

Barueri, April 28, 2015 - **Smiles S.A.** (BM&FBOVESPA: **SMLE3**), one of the largest loyalty programs in Brazil with over 10 million members, announces today its results for 1Q15. The financial and operational information in this report refers to the consolidated results of Smiles S.A and is presented in accordance with IFRS and in Brazilian Reais (R\$), except when indicated otherwise. Percentage variations may use more decimal places for the calculations than shown in the document.

Gross Billings¹ of miles with ex-Gol partners reached R\$ 272.8 mi, 60.8% higher than 1Q14

HIGHLIGHTS

- ✓ Ex-GOL Miles Gross Billings¹ rose 60.8% compared to 1Q14 and reaches historic high
- ✓ 10.6 bi ex-GOL miles accrued, which is 43.5% higher than 1Q14
- ✓ Operating income of R\$ 85.0 mn in 1Q15, 23.9% higher than 1Q14
- ✓ 8.9 billion miles redeemed in 1Q15, 13.4% higher than 1Q14
- ✓ Smiles shares appear in the 1st and 2nd previews of the Ibovespa Index
- ✓ Announcement of flight partnerships with Copa Airlines and Korean Air in 1Q15
- ✓ Net income of R\$ 69.6 mi, representing a net margin of 28.3%
- ✓ Complementary dividends declared in the amount of R\$ 237.5 mi

Smiles closed 1Q15 with operating income of R\$ 85.0 mi, 23.9% higher than 1Q14, representing an operating margin of 34.5%. The results reflect growth of 43.5% in ex-GOL accrued miles and 60.8% in respective miles billings¹ compared to 1Q14. Redemption margins have also evolved compared to 1Q14, despite the increase in the classical ticket prices in effect since January 2015.

Main Highlights	Unit	1Q15	4Q14	1Q14	1Q15 vs. 4Q14 (%)	1Q15 vs. 1Q14 (%)
Miles Accrual	mn	12,522	11,093	9,209	12.9%	36.0%
GOL	mn	1,947	1,894	1,840	2.8%	5.8%
Ex-GOL (Banks, etc)	mn	10,576	9,199	7,369	15.0%	43.5%
Miles Redeemed ²	mn	8,912	8,484	7,859	5.0%	13.4%
Gross Billings ¹	R\$ mn	371.3	343.7	264.2	8.0%	40.5%
Net Revenues	R\$ mn	246.0	243.8	188.1	0.9%	30.8%
Operating Income	R\$ mn	85.0	88.5	68.6	(4.0%)	23.9%
<i>operating margin</i>	%	34.5%	36.3%	36.5%	(1.8 p.p.)	(2.0 p.p.)
Net Income	R\$ mn	69.6	81.9	78.3	(15.0%)	(11.1%)
<i>net margin</i>	%	28.3%	33.6%	41.6%	(5.3 p.p.)	(13.3 p.p.)

1. Gross Billings is not an accounting measurement and corresponds to total revenues from the sale of miles and the cash portion of Smiles & Money, and gross taxes. These revenues may have affected the current period or will be recognized as revenue in future periods, depending on the time of redemption on the part of program participants;

2. Corresponds to the miles redeemed program (new miles and legacy miles).

Smiles S.A.

BM&FBOVESPA: SMLE3
Novo Mercado
Price: R\$ 54.25
No. of shares: 122,739,269
Market cap: R\$ 6.65 bi
(Close: 4/27/2015)

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www.smiles.com.br/ir

1Q15 Conference Call

April 29, 2015

In Portuguese and English:

(Simultaneous translation)
10 a.m. (Brasília time)
9 a.m. (US EDT)
Telephone: +55 (11) 2188-0155
or +1 (646) 843-6054
Password: Smiles
[webcast \(português\)](#)
[webcast \(inglês\)](#)

CONTATOS RI

Flavio Vargas

Chief Investor Relations
and Financial Officer

Marcos Pinheiro

Finance and IR Director

Bruno Fregonezi and

Nicholas Baines

Investor Relations

Message from Management

For Smiles S.A., 1Q15 was a period of substantial growth and preservation of redemption profitability. Our sales efforts resulted in a 43.5% increase in accrued miles (ex-GOL) over the same period last year. We added two new international partners to our international redemptions portfolio and kept pace in the introduction of new products, which was supported by the infrastructure of our New Smiles Website.

Miles accrual reached 12.5 billion in the quarter. This was a record for the Company and represented a 43.5% increase in the ex-GOL Partners segment as compared to 1Q14. This variation was due to our sales efforts and the result of a close relationship with our key financial partners.

The most valuable brand loyalty in Brazil. According to a survey published in the April 22, 2015 edition of *Istoé Dinheiro* magazine, in partnership with Millward Brown Vermeer, Smiles is the 21st most valuable brand in the country and 1st among loyalty programs. We are constantly working to improve customer communications through, for example, development of our new website and the '365 Reasons' campaign. The study estimated that the value of Smiles as a brand in 2015 is US\$ 493 mi, 78% higher than its estimated value in 2014.

Expansion of Airline Partnerships. The expansion of the international airline redemption portfolio significantly improves the program's features. In 1Q15, we announced an accrual and redemption partnership with Copa Airlines, which was added to the Program in April 2015. The airline offers 77 weekly flights out of eight Brazilian cities to Panama City, with connections to destinations in 30 countries. In the same quarter, we announced a partnership with Korean Air, which operates in 45 countries and over 100 cities worldwide. In 1Q15, international redemptions represented 21.9% of the total miles redeemed in the Program.

Innovation on a new platform. The infrastructure of our new portal enables the continuation of a steady flow of new products that, once again, make Smiles a pioneer in the Brazilian loyalty market. In April, for example, we launched new Smiles Club categories through which members can join accelerated accrual plans and receive up to 60,000 miles per year.

Direct redemptions margin of 43.0% in 1Q15, 1.6 p.p. higher over 1Q14. In 1Q15, we observed an annual growth of direct margins for redemptions, preserving the spread as the main source of profitability for the Program.

Approval of the distribution of R\$ 237.5 mn in complementary dividends. As proposed by management on March 16, 2015, the General Shareholders Meeting approved, on April 17, 2015, the complementary distribution of dividends for FY2014, which resulted in a 95% payout compared to net income and 100% in relation to distributable income.

Our activities resulted in net income of R\$ 69.6 mn in 1Q15, reflecting growth in operating income, with effects from the new capital structure, compared to 1Q14. The Company remains focused on the development of new products and also adding value to its commercial partners, investors and customers.

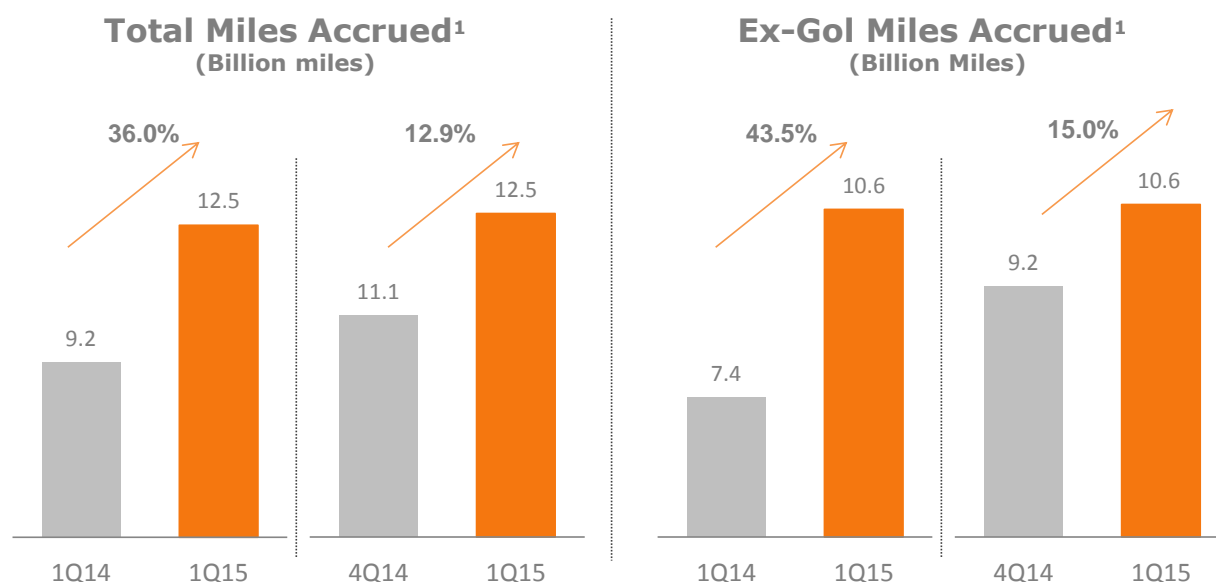
Operating performance

Operating Data ¹	Unit	1Q15	4Q14	1Q14	1Q15 vs. 4Q14 (%)	1Q15 vs. 1Q14 (%)
Members	mn	10.5	10.3	9.9	2.1%	6.3%
Miles Accrual	mn	12,522	11,093	9,209	12.9%	36.0%
GOL	mn	1,947	1,894	1,840	2.8%	5.8%
Ex-GOL (Banks and others)	mn	10,576	9,199	7,369	15.0%	43.5%
Miles Redemption (Program)²	mn	8,912	8,484	7,859	5.0%	13.4%
Program's Burn/Earn	mn	71.2%	76.5%	85.3%	(5.3 p.p.)	(14.1 p.p.)
Breakage Rate	%	16.5%	16.5%	16.9%	(0.0 p.p.)	(0.4 p.p.)
% New Miles	%	87.5%	84.7%	68.6%	2.8 p.p.	18.9 p.p.

¹ All miles amounts are net of reimbursement. The data in this table do not reflect financial information.

² The redemption of miles corresponding to miles redeemed in the Smiles Program, including new miles and legacy miles.

Participants and Members: We reached 10.5 mn customers in 1Q15, an increase of 6.3% compared to 1Q14. With Netpoints, we make the largest interconnected coalition network in Brazil, with over 22 mn registered customers. In 1Q15, in addition to the accrual and redemption partnerships with Copa Airlines and Korean Air, our customers also have access to Accor Hotels' loyalty program, Le Club, with more than 2,800 participating hotels in 92 countries.



¹Graph's numbers reflect miles net of refund effects

Mileage Accrual: Program accrual in 1Q15 rose 36.0% over 1Q14, due to the 43.5% growth in accruals from ex-GOL partners and 5.8% growth in miles accrued by GOL. The growth of ex-GOL miles reflects our close relationship with partner financial institutions. As examples of that proximity are the reduction minimum number of points required

for a transaction and also combined product offers, while bringing additional value to both our partners and Smiles.

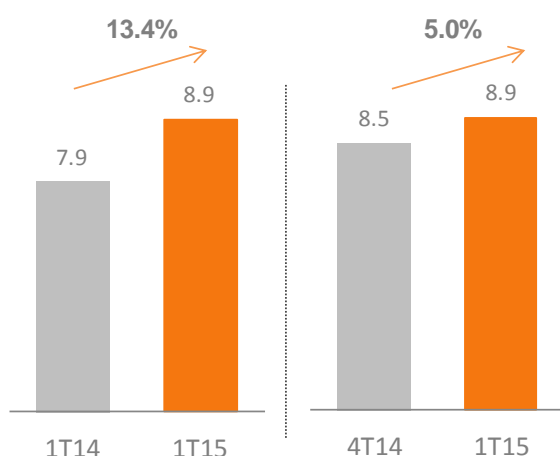
Mileage Redemption: In 1Q15, the mileage redemption program grew 13.4% compared to 1Q14, which reflects increased customer engagement and a steadily increasing variety of redemption options. Although representative, the growth in accrual was faster than that for redemptions, resulting in a significant drop in the burn/earn ratio. Economically, this indicates that a portion of miles accumulated and billed are to be recognized as revenues only upon redemption, or specifically in the case of breakage.

Operating Data ¹	Unit	1Q15	4Q14	1Q14	1Q15 vs. 4Q14 (%)	1Q15 vs. 1Q14 (%)
Miles Redeemed Program ²	mn	8,912	8,484	7,859	5.0%	13.4%
GOL Smiles & Money Redemptions	mn	1,515	1,775	832	(14.6%)	82.2%
Traditional redemptions (100% Miles)	mn	7,397	6,709	7,027	10.2%	5.3%
Number of Redeemed Products	mn	936	921	909	1.6%	3.0%
GOL Smiles & Money Redemptions	mn	404	351	209	14.9%	93.4%
Traditional redemptions (100% Miles)	mn	532	570	700	(6.6%)	(23.9%)
Average Miles per Product	unit	9,518	9,210	8,651	3.3%	10.0%
GOL Smiles & Money Redemptions	unit	3,752	5,051	3,982	(25.7%)	(5.8%)
Traditional redemptions (100% Miles)	unit	13,892	11,775	10,045	18.0%	38.3%

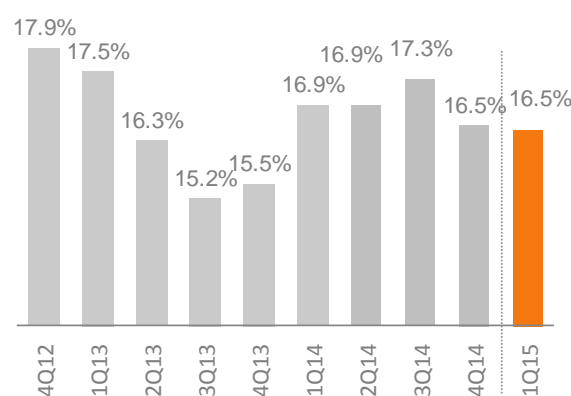
¹ All values corresponding to miles are net of reimbursement. Segregation of Smiles & Money and 100% miles redemptions has not been audited.

² Redemption miles values represent redemptions of new and legacy miles.

Program Miles Redemption¹ (Billion Miles)



Breakage Rate (last 12 months)



¹Graph's numbers reflect miles net of refund effects

Breakage: The Breakage rate remained stable compared to 4Q14.

Financial Performance

Financial Information Summary	Unit	1Q15	4Q14	1Q14	1Q15 vs. 4Q14 (%)	1Q15 vs. 1Q14 (%)
Gross Revenue ^{1,2}	R\$ mi	371.3	343.7	264.2	8.0%	40.5%
Ex-GOL Partners	R\$ mi	272.8	226.9	169.7	20.2%	60.8%
Smiles & Money	R\$ mi	74.7	92.8	70.0	(19.4%)	6.7%
GOL (miles + admin. fee)	R\$ mi	23.7	23.9	24.5	(1.0%)	(3.3%)
Net Revenues	R\$ mi	246.0	243.8	188.1	0.9%	30.8%
Gross Profit	R\$ mi	114.2	121.5	88.3	(6.0%)	29.4%
<i>Gross Margin</i>	%	46.4%	49.8%	46.9%	(3.4 p.p.)	(0.5 p.p.)
Operating Income	R\$ mi	85.0	88.5	68.6	(4.0%)	23.9%
<i>Operating Margin</i>	%	34.5%	36.3%	36.5%	(1.8 p.p.)	(2.0 p.p.)
Net Income	R\$ mi	69.6	81.9	78.3	(15.0%)	(11.1%)
<i>Net Margin</i>	%	28.3%	33.6%	41.6%	(5.3 p.p.)	(13.3 p.p.)

Gross Billings: Gross billings grew 40.5% compared to 1Q14, mainly driven by 60.8% growth of miles revenues from ex-GOL partners, reaching an historic high of R\$ 272.8 mi. Compared to the 4Q14, gross billings rose by 8.0%, mainly due to the growth billed miles with ex-GOL partners, 20.2% higher than the previous quarter.

Revenues (R\$ thousands)	1Q15	4Q14	1Q14	1Q15 vs. 4Q14 (%)	1Q15 vs. 1Q14 (%)
Gross Revenues	271,217	268,714	207,462	0.9%	30.7%
Miles Redemption Revenue	170,254	151,151	112,109	12.6%	51.9%
Money Revenue	74,735	92,776	70,014	(19.4%)	6.7%
Breakage Revenue	24,503	10,557	24,388	132.1%	0.5%
Other Revenues	1,725	14,230	951	(87.9%)	81.4%
Direct Taxes	(25,226)	(24,883)	(19,373)	1.4%	30.2%
Net Revenues	245,991	243,831	188,089	0.9%	30.8%

Miles Redemption Revenue: Gross revenue from mileage redemptions had a positive change of 51.9% compared to 1Q14, reflecting the 13.4% increase in the number of miles redeemed in the program in the same period, with a greater participation of miles new in relation to the total miles redeemed in the program (68.6% in 1Q14 to 87.5% in 1Q15).

Money Revenue: The "money" portion of the Smiles & Money product grew by 6.7% compared to 1Q14, driven by growth in number of tickets issued, offset by a reduction in the unit value per issue.

Breakage and Expiration Revenue: In 1Q15, breakage and expiration revenues, taken together, were stable against 1Q14, a positive variation of 0.5%, as shown in the following table:

Reference	Summary (R\$ Million)	1Q15	4Q14	1Q14
A	Beginning of Period (miles deferred revenues)	785.1	694.3	457.9
B = B1+B2	Accrual	295.1	243.2	195.5
B1	Gross Billings of miles	295.2	249.5	192.9
B2	Other effects	(0.1)	(6.3)	2.6
C	Redemption	170.3	151.2	112.1
D	Expiration	5.7	1.2	4.8
E = A + B - C - D	End of Period (miles deferred revenues)	904.3	785.1	536.5
F	Breakage rate	16.5%	16.5%	16.9%
G = E * F	Breakage Balance (EoP * Rate)	148.8	129.9	90.6
H(t) = G(t) - G (t-1)	Variation - P&L	18.8	9.3	19.6
I = D + H(t)	Gross Breakage Revenue	24.5	10.6	24.4

1. Gross Billings is not an accounting measure and corresponds to total revenues from the sale of miles and the cash portion of Smiles & Money, gross of taxes. These revenues may have affected the current period or will be recognized as revenue in future periods, depending on the time of redemption by the program participants.

Other Revenues: Other revenues increased by 81.4% compared to 1Q14, reaching R\$ 1.7 mn in 1Q15, mainly comprised of R\$ 1.3 mn in administration fees from the GOL loyalty program.

Direct redemption margins:

1Q15 (Breakdown by product - R\$ mn)	Products 100% miles	Products Smiles & Money	Subtotal (redemptions only)	Non- Allocated	Total
Gross Revenues	141.3	103.7	245.0	26.2	271.2
Miles Redemption Revenue	141.3	28.9	170.3	-	170.3
Money Revenue	-	74.7	74.7	-	74.7
Breakage Revenue	-	-	-	24.5	24.5
Other Revenues	-	-	-	1.7	1.7
(-) Direct Taxes	(13.1)	(9.6)	(22.7)	(2.6)	(25.2)
(=) Net Revenues	128.2	94.1	222.3	23.7	246.0
(-) Direct Costs	(81.0)	(45.7)	(126.7)	-	(126.7)
(-) Non-Allocated Costs	-	-	-	(5.0)	(5.0)
(=) Gross Profit	47.2	48.4	95.6	18.6	114.2
Gross Margin	36.8%	51.4%	43.0%	n/a	46.4%

1Q14 (Breakdown by product - R\$ mn)	Products 100% miles	Products Smiles & Money	Subtotal (redemptions only)	Non- Allocated	Total
Gross Revenues	100.2	81.9	182.1	25.3	207.5
Miles Redemption Revenue	100.2	11.9	112.1	-	112.1
Money Revenue	-	70.0	70.0	-	70.0
Breakage Revenue	-	-	-	24.4	24.4
Other Revenues	-	-	-	1.0	1.0
(-) Direct Taxes	(9.3)	(7.6)	(16.8)	(2.5)	(19.4)
(=) Net Revenues	91.0	74.3	165.3	22.8	188.1
(-) Direct Costs	(55.0)	(41.9)	(96.8)	-	(96.8)
(-) Non-Allocated Costs	-	-	-	(3.0)	(3.0)
(=) Gross Profit	36.0	32.4	68.4	19.9	88.3
Gross Margin	39.6%	43.7%	41.4%	n/a	46.9%

It is worth noting that total Net Revenues from Smiles & Money redemptions (R\$ 94.1 mn in 1Q15, as shown in the table above) grew 26.6% YoY, whereas revenues from the Money portion (R\$ 74.7 mn in 1Q15) increased by 6.7%.

Even though they are divided between Smiles & Money and 100% Miles, we believe that the direct redemption margins can be evaluated on a consolidated basis. In 1Q15, we posted a 43.0% direct margin (spread), compared to 41.4% measured in the same quarter last year. In relation to 1Q14, we observed an increase in the participation of promotional tickets with a reduction in the participation of tickets purchased in the standard and commercial categories.

Operating Expenses (R\$ thousand)	1Q15	4Q14	1Q14	1Q15 vs. 4Q14 (%)	1Q15 vs. 1Q14 (%)
Operating Expenses	(27,899)	(31,300)	(19,264)	(10.9%)	44.8%
Commercial expenses	(19,707)	(20,415)	(13,145)	(3.5%)	49.9%
Administrative expenses	(8,192)	(11,251)	(6,119)	(27.2%)	33.9%
Other expenses/revenues	-	366	-	(100.0%)	n/a

Operating Expenses: Operating expenses increased by R\$ 8.6 mn compared to 1Q14, mainly related to (i) a R\$ 4.8 mn increase in marketing and advertising expenses, (ii) a R\$ 1.3 mn increase in call center expenses, (iii) a R\$ 0.9 mn increase in personnel costs and (iv) a R\$ 1.6 mn increase in other expenses. In relation to 4Q14, operating expenses decreased by 10.9%.

Other Information (R\$ mil)	1Q15	4Q14	1Q14	1Q15 vs. 4Q14 (%)	1Q15 vs. 1Q14 (%)
Equity Earnings Result	(1,371)	(1,621)	(446)	(15.4%)	207.4%
Net Financial Result	21,764	20,258	50,270	7.4%	(56.7%)
Financial Expenses	(10,900)	(15,522)	(18)	(29.8%)	n/a
Financial Income	37,326	36,975	49,931	0.9%	(25.2%)
Net Exchange Variation	(4,662)	(1,195)	357	290.1%	n/a
Income Taxes	(37,123)	(26,912)	(40,548)	37.9%	(8.4%)

Operating Income: Smiles posted operating income of R\$ 85.0 mi, 23.9% higher than 1Q14, representing an operating margin of 34.5%.

Financial Income: Financial income for the period was mainly comprised of R\$ 31.4 mn in discounts obtained, which relates to the advance purchase of tickets, and revenue of R\$ 5.9 mn related to gains on financial investments.

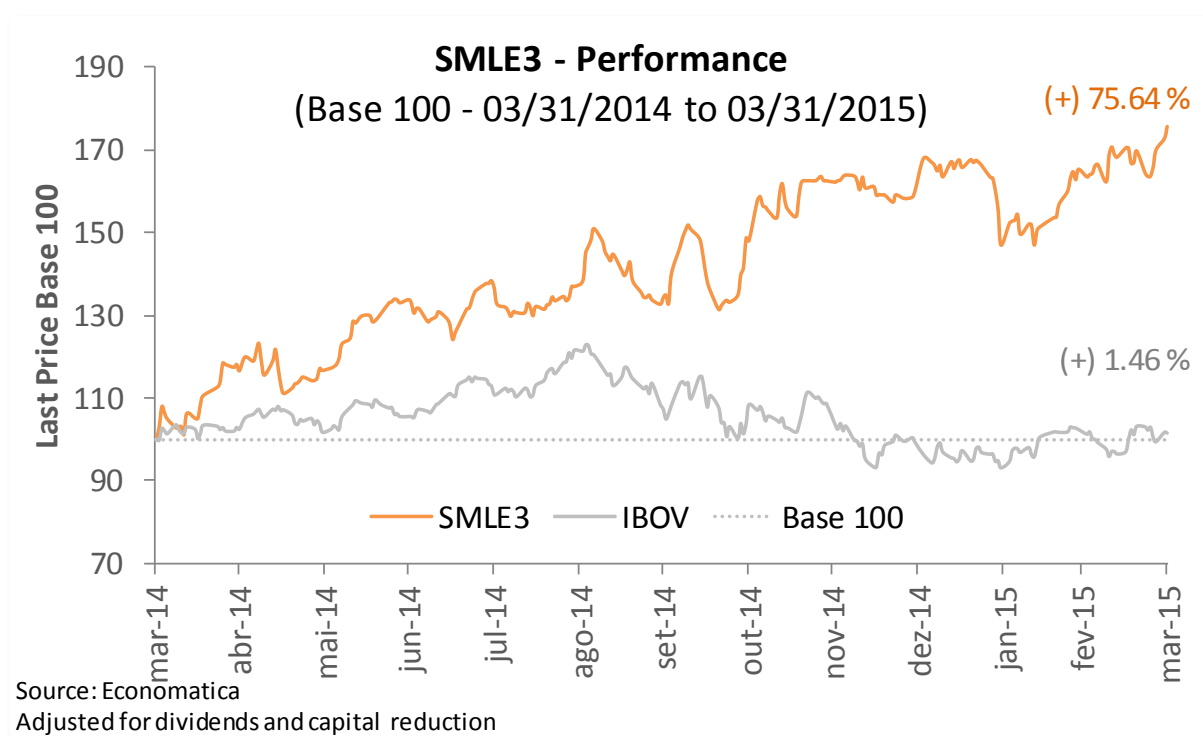
Financial Expenses: The capital reduction process ended on July 15, 2014, altering the Company's capital structure, generated R\$ 10.9 mn in equivalent financial expenses. It is important to note the monthly amortization of R\$ 49.2 mn leads to decreased recognition of interest expenses for the contracted debenture in the coming quarters,

returning to the natural tendency of financial results. The final installment payment of the contracted debenture is scheduled for July 4, 2015.

Net Exchange Variation: Net exchange variation expenses are mainly a result of the local currency devaluation effect applied to accounts payable referenced in US dollars, which are related to the cost of issuing international flight tickets.

Income Tax and Social Contribution on Net Income: The effective rate of Income Tax and Social Contributions was 0.8 p.p. higher than the tax rate of 34.0%, mainly as a result of the expense of equity earnings and other non-deductible expenses. The R\$ 3.6 mn in deferred Income Tax and Social Contribution expenses are related to the amortization of the tax benefit from the incorporation of goodwill, with no cash effect.

Net Profit: Smiles recorded a net income of R\$ 69.6 mi, representing a net margin of 28.3%, 5.3 p.p. lower than 4Q14.



Stock's Performance: Smiles shares (SMLE3) are listed on the Novo Mercado (New Market), which represents the BM&FBOVESPA's highest level of Corporate Governance. On March 31, 2015, the Company's shares closed at R\$ 50.50, representing a market value of R\$ 5.6 billion (after a capital reduction of R\$ 1.0 bi), and a return of 75.64% in the previous 12 months and 9.66% in the first three months of 2015. For the same periods, the Bovespa Index

(Ibovespa) – the most important indicator of average share prices of shares traded on the São Paulo Stock Exchange – showed an increase of 1.46% and 2.29%, respectively.

Smiles in the Ibovespa preview: Shares of Smiles (BM&FBOVESPA: SMLE3) were included in the first and second preview of the Ibovespa Index for the second four-month-period of 2015. According to the second preview, Smiles would represent 0.334% of the index's composition.

Income Statement

Income Statement (R\$ thousands)	1Q15	4Q14	1Q14	1Q15 vs. 4Q14 (%)	1Q15 vs. 1Q14 (%)
Gross Revenue	271,217	268,714	207,462	0.9%	30.7%
Miles Redemption Revenue	170,254	151,151	112,109	12.6%	51.9%
Money Revenue	74,735	92,776	70,014	(19.4%)	6.7%
Breakage Revenue	24,503	10,557	24,388	132.1%	0.5%
Other Revenues	1,725	14,230	951	(87.9%)	81.4%
Direct Taxes	(25,226)	(24,883)	(19,373)	1.4%	30.2%
Net Revenue	245,991	243,831	188,089	0.9%	30.8%
Miles Redemption Cost	(131,767)	(122,381)	(99,788)	7.7%	32.0%
Cost of Ticket Purchase	(123,250)	(114,071)	(96,442)	8.0%	27.8%
Product Purchase	(3,491)	(2,385)	(386)	46.4%	804.4%
Other Costs	(5,026)	(5,925)	(2,960)	(15.2%)	69.8%
Gross Profit	114,224	121,450	88,301	(6.0%)	29.4%
<i>Gross margin</i>	46.4%	49.8%	46.9%	(3.4 p.p.)	(0.5 p.p.)
Operating Expenses	(27,899)	(31,300)	(19,264)	(10.9%)	44.8%
Selling	(19,707)	(20,415)	(13,145)	(3.5%)	49.9%
General & Administrative	(8,192)	(11,251)	(6,119)	(27.2%)	33.9%
Other expenses/revenues	-	366	-	n/a	n/a
Equity in subsidiaries	(1,371)	(1,621)	(446)	(15.4%)	207.4%
Operating Profit	84,954	88,529	68,591	(4.0%)	23.9%
<i>Operating margin</i>	34.5%	36.3%	36.5%	(1.8 p.p.)	(2.0 p.p.)
Net Financial Result	21,764	20,258	50,270	7.4%	(56.7%)
Financial Expenses	(10,900)	(15,522)	(18)	(29.8%)	n/a
Financial Revenues	37,326	36,975	49,931	0.9%	(25.2%)
Net Exchange Variation	(4,662)	(1,195)	357	290.1%	n/a
EBT	106,718	108,787	118,861	(1.9%)	(10.2%)
Income Taxes	(37,123)	(26,912)	(40,548)	37.9%	(8.4%)
Net Income	69,595	81,875	78,313	(15.0%)	(11.1%)
<i>Net margin</i>	28.3%	33.6%	41.6%	(5.3 p.p.)	(13.3 p.p.)

Balance Sheet

Balance Sheet (R\$ thousands)	1Q15	4Q14	1Q14	1Q15 vs. 4Q14 (%)	1Q15 vs. 1Q14 (%)
Assets	1,675,428	1,567,203	2,028,181	6.9%	(17.4%)
Current	964,357	734,356	1,004,945	31.3%	(4.0%)
Cash and Cash Equivalents	251,536	102,168	231,011	146.2%	8.9%
Short-term Investments	13,034	9,676	266,905	34.7%	(95.1%)
Restricted cash	59,952	58,303	-	2.8%	n/a
Accounts Receivable	122,489	104,771	57,509	16.9%	113.0%
Advances to suppliers	445,989	396,981	400,064	12.3%	11.5%
Related-party transactions	66,780	61,419	45,643	8.7%	46.3%
Other Credits	4,577	1,037	3,813	341.4%	20.0%
Non-current	711,071	832,847	1,023,236	(14.6%)	(30.5%)
Deferred Taxes	73,143	68,694	75,389	6.5%	(3.0%)
Advances to suppliers	600,447	726,354	921,531	(17.3%)	(34.8%)
Investments	20,204	21,575	24,554	(6.4%)	(17.7%)
Property, Plant and Equipment	1,839	1,597	1,623	15.2%	13.3%
Intangible	15,438	14,628	139	5.5%	n/a
Liability	1,675,428	1,567,203	2,028,181	6.9%	(17.4%)
Current	672,747	708,292	311,501	(5.0%)	116.0%
Suppliers	61,206	40,001	18,054	53.0%	239.0%
Short-term Debt	203,625	351,379	-	(42.0%)	n/a
Salaries, Wages and Benefits	4,818	9,339	3,031	(48.4%)	59.0%
Compulsory dividend payable	35,208	63,107	12,247	(44.2%)	187.5%
Taxes payable	23,602	20,280	21,474	16.4%	9.9%
Advances from Customers	93,652	3,176	100,391	n/a	(6.7%)
Deferred revenue	250,636	221,010	137,554	13.4%	82.2%
Liabilities with related parties	-	-	-	n/a	n/a
Non-current	521,498	452,874	308,949	15.2%	68.8%
Advances from Customers	-	-	402	n/a	(100.0%)
Provisions tax soc. security labor and civil	663	464	252	42.9%	163.1%
Deferred revenue	520,835	452,410	308,295	15.1%	68.9%
Shareholder's Equity	481,183	406,037	1,407,731	18.5%	(65.8%)
Issued capital	142,948	137,996	1,132,174	3.6%	(87.4%)
Cost of issued shares	(36,402)	(36,402)	(36,402)	0.0%	0.0%
Capital Reserves	72,942	72,942	72,942	0.0%	0.0%
Statutory Reserve	24,589	24,589	10,392	0.0%	136.6%
Additional proposed dividend	202,307	202,307	148,102	0.0%	36.6%
Share-based Payments	5,204	4,605	2,210	13.0%	135.5%
Retained Earnings	69,595	-	78,313	n/a	(11.1%)
Equity Valuation Adjustments	-	-	-	n/a	n/a

Cash Flow Statement

Cash Flow Statement (R\$ thousands)	1Q15	4Q14	1Q14	1Q15 vs. 4Q14 (%)	1Q15 vs. 1Q14 (%)
Net Income	69,595	81,876	78,313	(15.0%)	(11.1%)
Share-based Payments	559	718	282	(22.1%)	98.2%
Deferred taxes	(4,449)	5,138	1,919	(186.6%)	(331.8%)
Provisions for judicial deposits	199	69	148	188.4%	34.5%
Depreciation and amortization	(159)	1,135	104	(114.0%)	(252.9%)
Obtained discounts	(31,375)	(33,508)	(39,239)	(6.4%)	(20.0%)
Exchange and monetary variations, net	4,332	1,177	(371)	268.1%	n/a
Interest on loans	9,171	13,599	-	(32.6%)	n/a
Effect of transactions between shareholders	-	(366)	-	(100.0%)	n/a
Allowance for doubtful accounts	297	667	(61)	(55.5%)	(586.9%)
Provision for profit sharing and results	1,261	3,818	1,058	(66.9%)	19.3%
Equity in subsidiaries	1,371	1,621	446	(15.5%)	207.2%
Accounts receivable	(18,016)	(17,511)	(7,812)	2.9%	130.6%
Advances to suppliers	108,274	111,483	100,471	(2.9%)	7.8%
Prepaid Expenses	(71)	822	(2,804)	(108.6%)	(97.5%)
Prepaid expenses and recoverable taxes	(3,384)	(18)	-	n/a	n/a
Other Credits	(85)	76	345	(211.8%)	(124.6%)
Suppliers	16,874	(437)	2,331	n/a	623.9%
Salaries, Wages and Benefits	(5,783)	(574)	(12,875)	907.5%	(55.1%)
Advances from Customers	90,476	(16,436)	(70,611)	(650.5%)	(228.1%)
Deferred revenue	98,051	83,238	58,955	17.8%	66.3%
Taxes payable	26,427	33,376	32,725	(20.8%)	(19.2%)
Related-party transactions	(5,320)	(11,344)	3,427	(53.1%)	(255.2%)
Operating activities cash flow	358,245	258,619	146,751	38.5%	144.1%
Income tax and social contribution paid	(23,105)	(32,792)	(24,753)	(29.5%)	(6.7%)
Net operating cash flow	335,140	225,827	121,998	48.4%	174.7%
Acquisition of fixed assets	(893)	(15,118)	(564)	(94.1%)	58.3%
Financial investments	(5,007)	(9,297)	(38,416)	(46.1%)	(87.0%)
Advance for future capital increase	-	(6,250)	(6,250)	(100.0%)	(100.0%)
Investing activities cash flow	(5,900)	(30,665)	(45,230)	(80.8%)	(87.0%)
Capital increase - stock option	4,952	-	-	n/a	n/a
Capital reduction	-	-	-	n/a	n/a
Loans funding	-	-	-	n/a	n/a
Stock/Debenture issue cost	-	(586)	-	(100.0%)	n/a
Interest on loans	(9,283)	(13,915)	-	(33.3%)	n/a
Distributed dividends/interest on capital	(27,899)	(1)	-	n/a	n/a
Loan payment	(147,642)	(147,056)	-	0.4%	n/a
Incorporated net assets	-	-	-	n/a	n/a
Financing activities cash flow	(179,872)	(161,558)	-	11.3%	n/a
Net cash flow	149,368	33,604	76,768	344.5%	94.6%
Begin of period cash position	102,168	68,564	154,243	49.0%	(33.8%)
End of period cash position	251,536	102,168	231,011	146.2%	8.9%

Business Model

Smiles began operations as an individual loyalty program, but evolved into the current coalition model which has certain unique features that permit the accrual and redemption of miles on flights with GOL and its international partner airlines, as well as with Brazil's leading commercial banks, including co-branded cards issued by Bradesco and Banco do Brasil, and a wide network of retail partners. The current model works through: (i) the accrual of miles by members on the acquisition of airline tickets from GOL or other partner airlines, or products and services from the commercial and financial partners that acquire these miles from Smiles as a means of strengthening customer loyalty, and (ii) the redemption of awards by members when exchanging their miles for tickets from GOL and other partner airlines or for products and services from commercial and financial partners.

The Company's main sources of revenue are (i) revenue from redeemed miles, represented by tickets and awards in its network of airline, commercial and financial partners, (ii) interest income arising from the difference between the miles accrual and redemption dates, and (iii) breakage revenue, when issued miles expire before being redeemed.

Glossary

Awards - Products or services provided to members by a commercial partner as the result of redeeming customer miles loyalty program.

Award Products - Product or service, excluding air tickets, provided to members by a commercial partner as the result of redeeming customer loyalty program points.

Breakage estimate - Miles expired and not redeemed; it may be expressed as a number of miles, an amount in Reais or as a percentage of miles issued, depending on the context.

Burn / earn ratio – The ratio between the number of redeemed and accrued miles in a given period.

Free Float - Shares owned by non-controlling shareholders.

Legacy miles - Miles accrued before the Program's spin-off.

Miles - The redemption rights of Smiles Program members sold to commercial partners.

New miles - Miles accrued after the Program's spin-off.

Smiles & Money - A means of issuing air tickets by combining money and miles.

Smiles Program – A multi-loyalty program for several companies, including GOL Linhas Aéreas Inteligentes S.A.

This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and Smiles' growth prospects. These are merely projections and, as such, are based exclusively on the expectations of Smiles' management. Such forward-looking statements depend, substantially, on external factors, in addition to the risks disclosed in Smiles' filed disclosure documents and are, therefore, subject to change without prior notice. The Company's non-financial information has not been audited by the independent auditors.