H I G H L I G H T S

4Q17 AND 2017 EARNINGS RELEASE

+6.1%	+39.5%	+6.7 p.p.	+213.0%
Net **Revenue**	Adjusted **EBITDA**	**EBITDA** Margin	Adjusted **OCF**
R$3,379.0 mn	R$943.9 mn	27.9%	R$ 913.8mn

CASH AND CASH EQUIVALENTS

R$524.4 mn

AVERAGE TICKET

On-Campus:

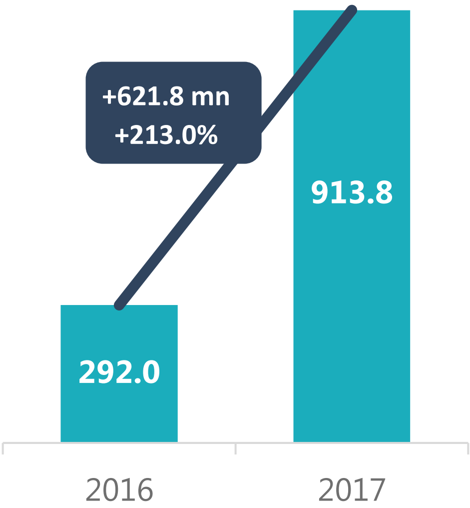
+ 10.6%

Distance Learning:

+ 5.9%

OPERATING CASH FLOW

(R$ million)



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Rio de Janeiro, March 15, 2017 – **Estácio Participações S.A.** – "**Estácio**" or "**Company**" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTCQX: ECPCY) – announces its results for the fourth quarter (4Q17) and full year of 2017, in comparison with the same period in 2016 (4Q16) and 2016. The Company's financial information is presented based on the consolidated figures, in Brazilian Reais, pursuant to Brazilian Corporate Law, the accounting practices adopted in Brazil (BRGAAP) and International Financial Reporting Standards (IFRS), unless otherwise stated.

Highlights

Financial Highlights (R$ MM)	4Q16	4Q17	Chg.	2016	2017	Chg.
Net Operating Revenue	796.9	838.5	5.2%	3,184.5	3,379.0	6.1%
EBITDA	217.2	45.4	-79.1%	652.4	737.8	13.1%
EBITDA Margin (%)	*27.3%*	*5.4%*	*-21.9 p.p.*	*20.5%*	*21.8%*	*1.3 p.p.*
Organizational restructuring [(1)]	-	117.1	N.A.	3.8	117.1	N.A.
Footprint reassessment [(2)]	-	18.4	N.A.	-	18.4	N.A.
New FIES discount rate2%	-	-	N.A.	-	11.4	N.A.
Write-off of judicial deposits [(i)]	-	*26.8*	*N.A.*	-	*26.8*	*N.A.*
Impairment of Nova Academia do Concurso [(ii)]	-	*14.0*	*N.A.*	-	*14.0*	*N.A.*
Review of the provision for rent receivable [(iii)]	-	*7.1*	*N.A.*	-	*7.1*	*N.A.*
Write-off of tax credits [(iv)]	-	*3.3*	*N.A.*	-	*3.3*	*N.A.*
PDA [(v)]	(89.7)	6.4	N.A.	(47.1)	6.4	N.A.
M&A expenses [(vi)]	-	-	N.A.	4.9	1.7	-65.8%
One-off items 2Q16	-	-	N.A.	62.8	-	N.A.
Adjusted EBITDA	**127.5***	**238.4**	**87.0%**	**676.8***	**943.9**	**39.5%**
Adjusted EBITDA Margin (%)	***16.0%***	***28.4%***	*12.4 p.p.*	**21.3%**	**27.9%**	**6.7 p.p.**

* Adjusted EBITDA for 2016 differs from that reported in 4Q16, since the FIES administrative fee (2%) began to be recorded in 3Q16; therefore, 3Q16 and 4Q16 EBITDA are already adjusted to 3Q17 and 4Q17.

Message from Management

Estácio begins 2018 with very different prospects from those observed in recent years. Since 2016, when the Company's Management underwent significant changes, Estácio has been carrying out a restructuring process whose results were observed in 2017.

Until the decision of the Brazilian antitrust authority on the merger transaction with Kroton, Estácio concentrated its efforts on implementing perennial initiatives, but with results in the short and medium terms. Said initiatives are divided into four major work fronts:

- **New student intake structure:** Redesigning the processes to enroll new students, lead to a healthier student base, increasing the average ticket by 10.6% in the on-campus segment and 5.9% in distance learning compared with 2016, and improving the student retention rate in the on-campus segment by 1.6

percentage point between the first and second semesters of 2017 (considering total dropout and non-renewal figures, which fell by 17.3% in the period). The strategy to enroll new students was also essential to overcome the effects of the decline in the FIES student base, which fell by 20.4% in 2017 over 2016. It is worth noting that the non-FIES student base increased by 3.9% in the same period. Consequently, Estácio's net operating revenue totaled R$3.4 billion in 2017, 6.1% up on 2016. It is also worth noting the launch of Estácio's Installment Payment Program (PAR), which extends the payment deadlines for monthly students, accounting for 8.2% of the students enrolled in 2017.

- **Process optimization in the management of faculty costs:** Aiming to improve the efficiency of its operations without affecting the quality of the services offered to students, in 2017, Estácio implemented several measures to increase the productivity of its faculty members. With these initiatives, the average number of students per class in the on-campus segment increased by 4.5%, while in the distance-learning segment the increase was 124%.

- **Restructuring of the distance-learning:** With the new distance-learning regulations, implemented in 2017, Estácio was authorized to launch 350 new centers per year. As a result, the Company created its organic expansion area and closed 2017 with 394 operational centers, nearly twice the number of centers operating at the end of 2016, which contributed to the resumption in the growth of the student base after good intake cycles and improved renewal and dropout rates.

- **Marketing expenses streamlining:** Migration from an institutional marketing model into regional campaigns, with higher return of funds allocated.

As of July 2017, after the Brazilian antitrust authority issued an unfavorable decision on the merger transaction with Kroton, Estácio designed a plan with more disruptive initiatives to increase even more the Company's profitability. The plan began to be implemented at the end of 2017 and covers three important fronts:

(1) **Corporate restructuring:** Another great opportunity to gain efficiency came from the implementation of a faculty career plan (FCP) which, based on clear management criteria, will provide productivity gains and improve faculty members' motivation, technical skills and climate. The restructuring included the dismissal of employees, generating a non-recurring impact of R$117.1 million on the fourth quarter result.

(2) **Footprint reassessment:** Estácio carried out an internal benchmark process to evaluate the different variables of each Unit, including size and occupancy levels, dropout and renewal rates, campus maturity, regulatory quality indicators (General Course Index - IGC and Preliminary Course Concept - CPC), course mix, market potential and average ticket levels. By studying the combination of these variables, the Company was able to better evaluate each Unit's profitability and prepare individual action plans for underperforming Units, which comprised several initiatives, such as the merger of Units, review of the portfolio of courses offered and pricing, among others. This front had an impact of R$18.4 million on the fourth-quarter result, chiefly due to the provisioning of non-recurring costs and expenses arising from the closing of eight Units (the merger process will be concluded in the beginning of 2018 for five of these Units and in the second semester of 2018 for the remaining three Units), which will be merged into other destination units. It is worth noting that students from these campuses were transferred to the destination

units and Estácio is adopting all the necessary measures to ensure the continuity and quality of services offered to its students.

(3) Review of the Educational Model: Although nationally integrated and with exclusive features, such as a national curricula and the standardization of own educational resources, Estácio's Academic Model needed to be updated to increase productivity. Therefore, the curriculum matrix was reviewed and is being implemented in 2018, including initiatives to increase the sharing of disciplines among the courses and the adoption of hybrid disciplines. This review should also aim at a more efficient class formation process and the ongoing improvement of the academic quality.

The Company's Management decided to make one-off entries in the 2017 result, totaling R$59.3 million, of which highlight the following:

(i) R$26.8 million, from the **write-off of judicial deposits** in the provision for contingencies line;

(ii) R$14.0 million, due to the **impairment of the goodwill recorded in Nova Academia do Concurso,** which focuses on preparatory courses for civil-service examination, but whose results and future prospects of this investment, did not sustain the amount of goodwill recorded at the time of acquisition;

(iii) R$7.1 million, due to the **review of the provision for rent receivable**, referring to receivables from the lease of business areas in units acquired;

(iv) R$3.3 million, due to the **write-off of tax credits**, which have not been realized and are no guaranteed to be used.

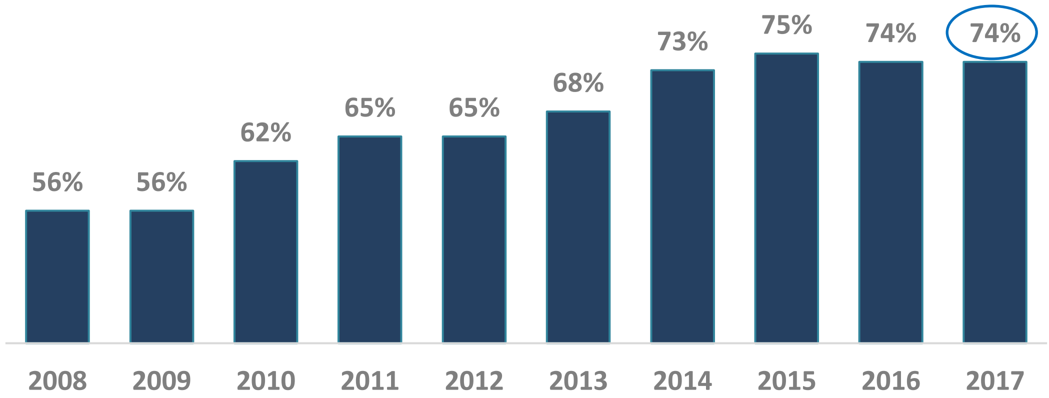
(v) R$6.4 million in the item of **provision for doubtful accounts**, of which R$3.4 million are due to the provision of receivables related to the sale of the portfolio from previous years and R$3.0 million due to the provision on an installment program in one of the units acquired; and

(vi) R$1.7 million related to **M&A expenses** during 2017.

Consequently, even with the limitations imposed by the Company's current situation and external pressure, Estácio was able to deliver good results and improve performance above the Company's historical levels. A good example was the upturn in EBITDA in 2017, which, on the same comparison basis, reached R$943.9 million, 39.5% more than in 2016. The 6.7 percentage point increase in the period EBITDA margin, of 27.9%, was a result of the 6.1% increase in net operating revenue and the intensive efforts to control operating costs and expenses. Moreover, the EBITDA/Cash ratio reached 96.8% in 2017, versus 43.1% in 2016.

It is worth noting that, even during a complex period in the Company's history, the result of the organizational climate survey, annually carried out by a renowned external advisory firm, remained in the same level of 2016, proving the engagement of Estácio's employees.

Result of the Organizational Climate Survey



At the end of 2017, the Company was better structured to face the challenges imposed by the new year. For 2018, the Company is focused on increasing profitability. The Company's Management remains confident in its Execution capacity.

Estácio closed the year with a adjusted Operating Cash Flow of R$917.3 million, R$621.8 million more than in 2016. The solid financial position and the prospects of continuing to improve performance at this pace with increased control and transparent processes motivates Estácio's team to continue delivering results and preparing the Company to a new growth and expansion phase that is yet to come.

We will soon have the Annual Shareholders' Meeting that will elect the members of the Board of Directors responsible for leading this new step. However, we report to you that Mr. João Cox Neto, current Chairman of the Board, and Mr. Francisco Amaury Olsen have notified the Company of their decision of not running for a new term of office.

The Company states its sincerest thanks for all the work and dedication undertaken by Mr. Cox and by Mr. Olsen during their time at Estácio. Their leadership has been exemplary, diligent and dedicated, and their contributions to governance will be long-lasting. Finally, the Company wishes them luck in their new projects and says goodbye with great affection and consideration.

Operating Performance

Estácio closed 4Q17 with a total of 515,400 students, 1.5% more than at the close of 4Q16, essentially due to the 17.0% increase in the distance-learning student base.

Table 1 – Total Student Base

'000	4Q16	4Q17	Change
On-Campus	**362.0**	**344.7**	**-4.8%**
Undergraduate	329.4	314.1	-4.7%
Graduate	32.6	30.6	-6.1%
Distance Learning	**145.9**	**170.7**	**17.0%**
Undergraduate	106.9	127.6	19.4%
Graduate	39.0	43.0	10.2%
Total Student Base	**508.0**	**515.4**	**1.5%**
# Campuses	**97**	**93**	**-4.1%**
On-Campus Students per Campus	3.732	3.707	-0.7%
# Distance Learning Centers	**209**	**394**	**88.5%**
Active centers	209	284	35.9%
Expansion centers (Engaged)	-	110	N.A
Distance Learning Students per Center	698	601	-13.9%

* Figures not reviewed by the auditors.

On-Campus Undergraduate Segment

Estácio's on-campus undergraduate student base totaled 314,100 students at the close of 4Q17, 4.7% less than in 4Q16, which was influenced by the 20.4% decrease in the FIES student base. Excluding the FIES student base, non-FIES student base increased by 3.9%.

It is worth noting the change in the strategy to attract new students, as of the first semester of 2017, focusing on creating a more sustainable student base, reducing discounts and scholarships granted, and ensuring students' financial commitment in order to conclude the enrollment and renewal processes. With a healthier student base, the 4Q17 dropout rate fell by 13.2% over 4Q16.

Table 2 – On-campus undergraduate base

'000	4Q16	4Q17	Change
On-campus undergraduate base	**329.4**	**314.1**	**-4.7%**
FIES Students	115.8	92.2	-20.4%
% FIES Students	213.7	222.0	3.9%

* Figures not reviewed by the auditors.

Table 3 – Evolution of on-campus undergraduate base

'000	4Q16	4Q17	Change
Students - Starting balance (Renewable Base)	**335.6**	**318.7**	**-5.0%**
Enrollments	-	1.2	N.A.
Acquisitions	0.6	-	N.A.
Dropouts	(6.7)	(5.8)	-13.2%
Students - Ending Balance (Revenue generating base)	**329.4**	**314.1**	**-4.7%**

* Figures not reviewed by the auditors.

FIES

Table 4 – FIES Student Base

'000	4Q16	4Q17	Change
On-campus undergraduate base	329.4	314.1	-4.7%
FIES Students	**115.8**	**92.2**	**-20.4%**
% FIES Students	35.1%	29.3%	-5.8 p.p.

* Figures not reviewed by the auditors.

We closed 4Q17 with a FIES student base of 92,200 students, representing 29.3% of our on-campus undergraduate base, 5.8 percentage points less than the same period in 2016, essentially due to the increase in the number of FIES students graduating as of 1Q17. It is worth noting that in the second semester of 2017, only 3.4% of the new on-campus undergraduate students entered via FIES, versus 4.7% in 2016.

Table 5 – New FIES Contracts

'000	4Q16	4Q17	Change
Total Intake	55.6	51.8	-6.9%
Freshmen with FIES (until the end of the intake process)	2.1	1.6	-24.1%
% via FIES	**3.8%**	**3.1%**	**-0.7 p.p.**
Freshmen with FIES (until the end of the semester)	2.6	1.8	-32.5%
% via FIES	**4.7%**	**3.4%**	**-1.3 p.p.**
Senior students with FIES (new contracts)	1.3	1.1	-15.7%
New FIES contracts in the semester	**3.9**	**2.9**	**-26.9%**

* Figures not reviewed by the auditors.

Installment Payment Program (PAR)

In the fourth quarter of 2017, 10,600 students used Estácio's Installment Payment Program ("PAR"). The total of PAR students represented 3.4% of Estácio's on-campus undergraduate base, declining by 0.4 p.p. in relation to the previous quarter, due to the migration of students to paying base and the dropouts of the semester, which is in line with expectations projected by the Company.

Table 6 – PAR effect in EBITDA

R$ MM	1Q17	2Q17	3Q17	4Q17
Gross revenue paid in cash	5.4	7.9	13.8	13.3
Gross revenue paid in installments	15.1	16.7	22.4	18.6
Taxes - Revenue Deductions	(0.9)	(1.0)	(1.5)	(1.3)
Adjustment to Present Value (APV) - Revenue Deductions	(7.0)	(9.0)	(1.6)	6.4
PDA (50% provisioning)	(4.0)	(3.9)	(10.4)	(12.5)
EBITDA	**8.6**	**10.7**	**22.7**	**24.5**

* Figures not reviewed by the auditors.

Table 7 – PAR effect in Accounts Receivable

R$ MM	1Q17	2Q17	3Q17	4Q17
Gross revenue paid in installments	15.1	16.7	22.4	18.6
Adjustment to Present Value (APV) - Revenue Deductions	(7.0)	(9.0)	(1.6)	6.4
Gross revenue paid in installments Ex-APV	**8.1**	**7.7**	**20.8**	**25.0**
PDA (50% provisioning)	(4.0)	(3.9)	(10.4)	(12.5)
PAR Accounts Receivable Balance	**4.0**	**3.9**	**10.4**	**12.5**

* Figures not reviewed by the auditors.

Distance-Learning Undergraduate Segment

The fourth-quarter distance-learning undergraduate base increased by 19.4% over 4Q16, to 127,600 students. Unlike the previous years, when intake occurred every quarter, Estácio extended the period of its two main intakes in 2017 in order to reduce the operating costs of smaller enrollment cycles, as a result of initiatives, such as the clusterization of partner centers based on performance, aiming at aligning the results obtained.

Table 8 – Evolution of Distance-Learning Undergraduate Base *

'000	4Q16	4Q17	Change
Students - Starting Balance	**115.4**	**134.7**	**16.7%**
Graduates	(0.9)	(0.8)	-10.9%
Renewable Base	**114.5**	**133.9**	**16.9%**
Enrollments	-	0.4	N.A.
Non-renewed	(3.8)	(0.8)	-78.6%
Dropouts	(3.7)	(5.8)	56.3%
Students - Ending Balance (Revenue generating base)	**106.9**	**127.6**	**19.4%**

* Figures not reviewed by the auditors.

Graduate Segment

Estácio closed 4Q17 with 73,600 students enrolled in graduate programs, 2.8% up on 4Q16. Following the same trend of the on-campus undergraduate base, the 10.2% increase in the distance-learning graduate base offset the 6.1% decline in the on-campus graduate base.

Table 9 – Graduate Student Base *

'000	4Q16	4Q17	Change
Graduate student base	**71.6**	**73.6**	**2.8%**
On-Campus	**32.6**	**30.6**	**-6.1%**
Own students	21.9	19.6	-10.6%
Franchise students	10.7	11.0	3.2%
Distance learning	**39.0**	**43.0**	**10.2%**
Own students	14.8	16.0	7.9%
Franchise students	24.2	27.0	11.6%

* Figures not reviewed by the auditors.

On-Campus Average Ticket

On-campus average ticket increased by 8.9% in 4Q17 over 4Q16, to R$732.9, reflecting the Company's new pricing strategy used on a more sustainable student base, who comply with payment obligations.

The initiatives implemented to ensure student base sustainability included the elimination of exemptions and the restructuring of discounts and scholarships granted, taking the best advantage of the net present value per student and seeking higher ticket. As a result, the annual on-campus average ticket increased by 10.6%, from R$690.9 in 2016 to R$742.3 in 2017.

Table 10 – Calculation of the Average Monthly Ticket – On-Campus *

'000	4Q16	4Q17	Change	2016	2017	Change
On-Campus Student Base	**362.0**	**344.7**	**-4.8%**	**362.0**	**344.7**	**-4.8%**
(-) On-Campus Graduate Franchise Student Base**	(10.7)	(11.0)	3.2%	(10.7)	(11.0)	3.2%
(=) On-Campus Student Base Ex-Franchise Students**	**351.3**	**333.7**	**-5.0%**	**351.3**	**333.7**	**-5.0%**
On-Campus Gross Revenue (R$ million)	**1,016.8**	**1,109.9**	**9.2%**	**4,231.1**	**4,703.0**	**11.2%**
On-Campus Deductions (R$ million)	(307.5)	(376.2)	22.3%	**(1,402.5)**	**(1,730.9)**	**23.4%**
On-Campus Net Revenue (R$ million)	**709.3**	**733.7**	**3.4%**	**2,828.5**	**2,972.1**	**5.1%**
On-Campus Average Ticket (R$)	**673.0**	**732.9**	**8.9%**	**670.9**	**742.3**	**10.6%**
% Deductions / Gross Operating Revenue	*30.2%*	*33.9%*	*3.7 p.p.*	**33.1%**	**36.8%**	**3.7 p.p.**

* Figures not reviewed by the auditors.
**Excluding the graduate segment's students and revenue from partner institutions in order not to distort the analysis.

The on-campus undergraduate segment's ticket increased by 8.6% in 4Q17 over 4Q16, to R$760.5, reflecting Estácio's new intake strategy adopted in 2017.

Table 11 – Calculation of the Average Monthly Ticket – On-Campus Undergraduate Program *

'000	4Q16	4Q17	Change	2016	2017	Change
On-Campus Undergraduate Student Base	329.4	314.1	**-4.7%**	329.4	314.1	**-4.7%**
On-Campus Undergraduate Gross Revenue (R$ million)	**986.5**	**1,080.4**	**9.5%**	**4,093.9**	**4,583.6**	**12.0%**
On-Campus Undergraduate Deductions (R$ million)	(294.7)	(363.8)	23.4%	**(1,338.4)**	**(1,682.0)**	**25.7%**
On-Campus Undergraduate Net Revenue (R$ million)	691.9	**716.7**	**3.6%**	**2,755.5**	**2,901.6**	**5.3%**
On-Campus Undergraduate Average Ticket (R$)	700.1	**760.5**	**8.6%**	**697.0**	**769.8**	**10.4%**
% Deductions / Gross Operating Revenue	*29.9%*	*33.7%*	*3.8 p.p.*	**32.7%**	**36.7%**	**4.0 p.p.**

* Figures not reviewed by the auditors.

The on-campus graduate average ticked increased by 9.2% in 4Q17.

Table 12 – Calculation of the Average Monthly Ticket – On-Campus Graduate Program *

'000	4Q16	4Q17	Change	2016	2017	Change
On-Campus Graduate Own Student Base	**21.9**	**19.6**	**-10.6%**	**21.9**	**19.6**	**-10.6%**
On-Campus Graduate Gross Revenue (R$ million)	**30.0**	**29.4**	**-2.6%**	**137.2**	**119.4**	**-13.0%**
On-Campus Graduate Deductions (R$ million)	(12.8)	(12.5)	-2.9%	(64.2)	(48.9)	-23.8%
On-Campus Graduate Net Revenue (R$ million)	**17.4**	**17.0**	**-2.4%**	**73.0**	**70.5**	**-3.4%**
On-Campus Graduate Average Ticket (R$)	**264.8**	**289.1**	**9.2%**	**277.8**	**300.1**	**8.0%**
% Deductions / Gross Operating Revenue	*42.4%*	*42.3%*	*-0.1 p.p.*	46.8%	40.9%	-5.8 p.p.

* Figures not reviewed by the auditors.
**Excluding the graduate segment's students and revenue from partner institutions in order not to distort the analysis.

Distance-Learning Average Ticket

In 4Q17, the distance-learning average ticket increased by 2.6% over 4Q17, to R$229.9, essentially due to the upturn in the distance-learning graduate average ticket.

Table 13 – Calculation of the Average Monthly Ticket – Distance-Learning *

'000	4Q16	4Q17	Change	2016	2017	Change
Distance Learning Student Base	**145.9**	**170.7**	**17.0%**	**145.9**	**170.7**	**17.0%**
(-) Distance Learning Graduate Franchise Student Base**	24.2	27.0	11.6%	24.2	27.0	11.6%
(=) Distance Learning Student Base Ex-Franchise Students**	**121.7**	**143.6**	**18.0%**	**121.7**	**143.6**	**18.0%**
Distance Learning Gross Revenue (R$ million)	**124.7**	**168.4**	**35.0%**	**517.8**	**685.7**	**32.4%**
Distance Learning Deductions (R$ million)	(42.9)	(69.4)	61.8%	(208.0)	(298.5)	43.5%
Distance Learning Net Revenue (R$ million)	**81.8**	**99.0**	**21.0%**	**309.8**	**387.2**	**25.0%**
Distance Learning Average Ticket (R$)	**224.1**	**229.9**	**2.6%**	**212.1**	**224.7**	**5.9%**
% Deductions / Gross Operating Revenue	*34.4%*	*41.2%*	*6.8 p.p.*	40.2%	43.5%	3.4 p.p.

* Figures not reviewed by the auditors.
**Excluding the graduate segment's students and revenue from partner institutions in order not to distort the analysis.

Table 14 – Calculation of the Average Monthly Ticket – Distance-Learning Undergraduate Program *

'000	4Q16	4Q17	Change	2016	2017	Change
Distance Learning Undergraduate Student Base	**106.9**	**127.6**	**19.4%**	**106.9**	**127.6**	**19.4%**
Distance Learning Undergraduate Gross Revenue (R$ million)	**115.9**	**153.7**	**32.5%**	**480.6**	**630.2**	**31.1%**
Distance Learning Undergraduate Deductions (R$ million)	(40.2)	(63.8)	58.8%	(193.6)	(279.3)	44.3%
Distance Learning Undergraduate Net Revenue (R$ million)	**75.8**	**89,9**	**18,6%**	**287,0**	**350.9**	**22.2%**
Distance Learning Undergraduate Average Ticket (R$)	**236.2**	**234.7**	**-0.6%**	**223.7**	**229.1**	**2.4%**
% Deductions / Gross Operating Revenue	*34.6%*	*41.5%*	*6.9 p.p.*	40.3%	44.3%	4.0 p.p.

* Figures not reviewed by the auditors.

Table 15 – Calculation of the Average Monthly Ticket – Distance-Learning Graduate Programs *

'000	4Q16	4Q17	Change	2016	2017	Change
Distance Learning Graduate Own Student Base **	**14.8**	**16.0**	**7.9%**	**106.9**	**127.6**	**19.4%**
Distance Learning Graduate Gross Revenue (R$ million)	**8.8**	**14.8**	**67.8%**	**37.2**	**55.6**	**49.4%**
Distance Learning Graduate Deductions (R$ million)	(2.7)	(5.6)	106.4%	(14.4)	(19.2)	33.3%
Distance Learning Graduate Net Revenue (R$ million)	**6.1**	**9.1**	**50.5%**	**22.8**	**36.4**	**59.5%**
Distance Learning Graduate Average Ticket (R$)	**136.9**	**190.9**	**39.4%**	**128.4**	**189.8**	**47.8%**
% Deductions / Gross Operating Revenue	*31.0%*	*38.1%*	*7.1 p.p.*	38.7%	34.5%	-4.2 p.p.

* Figures not reviewed by the auditors.
**Excluding the graduate segment's students and revenue from partner institutions in order not to distort the analysis.

Financial Performance

Table 16 – Income Statement

R$ MM	4Q16	One-off items	4Q16 Adjusted	4Q17	One-off items	4Q17 Adjusted	Change	Adjusted Chang
Gross Operating Revenue	**1,148.5**	**-**	**1,148.5**	**1,284.6**	**-**	**1,284.6**	**11.9%**	**11.9%**
Monthly Tuition Fees	1,139.8		1,139.8	1,276.2		1,276.2	12.0%	12.0%
Pronatec	0.7		0.7	(0.4)		(0.4)	-157.1%	-157.1%
Others	8.0		8.0	8.8		8.8	10.0%	10.0%
Gross Revenue Deductions	**(351.6)**	**-**	**(351.6)**	**(446.2)**	**-**	**(446.2)**	**26.9%**	**26.9%**
Scholarships and Discounts	(287.6)		(287.6)	(386.6)		(386.6)	34.4%	34.4%
Taxes	(33.8)		(33.8)	(36.9)		(36.9)	9.2%	9.2%
FGEDUC	(25.6)		(25.6)	(22.7)		(22.7)	-11.3%	-11.3%
Adjustment to Present Value (APV)	-		-	6.2		6.2	N.A	N.A.
Other deductions	(4.6)		(4.6)	(6.3)		(6.3)	37.0%	37.0%
Net Operating Revenue	**796.9**	**-**	**796.9**	**838.5**	**-**	**838.5**	**5.2%**	**5.2%**
Cost of Services	**(485.5)**	**-**	**(485.5)**	**(490.6)**	**115.3**	**(375.3)**	**1.1%**	**-22.7%**
Personnel	(357.8)		(357.8)	(379.6)	115.3	(264.3)	6.1%	-26.1%
Rentals / Real Estate Taxes Expenses	(61.4)		(61.4)	(61.1)		(61.1)	-0.5%	-0.5%
Textbooks Materials	(7.2)		(7.2)	(2.4)		(2.4)	-66.7%	-66.7%
Third-Party Services and Others	(28.6)		(28.6)	(27.1)		(27.1)	-5.2%	-5.2%
Depreciation and Amortization	(30.6)		(30.6)	(20.4)		(20.4)	-33.3%	-33.3%
Gross Profit	**311.3**	**-**	**311.3**	**347.9**	**115.3**	**463.2**	**11.8%**	**48.8%**
Gross Margin	***39.1%***		***39.1%***	***41.5%***		***55.2%***	***2.4 p.p.***	***16.2 p.p.***
Selling. General and Administrative Expenses	**(151.2)**	**(89.7)**	**(240.9)**	**(322.1)**	**46.2**	**(275.9)**	**113.0%**	**14.6%**
Selling Expenses	**(28.0)**	**(89.7)**	**(117.7)**	**(118.9)**	**6.4**	**(112.5)**	**324.6%**	**-4.4%**
Provisions for Doubtful Accounts	(28.6)	(46.7)	(75.3)	(72.3)	6.4	(65.9)	152.8%	-12.5%
Provisions for Doubtful Accounts – PAR	-		-	(12.5)		(12.5)	N.A.	N.A.
FIES Provisions for Doubtful Accounts	42.1	(43.0)	(0.9)	(0.4)		(0.4)	-101.0%	-54.8%
Marketing	(41.5)		(41.5)	(33.7)		(33.7)	-18.8%	-18.8%
General and Administrative Expenses	**(123.2)**	**-**	**(123.2)**	**(203.2)**	**39.7**	**(163.5)**	**64.9%**	**32.7%**
Personnel	(44.0)		(44.0)	**(67.0)**	**1.7**	**(65.3)**	**52.3%**	**48.3%**
Outros G&A	(55.1)		(55.1)	**(111.2)**	**38.0**	**(73.2)**	**101.8%**	**32.9%**
Depreciation	(24.2)		(24.2)	(25.1)		(25.1)	3.7%	3.7%
Other operating revenues/expenses	2.4	**-**	**2.4**	**(25.8)**	**31.5**	**5.7**	-1175.0%	138.2%
EBIT	**162.5**	**(89.7)**	**72.8**	**-**	**193.0**	**193.0**	**-100.0%**	**165.1%**
EBIT Margin	***20.4%***		***9.1%***	***0.0%***		***23.0%***	***-20.4 p.p.***	***13.9 p.p.***
(+)Depreciation and amortization	54.7		54.7	45.4		45.4	-17.0%	-17.0%
EBITDA	**217.2**	**(89.7)**	**127.5**	**45.4**	**193.0**	**238.4**	**-79.1%**	**87.0%**
EBITDA Margin	***27.2%***		***16.0%***	***5.4%***		***28.4%***	***-21.8 p.p.***	***12.4 p.p.***
Financial Result	(25.2)		(25.2)	(8.9)		(8.9)	-64.7%	-64.7%
Depreciation and Amortization	(54.7)		(54.7)	(45.4)		(45.4)	-17.0%	-17.0%
Social Contribution	(4.0)		(4.0)	(2.7)		(2.7)	-32.5%	-32.5%
Income Tax	(9.0)		(9.0)	(1.1)		(1.1)	-87.8%	-87.8%
Net Income	**124.3**	**(89.7)**	**34.6**	**(12.8)**	**193.0**	**180.2**	**-110.3%**	**420.6%**
Net Income Margin	***15.5%***		***4.3%***	***-1.5%***		***21.5%***	***-17.0 p.p.***	***17.1 p.p.***

Table 17 – Annual Income Statement

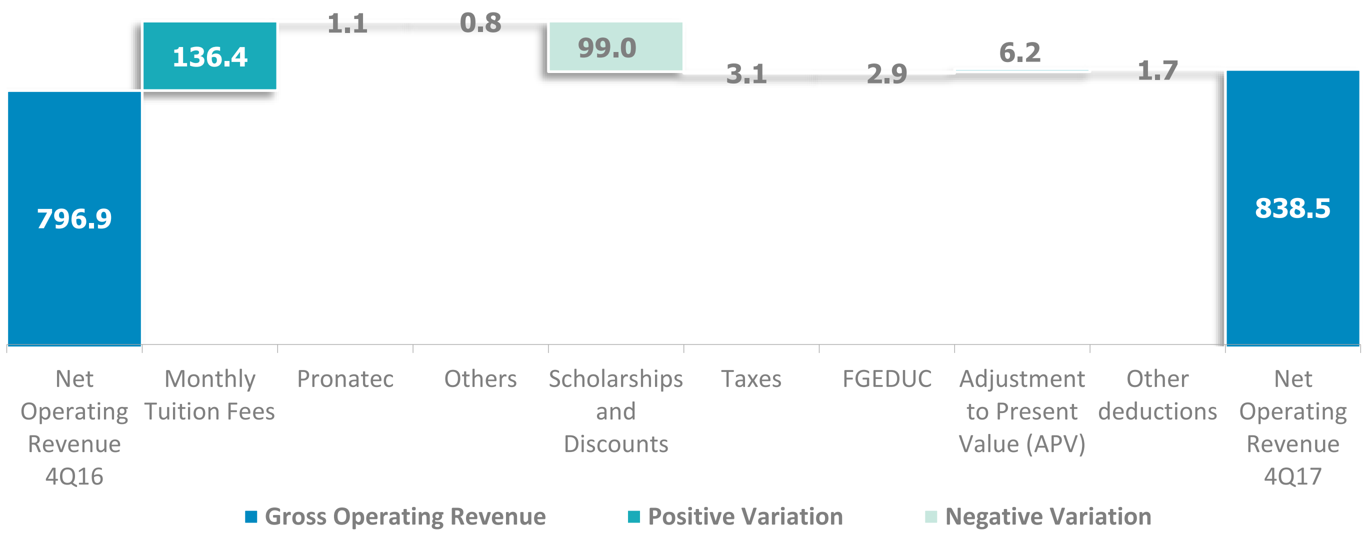
R$ MM	2016	One-off items	2016 Adjusted	2017	One-off items	2017 Adjusted	Change	Adjusted Change
Gross Operating Revenue	**4,804.1**	**-**	**4,804.1**	**5,410.7**	**-**	**5,410.7**	**12.6%**	**12.6%**
Monthly Tuition Fees	4,739.3		4,739.3	5,370.4		5,370.4	13.3%	13.3%
Pronatec	12.0		12.0	0.4		0.4	-96.7%	-96.7%
Others	52.8		52.8	39.9		39.9	-24.4%	-24.4%
Gross Revenue Deductions	**(1,619.6)**	**-**	**(1,619.6)**	**(2,031.8)**	**11.4**	**(2,020.4)**	**25.5%**	**24.7%**
Scholarships and Discounts	(1,379.1)		(1,379.1)	(1,753.1)		(1,753.1)	27.1%	27.1%
Taxes	(135.5)		(133.5)	(152.4)		(152.4)	14.2%	14.2%
FGEDUC	(87.4)		(87.4)	(94.8)	11.4	(83.4)	8.5%	-4.6%
Adjustment to Present Value (APV)	-		-	(11.4)		(11.4)	N.A	N.A.
Other deductions	(19.7)		(19.7)	(20.0)		(20.0)	1.5%	1.5%
Net Operating Revenue	**3,184.5**	**-**	**3,184.5**	**3,379.0**	**11.4**	**3,390.4**	**6.1%**	**6.5%**
Cost of Services	**(1,809.0)**	**18.1**	**(1,790.9)**	**(1,777.1)**	**115.3**	**(1,661.8)**	**-1.8%**	**-7.2%**
Personnel	(1.334.9)	18.1	(1,316.8)	(1.312.7)	115.3	(1,197.4)	-1.7%	-9.1%
Rentals / Real Estate Taxes Expenses	(245.2)		(245.2)	(250.6)		(250.6)	2.2%	2.2%
Textbooks Materials	(31.5)		(31.5)	(13.5)		(13.5)	-57.2%	-57.2%
Third-Party Services and Others	(104.3)		(104.3)	(103.6)		(103.6)	-0.7%	-0.7%
Depreciation and Amortization	(93.2)		(93.2)	(96.8)		(96.8)	3.9%	3.9%
Gross Profit	**1,375.5**	**18.1**	**1,393.6**	**1,601.9**	**126.8**	**1,728.7**	**16.5%**	**24.0%**
Gross Margin	***43.2%***		***43.8%***	***47.4%***		***51.0%***	***4.2 p.p.***	***7.2 p.p.***
Selling. General and Administrative Expenses	**(914.7)**	**(9.5)**	**(924.2)**	**(1,041.9)**	**47.8**	**(994.1)**	**13.9%**	**7.6%**
Selling Expenses	**(376.3)**	**(47.1)**	**(423.4)**	**(443.6)**	**6.4**	**(437.2)**	**17.9%**	**3.2%**
Provisions for Doubtful Accounts	(158.6)	(47.1)	(205.7)	(204.3)	6.4	(197.9)	28.8%	-3.8%
Provisions for Doubtful Accounts – PAR	-		-	(30.8)		(30.8)	N.A.	N.A.
FIES Provisions for Doubtful Accounts	(3.1)		(3.1)	(1.6)		(1.6)	-48.4%	-48.4%
Marketing	(214.6)		(214.6)	(206.9)		(206.9)	-3.6%	-3.6%
General and Administrative Expenses	**(538.4)**	**37.6**	**(500.8)**	**(598.3)**	**41.4**	**(556.9)**	**11.1%**	**11.2%**
Personnel	**(167.7)**	**3.8**	**(163.9)**	(179.7)	1.7	**(178.0)**	**7.2%**	**8.6%**
Outros G&A	**(270.6)**	**33.8**	**(236.8)**	(321.1)	39.7	**(281.4)**	**18.7%**	**18.8%**
Depreciation	(100.1)		(100.1)	(97.5)		(97.5)	-2.6%	-2.6%
Other operating revenues/expenses	**(1.7)**	**15.8**	**14.1**	(16.5)	**31.5**	**15.0**	**870.6%**	**6.7%**
EBIT	**459.1**	**24.4**	**483.5**	**543.5**	**206.1**	**749.6**	**18.4%**	**55.0%**
EBIT Margin	***14.4%***		***15.2%***	***16.1%***		***22.1%***	***1.7 p.p.***	***6.9 p.p.***
(+)Depreciation and amortization	193.3		193.3	194.3		194.3	0.5%	0.5%
EBITDA	**652.4**	**24.4**	**676.8**	**737.8**	**206.1**	**943.9**	**13.1%**	**39.5%**
EBITDA Margin	***20.5%***		***21.3%***	***21.8%***		***27.9%***	***1.3 p.p.***	***6.7 p.p.***
Financial Result	(86.3)		(86.3)	(111.5)		(111.5)	29.2%	29.2%
Depreciation and Amortization	(193.3)		(193.3)	(194.3)		(194.3)	0.5%	0.5%
Social Contribution	(2.5)		(2.5)	(4.4)		(4.4)	76.0%	76.0%
Income Tax	(2.2)		(2.2)	(3.0)		(3.0)	36.4%	36.4%
Net Income	**368.1**	**24.4**	**392.5**	**424.6**	**206.1**	**630.7**	**15.3%**	**60.7%**
Net Income Margin	***11.6%***		***12.3%***	***12.6%***		***18.6%***	***1.0 p.p.***	***6.3 p.p.***

Consolidated Operating Revenue

Table 18 – Breakdown of Operating Revenue

R$ MM	4Q16	4Q17	Change	2016	2017	Change
Gross Operating Revenue	**1,148.5**	**1,284.6**	**11.9%**	**4,804.1**	**5,410.7**	**12.6%**
Monthly Tuition Fees	1,139.8	1,276.2	12.0%	4,739.3	5,370.4	13.3%
Pronatec	0.7	(0.4)	-157.1%	12.0	0.4	-96.7%
Others	8.0	8.8	10.0%	52.8	39.9	-24.4%
Gross Revenue Deductions	**(351.6)**	**(446.2)**	**26.9%**	**(1,619.6)**	**(2,031.8)**	**25.5%**
Scholarships and Discounts	(287.6)	(386.6)	34.4%	(1,379.1)	(1,753.1)	27.1%
Taxes	(33.8)	(36.9)	9.2%	(133.5)	(152.4)	14.2%
FGEDUC	(25.6)	(22.7)	-11.3%	(87.4)	(94.8)	8.5%
Adjustment to Present Value (APV) – “PAR”	-	6.2	N.A	-	(11.4)	N.A
Other deductions	(4.6)	(6.3)	37.0%	(19.7)	(20.0)	1.5%
% Scholarships and Discounts/ Gross Operating Revenue	25.2%	30.3%	5.1 p.p.	*28.7%*	*32.4%*	*3.7 p.p.*
Net Operating Revenue	**796.9**	**838.5**	**5.2%**	**3,184.5**	**3,379.0**	**6.1%**

Chart 1 – Net Operating Revenue Bridge



Net operating revenue came to R$838.5 million in 4Q17, 5.2% up on 4Q16, mainly explained by:

(1) The R$136.4 million upturn in revenue from monthly tuitions, an increase of 12.0% over 4QT16, due to higher average ticket and to the Company’s strategy to promote a more sustainable student base;

(2) The R$1.1 million reduction in Pronatec, due to the graduation of the last students in this segment;

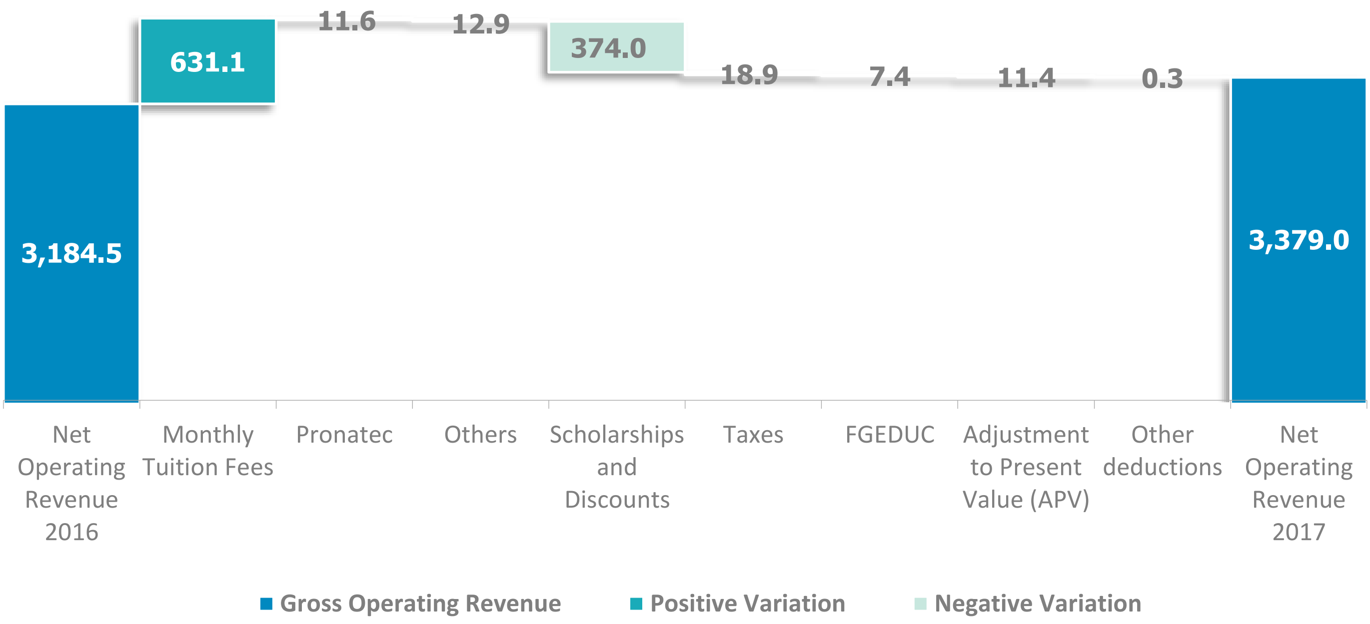
(3) The R$99.0 million increase in discounts and scholarships, as a result of the Company's new pricing strategy for new students.

(4) The R$3.1 million upturn in taxes, in line with revenue growth;

(5) The R$2.9 million reduction in FGEDUC, due to the smaller FIES student base;

(6) Approximately R$6.2 million was registered under gross revenue deductions, due to the adjustment to present value (APV) of receivables from Estácio's Installment Payment Program (PAR).

Chart 2 – Annual Net Operating Revenue Bridge



In 2017, **net operating revenue** came to R$3,379.0 million, 6.1% up on 2016, essentially due to:

(1) The R$631.1 million upturn in revenue from monthly tuitions, due to the 10.6% and 5.9% increases in on-campus and distance-learning average tickets;

(2) The R$11.6 million reduction in Pronatec revenue, due to the graduation of the last students in this segment;

(3) The R$12.6 million reduction in other revenue, chiefly due to the end of the Rio 2016 project, referring to trainings offered to the volunteers of the Rio 2016 Olympic Games;

(4) The R$374.0 million upturn, or 3.7 percentage point increase in discounts and scholarships as a percentage of gross operating revenue between 2017 and 2016, as a result of the Company's new pricing strategy for new students. In this strategy, the increase in discounts is more than offset by the R$606.6 million increase in gross revenue;

(5) The R$18.9 million upturn in taxes, in line with revenue growth, maintaining the 2.8% over gross revenue;

(6) The R$7.4 million upturn in FGEDUC was essentially due to the FIES administrative fee, has been applied as of 3Q16;

(7) It is worth noting that the Estácio's Installment Payment Program (PAR) began in 2017 (PAR), and approximately R$11.4 million was registered under gross revenue deductions, due to the adjustment to present value (APV) of receivables from PAR.

Cash Cost of Services

In 4Q17, the cash cost of services represented 56.1% of net operating revenue, a 1.0 p.p. margin gain over 4Q16, even with the impact of the R$115.3 million decrease in personnel, as a result of the corporate restructuring carried out at the end of 2017. Excluding this effect, margin would have increased by 14.8 p.p. over 4Q16, as the cash cost of services would represent 42.3% of the 4Q17 net operating revenue, over 57.1% in 4Q16.

Table 19 – Breakdown of Cost of Services – Quarter

R$ MM	4Q16	One-off items	4Q16 Adjusted	4Q17	One-off items	4Q17 Adjusted	Change	Adjusted Change
Cost of Services	**(485.5)**	-	**(485.5)**	**(490.6)**	**115.3**	**(375.3)**	**1.1%**	**-22.7%**
Depreciation and amortization	30.6	-	30.6	20.4	-	20.4	-33.3%	-33.3%
Cash Cost of Services	**(454.9)**	-	**(454.9)**	**(470.2)**	**115.3**	**(354.9)**	**3.4%**	**-22.0%**
Personnel	(357.8)		(357.8)	(379.6)	115.3	(264.3)	6.1%	-26.1%
Salaries and Payroll Charges	(303.1)		(303.1)	(341.9)	115.3	(226.6)	12.8%	-25.2%
Brazilian Social Security Institute (INSS)	(54.7)		(54.7)	(37.7)	-	(37.7)	-31.1%	-31.1%
Rentals / Real Estate Taxes Expenses	(61.4)		(61.4)	(61.1)	-	(61.1)	-0.5%	-0.5%
Textbooks Materials	(7.2)		(7.2)	(2.4)	-	(2.4)	-66.7%	-66.7%
Third-Party Services and Others	(28.6)		(28.6)	(27.1)	-	(27.1)	-5.2%	-5.2%

* The amount corresponding to labor settlements and awards that used to be recorded under Personnel Costs and Expenses was transferred, in 2017, to general and administrative expenses, in Provision for Contingencies.

Table 20 – Vertical Analysis of Cost of Services – Quarter

(%)	4Q16	4Q17	Change	4Q16 Adjusted	4Q17 Adjusted	Adjusted Change
Cost of Services	**-60.9%**	**-58.5%**	***2.4 p.p.***	**-60.9%**	**-44.8%**	***16.2 p.p.***
Depreciation and amortization	3.8%	2.4%	*-1.4 p.p.*	3.8%	2.4%	*-1.4 p.p.*
Cash Cost of Services	**-57.1%**	**-56.1%**	***1.0 p.p.***	**-57.1%**	**-42.3%**	***14.8 p.p.***
Personnel	-44.9%	-45.3%	*-0.4 p.p.*	-44.9%	-31.5%	*13.4 p.p.*
Salaries and Payroll Charges	-38.0%	*-40.8%*	*-2.7 p.p.*	-38.0%	-27.0%	*11.0 p.p.*
Brazilian Social Security Institute (INSS)	-6.9%	*-4.5%*	*2.4 p.p.*	-6.9%	-4.5%	*2.4 p.p.*
Rentals / Real Estate Taxes Expenses	-7.7%	-7.3%	*0.4 p.p.*	-7.7%	-7.3%	*0.4 p.p.*
Textbooks Materials	-0.9%	-0.3%	*0.6 p.p.*	-0.9%	-0.3%	*0.6 p.p.*
Third-Party Services and Others	-3.6%	-3.2%	*0.4 p.p.*	-3.6%	-3.2%	*0.4 p.p.*

In 2017, the **cash cost of services** totaled R$1,680.3 million, representing 49.7% of the net operating revenue, with a 4.2 p.p. margin gain over 2016. Excluding the amount referring to the organizational restructuring (R$115.3 million) and also the one-off items that affected the 2016 results (R$18.1 million due to the revision of the contingency base and adjustments of benefits in 2Q16), the annual cash cost of services would have a 7.2 p.p. margin gain, representing 46.2% of the net operating revenue, mainly due to the personnel costs item, which would have a 6.0 p.p. margin gain year-over-year.

Below are the main measures adopted in 2017 in the management of the faculty cost of the on-campus segment:

- **Universalization of 20% of online disciplines in the on-campus curriculum:** In addition to allowing a larger number of students per class, online disciplines have an average cost of hour/class of 25% less than the on-campus subjects;
- **Alternate route:** During the creation of the classes, new students can enroll in veterans' classes that do not have prerequisites;
- **Increased offer of equivalent subjects:** Optimization of the academic planning by using the offer of equivalent subjects to students from different courses, thus reducing the offer of exclusive subjects and increasing the average occupation of operational classes;
- **Offer of Probation classes:** Increased offer of Probation disciplines for students who have failed such disciplines, thus removing this prerequisite so that the student may enroll in regular disciplines; and
- **Anticipation of the start time of night classes:** This initiative generated a 50% reduction of the night shift additional payment.

These initiatives led to an 4.5% increase in the average number of students per class in the On-Campus segment.

In the Distance Learning segment, we have implemented initiatives to improve the efficiency and response time of the teachers in interactions with students, generating an 124% increase in the average number of students per class in the segment without affecting the quality of the service. The same initiatives carried out in the Distance Learning segment also improved the online subjects for those in the On-Campus segment.

The decrease of costs with textbooks materials, due to the increased use of own books, the migration to digital and the better management of inventory also contributed to this margin gain.

Table 21 – Breakdown of Cost of Services – Year

R$ MM	2016	One-off items	2016 Ajusted	2017	One-off items	2017 Ajusted	Change	Ajusted Change
Net Operating Revenue	**3,184.5**	-	**3,184.5**	**3,379.0**	**11.4**	**3,390.4**	**6,1%**	**6,5%**
Cost of Services	**(1,809.0)**	18,1	**(1,790.9)**	**(1,777.1)**	**115.3**	**(1,661.8)**	**-1.8%**	**-7.2%**
Depreciation and amortization	93.2	-	93.2	96.8	-	96.8	3.9%	3.9%
Cash Cost of Services	**(1,715.9)**	18,1	**(1,697.8)**	**(1,680.3)**	**115.3**	**(1,565.0)**	**-2.1%**	**-7.8%**
Personnel	**(1,334.9)**	18,1	(1,316.8)	(1,312.7)	115.3	(1,197.4)	-1.7%	-9.1%
Salaries and Payroll Charges	(1,117.9)	18,1	(1.099.8)	(1,116.0)	115.3	(1,000.7)	-0.2%	-9.0%
Brazilian Social Security Institute (INSS)	(217.0)	-	(217.0)	(196.7)	-	(196.7)	-9.4%	-9.4%
Rentals / Real Estate Taxes Expenses	(245.2)	-	(245.2)	(250.6)	-	(250.6)	2.2%	2.2%
Textbooks Materials	(31.5)	-	(31.5)	(13.5)	-	(13.5)	-57.2%	-57.2%
Third-Party Services and Others	(104.3)	-	(104.3)	(103.6)	-	(103.6)	-0.7%	-0.7%

* The amount corresponding to labor settlements and awards that used to be recorded under Personnel Costs and Expenses was transferred, in 2017, to general and administrative expenses, in Provision for Contingencies.

Table 22 – Vertical Analysis of Annual Cost of Services

(%)	2016	2017	Change	2016 Adjusted	2017 Adjusted	Adjusted Change
Cost of Services	**-56.8%**	**-52.6%**	***4.2 p.p.***	**-56.2**	**-49.0%**	***7.2 p.p.***
Depreciation and amortization	-2.9%	2.9%	*0.1 p.p.*	-2.9%	2.9%	*0.1 p.p.*
Cash Cost of Services	**-53.9%**	**-49.7%**	***4.2 p.p.***	**-53.3%**	**-46.2%**	***7.2 p.p.***
Personnel	-41.9%	-38.8%	*3.1 p.p.*	-41.3%	-35.3%	*6.0 p.p.*
Salaries and Payroll Charges	*-35.1%*	*-33.0%*	*2.1 p.p.*	-34.5%	-29.5%	*5.0 p.p.*
Brazilian Social Security Institute (INSS)	*-6.8%*	*-5.8%*	*1.0 p.p.*	*-6.8%*	-5.8%	*1.0 p.p.*
Rentals / Real Estate Taxes Expenses	-7.7%	-7.4%	*0.3 p.p.*	-7.7%	-7.4%	*0.3 p.p.*
Textbooks Materials	-1.0%	-0.4%	*0.6 p.p.*	-1.0%	-0.4%	*0.6 p.p.*
Third-Party Services and Others	-3.3%	-3.1%	*0.2 p.p.*	-3.3%	-3.1%	*0.2 p.p.*

Gross Profit

In 4Q17, the **cash gross profit** represented 43.9% of the net operating revenue, with a 1.0 p.p. margin gain over 4Q16, even with the impact of R$115.3 million in costs of services, resulting from the organizational restructuring carried out at the end of 2016. Excluding this impact, there would be a 14.8 p.p. margin gain over 4Q16.

Table 23 – Statement of Gross Income Income – Quarter

R$ MM	4Q16	One-off items	4Q16 Adjusted	4Q17	One-off items	4Q17 Adjusted	Change	Adjusted Change
Net Operating Revenue	796.9		796.9	838.5	-	838.5	5.2%	5.2%
Cost of Services	(485.5)	-	(485.5)	(490.6)	115.3	(375.3)	1.1%	-22.7%
Gross Profit	**311.3**	**-**	**311.3**	**347.9**	**115.3**	**463.2**	**11.8%**	**48.8%**
Gross Margin	*39.1%*		*39.1%*	*41.5%*		*55.2%*	*2.4 p.p.*	*16.2 p.p.*
Depreciation and amortization	30.6	-	30.6	20.4		20.4	-33.3%	-33.3%
Cash Gross Profit	**341.9**		**341.9**	**368.3**	**115.3**	**483.6**	**7.7%**	**41.5%**
Cash Gross Margin	*42.9%*		*42.9%*	*43.9%*		***57.7%***	*1.0 p.p.*	***14.8 p.p.***

In 2017, the **cash gross profit** represented 50.3% of the net operating revenue, with a 4.2 p.p. margin gain over 2016, even with the impact of R$115.3 million in costs of services, resulting from the organizational restructuring carried out at the end of 2016. Year-over-year, there was a 7.2 p.p. margin gain over 2016.

Table 24 – Statement of Annual Gross Income – Year

R$ MM	2016	One-off items	2016 Adjusted	2017	One-off items	2017 Adjusted	Change	Adjusted Change
Net Operating Revenue	3,184.5	-	3,184.5	3,379.0	11.4	3,390.4	6.1%	6.5%
Cost of Services	(1,809.0)	18.1	(1,790.9)	(1,777.1)	115.3	(1,661.8)	-1.8%	-7.2%
Gross Profit	**1,375.5**	**18.1**	**1,393.6**	**1,601.9**	**126.8**	**1,728.7**	**16.5%**	**24.0%**
Gross Margin	*43.2%*		*43.8%*	*47.4%*		*51.0%*	*4.2 p.p.*	*7.2 p.p.*
Depreciation and amortization	93.2	-	93.2	96.8	-	96.8	3.9%	3.9%
Cash Gross Profit	**1,468.7**	**18.1**	**1,486.8**	**1,698.7**	**126.8**	**1,825.5**	**15.7%**	**22.8%**
Cash Gross Margin	*46,1%*		*46,7%*	*50,3%*		*53,8%*	*4,2 p.p.*	*7,2 p.p.*

Selling, General and Administrative Expenses

In 4Q17, **selling expenses** represented 14.2% of net operating revenue, a 10.7 p.p. loss over 4Q16, essentially due to the provision for doubtful accounts (PDA), given that advertising expenses recorded a 1.2 p.p. margin gain over 4Q16.

Year over year, it is worth noting that PDA was affected by:

(i) The reversal of R$43 million of the provision in 4Q16, conservatively recorded in 2Q16, to comply with the obligation with the FNDE, related to specific receivables from FIES students. Throughout the second semester of 2016, the Company evaluated this matter with its internal and external legal advisors, deepened the study of students' academic performance and concluded that it has not breached the rules on academic performance, which were object of the provision, and thus reversed, in 4Q16, the amount previously recorded (the net effect was null in 2017);

(ii) Sale of the receivables portfolio, in 4Q16, in the net amount of R$47.1 million, of which: R$62.7 million from the sale of the portfolio and R$15.6 million from the adjustment to present value;

(iii) Provisioning for the Estácio's Installment Payment Program (PAR), totaling R$12.5 million in 4Q17;

(iv) One-off adjustment of R$6.4 million in 4Q17, of which R$3.4 million from receivables on portfolio sales prior to 2016 and R$3.0 million from one type of installment program, previously offered to a post-secondary institution acquired in the past.

Excluding these effects, the margin would have increased by 1.7 p.p. in 4Q17, essentially due to a stricter collection process and the search for a healthier student base, in line with Estácio's new strategies, started in 2017.

In 4Q17, **general and administrative cash expenses** accounted for 21.2% of the net operating revenue, a 8.8 p.p. margin loss over 4Q16, mainly due to one-off items in the quarter, totaling R$39.7 million, as follows:

(i) **Personnel:** R$1.7 million, due to terminations related to the organizational restructuring;

(ii) **Maintenance and Repairs:** R$5.6 million, due to the demobilization of assets (process to restore and recover properties occupied and return them to similar conditions before the beginning of the lease), resulting from the merger of units, under the footprint reassessment;

(iii) **Provision for Contingencies** R$26.8 million, due to the write-off of judicial deposits in the item of provision for contingencies;

(iv) **Driving and Transportation:** R$1.0 million, resulting from the merger of units, under the footprint reassessment, which let the company to move furniture;

(v) **Others:** R$4.5 million, due to termination fines of leasing and telecommunication agreements, resulting from the merger of 8 units, under the footprint reassessment;

Excluding these items, the general and administrative expenses would represent 16.5% of the net operating revenue and a 4.1 p.p. margin loss, due to the item of other G&A resulting from the write-off of undergraduate courses through partnerships, totaling R$6 million.

In 4Q17, **other operating income/expenses** represented 3.1% of the net operating revenue, a 3.4 p.p. margin loss over 4Q16, mainly resulting from one-off items and the footprint reassessment carried out this quarter, totaling R$31.5 million, of which:

- **(i)** R$7.1 million, due to capital losses on property, plant and equipment, due to the write-off in improvements made in third-party properties (write-off of assets), resulting from the merger of 8 units under the footprint reassessment;
- **(ii)** R$14.0 million, due to the impairment of goodwill in the Nova Academia do Concurso, which focuses on preparatory courses for civil-service examination, but whose results and future prospects of this investment, did not sustain the amount of goodwill recorded at the time of acquisition;
- **(iii)** R$7.1 million, due to the review of the provision for rent receivable, referring to receivables from the lease of business areas in units acquired; and
- **(iv)** R$3.3 million, due to the write-off of tax credits, which have not been realized and are no guaranteed to be used.

Table 25 – Breakdown of Selling, General and Administrative Expenses - Quarter

R$ MM	4Q16	One-off items	4Q16 Adjusted	4Q17	One-off items	4Q17 Adjusted	Change	Adjusted Change
Net Operating Revenue	**796,9**	**-**	**796,9**	**838.5**	**-**	**838.5**	**5.2%**	**5.2%**
Selling, General and Administrative Cash Expenses	**(127,0)**	**(89,7)**	**(216,7)**	**(297.0)**	**60.4**	**(236.6)**	**102.7%**	**0.2%**
Selling Expenses	**(28,0)**	**(89,7)**	**(117,7)**	**(118.9)**	**18.9**	**(100.0)**	**324.6%**	**-15.1%**
PDA	(28,6)	(46,7)	(75,3)	(72.3)	6.4	(65.9)	152.8%	-12.5%
PDA PAR	-	-	-	(12.5)	12.5	-	N.A	N.A.
PDA FIES	42,1	(43,0)	(0,9)	(0.4)		(0.4)	-101.0%	-54.8%
Marketing	(41,5)	-	(41,5)	(33.7)		(33.7)	-6.5%	-6.5%
Selling, General and Administrative Cash Expenses	**(99,0)**		**(99,0)**	**(178,1)**	**39,7**	**(138,4)**	**79,9%**	**39,8%**
Personnel	**(44,0)**		**(44,0)**	**(67,0)**	**1,7**	**(65,3)**	**52,3%**	**48,3%**
Salaries and Payroll Charges	(39,2)		(39,2)	(61,3)	1,7	(59,6)	56,4%	52,0%
Brazilian Social Security Institute (INSS)	(4,8)		(4,8)	(5,6)		(5,6)	16,7%	16,7%
Third-Party Services	**(25,9)**		**(25,9)**	**(26,6)**	**-**	**(26,6)**	**2,7%**	**2,7%**
Consumable Material	**(0,9)**		**(0,9)**	**(0,8)**		**(0,8)**	**-11,1%**	**-11,1%**
Maintenance and Repair	**(9,1)**		**(9,1)**	**(17,9)**	**5,6**	**(12,3)**	**96,7%**	**34,7%**
Provision for Contingencies	**(0,5)**		**(0,5)**	**(28,8)**	**26,8**	**(2,0)**	**5660,0%**	**307,0%**
Provision for Contingencies	4,1		4,1	(16,1)		(16,1)	-492,7%	-492,7%
Settled Sentences	(4,6)		(4,6)	(12,7)	26,8	14,1	176,1%	-405,8%
Educational Agreements	**(2,2)**		**(2,2)**	**(3,0)**		**(3,0)**	**36,4%**	**36,4%**
Travel and Lodging	**(3,0)**		**(3,0)**	**(1,8)**		**(1,8)**	**-40,0%**	**-40,0%**
Institutional Events	**(1,1)**		**(1,1)**	**(0,8)**		**(0,8)**	**-27,3%**	**-27,3%**
Graphic Services	**(1,5)**		**(1,5)**	**(1,7)**		**(1,7)**	**13,3%**	**13,3%**
Insurance	**(1,6)**		**(1,6)**	**(2,4)**		**(2,4)**	**50,0%**	**50,0%**
Cleaning Supplies	**(1,1)**		**(1,1)**	**(1,0)**		**(1,0)**	**-9,1%**	**-9,1%**
Transportation	**(1,6)**		**(1,6)**	**(2,0)**	**1,0**	**(1,0)**	**25,0%**	**-39,9%**
Car Rental	**(0,8)**		**(0,8)**	**(1,0)**		**(1,0)**	**25,0%**	**25,0%**
Others	**(5,8)**		**(5,8)**	**(23,4)**	**4,5**	**(18,9)**	**303,4%**	**225,2%**
Depreciation and amortization	(24,2)		(24,2)	(25,1)		(25,1)	3,7%	3,7%
Other operating revenues	**2,4**	**-**	**2,4**	**(25,8)**	**31,5**	**5,7**	**N.A**	**138,2%**

* The amount corresponding to labor settlements and awards that used to be recorded under Personnel Costs and Expenses was transferred, in 2017, to general and administrative expenses, in Provision for Contingencies.

Table 26 – Vertical Analysis of Selling, General and Administrative Expenses - Quarter

(%)	4Q16	4Q17	Change	4Q16 Adjusted	4Q17 Adjusted	Adjusted Change
Selling, General and Administrative Cash Expenses	**-15.9%**	**-35.4%**	***-19.5 p.p.***	**-27.2%**	**-28.4%**	***-1.2 p.p.***
Selling Expenses	-3.5%	-14.2%	***-10.7 p.p.***	-14.8%	-11.9%	***2.8 p.p.***
PDA	-3.6%	-8.6%	*-5.0 p.p.*	-9.4%	-7.9%	*1.6 p.p.*
PDA PAR	0.0%	-1.5%	*-1.5 p.p.*	0.0%	0.0%	*0.0 p.p.*
PDA FIES	5.3%	0.0%	*-5.3 p.p.*	-0.1%	0.0%	*0.1 p.p.*
Marketing	-5.2%	-4.0%	*1.2 p.p.*	-5.2%	-4.0%	*1.2 p.p.*
Selling, General and Administrative Cash Expenses	-12.4%	-21.2%	***-8.8 p.p.***	-12.4%	**-16.5%**	***-4.1 p.p.***
Personnel	**-5.5%**	**-8.0%**	***-2.5 p.p.***	**-5.5%**	**-7.8%**	***-2.3 p.p.***
Salaries and Payroll Charges	-4.9%	-7.3%	*-2.4 p.p.*	-4.9%	-7.1%	*-2.2 p.p.*
Brazilian Social Security Institute (INSS)	-0.6%	-0.7%	*-0.1 p.p.*	-0.6%	-0.7%	*-0.1 p.p.*
Third-Party Services	**-3.3%**	**-3.2%**	***0.1 p.p.***	**-3.3%**	**-3.2%**	***0.1 p.p.***
Consumable Material	**-0.1%**	**-0.1%**	***0.0 p.p.***	**-0.1%**	**-0.1%**	***0.0 p.p.***
Maintenance and Repair	**-1.1%**	**-2.1%**	***-1.0 p.p.***	**-1.1%**	**-1.5%**	***-0.3 p.p.***
Provision for Contingencies	**-0.1%**	**-3.4%**	***-3.4 p.p.***	**-0.1%**	**-0.2%**	***-0.2 p.p.***
Provision for Contingencies	0.5%	-1.9%	*-2.4 p.p.*	0.5%	-1.9%	*-2.4 p.p.*
Settled Sentences	-0.6%	-1.5%	*-0.9 p.p.*	-0.6%	1.7%	*2.3 p.p.*
Educational Agreements	**-0.3%**	**-0.4%**	***-0.1 p.p.***	**-0.3%**	**-0.4%**	***-0.1 p.p.***
Travel and Lodging	**-0.4%**	**-0.2%**	***0.2 p.p.***	**-0.4%**	**-0.2%**	***0.2 p.p.***
Institutional Events	**-0.1%**	**-0.1%**	***0.0 p.p.***	**-0.1%**	**-0.1%**	***0.0 p.p.***
Graphic Services	**-0.2%**	**-0.2%**	***0.0 p.p.***	**-0.2%**	**-0.2%**	***0.0 p.p.***
Insurance	**-0.2%**	**-0.3%**	***-0.1 p.p.***	**-0.2%**	**-0.3%**	***-0.1 p.p.***
Cleaning Supplies	**-0.1%**	**-0.1%**	***0.0 p.p.***	**-0.1%**	**-0.1%**	***0.0 p.p.***
Transportation	**-0.2%**	**-0.2%**	***0.0 p.p.***	**-0.2%**	**-0.1%**	***0.1 p.p.***
Car Rental	**-0.1%**	**-0.1%**	***0.0 p.p.***	**-0.1%**	**-0.1%**	***0.0 p.p.***
Others	**-0.7%**	**-2.8%**	***-2.1 p.p.***	**-0.7%**	**-2.2%**	***-1.5 p.p.***
Depreciation and amortization	-3.0%	-3.0%	***0.0 p.p.***	-3.0%	-3.0%	***0.0 p.p.***
Other operating revenues	**0.3%**	**-3.1%**	***-3.4 p.p.***	**0.3%**	**0.7%**	***0.4 p.p.***

In 2017, selling expenses represented 13.1% of net operating revenue, with a 1.3 percentage point margin loss over 2016.

Year-over-year, the selling expenses would represent 12.0% of net operating revenue, with a 1.3 p.p. margin gain over 2016, excluding:

(i) the sale of the receivables portfolio in 2016, in the net amount of R$47.1 million;

(ii) R$30.8 million from the PDA of Estácio's Installment Payment Program (PAR), started in 2017; and receivables from the sale of the portfolio from previous years and the installment program of a post-secondary institution acquired in the past (R$6.4 million).

General and administrative cash expenses totaled R$500.8 million in 2017, representing 14.8% of net operating revenue, a 1.0 p.p. margin loss over 2016, due to the impact of Provision for Contingencies line. Conversely, it is worth noting that third-party service expenses fell by approximately R$10 million in 2017, essentially due to lower consulting and data communication expenses. In addition, expenses with institutional events fell by R$14 million, as a result of the end of the Rio 2016 project.

Table 27 – Breakdown of Annual Selling, General and Administrative Expenses - Year

R$ MM	2016	One-off items	2016 Adjusted	2017	One-off items	2017 Adjusted	Change	Adjusted Change
Net Operating Revenue	**3,184.5**	**-**	**3,184.5**	**3,379.0**	**11.4**	**3,390.4**	**6.1%**	**6.5%**
Selling, General and Administrative Cash Expenses	**(876.5)**	**(9.5)**	**(886.0)**	**(944.4)**	**82.1**	**(862.3)**	**7.7%**	**-2.7%**
Selling Expenses	**(376.3)**	**(47.1)**	**(423.4)**	**(443.6)**	**37.2**	**(406.4)**	**17.9%**	**-4.0%**
PDA	(158.6)	(47.1)	(205.7)	(204.3)	6.4	(197.9)	28.8%	-3.8%
PDA PAR	-	-	-	(30.8)	30.8	-	N.A.	N.A.
PDA FIES	(3.1)	-	(3.1)	(1.6)	-	(1.6)	-48.4%	-48.4%
Marketing	(214.6)	-	(214.6)	(206.9)	-	(206.9)	-3.6%	-3.6%
Selling, General and Administrative Cash Expenses	**(438,3)**	**37,6**	**(400,7)**	**(500,8)**	**41,4**	**(459,4)**	**14,3%**	**14,6%**
Personnel	**(167,7)**	**3,8**	**(163,9)**	**(179,7)**	**1,7**	**(178,0)**	**7,2%**	**8,6%**
Salaries and Payroll Charges	(147,4)	3,8	(143,6)	(157,7)	1,7	(156,0)	7,0%	8,6%
Brazilian Social Security Institute (INSS)	(20,4)		(20,4)	(22,1)		(22,1)	8,3%	8,3%
Third-Party Services	**(97,3)**	**4,9**	**(92,4)**	**(87,9)**	**1,7**	**(86,2)**	**-9,7%**	**-6,7%**
Consumable Material	**(3,4)**		**(3,4)**	**(2,7)**		**(2,7)**	**-20,6%**	**-20,6%**
Maintenance and Repair	**(35,3)**		**(35,3)**	**(45,4)**	**5,6**	**(39,8)**	**28,6%**	**12,6%**
Provision for Contingencies	**(45,6)**	**28,9**	**(16,7)**	**(96,3)**	**26,8**	**(69,5)**	**111,2%**	**316,2%**
Provision for Contingencies	(29,9)		(29,9)	(22,0)		(22,0)	-26,4%	-26,4%
Settled Sentences	(15,7)	*28,9*	13,2	(74,3)	26,8	(47,5)	373,2%	-459,8%
Educational Agreements	**(10,5)**		**(10,5)**	**(9,6)**		**(9,6)**	**-8,6%**	**-8,6%**
Travel and Lodging	**(9,5)**		**(9,5)**	**(8,7)**		**(8,7)**	**-8,4%**	**-8,4%**
Institutional Events	**(17,3)**		**(17,3)**	**(3,0)**		**(3,0)**	**-82,7%**	**-82,7%**
Graphic Services	**(7,5)**		**(7,5)**	**(5,4)**		**(5,4)**	**-28,0%**	**-28,0%**
Insurance	**(6,7)**		**(6,7)**	**(9,5)**		**(9,5)**	**41,8%**	**41,8%**
Cleaning Supplies	**(3,6)**		**(3,6)**	**(3,4)**		**(3,4)**	**-5,6%**	**-5,6%**
Transportation	**(5,3)**		**(5,3)**	**(6,4)**	**1,0**	**(5,4)**	**20,8%**	**1,2%**
Car Rental	**(2,7)**		**(2,7)**	**(3,5)**		**(3,5)**	**29,6%**	**29,6%**
Others	**(26,0)**		**(26,0)**	**(39,2)**	**4,5**	**(34,7)**	**50,8%**	**33,3%**
Depreciation and amortization	(100,1)		(100,1)	(97,5)		(97,5)	-2,6%	-2,6%
Other operating revenues	**(1,7)**	**15,8**	**14,1**	**(16,5)**	**31,5**	**15,0**	**870,6%**	**6,7%**

* The amount corresponding to labor settlements and awards that used to be recorded under Personnel Costs and Expenses was transferred, in 2017, to general and administrative expenses, in Provision for Contingencies.

Table 28 – Vertical Analysis of Annual Selling, General and Administrative Expenses - Year

(%)	4Q16	4Q17	Change	4Q16 Adjusted	4Q17 Adjusted	Adjusted Change
Selling, General and Administrative Cash Expenses	**-25.6%**	**-27.9%**	***-2.4 p.p.***	**-25.9%**	**-25.4%**	***-0.6 p.p.***
Selling Expenses	**-11.8%**	**-13.1%**	***-1.3 p.p.***	**-13.3%**	**-12.0%**	***0.4 p.p.***
PDA	-5.0%	-6.0%	*-1.1 p.p.*	-6.5%	-5.8%	*0.6 p.p.*
PDA PAR	0.0%	-0.9%	*-0.9 p.p.*	0.0%	0.0%	*-0.9 p.p.*
PDA FIES	-0.1%	0.0%	*0.0 p.p.*	-0.1%	0.0%	*0.1 p.p.*
Marketing	-6.7%	-6.1%	*0.6 p.p.*	-6.7%	-6.1%	*0.6 p.p.*
Selling, General and Administrative Cash Expenses	-13.8%	-14.8%	***-1.0 p.p.***	-12.6%	-13.5%	***-1.1 p.p.***
Personnel	**-5.3%**	**-5.3%**	***-0.1 p.p.***	**-5.1%**	**-5.2%**	***-0.1 p.p.***
Salaries and Payroll Charges	-4.6%	-4.7%	*0.0 p.p.*	-4.5%	-4.6%	*-0.1 p.p.*
Brazilian Social Security Institute (INSS)	-0.6%	-0.7%	*0.0 p.p.*	-0.6%	-0.7%	*0.0 p.p.*
Third-Party Services	**-3.1%**	**-2.6%**	***0.5 p.p.***	**-2.9%**	**-2.5%**	***0.4 p.p.***
Consumable Material	**-0.1%**	**-0.1%**	***0.0 p.p.***	**-0.1%**	**-0.1%**	***0.0 p.p.***
Maintenance and Repair	**-1.1%**	**-1.3%**	***-0.2 p.p.***	**-1.1%**	**-1.2%**	***-0.1 p.p.***
Provision for Contingencies	**-1.4%**	**-2.8%**	***-1.4 p.p.***	**-0.5%**	**-2.0%**	***-1.5 p.p.***
Provision for Contingencies	-0.9%	-0.7%	*0.3 p.p.*	-0.9%	-0.6%	*0.3 p.p.*
Settled Sentences	-0.5%	-2.2%	*-1.7 p.p.*	0.4%	-1.4%	*-1.8 p.p.*
Educational Agreements	**-0.3%**	**-0.3%**	***0.0 p.p.***	**-0.3%**	**-0.3%**	***0.0 p.p.***
Travel and Lodging	**-0.3%**	**-0.3%**	***0.0 p.p.***	**-0.3%**	**-0.3%**	***0.0 p.p.***
Institutional Events	**-0.5%**	**-0.1%**	***0.5 p.p.***	**-0.5%**	**-0.1%**	***0.5 p.p.***
Graphic Services	**-0.2%**	**-0.2%**	***0.1 p.p.***	**-0.2%**	**-0.2%**	***0.1 p.p.***
Insurance	**-0.2%**	**-0.3%**	***-0.1 p.p.***	**-0.2%**	**-0.3%**	***-0.1 p.p.***
Cleaning Supplies	**-0.1%**	**-0.1%**	***0.0 p.p.***	**-0.1%**	**-0.1%**	***0.0 p.p.***
Transportation	**-0.2%**	**-0.2%**	***0.0 p.p.***	**-0.2%**	**-0.2%**	***0.0 p.p.***
Car Rental	**-0.1%**	**-0.1%**	***0.0 p.p.***	**-0.1%**	**-0.1%**	***0.0 p.p.***
Others	**-0.8%**	**-1.2%**	***-0.3 p.p.***	**-0.8%**	**-1.0%**	***-0.2 p.p.***
Depreciation and amortization	-3.1%	-2.9%	***0.3 p.p.***	-3.1%	-2.9%	***0.3 p.p.***
Other operating revenues	**-0.1%**	**-0.5%**	***-0.4 p.p.***	**0.4%**	**0.4%**	***0.0 p.p.***

EBITDA

Table 29 – Financial Indicators

Financial Highlights (R$ MM)	4Q16	4Q17	Chg.
Net Operating Revenue	796.9	838.5	5.2%
EBITDA	217.2	45.4	-79.1%
EBITDA Margin (%)	*27.3%*	*5.4%*	*-21.9 p.p.*
Organizational restructuring (1)	-	117.1	N.A.
Footprint reassessment (2)	-	18.4	N.A.
New FIES discount rate2%	-	-	N.A.
Write-off of judicial deposits (i)	-	*26.8*	*N.A.*
Impairment of Nova Academia do Concurso (ii)	-	*14.0*	*N.A.*
Review of the provision for rent receivable (iii)	-	*7.1*	*N.A.*
Write-off of tax credits (iv)	-	*3.3*	*N.A.*
PDA (v)	(89.7)	6.4	N.A.
M&A expenses (vi)	-	-	N.A.
One-off items 2Q16	-	-	N.A.
Adjusted EBITDA	**127.5***	**238.4**	**87.0%**
Adjusted EBITDA Margin (%)	***16.0%***	***28.4%***	*12.4 p.p.*

* Adjusted EBITDA for 2016 differs from that reported in 4Q16, since the FIES administrative fee (2%) began to be recorded in 3Q16; therefore, 3Q16 and 4Q16 EBITDA are already adjusted to 3Q17 and 4Q17.

Fourth-quarter EBITDA presented one-off entries resulting from the continuity of plans for performance improvement and review of the Company's internal processes, as detailed below:

(1) Organizational restructuring: The restructuring included the dismissal of employees, generating a non-recurring impact of R$117.1 million on costs and expenses in 4Q17.

(2) Footprint reassessment: This front had an impact of R$18.4 million on the fourth-quarter result, chiefly due to the provisioning of non-recurring costs and expenses arising from the closing of eight Units (the merger process will be concluded in the beginning of 2018 for five of these Units and in the second semester of 2018 for the remaining three Units).

(3) One-off entries, totaling R$57.6 million, of which:

(i) R$26.8 million, from the **write-off of judicial deposits** in the provision for contingencies line;

(ii) R$14.0 million, due to the **impairment of the goodwill recorded in Nova Academia do Concurso**, which focuses on preparatory courses for civil-service examination, but whose results and future prospects of this investment, did not sustain the amount of goodwill recorded at the time of acquisition;

- **(iii)** R$7.1 million, due to the **review of the provision for rent receivable**, referring to receivables from the lease of business areas in units acquired;

- **(iv)** R$3.3 million, due to the **write-off of tax credits**, which have not been realized and are no guaranteed to be used.

- **(v)** R$6.4 million in the item of **provision for doubtful accounts**, of which R$3.4 million are due to the provision of receivables related to the sale of the portfolio from previous years and R$3.0 million due to the provision on an installment program in one of the units acquired; and

In 4Q16, as previously mentioned, the Provision for Doubtful Accounts (PDA) reduced by R$89.7 million, due to:

- The reversal of R$43 million of the provision, conservatively recorded in 2Q16, to comply with the obligation with the FNDE, related to specific receivables from FIES students; and

- Sale of the receivables portfolio, in the net amount of R$47.1 million.

Therefore, to analyze EBITDA performance in 4Q17 versus 4Q16, the impacts above must be excluded, resulting in a **Adjusted EBITDA margin of 28.4%**, 12.4 p.p. more than in 4Q16. This gain was a result of the new dynamics implemented in 2017 and disciplined cost and expense control, while maintaining quality education to students.

Table 30 – Financial Annual Indicators

Financial Highlights (R$ MM)	2016	2017	Chg.
Net Operating Revenue	3,184.5	3,379.0	6.1%
EBITDA	652.4	737.8	13.1%
EBITDA Margin (%)	*20.5%*	*21.8%*	*1.3 p.p.*
Organizational restructuring (1)	3.8	117.1	N.A.
Footprint reassessment (2)	-	18.4	N.A.
New FIES discount rate 2%	-	11.4	N.A.
Write-off of judicial deposits (i)	-	*26.8*	*N.A.*
Impairment of Nova Academia do Concurso (ii)	-	*14.0*	*N.A.*
Review of the provision for rent receivable (iii)	-	*7.1*	*N.A.*
Write-off of tax credits (iv)	-	*3.3*	*N.A.*
PDA (v)	(47.1)	6.4	-113.7%
M&A expenses (vi)	4.9	1.7	-65.8%
One-off items 2Q16	62.8	-	N.A.
Adjusted EBITDA	**676.8***	**943.9**	**39.5%**
Adjusted EBITDA Margin (%)	**21.3%**	**27.9%**	**6.7 p.p.**

**Adjusted* EBITDA for 2016 differs from that reported in 4Q16, since the FIES administrative fee (2%) began to be recorded in 3Q16; therefore, 3Q16 and 4Q16 EBITDA are already adjusted to 3Q17 and 4Q17.

In 2017, Adjusted EBITDA totaled R$943.9 million, with a 27.9% margin, a 6.7 p.p. gain over 2016. In addition to the fourth-quarter impacts, it is necessary to consider the following impacts:

(1) **New FIES discount** rate in 2017, which began to be recorded in 3Q16;

(2) **Sale of the receivables portfolio,** in the net amount of R$47.1 million, in 2016;

(3) **M&A expenses**, which were in progress, in the amount of R$4.9 million in 2016 and R$1.7 million in 2017;

(4) **One-off entries presented in 2Q16** related to changes in policies, processes and internal controls, in the amount of R$62.8 million

Financial Result

Table 31 – Breakdown of the Financial Result

R$ MM	4Q16	4Q17	Change	2016	2017	Change
Financial Revenue	**30.0**	**25.9**	**-13.7%**	**175.1**	**117.9**	**-32.7%**
Fines and interest charged	5.7	3.8	-32.6%	24.9	28.2	13.7%
Inflation adjustment to FIES receivables	3.6	3.3	-5.8%	32.5	10.8	-66.7%
Investments income	14.5	9.2	-36.9%	62.7	48.3	-23.0%
Interest on Net Equity	1.3	-	N.A	1.3	-	N.A
Adjustment of tax credits		10.2	N.A	-	10.2	N.A
Active monetary variation	2.5	(8.9)	-458.4%	10.3	0.4	-96.3%
Active exchange variation	-	0.0	N.A	28.0	0.0	N.A
Derivative financial instruments Gain - swap	-	-	N.A	0.5	-	N.A
Adjustment to present value (APV) - FIES	2.4	6.1	147.7%	14.9	13.2	-11.6%
Sale of client portfolio	-	1.5	N.A	-	5.7	N.A
Other	0.1	0.7	N.A	0.2	1.0	588.2%
Financial Expenses	**(55.1)**	**(34.8)**	**-36.9%**	**(261.4)**	**(229.3)**	**-12.3%**
Bank charges	(3.6)	(4.2)	14.9%	(13.4)	(15.8)	17.9%
Interest and financial charges	(34.4)	(18.8)	-45.5%	(137.2)	(129.2)	-5.9%
Interest on Net Equity	(1.3)	-	N.A	(1.3)	-	N.A
Contingencies	(1.9)	(11.9)	497.3%	(1.9)	(11.9)	498.7%
Financial Discounts	(11.8)	(17.4)	47.8%	(41.5)	(54.8)	32.0%
Passive monetary variation	4.0	8.7	115.8%	(8.6)	(6.6)	-23.8%
Derivative financial instruments losses - swap	-	-	N.A	(26.0)	-	N.A
Passive exchange variation	(0.0)	-	N.A	(11.0)	(0.0)	-100.0%
Other	(6.1)	8.7	-243.7%	(20.4)	(11.0)	-45.9%
Financial Result	**(25.2)**	**(8.9)**	**-64.7%**	**(86.3)**	**(111.4)**	**29.1%**

In the 4Q17, the **financial result** totaled R$8.9 million, 64.7% down on 4Q16, chiefly due to:

- ✓ The R$15.7 million decrease in interest and financial charges, due to the decline in the interest rate to which the Company's debts are pegged, and the debt settled this quarter;
- ✓ The R$14.8 million downturn in other financial expenses, chiefly, due to the reduction of the amortization rate of leasing in renegotiation of contracts.

Additionally, it is worth noting that part of the decrease was offset by the adjustment of contingencies in the period, of R$11.9 million, and the R$5.6 million increase in financial discounts, due to campaigns to recover past-due debts, aiming to increase cash generation.

The financial result totaled R$111.4 million in 2017, an increase of 29.1%, over 2016, essentially due to the following lines:

- ✓ Revenue from the restatement of FIES accounts receivable, which fell by R$21.6 million, due to the decrease in FIES accounts receivable, with the payment of the second installment of PN23 in 2017;
- ✓ Investment income, which fell by R$14.4 million, essentially due to the decline in the interest rate, given that the remuneration of our financial assets is pegged to the variation of the CDI rate;
- ✓ Financial discounts, which increased by approximately R$13.3 million, due to campaigns to recover credits from students in default, especially those who lost FIES support; and
- ✓ Adjustment of contingencies, which increased by R$10 million, due to fine and interest paid on sentences.

Net Income

Due to internal restructuring, Estácio's net loss came to R$12.8 million in 4Q17. Despite this impact, **Net Income** totaled R$424.6 million in 2017, representing a 1.0 p.p. margin gain over 2016, chiefly due to the R$85.4 million increase in EBITDA in the period.

Table 32 – Reconciliation of EBITDA and Net Income

Financial Indicators (R$ MM)	4Q16	One-off items	4Q16 Adjusted	4Q17	One-off items	4Q17 Adjusted	Change	Adjusted Change
EBITDA	**217.2**	**(89.7)**	**127.5**	**45.4**	**193.0**	**238.4**	**-79.1%**	**87.0%**
EBITDA Margin (%)	*27.3%*		**16.0%**	*5.4%*		**28.4%**	*-21.8p.p.*	*12.4 p.p.*
Financial Result	(25.2)	-	(25.8)	(8.9)	-	(8.9)	-64.7%	-64.7%
Depreciation and amortization	(54.7)	-	(54.1)	(45.4)	-	(45.4)	-17.0%	-17.0%
Social Contribution	(4.0)	-	(4.0)	(2.7)	-	(2.7)	-32.5%	-32.5%
Income Tax	(9.0)	-	(9.0)	(1.1)	-	(1.1)	-87.5%	-87.8%
Net Income	**124.3**	**(89.7)**	**34.6**	**(12.8)**	**193.0**	**180.2**	**-110.3%**	**420.6%**
Net Income Margin (%)	***15.5%***		***4.3%***	***-1.5%***		***21.5%***	***-17.0p.p.***	***17.1 p.p.***

Table 33 – Reconciliation of EBITDA and Net Income

Financial Indicators (R$ MM)	2016	One-off items	2016 Adjusted	2017	One-off items	2017 Adjusted	Change	Adjusted Change
EBITDA	**652.4**	**24.4**	**676.8**	**737.8**	**206.1**	**943.9**	**13.1%**	**49.5%**
EBITDA Margin (%)	*20.5%*		*21.3%*	*21.8%*		*27.9%*	*1.3 p.p.*	***6.7 p.p.***
Financial Result	(86.3)	-	(86.3)	(111.5)	-	(111.5)	29.2%	29.2%
Depreciation and amortization	(193.3)	-	(193.3)	(194.3)	-	(194.3)	0.5%	0.5%
Social Contribution	(2.5)	-	(2.5)	(4.4)	-	(4.4)	76.0%	76.0%
Income Tax	(2.2)	-	(2.2)	(3.0)	-	(3.0)	36.4%	36.4%
Net Income	**368.1**	**24.4**	**392.5**	**424.6**	**206.1**	**630.7**	**15.3%**	**60.7%**
Net Income Margin (%)	***11.6%***		***12.3%***	***12.6%***		***18.6%***	***1.0 p.p.***	***6.3 p.p.***

Accounts Receivable and Average Receivables Days

Net accounts receivable totaled R$1,024.1 million in 4Q17, a reduction of R$140.8 million over 4Q16, essentially due to the FIES accounts receivable that fell by R$228 million.

Table 34 – Accounts Receivable

R$ MM	4Q16	4Q17
Tuition monthly fees*	406.7	473.1
Exchange Deals*	15.0	21.1
FIES	828.7	600.7
Credit Cards receivables	55.7	58.3
Renegotiation receivables	80.2	91.6
Gross Accounts Receivable	**1,386.2**	**1,244.8**
Provision for bad debts	(205.6)	(205.1)
Credits to identify	(2.5)	(4.3)
Adjustment to Present Value (APV) FIES	(13.2)	-
Adjustment to Present Value (APV) PAR	-	(11.2)
Adjustment to Present Value (APV) EDUCAR	-	(0.2)
Net Accounts Receivable	**1,164.9**	**1,024.1**

* In this quarter, the account "Exchange Deals" was split from the Tuition Monthly Fees.

Estácio's average receivables days came to 109 in 4Q17, 23 days lower than the in 4Q16. The **FIES average receivables days** was 44 days lower than 4Q16, reaching 187 days.

Table 35 – Average Receivables Days

R$ MM	4Q16	1Q17	2Q17	3Q17	4Q17
Net Account Receivable	**1,164.9**	**1,297.1**	**1,341.4**	**1,144.6**	**1,024.1**
Net Revenue (last twelve months)	3,184.5	3,214.3	3,292.4	**3,337.4**	**3,379.0**
Average Receivables Days	**132**	**145**	**147**	**123**	**109**

Table 36 - Average non-FIES Receivables Days

R$ MM	4Q16	1Q17	2Q17	3Q17	4Q17
Net Account Receivable Ex-APV	**1,178.1**	**1,307.7**	**1,349.3**	**1,150.7**	**1,024.1**
Net Account Receivable Ex-FIES and APV	**349.4**	**384.1**	**421.7**	**404.3**	**423.4**
Net Revenue Ex-FIES	1,891.6	1,964.2	2,016.3	2,121.4	2,219.9
Average non-FIES Receivables Days	**66**	**70**	**75**	**69**	**69**

* Figures not reviewed by the auditors
** Management figures changed due to the review in the allocation criterion by revenue source (FIES and non-FIES). There were no changes to reported total accounts receivable and revenue.

Table 37 – Average FIES Receivables Days

R$ MM	4Q16	1Q17	2Q17	3Q17	4Q17
Net Account Receivable FIES	**828.7**	**923.5**	**927.5**	**746.4**	**600.7**
Revenue FIES (last twelve months)	1,436.2	1,397.3	1,434.2	1,369.9	1,308.4
FGEDUC Deductions (last twelve months)*	(87.4)	(92.1)	(100.1)	(97.7)	(94.8)
Taxes (last twelve months)*	(55.9)	(55.1)	(58.1)	(56.3)	(54.4)
Net Revenue FIES (last twelve months)*	**1,292.9**	**1,250.1**	**1,276.1**	**1,216.0**	**1,159.1**
Receivables Days FIES	**231**	**266**	**262**	**221**	**187**

* Figures not reviewed by the auditors
** Management figures changed due to the review in the allocation criterion by revenue source (FIES and non-FIES). There were no changes to reported total accounts receivable and revenue.

Table 38 – Evolution of FIES Accounts Receivable

R$ MM	4Q16	1Q17	2Q17	3Q17	4Q17
Opening Balance	**863.1**	**823.6**	**920.3**	**589.2**	**745.1**
FIES Revenue	370.5	313.5	375.3	310.7	308.9
Transfer	(387.1)	(193.9)	(685.8)	(133.2)	(434.6)
FIES Deduction/Provision	(25.8)	(27.4)	(22.3)	(22.9)	(22.7)
Acquisitions	(0.6)	-	-	-	-
Inflation Adjustment of FIES Accounts Receivable	3.6	4.6	1.6	1.3	3.3
Ending Balance	**823.6**	**920.3**	**589.2**	**745.1**	**600.0**

* Management figures changed due to the review in the allocation criterion by revenue source (FIES and non-FIES). There were no changes to reported total accounts receivable and revenue.

Table 39 – Evolution of FIES Carry-Forward Credits

R$ MM	4Q16	1Q17	2Q17	3Q17	4Q17
Opening Balance	**1.2**	**5.0**	**3.2**	**338.3**	**1.3**
Transfer	387.1	193.9	685.8	133.2	434.6
Tax payment	(38.5)	(60.4)	(94.6)	(47.6)	(63.1)
Repurchase auctions	(344.7)	(135.4)	(256.0)	(422.7)	(372.1)
Monetary restatement	(0.0)	-	-	-	-
Ending Balance	**5.0**	**3.2**	**338.3**	**1.3**	**0.7**

* Management figures changed due to the review in the allocation criterion by revenue source (FIES and non-FIES). There were no changes to reported total accounts receivable and revenue.

Table 40 – *Aging* of Total Gross Accounts Receivable

R$ MM	4Q16	%	4Q17	%
FIES	828.7	60%	600.7	48%
PRONATEC	8.4	1%	8.7	1%
Distance Learning Franchise Sites	1.8	0%	3.7	0%
Not yet due	87.5	6%	175.8	14%
Overdue up to 30 days	65.7	5%	91.7	7%
Overdue from 31 to 60 days	56.1	4%	63.7	5%
Overdue from 61 to 90 days	55.2	4%	57.8	5%
Overdue from 91 to 179 days	105.7	8%	77.7	6%
Overdue more than 180 days	177.2	13%	165.1	13%
Total Gross Accounts Receivable	**1.386.2**	**100%**	**1.244.8**	**100%**

Table 41 – *Aging* of Agreements Receivable*

R$ MM	4Q16	%	4Q17	%
Not yet due	20.7	26%	38.8	42%
Overdue up to 30 days	6.4	8%	8.9	10%
Overdue from 31 to 60 days	4.9	6%	7.6	8%
Overdue from 61 to 90 days	5.2	6%	7.1	8%
Overdue from 91 to 179 days	18.8	23%	14.7	16%
Overdue more than 180 days	24.1	30%	14.5	16%
Aging of Agreements Receivable	**80.2**	100%	**91.6**	100%
% over Accounts Receivable	**14%**	-	**14%**	-

* Note: Excludes credit card agreements

Table 42 – Breakdown of the allowance for doubtful accounts

PDD	4Q16	4Q17
Accounts receivable overdue for more than 180 days	(180.4)	(165.1)
Provision of returned checks up to 179 days	-	(1,3)
Supplementary provision for agreements	(25,2)	(4,6)
PAR provision	-	(33,7)
Others provision	-	(0,4)
Provision for doubtful credits	**(205.6)**	**(205.1)**

Investments (CAPEX and Acquisitions)

In the 4Q17, the **CAPEX** totaled R$51.7 million, down by 34.1%, over 4Q16, essentially due to higher maintenance investments in 4Q16.

Please note that the increase of approximately R$4.0 million in expansion refers to investments in the 3 new Medicine Units, which will be launched during the 1st half of 2018.

In 2017, the **CAPEX** totaled R$153.8 million, approximately 4.9% of the period net revenue, 1.3 p.p. less than in 2016.

Table 43 – CAPEX Breakdown

R$ MM	4Q16	4Q17	Change	2015	2016	Change
Total CAPEX (Ex- Acquisitions)	**78.4**	**51.7**	**-34.1%**	**186.8**	**153.8**	**-17.7%**
Maintenance	**60.0**	**33.9**	-43.6%	**118.8**	**96.9**	**-18.4%**
Discretionary and Expansion	**18.3**	**17.8**	-3.0%	**67.9**	**56.9**	**-16.3%**
Academic Model	3.1	2.6	-14.1%	13.6	10.4	-23.4%
New IT Architecture	4.6	3.6	-22.6%	13.6	10.3	-24.1%
Integration Processes	3.1	-	N.A.	7.5	-	N.A.
Tablet Project	-	-	N.A.	-	-	N.A.
Expansion	7.5	11.6	53.4%	33.3	36.1	8.6%
Aquisições	**-**	**-**	**N.A.**	**7.4**	**-**	**N.A.**

* Figures not reviewed by the auditors.

Capitalization and Cash

Table 44 – Capitalization and Cash

R$ MM	12/31/2016	12/31/2017
Shareholders' Equity	**2,434.7**	**2,777.3**
Cash & Cash Equivalents	**404.0**	**524.4**
Total Gross Debt	**(1,164.4)**	**(669.0)**
Loans and Financing	**(1,022.5)**	**(567.3)**
Short Term	(468.1)	(349.3)
Long Term	(554.4)	(218.0)
Commitments Payable (Acquisitions)	**(125.9)**	**(87.1)**
Taxes Paid in Installments	**(15.9)**	**(14.6)**
Net Debt	**(760.4)**	**(144.6)**
Net Debt/Adjusted EBTDA	**1,1 x**	**0,2 x**

Cash and cash equivalents totaled R$524.4 million on December 29, 2017, conservatively invested in fixed-income instruments pegged to the CDI interbank rate, government bonds and certificates of deposit with top-tier Brazilian banks.

The bank **debt** of R$567.3 million corresponds mainly to:

- The Company's debenture issues (2nd series of R$300 million and 4th series of R$100 million);
- The loans from the IFC (the first totaling R$48.5 million and the second in the amount of around R$20 million);
- The issue of promissory notes totaling R$300.0 million in November 2016;
- R$13.5 million in financings granted by regional branches and development banks; and;
- The capitalization of equipment leasing expenses in compliance with Law 11,638, of R$38.7 million.

On December 31, 2017, our debt fell by R$455.2 million year over year, chiefly due to the settlement of the Third Debenture issuance, totaling R$197 million, in September, and settlement of the first tranche of the Promissory Notes, in the amount of R$187 million, in November 2017.

Including loans and financing, commitments for future payments related to acquisitions, which totaled R$87.1 million, as well as taxes payable in installments of R$14.6 million, Estácio's gross debt came to R$669.0 million at the end of 4Q17, resulting in net debt of R$144.6 million.

The debt and operating cash generation levels allow the Company to meet its financial commitments, carry out its operating activities, honor its financial commitments and implement new expansion and growth strategies, using its own funds, as well as loans and financing.

Cash Flow Statement

Adjusted operating cash flows was positive by R$306.0 million in 4Q17, a significant improvement of R$364.3 million over the same period last year. In addition to the increased operating result, this improvement was also a result of the R$98.4 million upturn in collection (non-FIES), chiefly due to a healthier student base.

Fourth-quarter OCF/Adjusted EBITDA ratio came to 128.3%, once again highlighting the initiatives implemented with the objective of improving the performance level of the Company's indicators.

Table 45 – Cash Flow Statement

R$ MM	4Q16	4Q17	12M16	12M17
Profit before taxes and after results from discontinued operations	**137.2**	**(8.9)**	**372.8**	**432.1**
Organizational Restructuring and One-Off Items	(89.7)	193.0	24.5	206.1
Adjusted Profit before taxes and after results from discontinued operations	**47.6**	**184.1**	**397.3**	**638.2**
Adjustments to reconcile profit to net cash generated	201.8	290.0	643.1	708.9
Results after reconciliation to net cash generated	**249.4**	**474.1**	**1.040.3**	**1.347.1**
Change in assets and liabilities	(164.0)	(112.9)	(478.8)	(271.1)
Net Cash provided by (used in) operating activities	**85.4**	**361.2**	**561.5**	**1.070.9**
Acquisition of property and equipment items	(123.5)	(37.5)	(197.4)	(99.1)
Acquisition of intangible assets	(20.3)	(17.7)	(72.2)	(58.0)
Operating Cash Flow (OCF)	**(58.3)**	**306.0**	**292.0**	**913.8**
Organizational Restructuring and One-Off Items	89.7	(193.0)	(24.5)	(209.6)
Adjusted Operating Cash Flow (OCF)	31.4	113.0	267.5	707.7
Net cash provided by (used in) investing activities	(0.9)	-	(8.1)	-
Cash Flow from financing activities	(201.9)	(298.1)	(549.2)	(587.3)
Net cash provided by (used in) financing activities	**(171.4)**	**(185.0)**	**(289.8)**	**120.5**
Cash and cash equivalents at the beginning of the period	**575.4**	**709.5**	**693.8**	**404.0**
Increase (decrease) in cash	(171.4)	(185.0)	(289.8)	120.5
Cash and cash equivalents at the end of the period	**404.0**	**524.5**	**404.0**	**524.5**
EBITDA	**217.2**	**45.4**	**684.4**	**844.0**
Operating Cash Flow before CAPEX / EBITDA	**80.6%**	**370.3%**	**78.5%**	**102.5%**
OCF / EBITDA	**14.5%**	**248.9%**	**39.1%**	**83.9%**
Adjusted EBITDA	**127.5**	**238.4**	**676.8**	**943.9**
Operating Cash Flow before CAPEX / Adjusted EBITDA	**67.0%**	**151.5%**	**83.0%**	**113.5%**
OCF / adjusted EBITDA	**-45,7%**	**128,3%**	**43,1%**	**96,8%**

Balance Sheet

R$ MM	12/31/2016	12/31/2017
Short-Term Assets	**1,453.7**	**1,663.5**
Cash & cash equivalents	58.3	14.0
Short-term investments	345.7	510.5
Accounts receivable	847.3	991.4
Advance to employees / third-parties	14.3	10.1
Prepaid expenses	36.4	6.5
Taxes and contributions	110.5	92.0
Others	41.2	38.9
Long-Term Assets	**2,687.5**	**2,357.6**
Non-Current Assets	**597.7**	**334.8**
Accounts receivable	317.6	32.7
Prepaid expenses	5.7	5.1
Judicial deposits	119.5	102.8
Taxes and contributions	36.3	80.3
Deferred taxes and others	118.6	113.8
Permanent Assets	**2,089.8**	**2,022.9**
Investments	0.2	0.2
Fixed assets	620.1	602.4
Intangible	1,469.5	1,420.2
Total Assets	**4,141.2**	**4,021.1**

Short-Term Liabilities	**937.31**	**842.9**
Loans and Financing	468.1	349.3
Suppliers	66.1	70.9
Salaries and payroll charges	155.2	158.6
Taxes payable	63.8	76.8
Prepaid monthly tuition fees	27.4	13.3
Advances under partnership agreement	2.9	0.5
Taxes Paid in Installments	3.1	4.3
Related Parties	0.6	0.0
Dividends Payable	87.4	100.8
Acquisition price to be paid	53.6	57.1
Others	9.0	11.2
Long-Term Liabilities	**769.2**	**400.9**
Loans and financing	554.4	218.0
Contingencies	64.8	86.3
Advances under partnership agreement	0.5	-
Taxes Paid in Installments	12.8	10.3
Provision for asset retirement obligations	22.3	22.2
Deferred Taxes	23.6	14.1
Acquisition price to be paid	72.4	30.0
Others	18.3	19.9
Shareholders' Equity	**2,434.7**	**2,777.3**
Capital	1.130.8	1.130.8
Share issuance costs	(26.9)	(26.9)
Capital reserves	661.1	664.0
Earnings reserves	816.0	1.139.8
Treasury stocks	(146.4)	(130.5)
Total Liabilities and Shareholders' Equity	**4,141.2**	**4,021.1**

Cash Flow Statement

R$ MM	4Q16	4Q17	12M16	12M17
Profit before income taxes and social contribution	**137.2**	**(8.9)**	**372.8**	**432.1**
Adjustments to reconcile profit to net cash generated:	**201.8**	**290.0**	**642.7**	**708.9**
Depreciation and amortization	52.8	45.4	191.9	194.3
Amortization of funding costs	06	0.5	1.4	8.6
Provision for impairment of trade receivables	91.3	84.8	221.3	235.1
Granted options - stock options	-0.9	1.4	1.5	7.5
Provision for long term incentive	-1.1	0.0	1.5	0.1
Provision for contingencies	21.8	100.6	109.5	135.9
Inflation adjustment to FIES receivables	-3.6	12.4	-12.7	4.9
Adjustment to present value - FIES receivables	-2.4	-6.1	-14.9	-13.2
Tax credits	-2.2	-1.2	-8.9	-10.2
Interest on borrowings	33.0	29.3	120.6	119.7
(Gain) loss on the write-off of property and equipment and intangible assets	7.5	15.0	21.5	15.7
Provision with asset decommissioning	4.8	-3.4	5.8	-0.3
Commitments payable	0.8	-1.3	7.1	4.6
Adjustment to present value (APV) - Sale of client portfolio	-	-1.5	-	-5.7
Others	-0.7	-0.1	-2.9	-2.0
Result after reconciliation to net cash generated	**339.1**	**281.1**	**1.015.5**	**1.141.0**
Changes in assets and liabilities:	**-164.0**	**-112.9**	**-478.5**	**-276.2**
(Increase) in accounts receivable	-23.8	35.9	-263.2	-75.2
Decrease (increase) in other assets	-3.6	1.9	-5.9	-13.4
Increase) decrease in advances to employees / third parties	10.6	12.1	14.5	14.3
(Increase) decrease in prepaid expenses	19.5	7.1	25.8	29.8
(Increase) decrease in taxes and contributions	-17.5	5.4	-11.5	1.0
Increase (decrease) in suppliers	6.9	-9.7	-9.1	4.8
Increase (decrease) in taxes payable	20.7	-4.9	-22.6	-19.0
Increase (decrease) in payroll and related charges	-53.5	-82.4	26.3	3.4
(Decrease) in prepaid monthly tuition fees	6.1	-4.9	3.9	-14.1
Civil/Labor claims	-26.2	-84.8	-77.7	-114.5
(Decrease) in acquisition price to be paid	32.6	-5.3	15.7	-43.4
Provision for asset decommissioning obligations	0.0	-1.4	0.0	0.2
Increase (decrease) in other liabilities	-41.9	7.6	5.5	4.3
Decrease (increase) in taxes paid in installments	-3.7	-1.9	-3.9	-2.8
(Decrease) in non-current assets	44.9	4.3	-36.5	17.2
Increase in judicial deposits	9.7	23.1	-10.6	16.7
Interest paid on borrowings	-40.4	-17.7	-112.9	-72.4
IRPJ and CSLL paid	-6.5	-0.2	-7.8	-13.2
Net cash provided by (used in) operating activities	**175.1**	**168.2**	**537.1**	**864.7**

Net cash provided by (used in) operating activities	**-144.6**	**-55.1**	**-277.7**	**-157.0**
Acquisition of property and equipment items	-123.5	-37.5	-197.4	-99.1
Intangible Assets	-20.3	-17.7	-72.2	-58.0
(Gain) loss in net book amount of property and equipment written-off	-0.9	-	-8.1	-
Net cash provided by (used in) investing activities	**30.5**	**113.1**	**259.4**	**707.8**
Cash flows from financing activities	**-201.9**	**-298.1**	**-549.2**	**-587.3**
Capital increase resulting from the exercise of stock options	-	-	10.6	-
Acquisition of stocks in treasury	0.0	-	-12.5	-
Use of treasury shares as a result of the exercise of stock options	-	3.4	-	16.0
Negative goodwill in the disposal of treasury shares	-	-0.2	-	-4.7
Dividends paid	-420.0	-	-535.1	-87.4
Loans and financing	360.7	0.0	381.0	0.0
Gain on derivative instruments – SWAP	-	-	25.6	-
Net increase in borrowings	-242.7	-301.8	-518.7	-511.7
Net cash provided by (used in) financing activities	**-171.4**	**-185.0**	**-298.8**	**120.5**
Cash and cash equivalents at the beginning of the period	**575.4**	**709.5**	**693.8**	**404.0**
Increase (decrease) in cash and cash equivalents	-171.4	-185.0	**-289.8**	**120.5**
Cash and cash equivalents at the end of the period	**404.0**	**524.5**	**404.0**	**524.5**

Annual Adjusted Income Statement

R$ MM	2017	Organizational restructuring	Footprint reassessment	One-off items	New FIES discount rate	Adjusted 2017
Gross Operating Revenue	**5,410.7**					**5,410.7**
Monthly Tuition Fees	5,370.4					5.370.4
Pronatec	0.4					0.4
Others	39.9					39.9
Gross Revenue Deductions	**(2,031.8)**				**11.4**	**(2,020.4)**
Scholarships and Discounts	(1,753.1)					(1,753.1)
Taxes	(152.4)					(152.4)
FGEDUC	(94.8)				11.4	(83.4)
Adjustment to Present Value (APV)	(11.4)					(11.4)
Other deductions	(20.0)					(20.0)
Net Operating Revenue	**3,379.0**					**3,390.4**
Cost of Services	**(1,777.1)**	**115.3**				**(1,661.8)**
Personnel	(1,312.7)	115.3				(1,197.4)
Rentals / Real Estate Taxes Expenses	(250.6)					(250.6)
Textbooks Materials	(13.5)					(13.5)
Third-Party Services and Others	(103.6)					(103.6)
Depreciation and Amortization	(96.8)					(96.8)
Gross Profit	**1,601.9**	**115.3**			**11.4**	**1,728.7**
Gross Margin	***47.4%***					***51.0%***
Selling. General and Administrative Expenses	**(1,041.9)**	**1.7**	**11.2**	**34.9**		**(994.1)**
Selling Expenses	**(443.6)**					**(437.2)**
Provisions for Doubtful Accounts	(204.3)					(197.9)
Provisions for Doubtful Accounts – PAR	(30.8)					(30.8)
FIES Provisions for Doubtful Accounts	(1.6)					(1.6)
Marketing	(206.9)					(206.9)
General and Administrative Expenses	**(598.3)**	**1.7**	**11.2**	**28.4**		**(556.9)**
Personnel	(179.7)	1,7				(178.0)
Outros G&A	(321.1)		11,2	28,4		(281.4)
Depreciation	(97.5)					(97.5)
Other operating revenues/expenses	**(16.5)**		**7.1**	**24.4**		**15.0**
EBIT	**543.5**	**117.1**	**18.4**	**59.3**	**11.4**	**749.6**
EBIT Margin	***16.1%***					***22.1%***
(+)Depreciation and amortization	194.3					194.3
EBITDA	**737.8**	**117.1**	**18.4**	**59.3**	**11.4**	**943.9**
EBITDA Margin	***21.8%***					***27.9%***
Financial Result	(111.5)					(111.5)
Depreciation and Amortization	(194.3)					(194.3)
Social Contribution	(4.4)					(4.4)
Income Tax	(3.0)					(3.0)
Net Income	**424.6**	**117.1**	**18.4**	**59.3**	**11.4**	**630.7**
Net Income Margin	***12.6%***					***18.6%***