

New Medical Campus
(Barra da Tijuca/Rio de Janeiro)



YDUQS

EARNINGS RELEASE
3Q19

YDUQ3 | YDUQY B3 ADR

Rio de Janeiro, November 11, 2019 - **A Estácio Participações S.A.**, one of the largest private organizations in the Brazilian higher education segment, presents **results for the third quarter of 2019 (3Q19)**.

The Company's financial information is presented based on the consolidated numbers, in Brazilian Reais, in accordance with Brazilian Corporation Law and the accounting practices adopted in Brazil (BRGAAP), already in accordance with International Financial Reporting Standards (IFRS). **The comparisons refer to the third quarter of 2018 (3Q18), except stated otherwise** and were not reviewed by the audit.

To preserve the comparability between quarters, the Company also opted for disclosing **the proforma results for 3Q19, excluding the impacts of the adoption of IFRS 16 accounting rules**.

This document may have forward-looking statements that are subject to risks and uncertainties that may lead such expectations to not materialize or substantially differ from expectations. These forecasts express the opinion only for the date they were made, and the Company does not undertake to update them in the light of new information.

EARNINGS CONFERENCE CALL:

November 12th, 2019 | 09:30 a.m. (EST)

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[Click here to access the WebCast](#)

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MESSAGE FROM MANAGEMENT

Recent Acquisitions. In the 2Q19 release, we began the message from management highlighting the change of our brand and the possibilities that would come with YDUQS. At the time, we told you that we're ready to grow. On the next quarter, we acquired two important assets for the Group within a multi-business concept. One focused on expanding into an important area of São Paulo and the other able to transform our entire operation.

We are confident that UniToledo and Adtalem are valuable additions to our Group, not only strengthening our position as one of the largest higher education groups in Brazil but most importantly placing us at the forefront in academic quality and innovation. Adtalem was the biggest acquisition in YDUQS history. This was only possible because the group is living its best moment: we have a solid financial performance, very low leverage, a clear growth strategy, and we understand the digital world better than everyone else.

2019.2 Enrollment. We are very excited to close the 3Q19 with a new record in student enrollment for the second semester. We were positively surprised by the base's strong growth, both in the on-campus segment, up by 20%, and in the Distance Learning, up by 62% YoY. To achieve this result, we had to be more aggressive in pricing in certain regions, but overall, the average ticket was in line with our expectations. We also highlight the growth in all regions, the launch of new courses and the expansion of Distance Learning centers.

Quarter Results. Once more, our results confirm the concept of operational improvement associated with financial stability, as we had anticipated for 2019. We continued to see improvements in key indicators of our **operations**, such as the student base's growth of 8%, totaling 575,000 students.

On the financial side, we showed stable revenues and EBITDA, with strong cost control, despite the pressure of FIES graduates and the sharp decrease of its revenues. Also worth mentioning the increase in adjusted EBITDA margin,

which reached 41% (in IFRS-16), and the solid EBITDA to Cash conversion, reaching 73% in 9M 2019.

Distance Learning Segment. Growth in all fronts. From student base, to number of opened centers and financial performance. We call our attention to the license expansion to open new DL centers to 450 from 350 per year thanks to the recent quality score change in one of our institutions (UNESA), reaching the highest score according to the Ministry of Education. In addition, we expect to increase our permission to open new centers by 250 per year from UniToledo plus 550 per year from Adtalem. Combining it all, we will be able to open up to 1,250 centers a year..

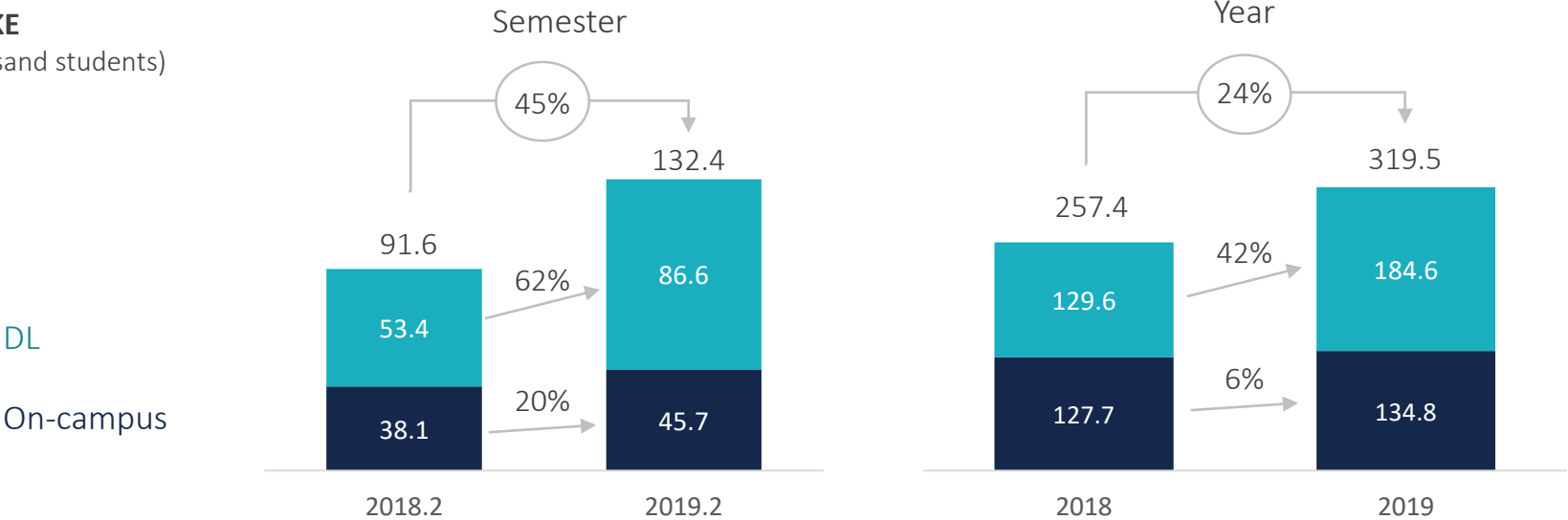
Medicine. We are expanding fast! Recently, the Ministry of Education has authorized the implementation of all our Mais Médicos II's units, which were pending approval. The four new units will be added to the eight existing ones. Under our base case scenario, this will allow us to reach a total of 1,771 authorized seats per year (considering Adtalem's units) – an important increase when compared to the 811 authorized seats in 3Q18.

Conclusion and perspectives. We ended the third quarter satisfied with the significant improvements on the operational side, such as record intake, student base growth, retention rate gain and meaningful expansion in both Distance Learning and medicine. **We are motivated and prepared for the big opportunities ahead,** not only with the expansion and improvement of Estácio's operation but especially with the growth opportunities we will have from UniToledo and Adtalem's assets.



- HIGHLIGHTS
- ✓ Growth across all regions
 - ✓ New courses
 - ✓ Expansion of DL centers
 - ✓ More effective decisions
- x Slightly negative average ticket, but within target range

INTAKE
(Thousand students)

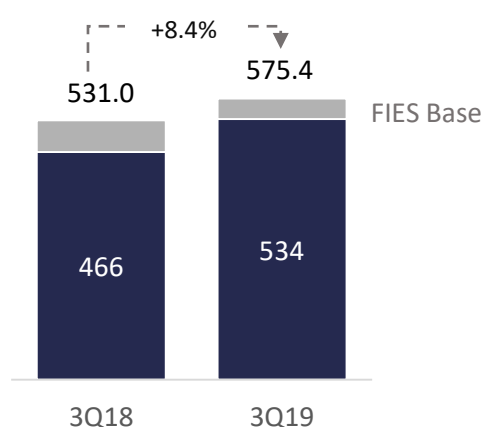


Financial Highlights (R\$MM)	3Q18	3Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	3Q19 IFRS 16	9M18	9M19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	9M19 IFRS 16
Net Revenues	852.8	833.1	-2.3%	833.1	2,752.3	2,723.0	-1.1%	2,723.0
Gross Profit	487.3	456.0	-6.4%	463.7	1,575.7	1,571.5	-0.3%	1,595.6
Gross Margin	57.1%	54.7%	-2.4 p.p.	55.7%	57.3%	57.7%	0.5 p.p.	58.6%
Adjusted EBITDA ⁽²⁾	282.8	289.6	2.4%	343.9	901.7	907.2	0.6%	1,070.6
Adjusted EBITDA Margin ⁽²⁾	33.2%	34.8%	1.6 p.p.	41.3%	32.8%	33.3%	0.6 p.p.	39.3%
Net Income	194.3	158.8	-18.3%	152.5	628.6	607.3	-3.4%	588.1
Net Margin (%)	22.8%	19.1%	-3.7 p.p.	18.3%	22.8%	22.3%	-0.5 p.p.	21.6%
Adjusted Net Income ⁽²⁾	202.6	200.7	-0.9%	194.3	651.4	649.2	-0.3%	629.9
Adjusted Net Margin (%) ⁽²⁾	23.8%	24.1%	0.3 p.p.	23.3%	23.7%	23.8%	0.2 p.p.	23.1%

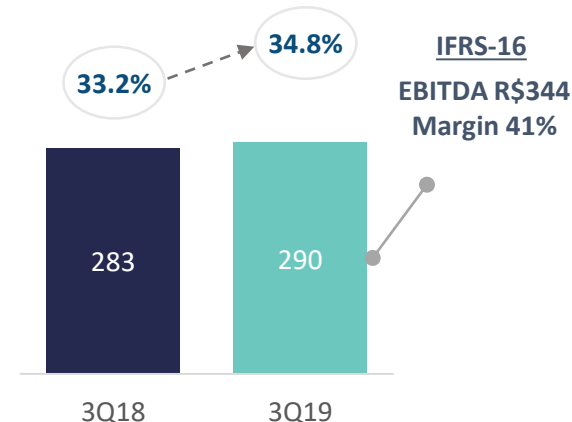
Operational Highlights

- + **Record student enrollment**, up by 20% on-campus and 60% higher in Distance Learning
- + Increase of on-campus **retention rate** to 86%, +1 pp when compared to 3Q18
- + **Student base growth** of 8.4% to 575,000 students, with 26% increase in DL

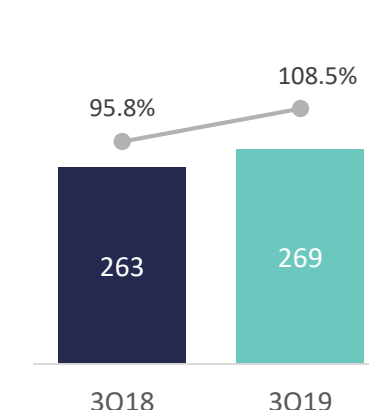
Total Base (‘000)



Adjusted EBITDA⁽²⁾ and Margin (R\$MM ex-IFRS 16; %)



Operating Cash Flow and Cash Conversion⁽³⁾ (R\$MM; ex-IFRS 16)



Financial Highlights

- + Net Revenue stability (-1% in 9M comparison), despite the fall of FIES student base
- + **Strong cost control** and increase of adjusted EBITDA by 2.4% YoY
- + **EBITDA margin of 41%** in IFRS-16 terms
- + **Solid cash conversion⁽³⁾** reaching 108% in 3Q19 and 68% in 9M19



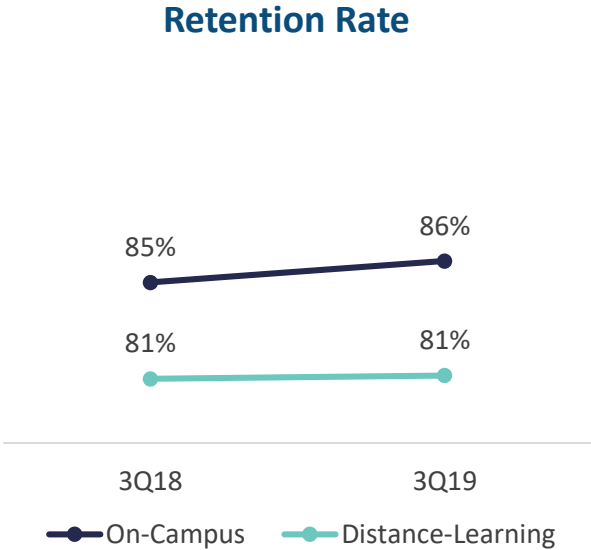
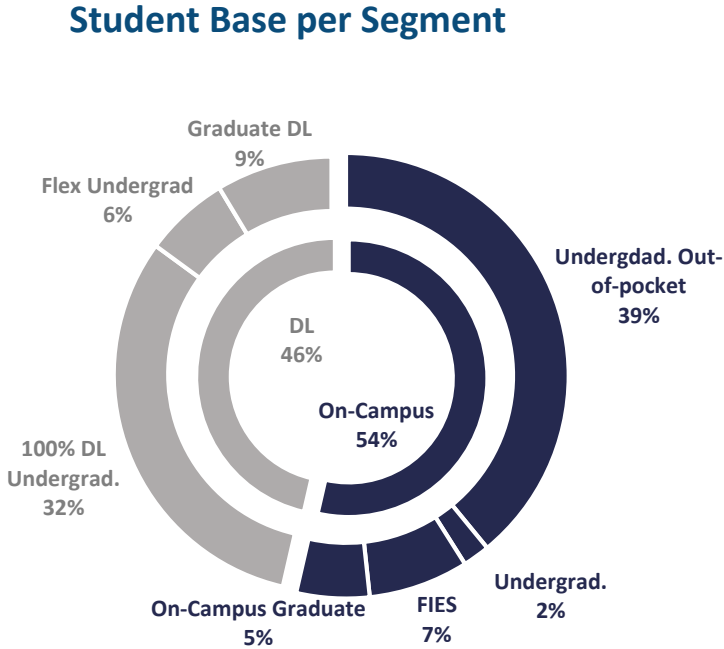
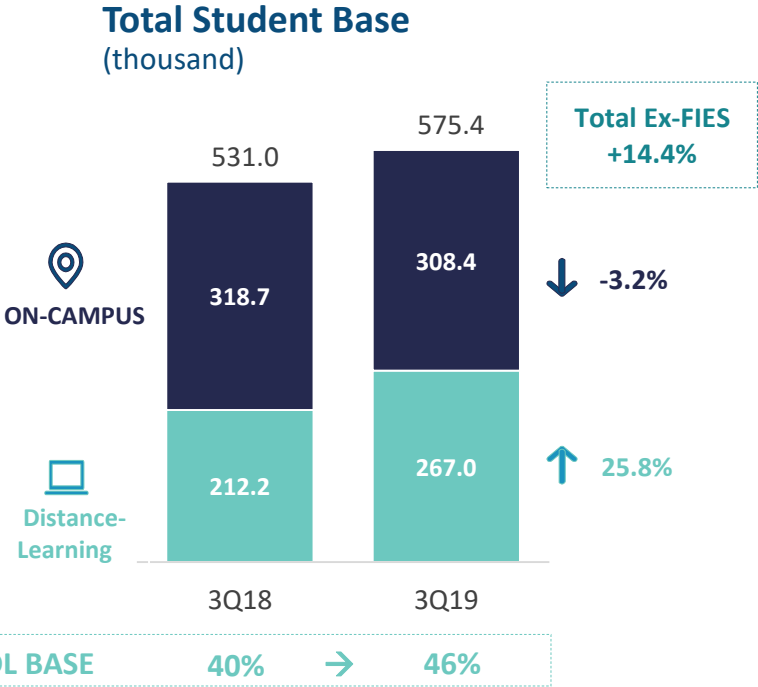
(1) Pro-forma numbers excluding the effects of IFRS-16 in 2019 to preserve better yearly comparison.
 (2) More detail on the non recurring expenses at the EBITDA section
 (3) Cash conversion = Operating Cash Flow before Capex excluding the PN 23 effect

STUDENT BASE

Overall Base ('000)	3Q18	3Q19	Δ %
Student Base	531.0	575.4	8.4%
Total ex-FIES	466.3	533.5	14.4%
Undergraduate	450.2	495.3	10.0%
Total DIS [a + b]	143.5	229.3	59.8%
Graduate	80.8	80.1	-0.8%
Own	36.4	34.1	-6.4%
Partnerships	44.3	46.0	3.8%

On-campus ('000)	3Q18	3Q19	Δ %
Total	318.7	308.4	-3.2%
Undergraduate ex-FIES	223.0	236.1	5.8%
Undergraduate	287.7	277.9	-3.4%
Total On-Campus DIS [a]	70.5	102.0	44.7%
Out-of-pocket	209.3	224.8	7.4%
FIES	64.7	41.8	-35.3%
PAR	13.7	11.3	-17.6%
Graduate	31.0	30.5	-1.7%
Own	17.5	16.1	-8.1%
Partnerships	13.5	14.4	6.5%

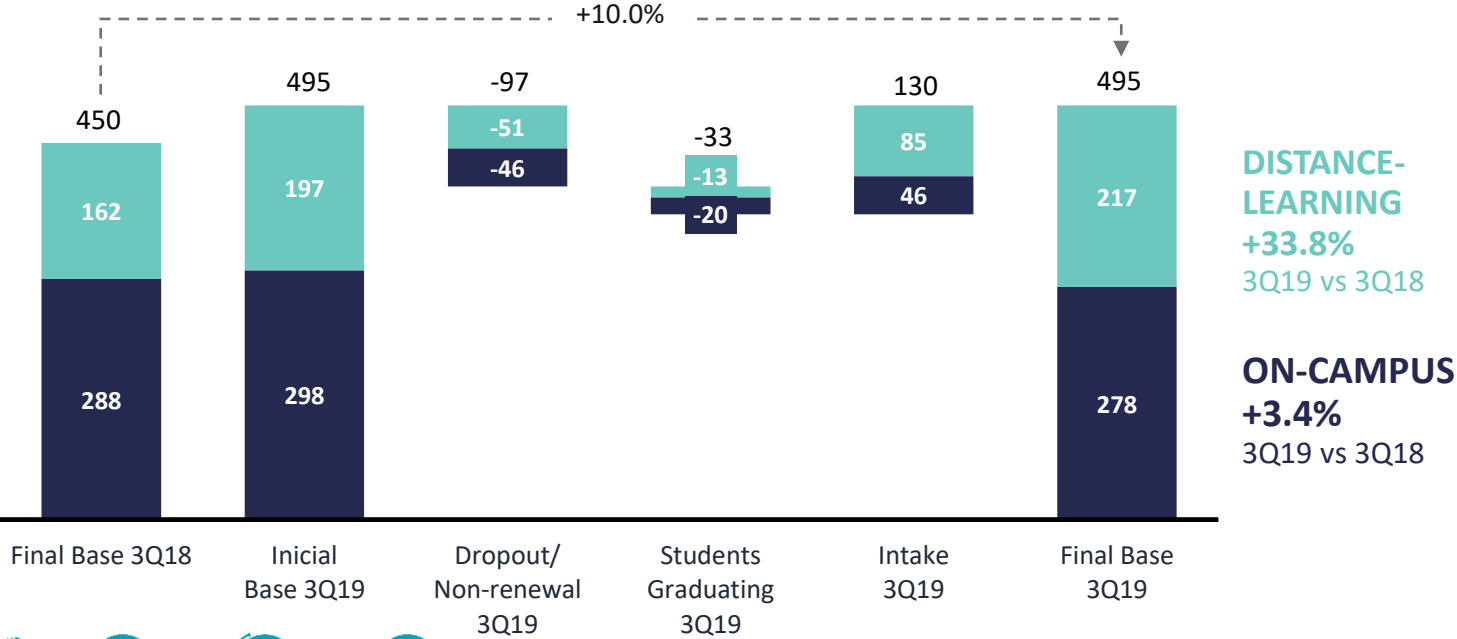
Distance Learning ('000)	3Q18	3Q19	Δ %
Total	212.2	267.0	25.8%
Undergraduate DL+ Flex	162.5	217.4	33.8%
Total DL DIS [b]	73.1	127.4	74.3%
DL: 100% online	140.9	181.0	28.4%
DIS	62.3	105.0	68.7%
DL: Flex	21.6	36.4	68.7%
DIS	10.8	22.4	106.7%
Graduate	49.7	49.6	-0.3%
Own	18.9	18.0	-4.9%
Partnerships	30.8	31.6	2.6%



CHANGES IN THE UNDERGRADUATE BASE (1/2)

In thousands	3Q18 Intake	Final 3Q18	Initial 3Q19	Dropout/ Non-renewal	Students Graduating	3Q19 Intake	Final 3Q19	Base Y/Y
Undergraduate	91.6	450.2	495.0	(96.7)	(33.3)	130.2	495.3	10.0%
On-Campus	38.1	287.7	298.0	(45.5)	(20.2)	45.6	277.9	-3.4%
FIES	1.0	64.7	49.4	(0.1)	(8.9)	1.4	41.8	-35.3%
PAR	4.3	13.7	14.7	(4.5)	-	1.1	11.3	-17.6%
Out-of-Pocket	32.8	209.3	233.9	(40.9)	(11.4)	43.1	224.8	7.4%
DIS	29.4	70.5	106.6	(32.2)	-	27.6	102.0	44.7%
100% DL + FLEX	53.4	162.5	197.0	(51.2)	(13.0)	84.6	217.4	33.8%
100% DL	45.7	140.9	164.5	(41.0)	(11.2)	68.6	181.0	28.4%
DIS	37.2	62.3	88.9	(40.0)	-	56.1	105.0	68.7%
FLEX DL	7.7	21.6	32.6	(10.2)	(1.9)	15.9	36.4	68.7%
DIS	6.6	10.8	21.4	(11.1)	-	12.0	22.4	106.7%
Total DIS	73.1	143.5	216.9	(83.3)	-	95.7	229.3	59.8%

Changes In The Undergraduate Base 3Q19 ('000)



Retention Rate ⁽¹⁾	3Q18	3Q19	3Q18
On-campus Undergraduate	85%	86%	0.9 p.p.
Distance-learning Undergraduate	81%	81%	0.1 p.p.

In 3Q19, **on-campus retention rate reached 86%**, up by 0.9 p.p. vs. 3Q18.

Retention rate of the **Distance Learning segment remained stable** year-on-year at 81%.

Intake Analysis	3Q18	3Q19
% PAR / On-campus undergrad. Intake	11.3%	2.5%
% FIES / On-campus undergrad. Intake	2.7%	3.0%
% DIS / Total Intake	79.9%	73.5%

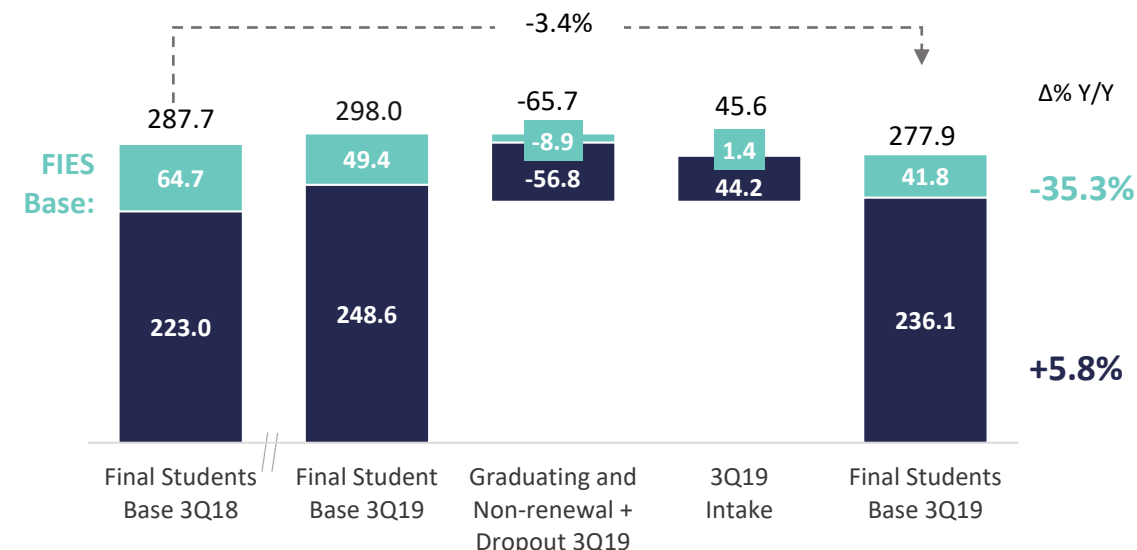
Regarding our financial programs, PAR accounted for 2.5% of the 3Q19 on-campus intake, reducing its exposure to our student base vs. 3Q18.

Regarding DIS program, its share of the total undergraduate intake in 3Q19 reached 73.5%. On the other hand, FIES accounted for 3.0% of the On-campus segment.

⁽¹⁾ Retention Rate: [1 – ((dropouts + non-renewal) / (renewable student base: initial student base - students graduating + Intake))].



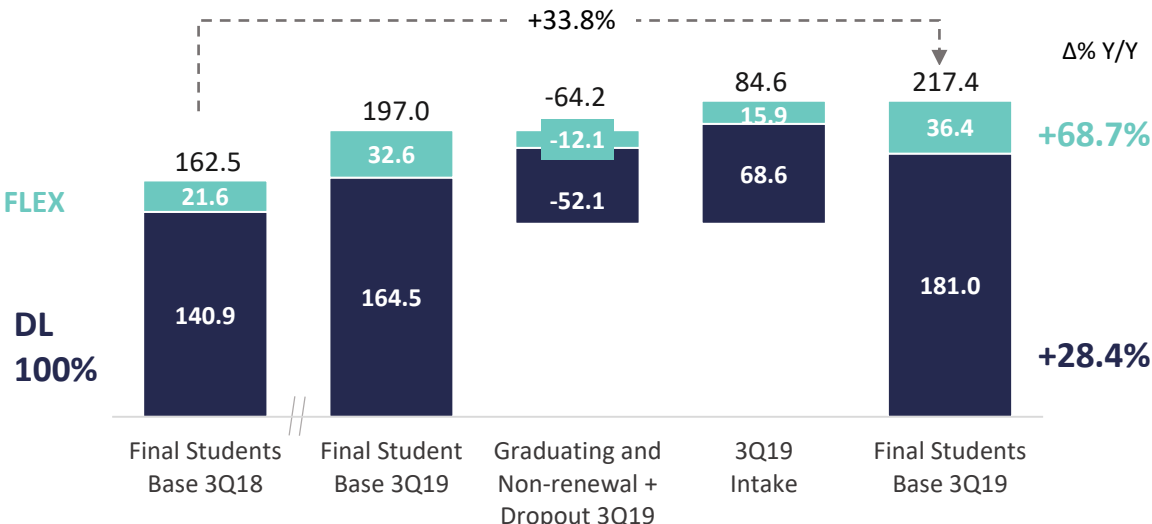
ON-CAMPUS UNDERGRADUATE ('000)



In 3Q19, the on-campus undergraduate base totaled 277,900 students, down by 3.4% YoY, chiefly due to the 35.3% decrease in FIES student base.

Excluding FIES students, the undergraduate on-campus student base increased by 5.8% over 3Q18.

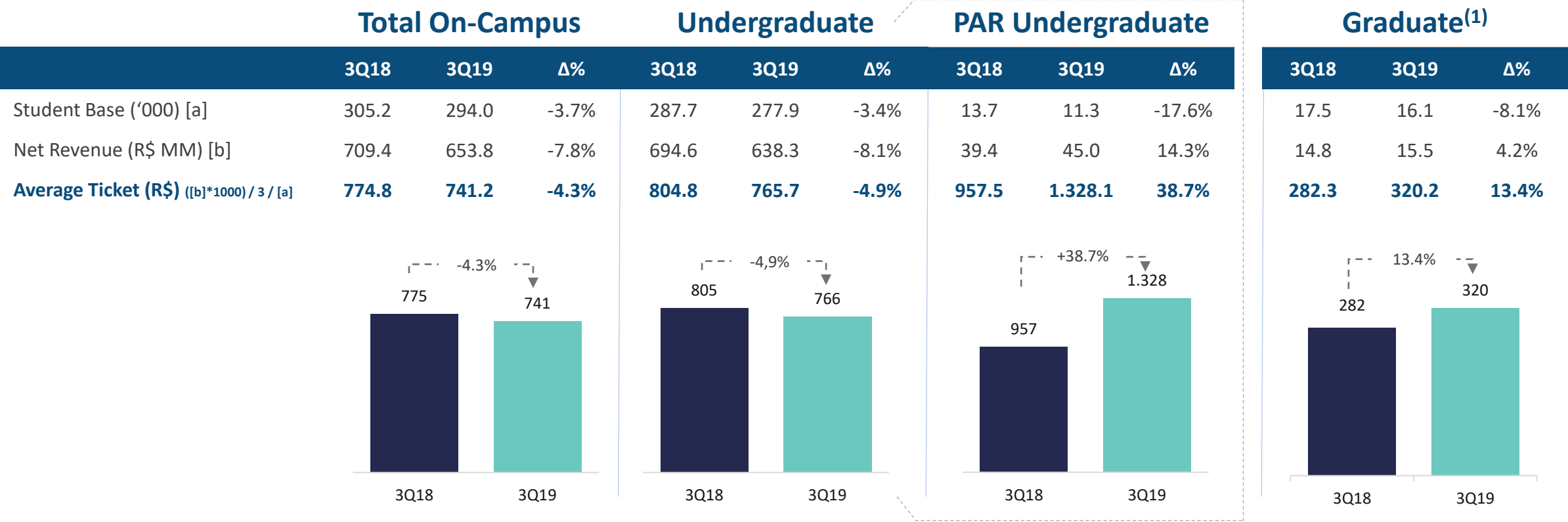
DISTANCE-LEARNING UNDERGRADUATE ('000)



The DL undergraduate student base closed the quarter at 217,400 students, up by 33.8% over 3Q18 due to the significant increase of 68.7% of Flex, which totaled 36,400 students.

The 100% online DL student base grew by 28.4% YoY, totaling 181,000 students.



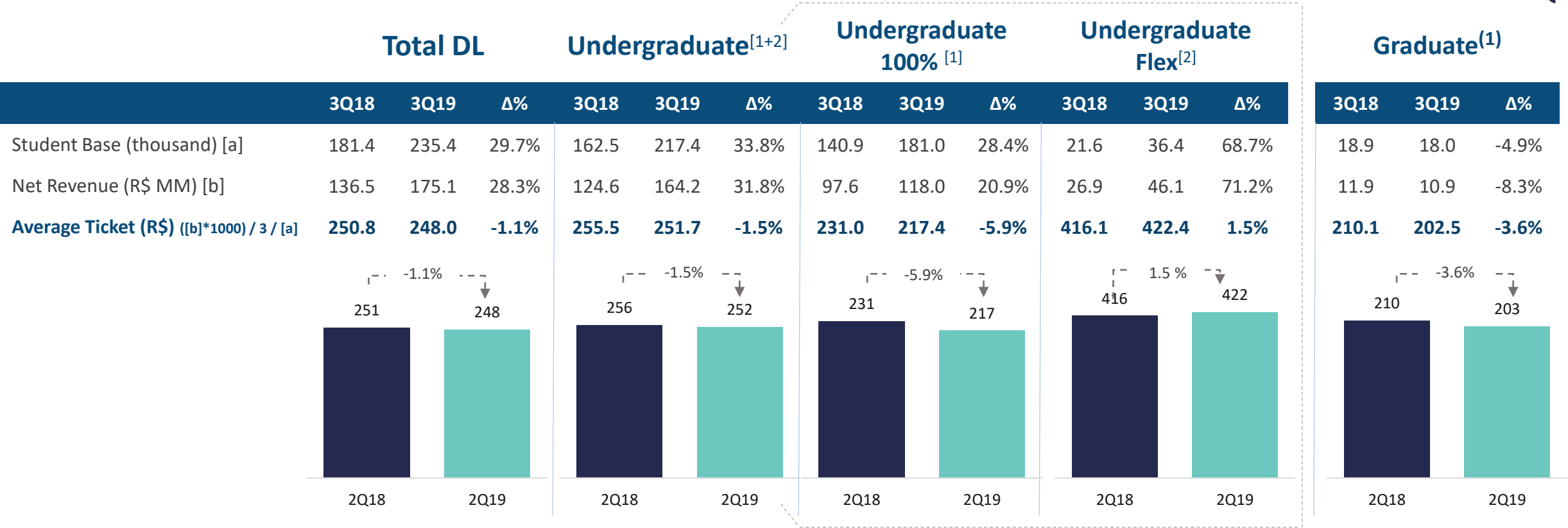


Undergraduate: the average ticket totaled R\$765.7, down by 4.9% over 3Q18, due to the decrease in FIES student base and higher discounts following intake actions on specific areas.

PAR Undergraduate: Up by 38.7% in 3Q19, mainly due to the effect of present value adjustments. Excluding APV, PAR’s average ticket would have grown 3.8% YoY

Graduate: Average ticket totaled R\$320.2, an increase of 13.4% over 3Q18, explained by the 4.2% increase in net revenues.

⁽¹⁾ Excludes students and revenues from partnership undergraduate courses.



DL Undergraduate: Average ticket totaled R\$251.7, down by 1.5% over 3Q18, as a result of the 33.8% increase in the student base.

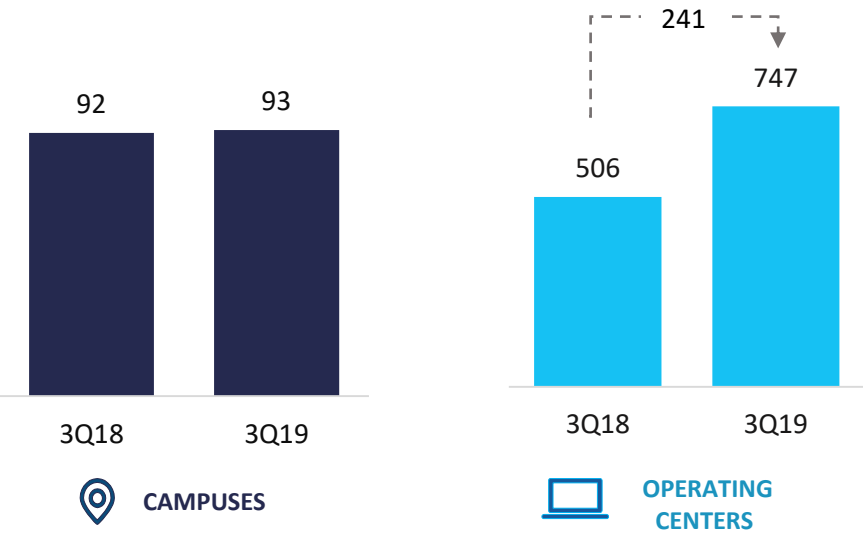
100% Online Undergraduate: Reached R\$217.4, down by 5.9% over 3Q18 due to the fast growth rate of its student base following the opening of more than 240 DL partner’s centers in the period.

Flex Undergraduate: Average ticket totaled R\$422.4, up by 1.5% over 3Q18 due to its solid revenue increase. Flex continue to gain relevance over our base, reaching 17% of the DL undergraduate base in 3Q19, benefited by new courses and offers in 2019.

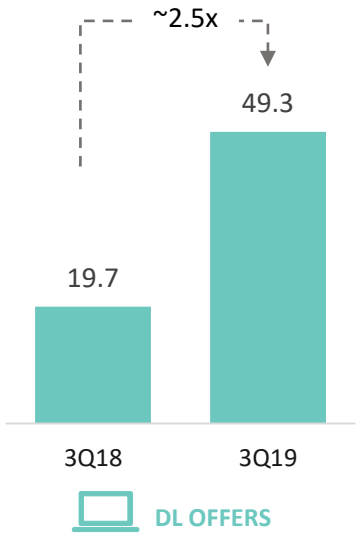
In the **DL Graduate segment**, the average ticket fell 3.6%, totaling R\$202.5, mainly due to higher discounts granted.

⁽¹⁾ Excludes students and revenue from undergraduate courses with partners from the calculation so to not distort the analysis.

Total Campuses and DL Centers



Evolution of Offers by Business Unit ('000)



Units: Active Campuses and Centers

We ended the quarter with 93 on-campus units, up by one unit (Ananindeua) vs. 3Q18.

In the Distance Learning segment, there was a sharp increase of 241 new centers year-on-year. We closed the quarter with 747 DL centers as a result of a successful business model and Company’s solid execution.

This quarter one of our institutions (UNESA) achieved concept 5 in the evaluation of the Ministry of Education (MEC). As a consequence, the Company expand its permission to open new DL centers to 450 centers per year, not considering UniToledo and Adtalem permits.

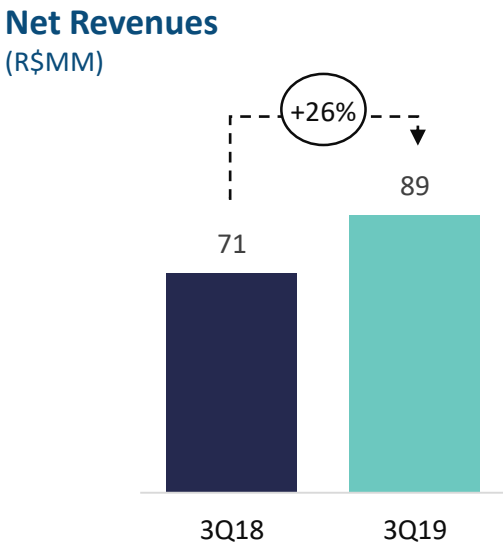
Offers: combination of course/shift/unit

The on-campus segment closed the quarter with a total of 1,954 offers, stable year-on-year. It should be noted that, despite the overall stability, offers in the health and law areas have increased in the period.

Distance Learning segment remains at strong expansion pace due to the launch of new courses and the increase in the number of centers. As a result, we closed the quarter with 49,300 offers.



2019.2							BASE CASE* 2024e		FULL POTENTIAL* 2024e	
Unit	State	Type	Operation Start	Status	Authorized seats py ⁽³⁾	Student Base	Authorized seats py ⁽³⁾	Student Base	Authorized seats py ⁽³⁾	Student Base
Presidente Vargas	RJ	Organic	1998.2	Matured	240	1,556	240	1,728	240	1,728
João Uchôa	RJ	Organic	2014.1	Matured	170	771	170	1,234	170	1,234
Juazeiro do Norte	CE	Organic	2000.1	Matured	100	675	100	782	100	782
Ribeirão Preto	SP	Organic	2015.1	In maturity	76	471	76	552	76	552
Alagoinhas	BA	MM I	2017.2	In maturity	65	120	115	708	165	948
Angra dos Reis	RJ	MM I	2018.1	In maturity	55	136	105	581	155	821
Jaraguá do Sul	SC	MM I	2018.1	In maturity	50	89	100	588	150	828
Juazeiro	BA	MM I	2018.1	In maturity	155	173	155	1,003	155	1,003
Canindé	CE	MM II	-	Implementation phase	50	-	100	480	150	660
Castanhal	PA	MM II	-	Implementation phase	50	-	100	360	150	480
Quixadá	CE	MM II	-	Implementation phase	50	-	100	360	150	480
Iguatu	CE	MM II	-	Implementation phase	50	-	100	360	150	480
Total					1,111	3,991	1,461	8,736	1,811	9,996



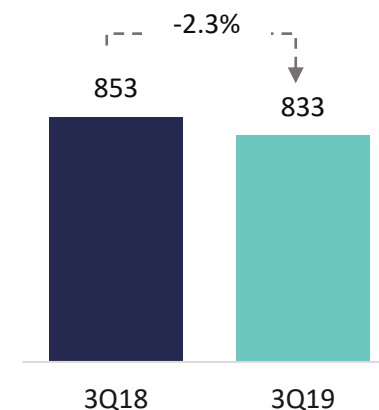
Regarding the last quarter, the suspension of the authorization proposals to operate Medicine Courses in the cities of Castanhal/PA, Quixadá/CE and Iguatu/CE was revoked. Hence, the Company is authorized to implement medicine course in these cities, offering 50 seats per year in each unit. The Ministry of Education (MEC) also authorized the Company to expand its offer in Juazeiro/BA to its maximum capacity, adding 100 medicine seats/year.

* Assuming expansion of 50 seats/year for every Mais Médicos unit on our base case scenario and 100 seats/year on full potential
(1) Does not include ProUni and FIES. On top of the authorized seats the Company may increase seats in 10% from ProUni plus another 10% from FIES
(2) Student base considers full scholarship holders from Mais Médicos units, ProUni and FIES students

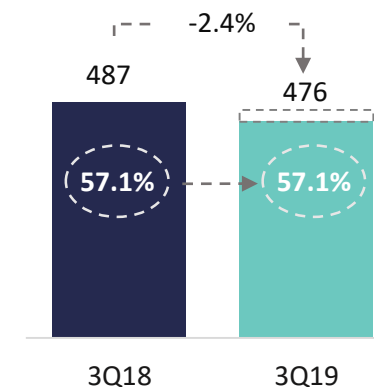


R\$ MM	3Q18	3Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	3Q19 IFRS 16
Gross Operating Revenue	1,400.3	1,482.1	5.8%	1,482.1
Monthly Tuition Fees	1,391.1	1,470.3	5.7%	1,470.3
Others	9.2	11.8	27.3%	11.8
Gross Revenue Deductions	(547.5)	(648.9)	18.5%	(648.9)
Net Operating Revenue	852.8	833.1	-2.3%	833.1
Cost of Services	(365.6)	(377.1)	3.2%	(369.4)
Gross Profit	487.3	456.0	-6.4%	463.7
<i>Gross Margin</i>	<i>57.1%</i>	<i>54.7%</i>	<i>-2.4 p.p.</i>	<i>55.7%</i>
Selling Expenses	(118.4)	(104.6)	-11.6%	(104.6)
General and Administrative Expenses	(137.8)	(159.2)	15.6%	(159.2)
Other operating revenue/expenses	(3.9)	3.7	N.A.	3.7
(+) Depreciation and amortization	47.4	52.0	9.7%	98.5
EBITDA	274.6	247.9	-9.7%	302.1
<i>EBITDA Margin</i>	<i>32.2%</i>	<i>29.8%</i>	<i>-2.4 p.p.</i>	<i>36.3%</i>
Financial Result	(38.6)	(38.9)	0.9%	(53.0)
Depreciation and amortization	(47.4)	(52.0)	9.7%	(98.5)
Income tax	4.5	2.1	-53.0%	2.1
Social contribution	1.2	(0.1)	N.A.	(0.1)
Net Income	194.3	158.8	-18.3%	152.5
<i>Net Margin</i>	<i>22.8%</i>	<i>19.1%</i>	<i>-3.7 p.p.</i>	<i>18.3%</i>
Adjusted EBITDA⁽²⁾	282.8	289.6	2.4%	343.9
<i>Margin EBITDA</i>	<i>33.2%</i>	<i>34.8%</i>	<i>1.6 p.p.</i>	<i>41.3%</i>
Adjusted Net Income⁽²⁾	202.6	200.7	-0.9%	194.3
<i>Adjusted Net Margin</i>	<i>23.8%</i>	<i>24.1%</i>	<i>0.3 p.p.</i>	<i>23.3%</i>

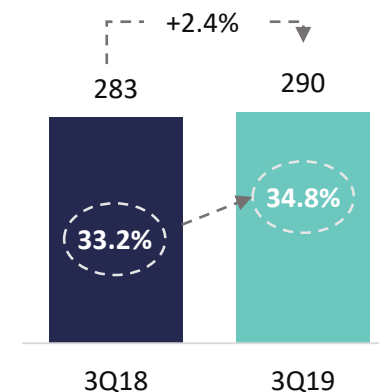
Net Revenue (R\$MM)



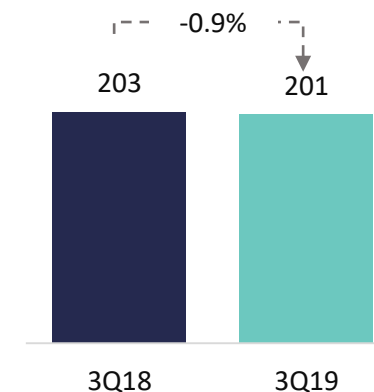
Adjusted Gross Profit and Gross Margin⁽²⁾ (R\$MM; ex-IFRS 16; %)



Adjusted EBITDA and Margin⁽²⁾ (R\$MM; ex-IFRS 16; %)



Adjusted Net Income⁽²⁾ (R\$MM; ex-IFRS 16)



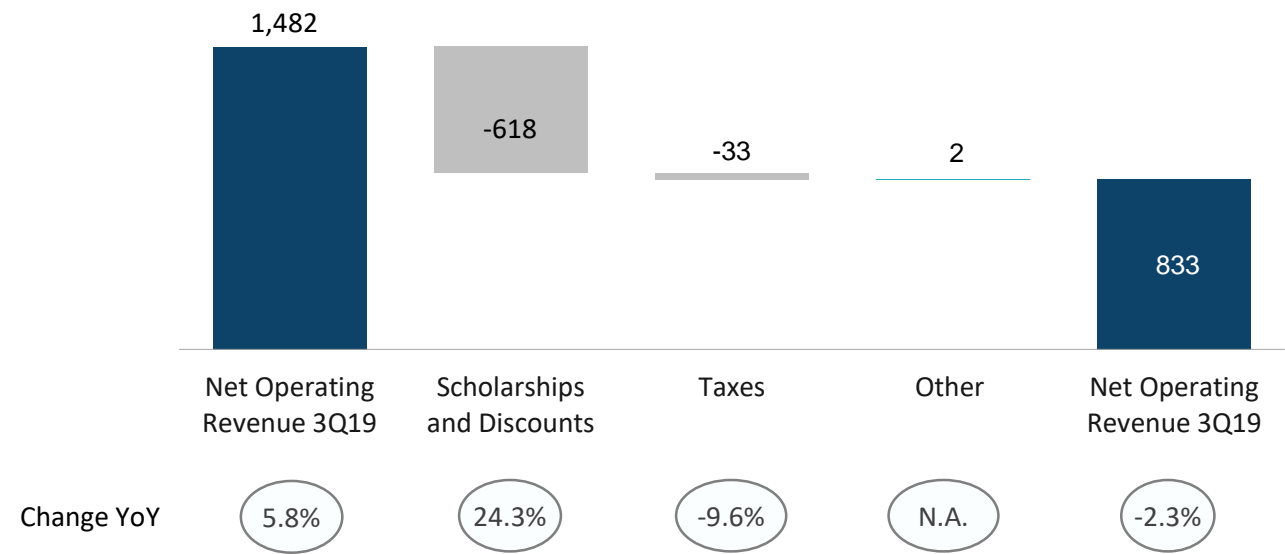
R\$ MM	3Q18	3Q19	Δ%	9M18	9M19	Δ%
Gross Revenues	1,400.3	1,482.1	5.8%	4,384.6	4,665.2	6.4%
Monthly Tuition Fees	1,391.1	1,470.3	5.7%	4,356.9	4,630.8	6.3%
Others	9.2	11.8	27.3%	27.7	34.3	23.6%
Gross Revenues Deductions	(547.4)	(648.9)	18.5%	(1,632.3)	(1,942.2)	19,0%
Discounts and Scholarships	(497.6)	(618.4)	24.3%	(1,460.5)	(1,842.8)	26,2%
Taxes	(36.5)	(33.0)	-9.6%	(120.4)	(107.7)	-10,5%
Other deductions and AVP	(13.4)	2.5	N.A.	(51.4)	8,3	N.A.
Net Revenues	852.8	833.1	-2.3%	2,752.3	2,723.0	-1.1%

Gross operating revenue increased by 5.8% in 3Q19 vs. 3Q18. In 9M19, the growth was 6.4% YoY, mainly due to the improvement in the course mix and higher student base.

In 3Q19, **net operating revenue** totaled R\$833.1 million, down by 2.3% over 3Q18. For the 9M19, the revenue remained stable, explained by the following:

- 35% decrease in the FIES student base, which has a higher average ticket;
- 24.3% increase in discounts and scholarships line, due to enrollment actions;
- Challenging macroeconomic scenario, mainly affecting the on-campus segment;
- Positive impact of interest rate curve in the AVP calculation.

Net Revenues
(R\$MM)

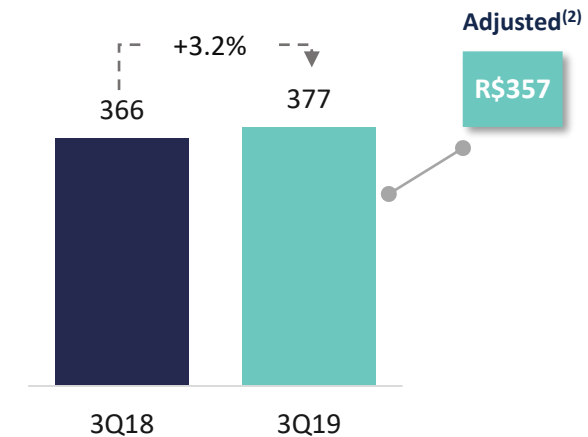


R\$ MM	3Q18	3Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	3Q19 IFRS 16
Cost of Services	(365.6)	(377.1)	3.2%	(369.4)
Personnel	(253.4)	(249.2)	-1.7%	(249.2)
Rents, municipal property tax & other	(59.3)	(63.7)	7.5%	(10.5)
Transfer of Centers and Other	(6.9)	(13.3)	91.8%	(13.3)
Third-party services	(13.6)	(14.3)	5.6%	(14.3)
Electricity, water, gas and telephone	(8.8)	(9.4)	6.8%	(9.4)
Depreciation and amortization	(23.6)	(27.2)	15.3%	(72.7)
Gross Profit	487.3	456.0	-6.4%	463.7
<i>Gross Margin</i>	<i>57.1%</i>	<i>54.7%</i>	<i>-2.4 p.p.</i>	<i>55.7%</i>
Cost of Services (% of Net Revenues)	42.9%	45.3%	2.4 p.p.	44.3%
Personnel (% Net Revenues)	29.7%	29.9%	0.2 p.p.	29.9%

(1) Proforma numbers excluding the effect of IFRS 16 in 3Q19, for better comparison with 3Q18.

(2) Adjustments from non-recurring expenses detailed in the EBITDA section.

Cost of Services
(R\$MM; ex-IFRS 16)



In 3Q19, **Cost of Services** increased by 3.2% YoY, representing 45.3% of the net revenues. The Company maintains a strong cost control with discipline and business resilience. The main highlights are as follow::

- Despite the decrease of 1.7% in personnel costs, this line was negatively impacted by non-recurring items associated with organizational restructuring of professors body which happened in July 2019.
- Transfer from partners' DL centers continues to post relevant increase, following the fast expansion of this segment. When compared to the same quarter last year, this line impacted total cost of services by R\$6.4 million.

As a consequence of higher costs, **Gross Income** reached R\$456.0 million in the quarter, down by 6.4% vs. 3Q18. Gross Margin reached 54.7%, down by 2.4 p.p. over 3Q18.

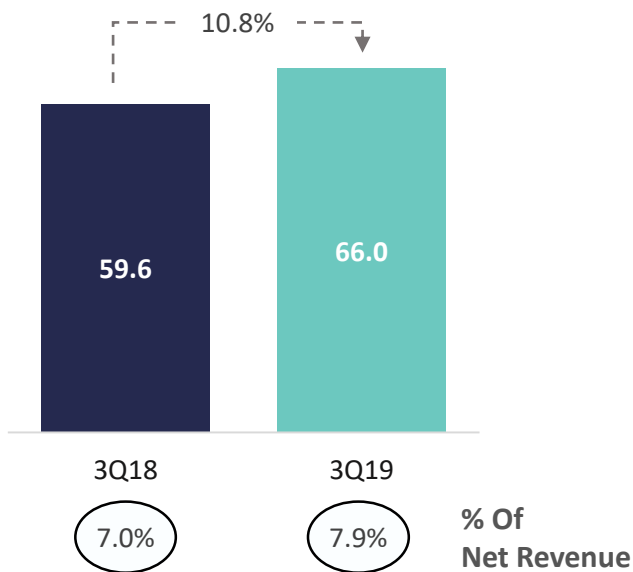


R\$ MM	3Q18	3Q19	Δ%
Selling Expenses	(118.4)	(104.6)	-11.6%
Bad debt	(58.6)	(38.5)	-34.2%
Out-of-pocket	(42.6)	(13.4)	-68.5%
PAR	(12.9)	(12.0)	-7.3%
DIS	(3.0)	(13.1)	337.1%
Advertising	(59.6)	(66.0)	10.8%
Others	(0.2)	(0.1)	-65.1%
Selling Expenses (% Net Rev.)	13.9%	12.6%	-1.3 p.p.
Bad debt (% of Net Rev.)	6.9%	4.6%	-2.2 p.p.
Advertising (% Net Rev.)	7.0%	7.9%	0.9 p.p.

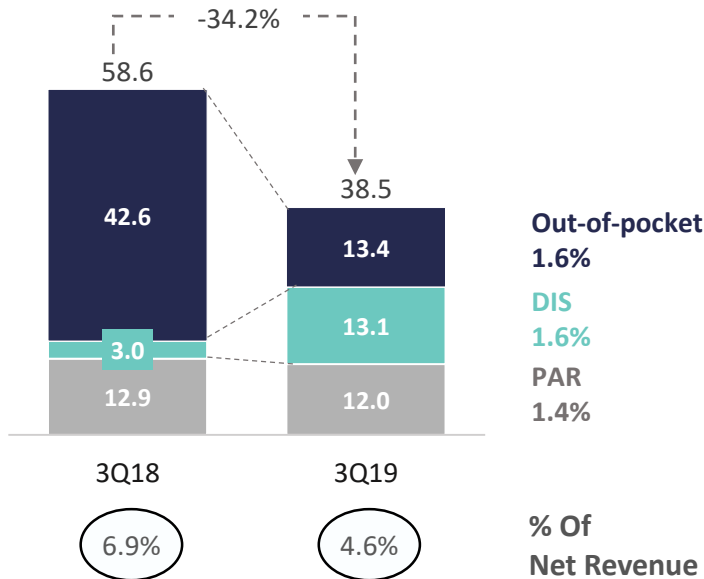
In this quarter, **Selling Expenses** totaled R\$104.6 million, down by 11.6% YoY and representing 12.6% of net revenues (-1.3 p.p. vs. 3Q18) in the quarter. This performance is a result of the reversal of provisions for doubtful accounts from out-of-pocket students due to renewal process and higher recovery rate from old credits.

In 3Q19, **Advertising Expenses** increased by 10.8% over 3Q18, representing 7.9% of the Company's Net Revenue. Such increase is related to greater commercial activity to stimulate intake and renewal of students.

Advertising Expenses
(R\$MM)



Bad Debt and % of Net Revenue
(R\$MM)



R\$ MM	3Q18	3Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	3Q19 IFRS 16
General and Administrative Expenses	(137.8)	(159.3)	15.6%	(159.2)
Personnel	(42.1)	(47.8)	13.5%	(47.8)
Third-party services	(27.0)	(28.8)	6.6%	(28.8)
Provision for contingencies	(20.7)	(12.7)	-38.6%	(12.7)
Maintenance and repair	(7.9)	(13.0)	63.7%	(13.0)
Other	(16.2)	(32.2)	98.2%	(31.1)
Depreciation and amortization	(23.8)	(24.8)	4.1%	(25.8)
Other operating revenue/expenses	(3.9)	3.7	N.A.	3.7
G&A Expenses (% Net Rev.)	16.2%	19.1%	3.0 p.p.	19.1%

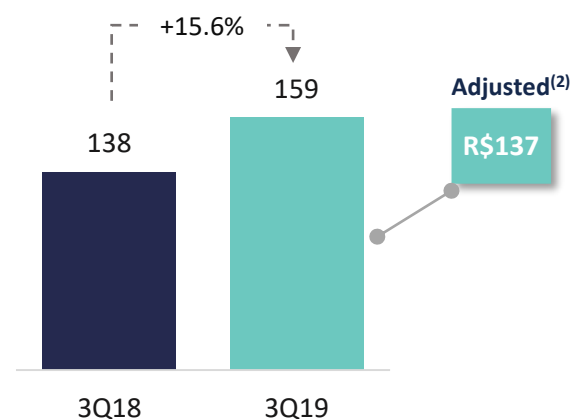
(1) Proforma numbers excluding the effect of IFRS 16 in 3Q19, for better comparison with 3Q18.

(2) Adjustments from non-recurring expenses detailed in the EBITDA section.

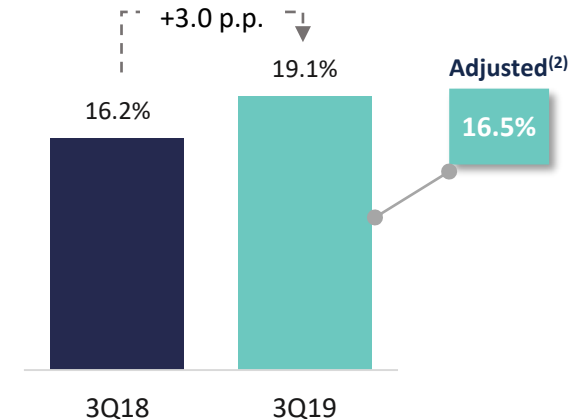
At 3Q19, **General and Administrative Expenses** represented 19.1% of Net Revenues, up by 3.0 p.p. YoY. See the main impacts below:

- Personnel increased R\$5.7 million YoY;
- Maintenance and Repair increased by R\$5.0 million due to software update and general repairs of our units.
- Other Expenses increased by R\$16.0 million, due to a combination of higher expenses with academic resources related to courses in the health area, travel and accommodation and rental contract termination.

General and Administrative Expenses
(R\$ MM; ex-IFRS 16)



G&A of Net Revenue
(%; ex-IFRS 16)



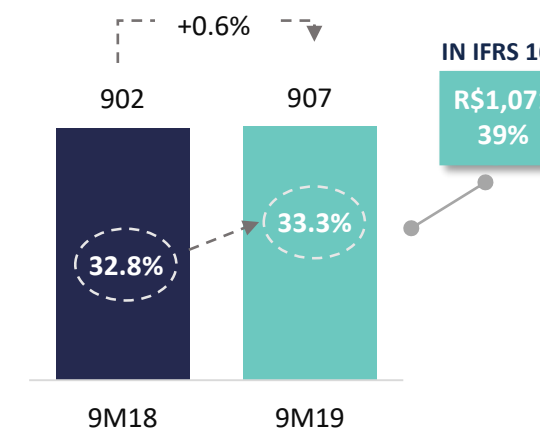
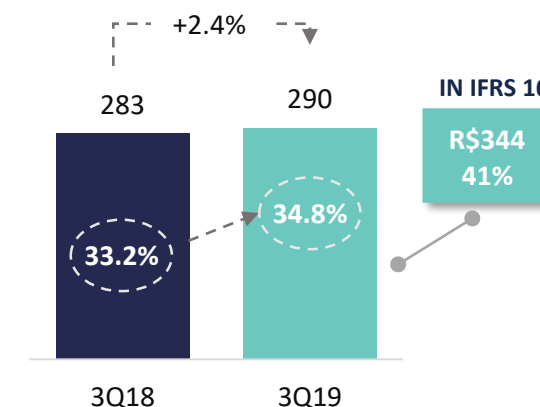
R\$ MM	3Q18	3Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	3Q19 IFRS 16	9M18	9M19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	9M19 IFRS 16
Net Revenue	852.8	833.1	-2.3%	833.1	2,752.3	2,723.0	-1.1%	2,723.0
Costs and Expenses	(625.7)	(637.3)	1.9%	(629.6)	(2,017.5)	(2,003.9)	-0.7%	(1,979.8)
(+) Depreciation and amortization	47.4	52.0	9.7%	98.5	143.9	146.3	1.7%	285.5
EBITDA	274.6	247.8	-9.7%	302.1	878.8	865.4	-1.5%	1,028.8
<i>EBITDA Margin</i>	<i>32.2%</i>	<i>29.7%</i>	<i>-2.4 p.p.</i>	<i>36.3%</i>	<i>31.9%</i>	<i>31.8%</i>	<i>-0.1 p.p.</i>	<i>37.8%</i>
Non-recurring items:								
<i>Organizational Restructuring</i>	-	19.8	N.A	19.8	3.0	19.8	558.8%	19.8
<i>Consulting</i>	8.3	-	N.A	-	19.9	-	N.A	-
<i>M&A</i>	-	6.2	N.A	6.2	-	6.2	N.A	6.2
<i>Termination of rental contract</i>	-	15.8	N.A	15.8	-	15.8	N.A	15.8
Adjusted EBITDA	282.8	289.6	2.4%	343.9	901.6	907.2	0.6%	1,070.6
<i>Adjusted EBITDA Margin</i>	<i>33.2%</i>	<i>34.8%</i>	<i>1.6 p.p.</i>	<i>41.3%</i>	<i>32.8%</i>	<i>33.3%</i>	<i>0.6 p.p.</i>	<i>39.3%</i>

(1) Proforma numbers excluding the effect of IFRS 16 in 3Q19 to preserve yearly comparison.

In 3Q19, the Company's **EBITDA** reached R\$247.8 million, down 9.7% YoY. This quarter EBITDA was impacted by the following non-recurring events: (i) organizational restructuring, (ii) M&A expenses and (iii) expenses with rental contract termination. Excluding non-recurring events, **EBITDA would have reached R\$289.6 million in 3Q19, up by 2.4% YoY** and EBITDA Margin at 34.8% (+1.6 p.p. YoY).

Adjusted EBITDA for 9M19 totaled R\$907.2 million, up by 0.6% YoY, reaching an Adjusted EBITDA Margin of 33.3% (+0.6 p.p. vs. 9M18).

Adjusted EBITDA and Margin (R\$MM; ex-IFRS 16; %)



R\$ MM	3Q18	3Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	3Q19 IFRS 6
Financial Result	(38.6)	(38.9)	0.8%	(53.0)
Financial Revenue	24.7	28.9	17.1%	28.9
Fines and interest charged	11.1	11.3	1.4%	11.3
Investment revenue	10.9	12.6	16.1%	12.6
Inflation adjustment & Others	2.7	5.0	86.2%	5.0
Financial Expenses	(63.3)	(67.8)	7.2%	(81.9)
Interest and financial charges	(20.4)	(23.0)	12.7%	(23.0)
Financial discounts	(15.4)	(41.2)	168.2%	(41.2)
Bank expenses	(10.5)	(7.5)	-28.1%	(7.5)
Adjustment of contingencies & Others	(17.0)	3.9	N.A.	(10.2)

⁽¹⁾ Proforma numbers excluding the effect of IFRS 16 in 3Q19, for better comparison with 3Q18.

Net Income totaled R\$158.8 million in 3Q19, down by 18.3%, reaching a net margin of 19.1%, down by 3.7 p.p. when compared to 3Q18, mainly due to non-recurring expenses totaling R\$41.8 million.

Excluding these non-recurring events, Net Income would have reached R\$200.7 million in 3Q19, stable YoY, with a net margin of 24.1%, representing a slight increase of 0.3 p.p. YoY.

Financial Income was negative in R\$38.9 million in 3Q19, stable year-over-year.

Regarding financial expenses, its worth highlighting that the line of contingencies and other was impacted by a reversal of interest and monetary adjustments. Regarding financial discounts, the increase is mostly related to debt renegotiation campaigns and enrollment renewal period.

R\$ MM	3Q18	3Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	3Q19 IFRS 16
EBITDA	274.6	247.8	-9.8%	302.1
Financial Result	(38.6)	(38.9)	0.9%	(53.0)
Depreciation and amortization	(47.4)	(52.0)	9.7%	(98.5)
Profit before income tax and social contribution	188.6	156.8	-16.8%	150.5
Income tax	4.5	2.1	-53.0%	2.1
Social contribution	1.2	(0.1)	-111.5%	(0.1)
Net Income	194.3	158.8	-18.3%	152.5
<i>Net Margin (%)</i>	<i>22.8%</i>	<i>19.1%</i>	<i>-3.7 p.p.</i>	<i>18.3%</i>
Adjusted EBITDA	282.8	289.6	2.4%	343.9
<i>Adjusted EBITDA Margin</i>	<i>33.2%</i>	<i>34.8%</i>	<i>1.6 p.p.</i>	<i>41.3%</i>
Adjusted Net Income	202.6	200.7	-0.9%	194.3
<i>Adjusted Net Margin</i>	<i>23.8%</i>	<i>24.1%</i>	<i>0.3 p.p.</i>	<i>23.3%</i>

⁽¹⁾ Proforma numbers excluding the effect of IFRS 16 in 3Q19, for better comparison with 3Q18.



R\$ MM	3Q18	3Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	3Q19 IFRS 16
Cash and cash equivalents [a]	770.6	865.8	12.4%	865.8
Indebtedness [b]	(494.1)	(724.5)	46.6%	(1,927.3)
Loans	(428.1)	(697.4)	62.9%	(1,900.3)
Commitments payable (Acquisitions)	(55.1)	(18.5)	-66.4%	(18.5)
Taxes paid in installments	(10.9)	(8.6)	-21.5%	(8.6)
Net Debt [b-a]	276.5	141.3	-48.9%	(1,061.6)
Net Debt/ EBITDA (Annualized) ⁽²⁾	-0.3x	-0.1x	-	1.0x

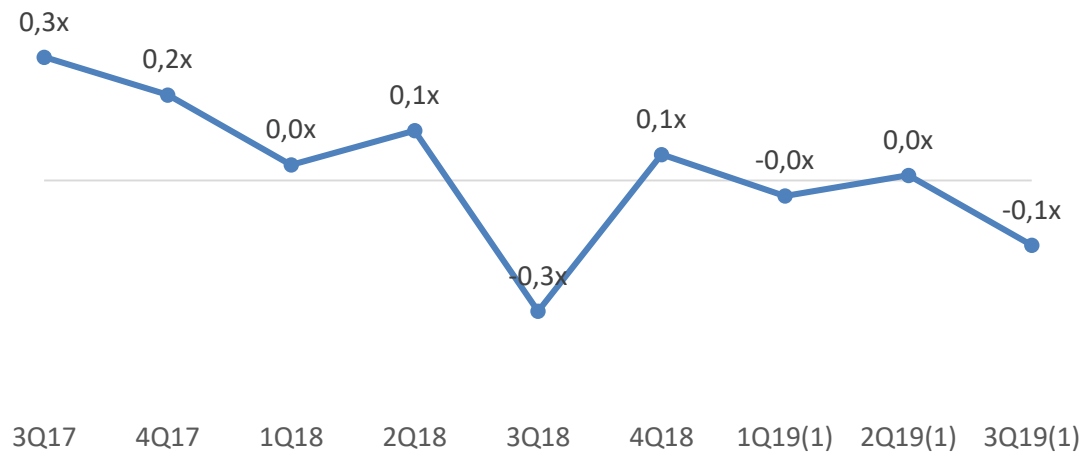
(1) Proforma numbers excluding the effect of IFRS 16 in 3Q19, for better comparison with 3Q18.

(2) Reported EBITDA.

Cash & Cash Equivalents totaled R\$865.8 million at the end of 3Q19.

Excluding the effects of IFRS 16, Gross Debt grew 46.6% over 3Q18, with the Company’s cash position increasing by 12.4%. At the end of the quarter, the Company posted **Net Cash position of R\$141.3 million** and a net debt (cash)/LTM EBITDA ratio of -0.1x.

Net Debt/ EBITDA (Annualized)



R\$ MM	3Q18	2Q19	3Q19
Monthly tuition fees received from students	757.1	1,102.9	1,097.6
Out-of-Pocket	422.7	631.5	517.7
Exchange Deals	24.3	27.7	27.4
PAR	162.8	201.3	221.6
DIS	142.5	242.3	330.9
Educar Amazônia	4.8	-	-
FIES	338.7	280.2	219.6
Others	190.7	167.1	201.8
Gross Accounts Receivable	1,286.6	1,550.2	1,519.1

Bad Debt	(346.6)	(481.2)	(497.3)
Out-of-Pocket	(264.3)	(360.1)	(351.1)
PAR (50%)	(59.7)	(86.2)	(98.2)
DIS (15%)	(18.6)	(34.9)	(48.0)
Educar Amazônia – Long Term	(4.0)	-	-
Amounts to be identified	(8.0)	(10.4)	(8.2)
Adjustment to present value (APV)	(60.8)	(38.9)	(36.4)
APV PAR	(43.5)	(29.0)	(25.3)
APV EDUCAR	(0.3)	-	-
APV DIS	(17.0)	(9.9)	(11.1)
Net Accounts Receivable	871.1	1,019.7	977.2

Gross Receivables totaled R\$1,519.1 million in the quarter, up by 18.1% over 3Q18, due to the increase in of our base as a result of a strong 2019 intake cycle and new vintages of DIS students.

Net Receivables reached R\$977.2 million, up by 12.2% over 3Q18 following the increase in gross receivables.

The increase in provisions remains impacted by the change in student mix, which now has fewer FIES students (with lower provisions) and more out-of-pocket and financing students.

PAR and DIS Reconciliation

PAR

R\$ MM	3Q18	3Q19
Gross revenue paid in cash	15.4	15.2
Gross revenue paid in installments	34.7	27.3
Taxes – Revenue deductions	(1.8)	(1.2)
Adjustment to Present Value (APV) ¹⁾	(8.9)	3.7
Bad Debt (50% provisioning)	(12.9)	(12.0)
Bad Debt non-renegotiated dropouts	(6.2)	(8.3)
Bad Debt (% Total Net. Rev.)	1.5%	1.4%

DIS

R\$ MM	3Q18	3Q19
Gross revenue paid in cash	5.4	8.4
Gross revenue paid in installments	73.8	100.1
Taxes – Revenue deductions	(2.2)	(3.6)
Adjustment to Present Value (APV) ¹⁾	(2.5)	(1.2)
Bad Debt (15% provisioning)	(3.0)	(13.1)
Bad Debt non-renegotiated dropouts	(12.4)	(6.8)
Bad Debt (% Total Net. Rev.)	0.4%	1.6%

⁽¹⁾ Correction of installments based on IPCA and brought to present value based on NTN-2024.

Average Term Of Receivables

R\$ MM	3Q18	3Q19
Net Accounts Receivable	871.1	977.2
Annualized Net Revenue	3,590.8	3,590.0
Average Receivables Days	87	98

Non-FIES Average Term Of Receivables

R\$ MM	3Q18	3Q19
Net Accounts Receivable Ex-APV	871.1	977.2
Accounts Receivable Non-FIES	532.4	757.6
Annualized Net Revenue Non-FIES	2,550.5	2,901.2
Non-FIES Average Receivables Days	75	94

FIES Average Term Of Receivables

R\$ MM	3Q18	3Q19
FIES Accounts Receivable	338.7	219.6
FIES Revenue (LTM)	1.133.9	781.5
FGEDUC deductions (LTM)	(47.9)	(64.0)
Taxes (LTM)	(45.6)	(28.6)
FIES Net Revenue (LTM)	1,040.4	688.8
FIES Average Receivables Days	117	115

Company’s ATR totaled 98 days, up by 11 days over 3Q18. Excluding the FIES effect, our ATR would reach 94 days.

FIES ATR fell 2 days over 3Q18, closing the quarter at 115 days.



Aging of Total Gross Accounts Receivable¹

R\$ MM	3Q18	AV	3Q19	AV
FIES	338.7	26%	219.6	15%
Not yet due	574.7	45%	760.3	50%
Overdue up to 30 days	93.2	7%	109.9	7%
Overdue from 31 to 60 days	35.5	3%	42.4	3%
Overdue from 61 to 90 days	11.7	1%	15.9	1%
Overdue from 91 to 179 days	109.6	9%	154.2	10%
Overdue more than 180 days	123.2	10%	216.7	14%
Gross Accounts Receivable	1,286.6	100%	1,519.1	100%

¹ Note: The amounts overdue more than 360 days are written-off from Accounts Receivable up to the limit of the allowance for doubtful accounts

Aging of Agreements Receivable²

R\$ MM	3Q18	AV	3Q19	AV
Not yet due	43.9	50%	39.4	47%
Overdue up to 30 days	7.0	8%	6.8	8%
Overdue from 31 to 60 days	3.0	3%	4.2	6%
Overdue from 61 to 90 days	2.0	2%	3.2	4%
Overdue from 91 to 179 days	8.4	10%	9.9	12%
Overdue more than 180 days	24.0	27%	19.5	23%
Agreements Receivable	88.3	100%	83.0	100%
% over non-FIES Gross Accounts Receivable	9%	-	6%	-

² Note: Excludes credit card agreements

FIES: Changes of Accounts Receivable

R\$ MM	3Q18	AV	3Q19
Opening balance	581.1	151.0	-74.0%
FIES revenue	244.1	157.6	-35.4%
Transfer	(468.8)	(76.0)	-83.8%
Provision for FIES	(19.3)	(14.5)	-24.6%
Closing Balance	337.1	218.0	-35.3%

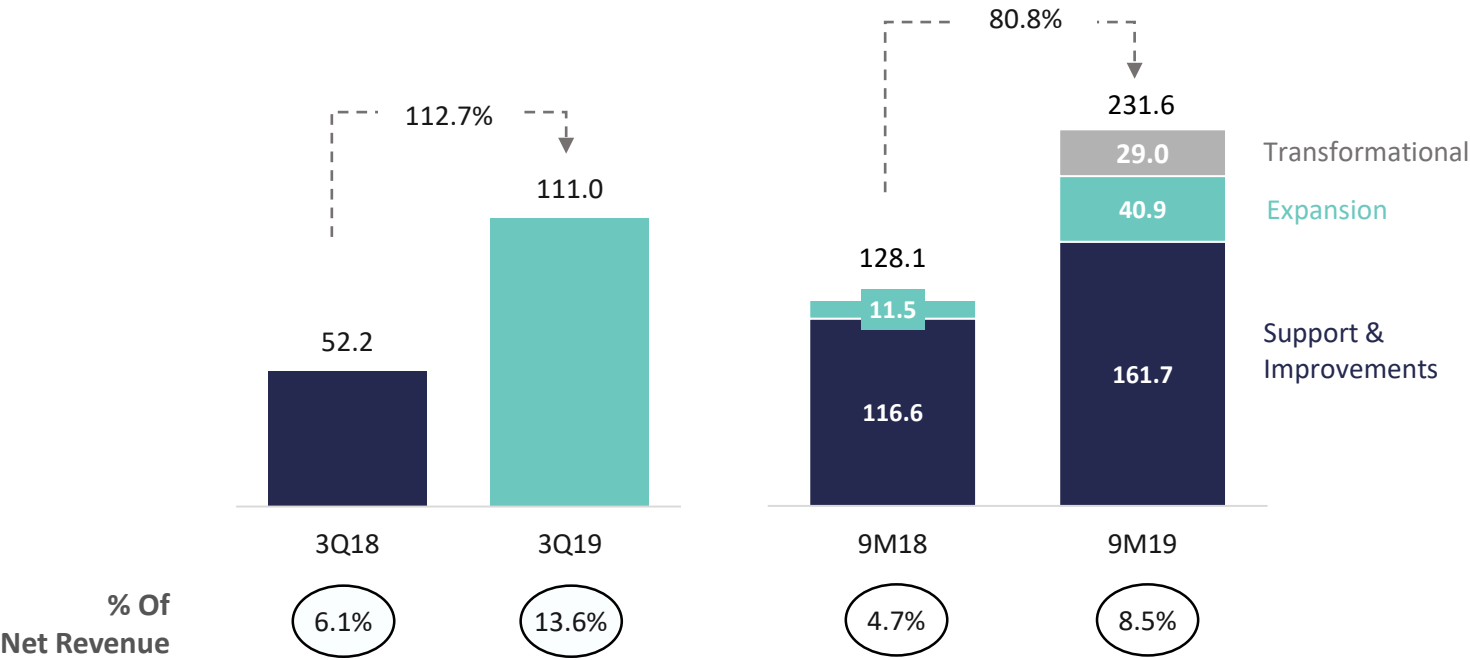
FIES: Changes of Accounts Offsetable

R\$ MM	3Q18	3Q19	Δ%
Opening balance	147.2	129.3	-12.2%
Transfer	468.8	76.0	-83.8%
Payment of taxes	(70.5)	(10.1)	-85.6%
Buyback in auctions	(543.8)	(193.5)	-64.4%
Closing balance	1.6	1.7	3.1%



R\$ MM	3Q18	3Q19	Δ%	9M18	9M19	Δ%
Total CAPEX	52.2	111.0	112.7%	128.1	231.6	80.8%
Support & Improvements	41.6	69.4	66.9%	116.6	161.7	38.7%
Expansion	10.6	24.3	129.2%	11.5	40.9	255.7%
Transformational	-	17.3	N.A	-	29.0	N.A
Total CAPEX/ (% Net. Rev.)	6.1%	13.3%	7.2 p.p.	4.7%	8.5%	3.9 p.p.
Support. & Improvements/ (% Net. Rev.)	4.9%	8.3%	3.5 p.p.	4.2%	5.9%	1.7 p.p.

Capex
(R\$MM)



CAPEX totaled R\$111.0 million in 3Q19, up by 112.7% over 3Q18 and within the Company expectation of closing the year with approximately R\$330 million in capex.

In 9M19, capex by segment performed as follow:

- **Sustainability & Improvements:** Recurring investments that contribute to the maintenance and improvement of our business. Construction and infrastructure plus projects related to academic model enhancement were the main relevant themes on this line;
- **Expansion:** Investments directly linked to revenues generation. Mais Médicos medicine schools and new dental labs concentrated investments on this area;
- **Transformational:** remains impacted by non-recurring projects such as document scanning systems, compliance to the regulatory framework and upgrade to the air conditioning system, as well as systems development within the scope of the customer loyalty project (Loyalty).



R\$ MM	3Q18	2Q19	3Q19
Current Assets	1,632.1	1,618.9	1,664.5
Cash and cash equivalents	8.6	19.4	10.1
Marketable securities	762.0	698.8	855.7
Accounts receivable	704.1	813.1	714.6
Advances to employees/third-parties	15.7	7.3	6.3
Prepaid expenses	8.1	11.5	9.3
Taxes and contributions	94.3	58.0	57.2
Others	39.4	10.7	11.4
Non-Current Assets	2,569.5	3,945.3	4,075.7
Long-Term Assets	564.3	661.7	729.4
Accounts receivable	167.1	206.6	262.6
Prepaid expenses	4.9	5.0	4.7
Judicial deposits	97.5	80.1	79.3
Taxes and contributions	91.5	192.7	192.8
Deferred taxes and others	203.3	177.4	190.0
Permanent Assets	2,005.2	3,283.5	3,346.4
Investments	0.2	0.2	0.2
Property and equipment	605.4	1,862.8	1,898.2
Intangible assets	1,399.6	1,420.4	1,447.9
Total Assets	4,201.7	5,564.2	5,740.2

R\$ MM	3Q18	2Q19	3Q19
Current Liabilities	812.6	650.0	683.1
Loans and financing	349.9	83.6	63.9
Leasing	-	165.5	188.7
Suppliers	113.0	122.0	140.7
Salaries and payroll charges	232.5	199.7	215.5
Tax liabilities	32.2	32.4	34.8
Prepaid monthly tuition fees	21.6	11.5	22.8
Advance of the current agreement	-	1.8	1.8
Taxes paid in installments	3.8	3.0	2.8
Acquisition price to be paid	49.4	17.4	3.3
Others	10.0	13.0	8.8
Long-Term Liabilities	265.8	1,880.5	1,865.1
Loans and financing	78.2	605.0	601.6
Contingencies	123.5	145.5	126.5
Leasing	-	1,040.3	1,046.1
Advance of agreement	-	16.1	15.6
Taxes paid in installments	7.1	6.0	5.8
Provision for asset demobilization	24.8	27.9	30.1
Deferred taxes	5.9	3.6	2.9
Acquisition price to be paid	5.6	15.0	15.2
Others	20.7	21.2	21.3
Shareholders' Equity	3,123.3	3,033.7	3,192.0
Capital	1,139.8	1,139.9	1,139.9
Share issue costs	(26.9)	(26.9)	(26.9)
Capital reserves	663.6	666.5	668.6
Earnings reserves	924.9	1,016.6	1,016.6
Period result	628.6	435.6	588.1
Treasury shares	(206.6)	(198.1)	(194.3)
Total Liabilities and Shareholders' Equity	4,201.7	5,564.2	5,740.2



INCOME STATEMENT BY BUSINESS UNIT

2019 in IFRS 16

OPERATION

FINANCIALS

APPENDIX

YDUQS

3Q19

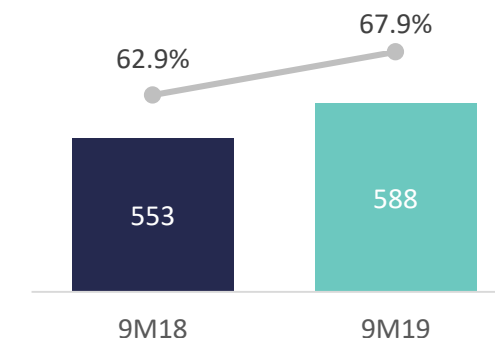
	On-Campus			Distance Learning			Corporate			Consolidated		
R\$ MM	3Q18	3Q19 IFRS 16	Δ%	3Q18	3Q19 IFRS 16	Δ%	3Q18	3Q19 IFRS 16	Δ%	3Q18	3Q19 IFRS 16	Δ%
Gross Revenues	1,171.9	1,170.3	-0.1%	228.4	311.7	36.5%	-	-	-	1,400.3	1,482.1	5.8%
Deductions from Gross Revenue	(455.6)	(513.2)	12.7%	(91.9)	(135.7)	47.6%	-	-	-	(547.4)	(648.9)	18.5%
Net Revenues	716.4	657.1	-8.3%	136.5	176.1	29.0%	-	-	-	852.9	833.1	-2.3%
Cost of Services	(347.0)	(346.2)	-0.2%	(18.5)	(23.2)	25.1%	-	-	-	(365.6)	(369.4)	1.1%
Personnel	(240.5)	(238.5)	-0.8%	(12.9)	(10.7)	-17.4%	-	-	-	(253.4)	(249.2)	-1.7%
Rents, municipal property tax & other	(59.3)	(11.3)	-81.0%	0.0	0.8	4498.9%	-	-	-	(59.3)	(10.5)	-82.3%
Third-party services and Others	(23.8)	(24.6)	3.3%	(5.5)	(12.4)	126.5%	-	-	-	(29.3)	(37.0)	26.4%
Depreciation and amortization	(23.4)	(71.9)	206.6%	(0.2)	(0.9)	434.5%	-	-	-	(23.6)	(72.7)	208.2%
Gross Profit	369.3	310.9	-15.8%	118.0	152.9	29.6%	-	-	-	487.3	463.7	-4.8%
<i>Gross Margin</i>	<i>51.6%</i>	<i>47.3%</i>	<i>-4.2 p.p.</i>	<i>86.4%</i>	<i>86.8%</i>	<i>0.4 p.p.</i>	-	-	-	<i>57.1%</i>	<i>55.7%</i>	<i>-1.5 p.p.</i>
Selling and G&A Expenses	(85.4)	(80.0)	-6.3%	(20.6)	(17.2)	-16.4%	(154.1)	(163.0)	5.7%	(260.1)	(260.2)	0.0%
Personnel	(1.1)	(2.3)	103.0%	(3.6)	(3.7)	4.3%	(37.5)	(41.9)	11.7%	(42.1)	(47.8)	13.5%
Advertising	-	-	N.A	-	-	N.A	(59.6)	(66.0)	10.8%	(59.6)	(66.0)	10.8%
Bad Debt	(44.5)	(29.4)	-33.8%	(14.1)	(9.1)	-35.5%	-	-	N.A	(58.6)	(38.5)	-34.2%
Other expenses	(36.7)	(44.0)	19.9%	(2.7)	(3.9)	48.3%	(36.6)	(34.0)	-7.1%	(76.0)	(82.0)	7.9%
Depreciation and amortization	(3.1)	(4.2)	38.1%	(0.3)	(0.5)	53.8%	(20.4)	(21.1)	3.2%	(23.8)	(25.8)	8.4%
Operating Profit	284.0	230.9	-18.7%	97.4	135.6	39.3%	(154.1)	(163.0)	5.7%	227.2	203.6	-10.4%
<i>Operating Margin (%)</i>	<i>39.6%</i>	<i>35.1%</i>	<i>-4.5 p.p.</i>	<i>71.3%</i>	<i>77.0%</i>	<i>5.7 p.p.</i>	-	-	-	<i>26.6%</i>	<i>24.4%</i>	<i>-2.2 p.p.</i>
EBITDA in IFRS 16	310.5	307.0	-1.1%	97.9	137.0	40.0%	(133.7)	(141.9)	6.1%	274.6	302.1	10.0%
<i>EBITDA Margin (%)</i>	<i>43.3%</i>	<i>46.7%</i>	<i>3.4 p.p.</i>	<i>71.7%</i>	<i>77.8%</i>	<i>6.1 p.p.</i>	-	-	-	<i>32.2%</i>	<i>36.3%</i>	<i>4.1 p.p.</i>
EBITDA ex-IFRS 16	310.5	254.0	-18.2%	97.9	136.3	39.2%	(133.7)	(142.5)	6.6%	274.6	247.9	-9.7%
<i>EBITDA Margin(%)</i>	<i>43.3%</i>	<i>38.7%</i>	<i>-4.7 p.p.</i>	<i>71.7%</i>	<i>77.4%</i>	<i>5.7 p.p.</i>	-	-	-	<i>32.2%</i>	<i>29.8%</i>	<i>-2.4 p.p.</i>



R\$MM	3Q18	3Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	3Q19 IFRS 16	9M18	9M19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma	9M19 IFRS 16
Profit before taxes	188,6	156,8	-16,8%	150,5	640,1	616,6	-3,7%	597,3
Adjustments to reconcile profit	165,8	110,7	-33,3%	171,3	548,1	472,3	-13,8%	655,0
Result after reconciliation to net cash generated	354,4	267,5	-24,5%	321,8	1.188,2	1.088,9	-8,4%	1.252,3
Changes in assets and liabilities	250,8	1,3	-99,5%	1,3	(293,2)	(501,1)	70,9%	(501,1)
Operating Cash Flow before CAPEX	605,2	268,8	-55,6%	323,1	895,0	587,8	-34,3%	751,2
Acquisition of property and equipment	(30,0)	(59,7)	98,8%	(59,7)	(78,2)	(131,3)	67,8%	(131,3)
Acquisition of intangible assets	(22,1)	(51,4)	132,5%	(51,4)	(49,8)	(100,4)	101,7%	(100,4)
Cash flow from investment activities	(9,0)	(14,2)	57,5%	(14,2)	(35,0)	(31,1)	-11,2%	(31,1)
Operating Cash Flow after CAPEX	544,1	143,6	-73,6%	197,9	732,0	325,0	-55,6%	488,5
Cash flow from financing activities	(174,6)	3,9	-102,2%	(50,4)	(485,9)	(277,3)	-42,9%	(440,7)
Free Cash Flow	369,5	147,5	-60,1%	147,5	246,1	47,7	-80,6%	47,7
Cash at the beginning of the year	401,0	718,3	79,1%	718,3	524,4	818,0	56,0%	818,0
increase (decrease) in cash and cash equivalents	369,5	147,5	-60,1%	147,5	246,1	47,7	-80,6%	47,7
Cash at the end of the year	770,4	865,8	12,4%	865,8	770,6	865,8	12,4%	865,8
EBITDA	274,6	247,8	-9,8%	302,1	878,8	865,4	-1,5%	1.028,8
Operating Cash Flow before CAPEX / EBITDA	220,4%	108,5%	-111,9 p.p.	107,0%	101,8%	67,9%	-33,9 p.p.	73,0%
Installment of PN23	342,1	-	-	-	342,1			
Operating Cash Flow before CAPEX ex-PN23/ EBITDA	95,8%	108,5%	12,7 p.p.	107,0%	62,9%	67,9%	5,0 p.p.	73,0%

Operating Cash Flow and Cash Conversion

(R\$MM; ex-IFRS 16)



Operational Cash Flow before CAPEX (OCF)

excluding the impact of IFRS 16 was positive at R\$268.8 million, posting a 55.6% decrease YoY chiefly due to effect of PN23 payment in 3Q18.

Excluding this effect, OCF variation would be positive in 2.2% YoY and the ratio of OCF/EBITDA before Capex would show an improve of 12.7 p.p. when compared to 3Q18, reaching 108.5%.

The Company ended the quarter with a solid cash position of R\$865.8 million, up by 12.4% when compared to the same quarter last year.


⁽¹⁾ Proforma numbers excluding the effect of IFRS 16 in 3Q19, for better comparison with 3Q18.

YDUQS

3Q18
subsequent events



YDUQS

ESTÁCIO PARTICIPAÇÕES S.A.

Publicly-Held Company

Corporate Taxpayer's ID (CNPJ ME) 08.807.432/0001-10

State Registry (NIRE) 33.3.0028205-0

MATERIAL FACT

Acquisition of Adtalem

Estácio Participações S.A. ("Company"; "YDUQS") - (B3: YDUQ3; OTC: YDUQY), pursuant to art. 157, §4 of the Law No 6,404/76 ("Brazilian Corporation Law") and in compliance with CVM instruction No. 358, hereby informs the market and the general public that, on October 18, 2019, its wholly-owned subsidiary Sociedade de Ensino Superior Estácio de Sá LTDA ("SESES") has executed a share purchase agreement to acquire 100% of Adtalem Brasil Holding S.A. ("Adtalem" and "Transaction", respectively).

The acquisition is transformational for the history of YDUQS, as it enables a significant expansion of the Company operation horizons. The combination of scale, investment capacity, technology and quality will lead to the creation of a unique operation that will transform higher education in Brazil.

More details regarding the Transaction, as follows:

Asset Description: Adtalem is the 10th largest private higher education group in Brazil with 102,000 enrolled students, 20 campuses and more than 180 distance learning centers all over the country, offering undergraduate, graduate, MBA and preparatory courses. Adtalem owns the brands Ibmecc, Wyden (FMF, Unimetrocamp, Facid, UniFBV, Facimp, UniRuy, Área 1, Unifavip, Unifanor and Faci), Damásio Educacional, SJT Med and Clio.

Quality: Adtalem's institutions enjoy academic excellence, distinguished quality and brand recognition. Ibmecc has a premium positioning, has been elected the best private business school in the country by the Student's Guide magazine for the last three years and enjoys relevant credentials such as an indication stamp from the Brazilian Bar Association (OAB) for its law courses. Wyden institutions are among the top three scores in IGC metric where it operates, with all of its courses ranked above 4 by the Ministry of Education. Damásio in turn, has one of the highest approval ratings in Brazilian Bar Association exams (law practice) and public tenders.

Distance Learning (DL): Adtalem has more than 180 distance learning centers, the vast majority being owned by partner franchisees.

Medical School: Adtalem has been awarded with two new Medical Schools under the "Mais Médicos II" Program (Ji-Paraná/RO and Açailândia/MA). The institutions selected by

YDUQS

the Ministry of Education will be allowed to offer 50 seats per year in each city. Adtalem currently operates a medical school (Facid) with approximately 580 students, 110 authorized seats per year and score 4 Course Concept.

Transaction Rationale: In addition to relevant operational synergies, Adtalem's acquisition objective is to transform YDUQS, allowing us to have a broader approach to education and an increased focus on accelerating growth. Besides more than 102,000 students, the transaction adds strong and complementary brands to YDUQS' portfolio, as well as valuable capabilities. We see in Adtalem's team the ideal partners to take a new step on the pedagogical vanguard of DL – further accelerating its expansion – and enriching our medicine and post-graduate courses. We also identify significant geographic complementarity, strengthening our presence in the North and Northeast regions. Acquired brands will be preserved.

Transaction Value and Payment Consideration: The Transaction consists in the acquisition of 100% of Adtalem's shares for an enterprise value of R\$ 1.92 billion ("EV"), plus the pro forma net cash position of R\$305 million in Adtalem as of June 30, 2019. The total amount shall be paid in cash due at closing. The Transaction's value includes a locked-box mechanism in which all cash generated from Adtalem's operations between June 30, 2019 and the closing date will remain in the acquired company. The price of the Transaction will be paid with a combination of existing cash and financing instruments.

Value Creation: The Transaction implies an EV/EBITDA multiple of 10x, based on the last 12 months ex-IFRS 16 EBITDA ended in June 30, 2019 and an EV/Student of R\$18.8 thousand.

Inapplicability of article 256 of Brazilian Corporation Law and Withdrawal Right: the Transaction will not be made by the Company, but by SESES, and thus, the approval of the Company's shareholders is not necessary under the terms of item 7.3, page 135 of the Circular Letter/CVM/SEP/nº3/2019, and no withdrawal right to the Company's shareholders is applicable.

Closing Conditions: The Transaction is not subject to any Company's shareholder vote, but is subject to customary precedent conditions and approval by the Administrative Council for Economic Defense - CADE.

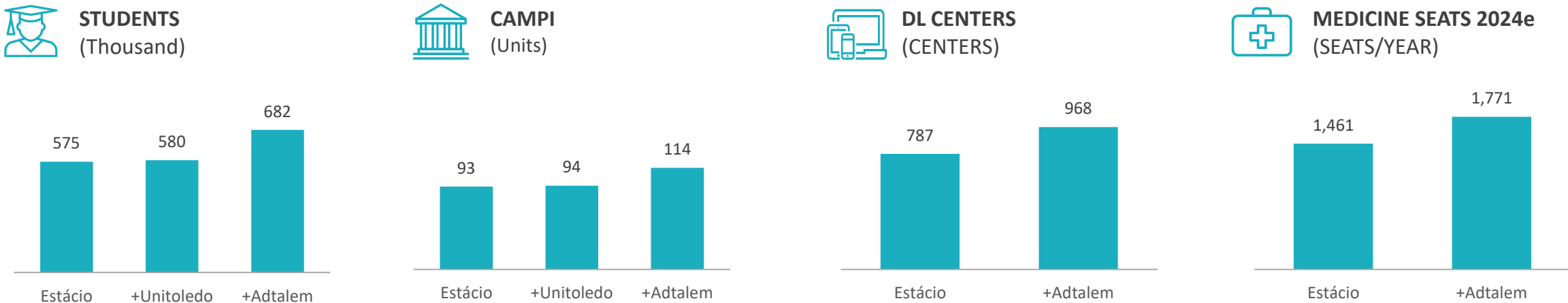
Rio de Janeiro, October 21st 2019

Gustavo Zeno
CFO and Investor Relation Officer

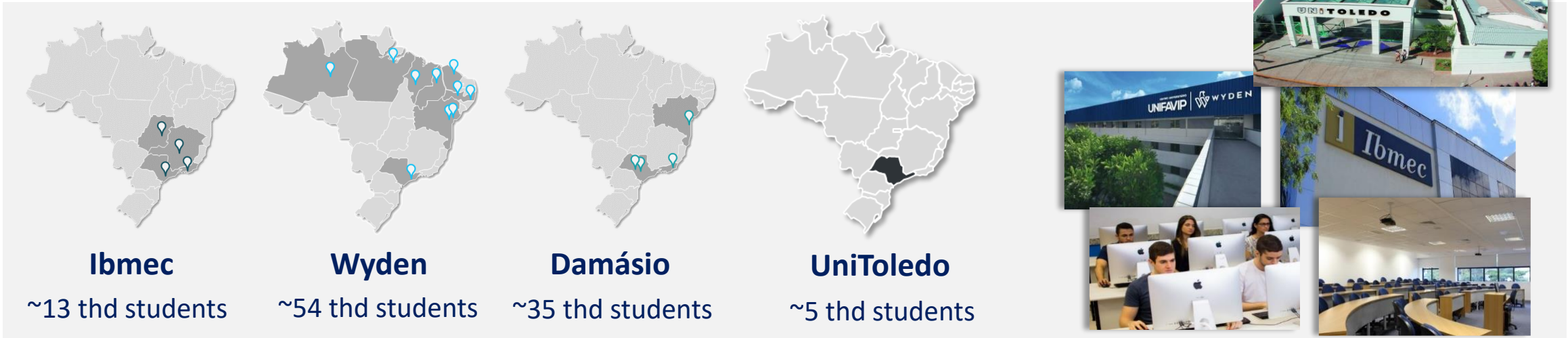


M&A: TRANSFORMATIONAL DEAL

LAST AVAILABLE ENTITY THAT ALLOWS COMBINATION OF SCALE AND QUALITY



Powerful combination of scale and quality



----- EBITDA R\$191 mlm ----- --- EBITDA R\$13 mlm ---



YDUQS

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