
Estácio
EARNINGS RELEASE 3Q18

DISCLAIMER

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Rio de Janeiro, November 7, 2018 - **Estácio Participações S.A.,** one of the largest private organizations in the higher education industry in Brazil presents its **results for the third quarter of 2018.**

The Company's financial information is presented based on the consolidated figures, in Brazilian Reais, pursuant to Brazilian Corporate Law, the accounting practices adopted in Brazil (BRGAAP) and International Financial Reporting Standards (IFRS), unless otherwise stated. **Comparisons refer to the third quarter of 2017 (3Q17), unless otherwise stated** and were not reviewed by the audit.

This document may contain forward-looking statements, which are not based on historical facts, and reflect Management's beliefs and expectations. These forecasts express their opinion only on the date they were made and the Company does not required to update them.

EARNINGS CONFERENCE CALL:

November 8, 2018 11:00 a.m. (BRT) | 8:00 a.m.(EST)

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Click here to access the WebCast

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We ended the quarter with a base of 531,000 students, flat over the same period in 2017. Excluding the FIES student base, our base grew by 6.9%. In the distance-learning segment, the base grew by 18.5% in 2018 to 212,000 students. This segment currently accounts for 40% of the total base.

In the third quarter we were once again one of Brazil's largest distance-learning operators, significantly increasing student enrollment and retention, even in a still challenging macroeconomic scenario, a tougher competitive environment and the decline of the FIES program. These factors led to a negative performance of the on-campus student base, which fell by 9.5%, and a deterioration in the last intake period, which was mitigated by the performance of the distance-learning segment. **Despite the above-mentioned challenging scenario, we were able to ensure the resilience of our operation and record operating and financial improvements**.

The profitability indicator, as measured by average ticket, slightly improved with the 13% YoY increase in the on-campus segment and 18% in the distance-learning segment. It is worth noting the efforts in terms of student retention, which remained flat over the first half of 2018, both in the on-campus segment (85%) and the distance-learning segment (81%).

The Company continues improving its financial indicators. The first highlight is net revenue, which moved up by 5.5% on the same period in 2017, due to a more conservative pricing approach, student retention initiatives and the performance of the distance-learning segment.

Costs remained under strong control, with a 9%YoY reduction and boosting Adjusted EBITDA growth by 26%, to R$283 million in 3Q18. The Adjusted EBITDA margin continued improving and reached 33%, compared to the 28% recorded in 3Q17 and 27% in 3Q16. **Regarding the last line, Net Income totaled R$194 million, 30% up on the same period in 2017.**

At the end of September, we began the 2019.1 enrollment campaign. We believe that we have operating conditions to capture a possible improvement in the macroeconomic scenario and mitigate the decline in the number of FIES students. Programs started in 2018, such as Pricing, Loyalty, Credit&Collection and Strategic Sourcing will be crucial to our operation in 2019.

Last but not least, we call attention to the discipline regarding the use of cash. We ended the quarter with R$771 million in cash and a net debt/EBITDA ratio of -0.3 times. Excluding the FIES (PN23), the EBITDA to CASH conversion reached 63% in 9M18 and 97% in 3Q18.

Our cash was primarily invested in the share buyback program and Capex. The Company is analyzing other ways to use cash, such as the reinforcement of student financing programs and growth through mergers and acquisitions.

The Board of Directors approved on November 7th, **the extraordinary distribution of interim dividends, totaling R$400 millions**.

Pedro Thompson | CEO

HIGHLIGHTS

Estácio

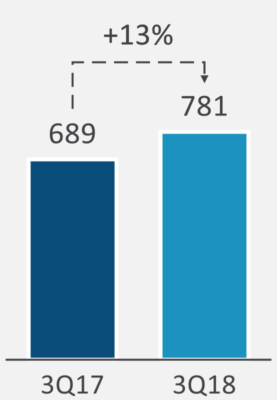
3Q18

Financial Indicators (R$ MM)	3Q17	3Q18	Δ%
Net Revenue	**808.1**	**852.9**	**5.5%**
Gross Income	**406.5**	**487.3**	**19.9%**
Gross Margin	*50.3%*	*57.1%*	*6.8 p.p.*
Adjusted EBITDA (1)	**224.5**	**282.8**	**26.0%**
Adjusted EBITDA Margin (1)	*27.8%*	*33.2%*	*5.4 p.p.*
Net Income	**149.3**	**194.3**	**30.2%**
Net Margin (%)	*18.5%*	*22.8%*	*4.3 p.p.*

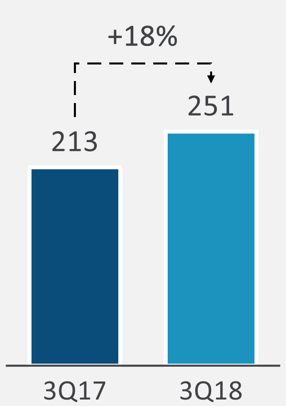
Student Base (thousand)	3Q17	3Q18	Δ%
Total	**531.1**	**531.0**	**0.0%**
Total Non-FIES	**436.2**	**466.3**	**6.9%**
Total On-Campus	352.2	318.7	-9.5%
Non-FIES On-Campus Undergrad.	223.8	223.0	-0.3%
Total Distance-Learning	178.9	212.2	18.6%

- The **student base** remained flat over 3Q17, totaling 531,000 students. Excluding the FIES base, it increased by 6.9% over the same period in 2017. We highlight the 18.6% increase in the **distance-learning** base and the **retention rate,** which reached 85.0% in the on-campus segment and 80.8% in the distance-learning segment.
- The YoY on-campus **average ticket** increased by 13% in 3Q18, to R$780.9, while the YoY distance-learning average ticket moved up by 18%, to R$250.8.
- **Net operating revenue** totaled R$852.9 million, 5.5% up on 3Q17.
- **Adjusted EBITDA** totaled R$282.8 million, 26% up on 2017, with an **EBITDA margin** of 33.2%, 5.4 percentage points more than in 3Q17.
- **Subsequent Event:** Approval of a R$400 million (R$1.3328/share) intermediate dividend distribution.

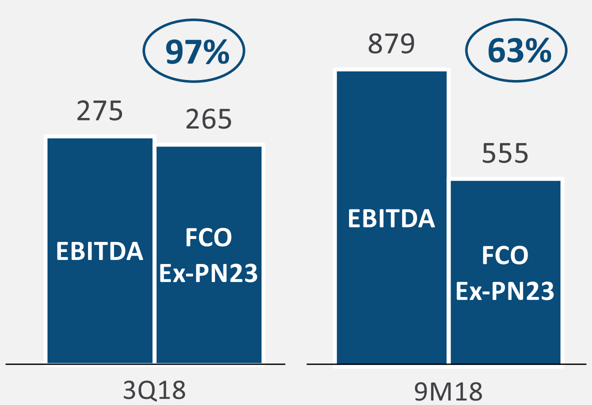
On-Campus Average Ticket (R$)



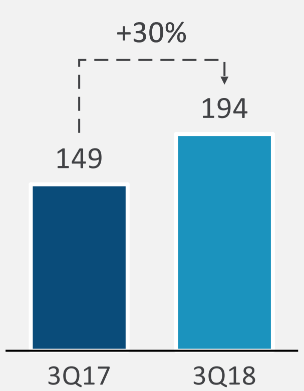
Distance-Learning Average Ticket (R$)



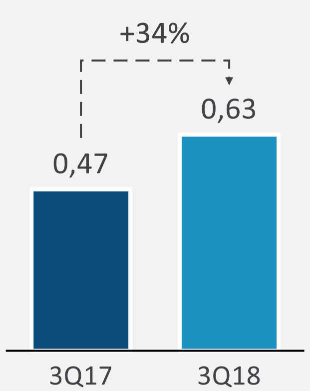
OCF/EBITDA Cash Conversion (2) (R$ MM)



Net Income (R$ MM)



Earnings per Share (R$)



(1) Adjustment of R$8,250 thousand to non-recurring advisory expenses in 3Q18, and R$900 thousand to one-off expenses with M&A in 3Q17.

(2) Excluding the FIES PN23 installment: R$ ~ 167MM (3Q17) and R$ ~ 342MM (3Q18)

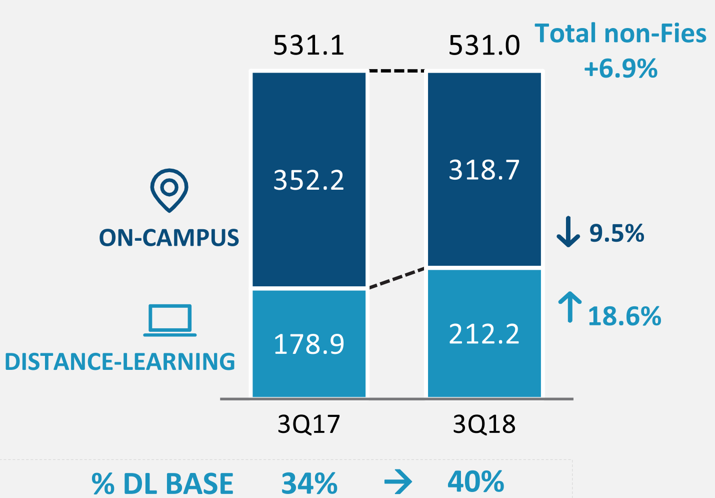
STUDENT BASE

On-campus (thousand)	3Q17	3Q18	Δ%
Total On-Campus	**352.2**	**318.7**	**-9.5%**
Undergraduate	**318.7**	**287.7**	**-9.7%**
Out-of-pocket	211.7	207.6	-1.9%
FIES	94.9	64.7	-31.9%
PAR	12.1	15.4	27.6%
Total On-Campus DIS [a]	N.A.	*70.4*	N.A.
Undergraduate non-FIES	**223.8**	**223.0**	**-0.3%**
Graduate	**33.5**	**31.0**	**-7.4%**
Own	22.2	17.5	-21.0%
Partnerships	11.3	13.5	19.2%

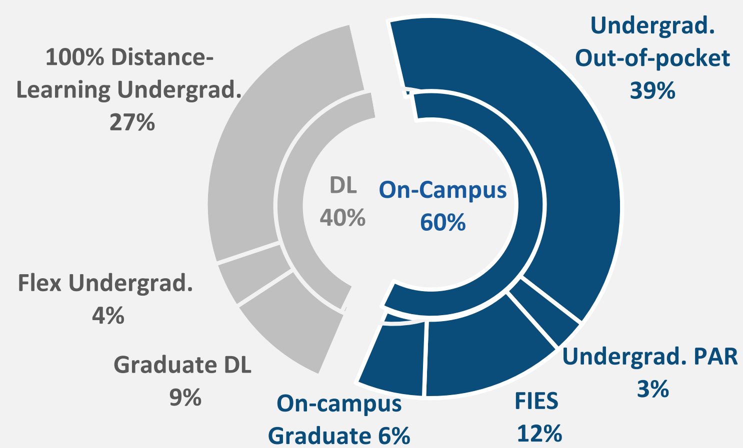
Distance-learning (thousand)	3Q17	3Q18	Δ%
Total Distance-Learning	**178.9**	**212.2**	**18.6%**
Undergraduate DL+ Flex	**134.7**	**162.5**	**20.7%**
Total DL DIS [b]	N.A.	73.1	N.A.
100% Distance-Learning	118.7	140.9	18.7%
DIS	N.A.	*62.2*	N.A.
Distance-Learning – Flex	15.9	21.6	35.5%
DIS	N.A.	*10.9*	N.A.
Graduate	**44.3**	**49.7**	**12.3%**
Own	17.6	18.9	7.4%
Partnerships	26.6	30.8	15.6%

Total (thousand)	3Q17	3Q18	Δ%
Total Student Base	**531.1**	**531.0**	**0.0%**
Total non-FIES	**436.2**	**466.3**	**6.9%**
Undergraduate	**453.4**	**450.2**	**25.7%**
Total DIS [a + b]	N.A.	143.5	N.A
Graduate	**77.8**	**80.8**	**3.8%**
Own	39.8	36.4	-8.4%
Partnerships	38.0	44.3	16.7%

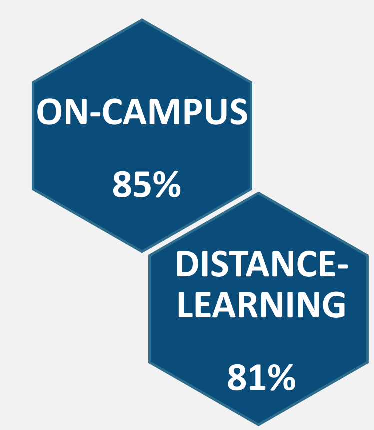
Total Student Base (thousand)



Student Base per Segment



Retention Rate

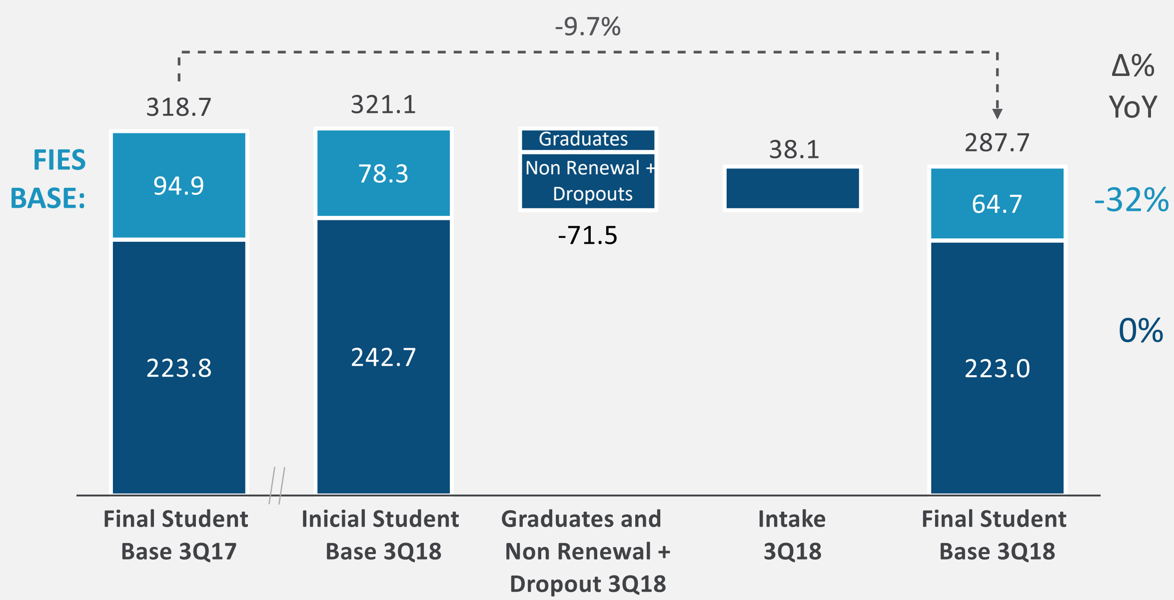


The expansion of distance-learning centers is one of Estácio's strategic priorities and has been the Company's main growth drivers.

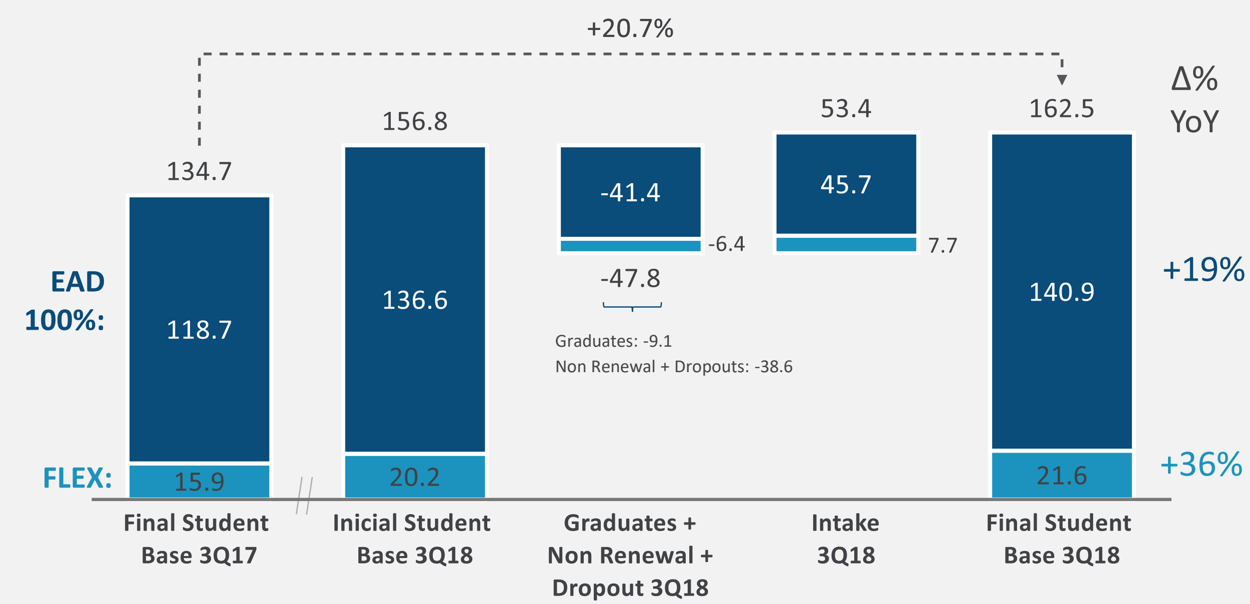
Estácio is authorized to open up to 350 new centers per year, due to its academic performance.

CHANGES IN THE UNDERGRADUATE BASE (1/2)

ON-CAMPUS UNDERGRADUATE (thousand)



DISTANCE-LEARNING UNDERGRADUATE (thousand)



The **on-campus undergraduate** base totaled 287,700 students at the close of 3Q18, 9.7% less than in 3Q17, due to the 32% decline in the FIES student base.

Excluding total FIES students, the on-campus undergraduate student base remained flat on 3Q17.

We continue focusing on the quality of students enrolled and retention policies. **The on-campus retention rate came to 85% in 3Q18,** in line with the rate presented in 1H18.

The **distance-learning undergraduate base** increased by 20.7% YoY in 3Q18 to 162,500 students, strongly influenced by the expansion of new distance-learning centers (more details on the Campuses/Centers section).

The highlight of the Distance-Learning segment was the Flex student base that increased by 36% YoY in 3Q18, to 21,600 students. The 100% Distance-Learning student base increased by 19% on 3Q17, to 140,900 students. **The retention rate of the distance-learning segment was 81% in 3Q18**, and, similarly to the on-campus segment, remained in line with the rate presented in 1H18.

CHANGES IN THE UNDERGRADUATE BASE (2/2)

In thousands	3Q17 Intake	Initial 3Q18	Students Graduating	Dropout/Non-renewal	3Q18 Intake	Final 3Q18	Intake YoY
Undergraduate	**100.1**	**477.9**	**-29.8**	**-89.4**	**91.6**	**450.2**	**-8.5%**
On-Campus	**50.6**	**321.1**	**-20.7**	**-50.8**	**38.1**	**287.7**	**-24.6%**
FIES	2.4	78.3	-8.1	-6.6	1.0	64.7	-56.5%
PAR	5.1	15.3	N.A.	-4.2	4.3	15.4	-15.5%
Out-of-Pocket	43.1	227.4	-12.6	-32.0	32.8	207.6	-23.8%
DIS	*N.A.*	*62.0*	*N.A.*	*-20.9*	*29.4*	*70.4*	*N.A.*
100% DL + FLEX	**49.5**	**156.8**	**-9.1**	**-38.6**	**53.4**	**162.5**	**7.9%**
100% DL	42.6	136.6	-8.2	-33.2	45.7	140.9	7.4%
DIS	*N.A.*	*45.0*	*N.A.*	*-19.9*	*37.2*	*62.2*	-
FLEX DL	7.0	20.2	-0.9	-5.5	7.7	21.6	11.0%
DIS	*N.A.*	*7.5*	*N.A.*	*-3.3*	*6.6*	*10.9*	*N.A.*
Total DIS	N.A.	114.5	N.A.	-44.1	73.1	143.5	N.A.

We enrolled 91,600 students in the **undergraduate segment** in 3Q18, 8.5% less than in the same period in 2017.

In the **On-Campus segment**, 3Q18 intake was 24.6% lower than in 3Q17, essentially due to the challenging macroeconomic scenario and the aggressive discount policy used by competitors in many locations. Estácio preferred to maintain a more severe discount policy in order to ensure a profitable student base.

In the **Distance-Learning segment**, intake was 7.9% higher than in 3Q17, boosted by the 11.0% intake growth in the **FLEX segment** and the introduction of new centers and offers in the last 12 months.

Intake Analysis	2018.1	3Q17	3Q18
% PAR / On-campus undergrad. Intake	9.8%	10.1%	11.3%
% FIES / On-campus undergrad. Intake.	2.1%	3.2%	2.7%
% DIS / Total Intake	76.9%	N.A.	79.9%

With regards to our financing products, **PAR** accounted for 11.3% of the intake in the on-campus undergraduate segment, increasing its share over 3Q17.

FIES, on the other hand, reduced its share to 2.7% of total intake, accounting for 22.5% of the on-campus undergraduate segment, a decrease compared to the 29.8% posted in 3Q17.

DIS accounted for 80% of the quarter intake.

Retention Rate[1]	2018.1	3Q17	3Q18
On-campus Undergraduate	85.0%	86.8%	85.0%
Distance-learning Undergraduate	80.9%	80.3%	80.8%

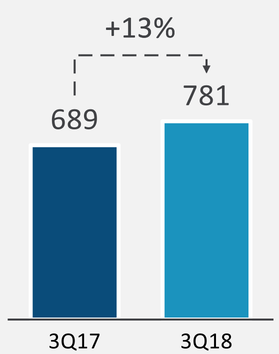
The **85% retention rate of the on-campus segment** remained flat over 1H18. Compared to 3Q17, it was impacted by the decline in the quarter intake and the reduction in the number of FIES students, which historically have low dropout rates.

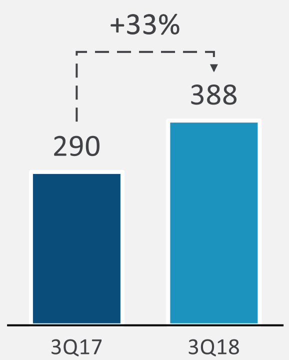
The retention rate in the distance-learning segment came to 80.8%, a 0.5 p.p. increase on 3Q17.

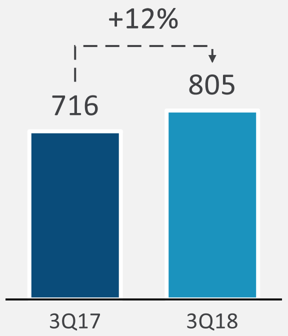
(1) Retention Rate: [1 – ((dropout students + students who did not renew) / (renewable student base : initial student base – students graduating + enrolled))]

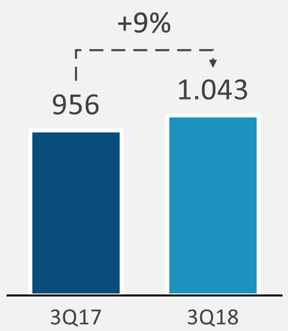
ON-CAMPUS AVERAGE TICKET

	Total On-Campus [1]			Graduate [1]			Undergraduate			PAR Undergraduate		
	3Q17	3Q18	Δ%	3Q17	3Q18	Δ%	3Q17	3Q18	Δ%	3Q17	3Q18	Δ%
Student Base (thousand) [a]	340.9	305.2	-10.5%	22.2	17.5	-21.0%	318.7	287.7	-9.7%	12.1	15.4	27.6%
Net Revenue (R$ MM) [b]	704.2	715.0	1.5%	19.3	20.4	5.5%	684.9	694.6	1.4%	34.7	48.3	39.2%
Average Ticket (R$) ([b]*1000) / 3 / [a]	**688.7**	**780.9**	**13.4%**	**290.3**	**387.5**	**33.5%**	**716.4**	**804.8**	**12.3%**	**955.9**	**1.042.6**	**9.1%**









Undergraduate: average ticket increased by 12.3% on 3Q17, to R$804.8, mainly due to the DIS, the aggressive price policy and the adjustment of senior students' monthly tuition fees, in line with the inflation of Company costs.

Graduate: impacted by the competitive scenario, the segment was able to leverage ticket in order to maintain the product margin (+33.5%).

PAR Undergraduate: recorded a 9.1% increase in 3Q18 on 3Q17, also due to the adjustment to monthly tuition fees.

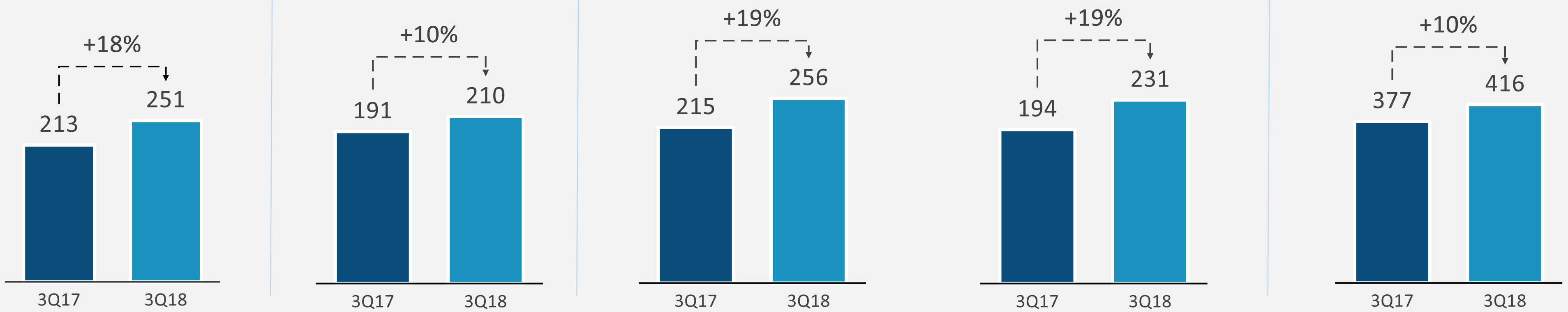
The Company continues avoiding price war and excessive discounts and remain focused on maintaining the base with student loyalty initiatives and retention programs, in addition to creating new offers (+198 in the health, exact and engineering areas).

In spite of the strong growth of the distance-learning student base, on-campus education should remain relevant as there are more than 40 important courses that do not offer distance-learning programs, totaling 50% of the total undergraduate base, such as agribusiness, architecture, design (interior, fashion and graphic), law, nursing, engineering (computing, oil, telecom, mechanics and chemistry), physiotherapy, journalism, medicine, veterinary, dentistry, advertising, international relations, theater and tourism, among others.

[1] Excludes the graduate segment's students and revenue from partner institutions not to distort the analysis.

DISTANCE LEARNING AVERAGE TICKET

	Total DL			Graduate [1]			Undergraduate [1+2]			Undergraduate 100% [1]			Undergraduate Flex [2]		
	3Q17	**3Q18**	**Δ%**	**3Q17**	**3Q18**	**Δ%**	**3Q17**	**3Q18**	**Δ%**	**3Q17**	**3Q18**	**Δ%**	**3Q17**	**3Q18**	**Δ%**
Student Base (thousand) [a]	152.3	181.4	19.1%	17.6	18.9	7.4%	134.7	162.5	20.7%	118.7	140.9	18.7%	15.9	21.6	35.4%
Net Revenue (R$ MM) [b]	97.1	136.5	40.5%	10.1	11.9	18.0%	87.0	124.6	43.2%	69.0	97.6	41.5%	18.0	26.9	49.6%
Average Ticket (R$) ([b]*1000) / 3 / [a]	**212.6**	**250.8**	**18.0%**	**191.3**	**210.1**	**9.8%**	**215.4**	**255.5**	**18.6%**	**193.7**	**231.0**	**19.2%**	**376.7**	**416.1**	**10.5%**



100% Undergraduate: increased by 19.2% YoY in 3Q18, to R$231. Estácio has been prioritizing the increase in net revenue without jeopardizing price with aggressive discounts and exemption of monthly fees. The strategy continues focused on expanding centers and student base, and reviewing prices per region, courses and classes.

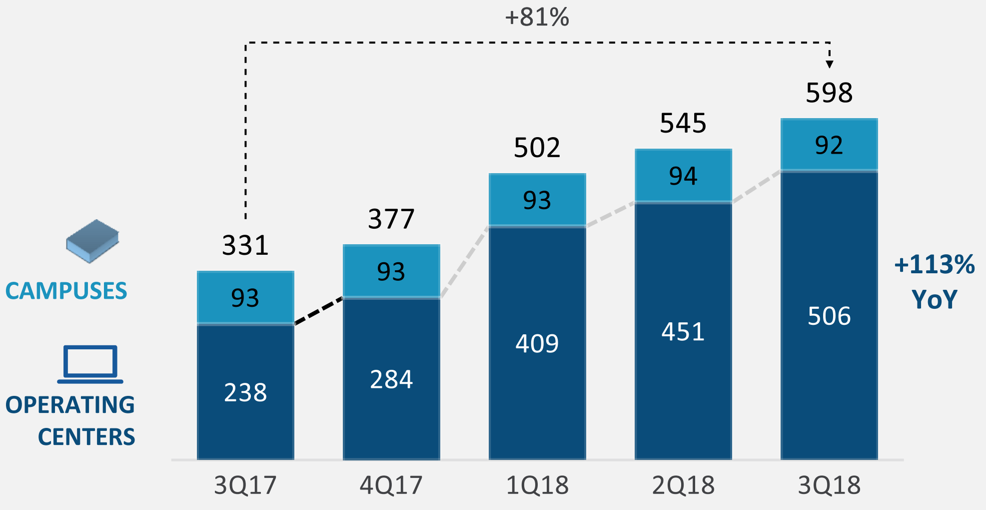
Flex Undergraduate: average ticket totaled R$416.1 in 3Q18, 10.5% up on the same period in 2017. Flex aligns on-campus programs and labs with the flexibility of distance-learning courses. The growth in Flex is an important mechanism to increase revenue and is one of the reasons for the 18% upturn in total distance-learning ticket.

In the **Distance-Learning Graduate** segment, the increase was 9.8%, totaling R$210.1, due to adjustments to monthly tuition fees.

[1] Excludes the graduate segment's students and revenue from partner institutions not to distort the analysis.

CAMPUSES / CENTERS & OFFERS

Total Campuses and Centers



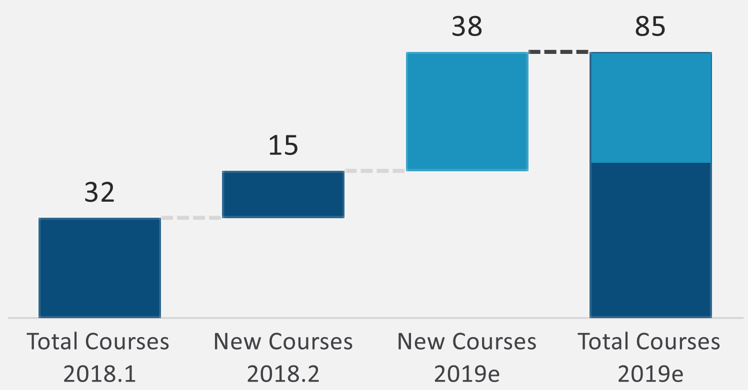
Units: Campuses and Centers

We continue significantly expanding the number of centers through partnerships. In addition to the 268 centers that became operational in 2018, more than 70 centers were in the activation phase at the close of the quarter.

In 3Q18, Estácio increased its penetration to +149 new cities.

In the **on-campus** segment, despite the merger of seven campuses in the past 12 months, the Company opened three medicine campuses (as a result of the *Mais Médicos I program*), and three Greenfield units in São José do Rio Preto (SP), in Goiânia (GO) and Volta Redonda (RJ). We therefore close 3Q18 with 92 units.

New Distance-Learning Courses



New Courses and Offers [1]

In 2018 we expanded the number of on-campus courses, mainly in the health area, offering more than 138 new programs, and in the exact and engineering area, with more than 60 programs.

In the distance-learning segment, approximately 7,000 new courses were offered, especially in the health, management and business areas. Additionally, 15 new courses were created (ex.: pharmacy, biomedicine, aesthetics and cosmetics, industrial production management)

[1] *Offers: combination of course x unit x shift x type of graduation program*

QUALITY INDICATORS

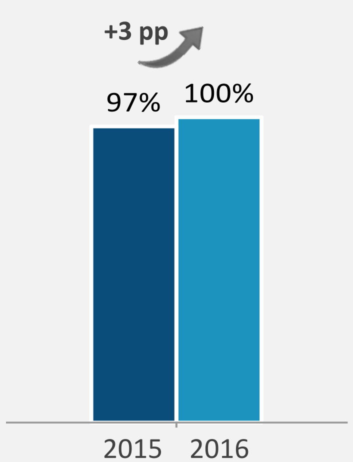
One of Estácio's main pillars is quality teaching, which directly contributes to student satisfaction, as well as to brand strengthening and our growth strategy, as education institutions graded 3, 4 or 5 in the institutional concept have priority in the MEC processes and more autonomy to offer new courses and open new distance-learning centers.

This quarter we disclosed the 2017 ENADE and IDD results. In 2017, the IT, Engineering and Teaching degree courses were evaluated. We stood out on ENADE in comparison with our competitors, with 58% of the courses with satisfactory grade. Regarding the **IDD**, we **improved by 12 p.p.** over the last result disclosed in 2014, reaching 82%. The improved result is in line with the other evaluations disclosed in 2016 (health courses) and 2015 (humanities). The highlight this year was the **grade attributed to the Distance-Learning segment: 95%,** placing Estácio as one of the best companies in this modality. Additionally, Estácio was the only company among its peers with grades 4 and 5 in the Distance-Learning segment.

We also highlight the disclosure of the **2017 Folha University Ranking,** where Estácio is among the **ten best private universities in nine modalities.**

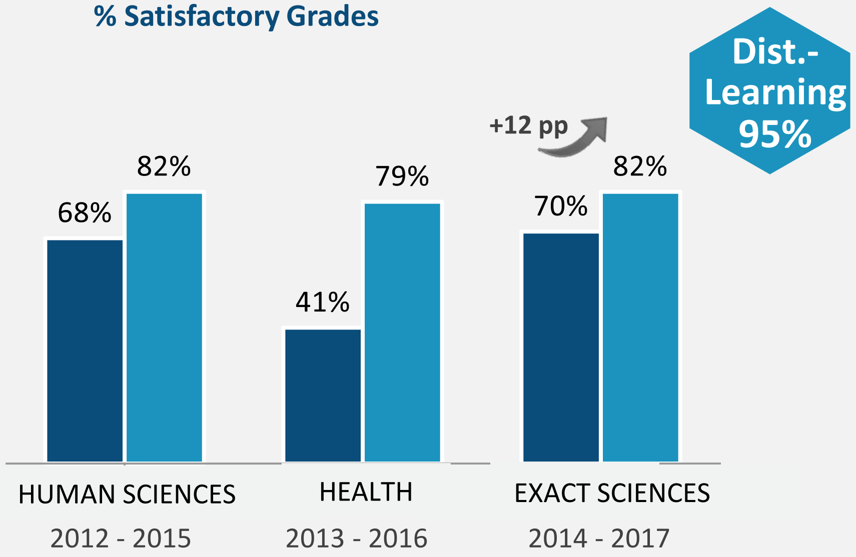
IGC – General Course Index

% Satisfactory Grades



IDD: Performance Difference Indicator (ENEM x ENADE)

% Satisfactory Grades



ENADE 2017 versus Market

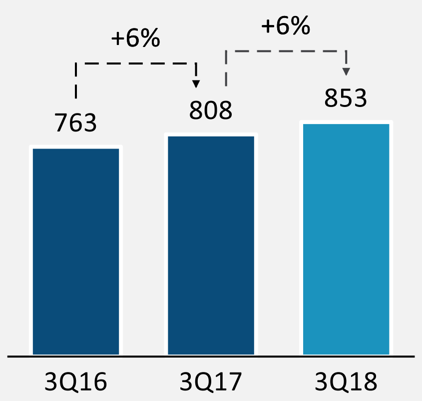
Courses with satisfactory grade (3, 4 and 5)

Grade	1	2	3	4	5
Player 1	2%	79%	16%	3%	0%
Estacio	3%	38%	42%	16%	0%
Player 3	1%	62%	33%	5%	0%
Player 4	0%	20%	59%	20%	1%

DEMONSTRAÇÃO DE RESULTADO

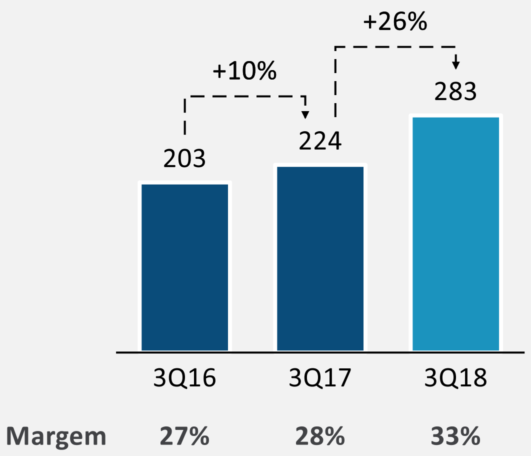
R$ MM	3Q17	3Q18	Δ%
Gross Operating Revenue	**1,335.1**	**1,400.3**	**4.9%**
Monthly Tuition Fees	1,323.4	1,391.1	5.1%
Others	12.2	9.2	-24.6%
Gross Revenue Deductions	(527.0)	(547.4)	3.9%
Net Operating Revenue	**808.1**	**852.9**	**5.5%**
Cost of Services	(401.6)	(365.6)	-9.0%
Gross Profit	**406.5**	**487.3**	**19.9%**
Gross Margin	*50.3%*	*57.1%*	*6.8 p.p.*
Selling Expenses	(97.5)	(118.4)	21.4%
General and Administrative Expenses	(138.3)	(137.8)	-0.4%
Other operating revenue/expenses	4.2	(3.9)	N.A.
EBIT	175.0	227.2	29.8%
EBIT Margin	*21.7%*	*26.6%*	*4.9 p.p.*
(+) Depreciation and amortization	48.6	47.4	-2.5%
EBITDA	**223.6**	**274.6**	**22.8%**
EBITDA Margin	*27.7%*	*32.2%*	*4.5 p.p.*
Net Income	**149.3**	**194.3**	**30.2%**
Net Margin	*18.5%*	*22.8%*	*4.4 p.p.*
Adjusted EBITDA [1]	**224.5**	**282.8**	**26.0%**
Adjusted EBITDA Margin [1]	*27.8%*	*33.2%*	*5.4 p.p.*

Net Revenue (R$ MM)

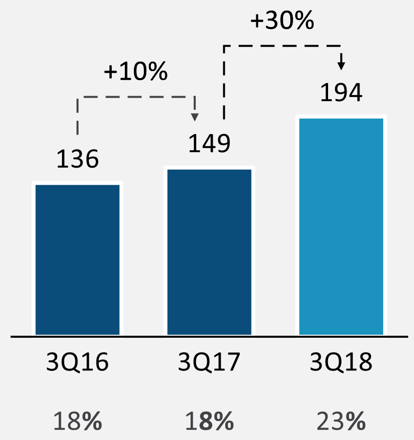


Gross Income (R$ MM)

Adjusted EBITDA (R$ MM)



Net Income (R$ MM)



[1] Adjustment of R$8,250 thousand to non-recurring advisory expenses in 3Q18, and R$900 thousand to one-off expenses with M&A in 3Q17.

OPERATING REVENUE

R$ MM	3Q17	3Q18	Δ%
Gross Operating Revenue	**1,335.1**	**1,400.3**	**4.9%**
Monthly Tuition Fees	1,323.4	1,391.1	5.1%
Others	12.2	9.2	-24.6%
Gross Revenue Deductions	**(527.0)**	**(547.4)**	**3.9%**
Discounts and Scholarships	(461.5)	(478.3)	3.6%
Taxes	(36.7)	(36.5)	-0.5%
FGEDUC	(22.8)	(19.3)	-15.4%
Adjustment to Present Value (APV) - PAR and DIS	(1.6)	(13.4)	737.5%
Other deductions	(4.4)	-	N.A.
Net Operating Revenue	**808.1**	**852.9**	**5.5%**

Net Operating Revenue totaled R$852.9 million in 3Q18, 5.5% up on 3Q17. This change was due to the R$67.7 million upturn in revenue from monthly tuition fees, due to the increase in average ticket and maintenance of retention rates.

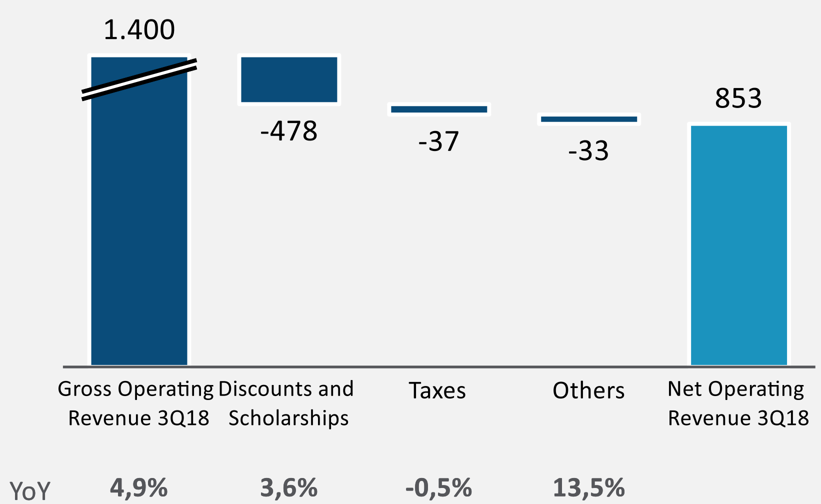
The improvement in revenue was partially impacted by the deductions line, as follows:

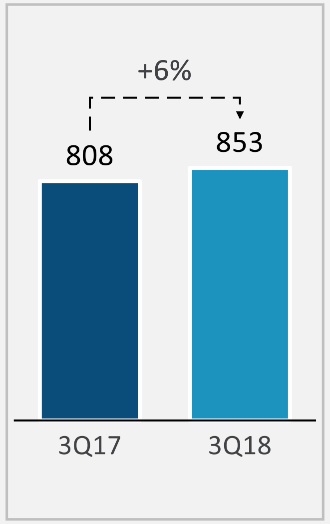
. R$16.8 million increase, or 3.6%, in discounts and scholarships after the change in the Company's pricing strategy;

. R$11.8 million increase, due to the adjustment to present value of PAR, a program that has significantly expanded since 3Q17, and the Solidarity Dilution Program (DIS) that did not exist in 3Q17;

The "Other deductions" line, composed of the transfer to distance-learning partner centers, was reclassified to "Others" under Cost of Services in 2018.

Net Revenue (R$ MM)





COST OF SERVICES AND GROSS PROFIT

Em R$ Milhões	3Q17	3Q18	Δ%
Net Operating Revenue	**808.1**	**852.9**	**5.5%**
Cost of Services	**(401.6)**	**(365.6)**	**-9.0%**
Personnel[1]	(288.4)	(253.4)	-12.1%
Rents, condominiums and municipal property tax	(62.1)	(59.3)	-4.5%
Third-party services	(15.5)	(13.6)	-12.3%
Electricity, water, gas and telephone	(9.0)	(8.8)	-2.2%
Others	(2.5)	(6.9)	176.0%
Depreciation and amortization	(24.0)	(23.6)	-1.7%
Gross Profit	**406.5**	**487.3**	**19.9%**
Gross Margin	*50.3%*	*57.1%*	*6.8 p.p.*
Cost of Services (% Net Revenues)	-49.7%	-42.9%	6.8 p.p.
Personnel (% Net Revenues)	-35.7%	-29.7%	6.0 p.p.

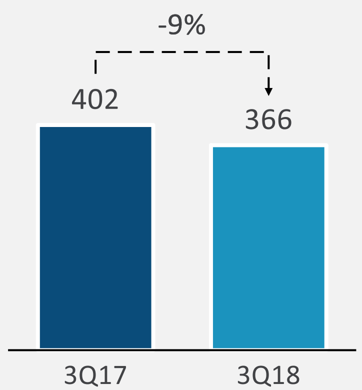
Third-quarter **cost of services** accounted for 42.9% of the net operating revenue, a 6.8 p.p. margin gain on 3Q17, a decrease of R$36 million.

. Personnel cost fell by R$35 million due to the new faculty career plan, the higher sharing of disciplines and other ongoing initiatives, such as the alternative route, increased offer of equivalent disciplines and offer of probation classes.

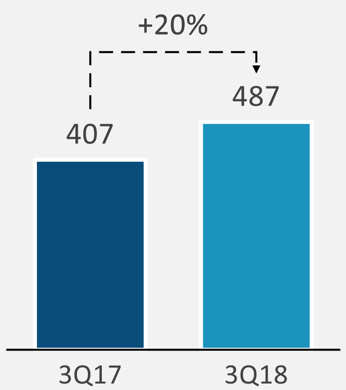
. Rental and third-party services fell by R$4.7 million, due to the first initiatives of the strategic sourcing project, which is detailed in the coming pages.

In 3Q18, **gross profit** accounted for 57.1% of net operating revenue. We remained focused on expanding the margin in order to acquire new efficiency gains with the implementation of important projects for the Company, as detailed in the next page.

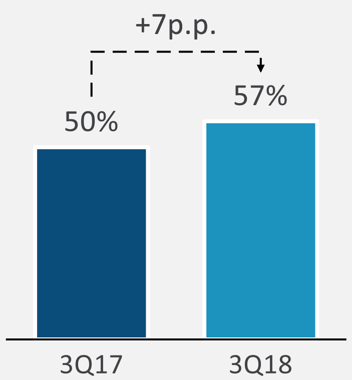
Cost of Services (R$ MM)



Gross Profit (R$ MM)



Gross Margin



[1] *Labor agreements and judgments, recorded as personnel costs and expenses in 2017, are recorded as general and administrative expenses under provision for contingencies in 2018.*

SELLING EXPENSES

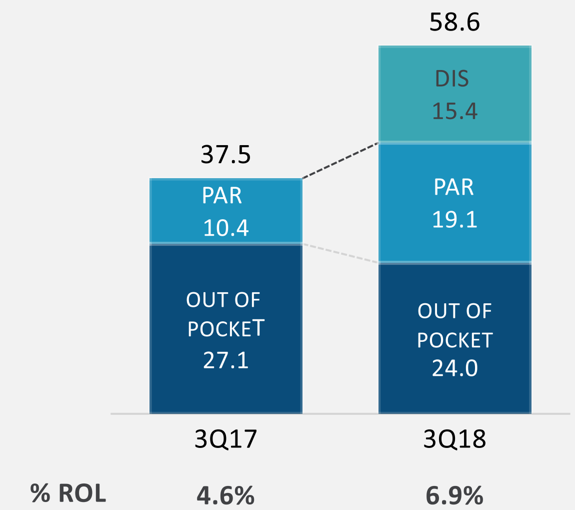
R$ MM	3Q17	2Q18	3Q18	Δ%
Selling Expenses	**(97.5)**	**(155.5)**	**(118.4)**	**21.4%**
PDA[1]	(37.5)	(120.1)	(58.6)	56.3%
Out-of-pocket	(27.1)	(86.2)	(24.0)	-11.2%
PAR	(10.4)	(14.8)	(12.9)	24.4%
PAR dropout not renegotiated	-	(10.8)	(6.2)	N.A.
DIS	-	(1.0)	(3.0)	N.A.
DIS dropout not renegotiated	-	(7.3)	(12.4)	N.A.
Advertising	(59.7)	(35.1)	(59.6)	-0.2%
FIES Provisioning	(0.3)	(0.3)	(0.2)	-33.3%
Selling Expenses (% NOR)	**12.1%**	**16.1%**	**13.9%**	**+1.8 p.p.**
PDA (% NOR)	4.6%	12.5%	6.9%	+2.2 p.p.
Advertising (% NOR)	7.4%	3.6%	7.0%	-0.4 p.p.

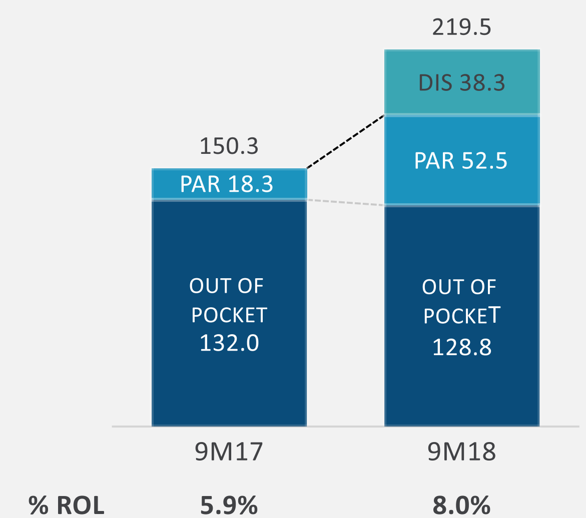
Selling expenses accounted for 13.9% of net operating revenue in 3Q18, a 1.8 p.p. increase on 3Q17, mainly due to the 2.2 p.p. increase in Allowance for Doubtful Accounts (PDA).

This increase is related to the change of the criteria to calculate PDA, as required by IFRS9 at the beginning of 2018, and the new products being offered by the Company: PAR, with more than 3,300 students in 3Q18 over 3Q17, and DIS, which is now offered in the 2018.1 intake cycle.

In addition to the provision on the long-term balance, Estácio completes the provision to 100% of the total balance receivable from dropout students. This criterion is more conservative in terms of non-recovery of past due amounts.

PDA - Quarter (R$)

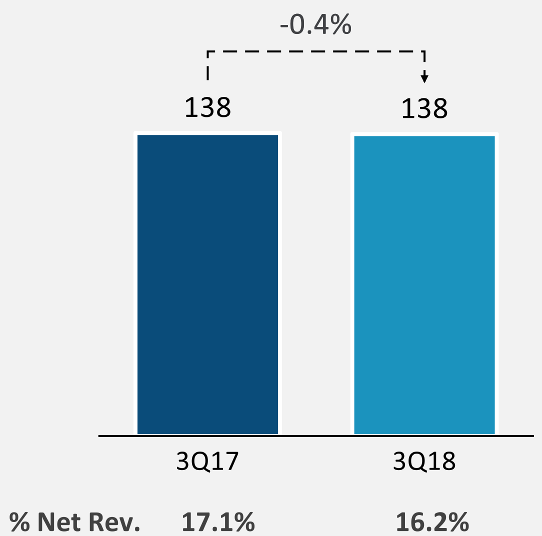




[1] Click here for further details on Accounts receivables and provisions

GENERAL AND ADMINISTRATIVE EXPENSES

R$ MM	3Q17	3Q18	Δ%
General and Administrative Expenses	**(138.3)**	**(137.8)**	**-0.4%**
Personnel	(40.9)	(42.1)	2.9%
Third-party services	(22.3)	(27.0)	21.1%
Provision for contingencies [1]	(23.7)	(20.7)	-12.7%
Maintenance and repair	(9.3)	(7.9)	-15.1%
Other	(17.5)	(16.4)	-7.3%
Depreciation and amortization	(24.6)	(23.8)	-3.3%
Other operating revenue/expenses	**4.2**	**(3.9)**	**N.A.**
G&A Expenses (% NOR)	**17.1%**	**16.2%**	**0.9 p.p.**



Third-quarter **general and administrative expenses** remain nearly in line with the same period in 2017. With regards to NOR, there was a gain of approximately 1.0 percentage point. The increase with advisory expenses in the quarter was basically offset by reduced expenditure with maintenance and repairs in the units and the reduction in provision for contingencies.

As mentioned in 2Q18, the Company is investing in four major projects to improve performance, which demands non-recurring expenses with third parties. In 3Q18, this amount came to R$8.3 million.

[1] Labor agreements and judgments, recorded as personnel costs and expenses in 2017, are recorded as general and administrative expenses under provision for contingencies in 2018.

EFFICIENCY PROJECTS

The Company implemented a few projects throughout the year focusing on operating efficiency in order to improve revenue and costs and expenses, especially as of 2019.

Pricing

- Higher granularity to define prices and revision of market variables
- Different approaches per offer depending on market features, performance, sensitivity and price
- Optimization of the discount and scholarship management model, driven by local information and flexible offers

REVENUE DRIVERS:

Implementation: beginning of 2019.1

Loyalty

- Reduce dropouts and improve student experience
- Implement an institutional program to welcome all freshmen
- Focus on students' journey (recruiting, performance and support)
- Cluster per student profile: Academic, financial and emotional vulnerability, and latecomers

REVENUE DRIVERS:

Amount already captured

Strategic Sourcing

- Optimization of 21 categories of the Company's global expenses
- Reduce both acquisition price and supplier base
- Improve quality and services delivered
- 17% of addressed expenses

COST/EXPENSE EFFICIENCY:

Amount already captured

>R$50 MM

Credit and Collection

- Increase the overdue credit recovery volumes
- Improve the management of collection firms
- Customize initiatives for each overdue profile

EXPENSE EFFICIENCY:

Amount already captured

>R$16 MM

EBITDA

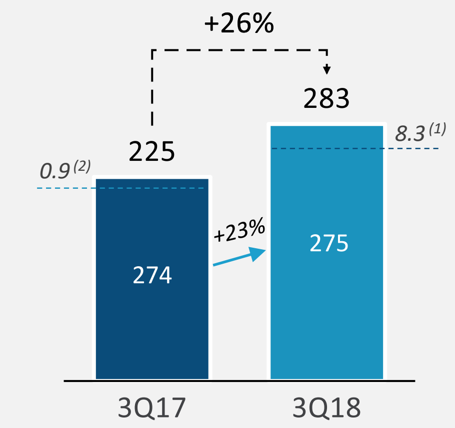
R$ MM	3Q17	3Q18	Δ%
Net Operating Revenue	**808.1**	**852.9**	**5.5%**
Costs and Expenses	(584.5)	(578.3)	-1.1%
EBITDA	**223.6**	**274.6**	**22.8%**
EBITDA Margin	*27.7%*	*32.2%*	*4.5 p.p.*
Non-recurring items:			
Consulting [1]	-	8.3	N.A.
M&A Expenses[2]	0.9	-	N.A.
Adjusted EBITDA	**224.5**	**282.8**	**26.0%**
Adjusted EBITDA Margin	*27.8%*	*33.2%*	*5.4 p.p.*

(1) Non-recurring consulting expenses in 3Q18; (2) Non-recurring expenses with M&A ongoing in 3Q17.

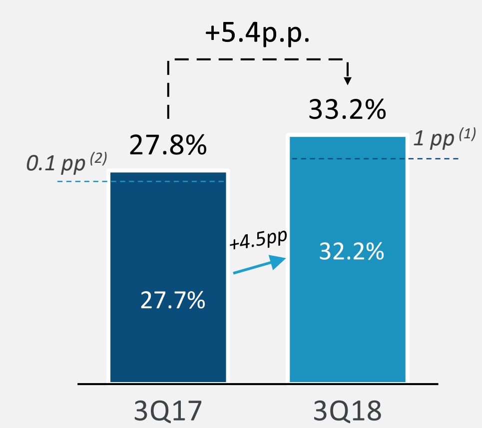
In 3Q18, Estácio **EBITDA** reached R$274.6 million, 22.8% up on the same period in 2017, due to the 5.5% increase in net revenue of the period and the improved management of costs and expenses. It is worth noting that personnel costs fell by approximately 12% YoY, as a result of the implementation of the new faculty career plan and the increase sharing of disciplines in the curriculum matrices. **EBITDA margin** reached 32.2%, 4.5 p.p. up on 3Q17.

In 3Q18, Estácio identified R$8.3 million in non-recurring consulting expenses for projects to increase performance. Excluding this one-off expenditure with third parties, **Adjusted EBITDA** totaled R$282.8 million, 26% up on 3Q17, with an **EBITDA margin** of 33.2%.

EBITDA Ajustado (R$ MM)



Margem EBITDA Ajustada



FINANCIAL RESULT and NET INCOME

R$ MM	3Q17	3Q18	Δ%
Financial Result	**(42.3)**	**(38.6)**	**-8.6%**
Financial Revenue	**37.1**	**24.7**	**-33.5%**
Fines and interest charged	8.1	11.1	37.1%
Investment income	16.9	10.9	-35.6%
Inflation adjustment & Others	12.1	2.7	-77.7%
Financial Expenses	**(79.3)**	**(63.3)**	**-20.2%**
Interest and financial charges	(36.1)	(20.4)	-43.3%
Financial discounts	(26.6)	(15.4)	-42.3%
Bank expenses	(3.7)	(10.5)	186.1%
Adjustment of contingencies & Others	(13.0)	(17.0)	31.2%

The third-quarter **financial result** totaled R$38.6 million, 8.6% down on 3Q17.

This result is basically due to the reduction in interest expenses and financial charges, due to the fall in the interest rate at which the debts are linked, in addition to the settlement of debt in the last year.

In addition, we had a reduction in the line of financial discounts, which reflects the aging of the campaigns to recover credits from defaulted students, carried out in the last year.

R$ MM	3Q17	3Q18	Δ%
EBITDA	**223.6**	**274.6**	**22.8%**
Financial Result	(42.3)	(38.6)	-8.7%
Depreciation and amortization	(48.6)	(47.4)	-2.5%
Profit before income tax and social contribution	**132.7**	**188.6**	**42.1%**
Income tax	12.6	4.5	-64.3%
Social contribution	4.0	1.2	-70.0%
Net Income	**149.3**	**194.3**	**30.2%**
Net Margin (%)	*18.5%*	*22.8%*	*4.3 p.p.*

In 3Q18, Estácio's **net income** came to R$194.3 million, accompanied with a margin gain of 4.3 p.p.

Regarding the third-quarter income tax and social contribution, the Actual ProUni Scholarship Occupancy Ratio (POEB) was recalculated considering average occupancy until 2H18, resulting in a tax benefit due to the period intake.

In 3Q17, these lines also benefitted from the recognition of deferred tax credits on tax losses of Estácio Participações, as a result of the adhesion to the Special Tax Regularization Program (PERT), which enabled the use of credits in subsidiaries.

ACCOUNTS RECEIVABLE

R$ MM	3Q17	2Q18	3Q18
Gross Accounts Receivable	**1,351.2**	**1,617.3**	**1,286.6**
Monthly tuition fees received from students	**409.6**	**721.4**	**757.1**
Out-of-Pocket	338.4	439.7	422.7
PAR (Dropout)	-	*14.7*	*20.9*
DIS (Dropout)	-	*7.3*	*19.7*
PAR	54.2	131.1	162.8
DIS	-	122.0	142.5
Educar Amazônia	-	4.8	4.8
Exchange Deals	17.0	23.7	24.3
FIES	**746.6**	**728.2**	**338.7**
Others	**195.3**	**167.6**	**190.7**
Net Accounts Receivable	**1,144.6**	**1,245.5**	**871.1**
PDA	**(176.8)**	**(320.0)**	**(346.6)**
Out-of-Pocket	*(158.6)*	*(254.2)*	*(264.3)*
PAR (Dropout)	-	*(14.7)*	*(20.9)* 1
DIS (Dropout)	-	*(7.3)*	*(19.7)* 2
PAR (50%)	(18.3)	(46.7)	(59.7) 3
DIS (15%)	-	(15.6)	(18.6) 4
Educar Amazônia – Long Term	-	(3.5)	(4.0)
Amounts to be identified	**(6.1)**	**(2.3)**	**(8.0)**
Adjustment to present value (APV)	**(23.7)**	**(49.4)**	**(60.8)**
APV FIES	(6.1)	-	-
APV PAR	(17.6)	(34.6)	(43.5)
APV EDUCAR	-	(0.3)	(0.3)
APV DIS	-	(14.6)	(17.0)

Third-quarter **gross accounts receivable** totaled R$1,286.6 million, 4.8% down on 3Q17, mainly due to the decrease in the FIES accounts receivable, after the receipt of the last installment of PN23. This decrease was mainly offset by the R$142.5 million upturn in the DIS accounts receivable, a campaign launched in 1Q18, and the R$108.6 million increase in the PAR accounts receivable, due to the increase in the student base.

The **net accounts receivable** totaled R$817.1 million, 23.9% down on 3Q17, chiefly due to the increase in the PDA, as a result of the provisioning rules of the new products.

PAR and DIS Reconciliation

PAR

R$ MM	3Q17	3Q18
Gross revenue paid in cash	**13.8**	**15.4**
Gross revenue paid in installments	**22.4**	**34.7**
Taxes – Revenue deductions	(1.5)	(1.8)
Adjustment to Present Value (APV) [1]	(1.6)	(8.9)
PDA (50% provisioning)	(10.4)	(12.9) Δ3
PDA non-renegotiated dropouts	-	(6.2) Δ1
PDA (% Net Revenues)	1.3%	2.2%

DIS

R$ MM	2Q18	3Q18
Gross revenue paid in cash	**4.0**	**5.4**
Gross revenue paid in installments	**47.7**	**73.8**
Taxes – Revenue deductions	(2.4)	(2.2)
Adjustment to Present Value (APV) [1]	(3.0)	(2.5)
PDA – (15% provisioning)	(1.0)	(3.0) Δ4
PDA non-renegotiated dropouts	(7.3)	(12.4) Δ2
PDA (% Net Revenues)	0.9%	1.8%.

[1] Restated installment payments based on the IPCA extended consumer price index, adjusted to present value in accordance with NTNB-2024.

AVERAGE RECEIVABLES DAYS

Average Receivables Days

R$ MM	3Q17	3Q18
Net Accounts Receivable	**1,144.6**	**871.1**
Annualized Net Revenue	3,337.4	3,590.8
Average Receivables Days	**123**	**87**

Non-FIES Average Receivables Days

R$ MM	3Q17	3Q18
Net Accounts Receivable Ex-APV	**1,150.6**	**871.1**
Accounts Receivable Non-FIES	404.3	532.4
Annualized Net Revenue Non-FIES	2,121.4	2,550.5
Non-FIES Average Receivables Days	**69**	**75**

FIES Average Receivables Days

R$ MM	3Q17	3Q18
FIES Accounts Receivable	**746.4**	**338.7**
FIES Revenue (LTM)	**1,369.9**	**1,133.9**
FGEDUC deductions (LTM)	(97.7)	(47.9)
Taxes (LTM)	(56.3)	(45.6)
FIES Net Revenue (LTM)	**1,216.0**	**1,040.4**
FIES Average Receivables Days	**221**	**117**

The **FIES average receivables days** came to 117 in 3Q18, due to the transfer of the last installment of PN23, of R$342.1 million.

Estácio's average receivables days totaled 87, 36 days lower than in the same period in 2017. Excluding the effect of FIES, our average receivables days came to 75, 6 more over 3Q17. The increase in **non-FIES average receivables days** was due to the growth in the PAR and DIS programs.

AGING AND CHANGES IN ACCOUNTS RECEIVABLE

Aging of Total Gross Accounts Receivable[1]

R$ MM	3Q17	AV	3Q18	AV
FIES	746.4	55%	338.7	26%
PRONATEC	8.7	1%	-	N.A.
Partner Centers	3.1	0%	-	N.A.
Not yet due	228.8	17%	574.7	45%
Overdue up to 30 days	75.7	6%	93.2	7%
Overdue from 31 to 60 days	42.4	3%	35.5	3%
Overdue from 61 to 90 days	7.3	1%	11.7	1%
Overdue from 91 to 179 days	89.1	7%	109.6	9%
Overdue more than 180 days	149.8	11%	123.2	10%
Gross Accounts Receivable	**1,351.2**	**100%**	**1,286.6**	**100%**

1 Note: The amounts overdue more than 360 days are written-off from Accounts Receivable up to the limit of the allowance for doubtful accounts

Aging of Agreements Receivable[2]

R$ MM	3Q17	AV	3Q18	AV
Not yet due	74.1	63%	43.9	50%
Overdue up to 30 days	10.3	9%	7.0	8%
Overdue from 31 to 60 days	5.5	5%	3.0	3%
Overdue from 61 to 90 days	3.4	3%	2.0	2%
Overdue from 91 to 179 days	8.6	7%	8.4	10%
Overdue more than 180 days	16.2	14%	24.0	27%
Agreements Receivable	**118.1**	**100%**	**88.3**	**100%**
% over non-FIES Gross Accounts Receivable	**20%**	**-**	**9%**	**-**

2 Note: Excludes credit card agreements

FIES: Changes of Accounts Receivable

R$ MM	3Q17	3Q18	Δ%
Opening balance	**589.2**	**581.1**	**-1.4%**
FIES revenue	310.7	244.1	-21.4%
Transfer	(133.2)	(468.8)	251.9%
Provision for FIES	(22.9)	(19.3)	-15.7%
Adjustment of accounts receivable	1.3	-	N.A.
Closing Balance	**745.1**	**337.1**	**-54.8%**

FIES: Changes of Accounts Offsetable

R$ MM	3Q17	3Q18	Δ%
Opening balance	**338.3**	**147.2**	**-56.5%**
Transfer	133.2	468.8	251.9%
Payment of taxes	(47.6)	(70.5)	48.0%
Buyback in auctions	(422.7)	(543.8)	28.7%
Closing balance	**1.3**	**1.6**	**27.8%**

CAPITAL STRUCTURE & CAPEX

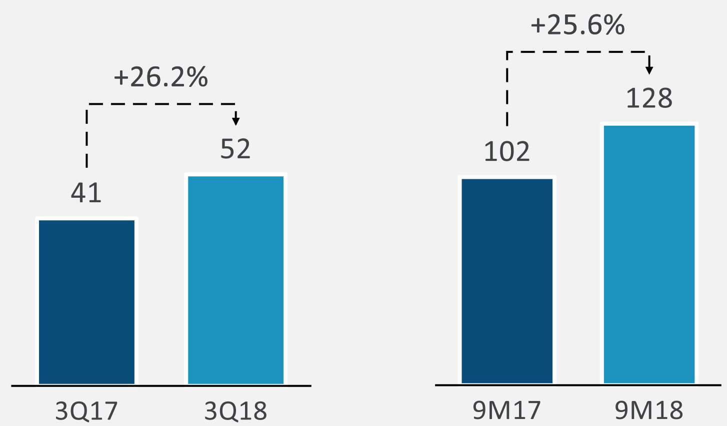
R$ MM	3Q17	3Q18	Δ%
Cash and cash equivalents [a]	**709.5**	**770.6**	**8.6%**
Indebtedness [b]	**(966.4)**	**(494.1)**	**-48.9%**
Loans	(856.4)	(428.1)	-50.0%
Commitments payable (Acquisitions)	(93.7)	(55.1)	-41.2%
Taxes paid in installments	(16.3)	(10.9)	-33.1%
Net Debt [b-a]	**(256.9)**	**276.5**	**-207.7%**
Net Debt/ EBITDA (Annualized)	**0.3x**	**-0.3x**	**-**

Cash and cash equivalents totaled R$770.6 million on September 20, 2018, invested in fixed-income instruments pegged to the CDI interbank rate, government bonds and certificates of deposit with top-tier Brazilian banks.

Gross debt fell nearly 50% over the same period in 2017. Accordingly, our net cash came to R$276.5 million and the net debt/EBITDA ratio was -0.3x.

The Company received R$342.1 million from the government from the last installment of the FIES (PN23).

R$ MM	3Q17	3Q18	Δ%
Total CAPEX	**41.3**	**52.1**	**26.2%**
Buildings and improvements	11.1	17.4	57.8%
Furniture, machinery, equipment and fixtures	4.2	9.0	113.5%
Software	11.0	16.8	52.9%
Others	15.0	8.9	-40.8%



CAPEX / NET REV. 5.1% 6.1% 4.0% 4.6%

Estácio's CAPEX totaled R$52.1 million in 3Q18, 26.2% up on 3Q17, essentially due to higher investments in software and the maintenance of our units.

BALANCE SHEET

R$ MM	3Q17	2Q18	3Q18
Current Assets	**2,013.3**	**1,712.1**	**1,632.1**
Cash and cash equivalents	9.8	9.0	8.6
Marketable securities	699.7	391.9	762.0
Accounts receivable	1,126.3	1,102.8	704.1
Advances to employees/third-parties	12.1	19.3	15.7
Prepaid expenses	13.6	10.4	8.1
Taxes and contributions	95.8	134.2	94.3
Others	56.0	44.5	39.4
Non-Current Assets	**2,380.8**	**2,525.6**	**2,569.5**
Long-Term Assets	338.6	524.2	564.3
Accounts receivable	18.3	142.7	167.1
Prepaid expenses	5.3	4.9	4.9
Judicial deposits	125.9	101.6	97.5
Taxes and contributions	80.9	90.7	91.5
Deferred taxes and others	108.2	184.3	203.3
Permanent Assets	2,042.2	2,001.4	2,005.2
Investments	0.2	0.2	0.2
Property and equipment	603.2	601.0	605.4
Intangible assets	1,438.7	1,400.1	1,399.6
Total Assets	**4,394.1**	**4,237.7**	**4,201.7**

R$ MM	3Q17	2Q18	3Q18
Current Liabilities	**887.9**	**877.7**	**812.6**
Loans and financing	416.4	344.4	349.9
Suppliers	80.6	103.1	113.0
Salaries and payroll charges	241.0	226.9	232.5
Tax liabilities	66.4	113.5	32.2
Prepaid monthly tuition fees	18.3	12.5	21.6
Advances under partnership agreement	1.2	-	-
Taxes paid in installments	5.2	4.2	3.8
Acquisition price to be paid	53.4	57.2	49.4
Provision for asset demobilization	2.1	-	-
Others	3.3	15.8	10.0
Long-Term Liabilities	**619.8**	**260.4**	**265.8**
Loans and financing	440.0	81.9	78.2
Contingencies	70.5	113.1	123.5
Taxes paid in installments	11.1	7.5	7.1
Provision for asset demobilization	22.1	22.9	24.8
Deferred taxes	16.2	8.9	5.9
Acquisition price to be paid	40.3	5.6	5.6
Others	19.5	20.5	20.7
Shareholders' Equity	**2,886.4**	**3,099.6**	**3,123.3**
Capital	1,130.8	1,139.8	1,139.8
Share issue costs	(26.9)	(26.9)	(26.9)
Capital reserves	662.8	665.6	663.6
Earnings reserves	816.0	924.9	924.9
Period result	437.4	434.3	628.6
Treasury shares	(133.8)	(38.1)	(206.6)
Total Liabilities and Shareholders' Equity	**4,394.1**	**4,237.7**	**4,201.7**

Estácio

INCOME STATEMENT BY BUSINESS UNIT

3Q18

	On-Campus			Distance-Learning			Corporate			Consolidated		
R$ MM	3Q17	3Q18	Δ%	3Q17	3Q18	Δ%	3Q17	3Q18	Δ%	3Q17	3Q18	Δ%
Gross Operating Income	**1,155.9**	**1,171.9**	**1.4%**	**179.2**	**228.4**	**27.4%**	-	-	-	**1,335.1**	**1,400.3**	**4.9%**
Deductions from Gross Income	(445.4)	(455.6)	-2.3%	(81.7)	(91.9)	12.5%	-	-	-	(527.0)	(547.4)	3.9%
Net Operating Income	**710.5**	**716.4**	**0.8%**	**97.6**	**136.5**	**39.9%**	**-**	**-**	**-**	**808.1**	**852.9**	**5.5%**
Cost of Services	**(388.0)**	**(349.5)**	**9.9%**	**(13.5)**	**(18.5)**	**-36.8%**	**-**	**-**	**-**	**(401.6)**	**(365.6)**	**-9.0%**
Personnel	(275.4)	(240.0)	-12.7%	(13.1)	(12.9)	-1.2%	-	-	-	(288.4)	(253.4)	-12.1%
Rents, condominiums and municipal property tax	(62.0)	(59.3)	-4.3%	(0.1)	0.0	-113.0%	-	-	-	(62.1)	(59.3)	-4.5%
Third-party services and Others	(26.8)	(23.8)	-11.2%	(0.2)	(10.9)	N.A	-	-	-	(27.0)	(29.3)	8.5%
Depreciation and amortization	(23.9)	(23.4)	1.8%	(0.2)	(0.2)	6.5%	-	-	-	(24.0)	(23.6)	-1.7%
Gross Profit	**322.5**	**369.3**	**14.5%**	**84.0**	**118.0**	**40.4%**	**-**	**-**	**-**	**406.5**	**487.3**	**19.9%**
Gross Margin	*45.4%*	*51.6%*	*6.1 p.p.*	*86.1%*	*86.4%*	*0.3 p.p.*	-	-	-	*50.3%*	*57.1%*	*6.8 p.p.*
Selling and G&A Expenses	**(92.4)**	**(85.4)**	**-7.6%**	**(7.8)**	**(20.6)**	**164.0%**	**(131.3)**	**(154.0)**	**17.3%**	(235.8)	(256.2)	8.7%
Personnel	(8.2)	(1.1)	86.3%	(2.9)	(3.6)	-23.8%	(29.8)	(37.5)	25.5%	(40.9)	(42.1)	3.0%
Advertising	-	-	-	-	-	-	(59.7)	(59.6)	-0.1%	(59.7)	(59.6)	-0.1%
PDA	(34.7)	(44.5)	28.0%	(2.7)	(14.1)	420.1%	-	-	0.0%	(37.8)	(58.6)	54.9%
Other expenses	(43.2)	(36.9)	-14.7%	(1.7)	(2.7)	51.9%	(23.9)	(36.5)	52.5%	(68.9)	(76.0)	10.3%
Depreciation and amortization	(6.2)	(3.1)	51.1%	(0.5)	(0.3)	31.7%	(17.9)	(20.4)	14.3%	(24.6)	(23.8)	-3.2%
Operating Profit	**230.1**	**284.0**	**23.4%**	**76.2**	**97.4**	**27.8%**	**(131.3)**	**(154.0)**	**17.3%**	**175.0**	**227.4**	**29.9%**
Operating Margin (%)	*32.4%*	*39.6%*	*7.3 p.p.*	*78.1%*	*71.3%*	*-6.8 p.p.*	-	-	-	*21.7%*	*26.7%*	*5.0 p.p.*
EBITDA	**260.3**	**310.5**	**19.3%**	**76.8**	**97.9**	**27.4%**	**(113.4)**	**(133.5)**	**17.8%**	**223.6**	**274.8**	**22.9%**
EBITDA Margin (%)	*36.6%*	*43.3%*	*6.7 p.p.*	*78.8%*	*71.7%*	*-7.1%*	-	-	-	*27.7%*	*32.2%*	*4.5 p.p.*

CASH FLOW STATEMENT

R$ MM	3Q17	3Q18
Profit before taxes and after the result of ceased operations	**132.7**	**188.6**
Adjustments to reconcile profit to net cash generated	130.3	96.5
Result after reconciliation to net cash generated	**263.0**	**285.1**
Changes in assets and liabilities	155.1	322.4
Operating Cash Flow before CAPEX	**418.1**	**607.5**
Acquisition of property and equipment	(25.6)	(30.0)
Acquisition of intangible assets	(15.7)	(22.1)
Cash flow from investment activities	(16.5)	(9.0)
Operating Cash Flow after CAPEX	**360.4**	**546.4**
Cash flow from financing activities	(193.1)	(176.7)
Free Cash Flow	**167.2**	**369.6**
Cash at the beginning of the year	**542.3**	**401.0**
increase (decrease) in cash and cash equivalents	167.2	369.6
Cash at the end of the year	**709.6**	**770.6**
EBITDA	**223.6**	**274.6**
Operating Cash Flow before CAPEX / EBITDA	**187.0%**	**221.6%**
Installment of PN23	167.4	342.1
Operating Cash Flow before CAPEX ex-PN23 / EBITDA	**112.2%**	**96.6%**

Operating Cash Flow before CAPEX (OCF) was a positive R$607.5 million in 3Q18, R$189.3 million more than in 3Q17, essentially due to the receipt of an installment of PN23, in the amount of R$342.1 million, which is significantly higher than the R$167.4 million received in 3Q17.

Consequently, the OCF/EBITDA before Capex, adjusted for the receipt of PN-23 amounts was 96.6% in 3Q18 versus 112.2% in 3Q17. The decline was chiefly due to the impact arising from the buyback of Company shares, which translated into an outflow of R$170.8 million.

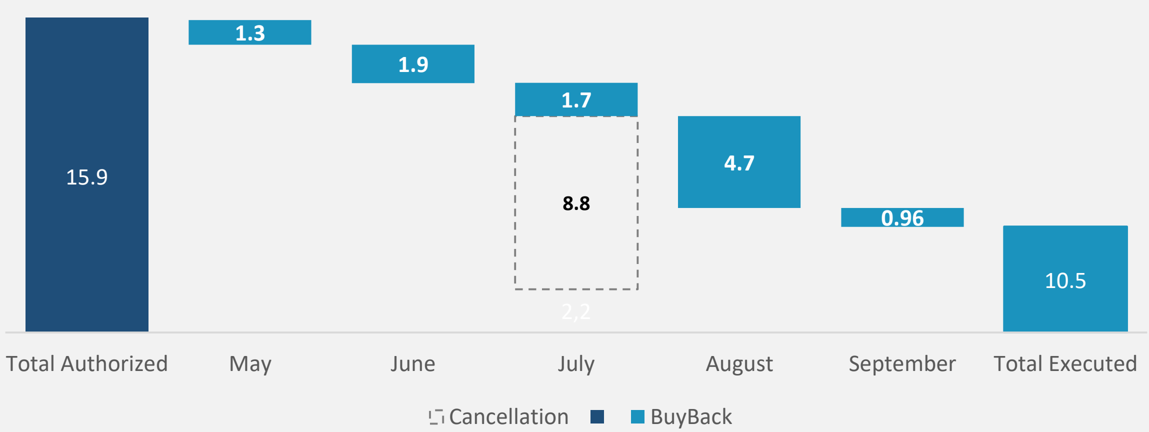
We ended 3Q18 with cash of R$770.6 million and a net debt/EBITDA ratio of -0.3x. Our cash was mainly invested in the share buyback program and in CAPEX. The Company is analyzing other investment options, such as reinvestment in Company products and growth through mergers and acquisitions.

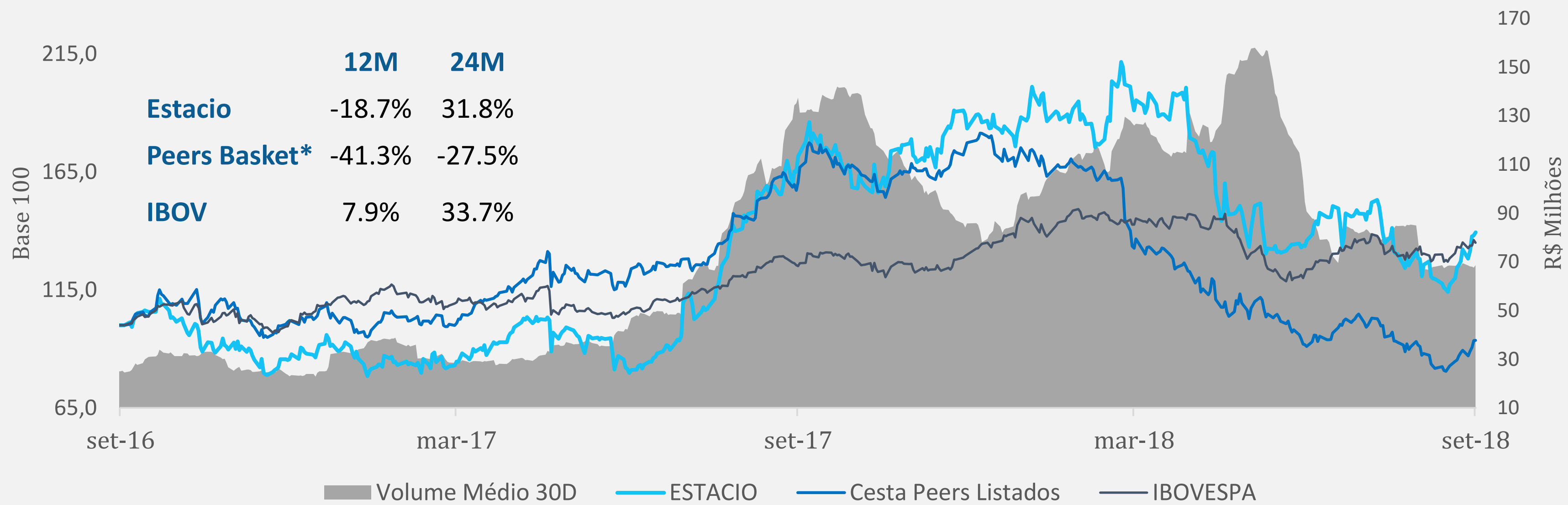
CAPITAL MARKETS

Estácio's common stock is traded in the Novo Mercadoo listing segment of the São Paulo Stock Exchange (b3) under the ticker **ESTC3**. The company also has a level I ADR program under the ticker ECPCY. In relation to our stock (ESTC3), it ended the third quarter of 2018 being traded at R$24.99, a depreciation of 18.7% in the last twelve months. In the same period Ibovespa index increased 7.9%. Out number of shares decreased by 2.8% due to stocks cancelled in June. By september/18 the company had repurchased shares in the amount of R$ 250 milhões em ações holding **2.9% of our capital stock under treasury**.

	3Q17	3Q18	Δ%
Preço Final da Ação	**30.75**	**24.99**	**-18.7%**
Quarter High	*30.75*	*27.45*	
Quarter Low	*14.64*	*20.49*	
Quarter Average	*21.66*	*23.89*	
Market Cap (R$ '000)	**9.775**	**7.724**	**-21.0%**
ADTV (30D)	**137.4**	**68.6**	**-50.1%**
Outstanding Shares	**317.9**	**309.1**	**-2.8%**
Treasury	*2.7%*	*2.9%*	
Free Float	*97.3%*	*97.1%*	

Share Buy-Back Program
(In Millions of Shares)





*Peers Basket composed by and average of the performance of Estácio's three main listed players

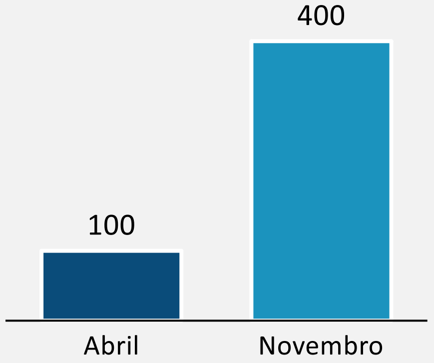
SUBSEQUENT EVENTS

Extraordinary Dividends

Estácio announces to its shareholders and to the market in general that the meeting of the Board of Directors held on November 7th approved the payment of interim dividends, totaling R$400 million, corresponding to R$1.3328 per share.

The shares will be traded ex-dividends as of November 16th, 2018 and the payment date is on December 21st.

Payment of dividends in 2018 (R$MM)



	Abril	Novembro
Dividend Yield [1]	~0.92%	~5.87%

[1] *Calculated over the stock price on the date of the distribution approval.*

GLOSSARY

- **APV:** discount on future revenue. For Estácio, specifically, mostly revenue from PAR and DIS students, based on a standard discount rate (5-year real interest).
- **DIS:** Solidarity Dilution Campaign (DIS), that gives students the possibility of paying R$49 in the months when they enroll, diluting the difference in relation to the full monthly tuition fee (i.e. offering no discounts, scholarships or exemptions) to be paid during the course. All undergraduate students can apply to the DIS (including FIES and PAR students).
- **EAD:** “Distance-Learning”.
- **FLEX EAD:** type of distance-learning education with a significant mandatory on-campus hour load. It combines the mobility of distance-learning programs with the experience of being in a campus, as some classes are offered online and others in the units.
- **FGEDUC:** Guarantee Fund for Education Credit (FGEDUC) is another novelty. The fund collateralizes agreements of students with partial scholarships granted by the University to All Program (ProUni) enrolled in teaching degree courses.
- **PAR:** Estácio’s installment payment program launched in January 2017 that allows students to pay 50% of their courses while studying and the other 50% after graduation. Payments are progressive, beginning at 30% of the monthly tuition fees in the first two semesters; 40% in the third semester, 50% in the fourth semester and 60% as of the fifth semester. PAR is offered to all undergraduate students, except for medicine students.
- **PARTNERSHIPS (GRADUATE):** partnerships entered into with other higher education institutions authorized to offer graduate courses at Estácio.
- **PARTNERSHIPS (DISTANCE-LEARNING):** model to expand distance-learning centers where Estácio has partnerships with institutions (with a basic structure to assist students and meet MEC’s requirements) that offer Estácio’s education courses.
- **Rules for the calculation of the PDA:** until December 31, 2017, Estácio accrued 100% of the monthly tuition fees overdue by more than 180 days. As of January 1, 2018, Estácio has been using the new standard on financial instruments (IFRS9 – CPC 48) for students who pay monthly tuition fees, based on the concept of expected loss at the moment of revenue recognition, which increases according to the aging of accounts receivable.
- **GOR:** Gross Operating Revenue
- **NOR:** Net Operating Revenue
- **DROPOUT RATE:** number of dropout students + non renewals based on the renewable student base (initial student base – graduating students + students enrolled)
- **RETENTION RATE:** [1 – Dropout Rate]