

3Q19 Earnings Release

Recife, November 8, 2019 – Ser Educacional S.A. (B3 SEER3, Bloomberg SEER3:BZ and Reuters SEER3.SA), announces its results for the third quarter of 2019 (3Q19). The basis for presentation and analysis of results are described on page 3 of this document.

- **Student intake in 3Q19 reached a record for the period**, with growth of 29.2% in the on-campus undergraduate student intake and of 120.9% in the Distance Learning segment compared to 3Q18. At the end of 3Q19, 33,700 new undergraduate students were enrolled compared to 22,000 new students in the same period in 2018, an increase of 53.6% compared to 3Q18.
- **Total student base grew by 10.2%** in 3Q19, from 146,900 students to 161,800 students, mainly due to the 83.1% increase in the Distance Learning student base (undergraduate + graduate).
- At the end of 3Q19, the Company had **244 Distance Learning centers, an increase of 16.7%** compared to 209 centers at the end of 3Q18.
- **Net revenue grew 1%** in 3Q19 and totaled R\$288.9 million mainly due to the increase in the Distance Learning student base.
- In 3Q19, **Adjusted EBITDA** for non-recurring effects totaled **R\$68.3 million**, a decrease of 9.4% compared to the R\$75.4 million registered in 3Q18. Adjusted EBITDA margin was 2.7 p.p. lower, reaching 23.6%, versus 26.4% in 3Q18.
- **Adjusted EBITDA from the Distance Learning segment totaled R\$3.9 million, with adjusted EBITDA margin of 19.2%**, reinforcing that the Company has reached the inflection point of this business line.
- **Adjusted net income totaled R\$36.2 million in 3Q19**, a decrease of 18.8% compared to the R\$44.6 million registered in 3Q18.
- **Adjusted income reached R\$0.28 per share**, down by 15.5% compared to R\$0.33 per share in 3Q18 Comparable.

3Q19 Conference Call

November 8, 2019

English

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Financial Highlights (R\$ '000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
Net Revenue	288,910	286,003	1.0%	925,679	942,419	-1.8%
Adjusted Cash Gross Profit	188,113	183,041	2.8%	597,371	607,266	-1.6%
Adjusted Cash Gross Margin	65.1%	64.0%	1.1 p.p.	64.5%	64.4%	0.1 p.p.
Adjusted EBITDA	68,309	75,387	-9.4%	253,775	259,125	-2.1%
Adjusted EBITDA Margin	23.6%	26.4%	-2.7 p.p.	27.4%	27.5%	-0.1 p.p.
Adjusted Net Income	36,185	44,557	-18.8%	154,309	186,589	-17.3%
Adjusted Net Margin	12.5%	15.6%	-3.1 p.p.	16.7%	19.8%	-3.1 p.p.
Adjusted Net Income per Share	0.28	0.33	-15.5%	1.20	1.39	-13.9%

- On July 1, 2019, **Fitch Ratings affirmed the 'AA-(bra)' Long-term National Rating** of Ser Educacional S.A. and the Company's second issue of unsecured debentures, in the amount of R\$200 million, with final maturity in 2021. The Corporate Rating Outlook was considered "Stable". According to the statement issued by the agency, "Ser Educacional's rating is based on its strong credit indicators, supported by a conservative capital structure and adequate liquidity, as well as consistent operating cash flow and positive free cash flow (FCF) from 2020".
- On August 22, 2019, Ser Educacional's Board of Directors approved the **Distribution of interim dividends** of 30% of net income calculated for the period, representing a total amount of R\$32.8 million, from net income recorded in the balance sheet as of June 30, 2019, corresponding to R\$0.254837208 per share of the Company. All holders of shares issued by the Company on August 27, 2019 were entitled to dividends, and shares trading ex-rights as from August 28, 2019, inclusive. The dividends were paid on September 10, 2019.
- **During the third quarter, Ser Educacional received important recognitions for its quality and differentiation in the market:**
 - In July 2019, **Grupo Ser Educacional's Distance Learning segment received the Blackboard Catalyst Award**, unprecedented for Brazilian companies, in the Student Success category, for the "Tutor Guardião" project, due to its success in student retention and support initiatives, using the Blackboard Analytics for Learn solution with motivational study techniques in Distance Learning education.
 - In August 2019, **Ser Educacional had 3 courses in the top 10 Distance Learning courses**, according to the **EAD Ranking**, published by Canvas, Rede Rankitacs, ABED (Brazilian Association for Distance Education), ABTD (Brazilian Association for Training and Development) and the Gestão RH group. The ranking highlights UNINASSAU Recife's Portuguese Language Graduation course, which was placed 1st among the undergraduate courses.
 - On October 4, 2019, the on-campus and Distance Learning Gastronomy courses, the Distance Learning Financial Management course, the Distance Learning Quality Management course, the Distance Learning Public Management course and the on-campus Commercial Management course from UNINASSAU **received the highest score in the Brazilian National Student Performance Exam (ENADE)**. As a result, the Distance Learning Gastronomy, Public Management, Financial Management and Quality Management courses had **the best ENADE score in Brazil** among the private educational institutions and the Distance Learning Accounting, Management Process, Human Resources and Marketing courses were placed **1st in the Northeast and North regions**, also among private educational institutions.
 - On October 24, 2019, **UNINASSAU was accredited as university center in the city of Fortaleza**, which will give the institution autonomy to open new units and courses.
- On October 9, 2019, the Company published its first **Annual Sustainability and Environmental, Social and Governance Report**, to help our investors and stakeholders assess the way we are managing environmental, social and corporate governance factors. The publication of the first report is an important step towards the improvement of controls, reporting of indicators and assessment of the Company's practices and policies. To access the report, please [click here](#).
- On October 16, 2019, the Company announced the **termination of its Share Buyback Program**. Between October 16, 2018 and October 16, 2019, 4,230,300 (four million, two hundred and thirty thousand, three hundred) common shares issued by Ser Educacional were acquired, representing 3.2% of the total number of issued shares, which were canceled on May 9, 2019, pursuant to the minutes of the Board of Directors meeting and Material Fact disclosed to the market on the same date. Following this cancellation, the Company now has 128,721,560 (one hundred and twenty-eight million, seven hundred and twenty-one thousand, five hundred and sixty) common shares issued.

- On November 1, 2019, following the fulfillment of the preceding conditions, **the Financial Agreement for the Agreement for the Transfer of Quotas and Other Covenants** was signed and the effective transfer of 100% of the shares representing the capital stock of SODECAM – Sociedade de Desenvolvimento Cultural do Amazonas Ltda., maintainer of **Centro Universitário do Norte (UNINORTE)**, headquartered in Manaus-AM, to Centro Nacional de Ensino Superior Ltda. (“CENESUP”), a subsidiary of Ser Educacional S.A., was concluded. The transaction was announced on April 17, 2019, for a base purchase price (enterprise value) of R\$194.8 million, from which net debt in the amount of R\$9.8 million was deducted, as applicable.

Basis for presentation of results and adoption of IFRS 16 Leases / CPC 06/(R2) Lease operations

The information is presented in accordance with international financial reporting standards (IFRS) and consolidated in Brazilian Reais (R\$). Comparisons refer to the third quarter of 2018, unless otherwise indicated. As of 1Q19, the Company adopted IFRS 16 – Leases / CPC 06 (R2), which replaces existing lease standards, including CPC 06 (R1) (IAS 17), Leasing Operations and ICPC 03 (IFRIC 4, SIC 15 and SIC 27), Complementary Aspects of Leasing Operations. The new standard establishes a single lease model, based on the right to use an asset for a period of time in exchange for consideration, similarly to financial leases.

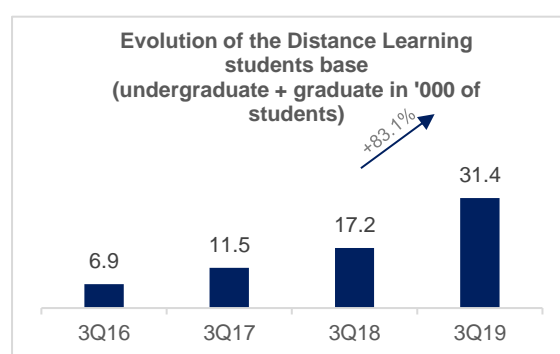
For comparison purposes, the Company prepared the income statement for the previous quarters for the 2018 fiscal year applying the IFRS 16 standards (Pro Forma and Non-Audited by the independent auditors), and called these figures “3Q18 Comparable and 9M18 Comparable”. The reconciliation of these results is demonstrated in the “IFRS 16 Reconciliation” section of this document.

Message from Management

Successful companies seek to improve their activities and take advantage of the different economic cycles to which they are exposed over their development. In 2019, Grupo Ser Educacional celebrated its 16th anniversary with solid growth rates and profitability, with promising results in periods prior to the Brazilian economic crisis, but also quite consistent in recent years, which were particularly more challenging.

2019 has been no less challenging than last years, with unemployment rates still at record levels in the northeastern and northern regions, where over 90% of the Company’s student base is located, as the Brazilian economy has not yet begun to show consistent evolution. Ser Educacional’s team understands the obstacles within this outlook, but, on the other hand, believes that these periods create opportunities, especially for those who execute a solid, rational business plan that is able to adapt to different economic situations, generating opportunities to capture benefits in the following periods.

With that in mind, the Company maintained its investments in the development of the Distance Learning segment, which in 2019 reached 31,000 students, a 83.1% growth compared to 3Q18 and, as of this year, with positive operating cash generation. These investments started in 2013 and intensified from 2017, when the new regulatory framework for the segment was approved. The result of the Distance Learning segment demonstrated to our team the importance of long-term planning, especially with the ability to adapt this planning each year and discipline and organization to evolve and mature initiatives.



The Company also continued to develop its on-campus segment. In October 2019, the Brasília unit was opened, the first unit inaugurated since 2017, already launched in the Campus 2.0 model (which offers on-campus, semi-distance, hybrid, and 100% online courses). This unit is located in Shopping JK, has about 2,500 m² of area in a modern structure and is already prepared to receive students in the 2020.1 intake process. The Company continued the maturation of 12 units opened in recent years, still considered in the initial stage of operation or in the maturation process.

Organic growth initiatives showed a positive outcome this year. In line with the positive result of the 2019.1 intake process, the third quarter reached record intake figures for the period, with a 29.2% growth in student enrollment in the on-campus segment and a 120.9% increase in the Distance Learning segment. The 10.2% growth in the total student base compared to 3Q18 was also a highlight, with a better control of the on-campus undergraduate student dropout rate.

This year, Ser Educacional also made acquisitions and, as of November 1, the Company will consolidate UNINORTE on its balance sheet, becoming the largest acquisition made by the Company since the acquisition of UNG in 2015. UNINORTE is the largest and the most recognized educational institution in Manaus, with approximately 25,000 students and great potential to grow its student base, especially in the 100% online Distance Learning segment, and to improve its operating results to be obtained once UNINORTE starts operating within Ser Educacional's platform.



Facade of Campus 2.0 – Shopping JK, Brasília/DF

Grupo Ser Educacional, therefore, is executing the business plan it has always believed in: Brazil still has high growth potential for the student base in the higher education segment. This development is conditional on consistent investments in improving student experience through new units located in promising regions, with a flexible platform capable of offering the type and course desired by students, through a high-quality structure that is attractive to its audience and that generate consistent results for its stakeholders, making the process sustainable so that growth is continuous and long term.

OPERATING PERFORMANCE

Student Enrollment			
In thousands	3Q19	3Q18	% Chg
Undergraduate Enrollments	33.7	22.0	53.6%
Distance Learning	12.9	5.8	120.9%
On-campus	20.8	16.1	29.2%
Graduate Enrollments	2.9	1.2	139.7%
On-campus	1.0	0.6	69.6%
Distance Learning	2.0	0.7	201.5%

At the end of 3Q19, the Company had enrolled 33,700 new undergraduate students, compared to 22,000 new students in the same period in 2018, representing a growth of 53.6% over 3Q18.

This growth is due to the following factors: (i) the Company's decision to start its 2019.2 intake process earlier compared to previous years, due to the better prospect of economic performance for the second half of 2019; (ii) economic recovery in the capital cities of the North and Northeast regions, especially because these cities were affected by non-recurring events during 3Q18 (truck drivers' strike, the FIFA World Cup and presidential elections), which negatively impacted student enrollment in that period; (iii) maintenance of the Company's investments in its long-term plan, highlighting the opening of 14 new units and more than 200 Distance Learning centers in the last 24 months; (iv) investments in the Ser Digital and the Campus 2.0 projects, which provide students with better experience, as well as greater flexibility of the Company to offer courses in the following formats: on-campus, hybrid (online theoretical classes and practical classes in the laboratory, on the weekends), semi-distance (which combines on-campus theoretical classes and online classes) and 100% online, which led to a significant growth in the Distance Learning student base and (v) the maturation of the Company's business processes in its Distance Learning segment through partner centers.

On-campus undergraduate student intake

Due to the aforementioned factors, the on-campus undergraduate student intake process registered a 29.2% increase with the enrollment of 20,800 students compared to 16,100 students in 3Q18. The enrollment of FIES students increased by 14.6%, despite the reduced number of vacancies in the program provided by the Federal Government, which went from 1,400 students in 3Q18 to 1,600 students in 3Q19.

At the end of 3Q19, of the total number of new students enrolled, approximately 2,200 students adhered to student financing programs, 100 of which enrolled through PraValer, 500 through Educred and 1,600 through FIES. In 3Q18, of the 2,900 students who adhered to student financing programs, 1,400 students enrolled through FIES, 700 through PraValer and 900 through Educred. As a result, the percentage of students enrolled through financing programs went from 18.3% in 3Q18 to 10.8% in 3Q19.

The total number of new finalized FIES contracts at the end of 3Q19 was 2,300 (1,600 freshmen and 700 upperclassmen) of the 2,600 vacancies allocated to the Company by the Federal Government in 2019.2. This represents an increase of 21% compared to the 1,900 new FIES contracts finalized in 3Q18 (1,400 freshmen and 500 upperclassmen) of the total of 4,600 vacancies allocated by the Federal Government to Ser Educacional.

Distance Learning undergraduate student intake

In 3Q19, the Distance Learning segment presented a 120.9% growth in intake, reaching 12,900 new students enrolled, compared to 5,800 students in 3Q18, reinforcing the Company's strategy of prioritizing the best performing partner centers, within the established goals, which has been reflected in the segment's intake process.

Graduate student intake

The Distance Learning graduate segment had an increase of 201.5%, reaching 2,000 students in 3Q19, compared to 700 students in 3Q18. The on-campus graduate segment had 1,000 new students enrolled in 3Q19, 69.6% higher compared to the same period of 2018. The improvement in graduate student intake was due to the focus on offering these courses, especially at partner centers.

As a result, total graduate student intake showed a positive variation of 139.7%, from 1,200 students in 3Q18 to 2,900 students in 3Q19 and, consequently, the total graduate student base rose by 45.2%.

Student Growth Trends

Number of Students	Undergraduate		Graduate		Vocational		Total
	On Campus	Distance Learning	On Campus	Distance Learning	On Campus	Distance Learning	Total
3Q19							
Jun19 Base	132,546	20,310	4,865	6,419	1,281	61	165,482
Enrollments	20,817	12,904	977	1,969	86	6	36,759
Leavers	(7,656)	(216)	(393)	(487)	(61)	-	(8,813)
Dropouts	(21,907)	(9,492)	(60)	(7)	(127)	-	(31,593)
Sep19 Base	123,800	23,506	5,389	7,894	1,179	67	161,835
% Sep19 Base / Jun19 Base	-6.6%	15.7%	10.8%	23.0%	-8.0%	9.8%	-2.2%
% Sep19 Base / Sep18 Base	0.4%	65.9%	-12.6%	164.7%	393.3%	-8.2%	10.2%

As a result of the points addressed above, the on-campus undergraduate student base totaled 123,800 students, slight increase of 0.4% compared to the 123,300 students registered in 3Q18.

The Distance Learning undergraduate and graduate student base increased by 83.1%, from 17,200 students in 3Q18 to 31,400 in 3Q19.

Due to the improvement in the student intake performance of all businesses lines, total student base grew by 10.2% compared to September 30, 2018.

Dropout Rate

The 3Q19 dropout rate was 15.0%, compared to 16.3% in 3Q18, down by 1.3 p.p. reflecting the first signs of recovery, in a still adverse economic scenario in the country. The 3Q19 re-enrollment rate of on-campus programs reached 86.5% of the renewable base, a slight increase of 0.3 p.p. compared to 3Q18, when the indicator was 86.2%.

Average Net Ticket

Average Ticket (R\$)	3Q19	3Q18	% Chg. 3Q19 x 3Q18
On Campus Undergraduate	720.43	731.70	-1.5%
Distance Learning (Undergraduate + graduate)	225.82	236.95	-4.7%
Total Net Average Ticket	594.87	641.43	-7.3%

In 3Q19, the average ticket was R\$720.43, down by 1.5% year-on-year, mainly due to the volume of students enrolled in 3Q19. It is worth mentioning that this impact tends to be mitigated in the following quarters as student enrollment is carried out with discounts that substantially reduces tuition fees (R\$49.90 or R\$99.90, depending on the city) for the first months.

In the Distance Learning segment, the average ticket decrease by 4.7% compared to 3Q18. This reduction is mainly due to the higher participation of 100% online graduate and undergraduate courses, due to the growth of the Company's Distance Learning segment, especially in the partner centers, which was partially offset by the higher demand for courses in the health area, the introduction of semi-distance courses and the pass-through of inflation.

As the Distance Learning student base increased from 12% to 19% of the total student base and there was a reduction of the average ticket in the on-campus segment, due to the increase in discounts and scholarships, the overall average ticket decreased by 7.3% in 3Q19.

Student Financing

STUDENT LOANS	Dec/13	Dec/14	Dec/15	Dec/16	Dec/17	3Q18	Dec/18	3Q19
On Campus Undergraduate Students	70,255	101,195	123,988	131,092	133,945	123,268	127,837	123,800
FIES Students	31,432	48,048	56,089	58,840	55,565	39,619	40,427	29,100
% of FIES Students	44.7%	47.5%	45.2%	44.9%	41.5%	32.1%	31.6%	23.5%
EDUCRED Students			754	1,922	2,390	4,037	3,952	3,350
% of EDUCRED Students			0.6%	1.5%	1.8%	3.3%	3.1%	2.7%
PRAVALER Students			954	1,794	2,873	2,983	3,265	2,273
% of PRAVALER Students			0.8%	1.4%	2.1%	2.4%	2.6%	1.8%
Total Students Loans			57,797	62,556	60,828	46,639	47,644	34,723
% of Total Students Loans			46.6%	47.7%	45.4%	37.8%	37.3%	28.0%

On September 30, 2019, FIES students accounted for 23.5% of the on-campus undergraduate student base, a reduction of 8.6 p.p. compared to the 32.1% recorded at the end of 3Q18. This decline is due to the Federal Government's decision to reduce the number of vacancies in the FIES program as of 2015, with a further decrease as of 2018.

As of April 2015, the Company re-designed its student financing plans, offering new student financing products through PraValer, one of Brazil's largest private programs, and the re-launch of Educured, the Company's own student loan program, which enables students to pay a portion of their semiannual tuition fee after they graduate or drop out.

Organic Growth

In 3Q19, 58 new courses were authorized, giving a total of 1,756, while the number of vacancies in some courses also increased. As a result, in September 2019, the Company had approximately 948,600 vacancies per year, 550,500 of which in the Distance Learning segment. Ser Educacional continues to develop its organic growth strategy based on the accreditation of new units and Distance Learning centers, as well as the authorization of new courses.

FINANCIAL PERFORMANCE

Revenue from Services Rendered

Gross Revenue - Accounting (R\$ '000)	3Q19	3Q18	% Chg. 3Q19 x 3Q18	9M19	9M18	% Chg. 9M19 x 9M18
Gross Operating Revenue	500,902	450,430	11.2%	1,557,287	1,359,213	14.6%
Undergraduate Monthly Tuition	452,476	420,032	7.7%	1,423,821	1,272,235	11.9%
Graduate Monthly Tuition	7,074	7,582	-6.7%	21,659	21,789	-0.6%
Vocational Courses Monthly Tuition	466	434	7.6%	1,450	1,119	29.6%
Distance Learning Monthly Tuition	36,537	17,771	105.6%	99,260	52,303	89.8%
Others	4,349	4,611	-5.7%	11,097	11,767	-5.7%
Deductions from Gross Revenue	(211,992)	(164,427)	28.9%	(631,608)	(416,794)	51.5%
Discounts and Scholarships	(145,982)	(101,347)	44.0%	(430,869)	(230,743)	86.7%
PROUNI	(50,298)	(45,513)	10.5%	(149,606)	(126,232)	18.5%
FGEDUC And FIES charges	(5,805)	(8,172)	-29.0%	(20,358)	(27,557)	-26.1%
Taxes	(9,907)	(9,395)	5.4%	(30,775)	(32,262)	-4.6%
% Discounts and Scholarships/ Net Oper. Rev.	29.1%	22.5%	6.6 p.p.	27.7%	17.0%	10.7 p.p.
Net Operating Revenue	288,910	286,003	1.0%	925,679	942,419	-1.8%
Undergraduate Monthly Tuition	259,701	264,705	-1.9%	842,690	878,722	-4.1%
Graduate Monthly Tuition	4,894	5,121	-4.4%	15,197	15,855	-4.1%
Vocational Courses Revenues	427	403	5.9%	1,346	1,046	28.7%
Distance Learning Revenues	19,805	11,275	75.6%	56,386	35,415	59.2%
Others	4,084	4,499	-9.2%	10,060	11,380	-11.6%

In 3Q19, gross revenue totaled R\$500.9 million, up 11.2% on 3Q18. This increase reflects the pass-through of prices of 6% in the comparison between the two periods. The difference between 6% and 11.2% also refers to the improvement in the course mix and the growth in tuition revenue in the Distance Learning segment.

Net revenue was R\$288.9 million in 3Q19, a 1.0% decrease compared to 3Q18, mainly due to the maintenance of the on-campus student base in the comparison between quarters, but with a larger mix in health courses and the 83.1% growth in the Distance Learning (undergraduate + graduate) student base, which resulted in an increase of 10.2% in the total student base.

Cost of Services Rendered

Breakdown of Cost of Services Rendered ¹ Accounting (R\$ '000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
Cash Cost of Services Rendered	(104,150)	(110,176)	-5.5%	(335,706)	(349,393)	-3.9%
Payroll and Charges	(84,027)	(88,561)	-5.1%	(267,341)	(284,068)	-5.9%
Rent	(4,474)	(4,557)	-1.8%	(12,125)	(13,312)	-8.9%
Concessionaires (Electricity, Water and Telephone)	(8,490)	(8,936)	-5.0%	(28,582)	(27,481)	4.0%
Third-Party Services and Others	(7,159)	(8,122)	-11.9%	(27,658)	(24,532)	12.7%

¹ Excluding depreciation and amortization.

The cash cost of services rendered (excluding depreciation and amortization) totaled R\$104.2 million in 3Q19, down by 5.5% on 3Q18 comparable. The most significant components of service costs registered a variation in the quarter mainly due to the following reasons:

a) Payroll and charges decreased 5.1% in 3Q19 over 3Q18, mainly due to the personnel structure optimization carried out in 2018 in order to adjust the teacher and employee base to the Company's current student base, especially in the on-campus higher education segment. In this scenario, the Company incurred non-recurring costs

related to the adjustment of its teacher base in the amount of R\$3.4 million in the quarter, which can be better analyzed in the table presented below.

b) After the additional adjustments for the adoption of IFRS 16 (as detailed in “Basis for presentation of results”), rental costs were relatively stable in the comparison between 3Q19 and 3Q18.

c) Concessionaires (electricity, water and telephone) decreased by 5.0%, from R\$8.9 million in 3Q18 to R\$8.5 million in 3Q19, due to the optimization activities and a greater efficiency of the Company's energy matrix.

d) Third-party Services and Others decreased by 11.9%, from R\$8.1 million in 3Q18 to R\$7.2 million in 3Q19, mainly due to the non-occurrence of costs with the implementation of services in the Distance Learning segment in this quarter.

The table below shows managerial operating costs, which are adjusted for non-recurring effects.

Breakdown of Cost of Services Rendered¹ Adjusted (R\$ '000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
Cash Cost of Services Rendered	(100,797)	(102,962)	-2.1%	(328,308)	(335,153)	-2.0%
Payroll and Charges	(80,674)	(81,346)	-0.8%	(259,943)	(269,827)	-3.7%
Rent	(4,474)	(4,557)	-1.8%	(12,125)	(13,312)	-8.9%
Concessionaires (Electricity, Water and Telephone)	(8,490)	(8,936)	-5.0%	(28,582)	(27,481)	4.0%
Third-Party Services and Others	(7,159)	(8,122)	-11.9%	(27,658)	(24,532)	12.7%

¹ Excluding depreciation and amortization.

Gross Profit

Gross Profit - Accounting (R\$ '000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
Net Operating Revenue	288,910	286,003	1.0%	925,679	942,419	-1.8%
Cost of Services Rendered	(131,174)	(130,910)	0.2%	(415,922)	(412,468)	0.8%
Gross Profit	157,736	155,093	1.7%	509,757	529,951	-3.8%
Gross Margin	54.6%	54.2%	0.4 p.p.	55.1%	56.2%	-1.2 p.p.
(-) Depreciation	27,024	20,734	30.3%	80,216	63,075	27.2%
Cash Gross Profit	184,760	175,827	5.1%	589,973	593,026	-0.5%
Cash Gross Margin	64.0%	61.5%	2.5 p.p.	63.7%	62.9%	0.8 p.p.

Comparable cash gross profit increased by 5.1%, from R\$175.8 million in 3Q18 to R\$184.8 million in 3Q19. The cash gross margin stood at 64.0% in 3Q19, 2.5 p.p. higher than 3Q18, when it reached 61.5%, due to the increase in net revenues, in the comparison between 3Q19 and 3Q18.

Depreciation increased 30.3%, from R\$20.7 million in 3Q18 to R\$27.0 million in 3Q19, due to investments carried out in the last 12 months, besides the reclassification to real estate costs that were considered as expenses before, resulting in a R\$3.2 million increase in depreciation costs per quarter.

The table below shows comparable gross profit adjusted for the main non-recurring cost effects, which increased by 2.8%, reflecting the reduction in recurring costs with personnel, concessionaires and third party services:

Gross Profit - Adjusted (R\$ '000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
Net Operating Revenue	288,910	286,003	1.0%	925,679	942,419	-1.8%
Cost of Services Rendered	(127,821)	(123,695)	3.3%	(408,524)	(398,227)	2.6%
Adjusted Gross Profit	161,089	162,308	-0.8%	517,155	544,192	-5.0%
Adjusted Gross Margin	55.8%	56.8%	-1.0 p.p.	55.9%	57.7%	-1.9 p.p.
(-) Depreciation	27,024	20,734	30.3%	80,216	63,075	27.2%
Adjusted Cash Gross Profit	188,113	183,041	2.8%	597,371	607,266	-1.6%
Adjusted Cash Gross Margin	65.1%	64.0%	1.1 p.p.	64.5%	64.4%	0.1 p.p.

Operating Expenses (Selling, General and Administrative)

Operating Expenses - Accounting (R\$ '000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
General and Administrative Expenses	(104,705)	(97,869)	7.0%	(307,765)	(321,779)	-4.4%
Payroll and Charges	(37,408)	(35,630)	5.0%	(107,880)	(107,278)	0.6%
Third-Party Services	(13,122)	(8,767)	49.7%	(42,558)	(25,209)	68.8%
Advertising	(20,134)	(14,134)	42.5%	(62,334)	(66,391)	-6.1%
Materials	(3,440)	(3,510)	-2.0%	(10,373)	(13,424)	-22.7%
PDA	(17,923)	(18,321)	-2.2%	(46,762)	(55,890)	-16.3%
Others	(9,451)	(10,633)	-11.1%	(27,037)	(33,701)	-19.8%
Depreciation and Amortization	(3,227)	(6,874)	-53.1%	(10,821)	(19,886)	-45.6%
Operating Income	47,251	56,164	-15.9%	211,699	207,473	2.0%
General and Administrative Expenses (Ex-Depreciation and Amortization)	(101,478)	(90,995)	11.5%	(296,944)	(301,893)	-1.6%

General and administrative expenses increased by 7.0%, from R\$97.9 million in 3Q18 to R\$104.7 million in 3Q19, mainly due to:

- a) Payroll and charges increased 5.0% over 3Q18 and 10.5%, excluding the non-recurring effect (R\$0.6 million) related to severance pay due to the adjustment of the administrative structure to support the Company's current student base. This increase is chiefly due to the collective bargaining agreement set forth in union contracts and the Company's increased headcount in the comparison between the periods, in order to support the new units and the administrative activities in the CSC in Recife.
- b) Third-party services, which had an increase of 49.7%, from R\$8.8 million in 3Q18 to R\$13.1 million in 3Q19, mainly due to the hiring of a consulting firm to carry out the Ser Digital project, as well as expenses with legal fees and audit services to carry out due diligence for acquisitions. The Ser Digital project has the long-term strategic goal of preparing the Company's digital transformation in order to improve the students' experience in all stages of the learning process and contact with the Company's educational units. In 3Q19, non-recurring expenses totaled approximately R\$4.2 million related to these activities, besides R\$0.3 million non-recurring expense in the hiring of other services. Excluding these non-recurring effects, the Rendered Services line showed an increase of 37.7% in the comparison between quarters, mainly due to the outsourcing of part of the cleaning and janitorial activities and the increase in expenses with IT and legal service providers.
- c) Advertising expenses, which increased 42.5%, from R\$14.1 million in 3Q18 to R\$20.1 million in 3Q19, representing 7.0% of net revenue. The increase reflects the effect of the resumption of the Company's intake growth, as well as the decrease in advertising expenses due to the absence of non-recurring events (truck drivers' strike and World Cup) in 3Q18, during which the Company opted to reduce expenses. In 3Q19, with the normalization of its activities and the expected resumption of economic development, the Company resumed its investments, returning to its seasonality. It is worth noting that, even with the increase in advertising expenses in 3Q19, this line totaled R\$62.3 million in 9M19, a 6.1% decrease compared to 9M18, which demonstrates the Company's continued focus on maintaining its expenses more efficient, as student enrollment presented consolidated growth of 57.1% in 2019.2.

d) The Provision for Doubtful Accounts and Effective Losses line, which decreased by 2.2% compared to 3Q18, from R\$18.3 million in 3Q18 to R\$17.9 million in 3Q19, in line with the variation in net revenue in the quarter and the stabilization of dropout rates in the comparison between the two periods.

e) Materials, which fell by 2.0%, from R\$3.5 million in 3Q18 to R\$3.4 million in 3Q19, due to the ongoing expense reduction plan, which led to a downturn in these expenses in existing operations and a decline in accreditation of new courses and units.

f) Other expenses, which decreased 11.1%, from R\$10.6 million in 3Q18 to R\$9.5 million in 3Q19, following a decrease in the number of new units in preparation to be accredited.

g) Depreciation and Amortization, which decreased 53.1%, from R\$6.9 million in 3Q18 to R\$3.2 million in 3Q19, due to the reclassification to real estate costs group what was considered to be expenses, resulting in a R\$3.2 million reduction per quarter in depreciation expenses.

The table below shows managerial general and administrative expenses, adjusted for non-recurring effects.

Operating Expenses - Adjusted (R\$ '000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
General and Administrative Expenses	(99,598)	(92,909)	7.2%	(290,182)	(305,845)	-5.1%
Payroll and Charges	(36,764)	(33,260)	10.5%	(105,657)	(98,090)	7.7%
Third-Party Services	(8,659)	(6,286)	37.7%	(27,198)	(19,980)	36.1%
Advertising	(20,134)	(14,134)	42.5%	(62,334)	(66,391)	-6.1%
Materials	(3,440)	(3,510)	-2.0%	(10,373)	(13,424)	-22.7%
PDA	(17,923)	(18,321)	-2.2%	(46,762)	(55,890)	-16.3%
Others	(9,451)	(10,523)	-10.2%	(27,037)	(32,183)	-16.0%
Depreciation and Amortization	(3,227)	(6,874)	-53.1%	(10,821)	(19,886)	-45.6%
Adjusted Operating Income	58,947	68,339	-13.7%	226,249	237,648	-4.8%
General and Administrative Expenses (Ex-Depreciation and Amortization)	(96,371)	(86,035)	12.0%	(279,361)	(285,959)	-2.3%

Other Net Operating Expenses

Other net operating expenses increased 445.3% in the quarter, from R\$1.1 million in 3Q18 to R\$5.8 million in 3Q19, mainly due to the following non-recurring events: (i) R\$4.1 million related to the write-off of improvements to leased properties, (ii) R\$0.7 million related to the reversal of rental agreements and (iii) R\$0.1 million related to revenue from the sale of energy in the free market and tax recovery.

EBITDA and Adjusted EBITDA

EBITDA (R\$ '000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
Net Income¹	23,837	31,538	-24.4%	138,935	155,756	-10.8%
(+) Net financial expense ²	21,750	22,603	-3.8%	66,529	47,255	40.8%
(+) Income and social contribution taxes	1,664	2,023	-17.7%	6,235	4,462	39.7%
(+) Depreciation and amortization	30,251	27,608	9.6%	91,037	82,961	9.7%
EBITDA¹	77,502	83,772	-7.5%	302,736	290,434	4.2%
EBITDA Margin	26.8%	29.3%	-2.5 p.p.	32.7%	30.8%	1.9 p.p.
(+) Revenue from Interest on Agreements and Others ²	4,265	1,995	113.8%	11,201	10,987	1.9%
(+) Non-recurring costs and expenses ³	11,696	12,175	-3.9%	14,550	30,175	-51.8%
(-) Minimum rent paid ⁴	(25,155)	(22,555)	11.5%	(74,712)	(72,471)	3.1%
Adjusted EBITDA⁵	68,309	75,387	-9.4%	253,775	259,125	-2.1%
Adjusted EBITDA Margin	23.6%	26.4%	-2.7 p.p.	27.4%	27.5%	-0.1 p.p.

1. EBITDA is not an official accounting measurement.

2. Revenue from interest on agreements and others comprises our net financial result arising from revenue from interest and fines on tuition fees corresponding to financial charges on renegotiated and overdue tuition fees.

3. Non-recurring costs and expenses are mainly related to costs and expenses from mergers and acquisitions, severance expenses arising from the personnel structure optimization process and the Ser Digital project, which would not affect the usual cash flow.

4. Minimum rent refers to rental agreements recorded under financial leasing in accordance with CPC 06. The expenses from such leasing are not recorded under EBITDA, but are part of adjusted EBITDA.

5. Adjusted EBITDA corresponds to EBITDA plus (a) financial revenue from fines and interest on tuition fees, (b) non-recurring costs and expenses, and (c) minimum rent paid.

Cash generation measured by Adjusted EBITDA amounted to R\$68.3 million in 3Q19, down by 9.4% compared to the R\$75.4 million posted in 3Q18. The adjusted EBITDA margin closed 3Q19 at 23.6%, versus 26.4% in 3Q18, a decrease of 2.7 p.p. It is worth noting that the Company maintained the uniformity of its adjusted EBITDA calculation by deducting from EBITDA the minimum leases paid under IFRS 16, therefore maintaining comparability with its historical adjusted EBITDA.

The statement of non-recurring items is shown below:

SUMMARY OF NON-RECURRING ITEMS (R\$ '000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
Non-Recurring Costs and Expenses Impacting Adjusted EBITDA	11,696	12,175	-3.9%	14,550	30,175	-51.8%
Payroll	3,997	9,584	-58.3%	9,620	23,429	-58.9%
Cost	3,353	7,215	-53.5%	7,398	14,241	-48.1%
Expense	644	2,370	-72.8%	2,223	9,188	-75.8%
Third-Party Services	4,463	2,481	79.9%	15,360	5,229	193.8%
Expense	4,463	2,481	79.9%	15,360	5,229	193.8%
Other Expenses / Other Net Operating Expenses	3,235	110	2848.2%	(10,431)	1,518	-787.2%
Sale of property, plant and equipment	-	-	N.M.	(6,773)	-	N.M.
Reversal of lease agreements	(691)	-	N.M.	(7,584)	-	N.M.
Write-off of Improvements	4,050	-	N.M.	4,050	-	N.M.
Other Expenses	-	110	-100.0%	-	1,417	-100.0%
Other Operating Expenses/Revenue	(124)	-	N.M.	(124)	101	-222.9%
Non-Recurring Costs and Expenses that do not Impact Adjusted EBITDA	652	(465)	-240.1%	824	(528)	-256.2%
Monetary variation gains	1,514	-	N.M.	1,514	-	N.M.
Income tax and social contribution - Complementary Tax on Adjusted Net Income	(862)	(465)	85.2%	(690)	(528)	30.8%
Total Non Recurring Costs and Expenses	12,348	11,709	5.5%	15,374	29,648	-48.1%

Adjusted EBITDA Excluding Organic Expansion

Result excluding new units and Distance Learning (R\$ ('000))	3Q19				9M19			
	On Campus	New units (1)*	Distance Learning*	Consolidated	On Campus	New units (1)*	Distance Learning*	Consolidated
Net Revenue	265,270	3,578	20,062	288,910	860,429	8,877	56,373	925,679
Adjusted Cash Gross Profit	169,836	1,526	16,750	188,113	551,960	3,273	42,138	597,371
<i>Adjusted Cash Gross Margin</i>	64.0%	42.7%	83.5%	65.1%	64.1%	36.9%	74.7%	64.5%
Adjusted EBITDA	67,249	(2,792)	3,851	68,309	252,211	(8,558)	10,123	253,775
<i>Adjusted EBITDA Margin</i>	25.4%	-78.0%	19.2%	23.6%	29.3%	-96.4%	18.0%	27.4%

(1) Expansion units: Garanhuns, Mossoró, Juazeiro do Norte, Maracanaú, Porto Velho, Arapiraca, Marabá, Boa Vista, Rio Branco, Sobral and Belo Horizonte.

* Allocations of results are not audited.

The table above presents the results excluding on-campus units with two years or less of operation and Distance Learning activities, which have been expanding its Distance Learning center base and launched their brands in this segment.

In 3Q19, the Distance Learning segment started generating positive Adjusted EBITDA of R\$3.9 million, but with a still low margin of 19.2%, not equal to the potential margins of this segment and the average margins obtained by Ser Educacional's on-campus segment, which gives us the strength to focus on the expansion and cost control of this operation that is scalable by the number of students.

On the other hand, new units generated negative Adjusted EBITDA of R\$2.8 million, but are within the range expected to begin operations.

These two activities have a 1.8 p.p. impact on the Company's consolidated adjusted EBITDA margin in 3Q19, which, excluding these organic growth initiatives, went from 23.6% to 25.4%, demonstrating that the Company is focused on maintaining operational efficiency in its mature units.

Reconciliation of IFRS 16 Adjustments

Income Statement - Accounting R\$ ('000)	3Q18			3Q19		
	Accounting	IFRS 16	Comparable IFRS 16	Reported IFRS 16	IFRS 16	3Q19 Ex-IFRS 16
Net Operating Revenue	286,003		286,003	288,910		288,910
Cost of Services Rendered	(134,945)	4,036	(130,909)	(131,174)	(6,694)	(137,869)
Rent	(17,362)	12,805	(4,557)	(4,475)	(17,536)	(22,011)
Depreciation and Amortization	(11,966)	(8,769)	(20,734)	(27,024)	10,842	(16,182)
Gross Profit	151,058	4,036	155,094	157,736	(6,694)	151,041
<i>Gross Margin</i>	52.8%		54.2%	54.6%		52.3%
Depreciation and Amortization	18,839	8,769	27,608	30,251	(10,842)	19,409
EBITDA	70,968	12,805	83,773	77,501	(17,536)	59,965
Non-recurring costs and expenses	12,175		12,175	11,696		11,696
Interest on tuition and agreements	1,995		1,995	4,265		4,265
Minimum rent paid	(9,749)	(12,805)	(22,554)	(25,155)	17,536	(7,618)
Adjusted EBITDA	75,389		75,389	68,309		68,309
<i>Adjusted EBITDA Margin (%)</i>	26.4%		26.4%	23.6%		23.6%
Financial Result	(12,944)	(9,660)	(22,604)	(21,750)	12,445	(9,305)
Interest on Leasing	(8,232)	(9,660)	(17,892)	(16,223)	12,445	(3,778)
Income and Social Contribution Taxes	(2,254)	231	(2,023)	(1,663)	(286)	(1,949)
Adjusted Consolidated Net Income/Loss	49,858	(5,393)	44,557	36,185	5,465	41,650
<i>Adjusted Net Margin (%)</i>	17.4%		15.6%	12.5%		14.4%

Income Statement - Accounting R\$ ('000)	9M18			9M19		
	Accounting	IFRS 16	Comparable IFRS 16	Reported IFRS 16	IFRS 16	9M19 Ex- IFRS 16
Net Operating Revenue	942,419		942,419	925,679		925,679
Cost of Services Rendered	(427,029)	14,561	(412,468)	(415,922)	(16,255)	(432,177)
Rent	(56,535)	43,223	(13,312)	(12,126)	(50,673)	(62,799)
Depreciation and Amortization	(34,414)	(28,662)	(63,076)	(80,216)	34,419	(45,797)
Gross Profit	515,390	14,561	529,951	509,756	(16,255)	493,502
<i>Gross Margin</i>	54.7%		56.2%	55.1%		53.3%
Depreciation and Amortization	54,299	28,662	82,961	91,037	(34,419)	56,618
EBITDA	247,212	43,223	290,435	302,736	(50,673)	252,063
	11,914	(43,223)	(31,309)	(48,961)	50,673	1,713
Non-recurring costs and expenses	30,175		30,175	14,550		14,550
Interest on tuition and agreements	10,987		10,987	11,201		11,201
Minimum rent paid	(29,249)	(43,223)	(72,471)	(74,712)	50,673	(24,038)
Adjusted EBITDA	259,125		259,125	253,775		253,775
<i>Adjusted EBITDA Margin (%)</i>	27.5%		27.5%	27.4%		27.4%
Financial Result	(19,920)	(27,335)	(47,255)	(66,529)	28,970	(37,559)
Interest on Leasing	(24,832)	(27,335)	(52,167)	(51,306)	28,970	(22,336)
Income and Social Contribution Taxes	(4,818)	356	(4,462)	(6,235)	(547)	(6,782)
Adjusted Consolidated Net Income/Loss	199,007	(12,418)	186,589	154,309	12,169	166,479
<i>Adjusted Net Margin (%)</i>	21.1%		19.8%	16.7%		18.0%

Balance Sheet (R\$ '000)	12/31/2018			09/30/2019		
	Accounting	IFRS 16	Comparable IFRS 16	Accounting	IFRS 16	Ex-IFRS 16
Assets						
Current Assets	1,143,639		1,143,639	816,268		816,268
Non-Current Assets	1,285,921	374,536	1,660,457	1,687,705	(408,528)	1,279,177
Right-of-Use Assets	181,527	374,536	556,063	564,670	(408,528)	156,142
Property, plant and equipment	508,364		508,364	486,087		486,087
Total Assets	2,429,560	374,536	2,804,096	2,503,973	(408,528)	2,095,445
Liabilities						
Current Liabilities	407,265	17,547	424,812	375,428	(32,218)	343,210
Leasing	17,209	17,672	34,881	39,539	(32,765)	6,774
Taxes payable	2,590	(124)	2,466	11,270	547	11,817
Non-Current Liabilities	551,752	364,013	915,765	811,431	(388,479)	422,952
Leasing	221,050	364,013	585,063	588,381	(388,479)	199,902
Consolidated Shareholders' Equity	1,470,543	(7,025)	1,463,518	1,317,114	12,169	1,329,283
Income Reserve	548,521	(7,025)	541,496	197,577	12,169	209,746
Retained income	-	-	-	131,988	-	131,988
Total Liabilities and Shareholders' Equity	2,429,560	374,536	2,804,096	2,503,973	(408,528)	2,095,445

Financial Result

Financial Result - Accounting (R\$ '000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
(+) Financial Revenue	13,241	15,767	-16.0%	43,794	55,951	-21.7%
Interest on Agreements and Others	4,265	1,995	113.8%	11,201	10,987	1.9%
Returns on Financial Investments	9,539	15,186	-37.2%	34,188	41,601	-17.8%
Others	(563)	(1,414)	-60.2%	(1,595)	3,363	-147.4%
(-) Financial Expenses	(34,991)	(38,370)	-8.8%	(110,323)	(103,206)	6.9%
Interest Expenses	(5,320)	(5,813)	-8.5%	(15,904)	(17,657)	-9.9%
Interest on Leasing	(16,223)	(17,892)	-9.3%	(51,306)	(52,167)	-1.6%
Discounts Granted	(9,585)	(10,638)	-9.9%	(30,773)	(19,833)	55.2%
Monetary Variation Expenses	(3,289)	(2,572)	27.9%	(6,891)	(7,825)	-11.9%
Others	(574)	(1,454)	-60.5%	(5,449)	(5,723)	-4.8%
Financial Result	(21,750)	(22,603)	-3.8%	(66,529)	(47,255)	40.8%

Financial revenue decreased 16.0%, from R\$15.8 million in 3Q18 to R\$13.2 million in 3Q19, driven by:

- Interest on Agreements and Others, which increased by 113.8%, from R\$2.0 million in 3Q18 to R\$4.3 million in 3Q19, due to higher volume of negotiations with students regarding the payment of monthly interest.
- Returns on financial investments, which went from R\$15.2 million in 3Q18 to R\$9.5 million in 3Q19, a decrease of 37.2%, due to lower average interest rate and the reduction of the Company's cash position due to the extraordinary distribution of R\$250.0 million in dividends and the payment of the First Series 2nd Issue Debentures in the amount of R\$114.5 million.
- The line "Others" on the Financial Revenue, which shows basically expenses due to the PIS/Cofins registration on financial revenues, decreased 60.5%, from R\$1.4 million in 3Q18 to R\$0.6 million in 3Q19, due to the non-recurring effect of R\$1.5 million in 3Q18, related to the reversal of the monetary restatement applied to the PN23 balance resulting from the difference in calculation methodology between the Company and National Foundation for the Development of Education (FNDE).

Financial expenses came to R\$35.0 million in 3Q19, 8.8% lower over comparable financial expenses of R\$38.4 million in 3Q18, primarily due to:

- Interest Expenses, which fell 8.5%, from R\$5.8 million in 3Q18 to R\$5.3 million in 3Q19, basically due to a reduction in debt and Brazilian interest rates.
- Comparable Interest on Leasing, which went from R\$17.9 million in 3Q18 to R\$16.2 million in 3Q19, down by 9.3% due to lease terminations carried out during 2019.
- Discounts Granted, which decreased by 9.9%, from R\$10.6 million in 3Q18 to R\$9.6 million in 3Q19, due to the lower volume of discounts in renegotiation agreements with students in arrears for more than 180 days.
- Monetary Passive Variation, which increased 27.9% in the comparison between 3Q19 and 3Q18, from R\$2.6 million in 3Q18 to R\$3.3 million in 3Q19, due to the non-recurring effect of R\$1.5 million related to the updated calculation of amounts related to payment commitments.

As a result of the factors mentioned above, net financial expense was R\$21.8 million in 3Q19 against a comparable expense of R\$22.6 million in 3Q18, representing a reduction of 3.8%.

The table below shows managerial financial result, adjusted for non-recurring effects of other financial revenue.

Financial Result - Adjusted (R\$ '000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
(+) Financial Revenue	13,241	17,308	-23.5%	43,794	57,492	-23.8%
Interest on Agreements and Others	4,265	1,995	113.8%	11,201	10,987	1.9%
Returns on Financial Investments	9,539	15,186	-37.2%	34,188	41,601	-17.8%
Others	(563)	127	-543.1%	(1,595)	4,904	-132.5%
(-) Financial Expenses	(33,477)	(38,370)	-12.8%	(108,809)	(103,206)	5.4%
Interest Expenses	(5,320)	(5,813)	-8.5%	(15,904)	(17,657)	-9.9%
Interest on Leasing	(16,223)	(17,892)	-9.3%	(51,306)	(52,167)	-1.6%
Discounts Granted	(9,585)	(10,638)	-9.9%	(30,773)	(19,833)	55.2%
Monetary Variation Expenses	(1,775)	(2,572)	-31.0%	(5,377)	(7,825)	-31.3%
Others	(574)	(1,454)	-60.5%	(5,449)	(5,723)	-4.8%
Financial Result	(20,236)	(21,062)	-3.9%	(65,015)	(45,713)	42.2%

Net Income

Net Income - Accounting (R\$ 000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
Operating Income	47,251	56,164	-15.9%	211,699	207,473	2.0%
(+) Financial Result	(21,750)	(22,603)	-3.8%	(66,529)	(47,255)	40.8%
(+) Income and Soc. Contrib. Taxes	(1,664)	(2,023)	-17.7%	(6,235)	(4,462)	39.7%
Net Income (Loss)	23,837	31,538	-24.4%	138,935	155,756	-10.8%
Net Margin	8.3%	11.0%	-2.8 p.p.	15.0%	16.5%	-1.5 p.p.

Operating income totaled R\$47.3 million in 3Q19, a decrease of 15.9% compared to the R\$56.2 million registered in the comparable 3Q18.

Comparable net income went from R\$32.3 million in 3Q18 to R\$23.8 million in 3Q19, a decrease of 24.4%. Comparable adjusted net income decreased by 18.8%, from R\$44.6 million in 3Q18 to R\$36.2 million in 3Q19.

Income tax and social contribution decreased 17.7% in the quarter, due to the reduction in income before income tax and social contribution.

The table below shows managerial net income, adjusted for non-recurring effects. It is worth noting that the Company continues to calculate its dividend payments in accordance with the results presented in IFRS.

Net Income - Adjusted (R\$ 000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
Operating Income	58,947	68,339	-13.7%	226,249	237,648	-4.8%
(+) Financial Result	(20,236)	(21,062)	-3.9%	(65,015)	(45,713)	42.2%
(+) Income and Soc. Contrib. Taxes	(2,526)	(2,719)	-7.1%	(6,925)	(5,346)	29.5%
Adjusted Net Income (Loss)	36,185	44,557	-18.8%	154,309	186,589	-17.3%
Adjusted Net Margin	12.5%	15.6%	-3.1 p.p.	16.7%	19.8%	-3.1 p.p.

Accounts Receivable and Average Collection Period

As from 3Q18, the Company began to calculate the estimated loss on doubtful accounts following a model established in IFRS 9 (CPC 48), which records expected losses during the entire cycle of accounts receivable. For a better analysis, the table below presents the average net receivables days for the PDA in order to better reflect the effect of provisioning under IFRS 9 (CPC 48).

Accounts Receivable and Average Receivable Days (R\$ '000)	3Q18	4Q18	1Q19	2Q19	3Q19
Gross Accounts Receivable	355,058	308,464	371,324	451,144	400,885
Monthly tuition fees	108,744	125,616	127,588	157,174	140,539
FIES	121,970	62,120	107,426	159,837	108,304
Negotiated agreements receivable	71,196	66,277	71,437	67,948	72,882
Education credits receivable	29,819	35,092	38,428	45,552	47,769
Credit Card and Others	23,329	19,359	26,445	20,633	31,391
PDA balance	(93,703)	(94,037)	(81,347)	(81,230)	(85,810)
Net Accounts Receivable	261,355	214,427	289,977	369,914	315,075
Net Revenue (Last 12 Months - FIES+Ex-FIES+Pronatec)	1,246,414	1,262,486	1,249,401	1,242,839	1,245,746
Net Receivable Days (FIES+Ex-FIES+Pronatec)	75	61	84	107	91
Net Revenue FIES (Last 12 Months)	474,758	447,731	413,854	388,686	362,302
Net Receivable Days (FIES)	80	36	78	131	89
Net Receivable Days (Monthly tuition fees + Negotiated agreements receivable + Education credits receivable)	62	67	75	88	79

The average net receivables days increased 20.5% in the comparison between 3Q18 and 3Q19, mainly due to the increase in the accounts receivable from monthly tuitions fees and from FIES.

The increase from 62 to 79 days in net receivables days from monthly tuition fees, agreements and education credits receivable is mainly due to the revision of the provisioning estimate made in 1Q19 and the longer cycle of accounts receivable due to the current economic situation. The Company believes that the current average collection period better reflects the cycle of accounts receivable related to semi-annually renewed contracts.

Aging of Monthly tuition fees (R\$ '000)	3Q18	% Chg.	4Q18	% Chg.	3Q19	% Chg.
Overdue by up to 30 day	25,446	23.4%	24,908	19.8%	37,753	26.9%
Overdue from 31 to 60 days	11,741	10.8%	22,175	17.7%	17,732	12.6%
Overdue from 61 to 90 days	4,018	3.7%	20,208	16.1%	2,348	1.7%
Overdue from 91 to 180 days	34,197	31.4%	25,937	20.6%	42,809	30.5%
Overdue from 181 to 360 days	33,342	30.7%	32,388	25.8%	39,897	28.4%
TOTAL	108,744	100.0%	125,616	100.0%	140,539	100.0%
% of Gross Accounts Receivable	30.6%		40.7%		35.1%	

Aging of Negotiated Agreements (R\$ '000)	3Q18	% Chg.	4Q18	% Chg.	3Q19	% Chg.
Not yet due	31,183	43.8%	18,523	27.9%	34,410	47.2%
Overdue by up to 30 day	8,938	12.6%	7,655	11.6%	8,192	11.2%
Overdue from 31 to 60 days	4,783	6.7%	7,213	10.9%	3,359	4.6%
Overdue from 61 to 90 days	2,793	3.9%	6,641	10.0%	2,443	3.4%
Overdue from 91 to 180 days	10,022	14.1%	12,029	18.1%	10,464	14.4%
Overdue from 181 to 360 days	13,477	18.9%	14,216	21.4%	14,014	19.2%
TOTAL	71,196	100.0%	66,277	100.0%	72,882	100.0%
% of Gross Accounts Receivable	20.1%		21.5%		18.2%	

The total increase in tuition fees and agreements receivable as a percentage of gross accounts receivable was due to an upturn in net revenue from tuition fees, agreements and Educred, as the FIES student base fell from 32.1% in 3Q18 to 23.5% in 3Q19.

The table below shows the evolution of our PDA from December 31, 2018 to September 30, 2019:

Constitution of Provision for Doubtful Accounts in the Income Statement (R\$ '000)	12/31/2018	Adjustment by change of estimate	Gross Increase in Provision for Doubtful Accounts	Write-off	09/30/2019
Total	94,037	(16,036)	54,506	(46,697)	85,810

In the first quarter of 2019, based on more assertive information and data on the recoverability of old accounts receivables, Grupo Ser Educacional reviewed the criteria for determining the Allowance for Liabilities and extended the period of analysis for recovery from default of 12 to 24 months, resulting in the reversal of R\$16.0 million.

Investments (CAPEX)

CAPEX (R\$ ('000))	9M19	% of Total	9M18	% of Total
CAPEX Total	48,623	100.0%	70,475	100.0%
Property acquisition / Construction / Maintenance of campuses	11,281	23.2%	29,807	42.3%
Equipment / Library / IT	24,847	51.1%	31,909	45.3%
MEC Licenses	939	1.9%	2,324	3.3%
Software Licenses	5,022	10.3%	2,274	3.2%
Partnerships	1,568	3.2%	1,220	1.7%
Intangibles and Others	4,966	10.2%	2,941	4.2%
Acquisitions Debt Payment	41,382		37,324	
Total CAPEX + Acquisitions Payables	90,005		107,799	

In 9M19, the Company invested R\$11.3 million in the expansion and renovation of campuses in the cities of Fortaleza, Recife, Caruaru, Belém and Guarulhos. Acquisitions of equipment, library and IT consumed R\$24.8 million, mostly allocated to the purchase of books and journals for the libraries of the operational units, as well as IT and labs equipment.

A total of R\$41.4 million in debt payments related to acquisitions (payment commitments), recorded under cash flow as investment activities, was mostly allocated to the payment of the UNG acquisition.

Indebtedness

Indebtedness (R\$ '000)	09/30/2019	12/31/2018	% Chg. Sep19 x Dec18
Total Cash	557,242	951,679	-41.4%
Judicial deposits	(44,371)	(29,380)	51.0%
FG-FIES Guarantee Fund	(7,265)	(1,401)	418.6%
Cash, Cash equivalents and Securities	505,606	920,898	-45.1%
Cash and cash equivalents	276,850	314,731	-12.0%
Securities	228,756	606,167	-62.3%
Gross debt	(276,768)	(423,672)	-34.7%
Loans and financing	(193,130)	(306,218)	-36.9%
Short term	(91,916)	(133,446)	-31.1%
Long term	(101,214)	(172,772)	-41.4%
Aquisitions Payables*	(83,638)	(117,454)	-28.8%
Net Cash	228,838	497,226	-54.0%
Net Cash / Adjusted EBITDA (LTM)	0.73	1.55	

* Acquisitions payables refer to acquisition scheduled payments

Cash and cash equivalents totaled R\$505.6 million, down 45.1% compared to December 2018. This variation is mainly due to payment commitments from the acquisition of UNG in the amount of R\$41.4 million in the quarter, the distribution of dividends in 2Q19 in the total amount of R\$286.7 million, being R\$250 million as extraordinary dividends, as well as the amount of R\$32.8 million in 3Q19, corresponding to 30% of net income recorded in the first half of 2019, in accordance with the new Dividend Policy revised by the Board of Directors in 2019, the payment of

R\$114,5 million of the First Series 2nd Issue Debentures in September, 2019 and the lower operating cash generation.

The Company's gross debt basically reflects commitments related to acquisitions and the issue of two long-term debts with the following characteristics: (i) financing from the IFC over 7 years, totaling R\$120.0 million at the CDI+2.05% p.a., payable semi-annually as of April 15, 2017 and maturing on April 15, 2022, which balance on September 30, 2019 is of R\$67.2 million, and (ii) the Company's 2nd issue of simple, unsecured, non-convertible debentures in 2 series, 100,000 of which are Debentures of the First Series and 100,000 are Debentures of the Second Series, with unit face value of R\$1,000.00 as of the date of issue, totaling R\$200,000,000.00. The First Series Debentures will earn interest of 100% of the average daily rate of Interbank Deposits, plus a spread of 0.65% per year, based on 252 business days, maturing on September 15, 2019, with the settlement in the total amount of R\$114.5 million. The Second Series Debentures will earn interest of 100% of the average daily rate of Interbank Deposits, plus a spread of 1.35% per year, based on 252 business days, maturing on September 15, 2021, which balance on September 30, 2019 is R\$155.5 million.

On September 30, 2019, Grupo Ser Educacional's gross debt totaled R\$276.8 million, down 34.7% from the R\$423.7 million registered on December 31, 2018, mainly due to the settlement of payment commitments and debentures in the period. In 3Q19, the Company's net cash amounted to R\$228.8 million against net cash of R\$497.2 million in 4Q18.

Debt Amortization Schedule (R\$ '000)	Loans and Financing	A.V. (%)	Aquisitions Payables	A.V. (%)	Debentures	A.V. (%)	Total	A.V. (%)
Short Term	26,003	33.5%	83,638	100.0%	65,913	57.1%	175,554	63.4%
Total Long Term	51,627	66.5%	-	0.0%	49,587	42.9%	101,214	36.6%
1-2 years	23,530	30.3%	-	0.0%	49,587	42.9%	73,117	26.4%
2-3 years	23,542	30.3%	-	0.0%	-	0.0%	23,542	8.5%
3-4 years	1,952	2.5%	-	0.0%	-	0.0%	1,952	0.7%
4-5 years	1,952	2.5%	-	0.0%	-	0.0%	1,952	0.7%
After five years	651	0.8%	-	0.0%	-	0.0%	651	0.2%
Total Loans, Financing and Acquisitions payables	77,630	100.0%	83,638	100.0%	115,500	100.0%	276,768	100.0%

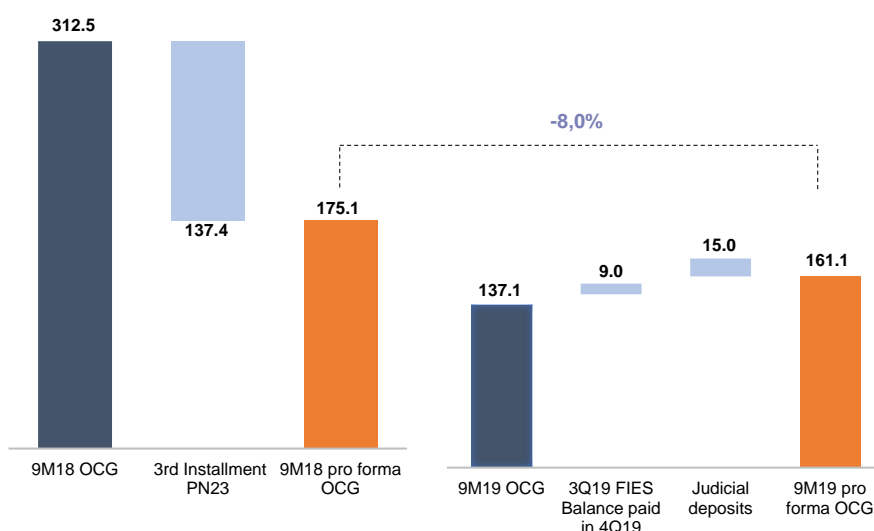
In regard to the debt payment schedule, 63.4% corresponds to short-term debt, showing that the Company has adequate debt amortization terms, as well as a comfortable level of financial leverage.

Cash Flow

Cash Flow (R\$ '000)	9M18			9M19		
	Accounting	IFRS 16	Comparable IFRS 16	Reported IFRS 16	IFRS 16	9M19 Ex-IFRS 16
Operating activities						
Consolidated Net Income for the Period before Income Taxes	172,992	(12,774)	160,218	145,170	12,716	157,886
Income Adjustments	151,357	55,996	207,353	234,143	(63,389)	170,754
Depreciation and amortization	54,299	28,662	82,961	91,037	(34,419)	56,618
Interest and exchange variation, net	47,910	27,335	75,245	76,228	(28,970)	47,258
Adjusted Net Income	324,349	43,223	367,572	379,313	(50,673)	328,640
Changes in Assets and Liabilities	6,146		6,146	(164,845)		(164,845)
Cash generated from operations	330,495	43,223	373,718	214,468	(50,673)	163,795
Interest on loans	(4,302)		(4,302)	(17,581)		(17,581)
Interest on loans	(24,832)	(27,335)	(52,167)	(51,306)	28,970	(22,336)
Income and social contribution taxes paid	(4,729)		(4,729)	(7,773)		(7,773)
Net Cash from Operating Activities	296,632	15,888	312,520	137,808	(21,703)	116,105
Net Cash from Investing Activities	(93,511)		(93,511)	287,406		287,406
Net Cash from Financing Activities	(124,224)	(15,888)	(140,112)	(463,095)	21,703	(441,392)
Amortization of leasing	(4,416)	(15,888)	(20,304)	(30,749)	21,703	(9,046)
Increase (Reduction) in Cash and Cash Equivalents	78,897		78,897	(37,881)		(37,881)
Demonstration of Increase (Reduction) in Cash and Cash Equivalents						
Beginning of period	279,286		279,286	314,731		314,731
End of period	358,183		358,183	276,850		276,850
Increase (Reduction) in Cash and Cash Equivalents	78,897		78,897	(37,881)		(37,881)
Cash and Securities changes	64,609		64,609	(415,292)		(415,292)
Beginning of period	911,713		911,713	920,898		920,898
End of period	976,322		976,322	505,606		505,606

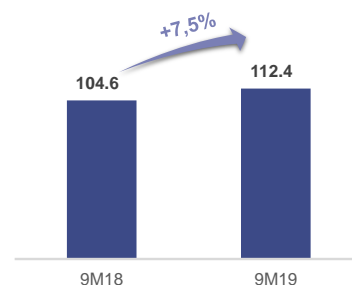
Operating cash generation, adjusted for comparison with IFRS 16, reclassifying the “lease amortization” line into the “operating cash flow” calculation, went from R\$312.5 million in 9M18 to R\$137.8 million in 9M19. This variation was mainly affected by the payment of the third installment of PN 23 as part of the agreement with the Federal Government for the settlement of unpaid FIES amounts totaling R\$137.4 million in 3Q18. The graphs below show that excluding this effect and including, on a pro-forma basis, the impacts of FIES payments, which are made in 4Q19, and judicial deposits made in 2019, the pro-forma operating cash generation fell 8.0% and, including investments, operating cash generation increased 7.5% in the same comparison.

OCG 9M18 X 9M19 (R\$MM)



* Adjusted by the recognition of the IFRS 16 effects to maintain comparability

Pro forma OCG* after CAPEX (R\$MM)



ABOUT GRUPO SER EDUCACIONAL

Founded in 2003 and headquartered in Recife, Grupo Ser Educacional (B3 SEER3, Bloomberg SEER3:BZ and Reuters SEER3.SA) is one of the largest private education groups in Brazil and the leader in the Northeast and North regions in terms of number of students enrolled. It offers undergraduate, graduate, vocational and distance learning courses in 26 states and the Federal District, with a consolidated base of approximately 162,000 students. The Company operates under the following brands: UNINASSAU, UNINASSAU – Centro Universitário Maurício de Nassau, UNINABUCO – Centro Universitário Joaquim Nabuco, Faculdades UNINABUCO, Joaquim Nabuco and Maurício de Nassau Vocational Schools, UNIVERITAS/UNG, UNAMA – Universidade da Amazônia and Faculdade da Amazônia, and UNIVERITAS – Centro Universitário Universitas Veritas and Faculdades UNIVERITAS and the Centro Universitário do Norte – UNINORTE, through which it offers 1,836 courses.

This earnings release may contain forward-looking statements related to business prospects, estimates of operating and financial results and the growth prospects of Grupo Ser Educacional. These are merely projections and, as such, are solely based on the expectations of the Management of Grupo Ser Educacional. Such forward-looking statements are substantially dependent on external factors, in addition to the risks presented in the disclosure documents filed by Grupo Ser Educacional and are therefore subject to change without prior notice.

ATTACHMENTS – Income Statement (Comparable)

Income Statement - Accounting R\$ ('000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
Gross Operating Revenue	500,902	450,430	11.2%	1,557,287	1,359,213	14.6%
Undergraduate Monthly Tuition	452,476	420,032	7.7%	1,423,821	1,272,235	11.9%
Graduate Monthly Tuition	7,074	7,582	-6.7%	21,659	21,789	-0.6%
Vocational Courses Monthly Tuition	466	434	7.6%	1,450	1,119	29.6%
Distance Learning Monthly Tuition	36,537	17,771	105.6%	99,260	52,303	89.8%
Others	4,349	4,611	-5.7%	11,097	11,767	-5.7%
Deductions from Gross Revenue	(211,992)	(164,427)	28.9%	(631,608)	(416,794)	51.5%
Discounts and Scholarships	(145,982)	(101,347)	44.0%	(430,869)	(230,743)	86.7%
PROUNI	(50,298)	(45,513)	10.5%	(149,606)	(126,232)	18.5%
FGEDUC And FIES charges	(5,805)	(8,172)	-29.0%	(20,358)	(27,557)	-26.1%
Taxes	(9,907)	(9,395)	5.4%	(30,775)	(32,262)	-4.6%
Net Operating Revenue	288,910	286,003	1.0%	925,679	942,419	-1.8%
Cash Cost of Services Rendered	(131,174)	(130,910)	0.2%	(415,922)	(412,468)	0.8%
Payroll and Charges	(84,027)	(88,561)	-5.1%	(267,341)	(284,068)	-5.9%
Rent	(4,474)	(4,557)	-1.8%	(12,125)	(13,312)	-8.9%
Concessionaires (Electricity, Water and Telephone)	(8,490)	(8,936)	-5.0%	(28,582)	(27,481)	4.0%
Third-Party Services	(7,159)	(8,122)	-11.9%	(27,658)	(24,532)	12.7%
Depreciation and Amortization	(27,024)	(20,734)	30.3%	(80,216)	(63,075)	27.2%
Managerial Gross Profit	157,736	155,093	1.7%	509,757	529,951	-3.8%
<i>Gross Margin</i>	<i>54.6%</i>	<i>54.2%</i>	<i>0.4 p.p.</i>	<i>55.1%</i>	<i>56.2%</i>	<i>-1.2 p.p.</i>
Operating Expenses/Revenue	(110,485)	(98,929)	11.7%	(298,058)	(322,478)	-7.6%
General and Administrative Expenses	(104,705)	(97,869)	7.0%	(307,765)	(321,779)	-4.4%
Payroll and Charges	(37,408)	(35,630)	5.0%	(107,880)	(107,278)	0.6%
Third-Party Services	(13,122)	(8,767)	49.7%	(42,558)	(25,209)	68.8%
Advertising	(20,134)	(14,134)	42.5%	(62,334)	(66,391)	-6.1%
Materials	(3,440)	(3,510)	-2.0%	(10,373)	(13,424)	-22.7%
PDA	(17,923)	(18,321)	-2.2%	(46,762)	(55,890)	-16.3%
Others	(9,451)	(10,633)	-11.1%	(27,037)	(33,701)	-19.8%
Depreciation and Amortization	(3,227)	(6,874)	-53.1%	(10,821)	(19,886)	-45.6%
Other Operating Expenses/Revenue	(5,780)	(1,060)	445.3%	9,707	(699)	N.M.
Managerial Operating Income	47,251	56,164	-15.9%	211,699	207,473	2.0%
<i>Operating Margin</i>	<i>16.4%</i>	<i>19.6%</i>	<i>-3.3 p.p.</i>	<i>22.9%</i>	<i>22.0%</i>	<i>0.9 p.p.</i>
(+) Adjusted Depreciation and Amortization	30,251	27,608	9.6%	91,037	82,961	9.7%
EBITDA	77,502	83,772	-7.5%	302,736	290,434	4.2%
<i>EBITDA Margin</i>	<i>26.8%</i>	<i>29.3%</i>	<i>-2.5 p.p.</i>	<i>32.7%</i>	<i>30.8%</i>	<i>1.9 p.p.</i>
(+) Non-recurring costs and expenses	11,696	12,175	-3.9%	14,549	30,175	-51.8%
(+) Interest on tuition and agreements	4,265	1,995	113.8%	11,201	10,987	1.9%
(-) Minimum rent paid	(25,155)	(22,555)	11.5%	(74,712)	(72,471)	3.1%
Adjusted EBITDA	68,309	75,387	-9.4%	253,774	259,125	-2.1%
<i>Adjusted EBITDA Margin</i>	<i>23.6%</i>	<i>26.4%</i>	<i>-2.7 p.p.</i>	<i>27.4%</i>	<i>27.5%</i>	<i>-0.1 p.p.</i>
(-) Adjusted Depreciation and Amortization	(30,251)	(27,608)	9.6%	(91,037)	(82,961)	9.7%
Adjusted EBIT	38,058	47,779	-20.3%	162,737	176,164	-7.6%
<i>Adjusted EBIT Margin</i>	<i>13.2%</i>	<i>16.7%</i>	<i>-3.5 p.p.</i>	<i>17.6%</i>	<i>18.7%</i>	<i>-1.1 p.p.</i>
Financial Result	(21,750)	(22,603)	-3.8%	(66,529)	(47,255)	40.8%
(+) Financial Revenue	13,241	15,767	-16.0%	43,794	55,951	-21.7%
Interest on Agreements and Others	4,265	1,995	113.8%	11,201	10,987	1.9%
Returns on Financial Investments	9,539	15,186	-37.2%	34,188	41,601	-17.8%
Others	(563)	(1,414)	-60.2%	(1,595)	3,363	-147.4%
(-) Financial Expenses	(34,991)	(38,370)	-8.8%	(110,323)	(103,206)	6.9%
Interest Expenses	(5,320)	(5,813)	-8.5%	(15,904)	(17,657)	-9.9%
Interest on Leasing	(16,223)	(17,892)	-9.3%	(51,306)	(52,167)	-1.6%
Discounts Granted	(9,585)	(10,638)	-9.9%	(30,773)	(19,833)	55.2%
Monetary Variation Expenses	(3,289)	(2,572)	27.9%	(6,891)	(7,825)	-11.9%
Others	(574)	(1,454)	-60.5%	(5,449)	(5,723)	-4.8%
Income before Income Taxes	25,501	33,561	-24.0%	145,170	160,218	-9.4%
Income and Social Contribution Taxes	(1,664)	(2,023)	-17.7%	(6,235)	(4,462)	39.7%
Current	(15,625)	(19,206)	-18.6%	(60,534)	(63,585)	-4.8%
Tax Incentive - Pronoi	13,961	17,183	-18.8%	54,299	59,123	-8.2%
Consolidated Net Income/Loss	23,837	31,538	-24.4%	138,935	155,756	-10.8%
<i>Net Margin</i>	<i>8.3%</i>	<i>11.0%</i>	<i>-2.8 p.p.</i>	<i>15.0%</i>	<i>16.5%</i>	<i>-1.5 p.p.</i>

Income Statement – Managerial

Income Statement - Adjusted R\$ ('000)	3Q19	3Q18 Comparable	% Chg. 3Q19 x 3Q18	9M19	9M18 Comparable	% Chg. 9M19 x 9M18
Gross Operating Revenue	500,902	450,430	11.2%	1,557,287	1,359,213	14.6%
Undergraduate Monthly Tuition	452,476	420,032	7.7%	1,423,821	1,272,235	11.9%
Graduate Monthly Tuition	7,074	7,582	-6.7%	21,659	21,789	-0.6%
Vocational Courses Monthly Tuition	466	434	7.6%	1,450	1,119	29.6%
Distance Learning Monthly Tuition	36,537	17,771	105.6%	99,260	52,303	89.8%
Others	4,349	4,611	-5.7%	11,097	11,767	-5.7%
Deductions from Gross Revenue	(211,992)	(164,427)	28.9%	(631,608)	(416,794)	51.5%
Discounts and Scholarships	(145,982)	(101,347)	44.0%	(430,869)	(230,743)	86.7%
PROUNI	(50,298)	(45,513)	10.5%	(149,606)	(126,232)	18.5%
FGEDUC And FIES charges	(5,805)	(8,172)	-29.0%	(20,358)	(27,557)	-26.1%
Taxes	(9,907)	(9,395)	5.4%	(30,775)	(32,262)	-4.6%
Net Operating Revenue	288,910	286,003	1.0%	925,679	942,419	-1.8%
Cash Cost of Services Rendered	(127,821)	(123,695)	3.3%	(408,524)	(398,227)	2.6%
Payroll and Charges	(80,674)	(81,346)	-0.8%	(259,943)	(269,827)	-3.7%
Rent	(4,474)	(4,557)	-1.8%	(12,125)	(13,312)	-8.9%
Concessionaires (Electricity, Water and Telephone)	(8,490)	(8,936)	-5.0%	(28,582)	(27,481)	4.0%
Third-Party Services	(7,159)	(8,122)	-11.9%	(27,658)	(24,532)	12.7%
Depreciation and Amortization	(27,024)	(20,734)	30.3%	(80,216)	(63,075)	27.2%
Managerial Gross Profit	161,089	162,308	-0.8%	517,155	544,192	-5.0%
<i>Managerial Gross Margin</i>	<i>55.8%</i>	<i>56.8%</i>	<i>-1.0 p.p.</i>	<i>55.9%</i>	<i>57.7%</i>	<i>-1.9 p.p.</i>
Operating Expenses/Revenue	(102,142)	(93,969)	8.7%	(290,906)	(306,544)	-5.1%
General and Administrative Expenses	(99,598)	(92,909)	7.2%	(290,182)	(305,845)	-5.1%
Payroll and Charges	(36,764)	(33,260)	10.5%	(105,657)	(98,090)	7.7%
Third-Party Services	(8,659)	(6,286)	37.7%	(27,198)	(19,980)	36.1%
Advertising	(20,134)	(14,134)	42.5%	(62,334)	(66,391)	-6.1%
Materials	(3,440)	(3,510)	-2.0%	(10,373)	(13,424)	-22.7%
PDA	(17,923)	(18,321)	-2.2%	(46,762)	(55,890)	-16.3%
Others	(9,451)	(10,523)	-10.2%	(27,037)	(32,183)	-16.0%
Depreciation and Amortization	(3,227)	(6,874)	-53.1%	(10,821)	(19,886)	-45.6%
Other Operating Expenses/Revenue	(2,545)	(1,060)	140.1%	(724)	(699)	3.6%
Managerial Operating Income	58,947	68,339	-13.7%	226,249	237,648	-4.8%
<i>Managerial Operating Margin</i>	<i>20.4%</i>	<i>23.9%</i>	<i>-3.5 p.p.</i>	<i>24.4%</i>	<i>25.2%</i>	<i>-0.8 p.p.</i>
(+) Depreciation and Amortization	30,251	27,608	9.6%	91,037	82,961	9.7%
(+) Interest on tuition and agreements	4,265	1,995	113.8%	11,201	10,987	1.9%
(-) Minimum rent paid	(25,155)	(22,555)	11.5%	(74,712)	(72,471)	3.1%
Adjusted EBITDA	68,309	75,387	-9.4%	253,775	259,125	-2.1%
<i>Adjusted EBITDA Margin</i>	<i>23.6%</i>	<i>26.4%</i>	<i>-2.7 p.p.</i>	<i>27.4%</i>	<i>27.5%</i>	<i>-0.1 p.p.</i>
(-) Depreciation and Amortization	(30,251)	(27,608)	9.6%	(91,037)	(82,961)	9.7%
Adjusted EBIT	38,058	47,779	-20.3%	162,738	176,164	-7.6%
<i>Adjusted EBIT Margin</i>	<i>13.2%</i>	<i>16.7%</i>	<i>-3.5 p.p.</i>	<i>17.6%</i>	<i>18.7%</i>	<i>-1.1 p.p.</i>
Financial Result	(20,236)	(21,062)	-3.9%	(65,015)	(45,713)	42.2%
(+) Financial Revenue	13,241	17,308	-23.5%	43,794	57,492	-23.8%
Interest on Agreements and Others	4,265	1,995	113.8%	11,201	10,987	1.9%
Returns on Financial Investments	9,539	15,186	-37.2%	34,188	41,601	-17.8%
Others	(563)	127	-543.1%	(1,595)	4,904	-132.5%
(-) Financial Expenses	(33,477)	(38,370)	-12.8%	(108,809)	(103,206)	5.4%
Interest Expenses	(5,320)	(5,813)	-8.5%	(15,904)	(17,657)	-9.9%
Interest on Leasing	(16,223)	(17,892)	-9.3%	(51,306)	(52,167)	-1.6%
Discounts Granted	(9,585)	(10,638)	-9.9%	(30,773)	(19,833)	55.2%
Monetary Variation Expenses	(1,775)	(2,572)	-31.0%	(5,377)	(7,825)	-31.3%
Others	(574)	(1,454)	-60.5%	(5,449)	(5,723)	-4.8%
Income Before Income Taxes	38,711	47,277	-18.1%	161,234	191,935	-16.0%
Income and Social Contribution Taxes	(2,526)	(2,719)	-7.1%	(6,925)	(5,346)	29.5%
Current	(16,487)	(19,902)	-17.2%	(61,224)	(64,469)	-5.0%
Tax Incentive - Prouni	13,961	17,183	-18.8%	54,299	59,123	-8.2%
Adjusted Consolidated Net Income/Loss	36,185	44,557	-18.8%	154,309	186,589	-17.3%
<i>Adjusted Net Margin</i>	<i>12.5%</i>	<i>15.6%</i>	<i>-3.1 p.p.</i>	<i>16.7%</i>	<i>19.8%</i>	<i>-3.1 p.p.</i>

Balance Sheet

Balance Sheet - ASSETS (R\$ '000)	09/30/2019	12/31/2018	% Chg. Sep19 x Dec18
Total Assets	2,503,973	2,429,560	3.1%
Current Assets	816,268	1,143,639	-28.6%
Cash and cash equivalents	276,850	314,731	-12.0%
Securities	228,756	606,167	-62.3%
Accounts receivable	274,858	185,560	48.1%
Taxes recoverable	10,987	8,254	33.1%
Related parties	1,952	-	0.0%
Other assets	22,865	28,927	-21.0%
Non-Current Assets	1,687,705	1,285,921	31.2%
Long-Term Assets	213,166	171,663	24.2%
Accounts receivable	40,217	28,867	39.3%
Related parties	8,461	-	0.0%
Other assets	45,208	29,380	53.9%
Indemnifications	112,015	112,015	0.0%
FG-FIES Guarantee Fund	7,265	1,401	418.6%
Intangible assets	423,782	424,367	-0.1%
Right-of-Use Assets	564,670	181,527	211.1%
Property, plant and equipment	486,087	508,364	-4.4%
Balance Sheet - LIABILITIES (R\$ '000)	09/30/2019	12/31/2018	% Chg. Sep19 x Dec18
Total Liabilities	1,186,859	959,017	23.8%
Current Liabilities	375,428	407,265	-7.8%
Suppliers	31,026	33,921	-8.5%
Accounts payable	83,638	82,770	1.0%
Loans and financing	26,003	24,970	4.1%
Debentures	65,913	108,476	-39.2%
Payroll and charges	90,808	73,692	23.2%
Taxes payable	11,270	15,648	-28.0%
Leasing	39,539	17,209	129.8%
Dividends payable	-	27,119	-100.0%
Other liabilities	27,231	23,460	16.1%
Non-Current Liabilities	811,431	551,752	47.1%
Loans and financing	51,627	63,880	-19.2%
Debentures	49,587	108,892	-54.5%
Leasing	588,381	221,050	166.2%
Accounts payable	-	34,684	-100.0%
Taxes payable	829	1,154	-28.2%
Provision for contingencies	119,670	119,759	-0.1%
Other liabilities	1,337	2,333	-42.7%
Consolidated Shareholders' Equity	1,317,114	1,470,543	-10.4%
Capital Realized	987,549	987,549	0.0%
Income Reserve	197,577	548,521	-64.0%
Retained income	131,988	-	N.M.
Treasury shares	-	(65,527)	-100.0%
Total Liabilities and Shareholders' Equity	2,503,973	2,429,560	3.1%

Cash Flow

Cash Flow Statement (R\$ '000)	09/30/2019	09/30/2018	% Chg. Sep19 x Sep18
Consolidated Net Income for the Period before Income Taxes	145,170	172,992	-16.1%
Depreciation and amortization	91,037	54,299	67.7%
Provisions	(89)	(2,243)	-96.0%
Adjustment present value of accounts receivable	2,490	(4,665)	N.M.
Provision for doubtful accounts	46,762	55,890	-16.3%
Sale of Non-Current Assets	17,715	166	10,571.7%
Interest and exchange variation, net	76,228	47,910	59.1%
Adjusted Net Income	379,313	324,349	16.9%
Changes in Assets and Liabilities	(164,845)	6,146	-2,782.2%
Accounts receivable	(149,900)	(7,211)	1,978.8%
Taxes recoverable	(2,733)	1,316	-307.7%
Related parties	(10,413)	-	0.0%
Other assets	(15,630)	(1,832)	753.2%
Suppliers	(2,895)	(592)	389.0%
Payroll and charges	17,116	15,603	9.7%
Taxes payable	(4,703)	(1,640)	186.8%
Income and social contribution taxes payable	1,538	(89)	-1,828.1%
Other liabilities	2,775	591	369.5%
Cash generated from operations	214,468	330,495	-35.1%
Other	(76,660)	(33,863)	126.4%
Interest on loans and debentures	(17,581)	(4,302)	308.7%
Interest on leases	(51,306)	(24,832)	106.6%
Income and social contribution taxes paid	(7,773)	(4,729)	64.4%
Net Cash from Operating Activities	137,808	296,632	-53.5%
Net Cash from Investing Activities	287,406	(93,511)	-407.3%
Securities	377,411	14,288	2,541.5%
Additions to property, plant and equipment	(36,721)	(62,503)	-41.2%
Additions to intangible assets	(11,902)	(7,972)	49.3%
Acquisition of subsidiaries Payments	(41,382)	(37,324)	10.9%
Net Cash from Financing Activities	(463,095)	(124,224)	272.8%
Amortization of Debentures	(100,000)	-	0.0%
Amortization of loans and financing	(12,863)	(13,973)	-7.9%
Amortization of leasing	(30,749)	(4,416)	596.3%
Treasury Shares	-	(47,303)	-100.0%
Dividends	(319,483)	(58,532)	445.8%
Increase (Reduction) in Cash and Cash Equivalents	(37,881)	78,897	-148.0%
Cash and Cash Equivalents at Beginning of Period	314,731	279,286	12.7%
Cash and Cash Equivalents at End of Period	276,850	358,183	-22.7%
Cash changes and Securities	(415,292)	64,609	-742.8%

Income Statement – Accounting

Without the reclassification of the amounts in depreciation and interest on leasing according to IFRS 16 in 3Q18.

Income Statement - Accounting R\$ ('000)	3Q19	3Q18	% Chg. 3Q19 x 3Q18	9M19	9M18	% Chg. 9M19 x 9M18
Gross Operating Revenue	500,902	450,430	11.2%	1,557,287	1,359,213	14.6%
Undergraduate Monthly Tuition	452,476	420,032	7.7%	1,423,821	1,272,235	11.9%
Graduate Monthly Tuition	7,074	7,582	-6.7%	21,659	21,789	-0.6%
Vocational Courses Monthly Tuition	466	434	7.6%	1,450	1,119	29.6%
Distance Learning Monthly Tuition	36,537	17,771	105.6%	99,260	52,303	89.8%
Others	4,349	4,611	-5.7%	11,097	11,767	-5.7%
Deductions from Gross Revenue	(211,992)	(164,427)	28.9%	(631,608)	(416,794)	51.5%
Discounts and Scholarships	(145,982)	(101,347)	44.0%	(430,869)	(230,743)	86.7%
PROUNI	(50,298)	(45,513)	10.5%	(149,606)	(126,232)	18.5%
FGEDUC And FIES charges	(5,805)	(8,172)	-29.0%	(20,358)	(27,557)	-26.1%
Taxes	(9,907)	(9,395)	5.4%	(30,775)	(32,262)	-4.6%
Net Operating Revenue	288,910	286,003	1.0%	925,679	942,419	-1.8%
Cash Cost of Services Rendered	(131,174)	(134,946)	-2.8%	(415,922)	(427,029)	-2.6%
Payroll and Charges	(84,027)	(88,561)	-5.1%	(267,341)	(284,068)	-5.9%
Rent	(4,474)	(17,362)	-74.2%	(12,125)	(56,535)	-78.6%
Concessionaires (Electricity, Water and Telephone)	(8,490)	(8,936)	-5.0%	(28,582)	(27,481)	4.0%
Third-Party Services	(7,159)	(8,122)	-11.9%	(27,658)	(24,532)	12.7%
Depreciation and Amortization	(27,024)	(11,965)	125.9%	(80,216)	(34,413)	133.1%
Managerial Gross Profit	157,736	151,057	4.4%	509,757	515,390	-1.1%
<i>Gross Margin</i>	<i>54.6%</i>	<i>52.8%</i>	<i>1.8 p.p.</i>	<i>55.1%</i>	<i>54.7%</i>	<i>0.4 p.p.</i>
Operating Expenses/Revenue	(110,485)	(98,929)	11.7%	(298,058)	(322,478)	-7.6%
General and Administrative Expenses	(104,705)	(97,869)	7.0%	(307,765)	(321,779)	-4.4%
Payroll and Charges	(37,408)	(35,630)	5.0%	(107,880)	(107,278)	0.6%
Third-Party Services	(13,122)	(8,767)	49.7%	(42,558)	(25,209)	68.8%
Advertising	(20,134)	(14,134)	42.5%	(62,334)	(66,391)	-6.1%
Materials	(3,440)	(3,510)	-2.0%	(10,373)	(13,424)	-22.7%
PDA	(17,923)	(18,321)	-2.2%	(46,762)	(55,890)	-16.3%
Others	(9,451)	(10,633)	-11.1%	(27,037)	(33,701)	-19.8%
Depreciation and Amortization	(3,227)	(6,874)	-53.1%	(10,821)	(19,886)	-45.6%
Other Operating Expenses/Revenue	(5,780)	(1,060)	445.3%	9,707	(699)	N.M.
Managerial Operating Income	47,251	52,128	-9.4%	211,699	192,912	9.7%
<i>Operating Margin</i>	<i>16.4%</i>	<i>18.2%</i>	<i>-1.9 p.p.</i>	<i>22.9%</i>	<i>20.5%</i>	<i>2.4 p.p.</i>
(+) Adjusted Depreciation and Amortization	30,251	18,839	60.6%	91,037	54,299	67.7%
EBITDA	77,502	70,967	9.2%	302,736	247,211	22.5%
<i>EBITDA Margin</i>	<i>26.8%</i>	<i>24.8%</i>	<i>2.0 p.p.</i>	<i>32.7%</i>	<i>26.2%</i>	<i>6.5 p.p.</i>
(+) Non-recurring costs and expenses	11,696	12,175	-3.9%	14,550	30,175	-51.8%
(+) Interest on tuition and agreements	4,265	1,995	113.8%	11,201	10,987	1.9%
(-) Minimum rent paid	(25,155)	(9,750)	158.0%	(74,712)	(29,249)	155.4%
Adjusted EBITDA	68,309	75,387	-9.4%	253,775	259,125	-2.1%
<i>Adjusted EBITDA Margin</i>	<i>23.6%</i>	<i>26.4%</i>	<i>-2.7 p.p.</i>	<i>27.4%</i>	<i>27.5%</i>	<i>-0.1 p.p.</i>
(-) Adjusted Depreciation and Amortization	(30,251)	(18,839)	60.6%	(91,037)	(54,299)	67.7%
Adjusted EBIT	38,058	56,548	-32.7%	162,738	204,826	-20.5%
<i>Adjusted EBIT Margin</i>	<i>13.2%</i>	<i>19.8%</i>	<i>-6.6 p.p.</i>	<i>17.6%</i>	<i>21.7%</i>	<i>-4.2 p.p.</i>
Financial Result	(21,750)	(12,943)	68.0%	(66,529)	(19,920)	234.0%
(+) Financial Revenue	13,241	15,767	-16.0%	43,794	55,951	-21.7%
Interest on Agreements and Others	4,265	1,995	113.8%	11,201	10,987	1.9%
Returns on Financial Investments	9,539	15,186	-37.2%	34,188	41,601	-17.8%
Others	(563)	(1,414)	-60.2%	(1,595)	3,363	-147.4%
(-) Financial Expenses	(34,991)	(28,710)	21.9%	(110,323)	(75,871)	45.4%
Interest Expenses	(5,320)	(5,813)	-8.5%	(15,904)	(17,657)	-9.9%
Interest on Leasing	(16,223)	(8,232)	97.1%	(51,306)	(24,832)	106.6%
Discounts Granted	(9,585)	(10,638)	-9.9%	(30,773)	(19,833)	55.2%
Monetary Variation Expenses	(3,289)	(2,572)	27.9%	(6,891)	(7,825)	-11.9%
Others	(574)	(1,454)	-60.5%	(5,449)	(5,723)	-4.8%
Income Before Income Taxes	25,501	39,185	-34.9%	145,170	172,992	-16.1%
Income and Social Contribution Taxes	(1,664)	(2,254)	-26.2%	(6,235)	(4,818)	29.4%
Current	(15,625)	(19,437)	-19.6%	(60,534)	(63,941)	-5.3%
Tax Incentive - Prouni	13,961	17,183	-18.8%	54,299	59,123	-8.2%
Consolidated Net Income/Loss	23,837	36,931	-35.5%	138,935	168,174	-17.4%
<i>Net Margin</i>	<i>8.3%</i>	<i>12.9%</i>	<i>-4.7 p.p.</i>	<i>15.0%</i>	<i>17.8%</i>	<i>-2.8 p.p.</i>