New University Center Estácio Sergipe

YDUQS

EARNINGS RELEASE 2Q19

YDUQ3 | YDUQY

B3 ADR

Rio de Janeiro, August 12, 2019 - **A Estácio Participações S.A.**, one of the largest private organizations in the Brazilian higher education segment, presents **results for the second quarter of 2019 (2Q19).**

The Company's financial information is presented based on the consolidated numbers, in Brazilian Reais, in accordance with Brazilian Corporation Law and the accounting practices adopted in Brazil (BRGAAP), already in accordance with International Financial Reporting Standards (IFRS). **The comparisons refer to the second quarter of 2018 (2Q18), except stated otherwise** and were not reviewed by the audit.

To preserve the comparability between quarters, the Company also opted for disclosing **the proforma results for 2Q19, excluding the impacts of the adoption of IFRS 16 accounting rules.**

This document may have forward-looking statements that are subject to risks and uncertainties that may lead such expectations to not materialize or substantially differ from expectations. These forecasts express the opinion only for the date they were made, and the Company does not undertake to update them in the light of new information.

EARNINGS CONFERENCE CALL:

August 13th, 2019 | 09:00 a.m. (EST)

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Click here to acess the WebCast

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MESSAGE FROM MANAGEMENT

Our second quarter release is marked by the transformation of our brand. As of July, **YDUQS** has become the name of our holding company preserving the Estácio brand with almost 50 years of tradition in higher education. We are ready to grow. With YDUQS we will have more flexibility for (i) new positioning and brands, (ii) new business and (iii) growth through acquisitions. In this sense, we highlight a solid cash position and net debt/EBITDA ratio, which is at its lowest levels in our history.

At the end of the first semester, we showed once again a relevant business resilience despite a still slow macroeconomic recovery and the impact of FIES student graduation.

Student base: We closed the quarter with 576,000 students, posting a 3% yearly increase regardless of the challenges mentioned above. Excluding FIES students, total base would have grown 10% over the same period last year. Undergraduate Distance learning segment continues to be the highlight, growing 26% year over year with Flex modality in strong expansion of 61% in the same period.

Operational: Retention rates continue to improve every quarter, both on-campus and in DL. When compared to 2Q18, we have launched 36 new courses. DL expansion remain solid in terms of student base, DL centers and cities covered. Going forward, we see opportunity to grow on small and medium size cities.

Financial performance: Our financial results also attest the resilience of our business. Although our revenues were virtually stable, efficiency gains of costs and expenses generated a 1.6% grow in EBITDA year over year. Also important to highlight that our gross margin reached 58%, a solid increase when over the 56% in the same period last year. The conversion of EBITDA into operating cash flow reached 66% at the end of the second quarter this year.

As growth levers for our business, we highlight the distance learning segment and our medicine schools, in addition to growth through acquisitions.

For distance learning, we are maintaining our DL centers expansion pace, growing 223 new centers in the last 12 months, while total student base grew by 20%. Its worth mentioning that 40% of our partners DL centers still on their first intake cycle, showing a significant potential upside when maturity is reached.

As for medical schools, we ended this quarter with 3,841 students, up by 8% when compared to 2018. We currently operate 8 campuses and expect to reach 12 units after Mais Médicos II program. Medical schools already represent 9% of our total revenues.

Conclusion and perspectives

- We reached the first half of 2019 with solid operational and financial performance. We managed to increase our student base, post a record intake, capture important cost and expenses efficiencies and reached higher profitability as measured by gross margin expansion and conversion of cash flow.

- We are approaching the end of the intake season for the second semester 2019. Our technical approach has evolved and our expectations are of an increase in our student base both on-campus (0%-10%) and DL (>10%). As for average ticket, we expect variations between -5% to +5% at both segments.

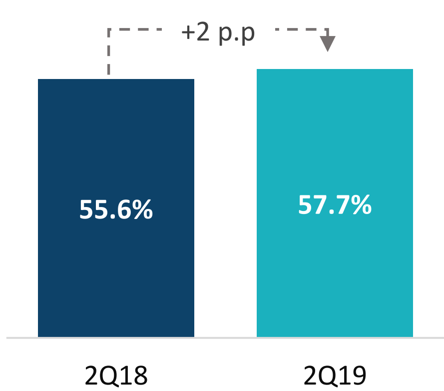
HIGHLIGHTS

Financial Highlights (R$MM)	2Q18	2Q19(1) Pro-Forma	Δ% Pro-Forma	2Q19 IFRS 16
Net Revenues	963.7	957.2	-0.7%	957.2
Gross Profit	536.1	551.8	2.9%	559.3
Gross Margin	55.6%	57.7%	2.0 p.p.	58.4%
EBITDA(2)	283.5	288.0	1.6%	342.0
EBITDA Margin	29.4%	30.1%	0.7 p.p.	35.7%
Net Income	236.9	201.8	-14.8%	194.8
Net Margin (%)	24.6%	21.1%	-3.5 p.p.	20.3%

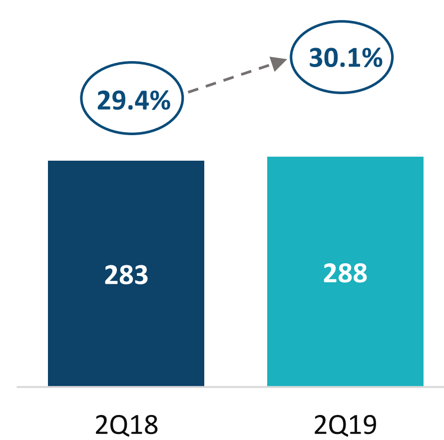
(1) Proforma numbers excluding the effect of IFRS 16 in 2Q19, for better comparison with 2Q18.
(2) Adjusted in 2Q18 by R$9.4 million related to consulting and organizational restructuring expenses.
(3) Positively impacted by R$57 million, due to the POEB tax benefit shifted from 1Q18.
(4) Cash conversion= Operating Cash Flow before Capex over Reported EBITDA ex-PN23

- **Net Revenue** reached **R$957.2 million** in 2Q19, slightly below (-0.7%) 2Q18.
- **Gross Profit** totaled **R$551.8 million**, **up 2.9%** over 2Q18 with gross margin reaching 57.7%, an, an **improvement of 2.0 p.p.** YoY.
- **EBITDA** totaled **R$288.0 million** in the quarter, an increase of 1.6% YoY. **EBITDA margin** reached 30.1%, **gaining 0.7 p.p.** over 2Q18.
- **Net Income** reached **R$201.8 million**, down 14.8% over 2Q18, which was positively affected by POEB tax benefit shifted from 1Q18.
- **Student Base** in 2Q19 totaled 576,400 students, **up 3.3%** over 2Q18. Excluding FIES students, our base grew 9.8%. In addition, we highlight the expansion of the **Distance Learning** segment **(+20.5%)**.

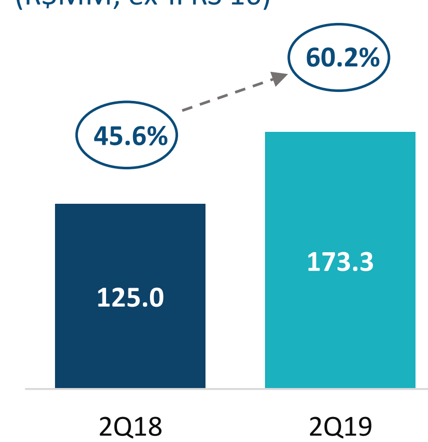
Gross Margin
(%; ex-IFRS 16)



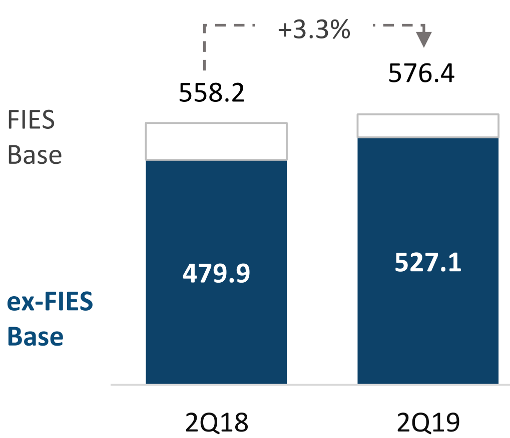
EBITDA(2) and Margin
(R$MM; ex-IFRS 16;%)



Operating Cash Flow and Cash Conversion(4)
(R$MM; ex-IFRS 16)



Total Base
('000)



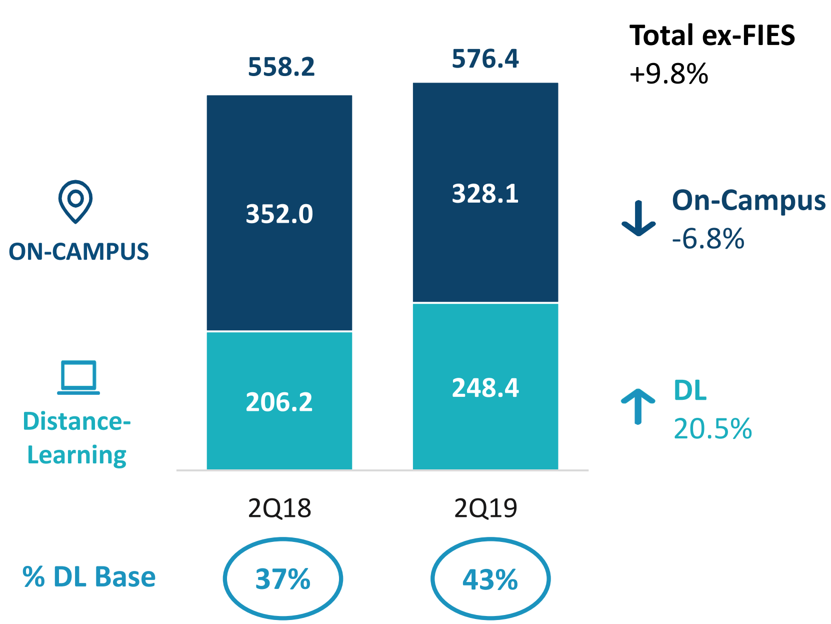
STUDENT BASE

Total (thousand)	2Q18	2Q19	Δ %
Total Student Base	**558.2**	**576.4**	**3.3%**
Total ex-FIES	479.9	527.1	9.8%
Undergraduate	**477.9**	**495.0**	**3.6%**
Total DIS [a + b]	114.5	216.9	89.4%
Graduate	**80.3**	**81.4**	**1.4%**
Own	37.6	34.8	-7.3%
Partnerships	42.7	46.6	9.2%

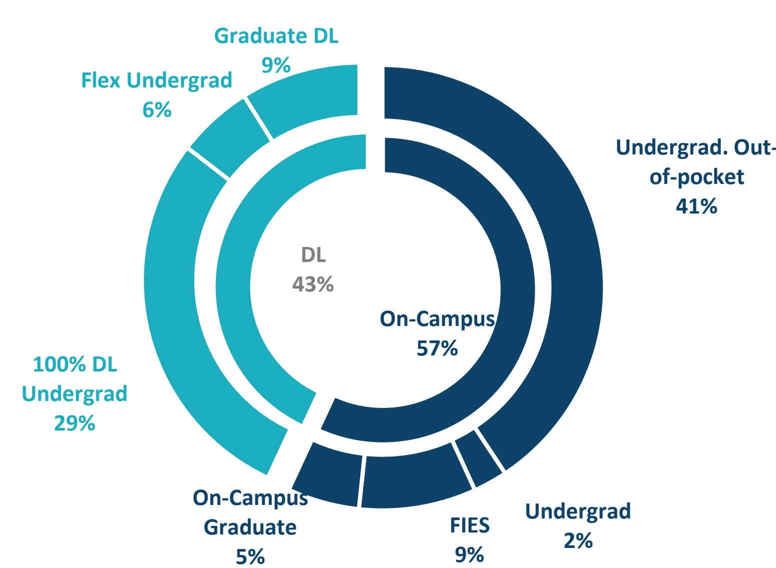
On-campus (thousand)	2Q18	2Q19	Δ %
Total On-Campus	**352.0**	**328.1**	**-6.8%**
Undergraduate ex-FIES	242.7	248.6	2.5%
Undergraduate	**321.1**	**298.0**	**-7.2%**
Total On-Campus DIS [a]	62.0	106.6	71.9%
Out-of-pocket	227.4	234.6	3.2%
FIES	78.3	49.4	-37.0%
PAR	15.3	14.7	-4,1%
Graduate	**31.0**	**30.1**	**-2.7%**
Own	18.7	16.2	-13.7%
Partnerships	12.2	14.0	14.2%

DL (thousand)	2Q18	2Q19	Δ %
Total Distance-Learning	**206.2**	**248.4**	**20.5%**
Undergraduate DL+ Flex	**156.8**	**197.0**	**25.6%**
Total DL DIS [b]	52.5	110.3	110.1%
100% Distance-Learning	136.6	164.5	20.4%
DIS	45.0	88.9	97.6%
Distance-Learning – Flex	20.2	32.6	61.2%
DIS	7.5	21.4	185.4%
Graduate	**49.3**	**51.3**	**4.0%**
Own	18.9	18.7	-1.0%
Partnerships	30.5	32.6	7.1%

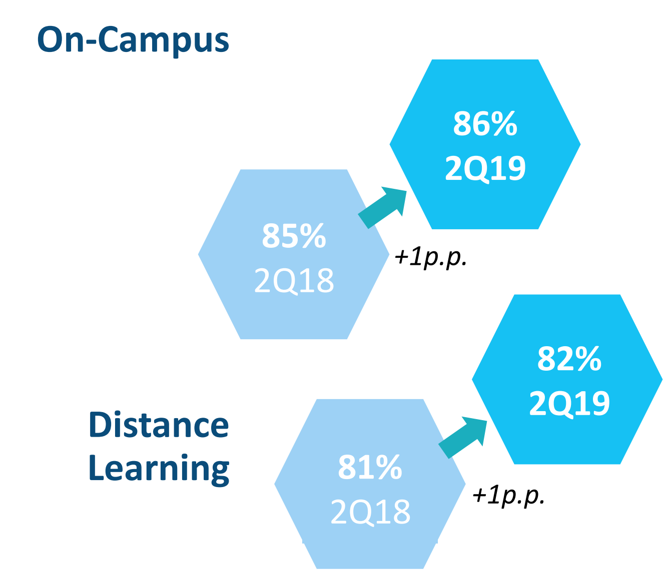
Total Student Base (thousand)



Student Base per Segment



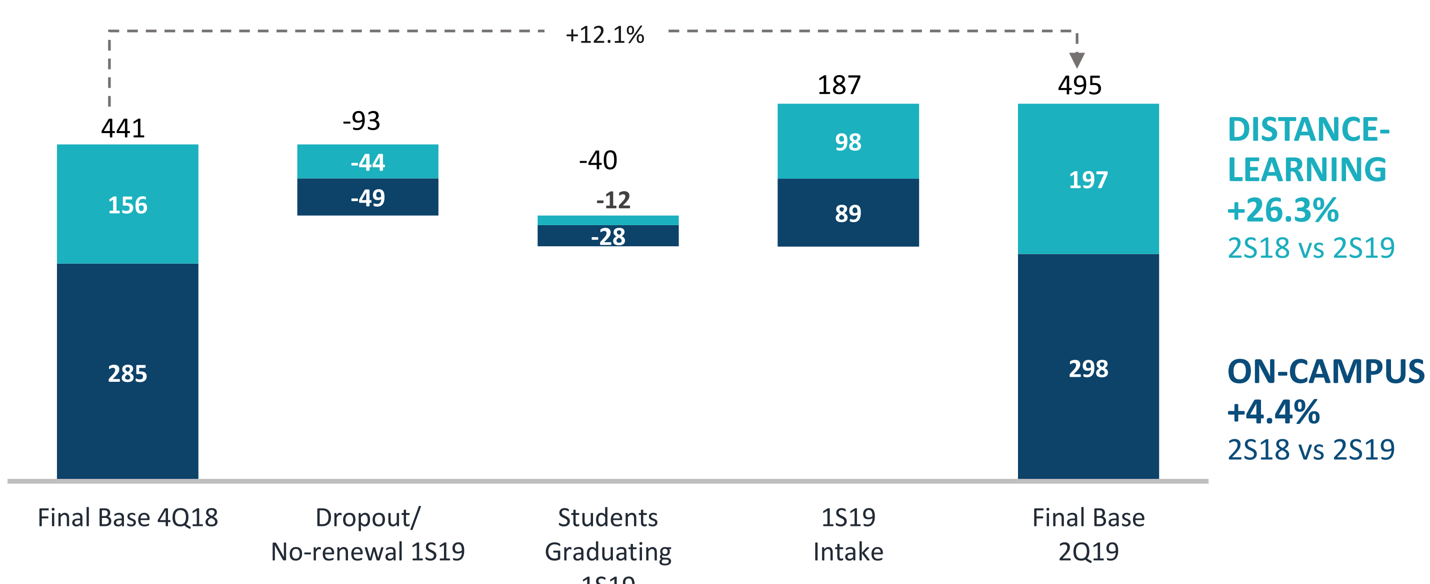
Retention Rate 2Q19 vs 2Q18



CHANGES IN THE UNDERGRADUATE BASE (1/2)

In thousands	2Q18 Intake	Final 2Q18	Inicial 2Q19	Dropout/ Non -renewal	Students Graduating	2Q19 Intake	Final 2Q19	Base Y/Y
Undergraduate	**22.9**	**477.9**	**482.1**	**(5.7)**	**(2.4)**	**21.1**	**495.0**	**3.6%**
On-Campus	**10.4**	**321.1**	**292.5**	**(0.3)**	**(2.0)**	**7.8**	**298.0**	**-7.2%**
FIES	2.9	78.3	48.5	0.9	-	-	49.4	-37.0%
PAR	0.6	15.3	15.6	(1.0)	-	0.1	14.7	-4.1%
Out-of-Pocket	6.9	227.4	228.4	(0.2)	(2.0)	7.8	233.9	2.9%
DIS	*8.0*	*62.0*	*105.6*	*(2.9)*	-	*3.9*	*106.6*	*71.9%*
100% DL + FLEX	**12.5**	**156.8**	**189.6**	**(5.4)**	**(0.4)**	**13.2**	**197.0**	**25.6%**
100% DL	11.3	136.6	156.2	(3.6)	(0.3)	12.1	164.5	20.4%
DIS	*8.8*	*45.0*	*84.9*	*(3.6)*	-	*7.6*	*88.9*	*97.6%*
FLEX DL	1.2	20.2	33.4	(1.7)	(0.2)	1.1	32.6	61.2%
DIS	*1.1*	*7.5*	*22.1*	*(1.4)*	-	*0.7*	*21.4*	*185.4%*
Total DIS	17.9	114.5	212.6	(7.9)	-	12.2	216.9	89.4%

Changes In The Undergraduate Base 1S19 (In Thousand)



Retention Rate [1]	2Q18	2Q19
On-campus Undergraduate	85.0%	86.0%
Distance-learning Undergraduate	80.9%	81.5%

The **retention rate of the in-class segment in 2Q19 was 86.0%,** up by 1.0 p.p. over 2Q18.

The **retention rate of the Distance Learning segment** grew 0.7 p.p., reaching 81.5% in 2Q19.

Intake Analysis	1S18	1S19
% PAR / On-campus undergrad. Intake	9.8%	5.2%
% FIES / On-campus undergrad. Intake	2.1%	1.8%
% DIS / Total Intake	76.9%	73.8%

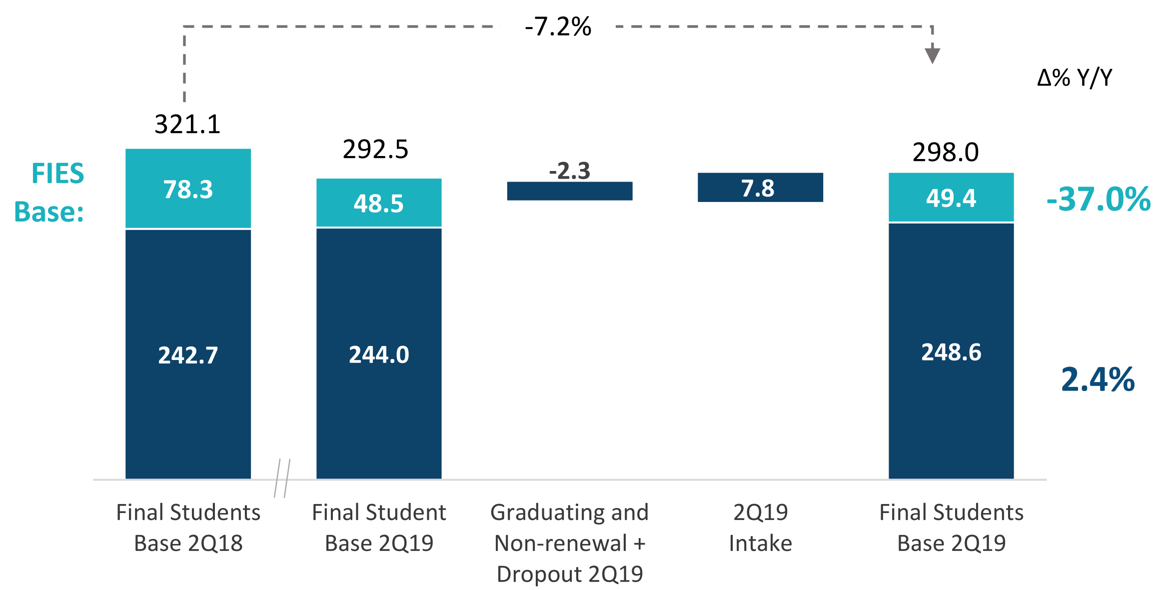
When analyzing our financed programs, **PAR** represented 5.2% of our intake in 1S19 in the on-campus segment, decreasing its share over the same period last year.

Regarding **DIS** intake, it reached 73.8% of the total.

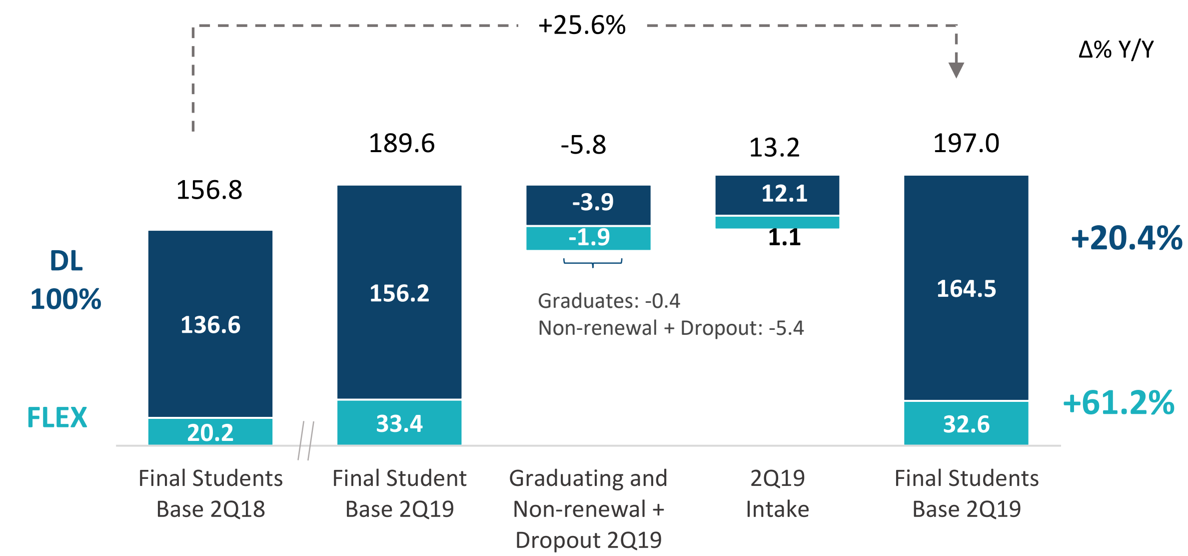
[1] Retention Rate: [1 – ((dropouts + non-renewal) / (renewable student base: initial student base - students graduating + Intake))].

CHANGES IN THE UNDERGRADUATE BASE (2/2)

ON-CAMPUS UNDERGRADUATE ('000)



DISTANCE-LEARNING UNDERGRADUATE ('000)



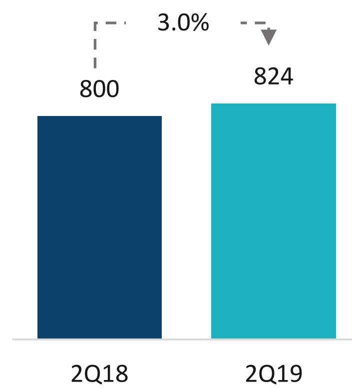
The on-campus undergraduate student base totaled 298,000 students at the end of 2Q19, down 7.2% YoY, as a result of a 37.0% decrease in the FIES student base.

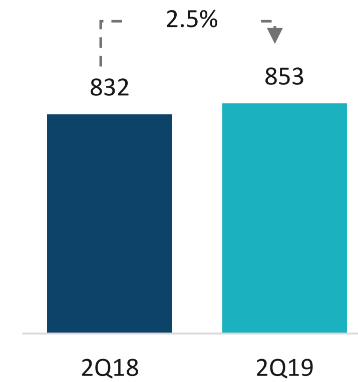
Excluding the total number of FIES students, our undergraduate base was 2.5% higher than in 2Q18.

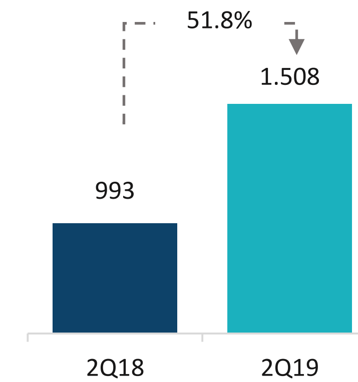
The Distance Learning undergraduate student base grew 25.6% over 2Q18, totaling 197,000 students. The highlight was the Flex Distance Learning student base, up 61.2% over 2Q18, totaling 32,600 students. The 100% online Distance Learning student base grew by 20.4% over 2Q18, totaling 164,500 new students.

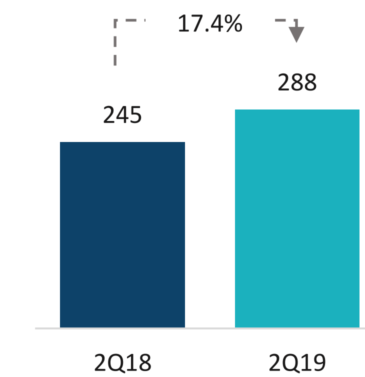
ON-CAMPUS AVERAGE TICKET

	Total On-Campus			Undergraduate			PAR Undergraduate			Graduate[1]		
	2Q18	2Q19	Δ%	2Q18	2Q19	Δ%	2Q18	2Q19	Δ%	2Q18	2Q19	Δ%
Student Base (thousand) [a]	339.8	314.1	-7.5%	321.1	298.0	-7.2%	15.3	14.7	-4.1%	18.7	16.2	-13.7%
Net Revenue (R$ MM) [b]	815.3	776.2	-4.8%	801.5	762.2	-4.9%	45.6	66.4	45.6%	13.8	14.0	1.3%
Average Ticket (R$) ([b]*1000) / 3 / [a]	**799.8**	**823.6**	**3.0%**	**832.1**	**852.7**	**2.5%**	**993.5**	**1,508.1**	**51.8%**	**245.3**	**288.1**	**17.4%**









Undergraduate: Average ticket increased 2.5% over 2Q18, to R$852.7, mainly due to the readjustment of veterans' monthly tuitions, in line with the Company's cost inflation, and a better mix of courses.

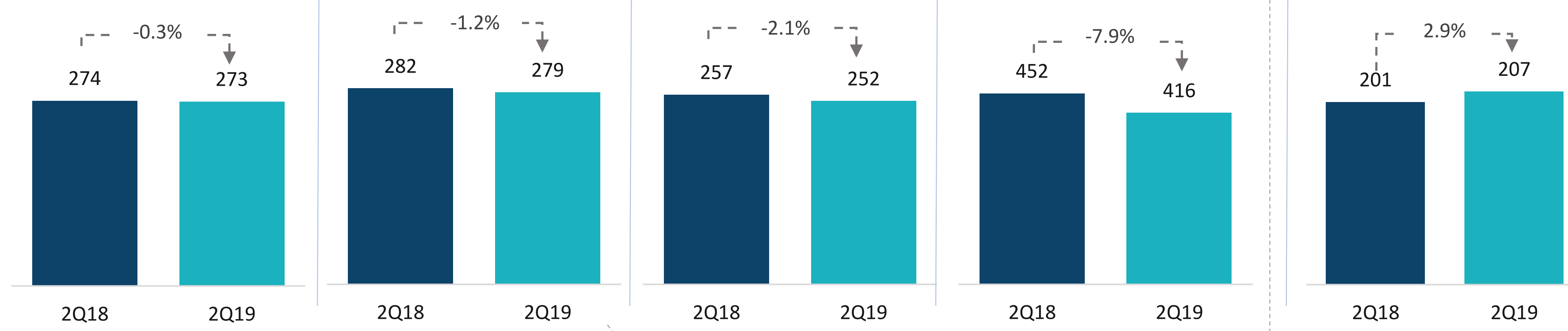
Graduate: Average ticket totaled R$288.1, up 17.4% over 2Q18, due to a 1.3% increase in net revenues.

PAR Undergraduate: Increased 51.8% in 2Q19 when compared to the same period last year due to the effect of APV. Excluding the effects of APV of the PAR average ticket would have increased 5.7% YoY.

[1] Excludes students and revenue from undergraduate courses with partners from the calculation so to not distort the analysis.

DISTANCE LEARNING AVERAGE

	Total DL			Undergraduate[1+2]			Undergraduate 100% [1]			Undergraduate Flex[2]			Graduate(1)		
	2Q18	2Q19	Δ%	2Q18	2Q19	Δ%	2Q18	2Q19	Δ%	2Q18	2Q19	Δ%	2Q18	2Q19	Δ%
Student Base (thousand) [a]	175.7	215.7	22.8%	156.8	197.0	25.6%	136.6	164.5	20.4%	20.2	32.6	61.2%	18.9	18.7	-1.0%
Net Revenue (R$ MM) [b]	144.3	176.7	22.4%	132.9	165.1	24.2%	105.5	124.4	17.9%	27.4	40.7	48.4%	11.4	11.6	1.9%
Average Ticket (R$) **([b]*1000) / 3 / [a]**	**273.7**	**273.0**	**-0.3%**	**282.5**	**279.2**	**-1.2%**	**257.4**	**252.1**	**-2.1%**	**451.9**	**416.1**	**-7.9%**	**200.9**	**206.8**	**2.9%**



Undergraduate DL: Ticket fell by 1.2% in 2Q19 vs. 2Q18, reaching R$279.2, due to the increased base, the discounts granted and the course mix effect.

Undergraduate 100% DL: Reached R$252.1, down 2.1% over 2Q18. We are moving forward with our strategy of expanding our student base and poles, reviewing courses, classrooms and creating new offers.

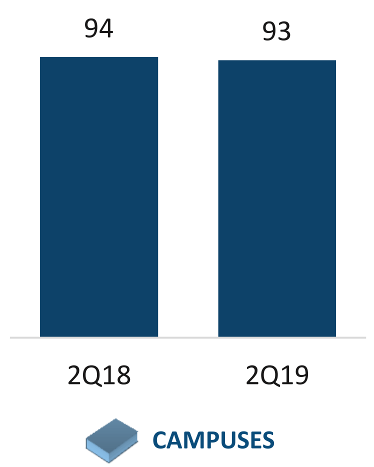
Flex Undergraduate: Average ticket fell by 7.9% over 2Q18, totaling R$416.1, affected by the highly increased base. Flex is a product that brings together in-person classes, use of laboratories and the flexibility of distance learning courses. Flex has been gaining more and more representation in our student base and already benefits from new courses and offers in 2019.

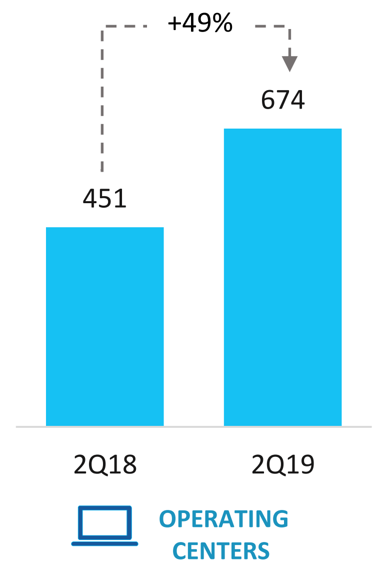
In the **Distance Learning Graduate** , segment, the average ticket grew 2.9%, totaling R$206.8, mainly due to the readjustment of monthly tuitions.

(1) Excludes students and revenue from undergraduate courses with partners from the calculation so to not distort the analysis.

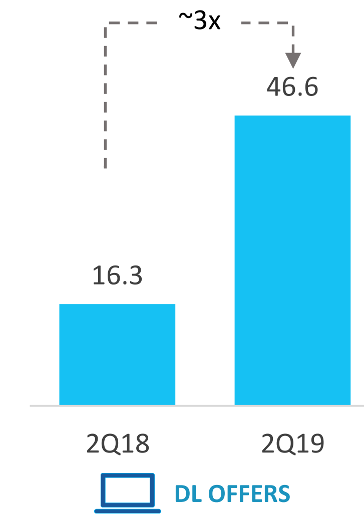
CAMPUSES / CENTERS & OFFERS

Total Campuses and DL Centers





Evolution of Offers by Business Unit ('000)



Units: Active Campuses and Centers

We have closed the quarter with 93 on-campus units, unchanged QoQ, but down one campus over 2Q18.

Regarding the Distance Learning segment, there was an important increase of 223 centers YoY, proving the success of the Company's business model and execution. The company currently has authorization from the Ministry of Education (MEC) to open up to 350 poles a year.

It's important to highlight that most of our partner's DL centers are in early maturing stage with approximately 40% of them still on their first intake cycle.

Offers: combination of course/shift/unit

In the on-campus segment, we closed the quarter with a total of 1,884 offers, down 4% over 2Q18 due to the strategic resizing of low-performance offers. Despite this reduction on a yearly basis, its worth highlighting that the number of offers in the health area increased in the period.

The Distance Learning segment remains with a solid expansion, mainly due to the opening of new courses and the increase of the number of centers. As a result, we closed the quarter with 46,600 offers, around 3x the number of 2Q18.

MEDICINE: EVOLUTION OF SEATS OFFERING

Unit	State	Type	Operation Start	Status	2019.1 Authorized seats py(3)	2019.1 Student Base	BASE CASE* 2024e Authorized seats py(3)	BASE CASE* 2024e Student Base	FULL POTENTIAL* 2024e Authorized seats py(3)	FULL POTENTIAL* 2024e Student Base
Presidente Vargas	RJ	Organic	1998.2	Matured	240	1,549	240	1,728	240	1,728
João Uchôa	RJ	Organic	2014.1	Matured	170	757	170	1,234	170	1,234
Juazeiro do Norte	CE	Organic	2000.1	Matured	100	711	100	782	100	782
Ribeirão Preto	SP	Organic	2015.1	In maturity	76	390	76	552	76	552
Alagoinhas	BA	MM I	2017.2	In maturity	65	125	115	708	165	948
Angra dos Reis	RJ	MM I	2018.1	In maturity	55	110	105	581	155	821
Jaraguá do Sul	SC	MM I	2018.1	In maturity	50	92	100	588	150	828
Juazeiro	BA	MM I	2018.1	In maturity	55	107	105	706	155	1.016
Canindé	CE	MM II	-	Implementation phase	50	-	100	480	150	660
Castanhal	PA	MM II	-	Under dispute	50	-	100	360	150	480
Quixadá	CE	MM II	-	Under dispute	50	-	100	360	150	480
Iguatu	CE	MM II	-	Under dispute	50	-	100	360	150	480
Total					**1,011**	**3,841**	**1,411**	**8,439**	**1.811**	**10,009**

** Assuming expansion of 50 seats/year in every Mais Médicos unit on our base case scenario and 100 seats/year on full potential*
(1) Does not include ProUni and FIES. On top of the authorized seats the Company may increase seats in 10% from ProUni plus another 10% from FIES
(2) Student base considers full scholarship holders from Mais Médicos units, ProUni and FIES students
(3) Units which YDUQS won the bidding process but are being contested by competitors. The Company expect to obtain positive decision for these units

In order to better evaluate the potential of our medicine business, we are disclosing this quarter more details regarding our offer of seats and student base.

The Company ended 2Q19 with 3,841 medicine students, **an increase of 8% year-to-date**.

By 2024, the Company expects its student base to reach approximately **8,500 students**, including scholarship holders, FIES and ProUni. To achieve this number, we assume we will be granted four medical schools from Mais Médicos II and will obtain favorable decision from the Ministry of Education to expand each Mais Médicos units by 50 seats/year.

In a full potential scenario, assuming that all our Mais Médicos units will be authorized to expand its seats to the maximum allowed in the public notice (+100 seats/year), **our student base could reach up to 10,000 students.**

Its important to highlight that, by the end of 2Q18 the average ticket of our out-of-pocket medicine students (including FIES) reached **R$8,150 per month**.

INCOME STATEMENT

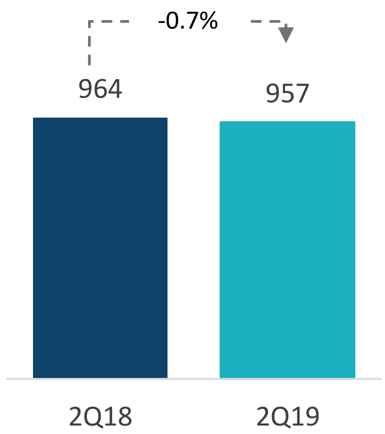
R$ MM	2Q18	2Q19[1] Pro-Forma	Δ% Pro-Forma	2Q19 IFRS 16
Gross Operating Revenue	**1,534.0**	**1,654.2**	**7.8%**	**1,654.2**
Monthly Tuition Fees	1,525.8	1,642.8	7.7%	1,642.8
Others	8.3	11.5	38.8%	11.5
Gross Revenue Deductions	(570.3)	(697.0)	22.2%	(697.0)
Net Operating Revenue	**963.7**	**957.2**	**-0.7%**	**957.2**
Cost of Services	(427.6)	(405.4)	-5.2%	(397.9)
Gross Profit	**536.1**	**551.8**	**2.9%**	**559.3**
Gross Margin	*55.6%*	*57.7%*	*2.0 p.p.*	*58.4%*
Selling Expenses	(155.5)	(175.8)	13.1%	(175.8)
General and Administrative Expenses	(151.2)	(137.6)	-9.0%	(137.6)
Other operating revenue/expenses	(3.3)	2.8	N.A.	2.8
EBIT	226.1	241.2	**6.7%**	248.7
EBIT Margin	*23.5%*	*25.2%*	*1.7 p.p.*	*26.0%*
(+) Depreciation and amortization	48.0	46.9	-2.3%	93.4
EBITDA[2]	**283.5**	**288.0**	**1.6%**	**342.0**
EBITDA Margin	*29.4%*	*30.1%*	*0.7 p.p.*	*35.7%*
Financial Result	(30.1)	(34.1)	13.4%	(48.6)
Depreciation and amortization	(48.0)	(46.9)	-2.3%	(93.4)
Income tax	30.3	(3.7)	-112.3%	(3.7)
Social contribution	10.5	(1.5)	-114.7%	(1.5)
Net Income[3]	**236.9**	**201.8**	**-14.8%**	**194.8**
Net Margin	*24.6%*	*21.1%*	*-3.5 p.p.*	*20.3%*

(1) Proforma numbers excluding the effect of IFRS 16 in 2Q19, for better comparison with 2Q18.

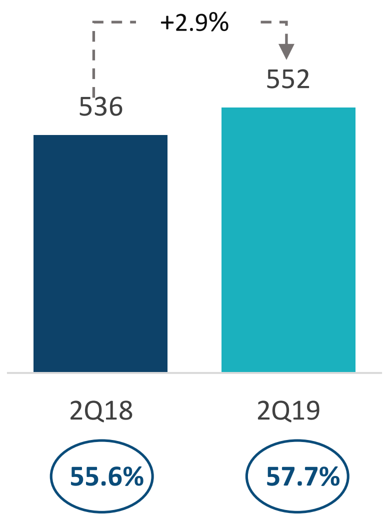
(2) Adjusted in 2Q18 by R$9.4 million related to consulting and organizational restructuring expenses..

(3) Positively impacted by R$57 million, due to the POEB tax benefit shifted from 1Q18.

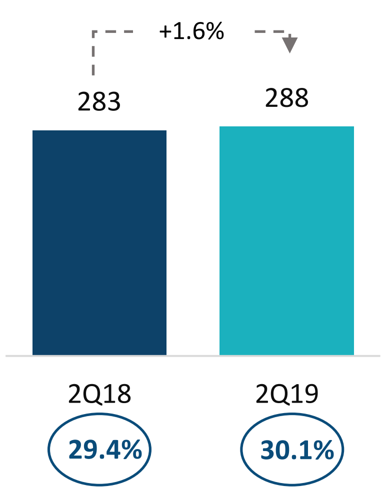
Net Revenue
(R$MM)



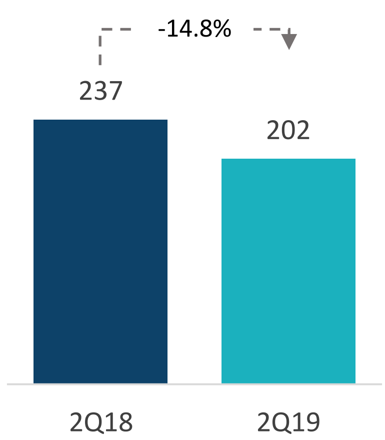
Gross Profit and Gross Margin[1]
(R$MM)



EBITDA and Margin[1] [2]
(R$MM)



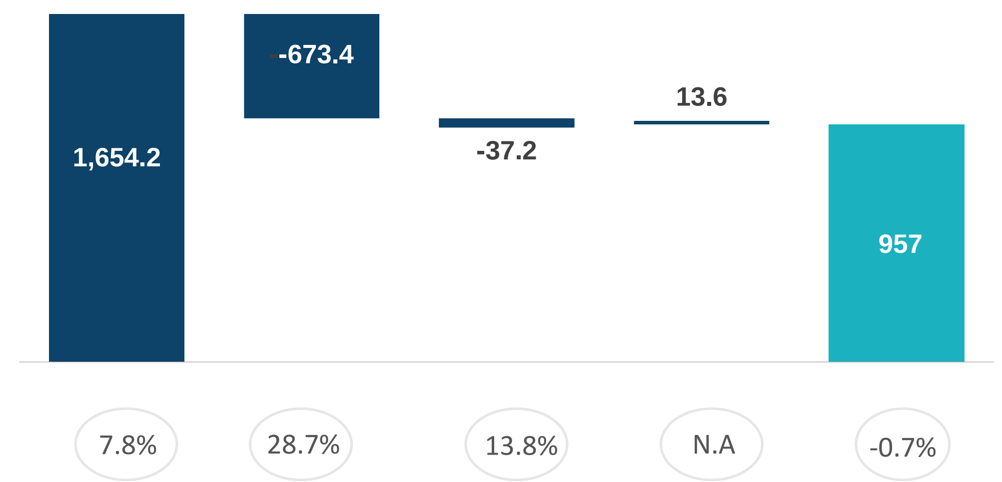
Net Income[1] [3]
(R$MM)



NET REVENUES

R$ MM	2Q18	2Q19	Δ%
Gross Revenues	**1,534.0**	**1,654.2**	**7.8%**
Monthly Tuition Fees	1,525.8	1,642.8	7.7%
Others	8.3	11.5	38.8%
Gross Revenues Deductions	**(570.3)**	**(697.0)**	**22.2%**
Discounts and Scholarships	(523.4)	(673.4)	28.7%
Taxes	(32.7)	(37.2)	13.8%
Other deductions and AVP	(14.2)	13.6	N.A
Net Revenues	**963.7**	**957.2**	**-0.7%**

Net Revenues
(R$MM)



Gross Revenue, increased 7.8% due to improved course mix and student base.

Net Operating Revenue totaled R$957.2 million in 2Q19, down 0.7% over 2Q18, chiefly due to:

- ongoing expansion of the Distance Learning segment, with an outstanding performance in Flex;
- improved student base mix on-campus following increased penetration of higher ticket courses.
- reversal of AVP related to dropouts from our financing products (PAR and DIS), and the changes in the rate used to calculate the AVP.

These effects were more than offset by:

- a still challenging macroeconomic scenario, that continues to impact on-campus performance;
- decrease in the number of FIES students as a result of its downsizing by the Federal Government;
- increased number of discounts and scholarships granted.

COST OF SERVICES AND GROSS PROFIT

R$ MM	2Q18	2Q19[1] Pro-Forma	Δ% Pro-Forma	2Q19 IFRS 16
Cost of Services	**(427.6)**	**(405.4)**	**-5.2%**	**(397.9)**
Personnel	(302.9)	(279.4)	-7.8%	(279.4)
Rents. condominiums and municipal property tax	(63.3)	(62.5)	-1.3%	(9.5)
Transfer of Centers and Others	(9.2)	(14.4)	55.3%	(14.4)
Third-party services	(15.5)	(13.5)	-12.8%	(13.5)
Electricity, water, gas and telephone	(13.1)	(11.1)	-15.2%	(11.1)
Depreciation and amortization	(23.6)	(24.6)	3.9%	(70.1)
Gross Profit	**536.1**	**551.8**	**2.9%**	**559.3**
Gross Margin	*55.6%*	*57.7%*	*2.0 p.p.*	*58.4%*
Cost of Services (% of Net Revenues)	44.4%	42.3%	-2.0 p.p.	41.6%
Personnel (% Net Revenues)	31.4%	29.2%	-2.2 p.p.	29.2%

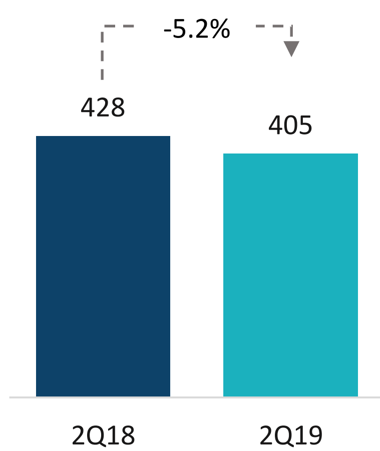
(1) Proforma numbers excluding the effect of IFRS 16 in 2Q19, for better comparison with 2Q18.

In 2Q19, the Company sustained its focus on efficiency and had a significant decrease of **5.2% in Costs of Services**, now representing 42.3% of our net revenues, mainly due to:

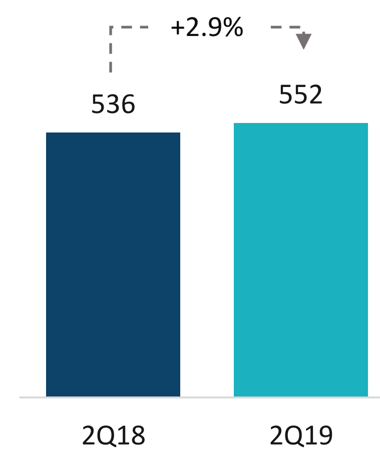
- Better staff management, with initiatives to improve allocation of professors, the occupancy rate of our physical spaces and the number of shared subjects
- Third-party services efficiencies and decreased power costs

As a consequence, **Gross Profit** reached R$551.8 million in the quarter, up 2.9% over 2Q18. In addition, **Gross Margin** reached 57.7%, **up 2.0 p.p.** over 2Q18.

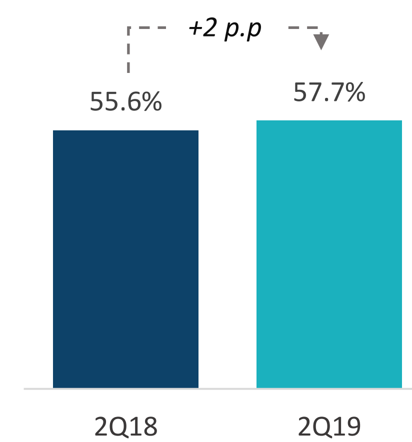
Cost of Services
(R$MM; ex-IFRS 16)



Gross Profit
(R$MM; ex-IFRS 16)



Gross Margin
(%; ex-IFRS 16)



SELLING EXPENSES

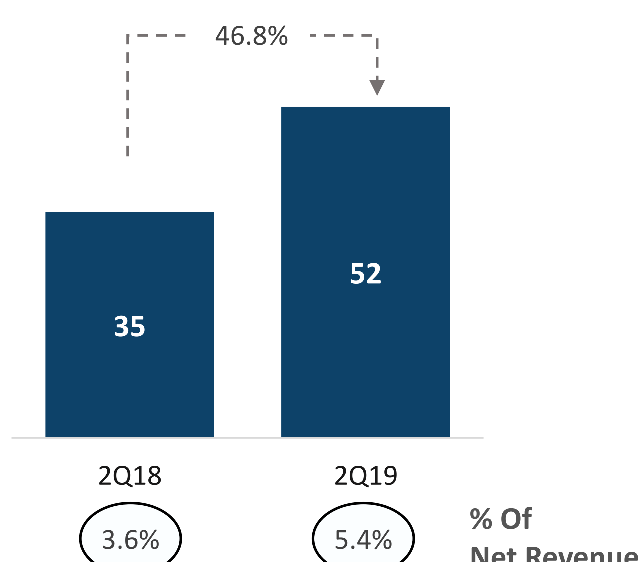
R$ MM	2Q18	2Q19	Δ%
Selling Expenses	**(155.5)**	**(175.8)**	**13.1%**
Bad debt	(120.1)	(124.2)	3.4%
Out-of-pocket	(86.2)	(69.4)	-19.4%
PAR	(14.8)	(6.0)	-59.6%
PAR dropout not renegotiated	(10.8)	(23.0)	112.8%
DIS	(1.0)	0.9	N.A.
DIS dropout not renegotiated	(7.3)	(26.7)	266.2%
Advertising	(35.1)	(51.5)	46.8%
Others	(0.3)	(0.1)	-56.5%
Selling Expenses (% Net Rev.)	**16.1%**	**18.4%**	**2.2 p.p.**
Bad debt (% of Net Rev.)	12.5%	13.0%	0.5 p.p.
Advertising (% Net Rev.)	3.6%	5.4%	1.7 p.p.

Selling Expenses totaled 18.4% of net revenues in 2Q19, up 2.2 p.p. over 2Q18, mainly due to advertising expenses.

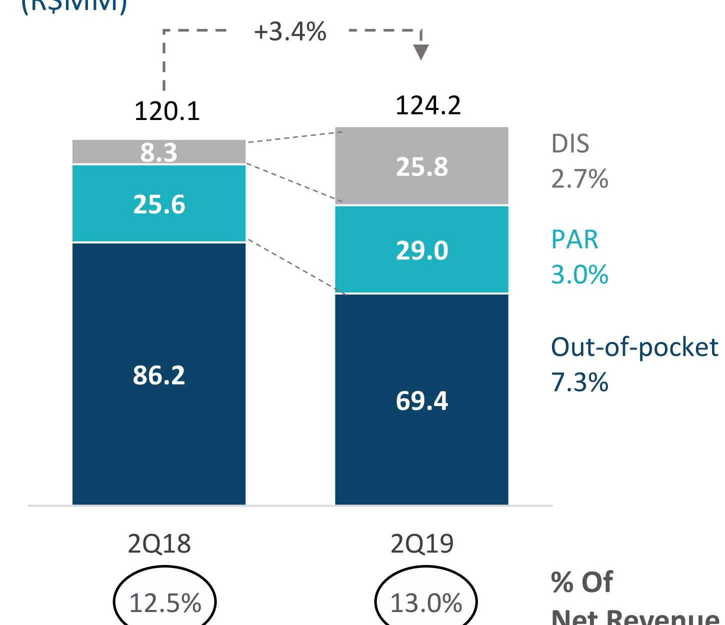
In 2Q19, **advertising expenses** increased 46.8% YoY due to a lower comparison base in 2Q18, as a result of the 2018 World Cup, that shifted expenditures from 2Q18 to 3Q18. In 1H19, advertising expenses totaled R$145 million, representing 7.7% of our net revenues (vs. 6.1% in 1H18). The increase is also due to the greater need for intake and renewal of the student.

In 2Q19, **Bad Debt** grew 3.4% over 2Q18, mainly due to the rise of DIS student base. As a percentage of our revenues, bad debt remained virtually stable at 13% (vs. 12.5% in 2Q18).

Advertising Expenses
(R$MM)



Bad Debt and % of Net Revenue
(R$MM)



GENERAL AND ADMINISTRATIVE EXPENSES

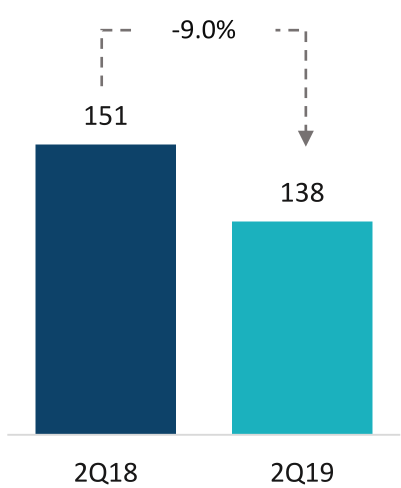
R$ MM	2Q18	2Q19[1] Pro-Forma	Δ% Pro-Forma	2Q19 IFRS 16
General and Administrative Expenses	**(151.2)**	**(137.7)**	**-9.0%**	**(137.6)**
Personnel	(41.1)	(39.5)	-3.8%	(39.5)
Third-party services	(31.2)	(14.4)	-53.8%	(14.4)
Provision for contingencies	(24.0)	(19.4)	-19.1%	(19.4)
Maintenance and repair	(10.4)	(12.4)	19.2%	(12.4)
Other	(20.2)	(29.6)	46.6%	(28.6)
Depreciation and amortization	(24.3)	(22.3)	-8.3%	(23.3)
Other operating revenue/expenses	**(3.3)**	**2.8**	**N.A.**	**2.8**
G&A Expenses (% Net Rev.)	**15.7%**	**14.4%**	**-1.3 p.p.**	**14.4%**

(1) Proforma numbers excluding the effect of IFRS 16 in 2Q19, for better comparison with 2Q18

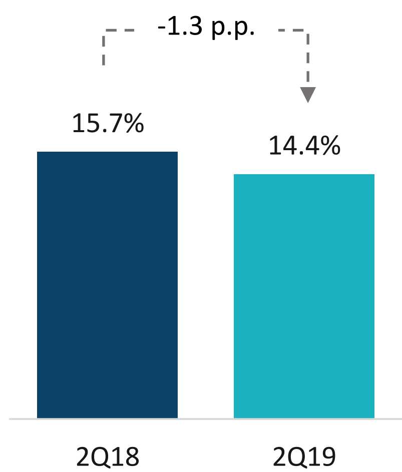
At the end of 2Q19, **General and Administrative Expenses** represented 14.4% of net revenues, an operating efficiency gain of 1.3 p.p. YoY. The sharp decrease in volume of consulting services was the main factor to this result, in addition to savings with contingencies and personnel. Third-party services expenses fell by 53.8% over 2Q18.

The was an increase of 46.6% in the line of others expenses, mainly impacted by pedagogical resources associated with the medical course and a temporary increase in the line of travel and accommodation and contractual rescisions.

General and Administrative Expenses
(R$ MM; ex-IFRS 16)



G&A of Net Revenue
(%; ex-IFRS 16)



EBITDA AND MARGIN

R$ MM	2Q18	2Q19(1) Pro-Forma	Δ% Pro-Forma	2Q19 IFRS 16
Net Revenue	**963.7**	**957.2**	**-0.7%**	**957.2**
Costs and Expenses	(737.6)	(716.1)	-2.9%	(708.6)
(+) Depreciation and amortization	48.0	46.9	-2.3%	93.4
EBITDA (2)	**283.5**	**288.0**	**1.6%**	**342.0**
EBITDA Margin	*29.4%*	*30.1%*	*0.7 p.p.*	*35.7%*

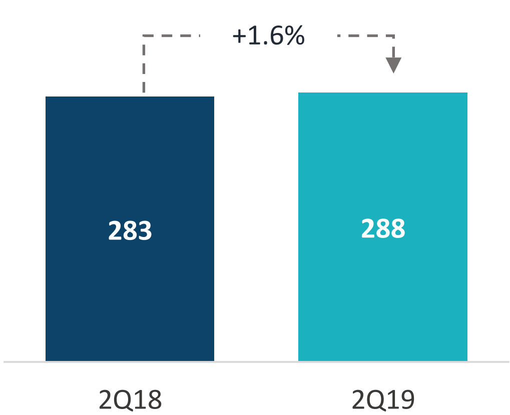
(1) Proforma numbers excluding the effect of IFRS 16 in 2Q19, for better comparison with 2Q18.

(2) Adjusted in 2Q18 by R$9.4 million related to consulting and organizational restructuring expenses.

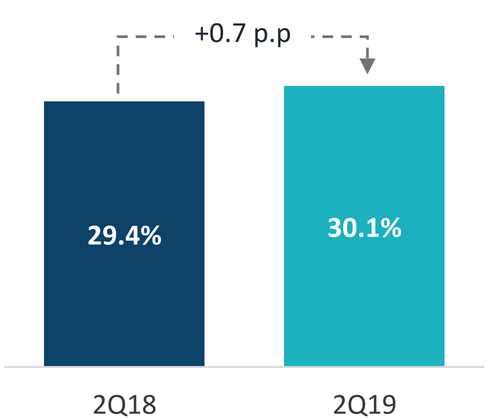
The Company's **EBITDA** totaled R$288.0 million in 2Q19, up by 1.6% YoY. This was an important result considering a still challenging macroeconomic scenario, the effect a reduced FIES student base and the increasing in bad debt levels due to the introduction and maturation of our financing products.

On the positive side, this result was driven by the ongoing expansion of the Distance Learning segment, a better course mix with higher value-added courses on-campus and meaningful efforts towards efficiency in costs and expenses, which totaled R$716 million in 2Q19, down approximately 3% over 2Q18.

EBITDA
(R$MM; ex-IFRS 16)



EBITDA Margin
(%; Δ Y/Y)



FINANCIAL RESULT and NET INCOME

R$ MM	2Q18	2Q19[1] Pro-Forma	Δ% Pro-Forma	2Q19 IFRS 6
Financial Result	**(30.1)**	**(34.1)**	**13.4%**	**(48.6)**
Financial Revenue	**20.9**	**21.5**	**3.0%**	**21.5**
Fines and interest charged	5.1	3.5	-31.2%	3.5
Investment revenue	7.6	12.2	60.8%	12.2
Inflation adjustment & Others	8.1	5.7	-29.5%	5.7
Financial Expenses	**(50.9)**	**(55.6)**	**9.1%**	**(70.1)**
Interest and financial charges	(17.3)	(18.8)	8.8%	(18.8)
Financial discounts	(12.1)	(13.0)	7.5%	(13.0)
Bank expenses	(8.4)	(9.9)	17.8%	(9.9)
Adjustment of contingencies & Others	(13.1)	(13.8)	5.5%	(28.4)

(1 Proforma numbers excluding the effect of IFRS 16 in 2Q19, for better comparison with 2Q18.

R$ MM	2Q18	2Q19[1] Pro-Forma	Δ% Pro-Forma	2Q19 IFRS 16
EBITDA	**274.1**	**288.0**	**5.1%**	**342.0**
Financial Result	**(30.1)**	**(34.1)**	**13.4%**	**(48.6)**
Depreciation and amortization	(48.0)	(46.9)	-2.3%	(93.4)
Profit before income tax and social contribution	**196.1**	**207.1**	**5.6%**	**200.1**
Income tax	30.3	(3.7)	-112.3%	(3.7)
Social contribution	10.5	(1.5)	-114.7%	(1.5)
Net Income[2]	**236.9**	**201.8**	**-14.8%**	**194.8**
Net Margin (%)	*24.6%*	*21.1%*	*-3.5 p.p.*	*20.3%*

(1) Proforma numbers excluding the effect of IFRS 16 in 2Q19, for better comparison with 2Q18.

(2) Positively impacted by R$57 million, due to the POEB tax benefit shifted from 1Q18.

In 2Q19, **Financial Result** was negative in R$34.1 million, 13.4% worst when compared to 2Q18, mainly due to increased interest and financial charges resulting from the Company's higher gross debt after issuing a Promissory Note at the end of 2018 and the subsequent replacement by corporate bonds. Such effect was partially offset by a better result in financial investments due to the higher cash position vs. 2Q18.

In 2Q19, **Net Income** reached R$201.8 million, a decrease of 14.8% YoY.

Its important to highlight that, in 2Q18, net income was positively affected by the reversal of income tax and social contribution from 1Q18 in the amount of R$57 million. Excluding this effect, net income would have been of R$179.9 million in 2Q18. When compared to 2Q19, net income would have advanced 12% YoY.

ACCOUNTS RECEIVABLE

R$ MM	2Q18	1Q19	2Q19	
Monthly tuition fees received from students	**721.4**	**1,007.7**	**1,102.9**	
Out-of-Pocket	439.7	531.5	631.5	
Exchange Deals	23.7	24.3	27.7	
PAR	131.1	198.3	201.3	
DIS	122.0	253.6	242.3	
Educar Amazônia	4.8	-	-	
FIES	728.2	227.6	280.2	
Others	167.6	188.8	167.1	
Gross Accounts Receivable	**1,617.3**	**1,424.1**	**1,550.2**	
Bad Debt	**(320.0)**	**(439.8)**	**(481.2)**	
Out-of-Pocket	(254.2)	(323.8)	(360.1)	
PAR (Dropout)	(14.7)	(44.9)	(67.9)	1
DIS (Dropout)	(7.3)	(58.6)	(85.4)	2
PAR (50%)	(46.7)	(80.2)	(86.2)	3
DIS (15%)	(15.6)	(35.8)	(34.9)	4
Educar Amazônia – Long Term	(3.5)	-	-	
Amounts to be identified	**(2.3)**	**(7.7)**	**(10.4)**	
Adjustment to present value (APV)	**(49.4)**	**(52.5)**	**(38.9)**	
APV FIES	-	-	-	
APV PAR	(34.6)	(37.9)	(29.0)	5
APV EDUCAR	(0.3)	-	-	
APV DIS	(14.6)	(14.6)	(9.9)	6
Net Accounts Receivable	**1,245.5**	**924.1**	**1,019,7**	

In 2Q19, **Gross Receivables** totaled R$1,550.2 million, down 4.1% over 2Q18, mainly due to a solid reduction of FIES students, partially offset by the increase of out-of-pocket student and DIS and PAR base.

Net Receivables reached R$1,019.7 million, down 18.1% over 2Q18, due to higher bad debt. The increase in provisions is related to the change in the student mix, which now has fewer FIES students (zero provision) and more out-of-pocket and financing students.

PAR and DIS Reconciliation

PAR

R$ MM	2Q18	2Q19	
Gross revenue paid in cash	**30.4**	**22.5**	
Gross revenue paid in installments	**28.0**	**36.8**	
Taxes – Revenue deductions	(1.7)	(2.3)	
Adjustment to Present Value (APV)[1]	(11.1)	8.9	Δ5
Bad Debt (50% provisioning)	(14.8)	(6.0)	Δ3
Bad Debt non-renegotiated dropouts	(10.8)	(23.0)	Δ1
Bad Debt (% Total Net. Rev.)	2.7%	3.0%	

DIS

R$ MM	2Q18	2Q19	
Gross revenue paid in cash	**4.0**	**2.8**	
Gross revenue paid in installments	**47.4**	**38.7**	
Taxes – Revenue deductions	(2.4)	(1.3)	
Adjustment to Present Value (APV)[1]	(3.0)	4.7	Δ6
Bad Debt (15% provisioning)	(1.0)	0.9	Δ4
Bad Debt non-renegotiated dropouts	(7.3)	(26.7)	Δ2
Bad Debt (% Total Net. Rev.)	0.9%	2.7%	

(1) Correction of installments based on IPCA and brought to present value based on NTNB-2024.

AVERAGE TERM OF RECEIVABLES

Average Term Of Receivables

R$ MM	2Q18	2Q19
Net Accounts Receivable	**1,245.5**	**1,019.7**
Annualized Net Revenue	3,546.0	3,609.8
Average Receivables Days	**126**	**102**

Non-FIES Average Term Of Receivables

R$ MM	2Q18	2Q19
Net Accounts Receivable Ex-APV	**1,245.5**	**1,019.7**
Accounts Receivable Non-FIES	517.3	739.5
Annualized Net Revenue Non-FIES	2,484.6	2,843.9
Non-FIES Average Receivables Days	**75**	**94**

FIES Average Term Of Receivables

R$ MM	2Q18	2Q19
FIES Accounts Receivable	**728.2**	**280.2**
FIES Revenue (LTM)	**1.200.5**	**868.0**
FGEDUC deductions (LTM)	(90.0)	(68.8)
Taxes (LTM)	(49.1)	(33.3)
FIES Net Revenue (LTM)	**1.061.4**	**765.9**
FIES Average Receivables Days	**247**	**132**

Average term of receivables totaled 102 days, down 24 days over 2Q18. When excluding the effect of FIES, our ATR reached 94 days, up 19 days over 2018. This increase can be explained by the increase in financing products such as DIS and PAR.

FIES Average term of receivables fell 115 days over 2Q18, closing the quarter at 132 days.

AGING AND CHANGES IN ACCOUNTS RECEIVABLE

Aging of Total Gross Accounts Receivable[1]

R$ MM	2Q18	AV	2Q19	AV
FIES	728.2	45%	280.2	18%
Not yet due	430.8	27%	653.7	42%
Overdue up to 30 days	85.1	5%	106.9	7%
Overdue from 31 to 60 days	80.7	5%	104.1	7%
Overdue from 61 to 90 days	59.9	4%	78.3	5%
Overdue from 91 to 179 days	76.8	5%	90.9	6%
Overdue more than 180 days	155.6	10%	236.2	15%
Gross Accounts Receivable	**1,617.3**	**100%**	**1,550.2**	**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	2Q18	AV	2Q19	AV
Not yet due	24.2	28%	28.4	40%
Overdue up to 30 days	5.1	6%	7.1	10%
Overdue from 31 to 60 days	4.5	5%	5.1	7%
Overdue from 61 to 90 days	5.1	6%	4.6	6%
Overdue from 91 to 179 days	11.3	13%	8.6	12%
Overdue more than 180 days	37.4	43%	17.9	25%
Agreements Receivable	**87.6**	**100%**	**71.7**	**100%**
% over non-FIES Gross Accounts Receivable	**10%**	-	**6%**	-

2 Note: Excludes credit card agreements

FIES: Changes of Accounts Receivable

R$ MM	2Q18	2Q19	Δ%
Opening balance	**719.1**	**226.2**	**-68.5%**
FIES revenue	297.2	219.5	-26.1%
Transfer	(418.0)	(277.9)	-33.5%
Provision for FIES	(22.7)	(16.9)	-25.6%
Adjustment of accounts receivable	5.6	-	N.A.
Closing Balance	**581.1**	**151.0**	**-74.0%**

FIES: Changes of Accounts Offsetable

R$ MM	2Q18	2Q19	Δ%
Opening balance	**1.5**	**1.3**	**-12.8%**
Transfer	418.0	277.9	-33.5%
Payment of taxes	(140.9)	(24.5)	-82.6%
Buyback in auctions	(131.5)	(125.4)	-4.6%
Closing balance	**147.2**	**129.3**	**-12.2%**

CASH POSITION & INDEBTEDNESS

R$ MM	2Q18	2Q19[1] Pro-Forma	Δ% Pro-Forma	2Q19 IFRS 16
Cash and cash equivalents [a]	**401.0**	**718.3**	**79.1%**	**718.3**
Indebtedness [b]	**(500.8)**	**(730.0)**	**45.8%**	**(1,935.9)**
Loans	(426.4)	(688.7)	61.5%	(1,894.5)
Commitments payable (Acquisitions)	(62.8)	(32.4)	-48.3%	(32.4)
Taxes paid in installments	(11.7)	(8.9)	-23.4%	(8.9)
Net Debt [b-a]	**(99.9)**	**(11.8)**	**-88.2%**	**(1,217.6)**
Net Debt/ EBITDA (Annualized)[2]	**0.11x**	**0.01x**	**-**	**1.1x**

(1) Proforma numbers excluding the effect of IFRS 16 in 2Q19, for better comparison with 2Q18.

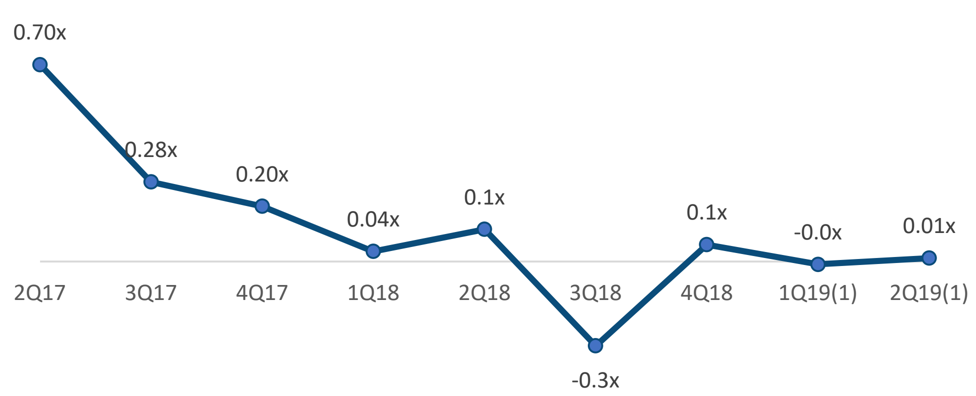
(2) Reported EBITDA.

At the end of 2Q19, **cash and cash equivalents totaled R$718.3 million.**

Gross indebtedness, excluding the effect of IFRS 16, grew 45.8% over 2Q18, while our cash position increased 79%. As a result, the Company reached **R$11.8 million of net debt** and a net debt/EBITDA (annualized) ratio of 0.01x.

In June, the Company concluded the amortization of Debenture IV, totaling R$51.2 million.

Net Debt/ EBITDA (Annualized)



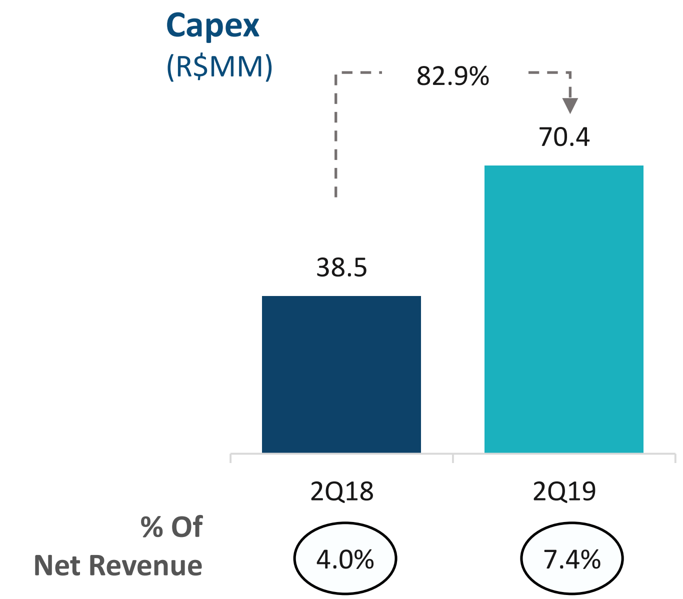
Type of Debt	Due date	Cost	Outstanding 2Q19
Debentures II	Oct/19	CDI + 1.2%	60.9
Debentures V (1ª series)	Feb/22	CDI + 0.6%	255.9
Debentures V (2ª series)	Feb/24	CDI + 0.8%	358.4
Others	-	-	13.5
Total Indebtedness	**-**	**-**	**688.7**

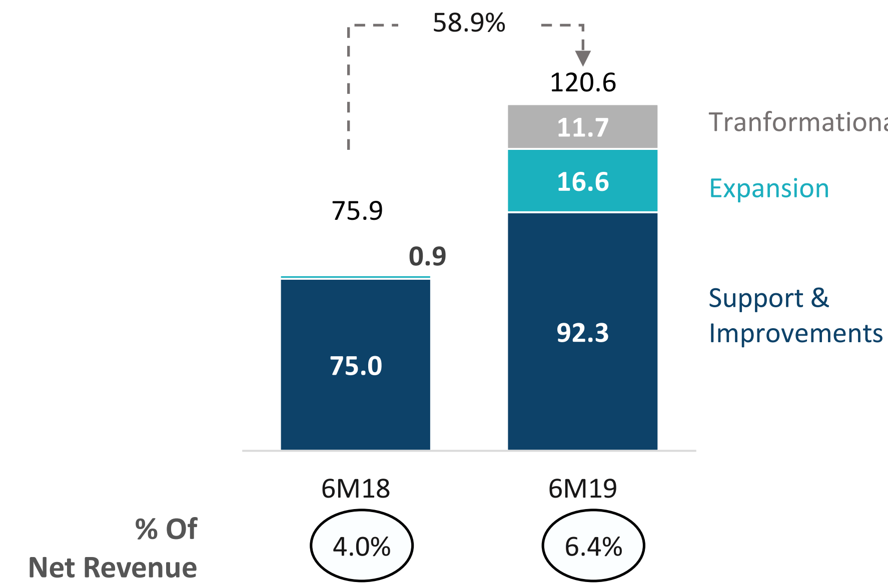
CAPEX

R$ MM	2Q18	2Q19	Δ%	6M18	6M19	Δ%
Total CAPEX	**38.5**	**70.4**	**82.9%**	**75.9**	**120.6**	**58.9%**
Support & Improvements	38.3	53.7	40.2%	75.0	92.3	23.1%
Expansion	0.2	10.3	n.a.	0.9	16.6	n.a.
Transformational	-	6.4	n.a.	-	11.7	n.a.
Total CAPEX/ (% Net. Rev.)	4.0%	7.4%	3.4 p.p.	4.0%	6.4%	2.4 p.p.
Support. & Improvements/ (% Net. Rev.)	4.0%	5.6%	1.6 p.p.	3.9%	4.9%	0.9 p.p.

In 2Q19, **CAPEX** totaled R$70.4 million, up 82.9% over 2Q18. This increase follows the Company's guideline to temporarily increase its investments level in 2019, focusing on expansion projects and improvements in our operation, thus preparing the Company for a new growth wave. Regarding investments by type, in 1H19, we highlight:

- **Sustainability & Improvements:** Recurring investments that contribute to the maintenance and improvement of our business, including updates to our unit's infrastructure;
- **Expansion:** Investments focused on developing new offers and the construction of new dental laboratories;
- **Transformational:** Non-recurring projects such as document scanning systems, compliance to the regulatory framework and upgrade to air conditioning system, as well as the systems development within the scope of our customer loyalty project.





2019 FY CAPEX GUIDANCE

~R$330 million[(1)]

(1) Does not include costs associated with potential M&A

BALANCE SHEET

R$ MM	2Q18	1Q19	2Q19
Current Assets	**1,712.1**	**1,749.5**	**1,618.9**
Cash and cash equivalents	9.0	8.7	19.4
Marketable securities	391.9	877.1	698.8
Accounts receivable	1,102.8	713.0	813.1
Advances to employees/third-parties	19.3	6.1	7.3
Prepaid expenses	10.4	14.7	11.5
Taxes and contributions	134.2	119.9	58.0
Others	44.5	10.0	10.7
Non-Current Assets	**2,525.6**	**3,903.3**	**3,945.3**
Long-Term Assets	524.2	604.0	661.7
Accounts receivable	142.7	211.1	206.6
Prepaid expenses	4.9	5.4	5.0
Judicial deposits	101.6	83.1	80.1
Taxes and contributions	90.7	120.1	192.7
Deferred taxes and others	184.3	184.3	177.4
Permanent Assets	2,001.4	3,299.2	3,283.5
Investments	0.2	0.2	0.2
Property and equipment	601.0	1,884.8	1,862.8
Intangible assets	1,400.1	1,414.2	1,420.4
Total Assets	**4.237.7**	**5,652.7**	**5,564.2**

R$ MM	2Q18	1Q19	2Q19
Current Liabilities	**877.7**	**923.3**	**650.0**
Loans and financing	344.4	196.5	83.6
Leasing	-	161.8	165.5
Suppliers	103.1	124.7	122.0
Salaries and payroll charges	226.9	187.8	199.7
Tax liabilities	113.5	49.2	32.4
Prepaid monthly tuition fees	12.5	20.8	11.5
Advance of the current agreement	-	-	1.8
Taxes paid in installments	4.2	3.3	3.0
Acquisition price to be paid	57.2	16.5	17.4
Dividendos payable	0.0	153.2	0.0
Others	15.8	9.5	13.0
Long-Term Liabilities	**260.4**	**1,893.6**	**1,880.5**
Loans and financing	81.9	613.8	605.0
Contingencies	113.1	139.3	145.5
Leasing	-	1,066.8	1,040.3
Advance of agreement	-	-	16.1
Taxes paid in installments	7.5	6.2	6.0
Provision for asset demobilization	22.9	27.3	27.9
Deferred taxes	8.9	3.8	3.6
Acquisition price to be paid	5.6	15.3	15.0
Others	20.5	21.1	21.2
Shareholders' Equity	**3,099.6**	**2,835.9**	**3,033.7**
Capital	1,139.8	1,139.9	1,139.9
Share issue costs	(26.9)	(26.9)	(26.9)
Capital reserves	665.6	670.0	666.5
Earnings reserves	924.9	1,016.6	1,016.6
Period result	434.3	240.8	435.6
Treasury shares	(38.1)	(204.6)	(198.1)
Total Liabilities and Shareholders' Equity	**4,237.7**	**5,652.7**	**5,564.2**

INCOME STATEMENT BY BUSINESS UNIT

2019 in IFRS 16

	On-Campus			Distance-Learning			Corporate			Consolidated		
R$ MM	2Q18	2Q19 IFRS 16	Δ%	2Q18	2Q19 IFRS 16	Δ%	2Q18	2Q19 IFRS 16	Δ%	2Q18	2Q19 IFRS 16	Δ%
Gross Revenues	**1,298.1**	**1,336.3**	**2.9%**	**235.9**	**318.0**	**34.8%**	-	-	-	**1,534.0**	**1,654.2**	**7.8%**
Deductions from Gross Revenue	(479.0)	(556.6)	16.2%	(91.3)	(140.4)	53.8%	-	-	-	(570.3)	(697.0)	22.2%
Net Revenues	**819.1**	**779.7**	**-4.8%**	**144.6**	**177.5**	**22.8%**	-	-	-	**963.7**	**957.2**	**-0.7%**
Cost of Services	**(408.2)**	**(375.6)**	**-8.0%**	**(19.5)**	**(22.3)**	**14.5%**	-	-	-	**(427.6)**	**(397.9)**	**-7.0%**
Personnel	(290.0)	(267.8)	-7.6%	(12.9)	(11.5)	-10.7%	-	-	-	(302.9)	(279.4)	-7.8%
Rents. condominiums and municipal property tax	(63.3)	(10.2)	-83.8%	(0.0)	0.7	N.A.	-	-	-	(63.3)	(9.5)	-85.0%
Third-party services and Others	(31.4)	(28.4)	-9.6%	(6.4)	(10.5)	65.7%	-	-	-	(37.8)	(38.9)	3.0%
Depreciation and amortization	(23.5)	(69.2)	194.6%	(0.2)	(0.9)	476.6%	-	-	-	(23.6)	(70.1)	196.5%
Gross Profit	**411.0**	**404.1**	**-1.7%**	**125.2**	**155.3**	**24.1%**	-	-	-	**536.1**	**559.3**	**4.3%**
Gross Margin	*50.2%*	*51.8%*	*1.7 p.p.*	*86.5%*	*87.5%*	*0.9 p.p.*	-	-	-	*55.6%*	*58.4%*	*2.8 p.p.*
Selling and G&A Expenses	**(156.3)**	**(151.6)**	**-3.0%**	**(23.6)**	**(30.0)**	**27.2%**	**(130.2)**	**(129.1)**	**-0.9%**	**(310.1)**	**(310.7)**	**0.2%**
Personnel	(3.1)	(3.2)	4.2%	(4.9)	(3.3)	-33.6%	(33.1)	(33.0)	-0.2%	(41.1)	(39.5)	-3.9%
Advertising	-	-	N.A.	-	-	N.A.	(35.1)	(51.5)	46.7%	(35.1)	(51.5)	46.7%
Bad Debt	(104.2)	(100.9)	-3.2%	(15.9)	(23.3)	46.6%	-	-	N.A.	(120.1)	(124.2)	3.4%
Other expenses	(45.5)	(44.3)	-2.7%	(2.5)	(2.9)	16.4%	(41.4)	(24.9)	-39.8%	(89.4)	(72.2)	-19.3%
Depreciation and amortization	(3.5)	(3.2)	-8.4%	(0.3)	(0.5)	91.1%	(20.6)	(19.6)	-4.9%	(24.4)	(23.3)	-4.4%
Operating Profit	**254.7**	**252.5**	**-0.9%**	**101.6**	**125.3**	**23.3%**	**(130.2)**	**(129.1)**	**-0.9%**	**226.1**	**248.7**	**10.0%**
Operating Margin (%)	*31.1%*	*32.4%*	*1.3 p.p.*	*70.2%*	*70.5%*	*0.3 p.p.*	-	-	-	*23.5%*	*26.0%*	*2.5 p.p.*
EBITDA	**281.6**	**324.8**	**15.3%**	**102.0**	**126.7**	**24.2%**	**(109.6)**	**(109.5)**	**-0.1%**	**274.1**	**342.0**	**24.8%**
EBITDA Margin (%)	*34.4%*	*41.7%*	*7.3 p.p.*	*70.5%*	*71.4%*	*0.8 p.p.*	-	-	-	*28.4%*	*35.7%*	*7.3 p.p.*

CASH FLOW STATEMENT

R$ MM	2Q18	2Q19[1] Pro-Forma	Δ% Pro-Forma	2Q19 IFRS 16
Profit before taxes and after the result of ceased operations	**196.1**	**207.1**	**5.6%**	**200.1**
Adjustments to reconcile profit to net cash generated	275.6	198.1	-28.1%	259.1
Result after reconciliation to net cash generated	**471.6**	**405.2**	**-14.1%**	**459.2**
Changes in assets and liabilities	(346.6)	(231.8)	-33.1%	(231.8)
Operating Cash Flow before CAPEX	**125.0**	**173.3**	**38.6%**	**227.3**
Acquisition of property and equipment	(25.6)	(42.7)	66.9%	(42.7)
Acquisition of intangible assets	(12.8)	(27.6)	115.0%	(27.6)
Cash flow from investment activities	(9.8)	(0.5)	-95.3%	(0.5)
Operating Cash Flow after CAPEX	**76.7**	**102.5**	**33.6%**	**156.5**
Cash flow from financing activities	(303.1)	(270.0)	-10.9%	(324.0)
Free Cash Flow	**(226.4)**	**(167.5)**	**-26.0%**	**(167.5)**
Cash at the beginning of the year	**627.1**	**885.8**	**41.2%**	**885.8**
increase (decrease) in cash and cash equivalents	(226.4)	(167.5)	-26.0%	(167.5)
Cash at the end of the year	**400.7**	**718.3**	**79.2%**	**718.3**
EBITDA	**274.1**	**288.1**	**5.1%**	**342.0**
Operating Cash Flow before CAPEX / EBITDA	**45.6%**	**60.2%**	**14.6 p.p.**	**66.5%**

[1] Proforma numbers excluding the effect of IFRS 16 in 2Q19, for better comparison with 2Q18.

In 2Q19, **Operating Cash Flow before CAPEX (OFC)** was positive by R$173.3 million, up 38.6% over 2Q18.

Therefore, OCF/EBITDA reached 60.2% in 2Q19 and 51.6% in 1H19, up 3.7 p.p. YoY.

We closed the quarter with a cash position of R$718.3 million, up 79% YoY.

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 Bad Debt:** 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.
- **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]

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