3Q14 RESULTS

Full Speed Ahead

Student base records organic growth of 23%
Integration of UniSEB's 39,000 students
EBITDA of R$164 million, up by 63%
EBITDA margin of 26.3%, a gain of 3.3 p.p.

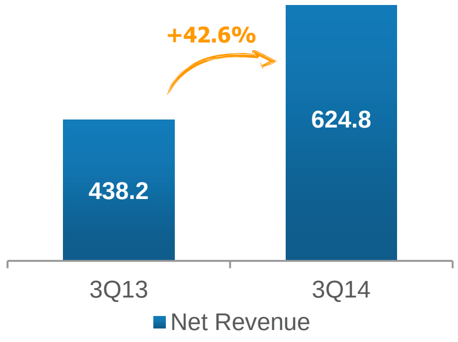
Estácio

Rio de Janeiro, November 6, 2014 –**Estácio Participações S.A.** – "Estácio or "Company" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTC: ECPCY) – announces its results for the third quarter of 2014 (3Q14) in comparison with the second quarter of 2013 (3Q13). The following accounting information is presented in accordance with International Financial Reporting Standards ("IFRS") and on a consolidated basis.

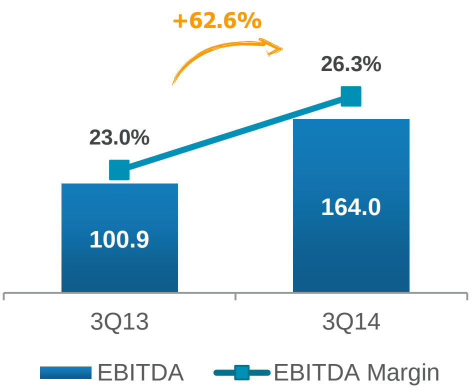
Quarter Highlights

(R$ million)

Net Revenue



EBITDA and EBITDA Margin



Highlights:

- Estácio closed 3Q14 with a **total base** of 468,900 students, 37.7% more than in 3Q13, 326,100 of whom enrolled in on-campus programs (19.4% up year-on-year) and 93,300 in distance-learning programs (38.4% higher than in 3Q13), as well as 49,500 acquired students (on-campus and distance-learning).
- **Net operating revenue** came to R$624.8 million in 3Q14, 42.6% more than in 3Q13, due to the expansion of the student base and the increase in the average on-campus ticket.
- **EBITDA** totaled R$164.0 million, 62.6% up on the same period last year, with a margin gain of 3.3 p.p..
- **Net income** came to R$133.0 million 54.1% higher than in 3Q13, while **earnings per share** climbed to R$0.42, up by 44.8%.
- **Operational cash flow** totaled R$74.0 million in 3Q14, a R$16.8 million year-on-year improvement.
- **Cash and cash equivalents** closed the quarter at R$434.9 million.

ESTC3
(On November 5, 2014)

Price: R$29.05/share
Number of Shares: 315,429,884
Market Cap: R$9.2 billion
Free Float: 92%

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ESTC3 NOVO MERCADO BM&FBOVESPA

Key Indicators

Financial Highlights	Consolidated 3Q13	Consolidated 3Q14	Consolidated Change	Excluding acquisitions in the last 12 months 3Q13	Excluding acquisitions in the last 12 months 3Q14	Excluding acquisitions in the last 12 months Change
Net Revenue (R$ million)	438.2	624.8	42.6%	438.2	583.4	33.1%
Gross Profit (R$ milllion)	188.1	281.2	49.5%	188.1	258.0	37.2%
Gross Profit margin	*42.9%*	*45.0%*	*2.1 p.p.*	*42.9%*	*44.2%*	*1.3 p.p.*
EBIT (R$ million)	84.1	136.9	62.8%	84.1	125.8	49.6%
EBIT Margin	*19.2%*	*21.9%*	*2.7 p.p.*	*19.2%*	*21.6%*	*2.4 p.p.*
EBITDA (R$ million)	100.9	164.0	62.6%	100.9	151.1	49.8%
EBITDA Margin	*23.0%*	*26.3%*	*3.3 p.p.*	*23.0%*	*25.9%*	*2.9 p.p.*
Net Income (R$ milllion)	86.3	133.0	54.1%	86.3	123.6	43.2%
Net Income Margin	*19.7%*	*21.3%*	*1.6 p.p.*	*19.7%*	*21.2%*	*1.5 p.p.*

Financial Highlights	Consolidated 9M13	Consolidated 9M14	Consolidated Change
Net Revenue (R$ million)	1,295.0	1,752.1	35.3%
Gross Profit (R$ milllion)	531.8	751.1	41.2%
Gross Profit margin	*41.1%*	*42.9%*	*1.8 p.p.*
EBIT (R$ million)	201.7	331.3	64.3%
EBIT Margin	*15.6%*	*18.9%*	*3.3 p.p.*
EBITDA (R$ million)	254.5	399.5	57.0%
EBITDA Margin	*19.7%*	*22.8%*	*3.1 p.p.*
Net Income (R$ milllion)	199.6	344.8	72.7%
Net Income Margin	*15.4%*	*19.7%*	*4.3 p.p.*

Note: EBITDA calculated in accordance with CVM Instruction 527.

Message from Management

Our **strategy** is soundly based on the concept of a strong and firm, yet **gradual and sustainable** growth. By acting this way, we give ourselves enough time to keep investing in the fundamentals that will ensure our growth, such as, for example, continuous improvement of our academic quality and of student satisfaction indicators. At the same time, we maintain our focus on implementing projects that will create differentials and competitive advantages in the future. Such philosophy requires enormous **discipline,** because in moments when the scenario looks favorable, the temptation to make aggressive movements is huge. On the other hand, we hope to be able to sustain the same growth pace even if we face more adverse scenarios, such as the one we have seemingly been experiencing in Brazil over the past few months. After all, in the past few years we have leveraged our operations and opened up new growth paths that should yield opportunities to keep growing even in such an uncertain scenario.

In this context, we are pleased to deliver yet another **series of excellent results** in the third quarter of 2014. In spite of the quite uncertain scenario Brazil has lately been facing, we were once again able to continue with our pace of **gradual and sustainable growth**, without forgetting the abovementioned differentials for the coming years. We achieved **another record high intake cycle** for the **ninth semester in a row**, compensating the slightly more adverse environment brought by the World Cup and its calendar-effect on the conversion rate from registrations to enrollments, especially in large cities, where we mainly operate. Thus, we were very pleased with the fact that **94,500 new students** decided to enroll at Estácio, 67,500 of whom in the on-campus undergraduate segment (5.8% up on 3Q13) and 27,000 in distance-learning undergraduate courses (up by 29.8% in the same period).

As a result, our same-shop on-campus and distance-learning undergraduate student bases grew by 17.0% and 24.2%, respectively. If we add graduate students and the acquisitions concluded in the last twelve months

(UniSEB, ASSESC, IESAM and Literatus), our **total post-secondary student base** comes to 469,000, an impressive 38% growth compared to the same period last year.

All this growth led to a substantial increase in **Net Revenue**, which climbed by 43% year-on-year. Excluding acquisitions, our net revenue would have grown by 33%. At the same time, we kept controlling costs and expenses, which helped **EBITDA** to reach R$164.0 million, 63% up on 3Q13, with a margin of 26.3%, a 3.3 percentage point improvement. **Net Income** climbed by 54% to R$133.0 million, generating **earnings per share** of R$0.42, 45% more than in 3Q13. Once again our operational cash flow registered healthy figures, reinforcing our ability to keep improving this indicator, despite the delay in odd quarters related to FIES contract amendments. In this context, **operational cash flow** reached R$74.0 million in 3Q14 and R$169.9 million in 9M14.

Returning now to the acquisitions arena, after receiving approvals from our shareholders and CADE (Brazil's antitrust authority), we began integrating the largest acquisition of our history, **UniSEB**. Besides the 39,000 students we added to our student base, UniSEB is an excellent asset from operational and academic standpoints and, more importantly, it provides us with sufficient scale and penetration to accelerate the growth of our distance-learning segment. In 3Q14, we also announced the **acquisition of Literatus**, an institution with 4,800 students and 14,200 authorized seats, marking our **entry into Manaus**, one of Brazil's most important cities where we were still not present. We now operate in 21 Brazilian states and the Federal District, and remain firmly committed to our strategy of **painting Brazil's map blue** through small and medium-sized acquisitions in strategic locations, and then leveraging growth from these platforms. Our Expansion strategy, though, does not solely rely on acquisitions. We keep growing organically through greenfields and we just opened two new units this semester: Venda Nova, in Belo Horizonte (MG), and Bueno, in Goiânia (GO), which will contribute to further leveraging our operation in these cities.

Speaking of strategy, it is particularly worth mentioning the progress of our **Strategic Projects** related to our **2020 Vision**. **Educare**, our **Corporate University**, continues to expand the scope of its operations. Educare has three specific internal development schools: the Management and Leadership School for our managers, the Faculty School for our professors and the Functional School for our administrative staff. This year, the latter has been prioritizing development initiatives for those working on the student service fronts (academic services, enrollment and debt negotiation offices) and in the Shared Services Centers. After six months of operation, more than 12,600 employees have enrolled in our training courses. We must also mention the hosting of the **6th Annual Faculty Forum**, which gathered more than 1,000 professors for two days of interaction, lectures and exchange of experiences in a hotel in Rio de Janeiro.

The **Innovation** area continues to gain strength with the **NAVE Program.** We held our first Startup Meeting, in the Espaço NAVE, whose first selected projects are being developed in our pre-accelerator. And the program is already producing its first results: the "*Plataforma Saúde*" (Health Platform) program, one of the Meeting's selected participants, co-founded by Tales Gomes, a former Marketing student at Estácio's Petrópolis unit, was chosen to take part in the federal government's Startup Brasil program and will receive government funding of R$200,000. More details on the development of the NAVE Program can be found in the "Key Material Facts" section at the end of this report.

Our **Continuing Education** area continues to strengthen its operation through the signing of **new partnerships**. This quarter, we announced an important agreement with **iG**, one of Brazil's largests web portals, which has more than 33 million monthly views. Through the partnership, our short-term course brand "Você Aprende Mais" (You Learn More) will be responsible for the management and operation of the courses offered by **iG Educação**, iG's new online education platform. Furthermore, we also signed an agreement with **Open English**, which from now on will be responsible for the content of our English courses in the "Você Aprende Mais" platform, aggregating quality and recognition to our our short-term courses and increasing the range of options available to our students, who can thereby look for an even broader formation.

It is important to mention the initiatives that will **add value to our brand**. The **Branding** project, carried out in association with Thymus, one of the most renowned branding consulting firms in Brazil, continues to define the features and values we intend to relate to Estácio, aiming at the construction of our brand. After two years of diagnosis and preparation, we are ready to initiate efforts to make Estácio the first truly national Education brand, with our foot set in the whole country. We also moved ahead with our **Corporate Social Responsibility** program, whose official web portal has just been launched, where everyone will be able to follow our corporate social initiatives. In addition, we maintained and intensified our **Sport Sponsoring initiatives** – in addition to dozens of young athletes and the Flamengo basketball team, in this quarter we became the Official University of the Rio 2016 Olympic Games. As such, we will be responsible for training more than 120,000 volunteers who will work during the event. In addition, we are sponsoring the Schurmann Family's latest sea expedition, which not only will expose our brand all over Brazil, but will also promote scientific exchange between our professors and students.

To conclude, we would like to reinforce how pleased we are with our operating results in 2014 and also with all the initiatives that we have been implementing to build up the Estácio of the future. We are confident that we will deliver solid results in the last quarter of 2014 and, at the same time, we reinforce our belief that **2015 will bring even brighter numbers**. After all, besides all our internal efforts to improve our operations and grow sustainably, various external signs point to a favorable scenario: demand remains heated, (as attested to by the number of students taking the ENEM university entrance exam); the successful public policies linked to Education are expected to continue during President Dilma Rousseff's second term in office; the PNE/Plano Nacional de Educação (National Education Plan) was approved with the condition that 10% of the GDP will be invested in Education; and, after the recent second round of elections in Brazil, Education is more than ever in the spotlight.

In a nutshell, the situation is comparable to that of a railway train. It took us some time to prepare the engine and gain the necessary pace and speed while turning our Institution around. Once we moved from a state of inertia and gained speed, we became able to deal with the ups and downs along the way at a good pace. And now that we have reached such a reasonable pace so as to be able to move "full speed ahead", we are very confident as we know how difficult it is to stop a speeding train.

Student Base

Estácio ended the 3Q14 intake and renewal process with a total base of 468,900 students (37.7% more than in 3Q13), 326,100 of whom enrolled in on-campus programs and 93,300 in distance-learning programs, in addition to 49,500 students acquired in the last 12 months. In the same-shop concept, i.e., excluding the acquired students (UniSEB, ASSESC, IESAM and Literatus), the Company posted solid organic growth of 23.2%. More details on the UniSEB student base can be found on the specific section dedicated to the company.

It is also worth mentioning that our number of campuses increased not only due to the acquisitions concluded in the quarter, but also to the opening of two new greenfields, in locations where we already operated: the Venda Nova unit, in Belo Horizonte (MG), and the Bueno unit, in Goiânia (GO).

Table 1 – Total Student Base*

'000	3Q13	3Q14	Change
On-Campus	**273.0**	**326.1**	**19.5%**
Undergraduate	259.2	303.3	17.0%
Graduate	13.8	22.8	65.2%
Distance Learning	**67.4**	**93.3**	**38.4%**
Undergraduate	63.1	78.4	24.2%
Graduate	4.3	14.9	246.5%
Student Base - same shops	**340.4**	**419.4**	**23.2%**
Acquisitions in the last 12 months	-	10.2	N.A.
UniSEB	-	39.3	N.A.
Total Student Base	**340.4**	**468.9**	**37.7%**
# Campuses	79	84	6.3%
On-Campus Students per Campus	**3,456**	**3,882**	**12.3%**
# Distance Learning Centers	52	163	213.5%
Distance Learning Students per Center	**1,296**	**780**	**-39.8%**
Distance Learning Students per Center (ex-Uniseb)	**1,296**	**1,794**	**38.4%**

Note: Acquisitions in the last 12 months refer to students from ASSESC, IESAM and Literatus. UniSEB is represented in a separate line.

(*) Figures not reviewed by the auditors

Estácio's **on-campus undergraduate base** totaled 315,700 students at the end of September, 21.8% more than at the end of 3Q13. Under the same-shop concept, i.e. excluding UniSEB, ASSESC, IESAM and Literatus on-campus undergraduate students, organic growth came to a robust 17.0%.

On-campus undergraduate intake totaled 67,500 new students, our ninth record high cycle in a row, despite an atypical season due to the impact in the calendar caused by the World Cup. Our enrollment **renewal rate** stood at 88.6%, relatively stable when compared to 3Q13, dropping 0.3 p.p. this cycle.

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

'000	3Q13	3Q14	Change
Students - Starting balance	**233.6**	**280.9**	**20.2%**
(+/-) Acquisitions in the last 12 months (until 2Q)	-	(0.9)	N.A.
(-) Graduates	(13.8)	(13.8)	0.0%
Renewable Base	**219.8**	**266.2**	**21.1%**
(+) Enrollments	63.8	67.5	5.8%
(-) Not Renewed	(24.4)	(30.4)	24.7%
Students - same shops	**259.2**	**303.3**	**17.0%**
(+) Acquisitions in the last 12 months (until 3Q)	-	10.2	N.A.
(+) UniSEB (on-campus undergraduate)	-	2.2	N.A.
Students - Ending Balance	**259.2**	**315.7**	**21.8%**

Our **distance-learning undergraduate base** grew by 67.5% over 3Q13 to 105,700 students, fueled by the consolidation of UniSEB's student base. Same-shop growth came to a solid 24.2%, thanks to another excellent **distance-learning undergraduate intake cycle**, which added 27,000 new students to our student base, a substantial 29.8% up on the same period last year.

The distance-learning **renewal rate** improved by 0.2 p.p., maintaining the gradual improvement trend seen in recent quarters. The number of distance-learning graduating students also significantly increased, following the student base maturation process after the launch of our distance-learning in the second half of 2009.

Table 3 – Evolution of Distance Learning Undergraduate Student Base*

'000	3Q13	3Q14	Change
Students - Starting Balance	**54.0**	**66.6**	**23.3%**
(-) Graduates	(1.0)	(2.4)	140.0%
Renewable Base	**53.0**	**64.2**	**21.1%**
(+) Enrollments	20.8	27.0	29.8%
(-) Dropouts	(10.7)	(12.8)	19.6%
Students - same shops	**63.1**	**78.4**	**24.2%**
(+) UniSEB (distance learning undergraduate)	-	27.3	N.A.
Students - Ending Balance	**63.1**	**105.7**	**67.5%**

Pronatec

We closed 3Q14 with approximately 12,600 students enrolled in the vocational courses through the Pronatec Program (Training Scholarship Modality), which provides students with government scholarships, as a result of the 1st 2014 Bid Notice. We had a dropout rate of around 47% of the originally enrolled students in this group (initial dropout rate of 28% without student replacement, as originally expected). It is worth noting that this number is not included in the total post-secondary base detailed in the "Student Base" section.

As a result, the Pronatec courses generated net revenue of R$14.9 million and R$22.0 million in 3Q14 and 9M14, respectively, for an average ticket of around R$353.

The 12,300 students enrolled through Pronatec's 2nd Bid Notice began their classes on September 15th, so their revenue will be recorded only in 4Q14.

(*) Figures not reviewed by the auditors

Operating Revenue

Net operating revenue came to R$624.8 million in 3Q14, 42.6% up on 3Q13, due to the 23.2% organic growth of the student base, the increase in the average on-campus ticket, the integration of the acquired companies, the offer of Pronatec courses and the arrival of the Galileo Group students via the supervised transfer program. In the same-shops concept, excluding recent acquisitions, net operating revenue recorded healthy growth of 33.1% in the quarter.

Table 4 – Operating Revenue

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Gross Operating Revenue	**657.4**	**912.3**	**38.8%**	**1,886.1**	**2,528.2**	**34.0%**
Monthly Tuition Fees	650.5	881.4	35.5%	1,866.4	2,473.2	32.5%
Pronatec		23.5	N.A.		33.3	N.A.
Others	6.8	7.5	10.3%	19.7	21.8	10.7%
Gross Revenue Deductions	**(219.2)**	**(287.6)**	**31.2%**	**(591.1)**	**(776.2)**	**31.3%**
Scholarships and Discounts	(192.2)	(246.5)	28.3%	(522.8)	(664.4)	27.1%
Taxes	(18.0)	(27.0)	50.0%	(54.4)	(73.5)	35.1%
FGEDUC	(8.9)	(14.1)	58.4%	(14.1)	(38.4)	172.3%
% Scholarships and Discounts/ Gross Operating Revenue	*29.2%*	*27.0%*	*-2.2 p.p.*	*27.7%*	*26.3%*	*-1.4 p.p.*
Net Operating Revenue	**438.2**	**624.8**	**42.6%**	**1,295.0**	**1,752.1**	**35.3%**

The average ticket calculations presented below do not include on-campus and distance-learning students from graduate courses offered through partnerships, given that the average ticket transfer to Estácio is much lower than that of regular graduate courses, thereby distorting the comparison. We also excluded revenue from UniSEB because its operational model is different from ours, particularly in the distance-learning segment, as there is a transfer to the partner, which would also distort the calculation.

In 3Q14, the **average on-campus ticket** increased by 13.0%, above expected annual inflation, reflecting our continuing capacity to increase prices in a sustainable manner. Once again, and for the same reasons as in the first half, this result was due to our policy of adjusting prices in certain specific locations, as well as an improvement in the mix, the result, among other factors, of FIES students opting for higher value-added courses, especially in the Engineering and Health areas.

Table 5 – Calculation of the Average Ticket in 3Q14 – On-Campus (Exc. UniSEB)

'000	3Q13	3Q14	Change
On-Campus Undergraduate Student Base	**259.2**	**313.5**	**20.9%**
(-) Dropouts	(9.2)	(14.4)	56.5%
(=) Revenue Generating On-Campus Undergraduate Student Base	**250.0**	**299.1**	**19.6%**
(+) On-Campus Graduate Student Base	**13.8**	**17.1**	**23.9%**
(=) Revenue Generating On-Campus Student Base	**263.8**	**316.2**	**19.8%**
On-Campus Gross Revenue	**597.4**	**788.9**	**32.1%**
On-Campus Deductions	(198.9)	(249.3)	25.3%
On-Campus Net Revenue (R$ million)	**398.4**	**539.6**	**35.4%**
On-Campus Average Ticket (R$)	**503.6**	**569.0**	**13.0%**

Note: Calculation of the average ticket does not include revenue from Academia do Concurso and Pronatec.

The **average distance learning ticket**, on the other hand, fell by 13.2% in 3Q14, mainly due to: i) the approximately 30%-growth in intake, which impacted the average ticket given the higher number of discounts in the process of converting entrants; ii) the substantial 84.3% growth of the graduate student base; iii) the already mentioned recurring effects of distance-learning price adjustments in certain locations, in order to align prices with the local market profiles; and iv) and the number of students in the "EAD Mais" program (an option which dilutes the course curriculum and, consequently, its value, over a further two semesters), which, besides the maturation of its base, registered a strong intake this semester.

Table 6 – Calculation of the Average Ticket in 3Q14 – Distance Learning (Exc. UniSEB)

'000	3Q13	3Q14	Change
Distance Learning Undergraduate Student Base	**63.1**	**78.4**	**24.2%**
(-) Dropouts	(2.3)	(2.7)	17.4%
(=) Revenue Generating Distance Learning Undergraduate Student Base	**60.8**	**75.7**	**24.5%**
(+) Distance Learning Graduate Student Base	**4.3**	**7.6**	**76.7%**
(=) Revenue Generating Distance Learning Student Base	**65.1**	**83.3**	**28.0%**
Distance Learning Gross Revenue	**58.2**	**65.9**	**13.2%**
Distance Learning Deductions	(20.0)	(23.5)	17.5%
Distance Learning Net Revenue (R$ million)	**38.2**	**42.4**	**11.0%**
Distance Learning Average Ticket (R$)	**195.5**	**169.7**	**-13.2%**

Cost of Services

In 3Q14, the **cash cost to net revenue ratio** recorded a 2.6 p.p. improvement over 3Q13, mainly thanks to gains in the following lines:

(i) 1.0 p.p. in rentals, which accounted for 7.5% of net operating revenue, due to the dilution gains we have been pursuing in this item and in line with the results obtained in 1H14;

(ii) 0.8 p.p. in personnel, reflecting the efficiency gains in faculty cost management, which more than offset the impact of labor convictions and agreements (R$5.5 million higher than in 3Q13);

(i) 0.6 p.p.in textbook materials.

Table 7 – Breakdown of Cost of Services

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Cost of Services	**(238.1)**	**(322.7)**	**35.5%**	**(727.8)**	**(952.0)**	**30.8%**
Personnel	(178.0)	(248.8)	39.8%	(548.8)	(735.7)	34.1%
Salaries and Payroll Charges	(151.8)	(211.5)	39.3%	(459.8)	(614.4)	33.6%
Brazilian Social Security Institute (INSS)	(26.2)	(37.3)	42.4%	(89.1)	(121.4)	36.3%
Rentals / Real Estate Taxes Expenses	(37.2)	(46.6)	25.3%	(102.8)	(129.7)	26.2%
Textbooks Materials	(9.2)	(9.4)	2.2%	(32.1)	(37.3)	16.2%
Third-Party Services and Others	(13.7)	(17.9)	30.7%	(44.1)	(49.3)	11.8%

Table 8 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	3Q13	3Q14	Change	9M13	9M14	Change
Cost of Services	**-54.3%**	**-51.7%**	***2.6 p.p.***	**-56.2%**	**-54.3%**	***1.9 p.p.***
Personnel	-40.6%	-39.8%	*0.8 p.p.*	-42.4%	-42.0%	*0.4 p.p.*
Salaries and Payroll Charges	-34.7%	-33.9%	*0.8 p.p.*	-35.5%	-35.1%	*0.4 p.p.*
Brazilian Social Security Institute (INSS)	-6.0%	-6.0%	*0.0 p.p.*	-6.9%	-6.9%	*0.0 p.p.*
Rentals / Real Estate Taxes Expenses	-8.5%	-7.5%	*1.0 p.p.*	-7.9%	-7.4%	*0.5 p.p.*
Textbooks Materials	-2.1%	-1.5%	*0.6 p.p.*	-2.5%	-2.1%	*0.4 p.p.*
Third-Party Services and Others	-3.1%	-2.9%	*0.2 p.p.*	-3.4%	-2.8%	*0.6 p.p.*

Table 9 – Cost Reconciliation

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Cash Cost of Services	**(238.1)**	**(322.7)**	**35.5%**	**(727.8)**	**(952.0)**	**30.8%**
(+) Depreciation	(12.0)	(20.8)	73.3%	(35.4)	(48.9)	38.1%
Cost of Services	**(250.1)**	**(343.5)**	**37.3%**	**(763.2)**	**(1,001.0)**	**31.2%**

Gross Income

Table 10 – Statement of Gross Income

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Net Operating Revenue	438.2	624.8	42.6%	1,295.0	1,752.1	35.3%
Cost of Services	(250.1)	(343.5)	37.3%	(763.2)	(1,001.0)	31.2%
Gross Profit	**188.1**	**281.2**	**49.5%**	**531.8**	**751.1**	**41.2%**
(-) Depreciation	12.0	20.8	73.3%	35.4	48.9	38.1%
Cash Gross Profit	**200.1**	**302.0**	**50.9%**	**567.2**	**800.0**	**41.0%**
Cash Gross Margin	*45.7%*	*48.3%*	*2.6 p.p.*	*43.8%*	*45.7%*	*1.9 p.p.*

Selling, General and Administrative Expenses

Selling expenses represented 7.3% of 3Q14 net revenue, yielding a margin gain of 2.0 p.p., as a result of the substantial 2.3 p.p. improvement in PDA, reflecting both the better management of our current student base and the success of our strategy to recover older debt from our receivables portfolio.

We also make a provision for the future default of FIES students, which is recorded in our PDA line. At the end of 3Q14, FIES students were divided into 84% with FGEDUC and 16% with a guarantor. Further details on the way these provisions for students using this financing are recognized can be found in Exhibit I at the end of this release (page 30).

In 3Q14, **general and administrative expenses** corresponded to 14.7% of net revenue, 1.4 p.p. worse than 3Q13, basically due to an increase of 1.8 p.p. in personnel, due to the higher volume of grants related to our share-based compensation programs (stock option plan and long-term incentive program), essentially related to the launch of the 6th stock option program, which consisted of a new grant for the entire executive board as of July 2014. Furthermore, we keep linearizing the bonus provision, so to better distribute it throughout the year.

Table 11 – Selling, General and Administrative Expenses

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Selling, General and Administrative Cash Expenses	**(99.1)**	**(138.0)**	**39.3%**	**(312.7)**	**(400.5)**	**28.1%**
Selling Expenses	**(40.8)**	**(45.9)**	**12.5%**	**(139.9)**	**(175.3)**	**25.3%**
Provisions for Doubtful Accounts	(18.0)	(11.5)	-36.1%	(62.8)	(64.0)	1.9%
Marketing	(22.9)	(34.4)	50.2%	(77.1)	(111.3)	44.4%
General and Administrative Expenses	**(58.3)**	**(92.1)**	**58.0%**	**(172.8)**	**(225.2)**	**30.3%**
Personnel	(27.8)	(52.5)	88.8%	(86.9)	(117.9)	35.7%
Salaries and Payroll Charges	(25.4)	(47.5)	87.0%	(77.2)	(104.5)	35.4%
Brazilian Social Security Institute (INSS)	(2.5)	(5.0)	100.0%	(9.7)	(13.3)	37.1%
Others	(30.5)	(39.5)	29.5%	(85.9)	(107.3)	24.9%
Third-Party Services	(12.2)	(16.4)	34.4%	(36.6)	(45.9)	25.4%
Machinery rentals and leasing	(0.3)	(0.3)	0.0%	(0.9)	(1.2)	33.3%
Consumable Material	(0.5)	(0.8)	60.0%	(1.4)	(1.8)	28.6%
Provision for Contingencies	(1.7)	(0.4)	N.A.	(3.7)	1.8	-148.6%
Other Operating Renevue (expenses)	4.4	5.6	27.3%	11.4	13.7	20.2%
Others	(20.2)	(27.2)	34.7%	(54.7)	(74.0)	35.3%
Depreciation	**(4.8)**	**(6.3)**	**31.3%**	**(17.3)**	**(19.3)**	**11.6%**

Table 12 – Vertical Analysis of Selling, General and Administrative Expenses

% of Net Operating Revenue	3Q13	3Q14	Change	9M13	9M14	Change
Selling, General and Administrative Cash Expenses	**-22.6%**	**-22.1%**	***0.5 p.p.***	**-24.1%**	**-22.9%**	***1.2 p.p.***
Selling Expenses	**-9.3%**	**-7.3%**	***2.0 p.p.***	**-10.8%**	**-10.0%**	***0.8 p.p.***
Provisions for Doubtful Accounts	-4.1%	-1.8%	*2.3 p.p.*	-4.8%	-3.7%	*1.1 p.p.*
Marketing	-5.2%	-5.5%	*-0.3 p.p.*	-6.0%	-6.4%	*-0.4 p.p.*
General and Administrative Expenses	**-13.3%**	**-14.7%**	***-1.4 p.p.***	**-13.3%**	**-12.9%**	***0.4 p.p.***
Personnel	-6.4%	-8.4%	*-2.0 p.p.*	-6.7%	-6.7%	*0.0 p.p.*
Salaries and Payroll Charges	-5.8%	-7.6%	*-1.8 p.p.*	-6.0%	-6.0%	*0.0 p.p.*
Brazilian Social Security Institute (INSS)	-0.6%	-0.8%	*-0.2 p.p.*	-0.8%	-0.8%	*0.0 p.p.*
Others	-7.0%	-6.3%	*0.7 p.p.*	-6.6%	-6.1%	*0.5 p.p.*
Third-Party Services	-2.8%	-2.6%	*0.2 p.p.*	-2.8%	-2.6%	*0.2 p.p.*
Machinery rentals and leasing	-0.1%	0.0%	*0.1 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Consumable Material	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Provision for Contingencies	-0.4%	-0.1%	*0.3 p.p.*	-0.3%	0.1%	*0.4 p.p.*
Other Operating Renevue (expenses)	1.0%	0.9%	*-0.1 p.p.*	0.9%	0.8%	*-0.1 p.p.*
Others	-4.6%	-4.4%	*0.2 p.p.*	-4.2%	-4.2%	*0.0 p.p.*
Depreciation	**-1.1%**	**-1.0%**	***0.1 p.p.***	**-1.3%**	**-1.1%**	***0.2 p.p.***

EBITDA

EBITDA came to R$164.0 million in 3Q14, 62.6% up on 3Q13, with an **EBITDA margin** of 26.3%, up by 3.3 p.p., mainly due to efficiency gains in SG&A expenses and the consolidation of the acquired companies. Thus, we present yet another consecutive quarter of consistent and sustainable expansion in our operating margins, without highs and lows, which allows us to keep improving qualitative aspects of our business at the same pace of our operational growth.

Table 13 – Statement of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Net Revenue	**438.2**	**624.8**	**42.6%**	**1,295.0**	**1,752.1**	**35.3%**
(-) Cash Cost of Services	(238.1)	(322.7)	35.5%	(727.8)	(952.0)	30.8%
(-) Selling, General and Administrative Cash Expenses	(99.1)	(138.0)	39.3%	(312.7)	(400.5)	28.1%
EBITDA	**100.9**	**164.0**	**62.6%**	**254.5**	**399.5**	**57.0%**
EBITDA Margin	*23.0%*	*26.3%*	*3.3 p.p.*	*19.7%*	*22.8%*	*3.1 p.p.*

Under the same-shop concept, excluding acquisitions in the last 12 months, 3Q14 EBITDA totaled R$151.1 million, resulting in an organic growth of 49.7% and in an EBITDA margin of 25.9%, 2.9 p.p. more than in 3Q13.

Table 14 – Statement of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) – Same-shop

R$ MM	3Q13	3Q14 ex-acquisitions	Change
Net Revenue	**438.2**	**583.4**	**33.1%**
(-) Cash Cost of Services	(238.1)	(306.4)	28.7%
(-) Selling, General and Administrative Cash Expenses	(99.1)	(125.9)	27.0%
EBITDA	**100.9**	**151.1**	**49.7%**
EBITDA Margin	*23.0%*	*25.9%*	*2.9 p.p.*

Financial Result

Table 15 – Breakdown of the Financial Result

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Financial Revenue	**21.5**	**22.9**	**6.5%**	**44.6**	**85.7**	**92.2%**
Fines and interest charged	3.8	4.6	21.1%	7.0	11.6	65.7%
Investments income	15.3	11.5	-24.8%	34.9	50.1	43.6%
Other	2.4	6.8	183.3%	2.7	24.0	788.9%
Financial Expenses	**(15.7)**	**(32.7)**	**108.3%**	**(40.1)**	**(65.3)**	**62.8%**
Bank charges	(1.8)	(2.4)	33.3%	(5.2)	(7.7)	48.1%
Interest and financial charges	(7.9)	(15.6)	97.5%	(20.5)	(32.6)	59.0%
Financial Discounts	(5.3)	(13.1)	147.2%	(10.0)	(19.0)	90.0%
Other	(0.7)	(1.6)	128.6%	(4.5)	(6.0)	33.3%
Financial Result	**5.8**	**(9.8)**	**N.A.**	**4.5**	**20.4**	**353.3%**

The 3Q14 financial result was negative by R$9.8 million, representing a R$15.6 million decline over 3Q13, chiefly due to: (i) the R$7.8 million rise in the financial discounts line, a result of the higher volume of debt renegotiations in the period; and (ii) the R$7.7 million increase in the interest and financial charges line, mainly due to the payment of interest and principal related to the second tranche of the loan from the IFC.

Net Income

Table 16 – Reconciliation of EBITDA and Net Income

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
EBITDA	**100.9**	**164.0**	**62.6%**	**254.5**	**399.5**	**57.0%**
Financial Result	5.8	(9.8)	N.A.	4.5	20.4	353.3%
Depreciation	(16.8)	(27.1)	61.3%	(52.7)	(68.2)	29.4%
Social Contribution	(1.0)	1.4	N.A.	(1.9)	(1.9)	0.0%
Income Tax	(2.6)	4.4	N.A.	(4.7)	(5.0)	6.4%
Net Income	**86.3**	**133.0**	**54.1%**	**199.6**	**344.8**	**72.7%**
Number of shares	295.1	315.4	6.9%	295.1	315.4	6.9%
Earnings per share (R$)	**0.29**	**0.42**	**44.8%**	**0.68**	**1.09**	**60.3%**

Estácio posted 3Q14 **net income** of R$133.0 million, 54.1% more than in 3Q13, due to the 42.6% increase in net revenue and the efficiency gains in the cost and expense lines, which led to significant EBITDA growth, as detailed above.

In 3Q14, our **earnings per share** totaled R$0.42, an increase of 44.8% in comparison to 3Q13.

Acquired Companies

The following chart shows the 3Q14 results of the companies acquired in the last 12 months (UniSEB, ASSESC, IESAM and Literatus). These details will be provided up to 12 months as of the acquisition date to enable follow-up of the Company's performance under the same-shop concept. The acquisitions prior to 12 months ago are already consolidated in our result.

Table 17 – Key Indicators of Acquired Companies in 3Q14

R$ million	ASSESC	IESAM	Literatus	UniSEB	Total
Net Revenue	1.5	11.1	3.9	24.9	41.4
Gross Profit	0.1	6.6	1.5	15.0	23.2
Gross Margin	*6.7%*	*59.5%*	*38.5%*	*60.4%*	*56.1%*
EBITDA	0.1	4.0	0.6	8.2	12.9
EBITDA Margin	*6.7%*	*36.0%*	*15.4%*	*33.1%*	*31.3%*
Net Income	0.1	2.4	2.6	4.4	9.5
Income Margin	*6.7%*	*21.6%*	*66.7%*	*17.5%*	*22.9%*

UniSEB

In this section, we present the standalone operational results for UniSEB and then detail its current integration process.

In 3Q14, **UniSEB's student base** totaled 39,300 students, distributed as shown in the table below. This number stood in line with the one recorded at the end of 2013, when the student base came 38,700 students. Even though we are gradually leveraging UniSEB's intake, already seeing a successful result in the first post-integration cycle (around 4,700 new students enrolled for the second semester), it is worth noting the high number of graduating students (around 3,000 students), in line with our expectations for this first moment, considering the maturity of UniSEB's student base.

Table 18 – UniSEB's Student Base for 3Q14

'000	3Q14
On-Campus Undergraduate	2.2
Distance Learning Undergraduate	27.3
Graduate	6.6
FGV Graduate	1.8
Extension	1.0
Pronatec	0.4
Total UniSEB Student Base	**39.3**

In 3Q14, **UniSEB's net operating revenue** totaled R$24.9 million, as shown in the table below. The **EBITDA** for the operation came to R$8.2 million in the quarter, resulting in a consolidated **EBITDA margin** of 33.1%, already contributing to benefit Estácio's consolidated result.

Table 19 – UniSEB P&L Statement for 3Q14

R$ million	3Q14 Cons.
Gross Operating Revenue	**30.7**
Gross Revenue Deductions	**(5.8)**
Net Operating Revenue	**24.9**
Cash Cost of Services	**(8.5)**
Personnel	(6.7)
Rentals / Real Estate Taxes Expenses	(1.0)
Textbooks Materials	(0.4)
Third-Party Services and Others	(0.3)
Cash Gross Income	**16.4**
Gross Margin	***65.9%***
Selling Expenses	**(2.5)**
Provisions for Doubtful Accounts	(1.9)
Marketing	(0.7)
General and Administrative Expenses	**(5.6)**
Personnel	(2.6)
Others	(3.0)
EBITDA	**8.2**
EBITDA Margin	***33.1%***
Financial result	(1.2)
Depreciation and amortization	(1.4)
Social Contribution	(0.3)
Income Tax	(1.0)
Net Income	**4.4**
Net Income Margin	***17.5%***

UniSEB Integration

We began the integration process immediately after the closing of the acquisition, on July 1st, 2014, prioritizing taking control of administrative and financial activities, while initiating the detailed diagnosis of the operation, aiming to integrate processes, systems and people to the Estácio's model.

The main BackOffice operations (Financial, Supplies, and Accounting) are already integrated to Estácio's Shared Services Center, with few steps remaining to fully complete the process.

Aiming at leveraging the distance-learning operations, we immediately invested in actions focused on the intake process for the segment:

- Media placement on Radio and TV in the UniSEB markets where Estácio did not have any business operations;

- Enrollment campaigns for UniSEB through Estácio's web site;
- Migration of 12 distance-learning centers to Estácio's on-campus units which still did not have DL centers.

We also started the first migration wave, by fully implementing the SAP system in UniSEB and by transferring students in the centers which were migrated to units to Estácio's academic systems, in a process concluded in 3Q14. New students in some centers were also already enrolled in Estácio's system. The success of this first migration provides us with the confidence to carry out future migrations with more centers and students. The second migration wave, comprising a higher number of centers, will begin in November. The goal is to operate these centers under Estácio's academic systems in the first half of 2015. We will have a third migration wave for remaining centers and students (approximately 20% of the total), which should take place in the second half of 2015, thus ensuring a solid and seamless integration process.

Simultaneously, we initiated the process to unify the curricula of the distance-learning undergraduate courses, by combining the best features of both Estácio's and UniSEB's programs. These actions will involve adjustments in the textbook materials and in the evaluation process, and will provide the following benefits:

- Better use and consequent cost reduction of textbook materials;
- Gains of scale in regard to academic and class occupation management.

Concurrently to all these actions, we are monitoring the progress of the licensing processes in course at MEC (the Ministry of Education) related to the opening of new UniSEB distance learning centers, which will start operations already in our model.

It is also important to highlight that in 3Q14 we opened up the Medical Course on the campus in Ribeirão Preto, with 76 seats and a ratio of 15.7 candidates per seat.

In October, we also initiated the intake process for the first half of 2015, focused on courses more aligned with market demands and with Estácio's national program curricula, with the objective of maintaining the quality of the traditional courses, yet at more competitive prices. Thus, we expect that this will have a positive impact in the intake process compared to the first half of 2014.

UniSEB also began to offer Pronatec courses in 2014, participating in both Bid Notices of the year, with classes beginning in April and September, respectively.

Among other actions, already initiated, we should mention:

- Planning of the migration of on-campus students to Estácio's systems;
- Migration of payroll to Estácio's system;
- Planning of the integration of graduate, short-term and Pronatec courses, aiming at optimizing the use of operational and pedagogical resources.

We are very pleased with UniSEB's integration process and the asset is proving to be what we hoped for. The team from UniSEB which joined Estácio is great and has been aggregating a lot of value, with their experience and academic expertise. We are learning with and from them, and still have a lot to introduce here at Estácio, such as, for example, their knowledge on proprietary books and textbook materials. Our strategy is to combine the best of each company, to offer an excellent return to our students and, consequently, to our investors.

FIES

The **FIES student base** closed 3Q14 at 121,200, 67.0% up year-on-year and 9.8% more than in 2Q14, representing 38.4% of our on-campus undergraduate student base.

We continued to use FIES in a responsible manner, recommending this type of financing to students with monthly tuition payment difficulties and making it an important tool for reducing the drop-out rate and ensuring the long-term sustainability of the program. As we have mentioned in previous cycles, FIES has not been a primary driver for attracting new students to Estácio, given its more natural use for students who, when arriving at the post-secondary stage of their education, discover that they may not have sufficient resources of their own to complete their course.

Table 20 – FIES Student Base FIES

('000)	3Q13	4Q13	1Q14	2Q14	3Q14	Change
On-campus undergraduate students	259.2	239.4	299.2	280.9	315.7	21.8%
FIES Student Base	**72.6**	**76.1**	**102.1**	**110.4**	**121.2**	**67.0%**
% of FIES Students	28.0%	31.8%	34.1%	39.3%	38.4%	*10.4 p.p.*

Accounts Receivable and Average Receivable Days

The number of **net student receivables days** (tuition and agreements), including FIES receivables and FIES net revenue, rose to 83 days in 3Q14, seven more than in 2Q14. It is worth remembering that the cycle of student adhesion to FIES is concentraded in odd quarters, so, by the end of September, we still had around 7,600 students in the process of adhering to FIES. It is worth noting that the FIES student amendment process is late this quarter, due to operating problems in SisFIES in August and the non-recurring impact of the World Cup on the academic calendar for the second half of 2014.

Excluding FIES net revenue and FIES receivables, the average days receivables was 81 days, eight days less than in 2Q14 and two days higher than in 3Q13.

We continued to increase our efforts to improve our days receivables, seeking not only to convert students in financial distress to FIES, but also to ensure collection from students not included in the program. We see this indicator as a great opportunity, with potential for improvement in the coming cycles.

Table 21 – Accounts Receivable and Average Receivable Days

Accounts Receivable (R$ MM)	3Q13	4Q13	1Q14	2Q14	3Q14
Gross Accounts Receivable	**440.9**	**423.8**	**528.4**	**520.9**	**641.5**
FIES	100.2	78.9	147.2	128.6	222.2
Tuition monthly fees	263.3	289.4	305.3	329.0	333.5
Credit Cards receivable	31.4	25.3	32.9	28.3	38.5
Renegotiation receivables	46.0	30.2	43.0	35.0	47.4
Credits to identify	(1.9)	0.8	(1.3)	(4.1)	(6.8)
Provision for bad debts	(83.9)	(90.0)	(92.0)	(93.1)	(101.7)
Net Accounts Receivable	**355.1**	**334.6**	**435.2**	**423.7**	**533.0**
Net Revenue (last twelve months)	**1,656.7**	**1,731.0**	**1,856.0**	**2,001.5**	**2,315.5**
Days Receivables	**77**	**70**	**84**	**76**	**83**
Net Revenue Ex. FIES (last twelve months)	**1,162.1**	**1,162.0**	**1,173.2**	**1,191.7**	**1,381.7**
Days Receivables Ex. FIES and FIES Revenue	**79**	**79**	**88**	**89**	**81**

Note: The Net Revenue for the last twelve months is annualized also for the three companies acquired in the quarter: UniSEB, IESAM e Literatus (R$127.4 million).

Table 22 – Accounts Receivable and Average FIES Receivable Days

FIES Average Days Receivables	3Q13	4Q13	1Q14	2Q14	3Q14
FIES Receivables	100.2	78.9	147.2	128.6	222.2
FIES Carry-Forward Credits	0.3	44.4	63.6	82.4	50.0
FIES Revenue (last twelve months)	512.7	593.9	716.5	853.9	983.0
FGEDUC Deduction (last twelve months)	(18.1)	(24.9)	(33.7)	(44.1)	(49.2)
FIES Net Revenue (last twelve months)	494.6	569.0	682.8	809.8	933.8
FIES Days Receivables	**73**	**78**	**111**	**94**	**105**
Adjusted FIES Days Receivables	**73**	**50**	**78**	**58**	**86**

Note: we report two calculations for the FIES average days receivables: adjusted and not adjusted for the new schedule for the transfer of the certificate buyback auction amounts. As a result, since 4Q13, we have included the carry-forward credits in the quarterly calculation of the adjusted FIES days receivables, which are effectively received in the opening days of the subsequent month.

In 3Q14, **FIES accounts receivable** grew by R$93.6 million over the previous quarter to R$222.2 million, a normal result of both the concentration of FIES contract amendments at the beginning of the first semester and the increase in the FIES student base.

FIES carry-forward credits fell by R$32.4 million over 3Q14 to R$50.0 million. Since the FNDE has formalized the new monthly buyback auction schedule, which had actually been effective since 4Q13, the amounts related to the buyback of certificates have been received in the opening days of the subsequent month, so the balance of our carry-forward credits account is always higher at the end of the month, despite the fact that we receive the transfer only a few days later. In 3Q14, the amount pending for reception in September was R$50.0 million, versus R$81.4 million in July. The average FIES days receivables, adjusted for this new schedule, reached 86 days.

Table 23 – Evolution of FIES Accounts Receivable*

FIES Accounts Receivable (R$ MM)	3Q13	4Q13	1Q14	2Q14	3Q14
Opening Balance	**77.3**	**100.2**	**78.9**	**147.2**	**128.6**
(+) FIES Net Revenue	167.2	171.4	225.7	289.6	296.3
(-) Transfer	135.3	180.9	146.5	293.8	190.6
(-) FIES PDA	9.4	11.1	10.8	14.5	14.8
(+) Acquisitions	0.4	-0.7	0.0	0.0	2.6
Ending Balance	**100.2**	**78.9**	**147.2**	**128.6**	**222.2**

Table 24 – Evolution of FIES Carry-Forward Credits*

FIES Carry-Forward Credits (R$ MM)	3Q13	4Q13	1Q14	2Q14	3Q14
Opening Balance	**0.5**	**0.3**	**44.4**	**63.6**	**82.4**
(+) Transfer	135.3	180.9	146.5	293.8	190.6
(-) Tax payment	52.2	50.7	40.5	70.8	70.2
(-) Repurchase auctions	83.3	86.2	86.8	204.3	152.8
Ending Balance	**0.3**	**44.4**	**63.6**	**82.4**	**50.0**

Table 25 – Aging of Total Gross Accounts Receivable

Breakdown of Accounts Receivable by Age (R$ million)	3Q13	%	3Q14	%
FIES	100.2	23%	222.2	35%
Not yet due	90.6	21%	108.6	17%
Overdue up to 30 days	62.6	14%	71.9	11%
Overdue from 31 to 60 days	34.3	8%	39.3	6%
Overdue from 61 to 90 days	9.7	2%	24.2	4%
Overdue from 91 to 179 days	59.6	14%	73.7	11%
Overdue more than 180 days	83.9	19%	101.7	16%
TOTAL	**440.9**	**100%**	**641.5**	**100%**

Table 26 – Aging of Agreements Receivable[1]

Breakdown of Agreements by Age (R$ million)	3Q13	%	3Q14	%
Not yet due	28.9	40%	28.6	60%
Overdue up to 30 days	2.6	11%	2.6	6%
Overdue from 31 to 60 days	1.3	6%	2.4	5%
Overdue from 61 to 90 days	0.9	7%	2.0	4%
Overdue from 91 to 179 days	5.0	19%	5.3	11%
Overdue more than 180 days	7.2	16%	6.5	14%
TOTAL	**46.0**	**100%**	**47.4**	**100%**
% over Accounts Receivable	**10%**		**7%**	

*1 Excludes credit card agreements

(*) Figures not reviewed by the auditors

Thanks to the continuation of our rigorous debt renegotiation policies, in 3Q14, our percentage of agreements in relation to our receivables portfolio remained low, with only 7% of total receivables coming from renegotiations with students, 3 p.p. less than the amount recorded in 3Q13. In addition, the percentage of receivables from renegotiations overdue by more than 60 days accounted for 27% of total agreements, or just 2.1% of total accounts receivable.

Our criteria remain rigid, clear and objective, exemplified by the fact that we provision 100% of receivables overdue by more than 180 days, complemented by the FIES provisions. Tables 27 and 28 show how our PDA is constituted, and reconciles the balance sheet amounts with those in the income statement.

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

R$ MM	12/31/2013	Gross increase in the provision for deliquency	Deliquency recover	Net provision effect	Write off	09/30/2014
TOTAL	90.0	153.8	(82.0)	71.7	(60.1)	101.7

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

	09/30/2014
Additional Provision	71.7
PDA of acquired companies	(10.7)
Total	**61.0**

Investments (CAPEX and Acquisitions)

Table 29 – CAPEX Breakdown

R$ million	3Q13	3Q14	Change	9M13	9M14	Change
Total CAPEX[1]	**32.6**	**59.5**	**82.5%**	**76.3**	**127.5**	**67.1%**
Maintenance	**16.2**	**37.0**	**128.4%**	**42.5**	**81.1**	**90.8%**
Discretionary and Expansion	**16.4**	**22.5**	**37.2%**	**33.8**	**46.4**	**37.3%**
Academic Model	1.7	1.5	-11.8%	5.7	4.8	-15.8%
New IT Architecture	3.2	3.7	15.6%	8.8	8.7	-1.1%
Integration Processes	-	0.5	N.A.	0.4	0.9	125.0%
Tablet Project	6.9	6.1	-11.6%	12.1	13.1	8.3%
Computers	0.6	1.7	183.3%	0.6	1.7	183.3%
Expansion	4.0	8.9	122.5%	6.2	17.1	175.8%
Acquisitions	**-**	**948.4**	**N.A.**	**26.9**	**949.2**	**3428.6%**

[1]Excluindo goodwill and investments in acquisitions.

Total CAPEX (excluding acquisitions) came to R$59.5 million in 3Q14, 82.5% more than in 3Q13, reflecting our initiatives to ensure greater CAPEX linearization throughout the year, avoiding concentration in the fourth quarters of each year.

Maintenance CAPEX totaled R$37.0 million this quarter, 128.4% up on 3Q13, mostly allocated to upgrading software and hardware, as well as to the modernization of equipment, libraries and laboratories in our units. We also invested around R$1.5 million in the **Academic Model** (creation of content and distance-learning development and production); R$6.1 million in the Tablet Project and R$3.7 million in the acquisition of hardware and licenses for our IT architecture revision project, which will replace our legacy academic systems and prepare our hardware for the Company's growth.

Investments in expansion projects, as well as the revitalization and improvement of units, totaled R$8.9 million in 3Q14 and refer to investments in new units, existing units and new rooms, already with a focus on the 2015 intake cycle, always aiming to better accommodate our student base growth.

In the **acquisitions** line**,** the main investments are related to the UniSEB acquisition, made partly in cash (R$308.8 million) and partly through the issue of 17,853,127 ordinary shares. Besides, it is worth remembering we also concluded the acquisition of IESAM and Literatus in the period.

Capitalization and Cash

Table 30 – Capitalization and Cash

R$ MM	09/30/2013	06/30/2014	09/30/2014
Shareholders' Equity	**1,528.3**	**1,752.0**	**2,420.8**
Cash & Cash Equivalents	**806.1**	**787.4**	**434.9**
Total Gross Debt	**(318.7)**	**(312.8)**	**(392.3)**
Loans and Financing	(280.0)	(269.0)	(290.9)
Short Term	(29.1)	(16.2)	(26.3)
Long Term	(250.9)	(252.8)	(264.6)
Commitments to Pay	(30.0)	(36.0)	(82.4)
Taxes Paid in Installments	(8.7)	(7.9)	(19.0)
Cash / Net Debt	**487.3**	**474.6**	**42.6**

Cash and cash equivalents closed September at R$434.9 million, conservatively invested in fixed-income instruments pegged to the CDI interbank rate, federal government bonds and certificates of deposit with top-tier Brazilian banks. Bank **debt** of R$290.9 million corresponded mainly to the Company's first local debenture issue totaling R$200 million, the loan from the IFC (first loan of R$48.5 million and withdrawal of around R$20 million from the second line of funding) and the capitalization of equipment leasing expenses in compliance with Federal Law 11,638. We have also included the commitments for future payments related to acquisitions made, totaling around R$82.4 million, as well as taxes payable in installments, to determine our **gross debt**, which came to R$392.3 million at the close of the quarter. As a result, **net cash** closed 3Q14 at R$42.6 million.

Cash Flow

The table below shows the main lines of our cash flow from two points of view: with and without adjustments for the new FIES buyback schedule, which was formalized by the FNDE in 2Q14. Under the new schedule, the amounts from the buyback auctions at the end of each month are in fact received only in the opening days of the subsequent month. As a result, the referred amounts in our carry-forward credits account at the end of the quarters and paid in the following month totaled R$44.0 million in December, R$63.1 million in March, R$81.4 million in June and R$50.0 million in September.

Table 31 – Cash Flow (Unadjusted)

Cash Flow Statement (R$ million)	3Q13	3Q14	9M13	9M14
Profit before income taxes and social contribution	89.9	127.1	206.2	351.7
Adjustments to reconcile profit to net cash generated:	42.6	53.6	132.8	147.4
Result after reconciliation to net cash generated	132.5	180.7	339.0	499.1
Changes in assets and liabilities:	(42.7)	(47.2)	(147.3)	(201.7)
Net cash provided by (used in) operating activities:	89.8	133.5	191.6	297.4
CAPEX (Ex-Acquisitions)	(32.6)	(59.5)	(76.3)	(127.5)
Operational Cash Flow:	57.2	74.0	115.3	169.9
Other investing activities:	(2.2)	(957.9)	(33.7)	(963.6)
Net cash provided by (used in) investing activities	55.1	(883.9)	81.6	(793.8)
Cash flows from financing activities:	8.9	531.6	584.0	489.8
Net cash provided by (used in) financing activities	64.2	(352.1)	665.6	(303.8)
Cash and cash equivalents at the beginning of the period	741.9	787.4	140.5	739.2
Increase in cash and cash equivalents	64.2	(352.1)	665.6	(303.8)
Cash and cash equivalents at the end of the period	806.1	435.4	806.1	435.4

Table 32 –Cash Flow (Adjusted)

Cash Flow Statement (R$ million)	3Q13	3Q14	9M13	9M14
Profit before income taxes and social contribution	89.9	127.1	206.2	351.7
Adjustments to reconcile profit to net cash generated:	42.6	53.6	132.8	147.4
Result after reconciliation to net cash generated	132.5	180.7	339.0	499.1
Changes in assets and liabilities:	(42.7)	(78.7)	(147.3)	(195.7)
Net cash provided by (used in) operating activities:	89.8	102.0	191.6	303.4
CAPEX (Ex-Acquisitions)	(32.6)	(59.5)	(76.3)	(127.5)
Operational Cash Flow:	57.2	42.5	115.3	175.9
Other investing activities:	(2.2)	(957.9)	(33.7)	(963.6)
Net cash provided by (used in) investing activities	55.1	(915.4)	81.6	(787.8)
Cash flows from financing activities:	8.9	531.6	584.0	489.8
Net cash provided by (used in) financing activities	64.2	(383.6)	665.6	(297.8)
Cash and cash equivalents at the beginning of the period	741.9	868.9	140.5	783.2
Increase in cash and cash equivalents	64.2	(383.6)	665.6	(297.8)
Cash and cash equivalents at the end of the period	806.1	485.4	806.1	485.4

In 3Q14, **operational cash flow** was positive by R$74.0 million, R$16.8 million up on 3Q13. Adjusting for the new FIES schedule, which benefits even quarters much more given the additional flow of amendments and the higher volume of receptions in these quarters, **adjusted operational cash flow**, assuming the buyback auction amounts received in July and October had in fact been received in June and September, totaled R$42.5 million in 3Q14.

It is worth noting that the FIES student amendment process was late this quarter, due to the impact of the World Cup on the academic calendar and also to operating problems in SisFIES in August, thereby hurting the working capital variation flow in 3Q14.

In 9M14, **operating cash flow** was positive by R$169.9 million, a R$54.5 million year-on-year improvement, while **adjusted operating cash flow** reached R$175.9 million, R$60.5 million more than in 3Q13. Our even higher cash generation in 2014 confirms our increasing ability to improve this indicator.

Operational cash flow before CAPEX came to R$133.5 million, R$43.7 million more than in 3Q13, while year-to-date **operational cash flow before CAPEX** totaled R$297.4 million, R$105.7 million up on 9M13.

Key Material Facts

Acquisition of Literatus

FACULDADE LITERATUS Faculdade Literatus, with two units in Manaus, is now part of the Estácio Group. With the R$48 million acquisition, Estácio has increased its national presence and now maintains operations in 21 states and the Federal District.

Literatus has 22 undergraduate and 25 graduate programs, as well as a General Course Index (IGC) rating of 3 (on a scale of 1 to 5). It currently has around 4,800 enrolled students, out of a total of 14,200 seats, including all courses.

"Manaus was the number one priority in our expansion plans, so our entry into Amazonas is a special moment for us. We will bring innovative, inclusive and employability-committed education to the city, as we are already offering in the region in our Belém, Macapá and Boa Vista units " declared Estácio's CEO, Rogério Melzi.

Estácio holds the 6th Annual Faculty Forum

This event, whose purpose is to train, recognize and add value to our Faculty, was held on August 6th and 7th in Rio de Janeiro. This year's theme was "Everywhere is a place to study". Activities focused on those initiatives needed to ensure that educational institutions cease to be regarded as a mere space for the transmission of information. The schedule included lectures and presentations of institutional projects and best teaching practices.

More than one thousand teachers took part, selected for their excellence in developing educational practices that effectively contribute to the learning process.

“Você Aprende Mais” will be responsible for iG Educação

The Continuous Education Department has just entered into an important strategic partnership for Estácio. From now on, the Você Aprende Mais (You Learn More) portal, Estácio’s short-duration course platform, will be responsible for managing and operating the courses of iG Educação, the education branch of iG portal, one of Brazil’s largest online platforms, which currently receives more than 33 million monthly visits. Completing the partnership, we have WebAula, our traditional partner in educational Technologies, which is currently responsible for the LMS used by our students.

With this partnership, iG will help those who have little spare time and need to reconcile work, study and other routine activities. Among other facilities, iG Educação enables students to choose their own study hours in a flexible manner using their few spare moments to study via the Internet, no matter where they are.

In addition to a certificate issued by Estácio, the iG Educação courses will also include content from partners recognized as benchmarks in their respective fields of knowledge, all of which carefully selected to offer students the best possible experience.

Besides the potential benefits to our results, this partnership simbolizes the convergence pointed by experts around the world as the trend for the medium and long terms, between **Education** (Estácio), **Media** (iG), and **Technology** (WebAula).

Access the new iG Educação portal at this address: http://ig.voceaprendemais.com.br.

Focus on Innovation

- First NAVE Startup Meeting

ESPAÇO NAVE
NÚCLEO DE ACELERAÇÃO & VALORIZAÇÃO DA ESTÁCIO

In June, we hosted the First NAVE Startup Meeting in the Av. Venezuela building. The event was attended by specialists who have already mentored entrepreneurial students within the scope of the NAVE Program. More than 100 entrepreneurs, professionals and startup owners were present, as were Estácio officers Marcos Lemos, Gilberto Castro and Marcos Noll, and CEO Rogério Melzi.

The event began with the mentors introducing themselves and briefly relating their background and experience. Afterwards, there was a moment for networking with a coffee break, followed by a speech from our CEO, Rogério Melzi. Shortly after, Gustavo Caetano, CEO of Samba Tech and Director General of the Brazilian Startup Association (ABS), elected as a TR35, an award granted by MIT to innovative professionals under the age of 35, and also considered one of the 50 most innovative personalities in the Brazilian digital world, gave a lecture entitled “Innovate or Die Trying”. With an innovative and bold style, he surprised everyone with his ideas, perceptions and knowledge of the field. Gustavo has already shared his experience in events at MIT, UN and NASDAQ.

- NAVE Startup Program starts to show results

The NAVE program is beginning to show its first results: the **Plataforma Saúde** (Health Platform) Project, one of the participants in the NAVE Startup Program, whose co-founder is Tales Gomes, a former Marketing student at Estácio’s Petrópolis unit, was chosen to take part in the Third Panel of the federal government’s Startup Brasil program and will receive government funding of R$200.000. “I met them when I was a mentor at the First Rio Favela Startup Weekend at Morro da Providência, and then they were selected from among 70 other startup projects for the pre-acceleration of NAVE. It is a huge victory and an inspiration for other entrepreneur students at Estácio,” declared Lindália Reis, Estácio’s Innovation Officer.

Plataforma Saúde was chosen among thousands of entrants after being evaluated by the Judging Committee, comprising representatives of the government, the academic community and the market, in relation to four criteria: business model, solution, teamwork and dialogue.

In order to receive the funds from the program, the startup, which offers diagnostic services through mobile technologies to communities with no access to health care, must, as of publication of the result in the *Diário Oficial da União* (Official Gazette), enter into an agreement with one of the accelerators supported by the Program.

"The resources from the Startup Brasil program will allow us to take the Plataforma Saúde to more people, generating more social impact, which has always been our final objective," declared the company’s co-founder, Tales Gomes.

For more information on the Project, please go to: www.plataformasaude.net.br.

- Game Center Olympics

In 2014, we launched the Estácio Game Center Olympics, a competition based on our gaming environment for knowledge retention, learning reinforcement and job market simulations. The Estácio Game Center, which already has five different games, in addition to providing an environment that promotes knowledge and complements the extra-curricular learning process, also encourages competition among students, who are awarded in a national final.

All Estácio students, from any course or period, can have access. At the end of each semester, prizes are given to the best students in the ranking of each game. Since the first edition of the Estácio Game Center Olympics in the second half of 2013, more than 12,000 have already participated in the games. In the 2014.1 season, more than 1,200 players classified for the national semifinal, which occurred simultaneously in 75 units. Subsequently, Espaço NAVE received the 30 finalists representing 19 units for the big final.

Estácio, the official University of the 2016 Rio Olympic Games

Estácio will be the main partner in the Rio 2016 Olympics' training area, responsible for training the 120,000 volunteers who will be working at the event. All in all, Estácio will create 1,600 different types of content for several courses. These modules will last for between four and twelve hours and the subjects are defined by the Organizing Committee, including "Service Guidance" and "Leadership". However, most of the courses will address the installations, where the competitions for the 94 Olympic sports will take place.

Selection of the volunteers by the Organizing Committee will begin between February and May 2015. Estácio will offer its installations in ten cities that will be the registration points for volunteers from all over the country: Rio de Janeiro, São Paulo, Salvador, Brasília, Belo Horizonte, Porto Alegre, Curitiba, Belém, Fortaleza and Recife. Between February and July 2016, volunteers will be trained for Rio 2016 Olympic Games. Courses will be on-campus, online or mixed, depending on the subject. Part of the training will be given by Estácio's teachers and part by the Organizing Committee's teams.

"Just as the Olympic Games express the pinnacle of excellence achieved by athletes after years of preparation and development, for 45 years Estácio has devoted itself to instructing adults and promoting their professional ascent. I have no doubt that, throughout all these years, our institution has contributed to the formation of better citizens and the sustainable development of the communities where we operate, with a significant impact on Brazil's progress and development. Specifically in regard to Rio de Janeiro, our commitment to the city's development is in our DNA and we have been investing there since our creation, and the locals are keenly aware of this relationship", declared Estácio's CEO, Rogério Melzi.

Support for Sport: Schurmann Family Expedition

On September 21st, the Schurmann Family ventured into the sea for the Orient Expedition, sponsored by Estácio. The expedition brings various innovations, several of which related to the sailboat KAT, which was built with sustainability and the efficient use of water and energy in mind.

Departing from Itajaí (SC), the Schurmanns will pass through Ushuaia, Brisbane, Auckland and many other ports, cities and regions around the world on their way to China. The crew also intend to carry out scientific research and to film a documentary.

As part of the warm-up activities, on August 25th (Guarujá) and 30th (Rio de Janeiro), Estácio students and employees sailed with the Schurmanns. Captain Vilfredo and the Sustainability and Communications department welcomed the Estácio contingent for the trip, which included a wealth of entertaining stories and an on-board lunch. The students had been selected through a cultural contest carried out jointly with Estácio's Marketing team.

"Vilfredo Schurmann is a great man and he has taught us a wonderful lesson in life. I learned a lot spending these hours with him and listening to his unique stories!" declared Ana Paula, one of the winners, a student at the Tom Jobim unit.

Corporate Social Responsibility

This quarter we advanced in the consolidation of the "**Estácio na Escola**" (Estácio in School) program, which seeks to support existing public projects and policies together with local public education offices in cities where we operate. The **Estácio na Escola** is another support lever to encourange young high school students to take an interest in their studies and the possibility of becoming teachers in the future. In this context, we highlight our "Degree Fair" on Arts and Physical Education, held in Nova Friburgo (RJ), impacting around 60 students; in Porto Alegre (RS), impacting around 90 students; in Aracaju (SE), impacting around 130 students. Juiz de Fora (MG), with 170 students; and Salvador (BA), with more than 320 impacted students. We have the goal to extend this program to other subject areas, reaching schools in states where Estácio is present.

Furthermore, last month we launched our **Corporate Social Responsibility** portal **–** ***Educar para Transformar*** **(Educate to Transform)**. Find out more at http://portal.estacio.br/educar-para-transformar/.

2014 Estácio Journalism Award

On September 24th, Estácio announced the nine winner of the 2014 Estácio Journalism Award, in a ceremony in Rio de Janeiro, which gathered around 80 journalists from all over Brazil. Media groups such as *Folha de S.Paulo*, *Estadão, TV Globo*, and *Rádio CBN* are some of the winners. A total of R$100,000 was distributed to the winner of the Grand Prize and the other eight winners of specific categories.

Ana Sacoman, journalist from *Estado de S.Paulo,* was the winner of the Grand Prize, with the series of articles "*Especial USP 80 anos*". She reiterated journalists need to cover educational topics. "The prize helps to maintain education on the spotlight. Talking about education is a challenge. I have been writing about it for one year and every day I learn new things. We cannot lose this space and this award encourages both national and regional press vehicles to keep talking about education, investigating and giving space to the sector. The role of the reporter is also of a watchdog.", said the reporter.

This year's award exceeded the number of applications from previous editions. A total of 261 works were submitted, an increase of 23% in comparison to last year's edition. In total, 126 media vehicles of 20 states and the Federal District participated in this year's edition. During the year, the award generated around 100 articles in top media vehichles in 14 different states. The total valuation of the spontaneous media generated was of R$300,000.

Created in 2011, the award aims to encourage news coverage on Higher Education, widening the debate and increasing its importance to our country's development. Since its creation, more than 500 media professionals have already participated, with more than 760 works submitted, considering print, internet, TV, and radio medias.

Learn more about the award here: www.premioestaciodejornalismo.com.br (Portuguese only).

Results Conference Call

Conference Call (in Portuguese)	Conference Call (in English)
Date: November 7, 2014 (Friday)	Date: November 7, 2014 (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 14	Replay: available until November 18
Phone: +55 (11) 3127-4999	Phone: +1 (412) 317-0088
Access Code: 54268201	Access Code: 10054090

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			Excluding acquisitions in the last 12 months		
	3Q13	3Q14	Change	3Q13	3Q14	Change
Gross Operating Revenue	**657.4**	**912.3**	**38.8%**	**657.4**	**862.1**	**31.1%**
Monthly Tuition Fees	650.5	881.4	35.5%	650.5	833.0	28.1%
Pronatec	-	23.5	N.A.	-	22.6	N.A.
Others	6.8	7.5	10.3%	6.8	6.5	-4.4%
Gross Revenue Deductions	**(219.2)**	**(287.6)**	**31.2%**	**(219.2)**	**(278.7)**	**27.1%**
Scholarships and Discounts	(192.2)	(246.5)	28.3%	(192.2)	(239.3)	24.5%
Taxes	(18.0)	(27.0)	50.0%	(18.0)	(25.4)	41.1%
FGEDUC	(8.9)	(14.1)	58.4%	(8.9)	(14.1)	58.4%
Net Operating Revenue	**438.2**	**624.8**	**42.6%**	**438.2**	**583.4**	**33.1%**
Cost of Services	**(250.1)**	**(343.5)**	**37.3%**	**(250.1)**	**(325.4)**	**30.1%**
Personnel	(178.0)	(248.8)	39.8%	(178.0)	(235.5)	32.3%
Rentals / Real Estate Taxes Expenses	(37.2)	(46.6)	25.3%	(37.2)	(44.9)	20.7%
Textbooks Materials	(9.2)	(9.4)	2.2%	(9.2)	(9.0)	-2.2%
Third-Party Services and Others	(13.7)	(17.9)	30.7%	(13.7)	(17.1)	24.6%
Depreciation	(12.0)	(20.8)	73.3%	(12.0)	(18.9)	57.5%
Gross Profit	**188.1**	**281.2**	**49.5%**	**188.1**	**258.0**	**37.2%**
Gross Margin	***42.9%***	***45.0%***	***2.1 p.p.***	***42.9%***	***44.2%***	***1.3 p.p.***
Selling, General and Administrative Expenses	**(104.0)**	**(144.3)**	**38.8%**	**(104.0)**	**(132.2)**	**27.1%**
Selling Expenses	**(40.8)**	**(45.9)**	**12.5%**	**(40.8)**	**(43.1)**	**5.6%**
Provisions for Doubtful Accounts	(18.0)	(11.5)	-36.1%	(18.0)	(9.6)	-46.7%
Marketing	(22.9)	(34.4)	50.2%	(22.9)	(33.5)	46.3%
General and Administrative Expenses	**(58.3)**	**(92.1)**	**58.0%**	**(58.3)**	**(82.8)**	**42.0%**
Personnel	(27.8)	(52.5)	88.8%	(27.8)	(47.9)	72.3%
Others	(30.5)	(39.5)	29.5%	(30.5)	(34.9)	14.4%
Depreciation	**(4.8)**	**(6.3)**	**31.3%**	**(4.8)**	**(6.3)**	**31.3%**
EBIT	**84.1**	**136.9**	**62.8%**	**84.1**	**125.8**	**49.6%**
EBIT Margin	***19.2%***	***21.9%***	***2.7 p.p.***	***19.2%***	***21.6%***	***2.4 p.p.***
(+) Depreciation	16.8	27.1	61.3%	16.8	25.2	50.0%
EBITDA	**100.9**	**164.0**	**62.6%**	**100.9**	**151.1**	**49.8%**
EBITDA Margin	***23.0%***	***26.3%***	***3.3 p.p.***	***23.0%***	***25.9%***	***2.9 p.p.***
Financial Result	5.8	(9.8)	N.A.	5.8	(9.6)	N.A.
Depreciation and Amortization	(16.8)	(27.1)	61.3%	(16.8)	(25.2)	50.0%
Social Contribution	(1.0)	1.4	N.A.	(1.0)	1.8	N.A.
Income Tax	(2.6)	4.4	N.A.	(2.6)	5.5	N.A.
Net Income	**86.3**	**133.0**	**54.1%**	**86.3**	**123.6**	**43.2%**
Net Income Margin	***19.7%***	***21.3%***	***1.6 p.p.***	***19.7%***	***21.2%***	***1.5 p.p.***

R$ MM	Consolidated 9M13	9M14	Change
Gross Operating Revenue	**1,886.1**	**2,528.2**	**34.0%**
Monthly Tuition Fees	1,866.4	2,473.2	32.5%
Pronatec	-	33.3	N.A.
Others	19.7	21.8	10.7%
Gross Revenue Deductions	**(591.1)**	**(776.2)**	**31.3%**
Scholarships and Discounts	(522.7)	(664.3)	27.1%
Taxes	(54.4)	(73.5)	35.1%
FGEDUC	(14.1)	(38.4)	N.A.
Net Operating Revenue	**1,295.0**	**1,752.1**	**35.3%**
Cost of Services	**(763.2)**	**(1,001.0)**	**31.2%**
Personnel	(548.8)	(735.7)	34.1%
Rentals / Real Estate Taxes Expenses	(102.8)	(129.7)	26.2%
Textbooks Materials	(32.2)	(37.4)	16.1%
Third-Party Services and Others	(44.1)	(49.3)	11.8%
Depreciation	(35.4)	(48.9)	38.1%
Gross Profit	**531.8**	**751.1**	**41.2%**
Gross Margin	***41.1%***	***42.9%***	***1.8 p.p.***
Selling, General and Administrative Expenses	**(330.0)**	**(419.8)**	**27.2%**
Selling Expenses	**(139.9)**	**(175.3)**	**25.3%**
Provisions for Doubtful Accounts	(62.8)	(64.0)	1.9%
Marketing	(77.1)	(111.3)	44.4%
General and Administrative Expenses	**(172.8)**	**(225.2)**	**30.3%**
Personnel	(86.9)	(117.9)	35.7%
Others	(85.9)	(107.3)	24.9%
Depreciation	**(17.3)**	**(19.3)**	**11.6%**
EBIT	**201.7**	**331.3**	**64.3%**
EBIT Margin	***15.6%***	***18.9%***	***3.3 p.p.***
(+) Depreciation	52.8	68.2	29.2%
EBITDA	**254.5**	**399.5**	**57.0%**
EBITDA Margin	***19.7%***	***22.8%***	***3.1 p.p.***
Financial Result	4.5	20.4	353.3%
Depreciation and Amortization	(52.8)	(68.2)	29.2%
Social Contribution	(1.9)	(1.9)	0.0%
Income Tax	(4.7)	(5.0)	6.4%
Net Income	**199.6**	**344.8**	**72.7%**
Net Income Margin	***15.4%***	***19.7%***	***4.3 p.p.***

Balance Sheet in IFRS

R$ MM	09/30/2013	06/30/2014	09/30/2014
Short-Term Assets	**1,282.9**	**1,459.3**	**1,212.1**
Cash & Cash Equivalents	9.9	19.4	25.7
Short-Term Investments	796.2	768.0	409.2
Accounts Receivable	355.1	423.7	533.0
Carry-Forwards Credits	4.7	86.1	54.3
Advance to Employees / Third-Parties	24.8	37.8	35.4
Related Parties	0.3	0.3	(0.0)
Prepaid Expenses	42.0	29.2	46.5
Taxes and contributions	26.5	63.9	73.4
Others	23.5	30.8	34.6
Long-Term Assets	**813.5**	**904.7**	**1,960.5**
Non-Current Assets	**160.3**	**171.8**	**186.6**
Prepaid Expenses	2.5	2.9	9.3
Judicial Deposits	99.2	115.3	116.7
Taxes and contributions	25.1	24.3	24.4
Deferred Taxes and others	33.5	29.4	36.2
Permanent Assets	**653.1**	**732.9**	**1,773.9**
Investments	0.2	0.2	0.2
Fixed Assets	307.9	351.2	454.0
Intangible	345.0	381.5	1,319.7
Total Assets	**2,096.4**	**2,364.0**	**3,172.6**
Short-Term Liabilities	**227.9**	**271.4**	**342.5**
Loans and Financing	29.1	16.2	26.3
Suppliers	35.2	36.8	54.6
Salaries and Payroll Charges	105.3	142.6	166.4
Taxes Payable	32.0	40.1	51.6
Prepaid Monthly Tuition Fees	5.2	6.5	9.2
Advances under Partnership Agreement	2.9	2.9	2.9
Taxes Paid in Installments	1.6	1.4	3.4
Dividends Payable	-	0.1	0.1
Commitments Payable	13.4	21.6	18.1
Others	3.2	3.3	9.9
Long-Term Liabilities	**340.2**	**340.6**	**409.3**
Loans and Financing	250.9	252.8	264.6
Provisions for Contingencies	27.1	26.1	28.1
Advances under Partnership Agreement	9.9	7.7	7.0
Taxes Paid in Installments	7.1	6.5	15.6
Provision for asset retirement obligations	15.0	14.7	14.9
Deferred Taxes	5.0	8.0	3.3
Commitments Payable	16.6	14.4	64.3
Others	8.6	10.4	11.4
Shareholders' Equity	**1,528.3**	**1,752.0**	**2,420.8**
Capital	1,009.9	1,028.1	1,053.1
Share Issuance Expenses	(26.9)	(26.9)	(26.9)
Capital Reserves	119.4	126.2	636.9
Earnings Reserves	237.6	424.2	424.2
Retained Earnings	199.6	211.7	344.8
Treasury Stocks	(11.3)	(11.3)	(11.3)
Total Liabilities and Shareholders' Equity	**2,096.4**	**2,364.0**	**3,172.6**

Cash Flow Statement

Cash flow statement not adjusted for the new FIES buyback auction reception schedule.

Cash Flow Statement (R$ million)	3Q13	3Q14	9M13	9M14
Profit before income taxes and social contribution	**89.9**	**127.1**	**206.2**	**351.7**
Adjustments to reconcile profit to net cash generated:	**42.6**	**42.4**	**132.8**	**136.2**
Depreciation and amortization	16.6	27.0	52.3	67.8
Amortization of funding costs (IFC and bonds)	0.1	0.1	0.5	0.4
Net book amount of property and equipment written-off	0.1	0.9	0.3	1.0
Provision for impairment of trade receivables	17.5	10.5	59.1	61.0
Options granted	1.7	5.8	5.1	5.8
Earnings on financial investments	(1.7)	(11.0)	(6.8)	(22.7)
Provision for contingencies	1.7	0.4	3.7	(1.8)
Appropriation of agreements	(0.7)	(0.7)	(2.2)	(2.2)
Interest on commitments payable	0.2	0.8	1.5	2.5
Interest on borrowings	6.9	8.3	18.3	23.6
Increase in provision for decommissioning of assets	0.2	0.2	1.0	0.8
Result after reconciliation to net cash generated	**132.5**	**169.5**	**339.0**	**487.9**
Changes in assets and liabilities:	**(42.7)**	**(47.2)**	**(147.3)**	**(201.7)**
(Increase) in accounts receivable	(26.6)	(101.6)	(133.4)	(241.3)
Decrease (increase) in other assets	7.5	28.8	(4.8)	(13.1)
Increase) decrease in advances to employees / third parties	2.7	2.7	1.2	(1.7)
(Increase) decrease in prepaid expenses	(15.9)	(12.8)	(11.0)	15.5
(Increase) decrease in taxes and contributions	(16.4)	(16.2)	(25.3)	(48.6)
Increase (decrease) in suppliers	7.7	14.8	(0.7)	11.2
Increase (decrease) in taxes payable	6.2	14.3	5.9	7.3
Increase (decrease) in payroll and related charges	5.6	17.5	38.8	80.4
(Decrease) in prepaid monthly tuition fees	(2.2)	1.1	(3.7)	(3.5)
Payment of civil claims	-	0.0	0.2	0.0
Provision for decommissioning of assets	-	0.0	-	(0.0)
Increase (decrease) in other liabilities	1.9	3.0	5.0	4.4
Decrease (increase) in taxes paid in installments	(0.6)	(7.7)	(0.6)	(8.3)
(Decrease) in non-current assets	(6.7)	(0.3)	(7.3)	1.1
Increase in judicial deposits	(6.7)	(1.1)	(16.0)	(12.3)
Interest paid on borrowings	(1.0)	(1.2)	(12.2)	(16.4)
IRPJ and CSLL paid	-	0.7	(2.7)	0.9
Net cash provided by (used in) operating activities:	**89.8**	**122.3**	**191.6**	**286.1**
CAPEX (Ex-Acquisitions)	**(32.6)**	**(59.5)**	**(76.3)**	**(127.5)**
Operational Cash Flow:	**57.2**	**62.8**	**115.3**	**158.6**
	-	-	-	-
Other investing activities:	**(2.2)**	**(946.7)**	**(33.7)**	**(952.4)**
Acquisitions	-	(937.2)	(26.9)	(938.0)
Amortization of funding costs (IFC and bonds)	0.1	0.1	0.5	0.4
Net book amount of property and equipment written-off	(0.1)	(0.9)	(0.3)	(1.0)
Investment/loan to subsidiaries	(1.1)	0.3	(0.3)	0.3
Commitments payable	(1.2)	(8.9)	(6.7)	(14.2)
Net cash provided by (used in) investing activities	**55.1**	**(883.9)**	**81.6**	**(793.8)**
Cash flows from financing activities:	**8.9**	**531.6**	**584.0**	**489.8**
Capital increase	9.4	25.0	640.5	42.4
Dividends	(0.0)	(0.0)	(26.1)	(58.0)
Goodwill adjustment in share subscription	-	493.7	-	498.9
Expenditure on issuance of shares	(0.3)	-	(24.0)	-
Net increase in borrowings	(0.1)	12.9	(6.5)	6.6
Net cash provided by (used in) financing activities	**64.2**	**(352.1)**	**665.6**	**(303.8)**
Cash and cash equivalents at the beginning of the period	**741.9**	**787.4**	**140.5**	**739.2**
Increase in cash and cash equivalents	64.2	(352.1)	665.6	(303.8)
Cash and cash equivalents at the end of the period	**806.1**	**435.4**	**806.1**	**435.4**

Cash flow statement adjusted for the new FIES buyback auction reception schedule.

Cash Flow Statement (R$ million)	3Q13	3Q14	9M13	9M14
Profit before income taxes and social contribution	**89.9**	**127.1**	**206.2**	**351.7**
Adjustments to reconcile profit to net cash generated:	**42.6**	**42.4**	**132.8**	**136.2**
Depreciation and amortization	16.6	27.0	52.3	67.8
Amortization of funding costs (IFC and bonds)	0.1	0.1	0.5	0.4
Net book amount of property and equipment written-off	0.1	0.9	0.3	1.0
Provision for impairment of trade receivables	17.5	10.5	59.1	61.0
Options granted	1.7	5.8	5.1	5.8
Earnings on financial investments	(1.7)	(11.0)	(6.8)	(22.7)
Provision for contingencies	1.7	0.4	3.7	(1.8)
Appropriation of agreements	(0.7)	(0.7)	(2.2)	(2.2)
Interest on commitments payable	0.2	0.8	1.5	2.5
Interest on borrowings	6.9	8.3	18.3	23.6
Increase in provision for decommissioning of assets	0.2	0.2	1.0	0.8
Result after reconciliation to net cash generated	**132.5**	**169.5**	**339.0**	**487.9**
Changes in assets and liabilities:	**(42.7)**	**(78.7)**	**(147.3)**	**(195.7)**
(Increase) in accounts receivable	(26.6)	(101.6)	(133.4)	(241.3)
Decrease (increase) in other assets	7.5	(2.7)	(4.8)	(7.1)
Increase) decrease in advances to employees / third parties	2.7	2.7	1.2	(1.7)
(Increase) decrease in prepaid expenses	(15.9)	(12.8)	(11.0)	15.5
(Increase) decrease in taxes and contributions	(16.4)	(16.2)	(25.3)	(48.6)
Increase (decrease) in suppliers	7.7	14.8	(0.7)	11.2
Increase (decrease) in taxes payable	6.2	14.3	5.9	7.3
Increase (decrease) in payroll and related charges	5.6	17.5	38.8	80.4
(Decrease) in prepaid monthly tuition fees	(2.2)	1.1	(3.7)	(3.5)
Payment of civil claims	-	0.0	0.2	0.0
Provision for decommissioning of assets	-	0.0	-	(0.0)
Increase (decrease) in other liabilities	1.9	3.0	5.0	4.4
Decrease (increase) in taxes paid in installments	(0.6)	(7.7)	(0.6)	(8.3)
(Decrease) in non-current assets	(6.7)	(0.3)	(7.3)	1.1
Increase in judicial deposits	(6.7)	(1.1)	(16.0)	(12.3)
Interest paid on borrowings	(1.0)	(1.2)	(12.2)	(16.4)
IRPJ and CSLL paid	-	0.7	(2.7)	0.9
Net cash provided by (used in) operating activities:	**89.8**	**90.8**	**191.6**	**292.1**
	-	-	-	-
CAPEX (Ex-Acquisitions)	**(32.6)**	**(59.5)**	**(76.3)**	**(127.5)**
Operational Cash Flow:	**57.2**	**31.3**	**115.3**	**164.6**
Other investing activities:	**(2.2)**	**(946.7)**	**(33.7)**	**(952.4)**
Acquisitions	-	(937.2)	(26.9)	(938.0)
Amortization of funding costs (IFC and bonds)	0.1	0.1	0.5	0.4
Net book amount of property and equipment written-off	(0.1)	(0.9)	(0.3)	(1.0)
Investment/loan to subsidiaries	(1.1)	0.3	(0.3)	0.3
Commitments payable	(1.2)	(8.9)	(6.7)	(14.2)
Net cash provided by (used in) investing activities	**55.1**	**(915.4)**	**81.6**	**(787.8)**
Cash flows from financing activities:	**8.9**	**531.6**	**584.0**	**489.8**
Capital increase	9.4	25.0	640.5	42.4
Dividends	(0.0)	(0.0)	(26.1)	(58.0)
Goodwill adjustment in share subscription	-	493.7	-	498.9
Expenditure on issuance of shares	(0.3)	-	(24.0)	-
Net increase in borrowings	(0.1)	12.9	(6.5)	6.6
Net cash provided by (used in) financing activities	**64.2**	**(383.6)**	**665.6**	**(297.8)**
	-	-	-	-
Cash and cash equivalents at the beginning of the period	**741.9**	**868.9**	**140.5**	**783.2**
Increase in cash and cash equivalents	64.2	(383.6)	665.6	(297.8)
Cash and cash equivalents at the end of the period	**806.1**	**485.4**	**806.1**	**485.4**

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 this year. 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.

Exhibit II – Student Base Evolution

On-Campus Evolution (Undergraduate)

'000	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Students - Starting balance	**209.9**	**253.9**	**233.6**	**259.2**	**239.4**	**302.8**	**280.9**
(+/-) Acquisitions in the last 12 months (until 2Q)	-	3.6	-	-	(0.9)	(0.9)	(0.9)
(-) Graduates	(14.7)	-	(13.8)	-	(12.5)	-	(13.8)
Renewable Base	**195.2**	**257.5**	**219.8**	**259.2**	**226.0**	**301.9**	**266.2**
(+) Enrollments	85.3	-	63.8	-	105.7	-	67.5
(-) Dropouts	-	(23.9)	-	(20.7)	-	(21.9)	-
(-) Not Renewed	(26.6)	-	(24.4)	-	(29.8)	-	(30.4)
Students - same shops	**253.9**	**233.6**	**259.2**	**238.5**	**301.9**	**280.0**	**303.3**
(+) Acquisitions in the last 12 months (until 3Q)	-	-	-	0.9	0.9	0.9	10.2
(+) UniSEB (on-campus undergraduate)	-	-	-	-	-	-	2.2
Students - Ending Balance	**253.9**	**233.6**	**259.2**	**239.4**	**302.8**	**280.9**	**315.7**

Notes:
In 2Q13, we include the 3,600 students from FACITEC in the same-shop student base.
ASSESC (900 students) was acquired in 4Q13.
UniSEB (2,200 students), IESAM (4,500 students) and Literatus (4,800 students) were acquired in 3Q14.

Distance-Learning Evolution (Undergraduate)

'000	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Students - Starting Balance	**46.1**	**59.4**	**54.0**	**63.1**	**55.5**	**73.0**	**66.6**
(-) Graduates	(0.2)	(0.9)	(1.0)	(0.4)	(1.7)	(0.8)	(2.4)
Renewable Base	**45.9**	**58.5**	**53.0**	**62.7**	**53.8**	**72.2**	**64.2**
(+) Enrollments	23.8	6.9	20.8	6.0	29.0	7.6	27.0
(-) Dropouts	(10.3)	(11.4)	(10.7)	(13.2)	(9.8)	(13.2)	(12.8)
Students - same shops	**59.4**	**54.0**	**63.1**	**55.5**	**73.0**	**66.6**	**78.4**
(+) UniSEB (distance learning undergraduate)	-	-	-	-	-	-	27.3
Students - Ending Balance	**59.4**	**54.0**	**63.1**	**55.5**	**73.0**	**66.6**	**105.7**

Note:
UniSEB (27,300 students) was acquired in 3Q14.

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 3Q14 with 469,000 undergraduate, graduate and distance-learning students enrolled in its nationwide educational network, which now operates in 21 states, as well as the Federal District, following the acquisitions in recent years, as shown in the maps below.