

4Q19 Earnings Release

Recife, March 27, 2020 – Ser Educacional S.A. (B3 SEER3), announces its results for the fourth quarter of 2019 (4Q19). The basis for presentation and analysis of results are described on page 2 of this document.

- The **total student base** reached 184,8 students in the quarter, up by 23.0% compared to 4Q18, mainly due to the growth in the distance learning student base and UNINORTE's consolidation.
- **Net revenue increased 9.4%** in the quarter and totaled R\$350.3 million, mainly due to the growth in the distance learning student base and due to the consolidation of UNINORTE's revenues in November and December 2019.
- In 4Q19, **Adjusted EBITDA totaled R\$81.0 million**, up by 32.8% compared to the R\$61.0 million in 4Q18. **Adjusted EBITDA margin increased by 4.1 p.p.**, reaching 23.1% vs. 19.1% compared to 4Q18.
- **Adjusted EBITDA of Distance Learning reached R\$8.3 million and an adjusted EBITDA margin of 38.3%**, its best result since starting these activities.
- **Adjusted net income per share** increased by 8.7% between 4Q18 and 4Q19, mainly due to the increase in net revenue and adjusted EBITDA, partially offset by the decrease in the net financial result.
- The Board of Directors approved, at a meeting held on March 26, 2020, **the distribution of dividends totaling R\$6.1 million, representing R\$0.047102544 per share**, to be paid up to June 30, 2020, based on the shareholding position of April 30, 2020.

4Q19 Conference Call

March 27, 2020

English

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Financial Highlights (R\$ '000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
Net Revenue	350,307	320,067	9.4%	1,275,986	1,262,486	1.1%
Adjusted Cash Gross Profit	224,119	197,972	13.2%	821,491	805,238	2.0%
Adjusted Cash Gross Margin	64.0%	61.9%	2.1 p.p.	64.4%	63.8%	0.6 p.p.
Adjusted EBITDA	81,020	61,007	32.8%	334,795	320,130	4.6%
Adjusted EBITDA Margin	23.1%	19.1%	4.1 p.p.	26.2%	25.4%	0.9 p.p.
Adjusted Net Income	34,865	33,846	3.0%	189,785	220,675	-14.0%
Adjusted Net Margin	10.0%	10.6%	-0.6 p.p.	14.9%	17.5%	-2.6 p.p.
Adjusted Net Income per Share	0.27	0.25	8.7%	1.47	1.62	-9.2%

- On October 4, 2019, the courses: Gastronomy On-campus and Distance Learning, Financial Management Distance Learning, Quality Management Distance Learning, Public Management Distance Learning and Commercial Management On-campus offered by UNINASSAU, **received top marks in the National Student Performance Exam (ENADE - Exame Nacional de Desempenho dos Estudantes), an important recognition to Ser Educacional for its quality and differentiation in the market.** As a result, the Distance Learning courses in Gastronomy, Public Management, Financial Management, and Quality Management, had **the best ENADE's score in Brazil** among private educational institutions and the Distance Learning courses in Accounting, Management Processes, Human Resources and Marketing were positioned in the **1st position in the ranking of the Northeast and North regions**, also among private educational institutions.
- On October 9, 2019, the Company published its first **Annual Sustainability and ESG Report** (Environmental, Social and Governance), focused on supporting the Company's investors and stakeholders when assessing how we are managing environmental, social and corporate governance factors. The publication of the first report is an important step to make progress in improving controls and reporting indicators, assessment of the Company's practices and policies. To access the report, [click here](#).
- On October 16, 2019, the Company announced the **closure of its Share Buyback Program**. Opened since October 16, 2018, the program acquired 4,230,300 common shares issued by Ser Educacional, representing 3.2% of the total shares issued, which were canceled on May 9, 2019, according to the minutes of the meeting of the Board of Directors and the Material Fact disclosed to the market on the same date. After this cancellation, the Company has 128,721,560 common shares issued.
- On October 24, 2019, and December 23, 2019, **UNINASSAU Fortaleza and Aracaju were accredited as a University Centers**, which will give autonomy for the institutions to open new units and courses in the municipality.
- On November 1, 2019, after the fulfillment of the precedent conditions, **the financial conclusion of the Contract for the Assignment and Transfer of Shares and Other Covenants** was carried out, with the effective transfer of all (100%) shares representing the share capital of SODECAM - Sociedade de Desenvolvimento Cultural do Amazonas Ltda., maintaining entity of **Centro Universitário do Norte (UNINORTE)**, headquartered in Manaus (AM), to Centro Nacional de Ensino Superior Ltda. - CENESUP, a subsidiary of Ser Educacional S.A. The transaction was announced on April 17, 2019, for an enterprise value of R\$194.8 million, deducting the net indebtedness of R\$9.8 million, as applicable.

Basis for Presentation of Results: Adoption of IFRS 16 - Leases / CPC 06/(R2) Leases

The information is presented in accordance with international financial reporting standards (IFRS) and consolidated in Reais (R\$). Comparisons refer to the fourth quarter of 2018 unless otherwise indicated. As of 1Q19, the Company adopted IFRS 16 - Leases / CPC 06 (R2). The standard replaces the existing lease rules, including CPC 06 (R1) (IAS 17), Lease Operations, and ICPC 03 (IFRIC 4, SIC 15, and SIC 27), Additional Aspects of Lease Operations. The new standard provides a single lease model, based on the right to use the asset in exchange for a consideration, similar to the procedure used for financial lease.

For purposes of comparability of results, the Company prepared the income statement for the quarters before the fiscal year 2018 applying the standards of IFRS 16 (Pro-Forma and Unaudited by independent Auditors), calling these quarters "Comparable 4Q18 and Comparable 12M18". The reconciliation of these results is shown in the "IFRS 16 Reconciliation" section of this document.

In 4Q19, the Company began to consolidate UNINORTE's November and December Results, according to the Notice to the Market published on November 1, 2019. A summary of the acquisition results is available in the "EBITDA Adjusted by Segment" section of this document.

Message from the Management

In 2019, Ser Educacional group reached its 16th year of operations showing consistency in growth and profitability indicators, based on a business plan that seeks the right mix between organic growth and acquisitions, through a value proposition for students that brings together quality education, offered by solid brands with outstanding on-campus and distance learning infrastructures, with monthly tuition fees compatible with the available income of Brazilian citizens.

The organic growth efforts were positive in the year, highlighting the distance learning segment, which increased 86%, consolidating its position as a representative modality as of this year. Another relevant highlight of the period was the launch of Campus 2.0, a new unit model that offers an increasingly greater integration between on-campus, hybrid, and 100% distance learning courses. The model's purpose is to bring a modern design and premium infrastructure to laboratories and classrooms of all units, new and legacy. The new Campus 2.0 units are also outstanding in terms of location, prioritizing the beginning of operations in or near shopping malls, following market trends and preference of the young audience, thus, increasingly offering a more attractive value proposition.

In 2019, Ser Educacional made new acquisitions, and, as of November 1st, started to consolidate UNINORTE, the Company's largest acquisition since UNG's acquisition in 2015. UNINORTE is the largest and most recognized educational institution in Manaus, with the potential to grow its student base, especially in the distance learning segment (100% online), and to improve the operational results as soon as UNINORTE starts operating within the Ser Educacional platform. Due to the acquisition and the growth in the distance learning segment, the Company closed the year with 184,000 students, up by 23% compared to 2018.

The financial results for the period have again increased in revenue and adjusted EBITDA, but still reflecting the effects of high unemployment rates and low economic growth. Even so, the Company maintains solid profitability rates and a leverage-free capital structure in this period and is ready to make new investments in 2020.

Therefore, Ser Educacional group is implementing the business plan it has always believed in, taking advantage of the opportunity for the high growth potential of the student base in higher education courses in Brazil. This development can happen if there are consistent investments to improve the students' experience, through new units located in promising regions, using a flexible platform that offers the model and course chosen by students, with a quality structure, attractive to its audience and that generates consistent results for its stakeholders, allowing a sustainable process to achieve continuous and long-term growth.

The Management of Ser Educacional thanks its students, professors, employees, shareholders, and service providers for the trust and partnership during the year and hopes to count on your dedication in 2020.

OPERATING PERFORMANCE

Enrollment – 2020.1 Preview

1Q20 Undergraduate Intake Status	
<i>Accumulated intake as of 25/3/20 x 25/3/19</i>	
Undergraduate Intake	% Δ
On Campus	+16%
Ex-UNINORTE	0%
Distance Learning	+16%
TOTAL	+16%

The 2020.1 enrollment of students was within the Company's expectations up to March 16, 2020, when on-campus classes were stopped due to the need to reduce social activities given the COVID-19 pandemic, which led to a decreased economic activity in operating cities and decreased the enrollment pace at the last fortnight of March. On the other hand, the Company believes that the process may soon be resumed when the economy goes back to usual.

Total undergraduate new enrollments 2019.2

At the end of 2H19, 36,000 new undergraduate students enrolled, compared to 24,600 new students year-on-year, up by 46.1% compared to the 2H18.

This growth is due to the following: (i) the Company's decision to start its 2019.2 enrollment process earlier, compared to previous years, due to the better perspective of economic performance for the second half of 2019; (ii) economy recovery in the North and Northeast capitals, especially considering that in 4Q18 these cities were affected by extemporaneous events (truck drivers strike, World Cup and presidential elections), which hindered the activities of student enrollment in that period; (iii) maintenance of the Company's investments in its long-term plan, focused on opening new units and Distance Learning centers; (iv) investments in Ser Digital and Campus 2.0 projects, which provide students with a better experience, as well as greater flexibility for the Company to offer courses in the following modalities: on-campus, hybrid (online theoretical classes and practical classes in laboratories on weekends), semi-on-campus (part of the theoretical workload in the classroom) and 100% online, which led to a significant growth in the distance learning student base and (v) maturation of the Company's commercial processes to offer distance learning courses through partner hubs.

On-campus Undergraduate Segment Students Enrollment

Due to the factors mentioned above, the on-campus undergraduate segment registered the enrollment of 21,700 new students in 2H19, up by 22.3% compared to 17,700 students in 2H18. The FIES student enrollment remained in line with 2H18, totaling 1,600 students enrolled in both periods.

At the end of 2H19, around 2,400 students enrolled had student loans, with 100 financed through PraValer, 700 through Educured, and 1,600 students through FIES. In 2H18, of the 3,300 students that had student loans, 1,600 students financed through FIES, 700 financed PraValer, and 1,000 through Educured. As a result, the enrollment of students with student loans increased from 18.9% in 2H18 to 11.3% in 2H19.

At the end of 2H19, 2,500 new FIES agreements were finalized out of the 2,800 vacancies allocated to the Company by the Federal Government in 2019.2, with 1,600 freshmen and 800 seniors. In 2H18, the total number of new FIES agreements finalized totaled 2,500 students, with 1,600 freshmen and 900 seniors, out of a total of 4,600 vacancies allocated by the Federal Government to Ser Educacional.

Distance Learning Undergraduate Segment Students Enrollment

The enrollment in the distance learning undergraduate segment in 2H19 increased by 107.6%, reaching 14,300 new students enrolled, compared to 6,900 students enrolled in 2H18, reinforcing the Company's strategy that prioritizes partner hubs with the best performance, within the established goals, which is reflecting in the segment's enrollment performance.

Graduate Segment Students Enrollment

The distance learning graduate program increased by 123.5% and reached 2,200 students enrolled, compared to 1,000 in 2H18. On-campus graduate courses reached 1,500 new students in 2H19, up by 70.4% year-on-year. This improved enrollment of graduate students was due to the focus on offering these courses, especially in partner hubs.

As a result, total enrollment in the graduate segment had a positive increase of 98.5%, from 1,800 students enrolled in 2H18 to 3,600 students enrolled in 2H19. Thus, the total base of the graduate segment grew by 74.8%.

Student Base Growth

Number of Students	Undergraduate		Graduate		Vocational		Total
	On Campus	Distance Learning	On Campus	Distance Learning	On Campus	Distance Learning	Total
2019.2							
Jun19 Base	132,546	20,310	4,865	6,419	1,281	61	165,482
Enrollments	21,676	14,282	1,472	2,172	177	8	39,787
UNINORTE Acquisition	20,924	1,892	1,535	-	-	-	24,351
Leavers	(7,845)	(241)	(1,169)	(559)	(101)	-	(9,915)
Dropouts	(21,805)	(12,773)	(109)	(15)	(188)	(4)	(34,894)
Dropouts (same stores)	(21,084)	(12,682)	(109)	(15)	(188)	(4)	(34,082)
Dropouts (UNINORTE)	(721)	(91)	-	-	-	-	(812)
Dec19 Base	145,496	23,470	6,594	8,017	1,169	65	184,811
% Dec19 Base / Jun19 Base	9.8%	15.6%	35.5%	24.9%	-8.7%	6.6%	11.7%
% Dec19 Base / Dec18 Base	13.8%	70.6%	26.0%	156.7%	538.8%	-9.7%	23.0%
Dec19 Base (Ex-UNINORTE)	125,293	21,669	5,059	8,017	1,169	65	161,272
% Dec19 Base / Dec18 Base	-2.0%	57.5%	-3.4%	156.7%	538.8%	-9.7%	7.4%

Due to the points mentioned above and also the consolidation of around 20,200 UNINORTE's students, the on-campus undergraduate student base totaled 145,500 students, up by 13.8% compared to the 127,800-student base in 2H18. The on-campus undergraduate student base, ex-UNINORTE, fell by 2.0% in 2H19 vs. 2H18.

The distance learning student base (which represents the sum of the undergraduate and graduate distance learning student base) increased by 86.5%, from 16,900 students in 2H18 to 31,500 students in 2H19, already including 1,900 students from UNINORTE's acquisition. Excluding UNINORTE's students, the distance learning student base increased by 75.8%.

Due to the increased enrollment in undergraduate and graduate courses (on-campus and distance learning), as well as the consolidation of UNINORTE's students, as mentioned above, the total student base grew by 23.0% compared to December 31, 2018.

Dropout Rate

The dropout rate in 2H19 reached 13.0%, down by 1.0 p.p. compared to 2H18, when it reached 14.0%, reflecting the first signs of improvement in a still economic adverse scenario in Brazil.

Average Net Ticket

Average Ticket (R\$)	4Q19	4Q18	% Chg. 4Q19 x 4Q18
On Campus Undergraduate	731.32	784.28	-6.8%
Distance Learning (Undergraduate + graduate)	248.57	254.16	-2.2%
Total Net Average Ticket	640.19	701.30	-8.7%

The average on-campus ticket in 4Q19 totaled R\$731.32, down by 6.8% year-on-year, due to the consolidation of the UNINORTE's results, which has a lower average ticket than the Company and its results were only consolidated for two months in this quarter. The ex-UNINORTE average ticket totaled R\$789.14 in the on-campus undergraduate segment remained in line with 4Q18, up by 0.6%. It should be noted that between 4Q18 and 4Q17 the average ticket grew 8.4%, affected by the recognition of 2 additional months of revenue in 4Q18 regarding the enrollment of 100 medical students who had enrolled in October, due to the approval of vacancies in September 2018. Excluding this effect, there would be a 1% increase YoY in the average ticket.

In the distance learning segment, the average ticket decreased by 2.2% compared to 4Q18. This decrease is mainly due to the increased share of 100% online graduate and undergraduate courses, due to the growth of the Company's distance learning segment.

As the distance learning student base went from 11% to 17% of the total student base and with the decrease in the average on-campus ticket, due to the increase in discounts and scholarships, and the Company's overall average ticket decreased by 8.7% in the 4Q19.

Student Loan

STUDENT LOANS	Dec/13	Dec/14	Dec/15	Dec/16	Dec/17	Dec/18	Dec/19
On Campus Undergraduate Students	70,255	101,195	123,988	131,092	133,945	127,837	145,496
FIES Students	31,432	48,048	56,089	58,840	55,565	40,427	34,156
% of FIES Students	44.7%	47.5%	45.2%	44.9%	41.5%	31.6%	23.5%
EDUCRED Students			754	1,922	2,390	3,952	4,464
% of EDUCRED Students			0.6%	1.5%	1.8%	3.1%	3.1%
PRAVALER Students			954	1,794	2,873	3,265	2,168
% of PRAVALER Students			0.8%	1.4%	2.1%	2.6%	1.5%
Total Students Loans			57,797	62,556	60,828	47,644	40,788
% of Total Students Loans			46.6%	47.7%	45.4%	37.3%	28.0%

On December 31, 2019, FIES students accounted for 23.5% of the on-campus undergraduate base, down by 8.1 p.p. compared to the 31.6% recorded at the end of 4Q18. In the ex-UNINORTE analysis, the decrease in the on-campus FIES graduate student base totaled 7.0 p.p., representing 24.6% 4Q19 vs. 4Q18. This decrease is due to the Federal Government's decision to reduce the number of vacancies in the FIES program as of 2015, with a further decrease as of 2018.

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

Organic Growth

In 4Q19, 48 new courses were authorized (in addition to the courses resulting from UNINORTE's acquisition), totaling 1,891, while the number of vacancies in some courses also increased. As a result, in December 2019, the Company had around 1,135,400 vacancies per year, with 711,400 in the Distance Learning segment. Ser Educacional continues to develop its organic growth strategy based on the accreditation of new units and distance learning centers, as well as the authorization of new courses.

FINANCIAL PERFORMANCE

Service Revenue

Gross Revenue - Accounting (R\$ '000)	4Q19	4Q18	% Chg. 4Q19 x 4Q18	12M19	12M18	% Chg. 12M19 x 12M18
Gross Operating Revenue	562,247	488,780	15.0%	2,119,534	1,847,993	14.7%
Undergraduate Monthly Tuition	514,908	459,072	12.2%	1,938,729	1,731,307	12.0%
Graduate Monthly Tuition	8,639	7,669	12.6%	30,298	29,458	2.9%
Vocational Courses Monthly Tuition	493	462	6.7%	1,943	1,581	22.9%
Distance Learning Monthly Tuition	34,913	18,483	88.9%	134,173	70,786	89.5%
Others	3,294	3,094	6.5%	14,391	14,861	-3.2%
Deductions from Gross Revenue	(211,940)	(168,713)	25.6%	(843,548)	(585,507)	44.1%
Discounts and Scholarships	(136,261)	(103,837)	31.2%	(567,130)	(334,580)	69.5%
PROUNI	(57,738)	(45,479)	27.0%	(207,344)	(171,711)	20.8%
FGEDUC And FIES charges	(6,665)	(8,467)	-21.3%	(27,023)	(36,024)	-25.0%
Taxes	(11,276)	(10,930)	3.2%	(42,051)	(43,192)	-2.6%
% Discounts and Scholarships/ Net Oper. Rev.	24.2%	21.2%	3.0 p.p.	26.8%	18.1%	8.7 p.p.
Net Operating Revenue	350,307	320,067	9.4%	1,275,986	1,262,486	1.1%
Undergraduate Monthly Tuition	319,211	299,105	6.7%	1,161,901	1,177,827	-1.4%
Graduate Monthly Tuition	5,838	4,654	25.4%	21,035	20,509	2.6%
Vocational Courses Revenues	459	422	8.8%	1,805	1,468	22.9%
Distance Learning Revenues	21,651	12,927	67.5%	78,037	48,342	61.4%
Others	3,148	2,959	6.4%	13,208	14,339	-7.9%

Gross revenue in 4Q19 totaled R\$562.2 million, up by 15.0% year-on-year. This increase reflects the consolidation of UNINORTE's two-month revenues, as well as the price transfer of 6% in 4Q19 vs. 4Q18. The difference between 6% (price transfer) and 15.0% also refers to the improved mix of courses and the growth in tuition revenue in the distance learning segment.

In 4Q19, net revenue totaled R\$350.3 million, up by 9.4% over 4Q18, mainly due to the consolidation of UNINORTE's two-month revenues, as mentioned in previous sections, an increased mix of health courses and the growth of the distance learning student base (undergraduate + graduate) by 86.5%, which led to an increase in the total student base, ex-UNINORTE, by 7.4%.

Cost of Services

Breakdown of Cost of Services Rendered¹ Accounting (R\$ '000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
Cash Cost of Services Rendered	(128,299)	(122,095)	5.1%	(464,005)	(471,489)	-1.6%
Payroll and Charges	(102,684)	(96,319)	6.6%	(370,025)	(380,387)	-2.7%
Rent	(4,210)	(5,935)	-29.1%	(16,335)	(19,248)	-15.1%
Concessionaires (Electricity, Water and Telephone)	(11,627)	(9,880)	17.7%	(40,209)	(37,361)	7.6%
Third-Party Services and Others	(9,778)	(9,961)	-1.8%	(37,436)	(34,493)	8.5%

¹ Excluding depreciation and amortization.

The cash cost of services (excluding depreciation and amortization) totaled R\$128.3 million in 4Q19, up by 5.1% over 4Q18. The most significant components of service costs changed in the quarter, mainly due to the following reasons:

a) Personnel costs and charges in 4Q19 increased by 6.6% compared to 4Q18, mainly due to the consolidation of UNINORTE's two-month costs, reaching R\$8.3 million after the acquisition's conclusion on November 1, 2019. Excluding UNINORTE's personnel costs, the personnel and charges line decreased by 2.1%, ending 4Q19 at R\$94.3 million, also showing the optimization of the personnel structure carried out in 2018 to support the Company's current student base, especially in the on-campus higher education segment. In this scenario, the Company had non-recurring costs related to the adjustment of its personnel structure by R\$1.3 million in the quarter, which can be better analyzed in the management table presented below.

b) Costs with comparable rents, after including the effects of the adoption of IFRS 16 in 4Q18, decreased by 29.1%, in the analysis 4Q19 x 4Q18, due to the reduction in real estate and other remeasured assets such as ventures over 2019. In the quarter there was also a non-recurring impact of the retroactive rental payment due to the lessor of one of the Company's units in the amount of R\$ 0.8 million. In the ex-UNINORTE analysis, the variation in 4Q19 compared to 4Q18 was 31.3%.

b) The concessionaires (electricity, water, and telephone) line increased by 17.7%, ending 4Q19 at R\$11.6 million, compared to R\$9.9 million in 4Q18, due to UNINORTE's acquisition, excluding this effect, this line would have increased by 14.3%, due to the ramp-up of new units, the higher incurrence of red flags in electricity bills and UNINORTE's integration.

c) Third-Party Services and Others reached R\$9.8 million in 4Q19, compared to R\$10.0 million in 4Q18, down by 1.8% in the period, mainly due to the non-occurrence of implementation costs in the distance learning segment during this quarter. The decrease in Third-Party Services and Others reached 4.4%, excluding UNINORTE's costs.

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

Breakdown of Cost of Services Rendered¹ Adjusted (R\$ '000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
Cash Cost of Services Rendered	(126,188)	(122,095)	3.4%	(454,495)	(457,248)	-0.6%
Payroll and Charges	(101,373)	(96,319)	5.2%	(361,315)	(366,146)	-1.3%
Rent	(3,410)	(5,935)	-42.5%	(15,535)	(19,248)	-19.3%
Concessionaires (Electricity, Water and Telephone)	(11,627)	(9,880)	17.7%	(40,209)	(37,361)	7.6%
Third-Party Services and Others	(9,778)	(9,961)	-1.8%	(37,436)	(34,493)	8.5%

¹ Excluding depreciation and amortization.

Gross Profit

Gross Profit - Accounting (R\$ '000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
Net Operating Revenue	350,307	320,067	9.4%	1,275,986	1,262,486	1.1%
Cost of Services Rendered	(164,591)	(145,925)	12.8%	(580,513)	(558,394)	4.0%
Gross Profit	185,716	174,142	6.6%	695,473	704,093	-1.2%
Gross Margin	53.0%	54.4%	-1.4 p.p.	54.5%	55.8%	-1.3 p.p.
(-) Depreciation	36,292	23,830	52.3%	116,508	86,905	34.1%
Cash Gross Profit	222,008	197,972	12.1%	811,981	790,998	2.7%
Cash Gross Margin	63.4%	61.9%	1.5 p.p.	63.6%	62.7%	1.0 p.p.

Comparable cash gross profit increased by 12.1%, from R\$198.0 million in 4Q18 to R\$222.0 million in 4Q19. The gross cash margin totaled 63.4% in 4Q19, up by 1.5 p.p. over the comparable margin in 4Q18, when it reached 61.9% due to the increase in net revenue in 4Q19 vs. 4Q18.

Depreciation increased by 52.3%, from R\$23.8 million in 4Q18, considering the effects of IFRS 16, to R\$36.3 million in 4Q19, due to the inclusion of UNINORTE's properties depreciation, as of November 2019.

The table below presents the comparable gross cash profit adjusted by the main effects of non-recurring costs, which in turn increased 13.2% in adjusted YoY costs of services, reflecting the decrease in recurring costs with personnel and third-party services:

Gross Profit - Adjusted (R\$ '000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
Net Operating Revenue	350,307	320,067	9.4%	1,275,986	1,262,486	1.1%
Cost of Services Rendered	(162,480)	(143,496)	13.2%	(571,003)	(541,724)	5.4%
Adjusted Gross Profit	187,827	176,571	6.4%	704,983	720,762	-2.2%
Adjusted Gross Margin	53.6%	55.2%	-1.5 p.p.	55.3%	57.1%	-1.8 p.p.
(-) Depreciation	36,292	21,401	69.6%	116,508	84,476	37.9%
Adjusted Cash Gross Profit	224,119	197,972	13.2%	821,491	805,238	2.0%
Adjusted Cash Gross Margin	64.0%	61.9%	2.1 p.p.	64.4%	63.8%	0.6 p.p.

Operating Expenses (SG&A)

Operating Expenses - Accounting (R\$ '000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
General and Administrative Expenses	(132,236)	(125,070)	5.7%	(440,001)	(446,849)	-1.5%
Payroll and Charges	(41,100)	(35,760)	14.9%	(148,980)	(143,038)	4.2%
Third-Party Services	(17,931)	(10,018)	79.0%	(60,489)	(35,227)	71.7%
Advertising	(17,836)	(17,157)	4.0%	(80,170)	(83,548)	-4.0%
Materials	(3,078)	(4,133)	-25.5%	(13,451)	(17,557)	-23.4%
PDA	(33,278)	(32,353)	2.9%	(80,040)	(88,243)	-9.3%
Others	(15,436)	(18,661)	-17.3%	(42,473)	(52,362)	-18.9%
Depreciation and Amortization	(3,577)	(6,988)	-48.8%	(14,398)	(26,874)	-46.4%
Operating Income	48,571	46,809	3.8%	260,270	254,282	2.4%
General and Administrative Expenses (Ex-Depreciation and Amortization)	(128,659)	(118,082)	9.0%	(425,603)	(419,975)	1.3%

General and administrative expenses increased by 5.7%, from R\$125.1 million in 4Q18 to R\$132.2 million in 4Q19, mainly due to:

a) Personnel expenses and social charges increased by 14.9% compared to 4Q18 (6.1% ex-UNINORTE) and by 11.0% when excluding the non-recurring effect of R\$3.0 million, related to indemnity fines due to the administrative structure adjustment to accommodate the Company's current student base and UNINORTE's integration.

b) Third-party services totaled R\$17.9 million in 4Q19, up by 79.0% compared to the R\$10.0 million in 4Q18, mainly due to the consultants hired to implement the "Ser Digital" project, in addition to legal fees and auditing services to carry out the financial due diligence for acquisitions.

The project has the long-term strategic goal of preparing the Company's digital transformation to improve the student experience in all stages of the learning process and contact with the Company's educational institutions. Therefore, in the fourth quarter, the Company posted around R\$2.2 million as non-recurring expenses related to these activities, in addition to R\$2.9 million non-recurring expenses regarding other services. Excluding these non-recurring effects, totaling R\$5.1 million, the Third-party Services and Others also increased by 68.9% quarter-over-quarter, mainly due to outsourcing cleaning and janitorial services, increased expenses with IT service providers and the legal department.

c) Advertising expenses increased 4.0% compared to 4Q18, from R\$17.2 million in 4Q18 to R\$17.8 million in 4Q19, representing 5.1% of the net revenue (up by 1.5% ex-UNINORTE), in line with the Company's business plan for 2019.

d) The provision for doubtful accounts increased by 2.9%, compared to 4Q18, from R\$32.4 million in 4Q18 to R\$33.3 million in 4Q19. Excluding UNINORTE's share, in 4Q19, the provision for doubtful accounts decreased by 3.2% compared to 4Q18.

e) The item "Materials" fell by 25.5%, from R\$3.1 million in 4Q19 to R\$4.1 million in 4Q18, due to the Company's plan to cut expenses, which led to a decrease in these expenses in the current operations and in the volume of accreditation of new courses and units.

f) Other expenses fell by 17.3%, from R\$18.7 million in 4Q18 to R\$15.4 million in 4Q19, due to the decreased number of new units under accreditation. In the quarter, there was also a non-recurring effect of R\$4.9 million related to a solved IPTU dispute in one of the units.

g) Depreciation and Amortization decreased by 48.8%, from R\$7.0 million in 4Q18 to R\$3.6 million, due to the reclassification to the "real estate costs" group, which were previously classified as an expense, leading to a decrease of R\$3.2 million per quarter in depreciation expenses.

The table below shows the general and administrative expenses in the management's view, adjusted for non-recurring effects.

Operating Expenses - Adjusted (R\$ '000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
General and Administrative Expenses	(119,251)	(121,246)	-1.6%	(409,433)	(427,090)	-4.1%
Payroll and Charges	(38,145)	(34,360)	11.0%	(143,802)	(132,450)	8.6%
Third-Party Services	(12,829)	(7,594)	68.9%	(40,027)	(27,574)	45.2%
Advertising	(17,836)	(17,157)	4.0%	(80,170)	(83,548)	-4.0%
Materials	(3,078)	(4,133)	-25.5%	(13,451)	(17,557)	-23.4%
PDA	(33,278)	(32,353)	2.9%	(80,040)	(88,243)	-9.3%
Others	(10,508)	(18,661)	-43.7%	(37,545)	(50,844)	-26.2%
Depreciation and Amortization	(3,577)	(6,988)	-48.8%	(14,398)	(26,874)	-46.4%
Adjusted Operating Income	66,526	53,062	25.4%	292,776	290,710	0.7%
General and Administrative Expenses (Ex-Depreciation and Amortization)	(115,674)	(114,258)	1.2%	(395,035)	(400,216)	-1.3%

Other Net Operating Expenses

Other net operating expenses increased 116.9% in the quarter, from R\$2.3 million in 4Q18 to R\$4.9 million in 4Q19, mainly due to the impairment recorded in the unit with activities transferred, totaling R\$2.9 million, with a non-recurring effect.

EBITDA and Adjusted EBITDA

EBITDA (R\$ '000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
Net Income¹	(2,563)	27,637	-109.3%	136,372	183,394	-25.6%
(+) Net financial expense ²	56,831	16,814	238.0%	123,360	64,069	92.5%
(+) Income and social contribution taxes	(5,697)	2,357	-341.7%	538	6,820	-92.1%
(+) Depreciation and amortization	39,869	28,389	40.4%	130,906	111,350	17.6%
EBITDA¹	88,440	75,198	17.6%	391,176	365,632	7.0%
EBITDA Margin	25.2%	23.5%	1.8 p.p.	30.7%	29.0%	1.7 p.p.
(+) Revenue from Interest on Agreements and Others ²	1,199	4,539	-73.6%	12,400	15,526	-20.1%
(+) Non-recurring costs and expenses ³	17,955	3,824	369.5%	32,505	34,000	-4.4%
(-) Minimum rent paid ⁴	(26,574)	(22,555)	17.8%	(101,286)	(95,027)	6.6%
Adjusted EBITDA⁵	81,020	61,007	32.8%	334,795	320,130	4.6%
Adjusted EBITDA Margin	23.1%	19.1%	4.1 p.p.	26.2%	25.4%	0.9 p.p.

1. EBITDA is not an official accounting measurement.

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

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

4. Minimum rent refers to rental agreements recorded as financial leasing, according to CPC 6. The expenses from these leases are not recorded under EBITDA but are part of adjusted EBITDA.

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

Cash generation measured by Adjusted EBITDA totaled R\$81.0 million in 4Q19, up by 32.8% compared to R\$61.0 million in 4Q18. The adjusted EBITDA margin ended the 4Q19 at 23.1%, against 19.1% in 4Q18, up by 4.1 p.p. It should be noted that the Company kept its consistency in calculating adjusted EBITDA, deducting from EBITDA the minimum rents paid referring to IFRS 16, therefore keeping comparability with its historical adjusted EBITDA.

The following is a statement of non-recurring items:

SUMMARY OF NON-RECURRING ITEMS (R\$ '000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
Non-Recurring Costs and Expenses Impacting Adjusted EBITDA	17,955	3,824	369.5%	32,505	34,000	-4.4%
Rent	800	-	N.M.	800	-	N.M.
Payroll	4,266	1,400	204.7%	13,888	24,829	-44.1%
Cost	1,311	-	N.M.	8,710	14,241	-38.8%
Expense	2,955	1,400	111.1%	5,178	10,588	-51.1%
Third-Party Services	5,102	2,424	110.4%	20,462	7,653	167.4%
Expense	5,102	2,424	110.4%	20,462	7,653	167.4%
Other General and Administrative Expenses	4,928	-	N.M.	4,928	1,518	224.7%
Other Expenses / Other Net Operating Expenses	2,858	-	N.M.	(7,573)	-	N.M.
Sale of property, plant and equipment	-	-	N.M.	(6,773)	-	N.M.
Reversal of lease agreements	-	-	N.M.	(7,584)	-	N.M.
Write-off of Improvements	-	-	N.M.	4,050	-	N.M.
Other Operating Expenses/Revenue	2,858	-	N.M.	2,734	-	N.M.
Non-Recurring Costs and Expenses that do not Impact Adjusted EBITDA	19,473	2,384	716.7%	20,907	3,282	537.0%
Depreciation - Write-off	-	2,429	-100.0%	-	2,429	-100.0%
Monetary variation gains	21,332	-	N.M.	22,846	1,541	1382.5%
Income tax and social contribution - Complementary Tax on Adjusted Net Income	(1,859)	(44)	4090.8%	(1,939)	(688)	181.9%
Total Non Recurring Costs and Expenses	37,428	6,209	502.8%	53,412	37,281	43.3%

*use of the same income tax (IR - Imposto de Renda) calculation base on non-recurring results to better reflect adjusted net income.

Adjusted EBITDA by segment

Result excluding new units and Distance Learning (R\$ ('000))	4Q19					12M19				
	On Campus	New units (1)*	Distance Learning*	UNINORTE	Consolidated	On Campus	New units (1)*	Distance Learning*	UNINORTE	Consolidated
Net Revenue	299,762	5,622	21,663	23,260	350,307	1,160,190	14,499	78,037	23,260	1,275,986
Adjusted Cash Gross Profit	193,912	(497)	17,564	13,141	224,120	745,871	2,776	59,702	13,141	821,491
Adjusted Cash Gross Margin	64.7%	-8.8%	81.1%	56.5%	64.0%	64.3%	19.1%	76.5%	56.5%	64.4%
Adjusted EBITDA	69,396	(4,728)	8,301	8,051	81,020	321,607	(13,287)	18,424	8,051	334,795
Adjusted EBITDA Margin	23.2%	-84.1%	38.3%	34.6%	23.1%	27.7%	-91.6%	23.6%	34.6%	26.2%

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

* Result allocations are not audited.

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

In 1Q19, distance learning started to generate positive adjusted EBITDA and, keeping the focus on expansion, which generated the growth of student base in this segment, and cost control, which is scalable by the number of students, in 4Q19, adjusted EBITDA totaled R\$8.3 million, up by 189.8% compared to 1Q19, with an EBITDA margin of 38.3% in the quarter and 26.3% in the 12M19 analysis, the best result in this business segment since starting the activities.

On the other hand, the new units generated a negative adjusted EBITDA of R\$4.7 million, within the expected limits for the start of operations.

These two activities have an impact of 0.8 p.p. on the Company's consolidated adjusted EBITDA margin in 4Q19 and, excluding these organic growth initiatives, went from 22.3% to 23.2%, evidencing the Company's focus on keeping the operational efficiency of its mature units.

Reconciliation of IFRS 16 Adjustments

Income Statement - Accounting R\$ ('000)	4Q18			4Q19		
	Accounting	IFRS 16	Comparable IFRS 16	Reported IFRS 16	IFRS 16	4Q19 Ex-IFRS 16
Net Operating Revenue	320,067		320,067	350,307		350,307
Cost of Services Rendered	(149,961)	4,036	(145,926)	(164,591)	(6,694)	(171,285)
Rent	(18,740)	12,805	(5,935)	(4,209)	(17,536)	(21,745)
Depreciation and Amortization	(15,061)	(8,769)	(23,830)	(36,292)	10,842	(25,451)
Gross Profit	170,106	4,036	174,141	185,717	(6,694)	179,022
Gross Margin	53.1%	0.0 p.p.	54.4%	53.0%	0.0%	51.1%
Operating Expenses	(127,334)	-	(127,334)	(137,146)	-	(137,146)
Depreciation and Amortization	19,621	8,769	28,389	39,869	(10,842)	29,027
EBITDA	62,392	12,805	75,196	88,440	(17,536)	70,903
Non-recurring costs and expenses	3,824	-	3,824	17,955	-	17,955
Interest on tuition and agreements	4,539	-	4,539	1,200	-	1,200
Minimum rent paid	(9,750)	(12,805)	(22,554)	(26,574)	17,536	(9,038)
Adjusted EBITDA	61,007	-	61,007	81,020	-	81,020
Adjusted EBITDA Margin (%)	19.1%	0.0 p.p.	19.1%	23.1%	0.0%	23.1%
Financial Result	(7,154)	(9,660)	(16,814)	(56,831)	12,445	(44,386)
Interest on Leasing	(8,185)	(9,660)	(17,845)	(17,547)	12,445	(5,102)
Income and Social Contribution Taxes	(2,514)	157	(2,357)	5,697	(247)	5,449
Adjusted Net Margin (%)	38,916	(5,071)	33,846	34,865	5,503	40,367
Adjusted Net Margin (%)	12.2%	0.0 p.p.	10.6%	10.0%	0.0%	11.5%

Income Statement - Accounting R\$ ('000)	12M18			12M19		
	Accounting	IFRS 16	Comparable IFRS 16	Reported IFRS 16	IFRS 16	12M19 Ex- IFRS 16
Net Operating Revenue	1,262,486		1,262,486	1,275,986		1,275,986
Cost of Services Rendered	(576,990)	18,597	(558,393)	(580,513)	(22,949)	(603,462)
Rent	(75,275)	56,027	(19,248)	(16,335)	(68,210)	(84,545)
Depreciation and Amortization	(49,474)	(37,430)	(86,905)	(116,508)	45,260	(71,248)
Gross Profit	685,496	18,597	704,093	695,473	(22,949)	672,524
<i>Gross Margin</i>	<i>54.3%</i>		<i>55.8%</i>	<i>54.5%</i>		<i>52.7%</i>
Operating Expenses	(449,811)	-	(449,811)	(435,203)	-	(435,203)
Depreciation and Amortization	73,920	37,430	111,350	130,906	(45,260)	85,646
EBITDA	309,605	56,027	365,632	391,176	(68,210)	322,966
Non-recurring costs and expenses	34,000		34,000	32,505		32,505
Interest on tuition and agreements	15,526		15,526	12,400		12,400
Minimum rent paid	(39,000)	(56,027)	(95,027)	(101,286)	68,210	(33,076)
Adjusted EBITDA	320,130		320,130	334,795		334,795
<i>Adjusted EBITDA Margin (%)</i>	<i>25.4%</i>		<i>25.4%</i>	<i>26.2%</i>		<i>26.2%</i>
Financial Result	(27,074)	(36,995)	(64,069)	(123,360)	41,415	(81,945)
Interest on Leasing	(33,017)	(36,995)	(70,012)	(68,853)	41,415	(27,438)
Income and Social Contribution Taxes	(7,332)	512	(6,819)	(538)	(794)	(1,332)
Adjusted Consolidated Net Income/Loss	237,914	(17,239)	220,675	189,785	17,672	207,455
<i>Adjusted Net Margin (%)</i>	<i>18.8%</i>		<i>17.5%</i>	<i>14.9%</i>		<i>16.3%</i>

Balance Sheet (R\$ '000)	12/31/2018			12/31/2019		
	Accounting	IFRS 16	Comparable IFRS 16	Accounting	IFRS 16	Ex-IFRS 16
Assets						
Current Assets	1,143,639		1,143,639	644,545		644,545
Non-Current Assets	1,285,921	400,455	1,686,376	1,914,611	(444,352)	1,470,259
Right-of-Use Assets	181,527	400,455	581,982	616,110	(444,352)	171,758
Property, plant and equipment	508,364		508,364	510,417		510,417
Total Assets	2,429,560	400,455	2,830,015	2,559,156	(444,352)	2,114,804
Liabilities						
Current Liabilities	407,265	16,926	424,191	406,439	(36,155)	370,284
Leasing	17,209	17,438	34,647	43,931	(36,949)	6,982
Taxes payable	2,590	(512)	2,078	23,688	794	24,482
Non-Current Liabilities	551,752	401,415	953,167	844,229	(425,869)	418,360
Leasing	221,050	401,415	622,465	623,946	(425,869)	198,077
Consolidated Shareholders' Equity	1,470,543	(17,885)	1,452,658	1,308,488	17,672	1,326,160
Income Reserve	548,521	(17,885)	530,636	320,939	17,672	338,611
Total Liabilities and Shareholders' Equity	2,429,560	400,455	2,830,015	2,559,156	(444,352)	2,114,804

Financial Result

Financial Result - Accounting (R\$ '000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
(+) Financial Revenue	6,087	18,445	-67.0%	49,881	74,396	-33.0%
Interest on Agreements and Others	1,199	4,539	-73.6%	12,400	15,526	-20.1%
Returns on Financial Investments	4,392	13,675	-67.9%	38,580	55,276	-30.2%
Others	496	231	114.5%	(1,099)	3,594	-130.6%
(-) Financial Expenses	(62,918)	(35,259)	78.4%	(173,241)	(138,465)	25.1%
Interest Expenses	(4,217)	(5,476)	-23.0%	(20,121)	(23,133)	-13.0%
Interest on Leasing	(17,547)	(17,845)	-1.7%	(68,853)	(70,012)	-1.7%
Discounts Granted	(13,862)	(4,790)	189.4%	(44,635)	(24,623)	81.3%
Monetary Variation Expenses	(23,015)	(2,667)	763.1%	(29,906)	(10,492)	185.0%
Others	(4,277)	(4,482)	-4.6%	(9,726)	(10,205)	-4.7%
Financial Result	(56,831)	(16,814)	238.0%	(123,360)	(64,069)	92.5%

Financial revenues decreased by 67.0% compared to the 4Q18 financial revenues, going from R\$18.4 million in 4Q18 to R\$6.1 million in 4Q19, due to the following:

- Interest on Agreements and Others line decreased by 73.6%, from R\$4.5 million in 4Q18 to R\$1.2 million in 4Q19, due to the lower incurrence of interests charged regarding negotiations of overdue tuitions with students.
- Income from financial investments decreased by 67.9%, from R\$13.7 million in 4Q18 to R\$4.4 million in 4Q19, due to the decrease in the average interest rate and in the Company's cash position, given the extraordinary distribution of R\$250.0 million in dividends, payment of the 1st series of the 2nd issue of debentures, in the amount of R\$114.5 million and the acquisition of UNINORTE (R\$185.0 million).

Financial expenses reached R\$62.9 million in 4Q19, up by 78.4% over the comparable financial expenses in 4Q18, which totaled R\$35.3 million. Comparing the periods, this change was mainly due to:

- Expenses with Interest fell by 23.0%, from R\$5.5 million in 4Q18 to R\$4.2 million in 4Q19, due to the decrease indebtedness and the reduction in interest rates.
- Comparable Interest on Leases increased from R\$17.8 million in 4Q18 to R\$17.5 million in 4Q19, down by 1.7% due to the real estate delivery during 2019. The change in this line in 4Q19 vs. 4Q18, without UNINORTE's figures, would reach a decrease of 6.4%.
- Discounts Granted increased 189.4%, reaching R\$13.9 million in 4Q19, compared to R\$4.8 million in 4Q18, due to the greater volume of discounts in agreements for the recovery of student tuition credits, especially with overdue for over 180 days.
- Cash Variation Expenses totaled R\$23.0 million in 4Q19, over R\$2.7 million in 4Q18, due to the non-recurring effect of R\$21.3 million related to the cash restatement of the balance payable on UNAMA's acquisition, after a long discussion in an arbitration court regarding divergences to establish the reimbursement of net indebtedness and contingencies that considered fines for a breach in contractual clause and provisions made in net indebtedness, which in turn were denied by the said court, thus generating the obligation to pay the installment in full, settled in January 2020. Despite the negative impact in the fiscal year, UNAMA is one of the educations institutions with the best performance within the Company.

Due to the factors explained above, the net financial result reported an expense of R\$56.8 million in 4Q19 compared to R\$16.8 million in 4Q18, considering the changes implemented by IFRS 16, which represents a 238.0% increase.

The table below shows the financial revenue in the management's view, adjusted for non-recurring effects of other financial revenues.

Financial Result - Adjusted (R\$ '000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
(+) Financial Revenue	6,087	18,445	-67.0%	49,881	75,937	-34.3%
Interest on Agreements and Others	1,199	4,539	-73.6%	12,400	15,526	-20.1%
Returns on Financial Investments	4,392	13,675	-67.9%	38,580	55,276	-30.2%
Others	496	231	114.5%	(1,099)	5,135	-121.4%
(-) Financial Expenses	(41,586)	(35,260)	17.9%	(150,395)	(138,465)	8.6%
Interest Expenses	(4,217)	(5,476)	-23.0%	(20,121)	(23,133)	-13.0%
Interest on Leasing	(17,547)	(17,845)	-1.7%	(68,853)	(70,012)	-1.7%
Discounts Granted	(13,862)	(4,790)	189.4%	(44,635)	(24,623)	81.3%
Monetary Variation Expenses	(1,683)	(2,667)	-36.9%	(7,060)	(10,492)	-32.7%
Others	(4,277)	(4,482)	-4.6%	(9,726)	(10,205)	-4.7%
Financial Result	(35,499)	(16,815)	111.1%	(100,514)	(62,527)	60.8%

Net Income

Net Income - Accounting (R\$ 000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
Operating Income	48,571	46,809	3.8%	260,270	254,282	2.4%
(+) Financial Result	(56,831)	(16,814)	238.0%	(123,360)	(64,069)	92.5%
(+) Income and Soc. Contrib. Taxes	(2,201)	(2,357)	-6.6%	(8,436)	(6,820)	23.7%
(+) Deferred Income and Soc. Contrib. Taxes	7,898	-	0.0%	7,898	-	0.0%
Net Income (Loss)	(2,563)	27,637	-109.3%	136,372	183,394	-25.6%
Net Margin	-0.7%	8.6%	-9.4 p.p.	10.7%	14.5%	-3.8 p.p.

Operating income reached R\$48.6 million in 4Q19, compared to R\$46.8 million in 4Q18, reporting an increase of 3.8%.

In 4Q19, the Company reported a net accounting loss of R\$2.6 million, compared to a net profit of R\$27.6 million in 4Q18.

Income tax and social contribution decreased and totaled a positive R\$5.7 million in 4Q19, due to the deferral of taxes in the period.

The table below shows the net income in the management's view, adjusted for non-recurring effects. Adjusted net income increased by 3.0%, from R\$33.8 million in 4Q18 to R\$34.9 million in 4Q19. It should be noted that the Company continues to calculate its dividend payments in accordance with the results presented in IFRS.

Net Income - Adjusted (R\$ 000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
Operating Income	66,526	53,062	25.4%	292,776	290,710	0.7%
(+) Financial Result	(35,499)	(16,815)	111.1%	(100,514)	(62,527)	60.8%
(+) Income and Soc. Contrib. Taxes	(4,060)	(2,402)	69.0%	(10,375)	(7,507)	38.2%
(+) Deferred Income and Soc. Contrib. Taxes	7,898	-	0.0%	7,898	-	0.0%
Adjusted Net Income (Loss)	34,865	33,846	3.0%	189,785	220,675	-14.0%
Adjusted Net Margin	10.0%	10.6%	-0.6 p.p.	14.9%	17.5%	-2.6 p.p.

Accounts Receivable and Average Collection Period

As of 2Q18, the Company started to calculate the estimated loss on doubtful accounts following a model established in IFRS 9 (CPC 48), which records expected losses during the entire cycle of accounts receivable. For a better analysis, the table below presents the average collection period for the PDA to better reflect the provisioning effect under IFRS 9 (CPC 48).

Accounts Receivable and Average Receivable Days (R\$ '000)	4Q18	1Q19	2Q19	3Q19	4Q19
Gross Accounts Receivable	308,464	371,324	451,144	400,885	447,038
Monthly tuition fees	125,616	127,588	157,174	140,539	194,723
FIES	62,120	107,426	159,837	108,304	100,509
Negotiated agreements receivable	66,277	71,437	67,948	72,882	64,877
Education credits receivable	35,092	38,428	45,552	47,769	58,096
Credit Card and Others	19,359	26,445	20,633	31,391	28,833
PDA balance	(94,037)	(81,347)	(81,230)	(85,810)	(113,149)
Net Accounts Receivable	214,427	289,977	369,914	315,075	333,889
Net Revenue (Last 12 Months - FIES+Ex-FIES+Pronatec)	1,262,486	1,249,401	1,242,839	1,245,746	1,275,986
Net Receivable Days (FIES+Ex-FIES+Pronatec)	61	84	107	91	94
Net Revenue FIES (Last 12 Months)	447,731	413,854	388,686	362,302	337,887
Net Receivable Days (FIES)	36	78	131	89	86
Net Receivable Days (Monthly tuition fees + Negotiated agreements receivable + Education credits receivable)	67	75	88	79	86

The average period of net collection increased from 61 to 94 days due to the following:

- Increase in the PMR for monthly tuitions, agreements receivable and educational credits, from 67 to 86 days in the average collection period of monthly tuitions from students, agreements and educational credits receivable are mainly due to the revision of the provisional estimate made during 1Q19 and the longer collection period due to the current economic situation. It is the Company's understanding that the current collection period best reflects the cycle of the effective collection in student's contracts, which are renewed every six months.
- The increase in the FIES PMR from 36 to 86 days was due to the increased payment term in FIES' payment schedule throughout 2019, compared to 2018.

Aging of Monthly tuition fees (R\$ '000)	4Q18	% Chg.	4Q19	% Chg.
Overdue by up to 30 day	24,908	19.8%	35,949	18.5%
Overdue from 31 to 60 days	22,175	17.7%	29,565	15.2%
Overdue from 61 to 90 days	20,208	16.1%	27,358	14.0%
Overdue from 91 to 180 days	25,937	20.6%	41,018	21.1%
Overdue from 181 to 360 days	32,388	25.8%	60,833	31.2%
TOTAL	125,616	100.0%	194,723	100.0%
% of Gross Accounts Receivable	40.7%		43.6%	

Aging of Negotiated Agreements (R\$ '000)	4Q18	% Chg.	4Q19	% Chg.
Not yet due	18,523	27.9%	18,236	28.1%
Overdue by up to 30 day	7,655	11.6%	7,827	12.1%
Overdue from 31 to 60 days	7,213	10.9%	7,260	11.2%
Overdue from 61 to 90 days	6,641	10.0%	6,770	10.4%
Overdue from 91 to 180 days	12,029	18.1%	10,060	15.5%
Overdue from 181 to 360 days	14,216	21.4%	14,724	22.7%
TOTAL	66,277	100.0%	64,877	100.0%
% of Gross Accounts Receivable	21.5%		14.5%	

The total increase in monthly tuitions and receivable as a percentage of gross accounts receivable was due to an upturn in net revenue from monthly tuitions, agreements, and Educred, as the FIES student base fell from 31.6% in 4Q18 to 23.5% in 4Q19, already considering UNINORTE's students. Ex-UNINORTE, FIES students represent 24.6% of the on-campus undergraduate base.

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

Constitution of Provision for Doubtful Accounts in the Income Statement (R\$ '000)	12/31/2018	Adjustment by change of estimate	Provision for Doubtful Accounts from business combination	Gross Increase in Provision for Doubtful Accounts	Write-off	12/31/2019
Total	94,037	(16,036)	18,904	88,389	(72,145)	113,149

In the first quarter of 2019, according to assertive information and data on the recoverability of the old receivables, the Group revised the criteria to establish the PCLD and extended the analysis period of the default recovery from 12 to 24 months, resulting in a reversal of R\$16.0 million.

Investments (CAPEX)

CAPEX (R\$ ('000))	12M19	% of Total	12M18	% of Total
CAPEX Total	65,235	100.0%	97,326	100.0%
Property acquisition / Construction / Maintenance of campuses	16,467	25.2%	39,569	40.7%
Equipment / Library / IT	30,244	46.4%	43,040	44.2%
MEC Licenses	2,185	3.3%	2,853	2.9%
Software Licenses	6,150	9.4%	3,637	3.7%
Partnerships	2,167	3.3%	2,011	2.1%
Intangibles and Others	8,022	12.3%	6,216	6.4%
Acquisitions Debt Payment	263,471		37,324	
Total CAPEX + Acquisitions Payables	328,706		134,650	

During the 12M19 period, the Company invested R\$16.5 million to expand and renovate campuses in the cities of Fortaleza, Recife, Caruaru, Belém, and Guarulhos. Acquisitions of equipment, library, and IT consumed R\$30.2 million, mostly allocated to the purchase of IT and lab equipment and books and journals for the libraries of the operational units.

A total of R\$263.4 million in debt payments related to previous acquisitions (commitments to pay) recorded under cash flow as investment activities was allocated to the payment of UNG's acquisition, to the last installment of UNAMA's acquisition, which the arbitration court decided in favor of the payment to UNAMA's sellers, and UNINORTE's payment.

Indebtedness

Indebtedness (R\$ '000)	12/31/2019	12/31/2018	% Chg. Dec19 x Dec18
Total Cash	358,198	951,679	-62.4%
Judicial deposits	(42,665)	(29,380)	45.2%
FG-FIES Guarantee Fund	(9,070)	(1,401)	547.4%
Cash, Cash equivalents and Securities	306,463	920,898	-66.7%
Cash and cash equivalents	215,173	314,731	-31.6%
Securities	91,290	606,167	-84.9%
Gross debt	(276,715)	(423,672)	-34.7%
Loans and financing	(182,178)	(306,218)	-40.5%
Short term	(92,137)	(133,446)	-31.0%
Long term	(90,041)	(172,772)	-47.9%
Acquisitions Payables*	(94,537)	(117,454)	-19.5%
Net Cash	29,748	497,226	-94.0%
Net Cash / Adjusted EBITDA (LTM)	0.09	1.55	

* Acquisitions payables refer to acquisition scheduled payments

Cash and cash equivalents totaled R\$306.5 million, down by 66.7% over December 2018. This change is due to commitments to be paid for UNG's acquisition and the remaining balance of UNAMA's acquisition, totaling R\$78.5 million in the quarter, in addition to (i) payment of dividends in 2Q19, totaling R\$286.7 million, with R\$250 million extraordinary, as well as R\$32.8 million paid in 4Q19, referring to 30% of the net income reported in the first half of 2019, following the new Dividend Policy reviewed by the Board of Directors in 2019; (ii) payment of R\$114.5 million regarding the 1st series and the 2nd issue of debentures in September 2019; and (iii) payment of UNINORTE's acquisition totaling R\$185 million.

The Company's gross debt basically reflects commitments related to the acquisitions and the issue of two long-term debts with the following characteristics: (i) financing with IFC for the term of 7 years, totaling R\$120.0 million with a rate of CDI+2.05% p.a. up to 2018 and CDI+1.65 as of 2019, to be paid semi-annually as of April 15, 2017, and maturing on April 15, 2022, whose balance on December 31, 2019, is R\$54.8 million, and (ii) the Company's 2nd issue of simple, unsecured debentures not convertible into shares, in 2 series, with 100,000 Debentures in the First Series and 100,000 Debentures in the Second Series, with a unit par value of R\$1,000.00 as of the date of issue, totaling R\$200,000,000.00. The Debentures of the First Series earned interest of 100% of the average daily rate of Interbank Deposits, plus a spread of 0.65% per year, based on 252 business days, paid on September 15, 2019. The Debentures of the Second Series will earn interest of 100% of the average daily rate of Interbank Deposits, plus a spread of 1.35% per year, based on 252 business days, maturing on September 15, 2021, whose balance on December 31, 2019, is of R\$117.5 million.

On December 31, 2019, Grupo Ser Educacional's gross debt totaled R\$276.7 million, down by 34.7% compared to the R\$423.7 million on December 31, 2018, mainly due to the settlement of commitments to pay and debentures in the period. In 4Q19, the Company's net cash amounted to R\$29.7 million against a net debt of R\$497.2 million in 4Q18.

Debt Amortization Schedule (R\$ '000)	Loans and Financing	A.V. (%)	Aquisitions Payables	A.V. (%)	Debentures	A.V. (%)	Total	A.V. (%)
Short Term	24,377	37.7%	94,537	100.0%	67,760	57.7%	186,674	67.5%
Total Long Term	40,351	62.3%	-	0.0%	49,690	42.3%	90,041	32.5%
1-2 years	23,530	36.4%	-	0.0%	49,690	42.3%	73,220	26.5%
2-3 years	12,753	19.7%	-	0.0%	-	0.0%	12,753	4.6%
3-4 years	1,952	3.0%	-	0.0%	-	0.0%	1,952	0.7%
4-5 years	1,952	3.0%	-	0.0%	-	0.0%	1,952	0.7%
After five years	164	0.3%	-	0.0%	-	0.0%	164	0.1%
Total Loans, Financing and Acquisitions payables	64,728	100.0%	94,537	100.0%	117,450	100.0%	276,715	100.0%

Regarding the debt payment schedule, 67.5% corresponds to short-term debt, showing that the Company has adequate debt amortization terms, as well as a comfortable level of financial leverage.

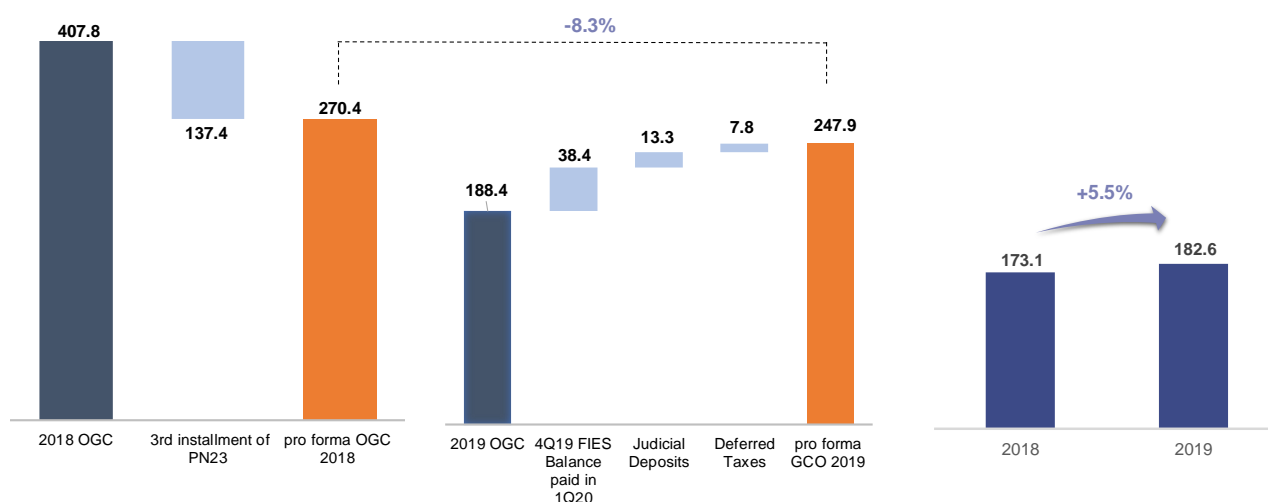
Cash Flow

Cash Flow (R\$ '000)	12M18			12M19		
	Accounting	IFRS 16	Comparable IFRS 16	Reported IFRS 16	IFRS 16	12M19 Ex-IFRS 16
Operating activities						
Consolidated Net Income for the Period before Income Taxes	208,611	(18,398)	190,213	136,910	18,466	155,376
Income Adjustments	233,702	74,425	308,127	347,173	(86,675)	260,498
Depreciation and amortization	76,348	37,430	113,778	130,906	(45,260)	85,646
Interest and exchange variation, net	66,404	36,995	103,399	117,638	(41,415)	76,223
Adjusted Net Income	442,313	56,027	498,340	484,083	(68,210)	415,873
Changes in Assets and Liabilities	(6,541)	-	(6,541)	(197,230)	-	(197,230)
Cash generated from operations	435,772	56,027	491,799	286,853	(68,210)	218,643
Interest on loans	(7,966)	-	(7,966)	(20,178)	-	(20,178)
Interest on leases	(33,017)	(36,995)	(70,012)	(68,853)	41,415	(27,438)
Income and social contribution taxes paid	(6,059)	-	(6,059)	(9,382)	-	(9,382)
Net Cash from Operating Activities	388,730	19,032	407,762	188,440	(26,795)	161,645
Net Cash from Investing Activities	(108,390)	-	(108,390)	189,645	-	189,645
Net Cash from Financing Activities	(244,895)	(19,032)	(263,927)	(477,643)	26,795	(450,848)
Amortization of leasing	(5,981)	(19,032)	(25,013)	(33,913)	26,795	(7,118)
Increase (Reduction) in Cash and Cash Equivalents	35,445	-	35,445	(99,558)	-	(99,558)
Demonstration of Increase (Reduction) in Cash and Cash Equivalents						
Beginning of period	279,286	-	279,286	314,731	-	314,731
End of period	314,731	-	314,731	215,173	-	215,173
Increase (Reduction) in Cash and Cash Equivalents	35,445	-	35,445	(99,558)	-	(99,558)
Cash and Securities changes	9,185	-	9,185	(614,435)	-	(614,435)
Beginning of period	911,713	-	911,713	920,898	-	920,898
End of period	920,898	-	920,898	306,463	-	306,463

Operating cash generation, adjusted to keep the comparability with IFRS 16, including the “amortization of leases” in the operating cash generation calculation (OCG), went from R\$407.8 million in 12M18 to R\$188.4 million in 12M19. The main effect that explains this change was the payment of the third installment of PN 23, according to the agreement with the Federal Government for the payment of overdue FIES, totaling R\$137.4 million in 3Q18. The charts below show that excluding this effect and in a Pro-forma manner, evaluating the impacts of FIES payments in 4Q19 (to be received in 2020) and the court deposits during 2019, the Pro-forma operational cash generation decreased by 8.3% and, when including investments, rose by 5.5% year-on-year.

OCG 2019 x 2018 (R\$MM)

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



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

ABOUT GRUPO SER EDUCACIONAL

Founded in 2003 and headquartered in Recife, Grupo Ser Educacional (B3 SEER3, Bloomberg SEER3:BZ and Reuters SEER3.SA) is one of the largest private education groups in Brazil and the leader in the Northeast and North regions in terms of number of students enrolled. It offers undergraduate, graduate, vocational and distance learning courses in 26 states and the Federal District, with a consolidated base of approximately 185,000 students. The Company operates under the following brands UNINASSAU, UNINASSAU – Centro Universitário Maurício de Nassau, UNINABUCO – Centro Universitário Joaquim Nabuco, Faculdades UNINABUCO, Joaquim Nabuco and Maurício de Nassau Vocational Schools, UNIVERITAS/UNG, UNAMA – Universidade da Amazônia and Faculdade da Amazônia, UNIVERITAS – Centro Universitário Universus Veritas and Faculdades UNIVERITAS and UNINORTE - Centro Universitário do Norte, through which it offers more than 1,891 courses.

This earnings release may include 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.

EXHIBITS – Income Statement (Comparable)

Income Statement - Accounting R\$ ('000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
Gross Operating Revenue	562,247	488,780	15.0%	2,119,534	1,847,993	14.7%
Undergraduate Monthly Tuition	514,908	459,072	12.2%	1,938,729	1,731,307	12.0%
Graduate Monthly Tuition	8,639	7,669	12.6%	30,298	29,458	2.9%
Vocational Courses Monthly Tuition	493	462	6.7%	1,943	1,581	22.9%
Distance Learning Monthly Tuition	34,913	18,483	88.9%	134,173	70,786	89.5%
Others	3,294	3,094	6.5%	14,391	14,861	-3.2%
Deductions from Gross Revenue	(211,940)	(168,713)	25.6%	(843,548)	(585,507)	44.1%
Discounts and Scholarships	(136,261)	(103,837)	31.2%	(567,130)	(334,580)	69.5%
PROUNI	(57,738)	(45,479)	27.0%	(207,344)	(171,711)	20.8%
FGEDUC And FIES charges	(6,665)	(8,467)	-21.3%	(27,023)	(36,024)	-25.0%
Taxes	(11,276)	(10,930)	3.2%	(42,051)	(43,192)	-2.6%
Net Operating Revenue	350,307	320,067	9.4%	1,275,986	1,262,486	1.1%
Cash Cost of Services Rendered	(164,591)	(145,925)	12.8%	(580,513)	(558,394)	4.0%
Payroll and Charges	(102,684)	(96,319)	6.6%	(370,025)	(380,387)	-2.7%
Rent	(4,210)	(5,935)	-29.1%	(16,335)	(19,248)	-15.1%
Concessionaires (Electricity, Water and Telephone)	(11,627)	(9,880)	17.7%	(40,209)	(37,361)	7.6%
Third-Party Services	(9,778)	(9,961)	-1.8%	(37,436)	(34,493)	8.5%
Depreciation and Amortization	(36,292)	(23,830)	52.3%	(116,508)	(86,905)	34.1%
Managerial Gross Profit	185,716	174,142	6.6%	695,473	704,092	-1.2%
<i>Gross Margin</i>	<i>53.0%</i>	<i>54.4%</i>	<i>-1.4 p.p.</i>	<i>54.5%</i>	<i>55.8%</i>	<i>-1.3 p.p.</i>
Operating Expenses/Revenue	(137,145)	(127,333)	7.7%	(435,203)	(449,811)	-3.2%
General and Administrative Expenses	(132,236)	(125,070)	5.7%	(440,001)	(446,849)	-1.5%
Payroll and Charges	(41,100)	(35,760)	14.9%	(148,980)	(143,038)	4.2%
Third-Party Services	(17,931)	(10,018)	79.0%	(60,489)	(35,227)	71.7%
Advertising	(17,836)	(17,157)	4.0%	(80,170)	(83,548)	-4.0%
Materials	(3,078)	(4,133)	-25.5%	(13,451)	(17,557)	-23.4%
PDA	(33,278)	(32,353)	2.9%	(80,040)	(88,243)	-9.3%
Others	(15,436)	(18,661)	-17.3%	(42,473)	(52,362)	-18.9%
Depreciation and Amortization	(3,577)	(6,988)	-48.8%	(14,398)	(26,874)	-46.4%
Other Operating Expenses/Revenue	(4,909)	(2,263)	116.9%	4,798	(2,962)	N.M.
Managerial Operating Income	48,571	46,809	3.8%	260,270	254,281	2.4%
<i>Operating Margin</i>	<i>13.9%</i>	<i>14.6%</i>	<i>-0.8 p.p.</i>	<i>20.4%</i>	<i>20.1%</i>	<i>0.3 p.p.</i>
(+) Adjusted Depreciation and Amortization	39,869	28,389	40.4%	130,906	111,350	17.6%
EBITDA	88,440	75,198	17.6%	391,176	365,631	7.0%
<i>EBITDA Margin</i>	<i>25.2%</i>	<i>23.5%</i>	<i>1.8 p.p.</i>	<i>30.7%</i>	<i>29.0%</i>	<i>1.7 p.p.</i>
(+) Non-recurring costs and expenses	17,955	3,824	369.5%	32,504	34,000	-4.4%
(+) Interest on tuition and agreements	1,199	4,539	-73.6%	12,400	15,526	-20.1%
(-) Minimum rent paid	(26,574)	(22,555)	17.8%	(101,286)	(95,027)	6.6%
Adjusted EBITDA	81,020	61,007	32.8%	334,794	320,130	4.6%
<i>Adjusted EBITDA Margin</i>	<i>23.1%</i>	<i>19.1%</i>	<i>4.1 p.p.</i>	<i>26.2%</i>	<i>25.4%</i>	<i>0.9 p.p.</i>
(-) Adjusted Depreciation and Amortization	(39,869)	(28,389)	40.4%	(130,906)	(111,350)	17.6%
Adjusted EBIT	41,151	32,618	26.2%	203,888	208,780	-2.3%
<i>Adjusted EBIT Margin</i>	<i>11.7%</i>	<i>10.2%</i>	<i>1.6 p.p.</i>	<i>16.0%</i>	<i>16.5%</i>	<i>-0.6 p.p.</i>
Financial Result	(56,831)	(16,814)	238.0%	(123,360)	(64,069)	92.5%
(+) Financial Revenue	6,087	18,445	-67.0%	49,881	74,396	-33.0%
Interest on Agreements and Others	1,199	4,539	-73.6%	12,400	15,526	-20.1%
Returns on Financial Investments	4,392	13,675	-67.9%	38,580	55,276	-30.2%
Others	496	231	114.5%	(1,099)	3,594	-130.6%
(-) Financial Expenses	(62,918)	(35,259)	78.4%	(173,241)	(138,465)	25.1%
Interest Expenses	(4,217)	(5,476)	-23.0%	(20,121)	(23,133)	-13.0%
Interest on Leasing	(17,547)	(17,845)	-1.7%	(68,853)	(70,012)	-1.7%
Discounts Granted	(13,862)	(4,790)	189.4%	(44,635)	(24,623)	81.3%
Monetary Variation Expenses	(23,015)	(2,667)	763.1%	(29,906)	(10,492)	185.0%
Others	(4,277)	(4,482)	-4.6%	(9,726)	(10,205)	-4.7%
Income Before Income Taxes	(8,260)	29,995	-127.5%	136,910	190,213	-28.0%
Income and Social Contribution Taxes	5,697	(2,357)	-341.7%	(538)	(6,820)	-92.1%
Current	(8,658)	(17,893)	-51.6%	(69,192)	(81,479)	-15.1%
Tax Incentive - Prouni	6,457	15,536	-58.4%	60,756	74,659	-18.6%
Consolidated Net Income/Loss	(2,563)	27,637	-109.3%	136,372	183,393	-25.6%
<i>Net Margin</i>	<i>-0.7%</i>	<i>8.6%</i>	<i>-9.4 p.p.</i>	<i>10.7%</i>	<i>14.5%</i>	<i>-3.8 p.p.</i>

Income Statement – Management’s View

Income Statement - Adjusted R\$ ('000)	4Q19	4Q18 Comparable	% Chg. 4Q19 x 4Q18	12M19	12M18 Comparable	% Chg. 12M19 x 12M18
Gross Operating Revenue	562,247	488,780	15.0%	2,119,534	1,847,993	14.7%
Undergraduate Monthly Tuition	514,908	459,072	12.2%	1,938,729	1,731,307	12.0%
Graduate Monthly Tuition	8,639	7,669	12.6%	30,298	29,458	2.9%
Vocational Courses Monthly Tuition	493	462	6.7%	1,943	1,581	22.9%
Distance Learning Monthly Tuition	34,913	18,483	88.9%	134,173	70,786	89.5%
Others	3,294	3,094	6.5%	14,391	14,861	-3.2%
Deductions from Gross Revenue	(211,940)	(168,713)	25.6%	(843,548)	(585,507)	44.1%
Discounts and Scholarships	(136,261)	(103,837)	31.2%	(567,130)	(334,580)	69.5%
PROUNI	(57,738)	(45,479)	27.0%	(207,344)	(171,711)	20.8%
FGEDUC And FIES charges	(6,665)	(8,467)	-21.3%	(27,023)	(36,024)	-25.0%
Taxes	(11,276)	(10,930)	3.2%	(42,051)	(43,192)	-2.6%
Net Operating Revenue	350,307	320,067	9.4%	1,275,986	1,262,486	1.1%
Cash Cost of Services Rendered	(162,480)	(143,496)	13.2%	(571,003)	(541,724)	5.4%
Payroll and Charges	(101,373)	(96,319)	5.2%	(361,315)	(366,146)	-1.3%
Rent	(3,410)	(5,935)	-42.5%	(15,535)	(19,248)	-19.3%
Concessionaires (Electricity, Water and Telephone)	(11,627)	(9,880)	17.7%	(40,209)	(37,361)	7.6%
Third-Party Services	(9,778)	(9,961)	-1.8%	(37,436)	(34,493)	8.5%
Depreciation and Amortization	(36,292)	(21,401)	69.6%	(116,508)	(84,476)	37.9%
Managerial Gross Profit	187,827	176,571	6.4%	704,983	720,762	-2.2%
<i>Managerial Gross Margin</i>	<i>53.6%</i>	<i>55.2%</i>	<i>-1.5 p.p.</i>	<i>55.3%</i>	<i>57.1%</i>	<i>-1.8 p.p.</i>
Operating Expenses/Revenue	(121,302)	(123,509)	-1.8%	(412,208)	(430,052)	-4.1%
General and Administrative Expenses	(119,251)	(121,246)	-1.6%	(409,433)	(427,090)	-4.1%
Payroll and Charges	(38,145)	(34,360)	11.0%	(143,802)	(132,450)	8.6%
Third-Party Services	(12,829)	(7,594)	68.9%	(40,027)	(27,574)	45.2%
Advertising	(17,836)	(17,157)	4.0%	(80,170)	(83,548)	-4.0%
Materials	(3,078)	(4,133)	-25.5%	(13,451)	(17,557)	-23.4%
PDA	(33,278)	(32,353)	2.9%	(80,040)	(88,243)	-9.3%
Others	(10,508)	(18,661)	-43.7%	(37,545)	(50,844)	-26.2%
Depreciation and Amortization	(3,577)	(6,988)	-48.8%	(14,398)	(26,874)	-46.4%
Other Operating Expenses/Revenue	(2,051)	(2,263)	-9.4%	(2,775)	(2,962)	-6.3%
Managerial Operating Income	66,526	53,062	25.4%	292,776	290,710	0.7%
<i>Managerial Operating Margin</i>	<i>19.0%</i>	<i>16.6%</i>	<i>2.4 p.p.</i>	<i>22.9%</i>	<i>23.0%</i>	<i>-0.1 p.p.</i>
(+) Depreciation and Amortization	39,869	25,960	53.6%	130,906	108,921	20.2%
(+) Interest on tuition and agreements	1,199	4,539	-73.6%	12,400	15,526	-20.1%
(-) Minimum rent paid	(26,574)	(22,555)	17.8%	(101,286)	(95,027)	6.6%
Adjusted EBITDA	81,020	61,007	32.8%	334,796	320,130	4.6%
<i>Adjusted EBITDA Margin</i>	<i>23.1%</i>	<i>19.1%</i>	<i>4.1 p.p.</i>	<i>26.2%</i>	<i>25.4%</i>	<i>0.9 p.p.</i>
(-) Depreciation and Amortization	(39,869)	(25,960)	53.6%	(130,906)	(108,921)	20.2%
Adjusted EBIT	41,151	35,046	17.4%	203,890	211,208	-3.5%
<i>Adjusted EBIT Margin</i>	<i>11.7%</i>	<i>10.9%</i>	<i>0.8 p.p.</i>	<i>16.0%</i>	<i>16.7%</i>	<i>-0.8 p.p.</i>
Financial Result	(35,499)	(16,815)	111.1%	(100,514)	(62,527)	60.8%
(+) Financial Revenue	6,087	18,445	-67.0%	49,881	75,937	-34.3%
Interest on Agreements and Others	1,199	4,539	-73.6%	12,400	15,526	-20.1%
Returns on Financial Investments	4,392	13,675	-67.9%	38,580	55,276	-30.2%
Others	496	231	114.5%	(1,099)	5,135	-121.4%
(-) Financial Expenses	(41,586)	(35,260)	17.9%	(150,395)	(138,465)	8.6%
Interest Expenses	(4,217)	(5,476)	-23.0%	(20,121)	(23,133)	-13.0%
Interest on Leasing	(17,547)	(17,845)	-1.7%	(68,853)	(70,012)	-1.7%
Discounts Granted	(13,862)	(4,790)	189.4%	(44,635)	(24,623)	81.3%
Monetary Variation Expenses	(1,683)	(2,667)	-36.9%	(7,060)	(10,492)	-32.7%
Others	(4,277)	(4,482)	-4.6%	(9,726)	(10,205)	-4.7%
Income Before Income Taxes	31,027	36,247	-14.4%	192,262	228,182	-15.7%
Income and Social Contribution Taxes	3,838	(2,402)	-259.8%	(2,477)	(7,507)	-67.0%
Current	(10,517)	(17,938)	-41.4%	(71,131)	(82,166)	-13.4%
Tax Incentive - Prouni	6,457	15,536	-58.4%	60,756	74,659	-18.6%
Adjusted Consolidated Net Income/Loss	34,865	33,846	3.0%	189,785	220,675	-14.0%
<i>Adjusted Net Margin</i>	<i>10.0%</i>	<i>10.6%</i>	<i>-0.6 p.p.</i>	<i>14.9%</i>	<i>17.5%</i>	<i>-2.6 p.p.</i>

Balance Sheet

Balance Sheet - ASSETS (R\$ '000)	12/31/2019	12/31/2018	% Chg. Dec19 x Dec18
Total Assets	2,559,156	2,429,560	5.3%
Current Assets	644,545	1,143,639	-43.6%
Cash and cash equivalents	215,173	314,731	-31.6%
Securities	91,290	606,167	-84.9%
Accounts receivable	286,967	185,560	54.6%
Taxes recoverable	13,917	8,254	68.6%
Related parties	1,952	-	0.0%
Other assets	35,246	28,927	21.8%
Non-Current Assets	1,914,611	1,285,921	48.9%
Long-Term Assets	227,438	171,663	32.5%
Accounts receivable	46,922	28,867	62.5%
Related parties	7,972	-	0.0%
Other assets	42,665	29,380	45.2%
Indemnifications	112,015	112,015	0.0%
FG-FIES Guarantee Fund	9,070	1,401	547.4%
Deferred taxes	7,897	-	0.0%
Other Accounts receivable	897	-	0.0%
Intangible assets	560,646	424,367	32.1%
Right-of-Use Assets	616,110	181,527	239.4%
Property, plant and equipment	510,417	508,364	0.4%
Balance Sheet - LIABILITIES (R\$ '000)	12/31/2019	12/31/2018	% Chg. Dec19 x Dec18
Total Liabilities	1,250,668	959,017	30.4%
Current Liabilities	406,439	407,265	-0.2%
Suppliers	32,501	33,921	-4.2%
Accounts payable	94,537	82,770	14.2%
Loans and financing	24,377	24,970	-2.4%
Debentures	67,760	108,476	-37.5%
Payroll and charges	82,000	73,692	11.3%
Taxes payable	23,688	15,648	51.4%
Leasing	43,931	17,209	155.3%
Dividends payable	6,063	27,119	-77.6%
Other liabilities	31,582	23,460	34.6%
Non-Current Liabilities	844,229	551,752	53.0%
Loans and financing	40,351	63,880	-36.8%
Debentures	49,690	108,892	-54.4%
Leasing	623,946	221,050	182.3%
Accounts payable	-	34,684	-100.0%
Taxes payable	7,127	1,154	517.6%
Provision for contingencies	122,111	119,759	2.0%
Other liabilities	1,004	2,333	-57.0%
Consolidated Shareholders' Equity	1,308,488	1,470,543	-11.0%
Capital Realized	987,549	987,549	0.0%
Income Reserve	320,939	548,521	-41.5%
Treasury shares	-	(65,527)	-100.0%
Total Liabilities and Shareholders' Equity	2,559,156	2,429,560	5.3%

Cash Flow

Cash Flow Statement (R\$ '000)	12/31/2019	12/31/2018	% Chg. Dec19 x Dec18
Consolidated Net Income for the Period before Income Taxes	136,910	208,611	-34.4%
Depreciation and amortization	130,906	76,348	71.5%
Provisions	(440)	(2,086)	-78.9%
Adjustment present value of accounts receivable	2,490	2,727	N.M.
Provision for doubtful accounts	80,040	88,243	-9.3%
Sale of Non-Current Assets	16,539	2,066	0,700.5%
Interest and exchange variation, net	117,638	66,404	77.2%
Adjusted Net Income	484,083	442,313	9.4%
Changes in Assets and Liabilities	(197,230)	(6,541)	2,915.3%
Accounts receivable	(168,967)	(28)	603,353.6%
Taxes recoverable	(966)	3,290	-129.4%
Related parties	(9,924)	-	0.0%
Other assets	(18,238)	(11,519)	58.3%
Deferred taxes	(7,897)	-	0.0%
Suppliers	(3,705)	2,499	-248.3%
Payroll and charges	(2,575)	(1,139)	126.1%
Taxes payable	1,998	(1,195)	-267.2%
Income and social contribution taxes payable	8,844	(1,273)	-0,794.7%
Other liabilities	4,200	2,824	48.7%
Cash generated from operations	286,853	435,772	-34.2%
Other	(98,413)	(47,042)	109.2%
Interest on loans and debentures	(20,178)	(7,966)	153.3%
Interest on leases	(68,853)	(33,017)	108.5%
Income and social contribution taxes paid	(9,382)	(6,059)	54.8%
Net Cash from Operating Activities	188,440	388,730	-51.5%
Net Cash from Investing Activities	189,645	(108,390)	-275.0%
Securities	514,877	26,260	1,860.7%
Additions to property, plant and equipment	(47,305)	(83,396)	-43.3%
Additions to intangible assets	(17,930)	(13,930)	28.7%
Net cash from business combination	3,474	-	0.0%
Acquisition of subsidiaries Payments	(263,471)	(37,324)	605.9%
Net Cash from Financing Activities	(477,643)	(244,895)	95.0%
Amortization of Debentures	(100,000)	-	0.0%
Amortization of loans and financing	(24,247)	(25,630)	-5.4%
Amortization of leasing	(33,913)	(5,981)	467.0%
Treasury Shares	-	(154,752)	-100.0%
Dividends	(319,483)	(58,532)	445.8%
Increase (Reduction) in Cash and Cash Equivalents	(99,558)	35,445	-380.9%
Cash and Cash Equivalents at Beginning of Period	314,731	279,286	12.7%
Cash and Cash Equivalents at End of Period	215,173	314,731	-31.6%
Cash changes and Securities	(614,435)	9,185	-6789.5%

Income Statement – Accounting

Without the reclassification of depreciation amounts and of interest on leases according to IFRS 16 in 4Q18.

Income Statement - Accounting R\$ ('000)	4Q19	4Q18	% Chg. 4Q19 x 4Q18	12M19	12M18	% Chg. 12M19 x 12M18
Gross Operating Revenue	562,247	488,780	15.0%	2,119,534	1,847,993	14.7%
Undergraduate Monthly Tuition	514,908	459,072	12.2%	1,938,729	1,731,307	12.0%
Graduate Monthly Tuition	8,639	7,669	12.6%	30,298	29,458	2.9%
Vocational Courses Monthly Tuition	493	462	6.7%	1,943	1,581	22.9%
Distance Learning Monthly Tuition	34,913	18,483	88.9%	134,173	70,786	89.5%
Others	3,294	3,094	6.5%	14,391	14,861	-3.2%
Deductions from Gross Revenue	(211,940)	(168,713)	25.6%	(843,548)	(585,507)	44.1%
Discounts and Scholarships	(136,261)	(103,837)	31.2%	(567,130)	(334,580)	69.5%
PROUNI	(57,738)	(45,479)	27.0%	(207,344)	(171,711)	20.8%
FGEDUC And FIES charges	(6,665)	(8,467)	-21.3%	(27,023)	(36,024)	-25.0%
Taxes	(11,276)	(10,930)	3.2%	(42,051)	(43,192)	-2.6%
Net Operating Revenue	350,307	320,067	9.4%	1,275,986	1,262,486	1.1%
Cash Cost of Services Rendered	(164,591)	(149,961)	9.8%	(580,513)	(576,990)	0.6%
Payroll and Charges	(102,684)	(96,319)	6.6%	(370,025)	(380,387)	-2.7%
Rent	(4,210)	(18,740)	-77.5%	(16,335)	(75,275)	-78.3%
Concessionaires (Electricity, Water and Telephone)	(11,627)	(9,880)	17.7%	(40,209)	(37,361)	7.6%
Third-Party Services	(9,778)	(9,961)	-1.8%	(37,436)	(34,493)	8.5%
Depreciation and Amortization	(36,292)	(15,061)	141.0%	(116,508)	(49,474)	135.5%
Managerial Gross Profit	185,716	170,106	9.2%	695,473	685,496	1.5%
<i>Gross Margin</i>	<i>53.0%</i>	<i>53.1%</i>	<i>-0.1 p.p.</i>	<i>54.5%</i>	<i>54.3%</i>	<i>0.2 p.p.</i>
Operating Expenses/Revenue	(137,145)	(127,333)	7.7%	(435,203)	(449,811)	-3.2%
General and Administrative Expenses	(132,236)	(125,070)	5.7%	(440,001)	(446,849)	-1.5%
Payroll and Charges	(41,100)	(35,760)	14.9%	(148,980)	(143,038)	4.2%
Third-Party Services	(17,931)	(10,018)	79.0%	(60,489)	(35,227)	71.7%
Advertising	(17,836)	(17,157)	4.0%	(80,170)	(83,548)	-4.0%
Materials	(3,078)	(4,133)	-25.5%	(13,451)	(17,557)	-23.4%
PDA	(33,278)	(32,353)	2.9%	(80,040)	(88,243)	-9.3%
Others	(15,436)	(18,661)	-17.3%	(42,473)	(52,362)	-18.9%
Depreciation and Amortization	(3,577)	(6,988)	-48.8%	(14,398)	(26,874)	-46.4%
Other Operating Expenses/Revenue	(4,909)	(2,263)	116.9%	4,798	(2,962)	N.M.
Managerial Operating Income	48,571	42,773	13.6%	260,270	235,685	10.4%
<i>Operating Margin</i>	<i>13.9%</i>	<i>13.4%</i>	<i>0.5 p.p.</i>	<i>20.4%</i>	<i>18.7%</i>	<i>1.7 p.p.</i>
(+) Adjusted Depreciation and Amortization	39,869	19,620	103.2%	130,906	73,919	77.1%
EBITDA	88,440	62,393	41.7%	391,176	309,604	26.3%
<i>EBITDA Margin</i>	<i>25.2%</i>	<i>19.5%</i>	<i>5.8 p.p.</i>	<i>30.7%</i>	<i>24.5%</i>	<i>6.1 p.p.</i>
(+) Non-recurring costs and expenses	17,955	3,824	369.5%	32,505	34,000	-4.4%
(+) Interest on tuition and agreements	1,199	4,539	-73.6%	12,400	15,526	-20.1%
(-) Minimum rent paid	(26,574)	(9,750)	172.6%	(101,286)	(39,000)	159.7%
Adjusted EBITDA	81,020	61,007	32.8%	334,795	320,130	4.6%
<i>Adjusted EBITDA Margin</i>	<i>23.1%</i>	<i>19.1%</i>	<i>4.1 p.p.</i>	<i>26.2%</i>	<i>25.4%</i>	<i>0.9 p.p.</i>
(-) Adjusted Depreciation and Amortization	(39,869)	(19,620)	103.2%	(130,906)	(73,919)	77.1%
Adjusted EBIT	41,151	41,386	-0.6%	203,889	246,211	-17.2%
<i>Adjusted EBIT Margin</i>	<i>11.7%</i>	<i>12.9%</i>	<i>-1.2 p.p.</i>	<i>16.0%</i>	<i>19.5%</i>	<i>-3.5 p.p.</i>
Financial Result	(56,831)	(7,154)	694.4%	(123,360)	(27,074)	355.6%
(+) Financial Revenue	6,087	18,445	-67.0%	49,881	74,396	-33.0%
Interest on Agreements and Others	1,199	4,539	-73.6%	12,400	15,526	-20.1%
Returns on Financial Investments	4,392	13,675	-67.9%	38,580	55,276	-30.2%
Others	496	231	114.5%	(1,099)	3,594	-130.6%
(-) Financial Expenses	(62,918)	(25,599)	145.8%	(173,241)	(101,470)	70.7%
Interest Expenses	(4,217)	(5,476)	-23.0%	(20,121)	(23,133)	-13.0%
Interest on Leasing	(17,547)	(8,185)	114.4%	(68,853)	(33,017)	108.5%
Discounts Granted	(13,862)	(4,790)	189.4%	(44,635)	(24,623)	81.3%
Monetary Variation Expenses	(23,015)	(2,667)	763.1%	(29,906)	(10,492)	185.0%
Others	(4,277)	(4,482)	-4.6%	(9,726)	(10,205)	-4.7%
Income Before Income Taxes	(8,260)	35,619	-123.2%	136,910	208,611	-34.4%
Income and Social Contribution Taxes	5,697	(2,514)	-326.6%	(538)	(7,332)	-92.7%
Current	(8,658)	(18,050)	-52.0%	(69,192)	(81,991)	-15.6%
Tax Incentive - Proni	6,457	15,536	-58.4%	60,756	74,659	-18.6%
Consolidated Net Income/Loss	(2,563)	33,105	-107.7%	136,372	201,279	-32.2%
<i>Net Margin</i>	<i>-0.7%</i>	<i>10.3%</i>	<i>-11.1 p.p.</i>	<i>10.7%</i>	<i>15.9%</i>	<i>-5.3 p.p.</i>