3Q15 RESULTS

Rio de Janeiro, November 5, 2015 – **Estácio Participações S.A.** – “Estácio or “Company” (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTCQX: ECPCY) – announces its results for the third quarter of 2015 (3Q15) in comparison with the third quarter of 2014 (3Q14). The accounting information herein is presented in accordance with International Financial Reporting Standards (“IFRS”) and on a consolidated basis.

Highlights

- Estácio closed 3Q15 with a **total base** of 536,800 students, 14.8% up on 3Q14, 379,000 of whom enrolled in on-campus programs (11.3% up year-on-year), 145,400 in distance-learning programs (up by 14.3%) and 12,400 from acquisitions in the last 12 months.
- **Net operating revenue** came to R$724.6 million in 3Q15, 16.0% more than in 3Q14, thanks to student base growth.
- **EBITDA** totaled R$202.2 million in 3Q15, a 23.3% improvement, with an **EBITDA margin** of 27.9%, representing a margin gain of 1.7 percentage points.
- **Net income** came to R$157.0 million in 3Q15, 18.0% up on 3Q14, while **earnings per share** reached R$0.50, 19.0% more than in the same period last year.
- **Operational cash flow** was positive by R$83.5 million in 3Q15, 39.4% up on 3Q14.
- The Company closed 3Q15 with solid **cash and cash equivalents** of R$721.2 million.

Key Consolidated Indicators

Financial Highlights	3Q14	3Q15	Change	9M14	9M15	Change
Net Revenue (R$ million)	624.8	724.6	16.0%	1,752.1	2,221.3	26.8%
Gross Profit (R$ milllion)	281.2	340.4	21.1%	751.1	983.8	31.0%
Gross Profit margin	*45.0%*	*47.0%*	*2.0 p.p.*	*42.9%*	*44.3%*	*1.4 p.p.*
EBIT (R$ million)	136.9	162.7	18.8%	331.3	447.5	35.1%
EBIT Margin	*21.9%*	*22.5%*	*0.6 p.p.*	*18.9%*	*20.1%*	*1.2 p.p.*
EBITDA (R$ million)	164.0	202.2	23.3%	399.5	564.2	41.2%
EBITDA Margin	*26.2%*	*27.9%*	*1.7 p.p.*	*22.8%*	*25.4%*	*2.6 p.p.*
Net Income (R$ milllion)	133.0	157.0	18.0%	344.8	419.6	21.7%
Net Income Margin	*21.3%*	*21.7%*	*0.4 p.p.*	*19.7%*	*18.9%*	*-0.8 p.p.*

Message from Management

Facing a crisis as severe as the one Brazil is currently facing is no easy task, given that, sooner or later and to a greater or lesser degree, the performance of companies will be affected by external factors beyond their control. However, given that there is nothing we can do about the crisis *per se*, it is comforting to confront all

IR Contacts:
+55 (21) 3311 -9700
ri@estacioparticipacoes.com

these adversities at a time when our company is already highly organized, having undergone a series of deep and complex changes in recent years and having clearly opted, even during the bonanza times, to balance solid growth with the construction of fundamentals and differentials that may now prove crucial.

Estácio's results for the third quarter of 2015 underline once again the value of believing and investing in a long-term strategy and in a culture based on continuous improvement, with rigid discipline and no sudden leaps and bounds or short-cuts to growth. Even in the midst of an adverse economic scenario, and in a sector severely jeopardized by the changes in the FIES program, our results were consistent: in comparison with 3Q14, on-campus and distance learning intake increased by 5.8% and 20.4%, respectively, Net Revenue moved up by 16%, EBITDA climbed by more than 23%, EBITDA margin widened by 1.7 p.p., and Net Income and Earnings per Share grew by almost 20%. We also resumed the generation of positive operating cash flow (R$83.5 million) following all the difficulties of the first half. Even more importantly, we showed our candidates and our students that, even in hard times (or better still, *especially* in hard times), we are on their side, fully prepared to encounter solutions capable of fulfilling their dreams and always offering growing quality, both in the classroom and in relation to our service level. And we also intend to show our shareholders that it *is* possible to grow in adversity, i.e. we can march our 20 miles even in the middle of the desert. Our efforts in this arid period can be divided into four aspects:

- continuing to increase our student base through the intake and renewal cycles, with the Enrollment Center playing a major role in these processes;
- imposing even stricter controls, with greater financial discipline in regard to costs, expenses and CAPEX in order to at least partially offset eventual revenue losses and receivable increases;
- maintaining an enthusiastic climate and a positive attitude within the organization, while continuing to increase our competitive advantages, allowing us to make further progress in the current scenario; and
- paying attention to inorganic opportunities, aiming at growing and improving our infrastructure and distribution channels throughout Brazil.

It is also worth calling attention to another extremely important segment, which has been gaining ground since its creation at the end of 2012: Continuing Education (or New Businesses), whose current flagship is our graduate program, but which also covers other products such as corporate solutions, as well as short-term, vocational and preparatory courses. Our graduate student base increased by 37.3% in 3Q15 and we continue to believe that there are many opportunities in this segment, which is totally aligned with our diversification strategy and with Estácio's desire to migrate from a Higher Education company to an Education company.

In the coming cycles, in addition to putting great emphasis on our management model, organizational culture and corporate governance, we have a series of initiatives that should gain more importance in our strategy and which will help us on our journey, including the following:

- the creation, on October 3rd, of a Relationship Center, with the implementation of our CRM (Customer Relationship Management) software, as well as a brand new contact and relationship strategy for prospects, students and alumni;
- the development of new educational technologies under the 2020 Academic Model umbrella, taking advantage of the entirely integrated academic base created in the last few years to improve the experience of our students and to enrich their learning process;
- investing in increasing the value of the Estácio brand with all our stakeholders, aiming to strengthen our capacity to attract and retain students, while increasing the value of their diplomas;
- continuing to measure and manage our students' employability, with the adoption of KPIs and the use of our management system, as well as ensuring a shift in our mindset towards the importance of monitoring their entire progress until their job opportunities and even afterwards throughout their professional careers;
- the development of hybrid products with differentiated price-points, also leveraged by the total alignment of our online and on-campus platforms (remembering that our integration is so deep that the final exams for each subject are taken from the same question base, independently of whether the subject in question is online or on-campus);

- the development of new businesses, aiming to take advantage of our student base for cross-selling and up-selling opportunities, but also including the entry into new markets and the monetization (sale and licensing to third parties) of assets created for our internal use in recent years;
- more effective management of our costs and expenses through the use of benchmarking, and the improvement of our technologies, such as our class allocation and optimization software, which we have been using for almost two years in association with Trieda (a Gapso spin-off), a company specialized in planning complex production operations; and
- substantially improving credit granting, campaigns, and charging and collection processes through not only the intensive use of our management model, but also with the pursuit of external expertise and the hiring of resources with expertise in these fields.

We are aware that 2015 has not been an easy year for anyone and we believe 2016 will be no less challenging. Nevertheless, while not underestimating Brazil's economic crisis in any way, we believe we have all the necessary weapons to cope with the difficulties ahead, thanks to our people and our management system, to our commitment to our students and to our long-term vision. We know that in order to continue our march in these adverse times, we need to maintain a positive attitude, focusing on every detail of our operation, delivering the best possible service, and doing everything possible to ensure that our students, together with and in the same way as our company, get through this difficult period, continue to pursue their dreams, and keep growing and prospering, thereby generating outstanding returns on their investment.

Operating Performance

Estácio closed 3Q15 with a total base of 536,800 students (14.8% more than in 3Q14), 379,000 of whom enrolled in on-campus programs and 145,400 in distance-learning programs, as well as 12,400 students from the acquisitions concluded in the last 12 months (CEUT and FNC).

Table 1 – Total Student Base*

'000	3Q14	3Q15	Change
On-Campus	**340.4**	**379.0**	**11.3%**
Undergraduate	315.7	346.3	9.7%
Graduate	24.7	32.7	32.4%
Distance Learning	**127.2**	**145.4**	**14.3%**
Undergraduate	105.7	114.7	8.5%
Graduate	21.5	30.7	42.8%
Student Base - same shops	**467.6**	**524.4**	**12.1%**
Acquisitions in the last 12 months	-	12.4	N.A.
Total Student Base	**467.6**	**536.8**	**14.8%**
# Campuses	84	90	7.1%
On-Campus Students per Campus	**4,052**	**4,349**	**7.3%**
# Distance Learning Centers	163	170	4.3%
Distance Learning Students per Center	**780**	**855**	**9.6%**

*Note: Acquisitions in the last 12 months refer to students from CEUT (3,700) and FNC (8,700).
Figures not reviewed by the auditors

On-Campus Undergraduate Segment

Estácio's **on-campus undergraduate base** totaled 358,700 students at the end of September, 13.6% more than at the close of 3Q14. Under the same-shop concept, i.e., excluding CEUT and FNC students, we recorded organic growth of 9.7%.

The 5.8% increase in 3Q15 **intake** underlines the success of the "*Compromisso Estácio*" (Estácio's Commitment) campaign, whose message is that it is possible to study even in times of crisis and which focused both on the PraValer financing program and on our unemployment insurance. It is also worth noting the launch of the undergraduate enrollment center after the initiative had been successfully tested in the graduate segment. The new center, which is still maturing and should be much better structured for the first enrollment cycle of 2016, was certainly one of the main factors responsible for the segment's intake result. It is also worth emphasizing the intense involvement of all employees in the "*Compromisso Estácio*" campaign, maximizing the power of the message to the students thanks to the Company's organizational culture and management model.

The **renewal rate** represented 87.4% of the renewable base, 1.2 p.p. down on the 88.6% recorded in 3Q14, due to the deterioration of the economic scenario and the reduced mix of FIES students (who have higher renewal rates). Estácio continues to make great efforts on this front through the **Retention** project, which consists of a series of initiatives in the academic and financial areas, and by raising employees' awareness of the supreme importance of never giving up on our students. The main initiatives included adapting the management model so that local management and course coordinators were able to monitor students' performance and motivation on a daily basis. Thanks to the use of prevention models and systems, Estácio's "retention agents" were able to propose immediate solutions, such as: tutoring classes, supervision, changes of the course's number of credits, financing opportunities, and vocational analysis, among others. Estácio has also built retention goals into its management model, including this vital indicator in the incentive program of the operational work force. The Company expects these initiatives to bring results in the coming quarters and continues to develop tools such as a predictive model based on big data technology in order to better control this indicator through the addition of more technology and management.

Table 2 – Evolution of On-Campus Undergraduate Student Base*

'000	3Q14	3Q15	Change
Students - Starting balance	**280.9**	**333.4**	**18.7%**
(+/-) Acquisitions in the last 12 months (until 2Q)	-	(3.7)	N.A.
(-) Graduates	(13.8)	(15.2)	10.1%
Renewable Base	**267.1**	**314.5**	**17.7%**
(+) Enrollments	67.5	71.4	5.8%
(+) Acquisitions	11.5	-	N.A.
(-) Not Renewed	(30.4)	(39.6)	30.3%
Students - same shops	**315.7**	**346.3**	**9.7%**
(+) Acquisitions in the last 12 months (until 3Q)	-	12.4	N.A.
Students - Ending Balance	**315.7**	**358.7**	**13.6%**

*Note: Acquisitions in the last 12 months refer to students from CEUT (3,700) and FNC (8,700).
Figures not reviewed by the auditors

FIES

We closed September with a **FIES base** of 137,400 students, representing 38.3% of our on-campus undergraduate base.

It is worth noting that the intake cycle in the second semester of 2015 had 2,600 FIES students, representing an occupancy rate of 44.1% of the FIES seats originally offered by Estácio. The excellent total intake result, despite the reduced number of new FIES contracts (only 2,600 students, versus 22,100 in the same period in 2014), underlined the efficiency of the strategy of not using FIES as the main sales pitch, and instead always emphasizing Estácio's attributes and advantages to attract new students, thus avoiding to rely on FIES during the intake process.

In this context, in the second semester of 2015, the non-FIES on-campus intake increased by 43.1%, more than offsetting the 17,000 reduction in FIES enrollments over the same period last year.

Table 3 – FIES Student Base*

('000)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15
On-campus undergraduate students	302.8	280.9	315.7	290.2	359.3	333.4	358.7
FIES Student Base	**102.1**	**110.4**	**121.2**	**122.7**	**132.6**	**146.1**	**137.4**
% of FIES Students	33.7%	39.3%	38.4%	42.3%	36.9%	43.8%	38.3%

*Note: Figures not reviewed by the auditors

Table 4 – New FIES Contracts (freshmen and seniors)*

('000)	1H13	2H13	1H14	2H14	1H15	2H15
Total Intake	85.3	63.8	105.7	67.5	110.9	71.4
Freshmen with FIES (until the end of the intake process)	10.3	12.1	26.1	14.9	12.1	1.9
% via FIES	**12.1%**	**19.0%**	**24.7%**	**22.1%**	**10.9%**	**2.6%**
Freshmen with FIES (until the end of the semester)	20.4	15.4	34.9	18.9	22.1	N.A
% via FIES	**23.9%**	**24.1%**	**33.0%**	**28.0%**	**19.9%**	**N.A**
Senior students with FIES (new contracts)	5.5	6.2	5.3	3.9	1.9	0.8
New FIES contracts in the semester	**25.9**	**21.6**	**40.2**	**22.8**	**24.0**	**2.6**

*Note: Figures not reviewed by the auditors

Distance-Learning Undergraduate Segment

The **distance-learning undergraduate base** grew by 8.5% over 3Q14 to 114,700 students, including UniSEB students in both periods. Such base growth was due to the successful intake cycle for the 3Q15, offsetting the negative impact of the renewal rate discussed below.

The successful **distance-learning intake**, which increased by 20.4% over 3Q14, is related to a higher demand for courses with a more affordable average ticket and the introduction of 100% online courses in distance learning centers, also favored by the campaign "*Compromisso Estacio*" and the increasing alignment of intake policies and strategies in all businesses units (including distance-learning centers run by partners).

On the other hand, the distance learning **renewal rate** represented 74.1% of the renewable base in this quarter, against 80.1% in 3Q14, a 6.0 p.p. deterioration. In addition to the difficulties created by the Brazilian economic environment, which also impacted the renewal rate of the on-campus segment, the distance learning renewal was affected by the following issues:

- a mix of students concentrated in 1st and 2nd semesters, with renewal rates lower than most senior students, resulting from (a) the opening of 21 new distance-learning centers in the last 12 months, and (b) an increase in UniSEB's distance learning centers intake (once again, concentrating the student mix on newer students, who are more likely to drop out), thanks to Estacio's campaigns and commercial practices;

- the adoption of stricter collection criteria for UniSEB' senior students in the migration for Estacio' systems, such as: limiting the number of due tuitions, the requirement to provide guarantees for the negotiations, and the impossibility of renewing outside the established criteria.

Due to the two issues mentioned above, UniSEB's distance learning centers migrated to Estacio's network show renewal rates similar to Estacio's rates a few years ago (approximately 70%). It is expected that the effect will be naturally mitigated due to the evolution of the base, same as occurred in Estacio's centers in the past. At the same time, campaigns are being created for students affected by these changes, so they can re-enroll later, already in Estacio's criteria.

Finally, it is worth noting that the renewal rate of the centers ex-UniSEB remained at similar levels to the previous quarters.

Table 5 – Evolution of Distance-Learning Undergraduate Student Base*

'000	3Q14	3Q15	Change
Students - Starting Balance	**93.3**	**106.1**	**13.8%**
(-) Graduates	(2.4)	(4.8)	100.0%
Renewable Base	**90.9**	**101.3**	**11.5%**
(+) Enrollments	32.9	39.6	20.4%
(-) Dropouts	(18.1)	(26.2)	45.1%
Students - Ending Balance	**105.7**	**114.7**	**8.5%**

*Note: Figures not reviewed by the auditors

Continuing Education

Graduate Segment

At the close of 3Q15, Estácio had 63,400 students enrolled in graduate programs, 37.3% up on 3Q14, due to a number of changes and improvements in the academic and operational areas implemented since 2014, with an emphasis on the development of new courses, an increase in distribution channels, and the creation of the Enrollment Center, which expanded the segment's commercial reach. In 3Q15 in particular, it is worth noting the campaigns which focused on Estacio´s former undergraduate students and greatly contributed to the successful enrollment cycle.

Table 6 – Graduate Student Base*

'000	3Q14	3Q15	Change
Graduate	**46.2**	**63.4**	**37.3%**
On-Campus	24.7	32.7	32.2%
Distance Learning	21.5	30.7	43.1%

*Note: Figures not reviewed by the auditors

Pronatec

At the end of 3Q15, Estácio had 12,600 students enrolled in the Pronatec program for vocational courses (Training Scholarship Modality), 6,600 of whom through the 1st Bid Notice, 4,700 through the 2nd Bid Notice and 1,300 through the 3rd Bid Notice, generating a net revenue of R$12.3 million in 3Q15. The first students from the 1st Bid Notice graduated in 3Q15, therefore reducing the total student base of these courses.

Table 7 – Vocational Course Student Base - Pronatec*

'000	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15
Pronatec Students	**15.2**	**12.6**	**19.6**	**17.5**	**15.0**	**12.6**

*Note: Figures not reviewed by the auditors

Operating Revenue

Net operating revenue came to R$724.6 million in 3Q15, 16.0% up on 3Q14, mainly due to the 12.9% increase in the post-secondary student base.

Table 8 – Operating Revenue

R$ MM	3Q14	3Q15	Change	9M14	9M15	Change
Gross Operating Revenue	**912.3**	**1,095.3**	**20.1%**	**2,528.2**	**3,270.8**	**29.4%**
Monthly Tuition Fees	881.4	1,065.1	20.8%	2,473.2	3,168.3	28.1%
Pronatec	23.5	13.6	-42.1%	33.3	51.4	54.4%
Others	7.5	16.6	121.3%	21.8	51.1	134.4%
Gross Revenue Deductions	**(287.6)**	**(370.7)**	**28.9%**	**(776.2)**	**(1,049.5)**	**35.2%**
Scholarships and Discounts	(246.5)	(323.8)	31.4%	(664.4)	(906.8)	36.5%
Taxes	(27.0)	(29.2)	8.1%	(73.5)	(90.1)	22.6%
FGEDUC	(14.1)	(17.8)	26.2%	(38.4)	(52.7)	37.2%
% Scholarships and Discounts/ Gross Operating Revenue	*27.0%*	*29.6%*	*2.5 p.p.*	*26.3%*	*27.7%*	*1.4 p.p.*
Net Operating Revenue	**624.8**	**724.6**	**16.0%**	**1,752.1**	**2,221.3**	**26.8%**

The 3Q15 **on-campus average monthly ticket** came to R$588.4, an increase of 2.8% over 3Q14. Considering only the undergraduate segment, the average increase was of 3.7% in relation to the previous year, due to the following effects:

- ***Change in course mix:*** Due to the deterioration of the macroeconomic scenario and the FIES limitations, we saw an increase in the share of lower average ticket courses;
- ***Decrease in the number of disciplines taken during the semester:*** To avoid dropping out, there is a trend of students reducing the number of disciplines in which they are enrolled, therefore impacting the average ticket, but also increasing total course duration to the student;
- ***Intake campaigns:*** In 3Q15, we saw an increase in tuition exemptions during the intake process, which can be seen in the scholarships and discounts line.

Table 9 – Calculation of the Average Monthly Ticket – On-Campus*

'000	3Q14	3Q15	Change
On-Campus Undergraduate Student Base	315.7	358.7	13.6%
(-) FNC Acquisition	-	(8.7)	N.A.
(-) Dropouts	(14.4)	(17.0)	18.1%
(=) Revenue Generating On-Campus Undergraduate Student Base	301.3	333.0	10.5%
(+) On-Campus Graduate Student Base	19.0	24.5	28.9%
(=) Revenue Generating On-Campus Student Base	320.3	357.5	11.6%
On-Campus Net Revenue (R$ million)	549.9	631.1	14.8%
On-Campus Average Ticket (R$)	572.2	588.5	2.8%

* Note: Figures not reviewed by the auditors. The calculation excludes graduate partnerships and FNC, which was only incorporated at the end of 3Q15.

The 3Q15 **distance-learning average monthly ticket** reached R$160.1, a decrease of 3.1% in relation to 3Q14, mainly due to the following aspects:

i. Increase in the share of graduate students in the mix of students: graduate students have a lower average ticket than undergraduates;
ii. Increase in the share of students enrolled in distance-learning centers owned by partners, which have a lower average ticket (given the tuition transfer we make to the partners) than students in our own centers;
iii. Evolution of 1st and 2nd semesters students after the price repositioning we did two years ago in the main locations where we operate; and
iv. 3Q15 intake campaigns.

If we exclude the first two factors, the distance-learning average ticket would have been in line with the one presented in 3Q14.

Table 10 – Calculation of the Average Monthly Ticket – Distance-Learning*

'000	3Q14	3Q15	Change
Distance Learning Undergraduate Student Base	105.7	114.7	8.5%
(-) Dropouts	(2.7)	(6.9)	155.6%
(=) Revenue Generating Distance Learning Undergraduate Student Base	103.0	107.8	4.7%
(+) Distance Learning Graduate Student Base	7.6	11.9	56.1%
(=) Revenue Generating Distance Learning Student Base	110.6	119.7	8.2%
Distance Learning Net Revenue (R$ million)	54.8	57.5	4.8%
Distance Learning Average Ticket (R$)	165.3	160.1	-3.1%

* Note: Figures not reviewed by the auditors. The calculation does not consider the transfer to UniSEB's distance-learning centers partners and also excludes UniSEB's graduate segment.

Cost of Services

The **cash cost as a percentage of net revenue ratio** continued to improve due to the efforts on the management front and the scalability of the business, recording a 1.5 p.p. improvement over 3Q14, thanks to:

(i) a 1.5 p.p. gain in **salaries and payroll charges**, reflecting the expected gains in faculty cost management and the gradual expansion of the distance-learning segment in the operation;
(ii) a 0.7 p.p. gain in **rentals**, due to contractual renegotiation efforts; and
(iii) a 0.5 p.p. gain in **textbook materials**, due to the increased use of proprietary books, migration to the digital format, and improved inventory management.

The other lines remained virtually flat over 3Q14, with a deterioration of:

(i) 0.6 p.p. in **social security**, due to the recognition of a credit totaling R$7.1 million in 3Q14. Excluding this effect, we would have a 0.5 p.p. gain in this line;

(ii) 0.6 p.p. in **third-party services and others**, which was negatively affected by the increase in electricity costs.

Table 11 – Breakdown of Cost of Services

R$ MM	3Q14	3Q15	Change	9M14	9M15	Change
Cost of Services	**(322.7)**	**(363.4)**	**12.6%**	**(952.0)**	**(1,176.5)**	**23.6%**
Personnel	(248.8)	(282.5)	13.5%	(735.7)	(905.8)	23.1%
Salaries and Payroll Charges	(211.5)	(234.7)	11.0%	(614.4)	(749.7)	22.0%
Brazilian Social Security Institute (INSS)	(37.3)	(47.8)	28.2%	(121.4)	(156.2)	28.7%
Rentals / Real Estate Taxes Expenses	(46.6)	(49.0)	5.2%	(129.7)	(161.9)	24.8%
Textbooks Materials	(9.4)	(6.9)	-26.6%	(37.3)	(37.8)	1.3%
Third-Party Services and Others	(17.9)	(25.0)	39.7%	(49.3)	(71.0)	44.0%

Table 12 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	3Q14	3Q15	Change	9M14	9M15	Change
Cost of Services	**-51.7%**	**-50.2%**	***1.5 p.p.***	**-54.3%**	**-53.0%**	***1.3 p.p.***
Personnel	-39.8%	-39.0%	*0.8 p.p.*	-42.0%	-40.8%	*1.2 p.p.*
Salaries and Payroll Charges	-33.9%	-32.4%	*1.5 p.p.*	-35.1%	-33.8%	*1.3 p.p.*
Brazilian Social Security Institute (INSS)	-6.0%	-6.6%	*-0.6 p.p.*	-6.9%	-7.0%	*-0.1 p.p.*
Rentals / Real Estate Taxes Expenses	-7.5%	-6.8%	*0.7 p.p.*	-7.4%	-7.3%	*0.1 p.p.*
Textbooks Materials	-1.5%	-1.0%	*0.5 p.p.*	-2.1%	-1.7%	*0.4 p.p.*
Third-Party Services and Others	-2.9%	-3.5%	*-0.6 p.p.*	-2.8%	-3.2%	*-0.4 p.p.*

Table 13 – Cost Reconciliation

R$ MM	3Q14	3Q15	Change	9M14	9M15	Change
Cash Cost of Services	**(322.7)**	**(363.4)**	**12.6%**	**(952.0)**	**(1,176.5)**	**23.6%**
(+) Depreciation and amortization	(20.8)	(20.7)	-0.5%	(48.9)	(60.9)	24.5%
Cost of Services	**(343.5)**	**(384.2)**	**11.8%**	**(1,001.0)**	**(1,237.5)**	**23.6%**

Gross Income

Table 14 – Statement of Gross Income

R$ MM	3Q14	3Q15	Change	9M14	9M15	Change
Net Operating Revenue	624.8	724.6	16.0%	1,752.1	2,221.3	26.8%
Cost of Services	(343.5)	(384.2)	11.8%	(1,001.0)	(1,237.5)	23.6%
Gross Profit	**281.2**	**340.4**	**21.1%**	**751.1**	**983.8**	**31.0%**
(-) Depreciation and amortization	20.8	20.7	-0.5%	48.9	60.9	24.5%
Cash Gross Profit	**302.0**	**361.1**	**19.6%**	**800.0**	**1,044.7**	**30.6%**
Cash Gross Margin	*48.3%*	*49.8%*	*1.5 p.p.*	*45.7%*	*47.0%*	*1.3 p.p.*

Selling, General and Administrative Expenses

Selling expenses represented 9.8% of **net operating revenue** in 3Q15, up by 2.5 p.p. as a result of the 1.7 p.p. increase in **marketing** expenses, mainly due to the efforts to launch the new "*Compromisso Estácio*" campaign, whose effects were felt in 3Q15.

In addition, the **PDA/net revenue ratio** recorded a loss of 0.8 p.p., mainly due to the fact that 3Q14 had already been positively impacted by a large recovery volume due to the insourcing of receivables portfolio recovery procedures.

General and administrative expenses corresponded to 12.1% of **net revenue** in 3Q15, a 2.6 p.p. improvement over 3Q14, mainly due to the 3.6 p.p. gain in **personnel**, explained by the reduction in provisions for bonuses in the period, lower provisions for stock options than in 3Q14 (when we launched the 6th Stock Option program), and ongoing initiatives to optimize our headcount, which began to generate more relevant results.

The **institutional events** line continued to be impacted by R$8.5 million related to our sponsorship of the 2016 Olympic Games in Rio. However, there is a corresponding counter-entry under revenue (in the **others** line) related to the training Estácio offers to the volunteers who will help at the event, so that the effect on the operating result (EBITDA) was nil, impacting the period margin only. Excluding the accounting effect from the Olympic Games sponsorship, **G&A expenses** would have represented 11.1% of net revenue in 3Q15, with a gain of 3.6 p.p. over 3Q14.

The year-on-year increase in **depreciation and amortization** over 3Q14 was mainly due to the addition of R$8.8 million from the amortization of the goodwill from the price paid for the recent acquisitions (IESAM, Uniseb, Literatus, and CEUT). In the first nine months of 2015, the total goodwill amortization effect came to R$25 million.

Table 15 – Selling, General and Administrative Expenses

R$ MM	3Q14	3Q15	Change	9M14	9M15	Change
Selling, General and Administrative Cash Expenses	**(138.0)**	**(158.9)**	**15.1%**	**(400.5)**	**(480.5)**	**20.0%**
Selling Expenses	**(45.9)**	**(70.9)**	**54.5%**	**(175.3)**	**(219.3)**	**25.1%**
Provisions for Doubtful Accounts	(11.5)	(18.7)	62.6%	(64.0)	(72.3)	13.0%
Marketing	(34.4)	(52.2)	51.7%	(111.3)	(147.0)	32.1%
General and Administrative Expenses	**(92.1)**	**(88.0)**	**-4.5%**	**(225.2)**	**(261.2)**	**16.0%**
Personnel	(52.5)	(34.8)	-33.7%	(117.9)	(106.6)	-9.6%
Salaries and Payroll Charges	(47.5)	(30.7)	-35.4%	(104.5)	(93.2)	-10.8%
Brazilian Social Security Institute (INSS)	(5.0)	(4.1)	-18.0%	(13.3)	(13.4)	0.8%
Others	(39.5)	(53.2)	34.7%	(107.3)	(154.5)	44.0%
Third-Party Services	(16.4)	(18.9)	15.2%	(45.9)	(59.4)	29.4%
Machinery rentals and leasing	(0.3)	(1.9)	533.3%	(1.2)	(1.0)	-16.7%
Consumable Material	(0.8)	(0.8)	0.0%	(1.8)	(2.3)	27.8%
Maintenance and Repair	(7.5)	(9.8)	30.7%	(20.3)	(27.4)	35.0%
Provision for Contingencies	(4.3)	(3.8)	N.A.	(11.1)	(10.5)	-5.4%
Educational Agreements	(1.8)	(2.2)	22.2%	(5.9)	(5.7)	-3.4%
Travel and Lodging	(3.5)	(3.8)	8.6%	(8.1)	(8.3)	2.5%
Institutional Events	(1.2)	(9.6)	700.0%	(2.5)	(27.3)	992.0%
Copies and Bookbinding	(1.1)	(1.4)	27.3%	(2.4)	(3.9)	62.5%
Insurance	(1.2)	(1.7)	41.7%	(3.4)	(3.5)	2.9%
Cleaning Supplies	(0.6)	(0.5)	-16.7%	(1.6)	(1.9)	18.8%
Transportation	(0.7)	(1.1)	57.1%	(1.9)	(2.4)	26.3%
Car Rental	(0.7)	(0.6)	-14.3%	(1.9)	(1.8)	-5.3%
Other Operating Renewe (expenses)	5.6	6.6	17.9%	13.7	13.3	-2.9%
Others	(5.1)	(3.8)	-25.5%	(12.9)	(12.3)	-4.7%
Depreciation and amortization	**(6.3)**	**(18.8)**	**198.4%**	**(19.3)**	**(55.9)**	**189.6%**

Table 16 – Vertical Analysis of Selling, General and Administrative Expenses

% of Net Operating Revenue	3Q14	3Q15	Change	9M14	9M15	Change
Selling, General and Administrative Cash Expenses	**-22.1%**	**-21.9%**	***0.2 p.p.***	**-22.9%**	**-21.6%**	***1.3 p.p.***
Selling Expenses	**-7.3%**	**-9.8%**	***-2.5 p.p.***	**-10.0%**	**-9.9%**	***0.1 p.p.***
Provisions for Doubtful Accounts	-1.8%	-2.6%	*-0.8 p.p.*	-3.7%	-3.3%	*0.4 p.p.*
Marketing	-5.5%	-7.2%	*-1.7 p.p.*	-6.4%	-6.6%	*-0.2 p.p.*
General and Administrative Expenses	**-14.7%**	**-12.1%**	***2.6 p.p.***	**-12.9%**	**-11.8%**	***1.1 p.p.***
Personnel	-8.4%	-4.8%	*3.6 p.p.*	-6.7%	-4.8%	*1.9 p.p.*
Salaries and Payroll Charges	-7.6%	-4.2%	*3.4 p.p.*	-6.0%	-4.2%	*1.8 p.p.*
Brazilian Social Security Institute (INSS)	-0.8%	-0.6%	*0.2 p.p.*	-0.8%	-0.6%	*0.2 p.p.*
Others	-6.3%	-7.3%	*-1.0 p.p.*	-6.1%	-7.0%	*-0.9 p.p.*
Third-Party Services	-2.6%	-2.6%	*0.0 p.p.*	-2.6%	-2.7%	*-0.1 p.p.*
Machinery rentals and leasing	0.0%	-0.3%	*-0.3 p.p.*	-0.1%	0.0%	*0.0 p.p.*
Consumable Material	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Maintenance and Repair	-1.2%	-1.4%	*-0.2 p.p.*	-1.2%	-1.2%	*-0.1 p.p.*
Provision for Contingencies	-0.7%	-0.5%	*0.2 p.p.*	-0.6%	-0.5%	*0.2 p.p.*
Educational Agreements	-0.3%	-0.3%	*0.0 p.p.*	-0.3%	-0.3%	*0.1 p.p.*
Travel and Lodging	-0.6%	-0.5%	*0.1 p.p.*	-0.5%	-0.4%	*0.1 p.p.*
Institutional Events	-0.2%	-1.3%	*-1.1 p.p.*	-0.1%	-1.2%	*-1.1 p.p.*
Copies and Bookbinding	-0.2%	-0.2%	*0.0 p.p.*	-0.1%	-0.2%	*0.0 p.p.*
Insurance	-0.2%	-0.2%	*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	-0.1%	-0.2%	*-0.1 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Car Rental	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Other Operating Renewe (expenses)	0.9%	0.9%	*0.0 p.p.*	0.8%	0.6%	*-0.2 p.p.*
Others	-0.8%	-0.5%	*0.3 p.p.*	-0.7%	-0.6%	*0.2 p.p.*
Depreciation and amortization	**-1.0%**	**-2.6%**	***-1.6 p.p.***	**-1.1%**	**-2.5%**	***-1.4 p.p.***

EBITDA

EBITDA totaled R$202.2 million in 3Q15, 23.3% up on 3Q14, with an **EBITDA margin** of 27.9%, up by 1.7 p.p., mainly due to the increase of 16.0% in the net revenue and efficiency gains from **personnel** (both in terms of costs and general and administrative expenses). Once again, we deliver a quarter with solid margin expansion, showing our discipline in controlling costs and expenses, and a sustainable pace of our operational efficiency gains.

Table 17 – Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

R$ MM	3Q14	3Q15	Change	9M14	9M15	Change
Net Revenue	624.8	724.6	16.0%	1,752.1	2,221.3	26.8%
(-) Cash Cost of Services	(322.7)	(363.4)	12.6%	(952.0)	(1,176.5)	23.6%
(-) Selling, General and Administrative Cash Expenses	(138.0)	(158.9)	15.1%	(400.5)	(480.5)	20.0%
EBITDA	**164.0**	**202.2**	**23.3%**	**399.5**	**564.2**	**41.2%**
EBITDA Margin	*26.2%*	*27.9%*	*1.7 p.p.*	*22.8%*	*25.4%*	*2.6 p.p.*

Financial Result

The 3Q15 **financial result** was negative by R$12.2 million, R$2.4 million down on 3Q14, primarily due to the R$12.1 million increase in the interest and financial charges line, essentially as a result of the R$760.7 million increase in the Company's gross debt.

It is worth noting the R$9.5 million decrease in the **financial discounts** line, explained by the fact that in 3Q14 we began insourcing the collection of our portfolio of old receivables.

The foreign-currency financing line contracted from Banco Itaú in March 2015 has a cash flow swap in which the long leg corresponds to the exchange rate variation plus 1.95% p.a., compensating the FX exposition of the line, and the short leg to the CDI + 0.12% p.a. (final FX effect will be zero at the end of the operation).

Table 18 – Breakdown of the Financial Result

R$ MM	3Q14	3Q15	Change	9M14	9M15	Change
Financial Revenue	**22.9**	**79.3**	**246.3%**	**85.7**	**161.8**	**88.8%**
Fines and interest charged	4.6	5.9	28.7%	11.6	14.8	27.6%
Investments income	11.5	23.1	101.2%	50.1	59.2	18.2%
Active monetary variation	3.0	3.3	9.4%	20.2	8.4	-58.4%
Active exchange variation	0.1	0.0	-88.0%	0.1	22.5	N.A.
Derivative financial instruments gain - swap	-	46.7	N.A.	-	56.6	N.A.
Other	3.7	0.4	-90.2%	3.7	0.4	-89.2%
Tax on financial revenues	-	**(1.5)**	**N.A.**	-	**(1.5)**	**N.A.**
Financial Expenses	**(32.7)**	**(90.0)**	**175.3%**	**(65.3)**	**(192.8)**	**195.3%**
Bank charges	(2.4)	(2.4)	-0.7%	(7.7)	(7.8)	1.3%
Interest and financial charges	(15.6)	(27.7)	77.6%	(32.6)	(72.1)	121.2%
Financial Discounts	(13.1)	(3.6)	-72.4%	(19.0)	(11.9)	-37.4%
Passive monetary variation	(1.1)	(2.3)	108.4%	(4.4)	(9.3)	111.4%
Derivative financial instruments losses - swap	-	(0.0)	N.A.	-	(25.6)	N.A.
Passive exchange variation	-	(53.3)	N.A.	(0.1)	(64.3)	N.A.
Other	(0.5)	(0.6)	22.0%	(1.4)	(1.8)	28.6%
Financial Result	**(9.8)**	**(12.2)**	**24.6%**	**20.4**	**(32.5)**	**N.A.**

Net Income

Estácio posted **net income** of R$157.0 million in 3Q15, 18.0% up on 3Q14, thanks to the 23.3% period rise in our EBITDA, which offset the 24.5% increase in the financial result (basically due to the increase in our gross debt in the period) and the 45.8% rise in depreciation and amortization (mainly due to the amortization of goodwill from the price paid for the acquisitions). **Earnings per share** came to R$0.50 in 3Q15, 19.0% up year-on-year.

It is worth noting that in this quarter, there was a positive impact of around R$8.8 million in the **income tax and social contribution** lines, due to the recalculation of 2014 income tax for delivery via the new electronic tax and accounting information disclosure system (SPED), which replaced the corporate income tax return (DIPJ).

Table 19 – Reconciliation of EBITDA and Net Income

R$ MM	3Q14	3Q15	Change	9M14	9M15	Change
EBITDA	**164.0**	**202.2**	**23.3%**	**399.5**	**564.2**	**41.2%**
Financial Result	(9.8)	(12.2)	24.5%	20.4	(32.5)	N.A.
Depreciation and amortization	(27.1)	(39.5)	45.8%	(68.2)	(116.8)	71.3%
Social Contribution	1.4	1.4	0.0%	(1.9)	-	-100.0%
Income Tax	4.4	5.2	18.2%	(5.0)	4.6	-192.0%
Net Income	**133.0**	**157.0**	**18.0%**	**344.8**	**419.6**	**21.7%**
Number of shares	315.4	316.7	0.4%	315.4	316.4	0.3%
Earnings per share (R$)	**0.42**	**0.50**	**19.0%**	**1.09**	**1.33**	**22.0%**

Companies Acquired

The following chart shows the 3Q15 results of the companies acquired in the last twelve months, i.e., CEUT and FNC (consolidated in September 2015 and therefore impacting one month only). The acquisitions prior to 12 months ago are already consolidated in our results.

Table 20 – Key Indicators of Acquired Companies in 3Q15

R$ million	CEUT	FNC	Total
Net Revenue	**9.5**	**3.4**	**12.9**
Gross Profit	**3.5**	**1.5**	**5.0**
Gross Margin	*36.8%*	*44.1%*	*38.8%*
EBITDA	**3.5**	**1.1**	**4.6**
EBITDA Margin	*36.8%*	*32.4%*	*35.7%*
Net Income	**3.4**	**0.7**	**4.1**
Income Margin	*35.8%*	*20.6%*	*31.8%*

Accounts Receivable and Average Receivable Days

The number of **net student receivables days** (tuition and agreements), including FIES receivables and FIES net revenue, reached 130 days in 3Q15, 47 days more than in 3Q14, mainly due to the new FIES transfer and buyback schedule for 2015.

Excluding FIES net revenue and FIES receivables, the average days receivables came to 95 days, an improvement of three days over 2Q15. The 16-day year-over-year increase in the ex-FIES average receivables period can be explained by:

- ***A change in the retroactive amendment rules for FIES agreements:*** At the end of 2014, the FNDE (MEC) limited retroactive amendments to FIES agreements. Accordingly, around 10,000 Estácio students lost FIES support after the end of last year. Consequently, after renegotiating their debts and migrating to the non-FIES student base in the first semester of 2015, a portion of these students left while others continued studying.
- ***Campaign for students who did not obtain FIES support in the first semester of 2015*:** In a year of economic crisis, Estácio launched a special campaign for students who could not get FIES in the first half, allowing them to renegotiate their debt with fixed installments (and in a higher number than previously allowed), generating a negative impact of around R$12 million on accounts receivable.
- ***Worse macroeconomic scenario:*** It is also worth noting that non-FIES students have been recording higher delinquency rates this year, either due to the impossibility of obtaining FIES or due

to the financial difficulties that many Brazilian families have been facing, given this worse scenario and the decision not to adhere to our debt renegotiation campaigns.

In this context, Estácio hired external assistance and reinforced its in-house credit and collection team in order to provide specific input to the Company's management model, with the aim of substantially improving this indicator in the coming quarters.

Table 21 – Accounts Receivable and Average Receivable Days

Accounts Receivable (R$ MM)	3Q14	4Q14	1Q15	2Q15	3Q15
Gross Accounts Receivable	**641.5**	**573.2**	**833.9**	**1,087.6**	**1,168.8**
FIES	222.2	149.7	325.9	552.5	616.8
Tuition monthly fees	333.5	354.0	412.5	448.2	429.6
Credit Cards receivable	38.5	30.8	43.9	38.9	45.6
Renegotiation receivables	47.4	38.7	51.6	48.1	76.8
Credits to identify	(6.8)	(6.8)	1.5	(5.4)	(3.5)
Provision for bad debts	(101.7)	(115.0)	(111.7)	(99.4)	(111.2)
Net Accounts Receivable	**533.0**	**451.4**	**723.6**	**982.8**	**1,054.1**
Annualized Net Revenue (last twelve months)	**2,315.5**	**2,518.5**	**2,724.8**	**2,789.5**	**2,915.6**
Days Receivables	**83**	**65**	**96**	**127**	**130**
Net Revenue Ex. FIES (last twelve months)	**1,410.5**	**1,472.7**	**1,601.0**	**1,585.5**	**1,659.5**
Days Receivables Ex. FIES and FIES Revenue	**79**	**74**	**89**	**98**	**95**

Note: Net revenue in the last 12 months is annualized for the acquisitions concluded this period.

In 3Q15, **FIES accounts receivable** increased by R$394.6 million over the previous quarter to R$616.8 million, due to the new FIES transfer and buyback schedule disclosed in December 2014. In addition, the significant delays in the contract amendment process in the first semester of 2015 made a substantial contribution to the build-up of FIES receivables, due to the lower number of certificates transferred. At the same time, discussions on the so-called "preliminary amendments" (contracts whose price increase exceeded the ceiling initially established by the MEC) have also delayed a significant portion of the certificate issues, further impacting FIES cash flow. As a result, the **average FIES receivable term** stood at 199 days in 3Q15, an increase of 91 days over 3Q14.

Table 22 – Accounts Receivable and Average FIES Receivable Days

FIES Average Days Receivables	3Q14	4Q14	4Q15	2Q15	3Q15
FIES Receivables	222.2	149.7	325.9	552.5	616.8
FIES Carry-Forward Credits	50.0	81.7	87.2	74.4	79.0
FIES Revenue (last twelve months)	983.0	1,133.4	1,219.4	1,306.5	1,363.0
FGEDUC Deduction (last twelve months)	(49.2)	(54.0)	(60.0)	(64.6)	(68.3)
Taxes (last twelve months)	(28.8)	(33.6)	(35.6)	(37.9)	(38.6)
FIES Net Revenue (last twelve months)	905.0	1,045.8	1,123.8	1,204.0	1,256.1
FIES Days Receivables	**108**	**80**	**132**	**187**	**199**

Consequently, of the R$1.04 billion in total FIES revenue in the first nine months of 2015, Estácio received transfers corresponding to R$520.4 million, related to December 2014 and January, February, March, April and May 2015.

It is worth noting that this discrepancy of nearly half the amount to be received, as well as the R$79.0 million in carry-forward credits (related to certificates already issued) severely impacted our cash flow throughout the year, and shall be cashed during 4Q15, in accordance with the rule disclosed by the MEC in December 2014 following the publication of Ordinance 23.

Table 23 – Evolution of FIES Accounts Receivable

FIES Accounts Receivable (R$ MM)	3Q14	4Q14	1Q15	2Q15	3Q15
Opening Balance	**128.6**	**222.2**	**149.7**	**325.9**	**552.5**
(+) FIES Revenue	296.3	321.8	311.7	376.7	352.8
(-) Transfer	190.6	378.3	121.1	128.9	270.4
(-) FIES Deduction/Provision	14.8	16.0	16.6	19.0	18.1
(+) Acquisitions	2.6	0.0	2.2	-2.2	0.0
Ending Balance	**222.2**	**149.7**	**325.9**	**552.5**	**616.8**

Table 24 – Evolution of FIES Carry-Forward Credits

FIES Carry-Forward Credits (R$ MM)	3Q14	4Q14	1Q15	2Q15	3Q15
Opening Balance	**82.4**	**50.0**	**81.7**	**87.2**	**74.4**
(+) Transfer	190.6	378.3	121.1	128.9	270.4
(-) Tax payment	70.2	78.9	24.3	79.2	78.9
(-) Repurchase auctions	152.8	265.9	91.3	63.5	188.4
(+) Acquisitions	-	-1.8	-	-	1.0
(+) Monetary restatement	-	-	-	0.9	0.5
Ending Balance	**50.0**	**81.7**	**87.2**	**74.4**	**79.0**

Table 25 – Aging of Total Gross Accounts Receivable

Breakdown of Accounts Receivable by Age (R$ million)	3Q14	%	3Q15	%
FIES	222.2	35%	616.8	53%
Not yet due	108.6	17%	189.2	16%
Overdue up to 30 days	71.9	11%	81.5	7%
Overdue from 31 to 60 days	39.3	6%	43.4	4%
Overdue from 61 to 90 days	24.2	4%	27.9	2%
Overdue from 91 to 179 days	73.7	11%	98.7	8%
Overdue more than 180 days	101.7	16%	111.2	10%
TOTAL	**641.5**	**100%**	**1,168.8**	**100%**

Table 26 – Aging of Agreements Receivable*

Breakdown of Agreements by Age (R$ million)	3Q14	%	3Q15	%
Not yet due	28.6	60%	52.1	68%
Overdue up to 30 days	2.6	6%	3.0	4%
Overdue from 31 to 60 days	2.4	5%	3.1	4%
Overdue from 61 to 90 days	2.0	4%	1.8	2%
Overdue from 91 to 179 days	5.3	11%	5.3	7%
Overdue more than 180 days	6.5	14%	11.4	15%
TOTAL	**47.4**	**100%**	**76.8**	**100%**
% over Accounts Receivable	**7%**		**7%**	

*Note: *Excludes credit card agreements

Even in this more challenging scenario, we continue with a healthy receivables portfolio, with a low percentage of agreements – only 7% of total receivables came from renegotiations with students, identical to the 3Q14 ratio.

It is worth noting that Estácio provisions 100% of receivables overdue by more than 180 days, complemented by FIES provisions. Tables 27 and 28 show how PDA is constituted and reconciles the balance sheet amounts with those in the income statement.

Table 27 – Constitution of the Provision for Doubtful Accounts in the Income Statement

R$ MM	12/31/2014	Gross increase in the provision for deliquency	Deliquency recover	Net provision effect	Write off	9/30/2015
TOTAL	115.0	180.8	(100.7)	80.0	(83.8)	111.2

In 3Q15, Estácio sold a **portfolio of old receivables** from acquired companies for the amount of R$4.7 million. Together with the R$2.6 million from the old porfolio of students who already graduated in previous years, which was sold in 2Q15, these sales explain the R$7.3 million benefit in our PDA line in the first nine months of 2015, as presented in the table below.

Table 28 – Reconciliation of the Provision for Doubtful Account Balances in the Balance Sheet

	9/30/2015	9/30/2014
Additional Provision	80.0	71.7
Portfolio sale	(7.3)	-
Others	(2.7)	(10.7)
Total	**70.0**	**61.0**

Investments (CAPEX and Acquisitions)

Table 29 – CAPEX Breakdown

R$ million	3Q14	3Q15	Change	9M14	9M15	Change
Total CAPEX	**59.5**	**34.3**	**-42.3%**	**127.5**	**146.2**	**14.7%**
Maintenance	**37.0**	**19.0**	**-48.6%**	**81.1**	**75.9**	**-6.4%**
Discretionary and Expansion	**22.5**	**15.3**	**-32.0%**	**46.4**	**70.3**	**51.5%**
Academic Model	1.5	2.6	73.3%	4.8	7.6	58.3%
New IT Architecture	3.7	1.1	-70.3%	8.7	6.3	-27.6%
Integration Processes	0.5	2.1	320.0%	0.9	8.5	N.A.
Tablet Project	6.1	0.2	-96.7%	13.1	2.2	-83.2%
Expansion	8.9	9.3	4.5%	17.1	45.7	167.3%
Acquisitions	**930.2**	**85.8**	**-90.8%**	**931.0**	**85.8**	**-90.8%**

Total CAPEX (excluding acquisitions) came to R$34.3 million in 3Q15, 42.3% less than in 3Q14, mainly due to the reduction in maintenance investments, which were anticipated for the first semester of the year.

Maintenance CAPEX totaled R$19.0 million, 48.6% down on 3Q14, mostly allocated to the upgrading of systems, equipment, libraries and laboratories in the units. We also invested around R$2.6 million in the **Academic Model** (creation of content and distance-learning development and production); R$0.2 million in the **Tablet Project**; R$1.1 million in the acquisition of hardware and licenses for the **IT architecture** revision project, which will replace our legacy academic systems and prepare our hardware for the Company's growth; and R$2.1 million in **integration projects**, whose increase is directly related to the improvement of the infrastructure of the four acquisitions in 2014.

Investments in expansion projects, as well as the renovation and improvement of units, totaled R$9.3 million and refer to investments in new units, expansions of existing units, and new classrooms in order to accommodate the constant growth of our student base.

It is worth mentioning that several of the above-mentioned projects and investments were already under way when the changes to the FIES began to be implemented, which strongly affected our cash position. As a result, we revised Estácio's CAPEX plan for the year, and our investments are now adjusted to the new reality, which takes the impact of the FIES changes into consideration, but does not neglect those investments needed for the execution of the Company's long-term vision. As a result, total CAPEX (excluding acquisitions) represented 7% of total 9M15 net revenue, in line with previous years.

Capitalization and Cash

Cash and cash equivalents closed September at R$721.2 million, conservatively invested in fixed-income instruments pegged to the CDI interbank rate, government bonds, and certificates of deposit with top-tier Brazilian banks.

Bank debt of R$1.05 billion corresponded mainly to:

- the Company's bond issues (1st series of R$200 million, 2nd series of R$300 million and 3rd series of R$187 million);
- the loans from the IFC (first loan of R$48.5 million and second loan of around R$20 million);
- the R$200 million foreign-currency loan from Itaú in March, 2015; and
- the capitalization of equipment leasing expenses in compliance with Federal Law 11,638

Including commitments for future payments related to acquisitions, which totaled R$92.0 million, as well as taxes payable in installments, Estácio's **gross debt** came to R$1.15 billion at the end of the quarter.

As a result, the Company closed 3Q15 with **net debt** of R$431.8 million.

Table 30 – Capitalization and Cash

R$ MM	9/30/2014	6/30/2015	9/30/2015
Shareholders' Equity	**2,420.8**	**2,574.0**	**2,736.9**
Cash & Cash Equivalents	**434.9**	**493.9**	**721.2**
Total Gross Debt	**(392.3)**	**(853.3)**	**(1,153.0)**
Loans and Financing	(290.9)	(779.8)	(1,045.4)
Short Term	(26.3)	(223.6)	(301.3)
Long Term	(264.6)	(556.2)	(744.1)
Commitments Payable	(82.4)	(56.6)	(92.0)
Taxes Paid in Installments	(19.0)	(16.9)	(15.7)
Cash / Net Debt	**42.6**	**(359.4)**	**(431.8)**

Cash Flow

We recorded positive **operating cash flow (OCF)** of R$83.5 million in 3Q15, due to the transfer of FIES certificates related to 1H15 tuitions and the year-on-year reduction in CAPEX, as previously explained.

In 9M15, we recorded negative **operating cash flow (OCF)** of R$142.0 million, mainly reflecting the negative variation in working capital due to the new tuition FIES payment cycle, as defined by MEC Ordinance 23 of December 2014, besides the increase of R$18.7 million in the CAPEX recorded in the first nine months of the year, which also had a negative impact in our operating cash flow.

Table 31 – Cash Flow

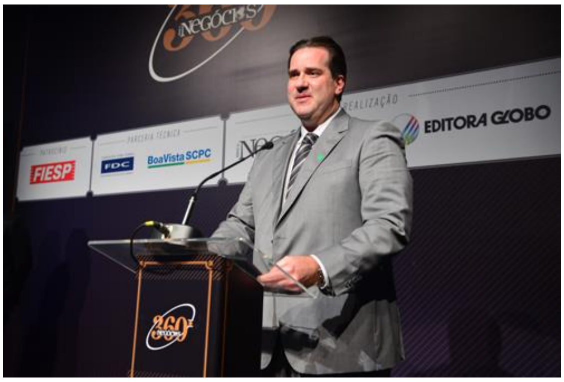
Cash Flow Statement (R$ million)	3Q14	3Q15	9M14	9M15
Profit before income taxes and social contribution	127.1	150.5	351.7	415.0
Adjustments to reconcile profit to net cash generated:	60.7	93.2	182.2	285.3
Result after reconciliation to net cash generated	187.8	243.7	533.8	700.3
Changes in assets and liabilities:	(68.4)	(125.9)	(239.1)	(696.2)
Net cash provided by (used in) operating activities:	119.4	117.8	294.7	4.1
CAPEX (Ex-Acquisitions)	(59.5)	(34.3)	(127.5)	(146.2)
Operational Cash Flow:	59.9	83.5	167.2	(142.0)
Other investing activities:	(919.0)	(38.6)	(919.3)	(37.1)
Net cash provided by (used in) investing activities	(859.1)	44.9	(752.1)	(179.1)
Cash flows from financing activities:	506.5	182.4	447.9	185.2
Net cash provided by (used in) financing activities	(352.5)	227.3	(304.3)	6.1
Cash and cash equivalents at the beginning of the period	787.4	493.9	739.2	715.1
Increase in cash and cash equivalents	(352.5)	227.3	(304.3)	6.1
Cash and cash equivalents at the end of the period	434.9	721.2	434.9	721.2

Key Material Facts

<u>Estácio receives award from *Época Negócios* magazine</u>

Company is considered the best service sector company in Brazil by the Época Negócios 360º Yearbook

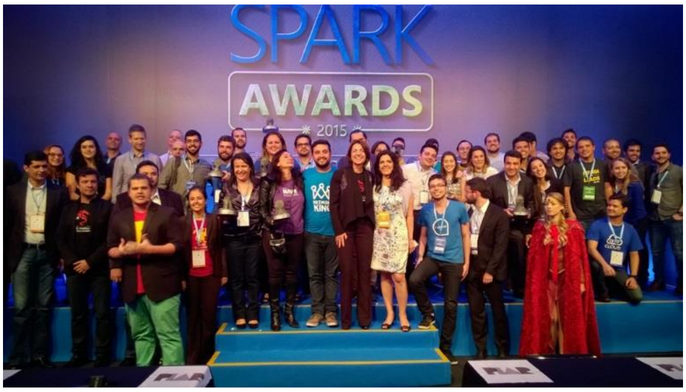
On August 13th, in a ceremony held in São Paulo, Estácio received the award for the best service sector company in Brazil from *Época Negócio*s magazine. Estácio was elected from more than a thousand companies listed in the *Época Negócios 360º* Yearbook, which is in its fourth edition. The award is organized by Época Negócios in association with the Dom Cabral Foundation, and assesses the following categories, which are crucial for the continuing success of organizations: Financial Performance, Innovation, Corporate Governance, Social and Environmental Responsibility, Human Resources Practices and Vision of the Future. A total of 26 companies were awarded, in addition to the winners in each of the six categories.



The Yearbook also contained an overall ranking of the 250 best companies considering all these categories, in which Estácio was ranked among the top 25.

<u>Estácio wins Sparks Awards 2015</u>

Estácio was chosen the best university for entrepreneurs



On November 4th, we had a major victory which shows that we are on the right path to become, in 2020, the most innovative educational institution in the country. In the 2015 Spark Awards ceremony, an event that awards the highlights of the national entrepreneurship, we won in two categories: "Best University for Entrepreneurs" and "Best Accelerator", with the *Espaço NAVE,* our pre-accelerator for startups.

The award, held since 2013, is a Microsoft and ABStartups initiative. Estácio's Innovation Director, Ms. Lindália Reis, said the award is a recognition for all the work we have been doing in the part two years to transform the lives of our more than 500,000 students. The double victory in the Spark Awards joins the list of important achievements for Estácio in the Innovation front: we were the first university framed in the "*Lei do Bem*" from the Ministry of Technology and Innovation Science, the first university to be approved by FINEP in the educational development funding line, and the first university to get Anpei's Innovation seal.

<u>Celebration of Estácio's 45th anniversary</u>

On August 31st and September 1st, we held two major events to celebrate Estácio's 45th anniversary at the Tom Jobim unit, in Rio de Janeiro. On the first day, our campus held the fifth Estácio Contemporary Law Congress, with the presence of several illustrious Brazilian legal figures, including Marcus Vinícius Furtado Coelho, Chairman of the Federal Council of the Brazilian Bar Association, Chief Justice Minister Gilmar Mendes of the Supreme Court and Appellate Justice Sérgio Cavalieri Filho, former Director of Estácio's Law Course; as well as several judges, professors and former students.

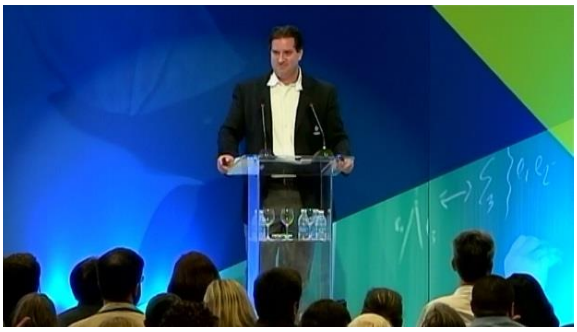
On the second day we received renowned guests from several areas for a series of lectures, including José Manuel Durão Barroso, former Prime Minister of Portugal and former President of the European Union, Augusto Nardes from the Federal Accounting Court, and designer Hans Donner, all of whom gave a talk at the event, which was also attended by the Governor of Rio de Janeiro State, Luiz Fernando Pezão.

Conclusion of the Company 3rd bond issue

On September 30th, Estácio concluded its third public offering of non-convertible, unsecured bonds, with a two-year term, maturing in September 2017, which raised R$187 million.

The proceeds will be used to strengthen the Company's cash position in order to continue with its expansion and investment policy.

VII Annual Faculty Forum

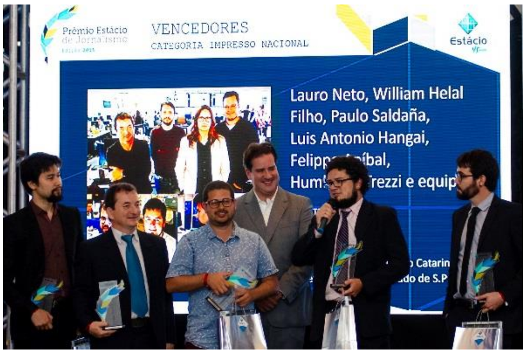


In July we held another edition of our Annual Faculty Forum in Rio de Janeiro, which focused on the dissemination of Estácio's Teaching Model, especially in relation to the use of the technological features that have helped ensure a more interactive and collaborative learning process, as well as on the due appreciation of Estácio's faculty members. This year's theme was "Together Towards Excellence".

A record 1,100 professors from all over the country attended the event, out of more than 9,000 faculty members nationwide, which was broadcast live to all Estácio's campuses in Brazil.

V Estácio Journalism Award celebrates articles on Post-Secondary Education

On September 30th, at a ceremony in Rio de Janeiro, Estácio announced the nine winners of the V Estácio Journalism Award. Competitors from all over the country were treated to a unique experience in the debate on Post-Secondary Education in Brazil. A total of 333 articles were submitted to the 2015 edition, 26.8% up on the previous year and a new record. The finalist articles, previously selected by professors nationwide, were examined by the jury, which contained many eminent figures in the journalistic field, including Heródoto Barbeiro, Gilberto Dimenstein and Gustavo Ioschpe.



A total of 151 media vehicles from 23 states and the Federal District took part. All in all, in the five editions of the award, more than a thousand articles have been submitted from the press, TV, radio and the internet.

The Grand Prize went to an article entitled "USP's Unprecedented Payroll", by journalists Fabio Takahashi, Mario Cesar Carvalho and Severino Mota (Folha de S.Paulo).

Estácio at Rock in Rio 2015

Rock in Rio, one of the world's largest music festivals, renewed its association with Estácio in its 2015 edition. In the 45 years of Estácio and the 30 years of the festival, this was the third edition in which we were Rock in Rio's official University, greatly benefiting our students.

Focus on the student, focus on the market

After six months participating in the Estácio Rock Student Project, 600 students had the opportunity to work in the festival on the visitor assistance, internal organization and artist support fronts. As in previous editions, Rock in Rio TV had the full support of Estácio's Social Communication students who helped with filming and interviews, as well as editing and operations.

Estácio's stand proved to be a great success in terms of interaction with the public and branding strategy, as well as acting as another tool for commercial dissemination.

Results Conference Call

Conference Call (in Portuguese)	Conference Call (in English)
Date: November 6, 2015 (Friday)	Date: November 6, 2015 (Friday)
Time: 10:00 a.m. (Brasília) / 7:00 a.m. (US ET)	Time: 11:30 a.m. (Brasília) / 8:30 a.m. (US ET)
Connection Dial-in Brazil: +55 (11) 3127 -4971 / 3728 -5971	Connection Dial-in NY: +1 (412) 317 -6776
Access Code: Estácio	Access Code: Estácio
Webcast: www.estacioparticipacoes.com.br/ri	Webcast: www.estacioparticipacoes.com.br/ir
Replay: available until November 12	Replay: available until November 12
Phone: +55 (11) 3127 4999	Phone: +1 (412) 317 -0088
Access Code: 25817888	Access Code: 10073311

The statements included in this report related to the prospects of the business, estimates of operating and financial results, as well as those relating to Estácio's growth prospects, are merely projections and as such are based exclusively on Management's expectations regarding the future of the business. These statements depend substantially on changes in market conditions and the performance of the Brazilian economy, the industry and international markets and therefore are subject to change without prior notice.

Income Statement in IFRS

R$ MM	Consolidated 3Q14	Consolidated 3Q15	Consolidated Change	Excluding acquisitions in the last 12 months 3Q14	Excluding acquisitions in the last 12 months 3Q15	Excluding acquisitions in the last 12 months Change
Gross Operating Revenue	**912.3**	**1,095.3**	**20.1%**	**912.3**	**1,074.6**	**17.8%**
Monthly Tuition Fees	881.4	1,065.1	20.8%	881.4	1,044.4	18.5%
Pronatec	23.5	13.6	-42.1%	23.5	13.6	-42.1%
Others	7.5	16.6	121.3%	7.5	16.6	121.3%
Gross Revenue Deductions	**(287.6)**	**(370.7)**	**28.9%**	**(287.6)**	**(362.8)**	**26.1%**
Scholarships and Discounts	(246.5)	(323.8)	31.4%	(246.5)	(316.3)	28.3%
Taxes	(27.0)	(29.2)	8.1%	(27.0)	(28.8)	6.7%
FGEDUC	(14.1)	(17.8)	26.2%	(14.1)	(17.8)	26.2%
Net Operating Revenue	**624.8**	**724.6**	**16.0%**	**624.8**	**711.8**	**13.9%**
Cost of Services	**(343.5)**	**(384.2)**	**11.8%**	**(343.5)**	**(376.3)**	**9.5%**
Personnel	(248.8)	(282.5)	13.5%	(248.8)	(276.0)	10.9%
Rentals / Real Estate Taxes Expenses	(46.6)	(49.0)	5.2%	(46.6)	(48.2)	3.4%
Textbooks Materials	(9.4)	(6.9)	-26.6%	(9.4)	(6.9)	-26.6%
Third-Party Services and Others	(17.9)	(25.0)	39.7%	(17.9)	(24.7)	38.2%
Depreciation	(20.8)	(20.7)	-0.5%	(20.8)	(20.6)	-1.0%
Gross Profit	**281.2**	**340.4**	**21.1%**	**281.2**	**335.4**	**19.3%**
Gross Margin	***45.0%***	***47.0%***	***2.0 p.p.***	***45.0%***	***47.1%***	***2.1 p.p.***
Selling, General and Administrative Expenses	**(144.3)**	**(177.7)**	**23.1%**	**(144.3)**	**(177.2)**	**22.8%**
Selling Expenses	**(45.9)**	**(70.9)**	**54.5%**	**(45.9)**	**(70.7)**	**54.0%**
Provisions for Doubtful Accounts	(11.5)	(18.7)	62.6%	(11.5)	(18.7)	62.6%
Marketing	(34.4)	(52.2)	51.7%	(34.4)	(52.0)	51.2%
General and Administrative Expenses	**(92.1)**	**(88.0)**	**-4.5%**	**(92.1)**	**(87.7)**	**-4.8%**
Personnel	(52.5)	(34.8)	-33.7%	(52.5)	(34.8)	-33.7%
Others	(39.5)	(53.2)	34.7%	(39.5)	(52.9)	33.9%
Depreciation	**(6.3)**	**(18.8)**	**198.4%**	**(6.3)**	**(18.8)**	**198.4%**
EBIT	**136.9**	**162.7**	**18.8%**	**136.9**	**158.2**	**15.6%**
EBIT Margin	***21.9%***	***22.5%***	***0.6 p.p.***	***21.9%***	***22.2%***	***0.3 p.p.***
(+) Depreciation	27.1	39.5	45.8%	27.1	39.4	45.4%
EBITDA	**164.0**	**202.2**	**23.3%**	**164.0**	**197.6**	**20.5%**
EBITDA Margin	***26.2%***	***27.9%***	***1.7 p.p.***	***26.3%***	***27.8%***	***1.5 p.p.***
Financial Result	(9.8)	(12.2)	24.5%	(9.8)	(12.2)	N.A.
Depreciation and Amortization	(27.1)	(39.5)	45.8%	(27.1)	(39.4)	45.4%
Social Contribution	1.4	1.4	0.0%	1.4	1.4	N.A.
Income Tax	4.4	5.2	18.2%	4.4	5.4	N.A.
Net Income	**133.0**	**157.0**	**18.0%**	**133.0**	**152.9**	**15.0%**
Net Income Margin	***21.3%***	***21.7%***	***0.4 p.p.***	***21.3%***	***21.5%***	***0.2 p.p.***

Income Statement in IFRS

R$ MM	Consolidated 9M14	Consolidated 9M15	Consolidated Change	Excluding acquisitions in the last 12 months 9M14	Excluding acquisitions in the last 12 months 9M15	Excluding acquisitions in the last 12 months Change
Gross Operating Revenue	**2,528.2**	**3,270.8**	**29.4%**	**2,528.2**	**3,069.4**	**21.4%**
Monthly Tuition Fees	2,473.2	3,168.3	28.1%	2,473.2	2,970.0	20.1%
Pronatec	33.3	51.4	54.4%	33.3	49.3	48.0%
Others	21.8	51.1	134.4%	21.8	50.2	130.3%
Gross Revenue Deductions	**(776.2)**	**(1,049.5)**	**35.2%**	**(776.2)**	**(990.0)**	**27.5%**
Scholarships and Discounts	(664.3)	(906.7)	36.5%	(664.3)	(851.4)	28.2%
Taxes	(73.5)	(90.1)	22.6%	(73.5)	(86.0)	17.0%
FGEDUC	(38.4)	(52.7)	N.A.	(38.4)	(86.0)	124.0%
Net Operating Revenue	**1,752.1**	**2,221.3**	**26.8%**	**1,752.1**	**2,079.4**	**18.7%**
Cost of Services	**(1,001.0)**	**(1,237.5)**	**23.6%**	**(1,001.0)**	**(1,162.6)**	**16.1%**
Personnel	(735.7)	(905.8)	23.1%	(735.7)	(845.8)	15.0%
Rentals / Real Estate Taxes Expenses	(129.7)	(161.9)	24.8%	(129.7)	(155.8)	20.1%
Textbooks Materials	(37.4)	(37.8)	1.1%	(37.4)	(36.9)	-1.3%
Third-Party Services and Others	(49.3)	(71.0)	44.0%	(49.3)	(67.5)	36.9%
Depreciation	(48.9)	(60.9)	24.5%	(48.9)	(56.7)	16.0%
Gross Profit	**751.1**	**983.8**	**31.0%**	**751.1**	**916.8**	**22.1%**
Gross Margin	***42.9%***	***44.3%***	***1.4 p.p.***	***42.9%***	***44.1%***	***1.2 p.p.***
Selling, General and Administrative Expenses	**(419.8)**	**(536.3)**	**27.8%**	**(419.8)**	**(525.1)**	**25.1%**
Selling Expenses	**(175.3)**	**(219.3)**	**25.1%**	**(175.3)**	**(216.1)**	**23.3%**
Provisions for Doubtful Accounts	(64.0)	(72.3)	13.0%	(64.0)	(71.0)	10.9%
Marketing	(111.3)	(147.0)	32.1%	(111.3)	(145.2)	30.5%
General and Administrative Expenses	**(225.2)**	**(261.2)**	**16.0%**	**(225.2)**	**(253.1)**	**12.4%**
Personnel	(117.9)	(106.6)	-9.6%	(117.9)	(106.0)	-10.1%
Others	(107.3)	(154.5)	44.0%	(107.3)	(147.1)	37.1%
Depreciation	**(19.3)**	**(55.9)**	**189.6%**	**(19.3)**	**(55.9)**	**189.6%**
EBIT	**331.3**	**447.5**	**35.1%**	**331.3**	**391.7**	**18.2%**
EBIT Margin	***18.9%***	***20.1%***	***1.2 p.p.***	***18.9%***	***18.8%***	***-0.1 p.p.***
(+) Depreciation	68.2	116.7	71.1%	68.2	112.5	65.0%
EBITDA	**399.5**	**564.2**	**41.2%**	**399.5**	**504.2**	**26.2%**
EBITDA Margin	***22.8%***	***25.4%***	***2.6 p.p.***	***22.8%***	***24.2%***	***1.4 p.p.***
Financial Result	20.4	(32.5)	N.A.	20.4	(30.3)	N.A.
Depreciation and Amortization	(68.2)	(116.7)	71.1%	(68.2)	(112.5)	65.0%
Social Contribution	(1.9)	-	-100.0%	(1.9)	0.7	-136.8%
Income Tax	(5.0)	4.6	-192.0%	(5.0)	6.6	N.A.
Net Income	**344.8**	**419.6**	**21.7%**	**344.8**	**368.8**	**7.0%**
Net Income Margin	***19.7%***	***18.9%***	***-0.8 p.p.***	***19.7%***	***17.7%***	***-2.0 p.p.***

Balance Sheet in IFRS

R$ MM	09/30/2014	06/30/2015	09/30/2015
Short-Term Assets	**1,212.1**	**1,789.5**	**2,149.0**
Cash & Cash Equivalents	25.7	16.2	11.6
Short-Term Investments	409.2	477.8	709.6
Accounts Receivable	533.0	982.8	1,054.1
Carry-Forwards Credits	54.3	77.3	83.1
Swap difference to be received	-	-	31.0
Advance to Employees / Third-Parties	35.4	53.6	40.8
Related Parties	(0.0)	-	-
Prepaid Expenses	46.5	47.1	66.1
Taxes and contributions	73.4	96.0	117.2
Others	34.6	38.7	35.6
Long-Term Assets	**1,960.5**	**2,077.0**	**2,173.2**
Non-Current Assets	**186.6**	**201.0**	**216.7**
Prepaid Expenses	9.3	9.2	15.0
Judicial Deposits	116.7	117.9	115.8
Taxes and contributions	24.4	25.2	28.5
Deferred Taxes and others	36.2	48.7	57.4
Permanent Assets	**1,773.9**	**1,876.0**	**1,956.6**
Investments	0.2	0.2	0.2
Fixed Assets	454.0	502.2	506.1
Intangible	1,319.7	1,373.6	1,450.2
Total Assets	**3,172.6**	**3,866.5**	**4,322.3**
Short-Term Liabilities	**342.5**	**584.9**	**680.0**
Loans and Financing	26.3	223.6	301.3
Swap difference to be paid	-	15.6	-
Suppliers	54.6	70.5	46.6
Salaries and Payroll Charges	166.4	182.6	207.9
Taxes Payable	51.6	41.1	62.6
Prepaid Monthly Tuition Fees	9.2	14.0	11.1
Advances under Partnership Agreement	2.9	2.9	2.9
Taxes Paid in Installments	3.4	4.2	0.8
Related Parties	-	-	0.3
Dividends Payable	0.1	0.0	0.0
Acquisition price to be paid	18.1	17.6	36.0
Others	9.9	12.7	10.7
Long-Term Liabilities	**409.3**	**707.7**	**905.3**
Loans and Financing	264.6	556.2	744.1
Contingencies	28.1	26.8	26.4
Advances under Partnership Agreement	7.0	4.8	4.1
Taxes Paid in Installments	15.6	12.7	14.9
Provision for asset retirement obligations	14.9	16.2	16.4
Deferred Taxes	3.3	38.0	28.9
Acquisition price to be paid	64.3	39.0	55.9
Others	11.4	13.9	14.6
Shareholders' Equity	**2,420.8**	**2,574.0**	**2,736.9**
Capital	1,053.1	1,064.5	1,064.9
Share Issuance Costs	(26.9)	(26.9)	(26.9)
Capital Reserves	636.9	650.9	656.4
Earnings Reserves	424.2	748.7	748.7
Income for the period	344.8	262.5	419.6
Treasury Stocks	(11.3)	(125.9)	(125.9)
Total Liabilities and Shareholders' Equity	**3,172.6**	**3,866.5**	**4,322.3**

Cash Flow Statement

Cash Flow Statement (R$ million)	3Q14	3Q15	9M14	9M15
Profit before income taxes and social contribution	**127.1**	**150.5**	**351.7**	**415.0**
Adjustments to reconcile profit to net cash generated:	**60.7**	**93.2**	**182.2**	**285.3**
Depreciation and amortization	27.0	39.3	67.8	116.1
Amortization of funding costs	0.1	0.2	0.4	0.7
(Gain) loss in net book amount of property and equipment written-off	0.9	(2.5)	1.0	(3.6)
Provision for impairment of trade receivables	10.5	18.0	61.0	70.0
Exchange rate variation on foreign currency financing	-	52.0	-	41.9
Loss with swap operation	-	(46.6)	-	(31.0)
Granted options - stock options	9.4	4.5	14.7	14.7
Provision for Long Term Incentive Plan ("ILP")	1.2	0.9	2.4	2.8
Provision for contingencies	6.0	3.9	12.8	10.6
Appropriation of agreements	(0.7)	(0.7)	(2.2)	(2.2)
Interest on commitments payable	0.8	1.1	2.5	4.4
Tax credits	(3.0)	(1.6)	(2.9)	(3.4)
Interest on borrowings	8.3	24.5	23.9	63.0
Increase in provision for decommissioning of assets	0.2	0.3	0.8	1.4
Result after reconciliation to net cash generated	**187.8**	**243.7**	**533.8**	**700.3**
Changes in assets and liabilities:	**(68.4)**	**(125.9)**	**(239.1)**	**(696.2)**
(Increase) in accounts receivable	(101.6)	(85.5)	(241.3)	(669.0)
Decrease (increase) in other assets	28.8	(2.7)	(13.1)	3.4
Increase) decrease in advances to employees / third parties	2.7	13.0	(1.7)	9.8
(Increase) decrease in prepaid expenses	(12.8)	(19.0)	15.5	0.0
(Increase) decrease in taxes and contributions	(13.2)	(22.8)	(45.7)	(46.2)
Increase (decrease) in suppliers	14.8	(27.3)	11.2	(7.2)
Increase (decrease) in taxes payable	14.3	13.1	7.3	6.2
Increase (decrease) in payroll and related charges	18.7	23.6	80.4	84.6
(Decrease) in prepaid monthly tuition fees	1.1	(2.9)	(3.5)	(9.0)
Civil/Labor claims	(5.6)	(4.3)	(14.6)	(11.1)
(Decrease) in acquisition price to be paid	(8.9)	(3.1)	(14.2)	(9.5)
Increase (decrease) in other liabilities	3.0	(1.3)	4.4	3.3
Decrease (increase) in taxes paid in installments	(7.7)	(1.2)	(8.3)	(3.7)
(Decrease) in non-current assets	(0.3)	(10.2)	1.1	(12.9)
Increase in judicial deposits	(1.1)	2.2	(12.3)	5.2
Interest paid on borrowings	(1.2)	(1.3)	(5.1)	(36.8)
IRPJ and CSLL paid	0.7	3.9	0.9	(3.3)
Net cash provided by (used in) operating activities:	**119.4**	**117.8**	**294.7**	**4.1**
CAPEX (ex-acquisitions)	**(59.5)**	**(34.3)**	**(127.5)**	**(146.2)**
Operational Cash Flow:	**59.9**	**83.5**	**167.2**	**(142.0)**
Other investing activities:	**(919.0)**	**(38.6)**	**(919.3)**	**(37.1)**
Acquisitions	(930.2)	(85.8)	(931.0)	(85.8)
Amortization of funding costs	0.1	0.2	0.4	0.7
(Gain) loss in net book amount of property and equipment written-off	(0.9)	2.5	(1.0)	3.6
Others	12.0	44.5	12.2	44.5
Net cash provided by (used in) investing activities	**(859.1)**	**44.9**	**(752.1)**	**(179.1)**
Cash flows from financing activities:	**506.5**	**182.4**	**447.9**	**185.2**
Capital increase related to stock options exercise	25.0	0.4	42.4	11.8
Share premium adjustment	498.9	-	498.9	-
Acquisition of stocks in treasury	-	-	-	(101.0)
Dividends paid	(0.0)	(0.0)	(58.0)	(101.2)
ILP payment with treasury stocks	-	-	-	(3.8)
Loans to subsidiaries	0.3	-	0.3	-
Debenture issue	-	187.0	-	187.0
Loans and financing	-	(0.9)	-	205.6
Net increase in borrowings	(17.7)	(4.1)	(35.7)	(13.2)
Net cash provided by (used in) financing activities	**(352.5)**	**227.3**	**(304.3)**	**6.1**
Cash and cash equivalents at the beginning of the period	**787.4**	**493.9**	**739.2**	**715.1**
Increase in cash and cash equivalents	(352.5)	227.3	(304.3)	6.1
Cash and cash equivalents at the end of the period	**434.9**	**721.2**	**434.9**	**721.2**

Exhibit I – Provision for FIES

Below is a summary of the "Provision for FIES" line under selling expenses, which constitutes provisions for:

(i) FIES students with a guarantor (at 2.25%, as we have already been doing this year, conservatively assuming future losses of 15% from the FIES portfolio, which is approximately three times higher than historical losses from the student portfolio; the provision was constituted considering 15% of credit risk over 15% of delinquency);

(ii) FIES students with FGEDUC after April 2012 for uncovered FGEDUC risk under the current rule, i.e. provisions were constituted for the 10% not covered by FGEDUC. Over this amount, we constituted provisions for the 15% credit risk over estimated delinquency of 15% (0.225%);

(iii) FIES students with FGEDUC until March 2012 for uncovered FGEDUC risk under the former rule, i.e. provisions were constituted for the 20% not covered by FGEDUC. Over this amount, we constituted provisions for the 15% credit risk over estimated delinquency of 15% (0.450%);

(iv) FIES students with FGEDUC until March 2012, for losses on the balance of restricted deposits based on the 2% FGEDUC contribution under the former rule, recorded as Minimum Guarantee, on estimated delinquency of 15% (0.30%).

It is worth noting that items (i), (ii) and (iii) have counter entries under noncurrent liabilities in the "Provision for FIES risk" line, while item (iv) has a counter entry as a noncurrent asset reducing account – "Provision for loss of FIES restricted deposits" – as an adjustment for the expected realization of the restricted deposits account, recorded based on the 2% FGEDUC contribution under the former rule.

It is also worth noting that we have been consolidating the "Provisions for FIES" line under Provision for Doubtful Accounts in our income statements since 4Q13, due to its decreasing importance with the organic growth of the FGEDUC base throughout 2013, and, especially, to the changes in the rules governing the contribution to the FGEDUC announced by the FNDE at the beginning of 2014. As of February, the FIES default risk has been covered by the FGEDUC, even for contracts with a guarantor (in the already familiar proportions between government and institutions). In exchange, we will be making a 5.63% contribution to all new students, with or without a guarantor, which has led to an increase in revenue deductions related to the FGEDUC.

About Estácio

Estácio is one of the largest **private sector post-secondary educational institutions** in Brazil in number of students enrolled, with a nationwide presence in the country's major cities. Its student base has a highly diversified profile and includes mostly young working adults from the middle and lower-middle income groups. Its growth and market leadership are due to the quality of its programs, the strategic location of its units, its competitive prices and its solid financial position.

Estácio's strengths are:

Strong positioning to Explore the Market's Growth Potential

- Nationwide presence, with units in the country's largest urban centers
- Broad portfolio of academic programs
- Managerial and financial capacity to innovate and improve our courses
- Widely recognized "Estácio'' brand

High Quality Learning Experience

- Nationally integrated syllabi
- Unique teaching methodology
- Full convergence between the On-Campus and Distance Learning models
- Highly qualified faculty

Professional and Integrated Operational Management

- Result-oriented management model
- Focus on educational quality

Scalable Business Model

- Growth with profitability
- Organic expansion and through acquisitions

Financial Solidity

- Strong cash reserves
- Capacity to generate and raise funds
- Control of working capital

Estácio closed 3Q15 with 537,000 undergraduate, graduate and distance-learning students enrolled in its nationwide education network, which, following the acquisitions in recent years, now operates in every state of Brazil, as shown in the maps below: