

Y 2015 Earnings Call

Company Participants

- Flavia Oliveira, IR Manager
- Rogerio Frota Melzi, Chief Executive Officer
- Virgilio Capobianco Gibbon, Chief Financial Officer and Investor Relations Officer

Other Participants

- Rodrigo Gastim, Analyst
- Thiago Bortoluci, Analyst

Presentation

Operator

Good morning, ladies and gentlemen. Thank you for standing by, and welcome to Estacio's Conference Call to discuss the Fourth Quarter of 2015 Results. This event is also being broadcast simultaneously on the internet via webcast which can be accessed on the Company's IR website www.estacioparticipacoes.com.br/ir together with the respective presentation and the earnings release.

Please also note, today's event is being recorded. We would like to inform you that during the Company's presentation, all participants will only be able to listen to the call. We will then begin the Q&A session when further instructions will be given. (Operator Instructions)

This conference call contains forward-looking statements that are subject to risk and uncertainties that could cause the Company's actual results to differ materially from those in the forward-looking statements. Such statements speak only as of the date they are made, and the Company is under no obligation to update them in light of new information.

I will now turn the conference over to Mr. Rogerio Melzi, CEO. Please Mr. Rogerio, you may proceed.

Rogerio Frota Melzi {BIO 16212298 <GO>}

Well, thank you and good morning everyone. Welcome to our conference call to discuss our results for 2015. I'm here with Virgilio Gibbon, our CFO and also is Flavia Oliveira our IR and they will help me doing this presentation.

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We're going to have a Q&A session just as soon as the presentation is over. So let's go straight to slide number two for presentation, which is also available on our website where we will talk about the main highlights for 2015.

The old saying that which doesn't kill us, only makes us stronger, seems appropriate in describing 2015, which was challenging in all aspects. All Brazilians were surprised by the speed intensity with which the economic crisis overtook us in early 2015. But our education sector was also hit hard by decree number 23. Published at the tail-end of 2014 which radically alter our fall off payments from the FIES program. Throughout the year new questions regarding the program such as the ceiling for lower amounts and also for lower volumes coupled with the difficulties in FIES systems and processes, and boosted by the change of the parameters implemented in the second half of 2015 all made the scenario even more nebulous and uncertain for us. In this contest, in the first months of the year, all of our attention went to Brasilia (inaudible) along with our peers to better understand this new scenario in order to act properly both as a member of ABRAES, the association created more than 10 years ago which proved extremely important in 2015 as well as within our own Company.

We also needed a significant amount of focus on the management of our cash flow both by reworking internal plans and tightening our belts wherever possible and by seriously seeking out new sources of enrollment, amidst an increasingly arid enrollment scenario.

In addition, we needed to maintain the motivation and energy of all our 16,000 colleagues because we knew that, if these adverse situation where allowed to reach our ranks, the challenge we are facing which was already huge could become impossible to overcome.

Amidst all of this uncertainty, we held on to some beliefs that ended up showing legitimate over the course of the year. And the at that time gave us the confidence we needed regarding our ability to move forward including the following. Our clear preference for a more controlled and sustainable growth during the bonanza years without leaning too much on the FIES program while taking advantage of the favorable winds to build concrete advantages such as a quality system, a strong drive towards innovation, and respected national brand and a high level of process and product standardization, which all left us in a better position to deal with any hurdles.

A motivated, prepared team that is well-trained in management with a strong and unique culture coupled with a good mix of experienced managers working alongside a young and vibrant generation supported by a trainee program that is already in its six consecutive edition.

Our long-term vision forged since 2008 and detailed in 2012 with the goal of building a winning, less impatient, disciplined company that is aware of its duties to its stakeholders and above all, capable of marching its 20 miles year after year, knowing that real value is not built over a short period of time and aware that there are no shortcuts to great achievements.

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A diversification strategy for new businesses and also for the distance learning segment that has been conducted in a disciplined manner since 2012 and that could help us overcome the difficulties of our core business, the on-campus undergrad segment, which was hit hard by the crisis and the problems with the FIES program. It was precisely due to this set of factors as well as to the dedication of our thousands of employees that we were able to achieve excellent results throughout 2015, including the following; enrollment increasing in both the first and second semesters resulting in a student base 15.2% larger than in December 2014 despite the extremely low percentage of students enrolled through FIES.

Recurring net revenue up 23%, accompanied by an adjusted recurring EBITDA up 41% over 2014 and by a recurring net income up 20% over the same period last year.

Two further acquisitions, one in Para and one in Sao Paulo, as well as an approval for a greenfield project in Mato Grosso, and the approval of more than 60 new centers and a new distance learning license. Almost 34% increase in the grad student base with a consequent increase in revenue and contribution margin for the segment, which has been the flagship of our new businesses area.

Parallel to this, Estacio has had the courage to continue innovating, investing in social responsibility, hiring trainees, training our people, developing new technologies, building a national education brand and entering new markets. More than that, even amidst the largest of the crisis, we refused to abandon the pillars that we strongly believe are the foundation of a company that intends to provide services and establish a winning reputation.

Let's now turn to slide three, which shows the results of what I believe to be the three pillars of any services company. The first chart relates to the organizational climate, which is very relevant in our segment. Since 2008, we've been working with the Hay Group to conduct our annual climate survey, whose evolution can be seen in the table at the top of the slide. The historical series, crowned by a brilliant result in 2015 proves the commitment of our employees even in times of crisis such as the one that country is currently experiencing, which certainly helps us in implementing new ideas, new processes and new products.

The second pillar concern the satisfaction of our students, which is essential in an industry where word-of-mouth is particularly important. We know that employees with a high degree of satisfaction and engagement coupled with actions to improve quality inside and outside of the classroom reflect positively in our surveys of student satisfaction, which have been conducted by independent consultants since 2008.

Once again, it is possible to see the positive trend for the indicator supported by a spectacular result in 2015 which will certainly help us gain market share and minimize the risk of getting into price wars given that we have customers who are increasingly satisfied with our brand.

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Moving on to slide four, we can see our clear progress in the academic performance indicators used by the Ministry of Education through the set known as the SINAES Cycle.

While it is true that our indicators have already proved significantly since 2011, the improvement related to the 2014 cycle which is perhaps the first cycle to measure students educated within Estacio's academic model was clearly noticeable, presenting gains in virtually every dimension considered and leveraging us in the direction of very strong scores, precisely at a time when the quality indicators are getting more attention from students, candidates, opinion makers, employers and also investors who are very much aware of the relevance of this item to the sustainability of companies, not to mention the growing use of indicators by the Ministry of Education as criteria for resource allocation and accreditation processes.

I will now turn you over to Flavia Oliveira, our IR Manager and to Virgilio Gibbon, our CFO, who will give you more details on our operating results. At the end of the presentation, I will come back for my closing remarks.

Flavia Oliveira {BIO 20130905 <GO>}

Thank you, Melzi. Good morning, everyone. Moving onto slide five, where we talk about our operating performance. In the first chart, we show the student base figures for the fourth quarter of 2015. We ended the quarter with more than 500,000 students, 15.4% above last year, 358,000 are enrolled in the on-campus programs and 133,000 in distance-learning programs, as well as 12,000 students from acquisitions made in the last 12 month.

Same shops, our organic growth was 12.4% in the on-campus segment and 14% in the distance learning segment. The on-campus undergraduate renewal rate in the second half of 2015 represented 91.3% of the student base against 90.8% last year, an improvement of 0.6 percentage points as a result of the Retention Project with several academic and financial initiatives to maintain our base of students engaged and committed.

The distance learning undergraduate student base increased 9.3% over 2014, totaling more than 100,000 students. In the fourth quarter of 2015, the intake increased 27.7% due to the increasing demand for courses with a more accessible average ticket and the introduction of 100% online product through the uniSEB centers as well as our new campaign. The distance learning renewal rate was 84% against 84.1% in the fourth quarter 2014, is stable compared to the previous year. Also, as a result of the Retention Project, which helped overcome the difficulties with the migration of the uniSEB centers.

In the chart to the right, we see the adjusted net operating revenue and it increased by 14.4% this quarter compared to the previous year, for a total of BRL746.3 million, reflecting the result of the growth of our student base and the increase in the average ticket of the on-campus segment. Considering only the average on-campus monthly ticket, the increase was 2.8% over the fourth quarter of 2014.

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The increase underperformed the inflation rate due to the deterioration of the macroeconomic scenario and the limitations on the FIES program, wherein we saw an increase in demand for courses with lower average tickets. It was also affected by the decrease in the number of courses taking during the semester and the consolidation of FNC tickets in the fourth quarter of 2015, which has a lower ticket than Estacio's.

The average monthly ticket in the distance-learning segment in the fourth quarter of 2015 was BRL155, a decrease of 15.6% compared to the fourth quarter of 2014 due to the mix of students from partner centers who present a net ticket after the transfer, lower than the students at our own centers and due to the proactive 5.4 million adjustment for transfers to the partner centers that fully migrated to Estacio's academic system in the fourth quarter.

Considering only the average monthly ticket for distance-learning undergraduate students at uniSEB own centers, there would have been an increase of 4.1%. We also had the effect of the evolution in the student base in the first and second halves of the year, which would still (inaudible) the effect of the price repositioning carried out two years ago in Estacio's main market and the enrollment campaigns carried out during the quarter.

Moving on to slide six where you can see a vertical analysis of our operating costs and expenses. The cash costs as a percentage of net revenues improved by 0.3 percentage points compared to the fourth quarter of 2014, primarily due to the textbook material line, which is showing the effect of the increased use of proprietary books, migration to the digital format and improved inventory management.

The other lines remained virtually flat with the most pressure on salaries and payroll charges given that the enrollment process ended later in third quarter last year with some classes being formed especially in September with the respective recruitment of teachers impacting the final months of the year, which offset part of the gains in this line in the third quarter.

The third-party services and other lines, which continued to be negatively affected by the increasing utility cost. The selling expenses line represented 15.6% of recurring net operating revenues, with the 5.9 percentage point loss in the margin compared to the fourth quarter 2014 resulting from increased advertising and also PDA.

With regard to the increase in marketing, we can say that it was impacted by one-off effects reaching 8.1% of recurring net operating revenue, above our historical average. We expect that our marketing in 2016 will return to the previous levels given that we already take into account in our planning the new scenario for the educational marketing.

Among the factors that impacted marketing this quarter, we have effects such as the reminder of the Compromisso Estacio campaign, which was launched in the third quarter of 2015 when we essentially conducted two parallel campaigns, the launch of a specific distance-learning campaign to strengthen the perception of a nationwide brand, the early start of the enrollment campaign for the first semester of 2016, with a focus on the Sao Paulo market where Estacio needs to emphasize its brand.

The PDA/net revenue ratio showed a loss of 1.4 percentage points, mainly because of a non-recurring benefit that occurred in 2014 when we recovered our receivables portfolio. G&A expenses in turn represented 12.4% of net operating revenue in the quarter, a gain of 4.3 percentage points compared to the fourth quarter of 2014, mainly due to the gain of 3.1 percentage points in personnel explained by the ongoing initiatives to optimize headcount and by the lower volume of bonuses accrued during the period.

I will now hand you over to our CFO, Virgilio Gibbon, who will present the details of the adjusted recurring EBITDA.

Virgilio Capobianco Gibbon {BIO 16679141 <GO>}

Thank you, Flavia. Good morning to everyone. Let's now turn to slide seven, which features our adjusted recurring EBITDA. In the fourth quarter of 2015, we recorded approximately BRL28.1 million in deduction from gross revenue due to the present value adjustment calculation of the FIES credit not settled during 2015, which totaled BRL681.2 million with the counterpart of this adjustment entered as FIES accounts receivable.

We made this non-recurring adjustment in accordance with the judicial settlement agreement reached on February 3, 2016 between ABRAES and the federal government when it became official that the FIES credits not settled by the FNDE, the Ministry of Education during 2015 will be received in 2016, 2017 and 2018, with 25% of the balance in 2016, 25% in 2017 and the rest of 50% in 2018. The agreement also states that these amounts will be adjusted based on the CPI, Consumer Price Index from due date of 2015 until the effective payment. This correction, which totaled BRL18.7 million in the fourth quarter of 2015 was recorded as a financial result.

For better comparison, the consolidated results are presented on a recurring and adjusted basis, excluding the effects of the present value adjustment on net operating revenue and considering as operating results, the CPI correction of FIES accounts receivable, the revenue from the fine and interest with monthly payments in arrears and the discount granted in negotiations.

Thus, our adjusted EBITDA totaled BRL163.2 million in the fourth quarter of 2015, an increase of 29.1% with 2.5 percentage points increase in the margin compared to the fourth quarter of 2014. Recurring net income accompanied the EBITDA growth and increased 15.2%, reaching BRL93.2 million.

On slide eight, we present our accounts receivable. Our accounts receivable including FIES receivables and FIES revenue, ex the PDA effect, reached 134 days, an increase of 69 days compared to the fourth quarter of 2014, impacted by the new FIES transfers and buyback calendar in effect in 2015. Excluding FIES revenue and FIES receivables from the calculation, the average receivables period was 90 days, a four day improvement over the record in the third quarter of 2015. The increase of 17 days in the relation of the fourth quarter of last year was due to the lower proportion of freshmen students of FIES contracts and the worsening of the macroeconomic scenario.

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As you can see on slide nine, FIES account receivable totaled BRL681 million, an increase of BRL531 million compared to the fourth quarter of 2014, due to the new FIES transfer and buyback schedule announced last year. The market delay in the contract amendment process in the first half of 2015 contributed substantially to this accumulation of FIES receivable due to the lower volume of certificates transferred.

We also had delays in the preliminary amendment process, which represent a significant portion of certificate issues further affecting the FIES cash flow. As a result, the average FIES receivable term stood at 217 days in the fourth quarter of this year, an increase of 137 days compared to the fourth quarter of 2014.

Consequently, of the BRL1.4 billion total FIES revenue in 2015, Estacio throughout the year received transfers totaling BRL822 million from December 2014 to June 2015.

Now, in slide 10 show us our operating cash flow. We recorded a negative operational cash flow of BRL23.5 million in the fourth quarter 2015, due to reduction of FIES transfers and 23.1 increase in our CapEx. If we include the 87.5 million FIES transfers in December, which came at the beginning of January 2015, the pro forma operating cash flow would be a positive BRL64 million in the fourth quarter 2015.

For the year, operating cash flow was negative in BRL165 million impacted especially by a decline in working capital due to effects of the new FIES student tuition payments cycle arising from normative rule 23 announced in December 2014 by the Ministry of Education.

Moving on to slide 11, we talk about the recent acquisition of Faculdade Unidas de Feira de Santana, FUFES, in the State of Bahia. The investment totaled BRL9.5 million paid as follows; BRL600,000 in debt assumption, BRL5.2 million cash down, BRL700,000 within 90 days, BRL1 million within 48 months and the remaining 2 million six months after closing. Future installments will be adjusted by CPI and the transaction excludes the purchase of properties.

Founded in 2012, it has approximately 1,500 students for a total of 2,760 authorized seats and offers five undergrad courses in the maturation phase. In 2011, it was evaluated by the Ministry of Education receiving Institutional Concept rating of three on a scale of one to five. Located in Feira de Santana, Bahia's second largest city, FUFES' area of influence covers around 36 municipalities with a joint population of around 1.3 million.

The acquisition aims to expand Estacio's penetration of the region's post-secondary education segment by adding a portfolio of health-related courses, especially nursing, biomedicine, physiotherapy, nutrition and radiology, for which there is a high demand in the region's job market. We are therefore reinforce our commitment to moving ahead with our expansion strategy in a responsible manner, consolidating the Company's brand in the country by operating in all state capitals and all other markets with growth potential.

I'll now hand you back to Melzi for his final conclusions and closing remarks.

Rogério Frota Melzi {BIO 16212298 <GO>}

Well, thank you, Virgilio. Slide number 12 brings me to my closing remarks focusing on our next steps. We know that a good year begins with a strong enrollment. That is why our whole team has been absolutely focusing on this process since October 2015 when we started the transition from 2015 to 2016.

There are a number of initiatives introduced to put us in a good position, including the launch of new marketing campaigns featuring first ever dedicated distance-learning campaign, the improvement of our processes including the students center to improve our conversion rates, and once again, the total commitment of our people. With this, we are now in a position to present enrollment that is in line with last year, both in the on-campus and distance-learning segments despite the very low FIES participation in the 2016 process and also the deterioration of the economic situation in our country.

In this context and considering the national effect of our student base, after consecutive years of growth, we expect our organic base of students can move into positive territory over the course of 2016. We know that if this happens, the natural tendency is for our revenue to also grow, and with that, our EBITDA shall grow once again. If we also consider the potential normalization of the FIES payments flow, especially with the payment of the first 25% of the 2015 backlog, we will have significant cash generation in 2016.

Alongside the enrollment process, our teams have prepared for the introduction of new approaches to increase our student retention and to improve our levels of collection anticipating possible problems with the expected increase in delinquency of the Brazilian families. It is worth noting that these efforts began in 2015 making use of the whole framework of our management model, which gave us more time to prepare our teams to handle the challenge generated by the economic scenario.

In addition, we must not forget our commitment to quality. If we truly believe in the value of investing in academic quality and if we want our students to be increasingly satisfied with our work and with our brand, we must invest time, energy and resources in the long-term projects we have detailed in our interactions with the market. After all, we strongly believe that it is precisely these pillars that are now enabling us to present consistent enrollment, despite the challenging environment we've been facing without getting into price wars and without abandoning our principles.

It is also worth mentioning that 2016, just like 2015, with or without a crisis, will be just another year in our journey towards our Vision 2020, or once again evoking (inaudible), it will be just another year of the continuous [ph] march towards our long-term goals. Thus, there is no need to talk about changing strategy, not about deviations in the path forward. Instead, what we need to do is to reinforce our beliefs and continue to invest in our future, because as Warren Buffett says, someone is sitting in the shade today because someone planted a tree a long time ago.

That is why, as we chase our targets in 2016, we keep thinking a lot about the direction of high education and invest in projects such as hybrid solutions, which are only possible

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because of the collective construction and deep integration of our academic model, as they can allow us to adjust our prices to the economic reality of the students without sacrificing our margins. At the same time, we remain focused on our organic growth projects characterized by our so-called (inaudible) by the physical expansion of current operations, by opening campuses through greenfield projects such as the newly approved Cuiaba campus and by inorganic expansion with more acquisitions down the road such as the one in Feira de Santana Virgilio just mentioned.

Finally, it is worth mentioning that our new business area is working hard to develop new fronts and also to consolidate fronts opened since the creation of the area in 2012. In addition to helping with cash generation, these new businesses based on better utilizing our new student base for crossing of selling and also monetizing the assets created over the years by Estacio should help in the diversification process, which is another one of the goals set through our strategic planning and has an important part of our Vision 2020.

Well, we have not died yet. Indeed, confirming the conventional wisdom, we feel stronger, more willing and more motivated than ever to move on towards our 2020 Vision and to keep generating spectacular returns for all the stakeholders who believe in us, particularly during these very difficult times. Make no mistake, our commitment is to you today and always.

That brings me to the end of our presentation. So, we can now move on to the Q&A session. Thank you very much.

Questions And Answers

Operator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions) Our first question comes from Thiago Bortoluci from Morgan Stanley. Please go ahead.

Q - Thiago Bortoluci {BIO 17950069 <GO>}

Yes, hi good morning everyone. Thanks for taking my question. I have a follow-up question from the Portuguese call on prices. Here we have empirical evidences that you are offering discounts of 30% on-campus and 20% in distance-learning. I would just like to understand how these discounts translate into the growth for your intakes ticket? And a more conceptual question, what is the methodology used to define the level of discounts of each course in each region?

A - Rogerio Frota Melzi {BIO 16212298 <GO>}

Well, let me start from the second one, because we use the same methodology as we've been doing for every story, data getting data, seeing what competitors are doing, trying to be very specific in what kind of promotions campaigns we can make and avoid at any cost entering any kind of price wars. So, that's how we're doing, applying a lot of scientific resources, all of our knowledge, all the database we have after all these years of

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organization. So, that (Technical Difficulty). I don't know about your empirical evidences, I know about mine and what we are doing just kind of comparing 30% or 20%, that depends a lot on the actual price we're charging, right, because giving 20% or 30% of discounts will depend a lot on the price you are applying these discounts to. So, you can't look solidly on what kind of discounts you are offering. You need to look at the entire thing.

By the way, before FIES came, let's never forget, Estacio has been around for 45, 46 years. That's precisely what we've been doing forever. It didn't start -- this intake, it didn't start last year. That's been our strategy forever, applying discounts to what we call here internally a full price to avoid coming up with this idea that we are giving scholarships for the four or five years for any incoming students. So, obviously these discounts are getting more important as students don't have FIES anymore, they don't have full access to FIES anymore.

So, what you are looking in our segment, in our companies, like we are going back to 2013, when at that time, we did not have FIES there available and we already had a wonderful comp in our hands, we had already been growing our student base, we had already been growing our net revenues and it is precisely where we are right now, back to 2013, back to beginning of 2014. FIES was like a peak, was almost an accident. It is gone forever. Please stop talking about FIES and let's believe in our company and the values and principles and everything you have put together here since 2008.

Operator

(Operator Instructions) Our next question comes from Rodrigo Gastim of BTG Pactual. Please go ahead.

Q - Rodrigo Gastim {BIO 19694950 <GO>}

Hi good morning. Thanks for taking my questions. Actually two questions. The first, I would like to understand a little bit better what's behind the good improvement that you had in the personnel expenses line. I mean, it was much better than it was in the fourth quarter of 2014. So, I just want to understand what's behind that, and if there is still room to improve this indicator during 2016?

And my second question is about the demand for post-secondary education. Just want to understand if when you talk to your regional operations and with the -- the responsible for the regional operations, just want to understand if the demand for postsec education remains like as good as it was in the past? I mean, people they don't have much money to keep paying for higher tickets, but just trying to understand if people still go to the regional operation and try to negotiate some discounts and -- or get a private funding to try to study and just get this color on how the demand has been working recently? Thank you.

A - Rogerio Frota Melzi {BIO 16212298 <GO>}

Yes, Rodrigo, good question. Thank you very much. As for personnel, there are two effects. Number one, it wasn't a specific thing for the fourth quarter, not so happy about

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that since we didn't reach our internal targets here. And I think we talked about that in our release. We ended up making a smaller provision for bonus. That's how the system works. If we don't reach the targets, we don't get full bonus. So, there is a positive effect kicking in there, which again is not for good reason, I would better not having this savings, but that's the reality.

But, I think the second reason is much more important. I think when we came here in 2008, the first set of actions we undertook here had a lot to do with cost management. Remember our origin is GB Ambev, AB-Inbev, 3G, you name it. So, it's in our blood. All this metric is budgeting, all this head count controlling, all these policies and whatever internal benchmark, those are things we've put together since 2008 and these things are interesting, because they remain there somehow silent. They have been adding value to us. We've been gaining margin over these years in the G&A line as well, but it's interesting that they quickly respond when it's necessary.

It's not that we need to do anything big like, you know, a big lay off. It doesn't happen this way, it doesn't need to happen this way in a company with this degree of maturity. So, what you're seeing in our personnel line and if you expand a little bit your view, you see that we have the same thing the G&A not in the sales, but in the G&A.

I think the entire thing went under inflation last year in nominal terms, which is amazing, because our revenue increased by more than 20% and so did the number of students and is still in nominal terms, we are able to go under inflation in terms of G&A including this personnel line.

So, I think what you're seeing is the result of all of this methodology that we brought from my times in AmBev. It's simply working and it's working fine without any kind of, how can I say, noisy situation here within our company.

As for demand, I think there are maybe two or three things to reflect about. Number one is very important. Look at what happened to the ENEM at the end of last year. ENEM, for those who don't know, is the Brazilian equivalent to the SAT. Students are required to take it at the end of their high school and we had almost 6 million Brazilians actually taking the exam on a Sunday.

So, unless they don't have anything else to do on a Sunday, the reason they went to take this test is because they want to go to university. There is no other reason for anyone to take the ENEM here in Brazil. It's lower than the previous years. Previous year was more like 7 million people who attended to the exam, 6.5 million, I can't remember now. But still, there are 5.5 million or 5.7 million people saying yes, not to mention those who don't need to because they had the ENEM from previous editions. So, we still have millions of people telling us, yes, we want to study, yes, we want to have the diploma, yes, it still makes sense to us to have a diploma because it's going to make my job safer, it's going to make it more likely that I can get a promotion, not to mention the kind of respect I get from having a diploma.

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To give an idea, I was in Brazil last Friday. In one of our campuses, there was an event there and I went there and I would be next week in two other places in Northeast, and it really caught my attention when I entered and I saw in the admission zone, we have a place right at the entrance of any campus in Estacio and I saw this room packed with people, it was like 10:30 in the morning. Then, I went, I did everything I had to do, when I left the building, it was 5:30 or 6:00 PM, still it was absolutely packed with people. Our classes were just about to start, they started this week on Wednesday or Thursday, if I'm not wrong.

So, yes, there is demand. On top of that, there is another thing I want to bring to you, let's never forget that FIES is important, FIES is great. And as a Brazilian, as a citizen, I would like to see a bonus of FIES, because I think it is one thing that can change the country, but we are talking about a very affordable ticket in Estacio and in our peers. Remember that the average ticket in Estacio, you just saw the results whatever BRL630 or so, that's 30% less than a minimum wage in Brazil or 35% after minimum wage increased in the beginning of this year. So, it's really, really affordable.

It's not something that people depend so much on a loan to be able to pursue, people can work, can do some kind of extra job or part-time job in order to make it happen. So, we see people wanting to have a diploma. We see like the FIES is important. And on top of that, eventually, as people give up other things such as going to theatres or to restaurants, eventually that you see that the best thing they can do at this time as it happens in other countries, especially in developing countries, is to invest in themselves, eventually putting more emphasis on health and education, for example. So, this is just a hypothesis.

But all to say that, yes, demand is still there. Students are looking for us. We need to be able to offer good deals to them. So, when I said in the previous answer that we are back to what happened in 2013 and '14, it is because it's been like that forever, people wanted to and when they don't have conditions, we because we want to position as a company that is there for them, that is accessible. We need to be able to offer good deals for them, whether it's 20% or 30%, it doesn't make a big difference. It has to be good for us. It has to be profitable for us. It has to be affordable for them. That's why, I am still confident that this is a wonderful segment to be in Brazil right now.

Q - Rodrigo Gastim {BIO 19694950 <GO>}

Excellent. That's very clear. Thanks Melzi.

A - Rogerio Frota Melzi {BIO 16212298 <GO>}

Thank you, Rodrigo.

Operator

Now this concludes our question-and-answer session. I would like to turn the conference back over to Mr. Rogerio Melzi for his final remarks.

A - Rogerio Frota Melzi {BIO 16212298 <GO>}

Well, let me thank you all for joining us today for the fourth quarter results call. I'd just like to emphasize that we are still very confident in our capacity to generate great results even in those hard times and pretty much it happens because of everything we built during these years.

Where others were pretty much thinking about growing, we were thinking about getting ready for tougher times. This is also the reason I would like to emphasize that it is precisely in this hard times that we shall be able to show the results of everything we did in the past and that we shall be able to keep marching our 20-mile march in the direction we planned some years ago.

So, we are always here available for you, Flavia of the IR team, Virgilio and myself, and looking forward to seeing you in our next call. Thank you, and have a good day.

Operator

Thank you, sir. This concludes Estacio's conference call. You may now disconnect, and have a good day.

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