

# YDUQS



## CORPORATE PRESENTATION

September 2020



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Brasil 50 **IBRX 50**

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Ações com Governança  
Corporativa Diferenciada **IGC**

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# DISCLAIMER

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), include the rule IFRS-16 on leasing contracts.

Starting from 2019 all financial information includes the effects of IFRS-16.

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.



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# COMPANY PROFILE

2<sup>nd</sup> largest player in Brazilian education sector



Focus on  
higher education



Multi brand  
strategy



National  
presence

119

units

750<sub>k</sub>

students

18<sub>k</sub>

employees

5<sub>k</sub>

Medicine students

20

brands

1,225

DL centers

## OUR BUSINESS



### ON-CAMPUS

Undergrad  
Postgrad



### DIGITAL LEARNING

Undergrad  
Postgrad



### MEDICINE

Undergrad  
Postgrad  
Residency exams



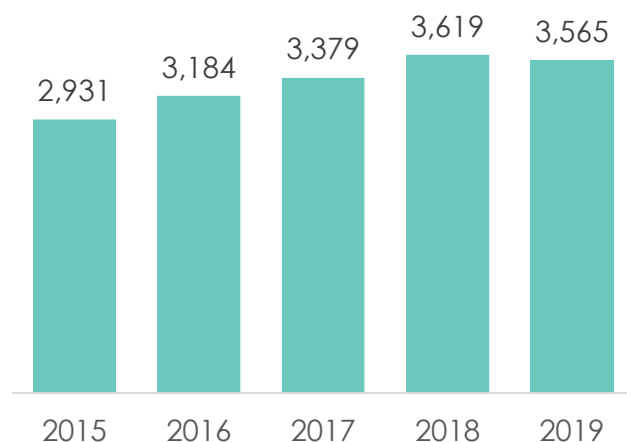
### PREP. COURSES

and lifelong  
education

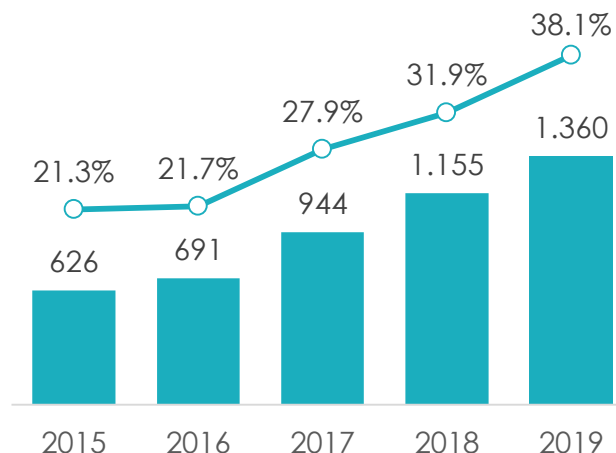


# YDUQS IN NUMBERS

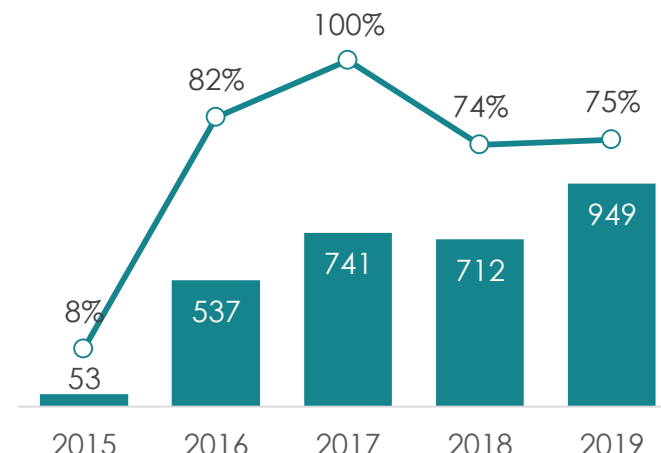
Net revenues  
(R\$ Million)



EBITDA & margin<sup>(1)</sup>  
(R\$ Million; %)



Operating cash flow and  
cash conversion<sup>(1-2)</sup>  
(R\$ Million; before Capex)



(1) Adjusted by non-recurring items; considering the adoption of IFRS-16 in 2019  
(2) Cash Conversion = Operating Free Cash Flow before Capex divided by reported EBITDA

# OUR BUSINESS UNITS



## ON-CAMPUS

With a 50-year tradition, YDUQS is the largest on-campus higher education player in Brazil.

370k  
students

105  
units

110  
courses



## DIGITAL LEARNING

Innovation driven distance learning platform and our fastest growing business with nationwide presence.

380k  
students

1,100  
DL centers



## PREMIUM & LIFELONG

Concentrates our high-end offers with highest quality standards and niche courses. Includes our business school (IBMEC) and medicine vertical.

5k

Med.  
students

8k

Ibmec  
student base



## ENSINE.ME

Our research & development unit is responsible for our learning methodologies and the production of digital content to feed all our business units.

+20  
learning  
engines

+200h  
of videos and  
podcasts



# OUR BRAND PORTFOLIO

## Higher education



## Prep. Courses & other



# REASONS TO INVEST

YDUQS

1

## FAVORABLE INDUSTRY DYNAMICS

Low penetration, big addressable market, compelling proposition and meaningful opportunities for organic and inorganic consolidation

2

## CLEAR GROWTH AVENUES

Relevant potential to expand distance learning & Contracted growth on medicine

3

## CONSTANT EVOLUTION OF ON-CAMPUS BUSINESS

Opportunity to improve margins through operational research, reduce evasion, digital transformation and innovation

4

## SOLID BALANCE SHEET AND CASH GENERATION

Well positioned for M&A, low indebtedness and strong EBITDA to cash conversion







# ESG



# SOCIAL IMPACT AT THE CORE OF OUR BUSINESS

YDUQS

Transforming people's life through education

## INTEGRATION AND SUPPORT TO THE COMMUNITY

Each of our 105 units develop a strong bond with their surrounding communities bolstering social responsibility initiatives focused on development and social inclusion.

485k

people  
benefited  
in 2019

94k

Students  
involved

6k

Professors  
and staff

### THE "E DAY"

Nationwide event when we open our units to the community providing voluntary services, including healthcare, and raising donations.

>20k

people benefited  
every year

We estimate **~4 million** people have been impacted by our programs

## STRONG SOCIAL IMPACT



UN sustainable  
development goals

Through education we promote strong social impact not only to our students but also give opportunities to those in need. We support diversity and inclusion.

+30k

ProUni  
students in  
1Q20

+500

Sport  
scholarships  
every year

+200

scholarships for  
people in social  
vulnerability

### ADULT ILLITERACY PROGRAM

We are committed to eradicating adult illiteracy in Brazil. In 2019, we offered a free cost program at 6 of our units. The goal is to expand the program to 16 units nationwide.

+1,000

people benefited  
Since 2018

## ENGAGED TO DEVELOP LABOR MARKET AND ENTREPRENEURSHIP

YDUQS is committed to the development of a healthy, fair and prosper labor market. We partner with several corporations to advertise jobs and support entrepreneurship initiatives.

### Innovation and entrepreneurship

We promote events to disseminate the practice of entrepreneurial culture among students and surrounding population.

### Entrepreneur friendly institution

Project lead by the Ministry of Education to offer guidance and capacitation to potential entrepreneurs in the areas of business management, finance, law and marketing.



# CORPORATE GOVERNANCE

- • • True corporation

97% Free Float

- • • One share, one vote

"Novo Mercado" standard

- • • Independent board

Composed by 9 independent members

- • • Reference Shareholder

Private equity fund: Advent (>10% shares)

## BOARD OF DIRECTORS

statutory  
**Academic  
committee**

statutory  
**HR  
committee**

statutory  
**Finance & audit  
committee**

statutory  
**Performance &  
compensation  
committee**

2 year term

Elected at general meeting

Minimum of 5 members / maximum of 9

## FISCAL COUNCIL

Non-permanent character

Elected at general meeting

1 year term

Composed by 6 members



INSTITUTO  
**ETHOS**

Signatory to the Business  
Pact for Integrity and  
Against Corruption.

Índice de  
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Diferenciado

**ITAG**

Índice  
Brasil 50

**IBRX 50**

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**IGC**

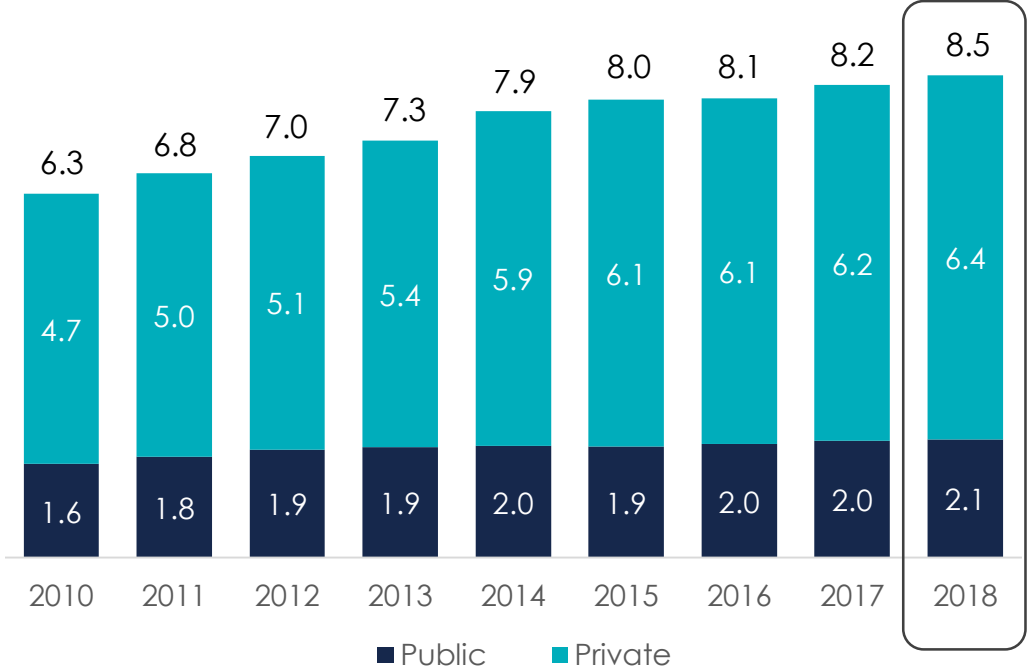


The background features a dark blue field with several upward-pointing arrows in shades of grey, teal, and orange. A large, semi-circular teal shape is positioned on the right side of the frame.

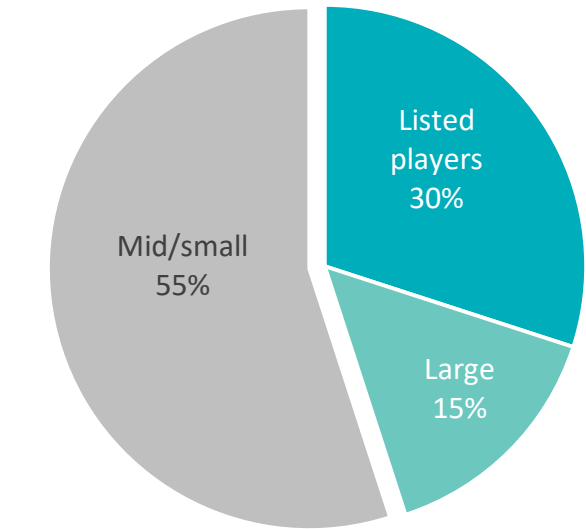
# INDUSTRY DYNAMICS



Higher degree student base  
(Million people)



Percentage of enrolled students in  
private institutions per size (%)  
(2018)



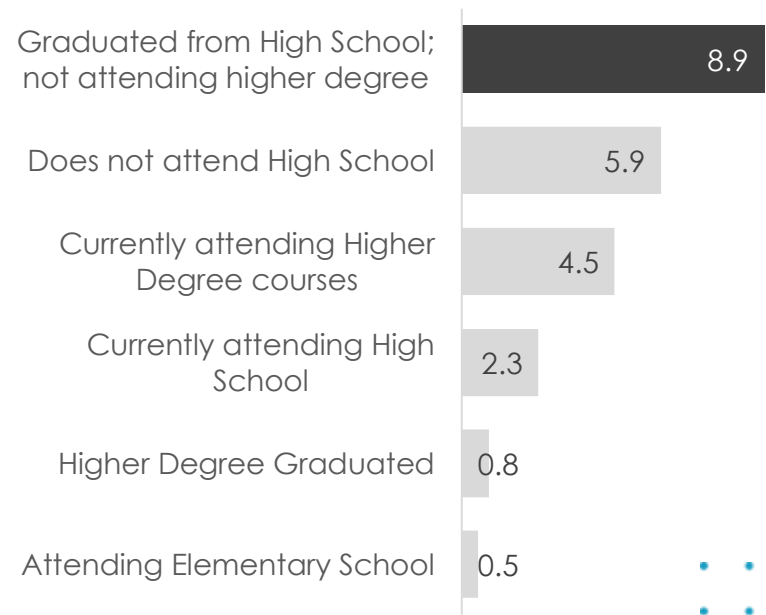
Listed Players: YDUQS, Cogna, Laureate, Ser, Ânima  
Large players: ≥ 1% of enrollments

**75% of students in the private sector**  
Stable offer from public institution

**More than 2,000 institutions**  
Highly fragmented market



Population by Education Stage in 2018:  
Ages between 18 and 24 years old  
(Million people)



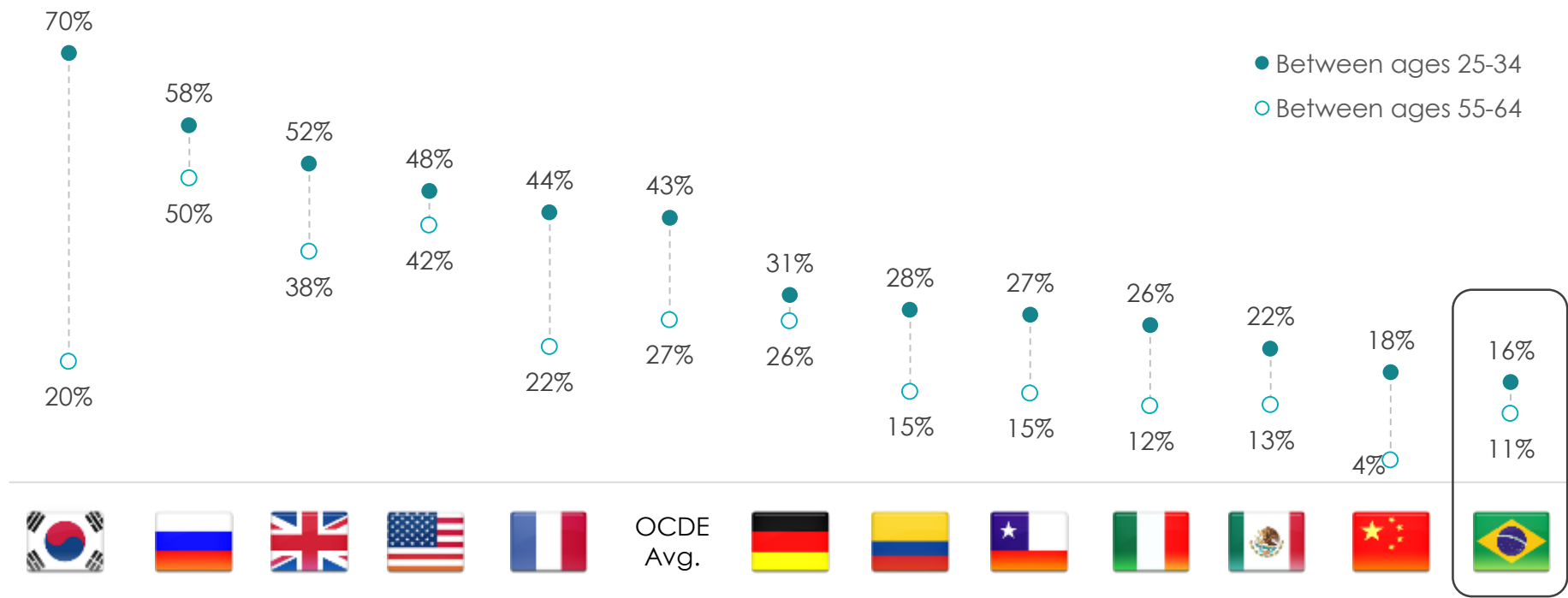
**23%** of the population attending or graduated from higher education (18-24 years old)

**~9 million** people outside high education courses (18-24 years old)



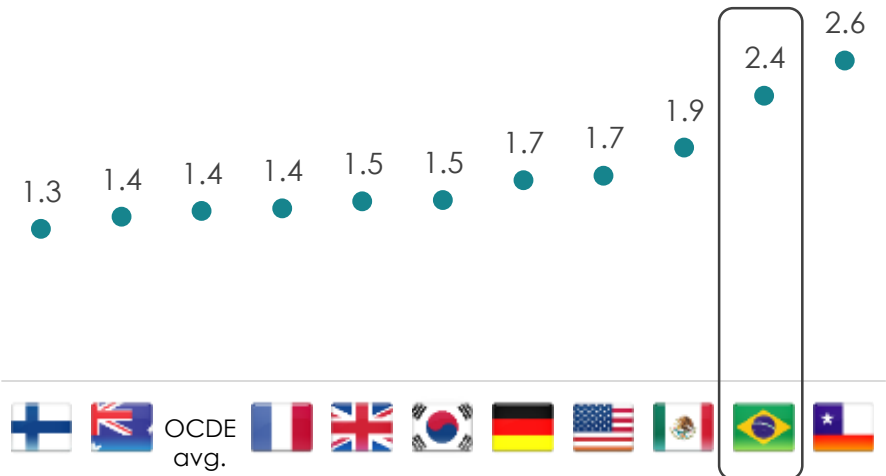
# HIGH EDUCATION IN BRAZIL STILL UNDERPENETRATED VS THE WORLD

Percentage of population with higher degree  
by age group  
(%)

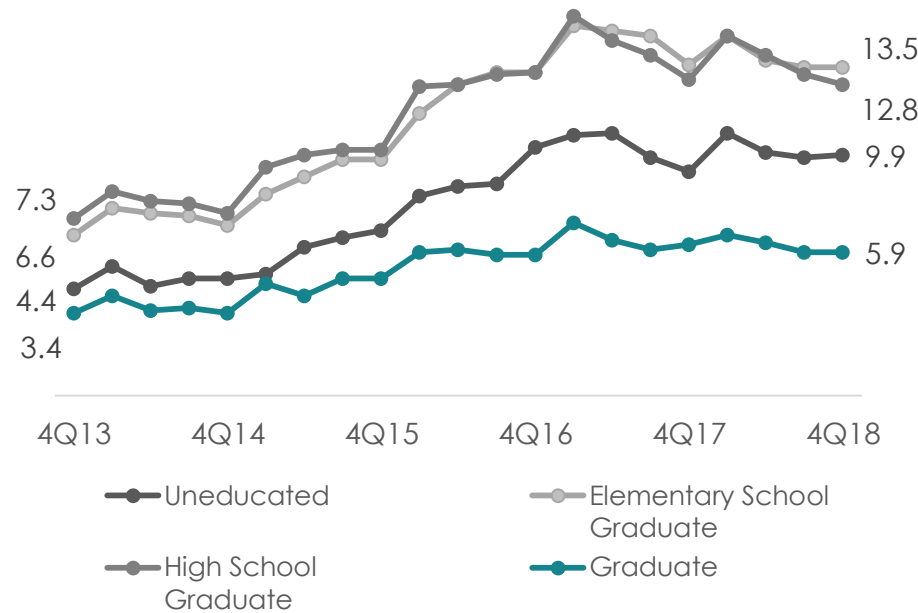


# EDUCATION IS A RELEVANT OPPORTUNITY

Average salary increase for high degree holders vs high school



Unemployment rate by education level in Brazil (%)



High education diploma improves chances of **salary increase** and **lower unemployment rate**

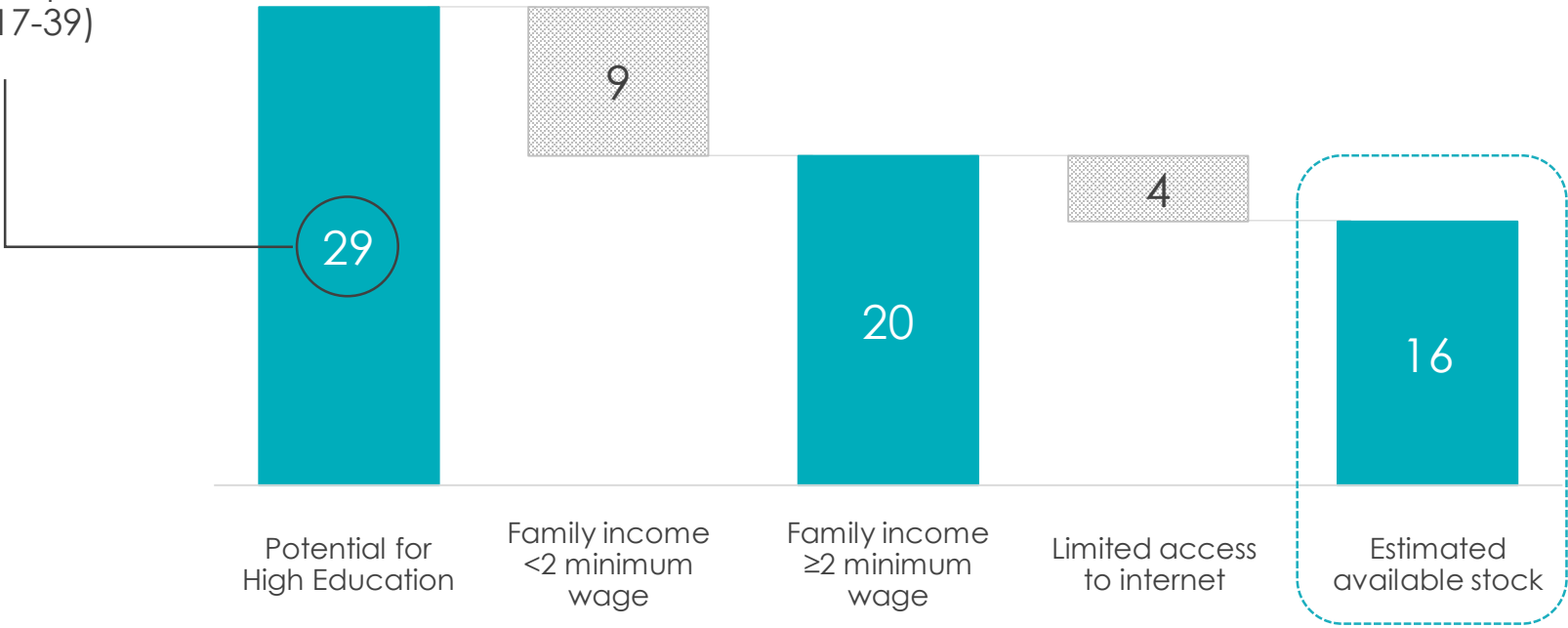




# ESTIMATED ADDRESSABLE MARKET

(Million people)

Population with high school diploma<sup>(1)</sup>  
(ages 17-39)

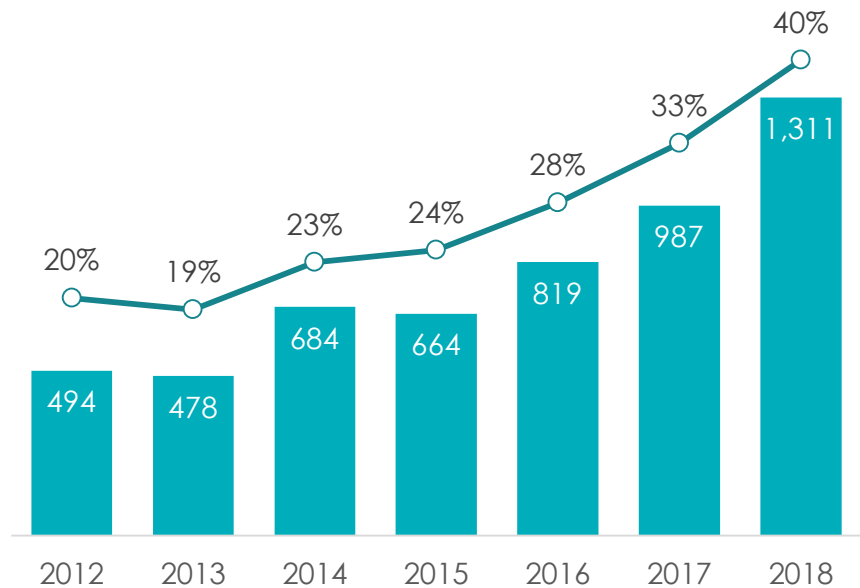


(1) Composed by individuals with no history of high education studies, 75% of the population with uncompleted studies and 10% of the population with one higher education diploma

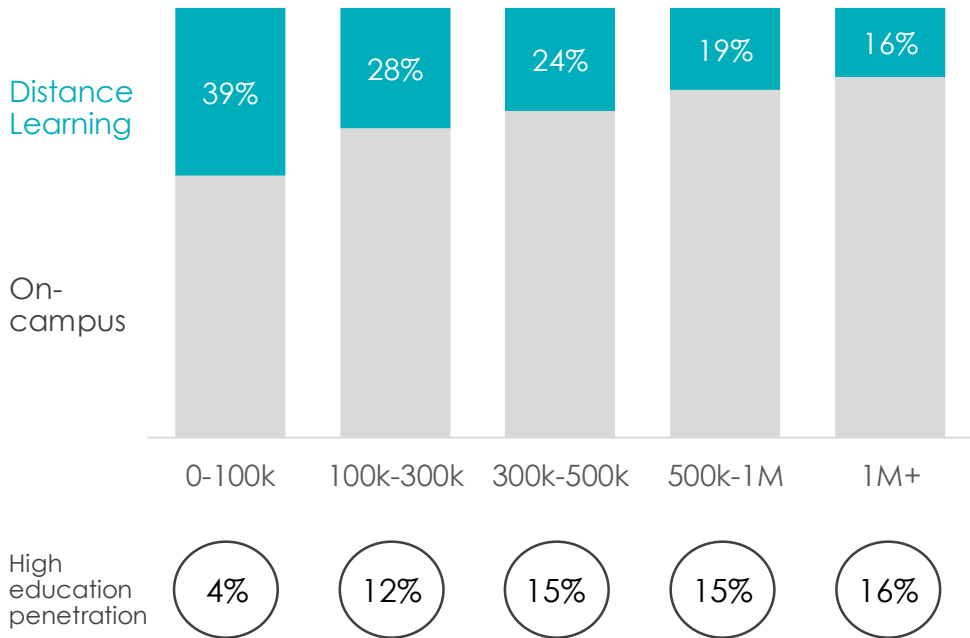


# DISTANCE LEARNING IS RESHAPING INDUSTRY DYNAMICS

Distance Learning segment intake and percentage of total enrollments in private institutions  
(Thousand people; %)



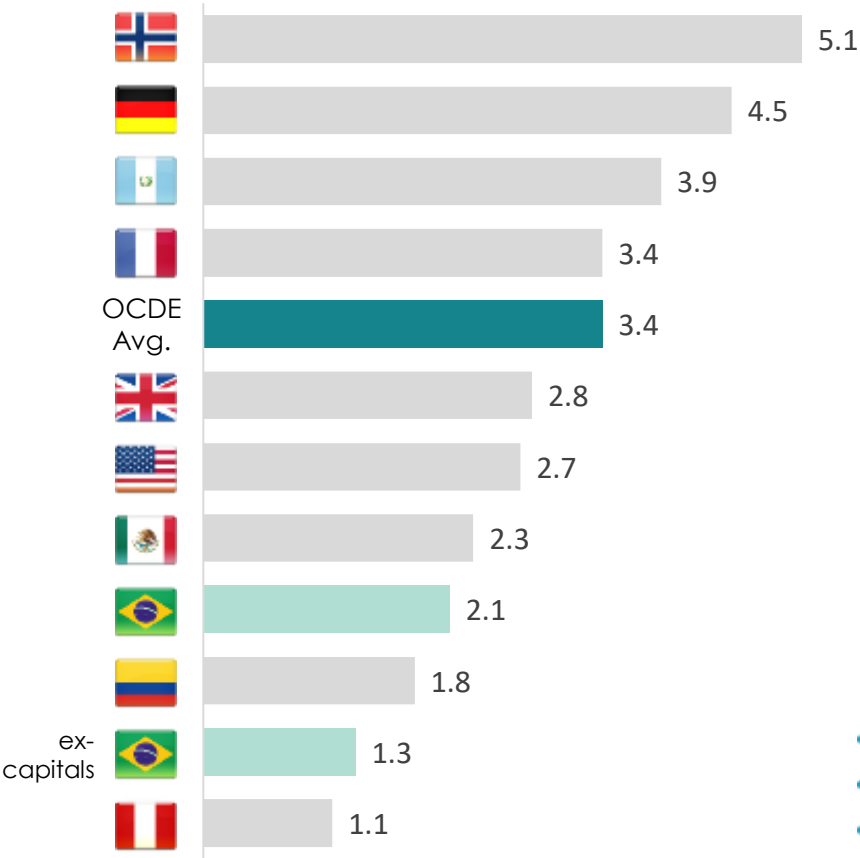
Enrollments per segment and city size (%)



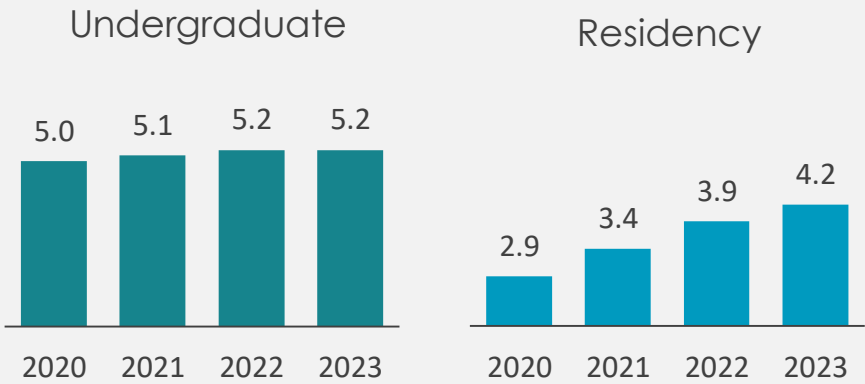
# OPPORTUNITY FOR MEDICAL SCHOOLS

Demand should remain strong while competition for medical residency programs is set to increase

Medical density  
(Physicians per 1,000 inhabitants)



Applicants per seat in the Brazilian market  
(candidates per seat)





# COMPANY STRATEGY



# GROWTH AVENUES



ON-CAMPUS

---



DIGITAL  
LEARNING

---



PREMIUM

---



M&A



# ON-CAMPUS

Continuing evolution through innovation

YDUQS

aura

New education system to integrate in an unprecedented way digital learning to on-campus, eliminating the barrier between the two worlds.

In operation for ~80k  
on-campus students in  
19 YDUQS brands

Every discipline with on-  
campus and digital  
credits

Better efficiency in  
allocating online  
content with substantial  
improvement for  
didactics and student  
experience

Stabilization of the  
number of credits per  
period and less  
variation in the monthly  
fee

Focused on:

- ✓ Enhancing quality and experience
- ✓ Better occupancy levels
- ✓ Cost optimization
- ✓ Improving retention rate





# DIGITAL LEARNING

Supporting every aspect of the business

YDUQS

## EnsineMe

Multibrand proprietary content production system designed to feed our business units with digital tools to bring high-standard content to all classes.

Created in  
**1H19**

Research &  
development  
business unit

More than **350**  
**disciplines**  
produced in  
2020

**56% of freshman**  
with 100%  
EnsineMe  
content

Focused on:

- ✓ Creation of a truly digital Company
- ✓ Revolutionize our teaching methodology
- ✓ Enable fast adoption of cost optimization tools for acquired institutions



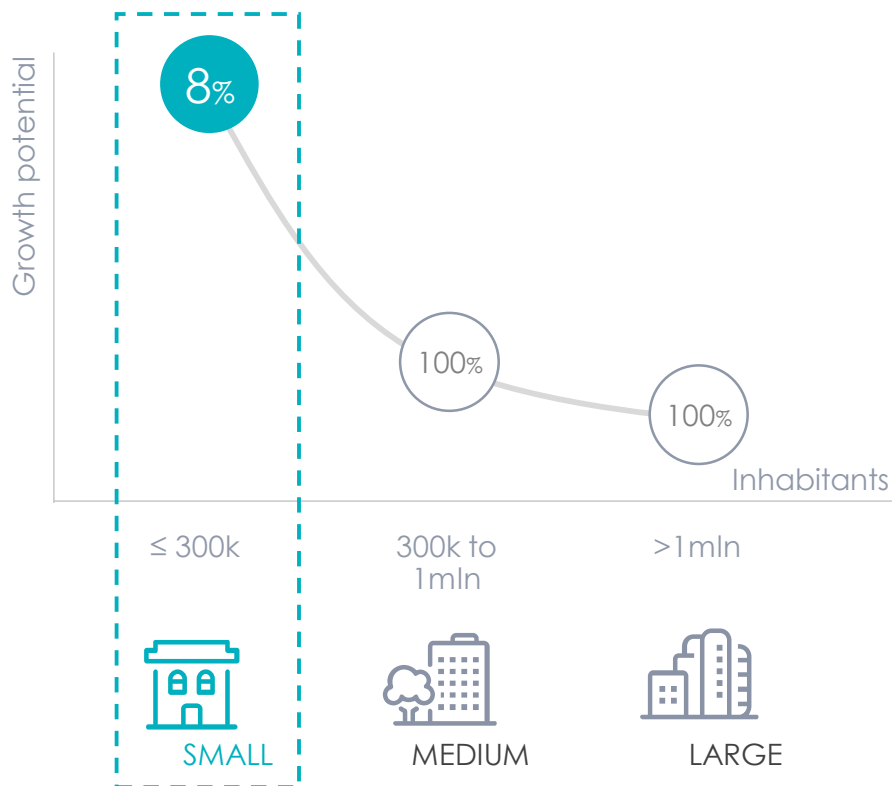


# DIGITAL LEARNING

Meaningful growth opportunity in small cities

YDUQS

Penetration of DL centers per city size  
(% of cities covered by YDUQS)



Leveraging  
regional  
**brands**

Growth  
through  
**partners**

**Lean**  
business  
model

## KEY DIFFERENTIATORS

- EXCEPTIONAL QUALITY
- FLEXIBLE
- NEW METHODOLOGY
- GAMIFICATION
- NEW FEATURES
- PRICE SEGMENTATION
- BRAND ADAPTABLE







# PREMIUM DIVISION

Enhancing value proposition and exposure to niche opportunities

YDUQS

## Medicine



Focus on cutting edge **technologies**

**Increase offerings** to preparatory courses and residency

9 UNITS IN OPERATION > 16 UNITS IN OPERATION by 2021.2

## Ibmec Business School



**Leveraging on Ibmecc's** superior quality and personnel to develop new services

Consolidate leadership in **graduate and nano courses**





# M&A PIPELINE

YDUQS

## City influence zones roadmap

Desired features:

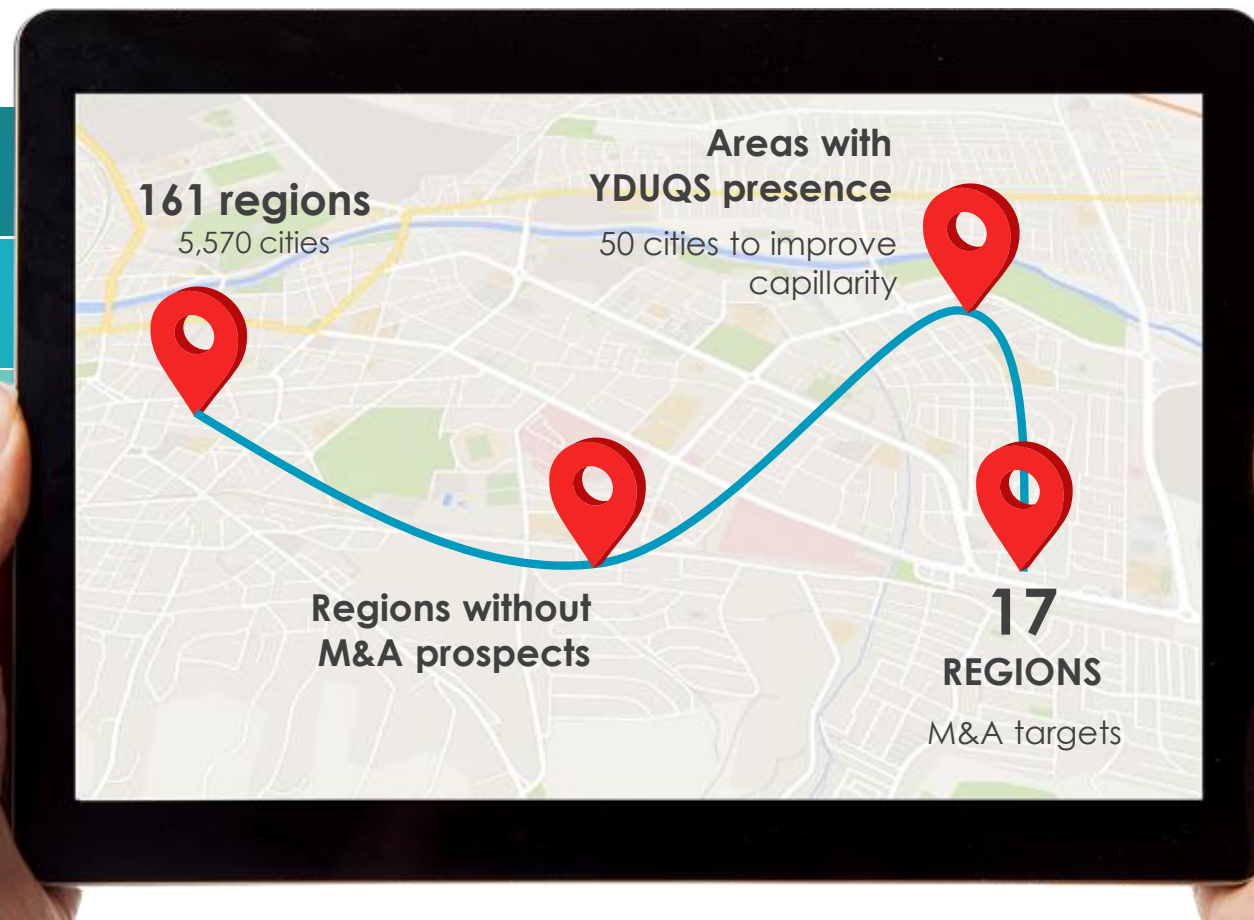
Renowned brands

Potential for DL expansion

Regions of market growth

Portfolio diversification\*

Potential for medicine



\* New geographic areas; exposure to different segments of income class or addition of new businesses segments beyond current capabilities.



# RECENT M&A

Expanding our successful model

YDUQS

Nov/19

**UNI TOLEDO®**  
A MARCA DO CONHECIMENTO

(5k students)

Apr/20

**ADT A LEM**  
EDUCACIONAL do BRASIL

(96k students)

10<sup>th</sup> largest  
private player

Jun/20

**ATHENAS**  
GRUPO EDUCACIONAL

(9k students)

## Status

**95%** complete  
(8 months)

Fast-paced  
(4 months)

Ongoing  
(1 month)

estimated  
**EV/EBITDA**  
after synergies

~5x

~5x

3.5x

## Medicine

-

**110 seats/year**  
in operation  
+  
2 units under  
development with  
potential to add

**300 seats/year**

**50 seats/year**  
under development  
+  
2 units<sup>(1)</sup> with  
potential to add

**200 seats/year**

(1) Two units with 100 seats/year each in process of approval by competent agencies.





# RECENT M&A: ATHENAS GROUP

## Opportunity in medicine

YDUQS

Three requests for medical courses licenses subject to competent authorities' approval and earn-out payment of R\$600 thousand per seat.



Cáceres | MT

Seats per year

**50** SEATS



Authorization granted in Aug/20  
Intake expected at 2020.2



Rio Branco | AC

**100** SEATS



Ji-Paraná | RO

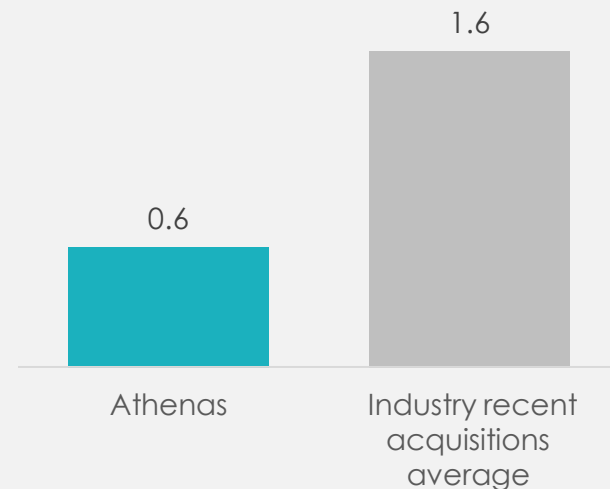
**100** SEATS

Potential for

**250** seats  
per year

**1,500** students  
in maturity

EV/medicine seat  
(R\$ million)



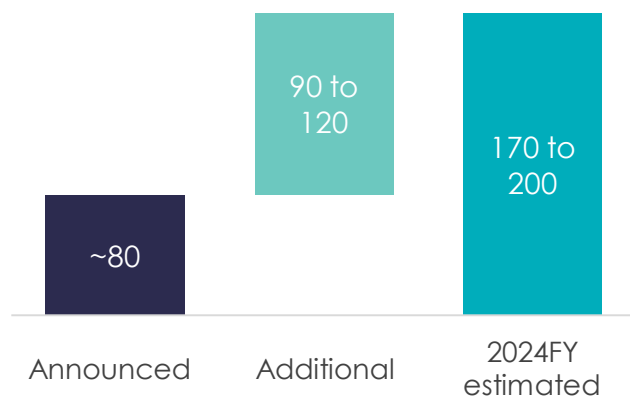


# RECENT M&A: ADTALEM

## New expectations of value generation

YDUQS

New estimate of synergies  
(R\$ million)



| Category   | Initiatives mapped and in the implementation phase                       | % on estimated value generation |
|------------|--|---------------------------------|
| Efficiency | Professors cost structure optimization                                   | 13-15%                          |
| Efficiency | Loyalty initiatives  | ~10%                            |
| Efficiency | Optimization of student per class ratio and curriculum                   | 9-11%                           |
| Efficiency | Administrative structure optimization and integration of shared services | 18-19%                          |
| Commercial | Introduction of the pricing model and billing                            | 13-14%                          |
| Revenue    | DL expansion and cross-selling   | 14-18%                          |
| Other      |  | 16-20%                          |



(1) As reported by Adtalem management; in IFRS-16



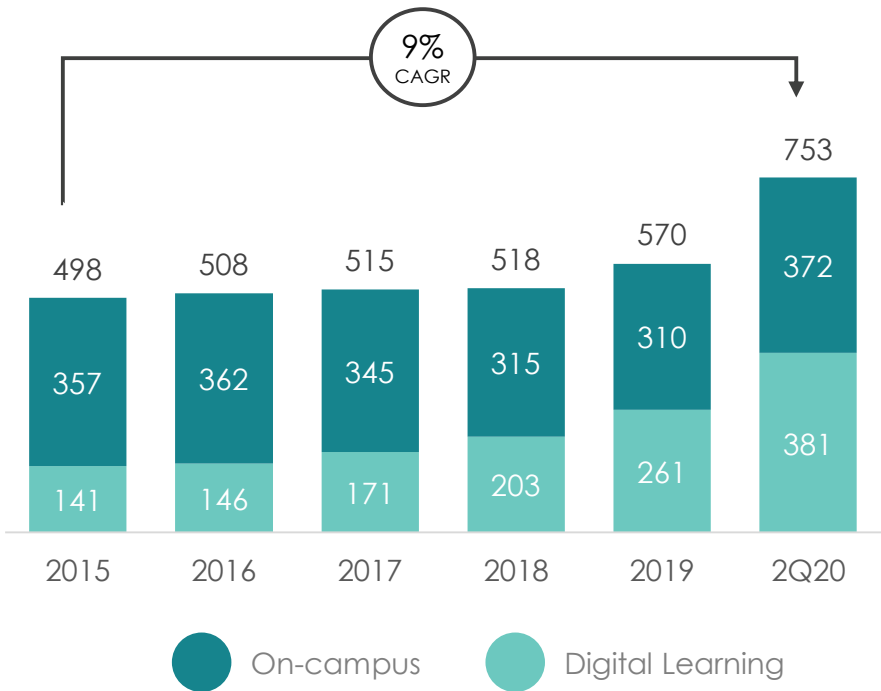
# OPERATIONAL



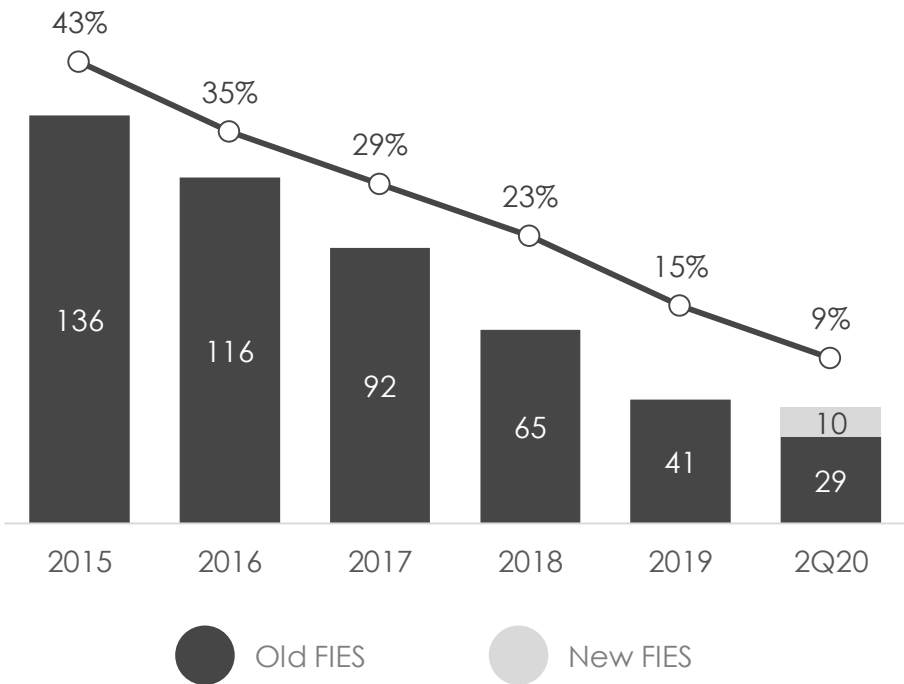
# LEADING THE INDUSTRY REVOLUTION

While FIES impact is getting behind us

Total student base  
(Thousand students)



FIES student base and share over on-campus undergraduate  
(Thousand students; %)



LAST YEAR OF RELEVANT  
IMPACT EXPECTED FOR 2020



## YDUQS

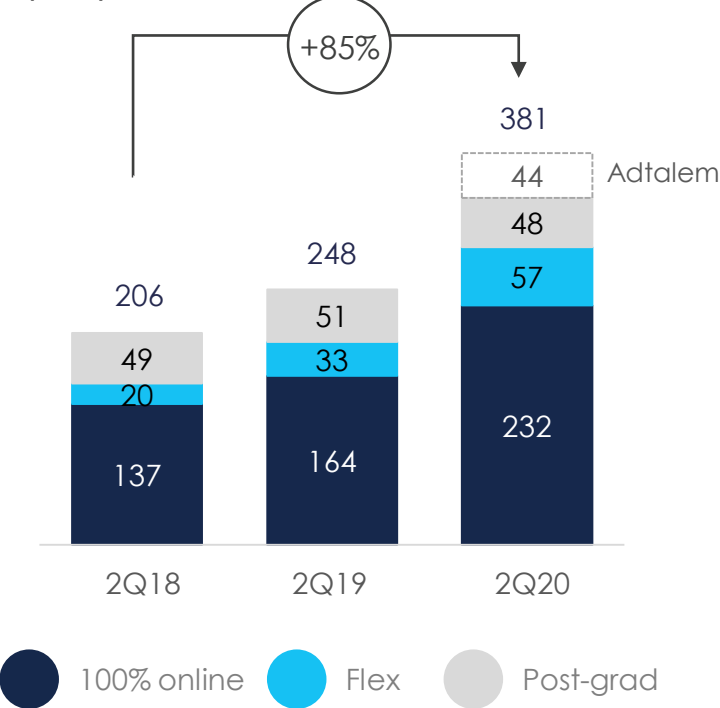




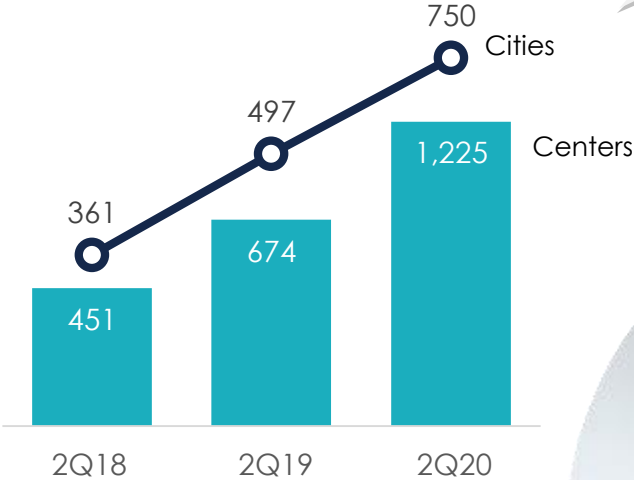
# DISTANCE LEARNING

Accelerating in all fronts

Student base per product (thd)



Number of DL centers and cities covered (centers; cities)



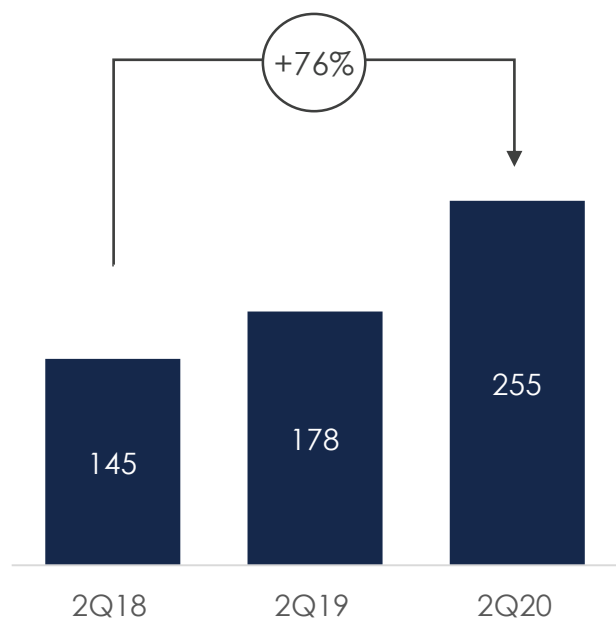
1,500 cities by 2024e



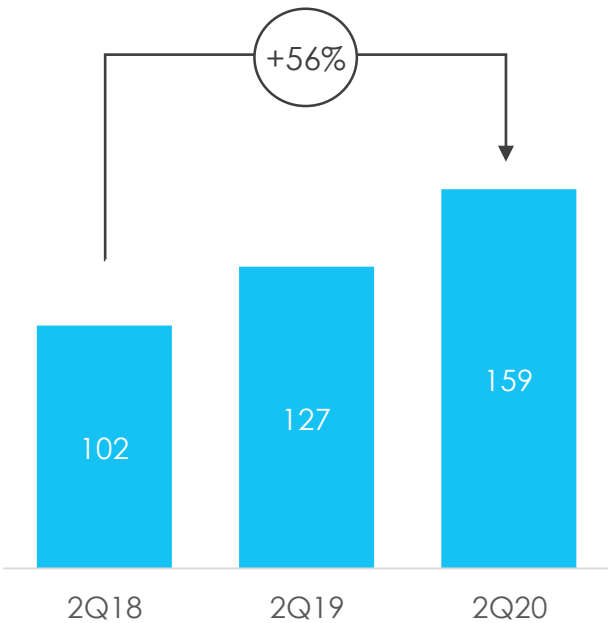
# DISTANCE LEARNING

Strong contribution to results

Net revenues  
(R\$ million)

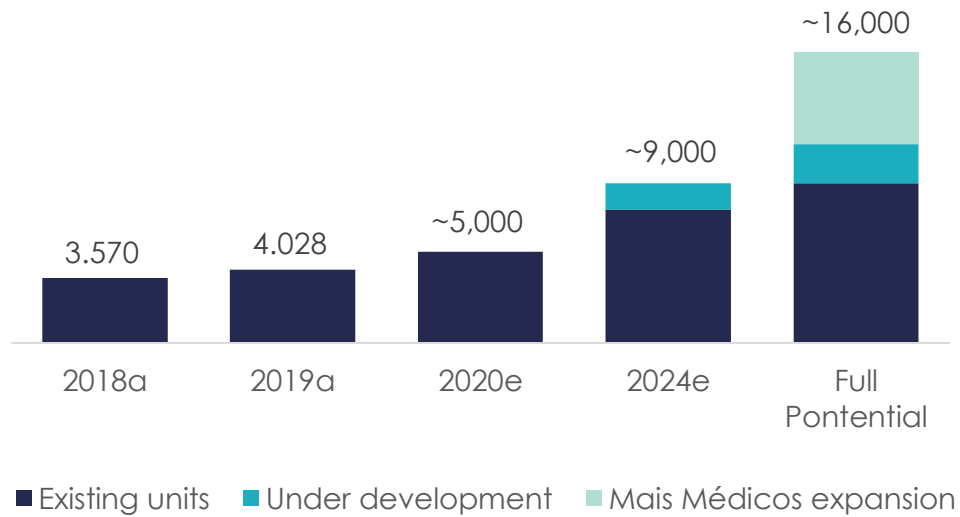


EBITDA  
(R\$ million)

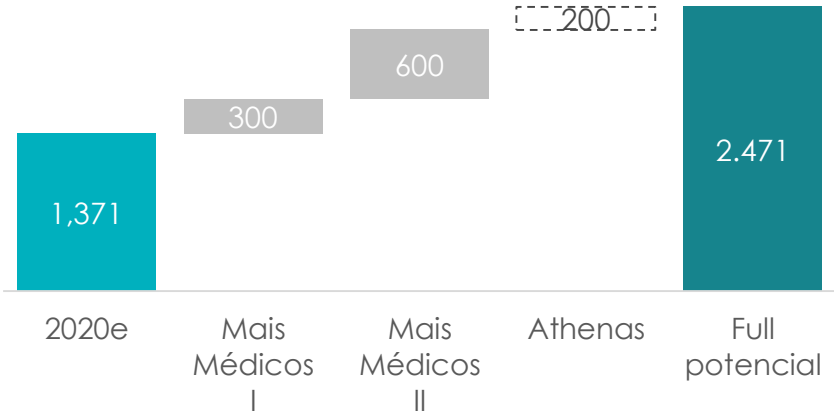


Strong expansion and contracted growth

**Student base evolution** and potential at maturity considering the expansion of our Mais Médicos units to full capacity:



Authorized seats evolution (seats/year)



9

Units in operation

+

7

Units under development (Mais Médicos II)

=

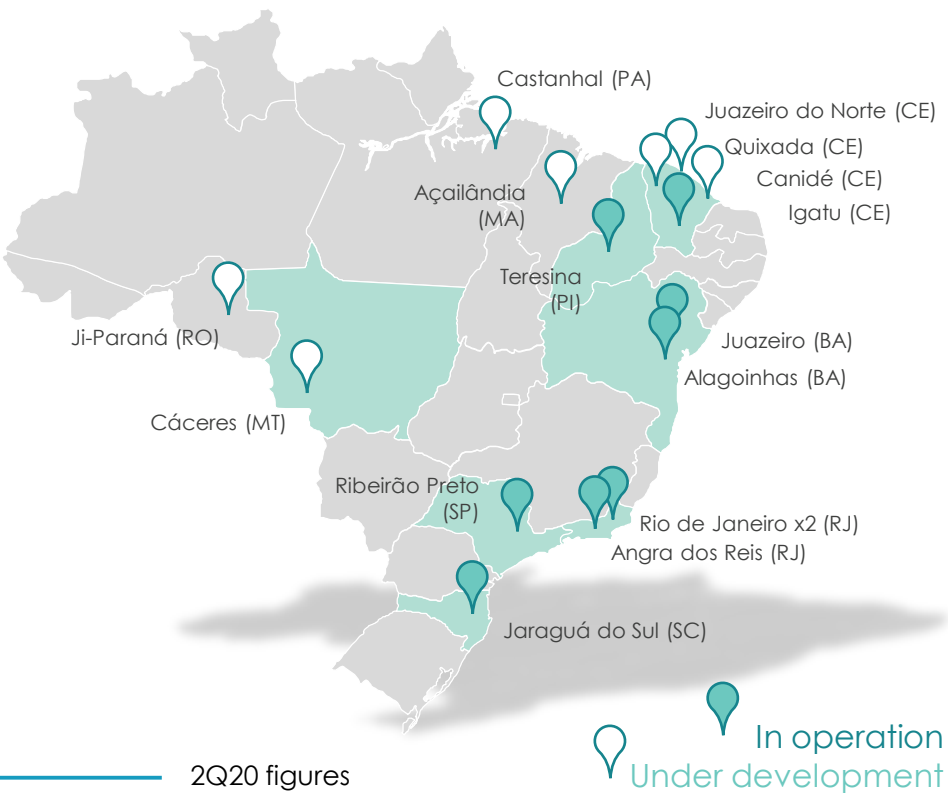
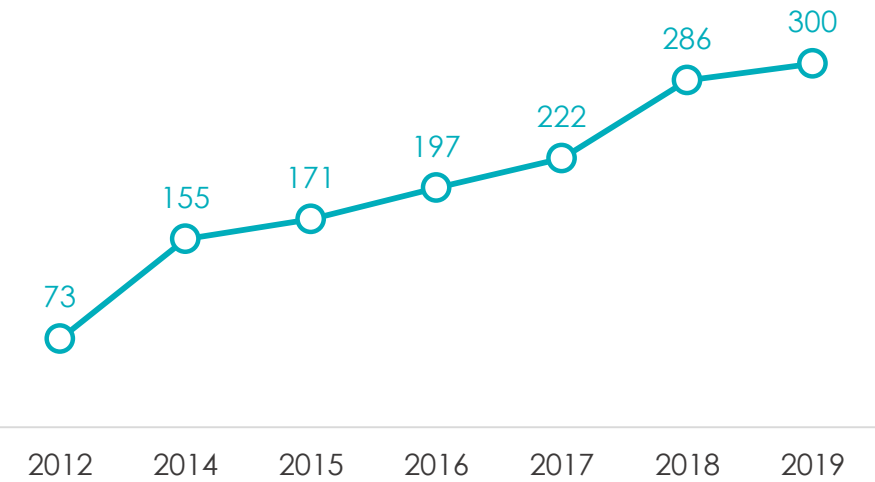
16

Units by 2021.1



## Solid financial results

Net revenues evolution  
(R\$ million)



(1) Out-of-pocket (exclude scholarship holders and ProUni)



# ACTIONS TO FACE THE PANDEMIC

## ESTÁCIO

COM VOCÊ and WYDEN COM VOCÊ

Estácio volunteer program to support students in vulnerable situation.

**31,000**

students benefited across the country

**29,000** fully exempt monthly tuition fees

**94%**

of beneficiaries with household income below R\$3,000/month

## Commitment to the team

**Maintenance of full salaries** for all employees

## Adequacy of units

Investments of approximately **R\$7 million** in the adequacy of the units and revision in the air conditioning systems for class return

## Strategic partnerships

**Student benefits** with telecom companies and retailers to facilitate access to digital content

## High attendance level

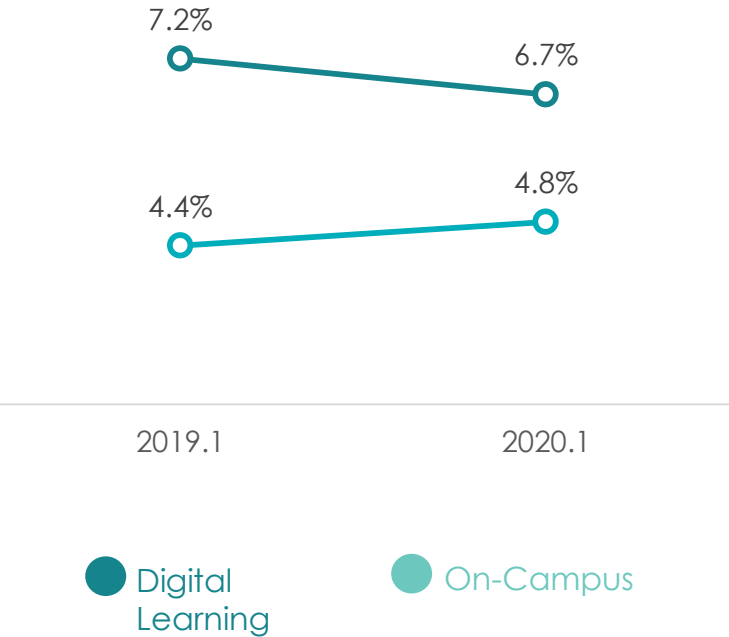
**15,000 weekly classes** via Microsoft Teams with real-time attendance reaching 76% (over 80% asynchronous presence)



# EFFECTIVE RESPONSE TO COVID-19

Growing base, dropouts under control and positive feedback from students

Dropout rate per semester<sup>(1)</sup>  
(ex-Adtalem; %)



➤ **ORGANIC EXPANSION OF STUDENT BASE**  
+14% YoY (ex-Adtalem)

➤ **SATISFACTION INDEX AT 94%**  
for remote classes during the pandemic

➤ **76% REAL TIME PRESENCE**  
with more than 80% asynchronous presence



(1) Dropout rate = dropouts divided by intake and renewals.

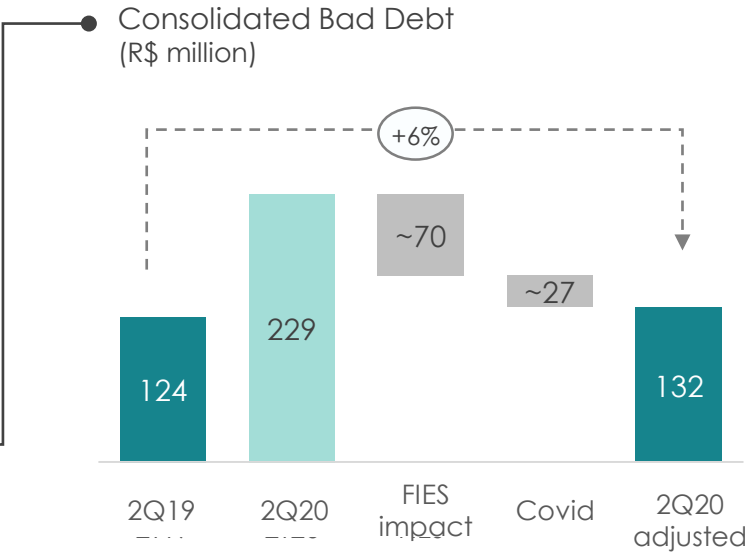


# FINANCIALS



# RELEVANT TEMPORARY EFFECTS ON 2Q20

| Account    | Description   | EBITDA effect | Amount R\$ million |
|------------|---|---------------|--------------------|
| Revenue    | Scholarships related to Estácio com Você program and discounts granted by laws and court decisions                  | -             | 67.5               |
| Costs      | Temporary reduction in physical infrastructure costs, MP 936 <sup>(1)</sup> effect and organizational restructuring | +             | 14.7               |
| Commercial | Provisions from past FIES renewals, additional to face Covid-19 and other   | -             | 99.2               |
| Expenses   | Revision of judicial processes base with increase in contingencies  | -             | 54.9               |
| Expenses   | M&A consulting, attorney's and legal fees and other   | -             | 8.6                |



**R\$215.5 MILLION**  
IMPACT ON EBITDA IN 2Q20

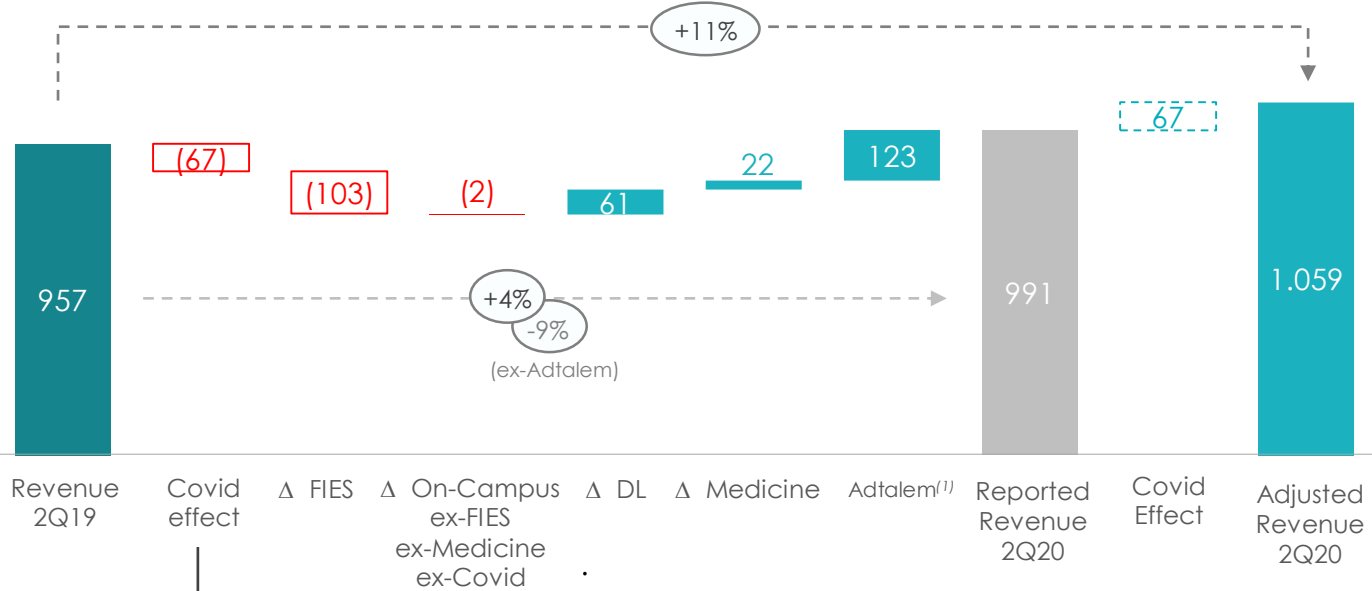
(1) Temporary easing measures for labor laws published on April/2020.



# NET REVENUES DRIVEN BY GROWTH LEVERS

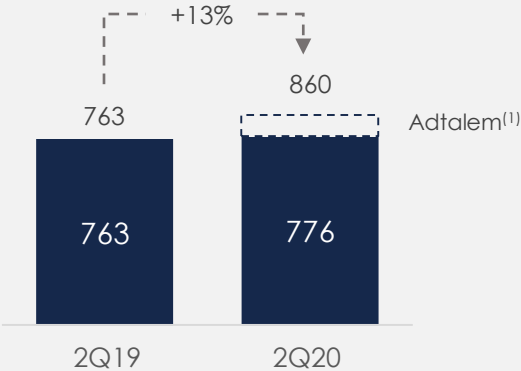
## Last quarterly results

Contribution to net revenues  
(R\$ million; 2Q19 vs 2Q20)



Impact of **R\$ 67.5 million** related to the scholarship program "Estacio com você" and discounts granted due to laws and decisions in court.

Net revenue ex-FIES  
(R\$ million)



➤ **ON-CAMPUS AVG. TICKET STABILITY (EX-FIES)<sup>(1)</sup>**  
-1.4% YoY (undergrad)

➤ Maintaining growth in Digital Learning **+44%** and in medicine **+35%**.

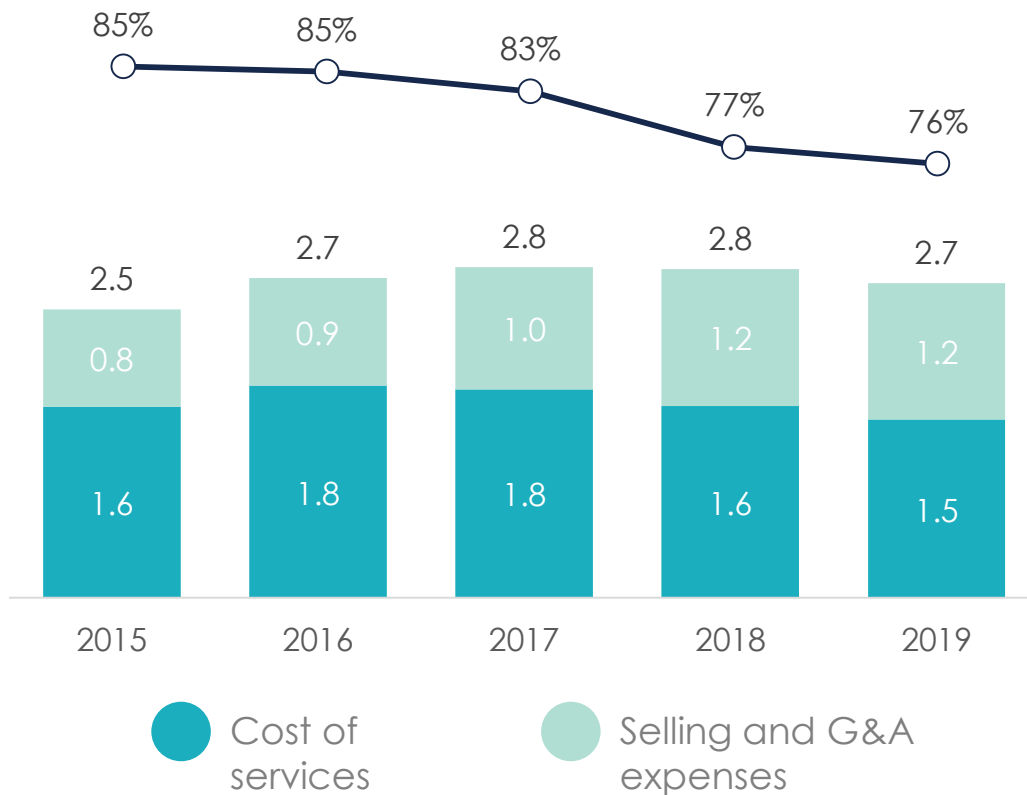


(1) Adtalem results for the months of May and June/20.

# OPEX

## Emphasis on efficiency & business resilience

Opex and percentage over net revenues  
(R\$ million, %)



Higher intelligence in management and allocation of teaching body from **operational research** initiatives



Focus on innovation and use of technologies to integrate **digital content** at on-campus segment



Investment in customer experience and increasing **retention rate**

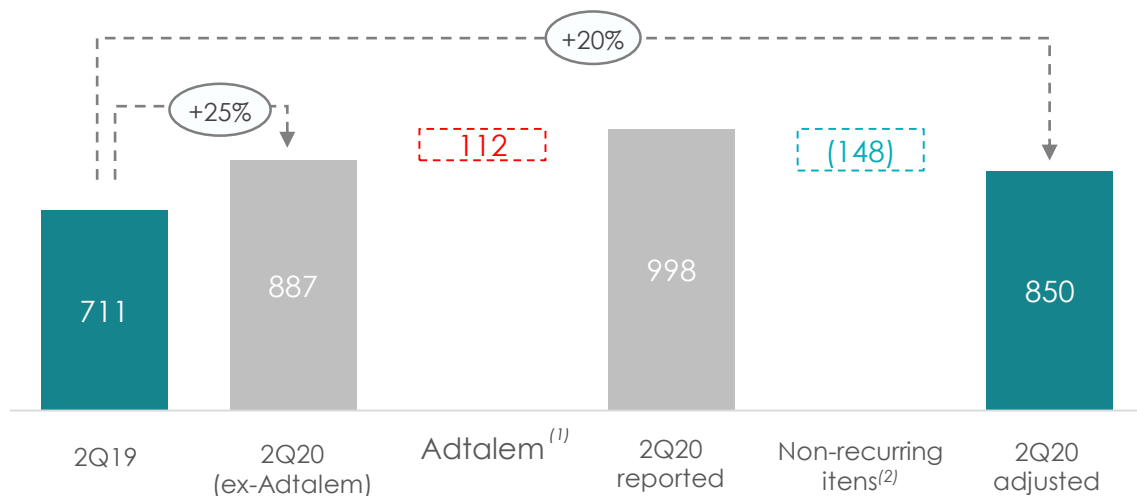


Matrix-based cost and expenses management and better collection

# EVOLUTION OF COSTS AND EXPENSES

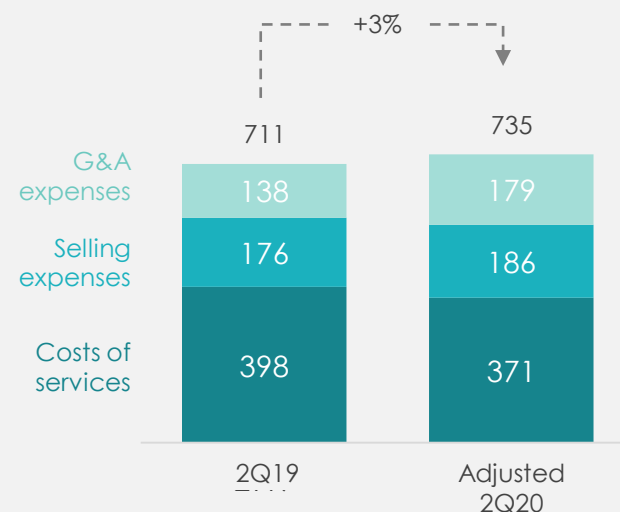
## Last quarterly results

Composition of costs and expenses  
(R\$ millions)



Impacted by non-recurring items such as the increase in provisions to face current scenario of uncertainties and the revision of the judicial processes base and increase in contingencies.

Proforma analysis (excluding non-recurring events)  
(R\$ million; ex-Adtalem)



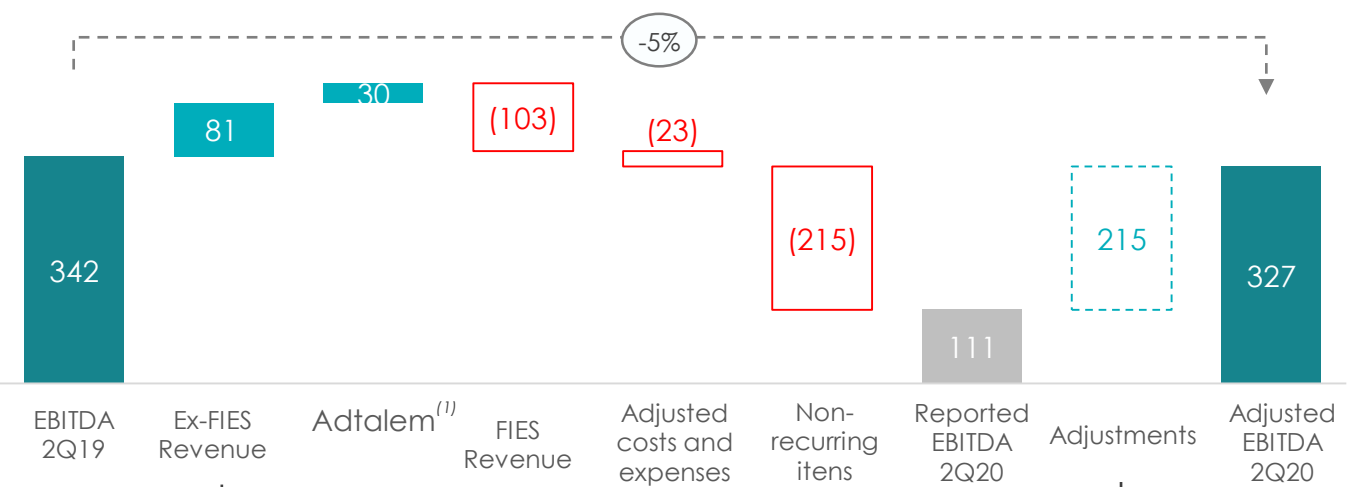
- **Costs:** benefited from operational research initiatives in personnel line
- **Selling & marketing:** change in the student base mix continues to impact bad debt
- **G&A:** impacted by administrative costs seasonality

(1) Adtalem results for the months of May and June/20.

(2) Excluding additional R\$99.2 million of bad debt; R\$54.9 million of legal contingencies (G&A) and R\$8.6 million of other effects (G&A) and adding back R\$14.7 million that positively impacted the cost of services.

# CASH FLOW PRESERVED DESPITE SHORT-TERM EBITDA IMPACTS

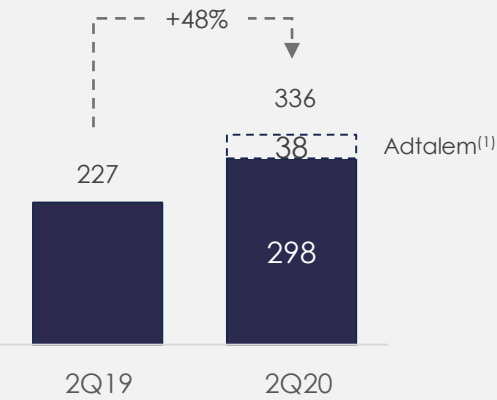
Contribution to consolidated EBITDA  
(R\$ million; 2Q19 vs 2Q20)



Excluding the impact of **R\$67.5 million** in discounts related to Covid.

Considering impacts from Covid in revenues and non-recurring items on costs and expenses.

Operating cash flow before capex  
(R\$ million)



(1) Adtalem results for the months of May and June/20.

# DEBT PROFILE

Solid liquidity

YDUQS

(R\$ million)

2Q20

**(-) Cash & cash equivalents** **(1,907.4)**

Debt with banks 3,229.2

Commitments payable (M&A) 106.8

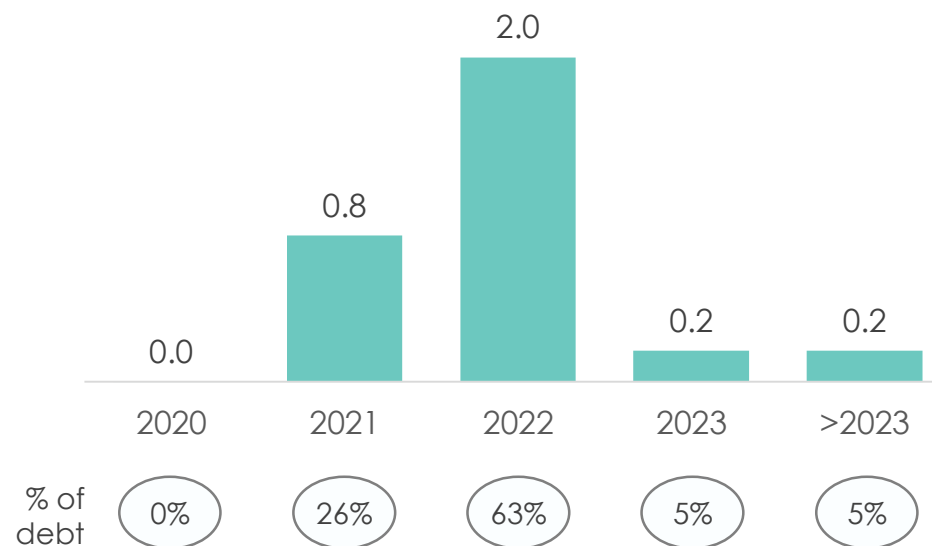
**Net Debt <sup>(1)</sup>** **1,428.6**

**Net Debt/EBITDA (12m) <sup>(2)</sup>** **1.45x**

Avg. cost  
CDI + 1.58%

Covenant  
at 2.5x

Debt payment timeline  
(R\$ billion)



Debt composed mostly by bullet loans with principal and interest due at maturity

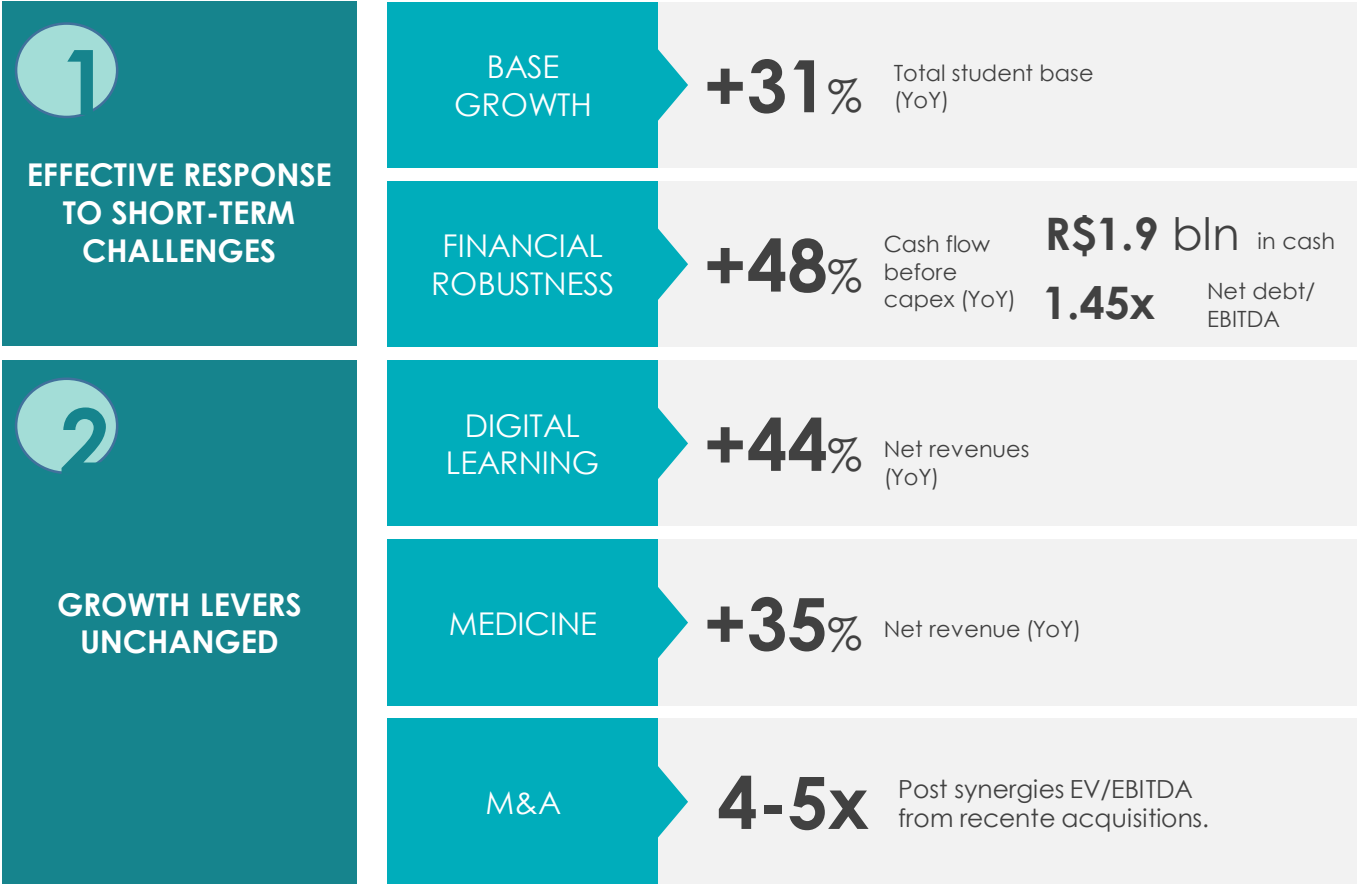


(1) Excluding IFRS-16 effects (leasing)

(2) Considering YDUQS last 12 months reported EBITDA

# FUNDAMENTALS REMAIN SOLID

Paving the way for recovery



## Perspectives

Operations remain healthy with real time attendance at 72% on the 1<sup>st</sup> week of classes and 79% on the 2<sup>nd</sup> week.

Natural maturation of digital learning and medicine

Comfortable position for new acquisitions

## Renewal (~70% concluded)

ON-CAMPUS  
Re-enrolments  
(ex-FIES)  
+9% vs 2019.2

DIGITAL LEARNING  
Renewals  
+50% vs 2019.2



# APPENDIX



# FINANCING PRODUCTS AND BAD DEBT

## Conservative approach

### PAR

Enables student to finance 50% of the entire course paying 50% while studying and the remainder in a 4 year period after graduation.

- 50% provision of net present value of long term receivables upon entrance
- Acceleration of provision curve to reach 80% within 60 days for inactive students (dropout)

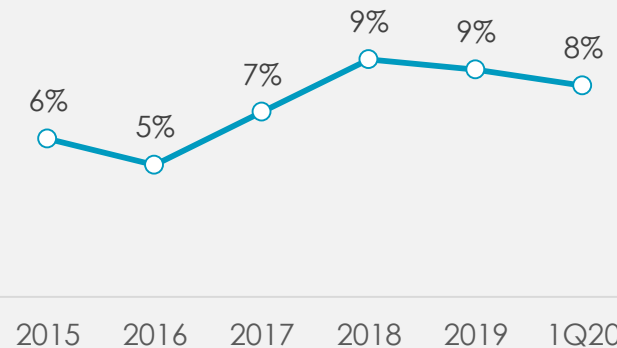
3% of undergrad. base

### DIS

Allows students to experience a course paying fixed installments of ~R\$50/month for up to 3 months. Difference to the full price is diluted and paid through the remaining monthly tuitions until the end of the course.

- 15% provision of net present value of long term receivables upon entrance
- Acceleration of provision curve to reach 80% within 60 days for inactive students (dropout)

Bad debt as a percentage of net revenues (%)



Expectation to stabilize in the range of 10-11% by 2020-2021





# RECENT M&A

## Athenas Group

YDUQS



> **5 units**



> **9,000** on-campus students  
*Undergraduate and technical courses*



> **DL license** | 300 centers per year



> Net Revenue 2019: R\$94.5 million  
EBITDA<sup>(1)</sup> 2019: R\$15.0 million

**R\$120**  
million EV

**8.0x**  
EV/EBITDA  
2019



### New markets



Entrance in 3 priority  
regions of influence

### Synergies



EV/EBITDA multiple of  
**~3.5x** after synergies

### Quality



4 institutions with  
**IGC 4/5**

### Medicine<sup>(2)</sup>



3 units with up to  
**300 seats/year** in  
process of approval



(1) EBITDA ex-IFRS16 reflecting due diligence adjustments and rental costs normalization (accounting EBITDA of R\$32 million);

(2) Three ongoing processes for medicine course licenses awaiting approval; subject to earn-out payment;

# RECENT M&A

## Adtalem Brasil

YDUQS



**11** Wyden | **5** Ibmecc | **4** Damásio



**>100,000** students  
Undergrad, postgrad, prep. course and DL



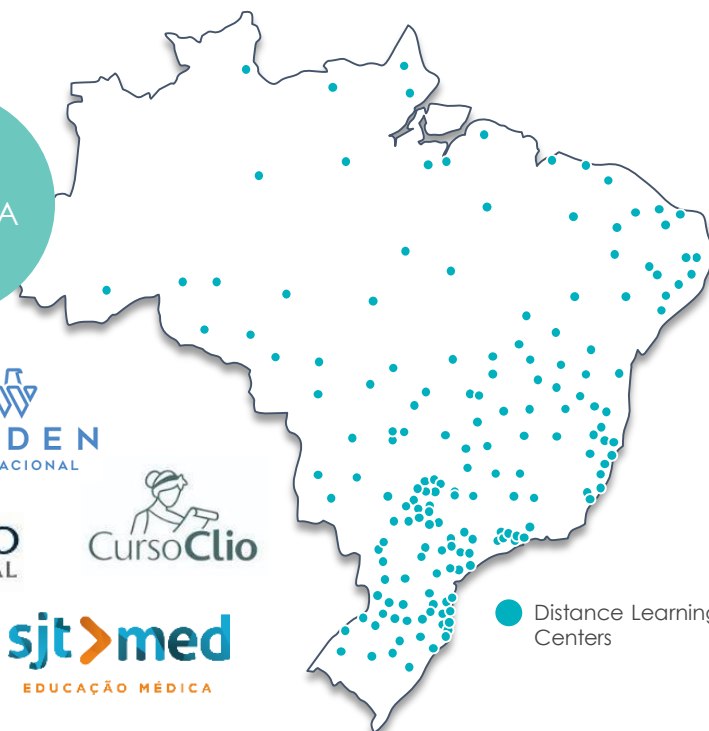
**180** DL centers with national presence  
49,000 students



Net Revenue 2019: R\$853 million  
EBITDA<sup>(1)</sup> 2019: R\$254.9 million

**R\$1.82**  
billion EV

**10x**  
EV/EBITDA  
2019<sup>(1)</sup>



Expected synergies at due diligence: **R\$80 million**

### Portfolio diversification



Exposure to different segments and business with premium positioning

### Academic excellence

Expertise and technology to leverage our graduation programs and opportunity to scale high quality content

### Quality



3 institutions with **IGC 4/5** (Ibmecc) + 10 institutions with **IGC >3/5** (Wyden)

### Medicine



3 units with **210 seats/year** and addition of prep. and specialization assets



(1) EBITDA as reported by Adtalem management; pre IFRS-16.

# STUDENT BASE

| ('000)                              | 2Q19         | 2Q20         | Δ%           |
|-------------------------------------|--------------|--------------|--------------|
| <b>Undergraduate</b>                | <b>462.4</b> | <b>640.7</b> | <b>38.5%</b> |
| On-Campus                           | 298.0        | 343.8        | 15.4%        |
| Acquisitions <sup>(1)</sup>         | -            | 52.4         | n.a.         |
| Distance Learning                   | 197.0        | 296.8        | 50.7%        |
| Acquisitions <sup>(1)</sup>         | -            | 7.8          | n.a.         |
| <b>Graduate</b>                     | <b>81.4</b>  | <b>112.2</b> | <b>37.7%</b> |
| On-Campus                           | 30.1         | 28.3         | -5.9%        |
| Acquisitions <sup>(1)</sup>         | -            | 4.8          | n.a.         |
| Distance Learning                   | 51.3         | 83.8         | 63.4%        |
| Acquisitions <sup>(1)</sup>         | -            | 35.9         | n.a.         |
| <b>Total Base</b>                   | <b>576.4</b> | <b>752.8</b> | <b>30.6%</b> |
| <b>Total Base (ex-FIES)</b>         | <b>526.6</b> | <b>713.9</b> | <b>35.6%</b> |
| <b>Total Base (ex-acquisitions)</b> | <b>576.4</b> | <b>652.0</b> | <b>13.1%</b> |

| ('000)                      | 2Q19         | 2Q20         | Δ%           |
|-----------------------------|--------------|--------------|--------------|
| <b>Total On-campus</b>      | <b>328.1</b> | <b>372.2</b> | <b>13.4%</b> |
| Undergraduate ex-FIES       | 248.1        | 304.9        | 22.9%        |
| <b>Undergraduate</b>        | <b>298.0</b> | <b>343.8</b> | <b>15.4%</b> |
| Out-of-pocket               | 233.4        | 295.3        | 26.5%        |
| Acquisitions <sup>(1)</sup> | -            | 40.2         | n.a.         |
| DIS                         | 106.6        | 137.5        | 29.0%        |
| FIES                        | 49.9         | 38.9         | -22.0%       |
| Acquisitions <sup>(1)</sup> | -            | 12.2*        | n.a.         |
| PAR                         | 14.7         | 9.6          | -34.7%       |
| <b>Graduate</b>             | <b>30.1</b>  | <b>28.3</b>  | <b>-5.9%</b> |
| Own                         | 16.2         | 15.9         | -1.5%        |
| Acquisitions <sup>(1)</sup> | -            | 4.8          | n.a.         |
| Partnerships                | 14.0         | 12.4         | -11.1%       |

| ('000)                            | 2Q19         | 2Q20         | Δ%           |
|-----------------------------------|--------------|--------------|--------------|
| <b>Total Distance-Learning</b>    | <b>248.4</b> | <b>380.7</b> | <b>53.3%</b> |
| <b>Undergraduate</b>              | <b>197.0</b> | <b>296.8</b> | <b>50.7%</b> |
| 100% online                       | 164.5        | 240.3        | 46.1%        |
| Acquisitions <sup>(1)</sup>       | -            | 7.8          | n.a.         |
| Flex                              | 32.6         | 56.6         | 73.6%        |
| <b>Graduate</b>                   | <b>51.3</b>  | <b>83.8</b>  | <b>63.4%</b> |
| Own                               | 18.7         | 55.0         | 194.5%       |
| Acquisitions <sup>(1)</sup>       | -            | 35.9         | n.a.         |
| Partnerships                      | 32.6         | 28.8         | -11.8%       |
| <b>Total DL (ex-acquisitions)</b> | <b>248.4</b> | <b>337.0</b> | <b>35.7%</b> |
| <b>DIS (DL Undergraduate)</b>     | <b>110.3</b> | <b>182.2</b> | <b>65.1%</b> |
| 100% online                       | 88.9         | 144.2        | 62.2%        |
| Flex                              | 21.4         | 38.0         | 77.4%        |



(1) Refers to the acquisitions of Unitoledo and Adtalem.  
\* Including ~7,000 FIES students 50%.

# OPERATING DATA– Student base by brand

**YDUQS**



('000)

|                          |              |             |            |              |
|--------------------------|--------------|-------------|------------|--------------|
| <b>Total Base – 2Q20</b> | <b>652.0</b> | <b>96.1</b> | <b>4.8</b> | <b>752.8</b> |
| <b>On-Campus</b>         | <b>314.9</b> | <b>52.4</b> | <b>4.8</b> | <b>372.1</b> |
| <b>Undergraduate</b>     | <b>291.4</b> | <b>48.1</b> | <b>4.4</b> | <b>343.8</b> |
| Out-of-pocket            | 255.1        | 36.1        | 4.1        | 295.3        |
| FIES                     | 26.7         | 11.9        | 0.3        | 38.9         |
| PAR                      | 9.6          | -           | -          | 9.6          |
| <b>Graduate</b>          | <b>23.6</b>  | <b>4.4</b>  | <b>0.4</b> | <b>28.3</b>  |
| <b>Distance-Learning</b> | <b>337.0</b> | <b>43.7</b> | <b>-</b>   | <b>380.7</b> |
| <b>Undergraduate</b>     | <b>289.0</b> | <b>7.8</b>  | <b>-</b>   | <b>296.8</b> |
| 100% online              | 232.5        | 7.8         | -          | 240.3        |
| Flex                     | 56.6         | -           | -          | 56.6         |
| <b>Graduate</b>          | <b>48.0</b>  | <b>35.9</b> | <b>-</b>   | <b>83.8</b>  |
| <b>DIS</b>               | <b>319.7</b> | <b>-</b>    | <b>-</b>   | <b>319.7</b> |
| On-Campus                | 137.5        | -           | -          | 137.5        |
| 100% online              | 144.2        | -           | -          | 144.2        |
| Flex                     | 38.0         | -           | -          | 38.0         |



# CHANGES IN THE UNDERGRADUATE BASE

| Change per semester<br>(ex-aquisitions) | 1Q20         | 1H20                   | 1H20                      | 1H20         | 2Q20         |                                     |
|---|--------------|------------------------|---------------------------|--------------|--------------|-------------------------------------|
| ('000)                                  | Initial Base | Graduating<br>students | Drop-out +<br>Non-renewal | Intake       | Acquisitions | 2Q20<br>(Including<br>acquisitions) |
| <b>Undergraduate</b>                    | <b>491.3</b> | <b>(45.5)</b>          | <b>(114.5)</b>            | <b>248.1</b> | <b>60.2</b>  | <b>640.7</b>                        |
| <b>On-Campus</b>                        | <b>276.7</b> | <b>(27.7)</b>          | <b>(51.6)</b>             | <b>93.9</b>  | <b>52.4</b>  | <b>343.8</b>                        |
| Out-of-pocket                           | 222.2        | (11.8)                 | (47.4)                    | 92.2         | 40.2         | 295.3                               |
| FIES                                    | 42.0         | (15.8)                 | (0.3)                     | 0.8          | 12.2         | 38.9                                |
| PAR                                     | 12.5         | -                      | (3.9)                     | 0.9          | -            | 9.6                                 |
| <b>DL</b>                               | <b>214.6</b> | <b>(16.8)</b>          | <b>(62.9)</b>             | <b>154.2</b> | <b>7.8</b>   | <b>296.8</b>                        |
| 100% Online                             | 179.3        | (14.9)                 | (49.4)                    | 117.6        | 7.8          | 240.3                               |
| Flex                                    | 35.4         | (1.9)                  | (13.5)                    | 36.6         | -            | 56.6                                |



# MEDICINE UNITS AND SEAT OFFERING

**Jun/20**

**FULL POTENTIAL<sup>(1)</sup>**

| Unit   | State | Brand   | Type     | Operation Start | Status      | Authorized seats py <sup>(2)</sup> | Student Base | Authorized seats py <sup>(2)</sup> | Student Base  |
|--|-------|---------|----------|-----------------|-------------|------------------------------------|--------------|------------------------------------|---------------|
| Presidente Vargas                              | RJ    | Estácio | Organic  | 1998.2          | Matured     | 240                                | 1,561        | 240                                | 1,728         |
| Juazeiro do Norte                              | CE    | Estácio | Organic  | 2000.1          | Matured     | 100                                | 700          | 100                                | 720           |
| Citta  | RJ    | Estácio | Organic  | 2014.1          | Matured     | 170                                | 864          | 170                                | 1,224         |
| Ribeirão Preto                                 | SP    | Estácio | Organic  | 2015.1          | In maturity | 76                                 | 498          | 76                                 | 547           |
| Teresina                                       | PI    | FACID   | Acquired | 2005.1          | In maturity | 110                                | 630          | 110                                | 792           |
| Alagoinhas                                     | BA    | Estácio | MM I     | 2017.2          | In maturity | 65                                 | 163          | 165                                | 1,188         |
| Angra dos Reis                                 | RJ    | Estácio | MM I     | 2018.1          | In maturity | 55                                 | 210          | 155                                | 1,116         |
| Jaraguá do Sul                                 | SC    | Estácio | MM I     | 2018.1          | In maturity | 50                                 | 114          | 150                                | 1,080         |
| Juazeiro                                       | BA    | Estácio | MM I     | 2018.1          | In maturity | 155                                | 329          | 155                                | 1,116         |
| Cáceres  | MT    | TBD     | Acquired | 2020.2          | Qualified*  | 50                                 | -            | 50                                 | 360           |
| Canindé  | CE    | Estácio | MM II    | 2020.2          | Qualified*  | 50                                 | -            | 150                                | 1,080         |
| Castanhal                                      | PA    | Estácio | MM II    | 2021.1          | Qualified*  | 50                                 | -            | 150                                | 1,080         |
| Quixadá  | CE    | Estácio | MM II    | 2021.1          | Qualified*  | 50                                 | -            | 150                                | 1,080         |
| Iguatu   | CE    | Estácio | MM II    | 2021.2          | Qualified** | 50                                 | -            | 150                                | 1,080         |
| Açailândia                                     | MA    | Wyden   | MM II    | 2021.1          | Qualified*  | 50                                 | -            | 150                                | 1,080         |
| Ji-Paraná                                      | RO    | Wyden   | MM II    | 2021.2          | Qualified** | 50                                 | -            | 150                                | 1,080         |
| <b>Total</b>                                   |       |         |          |                 |             | <b>1,371</b>                       | <b>5,069</b> | <b>2,271</b>                       | <b>16,351</b> |
| Potential units from Athenas Group acquisition |       |         |          |                 |             | 200                                | -            | 200                                | 1,440         |

\* At final stage of approval process by the Ministry of Education

\*\* Unit under development

(1) Considering maturity and seat expansion to fully capacity at all our Mais Médicos units;

(2) On top of authorized seats medicine schools may increase its available seat offering by 10% for ProUni and 10% for FIES.



# INCOME STATEMENT BY BUSINESS UNIT

| In IFRS-16                            | On-Campus      |                |               | Distance-Learning |               |              | Corporate      |                |              | Consolidated   |                |               |
|---------------------------------------|----------------|----------------|---------------|-------------------|---------------|--------------|----------------|----------------|--------------|----------------|----------------|---------------|
| (R\$ million)                         | 2Q19           | 2Q20           | Δ%            | 2Q19              | 2Q20          | Δ%           | 2Q19           | 2Q20           | Δ%           | 2Q19           | 2Q20           | Δ%            |
| <b>Gross Revenues</b>                 | <b>1,336.3</b> | <b>1,503.2</b> | <b>12.5%</b>  | <b>318.0</b>      | <b>518.3</b>  | <b>63.0%</b> | -              | -              | -            | <b>1,654.2</b> | <b>2,021.5</b> | <b>22.2%</b>  |
| Deductions from Gross Revenue         | (556.6)        | (767.2)        | 37.8%         | (140.4)           | (263.2)       | 87.4%        | -              | -              | -            | (697.0)        | (1,030.4)      | 47.8%         |
| <b>Net Revenues</b>                   | <b>779.7</b>   | <b>736.0</b>   | <b>-5.6%</b>  | <b>177.5</b>      | <b>255.1</b>  | <b>43.7%</b> | -              | -              | -            | <b>957.2</b>   | <b>991.1</b>   | <b>3.5%</b>   |
| <b>Cost of Services</b>               | <b>(375.6)</b> | <b>(399.6)</b> | <b>6.4%</b>   | <b>(22.3)</b>     | <b>(44.4)</b> | <b>99.6%</b> | -              | -              | -            | <b>(397.9)</b> | <b>(444.0)</b> | <b>11.6%</b>  |
| Personnel                             | (267.8)        | (288.8)        | 7.8%          | (11.5)            | (17.8)        | 54.5%        | -              | -              | -            | (279.4)        | (306.7)        | 9.8%          |
| Rents, municipal property tax & other | (10.2)         | (9.4)          | -8.7%         | 0.7               | (0.0)         | n.a.         | -              | -              | -            | (9.5)          | (9.4)          | -1.3%         |
| Third-party services and Others       | (28.4)         | (18.4)         | -35.3%        | (10.5)            | (25.1)        | 138.7%       | -              | -              | -            | (38.9)         | (43.5)         | 11.7%         |
| Depreciation and amortization         | (69.2)         | (83.0)         | 20.0%         | (0.9)             | (1.4)         | 57.3%        | -              | -              | -            | (70.1)         | (84.4)         | 20.5%         |
| <b>Gross Profit</b>                   | <b>404.1</b>   | <b>336.4</b>   | <b>-16.7%</b> | <b>155.3</b>      | <b>210.7</b>  | <b>35.7%</b> | -              | -              | -            | <b>559.3</b>   | <b>547.1</b>   | <b>-2.2%</b>  |
| Gross Margin                          | 51.8%          | 45.7%          | -6.1 p.p.     | 87.5%             | 82.6%         | -4.9 p.p.    | -              | -              | -            | 58.4%          | 55.2%          | -3.2 p.p.     |
| <b>Selling and G&amp;A Expenses</b>   | <b>(151.6)</b> | <b>(302.1)</b> | <b>99.3%</b>  | <b>(30.0)</b>     | <b>(53.4)</b> | <b>77.9%</b> | <b>(129.1)</b> | <b>(201.9)</b> | <b>56.5%</b> | <b>(310.7)</b> | <b>(557.4)</b> | <b>79.4%</b>  |
| Personnel                             | (3.2)          | (7.6)          | 137.7%        | (3.3)             | (4.5)         | 36.2%        | (33.0)         | (59.7)         | 80.7%        | (39.5)         | (71.8)         | 81.7%         |
| Advertising                           | -              | -              | n.a.          | -                 | -             | n.a.         | (51.5)         | (68.9)         | 33.9%        | (51.5)         | (68.9)         | 33.9%         |
| Bad Debt                              | (100.9)        | (188.6)        | 86.9%         | (23.3)            | (40.4)        | 73.4%        | -              | -              | n.a.         | (124.2)        | (229.0)        | 84.4%         |
| Other expenses                        | (44.3)         | (94.1)         | 112.4%        | (2.9)             | (7.9)         | 169.4%       | (24.9)         | (48.6)         | 95.0%        | (72.2)         | (150.6)        | 108.7%        |
| Depreciation and amortization         | (3.2)          | (11.8)         | 267.0%        | (0.5)             | (0.7)         | 25.9%        | (19.6)         | (24.7)         | 26.0%        | (23.3)         | (37.1)         | 59.1%         |
| <b>Operating Profit</b>               | <b>252.5</b>   | <b>34.3</b>    | <b>-86.4%</b> | <b>125.3</b>      | <b>157.3</b>  | <b>25.6%</b> | <b>(129.1)</b> | <b>(201.9)</b> | <b>56.5%</b> | <b>248.7</b>   | <b>(10.3)</b>  | <b>n.a.</b>   |
| Operating Margin(%)                   | 32.4%          | 4.7%           | -27.7 p.p.    | 70.5%             | 61.7%         | -8.9 p.p.    | -              | -              | -            | 26.0%          | n.a.           | n.a.          |
| <b>Reported EBITDA</b>                | <b>324.8</b>   | <b>129.1</b>   | <b>-60.3%</b> | <b>126.7</b>      | <b>159.4</b>  | <b>25.8%</b> | <b>(109.5)</b> | <b>(177.3)</b> | <b>61.9%</b> | <b>342.0</b>   | <b>111.2</b>   | <b>-67.5%</b> |
| EBITDA margin (%)                     | 41.7%          | 17.5%          | -24.1 p.p.    | 71.4%             | 62.5%         | -8.9 p.p.    | -              | -              | -            | 35.7%          | 11.2%          | -24.5 p.p.    |





# YDUQS

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