Estácio

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HIGHLIGHTS

2Q18 EARNINGS RELEASE

+5.5% y/y	+19.9% y/y	+11.3% y/y	+1.6p.p. y/y
Net Revenue	**Gross** Profit	**EBITDA** Adjusted	Ajusted **EBITDA** Margin
R$963.7 mn	R$ 536.1 mn	R$283.5 mn	29.4%

CASH AND CASH EQUIVALENTS

R$401 mn

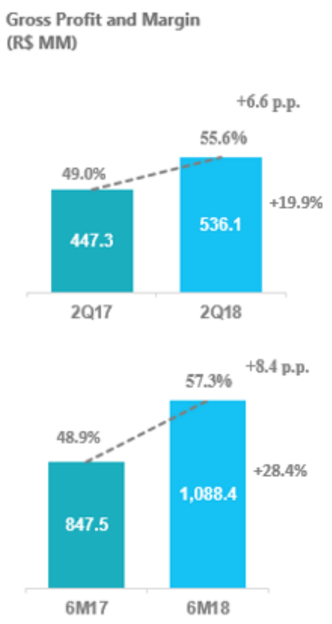
AVERAGE TICKET

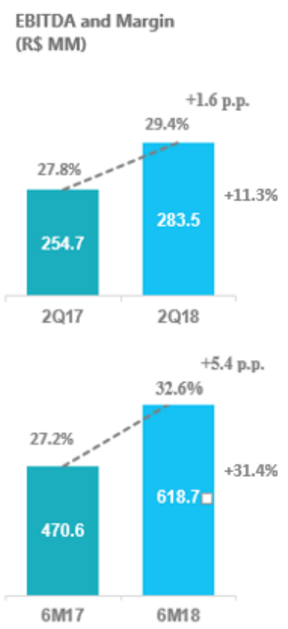
On-Campus:

+6.4%

Distance-Learning:

+14.4%





RETENTION RATE

On-Campus:

85.0% (+1.3 p.p.)

Distance-Learning:

80.9% (+5.0 p.p.)

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Rio de Janeiro, August 14, 2018 – **Estácio Participações S.A.** – "**Estácio**" or "**Company**" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTCQX: ECPCY) – announces its results for the second quarter of 2018 (2Q18), in comparison with the same period in 2017 (2Q17). 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

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Net Operating Revenue	913.4	963.7	5.5%	1,732.5	1,899.5	9.6%
Gross profit	447.3	536.1	19.9%	847.5	1,088.4	28.4%
Gross Margin(%)	*49.0%*	*55.6%*	*6.6 p.p.*	*48.9%*	*57.3%*	*8.4 p.p.*
EBITDA	254.0	274.1	7.9%	468.8	604.2	28.9%
EBITDA Margin(%)	*27.8%*	*28.4%*	*0.6 p.p.*	*27.1%*	*31.8%*	*4.7 p.p.*
Non-recurring Consulting [(1)]	-	6.4	N.A.	-	11.5	N.A.
Organizational Restructuring [(2)]	-	3.0	N.A.	-	3.0	N.A.
M&A Expenses	0.7	-	N.A.	1.8	-	N.A.
Adjusted EBITDA	254.7	283.5	11.3%	470.6	618.7	31.4%
Adjusted EBITDA Margin (%)	*27.8%*	*29.4%*	*1.6 p.p.*	*27.2%*	*32.6%*	*5.4 p.p.*
Net profit	166.3	236.9	42.5%	288.1	434.3	50.7%
Net Margin (%)	18.2%	24.6%	6.4 p.p.	16.6%	22.9%	6.2 p.p.

[(1)] *Strategic Sourcing and pricing consultancy. Recurring consultancy services are not considered for adjusted EBITDA.*
[(2)] *Business units Layoff payements due to our new operating model launched in april.*

Message from Management

Estácio continues focused on improving its operational performance, thanks to initiatives to ensure revenue growth and efficiency gains, in line with the strategy disclosed last year. **The company improved its operational performance, improving its gross margin from 48.9% on the first semester of 2017 to 57.3% on the first semester of 2018. The EBITDA margin reached 31.8% on 6M18, an increase of 4.7 p.p. compared to 27.1% on 6M17 (and 20.6% between '14-'16). Excluding the non-recurring effects, our EBITDA on 6M18 totalled R$618.7 million with a 32.6% margin, a 5.4p.p in relation to 6M17.** In terms of efficiency, we highlight our distance learning business that, despite a more challenging scenario, recorded an EBITDA margin of 74.4% in the first semester of 2018.

Estácio's consolidated student base climbed by 3.4% on 2Q17, due to strong growth in the distance-learning student base (+21.1%) and the significant improvement in retention rates (from

83.6% to 85.0% in the on-campus segment and from 75.9% to 80.9% in the distance-learning segment).

With a 100% online platform and a special structure to support partner centers, **Estácio was able to rapidly expand the network of accredited centers, which moved up from 238 at the close of 2Q17 to 451 at the close of 2Q18, a significant increase of 89.5%, or 213 centers, over 2Q17.** The expansion of distance-learning centers is one of Estácio's strategic priorities for the coming years and has been the Company's main growth driver, since Estácio is authorized to open up to 350 new centers per year, given its academic excellence. It is also worth noting the 57.9% growth in the Flex student base. The Flex segment is a distance-learning product that requires student to occasionally be present at our centers and has an average ticket of R$451.9, nearly double the average ticket of 100% online courses.

In addition to the strong growth in the distance-learning centers, Estacio is expanding the portfolio of courses in several units of on-campus. In the first semester, were offered 250 courses, and 2H18 will be offered more 81 new courses in this modality.

In terms of operational efficiency, it is worth noting the year-on-year increase of 20% in the second-quarter gross profit (a 6.6 p.p margin expansion), chiefly due to initiatives implemented over the last quarters, such as (i) the new faculty career plan, (ii) increased sharing of disciplines in the curriculum matrices and (iii) the new operation model where we centralized function and activities among our business units.

In addition to the initiatives presented in the last few ERs, the Company implemented new projects in order to further improve its operational efficiency. These projects are expected to begin showing significant results in the coming cycles and comprise:

- ***Strategic sourcing*:** Estácio restructured its entire supply department, whose main purpose is to optimize its 21 categories of the Company's global spending in order to obtain significant gains by reducing acquisition prices and the supplier base, as well as improving the quality of services delivered, ensuring better controls and quality service. The benefits of this initiative will be recurrently observed as of 2H18.
- ***Pricing:*** This initiative comprises: (i) strategic pricing review with greater granularity, through in-depth analyses of price elasticity; (ii) optimization of the commercial policy on discounts and scholarships during the intake and renewal cycle; and (iii) creation of tools to improve revenue management. Consequently, the Company has been investing in increasing its profitability and ability to approach the market on a granular basis by defining more specific strategies targeted at each student group and enabling effective communication in the markets it operates. The benefits of this project will be observed as from 2019.
- **Loyalty:** Consists of reducing academic dropout rates and financial evasion, increasing renewal rates and improving the student experience. We have already noticed tangible results of this initiative in the first-half dropout rates. The project consists in a detailed diagnostic that covers the students' entire journey based on the identification of the main dropout triggers and assessment of the Company's processes, as well as the detailing and implementation of initiatives

designed to prevent students from dropping out. More than 80 initiatives have already been identified, 20 of which were implemented in 6M18. We believe that dropout rates will significantly decline in the coming cycles, as was the case in 2Q18.

- **Collection Intelligence:** Aims at increasing overdue credit recovery volumes by improving the management of specialized collection firms, customizing initiatives for each overdue profile.

At the close of June 2018, Estácio's cash balance totaled R$401 million. On August 2nd, Estácio received the transfer of FIES' last installment of PN23, totaling R$342 million. As announced in the Company's monthly report (CVM358 Form), over the last three months, Estácio repurchased R$122.2 million in company's shares. Estácio has a solid financial position and is well positioned to seize organic and inorganic growth opportunities by taking advantage of its capital structure.

In July 2018, the rating agency S&P reaffirmed Estácio's rating at brAAA with a stable outlook: "We hope Estácio continues reporting strong cash generation, supported by the Company's efforts to increase its student base, combined with measures to reduce costs and better control expenses in the coming years".

That being said, Estácio begins 2H18 well positioned, with new expansion and efficiency gain projects, in addition to a solid capital structure to capture growth opportunities despite a more challenging scenario.

Operating Performance

Estácio closed 2Q18 with a total of 558,3 thousand students, 3.4% more than at the close of 2Q17, mainly due to the 21.1% increase in the distance-learning base and increase in the undergraduate on-campus ex-FIES base (+5,6%), both with lower dropout. It is worth noting that even in an unstable economic scenario and rising unemployment, the demand for undergraduate education remains high.

Table 1 – Total Student Base

'000	2Q17	2Q18	Change
Total Student Base	**539.9**	**558.2**	**3.4%**
On-Campus	**369.6**	**352.0**	**-4.8%**
Undergraduate	335.9	321.1	-4.4%
FIES	106.1	78.3	-26.2%
Ex-FIES	229.9	242.8	5.6 %.
Graduate	33.7	31.0	-8.1%
Distance Learning	**170.3**	**206.2**	**21.1%**
Undergraduate	124.7	156.8	25.7%
EAD 100%	111.9	136.6	22.1%
EAD Flex	12.8	20.2	57.9%
Graduate	45.6	49.3	8.3%
# Campuses	**95**	**94** (1)	**-1.1%**
On-Campus Students per Campus	3.891	3.785	-2.7%
# Distance Learning Centers	**238**	**451**	**89.5%**
Distance Learning Students per Center	716	457	-36.1%

(1) The new campus in Volta Redonda (RJ), which became operational in January 2018, ended the enrollment period with confirmed classes and is now included in the list of campuses"

On-Campus Undergraduate Segment

Estácio's on-campus undergraduate base totaled 321,1 thousand students at the close of 2Q18, 4.4% less than in 2Q17, due to the 26.2% declines in the FIES student bases. Excluding FIES students, the on-campus undergraduate student base increased by 5.6%.

The Loyalty program was designed to identify the likelihood of dropout per student by addressing the causes before students decide to quit. The results of these initiatives can already be observed, according to 6M18 results, and help mitigate the impact of the recent socioeconomic indicators.

Table 2 – Evolution of On-Campus Undergraduate Student Base

'000	2Q17	2Q18	Change
Students - Starting balance	**339.1**	**316.7**	**-6.6%**
Renewed [1]	2.4	3.6	47.7%
Enrollments	4.6	10.4	201.8%
Dropouts	(10.3)	(9.5)	-7.0%
Students - Ending Balance	**335.9**	**321.1**	**-4.4%**

Renewable Base+ Enrollments	401.6	378.0	-5.9%
Non – renewed + Dropout	(65.7)	(56.8)	-27.1%
Retention rate	**83.6%**	**85.0%**	**1.3 p.p.**

[1] Late renewals occurring in the second quarter (2Q).

FIES

We closed 2Q18 with a FIES student base of 78,3 thousand students, accounting for 24.4% of our on-campus undergraduate student base, 7.2 p.p. less than in 2Q17, essentially due to an upturn in the number of FIES students graduating as of 1Q17. In 2Q18, only 2.1% of the new on-campus undergraduate students entered via FIES, versus 6.8% in the previous year.

Table 3 – FIES Student Base

'000	2Q17	2Q18	Change
On-campus undergraduate base	335.9	321.1	-4.4%
FIES Students	**106.1**	**78.3**	**-26.2%**
% FIES Students	*31.6%*	*24.4%*	*-7.2 p.p.*

Table 4 – New FIES Contracts

'000	2Q17	2Q18	Change
Total Intake	96.9	90.0	-7.2%
Freshmen with FIES (until the end of the intake period)	4.8	1.2	-74.9%
% Intake via FIES	**4.9%**	**1.3%**	**-3.6 p.p.**
Freshmen with FIES (until the end of the semester)	6.6	1.9	-71.2%
% Intake via FIES	**6.8%**	**2.1%**	**-68.6%**
Senior students with FIES (new contracts)	1.3	1.0	-27.5%
New FIES contracts in the semester	**7.9**	**2.9**	**-63.9%**

PAR

In 2Q18, 15,3 thousand students used **Estácio's Installment Payment Program ("PAR")**, accounting for 4.8% of Estácio's on-campus undergraduate student base, a 2.7 p.p. increase over 1Q18, due to an upturn in the number of students enrolled in 6M18.

Table 5 – PAR Student Base

'000	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
PAR Starting Balance	**-**	**6.8**	**7.0**	**12.1**	**10.6**	**15.9**
Enrollments	6.8	0.2	5.1	-	8.2	0.6
No-renewed and dropouts [1]	-	-	-	(1.5)	(2.9)	(1.2)
PAR Ending Balance	**6.8**	**7.0**	**12.1**	**10.6**	**15.9**	**15.3**
% students PAR / undergraduate student base	1.9%	2.1%	3.8%	3.3%	5.0%	4.8%
% PAR Enrollments of the students	*7.4%*	*4.3%*	*10.1%*	-	*10.4%*	*5.8%*

[1] Of the 4,1 thousand students from the PAR student base who dropped out or did not re-enroll, 1,200 students changed the type of program but remained in Estácio's total student base in 6M18.

Table 6 – PAR Effect in EBITDA

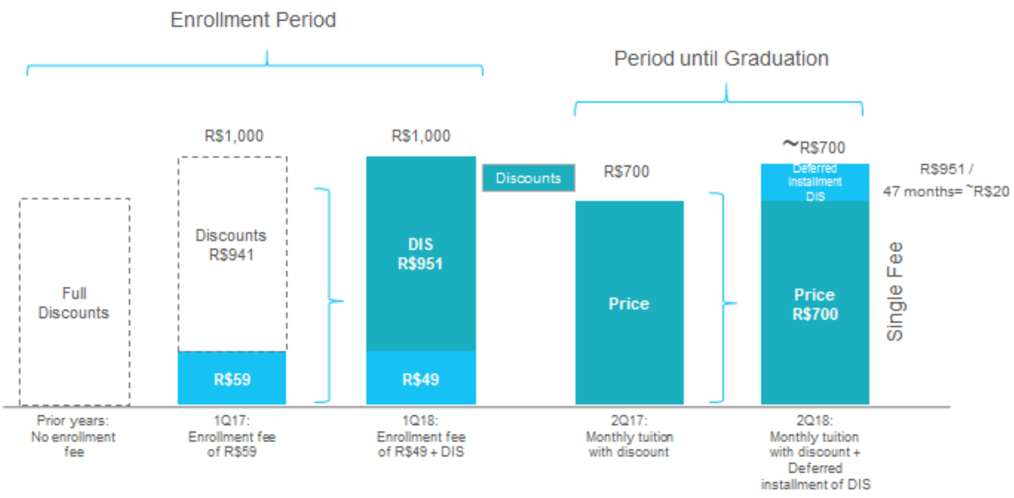
R$ MM	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Gross revenue paid in cash	5.4	7.9	13.8	13.3	26.3	30.4
Gross revenue paid in installments	15.1	16.7	22.4	18.6	27.2	28.0
Taxes - Revenue Deductions	(0.9)	(1.0)	(1.5)	(1.3)	(2.2)	(1.7)
Adjustment to Present Value (APV) - Revenue Deductions	(7.0)	(9.0)	(1.6)	6.4	(12.3)	(11.1)
PDA (50% provisioning)	(4.0)	(3.9)	(10.4)	(12.5)	(7.4)	(14.8)
PDA PAR no-renegotiated Dropouts [1]	-	-	-	-	(3.9)	(10.8)
EBITDA	**8.6**	**10.7**	**22.7**	**24.5**	**27.7**	**20.0**

[1] Since 2Q18, we also inform the line of PDA PAR no-renegotiated dropouts.

DIS

Aiming to continue expanding its sustainable student base, Estácio launched the Solidarity Dilution (DIS) campaign in the 1Q18 intake cycle. When joining the campaign, students pay R$49 in the month when they enroll and in the following months until they pay the entire retroactive amount since the first month of the enrollment period, subject to availability. The difference in relation to the full monthly tuition (i.e. offering no discounts, scholarships or exemptions) is diluted over the duration of the course. The charged amount is embedded in a single monthly fee, so that students will pay an amount corresponding to their regular monthly tuition plus the diluted portion of the DIS.

Theoretical Example – Monthly tuitions of R$1,000 one month after the implementation of the DIS program



In 2Q18, the DIS student base came to 114,5 thousand students, 62,0 thousand of whom from the on-campus undergraduate segment, 45,000 from the distance-learning undergraduate segment and 7,500 from the Flex undergraduate segment. DIS students accounted for 68.8% of the undergraduate intake in 6M18.

DIS had a positive impact of nearly R$46.2 million on net operating revenue and R$38.0 million on EBITDA in 2Q18. DIS revenue comprises: (i) an initial cash effect of R$49 from the enrollment of students in April; (ii) short-term accounts receivable (the next 12 months of the DIS installment payments); and (iii) long-term accounts receivable (from the 13th installment payment until graduation) which, based on accounting standards,adjusted to present value.

Table 7 – Evolution of the DIS Student Base per Segment*

'000	1Q18	2Q18
DIS Starting Balance	**N.A**	**106.0**
Total Enrollments	**110.1**	**18.0**
On-Campus	60.4	8.0
Distance Learning 100% Online	42.2	8.8
Flex	7.5	1.1
Dropout	**(4.1)**	**(9.4)**
On-Campus	(2.3)	(4.1)
Distance Learning 100% Online	(1.5)	(4.5)
Flex	(0.3)	(0.8)
DIS Ending Balance	**106.0**	**114.5**
On-Campus	58.1	62.0
Distance Learning 100% Online	40.7	45.0
Flex	7.2	7.5

** In 1Q18, some students were belatedly classified as DIS students, due to contractual processes to include students in the DIS program after the 1Q18 disclosure*.

Table 8 – DIS Effect in EBITDA

R$ MM	1Q18	2Q18
Gross revenue paid in cash	9.2	4.0
Gross revenue paid in installments [1]	146.6	47.7
Taxes - Revenue Deductions	(7.3)	(2.4)
Adjustment to Present Value (APV) [2]	(11.5)	(3.0)
PDA – (15% provisioning) [3]	(14.6)	(1.0)
PDA No renegotiated Dropouts [4]	-	(7.3)
EBITDA	122.4	38.0

(1) Revenue from deferred monthly tuitions.
(2) Restated installment payments based on the IPCA extended consumer price index, adjusted to present value in accordance with NTNB-2024.
(3) Calculated on the long-term receivables.
(4) Besides the 15% provision over the long term receivables, due to higher credit risk, Estácio provisions 100% of the receivables of students that dropout and do not renegotiate with the company. This criterion prizes by greater conservatism on the non-recovery of credit in past due.

Distance-Learning Undergraduate Segment

The second-quarter distance-learning undergraduate student base increased by 25.7% on 2Q17, to 156,8 thousand students, influenced by the expansion of new distance-learning centers (213 new centers, compared with the same period in 2017), which shows this segment's strategic commitment to growth.

Table 9 – Evolution of the Distance-Learning Undergraduate Base

'000	2Q17	2Q18	Change
Students - Starting Balance	**127.5**	**152.4**	**19.5%**
Graduates	(0.7)	(0.8)	22.4%
Renewable Base	**126.8**	**151.5**	**19.5%**
Renewed [1]	(1.2)	1.9 [1]	N.A
Enrollments	7.2	12.5	73.8%
Dropouts	(8.1)	(9.1)	11.9%
Students - Ending Balance	**124.7**	**156.8**	**25.7%**
Renewable Base + Enrollments (1º Semester)	165.3	195.0	17.9%
No-renewed + dropouts (1º Semester)	(39.9)	(37.3)	-6.6%
Retention Rate (%)	**75.9%**	**80.9%**	**5.0 p.p.**

[1] Late re-enrollments occurring in the second quarter (2Q18).

As of this quarter, Estácio is presenting the Flex student base, which climbed by 57.9% on 2Q17, to 20,2 thousand students. The second-quarter retention rate of the Flex segment moved up from 73.1% to 79.6%, an improvement of 6.5 p.p. Flex is a product that combines on-campus and lab classes with the flexibility of distance-learning education.

Table 10 – Evolution of the Flex Undergraduate Base

'000	2Q17	2Q18	Change
Students - Starting Balance	**13.1**	**20.2**	**54.1%**
Renewed[1]	**0.1**	0.2	169.9%
Enrollments	**0.4**	1.2	181.5%
Dropouts	**(0.8)**	(1.4)	72.9%
Students - Ending Balance	**12.8**	**20.2**	**57.9%**
Renewable Base + Enrollments (1º Semester)	17.5	25.4	45.0%
No-renewed + dropouts (1º Semester)	(4.7)	(5.2)	10.1%
Retention Rate (%)	**73.1%**	**79.6%**	**6.5 p.p.**

[1] Late re-enrollments occurring in the second quarter (2Q18).

The year-on-year distance-learning student base increased by 22.1% in 2Q18, to 136,6 thousand students.

Table 11 – Evolution of the 100% Distance-Learning Undergraduate Student Base

'000	2Q17	2Q18	Change
Students - Starting Balance	**114.4**	**132.1**	**15.5%**
Graduates	(0.7)	(0.8)	23.4%
Base renovável	**113.7**	**131.3**	**15.5%**
No-renewed	(1.2)	1.7 [1]	-237.6%
Enrollments	6.8	11.3	66.9%
Dropouts	(7.3)	(7.7)	5.0%
Students - Ending Balance	**111.9**	**136.6**	**22.1%**
Renewable Base + Enrollments (1º Semester)	147.8	169.5	14.7%
No-renewed + dropouts (1º Semester)	(35.2)	(32.1)	-8.8%
Retention Rate (%)	**76.2%**	**81.1%**	**4.9 p.p.**

[1] Late re-enrollments occurring in the second quarter (2Q18).

Graduate Segment

Estácio closed 2Q18 with 80,300 students enrolled in graduate programs, 1.3% up on 2Q17. Following the same trend of the on-campus undergraduate base, the increase in the distance-learning student base nearly compensated the decrease in on-campus student base.

Table 12 – Graduate Student Base

'000	2Q17	2Q18	Change
Graduate student base	**79.2**	**80.3**	**1.3%**
On-Campus	**33.7**	**31.0**	**-8.1%**
Own students	22.4	18.7	-16.4%
Franchise students	11.3	12.2	8.3%
Distance learning	**45.6**	**49.3**	**8.3%**
Own students	17.0	18.9	11.1%
Franchise students	28.6	30.5	6.6%

On-Campus Average Ticket

The year-on-year on-campus average ticket increased by 6.4% in 2Q18, to R$799.8, mainly due to the increase adjustment of senior students' monthly tuitions, in line with the inflation of Company costs, and the DIS Campaign.

Table 13 – Calculation of the Average Monthly Ticket – On-Campus

'000	2Q17	2Q18	Change
On-Campus Student Base	**369.6**	**352.0**	**-4.8%**
On-Campus Graduate Franchise Student Base*	(11.3)	(12.2)	8.3%
On-Campus Student Base Ex-Franchise Students *	**358.3**	**339.8**	**-5.2%**
On-Campus Gross Revenue (R$ million)	**1,249.2**	**1,292.5**	**3.5%**
On-Campus Deductions (R$ million)	(441.3)	(477.2)	8.1%
On-Campus Net Revenue (R$ million)	**807.9**	**815.3**	**0.9%**
On-Campus Average Ticket (R$)	**751.6**	**799.8**	**6.4%**
% Deductions / Gross Operating Revenue	*35.3%*	*36.9%*	*1.6 p.p.*

** 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 – On-Campus Undergraduate Program

'000	2Q17	2Q18	Change
On-Campus Undergraduate Student Base	**335.9**	**321.1**	**-4.4%**
On-Campus Undergraduate Gross Revenue (R$ million)	**1,218.3**	**1,264.5**	**3.8%**
On-Campus Undergraduate Deductions (R$ million)	(427.6)	(463.0)	8.3%
On-Campus Undergraduate Net Revenue (R$ million)	**790.7**	**801.5**	**1.4%**
On-Campus Undergraduate Average Ticket (R$)	**784.6**	**832.1**	**6.1%**
% Deductions / Gross Operating Revenue	*35.1%*	*36.6%*	*1.5 p.p.*

Table 15 – Calculation of the Average Monthly Ticket – On-Campus Graduate Program

'000	2Q17	2Q18	Change
On-Campus Graduate Own Student Base *	**22.4**	**18.7**	**-16.4%**
On-Campus Graduate Gross Revenue (R$ million)	**31.0**	**28.0**	**-9.7%**
On-Campus Graduate Gross Revenue (R$ million)	(13.8)	(14.2)	2.9%
On-Campus Graduate Net Revenue (R$ million)	**17.2**	**13.8**	**-19.8%**
On-Campus Graduate Average Ticket (R$)	**255.7**	**245.3**	**-4.1%**
% Deductions / Gross Operating Revenue	*44.5%*	*50.7%*	*6.2 p.p.*

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

Distance-Learning Average Ticket

In 2Q18, the distance-learning average ticket climbed by 14.4% on 2Q17, to R$273.7, nearly in line with the average ticket presented in 1Q18.

The distance-learning undergraduate average ticket increased by 14.0% in 2Q18, to R$282.5, while in the distance-learning graduate segment the increase was 14.5%, to R$200.9.

Table 16 – Calculation of the Average Monthly Ticket – Distance-Learning

'000	2Q17	2Q18	Change
Distance Learning Student Base	**170.3**	**206.2**	**21.1%**
Distance Learning Graduate Franchise Student Base *	(28.6)	(30.5)	6.6%
Distance Learning Student Base Ex-Franchise Students *	**141.7**	**175.7**	**24.0%**
Distance Learning Gross Revenue (R$ million)	**172.7**	**235.5**	**36.3%**
Distance Learning Deductions (R$ million)	(71.0)	(91.2)	28.4%
Distance Learning Net Revenue (R$ million)	**101.7**	**144.3**	**41.9%**
Distance Learning Average Ticket (R$)	**239.2**	**273.7**	**14.4%**
% Deductions / Gross Operating Revenue	*41.1%*	*38.7%*	*-2.4 p.p.*

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

Table 17 – Calculation of Average Monthly Ticket – Distance-Learning Undergraduate Segment

'000	2Q17	2Q18	Change
Distance Learning Undergraduate Student Base	**124.7**	**156.8**	**25.7%**
Distance Learning Undergraduate Gross Revenue (R$ million)	**159.6**	**215.9**	**35.3%**
Distance Learning Undergraduate Deductions (R$ million)	(66.8)	(83.0)	24.2%
Distance Learning Undergraduate Net Revenue (R$ million)	**92.8**	**132.9**	**43.3%**
Distance Learning Undergraduate Average Ticket (R$)	**247.9**	**282.5**	**14.0%**
% Deductions / Gross Operating Revenue	*41.9%*	*38.4%*	*-3.4 p.p.*

As of this quarter, Estácio is presenting the Flex Undergraduate Average Ticket, which reached R$451.9 in 2Q18. The 6.0% year-on-year decline in 2Q18 was due to price repositioning in the Flex segment, which contributed to the increase in the number of Flex enrollments. Please note that in 6M18, included in the segment's portfolio, offering 103 new courses.

Table 18 – Calculation of Monthly Average Ticket – Flex Undergraduate Segment

'000	2Q17	2Q18	Change
Flex Undergraduate Student Base	**12.8**	**20.2**	**57.9%**
Flex Undergraduate Gross Revenue (R$ million)	**30.4**	**45.5**	**49.6%**
Undergraduate Deductions Flex (R$ million)	(12.0)	(18.1)	51.2%
Flex Undergraduate Net Revenue (R$ million)	**18.4**	**27.4**	**48.5%**
Flex Undergraduate Average Ticket (R$)	**480.6**	**451.9**	**-6.0%**
% Deductions / Gross Operating Revenue	39.3%	39.8%	0.4 p.p.

Table 19 – Calculation of Monthly Average Ticket – 100% Distance-Learning Undergraduate Segment

'000	2Q17	2Q18	Change
Distance Learning 100% Undergraduate Student Base	**111.9**	**136.6**	**22.1%**
Distance Learning 100% Undergraduate Gross Revenue (R$ million)	**129.2**	**170.4**	**31.9%**
Distance Learning 100% Undergraduate Deductions (R$ million)	**(54.9)**	**(64.9)**	**18.3%**
Distance Learning 100% Undergraduate Net Revenue (R$ million)	**74.3**	**105.5**	**42.0%**
Distance Learning 100% Undergraduate Average Ticket (R$)	**221.3**	**257.4**	**16.3%**
% Deductions / Gross Operating Revenue	**42.5%**	**38.1%**	**-4.4 p.p.**

Table 20 – Calculation of Monthly Average Ticket – Distance-Learning Graduate Segment

'000	2Q17	2Q18	Change
Distance Learning Graduate Own Student Base *	**17.0**	**18.9**	**11.1%**
Distance Learning Graduate Gross Revenue (R$ million)	**13.1**	**19.6**	**49.2%**
Distance Learning Graduate Deductions (R$ million)	(4.2)	(8.2)	95.9%
Distance Learning Graduate Net Revenue (R$ million)	**8.9**	**11.4**	**27.3%**
Distance Learning Graduate Average Ticket (R$)	**175.4**	**200.9**	**14.5%**
% Deductions / Gross Operating Revenue	*31.9%*	*41.9%*	*10.0 p.p.*

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

Financial Performance

Table 21 – Income Statement

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Gross Operating Revenue	**1,426.3**	**1,534.0**	**7.6%**	**2,791.0**	**2,984.3**	**6.9%**
Monthly Tuition Fees	1,417.7	1,525.8	7.6%	2,770.8	2,965.8	7.0%
Others	8.6	8.3	-3.5%	20.2	18.5	-8.4%
Gross Revenue Deductions	**(512.9)**	**(570.3)**	**11.2%**	**(1,058.6)**	**(1,084.8)**	**2.5%**
Net Operating Revenue	**913.4**	**963.7**	**5.5%**	**1,732.5**	**1,899.5**	**9.6%**
Cost of Services	**(466.1)**	**(427.6)**	**-8.3%**	**(885.0)**	**(811.0)**	**-8.4%**
Personnel	(340.3)	(302.9)	-11.0%	(644.7)	(575.1)	-10.8%
Rentals / Real Estate Taxes Expenses	(64.2)	(63.3)	-1.4%	(127.4)	(121.7)	-4.5%
Textbooks Materials	(5.0)	(2.4)	-52.0%	(8.5)	(4.7)	-44.8%
Third-Party Services and Others	(27.3)	(28.5)	4.4%	(52.1)	(51.0)	-2.0%
Others	-	(6.9)	N.A	-	(11.3)	N.A
Depreciation and Amortization COGS	(29.3)	(23.6)	-19.5%	(52.4)	(47.1)	-10.1%
Gross Profit	**447.3**	**536.1**	**19.9%**	**847.5**	**1,088.4**	**28.4%**
Gross Margin	***49.0%***	***55.6%***	***6.6 p.p.***	***48.9%***	***57.3%***	***8.4 p.p.***
Selling. General and Administrative Expenses	**(245.5)**	**(306.7)**	**24.9%**	**(484.1)**	**(577.3)**	**19.3%**
Selling Expenses	**(115.6)**	**(155.5)**	**34.5%**	**(227.2)**	**(277.3)**	**22.1%**
Provisions for Doubtful Accounts	(65.3)	(120.1)	83.9%	(112.8)	(161.0)	42.7%
FIES Provisions for Doubtful Accounts	(0.3)	(0.3)	0.0%	(0.9)	(0.6)	-33.3%
Marketing	(50.0)	(35.1)	-29.8%	(113.5)	(115.7)	1.9%
General and Administrative Expenses	**(129.9)**	**(151.2)**	**16.4%**	**(256.8)**	**(300.0)**	**16.8%**
Personnel	(32.4)	(41.1)	26.9%	(71.9)	(83.5)	16.1%
Others	(73.0)	(85.9)	17.7%	(137.1)	(167.1)	21.9%
Depreciation	(24.6)	(24.3)	-1.2%	(47.8)	(49.4)	3.3%
Other operating revenues/expenses	(1.8)	(3.3)	83.3%	5.1	(3.4)	-166.7%
EBIT	**200.1**	**226.1**	**13.0%**	**368.6**	**507.7**	**37.7%**
EBIT Margin (%)	***21.9%***	***23.5%***	***1.6 p.p.***	***21.3%***	***26.7%***	***5.4 p.p.***
(+)Depreciation and amortization	53.9	48.0	-10.9%	100.2	96.5	-3.7%
EBITDA	**254.0**	**274.1**	**7.9%**	**468.8**	**604.2**	**28.9%**
EBITDA Margin (%)	***27.8%***	***28.4%***	***0.6 p.p.***	***27.1%***	***31.8%***	***4.7 p.p.***
Adjusted EBITDA*	**254.7**	**283.5**	**11.3%**	**470.6**	***618.7***	**31.4%**
Adjusted EBITDA Margin(%)*	***27.8%***	***29.4%***	***1.6 p.p.***	***27.2%***	***32.6%***	***5.4 p.p.***
Financial Result	(22.7)	(30.1)	32.6%	(60.3)	(56.2)	-6.8%
Depreciation and Amortization	(53.9)	(48.0)	-10.9%	(100.2)	(96.5)	-3.7%
Social Contribution	(3.2)	10.5	-428.1%	(5.7)	(5.1)	-10.5%
Income Tax	(7.9)	30.3	-483.5%	(14.5)	(12.1)	-16.6%
Net Income	**166.3**	**236.9**	**42.5%**	**288.1**	**434.3**	**50.7%**
Net Income margin (%)	***18.2%***	***24.6%***	***6.4 p.p.***	***16.6%***	***22.9%***	***6.3 p.p.***

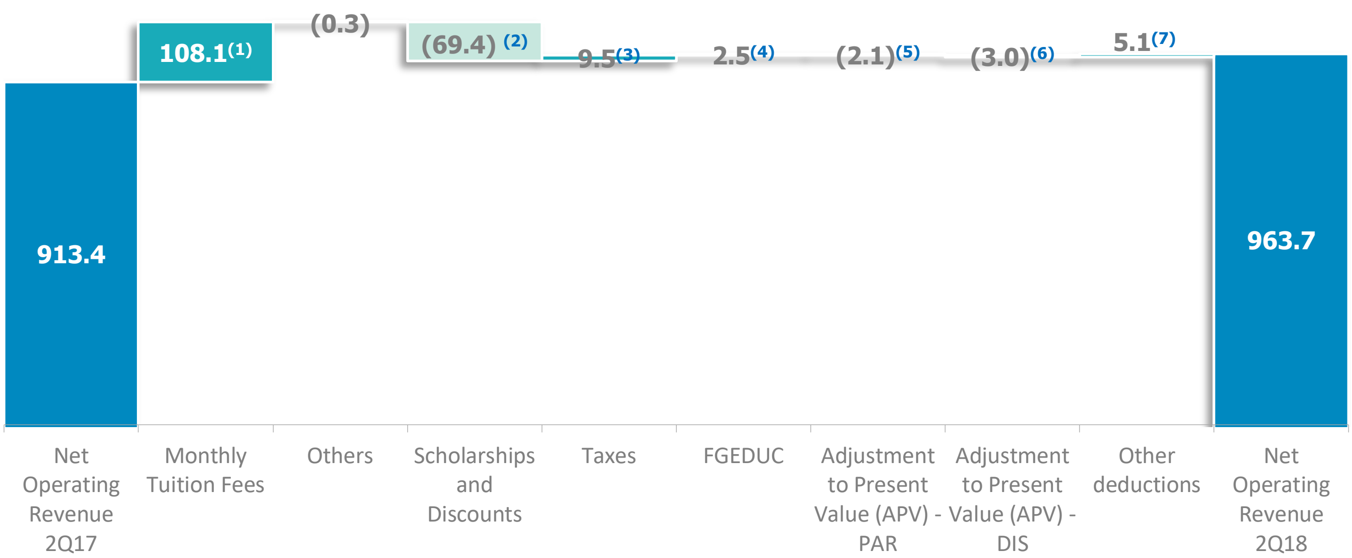
** Ajusted for non-recurringefects in 2Q1:8 costs of strategic Sourcing and Pricing Consulting (consultancies of recurrent use by the compaby were not considered); and Termination of administrative employees in the units, due to the new Operaional Model, of the units implemented in April. And in 2Q1, ajusted for non-recurring M&A expenses.*

Consolidated Operating Revenue

Table 22 – Breakdown of Operating Revenue

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Gross Operating Revenue	**1,426.3**	**1,534.0**	**7.6%**	**2,791.0**	**2,984.3**	**6.9%**
Monthly Tuition Fees	1,417.7	1,525.8	7.6%	2,770.8	2,965.8	7.0%
Others	8.6	8.3	-3.5%	20.2	18.5	-8.4%
Gross Revenue Deductions	**(512.9)**	**(570.3)**	**11.2%**	**(1,058.6)**	**(1,084.8)**	**2.5%**
Scholarships and Discounts	(431.3)	(500.7)	16.1%	(905.0)	(918.4)	1.5%
Taxes	(42.2)	(32.7)	-22.5%	(78.8)	(83.9)	6.5%
FGEDUC	(25.2)	(22.7)	-9.9%	(49.3)	(44.4)	-9.9%
Adjustment to Present Value (APV) PAR	(9.0)	(11.1)	23.3%	(16.0)	(23.5)	46.9%
Adjustment to Present Value (APV) DIS	-	(3.0)	N.A.	-	(14.6)	N.A.
Other deductions (Repasses a parceiros)	(5.1)	-	N.A.	(9.4)	-	N.A.
Net Operating Revenue	**913.4**	**963.7**	**5.5%**	**1,732.5**	**1,899.5**	**9.6%**

Chart 1 – Net Operating Revenue



Net operating revenue totaled R$963.7 million in 2Q18, 5.5% up on 2Q17, mainly explained by:

(1) The R$108.1 million upturn in revenue from monthly tuitions, 7.6% up on 2Q17, due to the increase in average ticket and improved student retention rates;
(2) The R$69.4 million increase in discounts and scholarships, due to the maturation of students who joined Estácio after the change in the Company's pricing strategy. The effect of this strategy is offset by the upturn in gross revenue;
(3) The R$9.5 million decrease in taxes, due to the reversal of PIS and COFINS recorded in 1Q18, resulting from the temporary effect of the loss of the ProUni benefit (more details in the "Net Income" item), as detailed in the 1Q18 earnings release;
(4) The R$2.5 million decrease in FGEDUC, due to a reduction in the FIES student base;
(5) The R$2.1 million increase in the Adjustment to Present Value (APV) of receivables from Estácio's Installment Payment program (PAR), due to the upturn in the student base. As of 1Q18, Estácio changed the calculation of APV and started using a long-term discount rate;
(6) The R$3.0 million increase due to the adjustment to present value (APV) of receivables from the Solidarity Dilution campaign (DIS), started in 1Q18.
(7) The "Other deductions" line, composed of the transfer to distance-learning partner centers, was reclassified to "Others" under Cost of Services as of 1Q18. Consequently, the R$5.1 million variation corresponds to the 2Q17 transfer from partner centers.

Cash Cost of Services

Table 23 – Breakdown of Cost of Services

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Cost of Services	**(466.1)**	**(427.6)**	**-8.3%**	**(885.0)**	**(811.0)**	**-8.4%**
Depreciation and amortization	29.3	23.6	-19.5%	52.4	47.1	-10.1%
Cash Cost of Services	**(436.8)**	**(404.0)**	**-7.5%**	**(832.6)**	**(763.9)**	**-8.3%**
Personnel	(340.3)	(302.9)	-11.0%	(644.7)	(575.1)	-10.8%
Salaries and Payroll Charges	(283.2)	(258.5)	-8.7%	(533.8)	(490.0)	-8.2%
Brazilian Social Security Institute (INSS)	(57.1)	(44.4)	-22.2%	(110.9)	(85.1)	-23.3%
Electricity. Water. gas and telephone	(12.0)	(13.1)	9.2%	(21.3)	(20.9)	-1.9%
Rentals / Real Estate Taxes Expenses	(64.2)	(63.3)	-1.4%	(127.4)	(121.7)	-4.5%
Post and Pouch	(1.1)	(0.5)	-54.5%	(1.7)	(0.9)	-47.1%
Textbooks Materials	(3.9)	(1.9)	-51.3%	(6.8)	(3.8)	-44.1%
Third-Party Services - security and cleaning	(15.4)	(15.5)	0.6%	(30.8)	(30.1)	-2.3%
Others	-	(6.9)	N.A.	-	(11.3)	N.A.

** Labor agreements and judgments, recorded as personnel costs and expenses in 6M17, are recorded as general and administrative expenses under provision for contingencies as of 6M18.*

Table 24 – Vertical Analysis of Cost of Services

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Cost of Services	**-51.0%**	***-44.4%***	***6.7 p.p.***	**-51.1%**	**-42.7%**	***8.4 p.p.***
Depreciation and amortization	**3.2%**	*2.4%*	*-0.8 p.p.*	3.0%	2.5%	*-0.5 p.p.*
Cash Cost of Services	**-47.8%**	***-41.9%***	***5.9 p.p.***	**-48.1%**	**-40.2%**	***7.8 p.p.***
Personnel	-37.3%	-31.4%	*5.8 p.p.*	-37.2%	-30.3%	*6.9 p.p.*
Salaries and Payroll Charges	-31.0%	-26.8%	*4.2 p.p.*	-30.8%	-25.8%	*5.0 p.p.*
Brazilian Social Security Institute (INSS)	-6.3%	-4.6%	*1.6 p.p.*	-6.4%	-4.5%	*1.9 p.p.*
Electricity. Water. gas and telephone	-1.3%	-1.4%	-0.1 p.p.	-1.2%	-1.1%	0.1 p.p.
Rentals / Real Estate Taxes Expenses	-7.0%	-6.6%	0.5 p.p.	-7.4%	-6.4%	0.9 p.p.
Post and Pouch	-0.1%	-0.1%	0.1 p.p.	-0.1%	0.0%	0.1 p.p.
Textbooks Materials	-0.4%	-0.2%	0.2 p.p.	-0.4%	-0.2%	0.2 p.p.
Third-Party Services - security and cleaning	-1.7%	-1.6%	0.1 p.p.	-1.8%	-1.6%	0.2 p.p.
Others	0.0%	-0.7%	-0.7 p.p.	0.0%	-0.6%	-0.6 p.p.

The **cash cost of services** accounted for 41.9% of net operating revenue in 2Q18, a 5.9 p.p. margin gain on 2Q17, essentially due to the Personnel line, as a result of the implementation of the new faculty career plan and the higher sharing of disciplines in the curriculum matrices, which continue in line with the significant gains recorded in 1Q18. The other ongoing measures aimed at optimizing the management of faculty costs are:

- **Alternate route:** During the creation of the classes, new students can enroll in senior students' classes that do not have prerequisites;
- **Increased offer of equivalent disciplines:** Optimization of the academic planning by offering equivalent disciplines to students from different courses, thus reducing the offer of exclusive disciplines and increasing the average occupation of ongoing classes;
- **Offer of probation classes:** Increased offer of probation classes to students who have failed such disciplines, thus removing this prerequisite so that students may enroll in regular disciplines.

In 2Q18, the Personnel line was impacted by R$3.0 million non recurring costs, due to the termination of administrative employees in april. The structure was optimized following internal headcount efficiency benchmarking efforts, with calculation of unit target size and implementation of appropriate quality service standards. Excluding this impact, the Personnel line accounted for 31.1% of net operating revenue, a 6.1 p.p. margin gain. We highlight that the layoffs will significantly reduce our expenses over the next quarters.

In the distance-learning segment, the Company implemented initiatives to improve teachers' efficiency and response time in interactions with students, which increased the average number of students per class by 30.5% without affecting the quality of the services provided. The same initiatives implemented in distance-learning disciplines have also benefitted the online disciplines offered in the on-campus segment.

In addition to the improved management of personnel costs, the 0.5 p.p. margin reduction in rental costs also contributed to a margin gain in the quarter, due to the closing of 10 campuses in the last 12 months.

Gross Profit

Gross profit growth 19.9% and accounted for 55.6% of net operating revenue in 2Q18, a 6.6 p.p. margin gain on 2Q17, due to the 8.3% decline in Cost of services, as a result of the efficiency gain in Personnel costs which reflects the organizational restructuring that took place in the end of 2017 where we reviewed our teaching model and improvements in academic planning as abovementioned.

Table 25 – Statement of Gross Income

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Net Operating Revenue	913.4	963.7	5.5%	1,732.5	1,899.5	9.6%
Cost of Services	(466.1)	(427.6)	-8.3%	(885.0)	(811.0)	-8.4%
Gross Profit	**447.3**	**536.1**	**19.9%**	**847.5**	**1,088.4**	**28.4%**
Gross Margin	49.0%	55.6%	6.6 p.p.	48.9%	57.3%	8.4 p.p.
Depreciation and amortization	29.3	23.6	-19.5%	52.4	47.1	-10.1%
Cash Gross Profit	**476.6**	**559.7**	**17.4%**	**899.9**	**1,135.5**	**26.2%**
Cash Gross Margin	52.1%	58.0%	5.9 p.p.	51.9%	59.8%	7.9 p.p.

Selling Expenses

Table 26 – Breakdown of Selling Expenses

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Selling Expenses	**(115.6)**	**(155.5)**	**34.5%**	**(227.2)**	**(277.3)**	**22.1%**
PDA	**(65.3)**	**(120.1)**	**83.9%**	**(112.8)**	**(161.0)**	**42.7%**
Monthly Students	(61.5)	(85.3)	38.7%	(105.0)	(99.7)	-5.0%
PAR	(3.8)	(14.8)	289.5%	(7.9)	(22.6)	186.1%
PAR dropout not negotiated	-	(10.8)	N.A.	-	(14.7)	N.A.
DIS	-	(1.0)	N.A.	-	(15.6)	N.A.
DIS dropout not negotiated	-	(7.3)	N.A.	-	(7.3)	N.A.
Outros	-	(0.9)	N.A.	-	(1.1)	N.A.
FIES Provisioning	**(0.3)**	**(0.3)**	**0.0%**	**(0.9)**	**(0.6)**	**-33.3%**
Marketing	**(50.0)**	**(35.1)**	**-29.8%**	**(113.5)**	**(115.7)**	**1.9%**

Table 27 – Vertical Analysis of Selling Expenses

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Selling Expenses	-12.7%	-16.1%	*-3.5 p.p.*	-13.1%	-14.6%	*-1.5 p.p.*
PDA	**-7.1%**	**-12.5%**	***-5.3 p.p.***	**-6.5%**	**-8.5%**	***-2.0 p.p.***
Monthly Students	-6.7%	-8.9%	*-2.2 p.p.*	-5.8%	-5.2%	*0.6 p.p.*
PAR	-0.4%	-1.5%	*-1.1 p.p.*	-0.5%	-1.2%	*-0.7 p.p.*
PAR dropout not negotiated	-	-1.1%	N.A.	-	-0.8%	N.A.
DIS	-	-0.1%	N.A.	-	-0.8%	N.A.
DIS dropout not negotiated	-	-0.8%	N.A.	-	-0.4%	N.A.
Outros	0.0%	-0.1%	N.A	-0.2%	-0.1%	N.A
FIES Provisioning	**0.0%**	**0.0%**	**0.0 p.p.**	**-0.1%**	**0.0%**	**0.0 p.p.**
Marketing	**-5.5%**	**-3.6%**	**1.8 p.p.**	**-6.6%**	**-6.1%**	**0.5 p.p.**

Selling expenses accounted for 16.1% of net operating revenue in 2Q18, a 3.5 p.p. margin loss on 2Q17, mainly due to the 5.3 p.p. increase in Allowance for Doubtful Accounts (PDA).

In this context, until December 31, 2017, Estácio accrued 100% of the monthly tuitions overdue by more than 180 days.

As of January 1, 2018, Estácio has been using the new standard on financial instruments (IFRS9 – CPC 48) for students who pay monthly tuition, based on the concept of expected loss at the moment of revenue recognition, which increases according to the aging of accounts receivable.

Thus, Estácio's first-quarter allowance for doubtful accounts was lower, underlined by:

- In order to complete the enrollment of new students and senior students in the first quarter, the first fee of the semester must be paid. This event marks the beginning of the student's billing history and no accounts receivable will be generated for this monthly tuition; and
- The accounts receivable recognized in the short term (12 months), referring to the 106,000 students who joined the DIS program in 1Q18, corresponds to approximately 25% of the total monthly tuitions paid in installments only (assuming a 4 year long program).

The quarter-on-quarter increase in the PDA was due to a seasonal upturn in accounts receivable given that the above-mentioned facts do not occur in the second quarter. Moreover, second-quarter PDA was affected by:

- The 8,300 students who joined Estácio's PAR financing program (54.2% of the PAR total base) in 2Q18, compared with 2Q17 ,provisioning 50% of the long-term net income of AVP;
- The R$10.8 million impact from the 2,900 PAR students who dropped out or did not re-enroll in the semester. After trying to negotiate with a PAR student with overdue monthly installments who dropped out or did not re-enroll, Estácio completes the provision to 100% of the total balance receivable; This criterion prize by conservatism on the non-recovery of credit in past due, although

the balance continues due contractually and the negotiations continue with the student some expectation of recovery

- The R$1.0 million impact due to the provision of 15% on revenue, net of APV, of the diluted monthly tuition of students who joined the Solidarity Dilution campaign (DIS); and
- The R$7.3 million impact from the dropout of DIS students. It is worth noting that regarding the dropout of DIS students, as mentioned in the latest earnings release, after trying to negotiate with a student with overdue monthly installments, the Company completes the provision to 100% of the student's total balance receivable. This criterion prize by conservatism on the non-recovery of credit in past due
- The impacts mentioned initially presented a variation in the PDA of the monthly in the second quarter, but this effect in smoothed when analyze the semester.

Advertising expenses posted a **margin gain** of 1.8 p.p. in 2Q18, accounting for 3.6% of net revenue. Online media investments increased in 1Q18 to strengthen the enrollment campaigns, due to the World Cup calendar that generated a reducing expenses this quarter. In 6M18, the margin gain came to 0.5 p.p.

General and Administrate Expenses

The second-quarter **general and administrative cash expenses** accounted for 13.2% of net operating revenue in 2Q18, a 1.6 p.p. margin loss compared with 2Q17, essentially due to the 1.2 p.p. margin loss with third-party service expenses, from higher non-recurring advisory expenses, which impacted this line by R$6.4 million in 2Q18 and R$11.5 million in 6M18.

As previously mentioned, the Company has been working on projects to increase performance, which incurring one-off expenses with third parties. Excluding this non-recurring expense, **general and administrative cash expenses** accounted for 12% of net operating revenue, a margin loss of 0.5 p.p. only.

Table 28 – Breakdown of Selling, General and Administrative Expenses

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Selling. General and Administrative Cash Expenses	(105.3)	(126.9)	20.5%	(209.0)	(250.6)	19.9%
Personnel	(32.4)	(41.1)	26.9%	(71.9)	(83.5)	16.1%
Salaries and Payroll Charges	(27.0)	(34.3)	27.0%	(61.5)	(70.9)	15.3%
Brazilian Social Security Institute (INSS)	(5.3)	(6.8)	28.3%	(10.3)	(12.6)	22.3%
Others	(73.0)	(85.9)	17.7%	(137.1)	(167.1)	21.9%
Third-Party Services	(18.6)	(31.2)	67.7%	(39.0)	(60.8)	55.9%
Consumable Material	(0.8)	(0.6)	-25.0%	(1.4)	(1.0)	-28.6%
Maintenance and Repair	(8.6)	(10.4)	20.9%	(18.2)	(19.8)	8.8%
Provision for Contingencies	(24.5)	(24.0)	-2.0%	(43.8)	(49.5)	13.0%
Provision for Contingencies	(5.5)	(4.3)	-21.8%	(6.7)	(19.5)	191.0%
Settled Sentences	(19.0)	(19.7)	3.7%	(37.1)	(30.0)	-19.1%
Educational Agreements	(2.4)	(4.2)	75.0%	(4.7)	(8.7)	85.1%
Travel and Lodging	(2.8)	(1.7)	-39.3%	(4.4)	(3.1)	-29.5%
Institutional Events	(1.4)	(1.0)	-28.6%	(1.6)	(1.3)	-18.8%
Graphic Services	(1.4)	(0.9)	-35.7%	(2.4)	(1.8)	-25.0%
Insurance	(2.4)	(2.5)	4.2%	(4.2)	(4.4)	4.8%
Cleaning Supplies	(1.0)	(0.8)	-20.0%	(1.6)	(1.4)	-12.5%
Transportation	(1.5)	(1.2)	-20.0%	(2.7)	(2.4)	-11.1%
Car Rental	(1.0)	(1.1)	10.0%	(1.6)	(1.9)	18.8%
Others	(6.5)	(6.4)	-1.5%	(11.4)	(10.9)	-4.4%
Depreciation and amortization	(24.6)	(24.3)	-1.2%	(47.8)	(49.4)	3.3%
Other income/operating expenses	(1.8)	(3.3)	83.3%	5.1	(3.4)	N.A

(1) Impact of R$6.4 million in 2Q18 and R$11.5 million in 6M18, due to non-recurring advisory expenses.
(2) Labor agreements and judgments, recorded as personnel costs and expenses in 6M17, are recorded as general and administrative expenses under provision for contingencies as of 6M18

Table 29 – Vertical Analysis of Selling, General and Administrative Expenses

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Selling. General and Administrative Cash Expenses	**-11.5%**	**-13.2%**	**-1.6 p.p.**	**-12.1%**	**-13.2%**	**-1.1 p.p.**
Personnel	-3.5%	-4.3%	-0.7 p.p.	-4.2%	-4.4%	-0.2 p.p.
Salaries and Payroll Charges	-3.0%	-3.6%	-0.6 p.p.	-3.5%	-3.7%	-0.2 p.p.
Brazilian Social Security Institute (INSS)	-0.6%	-0.7%	-0.1 p.p.	-0.6%	-0.7%	-0.1 p.p.
Others	-8.0%	-8.9%	-0.9 p.p.	-7.9%	-8.8%	-0.9 p.p.
Third-Party Services	-2.0%	-3.2%	-1.2 p.p.	-2.3%	-3.2%	-1.0 p.p.
Consumable Material	-0.1%	-0.1%	0.0 p.p.	-0.1%	-0.1%	0.0 p.p.
Maintenance and Repair	-0.9%	-1.1%	-0.1 p.p.	-1.1%	-1.0%	0.0 p.p.
Provision for Contingencies	-2.7%	-2.5%	0.2 p.p.	-2.5%	-2.6%	*-0.1 p.p.*
Provision for Contingencies	-0.6%	-0.4%	0.2 p.p.	-0.4%	-1.0%	*-0.6 p.p.*
Settled Sentences	-2.1%	-2.0%	0.1 p.p.	-2.1%	-1.6%	*0.6 p.p.*
Educational Agreements	-0.3%	-0.4%	-0.2 p.p.	-0.3%	-0.5%	-0.2 p.p.

Travel and Lodging	-0.3%	-0.2%	0.1 p.p.	-0.3%	-0.2%	0.1 p.p.
Institutional Events	-0.2%	-0.1%	0.1 p.p.	-0.1%	-0.1%	0.0 p.p.
Graphic Services	-0.2%	-0.1%	0.1 p.p.	-0.1%	-0.1%	0.0 p.p.
Insurance	-0.3%	-0.3%	0.0 p.p.	-0.2%	-0.2%	0.0 p.p.
Cleaning Supplies	-0.1%	-0.1%	0.0 p.p.	-0.1%	-0.1%	0.0 p.p.
Transportation	-0.2%	-0.1%	0.0 p.p.	-0.2%	-0.1%	0.0 p.p.
Car Rental	-0.1%	-0.1%	0.0 p.p.	-0.1%	-0.1%	0.0 p.p.
Others	-0.7%	-0.7%	0.0 p.p.	-0.7%	-0.6%	0.1 p.p.
Depreciation and amortization	-2.7%	-2.5%	0.2 p.p.	-2.8%	-2.6%	0.2 p.p.
Other income/operating expenses	-0.2%	-0.3%	-0.1 p.p.	0.3%	-0.2%	-0.5 p.p.

EBITDA

Table 30 – Financial Indicators

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Net Operating Revenue	**913.4**	**963.7**	**5.5%**	**1,732.5**	**1,899.5**	**9.6%**
Cost cash of services	(436.8)	(404.0)	-7.5%	(832.6)	(763.9)	-8.3%
Selling. C&A expenses - Cash	(220.9)	(282.4)	27.8%	(436.2)	(527.9)	21.0%
Other operationg revenue	(1.8)	(3.3)	83.3%	5.1	(3.4)	-166.7%
EBITDA	**254.0**	**274.1**	**7.9%**	**468.8**	**604.2**	**28.9%**
EBITDA Margin (%)	***27.8%***	***28.4%***	***0.6 p.p.***	***27.1%***	***31.8%***	***4.7 p.p.***
Non-recurring Consulting (1)	-	6.4	N.A.	-	11.5	N.A.
Organizational Restructuring (2)	-	3.0	N.A.	-	3.0	N.A.
M & A Expenses	0.7	-	N.A.	1.8	-	N.A.
Adjusted EBITDA	**254.7**	**283.5**	**11.3%**	**470.6**	***618.7***	**31.4%**
Adjusted EBITDA Margin (%)	***27.8%***	***29.4%***	***1.6 p.p.***	***27.2%***	***32.6%***	***5.4 p.p.***

In 2Q18, Estacio EBITDA reached R$274.1million and a margin of 28.4%. Excluding non-recurring effects on the quarter: (1) 6,4 million due to consultancy consulting firm expenses, due major efficiency projects that Estácio has been working on and expecting results in the coming semesters; and (2) R$ 3.0 million referring to the termination of administrative employees in the units, as mentioned previously, **EBITDA** for the quarter would total **R$ 283.5 million**, with an **EBITDA margin of 29.4%** and an increase of 1.6 p.p. over that presented in 2Q17.

In 6M18, The Estácio presented **adjusted EBITDA margin of the 32.6% (+4.7 p.p.),** essentially due to the 6.9 p.p. efficiency gain in personnel costs and margin gain in the rentals line, due to the merger of units in the last 12 months. Excluding non-recurring effects, our adjusted **EBITDA reached R$618,7**.

Financial Result

Table 31 – Breakdown of the Financial Result

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Financial Revenue	**23.5**	**20.9**	**-11.1%**	**54.9**	**48.5**	**-11.7%**
Fines and interest charged	4.0	5.1	28.5%	14.0	14.9	6.0%
Inflation adjustment to FIES receivables	1.6	5.6	253.5%	6.1	8.4	37.0%
Investments income	10.5	7.6	-27.5%	22.3	16.4	-26.3%
Adjustment of tax credits	1.8	0.9	-52.2%	4.0	1.8	-54.7%
PAR Update	-	3.1	N.A	-	3.1	N.A
DIS Update	-	3.6	N.A	-	3.6	N.A
Other	5.6	(5.1)	N.A	8.5	0.2	-97.6%
Financial Expenses	**(46.2)**	**(50.9)**	**10.2%**	**(115.2)**	**(104.7)**	**-9.1%**
Bank charges	(3.9)	(8.4)	113.6%	(8.0)	(13.7)	71.1%
Interest and financial charges	(31.0)	(17.3)	-44.4%	(74.4)	(33.9)	-54.4%
Contingencies	-	(7.5)	N.A	-	(11.6)	N.A
Financial Discounts	(5.3)	(12.1)	129.5%	(10.7)	(34.5)	221.5%
Passive exchange variation	(1.7)	(0.1)	-93.4%	(7.0)	(0.2)	-97.8%
Loan Expenses	(0.8)	(1.5)	84.8%	(7.3)	(2.0)	-72.5%
Other	(3.5)	(4.1)	17.4%	(7.8)	(8.8)	13.3%
Financial Result	**(22.7)**	**(30.1)**	**32.2%**	**(60.3)**	**(56.2)**	**-6.8%**

The second-quarter **financial result** totaled R$30.1 million, 32.3% up on 2Q17, chiefly due to an upturn in the financial discount line, as a result of the ongoing campaigns to recover overdue debts, aiming to increase the recovery of said debits and promote further cash generation.

The first-semester **financial result** came to R$56.2 million, a 6.8% improvement on 6M17, mainly from:

- **Income from short-term investments**, which fell by R$5.9 million, mainly due to lower interest rates, as the earnings paid to our financial assets are pegged to the variation of the CDI interbank rate;
- R$40.5 million decrease in **interest and financial charges**, due to the decline in the interest rate to which the Company's debts are pegged, as well as settled debts.

Net Income

In 2Q18, Estácio's net income came to R$236.9 million, with a margin gain of 6.4 p.p. It is worth noting that in 2Q18, the income tax and social contribution lines were impacted by the reversal of the non-recurring amount recorded in 1Q18.

The ProUni tax benefit substantially fell in 1Q18 because of one of our subsidiaries was unable to operate due to a temporary suspension of the Tax Debt Clearance Certificate (CND). Consequently, the Company fully recorded the PIS, COFINS, income tax and social contribution tax liability in 1Q18, without the benefit of ProUni in March 2018. In 2Q18, the Company solved this problem and reviewed the first-quarter tax basis in accordance with the effective law. As a result, the tax liability recognized in excess in 1Q18 was reversed. It is worth noting that the ProUni tax benefit returned to historical levels throughout the semester and should remain at similar levels throughout the year.

Net income came to R$434.3 million in 6M18, with a **net margin** gain of 6.2 p.p. on 6M17, mainly due to the R$135.4 million increase in EBITDA in the period.

Table 32 – Reconciliation of EBITDA and Net Income

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
EBITDA	**254.0**	**274.1**	**7.9%**	**468.8**	**604.2**	**28.9%**
EBITDA Margin (%)	27.8%	28.4%	0.6 p.p.	27.1%	31.8%	4.7 p.p.
Financial Result	**(22.7)**	**(30.1)**	**32.6%**	**(60.3)**	**(56.2)**	**-6.8%**
Depreciation and amortization	(53.9)	(48.0)	-10.9%	(100.2)	(96.5)	-3.7%
Social Contribution	(3.2)	10.5	-428.1%	(5.7)	(5.1)	-10.5%
Income Tax	(7.9)	30.3	-483.5%	(14.5)	(12.1)	-16.6%
Net Income	**166.3**	**236.9**	**42.5%**	**288.1**	**434.3**	**50.7%**
Net Income Margin (%)	**18.2%**	**24.6%**	**6.4 p.p.**	**16.6%**	**22.9%**	**6.2 p.p.**

Accounts Receivable and Average Receivables Days

Gross accounts receivable totaled R$1,617.3 million in 2Q18, R$71.4 million up on 2Q17, mainly impacted by:

- R$122.0 million increase in DIS accounts receivable, a campaign launched in 1Q18;
- R$99.4 million upturn in PAR accounts receivable, mainly due to the addition of 8,300 in the PAR student base;
- R$22.3 million increase in the accounts receivable of students paying monthly tuition;
- R$199.3 million decrease in the FIES accounts receivable, as 27,700 students left the FIES student base.

Table 33 – Accounts Receivable

R$ MM	2Q17	2Q18	Change
Tuition monthly fees	**465.3**	**721.4**	**55.0%**
Monthly Students	417.5	439.8	5.3%
PAR – Long Term	31.8	131.1	312.3%
DIS – Long Term	-	122.0	N.A.
Educar Amazônia – Long Term	-	4.8	N.A.
Exchange Deals	16.1	23.7	47.2%
FIES	**927.5**	**728.2**	**-21.5%**
Short Term	595.2	728.2	22.3%
Long Term	332.3	-	N.A.
Other	**153.0**	**167.7**	**9.6%**
Gross Accounts Receivable	**1,545.9**	**1,617.3**	**4.6%**
Provision for bad debts	**(176.9)**	**(320.0)**	**80.9%**
Short Term	(169.0)	(254.2)	50.4%
Long Term	(7.9)	(65.8)	732.9%
Credits to identify	**(3.7)**	(2.3)	-37.8%
Adjustment to Present Value (APV)	**(23.9)**	**(49.5)**	**107.1%**
Adjustment to Present Value (APV) FIES	(7.8)	-	N.A.
Adjustment to Present Value (APV) PAR	(16.1)	(34.6)	114.9%
Adjustment to Present Value (APV) EDUCAR	-	(0.3)	N.A.
Adjustment to Present Value (APV) DIS	-	(14.6)	N.A.
Net Accounts Receivable	**1,341.4**	**1,245.5**	**-7.1%**

Estácio's average receivables days came to 126 in 2Q18, 21 days lower than in 2Q17. The **FIES average receivables days** was 15 days lower than 2Q17, reaching 247 days, due to the transfer of FIES' second installment of PN23, totaling R$167.4 million, in August 2017.

Table 34 – Average Receivables Days

R$ MM	2Q17	3Q17	4Q17	1Q18	2Q18
Net Account Receivable	**1,341.4**	**1,144.6**	**1,024.1**	**1,183.5**	**1,245.5**
Net Revenue (lat twelve months)	3,292.4	3,337.4	3,379.0	3,495.7	3,546.0
Averege Receivables Days	**147**	**123**	**109**	**122**	**126**

Table 35 - Average non-FIES Receivables Days)

R$ MM	2Q17	3Q17	4Q17	1Q18	2Q18
Net Account Receivable	1,349.3	1,150.6	1,024.1	1,183.5	1,245.5
Net Account Receivable Ex-FIES	**421.7**	**404.3**	**423.4**	**462.9**	**517.3**
Net Revenue Ex-FIES*	2,016.3	2,121.4	2,219.9	2,365.1	2,484.6
Average non-FIES Receivables Days*	**75**	**69**	**69**	**70**	**75**

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

Table 36 – Average FIES Receivables Days

R$ MM	2Q17	3Q17	4Q17	1Q18	2Q18
Net Account Receivable FIES	**927.5**	**746.4**	**600.7**	**720.6**	**728.2**
Revenue FIES (last twelve months)	1,434.2	1,369.9	1,308.4	1,278.6	1,200.5
FGEDUC Deductions (last twelve months)*	(100.1)	(97.7)	(94.8)	(92.4)	(90.0)
Taxes (last twelve months)*	(58.1)	(56.3)	(54.4)	(55.6)	(49.1)
Net Revenue FIES (last twelve months)*	1,276.1	1,216.0	1,159.1	1,130.6	1,061.4
Receivables Days FIES	**262**	**221**	**187**	**229**	**247**

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

Table 37 – Evolution of FIES Accounts Receivable

R$ MM	2Q17	3Q17	4Q17	1Q18	2Q18
Opening Balance	**920.3**	**589.2**	**745.1**	**600.0**	**719.1**
FIES Revenue	375.3	310.7	308.9	283.7	297.2
Transfer	(685.8)	(133.2)	(434.6)	(145.7)	(418.0)
FIES Deduction/Provision	(22.3)	(22.9)	(22.7)	(21.7)	(22.7)
Inflation Adjustment of FIES Accounts Receivable	1.6	1.3	3.3	2.8	5.6
Ending Balance	**589.2**	**745.1**	**600.0**	**719.1**	**581.2**

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

Table 38 – Evolution of FIES Carry-Forward Credits

R$ MM	2Q17	3Q17	4Q17	1Q18	2Q18
Opening Balance	**3.2**	**338.3**	**1.3**	**0.7**	**1.5**
Transfer	685.8	133.2	434.6	145.7	418.0
Tax payment	(94.6)	(47.6)	(63.1)	(52.2)	(140.9)
Repurchase auctions	(256.0)	(422.7)	(372.1)	(92.7)	(131.5)
Ending Balance	**338.3**	**1.3**	**0.7**	**1.5**	**147.2**

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

Table 39 – Aging of Total Gross Accounts Receivable

R$ MM	2Q17	%	1Q18	%	2Q18	%
FIES	919.7	59%	720.6	49%	728.2	45%
Not yet due	160.5	10%	394.4	27%	430.8	27%
Overdue up to 30 days	73.5	5%	92.4	6%	85.1	5%
Overdue from 31 to 60 days	62.8	4%	34.3	2%	80.8	5%
Overdue from 61 to 90 days	59.5	4%	6.5	0%	59.9	4%
Overdue from 91 to 179 days	104.7	7%	102.3	7%	76.8	5%
Overdue more than 180 days	165.1	11%	134.3	9%	155.6	10%
Total Gross Accounts Receivable	**1,545.9**	**100%**	**1,485.0**	**100%**	**1,617.3**	**100%**

Table 40 – Aging of Agreements Receivable*

R$ MM	2Q17	%	2Q18	%
Not yet due	39.3	45%	24.2	28%
Overdue up to 30 days	5.9	7%	5.1	6%
Overdue from 31 to 60 days	4.6	5%	4.5	5%
Overdue from 61 to 90 days	4.0	5%	5.1	6%
Overdue from 91 to 179 days	8.2	9%	11.3	13%
Overdue more than 180 days	26.1	30%	37.4	43%
Aging of Agreements Receivable	**88.0**	**100%**	**87.6**	**100%**
% over Accounts Receivable Ex-FIES	**14%**	-	**10%**	-

** Note: Excludes credit card agreements*

Investments (CAPEX and Acquisitions)

The second-quarter **CAPEX** totaled R$38.5 million, 13.6% up on 2Q17, essentially due to higher investments in buildings and improvements in 2Q18, in line with the Company's expansion compared with the same period in 2017.

Table 41 – CAPEX breakdown

R$ MM	2Q17	2Q18	Change	6M17	6M18	Change
Total CAPEX	**33.9**	**38.5**	**13.6%**	**60.6**	**75.9**	**25.2%**
Building and Improvements	10.6	14.7	38.5%	19.0	25.5	34.7%
Mobile. Machines. Equipment and Utensils	8.7	9.0	3.6%	15.4	19.5	26.5%
Software	9.0	8.2	-8.6%	16.4	18.6	13.2%
Projects	4.6	4.6	-0.3%	8.2	9.1	11.1%
Outhers	0.9	1.9	108.8%	1.6	3.1	95.2%

Net Debt and Cash

Table 42 – Net Debt and Cash

R$ MM	06/30/2017	06/30/2018
Shareholders' Equity	**2,735.4**	**3,099.6**
Cash & Cash Equivalents	**542.3**	**401.0**
Total Gross Debt	**(1,157.8)**	**(500.8)**
Loans and Financing	(1,033.7)	(426.4)
Short Term	(593.1)	(344.4)
Long Term	(440.6)	(81.9)
Commitments Payable (Acquisitions)	(109.5)	(62.8)
Taxes Paid in Installments	(14.6)	(11.7)
Net Debt	**(615.5)**	**(99.9)**
Net Debt/ EBTDA	**0.7 x**	**0.11 x**

Cash and cash equivalents totaled R$401.0 million on June 30, 2018, conservatively invested in fixed-income instruments pegged to the CDI interbank rate, government bonds and certificates of deposit with top-tier Brazilian banks.

This quarter, our cash position was impacted by the R$44,1 million, payement of Pis, Cofins, IR and CSLL taxes due to the ProUni effect abovementioned.

The bank **debt** of R$426.4 million corresponds mainly to:

- The Company's debenture issues (2nd series totaling R$182.8 million and 4th series totaling R$49.3 million);
- 2nd tranche of the Company's promissory notes, totaling R$148.4 million in November 2017;
- R$12.3 million in financings granted by regional branches and development banks; and;
- The capitalization of equipment leasing expenses in compliance with Law 11,638, totaling R$33.6 million.

The year-on-year bank debt fell by R$607.3 million on June 30, 2018, chiefly due to the settlements of the third debenture issue, totaling R$197 million, in September, the payment of the first tranche of the promissory note, in the amount of R$187 million, in November 2017, the settlement of the loan with IFC, in the amount of R$30.3 million, in May 2018, and the payment of a portion of the principal of the 2nd and 4th debenture issues, in the amounts of R$60 million and R$50 million, in April and June 2018, respectively.

Including bank loans, commitments payable for future acquisitions, totaling R$62.8 million, and taxes payable in installments, totaling R$11.7 million, Estácio's gross debt came to R$500.9 million at the close of 2Q18, resulting in net debt of R$99.9 million.

In relation of company cash, consequently, on August 2nd, Estácio received the transfer of FIES' last installment of PN23, totaling R$342 million. As announced in the Company's monthly report (CVM358 Form), over the last three months, Estácio repurchased R$122.2 million in company's shares.

Cash Flow Statement

The **Operating Cash Flow before CAPEX (OCF)** was a positive R$125.2 million in 2Q18, R$87.4 million less than in 2Q17, essentially due to the payment of Pis, Cofins, income tax and social contribution of R$44,1 million.

As previously mentioned, the ProUni tax benefit significantly fell in 1Q18, due to the temporary suspension of the ProUni enrollments in one of our subsidiaries, SESES, which did not present the Tax Debt Clearance Certificate (CND). Consequently, an income tax and social contribution tax liability was fully recognized in 1Q18, without the benefit of ProUni in March 2018. In 2Q18, the Company solved this problem and reviewed the first-quarter tax basis, in accordance with the law effective for that type of situation. As a result, the tax liability recognized in excess in 1Q18 was reversed and said amount will be used as credit to calculate taxes in the coming months.

It is worth noting that the ProUni tax benefit returned to historic levels throughout the semester and should remain at similar levels throughout the year.

Consequently, the second-quarter OCF before CAPEX/EBITDA ratio was 45.7%.

As mentioned before, on August 2nd, Estácio received the transfer of FIES' last installment of PN23, totaling R$342 million.

In this quarter, free cash flow was impacted by the company's share repurchase, with as investment of R$79.9 million.

Estacio is well positioned to capture opportunities for organic and inorganic growth by making the most of its capital structure.

Table 43 – Cash Flow Statement

R$ MM	2Q17	2Q18	6M17	6M18
Profit before taxes and after results from discontinued operations	**177.3**	**196.1**	**308.3**	**451.5**
Adjustments to reconcile the result to the cash generated	168.2	205.4	320.7	335.8
Results after reconciliation to net cash generated	**345.5**	**401.4**	**629.0**	**787.3**
Change in assets and liabilities	(133.0)	(276.2)	(312.4)	(497.5)
Operating cash flow before Capex	**212.6**	**125.2**	**316.6**	**289.8**
Acquisition of property and equipment items	(20.2)	(25.6)	(36.0)	(48.2)
Acquisition of intangible assets	(13.6)	(12.8)	(24.6)	(27.7)
Cash flow from other investment activities	(6.7)	(9.8)	(21.7)	(26.0)
Operating cash flow after Capex	**172.0**	**76.9**	**234.4**	**187.9**
Cash flow from financing activities	(87.8)	(303.1)	(96.1)	(311.2)
Free cash flow	**84.2**	**(226.2)**	**138.3**	**(123.5)**
Cash and cash equivalents at the beginning of the period	**458.1**	**627.1**	**404.0**	**524.4**
Increase (decrease) in cash	84.2	(226.2)	138.3	(123.5)
Cash and cash equivalents at the end of the period	**542.3**	**401.0**	**542.3**	**401.0**

EBITDA	254.0	274.1	484.7	604.2
Operating cash flow before Capex / EBITDA	83.7%	45.7%	65.3%	48.0%

** If we adjust the calculation with the effect of ProUni, the cash conversion would be 64% in 2Q18. The conversion of 83.7% in 2Q17 is due to the seasonality of the FIES cash payments.*

Balance Sheet

R$ MM	2Q17	2Q18
Short-Term Assets	**1,721.9**	**1,712.1**
Cash & cash equivalents	61.3	9.0
Short-term investments	481.1	391.9
Accounts receivable	1,009.0	1,102.8
Advance to employees / third-parties	12.6	19.3
Prepaid expenses	27.1	10.4
Taxes and contributions	79.9	134.2
Others	51.0	44.5
Long-Term Assets	**2,703.1**	**2,525.6**
Non-Current Assets	**653.4**	**524.2**
Accounts receivable	332.4	142.7
Prepaid expenses	5.3	4.9
Judicial deposits	124.7	101.6
Taxes and contributions	78.6	90.7
Deferred taxes and others	112.4	184.3
Permanent Assets	**2,049.6**	**2,001.4**
Investments	0.2	0.2
Fixed assets	602.0	601.0
Intangible	1,447.4	1,400.1
Total Assets	**4,425.0**	**4,237.7**

Short-Term Liabilities	**1,052.1**	**877.7**
Loans and Financing	593.1	344.4
Suppliers	82.2	103.1
Salaries and payroll charges	229.8	226.9
Taxes payable	67.2	113.5
Prepaid monthly tuition fees	11.4	12.5
Advances under partnership agreement	1.9	-
Taxes Paid in Installments	3.1	4.2
Related Parties	0.5	-
Acquisition price to be paid	55.9	57.2
Others	6.8	15.8
Long-Term Liabilities	**637.5**	**260.4**
Loans and financing	440.6	81.9
Contingencies	71.5	113.1
Taxes Paid in Installments	11.5	7.5
Provision for asset retirement obligations	23.0	22.9
Deferred Taxes	18.2	8.9
Acquisition price to be paid	53.5	5.6
Others	19.2	20.5
Shareholders' Equity	**2,735.4**	**3,099.6**
Capital	1,130.8	1,139.8
Share issuance costs	(26.9)	(26.9)
Capital reserves	661.3	665.6
Earnings reserves	816.0	924.9
Period result	288.1	434.3
Treasury stocks	(134.0)	(38.1)
Total Liabilities and Shareholders' Equity	**4,425.0**	**4,237.7**

Cash Flow Statement

R$ MM	2Q17	2Q18	6M17	6M18
Profit before income taxes and social contribution	**177.3**	**196.1**	**308.3**	**451.5**
Adjustments to reconcile profit to net cash generated:	**168.2**	**205.4**	**320.7**	**335.8**
Depreciation and amortization	53.9	48.0	100.2	96.5
Amortization of funding costs	0.8	1.5	7.3	1.9
Provision for impairment of trade receivables	65.3	117.7	112.8	161.0
Granted options - stock options	1.5	0.1	4.4	3.0
Provision for long term incentive	0.1	0.0	0.2	0.0
Provision for contingencies	24.5	31.5	43.8	61.1
Inflation adjustment to FIES receivables	-1.6	-5.6	-6.1	-8.4
Adjustment to present value - FIES receivables	-2.8	0.0	-5.4	0.0
Atualização de créditos tributários	-2.8	5.2	-2.8	0.0
Tax credits	-1.8	-0.9	-4.0	-1.8
(Gain) loss on the write-off of property and equipment and intangible assets	29.7	5.7	64.3	19.0
Provision with asset decommissioning	0.4	0.6	0.5	0.8
Commitments payable	0.8	0.6	1.2	0.8
Adjustment to present value (APV) - Sale of client portfolio	5.2	0.8	5.2	1.7
Others	-5.0	0.1	-0.8	0.2
Result after reconciliation to net cash generated	**345.5**	**401.4**	**629.0**	**787.3**
Changes in assets and liabilities:	**-133.0**	**-276.2**	**-312.4**	**-497.5**
(Increase) in accounts receivable	-102.5	-186.4	-275.1	-451.7
Decrease (increase) in other assets	-7.8	-10.6	-8.1	-14.8
(Increase) decrease in prepaid expenses	8.6	3.2	9.3	-3.9
(Increase) decrease in taxes and contributions	-15.2	-82.3	-7.8	-50.7
Increase (decrease) in suppliers	16.0	-2.0	16.0	32.2
Increase (decrease) in taxes payable	-0.3	16.9	-13.2	-5.6
Increase (decrease) in payroll and related charges	29.1	27.8	74.6	68.3
(Decrease) in prepaid monthly tuition fees	-11.0	10.9	-16.0	-0.8
Civil/Labor claims	-19.0	-22.9	-37.2	-34.2
Provision for asset decommissioning obligations	0.0	-0.1	-0.5	-0.1
Increase (decrease) in other liabilities	-1.5	5.9	-1.3	4.7
Decrease (increase) in taxes paid in installments	-0.8	-2.3	-2.0	-3.1
(Decrease) in non-current assets	7.4	11.2	8.7	16.3
Increase in judicial deposits	-2.7	0.9	-5.2	1.3
Interest paid on borrowings	-29.2	-14.3	-43.7	-14.8
IRPJ and CSLL paid	-4.2	-31.9	-10.9	-40.3
Net cash provided by (used in) operating activities	**212.6**	**125.2**	**316.6**	**289.8**

Cash flow from other investment activities	**-40.6**	**-48.3**	**-82.3**	**-101.9**
Acquisition of property and equipment items	-20.2	-25.6	-36.0	-48.2
Intangible Assets	-13.6	-12.8	-24.6	-27.7
(Decrease) in acquisition price to be paid	-6.7	-9.8	-21.7	-26.0
Net cash provided by (used in) investing activities	**172,0**	**76,9**	**234,4**	**187,9**
Cash flows from financing activities	**-87.8**	**-303.1**	**-96.1**	**-311.4**
Acquisition of stocks in treasury	0.0	-79.1	0.0	-79.1
Use of treasury shares as a result of the exercise of stock options	8.1	15.5	8.1	15.5
Dividends paid	-87.4	-100.8	-87.4	-100.8
Loans and financing	0.0	6.2	0.0	6.2
Net increase in borrowings	-8.5	-144.8	-16.8	-153.3
Net cash provided by (used in) financing activities	**84.2**	**-226.2**	**138.3**	**-123.5**
Cash and cash equivalents at the beginning of the period	**458.1**	**627.1**	**404.0**	**524.4**
Increase (decrease) in cash and cash equivalents	84.2	-226.2	138.3	-123.5
Cash and cash equivalents at the end of the period	**542.3**	**401.0**	**542.3**	**401.0**

Income Statement by Business Unit - Quarter

R$ MM	On-Campus 2Q17	On-Campus 2Q18	On-Campus Change	Distance Learning 2Q17	Distance Learning 2Q18	Distance Learning Change	Corporate 2Q17	Corporate 2Q18	Corporate Change
Gross Operating Income	**1,252.9**	**1,298.1**	**3.6%**	**173.4**	**235.9**	**36.0%**	-	-	-
Deductions from Gross Income	**(441.7)**	**(479.0)**	**8.4%**	**(71.2)**	**(91.3)**	**28.2%**	-	-	-
Net Operating Income	**811.2**	**819.2**	**1.0%**	**102.2**	**144.6**	**41.4%**	-	-	-
Cost of Services	**(449.9)**	**(408.2)**	**-9.3%**	**(16.2)**	**(19.5)**	**20.1%**	-	-	-
Personnel	(324.5)	(290.0)	-10.6%	(15.8)	(12.9)	-18.1%	-	-	-
Rents, condominium and IPTU (property tax)	(64.1)	(63.3)	1.2%	(0.1)	(0.0)	-84.0%	-	-	-
Teaching Material	(4.9)	(2.3)	-52.8%	(0.2)	(0.1)	-50.1%	-	-	-
Third-Party Services and Others	(27.3)	(29.1)	6.7%	(0.0)	(6.3)	N.A.	-	-	-
Depreciation	(29.1)	(23.5)	-19.4%	(0.2)	(0.2)	3.2%	-	-	-
Gross Profit	**361.3**	**411.0**	**13.7%**	**86.1**	**125.1**	**45.4%**	-	-	-
Gross Margin (%)	*44.5%*	50.2%	*5.6 p.p.*	84.2%	86.5%	2.4 p.p.	-	-	-
Selling and G&A Expenses	**(117.4)**	**(156.3)**	**33.1%**	**(14.5)**	**(23.6)**	**-62.3%**	**(115.3)**	**(130.1)**	**12.8%**
Personnel	(11.6)	(3.0)	-73.5%	(3.5)	(4.9)	39.9%	(17.2)	(33.1)	91.8%
advertising	-	-	-	-	-	N.A.	(50.0)	(35.1)	-29.8%
Profit Sharing (PCLD)	(56.0)	(104.2)	86.0%	(9.3)	(15.9)	71.4%	-	-	-
Other Expenses	(43.3)	(45.5)	5.2%	(1.3)	(2.5)	95.8%	(30.5)	(41.4)	35.9%
Depreciation	(6.5)	(3.5)	-46.3%	(0.5)	(0.3)	-41.5%	(17.6)	(20.6)	16.6%
Operating Profit	**243.9**	**254.7**	**4.4%**	**71.5**	**101.5**	**42.0%**	-	-	-
Operating Margin (%)	*30.1%*	*31.1%*	*1.0 p.p.*	*69.9%*	*70.2%*	*0.3 p.p.*	-	-	-
EBITDA	**279.5**	**281.6**	**0.8%**	**72.1**	**102.0**	**41.4%**	**(97.7)**	**(109.6)**	**-12.2%**
EBITDA Margin (%)	34.5%	34.4%	-0.1 p.p.	70.6%	70.5%	-0.1 p.p.	-	-	-

Income Statement by Business Unit – Semester

R$ MM	On-Campus 6M17	On-Campus 6M 18	On-Campus Change	Distance Learning 6M17	Distance Learning 6M 18	Distance Learning Change	Corporate 6M17	Corporate 6M 18	Corporate Change
Gross Operating Income	**2,451.1**	**2,537.9**	**3.5%**	**339.9**	**446.4**	**31.3%**	-	-	-
Deductions from Gross Income	(910.8)	(919.3)	0.9%	(147.8)	(165.6)	12.0%	-	-	-
Net Operating Income	**1,540.3**	**1,618.6**	**5.1%**	**192.1**	**280.9**	**46.2%**	-	-	-
Cost of Services	**(851.8)**	**(776.1)**	**-8.9%**	**(33.2)**	**(35.0)**	**5.3%**	-	-	-
Personnel	(612.3)	(550.9)	-10.0%	(32.3)	(24.3)	-25.0%	-	-	-
Rents, condominium and IPTU (property tax)	(127.3)	(121.7)	-4.4%	(0.2)	(0.0)	-73.2%	-	-	-
Teaching Material	(8.0)	(4.6)	-43.4%	(0.4)	(0.1)	-65.7%	-	-	-
Third-Party Services and Others	(52.0)	(52.1)	0.2%	(0.0)	(10.2)	N.A	-	-	-
Depreciation	(52.1)	(46.8)	-10.1%	(0.3)	(0.3)	3.8%	-	-	-
Gross Profit	**688.5**	**842.5**	**22.4%**	**158.9**	**245.9**	**54.7%**	-	-	-
Gross Margin (%)	*44.7%*	*52.1%*	*7.4 p.p.*	*82.7%*	*87.5%*	*4.8 p.p.*	-	-	-
Selling and G&A Expenses	**(208.1)**	**(246.2)**	**18.3%**	**(26.6)**	**(38.0)**	**42.6%**	**(244.2)**	**(296.5)**	**-21.4%**
Personnel	(18.8)	(10.3)	-45.2%	(5.9)	(7.9)	32.5%	(47.1)	(65.3)	-38.8%
advertising	-	-	-	-	-	N.A.	(113.5)	(115.7)	-1.9%
Profit Sharing (PCLD)	(95.9)	(137.2)	43.1%	(16.9)	(23.7)	40.8%	-	-	-
Other Expenses	(80.0)	(89.3)	11.6%	(2.9)	(5.8)	99.9%	(50.0)	(76.1)	-52.1%
Depreciation	(13.3)	(9.4)	-29.7%	(1.0)	(0.6)	-35.4%	(33.6)	(39.4)	-17.3%
Operating Profit	**429.8**	**526.7**	**22.5%**	**132.3**	**207.9**	**57.2%**	-	-	-
Operating Margin (%)	*31.2%*	*36.8%*	*5.6 p.p.*	*68.9%*	*74.0%*	*5.2 p.p.*	-	-	-

	On-Campus 6M17	On-Campus 6M 18	On-Campus Change	Distance Learning 6M17	Distance Learning 6M 18	Distance Learning Change	Corporate 6M17	Corporate 6M 18	Corporate Change
EBITDA	**545.9**	**655.0**	**20.0%**	**133.6**	**208.9**	**56.4%**	**(210.6)**	**(259.6)**	**-23.3%**
EBITDA Margin (%)	*35.4%*	*40.5%*	*5.0 p.p.*	*69.5%*	*74.4%*	*4.8 p.p.*	-	-	-

Exhibit I – IFRS and Accounts Receivable

Estácio emphasizes that since January 1, 2018, it has adopted IFRS 9/CPC 48 - "Financial Instruments", which addresses the classification, measurement and recognition of financial assets and liabilities. The full version of IFRS 9 was published in July 2014, effective as of January 1, 2018, and replaces the guidelines of IAS 39/CPC38 on the classification and measurement of financial instruments. The main amendments to IFRS 9 are: (i) new criteria for the classification of financial assets; (ii) new impairment model for financial assets, hybrid of expected and incurred losses, which replaces the current model of incurred losses; and (iii) more flexible hedge accounting requirements.

As previously mentioned, the new standard is more sensitive to variations in accounts receivables since it considers default ranges for the calculation of payments overdue by more than 180 days, including accounts receivable not yet due.

The Company assessed the impacts of IFRS 9 for 2017 and decided to increase the provision for losses with accounts receivable, which negatively affected equity by R$77.7 million, thus reducing the deferred tax liability by R$26.4 million. Accordingly, these impacts reduced equity by R$51.3 million at the beginning of 2018.

According to CPC 48, an allowance for doubtful accounts must be created based on the history of receivables per default range. The Company classified its receivables in accordance with a provision for losses matrix defined based on default rates and the recoverability of accounts receivable, which was tested and validated by its external auditors.