3Q16 Earnings Release

Estácio

Highlights:

+7.6%

Net Revenue:

R$763.1 million

+14.6%

EBITDA:

R$194.5 million

+1.6 p.p

EBITDA Margin

25.5%

+108.2 %

OCF:

R$195.4 million

Cash and Cash Equivalents:

R$575.7 million

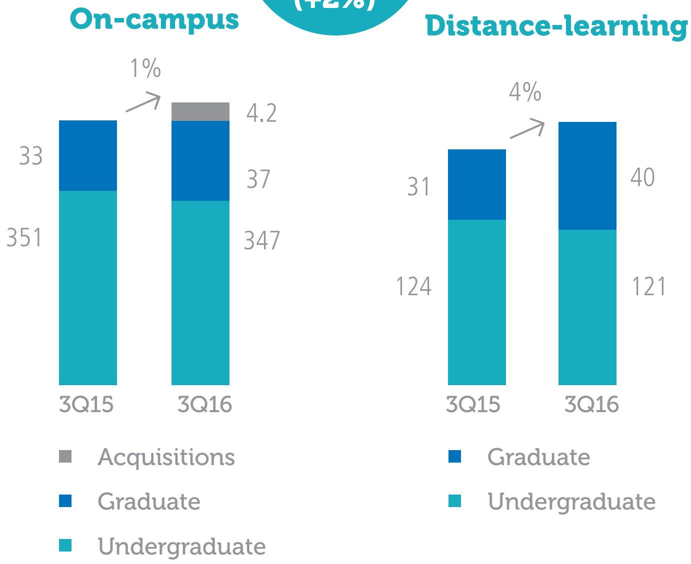
Net Income

R$135.7 million

+7.2%

Student Base

Total of 549,000 students (+2%)



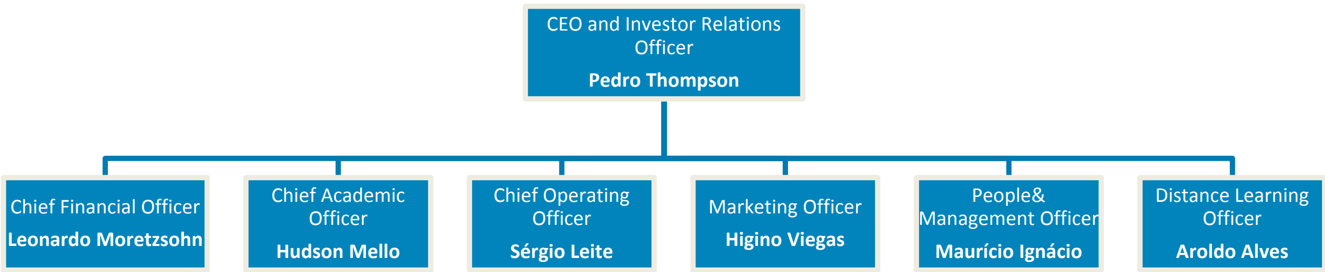
> Thanks to certain measures initiated just a few months ago, we have already achieved important results attesting to the Company's stabilization and I am confident we will achieve much more in the coming quarters, underpinned by best practices and transparency. We will continue with our efforts to deliver a strong and healthy 2017 to our stakeholders.
>
> **Pedro Thompson** | CEO

Rio de Janeiro, November 10, 2016 – **Estácio Participações S.A.** – “**Estácio**” or “**Company**” (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTCQX: ECPCY) – announces its results for the third quarter of 2016 (3Q16) in comparison with the third quarter of 2015 (3Q15). The accounting information herein is presented in accordance with International Financial Reporting Standards (“IFRS”) and on a consolidated basis.

Message from Management

The third quarter of 2016 was an exceptionally intense period for Estácio’s Management, who had to deal with substantial internal changes and the rerouting of the Company’s strategies, given its new situation and the continuation of Brazil’s challenging economic scenario.

Throughout the quarter, Estácio continued to implement changes to its organizational structure, involving the appointment of Pedro Thompson (CFO of the Company until August 30, 2016) as CEO and Investor Relations Officer and the hiring of new executives with extensive experience of the market in order to face the Company’s current challenges, including Leonardo Moretzsohn, the new CFO, and Maurício Ignácio, the new People and Management Officer. Estácio’s Board of Executive Officers now comprises a CEO and six other Officers, as shown in the chart below:



Several initiatives throughout the beginning of the second semester of this year presented the first results:

- **Recovery of the Ticket:** In 3Q16, the average ticket increased by 9.1% and 14.1% year-on-year in the on-campus and distance learning segments, respectively. With intake based on less discounts and scholarships, the objective is that the Company has a more sustainable student base, mitigating evasion in the initial periods as well as a better quality of students honoring their tuition.

- **Faculty Cost:** New faculty cost management guidelines were also introduced, resulting in a series of measures designed to identify opportunities for margin gains in this line. The main such initiatives this quarter were: (i) greater control to ensure the application of online subjects whenever foreseen in the curriculum matrix; (ii) expanding the offer of telecourses; and (iii) offering directed study classes in the distance-learning segment. As a result, faculty costs recorded a 3.5 percentage point margin gain over 3Q15, comparing it with the net revenue.

- **Advertising Expenses:** In 3Q16, the Company returned to adequate levels of advertising expenses (5.6% of net revenue, compared to 7.4% in 3Q15). Such reduction reflects the new guidelines of this Administration, focusing on marketing actions with effectively tangible returns, of which the following stand out: (i) rationalization of expenses with advertising campaigns; and (ii) prioritization of markets with greater market potential and lower media costs.

- **Operating Expenses:** It is also worth mentioning other recent measures to reduce operating expenses, such as the reduction in the number of corporate offices and the rationalization of staff. Despite resulting in a non-recurring expense of around R$4.5 million this quarter, these initiatives also pointed to a change in the Company's culture and prospects of future savings.
-
- **Cash Generation:** Operating cash flow (OCF) also recorded a substantial improvement, totaling R$195.4 million, versus R$93.9 million in 3Q15. A major contribution to this performance came from the creation of the Collection area, the resizing of the investment budget, and the discontinuation of non-priority projects. The EBITDA to OCF conversion ratio was 100.5% in 3Q16, versus 55,3% in the same period last year – it is worth emphasizing that a good part of this improvement was directly reflected the Company's average non-FIES receivables period, which came to 72 days this quarter, compared to a 80 days in 3Q15.

Following the reappraisal of its accounting policies and practices in 2Q16, Estácio began adopting more compliant processes, and, even though Brazil's economic scenario remained problematic, managed to record a 14.6% upturn in EBITDA over 3Q15 to R$194.5 million, with a margin of 25.5%, a period gain of 1.6 percentage points. If we exclude the effects of: (i) the FIES discount rate, which did not exist in prior periods; (ii) non-recurring expenses from the internal restructurings; and (iii) expenses with ongoing M&As and non-recurring advisory services, third-quarter EBITDA would come to R$210.3 million, 23.9% up on 3Q15, accompanied by a 3.6 percentage point increase in the margin to 27.6%. This performance was the direct result of the guidelines laid down for the second half of 2016, focusing on immediate measures to recover the ticket, reduce operating costs and expenses, and generate cash.

In addition to the financial results and the organizational changes, 3Q16 also saw major progress on the teaching front with the launch of the adaptive learning platform ADAPTA, which is already being piloted with students in three subjects and in placement tests. Part of the SAVA (Virtual Learning Classroom) environment, the ADAPTA platform uses recommendation and calibration algorithms to measure performance and the accumulation of students' knowledge in the subjects' various curricular components. In addition to offering accurate diagnostics of weak points in knowledge, the platform recommends customized remedial content and learning paths.

Estácio de Sá University (Rio de Janeiro) was one of the highlights in the Folha University Ranking, published last September by the newspaper *Folha de São Paulo*. This ranking, which has been in place since 2012, classifies Brazil's 195 public and private universities in accordance with five indicators – research, internationalization, innovation, teaching and market. Estácio was ranked 22nd among the private institutions in Brazil and 2nd in the state of Rio de Janeiro, recording 50.5 points, a 4.8% improvement over the 48.2 points scored in 2015. In the market category, the University did exceptionally well among all the country's public and private institutions (17th), as well as among the purely private ones (6th). In addition, since 2014, Estácio has been regarded by its employees as the best private institution in Rio de Janeiro in terms of training professionals.

Now that the restructurings are in place and the business has stabilized, we can begin to trace the guidelines for 2017, the most important of which are listed below:

- **Intake strategy:** Aiming to ensure sustainable revenue growth, Estácio reappraised its student intake strategies and began to adopt the following initiatives, which are being implemented for the next enrollment cycle: (i) resizing of the sales force and new incentives for the sales team and the channel mix; (ii) more restrictive policies for the granting of discounts and scholarships; (iii) the definition of intake targets and KPIs based on the average ticket; and (iv) price alignment with the competition and elasticity studies.

- **Marketing and advertising plan:** Estácio's marketing strategy has been based on nationwide campaigns and the strong use of online media channels. Following an intensive reappraisal of these campaigns' performance and results, the Company decided to adopt a more regionalized strategy, with messages that take the cultural and competitive characteristics, and, especially, the strength and recognition of the Estácio brand in each location, into greater consideration

- **Faculty cost:** Given that this is the Company's biggest cost item, it is worth drawing attention to the initiatives that are already in place and are expected to achieve impacts in the short term: (i) cost planning in relation to faculty activities outside the classroom, (ii) definition of an annual offering of a group of subjects with a low operating performance, and (iii) expansion of the 20% distance learning content ceiling to the legacy courses of the acquired companies.

- **Cash generation:** Based on the guidelines already implemented this year, in 2017 we expect more effective cash generation, based on: (i) the exploration of collection incentives; (ii) greater control over capex; and (iii) increased procurement efficiency, with healthier working capital, terms and synergies.

With its strategies and plans and Executive Board now defined, Estácio is preparing for a new year of intense effort, confident that its team is fully prepared and willing to overcome the challenges ahead. The third quarter of 2016 already embodies some of the new Management's guidelines and life will continue in 2017!

One-Off Dividends

The Extraordinary Shareholders' Meeting of November 10, 2016 approved the payment of one-off dividends totaling R$420 million, as established in the Protocol and Justification of the merger of the Company's shares by Kroton Educacional S.A. approved by Estácio's ESM of August 15, 2016.

Of this total, R$280 million will be paid in two installments on November 22, 2016 and December 15, 2016, respectively. Shareholders of record on November 10, 2016, will be entitled to receive payment and shares will be traded ex-dividends as of November 11, 2016.

The ESM also authorized the Board of Directors to declare the remaining R$140 million making up the total amount of dividends established by the Protocol at a time deemed to be most appropriate for the Company. even before the operation is approved by CADE, Brazil's antitrust authority, given the possibility that the federal government will free FIES payments this year or at the beginning of 2017, and aiming to maintain the solidity of the Company's cash flow. Shareholders of record three business days after the Board of Directors meeting that resolves on the matter will be entitled to receive payment. Consequently, shares will be traded ex-dividends as of the fourth business day following said Board of Directors meeting.

In order to ensure payment of these one-off dividends without compromising its cash position, in 4Q16 the Company increased its net debt by around R$200 million, mostly through the issue of two series of Promissory Notes at 100% of the CDI interbank rate plus up to 1.50% p.a. (1st series) and 100% of the CDI plus up to 1.65% p.a. (2nd series). It is worth emphasizing that both the dividend payments and the addition to debt are underpinned by the Company's cash solidity policies.

Operating Performance

Estácio closed 3Q16 with a total of 548,800 students (1.9% more than in 3Q15), 383,200 of whom enrolled in on-campus programs and 161,400 in distance-learning programs, as well as 2,700 students from the acquisition of Faculdade de Castanhal (FCAT) and 1,500 from Faculdades Unidas Feira de Santana (FUFS), both of which acquired in the last 12 months.

Table 1 – Total Student Base

'000	3Q15	3Q16	Change
On-Campus	**384.0**	**383.2**	**-0.2%**
Undergraduate	351.4	346.8	-1.3%
Graduate	32.7	36.5	11.5%
Distance Learning	**154.5**	**161.4**	**4.4%**
Undergraduate	123.9	121.3	-2.0%
Graduate	30.7	40.0	30.4%
Student Base - same shops	**538.5**	**544.6**	**1.1%**
Acquisitions in the last 12 months	-	4.2	N.A.
Total Student Base	**538.5**	**548.8**	**1.9%**
# Campuses	90	97	7.8%
On-Campus Students per Campus	**4,267**	**3,994**	**-6.4%**
# Distance Learning Centers	170	205	20.6%
Distance Learning Students per Center	**909**	**787**	**-13.4%**

* Figures not reviewed by the auditors.
** Acquisitions in the last 12 months refer to students from FCAT (2,700) and FUFS (1,500).
*** The 3Q15 undergraduate student base was adjusted in relation to the numbers presented previously to exclude hybrid (FLEX) students, who were previously presented in the on-campus student base and are now included in the distance-learning base.

On-Campus Undergraduate Segment

Estácio's on-campus undergraduate base totaled 351,000 students in 3Q16, very similar to 3Q15. Under the same-shop concept, i.e. excluding students from acquisitions in the last 12 months, the student base fell by 1.3%.

Table 2 – Evolution of on-campus undergraduate base

'000	3Q15	3Q16	Change
Students - Starting balance	**313.0**	**343.4**	**9.7%**
(+/-) Acquisitions in the last 12 months (until 3Q)	-	(4.2)	N.A.
(-) Graduates	(14.4)	(15.7)	9.0%
Renewable Base	**298.5**	**323.5**	**8.3%**
(+) Enrollments	66.7	55.6	-16.5%
(+) Acquisitions	8.7	-	N.A.
(-) Dropouts	(22.5)	(32.3)	43.4%
Students - same shops	**351.4**	**346.8**	**-1.3%**
(+) Acquisitions in the last 12 months (until 4Q)	-	4.2	N.A.
Students - Ending Balance	**351.4**	**351.0**	**-0.1%**

* Figures not reviewed by the auditors.
** Acquisitions in the last 12 months refer to students from FCAT (2,700) and FUFS (1,500).
*** The 3Q15 undergraduate student base was adjusted in relation to the numbers presented previously to exclude hybrid (FLEX) students, who were previously presented in the on-campus student base and are now included in the distance-learning base.

FIES

We closed 3Q16 with a FIES base of 124,500 students, representing 35.9% of our on-campus undergraduate base (including acquisitions).

Table 3 – FIES Student Base

'000	3Q15	3Q16
On-campus undergraduate students	351.4	346.8
FIES Student Base	**137.4**	**124.5**
% of FIES Students	39.1%	35.9%

* Figures not reviewed by the auditors.

In the second semester of 2016, around 3.8% of total intake in the on-campus undergraduate segment came via new FIES contracts. Adding new seniors' contracts, Estácio closed 3Q16 with 3,000 new FIES contracts.

Table 4 – New FIES Contracts (freshmen and seniors)

'000	2H15	1H16	2H16
Total Intake	71.4	113.0	55.5
Freshmen with FIES (until the end of the intake process)	1.9	7.8	2.1
% via FIES	**2.6%**	**6.9%**	**3.8%**
Freshmen with FIES (until the end of the semester)	2.5	9.7	N.A.
% via FIES	**3.5%**	**8.6%**	**N.A.**
Senior students with FIES (new contracts)	1.1	1.6	0.9
New FIES contracts in the semester	**3.6**	**11.3**	**3.0**

* Figures not reviewed by the auditors.

Distance-Learning Undergraduate Segment

The third-quarter distance-learning undergraduate base fell by 2.0% over 3Q15 to 121,300 students, chiefly due to reduced intake. However, it is worth noting the 1.4 p.p. increase in the period renewal rate.

Table 5 – Evolution of distance-learning undergraduate base

'000	3Q15	3Q16	Change
Students - Starting Balance	**114.2**	**115.9**	**1.5%**
(-) Graduates	(5.5)	(3.9)	-29.1%
Renewable Base	**108.6**	**112.0**	**3.1%**
(+) Enrollments	39.8	33.1	-16.8%
(-) Dropouts	(24.5)	(23.7)	-3.2%
Students - Ending Balance	**123.9**	**121.3**	**-2.0%**

* Figures not reviewed by the auditors.
** The 3Q15 undergraduate distance-learning student base was adjusted in relation to the numbers presented previously to exclude hybrid (FLEX) students, who were previously presented in the on-campus student base and are now included in the distance-learning base.

Graduate Segment

Estácio closed 3Q16 with 76,500 students enrolled in graduate programs, 20.7% up on 3Q15. The changes and improvements to this segment continued throughout 2016, with an emphasis on academic and operating performance.

Table 6 – Graduate Student Base

'000	3Q15	3Q16	Change
Graduate	**63.4**	**76.5**	**20.7%**
On-Campus	32.7	36.5	11.5%
Distance Learning	30.7	40.0	30.4%

* Figures not reviewed by the auditors.

Average Ticket

Table 7 – Calculation of the Average Monthly Ticket – On-Campus

'000	3Q15	3Q16	Change
On-Campus Undergraduate Student Base	351.4	351.0	-0.1%
(-) Dropouts	(16.6)	(15.4)	-7.0%
(=) Revenue Generating On-Campus Undergraduate Student Base	334.8	335.6	0.2%
(+) On-Campus Graduate Student Base	24.5	25.9	5.3%
(=) Revenue Generating On-Campus Student Base	**359.3**	**361.4**	**0.6%**
On-Campus Gross Revenue	**938.2**	**1,024.9**	**9.2%**
On-Campus Deductions	(320.7)	(347.0)	8.2%
On-Campus Net Revenue (R$ million)	**617.4**	**677.8**	**9.8%**
On-Campus Average Ticket (R$)	**572.8**	**625.2**	**9.1%**

* Figures not reviewed by the auditors.
** The 3Q15 undergraduate student base was adjusted in relation to the numbers presented previously to exclude hybrid (FLEX) students, who were previously presented in the on-campus student base and are now included in the distance-learning base.
*** Excluding the graduate segment of partner institutions.

The average monthly on-campus ticket came to R$625.2 in 3Q16, 9.1% more than in 3Q15. In the previous quarter, we believed the ticket was the main reason why net revenue growth lagged the upturn in the student base. Based on this assumption, Management re-examined and prioritized a series of initiatives to improve revenue performance in order to recover the ticket and record growth that, at the very least, accompanied inflation. We reduced the percentages of scholarships and discounts for freshmen, marking the beginning of a process to improve the sales strategy.

Table 8 – Calculation of the Average Monthly Ticket – On-Campus Undergraduate Program

'000	3Q15	3Q16	Change
On-Campus Undergraduate Student Base	**351.4**	**346.8**	**-1.3%**
(-) Acquisition	-	4.2	N.A.
(-) Dropouts	(16.6)	(15.4)	-7.0%
(=) Revenue Generating On-Campus Undergraduate Student Base	**334.8**	**335.6**	0.2%
On-Campus Undergraduate Net Revenue (R$ million)	**598.8**	**662.0**	**10.6%**
On-Campus Undergraduate Average Ticket (R$)	**596.1**	**657.6**	**10.3%**

* Figures not reviewed by the auditors.

In 3Q16, the average monthly on-campus undergraduate ticket increased by 10.3% over the same period last year. The implementation of immediate initiatives at the beginning of this commercial improvement strategy produced rapid results in this segment, whose ticket averaged R$657.6.

Table 9 – Calculation of the Average Monthly Ticket – On-Campus Graduate Program

'000	3Q15	3Q16	Change
On-Campus Undergraduate Student Base	24.5	25.9	5.3%
On-Campus Undergraduate Net Revenue (R$ million)	**18.7**	**15.8**	**-15.7%**
On-Campus Undergraduate Average Ticket (R$)	**253.9**	**203.3**	**-19.9%**

* Figures not reviewed by the auditors.
** Excluding the graduate segment of partner institutions.

The average on-campus graduate ticket declined by 19.9% over 3Q15 due to price repositioning and the product mix in this segment.

Table 10 – Calculation of the Average Monthly Ticket – Distance Learning

'000	3Q15	3Q16	Change
Distance Learning Undergraduate Student Base	123.9	121.3	-2.0%
(+) Distance Learning Graduate Student Base	17.7	16.4	-7.4%
(-) Dropouts	(7.6)	(5.9)	-21.4%
(=) Revenue Generating Distance Learning Student Base	**134.0**	**131.8**	**-1.7%**
Distance Learning Gross Revenue	114.3	129.7	**13.5%**
Distance Learning Deductions	(47.5)	(54.8)	15.4%
Distance Learning Net Revenue (R$ million)	**66.8**	**75.0**	**12.2%**
Distance Learning Average Ticket (R$)	**166.2**	**189.6**	**14.1%**

* Figures not reviewed by the auditors.
** The 3Q15 undergraduate distance-learning student base was adjusted in relation to the numbers presented previously as follows: (i) to exclude FLEX students, who were previously presented in the on-campus student base and are now included in the distance-learning base; (ii) to exclude the graduate segment of partner institutions.

The **average monthly distance-learning ticket** came to R$189.6 in 3Q16, 14.1% up on 3Q15, thanks to the reduction in distance-learning undergraduate scholarships, which led to a 15% year-on-year upturn in the ticket for this segment, as shown in the table below.

The average monthly distance-learning graduate ticket fell by 4.3% over 3Q15. As in the on-campus segment, the graduate category has been suffering from the effects of previous strategies that adopted a more aggressive approach to the granting of discounts and scholarships. Distance learning also suffered from the effects of the first semester, due to the reduction in the ticket of flex students, a hybrid category now included in the distance-learning base.

Table 11 – Calculation of the Average Monthly Ticket – Distance-Learning Undergraduate Program

'000	3Q15	3Q16	Change
Revenue Generating Distance Learning Undergraduate Student Base	**116.3**	**115.4**	**-0.8%**
Distance Learning Undergraduate Net Revenue (R$ million)	**61.1**	**69.9**	**14.4%**
Distance Undergraduate Learning Average Ticket (R$)	**175.1**	**201.9**	**15.3%**

* Figures not reviewed by the auditors.

Table 12 – Calculation of the Average Monthly Ticket – Distance-Learning Graduate Program

'000	3Q15	3Q16	Change
Revenue Generating Distance Learning Graduate Student Base	**17.7**	**16.4**	-7.4%
Distance Learning Graduate Net Revenue (R$ million)	**5.7**	**5.1**	**-11.4%**
Distance Learning Graduate Average Ticket (R$)	**107.6**	**103.0**	**-4.3%**

* Figures not reviewed by the auditors.
** Excluding the graduate segment of partner institutions.

Financial Performance

Table 13 – Income Statement

R$ MM	3Q15	3Q16	Change	9M15	9M16	Change
Gross Operating Revenue	**1,077.4**	**1,167.3**	**8.3%**	**3,241.0**	**3,655.7**	**12.8%**
Monthly Tuition Fees	1,047.1	1,152.6	10.1%	3,138.6	3,599.6	14.7%
Pronatec	13.6	2.0	-85.3%	51.4	11.4	-77.8%
Others	16.6	12.7	-23.5%	51.1	44.8	-12.3%
Gross Revenue Deductions	**(368.4)**	**(404.2)**	**9.7%**	**(1,046.2)**	**(1,268.0)**	**21.2%**
Scholarships and Discounts	(321.4)	(341.9)	6.4%	(903.4)	(1,091.5)	20.8%
Taxes	(29.2)	(32.7)	12.0%	(90.1)	(99.7)	10.7%
FGEDUC	(17.8)	(25.2)	41.6%	(52.7)	(61.8)	17.3%
Other deductions	-	(4.4)	N.A	-	(15.0)	N.A
Net Operating Revenue	**709.0**	**763.1**	**7.6%**	**2,194.8**	**2,387.6**	**8.8%**
Cost of Services	**(382.3)**	**(392.1)**	**2.6%**	**(1,233.8)**	**(1,323.5)**	**7.3%**
Personnel	(280.7)	(275.2)	-2.0%	(902.2)	(977.2)	8.3%
Rentals / Real Estate Taxes Expenses	(49.0)	(62.8)	28.2%	(161.9)	(183.8)	13.5%
Textbooks Materials	(6.9)	(8.5)	23.2%	(37.8)	(24.3)	-35.8%
Third-Party Services and Others	(25.0)	(24.8)	-0.8%	(71.0)	(75.6)	6.5%
Depreciation and Amortization	(20.7)	(20.8)	0.5%	(60.9)	(62.6)	2.8%
Gross Profit	**326.6**	**371.0**	**13.6%**	**961.0**	**1,064.1**	**10.7%**
Gross Margin	***46.1%***	***48.6%***	***2.5 p.p.***	***43.8%***	***44.6%***	***0.8 p.p.***
Selling, General and Administrative Expenses	**(203.1)**	**(225.1)**	**10.8%**	**(561.6)**	**(763.4)**	**35.9%**
Selling Expenses	**(89.6)**	**(76.1)**	**-15.1%**	**(231.3)**	**(348.3)**	**50.6%**
Provisions for Doubtful Accounts	(37.4)	(33.1)	-11.5%	(96.1)	(175.2)	82.3%
Marketing	(52.2)	(42.9)	-17.8%	(135.1)	(173.1)	28.1%
General and Administrative Expenses	**(113.3)**	**(149.0)**	**31.5%**	**(330.2)**	**(415.2)**	**25.7%**
Personnel	(34.8)	(49.3)	41.7%	(106.6)	(123.7)	16.0%
Outros G&A	(59.8)	(75.3)	25.9%	(167.7)	(215.5)	28.5%
Depreciation	(18.8)	(24.4)	29.8%	(55.9)	(75.9)	35.8%
Other operating renevues	6.6	3.4	-48.5%	13.3	(4.1)	-130.8%
EBIT	**130.2**	**149.3**	**14.7%**	**412.7**	**296.6**	**-28.1%**
EBIT Margin	***18.4%***	***19.6%***	***1.2 p.p.***	***18.8%***	***12.4%***	***-6.4 p.p.***
(+) Depreciation and amortization	39.5	45.2	14.4%	116.7	138.5	18.7%
EBITDA	**169.7**	**194.5**	**14.6%**	**529.4**	**435.2**	**-17.8%**
EBITDA Margin	***23.9%***	***25.5%***	***1.6 p.p.***	***24.1%***	***18.2%***	***-5.9 p.p.***
Financial Result	(12.2)	(32.6)	167.2%	(32.4)	(61.1)	88.6%
Depreciation and Amortization	(39.5)	(45.2)	14.4%	(116.7)	(138.5)	18.7%
Social Contribution	2.3	5.3	130.4%	1.0	1.5	50.0%
Income Tax	6.3	13.7	117.5%	5.8	6.8	17.2%
Net Income	**126.6**	**135.7**	**7.2%**	**387.0**	**243.8**	**-37.0%**
Net Income Margin	***17.9%***	***17.8%***	***-0.1 p.p.***	***17.6%***	***10.2%***	***-7.4 p.p.***

* The 3Q15 and 9M15 figures were adjusted in accordance with the re-presentation of previous periods detailed in the 2Q16 earnings release.

Consolidated Operating Revenue

Table 14 – Breakdown of Operating Revenue

R$ MM	3Q15	3Q16	Change	9M15	9M16	Change
Gross Operating Revenue	**1,077.4**	**1,167.3**	**8.3%**	**3,241.0**	**3,655.7**	**12.8%**
Monthly Tuition Fees	1,047.1	1,152.6	10.1%	3,138.6	3,599.6	14.7%
Pronatec	13.6	2.0	-85.3%	51.4	11.4	-77.8%
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Gross Revenue Deductions	**(368.4)**	**(404.2)**	**9.7%**	**(1,046.2)**	**(1,268.0)**	**21.2%**
Scholarships and Discounts	(321.5)	(341.9)	6.3%	(903.4)	(1,091.6)	20.8%
Taxes	(29.2)	(32.7)	12.0%	(90.1)	(99.7)	10.7%
FGEDUC	(17.8)	(25.2)	41.6%	(52.7)	(61.8)	17.3%
Other deductions	-	(4.4)	N.A.	-	(15.0)	N.A.
% Scholarships and Discounts/ Gross Operating Revenue	*29.8%*	*29.3%*	*-0.6 p.p.*	*27.9%*	*29.9%*	*2.0 p.p.*
Net Operating Revenue	**709.0**	**763.1**	**7.6%**	**2,194.8**	**2,387.6**	**8.8%**

* The 3Q15 and 9M15 figures were adjusted in accordance with the re-presentation of previous periods detailed in the 2Q16 earnings release.

Net operating revenue came to R$763.1 million in 3Q16, 7.6% up on 3Q15. It is worth emphasizing that this quarter we began retaining 2% of net revenue from FIES contracts pursuant to Executive Decree 741 which had an impact of R$7.1 million in 3Q16. If this effect had been excluded, revenue would have grown by 8.6%, in line with the period increase in the average ticket and offsetting the R$11.6 million reduction in Pronatec revenue due to the graduation of the last students in this segment.

Cost of Services

The **cash cost of services** represented 48.7% of net operating revenue in 3Q16, versus 51.0% in 3Q15, a margin gain of 2.3 p.p., essentially due to the **personnel** line, which had a positive impact due to the longer faculty vacation period this quarter (30 days, versus 15 in 3Q15). In addition, various initiatives were implemented to optimize the management of faculty costs, including: (i) greater control to ensure the application of online subjects whenever foreseen in the curriculum matrix; (ii) expanding the offer of telecourses; and (iii) offering directed study classes in the distance-learning segment.

Table 15 – Breakdown of Cost of Services

R$ MM	3Q15	3Q16	Change	9M15	9M16	Change
Cost of Services	**(361.6)**	**(371.3)**	**2.7%**	**(1,172.9)**	**(1,260.9)**	**7.5%**
Personnel	(280.7)	(275.2)	-2.0%	(902.2)	(977.2)	8.3%
Salaries and Payroll Charges	(233.0)	(233.2)	0.1%	(746.0)	(814.9)	9.2%
Brazilian Social Security Institute (INSS)	(47.7)	(42.0)	-11.9%	(156.2)	(162.3)	3.9%
Rentals / Real Estate Taxes Expenses	(49.0)	(62.8)	28.2%	(161.9)	(183.8)	13.5%
Textbooks Materials	(6.9)	(8.5)	23.2%	(37.8)	(24.3)	-35.7%
Third-Party Services and Others	(25.0)	(24.8)	-0.8%	(71.0)	(75.6)	6.5%

* The 3Q15 and 9M15 figures were adjusted in accordance with the re-presentation of previous periods detailed in the 2Q16 earnings release.

Table 16 – Vertical Analysis of Cost of Services

% Operational Net Revenue	3Q15	3Q16	Change	9M15	9M16	Change
Cost of Services	**-51.0%**	**-48.7%**	***2.3 p.p.***	**-53.4%**	**-52.8%**	***0.6 p.p.***
Personnel	-39.6%	-36.1%	*3.5 p.p.*	-41.1%	-40.9%	*0.2 p.p.*
Salaries and Payroll Charges	-32.9%	-30.6%	*2.3 p.p.*	-34.0%	-34.1%	*-0.1 p.p.*
Brazilian Social Security Institute (INSS)	-6.7%	-5.5%	*1.2 p.p.*	-7.1%	-6.8%	*0.3 p.p.*
Rentals / Real Estate Taxes Expenses	-6.9%	-8.2%	*-1.3 p.p.*	-7.4%	-7.7%	*-0.3 p.p.*
Textbooks Materials	-1.0%	-1.1%	*-0.1 p.p.*	-1.7%	-1.0%	*0.7 p.p.*
Third-Party Services and Others	-3.5%	-3.2%	*0.3 p.p.*	-3.2%	-3.2%	*0.1 p.p.*

Table 17 – Statement of Gross Income

R$ MM	3Q15	3Q16	Change	9M15	9M16	Change
Net Operating Revenue	709.0	763.1	7.6%	2,194.8	2,387.6	8.8%
Cost of Services	(382.4)	(392.1)	2.5%	(1,233.8)	(1,323.5)	7.3%
Gross Profit	**326.6**	**371.0**	**13.6%**	**961.0**	**1,064.1**	**10.7%**
(-) Depreciation and amortization	(20.7)	(20.8)	0.5%	(60.9)	(62.6)	2.8%
Cash Gross Profit	**305.9**	**350.2**	**14.5%**	**900.1**	**1,001.5**	**11.3%**
Cash Gross Margin	*43.1%*	*45.8%*	*2.7 p.p.*	*41.0%*	*41.9%*	*0.9 p.p.*

* The 3Q15 and 9M15 figures were adjusted in accordance with the re-presentation of previous periods detailed in the 2Q16 earnings release.

Selling, General and Administrative Expenses

Selling expenses represented 10.0% of net operating revenue in 3Q16, corresponding to a margin gain of 2.7 p.p. over 3Q15, with important gains in both the PDA and marketing lines. The end of the Olympic Games institutional campaigns and the reassessment of the Company's marketing campaigns began to produce results, generating a year-on-year margin gain of 1.7 p.p. In addition, after the fine-tuning of internal controls in 2Q16 and the creation of a specific area focusing on collection and the treatment of defaulting students, short-term initiatives led to a 0.9 p.p. improvement in PDA over the same quarter last year.

General and administrative expenses corresponded to 16.3% of net operating revenue in 3Q16, a loss of 3.0 p.p. in comparison with 3Q15, primarily due to the performance of the personnel and third-party services lines.

Personnel expenses: impacted by R$3.8 million as a result of the internal restructurings designed to reduce the corporate structure and rationalize staff numbers. This led to a margin loss of 1.6 p.p. in this line. If this effect were excluded, the margin loss would have come to 1.0 p.p., chiefly due to the collective bargaining agreement with administrative staff which occurred this quarter.

Expenses with third-party services: impacted by R$4.9 million in additional expenses with: (i) advisory and auditing services related to the revision of accounting policies and practices in 2Q16; and (ii) advisory and consulting services related to the ongoing M&A negotiations.

Table 18 – Breakdown of Selling, General and Administrative Expenses

R$ MM	3Q15	3Q16	Change	9M15	9M16	Change
Selling, General and Administrative Cash Expenses	**(184.3)**	**(200.7)**	**8.9%**	**(505.8)**	**(687.6)**	**35.9%**
Selling Expenses	**(89.6)**	**(76.1)**	**-15.1%**	**(231.3)**	**(348.3)**	**50.6%**
Provisions for Doubtful Accounts	(37.4)	(33.1)	-11.5%	(96.1)	(175.2)	82.3%
Marketing	(52.2)	(42.9)	-17.8%	(135.1)	(173.1)	28.1%
General and Administrative Expenses	**(94.7)**	**(124.6)**	**31.6%**	**(274.5)**	**(339.3)**	**23.6%**
Personnel	(34.8)	(49.3)	41.7%	(106.6)	(123.7)	16.0%
Salaries and Payroll Charges	(30.6)	(43.9)	43.5%	(93.1)	(108.1)	16.1%
Brazilian Social Security Institute (INSS)	(4.2)	(5.4)	28.6%	(13.5)	(15.6)	15.6%
Others	(59.9)	(75.3)	25.7%	(167.9)	(215.5)	28.4%
Third-Party Services	(18.9)	(34.0)	79.9%	(59.4)	(71.4)	20.2%
Consumable Material	(0.8)	(0.9)	12.5%	(2.3)	(2.5)	8.7%
Maintenance and Repair	(9.8)	(9.3)	-5.1%	(27.4)	(26.2)	-4.4%
Provision for Contingencies	0.5	(5.8)	N.A.	0.5	(34.0)	N.A.
Educational Agreements	(2.2)	(2.4)	9.1%	(5.7)	(8.2)	43.9%
Travel and Lodging	(3.8)	(2.3)	-39.5%	(8.3)	(6.5)	-21.7%
Convictions	(4.2)	(4.0)	-4.8%	(11.1)	(11.2)	0.9%
Institutional Events	(9.6)	(3.6)	-62.5%	(27.3)	(16.3)	-40.3%
Copies and Bookbinding	(1.4)	(2.1)	50.0%	(3.9)	(6.0)	53.8%
Insurance	(1.7)	(1.7)	0.0%	(3.5)	(5.1)	45.7%
Cleaning Supplies	(0.5)	(0.8)	60.0%	(1.9)	(2.5)	31.6%
Transportation	(1.1)	(1.2)	9.1%	(2.4)	(3.7)	54.2%
Car Rental	(0.6)	(0.6)	0.0%	(1.8)	(1.9)	5.6%
Others	(9.9)	(10.6)	7.1%	(24.4)	(31.4)	28.7%
Depreciation and amortization	**(18.8)**	**(24.4)**	**29.8%**	**(55.9)**	**(75.9)**	**35.8%**
Other operating renevues	**6.6**	**3.4**	**-48.5%**	**13.3**	**(4.1)**	**-130.8%**

* The 3Q15 and 9M15 figures were adjusted in accordance with the re-presentation of previous periods detailed in the 2Q16 earnings release.

Table 19 – Vertical Analysis of Selling, General and Administrative Expenses

% Operational Net Revenue	3Q15	3Q16	Change	9M15	9M16	Change
Selling, General and Administrative Cash Expenses	**-26.0%**	**-26.3%**	***-0.3 p.p.***	**-23.0%**	**-28.8%**	***-5.8 p.p.***
Selling Expenses	**-12.6%**	**-10.0%**	***2.7 p.p.***	**-10.5%**	**-14.6%**	***-4.0 p.p.***
Provisions for Doubtful Accounts	-5.3%	-4.3%	*0.9 p.p.*	-4.4%	-7.3%	*-3.0 p.p.*
Marketing	-7.4%	-5.6%	*1.7 p.p.*	-6.2%	-7.2%	*-1.1 p.p.*
General and Administrative Expenses	**-13.4%**	**-16.3%**	***-3.0 p.p.***	**-12.5%**	**-14.2%**	***-1.7 p.p.***
Personnel	-4.9%	-6.5%	*-1.6 p.p.*	-4.9%	-5.2%	*-0.3 p.p.*
Salaries and Payroll Charges	-4.3%	-5.8%	*-1.4 p.p.*	-4.2%	-4.5%	*-0.3 p.p.*
Brazilian Social Security Institute (INSS)	-0.6%	-0.7%	*-0.1 p.p.*	-0.6%	-0.7%	*0.0 p.p.*
Others	-8.4%	-9.9%	*-1.4 p.p.*	-7.6%	-9.0%	*-1.4 p.p.*
Third-Party Services	-2.7%	-4.5%	*-1.8 p.p.*	-2.7%	-3.0%	*-0.3 p.p.*
Consumable Material	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Maintenance and Repair	-1.4%	-1.2%	*0.2 p.p.*	-1.2%	-1.1%	*0.2 p.p.*
Provision for Contingencies	0.1%	-0.8%	*-0.8 p.p.*	0.0%	-1.4%	*-1.4 p.p.*
Educational Agreements	-0.3%	-0.3%	*0.0 p.p.*	-0.3%	-0.3%	*-0.1 p.p.*
Travel and Lodging	-0.5%	-0.3%	*0.2 p.p.*	-0.4%	-0.3%	*0.1 p.p.*
Institutional Events	-1.4%	-0.5%	*0.9 p.p.*	-1.2%	-0.7%	*0.6 p.p.*
Copies and Bookbinding	-0.2%	-0.3%	*-0.1 p.p.*	-0.2%	-0.3%	*-0.1 p.p.*
Insurance	-0.2%	-0.2%	*0.0 p.p.*	-0.2%	-0.2%	*-0.1 p.p.*
Cleaning Supplies	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Transportation	-0.2%	-0.2%	*0.0 p.p.*	-0.1%	-0.2%	*0.0 p.p.*
Car Rental	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Others	-1.4%	-1.4%	*0.0 p.p.*	-1.1%	-1.3%	*-0.2 p.p.*
Depreciation and amortization	**-2.7%**	**-3.2%**	***-0.5 p.p.***	**-2.5%**	**-3.2%**	***-0.6 p.p.***
Other operating renevues	**0.9%**	**0.4%**	***-0.5 p.p.***	**0.6%**	**-0.2%**	***-0.8 p.p.***

EBITDA

Table 20 – Financial Indicators

Indicadores Financeiros (R$ milhões)	3T15	3T16	Variação	9M15	9M16	Variação
Receita Operacional Líquida	**709,0**	**763,1**	**7,6%**	**2.194,8**	**2.387,6**	**8,8%**
(-) Custos Caixa dos serviços prestados	(361,7)	(371,3)	2,7%	(1.173,0)	(1.260,9)	7,5%
(-) Despesas comerciais, gerais e administrativas Caixa	(184,2)	(200,7)	9,0%	(505,8)	(687,5)	35,9%
(+) Outras receitas operacionais	6,6	3,4	-48,5%	13,3	(4,1)	-130,8%
EBITDA	**169,7**	**194,5**	**14,6%**	**529,4**	**435,2**	**-17,8%**
Margem EBITDA (%)	*23,9%*	*25,5%*	*1,5 p.p.*	*24,1%*	*18,2%*	*-5,9 p.p.*
Nova taxa FIES 2%	-	7,1	N.A.	-	7,1	N.A.
Não recorrentes	-	8,7	N.A.	-	8,7	N.A.
Reestruturações internas	-	3,8	N.A.	-	3,8	N.A.
M&A em curso e consultorias extraordinárias	-	4,9	N.A.	-	9,0	N.A.
EBITDA Comparável	**169,7**	**210,3**	**23,9%**	**529,4**	**451,0**	**-14,8%**
Margem EBITDA Comparável (%)	*23,9%*	*27,6%*	*3,6 p.p.*	*24,1%*	*18,9%*	*-5,2 p.p.*

Estácio recorded 3Q16 EBITDA of R$194.5 million, 14.6% up on 3Q16, with a margin of 25.5%, a 1.6 p.p. gain over the same period last year.

For comparative purposes, we have also presented EBITDA excluding the effects of: (i) the FIES discount rate, which did not exist in prior periods; (ii) non-recurring expenses from the internal restructurings; and (iii) expenses with ongoing M&As and non-recurring advisory services. As a result, comparable EBITDA came to R$210,3 million this quarter, 23.9% more than in 3Q15, accompanied by a margin of 27.6% (up by 3,6 p.p.).

Financial Result

Table 21 – Breakdown of the Financial Result

R$ MM	3Q15	3Q16	Change	9M15	9M16	Change
Financial Revenue	**79.3**	**35.2**	**-55.6%**	**161.9**	**145.2**	**-10.3%**
Fines and interest charged	6.0	6.3	5.0%	14.8	19.2	29.6%
Inflation adjustment to FIES receivables	-	4.0	N.A.	-	28.9	N.A.
Investments income	23.1	17.9	-22.6%	59.2	48.3	-18.4%
Active monetary variation	3.3	4.5	37.2%	8.4	7.8	-7.0%
Active exchange variation	0.0	-	N.A.	22.5	28.0	24.3%
Derivative financial instruments gain - swap	46.6	-	N.A.	56.6	0.5	-99.2%
Adjustment to present value (APV)	-	2.3	N.A.	-	12.5	N.A.
Other	0.3	0.1	-70.1%	0.4	0.1	-75.3%
Financial Expenses	**(91.5)**	**(67.7)**	**-26.0%**	**(194.3)**	**(206.3)**	**6.2%**
Bank charges	(2.3)	(4.8)	105.4%	(7.8)	(9.8)	26.2%
Interest and financial charges	(27.7)	(35.8)	29.0%	(72.1)	(102.8)	42.7%
Financial Discounts	(3.6)	(16.8)	360.8%	(11.9)	(29.7)	149.1%
Passive monetary variation	(2.3)	(5.3)	129.2%	(9.3)	(12.6)	35.3%
Derivative financial instruments losses - swap	(1.3)	-	N.A.	(25.6)	(26.0)	1.8%
Passive exchange variation	(52.0)	-	N.A.	(64.3)	(11.0)	-82.9%
Other	(2.1)	(4.9)	130.8%	(3.3)	(14.3)	329.0%
Financial Result	**(12.2)**	**(32.6)**	**166.5%**	**(32.4)**	**(61.1)**	**88.6%**

Net Income

In 3Q16, the Company recorded net income of R$135.7 million, 7.2% up on the same period last year.

Table 22 – Reconciliation of EBITDA and Net Income

R$ MM	3Q15	3Q16	Change	9M15	9M16	Change
EBITDA	**169.7**	**194.5**	**14.6%**	**529.4**	**435.2**	**-17.8%**
Financial Result	(12.2)	(32.6)	167.2%	(32.5)	(61.1)	88.0%
Depreciation and amortization	(39.5)	(45.2)	14.4%	(116.7)	(138.5)	18.7%
Social Contribution	2.3	5.3	130.4%	1.0	1.5	50.0%
Income Tax	6.3	13.7	117.5%	5.8	6.8	17.2%
Net Income	**126.6**	**135.7**	**7.2%**	**387.0**	**243.8**	**-37.0%**

* The 3Q15 and 9M15 figures were adjusted in accordance with the re-presentation of previous periods detailed in the 2Q16 earnings release.

Accounts Receivable and Average Receivables Days

Accounts receivable increased over 3Q15, as shown below, primarily due to the upturn in FIES accounts receivable.

Table 23 – Accounts Receivable

Accounts Receivable (R$ MM)	3Q15	3Q16
Tuition monthly fees	382.1	402.8
FIES	695.9	864.4
Credit Cards receivable	37.8	74.7
Renegotiation receivables	76.8	101.4
Gross Accounts Receivable	**1,192.6**	**1,443.2**
Provision for bad debts	(142.1)	(199.3)
Credits to identify	(3.5)	(1.8)
Adjustment to Present Value (APV)	-	(15.6)
Net Accounts Receivable	**1,047.0**	**1,226.4**

In regard to the increases in the other accounts receivable lines, Management is continuing to focus on improving collection campaign and student debt renegotiation policies, the results of which have already become apparent in the performance of average non-FIES receivables days, which improved by 8 days in comparison with 3Q15.

All in all, Estácio's average receivables days came to 141 in 3Q16, 12 days higher than the same period last year, strongly impacted by the delays in amending the FIES contracts for the second semester of 2016 and the consequences on the flow of transfers this quarter. As a result, FIES receivables days averaged 249 days.

Table 24 – Average Receivables Days

Days Receivable R$ MM	3Q15	3Q16
Net Acount Receivaible	**1,047.0**	**1,226.4**
Net Revenue (last twelve months)	2,826.3	3,124.3
Receivables Days	**133**	**141**

Table 25 – Average FIES Receivables Days

Days Receivable FIES R$ MM	3Q15	3Q16
Net Acount Receivaible FIES	**695.9**	**864.4**
Revenue FIES	1,359.0	1,411.0
FGEDUC Deductions (last twelve months)	(52.6)	(108.5)
Taxes (last twelve months)	(68.3)	(54.5)
Net Revenue FIES (last twelve months)	1,238.1	1,248.0
Receivables Days FIES	**202**	**249**

Table 26 - Average non-FIES Receivables Days

Days Receivable Ex-FIES R$ MM	3Q15	3Q16
Net Acount Receivaible Ex-FIES and APV	**351.2**	**377.7**
Net Revenue Ex-FIES	1,588.2	1,876.3
Receivables Days Ex-FIES	**80**	**72**

Table 27 - Evolution of FIES Accounts Receivable

FIES Accounts Receivable (R$ MM)	3Q15	4Q15	1Q16	2Q16	3Q16
Opening Balance	**552.5**	**616.8**	**681.2**	**1010.7**	**801.7**
(+) FIES Revenue	352.8	364.0	350.7	338.4	384.8
(-) Transfer	270.4	301.8	16.9	540.5	292.0
(-) FIES Deduction/Provision	18.1	18.9	19.7	17.5	25.4
(+) Inflation Adjustment of FIES Accounts Receivable	-	18.7	13.0	12.0	-5.9
Ending Balance	**616.8**	**681.2**	**1010.7**	**801.7**	**863.1**

Table 29 - Evolution of FIES Carry-Forward Credits

FIES Carry-Forward Credits (R$ MM)	3Q15	4Q15	1Q16	2Q16	3Q16
Opening Balance	**74.4**	**79.0**	**87.5**	**3.1**	**128.7**
(+) Transfer	270.4	301.8	16.9	540.5	292.0
(-) Tax payment	78.9	91.4	28.1	113.2	66.9
(-) Repurchase auctions	188.4	203.8	74.2	302.4	355.2
(+) Acquisitions	1.0	2.0	3.0	4.0	5.0
(+) Monetary restatement	0.5	1.8	0.1	0.7	-
Ending Balance	**79.0**	**87.5**	**3.1**	**128.7**	**1.2**

Investments (CAPEX and Acquisitions)

Table 29 – CAPEX Breakdown

R$ MM	3Q15	3Q16	Change
Total CAPEX	**34.3**	**40.1**	**16.8%**
Maintenance	**19.0**	**22.9**	**20.3%**
Discretionary and Expansion	**15.3**	**17.2**	**12.1%**
Academic Model	2.6	3.0	16.8%
New IT Architecture	1.1	2.8	155.1%
Integration Processes	2.1	2.3	9.0%
Tablet Project	0.2	-	N.A.
Expansion	9.3	9.0	-3.0%

* Figures not reviewed by the auditors.

CAPEX came to R$40.1 million in 3Q16, 16.8% more than in 3Q15, chiefly due to investments in campus and unit maintenance in line with the strategy adopted by Management to preserve cash. A number of non-priority projects and expansions were discontinued, but with no adverse effect on the operation. At the same time, in order to optimize and improve its system, Estácio increased its investments in the academic model and new IT architecture. As a result, total investments represented only 5.3% of period net revenue.

Capitalization and Cash

Table 30 – Capitalization and Cash

R$ MM	9/30/2015	9/30/2016
Shareholders' Equity	**2,641.1**	**2,819.8**
Cash & Cash Equivalents	**721.2**	**575.4**
Total Gross Debt	**(1,153.0)**	**(923.3)**
Loans and Financing	(1,045.4)	(811.2)
Short Term	(301.3)	(240.5)
Long Term	(744.1)	(570.7)
Commitments Payable	(92.0)	(92.5)
Taxes Paid in Installments	(15.7)	(19.6)
Cash / Net Debt	**(431.8)**	**(347.9)**

Cash and cash equivalents closed 3Q16 at R$575.4 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$811.2 million corresponded mainly to:

- the Company's bond issues (1st series of R$200 million, 2nd series of R$300 million and 3rd series of R$187 million);
- the loan from the IFC (first installment of R$48.5 million and second of around R$20 million); and
- the capitalization of equipment leasing expenses in compliance with Law 11,638.

The R$234.2 million reduction in the loans and financing line over 3Q15 was essentially due to the settlement, in March 2016, of an entire debt of approximately R$227.1 million related to a foreign-currency loan from Banco Itaú. This loan, contracted in March 2015, had a cash flow swap in which the long leg corresponded to the exchange rate variation plus 1.95% p.a., compensating the FX exposition of the line, and the short leg to the CDI + 0.12% p.a.

Including commitments for future payments related to past acquisitions, which totaled R$92.5 million, as well as taxes payable in installments of R$19.6 million, Estácio's gross debt came to R$923.3 million at the close of 3Q16, resulting in net debt of R$347.9 million.

Cash Flow Statement

Table 31 – Cash Flow Statement

R$ millions	3Q15	3Q16	9M15	9M16
Profit before taxes and after results from discontinued operations	118.0	116.8	380.2	235.5
Adjustments to reconcile profit to net cash generated	106.5	151.7	324.2	440.9
Results after reconciliation to net cash generated	224.5	268.4	704.3	676.4
Change in assets and liabilities	(112.3)	(27.4)	(710.8)	(313.3)
Net Cash provided by (used in) operating activities	112.2	241.0	(6.5)	363.2
CAPEX	(18.3)	(45.6)	(95.0)	(73.9)
Operating Cash Flow (OCF)	**93.9**	**195.4**	**(101.5)**	**289.3**
Net cash provided by (used in) investing activities	(54.6)	(16.4)	(88.2)	(59.1)
Cash Flow from financing activities	188.0	8.5	195.8	(348.5)
Net cash provided by (used in) financing activities	227.3	187.5	6.1	(118.3)
Cash and cash equivalents at the beginning of the period	**493.9**	**387.9**	**715.1**	**693.8**
Increase in cash and cash equivalents	227.3	187.5	6.1	(118.3)
Cash and cash equivalents at the end of the period	**721.2**	**575.4**	**721.2**	**575.4**
EBITDA	**169.7**	**194.5**	**529.4**	**435.2**
Operating Cash Flow before CAPEX / EBITDA	**66.1%**	**123.9%**	**-1.2%**	**83.4%**
OCF / EBITDA	**55.3%**	**100.5%**	**-19.2%**	**66.5%**

Operating cash flow (OCF) this quarter was positive by R$195.4 million, a substantial improvement over the same period last year, especially when we look at the EBITDA to OCF conversion ratio, which stood at 100.5% in 3Q16, versus 55.3% in 3Q15.

Balance Sheet

R$ MM	09/30/2015	12/31/2015	09/30/2016
Short-Term Assets	**2,048.6**	**1,586.8**	**1,697.3**
Cash & Cash Equivalents	11.6	48.4	71.3
Short-Term Investments	709.6	645.3	504.2
Swap difference to be received	31.0	24.8	-
Accounts Receivable	1,047.1	648.3	912.5
Advance to Employees / Third-Parties	39.0	28.8	25.0
Prepaid Expenses	66.1	62.2	55.9
Taxes and contributions	111.9	93.7	92.3
Others	32.3	35.2	36.3
Long-Term Assets	**2,179.7**	**2,694.9**	**2,582.3**
Non-Current Assets	**223.2**	**670.0**	**576.8**
Contas a receber	-	445.5	313.9
Prepaid Expenses	15.0	11.8	5.9
Related Parties	-	-	1.1
Judicial Deposits	115.8	108.9	129.2
Taxes and contributions	28.5	32.6	34.8
Deferred Taxes and others	63.9	71.2	91.9
Permanent Assets	**1,956.6**	**2,024.8**	**2,005.5**
Investments	0.2	0.2	0.2
Fixed Assets	506.1	535.9	529.8
Intangible	1,450.2	1,488.7	1,475.5
Total Assets	**4,228.4**	**4,281.6**	**4,279.6**

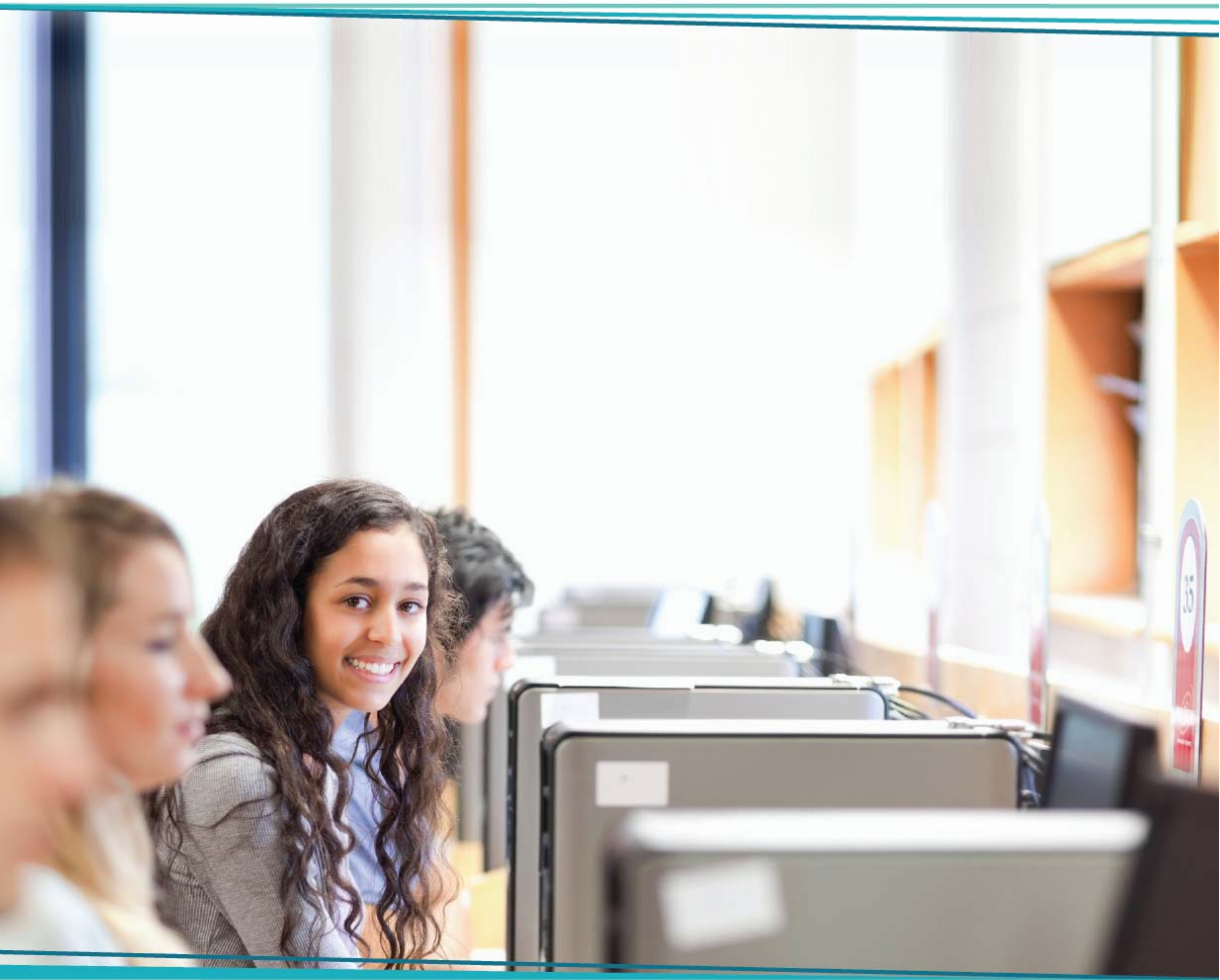
Short-Term Liabilities	**680.0**	**767.6**	**701.3**
Loans and Financing	301.3	291.3	240.5
Suppliers	46.6	75.0	59.3
Salaries and Payroll Charges	207.9	128.2	208.7
Taxes Payable	62.6	80.1	61.3
Prepaid Monthly Tuition Fees	11.1	23.5	21.3
Advances under Partnership Agreement	2.9	2.9	2.9
Taxes Paid in Installments	0.8	2.3	3.3
Related Parties	0.3	0.5	0.4
Dividends Payable	0.0	115.1	0.0
Acquisition price to be paid	36.0	42.0	52.0
Others	10.7	6.6	51.7
Long-Term Liabilities	**907.3**	**941.1**	**758.5**
Loans and Financing	744.1	758.3	570.7
Contingencies	28.3	33.1	69.2
Advances under Partnership Agreement	4.1	3.4	1.2
Taxes Paid in Installments	14.9	17.4	16.3
Provision for asset retirement obligations	16.4	16.6	17.5
Deferred Taxes	28.9	36.1	25.7
Acquisition price to be paid	55.9	61.1	40.5
Others	14.6	15.3	17.5
Shareholders' Equity	**2,641.1**	**2,573.0**	**2,819.8**
Capital	1,064.9	1,064.9	1,130.8
Share Issuance Costs	(26.9)	(26.9)	(26.9)
Capital Reserves	656.4	661.8	663.1
Earnings Reserves	652.9	1,010.7	955.3
Income for the period	419.6	0.0	243.8
Treasury Stocks	(125.9)	(137.6)	(146.4)
Total Liabilities and Shareholders' Equity	**4,228.4**	**4,281.6**	**4,279.6**

Cash Flow Statement

Cash Flow Statement (R$ million)	3Q15	3Q16	9M15	9M16
Profit before income taxes and social contribution	**118.0**	**116.8**	**380.2**	**235.5**
Adjustments to reconcile profit to net cash generated:	**106.5**	**151.7**	**324.2**	**440.9**
Depreciation and amortization	39.3	46.2	116.1	139.0
Amortization of funding costs	0.2	0.3	0.7	0.7
Provision for impairment of trade receivables	36.7	32.3	93.9	130.0
Granted options - stock options	4.5	0.3	14.7	2.4
Provision for contingencies	3.8	19.9	36.5	87.7
Inflation adjustment to FIES receivables	-	15.8	-	(9.1)
Adjustment to present value - FIES receivables	-	(2.3)	-	(12.5)
Tax credits	(1.6)	(4.1)	(3.4)	(6.7)
Interest on borrowings	24.5	27.5	63.0	87.6
Gain/ Loss on write off with intangible and Fixed Assets	(6.0)	14.0	(3.6)	14.0
Others	5.1	1.8	6.4	7.7
Result after reconciliation to net cash generated	**224.5**	**268.4**	**704.3**	**676.4**
Changes in assets and liabilities:	**(112.3)**	**(27.4)**	**(710.8)**	**(313.3)**
(Increase) in accounts receivable	(155.5)	57.3	(640.5)	(239.5)
Decrease (increase) in other assets	82.9	1.2	1.4	(1.1)
Increase) decrease in advances to employees / third parties	11.2	1.6	6.2	3.8
(Increase) decrease in prepaid expenses	(19.0)	(6.7)	0.0	6.3
(Increase) decrease in taxes and contributions	(22.8)	(12.3)	(46.2)	6.0
Increase (decrease) in suppliers	(27.6)	(18.9)	(18.7)	(16.0)
Increase (decrease) in taxes payable	13.1	(1.4)	6.2	(43.2)
Increase (decrease) in payroll and related charges	23.6	(15.7)	84.6	79.8
(Decrease) in prepaid monthly tuition fees	(2.9)	(5.7)	(9.0)	(2.3)
Civil/Labor claims	(4.2)	(11.9)	(37.0)	(51.5)
(Decrease) in acquisition price to be paid	(3.1)	(1.6)	(9.5)	(16.9)
Provision for decommissioning of assets	(0.0)	(0.0)	(0.0)	(0.0)
Increase (decrease) in other liabilities	(1.3)	(1.8)	3.3	47.3
Decrease (increase) in taxes paid in installments	(1.2)	3.0	(3.7)	(0.2)
(Decrease) in non-current assets	(10.2)	1.1	(12.9)	8.4
Increase in judicial deposits	2.2	(0.2)	5.2	(20.3)
Interest paid on borrowings	(1.3)	(14.5)	(36.8)	(72.6)
IRPJ and CSLL paid	3.9	(0.7)	(3.3)	(1.3)
Net cash provided by (used in) operating activities:	**112.2**	**241.0**	**(6.5)**	**363.2**
Other investing activities:	**(73.0)**	**(62.0)**	**(183.2)**	**(133.0)**
CAPEX	(18.3)	(45.6)	(95.0)	(73.9)
Intangible Assets	(14.4)	(16.4)	(48.0)	(51.9)
(Gain) loss in net book amount of property and equipment written-off	(85.8)	0.0	(85.8)	(7.2)
Acquisitions	45.6	-	45.6	(0.0)
Net cash provided by (used in) investing activities	**39.2**	**179.0**	**(189.7)**	**230.1**
Cash flows from financing activities:	**188.0**	**8.5**	**195.8**	**(348.5)**
Capital increase based on stock options	0.4	6.7	11.8	10.6
Acquisition of stocks in treasury	0.0	(0.0)	(104.8)	(12.5)
Dividends paid	(0.0)	(0.0)	(101.2)	(115.1)
Amount received for the issue of debentures	187.0	-	187.0	-
Loans to subsidiaries	0.3	(0.1)	(0.3)	(1.2)
Loans and financing	(0.9)	11.9	205.6	20.2
Loss with swap operation	(46.6)	-	(31.0)	25.6
Net increase in borrowings	47.9	(10.0)	28.7	(276.0)
Net cash provided by (used in) financing activities	**227.3**	**187.5**	**6.1**	**(118.3)**
Cash and cash equivalents at the beginning of the period	**493.9**	**387.9**	**715.1**	**693.8**
Increase in cash and cash equivalents	227.3	187.5	6.1	(118.3)
Cash and cash equivalents at the end of the period	**721.2**	**575.4**	**721.2**	**575.4**

Student Base

'000	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	Change
On-Campus	**382.4**	**346.6**	**384.0**	**357.1**	**428.6**	**381.0**	**383.2**	**-0.2%**
Undergraduate	354.8	313.0	351.4	318.5	393.0	343.4	346.8	-1.3%
Graduate	27.6	33.6	32.7	38.6	35.7	37.6	36.5	11.5%
Distance Learning	**147.7**	**142.5**	**154.5**	**140.7**	**164.2**	**154.4**	**161.4**	**4.4%**
Undergraduate	122.1	114.2	123.9	109.4	132.1	115.9	121.3	-2.0%
Graduate	25.6	28.4	30.7	31.3	32.1	38.5	40.0	30.4%
Student Base - same shops	**530.1**	**489.1**	**538.5**	**497.8**	**592.8**	**535.4**	**544.6**	**1.1%**



Conference Call
Date: November 11, 2016 (Friday)

Portuguese

Time: 1:00 p.m. (Brasília) / 10:00 a.m. (US ET)
Dial In: +55 (11) 3127-4971
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English

Time: 2:30 p.m. (Brasília) / 11:30 a.m. (US ET)
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