

HIGHLIGHTS

2Q17 RESULTS



Average Ticket

On-campus:
+ 11.7%

Distance-learning:
+ 27.8%

+9.3%



Net **Revenue**
R\$**913.4** mn

+74.9%



EBITDA
Comparable
R\$**261.3** mn

+10.7p.p



EBITDA **Margin**
Comparable
28.6%

+16.1%



OCF
R\$**172.1** mn

Rio de Janeiro, July 28, 2017

MAIN MANAGEMENT CHALLENGES

Management's commitment in the last twelve months:



Maintain operational **performance** and **climate**



Prepare an **integration** process



Be **transparent** to its shareholders

RESULT

HIGHLIGHTS

R\$ million

Net Revenue

Cost of Services

Selling, G&A Expenses – Cash

Other operating revenue

2Q16	2Q17	Change
835.3	913.4	+9.3%
(494.5)	(468.6)	-5.2%
(330.4)	(243.8)	-26.2%
(11.7)	(1.8)	-84.6%



Improved
Performance:

**Focus on
EXECUTION**

EBITDA

EBITDA Margin (%)

New FIES tax - 2%

Non-recurring M&A expenses

One-off entries

2Q16	2Q17	Change
43.6	254.0	+482.5%
5.2%	27.8%	22.6 p.p.
-	6.6	N.A.
-	0.7	N.A.
105.7	-	N.A.

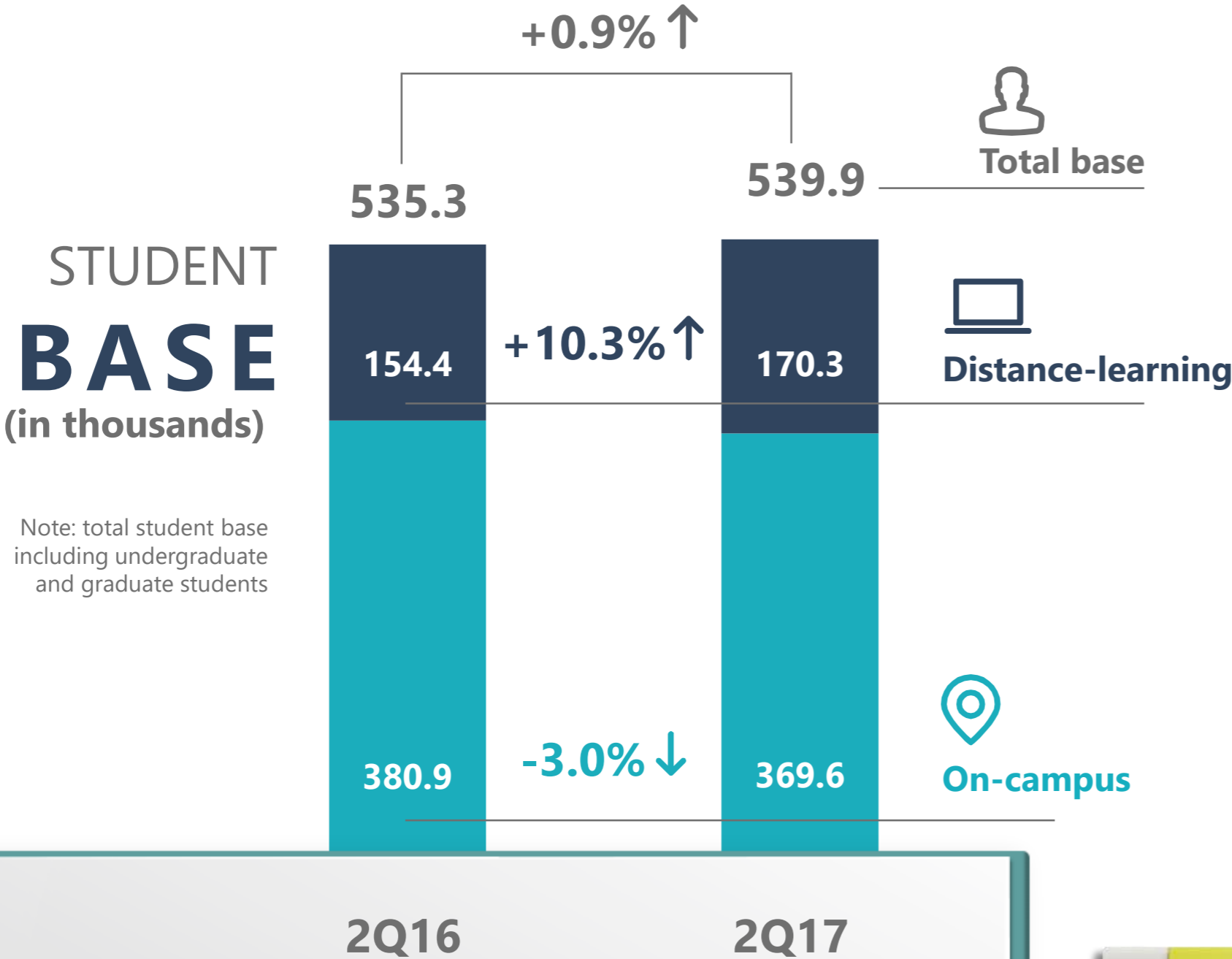
Comparable EBITDA

Comparable EBITDA Margin (%)

2Q16	2Q17	Change
149.3	261.3	+74.9%
17.9%	28.6%	10.7 P.P.



OPERATING PERFORMANCE



Retention rate UNDERGRADUATE

+7.2 p.p. ↑

2Q17

2Q16

+6.9 p.p. ↑

2Q17

2Q16

Result of a

**More sustainable
student base**

 Distance-learning

87,9 %

80,7 %

 On-campus

93.6 %

86,7 %



AVERAGE TICKET

PER SEGMENT

R\$

On-campus

Undergraduate

2Q16

707.4

2Q17

784.6

Change

109%

Graduate

239.6

255.7

6.7%

Total

672.7

751.6

11.7%

Distance-learning

Undergraduate

2Q16

201.1

2Q17

247.9

Change

23.3%

Graduate

95.1

175.4

84.4%

Total

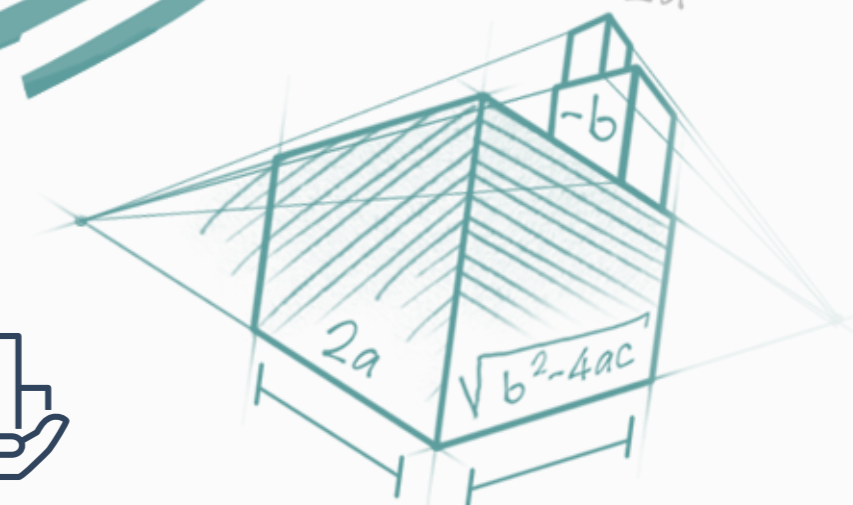
187.2

239.2

27.8%

A+

$$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$$



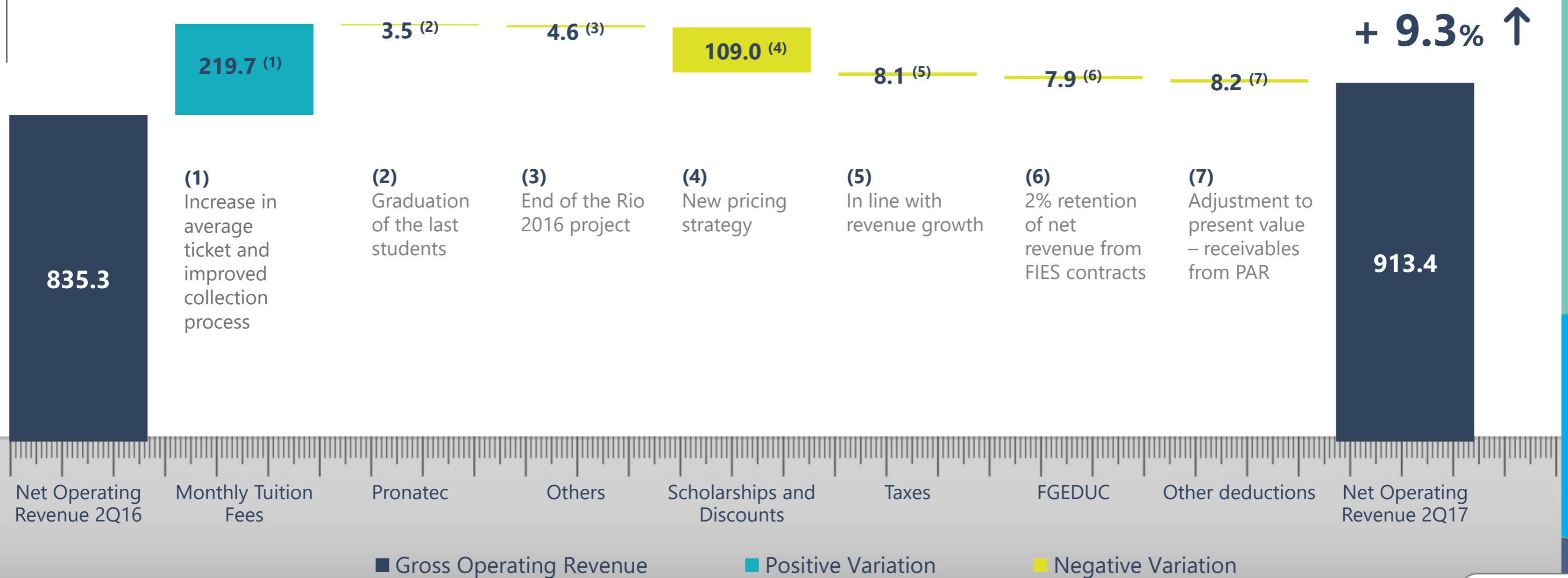
Result from the change in the pricing strategy and courses offered

Sustainable base, students who comply with payment obligations and performance management

NET REVENUE



R\$ million





OPERATING COSTS

% of Net Operating Revenue

Main measures in the management of faculty costs:



20% of the **on-campus** syllabi are offered **online**



Increase in the number of students in distance-learning classes



Offer of directed study classes in the **distance-learning** segment



Offer of **online** Term Paper (TCC)



Earlier classes in night courses

Vertical Analysis

Cash Cost of Services

	2Q16	2Q17	Change
	-56.8%	-48.1%	8.7 p.p.
Personnel	-44.9%	-37.5%	7.4 p.p.
Rent, condominium and municipal property tax	-7.4%	-7.0%	0.4 p.p.
Textbook materials	-1.3%	-0.5%	0.7 p.p.
Third-party services and others	-3.2%	-3.0%	0.2 p.p.

OPERATING EXPENSES

% of Net Operating Revenue

Main Impacts:

PDA

Improved Performance
of non-PAR PDA

Marketing

Change in the strategy:
Lower cost channels with
broader coverage



Selling Expenses

	2Q16	2Q17	Change
PDA	-8.5%	-6.8%	1.7 p.p.
PDA PAR	0.0%	-0.4%	-0.4 p.p.
Non-recurring PDA	-5.1%	0.0%	5.1 p.p.
Marketing	-8.5%	-5.5%	3.0 p.p.



G&A Expenses

	2Q16	2Q17	Change
Personnel	-3.8%	-4.6%	-0.8 p.p.
Other	-10.7%	-6.7%	4.0 p.p.



Other operating revenue/expenses

	2Q16	2Q17	Change
	-1.4%	-0.2%	1.2 p.p.



NET
INCOME

R\$ million

Main Impacts:

R\$210.4 million
increase in
EBITDA

20.5 p.p. increase in
Net Margin

EBITDA

Financial result

Depreciation and
amortization

Social contribution

Income tax

Net Income

	2Q16	2Q17	Change
EBITDA	43.6	254.0	N.A.
Financial result	(16.6)	(21.9)	31.9%
Depreciation and amortization	(44.9)	(54.7)	2,8%
Social contribution	(1.5)	(3.2)	113.3%
Income tax	(0.5)	(7.9)	N.A.
Net Income	(19.9)	166.3	N.A.

Finanças

Administração
Vol 1

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Average Receivables Days

Avg. Receivables Days | Non- FIES

R\$ million	2Q16	2Q17
Accounts receivable net of non-APV	1,347.4	1,349.3
Non-FIES accounts receivable and APV	417.0	421.7
Non-FIES net revenue	1,819.8	2,057.4
Average non-FIES receivables days	83	74

Average Receivables Days -FIES

R\$ million	2Q16	2Q17
FIES accounts receivable	930.4	927.5
FIES revenue (last 12 months)	1,405.9	1,389.2
FGEDUC deductions (last 12 months)	(101.1)	(100.1)
Taxes (last 12 months)	(54.4)	(56.2)
FIES net revenue (last 12 months)	1,250.4	1,232.9
Average FIES Receivables Days	268	271



**Preserve the focus
on the process
to improve
collection
campaigns**



CAPITALIZATION AND CASH

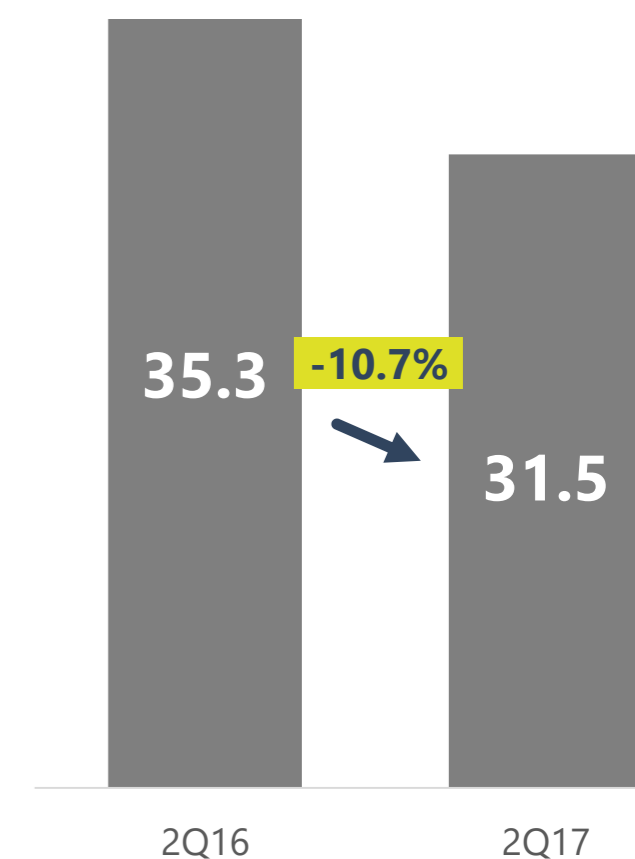
R\$ million	06/30/2016	06/30/2017
Shareholders' equity	2.676.2	2,735.4
Cash and cash equivalents	387.9	542.3
Gross debt	(905.4)	(1,157.8)
Loans	(796.0)	(1,033.7)
Commitments payable (acquisitions)	(92.8)	(109.5)
Taxes paid in installments	(16.6)	(14.6)
Cash / Net Debt	(517.5)	(615.5)

CAPEX

R\$ million	2T16	2T17	Change
Maintenance	19.5	19.4	-0.6 %
Discretionary and expansion	15.8	12.1	-23.1%
Total CAPEX	35.3	31.5	-10.7%

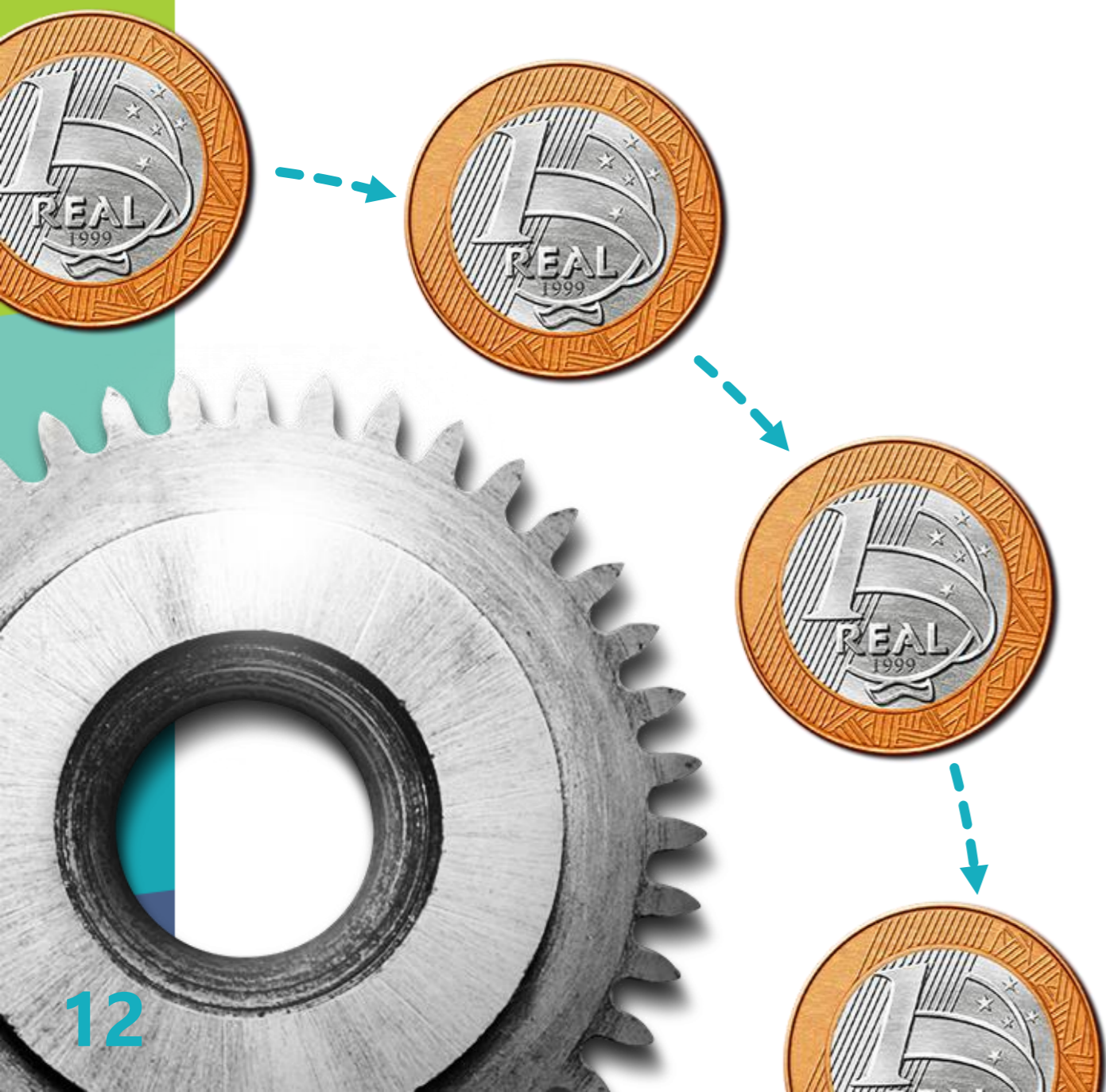


TOTAL CAPEX





CASH FLOW



R\$ million

PROFIT BEFORE TAXES AND AFTER RESULTS FROM DISCONTINUED OPERATIONS

Adjustments to reconcile profit to cash and cash equivalents

Changes in assets and liabilities

Net cash provided by (used in) operating activities

Acquisition of property and equipment

Acquisition of intangible assets

OPERATING CASH FLOW (OCF)

Cash flow from investing activities

Cash flow from financing activities

Net cash provided by (used in) financing activities

EBITDA

Net cash provided by (used in) operating activities / EBITDA

OCF / EBITDA

2Q16

2Q17

(17.9)

177.3

205.9

158.5

5.5

(130.0)

193.6

205.9

(29.2)

(20.2)

(16.1)

(13.6)

148.2

172.1

1.4

-

(124.0)

(87.2)

25.6

84.2

43.6

254.0

443.6%

81.1%

339.8%

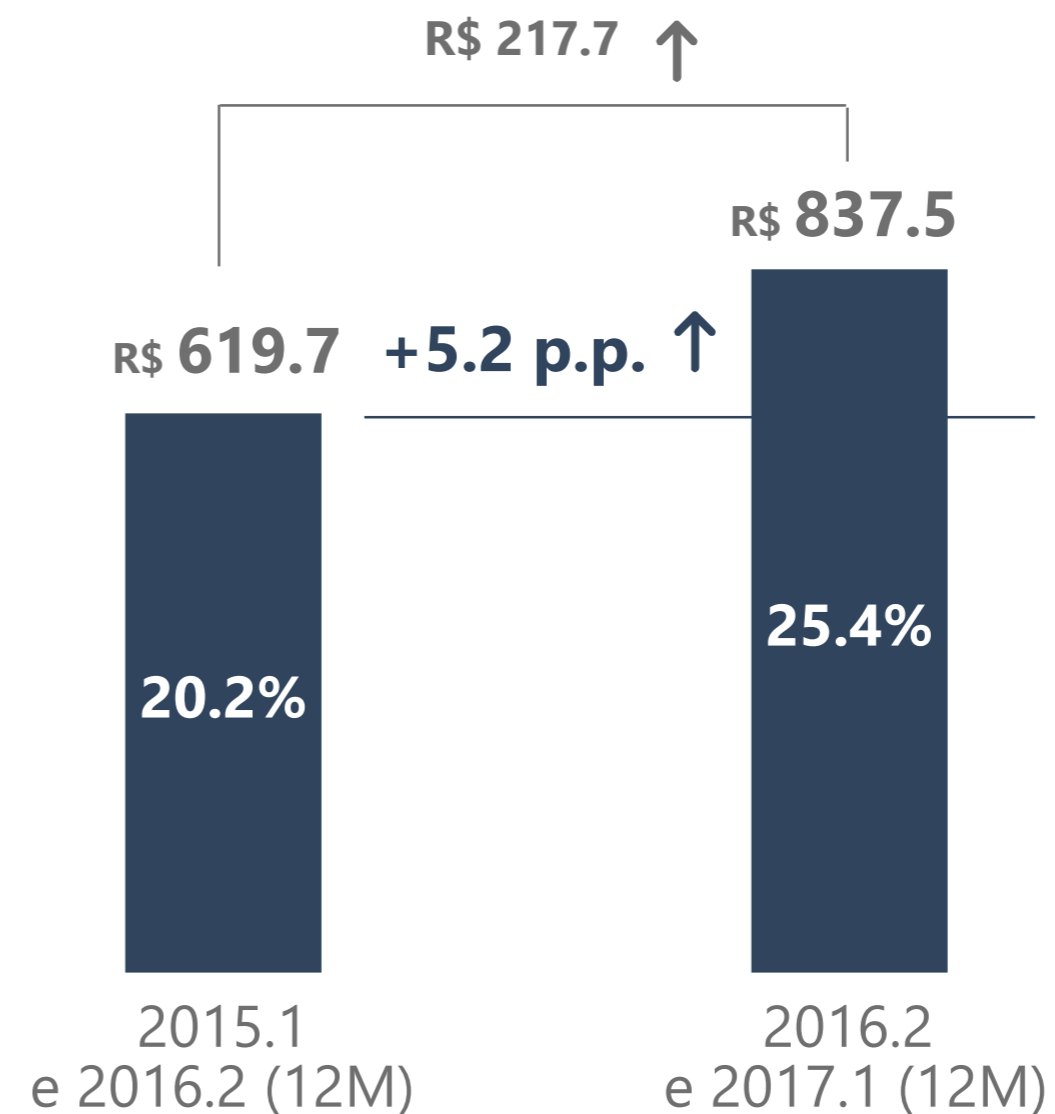
67.7%



OPERATIONAL EFFICIENCY

**100 initiatives
already mapped**

in order to reach even
more **performance
improvements**
up to the end of 2018



EBITDA

Margin
R\$ million



GROWTH DRIVERS



Launch of new distance-learning centers

131 centers are expected to be operating by the end of 2017



Mais Médicos Program

Another four Medicine units until March 2018



Inorganic Expansion (M&A)

Solid cash position to prospect assets to be acquired



Organic Expansion Pipeline

Another 10 applications already approved by the Ministry of Education for new campuses



DISCLAIMER

The content of this presentation may include expectations regarding future events and results estimated by Management. However, such forward-looking statements are not guarantee of future delivery and/or performance, given the risks and uncertainties inherent to the business environment, including the country's economic performance, the global economy, the capital market, regulatory aspects of the industry, and governmental and competitive issues, among other factors, as well as the risks presented in the disclosure documents filed by Estácio, which are subject to change without prior notice.



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