

ser educacional

1Q18 | **Earnings Presentation**

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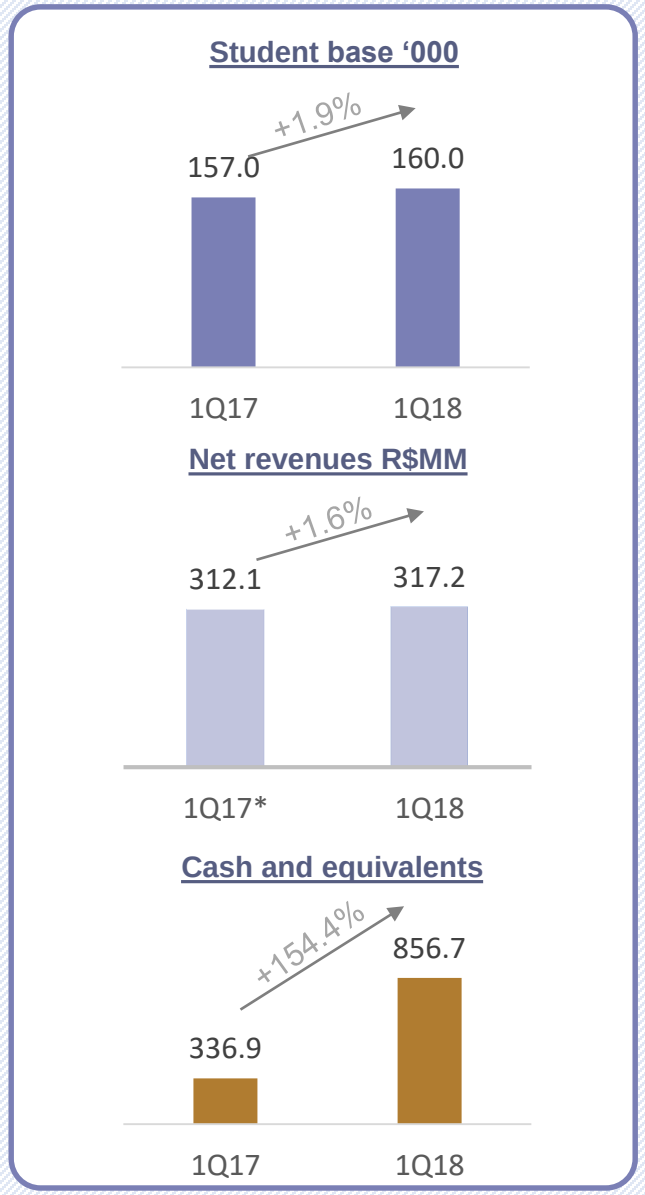
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1Q18 highlights

- 3 new on campus units accredited: Patos (PB), Imperatriz (MA) and Campinas (SP)
- Total student base growth of 1.9% compared to 1Q17
- Total distance learning student base (undergraduation + post-graduation) reached 18,400 students, 106% growth over 1Q17
- Net revenue growth of 1.6% compared to 1Q17, with on campus undergraduation average ticket growth of 1.5%
- Dividends of R$37.8 million (0.2733939 per share) paid on May 7, 2018 related to the fiscal year results of 2017



* Comparable adjusting the interest income of monthly payments in accordance with IFRS 15

1Q18 new enrollments and 2018.1 status

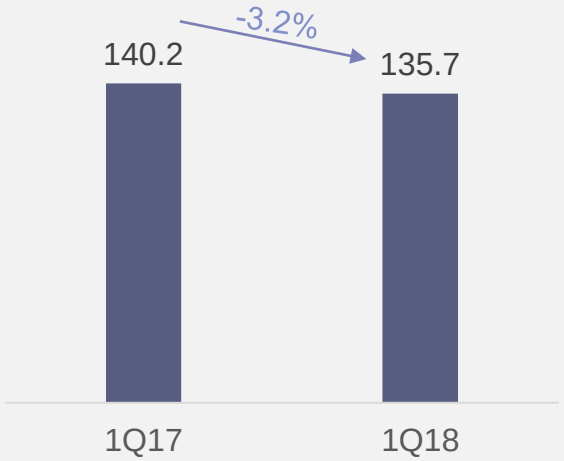
Undergraduation New Enrollments ('000)	1Q18	1Q17	Δ (%)	2018.1 (May 4th)	2017.1 (May 4th)	Δ (%)
Undergraduation	**45.8**	**46.1**	**-0.6%**	**52.8**	**50.9**	**3.7%**
Distance Learning Undergraduation	10.2	4.0	+155.2%	12.3	4.6	163.8%
On Campus Undergraduation	35.6	42.0	-15.4%	40.5	46.2	-12.4%
FIES Intake	*0.2*	*7.5*	*-97.9%*	*0.8*	*9.1*	*-91.4%*
Ex-FIES Intake	*35.4*	*34.5*	*+2.5%*	*39.7*	*37.1*	*+7.0%*

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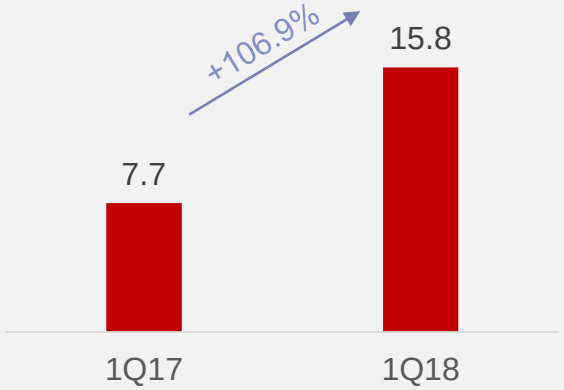
- DL intake growth of 155% versus 1Q17
- Ex-FIES intake growth of 2.5% versus 1Q17
- Improvement in student intake during the month of April/18 and beginning of May/18

Evolution of the student base (‘000)

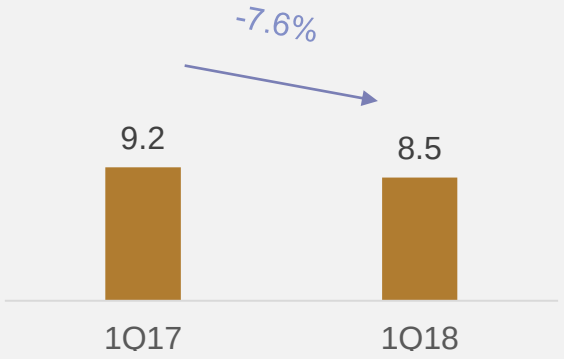
On campus undergraduate



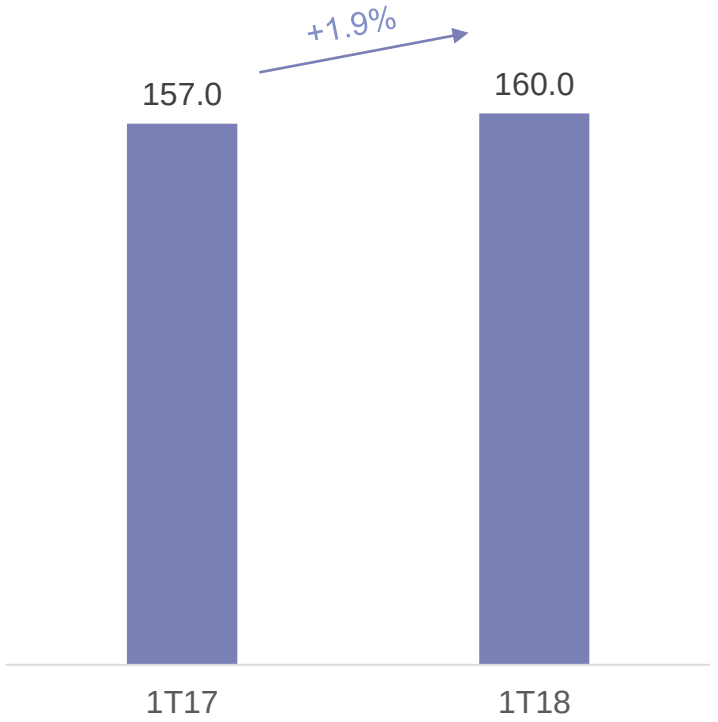
Distance learning undergraduate



Graduate / Vocational distance learning / On campus



Total student base



Results summary

Financial Highlights (R$MM)*	1Q18	1Q17 Comparable**	Δ (%)
Net Revenues	**317.2**	**312.1**	**+1.6%**
Adjusted cash gross profit	**191.0**	**196.8**	**-3.0%**
Adjusted cash gross margin	*60.2%*	*63.1%*	*-2.9 p.p.*
Adjusted EBITDA	**78.2**	**112.2**	**-30.3%**
Adjusted EBITDA Margin	*24.7%*	*35.9%*	*-11.3 p.p.*
Adjusted net income	**62.8**	**82.8**	**-24.1%**
Adjusted net margin	*19.8%*	*26.5%*	*-6.7 p.p.*

* Adjusted for non-recurring effects, interest on agreements and minimum lease payments

** Reclassification of R $ 3.3 million in 1Q17 from "interest on monthly payments and agreements" to "net revenue" for better comparability purposes by the adoption of IFRS 15

Analysis of the results excluding new units and distance learning (R$MM)

Results excluding new operations (New units and distance learning) 1Q18	Consolidated	New operations and DL[(1)]*	Consolidated ex-new operations*	Δ (%)
Net Revenues	**317.2**	19.7	**297.6**	-6.2%
Adjusted cash gross profit	**191.0**	8.7	**182.3**	-4.5%
Adjusted cash gross margin	***60.2%***	*44.1%*	***+61.3%***	*+1.1 pp*
Adjusted EBITDA	**78.2**	(17.2)	**95.5**	+22.0%
Adjusted EBITDA margin	***24.7%***	*-87.6%*	***32.1%***	*+7.4 pp*

(1) Units with less than 2 years of operations: Garanhuns, Maceió (Nabuco), João Pessoa (Nabuco), Mossoró, Juazeiro do Norte, Maracanaú, Porto Velho, Arapiraca, Marabá, Ananindeua, Boa Vista, Rio Branco, Anápolis, Sobral, Cabo de Santo Agostinho, Petrolina, Jaboatão dos Guararapes, Feira de Santana, Fortaleza (Nabuco), Rio de Janeiro and Belo Horizonte

* Non audited

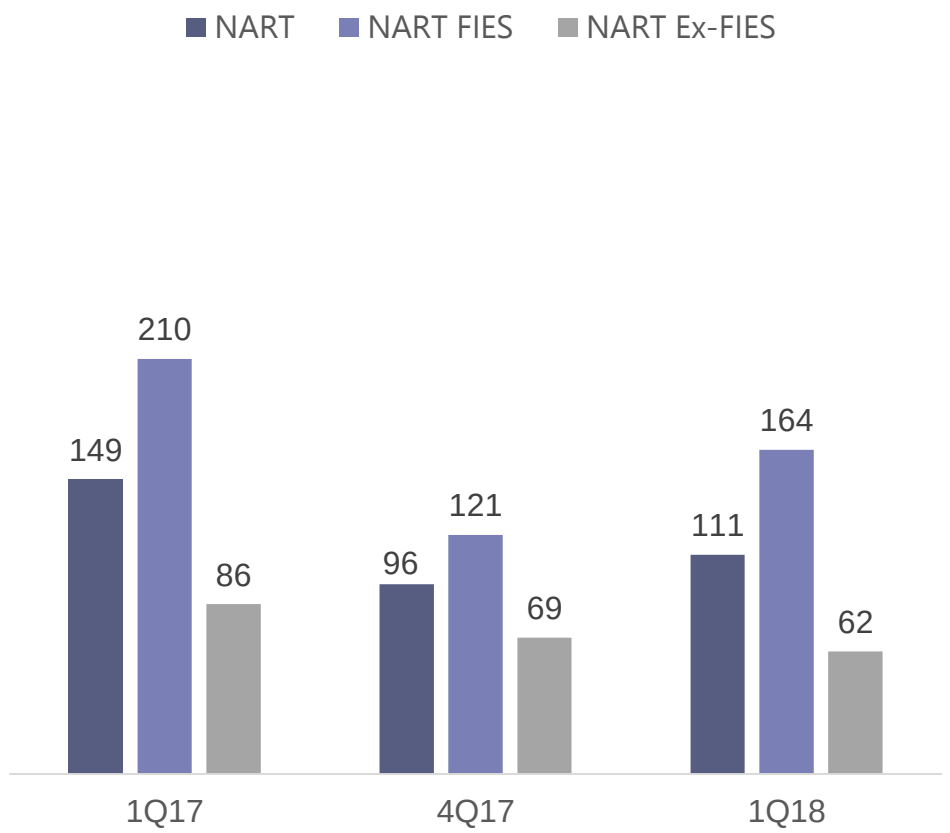
Aging of accounts receivables and net average receivables term

Aging of accounts receivables for tuitions and agreements

Aging of Monthly tuition fees (R$ '000)	1Q17	% Chg.	1Q18	% Chg.
Overdue by up to 30 day	29,072	33.1%	33,894	32.8%
Overdue from 31 to 60 days	12,351	14.1%	14,817	14.3%
Overdue from 61 to 90 days	5,066	5.8%	5,898	5.7%
Overdue from 91 to 180 days	21,207	24.2%	21,744	21.0%
Overdue more than 180 days	20,018	22.8%	27,057	26.2%
TOTAL	**87,714**	**100.0%**	**103,410**	**100.0%**

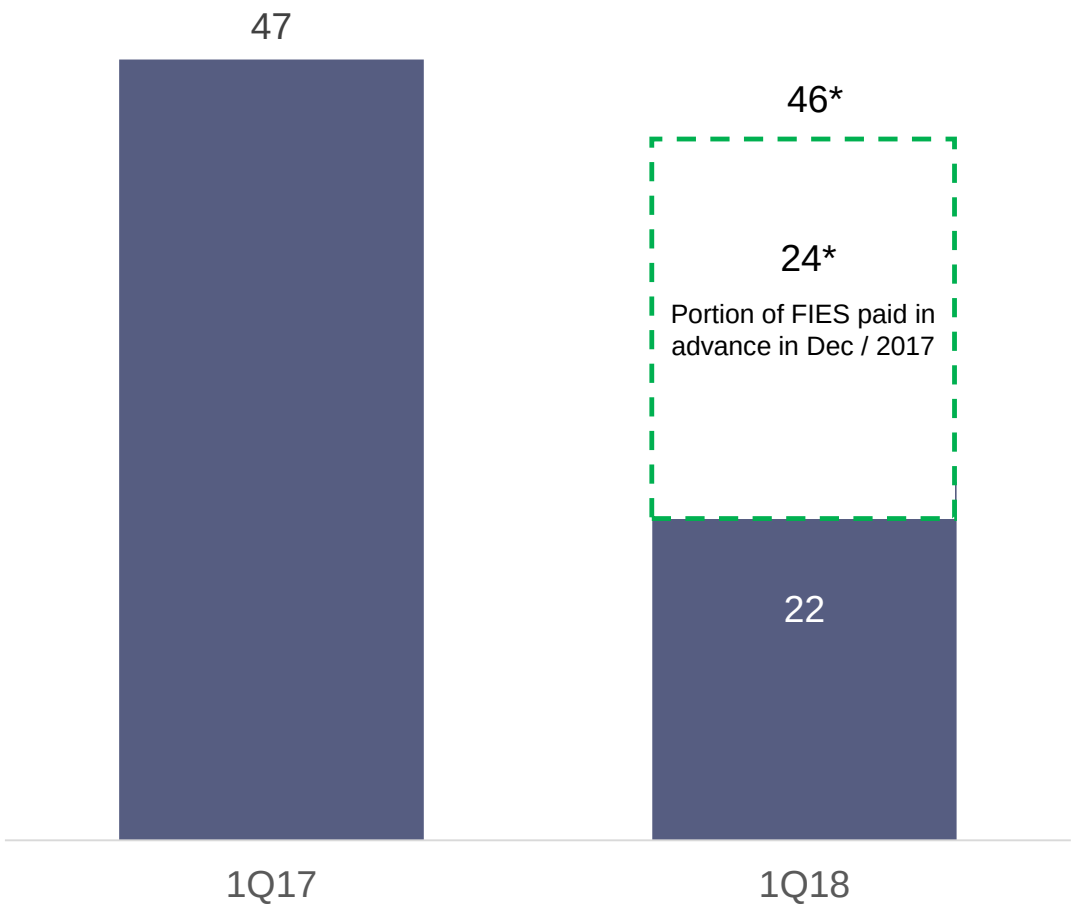
Aging of Negotiated Agreements (R$ '000)	1Q17	% Chg.	1Q18	% Chg.
Not yet due	35,496	44.3%	29,323	38.4%
Overdue by up to 30 day	11,890	14.8%	7,889	10.3%
Overdue from 31 to 60 days	6,482	8.1%	4,313	5.6%
Overdue from 61 to 90 days	3,563	4.4%	2,962	3.9%
Overdue from 91 to 179 days	9,811	12.2%	10,334	13.5%
Overdue more than 180 days	12,942	16.1%	21,558	28.2%
TOTAL	**80,184**	**100.0%**	**76,379**	**100.0%**

Net average receivable term (days)

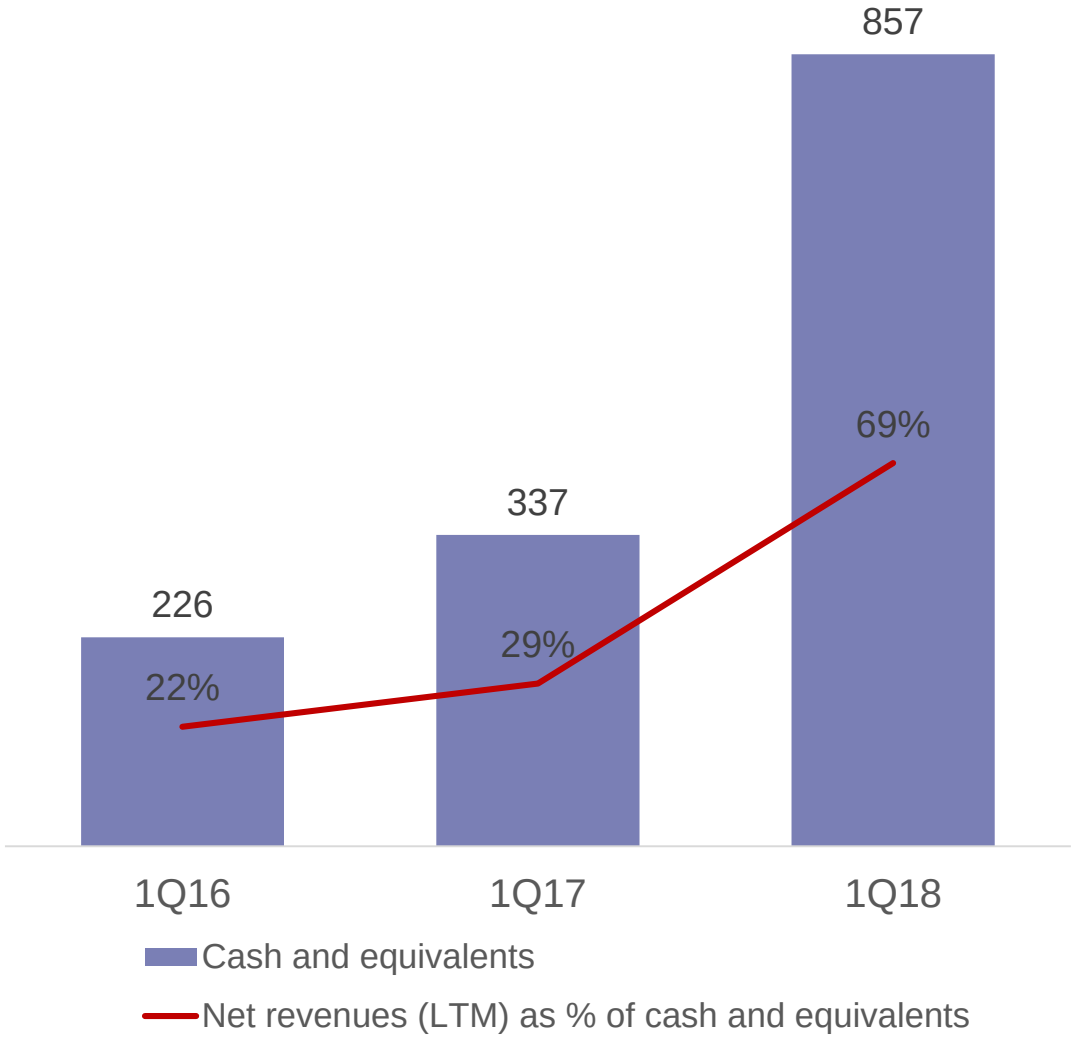


Operating cash generation and cash and equivalents (R$MM)

Operational cash generation (R$MM)



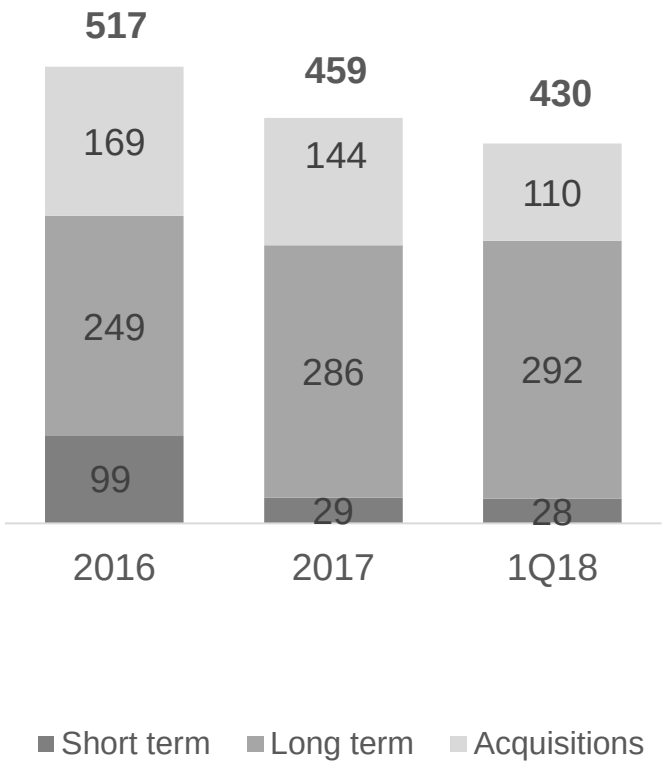
Cash and equivalents (R$ MM) and % of Net revenue in cash (LTM)



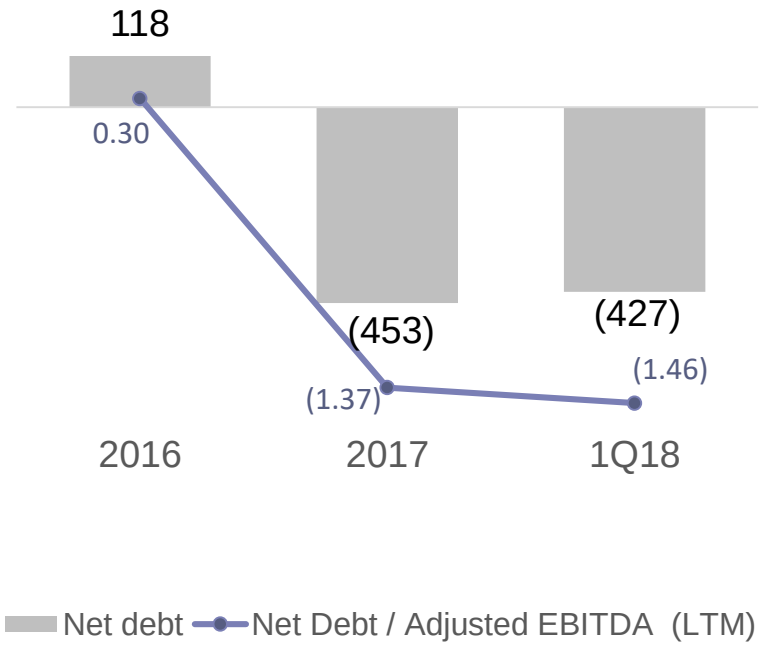
* Pro forma adjustment, in order to better represent 1Q18 operating cash generation, since in 1Q17 the portion of FIES for the month of December 2016 was paid in January 2017 while in 2018 that portion was paid in advance during the 4T17.

Gross debt and debt amortization schedule (R$MM)

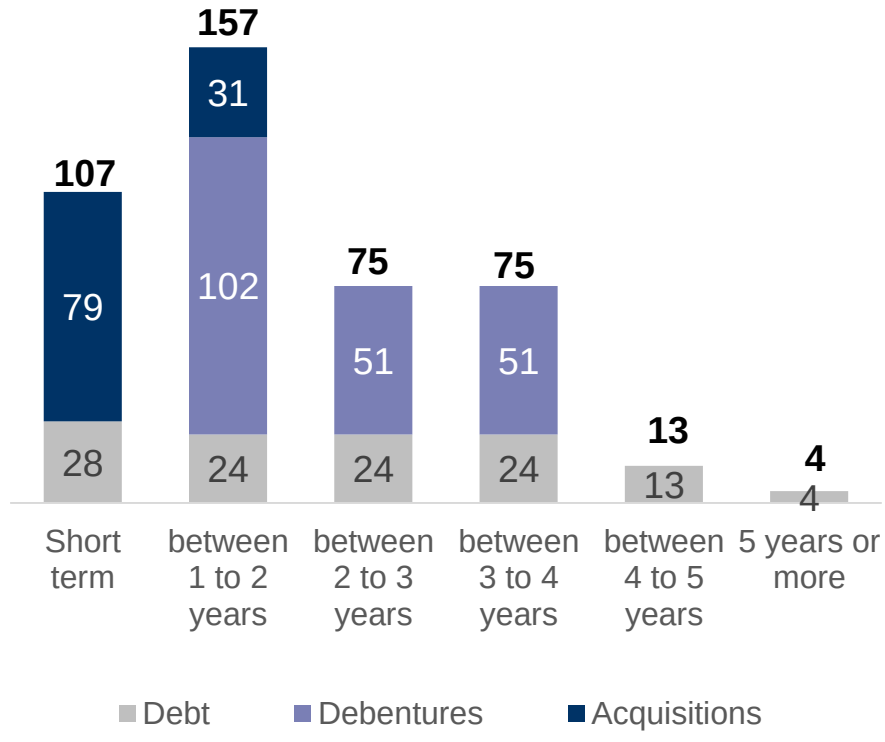
Gross debt



Net debt (net cash) / Adjusted EBITDA

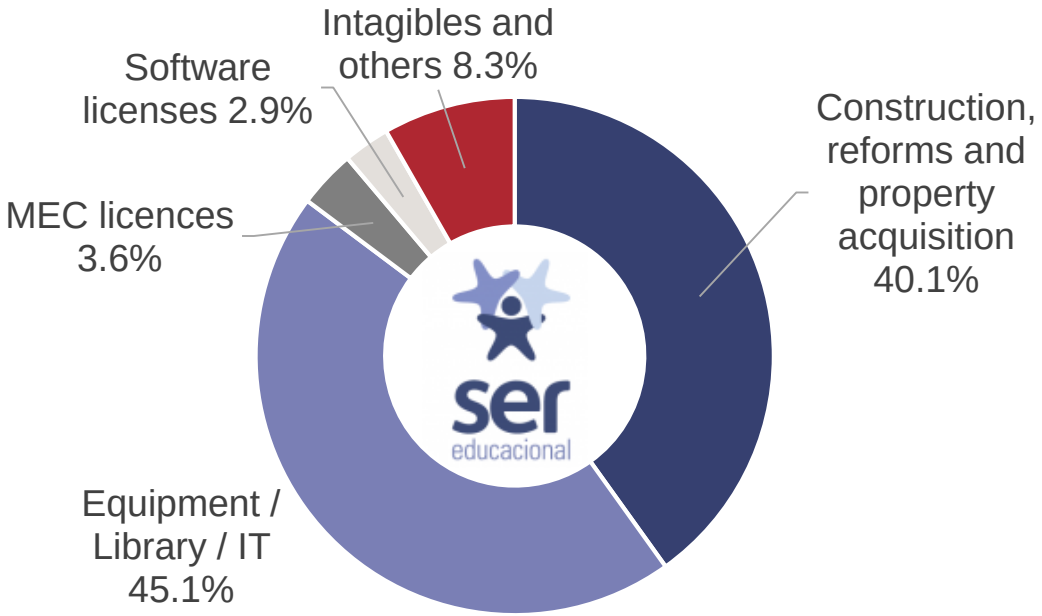


Debt amortization schedule

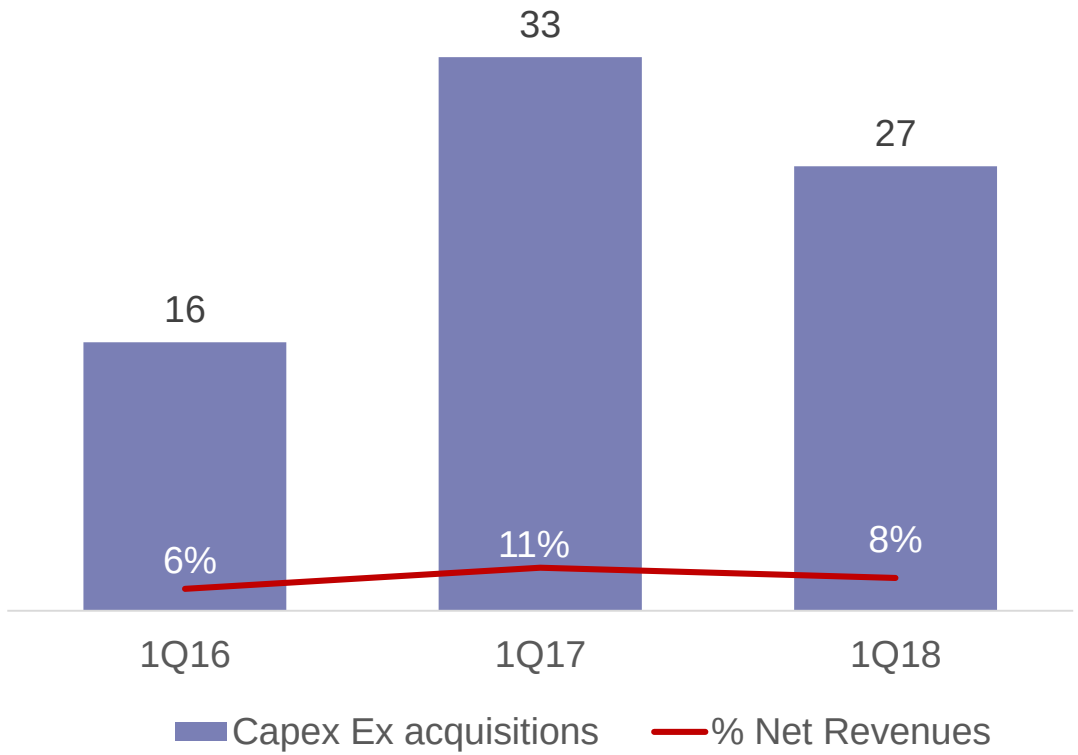


CAPEX (R$MM)

1Q18 main investments: R$26.5MM



Capex evolution



Expansion and maintenance of campuses in the cities of:

- Fortaleza
- Caruaru
- Rio de Janeiro



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Action Plan 2018

Key factors that have impacted recent performance and subsidize the resumption of the original long-term growth plan

1

Strong growth in new accreditations in the last 18 months

- 29 new on campus units

- Authorization to start operations up to 800 DL centers per year

2

Acceleration of the expansion plan as of 2017

- Discretionary increase in the structure of expenses and costs in order to accelerate the growth provided by the accreditations obtained

3

Challenging market environment in 2018

- Reduction of the number of vacancies filled by FIES

- Resumption of the economy at a slower pace than expected in the regions where the Company operates

4

Focus on the original long-term plan

- Reordering the opening of new units per year and reaching 400 DL centers by 2019-2020

- Focus on our cost and expense control DNA

- Keep the Company prepared to adjust the growth pace according to market development

Roadmap for implementing the 2018 action plan

Phase 1
Structure Adjustment

- Optimization of the administrative structure aiming to adjust the necessary structure in relation to the current student base
- Utilization of short-term operational performance improvement opportunities

Concluded in April/18

Phase 2
Operational Baseline

- Reassessment of all existing courses and units to adapt costs and expenses to the Company's operating standards:
  - Optimization of physical and administrative structures
  - Maximization of teaching and administrative staff
  - Optimization of classes in the current curricula
  - Focus on continuous improvement of academic quality

To be concluded in June/18

Phase 3
Reorder Growth

Step 1

- Unification of the NABUCO and NASSAU brands in state capitals in Northeast region outside the metropolitan region of Recife
- Reordering of the opening certain accredited units that requires better course mix (healthcare and engineering courses) before launching

Step 2

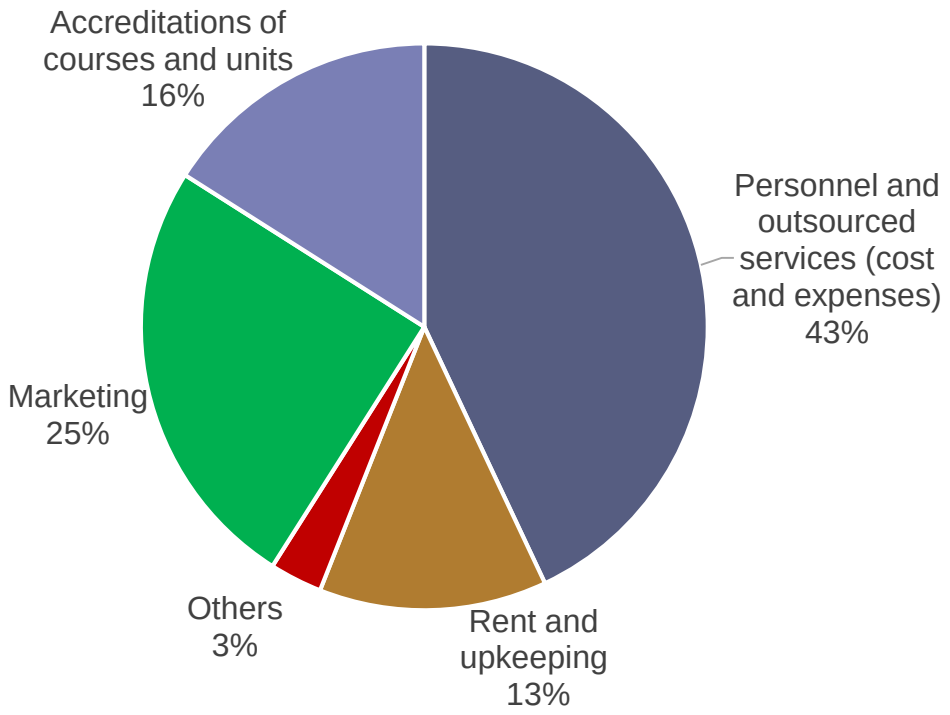
- Further review and analysis in selected markets
- Reorder the new openings pipeline of already accredited units

Step 1: April/18 **Step 2:** August/18

Current status of the 2018 action plan

Opportunity to reduce costs and expenses phases 1 and 2

Total potential for cost and expense reduction over the 2018 budget running between April-December / 18: ~R$ 80 million *



* This is not a projection or estimate

Reordering the opening of units

Opened in 2017

- Rio de Janeiro (RJ)**
- Olinda (PE)
- Fortaleza (CE)
- João Pessoa (PB)

2017.1 (+4)

- Ananindeua (PA)
- Garanhuns (PE)
- Juazeiro (BA)
- Mossoró (CE)
- Sobral (CE)
- Boa Vista (RR)
- Porto Velho (RO)
- Rio Branco (AC)
- Anápolis (GO)
- Maracanaú (CE)

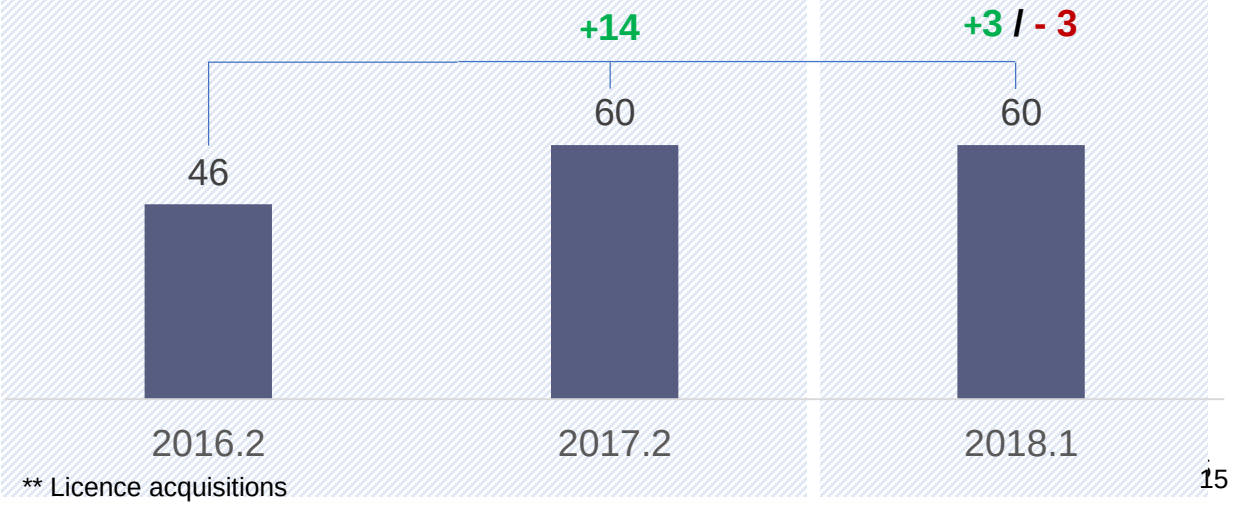
2017.2 (+10)

Opened in 2018.1 (+3)

- Arapiraca (AL)
- Marabá (PA)
- Belo Horizonte (MG)**

Closed in 2018.1 (-3)

- São Paulo (SP) UNG
- Maceió (AL) Nabuco
- João Pessoa (PB) Nabuco



** Licence acquisitions

Individual status of all accredited units as of 1Q18

Year		Region	City	Brand	Status
4	2015	NE	Feira de Santana (BA)	NASSAU	Open 2016.1
		NE	Olinda (PE)	NASSAU	Reordered
		NE	Jaboatão dos Guararapes (PE)	NASSAU	Open 2016.1
		NE	Petrolina (PE)	NASSAU	Open 2016.1
4	2016	NE	Cabo de Santo Agostinho (PE)	NASSAU	Open 2016.2
		NE	João Pessoa (PB)	NABUCO	Unified
		NE	Jaboatão dos Guararapes (PE)	NABUCO	Reordered
		NE	Maceió (AL)	NABUCO	Unified
26	2017	N	Boa Vista (RR)	UNAMA	Open 2017.2
		N	Porto Velho (RO)	UNAMA	Open 2017.2
		N	Rio Branco (AC)	UNAMA	Open 2017.2
		NE	Fortaleza (CE)	NASSAU	Open 2017.1
		N	Marabá (PA)	UNAMA	Open 2018.1
		NE	Garanhuns (PE)	NASSAU	Open 2017.2
		NE	Maracanaú (CE)	NASSAU	Open 2017.2
		NE	Ananindeua (PA)	NASSAU	Open 2017.2
		CO	Anápolis (GO)	UNIVERITAS	Open 2017.2
		NE	Juazeiro do Norte (CE)	NASSAU	Open 2017.2
		NE	Sobral (CE)	NASSAU	Open 2017.2
		NE	Mossoró (RN)	NASSAU	Open 2017.2
		NE	Natal (RN)	NABUCO	Unified
		CO	Brasilia (DF)	UNIVERITAS	Reordered
		NE	Arapiraca (AL)	NASSAU	Open 2018.1
		CO	Campo Grande (MS)	NASSAU	Reordered
		NO	Macapá (AP)	UNAMA	Reordered
		CO	Cuiabá (MT)	UNIVERITAS	Reordered
		S	Porto Alegre (RS)	UNIVERITAS	Reordered
		SE	Vitória (ES)	UNIVERITAS	Reordered
		CO	Goiânia (GO)	UNIVERITAS	Reordered
		N	Belém	NABUCO	Reordered
		N	Palmas (TO)	UNAMA	Reordered
		NE	Salvador (BA)	NABUCO	Unified
		S	Curitiba (PR)	UNIVERITAS	Reordered
		S	Joinville (SC)	UNIVERITAS	Reordered
3	2018	NE	Patos (PB)	NASSAU	Reordered
		NE	Imperatriz (MA)	NASSAU	Reordered
		SE	Campinas (SP)	UNIVERITAS	Reordered

Status of the accreditations	Total
Open	17
Unified with existing NASSAU units in the same city	4
Reordered	16
Total	**37**

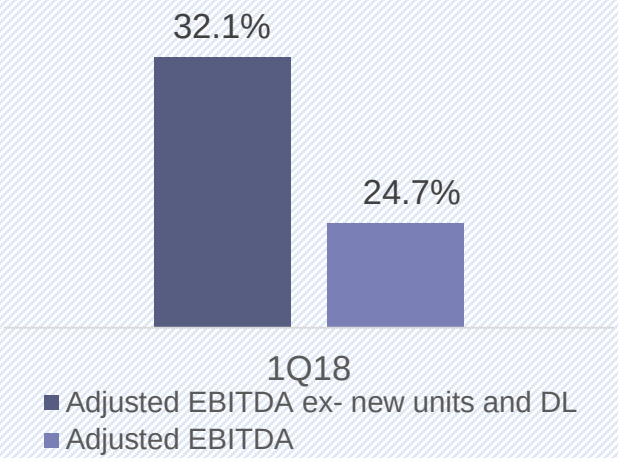
- Reordered accreditations are scheduled to be opened in the next 2-3 years
- 8 new accreditations in process with the MEC to materialize the plan to open 45 units
- The four unified accreditations will be replaced by new accreditations already in process:
  - New regulation of autonomy for universities, colleges and universities
  - There are additional accreditations requested in 2017 and 2018 that will support the growth of long-term units
- There are no significant changes in the EAD development plan

Ser Educacional has relevant levers for growth sustainable operating margins

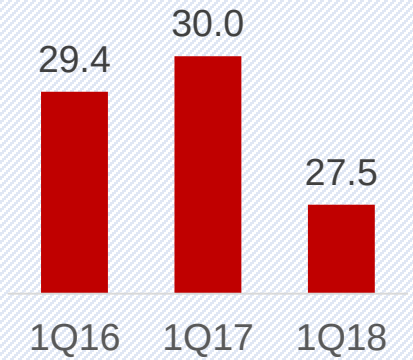
Reordering the number of new units per year

Operational optimization of existing units

Consolidated Adjusted EBITDA margin and excluding new units and DL



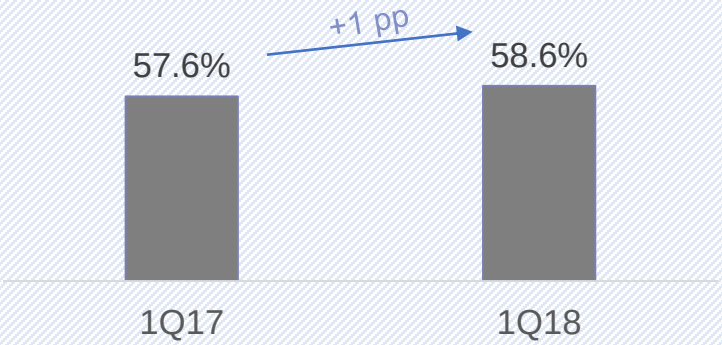
On Campus Students per Teacher



- Reduction of impact in results by reordering the opening and maturation of new units
- Opportunity to improve the adjusted EBITDA margin of legacy operations through the 2018 action plan
- Opportunity to enhance students / class rate in the second semester

DL to start contributing to consolidated results

Distance Learning Gross Margin



- DL initiating operating leverage by increasing gross margin while structure of costs and fixed expenses was already mostly created in 2017

New accreditations already reached advanced developments

- Reduction of the 2018 budget for new unit accreditations for the coming years as the Company obtained a significant volume of new accreditations and the new regulation allows autonomy for universities to expand within their states of origin



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