1Q14 RESULTS

20 Miles at a Time

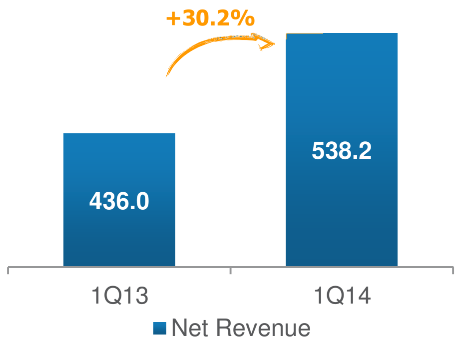
Eighth consecutive record intake: 135,000 new undergraduate students
Student base records organic growth of 21%
EBITDA of R$129.4 million, with an EBITDA margin of 24.1%

Rio de Janeiro, May 8, 2014 – **Estácio Participações S.A.** – "Estácio or "Company" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTC: ECPCY) – announces its results for the first quarter of 2014 (1Q14) in comparison with the first quarter of 2013 (1Q13). The following accounting information is presented in accordance with International Financial Reporting Standards ("IFRS") and on a consolidated basis.

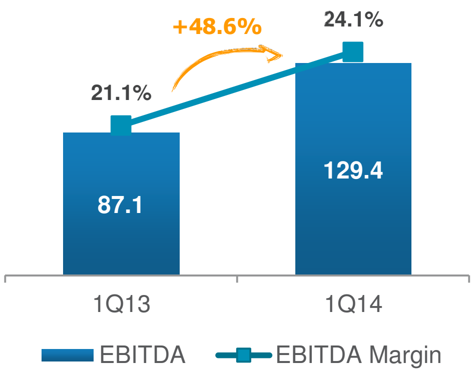
Quarter Highlights

(R$ million)

Net Revenue



EBITDA and EBITDA Margin



Highlights:

- Estácio closed 1Q14 with a **total base** of 394,500 students, 20.7% up on 1Q13, 316,100 of whom enrolled in on-campus programs (19.1% up year-on-year, including acquisitions) and 78,400 in distance learning programs (27.5% more than in 1Q13).
- **Net operating revenue** came to R$538.2 million in 1Q14, 30.2% more than in 1Q13, due to the significant expansion of the student base and the increase in the average ticket.
- **EBITDA** totaled R$129.4 million in 1Q14, 48.6% up on the same period last year, with a margin gain of 3.0 p.p.
- **Net income** came to R$125.8 million in 1Q14, 88.9% up on 1Q13, while **earnings per share** stood at R$0.43, up by 86%.
- **Operational cash flow** totaled R$22.2 million in 1Q14, already considering the delays in the FIES buyback auctions, which represents a R$13.5 million improvement over 1Q13.
- **Cash and cash equivalents** closed 1Q14 at R$758.1 million.

ESTC3
(On May 7, 2014)

Price: R$24.78/share
Number of Shares: 297,394,488
Market Cap: R$7.4 billion
Free Float: 98%

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Key Indicators

Financial Highlights	Consolidated 1Q13	Consolidated 1Q14	Consolidated Change	Excluding acquisitions in the last 12 months 1Q13	Excluding acquisitions in the last 12 months 1Q14	Excluding acquisitions in the last 12 months Change
Net Revenue (R$ million)	413.3	538.2	30.2%	413.3	531.1	28.5%
Gross Profit (R$ milllion)	170.6	229.5	34.5%	170.6	226.5	32.8%
Gross Profit margin	*41.3%*	*42.6%*	*1.3 p.p.*	*41.3%*	*42.6%*	*1.3 p.p.*
EBIT (R$ million)	69.0	109.9	59.3%	69.0	107.6	55.9%
EBIT Margin	*16.7%*	*20.4%*	*3.7 p.p.*	*16.7%*	*20.3%*	*3.6 p.p.*
EBITDA (R$ million)	87.1	129.4	48.6%	87.1	126.9	45.7%
EBITDA Margin	*21.1%*	*24.1%*	*3.0 p.p.*	*21.1%*	*23.9%*	*2.8 p.p.*
Net Income (R$ milllion)	66.6	125.8	88.9%	66.6	123.5	85.4%
Net Income Margin	*16.1%*	*23.4%*	*7.3 p.p.*	*16.1%*	*23.3%*	*7.2 p.p.*

Note: EBITDA calculated in accordance with CVM Instruction 527.

Message from Management

In the great book "Great by Choice", authors Jim Collins and Morten T. Hansen dedicate an entire chapter (the third) to describe what they consider to be one of the key factors found in companies that perform above market average for long periods of time: **the capacity to grow continuously, gradually, without major ups and downs, for many years.** The authors call this feature the "20-Mile March", making an analogy to the expeditions by Roald Amundsen and Robert Scott which tried to conquer the South Pole back in 1911, and include in the list of successful companies that used this strategy well-known cases such as Southwest Airlines, Intel, and Microsoft.

The authors say: "The 20-Mile March is more than a philosophy. It is a system that includes clear, concrete, intelligent, and rigorously pursued performance mechanisms to keep a business on track. **The 20-Mile March creates two types of self-imposed discomfort: (i) an unwavering commitment to high performance under difficult conditions; and (ii) restraint under favorable conditions".**

These have been Estácio's greatest challenges since the turnaround we started back in 2008, when we had to create management tools and then combine them with academic features to create a great Higher Education Institution. These years were hard in the beginning: we had to seek growth against all odds and adversities but, after we reached a relative level of success, we have been showing great discipline not to yield to temptations which arise from opportunities that invariably come by in contexts such as the one we are in. In this context, we are always looking to sustain an strong, consistent, gradual growth pace, with the eye on the long run but without losing our main focus, which is to pursue a continuous improvement of the service level we offer to our students and the society in general.

That said, it is with great pleasure that we announce yet another **record high intake cycle,** our eighth in succession. This time, we enrolled 134,700 students in our on-campus and distance learning undergraduate courses, increasing our same-shop on-campus undergraduate student base by 17.5% and our distance learning undergraduate base by 22.9%, resulting in a **total same-shop growth of 19.3%** over 1Q13.

We closed 1Q14 with 102,100 students using FIES, representing around 33.7% of our on-campus undergraduate student base. Our average **on-campus ticket** increased yet again, moving up by 10% over the previous year, while our **average distance learning ticket** remained stable. Thanks to the excellent performance of the student base and the average ticket, **1Q14 net revenue recorded substantial 30% growth** over 1Q13, reaching **R$538.2 million.**

First-quarter EBITDA totaled R$129.4 million, a hefty 49% more than in 1QQ13, with a margin of 24,1%, up by 3.0 percentage points. **Net income came to R$125.8 million**, 89% more than in the first quarter of 2013, while **earnings per share stood at R$0.43, an 86% improvement**. **Operational cash flow was a**

positive R$22.2 million, R$13.5 million higher than the previous year. We see these indicators evolving at the same pace as last year, enabling us to maintain our gradual and sustainable operational and profitability growth.

In addition, this quarter we successfully concluded **the assisted transfer process (PTA) of the Gama Filho and Univercidade students,** conducted by the Ministry of Education (MEC) following the disaccreditation of these institutions. By the end of the first semester enrollment process, 6,700 of these students had opted to transfer to Estácio, 1,700 of whom medical students and 5,000 in other courses. It is worth highlighting that Estácio may receive more students from these institutions in the second semester of 2014 through the PTA.

We also concluded the **Pronatec Program (*Bolsa Formação* modality) enrollment** resulting from the MEC bid for the first semester of 2014. Estácio won 100% of the requested seats (29,800), all of which in the state of Rio de Janeiro, and **enrolled 24,100 students, a conversion ratio of 81%.** Around 65% of the enrolled students will take morning courses, 30% afternoon courses, and 5% nighttime courses, allowing us to occupy idle capacity in our units. The most sought-after courses were Logistics, Radiology, Nursing, Aesthetics, Oil and Gas, Buildings, and Occupational Safety. Around 65% of the programs will have a duration of 18 months and 35% will last for 12 months. The first Pronatec classes began at the end of April and beginning of May.

We also moved ahead with our Strategic Projects, which should generate value in the long term, in line with our Strategic Plan. Having initiated operations of our Corporate University, which is already operating at full strength with on-campus and distance learning courses and training programs to all our people, we opened the "**Espaço NAVE**" in the same building in our installations in the port region of Rio de Janeiro. The NAVE is an innovation space for simulating and experimenting with the university of the future's new environments – enrollment rooms, classrooms and IT labs – as well as providing support for start-ups and other Innovation-related activities.

In short, **we have begun the year on a high note, maintaining an excellent operational pace,** after concluding yet another record intake cycle, which certainly opens up the possibility for more excellent results throughout the year. We keep working firmly to prepare Estácio for the future, through the execution of the actions set in our Strategic Plan, while we also keep our eyes open for opportunities that shall lead to relevant upsides for our shareholders. In this context, we firmly believe that 2014 will be yet another year of financial and non-financial achievements, as we continue to pursue the Equilibrium that is the basis of our strategy and long term view. After all, as authors Collins and Hansen say, "ultimately, we are responsible for improving our performance, and never throw the blame on circumstances, much less on the environment".

Student Base

Estácio ended 1Q14 with a base of 394,500 students (20.7% more than in 1Q13), 316,100 of whom enrolled in on-campus programs and 78,400 in distance learning programs. The same-shop student base (excluding acquisitions in the last 12 months) grew by 19.3% over the previous year.

Table 1 – Total Student Base*

'000	1Q13	1Q14	Change
On-Campus	**265.3**	**311.6**	**17.5%**
Undergraduate	253.9	298.3	17.5%
Graduate	11.4	13.3	16.7%
Distance Learning	**61.5**	**78.4**	**27.5%**
Undergraduate	59.4	73.0	22.9%
Graduate	2.1	5.4	157.1%
Student Base - same shops	**326.8**	**390.0**	**19.3%**
Acquisitions in the last 12 months	-	4.5	N.A.
Total Student Base	**326.8**	**394.5**	**20.7%**
# Campuses	76	80	5.3%
On-Campus Students per Campus	**3,491**	**3,895**	**11.6%**
# Distance Learning Centers	52	52	0.0%
Distance Learning Students per Center	**1,183**	**1,508**	**27.5%**

Note: Acquisitions in the last 12 months refer to students from FACITEC and ASSESC.
Acquisitions in 2012 have completed one year and are already included in the same-shop student base.

Estácio's **on-campus undergraduate base** totaled 302,800 students on March 31, 2014, 19.3% more than at the end of 1Q13. Same-shop growth, excluding the institutions acquired in the last 12 months (FACITEC and ASSESC), came to 17.5%.

On-campus undergraduate intake totaled 105,700 students, 23.9% more than in 1Q13, already including the 6,700 who transferred from Gama Filho and Univercidade this quarter. It is worth noting that these students had already part of their revenues booked in the first quarter, which contributed to our revenue growth. However, their revenues will only be fully booked in 2Q14, when we will have a better visibility of the impact of these transfers in our results.

The renewal ratio reached 86.6% in 1Q14, a 0.2 p.p. improvement over the same period last year, primarily due to the procedure change that anticipated student non-renewals in 4Q13, which offset the higher dropout level we expected due to the higher number of students in the 1st and 2nd semesters we currently have.

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

'000	1Q13	1Q14	Change
Students - Starting balance	**209.9**	**239.4**	**14.0%**
(+/-) Acquisitions in the last 12 months (until 4Q)	-	(4.5)	N.A.
(-) Graduates	(14.7)	(12.5)	-15.0%
Renewable Base	**195.2**	**222.4**	**13.9%**
(+) Enrollments	85.3	105.7	23.9%
(-) Not Renewed	(26.6)	(29.8)	12.0%
Students - same shops	**253.9**	**298.3**	**17.5%**
(+) Acquisitions in the last 12 months (until 1Q)	-	4.5	N.A.
Students - Ending Balance	**253.9**	**302.8**	**19.3%**

Our **distance learning undergraduate student base** grew by 22.9% over 1Q13 to 73,000 students. The distance learning intake in 1Q14 added 29,000 new students to our base, 21.8% up on the same period last year.

(*) This information was not revised by the auditors

We should highlight the 4.2 p.p. improvement in the distance learning renewal rate, which reached 81.8%. This gain comes in line with our expectations, basically because our student base is becoming more mature and also due to the procedure change we detailed in 4Q13, which anticipated non-renewals(remembering that, in terms of number of students, this impact was higher in the distance learning segment).

Table 3 – Evolution of Distance Learning Undergraduate Student Base*

'000	1Q13	1Q14	Change
Students - Starting Balance	**46.1**	**55.5**	**20.4%**
(-) Graduates	(0.2)	(1.7)	750.0%
Renewable Base	**45.9**	**53.8**	**17.2%**
(+) Enrollments	23.8	29.0	21.8%
(-) Dropouts	(10.3)	(9.8)	-5.0%
Students - Ending Balance	**59.4**	**73.0**	**22.9%**

Operating Revenue

Net operating revenue came to R$538.2 million in 1Q14, 30.2% up on 1Q13 due to the 20.7% expansion of the student base and the upturn in the on-campus average ticket.

Table 4 – Operating Revenue

R$ MM	1Q13	1Q14	Change
Gross Operating Revenue	**613.8**	**793.7**	**29.3%**
Monthly Tuition Fees	607.4	786.2	29.4%
Others	6.4	7.5	17.2%
Gross Revenue Deductions	**(200.5)**	**(255.5)**	**27.4%**
Scholarships and Discounts	(180.6)	(223.8)	23.9%
Taxes	(18.4)	(21.4)	16.3%
FGEDUC	(1.6)	(10.3)	543.8%
% Scholarships and Discounts/ Gross Operating Revenue	*29.4%*	*28.2%*	*-1.2 p.p.*
Net Operating Revenue	**413.3**	**538.2**	**30.2%**

In 1Q14, the **average on-campus ticket** grew by 10.0%, above expected 2014 inflation, reflecting our continuing capacity to increase prices in a sustainable manner. This quarter's upturn was due to our policy of passing inflation through and, among other factors, to the choice of more expensive courses by FIES students, notably in the fields of Engineering and Health.

Table 5 – Calculation of the Average Ticket in 1Q14– On-Campus

'000	1Q13	1Q14	Change
On-Campus Undergraduate Student Base	**253.9**	**302.8**	**19.3%**
(-) Dropouts	(8.2)	(11.0)	34.1%
(=) Revenue Generating On-Campus Undergraduate Student Base	**245.7**	**291.8**	**18.8%**
(+) On-Campus Graduate Student Base (average)	**11.4**	**13.3**	**16.7%**
(=) Revenue Generating On-Campus Student Base	**257.1**	**305.1**	**18.7%**
On-Campus Gross Revenue	**558.8**	**730.0**	**30.6%**
On-Campus Deductions	(180.9)	(236.7)	30.8%
On-Campus Net Revenue (R$ million)	**377.9**	**493.3**	**30.5%**
On-Campus Average Ticket (R$)	**490.0**	**538.9**	**10.0%**

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

The **average distance learning ticket** remained more-or-less flat in 1Q14, edging down by 0.4% due to the higher number of students choosing *"EAD Mais"* (an option which dilutes the course curriculum and, consequently, its value, over a further two semesters) and our policy to adjust distance learning prices in certain locations, in order to better suit local needs.

(*) This information was not revised by the auditors

Table 6 – Calculation of the Average Ticket in 1Q14 – Distance Learning

'000	1Q13	1Q14	Change
Distance Learning Undergraduate Student Base	59.4	73.0	22.9%
(-) Dropouts	(3.0)	(3.6)	20.0%
(=) Revenue Generating Distance Learning Undergraduate Student Base	56.4	69.4	23.0%
(+) Distance Learning Graduate Student Base (average)	2.1	5.4	157.1%
(=) Revenue Generating Distance Learning Student Base	58.5	74.8	27.9%
Distance Learning Gross Revenue	53.4	61.9	15.9%
Distance Learning Deductions	(19.4)	(18.6)	-4.1%
Distance Learning Net Revenue (R$ million)	34.0	43.3	27.3%
Distance Learning Average Ticket (R$)	193.7	192.9	-0.4%

Cost of Services

In 1Q14, **cash cost to net revenue ratio** recorded a 0.9 p.p. improvement over 1Q13, mainly thanks to gains in the following lines:

(i) 0.8 p.p. in third-party services, as a result of the insourcing of security and surveillance in our units, which began to benefit this line with a counterparty in the personnel, besides the improved management of third-party service contracts;

(ii) 0.5 p.p. in textbook materials.

The fact that the 0.2 p.p. gain in the salaries and payroll charges line was less than in recent quarters was due to the following three factors:

(i) The insourcing of security and surveillance in our units mentioned above, which impacted this line due to the hiring of personnel;

(ii) Initial costs from the hiring of new staff and faculty for the Pronatec vocational courses and to receive the students who transferred from Gama Filho and Univercidade, which had an impact in 1Q14 while these students did not have their revenues fully booked in the quarter; and

(iii) The increase in labor agreements, which climbed from around R$5 million in 1Q13 to approximately R$14 million in 1Q14, consuming 1.6 p.p. of margin. This increase reflects a more proactive approach in solving labor issues, which should extend throughout 2014, and then return to levels more in line with historical average from 2015 onwards, since there is a clear downward trend in convictions related to labor lawsuits.

The higher-than-normal rise in the rentals line can be basically explained by the four factors below:

(i) 5 new campuses in comparison to 1Q13 (two acquisitions, FACITEC and ASSESC; and three *greenfields*, Parangaba, Angra dos Reis and Teresópolis), for an amount of R$1.3 million;

(ii) The strategy to change variable contracts (pegged to revenues) to fixed contracts. In comparison to 1Q13, 9 relevant contracts suffered this alteration, which implied in an increase of R$2.8 million. In the medium and long terms, we believe these changes will bring significant margin gains, as we have been working hard to improve campus occupation through distance learning growth, new programs such as Pronatec, and more efficient academic planning;

(iii) Adjustment for period inflation as stipulated in contracts, for an amount of R$4.0 million;

(iv) The rental contracts which are pegged to revenues, that end up growing at a pace similar to the 30%-growth shown in the net revenue line.

Table 7 – Breakdown of Cost of Services

R$ MM	1Q13	1Q14	Change
Cost of Services	**(231.0)**	**(295.9)**	**28.1%**
Personnel	(179.4)	(232.1)	29.4%
Salaries and Payroll Charges	(147.7)	(191.4)	29.6%
Brazilian Social Security Institute (INSS)	(31.7)	(40.7)	28.4%
Rentals / Real Estate Taxes Expenses	(30.5)	(43.3)	42.0%
Textbooks Materials	(7.0)	(6.5)	-7.1%
Third-Party Services and Others	(14.1)	(14.0)	-0.7%

Table 8 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	1Q13	1Q14	Change
Cost of Services	**-55.9%**	**-55.0%**	***0.9 p.p.***
Personnel	-43.4%	-43.1%	*0.3 p.p.*
Salaries and Payroll Charges	-35.7%	-35.5%	*0.2 p.p.*
Brazilian Social Security Institute (INSS)	-7.7%	-7.6%	*0.1 p.p.*
Rentals / Real Estate Taxes Expenses	-7.4%	-8.0%	*-0.6 p.p.*
Textbooks Materials	-1.7%	-1.2%	*0.5 p.p.*
Third-Party Services and Others	-3.4%	-2.6%	*0.8 p.p.*

Table 9 – Cost Reconciliation

R$ MM	1Q13	1Q14	Change
Cash Cost of Services	**(231.0)**	**(295.9)**	**28.1%**
(+) Depreciation	(11.6)	(12.9)	11.2%
Cost of Services	**(242.6)**	**(308.7)**	**27.2%**

Gross Income

Table 10 – Statement of Gross Income

R$ MM	1Q13	1Q14	Change
Net Operating Revenue	413.3	538.2	30.2%
Cost of Services	(242.6)	(308.7)	27.2%
Gross Profit	**170.6**	**229.5**	**34.5%**
(-) Depreciation	11.6	12.9	11.2%
Cash Gross Profit	**182.2**	**242.4**	**33.0%**
Cash Gross Margin	*44.1%*	*45.0%*	*0.9 p.p.*

Selling, General and Administrative Expenses

Selling expenses represented 9.0% of 1Q14 net revenue, generating a margin gain of 1.4 p.p. due to the 0.8 p.p. increase in the PDA/net revenue ratio, reflecting the organic improvement in this line as well as the benefits of the student base clean-up in 4Q13, and the 0.6 p.p. upturn in the marketing line.

It is worth noting that we have been consolidating the “Provisions for FIES” line under PDA since 4Q13, due to its decreasing importance with the organic growth of the FGEDUC base throughout 2013, and, especially, to the changes in the rules governing the contribution to the FGEDUC announced by the FNDE at the beginning of this year. As of February, the FIES default risk is covered by the FGEDUC, even for contracts with a guarantor (in the proportions between government and institutions already known). 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.

At the close of 1Q14, FIES students were divided into 83% with FGEDUC and 17% with a guarantor. Further details on the way the provisions for students using this financing are recognized can be found in Exhibit I at the end of this release (page 25).

In 1Q14, **general and administrative expenses** corresponded to 12.0% of net revenue, 0.6 p.p. better than 1Q13, thanks to gains of 0.2 p.p. in personnel and 0.3 p.p. in third-party services, reflecting the gains of scale in these lines.

As we have been mentioning since 2Q13, it is worth noting that the personnel line has been impacted by the increase in the headcount, corresponding to investments in new areas that will generate significant revenue for the Company, such as the Continuing Education Department, so that this item may be more comparable in the next cycles. Besides, we moved further in the process of linearizing bonus provisioning in this account. Nevertheless, we have still managed to record efficiency gains.

Table 11 – Selling, General and Administrative Expenses

R$ MM	1Q13	1Q14	Change
Selling, General and Administrative Cash Expenses	**(95.1)**	**(113.0)**	**18.8%**
Selling Expenses	**(42.9)**	**(48.6)**	**13.3%**
Provisions for Doubtful Accounts	(15.9)	(16.4)	3.1%
Marketing	(27.1)	(32.2)	18.8%
General and Administrative Expenses	**(52.2)**	**(64.4)**	**23.4%**
Personnel	(25.4)	(31.4)	23.6%
Salaries and Payroll Charges	(22.1)	(27.4)	24.0%
Brazilian Social Security Institute (INSS)	(3.3)	(3.9)	18.2%
Others	(26.8)	(33.0)	23.1%
Third-Party Services	(12.8)	(15.2)	18.8%
Machinery rentals and leasing	(0.5)	(0.4)	-20.0%
Consumable Material	(0.5)	(0.4)	-20.0%
Provision for Contingencies	(0.3)	0.1	N.A.
Other Operating Renevue (expenses)	3.5	3.2	-8.6%
Others	(16.2)	(20.2)	24.7%
Depreciation	**(6.5)**	**(6.6)**	**1.5%**

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

% of Net Operating Revenue	1Q13	1Q14	Change
Selling, General and Administrative Cash Expenses	**-23.0%**	**-21.0%**	***2.0 p.p.***
Selling Expenses	**-10.4%**	**-9.0%**	***1.4 p.p.***
Provisions for Doubtful Accounts	-3.8%	-3.0%	*0.8 p.p.*
Marketing	-6.6%	-6.0%	*0.6 p.p.*
General and Administrative Expenses	**-12.6%**	**-12.0%**	***0.6 p.p.***
Personnel	-6.1%	-5.8%	*0.3 p.p.*
Salaries and Payroll Charges	-5.3%	-5.1%	*0.2 p.p.*
Brazilian Social Security Institute (INSS)	-0.8%	-0.7%	*0.1 p.p.*
Others	-6.5%	-6.2%	*0.3 p.p.*
Third-Party Services	-3.1%	-2.8%	*0.3 p.p.*
Machinery rentals and leasing	-0.1%	-0.1%	*0.0 p.p.*
Consumable Material	-0.1%	-0.1%	*0.0 p.p.*
Provision for Contingencies	-0.1%	0.0%	*0.1 p.p.*
Other Operating Renevue (expenses)	0.8%	0.6%	*-0.2 p.p.*
Others	-3.9%	-3.8%	*0.1 p.p.*
Depreciation	**-1.6%**	**-1.2%**	***0.4 p.p.***

EBITDA

EBITDA came to R$129.4 million in 1Q14, 48.6% up on 2012, with an **EBITDA margin** of 24.1%, up by 3.0 p.p, due to margin gains from both costs and SG&A expenses. We are continuing to grow our EBITDA and generate margin gains at a gradual and constant pace, thanks to gains in scale from the expansion of the student base, to our management model, and to our focus on the long term.

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

R$ MM	1Q13	1Q14	Change
Net Revenue	**413.3**	**538.2**	**30.2%**
(-) Cash Cost of Services	(231.0)	(295.9)	28.1%
(-) Selling, General and Administrative Cash Expenses	(95.1)	(113.0)	18.8%
EBITDA	**87.1**	**129.4**	**48.6%**
EBITDA Margin	*21.1%*	*24.1%*	*3.0 p.p.*

Under the same-shop concept, excluding acquisitions in the last 12 months (FACITEC and ASSESC), 1Q14 EBITDA totaled R$126.9 million, 45.7% up year-on-year, with an EBITDA margin of 23.9%, up by 2.8 p.p.

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

R$ MM	1Q13	1Q14 ex-acquisitions	Change
Net Revenue	**413.3**	**531.1**	**28.5%**
(-) Cash Cost of Services	(231.0)	(291.8)	26.3%
(-) Selling, General and Administrative Cash Expenses	(95.1)	(112.4)	18.2%
EBITDA	**87.1**	**126.9**	**45.7%**
EBITDA Margin	*21.1%*	*23.9%*	*2.8 p.p.*

Companies Acquired

The following chart shows the 1Q14 results of the companies acquired in the last 12 months (FACITEC and ASSESC). These details will be provided up to 12 months as of the acquisition date to enable follow-up of the Company's performance under the same-shop concept. The acquisitions in 2012 are already consolidated in our results, as are those acquired in 2011.

Table 15 – Key Indicators of Acquired Companies for 1Q14

R$ million	FACITEC	ASSESC	Total
Net Revenue	**5.6**	**1.5**	**7.1**
Gross Profit	**2.3**	**0.6**	**2.9**
Gross Margin	*41.1%*	*40.0%*	*40.8%*
EBITDA	**2.2**	**0.4**	**2.6**
EBITDA Margin	*39.3%*	*26.7%*	*36.6%*
Net Income	**2.0**	**0.3**	**2.3**
Income Margin	*35.7%*	*20.0%*	*32.4%*

Financial Result

Table 16 – Breakdown of the Financial Result

R$ MM	1Q13	1Q14	Change
Financial Revenue	**11.3**	**40.5**	**258.4%**
Fines and interest charged	3.1	4.8	56.4%
Investments income	8.2	18.8	128.9%
Other	0.1	16.9	30078.6%
Financial Expenses	**(13.0)**	**(15.2)**	**16.9%**
Bank charges	(1.7)	(1.8)	5.9%
Interest and financial charges	(6.1)	(8.5)	39.3%
Financial Discounts	(3.8)	(2.5)	-34.8%
Other	(1.4)	(2.4)	72.5%
Financial Result	**(1.7)**	**25.3**	**N.A.**

The 1Q14 financial result was positive by R$25.3 million, a R$27.0 million improvement over 1Q13, chiefly due to the R$10.6 million increase in income from financial investments as a result of the higher cash position, and the R$16.6 million booked in the “Other” line, related to the monetary restatement of retroactive PIS tax credits to be recovered, referring to the period between 1995 and 2005. On the expenses side, it is particularly worth noting the 34.8% decline in financial discounts.

Net Income

Table 17 – Reconciliation of EBITDA and Net Income

R$ MM	1Q13	1Q14	Change
EBITDA	**87.1**	**129.4**	**48.6%**
Financial Result	(1.7)	25.4	N.A.
Depreciation	(18.0)	(19.5)	8.3%
Social Contribution	(0.3)	(2.5)	733.3%
Income Tax	(0.4)	(7.0)	1650.0%
Net Income	**66.6**	**125.8**	**88.9%**

Estácio posted 1Q14 **net income** of R$125.8 million, a significant 88.9% increase over 1Q13, due to the more than 30% upturn in net revenue and efficiency gains in the cost and expense lines, which led to EBITDA growth of 49%. It is particularly worth highlighting the substantial improvement in the financial result, for the reasons mentioned in the item above, which made a considerable contribution to net income. On the other hand, this same rise in the financial result generated an increase in the social contribution and income tax lines due to the higher effective tax rate in the quarter, given that excess of financial revenues over financial expenses does not benefit from the same tax and contribution benefits applied to operating income.

In 1Q14, **earnings per share** came to R$0.43, 86% up year-on-year.

FIES

The FIES student base closed 1Q14 at 102,100, 108.8% up year-on-year and 34.2% more than in 4Q13, representing 33.7% of our on-campus undergraduate student base. In addition, at the end of March, we still had around 20,000 students in the process of obtaining financing.

A total of 26,100 freshmen adhered to FIES until the end of 1Q14, equivalent to 25% of the total intake, further underlining our commitment to using FIES in a responsible manner, recommending this type of financing to students with monthly tuition payment difficulties, making it an important tool for reducing the dropout rate and helping to ensure the long-term sustainability of the program. As we commented in previous cycles, for us

FIES has not been a primary driver for student attraction, so it has been much more natural to direct the program to students that, once they reach college, find out they might not be able to concluded their courses with their own resources.

Table 18 – FIES Student Base*

('000)	1Q13	2Q13	3Q13	4Q13	1Q14	Change
On-campus undergraduate students	253.9	238.8	259.2	239.4	302.8	19.3%
FIES Student Base	**48.9**	**61.1**	**72.6**	**76.1**	**102.1**	**108.8%**
% of FIES Students	19.3%	25.6%	28.0%	31.8%	33.7%	*14.4 p.p.*

Accounts Receivable and Average Receivable Days

The number of **receivables days** (tuition and agreements), including FIES receivables and FIES net revenue, averaged 84 days, one less than in 1Q13. Excluding FIES net revenue and FIES receivables, the average days receivables was 88 days, four days more than in 1Q13. It is worth noting that by the end of March we still had around 20,000 students in the process of contracting FIES.

Table 19 – Accounts Receivable and Average Receivable Days

Accounts Receivable (R$ MM)	1Q13	2Q13	3Q13	4Q13	1Q14
Gross Accounts Receivable	**428.5**	**439.7**	**440.9**	**423.8**	**528.4**
FIES	82.2	77.3	100.2	78.9	147.2
Tuition monthly fees	289.9	307.7	263.3	289.4	305.3
Credit Cards receivable	27.1	23.8	31.4	25.3	32.9
Renegotiation receivables	29.3	30.9	46.0	30.2	43.0
Credits to identify	(3.6)	(3.6)	(1.9)	0.8	(1.3)
Provision for bad debts	(77.6)	(90.2)	(83.9)	(90.0)	(92.0)
Net Accounts Receivable	**347.4**	**345.9**	**355.1**	**334.6**	**435.2**
Net Revenue (last twelve months)	**1,466.0**	**1,568.1**	**1,656.7**	**1,731.0**	**1,856.0**
Days Receivables	**85**	**79**	**77**	**70**	**84**
Net Revenue Ex. FIES (last twelve months)	**1,138.9**	**1,153.1**	**1,162.1**	**1,162.0**	**1,173.2**
Days Receivables Ex. FIES and FIES Revenue	**84**	**84**	**79**	**79**	**88**

Table 20 – Accounts Receivable and Average FIES Receivable Days

FIES Average Days Receivables	1Q13	2Q13	3Q13	4Q13	4Q14
FIES Receivables	82.2	77.3	100.2	78.9	147.2
FIES Carry-Forward Credits	0.4	0.5	0.3	0.4	0.5
FIES Revenue (last twelve months)	332.7	424.2	512.7	593.9	716.5
FGEDUC Deduction (last twelve months)	(5.6)	(9.2)	(18.1)	(24.9)	(33.7)
FIES Net Revenue (last twelve months)	327.1	415.0	494.6	569.0	682.8
FIES Days Receivables	**89**	**66**	**71**	**48**	**78**

Note: We made a change in tables 19 and 20 to consider the 5.63% contribution to FGEDUC in the “FIES Net Revenue” line, which was not previously accounted for given the low representation of this account. This change retroactively affected the FIES and Non-FIES days receivables calculation. Also, the table is adjusted for the delays in the FIES buyback auctions.

In 1Q14, **FIES accounts receivable** increased by R$68.3 million over the previous quarter to R$147.2 million, a natural result of the concentration of FIES contract amendments at the beginning of the semester, as well as the expansion of the FIES student base.

(*) This information was not revised by the auditors

FIES carry-forward credits increased by R$19.2 million to R$63.6 million, due to a further delay in the FNDE's buyback auction in March, which was normalized at the beginning of April. Adjusting for this delay, the average FIES days receivables falls to 78 days, 11 days less than in 1Q13. It is worth remembering that in January we received the R$44.0 million related to the delay in the buyback auction in December, besides the regular amount of the month.

Table 21 – Evolution of FIES Accounts Receivable*

FIES Accounts Receivable (R$ MM)	1Q13	2Q13	3Q13	4Q13	1Q14
Opening Balance	55.7	82.2	77.3	100.2	78.9
(+) FIES Net Revenue	103.1	152.2	167.2	171.4	225.7
(-) Transfer	74.7	153.2	135.3	180.9	146.5
(-) FIES PDA	2.0	4.2	9.4	11.1	10.8
(+) Acquisitions	0.0	0.3	0.4	-0.7	0.0
Ending Balance	82.2	77.3	100.2	78.9	147.2

Table 22 – Evolution of FIES Carry-Forward Credits*

FIES Carry-Forward Credits (R$ MM)	1Q13	2Q13	3Q13	4Q13	1Q14
Opening Balance	1.1	0.4	0.5	0.3	44.4
(+) Transfer	74.7	153.2	135.3	180.9	146.5
(-) Tax payment	44.7	59.9	52.2	50.7	40.5
(-) Repurchase auctions	30.6	93.2	83.3	86.2	86.8
Ending Balance	0.4	0.5	0.3	44.4	63.6

Table 23 – Aging of Total Gross Accounts Receivable

Breakdown of Accounts Receivable by Age (R$ million)	1Q13	%	1Q14	%
FIES	82.2	19%	147.2	28%
Not yet due	91.6	21%	130.7	25%
Overdue up to 30 days	88.8	21%	69.6	13%
Overdue from 31 to 60 days	26.6	6%	22.6	4%
Overdue from 61 to 90 days	13.7	3%	8.3	2%
Overdue from 91 to 179 days	48.0	11%	58.0	11%
Overdue more than 180 days	77.6	18%	92.0	17%
TOTAL	428.5	100%	528.4	100%

Table 24 – Aging of Agreements Receivable[1]

Breakdown of Agreements by Age (R$ million)	1Q13	%	1Q14	%
Not yet due	18.4	63%	28.7	55%
Overdue up to 30 days	2.8	10%	3.7	10%
Overdue from 31 to 60 days	1.0	3%	2.1	7%
Overdue from 61 to 90 days	0.6	2%	1.3	6%
Overdue from 91 to 179 days	2.1	7%	3.5	11%
Overdue more than 180 days	4.5	15%	3.7	11%
TOTAL	29.3	100%	43.0	100%
% over Accounts Receivable	7%		8%	

[1] Excludes credit card agreements

Our receivables portfolio remained healthy in 1Q14. Thanks to the continuation of our rigorous debt renegotiation policies, in this quarter only 8% of total receivables came from renegotiations with students. In addition, the percentage of receivables from renegotiations overdue by more than 60 days accounted for 28% of total agreements, or 1.6% of total accounts receivable.

Our criteria remain rigid, clear and objective, exemplified by the fact that we provision 100% of receivables overdue by more than 180 days, complemented by the FIES provisions. Tables 25 and 26 show how our PDA is constituted, and reconciles the balance sheet amounts with those in the income statement.

(*) This information was not revised by the auditors

Table 25 – Constitution of Provision for Doubtful Accounts in the Income Statement

R$ MM	12/31/2013	Gross increase in the provision for deliquency	Deliquency recover	Net provision effect	Write off	03/31/2014
Tuitions and fees	71.1	34.6	(19.6)	14.9	(11.8)	74.2
Acquired Companies	18.9	1.9	(1.3)	0.6	(1.7)	17.8
TOTAL	**90.0**	**36.4**	**(20.9)**	**15.5**	**(13.5)**	**92.0**

Table 26 – Reconciliation of the Provision for Doubtful Account Balances in the Balance Sheet

	03/31/2014
Additional Provision	15.5
Acquired companies at the time of acquisition	-
Total	**15.5**

Investments (CAPEX and Acquisitions)

Table 27 – CAPEX Breakdown

R$ million	1Q13	1Q14	Change
Total CAPEX	**13.8**	**37.2**	**169.6%**
Maintenance	**8.3**	**22.3**	**168.7%**
Discretionary, Expansion and Acquisitions	**5.5**	**14.9**	**170.9%**
Academic Model	1.9	1.8	-5.3%
New IT Architecture	1.5	1.9	26.7%
Integration Processes	-	0.1	N.A.
Tablet Project	2.1	5.4	157.1%
Expansion	-	4.9	N.A.
Acquisitions	-	0.8	N.A.

In 1Q14, **total CAPEX** came to R$37.2 million, 169.6% more than in 1Q13, when CAPEX was much lower than in the other quarters last year. Consequently, we had an increase in virtually all the investment lines. Besides the fact we have an exceptionally lower comparative base as mentioned above, it worth highlighting we are accelerating the expansion process to better accommodate our student base growth, while we are also looking to better distribute Maintenance CAPEX among quarters, so we do not see that many hikes in 4Q's.

Maintenance CAPEX totaled R$22.3 million in 1Q14, 168.7% up on 1Q13, mostly allocated to upgrading software and hardware, as well as the modernization of equipment, libraries and laboratories in our units. We also invested around R$1.8 million in the **Academic Model** (creation of content and distance-learning development and production); R$5.4 million in the Tablet Project and R$1.9 million in the acquisition of hardware and licenses for our IT architecture revision project, which will replace our legacy academic systems and prepare our hardware for the Company's growth.

Investments in expansion projects, as well as the revitalization and improvement of units, totaled R$4.9 million in 2013 and refer to investments in existing units and new rooms.

Capitalization and Cash

Table 28 – Capitalization and Cash

R$ MM	03/31/2013	12/31/2013	12/31/2014
Shareholders' Equity	1,371.3	1,517.6	1,647.1
Cash & Cash Equivalents	747.5	739.2	758.1
Total Gross Debt	(309.8)	(322.8)	(328.1)
Loans and Financing	(278.8)	(274.9)	(280.0)
Short Term	(14.0)	(36.7)	(43.7)
Long Term	(264.8)	(238.2)	(236.4)
Commitments to Pay	(22.8)	(39.5)	(40.0)
Taxes Paid in Installments	(8.1)	(8.4)	(8.0)
Cash / Net Debt	437.7	416.4	430.0

Cash and cash equivalents closed March at R$758.1 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$280.0 million corresponded mainly to the Company's first local bond issue totaling R$200 million, the loan from the IFC (first loan of R$48.5 million and withdrawal of around R$20 million from the second line of funding) and the capitalization of equipment leasing expenses in compliance with Federal Law 11638. We have also included the commitments for future payments related to acquisitions made, totaling around R$40.0 million, as well as taxes payable in installments, to determine our **gross debt**, which came to R$328.1 million at the end of the quarter, slightly up on 4Q13. Thus, the Company's **net cash** closed 1Q14 at R$430.0 million.

Cash Flow

This quarter, we changed our reporting methodology so the tables shown can be better compared to the quarterly financial information (ITR). The table below shows the main lines of our quarterly cash flow statement, considering the adjustment for the delays in the FIES buyback auctions, both in December (R$44.0 million) and March (R$63.1 million) as if they were accrued in the respective months.

Table 29 – Quarterly Cash Flow Statement

Cash Flow Statement (R$ million)	1Q13	1Q14
Profit before income taxes and social contribution	67.3	135.3
Adjustments to reconcile profit to net cash generated:	30.6	28.4
Result after reconciliation to net cash generated	97.9	163.7
Changes in assets and liabilities:	(75.4)	(105.1)
Net cash provided by (used in) operating activities:	22.5	58.6
CAPEX (Ex-Acquisitions)	(13.8)	(36.4)
Operational Cash Flow:	8.7	22.2
Other investing activities:	7.7	17.3
Net cash provided by (used in) investing activities	16.4	39.5
Cash flows from financing activities:	590.6	(1.6)
Net cash provided by (used in) financing activities	607.0	37.9
Cash and cash equivalents at the beginning of the period	140.5	783.2
Increase in cash and cash equivalents	607.0	37.9
Cash and cash equivalents at the end of the period	747.5	821.1

In 1Q14, we recorded a **positive operational cash flow** of R$22.2 million, R$13.5 million higher than in 1Q13. It is important to highlight that the negative variation in assets and liabilities is mainly due to the increase in Accounts Receivable, which is directly linked to the high number of students still contracting FIES by the end of March (around 20,000).

Operational cash flow before CAPEX came to R$58.6 million in 1Q14, R$36.2 million higher than in 1Q13.

Key Material Facts

Estácio among the 10 most-improved brands in 2013

The *BrandAnalytics* ranking of the most valuable brands in Brazil since 2006, published by *IstoÉ Dinheiro* magazine, is proof that our hard work and culture are gaining increasing market prestige and importance. The Estácio brand moved up nine places in relation to the previous ranking and we were among the ten most-improved brands in terms of growth, with a brand value of US$260 million. The ranking only considers companies traded on the BM&FBovespa.

New students choose Estácio: 24,000 Pronatec enrollments and 6,700 new students via the Assisted Transfer Process in Rio de Janeiro

On April 16, Estácio informed its shareholders and the market in general that it had successfully concluded the enrollment process for the Pronatec Program (Training Scholarship Modality) , as well as the Assisted Transfer Process for students from Gama Filho and Univercidade.

Around 24,100 students were enrolled in high-school-level vocational programs out of the 29,800 places originally granted for the Pronatec Program by the Ministry of Education.

The most sought-after courses were Logistics, Radiology, Nursing, Aesthetics, Oil and Gas, Buildings, and Occupational Safety. Around 65% of the programs will have a duration of 18 months and 35% will last for 12 months. The first Pronatec classes will begin as of May 2014 in the state of Rio de Janeiro only.

In regard to the students from Gama Filho and Univercidade, 6,700 opted to adhere to the Assisted Transfer Process, 1,700 of whom medical students and 5,000 in other courses. It is worth noting that Estácio may receive more students from these institutions in the second semester of 2014.

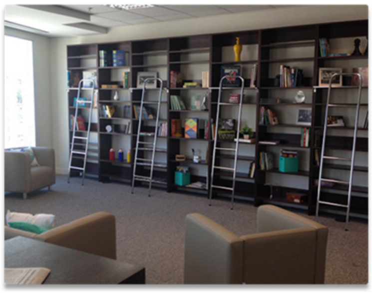
2014 Annual Corporate Event

In the end of March, we had our Annual Corporate Event, once again at Hotel Windsor Barra, in Rio de Janeiro, for approximately 500 employees. Besides presenting the 2013 results and discussing plans for 2014 with each Executive Officer and Regional Director, the event also aims to reinforce an special topic each year. In 2014, the year of the Culture, the theme of the event could not be other than our Organizational Culture, our greatest competitive advantage. The event was entirely thought to express what we want regarding our Culture, particularly with regard to how we treat each other and therefore our students.

The highlights of the event were the lectures by Luiza Trajano, CEO of Magazine Luiza, and by Brazil's former President Fernando Henrique Cardoso, who, on the next day, also gave a master class to open the semester for our students, in one of our campuses in Rio de Janeiro.

People teaching people: we launched our Corporate University

Named Educare, Estácio's Corporate University was created to contribute with the formation of our employees, promoting programs for technical and behavioral development of its teachers and staff, aiming to develop skills and disseminate our culture. Since the launch in March, when we officially opened Educare, we have already offered several training, both face-to-face, in the headquarters of Educare in our building in the port region of Rio de Janeiro, and distance learning.



Focus on Innovation: Espaço NAVE (Estácio Acceleration and Valuation Center) officially opens

Once again demonstrating its pioneering spirit, Estácio officially opened the Espaço NAVE, also in its installations in the port district of Rio de Janeiro. Students and employees can arrange visits to test our games, make presentations, exhibit works and give classes, among other activities, as well as visit our first exhibition, in homage to the 18 years of Estácio's Architecture and Urban Planning course.

The focus of the 800 m^2 floor with seven ambients is on encouraging the entrepreneurial spirit and simulating environments of the university of the future with tests of new technologies.:

- Future enrollment room
- Future classroom
- Future IT lab
- Entrepreneurial start-ups
- Gallery
- Eureka space
- Internal R&D lab

The idea behind the NAVE is to create a propitious environment for open and collaborative innovation based on:

- Mobility and flexibility
- Amplitude and collaboration

- Inspiration and experimentation
- Relaxation and relationships
- Innovation and sustainability

More Innovation: launch of Game Center and official opening of the Estácio National Game Olympics

Continuing with its pioneering approach to post-secondary educational games, Estácio launched the 2014 Game Center and the Estácio National Game Olympics.

The aim of the project is to create an educational game environment in order to implant and secure knowledge, reinforce learning and simulate job market conditions. In addition to rewarding the best students, the best managers and units will also receive recognition.

***Você Aprende Mais* portal exceeds 100 short-duration courses in its portfolio**

Estácio's short-duration course portfolio offered through the *Você Aprende Mais* (You Learn More) portal has been expanding rapidly. In the first half of April, the portal reached the mark of more than 100 short-duration courses on various subjects, with a focus on employability, geared towards the external public, as well as Estácio's students and employees.

Currently, the portal offers segmented courses in the following areas: Brazilian Bar Association exam preparatory course, Finance, Languages, Management and Business, Career Management and Technologies, among others.

"We plan to further expand our portfolio, seeking out and encouraging new areas of knowledge, respecting Estácio's DNA, and pursuing the consolidation of the market as a benchmark portal for short-duration courses," declared Clinger Moraes, Short-Duration Course Portfolio Manager.

Launched at the end of 2013, the *Você Aprende M*ais portal has already exceeded two million accesses.

Presidential candidates: series of debates on the future of Brazil

Estácio 'has a commitment to its students not only in regard to the democratization of access to higher education and the development of professional careers, but also to the promotion of active and responsible citizenship. With this in mind, we organized the first encounter of the Presidential Candidates Cycle, with the presence of Eduardo Campos, Governor of Pernambuco, to offer students, employees and faculty the chance to become familiar with the presidential candidates' different political platforms and management proposals. The next encounters will feature Senator Aécio Neves and President Dilma Rousseff.

GRI Model Sustainability Report

Estácio's first Sustainability Report for 2013 follows the international Global Reporting Initiative (GRI) guidelines. This methodology is used by major companies to report important issues and account for advances and challenges related to sustainability. Our report was divided into five spheres – social. economic, environmental, governance and post-secondary education – and details Estácio's trajectory in the pursuit of practices and values shared with our network of stakeholders.

Support for Brazilian Sport

- Estácio is the latest sponsor of the Flamengo basketball team

Underlining its support for Brazilian Olympic sport, Estácio has entered into a heavyweight partnership, becoming one of the official sponsors of the Flamengo Basketball Team, which was unbeaten in last year's Americas League, thereby giving added visibility to our brand during games.

In addition to the sponsorship, Estácio is providing study scholarships for the players.

- Estácio partners with the Future of Golf project

In April, Estácio launched the Future of Golf project in association with the Gávea Golf Club in Rio de Janeiro. The project supports 12 young golfers from different socio-economic backgrounds, all of whom show promise for the 2016 Rio Olympics. All participants will receive study scholarships.

"Seeing a project like this come to life greatly reinforces our belief in sport as a potential agent of change," declared Claudia Romano, Estácio's Strategic Partnerships Manager, Estácio believes that sport, like education, has the power to transform the lives of those who practice it for the better.

The project, organized by the Rio de Janeiro State Golf Federation, involves a development program for 12 talented youngsters hand-picked by renowned golf professionals. The initiative will be backed by a first-class professional structure and team and will follow international standards of sports learning, based on two pillars – sporting performance and educational achievement.

Results Conference Call

Conference Call (in Portuguese)	Conference Call (in English)
Date: May 9, 2014 (Friday)	Date: May 9, 2014 (Friday)
Time: 10:00 a.m. (Brasília) / 9:00 a.m. (US ET)	Time: 12:00 p.m. (Brasília) / 11:00 a.m. (US ET)
Connection Dial-in Brazil: +55 (11) 3127-4971 / 3728-5971	Connection Dial-in NY: +1 (412) 317-6776
Access Code: Estácio	Access Code: Estácio
Webcast: www.estacioparticipacoes.com.br/ri	Webcast: www.estacioparticipacoes.com.br/ir
Replay: available until May 16	Replay: available until May 20
Phone: +55 (11) 3127-4999	Phone: +1 (412) 317-0088
Access Code: 24273547	Access Code: 10044056

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

	Consolidated			Excluding acquisitions in the last 12 months		
R$ MM	1Q13	1Q14	Change	1Q13	1Q14	Change
Gross Operating Revenue	**613.8**	**793.7**	**29.3%**	**613.8**	**784.8**	**27.9%**
Monthly Tuition Fees	607.4	786.2	29.4%	607.4	777.5	28.0%
Others	6.4	7.5	17.2%	6.4	7.3	14.1%
Gross Revenue Deductions	**(200.5)**	**(255.5)**	**27.4%**	**(200.5)**	**(253.7)**	**26.5%**
Scholarships and Discounts	(180.6)	(223.8)	23.9%	(180.6)	(222.2)	23.0%
Taxes	(18.4)	(21.4)	16.3%	(18.4)	(21.3)	15.8%
FGEDUC	(1.6)	(10.3)	543.8%	(1.6)	(10.3)	543.8%
Net Operating Revenue	**413.3**	**538.2**	**30.2%**	**413.3**	**531.1**	**28.5%**
Cost of Services	**(242.6)**	**(308.7)**	**27.2%**	**(242.6)**	**(304.6)**	**25.6%**
Personnel	(179.4)	(232.1)	29.4%	(179.4)	(229.2)	27.8%
Rentals / Real Estate Taxes Expenses	(30.5)	(43.3)	42.0%	(30.5)	(42.4)	39.0%
Textbooks Materials	(7.0)	(6.5)	-7.1%	(7.0)	(6.5)	-7.1%
Third-Party Services and Others	(14.1)	(14.0)	-0.7%	(14.1)	(13.7)	-2.6%
Depreciation	(11.6)	(12.9)	11.2%	(11.6)	(12.7)	9.5%
Gross Profit	**170.6**	**229.5**	**34.5%**	**170.6**	**226.5**	**32.8%**
Gross Margin	***41.3%***	***42.6%***	***1.3 p.p.***	***41.3%***	***42.6%***	***1.3 p.p.***
Selling, General and Administrative Expenses	**(101.6)**	**(119.6)**	**17.7%**	**(101.6)**	**(119.0)**	**17.1%**
Selling Expenses	**(42.9)**	**(48.6)**	**13.3%**	**(42.9)**	**(48.3)**	**12.6%**
Provisions for Doubtful Accounts	(15.9)	(16.4)	3.1%	(15.9)	(16.4)	3.1%
Marketing	(27.1)	(32.2)	18.8%	(27.1)	(32.0)	18.1%
General and Administrative Expenses	**(52.2)**	**(64.4)**	**23.4%**	**(52.2)**	**(64.0)**	**22.6%**
Personnel	(25.4)	(31.4)	23.6%	(25.4)	(31.1)	22.5%
Others	(26.8)	(33.0)	23.1%	(26.8)	(32.9)	22.8%
Depreciation	**(6.5)**	**(6.6)**	**1.5%**	**(6.5)**	**(6.6)**	**1.5%**
EBIT	**69.0**	**109.9**	**59.3%**	**69.0**	**107.6**	**55.9%**
EBIT Margin	***16.7%***	***20.4%***	***3.7 p.p.***	***16.7%***	***20.3%***	***3.6 p.p.***
(+) Depreciation	18.0	19.5	8.3%	18.0	19.3	7.2%
EBITDA	**87.1**	**129.4**	**48.6%**	**87.1**	**126.9**	**45.7%**
EBITDA Margin	***21.1%***	***24.1%***	***3.0 p.p.***	***21.1%***	***23.9%***	***2.8 p.p.***
Financial Result	(1.7)	25.4	N.A.	(1.7)	25.4	N.A.
Depreciation and Amortization	(18.0)	(19.5)	8.3%	(18.0)	(19.3)	7.2%
Social Contribution	(0.3)	(2.5)	733.3%	(0.3)	(2.5)	733.3%
Income Tax	(0.4)	(7.0)	1650.0%	(0.4)	(7.0)	1650.0%
Net Income	**66.6**	**125.8**	**88.9%**	**66.6**	**123.5**	**85.4%**
Net Income Margin	***16.1%***	***23.4%***	***7.3 p.p.***	***16.1%***	***23.3%***	***7.2 p.p.***

Balance Sheet in IFRS

R$ MM	03/31/2013	12/31/2013	03/31/2014
Short-Term Assets	**1,191.3**	**1,270.0**	**1,427.2**
Cash & Cash Equivalents	18.4	7.1	10.4
Short-Term Investments	729.1	732.1	747.7
Accounts Receivable	347.4	334.6	435.2
Carry-Forwards Credits	4.9	48.6	67.6
Advance to Employees / Third-Parties	24.1	33.4	33.8
Related Parties	0.3	0.3	0.3
Prepaid Expenses	37.2	57.5	48.2
Taxes and contributions	9.6	30.0	57.8
Others	20.4	26.3	26.2
Long-Term Assets	**730.4**	**868.7**	**897.4**
Non-Current Assets	**131.8**	**163.5**	**174.6**
Prepaid Expenses	2.5	2.6	3.0
Judicial Deposits	85.3	104.1	113.5
Taxes and contributions	22.7	25.6	25.7
Deferred Taxes and others	21.3	31.3	32.3
Permanent Assets	**598.5**	**705.1**	**722.9**
Investments	0.2	0.2	0.2
Fixed Assets	289.2	335.6	347.1
Intangible	309.1	369.3	375.5
Total Assets	**1,921.6**	**2,138.7**	**2,324.6**
Short-Term Liabilities	**211.5**	**290.1**	**344.8**
Loans and Financing	14.0	36.7	43.7
Suppliers	29.1	40.4	40.3
Salaries and Payroll Charges	93.9	79.7	124.7
Taxes Payable	25.2	34.0	44.7
Prepaid Monthly Tuition Fees	4.7	11.1	3.9
Advances under Partnership Agreement	2.9	2.9	2.9
Taxes Paid in Installments	2.0	1.5	1.4
Dividends Payable	26.1	58.1	58.1
Commitments Payable	11.2	22.2	22.3
Others	2.4	3.5	2.9
Long-Term Liabilities	**338.8**	**330.9**	**332.7**
Loans and Financing	264.8	238.2	236.4
Provisions for Contingencies	23.8	28.4	28.3
Advances under Partnership Agreement	11.3	9.1	8.4
Taxes Paid in Installments	6.1	6.9	6.7
Provision for asset retirement obligations	14.2	14.1	14.3
Deferred Taxes	0.8	8.4	11.4
Commitments Payable	11.6	17.3	17.8
Others	6.2	8.5	9.5
Shareholders' Equity	**1,371.3**	**1,517.6**	**1,647.1**
Capital	986.2	1,010.7	1,010.7
Share Issuance Expenses	(23.4)	(26.9)	(26.9)
Capital Reserves	115.7	121.0	124.7
Earnings Reserves	237.6	424.2	424.2
Retained Earnings	66.6	-	125.8
Treasury Stocks	(11.3)	(11.3)	(11.3)
Total Liabilities and Shareholders' Equity	**1,921.6**	**2,138.7**	**2,324.6**

Cash Flow Statement

Detailed cash flow statement with the adjustment for the delays in the FIES buyback auctions.

Cash Flow Statement (R$ million)	1Q13	1Q14
Profit before income taxes and social contribution	**67.3**	**135.3**
Adjustments to reconcile profit to net cash generated:	**30.6**	**28.4**
Depreciation and amortization	17.9	19.2
Amortization of funding costs (IFC and bonds)	0.2	0.3
Net book amount of property and equipment written-off	0.2	0.6
Provision for impairment of trade receivables	14.8	15.5
Options granted	1.4	3.7
Earnings on financial investments	(8.2)	(18.8)
Provision for contingencies	0.3	(0.1)
Appropriation of agreements	(0.7)	(0.7)
Interest on commitments payable	(0.8)	0.9
Interest on borrowings	5.4	7.5
Increase in provision for decommissioning of assets	0.2	0.2
Result after reconciliation to net cash generated	**97.9**	**163.7**
Changes in assets and liabilities:	**(75.4)**	**(105.1)**
(Increase) in accounts receivable	(82.5)	(116.0)
Decrease (increase) in other assets	(1.9)	0.1
Increase) decrease in advances to employees / third parties	1.8	(0.3)
(Increase) decrease in prepaid expenses	(6.2)	9.3
(Increase) decrease in taxes and contributions	(2.3)	(28.5)
Increase (decrease) in suppliers	(6.3)	(0.1)
Increase (decrease) in taxes payable	3.5	1.2
Increase (decrease) in payroll and related charges	28.2	45.0
(Decrease) in prepaid monthly tuition fees	(4.1)	(7.2)
Payment of civil claims	0.3	-
Provision for decommissioning of assets	-	(0.0)
Increase (decrease) in other liabilities	(0.5)	3.4
Decrease (increase) in taxes paid in installments	(0.5)	(0.4)
(Decrease) in non-current assets	(0.6)	(0.9)
Increase in judicial deposits	(2.0)	(9.4)
Interest paid on borrowings	(0.9)	(1.1)
IRPJ and CSLL paid	(1.2)	-
Net cash provided by (used in) operating activities:	**22.5**	**58.6**
	-	-
CAPEX (Ex-Acquisitions)	**(13.8)**	**(36.4)**
Operational Cash Flow:	**8.7**	**22.2**
Other investing activities:	**7.7**	**17.3**
Acquisitions	-	(0.8)
Amortization of funding costs (IFC and bonds)	(0.2)	(0.3)
Financial Applications	8.4	18.8
Commitments payable	(0.5)	(0.4)
Net cash provided by (used in) investing activities	**16.4**	**39.5**
	-	-
Cash flows from financing activities:	**590.6**	**(1.6)**
Capital increase	616.9	-
Expenditure on issuance of shares	(20.6)	-
Net increase in borrowings	(5.7)	(1.6)
Net cash provided by (used in) financing activities	**607.0**	**37.9**
Cash and cash equivalents at the beginning of the period	**140.5**	**783.2**
Increase in cash and cash equivalents	607.0	37.9
Cash and cash equivalents at the end of the period	**747.5**	**821.1**

Detailed cash flow statement without the adjustment for the delays in the FIES buyback auctions.

Cash Flow Statement (R$ million)	1Q13	1Q14
Profit before income taxes and social contribution	**67.3**	**135.3**
Adjustments to reconcile profit to net cash generated:	**30.6**	**28.4**
Depreciation and amortization	17.9	19.2
Amortization of funding costs (IFC and bonds)	0.2	0.3
Net book amount of property and equipment written-off	0.2	0.6
Provision for impairment of trade receivables	14.8	15.5
Options granted	1.4	3.7
Earnings on financial investments	(8.2)	(18.8)
Provision for contingencies	0.3	(0.1)
Appropriation of agreements	(0.7)	(0.7)
Interest on commitments payable	(0.8)	0.9
Interest on borrowings	5.4	7.5
Increase in provision for decommissioning of assets	0.2	0.2
Result after reconciliation to net cash generated	**97.9**	**163.7**
Changes in assets and liabilities:	**(75.4)**	**(124.1)**
(Increase) in accounts receivable	(82.5)	(116.0)
Decrease (increase) in other assets	(1.9)	(18.9)
Increase) decrease in advances to employees / third parties	1.8	(0.3)
(Increase) decrease in prepaid expenses	(6.2)	9.3
(Increase) decrease in taxes and contributions	(2.3)	(28.5)
Increase (decrease) in suppliers	(6.3)	(0.1)
Increase (decrease) in taxes payable	3.5	1.2
Increase (decrease) in payroll and related charges	28.2	45.0
(Decrease) in prepaid monthly tuition fees	(4.1)	(7.2)
Payment of civil claims	0.3	-
Provision for decommissioning of assets	-	(0.0)
Increase (decrease) in other liabilities	(0.5)	3.4
Decrease (increase) in taxes paid in installments	(0.5)	(0.4)
(Decrease) in non-current assets	(0.6)	(0.9)
Increase in judicial deposits	(2.0)	(9.4)
Interest paid on borrowings	(0.9)	(1.1)
IRPJ and CSLL paid	(1.2)	-
Net cash provided by (used in) operating activities:	**22.5**	**39.6**
	-	-
CAPEX (Ex-Acquisitions)	**(13.8)**	**(36.4)**
Operational Cash Flow:	**8.7**	**3.2**
Other investing activities:	**7.7**	**17.3**
Acquisitions	-	(0.8)
Amortization of funding costs (IFC and bonds)	(0.2)	(0.3)
Financial Applications	8.4	18.8
Commitments payable	(0.5)	(0.4)
Net cash provided by (used in) investing activities	**16.4**	**20.5**
	-	-
Cash flows from financing activities:	**590.6**	**(1.6)**
Capital increase	616.9	-
Expenditure on issuance of shares	(20.6)	-
Net increase in borrowings	(5.7)	(1.6)
Net cash provided by (used in) financing activities	**607.0**	**18.9**
Cash and cash equivalents at the beginning of the period	**140.5**	**739.2**
Increase in cash and cash equivalents	607.0	18.9
Cash and cash equivalents at the end of the period	**747.5**	**758.1**

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.

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 1Q14 with 394,500 undergraduate, graduate and distance-learning students enrolled in its nationwide educational network, which now operates in 20 states, as well as the Federal District, following the acquisitions in recent years, as shown in the map below: