

Ser Educacional records Net Revenue of R\$320.1 million and Adjusted EBITDA of R\$61.0 million in 4Q18

Recife, March 28, 2019 – Ser Educacional S.A. (B3 SEER3, Bloomberg SEER3:BZ and Reuters SEER3.SA), announces its results for the fourth quarter of 2018 (4Q18). The basis for presentation and analysis of results are described on page 2 of this document.

- **Net revenue totaled R\$320.1 million** in 4Q18, up 3.5% on 4Q17 comparable net revenue, mainly due to the increase in the average ticket as a result of the improvement in the course mix, highlighting the expansion of the student base of health courses.
- In 4Q18, **Adjusted EBITDA** for non-recurring effects totaled **R\$61.0 million**, an increase of 47.7% compared to the R\$41.3 million registered in 4Q17. Adjusted EBITDA margin was 5.7 p.p. higher, reaching 19.1%, versus 13.4% of comparable revenue in 4Q17. This improvement is due to the successful implementation of the action plan aimed at the adjustment of the structure of costs and expenses carried out during the year.
- **The average collection period declined by 35 days**, from 96 days in 4Q17 to 61 days in 4Q18, mainly due to the reduction in the average collection period from the FIES program that offset the remaining balance of the agreement signed with the Federal Government for the payment of the remaining FIES balance related to 2015 and the average collection period from monthly tuition fees, agreements and Educred, which declined.
- Cash generated from operations reached **R\$105.3 million** in 4Q18, standing for 173% of the Adjusted EBITDA in the same period, due to increased cash generation from out-of-pocket students and better stream of timely payments from FIES.
- **Adjusted net income totaled R\$38.9 million in 4Q18**, up by 142.7% compared to the R\$16.0 million registered in 4Q17.
- **Adjusted income reached R\$0.30 per share in the quarter**, up by 161% compared to R\$0.12 per share in 4Q17, and R\$1.85 per share in the year, an increase of 17.8%, due to the combined effect of the increase in adjusted net income in both periods and the repurchase of 9.7 million shares in the 2018 fiscal year.

4Q18 Conference Call

March 28, 2019

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Financial Highlights	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
(R\$ '000)								
Net Revenue	320,067	309,337	3.5%	286,003	11.9%	1,262,486	1,246,558	1.3%
Adjusted Cash Gross Profit	187,596	168,215	11.5%	170,237	10.2%	751,639	739,452	1.6%
Adjusted Cash Gross Margin	58.6%	54.4%	4.2 p.p.	59.5%	-0.9 p.p.	59.5%	59.3%	0.2 p.p.
Adjusted EBITDA	61,007	41,299	47.7%	75,387	-19.1%	320,130	331,500	-3.4%
Adjusted EBITDA Margin	19.1%	13.4%	5.7 p.p.	26.4%	-7.3 p.p.	25.4%	26.6%	-1.2 p.p.
Adjusted Net Income	38,916	16,037	142.7%	49,858	-21.9%	237,914	217,121	9.6%
Adjusted Net Margin	12.2%	5.2%	7.0 p.p.	17.4%	-5.3 p.p.	18.8%	17.4%	1.4 p.p.
Adjusted Net Income per Share	0.30	0.12	161.0%	0.37	-18.8%	1.85	1.57	17.8%
Total Shares Ex-Treasury Shares	128,722	138,435	-7.0%	133,985	-3.9%	128,722	138,435	-7.0%



- The Board of Directors approved, at a meeting held on March 27, 2019, **the distribution of dividends in the amount of R\$36.7 million, representing R\$0.284951340 per share**, to be paid by May 24, 2019, based on the shareholding position of May 07, 2019, corresponding to 19.2% of the adjusted net income for the period. Added to the distribution of interim dividends approved on September 10, 2018, and paid on September 25, 2018, in the amount of 20,685,235.00 (twenty million, six hundred and eighty-five thousand, two hundred and thirty-five reais), representing R\$0.151280291 per share, the Company distributed a total of R\$57.4 million, representing R\$0.436231631 per share (calculated by the number of shares based on the dividend distribution dates), corresponding to 24.1% of the adjusted net income
- **In 4Q18, the Company repurchased 5,262,940 shares** under its share buyback programs approved during the year, at an average price of R\$15.31 per share, totaling R\$80.6 million. In the year, the Company repurchased 9,712,940 shares at an average price of R\$15.92 per share, totaling R\$154.7 million.
- The Company has **opened new Distance Learning centers since the publication of the new regulatory framework for the Distance Learning segment** in July 2017 – it now has 205 centers in operation, 72.3% more than the 119 centers in 4Q17.
- In 4Q18, **3 new on-campus units were accredited**: UNIVERITAS de Contagem (MG), UNIVERITAS Belo Horizonte (MG) and UNIVERITAS Londrina (PR). As a result, the Company achieved 45 accreditations.

Basis for presentation of results and adoption of IFRS 9 and 15:

The information is presented in accordance with international financial reporting standards (IFRS) and consolidated in Brazilian reais (R\$). Comparisons refer to the fourth quarter of 2017, unless otherwise indicated.

As of 1Q18, the Company has recognized its revenue from students' tuition fees in accordance with IFRS 15, and registered gross revenue based on the amounts charged on bank slips due on the 30th of each month, or based on contracts for services, and no longer on the monthly tuition fees due on the 5th of each month, which consider a discount for timely payment. The practical effect of this change is the recognition of interest income on students' tuition fees under gross revenue as of this year, instead of under financial revenue, which was the case until 2017.

For comparison purposes, the Company reclassified the interest on students' tuition fees of previous quarters and called these figures "Comparable 4Q17" and "Comparable 12M17". These accounting changes do not generate a nominal variation in the Company's adjusted EBITDA.

The "adjusted" results consider the non-recurring effects. The impact of the investments in new units and the development of Distance Learning segment are presented in the section "EBITDA and Net Income Excluding Organic Expansion".

As from 1Q18, the Company also adopted the Provision for Doubtful Accounts (PDA) in accordance with IFRS 9, in order to reflect the expected loss in accounts receivable according to the default of the last 12 months per student, by receivable and for each maturity range, except for student financing from Federal Government programs (FIES). Until 2017, the Company accrued its PDA considering 100% of default for receivables more than 180 days overdue.



Message from Management

2018 was marked as an important milestone in Grupo Ser Educacional's history, given that, in the midst of a challenging political and economic environment for Brazil, the Company was able to successfully sustain its economic and financial results while achieving significant goals in its organic growth plan, with the opening of 14 new campuses in the last 24 months, a 30% expansion in its on-campus unit base, which went from 46 to 60 campuses in operation, and 86 new Distance Learning centers in operation, which went from 119 centers in December 2017 to 205 centers in 2018, an increase of 72%. On the other hand, the Company's financial result show a moderate growth in net revenue and net income, in the comparison between the 2017 and the 2018 fiscal year.

However, the year's results do not reflect how turbulent the period was, especially during the first six months, which was marked by a drop in student enrollment, presenting figures below what was expected by Management, mainly due to: (i) the underwhelming growth of the Brazilian economy, in particular in the North and Northeast regions, (ii) deceleration of consumer confidence levels and a slower improvement in unemployment rates, as well as (iii) strong cuts in government programs, especially in relation to FIES, which presented a significant delay in its intake process during the first half of the year, negatively impacted markets in which the Company operates, as students usually wait on these programs before defining how they will conduct their studies in the semester. In the second half of the year, the higher education sector also showed a drop in demand, also reflecting a weak economy performance from June, this time due to events such as the truck drivers' strike, the World Cup and presidential and state governor elections, non-recurring events that led to lower demand in the period.

Within this scenario, the Company's Management announced, in the first half of 2018, an action plan aimed at re-adjusting its operational structure to the current student base and re-schedule the opening of the recently accredited units in order to launch them over the coming years with a broader course portfolio. This initiative was important as it reduced the impact and the expected maturity of recently launched units, without undermining the Company's long-term plan.

The successful implementation of this plan during the year allowed the Company to present its shareholders with a relatively stable financial performance, and, at the same time, effectively establish new organic growth fronts – in addition to the new campuses and centers launched in the period, the Company had 13 new units accredited by the Ministry of Education (MEC) and UNAMA was accredited to offer Distance Learning courses. Therefore, the Company maintains its operational expansion process with sustainable results.

The on-campus course base, which went from 1,491 courses to 1,605 courses, an increase of 7.6%, was also a highlight in the year. This variation was mainly aimed at supporting new operations, as well as units with less than 4 years since launching – in this case, accredited courses were more relevant in areas related to health and engineering.

The expansion of the student base is only sustainable with quality education, satisfied students and good academic level, allowing students to enter the labor market and improve their income. In order to achieve these results, Grupo Ser Educacional's academic goals are focused on employability and good performance in the IGC (General Course Index) and the CPC (Preliminary Course Concept) indicators. All units presented a good level of quality: 96% of our courses evaluated in 2017 received a grade higher than 3 in the CPC indicator, and practically 100% received a grade higher than or equal to 3 in the IGC indicator.

Based on this environment, the Company continues to execute its business plan based on maintaining a structure of costs and expenses in keeping with its student base, focused on maintaining its operating and financial results, while investing in growth opportunities, both in on-campus basis, through the maturation of the open units in the last years, opening of units observing a rhythm that does not significantly affect the operational margins, as in the Distance Learning, with the maturity of its centers opened in recent years, and in its process of digital transformation.

The Management of Ser Educacional is grateful to its students, teachers, employees, shareholders and service providers for the trust and partnership during the year and expects to have this same dedication during the year 2019.

OPERATING PERFORMANCE

Intake – First half of 2019 Preview

By March 26, 2019, the undergraduate enrollment represented an increase of 15.1%, compared to enrollment on March 26, 2018. Of this total, on-campus undergraduate increased by 5.9%, while Distance Learning grew by 47.3%.

1Q19 Student Intake	
Data accumulated until 3/26/19 x 3/26/18	
Segment	Δ%
● Undergraduate Intake	15.1%
On-campus	5.9%
Distance Learning	47.3%
● Distance Learning Intake (Undergraduate + Graduate)	68.9%

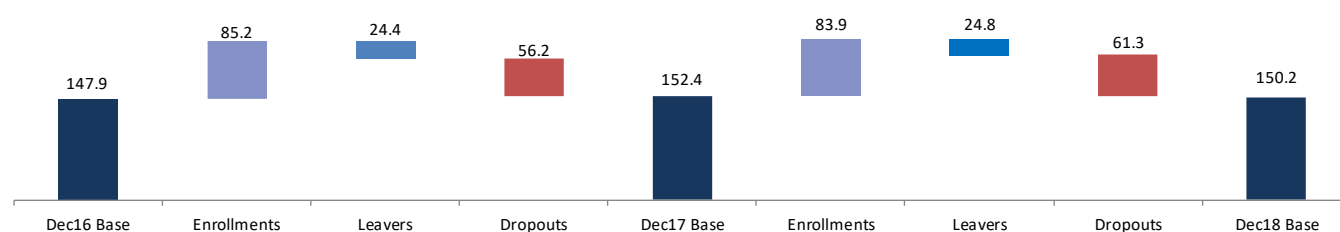
Undergraduate intake comprises the students enrolled in the on campus and undergraduate Distance Learning segments. Distance Learning Intake, includes the intake of undergraduate Distance Learning students added to the intake of graduate students in Distance Learning.

The intake process of 2019.1 is in line with the Company's expectations so far in an environment of high competitiveness, similar to that observed during 2018, but in a more organized market from the operational point of view, since the FIES system did not show operational instability, as occurred in 2018.1. On the other hand, the industry still faces a scenario of prolonged unemployment and low economic growth, which leads to a lower disposable income of students for investment in education.

Student Growth Trends

Number of Students	Undergraduate		Graduate		Vocational		Total
	On Campus	Distance Learning	On Campus	Distance Learning	On Campus	Distance Learning	Total
2018.2							
Jun18 Base	138,670	14,700	6,320	3,018	199	69	162,976
Enrollments	17,723	6,881	864	972	168	50	26,658
Leavers	(7,712)	(118)	(1,683)	(574)	-	-	(10,087)
Dropouts	(20,844)	(7,704)	(266)	(293)	(184)	(47)	(29,338)
Dec18 Base	127,837	13,759	5,235	3,123	183	72	150,209
% Dec18 Base / Jun18 Base	-7.8%	-6.4%	-17.2%	3.5%	-8.0%	4.3%	-7.8%
% Dec18 Base / Dec17 Base	-4.6%	45.4%	-18.6%	38.4%	-20.1%	-26.5%	-1.5%

The on-campus undergraduate base totaled 127,800 students, 4.6% lower than the 133,900 registered in 4Q17. The Distance Learning undergraduate base increased 45.4%, from 9,500 students in 4Q17 to 13,800 in 4Q18. The total student base shrank 1.5% compared to December 31, 2017.



Dropout Rate

On-campus undergraduate student dropout rate

The 2H18 re-enrollment rate of on-campus programs reached 90.5% of the renewable base, an improvement of 4.2 p.p. compared to 4Q17, when the indicator was 86.3%. The 2H18 dropout rate was 14.0%, versus 13.7% in 2H17. This increase is mainly due to the maintenance of high unemployment levels recorded in 2018.

Average Net Ticket

Average Ticket (R\$)	4Q18	4Q17 Comparável	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18
Undergraduate Students (On Campus)	784.28	723.59	8.4%	731.70	7.2%

In 4Q18, the average ticket was R\$784.28, up by 8.4% year-on-year, mainly due to (i) the pass-through of inflation, (ii) the improvement in the course mix, increasing the share of health courses, and (iii) the enrollment of 100 new students in the Medicine course at UNINASSAU in Recife, as a result of the publication of Ordinance No. 606 by MEC, granting the request to increase the number of annual vacancies available for the Medicine course of this institution, which went from 168 to 268. The request was granted based on the re-accreditation of the University Center and its Medicine course reaching the highest grade (5) in the Institutional Concept (CI).

It is also worth mentioning that, due to the intake strategy adopted from 2017, the first and third quarters now have a higher volume of punctual discounts for the first and second monthly tuition fees and, consequently, the average ticket of these quarters tends to suffer a greater negative impact compared to the second and fourth quarters, which have a lower volume of discounts related to the intake process.

Student Financing

STUDENT LOANS	Dec/13	Dec/14	Dec/15	Dec/16	Dec/17	Dec/18
On Campus Undergraduate Students	70,255	101,195	123,988	131,092	133,945	127,837
FIES Students	31,432	48,048	56,089	58,840	55,565	40,427
% of FIES Students	44.7%	47.5%	45.2%	44.9%	41.5%	31.6%
EDUCRED Students			754	1,922	2,390	3,952
% of EDUCRED Students			0.6%	1.5%	1.8%	3.1%
PRAVALER Students			954	1,794	2,873	3,265
% of PRAVALER Students			0.8%	1.4%	2.1%	2.6%
Total Students Loans			57,797	62,556	60,828	47,644
% of Total Students Loans			46.6%	47.7%	45.4%	37.3%

On December 31, 2018, FIES students accounted for 31.6% of the on-campus undergraduate base, a 9.9 p.p. reduction compared to the 41.5% recorded at the close of 4Q17. 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. With these changes in private financing alternatives, approximately 4,800 of enrolled students had student financing at the close of 2H18, 9.3% more than in the same period in 2017, when approximately 4,300 students had student financing. On December 31, 2018, approximately 7,200 students had financing via Educured and PraValer, equivalent to 5.6% of the 4Q18 on-campus undergraduate student base.



Organic Growth

In 4Q18, 35 new courses were authorized, giving a total of 1,605, while the number of vacancies in some courses also increased. As a result, in December 2018, the Company had approximately 947,200 vacancies per year, 584,300 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

Gross Revenue

Gross Revenue - Accounting (R\$ '000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
Gross Operating Revenue	488,780	412,287	18.6%	450,430	8.5%	1,847,993	1,655,695	11.6%
Undergraduate Monthly Tuition	459,072	386,740	18.7%	420,032	9.3%	1,731,307	1,566,726	10.5%
Graduate Monthly Tuition	7,669	6,866	11.7%	7,582	1.1%	29,458	24,857	18.5%
Vocational Courses Revenues	462	265	74.3%	434	6.6%	1,581	1,051	50.4%
Distance Learning Revenues	18,483	9,560	93.3%	17,771	4.0%	70,786	32,984	114.6%
Others	3,094	3,514	-12.0%	4,611	-32.9%	14,861	15,304	-2.9%
Interest on Tuition*	-	5,342	-100.0%	-	0.0%	-	14,773	-100.0%
Deductions from Gross Revenue	(168,713)	(102,950)	63.9%	(164,427)	2.6%	(585,507)	(409,137)	43.1%
Discounts and Scholarships	(103,837)	(46,417)	123.7%	(101,347)	2.5%	(334,580)	(181,873)	84.0%
PROUNI	(45,479)	(34,647)	31.3%	(45,513)	-0.1%	(171,711)	(138,585)	23.9%
FGEDUC And FIES charges	(8,467)	(11,317)	-25.2%	(8,172)	3.6%	(36,024)	(44,791)	-19.6%
Taxes	(10,930)	(10,569)	3.4%	(9,395)	16.3%	(43,192)	(43,888)	-1.6%
% Discounts and Scholarships/ Net Oper. Rev.	21.2%	11.3%	10.0 p.p.	22.5%	-1.3 p.p.	18.1%	11.0%	7.1 p.p.
Net Operating Revenue	320,067	309,337	3.5%	286,003	11.9%	1,262,486	1,246,558	1.3%

* Interest on monthly tuition fees was reclassified from the "Interest on Tuition and Agreements" line of the Company's financial result in order to allow comparisons after the adoption of IFRS 15. This reclassification is not audited.

In 4Q18, gross revenue totaled R\$488.8 million, up 18.6% on 4Q17, mainly fueled by a higher average ticket, a result of (i) the pass-through of inflation, (ii) the improvement in the course mix, with the increased share of health courses, and (iii) the enrollment of 100 new students in the Medicine course at UNINASSAU in Recife, due to the publication of Ordinance No. 606 by MEC, granting the request to increase the number of annual vacancies available for the Medicine course of this institution, which went from 168 to 268. The request was granted based on the re-accreditation of the University Center and its Medicine course reaching the highest grade (5) in the Institutional Concept (CI).

For the same reasons, gross revenue in the on-campus undergraduate segment rose 18.7% year-on-year, reaching R\$459.1 million in 4Q18 and accounting for 93.9% of the total.

The graduate segment recorded revenue of R\$7.7 million in 4Q18, or 1.6% of total revenue, up 11.7% on 4Q17, despite the reduction in the on-campus graduate student base, due to a change in the Company's practices, which reduced the number of partnerships and created stricter criteria for class formation in order to favor operating margins per course, partially offset by the 38.4% increase in the Distance Learning graduate student base over 4Q17.

The Distance Learning segment, in which the Company began operating in 2014, already accounted for 3.8% of total revenue, or R\$18.5 million, up 93.3% on 4Q17, reflecting the 44.1% year-on-year growth in the segment's undergraduate and graduate student base. The Distance Learning student base has been growing substantially and consistently since 2015, mainly due to the addition of 119 centers with student intake as of 4Q17, totaling 205 centers in 4Q18.

Deductions from gross revenue climbed 63.9% in the quarter, fueled by the increase in sales discounts and scholarships, as part of the intake strategy adopted for the semester, in which the Company carried out a pass-through of approximately 7% and offered sales discounts to attract new students, as well as by growth in the PROUNI student base over the last 12 months and an improvement in the course mix.

As a result of the factors mentioned above, net revenue increased by 3.5%, from R\$309.3 million in 4Q17, already considering the reclassification of revenue from interest on monthly tuition fees from financial income to gross revenue, in accordance with IFRS 15, effective as of January 2018, to R\$320.1 million in 4Q18.

Cost of Services Rendered

Breakdown of Cost of Services Rendered* Accounting (R\$ '000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
Cash Cost of Services Rendered	(134,900)	(144,525)	-6.7%	(122,981)	9.7%	(527,516)	(516,928)	2.0%
Payroll and Charges	(96,319)	(103,921)	-7.3%	(88,561)	8.8%	(380,387)	(377,659)	0.7%
Rent	(18,740)	(22,122)	-15.3%	(17,362)	7.9%	(75,275)	(79,741)	-5.6%
Concessionaires (Electricity, Water and Telephone)	(9,880)	(10,121)	-2.4%	(8,936)	10.6%	(37,361)	(33,394)	11.9%
Third-Party Services and Others	(9,961)	(8,361)	19.1%	(8,122)	22.6%	(34,493)	(26,134)	32.0%

¹ Excluding depreciation and amortization.

The cash cost of services rendered (excluding depreciation and amortization) totaled R\$134.9 million in 4Q18, down 6.7% on 4Q17. The most significant components of service costs increased in the quarter mainly due to the following reasons:

- Payroll and charges decreased 7.3% over 4Q17, mainly due to the personnel structure optimization carried out in 2018 to support the Company's current student base, especially in the on-campus higher education segment.
- Rent fell by 15.3%, from R\$22.1 million in 4Q17 to R\$18.7 million in 4Q18, mainly due to the reduction in the number of leased properties and renegotiation of existing contracts, as a result of the action plan implemented this year to adjust the Company's costs and expenses.
- Concessionaires (electricity, water and telephone) decreased by 2.4%, from R\$10.1 million in 4Q17 to R\$9.9 million in 4Q18, due to the lower number of new campuses in operation, as part of the 2018 action plan, which went from 29 new campuses to 14 campuses effectively in operation, as well as the removal of the red flag tariff in the electricity bill, especially in the Northeast region.
- Third-party Services and Others rose 19.1%, from R\$8.4 million in 4Q17 to R\$10.0 million in 4Q18, due to the hiring of a larger number of service providers, mainly to support health courses (preceptorship and practical classes), costs related to licenses for Distance Learning courses and online modules for on-campus students, as well as the transfer of tuition revenue to partner centers.

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

Breakdown of Cost of Services Rendered* Adjusted (R\$ '000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
Cash Cost of Services Rendered	(134,900)	(141,122)	-4.4%	(115,766)	16.5%	(513,275)	(507,106)	1.2%
Payroll and Charges	(96,319)	(101,930)	-5.5%	(81,346)	18.4%	(366,146)	(369,249)	-0.8%
Rent	(18,740)	(20,710)	-9.5%	(17,362)	7.9%	(75,275)	(78,329)	-3.9%
Concessionaires (Electricity, Water and Telephone)	(9,880)	(10,121)	-2.4%	(8,936)	10.6%	(37,361)	(33,394)	11.9%
Third-Party Services and Others	(9,961)	(8,361)	19.1%	(8,122)	22.6%	(34,493)	(26,134)	32.0%

¹ Excluding depreciation and amortization.

Gross Profit

Gross Profit - Accounting (R\$ '000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
Net Operating Revenue	320,067	309,337	3.5%	286,003	11.9%	1,262,486	1,246,558	1.3%
Cost of Services Rendered	(149,961)	(155,364)	-3.5%	(134,946)	11.1%	(576,990)	(556,645)	3.7%
Gross Profit	170,106	153,973	10.5%	151,057	12.6%	685,496	689,913	-0.6%
Gross Margin	53.1%	49.8%	3.4 p.p.	52.8%	0.3 p.p.	54.3%	55.3%	-1.0 p.p.
(-) Depreciation	15,061	10,839	39.0%	11,965	25.9%	49,474	39,717	24.6%
Cash Gross Profit	185,167	164,812	12.4%	163,022	13.6%	734,970	729,630	0.7%
Cash Gross Margin	57.9%	53.3%	4.6 p.p.	57.0%	0.9 p.p.	58.2%	58.5%	-0.3 p.p.

Comparable cash gross profit increased by 12.4%, from R\$164.8 million in 4Q17 to R\$185.2 million in 4Q18. The cash gross margin stood at 57.9% in 4Q18, up 4.6 p.p. compared to 53.3% in 4Q17, due to the 3.4% growth in comparable net revenue and the reduction of operational costs as a result of the successful implementation of the expense reduction plan as of 2Q18.

The table below shows gross profit adjusted for the main non-recurring cost effects:

Gross Profit - Adjusted (R\$ '000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
Net Operating Revenue	320,067	309,337	3.5%	286,003	11.9%	1,262,486	1,246,558	1.3%
Cost of Services Rendered	(147,532)	(151,961)	-2.9%	(127,731)	15.5%	(560,320)	(546,823)	2.5%
Adjusted Gross Profit	172,535	157,376	9.6%	158,272	9.0%	702,165	699,735	0.3%
Adjusted Gross Margin	53.9%	50.9%	3.0 p.p.	55.3%	-1.4 p.p.	55.6%	56.1%	-0.5 p.p.
(-) Depreciation	15,061	10,839	39.0%	11,965	25.9%	49,474	39,717	24.6%
Adjusted Cash Gross Profit	187,596	168,215	11.5%	170,237	10.2%	751,639	739,452	1.6%
Adjusted Cash Gross Margin	58.6%	54.4%	4.2 p.p.	59.5%	-0.9 p.p.	59.5%	59.3%	0.2 p.p.

Operating Expenses (Selling, General and Administrative)

Operating Expenses - Accounting (R\$ '000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
General and Administrative Expenses	(125,070)	(128,014)	-2.3%	(97,869)	27.8%	(446,849)	(417,564)	7.0%
Payroll and Charges	(35,760)	(38,060)	-6.0%	(35,630)	0.4%	(143,038)	(136,062)	5.1%
Third-Party Services	(10,018)	(9,978)	0.4%	(8,767)	14.3%	(35,227)	(32,453)	8.5%
Advertising	(17,157)	(28,157)	-39.1%	(14,134)	21.4%	(83,548)	(92,517)	-9.7%
Materials	(4,133)	(4,255)	-2.9%	(3,510)	17.7%	(17,557)	(18,003)	-2.5%
PDA	(32,353)	(26,794)	20.7%	(18,321)	76.6%	(88,243)	(64,195)	37.5%
Others	(18,661)	(14,302)	30.5%	(10,633)	75.5%	(52,362)	(48,961)	6.9%
Depreciation and Amortization	(6,988)	(6,468)	8.0%	(6,874)	1.7%	(26,874)	(25,373)	5.9%
Operating Income	42,773	18,850	126.9%	52,128	-17.9%	235,685	256,035	-7.9%
General and Administrative Expenses (Ex-Depreciation and Amortization)	(118,082)	(121,546)	-2.8%	(90,995)	29.8%	(419,975)	(392,191)	7.1%

General and administrative expenses fell by 2.3%, from R\$128.0 million in 4Q17 to R\$125.1 million in 4Q18, mainly due to:

- Payroll and charges, which decreased 6.0% over 4Q17, mainly fueled by the administrative staff optimization as a result of the 2018 action plan and non-recurring severance pay of R\$1.4 million related to the optimization and adjustment of the administrative structure to support the Company's current student base.
- Third-party services, which had a variation of 0.4%, in line with 4Q17, totaling R\$10.0 million in 4Q18, mainly due to the hiring of a consulting firm to carry out the "Ser Digital" project, which resulted in a non-recurring effect of R\$1.5 million in the quarter, as announced in 2Q18. The project has 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 institutions. In 4Q18, non-recurring expenses totaled approximately R\$0.9 million related to completed or ongoing M&A transactions. Excluding these non-recurring effects, the Rendered Services showed a reduction of 8.7% in the comparison between quarters.

c) Advertising expenses, which fell 39.1% compared to 4Q17, representing 5.4% of net revenue, down 5.9 p.p. from the 11.3% in 1Q18. The decline compared with 1Q18 already reflects the change announced in the 2018 action plan, which included, in addition to the reduction in institutional marketing volume, a downturn in general expenses in cities such as Salvador, Maceió, João Pessoa and Fortaleza, due to the withdrawal of the Joaquim Nabuco brand from these markets, in order to focus efforts on the UNINASSAU brand.

d) The provision for doubtful accounts, which moved up 20.7%, from R\$26.8 million in 4Q17 to R\$32.4 million in 4Q18, reflecting the increase in default-related dropout rates in 4Q18 as a result of Brazil's current economic scenario.

e) Materials, which fell 2.9%, from R\$4.3 million in 4Q17 to R\$4.1 million in 4Q18, due to the 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 increased 30.5%, from R\$14.3 million in 4Q17 to R\$18.7 million in 4Q18, following a rise in the number of units in preparation to be accredited as University Centers, with visits in 1Q19, and increased expenses related to the improvement of internal processes of the Company.

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

Operating Expenses - Adjusted (R\$ '000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
General and Administrative Expenses	(121,246)	(121,892)	-0.5%	(92,909)	30.5%	(427,090)	(405,865)	5.2%
Payroll and Charges	(34,360)	(36,174)	-5.0%	(33,260)	3.3%	(132,450)	(130,049)	1.8%
Third-Party Services	(7,594)	(8,477)	-10.4%	(6,286)	20.8%	(27,574)	(30,327)	-9.1%
Advertising	(17,157)	(28,157)	-39.1%	(14,134)	21.4%	(83,548)	(92,517)	-9.7%
Materials	(4,133)	(4,255)	-2.9%	(3,510)	17.7%	(17,557)	(18,003)	-2.5%
PDA	(32,353)	(26,794)	20.7%	(18,321)	76.6%	(88,243)	(64,195)	37.5%
Others	(18,661)	(11,567)	61.3%	(10,523)	77.3%	(50,844)	(45,400)	12.0%
Depreciation and Amortization	(6,988)	(6,468)	8.0%	(6,874)	1.7%	(26,874)	(25,373)	5.9%
Adjusted Operating Income	49,026	33,717	45.4%	64,303	-23.8%	272,113	292,329	-6.9%
General and Administrative Expenses (Ex-Depreciation and Amortization)	(114,258)	(115,424)	-1.0%	(86,035)	32.8%	(400,216)	(380,492)	5.2%

EBITDA and Adjusted EBITDA

EBITDA (R\$ '000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
EBITDA¹	62,393	41,499	50.3%	70,967	-12.1%	309,604	335,898	-7.8%
EBITDA Margin	19.5%	13.4%	6.1 p.p.	24.8%	-5.3 p.p.	24.5%	26.9%	-2.4 p.p.
(+) Revenue from Interest on Agreements and Others ²	4,539	25	18380.8%	1,995	127.5%	15,526	13,081	18.7%
(+) Non-recurring costs and expenses ³	3,824	9,525	-59.8%	12,175	-68.6%	34,000	21,521	58.0%
(-) Minimum rent paid ⁴	(9,750)	(9,750)	0.0%	(9,750)	0.0%	(39,000)	(39,000)	0.0%
Adjusted EBITDA⁵	61,007	41,299	47.7%	75,387	-19.1%	320,130	331,500	-3.4%
Adjusted EBITDA Margin	19.1%	13.4%	5.7 p.p.	26.4%	-7.3 p.p.	25.4%	26.6%	-1.2 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 workforce 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 6. 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, (b) non-recurring costs and expenses, and (c) minimum rent paid.

Cash generation measured by Adjusted EBITDA amounted to R\$61.0 million in 4Q18, an increase of 47.7% compared to the R\$41.3 million posted in 4Q17. The adjusted EBITDA margin closed 4Q18 at 19.1%, versus 13.4% in 4Q17, including comparable net revenue.

In 4Q18, the Adjusted EBITDA margin grew by 5.7 p.p. compared to 4Q17, which despite the increase in net revenue in the quarter, captured the positive result of the action plan implemented in 2Q18 in order to optimize the cost and expense structure based on the Company's current student base.

The Depreciation and Amortization line had a non-recurring effect of approximately R\$2.4 million in the quarter, as a result of the write-off of fixed assets (renovations and improvements in rental properties) that were returned due to the 2018 action plan.

SUMMARY OF NON-RECURRING ITEMS (R\$ '000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
Non-Recurring Costs and Expenses Impacting EBITDA	3,824	9,525	-59.8%	12,175	-68.6%	34,000	21,521	58.0%
Rent	-	1,412	-100.0%	-	N.M.	-	1,412	-100.0%
Payroll	1,400	3,877	-63.9%	9,584	-85.4%	24,829	14,422	72.2%
Cost	-	1,991	-100.0%	7,215	-100.0%	14,241	8,410	69.3%
Expense	1,400	1,886	-25.8%	2,370	-40.9%	10,588	6,013	76.1%
Third-Party Services	2,424	1,501	61.6%	2,481	-2.3%	7,653	2,126	260.0%
Other Expenses / Other Net Operating Expenses	-	2,735	-100.0%	110	-100.0%	1,518	3,561	-57.4%
Non-Recurring Costs and Expenses that do not Impact EBITDA	1,987	2,191	-9.3%	752	164.2%	1,094	(1,875)	-158.4%
Depreciation - Write-off	2,429	-	N.M.	-	N.M.	2,429	-	N.M.
Monetary variation gains	-	-	N.M.	1,541	-100.0%	-	-	N.M.
Income tax and social contribution - Expenses	-	-	N.M.	-	N.M.	-	(3,802)	-100.0%
Income tax and social contribution - Credit Recovery	-	2,400	-100.0%	-	N.M.	-	2,400	-100.0%
Income tax and social contribution - Complementary Tax on Adjusted Net Income	(441)	(209)	110.7%	(789)	-44.1%	(1,335)	(473)	182.0%
Total Non Recurring Costs and Expenses	5,812	11,715	-50.4%	12,927	-55.0%	35,094	19,646	78.6%

Adjusted EBITDA Excluding Organic Expansion

Result excluding new units and Distance Learning (R\$ ('000))	4Q18				12M18			
	Consolidated	New units and Distance Learning (1)*	Consolidated ex-new units and Distance Learning*	Consolidated ex-new units and Distance Learning	Consolidated	New units and Distance Learning (1)*	Consolidated ex-new units and Distance Learning*	Consolidated ex-new units and Distance Learning
Net Revenue	320,067	21,183	298,884	-6.6%	1,262,486	79,637	1,182,849	-6.3%
Adjusted Cash Gross Profit	187,596	11,823	175,773	-6.3%	751,639	33,660	717,979	-4.5%
<i>Adjusted Cash Gross Margin</i>	58.6%	55.8%	58.8%	1.0 p.p.	59.5%	42.3%	60.7%	1.0 p.p.
Adjusted EBITDA	61,007	(5,905)	66,912	9.7%	320,130	(32,473)	352,603	10.1%
<i>Adjusted EBITDA Margin</i>	19.1%	-27.9%	22.4%	3.3 p.p.	25.4%	-40.8%	29.8%	4.5 p.p.

(1) Expansion units: Garanhuns, Maceió (Nabuco), João Pessoa (Nabuco), Mossoró, Juazeiro do Norte, Maracanaú, Porto Velho, Arapiraca, Marabá, Ananindeua, Boa Vista, Rio Branco, Anápolis, Sobral, Cabo de Santo Agostinho, Petrolina, Jaboatão dos Guararapes, Feira de Santana, Fortaleza (Nabuco), Rio de Janeiro and Belo Horizonte.

* Result allocations 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 4Q18, the table shows that the new operations are generating negative adjusted EBITDA of R\$5.9 million, with an impact of 3.3 p.p. in the Company's consolidated adjusted EBITDA margin, which increased from 19.1% to 22.4% excluding organic growth initiatives. In 12M18, the new operations generated negative adjusted EBITDA of R\$32.5 million, with an impact of 4.5 p.p. in the Company's consolidated adjusted EBITDA margin, which increased from 25.4% to 29.8% excluding organic growth initiatives.

Financial Result

Financial Result - Accounting (R\$ '000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
(+) Financial Revenue	18,445	15,638	18.0%	15,767	17.0%	74,396	65,834	13.0%
Interest on Agreements and Others*	4,539	25	18380.8%	1,995	127.5%	15,526	13,081	18.7%
Returns on Financial Investments	13,675	13,330	2.6%	15,186	-9.9%	55,276	42,444	30.2%
Others	231	2,283	-89.9%	(1,414)	-116.3%	3,594	10,309	-65.1%
(-) Financial Expenses	(25,599)	(30,615)	-16.4%	(28,710)	-10.8%	(101,470)	(134,727)	-24.7%
Interest Expenses	(5,476)	(7,435)	-26.3%	(5,813)	-5.8%	(23,133)	(36,469)	-36.6%
Interest on Leasing	(8,185)	(8,365)	-2.2%	(8,232)	-0.6%	(33,017)	(33,704)	-2.0%
Discounts Granted	(4,790)	(7,388)	-35.2%	(10,638)	-55.0%	(24,623)	(34,743)	-29.1%
Monetary Variation Expenses	(2,667)	(3,632)	-26.6%	(2,572)	3.7%	(10,492)	(14,100)	-25.6%
Others	(4,482)	(3,795)	18.1%	(1,454)	208.1%	(10,205)	(15,711)	-35.0%
Financial Result	(7,154)	(14,977)	-52.2%	(12,943)	-44.7%	(27,074)	(68,893)	-60.7%

* Interest on monthly tuition fees was reclassified from the "Interest on Tuition and Agreements" line of the Company's financial result in order to allow comparisons after the adoption of IFRS 15. As of 4Q18, this line was renamed "Interest on Agreements and Others". This reclassification is not audited.

Financial revenue increased 18.0%, from R\$15.6 million in 4Q17 to R\$18.4 million in 4Q18, driven by:

- Interest on Agreements and Others, which increased from R\$0.02 million in 4Q17 to R\$4.5 million in 4Q18, due to higher interest rates on financial agreements for re-enrollment during the quarter. The 3Q18 balance was substantially lower as this line was mostly recognized in 4Q18, as a consequence of the agreements entered into.
- Returns on financial investments, which moved up 2.6%, due to due to higher cash availability in the year, partially offset by the decline in the CDI rate.
- Others, under Financial Revenue, which had a reduction of 89.9%, from R\$2.3 million in 4Q17 to R\$0.2 million in 4Q18, since the Federal Government paid the last installment of the agreement for the settlement of unpaid FIES amounts related to 2015 (PN 23), which in turn led to the end of recognition of monetary restatement related to this debt, given that it was settled.

Financial expenses came to R\$25.6 million in 4Q18, 16.4% lower compared to the R\$30.6 million registered in 4Q17, primarily due to:

- Interest Expenses, which fell 26.3%, from R\$7.4 million in 4Q17 to R\$5.5 million in 4Q18, basically due to a reduction in net debt and Brazilian interest rates.
- Discounts Granted, which fell 35.2%, from R\$7.4 million in 4Q17 to R\$4.8 million in 4Q18, driven by the lower volume of renegotiations in the re-enrollment process and negotiated agreements with students in arrears for more than 180 days, which were concentrated in the third quarter. In 2018, total discounts granted showed a decrease of 29.1% compared to 2017 due to the same factors above.
- Monetary passive variation expenses, mostly related to the payment commitments from the acquisition of UNG, fell 26.6%, from R\$3.6 million in 4Q17 to R\$2.7 million in 4Q18, due to the amortization of the balance of payment commitments and lower inflation rates.

As a result of the factors mentioned above, the net financial result was an expense of R\$7.2 million in 4Q18, versus a comparable expense of R\$15.0 million in 4Q17, down 52.2%.

The table below presents the managerial financial result, adjusted for non-recurring effects from other financial revenue.

Financial Result - Adjusted (R\$ '000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
(+) Financial Revenue	18,445	15,638	18.0%	17,308	6.6%	75,937	65,834	15.3%
Interest on Agreements and Others	4,539	25	18380.8%	1,995	127.5%	15,526	13,081	18.7%
Returns on Financial Investments	13,675	13,330	2.6%	15,186	-9.9%	55,276	42,444	30.2%
Others	231	2,283	-89.9%	127	81.9%	5,135	10,309	-50.2%
(-) Financial Expenses	(25,599)	(30,615)	-16.4%	(28,710)	-10.8%	(101,470)	(134,727)	-24.7%
Interest Expenses	(5,476)	(7,435)	-26.3%	(5,813)	-5.8%	(23,133)	(36,469)	-36.6%
Interest on Leasing	(8,185)	(8,365)	-2.2%	(8,232)	-0.6%	(33,017)	(33,704)	-2.0%
Discounts Granted	(4,790)	(7,388)	-35.2%	(10,638)	-55.0%	(24,623)	(34,743)	-29.1%
Monetary Variation Expenses	(2,667)	(3,632)	-26.6%	(2,572)	3.7%	(10,492)	(14,100)	-25.6%
Others	(4,482)	(3,795)	18.1%	(1,454)	208.1%	(10,205)	(15,711)	-35.0%
Financial Result	(7,154)	(14,977)	-52.2%	(11,402)	-37.3%	(25,533)	(68,893)	-62.9%

Net Income

Net Income - Accounting (R\$ 000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
Operating Income	42,773	24,192	76.8%	52,128	-17.9%	235,685	270,808	-13.0%
(+) Financial Result	(7,154)	(14,977)	-52.2%	(12,943)	-44.7%	(27,074)	(68,893)	-60.7%
(+) Income and Soc. Contrib. Taxes	(2,514)	(3,882)	-35.2%	(2,254)	11.5%	(7,332)	(3,689)	98.8%
(+) Deferred Income and Soc. Contrib. Taxes	-	(1,011)	-100.0%	-	0.0%	-	(751)	-100.0%
Net Income (Loss)	33,105	4,322	666.0%	36,931	-10.4%	201,279	197,475	1.9%
Net Margin	10.3%	1.4%	8.9 p.p.	12.9%	-0.2 p.p.	15.9%	15.8%	0.1 p.p.

Operating income totaled R\$42.8 million in 4Q18, an increase of 76.8% compared to the R\$24.2 million registered in 4Q17, already considering the reclassification of revenue from interest on monthly tuition fees, as mentioned in the "Net Revenue" section.

Net income went from R\$4.3 million in the three-month period ended December 31, 2017, to R\$33.1 million in the same period of 2018, an increase of 666.0%. Net income adjusted increased by 142.7% from R\$16.0 million to R\$38.9 million in the quarter, due to the growth in net revenue and the improvement in the structure of costs and expenses due to the action plan implemented in the during the year, in addition to the improvement in financial costs related to the Company's gross indebtedness, together with reductions in interest rates and inflation indexes.

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)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
Operating Income	49,026	33,717	45.4%	64,303	-23.8%	272,113	292,329	-6.9%
(+) Financial Result	(7,154)	(14,977)	-52.2%	(11,402)	-37.3%	(25,533)	(68,893)	-62.9%
(+) Income and Soc. Contrib. Taxes	(2,955)	(1,691)	74.7%	(3,043)	-2.9%	(8,667)	(5,564)	55.8%
(+) Deferred Income and Soc. Contrib. Taxes	-	(1,011)	-100.0%	-	0.0%	-	(751)	-100.0%
Adjusted Net Income (Loss)	38,916	16,037	142.7%	49,858	-21.9%	237,914	217,121	9.6%
Adjusted Net Margin	12.2%	5.2%	7.0 p.p.	17.4%	-0.3 p.p.	18.8%	17.4%	1.4 p.p.

Accounts Receivable and Average Collection Period

As from 2Q18, 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)	4Q17	1Q18	2Q18	3Q18	4Q18
Gross Accounts Receivable	394,782	474,172	504,179	355,058	308,464
Monthly tuition fees	92,106	103,410	128,251	108,744	125,616
FIES	206,600	261,797	265,603	121,970	62,120
Negotiated agreements receivable	70,315	76,379	68,082	71,196	66,277
Education credits receivable	16,857	18,020	26,840	29,819	35,092
Credit Card and Others	8,904	14,566	15,403	23,329	19,359
PDA balance	(65,715)	(91,014)	(87,923)	(93,703)	(94,037)
Net Accounts Receivable	329,067	383,158	416,256	261,355	214,427
Net Revenue (Last 12 Months - FIES+Ex-FIES+Pronatec)	1,231,785	1,240,214	1,253,141	1,246,414	1,262,486
Net Receivable Days (FIES+Ex-FIES+Pronatec)	96	111	120	75	61
Net Revenue FIES (Last 12 Months)	578,236	547,631	515,501	474,758	447,731
Net Receivable Days (FIES)	121	164	174	80	36
Net Receivable Days (Monthly tuition fees + Negotiated agreements receivable + Education credits receivable)	69	62	74	62	67

The average net receivables days declined 36.4% between 4Q17 and 4Q18, due to the payment, on August 2, 2018, of the last installment of the agreement with the Federal Government for the settlement of unpaid FIES amounts related to 2015 (PN 23), totaling R\$137.4 million, and the 2-day reduction in net receivables days from monthly tuition fees, agreements and Educured, from 69 to 67 days.

Aging of Monthly tuition fees (R\$ '000)	4Q17	% Chg.	4Q18	% Chg.
Overdue by up to 30 day	17,708	19.2%	24,908	19.8%
Overdue from 31 to 60 days	13,493	14.6%	22,175	17.7%
Overdue from 61 to 90 days	12,419	13.5%	20,208	16.1%
Overdue from 91 to 180 days	20,041	21.8%	25,937	20.6%
Overdue more than 180 days	28,445	30.9%	32,388	25.8%
TOTAL	92,106	100.0%	125,616	100.0%
% of Gross Accounts Receivable	23.3%		40.7%	

Aging of Negotiated Agreements (R\$ '000)	4Q17	% Chg.	4Q18	% Chg.
Not yet due	14,744	21.0%	18,523	27.9%
Overdue by up to 30 day	6,756	9.6%	7,655	11.6%
Overdue from 31 to 60 days	6,720	9.6%	7,213	10.9%
Overdue from 61 to 90 days	6,368	9.1%	6,641	10.0%
Overdue from 91 to 179 days	14,502	20.6%	12,029	18.1%
Overdue more than 180 days	21,225	30.2%	14,216	21.4%
TOTAL	70,315	100.0%	66,277	100.0%
% of Gross Accounts Receivable	17.8%		21.5%	

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 Educured, as the FIES student base fell from 41.5% in 4Q17 to 31.6% in 4Q18.

The table below shows the evolution of our PDA from December 31, 2017 to December 31, 2018:

Constitution of Provision for Doubtful Accounts in the Income Statement (R\$ '000)	12/31/2017	Adoption of CPC 48	Gross Increase in Provision for Doubtful Accounts	Write-off	12/31/2018
Total	65,715	25,757	88,243	(85,678)	94,037

Due to the adoption of IFRS 9 (CPC48), on January 1, 2018, the Company added an amount of R\$25.8 million in the balance of this provision recorded in current assets on December 31, 2017, as a counterpart to the equity, as provided by CPC 48.

Investments (CAPEX)

CAPEX (R\$ ('000))	12M18	% of Total	12M17	% of Total
CAPEX Total	97,326	100.0%	110,366	100.0%
Property acquisition / Construction / Maintenance of campuses	39,569	40.7%	52,144	47.2%
Equipment / Library / IT	43,040	44.2%	45,396	41.1%
MEC Licenses	2,853	2.9%	4,400	4.0%
Software Licenses	3,637	3.7%	4,982	4.5%
Partnerships	2,011	2.1%	614	0.6%
Intangibles and Others	6,216	6.4%	2,830	2.6%
Acquisitions Debt Payment	37,324		38,548	
Total CAPEX + Acquisitions Payables	134,650		148,914	

In 12M18, the Company invested R\$39.6 million in the renovation of campuses, mainly in Recife, Caruaru, Fortaleza, Rio de Janeiro, Guarulhos and Olinda. Acquisitions of equipment, library and IT consumed R\$43.0 million, mostly allocated to the purchase of IT and labs equipment, books and journals for the libraries of the operational units.

A total of R\$37.3 million in debt payments related to previous acquisitions (payment commitments) recorded under cash flow with investment activities was mostly allocated to the payment of the UNG acquisition.

Indebtedness

Indebtedness (R\$ '000)	12/31/2018	12/31/2017	% Chg. Dec18 x Dec17
Cash, Cash equivalents and Securities	920,898	911,713	1.0%
Gross debt	(423,672)	(459,146)	-7.7%
Loans and financing	(306,218)	(314,860)	-2.7%
Short term	(133,446)	(29,205)	356.9%
Long term	(172,772)	(285,655)	-39.5%
Aquisitions Payables*	(117,454)	(144,286)	-18.6%
Net Cash	497,226	452,567	9.9%
Net Cash / Adjusted EBITDA (LTM)	1.55	1.37	

* Acquisitions payables refer to acquisition scheduled payments

Cash and cash equivalents totaled R\$920.9 million, up 1.0% on December 2017. This variation is mainly due to higher operating cash generation, which went from R\$356.6 million in 2017 to R\$388.7 million in 2018 (up 9.0%), partially offset by an increase in dividend payments, totaling R\$57.4 million in 2018 compared to R\$37.8 million in 2017 (up 51.6%), and the share buyback plan, which amounted to R\$154.9 million, both in 12M18.

The Company's gross debt basically reflects commitments related to the 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, (ii) the Company's 2nd issue of simple, unsecured non-convertible debentures in 2 series, of which 100,000 Debentures in the First Series and 100,000 Debentures in the Second Series. 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. 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. The Debentures have a unit face value of R\$1,000.00 as of the date of issue, totaling R\$200,000,000.00.

On December 31, 2018, Grupo Ser Educacional's gross debt totaled R\$423.7 million, down 7.7% from the R\$459.1 million registered on December 31, 2017, mainly due to the settlement of payment commitments in the amount of R\$37.3 million this quarter. In 4Q18, the Company's net cash amounted to R\$497.2 million against net debt of R\$452.6 million in 4Q17.

Debt Amortization Schedule (R\$ '000)	Loans and Financing	A.V. (%)	Aquisitions Payables	A.V. (%)	Debentures	A.V. (%)	Total	A.V. (%)
Short Term	24,970	28.1%	82,770	70.5%	108,476	49.9%	216,216	51.0%
Total Long Term	63,880	71.9%	34,684	29.5%	108,892	50.1%	207,456	49.0%
1-2 years	23,530	26.5%	34,684	29.5%	54,446	25.0%	112,660	26.6%
2-3 years	23,530	26.5%	-	0.0%	54,446	25.0%	77,976	18.4%
3-4 years	12,753	14.4%	-	0.0%	-	0.0%	12,753	3.0%
4-5 years	1,952	2.2%	-	0.0%	-	0.0%	1,952	0.5%
After five years	2,115	2.4%	-	0.0%	-	0.0%	2,115	0.5%
Total Loans, Financing and Acquisitions payables	88,850	100.0%	117,454	100.0%	217,368	100.0%	423,672	100.0%

In regard to the debt payment schedule, 51.0% 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)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	12M18	12M17 Comparable	% Chg. 12M18x12M17
Cash flow from operating activities						
Net cash from operating activities	105,277	112,301	-6.3%	435,772	426,963	2.1%
(-) Cash flow allocated to investing activities	(26,851)	(21,307)	26.0%	(134,650)	(148,914)	-9.6%
(+) / (-) Securities	11,972	(372,989)	-103.2%	26,260	(294,880)	-108.9%
(+) / (-) Cash flow allocated to financing activities	(120,671)	401,024	-130.1%	(244,895)	304,446	-180.4%
Financing Activities	(120,671)	401,024	-130.1%	(186,363)	338,680	-155.0%
Dividends	-	-	0.0%	(58,532)	(34,234)	71.0%
(-) Interest on loans	(11,849)	(4,130)	186.9%	(40,983)	(63,728)	-35.7%
(-) Income and social contribution taxes paid	(1,330)	(2,001)	-33.5%	(6,059)	(6,637)	-8.7%
Increase in cash and cash equivalents	(43,452)	112,898	-138.5%	35,445	217,250	-83.7%
Net increase in cash and cash equivalents						
Beginning of period	358,183	166,388	115.3%	279,286	62,036	350.2%
End of period	314,731	279,286	12.7%	314,731	279,286	12.7%
Increase in cash and cash equivalents	(43,452)	112,898	-138.5%	35,445	217,250	-83.7%
Cash and Securities changes	(55,424)	485,887	-111.4%	9,185	512,130	-98.2%
Beginning of period	976,322	425,826	129.3%	911,713	399,583	128.2%
End of period	920,898	911,713	1.0%	920,898	911,713	1.0%

Operating cash generation had a decrease of 6.3%, from R\$112.3 million in 4Q17 to R\$105.2 million in 4Q18, mainly due to lower FIES payments by the Federal Government as a result of the reduction in the number of vacancies offered by the program. Cash generation for the quarter remained strong, representing a higher conversion of EBITDA to cash compared to the cash generated in the quarter.



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 150,000 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, UNIVERITAS – Centro Universitário Universus Veritas and Faculdades UNIVERITAS through which it offers more than 1,605 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 RS ('000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
Gross Operating Revenue	488,780	412,287	18.6%	450,430	8.5%	1,847,993	1,655,695	11.6%
Undergraduate Monthly Tuition	459,072	386,740	18.7%	420,032	9.3%	1,731,307	1,566,726	10.5%
Graduate Monthly Tuition	7,669	6,866	11.7%	7,582	1.1%	29,458	24,857	18.5%
Vocational Courses Revenues	462	265	74.3%	434	6.6%	1,581	1,051	50.4%
Distance Learning Revenues	18,483	9,560	93.3%	17,771	4.0%	70,786	32,984	114.6%
Others	3,094	3,513	-11.9%	4,611	-32.9%	14,861	15,304	-2.9%
Interest on Tuition	-	5,342	-100.0%	-	0.0%	-	14,773	-100.0%
Deductions from Gross Revenue	(168,713)	(102,950)	63.9%	(164,427)	2.6%	(585,507)	(409,137)	43.1%
Discounts and Scholarships	(103,837)	(46,417)	123.7%	(101,347)	2.5%	(334,580)	(181,873)	84.0%
PROUNI	(45,479)	(34,647)	31.3%	(45,513)	-0.1%	(171,711)	(138,585)	23.9%
FGEDUC And FIES charges	(8,467)	(11,317)	-25.2%	(8,172)	3.6%	(36,024)	(44,791)	-19.6%
Taxes	(10,930)	(10,569)	3.4%	(9,395)	16.3%	(43,192)	(43,888)	-1.6%
Net Operating Revenue	320,067	309,337	3.5%	286,003	11.9%	1,262,486	1,246,558	1.3%
Cash Cost of Services Rendered	(149,961)	(155,364)	-3.5%	(134,946)	11.1%	(576,990)	(556,645)	3.7%
Payroll and Charges	(96,319)	(103,921)	-7.3%	(88,561)	8.8%	(380,387)	(377,659)	0.7%
Rent	(18,740)	(22,122)	-15.3%	(17,362)	7.9%	(75,275)	(79,741)	-5.6%
Concessionaires (Electricity, Water and Telephone)	(9,880)	(10,121)	-2.4%	(8,936)	10.6%	(37,361)	(33,394)	11.9%
Third-Party Services	(9,961)	(8,361)	19.1%	(8,122)	22.6%	(34,493)	(26,134)	32.0%
Depreciation and Amortization	(15,061)	(10,839)	39.0%	(11,965)	25.9%	(49,474)	(39,717)	24.6%
Managerial Gross Profit	170,106	153,973	10.5%	151,057	12.6%	685,496	689,913	-0.6%
<i>Gross Margin</i>	<i>53.1%</i>	<i>49.8%</i>	<i>3.4 p.p.</i>	<i>52.8%</i>	<i>0.3 p.p.</i>	<i>54.3%</i>	<i>55.3%</i>	<i>-1.0 p.p.</i>
Operating Expenses/Revenue	(127,333)	(129,781)	-1.9%	(98,929)	28.7%	(449,811)	(419,105)	7.3%
General and Administrative Expenses	(125,070)	(128,014)	-2.3%	(97,869)	27.8%	(446,849)	(417,564)	7.0%
Payroll and Charges	(35,760)	(38,060)	-6.0%	(35,630)	0.4%	(143,038)	(136,062)	5.1%
Third-Party Services	(10,018)	(9,978)	0.4%	(8,767)	14.3%	(35,227)	(32,453)	8.5%
Advertising	(17,157)	(28,157)	-39.1%	(14,134)	21.4%	(83,548)	(92,517)	-9.7%
Materials	(4,133)	(4,255)	-2.9%	(3,510)	17.7%	(17,557)	(18,003)	-2.5%
PDA	(32,353)	(26,794)	20.7%	(18,321)	76.6%	(88,243)	(64,195)	37.5%
Others	(18,661)	(14,302)	30.5%	(10,633)	75.5%	(52,362)	(48,961)	6.9%
Depreciation and Amortization	(6,988)	(6,468)	8.0%	(6,874)	1.7%	(26,874)	(25,373)	5.9%
Other Operating Expenses/Revenue	(2,263)	(1,767)	28.1%	(1,060)	113.5%	(2,962)	(1,541)	92.2%
Managerial Operating Income	42,773	24,192	76.8%	52,128	-17.9%	235,685	270,808	-13.0%
<i>Operating Margin</i>	<i>13.4%</i>	<i>7.8%</i>	<i>5.5 p.p.</i>	<i>18.2%</i>	<i>-4.9 p.p.</i>	<i>18.7%</i>	<i>21.7%</i>	<i>-3.1 p.p.</i>
(+) Adjusted Depreciation and Amortization	19,620	17,307	13.4%	18,839	4.1%	73,919	65,090	13.6%
EBITDA	62,393	41,499	50.3%	70,967	-12.1%	309,604	335,898	-7.8%
<i>EBITDA Margin</i>	<i>19.5%</i>	<i>13.4%</i>	<i>6.1 p.p.</i>	<i>24.8%</i>	<i>-5.3 p.p.</i>	<i>24.5%</i>	<i>26.9%</i>	<i>-2.4 p.p.</i>
(+) Non-recurring costs and expenses	3,824	9,525	-59.8%	12,175	-68.6%	34,000	21,521	58.0%
(+) Interest on tuition and agreements	4,539	25	18380.8%	1,995	127.5%	15,526	13,081	18.7%
(-) Minimum rent paid	(9,750)	(9,750)	0.0%	(9,750)	0.0%	(39,000)	(39,000)	0.0%
Adjusted EBITDA	61,007	41,299	47.7%	75,387	-19.1%	320,130	331,500	-3.4%
<i>Adjusted EBITDA Margin</i>	<i>19.1%</i>	<i>13.4%</i>	<i>5.7 p.p.</i>	<i>26.4%</i>	<i>-7.3 p.p.</i>	<i>25.4%</i>	<i>26.6%</i>	<i>-1.2 p.p.</i>
(-) Adjusted Depreciation and Amortization	(19,620)	(17,307)	13.4%	(18,839)	4.1%	(73,919)	(65,090)	13.6%
Adjusted EBIT	41,386	23,992	72.5%	56,548	-26.8%	246,210	266,410	-7.6%
<i>Adjusted EBIT Margin</i>	<i>12.9%</i>	<i>7.8%</i>	<i>5.2 p.p.</i>	<i>19.8%</i>	<i>-6.8 p.p.</i>	<i>19.5%</i>	<i>21.4%</i>	<i>-1.9 p.p.</i>
Financial Result	(7,154)	(14,977)	-52.2%	(12,943)	-44.7%	(27,074)	(68,893)	-60.7%
(+) Financial Revenue	18,445	15,638	18.0%	15,767	17.0%	74,396	65,834	13.0%
Interest on Agreements and Others	4,539	25	18380.8%	1,995	127.5%	15,526	13,081	18.7%
Returns on Financial Investments	13,675	13,330	2.6%	15,186	-9.9%	55,276	42,444	30.2%
Others	231	2,283	-89.9%	(1,414)	-116.3%	3,594	10,309	-65.1%
(-) Financial Expenses	(25,599)	(30,615)	-16.4%	(28,710)	-10.8%	(101,470)	(134,727)	-24.7%
Interest Expenses	(5,476)	(7,435)	-26.3%	(5,813)	-5.8%	(23,133)	(36,469)	-36.6%
Interest on Leasing	(8,185)	(8,365)	-2.2%	(8,232)	-0.6%	(33,017)	(33,704)	-2.0%
Discounts Granted	(4,790)	(7,388)	-35.2%	(10,638)	-55.0%	(24,623)	(34,743)	-29.1%
Monetary Variation Expenses	(2,667)	(3,632)	-26.6%	(2,572)	3.7%	(10,492)	(14,100)	-25.6%
Others	(4,482)	(3,795)	18.1%	(1,454)	208.1%	(10,205)	(15,711)	-35.0%
Income Before Income Taxes	35,619	9,215	286.5%	39,185	-9.1%	208,611	201,915	3.3%
Income and Social Contribution Taxes	(2,514)	(4,893)	-48.6%	(2,254)	11.5%	(7,332)	(4,440)	65.1%
Current	(18,050)	(16,017)	12.7%	(19,437)	-7.1%	(81,991)	(83,156)	-1.4%
Tax Incentive - Prouni	15,536	12,135	28.0%	17,183	-9.6%	74,659	79,467	-6.1%
Deferred	-	(1,011)	-100.0%	-	0.0%	-	(751)	-100.0%
Consolidated Net Income/Loss	33,105	4,322	666.0%	36,931	-10.4%	201,279	197,475	1.9%
<i>Net Margin</i>	<i>10.3%</i>	<i>1.4%</i>	<i>8.9 p.p.</i>	<i>12.9%</i>	<i>-2.6 p.p.</i>	<i>15.9%</i>	<i>15.8%</i>	<i>0.1 p.p.</i>

Income Statement – Managerial

Income Statement - Adjusted R\$ ('000)	4Q18	4Q17 Comparable	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17 Comparable	% Chg. 12M18x12M17
Gross Operating Revenue	488,780	412,287	18.6%	450,430	8.5%	1,847,993	1,655,695	11.6%
Undergraduate Monthly Tuition	459,072	386,740	18.7%	420,032	9.3%	1,731,307	1,566,726	10.5%
Graduate Monthly Tuition	7,669	6,866	11.7%	7,582	1.1%	29,458	24,857	18.5%
Vocational Courses Revenues	462	265	74.1%	434	6.5%	1,581	1,051	50.4%
Distance Learning Revenues	18,483	9,560	93.3%	17,771	4.0%	70,786	32,984	114.6%
Others	3,094	3,513	-11.9%	4,611	-32.9%	14,861	15,304	-2.9%
Interest on Tuition	-	5,342	-100.0%	-	0.0%	-	14,773	-100.0%
Deductions from Gross Revenue	(168,713)	(102,950)	63.9%	(164,427)	2.6%	(585,507)	(409,137)	43.1%
Discounts and Scholarships	(103,837)	(46,417)	123.7%	(101,347)	2.5%	(334,580)	(181,873)	84.0%
PROUNI	(45,479)	(34,647)	31.3%	(45,513)	-0.1%	(171,711)	(138,585)	23.9%
FGEDUC And FIES charges	(8,467)	(11,317)	-25.2%	(8,172)	3.6%	(36,024)	(44,791)	-19.6%
Taxes	(10,930)	(10,569)	3.4%	(9,395)	16.3%	(43,192)	(43,888)	-1.6%
Net Operating Revenue	320,067	309,337	3.5%	286,003	11.9%	1,262,486	1,246,558	1.3%
Cash Cost of Services Rendered	(147,532)	(151,961)	-2.9%	(127,731)	15.5%	(560,320)	(546,823)	2.5%
Payroll and Charges	(96,319)	(101,930)	-5.5%	(81,346)	18.4%	(366,146)	(369,249)	-0.8%
Rent	(18,740)	(20,710)	-9.5%	(17,362)	7.9%	(75,275)	(78,329)	-3.9%
Concessionaires (Electricity, Water and Telephone)	(9,880)	(10,121)	-2.4%	(8,936)	10.6%	(37,361)	(33,394)	11.9%
Third-Party Services	(9,961)	(8,361)	19.1%	(8,122)	22.6%	(34,493)	(26,134)	32.0%
Depreciation and Amortization	(12,632)	(10,839)	16.5%	(11,965)	5.6%	(47,045)	(39,717)	18.5%
Managerial Gross Profit	172,534	157,376	9.6%	158,272	9.0%	702,165	699,735	0.3%
<i>Managerial Gross Margin</i>	<i>53.9%</i>	<i>50.9%</i>	<i>3.0 p.p.</i>	<i>55.3%</i>	<i>-1.4 p.p.</i>	<i>55.6%</i>	<i>56.1%</i>	<i>-0.5 p.p.</i>
Operating Expenses/Revenue	(123,509)	(123,659)	-0.1%	(93,969)	31.4%	(430,052)	(407,406)	5.6%
General and Administrative Expenses	(121,246)	(121,892)	-0.5%	(92,909)	30.5%	(427,090)	(405,865)	5.2%
Payroll and Charges	(34,360)	(36,174)	-5.0%	(33,260)	3.3%	(132,450)	(130,049)	1.8%
Third-Party Services	(7,594)	(8,477)	-10.4%	(6,286)	20.8%	(27,574)	(30,327)	-9.1%
Advertising	(17,157)	(28,157)	-39.1%	(14,134)	21.4%	(83,548)	(92,517)	-9.7%
Materials	(4,133)	(4,255)	-2.9%	(3,510)	17.7%	(17,557)	(18,003)	-2.5%
PDA	(32,353)	(26,794)	20.7%	(18,321)	76.6%	(88,243)	(64,195)	37.5%
Others	(18,661)	(11,567)	61.3%	(10,523)	77.3%	(60,844)	(45,400)	12.0%
Depreciation and Amortization	(6,988)	(6,468)	8.0%	(6,874)	1.7%	(26,874)	(25,373)	5.9%
Other Operating Expenses/Revenue	(2,263)	(1,767)	28.1%	(1,060)	113.5%	(2,962)	(1,541)	92.2%
Managerial Operating Income	49,026	33,717	45.4%	64,303	-23.8%	272,113	292,329	-6.9%
<i>Managerial Operating Margin</i>	<i>15.3%</i>	<i>10.9%</i>	<i>4.4 p.p.</i>	<i>22.5%</i>	<i>-7.2 p.p.</i>	<i>21.6%</i>	<i>23.5%</i>	<i>-1.9 p.p.</i>
(+) Depreciation and Amortization	17,192	17,307	-0.7%	18,839	-8.7%	71,491	65,090	9.8%
(+) Interest on tuition and agreements	4,539	25	18382.4%	1,995	127.5%	15,526	13,081	18.7%
(-) Minimum rent paid	(9,750)	(9,750)	0.0%	(9,750)	0.0%	(39,000)	(39,000)	0.0%
Adjusted EBITDA	61,007	41,299	47.7%	75,387	-19.1%	320,130	331,500	-3.4%
<i>Adjusted EBITDA Margin</i>	<i>19.1%</i>	<i>13.4%</i>	<i>5.7 p.p.</i>	<i>26.4%</i>	<i>-7.3 p.p.</i>	<i>25.4%</i>	<i>26.6%</i>	<i>-1.2 p.p.</i>
(-) Depreciation and Amortization	(17,192)	(17,307)	-0.7%	(18,839)	-8.7%	(71,491)	(65,090)	9.8%
Adjusted EBIT	43,815	23,992	82.6%	56,548	-22.5%	248,639	266,410	-6.7%
<i>Adjusted EBIT Margin</i>	<i>13.7%</i>	<i>7.8%</i>	<i>5.9 p.p.</i>	<i>19.8%</i>	<i>-6.1 p.p.</i>	<i>19.7%</i>	<i>21.4%</i>	<i>-1.7 p.p.</i>
Financial Result	(7,154)	(14,977)	-52.2%	(11,402)	-37.3%	(25,533)	(68,893)	-62.9%
(+) Financial Revenue	18,445	15,638	18.0%	17,308	6.6%	75,937	65,834	15.3%
Interest on Agreements and Others	4,539	25	18380.8%	1,995	127.5%	15,526	13,081	18.7%
Returns on Financial Investments	13,675	13,330	2.6%	15,186	-9.9%	55,276	42,444	30.2%
Others	231	2,283	-89.9%	127	81.9%	5,135	10,309	-50.2%
(-) Financial Expenses	(25,599)	(30,615)	-16.4%	(28,710)	-10.8%	(101,470)	(134,727)	-24.7%
Interest Expenses	(5,476)	(7,435)	-26.3%	(5,813)	-5.8%	(23,133)	(36,469)	-36.6%
Interest on Leasing	(8,185)	(8,365)	-2.2%	(8,232)	-0.6%	(33,017)	(33,704)	-2.0%
Discounts Granted	(4,790)	(7,388)	-35.2%	(10,638)	-55.0%	(24,623)	(34,743)	-29.1%
Monetary Variation Expenses	(2,667)	(3,632)	-26.6%	(2,572)	3.7%	(10,492)	(14,100)	-25.6%
Others	(4,482)	(3,795)	18.1%	(1,454)	208.1%	(10,205)	(15,711)	-35.0%
Income Before Income Taxes	41,872	18,740	123.4%	52,901	-20.8%	246,580	223,436	10.4%
Income and Social Contribution Taxes	(2,955)	(2,702)	9.4%	(3,043)	-2.9%	(8,667)	(6,315)	37.2%
Current	(18,491)	(13,826)	33.7%	(20,226)	-8.6%	(83,326)	(85,031)	-2.0%
Tax Incentive - Pronoi	15,536	12,135	28.0%	17,183	-9.6%	74,659	79,467	-6.1%
Deferred	-	(1,011)	-100.0%	-	0.0%	-	(751)	-100.0%
Adjusted Consolidated Net Income/Loss	38,916	16,037	142.7%	49,858	-21.9%	237,914	217,121	9.6%
<i>Adjusted Net Margin</i>	<i>12.2%</i>	<i>5.2%</i>	<i>7.0 p.p.</i>	<i>17.4%</i>	<i>-5.3 p.p.</i>	<i>18.8%</i>	<i>17.4%</i>	<i>1.4 p.p.</i>

Balance Sheet

Balance Sheet - ASSETS (R\$ '000)	12/31/2018	12/31/2017	% Chg. Dec18 x Dec17
Total Assets	2,429,560	2,507,874	-3.1%
Current Assets	1,143,639	1,265,461	-9.6%
Cash and cash equivalents	314,731	279,286	12.7%
Securities	606,167	632,427	-4.2%
Accounts receivable	185,560	317,358	-41.5%
Taxes recoverable	8,254	11,544	-28.5%
Other assets	28,927	24,846	16.4%
Non-Current Assets	1,285,921	1,242,413	3.5%
Long-Term Assets	1,285,921	1,242,413	3.5%
Accounts receivable	28,867	11,709	146.5%
Other assets	29,380	23,343	25.9%
Indemnifications	112,015	112,015	0.0%
Financial investments	1,401	-	0.0%
Intangible assets	424,367	428,511	-1.0%
Property, plant and equipment	689,891	666,835	3.5%
Balance Sheet - LIABILITIES (R\$ '000)	12/31/2018	12/31/2017	% Chg. Dec18 x Dec17
Total Liabilities	959,017	999,484	-4.0%
Current Liabilities	407,265	295,187	38.0%
Suppliers	33,921	31,422	8.0%
Accounts payable	82,770	80,720	2.5%
Loans and financing	24,970	26,569	-6.0%
Debentures	108,476	2,636	4015.2%
Payroll and charges	73,692	74,831	-1.5%
Taxes payable	15,648	16,220	-3.5%
Leasing	17,209	16,446	4.6%
Dividends payable	27,119	27,034	0.3%
Other liabilities	23,460	19,309	21.5%
Non-Current Liabilities	551,752	704,297	-21.7%
Loans and financing	63,880	87,410	-26.9%
Debentures	108,892	198,245	-45.1%
Leasing	221,050	227,794	-3.0%
Accounts payable	34,684	63,566	-45.4%
Taxes payable	1,154	1,777	-35.1%
Provision for contingencies	119,759	121,845	-1.7%
Other liabilities	2,333	3,660	-36.3%
Consolidated Shareholders' Equity	1,470,543	1,508,390	-2.5%
Capital Realized	987,549	987,549	0.0%
Income Reserve	548,521	527,295	4.0%
Treasury shares	(65,527)	(6,454)	915.3%
Total Liabilities and Shareholders' Equity	2,429,560	2,507,874	-3.1%

Cash Flow

Cash Flow Statement (R\$ '000)	12/31/2018	12/31/2017	% Chg. Dec18 x Dec17
Consolidated Net Income for the Period before Income Taxes	208,611	201,915	3.3%
Depreciation and amortization	76,348	65,090	17.3%
Provisions	(2,086)	1,499	N.M.
Adjustment present value of accounts receivable	2,727	-	N.M.
Provision for doubtful accounts	88,243	64,195	37.5%
Write-off of Non-Current Assets	2,066	9,092	-77.3%
Interest and exchange variation, net	66,404	78,239	-15.1%
Adjusted Net Income	442,313	420,030	5.3%
Changes in Assets and Liabilities	(6,541)	6,933	N.M.
Accounts receivable	(28)	21,228	-100.1%
Taxes recoverable	3,290	(786)	N.M.
Other assets	(11,519)	(16,599)	-30.6%
Suppliers	2,499	1,688	48.0%
Payroll and charges	(1,139)	2,958	-138.5%
Taxes payable	(1,195)	(4,038)	-70.4%
Income and social contribution taxes payable	(1,273)	2,197	N.M.
Other liabilities	2,824	285	890.9%
Cash generated from operations	435,772	426,963	2.1%
Other	(47,042)	(70,365)	-33.1%
Interest on loans	(40,983)	(63,728)	-35.7%
Income and social contribution taxes paid	(6,059)	(6,637)	-8.7%
Net Cash from Operating Activities	388,730	356,598	9.0%
Net Cash from Investing Activities	(108,390)	(443,794)	-75.6%
Securities	26,260	(294,880)	-108.9%
Additions to property, plant and equipment	(83,396)	(98,035)	-14.9%
Additions to intangible assets	(13,930)	(12,331)	13.0%
Acquisition of subsidiaries	(37,324)	(38,548)	-3.2%
Net Cash from Financing Activities	(244,895)	304,446	-180.4%
Cash received from the issue of shares	-	387,549	-100.0%
Debentures	-	196,335	-100.0%
Amortization of Debentures	-	(153,510)	-100.0%
Amortization of loans and financing	(25,630)	(86,399)	-70.3%
Amortization of leasing	(5,981)	(5,295)	13.0%
Treasury Shares	(154,752)	-	0.0%
Dividends	(58,532)	(34,234)	71.0%
Increase (Reduction) in Cash and Cash Equivalents	35,445	217,250	-83.7%
Cash and Cash Equivalents at Beginning of Period	279,286	62,036	350.2%
Cash and Cash Equivalents at End of Period	314,731	279,286	12.7%
Cash changes and Securities	9,185	512,130	-98.2%

Income Statement – Accounting

Without the reclassification of interest income under IFRS 15 in 4Q17 and 12M17.

Income Statement - Accounting RS ('000)	4Q18	4Q17	% Chg. 4Q18 x 4Q17	3Q18	% Chg. 4Q18 x 3Q18	12M18	12M17	% Chg. 12M18x12M17
Gross Operating Revenue	488,780	406,945	20.1%	450,430	8.5%	1,847,993	1,640,922	12.6%
Undergraduate Monthly Tuition	459,072	386,740	18.7%	420,032	9.3%	1,731,307	1,566,726	10.5%
Graduate Monthly Tuition	7,669	6,866	11.7%	7,582	1.1%	29,458	24,857	18.5%
Vocational Courses Revenues	462	266	74.0%	434	6.6%	1,581	1,051	50.4%
Distance Learning Revenues	18,483	9,560	93.3%	17,771	4.0%	70,786	32,984	114.6%
Others	3,094	3,513	-11.9%	4,611	-32.9%	14,861	15,304	-2.9%
Deductions from Gross Revenue	(168,713)	(102,950)	63.9%	(164,427)	2.6%	(585,507)	(409,137)	43.1%
Discounts and Scholarships	(103,837)	(46,417)	123.7%	(101,347)	2.5%	(334,580)	(181,873)	84.0%
PROUNI	(45,479)	(34,647)	31.3%	(45,513)	-0.1%	(171,711)	(138,585)	23.9%
FGEDUC And FIES charges	(8,467)	(11,317)	-25.2%	(8,172)	3.6%	(36,024)	(44,791)	-19.6%
Taxes	(10,930)	(10,569)	3.4%	(9,395)	16.3%	(43,192)	(43,888)	-1.6%
Net Operating Revenue	320,067	303,995	5.3%	286,003	11.9%	1,262,486	1,231,785	2.6%
Cash Cost of Services Rendered	(149,961)	(155,364)	-3.5%	(134,946)	11.1%	(576,990)	(556,645)	3.7%
Payroll and Charges	(96,319)	(103,921)	-7.3%	(88,561)	8.8%	(380,387)	(377,659)	0.7%
Rent	(18,740)	(22,122)	-15.3%	(17,362)	7.9%	(75,275)	(79,741)	-5.6%
Concessionaires (Electricity, Water and Telephone)	(9,880)	(10,121)	-2.4%	(8,936)	10.6%	(37,361)	(33,394)	11.9%
Third-Party Services	(9,961)	(8,361)	19.1%	(8,122)	22.6%	(34,493)	(26,134)	32.0%
Depreciation and Amortization	(15,061)	(10,839)	39.0%	(11,965)	25.9%	(49,474)	(39,717)	24.6%
Managerial Gross Profit	170,106	148,631	14.4%	151,057	12.6%	685,496	675,140	1.5%
<i>Gross Margin</i>	<i>53.1%</i>	<i>48.9%</i>	<i>4.3 p.p.</i>	<i>52.8%</i>	<i>0.3 p.p.</i>	<i>54.3%</i>	<i>54.8%</i>	<i>-0.5 p.p.</i>
Operating Expenses/Revenue	(127,333)	(129,781)	-1.9%	(98,929)	28.7%	(449,811)	(419,105)	7.3%
General and Administrative Expenses	(125,070)	(128,014)	-2.3%	(97,869)	27.8%	(446,849)	(417,564)	7.0%
Payroll and Charges	(35,760)	(38,060)	-6.0%	(35,630)	0.4%	(143,038)	(136,062)	5.1%
Third-Party Services	(10,018)	(9,978)	0.4%	(8,767)	14.3%	(35,227)	(32,453)	8.5%
Advertising	(17,157)	(28,157)	-39.1%	(14,134)	21.4%	(83,548)	(92,517)	-9.7%
Materials	(4,133)	(4,255)	-2.9%	(3,510)	17.7%	(17,557)	(18,003)	-2.5%
PDA	(32,353)	(26,794)	20.7%	(18,321)	76.6%	(88,243)	(64,195)	37.5%
Others	(18,661)	(14,302)	30.5%	(10,633)	75.5%	(52,362)	(48,961)	6.9%
Depreciation and Amortization	(6,988)	(6,468)	8.0%	(6,874)	1.7%	(26,874)	(25,373)	5.9%
Other Operating Expenses/Revenue	(2,263)	(1,767)	28.1%	(1,060)	113.5%	(2,962)	(1,541)	92.2%
Managerial Operating Income	42,773	18,850	126.9%	52,128	-17.9%	235,685	256,035	-7.9%
<i>Operating Margin</i>	<i>13.4%</i>	<i>6.2%</i>	<i>7.2 p.p.</i>	<i>18.2%</i>	<i>-0.3 p.p.</i>	<i>18.7%</i>	<i>20.8%</i>	<i>-2.1 p.p.</i>
(+) Adjusted Depreciation and Amortization	19,620	17,307	13.4%	18,839	4.1%	73,919	65,090	13.6%
EBITDA	62,393	36,157	72.6%	70,967	-12.1%	309,604	321,125	-3.6%
<i>EBITDA Margin</i>	<i>19.5%</i>	<i>11.9%</i>	<i>7.6 p.p.</i>	<i>24.8%</i>	<i>-5.3 p.p.</i>	<i>24.5%</i>	<i>26.1%</i>	<i>-1.5 p.p.</i>
(+) Non-recurring costs and expenses	3,824	9,525	-59.8%	12,175	-68.6%	34,000	21,521	58.0%
(+) Interest on tuition and agreements	4,539	5,367	-15.4%	1,995	127.5%	15,526	27,854	-44.3%
(-) Minimum rent paid	(9,750)	(9,750)	0.0%	(9,750)	0.0%	(39,000)	(39,000)	0.0%
Adjusted EBITDA	61,007	41,299	47.7%	75,387	-19.1%	320,130	331,500	-3.4%
<i>Adjusted EBITDA Margin</i>	<i>19.1%</i>	<i>13.6%</i>	<i>5.5 p.p.</i>	<i>26.4%</i>	<i>-7.3 p.p.</i>	<i>25.4%</i>	<i>26.9%</i>	<i>-1.6 p.p.</i>
(-) Adjusted Depreciation and Amortization	(19,620)	(17,307)	13.4%	(18,839)	4.1%	(73,919)	(65,090)	13.6%
Adjusted EBIT	41,386	23,992	72.5%	56,548	-26.8%	246,210	266,410	-7.6%
<i>Adjusted EBIT Margin</i>	<i>12.9%</i>	<i>7.9%</i>	<i>5.0 p.p.</i>	<i>19.8%</i>	<i>-6.8 p.p.</i>	<i>19.5%</i>	<i>21.6%</i>	<i>-2.1 p.p.</i>
Financial Result	(7,154)	(9,635)	-25.7%	(12,943)	-44.7%	(27,074)	(54,120)	-50.0%
(+) Financial Revenue	18,445	20,980	-12.1%	15,767	17.0%	74,396	80,607	-7.7%
Interest on Agreements and Others	4,539	5,367	-15.4%	1,995	127.5%	15,526	27,854	-44.3%
Returns on Financial Investments	13,675	13,330	2.6%	15,186	-9.9%	55,276	42,444	30.2%
Others	231	2,283	-89.9%	(1,414)	-116.3%	3,594	10,309	-65.1%
(-) Financial Expenses	(25,599)	(30,615)	-16.4%	(28,710)	-10.8%	(101,470)	(134,727)	-24.7%
Interest Expenses	(5,476)	(7,435)	-26.3%	(5,813)	-5.8%	(23,133)	(36,469)	-36.6%
Interest on Leasing	(8,185)	(8,365)	-2.2%	(8,232)	-0.6%	(33,017)	(33,704)	-2.0%
Discounts Granted	(4,790)	(7,388)	-35.2%	(10,638)	-55.0%	(24,623)	(34,743)	-29.1%
Monetary Variation Expenses	(2,667)	(3,632)	-26.6%	(2,572)	3.7%	(10,492)	(14,100)	-25.6%
Others	(4,482)	(3,795)	18.1%	(1,454)	208.1%	(10,205)	(15,711)	-35.0%
Income Before Income Taxes	35,619	9,215	286.5%	39,185	-9.1%	208,611	201,915	3.3%
Income and Social Contribution Taxes	(2,514)	(4,893)	-48.6%	(2,254)	11.5%	(7,332)	(4,440)	65.1%
Current	(18,050)	(16,017)	12.7%	(19,437)	-7.1%	(81,991)	(83,156)	-1.4%
Tax Incentive - Pronuni	15,536	12,135	28.0%	17,183	-9.6%	74,659	79,467	-6.1%
Deferred	-	(1,011)	-100.0%	-	0.0%	-	(751)	-100.0%
Consolidated Net Income/Loss	33,105	4,322	666.0%	36,931	-10.4%	201,279	197,475	1.9%
<i>Net Margin</i>	<i>10.3%</i>	<i>1.4%</i>	<i>8.9 p.p.</i>	<i>12.9%</i>	<i>-2.6 p.p.</i>	<i>15.9%</i>	<i>16.0%</i>	<i>-0.1 p.p.</i>