EARNINGS RELEASE 4Q18 & 2018

Santa Cruz Campus(RJ)

DISCLAIMER

Estácio

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Rio de Janeiro, March 14, 2019 - **Estácio Participações S.A.,** one of the largest private organizations in the higher education industry in Brazil presents its **results for the fourth quarter of 2018 (4Q18) and for the year 2018.**

The Company's financial information is presented based on the consolidated figures, in Brazilian Reais, pursuant to Brazilian Corporate Law, the accounting practices adopted in Brazil (BRGAAP) and International Financial Reporting Standards (IFRS), unless otherwise stated. **Comparisons refer to the third quarter of 2017 (4Q17) and for the year 2018, unless otherwise stated** and were not reviewed by the audit.

This document may contain forward-looking statements, which are not based on historical facts, and reflect Management's beliefs and expectations. These forecasts express their opinion only on the date they were made and the Company does not required to update them.

EARNINGS CONFERENCE CALL:

March 15th, 2019 09:00 a.m. (BRT) | 08:00 (EST)

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MESSAGE FROM MANAGEMENT

2018 was an important milestone for Estácio. Despite the scenario of great economic uncertainty and slow recovery, the Company once again proved it can deliver solid results, which motivates us to continue evolving in 2019.

Throughout the year, we noticed significant results of the plan implemented at the end of 2017, highlighting three main fronts: (i) Organizational restructuring including faculty; (ii) Review of our teaching model (examples: sharing of subjects among different courses, alternative curriculum, academic recovery classes, among others); (iii) Projects for cost efficiency and reduction.

Following these guidelines, in 2018, the Company implemented several actions that led to significant results.

Among the initiatives, **we can highlight the introduction of DIS (Solidary Dilution),** a modality that allowed the Company to access part of the revenue from the first monthly tuitions of new students, which were previously granted with full or partial discount. In the first year of the DIS, we've noticed a solid adoption of the program, corresponding to around 80% of this year's intake, while the dropout rate remained within the Company's estimates.

We also must highlight our own student funding program (PAR), which ended the year corresponding to ~5% of the student base. These actions helped us **preserve our average ticket during the intake season.**

In addition, the Company expanded and brought more visibility to the **Flex Distance Learning segment**, a Distance Learning modality, which is entirely digital but includes on-campus laboratory practical activities, thus bringing together the flexibility of the distance learning and the on-campus experience. Although recent, the model has been well accepted and will be improved and expanded throughout 2019. The flex modality also helps the distance learning revenue since it has a higher average ticket than the 100% Distance learning modality.

In operational terms, we must highlight the **solid expansion of the Distance Learning segment**, with net addition of 323 new centers, totaling 607 on YE '18. The company also launched 49 new courses and over 25 thousand offers, almost three times more than on YE '17.

The on-campus segment grew with the delivery of 3 medical campuses in partnership with the **Mais Médicos I Program**. We also opened three new Greenfields and close to 250 new offers, a 20% increase over YE'17. Additionally, as a subsequent event, Estácio announced that on January, 2019, the company signed the commitment term to open three new medical campuses linked to the **Mais Médicos II Government Program**. These new medical campuses are expected to open by the end of the first semester of 2020. The significant expansion of Medicine courses reinforces Estácio's position as the largest operator of medicine courses (student base).

Estácio reached a new level of efficiency in cost/expenses through several initiatives launched in 2018.

As a result, net revenues reached R$3,619.4 million, a 7.1% increase over 2017. Together with the greater cost efficiency, our Adjusted EBITDA achieved a solid growth of 22.3% YoY, totaling R$1,154.8 million with an adjusted EBITDA margin of 31.9%, an increase of 4.0p.p. The net income grew by 51.9% YoY, reaching R$644.9 million. Lastly, our Operating Cash Flow (OCF before CAPEX) totaled R$1,056.7 million, 16.4% higher than the prior year. Therefore, EBITDA to OCF conversion, was 73.9% in 2018 (adjusted for the PN-23 installment).

During 2019, we will face challenges such as (i) the macroeconomic scenario, (ii) a large number of FIES students graduating and (iii) an increase in bad debt provisioning due to changes in the student base mix (decrease in FIES students, increase in DIS, PAR and distance learning students). Notwithstanding the difficulties, we are prepared to face them and deliver superior results to our stakeholders**. Our resources will be focused on improving our student and teacher experience and to generate improvements in revenues:** we've made advances in the recruitment and retention process and we will accelerate even further the expansion of the Distance Learning and Flex modalities through the launching of new courses and the maturation of new distance learning centers. We will also benefit from the expansion of our health courses with the maturation of the new campuses approved through Mais Médicos I and II. And **when it comes to costs/expenses** (excluding bad debt), we will seek to maintain the efficiency gains achieved during 2018, while capturing the full year results throughout 2019.

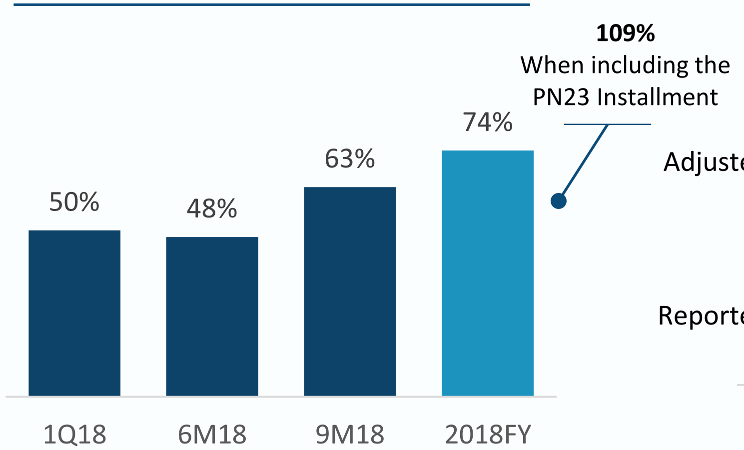
Lastly, we'll adopt a proactive regulatory stance to be at the forefront of changes that affect our segment and we'll work on our strategic positioning to become the smartest choice in the opinion of the market and of our students.

HIGHLIGHTS

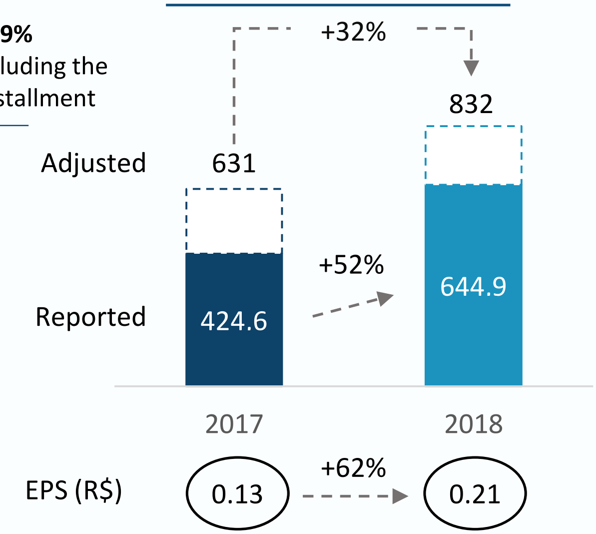
Financial Indicators (R$ MM)	4Q17	4Q18	Δ%	2017	2018	Δ%
Net Revenues	**838.5**	**867.0**	**3.4%**	**3,379.0**	**3,619.4**	**7.1%**
Gross Revenues	**347.9**	**410.8**	**18.1%**	**1,601.9**	**1,986.6**	**24.0%**
Gross Margin	*41.5%*	*47.4%*	*5.9 p.p.*	*47.4%*	*54.9%*	*7.5 p.p.*
Adjusted EBITDA (1)	**238.5**	**253.1**	**6.1%**	**944.0**	**1,154.8**	**22.3%**
Adjusted EBITDA Margin (1)	*28.4%*	*29.2%*	*0.7 p.p.*	*27.9%*	*31.9%*	*4.0 p.p.*
Net Income	**(12.8)**	**16.3**	**N.A.**	**424.6**	**644.9**	**51.9%**
Net Margin (%)	*-1.5%*	*1.9%*	*N.A.*	*12.6%*	*17.8%*	*5.3 p.p.*
Adjusted Net Income (1)	**180.3**	**180.8**	**0.3%**	**630.8**	**832.3**	**31.9%**
Adjusted Net Income Margin (1)	*21.5%*	*20.9%*	*-0.7p.p*	*18.7%*	*23.0%*	*4.3p.p*

- **Net operating revenue** totaled R$867.0 in 4Q18, a 3.4% increase over 4Q17. In the year, the net revenue totaled R$3,619.4 million, a 7.1% increase over 2017.
- **Adjusted EBITDA** totaled R$253.1 million in 4Q18, a 6.1% increase over the previous year, with an EBITDA Margin of 29.2%. Year-over-year, the margin reached 31.9%, a 4.0 p.p. increase, totaling R$1,154.8 million, up 22.3% over 2017.
- 4Q18 **student base** was of 517.8 thousand students, a 0.5% increase over 4Q17, mainly due to the 19.0% growth in the Distance Learning student base.
- 4Q18 **Average Ticket** of the on-campus modality totaled R$811.8, a 10.8% increase over 4Q17. The distance learning segment had a 5.1% increase over 4Q17, totaling R$241.5.

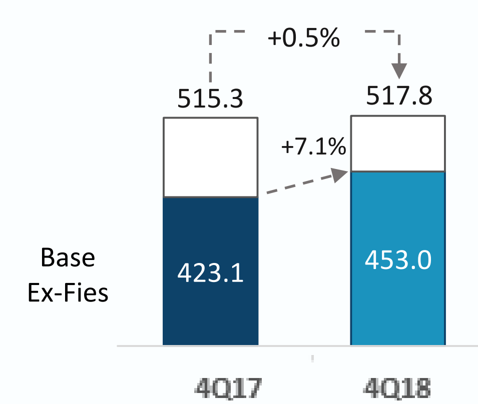
Cash Conversion (2) (R$MM)



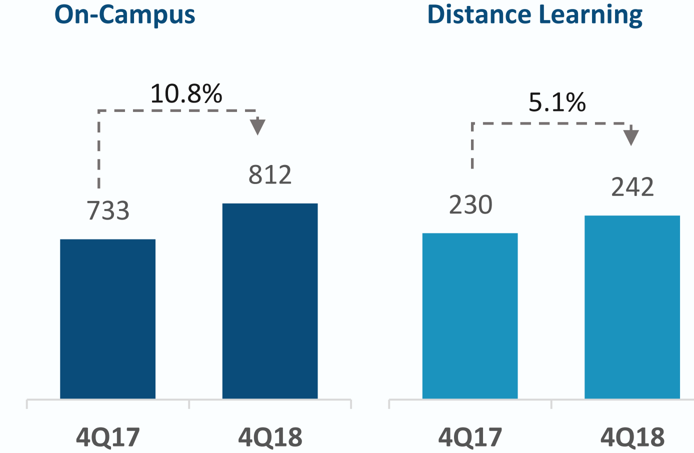
Net Income (R$MM)



Total Base ('000)



Average Ticket



(1) Adjustment of non-recurring expenses detailed in the EBITDA section

(2) Operating Cash Flow/Adjusted EBITDA, excluding the part received from FIES (PN23): R$~342Mln (3Q18)

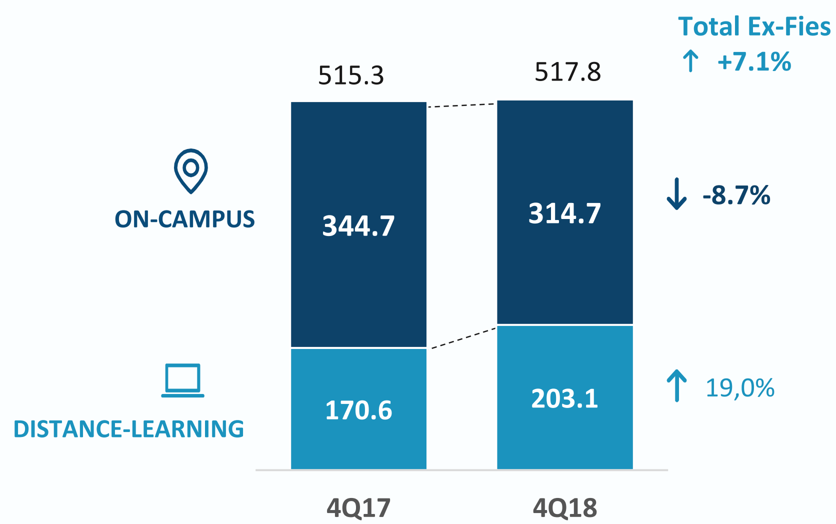
STUDENT BASE

Total (thousand)	4Q17	4Q18	Δ %
Total Student Base	**515.3**	**517.8**	**0.5%**
Total non-FIES	423.1	453.0	7.1%
Undergraduate	**441.7**	**441.6**	**0.0%**
Total DIS [a + b]	-	136.0	N.A.
Graduate	**73.6**	**76.2**	**3.5%**
Own	35.6	32.8	-7.8%
Partnerships	38.0	43.4	14.1%

On-campus (thousand)	4Q17	4Q18	Δ %
Total On-Campus	**344.7**	**314.7**	**-8.7%**
Undergraduate	**314.1**	**285.4**	**-9.1%**
Out-of-pocket	211.3	205.7	-2.7%
FIES	92.2	64.8	-29.7%
PAR	10.6	15.0	41.2%
Total On-Campus DIS [a]	-	67.5	N.A.
Undergraduate non-FIES	**221.9**	**220.7**	**-0.6%**
Graduate	**30.6**	**29.3**	**-4.4%**
Own	19.6	16.0	-18.5%
Partnerships	11.0	13.3	20.8%

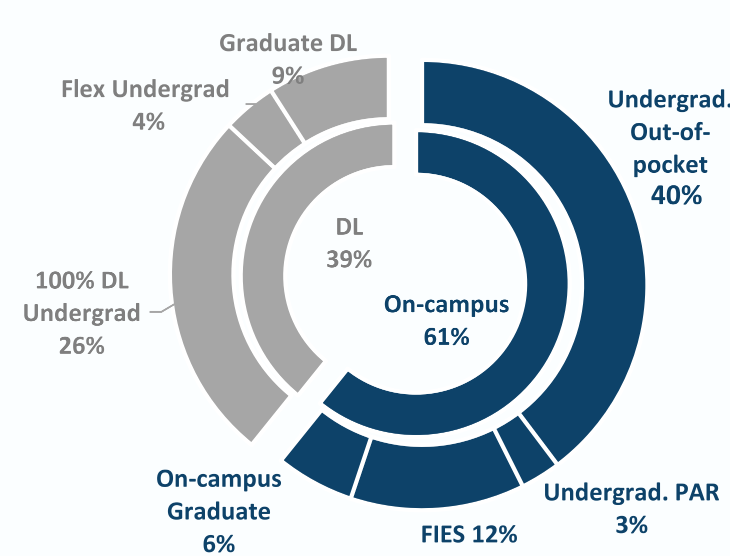
Distance-learning (thousand)	4Q17	4Q18	Δ %
Total Distance-Learning	**170.6**	**203.1**	**19.0%**
Undergraduate DL+ Flex	**127.6**	**156.1**	**22.4%**
Total DL DIS [b]	-	68.4	N.A.
100% Distance-Learning	112.5	135.5	20.5%
DIS	-	58.5	N.A.
Distance-Learning – Flex	15.1	20.6	36%
DIS	-	9.9	N.A.
Graduate	**43.0**	**46.9**	**9.1%**
Own	16.0	16.8	5.2%
Partnerships	27.0	30.1	11.4%

Total Student Base (thousand)

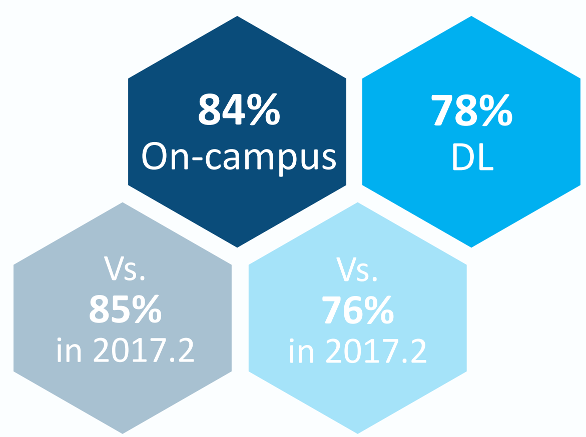


% DL BASE	33%	→	39%

Student Base per Segment



Retention Rate 2S18 vs 2S17



CHANGES IN THE UNDERGRADUATE BASE (1/2)

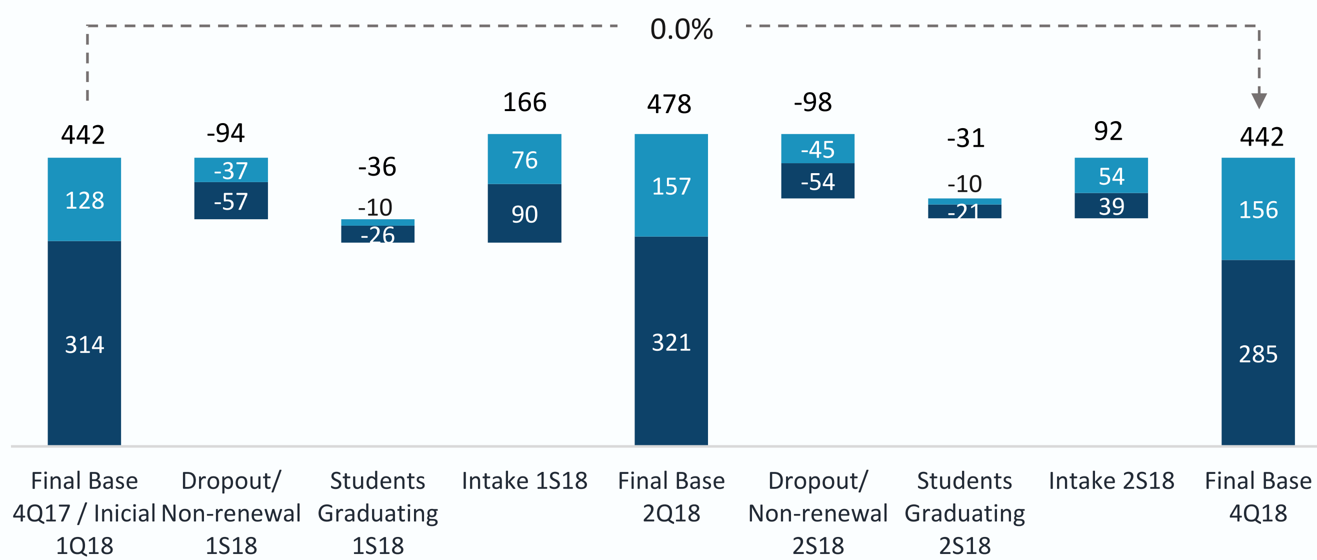
In thousands	Final 4Q17	Inicial 4Q18	Students Graduating	Dropout/Non-renewal	4Q18 Intake	Final 4Q18	Base Y/Y
Undergraduate	**441.7**	**450.3**	**(0.6)**	**(9.0)**	**0.9**	**441.6**	**0.0%**
On-Campus	**314.1**	**287.8**	**-**	**(2.9)**	**0.5**	**285.4**	**-9.1%**
FIES	92.2	64.7	-	(0.3)	0.5	64.9	-29.6%
PAR	10.6	15.4	-	(0.4)	-	15.0	41.2%
Out-of-Pocket	211.3	207.7	-	(2.2)	-	205.6	-2.7%
DIS		*70.4*	-	*(2.9)*	-	*67.5*	*N.A.*
100% DL + FLEX	**127.6**	**162.5**	**(0.6)**	**(6.2)**	**0.4**	**156.1**	**22.3%**
100% DL	113.3	140.9	(0.6)	(5.1)	0.4	135.5	19.6%
DIS		*62.2*	-	*(3.7)*	-	*58.5*	*N.A.*
FLEX DL	14.3	21.6	-	(1.0)	-	20.6	44.1%
DIS		*10.9*	-	*(1.0)*	-	*9.9*	*N.A.*
Total DIS		143.5	-	(7.5)	-	136.0	N.A.

Retention Rate	2017.2	2018.2
On-campus Undergraduate	85.3%	84.2%
Distance-learning Undergraduate	76.3%	77.7%

The **retention rate of the on-campus segment in the second half of 2018 was of 84.2%,** a 1.1 p.p. decrease over 2017.2, a satisfactory result when considering the challenging scenario of reduction of the FIES student base (-30% yoy), students that have lower dropout rate when compared to the others in the base, as well as a more challenging recruitment cycle in 2018.

The **retention rate of the Distance Learning segment** improved in the semester, compared to 2017.2, reaching 77.7%. Throughout 2019 the company will implement Loyalty and Retention Initiatives designed throughout 2018 (see Efficiency Projects section).

Changes In The Undergraduate Base 2018

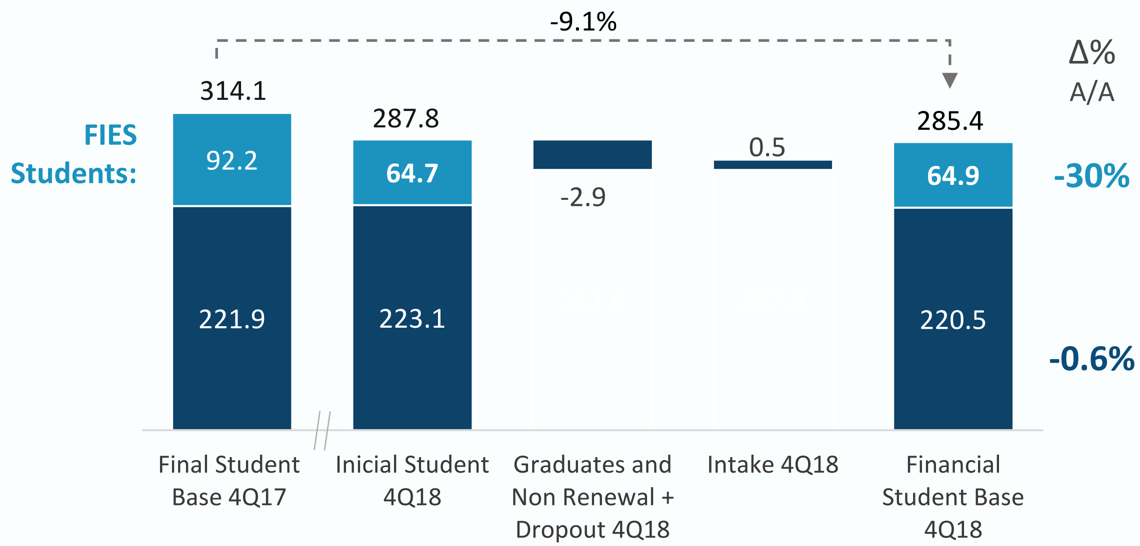


DISTANCE-LEARNING +22.3%
4Q17 vs 4Q18

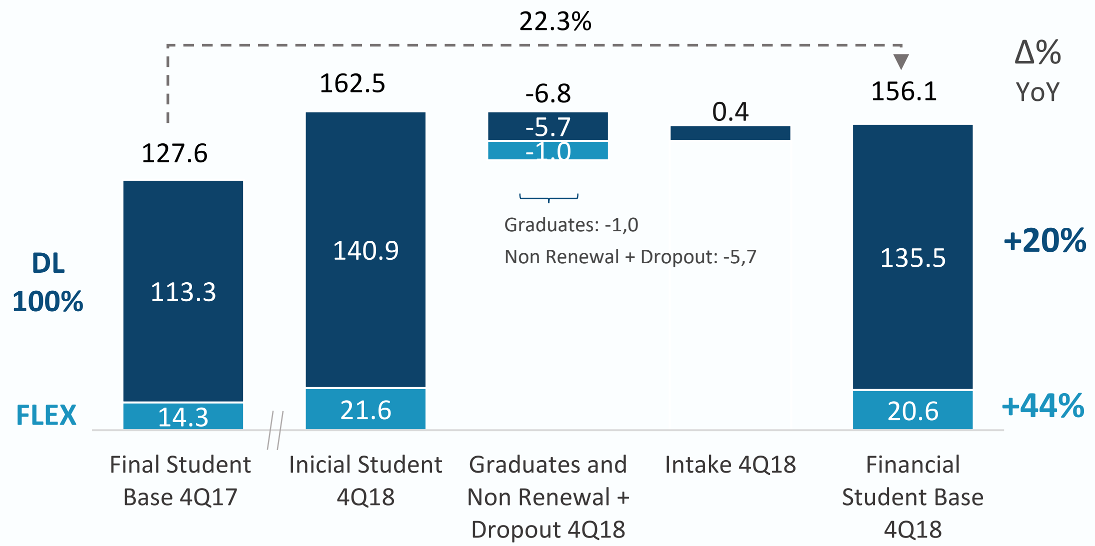
ON-CAMPUS -9.1%
4Q17 vs 4Q18

CHANGES IN THE UNDERGRADUATE BASE (2/2)

ON-CAMPUS UNDERGRADUATE ('000)



DISTANCE-LEARNING UNDERGRADUATE ('000)



The **On-campus Undergraduate** students totaled 285.4 thousand students at the end of 4Q18, down 9.1% over 4Q17, mainly due to the 30% decrease in the FIES student base and a more challenging recruitment cycle in 2018.

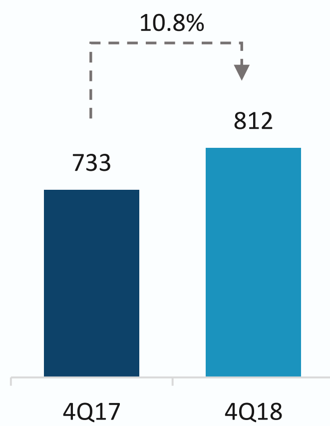
Excluding the total of FIES students, the base of undergraduate students was down 0.6% over 4Q17.

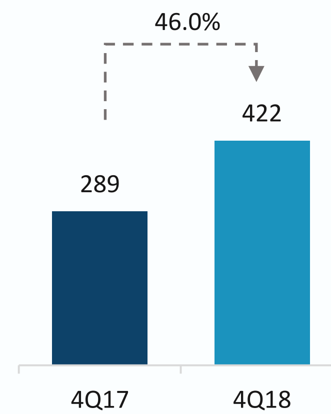
The **Undergraduate Distance Learning** student base grew by 22.3% over 4Q17, totaling 156.1 thousand new students, vastly influenced by the expansion of new Distance Learning poles (more details in the Campuses/Poles section).

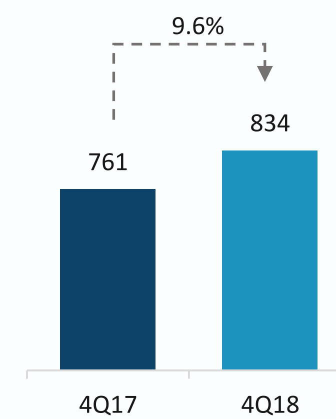
The highlight of the Distance Learning segment was the **Flex Modality**, which grew by 44% over 4Q17, totaling 20.6 thousand students. The **100% Distance Learning** base grew by 20% over 4Q17, totaling 135.5 thousand new students.

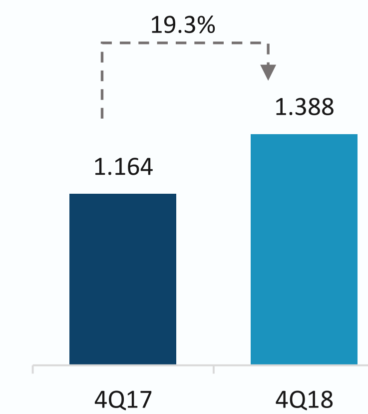
ON-CAMPUS AVERAGE TICKET

	Total On-Campus			Graduate[1]			Undergraduate			PAR Undergraduate		
	4Q17	4Q18	Δ%	4Q17	4Q18	Δ%	4Q17	4Q18	Δ%	4Q17	4Q18	Δ%
Student Base (thousand) [a]	333.7	301.4	-9.7%	19.6	16.0	-18.5%	314.1	285.4	-9.1%	10.6	15.0	41.2%
Net Revenue (R$ MM) [b]	733.7	734.1	0.1%	17.0	20.2	19.0%	716.7	713.9	-0.4%	37.0	62.4	68.5%
Average Ticket (R$) **([b]*1000) / 3 / [a]**	**732.9**	**811.8**	**10.8%**	**289.1**	**422.2**	**46.0%**	**760.6**	**833.6**	**9.6%**	**1,163.5**	**1,388.3**	**19.3%**









Undergraduate Courses: the average ticket grew by 9.6% over 4Q17, to R$833.6, mainly due to the DIS, the stricter pricing policy and the readjustment of monthly tuitions of senior students, in line with Company's cost inflation.

Graduate Courses: the segment managed to leverage the ticket, which grew by 46.0% over 4Q17, to R$422.2.

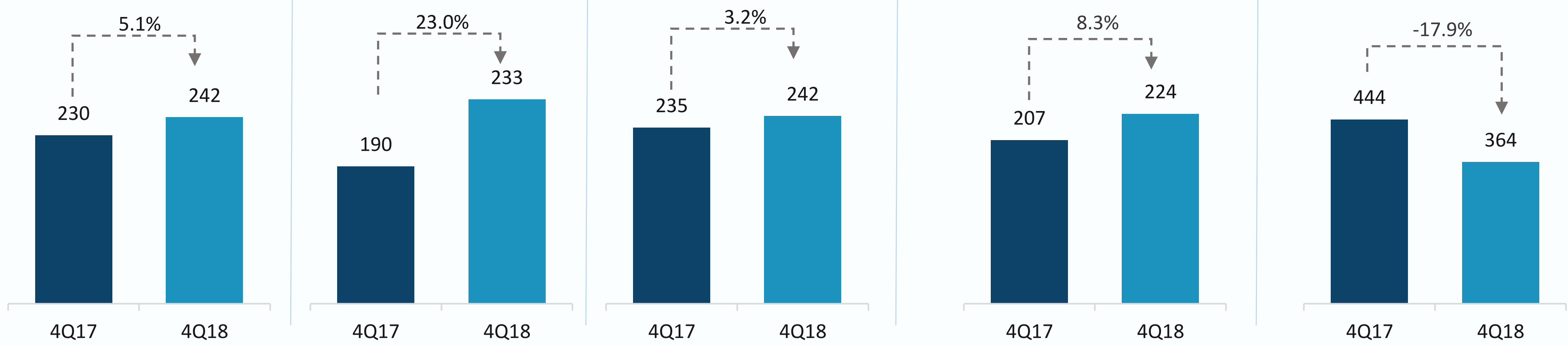
PAR Undergraduate Courses: grew by 19.3% in 4Q18 over 4Q17, also due to the readjustment of the monthly tuitions and the course mix.

After concluding the Pricing project (see Efficiency Projects section), the company gained intelligence and speed to launch campaigns, manage scholarships and pricing strategy, making the best decisions, considering the strengths and weaknesses of each course/unit, as well as competition. We continue to focus on the maintenance of the base through actions of loyalty development and retention programs that will be implemented throughout 2019 after concluding the loyalty development project (see section Efficiency Projects), as well as through the creation of new offers (+340 new offers throughout 2019 mainly in the areas of health, exact sciences and engineering).

[1] *Excludes the graduate segment's students and revenue from partner institutions not to distort the analysis..*

DISTANCE LEARNING AVERAGE TICKET

	Total DL			Graduate(1)			Undergraduate [1+2]			Undergraduate 100% [1]			Undergraduate Flex [2]		
	4Q17	4Q18	Δ%	4Q17	4Q18	Δ%	4Q17	4Q18	Δ%	4Q17	4Q18	Δ%	4Q17	4Q18	Δ%
Student Base (thousand) [a]	143.6	173.0	20.5%	16.0	16.8	5.2%	127.6	156.1	22.4%	112.5	135.5	20.5%	15.1	20.6	36.2%
Net Revenue (R$ MM) [b]	99.0	125.3	26.6%	9.1	11.8	29.4%	89.9	113.6	26.3%	69.8	91.0	30.5%	20.1	22.5	11.8%
Average Ticket (R$) ([b]*1000) / 3 / [a]	**229.8**	**241.5**	**5.1%**	**189.6**	**233.2**	**23.0%**	**234.8**	**242.4**	**3.2%**	**206.7**	**223.9**	**8.3%**	**443.6**	**364.2**	**-17.9%**



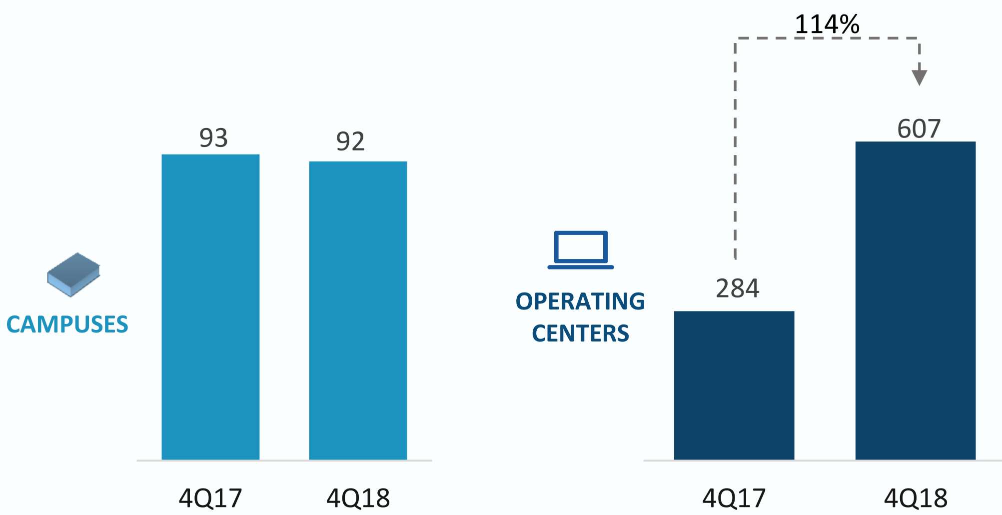
Undergraduate 100% DL: grew by 8.3% in 4Q18 over 4Q17, reaching R$223.9. The strategy is focused on expanding the poles and the student base, as well as reviewing the price by region, courses and classes.

Flex Undergraduate Courses: the average ticket decreased 17.9% over 4Q17, totaling R$364.2. Flex is a product that brings together the on-campus modality, the use of laboratories and the flexibility of the distance learning modality. The decrease observed this quarter can be explained by the repositioning of this product in some courses. Flex has been gaining more and more representation in our student base and should benefit from new courses and offers of this modality as of 2019.

The segment of **DL Graduate Courses** grew 23.0%, totaling R$233.2, mainly due to the readjustment of monthly tuitions.

(1) Excludes the graduate segment's students and revenue from partner institutions not to distort the analysis..

Total Campuses and Centers



Campuses and Active DL Centers

In the on-campus segment, we ended the year with 92 units, one less when compared to 4Q17. The final number is the result of opening 6 new units and merging 7 campuses, where opportunities for operational efficiency were identified.

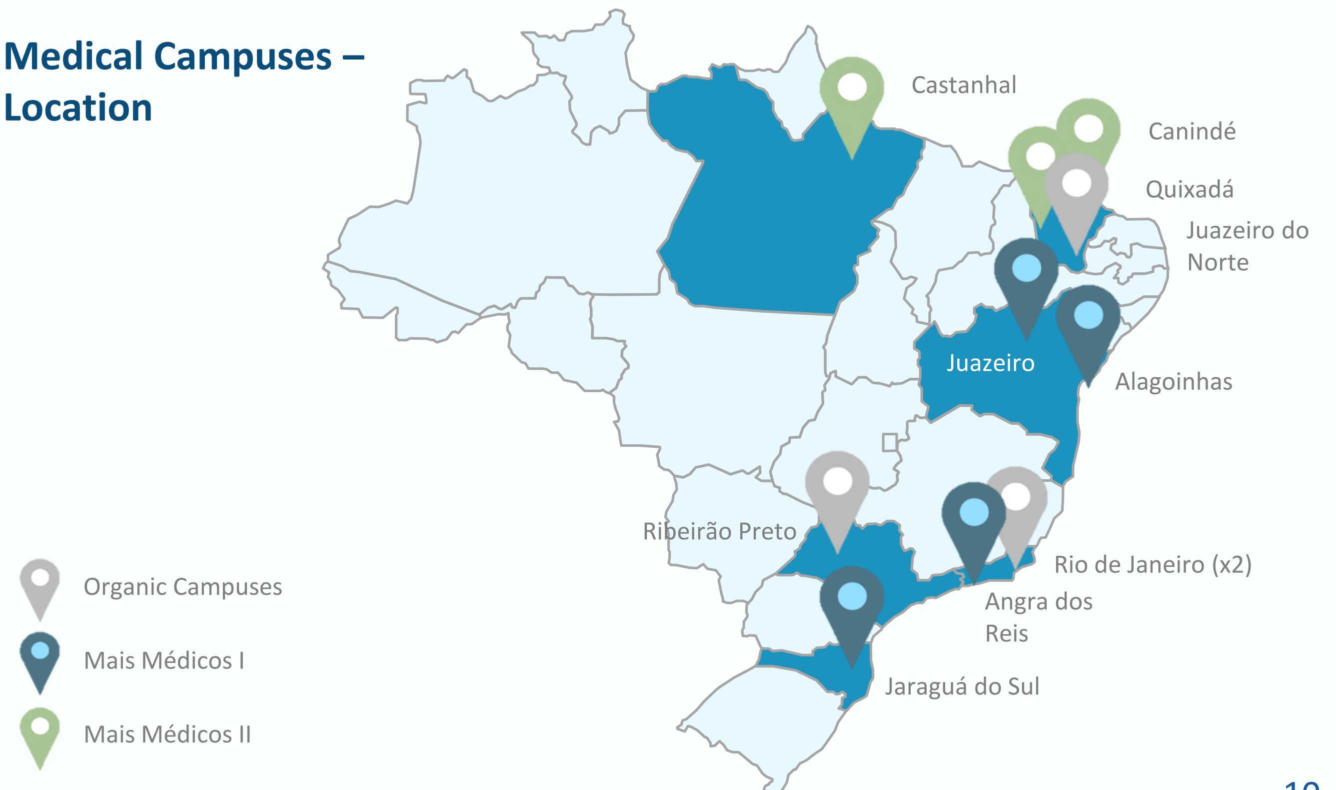
At the same time, we continue with a strong expansion in the number of Distance Learning centers. Throughout the year, 323 new poles were activated - of the total of 350 authorized by MEC, showing the solid implementation and strong commitment with our strategy to expand the offer of affordable higher education with quality.

Mais Médicos II Program: 3 new Campuses

In the end of 2018, Estácio was authorized to implement three new Medicine courses connected to the Mais Médicos Program, in the cities of Castanhal (PA), Canindé (CE) and Quixadá (CE). These Units will join the eight existing Medicine courses, four of them achieved in the first edition of Mais Médicos.

The significant expansion of Medicine courses reinforces Estácio's position as the largest operator of medicine courses (student base), as well as an important vehicle to expand the on-campus segment given the possibility of increasing the portfolio of health courses after these units mature. For example, the Alagoinhas campus (Mais Médicos I) has requested authorization from the Ministry of Education to offer Physiotherapy and Nursing courses.

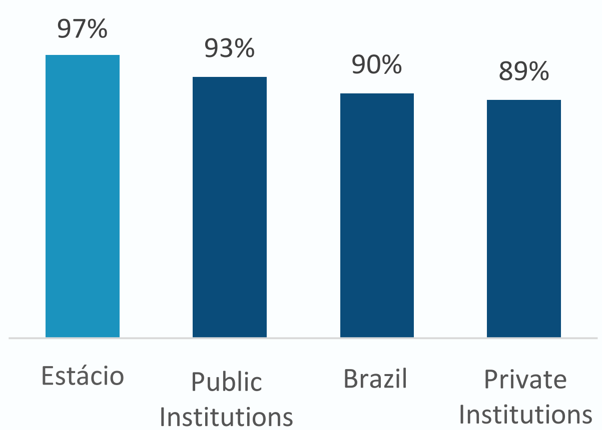
Medical Campuses – Location



QUALITY INDICACATORS

CPC 2015-'17

% of Intitutions with Satisfactory Grade (MEC)



At **IGC level, every Estácio institution (IES)** scored satisfactory grade considering Ministry of Education metrics (≥3) in the period of 2015-17.

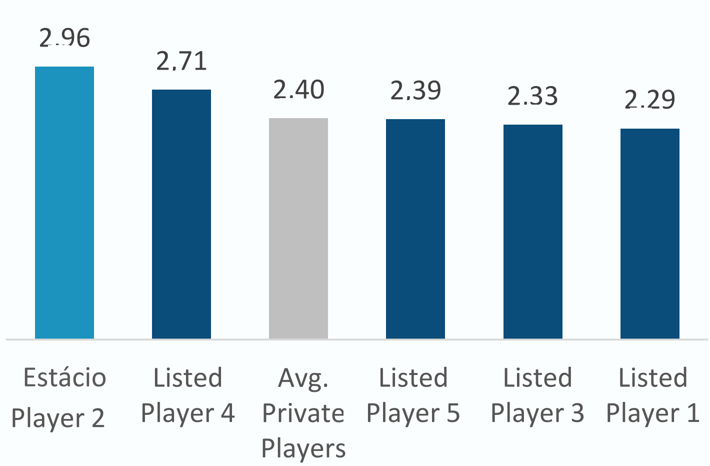
IGC = General Course Index; weighted average of the institutions CPCs by the number of enrollments in each course.

CPC = Preliminary Course Score; calculated according the weighted average of eight metrics, includes Enade evaluation, IDD, faculty structure and student's opinion.

IDD = Measures student performance evolution based on the difference from ENADE and ENEM scores and socioeconomic factors.

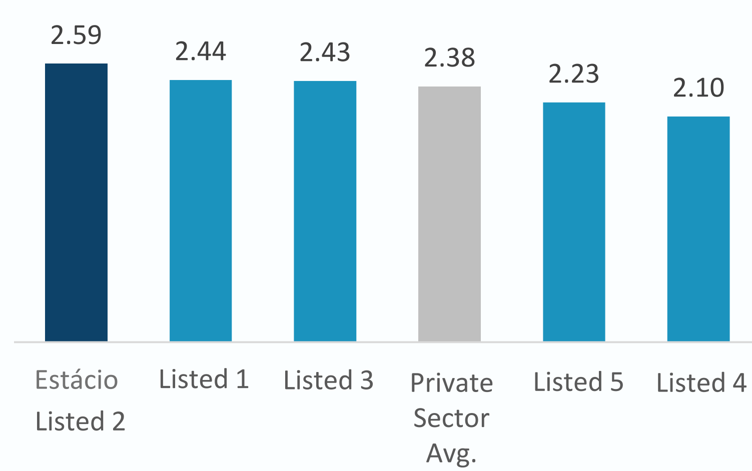
EAD: CPC '15-'17

Average CPC weighted by student base



EAD: IDD '15-'17

Weighted average by student base per course



(1) Average CPC from all private institutions weighted by student base per course.
Source: Inep/Ministry of Education

One of the main pillars of Estácio is the teaching quality, an element that directly affects our students' satisfaction, the brand's dissemination and the expansion strategy. This year we had new metrics of the main quality indicators of the segment. This quarter we highlight the **Course Preliminary Concept (CPC)**, a metric assigned to each course evaluated and including several important factors, such as IDD and ENADE.

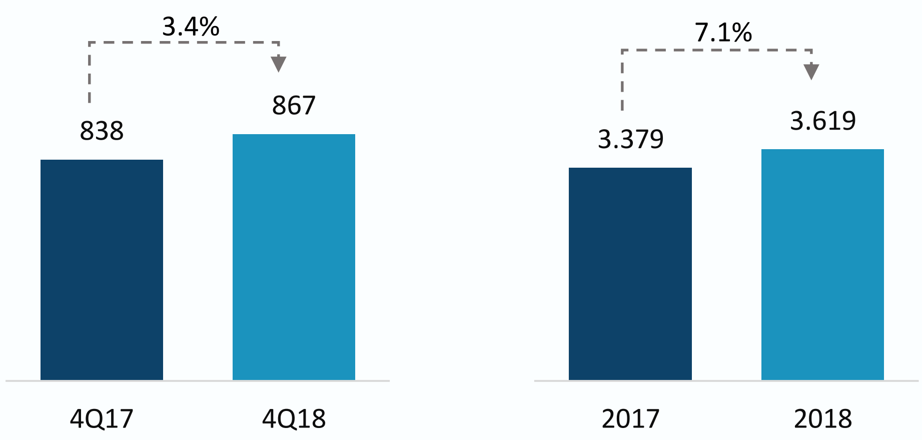
Estácio stands out in the different elements of this indicator reaching **97% of the courses with a satisfactory score (≥3)** in the weighted average in 2015-17, above the average of the private institutions and the average of Brazilian institutions of higher education. When it comes to the **Overall Course Index (IGC)**, which is composed of the weighted average of all CPC's, Estácio reached 100% of its institutions holding a satisfactory grade according to the Ministry of Education.

We also highlight the quality performance of our **Distance Learning** front, ranked best CPC among the listed player in this segment. The highlight of the components of this metric was the **IDD** (metric that compares ENADE's and ENEM's scores of Estácio's students): above the average of private sector distance learning segment. The result proves the competitive advantage of our product and the positive impact that the distance learning front has on our students.

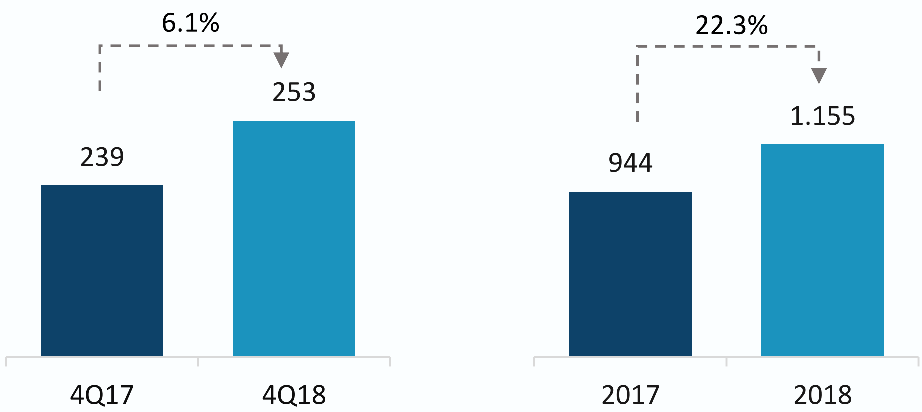
INCOME STATEMENT

R$ MM	4Q17	4Q18	Δ%	2017	2018	Δ%
Gross Operating Revenue	**1,284.6**	**1,399.6**	**8.9%**	**5,410.7**	**5,784.2**	**6.9%**
Monthly Tuition Fees	1,276.2	1,390.9	9.0%	5,370.4	5,747.8	7.0%
Others	8.4	8.7	3.0%	40.3	36.4	-9.8%
Gross Revenue Deductions	(446.2)	(532.5)	19.4%	(2,031.8)	(2,164.8)	6.5%
Net Operating Revenue	**838.5**	**867.0**	**3.4%**	**3,379.0**	**3,619.4**	**7.1%**
Cost of Services	(490.6)	(456.2)	-7.0%	(1,777.1)	(1,632.8)	-8.1%
Gross Profit	**347.9**	**410.8**	**18.1%**	**1,601.9**	**1,986.6**	**24.0%**
Gross Margin	*41.5%*	*47.4%*	*5.9 p.p.*	*47.4%*	*54.9%*	*7.5 p.p.*
Selling Expenses	(118.9)	(157.4)	32.4%	(443.6)	(553.0)	24.7%
General and Administrative Expenses	(203.2)	(176.4)	-13.2%	(598.3)	(614.3)	2.7%
Other operating revenue/expenses	(25.8)	(39.9)	N.A	(16.5)	(47.2)	N.A.
EBIT	(0.0)	37.1	N.A.	543.5	772.0	42.0%
EBIT Margin	*0.0%*	*4.3%*	*4.3 p.p.*	*16.1%*	*21.3%*	*5.2 p.p.*
(+) Depreciation and amortization	(45.4)	(51.5)	13.3%	(194.3)	(195.4)	0.6%
EBITDA	**45.4**	**88.6**	**95.1%**	**737.8**	**967.4**	**31.1%**
EBITDA Margin	*5.4%*	*10.2%*	*4.8 p.p.*	*21.8%*	*26.7%*	*4.9 p.p.*
Net Income	**(12.8)**	**16.3**	**N.A.**	**424.6**	**644.9**	**51.9%**
Net Margin	*-1.5%*	*1.9%*	*3.4 p.p.*	*12.6%*	*17.8%*	*5.3 p.p.*
Adjusted EBITDA (1)	**238.5**	**253.1**	**6.1%**	**944.0**	**1,154.8**	**22.3%**
Adjusted EBITDA Margin (1)	*28.4%*	*29.2%*	*0.7 p.p.*	*27.9%*	*31.9%*	*4.0 p.p.*
Adjusted Net Income (1)	**180.3**	**180.8**	**0.3%**	**630.8**	**832.3**	**31.9%**
Adjusted Net Income Margin (1)	*21.5%*	*20.9%*	*-0.7p.p*	*18.7%*	*23.0%*	*4.3p.p.*

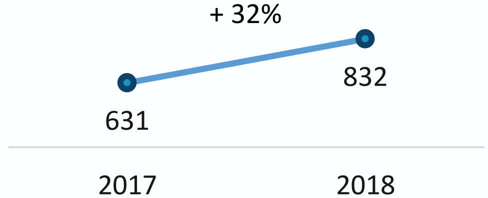
Quarterly and Annual Net Revenues (R$MM)



Quarterly and Annual Adjusted EBITDA (R$MM)



Annual Net Income (R$MM)

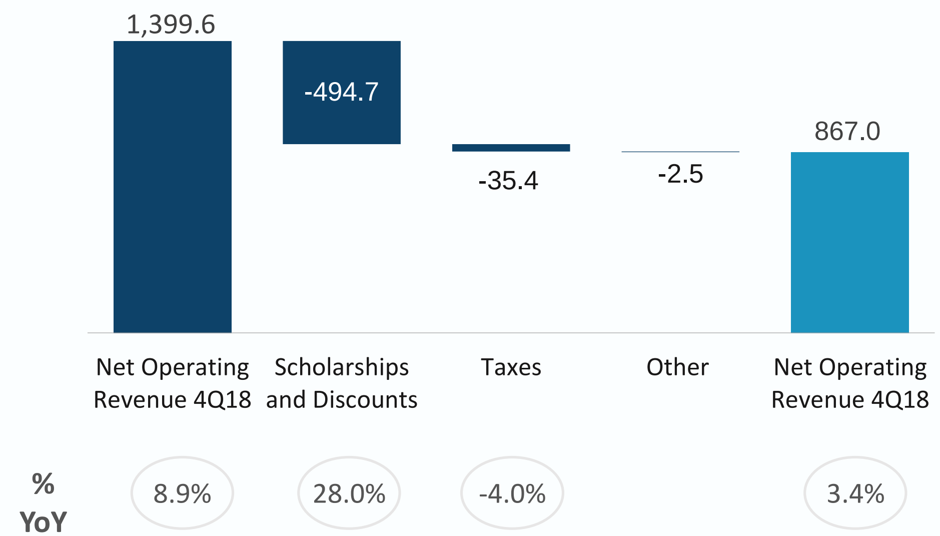


(1) More details on the non-recurring Items on page 18

NET REVENUES

R$ MM	4Q17	4Q18	Δ%	2017	2018	Δ%
Gross Revenues	**1,284.6**	**1,399.6**	**8.9%**	**5,410.7**	**5,784.2**	**6.9%**
Monthly Tuition Fees	1,276.2	1,390.9	9.0%	5,370.4	5,747.8	7.0%
Others	8.4	8.7	3.0%	40.3	36.4	-9.8%
Gross Revenues Deductions	**(446.2)**	**(532.5)**	**19.4%**	**(2,031.8)**	**(2,164.8)**	**6.5%**
Discounts and Scholarships	(386.6)	(494.7)	27.9%	(1,753.1)	(1,891.4)	7.9%
Taxes	(36.9)	(35.4)	-4.0%	(152.4)	(155.8)	2.2%
FGEDUC	(22.7)	(18.3)	-19.3%	(94.8)	(82.0)	-13.5%
Adjustment to Present Value (APV) - PAR and DIS	6.4	15.8	146.0%	(11.2)	(33.5)	199.6%
Other deductions	(6.4)		N.A.	(20.2)	(2.1)	-89.8%
Net Revenues	**838.5**	**867.0**	**3.4%**	**3.379.0**	**3.619.4**	**7.1%**

Net Revenues (R$MM)



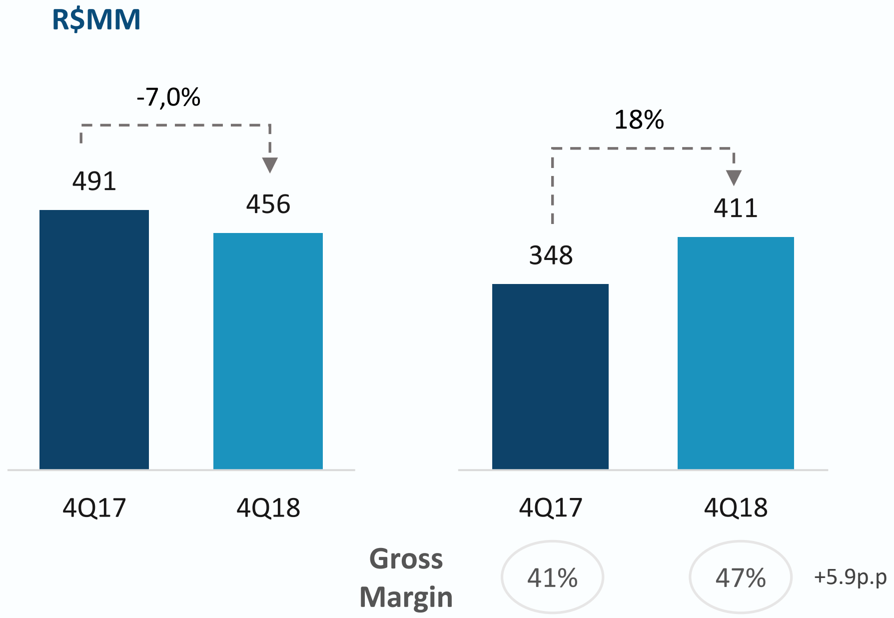
Net Revenues totaled R$867.0 million in 4Q18, a 3.4% increase over 4Q17. The year-over-year change was of 7.1%, totaling R$3,619.4 in 2018. This change is explained by the following elements:

- Growth of the Average Ticket
- New offers (on-campus and distance learning)
- Expansion of the student base in distance learning
- In this quarter, the result was also helped by the AVP reversal referring to the non-renegotiated dropout rate disclosed in 3Q18 of students enrolled in DIS and PAR programs, an effect that was not significant in 4Q17 as well as the variation in the discount rate used to calculate the adjustment to present value.

COST OF SERVICES AND GROSS PROFIT

R$ MM	4Q17	4Q18	Δ%	2017	2018	Δ%
Net Revenues	**838.5**	**867.0**	**3.4%**	**3,379.0**	**3,619.4**	**7.1%**
Cost of Services	**(490.6)**	**(456.2)**	**-7.0%**	**(1,777.1)**	**(1,632.8)**	**-8.1%**
Personnel[1]	(379.6)	(331.8)	-12.6%	(1.312.7)	(1.160.3)	-11.6%
Rents, condominiums and municipal property tax	(61.1)	(62.6)	2.4%	(250.6)	(243.6)	-2.8%
Third-party services	(15.5)	(12.7)	-17.6%	(61.7)	(56.4)	-8.6%
Electricity, water, gas and telephone	(11.6)	(11.6)	-0.1%	(41.9)	(41.3)	-1.3%
Others	(2.4)	(11.1)	353.9%	(13.5)	(34.0)	152.5%
Depreciation and amortization	(20.4)	(26.4)	29.6%	(96.8)	(97.1)	0.4%
Gross Profit	**347.9**	**410.8**	**18.1%**	**1,601.9**	**1,986.6**	**24.0%**
Gross Margin	*41.5%*	*47.4%*	*5.9 p.p.*	*47.4%*	*54.9%*	*7.5 p.p.*
Custos dos Serviços Prestados (% of Net Revenues)	58.5%	52.6%	-5.9 p.p.	52.6%	45.1%	-7.5 p.p.
Personnel (% of Net Revenues)	45.3%	38.3%	-7.0 p.p.	38.8%	32.1%	-6.8 p.p.

Cost of Services and Gross Profit



In 4Q18, the **Cost of Services** represented 52.6% of the net revenues, an efficiency improvement of 5.9 p.p. when compared to the same metric in 4Q17 or R$34.4 million. In 2018, the services cost totaled R$1,632.8 million and 45.1% of net revenues, a margin gain of 7.5 p.p. over 2017. See more details below on the main changes:

- Personnel costs decreased by R$47.8 million in 4Q18 due to actions carried out during the year to increase the number of subjects shared, alternative paths and more offers of equivalent courses and offers of probation classes.
- Third-party services decreased R$2.7 million in 4Q18 and R$5.3 million in 2018, due to the company's efficiency initiatives.

Gross profit reached R$410.8 million in the quarter and R$1,986.6 in the year, up 18.1% and 24.0%, respectively. We closed the year with a gross margin of 54.9%, a 7.5 p.p. increase over 2017.

(1) Labor agreements and judgments, recorded as personnel costs and expenses in 2017, are recorded as general and administrative expenses under provision for contingencies in 2018.

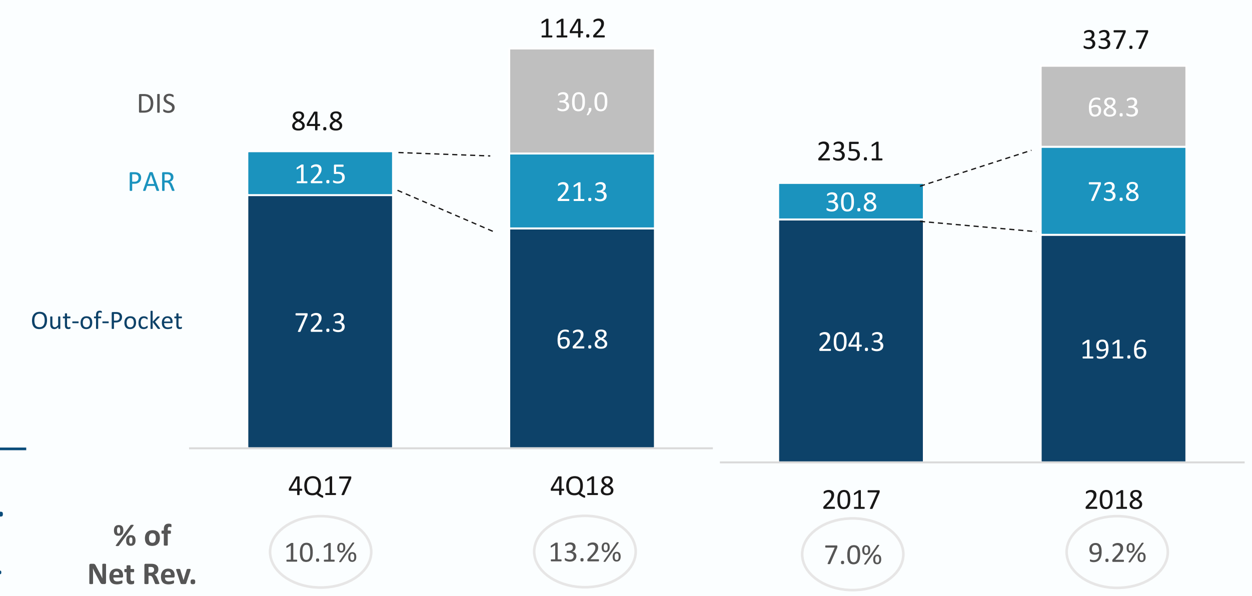
SELLING EXPENSES

R$ MM	4Q17	4Q18	Δ%	2017	2018	Δ%
Selling Expenses	**(118.9)**	**(157.4)**	**32.4%**	**(443.6)**	**(553.0)**	**24.7%**
Bad debt	(84.8)	(114.2)	34.6%	(235.1)	(333.7)	42.0%
Out-of-pocket	(72.3)	(62.8)	-39.4%	(204.3)	(191.6)	-15.5%
PAR	(12.5)	(8.7)	-30.5%	(30.8)	(37.5)	21.9%
PAR dropout not renegotiated	-	(12.6)	N.A.	-	(36.3)	N.A.
DIS	-	6.3	N.A.	-	(12.3)	N.A.
DIS dropout not renegotiated	-	(36.3)	N.A.	-	(56.0)	N.A.
Advertising	(33.7)	(43.0)	27.5%	(206.9)	(218.3)	5.5%
FIES Provisioning	(0.4)	(0.2)	-33.3%	(1.6)	(1.0)	-34.0%
Selling Expenses (% Net Rev.)	**14.2%**	**18.1%**	**4.0 p.p.**	**13.1%**	**15.3%**	**2.2 p.p.**
Bad debt (% of Net Rev.)	10.1%	13.2%	3.0 p.p.	7.0%	9.2%	2.3 p.p.
Advertising (% Net Rev.)	4.0%	5.0%	0.9 p.p.	6.1%	6.0%	-0.1 p.p.

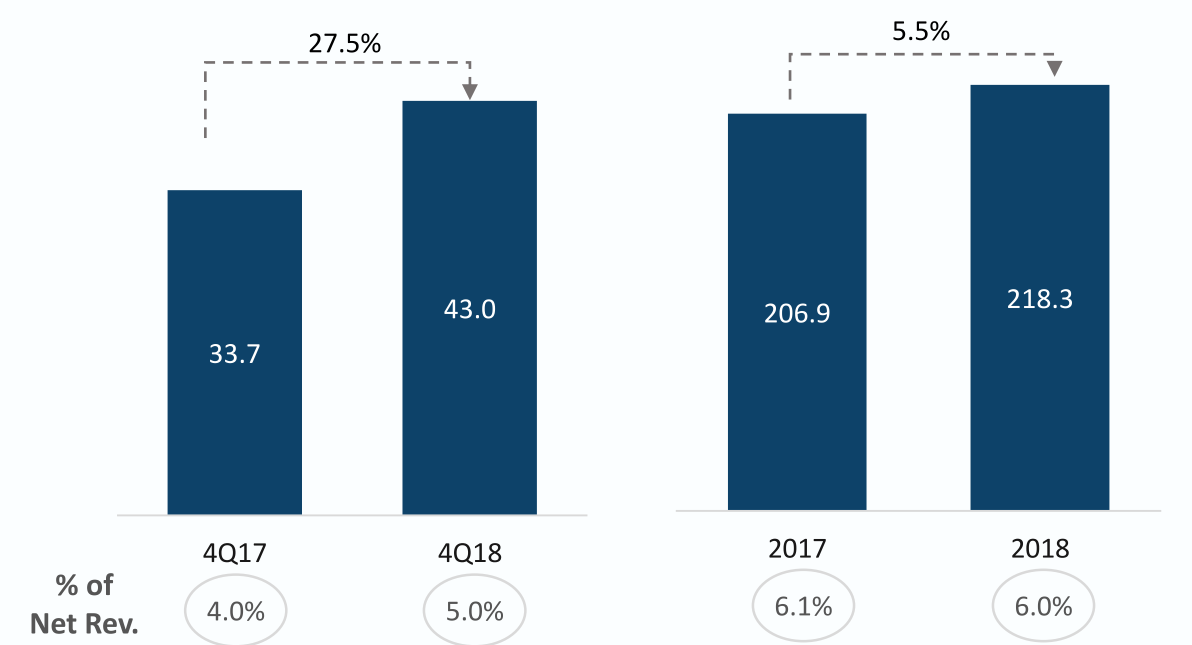
Selling expenses represented 18.1% of 4Q18 net revenues, up 4.0 p.p. over 4Q17, mainly due to the 3.0 p.p. increase in Bad Debt given the increase of the representativeness of the new recruitment products (PAR and DIS) in the student base. The non-renegotiated dropout provision refers to dropout students/students that have not renewed at the end of 3Q18 and who did not renegotiate the outstanding balance throughout 4Q18.

Advertising expenses reached 5.0% of the net revenue in the quarter, up R$9.3 million due to the increased commercial and advertising activity resulting from the advance of the 2019.1 recruitment cycle. In the year, the percentage of this expense over net revenues was of 6%, almost unchanged from the previous year.

Bad Debt (R$ MM)



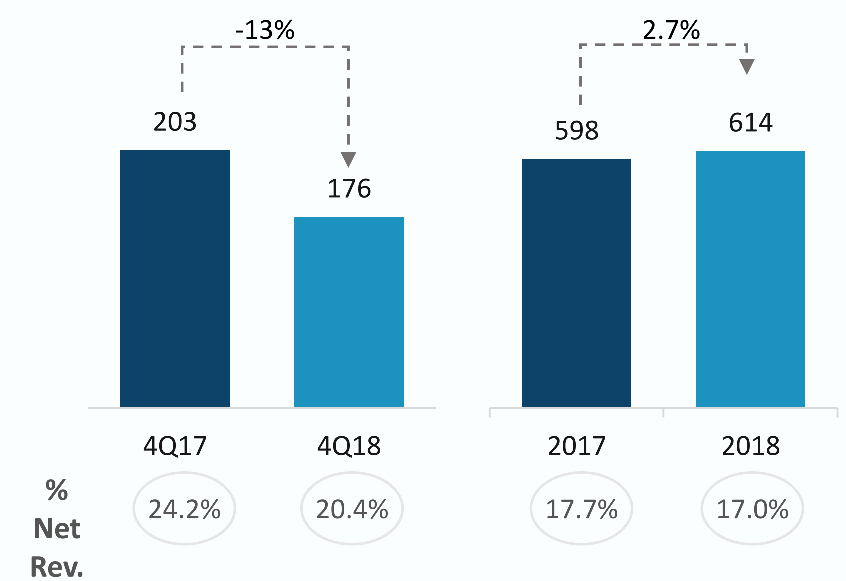
Advertising Expenses(R$ MM)



GENERAL AND ADMINISTRATIVE EXPENSES

R$ MM	4Q17	4Q18	Δ%	2017	2018	Δ%
General and Administrative Expenses	**(203.2)**	**(176.4)**	**-13.2%**	**(598.3)**	**(614.3)**	**2.7%**
Personnel	(67.0)	(47.5)	-29.0%	(179.7)	(173.2)	-3.6%
Third-party services	(26.6)	(42.1)	58.3%	(87.9)	(130.0)	47.8%
Provision for contingencies (1)	(28.8)	(33.0)	14.4%	(96.3)	(103.2)	7.2%
Maintenance and repair	(17.9)	(10.4)	-41.7%	(45.4)	(38.1)	-16.0%
Other	(37.8)	(18.3)	-51.6%	(91.4)	(71.5)	-21.7%
Depreciation and amortization	(25.1)	(25.1)	0.1%	(97.5)	(98.3)	0.8%
Other operating revenue/expenses	**(25.8)**	**(39.9)**	**54.5%**	**(16.5)**	**(47.2)**	**186.6%**
G&A Expenses (% Net Rev.)	**24.2%**	**20.4%**	**-3.9 p.p.**	**17.7%**	**17.0%**	**-0.7 p.p.**

G&A Expenses (R$MM)



In 4Q18, **general and administrative expenses** represented 20.4% of the net revenue, 3.9 p.p. more efficient over 4Q17. The total amount reached R$176.4 million, down 13.2% YoY. In the year, general and administrative expenses reached R$614.3 million, up 2.7% over 2017. The main changes are as follows:

- Personnel expenses decreased by R$19.5 million in 4Q18, due to an adjustment in the support and headquarters staff, as well as non-recurring effects over 4Q17.
- Third-party services increased by 58.3% and by 47.8% in the quarter and in the year, respectively, due to the consultancy services hired throughout the year to lead the company's main efficiency projects (see Efficiency Projects section).
- Other operating revenue/expenses was impacted by a loss related to the delinquency over the sale of a account receivables portfolio (booked in '16) due to the insolvency of the buyer.

(1) Amounts concerning labor agreements and convictions, which in 2017 were presented in personnel costs and expenses, in 2018, were accounted as general and administrative expenses in the item of provision for contingencies.

EFFICIENCY PROJECTS: 2019 OUTLOOK

PRICING

Estimated Gain
R$ 50-70 MM annualized

Progress

- Conclusion in Oct/18 - impact for 2019-20
- Delivery of the SKU[1] **pricing tool**
- Strategy based on external internal inputs
- **Readjustment methodology** with model of dropout propensity

LOYALTY

Estimated Gain
R$ 50-70 MM annualized

Progress

- **Analytics:** Predictive model of dropout propensity
- Deployment of **virtual assistant**, complaint dashboards and new app for the student
- New structure of retention coordination
- **Targeting the student base** for customized action plans and others

STRATEGIC SOURCING

Estimated Saving
R$ 40-60 MM annualized

Progress

- Conclusion: Oct/18 with the end of the consultancy service
- Renegotiation of the 85 of the most significant agreements
- Supply Service from 42% -> 87% of spending
- New supply board
- Key role in 2019 investments

CREDIT & COLLECTION

Estimated Saving
R$ 10-20 MM annualized

Progress

- Increase the volume of credit recovery
- Better **management of collection advisory services**
- **Customization of actions** for each delay profile
- Hiring a **specialized consultancy**

[1] By campus/course/shift granularity.

EBITDA AND MARGIN

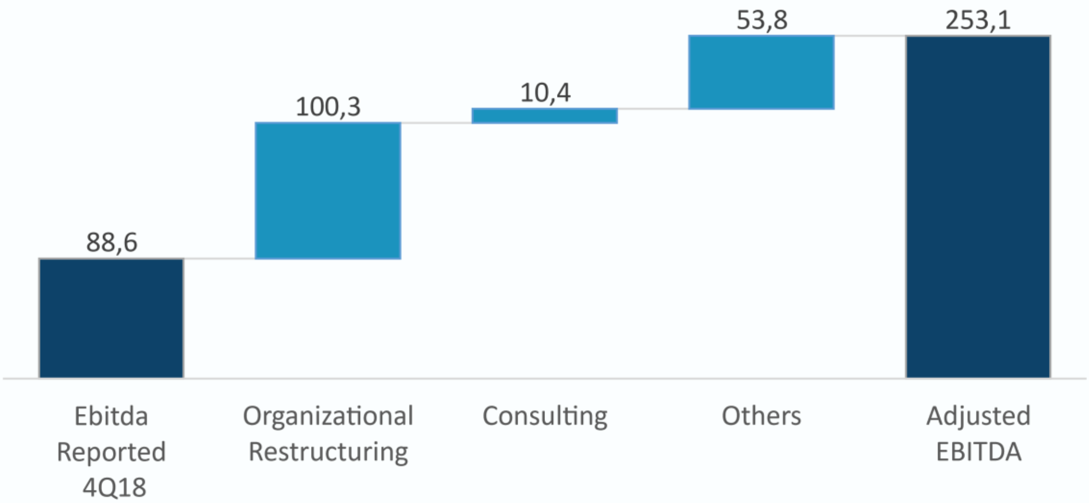
R$ MM	4Q17	4Q18	Δ%	2017	2018	Δ%
Net Revenues	**838.5**	**867.0**	**3.4%**	**3,379.0**	**3,619.4**	**7.1%**
Costs and Expenses	(793.0)	(778.4)	-1.8%	(2,641.2)	(2,652.0)	0.4%
EBITDA	**45.4**	**88.6**	**95.1%**	**737.8**	**967.4**	**31.1%**
EBITDA Margin	*5.4%*	*10.2%*	*4.8 p.p.*	*21.8%*	*26.7%*	*4.9 p.p.*
Non-recurring items:						
Organizational Restructuring	117.1	100.3	-14.3%	117.1	100.3	-14.3%
Consulting	-	10.4	N.A.	-	30.3	N.A.
Others	76.0	53.8	-29.2%	89.1	56.8	-36.3%
Adjusted EBITDA	**238.5**	**253.1**	**6.1%**	**944.0**	**1.154.8**	**22.3%**
Adjusted EBITDA Margin	*28.4%*	*29.2%*	*0.7 p.p.*	*27.9%*	*31.9%*	*4.0 p.p.*

In 4Q18, Estácio's **EBITDA** reached R$88.6 million, a 95.1% increase year-over-year. The main non-recurring items that affected our EBITDA were (i) the Organizational Restructiuring (including faculty, headquarters and administrative staff), (ii) Consulting expenses related to specific efficiency projects in 2018 and (iii) a loss related to the delinquency over the sale of a account receivables portfolio (booked in '16) due to the insolvency of the buyer.

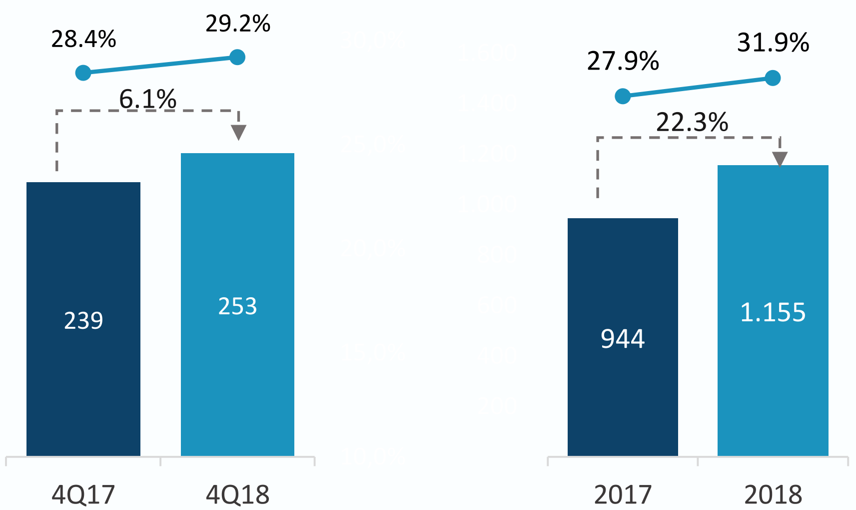
Excluding the non-recurring events, our **EBITDA** reached R$253.1 million in 4Q18, a 6.1% increase YoY, due to the combination of the revenue growth (+3.4% YoY) and the decrease of costs and expenses.

In 2018, **Adjusted EBITDA** totaled R$1,154.8 million, up 22.3% YoY, reaching an **EBITDA Margin** of 31.9% (+4.0 p.p. vs. 2017). Contributed to this result: (i) the revenue growth, due to the better base mix, the higher ticket and the greater offer of courses; (ii) the expansion of Distance Learning; (iii) the positive effect of the introduction of DIS, which allowed the Company to access part of the revenue given as a discount in the past; and (iv) operational efficiency and relevant reduction of costs and expenses related to personnel.

Adjusted EBITDA Reconciliation (R$ MM)



EBITDA and Margin Evolution (R$ MM; % YoY)



FINANCIAL RESULT and NET INCOME

R$ MM	4Q17	4Q18	Δ %	2017	2018	Δ %
Financial Result	**(8.9)**	**(24.0)**	**170.0%**	**(111.5)**	**(118.8)**	**6.6%**
Financial Revenue	**25.9**	**19.2**	**-25.8%**	**117.9**	**92.3**	**-21.7%**
Fines and interest charged	3.8	6.3	64.1%	28.2	32.2	14.3%
Investment revenue	9.2	10.6	16.3%	48.3	37.9	-21.5%
Inflation adjustment & Others	12.9	2.3	-82.3%	41.4	22.2	-46.4%
Financial Expenses	**(34.8)**	**(43.2)**	**24.3%**	**(229.3)**	**(211.2)**	**-7.9%**
Interest and financial charges	(18.8)	(10.4)	-44.3%	(129.2)	(64.8)	-49.8%
Financial discounts	(17.4)	(12.6)	-27.5%	(54.8)	(62.5)	14.0%
Bank expenses	(4.2)	(9.0)	115.6%	(15.8)	(33.2)	109.3%
Adjustment of contingencies & Others	5.6	(11.2)	N.A.	(29.5)	(50.7)	72.0%

In 4Q18, the **financial loss/profit** totaled R$24.0 million, a 170.0% increase quarter-over-quarter. Year-over-year, this increase represented 6.6%, totaling R$118.8 million.

In 4Q18, Estácio reported a **Net Income** of R$16.3 million and a margin gain of 3.4 p.p. Year-over-year, the margin gain was of 5.3 p.p., totaling R$644.9 million. The difference in the 2018 total profit compared to 2017 is mainly due to the non-recurring adjustment of the organizational restructuring (see EBITDA section).

In 2018 Estácio distributed R$500.8 million in dividends to its shareholders as well as buying back R$250 million in company shares through our buy back program: **a total of R$750 million, equivalent to approximately 10% of our market cap.**

R$ MM	4Q17	4Q18	Δ %	2017	2018	Δ %
EBITDA	**45.4**	**88.6**	**95.1%**	**737.8**	**967.4**	**31.1%**
Financial Result	**(8.9)**	**(24.0)**	**170.0%**	**(111.5)**	**(118.8)**	**6.6%**
Depreciation and amortization	(45.4)	(51.5)	13.3%	(194.3)	(195.4)	0.6%
Profit before income tax and social contribution	**(8.9)**	**13.1**	**42.1%**	**432.1**	**653.2**	**51.2%**
Income tax	(1.1)	3.1	-64.3%	(3.0)	(4.5)	47.5%
Social contribution	(2.7)	0.1	-70.0%	(4.4)	(3.8)	-13.7%
Net Income	**(12.8)**	**16.3**	**30.2%**	**424.6**	**644.9**	**51.9%**
Net Margin (%)	*-1.5%*	*1.9%*	*3.4 p.p.*	*12.6%*	*17.8%*	*5.3 p.p.*
Adjusted Net Income (1)	**180.3**	**180.8**	**0.3%**	**630.8**	**832.3**	**31.9%**
Adjusted Net Income Margin (1)	*21.5%*	*20.9%*	*-0.7p.p*	*18.7%*	*23.0%*	*4.3p.p*

(1) Adjustment of non-recurring expenses detailed in the EBITDA section

ACCOUNTS RECEIVABLE

R$ MM	4Q17	3Q18	4Q18
Gross Accounts Receivable	**1,244.8**	**1,286.6**	**1.170.1**
Monthly tuition fees received from students	**494.2**	**757.1**	**869.8**
Out-of-Pocket	395.3	422.7	577.2
Exchange Deals	5.0	4.8	4.8
PAR	21.1	24.3	23.3
DIS	72.8	162.8	173.3
Educar Amazônia	-	142.5	91.3
FIES	**600.7**	**338.7**	**153.8**
Others	**149.9**	**190.7**	**146.5**

Net Accounts Receivable	**1,024.1**	**871.1**	**711.1**	
Bad Debt	**(205.1)**	**(346.6)**	**(402.6)**	
Out-of-Pocket	(171.4)	*(264.3)*	(317.5)	
PAR (Dropout)	-	*(20.9)*	*(33.5)*	1
DIS (Dropout)	-	*(19.7)*	*(56.0)*	2
PAR (50%)	(30.8)	(59.7)	*(68.3)*	3
DIS (15%)	-	(18.6)	*(12.3)*	4
Educar Amazônia – Long Term	(2.9)	(4.0)	(4.6)	
Amounts to be identified	**(4.3)**	**(8.0)**	**(11.3)**	
Adjustment to present value (APV)	**(11.4)**	**(60.8)**	**(45.0)**	
APV FIES	-	-		
APV PAR	(11.2)	(43.5)	(36.6)	
APV EDUCAR	(0.2)	(0.3)	(0.3)	
APV DIS	-	(17.0)	(8.1)	

On 4Q18 quarter gross **accounts receivable** totaled R$1,170.1 million, 6.0% down over 4Q17, mainly due to the decrease in the FIES accounts receivable, after the receipt of the last installment of PN23.

The **net accounts receivable** totaled R$711.1 million, 30.6% down on 4Q17, chiefly due to the increase in the Bad Debt, as a result of the provisioning rules of the new products (PAR and DIS).

PAR and DIS Reconciliation

PAR

R$ MM	4Q17	4Q18	
Gross revenue paid in cash	**13.3**	**21.0**	
Gross revenue paid in installments	**18.6**	**38.1**	
Taxes – Revenue deductions	(1.3)	0.0	
Adjustment to Present Value (APV) (1)	6.4	6.9	
Bad Debt (50% provisioning)	(12.5)	(8.7)	Δ3
Bad Debt non-renegotiated dropouts	0.0	(12.6)	Δ1
PDD (% Net. Rev.)	1.5%	3.3%	

DIS

R$ MM	3Q18	4Q18	
Gross revenue paid in cash	**5.4**	**0.0**	
Gross revenue paid in installments	**47.7**	**(17.0)**	
Taxes – Revenue deductions	(2.4)	0.0	
Adjustment to Present Value (APV) (1)	(3.0)	8.9	
Bad Debt – (15% provisioning)	(3.0)	6.3	Δ4
Bad Debt non-renegotiated dropouts	(12.4)	(36.3)	Δ2
PDD (% Net Rev.)	0.9%	4.8%	

(1) Installment payments adjusted by IPCA extended consumer price index and adjusted to present value in accordance with NTNB-2024.

Average Receivables Days

R$ MM	4Q17	4Q18
Net Accounts Receivable	**1,024.1**	**711.1**
Annualized Net Revenue	3,379.0	3,619.4
Average Receivables Days	**109**	**71**

Non-FIES Average Receivables Days

R$ MM	4Q17	4Q18
Net Accounts Receivable Ex-APV	**1,024.1**	**711.1**
Accounts Receivable Non-FIES	423.4	557.3
Annualized Net Revenue Non-FIES	2,219.9	2,704.9
Non-FIES Average Receivables Days	**69**	**74**

FIES Average Receivables Days

R$ MM	4Q17	4Q18
FIES Accounts Receivable	**600.7**	**153.8**
FIES Revenue (LTM)	**1,308.4**	**1,039.7**
FGEDUC deductions (LTM)	(94.8)	(82.0)
Taxes (LTM)	(54.4)	(43.2)
FIES Net Revenue (LTM)	**1,159.1**	**914.5**
FIES Average Receivables Days	**187**	**61**

Estácio’s **average receivables days** totaled 71, 38 days lower than in the same period in 2017. Excluding the effect of FIES, our average receivables days came to 74.

The **FIES average receivables days** came to 61 in 4Q18.

AGING AND CHANGES IN ACCOUNTS RECEIVABLE

Aging of Total Gross Accounts Receivable[1]

R$ MM	4Q17	AV	4Q18	AV
FIES	600.7	48%	153.8	13%
PRONATEC	8.7	1%	-	N.A.
Partner Centers	3.7	0%	-	N.A.
Not yet due	175.8	14%	482.7	41%
Overdue up to 30 days	91.7	7%	99.6	9%
Overdue from 31 to 60 days	63.7	5%	97	8%
Overdue from 61 to 90 days	57.8	5%	82.8	7%
Overdue from 91 to 179 days	77.7	6%	87.1	7%
Overdue more than 180 days	165.1	13%	167	14%
Gross Accounts Receivable	**1,244.8**	**100%**	**1,170,0**	**100%**

1 Note: The amounts overdue more than 360 days are written-off from Accounts Receivable up to the limit of the allowance for doubtful accounts

Aging of Agreements Receivable[2]

R$ MM	4Q17	AV	4Q18	AV
Not yet due	38.8	42%	27	37%
Overdue up to 30 days	8.9	10%	6.7	9%
Overdue from 31 to 60 days	7.6	8%	5.4	7%
Overdue from 61 to 90 days	7.1	8%	4.9	7%
Overdue from 91 to 179 days	14.7	16%	8.2	11%
Overdue more than 180 days	14.5	16%	20.4	28%
Agreements Receivable	**91.6**	**100%**	**72.6**	**100%**
% over non-FIES Gross Accounts Receivable	**14%**	**-**	**7%**	**-**

2 Note: Excludes credit card agreements

FIES: Changes of Accounts Receivable

R$ MM	4Q17	4Q18	Δ%
Opening balance	**745.1**	**337.1**	**-54.8%**
FIES revenue	308.9	225.4	-27.0%
Transfer	(434.6)	(387.0)	-11.0%
Provision for FIES	(22.7)	(21.7)	-4.4%
Adjustment of accounts receivable	3.3	-	N.A.
Closing Balance	**600.0**	**153.8**	**-74.4%**

FIES: Changes of Accounts Offsetable

R$ MM	4Q17	4Q18	Δ%
Opening balance	**1.3**	**1.6**	**23.1%**
Transfer	434.6	387.0	-11.0%
Payment of taxes	-63.1	-82.5	30.7%
Buyback in auctions	-372.1	-306.1	-17.7%
Closing balance	**0.7**	**0.0**	**N.A.**

CASH POSITION & CAPITAL STRUCTURE

R$ MM	4Q17	4Q18	Δ%
Cash and cash equivalents [a]	**524.4**	**818.0**	**56.0%**
Indebtedness [b]	**(669.0)**	**(875.8)**	**30.9%**
Loans	(567.3)	(817.2)	44.0%
Commitments payable (Acquisitions)	(87.1)	(48.3)	-44.5%
Taxes paid in installments	(14.6)	(10.2)	-29.8%
Net Debt [b-a]	**(144.6)**	**(57.8)**	**-60.1%**
Net Debt/ EBITDA (Annualized)	**0.2x**	**0.1x**	**-**

At the end of December 2018, **cash and cash equivalents totaled R$818 million.**

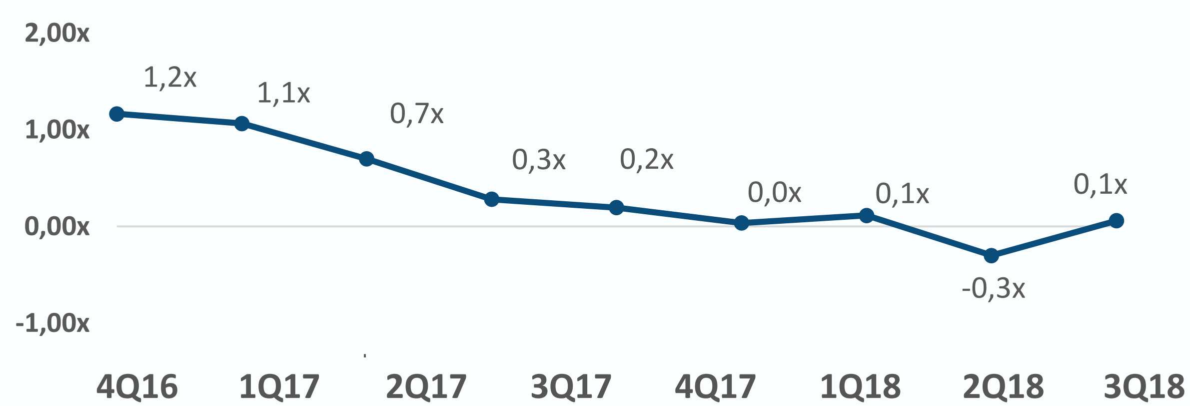
Gross indebtedness increased by 30.9% over 2017. Thus, we now have a net cash of R$57.8 million.

In December, the company approved the issue of Promissory Note, in a single series, for a total of R$600.0 million. As a subsequent event, in February, the Company concluded the **5th issue of Debentures**, in the same amount as the promissory note, issued in two series, maturing in 3 and 5 years, with a cost of CDI + 0.585% and CDI + 0.785%, respectively. The cost of the 5th issue of debentures is significantly lower than the company's average cost of debt.

This year's main use of cash was our buy-back program followed by CAPEX. The Company is analyzing other investment options, such as reinvestment in Company products and growth through mergers and acquisitions.

Type of Debt	Due Date	Cost	Outstanding Balance
Promissory Note	Mar/19	105.75%	601.6
Debentures II	Oct/19	CDI + 1.18%	121.8
Debentures IV	Jun/19	CDI + 1.5%	50.2
Others	-	-	43.6
Total	**-**	**CDI +0.57%**	**817.2**

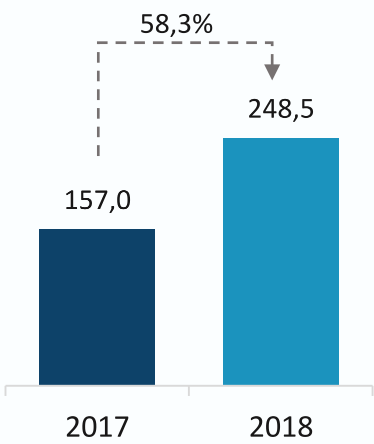
Covenant (Net Debt/ EBITDA LTM < 2,5x)



CAPEX

R$ MM	4Q17	4Q18	Δ%	2017	2018	Δ%
Total CAPEX	**55.2**	**120.6**	**118.5%**	**157.0**	**248.5**	**58.3%**
Buildings and improvements	12.6	39.0	209.3%	42.6	82.0	92.3%
Furniture, machinery, equipment and fixtures	16.6	35.8	115.2%	36.2	64.2	77.2%
Software	13.4	28.4	111.2%	40.8	63.8	56.2%
Others	12.5	17.4	39.1%	37.3	38.5	3.2%

Capex (R$MM)



CAPEX / ROL: 4.6% 6.9%

In 4Q18, Estácio's **CAPEX** totaled R$120.6 million, up 118.5% over 4Q17. This increase is related to improvements in several units and to the expansion of new courses and improvement of existing courses.

In 2018, Estácio invested in the inauguration of the three units of the Medicine course, under the program **Mais Médicos I:**

- Juazeiro (BA);
- Alagoinhas (BA);
- Jaraguá do Sul (SC).

In Addition to three ***greenfields***:

- São José do Rio Preto (SP)
- Goiânia (GO)
- Volta Redonda (RJ).

Jaraguá do Sul, SC

Alagoinhas, BA

Juazeiro, BA

BALANCE SHEET

R$ MM	4Q17	3Q18	4Q18
Current Assets	**1,663.5**	**1,632.1**	**1,550.6**
Cash and cash equivalents	14.0	8.6	13.7
Marketable securities	510.5	762.0	804.4
Accounts receivable	991.4	704.1	571.9
Advances to employees/third-parties	10.1	15.7	8.0
Prepaid expenses	6.5	8.1	6.0
Taxes and contributions	92.0	94.3	135.8
Others	38.9	39.4	10.9
Non-Current Assets	**2,357.6**	**2,569.5**	**2,551.8**
Long-Term Assets	334.8	564.3	476.7
Accounts receivable	32.7	167.1	139.2
Prepaid expenses	5.1	4.9	5.5
Judicial deposits	102.8	97.5	81.7
Taxes and contributions	80.3	91.5	102.2
Deferred taxes and others	113.8	203.3	148.0
Permanent Assets	2,022.9	2,005.2	2,075.2
Investments	0.2	0.2	0.2
Property and equipment	602.4	605.4	661.1
Intangible assets	1,420.2	1,399.6	1,413.8
Total Assets	**4,021.1**	**4,201.6**	**4,102.5**

R$ MM	4Q17	3Q18	4Q18
Current Liabilities	**842.9**	**812.6**	**1,289.1**
Loans and financing	349.3	349.9	795.8
Suppliers	70.9	113.0	105.8
Salaries and payroll charges	158.6	232.5	133.7
Tax liabilities	76.8	32.2	35.6
Prepaid monthly tuition fees	13.3	21.6	17.2
Advances under partnership agreement	0.5	-	-
Taxes paid in installments	4.3	3.8	3.6
Acquisition price to be paid	57.1	49.4	34.5
Provision for asset demobilization	-	-	-
Others	112.1	10.0	163.0
Long-Term Liabilities	**400.9**	**265.8**	**222.0**
Loans and financing	218.0	78.2	21.4
Contingencies	86.3	123.5	126.9
Taxes paid in installments	10.3	7.1	6.7
Provision for asset demobilization	22.2	24.8	27.0
Deferred taxes	14.2	5.9	5.2
Acquisition price to be paid	30.0	5.6	13.9
Others	19.9	20.7	20.9
Shareholders' Equity	**2,777.3**	**3,123.3**	**2,591.4**
Capital	1,130.8	1,139.8	1,139.9
Share issue costs	(26.9)	(26.9)	(26.9)
Capital reserves	664.0	663.6	668.4
Earnings reserves	1,139.8	924.9	1,016.6
Period result	0.0	628.6	0.0
Treasury shares	(130.5)	(206.6)	(206.6)
Total Liabilities and Shareholders' Equity	**4,021.1**	**4,201.6**	**4,102.5**

Estácio

4Q18

INCOME STATEMENT BY BUSINESS UNIT QUARTER

	On-Campus			Distance-Learning			Corporate			Consolidated		
R$ MM	**4Q17**	**4Q18**	**Δ%**	**4Q17**	**4Q18**	**Δ%**	**4Q17**	**4Q18**	**Δ%**	**4Q17**	**4Q18**	**Δ%**
Gross Revenues	**1,115.8**	**1,180.1**	**5.8%**	**168.8**	**219.5**	**30.0%**	**-**	**-**	**-**	**1,284.6**	**1,399.6**	**8.9%**
Deductions from Gross Revenue	(376.2)	(438.4)	16.5%	(70.0)	(94.1)	34.4%	-	-	-	(446.2)	(532.5)	19.4%
Net Revenues	**739.6**	**741.7**	**0.3%**	**98.8**	**125.3**	**26.8%**	**-**	**-**	**-**	**838.5**	**867.0**	**3.4%**
Cost of Services	**(478.5)**	**(433.2)**	**-9.5%**	**(12.1)**	**(23.0)**	**90.2%**	**-**	**-**	**-**	**(490.6)**	**(456.2)**	**-7.0%**
Personnel	(367.9)	(317.8)	-13.6%	(11.7)	(14.0)	20.2%	-	-	-	(379.6)	(331.8)	-12.6%
Rents. condominiums and municipal property tax	(60.9)	(62.6)	2.7%	(0.2)	(0.0)	-89.2%	-	-	-	(61.1)	(62.6)	2.4%
Third-party services and Others	(29.5)	(26.7)	-9.5%	(0.1)	(8.8)	N.A.	-	-	-	(29.6)	(35.5)	20.0%
Depreciation and amortization	(20.2)	(26.2)	30.0%	(0.2)	(0.2)	-9.9%	-	-	-	(20.4)	(26.4)	29.6%
Gross Profit	**261.1**	**308.5**	**18.1%**	**86.7**	**102.4**	**18.0%**	**-**	**-**	**-**	**347.9**	**410.8**	**18.1%**
Gross Margin	*35.3%*	*41.6%*	*6.3 p.p.*	*87.8%*	*81.7%*	*-6.1 p.p.*	-	-	-	*41.5%*	*47.4%*	*5.9 p.p.*
Selling and G&A Expenses	**(187.8)**	**(169.5)**	**-9.7%**	**(13.5)**	**(31.7)**	**135.6%**	**(146.6)**	**(172.4)**	**17.6%**	**(347.9)**	**(373.7)**	**7.4%**
Personnel	(31.1)	(1.2)	-96.2%	(2.7)	(2.0)	-24.9%	(33.2)	(44.3)	33.5%	(67.0)	(47.5)	-29.0%
Advertising	-	-	N.A.	-	-	N.A.	(33.7)	(43.0)	27.5%	(33.7)	(43.0)	27.5%
Bad Debt	(76.3)	(95.8)	25.6%	(8.5)	(18.3)	114.7%	-	-	N.A.	(84.8)	(114.2)	34.6%
Other expenses	(76.6)	(70.2)	-8.4%	(1.6)	(11.0)	571.6%	(59.1)	(62.8)	6.2%	(137.3)	(144.0)	4.8%
Depreciation and amortization	(3.8)	(2.3)	-39.0%	(0.6)	(0.4)	-39.0%	(20.6)	(22.4)	8.5%	(25.1)	(25.1)	0.0%
Operating Profit	**73.4**	**139.0**	**89.4%**	**73.3**	**70.6**	**-3.6%**	**(146.6)**	**(172.4)**	**17.6%**	**(0.0)**	**37.1**	**N.A.**
Operating Margin (%)	*9.9%*	*18.7%*	*8.8 p.p.*	*74.1%*	*56.3%*	*-17.8 p.p.*	-	-	-	*0.0%*	*4.3%*	*4.3 p.p.*
EBITDA	**97.4**	**167.5**	**72.0%**	**74.1**	**71.1**	**-3.9%**	**(126.0)**	**(150.1)**	**19.1%**	**45.4**	**88.6**	**95.1%**
EBITDA Margin (%)	*13.2%*	*22.6%*	*9.4 p.p.*	*74.9%*	*56.8%*	*-18.2 p.p.*	-	-	-	*5.4%*	*10.2%*	*4.8 p.p.*
Non-Recurring Items	161.3	128,8	-	0,0	11,4	-	31,8	24,3	-	193,1	164,5	-
Adjusted EBITDA	**258.7**	**296.3**	**14.5%**	**74.1**	**82.5**	**11.3%**	**(94.2)**	**(125.8)**	**33.5%**	**238.5**	**253.1**	**6.1%**
Adjusted EBITDA Margin (%)	*35.0%*	*39.9%*	*5.0p.p*	*74.9%*	*65.9%*	*-9.0p.p*				*28.4%*	*29.2%*	*0.7p.p*

INCOME STATEMENT BY BUSINESS UNIT YEAR

	On-Campus			Distance-Learning			Corporate			Consolidated		
R$ MM	2017	2018	Δ%	2017	2018	Δ%	2017	2018	Δ%	2017	2018	Δ%
Gross Revenues	**4,722.8**	**4,889.8**	**3.5%**	**688.0**	**894.3**	**30.0%**	**-**	**-**	**-**	**5,410.7**	**5,784.2**	**6.9%**
Deductions from Gross Revenue	(1,732.3)	(1,813.2)	4.7%	(299.5)	(351.6)	17.4%	-	-	-	(2,031.8)	(2,164.8)	6.5%
Net Revenues	**2,990.5**	**3,076.6**	**2.9%**	**388.5**	**542.8**	**39.7%**	**-**	**-**	**-**	**3,379.0**	**3,619.4**	**7.1%**
Cost of Services	**(1,718.3)**	**(1,556.3)**	**-9.4%**	**(58.8)**	**(76.5)**	**30.0%**	**-**	**-**	**-**	**(1,777.1)**	**(1,632.8)**	**-8.1%**
Personnel	(1,255.6)	(1,109.1)	-11.7%	(57.1)	(51.2)	-10.3%	-	-	-	(1,312.7)	(1,160.3)	-11.6%
Rents. condominiums and municipal property tax	(250.2)	(243.5)	-2.6%	(0.4)	(0.0)	-90.7%	-	-	-	(250.6)	(243.6)	-2.8%
Third-party services and Others	(116.4)	(107.2)	-7.9%	(0.7)	(24.6)	N.A.	-	-	-	(117.1)	(131.8)	12.5%
Depreciation and amortization	(96.1)	(96.5)	0.4%	(0.6)	(0.6)	0.7%	-	-	-	(96.8)	(97.1)	0.4%
Gross Profit	**1,272.2**	**1,520.3**	**19.5%**	**329.7**	**466.3**	**41.4%**	**-**	**-**	**-**	**1,601.9**	**1,986.6**	**24.0%**
Gross Margin	*42.5%*	*49.4%*	*6.9 p.p.*	*84.9%*	*85.9%*	*1.1 p.p.*	-	-	-	*47.4%*	*54.9%*	*7.5 p.p.*
Selling and G&A Expenses	**(488.3)**	**(501.1)**	**2.6%**	**(47.9)**	**(90.3)**	**88.6%**	**(522.1)**	**(623.1)**	**19.3%**	**(1,058.4)**	**(1,214.6)**	**14.8%**
Personnel	(58.1)	(12.6)	-78.3%	(11.5)	(13.4)	16.9%	(110.1)	(147.1)	33.6%	(179.7)	(173.2)	-3.6%
Advertising	-	-	N.A.	-	-	N.A.	(206.9)	(218.3)	5.5%	(206.9)	(218.3)	5.5%
Bad Debt	(207.0)	(277.6)	34.1%	(28.1)	(56.1)	99.8%	-	-	N.A.	(235.1)	(333.7)	42.0%
Other expenses	(199.8)	(196.1)	-1.8%	(6.3)	(19.5)	209.9%	(133.0)	(175.5)	31.9%	(339.1)	(391.1)	15.3%
Depreciation and amortization	(23.4)	(14.8)	-36.9%	(2.0)	(1.3)	-35.6%	(72.1)	(82.2)	14.0%	(97.5)	(98.3)	0.8%
Operating Profit	**783.9**	**1,019.2**	**30.0%**	**281.8**	**375.9**	**33.4%**	**(522.1)**	**(623.1)**	**19.3%**	**543.5**	**772.0**	**42.0%**
Operating Margin (%)	*26.2%*	*33.1%*	*6.9 p.p.*	*72.5%*	*69.3%*	*-3.3 p.p.*	-	-	-	*16.1%*	*21.3%*	*5.2 p.p.*
EBITDA	**903.4**	**1,130.4**	**25.1%**	**284.4**	**377.9**	**32.8%**	**(450.1)**	**(540.9)**	**20.2%**	**737.8**	**967.4**	**31.1%**
EBITDA Margin (%)	*30.2%*	*36.7%*	*6.5 p.p.*	*73.2%*	*69.6%*	*-3.6 p.p.*	-	-	-	*21.8%*	*26.7%*	*4.9 p.p.*
Non-Recurring Items	172.7	131.8	-	0.0	11.4	-	33.5	44.2	-	206.2	187.4	-
Adjusted EBITDA	**1.076.1**	**1,262.2**	**17.3%**	**284.4**	**389.3**	**36.9%**	**(416.5)**	**(496.7)**	**19.3%**	**944.0**	**1,154.8**	**22.3%**
Adjusted EBITDA Margin (%)	*35.9%*	*41.0%*	*5.2 p.p.*	*73.2%*	*71.7%*	*-1.5 p.p.*	-	-	-	*27,8%*	*31.9%*	*4.1 p.p.*

CASH FLOW STATEMENT

R$ MM	4Q17	4TQ18	2017	2018
Profit before taxes and after the result of ceased operations	**(8.9)**	**13.1**	**432.1**	**653.2**
Adjustments to reconcile profit to net cash generated	230.2	360.9	681.2	793.1
Result after reconciliation to net cash generated	**221.3**	**374.0**	**1,113.3**	**1,446.3**
Changes in assets and liabilities	(47.9)	(214.6)	(205.1)	(389.6)
Operating Cash Flow before CAPEX	**173.4**	**159.4**	**908.2**	**1,056.7**
Acquisition of property and equipment	(37.5)	(82.5)	(99.1)	(160.7)
Acquisition of intangible assets	(17.7)	(38.1)	(58.0)	(87.8)
Cash flow from investment activities	(5.3)	(8.4)	(43.4)	(43.4)
Operating Cash Flow after CAPEX	**112.9**	**30.4**	**707.7**	**764.8**
Cash flow from financing activities	(298.1)	17.0	(587.3)	(471.2)
Free Cash Flow	**(185.2)**	**47.4**	**120.4**	**293.6**
Cash at the beginning of the year	**709.6**	**770.6**	**404.0**	**524.4**
increase (decrease) in cash and cash equivalents	(185.2)	47.4	120.4	293.6
Cash at the end of the year	**524.4**	**818.0**	**524.4**	**818.0**
EBITDA	**45.4**	**88.6**	**737.8**	**967.4**
Operating Cash Flow before CAPEX / EBITDA	**381.8%**	**179.9%**	**123.1%**	**109.2%**
Installment of PN23	-	-	167.4	342.1
Operating Cash Flow before CAPEX ex-PN23 / EBITDA	**-**	**-**	**100.4%**	**73.9%**

Operating Cash Flow before CAPEX (OCF) was a positive R$1,056.7 million in 2018, 16.4% more than in 2017.

Consequently, the OCF/EBITDA before Capex, adjusted for the receipt of PN-23 amounts was 73.9% in 2018 versus 100.4% in 2017. The decline was chiefly due to the impact arising from the buyback of Company shares, which translated into an outflow of R$170.8 million.

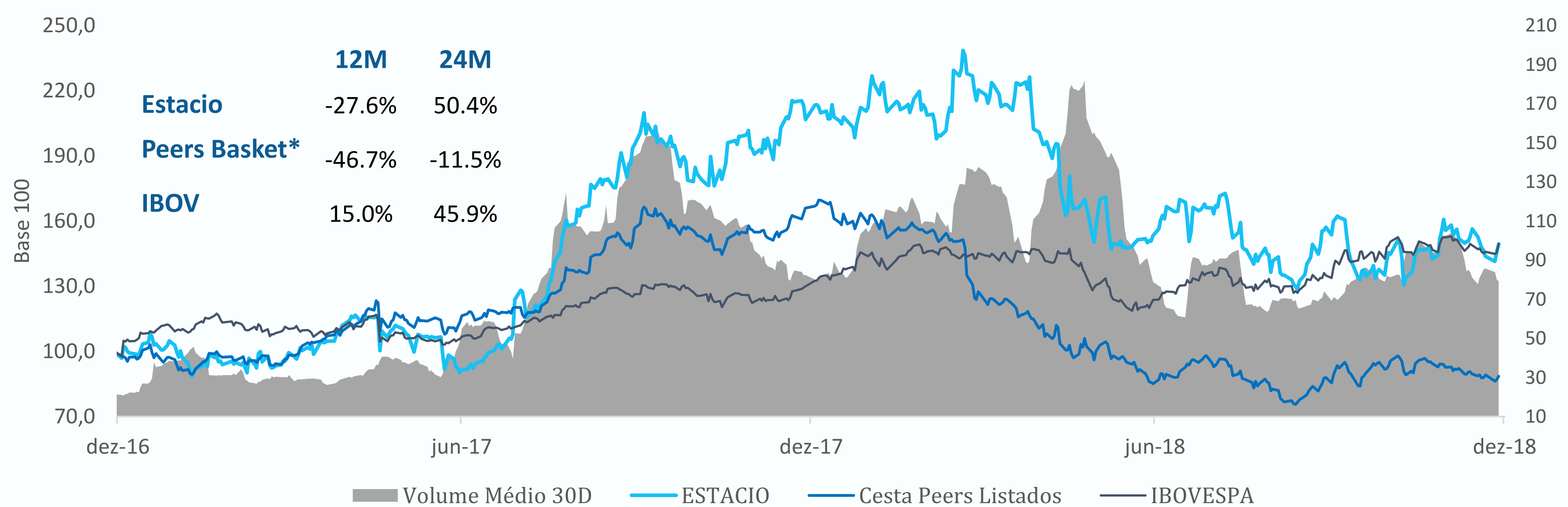
We ended 3Q18 with cash of R$818.0 million and a net debt/EBITDA ratio of 0.1x

[(1)] *Installment paid from FIES program (PN23): R$ ~167 MM (3Q17) e R$ ~342MM (3Q18)*

CAPITAL MARKETS

Estácio's common share is traded on B3's Novo Mercado under the ticker code **ESTC3**. The company also has a Level I ADR program under the code ECPCY. Our share (ESTC3) closed the fourth quarter of 2018 priced at R$23.76, a 27.6% devaluation in the last twelve months. In the same period, Ibovespa appreciated 15.0%. The company's number of shares decreased by 2.8%, due to the cancellation of shares in June. Until December/18, the company repurchased R$250 million in shares. Currently, the company has **2.9% of the share capital in treasury**.

	4Q17	4Q18	Δ%
Stock Price	**32.82**	**23.76**	**-27.6%**
Quarter High	*34.20*	*25.80*	
Quarter Low	*28.00*	*20.78*	
Quarter Average	*30.48*	*22.99*	
Market Cap (R$ '000)	**10,433**	**7,633**	**-26.8%**
ADTV (30D)	**82.3**	**79.2**	**-3.8%**
Outstanding Shares	**317.9**	**309.1**	**-2.8%**
Treasury	*2.7%*	*2.9%*	
Free Float	*97.3%*	*97.1%*	



*Peers Basket composed by and average of the performance of Estácio's three main listed players

GLOSSARY

- **APV:** discount on future revenue. For Estácio, specifically, mostly revenue from PAR and DIS students, based on a standard discount rate (5-year real interest).
- **DIS:** Solidarity Dilution Campaign (DIS), that gives students the possibility of paying R$49 in the months when they enroll, diluting the difference in relation to the full monthly tuition fee (i.e. offering no discounts, scholarships or exemptions) to be paid during the course. All undergraduate students can apply to the DIS (including FIES and PAR students).
- **EAD:** "Distance-Learning".
- **FLEX EAD:** type of distance-learning education with a significant mandatory on-campus hour load. It combines the mobility of distance-learning programs with the experience of being in a campus, as some classes are offered online and others in the units.
- **FGEDUC:** Guarantee Fund for Education Credit (FGEDUC) is another novelty. The fund collateralizes agreements of students with partial scholarships granted by the University to All Program (ProUni) enrolled in teaching degree courses.
- **PAR:** Estácio's installment payment program launched in January 2017 that allows students to pay 50% of their courses while studying and the other 50% after graduation. Payments are progressive, beginning at 30% of the monthly tuition fees in the first two semesters; 40% in the third semester, 50% in the fourth semester and 60% as of the fifth semester. PAR is offered to all undergraduate students, except for medicine students.
- **PARTNERSHIPS (GRADUATE):** partnerships entered into with other higher education institutions authorized to offer graduate courses at Estácio.
- **PARTNERSHIPS (DISTANCE-LEARNING):** model to expand distance-learning centers where Estácio has partnerships with institutions (with a basic structure to assist students and meet MEC's requirements) that offer Estácio's education courses.
- **Rules for the calculation of the Bad Debt:** until December 31, 2017, Estácio accrued 100% of the monthly tuition fees overdue by more than 180 days. As of January 1, 2018, Estácio has been using the new standard on financial instruments (IFRS9 – CPC 48) for students who pay monthly tuition fees, based on the concept of expected loss at the moment of revenue recognition, which increases according to the aging of accounts receivable.
- **DROPOUT RATE:** number of dropout students + non renewals based on the renewable student base (initial student base – graduating students + students enrolled)
- **RETENTION RATE:** [1 – Dropout Rate]