

3Q17 EARNINGS RELEASE



Estácio

Average Ticket

On-campus:
+ 10.2%

Distance Learning:
+ 12.1%

+5.9%



Net **Revenue**
R\$**808.1** mn

+15.0%



EBITDA
R\$**223.6** mn

+2.2p.p.



EBITDA Margin
27.7%

+101.3%



OCF
R\$**360.4** mn

Rio de Janeiro, October 27, 2017

HIGHLIGHTS

R\$ million

Net Revenue

Cost of services

Selling, G&A expenses – Cash

Other operating revenue

3Q16

763.1

(371.3)

(200.7)

3.4

3Q17

808.1

(386.2)

(202.6)

4.2

Change

+5.9%

+4.0%

+0.9%

+23.5%



Improved
Performance:

**Focus on
Operational
Excellence**

EBITDA

EBITDA Margin (%)

Internal restructuring

Non-recurring M&A expenses

194.5

25.5%

3.8

4.9

223.6

27.7%

-

0.9

+15.0%

+2.2 p.p.

N.A.

-81.6%

Comparable EBITDA

Comparable EBITDA Margin (%)

203.2

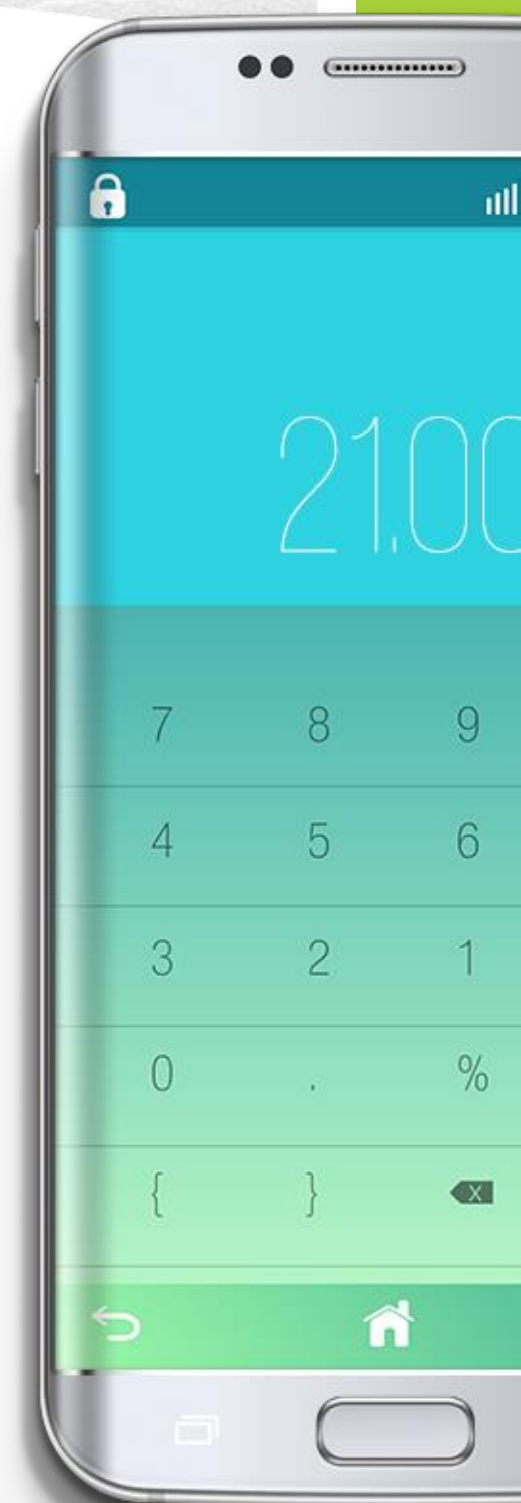
26.6%

224.5

27.8%

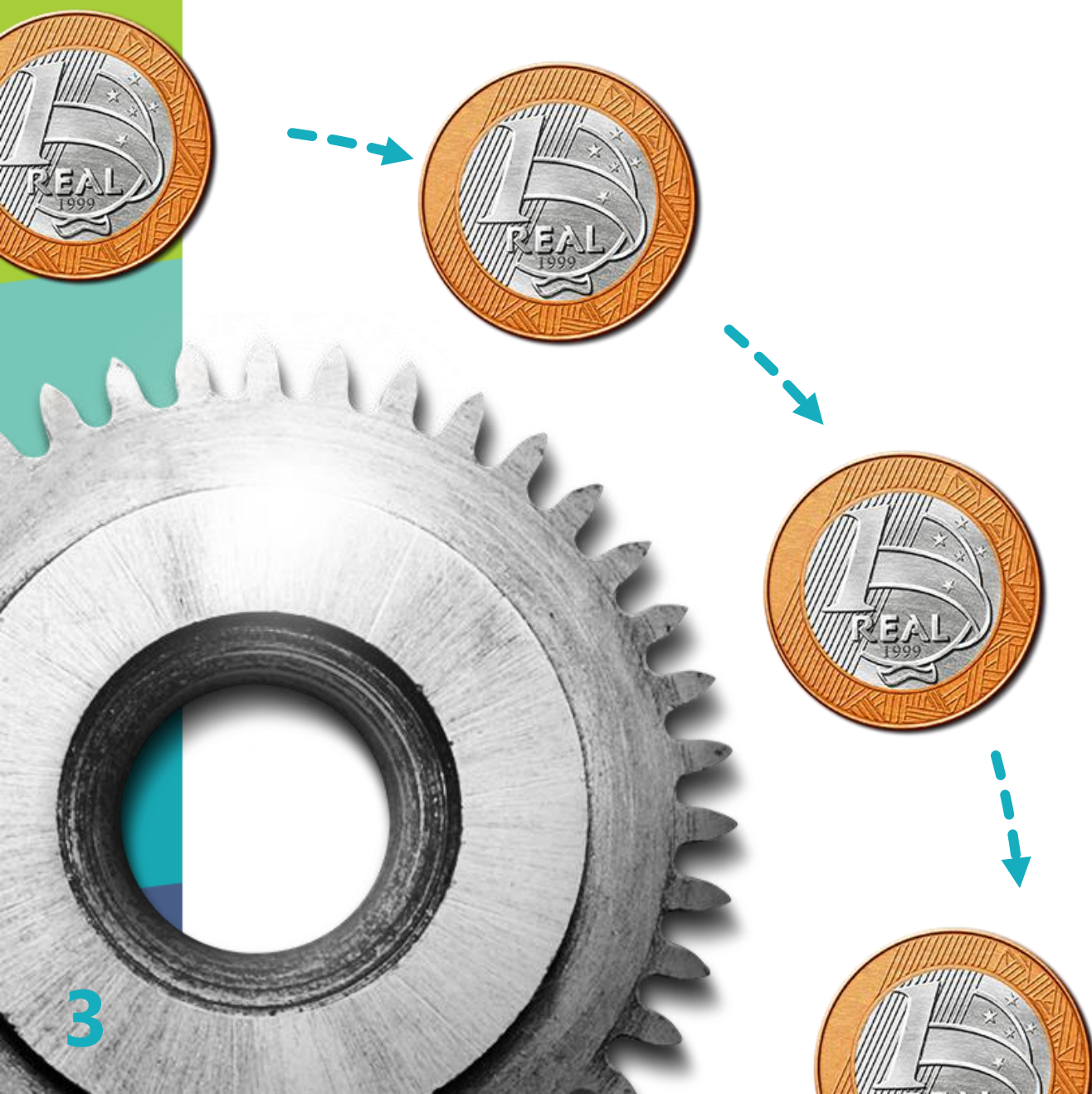
+10.5%

+1.2 p.p.





CASH FLOW



R\$ million

PROFIT BEFORE TAXES AND AFTER RESULTS FROM CONTINUED OPERATIONS

Adjustments to reconcile profit to cash and cash equivalents

Changes in assets and liabilities

Net cash provided by (used in) operating activities

Acquisition of property and equipment

Acquisition of intangible assets

OPERATING CASH FLOW (OCF)

Cash flow from investment activities

Cash flow from financing activities

Net cash provided by (used in) financing activities

EBITDA

Net cash provided by (used in) operating activities /
EBITDA

OCF / EBITDA

3Q16

3Q17

116.8

132.7

136.9

119.4

(27.9)

149.5

225.8

401.6

(30.4)

(25.6)

(16.5)

(15.7)

179.0

360.4

0.0

-

8.6

(193.1)

187.5

167.2

194.5

223.6

116.1%

179.6%

92.0%

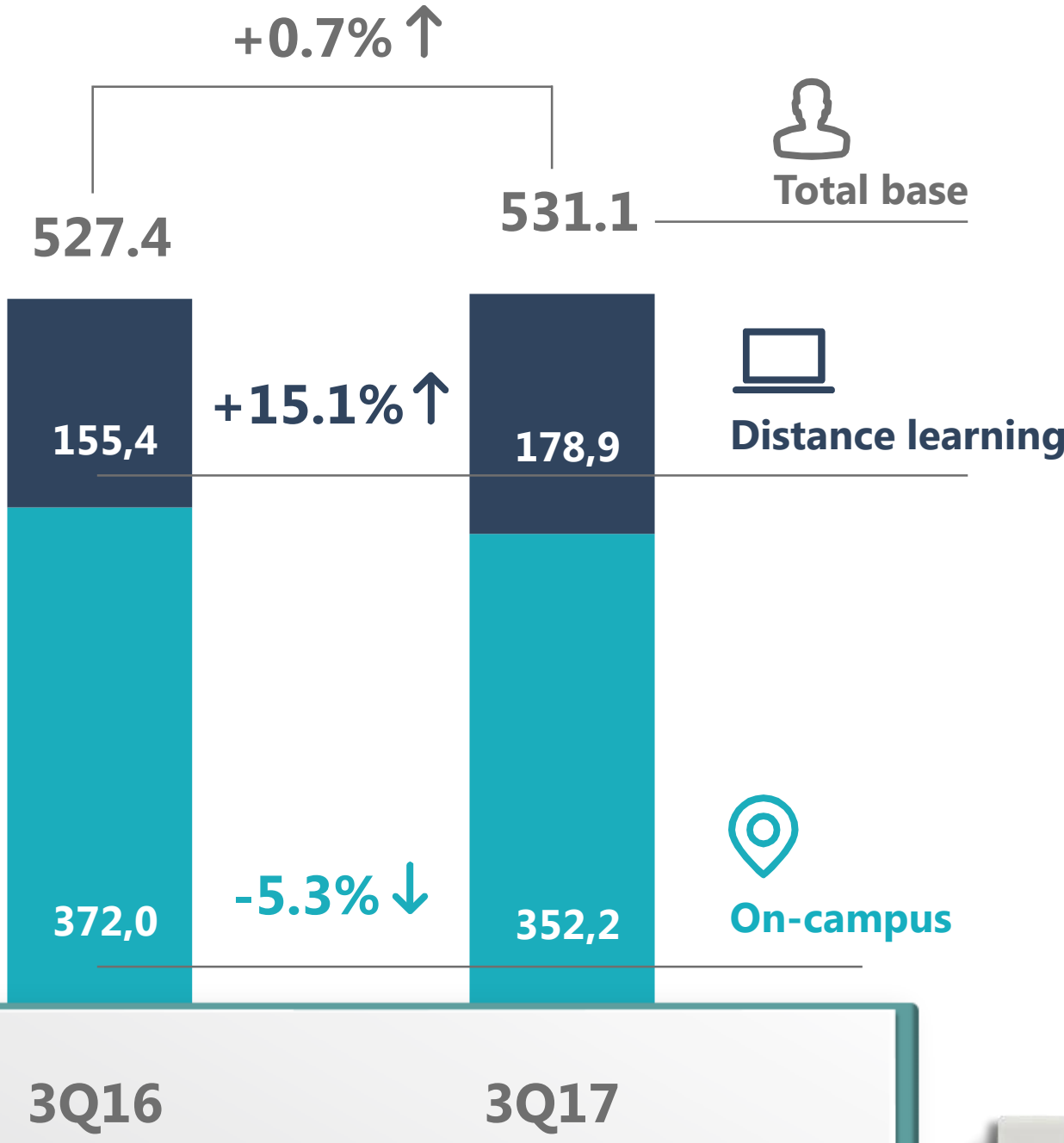
161.2%



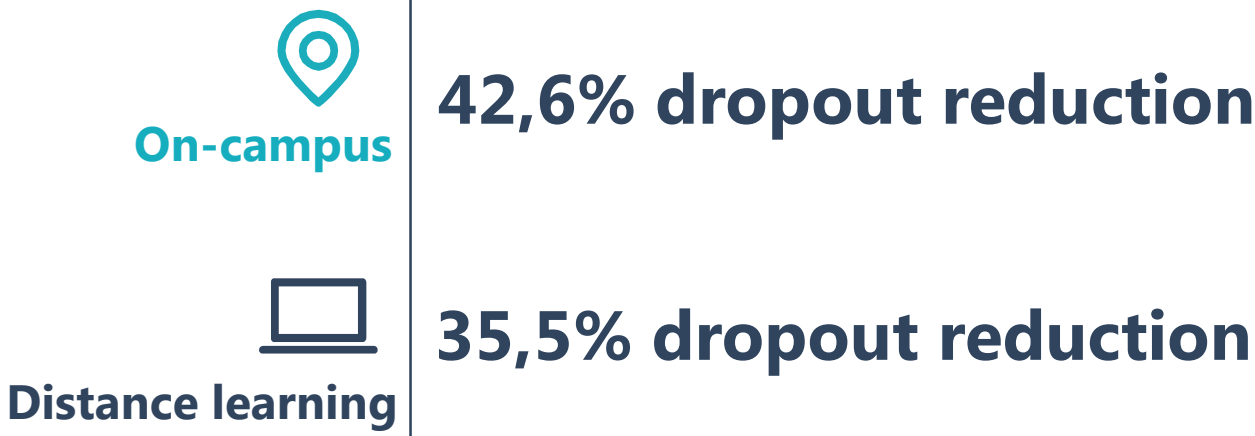
OPERATING PERFORMANCE

STUDENT BASE in thousands

Note: total student base including undergraduate and graduate students



DROPOUTS IN THE QUARTER UNDERGRADUATE SEGMENT





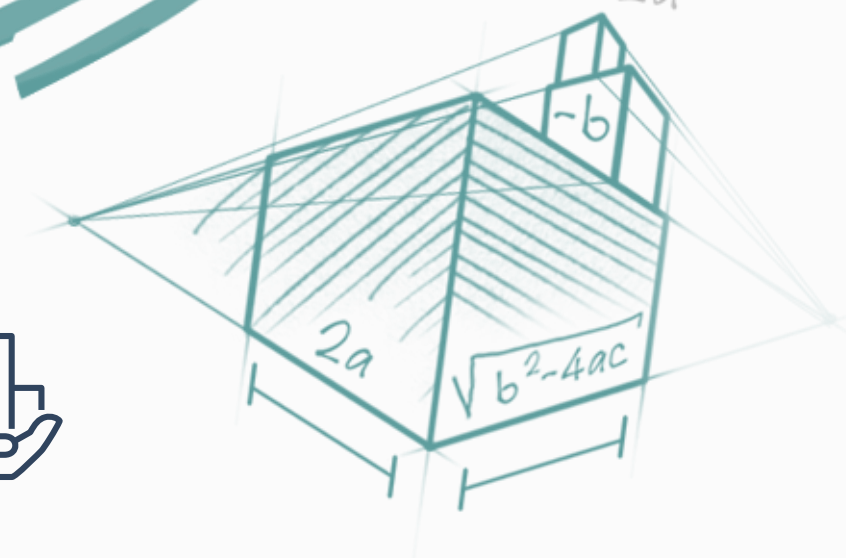
AVERAGE TICKET

PER SEGMENT

R\$

A+

$$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$$



Result from the change in the pricing strategy and courses offered

On-campus

Undergraduate

3Q16

657.6

3Q17

716.4

Change

8.9%

Graduate

203.2

290.3

42.9%

Total

625.2

688.7

10.2%

Distance learning

Undergraduate

3Q16

201.9

3Q17

215.4

Change

6.7%

Graduate

103.0

191.3

85.7%

Total

189.6

212.6

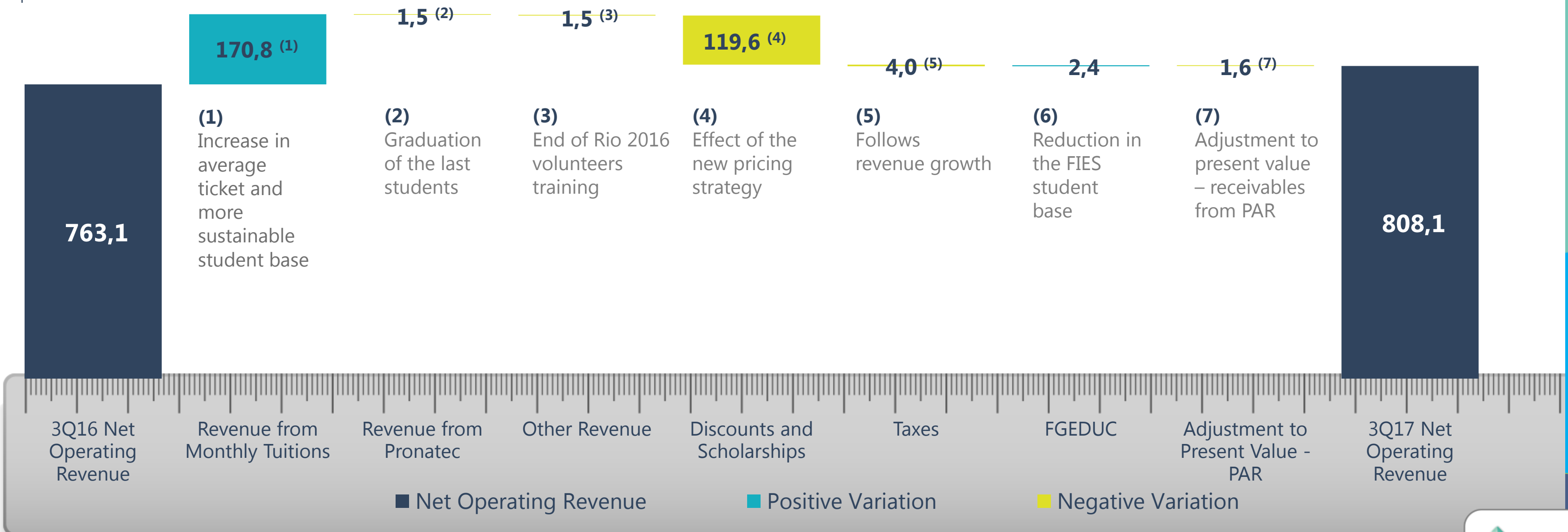
12.1%

Sustainable base, students who comply with payment obligations and performance management

NET REVENUE

R\$ million

+ 5.9% ↑





OPERATING COSTS

% of Net Operating Revenue

Main impacts:



Estácio intensified the production of its **own books**, and offered **virtual libraries** to students.



The 3Q16 figure was benefitted from the **early vacation granted**, in view of the 2016 Olympic Games. Excluding this impact of R\$17.5 million, there was a 1.6 percentage point margin gain in the personnel line.

Vertical Analysis

Cash Cost of Services

	3Q16	3Q17	Change
	-48.7%	-47.8%	0.9 p.p.
Personnel	-36.1%	-36.8%	-0.7 p.p.
Rent, condominium and municipal property tax	-8.2%	-7.7%	0.5 p.p.
Textbook materials	-1.1%	-0.3%	0.8 p.p.
Third-party services and others	-3.2%	-3.0%	0.2 p.p.

OPERATING EXPENSES

% of Net Operating Revenue

Main Impacts:

PDA

Improved Performance
of non-PAR PDA



Selling expenses

	3Q16	3Q17	Change
PDA	-4.2%	-3.4%	0.9 p.p.
PDA PAR	0.0%	-1.3%	-1.3 p.p.
PDA FIES	-0.1%	0.0%	0.1 p.p.
Advertising	-5.6%	-7.4%	-1.8 p.p.



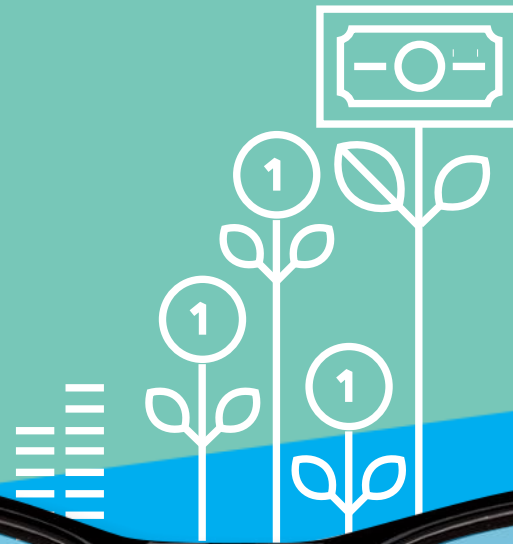
G&A expenses

	3Q16	3Q17	Change
Personnel	-6.5%	-6.2%	0.3 p.p.
Other	-9.9%	-6.8%	3.0 p.p.



Other operating revenue/expenses

	3Q16	3Q17	Change
	0.4%	0.5%	0.1 p.p.



NET

INCOME

R\$ million

Main Impacts:

R\$29.1 million
increase in
EBITDA

Campaigns to
recover debts

EBITDA

Financial result	3Q16	3Q17	Change
	194.5	223.6	15.0%
Depreciation and amortization	(32.8)	(42.3)	29.0%
Social contribution	(44.9)	(48.6)	8.2%
Income tax	5.3	4.0	-24.5%
	13.7	12.6	-8.0%

Net Income

	3Q16	3Q17	Change
	135.7	149.3	10.0%

Finanças

Administração
Vol 1

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Average Receivables Days

Avg. Non-FIES Receivables Days

R\$ million

	3Q16	3Q17
Accounts receivable net of non-APV	1,242.1	1,150.7
Non-FIES accounts receivable + APV	377.7	404.3
Non-FIES net revenue	1,858.2	2,121.4

Avg. Non-FIES Receivables Days

73

69

Avg. FIES Receivables Days

R\$ million

	3Q16	3Q17
FIES accounts receivable	864,4	746,4
FIES revenue (last 12 months)	1.429,8	1.369,9
FGEDUC deductions (last 12 months)	(108,5)	(97,7)
Taxes (last 12 months)	(55,2)	(56,3)
FIES net revenue (last 12 months)	1.266,1	1.216,0

Average FIES Receivables Days

246

221



**Preserve the focus
on the process
to improve
collection
campaigns**



CAPITALIZATION AND CASH

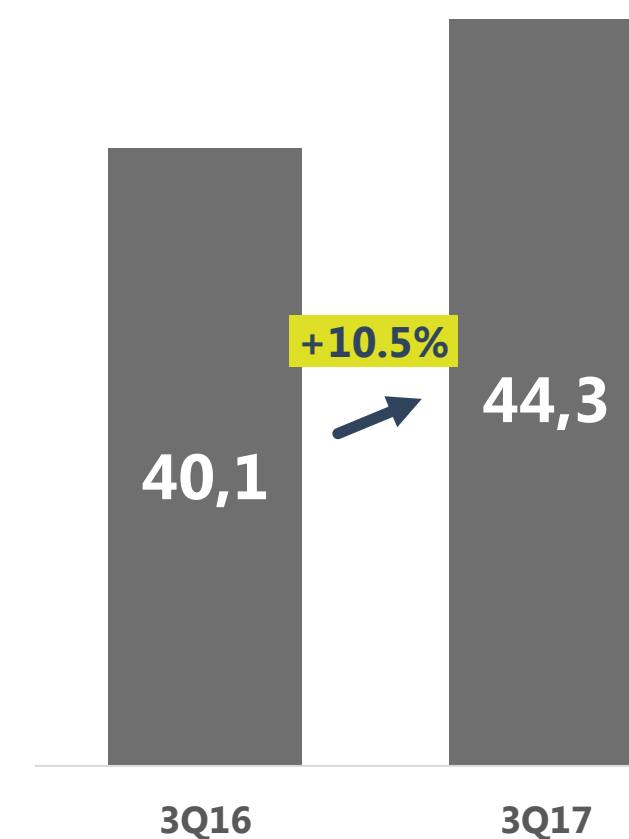
R\$ million	9/30/2016	9/30/2017
Shareholders' equity	2,819.8	2,886.4
Cash and cash equivalents	575.4	709.5
Gross debt	(923.3)	(966.4)
Loans	(811.2)	(856.4)
Commitments payable (acquisitions)	(92.5)	(93.7)
Taxes paid in installments	(19.6)	(16.3)
Cash / Net Debt	(347.9)	(256.9)

CAPEX

R\$ million	3Q16	3Q17	Change
Maintenance	22.9	30.7	+33.8 %
Discretionary and expansion	17.2	13.6	-20.4%
Total CAPEX	40.1	44.3	+10.5%



TOTAL CAPEX



EFFICIENCY GAINS

Plan for **continued** efficiency gains:



New **Educational** Model



Online **tutoring** program



Optimization of the **course** mix



Footprint reassessment



GROWTH DRIVERS



100 new operational distance-learning centers

At a total of 338 operational distance-learning centers at the close of 3Q17



Medicine Course in Angra dos Reis

Three new Medicine units by
March 2018



High School

Beginning of operations in seven
units in the Rio de Janeiro State



DISCLAIMER

The content of this presentation may include expectations regarding future events and results estimated by Management. However, such forward-looking statements are not guarantee of future delivery and/or performance, given the risks and uncertainties inherent to the business environment, including the country's economic performance, the global economy, the capital market, regulatory aspects of the industry, and governmental and competitive issues, among other factors, as well as the risks presented in the disclosure documents filed by Estácio, which are subject to change without prior notice.



Pedro Thompson

CEO and Investor Relations Officer

Flávia Oliveira

Investor Relations Manager

Julia Gregolin

Investor Relations



Investor Relations

E-mail: ri@estacio.br

Phone: (21) 3311-9700