



Estácio
PARTICIPAÇÕES



2nd Annual Latin American
Small Caps Conference – October 2008

Who we are

- ◆ **Largest Player in the Private Post-Secondary Sector in Brazil, with broadest geographical coverage**
- ◆ **205k undergraduate students**
- ◆ **National Footprint: 77 campuses in 16 states**
- ◆ **2 Universities, 2 University Centers and 20 Colleges**
- ◆ **Asset Light Model: ROE of 20% (1H08)**
- ◆ **LTM Revenue of R\$901 million and EBITDA of R\$98 million (1H08)**
- ◆ **Labor Market Oriented Programs / Quality Above Average**

Campus Rebouças



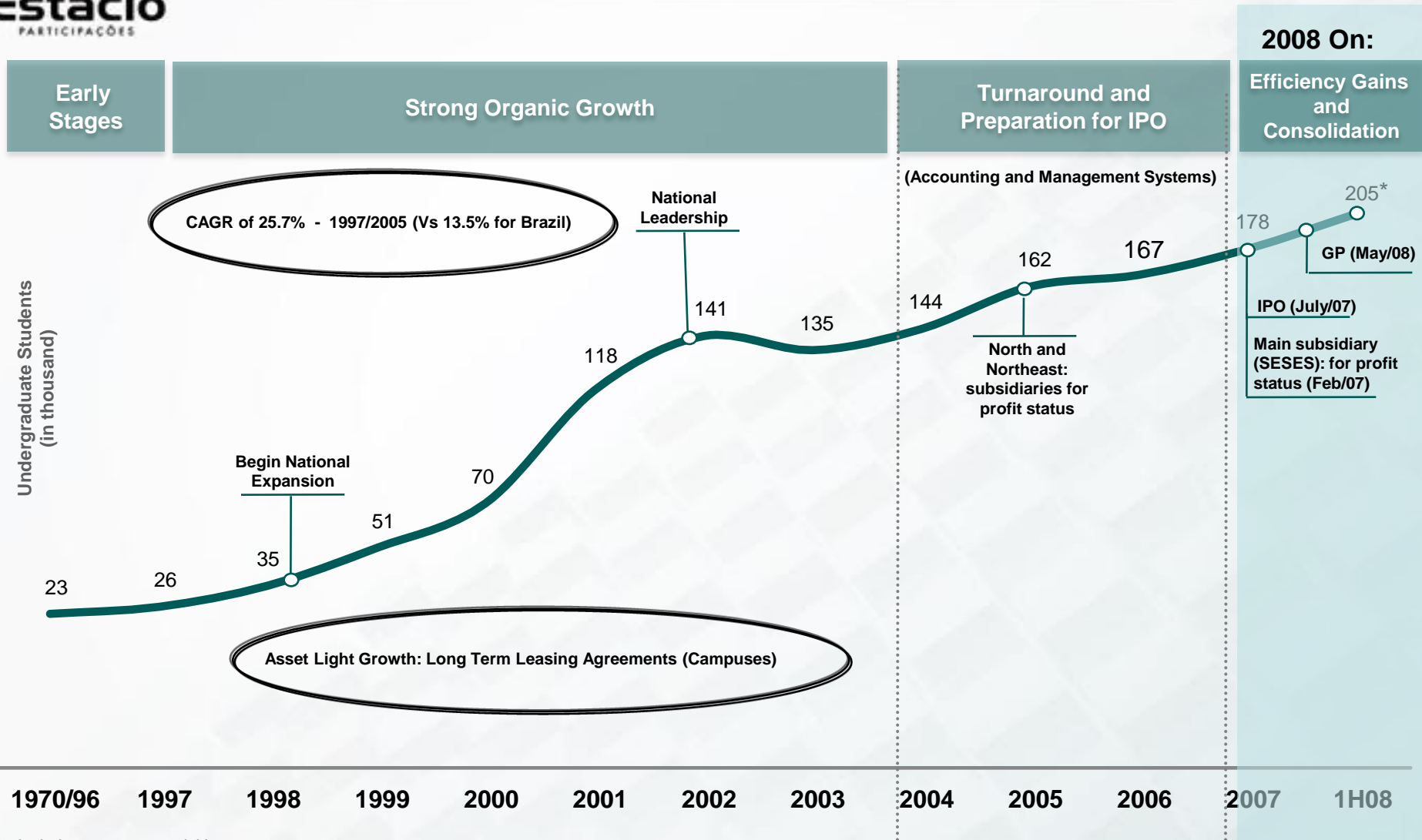
Campus Tom Jobim



Campus R9



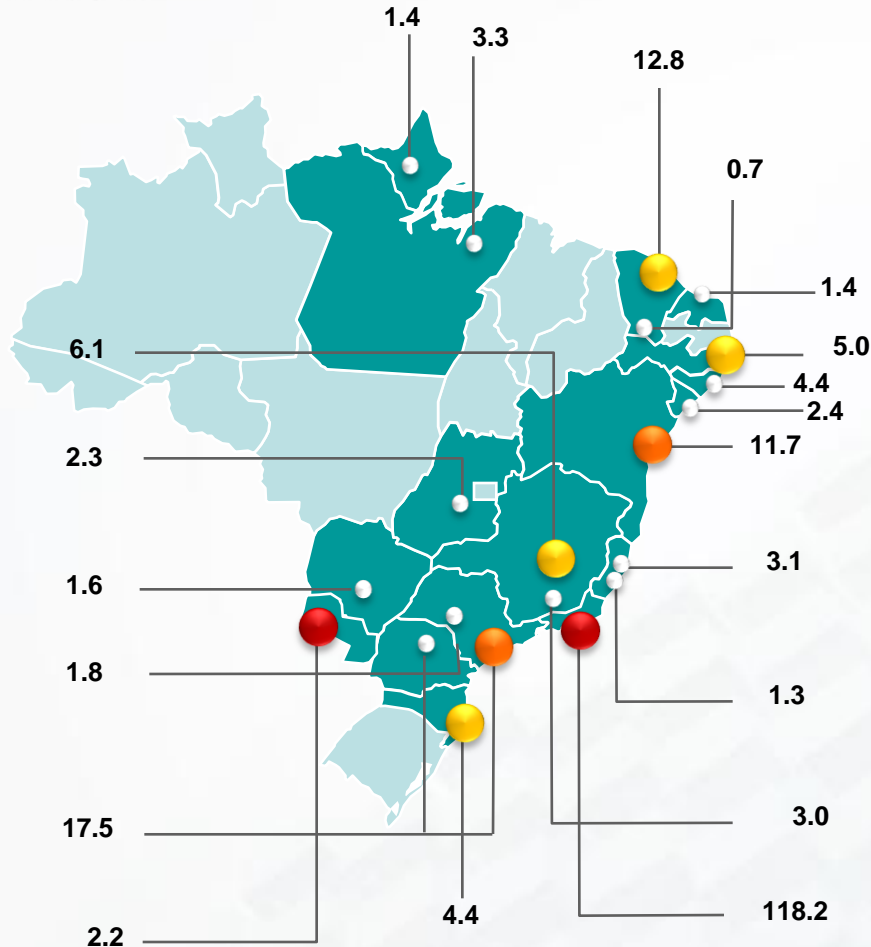
Current Focus: Efficiency Gains



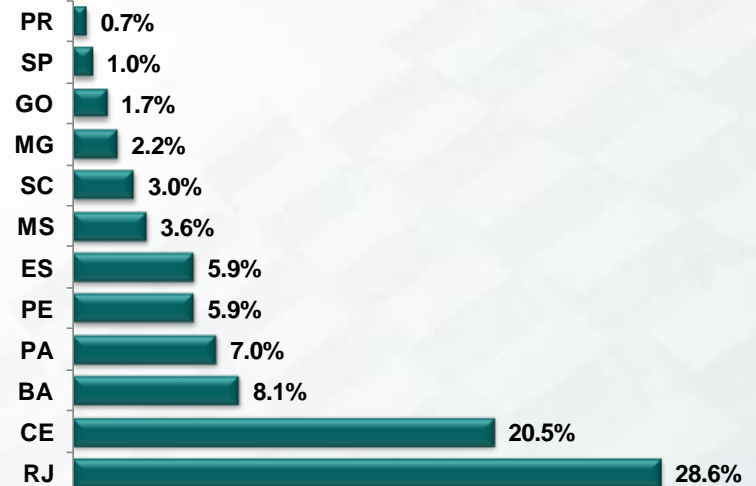
(*) - Includes 5 recent acquisitions

Largest Student Base: 205 k students¹ – June/08

Largest Player in Brazil with a National Geographic Coverage



Market-Share per State²



² – Undergraduate students enrolled (excludes public universities)

Source: SINAES/2006

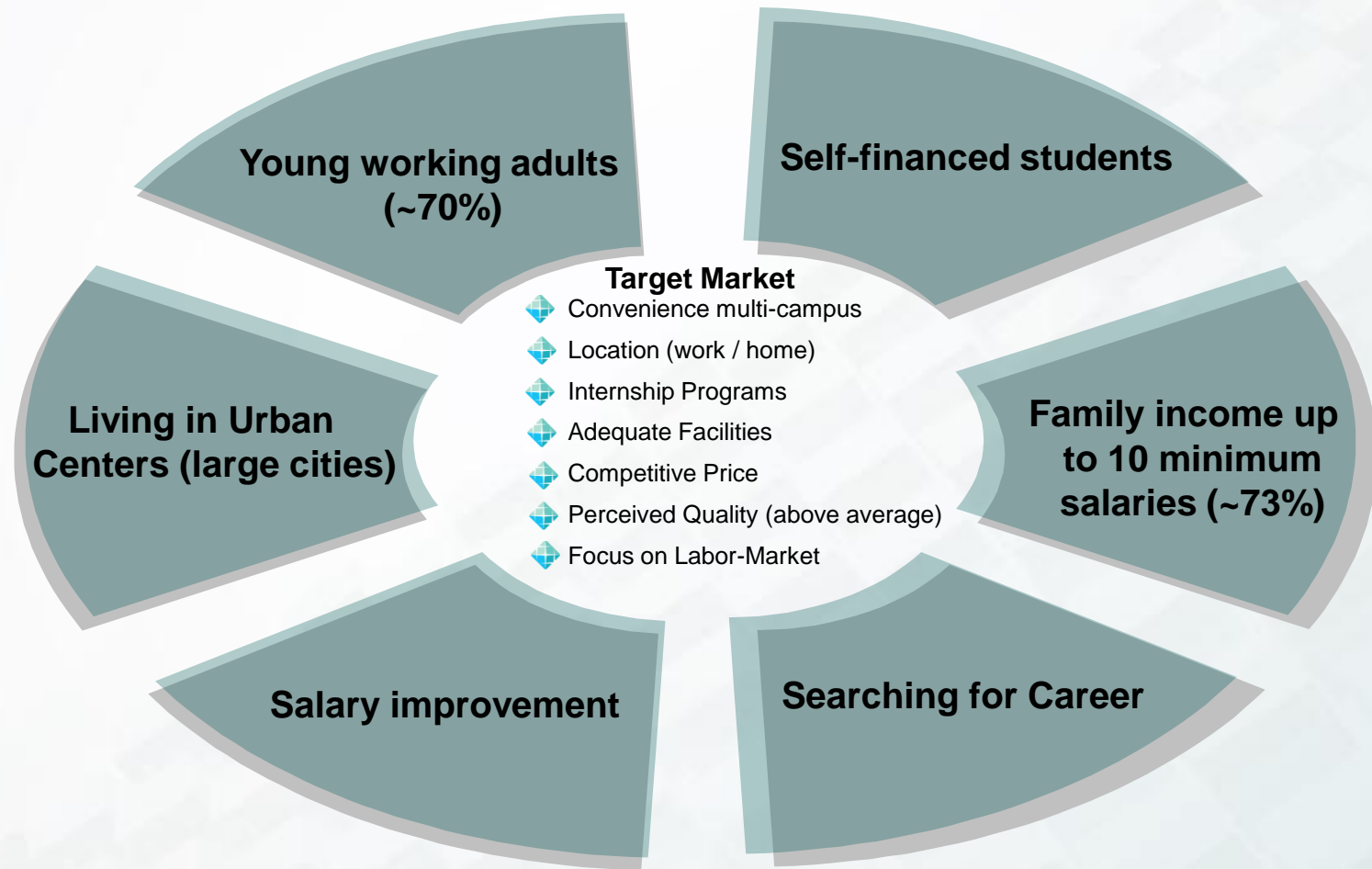
✓ Monthly Tuition: R\$447 (1H08; +3.3% yoy)

- University
- University Center
- College
- Upgrade to University Center
(in process of approval with the MEC³)

¹- Includes 5 recent acquisitions

Labor Market Oriented Programs

Our Student Profile



ESTC3: Competitive Advantages

- ◆ **Strong Shareholder Structure: Co-Management with GP Investments (Largest Private Equity in LATAM)**
- ◆ **Best Governance Practices: Only Voting Shares & Novo Mercado Listing**
- ◆ **Highly Qualified Professional Management Aligned with Shareholders (Aggressive Bonus and Stock Option Programs)**
- ◆ **Widest Scope for Margin Improvement in the Industry**
- ◆ **Significant Growth Opportunities (M&A / Organic)**
- ◆ **Largest Student Base & Geographic Coverage**

Headquarter in RJ



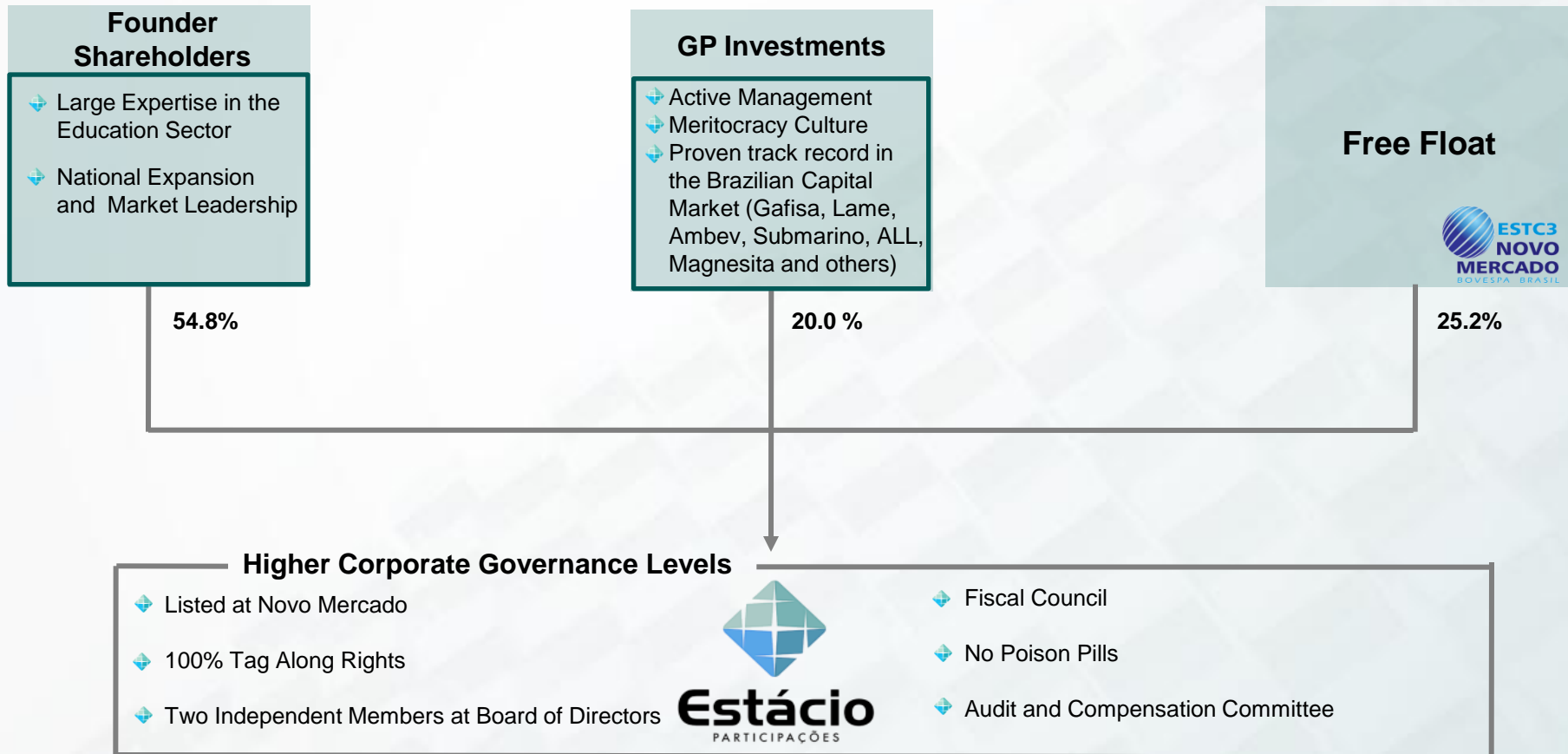
Campus Tom Jobim



Gastronomy Class



Strong Shareholder Structure and Outstanding Corporate Governance Standards



Shareholder Agreement with GP

GP Investments

- ◆ **Leading Private Equity Firm in LATAM / First Listed Stock**
- ◆ **Mission: Generate Exceptional Long-Term Returns to its Investors and Shareholders**
- ◆ **Outstanding performance of invested companies, with integrity, clear targets, entrepreneurship, meritocracy and professionalism. Some examples:**



IRR: 1,339%
(3 year investment)



IRR: 221%
(1 year investment)



IRR: 107%
(2 year investment)



IRR: 24%
(10 year investment)

Highlights of Shareholder Agreement

- ◆ **Co-Management → 5 years (renewable for 2+ years)**
- ◆ **Board Members → 4 each party (being 2 independent)**
- ◆ **Lockup period of 3 years**
- ◆ **M&A Agreement**
- ◆ **Non-Competition Agreement**
- ◆ **Minimum Dividend Payout (50% of Net Income)**

Highly Qualified Professional Management Team

Management Experience

João Rosas – CEO

CVRD; Head of Intermodal Business Unit at ALL; Consumer Market Officer at Infoglobo

Lorival Luz – CFO

Treasury Director at Citibank - Banco Credicard; Corporate Bank Chief of Staff

Rogério Melzi – Economic and Operational Planning

Head of Financial Planning in Suzano; Planning Officer in Inbev/Labat and Ambev

Miguel de Paula – People and Management

Head of Human Resources in Farmasa and Votorantim; HR Manager at Gerdau

Rubens Vasconcelos – Academic Officer

Member of the Board of Directors at Cultura Inglesa; COO at Máxima Consultoria; CFO at Cougar

Jessé Hollanda – Operations

Principal of Estácio's College in Ceará; Academic Director of CSN Foundation and Executive Board member of CBS

Alexandre Ferraz – Market Officer

Sales and Corporate Marketing Manager at Infoglobo

Variable compensation (Bonus + Stock Option)

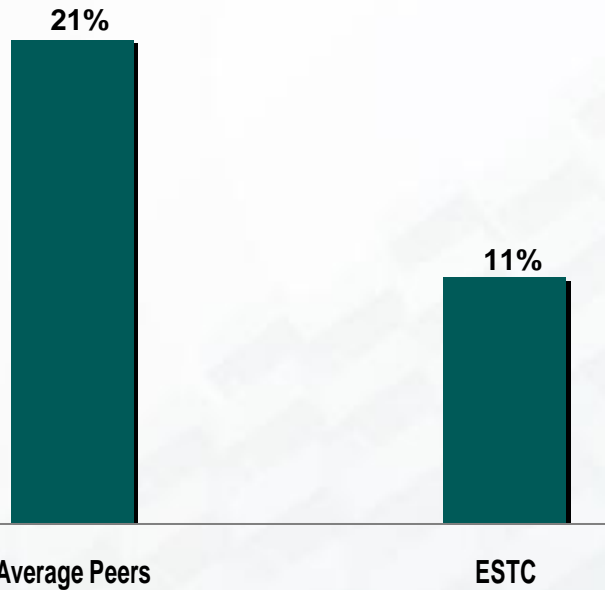
- ❖ Align interests of shareholders and management
- ❖ Implement targets on global and individual basis (cost cutting, quality goals)
- ❖ Reconcile quality and long-term targets
- ❖ Retain key managers and professionals
- ❖ Maximum dilution of 5%

People Development

- ❖ Faculty Training Program
- ❖ Trainee Program for Estácio's students
- ❖ Executive Development Program
- ❖ Qualification Program for Course Coordinators
- ❖ Variable Compensation for Coordinators & Teachers

Widest Scope for Margin Improvement in the Industry

EBITDA MARGIN (1H08)



Drivers of Efficiency Gains

General and Administrative Expenses (G&A)

- ◆ Streamline Organizational Structure
- ◆ Shared Service Center
- ◆ System Integration & Process Review
- ◆ Zero Based Budgeting
- ◆ Matrix Budgeting

Cost of Services (Faculty)

- ◆ Salaries' Negotiation in Rio (Teachers Union)
- ◆ Modularization: Flexible Entry
- ◆ Common Courses
- ◆ Standardization of Programs
- ◆ On-Line Courses
- ◆ Distance Learning
- ◆ Extra-Class Activities

Margin Improvement: Opportunities on G&A Expenses

Streamline Processes

- **Streamline of organizational structure**
- **Process Standardization** (Shared Services of Corporate Centers)
- **BackOffice Centralization:** Procurement / Accounting / HR / Legal / Accounts Payable / Treasury / IT / Real Estate Management

Integrated Systems

- **SAP:** Already running in all our Units
- **SIA: Academic System** - running in all our units by 2008 YE

Zero Based Budgeting

- Zero Based / Matrix Budget
- Internal / External Benchmarks
- Best Practices Sharing

Margin Improvement: Opportunities on COGS - Faculty Costs

Labor Agreement - Rio



Increase Faculty wages below inflation

Academic Reform



Increase the number of students per class

MODULARIZATION: Reduce Course Pre-requisites / Reduce Attrition / Flexible Curricula

COMMON COURSES: Same Course for Different Programs (Languages, Math, etc)

STANDARDIZED PROGRAMS in all our campuses

DISTANCE LEARNING: Increase usage of on-line activities (up to 20% of Schedule)

Significant Growth Opportunities

Organic Growth

- Post-secondary education market highly untapped
- Maximizing growth opportunities in São Paulo and NE Markets
- Upgrading Colleges to University Centers
- New programs and seats

Acquisitions

- Market share relevance – expansion and consolidation
- Strategic fit – compatible market positioning
- Priority for university centers
- Take advantages of potential synergies

Distance Learning

- Opening a new market; reaching new segments
- Produce and distribute Estácio's own learning content
- Marginal CAPEX - sunk costs

Deeply Discounted vs Domestic and International Peers

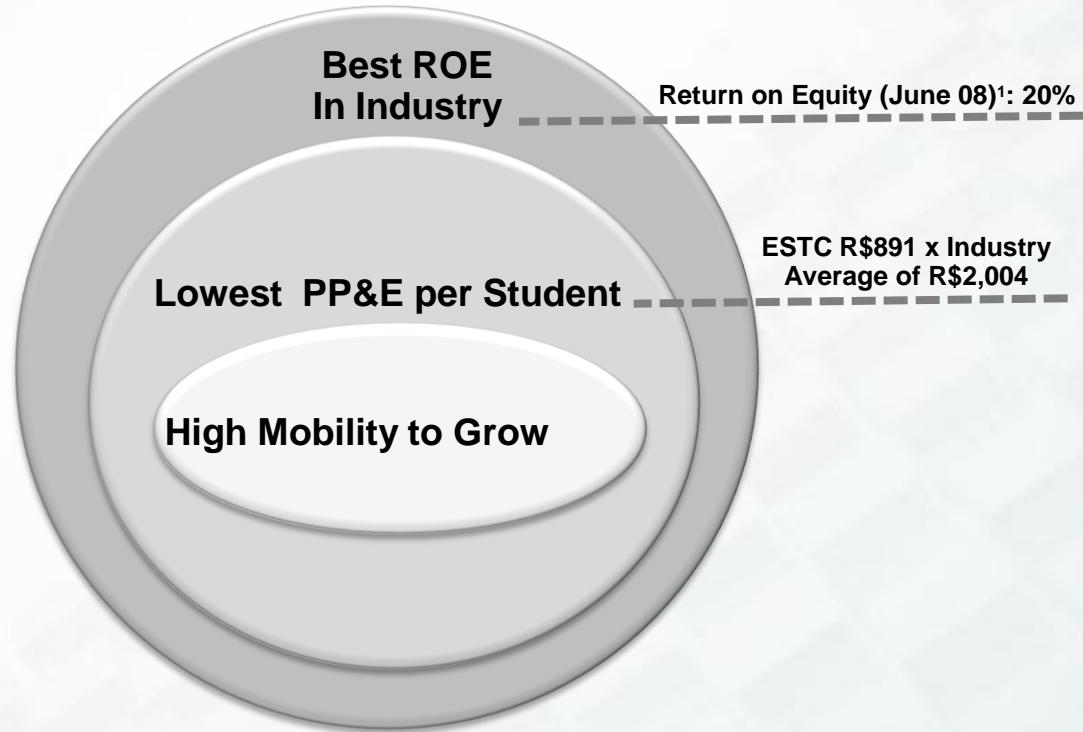
Education Sector			
Average		2009	
Peer Comparison		EV/EBITDA	P/E
Brazil		12.7	16.1
US		11.8	22.3
International		13.2	23.9
ESTÁCIO		9.1	6.6
Discount Vs	Brazil	-28%	-59%
	US	-23%	-70%
	Global	-31%	-72%

Estacio Offers a Huge Upside Opportunity

Based on Market Consensus

Asset Light Model: No Investment in Real Estate

Best ROE in the Industry in Brazil



Source: Company Data

¹ – LTM Net Income / Shareholders' Equity

Analyst Coverage & Forecast: Stock Coverage picking up recently

Analyst Coverage & Forecast														
R\$ million			2008			2009			2010			2011		
Brokers	Report Date	Target Price	Net Revenue	EBITDA	Net Income	Net Revenue	EBITDA	Net Income	Net Revenue	EBITDA	Net Income	Net Revenue	EBITDA	Net Income
UBS	06/16	R\$ 50	963	120	116	1,166	163	166	1,334	206	196	1,528	259	244
Morgan Stanley	07/07	R\$ 47	949	122	103	1,025	165	134	1,122	192	147	1,295	251	169
Itaú	09/02	R\$ 44	963	119	103	1,237	192	185	1,634	261	214	2,019	362	287
Unibanco	09/24	R\$ 34	975	110	103	1,183	156	112	1,563	238	117	2,037	350	144
Fator	09/09	R\$ 33	964	119	86	1,142	171	134	1,305	225	175	1,493	295	227
Safrá	05/26	R\$ 30	946	104	96	1,031	131	122	1,279	166	141	1,407	220	189
Average			960	116	101	1,131	163	142	1,373	215	165	1,630	289	210

Financial Highlights

(R\$ million)	2005	2006	2007	1H07	1H08
Net Revenue	762	829	860	428	476
EBITDA ex rental¹	124	164	172	82	92
EBITDA Margin ex-rental	16%	20%	20%	19%	19%
Adjusted EBITDA¹	56	96	101	47	51
Adjusted EBITDA Margin	7%	12%	12%	11%	11%
Adjusted Net Income²	23	60	81	31	43
Net Cash	(48)	(4)	229	41	256

(1) Adjusted in 1H07, to the payment of taxes in jan/07 (SESES became for profit in February 2007) and to extraordinary items in 2Q08

(2) Excluding goodwill amortization from acquisitions and extraordinary expenses

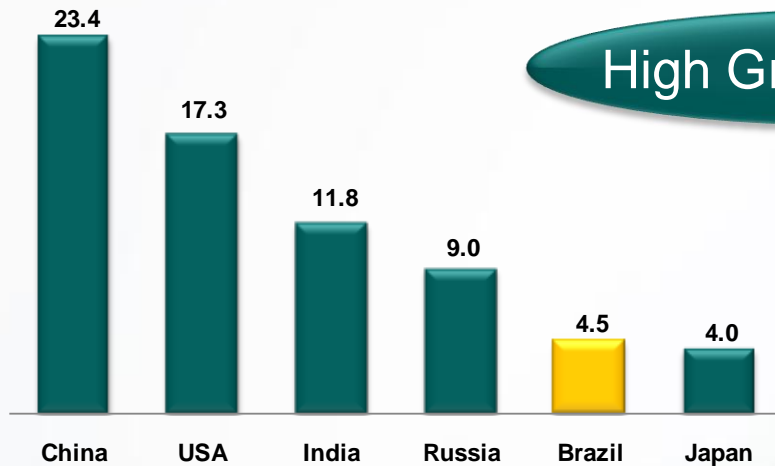


Annex

Sector Overview – Significantly Untapped Demand

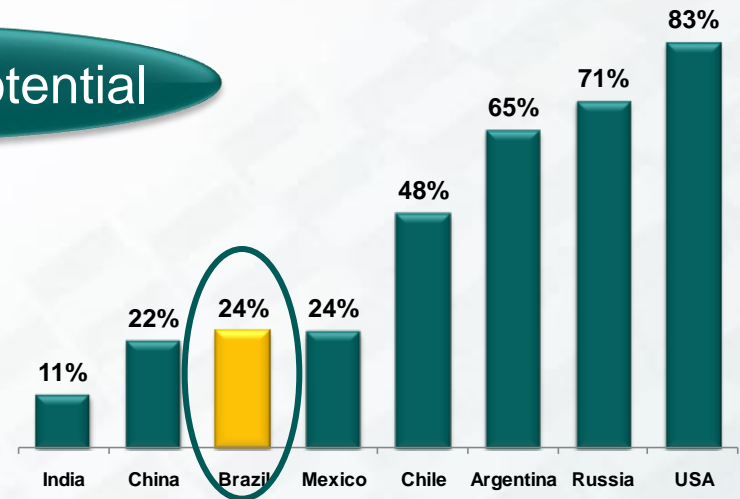
Largest market in Latin America, with low penetration rates and increasing demand for qualified labour

Post-secondary Enrollments – (Unesco – 2005, million)

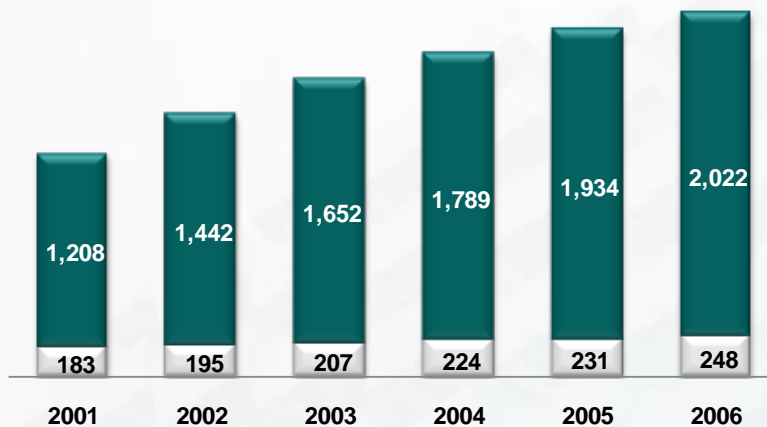


High Growth Potential

Gross Enrollment Rate (Unesco - 2005)

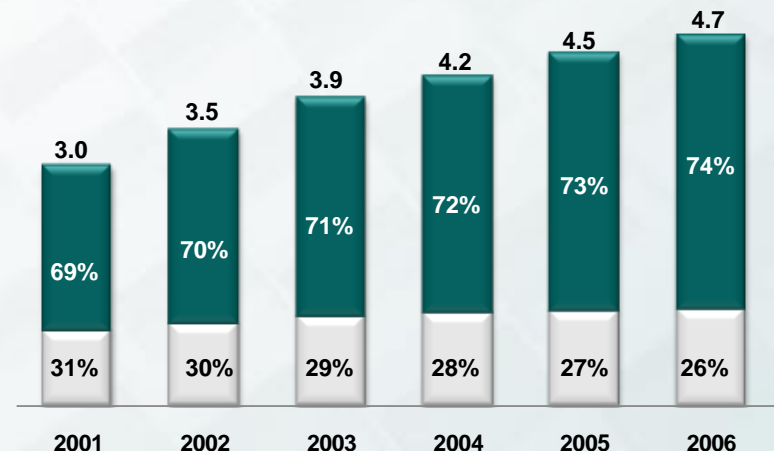


Post-secondary Institutions in Brazil (units)



Public Private

Total Enrollments (million)



Public Private

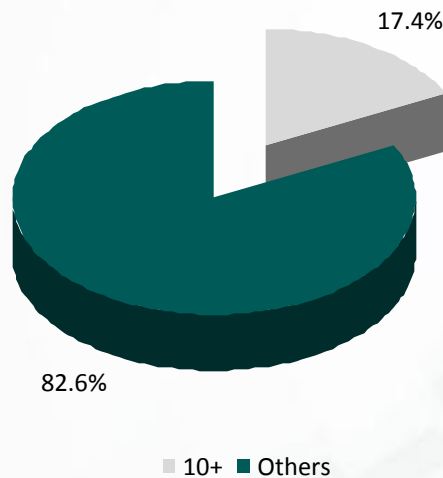
Source: INEP/MEC

Sector Overview: Highly Fragmented Market

Top10 largest post-secondary institutions account for less than 20% of total enrollments¹

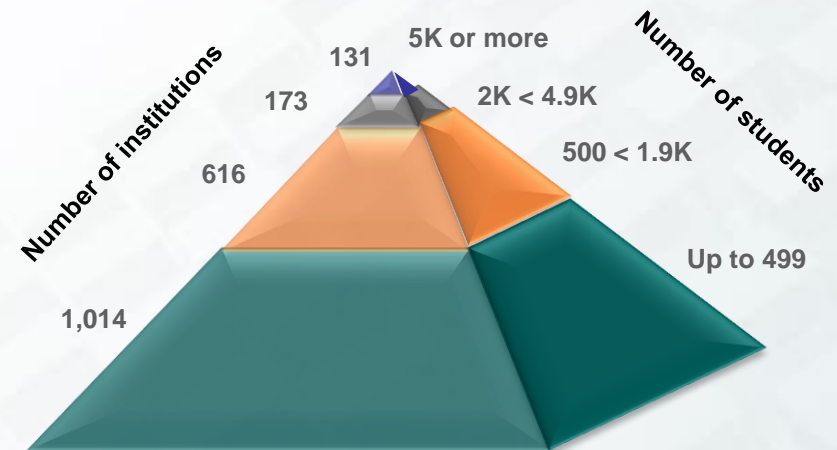
Top 10 Non-Government Institutions Market Share (2005)

Based on Number of Enrolled Students



3.3 million enrollments

Non-Government Institutions (number & Size)



1,934 Institutions

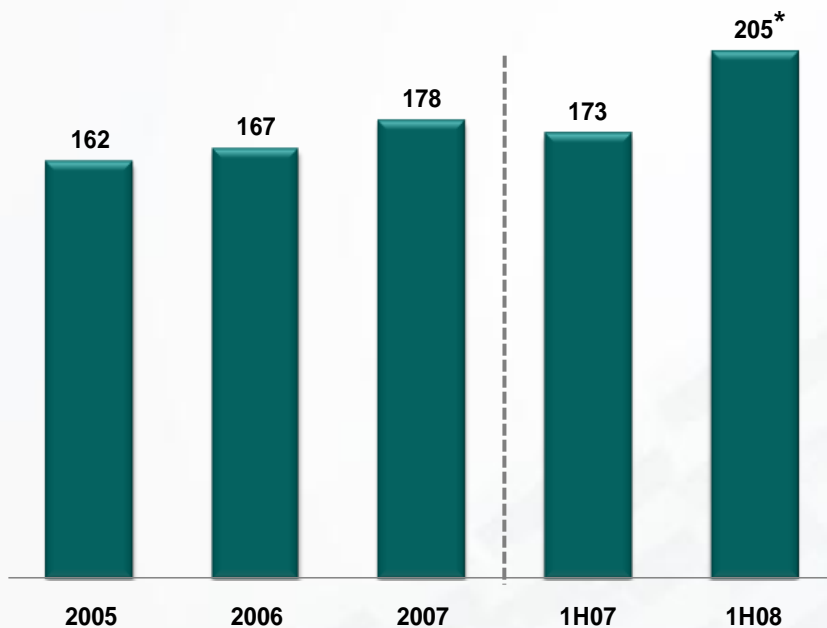
High Potential for Consolidation

(1) Source: Hoper Educational (2005)

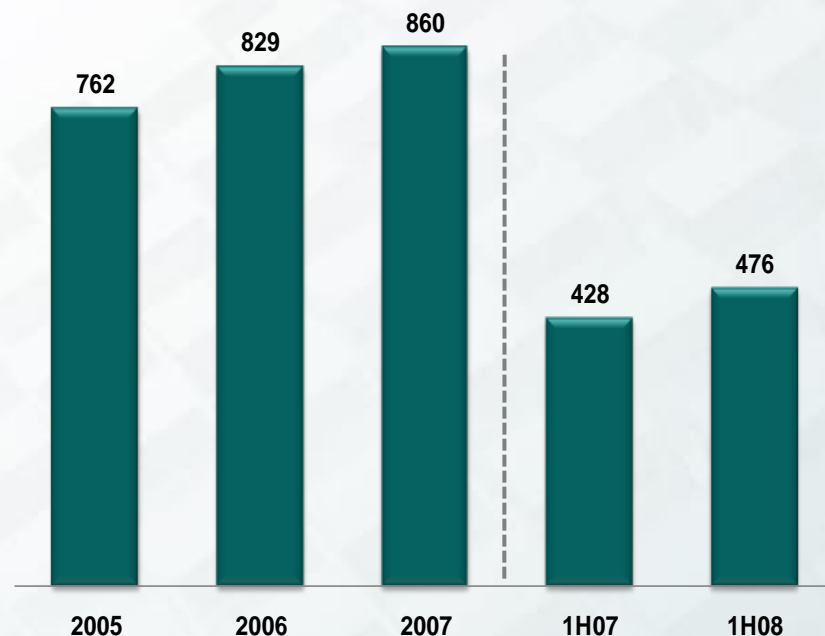
Institution	Benefits	Costs
University	<ul style="list-style-type: none"> ■ Autonomy, <u>guaranteed by the constitution</u>, to create programs within the city (except for Medicine, Law, Psychology and Odontology) ■ Allowed to create campuses outside the city, subject to authorization by the Ministry of Education (MEC) ■ Ability to register diploma without the MEC authorization 	<ul style="list-style-type: none"> ■ 1/3 of faculty must hold a master or PhD degree ■ 1/3 of faculty must be in full time regime or must offer 3 master programs with CAPES (ministry's graduate coordinator) recommendation ■ Need to conduct research
University Centers	<ul style="list-style-type: none"> ■ Autonomy, <u>guaranteed by federal gov't decree</u>, to create programs inside the city, except for Medicine, Law, Psychology and Odontology ■ Ability to register diploma without MEC authorization ■ No need to conduct research 	<ul style="list-style-type: none"> ■ 1/3 of faculty must hold a master or PhD degree ■ 1/5 of faculty must be in full time regime ■ Not allowed to create other campuses outside the city
Colleges	<ul style="list-style-type: none"> ■ No minimum requirements on faculty qualification or hours of work (full time regime) 	<ul style="list-style-type: none"> ■ No autonomy to create new programs, vacancies or to register diplomas without the MEC authorization

Undergraduate Students and Net Revenue Growth

Students (thousand)



Net Revenue (R\$ million)



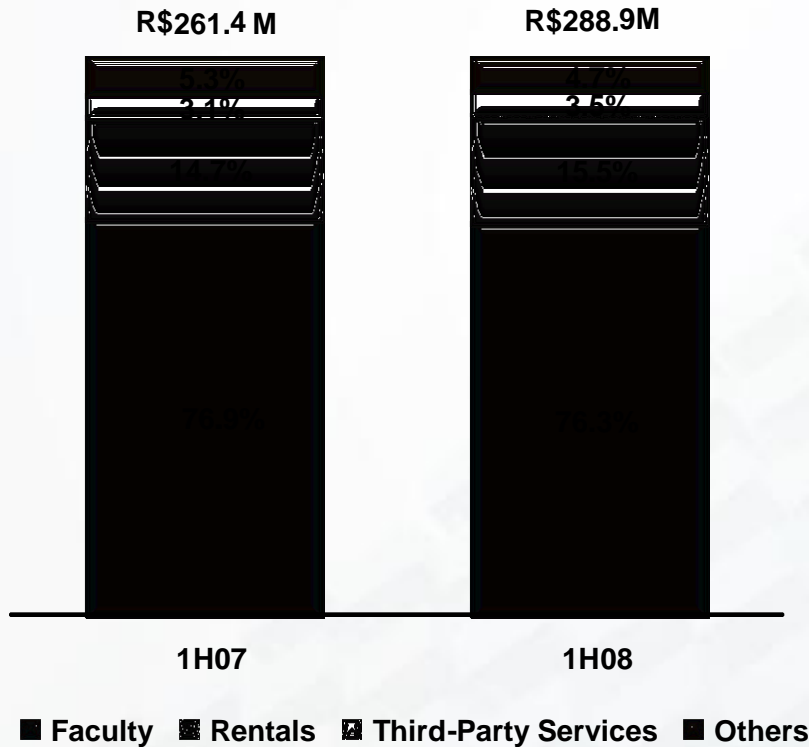
* Includes 5 recent acquisitions

Cost of Services and SG&A (R\$ million)

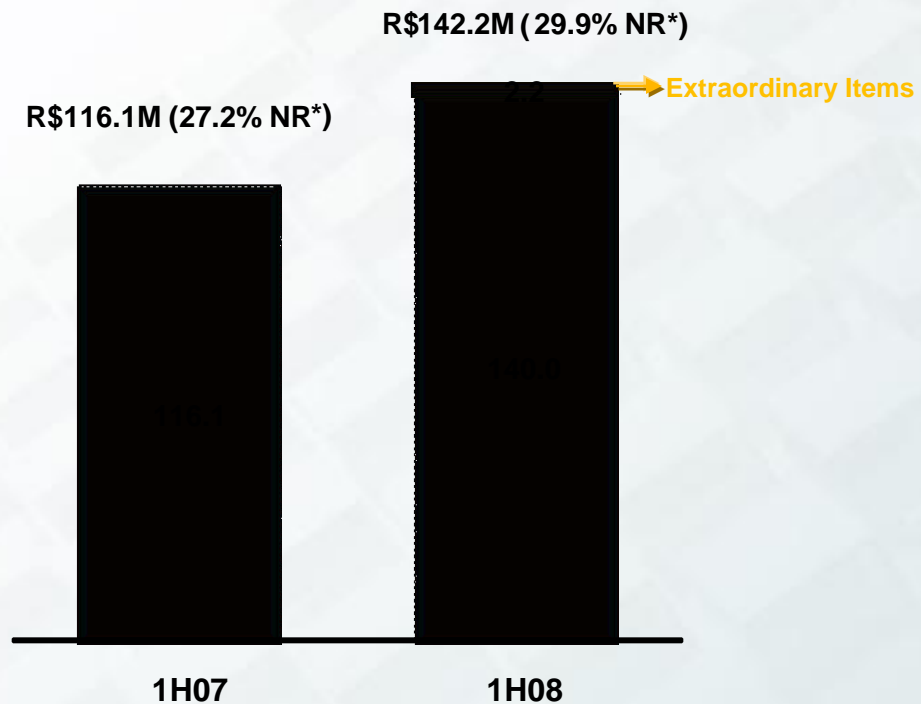
Cost of Services

Gross Margin: 38.9%

Gross Margin: 39.3%



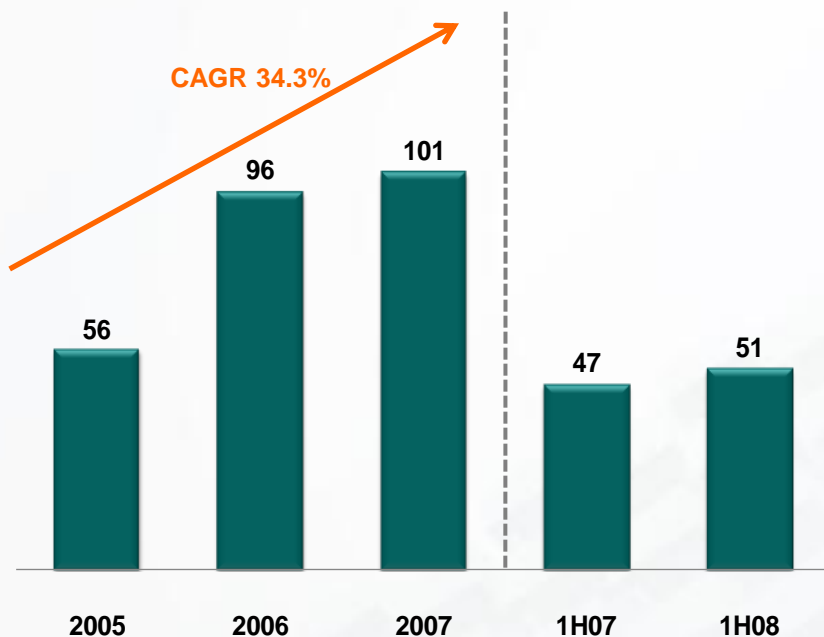
SG&A



*NR = Net Revenue

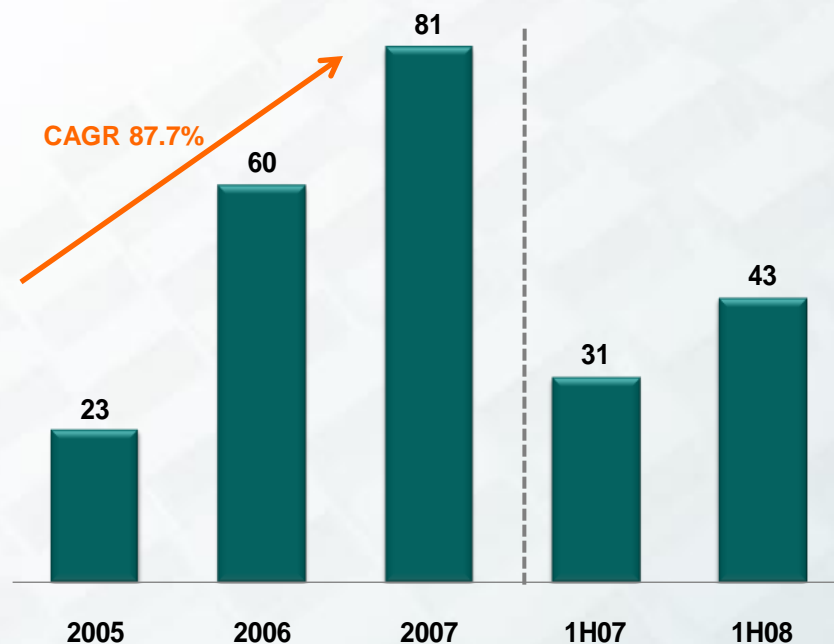
Adjusted EBITDA and Net Income (R\$ million)

Adjusted EBITDA¹



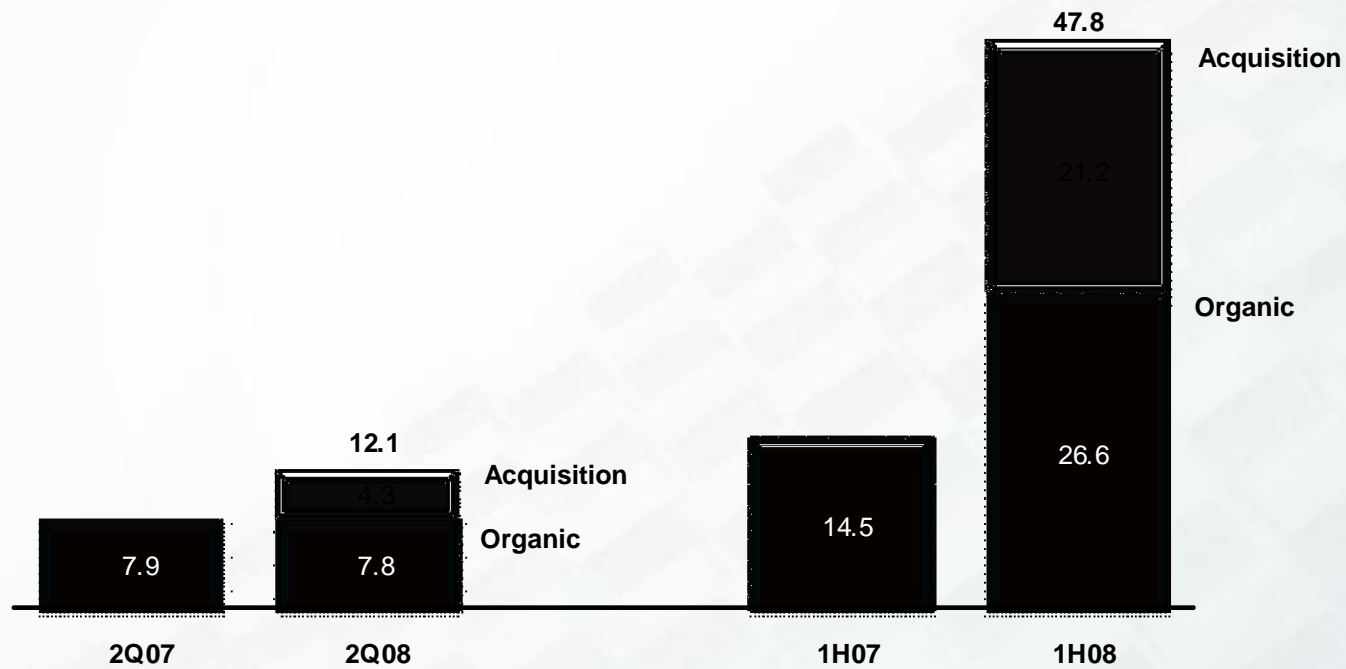
1 - Adjusted in 1H07 to the payment of taxes in January 2007 (SESES became for-profit in February 2007) and to the one-off expenses in 2Q08

Adjusted Net Income²



2 - Excluding goodwill amortization from acquisitions and extraordinary expenses

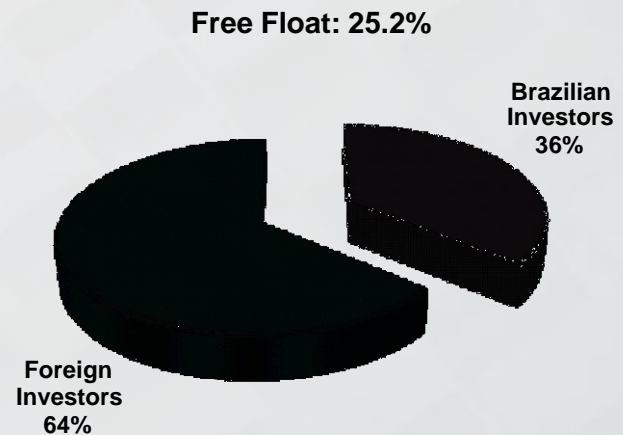
Capex (R\$ million)



Capitalization and Market Data

R\$ Million	06/30/08
Shareholders' Equity	441.8
Debt	(0.3)
Net Cash	255.9
Sound balance sheet and strong cash flow support our key position as one of the main players in sector consolidation in Brazil	

- ◆ Stock Price (Sep - 03, 2008): R\$20.40 / share
- ◆ Number of Shares: 78.6 million
- ◆ Market Cap: R\$1.60 billion
- ◆ Enterprise Value: R\$1.35 billion
- ◆ Daily Volume (3-month average): R\$3.8 million



IR Contacts & Disclaimer

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