1Q16 RESULTS

Rio de Janeiro, May 5, 2016 – **Estácio Participações S.A.** – "Estácio" or "Company" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTCQX: ECPCY) – announces its results for the first quarter of 2016 (1Q16) in comparison with the first quarter of 2015 (1Q15). The accounting information herein is presented in accordance with International Financial Reporting Standards ("IFRS") and on a consolidated basis.

Highlights

- Estácio closed 1Q16 with a **total base** of 587,800 students, 11.4% up on 1Q15, 410,700 of whom enrolled in on-campus programs (up by 6.2% on a same shop basis) and 164,200 in distance-learning programs (up by 16.7% on a same shop basis), as well as 12,900 from the acquisitions in the last 12 months.
- **Net operating revenue** came to R$792.9 million in 1Q16, 9.8% more than in 1Q15, thanks to student base growth of 11.6%.
- **Adjusted EBITDA** amounted to R$213.4 million in 1Q16, a 9.1% improvement over 1Q15, with a respective **adjusted EBITDA margin** of 26.9%.
- **Net income** totaled R$128.5 million in 1Q16, while **earnings per share** (ex-treasury shares) stood at R$0.42 in 1Q16, flat over 1Q15.
- The Company closed 1Q16 with solid **cash and cash equivalents** of R$362.3 million.

Key Consolidated Indicators

Financial Highlights (R$ million)	1Q15	1Q16	Change
Net Revenue	**722.3**	**792.9**	**9.8%**
Gross Profit	**319.1**	**356.0**	**11.6%**
Gross Profit margin (%)	*44.2%*	*44.9%*	*0.7 p.p.*
Adjusted EBITDA	**195.7**	**213.4**	**9.1%**
Adjusted EBITDA Margin (%)	*27.1%*	*26.9%*	*-0.2 p.p.*
Net Income	**130.6**	**128.5**	**-1.6%**
Net Income Margin (%)	*18.1%*	*16.2%*	*-1.9 p.p.*

Notes:
** Adjusted EBITDA considers as the operating result: (i) the adjustment of FIES accounts receivable; (ii) revenue from fines and interest related to overdue tuition; and (iii) discounts granted in negotiations of overdue tuition.*
***The information of students base and average ticket calculation is not reviewed by the auditors.*

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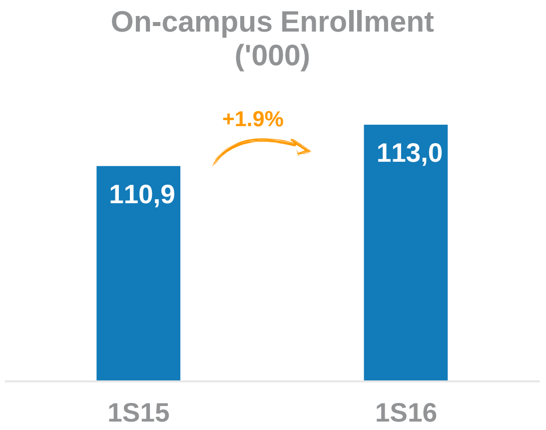
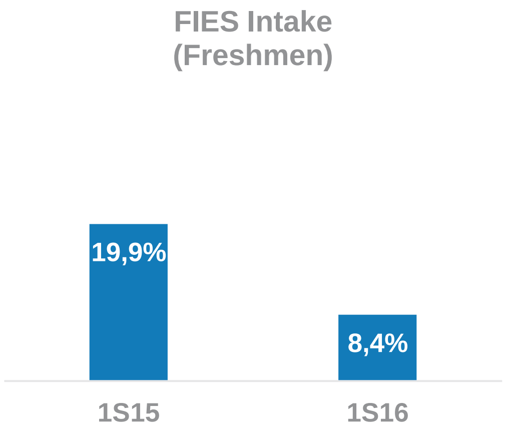
Message from Management

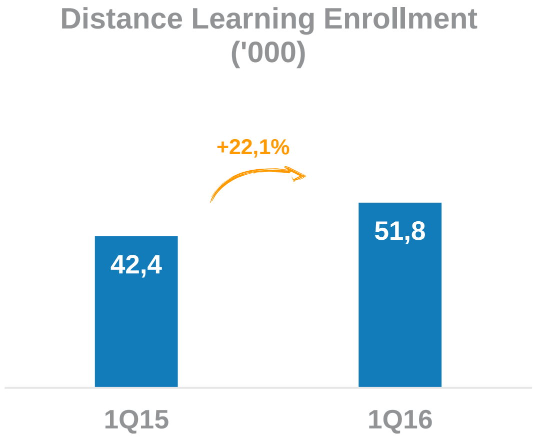
For the 12th consecutive time, including the two semesters of 2015, marked by the economic crisis and the alterations to the FIES framework, we once again closed the intake cycle with record enrollment figures.

In the on-campus undergraduate segment, we enrolled 113,000 new students, 1.9% up on the same cycle last year, despite the unfavorable comparison both in terms of the number of FIES places and the overall economic situation. This semester, the FIES penetration rate for new students was 8.4% until the end of the enrollment period, versus 19.9% in the end of the first semester of 2015, once again underlining our resilience to the crisis and the correctness of the strategy adopted during the FIES boom years.

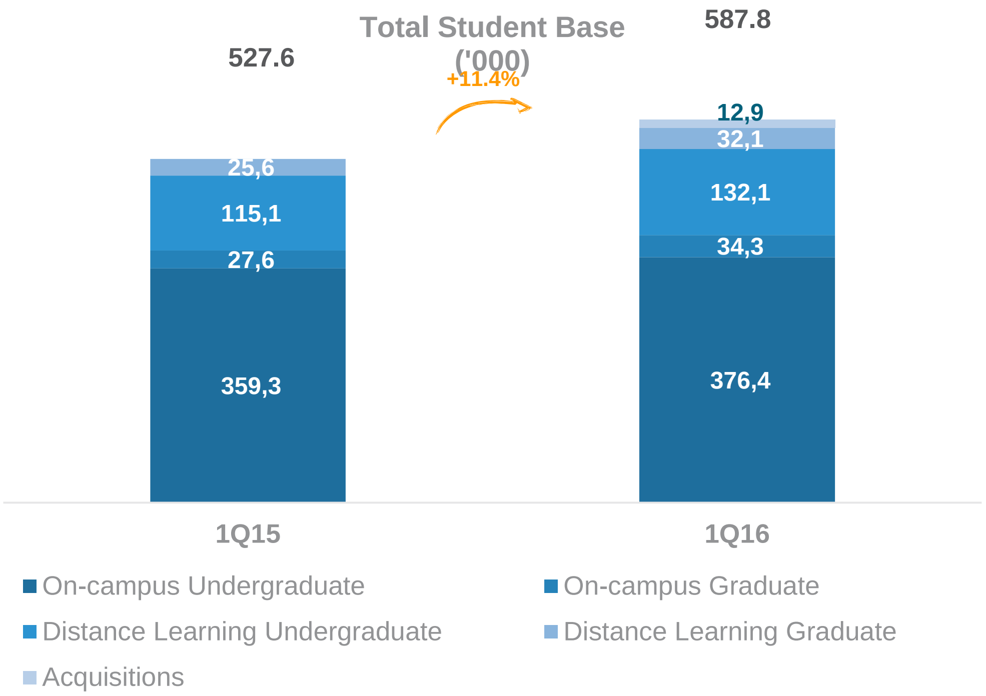




The distance learning segment also recorded solid growth, with 51,800 new students, 22.1% more than the year before. In addition to greater demand for this type of course between 2012 and 2015, our number of centers increased substantially and we began to put greater emphasis on this segment, exemplified by the launch of our first marketing campaign dedicated exclusively to distance learning.



This excellent intake result generated organic on-campus undergraduate student base growth (excluding acquisitions) of 4.8%, while our distance learning base expanded by 14.8%. Our graduate base grew by 24.9%, closing 1Q16 with 66,400 students. As a result, our total student base, including all the acquisitions, climbed by 11.4% over 1Q15.



In this context, net operating revenue totaled R$792.9 million in 1Q16, 9.8% up on 1Q15, offsetting the losses from the substantial reduction in the PRONATEC program. As a result, adjusted EBITDA came to R$213.4 million, up by 9.1%, with a margin of 26.9%, virtually in line with the year before.

Net income amounted to R$128.5 million, 1.6% down year-on-year, not accompanying EBITDA growth due to the greater level of depreciation and the amortization of goodwill resulting from the recent acquisitions, as well as higher interest expenses due to the increase in debt in 2015.

With all intake processes in positive territory, resulting in double-digit student base growth year over year, 2016 looks highly promising in terms of results, especially when we consider the following aspects:

- Twelve-month revenue growth will tend to increase in the coming quarters, as positive impacts caused by Pronatec program on 2015 results diminish, and also as a more comparable FIES' penetration rate in the 2nd semester intake cycle;
- Marketing expenses, quite high this quarter due to the factors mentioned in our 4Q15 release, tend to stabilize closer to annual historic levels, implying a considerable reduction in expenses in the second half;
- PDA, although impacted by the economic crisis, also peaked in the first quarter due to students who did not obtain FIES throughout 2015, a period when the student body still had strong expectations regarding the program;
- Faculty costs were impacted by the anticipation of the class formation process in the first semester of 2016 due to the anticipation of our entire marketing campaign and to our efforts to accelerate the conversion of candidates into effective students. As a result, costs which had only been recognized in the second quarter in 2015 ended up impacting first-quarter results in 2016.

In addition to the operating aspects mentioned above, it is also worth noting a series of factors that could result in much more solid cash generation this year:

- In March 2016, we settled a debt of approximately R$227.1 million referring to a foreign-currency loan with Banco Itaú obtained at the beginning of the FIES crisis, which had a cash flow swap that resulted in a final cost of CDI + 0.12% p.a;
- In March 2016, we entered into an agreement with the IFC giving us the option to withdraw US$100 million, if necessary, to cover the Company's normal expenses and investments. In order to guarantee indexation to the national currency, the company will always take out the loan together with an automatic swap transaction. The term of this loan is six to eight years, highly favoring our debt profile;

- In February 2016, we signed an agreement with the Federal Government, the Post-Secondary Education Department (SESU), as the representative of the Ministry of Education (MEC), and Brazil's National Education Development Fund (FNDE), which defined the conditions for payment of FIES credits not settled by the FNDE in 2015. In Estácio's case, this amount was approximately R$681 million, which will be restated for inflation and paid over the next three years – 25% by June 2016, 25% by June 2017 and 50% by June 2018;
- As part of this agreement, we received a list of the analytical reports from the MEC showing the outstanding amounts and the disparities proved to be less than 1%. These disparities are under analysis with the FNDE, but will not hamper payment of the undisputed amounts;
- All FIES-related activities in 2016 to date, whether the issue of certificates or the buybacks, have been fully complied with. As a result, in April we had the first substantial transfer, of around R$158.2 million, with the subsequent buyback of all the amounts not used for tax payment purposes.

In other words, until now the FNDE has been fully complying with what had been agreed upon with the sector, which indicates a return to the situation prevailing before the economic crisis. This fact, together with growing operational stability, should allow the company to generate much stronger operating cash flow in 2016, which, in turn, will enable us to move ahead with our day-to-day activities and the incessant pursuit of our 2020 Vision.

Finally, it is worth noting that in the second semester of 2016 we will, for the first time, have a fairer basis of comparison with the previous period, since it will be the first time since the beginning of all the sector turbulence that we will have comparable macroeconomic scenarios and similar numbers of new students with access to FIES. In this context, it is worth mentioning that Estácio, thanks to its management model, the commitment of its people, and, above all, its disciplined strategy during the boom years and the bad years, has managed to generate growth even during the most unfavorable periods of comparison. As a result, we are extremely confident and we will be facing the coming cycles with the same tranquility and long-term view as always, fully aware that our commitment to creating value will not be swayed by external factors, whether positive or negative, nor by temptations or alarmist visions far from reality and out of step with the Company's solid fundamentals.

OPERATING PERFORMANCE

Estácio closed 1Q16 with a total base of 587,800 students (11.4% more than in 1Q15), 410,700 of whom enrolled in on-campus programs and 164,200 in distance-learning programs, as well as 8,700 students from the acquisition of Faculdade Nossa Cidade (FNC), 2,700 from the acquisition of Faculdade de Castanhal (FCAT) and 1,500 from the acquisition of Faculdades Unidas Feira de Santana (FUFS), all of which acquired in the last 12 months.

Table 2 – Total Student Base *

'000	1Q15	1Q16	Change
On-Campus	**386.9**	**410.7**	**6.2%**
Undergraduate	359.3	376.4	4.8%
Graduate	27.6	34.3	24.4%
Distance Learning	**140.7**	**164.2**	**16.7%**
Undergraduate	115.1	132.1	14.8%
Graduate	25.6	32.1	25.5%
Student Base - same shops	**527.6**	**574.9**	**9.0%**
Acquisitions in the last 12 months	-	12.9	N.A.
Total Student Base	**527.6**	**587.8**	**11.4%**
# Campuses	89	93	4.5%
On-Campus Students per Campus	**4,347**	**4,555**	**4.8%**
# Distance Learning Centers	168	191	13.7%
Distance Learning Students per Center	**837**	**860**	**2.7%**

Note:
* Acquisitions in the last 12 months refer to students from FNC (8,700), FCAT (2,700) and FUFS (1,500).
** # Distance Learning Centers refers to total number of active distance learning centers.

On-Campus Undergraduate Segment

Estácio's **on-campus undergraduate base** totaled 389,300 students in 1Q16, 8.3% more than in 1Q15. Under the same-shop concept, i.e., excluding FNC, FCAT and FUFS students, the Company recorded organic growth of 4.8%.

The **retention rate** in the on-campus undergraduate segment comprised 87.8% of the same-shop student base in 1Q16, versus 90.1% in 1Q15, a 2.4 p.p. decline.

Table 3 – Evolution of on-campus undergraduate base

'000	1Q15	1Q16	Change
Students - Starting balance	**290,2**	**331,0**	**14,1%**
(+/-) Acquisitions in the last 12 months	-	(11,4)	N.A.
(-) Graduates	(15,4)	(19,5)	26,6%
Renewable Base	**274,8**	**300,1**	**9,2%**
(+) Enrollments	110,9	113,0	1,9%
(+) Acquisitions	0,7	-	N.A.
(-) Not Renewed	(27,1)	(36,7)	35,4%
Students - same shops	**359,3**	**376,4**	**4,8%**
(+) Acquisitions in the last 12 months	-	12,9	N.A.
Students - Ending Balance	**359,3**	**389,3**	**8,3%**
Renewal rate	*90,1%*	*87,8%*	*-2,4 p.p.*

Note: * Acquisitions in the last 12 months refer to students from FNC (8,700), FCAT (2,700) and FUFS (1,500). Figures not reviewed by the auditors.
** The renewal rate is the ratio of the total balance of renewed students to the initial balance of same-shop students.

FIES

It is worth noting that there were 11,100 new FIES contracts in the first semester of 2016, representing an occupancy rate of 62.9% of the places offered by Estácio in this cycle (17,600). Our excellent new student enrollment result, with growth in the number of new students despite the reduced number of new FIES contracts (only 9,500 students, versus a total of 22,100 new students in the end of the first semester of2015), underlines the efficiency of the strategy of not using FIES as the main sales pitch, always emphasizing Estácio's attributes and advantages to attract new students, thereby avoiding dependence on FIES during the enrollment process.

Table 4 – FIES Student Base

('000)	1Q15	2Q15	3Q15	4Q15	1Q16
On-campus undergraduate students	359.3	330.5	358.7	331.0	389.3
FIES Student Base	**132.6**	**146.1**	**137.4**	**136.4**	**128.6**
% of FIES Students	36.9%	44.2%	38.3%	41.2%	33.0%

Table 5 – New FIES Contracts (freshmen and seniors)

('000)	1H14	2H14	1H15	2H15	1H16
Total Intake	99.0	67.5	110.9	71.4	113.0
Freshmen with FIES (until the end of the intake process)	26.1	14.9	12.1	1.9	7.8
% via FIES	**26.4%**	**22.1%**	**10.9%**	**2.6%**	**6.9%**
Freshmen with FIES (until the end of the semester)	34.9	18.9	22.1	2.5	7.8
% via FIES	**35.3%**	**28.0%**	**19.9%**	**3.5%**	**6.9%**
Senior students with FIES (new contracts)	5.3	3.9	1.9	1.1	1.1
New FIES contracts in the semester	**40.2**	**22.8**	**24.0**	**3.6**	**8.9**

Distance-Learning Undergraduate Segment

The first-quarter **distance-learning undergraduate base** increased by 14.7% over 1Q15 to 132,100 students, as a result of the exceptionally successful intake in 1Q16, which increased by 22.1% over 1Q15.

The success of **distance-learning intake** in 1Q16 was a result of increased demand for courses with a more affordable average ticket, as well as the Estácio Commitment campaign and the increasing alignment of intake policies and strategies in all units, including partner centers. It is also worth noting that in 4Q15, Estácio launched a specific enrollment campaign for distance-learning students, featuring former champion tennis player Gustavo Kuerten, whose effects began to become apparent in 1Q16.

The distance-learning **retention rate** was 83.3%, versus 82.2% in 1Q15, a 1.1 p.p. improvement over 1Q15, favored by the Retention project, which helped us to overcome the difficulties with the migration of legacy systems in UniSEB's centers, as well as the higher propension to dropout of a quite younger student base.

Table 6 – Evolution of distance-learning* undergraduate base

'000	1Q15	1Q16	Change
Students - Starting Balance	**93.2**	**101.9**	**9.3%**
(-) Graduates	(4.8)	(5.5)	14.6%
Renewable Base	**88.4**	**96.4**	**9.0%**
(+) Enrollments	42.4	51.8	22.1%
(-) Dropouts	(15.7)	(16.1)	2.5%
Students - Ending Balance	**115.1**	**132.1**	**14.7%**
Retention Rate (%)	*82.2%*	*83.3%*	*1.1 p.p.*

** The retention rate is the ratio of the final balance of students to the renewable base at the beginning of the semester.

Continuous Education

Graduate Segment

In 1Q16, Estácio had 66,400 students enrolled in graduate programs, 24.9% up on 1Q15, due to a number of changes and improvements in the academic and operational areas implemented since 2015, with an emphasis on the preparation of new courses, an increase in graduate distribution channels, and the implementation of our enrollment center, which expanded the segment's commercial reach.

Table 7 – Graduate Student Base

'000	1Q15	1Q16	Change
Graduate	**53.1**	**66.4**	**24.9%**
On-Campus	27.6	34.3	24.4%
Distance Learning	25.6	32.1	25.5%

Pronatec

At the end of 1Q16, Estácio had 3,600 students enrolled in the Pronatec program of vocational courses (Training Scholarship Modality), generating net revenue of R$4.7 million in 1Q16. Since 3Q15, we have had students from the first bid notices graduating, significantly reducing this segment's total student base after the interruption of the bids.

Table 8 – Vocational Course Student Base - Pronatec

'000	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Pronatec Students	**15.2**	**12.6**	**19.6**	**17.5**	**15.0**	**12.6**	**5.4**	**3.6**

FINANCIAL PERFORMANCE

Performance by Segment

As of this quarter, we will be presenting the operating performance of each Estácio business segment, as shown in the table below.

The on-campus undergraduate segment presented an adjusted EBITDA margin of 41.8%, representing 85.0% of the consolidated results. The distance learning undergraduate segment achieved an adjusted EBITDA margin of 52.5%, representing 11.5% of the consolidated results. On the other hand, the EDUCON segment achieved an adjusted EBITDA margin of 25.0%, representing 3.5% of the consolidated results.

Table 9 – Operating Performance by Segment

R$ million	On-campus undergrad.		Distance Learning undergrad.		EDUCON and OTHERS		CORPORATE		CONSOLIDATED	
	1Q16	% AV	1Q16	% AV	1Q16	% AV	1Q16	% AV	1Q16	% AV
Gross Operating Revenue	1,078.9	160.0%	130.8	179.6%	68.3	149.4%			1,278.0	161.2%
Gross Revenue Deductions	(404.5)	-60.0%	(58.0)	-79.6%	(22.6)	-49.4%			(485.1)	-61.2%
(+) Adjustment to Present Value (APV)	-	0.0%	-	0.0%	-	0.0%			-	0.0%
Net Operating Revenue	674.4	100.0%	72.9	100.0%	45.7	100.0%			792.9	100.0%
Personnel	(286.4)	-42.5%	(18.9)	-25.9%	(21.6)	-47.3%			(326.9)	-41.2%
Textbooks Materials	(3.4)	-0.5%	(1.0)	-1.4%	(0.2)	-0.5%			(4.6)	-0.6%
Rentals / Real Estate Taxes Expenses	(59.0)	-8.7%	(0.8)	-1.2%	(0.3)	-0.8%			(60.2)	-7.6%
Third-Party Services and Others	(24.4)	-3.6%	(0.2)	-0.3%	(0.2)	-0.3%			(24.8)	-3.1%
Correios e Malotes	(0.5)	-0.1%	(0.0)	0.0%	(0.0)	0.0%			(0.5)	-0.1%
Energia Elétrica, Água, Gás e Telefone	(10.3)	-1.5%	(0.1)	-0.2%	(0.1)	-0.1%			(10.5)	-1.3%
Serviços de Terceiros - Segurança e Limpeza	(13.6)	-2.0%	(0.1)	-0.1%	(0.1)	-0.2%			(13.8)	-1.7%
Gross Profit	301.2	44.7%	51.9	71.3%	23.4	51.2%			376.5	47.5%
Operational expenses	(20.6)	-3.1%	(7.7)	-10.5%	(10.6)	-23.2%			(38.8)	-4.9%
Salaries and Payroll Charges	(3.9)	-0.6%	(5.8)	-8.0%	(0.8)	-1.8%			(10.5)	-1.3%
General and Administrative Expenses	(16.7)	-2.5%	(1.8)	-2.5%	(9.8)	-21.4%			(28.3)	-3.6%
Selling Expenses	(17.2)	-2.6%	(6.3)	-8.6%	(2.9)	-6.4%			(26.4)	-3.3%
Provisions for Doubtful Accounts	(16.1)	-2.4%	(6.1)	-8.4%	(2.6)	-5.8%			(24.8)	-3.1%
Marketing	(1.2)	-0.2%	(0.1)	-0.2%	(0.3)	-0.6%			(1.6)	-0.2%
Other Operating Revenue	2.8	0.4%	(0.0)	0.0%	1.4	3.0%			4.2	0.5%
Operating Financial Result	266.2	39.5%	38.0	52.2%	11.3	24.6%	0.0		315.4	39.8%
Corporate Expenses						0.0%	(53.3)		(53.3)	-6.7%
Corporate Selling Expenses						0.0%	(64.6)		(64.6)	-8.2%
EBITDA	266.2	39.5%	38.0	52.2%	11.3	24.6%	(117.9)		197.5	24.9%
Fines and interest charged	19.5	2.9%	1.6	2.3%	0.3	0.7%			21.4	2.7%
Atualização do Contas a Receber FIES	-	0.0%	-	0.0%	-	0.0%				
Financial Discounts	(4.0)	-0.8%	(1.4)	-1.2%	(0.1)	-2.3%			(7.1)	-0.9%
Adjusted EBITDA	281.7	41.8%	38.2	52.5%	11.4	25.0%	(117.9)		213.5	26.9%

Consolidated Operating Revenue

Net operating revenue came to R$792.9 million in 1Q16, 9.8% up on 1Q15, mainly due to the 11.4% increase in the post-secondary student base, which offset the R$13.5 million reduction in the Pronatec line as a result of the MEC's adjustment of the program's volume.

Table 9 – Operating Revenue

R$ MM	1Q15	1Q16	Change
Gross Operating Revenue	**1,101.7**	**1,278.0**	**16.0%**
Monthly Tuition Fees	1,065.7	1,253.4	17.6%
Pronatec	19.3	5.8	-69.9%
Others	16.7	18.8	12.6%
Gross Revenue Deductions	**(379.3)**	**(485.1)**	**27.9%**
Scholarships and Discounts	(334.0)	(428.0)	28.1%
Taxes	(29.0)	(33.0)	13.8%
FGEDUC	(16.3)	(19.4)	19.0%
Other deductions	-	(4.7)	N.A
% of Scholarships and Discounts / Gross Operating Revenue	30.3%	33.5%	*3.2 p.p.*
Net Operating Revenue	**722.3**	**792.9**	**9.8%**

Average Ticket

The **average monthly on-campus ticket** came to R$578.7 in 1Q16, 2.3% more than in 1Q15. Considering the **average monthly on-campus undergraduate ticket** only, the year-on-year upturn was 3.1%, below inflation (despite positive), due to the following effects:

- **Change in the course mix:** Due to the deterioration in the economic scenario and the FIES limitations, there was an increase in the share of lower average ticket courses;
- **Decline in the number of subjects during the semester:** To avoid dropping out, students tend to reduce the number of subjects in which they are enrolled, impacting the quarter's average ticket, but also increasing their course duration;
- **Increase in the level of discounts and scholarships:** Deductions from revenue in the on-campus segment increased by 24.0%, due to the campaigns to attract new students in 1Q16.

Considering the **average monthly on-campus graduate ticket** only (excluding the revenue and student base numbers of partner institutions), there was a year-on-year decline of 7.3%, due to the strong intake of new graduate students, which increased the average percentage of discounts with tuition exemptions granted in the intake campaigns.

Table 10 – Calculation of the Average Monthly Ticket – On-Campus

'000	1Q15	1Q16	Change
On-Campus Undergraduate Student Base	359.3	389.3	8.3%
(-) FNC Acquisition	-	(1.5)	N.A.
(-) Dropouts	(10.7)	(14.0)	31.1%
(=) Revenue Generating On-Campus Undergraduate Student Base	348.7	373.8	7.2%
(+) On-Campus Graduate Student Base	21.3	26.2	22.9%
(=) Revenue Generating On-Campus Student Base	**370.0**	**400.0**	**8.1%**
On-Campus Gross Revenue	**966.2**	**1,114.1**	**15.3%**
On-Campus Deductions	(338.5)	(419.7)	24.0%
On-Campus Net Revenue (R$ million)	**627.7**	**694.5**	**10.6%**
On-Campus Average Ticket (R$)	**565.6**	**578.7**	**2.3%**

Note: * Excluding the graduate segment in partner institutions and the acquisition of FUFS, which was only consolidated in the Company's results in March..

Table 11 – Calculation of the Average Monthly Ticket – On-Campus Undergraduate Program

'000	1Q15	1Q16	Change
On-Campus Undergraduate Student Base	**359.3**	**389.3**	**8.3%**
(-) FNC Acquisition	-	(1.5)	N.A.
(-) FCAT Acquisition	(10.7)	(14.0)	31.1%
(=) Revenue Generating On-Campus Undergraduate Student Base	**348.7**	**373.8**	**7.2%**
On-Campus Undergraduate Net Revenue (R$ million)	**609.9**	**674.1**	**10.5%**
On-Campus Undergraduate Average Ticket (R$)	**583.1**	**601.1**	**3.1%**

Notes: * Excluding the figures related to revenue from the acquisition FUFS, which was only consolidated in the Company's results in March.

Table 12 – Calculation of the Average Monthly Ticket – On-Campus Graduate Programs

'000	1Q15	1Q16	Change
On-Campus Undergraduate Student Base	21.3	26.2	22.9%
On-Campus Undergraduate Net Revenue (R$ million)	**17.8**	**20.3**	**13.9%**
On-Campus Undergraduate Average Ticket (R$)	**279.3**	**259.0**	**-7.3%**

Notes: * Excluding the graduate segment in partner institutions.

The **average monthly distance-learning ticket** came to R$186.7 in 1Q16, 0.9% more than in 1Q15, while the **average monthly distance-learning undergraduate ticket** stood at R$190.4, up by 2.0%.

Table 13 – Calculation of the Average Monthly Ticket – Distance-Learning*

'000	1Q15	1Q16	Change
Distance Learning Undergraduate Student Base	109.0	127.6	17.1%
(+) Distance Learning Graduate Student Base	8.7	14.4	66.2%
(=) Revenue Generating Distance Learning Student Base	**117.6**	**142.0**	**20.7%**
Distance Learning Gross Revenue	102.0	142.1	**39.3%**
Distance Learning Deductions	(36.7)	(62.6)	70.3%
Distance Learning Net Revenue (R$ million)	**65.3**	**79.5**	**21.8%**
Distance Learning Average Ticket (R$)	**184.9**	**186.7**	**0.9%**
% Deductions / Gross Operating Revenue	*56.3%*	*78.7%*	*22.4 p.p.*

Note: * Excluding UniSEB's graduate segment and partnerships.

Table 14 – Calculation of the Average Monthly Ticket – Distance-Learning Undergraduate Program*

'000	1Q15	1Q16	Change
Revenue Generating Distance Learning Undergraduate Student Base	**109.0**	**127.6**	17.1%
Distance Learning Undergraduate Net Revenue (R$ million)	**61.0**	**72.9**	**19.4%**
Distance Undergraduate Learning Average Ticket (R$)	**186.7**	**190.4**	**2.0%**

Table 15 – Calculation of the Average Monthly Ticket – Distance-Learning Graduate Programs*

'000	1Q15	1Q16	Change
Revenue Generating Distance Learning Graduate Student Base	**8.7**	**14.4**	66.2%
Distance Learning Graduate Net Revenue (R$ million)	**4.2**	**6.6**	**57.0%**
Distance Learning Graduate Average Ticket (R$)	**162.6**	**153.6**	**-5.5%**

Note: * Excluding UniSEB's graduate segment and partnerships.

Cost of Services

The **cash cost of services** represented 52.4% of net operating revenue in 1Q16, versus 52.9% in 1Q15, a margin gain of 0.6 p.p., due to the:

(i) **Textbook materials** line, which continues to reflect the effects of the increasing use of proprietary books, migration to the digital format, and improved inventory management;

(ii) **Rentals and real estate taxes**, which have been subjected to contract renegotiations, as well as the constant improvement in building occupancy rates

The other lines (**Personnel and Third-party services and others**) remained relatively stable in relation to 1Q15, mainly due to the anticipation of class formation, which took place in 1Q16, impacting faculty costs over the same period last year.

Table 16 – Breakdown of Cost of Services

R$ MM	1Q15	1Q16	Change
Cost of Services	**(382.4)**	**(415.2)**	**8.6%**
Personnel	(295.6)	(326.9)	10.6%
Salaries and Payroll Charges	(244.3)	(269.9)	10.5%
Brazilian Social Security Institute (INSS)	(51.3)	(57.0)	11.1%
Rentals / Real Estate Taxes Expenses	(57.4)	(59.2)	3.1%
Textbooks Materials	(9.1)	(5.1)	-44.0%
Third-Party Services and Others	(20.3)	(24.0)	18.2%

Table 17 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	1Q15	1Q16	Change
Cost of Services	**-52.9%**	**-52.4%**	***0.6 p.p.***
Personnel	-40.9%	-41.2%	*-0.3 p.p.*
Salaries and Payroll Charges	-33.8%	-34.0%	*-0.2 p.p.*
Brazilian Social Security Institute (INSS)	-7.1%	-7.2%	*-0.1 p.p.*
Rentals / Real Estate Taxes Expenses	-7.9%	-7.5%	*0.5 p.p.*
Textbooks Materials	-1.3%	-0.6%	*0.6 p.p.*
Third-Party Services and Others	-2.8%	-3.0%	*-0.2 p.p.*

Table 18 – Reconciliation of cost of services

R$ MM	1Q15	1Q16	Change
Cash Cost of Services	**(382.3)**	**(415.0)**	**8.6%**
(+) Depreciação e amortização	(20.9)	(21.8)	4.3%
Cost of Services	**(403.3)**	**(436.9)**	**8.3%**

Gross Income

Table 19 – Statement of gross income

R$ MM	1Q15	1Q16	Change
Net Operating Revenue	722.3	792.9	9.8%
Cost of Services	(403.3)	(436.9)	8.3%
Gross Profit	**319.1**	**356.0**	**11.6%**
(-) Depreciation and amortization	(20.9)	(21.8)	4.3%
Cash Gross Profit	**298.2**	**334.2**	**12.1%**
Cash Gross Margin	*41.2%*	*42.1%*	*0.9 p.p.*

Selling, General and Administrative Expenses

Selling expenses represented 11.4% of net operating revenue in 1Q16, 4.0 p.p. higher than in 1Q15, as a result of higher investments in advertising and of the increase in PDA.

In the **advertising** line, 1Q16 continued to be impacted by seasonal effects that affected the performance of this line in 4Q15, reaching 8.3% of net operating revenue, well above our historical average. Among the factors that continued impacting the 1Q16 advertising line were:

(i) the launch of a specific distance-learning campaign, designed to reinforce the perception of a truly national brand and at the same time call students' attention to our Distance Learning platform, which began to have a more significant effect on attracting new students to the segment;
(ii) the intake campaign, designed to increase enrollment during the adverse economic scenario, especially in São Paulo, where Estácio's brand is gaining increasing ground; and
(iii) the Rio 2016 Olympic Games campaign.

It is worth noting that advertising expenses should return to their previous levels in 2016 since all planning has already been effected in light of the new education market scenario. In other words, we expect a relatively different marketing expanses distribution from previous years, with a greater concentration in the first half, subsequently offset in the second.

In addition, the **PDA/net operating revenue ratio** recorded a loss of 0.9 p.p., due to higher delinquency rates in the 2nd half of 2015 resulting from adverse external scenario and a lower intake of students with FIES contracts.

General and administrative expenses corresponded to 11.9% of **net operating revenue** in 1Q16, a 0.9 p.p. improvement over 1Q15, due to the 0.8 p.p. gain in **other general and administrative expenses**, mainly third-party services.

The **institutional events** line continued to be impacted by R$8.5 million related to our sponsorship of the 2016 Olympic Games in Rio. However, there is a corresponding counter-entry under revenue (in the **others** line) related to the training Estácio offers to the volunteers who will help at the event, so that the effect on the operating result (EBITDA) was nil, impacting the period's margin only.

The annual increase in **depreciation and amortization** was mainly due to the amortization of the goodwill from the price paid for the recent acquisitions.

Table 20 – Selling, General and Administrative Expenses

R$ MM	1Q15	1Q16	Change
Selling, General and Administrative Cash Expenses	**(145.7)**	**(184.4)**	**26.6%**
Selling Expenses	**(53.8)**	**(90.4)**	**68.0%**
Provisions for Doubtful Accounts	(15.6)	(24.2)	55.1%
Marketing	(38.2)	(66.2)	73.3%
General and Administrative Expenses	**(91.9)**	**(94.0)**	**2.3%**
Personnel	(39.8)	(43.1)	8.3%
Salaries and Payroll Charges	(34.9)	(37.5)	7.4%
Brazilian Social Security Institute (INSS)	(5.0)	(5.6)	12.0%
Others	(52.1)	(51.0)	-2.1%
Third-Party Services	(18.7)	(16.6)	-11.2%
Consumable Material	(0.6)	(1.0)	66.7%
Maintenance and Repair	(8.9)	(8.1)	-9.0%
Provision for Contingencies	(0.4)	(3.3)	725.0%
Educational Agreements	(1.5)	(1.7)	13.3%
Travel and Lodging	(1.7)	(1.2)	-29.4%
Institutional Events	(9.0)	(7.4)	-17.8%
Copies and Bookbinding	(1.2)	(1.3)	8.3%
Insurance	(1.5)	(1.7)	13.3%
Cleaning Supplies	(0.5)	(0.6)	20.0%
Transportation	(0.7)	(1.0)	42.9%
Car Rental	(0.6)	(0.7)	16.7%
Others	(6.8)	(6.5)	-4.4%
Depreciation and amortization	**(18.2)**	**(26.7)**	**46.7%**
Other operating renevues	**1.7**	**4.2**	**147.1%**

Table 21 – Vertical Analysis of Selling, General and Administrative Expenses

% of Net Operating Revenue	1Q15	1Q16	Change
Selling, General and Administrative Cash Expenses	**-20.2%**	**-23.3%**	***-3.1 p.p.***
Selling Expenses	**-7.4%**	**-11.4%**	***-4.0 p.p.***
Provisions for Doubtful Accounts	-2.2%	-3.1%	*-0.9 p.p.*
Marketing	-5.3%	-8.3%	*-3.1 p.p.*
General and Administrative Expenses	**-12.7%**	**-11.9%**	***0.9 p.p.***
Personnel	-5.5%	-5.4%	*0.1 p.p.*
Salaries and Payroll Charges	-4.8%	-4.7%	*0.1 p.p.*
Brazilian Social Security Institute (INSS)	-0.7%	-0.7%	*0.0 p.p.*
Others	-7.2%	-6.4%	*0.8 p.p.*
Third-Party Services	-2.6%	-2.1%	*0.5 p.p.*
Consumable Material	-0.1%	-0.1%	*0.0 p.p.*
Maintenance and Repair	-1.2%	-1.0%	*0.2 p.p.*
Provision for Contingencies	-0.1%	-0.4%	*-0.4 p.p.*
Educational Agreements	-0.2%	-0.2%	*0.0 p.p.*
Travel and Lodging	-0.2%	-0.2%	*0.1 p.p.*
Institutional Events	-1.2%	-0.9%	*0.3 p.p.*
Copies and Bookbinding	-0.2%	-0.2%	*0.0 p.p.*
Insurance	-0.2%	-0.2%	*0.0 p.p.*
Cleaning Supplies	-0.1%	-0.1%	*0.0 p.p.*
Transportation	-0.1%	-0.1%	*0.0 p.p.*
Car Rental	-0.1%	-0.1%	*0.0 p.p.*
Others	-0.9%	-0.8%	*0.1 p.p.*
Depreciation and amortization	**-2.5%**	**-3.4%**	***-0.8 p.p.***
Other operating renevues	**0.2%**	**0.5%**	***0.3 p.p.***

EBITDA

Adjusted EBITDA totaled R$213.4 million in 1Q16, 9.0% up on 1Q15, with an **adjusted EBITDA margin** of 26.9%, down by 0.2 p.p., primarily due to higher selling expenses and to the anticipation of class formation in relation to the previous year, with a consequent impact on faculty costs.

Table 22 – Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

R$ million	1Q15	1Q16	Change
Operational Net Revenue	**722.3**	**792.9**	**9.8%**
(-) Cash Cost of Services	(382.3)	(415.2)	8.6%
(-) Selling, General and Administrative Cash Expen	(145.7)	(184.4)	26.6%
(+) Other operating revenues	1.7	4.2	147.1%
Recurring EBITDA	**195.9**	**197.5**	**0.8%**
Recurring EBITDA Margin (%)	*27.1%*	*24.9%*	*-2.2 p.p.*
(+) Operating Financial Result	(0.2)	15.9	-6876.2%
Fines and interest charged	5.1	8.4	66.6%
Inflation Adjustment of FIES Accounts Receivable	-	13.0	N.A.
Financial Discounts	(5.3)	(5.5)	3.5%
Adjusted EBITDA	**195.7**	**213.4**	**9.1%**
Adjusted EBITDA Margin (%)	*27.1%*	*26.9%*	*-0.2 p.p.*

Financial Result

The 1Q16 **financial result** was negative by R$11.9 million, a slight improvement over 1Q15, primarily due to recognition of the adjustment of FIES receivables, which offset the R$14.7 million increase in the **interest and financial charges** line, as a result of the R$46.5 million increase in the Company's gross debt.

In March 2016, we settled a debt of approximately R$227.1 million referring to a foreign-currency loan with Banco Itaú. The loan contracted in March 2015 had a cash flow swap in which the long leg corresponded to the exchange variation plus 1.95% p.a., which offset the line's FX exposure, and the short leg to the CDI + 0.12% p.a.

Table 23 – Breakdown of the Financial Result

R$ MM	1Q15	1Q16	Change
Financial Revenue	**25.8**	**74.2**	**187.6%**
Fines and interest charged	5.1	8.4	66.6%
Inflation adjustment to FIES receivables	-	13.0	N.A.
Investments income	16.7	19.0	13.5%
Active monetary variation	0.3	1.4	425.8%
Active exchange variation	3.8	28.0	645.0%
Derivative financial instruments gain - swap	-	0.5	N.A.
	-	5.4	N.A.
Other	0.0	(1.3)	N.A.
Financial Expenses	**(38.4)**	**(86.1)**	**124.4%**
Bank charges	(2.9)	(2.2)	-25.2%
Interest and financial charges	(19.9)	(34.6)	74.0%
Financial Discounts	(5.3)	(5.5)	3.5%
Passive monetary variation	(3.9)	(4.0)	1.6%
Derivative financial instruments losses - swap	-	(26.0)	N.A.
Passive exchange variation	(6.0)	(11.0)	83.3%
Other	(0.4)	(2.9)	615.3%
Financial Result	**(12.6)**	**(11.9)**	**-5.2%**

Net Income

Estácio posted **net income of** R$128.5 million in 1Q16, 1.6% down on 1Q15, chiefly due to the effects of the increase of depreciation and amortization of the goodwill from acquired institutions in recent periods. **Earnings per share** (ex-treasury) came to R$0.42 in 1Q16, flat over the same period in 2015.

Table 24 – Reconciliation of Adjusted EBITDA and Net Income

R$ MM	1Q15	1Q16	Change
Adjusted EBITDA	**195.7**	**213.4**	**9.1%**
(-) Operating Financial Result	(0.2)	15.9	N.A.
EBITDA	**195.9**	**197.5**	**0.8%**
Financial Result	(12.6)	(11.9)	-5.6%
Depreciation and amortization	(39.1)	(48.5)	24.0%
Social Contribution	(3.6)	(2.3)	-36.1%
Income Tax	(10.0)	(6.4)	-36.0%
Net Income	**130.6**	**128.5**	**-1.6%**
Number of shares	308.8	307.8	-0.3%
Earnings per share (R$)	**0.42**	**0.42**	**0.0%**

Companies Acquired

The table below shows the impact of institutions acquired in the last twelve months, i.e. FNC FCAT and FUFS (which was only consolidated in March 2016 result, therefore impacting one month only). Acquisitions carried out more than 12 months ago are already consolidated.

Table 25 – Main Indicators of the Companies Acquired in 1Q16

R$ million	FNC	FCAT	FUFS	Total
Net Revenue	**11.1**	**6.2**	**0.6**	**17.8**
Gross Profit	**5.3**	**0.6**	**0.1**	**6.0**
Gross Margin	*48.0%*	*9.6%*	*14.7%*	*33.7%*
EBITDA	**4.4**	**0.2**	**0.1**	**4.6**
EBITDA Margin	*39.3%*	*2.5%*	*13.1%*	*25.8%*
Net Income	**4.2**	**-1.1**	**0.1**	**3.2**
Income Margin	*37.5%*	*-17.4%*	*11.7%*	*17.7%*

Accounts Receivable and Average Receivable Days

The number of **net student receivables days** (tuition and agreements), including FIES receivables and FIES net revenue (excluding the AVP effect), reached 174 days in 1Q16, 67 days more than in 1Q15, mainly due to the new FIES transfer and buyback schedule for 2015.

Removing FIES net revenue and FIES receivables (excluding the APV effect) from the equation, average receivables days came to 96 days, an increase of seven days over 1Q15, due to:

- ***The lower penetration of freshmen with FIES contracts:*** In the first semester of 2016, Estácio recorded only 9,500 enrollments with FIES contracts, until the end of the enrollment period, versus 22,100 until the end of the first semester of 2015;
- ***The worsening of the economic scenario:*** non-FIES students, distance-learning students, and students in other areas recorded higher delinquency rates in 2015, either due to the impossibility of obtaining FIES or due to the financial difficulties triggered by the worsening of the economic scenario.

In fact, Brazil's economic scenario has severely limited household payment capacity, which makes maintaining the timely payment level an even bigger challenge. In this context, Estácio hired external assistance and reinforced its in-house credit and collection team in order to provide specific input to the Company's management model, with the aim of substantially improving this indicator in the coming quarters.

Table 26 – Accounts Receivable and Average Receivable Days

Accounts Receivable (R$ MM)	1Q15	2Q15	3Q15	4Q15	1Q16
Gross Accounts Receivable	**921.1**	**1,162.0**	**1,247.7**	**1,325.0**	**1,599.4**
FIES	325.9	552.5	616.8	681.3	1,010.6
FIES Carry-Forward Credits	87.2	74.4	79.0	87.6	3.1
Tuition monthly fees	412.5	448.2	429.6	454.7	432.6
Credit Cards receivable	43.9	38.9	45.6	34.9	52.3
Renegotiation receivables	51.6	48.1	76.8	66.5	100.7
Credits to identify	1.5	(5.4)	(3.5)	(2.2)	(1.1)
Provision for bad debts	(111.7)	(99.4)	(111.2)	(128.3)	(125.7)
Adjustment to Present Value (APV)	-	-	-	(28.1)	(22.7)
Net Accounts Receivable	**810.8**	**1,057.2**	**1,133.0**	**1,166.4**	**1,449.8**
Net Revenue (last twelve months)	**2,588.6**	**2,773.8**	**2,873.6**	**2,939.4**	**3,010.0**
(+) Adjustment to Present Value (APV)	-	-	-	28.1	22.7
Net Accounts Receivable Ex-APV	**810.8**	**1,057.2**	**1,133.0**	**1,194.5**	**1,472.6**
Annualized Net Revenue (last twelve months)	**2,724.8**	**2,789.5**	**2,915.6**	**2,977.6**	**3,045.2**
Days Receivables Ex-APV	**107**	**136**	**140**	**144**	**174**
(-) Contas a Receber e Contas a Compensar FIES	(413.1)	(626.9)	(695.8)	(768.8)	(1,013.8)
Net Accounts Receivable Ex. FIES	**397.7**	**430.4**	**437.3**	**425.6**	**458.8**
Net Revenue Ex-FIES (last twelve months)	**1,612.9**	**1,598.1**	**1,672.9**	**1,696.7**	**1,728.4**
Days Receivables Ex-FIES and FIES Revenues	**89**	**97**	**94**	**90**	**96**

Note: Net revenue in the last 12 months is annualized for the acquisitions concluded this period. Annualized net revenue was adjusted in 4Q15 and 2015 to exclude the effects of the adjustment to present value (APV) of FIES credits not settled by the FNDE in 2015,

In 1Q16, **FIES accounts receivable** increased by R$684.7 million over 1Q15 to R$1,010.6 million, due to the FIES transfer and buyback schedule effective in 2015. As a result, the **average FIES receivable term** stood at 276 days in 1Q16, an increase of 142 days over 1Q15.

Table 27 – Accounts Receivable and Average FIES Receivable Days

FIES Average Days Receivables	1Q15	2Q15	3Q15	4Q15	1Q16
FIES Receivables	325.9	552.5	616.8	681.3	1,010.6
Carry-Forward Credits					
FIES Carry-Forward Credits	87.2	74.4	79.0	87.6	3.1
FIES Revenues (last twelve months)	**1,219.4**	**1,306.5**	**1,363.0**	**1,405.2**	**1,444.2**
FGEDUC Deduction (last twelve months)	(60.0)	(64.6)	(68.3)	(71.2)	(74.3)
Taxes (last twelve months)	(47.5)	(50.6)	(52.0)	(53.1)	(53.1)
FIES Net Revenues (last twelve months)	**1,111.9**	**1,191.4**	**1,242.7**	**1,280.9**	**1,316.8**
FIES Days Receivables	**134**	**189**	**202**	**216**	**277**

Note: Net revenue in the last 12 months is annualized for the acquisitions concluded this period. Annualized net revenue was adjusted in 4Q15 and 2015 to exclude the effects of the adjustment to present value (APV) of FIES credits not settled by the FNDE in 2015.

Table 29 – Evolution of FIES Accounts Receivable

FIES Accounts Receivable (R$ MM)	1Q15	2Q15	3Q15	4Q15	1Q16
Opening Balance	**149.7**	**325.9**	**552.5**	**616.8**	**681.3**
(+) FIES Revenue	311.7	376.7	352.8	364.0	350.7
(-) Transfer	121.1	128.9	270.4	301.8	16.9
(-) FIES Deduction/Provision	16.6	19.0	18.1	18.9	19.7
(+) Acquisitions	2.2	-2.2	-	2.4	2.3
(+) Inflation Adjustment of FIES Accounts Receivable	-	-	-	18.7	13.0
Ending Balance	**325.9**	**552.5**	**616.8**	**681.3**	**1010.6**

Out of the R$350.7 million in total FIES revenue in 1Q16, Estácio received transfers corresponding to R$16.9 million, related to January, February and March 2016.

Table 30 – Evolution of FIES Carry-Forward Credits

FIES Carry-Forward Credits (R$ MM)	1Q15	2Q15	3Q15	4Q15	1Q16
Opening Balance	**81.7**	**87.2**	**74.4**	**79.0**	**87.5**
(+) Transfer	121.1	128.9	270.4	301.8	16.9
(-) Tax payment	24.3	79.2	78.9	91.4	28.1
(-) Repurchase auctions	91.3	63.5	188.4	203.8	74.2
(+) Acquisitions	-	-	1.0	2.0	0.9
(+) Monetary restatement	-	0.9	0.5	1.8	0.1
Ending Balance	**87.2**	**74.4**	**79.0**	**87.5**	**3.1**

Table 31 – Aging of Total Gross Accounts Receivable

Breakdown of Accounts Receivable by Age (R$ million)	4Q15	%	1Q16	%
FIES	772.0	39%	1,016.9	63%
Not yet due	60.4	16%	164.7	10%
Overdue up to 30 days	84.5	15%	102.3	6%
Overdue from 31 to 60 days	81.8	5%	49.9	3%
Overdue from 61 to 90 days	80.3	3%	31.7	2%
Overdue from 91 to 179 days	120.8	9%	111.4	7%
Overdue more than 180 days	128.3	13%	125.7	8%
TOTAL	**1,328.1**	**100%**	**1,602.5**	**100%**

Table 32 – Aging of Agreements Receivable

Breakdown of Agreements by Age (R$ million)	4Q15	%	1Q16	%
Not yet due	36.7	52%	63.0	62%
Overdue up to 30 days	5.2	9%	6.2	6%
Overdue from 31 to 60 days	3.8	5%	4.6	5%
Overdue from 61 to 90 days	2.9	5%	4.0	4%
Overdue from 91 to 179 days	7.2	12%	9.5	9%
Overdue more than 180 days	10.5	17%	13.4	13%
TOTAL	**66.5**	**100%**	**100.7**	**100%**
% over Accounts Receivable	**12%**		**17%**	

*Excludes credit card agreement

It is worth noting that Estácio provisions 100% of receivables overdue by more than 180 days, complemented by FIES provisions. The tables below show how PDA is constituted and reconciles the balance sheet amounts with those in the income statement.

Table 33 – Constitution of the Provision for Doubtful Accounts in the Income Statement

R$ MM	12/31/2014	Gross increase in the provision for deliquency	Deliquency recover	Net provision effect	Write off	3/31/2016
TOTAL	128.3	62.2	(38.6)	23.6	(26.3)	125.7

Table 34 – Reconciliation of the Provision for Doubtful Account Balances in the Balance Sheet

	3/31/2016	3/31/2015
Additional Provision	23.6	13.5
Other	0.0	1.3
Total	**23.6**	**14.8**

Investments (CAPEX and Acquisitions)

Table 34 – CAPEX Breakdown

R$ MM	1Q15	1Q16	Change
Total CAPEX	**60.8**	**33.0**	**-45.7%**
Maintenance	**32.9**	**16.4**	**-50.2%**
Discretionary and Expansion	**27.9**	**16.6**	**-40.4%**
Academic Model	2.5	4.3	73.7%
New IT Architecture	2.6	2.6	1.9%
Integration Processes	2.9	0.8	-71.9%
Tablet Project	0.4	-	N.A.
Computers	-	-	N.A.
Expansion	19.5	8.8	-54.7%
Acquisitions	**-**	**7.4**	**N.A.**

Total CAPEX (excluding acquisitions) came to R$33.0 million in 1Q16, 45.7% less than in 1Q15, mainly due to the scheduling of maintenance investments, which totaled R$16.4 million, 50.2% less than in 1Q15, when certain investments were anticipated, especially those related to the upgrading of systems, equipment, libraries and laboratories in the units.

We also invested around R$4.3 million in the **academic model** (creation of content and distance-learning development and production); R$2.6 million in the acquisition of hardware and development of the **IT architecture** revision project, which will replace the legacy academic systems and prepare our hardware for the Company's growth; and R$800,000 in **integration projects**.

Investments in expansion projects, as well as the renovation and improvement of our campuses, totaled R$8.8 million and refer to investments in new units, expansions of existing ones , and new rooms in order to accommodate the growth of our student base.

Total CAPEX (excluding the acquisitions) represented 4.2% of net revenue in 1Q16.

Capitalization and Cash

Cash and cash equivalents closed 1Q16 at R$362.3 million, conservatively invested in fixed-income instruments pegged to the CDI interbank rate, government bonds, and certificates of deposit with top-tier Brazilian banks.

Bank **debt** of R$813.2 million corresponded mainly to:

- the Company's bond issues (1st series of R$200 million, 2nd series of R$300 million and 3rd series of R$187 million);
- the loan from the IFC (first installment of R$48.5 million and second of around R$20 million);
- the capitalization of equipment leasing expenses in compliance with Law 11638.

Including commitments for future payments related to past acquisitions, which total R$99.2 million, as well as taxes payable in installments, Estácio's **gross debt** came to R$931.1 million in 1Q16, a reduction of R$236.4 million, mainly due to the payment, in March 2016, of the total debt, approximately R$227.1 million, related to a loan in foreign currency obtained from Banco Itaú, This loan, contracted in March 2015, had a cash flow swap with a final cost in the operation settled on CDI + 0.12% p.a.

As a result, the Company closed 1Q16 with **net debt** of R$568.9 million.

Table 35 – Capitalization and Cash

R$ MM	3/31/2015	12/31/2015	3/31/2016
Shareholders' Equity	**2,425.0**	**2,680.6**	**2,808.3**
Cash & Cash Equivalents	**721.1**	**693.8**	**362.3**
Total Gross Debt	**(884.6)**	**(1,172.4)**	**(931.1)**
Loans and Financing	(805.5)	(1,049.6)	(813.2)
Short Term	(243.4)	(291.3)	(57.7)
Long Term	(562.2)	(758.3)	(755.6)
Commitments Payable	(60.9)	(103.1)	(99.2)
Taxes Paid in Installments	(18.2)	(19.6)	(18.7)
Cash / Net Debt	**(163.5)**	**(478.6)**	**(568.9)**

Cash Flow

We recorded negative **operating cash flow (OCF)** of R$86.5 million in 1Q16, due to the increase in accounts receivable, as well as to the low level of FIES transfers in the period, offseting the 45.7% reduction in CAPEX (excluding acquisitions). This scenario shall change in a relevant way already in the 2nd quarter, with a larger volume of FIES transfers planned for the period.It is noteworthy that the FNDE has been complying with the transfers and repurchases schedule; indeed, in April we obtained the transfer of R$158 million, whose excess of certificates not used for tax payment have already been by the government.

Table 36 – Cash Flow

Cash Flow Statement (R$ million)	1Q15	1Q16
Profit before income taxes and social contribution	**144.2**	**137.2**
Adjustments to reconcile profit to net cash generated:	**86.7**	**102.8**
Result after reconciliation to net cash generated	**231.0**	**240.0**
Changes in assets and liabilities:	**(263.2)**	**(287.6)**
Net cash provided by (used in) operating activities:	**(32.3)**	**(47.7)**
CAPEX (Ex-Acquisitions)	**(60.8)**	**(33.0)**
Operational Cash Flow:	**(93.1)**	**(80.7)**
Other investing activities:	**1.0**	**(9.3)**
Net cash provided by (used in) investing activities	**(92.1)**	**(90.0)**
Cash flows from financing activities:	**98.1**	**(241.5)**
Net cash provided by (used in) financing activities	**6.0**	**(331.5)**
Cash and cash equivalents at the beginning of the period	**715.1**	**693.8**
Increase in cash and cash equivalents	6.0	(331.5)
Cash and cash equivalents at the end of the period	**721.1**	**362.3**

Key Material Facts

Annual Corporate Event

Estácio's 2016 Corporate Event, geared towards management and employees, took place at the beginning of April.

In addition to praising units and centers that did exceptionally well last year, exceeding targets and overcoming challenges, as usual a number of market leaders were invited to give lectures. One of these was José Galló, CEO of Lojas Renner, who talked about the importance of employee engagement in attracting and pleasing customers, and of the need to establish a long-term vision and adopt a sustainable growth pace, avoiding the temptations of boom periods.

Another special guest was Vicente Falconi, mentor of the management methodology adopted by Estácio and other major Brazilian companies, who took part in a talk show hosted by Miguel de Paula and Rogério Melzi, Estácio's People & Management Officer and CEO, respectively.

The logistics and various activities of the entire event, which was attended by 600 executives from around Brazil was supported by technology developed by OPA, one of the start-ups sponsored by the EspaçoNAVE program, which every semester hosts and helps a group of potential companies founded by Estácio students and former students throughout Brazil.

Estácio launches Estácio Enem app

The reality of Estácio's mission of Educating to Transform is becoming increasingly apparent. With the aim of democratizing access to information and helping increase education quality in the schools, the Company is launching the Estácio Enem App. Free to students and teachers at 700 public and private schools throughout Brazil, the platform is designed to help prepare these students for various post-secondary entrance exams, especially the ENEM, as well as making teachers' lives easier.

The platform allows students and teachers to interact. For the students, it has a game-like environment, while for the teachers it generates statistics based on students' responses, identifying their difficulties, thereby making their work more assertive.

It can be accessed via the App Estácio Enem on the web (http://estacioenem.estacio.br) or via mobile phone using the links below:

Android:
https://play.google.com/store/apps/details?id=com.ioasys.appprova.estacio

Apple: https://itunes.apple.com/br/app/estacio-enem/id1040028953?l=en&mt=8

Estácio in Sport

2016 Rio Open

Rogério Melzi (CEO of Estácio), Fabiano de Paula, Bruno Soares and Estácio's ambassador, Guga Kuerten

In February, Estácio sponsored the Rio Open, the biggest tennis tournament in South America. Between February 15 and 21, national and international stars of the sport disputed the event, held at the Jockey Club Brasileiro in the city of Rio de Janeiro.

Various tennis champions sponsored by Estácio took part, including Bruno Soares, Teliana Pereira, Beatriz Hadad, Marcelo Demoliner, Thiago Monteiro and Fabiano de Paula. Guga Kuerten, ambassador for the Estácio brand, was at the stand, which also received a visit from Vinícius, the mascot for the 2016 Rio Olympics.

Team Estácio: a group of athletes sponsored and supported by Estácio

Representatives of the Paralympic and Olympic Committees and the Sports Department, Rogério Melzi (CEO of Estácio), Guga and Zico.

March 1, 2016 saw the launch of Team Estácio, a group of athletes from various sports sponsored by the Company.

The event was opened by Rogério Melzi, who talked about the importance of sport to education, what Estácio has been doing to ensure that athletes can both compete and continue studying, and the future of the athletes when they can no longer compete. Subsequently, our brand ambassador, Guga Kuerten, spoke about the importance of Estácio's support for the athletes and the inestimable value of education. The ex-Flamengo soccer maestro Zico spoke of the difficulties he faced in graduating in Physical Education when he was still playing, at a time when distance learning did not exist.

More than 300 people attended, including sports personalities, hopeful Brazilian medalists, such as Bruno Soares, the tennis player from Minas Gerais and Rafaela Silva, the judo star, and representatives of the Olympic and Paralympic Committees, the Sports Department, and various Sports Federations, Confederations, Clubs and Institutes supported by Estácio. The Flamengo basketball team – FlaBasquete – came directly from Venezuela, where they were classified in first place for the Final Four of the Liga das Américas.

Estácio supports refugees with Olympic potential

Estácio has included two refugees from the Democratic Republic of the Congo in its team. In 2013, the judoka Yolande Mabika and her compatriot Popole Misenga arrived from the Democratic Republic of the Congo, previously known as Zaire and the second largest African nation in terms of territory. In recent decades, the country has been plagued by ethnic conflict, genocide and a civil war. In June 2016, the International Olympic Committee will publish the names of those who will take part in the first Olympic Games refugees team, and Yolande and Popole have a chance of making this team. One year ago, they began training at the Instituto Reação, an NGO that promotes social inclusion through sport and is supported by Estácio through the granting of study scholarships to some of its athletes and the provision of a space for high-performance training.

Results Conference Call

Conference Call (in Portuguese)	Conference Call (in English)
Date: May 6, 2016 (Friday)	Date: May 6, 2016 (Friday)
Time: 10:00 a.m. (Brasília) / 9:00 a.m. (US ET)	Time: 11:30 a.m. (Brasília) /10:30 a.m. (US ET)
Connection Dial-in Brazil: +55 (11) 3127-4971 / 3728-5971	Connection Dial-in NY: +1 (412) 317-5449
Access Code: Estácio	Access Code: Estácio
Webcast: www.estacioparticipacoes.com.br/ri	Webcast: www.estacioparticipacoes.com.br/ir
Replay: available until May 12	Replay: available until May 12
Phone: +55 (11) 3127 4999	Phone: +1 (412) 317-0088
Access Code: 61115304	Access Code: 10083272

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	1Q15	1Q16	Change
	Consolidated		
Gross Operating Revenue	**1,101.7**	**1,278.0**	**16.0%**
Monthly Tuition Fees	1,065.7	1,253.4	17.6%
Pronatec	19.3	5.8	-69.9%
Others	16.7	18.8	12.6%
Gross Revenue Deductions	**(379.3)**	**(485.1)**	**27.9%**
Scholarships and Discounts	(334.0)	(428.0)	28.1%
Taxes	(29.0)	(33.0)	13.8%
FGEDUC	(16.3)	(19.4)	19.0%
Other deductions	-	(4.7)	N.A
Net Operating Revenue	**722.3**	**792.9**	**9.8%**
Cost of Services	**(403.3)**	**(436.9)**	**8.3%**
Personnel	(295.6)	(326.9)	10.6%
Rentals / Real Estate Taxes Expenses	(57.4)	(59.2)	3.1%
Textbooks Materials	(9.1)	(5.1)	-44.0%
Third-Party Services and Others	(20.3)	(24.0)	18.2%
Depreciation and Amortization	(20.9)	(21.8)	4.3%
Gross Profit	**319.1**	**356.0**	**11.6%**
Gross Margin	***44.2%***	***44.9%***	***0.7 p.p.***
Selling, General and Administrative Expenses	**(163.9)**	**(211.1)**	**28.8%**
Selling Expenses	**(53.8)**	**(90.4)**	**68.0%**
Provisions for Doubtful Accounts	(15.6)	(24.2)	55.1%
Marketing	(38.2)	(66.2)	73.3%
General and Administrative Expenses	**(110.0)**	**(120.7)**	**9.7%**
Personnel	(39.8)	(43.1)	8.3%
Others G&A	(52.1)	(51.0)	-2.1%
Depreciation	(18.2)	(26.7)	46.7%
Other operating renevues	1.7	4.2	147.1%
EBIT	**156.8**	**149.1**	**-4.9%**
EBIT Margin	***21.7%***	***18.8%***	***-2.9 p.p.***
(+) Depreciation and amortization	39.1	48.5	24.0%
EBITDA	**195.9**	**197.5**	**0.8%**
EBITDA Margin	***27.1%***	***24.9%***	***-2.2 p.p.***
(+) Operating Financial Result	(0.2)	15.9	N.A.
Adjusted EBITDA	**195.6**	**213.4**	**9.1%**
Adjusted EBITDA Margin	***27.1%***	***26.9%***	***-0.2 p.p.***
Financial Result	(12.6)	(11.9)	-5.6%
Depreciation and Amortization	(39.1)	(48.5)	24.0%
Social Contribution	(3.6)	(2.3)	-36.1%
Income Tax	(10.0)	(6.4)	-36.0%
(-) Operating Financial Result	0.2	(15.9)	N.A.
Net Income	**130.6**	**128.5**	**-1.6%**
Net Income Margin	***18.1%***	***16.2%***	***-1.9 p.p.***

Balance Sheet in IFRS

R$ MM	03/31/2015	12/31/2015	03/31/2016
Short-Term Assets	**1,767.2**	**1,672.5**	**1,568.8**
Cash & Cash Equivalents	21.4	48.4	63.7
Short-Term Investments	699.6	645.4	298.6
Accounts Receivable	811.1	720.8	990.5
Carry-Forwards Credits	-	-	-
Swap difference to be received	-	24.8	-
Advance to Employees / Third-Parties	58.8	28.8	26.2
Prepaid Expenses	63.2	62.2	65.6
Taxes and contributions	72.5	99.0	79.5
Others	40.7	43.1	44.7
Long-Term Assets	**2,050.8**	**2,687.5**	**2,705.3**
Non-Current Assets	**187.8**	**662.7**	**686.3**
Accounts Receivable	-	445.5	459.3
Prepaid Expenses	7.8	11.8	5.8
Related Parties	-	-	1.0
Judicial Deposits	122.8	108.9	122.7
Taxes and contributions	21.5	32.6	29.1
Deferred Taxes and others	35.8	63.9	68.4
Permanent Assets	**1,863.0**	**2,024.8**	**2,019.0**
Investments	0.2	0.2	0.2
Fixed Assets	487.0	535.9	529.8
Intangible	1,375.8	1,488.7	1,489.0
Total Assets	**3,818.1**	**4,360.1**	**4,274.1**
Short-Term Liabilities	**675.9**	**746.2**	**535.1**
Loans and Financing	243.4	291.3	57.7
Swap difference to be paid	6.0	-	-
Suppliers	55.4	59.2	51.7
Salaries and Payroll Charges	165.1	122.7	187.7
Taxes Payable	46.7	80.1	70.0
Prepaid Monthly Tuition Fees	20.8	23.5	4.9
Advances under Partnership Agreement	2.9	2.9	2.9
Taxes Paid in Installments	3.8	2.3	2.5
Related Parties	-	0.5	0.4
Dividends Payable	101.1	115.1	115.1
Acquisition price to be paid	19.9	42.0	33.1
Others	10.9	6.6	9.2
Long-Term Liabilities	**717.2**	**933.3**	**930.7**
Loans and Financing	562.2	758.3	755.6
Contingencies	27.3	25.3	25.4
Advances under Partnership Agreement	5.5	3.4	2.6
Taxes Paid in Installments	14.4	17.4	16.2
Provision for asset retirement obligations	15.7	16.6	16.8
Deferred Taxes	37.9	36.1	32.0
Acquisition price to be paid	41.0	61.1	66.2
Others	13.1	15.3	15.8
Shareholders' Equity	**2,425.0**	**2,680.6**	**2,808.3**
Capital	1,053.1	1,064.9	1,064.9
Share Issuance Costs	(26.9)	(26.9)	(26.9)
Capital Reserves	649.1	661.8	669.2
Earnings Reserves	748.7	1,118.3	1,118.3
Income for the period	130.6	-	128.5
Treasury Stocks	(129.7)	(137.6)	(145.7)
Total Liabilities and Shareholders' Equity	**3,818.1**	**4,360.1**	**4,274.1**

Cash Flow Statement

Cash Flow Statement (R$ million)	1Q15	1Q16
Profit before income taxes and social contribution	**144.2**	**137.2**
Adjustments to reconcile profit to net cash generated:	**86.7**	**102.8**
Depreciation and amortization	38.9	48.2
Amortization of funding costs	0.2	0.2
Provision for impairment of trade receivables	14.8	23.6
Exchange rate variation on foreign currency financing	-3.6	-16.3
Loss with swap operation	6.0	24.8
Granted options - stock options	5.4	6.4
Provision for contingencies	3.9	3.4
Inflation adjustment to FIES receivables	0.0	-13.0
Adjustment to present value - FIES receivables	0.0	-5.4
Tax credits	1.2	-1.1
Interest on borrowings	18.0	29.6
	2.0	2.2
Result after reconciliation to net cash generated	**231.0**	**240.0**
Changes in assets and liabilities:	**-263.2**	**-287.6**
(Increase) in accounts receivable	-287.0	-286.0
Decrease (increase) in other assets	-6.0	-1.5
Increase) decrease in advances to employees / third parties	-8.3	2.5
(Increase) decrease in prepaid expenses	2.9	-3.5
(Increase) decrease in taxes and contributions	7.0	24.1
Increase (decrease) in suppliers	5.1	-7.6
Increase (decrease) in taxes payable	-10.7	-26.0
Increase (decrease) in payroll and related charges	43.4	64.8
(Decrease) in prepaid monthly tuition fees	0.8	-18.7
Civil/Labor claims	-3.4	-3.3
(Decrease) in acquisition price to be paid	-0.6	-7.0
Provision for decommissioning of assets	0.0	0.0
Increase (decrease) in other liabilities	-6.4	3.3
Decrease (increase) in taxes paid in installments	-1.1	-0.9
(Decrease) in non-current assets	1.1	6.4
Increase in judicial deposits	-1.9	-13.8
Interest paid on borrowings	-1.2	-18.4
IRPJ and CSLL paid	3.3	-2.2
Net cash provided by (used in) operating activities:	**-32.3**	**-47.7**
CAPEX (ex-acquisitions)	**-60.8**	**-33.0**
Operational Cash Flow:	**-93.1**	**-80.7**
Other investing activities:	**1.0**	**-9.3**
Acquisitions	0.0	-8.7
Other	1.0	-0.7
Net cash provided by (used in) investing activities	**-92.1**	**-90.0**
Cash flows from financing activities:	**98.1**	**-241.5**
Acquisition of stocks in treasury	-104.8	-8.1
Dividends paid	-0.1	
Loans to subsidiaries		-1.1
Loans and financing	203.0	-1.5
Net increase in borrowings		-230.8
Net cash provided by (used in) financing activities	**6.0**	**-331.5**
Cash and cash equivalents at the beginning of the period	**715.1**	**693.8**
Increase in cash and cash equivalents	6.0	-331.5
Cash and cash equivalents at the end of the period	**721.1**	**362.3**

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 2014. 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.

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 March 2016 with 587,800 undergraduate, graduate and distance-learning students enrolled in its nationwide education network, which, following the acquisitions in recent years, now operates in every state of Brazil, as shown in the maps below: