



Estácio

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3Q10 Results

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3Q10 Highlights

THE TURNING POINT

Improvement on key operating indicators and positive outlook

- ◆ *Record Enrollments on 2H: 50,000 new students. 27% higher than 2009*
- ◆ *32.7% EBITDA growth on 3Q10 reaching R\$ 41.8 million*
- ◆ *Margin Expansion: 430 basis points increase in 3Q10 EBITDA margin*
- ◆ *Working capital control with a 47 days receivables reduction*
- ◆ *Faculdade Atual da Amazônia Acquisition : 4,500 students and 40% market share*
- ◆ *FiIES changes: Creation of guarantor fund and Banco do Brasil partnership*
- ◆ *Public Offering: Free Float rises to 76% and liquidity 6x higher*

Results' Highlights

STRONG EBITDA MARGIN¹ GAIN EBTIDA Margin grows 430 b.p on 3Q10

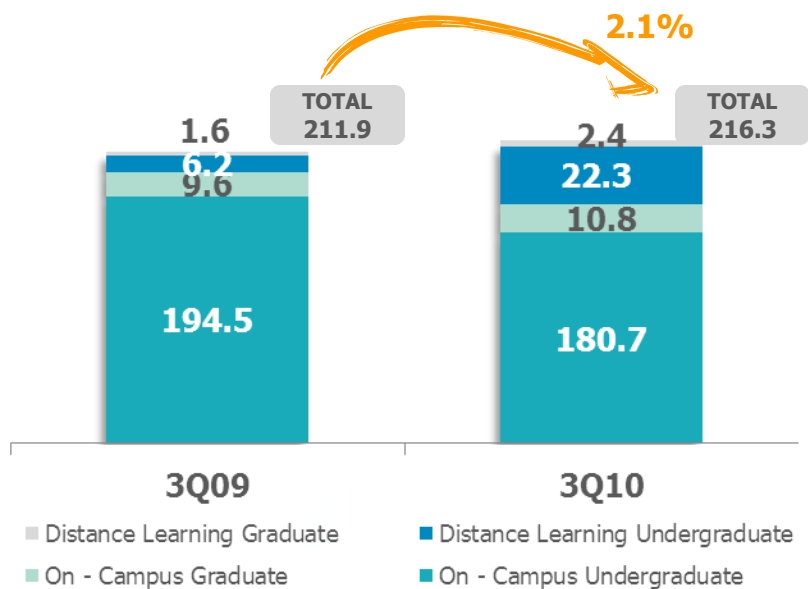
Main Indicators (R\$ MM)	3Q09	3Q10	Change	9M09	9M10	Change
Net Revenue	251.3	249.5	-0.7%	764.4	763.7	-0.1%
Recurring Gross Profit	81.8	92.3	12.8%	236.4	254.6	7.7%
Recurring Gross Margin	32.6%	37.0%	4.4 p.p.	30.9%	33.3%	2.4 p.p.
Recurring EBITDA	31.5	41.8	32.7%	93.4	100.2	7.3%
Recurring EBITDA Margin	12.5%	16.8%	4.3 p.p.	12.2%	13.1%	0.9 p.p.
Recurring Net Income	21.5	32.9	53.0%	64.6	73.8	14.2%

¹ Recurring EBITDA Margin

Operating Performance

AN INFLECTION POINT IN THE BASE GROWTH 27% enrollment growth on 2H10

Student Base ('000)



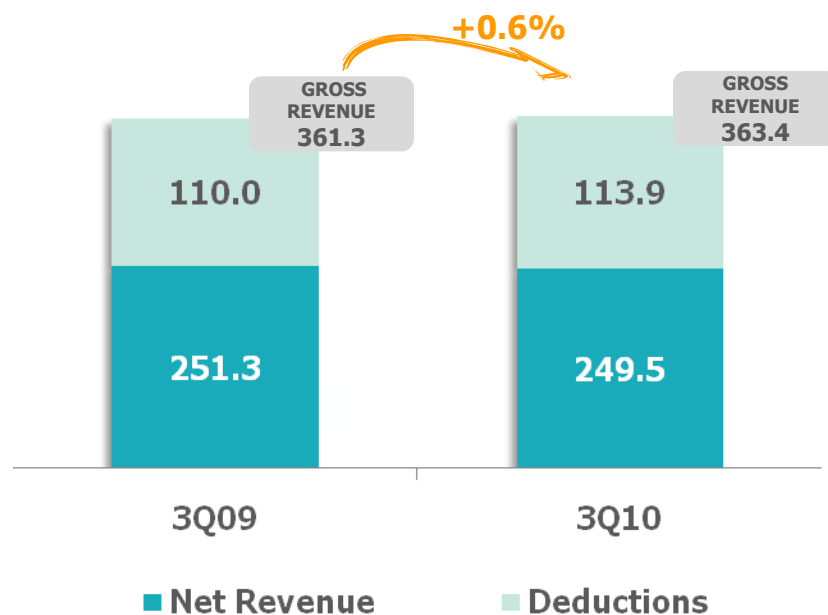
Student Base Evolution

('000)	3Q09	3Q10	Change
Students –Starting Balance	211.4	214.8	1.6%
Graduates	(13.7)	(18.1)	32.1%
Renewable Base	199.2	196.7	-1.3%
Non-Renewals	(26.9)	(30.7)	14.1%
Enrollment Renewals	172.3	166.0	-3.7%
Enrollments	39.6	50.3	27.0%
Students – Ending Balance	211.9	216.3	2.1%

Operating Revenue

INCREASE IN DISTANCE LEARNING SHARE REVENUE MIX

Operating Revenue (R\$ MM)



◆ 2.2% growth On-Campus Average ticket and 10.6% on Distance Learning from 3Q09

◆ Textbooks material included on freshmen's tuition provided an increase on Average ticket

Average Ticket

(R\$)	3Q09	3Q10	Change
Average Ticket	395.4	385.2	-2.6%
On-campus	404.4	413.2	2.2%
Distance Learning	158.8	175.7	10.6%

Cost of services

LOWER OPERATING COSTS

Cost of services decreases 250 b.p. due to better Faculty Costs management

Vertical Analysis (% Net Operating Revenue)	3Q09	3Q10	Change	9M09	9M10	Change
Cost of services ¹	64.4%	61.9%	-2.5 p.p.	65.9%	64.8%	-1.1 p.p.
Personnel and payroll charges	49.1%	46.1%	-3.0 p.p.	50.9%	49.1%	-1.8 p.p.
Rentals / Real estate taxes expenses	10.1%	9.7%	-0.4 p.p.	9.8%	9.4%	-0.4 p.p.
Textbooks Materials	0.3%	1.3%	1.0 p.p.	0.1%	1.3%	1.2 p.p.
Third party service and others	4.9%	4.8%	-0.1 p.p.	5.1%	5.0%	-0.1 p.p.

¹ Excluding non recurring and depreciation

Selling, General & Administrative Expenses (SG&A)

BETTER EFICIENCY ON SG&A

Bad debts decreases 70 b.p. and better control on third party service expenses

Vertical Analysis (% Net Operating Revenue)	3Q09	3Q10	Change	9M09	9M10	Change
SG&A¹	24.0%	22.9%	-1.1 p.p.	22.9%	23.6%	0.7 p.p.
Selling expenses	6.9%	6.3%	-0.6 p.p.	6.9%	7.9%	1.0 p.p.
Provision for doubtful debts	3.2%	2.5%	-0.7 p.p.	3.1%	3.5%	0.4 p.p.
Marketing	3.7%	3.8%	0.1 p.p.	3.8%	4.4%	0.6 p.p.
General Administrative Expenses	17.1%	16.6%	-0.5 p.p.	16.0%	15.7%	-0.3 p.p.
Personnel and Payroll charges	6.8%	7.4%	0.6 p.p.	6.3%	6.5%	0.2 p.p.
Others	10.3%	9.3%	-1.0 p.p.	9.7%	9.2%	-0.5 p.p.

¹ Excluding non recurring and depreciation.

Marketing Expenses

27.0% ENROLLED STUDENTS INCREASE AND MORE EFFICIENT MARKETING EXPENSES

- ◆ *R\$ 17.4 million on Marketing expenses on the last 6 months*
- ◆ *Acquisition cost of R\$ 345.5 per enrolled student*
- ◆ *Structured Trade Marketing*
- ◆ *Focus on Direct Marketing*

Projeto Tira Dúvidas



PDV Estácio



Bad Debts and Receivables

ACCOUNTS RECEIVABLE IMPROVEMENT

Strategy of minimizing the risk of financed tuition

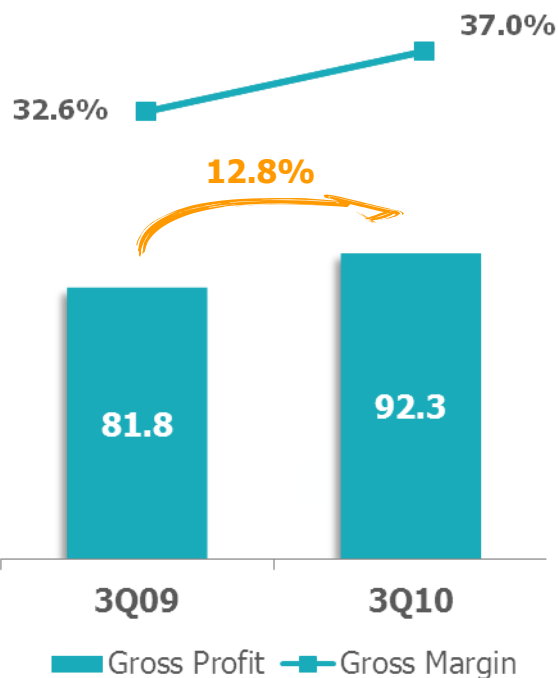
Accounts Receivable (R\$ MM)	3Q09	4Q09	1Q10	2Q10	3Q10
Gross Accounts Receivable	173.6	196.8	208.8	249.9	256.3
FIES	4.5	2.3	4.6	5.4	17.5
Tuition Monthly fees	150.6	175.6	187.7	221.7	210.8
Financed tuition	18.5	18.9	16.5	22.8	28.0
Cards receivable	4.4	2.7	1.1	6.0	11.8
Checks receivable	14.1	16.3	15.5	16.8	16.2
Provision for bad debts	(55.9)	(78.8)	(85.1)	(102.2)	(107.3)
Net Accounts Receivable	117.8	118.0	123.7	147.7	148.9
(-) FIES	4.5	2.3	4.6	5.4	17.5
Students' Receivable Accounts²	113.3	115.7	119.1	142.3	131.5
Net Revenue¹	1.017.3	1.008.8	1.003.3	1.010.0	1.008.1
Days Receivable²	40	41	43	51	47

3Q10 Financial Performance

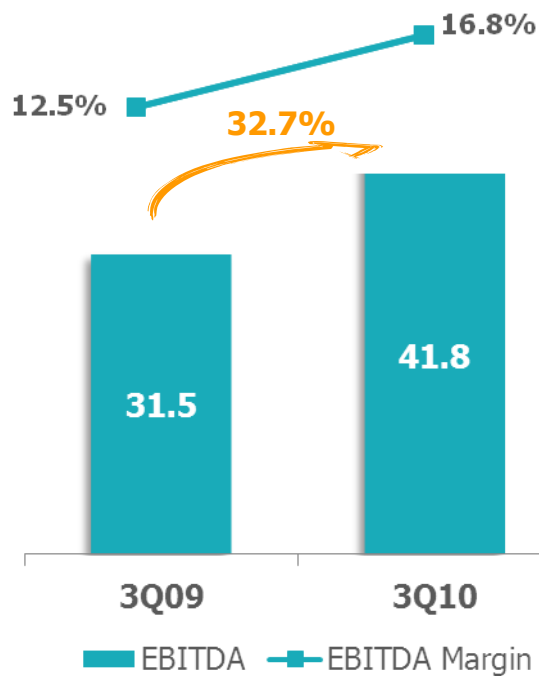
GROWTH ON BUSINESS PROFITABILITY

Cost control leads to Margin gains

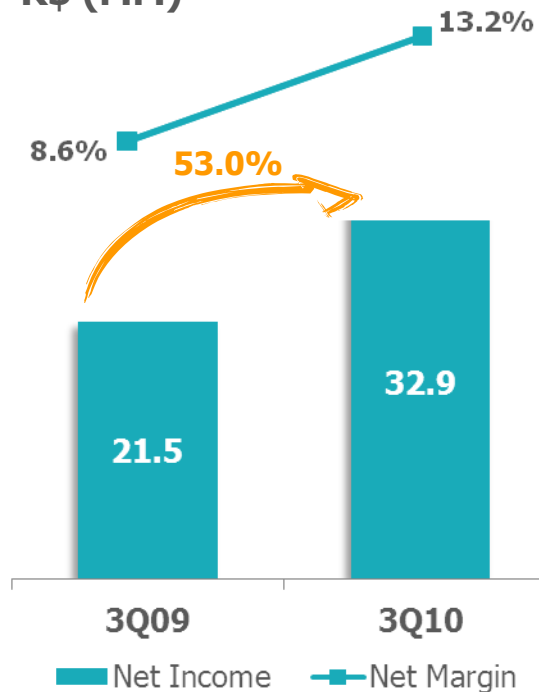
Recurring Gross Profit
(R\$ MM)



Recurring EBITDA
(R\$ MM)



Recurring Net Income
R\$ (MM)

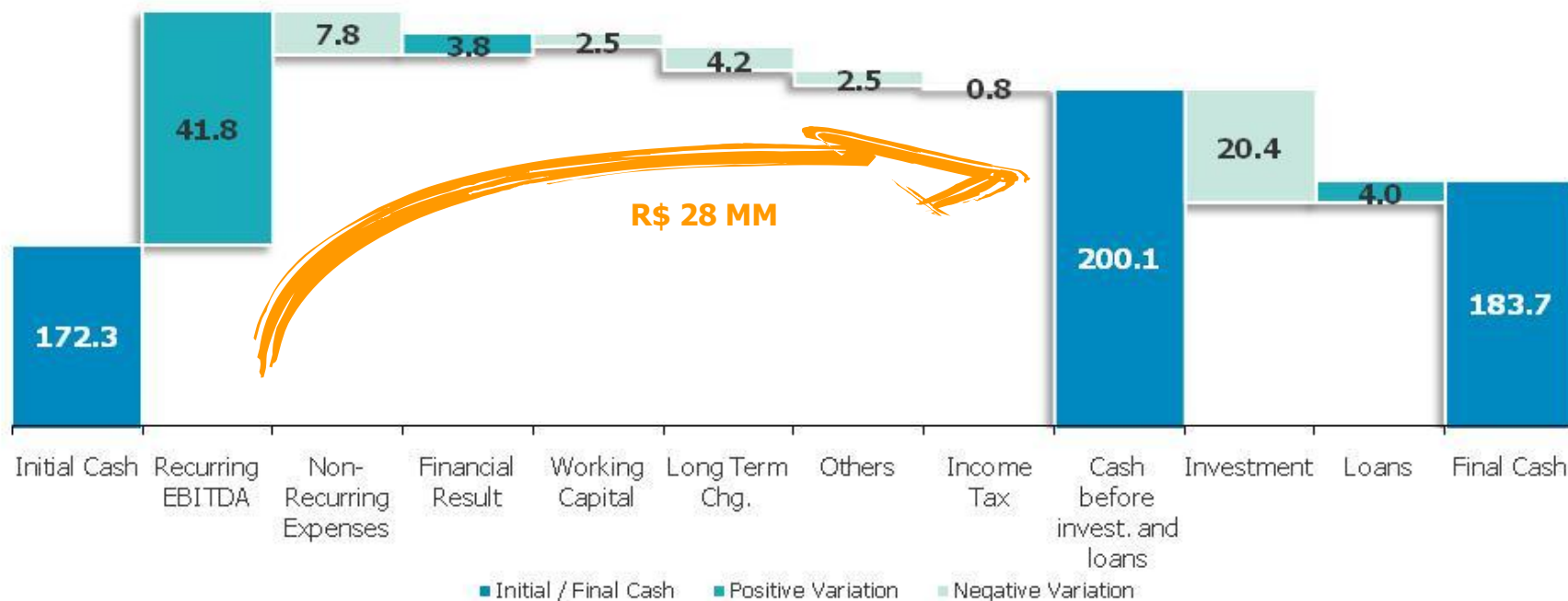


Cash Flow

QUALITY OF CASH GENERATION

Working capital discipline and self-financing CAPEX

Cash Flow (R\$ MM)



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