

Ser Educacional records net revenue of R\$ 308.8 million in 1Q17

Net revenue grew 8.3% over the same period in 2016

1Q17 Conference Call

May 5, 2017

Portuguese

10:00 am (Brasília time)

9:00 am (New York time)

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Recife, May 5, 2017 – Ser Educacional S.A. (BM&FBOVESPA SEER3, Bloomberg SEER3:BZ and Reuters SEER3.SA) announces its results for the first quarter of 2017 (1Q17). The information is presented in accordance with international financial reporting standards (IFRS) and consolidated in Brazilian reais (R\$). Comparisons refer to the first quarter of 2016, unless otherwise indicated. In 1Q17, the Company began to incur pre-operating costs and expenses for the expansion of new on-campus education units and distance learning centers. To better demonstrate these effects, the Company will also report its results omitting these effects (normalization).

Highlights

- The **Company enrolled 46,100 new undergraduate students (on-campus and distance learning)** in its student intake process of 2017.1, a 15.3% increase over the 39,900 students in the first quarter of 2016.
- **Net revenue stood at R\$ 308.8 million** in 1Q17, 8.3% up on 1Q16, due to the 3.8% increase in the student base, the pass-through of inflation to prices, and the higher average ticket of the new courses approved during the period, especially in the health, engineering and law segments, as well as the improved enrollment mix in units located in areas with greater brand recognition.
- In 1Q17, the **normalized EBITDA**, which omits non-recurring effects and pre-operating expenses, reached **R\$ 118.1 million**, a 4.4% increase over 1Q16. The normalized EBITDA margin reached 38.2%, versus 39.7% in the same period last year.
- The **normalized net profit reached R\$ 88.6 million in 1Q17**, and was stable if compared to the net profit of 1Q16, which reached R\$ 87.4 million.
- The **operating cash generation totaled R\$ 47.4 million** in the quarter, a significant increase over the R\$ 2.5 million operating cash generated in 1Q16. Such increase was mainly due to the better payment flow of the federal government's student financing program (FIES) this year, as well as the maintenance of cash generation by regular students.

Financial Highlights	1Q17	1Q16	% Chg.	4Q16	% Chg.
(R\$ '000)					
Net Revenue	308,820	285,125	8.3%	277,400	11.3%
Gross Profit	184,904	169,147	9.3%	138,867	33.2%
Gross Margin	59.9%	59.3%	0.6 p.p.	50.1%	9.8 p.p.
Adjusted EBITDA	112,162	113,087	-0.8%	68,612	63.5%
Adjusted EBITDA Margin	36.3%	39.7%	-3.3 p.p.	24.7%	11.6 p.p.
Normalized EBITDA	118,105	113,087	4.4%	68,612	72.1%
Normalized EBITDA Margin	38.2%	39.7%	-1.4 p.p.	24.7%	13.5 p.p.
Net Income	80,225	85,913	-6.6%	32,155	149.5%
Net Margin	26.0%	30.1%	-4.2 p.p.	11.6%	14.4 p.p.
Normalized Net Income	88,648	87,405	1.4%	40,034	121.4%
Normalized Net Margin	28.7%	30.7%	-1.9 p.p.	14.4%	14.3 p.p.



Índice Brasil 100 **IBRX 100**



- **A total of 47 new courses were approved in 1Q17, totaling 1,206 undergraduate courses on March 31, 2017.** The highlight in terms of new courses was the state of Pará, which on March 31, 2017 totaled 35 new courses, when compared to the number of courses authorized on March 31, 2016, among them: Dentistry, Physical Education, Nursing, Nutrition, Physiotherapy, Pharmacy, Psychology, Civil Engineering, Electrical Engineering and Mechanical Engineering.
- Ever since the publication of the 4Q16 earnings release, the Company had **13 new units accredited by the Ministry of Education (MEC):** Boa Vista (RR), Porto Velho (RO), Rio Branco (AC), Fortaleza (CE), Marabá (PA), Garanhuns (PE), Maracanaú (CE), Ananindeua (PA), Anápolis (GO), Juazeiro do Norte (CE), Sobral (CE), Mossoró (RN) and Natal (RN). Now, the Company has 21 courses accredited out of the 45 estimated in its long-term plan.
- In January 2017, the **Company announced the end of its share repurchase program, that had begun in January 2016, and the launching of a new share repurchase program,** valid until January 9, 2018, totaling up to 2,950,000 shares.
- On April 25, 2017, when the Company's Annual Shareholders' Meeting was held, the **distribution of R\$ 34.2 million in dividends** was approved, which represents 0.27422844 per share, to be paid on May 5, 2017, as resolved by the Board of Directors at meeting on March 13, 2017.
- **Universidade da Amazônia (UNAMA)** is among the best companies to work for in Pará, according to the ranking of the 10th edition of the *Prazer em Trabalhar* award. The research is conducted by the Business section of the newspaper Diário do Pará, in partnership with Gestor Consultoria. This year's edition also honored the university with the Holos Award for Best People Management Tools Implemented in Pará.
- On April 28, 2017, **the Board of Directors approved a dividend policy** which now provides for semi-annual dividend payments within 60 days from the date of the distribution decision. The methodology for calculating the payment of dividends remains unchanged, that is, the Policy provides for payment of at least 25% of net income for the year, adjusted in accordance with article 202 of the Brazilian Corporation Law and reduced by the portions of net profits destined to Fiscal incentive reserves of the Company and its subsidiaries.

Message from Management

After returning to its profitability and operating efficiency in 2016, Ser Educacional begins 2017 accelerating investments to raise growth rates of student base and revenue in the coming years. This is to maximize results based on the possibility of maturation of the newly accredited courses and on-campus units, the perspective that distance learning centers submitted to MEC in the end of 2015 will start being accredited, and the better perspectives for development of the Brazilian economy in the coming years.

In this scenario, the Company accelerated its investments in mid-2016, with an emphasis on the creation of a new structure dedicated to distance education activities. This initiative involved the allocation of substantial resources in all stages of this new market segment, including the development of a new distance learning platform, with the renewal of the academic portal, the pedagogic methodology which now has cutting-edge teaching methodologies, such as inverted classroom, adaptive learning and high-quality service provided to students. The Company also invested in the development of new contents, handouts, and in the creation of a complete infrastructure of studios, teachers, commercial and mentoring areas. As a result, the Company emerges in 2017 with its state-of-the-art distance learning platform and a structure that is ready for this new phase, which will certainly be relevant for the evolution of the Brazilian higher education.

Accreditation is a reality for the on-campus education. Only in 1Q17, the Company obtained MEC's approval to open 13 new on-campus education units in the cities of Boa Vista (RR), Porto Velho (RO), Rio Branco (AC), Fortaleza (CE), Marabá (PA), Garanhuns (PE), Maracanaú (CE), Ananindeua (PA), Anápolis (GO), Juazeiro do Norte (CE), Sobral (CE), Mossoró (RN) and Natal (RN). These new units are part of the Company's strategy to open 45 new units by 2020. So far, 21 courses were accredited in the initial phase of operation.

The initiatives for organic growth also resulted in improvement in the quality of the new courses approved by MEC, which went from 918 courses in 1Q16 to 1,206 courses in 1Q17, a 31.4% increase in the period. Most of these new courses are in existing units and they are part of an important strategic move to expand the Company's course portfolio, which is essential for maturation of the units opened in the last five years.



Marketing investments were also intensified this year, with the main highlight being the launch of the UNIVERITAS brand in the city of Rio de Janeiro. The operations in this city began in February 2017 and had positive results already in its first student intake process.

The organic growth of new courses and units was one of the key factors that explains why the growth of students enrolled in more advanced levels continued in 2017, which caused the students base to keep growing as well, even after more than 2 years of recession in the Brazilian economy.

The Company's Management believes that 2017 will be an important year of transition, in which companies in the higher education segment that over the last years prepared to face the hardest years of the Brazilian economy in the last two decades by working hard to have more efficient and lean operations, with resources and efforts oriented to providing quality education to their students, now have the mission to seize the opportunity created with the recovery of the Brazilian economy and, in the case of the Company, to keep working in its organic growth process carried out over the last years.

We once again thank our shareholders, teachers, students and employees for all the support given to Ser Educacional, for believing in the Company's purpose to grow based on quality education and profitability, which makes the Company highly capable of being permanent and generating long-term value.

OPERATING PERFORMANCE

Student intake process 2017.1

By the end of 1Q17, 46,100 new undergraduate students had been enrolled versus 39,900 new students in the same period of 2016. The distance learning segment was the undoubted highlight, with intake of 4,000 students, a growth of 52.6% over the 2,600 students enrolled in 1Q16.

1Q17 Student Enrollment			
In thousands	Reported 1Q17	Reported 1Q16	% Chg
Undergraduate Enrollments	46,057	39,935	15.3%
On-campus*	42,044	37,305	12.7%
Distance Learning	4,013	2,630	52.6%
Graduate Enrollments	2,868	2,314	23.9%
On-campus	2,358	2,173	8.5%
Distance Learning	510	141	261.7%

The on-campus undergraduate segment recorded a 12.7% increase in its enrollments: from 37,300 students in 1Q16 to 42,000 students in 1Q17. Such increase was primarily due to the accreditation of new courses and new units.

By the end of 1Q17, of the total number of students enrolled, 9,800 came with student loans, 1,100 of whom financed through PraValer, 1,200 through Educred and 7,500 through FIES. In the same period of 2016, the total number of students enrolled was 9,200, out of which 8,300 through FIES, 600 through PraValer and 300 through Educred. The percentage of students enrolled through student loans went from 24.7% in 1Q16 to 23.3% in 1Q17, 17.8% of them through FIES alone, versus 19.7% in the same period of 2016.

A total of 8,800 new FIES contracts were finalized so far (7,500 freshmen and 1,300 upperclassmen), filling around 73% of the 12,000 places allocated to the Company by the Federal Government in 2017.1, versus 50% places filled out of the 19,100 allocated for the Company in 2016.1, totaling 9,700 students (8,300 freshmen and 1,500 upperclassmen).

On-campus graduate courses grew 8.5% in 1Q17 with regard to student intake. Even though student intake had increased by the end of 1Q17, in the 1Q17 vs. 1Q16 comparison the on-campus graduate student base was reduced by 24.1% on account of the change in the criterion to add students to the final base, which in 2017.1 began to consider only students who are in full classes.

Dropout Rate

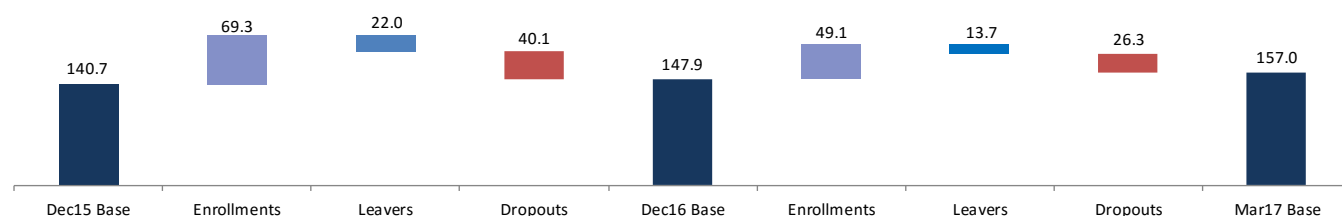
Dropout rate in 1Q17 was 13.8%, over 11.7% in 1Q16. The increase in dropout rate mainly reflects the current scenario of the Brazilian economy, especially the high level of unemployment in regions where the Company operates.

Student Growth Trends

Number of Students	Undergraduate		Graduate		Vocational		Total
	On Campus	Distance Learning	On Campus	Distance Learning	On Campus	Distance Learning	
1Q17							
Dec16 Base	131,092	6,102	9,501	805	362	-	147,862
Enrollments*	42,044	4,013	2,358	510	121	81	49,127
Leavers	(10,569)	-	(2,770)	-	(362)	-	(13,701)
Dropouts	(22,408)	(2,463)	(1,311)	(59)	(17)	(27)	(26,285)
Mar17 Base	140,159	7,652	7,778	1,256	104	54	157,003
% Mar17 Base / Dec16 Base	6.9%	25.4%	-18.1%	56.0%	-71.3%	0.0%	6.2%
% Mar17 Base / Mar16 Base	3.5%	71.7%	-24.1%	272.7%	-86.9%	0.0%	3.8%

The on-campus undergraduate student base totaled 140,200 students, 3.5% more than the 135,400-student base reported in 1Q16.

The total student base grew 3.8% over the base of March 31, 2016.



Average Net Ticket

Average Ticket (R\$)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
Undergraduate Students (On Campus)	720.92	675.31	6.8%	699.02	3.1%

The average ticket in 1Q17 was R\$ 720.92, 6.8% up on 1Q16, mainly due to the pass-through of inflation and the improvement in the course mix, exemplified by the gradually increasing share of engineering and health courses. Another contributing factor to the improved ticket was the increased number of enrollments in cities where the Company maintains more recognized brands.

Increase in average ticket was mitigated by the impact of punctual promotions for 1st and 2nd monthly tuitions totally R\$5.0 million which expected to be diluted during the semester.

Student Financing

STUDENT LOANS	Dec/12	Dec/13	Dec/14	Dec/15	1Q16	Dec/16	1Q17
Students	48,670	70,255	101,195	123,988	135,359	131,092	140,159
FIES Students	15,916	31,432	48,048	56,089	57,842	58,840	52,236
% of FIES Students	32.7%	44.7%	47.5%	45.2%	42.7%	44.9%	37.3%
EDUCRED Students				754	921	1,922	1,385
% of EDUCRED Students				0.6%	0.7%	1.5%	1.0%
PRAVALER Students				954	1,114	1,794	1,447
% of PRAVALER Students				0.8%	0.8%	1.4%	1.0%
PRAVALER Students				57,797	59,877	62,556	55,068
% of PRAVALER Students				46.6%	44.2%	47.7%	39.3%

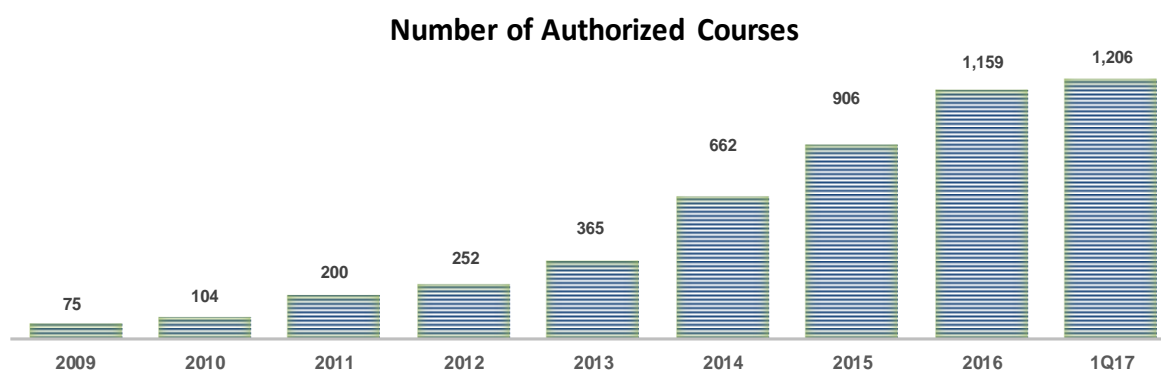
On March 31, 2017, students adhering to the FIES program accounted for 37.3% of the undergraduate student base, a 5.5 p.p. reduction over the 42.7% on March 31, 2016.

As of April 2015, the Company launched two new student financing plans. The first was PraValer, one of Brazil's largest private student financing programs. The second option was the re-launch of Educured, the Company's own loan program that finances approximately 50% of tuition with interest. At the close of 1Q17, 1,100 students had been financed by PraValer and 1,200 by Educured.

Organic Growth

In 1Q17, 47 new courses were authorized, giving a total of 1,206, and the number of places in certain courses also increased. As a result, in March/2017 the Company had more than 394,000 places per year, 115,300 of which in the distance learning segment. Ser Educacional continues to develop its organic growth strategy based on the accreditation of new units and the authorization of new courses.

The state of Paraná is a highlight in new courses; on March 31, 2017, it totaled more than 35 new courses, in relation to the number of courses authorized on March 31, 2016, among which: Odontology, Physical Education, Nursing, Nutrition, Physiotherapy, Pharmacy, Psychology, Civil Engineering, Electrical Engineering and Mechanical Engineering. With the 6 units in the state of Pará, Ser Educacional has a portfolio of 148 undergraduate courses, offered through the brands UNAMA, UNAMA/FIT and Mauricio de Nassau.



FINANCIAL PERFORMANCE

Gross Revenue

Gross Revenue (R\$ '000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
Gross Operating Revenue	405,005	352,063	15.0%	355,509	13.9%
Undergraduate Monthly Tuition	388,787	336,106	15.7%	340,348	14.2%
Graduate Monthly Tuition	4,650	5,720	-18.7%	5,529	-15.9%
Vocational Courses Revenues	474	3,757	-87.4%	550	-13.8%
Distance Learning Revenues	6,576	2,954	122.6%	5,528	19.0%
Others	4,518	3,526	28.1%	3,554	27.1%
Deductions from Gross Revenue	(96,185)	(66,938)	43.7%	(78,109)	23.1%
Discounts and Scholarships	(43,820)	(21,276)	106.0%	(27,570)	58.9%
PROUNI	(31,249)	(26,540)	17.7%	(30,107)	3.8%
FGEDUC And FIES charges	(9,986)	(6,791)	47.0%	(10,297)	-3.0%
Taxes	(11,130)	(12,331)	-9.7%	(10,135)	9.8%
% Discounts and Scholarships/ Net Oper. Rev.	10.8%	6.0%	4.8 p.p.	7.8%	3.1 p.p.
Net Operating Revenue	308,820	285,125	8.3%	277,400	11.3%

In 1Q17, the gross revenue was R\$ 405.0 million, 15.0% up on 1Q16, mainly due to the Company's organic growth, with the addition of new courses and units, and due to a business policy oriented to attracting "out-of-pocket" regular students, which led to an increase in the total undergraduate student base and in the average ticket, caused by the pass-through of inflation, improvement in the course mix and units with greater brand awareness.

For the same reasons, gross revenue in the undergraduate segment increased by 15.7% year-on-year, reaching R\$ 388.8 million in 1Q17 and accounting for 96.0% of the total.

The graduate segment recorded revenue of R\$ 4.7 million in 1Q17, or 1.1% of the total revenue, 18.7% down on 1Q16, due to the reduction in the student base.

Revenue from Vocational Training/Pronatec totaled R\$ 0.5 million in 1Q17, accounting for 0.1% of the total, 87.4% down on 1Q16. This reduction reflects the graduation of Pronatec students in the period, which students were not replaced due to the cuts to the program by the federal government.

Distance learning, a segment in which the Company began operating in 2014, already accounts for 1.6% of total revenue, or R\$ 6.6 million, an increase of 122.6% over 1Q16, reflecting the 87.0% year-on-year upturn in the segment's student base, in undergraduate and graduate courses. The distance learning students base has been growing considerably and consistently since 2015, mainly due to the increase in business activities for this segment caused by the reorganization in the distance learning team, which is now fully dedicated to this activity. Therefore, the 15 accredited centers are more mature.

Deductions from gross revenue increased by 43.7% in the quarter due to the increase in sales discounts and scholarships, mainly due to (i) a higher volume of discounts granted, especially in the 1st and 2nd tuitions, which alone amounted to approximately R\$5.0 million, as part of the student intake strategy for this quarter, (ii) increase in the PROUNI student base, and transfer of average ticket in this segment, and (iii) increase in FIES charges, given the introduction of the additional 2% deduction from the student base as of July 2016, which represented R\$2.8 million in 1Q17.

Net revenue increased 8.3%, from R\$ 285.1 million in 1Q16 to R\$ 308.8 million in 1Q17.

Cost of Services Rendered

Breakdown of Cost of Services Rendered¹ - Accounting (R\$ '000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
Cash Cost of Services Rendered	(115,580)	(106,923)	8.1%	(129,129)	-10.5%
Payroll and Charges	(86,737)	(82,524)	5.1%	(98,162)	-11.6%
Rent	(17,875)	(15,199)	17.6%	(17,044)	4.9%
Concessionaires (Electricity, Water and Telephone)	(7,084)	(5,989)	18.3%	(8,349)	-15.2%
Third-Party Services and Others	(3,884)	(3,211)	21.0%	(5,574)	-30.3%

The cash cost of services rendered (excluding depreciation and amortization) totaled R\$ 115.6 million in 1Q17, 8.1% more than in 1Q16. The main components of this line recorded an upturn in the quarter, for the following reasons:

- Payroll and charges increased by 5.1% in 1Q17 over 1Q16. This increase is mainly due to the nearly 8% pay rise during 2016 and maintenance of the operational and classroom structure, even with the 3.8% increase in student base.
- The rental line grew by 17.6%, from R\$ 15.2 million in 1Q16 to R\$ 17.9 million in 1Q17, due to the pass-through of inflation to agreements and rent of the new units, particularly influenced by the beginning of the leasing agreement in Rio de Janeiro, which is a larger property that generated pre-operating expenses of R\$ 0.6 million in the quarter referring to the leased and unused part of the property. This effect was offset by the suspension of leasing agreements for 12 months in properties belonging to the Company in which the controlling shareholder retains a majority stake, as announced in the 1Q16 Earnings Release.
- The concessionaires line grew 18.3% due to the increased number of operational units (Petrolina, Jaboatão dos Guararapes, Feira de Santana, Cabo de Santo Agostinho and Rio de Janeiro) and the inauguration of new buildings to expand operations, as in Aracaju and Salvador, which was partially compensated by the tariff reduction, return of properties last year, as well as the initiatives to reduce electricity costs announced in December 2016 and to reduce telecommunications costs mainly at UNAMA.
- Third-party services increased by 21.0%, from R\$ 3.2 million in 1Q16 to R\$ 3.9 million in 1Q17, due to the contracting of a larger number of service providers to implement improvements to the Company's processes and activities.

The table below shows managerial operating costs, adjusted for non-recurring effects of synergy gains in the merger of UNG and UNAMA.

Breakdown of Cost of Services Rendered¹ - Managerial (R\$ '000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
Cash Cost of Services Rendered	(114,700)	(106,080)	8.1%	(123,431)	-7.1%
Payroll and Charges	(86,457)	(82,162)	5.2%	(92,464)	-6.5%
Rent	(17,275)	(15,199)	13.7%	(17,044)	1.4%
Concessionaires (Electricity, Water and Telephone)	(7,084)	(5,989)	18.3%	(8,349)	-15.2%
Third-Party Services and Others	(3,884)	(2,730)	42.3%	(5,574)	-30.3%

Gross Profit

Gross Profit - Accounting (R\$ '000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
Net Operating Revenue	308,820	285,125	8.3%	277,400	11.3%
Cost of Services Rendered	(123,916)	(115,978)	6.8%	(138,533)	-10.6%
Gross Profit	184,904	169,147	9.3%	138,867	33.2%
Gross Margin	59.9%	59.3%	0.6 p.p.	50.1%	9.8 p.p.
(-) Depreciation	8,336	9,055	-7.9%	9,404	-11.4%
Cash Gross Profit	193,240	178,202	8.4%	148,271	30.3%
Cash Gross Margin	62.6%	62.5%	0.1 p.p.	53.5%	9.1 p.p.

Cash gross profit increased by 8.4%, from R\$ 178.2 million in 1Q16 to R\$ 193.2 million in 1Q17. The cash gross margin stood at 62.6% in 1Q17, in line with 1Q16 (62.5%), which demonstrates that the Company's results still benefit from operating efficiency gains from activities in full operation.

The table below shows the gross profit adjusted for non-recurring effects and pre-operating costs and expenses related to the expansion of EAD and new units.

Gross Profit - Managerial (R\$ '000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
Net Operating Revenue	308,820	285,125	8.3%	277,400	11.3%
Cost of Services Rendered	(123,036)	(115,135)	6.9%	(132,835)	-7.4%
Adjusted Gross Profit	185,784	169,990	9.3%	144,565	28.5%
Gross Margin	60.2%	59.6%	0.5 p.p.	52.1%	8.0 p.p.
(-) Depreciation	8,336	9,055	-7.9%	9,404	-11.4%
Adjusted Cash Gross Profit	194,120	179,045	8.4%	153,969	26.1%
Cash Gross Margin	62.9%	62.8%	0.1 p.p.	55.5%	7.4 p.p.

Operating Expenses (Selling, General and Administrative)

Operating Expenses - Accounting (R\$ '000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
General and Administrative Expenses	(85,059)	(69,941)	21.6%	(89,109)	-4.5%
Payroll and Charges	(30,990)	(26,168)	18.4%	(29,297)	5.8%
Third-Party Services	(7,119)	(6,806)	4.6%	(6,747)	5.5%
Advertising	(20,742)	(15,677)	32.3%	(18,739)	10.7%
Materials	(4,124)	(3,165)	30.3%	(4,173)	-1.2%
PDA	(7,303)	(6,390)	14.3%	(14,435)	-49.4%
Others	(8,589)	(6,278)	36.8%	(9,439)	-9.0%
Depreciation and Amortization	(6,192)	(5,457)	13.5%	(6,279)	-1.4%
Operating Income	99,203	99,006	0.2%	50,445	96.7%
General and Administrative Expenses (Ex-Depreciation and Amortization)	(78,867)	(64,484)	22.3%	(82,830)	-4.8%

General and administrative expenses increased by 21.6%, from R\$ 69.9 million in 1Q16 to R\$ 85.1 million in 1Q17, mainly due to:

a) Personnel expenses grew 18.4% over 1Q16, due to (i) approximately 8% average wage increase for the administrative staff, (ii) non-recurring expenses on account of severance for employees, in the amount of R\$ 2.6 million incurred in the quarter, and (iii) pre-operating expenses related to employees hired for distance learning operations and new units approved during 1Q17, in the amount of R\$ 2.1 million. These factors apart, this line totals R\$ 26.3 million; as shown in the table that makes a managerial analysis of this result (non-recurring and pre-operating effects excluded), it is a practically stable expense level, which indicates operating efficiency gain in recurring operations, despite the impact of the pay rise and increased student base.

b) The account of services rendered remains practically stable in the comparison with the same period last year. However, this expenses was impacted by the increase in the hiring of service providers in the total of R\$0.9 million for the new units and especially in Rio de Janeiro.

c) Advertising expenses grew by 32% quarter-on-quarter. This growth was mainly caused by the student intake strategy adopted in this quarter, focused on attracting regular students, as well as pre-operating expenses amounting to R\$ 2.4 million, related to the development and launch of the brand UNIVERITAS, especially in the city of Rio de Janeiro. This amount excluded, advertising expenses increased 17.3% and went from 5.5% of net revenue to 6.0%, this effect net of the initiatives to launch the new brand, which was an important part of the strategy to attract students.

d) The provision for doubtful accounts increased 14.3%, from R\$ 6.4 million in 1Q16 to R\$ 7.3 million in 1Q17, increasing from 2.2% to 2.4% of net revenue. This increase reflected the higher number of students in default on account of the current Brazilian economic scenario.

e) Other expenses grew by 36.8%, from R\$ 6.3 million in 1Q16 to R\$ 8.6 million in 1Q17, as a result of increased expenses with services and travel due to the higher number of courses in the process of accreditation between the two periods.

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

Operating Expenses - Managerial (R\$ '000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
General and Administrative Expenses	(77,381)	(69,255)	11.7%	(86,773)	-10.8%
Payroll and Charges	(26,513)	(26,168)	1.3%	(29,297)	-9.5%
Third-Party Services	(6,268)	(6,806)	-7.9%	(6,747)	-7.1%
Advertising	(18,392)	(15,677)	17.3%	(18,739)	-1.9%
Materials	(4,124)	(3,165)	30.3%	(4,173)	-1.2%
PDA	(7,303)	(6,390)	14.3%	(14,435)	-49.4%
Others	(8,589)	(5,592)	53.6%	(7,103)	20.9%
Depreciation and Amortization	(6,192)	(5,457)	13.5%	(6,279)	-1.4%
Managerial Operating Income	107,761	100,534	7.2%	58,479	84.3%
General and Administrative Expenses (Ex-Depreciation and Amortization)	(71,189)	(63,798)	11.6%	(80,494)	-11.6%

EBITDA and Adjusted EBITDA

EBITDA (R\$ '000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
Net Income (Loss)¹	80,225	85,913	-6.6%	32,155	149.5%
(+) Net financial expense ²	17,689	11,023	60.5%	17,657	0.2%
(+) Income and social contribution taxes	1,289	2,070	-37.7%	633	103.6%
(+) Depreciation and amortization	14,528	14,512	0.1%	15,683	-7.4%
EBITDA³	113,731	113,518	0.2%	66,128	72.0%
EBITDA Margin	36.8%	39.8%	-3.0 p.p.	23.8%	13.0 p.p.
(+) Revenue from interest and fines on tuition ⁵	5,566	7,791	-28.6%	4,200	32.5%
(+) Non-recurring costs and expenses ⁶	2,615	1,528	71.1%	8,034	-67.5%
(-) Minimum rent paid ⁷	(9,750)	(9,750)	0.0%	(9,750)	0.0%
Adjusted EBITDA⁴	112,162	113,087	-0.8%	68,612	63.5%
Adjusted EBITDA Margin	36.3%	39.7%	-3.3 p.p.	24.7%	11.6 p.p.
(+) Pre-Operational Costs and Expenses	5,943	-	0.0%	-	0.0%
Payroll	2,142	-	0.0%	-	0.0%
Third-Party Services	851	-	0.0%	-	0.0%
Advertising	2,350	-	0.0%	-	0.0%
Rent	600	-	0.0%	-	0.0%
Normalized EBITDA⁸	118,105	113,087	4.4%	68,612	72.1%
Normalized EBITDA Margin	38.2%	39.7%	-1.4 p.p.	24.7%	13.5 p.p.

1. Due to our adherence to PROUNI, we are entitled to certain tax benefits that affect net income.

2. Corresponds to the difference between financial revenue and expenses.

3 EBITDA is not an official accounting measurement.

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

5 Revenue from interest and fines on tuitions corresponds to financial charges on renegotiated and overdue tuition fees.

6. Non-recurring costs and expenses are mainly related to costs and expenses from mergers and acquisitions, which would not affect normal cash flow.

7. 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.

8. Normalized EBITDA, which omits non-recurring effects and pre-operating costs and expenses.

Cash generation measured by the Adjusted EBITDA for 1Q17 amounted to R\$ 112.2 million, in line with 1Q16, when it stood at R\$ 113.1 million. The adjusted EBITDA margin closed the first quarter of 2017 at 36.3%, a 3.3 p.p. reduction over 1Q16.

The reduction in the adjusted EBITDA margin was mainly caused by pre-operating costs and expenses, which amounted to R\$ 5.9 million. This effect apart, the margin reduction is 1.4 p.p. when analyzing the Normalized EBITDA. This drop, in turn, is explained by the one-time increase in the discounts due to promotions focused on 1st and 2nd tuition discounts, as well as higher advertising expenses, lower revenue from interest, and increased provision for doubtful accounts.

Financial Result

Financial Result - Accounting (R\$ '000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
(+) Financial Revenue	20,126	26,697	-24.6%	14,922	34.9%
Interest on Tuition and Agreements	5,566	7,791	-28.6%	4,200	32.5%
Returns on Financial Investments	10,701	7,864	36.1%	10,297	3.9%
Others	3,859	11,042	-65.1%	425	808.0%
(-) Financial Expenses	(37,815)	(37,720)	0.3%	(32,579)	16.1%
Interest Expenses	(11,886)	(14,946)	-20.5%	(12,862)	-7.6%
Interest on Leasing	(8,486)	(8,631)	-1.7%	(8,523)	-0.4%
Discounts Granted	(10,298)	(8,119)	26.8%	(5,749)	79.1%
Monetary Variation Expenses	(3,665)	(4,070)	-10.0%	(4,556)	-19.6%
Others	(3,480)	(1,954)	78.1%	(889)	291.5%
Financial Result	(17,689)	(11,023)	60.5%	(17,657)	0.2%

Financial revenue declined by 24.6%, from R\$ 26.7 million in 1Q16, to R\$ 20.1 million in 1Q17, due to the reduced interest on tuitions and negotiated agreements, Impacted by the higher volume of punctual discounts in the first and second monthly tuition compared with 1Q16 and the reduction in other financial revenue, due to (i) a reduction in the recognition of financial revenue on the balance of outstanding FIES accounts receivable from R\$ 7 million in 1Q16 to R\$ 2.5 million in 1Q17, (ii) the recurring effect from the provision for payment of PIS/COFINS taxes on financial revenue, of approximately R\$ 0.8 million in 1Q17, which began in 3Q16, given that the court lifted an injunction protecting the Company against the collection of PIS and COFINS established by Decree 8426, of April 1, 2016 and (iii) the reclassification of R\$ 0.8 million of reversal of interest on IFC loans allocated to fixed assets which until 3Q16 were classified as other financial revenue and, as of 4Q16, began to be booked as deduction from interest expenses. These effects were partially offset by the increase in the income from financial investments, which increased by 36.1% due to the increase in the balance of cash and cash equivalents between the two quarters.

Financial expenses contracted from R\$ 37.7 million in 1Q16 to R\$ 37.8 million in 1Q17. In the comparison of the two periods, this reduction was primarily due to:

- Interest expenses which fell 20.5%, from R\$ 14.9 million in 1Q16 to R\$ 11.9 million in 1Q17, chiefly due to the reclassification of reversal of interest on IFC loans allocated to fixed assets, as mentioned in the Financial Revenue section above, in addition to the drop in the CDI rate.
- Discounts Granted raised 26.8%, from R\$ 8.1 million in 1Q16 to R\$ 10.3 million in 1Q17, due to the increased volume of student renegotiations in the re-enrollment process and agreements for students in arrears for more than 180 days.
- Monetary variation expenses, corresponding to financial remuneration related to amounts payable, mainly impacted by the acquisition of UNG and Talles de Mileto, decreased by 10%, from R\$ 4.1 million in 1Q16 to R\$ 3,7 million in 1Q17, as a result of the decrease in the total amounts payable caused by the amortization of these amounts during 2016 and 1Q17.

As a result of the factors mentioned above, the net financial result was an expense of R\$ 17.7 million in 1Q17 versus an expense of R\$ 11.1 million in 1Q16, a 60.5% increase.

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

Financial Result - Managerial (R\$ '000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
(+) Financial Revenue	20,126	26,697	-24.6%	12,725	58.2%
Interest on Tuition and Agreements	5,566	7,791	-28.6%	4,200	32.5%
Returns on Financial Investments	10,701	7,864	36.1%	10,297	3.9%
Others	3,859	11,042	-65.1%	(1,772)	-317.8%
(-) Financial Expenses	(37,815)	(37,720)	0.3%	(30,382)	24.5%
Interest Expenses	(11,886)	(14,946)	-20.5%	(10,665)	11.4%
Interest on Leasing	(8,486)	(8,631)	-1.7%	(8,523)	-0.4%
Discounts Granted	(10,298)	(8,119)	26.8%	(5,749)	79.1%
Monetary Variation Expenses	(3,665)	(4,070)	-10.0%	(4,556)	-19.6%
Others	(3,480)	(1,954)	78.1%	(889)	291.5%
Financial Result	(17,689)	(11,023)	60.5%	(17,657)	0.2%

Net Income

Net Income - Accounting (R\$ 000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
Operating Income	99,203	99,006	0.2%	50,445	96.7%
(+) Financial Result	(17,689)	(11,023)	60.5%	(17,657)	0.2%
(+) Income and Soc. Contrib. Taxes	(1,376)	(2,070)	-33.5%	(719)	91.4%
(+) Deferred Income and Soc. Contrib. Taxes	87	-	0.0%	86	1.2%
Net Income (Loss)	80,225	85,913	-6.6%	32,155	149.5%
Net Margin	26.0%	30.1%	-4.2 p.p.	11.6%	14.4 p.p.

Operating income stood at R\$ 99.2 million in 1Q17, in line with 1Q16 (R\$ 99.0 million).

Income tax and social contributions of 1Q17 fell by 33.5% over 1Q16, amounting to R\$ 1.4 million, due to the compensation of R\$ 1.5 million related to tax losses in units acquired previously, in addition to the greater volume of PROUNI students that makes the use of incentives more efficient.

Net income fell from R\$ 85.9 million in the quarter ended on March 31, 2016 to R\$ 80.2 million in the same period of 2017, representing a 6.6% decrease. Net income came to 26.0% of net revenue, 4.2 p.p. down on 1Q16 (30.1%). Net income normalized for non-recurring effects and pre-operating costs and expenses of the quarter was R\$ 88.6 million, with net margin of 28.7%.

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 accounting results presented in IFRS.

Net Income - Managerial (R\$ 000)	1Q17	1Q16	% Chg. 1Q17 x 1Q16	4Q16	% Chg. 1Q17 x 4Q16
Operating Income	107,761	100,534	7.2%	58,479	84.3%
(+) Financial Result	(17,689)	(11,023)	60.5%	(17,657)	0.2%
(+) Income and Soc. Contrib. Taxes	(1,511)	(2,106)	-28.2%	(874)	72.9%
(+) Deferred Income and Soc. Contrib. Taxes	87	-	0.0%	86	1.2%
Normalized Net Income (Loss)	88,648	87,405	1.4%	40,034	121.4%
Normalized Net Margin	28.7%	30.7%	-1.9 p.p.	14.4%	14.3 p.p.

Accounts Receivable and Average Collection Period

Accounts Receivable and Average Receivable Days (R\$ '000)	1Q16	2Q16	3Q16	4Q16	1Q17
Gross Accounts Receivable	555,192	558,237	493,125	449,869	521,491
Monthly tuition fees	73,334	76,245	60,406	84,309	87,714
FIES	397,502	391,752	342,054	281,518	331,719
PRONATEC	7,791	6,343	6,021	5,474	5,224
Negotiated agreements receivable	58,411	54,861	64,647	60,889	80,184
Education credits receivable	10,229	9,616	9,333	10,799	11,113
Others	7,925	19,420	10,664	6,880	5,537
PDA balance	(41,330)	(37,029)	(40,854)	(44,613)	(46,048)
Net Accounts Receivable	513,862	521,208	452,271	405,256	475,443
Net Revenue (Last 12 Months - FIES+Ex-FIES+Pronatec)	1,048,075	1,064,511	1,096,490	1,125,380	1,149,075
Net Receivable Days (FIES+Ex-FIES+Pronatec)	177	176	148	130	149
Net Revenue FIES (Last 12 Months)	505,215	522,979	542,526	540,902	552,413
Net Receivable Days (FIES)	283	270	227	187	216
Net Receivable Days (Monthly tuition fees + Negotiated agreements receivable)	72	79	81	94	101
Net Receivable Days (Monthly tuition fees + Negotiated agreements receivable + Education credits receivable)	77	85	87	101	108

Net accounts receivable fell by 7.5% over 1Q16, mainly due to the reduction in FIES and PRONATEC accounts receivable, partially compensated by the increase in accounts receivable from students, agreements and education credits receivable.

The turnover of accounts receivable from non-FIES students remains under control and within the Company's policy of provisioning 100% of receivables overdue by more than 180 days, plus FIES provisions.

Aging of Monthly tuition fees (R\$ '000)	1Q17	% Chg.	4Q16	% Chg.
Overdue by up to 30 day	29,072	33.1%	18,639	22.1%
Overdue from 31 to 60 days	12,351	14.1%	14,472	17.2%
Overdue from 61 to 90 days	5,066	5.8%	13,245	15.7%
Overdue from 91 to 180 days	21,207	24.2%	18,015	21.4%
Overdue more than 180 days	20,018	22.8%	19,938	23.6%
TOTAL	87,714	100.0%	84,309	100.0%
% of Gross Accounts Receivable	16.8%		18.7%	

Aging of Negotiated Agreements (R\$ '000)	1Q17	% Chg.	4Q16	% Chg.
Not yet due	35,496	44.3%	14,923	24.5%
Overdue by up to 30 day	11,890	14.8%	8,092	13.3%
Overdue from 31 to 60 days	6,482	8.1%	7,035	11.6%
Overdue from 61 to 90 days	3,563	4.4%	6,157	10.1%
Overdue from 91 to 179 days	9,811	12.2%	12,258	20.1%
Overdue more than 180 days	12,942	16.1%	12,424	20.4%
TOTAL	80,184	100.0%	60,889	100.0%
% of Gross Accounts Receivable	15.4%		13.5%	

Accounts receivable from students refers to renegotiations with students in debt to the Company. The table above shows that 44.3% of the agreements were falling due.

The table below shows the evolution of our provision for doubtful accounts from December 31, 2016 to March 31, 2017:

Constitution of Provision for Doubtful Accounts in the Income Statement (R\$ '000)	12/31/2016	Gross Increase in Provision for Doubtful Accounts	Write-off	03/31/2017
Total	44,613	7,303	(5,868)	46,048

Investments (CAPEX)

CAPEX (R\$ ('000))	3M17	% of Total	3M16	% of Total
CAPEX Total	33,202	100.0%	16,102	100.0%
Property acquisition / Construction / Maintenance of campuses	19,120	57.6%	11,102	68.9%
Equipment / Library / IT	10,121	30.5%	3,195	19.8%
MEC Licenses	179	0.5%	46	0.3%
Software Licenses	2,383	7.2%	1,442	9.0%
Intangibles and Others	1,399	4.2%	317	2.0%
Acquisitions Debt Payment	37,479		15,615	
Total CAPEX + Aquisitions Payables	70,681		31,717	

In the period 3M17, the Company invested R\$ 19.1 million in the remodeling of campuses, mainly in the cities of Caruaru, Fortaleza and Rio de Janeiro. In acquisitions of equipment, library and IT, R\$10.1 million were invested mainly to buy books (books and publications) to build libraries in operational units, as well as IT equipment.

The total of R\$ 37.5 million in debt payments related to previous acquisitions (payment commitments) recorded under cash flow as investing activity, was mainly allocated to the payment of the UNG acquisition.

Indebtedness

Indebtedness (R\$ '000)	03/31/2017	12/31/2016	% Chg. Mar17 x Dec16
Cash, Cash equivalents and Securities	336,790	399,583	-15.7%
Gross debt	(467,680)	(517,723)	-9.7%
Loans and financing	(332,802)	(348,788)	-4.6%
Short term	(98,928)	(99,259)	-0.3%
Long term	(233,874)	(249,529)	-6.3%
Aquisitions Payables*	(134,878)	(168,935)	-20.2%
Net debt	(130,890)	(118,140)	10.8%
Net debt / Adjusted EBITDA (LTM)	0.37	0.33	

* Acquisitions payables refer to acquisition scheduled payments

The total of cash and cash equivalents was R\$ 336.8 million, a 15.7% reduction over 4Q16. This reduction is caused basically by the seasonality of the Company's activities, given that payment commitments are mostly settled in the beginning of the year (and they decreased by 20.2% in the same period) and FIES payment flow is lower on account of the re-enrollment process that goes on until March and whose payment flow normalizes only in the second quarter.

On March 31, 2017, Ser Educacional's gross debt was R\$ 467.7 million, 9.7% down on the R\$ 517.7 million recorded on December 31, 2016, due to the settlement of payment commitments related to the acquisition of UNG. The

Company's indebtedness is primarily due to the commitments related to the acquisitions and the taking out of two long-term loans with the following characteristics: (i) financing from the IFC over seven 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 issuance of non-convertible simple debentures with a term of 5 years totaling R\$ 150.0 million at the CDI+2.5% p.a., with monthly payments as of February 2017 until final maturity in July 2020.

In 1Q17, the Company's net debt stood at R\$ 130.9 million, representing a leverage ratio (net debt / LTM EBITDA) of 0.37x, versus 0.33x in 4Q16.

Debt Amortization Schedule (R\$ '000)	Loans and Financing	A.V. (%)	Aquisitions Payables	A.V. (%)	Debentures	A.V. (%)	Total	A.V. (%)
Short Term	55,810	29.2%	77,992	57.8%	43,118	30.5%	176,920	37.8%
Total Long Term	135,421	70.8%	56,886	42.2%	98,453	69.5%	290,760	62.2%
1-2 years	43,606	22.8%	27,682	20.5%	42,168	29.8%	113,456	24.3%
2-3 years	28,422	14.9%	29,204	21.7%	42,168	29.8%	99,794	21.3%
3-4 years	23,530	12.3%	-	0.0%	14,117	10.0%	37,647	8.0%
4-5 years	23,530	12.3%	-	0.0%	-	0.0%	23,530	5.0%
After five years	16,333	8.5%	-	0.0%	-	0.0%	16,333	3.5%
Total Loans, Financing and Acquisitions payables	191,231	100.0%	134,878	100.0%	141,571	100.0%	467,680	100.0%

In regard to the debt payment schedule, 37.8% 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

In 1Q17, the Company's cash flow reduced by R\$ 10.9 million, resulting in period cash generation of R\$ 14.2 million from operating activities. This operating cash generation was partially offset by the use of R\$ 6.3 million in financing activities and R\$ 70.7 million in investing activities (as mentioned in the CAPEX section).

Cash Flow (R\$ '000)	3M17	3M16	% Chg. 3M17 x 3M16
Cash flow from operating activities			
Net cash from operating activities	47,424	2,466	1823.1%
(-) Cash flow allocated to investing activities	(70,681)	(31,717)	122.8%
(+) Securities	51,881	44,478	16.6%
(+) Cash flow allocated to financing activities	(6,330)	(4,508)	40.4%
Financing Activities	(6,330)	(4,508)	40.4%
Dividends	-	-	-100.0%
(+) Interest on loans	(31,566)	(22,519)	40.2%
(+) Income and social contribution taxes paid	(1,640)	(1,226)	33.8%
Increase in cash and cash equivalents	(10,912)	(13,026)	-16.2%
Net increase in cash and cash equivalents			
Beginning of period	62,036	69,999	-11.4%
End of period	51,124	56,973	-10.3%
Increase in cash and cash equivalents	(10,912)	(13,026)	-16.2%
Cash and Securities changes	(62,793)	(57,504)	9.2%



ABOUT GRUPO SER EDUCACIONAL

Founded in 2003 and headquartered in Recife, Grupo Ser Educacional (BM&FBOVESPA 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 18 states, with a consolidated base of more than 157,000 students. The Company operates through the brands Faculdades Maurício de Nassau, UNINASSAU – Centro Universitário Maurício de Nassau, Faculdades Joaquim Nabuco, Escolas Técnicas Joaquim Nabuco e Maurício de Nassau, UNG (Universidade UNG), UNAMA/FIT (Universidade da Amazônia) and UNIVERITAS – Centro Universitário e Faculdades Universus Veritas, through which it offers more than 1,200 courses.

This notice 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

Income Statement - Accounting R\$ ('000)	1Q17	1Q16	Var. (%) 1Q17 x 1Q16	4Q16	Var. (%) 1Q17 x 4Q16
Gross Operating Revenue	405,005	352,063	15.0%	355,509	13.9%
Undergraduate Monthly Tuition	388,787	336,106	15.7%	340,348	14.2%
Graduate Monthly Tuition	4,650	5,720	-18.7%	5,529	-15.9%
Vocational Courses Revenues	474	3,757	-87.4%	550	-13.8%
Distance Learning Revenues	6,576	2,954	122.6%	5,528	19.0%
Others	4,518	3,526	28.1%	3,554	27.1%
Deductions from Gross Revenue	(96,185)	(66,938)	43.7%	(78,109)	23.1%
Discounts and Scholarships	(43,820)	(21,276)	106.0%	(27,570)	58.9%
PROUNI	(31,249)	(26,540)	17.7%	(30,107)	3.8%
FGEDUC And FIES charges	(9,986)	(6,791)	47.0%	(10,297)	-3.0%
Taxes	(11,130)	(12,331)	-9.7%	(10,135)	9.8%
Net Operating Revenue	308,820	285,125	8.3%	277,400	11.3%
Cash Cost of Services Rendered	(123,916)	(115,978)	6.8%	(138,533)	-10.6%
Payroll and Charges	(86,737)	(82,524)	5.1%	(98,162)	-11.6%
Rent	(17,875)	(15,199)	17.6%	(17,044)	4.9%
Concessionaires (Electricity, Water and Telephone)	(7,084)	(5,989)	18.3%	(8,349)	-15.2%
Third-Party Services	(3,884)	(3,211)	21.0%	(5,574)	-30.3%
Depreciation and Amortization	(8,336)	(9,055)	-7.9%	(9,404)	-11.4%
Managerial Gross Profit	184,904	169,147	9.3%	138,867	33.2%
<i>Gross Margin</i>	<i>59.9%</i>	<i>59.3%</i>	<i>0.6 p.p.</i>	<i>50.1%</i>	<i>9.8 p.p.</i>
Operating Expenses/Revenue	(85,701)	(70,141)	22.2%	(88,422)	-3.1%
General and Administrative Expenses	(85,059)	(69,941)	21.6%	(89,109)	-4.5%
Payroll and Charges	(30,990)	(26,168)	18.4%	(29,297)	5.8%
Third-Party Services	(7,119)	(6,806)	4.6%	(6,747)	5.5%
Advertising	(20,742)	(15,677)	32.3%	(18,739)	10.7%
Materials	(4,124)	(3,165)	30.3%	(4,173)	-1.2%
PDA	(7,303)	(6,390)	14.3%	(14,435)	-49.4%
Others	(8,589)	(6,278)	36.8%	(9,439)	-9.0%
Depreciation and Amortization	(6,192)	(5,457)	13.5%	(6,279)	-1.4%
Other Operating Expenses/Revenue	(642)	(200)	221.0%	687	-193.4%
Managerial Operating Income	99,203	99,006	0.2%	50,445	96.7%
<i>Operating Margin</i>	<i>32.1%</i>	<i>34.7%</i>	<i>-2.6 p.p.</i>	<i>18.2%</i>	<i>13.9 p.p.</i>
(+) Depreciation and Amortization	14,528	14,512	0.1%	15,683	-7.4%
EBITDA	113,731	113,518	0.2%	66,128	72.0%
<i>EBITDA Margin</i>	<i>36.8%</i>	<i>39.8%</i>	<i>-3.0 p.p.</i>	<i>23.8%</i>	<i>13.0 p.p.</i>
(+) Non-recurring costs and expenses	2,615	1,528	71.1%	8,034	-67.5%
(+) Interest on tuition and agreements	5,566	7,791	-28.6%	4,200	32.5%
(-) Minimum rent paid	(9,750)	(9,750)	0.0%	(9,750)	0.0%
Adjusted EBITDA	112,162	113,087	-0.8%	68,612	63.5%
<i>Adjusted EBITDA Margin</i>	<i>36.3%</i>	<i>39.7%</i>	<i>-3.3 p.p.</i>	<i>24.7%</i>	<i>11.6 p.p.</i>
(+) Pre-Operational Costs and Expenses	5,943	-	0.0%	-	0.0%
Payroll	2,142	-	0.0%	-	0.0%
Third-Party Services	851	-	0.0%	-	0.0%
Advertising	2,350	-	0.0%	-	0.0%
Rent	600	-	0.0%	-	0.0%
EBITDA Normalizado	118,105	113,087	4.4%	68,612	72.1%
<i>Margem EBITDA Ajustado</i>	<i>38.2%</i>	<i>39.7%</i>	<i>-1.4 p.p.</i>	<i>24.7%</i>	<i>13.5 p.p.</i>
(-) Depreciation and Amortization	(14,528)	(14,512)	0.1%	(15,683)	-7.4%
Adjusted EBIT	97,634	98,575	-1.0%	52,929	84.5%
<i>Adjusted EBIT Margin</i>	<i>31.6%</i>	<i>34.6%</i>	<i>-3.0 p.p.</i>	<i>19.1%</i>	<i>12.5 p.p.</i>
Financial Result	(17,689)	(11,023)	60.5%	(17,657)	0.2%
(+) Financial Revenue	20,126	26,697	-24.6%	14,922	34.9%
Interest on Tuition and Agreements	5,566	7,791	-28.6%	4,200	32.5%
Returns on Financial Investments	10,701	7,864	36.1%	10,297	3.9%
Others	3,859	11,042	-65.1%	425	808.0%
(-) Financial Expenses	(37,815)	(37,720)	0.3%	(32,579)	16.1%
Interest Expenses	(11,886)	(14,946)	-20.5%	(12,862)	-7.6%
Interest on Leasing	(8,486)	(8,631)	-1.7%	(8,523)	-0.4%
Discounts Granted	(10,298)	(8,119)	26.8%	(5,749)	79.1%
Monetary Variation Expenses	(3,665)	(4,070)	-10.0%	(4,556)	-19.6%
Others	(3,480)	(1,954)	78.1%	(889)	291.5%
Income Before Income Taxes	81,514	87,983	-7.4%	32,788	148.6%
Income and Social Contribution Taxes	(1,289)	(2,070)	-37.7%	(633)	103.6%
Current	(27,978)	(28,269)	-1.0%	(15,569)	79.7%
Tax Incentive - Pronoi	26,602	26,199	1.5%	14,850	79.1%
Deferred	87	-	-100.0%	86	1.2%
Consolidated Net Income/Loss	80,225	85,913	-6.6%	32,155	149.5%
<i>Net Margin</i>	<i>26.0%</i>	<i>30.1%</i>	<i>-4.2 p.p.</i>	<i>11.6%</i>	<i>14.4 p.p.</i>

Income Statement – Managerial

Income Statement - Managerial R\$ ('000)	1Q17	1Q16	Var. (%) 1Q17 x 1Q16	4Q16	Var. (%) 1Q17 x 4Q16
Gross Operating Revenue	405,005	352,063	15.0%	355,509	13.9%
Undergraduate Monthly Tuition	388,787	336,106	15.7%	340,348	14.2%
Graduate Monthly Tuition	4,650	5,720	-18.7%	5,529	-15.9%
Vocational Courses Revenues	474	3,757	-87.4%	550	-13.8%
Distance Learning Revenues	6,576	2,954	122.6%	5,528	19.0%
Others	4,518	3,526	28.1%	3,554	27.1%
Deductions from Gross Revenue	(96,185)	(66,938)	43.7%	(78,109)	23.1%
Discounts and Scholarships	(43,820)	(21,276)	106.0%	(27,570)	58.9%
PROUNI	(31,249)	(26,540)	17.7%	(30,107)	3.8%
FGEDUC And FIES charges	(9,986)	(6,791)	47.0%	(10,297)	-3.0%
Taxes	(11,130)	(12,331)	-9.7%	(10,135)	9.8%
Net Operating Revenue	308,820	285,125	8.3%	277,400	11.3%
Cash Cost of Services Rendered	(123,036)	(115,135)	6.9%	(132,835)	-7.4%
Payroll and Charges	(86,457)	(82,162)	5.2%	(92,464)	-6.5%
Rent	(17,275)	(15,199)	13.7%	(17,044)	1.4%
Concessionaires (Electricity, Water and Telephone)	(7,084)	(5,989)	18.3%	(8,349)	-15.2%
Third-Party Services	(3,884)	(2,730)	42.3%	(5,574)	-30.3%
Depreciation and Amortization	(8,336)	(9,055)	-7.9%	(9,404)	-11.4%
Managerial Gross Profit	185,784	169,990	9.3%	144,565	28.5%
<i>Managerial Gross Margin</i>	<i>60.2%</i>	<i>59.6%</i>	<i>0.5 p.p.</i>	<i>52.1%</i>	<i>8.0 p.p.</i>
Operating Expenses/Revenue	(78,023)	(69,455)	12.3%	(86,086)	-9.4%
General and Administrative Expenses	(77,381)	(69,255)	11.7%	(86,773)	-10.8%
Payroll and Charges	(26,513)	(26,168)	1.3%	(29,297)	-9.5%
Third-Party Services	(6,268)	(6,806)	-7.9%	(6,747)	-7.1%
Advertising	(18,392)	(15,677)	17.3%	(18,739)	-1.9%
Materials	(4,124)	(3,165)	30.3%	(4,173)	-1.2%
PDA	(7,303)	(6,390)	14.3%	(14,435)	-49.4%
Others	(8,589)	(5,592)	53.6%	(7,103)	20.9%
Depreciation and Amortization	(6,192)	(5,457)	13.5%	(6,279)	-1.4%
Other Operating Expenses/Revenue	(642)	(200)	221.0%	687	-193.4%
Managerial Operating Income	107,761	100,534	7.2%	58,479	84.3%
<i>Managerial Operating Margin</i>	<i>34.9%</i>	<i>35.3%</i>	<i>-0.4 p.p.</i>	<i>21.1%</i>	<i>13.8 p.p.</i>
(+) Depreciation and Amortization	14,528	14,512	0.1%	15,683	-7.4%
EBITDA	122,289	115,046	6.3%	74,162	64.9%
(+) Interest on tuition and agreements	5,566	7,791	-28.6%	4,200	32.5%
(-) Minimum rent paid	(9,750)	(9,750)	0.0%	(9,750)	0.0%
Normalized EBITDA	118,105	113,087	4.4%	68,612	72.1%
<i>Normalized EBITDA Margin</i>	<i>38.2%</i>	<i>39.7%</i>	<i>-1.4 p.p.</i>	<i>24.7%</i>	<i>13.5 p.p.</i>
(-) Depreciation and Amortization	(14,528)	(14,512)	0.1%	(15,683)	-7.4%
Normalized EBIT	103,577	98,575	5.1%	52,929	95.7%
<i>Normalized EBIT Margin</i>	<i>33.5%</i>	<i>34.6%</i>	<i>-1.0 p.p.</i>	<i>19.1%</i>	<i>14.5 p.p.</i>
Financial Result	(17,689)	(11,023)	60.5%	(17,657)	0.2%
(+) Financial Revenue	20,126	26,697	-24.6%	12,725	58.2%
Interest on Tuition and Agreements	5,566	7,791	-28.6%	4,200	32.5%
Returns on Financial Investments	10,701	7,864	36.1%	10,297	3.9%
Others	3,859	11,042	-65.1%	(1,772)	-317.8%
(-) Financial Expenses	(37,815)	(37,720)	0.3%	(30,382)	24.5%
Interest Expenses	(11,886)	(14,946)	-20.5%	(10,665)	11.4%
Interest on Leasing	(8,486)	(8,631)	-1.7%	(8,523)	-0.4%
Discounts Granted	(10,298)	(8,119)	26.8%	(5,749)	79.1%
Monetary Variation Expenses	(3,665)	(4,070)	-10.0%	(4,556)	-19.6%
Others	(3,480)	(1,954)	78.1%	(889)	291.5%
Income Before Income Taxes	90,072	89,511	0.6%	40,822	120.6%
Income and Social Contribution Taxes	(1,424)	(2,106)	-32.4%	(788)	80.7%
Current	(28,113)	(28,305)	-0.7%	(15,724)	78.8%
Tax Incentive - Prouni	26,602	26,199	1.5%	14,850	79.1%
Deferred	87	-	-100.0%	86	1.2%
Normalized Consolidated Net Income/Loss	88,648	87,405	1.4%	40,034	121.4%
<i>Managerial Net Margin</i>	<i>28.7%</i>	<i>30.7%</i>	<i>-1.9 p.p.</i>	<i>14.4%</i>	<i>14.3 p.p.</i>

Balance Sheet

Balance Sheet - ASSETS (R\$ '000)	03/31/2017	12/31/2016	% Chg. Mar17 x Dec16
Total Assets	2,055,916	2,018,564	1.9%
Current Assets	712,514	702,195	1.5%
Cash and cash equivalents	51,124	62,036	-17.6%
Securities	285,666	337,547	-15.4%
Accounts receivable	340,275	272,773	24.7%
Taxes recoverable	9,205	10,758	-14.4%
Advances to suppliers	4,706	3,250	44.8%
Other assets	21,538	15,831	36.0%
Non-Current Assets	1,343,402	1,316,369	2.1%
Long-Term Assets	1,343,402	1,316,369	2.1%
Accounts receivable	135,168	132,483	2.0%
Other assets	19,165	12,509	53.2%
Indemnifications	112,015	112,015	0.0%
Intangible assets	435,713	434,845	0.2%
Property, plant and equipment	641,341	624,517	2.7%
Balance Sheet - LIABILITIES (R\$ '000)	03/31/2017	12/31/2016	% Chg. Mar17 x Dec16
Total Liabilities	1,025,291	1,068,164	-4.0%
Current Liabilities	370,992	365,048	1.6%
Suppliers	28,486	29,734	-4.2%
Accounts payable	77,992	80,047	-2.6%
Loans and financing	55,810	55,764	0.1%
Debentures	43,118	43,495	-0.9%
Payroll and charges	76,988	71,873	7.1%
Taxes payable	14,311	14,620	-2.1%
Income and social contribution taxes payable	1,492	1,852	-19.4%
Leasing	15,909	15,737	1.1%
Dividends payable	34,234	34,234	0.0%
Other liabilities	22,652	17,692	28.0%
Non-Current Liabilities	654,299	703,116	-6.9%
Loans and financing	135,421	140,534	-3.6%
Debentures	98,453	108,995	-9.7%
Leasing	232,363	233,798	-0.6%
Accounts payable	56,886	88,888	-36.0%
Taxes payable	2,333	1,661	40.5%
Tax installments	3,815	3,902	N.M.
Provision for contingencies	120,346	120,346	0.0%
Other liabilities	4,682	4,992	-6.2%
Consolidated Shareholders' Equity	1,030,625	950,400	8.4%
Capital Realized	377,048	377,048	0.0%
Income Reserve	588,438	579,806	1.5%
Treasury shares	(6,454)	(6,454)	0.0%
Total Liabilities and Shareholders' Equity	2,055,916	2,018,564	1.9%

Cash Flow

Cash Flow Statement (R\$ '000)	03/31/2017	03/31/2016	% Chg. Mar17 x Mar16
Consolidated Net Income for the Period before Income Taxes	81,514	87,983	-7.4%
Depreciation and amortization	14,528	14,512	0.1%
Provisions	-	(518)	-100.0%
Provision for doubtful accounts	7,303	6,390	14.3%
Write-off of Non-Current Assets	782	-	0.0%
Interest and exchange variation, net	20,960	26,147	-19.8%
Adjusted Net Income	125,087	134,514	-7.0%
Changes in Assets and Liabilities	(77,663)	(132,048)	-41.2%
Accounts receivable	(74,181)	(138,899)	-46.6%
Taxes recoverable	1,553	(1,908)	-181.4%
Advances	(1,456)	494	-394.7%
Other assets	(12,363)	(1,390)	789.4%
Suppliers	(1,248)	934	-233.6%
Payroll and charges	5,115	7,039	-27.3%
Taxes payable	363	1,796	-79.8%
Income and social contribution taxes payable	(96)	(219)	-56.2%
Other liabilities	4,650	105	4328.6%
Cash generated from operations	47,424	2,466	1823.1%
Other	(33,206)	(23,745)	39.8%
Interest on loans	(31,566)	(22,519)	40.2%
Income and social contribution taxes paid	(1,640)	(1,226)	33.8%
Net Cash from Operating Activities	14,218	(21,279)	-166.8%
Net Cash from Investing Activities	(18,800)	12,761	-247.3%
Securities	51,881	44,478	16.6%
Additions to property, plant and equipment	(29,301)	(14,297)	104.9%
Additions to intangible assets	(3,901)	(1,805)	116.1%
Acquisition of subsidiaries Payments	(37,479)	-	N.M.
Acquisition of subsidiaries	-	(15,615)	-100.0%
Net Cash from Financing Activities	(6,330)	(4,508)	40.4%
Amortization of loans and financing	(5,067)	(3,387)	49.6%
Amortization of leasing	(1,263)	(1,121)	12.7%
Increase (Reduction) in Cash and Cash Equivalents	(10,912)	(13,026)	-16.2%
Cash and Cash Equivalents at Beginning of Period	62,036	69,999	-11.4%
Cash and Cash Equivalents at End of Period	51,124	56,973	-10.3%
Cash changes and Securities	(62,793)	(57,504)	9.2%