

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



YDUQS

EARNINGS RELEASE
3Q19

DISCLAIMER

YDUQ3 | YDUQY B3 ADR

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

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

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

INTAKE: NEW RECORD FOR THE SECOND SEMESTER

ON-CAMPUS



+20%
VOLUME YoY

-4.9%
TICKET YoY
(intake + renewal)

DISTANCE LEARNING



+62%
VOLUME YoY

-1.5%
TICKET YoY
(Intake + renewal)

HIGHLIGHTS

- ✓ Growth across all regions
- ✓ New courses
- ✓ Expansion of DL centers
- ✓ More effective decisions

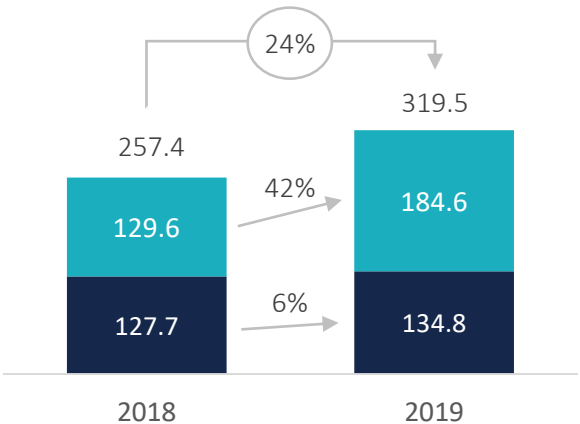
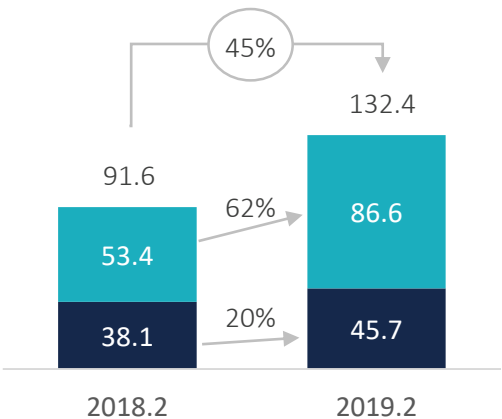
✗ Slightly negative average ticket, but within target range

INTAKE
(Thousand students)

Semester

Year

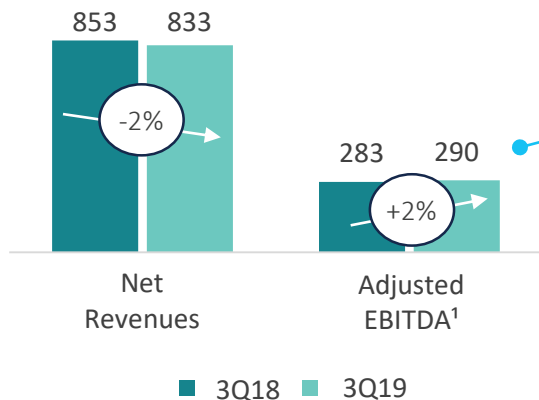
DL
On-campus



3Q19 SUMMARY: MARGIN & BASE EXPANSION

REVENUES & EBITDA STABILIZATION

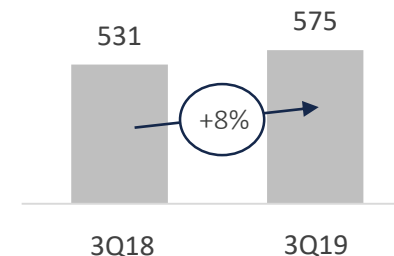
(R\$ Million; ex-IFRS16)



R\$344 MLN &
MARGIN OF 41%
(in IFRS-16)

STUDENT BASE GROWTH

(Thousand students)



SOLID CASH CONVERSION⁽²⁾



- ✓ Student **base growth** and on-campus **retention rate improvement**
- ✓ Strong **cost control**
- ✓ EBITDA & Margin **expansion**
- ✓ Solid **cash conversion**

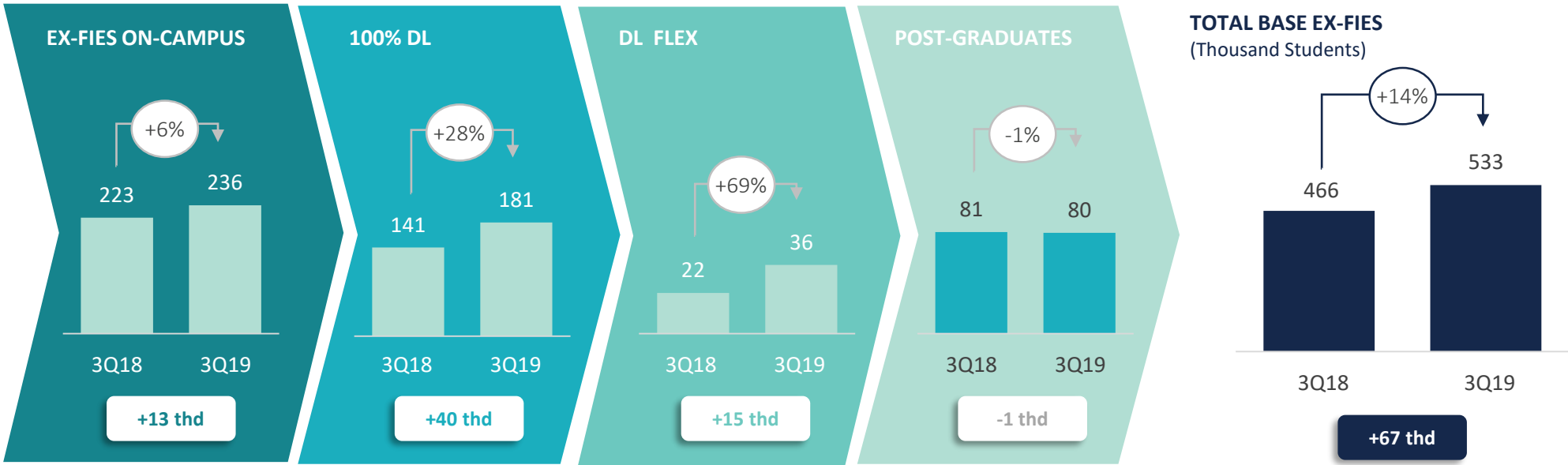


(1) Adjusted by R\$41.8 million from restructuring, M&A and rental costs.

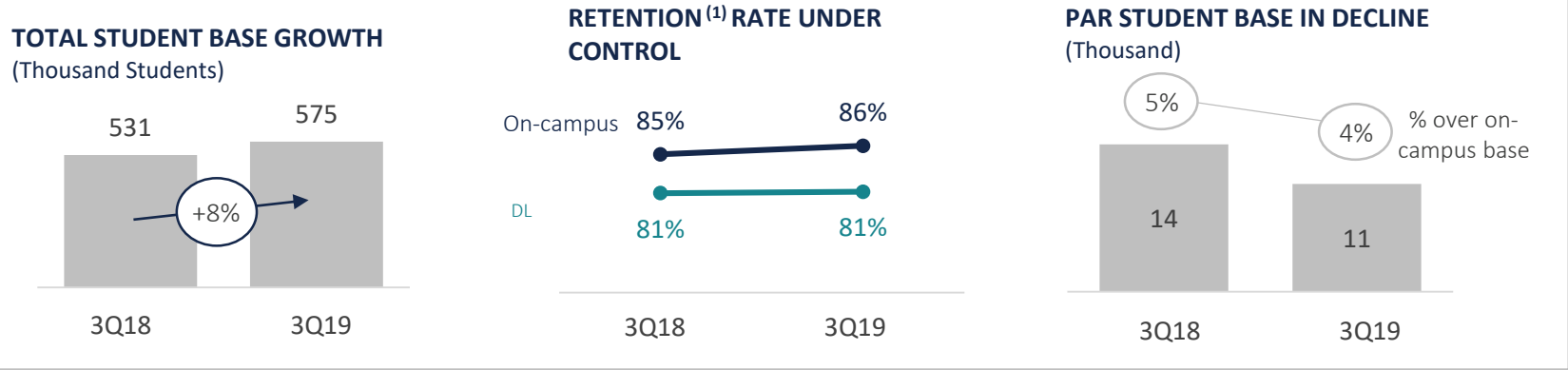
(2) Reported EBITDA divided by Operating Free Cash Flow before Capex (ex-IFRS16)

BASE DYNAMICS: IMPROVEMENT ACROSS THE BOARD

Thousand students



DESPITE FIES...

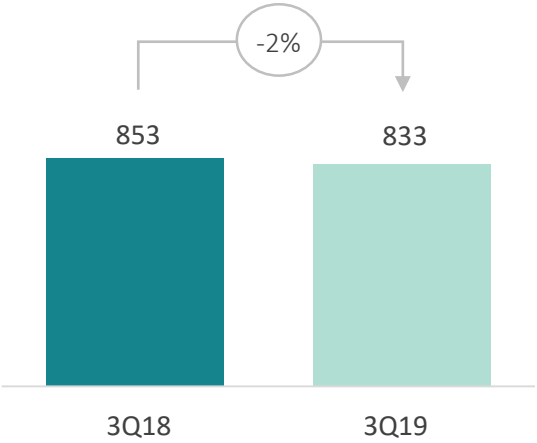


(1) Retention Rate = $[1 - ((\text{dropouts} + \text{on-renewal}) / (\text{renewable student base: initial student base} - \text{graduating students} + \text{intake}))]$.

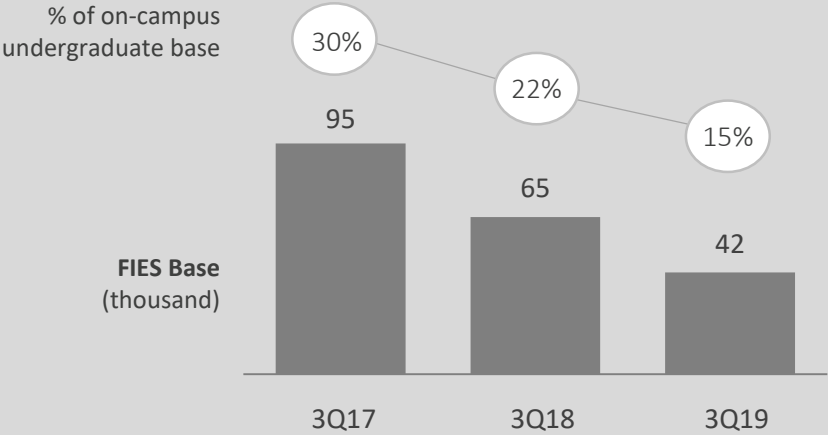


REVENUES: STABLE PERFORMANCE

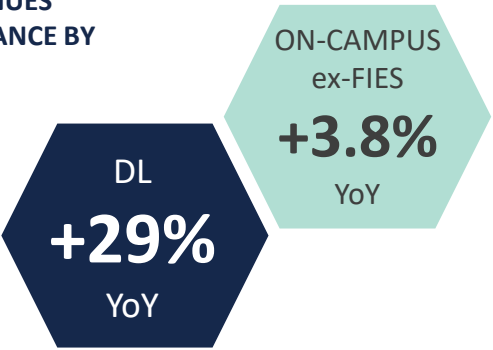
NET REVENUES
(R\$ Million; % YoY)



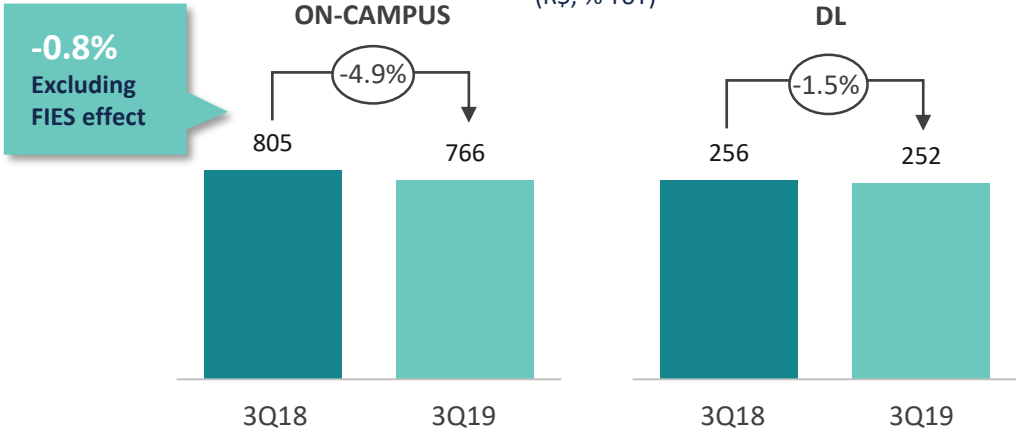
FIES IMPACT



NET REVENUES
PERFORMANCE BY
SEGMENT
(% YoY)



UNDERGRADUATE AVG. TICKET
(R\$; % YoY)

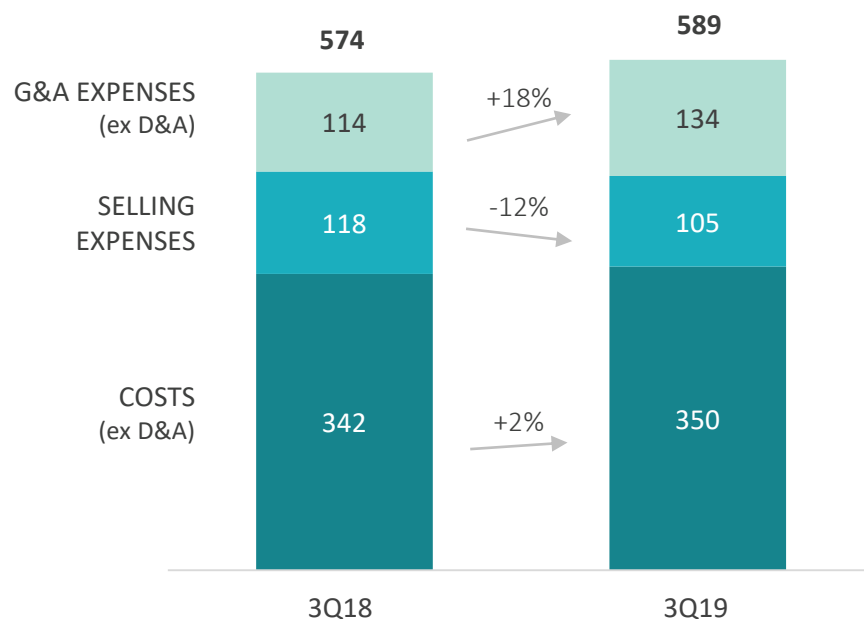


OPEX: DISCIPLINE & BUSINESS RESILIENCE

COSTS AND EXPENSES (ex D&A)

(R\$ Million; ex-IFRS 16; % YoY)

ADJUSTED TOTAL	R\$ 565.7 Million	-3%	R\$ 547.2 Million
ADJUSTMENTS	R\$ 8.3 Million Consultancies		R\$ 41.8 Million Restructuring, M&A and rental costs
TOTAL AS REPORTED	R\$ 574.0 Million	+3%	R\$ 589.0 Million



COSTS AND EXPENSES YEAR-TO-DATE (ex D&A)

(R\$ Million; ex-IFRS 16; % YoY)

G&A EXPENSES (ex-D&A)	9M18	9M19	Δ%
Personnel	126	129	2.8%
Third-party services ⁽¹⁾	88	62	-29.0%
Provision for contingencies	70	53	-23.9%
Maintenance and repair ⁽²⁾	28	34	21.3%
Other ⁽¹⁾	53	78	47.2%
Total G&A	365	356	-2.5%

SELLING EXPENSES	9M18	9M19	Δ%
Bad debt	222	226	1.7%
Advertising	175	211	20.2%
Other	1	0	-60.7%
Total Selling	398	437	+9.8%

COSTS (EX-D&A)	9M18	9M19	Δ%
Personnel ⁽¹⁾	829	778	-6.1%
Rent	181	190	4.7%
Transfer of DL centers	23	36	58.9%
Third-party services	44	41	-5.4%
Electricity, Water and Gas	30	29	-2.0%
Total Costs	1,107	1,074	-2.9%

(1) Including non-recurring items, totaling R\$41 millions;

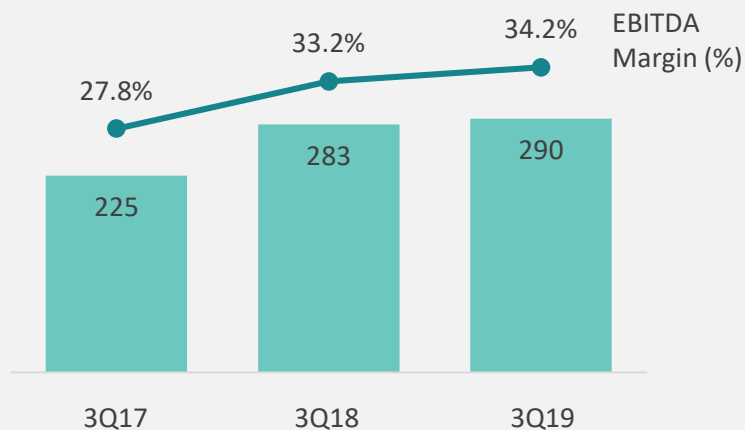
(2) Increase due to student's experience improvements and technology.



EBITDA & CASH: FOCUS ON PROFITABILITY

ADJUSTED EBITDA⁽¹⁾ AND EBITDA MARGIN

(R\$ Million; ex-IFRS 16)

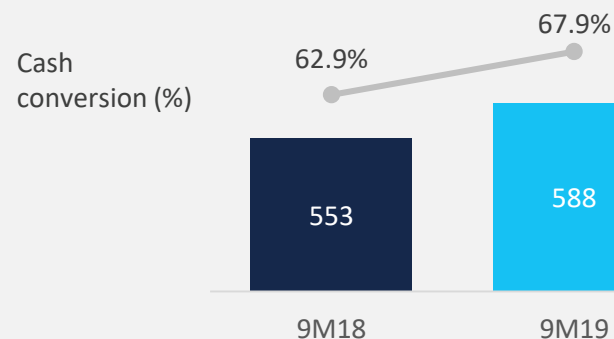


- ✓ Revenues resilience despite FIES impact
- ✓ Cost discipline
- ✓ Growing distance learning

(1) Adjusted by R\$41.8 million from restructuring, M&A and rental contract termination cost.

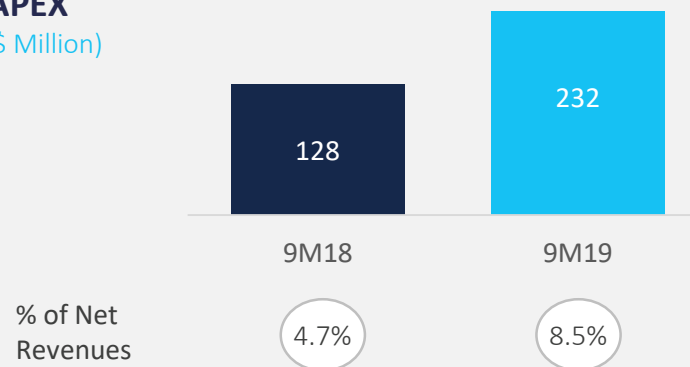
CASH FLOW⁽²⁾ AND CASH CONVERSION⁽³⁾

(R\$ Million; ex-IFRS 16)



CAPEX

(R\$ Million)



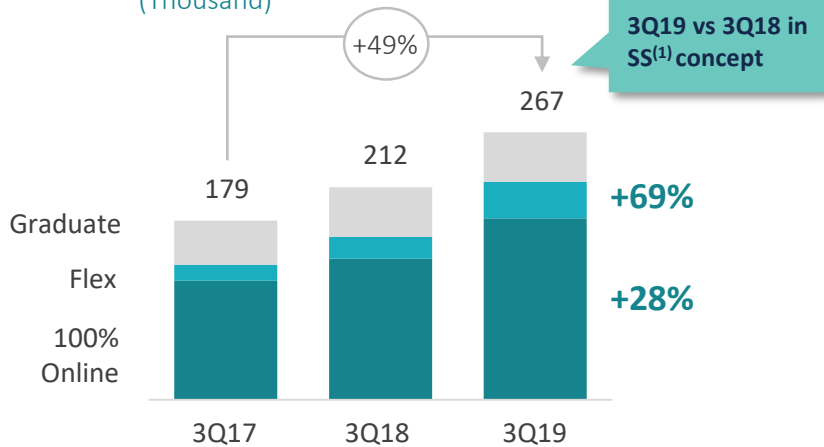
(2) Operating Cash Flow before capex excluding the effect of PN-23.
 (3) Operating cash flow before capex divided by 9M reported EBITDA



DISTANCE LEARNING: ACCELERATING IN ALL FRONTS

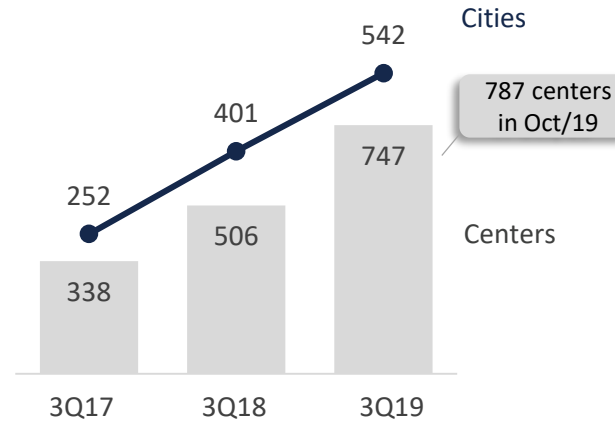
DL STUDENT BASE EVOLUTION

(Thousand)



NUMBER OF CENTERS AND CITIES COVERED

(Units)



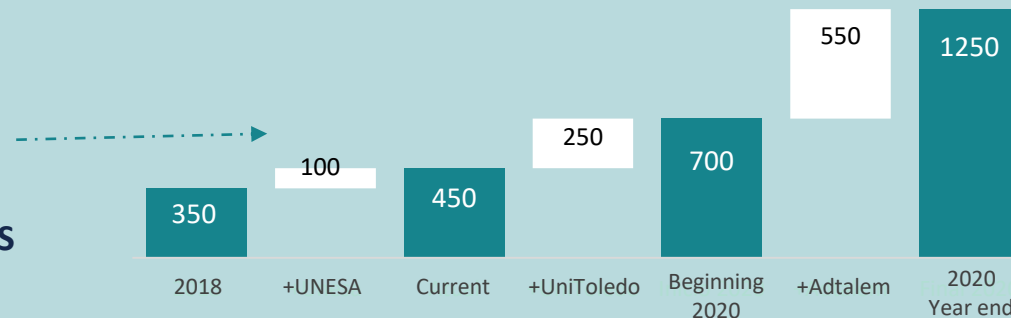
NET REVENUES

(R\$ Million)



Increasing permission to open new DL centers

UNESA⁽³⁾ SCORES
CONCEPT 5 IN
MINISTRY OF
EDUCATION
EVALUATION METRICS
(08/2019)



(1) SS = "Same Shops"; compares the same DL centers in both periods.

MEDICINE: IN STEEP EXPANSION



**ALL 4 MAIS MÉDICOS II
UNITS AUTHORIZED BY MEC**
IN IMPLEMENTATION PHASE.

+200 SEATS/YEAR



+100 SEATS/YEAR
EXPANSION TO MAXIMUM CAPACITY
APPROVED IN JUAZEIRO (BA) UNIT.

TO 155 FROM 55
SEATS/YEAR



NEW CAMPUS IN RIO
TRANSFER FROM OLD CAMPUS
OPERATIONS TO BARRA DA TIJUCA

1,200 STUDENTS
+ DENTISTRY.
OPENING IN 2020.1

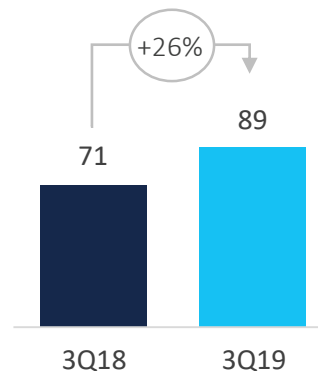


FINANCIAL HIGHLIGHTS

3Q19 MEDICINE DIVISION RESULTS

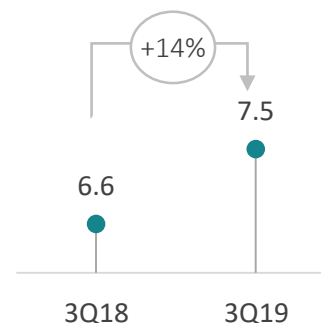
NET REVENUES

(R\$ Million)



AVERAGE TICKET⁽²⁾

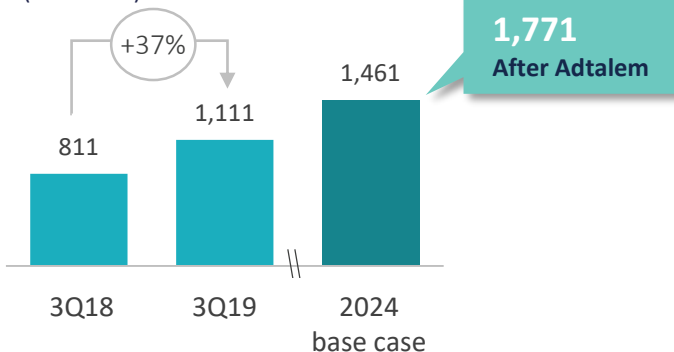
(R\$ Thousand per month)



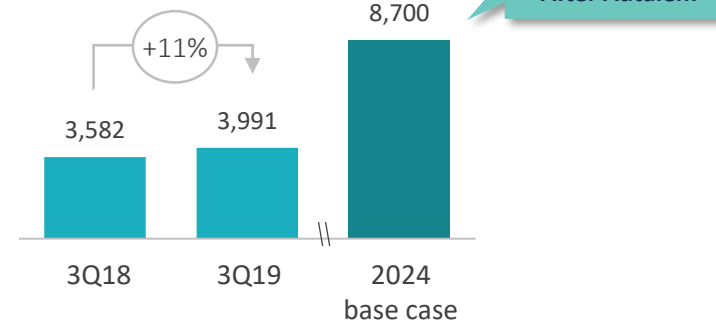
LARGEST MEDICINE SCHOOL IN BRAZIL



AUTHORIZED SEATS⁽¹⁾ (PER YEAR)



STUDENT BASE

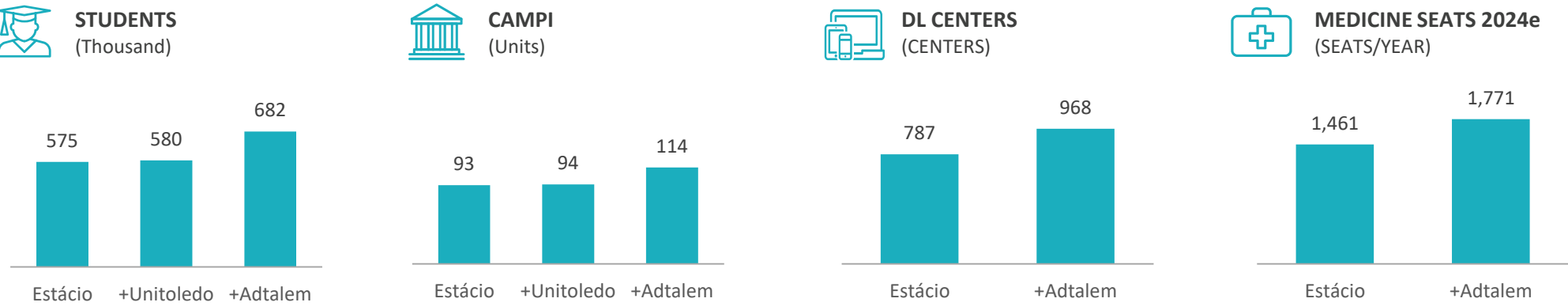


(1) Does not include recently acquired institutions (UniToledo and Adtalem).

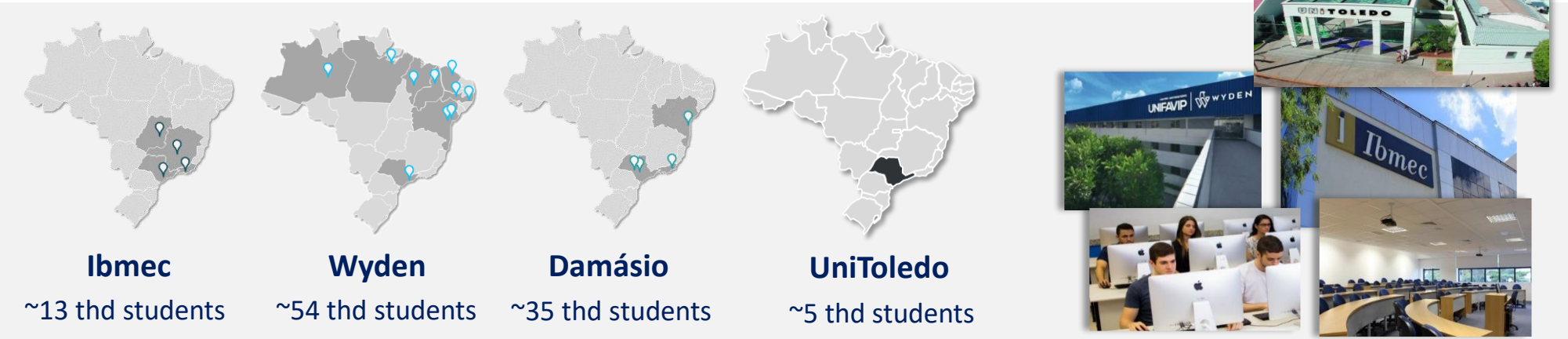
(2) Excluding ProUni and scholarship holders the average ticket would reach ~R\$8,500/month

M&A: TRANSFORMATIONAL DEAL

LAST AVAILABLE ENTITY THAT ALLOWS COMBINATION OF SCALE AND QUALITY



Powerful combination of scale and quality



----- EBITDA 12m: R\$191 mln ----- -- EBITDA 12m: R\$13 mln --

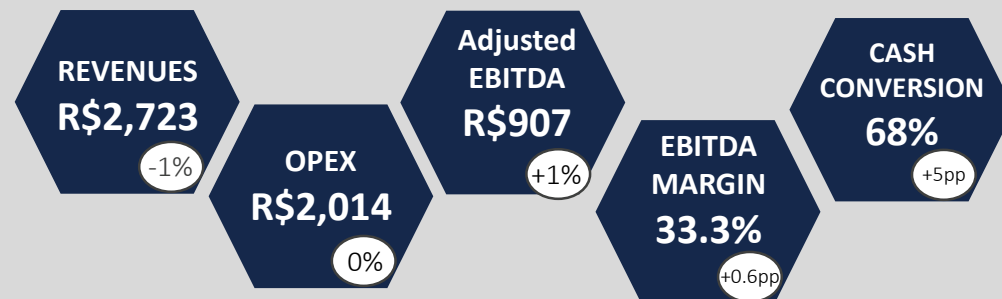


CONCLUSION: GREAT OPPORTUNITIES AHEAD

Relevant operational improvements...

- ✓ Intake historical record (320 thousand students in 2019)
- ✓ Student base growth across all segments (ex-FIES)
- ✓ Focus on retention (86% on-campus)
- ✓ Strong expansion in DL base (+26% YoY)

... With stable financial results
(9 months; R\$ Million, ex-IFRS16; YoY%)



ALL FOUR MAIS MÉDICOS UNITS IN IMPLEMENTATION PHASE
(+200 new seats/year by 2020)



UNITOLEDO ACQUISITION APPROVED BY ANTI-
TRUST AGENCY (CADE)
(+5 thd students; potential for DL; exposure to SP)

EXPANSION



ADTALEM ACQUISITION
(+102 thd students; *premium* positioning;
medicine courses)

TRANSFORMATIONAL



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