

Barueri, October 30, 2014 – Smiles S.A. (BM&FBOVESPA: SMLE3), one of the largest loyalty programs in Brazil with over 10 million members announces today its results for 3Q14. 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 Reals (R\$), except when indicated otherwise. Percentage variations may use more decimal places for the calculations shown in the document.

Smiles S.A.

BM&FBOVESPA: SMLE3

Novo Mercado

Stock price: R\$ 40.91

No. of shares: 122,467,434

Market cap: R\$ 5.0 billion

(closing date: October 29, 2014)

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www.smiles.com.br/ri

3Q14 Conference Call

October 31, 2014

In Portuguese and English:

(simultaneous translation)

10:00 am (Brasilia time)

8:00 am (Eastern Daylight Time)

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[webcast \(English\)](#)

[webcast](#)

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Investor Relations

Operating profit of R\$69.1 million, 78.2% up over 3Q13

HIGHLIGHTS

- ✓ 26.8% growth in ex-GOL miles gross billings over 3Q13, highest historical level
- ✓ Miles Accrual ex-GOL 19.9% YoY growth, reaching record level
- ✓ Miles Redemption up 13.7% over 3Q13
- ✓ Operating margin of 30.8%, 6.0 p.p. up over 3Q13
- ✓ Operating cash flow of R\$179.9 million, 34.6% up over 2Q14
- ✓ Launch of the innovative '365 Reasons to Smile' campaign in Brazil
- ✓ Net profit of R\$59.6 million, 5.4% down over 3Q13, reflecting post-capital reduction effects on financial results

We closed 3Q14 with an operating profit of 69.1 million, 78.2% up over 3Q13, representing an operating margin of 30.8%, up by 6.0 p.p., chiefly reflecting a 19.9% increase in the number of ex-GOL miles accrued and healthy direct redemption margins. The financial result reflects the capital structure post-capital reduction, which led to significant increase in the return on equity indicators.

Main Highlights	Unit	3Q14	2Q14	3Q13	3Q14 vs. 2Q14 (%)	3Q14 vs. 3Q13 (%)
Miles Accrual	bn	11,5	9,9	10,2	15.4%	12.7%
Ex-GOL (Banks, Retail and Others)	bn	9,3	8,1	7,7	14.9%	19.9%
GOL	bn	2,2	1,9	2,4	17.4%	(10.0%)
Miles Redemption (Program)	bn	9,9	7,4	8,7	33.4%	13.7%
Gross Billings ³	R\$ mn	306,8	236,4	266,7	29.8%	15.0%
Net Revenues	R\$ mn	223,9	152,3	155,9	47.0%	43.6%
Operating Profit	R\$ mn	69,1	49,0	38,8	40.8%	78.2%
<i>operating margin</i>	%	30,8%	32,2%	24,9%	(1.3 p.p.)	6.0 p.p.
Net Profit	R\$ mn	59,6	64,1	63,0	(7.0%)	(5.4%)
<i>net margin</i>	%	26,6%	42,1%	40,4%	(15.5 p.p.)	(13.8 p.p.)

³ Gross billings is not an accounting measurement and corresponds to total sales revenue for miles and the cash portion of Smiles & Money gross of taxes. These billings may have affected the current period or they will be recognized in future periods, depending on the date of redemption by the program members.

Message from Management

We maintained the growth pace of a 19.9% in miles accrued with ex-Gol partners over 3Q14 and reached the Company's highest ever figure. We also launched the '365 Reasons to Smile' campaign, which proposes a year of daily reasons for our customers to smile in celebration of the 20th anniversary of the Smiles Program.

We returned R\$1 billion of capital stock to our shareholders. In July 2014, we completed the capital reduction operation started in April, raising R\$600 million in debentures and reimbursing our shareholders with R\$1 billion, corresponding to R\$8.17 per share. The change in our capital structure has already had a positive impact on Smiles' ROE, with a temporary impact on financial expenses from interest on the contracted debt.

Ex-GOL accrued miles increased by 19.9% YoY. We continue to grow in miles accrued with financial partners, ex-GOL airlines and others. In 3Q14, we reached 9.3 billion ex-GOL miles and 11.5 billion in total, the Company's highest ever figures in both categories. Continuously generating value for our partners and clients is an integral part of Smiles' DNA and was positively reflected in its accrual and redemption indicators.

Strong net operating cash flow, closing 3Q14 at R\$179.9 million. Thanks to robust accrued miles growth and the end of the advanced sale of miles to one of our financial partners, operating cash flow moved up by 34.6% over 2Q14.

New Partnerships. We launched new accrual partnerships with FastShop and Clube Magazine Luiza, for the accrual of miles on their e-commerce platforms. In August, GOL entered into a Frequent Flyer Program ("FFP") with Aeromexico, largest Mexican airline company. Soon, international redemptions with Etihad will be available to our customers, in line with our strategy of offering more international seat availability.

365 Reasons to Smile! We launched an innovative campaign undertaking to provide 365 daily reasons for our customers to smile. We observed a significant increase in website access, underlining our commitment to engaging with customers. We invite all our investors and customers to access 365motivos.com.br and check our campaign every day.

Operating profit totaled R\$69 million in 3Q14, 78.2% up over 3Q13, drove by strong accrual and redemption growth, also sustained by the maintenance of healthy redemption margins. Even with the substantial change in our capital structure, with funding of R\$600 million, our net profit remained at an approximate level of R\$60 million, substantially increasing our return on capital indicators.

Comments on Performance

Operating Performance

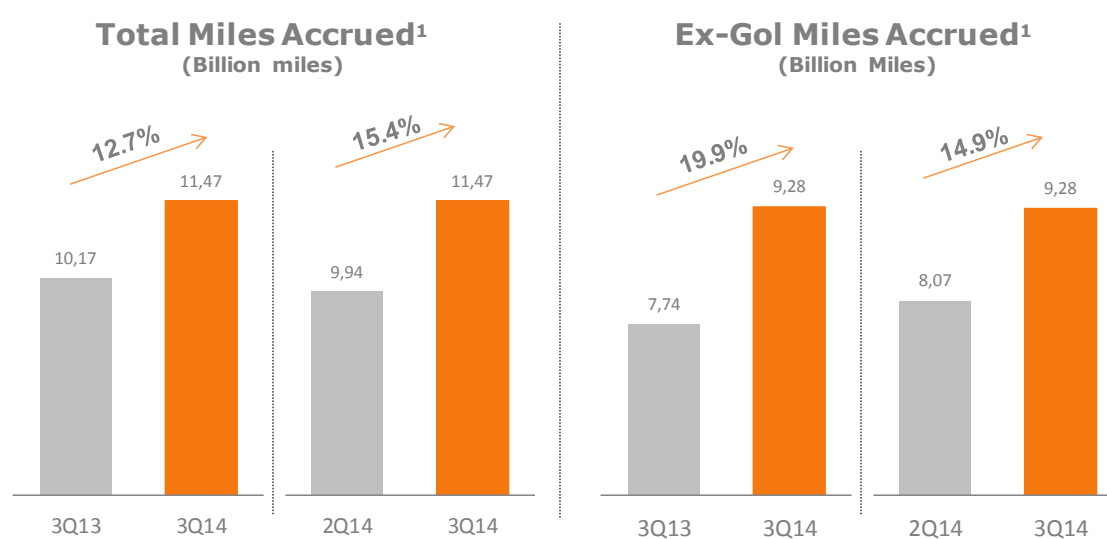
Operating Data ¹	Unit	3Q14	2Q14	3Q13	3Q14 vs. 2Q14 (%)	3Q14 vs. 3Q13 (%)
Members	mn	10.1	10.0	9.5	1.4%	5.9%
Partnerships	#	227	224	215	1.3%	5.6%
Miles Accrual	mn	11,466	9,935	10,170	15.4%	12.7%
GOL	mn	2,185	1,860	2,427	17.4%	(10.0%)
Ex-GOL (Banks, Retail and Others)	mn	9,282	8,075	7,743	14.9%	19.9%
Miles Redemption (Program)²	mn	9,876	7,403	8,684	33.4%	13.7%
Program's Burn/Earn	%	86.1%	74.5%	85.4%	11.6 p.p.	0.7 p.p.
Breakage Rate	%	17.3%	16.9%	15.2%	0.4 p.p.	2.1 p.p.
% New Miles	%	79.9%	74.2%	54.2%	5.7 p.p.	25.7 p.p.

¹All amounts corresponding to miles are net of reimbursement effects. The figures in this table do not reflect accounting information.

²Miles redemption refers to miles redeemed through the Smiles Program, including new and legacy miles.

Members: We closed 3Q14 with 10.1 million members, representing YoY of 5.9%. Together with Netpoints, we now have more than 19 million members, comprising the largest coalition network in Brazil.

Partnerships and products: In 3Q14, we entered into accrual partnerships with FastShop and Magazine Luiza, two major Brazilian bricks-and-mortar and e-commerce retailers. Accruals began online and may be available in physical stores in the future.



¹Graph's numbers reflect miles net of refund effects

Miles Accrual: Miles accrued in the program increased by 12.7% over 3Q13, primarily driven by the 19.9% upturn in the number of ex-GOL miles accrued, partially offset by a 10.0% decline in accrued GOL miles. The growth in ex-GOL miles was fueled by customer engagement initiatives and constant proximity with our partners, while the downturn in GOL miles was essentially caused by the change in the accrual rules implemented in October 2013.

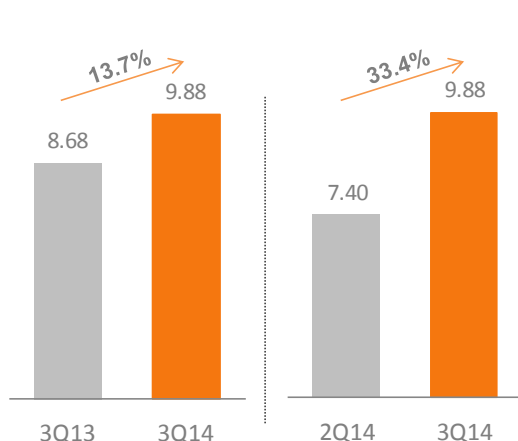
Miles Redemption: Miles redemption through the Smiles program climbed by 13.7% over 3Q13, due to the 12.7% increase in total accrued miles and the program's burn/earn ratio, which grew by 0.7 p.p. in relation to the same quarter last year. Redemption levels recovered in relation to the World Cup period, resuming 12-month growth in 3Q14 in line with accruals.

Operating Data ¹	Unit	3Q14	2Q14	3Q13	3Q14 vs. 2Q14 (%)	3Q14 vs. 3Q13 (%)
Program Miles Redemption²	mn	9.876	7.403	8.684	33,4%	13,7%
Smiles & Money Redemption	mn	875	644	320	35,9%	173,8%
Traditional (100% Miles) Redemption	mn	9.001	6.759	8.365	33,2%	7,6%
Number of Redeemed Products	mn	1.035	800	1.080	29,3%	(4,2%)
Smiles & Money Redemption	mn	250	140	178	78,5%	40,6%
Traditional (100% Miles) Redemption	mn	784	660	902	18,8%	(13,0%)
Average Miles per Redemption	-	9.545	9.251	8.043	3,2%	18,7%
Smiles & Money Redemption	-	3.496	4.592	1.795	(23,9%)	94,8%
Traditional (100% Miles) Redemption	-	11.475	10.241	9.277	12,1%	23,7%

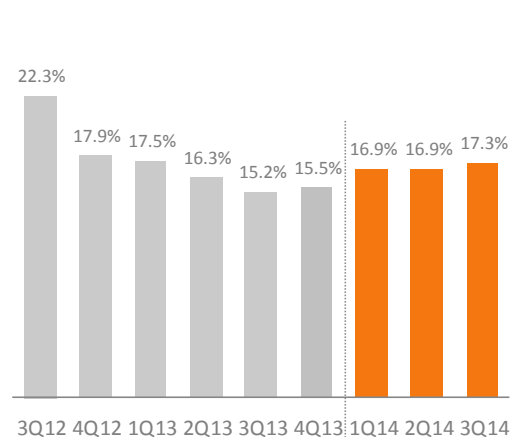
¹ All amounts corresponding to miles are net of reimbursement effects. The segregation of Smiles & Money and 100% Miles redemptions was not audited.

² Miles redemption amounts refer to 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 ratio edged up by 0.4 p.p. over 2Q14.

Financial Performance

Summary of Financial Information	Unit	3Q14	2Q14	3Q13	3Q14 vs. 2Q14 (%)	3Q14 vs. 3Q13 (%)
Gross Billings¹	R\$ mn	306.8	236.4	266.7	29.8%	15.0%
Miles ex-GOL	R\$ mn	219.4	176.0	173.1	24.7%	26.8%
Smiles & Money	R\$ mn	62.8	37.6	59.8	66.9%	5.0%
GOL (miles + mgmt fee)	R\$ mn	24.6	22.8	33.8	7.8%	(27.4%)
Net Revenues	R\$ mn	223.9	152.3	155.9	47.0%	43.6%
Gross Profit	R\$ mn	95.9	71.4	56.9	34.3%	68.7%
<i>Gross Margin</i>	%	42.9%	46.9%	36.5%	(4.0 p.p.)	6.4 p.p.
Operating Profit	R\$ mn	69.1	49.0	38.8	40.8%	78.2%
<i>Operating Margin</i>	%	30.8%	32.2%	24.9%	(1.4 p.p.)	5.9 p.p.
Net Profit	R\$ mn	59.6	64.1	63.0	(7.0%)	(5.4%)
<i>Profit Margin</i>	%	26.6%	42.1%	40.4%	(15.5 p.p.)	(13.8 p.p.)

Gross Sales Revenue: Total gross billings grew by 15.0% over 3Q13, mainly driven by the 26.8% increase in the sale of miles to ex-GOL partners, which reached a record R\$219.4 million. Smiles&Money billings moved up by 5.0% over 3Q13 and 66.9% over the previous quarter.

Revenues (R\$ thousands)	3Q14	2Q14	3Q13	3Q14 vs. 2Q14 (%)	3Q14 vs. 3Q13 (%)
Gross Revenues	246,696	167,833	171,902	47.0%	43.5%
Miles Redemption Revenue	163,129	114,332	96,933	42.7%	68.3%
Money Revenue	62,787	37,612	59,799	66.9%	5.0%
Breakage Revenue	19,339	14,564	13,361	32.8%	44.7%
Other Revenues	1,441	1,325	1,809	8.8%	(20.3%)
Direct taxes	(22,843)	(15,548)	(15,990)	46.9%	42.9%
Net Revenue	223,853	152,285	155,912	47.0%	43.6%

Miles Redemption Revenue: Gross revenue for miles climbed by 68.3% over 3Q13, reflecting the 13.7% increase in the number of miles redeemed through the program, with new miles accounting for a higher share of all miles redeemed on the program (up from 54.2% in 3Q13 to 79.9% in 3Q14).

Breakage and Expiration Revenue: In 3Q14, breakage and expiration revenues posted a positive variation of 44.7% in relation to 3Q13, as shown in the table below:

1. Gross billings is not an accounting measurement and corresponds to total sales revenue for miles and the cash portion of Smiles & Money gross of taxes. These billings may have affected the current period or they will be recognized in future periods, depending on the date of redemption by the program members.

Reference	Summary (R\$ mn)	3Q14	2Q14	3Q13
A	Beginning of Period	619.2	536.5	252.9
B = B1+B2	Accrual	241.8	197.4	201.1
B1	Gross Billings	242.6	197.4	205.1
B2	Other Effects	(0.8)	0.0	(4.0)
C	Redemption	163.1	114.3	96.9
D	Expiration	3.6	0.3	0.0
E = A + B - C - D	End of Period	694.3	619.2	357.1
F	Breakage Rate	17.3%	16.9%	15.2%
G = E * F	Breakage Balance (EoP * Rate)	120.6	104.9	54.6
H(t) = G(t) - G (t-1)	Variation - P&L	15.7	14.3	13.4
I = D + H(t)	Gross Breakage Revenue	19.3	14.6	13.4

Other Revenue: Other revenue is primarily composed of the fee charged by GOL for managing the frequent flier program.

Direct Redemption Margin:

3Q14 (redemption margins - R\$ mn) ¹	100% miles redemption	Smiles& Money redemption	Direct redemption margin (subtotal)	Unallocated	Total
Gross Revenues	148.7	77.2	225.9	20.8	246.7
Miles Redemption Revenue	148.7	14.5	163.1	-	163.1
Money Revenue	-	62.8	62.8	-	62.8
Breakage Revenue	-	-	-	19.3	19.3
Other Revenues	-	-	-	1.4	1.4
(-) Direct taxes	(13.8)	(7.1)	(20.9)	(1.9)	(22.8)
(=) Net Revenue	134.9	70.1	205.0	18.8	223.9
(-) Direct Costs	(83.5)	(39.5)	(123.0)	-	(123.0)
(-) Unallocated Costs	-	-	-	(4.9)	(4.9)
(=) Gross Profit	51.4	30.6	82.0	13.9	95.9
Gross Margin	38.1%	43.7%	40.0%	n/a	42.9%

3Q13 (redemption margins - R\$ mn) ¹	100% miles redemption	Smiles& Money redemption	Direct redemption margin (subtotal)	Unallocated	Total
Gross Revenues	93.4	63.4	156.7	15.2	171.9
Miles Redemption Revenue	93.4	3.6	96.9	-	96.9
Money Revenue	-	59.8	59.8	-	59.8
Breakage Revenue	-	-	-	13.4	13.4
Other Revenues	-	-	-	1.8	1.8
(-) Direct taxes	(8.6)	(5.9)	(14.5)	(1.5)	(16.0)
(=) Net Revenue	84.7	57.5	142.2	13.7	155.9
(-) Direct Costs	(61.5)	(35.1)	(96.7)	-	(96.7)
(-) Unallocated Costs	-	-	-	(2.4)	(2.4)
(=) Gross Profit	23.2	22.4	45.6	11.3	56.9
Gross Margin	27.4%	38.9%	32.0%	n/a	36.5%

It is worth noting that total net revenues from Smiles&Money redemptions (R\$ 70.0 million in 3Q14, as shown in the chart above) grew by 21.9% YoY while revenues from the Money portion alone (R\$ 62.8 million in 3Q14) increased by 5.0%.

Even though they are divided between Smiles&Money and 100% Miles, we believe the direct redemption margins can be evaluated in a consolidated manner. In 3Q14, we recorded a 40.0% direct margin (spread), versus 32.0% in the same quarter last year. In relation to the previous three months, we experienced a reduction in the share of promotional tickets, with an increased share of purchased tickets in the classical and commercial categories.

The R\$2.5 million increase in other unallocated costs was mainly due to amortizations of R\$1.1 million, mostly related to software acquisitions, and by R\$ 1.4 million in other costs related to information technology services.

Operating Expenses (R\$ thousands)	3Q14	2Q14	3Q13	3Q14 vs. 2Q14 (%)	3Q14 vs. 3Q13 (%)
Operating Expenses	(26,869)	(22,401)	(18,089)	19.9%	48.5%
Selling	(17,666)	(13,836)	(7,836)	27.7%	125.4%
General & Administrative	(9,203)	(8,565)	(10,253)	7.4%	(10.2%)

Operating Expenses: Operating expenses increased by R\$4.5 million over 2Q14, mainly due to the R\$3.6 million upturn in selling and advertising expenses and the R\$0.7 million increase in expenses with services.

Other Information (R\$ thousands)	3Q14	2Q14	3Q13	3Q14 vs. 2Q14 (%)	3Q14 vs. 3Q13 (%)
Equity Income	(763)	(961)	-	(20.6%)	n/a
Net Financial Results	22,523	49,956	47,480	(54.9%)	(52.6%)
Financial Expenses	(16,060)	(432)	(27)	n/a	n/a
Financial Revenues	40,390	50,118	47,465	(19.4%)	(14.9%)
Net Exchange Variations	(1,807)	270	42	(769.3%)	(4402.4%)
Income Tax	(31,176)	(33,915)	(23,215)	(8.1%)	34.3%

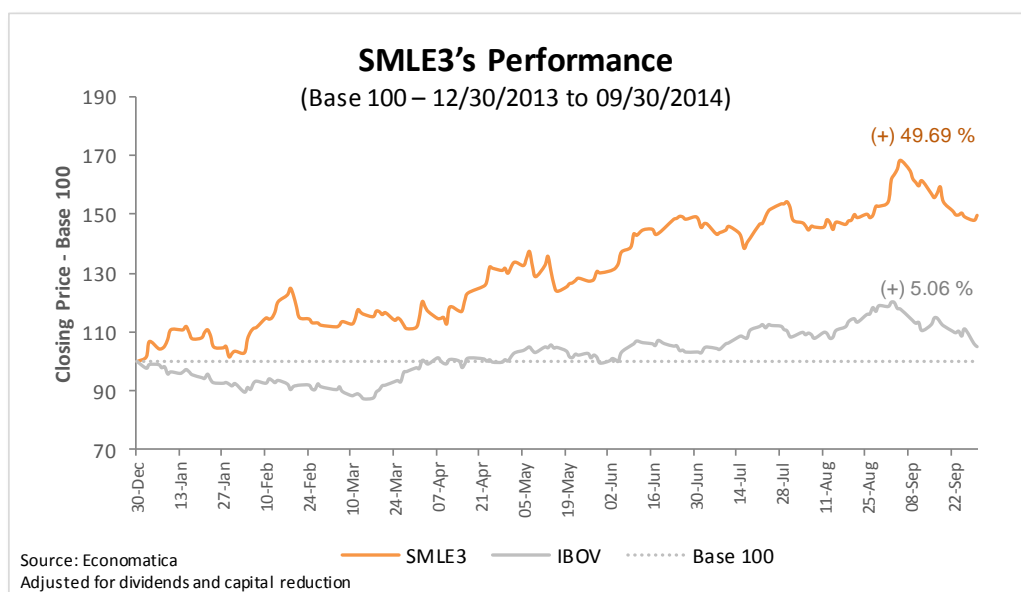
Operating Profit: Smiles recorded an operating profit of R\$69.1 million, 78.2% up over 3Q13, representing an operating margin of 30.8%.

Financial Result: The quarter's financial revenues mostly composed of R\$36.0 million worth of obtained discounts from pre-paid redemptions and R\$4.4 million of revenue from financial investments. The capital reduction process was concluded on July 15, 2014 and altered the Company's capital structure, with the recognition of R\$16.0 million in financial expenses. It is also worth emphasizing that the monthly amortizations of R\$49.8 million lead to a decline in interest expenses from the debentures in the coming quarters.

Income Tax (IR) and Social Contribution on Net Income (CSLL): The effective income tax and CSLL rate was 0.3 p.p. higher than the fiscal rate of 34.0%, mainly due to the equity income, while deferred IR and CSLL of R\$3.6 million

refer to the amortization of the goodwill tax benefit from the incorporation, with no cash effect. Net profit before said amortization would have come to R\$63.2 million.

Net Profit: Smiles posted a net profit of R\$59.6 million, representing a net margin of 26.6%, 5.4% down on 3Q13. Without the capital reduction effect, in other words, if Smiles had maintained its R\$ 400 mn invested and had not recognized expenses over the R\$600 mn debenture, its net profit would be R\$ 75.8 mn¹ in 3Q14, which would represent a 20.3%¹ growth compared to 3Q13.



Stock performance: Smiles shares (SMLE3) are listed in the *Novo Mercado* trading segment of the BM&FBovespa, which contains only those companies with the highest standards of corporate governance. On September 30, 2014, the shares closed at R\$38.80, up 49.69% since the beginning of the year, with a market cap of R\$4.7 billion (after the R\$1.0 billion capital reduction). The Ibovespa, or Bovespa Index, the most important average performance indicator for shares traded on São Paulo Stock Exchange, appreciated by 5.06% in the same period.

1. This number is not an accounting measure and was not audited. It corresponds to the net profit in 3Q14 disregarding financial expenses from the R\$ 600.0 mn debenture, net of tax benefit, and also considers financial revenues of R\$ 400.0 mn bearing interest at 93.89% of the CDI rate from the capital reduction payment date until the end of 3Q14, net of income taxes.

Profit and Loss Statement

P&L (R\$ thousands)	3Q14	2Q14	3Q13	3Q14 vs. 2Q14 (%)	3Q14 vs. 3Q13 (%)
Gross Revenue	246,696	167,833	171,902	47.0%	43.5%
Miles Redemption Revenue	163,129	114,332	96,933	42.7%	68.3%
Money Revenue	62,787	37,612	59,799	66.9%	5.0%
Breakage Revenue	19,339	14,564	13,361	32.8%	44.7%
Other Revenues	1,441	1,325	1,809	8.8%	(20.3%)
Direct Taxes	(22,843)	(15,548)	(15,990)	46.9%	42.9%
Net Revenue	223,853	152,285	155,912	47.0%	43.6%
Cost of Services Provided	(127,926)	(80,854)	(99,060)	58.2%	29.1%
Cost of Ticket Purchase	(120,770)	(74,599)	(95,981)	61.9%	25.8%
Product Purchase	(2,262)	(1,147)	(675)	97.2%	235.1%
Other Costs	(4,894)	(5,108)	(2,404)	(4.2%)	103.6%
Gross Profit	95,927	71,431	56,852	34.3%	68.7%
<i>Gross margin</i>	42.9%	46.9%	36.5%	(4.0 p.p.)	6.4 p.p.
Operating Expenses	(26,869)	(22,401)	(18,089)	19.9%	48.5%
Selling	(17,666)	(13,836)	(7,836)	27.7%	125.4%
General & Administrative	(9,203)	(8,565)	(10,253)	7.4%	(10.2%)
Operating Profit	69,058	49,030	38,763	40.8%	78.2%
<i>Operating margin</i>	30.8%	32.2%	24.9%	(1.4 p.p.)	5.9 p.p.
Net Financial Result	22,523	49,956	47,480	(54.9%)	(52.6%)
Financial Expenses	(16,060)	(432)	(27)	n/a	n/a
Financial Revenues	40,390	50,118	47,465	(19.4%)	(14.9%)
Net Exchange Variation	(1,807)	270	42	(769.3%)	(4402.4%)
Equity Income	(763)	(961)	-	20.6%	n/a
EBT	90,817	98,025	86,243	(7.4%)	5.3%
Income Taxes	(31,176)	(33,915)	(23,215)	(8.1%)	34.3%
Net Profit	59,641	64,110	63,028	(7.0%)	(5.4%)
<i>Net margin</i>	26.6%	42.1%	40.4%	(15.5 p.p.)	(13.8 p.p.)

Balance Sheet

Balance Sheet (R\$ thousands - Consolidated)	3Q14	2Q14	3Q13	3Q14 vs. 2Q14 (%)	3Q14 vs. 3Q13 (%)
Assets	1,581,590	1,981,058	1,803,832	(20.2%)	(12.3%)
Current	636,919	978,528	806,909	(34.9%)	(21.1%)
Cash and Cash Equivalents	68,241	396,209	126,529	(82.7%)	(45.8%)
Short-term Investments	2,281	73,127	146,885	(97.3%)	(98.7%)
Restricted cash	56,725	-	-	n/a	n/a
Accounts Receivable	87,927	79,226	39,684	11.0%	121.6%
Advances to suppliers	369,833	402,412	444,893	(8.1%)	(16.9%)
Recoverable Taxes	450	418	2,658	7.7%	(83.1%)
Prepaid Expenses	1,135	2,053	2,421	(44.7%)	(53.1%)
Related-party transactions	49,995	24,730	43,165	102.2%	15.8%
Other Credits	332	353	674	(5.9%)	(50.7%)
Non-current	944,671	1,002,530	996,923	(5.8%)	(5.2%)
Deferred Taxes	73,832	75,537	6,006	(2.3%)	n/a
Advances to suppliers	831,477	886,495	990,277	(6.2%)	(16.0%)
Investments	25,875	26,638	-	(2.9%)	n/a
Property, Plant and Equipment	2,400	1,682	544	42.7%	341.2%
Intangible	11,087	12,178	96	(9.0%)	n/a
Liability	1,581,590	1,981,058	1,803,832	(20.2%)	(12.3%)
Current	776,217	276,322	377,087	180.9%	105.8%
Suppliers	50,508	40,994	14,496	23.2%	248.4%
Loans and financing	499,337	-	-	n/a	n/a
Salaries, Wages and Benefits	6,095	4,349	8,307	40.1%	(26.6%)
Compulsory dividend payable	-	-	-	n/a	n/a
Taxes payable	15,367	13,785	11,016	11.5%	39.5%
Advances from Customers	19,230	43,680	249,148	(56.0%)	(92.3%)
Deferred revenue	179,430	161,014	94,120	11.4%	90.6%
Liabilities with related parties	6,250	12,500	-	(50.0%)	n/a
Non-current	411,529	372,665	225,605	10.4%	82.4%
Advances from Customers	382	383	16,991	(0.3%)	(97.8%)
Provisions tax social security labor and civil	396	350	87	13.1%	355.2%
Deferred revenue	410,751	371,932	208,527	10.4%	97.0%
Shareholder's Equity	393,844	1,332,071	1,201,140	(70.4%)	(67.2%)
Issued capital	137,996	1,136,663	1,132,174	(87.9%)	(87.8%)
Cost of issued shares	(36,402)	(36,402)	(36,286)	0.0%	0.3%
Capital Reserves	72,942	72,942	-	0.0%	n/a
Statutory Reserve	10,392	10,392	-	0.0%	n/a
Additional proposed dividend	-	-	-	n/a	n/a
Share-based Payments	3,807	3,008	1,201	26.6%	217.0%
Retained Earnings	202,064	142,423	104,051	41.9%	94.2%
Effect of transactions between shareholders	3,045	3,045	-	0.0%	n/a

Cash Flow Statements

Cash Flow Statements (R\$ thousands - Consolidated)	3Q14	2Q14	3Q13	3Q14 vs. 2Q14 (%)	3Q14 vs. 3Q13 (%)
Profit for the period	59,641	64,110	63,028	(7.0%)	(5.4%)
Share-based Payments	638	798	72	(20.1%)	786.1%
Deferred taxes	1,706	(149)	(2,427)	(1245.0%)	(170.3%)
Provisions for judicial deposits	44	99	78	(55.6%)	(43.6%)
Depreciation and amortization	1,169	816	55	43.3%	n/a
Obtained discounts	(36,012)	(38,106)	(42,703)	(5.5%)	(15.7%)
Exchange and monetary variations, net	1,411	88	(87)	n/a	(1721.8%)
Interest on loans	14,117	-	-	n/a	n/a
Allowance for doubtful accounts	51	81	184	(37.0%)	(72.3%)
Provision for profit sharing and results	1,054	1,058	6,481	(0.4%)	(83.7%)
Equity in subsidiaries	763	961	-	(20.6%)	n/a
Accounts receivable	(8,752)	(21,797)	(6,437)	(59.8%)	36.0%
Advances to suppliers	123,609	70,793	103,524	74.6%	19.4%
Prepaid Expenses	918	856	255	7.2%	260.0%
Prepaid expenses and recoverable taxes	(32)	-	11,270	n/a	(100.3%)
Other Credits	20	133	823	(85.0%)	(97.6%)
Accounts payable	9,633	10,076	(4,530)	(4.4%)	(312.6%)
Salaries, Wages and Benefits	692	259	(2,076)	167.2%	(133.3%)
Adiantamento de Clientes	(24,451)	(56,730)	(111,966)	(56.9%)	(78.2%)
Advances from Customers	57,235	87,098	90,834	(34.3%)	(37.0%)
Taxes payable	30,320	29,744	23,640	1.9%	28.3%
Related-party transactions	(25,104)	20,913	3,337	(220.0%)	(852.3%)
Operating activities cash flow	208,670	171,101	133,355	22.0%	56.5%
Income tax and social contribution paid	(28,738)	(37,433)	(21,290)	(23.2%)	35.0%
Net operating cash flow	179,932	133,668	112,065	34.6%	60.6%
Acquisition of fixed assets	(2,325)	(138)	(117)	n/a	n/a
Financial application	14,445	193,778	(47,437)	(92.5%)	(130.5%)
Advance for future capital increase	(6,250)	(6,250)	-	0.0%	n/a
Investing activities cash flow	5,870	187,390	(47,554)	(96.9%)	(112.3%)
Capital increase - stock option	1,333	4,489	-	(70.3%)	n/a
Capital reduction	(1,000,000)	-	-	n/a	n/a
Loans funding	600,000	-	-	n/a	n/a
Stock/Debenture issue cost	(6,437)	-	(65)	n/a	n/a
Interest on loans	(9,907)	-	-	n/a	n/a
Distributed dividends	-	(160,349)	(37,116)	(100.0%)	(100.0%)
Loan payment	(98,436)	-	-	n/a	n/a
Financing activities cash flow	(513,447)	(155,860)	(37,181)	229.4%	n/a
Net cash flow	(327,645)	165,198	27,330	(298.3%)	(1298.8%)
Begin of period cash position	396,209	231,011	99,199	71.5%	299.4%
End of period cash position	68,564	396,209	126,529	(82.7%)	(45.8%)

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 loyalty program miles.

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.