



**Estácio**

# 2Q14 Results

Rogério Melzi | CEO  
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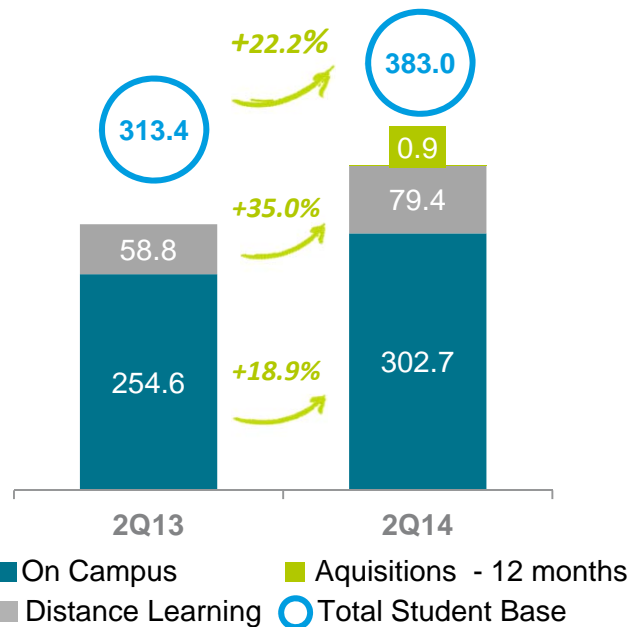
- ◆ *Student base 22.2% higher than 2Q13*
- ◆ *32.8% growth in Net Revenue*
- ◆ *EBITDA totals R\$106,0 million in 1Q14, 59.2% up, margin gain of 300 bps*
- ◆ *Approval of UniSEB Acquisition by CADE*
- ◆ *Acquisition of IESAM and Literatus*
- ◆ *2nd Pronatec Program*  
(National Program for Access to Vocational Education and Employment)

Main Indicators (R\$ MM)	2Q13	2Q14	Change
Net Revenue	443.6	589.1	32.8%
EBIT	48.6	84.4	73.7%
EBITDA <sup>1</sup>	66.6	106.0	59.2%
<i>EBITDA Margin</i>	15.0%	18.0%	3.0 p.p.
Net Income	46.7	86.0	84.2%
Adjusted Operational Cash Flow	38.8	97.5	151.3%

<sup>1</sup>EBITDA in accordance with the CVM instruction 527, does not consider Operating Financial Result

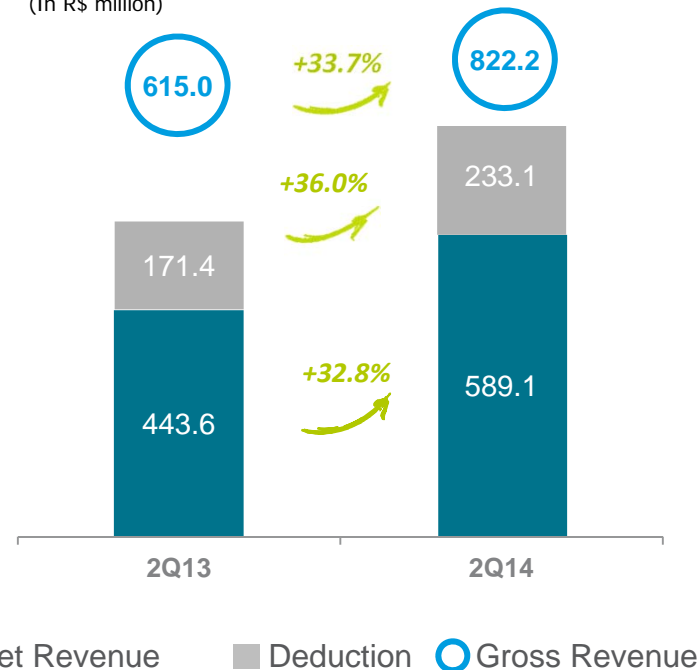
## STUDENT BASE

(000' students)



## NET REVENUE

(In R\$ million)



### Average Ticket (In R\$)

On-campus

Distance Learning

2Q13

2Q14

Change

533.0

595.9

11.8%

199.0

194.4

-2.3%

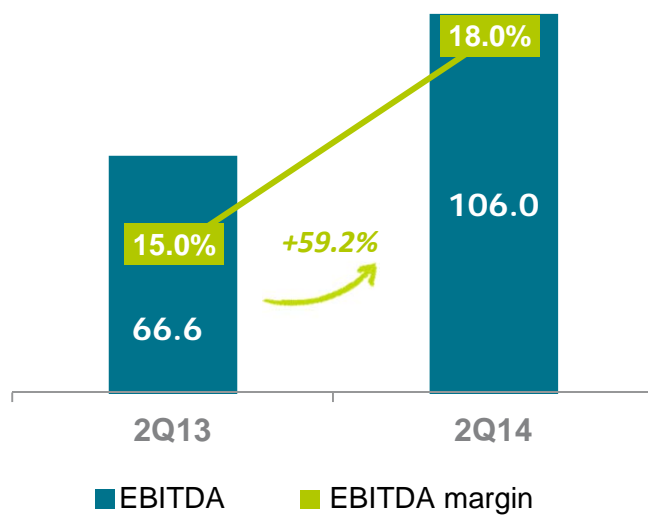
*Note: Total base including undergraduate and graduate students.*

Vertical Analysis (% of Net Operating Revenue)	2Q13	2Q14	Change
<b>Cash Cost*</b>	<b>-58.3%</b>	<b>-56.7%</b>	<b>1.5 p.p.</b>
Personnel	-36.1%	-35.9%	0.2 p.p.
Brazilian Social Security Institute (INSS)	-7.0%	-7.4%	-0.4 p.p.
Rentals. Condominium Fees and Municipal Property Tax	-7.9%	-6.8%	1.1 p.p.
Textbooks Materials	-3.6%	-3.6%	0.0 p.p.
Third Party Services and Others	-3.6%	-3.0%	0.6 p.p.
<b>Selling Expenses</b>	<b>-12.6%</b>	<b>-13.7%</b>	<b>-1.1 p.p.</b>
PDA	-6.5%	-6.1%	0.4 p.p.
Marketing	-6.1%	-7.6%	-1.5 p.p.
<b>G&amp;A Expenses*</b>	<b>-14.0%</b>	<b>-11.7%</b>	<b>2.3 p.p.</b>

\*Cost of Services and G&A expenses excluding depreciation.

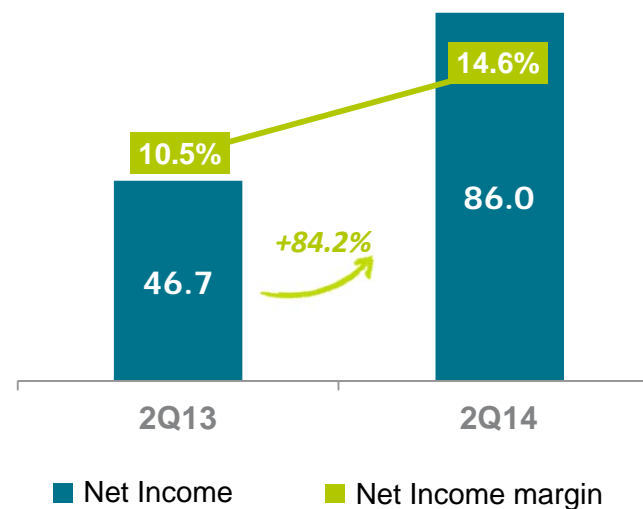
## EBITDA – 2Q14

(In R\$ million)



## Net Income – 2Q14

(In R\$ million)



Accounts Receivables (R\$ MM)	2Q13	3Q13	4Q13	1Q14	2Q14
<b>Gross Accounts Receivables</b>	<b>439.7</b>	<b>440.9</b>	<b>423.8</b>	<b>528.4</b>	<b>520.9</b>
FIES	77.3	100.2	78.9	147.2	128.6
Tuition Monthly Fees	307.7	263.3	289.4	305.3	329.0
Agreement Receivables	30.9	46.0	30.2	43.0	35.0
Others	20.2	29.5	26.1	31.6	24.2
Provision for Doubtful Accounts	(90.2)	(83.9)	(90.0)	(92.0)	(93.1)
<b>Net Accounts Receivables</b>	<b>345.9</b>	<b>355.1</b>	<b>334.6</b>	<b>435.2</b>	<b>423.7</b>
<b>Net Revenues (Last 12 months)</b>	<b>1,568.1</b>	<b>1,656.7</b>	<b>1,731.0</b>	<b>1,856.0</b>	<b>2,001.5</b>
<b>Days Receivables</b>	<b>79</b>	<b>77</b>	<b>70</b>	<b>84</b>	<b>76</b>
<b>Net Revenue Ex. FIES (Last 12 months)</b>	<b>1,153.1</b>	<b>1,162.1</b>	<b>1,162.0</b>	<b>1,173.2</b>	<b>1,191.7</b>
<b>Days Receivables Ex. FIES and FIES Revenue</b>	<b>84</b>	<b>79</b>	<b>79</b>	<b>88</b>	<b>89</b>

**FIES Accounts Receivable (R\$ MM)**
**Opening Balance**

(+) FIES Net Revenue

(-) Transfer

(-) FIES PDA

(+) Acquisitions

**Ending Balance**
**2Q13 3Q13 4Q13 1Q14 2Q14**
**82.2 77.3 100.2 78.9 147.2**

152.2 167.2 171.4 225.7 289.6

153.2 135.3 180.9 146.5 293.8

4.2 9.4 11.1 10.8 14.5

0.3 0.4 -0.7 - -

**77.3 100.2 78.9 147.2 128.6**
**FIES Carry-Forward Credits (R\$ MM)**
**Opening Balance**

(+) Transfer

(-) Tax payment

(-) Repurchase auctions

**Ending Balance**
**2Q13 3Q13 4Q13 1Q14 2Q14**
**0.4 0.5 0.3 44.4 63.6**

153.2 135.3 180.9 146.5 293.8

59.9 52.2 50.7 40.5 70.8

93.2 83.3 86.2 86.8 204.3

**0.5 0.3 44.4 63.6 82.4**
**FIES Average Days Receivables**

FIES Days Receivables

**2Q13 3Q13 4Q13 1Q14 2Q14**
**67 73 50 78 58**

# Aging of Receivables and Agreements

## Breakdown of accounts receivable by age (R\$ millions)

FIES

Not yet due

Overdue up to 30 days

Overdue from 31 to 60 days

Overdue from 61 to 90 days

Overdue from 91 to 179 days

Overdue more than 180 days

**Total**

## Breakdown of agreements by age (R\$ millions)\*

Not yet due

Overdue up to 30 days

Overdue from 31 to 60 days

Overdue from 61 to 90 days

Overdue from 91 to 179 days

Overdue more than 180 days

**TOTAL**

% over Gross Accounts Receivable

2Q13	%	2Q14	%
77.3	18%	128.6	25%
78.4	18%	101.2	19%
45.2	10%	47.1	9%
40.7	9%	42.6	8%
40.4	9%	46.1	9%
67.5	15%	62.2	12%
90.2	21%	93.1	18%
<b>439.7</b>	<b>100%</b>	<b>520.9</b>	<b>100%</b>

2Q13	%	2Q14	%
12.4	40%	15.7	55%
3.4	11%	3.5	10%
2.0	6%	2.9	7%
2.2	7%	2.9	6%
6.0	19%	5.3	11%
4.9	16%	4.8	11%
<b>30.9</b>	<b>100%</b>	<b>35.0</b>	<b>100%</b>
7%		7%	

\* Does not consider credit card agreements.



Cash Flow Statement (R\$ million)	2Q13	2Q14
Profit before income taxes and social contribution	48.9	89.3
Adjustments to reconcile profit to net cash generated:	51.5	51.8
Result after reconciliation to net cash generated	100.4	141.1
Changes in assets and liabilities:	(31.7)	(12.0)
Net cash provided by (used in) operating activities:	68.7	129.1
CAPEX (Ex-Acquisitions)	(29.9)	(31.6)
Operational Cash Flow:	38.8	97.5
Other investing activities:	(30.2)	(4.3)
Net cash provided by (used in) investing activities	8.6	93.3
Cash flows from financing activities:	(14.2)	(45.4)
Net cash provided by (used in) financing activities	(5.6)	47.8
Cash and cash equivalents at the beginning of the period	747.5	821.1
Increase in cash and cash equivalents	(5.6)	47.8
Cash and cash equivalents at the end of the period	741.9	868.9

## Manaus Market

- ◆ The Amazonas state is the 13th largest market in terms of enrollment in private institutions and 11<sup>th</sup> in numbers of new students.
  - ◆ The numbers of new students in high education in the Amazonas state increased 12% between 2010 and 2011
- ◆ Manaus is the only city in Amazonas to offer graduate courses.



## Estrategia Racional

- ◆ “Paint the Brazil Map”
  - Market Priority number 1 in the ranking of cities where we are not yet operating. Manaus is the main economic center of northern region of Brazil and the 7th most populous city in the country, with 41% of residents have between 18 and 39 years..
- ◆ Location
  - Literatus has a good location, present in a large shopping area and next to one of the main avenues of the city.
- ◆ Infrastructure
  - Currently has **2 campuses in operation**, with a total of 101 classrooms, 03 computer labs, 23 specific laboratories and 03 libraries.
  - Possible expansion in the new campus for over 49 classrooms with low cost and rapid conclusion.
- ◆ Recently authorized courses at MEC
  - 8 new authorized courses still in maturing process.
- ◆ Pronatec
  - Literatus has the authorization to run the Pronatec Program and in the first semester of 2014 offer about 600 seats

## The Company

- Located in Manaus
- Controlling Institution : Centro de Assistência ao Desenvolvimento de Formação Profissional - Unicel Ltda.
- Controlled Institution : Faculdade Literatus - FAL
- Limited Liability Company
- **4,800 students and 14,170 total places**
- **22 undergraduate courses**
- **25 graduate courses**

## MEC - Ministry of Education

Indicators	Score	Year
CI - Institutional Concept	3	2010
IGC - General Program Index	3	2012
IGC Continuous- General Program Index	2,44	2012

## Campus



Headquarters campus (Constantino Unit)



New Campi (Djalma Batista Unit)



## 2020 Vision

*To be recognized as the best option in post-secondary education for students, staff and shareholders.*

### Actions to Achieve Vision 2020

#### **Balance Between the Forces**

- ◆ **Expressive Financial Results**
- ◆ **Estácio Day (Investors and Media)**
- ◆ **Quality System + Hospitality Project**
- ◆ **Rounds Estácio Culture**
- ◆ **Institutional Effort (non-financial road-show)**

#### **Gradual Pace of Expansion**

- ◆ **Approval of UniSEB Acquisition by CADE (UniSEB Medical School)**
- ◆ **2nd Pronatec Program**
- ◆ **IESAM & Literatus Acquisitions**
- ◆ **EAD expansion Estácio**
- ◆ **New Business (Graduate courses)**

#### **Construction of Elements of Differentiation with effects on Long Term**

- ◆ **Startup NAVE Program**
- ◆ **Corporate University**
- ◆ **CWTS Brazilian Research Ranking 2014**
- ◆ **Branding Project**
- ◆ **“Bring your own Device” Technology + TV Touch**

### Excellent Prospects for the Next Cycles:

- ENEM 2014
- Growth in Numbers of Subscribers and Enrolled despite the delay due to the World Cup
- Great beginning of UniSEB operations
- Gradual improvement in dropout rate leading to significant growth in Student Base

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