

ser educacional

3Q17 | Earnings Presentation

Disclaimer

This material reflects management’s expectations and may contain estimates related to future events. Any information. data. forecasts or future plans herein refer to estimates. and therefore cannot be taken as concrete evidence or a promise to the market. Ser Educacional is not responsible for investment operations or decisions taken based on the information herein. These estimates are subject to change without prior notice.

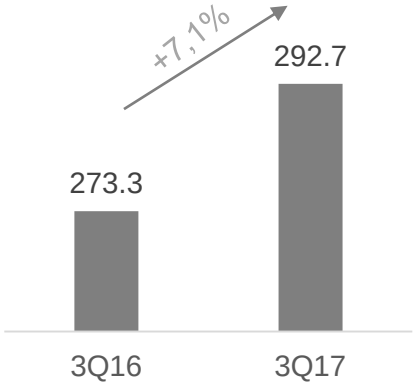
This material has been prepared by Ser Educacional S.A. (“Ser Educacional" or the “Company”) in accordance with the highest national and international standards and includes certain forward-looking statements that are primarily based on Ser Educacional’s current expectations and projections of future events and financial trends that currently affect or may affect the Company’s business. and therefore they are not guarantees of future performance. They are based on management’s expectations and involve a number of risks and uncertainties that could lead the Company’s financial situation and operating results to differ materially from those expressed in said forward-looking statements. Ser Educacional assumes no obligation to publicly update or revise any forward-looking statements.

This material is disclosed solely for information purposes and should not be construed as a request or an offer to buy or sell any shares or related financial instruments. Accordingly. this presentation is not a recommendation of investment and should not be considered as such. It is not related to the specific investment objectives. financial situation or particular needs of any recipient. neither does it make a statement or provide a guarantee. either expressly or implicitly. related to the accuracy. completeness or reliability of the information herein. This presentation should not be regarded as a substitute to the recipients’ judgment. Any opinion expressed herein is subject to change without prior notice and Ser Educacional does not assume the obligation to update or revise them.

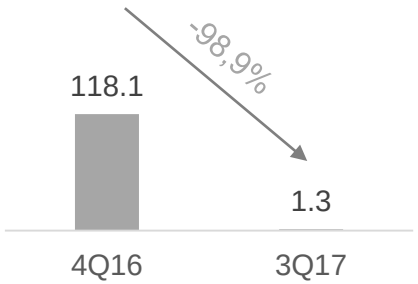
Operational and financial highlights

Financial results

Net Revenue R$'000

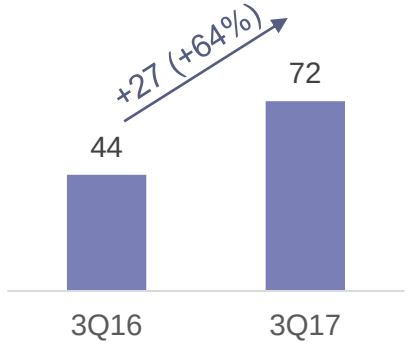


Net Debt R$'000

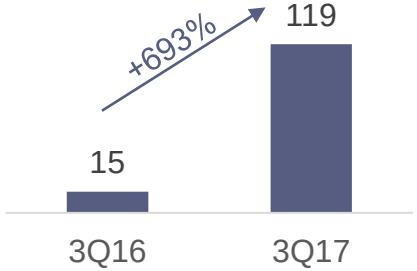


Organic Growth

Total Units



Total Distance Learning Centers



Distance Learning Accreditation

UNAMA UNIVERSIDADE DA AMAZÔNIA

Capital structure

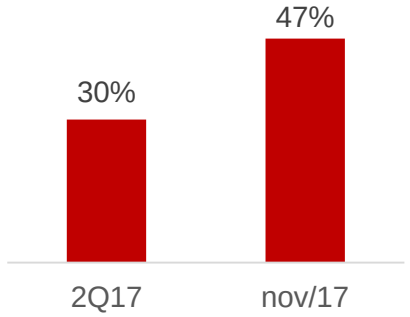
R$200mm Debentures issuance
(average rate of CDI+1% per year)

- Replacement of prior debentures issued at CDI+2,5% per year
- Cashflow improvement due to liquidation of short term debt

Capital Increase

- R$392 MM primary
- R$417 MM secondary

Free float (Nov17)



Recognition

Corporate Governance Award in Corporate Management segment

ESTADÃO broadcast+ EmpresasMais

International Case Study

IFC International Finance Corporation WORLD BANK GROUP

Click here to access

Accreditation status of new on campus units

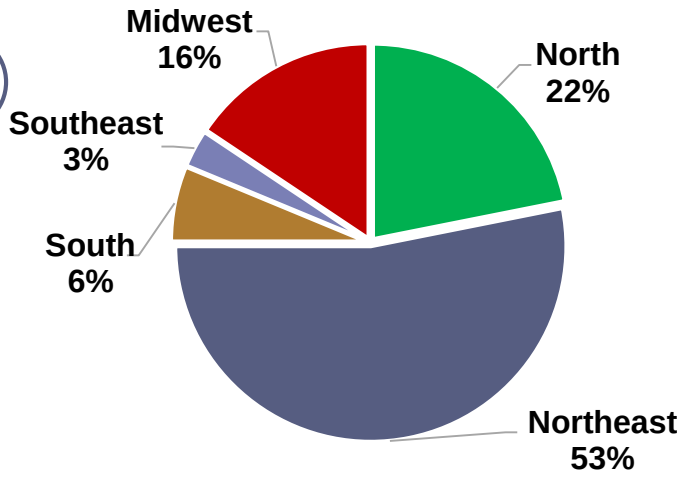
Evolution of units accredited since IPO

Year	Region	City	Brand	
2015	NE	Feira de Santana (BA)	NASSAU	4
	NE	Olinda (PE)	NASSAU	
	NE	Jaboatão dos Guararapes (PE)	NASSAU	
	NE	Petrolina (PE)	NASSAU	
2016	NE	Cabo de Santo Agostinho (PE)	NASSAU	4
	NE	João Pessoa (PB)	NABUCO	
	NE	Jaboatão dos Guararapes (PE)	NABUCO	
	NE	Maceió (AL)	NABUCO	
2017	N	Boa Vista (RR)	UNAMA	25
	N	Porto Velho (RO)	UNAMA	
	N	Rio Branco (AC)	UNAMA	
	NE	Fortaleza (CE)	NASSAU	
	N	Marabá (PA)	UNAMA	
	NE	Garanhuns (PE)	NASSAU	
	NE	Maracanaú (CE)	NASSAU	
	NE	Ananindeua (PA)	NASSAU	
	CO	Anápolis (GO)	UNIVERITAS	
	NE	Juazeiro do Norte (CE)	NASSAU	
	NE	Sobral (CE)	NASSAU	
	NE	Mossoró (RN)	NASSAU	
	NE	Natal (RN)	NABUCO	
	CO	Brasilia (DF)	UNIVERITAS	
	NE	Arapiraca (AL)	NASSAU	
	CO	Campo Grande (MS)	NASSAU	
	NO	Macapá (AP)	UNAMA	
	CO	Cuiabá (MT)	UNIVERITAS	
	S	Porto Alegre (RS)	UNIVERITAS	
	SE	Vitória (ES)	UNIVERITAS	
	CO	Goiânia (GO)	UNIVERITAS	
	N	Belém	NABUCO	
	N	Palmas (TO)	UNAMA	
	NE	Salvador (BA)	NABUCO	
	S	Curitiba (PR)	UNIVERITAS	

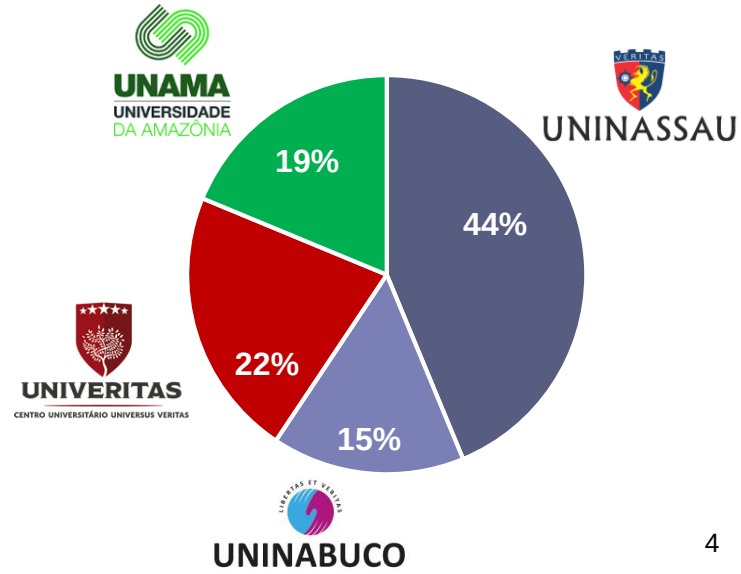
Accreditation status

MEC Inspection **12** → Judged in National Education Council **0** → Completed Accreditation **33**

Accreditation by region

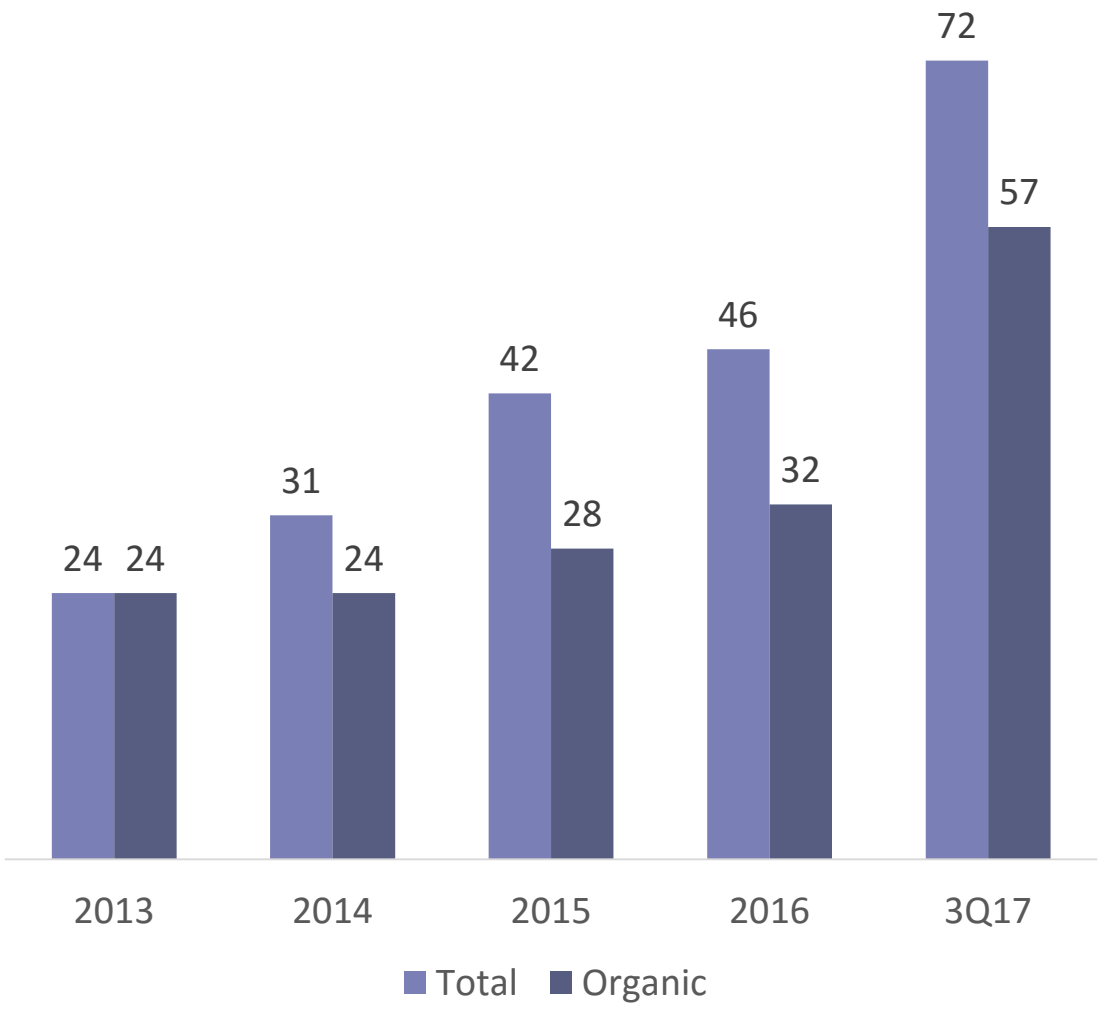


Accreditations by brand

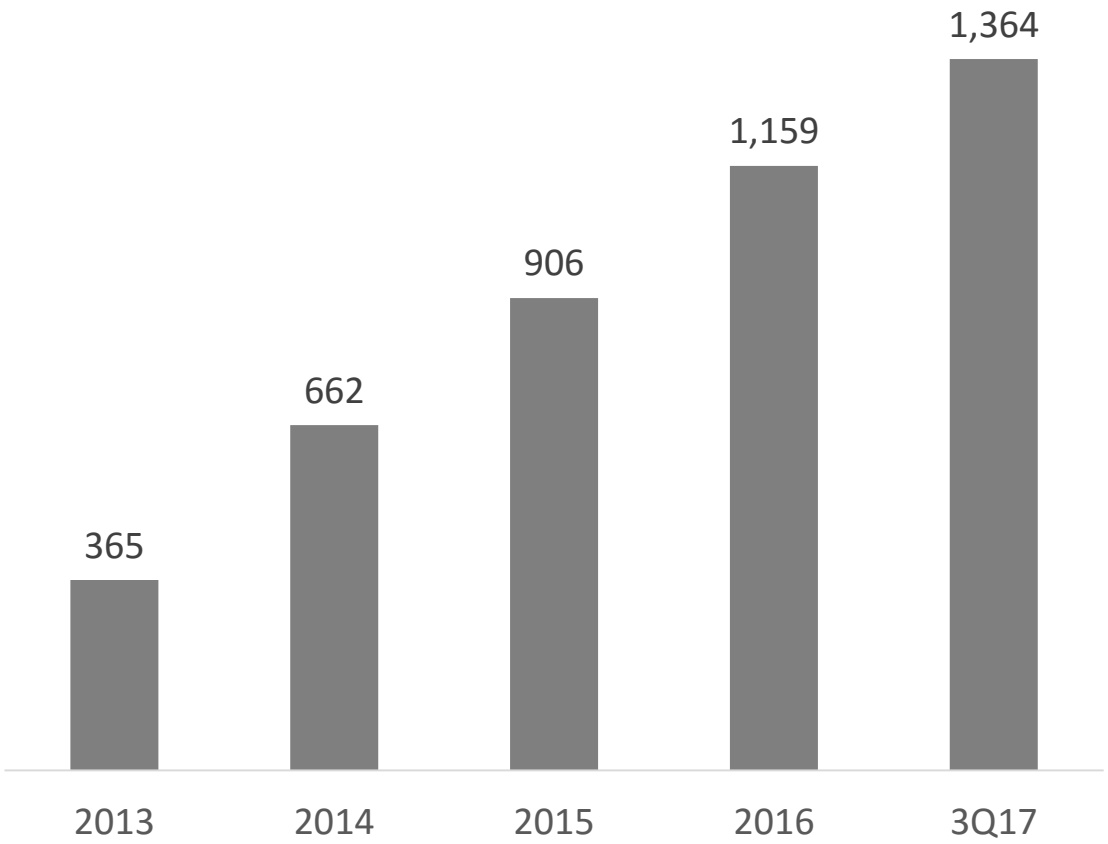


New units and courses opening history

Number of units evolution

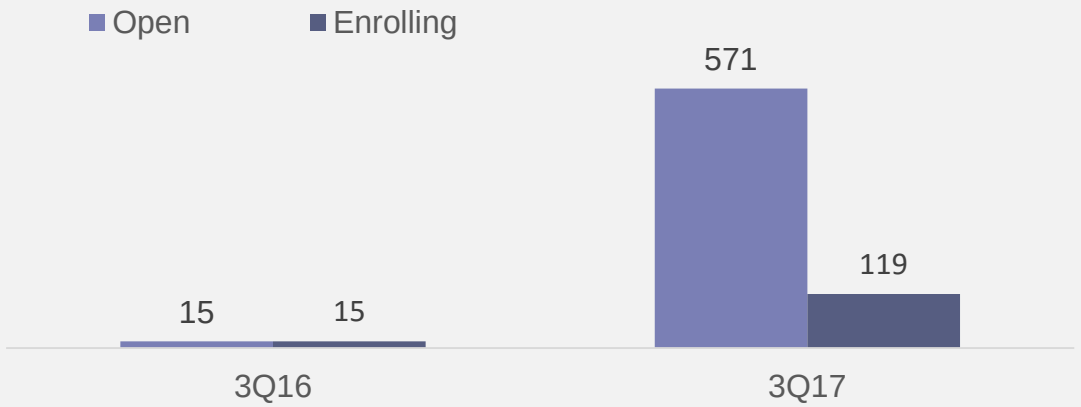


Course base evolution



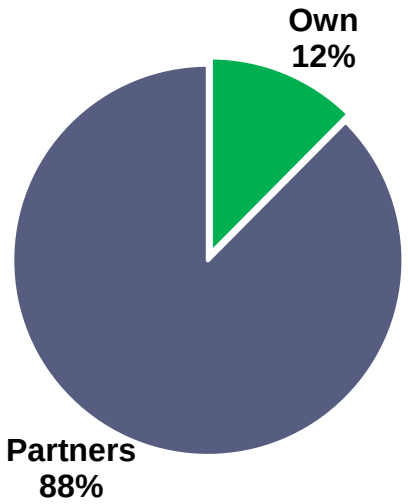
Distance Learning expansion status

Evolution of DL centers opening

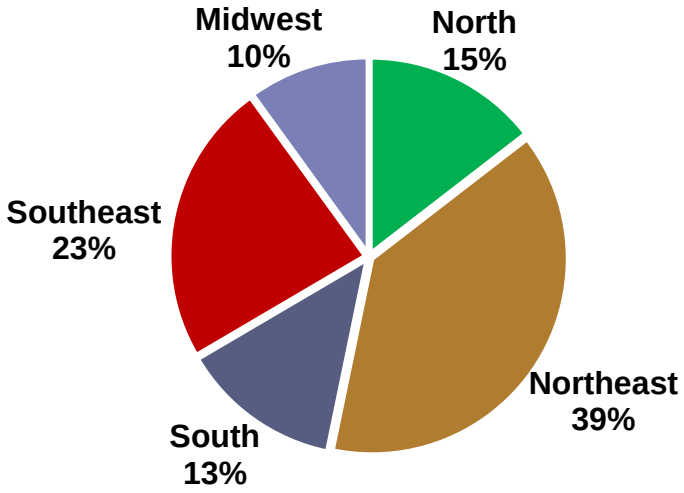


- Open DL centers: all centers effectively registered and operating systems
- DL centers enrolling: centers that reached minimum enrollment of students in the quarter

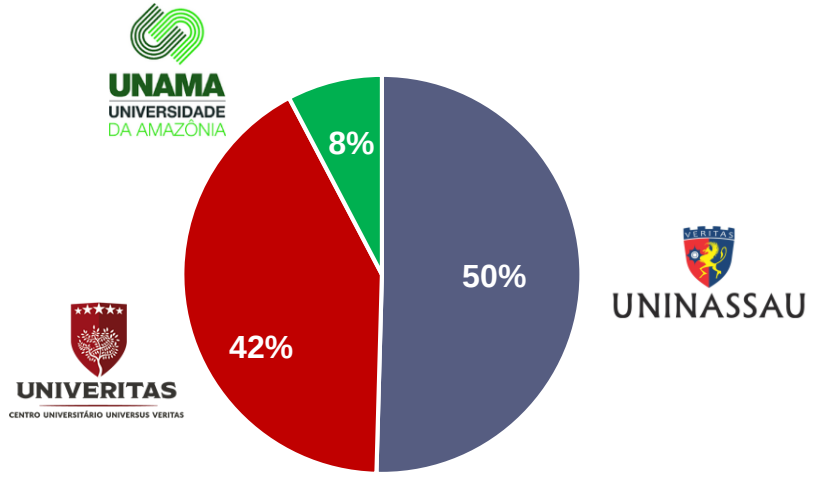
DL Centers by type



DL Centers by region



DL Centers by brand

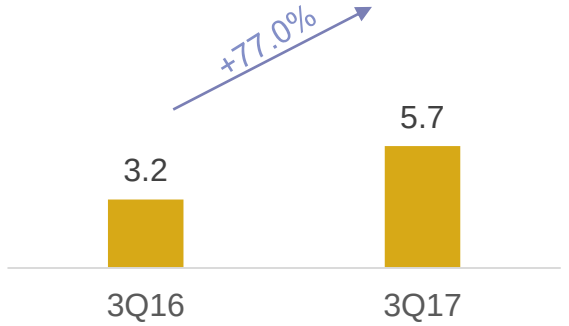


3Q17 student enrollment

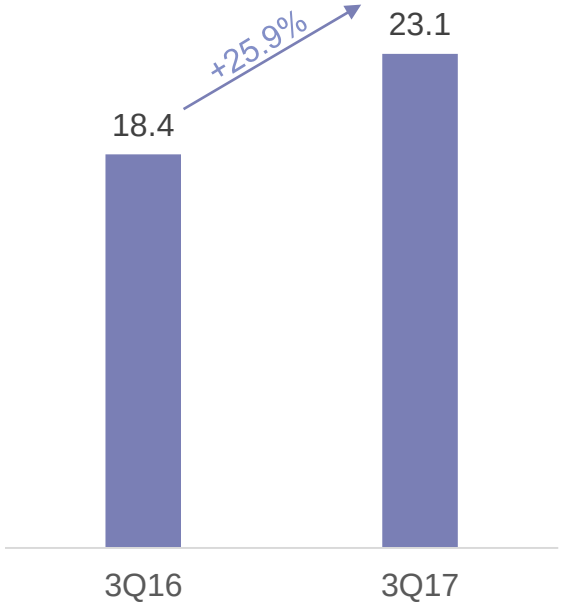
On Campus Undergraduate



Distance Learning Undergraduate



Total Undergraduate



3Q17 student enrollment Highlights

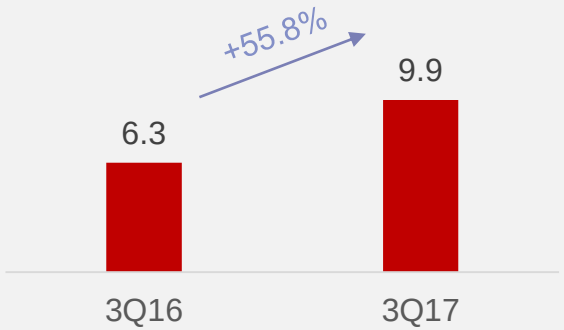
- FIES intake: 2.0 thousand students 3Q17 x 2.3 thousand students 3Q16 (-15%)
- Increase of 20% in the ex-FIES students intake in on campus courses
- Intake in same units + 7.1%, with approx. 1.2 thousand students enrolled in new units
- Intake in same distance learning centers + 5.9%, with approx. 2.3 thousand students enrolled in new centers

Evolution of the student base (‘000)

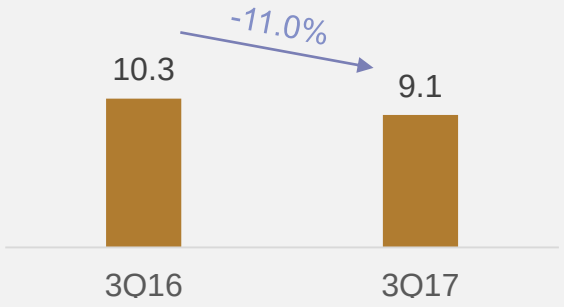
On Campus Undergraduate



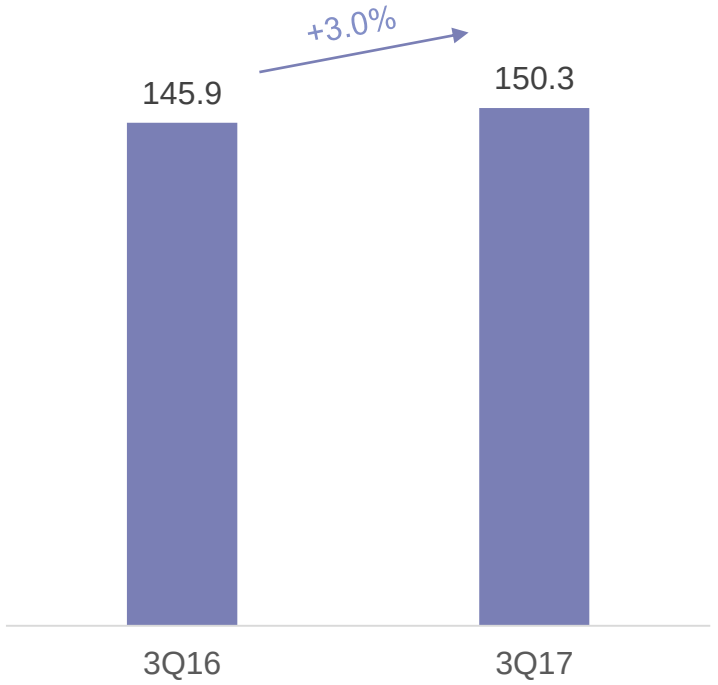
Distance Learning Undergraduate



Graduate / Vocational Distance Learning/On Campus



Total student base



Results summary

Financial Highlights (R$MM)	3Q17	3Q16	Δ (%)	9M17	9M16	Δ (%)
Net Revenue	**292.7**	**273.3**	**7.1%**	**927.8**	**848.0**	**9.4%**
Gross Profit	163.6	154.3	6.0%	526.5	475.1	10.8%
Gross Margin	*55.9%*	*56.5%*	*-0.6 p.p.*	*56.7%*	*56.0%*	*+0.7 p.p.*
Adjusted EBITDA	**75.5**	**81.4**	**-7.3%**	**290.2**	**285.5**	**1.7%**
Adjusted EBITDA Margin	*25.8%*	*29.8%*	*-4.0 p.p.*	*31.3%*	*33.7%*	*-2.4 p.p.*
Net Income	**48.0**	**48.6**	**-1.2%**	**193.2**	**198.3**	**-2.6%**
Margem margem liquida	*16.4%*	*17.8%*	*-1.4 p.p.*	*20.8%*	*23.4%*	*-2.6 p.p.*

Highlights

- Net revenue growth of 7.1%
- Average ticket increase in 3.2%
- Normalized EBITDA of R$ 84mm

Analysis of main pre-operational costs and expenses

Financial Highlights (R$'000)	3Q17	3Q16	Δ (%)	9M17	9M16	Δ (%)
Adjusted EBITDA	**75.5**	**81.4**	**-7.3%**	**290.2**	**285.5**	**1.7%**
Adjusted EBITDA Margin	*25.8%*	*29.8%*	*-4.0 p.p.*	*31.3%*	*33.7%*	*-2.4 p.p.*
Payroll (G&A)	2.9			7.4		
Third-Party Services(G&A)	-			1.1		
Advertising (G&A)	4.8			9.8		
Rent (Costs)	1.1			2.3		
Normalized EBITDA	**84.3**	**81.4**	**3.5%**	**310.8**	**285.5**	**8.9%**
Normalized EBITDA Margin	*28.8%*	*29.8%*	*-1.0 p.p.*	*33.5%*	*33.7%*	*-0.2 p.p.*
Normalized Net Income	**60.7**	**54.9**	**10.6%**	**222.1**	**201.7**	**10.1%**
Normalized Net Margin	*20.7%*	*20.1%*	*0.6 p.p.*	*23.9%*	*23.8%*	*0.2 p.p.*

Main pre-operating costs and expenses for launching new distance learning centers and units

- Payroll: Hiring of commercial / administrative team for distance learning centers and units
- Third-Party Services: Equipment and operational material
- Advertising: Launch of the new brand UNIVERITAS
- Rent: Part rented and not used in the University Center UNIVERITAS Rio de Janeiro and new units

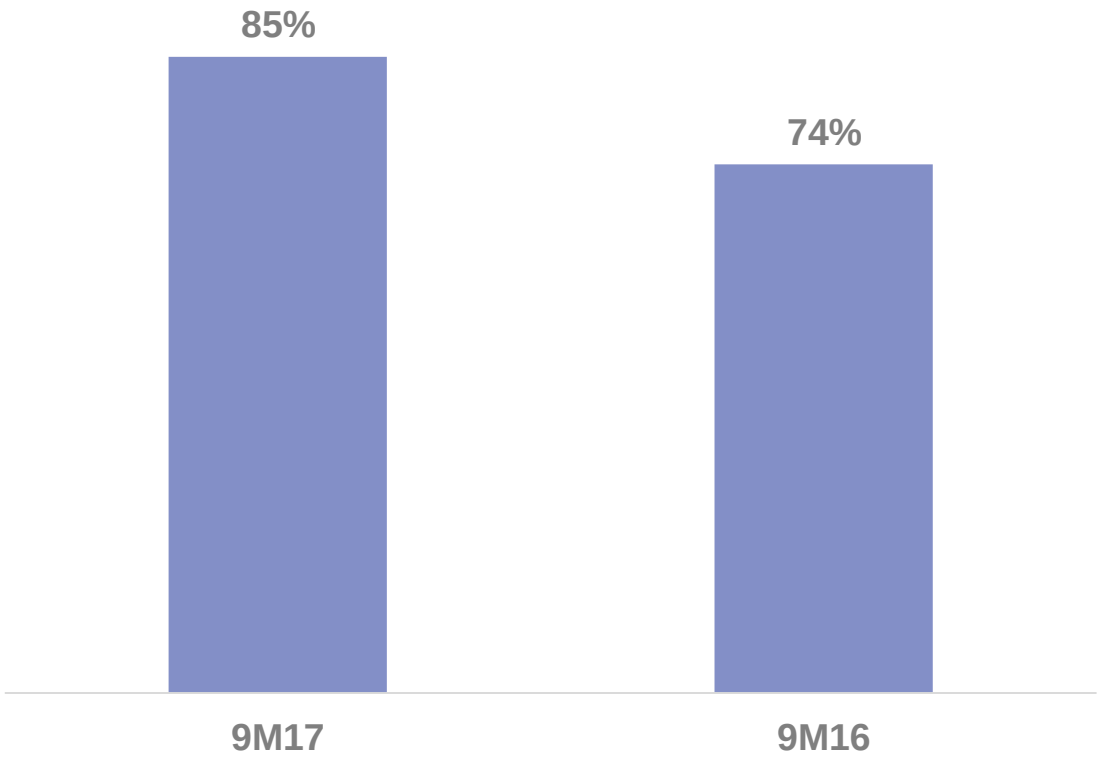
Cash generation analysis

Cash Flow Adherence to Adjusted EBITDA

Operating Cash Flow Analysis (OCF) (R$MM)	9M17	9M16
OCF - Financial statements	**250.4**	**205.2**
Minimum rent paid	(29.3)	(29.3)
Interest booked	59.6	68.5
Provision for doubtful accounts	(37.4)	(34.3)
OCF - Adjusted by interest paid and PDA	**242.4**	**210.1**
Adjustment on FIES receivables*	76.0	62.6
OCF - Adjusted by FIES payments	**319.4**	**272.7**
Reported Adjusted EBITDA	**290.2**	**248.4**
OCF / EBITDA Adherence	*110.1%*	*109.8%*

Cash Conversion

(Adjusted EBITDA – Taxes – Working Capital – Capex (ex acquisitions) - Paid Interest + Adjustment payment FIES*) % of EBITDA



* FIES revenue recognized in the semester effectively received in the following semester, net of amounts received in the previous semester

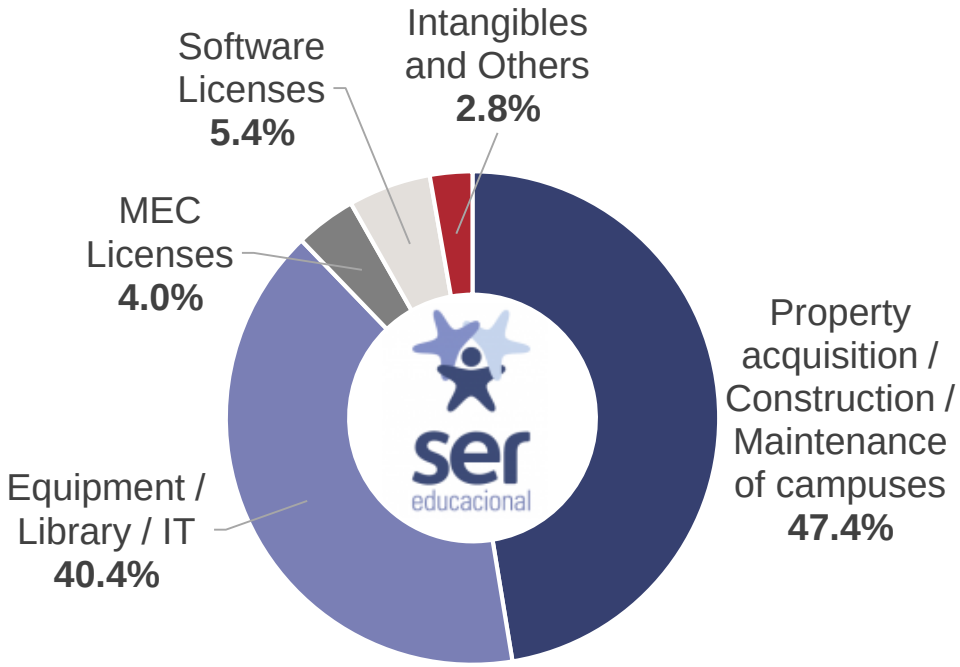
Aging of Accounts Receivables

Aging of Monthly tuition fees (R$ '000)	3Q17	% Chg.	4Q16	% Chg.
Overdue by up to 30 day	17,402	21.4%	18,639	22.1%
Overdue from 31 to 60 days	8,322	10.2%	14,472	17.2%
Overdue from 61 to 90 days	4,650	5.7%	13,245	15.7%
Overdue from 91 to 180 days	23,874	29.3%	18,015	21.4%
Overdue more than 180 days	27,168	33.4%	19,938	23.6%
TOTAL	**81,416**	**100.0%**	**84,309**	**100.0%**
% of Gross Accounts Receivable	17.6%		18.7%	

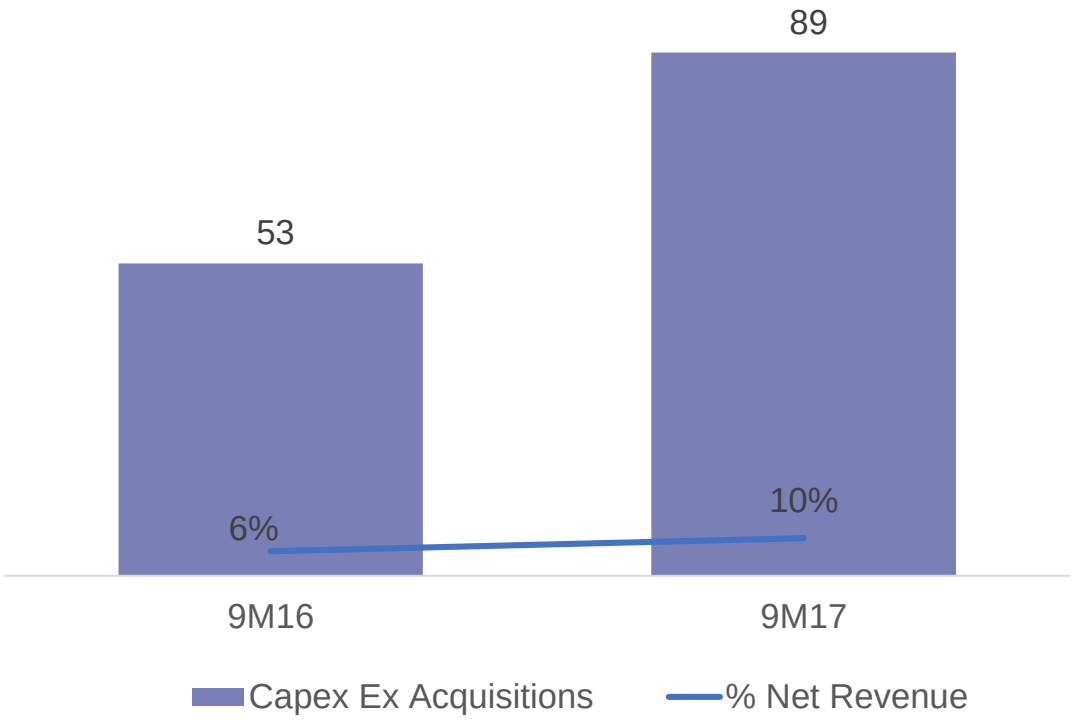
Aging of Negotiated Agreements (R$ '000)	3Q17	% Chg.	4Q16	% Chg.
Not yet due	30,068	38.2%	14,923	24.5%
Overdue by up to 30 day	9,323	11.9%	8,092	13.3%
Overdue from 31 to 60 days	5,679	7.2%	7,035	11.6%
Overdue from 61 to 90 days	3,582	4.6%	6,157	10.1%
Overdue from 91 to 179 days	14,146	18.0%	12,258	20.1%
Overdue more than 180 days	15,862	20.2%	12,424	20.4%
TOTAL	**78,660**	**100.0%**	**60,889**	**100.0%**
% of Gross Accounts Receivable	17.0%		13.5%	

Capital expenditures (R$MM)

9M17 Main Investments: R$89.1MM



Investments evolution

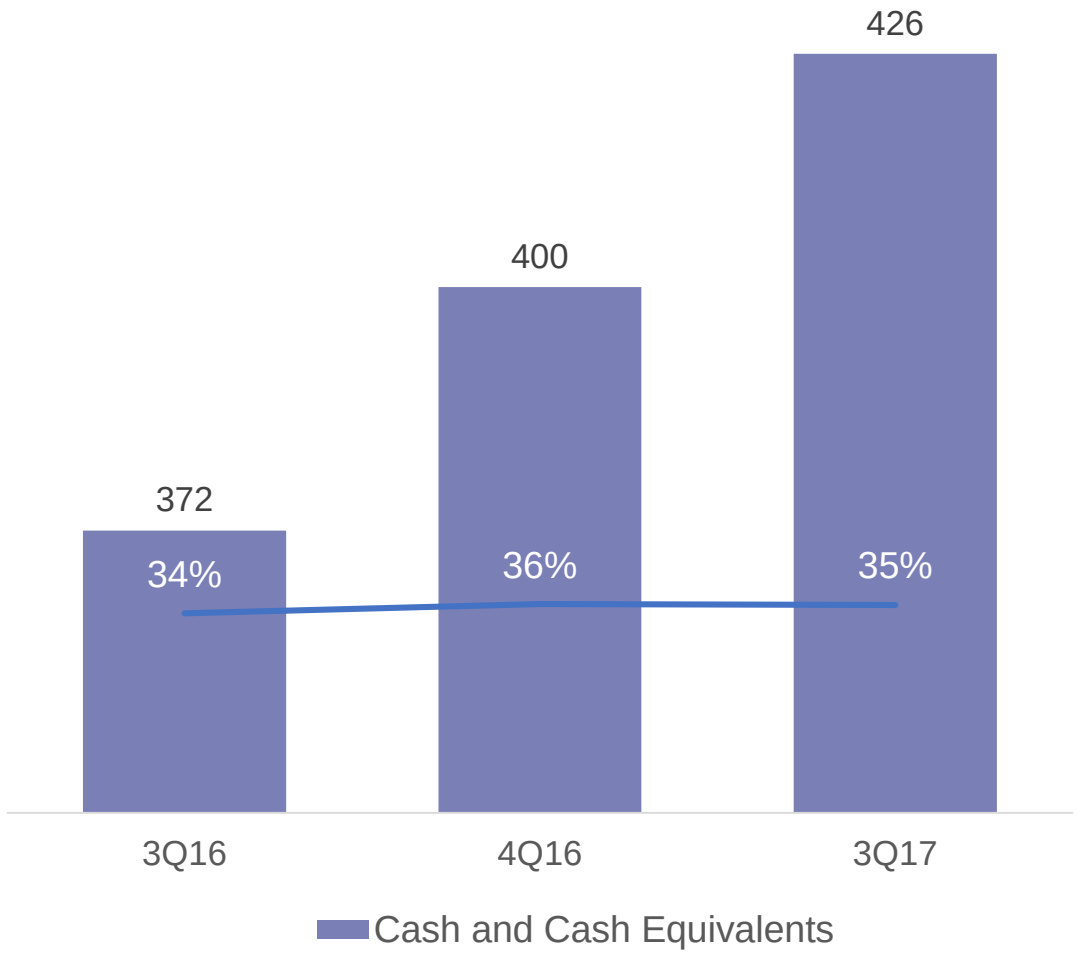


Expansion and maintenance of campuses in the cities of:

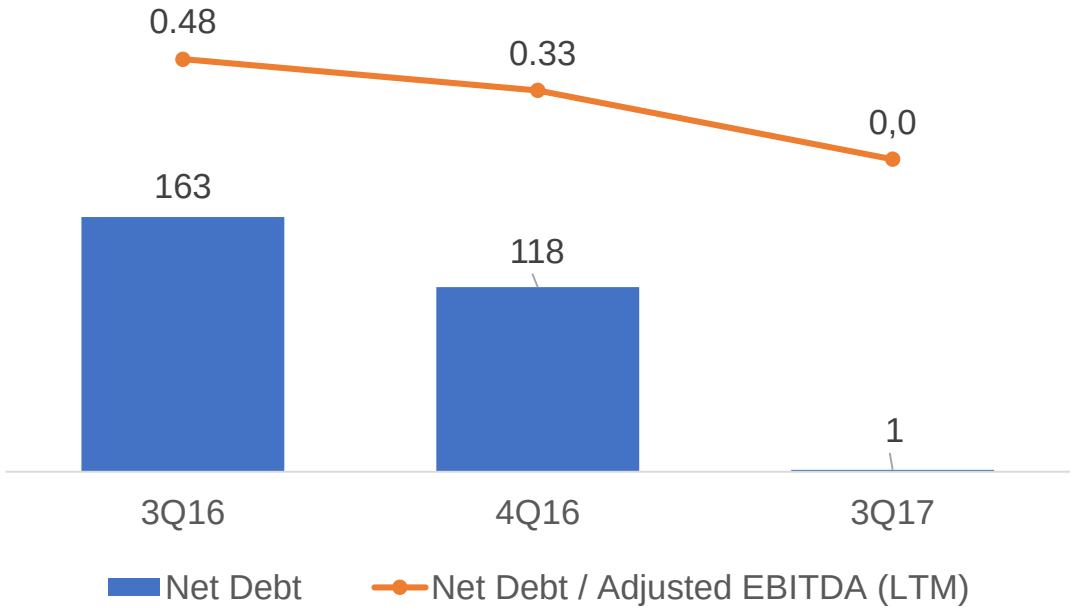
- Fortaleza
- Caruaru
- Rio de Janeiro

Cash and net indebtedness (R$MM)

Cash and Cash Equivalents (R$ MM) and % of Net Revenue in Cash

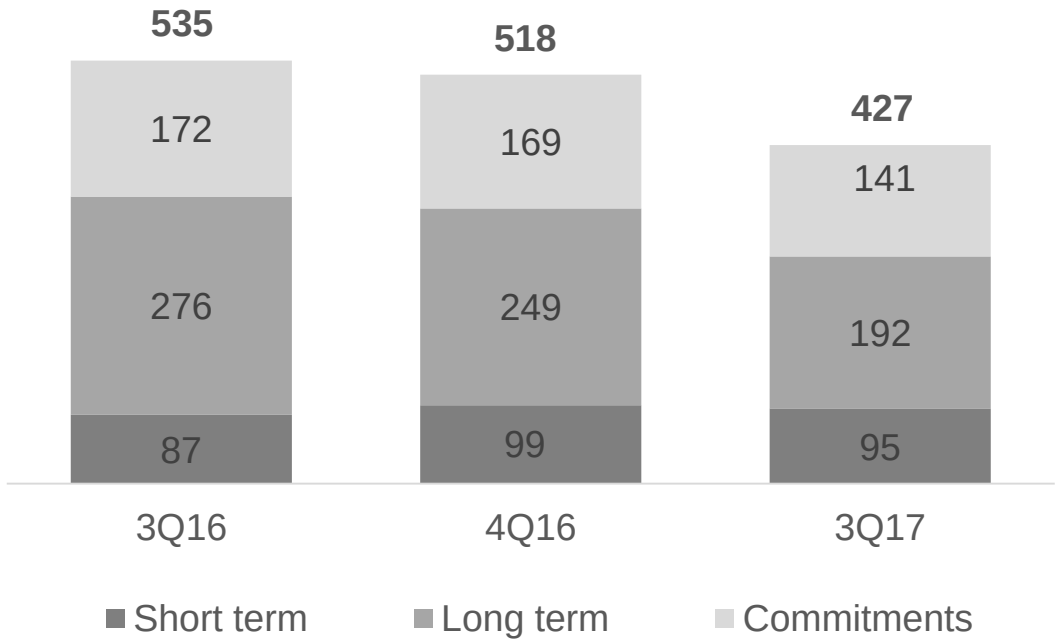


Net Debt and Net Debt / Adjusted EBITDA

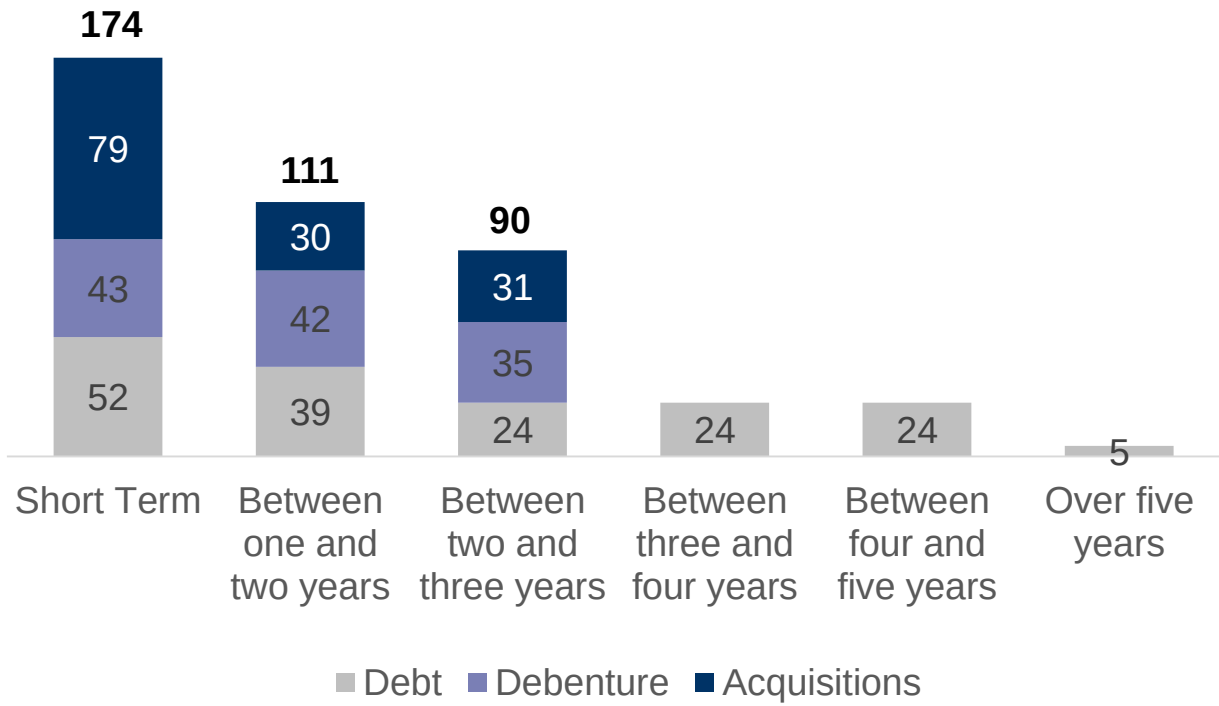


Gross indebtedness and amortization schedule (R$MM)

Gross Debt



Debt Amortization Schedule



Preparation to seek the resumption the growth of the student base

Preparation to resume growth of the student base starting in 2018

1. 25 new units to offer on campus courses and distance learning simultaneously
2. Network capillarity +100 centers/ semester
3. Strong regional brands
4. Modern platform and infrastructure in distance learning
5. Capital structure prepared for organic growth and acquisitions



projeto MÃES PRODUTIVAS

Click here to learn more

Contatos:

Jânyo Diniz, CEO
João Aguiar, CFO
Rodrigo Alves, IRO
Geraldo Soares, IRM

Tel.: (+55 11) 2769 3223
E-mail: ri@sereducacional.com
Website: www.sereducacional.com/ri

SEER3
NOVO MERCADO
BM&FBOVESPA

