

# 1Q17

## RESULTS

### Highlights:

+ 3.8%



**Net Revenue:**

**R\$819.0**

million

+ 9.0%



**EBITDA:**

**R\$214.8**

million

+ 1.2 p.p



**EBITDA Margin:**

**R26.2%**

+ 127.4 million



**OCF:**

**R\$62.3**

million

**Average Ticket:**

**On-campus: + 17.2%**

**Distance-learning:  
+ 13.6%**


## Estácio entered 2017 focusing exclusively on its EXECUTION capacity



Transparency



Sustainable Student Base  
and Ticket Recovery



Control of



Costs

Cash



Generation

# Highlights

R\$ million	1Q16	1Q17	Chg.
Net revenue	789.3	819.0	3.8%
Cost of services	(415.2)	(399.3)	-3.8%
Selling, general and administrative expenses – Cash	(181.2)	(211.8)	16.9%
Other operating revenue	4.2	6.9	64.3%
<b>EBITDA</b>	<b>197.1</b>	<b>214.8</b>	<b>9.0%</b>
<i>EBITDA Margin (%)</i>	<i>25.0%</i>	<i>26.2%</i>	<i>1.2 p.p.</i>
(+) FIES discount rate 2%	-	6.8	N.A.
Ongoing M&A advisory services	-	1.8	N.A.
<b>Comparable EBITDA</b>	<b>197.1</b>	<b>223.4</b>	<b>13.3%</b>
<i>Comparable EBITDA Margin (%)</i>	<i>25.0%</i>	<i>27.3%</i>	<i>2.3 p.p.</i>

**New Pricing strategy:**

**Result in Net Revenue**



**Improved  
Management of  
Faculty Costs**

# Student Base

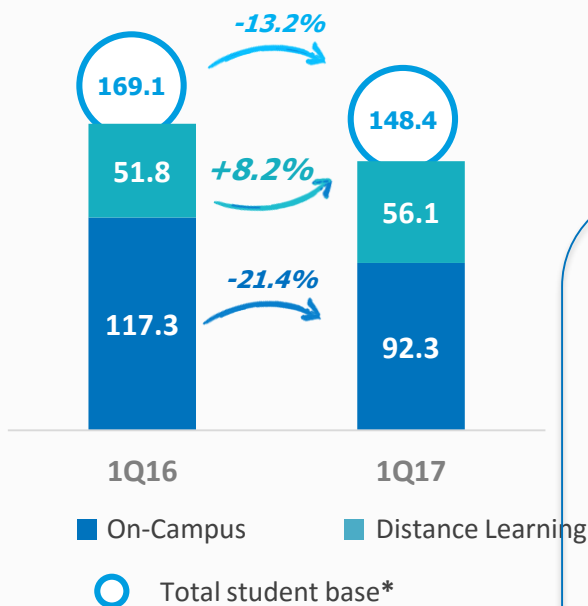
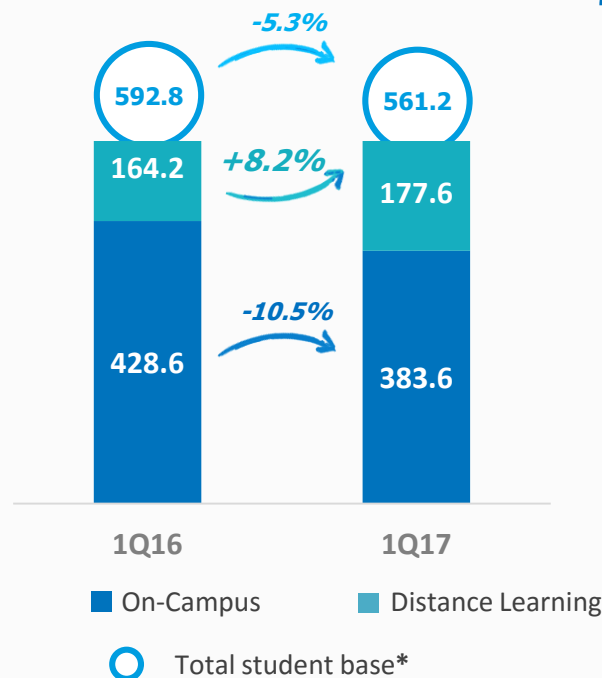
('000 students)



Estácio

## TOTAL

## 2017.1 Enrollments



Dropout of freshmen until April 2017 has reduced **23,7%**

### Intake Restructuring Process:

- Sales Force
- Change in the pricing strategy and offerings
- Launch of the Installment Payment Program (PAR)
- Regionalization of Campaigns

### Take the best advantage of the Net Present Value per Student:

Ticket recovery and students who comply with payment obligations

## ESTÁCIO INSTALLMENT PAYMENT PROGRAM:

- 1st Year: 70%
- 3º Sem.: 60%
- 4º Sem.: 50%
- Others: 40%

## 1Q2017


- 6.8 thousand students
- R\$5.4 millions of Gross Revenue paid in cash
- R\$15.1 millions of Gross Revenue paid in installments



Receba informações por e-mail: 

### ADMINISTRAÇÃO

O curso está organizado para formar administradores capazes de identificar e resolver problemas nos mais variados ambientes de instituições públicas e privadas. Na estrutura, os alunos contam com bibliotecas física e virtual, web aula, laboratórios de informática e corpo docente qualificado e com larga experiência profissional.

 Tipo de Formação: **BACHARELADO**  Duração: **4 anos**



Parcele até **70% das suas mensalidades** e pague sem juros no dobro do tempo.<sup>1</sup>

# Average Ticket

(In Brazilian reais)

## Total Average Ticket

On-Campus	1Q16	1Q17	Chg.
Undergraduate	596.9	697.2	16.8%
Graduate	242.7	264.3	8.9%
Total	572.8	671.5	17.2%

Distance Learning	1Q16	1Q17	Chg.
Undergraduate	186.6	212.3	13.8%
Graduate	153.1	174.3	13.9%
Total	183.2	208.2	13.6%

### Intake Average Ticket:

Increased approximately 30% in 1Q17

- Change in the pricing strategy and offerings
- Students' net present value is substantially higher than that of students enrolled in previous cycles
- Higher net revenue from intakes

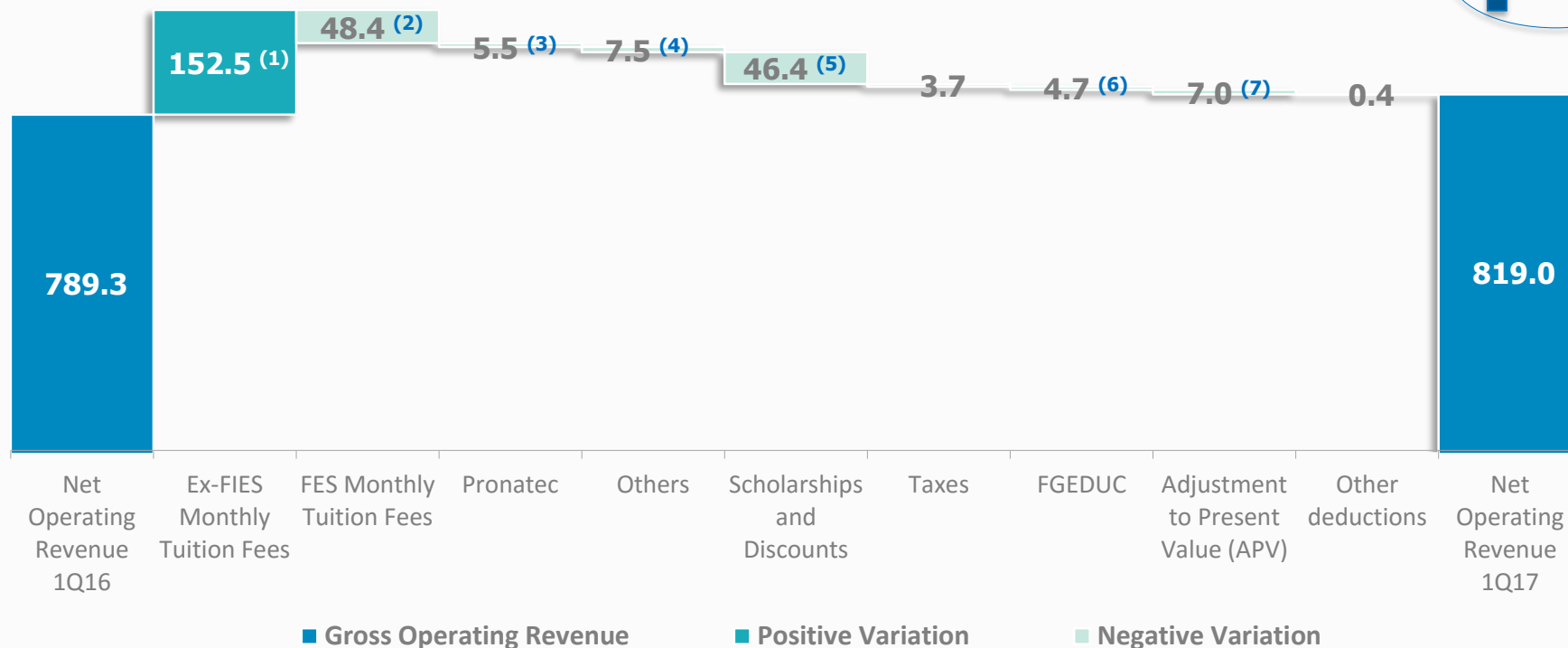
# Net Revenue

(R\$ million)



**Estácio**

**↑ + 3.8%**



- (1) 21% higher due to increase in average ticket
- (2) 9% lower due to FIES base reduction
- (3) Graduation of the last students
- (4) End of the Rio 2016 project

- (5) Change in the pricing strategy
- (6) 2% retention of net revenues from FIES contracts
- (7) Deductions from gross operating revenue: APV PAR



# Operating Costs

(% of Net Operating Revenue)

Vertical Analysis	1Q16	1Q17	Chg.
Cash Cost of Services	-52.6%	-48.8%	3.8 p.p.
Personnel	-41.4%	-37.6%	3.8 p.p.
Rent, condominium fees and municipal property tax	-7.5%	-7.7%	-0.2 p.p.
Textbook materials	-0.6%	-0.4%	0.2 p.p.
Third-party services and others	-3.0%	-3.0%	0.0 p.p.

## Main Measures in the Management of Faculty Costs:

- 20% of the classes are available online in the on-campus courses
- Increase in the number of students in distance-learning classes
- Offering of directed study classes in the distance-learning segment
- Offering of online Term Paper (TCC) modules
- Earlier classes in night courses



# Operating Expenses

(% of Net Operating Revenue)

Vertical Analysis	1Q16	1Q17	Chg.
<b>Selling Expenses</b>	<b>-11.1%</b>	<b>-13.6%</b>	<b>-2.5 p.p.</b>
PDA	-3,6%	-5,4%	-1,8 p.p.
PDA PAR	-	-0.5%	N.A.
Marketing	-7.5%	-7.8%	-0.3 p.p.
<b>G&amp;A Expenses</b>	<b>-11.9%</b>	<b>-12.2%</b>	<b>-0.4 p.p.</b>
Personnel	-5.5%	-5.9%	-0.5 p.p.
Other	-6.4%	-6.3%	0.1 p.p.
<b>Other Operating Revenue/Expenses</b>	<b>0.5%</b>	<b>0.8%</b>	<b>0.3 p.p.</b>

## Main Impacts:

- **PDA:** Due to 2H16 default (mainly from students who lost FIES)
- **Personnel and G&A Expenses:** Increase in bonus provisioning

# Net Income

(R\$ million)

R\$ million	1Q16	1Q17	Chg.
EBITDA	197.1	214.8	9.0%
Financial Result	(11.9)	(31.0)	160.5%
Depreciation and Amortization	(48.5)	(52.9)	9.1%
Social Contribution	(2.3)	(2.5)	8.7%
Income Tax	(6.4)	(6.5)	1.6%
<b>Net Income</b>	<b>128.0</b>	<b>121.8</b>	<b>-4.8%</b>

## Main Impacts:

**Financial Result:** R\$19.1 million increase

- Revenue from the restatement of FIES accounts receivable
- Investment income
- Interest and financial charge expenses

# Average Receivables Days

## Average Receivables Days – Non-FIES

R\$ million	1Q16	1Q17
Accounts Receivable Net of non-APV	1,392.2	1,307.7
Non-FIES Accounts Receivable and APV	378.5	384.1
Non-FIES Net Revenue	1,697.4	1.990,8
Average non-FES Receivables Days	80	69

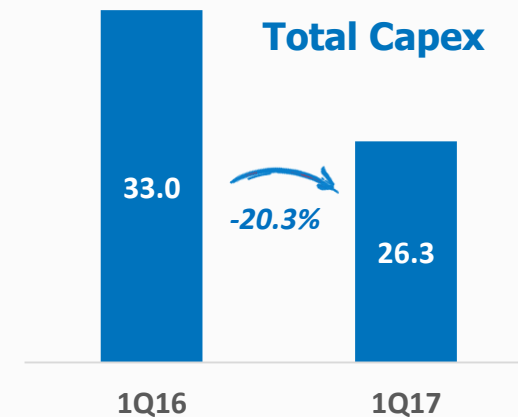
**Maintain the Focus on Improving Collection Campaigns**

## Average Receivables Days - FIES

R\$ million	1Q16	1Q17
FIES Accounts Receivable	1,013.8	923,5
FIES Revenue (last 12 months)	1,444.2	1,398.1
FGEDUC Deductions (last 12 months)	(74.3)	(92.1)
Taxes (last 12 months)	(53.1)	(54,0)
FIES Net Revenue (last 12 months)	1,316.8	1.223,5
Average FIES Receivables Days	277	272

# Capitalization and Cash

R\$ million	03/31/2016	03/31/2017
Shareholders' Equity	2,700.3	2,559.5
Cash and Cash Equivalents	362.3	458.1
Gross Debt	(931.1)	(1,171.6)
Loans and Financing	(813.2)	(1,041.0)
Commitments Payable (acquisitions)	(99.2)	(115.3)
Taxes Paid in Installments	(18.7)	(15.2)
Cash / Net Debt	(568.9)	(713.5)



## Capex

R\$ million	1Q16	1Q17	Chg.
Maintenance	16.4	13.0	-20.4%
Discretionary and Expansion	16.6	13.3	-20.3%
<b>Total CAPEX</b>	<b>33.0</b>	<b>26.3</b>	<b>-20.3%</b>

R\$ million	1Q16	1Q17
<b>Profit before taxes and after results from discontinued operations</b>	<b>136.7</b>	<b>130.9</b>
Adjustments to reconcile profit to cash and cash equivalents	123.2	141.7
Changes in assets and liabilities	(291.3)	(183.6)
Net cash provided by (used in) operating activities	(31.4)	89.1
Acquisition of fixed assets	(14.3)	(15.8)
Acquisition of intangible assets	(19.3)	(11.0)
<b>Operating Cash Flow (OCF)</b>	<b>(65.1)</b>	<b>62.3</b>
Cash flow from investing activities	(8.7)	-
Cash flow from financing activities	(257.8)	(8.2)
Net cash provided by (used in) financing activities	(331.5)	54.1
EBITDA	197.1	214.8
Net cash provided by (used in) operating activities / EBITDA	-15.9%	41.5%
<b>OCF / EBITDA</b>	<b>-23.2%</b>	<b>34.1%</b>

## Our vision...

1. Better quality students base with a better ticket and more sustainable dropout and PDA indicators;
2. Continuous execution of cost control;
3. Cash generation remains a fundamental pillar;
4. Ongoing implementation of a Compliance program, in order to a better practices of Corporate Governance;
5. Academic Excellence.



# Leadership Meeting 2017

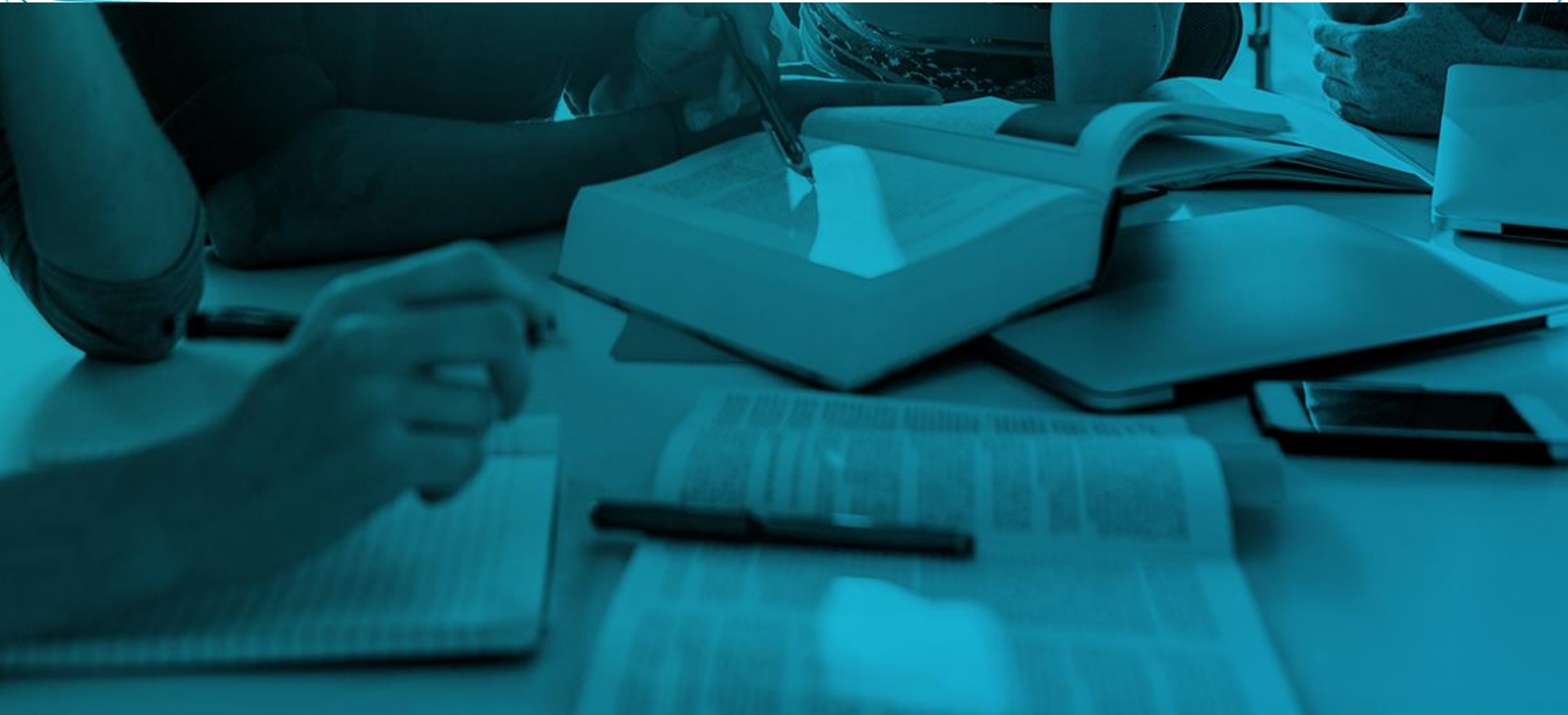
Organizational  
Climate

Motivation





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