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gente criando o futuro

Second Quarter 2019

Results

August/19

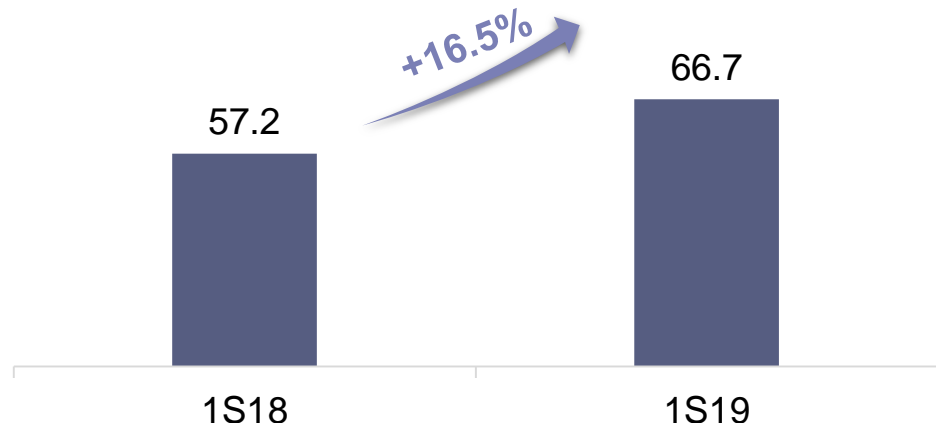
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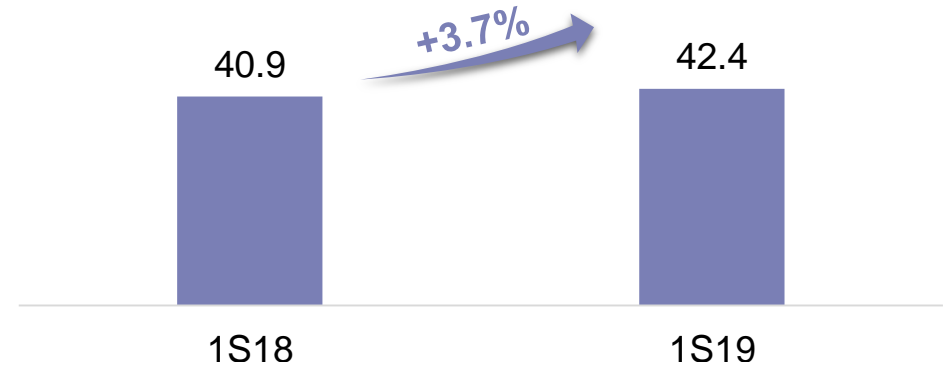
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Student intake 2019.1 ('000)

Total student intake



On campus undergraduation intake



On campus post graduation / vocational courses intake

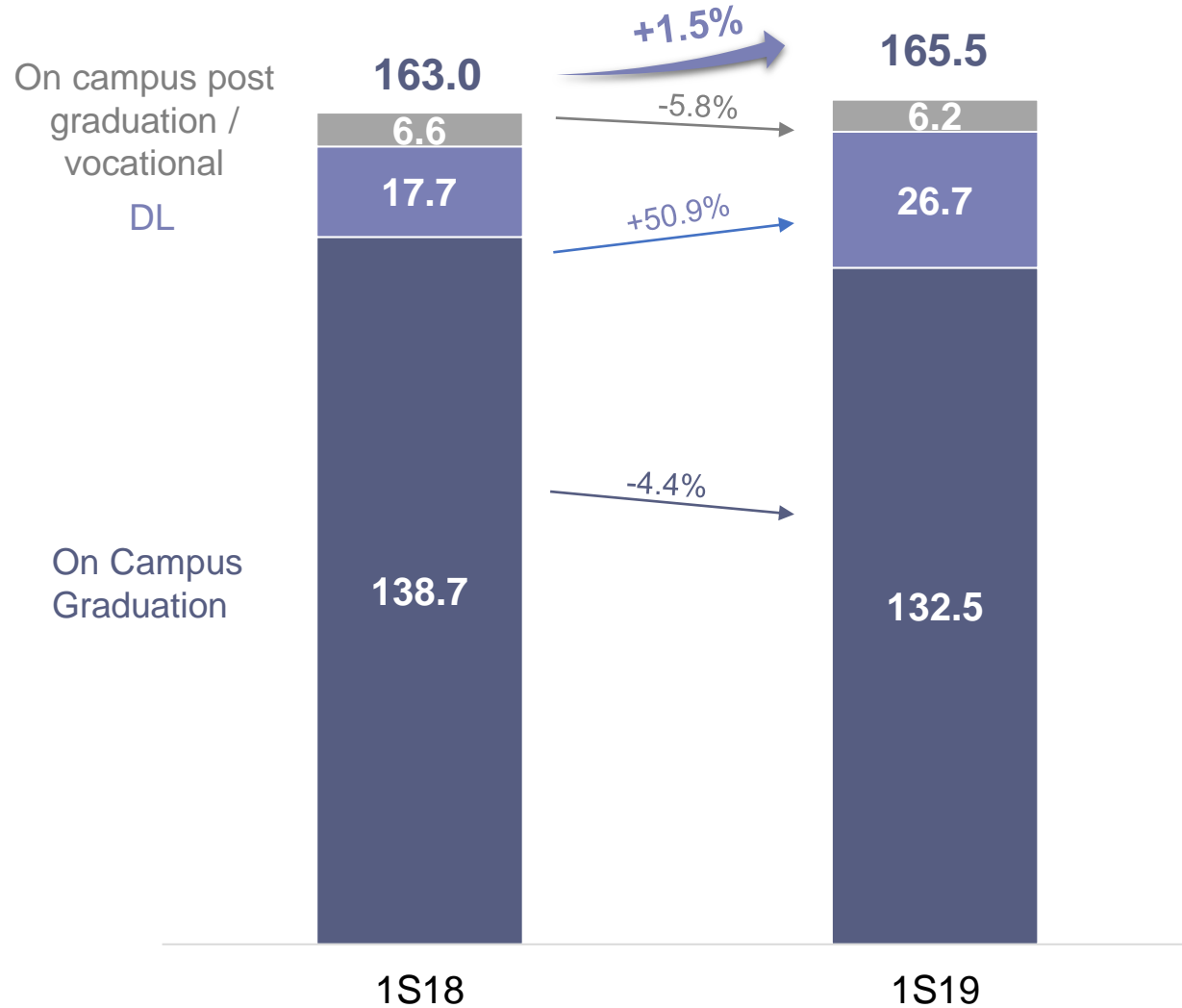


DL intake (under graduation + post graduation)

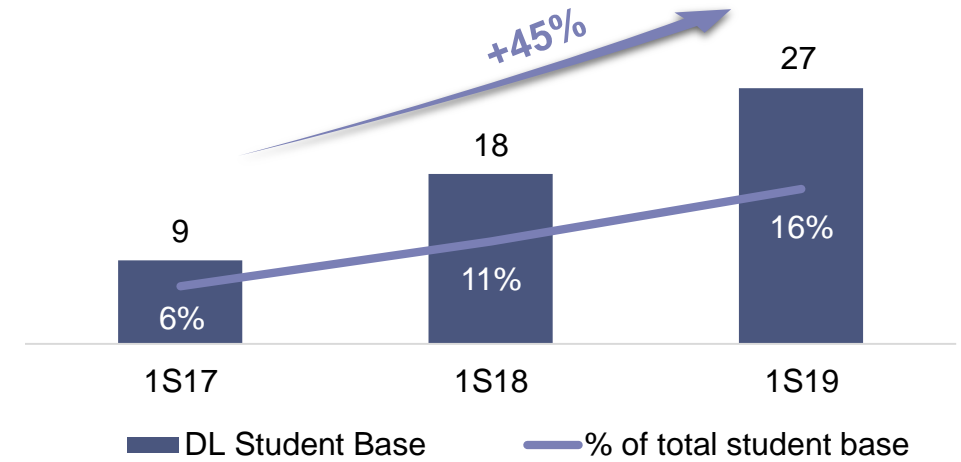


Resumption of growth of the student base

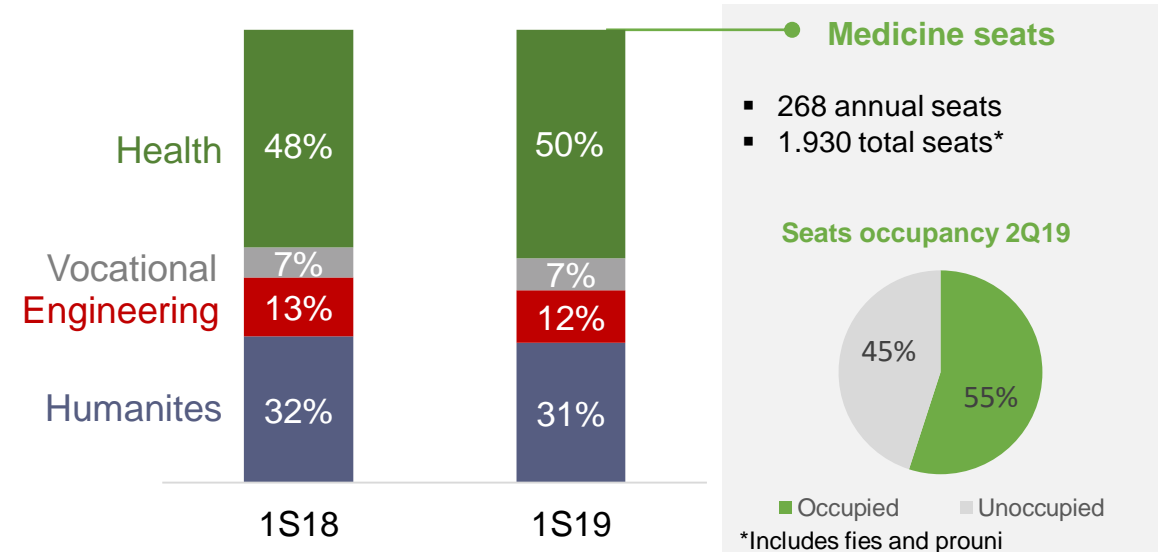
Student base ('000)



DL student base evolution ('000)

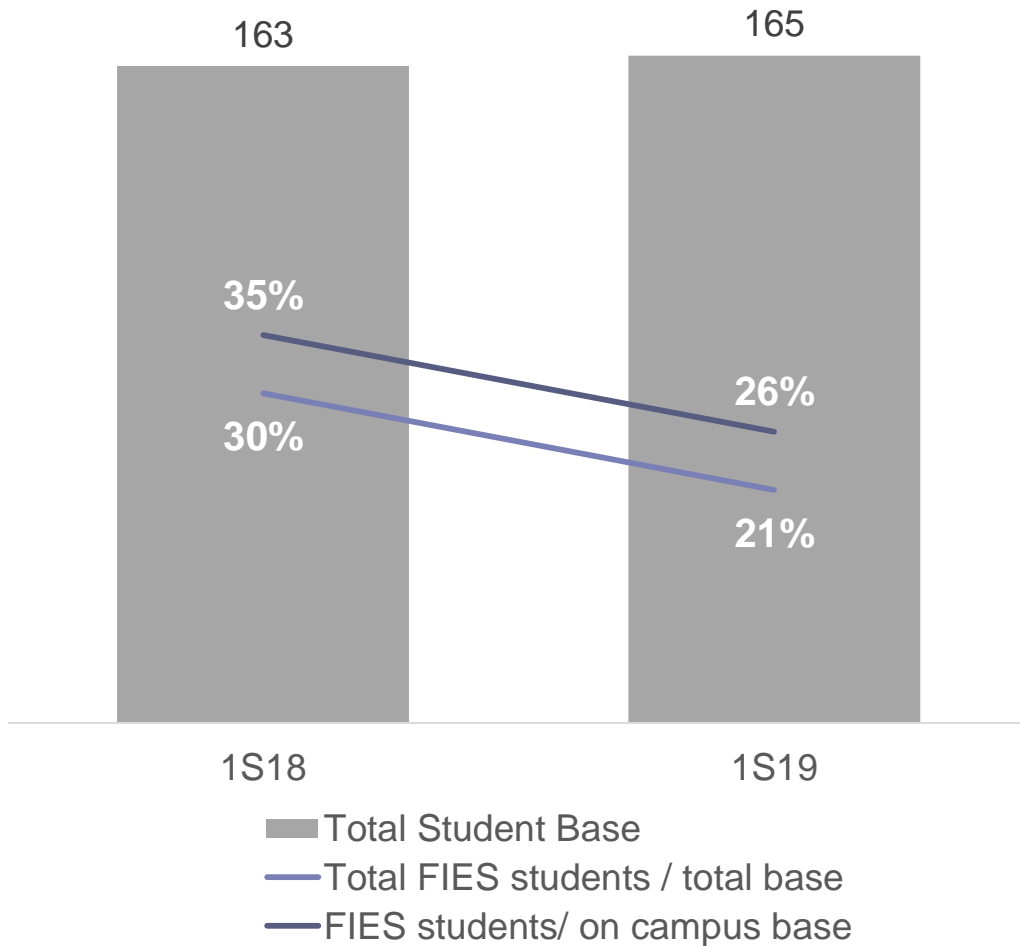


Distribution of on-campus student base by segment

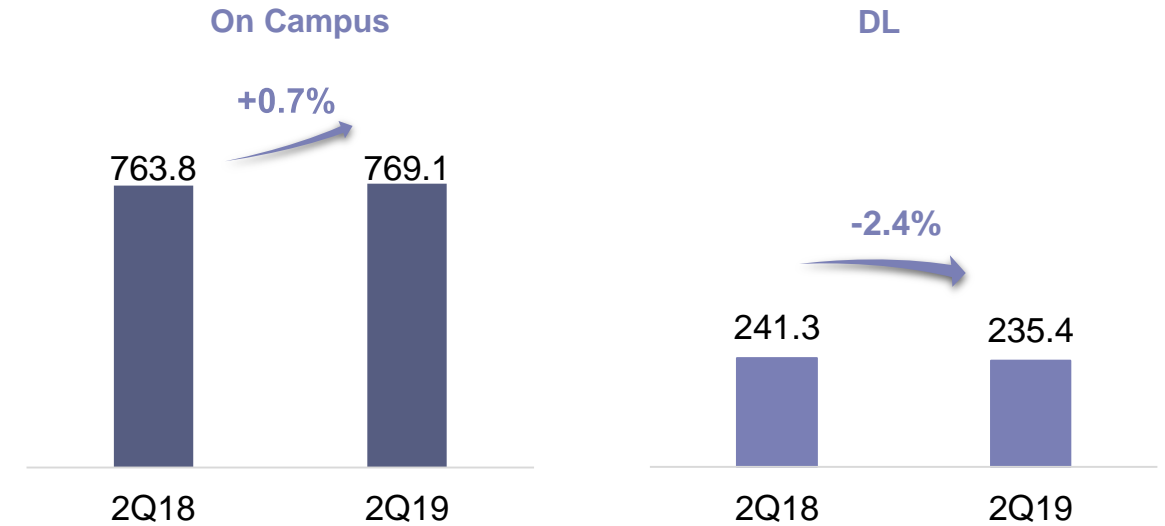


FIES student base and average ticket

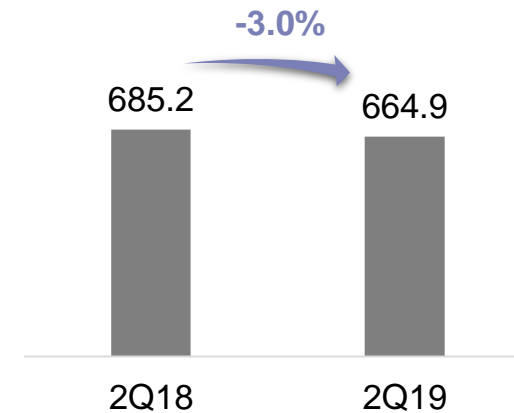
Total student base ('000) and % of FIES students



On campus and DL average ticket (R\$/month)



Consolidated average ticket R\$/month



Results Summary (R\$MM)



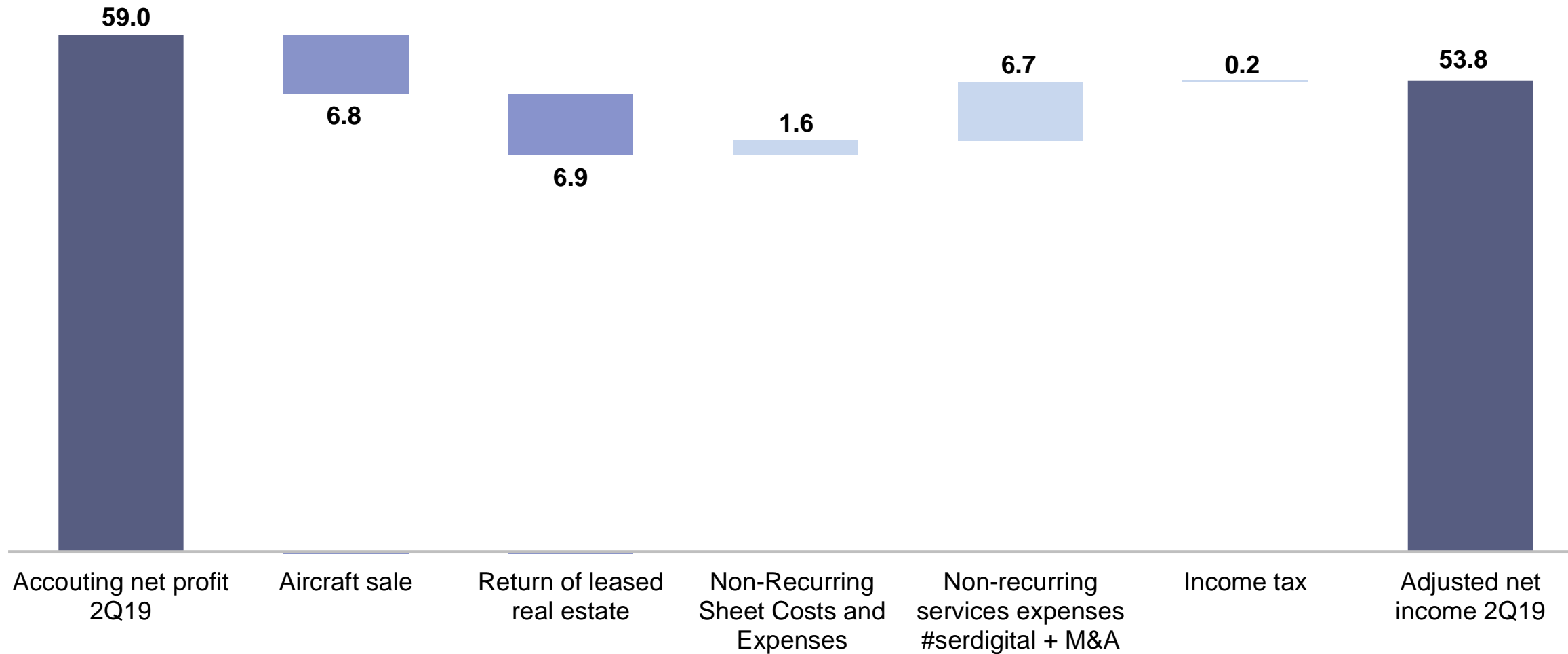
	2Q19	2Q18 Comparable*	Δ (%)	6M19	6M18 Comparable*	Δ (%)
Net Revenue	332.6	339.2	-1.9%	636.8	656.4	-3.0%
Adjusted Cash Gross Profit	217.6	225.7	-3.6%	402.4	424.2	-5.2%
<i>Adjusted Cash Gross Margin</i>	65.4%	66.5%	-1.1p.p.	63.2%	64.6%	-1.4p.p.
Adjusted EBITDA(*) (**)	88.4	105.5	-16.2%	185.5	183.7	+0.9%
<i>Adjusted EBITDA Margin</i>	26.6%	31.1%	-4.5p.p.	29.1%	28.0%	+1.1p.p.
Adjusted Net Income(*) (**)	53.8	83.3	-35.5%	117.8	141.9	-16.9%
<i>Adjusted Net Margin</i>	16.2%	24.6%	-8.4p.p.	18.5%	21.6%	-3.1p.p.
<i>Earnings per share(*) (**)</i>	0.42	0.61	-31.4%	0.92	1.04	-11.8%

* Consider the effects of IFRS 16 pro forma and unaudited

** Adjusted for non-recurring events, interest income on agreements / other and minimum rental payments

*** Net of shares of shares held in treasury

Analysis of non-recurrent effects (R\$ MM)



Analysis of results by segment (R\$MM)

Ex-New Units Result*	2Q19				6M19			
	On campus	New units ⁽¹⁾	DL	Consolidated	On campus	New units ⁽¹⁾	DL	Consolidated
Net Income	311.4	2.7	18.6	332.6	595.2	5.3	36.3	636.8
Adjusted Cash Gross Profit	201.3	1.5	13.7	216.5	378.1	1.7	25.4	405.2
<i>Adjusted Cash Gross Margin</i>	<i>64.6%</i>	<i>55.7%</i>	<i>74.0%</i>	<i>65.1%</i>	<i>63.5%</i>	<i>33.0%</i>	<i>69.9%</i>	<i>63.6%</i>
Adjusted EBITDA*	87.7	(2.7)	3.4	88.4	185.0	(5.8)	6.3	185.5
<i>Adjusted EBITDA Margin</i>	<i>28.2%</i>	<i>-100.6%</i>	<i>18.4%</i>	<i>26.6%</i>	<i>31.1%</i>	<i>-108.8%</i>	<i>17.3%</i>	<i>29.1%</i>

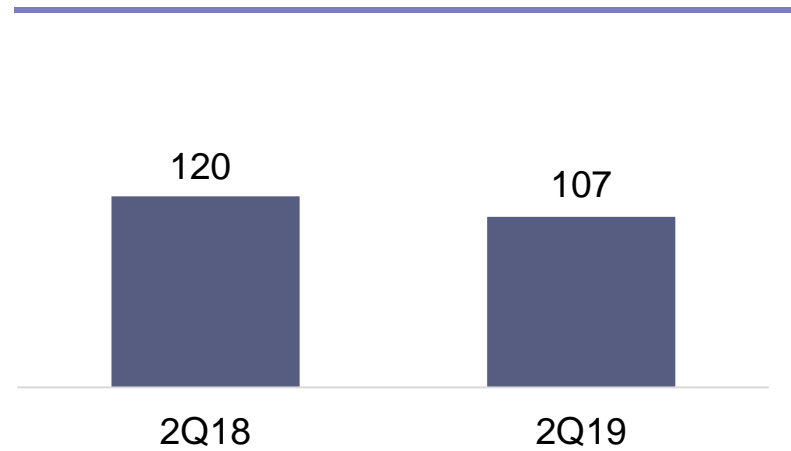
(1) Concept: Units with less than 2 years of operations

Expanding Units : Garanhuns, Mossoró, Juazeiro do Norte, Maracanaú, Porto Velho, Arapiraca, Marabá, Boa Vista, Rio Branco, Sobral e Belo Horizonte.

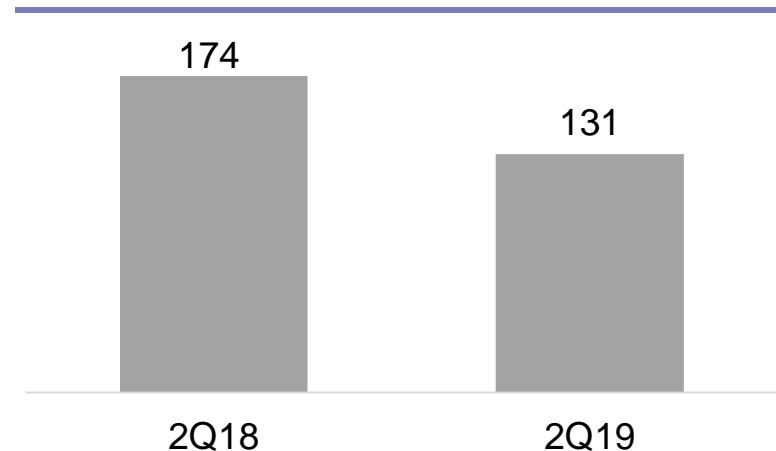
* Allocation of results are not audited

Net Receivables Days (NRD)

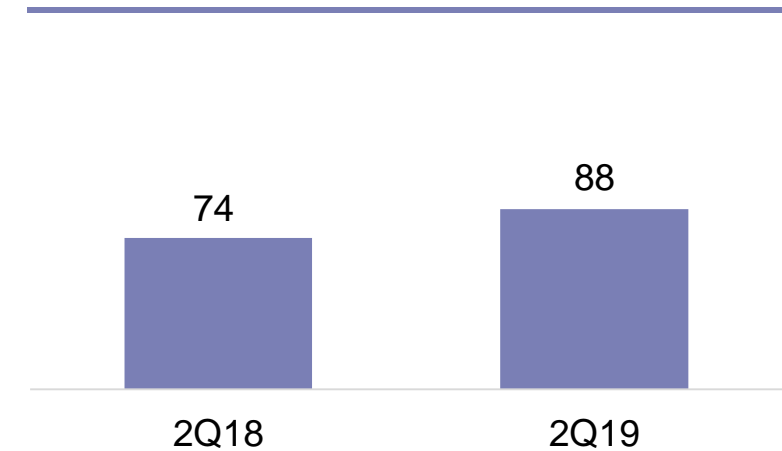
NRD (days)



NRD FIES (days)



NRD Out of pockets students (days)

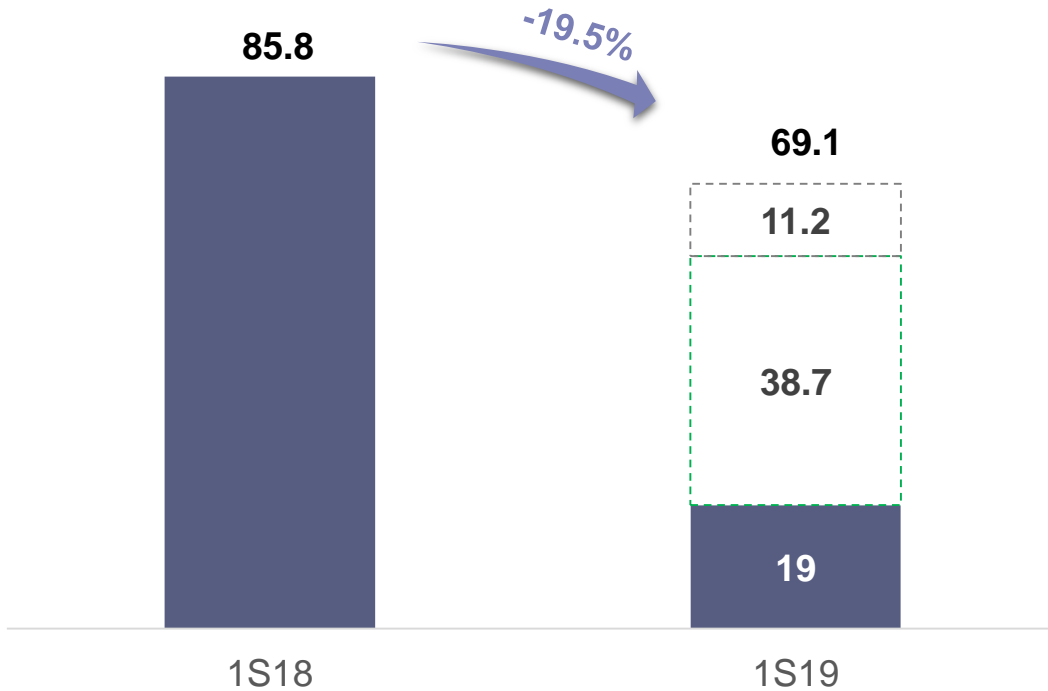


Gross accounts receivables analysis (AR)	4Q17	2Q18	4Q18	2Q19	Δ (%) 2Q18 x 2Q19	Δ AR 1S18 x 1S19 *
AR FIES (R\$MM)	206.6	265.6	62.1	159.8	-39.8%	(38.7) → Paid in 3Q19
FIES on campus undergrad base ('000)	55.6	48.2	40.4	34.6	-28.2%	
% of on campus undergrad base	41%	35%	32%	26%	-8.7 p.p.	
AR Out of Pockets (R\$MM)	188.2	238.6	246.3	291.3	22.1%	+5.4
Out of pockets on campus undergrad. base ('000)	78.4	90.5	87.4	98.0	+8.3%	→ Improvement in out of pockets AR, even with student base growth
% of on campus undergrad. base	59%	65%	68%	74%	+8.7 p.p.	

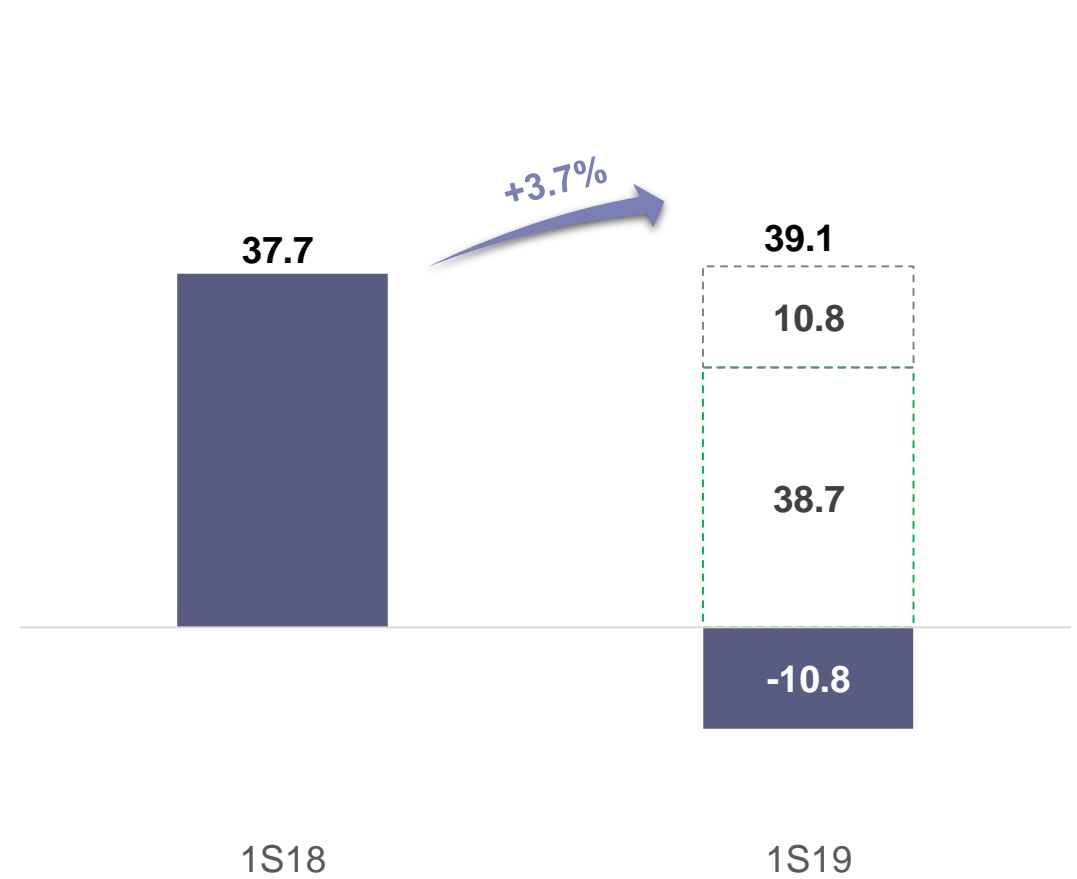
* Net variation of accounts receivables (2Q18-4Q17-2Q19+4Q18)

Generation of operating cash (GOC) and pro forma analysis

GOC adjusted* (R\$MM)



GOC after Capex (R\$MM)



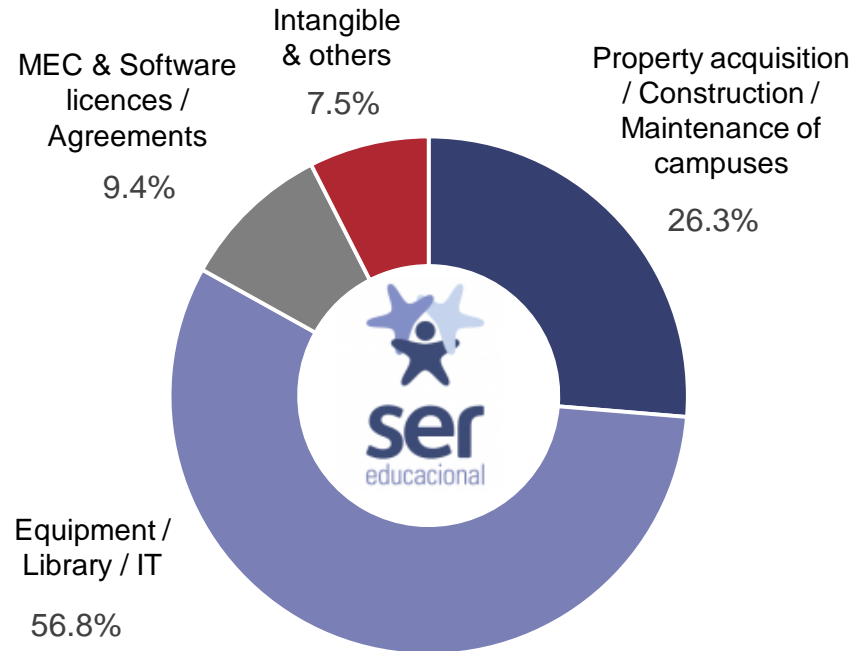
 Judicial deposits in 2Q19
 1S19 FIES Balance Received in 3Q19
 GOC

 Judicial deposits in 2Q19
 1S19 FIES Balance Received in 3Q19
 GOC

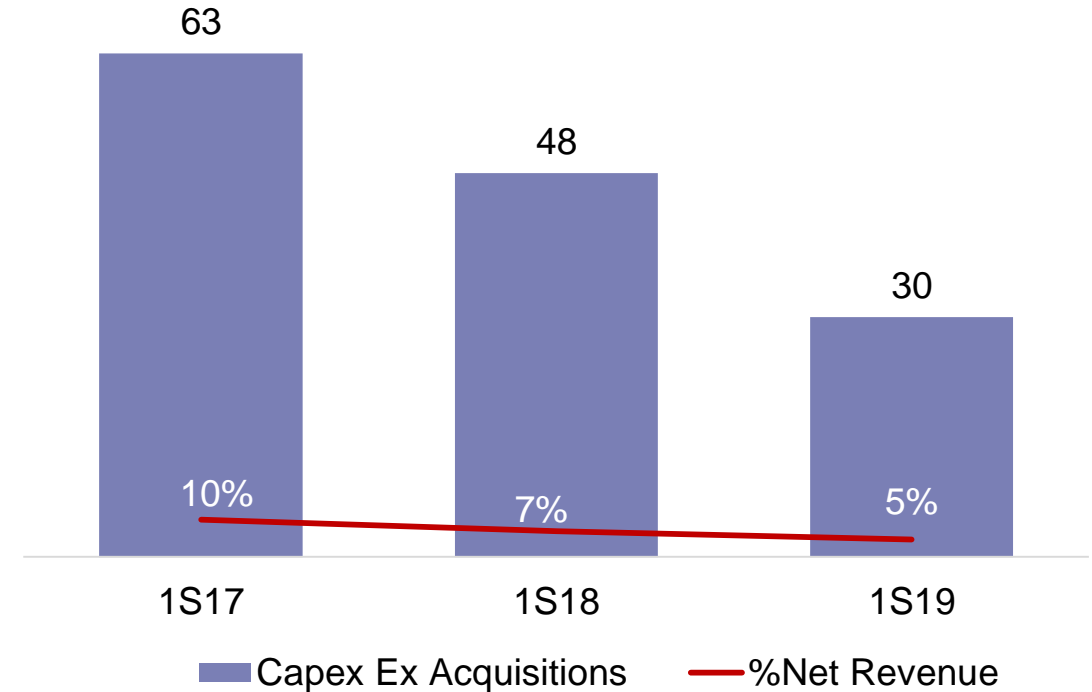
* Adjusted for the recognition of IFRS 16 for comparability purposes

CAPEX (R\$MM)

CAPEX 1S19: R\$29.9MM



CAPEX Evolution

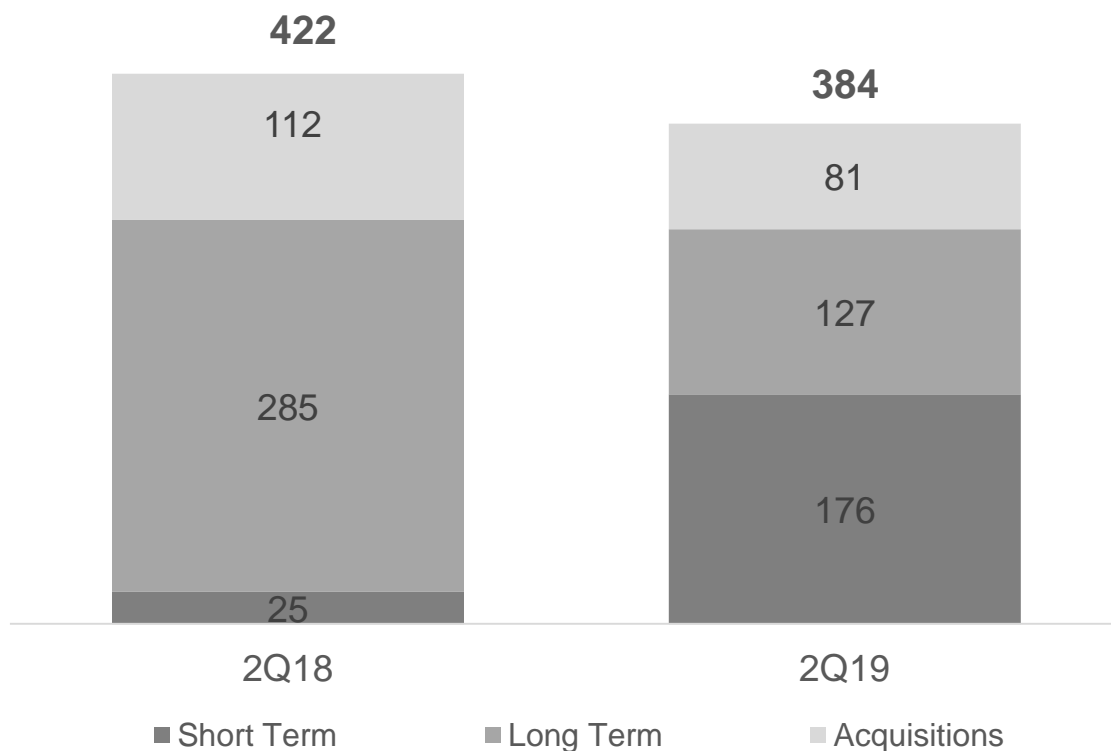


Rollout of Campus 2.0 in:

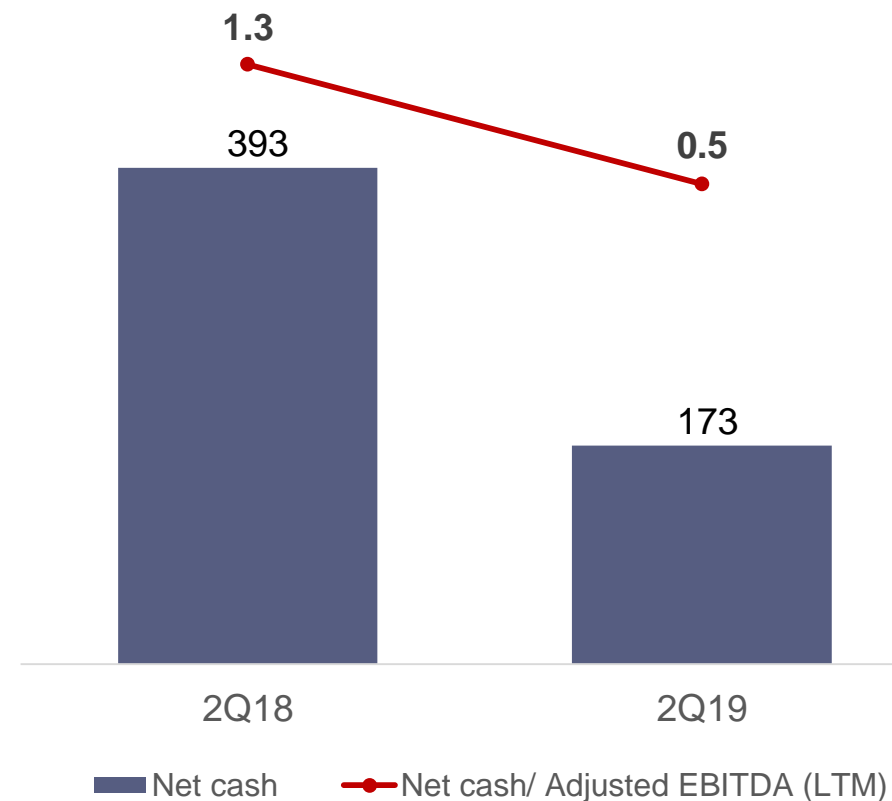
- Fortaleza and Caruaru: expansion
- Recife: Retrofit of existing units
- Unama Belém and UNG: maintenance Capex

Gross indebtedness and financial leverage (R\$ MM)

Gross debt



Gross indebtedness and amortization schedule (R\$ MM)





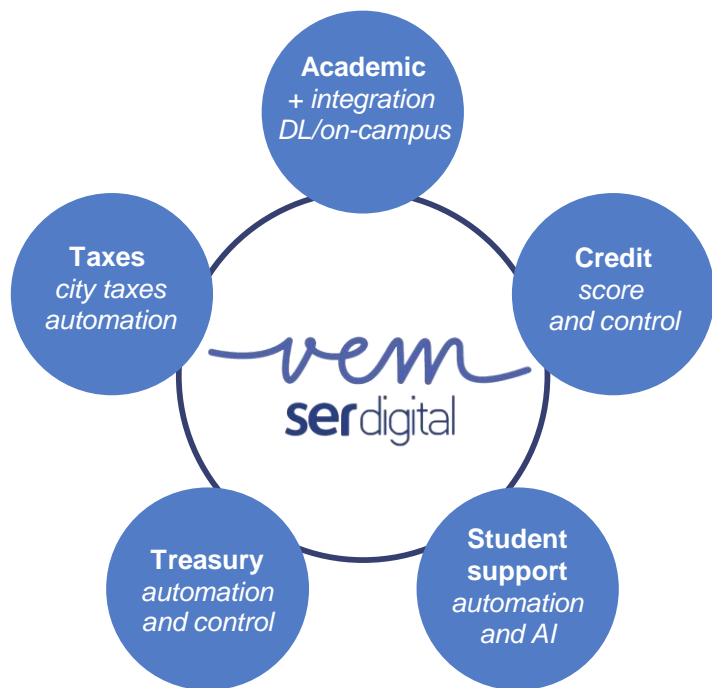
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Business Plan
Update

Process robotization



- 30 process automation robots already completed
- +280 robots in the programming pipeline

Campus 2.0

- DL/ On campus integration maximize and optimizes courses offerings and asset utilization



- Retrofitting existing units to concepts desired by young people
- New units launched with more on campus courses and preferably within or near by shopping centers
- Potential maximizing asset utilization and marketing efficiency

Teacher training for active methodologies

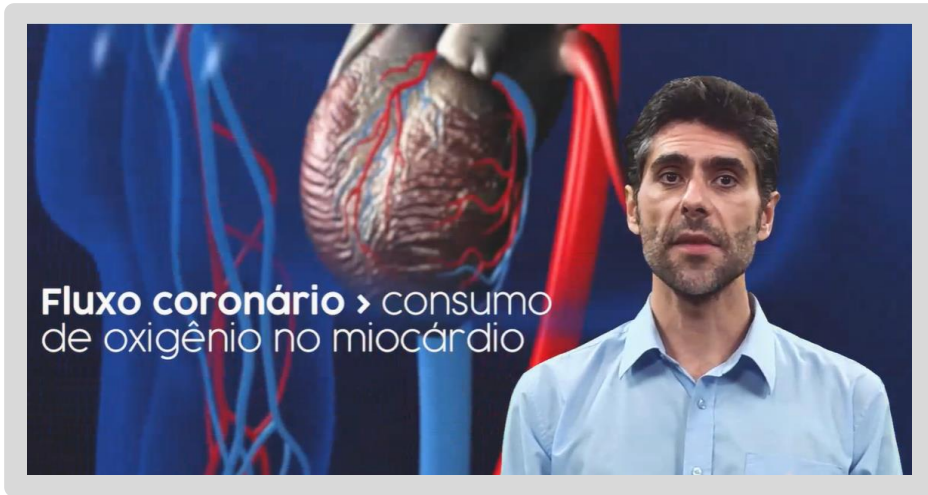
- Active methodologies using classroom applications which bring DL even closer to on campus teaching



- State-of-art technology in application and control of active technologies



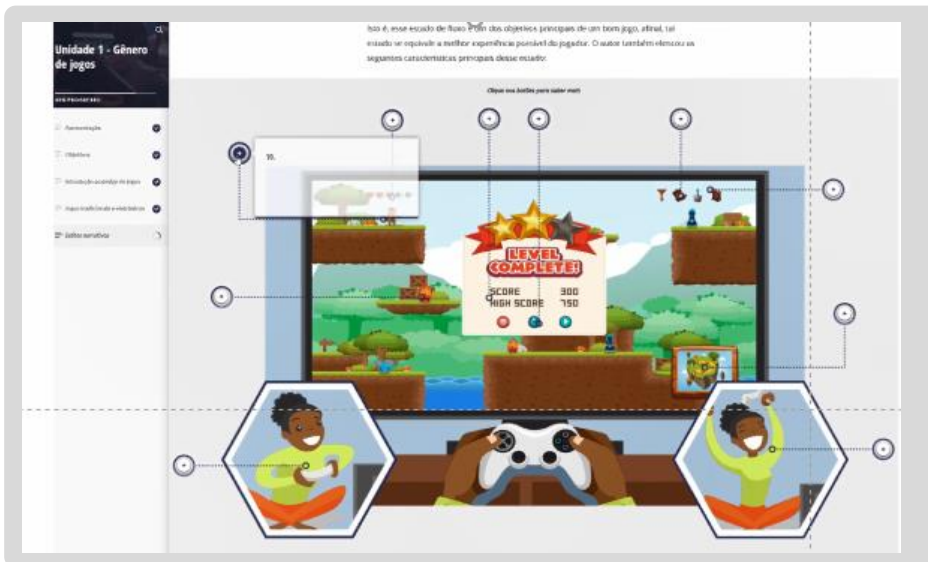
- Rollout started from 2019.1



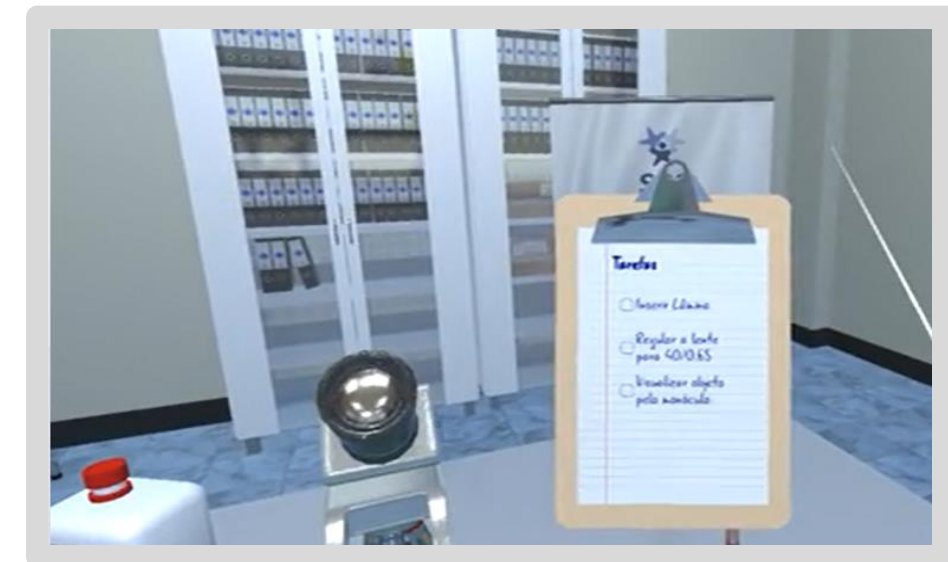
New video lessons with chroma key interactions



Multiplatform: interactive content can be turned into static or multi-screen

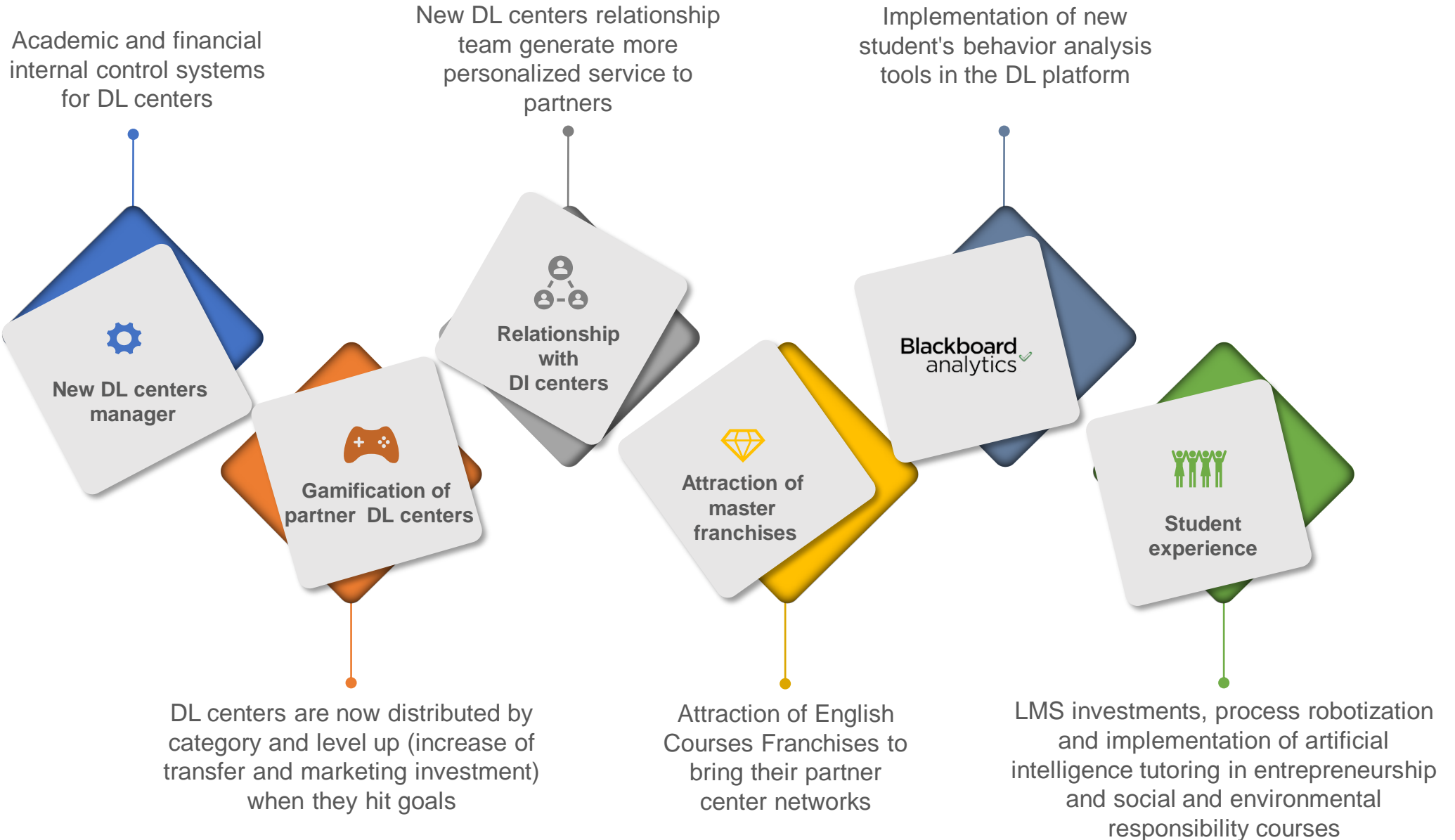


More interactive and gamified learning trails



New generation of virtual labs for computers , tablets and VR glasses

Improvements to DL management processes



Blackboard® CATALYST AWARD



Student Success: Guardian Tutor Project



Enzo Moreira, Ser Educacional DL director

<https://community.blackboard.com/groups/catalystawards/pages/2019-winners>

EAD RANKING



Best DL undergraduate course 3 courses in the Top 10 overall



<https://exame.abril.com.br/carreira/este-ranking-inedito-traz-os-melhores-cursos-a-distancia-no-brasil/>

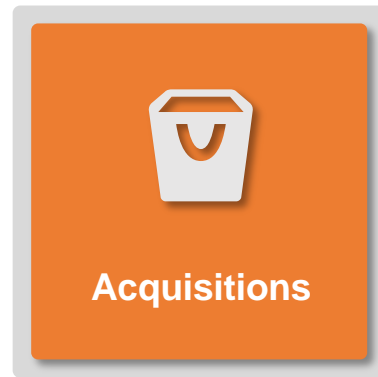
<https://www.eadranging.com.br/ranking>

Clear strategic objectives for resumption of growth and profitability



Development of on-campus , semi-present and DL segments

- 14 maturing units
- New units in 2019.2
- +4 new units under review for 2020
- Growth and maturation of the DL centers base



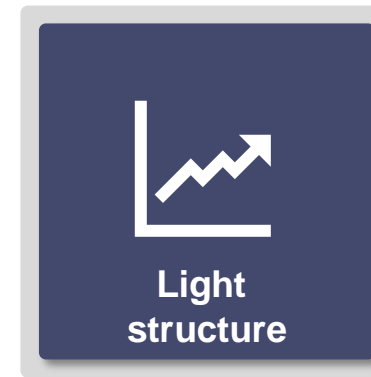
UNINORTE integration and new acquisition pipeline

- UNINORTE in final phase of analysis at the Brazilian antitrust agency (CADE)
- New acquisition pipeline targets branded assets recognized in higher education



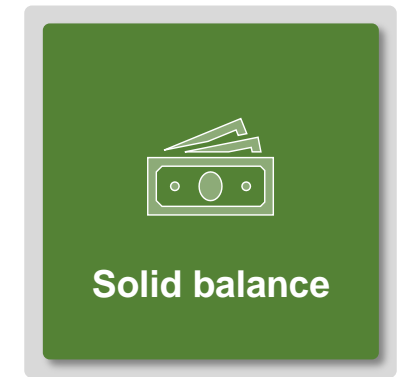
Evolution in knowledge transmission

- Integration in DL, on campus, semi-present courses in Campus 2.0 model
- Student experience improvement with the back-office robotization
- New virtual labs, learning trail and renovation of DL courses.



Focus on maintaining a lean structure

- Semiannual adaptation of cost and expense structure
- Maintenance of accounts receivable levels at appropriate standards
- Keep the Company ready for the resumption of operating margin growth



Solid cash position

- Focus on operating cash generation
- Strong capital structure to enable future acquisitions



10 ANOS



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