



Results

2Q16

Rio de Janeiro, August 12th, 2016

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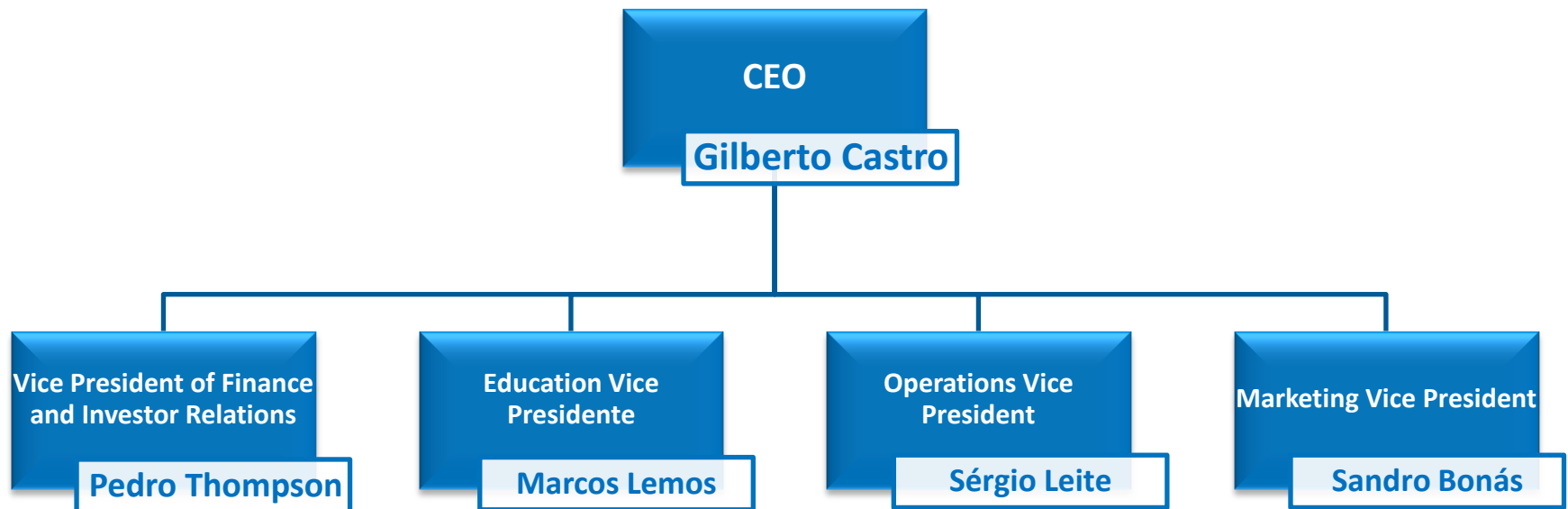
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New Management

The new Board of Directors has assumed responsibility for conducting a company with fragmented capital and listed in the Novo Mercado (special corporate governance trading segment of the BM&Fbovespa) at a difficult time for the country and, consequently, for business in general, and made changes to the Executive Board in order to streamline the administrative structure.



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Results Highlights

Restatement of Previous Periods

Restatement Adjustments (R\$ Million)	Description	2014	2015	1Q16	Total Adjust.
Accounts receivable	Payment slips cancelled and/or fully provisioned of students with little or no academic record	(35.8)	(36.7)	(7.8)	(80.4)
Other accounts receivable	Credit note to the company and collection firm due to the receipt of the overdue portfolio	(7.2)	(0.7)		(7.9)
Taxes recoverable	Expired tax credits of acquired companies	(5.3)			(5.3)
Faculty bonuses	Bonuses registred outside accrual period	(5.4)	(0.2)		(5.6)
Marketing & Advertising	Expenses registred outside accrual period	(11.8)	0.9	6.9	(4.0)
Contingencies	Provision for success fees in legal disputes	(2.0)	(10.7)	0.5	(12.2)
Total Adjustments - EBITDA		(67.5)	(47.4)	(0.5)	(115.4)
Income Tax		4.3	3.0	0.0	7.3
Total Adjustments – Net Income		(63.2)	(34.9)	(0.4)	(108.1)

R\$ Million	2Q15	2Q16	Lanç. Pontuais	2Q16 Ex-Lançamentos Pontuais	Chg.
Net Revenue	779.2	835.3	-	835.3	7.2%
Custos dos Serviços Prestados	(448.2)	(494.5)	18.1	(476.4)	6.3%
Selling Expenses	(99.9)	(184.5)	43.0	(141.5)	41.7%
G&A Expenses	(106.5)	(145.9)	28.9	(117.0)	9.9%
Other operating revenues	5.0	(11.7)	15.8	4.1	-18.8%
(+) Depreciation and amortization	38.1	44.9	-	44.9	17.8%
EBITDA	167.5	43.6	105.7	149.4	-10.8%
<i>EBITDA Margin</i>	21.4%	5.2%		17.9%	-3.5 p.p.
Financial Results	(7.7)	(16.6)	-	(16.6)	115.6%
Depreciation and amortization	(38.1)	(44.9)	-	(44.9)	17.8%
Social Contribution	2.2	(1.5)	-	(1.5)	-168.2%
Income Tax	9.4	(0.5)	(6.7)	(7.2)	-176.8%
Net Profit/Loss	133.3	(19.9)	99.0	79.1	-40.6%
<i>Net Margin</i>	17.1%	-2.4%	-	9.5%	-7.6 p.p.

Improvements and revision of internal processes and controls

- ✓ Restatement of Previous Periods
- ✓ Certain one-off accounting items in 2Q16 Results

Certain one-off in 2Q16

R\$ Million	Adjusted Item	2Q16
FNDE Reimbursements	PDA	(43.0)
Contingencies	G&A Expenses	(28.1)
	Cost of Services	(15.2)
Inventory	Others operational revenues	(14.5)
Benefits adjustments	Cost of Services	(2.9)
Non-realizable assets (acquired companies)	Others operational revenues	(1.2)
Other	G&A Expenses	(0.8)
Total Adjustments - EBITDA		(105.7)
Income Tax	Taxes	6.7
Total Adjustments – Net Income		(99.0)

Refers to the results of the current quarter, not constant over the next semesters.

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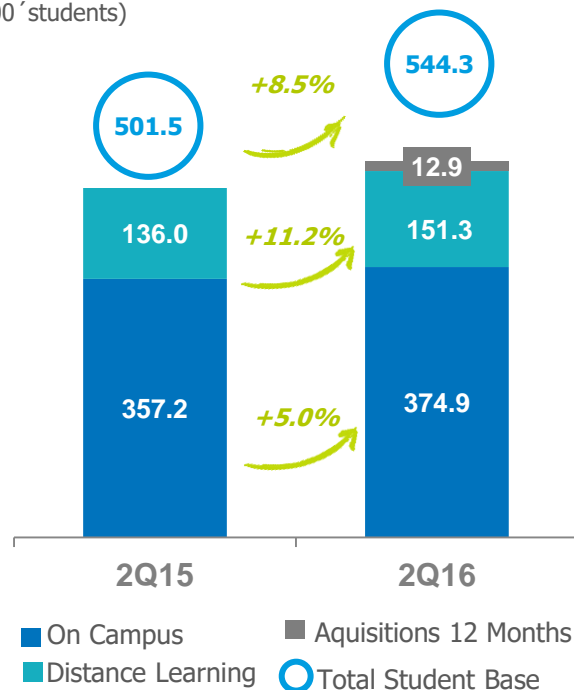


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Operational Performance

STUDENT BASE

(000' students)

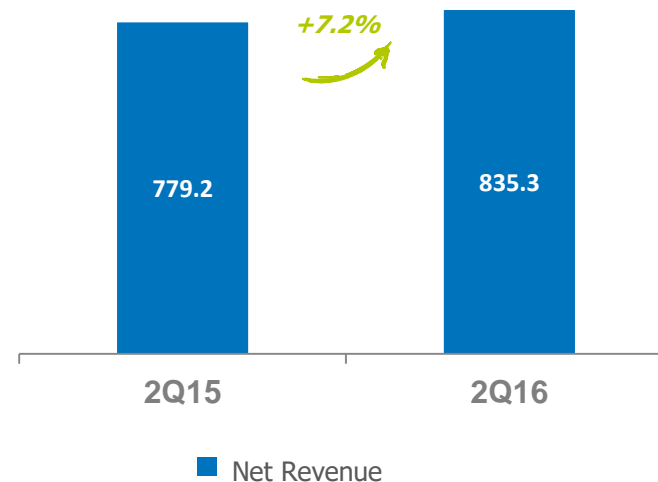


* Considering post UniSEB and FGV partnership

On-Campus Average Ticket (R\$)	2Q16	2Q15	Chg.
Undergraduate	682.3	670.5	1,8%
Graduate	250.2	220.1	13.7%
Total	650.8	638.0	2.0%

NET REVENUE

(R\$ million)



Distance Learning Average Ticket (R\$)	2Q16	2Q15	Chg.
Undergraduate	216.5	215.5	0.4%
Graduate	144.2	150.7	-4.3%
Total	208.5	210.2	-0.8%

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Financial Performance

Costs and Operational Expenses

Veritcal Analysis (% of operating net revenue)	2Q16	2Q15	Chg.
Cash Cost of Services	-56.8%	-55.1%	-1.7 p.p.
Personnel	-44.9%	-41.8%	-3.1 p.p.
Rentals, Fees and Municipal Property Tax	-7.4%	-7.1%	-0.3 p.p.
Textbooks Materials	-1.3%	-2.8%	1.5 p.p.
Services providers and Others	-3.2%	-3.3%	0.1 p.p.
Selling Expenses	-22.1%	-12.8%	-9.3 p.p.
PDA	-13.6%	-5.6%	-8.0 p.p.
Marketing	-8.5%	-7.3%	-1.2 p.p.
G&A Expenses	-14.5%	-11.3%	-3.2 p.p.
Personnel	-3.8%	-4.1%	0.3 p.p.
Others	-10.7%	-7.2%	-3.6 p.p.
Other operating revenues/expenses	-1.4%	0.6%	-2.0 p.p.

Average Receivables Days FIES

R\$ million	2Q16	2Q15
FIES Accounts Receivable	930.4	627.0
FIES Net Revenue (last 12 months)	1,406.6	1,306.5
FGEDUC Deduction (last 12 months)	(101.1)	(64.6)
Taxes (last 12 months)	(54.4)	(50,6)
FIES Net Revenue (last 12 months)	1,251.0	1,191.4
Average FIES Receivables Days	268	189

Average Receivables Days Ex-FIES

R\$ million	2Q16	2Q15
Ex-FIES and AVP Accounts Receivable	417.0	378.6
Ex-FIES Net Revenue	1,819.2	1,550.7
Average Ex-FIES Receivables Days	83	88

R\$ million	2Q16	2Q15
Shareholders' Equity	2,754.1	2,574.0
Cash & Cash Equivalents	387.9	493.9
Total Gross Debt	(905.4)	(853.3)
Loans and Financing	(796.0)	(779.8)
Short Term	(41.2)	(223.6)
Long Term	(754.7)	(556.2)
Commitments Payable (aquisitions)	(92.8)	(56.6)
Taxes Paid in Installments	(16.6)	(16.9)
Cash / Net Debt	(517.5)	(359.4)

CAPEX

R\$ million	2Q16	2Q15
Maintenance	19.5	24.0
Discretionary and Expansion	15.8	27.1
Total CAPEX	35.3	51.1

R\$ million	2Q16	2Q15
Profit before taxes and after results from discontinued operations	(18.4)	120,3
Adjustments to reconcile profit to net cash generated	210.1	105,3
Results after reconciliation to net cash generated	191.7	225.6
Change in assets and liabilities	1.8	(307.0)
Net Cash provided by (used in) operating activities	193.5	(81.3)
Net cash provided by (used in) investing activities	(43.8)	(50.4)
Operating Cash Flow (OCF)	149.7	(131.7)
Cash Flow from financing activities	(124.0)	(95.4)
Net cash provided by (used in) financing activities	25.6	(227.1)
Cash and equivalents at the beginning of the period	362.3	721.0
Increase (Decrease) in cash and equivalents	25.6	(227.1)
Cash and equivalents at the end of the period	387.9	493.9

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Final Remarks

Ticket Recovery

- Reducing the percentage of scholarships and discounts for freshmen through improvement in commercial strategy;
- Adjusting the pricing of courses in locations with substantial intake potential and an attractive portfolio;
- Adjusting prices for seniors in order to pass through the entire variation in infrastructure and personnel costs;
- Removing scholarships from students contractually in arrears.

Reduction of Costs and Expenses

- Cost planning for faculty activities outside the classroom;
- Defining an annual offering of a group of subjects with a low operating performance; and;
- Expanding the limit of 20% distance learning in legacy curriculum courses to acquired companies.

Cash Generation

- The creation of an area focused exclusively on collection;
- New intake, renewal, discount and arrears negotiation policies; and;
- The resizing of the investment budget with a reduction in expansion plans (organic and non-organic), as well as the discontinuation of non-priority projects.



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