	4.9%	
Amortization*	(96.4)	(96.4)	(96.4)	-	-	
Operating Income	164.0	167.1	163.9	-1.8%	0.1%	
Financial Income	32.2	19.6	29.3	64.7%	10.1%	
Income Tax/ CSLL	(66.7)	(63.5)	(65.7)	5.1%	1.5%	
Net Income	129.6	123.2	127.5	5.2%	1.7%	
Net Margin	21.3%	21.6%	21.5%	-0.3 p.p.	-0.2 p.p.	
EBITDA	260.4	263.3	260.3	-1.1%	0.0%	
EBITDA Margin	42.7%	46.1%	43.9%	-3.3 p.p.	-1.2 p.p.	

* Amortization of R\$11.6 billion intangible assets in 30 years

Net Revenue

2Q16 X 2Q15



Cateno net revenue increased 6.6% or R\$37.7 million, to R\$609.4 million in 2Q16, compared to R\$571.7 million in 2Q15. The growth is mainly related to the increase in financial volume captured in the Ourocard Arrangement impacted by concentration of Agro product in 2Q16.

2Q16 X 1Q16

Q-o-Q, Cateno net revenue increased R\$16.4 million, or 2.8%. The growth is mainly related to the increase in the financial volume captured in the Ourocard Arrangement compared to 1Q16.

Total Expenses

2Q16 X 2Q15

Total expenses increased 10.1% or R\$40.9 million, to R\$445.5 million in 2Q16, compared to R\$404.5 million in 2Q15. The increase, in costs, is mainly related to the continued expansion of Ourocard Arrangement, affecting costs and expenses related to others factors, as mainly the focus given in 2Q16, the issue of ELO cards by Banco do Brasil, which extraordinarily impacted the quarter at R\$ 23 million. If such extraordinary expenses were not considered, the growth in total spending would have been 4.4%.

2Q16 X 1Q16

Q-o-Q, Cateno total expenses increased R\$16.3 million, or 4.9%. The increase is mainly related to the efforts to issue ELO cards. Excluding extraordinary expenses in the quarter, the variation would be a drop of 1.5%

Financial Income

2Q16 X 2Q15

The financial income increased by 64.7%, or R\$12.7 million, to R\$32.2 million in 2Q16, compared to R\$19.6 million in 2Q15. The increase is mainly related to the higher average balance of financial investments, due to minimum prudential capital.

2Q16 X 1Q16

Q-o-Q, financial income increased by R\$2.9 million, or 10.1%.

Net Income

2Q16 X 2Q15

Cateno net income increased R\$6.3 million, or 5.1%, to R\$129.5 million in 2Q16, compared to R\$123.2 million in 2Q15.

2Q16 X 1Q16

Q-o-Q, Cateno net income increased R\$2.0 million, or 1.6%.



It is important to highlight that we will amortize intangible assets over a 30-year period, representing R\$96.4 million per quarter. In the figures presented above, the amortization is already included. Below, we present an analysis, called Business Result, which does not include such amortization, with the net contribution to Cielo after considering the financial expense of the debt to set Cateno.

In the left column called Business Result, which does not consider the amortization of intangible assets, net income totaled R\$193.1 million in the quarter.

	Business Result	Accounting Value		"Cash Basis" (ex Cateno amortization)
Net Revenue	609.4	609.4	Net Revenue	609.4
Costs + Expenses	(349.0)	(349.0)	Costs + Expenses	(349.0)
Amortization *	-	(96.4)	Amortization *	-
Operating Income	260.4	164.0	Operating Income	260.4
Financial Income	32.2	32.2	Financial Income	32.2
Income Tax\ CSLL **	(99.5)	(66.7)	Income Tax\ CSLL **	(66.7)
Net Income	193.1	129.5	Net Income	225.9
Share Cielo – 70%		90.6	Share Cielo – 70%	158.1
Financial Expenses (post taxes)		(161.2)	Financial Expenses (post taxes)	(161.2)
Net contribution		(70.6)	Net contribution – "Cash Basis"	(3.1)

Analyzing the contribution of Cateno to Cielo, after the impact of the financial expenses related to creation of the new company, we reach a negative result of R\$70.6 million in the quarter. This number comes from a contribution of R\$90.6 million (which corresponds to 70% of net income) net of financial expenses taken by Cielo (post taxes) in the amount of R\$161.2 million.

Likewise, but excluding the intangible assets amortization (cash basis), as demonstrated on the table on the right, net income would be R\$158.1 million. Making the same analysis of the contribution of Cateno to Cielo - that is, after the financial expenses impact - we reach a negative result of R\$3.1 million in the quarter.

OTHER SUBSIDIARIES

Net Revenue 2Q16 X 2Q15

Net revenues from Other Subsidiaries increased 29.9% or R\$153.6 million, to R\$666.8 million in 2Q16, compared to R\$513.2 million in 2Q15. The increase is mainly related to the increase of mobile credit sales at M4U and the dollar appreciation.

5. Other Subsidiaries					
	2Q16	2Q15	1Q16	2Q16 X 2Q15	2Q16 X 1Q16
Net Revenue	666.8	513.2	633.9	29.9%	5.2%
Cost+Expenses	(661.6)	(481.1)	(643.6)	37.5%	2.8%
Net Income Cielo	(6.7)	13.0	(24.7)	-151.7%	-72.8%



2Q16 X 1Q16

Q-o-Q, net revenues of Other Subsidiaries increased by R\$32.9 million, or 5.2%. The increase is related to the ongoing business expansion partially offset by average dollar depreciation in the quarter.

Total Expenses

2Q16 X 2Q15

Total expenses from Other Subsidiaries increased 37.5% or R\$180.5 million, to R\$661.6 million in 2Q16, compared to R\$481.1 million in 2Q15. The increase is due to higher mobile credit sales at subsidiary M4U, the average dollar appreciation in the quarter, higher expenses with business partners (“partnership fees”) at subsidiary Me-S and ongoing business expansion.

2Q16 X 1Q16

Q-o-Q, total expenses increased by R\$18.0 million, or 2.8%. The increase is mainly related to higher mobile credit sales, higher expenses with business partners (“partnership fees”) at subsidiary Me-S and partially reduced by the average dollar depreciation in the quarter.

Net Income

1Q16 X 1Q15

Net income from Other Subsidiaries presented a change of R\$19.7 million, to a loss of R\$6.7 million in 2Q16, from a profit of R\$13.0 million in 2Q15.

2Q16 X 1Q16

Q-o-Q, net income from Other Subsidiaries presented a change of R\$18.0 million.

Finally, regarding Other Subsidiaries, it is important to note the impact of the exchange rate. The average dollar in 2Q16 was R\$3.51, an increase of 14.2% and a reduction of 10.1% compared to 2Q15 and 1Q16, respectively.

GUIDANCE

Our expectations regarding the performance of the market and our commitment was disclosed at the beginning of the year and we present below their status.

Indicators	Previous Estimates	Revised Estimates	YTD 2016
Industry* Financial Volume	5.5% a 7.5%	7% a 9%	8.7%**
Cielo Brazil + Cateno: Total Costs + Expenses	4% a 6%	6% a 8%	7.7%
CAPEX (purchase of terminals)	~R\$450mn	~R\$400 mn	R\$100.3 mn

*Considering credit and debit volumes

**1Q16 figures, since 2Q16 information has not been disclosed yet



Regarding the industry's financial volume growth index, although it is not possible to disclose the information for the first half, since not all participants reported information, with the figures available and our performance, we feel comfortable to raise the market's growth previous range from 5.5%-7.5% to 7%-9%.

The cost variation of Cielo Brasil and Cateno jointly was also revised, due to higher financial volume growth, the main metric that affects costs and expenses, in addition to the number of transactions and POS logistics. The previous range of 4% to 6% was increased to 6% to 8%.

Finally, regarding the investments in POS terminals, we made purchases in the quarter totaling R\$48.6 million, bearing in mind that this volume is partially funded by BNDES – Finame credit facility. This estimate was also revised to R\$400 million from R\$450 million previously disclosed. Such change is related to the higher mortality of small retailers, as well as to the impact of the Multivan project, in which Elo, Amex and Hiper brands now are accepted by acquirers participating in the project.

INDEBTEDNESS

FINAME

Finame is a loan provided by BNDES with the purpose to fund acquisition of machines and new equipment, domestically produced. This credit line finances the purchase of POS equipment using a weighted average interest rate which was 6.90% p.y. on June 30, 2016 (6.43% p.y. on December 31, 2015).

Long Term Financing - “ten years bonds”

In November 2012, US\$875 million were raised through a bond issuance, of which US\$470 million were issued by the Parent Company and US\$405 million were issued by the subsidiary Cielo USA. The amount raised by Cielo USA was used to pay for the controlling stake of Me-S, while the Parent Company used the funds mainly for working capital. The transaction pays interest of 3.75% per year, to be paid every six months, and the principal to be paid in November 2022. There are no clauses of financial covenants imposing financial constraints related to this issuance of bonds.

On June 30, 2016, the spread was 328.4 bps (on the bond issue date the spread was 222 bps).

Private Debentures

On February 27, 2015, Cielo issued its 1st, 2nd and 3rd private simple debentures in the amount of R\$3.5 billion, paying 111% of the average DI interest rate, maturing in 2023 and putcall for 2020.

The compensatory interests will be paid biannually as from the issuance date. There are no clauses of financial covenants imposing financial constraints related to the issuance of bonds.

Public Debentures

On April 13, 2015, the Company issued its 4th debentures for public distribution. The issue was held at the amount of R\$4.6 billion, maturing on April 13, 2018. The remuneration of public debentures is 105.8% of the average daily interest rate of the DI - Interbank Deposits. The principal amount will be paid in three equal annual installments, in April of each year and bear interest payable semi-annually in April and October of each year.



On April 13, 2016, the balance was partially amortized in the amount of R\$1,863.8 million, R\$1,533.3 million referring to principal balance and R\$330.5 million referring to interest rates.

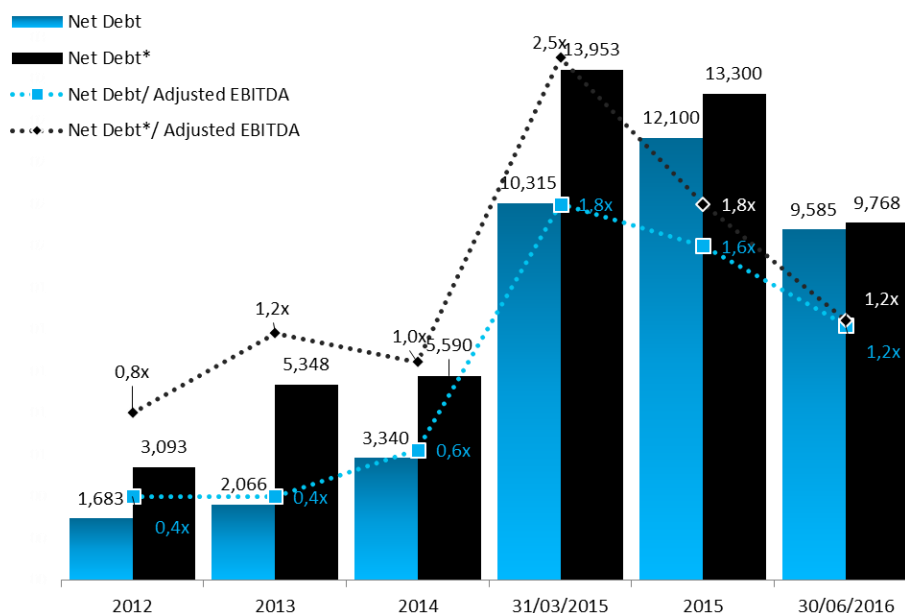
The Public Debentures have covenants that require the Company to maintain its debt ratio (Net Debt/Adjusted Consolidated EBITDA) lower than or equal to 3, as measured annually.

Bank of Tokyo-Mitsubishi Loan

In 2015, the Company hired a loan in the amount of US\$313.6 million, equivalent to R\$1 billion, with the Bank of Tokyo-Mitsubishi UFJ, Ltd. The operation matures on December 19, 2016. At the same time, derivative financial instruments (swaps) were hired with the specific objective of protecting such loans from exchange rate and interest rate variations, and with final monthly payment equivalent to 99.4% of the CDI. The interest on loans is paid monthly.

The loans from the Bank of Tokyo-Mitsubishi UFJ, Ltd have covenants that require the Company to maintain its debt ratio (Net Debt/Adjusted Consolidated EBITDA) lower than or equal to 3, as measured annually.

Net Debt Evolution (R\$ million)



Debt Ratio

LTM Net debt/Adjusted EBITDA ratio adjusted to result from purchases of receivables on June 30, 2016 was at 1.2x.



CAPITAL MARKETS

Overship Structure

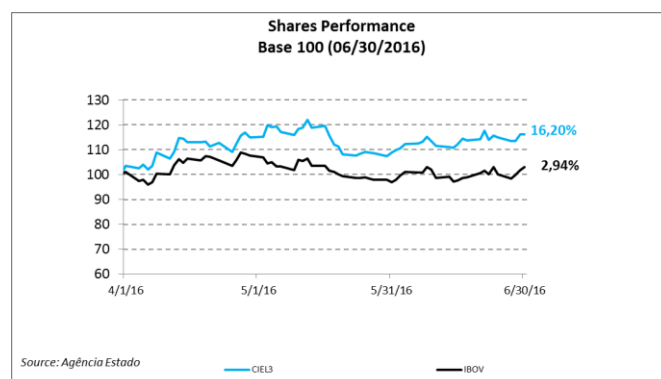
Cielo S.A. stock debuted on the BM&FBovespa's Novo Mercado on June 29, 2009, initially under the ticker symbol VNET3 and, due to the Company's name change, since December 18, 2009 under CIEL3. Cielo's stock is currently included on the Bovespa Index (Ibovespa), the Brazil Broad-Based Index (IBRA), the Brazil 50 Index (IBXL), the Brazil 100 Index (IBXX), the Carbon Efficiency Index (ICO2), the Financial Index (IFNC), the Corporate Governance Trade Index (IGCT), the Differentiated Corporate Governance Index (IGCX), Novo Mercado Corporate Governance Equity Index (IGNM), Corporate Sustainability Index (ISE), the Differentiated Tag Along Rights Index (ITAG), the Mid-Large Cap Index (MLCX).

Shareholder's Structure	ON	%
Controlling Shareholders	1,329,131,660	58.71
Banco Bradesco	680,531,616	30.06
Columbus Holding S.A	648,599,904	28.65
Tempo Serviços LTDA*	31,931,712	1.41
Banco do Brasil (BB Banco de Investimento S.A.)	648,600,044	28.65
Free-float	929,436,170	41.05
Treasury	5,444,721	0.24
Total	2,264,012,551	100.00

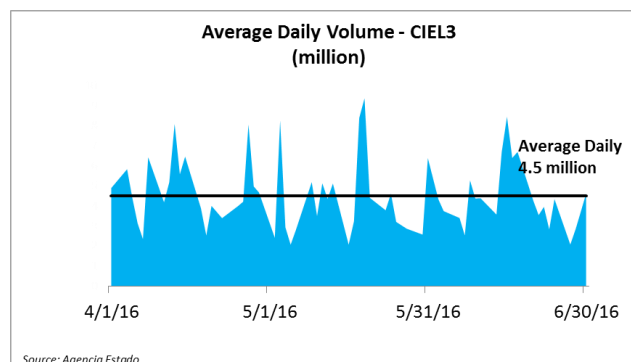
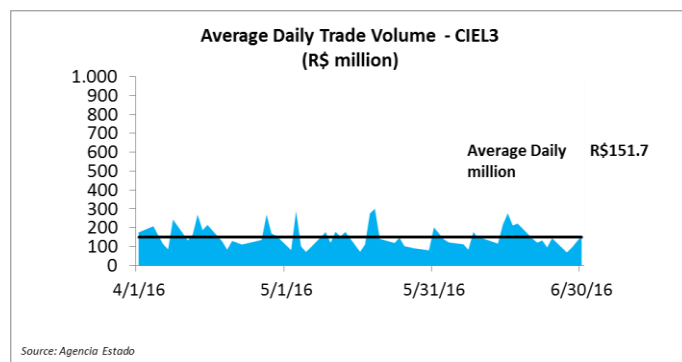
**Tempo Serviços Ltda's shares do not compose the Shareholders' Agreement between Columbus and BB Banco de Investimento

Stock Performance

In 2Q16, while the Ibovespa appreciated 2.94%, Cielo's stock (adjusted for remuneration) appreciated 16.20%. On April 30, 2016, CIEL3 shares were quoted at R\$33.86/share, bringing the Company's market cap to R\$76.7 billion.



The average daily trading volume from April to June 2016 totaled 4.5 million shares, with an average daily financial volume of R\$151.7 million, representing 0.5% of the free float. Since the IPO, the average daily trading volume has been of 2.6 million shares, with an average daily trading volume of R\$ 116.5 million, or 0.4% of the free float.





Dividends

Cielo will pay dividends related to the balance of remaining profits from the first half of 2016 to its shareholders on September 30, 2016, based on the shareholding position of September 16, 2016, with the Company's shares trading "ex-rights" as from September 19, 2016. The estimated amounts to be distributed are the following:

- a) Dividend per share: R\$0.165725803
- b) Gross amount of interest on equity per share: R\$ 0.105358960

The proceeds to be distributed total R\$612.4 million, of which R\$238.0 million will be distributed as interest on equity and subject to applicable taxes case by case, and R\$374.4 million as dividends, with shares held in treasury not entitled to remuneration.

Bonus shares

The General and Extraordinary Shareholder's Meetings held on April 8, 2016 approved the capital increase from R\$2.5 billion to R\$3.5 billion, i.e. an increase of R\$1 billion, with the issuance of 377,335,425 (three hundred seventy-seven million, three hundred thirty-five thousand, four hundred twenty-five) new common shares at non-par value, assigning to shareholders, free of charge, as a bonus, one (1) new common share for every five (5) common shares and ADRs - American Depositary Receipts held as final position on April 8, 2016, with the subsequent amendment of Article 7 of the Company's Bylaws. The bonus shares were included in the shareholders position on April 14, 2016, with preemptive rights for subscribing to shares and will be entitled to full dividends and/or interest on equity declared after such date.

After the bonus shares, the Company has 2,264,012,551 common shares outstanding.

CIEL3 - 03/31/2016	
Total Shares ('000)	2,264,012.55
Closing Price (R\$/Share)	33.86
Mkt. Cap (R\$'000)	76,659,464.98
Free-float ('000)	929,436.17
Free-float (R\$ '000)	31,470,708.72
ADTV ⁽¹⁾ (R\$'000)	151,739.7
ADTV ⁽¹⁾ / Free-float	0.48%
Dividends(*) (R\$'000)	612,365.32
Dividends (*)/Net Income	31%
Dividends /Share	0.27

(1) ADTV = Average Daily Trading Volume between 04/01/2016 and 06/30/2016

(*) Considering only the dividends related to the first half of fiscal year 2016.

CORPORATE GOVERNANCE

Corporate Governance is a priority for Cielo, where a key goal is continuous improvement to support sustainable, long-term corporate performance. In this spirit, Cielo voluntarily adopts the best corporate governance practices beyond those required for companies listed on BM&FBovespa Novo Mercado.

Our commitment to corporate efficiency and long-term value creation is explained, for instance, through (a) the adoption of appropriate decision-making systems and its monitoring by Cielo; (b) the establishment of a Corporate Governance Office, which aims to support management agencies and committees/advisory committees of the Company and its subsidiaries, as well as ensuring the monitoring of the best practices of corporate governance; (c) adoption of ethics and sustainable practices; (d) the formal annual performance assessment of the Board of



Directors members on an individual and group basis; (e) the variation of personnel who hold the Chairman of the Board of Directors and Chief Executive Officer positions; (f) the creation of an annual calendar for the Board of Directors, covering the subjects likely to be discussed over the year; (g) restricting the flow of internal company information exclusively to the Corporate Governance Electronic Portal; (h) maintaining the Related Party Transactions Policy as well as situations involving Conflicts of Interest; and (i) the existence of a Code of Ethics which establishes rules of conduct when communicating to stakeholders.

The Board of Directors of the Company is composed of 11 (eleven) members, who do not perform management activities, out of which 3 (three) are independent, where their independence aims to serve the best interests of the Company and its minority shareholders. The Board of Directors shall determine the general direction of the Company's business, elect members of Management and supervise its management, among others. The Management is composed of 4 (four) members and performs general management of the company, respecting the guidelines defined by the Board of Directors. In addition to demonstration of Cielo's adherence to the best Corporate Governance practices, the Board of Directors has 5 (five) support committees, which are: Audit Committee, Finance Committee, Corporate Governance Committee, People Management Committee and Sustainability Committee. The Management has 9 (nine) assistance forums: Issuer Risk Forum, Earnings Release Forum, Ethics Forum, Expenses Forum, Management of Continuous Business Expansion Forum, Social Investments Forum, Pricing Forum, Projects Forum and Diversity Forum.

The Fiscal Council of Cielo is an independent management body, installed to supervise management activities, and is composed of 5 (five) members, of which 1 (one) is an independent member.

Regarding Sustainability, the company maintains structured practices, such as: (a) establishment of a climate strategy, including the conduction and dissemination of a Greenhouse Gas (GHG) Inventory and offsetting emissions through the purchase of carbon credits; (B) support for social projects that contribute to the improvement of child and adolescent education, empower young people for work, promoting child health, developing cancer research and new treatments, and implementing the inclusion of people with disabilities; (C) the implementation of several policies that address important issues such as ethics, anti-corruption practices and the environment, in order to guide the Company's practices aimed at contributing to a healthy environment and the economic and social development of Brazil.

Since 2011, Cielo is listed at OTCQX, with a Level 1 American Depositary Receipts (ADR) Program,. Since 2014, Cielo joined the BM&FBOVESPA Corporate Sustainability Index (ISE) and has also been included in the Euronext-Vigeo EM70 Sustainability Index since 2015.

On April 29, 2016, the Company published its 2015 Sustainability Report, which was prepared based on the Global Reporting Initiative (GRI), G4 version, providing information on the Company's performance regarding the most material aspects for the sustainability of its business, seeking to demonstrate its ability to generate long-term, sustainable value to all its stakeholders.



2Q16 STATEMENT OF INCOME - UNAUDITED

	2Q16	2Q15	1Q16	2Q16 x 2Q15	2Q16 x 1Q16
GROSS OPERATING REVENUE	3,377,657	3,078,642	3,349,760	9.7%	0.8%
TAXES ON SERVICES	(308,633)	(282,861)	(301,861)	9.1%	2.2%
NET OPERATING REVENUE	3,069,024	2,795,781	3,047,898	9.8%	0.7%
Cost of Services Rendered	(1,294,082)	(1,090,914)	(1,233,884)	18.6%	4.9%
Depreciation and Amortization	(222,825)	(211,849)	(229,049)	5.2%	-2.7%
TOTAL COST OF SERVICES	(1,516,907)	(1,302,763)	(1,462,933)	16.4%	3.7%
Personnel	(135,159)	(115,563)	(126,452)	17.0%	6.9%
General and Administratives	(123,008)	(107,208)	(127,959)	14.7%	-3.9%
Depreciation and Amortization	(18,323)	(14,112)	(18,554)	29.8%	-1.2%
Sales and Marketing Expenses	(85,596)	(70,346)	(61,048)	21.7%	40.2%
Equity Interest	2,496	3,642	1,984	-31.5%	25.8%
Other Operating (Expenses) Income, Net	(84,640)	(59,630)	(92,896)	41.9%	-8.9%
OPERATING (EXPENSES) INCOME	(444,230)	(363,217)	(424,925)	22.3%	4.5%
EBITDA	1,349,034	1,355,765	1,407,643	-0.5%	-4.2%
Financial Income	41,250	23,880	58,760	72.7%	-29.8%
Financial Expenses	(289,954)	(301,500)	(338,775)	-3.8%	-14.4%
Prepayment of Receivables Net Revenue	603,571	493,620	623,393	22.3%	-3.2%
Fx Variation	(3,037)	1,354	(2,122)	-324.3%	43.1%
FINANCIAL INCOME (EXPENSES)	351,830	217,354	341,256	61.9%	3.1%
OPERATING INCOME	1,459,717	1,347,155	1,501,295	8.4%	-2.8%
Current	(565,211)	(453,759)	(540,540)	24.6%	4.6%
Deferred	135,198	14,160	77,500	854.8%	74.4%
INCOME TAX AND SOCIAL CONTRIBUTION	(430,013)	(439,599)	(463,040)	-2.2%	-7.1%
NET INCOME	1,029,704	907,556	1,038,255	13.5%	-0.8%
Atributted to:					
Owner's of the Company	989,167	869,448	995,389	13.8%	-0.6%
Non controlling interests	40,537	38,108	42,866	6.4%	-5.4%
NET INCOME	1,029,704	907,556	1,038,255	13.5%	-0.8%



1H16 STATEMENT OF INCOME – UNAUDITED

	1H16	1H15	1H16 x 1H15
GROSS OPERATING REVENUE	6,727,416	5,665,173	18.8%
TAXES ON SERVICES	(610,494)	(517,628)	17.9%
NET OPERATING REVENUE	6,116,922	5,147,545	18.8%
Cost of Services Rendered	(2,527,966)	(1,941,330)	30.2%
Depreciation and Amortization	(451,874)	(354,804)	27.4%
TOTAL COST OF SERVICES	(2,979,840)	(2,296,133)	29.8%
Personnel	(261,612)	(222,052)	17.8%
General and Administratives	(250,967)	(208,577)	33.6%
Depreciation and Amortization	(36,877)	(27,607)	17.0%
Sales and Marketing Expenses	(146,644)	(125,387)	17.0%
Equity Interest	4,480	7,353	-39.1%
Other Operating (Expenses) Income, Net	(177,536)	(115,218)	54.1%
OPERATING (EXPENSES) INCOME	(869,156)	(691,488)	25.7%
EBITDA	2,756,676	2,542,335	8.4%
Financial Income	100,010	76,971	29.9%
Financial Expenses	(628,729)	(489,750)	28.4%
Prepayment of Receivables Net Revenue	1,226,964	956,534	28.3%
Fx Variation	(5,159)	3,594	-243.5%
FINANCIAL INCOME (EXPENSES)	693,086	547,349	26.6%
OPERATING INCOME	2,961,012	2,707,273	9.4%
Current	(1,105,751)	(930,880)	18.8%
Deferred	212,698	57,329	271.0%
INCOME TAX AND SOCIAL CONTRIBUTION	(893,053)	(873,551)	2.2%
NET INCOME	2,067,959	1,833,722	12.8%
Atributed to:			
Owner's of the Company	1,984,556	1,781,297	11.4%
Non controlling interests	83,403	52,425	59.1%
NET INCOME	2,067,959	1,833,722	12.8%



2Q16 BALANCE SHEET- UNAUDITED

ASSETS	06.30.2016	12.31.2015
CURRENT		
Cash and cash equivalents	1,228,552	1,249,524
Trade receivables	9,765,395	11,151,905
Receivables from related parties	656	459
Prepaid and recoverable taxes	2,549	1,814
Other receivables	62,062	41,488
Derivative Financial Instruments	-	213,314
Prepaid expenses	35,472	17,350
Total current assets	11,094,686	12,675,854
NONCURRENT ASSETS		
Financial applications	70,613	66,124
Deferred income tax and social contribution	940,910	744,893
Escrow deposits	1,411,937	1,302,455
Other receivables	32,837	41,352
Investments	94,831	105,108
Fixed Assets	628,976	751,517
Intangible Assets	13,571,716	14,290,498
Total noncurrent assets	16,751,820	17,301,947
TOTAL ASSETS	27,846,506	29,977,801
LIABILITIES AND SHAREHOLDER'S EQUITY	06.30.2016	12.31.2015
CURRENT LIABILITIES		
Payables to merchants	1,052,524	1,503,254
Advances from issuing banks	183,000	1,269,190
Loans and Financing	3,003,162	3,291,228
Trade payable	739,185	663,214
Taxes payable	586,607	275,733
Payables to related parties	2,856	398
Dividends payable	612,365	540,938
Other payables	514,190	519,999
Total current liabilities	6,695,495	8,063,954
NONCURRENT LIABILITIES		
Loans and Financing	7,810,497	10,008,265
Reserve for contingencies	1,539,482	1,420,270
Income tax and social contribution deferred	238,182	303,678
Other payables	16,572	17,667
Total noncurrent liabilities	9,604,733	11,749,880
SHAREHOLDER'S EQUITY		
Capital	3,500,000	2,500,000
Capital reserve	61,983	64,305
Treasury shares	(133,365)	(140,648)
Comprehensive income	10,701	13,401
Retained earnings	4,455,809	4,083,619
Attributed to:		
Owner's of the Company	7,895,127	6,520,677
Non controlling interests	3,651,151	3,643,290
Total shareholder's equity	11,546,278	10,163,967
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	27,846,506	29,977,801



CASH FLOW

Cash Flow	1Q16	1Q15
Profit before income tax and social contribution	2,961,012	1,501,295
<u>Adjustments to reconcile profit before income tax and social contribution to net cash generated by operating activities:</u>		
Depreciation and amortization	488,751	247,603
Recognition of provision for losses on property and equipment and intangible assets	21,305	4,470
Residual value of property and equipment and intangible assets disposed of	24,962	14,194
Stock option granted	16,325	5,903
Losses on non-performing loans and chargebacks	84,236	38,631
Provision for tax, civil and labor risks	125,137	64,046
Unearned revenue from purchase of receivables	(37,376)	(31,111)
Noncontrolling interests	83,403	42,866
Exchange change on interest deriving from borrowings and financing raised abroad	(220,661)	(110,588)
Unrealized gains on derivatives	213,314	102,649
Interest on borrowings and financing	618,967	337,490
Provision for losses in investments	23,997	23,997
Share of profit (loss) of investees	(4,480)	(1,984)
<u>(Increase) decrease in operating assets:</u>		
Trade receivables	1,423,885	994,479
Receivables from related parties	(197)	(4,464)
Prepaid and recoverable taxes	11,418	11,842
Other receivables (current and noncurrent)	(16,548)	(12,474)
Escrow deposits	(109,482)	(60,582)
Prepaid expenses	(18,122)	(25,386)
<u>Increase (decrease) in operating liabilities:</u>		
Payables to merchants	(1,621,156)	(1,374,928)
Trade payables	75,971	55,174
Taxes payable	(25,493)	(8,139)
Payables to related parties	2,458	1,627
Other payables (current and noncurrent)	(88,701)	(106,959)
Payment of tax, civil and labor lawsuits	(5,925)	(2,141)
Cash generated from operations	4,027,000	1,707,510
Interest paid	(654,736)	(256,858)
Income tax and social contribution paid	(880,444)	(261,638)
Net cash generated by operating activities	2,491,820	1,189,014
Cash flows from investing activities		
Capital increase in subsidiaries, joint ventures and associate	(9,240)	(9,240)
Dividends received from subsidiaries	-	4,050
Additions to property and equipment and intangible assets	(194,608)	(100,805)
Net cash used in investing activities	(203,848)	(105,995)
Cash flows from financing activities		
Acquisition of treasury shares	(24,904)	(24,904)
Sale of treasury shares under the stock option plan	13,540	2,589
Borrowings	32,495	23,367
Payment of principal	(1,653,865)	(62,320)
IRRF on interest on capital	-	-
Dividends and interest on capital	(616,480)	(576,697)
Net cash generated by (used in) financing activities	(2,249,214)	(637,965)
Effect of exchange rate changes on cash and cash equivalents of foreign subsidiary	(59,730)	(34,053)
Increase (decrease) in cash and cash equivalents	(20,972)	411,001
Cash and cash equivalents		
Closing balance	1,228,552	1,660,525
Opening balance	1,249,524	1,249,524
Increase (decrease) in Cash and Cash Equivalents	(20,972)	411,001