



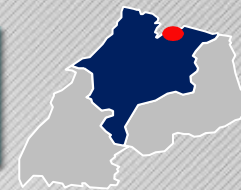
**Estácio**

**Faculdade São Luís**

*Extraordinary Shareholders' Meeting – Mergers and Acquisitions*

June 15, 2012

# Social and Economic Dynamics – São Luís



São Luís is Maranhão's main economic center. Its expansion resulted from the installation of major economic projects, such as the Itaqui Port and the Ponta da Madeira Port Complex (CPPM), in addition to the consolidation of the Industrial District. The combination of these projects have vitalized the local economy.

## 2009 GDP – IBGE

**Total: R\$15.3 billion**

**Per capita income: R\$15,381**

**Working-age population: 44%**

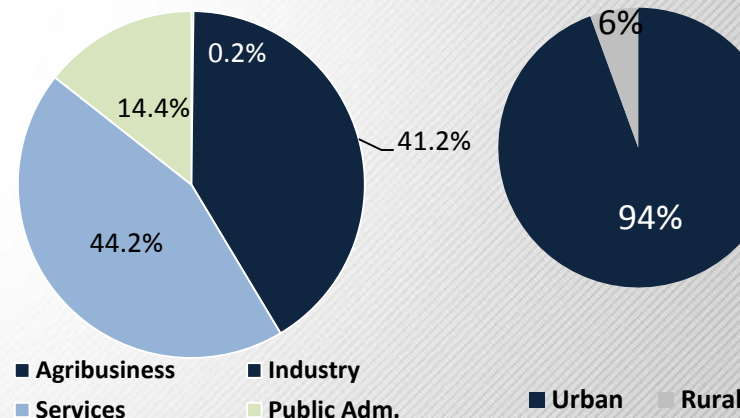
**Working population: 35%**

**Unemployment rate: 22%**

## Population



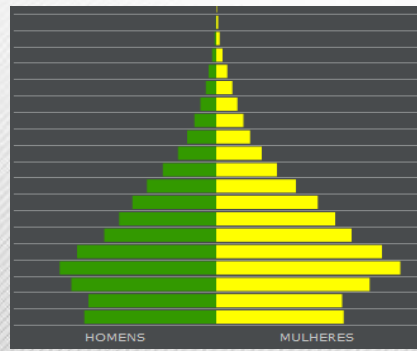
## GDP Breakdown by Sector



## Brazil



## São Luís



> The broad base of São Luís's pyramid projects future growth in the number of target people ("supply of students for post-secondary education")

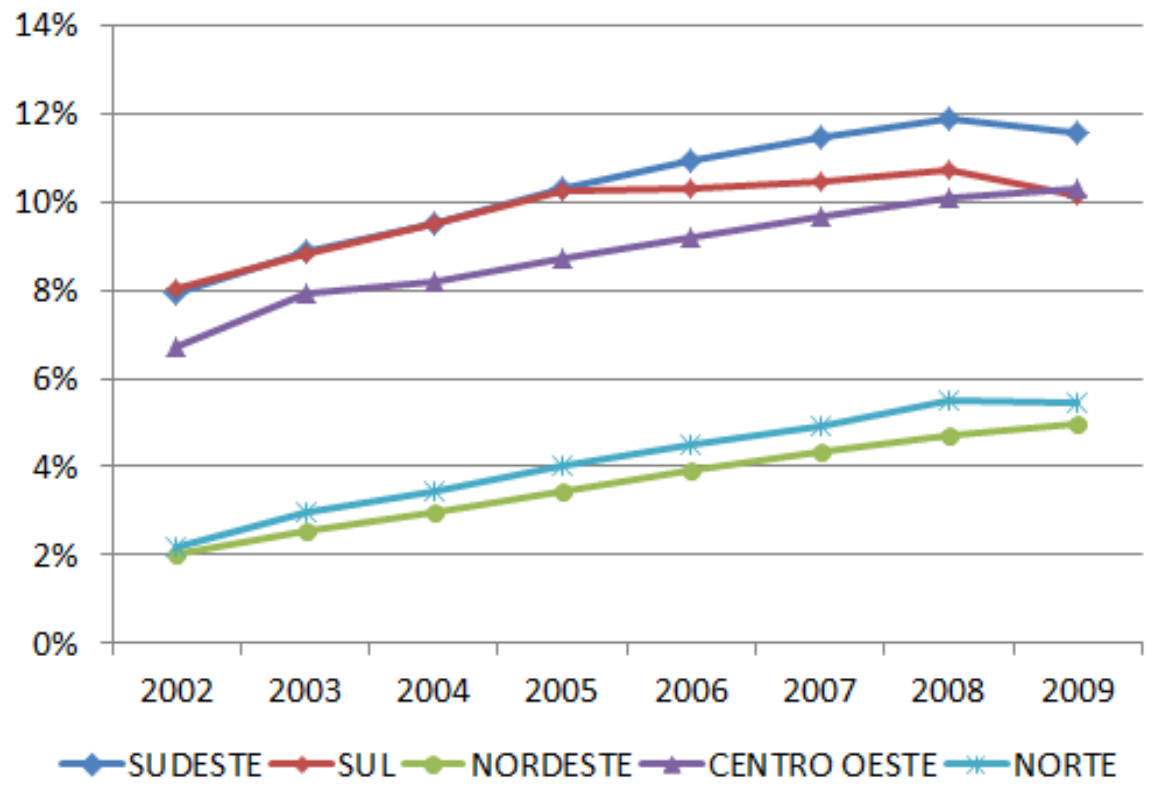
2000 IBGE Census

# Northeast Region Growth



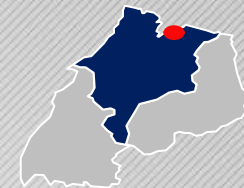
Low penetration of students enrolled in the Northeastern region points to high growth potential

**Penetration of students enrolled in the target population  
(aged between 18 and 35)**

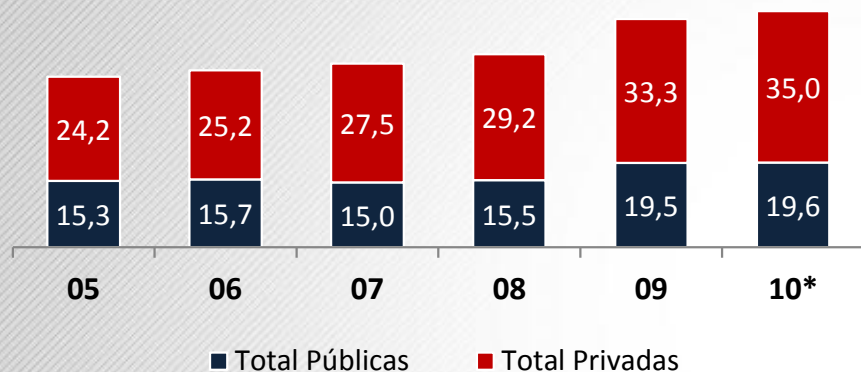




# Growth and Competition



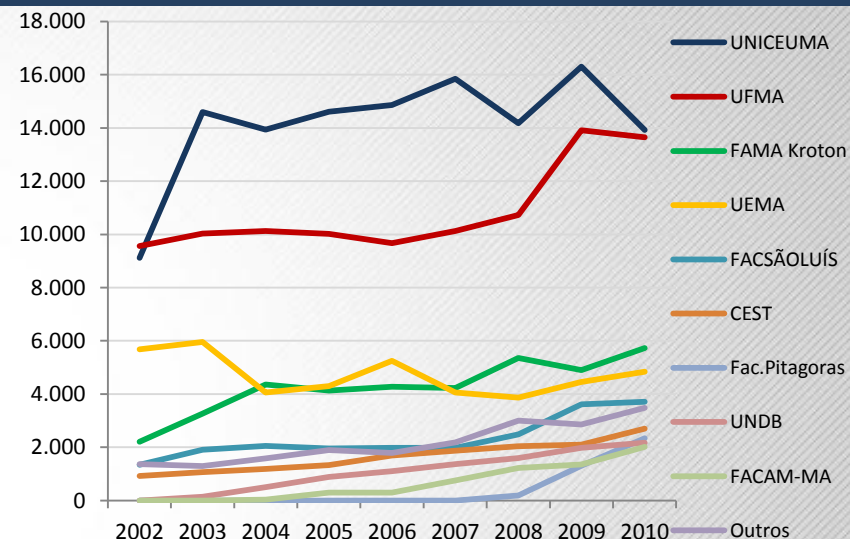
## IES Market – São Luís (thousand students)



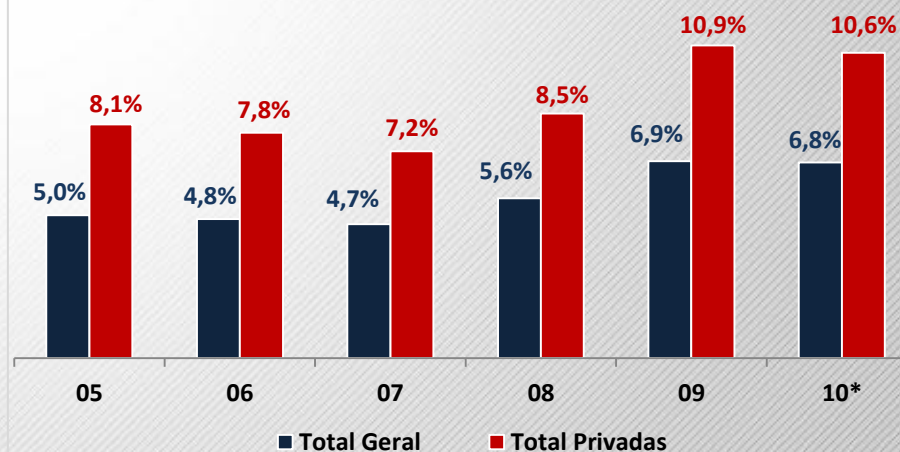
## Student Base – FACSÃO LUÍS



## IES – Local Market



## Market Share



\*latest information available

# Executive Summary

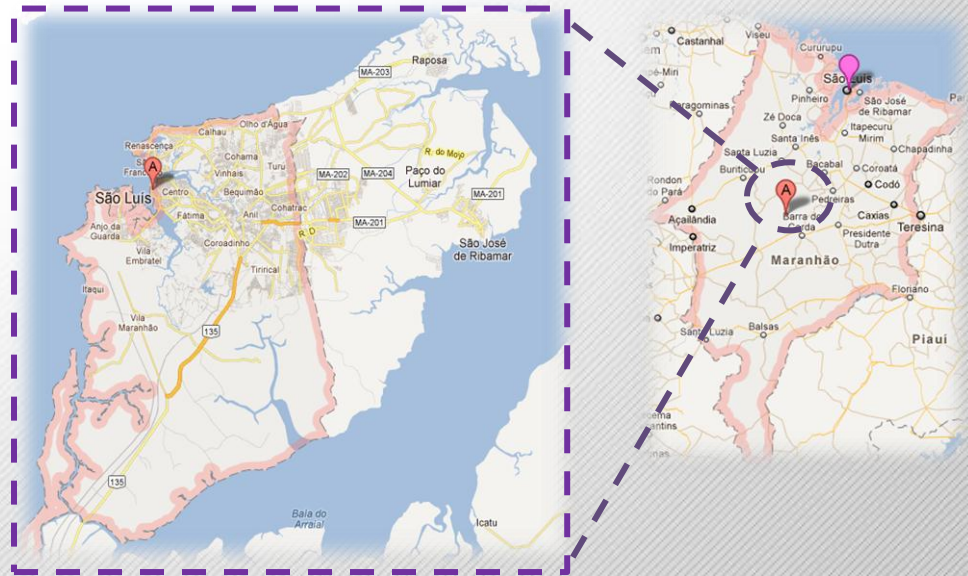


## The Company

- Approximately 4,000 students in 2012
- CAGR 05-10 of 13.6% for Fac. São Luís vs. 7.1% for other private IES (post-secondary education) institutions
- For-profit IES and ProUni
- 1 campus located downtown São Luís
- Average Net Ticket (2011): R\$432

## Strategic Rationale

- Entry the São Luís market, expanding the portfolio of on-campus programs and transforming the institution into a distance learning (EAD) center
- Excellent infrastructure
- Synergies: Shared Services Center (CSC), teaching activities, marketing





# Valuation Premises



## Financial

- **Nominal flow**
- **Average inflation:** 5.1%
- **WACC:** 15%
- **Perpetuity Growth (g):** 4.5%
- **Base date:** June 30, 2012

## Operational

- **Average Student Base:** CAGR 2011-16 of 4.3%, which should increase as of 2014 due to the new courses approved (note: the base excludes distance learning)
- **Average Ticket:** Pass through of projected inflation only.
- **Cost of Services:** 10 p.p. gain in faculty costs by 2016, reflecting the implementation of the Estácio teaching model.
- **SG&A:** synergy gains from back office reduction and 13 p.p. reduction in the Administration payroll by 2016; 8 p.p reduction in PDA to 5% of net revenues
- **CAPEX:** higher investments in 2012 and 2013 to cover IT and systems integration costs, and reduction to 3.5% of net revenues in 2014.

# Valuation



	2011A	2012E	2013E	2014E	2015E	2016E	
<i>R\$ million</i>							CAGR
<b>Average student base</b>	<b>3884</b>	<b>3,972</b>	<b>3,987</b>	<b>4,147</b>	<b>4,335</b>	<b>4,788</b>	<b>4.3%</b>
<b>Base growth</b>		<b>2.3%</b>	<b>0.4%</b>	<b>4.0%</b>	<b>4.5%</b>	<b>10.4%</b>	
<b>Net revenue</b>	<b>19.5</b>	<b>22.4</b>	<b>23.5</b>	<b>25.4</b>	<b>27.5</b>	<b>31.4</b>	
Cost of services	(7.0)	(8,1)	(8,0)	(7,9)	(7,9)	(8,1)	
<b>Gross profit</b>	<b>8.7</b>	<b>9.9</b>	<b>11.8</b>	<b>14.7</b>	<b>17.7</b>	<b>21.0</b>	
SG&A	(12.3)	(14.1)	(11.8)	(9.9)	(8.8)	(9.7)	
<b>EBITDA</b>	<b>0.2</b>	<b>0.3</b>	<b>3.7</b>	<b>7.6</b>	<b>10.9</b>	<b>13.5</b>	
(-) IR + CSLL		(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	
(+) VCG		(1.0)	(0.5)	(0.5)	(0.5)	(0.6)	
(-) CAPEX		(2.3)	(1.7)	(0.9)	(1.0)	(1.1)	Perp.
<b>Free Cash Flow</b>		<b>(3.0)</b>	<b>1.5</b>	<b>6.1</b>	<b>9.2</b>	<b>11.6</b>	<b>119.1</b>
<b>PV - Free Cash Flow</b>		<b>(2.5)</b>	<b>1.3</b>	<b>4.6</b>	<b>6.1</b>	<b>6.7</b>	<b>65.7</b>

	2011A	2012E	2013E	2014E	2015E	2016E
<b>Net revenue</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Cost of services	-36.0%	-36.0%	-34.0%	-31.3%	-28.6%	-25.9%
<b>Gross profit</b>	<b>44.4%</b>	<b>44.4%</b>	<b>50.1%</b>	<b>57.8%</b>	<b>64.3%</b>	<b>67.0%</b>
SG&A	-62.8%	-62.8%	-50.3%	-38.8%	-31.9%	-31.0%
<b>EBITDA Margin</b>	<b>1.2%</b>	<b>1.2%</b>	<b>15.7%</b>	<b>29.9%</b>	<b>39.5%</b>	<b>43.1%</b>
(-) CAPEX	0.0%	-10.2%	-7.1%	-3.5%	-3.5%	-3.5%

## Result

- Base date  
06/30/2012
- 5-year flow:  
R\$16.2 M
- Perpetuity:  
R\$65.7 M
- **Total EV:**  
**R\$ 81.9 M**
- **Proposal:**  
**R\$28 M**  
R\$7,000/stud  
ent
- **IRR: 21.4%**