

ser educacional

2Q17 | Earnings Presentation

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The quarter of the beginning of the cycle of materialization of organic growth opportunities

Highlights of the quarter

Consistency of results



2Q17 x 2Q16 Comparison

- +12.7% of net revenue
- +12.7% in adjusted EBITDA and profitability above the market average
- Operating cash generation of R$123.5 million (+17.4% vs. 2Q16)

Student Base Growth



1S17 x 1S16 Comparison

- +19.7% in the intake of undergraduate students. even with 37% reduction of FIES seats
- +4.4% growth in the total undergraduate students base
- EDUCRED represents only 1.8% of the student base

New courses and units



Accreditations 1S17

- 17 new units approved (4 only in 2Q17). totaling 25 since the IPO
- 6 units to be accredited in 2017
- Joaquim Nabuco of Recife accredited as a University Center
- 105 new courses

New Distance Learning Rules



- 550 DL Centers /year released (150 UNINASSAU of Recife + 250 UNG / UNIVERITAS + 150 UNINASSAU Maceió). according to later clarifications of the MEC
- 250 DL Center/year in final stage of release (NASSAU de Maceió and UNAMA de Belém)
- First poles opening phase completed with about 100 DL Centers in operation by the end of 2H17.

Pillars of growth

- Opening of 45 new units by 2020
- Opening of 400 new DL Centers
- Acquisitions of educational institutions focused on brands complementary to Ser Educacional

Accreditation status of new on campus units

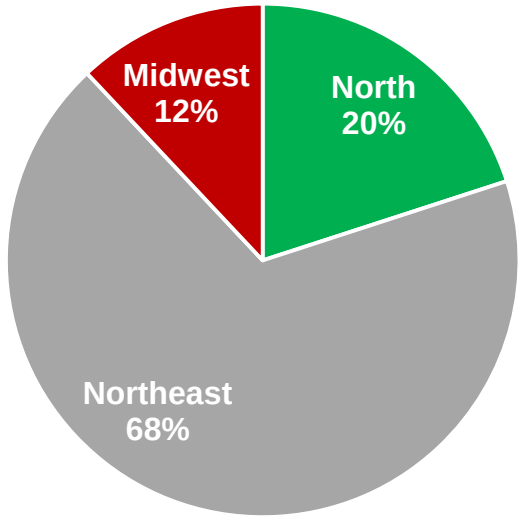
Evolution of units accredited since the IPO

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	NW	Boa Vista (RR)	UNAMA	17
	NW	Porto Velho (RO)	UNAMA	
	NW	Rio Branco (AC)	UNAMA	
	NE	Fortaleza (CE)	NASSAU	
	NW	Marabá (PA)	UNAMA	
	NE	Garanhuns (PE)	NASSAU	
	NE	Maracanaú (CE)	NASSAU	
	NE	Ananindeua (PA)	NASSAU	
	MW	Anápolis (GO)	UNIVERITAS	
	NE	Juazeiro do Norte (CE)	NASSAU	
	NE	Sobral (CE)	NASSAU	
	NE	Mossoró (RN)	NASSAU	
	NE	Natal (RN)	NABUCO	
	MW	Brasilia (DF)	UNIVERITAS	
	NE	Arapiraca (AL)	NASSAU	
	MW	Campo Grande (MS)	NASSAU	
	NW	Macapa (AP)	UNAMA	

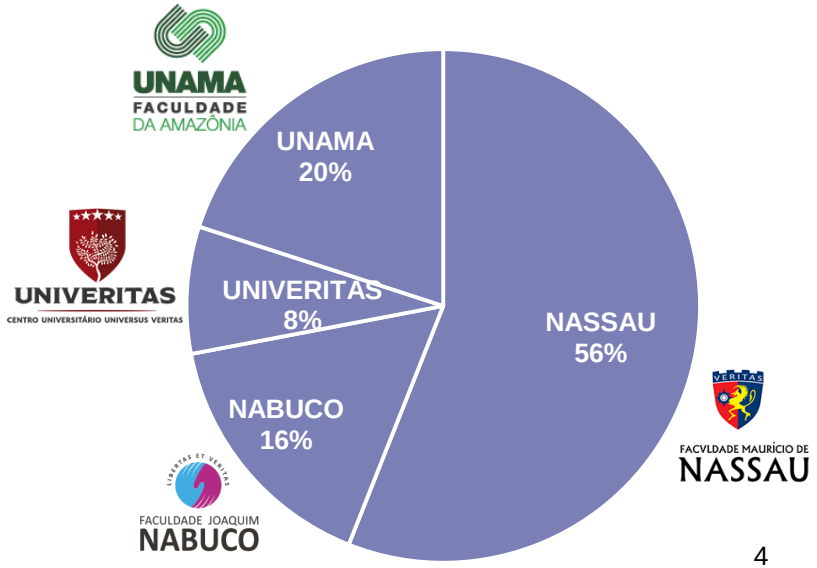
Accreditation status

MEC Inspection **14** → Judged in National Education Council **6** → Completed Accreditation **25**

Accreditation by region

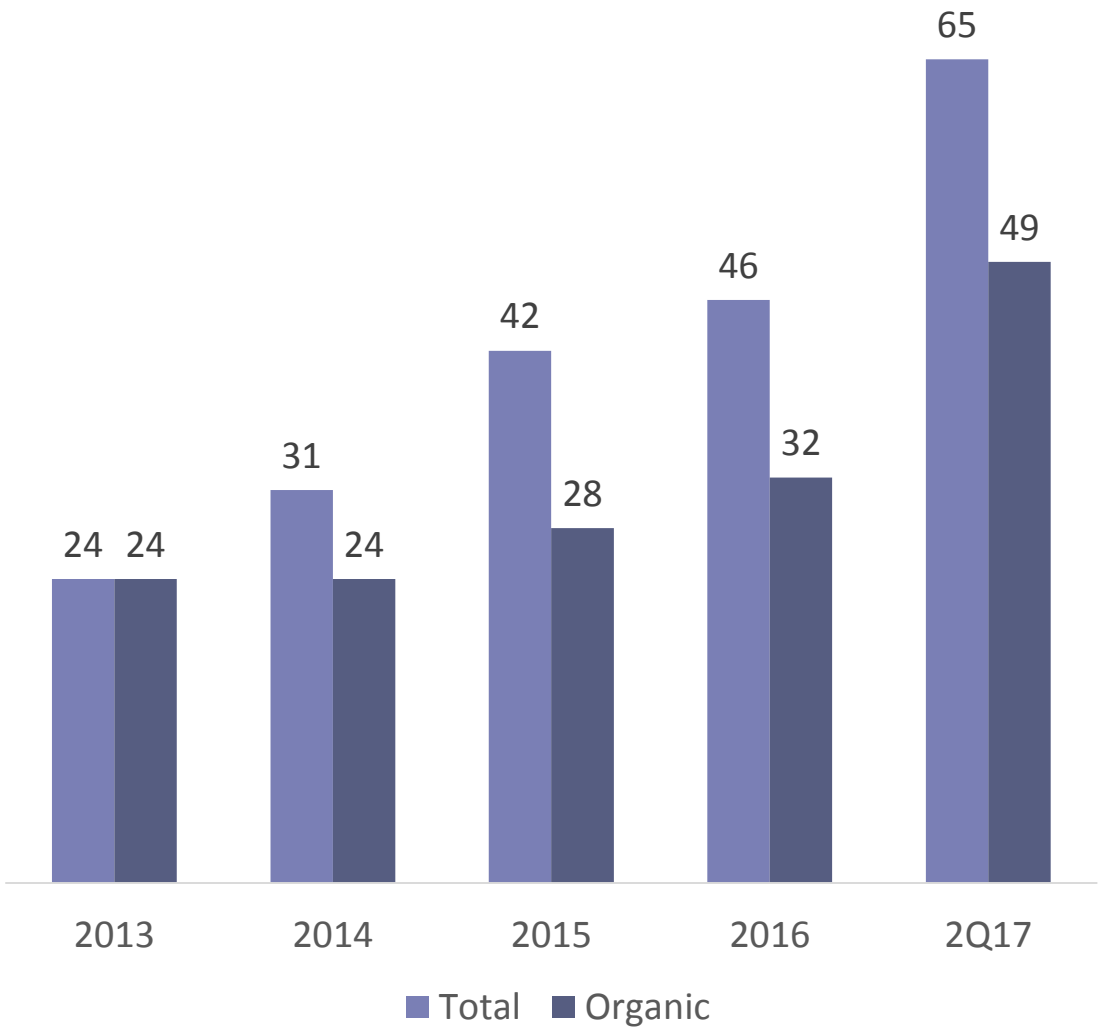


Accreditations by brand

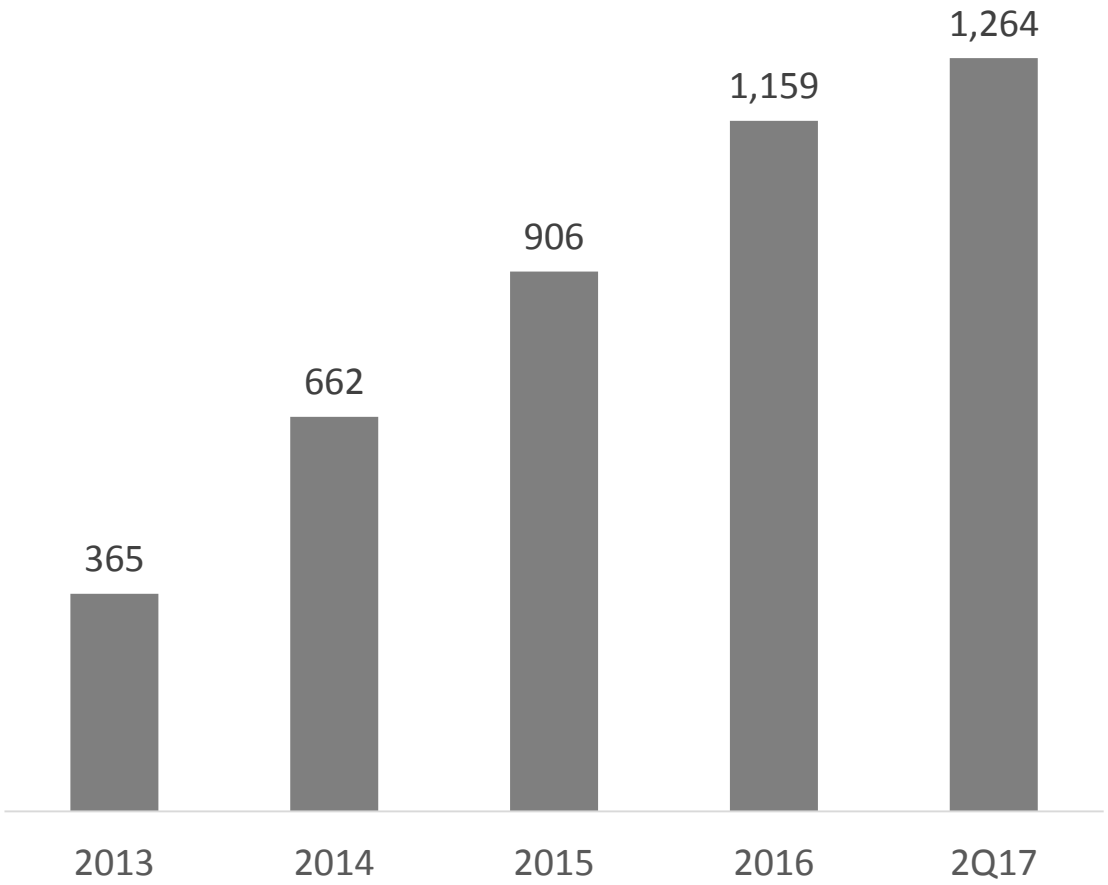


New units and courses opening history

Number of units evolution

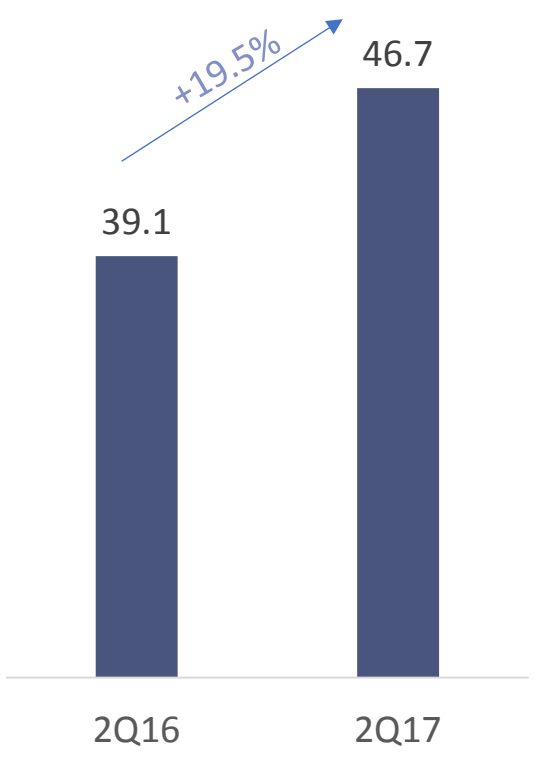


Course base evolution

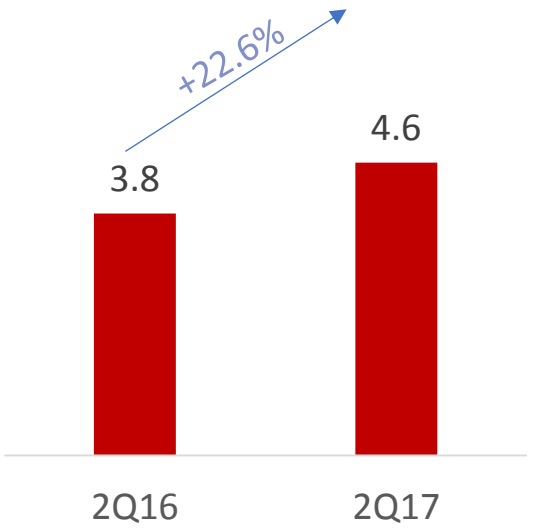


Solid student enrollment in 2Q17

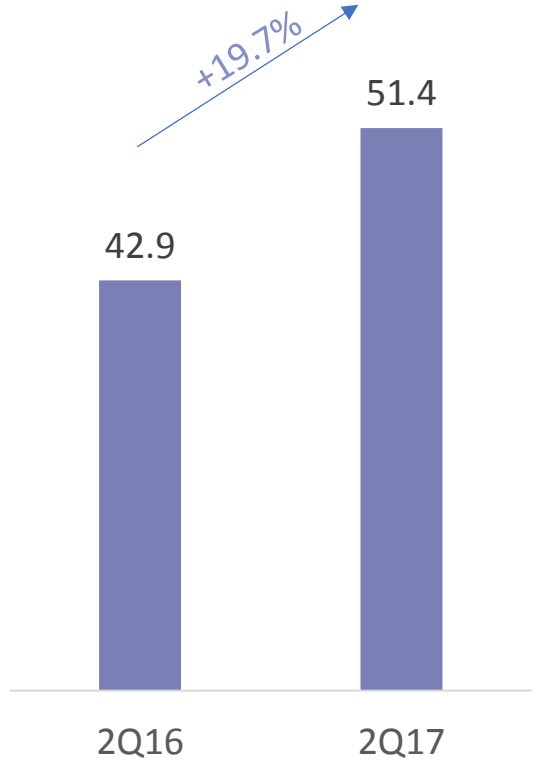
On Campus Undergraduate



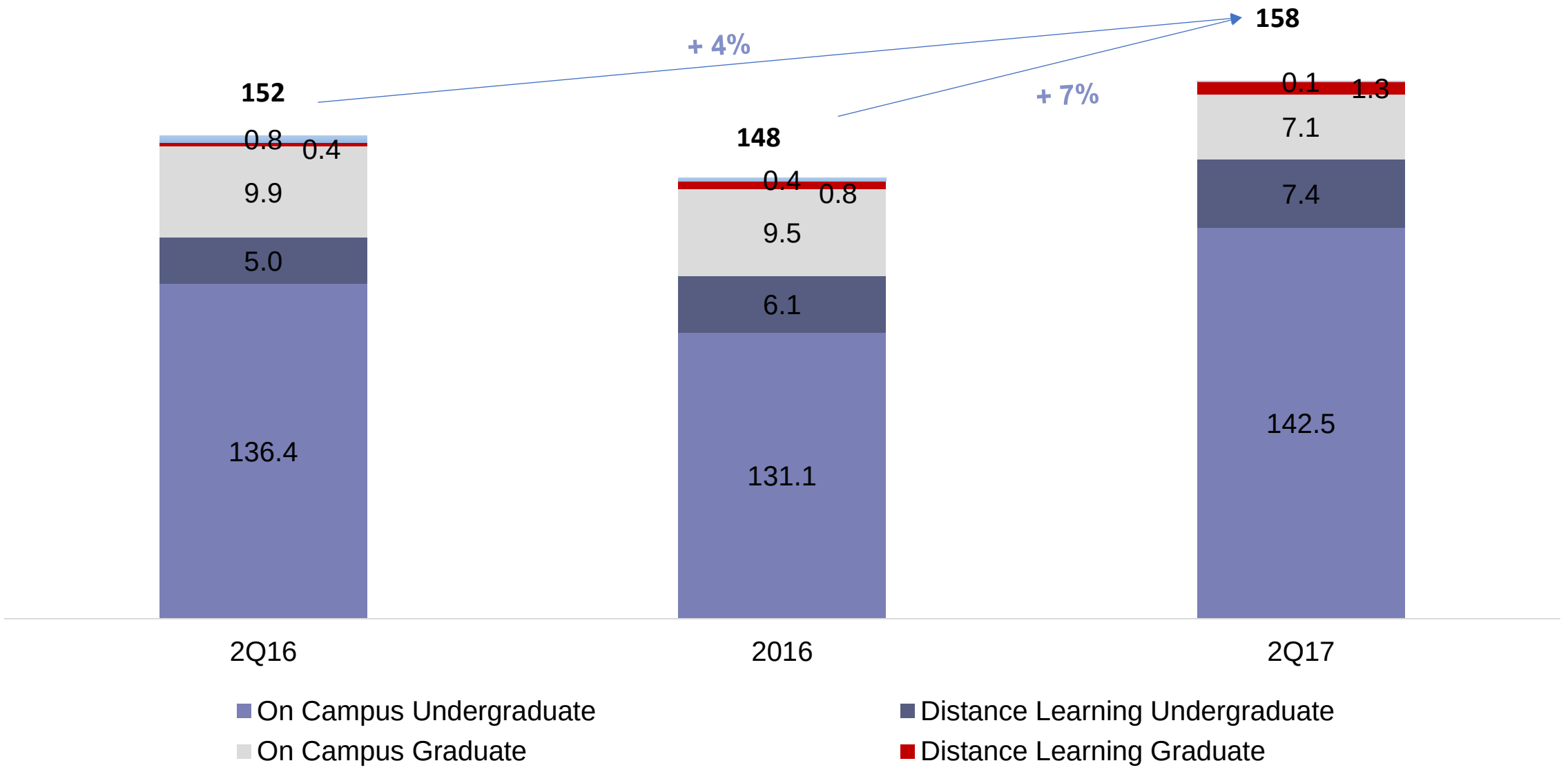
Distance Learning Undergraduate



Total Undergraduate

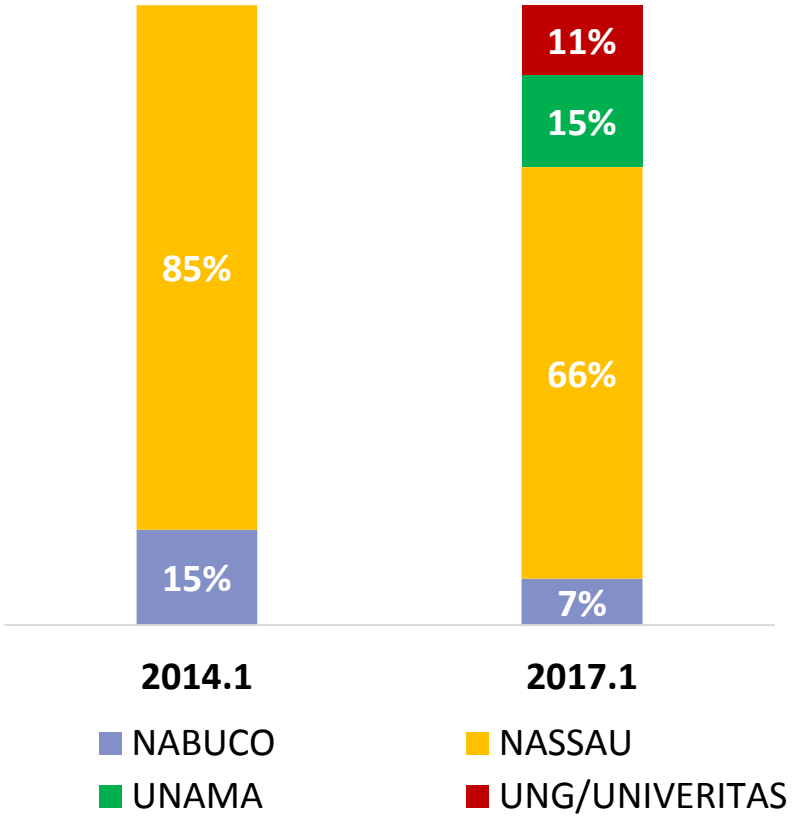


Student base evolution (‘000)

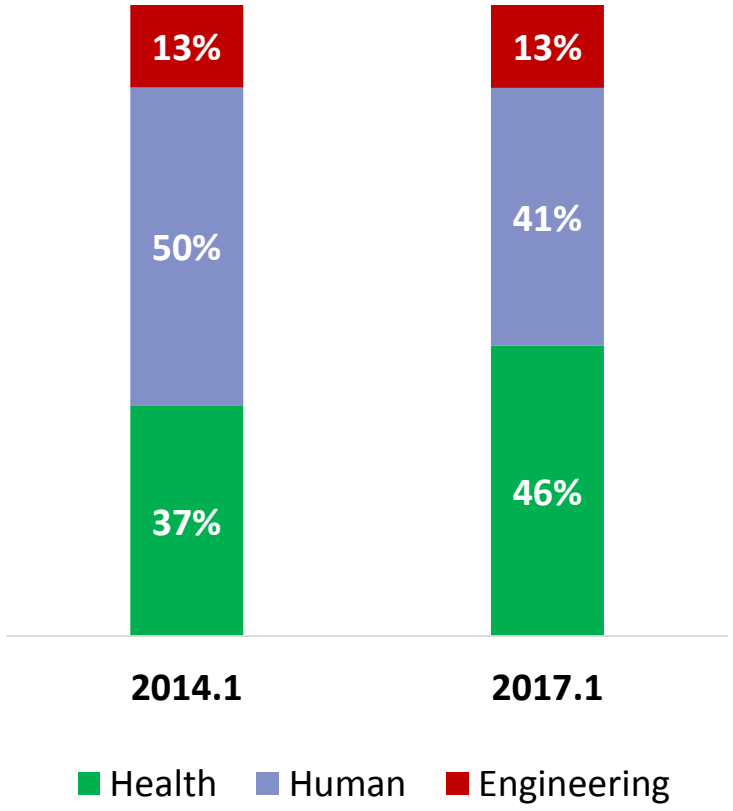


Improvement in the mix of brands and courses took the average ticket to grow with premium on IPC-A

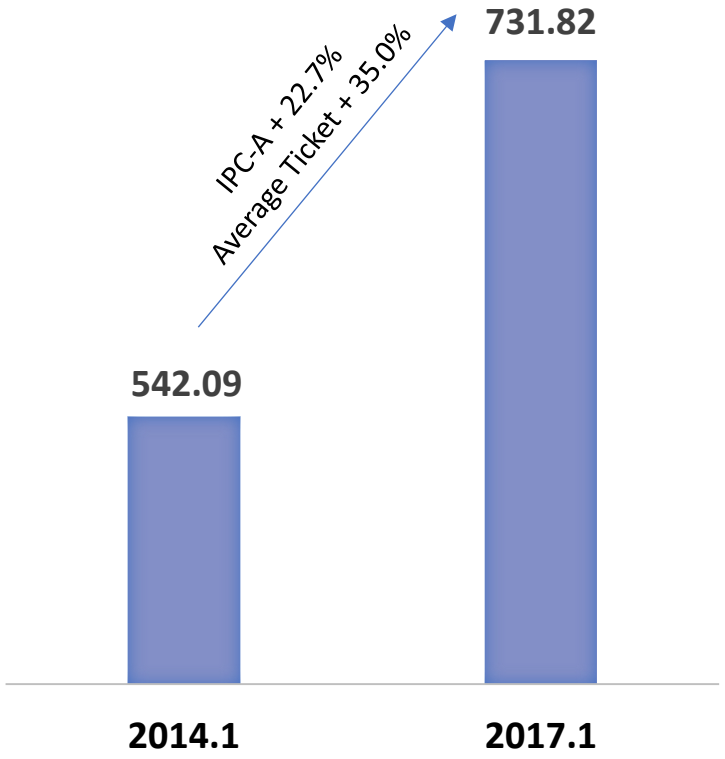
On-Campus Undergraduate students by brand



On-Campus Undergraduate students by type of course



Reported Undergraduate Average Ticket



Results summary

Financial Highlights (R$MM)	2Q17	2Q16	Δ (%)	1S17	1S16	Δ (%)
Net Revenue	326.2	289.6	12.7%	635.1	574.7	10.5%
Gross Profit	178.0	151.7	17.4%	362.9	320.8	13.1%
Gross Margin	*54.6%*	*52.4%*	*+2.2 p.p.*	*57.1%*	*55.8%*	*+1.3 p.p.*
Adjusted EBITDA	102.6	91.0	12.7%	214.7	204.1	5.2%
Adjusted EBITDA Margin	*31.4%*	*31.4%*	*-0.0 p.p.*	*33.8%*	*35.5%*	*-1.7 p.p.*
Net Income	64.9	63.8	1.8%	145.1	149.7	-3.0%
Net Margin	*19.9%*	*22.0%*	*-2.1 p.p.*	*22.9%*	*26.0%*	*-3.2 p.p.*

Highlights

- Net revenue growth of 12.7%
- Improvement of gross margin of 2.2 pp
- Average ticket increase in 7.8%
- Operating cash flow growth in 17.4%

Analysis of pre-operational costs and expenses

Financial Highlights (R$MM)	2Q17	2Q16	Δ (%)	6M17	6M16	Δ (%)
Adjusted EBITDA	102.6	91.0	12.7%	214.7	204.1	5.2%
Adjusted EBITDA Margin	*31.4%*	*31.4%*	*-0.0 p.p.*	*33.8%*	*35.5%*	*-1.7 p.p.*
Payroll (G&A)	2.3			4.5		
Third-Party Services(G&A)	0.3			1.1		
Advertising (G&A)	2.7			5.1		
Rent (Costs)	0.6			1.2		
Normalized EBITDA	108.5	91.0	19.2%	226.6	204.1	11.0%
Normalized EBITDA Margin	*33.2%*	*31.4%*	*1.8 p.p.*	*35.7%*	*35.5%*	*0.2 p.p.*
Normalized Consolidated Net Income/Loss	72.9	64.1	13.7%	161.4	152.7	5.7%
Normalized Net Margin	*22.3%*	*22.1%*	*0.2 p.p.*	*25.4%*	*26.6%*	*1.2 p.p.*

Pre-operating Costs and Expenses for launching new poles and units

- Payroll: Hiring of commercial / administrative team for poles 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

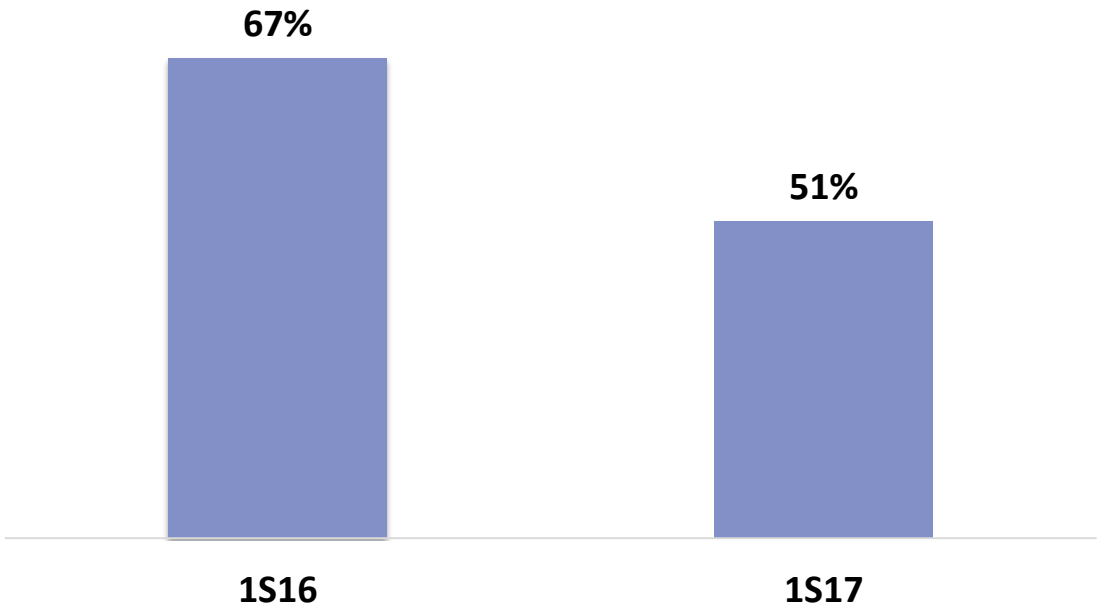
Cash generation analysis

Cash Flow Adherence to Adjusted EBITDA

Operating Cash Flow Analysis (OCF) **(R$MM)**	6M17	12M16
OCF - Financial statements	170.9	287.8
Minimum rent paid	(19.5)	(39.0)
Interest booked	60.7	90.3
Provision for doubtful accounts	(22.5)	(48.7)
OCF - Adjusted by interest paid and PDA	189.6	290.3
Adjustment on FIES receivables*	27.0	91.0
OCF - Adjusted by FIES payments	216.6	381.4
Reported Adjusted EBITDA	214.7	354.1
OCF / EBITDA Adherence	*100.9%*	*108.0%*

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

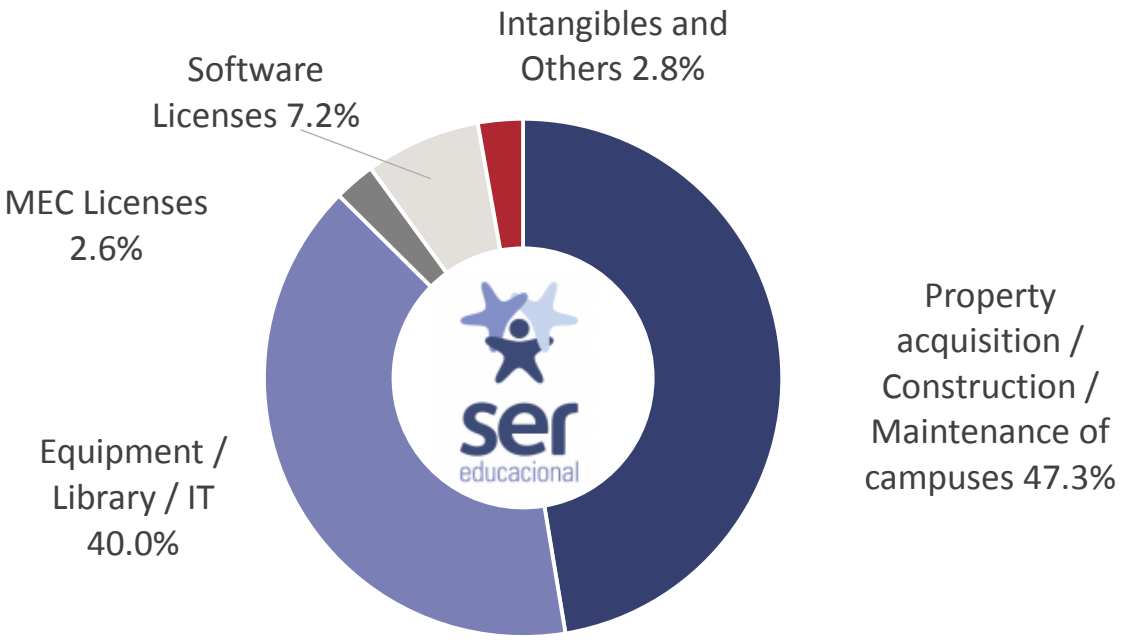
Aging of accounts receivables

Aging of Monthly tuition fees (R$ '000)	2Q17	% Chg.	4Q16	% Chg.
Overdue by up to 30 day	19.360	19,8%	18.639	22,1%
Overdue from 31 to 60 days	15.625	16,0%	14.472	17,2%
Overdue from 61 to 90 days	14.864	15,2%	13.245	15,7%
Overdue from 91 to 180 days	24.099	24,6%	18.015	21,4%
Overdue more than 180 days	23.986	24,5%	19.938	23,6%
TOTAL	**97.934**	**100,0%**	**84.309**	**100,0%**
% of Gross Accounts Receivable	19,3%		18,7%	

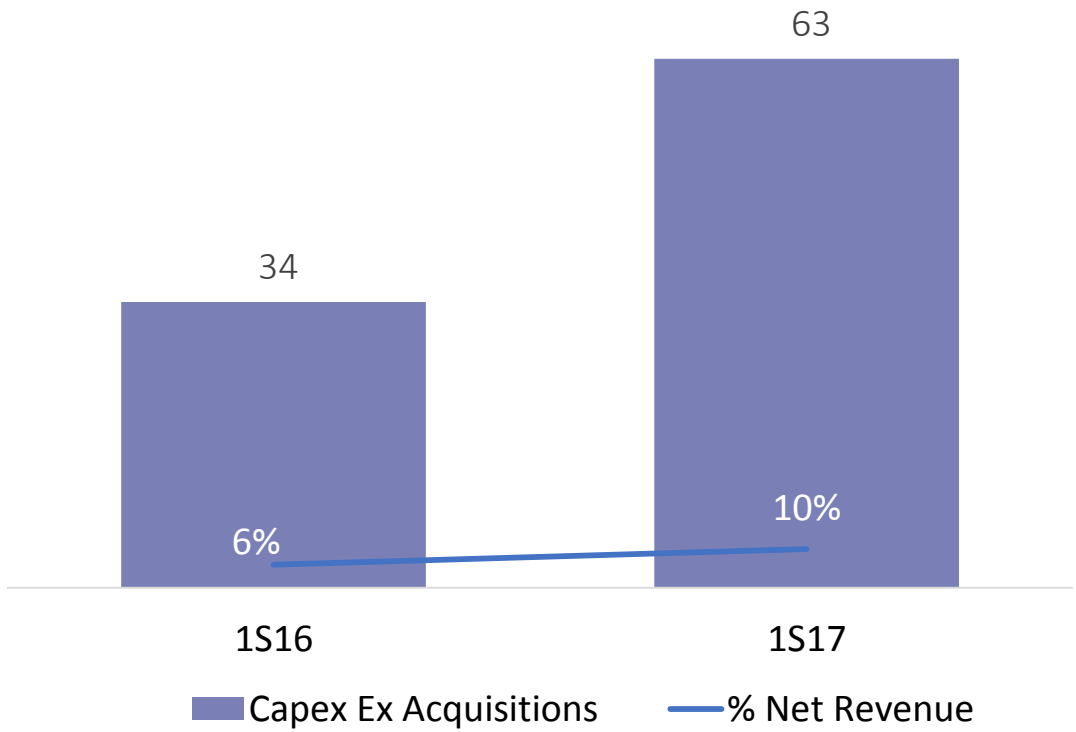
Aging of Negotiated Agreements (R$ '000)	2Q17	% Chg.	4Q16	% Chg.
Not yet due	17.670	24,0%	14.923	24,5%
Overdue by up to 30 day	11.876	16,1%	8.092	13,3%
Overdue from 31 to 60 days	8.785	11,9%	7.035	11,6%
Overdue from 61 to 90 days	7.807	10,6%	6.157	10,1%
Overdue from 91 to 179 days	13.950	19,0%	12.258	20,1%
Overdue more than 180 days	13.465	18,3%	12.424	20,4%
TOTAL	**73.553**	**100,0%**	**60.889**	**100,0%**
% of Gross Accounts Receivable	14,5%		13,5%	

Capital expenditure (R$MM)

1S17 Main Investments: R$63.1MM



Investments evolution

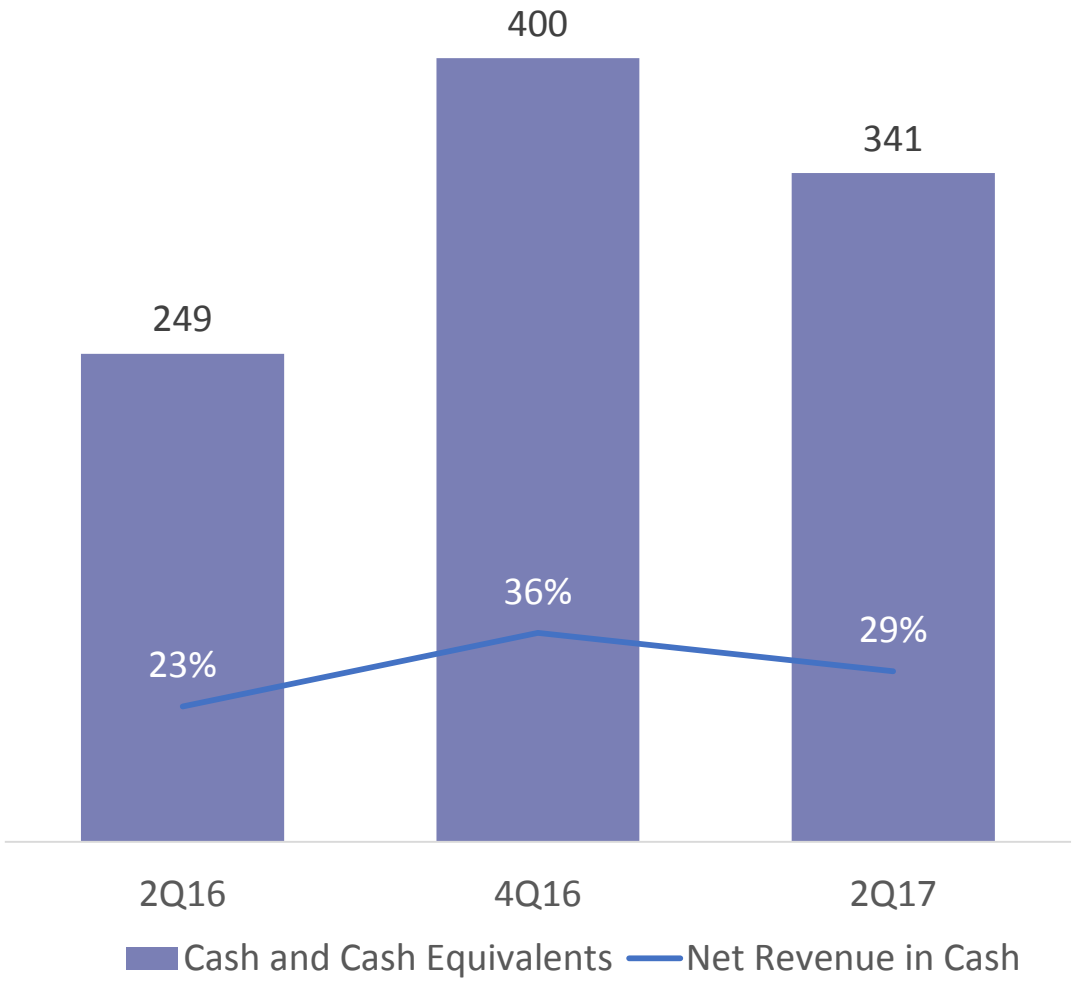


Expansion and maintenance of campuses in the cities of:

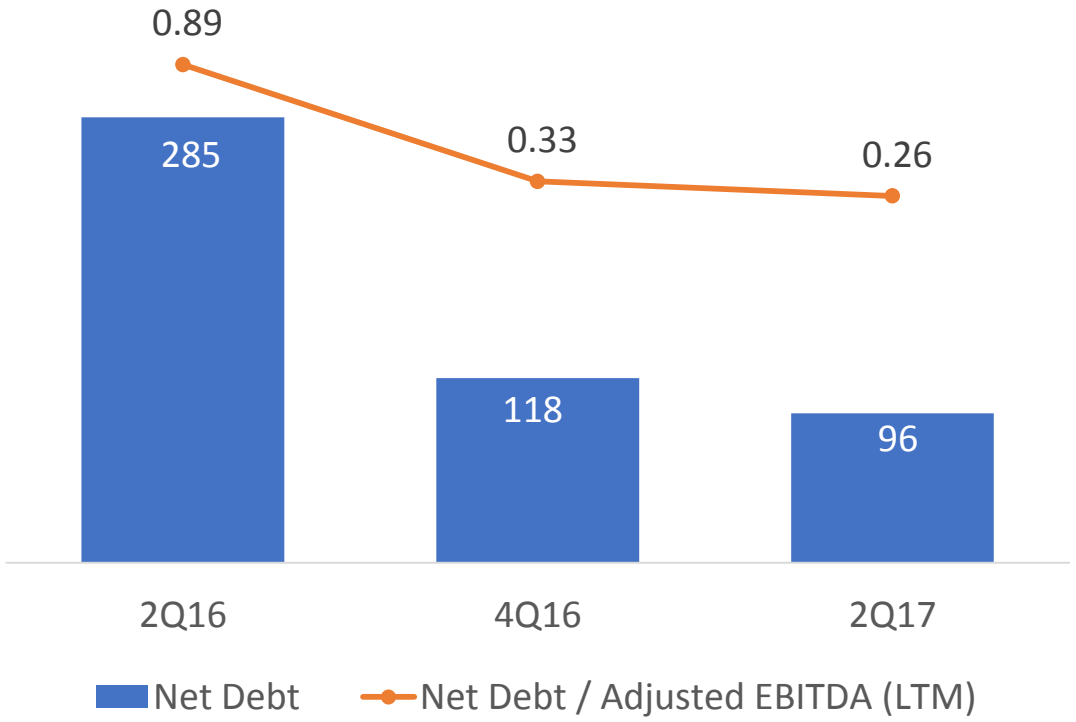
- **Fortaleza**
- **Caruaru**
- **Rio de Janeiro**

Cash and net indebtedness (R$MM)

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

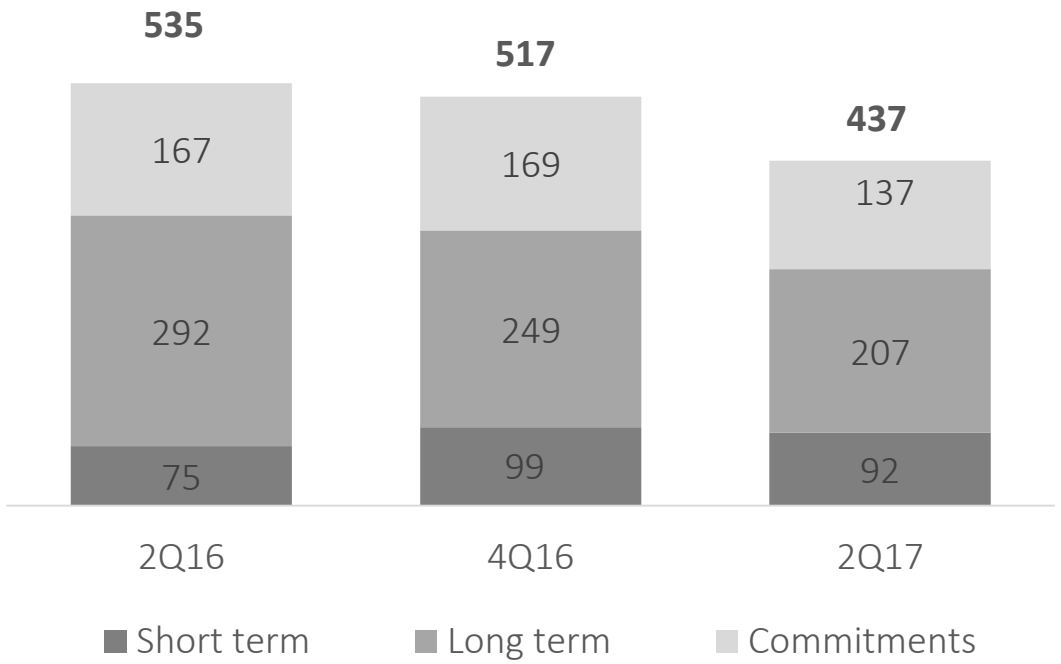


Net Debt and Net Debt / Adjusted EBITDA

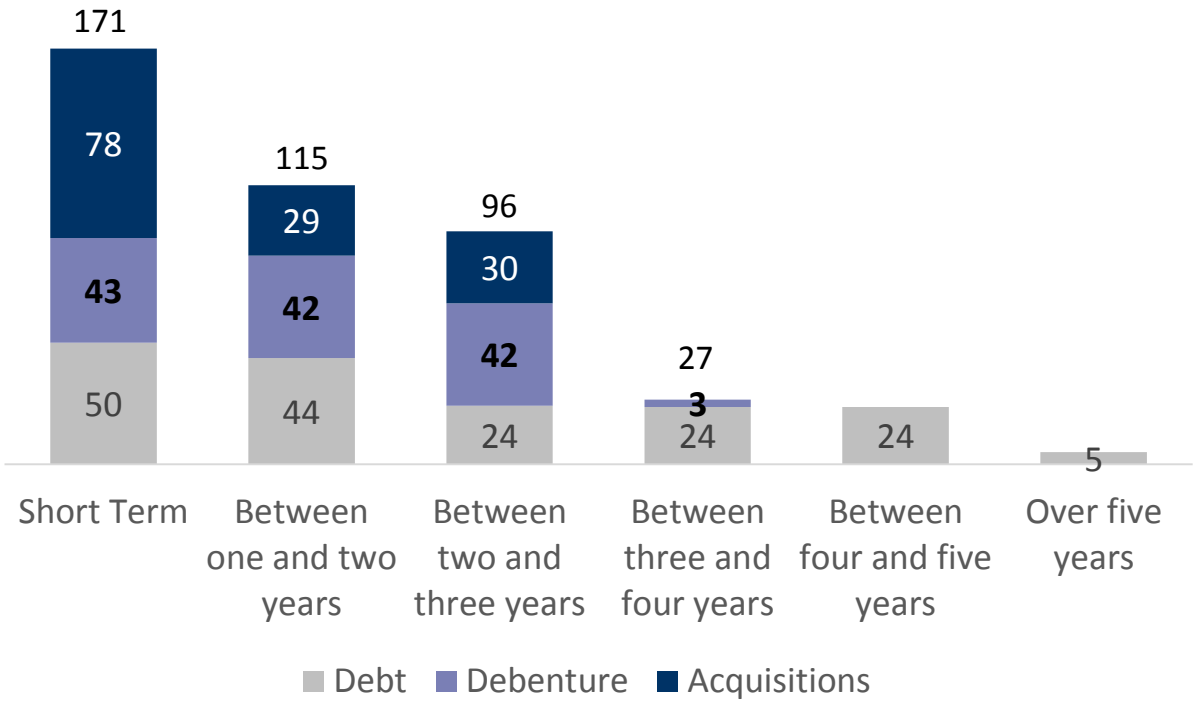


Gross indebtedness and amortization schedule (R$MM)

Gross Debt



Debt Amortization Schedule



2017 will be marked as the year of accreditation of the main growth avenues of the Ser Educacional Group

1. Accreditation of EAD. new units. courses and university centers will be levers relevant to the growth process

2. 2Q17 results reflect the combined effect of good operating profitability indexes starting in 2016 and the new investment cycle

3. Solid balance sheet to support new investments and acquisitions

4. Company with infrastructure prepared for the new growth stage



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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

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