

# 4Q17

## Results

### **Conference Call in Portuguese**

March 22, 2018  
10:00 a.m. (Brasília)  
9:00 a.m. (US EST)  
+55 (11) 2188-0155  
Replay: +55 (11) 2188-0400  
Code: Ânima Educação

### **Conference Call in English**

March 22, 2018  
11:30 a.m. (Brasília)  
10:30 a.m. (US EST)  
+1 (646) 843-6054  
Replay: +55 (11) 2188-0400  
Code: Ânima Educação





# Message from **Management**

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In many cultures and different countries, turning fifteen represents a rite of passage and a special moment of one's journey. It is the time of celebration of what has been lived up to that moment, it is also time to project the future and challenges that present themselves in a new way. In 2018, Ânima is celebrating its 15th anniversary, which has been very well lived. We are immensely proud of our trajectory and we have an even more optimistic view of what lies ahead, as you will be able to see further on in this report. We are going through a rite of passage, undergoing major changes in our company in favor of an increasingly efficient and competent management. At the same time, we are looking towards the future, making our strategic choices clear and strongly investing in growth and on our quality-driven differentiation.

Accordingly, 2017 has proven to be an important inflection point for Ânima. After a challenging period throughout the two previous years, we began to collect the results of a series of prioritized initiatives to consistently resume growth and recover margins. It has also been a year of focus on the integration of the institutions acquired throughout 2016 (UniSociesc, Una Bom Despacho and Una Uberlândia). We continue to make progress, maintaining our positioning through increasingly better academic results. While we are celebrating all these achievements, we are also aware that there is still a long way to go.

**Our undergraduate student base is growing again.** The creation of our commercial team is proving to be one of our most important achievements. We were able to resume intake growth (+8% in the first semester and +31% in the second semester) by combining tactical initiatives with our high quality positioning, while sustaining a robust average ticket growth (+5% in 2017 versus 2016). Throughout the year, we were also able to maintain our students engaged, as underlined by the year-on-year improvement in retention rates, differently from the overall trend in the educational sector. The efforts of our academic and student relations teams were very important in achieving these gains. Overall, our undergraduate student base resumed organic growth, anticipating improvements we were only expecting to happen in 2018. Finally, we continue making progress in building strong brands in all our regional units. The academic results of the last evaluation cycle disclosed by the



Ministry of Education (MEC) placed Unimonte and UniBH on the same level as Una and São Judas. Both broke through the IGC 4 barrier and were placed among the best post-secondary institutions in the country, according to MEC's quality criteria.

**Margin recovery and cash generation.** As shown in the last few quarters, we have already initiated the process of margin recovery. We ended 2017 with an adjusted EBITDA of R\$173.9 million and a margin of 16.7%, a 0.6pp gain versus 2016. The main drivers of improvement were higher faculty productivity and better utilization of our campuses, which led to a 2.5pp increase in our gross margin. It is important to mention that these improvements are not coming at the expense of cash conversion. We ended the year with free cash flow of R\$116.3 million (+21% versus 2016). As a result, we see a gradual recovery in our ROIC already in 2017.

We were also able to make progress in the integration of the operations acquired in 2016, reducing the margin dilution effect caused by the consolidation of these operations in our results. Despite the considerable improvement, with combined operating result of R\$21.5 million in these units (versus R\$3.2 million in 2016) and a margin of 12.2% of Net Revenue, we still have a lot of room for improvement before we reach the productivity levels of our more mature brands. Accordingly, these operations once again ended the year ahead of their respective business plans, sustaining our value creation track record related to inorganic growth.

R\$ (million)	2017							
	Consolidated	% YA	Core Education	% YA	Acquisitions <sup>1</sup>	% YA	Other Businesses <sup>2</sup>	% YA
Net Revenue	1,042.7	9.0%	805.7	2.6%	176.1	40.6%	60.8	31.3%
Gross Profit (exclud. deprec/amort)	443.0	15.6%	360.0	7.6%	57.8	67.9%	25.3	79.1%
Gross Margin	42.5%	2.5pp	44.7%	2.1pp	32.8%	5.3pp	41.6%	11.1pp
Operating Result	266.7	23.1%	249.3	14.5%	21.5	577.3%	-4.1	-2.4%
Operating Margin	25.6%	2.9pp	30.9%	3.2pp	12.2%	9.7pp	-6.8%	2.4pp
Adjusted EBITDA	173.9	13.2%						
EBITDA Margin	16.7%	0.6pp						

<sup>1</sup> Acquisitions include: UniSociesc Feb-16, UNA Bom Despacho Jul-16 and Una Uberlândia Oct-16

<sup>2</sup> Includes HSM/ACAD, GIT, Ebradi



It is worth noting that our margin growth would have been even more robust in the second half of the year if it were not for the acceleration of our organic growth process. We opened 8 units in the last 18 months (which are still in the maturation phase) and inaugurated Yearther 7 units in February 2018 (with pre-operating expenses). While the first group began to record positive operating results in 2017 (albeit with lower operating margins than mature campuses), the second group represented an investment, concentrated in the last quarter of the year. Excluding this effect, the annual EBITDA would be R\$177.3 million and margin of 17.5% (+1.1pp versus 2016). We see this as an important investment, which is still at an early stage, but with great potential for value creation in the medium term.

R\$ (million)	Excl. Expansion			Organic Expansion <sup>1</sup>			Consolidated		
	2017	2016	% AH	2017	2016	% AH	2017	2016	% AH
Net Revenue	1,013.1	951.7	6.4%	29.6	5.1	478.5%	1,042.7	956.8	9.0%
Adjusted EBITDA	177.3	156.2	13.5%	-3.5	-2.6	33.5%	173.9	153.6	13.2%
EBITDA Margin	17.5%	16.4%	1.1pp	-11.7%	-50.7%	39.0pp	16.7%	16.1%	0.6pp

<sup>1</sup> Considers organic expansion: Units of Sete Lagoas (Jul'16), Catalão (Oct'16), Uberlândia (Oct'16), Divinópolis (Feb'17), Pouso Alegre (Mar'17), Nova Serrana (Apr'17), São Bento do Sul (Jan'17), Itajaí (Jul'17), Itabira (Jan'18), Jataí (Jan'18), Jabaquara (Jan'18), Santo Amaro (Jan'18), Paulista (Jan'18), Palácio Avenida (Jan'18), Jaraguá do Sul (Jan'18)

**New growth cycle.** We are optimistic about the challenges that lie ahDL. The recent organization changes were implemented to improve the balance between conception and execution. The first results of faculty and students' engagement on the new academic model, Ânima's Learning Ecosystem (E2A), are positive. Also, we were able to adapt our organic growth plan (Q2A) in order to continue to make progress, despite the regulatory changes that affected the offering of blended programs in the short term. We will not slow down in the pursuit of **our mission to Transform the Country through Education!**



A young man with short, curly hair and a light beard is shown in profile, looking towards the right. He is wearing a blue t-shirt with the word 'AM' visible and a plaid shirt over it. The entire image is covered with a semi-transparent green overlay and a pattern of thin, white, diagonal lines. The background is a blurred outdoor scene with trees.

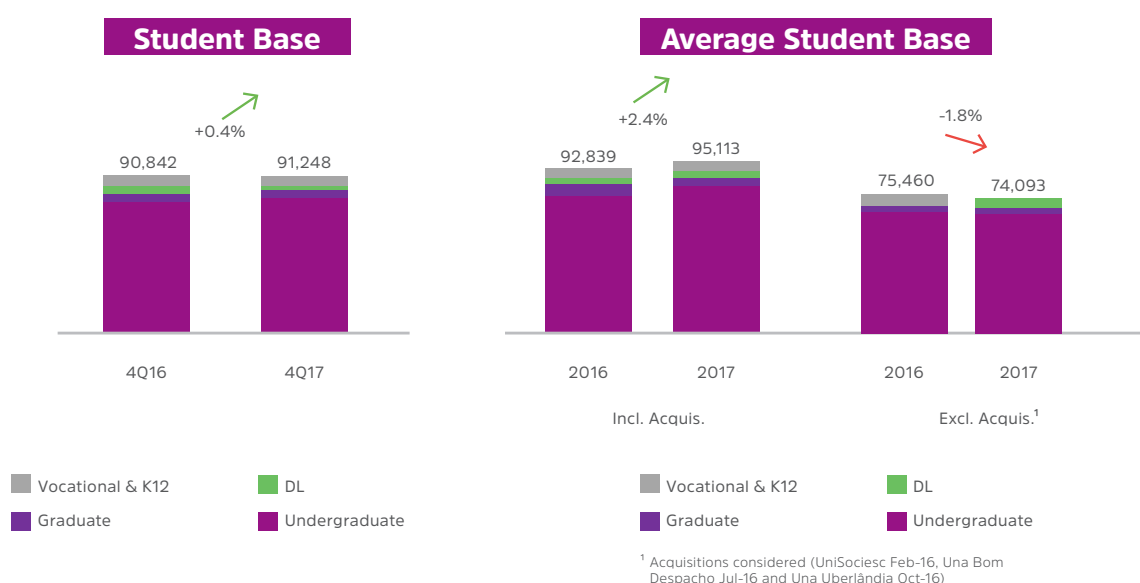
# Operating **Performance**

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## Education



In 4Q17, we had 91.2 thousand students, a 0.4% growth versus 4Q16. As of the fourth quarter, our student base is fully comparable to the one recorded in 4Q16 with respect to the acquisitions throughout 2016. As a positive highlight, the undergraduate student base began growing again (+2.5 thousand students and +3.2% over the same period last year). This growth was partially offset by a decline in the distance learning (DL) segment, in line with our strategic decision to stop intakes, and graduate student base.



Student Base	4Q16	1Q17	2Q17	3Q17	4Q17	% 4Q17/ 4Q16	% 4Q17/ 3Q17	% Avg 2017/2016
Undergraduate <sup>1</sup>	80,507	88,423	84,517	86,742	83,045	3.2%	-4.3%	5.8%
Graduate	5,508	5,321	5,596	4,491	4,557	-17.3%	1.5%	-11.2%
Distance Learning	3,949	4,164	3,651	2,789	2,752	-30.3%	-1.3%	-21.2%
Vocational Programs & K12	878	1,046	1,341	1,123	894	1.8%	-20.4%	-44.3%
<b>Total</b>	<b>90,842</b>	<b>98,954</b>	<b>95,105</b>	<b>95,145</b>	<b>91,248</b>	<b>0.4%</b>	<b>-4.1%</b>	<b>2.4%</b>

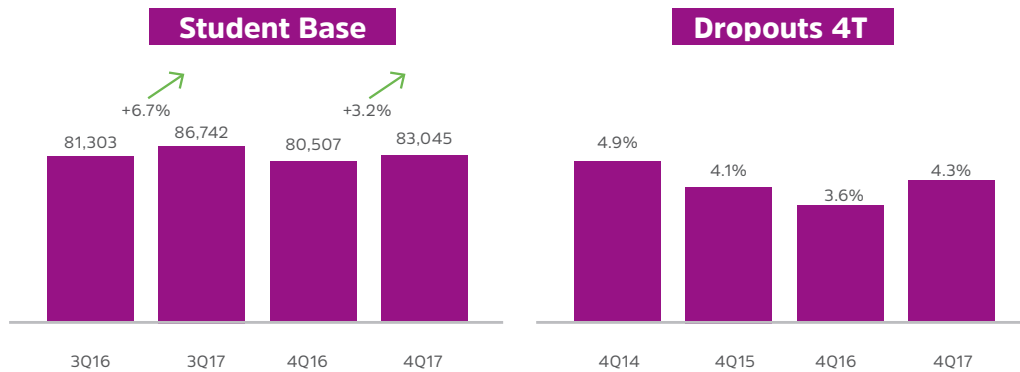
Student Base (Excl. Acquisitions) <sup>2</sup>	4Q16	1Q17	2Q17	3Q17	4Q17	% 4Q17/ 4Q16	% 4Q17/ 3Q17	% Avg 2017/2016
Undergraduate <sup>1</sup>	67,596	72,864	69,229	71,343	68,187	0.9%	-4.4%	-1.4%
Graduate	3,153	3,257	3,458	2,471	2,734	-13.3%	10.6%	-3.8%
Distance Learning	927	1,020	897	461	449	-51.6%	-2.6%	-21.1%
Vocational Programs & K12	0	0	0	0	0	-	-	-100.0%
<b>Total</b>	<b>71,676</b>	<b>77,141</b>	<b>73,584</b>	<b>74,275</b>	<b>71,370</b>	<b>-0.4%</b>	<b>-3.9%</b>	<b>-1.8%</b>

<sup>1</sup> Includes blended programs

<sup>2</sup> Acquisitions include: Unisociosc Feb-16, Una Bom Despacho Jul-16 and Una Uberlândia-16

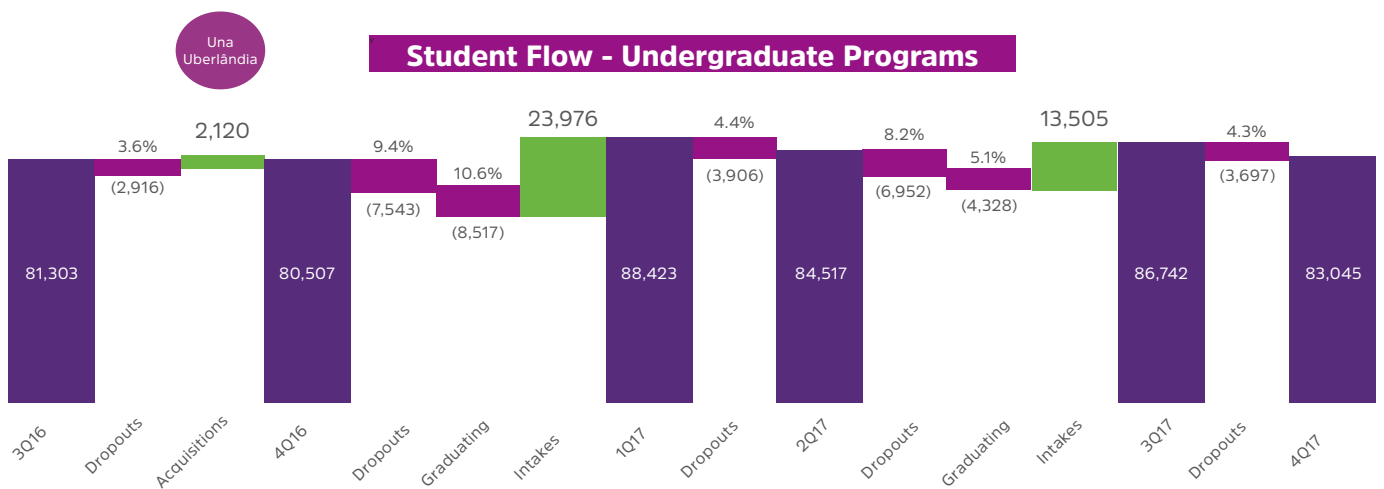


## Undergraduate Student Base



Our undergraduate student base totaled 83.0 thousand students in 4Q17. As in 3Q17, we sustained growth in our undergraduate student base, which increased 3.2% over 4Q16.

In 4Q17, 3.7 thousand students dropped out, corresponding to a loss of 4.3% of the 3Q17 student base. The increase over 4Q16 was concentrated in UniSociesc, due to an increased share of new students in its base, and in São Judas, following growth in the second-semester intake cycle and a lower share of students under the old annual curriculum in the base.







**Graduate Student Base** – The number of students enrolled in our graduate programs came to 4.6 thousand in 4Q17, a 17.3% year-on-year reduction.

**K12 and Vocational Student Base** – We ended the quarter with 0.9 thousand (+1.8% vs. 4Q16) K12 and vocational education students, including Florianópolis and Blumenau International Schools, Colégio Tupy (COT) and Escola Técnica Tupy (ETT).

**Distance-Learning Student Base** – We closed 4Q17 with 2.8 thousand distance-learning students in undergraduate, graduate and vocational programs, 30.3% down year on year, following our strategic decision to stop intakes in this segment.





A young man with a beard and short hair is shown in profile, smiling as he looks at a smartphone held in his hands. The entire image is overlaid with a warm orange color and a fine white grid pattern. The background is blurred, showing what appears to be a building and some foliage.

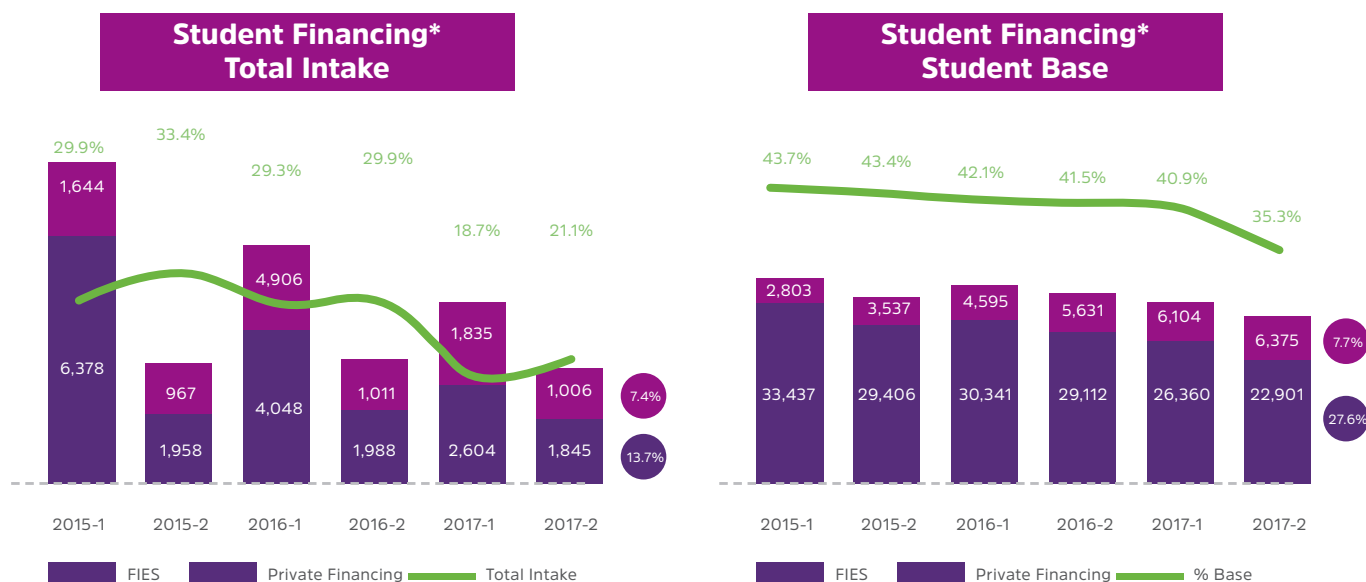
# Student Financing

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We ended 2H17 with 1.8 thousand new students with FIES contracts (-7.2% vs. 2H16), accounting for 13.7% of the total intake. This includes both new contracts made available by the government this semester and students who transferred from other institutions. As a result, we closed the year with 22.9 thousand FIES students (27.6% of the base).

In addition to the traditional PraValer products, in which the receivables' credit risk is fully transferred to Ideal Invest, we also have a type of financing in which students go through PraValer's entire credit scoring process, but we decide to approve an additional number of students and, therefore, maintain the credit risk in our balance sheet. This semester, these private financing products together totaled 1.0 thousand new students (-0.5% vs. 2H16), corresponding to 7.4% of the total intake, 135 of whom use our own balance sheet. We closed the year with 6.4 thousand students with private financing, (7.7% of the undergraduate base), and only 1.2 thousand of whom use our own balance sheet.



\* Including UniSociesc as of 2016-1 and UNA Bom Despacho and Una Uberlândia as of 2016-2.





# Academic Quality

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The Ministry of Education (MEC) has three main indicators to evaluate Brazilian post-secondary institutions: the National Student Performance Exam (Enade), the Preliminary Course Concept (CPC) and the General Course Index (IGC).

Each indicator has its own evaluation process and establishes a final concept or grade for the institutions.



YEAR 1



**ENADE**

National Student  
Performance Exam

NOVEMBER

YEAR 2



**ENADE**

RESULTS

TO CALCULATE CPC  
AND IGC INDICATORS

YEAR 3



**IGC**

RESULT



# ENADE

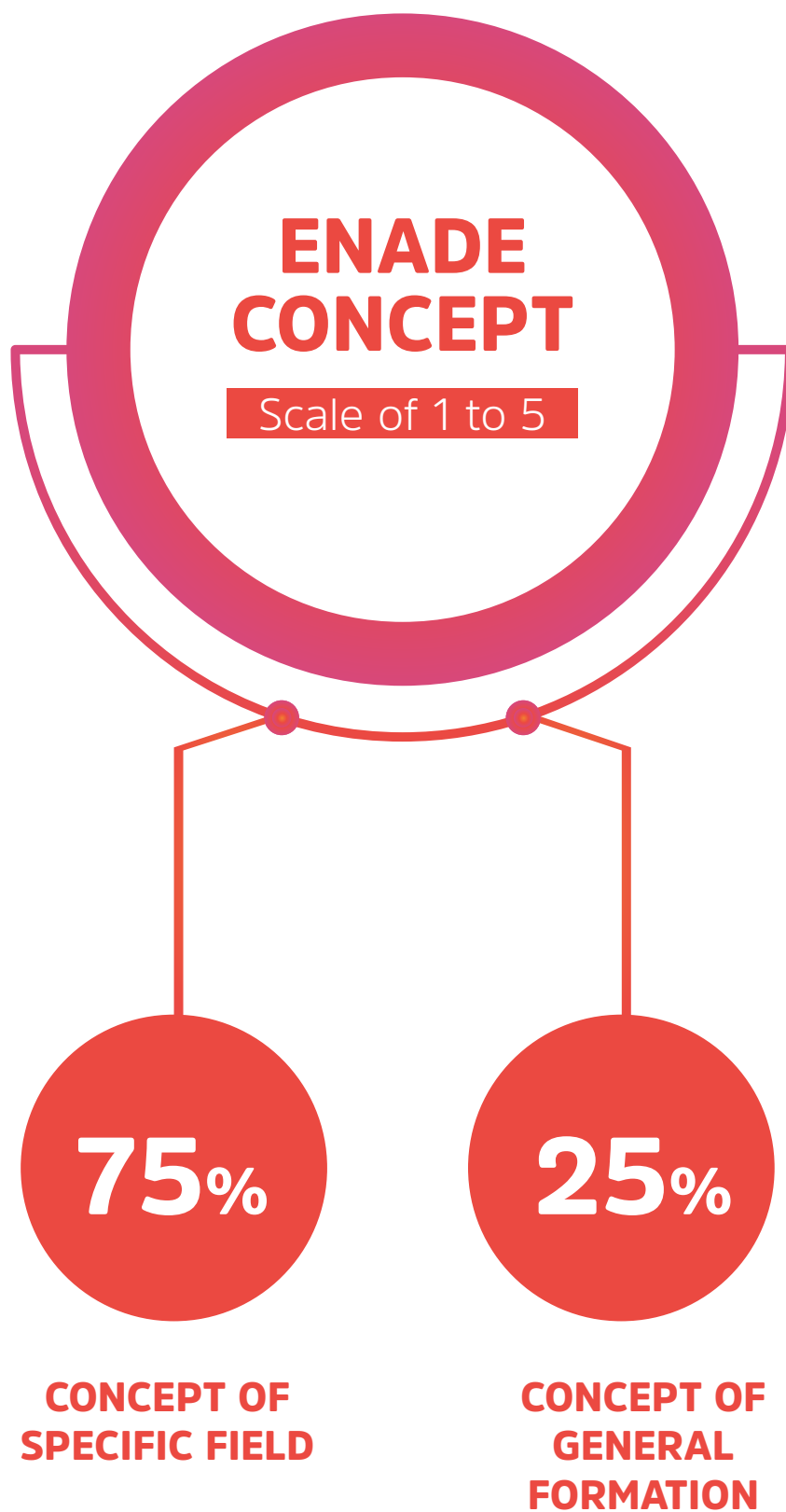
National Student Performance Exam

Written test that evaluates the performance of undergraduate students.

- The exam must be taken by all last-year students of the selected courses. Although mandatory, it is not used as an evaluation tool for the student individually.
- Each course is evaluated every three years.
- Enade results alone do not represent the grades of the programs or institutions; they are used to calculate the concepts of other MEC indicators and as a reference for comparison between institutions.

The concepts presented in this report refer to the results disclosed by the MEC in 2017, related to the evaluations carried out in 2016.







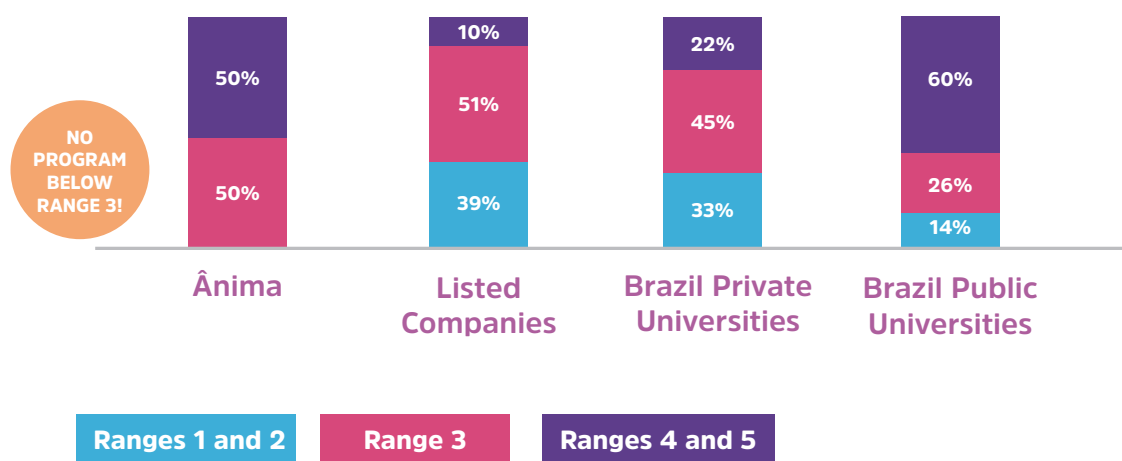
## Academic Quality Indicators

The results obtained in the Enade, the Preliminary Course Concept (CPC) and the General Course Index (IGC) for 2016 confirm Ânima's outstanding quality positioning, as most of its programs and institutions received a grade of 4 (scale of 1 to 5).

The 2016 results underline the effectiveness of our academic model and our commitment to remaining focused on constantly improving the quality of the education we provide our students.

At Ânima, 50% of the programs received a grade of 4 and 5 in Enade 2016, compared to 10% in the other listed companies. As a result, Ânima has constantly recorded the highest quality standards in the Brazilian post-secondary sector, even when compared to public universities.

## ENADE 2016

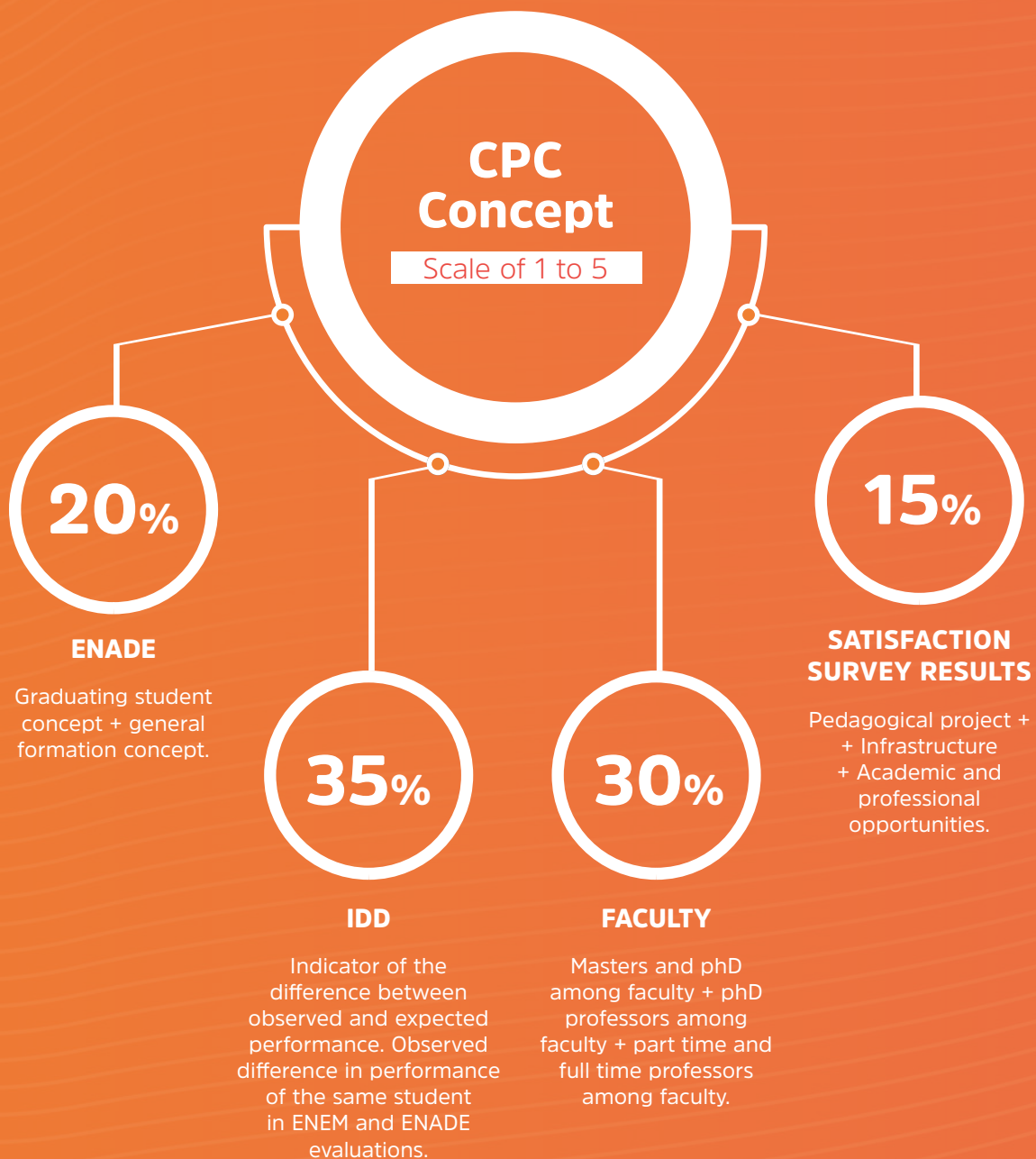




# CPC

Preliminary Course Concept

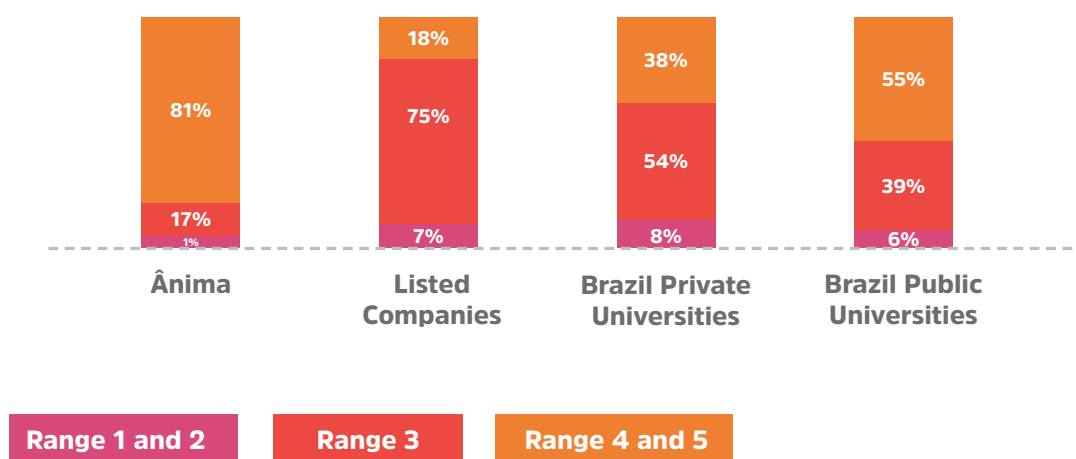
Using the results of Enade and IDD, CPC measures student performance and their level of satisfaction with the institution, in addition to evaluating the teaching staff.





Ânima's outstanding quality positioning becomes clear when we compare the distribution of our programs in the three ranges with the other post-secondary institutions in Brazil. While 81% of our programs are in the CPC ranges 4 and 5, in other listed companies and private institutions, this percentage is a mere 18%. In this cycle, our percentage was also considerably higher than that of public institutions.

## CPC 2016

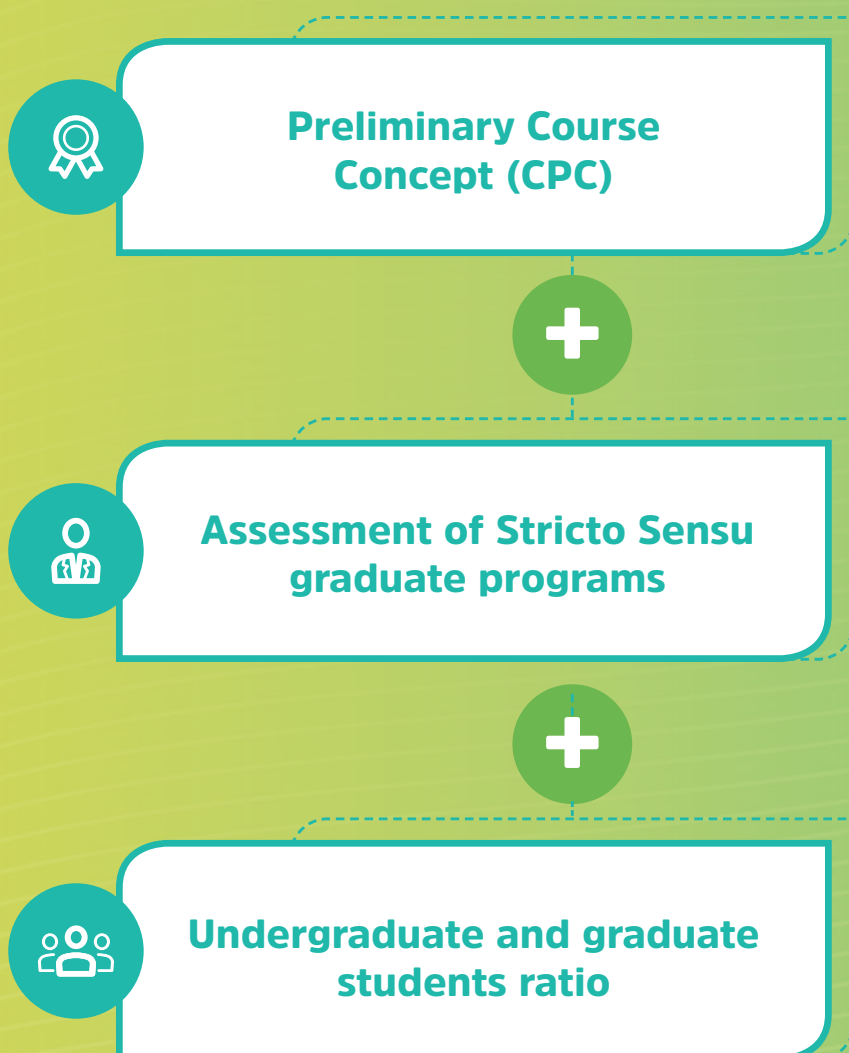




# IGC

Índice Geral de Cursos  
Avaliados da Instituição

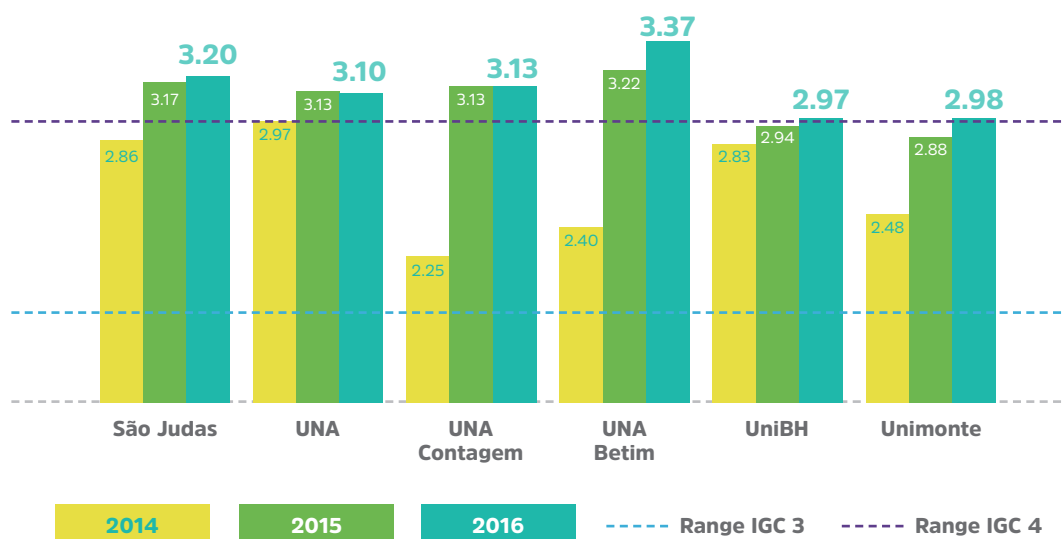
The General Course Index (IGC) is the main quality indicator for education institutions. It is calculated as the average, weighted by the number of enrollments, between the CPC of undergraduate courses and the CAPES grade of Stricto Sensu courses:



In this evaluation cycle, we were very pleased with the consolidation and consistent improvement in IGC results in all our institutions.



## IGC ÂNIMA



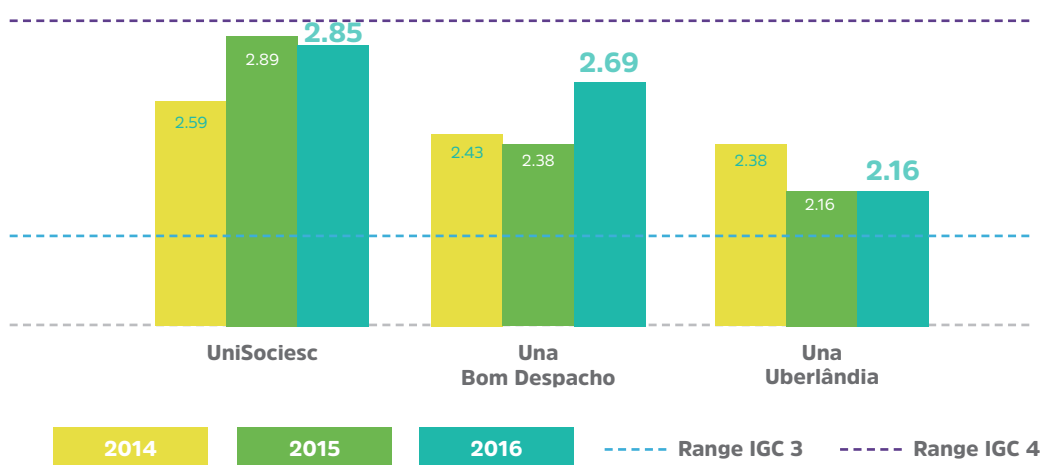
The main highlight from the last cycle of evaluation is related to the improvement of the IGC at UniBH and Unimonte, whose higher continuous indices enabled them to reach range 4 in both cases. In view of this new scenario, we can say – and celebrate! – that all our organic base institutions were in range 4 in the measurement period. It is worth noting that, currently, only 17% of all Brazilian institutions (private and public) are currently in this range. São Judas, which had already reached a continuous IGC of 4 in the previous cycle, recorded an even higher continuous indicator, being ranked in the top 7 best private universities in Brazil and in 3rd place in the state of São Paulo.

In Minas Gerais, while Una maintained its IGC of 4, remains at the top of the ranking of private Universities and University Centers in the state, UniBH, now also with an IGC of 4, came in second place among Belo Horizonte private Universities and University Centers.



Regarding the institutions acquired in 2016, the performance referred to the period before the acquisitions. Through the adoption of Ânima's models, the integration of systems and our relentless pursuit of quality, we expect to obtain increasing results in the next evaluation cycles.

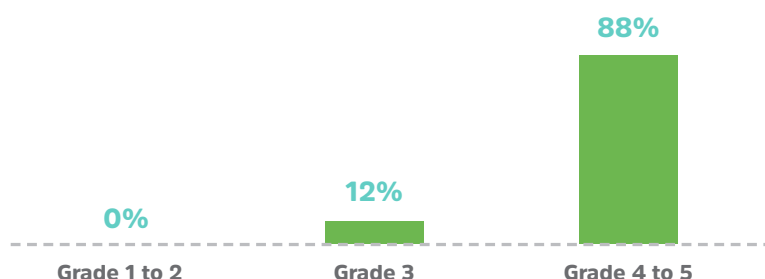
## IGC ACQUISITIONS



Yearther important program quality metric is the Course Concept (CC). At the end of 4Q17, considering the last 12 months, we received 41 on-site audits and all the programs received a CC score of 3 or more, while 88% of them obtained a score of 4 or 5.



## COURSE CONCEPT (CC) ÂNIMA

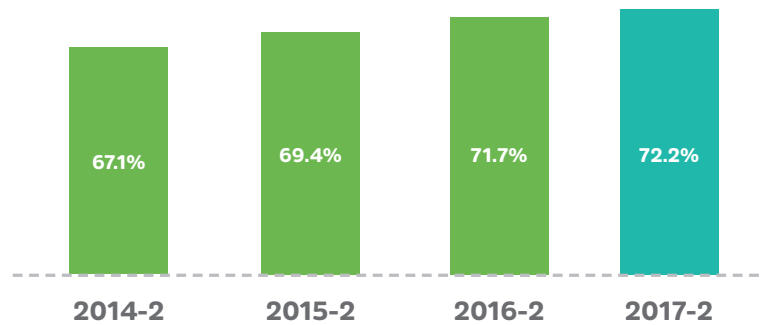


In addition to the MEC's metrics, we monitor our students' satisfaction rates through internal surveys of three important items: program, professors and student services. The results of these surveys provide valuable input for the development of internal action plans designed to improve the quality of our services.

The last survey took place in October and November 2017, with the participation of approximately 34 thousand students, or around 40% of our total undergraduate student base. The overall student satisfaction index continues to present a positive trend during the last few years. It is important to point out that this indicator is already at a very high level, with 72.2% of students awarding us a grade of 8, 9 or 10, on a scale of 1 to 10. The structure of our questionnaire also allows us to develop predictive models that forecast student response behavior in the satisfaction survey undertaken on the same date as the ENADE.



## STUDENTS SATISFACTION INDEX



The new regulatory framework increases the importance of our academic results, as they enable us to continue with our organic growth process, in compliance with MEC requirements. With 13 out of the 19 institutions of our portfolio with its institutional concept (CI) above 4 and a robust portfolio of programs with a CC higher than 4, we can benefit from the new fast-track pre-accreditation process for new face-to-face colleges, campuses or courses. That way, we are being able to keep the pace of our organic expansion plans (Q2A) despite the recent restrictions imposed on the offering of blended programs.





# Financial PERFORMANCE

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The Company's financial results are divided into two segments:

- I) Education – which includes, in addition to post-secondary education (undergraduate and graduate), K12 and vocational programs.
- II) Other Businesses – which includes HSM, UniSociesc's Management and Technology Innovation (GIT) area and Escola Brasileira de Direito (EBRADI - Brazilian Law School).



## 2017 Results

R\$ (million)	2017					
	Consolidated	% Net Revenue	Education	% Net Revenue	Others	% Net Revenue
<b>Gross Revenue</b>	<b>1,635.4</b>	<b>156.8%</b>	<b>1,569.4</b>	<b>159.8%</b>	<b>65.9</b>	<b>108.4%</b>
Discounts, Deductions & Scholarships	(564.0)	-54.1%	(562.7)	-57.3%	(1.3)	-2.1%
Taxes	(28.8)	-2.8%	(24.9)	-2.5%	(3.9)	-6.4%
<b>Net Revenue</b>	<b>1,042.7</b>	<b>100.0%</b>	<b>981.8</b>	<b>100.0%</b>	<b>60.8</b>	<b>100.0%</b>
<b>Cash Cost of Services</b>	<b>(599.6)</b>	<b>-57.5%</b>	<b>(564.1)</b>	<b>-57.5%</b>	<b>(35.5)</b>	<b>-58.4%</b>
- Personnel	(421.5)	-40.4%	(418.0)	-42.6%	(3.5)	-5.8%
- Services from Third Parties	(45.5)	-4.4%	(28.8)	-2.9%	(16.6)	-27.4%
- COGS	(4.1)	-0.4%	0.0	0.0%	(4.1)	-6.7%
- Rental & Utilities	(90.0)	-8.6%	(85.5)	-8.7%	(4.5)	-7.4%
- Others	(38.6)	-3.7%	(31.8)	-3.2%	(6.8)	-11.2%
<b>Gross Profit (exclud. deprec. /amort.)</b>	<b>443.0</b>	<b>42.5%</b>	<b>417.8</b>	<b>42.5%</b>	<b>25.3</b>	<b>41.6%</b>
<b>Sales Expenses</b>	<b>(82.1)</b>	<b>-7.9%</b>	<b>(77.4)</b>	<b>-7.9%</b>	<b>(4.7)</b>	<b>-7.7%</b>
- Provision for Doubtful Accounts (PDA)	(46.2)	-4.4%	(46.5)	-4.7%	0.3	0.5%
- Marketing	(35.9)	-3.4%	(30.9)	-3.1%	(5.0)	-8.2%
<b>General &amp; Administrative Expenses</b>	<b>(108.0)</b>	<b>-10.4%</b>	<b>(83.0)</b>	<b>-8.5%</b>	<b>(24.9)</b>	<b>-41.0%</b>
- Personnel	(72.3)	-6.9%	(52.6)	-5.4%	(19.7)	-32.3%
- Third Party Services	(11.2)	-1.1%	(9.3)	-0.9%	(1.9)	-3.1%
- Rental & Utilities	(4.2)	-0.4%	(3.1)	-0.3%	(1.1)	-1.8%
- Others	(20.3)	-1.9%	(18.0)	-1.8%	(2.3)	-3.7%
<b>Other Operating Revenues (Expenses)</b>	<b>2.5</b>	<b>0.2%</b>	<b>2.3</b>	<b>0.2%</b>	<b>0.2</b>	<b>0.3%</b>
- Provisions	(4.7)	-0.4%	(4.6)	-0.5%	(0.1)	-0.2%
- Taxes	(2.6)	-0.2%	(1.6)	-0.2%	(1.0)	-1.6%
- Other Operating Revenues	9.8	0.9%	8.5	0.9%	1.3	2.1%
<b>Late Payment Fees</b>	<b>11.1</b>	<b>1.1%</b>	<b>11.1</b>	<b>1.1%</b>	<b>0.0</b>	<b>0.0%</b>
<b>Operating Result</b>	<b>266.7</b>	<b>25.6%</b>	<b>270.8</b>	<b>27.6%</b>	<b>(4.1)</b>	<b>-6.8%</b>
- Corporate Expenses	(92.8)	-8.9%				
<b>Adjusted EBITDA</b>	<b>173.9</b>	<b>16.7%</b>				
(-) Late Payment Fees	(11.1)	-1.1%				
(-) Non-Recurring Items - EBITDA	(25.2)	-2.4%				
<b>EBITDA</b>	<b>137.6</b>	<b>13.2%</b>				
Depreciation & Amortization	(51.3)	-4.9%				
Equity Equivalence	(0.4)	0.0%				
<b>EBIT</b>	<b>85.9</b>	<b>8.2%</b>				
Net Financial Result	(37.6)	-3.6%				
<b>EBT</b>	<b>48.3</b>	<b>4.6%</b>				
Income Tax and Social Contribution	36.8	3.5%				
<b>Net Income</b>	<b>85.2</b>	<b>8.2%</b>				
(-) Non-Recurring Items - EBITDA	25.2	2.4%				
(-) Non-Recurring Items - Net Income	(36.4)	-3.5%				
<b>Adjusted Net Income</b>	<b>73.9</b>	<b>7.1%</b>				



## 4Q17 Results

R\$ (million)	4Q17					
	Consolidated	% Net Revenue	Education	% Net Revenue	Others	% Net Revenue
<b>Gross Revenue</b>	<b>422.8</b>	<b>153.4%</b>	<b>386.6</b>	<b>159.7%</b>	<b>36.2</b>	<b>108.2%</b>
Discounts, Deductions & Scholarships	(138.9)	-50.4%	(138.3)	-57.1%	(0.6)	-1.9%
Taxes	(8.3)	-3.0%	(6.2)	-2.5%	(2.1)	-6.3%
<b>Net Revenue</b>	<b>275.6</b>	<b>100.0%</b>	<b>242.2</b>	<b>100.0%</b>	<b>33.4</b>	<b>100.0%</b>
<b>Cash Cost of Services</b>	<b>(172.7)</b>	<b>-62.7%</b>	<b>(153.5)</b>	<b>-63.4%</b>	<b>(19.2)</b>	<b>-57.5%</b>
- Personnel	(113.8)	-41.3%	(112.9)	-46.6%	(0.9)	-2.7%
- Services from Third Parties	(18.8)	-6.8%	(9.0)	-3.7%	(9.8)	-29.3%
- COGS	(1.8)	-0.6%	0.0	0.0%	(1.8)	-5.3%
- Rental & Utilities	(26.0)	-9.4%	(22.8)	-9.4%	(3.2)	-9.6%
- Others	(12.3)	-4.5%	(8.8)	-3.6%	(3.5)	-10.6%
<b>Gross Profit (exclud. deprec. /amort.)</b>	<b>102.9</b>	<b>37.3%</b>	<b>88.7</b>	<b>36.6%</b>	<b>14.2</b>	<b>42.5%</b>
<b>Sales Expenses</b>	<b>(28.8)</b>	<b>-10.4%</b>	<b>(29.2)</b>	<b>-12.0%</b>	<b>0.4</b>	<b>1.2%</b>
- Provision for Doubtful Accounts (PDA)	(15.1)	-5.5%	(17.0)	-7.0%	1.9	5.7%
- Marketing	(13.7)	-5.0%	(12.2)	-5.0%	(1.5)	-4.5%
<b>General &amp; Administrative Expenses</b>	<b>(27.0)</b>	<b>-9.8%</b>	<b>(20.8)</b>	<b>-8.6%</b>	<b>(6.2)</b>	<b>-18.4%</b>
- Personnel	(17.4)	-6.3%	(12.4)	-5.1%	(5.0)	-15.0%
- Third Party Services	(2.9)	-1.0%	(2.5)	-1.0%	(0.4)	-1.1%
- Rental & Utilities	(1.1)	-0.4%	(0.8)	-0.3%	(0.3)	-0.8%
- Others	(5.6)	-2.0%	(5.1)	-2.1%	(0.5)	-1.6%
<b>Other Operating Revenues (Expenses)</b>	<b>1.0</b>	<b>0.4%</b>	<b>1.3</b>	<b>0.5%</b>	<b>(0.3)</b>	<b>-0.9%</b>
- Provisions	(1.0)	-0.4%	(1.0)	-0.4%	(0.1)	-0.2%
- Taxes	(1.1)	-0.4%	(0.4)	-0.2%	(0.7)	-2.2%
- Other Operating Revenues	3.1	1.1%	2.6	1.1%	0.5	1.5%
<b>Late Payment Fees</b>	<b>1.6</b>	<b>0.6%</b>	<b>1.6</b>	<b>0.7%</b>	<b>0.0</b>	<b>0.0%</b>
<b>Operating Result</b>	<b>49.7</b>	<b>18.0%</b>	<b>41.6</b>	<b>17.2%</b>	<b>8.1</b>	<b>24.4%</b>
- Corporate Expenses	(26.4)	-9.6%				
<b>Adjusted EBITDA</b>	<b>23.4</b>	<b>8.5%</b>				
(-) Late Payment Fees	(1.6)	-0.6%				
(-) Non-Recurring Items - EBITDA	(9.2)	-3.4%				
<b>EBITDA</b>	<b>12.5</b>	<b>4.5%</b>				
Depreciation & Amortization	(13.5)	-4.9%				
Equity Equivalence	(0.2)	-0.1%				
<b>EBIT</b>	<b>(1.2)</b>	<b>-0.4%</b>				
Net Financial Result	(7.6)	-2.8%				
<b>EBT</b>	<b>(8.8)</b>	<b>-3.2%</b>				
Income Tax and Social Contribution	19.6	7.1%				
<b>Net Income</b>	<b>10.8</b>	<b>3.9%</b>				
(-) Non-Recurring Items - EBITDA	9.2	3.4%				
(-) Non-Recurring Items - Net Income	(24.9)	-9.0%				
<b>Adjusted Net Income</b>	<b>(4.9)</b>	<b>-1.8%</b>				



## FINANCIAL PERFORMANCE – Education

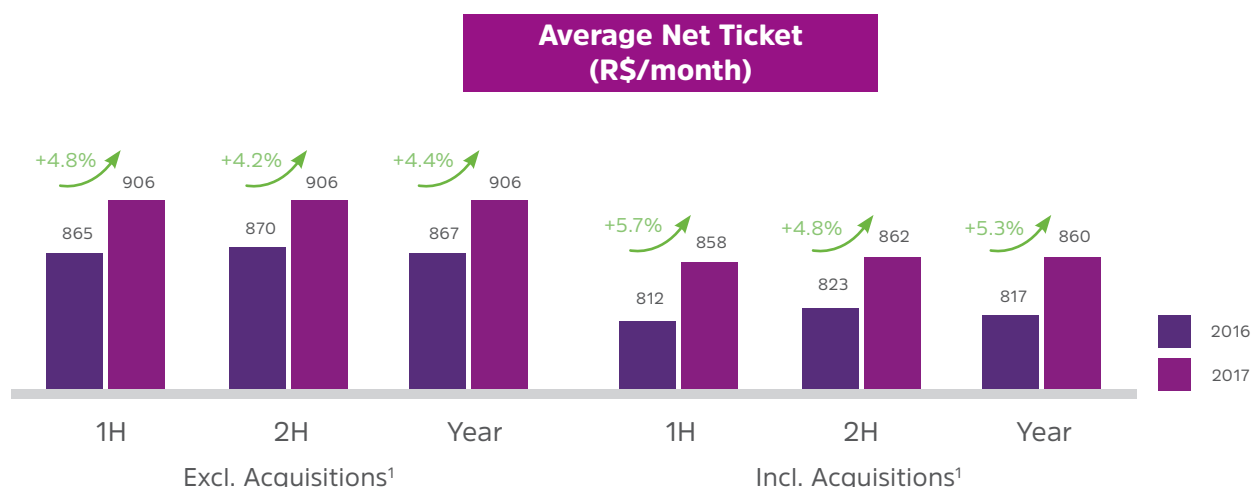
R\$ (million)	Education									
	2017	% Net Revenue	2016	% Net Revenue	% YA	4Q17	% Net Revenue	4Q16	% Net Revenue	% YA
Gross Revenue	1,569.4	159.8%	1,355.0	148.8%	15.8%	386.6	159.7%	344.9	149.5%	12.1%
Discounts, Deductions & Scholarships	(562.7)	-57.3%	(426.1)	-46.8%	32.1%	(138.3)	-57.1%	(109.6)	-47.5%	26.2%
Taxes	(24.9)	-2.5%	(18.5)	-2.0%	35.0%	(6.2)	-2.5%	(4.7)	-2.0%	31.8%
Net Revenue	981.8	100.0%	910.5	100.0%	7.8%	242.2	100.0%	230.6	100.0%	5.0%
Cash Cost of Services	(564.1)	-57.5%	(541.5)	-59.5%	4.2%	(153.5)	-63.4%	(146.7)	-63.6%	4.6%
- Personnel	(417.9)	-42.6%	(406.7)	-44.7%	2.8%	(112.9)	-46.6%	(111.3)	-48.3%	1.4%
- Services from Third Parties	(28.8)	-2.9%	(26.6)	-2.9%	8.3%	(9.0)	-3.7%	(5.9)	-2.6%	52.2%
- COGS	0.0	0.0%	(0.0)	0.0%	-100.0%	0.0	0.0%	(0.0)	0.0%	-100.0%
- Rental & Utilities	(85.5)	-8.7%	(79.7)	-8.8%	7.3%	(22.8)	-9.4%	(21.2)	-9.2%	7.4%
- Others	(31.8)	-3.2%	(28.5)	-3.1%	11.4%	(8.8)	-3.6%	(8.1)	-3.5%	8.0%
Gross Profit (exclud. deprec. /amort.)	417.8	42.5%	369.0	40.5%	13.2%	88.7	36.6%	84.0	36.4%	5.6%
Sales Expenses	(77.4)	-7.9%	(70.7)	-7.8%	9.5%	(29.2)	-12.0%	(26.0)	-11.3%	12.2%
- Provision for Doubtful Accounts (PDA)	(46.5)	-4.7%	(44.8)	-4.9%	3.7%	(17.0)	-7.0%	(17.4)	-7.5%	-2.0%
- Marketing	(30.9)	-3.1%	(25.8)	-2.8%	19.6%	(12.2)	-5.0%	(8.6)	-3.7%	40.8%
General & Administrative Expenses	(83.0)	-8.5%	(83.1)	-9.1%	-0.1%	(20.8)	-8.6%	(24.4)	-10.6%	-14.5%
- Personnel	(52.6)	-5.4%	(54.5)	-6.0%	-3.4%	(12.4)	-5.1%	(15.1)	-6.6%	-18.2%
- Third Party Services	(9.3)	-0.9%	(10.9)	-1.2%	-14.5%	(2.5)	-1.0%	(3.6)	-1.5%	-29.1%
- Rental & Utilities	(3.1)	-0.3%	(4.8)	-0.5%	-35.0%	(0.8)	-0.3%	(1.5)	-0.6%	-43.5%
- Others	(18.0)	-1.8%	(13.1)	-1.4%	37.9%	(5.1)	-2.1%	(4.2)	-1.8%	21.3%
Other Operating Revenues (Expenses)	2.3	0.2%	(5.3)	-0.6%	-144.4%	1.3	0.5%	(1.4)	-0.6%	-189.3%
- Provisions	(4.6)	-0.5%	(12.7)	-1.4%	-64.0%	(1.0)	-0.4%	(3.8)	-1.6%	-74.9%
- Taxes	(1.6)	-0.2%	(1.8)	-0.2%	-13.1%	(0.4)	-0.2%	(0.4)	-0.2%	9.0%
- Other Operating Revenues	8.5	0.9%	9.2	1.0%	-8.0%	2.6	1.1%	2.7	1.2%	-3.1%
Late Payment Fees	11.1	1.1%	11.0	1.2%	1.4%	1.6	0.7%	1.5	0.6%	8.8%
Operating Result	270.8	27.6%	220.9	24.3%	22.6%	41.6	17.2%	33.6	14.6%	23.6%

### Net Revenue

Net revenue totaled R\$981.8 million in 2017, 7.8% up on 2016, influenced by a 1.8% decline in our average student base during the year, which was more than offset by a 4.4% increase in the average net ticket. The acquisitions made in 2016 boosted our growth by 5.2% in 2017.

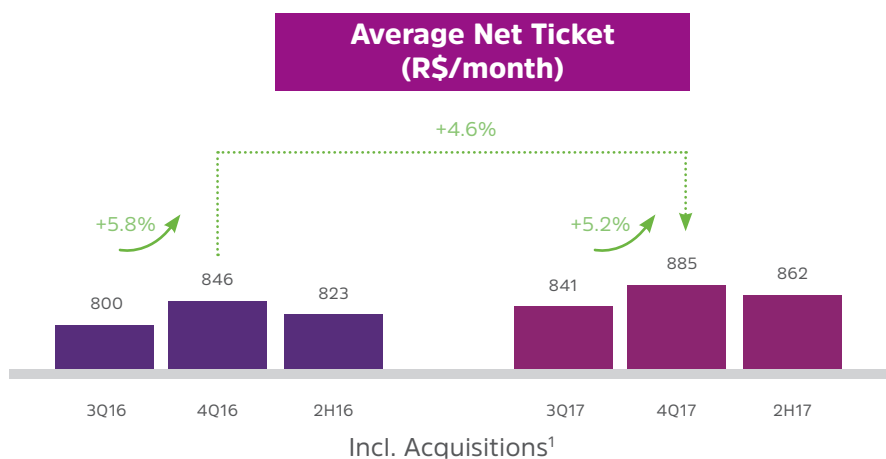
Our average net ticket closed the year at R\$906/month, impacted by an average increase in tuition fees (+9.0%) and gains in the program mix (+2.6%), partially offset by higher scholarships, discounts and taxes (-7.2%). Including the acquisitions, our annual average ticket was R\$860/month.





¹Acquisitions considered: (UniSociesc Feb-16, Una Bom Despacho Jul-16 and Una Uberlândia Oct-16)

Net revenue totaled R\$242.2 million in 4Q17. This represents a 5.0% growth compared to 4Q16, driven by renewed student base growth (+0.4%) and by a higher average net ticket (+4.6%). As we have seen in previous periods, the average net ticket increased between 3Q16 and 4Q16, due to the end of commercial discounts related to the new student intake cycle.



¹Acquisitions considered: (UniSociesc Feb-16, Una Bom Despacho Jul-16 and Una Uberlândia Oct-16)



## Total Costs and Gross Profit

We ended 2017 with gross profit of R\$417.8 million and a gross margin of 42.5%, 2.0pp higher than in 2016.

R\$ (million)	Education								
	1H17	% Net Revenue	1H17 vs. 1H16	2H17	% Net Revenue	2H17 vs. 2H16	2017	% Net Revenue	2017 vs. 2016
<b>Net Revenue</b>	<b>499.6</b>	<b>100.0%</b>		<b>482.3</b>	<b>100.0%</b>		<b>981.8</b>	<b>100.0%</b>	
<b>Cash Cost of Services</b>	<b>(272.2)</b>	<b>-54.5%</b>	<b>2.2 pp</b>	<b>(291.9)</b>	<b>-60.5%</b>	<b>1.8 pp</b>	<b>(564.1)</b>	<b>-57.5%</b>	<b>2.0 pp</b>
- Personnel	(203.5)	-40.7%	1.7 pp	(214.4)	-44.4%	2.4 pp	(417.9)	-42.6%	2.1 pp
- Services from Third Parties	(12.6)	-2.5%	0.5 pp	(16.2)	-3.4%	-0.5 pp	(28.8)	-2.9%	0.0 pp
- Rental & Utilities	(41.7)	-8.3%	0.1 pp	(43.8)	-9.1%	0.0 pp	(85.5)	-8.7%	0.0 pp
- Others	(14.4)	-2.9%	-0.1 pp	(17.4)	-3.6%	-0.1 pp	(31.8)	-3.2%	-0.1 pp
<b>Gross Profit (exclud. deprec. /amort.)</b>	<b>227.4</b>	<b>45.5%</b>	<b>2.2 pp</b>	<b>190.4</b>	<b>39.5%</b>	<b>1.8 pp</b>	<b>417.8</b>	<b>42.5%</b>	<b>2.0 pp</b>

Excluding the acquisitions, gross profit came to R\$360.0 million in 2017, with a gross margin of 44.7% (+2.1pp vs. 2016). This increase was mostly due to productivity gains on faculty and academic support (personnel costs) and by the better utilizations of our campuses (Rent & Utilities), albeit the negative effects of higher discounts, scholarships and taxes.

R\$ (million)	Education Ex. Acquisitions <sup>1</sup>								
	1H17	% Net Revenue	1H17 vs. 1H16	2H17	% Net Revenue	2H17 vs. 2H16	2017	% Net Revenue	2017 vs. 2016
<b>Net Revenue</b>	<b>409.8</b>	<b>100.0%</b>		<b>395.9</b>	<b>100.0%</b>		<b>805.7</b>	<b>100.0%</b>	
<b>Cash Cost of Services</b>	<b>(216.8)</b>	<b>-52.9%</b>	<b>1.3 pp</b>	<b>(228.9)</b>	<b>-57.8%</b>	<b>2.9 pp</b>	<b>(445.8)</b>	<b>-55.3%</b>	<b>2.1 pp</b>
- Personnel	(167.7)	-40.9%	1.0 pp	(174.7)	-44.1%	2.8 pp	(342.4)	-42.5%	1.9 pp
- Services from Third Parties	(7.1)	-1.7%	0.0 pp	(8.7)	-2.2%	-0.1 pp	(15.8)	-2.0%	-0.1 pp
- Rental & Utilities	(31.5)	-7.7%	0.3 pp	(33.5)	-8.4%	0.0 pp	(64.9)	-8.1%	0.2 pp
- Others	(10.5)	-2.6%	0.0 pp	(12.0)	-3.0%	0.2 pp	(22.5)	-2.8%	0.1 pp
<b>Gross Profit (exclud. deprec. /amort.)</b>	<b>193.0</b>	<b>47.1%</b>	<b>1.3 pp</b>	<b>167.0</b>	<b>42.2%</b>	<b>2.9 pp</b>	<b>360.0</b>	<b>44.7%</b>	<b>2.1 pp</b>

<sup>1</sup> Acquisitions include: Unisocios Feb-16, Una Bom Despacho Jul-16 and Una Uberlândia-16

In 4Q17, gross profit totaled R\$88.6 million, with a gross margin of 36.6% (+0.2pp vs. 4Q16).



## Operating Result

We ended the year with an Operating Result of R\$270.8 million (+22.6% vs. 2016), and an operating margin of 27.6% (+3.3pp vs. 2016).

R\$ (million)	Education								
	1H17	% AV	1H17 vs. 1H16	2H17	% Net Revenue	2H17 vs. 2H16	2017	% Net Revenue	2017 vs. 2016
<b>Net Revenue</b>	<b>499.6</b>	<b>100.0%</b>		<b>482.3</b>	<b>100.0%</b>		<b>981.8</b>	<b>100.0%</b>	
<b>Gross Profit (exclud. deprec. /amort.)</b>	<b>227.4</b>	<b>45.5%</b>	<b>2.2 pp</b>	<b>190.4</b>	<b>39.5%</b>	<b>1.8 pp</b>	<b>417.8</b>	<b>42.5%</b>	<b>2.0 pp</b>
Despesas Comerciais	(32.2)	-6.4%	0.3 pp	(45.2)	-9.4%	-0.6 pp	(77.4)	-7.9%	-0.1 pp
General & Administrative Expenses	(42.5)	-8.5%	-0.4 pp	(40.6)	-8.4%	1.7 pp	(83.0)	-8.5%	0.7 pp
Outras Receitas (Despesas) Operacionais	8.7	1.7%	1.2 pp	4.8	1.0%	0.3 pp	13.4	1.4%	0.7 pp
<b>Operating Result</b>	<b>161.4</b>	<b>32.3%</b>	<b>3.2 pp</b>	<b>109.4</b>	<b>22.7%</b>	<b>3.2 pp</b>	<b>270.8</b>	<b>27.6%</b>	<b>3.3 pp</b>

### Selling Expenses

Selling expenses totaled R\$77.4 million (+9.5% vs. 2016), representing 7.9% of net revenue (-0.1pp vs. 2016). Our provision for doubtful accounts improved slightly as a percentage of net revenue (+0.2pp vs. 2016), offset by higher marketing expenses (-0.3pp), mainly due to expenses related to the opening of new units.

### General and Administrative Expenses

General and administrative expenses totaled R\$83.0 million in 2017 (virtually in line with 2016), or 8.5% of net revenue (+0.7pp vs. 2016). We saw an improvement in the personnel, third-party services and rental & utilities lines in relation to Net Revenue (+0.7pp, +0.3pp and +0.2pp respectively), mainly due to our expense reduction efforts, the integration of the acquired units and the centralization of items under corporate expenses, partially offset by an increase in other expenses (-0.4pp).



## Other Operating Revenues (Expenses)

Other operating revenues (expenses), including fines and interest on tuition fees, totaled R\$13.4 million in 2017, or 1.4% of net revenue (+0.7pp vs. 2016). This improvement was mostly due to the lower provision for risk compared to 2016.

It is important to note the impact of our organic growth in 2017 results. The results of the 8 units opened in the last 18 months (which are still at the maturation stage) and the pre-operating expenses of the 7 new units inaugurated in February 2018 are initially causing a natural dilution of our margins. Throughout 2017, the new units generated net revenue of R\$29.6 million and a negative operating result of R\$3.5 million. Excluding the impacts of the organic expansion plan (both in 2017 and 2016), our education segment recorded net revenue of R\$952.3 million (+5.2% vs. 2016) and an operating result of R\$274.3 million, with an operating margin of 28.8% (+4.1pp vs. 2016).

Education in R\$ (million)	Mature Units			Organic Expansion			Education		
	2017	2016	% Net Revenue	2017	2016	% Net Revenue	2017	2016	% Net Revenue
<b>Net Revenue</b>	<b>952.3</b>	<b>905.4</b>	5.2%	<b>29.6</b>	<b>5.1</b>	478.5%	<b>981.8</b>	<b>910.5</b>	7.8%
<b>Gross Profit (exclud. deprec/amort)</b>	<b>412.0</b>	<b>368.9</b>	11.7%	<b>5.7</b>	<b>0.1</b>	6006.7%	<b>417.8</b>	<b>369.0</b>	13.2%
<i>Gross Margin</i>	43.3%	40.7%	2.5pp	19.4%	1.8%	17.5pp	42.5%	40.5%	2.0pp
<b>Operating Result</b>	<b>274.3</b>	<b>223.5</b>	22.7%	<b>(3.5)</b>	<b>(2.6)</b>	33.5%	<b>270.8</b>	<b>220.9</b>	22.6%
<i>Operating Margin</i>	28.8%	24.7%	4.1pp	-11.7%	-50.7%	39.0pp	27.6%	24.3%	3.3pp

<sup>1</sup> Considers organic expansion: Units of Sete Lagoas (Jul'16), Catalão (Oct'16), Uberlândia (Oct'16), Divinópolis (Feb'17), Pouso Alegre (Mar'17), Nova Serrana (Apr'17), São Bento do Sul (Jan'17), Itajaí (Jul'17), Itabira (Jan'18), Jataí (Jan'18), Jabaquara (Jan'18), Santo Amaro (Jan'18), Paulista (Jan'18), Palácio Avenida (Jan'18), Jaraguá do Sul (Jan'18)

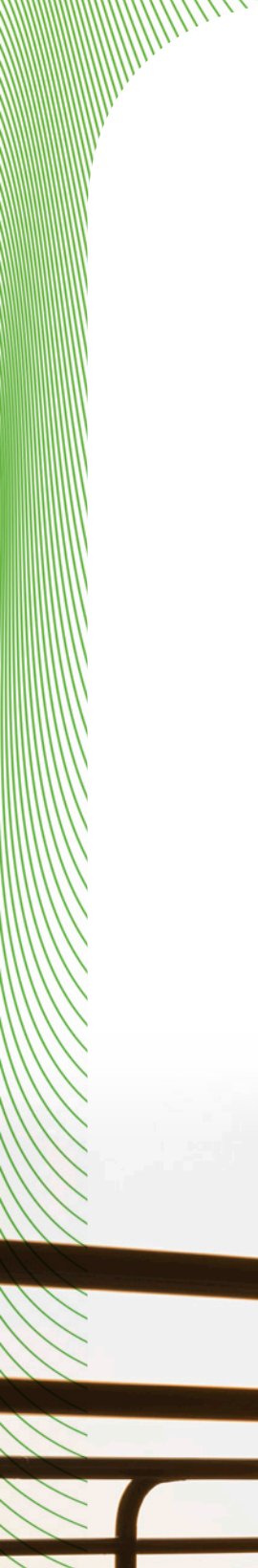


## FINANCIAL PERFORMANCE – Other Businesses

R\$ (million)	Others									
	2017	% Net Revenue	2016	% Net Revenue	% YA	4Q17	% Net Revenue	4Q16	% Net Revenue	% YA
<b>Gross Revenue</b>	<b>65.9</b>	<b>108.4%</b>	<b>50.3</b>	<b>108.6%</b>	<b>31.1%</b>	<b>36.2</b>	<b>108.2%</b>	<b>29.0</b>	<b>107.4%</b>	<b>24.9%</b>
Discounts, Deductions & Scholarships	(1.3)	-2.1%	(0.6)	-1.3%	110.6%	(0.6)	-1.9%	(0.0)	0.0%	15701.2%
Taxes	(3.9)	-6.4%	(3.4)	-7.3%	14.6%	(2.1)	-6.3%	(2.0)	-7.4%	5.6%
<b>Net Revenue</b>	<b>60.8</b>	<b>100.0%</b>	<b>46.3</b>	<b>100.0%</b>	<b>31.3%</b>	<b>33.4</b>	<b>100.0%</b>	<b>27.0</b>	<b>100.0%</b>	<b>24.0%</b>
<b>Cash Cost of Services</b>	<b>(35.5)</b>	<b>-58.4%</b>	<b>(32.2)</b>	<b>-69.5%</b>	<b>10.4%</b>	<b>(19.2)</b>	<b>-57.5%</b>	<b>(17.6)</b>	<b>-65.4%</b>	<b>9.0%</b>
- Personnel	(3.5)	-5.8%	(5.3)	-11.4%	-33.5%	(0.9)	-2.7%	(2.2)	-8.1%	-58.0%
- Services from Third Parties	(16.6)	-27.4%	(13.5)	-29.2%	22.9%	(9.8)	-29.3%	(7.7)	-28.7%	26.4%
- COGS	(4.1)	-6.7%	(3.8)	-8.1%	7.8%	(1.8)	-5.3%	(1.8)	-6.7%	-1.8%
- Rental & Utilities	(4.5)	-7.4%	(4.3)	-9.3%	4.8%	(3.2)	-9.6%	(2.8)	-10.4%	14.7%
- Others	(6.8)	-11.2%	(5.3)	-11.5%	28.3%	(3.5)	-10.6%	(3.1)	-11.6%	13.4%
<b>Gross Profit (exclud. deprec. /amort.)</b>	<b>25.3</b>	<b>41.6%</b>	<b>14.1</b>	<b>30.5%</b>	<b>79.1%</b>	<b>14.2</b>	<b>42.5%</b>	<b>9.3</b>	<b>34.6%</b>	<b>52.5%</b>
<b>Sales Expenses</b>	<b>(4.7)</b>	<b>-7.7%</b>	<b>(2.7)</b>	<b>-5.9%</b>	<b>71.2%</b>	<b>0.4</b>	<b>1.2%</b>	<b>(0.3)</b>	<b>-1.1%</b>	<b>-227.7%</b>
- Provision for Doubtful Accounts (PDA)	0.3	0.5%	(0.7)	-1.5%	-145.4%	1.9	5.7%	0.1	0.3%	2209.3%
- Marketing	(5.0)	-8.2%	(2.0)	-4.4%	147.1%	(1.5)	-4.5%	(0.4)	-1.4%	291.1%
<b>General &amp; Administrative Expenses</b>	<b>(24.9)</b>	<b>-41.0%</b>	<b>(15.3)</b>	<b>-33.0%</b>	<b>63.2%</b>	<b>(6.2)</b>	<b>-18.4%</b>	<b>(4.8)</b>	<b>-18.0%</b>	<b>27.1%</b>
- Personnel	(19.7)	-32.3%	(11.6)	-25.0%	70.1%	(5.0)	-15.0%	(3.7)	-13.6%	36.5%
- Third Party Services	(1.9)	-3.1%	(1.0)	-2.2%	78.7%	(0.4)	-1.1%	(0.4)	-1.4%	-1.9%
- Rental & Utilities	(1.1)	-1.8%	(1.1)	-2.4%	0.4%	(0.3)	-0.8%	(0.3)	-1.2%	-17.4%
- Others	(2.3)	-3.7%	(1.5)	-3.3%	47.3%	(0.5)	-1.6%	(0.5)	-1.8%	9.0%
<b>Other Operating Revenues (Expenses)</b>	<b>0.2</b>	<b>0.3%</b>	<b>(0.4)</b>	<b>-0.8%</b>	<b>-147.4%</b>	<b>(0.3)</b>	<b>-0.9%</b>	<b>(0.3)</b>	<b>-1.1%</b>	<b>-0.6%</b>
- Provisions	(0.1)	-0.2%	(0.0)	0.0%	8605.8%	(0.1)	-0.2%	(0.0)	0.0%	15662.5%
- Taxes	(1.0)	-1.6%	(0.9)	-2.0%	6.8%	(0.7)	-2.2%	(0.6)	-2.3%	15.9%
- Other Operating Revenues	1.3	2.1%	0.6	1.2%	125.3%	0.5	1.5%	0.3	1.2%	55.9%
<b>Late Payment Fees</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Operating Result</b>	<b>(4.1)</b>	<b>-6.8%</b>	<b>(4.2)</b>	<b>-9.2%</b>	<b>-2.4%</b>	<b>8.1</b>	<b>24.4%</b>	<b>3.9</b>	<b>14.4%</b>	<b>110.4%</b>

The other businesses area is composed of HSM, UniSociesc's Management and Technological Innovation (GIT) and EBRADI – Brazilian Law School. HSM is an integrated educational solution platform that promotes the continuing education and professional development of executives and managers from all over Brazil through customized products that foster learning, the exchange of experience and networking. GIT provides consulting and business solutions for companies in the engineering field, in addition to a laboratory structure to support the development of technological solutions (foundry, tooling and others). EBRADI is a new Ânima brand that was launched at the end of 2016 to offer online legal education and training to students from all over the country. Its portfolio includes preparatory courses for the Brazilian Bar exam, as well as graduate and extension programs.





In 2017, net revenue totaled R\$60.8 million, 31.3% up on 2016, mainly due to the accelerated sales of HSM, GIT and EBRADI (which did not exist in 2016) in-company courses. Our efforts to improve the product portfolio have been translated into gross margin gains, and we closed 2017 with gross profit of R\$25.3 million and a gross margin of 41.6% (+11.1pp vs. 2016). Finally, the operating result for 2017 was a negative R\$4.1 million (+2.4pp vs. 2016), mainly due to the results of EBRADI's first year of operations.

In 4Q17 in particular, we saw an improvement compared to the same period in 2016. Revenue grew due to the excellent results of HSM Expo 2017 and accelerated sales of HSM Academy, HSM's corporate education division. Meanwhile EBRADI, although this has been its first year of operations, has recorded a growing revenue curve throughout the year and an operating result, although negative, above its business plan.



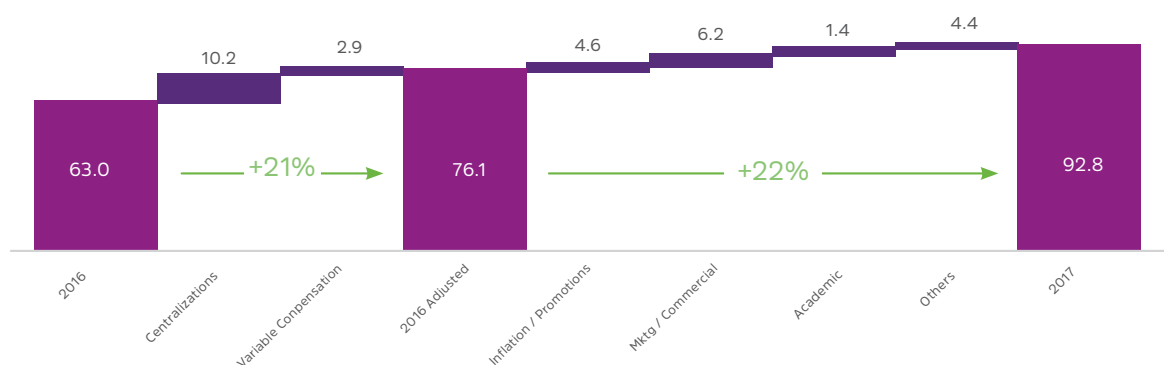
## CONSOLIDATED PERFORMANCE

R\$ (million)	Consolidated Ânima									
	2017	% Net Revenue	2016	% Net Revenue	% YA	4Q17	% Net Revenue	4Q16	% Net Revenue	% YA
<b>Gross Revenue</b>	<b>1,635.4</b>	<b>156.8%</b>	<b>1,405.3</b>	<b>146.9%</b>	<b>16.4%</b>	<b>422.8</b>	<b>153.4%</b>	<b>373.9</b>	<b>145.1%</b>	<b>13.1%</b>
Discounts, Deductions & Scholarships	(564.0)	-54.1%	(426.7)	-44.6%	32.2%	(138.9)	-50.4%	(109.6)	-42.5%	26.8%
Taxes	(28.8)	-2.8%	(21.8)	-2.3%	31.8%	(8.3)	-3.0%	(6.7)	-2.6%	24.0%
<b>Net Revenue</b>	<b>1,042.7</b>	<b>100.0%</b>	<b>956.8</b>	<b>100.0%</b>	<b>9.0%</b>	<b>275.6</b>	<b>100.0%</b>	<b>257.6</b>	<b>100.0%</b>	<b>7.0%</b>
<b>Cash Cost of Services</b>	<b>(599.6)</b>	<b>-57.5%</b>	<b>(573.7)</b>	<b>-60.0%</b>	<b>4.5%</b>	<b>(172.7)</b>	<b>-62.7%</b>	<b>(164.3)</b>	<b>-63.8%</b>	<b>5.1%</b>
- Personnel	(421.5)	-40.4%	(411.9)	-43.1%	2.3%	(113.8)	-41.3%	(113.5)	-44.1%	0.2%
- Services from Third Parties	(45.5)	-4.4%	(40.2)	-4.2%	13.2%	(18.8)	-6.8%	(13.7)	-5.3%	37.6%
- COGS	(4.1)	-0.4%	(3.8)	-0.4%	7.3%	(1.8)	-0.6%	(1.8)	-0.7%	-3.3%
- Rental & Utilities	(90.0)	-8.6%	(84.0)	-8.8%	7.1%	(26.0)	-9.4%	(24.0)	-9.3%	8.2%
- Others	(38.6)	-3.7%	(33.8)	-3.5%	14.1%	(12.3)	-4.5%	(11.3)	-4.4%	9.5%
<b>Gross Profit (exclud. deprec. /amort.)</b>	<b>443.0</b>	<b>42.5%</b>	<b>383.1</b>	<b>40.0%</b>	<b>15.6%</b>	<b>102.9</b>	<b>37.3%</b>	<b>93.3</b>	<b>36.2%</b>	<b>10.3%</b>
<b>Sales Expenses</b>	<b>(82.1)</b>	<b>-7.9%</b>	<b>(73.4)</b>	<b>-7.7%</b>	<b>11.8%</b>	<b>(28.8)</b>	<b>-10.4%</b>	<b>(26.3)</b>	<b>-10.2%</b>	<b>9.4%</b>
- Provision for Doubtful Accounts (PDA)	(46.2)	-4.4%	(45.6)	-4.8%	1.3%	(15.1)	-5.5%	(17.3)	-6.7%	-12.6%
- Marketing	(35.9)	-3.4%	(27.9)	-2.9%	28.8%	(13.7)	-5.0%	(9.0)	-3.5%	51.5%
<b>General &amp; Administrative Expenses</b>	<b>(108.0)</b>	<b>-10.4%</b>	<b>(98.4)</b>	<b>-10.3%</b>	<b>9.7%</b>	<b>(27.0)</b>	<b>-9.8%</b>	<b>(29.2)</b>	<b>-11.3%</b>	<b>-7.6%</b>
- Personnel	(72.3)	-6.9%	(66.0)	-6.9%	9.5%	(17.4)	-6.3%	(18.8)	-7.3%	-7.6%
- Third Party Services	(11.2)	-1.1%	(11.9)	-1.2%	-6.3%	(2.9)	-1.0%	(3.9)	-1.5%	-26.5%
- Rental & Utilities	(4.2)	-0.4%	(5.9)	-0.6%	-28.3%	(1.1)	-0.4%	(1.8)	-0.7%	-38.8%
- Others	(20.3)	-1.9%	(14.6)	-1.5%	38.9%	(5.6)	-2.0%	(4.7)	-1.8%	20.1%
<b>Other Operating Revenues (Expenses)</b>	<b>2.5</b>	<b>0.2%</b>	<b>(5.6)</b>	<b>-0.6%</b>	<b>-144.6%</b>	<b>1.0</b>	<b>0.4%</b>	<b>(1.7)</b>	<b>-0.7%</b>	<b>-156.8%</b>
- Provisions	(4.7)	-0.4%	(12.7)	-1.3%	-63.1%	(1.0)	-0.4%	(3.8)	-1.5%	-72.7%
- Taxes	(2.6)	-0.2%	(2.8)	-0.3%	-6.3%	(1.1)	-0.4%	(1.0)	-0.4%	13.3%
- Other Operating Revenues	9.8	0.9%	9.8	1.0%	-0.2%	3.1	1.1%	3.0	1.2%	3.2%
<b>Late Payment Fees</b>	<b>11.1</b>	<b>1.1%</b>	<b>11.0</b>	<b>1.1%</b>	<b>1.4%</b>	<b>1.6</b>	<b>0.6%</b>	<b>1.5</b>	<b>0.6%</b>	<b>8.8%</b>
<b>Operating Result</b>	<b>266.7</b>	<b>25.6%</b>	<b>216.6</b>	<b>22.6%</b>	<b>23.1%</b>	<b>49.7</b>	<b>18.0%</b>	<b>37.5</b>	<b>14.6%</b>	<b>32.6%</b>
- Corporate Expenses	(92.8)	-8.9%	(63.0)	-6.6%	47.2%	(26.4)	-9.6%	(19.4)	-7.5%	36.0%
<b>Adjusted EBITDA</b>	<b>173.9</b>	<b>16.7%</b>	<b>153.6</b>	<b>16.1%</b>	<b>13.2%</b>	<b>23.4</b>	<b>8.5%</b>	<b>18.1</b>	<b>7.0%</b>	<b>28.9%</b>
(-) Late Payment Fees	(11.1)	-1.1%	(11.0)	-1.1%	1.4%	(1.6)	-0.6%	(1.5)	-0.6%	8.8%
(-) Non-Recurring Items - EBITDA	(25.2)	-2.4%	(45.1)	-4.7%	0.0%	(9.2)	-3.4%	(28.3)	-11.0%	0.0%
<b>EBITDA</b>	<b>137.6</b>	<b>13.2%</b>	<b>97.6</b>	<b>10.2%</b>	<b>41.1%</b>	<b>12.5</b>	<b>4.5%</b>	<b>(11.7)</b>	<b>-4.5%</b>	<b>-206.9%</b>
Depreciation & Amortization	(51.3)	-4.9%	(42.1)	-4.4%	21.8%	(13.5)	-4.9%	(13.2)	-5.1%	2.1%
Equity Equivalence	(0.4)	0.0%	0.0	0.0%	0.0%	(0.2)	-0.1%	0.0	0.0%	0.0%
<b>EBIT</b>	<b>85.9</b>	<b>8.2%</b>	<b>55.4</b>	<b>5.8%</b>	<b>55.0%</b>	<b>(1.2)</b>	<b>-0.4%</b>	<b>(24.9)</b>	<b>-9.7%</b>	<b>-95.1%</b>
Net Financial Result	(37.6)	-3.6%	(36.1)	-3.8%	4.1%	(7.6)	-2.8%	(12.5)	-4.9%	-39.2%
<b>EBT</b>	<b>48.3</b>	<b>4.6%</b>	<b>19.3</b>	<b>2.0%</b>	<b>150.1%</b>	<b>(8.8)</b>	<b>-3.2%</b>	<b>(37.4)</b>	<b>-14.5%</b>	<b>-76.4%</b>
Income Tax and Social Contribution	36.8	3.5%	1.5	0.2%	2313.6%	19.6	7.1%	1.0	0.4%	1916.5%
<b>Net Income</b>	<b>85.2</b>	<b>8.2%</b>	<b>20.8</b>	<b>2.2%</b>	<b>308.5%</b>	<b>10.8</b>	<b>3.9%</b>	<b>(36.4)</b>	<b>-14.1%</b>	<b>-129.7%</b>
(-) Non-Recurring Items - EBITDA	25.2	2.4%	45.1	4.7%	0.0%	9.2	3.4%	28.3	11.0%	0.0%
(-) Non-Recurring Items - Net Income	(36.4)	-3.5%	0.0	0.0%	0.0%	(24.9)	-9.0%	0.0	0.0%	0.0%
<b>Adjusted Net Income</b>	<b>73.9</b>	<b>7.1%</b>	<b>65.9</b>	<b>6.9%</b>	<b>12.1%</b>	<b>(4.9)</b>	<b>-1.8%</b>	<b>(8.1)</b>	<b>-3.1%</b>	<b>-40.0%</b>



## Corporate Expenses

Corporate expenses totaled R\$92.8 million in 2017, or 8.9% of net revenue, 2.3pp more than in 2016. It is worth noting that last year we started a process to centralize certain activities, increasing the scope of our corporate departments and shared service center. This entails the transfer of personnel and budgets from our business units to corporate cost centers. These transfers accounted for R\$10.2 million of total corporate expenses in 2017. In addition, the first half of 2016 was impacted by the reversal of the provision for bonuses totaling R\$2.9 million, which distorted the comparison base. These two effects combined caused a 21% increase in our corporate expenses in 2017, as shown below.



Considering this adjusted basis, we saw a 22% increase that was directly related to priority areas. The investment in the commercial area and the reinforcement of the student service area are already showing results in terms of both number of new students and student retention rates. We also reinforced the corporate academic area with dedicated staff and new technology services, in addition to our new data science team. In addition, in 2017 we started a strategic sourcing project, involving an external consultancy and our internal team, which represented an investment in 2017 (R\$2.0 million), but will translate into savings related to the purchase process and negotiation with suppliers going forward.

Specifically in 4Q17, corporate expenses came to R\$26.4 million, or 9.6% of net revenue, -2.1pp worse than in 4Q16.



## Adjusted EBITDA

Adjusted EBITDA totaled R\$173.9 million in 2017 (+13.2% vs. 2016), with a margin of 16.7%, a 0.6pp increase over 2016. As previously explained, excluding the impacts of our organic expansion plan, the adjusted EBITDA for 2017 would have been R\$177.3 million (+13.5% vs. 2016) and represent a margin expansion of 1.1pp (versus the reported +0.6pp).

Specifically on 4Q17, Adjusted EBITDA totaled R\$23.3 million, or 8.4% margin, which means a 1.4pp improvement versus 4Q16.

## Non-Recurring Items

R\$ (million)	EBITDA				Net Income			
	2017	2016	4Q17	4Q16	2017	2016	4Q17	4Q16
Restructuring Expenses	(24.4)	(24.6)	(9.9)	(9.8)	(24.4)	(9.8)	(9.9)	(9.8)
Account Receivables Adjustments - FIES	3.0	3.6	0.6	0.9	3.0	0.9	0.6	0.9
Stock Options	-	(5.1)	-	(0.4)	-	(0.4)	-	(0.4)
Provision for inventory losses	(1.2)	-	-	-	(1.2)	-	-	-
HSM Impairment Test	-	(19.0)	-	(19.0)	-	(19.0)	-	(19.0)
Tax Regularization Program (PRT/PERT)	(2.5)	-	-	-	14.8	-	5.8	-
Deferred Income Tax/Social Contrib.	-	-	-	-	13.8	-	13.8	-
Income Tax/Social Contrib. write-off - Business Combin	-	-	-	-	5.3	-	5.3	-
<b>Total Non Recurring Items</b>	<b>(25.2)</b>	<b>(45.1)</b>	<b>(9.2)</b>	<b>(28.3)</b>	<b>11.2</b>	<b>(28.3)</b>	<b>15.7</b>	<b>(28.3)</b>

**Restructuring expenses.** Non-recurring restructuring expenses totaled R\$24.4 million in 2017, due to the severance packages for professors and administrative staff following the restructuring process and the integration of the new acquisitions. In 4Q17, we reported R\$9.9 million in severance packages expenses.

**Adjustment of FIES accounts receivable.** As reported in the 4Q15 earnings release, in February 2016, we entered into an agreement with the government establishing that the outstanding FIES tuition fees related to 2015 would be paid in the 3 following years, adjusted for inflation (IPCA). As a result, in 2015, we adjusted our FIES accounts receivable and gross revenue by R\$7.8 million, reflecting the spread between the SELIC interest rate and inflation (IPCA). This adjustment, which had a negative impact on the 2015 result, has had a positive effect since 2016. In 2017, we excluded the positive impact of this adjustment totaling R\$3.0 million, R\$0.6 million related to 4Q17.



**Provision for inventory losses.** In 2Q17, we made a R\$1.2 million write-off to HSM's inventory related to old edition magazines that would no longer be sold.

**Tax Regularization Program (PRT / PERT).** In 2017, the Federal Government published two provisional measures that allowed for the early settlement of tax installments using credits arising from tax losses and/or the social contribution (CSLL) negative calculation basis. Through this benefit, we settled tax installments, generating a gain of R\$ 14.8 million in our net income. This amount is comprised of a provision for risks of R\$ 2.5 million (carried out in 2Q17), accompanied by the constitution of deferred tax credits for R\$ 17.3 million, according to the table below:

Affected Accounts	EBITDA			Post EBITDA			Net Income		
	2Q17	4Q17	2017	2Q17	4Q17	2017	2Q17	4Q17	2017
Provisions	(2.5)	-	(2.5)	-	-	-	(2.5)	-	(2.5)
Net Financial Result	-	-	-	(3.1)	-	(3.1)	(3.1)	-	(3.1)
Income Tax & Social Contribution	-	-	-	14.6	5.8	20.5	14.6	5.8	20.5
<b>Total</b>	<b>(2.5)</b>	<b>-</b>	<b>(2.5)</b>	<b>11.5</b>	<b>5.8</b>	<b>17.3</b>	<b>9.0</b>	<b>5.8</b>	<b>14.8</b>

**Deferred Income Tax and Social Contribution.** In 4Q17, we recorded a deferred income tax asset of R\$ 13.8 million to offset a previously recognized deferred income tax liability. Such credits, with no impact on cash and of non-recurring nature, are only constituted with reasonable security of realization.

**Write-off of Income Tax and Social Contribution** – Business Combination. Following the corporate reorganization of subsidiaries in November 2017, we recorded a write-off of deferred Income Tax/ Social Contribution liabilities for R\$ 5.3 million. This accounting movement is non-recurring in nature and has no cash effect.



## Financial Result

R\$ (million)	Consolidated Ânima			
	2017	2016	4Q17	4Q16
<b>(+) Financial Revenue</b>	<b>37.4</b>	<b>52.5</b>	<b>7.2</b>	<b>9.3</b>
Late payment fees	11.1	11.0	1.6	1.5
Interest on financial investments	14.4	23.8	1.8	5.4
Inflation adjustment - PN23 FIES acc. rec.	7.8	12.7	2.8	0.7
Other financial revenues	4.0	5.0	0.9	1.6
<b>(-) Financial Expense</b>	<b>(75.2)</b>	<b>(89.3)</b>	<b>(14.7)</b>	<b>(22.4)</b>
Financial debt interest expense <sup>1</sup>	(40.5)	(60.5)	(6.2)	(14.4)
Tax debt interest expenses	(3.2)	(0.6)	0.5	(0.2)
PraValer interest expenses	(18.2)	(13.4)	(5.3)	(4.2)
Accounts payable interest expenses (acquisitions)	(8.3)	(8.7)	(2.2)	(2.6)
Other financial expenses	(5.1)	(6.1)	(1.5)	(1.1)
<b>Financial Result</b>	<b>(37.9)</b>	<b>(36.8)</b>	<b>(7.5)</b>	<b>(13.2)</b>

<sup>1</sup> Includes gains and losses on derivatives related to foreign currency loan swap contracts

In 2017, the net financial result came to a negative R\$37.9 million, versus a negative R\$36.8 million in 2016. Financial revenue totaled R\$37.4 million, R\$15.1 million below 2016, mainly due to lower income from financial investments and the recognition of the inflation adjustment of the FIES accounts receivable balance

On the other hand, the financial expense stood at R\$75.2 million, R\$14.1 million less than in 2016, mostly due to the reduction in loan interest expenses as a result of the settlement of a bank debt, which reduced our debt balance, and the decline in the Brazilian base interest rate (SELIC) in the period.

In 4Q17, financial revenue totaled R\$7.2 million, while the financial expense came to R\$14.7 million, giving a net financial result of negative R\$7.5 million.



## Income Tax and Social Contribution

We continue benefiting from Prouni, which guarantees income tax and social contribution exemption for most of our business.

In 2017, deferred Income Tax and Social Contribution credits were used in the amount of R\$ 36.8 million, being R\$ 36.4 non-recurring. Of this total, R\$ 17.3 million were used to prepay tax installments, based on government's tax regularization programs in 2017 (PRT - MP 766/2017 and PERT - MP 783/2017). Another R\$ 13.8 million were related to deferred income tax assets to offset other income tax liabilities related to business combinations that had been previously recorded. In addition, we wrote off R\$ 5.3 million in deferred tax liabilities after the corporate reorganization of subsidiaries executed in November 2017.

## Adjusted Net Income

Adjusted net income totaled R\$73.9 million in 2017 (+12.1% vs. 2016), with a margin of 7.1% (+0.2pp vs. 2016). In 4Q17, we recorded an adjusted net loss of R\$4.9 million (versus a net loss of R\$8.1 million in 4Q16), with a negative margin of 1.8% (+1.4pp vs. 4Q16).

Excluding the management adjustments, Net income was R\$85.2 million in 2017, which represents an increase of 4.1x versus 2016.

## Cash and Net Debt

R\$ (million)	Consolidated Ânima		
	DEC 17	SEP 17	DEC 16
<b>(+) Cash and Cash Equivalents</b>	<b>115.9</b>	<b>146.9</b>	<b>181.5</b>
Cash	33.9	37.5	39.6
Financial Investments	82.0	109.4	141.9
<b>(-) Loans and Financing <sup>1</sup></b>	<b>283.4</b>	<b>295.5</b>	<b>400.3</b>
Short Term	57.5	59.2	137.2
Long Term	225.9	236.3	263.1
<b>(=) Net (Debt) Cash <sup>2</sup></b>	<b>(167.5)</b>	<b>(148.6)</b>	<b>(218.8)</b>
(-) Other Short and Long Term Obligations	75.4	76.8	78.7
<b>(=) Net (Debt) Cash <sup>3</sup></b>	<b>(242.9)</b>	<b>(225.4)</b>	<b>(297.5)</b>

<sup>1</sup> Net of swap adjustment

<sup>2</sup> Considering financial debt (bank loans) only.

<sup>3</sup> Including obligations related to tax debt and acquisitions payables.



We ended 2017 with cash and cash equivalents and financial investments of R\$115.9 million, R\$31.0 million less than at the end of September 2017. Loans and financing fell R\$12.1 million from September 2017, mainly due to the amortization of bank loans.

Other short and long-term obligations, mainly represented by accounts payable related to the acquisitions, amounted to R\$75.4 million. As a result, we closed 2017 with net debt of R\$242.9 million, representing a leverage (net debt ÷ LTM adjusted EBITDA) of 1.4x.

### Accounts Receivable and Days of Sales Outstanding (DSO)

We ended 2017 with net accounts receivable of R\$247.0 million. For management and DSO calculation purposes, we are adjusting accounts receivable by R\$1.2 million, comprising the R\$7.8 million adjustment recorded in 4Q15 less R\$6.6 million in write-offs since then.

As a result, adjusted accounts receivable totaled R\$248.3 million in 2017, a reduction of R\$41.5 million compared with 2016.

	2017	9M17	1H17	1Q17	2016*	Δ 2017 / 2016
Net Accounts Receivable	247.0	278.5	344.5	321.0	285.6	(38.6)
Adjusted Accounts Receivable FIES	(1.2)	(1.8)	(2.5)	(3.3)	(4.2)	3.0
<b>Adjusted Net Accounts Receivable</b>	<b>248.3</b>	<b>280.3</b>	<b>346.9</b>	<b>324.4</b>	<b>289.8</b>	<b>(41.5)</b>
to mature	179.0	221.1	282.5	265.7	227.7	(48.7)
until 180 days	54.1	46.9	51.2	45.1	45.5	8.6
between 180 and 360 days	10.8	8.0	8.5	9.1	12.4	(1.6)
between 361 and 720 days	4.4	4.4	4.7	4.5	4.2	0.2
more than 721 days	0.0	0.0			0.0	0.0

We ended 2017 with DSO (Days of Sales Outstanding) of 86 days, representing a 21-day decline from the previous year. Breaking down our accounts receivable, we recorded a DSO of 149 days for FIES receivables, an annual reduction of 59 days. For non-FIES receivables, our DSO stood at 57 days in 2017, an increase of 5 days over 2016. In the other businesses line, we closed the year with a DSO of 96 days.



Total	2017	9M17	1H17	1Q17	2016*	Δ 2017 / 2016
Net Accounts Receivable	247.0	278.5	344.5	321.0	285.6	(38.6)
Adjusted Net Accounts Receivable	248.3	280.3	346.9	324.4	289.8	(41.5)
Net Revenue (accumulative)	1,042.7	767.0	515.2	255.2	956.8	85.9
DSO	86	99	121	114	107	(21)

FIES	2017	9M17	1H17	1Q17	2016*	Δ 2017 / 2016
Net Accounts Receivable	124.4	157.0	231.4	207.1	191.7	(67.3)
Adjusted Accounts Receivable FIES	(1.2)	(1.8)	(2.5)	(3.3)	(4.2)	3.0
Adjusted Net Accounts Receivable	125.7	158.9	233.9	210.5	195.9	(70.2)
Net Revenue (accumulative)	304.3	236.1	165.5	79.0	336.4	(32.1)
DSO	149	182	254	240	208	(59)

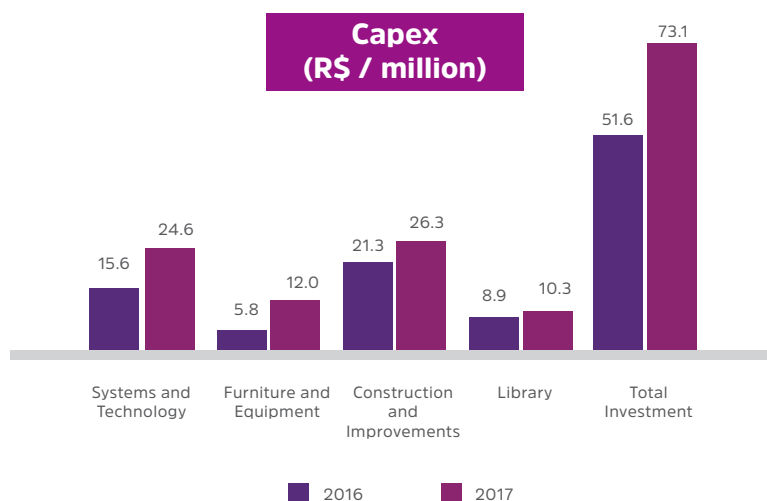
Non FIES	2017	9M17	1H17	1Q17	2016*	Δ 2017 / 2016
Net Accounts Receivable	106.3	109.0	103.6	103.9	83.7	22.6
Net Revenue (accumulative)	677.4	503.4	333.9	170.2	567.5	109.9
DSO	57	59	56	55	52	5

Others	2017	9M17	1H17	1Q17	2016*	Δ 2017 / 2016
Net Accounts Receivable	16.3	12.5	9.5	10.0	10.2	6.1
Net Revenue (accumulative)	61.0	27.5	15.8	6.0	53.0	8.1
DSO	96	123	108	149	61	35

\*Weighted average DSO considering acquisitions in the last 12 months

## Investments (CAPEX)

In 2017, CAPEX totaled R\$73.1 million, or 7.0% of net revenue, a 1.6pp increase compared with the 5.4% reported in 2016. This figure includes investments in maintenance and expansion of our academic units (around R\$15 million of which allocated to new units), new academic labs and development of our educational systems and technological platform.





## Cash Flow

	2017	2016	4Q17	4Q16
<b>Net Income</b>	<b>85.2</b>	<b>20.8</b>	<b>10.8</b>	<b>(36.5)</b>
Depreciation & Amortization	51.3	42.1	13.5	13.2
Interest expenses/revenues	30.7	53.1	5.8	15.4
Provisions for labor, tax and civil risks	5.1	10.4	0.5	3.2
Other non-cash adjustments	(24.9)	26.2	(18.7)	18.7
<b>Operating Cash Flow</b>	<b>147.3</b>	<b>152.6</b>	<b>12.0</b>	<b>14.1</b>
Δ Accounts receivable/PDA	44.7	39.8	32.5	22.3
Δ Other assets/liabilities	(2.7)	(44.2)	(32.2)	(35.4)
<b>Working Capital Variance</b>	<b>42.0</b>	<b>(4.4)</b>	<b>0.3</b>	<b>(13.2)</b>
<b>Free Cash Flow before CAPEX</b>	<b>189.4</b>	<b>148.1</b>	<b>12.4</b>	<b>0.9</b>
CAPEX - Fixed and Intangible	(73.1)	(51.6)	(24.4)	(14.7)
<b>Free Cash Flow</b>	<b>116.3</b>	<b>96.5</b>	<b>(12.0)</b>	<b>(13.8)</b>
Financing/Investments activities	(156.9)	(43.5)	(17.0)	(15.9)
Shares held in treasury	(4.3)	(27.6)	0.0	(0.2)
Acquisitions	(12.6)	(13.4)	(2.1)	(3.6)
Dividends	(5.0)	(15.2)	0.0	0.0
Capital Increase LCB - Anima	(3.1)	0.0	0.0	0.0
<b>Net Cash Flow from Financing Activities</b>	<b>(181.9)</b>	<b>(99.8)</b>	<b>(19.0)</b>	<b>(19.7)</b>
<b>Net Increase (Reduction) of Cash and Cash Equivalents</b>	<b>(65.6)</b>	<b>(3.3)</b>	<b>(31.0)</b>	<b>(33.5)</b>
Cash at the begging of the period	181.5	184.5	146.9	215.0
Cash at the end of the period	115.9	181.5	115.9	181.5

Operating cash flow before working capital and CAPEX came to R\$147.3 million in 2017. Our working capital was a positive R\$42.0 million, mainly due to FIES receivables, while CAPEX came to R\$73.1 million. As a result, we closed the period with free cash flow of R\$116.3 million.

In 2017, financing activities consumed R\$156.9 million in cash, related to the amortization of bank loans, already discounting a new loan of R\$5.4 million from the Study and Projects Financing Agency – FINEP in 1Q17. Additionally, the share repurchase program totaled R\$ 4.3 million in the year, while the accounts payable from acquisitions (UniSociesc, Una Uberlândia and Una Bom Despacho) absorbed R\$12.6 million in cash. We also distributed R\$5.0 million in dividends in May 2017. Finally, we made a contribution of R\$3.1 million in 1Q17, as the initial capital

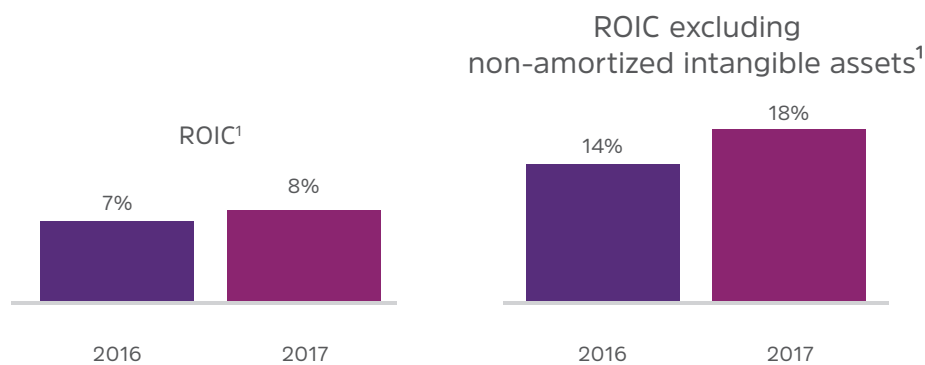


infusion for the joint venture with Le Cordon Bleu.

As a result, we ended 2017 with cash and financial investments of R\$115.9 million.

### Return on Invested Capital (ROIC)

We monitor our financial performance through our return on invested capital (ROIC), among other metrics. At the end of 2017, ROIC was 8%. Although the improvement is still modest compared with our ambitions, we continue improving after an inflection point in our return rate in the first quarter. We can see the same effect when we analyze our ROIC excluding non-amortized intangible assets, which climbed from 14% in 2016 to 18% in 2017.



<sup>1</sup> ROIC = LTM EBIT\* (1- effective tax rate) ÷ avg. invested capital.  
Invested Capital = net working capital + long-term FIES accounts receivable + net fixed assets  
2016 EBIT adjusted for the impairment of HSM.



## APPENDIX 1 – Reconciliation of the 2017 Income Statement

Consolidated Anima R\$ (million)	2017							IFRS Income Statement
	Release Income Statement	Depreciation & Amortization	Equiv. Patrimonial	Corporate Expenses	Late Payment Fees	Non- Recurring Items	HSM Reclass.	
<b>Gross Revenue</b>	<b>1,635.4</b>			<b>0.1</b>				<b>1,635.4</b>
Discounts, Deductions & Scholarships	(564.0)					3.0		(561.0)
Taxes	(28.8)			(0.0)				(28.8)
<b>Net Revenue</b>	<b>1,042.7</b>			<b>0.1</b>		<b>3.0</b>		<b>1,045.7</b>
<b>Cash Cost of Services</b>	<b>(599.6)</b>	<b>(27.0)</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(20.1)</b>	<b>0.3</b>	<b>(646.5)</b>
- Personnel	(421.5)					(20.0)		(441.4)
- Services from Third Parties	(45.5)					(0.2)	0.3	(45.4)
- COGS	(4.1)							(4.1)
- Rental & Utilities	(90.0)			(0.0)				(90.0)
- Others	(38.6)	(27.0)		(0.0)				(65.6)
<b>Gross Profit (exclud. deprec. /amort.)</b>	<b>443.0</b>	<b>(27.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(17.2)</b>	<b>0.3</b>	<b>399.1</b>
<b>Sales Expenses</b>	<b>(82.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(84.2)</b>
- Provision for Doubtful Accounts (PDA)	(46.2)			(0.0)				(46.2)
- Marketing	(35.9)			(2.2)				(38.0)
<b>General &amp; Administrative Expenses</b>	<b>(108.0)</b>	<b>(24.2)</b>	<b>(0.4)</b>	<b>(92.0)</b>	<b>0.0</b>	<b>(3.9)</b>	<b>0.0</b>	<b>(228.6)</b>
- Personnel	(72.3)			(68.2)		(2.5)		(143.1)
- Third Party Services	(11.2)			(9.7)		(0.1)		(20.9)
- Rental & Utilities	(4.2)			(1.5)				(5.7)
- Others	(20.3)	(24.2)	(0.4)	(12.7)		(1.3)		(58.9)
<b>Other Operating Revenues (Expenses)</b>	<b>2.5</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>0.0</b>	<b>(2.6)</b>	<b>0.0</b>	<b>(0.2)</b>
- Provisions	(4.7)			(0.0)		(2.5)		(7.2)
- Taxes	(2.6)			(0.4)				(3.0)
- Other Operating Revenues	9.8			0.3		(0.1)		10.0
<b>Late Payment Fees</b>	<b>11.1</b>				<b>(11.1)</b>			<b>0.0</b>
<b>Operating Result</b>	<b>266.7</b>	<b>(51.3)</b>	<b>(0.4)</b>	<b>(94.2)</b>	<b>(11.1)</b>	<b>(23.7)</b>	<b>0.3</b>	<b>86.2</b>
- Corporate Expenses	(92.8)			94.2		(1.4)		0.0
<b>Adjusted EBITDA</b>	<b>173.9</b>	<b>(51.3)</b>	<b>(0.4)</b>	<b>0.0</b>	<b>(11.1)</b>	<b>(25.2)</b>	<b>0.3</b>	<b>86.2</b>
(-) Late Payment Fees	(11.1)				11.1			0.0
(-) Non-Recurring Items - EBITDA	(25.2)					25.2		0.0
<b>EBITDA</b>	<b>137.6</b>	<b>(51.3)</b>	<b>(0.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>86.2</b>
Depreciation & Amortization	(51.3)	51.3						0.0
Equity Equivalence	(0.4)		0.4					0.0
<b>EBIT</b>	<b>85.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>86.2</b>
Net Financial Result	(37.6)						(0.3)	(37.9)
<b>EBT</b>	<b>48.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>48.3</b>
Income Tax and Social Contribution	36.8							36.8
<b>Net Income</b>	<b>85.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>85.2</b>
(-) Non-Recurring Items - EBITDA	25.2					(25.2)		0.0
(-) Non-Recurring Items - Net Income	(36.4)					36.4		0.0
<b>Adjusted Net Income</b>	<b>73.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>11.2</b>	<b>0.0</b>	<b>85.2</b>



## APPENDIX 2 – Reconciliation of the 4Q17 Income Statement

Ánima Consolidated R\$ (million)	4Q17							IFRS Income Statement
	Release Income Statement	Depreciation & Amortization	Equiv. Patrimonial	Corporate Expenses	Late Payment Fees	Non- Recurring Items	HSM Reclass.	
<b>Gross Revenue</b>	<b>422.8</b>			<b>0.1</b>				<b>422.9</b>
Discounts, Deductions & Scholarships	(138.9)					0.6		(138.3)
Taxes	(8.3)			(0.0)				(8.3)
<b>Net Revenue</b>	<b>275.6</b>			<b>0.1</b>		<b>0.6</b>		<b>276.3</b>
<b>Cash Cost of Services</b>	<b>(172.7)</b>	<b>(7.3)</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(9.1)</b>	<b>(0.1)</b>	<b>(189.2)</b>
- Personnel	(113.8)					(8.9)		(122.7)
- Services from Third Parties	(18.8)					(0.2)	(0.1)	(19.1)
- COGS	(1.8)							(1.8)
- Rental & Utilities	(26.0)			(0.0)				(26.0)
- Others	(12.3)	(7.3)		(0.0)				(19.6)
<b>Gross Profit (exclud. deprec. /amort.)</b>	<b>102.9</b>	<b>(7.3)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(8.4)</b>	<b>(0.1)</b>	<b>87.1</b>
<b>Sales Expenses</b>	<b>(28.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(29.3)</b>
- Provision for Doubtful Accounts (PDA)	(15.1)			(0.0)				(15.1)
- Marketing	(13.7)			(0.5)				(14.2)
<b>General &amp; Administrative Expenses</b>	<b>(27.0)</b>	<b>(6.2)</b>	<b>(0.2)</b>	<b>(26.3)</b>	<b>0.0</b>	<b>(0.5)</b>	<b>0.0</b>	<b>(60.1)</b>
- Personnel	(17.4)			(20.0)		(0.5)		(37.9)
- Third Party Services	(2.9)			(2.4)		0.0		(5.3)
- Rental & Utilities	(1.1)			(0.4)				(1.6)
- Others	(5.6)	(6.2)	(0.2)	(3.4)		0.0		(15.4)
<b>Other Operating Revenues (Expenses)</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>(0.1)</b>	<b>0.0</b>	<b>1.0</b>
- Provisions	(1.0)			(0.0)		0.0		(1.1)
- Taxes	(1.1)			(0.1)				(1.2)
- Other Operating Revenues	3.1			0.2		(0.1)		3.3
<b>Late Payment Fees</b>	<b>1.6</b>				<b>(1.6)</b>			<b>0.0</b>
<b>Operating Result</b>	<b>49.7</b>	<b>(13.5)</b>	<b>(0.2)</b>	<b>(26.6)</b>	<b>(1.6)</b>	<b>(9.0)</b>	<b>(0.1)</b>	<b>(1.3)</b>
- Corporate Expenses	(26.4)			26.6		(0.3)		0.0
<b>Adjusted EBITDA</b>	<b>23.4</b>	<b>(13.5)</b>	<b>(0.2)</b>	<b>0.0</b>	<b>(1.6)</b>	<b>(9.2)</b>	<b>(0.1)</b>	<b>(1.3)</b>
(-) Late Payment Fees	(1.6)				1.6			0.0
(-) Non-Recurring Items - EBITDA	(9.2)					9.2		0.0
<b>EBITDA</b>	<b>12.5</b>	<b>(13.5)</b>	<b>(0.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(1.3)</b>
Depreciation & Amortization	(13.5)	13.5						0.0
Equity Equivalence	(0.2)		0.2					0.0
<b>EBIT</b>	<b>(1.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(1.3)</b>
Net Financial Result	(7.6)						0.1	(7.5)
<b>EBT</b>	<b>(8.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(8.8)</b>
Income Tax and Social Contribution	19.6							19.6
<b>Net Income</b>	<b>10.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>10.8</b>
(-) Non-Recurring Items - EBITDA	9.2					(9.2)		0.0
(-) Non-Recurring Items - Net Income	(24.9)					24.9		0.0
<b>Adjusted Net Income</b>	<b>(4.9)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>15.7</b>	<b>0.0</b>	<b>10.8</b>



### APPENDIX 3 – Income Statement – IFRS

	2017	2016	4Q17	4Q16
<b>Net Revenue</b>	<b>1,045.7</b>	<b>960.4</b>	<b>276.3</b>	<b>258.4</b>
COST OF SERVICES	(646.5)	(611.6)	(189.2)	(176.7)
<b>Gross (Loss) Profit</b>	<b>399.1</b>	<b>348.9</b>	<b>87.1</b>	<b>81.7</b>
<b>OPERATING (EXPENSES) / INCOME</b>	<b>(313.0)</b>	<b>(292.8)</b>	<b>(88.4)</b>	<b>(106.1)</b>
Commercial	(84.2)	(75.4)	(29.3)	(26.7)
General and administrative	(228.2)	(191.2)	(59.9)	(57.9)
Equity income	(0.4)	-	(0.2)	-
Other operating (expenses) revenues	(0.2)	(26.2)	1.0	(21.5)
<b>Income before Financial Result</b>	<b>86.2</b>	<b>56.1</b>	<b>(1.3)</b>	<b>(24.3)</b>
Financial interest income	53.8	162.1	(1.7)	53.6
Financial interest expenses	(91.6)	(198.8)	(5.9)	(66.7)
<b>Net (Loss) Income before Taxes</b>	<b>48.3</b>	<b>19.3</b>	<b>(8.8)</b>	<b>(37.4)</b>
Income tax and social contribution, current and deferred	36.8	1.5	19.6	0.9
<b>Net Income or Loss for the Period</b>	<b>85.2</b>	<b>20.8</b>	<b>10.8</b>	<b>(36.5)</b>



## APPENDIX 4 – Balance Sheet - IFRS

Assets	DEC 17	DEC 16	SEP 17	Liabilities	DEC 17	DEC 16	SEP 17
<b>Current Assets</b>	<b>410.0</b>	<b>434.0</b>	<b>474.9</b>	<b>Current Liabilities</b>	<b>221.5</b>	<b>268.3</b>	<b>218.3</b>
Cash and cash equivalents	33.9	39.6	37.5	Supplier	33.8	23.7	24.8
Cash & financial investments	82.0	141.9	109.4	Loans	52.5	124.1	52.3
Accounts receivable	246.9	195.7	278.4	Personnel	62.6	58.4	78.2
Prepaid expenses	30.5	37.4	22.9	Taxes payable	17.5	14.8	12.7
Recoverable taxes	9.0	11.2	12.7	Advances from clients	17.5	19.2	30.6
Derivatives	-	-	-	Tax debt installments	0.1	0.6	0.6
Other current assets	7.7	8.3	13.9	Accounts payables	11.1	9.1	10.9
				Dividends payables	20.2	5.0	0.0
				Derivatives	4.9	13.1	6.9
				Other current liabilities	1.2	0.5	1.1
<b>Non-Current Assets</b>	<b>928.1</b>	<b>953.8</b>	<b>890.4</b>	<b>Non-Current Liabilities</b>	<b>420.2</b>	<b>483.9</b>	<b>441.2</b>
Accounts receivable	0.1	89.9	0.1	Loans	223.3	253.5	231.3
Prepaid expenses	11.6	12.4	7.0	Accounts payables	61.1	64.6	61.2
Judicial deposits	47.4	36.3	39.0	Debit with related parties	0.0	-	-
Credit with related parties	0.3	0.1	0.2	Tax debt installments	3.0	4.5	4.0
Recoverable taxes	16.2	6.0	13.8	Deferred income tax and social contribution	38.4	52.2	54.9
Deferred income tax & social contribution	1.6	-	-	Provisions for risks	88.3	98.5	81.1
Future capital increase advances	-	-	-	Derivatives	2.6	9.6	4.9
Other non-current assets	30.0	16.4	19.1	Other non-current liabilities	3.4	1.1	3.7
Investments	2.7	-	2.9				
Fixed	246.1	223.5	236.6				
Intangible	572.1	569.1	571.7				
				<b>Shareholder Equity</b>	<b>696.4</b>	<b>635.7</b>	<b>705.8</b>
				Capital Stock	496.4	496.4	496.4
				Capital reserve	6.6	6.5	6.6
				Earnings reserve	277.2	212.3	212.3
				Shares in treasury	(14.2)	(10.0)	(14.2)
				Asset valuation adjustment	(69.6)	(69.6)	(69.6)
				Retained earnings	-	0.0	74.3
				Minority shareholders interest	-	-	-
<b>Total Assets</b>	<b>1,338.2</b>	<b>1,387.9</b>	<b>1,365.3</b>	<b>Total Liabilities and Shareholder Equity</b>	<b>1,338.2</b>	<b>1,387.9</b>	<b>1,365.3</b>



## APPENDIX 5 – Cash Flow – IFRS



	2017	2016	4Q17	4Q16
<b>Net Income for the period</b>	85.2	20.8	10.8	(36.4)
Adjustments:				
Allowance for doubtful accounts	46.2	45.6	15.1	17.3
Reversal (restatement) of escrow deposits	(2.1)	(1.7)	(0.5)	(0.4)
Depreciation and amortization	51.3	42.1	13.5	13.2
Decrease in residual value of fixed and intangible assets	0.4	4.5	0.3	1.1
Equity income	0.4	-	0.2	-
Third party loans update	(1.8)	(1.1)	(0.5)	(1.1)
Interest on loans, financing and tax installments	28.5	60.7	4.7	14.5
Constitution, reversal and update of provision for labor, tax and civil risks	7.2	12.1	1.1	3.7
Present value adjustments to accounts payable	8.3	8.7	2.2	2.6
FIES revenues regarding present value adjustments and monetary restatement	(6.2)	(16.3)	(1.0)	(1.7)
Share repurchase program bonuses	0.1	5.3	0.0	0.7
Deferred income tax and social contribution	(36.8)	(1.5)	(19.6)	(1.0)
Losses with investments	-	0.0	-	-
Losses with provision for impairment	-	19.0	-	19.0
Inventory and net assets write-off	1.2	-	-	-
fairvalueofderivatives	11.6	-	0.9	-
	193.5	198.2	27.1	31.4
<b>Change in operating assets and liabilities</b>				
Decrease (increase) in trade receivables	(1.4)	(5.8)	17.4	5.0
Decrease (increase) in sundry advances	7.7	(25.2)	(12.1)	(12.8)
Decrease (increase) in escrow deposits	(13.3)	(8.7)	(8.8)	(1.9)
Decrease (increase) in recoverable taxes and contributions	0.6	(0.3)	1.2	(0.6)
Decrease (increase) in other assets	(3.3)	2.0	4.0	4.5
Increase (decrease) in trade payables	10.1	0.4	9.0	0.5
Increase (decrease) in payroll and related taxes	7.8	6.1	(10.9)	(14.2)
Increase (decrease) in advances from clients	(1.6)	(4.0)	(13.1)	(9.6)
Increase (decrease) of taxes and contributions paid in installments	0.7	(0.5)	1.4	(0.6)
Increase (decrease) of provision for tax, civil and labor risks	(13.7)	(14.4)	(1.3)	(1.8)
Increase (decrease) in other liabilities	3.1	0.2	(0.2)	0.5
<b>Cash from operations</b>	(3.4)	(50.1)	(13.3)	(30.9)
Interest paid	(32.8)	(25.6)	(2.2)	6.1
Income tax and social contribution paid	(0.0)	(0.4)	-	(0.1)
<b>Net cash flow from operating activities</b>	157.3	122.1	11.7	6.5
<b>Cash Flow from Investment Activities</b>				
Loans with related parties				
Concessions	(4.0)	(0.1)	(4.0)	(0.1)
Receipts	3.8	-	3.8	-
Subsidiary capital increase	(3.1)	-	-	-
Acquisitions net of cash and equivalents	-	(8.0)	-	0.0
(Redemption) investment of financial investments	75.2	40.7	30.1	54.9
Yields from financial investments	(15.3)	(23.4)	(2.7)	(5.3)
Acquisition of property and equipment	(53.6)	(38.4)	(16.7)	(10.7)
Acquisition of intangible assets	(19.5)	(13.2)	(7.6)	(4.0)
<b>Net cash flow (applied) from investment activities</b>	(16.5)	(42.4)	2.8	34.8
<b>Cash Flow from Financial Activities</b>				
Loans and financing				
Funding	5.4	143.0	-	-
Amortizations	(100.4)	(143.4)	(14.1)	(2.7)
Gains (Losses) with Derivatives	(29.6)	(18.6)	(2.0)	(18.6)
Accounts payable amortization on controlling acquisitions	(12.6)	(3.7)	(2.1)	(3.7)
IPO costs	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-
Capital increase	-	-	-	-
Shares held in treasury	(4.3)	(27.6)	-	(0.2)
Dividends paid	(5.0)	(15.2)	-	-
<b>Net cash (applied to) flow from financing activities</b>	(146.4)	(65.6)	(18.1)	(25.2)
<b>Cash (Applied) Flow for the Period</b>	(5.6)	14.1	(3.6)	16.1
<b>Change In Cash and Cash Equivalents</b>				
Cash and cash equivalents at the beginning of the period	39.6	25.5	37.5	23.4
Cash and cash equivalents at the end of the period	33.9	39.6	33.9	39.6
<b>Increase (Decrease) of Cash and Cash Equivalents</b>	(5.7)	14.1	(3.6)	16.1





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