Belo Horizonte, November 14, 2014 – Kroton Educacional S.A. (BM&FBovespa: **KROT3**; OTCQX: **KROTY**), "Kroton" or "Company", announces today its results for the third quarter of 2014 (3Q14). The Company's financial information is presented on a consolidated basis and in Brazilian real, in accordance with Brazilian Corporate Law and Generally Accepted Accounting Principles in Brazil (BRGAAP), and already conforms to International Financial Reporting Standards (IFRS), except where stated otherwise.

HIGHLIGHTS

Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%	9M14	9M13	Chg.%
Gross Revenue	1,456,769	623,913	133.5%	885,035	64.6%	3,149,450	1,814,323	73.6%
Net Revenue	1,145,410	516,130	121.9%	724,958	58.0%	2,544,413	1,497,367	69.9%
Gross Income	731,490	335,159	118.3%	514,563	42.2%	1,737,388	989,963	75.5%
Gross Margin	*63.9%*	*64.9%*	*-1.1 p.p.*	*71.0%*	*-7.1 p.p.*	*68.3%*	*66.1%*	*2.2 p.p.*
Operating Result	542,173	245,826	120.6%	411,928	31.6%	1,355,197	722,721	87.5%
Operating Margin	*47.3%*	*47.6%*	*-0.3 p.p.*	*56.8%*	*-9.5 p.p.*	*53.3%*	*48.3%*	*5.0 p.p.*
Adjusted EBITDA	398,797	187,963	112.2%	326,037	22.3%	1,056,513	555,276	90.3%
Adjusted EBITDA Margin	*34.8%*	*36.4%*	*-1.6 p.p.*	*45.0%*	*-10.2 p.p.*	*41.5%*	*37.1%*	*4.4 p.p.*
Adjusted Net Income	304,638	146,128	108.5%	286,015	6.5%	880,857	444,635	98.1%
Adjusted Net Margin	*26.6%*	*28.3%*	*-1.7 p.p.*	*39.5%*	*-12.9 p.p.*	*34.6%*	*29.7%*	*4.9 p.p.*
Adjusted Net Income /share	0.19	0.54	-65.5%	0.71	-73.5%	0.54	1.65	-67.2%
Operating Cash Generation (OCG) after Capex [1][2]	302,186	170,083	77.7%	262,684	15.0%	745,625	506,800	47.1%
OCG after Capex [1] / EBITDA (unadjusted)	*85.2%*	*94.0%*	*-8.9 p.p.*	*82.3%*	*2.8 p.p.*	*65.7%*	*83.0%*	*-17.3 p.p.*

[1] The capex excludes investments in M&A and Special Projects.
[2] Figures for 3Q14 include the amount of R$192.2 million related to the balance of FIES credits of 3Q14 for which repurchase was expected in September, but which was effected on October 2, 2014, and exclude the amount of R$234.9 million related to the balance of FIES credits of 2Q14, for which repurchase was expected in June, but which was effected on July 3, 2014. Figures for 2Q14 include the amount of R$123.2 million related to the balance of FIES credits of 2Q14, for which repurchase was expected in June, but which was effected on July 3, 2014, and exclude the amount of R$117.3 million related to the balance of FIES credits of 1Q14, for which repurchase was expected in March, but which was effected on April 2, 2014. Figures for 9M14 include the amount of R$192.2 million related to the balance of FIES credits of 3Q14, for which repurchase was expected in September, but which was effected on October 2, 2014, and exclude the amount of R$77.6 million related to the balance of FIES credits of 4Q13, for which repurchase was expected in December, but which was effected on January 8, 2014.

- The integration with Anhanguera is steadily advancing with various deliveries already made, such as the unification of the budget system, which is being used to prepare the 2015 budget for the Company as a whole.
- The enrollment and re-enrollment processes in 3Q14 were concluded with strong results that were in line with the targets established by the Company, with the addition of 169,900 new On-Campus Undergraduate and Distance Learning students, a growth of 14% compared to 3Q13. As a result, our total student base (Undergraduate and Graduate) remained above 1 million students.
- Admission of 15,400 new Pronatec students distributed across 59 different Postsecondary institutions.
- Net revenue grew 121.9% from 3Q13, driven primarily by the incorporation of the Anhanguera figures, but also by the higher number of Postsecondary students and the revenue from Pronatec. In 9M14, net revenue amounted to R$2,544.4 million, increasing 69.9% on the prior-year period.
- Adjusted EBITDA was R$398.8 million, more than double the amount recorded in 3Q13. Adjusted EBITDA margin stood at 34.8%. In 9M14, adjusted EBITDA was R$1.1 billion, increasing 90.3% over 9M13, with EBITDA margin of 41.5%, up 4.4 p.p. from 9M13.
- Adjusted net income came to R$304.6 million in 3Q14, increasing 108.5% from R$146.1 million year-over-year. Adjusted net margin of 26.6%, contracting 1.7 p.p. from 3Q13, already reflecting the effects from the Anhanguera merger. In 9M14, adjusted net income grew 98.1% on 9M13 to R$880.9 million, with net margin of 34.6%.
- Operating cash flow after capex (pro forma) of R$302.2 million in 3Q14. The ratio of this indicator to EBITDA (unadjusted) represents a conversion rate of 85.2% in the period.
- Kroton was elected from among one thousand companies to receive the Valor Company Award sponsored by the newspaper *Valor Econômico*. Kroton was also recognized as the largest and best company in the education sector, reinforcing its nationwide positioning.

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MESSAGE FROM MANAGEMENT

Conducting an integration process is a very complex task and demands a lot of planning and execution discipline. Although we have now been through dozens of integrations, each process is unique in its own challenges. Knowing just how complex the Anhanguera integration would be, we began planning for it well in advance. Fifteen months have passed since the merger's announcement in April 2013 and its conclusion, and we took advantage of that time to work intensely on preparing a comprehensive and detailed plan. The result is that, of all the integrations we have conducted, we have never been so well prepared to begin execution, knowing exactly what steps we must take to integrate the processes and systems of each area. To ensure a smooth execution process, we adopted a robust monitoring methodology in which 204 integration projects are managed on 26 task forces. Over 36,000 activities have been planned and scheduled and are being systematically monitored.

But our main focus is on integrating people, and on this front we have achieved complete engagement of the teams and constructed a unified corporate culture. Today we can say with absolutely certainty that the environment is stable and the integration is progressing very smoothly. More importantly, given the complete stability of operations and alignment of cultures, we are anticipating a stage that initially was scheduled to take place only within 2 or 3 years, which is the integration of the academic models. As part of this project, we have adjusted the organizational structure by creating the Undergraduate Academic Department, which will have an Academic Planning and Content Curatorship team of over 80 professionals, who will work to ensure the quality of all academic production in the On-Campus and Distance Learning segments. We also created the Academic Department for Graduate Programs, Research, Vocational Education, Extension Courses and Special Projects, which will focus on activities to identify new opportunities for improvements in the various educational services (ex-Undergraduate).

And based on this new structure, we are developing the "Kroton Learning System 2.0," which will represent an evolution of the Company's current platform bringing more technology, more innovation and incorporate the best practices identified in the academic model of Anhanguera. As a result, by 2016, we plan to have a single academic model for the entire organization with even more quality attributes to provide a better learning experience for all our students.

We believe this step will also play a very important role in significantly improving the regulatory indicators of our institutions that will leverage greater opportunities, particularly at Anhanguera. We realize this is a recurring challenge, but our unique scale and ambition to always do more will allow us to draw on the efforts required to position all of our concepts at a higher and differentiated level.

Therefore, in addition to the synergies and efficiency gains that have already begun to be captured with the merger, Kroton's focus remains on delivering high-quality, innovative education that improves the employability of our graduates, which strengthens our positioning and allows us to deliver sustainable academic and financial results.

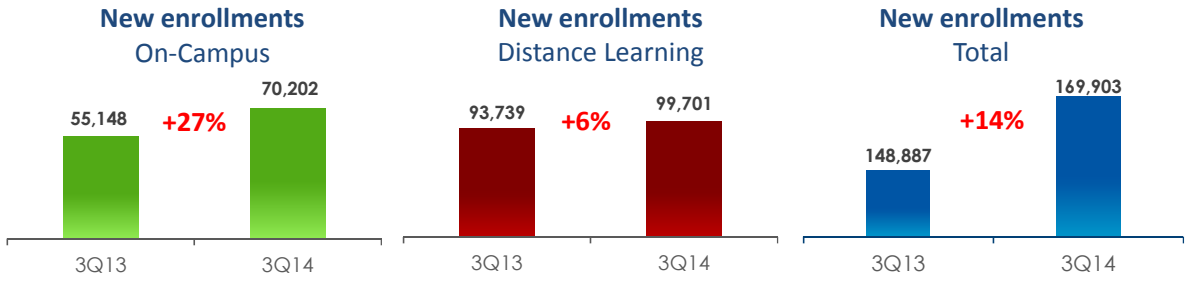
OPERATING PERFORMANCE

POSTSECONDARY EDUCATION

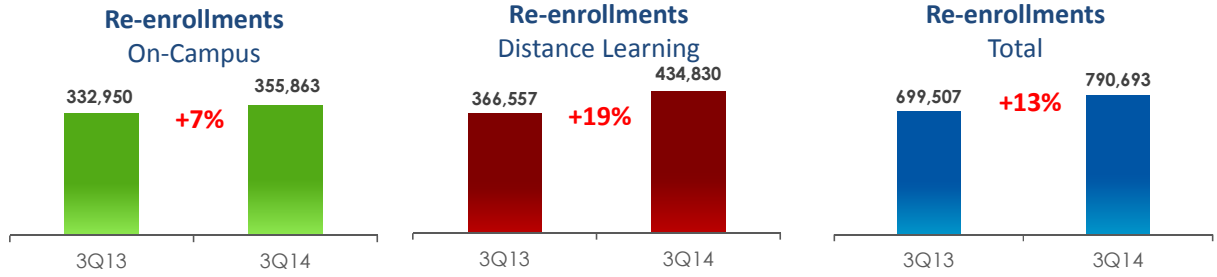
Note: except where stated otherwise, all of the following analyses exclude the impacts of the merger with Anhanguera.

3Q14 New Enrollments and Re-Enrollments - Undergraduate

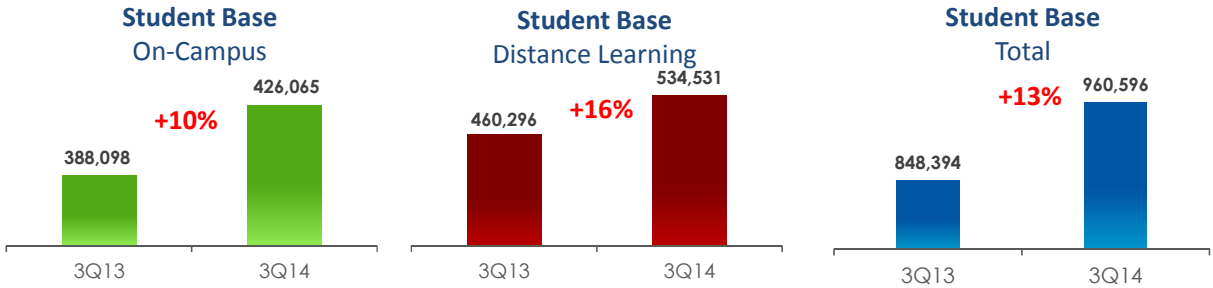
New enrollments – Undergraduate



Re-enrollments – Undergraduate



Student Base – Undergraduate



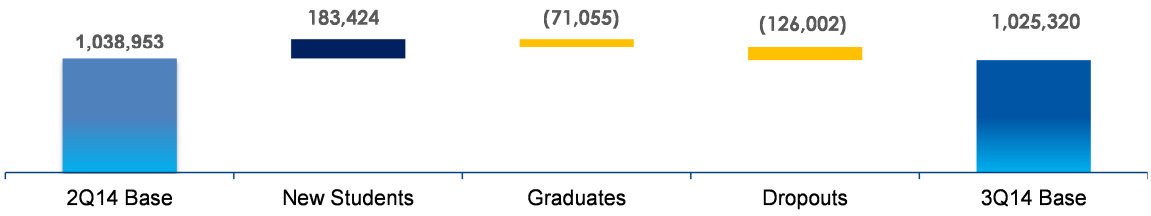
The results of the enrollment and re-enrollment processes for the second semester were concluded with strong results that were in line with the targets established by the Company, with robust growth in both the On-campus and Distance Learning Undergraduate student bases. Note that the figures are presented on a consolidated basis, i.e., taking into account the student base of Kroton and Anhanguera in 3Q14 and on a pro forma basis in 3Q13 and 2Q14.

A total of 169,903 new Undergraduate students were added, or 14% more than in the same period of 2013. This performance was made possible by the strength of our brands, the recognition of our educational quality, the intense efforts of our sales teams and our marketing and sales initiatives, including those related to FIES student financing.

The re-enrollment process (i.e., enrollments of students in the second to the last academic semesters) also registered strong growth from 3Q13 of 13% to almost 790,700 students. Note that this growth is strictly organic, given that no new on-campus units or distance-learning centers were opened in the period. It is also important to mention that the criteria for recognizing Anhanguera's FIES students and FIES revenues have changed. Until 2Q14, Anhanguera recognized as FIES students those who enrolled and began the process of contracting FIES, recognizing also the revenue from these students. Meanwhile, Kroton adopts a more conservative criteria, recognizing FIES students and FIES revenue only after the financing or contract amendment process is concluded. Starting in 3Q14, this practice was adopted for Anhanguera students as well. This means that student growth would be even stronger if we were to adjust Anhanguera's figures for 3Q13. Note that the same effect will impact re-enrollment figures in 1Q15 compared to 1Q14.

These results led the Undergraduate student base to grow by 13% in 3Q14 compared to 3Q13.

Evolution in Number of Students



The evolution in the number of Postsecondary students between 2Q14 and 3Q14 by product (Undergraduate and Graduate) and teaching format (On-Campus and Distance Learning) is presented below.

	On-Campus			Distance Learning		
Students	**Undergraduate**	**Graduate**	**Total**	**Undergraduate**	**Graduate**	**Total**
2Q14 Base	**426,992**	**19,518**	**446,510**	**540,655**	**51,788**	**592,443**
New Students	70,202	3,662	73,864	99,701	9,859	109,560
Graduates	(23,056)	(1,257)	(24,313)	(36,168)	(10,574)	(46,742)
Dropouts	(48,073)	(2,458)	(50,531)	(69,657)	(5,814)	(75,471)
3Q14 Base	**426,065**	**19,465**	**445,530**	**534,531**	**45,259**	**579,790**
% Change 3Q14/ 2Q14	-0.2%	-0.3%	-0.2%	-1.1%	-12.6%	-2.1%

Students	**Total Undergraduate**	**Total Graduate**	**Total**
2Q14 Base	**967,647**	**71,306**	**1,038,953**
New Students	169,903	13,521	183,424
Graduates	(59,224)	(11,831)	(71,055)
Dropouts	(117,730)	(8,272)	(126,002)
3Q14 Base	**960,596**	**64,724**	**1,025,320**
% Change 3Q14/ 2Q14	-0.7%	-9.2%	-1.3%

At the end of 3Q14, the number of Postsecondary students (Undergraduate and Graduate) enrolled in both On-Campus and Distance Learning programs remained above 1 million, declining a slight 1.3% from 2Q14, which is explained by the seasonality of student recruiting cycles and the standardization of criteria for recognizing FIES students. Broken down by teaching format, the On-Campus student base accounted for 43.5% of the total student base in the quarter, while the Distance Learning student base accounted for 56.5%.

Meanwhile, the Graduate business registered 13,500 new enrollments, mainly in the Distance Learning programs. Bear in mind that the Preparatory Courses (LFG) business also offers Graduate programs, whose students are included in the above table.

Graduations

During 3Q14, the number of Undergraduate students who graduated in the period totaled 59,224, which corresponded to 6.1% of the student base of this product. Note that the average duration of programs at Anhanguera institutions is shorter than that of the other brands, which pressures the graduation indicator in comparison with Kroton's historical figures. The number of Graduate students graduating in the period amounted to 11,831.

Dropouts

Analyzing only Undergraduate students, dropouts reached 126,002, which corresponds to 13.0% of students potentially re-enrolling (i.e., starting student base less graduating students), bearing in mind that the new criteria for recognizing FIES students mentioned above had an adverse impact on this analysis, since it considers as "re-enrolled" only those students who concluded the financing process and signed contracts. In the Graduate segment, dropouts amounted to 8,272 students.

STUDENT LOAN PROGRAM (FIES)

At the end of 3Q14, a total of 231,080 students had FIES contracts, which corresponds to 54.2% of the On-Campus Undergraduate student base, already considering the standardization of criteria for recognizing FIES students. The percentage of Kroton students who qualify for the program also remained high, at 93.5%.

Ministry of Education (MEC) Evaluations

Ratio	Below 3	Equal as 3	Above 3	Total Equal or Above 3
Course Concept (CC)	2.6%	46.7%	50.7%	97.4%
Institutional Concept (IC)	1.8%	70.0%	28.2%	98.2%

At the end of 3Q14, 97.4% of the academic programs and 98.2% of the institutions that form Kroton had received evaluations ranging from satisfactory to excellent, which reinforces its commitment to teaching quality in all of the educational services offered to students.

National Program to Promote Access to Vocational Education and Jobs (Pronatec)

With regard to Pronatec (*Bolsa Formação*), Kroton (including the Anhanguera institutions) concluded in August the enrollment process for the second semester of 2014, in which it offered 40 different programs lasting 12 to 18 months at 59 On-Campus institutions, with a total of 15,420 students enrolled.

Considering all admissions cycles completed and the drop-outs registered, the average student base (average number of students with revenue recognized) in 3Q14 was 29,402 students (which are not included in the Postsecondary student base figure informed above). Of these students, 54.2% enrolled for morning classes, 24.7% for afternoon classes and 21.1% for evening classes. As in previous quarters, Pronatec revenue continued to be recognized based on confirmation of the student's presence in the classroom.

Language Courses

Kroton also offers language courses at a number of its Postsecondary Education units, seeking to offer yet another opportunity for its students' development, while also forging relationships with students still in their Secondary Education, who later may come to choose one of Kroton's units for their postsecondary education. At the end of 3Q14, the number of students in this business was 6,499 (note that these students are not included in the figure for Postsecondary students informed above).

Preparatory Courses (LFG) and Unregulated Programs

With the merger of Anhanguera, Kroton began to offer, under the LFG brand, preparatory courses to prepare students to pass the examination of the Brazilian Bar Association (OAB) and competitive examinations for civil servant positions. Always positioned as a reference in preparatory courses, LFG had 25,715 students in September and one of the market's highest pass rates on the bar examination.

In parallel, the Company also offers Unregulated Programs through its On-Campus units and Distance Learning centers operated under various brands. These short-duration open enrollment programs allow students to increase their knowledge in various fields, such as Management, Education and Mathematics. In the first nine months of the year, the Company administered these programs to 38,804 students (as with language courses, these students are not considered in the figure for Postsecondary students).

PRIMARY AND SECONDARY EDUCATION

In the Primary and Secondary Education business, Kroton's main activity is offering, through the Pitágoras Network, its Learning System, which comprises teaching book collections, teacher training, educational evaluations and other services, to private schools in the Pre-School, Primary and Secondary Education businesses.

In 2014, the Company is serving around 290,000 students enrolled in private schools, which represents growth of 4.7% on the prior year. Meanwhile, the number of private Associated Schools stood at 876, or 9.0% more than in the previous year.

FINANCIAL PERFORMANCE

To improve the transparency of financial indicators, this quarter the numbers start to show the consolidate figures from Anhanguera observing the practice that already exists at Kroton of breaking down the results by segment, as follows:

- On-Campus Education: includes all results for the On-Campus segment formed by the Undergraduate, Graduate, Pronatec and Unregulated (language) programs offered by all institutions (including Anhanguera). The financial results prior to 3Q14 exclude the figures for Anhanguera.

- Distance Learning (DL): includes all results of the Distance Learning segment formed by the Undergraduate, Graduate, Unregulated Programs and Preparatory Courses offered by all institutions, which encompasses all Distance Learning students, even those at the on-campus units and distance learning centers of Anhanguera and LFG. The financial results prior to 3Q14 exclude the figures for Anhanguera and LFG.

- Primary and Secondary Education: considers all of the Primary and Secondary Education operations, as reported previously.

In addition, to better address the allocations and apportionments of certain costs and expenses, especially after the merger of Anhanguera, the Company opted to make two changes to the format of the financial information (historical and current) in the earnings release, as follows:

1. Reclassifications between costs and expenses and breakdowns of new cost lines to better reflect the effective nature of different figures. This change impacts only Gross Income and does not affect EBITDA or Net Income.

2. Reallocation of marketing expenses, which are now stated on a consolidated basis after operating result for the segments, due to the impossibility of allocating them directly (without using discretionary apportionment) across the various educational segments of a single channel, particularly in the case of Anhanguera, which conducts unified commercial actions for the On-Campus and Distance Learning formats, whether national or local, for the same campus. This change impacts only the Operating Result of the segments and does not affect EBITDA or Net Income.

Therefore, it is worth to emphasize once again that all these positions adopted by Kroton aim to improve its reporting and refine its market disclosure practices without making any changes to its accounting practices and without impacting the main lines of it result (Revenue, EBITDA and Net Income).

Historical quarterly figures since 2013 in this new format are available on the Investor Relations website.

3Q14 RESULTS

Note: except where stated otherwise, all financial data for periods as from 3Q14 include the impacts of the Anhanguera merger.

	On-Campus Education		Distance Learning		Primary and Secondary Education		Kroton Consolidated	
Values in R$ ('000)	3Q14	% Net Rev.	3Q14	% Net Rev.	3Q14	% Net Rev.	3Q14	% Net Rev.
Gross Revenue	**1,051,170**	**127.6%**	**366,296**	**127.9%**	**39,303**	**111.8%**	**1,456,769**	**127.2%**
Gross Profit Deductions	(227,190)	-27.6%	(80,010)	-27.9%	(4,160)	-11.8%	(311,360)	-27.2%
Tax	(25,894)	-3.1%	(8,094)	-2.8%	(1,404)	-4.0%	(35,392)	-3.1%
ProUni	(130,870)	-15.9%	(51,746)	-18.1%	-	0.0%	(182,616)	-15.9%
Returns	-	0.0%	-	0.0%	(2,756)	-7.8%	(2,756)	-0.2%
Total Discounts	(70,426)	-8.5%	(20,169)	-7.0%	-	0.0%	(90,596)	-7.9%
Net Revenue	**823,980**	**100.0%**	**286,287**	**100.0%**	**35,143**	**100.0%**	**1,145,410**	**100.0%**
Costs (COGS)	**(319,799)**	**-38.8%**	**(75,801)**	**-26.5%**	**(18,319)**	**-52.1%**	**(413,919)**	**-36.1%**
Cost of Goods	-	0.0%	-	0.0%	(8,281)	-23.6%	(8,281)	-0.7%
Cost of Services	(319,799)	-38.8%	(75,801)	-26.5%	(10,038)	-28.6%	(405,638)	-35.4%
Faculty, Other Personnel and Third-Party Services	(227,418)	-27.6%	(61,466)	-21.5%	(7,629)	-21.7%	(296,513)	-25.9%
Rent	(65,962)	-8.0%	(6,931)	-2.4%	(309)	-0.9%	(73,202)	-6.4%
Materials	(11,822)	-1.4%	(6,395)	-2.2%	(126)	-0.4%	(18,343)	-1.6%
Maintenance	(5,213)	-0.6%	(643)	-0.2%	(367)	-1.0%	(6,223)	-0.5%
Other	(9,384)	-1.1%	(366)	-0.1%	(1,608)	-4.6%	(11,357)	-1.0%
Gross Income	**504,181**	**61.2%**	**210,485**	**73.5%**	**16,824**	**47.9%**	**731,490**	**63.9%**
Operating Expenses	**(131,746)**	**-16.0%**	**(31,972)**	**-11.2%**	**(7,585)**	**-21.6%**	**(171,303)**	**-15.0%**
Personnel Expenses	(78,492)	-9.5%	(20,318)	-7.1%	(4,535)	-12.9%	(103,344)	-9.0%
General and Administrative Expenses	(53,254)	-6.5%	(11,655)	-4.1%	(3,050)	-8.7%	(67,959)	-5.9%
Provision for Doubtful Accounts - PDA	**(21,847)**	**-2.7%**	**(21,873)**	**-7.6%**	**(1,126)**	**-3.2%**	**(44,846)**	**-3.9%**
(+) Interest and Penalties on Tuition	17,507	2.1%	9,241	3.2%	84	0.2%	26,832	2.3%
Operating Result	**368,095**	**44.7%**	**165,881**	**57.9%**	**8,197**	**23.3%**	**542,173**	**47.3%**
Sales and Marketing Expenses							**(68,442)**	**-6.0%**
Corporate Expenses							**(74,934)**	**-6.5%**
Adjusted EBITDA							**398,797**	**34.8%**
(-) Nonrecurring Costs and Expenses							(43,994)	-3.8%
EBITDA							**354,803**	**31.0%**
Depreciation and Amortization							(92,064)	-8.0%
Financial Result ex-Interest and Penalties on Tuition							(32,619)	-2.8%
Income and Social Contribution Tax							(17,121)	-1.5%
Net Profit							**212,998**	**18.6%**
(+) Nonrecurring Costs and Expenses							43,994	3.8%
(+) Intangible Amortization (Acquisitions)							47,646	4.2%
Adjusted Net Profit							**304,638**	**26.6%**

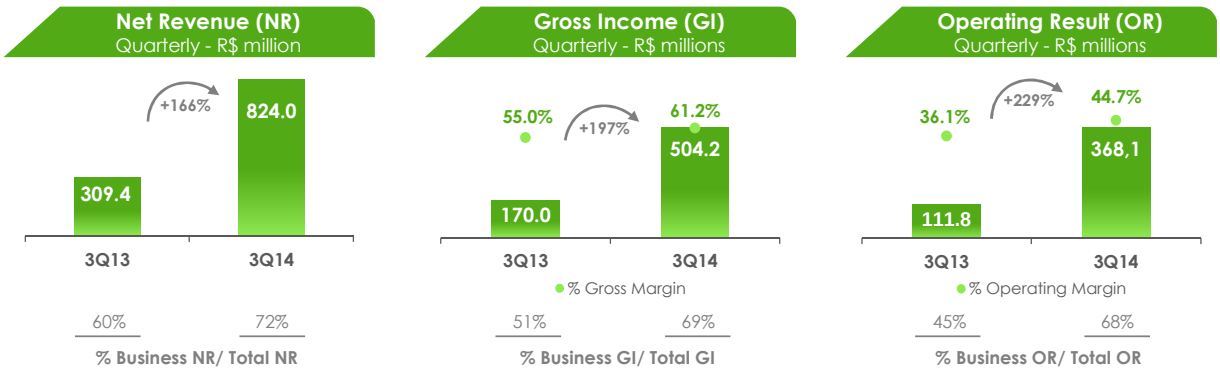
9M14 RESULTS

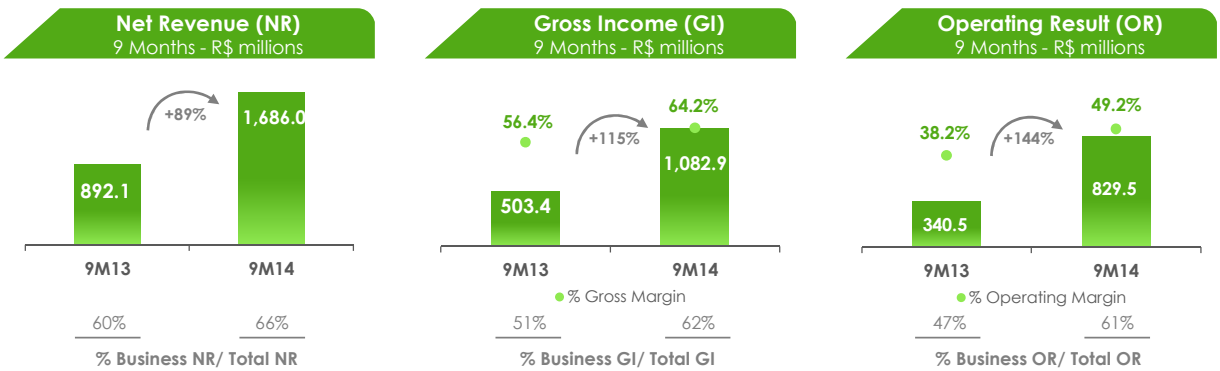
Note: except where stated otherwise, all financial data for periods as from 3Q14 include the impacts of the Anhanguera merger, i.e., the 9M14 data include the impacts of the Anhanguera merger only for the period from July to September.

	On-Campus Education		Distance Learning		Primary and Secondary Education		Kroton Consolidated	
Values in R$ ('000)	9M14	% Net Rev.	9M14	% Net Rev.	9M14	% Net Rev.	9M14	% Net Rev.
Gross Revenue	**2,104,875**	**124.8%**	**878,510**	**124.7%**	**166,065**	**108.0%**	**3,149,450**	**123.8%**
Gross Profit Deductions	(418,830)	-24.8%	(173,919)	-24.7%	(12,288)	-8.0%	(605,037)	-23.8%
Tax	(50,982)	-3.0%	(15,923)	-2.3%	(3,804)	-2.5%	(70,709)	-2.8%
ProUni	(228,113)	-13.5%	(113,901)	-16.2%	-	0.0%	(342,014)	-13.4%
Returns	-	0.0%	-	0.0%	(8,484)	-5.5%	(8,484)	-0.3%
Total Discounts	(139,734)	-8.3%	(44,095)	-6.3%	-	0.0%	(183,829)	-7.2%
Net Revenue	**1,686,045**	**100.0%**	**704,591**	**100.0%**	**153,777**	**100.0%**	**2,544,413**	**100.0%**
Costs (COGS)	**(603,170)**	**-35.8%**	**(143,146)**	**-20.3%**	**(60,709)**	**-39.5%**	**(807,025)**	**-31.7%**
Cost of Goods	-	0.0%	-	0.0%	(29,879)	-19.4%	(29,879)	-1.2%
Cost of Services	(603,170)	-35.8%	(143,146)	-20.3%	(30,830)	-20.0%	(777,146)	-30.5%
Faculty, Other Personnel and Third-Party Services	(445,578)	-26.4%	(107,888)	-15.3%	(21,335)	-13.9%	(574,801)	-22.6%
Rent	(114,519)	-6.8%	(10,586)	-1.5%	(850)	-0.6%	(125,955)	-5.0%
Materials	(14,709)	-0.9%	(22,949)	-3.3%	(121)	-0.1%	(37,779)	-1.5%
Maintenance	(11,575)	-0.7%	(1,135)	-0.2%	(1,634)	-1.1%	(14,343)	-0.6%
Other	(16,789)	-1.0%	(589)	-0.1%	(6,889)	-4.5%	(24,267)	-1.0%
Gross Income	**1,082,875**	**64.2%**	**561,446**	**79.7%**	**93,068**	**60.5%**	**1,737,388**	**68.3%**
Operating Expenses	**(207,397)**	**-12.3%**	**(65,768)**	**-9.3%**	**(24,356)**	**-15.8%**	**(297,521)**	**-11.7%**
Personnel	(135,234)	-8.0%	(38,597)	-5.5%	(15,459)	-10.1%	(189,290)	-7.4%
General and Administrative	(98,146)	-5.8%	(27,172)	-3.9%	(8,896)	-5.8%	(134,214)	-5.3%
Provision for Doubtful Accounts - PDA	**(48,761)**	**-2.9%**	**(49,649)**	**-7.0%**	**(4,346)**	**-2.8%**	**(102,756)**	**-4.0%**
(+) Interest and Penalties on Tuition	28,731	1.7%	14,946	2.1%	390	0.3%	44,068	1.7%
Operating Result	**829,466**	**49.2%**	**460,974**	**65.4%**	**64,757**	**42.1%**	**1,355,197**	**53.3%**
Sales and Marketing Expenses							**(135,292)**	**-5.3%**
Corporate Expenses							**(163,393)**	**-6.4%**
Adjusted EBITDA							**1,056,513**	**41.5%**
(-) Nonrecurring Costs and Expenses							(56,299)	-2.2%
EBITDA							**1,000,214**	**39.3%**
Depreciation and Amortization							(155,285)	-6.1%
Financial Result ex-Interest and Penalties on Tuition							(55,417)	-2.2%
Income and Social Contribution Tax							(32,897)	-1.3%
Net Profit							**756,614**	**29.7%**
(+) Nonrecurring Costs and Expenses							56,299	2.2%
(+) Intangible Amortization (Acquisitions)							67,944	2.7%
Adjusted Net Profit							**880,857**	**34.6%**

FINANCIAL PERFORMANCE – ON-CAMPUS POSTSECONDARY EDUCATION

On-Campus Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%	9M14	9M13	Chg.%
Gross Revenue	**1,051,170**	**376,483**	**179.2%**	**584,751**	**79.8%**	**2,104,875**	**1,104,243**	**90.6%**
Gross Profit Deductions	(227,190)	(67,080)	238.7%	(109,553)	107.4%	(418,830)	(212,107)	97.5%
Tax	(25,894)	(8,468)	205.8%	(14,286)	81.3%	(50,982)	(24,797)	105.6%
ProUni	(130,870)	(32,006)	308.9%	(49,823)	162.7%	(228,113)	(91,232)	150.0%
Returns	-	-	n.a.	-	n.a.	-	-	n.a.
Total Discounts	(70,426)	(26,605)	164.7%	(45,444)	55.0%	(139,734)	(96,079)	45.4%
Net Revenue	**823,980**	**309,403**	**166.3%**	**475,198**	**73.4%**	**1,686,045**	**892,136**	**89.0%**
Net Revenue - Undergraduate	**765,930**	**297,844**	**157.2%**	**447,910**	**71.0%**	**1,581,442**	**860,481**	**83.8%**
Net Revenue - FIES	549,065	168,873	184.9%	329,749	66.5%	1,125,362	504,394	123.1%
Net Revenue - Graduate	**58,050**	**11,559**	**402.2%**	**27,288**	**112.7%**	**104,603**	**31,654**	**230.5%**
Net Revenue - Unregulated Programs, Pronatec	42,546	-	n.a.	17,651	n.a.	69,901	-	n.a.
Total of Costs	**(319,799)**	**(139,381)**	**129.4%**	**(156,745)**	**104.0%**	**(603,170)**	**(388,702)**	**55.2%**
Cost of Goods	-	-	n.a.	-	n.a.	-	-	n.a.
Cost of Services	(319,799)	(139,381)	129.4%	(156,745)	104.0%	(603,170)	(388,702)	55.2%
Faculty, Other Personnel and Third-Party Services	(227,418)	(112,279)	102.5%	(122,453)	85.7%	(445,578)	(304,125)	46.5%
Rent	(65,962)	(20,621)	219.9%	(24,703)	167.0%	(114,519)	(63,332)	80.8%
Materials	(11,822)	(621)	n.a.	(2,077)	469.2%	(14,709)	(2,248)	554.5%
Maintenance	(5,213)	(2,454)	112.4%	(3,558)	46.5%	(11,575)	(8,559)	35.2%
Other	(9,384)	(3,405)	175.6%	(3,953)	137.4%	(16,789)	(10,439)	60.8%
Gross Income	**504,181**	**170,022**	**196.5%**	**318,453**	**58.3%**	**1,082,875**	**503,433**	**115.1%**
Gross Margin	*61.2%*	*55.0%*	*6.2 p.p.*	*67.0%*	*-5.8 p.p.*	*64.2%*	*56.4%*	*7.8 p.p.*
Total Operating Expenses	**(131,746)**	**(54,390)**	**142.2%**	**(55,322)**	**138.1%**	**(233,380)**	**(146,591)**	**59.2%**
Personnel Expenses	(78,492)	(26,718)	193.8%	(30,340)	158.7%	(135,234)	(76,509)	76.8%
General and Administrative Expenses	(53,254)	(27,672)	92.4%	(24,982)	113.2%	(98,146)	(70,083)	40.0%
Provision for Doubtful Account - PDA	**(21,847)**	**(11,770)**	**85.6%**	**(13,944)**	**56.7%**	**(48,761)**	**(36,281)**	**34.4%**
(+) Interest and Penalties on Tuition	17,507	7,941	120.5%	4,903	257.1%	28,731	19,980	43.8%
Operating Result	**368,095**	**111,803**	**229.2%**	**254,090**	**44.9%**	**829,466**	**340,541**	**143.6%**
Operating Margin	*44.7%*	*36.1%*	*8.5 p.p.*	*53.5%*	*-8.8 p.p.*	*49.2%*	*38.2%*	*11.0 p.p.*





Revenue and Deductions

On-Campus Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Gross Revenue	**1,051,170**	**376,483**	**179.2%**	**584,751**	**79.8%**
Gross Profit Deductions	(227,190)	(67,080)	238.7%	(109,553)	107.4%
Tax	(25,894)	(8,468)	205.8%	(14,286)	81.3%
ProUni	(130,870)	(32,006)	308.9%	(49,823)	162.7%
Returns	-	-	n.a.	-	n.a.
Total Discounts	(70,426)	(26,605)	164.7%	(45,444)	55.0%
Net Revenue	**823,980**	**309,403**	**166.3%**	**475,198**	**73.4%**
Net Revenue - Undergraduate	**765,930**	**297,844**	**157.2%**	**447,910**	**71.0%**
Net Revenue - FIES	549,065	192,730	184.9%	329,749	66.5%
Net Revenue - Graduate	**58,050**	**11,559**	**402.2%**	**27,288**	**112.7%**
Net Revenue - Unregulated Programs, Pronatec	42,546	-	n.a.	17,651	n.a.

Deductions

Gross revenue deductions increased 3.8 p.p. in 3Q14 compared to 3Q13, reflecting the consolidation of the figures for Anhanguera, which still has pricing and discount policies that differ from those of the other institutions as well as a higher presence of students secured by the guarantor fund (FGEDUC). Deductions were also impacted by the expansion in the ProUni student base resulting from the merger. In this regard, note that the Company has been offering the number of seats required under the ProUni program to ensure that 100% of its units are in compliance with the new rules that consider the Proportion of Scholarships Effectively Granted (POEB) during the academic year. Compared to 2Q14, deductions as a percentage of gross revenue increased 2.9 p.p., due to the same factors mentioned above.

Net Revenue

Net revenue grew 166.3% in 3Q14 compared to 3Q13, due to the incorporation of the Anhanguera figures and to the expansion in the paying student base resulting from the new enrollment and re-enrollment processes conducted in the year. Net revenue growth in the period also benefitted from the higher average ticket and the revenue from Pronatec students of R$42.5 million. In 9M14, net revenue was R$1,686.0 million, increasing 89.0% on 9M13.

Average Net Ticket

On-Campus Postsecondary Education- Values in R$	3Q14	2Q14	Chg.%
Total	**649.98**	**755.73**	**-14.0%**

For a better understanding, the calculation of Kroton's average ticket considers the number of students effectively billed in the period (excluding Pronatec students), which means that, due to retroactive contract amendments, a student could be billed more than once in a certain month. Accordingly, the net average ticket in 3Q14 was R$649.98, down 14.0% from 2Q14, mainly due to the merger of Anhanguera, which has a lower average ticket compared to Kroton's other institutions.

Costs

On-Campus Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total of Costs	**(319,799)**	**(139,381)**	**129.4%**	**(156,745)**	**104.0%**
Cost of Goods (CG)	-	-	n.a.	-	n.a.
Cost of Services (CS)	(319,799)	(139,381)	129.4%	(156,745)	104.0%
Faculty, Other Personnel and Third-Party Services	(227,418)	(112,279)	102.5%	(122,453)	85.7%
Rent	(65,962)	(20,621)	219.9%	(24,703)	167.0%
Materials	(11,822)	(621)	n.a.	(2,077)	469.2%
Maintenance	(5,213)	(2,454)	112.4%	(3,558)	46.5%
Other	(9,384)	(3,405)	175.6%	(3,953)	137.4%

% of Net Revenues	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total of Costs	**-38.8%**	**-45.0%**	**6.2 p.p.**	**-33.0%**	**-5.8 p.p.**
Cost of Goods (CG)	0.0%	0.0%	n.a.	0.0%	n.a.
Cost of Services (CS)	-38.8%	-45.0%	6.2 p.p.	-33.0%	-5.8 p.p.
Faculty, Other Personnel and Third-Party Services	-27.6%	-36.3%	8.7 p.p.	-25.8%	-1.8 p.p.
Rent	-8.0%	-6.7%	-1.3 p.p.	-5.2%	-2.8 p.p.
Materials	-1.4%	-0.2%	-1.2 p.p.	-0.4%	-1.0 p.p.
Maintenance	-0.6%	-0.8%	0.2 p.p.	-0.7%	0.1 p.p.
Other	-1.1%	-1.1%	0.0 p.p.	-0.8%	-0.3 p.p.

Cost of services as a ratio of net revenue in this business decreased 6.2 p.p. in 3Q14 compared to 3Q13, due to the significant economies of scale and efficiency gains captured at all units, effects that were leveraged by the new enrollment and re-enrolment processes as well as by the better students/classroom ratio, the inclusion of distance learning subjects in the On-Campus curriculum at Kroton units (ex-Anhanguera) and the continuous improvement in the acquired operations.

Rent costs increased essentially due to the Anhanguera merger, since a significant portion of these units are concentrated in the São Paulo metropolitan area (more expensive rent) and are operating below their maximum utilization potential. The increase in the materials line is related to the incorporation of costs related to the Text Book Program (PLT) adopted by Anhanguera.

Gross Income

On-Campus Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Gross Income	**504,181**	**170,022**	**196.5%**	**318,453**	**58.3%**
Gross Margin	*61.2%*	*55.0%*	*6.2 p.p.*	*67.0%*	*-5.8 p.p.*

The combination of strong revenue growth resulting from the Anhanguera merger and the continuous capture of efficiency gains at the institutions supported gross income growth of 196.5% between 3Q14 and 3Q13, with gross margin expanding 6.2 p.p.

Operating Expenses

On-Campus Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total Operating Expenses	**(131,746)**	**(54,390)**	**142.2%**	**(55,322)**	**138.1%**
Personnel Expenses	(78,492)	(26,718)	193.8%	(30,340)	158.7%
General and Administrative Expenses	(53,254)	(27,672)	92.4%	(24,982)	113.2%

% of Net Revenues	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total Operating Expenses	**-16.0%**	**-17.6%**	**1.6 p.p.**	**-11.6%**	**-4.3 p.p.**
Personnel Expenses	-9.5%	-8.6%	-0.9 p.p.	-6.4%	-3.1 p.p.
General and Administrative Expenses	-6.5%	-8.9%	2.5 p.p.	-5.3%	-1.2 p.p.

Personnel, General and Administrative Expenses

Total personnel, general and administrative expenses as a ratio of net revenue decreased 1.6 p.p. in 3Q14 compared to 3Q13, basically due to the capture of economies of scale and efficiency gains. Meanwhile, the nominal increases compared to 3Q13 and 2Q14 reflect the incorporation of the figures from Anhanguera, where activities are still less centralized compared to Kroton's other institutions.

Provision for Doubtful Accounts (PDA)

On-Campus Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Provision for Doubtful Account - PDA	(21,847)	(11,770)	85.6%	(13,944)	56.7%
PDA / Postsecondary Net Revenues[1]	*-2.8%*	*-3.8%*	*1.0 p.p*	*-3.0%*	*0.3 p.p*
Provision for Doubtful Account - PDA ex-FIES	*(15,094)*	*(7,433)*	*103.1%*	*(8,174)*	*84.7%*
PDA ex-FIES / Postsecondary Net Revenues ex-FIES[1]	*-6.5%*	*-6.4%*	*-0.1 p.p.*	*-6.4%*	*-0.1 p.p.*

[1] Net Revenue from Postsecondary Education, excluding revenue from Pronatec.

With regard to PDA, it is important to note that the standardization of practices for provisioning (historical analysis) and recognizing FIES students between Anhanguera and Kroton institutions led to certain adjustments made through the Opening Balance Sheet and enabled provisioning levels to be brought to adequate levels, and therefore no extraordinary needs are expected for the coming quarters. As a result, PDA in the On-Campus format corresponded to 2.8% of net revenue in 3Q14, down 1.0 p.p. from 3Q13, reflecting the higher share of FIES students in the total student base. Meanwhile, ex-FIES PDA as a ratio of net revenue remained stable compared to both 3Q13 and 2Q14.

Accounts Receivable

On-Campus Education - Values in R$ (´000)	3Q14[1]	3Q13	Chg.%	2Q14[2]	Chg.%
Net Accounts Receivable	**448,489**	**183,499**	**144.4%**	**333,182**	**34.6%**
Tuition and Agreements to Receive	199,054	76,781	159.2%	108,808	82.9%
Long Term Portfolio	12,413	7,823	58.7%	10,276	20.8%
FIES	237,022	98,895	139.7%	100,294	136.3%

[1] Includes the amount of R$192.2 million related to the balance of FIES credits in 3Q14, for which repurchase was expected in September, but which was effected on October 2, 2014.
[2] Includes the amount of R$123.2 million related to the balance of FIES credits in 2Q14, for which repurchase was expected in June, but which was effected on July 3, 2014.

Total accounts receivable net of PDA in 3Q14, which also already reflects the adjustments of the Opening Balance, increased 34.6% from 2Q14, influenced by the higher accounts receivables from FIES and tuition and agreements to receive. This is explained by the consolidation of Anhanguera students as well as seasonality, since FIES accounts receivable is usually higher in odd months due to the amendment and contracting processes. Regarding the balance of FIES credits, note that the payment calendar used for the program's monthly repurchases was changed in December 2013, when the repurchase scheduled for that month was postponed to January 2014. As a result of the change in the repurchase calendar, the above results reflect the pro forma balances of repurchases in the periods.

Average Accounts Receivable Term

For calculating the average term of accounts receivable in the On-campus Postsecondary business, Kroton presents four distinct analyses:

1. Total Accounts Receivable

On-Campus Education - days	3Q14[1]	3Q13	Chg. (days)	2Q14[2]	Chg. (days)
Net Accounts Receivable / Total Net Revenue On-Campus	49	56	-07 Days	50	-01 Day

[1] Includes the amount of R$192.2 million related to the balance of FIES credits in 3Q14, for which repurchase was expected in September, but which was effected on October 2, 2014.
[2] Includes the amount of R$123.2 million related to the balance of FIES credits in 2Q14, for which repurchase was expected in June, but which was effected on July 3, 2014.

Calculation base: net balance of Short-Term Accounts Receivable related to monthly tuition fees and agreements receivable (ex-FIES and FIES), divided by Postsecondary net revenue in the last 12 months, multiplied by 360 days.

In 3Q14, the average term decreased by 7 days from the same period last year, reflecting the improvement in FIES accounts receivable and in long term net accounts receivable, despite the consolidation of the Anhanguera figures. As mentioned earlier, to improve comparability, the average accounts receivables term adjusted for the effects from the repurchases related to 3Q14 includes the receipt of R$192.2 million. Considering this analysis, the average term was 49 days. Note also that the average accounts receivable term without the pro forma adjustment described above stood at 71 days in 3Q14.

2. Accounts Receivable, excluding the balance of FIES receivables

On-Campus Education - days	3Q14	3Q13	Chg. (days)	2Q14	Chg. (days)
Net Accounts Receivable (ex-FIES) / Total Net Revenue On-Campus	23	25	-02 Days	26	-03 Days

Calculation base: net balance of short-term accounts receivable related solely to monthly tuition fees and agreements receivable (ex-FIES), divided by Postsecondary net revenue in the last 12 months, multiplied by 360 days.

In 3Q14, the average term registered a reduction of 2 days compared to 3Q13, due to the higher share of FIES students in the Company's base.

3. Accounts Receivable, excluding the balances of FIES receivables and revenues

On-Campus Education - days	3Q14	3Q13	Chg. (days)	2Q14	Chg. (days)
Net Accounts Receivable (ex-FIES) / Net Revenue (ex-FIES)	61	55	06 Days	74	-13 Days

Calculation base: net balance of short-term accounts receivable related solely to monthly tuition fees and agreements receivable (ex-FIES), divided by Postsecondary net revenue in the last 12 months, multiplied by 360 days.

The average term in 3Q14 increased 6 days from 3Q13, due to the higher balance of short-term accounts receivable. Note that there are still differences in the billing practices adopted between Anhanguera and Kroton's other institutions, therefore this indicator could improve. Compared to 2Q14, receivables decreased 13 days, which had a positive impact on free cash flow from operations in the quarter.

4. FIES Accounts Receivable

On-Campus Education - days	3Q14[1]	3Q13	Chg. (days)	2Q14[2]	Chg. (days)
Net Accounts Receivable Fies / Net Revenue Fies	**42**	**57**	**-15 Days**	**37**	**05 Days**

[1] Includes the amount of R$192.2 million related to the balance of FIES credits in 3Q14, for which repurchase was expected in September, but which was effected on October 2, 2014.
[2] Includes the amount of R$123.2 million related to the balance of FIES credits in 2Q14, for which repurchase was expected in June, but which was effected on July 3, 2014.

Calculation base: net balance of short-term accounts receivable related solely to FIES, divided by net revenue from monthly FIES payments in the last 12 months, multiplied by 360 days.

To improve comparability, it is considered the adjustments in the amounts of FIES credits in 3Q14 (including the amount of R$192.2 million received in October, but related to September) in the average pro forma FIES accounts receivable term in the quarter, which stood at 42 days, decreasing by 15 days from the same period in 2013. Excluding the aforementioned pro forma adjustment, the average FIES accounts receivable term was 77 days.

OPERATING RESULT

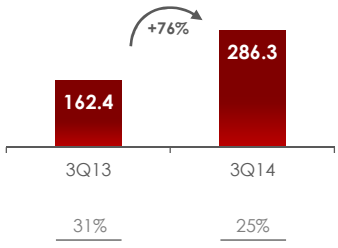
On-Campus Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Gross Income	**504,181**	**170,022**	**196.5%**	**318,453**	**58.3%**
(-) Total Operating Expenses	(131,746)	(54,390)	142.2%	(55,322)	138.1%
(-) Provision for Doubtful Account - PDA	(21,847)	(11,770)	85.6%	(13,944)	56.7%
(+) Interest and Penalties on Tuition	17,507	7,941	120.5%	4,903	257.1%
Operating Result	**368,095**	**111,803**	**229.2%**	**254,090**	**44.9%**
Operating Margin	*44.7%*	*36.1%*	*8.5 p.p.*	*53.5%*	*-8.8 p.p.*

In 3Q14, operating result (before marketing expenses) was R$368.1 million, with operating margin of 44.7%, which increased 8.5 p.p. from 3Q13, basically reflecting the efficiency gains captured in previous quarters. In 9M14, operating income was R$829.5 million, with operating margin of 49.2%.

FINANCIAL PERFORMANCE – DISTANCE LEARNING POSTSECONDARY

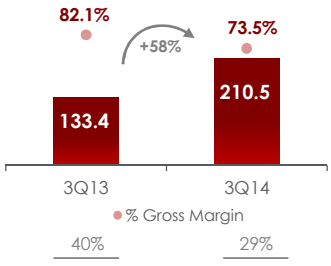
Distance Learning - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%	9M14	9M13	Chg.%
Gross Revenue	**366,296**	**199,952**	**83.2%**	**255,411**	**43.4%**	**878,510**	**562,661**	**56.1%**
Gross Profit Deductions	(80,010)	(37,518)	113.3%	(46,344)	72.6%	(173,919)	(97,026)	79.2%
Tax	(8,094)	(3,320)	143.8%	(4,199)	92.8%	(15,923)	(9,689)	64.3%
ProUni	(51,746)	(20,198)	156.2%	(31,156)	66.1%	(113,901)	(53,191)	114.1%
Returns	-	-	n.a.	-	n.a.	-	-	n.a.
Total Discounts	(20,169)	(14,000)	44.1%	(10,989)	83.5%	(44,095)	(34,145)	29.1%
Net Revenue	**286,287**	**162,434**	**76.2%**	**209,066**	**36.9%**	**704,591**	**465,635**	**51.3%**
Net Revenue - Undergraduate	255,896	156,364	63.7%	197,915	29.3%	653,732	448,789	45.7%
Net Revenue - Graduate, LFG and Unregulated Programs	30,391	6,070	400.7%	11,151	172.5%	50,859	16,846	201.9%
Total of Costs	**(75,801)**	**(29,068)**	**160.8%**	**(38,109)**	**98.9%**	**(143,146)**	**(80,637)**	**77.5%**
Cost of Goods	-	-	n.a.	-	n.a.	-	-	n.a.
Cost of Services	(75,801)	(29,068)	160.8%	(38,109)	98.9%	(143,146)	(80,637)	77.5%
Faculty, Other Personnel and Third-Party Services	(61,466)	(22,569)	172.3%	(26,652)	130.6%	(107,888)	(57,029)	89.2%
Rent	(6,931)	(1,581)	338.3%	(1,849)	274.8%	(10,586)	(4,889)	116.5%
Materials	(6,395)	(4,587)	39.4%	(9,181)	-30.3%	(22,949)	(17,837)	28.7%
Maintenance	(643)	(164)	293.2%	(328)	96.2%	(1,135)	(580)	95.6%
Other	(366)	(167)	118.7%	(99)	267.9%	(589)	(301)	95.6%
Gross Income	**210,485**	**133,366**	**57.8%**	**170,957**	**23.1%**	**561,446**	**384,998**	**45.8%**
Gross Margin	*73.5%*	*82.1%*	*-8.6 p.p.*	*81.8%*	*-8.2 p.p.*	*79.7%*	*82.7%*	*-3.0 p.p.*
Total Operating Expenses	**(31,972)**	**(14,198)**	**125.2%**	**(15,409)**	**107.5%**	**(65,768)**	**(48,631)**	**35.2%**
Personnel Expenses	(20,318)	(9,389)	116.4%	(8,313)	144.4%	(38,597)	(33,715)	14.5%
General and Administrative Expenses	(11,655)	(4,809)	142.4%	(7,096)	64.2%	(27,172)	(14,916)	82.2%
Provision for Doubtful Account - PDA	(21,873)	(10,631)	105.7%	(13,885)	-57.5%	(49,649)	(30,465)	63.0%
(+) Interest and Penalties on Tuition	9,241	3,832	141.2%	1,559	492.9%	14,946	9,244	61.7%
Operating Result	**165,881**	**112,369**	**47.6%**	**143,222**	**15.8%**	**460,974**	**315,147**	**46.3%**
Operating Margin	*57.9%*	*69.2%*	*-11.2 p.p.*	*68.5%*	*-10.6 p.p.*	*65.4%*	*67.7%*	*-2.3 p.p.*

Net Revenue (NR)
Quarterly - R$ millions



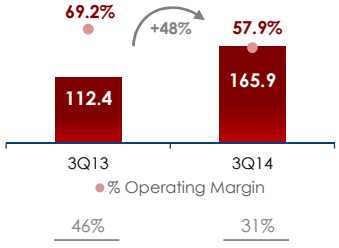
31% 25%
% Business NR/ Total NR

Gross Income (GI)
Quarterly - R$ millions



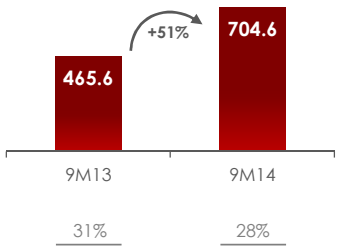
40% 29%
% Business GI/ Total GI

Operating Result (OR)
Quarterly - R$ millions



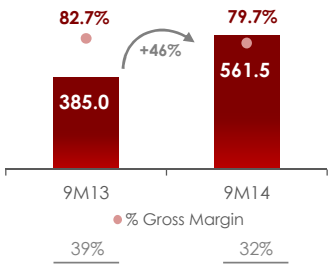
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% Business OR/ Total OR

Net Revenue (NR)
9 Months - R$ millions



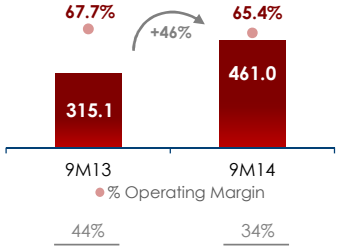
31% 28%
% Business NR/ Total NR

Gross Income (GI)
9 Months - R$ millions



39% 32%
% Business GI/ Total GI

Operating Result (OR)
9 Months - R$ millions



44% 34%
% Business OR/ Total OR

Revenue and Deductions

Distance Learning - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Gross Revenue	**366,296**	**199,952**	**83.2%**	**255,411**	**43.4%**
Gross Profit Deductions	(80,010)	(37,518)	113.3%	(46,344)	72.6%
Tax	(8,094)	(3,320)	143.8%	(4,199)	92.8%
ProUni	(51,746)	(20,198)	156.2%	(31,156)	66.1%
Returns	-	-	n.a.	-	n.a.
Total Discounts	(20,169)	(14,000)	44.1%	(10,989)	83.5%
Net Revenue	**286,287**	**162,434**	**76.2%**	**209,066**	**36.9%**
Net Revenue - Undergraduate	255,896	156,364	63.7%	197,915	29.3%
Net Revenue - Graduate, LFG and Unregulated Programs	30,391	6,070	400.7%	11,151	172.5%

Deductions

In the Distance Learning business, the main deduction items are the discounts granted and ProUni, which combined corresponded to 19.6% of total gross revenue in 3Q14, increasing 2.5 p.p. from the same period last year. As in the On-campus business, the line ProUni increased due to compliance with new rules (POEB) and the impact from the incorporation of the Anhanguera figures, which also increased the line discounts line. Compared to 2Q14, total deductions as a ratio of gross revenue increased 3.1 p.p., due to the same factors mentioned above.

Net Revenue

In 3Q14, net revenue amounted to R$286.3 million, growing 76.2% on 3Q13, which is mainly explained by the incorporation of the Anhanguera student base (including students from LFG and DL unregulated programs) and by the positive impacts from the enrollment and re-enrollment processes in 2014. In this line, it is also important to note that the post-transfer DL revenue of Unopar represents 64% of the total revenue received per student (i.e., 100% of revenue less 36% transferred to the center) while the post-transfer DL revenue of Anhanguera is 70% (i.e., 100% of revenue less 30% transferred to the center). As a result, because the base is higher at Anhanguera, even though the nominal result is the same, the percentage margin will always be structurally lower. In 9M14, net revenue grew by 51.3% to R$704.6 million.

Average Net Ticket

Distance Learning - Values in R$	3Q14	2Q14	Chg.%
Total (Student)	**251.43**	**245.63**	**2.4%**

For comparison purposes, Kroton reports only the effective ticket paid by the student, without discounting the transfers to the owners of the Centers. Therefore, considering all (100%) of the revenue and the combination of the DL Undergraduate, DL Graduate and LFG businesses, the average ticket was R$251.43, or 2.4% higher than in 2Q14. The increase is explained by the mid-year price increase and by the better mix, which more than offset the inclusion of the student base of Anhanguera, which offers distance learning programs with lower average ticket compared to those of Unopar and Uniasselvi.

Costs

Distance Learning - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total of Costs	**(75,801)**	**(29,068)**	**160.8%**	**(38,109)**	**98.9%**
Cost of Goods	-	-	n.a.	-	n.a.
Cost of Services	(75,801)	(29,068)	160.8%	(38,109)	98.9%
Faculty, Other Personnel and Third-Party Services	(61,466)	(22,569)	172.3%	(26,652)	130.6%
Rent	(6,931)	(1,581)	338.3%	(1,849)	274.8%
Materials	(6,395)	(4,587)	39.4%	(9,181)	-30.3%
Maintenance	(643)	(164)	293.2%	(328)	96.2%
Other	(366)	(167)	118.7%	(99)	267.9%

% of Net Revenues	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total of Costs	**-26.5%**	**-17.9%**	**-8.6 p.p.**	**-18.2%**	**-8.2 p.p.**
Cost of Goods (CG)	0.0%	0.0%	n.a.	0.0%	n.a.
Cost of Services (CS)	-26.5%	-17.9%	-8.6 p.p.	-18.2%	-8.2 p.p.
Faculty, Other Personnel and Third-Party Services	-21.5%	-13.9%	-7.6 p.p.	-12.7%	-8.7 p.p.
Rent	-2.4%	-1.0%	-1.4 p.p.	-0.9%	-1.5 p.p.
Materials	-2.2%	-2.8%	0.6 p.p.	-4.4%	2.2 p.p.
Maintenance	-0.2%	-0.1%	-0.1 p.p.	-0.2%	-0.1 p.p.
Other	-0.1%	-0.1%	0.0 p.p.	0.0%	-0.1 p.p.

In 3Q14, cost of services came to R$75.8 million and as a ratio of net revenue increased 8.6 p.p. compared to 3Q13, mainly due to the consolidation of the figures from Anhanguera, which has a heavier cost structure, including with regard to the costs of in-class tutors, who are paid by the Company and not by the center, as is the case at Unopar. In this context, note that initiatives are already being implemented to improve performance in Anhanguera's distance learning operation, most notably the migration of the teaching model to one weekly meeting (instead of two) and the restructuring of the LFG operations. The increase in rent costs is basically explained by the apportionment of the use of classrooms by the on-campus classes of the distance learning programs offered at the Anhanguera campuses.

Gross Income

Distance Learning - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Gross Income	**210,485**	**133,366**	**57.8%**	**170,957**	**23.1%**
Gross Margin	*73.5%*	*82.1%*	*-8.6 p.p.*	*81.8%*	*-8.2 p.p.*

Gross income was R$210.5 million in 3Q14, with gross margin of 73.5%, down 8.6 p.p. from 3Q13, due to the incorporation of the figures from Anhanguera, which still have lower margins. In 9M14, gross income amounted to R$561.4 million, with gross margin of 79.7%.

Operating Expenses

Distance Learning - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total Operating Expenses	**(31,972)**	**(14,198)**	**125.2%**	**(15,409)**	**107.5%**
Personnel Expenses	(20,318)	(9,389)	116.4%	(8,313)	144.4%
General and Administrative Expenses	(11,655)	(4,809)	142.4%	(7,096)	64.2%

% of Net Revenues	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total Operating Expenses	**-11.2%**	**-8.7%**	**-2.4 p.p.**	**-7.4%**	**-3.8 p.p.**
Personnel Expenses	-7.1%	-5.8%	-1.3 p.p.	-4.0%	-3.1 p.p.
General and Administrative Expenses	-4.1%	-3.0%	-1.1 p.p.	-3.4%	-0.7 p.p.

Personnel, General and Administrative Expenses

In 3Q14, personnel expenses as a ratio of the segment's net revenue increased 1.3 p.p. from 3Q13, due to the incorporation of the figures of Anhanguera, which has a higher-cost structure. General and administrative expenses as a ratio of net revenue increased 1.1 p.p. and 0.7 p.p. from 3Q13 and 2Q14, respectively, reflecting the aforementioned reasons.

Provision for Doubtful Accounts (PDA)

Distance Learning - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Provision for Doubtful Account - PDA	(21,873)	(10,631)	105.7%	(13,885)	57.5%
PDA / Distance Learning Net Revenues	*-7.6%*	*-6.5%*	*-1.1 p.p.*	*-6.6%*	*-1.0 p.p.*

As in the On-Campus business, PDA was impacted by the standardization of provisioning practices for receivables at Anhanguera institutions to converge them with the practices adopted by Kroton in recent years. As a result, provisioning for the DL business as a ratio of net revenue was 7.6%, increasing 1.1 p.p. and 1.0 p.p. from 3Q13 and 2Q14, respectively, due to the higher PDA of students in Anhanguera's DL operations, which also include the LFG operations.

Accounts Receivable

Distance Learning - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Net Accounts Receiveble	**146,850**	**60,156**	**144.1%**	**110,794**	**32.5%**
Tuition and Agreements to Receive	146,815	60,156	144.1%	110,794	32.5%
Long Term Portfolio	35	-	n.a.	-	n.a.

In 3Q14, net accounts receivables in the Distance Learning business amounted to R$146.8 million, increasing 144.1% from 3Q13, which basically reflects the growth in the receivables-generating student base due to the incorporation of the Anhanguera figures.

Average Accounts Receivable Term

Distance Learning - days	3Q14	3Q13	Chg.(days)	2Q14	Chg.(days)
Net Accounts Receivable / Net Revenue	**46**	**38**	**08 Days**	**54**	**-08 Days**

Calculation base: net balance of short-term accounts receivable, divided by estimated Distance Learning net revenue in the last 12 months, multiplied by 360 days.

As in previous quarters, the average receivables term in the Distance Learning business increased compared to the previous year, due to the convergence of billing and provisioning practices in the DL business to those of the On-Campus business. This indicator was also impacted by the incorporation of the figures from Anhanguera, which has a longer average term compared to Unopar and Uniasselvi. Even so, compared to 2Q14, receivables fell by 8 days, with a positive impact on cash generation in the quarter.

Operating Result

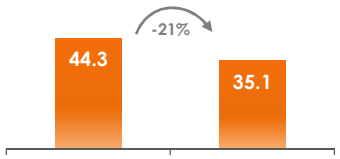
Distance Learning - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Gross Income	**210,485**	**133,366**	**57.8%**	**170,957**	**23.1%**
(-) Total Operating Expenses	(31,972)	(14,198)	125.2%	(15,409)	107.5%
(-) Provision for Doubtful Account - PDA	(21,873)	(10,631)	105.7%	(13,885)	57.5%
(+) Interest and Penalties on Tuition	9,241	3,832	141.2%	1,559	492.9%
Operating Result	**165,881**	**112,369**	**47.6%**	**143,222**	**15.8%**
Operating Margin	*57.9%*	*69.2%*	*-11.2 p.p.*	*68.5%*	*-10.6 p.p.*

In 3Q14, operating result (excluding marketing expenses) in the Distance Learning segment amounted to R$165.9 million, increasing 47.6% from 3Q13, with operating margin decreasing 11.2 p.p. to 57.9%. This performance reflects the effects from the incorporation of the results from Anhanguera's DL operation (including LFG), which has lower margins compared to the other institutions. In 9M14, operating income grew 46.3% to R$461.0 million, with operating margin of 65.4%.

FINANCIAL PERFORMANCE – PRIMARY AND SECONDARY

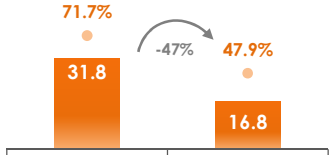
Primary and Secondary Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%	9M14	9M13	Chg.%
Gross Revenue	**39,303**	**47,478**	**-17.2%**	**44,874**	**-12.4%**	**166,065**	**147,419**	**12.6%**
Gross Profit Deductions	(4,160)	(3,185)	30.6%	(4,179)	-0.5%	(12,288)	(7,823)	57.1%
Tax	(1,404)	(1,325)	5.9%	(1,196)	17.4%	(3,804)	(3,598)	5.7%
ProUni	-	-	n.a.	-	n.a.	-	-	n.a.
Returns	(2,756)	(1,860)	48.2%	(2,983)	-7.6%	(8,484)	(4,225)	100.8%
Total Discounts	-	-	n.a.	-	n.a.	-	-	n.a.
Net Revenue	**35,143**	**44,293**	**-20.7%**	**40,694**	**-13.6%**	**153,777**	**139,595**	**10.2%**
Management Contracts and Own Operations	14,526	14,783	-1.7%	13,785	5.4%	42,566	38,745	9.9%
Associated Schools Network	20,616	29,510	-30.1%	26,909	-23.4%	111,210	100,850	10.3%
Total of Costs	**(18,319)**	**(12,522)**	**46.3%**	**(15,541)**	**17.9%**	**(60,709)**	**(38,065)**	**59.5%**
Cost of Goods	(8,281)	(5,744)	44.2%	(4,784)	73.1%	(29,879)	(20,289)	47.3%
Cost of Services	(10,038)	(6,777)	48.1%	(10,758)	-6.7%	(30,830)	(17,776)	73.4%
Faculty, Other Personnel and Third-Party Services	(7,629)	(4,404)	73.2%	(8,293)	-8.0%	(21,335)	(9,701)	119.9%
Rent	(309)	(218)	41.3%	(275)	12.4%	(850)	(671)	26.8%
Materials	(126)	(28)	355.5%	(14)	784.1%	(121)	(842)	-85.6%
Maintenance	(367)	(405)	-9.4%	(625)	-41.3%	(1,634)	(961)	70.1%
Other	(1,608)	(1,723)	-6.6%	(1,551)	3.7%	(6,889)	(5,601)	23.0%
Gross Income	**16,824**	**31,771**	**-47.0%**	**25,153**	**-33.1%**	**93,068**	**101,531**	**-8.3%**
Management Contracts and Own Operations	7,731	11,336	-31.8%	6,992	10.6%	23,128	30,934	-25.2%
Associated Schools Network	9,093	20,435	-55.5%	18,161	-49.9%	69,940	70,596	-0.9%
Gross Margin	*47.9%*	*71.7%*	-23.9 p.p.	*61.8%*	-13.9 p.p.	*60.5%*	*72.7%*	-12.2 p.p.
Management Contracts and Own Operations	*22.0%*	*25.6%*	-3.6 p.p.	*17.2%*	4.8 p.p.	*15.0%*	*22.2%*	-7.1 p.p.
Associated Schools Network	*25.9%*	*46.1%*	-20.3 p.p.	*44.6%*	-18.8 p.p.	*45.5%*	*50.6%*	-5.1 p.p.
Total Operating Expenses	**(7,585)**	**(9,943)**	**-23.7%**	**(8,673)**	**-12.5%**	**(24,356)**	**(32,860)**	**-25.9%**
Personnel Expenses	(4,535)	(6,792)	-33.2%	(5,523)	-17.9%	(15,459)	(24,809)	-37.7%
General and Administrative Expenses	(3,050)	(3,151)	-3.2%	(3,150)	-3.2%	(8,896)	(8,051)	10.5%
Provision for Doubtful Account - PDA	(1,126)	(560)	101.0%	(1,940)	-42.0%	(4,346)	(2,197)	97.9%
(+) Interest and Penalties on Tuition	84	386	-78.3%	78	7.7%	390	558	-30.1%
Operating Result	**8,197**	**21,654**	**-62.1%**	**14,617**	**-43.9%**	**64,757**	**67,032**	**-3.4%**
Operating Margin	*23.3%*	*48.9%*	-25.6 p.p.	*35.9%*	-12.6 p.p.	*42.1%*	*48.0%*	-5.9 p.p.

Net Revenue (NR)
Quarterly - R$ millions



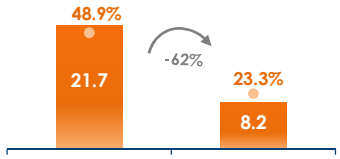
% Business NR/ Total NR

Gross Income (GI)
Quarterly - R$ millions



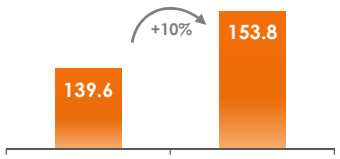
% Business GI/ Total GI

Operating Result (OR)
Quarterly - R$ millions



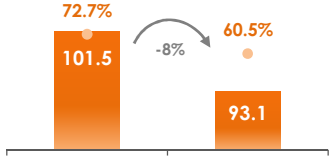
% Business OR/ Total OR

Net Revenue (NR)
9 Months - R$ millions



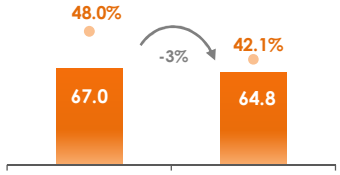
% Business NR/ Total NR

Gross Income (GI)
9 Months - R$ millions



% Business GI/ Total GI

Operating Result (OR)
9 Months - R$ millions



% Business OR/ Total OR

Revenue and Deductions

Primary and Secondary Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Gross Revenue	**39,303**	**47,478**	**-17.2%**	**44,874**	**-12.4%**
Gross Profit Deductions	(4,160)	(3,185)	30.6%	(4,179)	-0.5%
Tax	(1,404)	(1,325)	5.9%	(1,196)	17.4%
ProUni	-	-	n.a.	-	n.a.
Returns	(2,756)	(1,860)	48.2%	(2,983)	-7.6%
Total Discounts	-	-	n.a.	-	n.a.
Net Revenue	**35,143**	**44,293**	**-20.7%**	**40,694**	**-13.6%**
Management Contracts and Own Operations	14,526	14,783	-1.7%	13,785	5.4%
Associated Schools Network	20,616	29,510	-30.1%	26,909	-23.4%

Deductions

In 3Q14, the amount of returns increased compared to 3Q13, reflecting the different seasonality this year due to the anticipation of book collection deliveries as a result of the World Cup.

Net Revenue

Following the same logic, net revenue decreased 20.7% from 3Q13, since the Company moved forward to June the sale and delivery of book collections to the Associated Schools (typically concentrated in July). However, in the first nine months of the year, net revenue grew 10.2% year over year to R$153.8 million.

Average Net Ticket

In the Primary and Secondary Education business, the average annual amount charged for the sale of educational materials to the Associated Schools in 2014 was R$428.00 per student, or 4.9% higher than in 2013.

Costs

Primary and Secondary Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total of Costs	**(18,319)**	**(12,522)**	**46.3%**	**(15,541)**	**17.9%**
Cost of Goods (CG)	(8,281)	(5,744)	44.2%	(4,784)	73.1%
Cost of Services (CS)	(10,038)	(6,777)	48.1%	(10,758)	-6.7%
Faculty, Other Personnel and Third-Party Services	(7,629)	(4,404)	73.2%	(8,293)	-8.0%
Rent	(309)	(218)	41.3%	(275)	12.4%
Materials	(126)	(28)	355.5%	(14)	784.1%
Maintenance	(367)	(405)	-9.4%	(625)	-41.3%
Other	(1,608)	(1,723)	-6.6%	(1,551)	3.7%

% of Net Revenues	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total of Costs	**-52.1%**	**-28.3%**	**-23.9 p.p.**	**-38.2%**	**-13.9 p.p.**
Cost of Goods (CG)	-23.6%	-13.0%	-10.6 p.p.	-11.8%	-11.8 p.p.
Cost of Services (CS)	-28.6%	-15.3%	-13.3 p.p.	-26.4%	-2.1 p.p.
Faculty, Other Personnel and Third-Party Services	-21.7%	-9.9%	-11.8 p.p.	-20.4%	-1.3 p.p.
Rent	-0.9%	-0.5%	-0.4 p.p.	-0.7%	-0.2 p.p.
Materials	-0.4%	-0.1%	-0.3 p.p.	0.0%	-0.3 p.p.
Maintenance	-1.0%	-0.9%	-0.1 p.p.	-1.5%	0.5 p.p.
Other	-4.6%	-3.9%	-0.7 p.p.	-3.8%	-0.8 p.p.

In 3Q14, cost of goods and cost of services both increased as a ratio of net revenue in the business compared to 3Q13 and 2Q14, due to the calendar change that adversely affected revenue in the period. In nominal terms, the increase in COGS in the quarter is explained by the higher provisioning for inventory losses in the quarter.

Gross Income

Primary and Secondary Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Gross Income	**16,824**	**31,771**	**-47.0%**	**25,153**	**-33.1%**
Management Contracts and Own Operations	7,731	11,336	-31.8%	6,992	10.6%
Associated Schools Network	9,093	20,435	-55.5%	18,161	-49.9%
Gross Margin	*47.9%*	*71.7%*	*-23.9 p.p.*	*61.8%*	*-13.9 p.p.*
Management Contracts and Own Operations	*22.0%*	*25.6%*	*-3.6 p.p.*	*17.2%*	*4.8 p.p.*
Associated Schools Network	*25.9%*	*46.1%*	*-20.3 p.p.*	*44.6%*	*-18.8 p.p.*

In 3Q14, gross income amounted to R$16.8 million, with gross margin contracting 23.9 p.p. from 3Q13, which is explained by the anticipation of the calendar with the sale of book collections. In 9M14, gross income amounted to R$93.1 million, down 8.3% on 9M13, with gross margin of 60.5%.

Operating Expenses

Primary and Secondary Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total Operating Expenses	**(7,585)**	**(9,943)**	**-23.7%**	**(8,673)**	**-12.5%**
Personnel Expenses	(4,535)	(6,792)	-33.2%	(5,523)	-17.9%
General and Administrative Expenses	(3,050)	(3,151)	-3.2%	(3,150)	-3.2%

% of Net Revenues	3Q14	3Q13	Chg.%	2Q14	Chg.%
Total Operating Expenses	**-21.6%**	**-22.4%**	0.9 p.p.	**-21.3%**	-0.3 p.p.
Personnel Expenses	-12.9%	-15.3%	2.4 p.p.	-13.6%	0.7 p.p.
General and Administrative Expenses	-8.7%	-7.1%	-1.6 p.p.	-7.7%	-0.9 p.p.

Personnel, General and Administrative Expenses

Personnel, general and administrative expenses as a ratio of net revenue in the business decreased in 3Q14 compared to 3Q13, despite the lower revenue in the period, which is explained by the initiatives to optimize headcount in the segment.

Provision for Doubtful Accounts (PDA)

Primary and Secondary Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Provision for Doubtful Account - PDA	(1,126)	(560)	101.0%	(1,940)	-42.0%
PDA / Primary and Secondary Education Net Revenues	*-3.2%*	*-1.3%*	*-1.9 p.p.*	*-4.8%*	*1.6 p.p.*

PDA stood at 3.2% of net revenue, increasing 1.9 p.p. from 3Q13, due to the adjustment in the coverage ratio related to the anticipation of book collection deliveries.

Accounts Receivable

Primary and Secondary Education	3Q14	3Q13	Chg.%	2Q14	Chg.%
Net Accounts Receivable	**39,754**	**35,579**	**11.7%**	**57,007**	**-30.3%**

The decrease in accounts receivables in 3Q14 compared to 2Q14 is explained by the anticipation of book collection sales in the period and the resulting receivables in the period.

Average Accounts Receivable Term

Primary and Secondary Education - days	3Q14	3Q13	Chg.(days)	2Q14	Chg.(days)
Net Accounts Receivable / Net Revenue	**81**	**80**	**01 Day**	**111**	**-30 Days**

Calculation base: net balance of short-term accounts receivable, divided by Primary and Secondary Education net revenue in the last 12 months, multiplied by 360 days.

As in accounts receivable, the reduction of 30 days in the average accounts receivable term in the Primary and Secondary Education business in 3Q14 compared to 2Q14 had a positive impact on cash flow and is associated with the earlier than usual sales of book collections, with this level also similar to the one in September 2013.

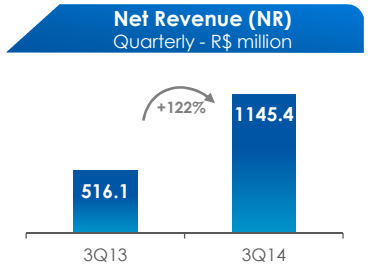
Operating Result

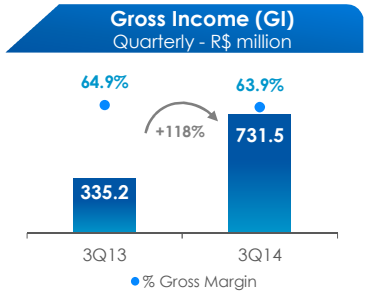
Primary and Secondary Education - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Gross Income	**16,824**	**31,771**	**-47.0%**	**25,153**	**-33.1%**
(-) Total Operating Expenses	(7,585)	(9,943)	-23.7%	(8,673)	-12.5%
(-) Provision for Doubtful Account - PDA	(1,126)	(560)	101.0%	(1,940)	-42.0%
(+) Interest and Penalties on Tuition	84	386	-78.3%	78	7.7%
Operating Result	**8,197**	**21,654**	**-62.1%**	**14,617**	**-43.9%**
Operating Margin	*23.3%*	*48.9%*	-25.6 p.p.	35.9%	-12.6 p.p.

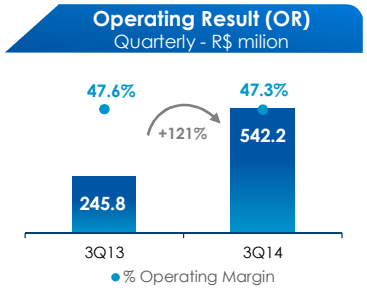
In 3Q14, operating result (before marketing expenses) was R$8.2 million, with margin of 23.3%, compared to the operating income of R$21.6 million in 3Q13, reflecting the anticipation of book deliveries and sales that adversely affected the quarter and significantly altered the natural seasonality of the business. In 9M14, operating income decreased 3.4% and operating margin was 42.1%, down 5.9 p.p. from 9M13, due to shift in the revenue mix, with a higher share of management contracts and lower-margin contracts.

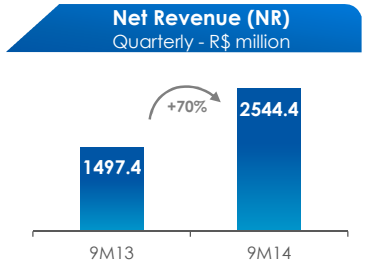
FINANCIAL PERFORMANCE – KROTON

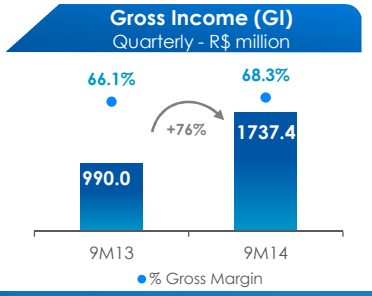
Consolidated - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%	9M14	9M13	Chg.%
Gross Revenue	**1,456,769**	**623,913**	**133.5%**	**885,035**	**64.6%**	**3,149,450**	**1,814,323**	**73.6%**
Gross Profit Deductions	(311,360)	(107,783)	188.9%	(160,077)	94.5%	(605,037)	(316,956)	90.9%
Tax	(35,392)	(13,114)	169.9%	(19,681)	79.8%	(70,709)	(38,084)	85.7%
ProUni	(182,616)	(52,204)	249.8%	(80,979)	125.5%	(342,014)	(144,423)	136.8%
Returns	(2,756)	(1,860)	48.2%	(2,983)	-7.6%	(8,484)	(4,225)	100.8%
Total Discounts	(90,596)	(40,605)	123.1%	(56,433)	60.5%	(183,829)	(130,276)	41.1%
Net Revenue	**1,145,410**	**516,130**	**121.9%**	**724,958**	**58.0%**	**2,544,413**	**1,497,367**	**69.9%**
Total of Costs	**(413,919)**	**(180,971)**	**128.7%**	**(210,395)**	**96.7%**	**(807,025)**	**(507,404)**	**59.0%**
Cost of Goods	(8,281)	(5,744)	44.2%	(4,784)	73.1%	(29,879)	(20,289)	47.3%
Cost of Services	(405,638)	(175,226)	131.5%	(205,612)	97.3%	(777,146)	(487,115)	59.5%
Faculty, Other Personnel and Third-Party Services	(296,513)	(139,252)	112.9%	(157,398)	88.4%	(574,801)	(370,854)	55.0%
Rent	(73,202)	(22,421)	226.5%	(26,827)	172.9%	(125,955)	(68,892)	82.8%
Materials	(18,343)	(5,236)	250.3%	(11,272)	62.7%	(37,779)	(20,927)	80.5%
Maintenance	(6,223)	(3,023)	105.9%	(4,511)	37.9%	(14,343)	(10,100)	42.0%
Other	(11,357)	(5,295)	114.5%	(5,603)	102.7%	(24,267)	(16,341)	48.5%
Gross Income	**731,490**	**335,159**	**118.3%**	**514,563**	**42.2%**	**1,737,388**	**989,963**	**75.5%**
Gross Margin	*63.9%*	*64.9%*	*-1.1 p.p.*	*71.0%*	*-7.1 p.p.*	*68.3%*	*66.1%*	*2.2 p.p.*
Total Operating Expenses	**(171,303)**	**(78,531)**	**118.1%**	**(79,404)**	**115.7%**	**(323,504)**	**(228,083)**	**41.8%**
Personnel, General and Administrative Expenses	(171,303)	(78,531)	118.1%	(79,404)	115.7%	(323,504)	(228,083)	41.8%
Personnel Expenses	(103,344)	(42,899)	140.9%	(44,177)	133.9%	(189,290)	(135,033)	40.2%
General and Administrative Expenses	(67,959)	(35,632)	90.7%	(35,228)	92.9%	(134,214)	(93,050)	44.2%
Provision for Doubtful Account - PDA	**(44,846)**	**(22,961)**	**95.3%**	**(29,770)**	**50.6%**	**(102,756)**	**(68,942)**	**49.0%**
(+) Interest and Penalties on Tuition	26,832	12,158	120.7%	6,540	310.3%	44,068	29,782	48.0%
Operating Result	**542,173**	**245,826**	**120.6%**	**411,928**	**31.6%**	**1,355,197**	**722,721**	**87.5%**
Operating Margin	*47.3%*	*47.6%*	*-0.3 p.p.*	*56.8%*	*-9.5 p.p.*	*53.3%*	*48.3%*	*5.0 p.p.*
Selling and Marketing Expenses	**(68,442)**	**(25,113)**	**172.5%**	**(35,596)**	**92.3%**	**(135,292)**	**(69,469)**	**94.8%**
Corporate Expenses	**(74,934)**	**(32,749)**	**128.8%**	**(50,295)**	**49.0%**	**(163,393)**	**(97,976)**	**66.8%**
Adjusted EBITDA	**398,797**	**187,963**	**112.2%**	**326,037**	**22.3%**	**1,056,513**	**555,276**	**90.3%**
Adjusted EBITDA Margin	*34.8%*	*36.4%*	*-1.6 p.p.*	*45.0%*	*-10.2 p.p.*	*41.5%*	*37.1%*	*4.4 p.p.*
(-) Non-Recurring Costs and Expenses	(43,994)	(7,087)	520.8%	(7,005)	528.0%	(56,299)	(13,989)	302.5%
EBITDA	**354,803**	**180,876**	**96.2%**	**319,032**	**11.2%**	**1,000,214**	**541,288**	**84.8%**
EBITDA Margin	*31.0%*	*35.0%*	*-4.1 p.p.*	*44.0%*	*-13.0 p.p.*	*39.3%*	*36.1%*	*3.2 p.p.*
Depreciation and Amortization	(92,064)	(28,471)	223.4%	(32,563)	182.7%	(155,285)	(78,871)	96.9%
Financial Result	(32,619)	(17,207)	89.6%	(10,224)	219.0%	(55,417)	(48,033)	15.4%
Income Tax / Social Contribution	(16,129)	(7,298)	121.0%	(8,565)	88.3%	(31,838)	(16,513)	92.8%
Deferred Income Tax / Social Contribution	(992)	41	n.a.	1,180	n.a.	(1,060)	1,896	n.a.
Net Income	**212,998**	**127,942**	**66.5%**	**268,861**	**-20.8%**	**756,615**	**399,767**	**89.3%**
Net Margin	*18.6%*	*24.8%*	*-6.2 p.p.*	*37.1%*	*-18.5 p.p.*	*29.7%*	*26.7%*	*3.0 p.p.*
(+) Non Recurring Costs and Expenses	43,994	7,087	520.8%	7,005	528.0%	56,299	13,989	302.5%
(+) Intagnible Amortization (Acquisitions)	47,646	11,099	329.3%	10,149	369.5%	67,944	30,879	120.0%
Adjusted Net Income	**304,638**	**146,129**	**108.5%**	**286,015**	**6.5%**	**880,857**	**444,635**	**98.1%**
Adjusted Net Margin	*26.6%*	*28.3%*	*-1.7 p.p.*	*39.5%*	*-12.9 p.p.*	*34.6%*	*29.7%*	*4.9 p.p.*

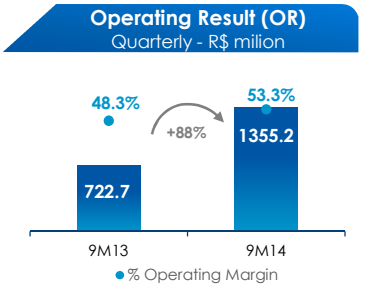












SELLING AND MARKETING EXPENSES

Consolidated - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Selling and Marketing Expenses	(68,442)	(25,113)	172.5%	(35,596)	92.3%

% of Net Revenue	3Q14	3Q13	Chg.%	2Q14	Chg.%
Selling and Marketing Expenses	-6.0%	-4.9%	-1.1 p.p.	-4.9%	-1.1 p.p.

Selling and marketing expenses increased 1.1 p.p. in 3Q14 compared to 3Q13 and 2Q14, which is explained by the incorporation of the Anhanguera figures.

CORPORATE EXPENSES

Consolidated - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Corporate Expenses	(74,934)	(32,749)	128.8%	(50,295)	49.0%
Personnel Expenses	(59,984)	(22,414)	167.6%	(32,020)	87.3%
General and Administrative Expenses	(14,950)	(10,335)	44.7%	(18,275)	-18.2%

% of Net Revenue	3Q14	3Q13	Chg.%	2Q14	Chg.%
Corporate Expenses	-6.5%	-6.3%	-0.2 p.p.	-6.9%	0.4 p.p.
Personnel Expenses	-5.2%	-4.3%	-0.9 p.p.	-4.4%	-0.8 p.p.
General and Administrative Expenses	-1.3%	-2.0%	0.7 p.p.	-2.5%	1.2 p.p.

Personnel expenses as a ratio of net revenue within corporate expenses increased 0.9 p.p. from 3Q13, due to the increase in headcount following the incorporation of the employees from Anhanguera. The line was also impacted by provisioning for the variable compensation program (PRV) and stock options for the eligible employees of Anhanguera who were maintained in the new corporate structure. In the same analysis, general and administrative expenses as a ratio of net revenue declined 0.7 p.p., demonstrating the efficiency gains captured in recent quarters.

NONRECURRING EVENTS

Values in R$ ('000)	1Q14	2Q14	3Q14	9M14
Integrations	5,104	4,978	35,717	45,799
Greenfield Projects/ Other Projects	196	2,027	8,277	10,500
Total of Nonrecurring Items	**5,300**	**7,005**	**43,994**	**56,299**

In 3Q14, Kroton recognized certain nonrecurring events, mainly those related to M&A activity and the integration with Anhanguera. As expected, this line has increased during 3Q14, given the intensification of integration activities, which are advancing on schedule. In this context, expenses of R$35.7 million related to the Anhanguera merger were recorded in 3Q14. Of this amount, the highest items were legal and financial advisory services (R$14.8 million), personnel (R$10.7 million) and strategic consulting services (R$6.8 million). The Company also incurred R$8.3 million in expenses with greenfield and other projects in the period, such as *Mais Médicos*. In 9M14, nonrecurring expenses amounted to R$56.3 million.

FINANCIAL RESULT

Consolidated - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
(+) Financial Revenues	16,502	8,117	103.3%	12,994	27.0%
Interest on Financial Investment	14,076	8,105	73.7%	12,763	10.3%
Others	2,426	12	n.a.	231	n.a.
(-) Financial Expenses	(49,121)	(25,324)	94.0%	(23,218)	111.6%
Banks Expenses	(2,756)	(2,276)	21.1%	(3,702)	-25.6%
Interest on Loans	(35,562)	(15,228)	133.5%	(14,025)	153.6%
Interest and Tax on Late Payment	(2,394)	(3,765)	-36.4%	(833)	187.4%
Interest on Loans for Acquisitions	(4,111)	(3,967)	3.6%	(4,575)	-10.1%
Foreign Exchange Variation (FX)	(3,336)	-	n.a.	-	n.a.
Others	(962)	(88)	n.a.	(83)	n.a.
Financial Result[1]	**(32,619)**	**(17,207)**	**89.6%**	**(10,224)**	**219.0%**

[1] Excludes interest and fines on late monthly tuition payments.

The net financial result was an expense of R$32.6 million in 3Q14, which was impacted primarily by the interest on loans line due to the carrying of Anhanguera debt and by the effects from exchange rate variation on the Company's euro-denominated debt, which was settled in 4Q14. As such, the incorporation of the Anhanguera debt more than offset the positive impact from the prepayment of a bond installment in the amount of R$150 million.

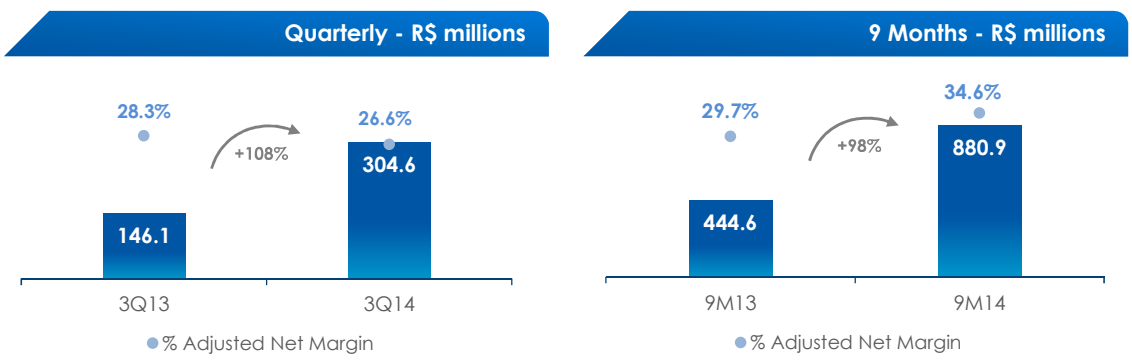
NET INCOME

Consolidated - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Operating Result	**542,173**	**245,826**	**120.6%**	**411,928**	**31.6%**
(+) Selling and Marketing Expenses	(68,442)	(25,113)	172.5%	(35,596)	92.3%
(+) Corporate Expenses	(74,934)	(32,749)	128.8%	(50,295)	49.0%
(+) Depreciation and Amortization ex-Intangible	(44,418)	(17,372)	155.7%	(22,414)	98.2%
(+) Financial Result[1]	(32,619)	(17,207)	89.6%	(10,224)	219.0%
(+) Income Tax / Social Contribution	(16,129)	(7,298)	121.0%	(8,565)	88.3%
(+) Deferred Income Tax / Social Contribution	(992)	41	n.a.	1,180	n.a.
Adjusted Net Income	**304,638**	**146,128**	**108.5%**	**286,015**	**6.5%**
Adjusted Net Margin	*26.6%*	*28.3%*	*-1.7 p.p.*	*39.5%*	*-12.9 p.p.*
(+) Nonrecurring Costs and Expenses	(43,994)	(7,087)	520.8%	(7,005)	528.0%
(+) Intangible Amortization (Acquisitions)	(47,646)	(11,099)	329.3%	(10,149)	369.5%
Net Income	**212,998**	**127,942**	**66.5%**	**268,861**	**-20.8%**
Net Margin	*18.6%*	*24.8%*	*-6.2 p.p.*	*37.1%*	*-18.5 p.p.*

[1] Excludes interest and fines on late monthly tuition payments.

Adjusted net income (adjusted for the amortization of intangible assets and nonrecurring costs and expenses) amounted to R$304.6 million, with adjusted net margin of 26.6%, which decreased 1.7 p.p. from 3Q13. In 9M14, adjusted net income increased 98.1% to R$880.9 million, with adjusted net margin of 34.6%.

Adjustated Net Income / Adjustated Net Margin



Excluding the adjustments for nonrecurring costs and expenses and the amortization of intangible assets, net income was R$213.0 million in the quarter and R$756.6 million in the first nine months of the year.

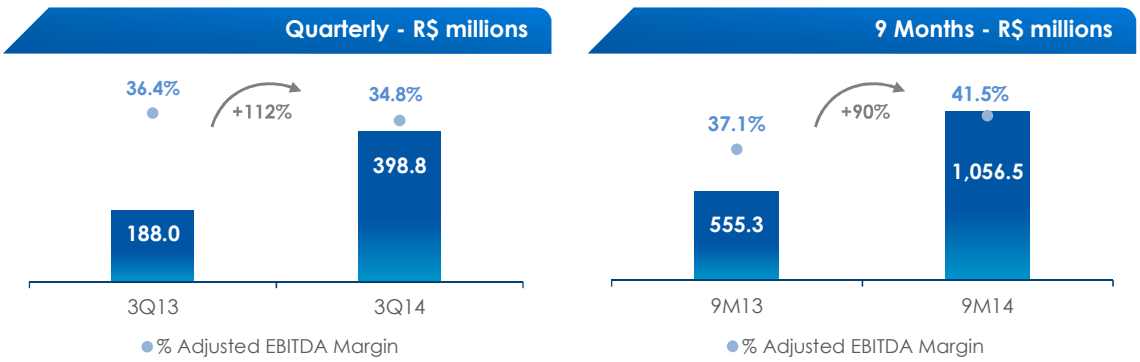
EBITDA

Consolidated - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Net Income (Loss)	**212,998**	**127,942**	**66.5%**	**268,861**	**-20.8%**
(+) Depreciation and Amortization	92,064	28,471	223.4%	32,563	182.7%
(+) Financial Result[1]	32,619	17,207	89.6%	10,224	219.0%
(+) Income Tax / Social Contribution	16,129	7,298	121.0%	8,565	88.3%
(+) Deferred Income Tax / Social Contribution	992	(41)	n.a.	(1,180)	n.a.
EBITDA	**354,803**	**180,876**	**96.2%**	**319,032**	**11.2%**
EBITDA Margin	*31.0%*	*35.0%*	*-4.1 p.p.*	*44.0%*	*-13.0 p.p.*
(+) Nonrecurring Costs and Expenses	43,994	7,087	520.8%	7,005	528.0%
Adjusted EBITDA	**398,797**	**187,963**	**112.2%**	**326,037**	**22.3%**
Adjusted EBITDA Margin	*34.8%*	*36.4%*	*-1.6 p.p.*	*45.0%*	*-10.2 p.p.*

[1] Excludes interest and fines on late monthly tuition payments.

In 3Q14, Adjusted EBITDA was R$398.8 million, increasing 112.2% from 3Q13, with Adjusted EBITDA margin of 34.8%. In 9M14, adjusted EBITDA was R$1,056.5 million, with EBITDA margin expanding 4.4 p.p. from 9M13. These performances were marked by aspects related to the incorporation of the Anhanguera figures, as well as by the continued capture of operating efficiency gains, which reinforces the value created by the effective management of the operations.

Adjusted EBITDA / Adjusted EBITDA Margin

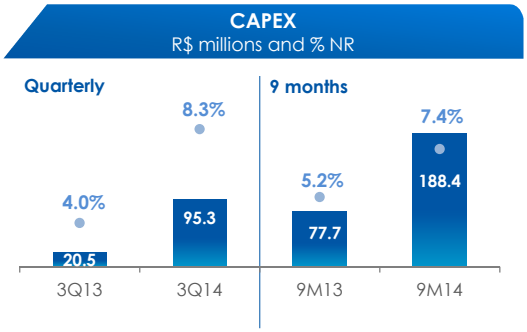


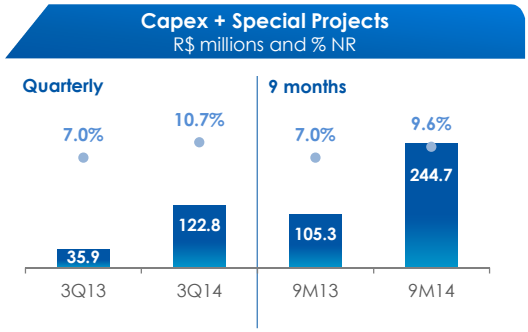
Excluding the adjustments for nonrecurring costs and expenses, the Company generated EBITDA of R$354.8 million in 3Q14, increasing 96.2% from the same period last year, with EBITDA margin of 31.0%. In 9M14, EBITDA reached R$1.0 billion, with EBITDA margin expansion of 3.2 p.p. on 9M13.

INVESTMENT (CAPEX)

In 3Q14, Kroton invested R$95.3 million, allocated as follows:

(i) information technology and library equipment: R$16.6 million (17%);
(ii) content and systems development and software licenses: R$23.6 million (25%);
(iii) laboratory and related equipment: R$18.9 million (20%);
(iv) expansions – construction and improvements: R$36.2 million (38%).





During 3Q14, investments corresponded to 8.3% of net revenue, with the largest part allocated to expansion projects and to the laboratories of our units. In 9M14, CAPEX was R$188.4 million, equivalent to 7.4% of the Company's net revenue in the period.

Kroton has also been investing in special projects, such as construction and expansion projects to support a stronger pace of growth over the coming years. Total investment in special projects in the quarter amounted to R$27.5 million, which were basically related to the expansion of units in light of the substantial growth in students enrolled in the second semester of the year and expected in future admissions processes. Therefore, total investment as a ratio of net revenue stood at 10.7% in 3Q14. In 9M14, total investment amounted to R$244.7 million, which corresponds to 9.6% of net revenue in the period, which is still within the 10% guidance provided by the Company.

NET DEBT

Consolidated - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%
Cash and Cash Equivalents	397,284	469,575	-15.4%	489,862	-18.9%
Cash	40,906	5,611	n.a.	7,066	478.9%
Securities	356,378	463,964	-23.2%	482,796	-26.2%
Loans and Financing	1,137,281	563,821	101.7%	398,006	185.7%
Short-term Debt	244,971	19,180	n.a.	81,475	200.7%
Long-term Debt	892,310	544,641	63.8%	316,530	181.9%
Net Cash (Debt)[1]	**(739,996)**	**(94,246)**	**685.2%**	**91,856**	**n.a.**
Other Short and Long Term Debt	314,979	237,544	32.6%	203,774	54.6%
Net Cash (Debt)[2]	**(1,054,975)**	**(331,790)**	**218.0%**	**(111,918)**	**n.a.**

[1] Considers only bank obligations.
[2] Net cash (debt) considering all short- and long-term obligations related to the taxes paid in installments and the acquisitions, including the amount to be paid within 6 years related to the Uniasselvi acquisition.

At the end of 3Q14, total cash and financial investments amounted to R$397.3 million, or 15.4% lower than a year earlier, reflecting primarily (i) the payment of dividends in the amounts of R$483 million (Kroton) and R$53 million (Anhanguera) related to the merger negotiation; and (ii) the prepayment in the amount of R$150 million (R$171.5 million including interest and charges) of a portion of the Company's bonds.

As a result of the incorporation of the Anhanguera debt and considering only bank debt, the Company's net debt in the quarter increased to R$740.0 million, which represents a reversal of the net cash position at the end of last quarter. Considering also all short and long term obligations, which include taxes and contributions paid in installments and the obligations related to the acquisitions made through 3Q14, net debt stood at R$1,055.0 million, or 218.0% more than a year earlier. This amount includes amounts related to installment payments for acquisitions, especially the amount related to Uniasselvi, which is being paid in six annual installments since 2013.

Lastly, during 4Q14, euro-denominated debt from Anhanguera in the amount of R$122.9 million was prepaid.

CASH FLOW

Actual Cash Flow

Consolidated - Values in R$ ('000)	3Q14	3Q13	Chg.%	2Q14	Chg.%	9M14	9M13	Chg.%
Net Income before Income Interest	**230,120**	**135,199**	**70.2%**	**276,244**	**-16.7%**	**789,513**	**414,384**	**90.5%**
(+) Net Income adjustments before Income Interest	217,480	71,566	203.9%	80,610	169.8%	376,874	204,283	84.5%
Depreciation and Amortization	92,064	28,470	223.4%	32,562	182.7%	155,284	78,870	96.9%
Provision for Doubtful Accounts (PDA)	44,846	22,961	95.3%	29,770	50.6%	102,756	68,942	49.0%
Others	80,570	20,135	300.1%	18,278	340.8%	118,834	56,471	110.4%
(+) Income Tax and Social Contribution	(1,178)	(4,091)	-71.2%	(3,558)	-66.9%	(12,507)	(13,600)	-8.0%
(+) Changes in Working Capital	12,155	(11,748)	-203.5%	(46,899)	-125.9%	(203,007)	(20,168)	n.a.
(Increase) Reduction in Accounts Receivable ex-FIES	241,898	(6,811)	n.a.	(75,496)	n.a.	94,690	(61,909)	n.a.
(Increase) Reduction in Accounts Receivable FIES	(224,108)	(21,400)	n.a.	3,931	n.a	(305,793)	(26,291)	n.a.
Others	(5,635)	16,463	n.a.	24,666	n.a.	8,096	68,032	-88.1%
Operating Cash Generation before Capex	**458,577**	**190,926**	**140.2%**	**306,397**	**49.7%**	**950,873**	**584,898**	**62.6%**
Capex - Recurring	(113,688)	(20,843)	445.4%	(49,612)	129.2%	(208,143)	(78,098)	166.5%
Operating Cash Generation after Capex	**344,889**	**170,083**	**102.8%**	**256,785**	**34.3%**	**742,730**	**506,800**	**46.6%**
Capex - Special Projects	(17,141)	(14,907)	15.0%	(19,875)	-13.8%	(44,775)	(27,170)	64.8%
Operating Cash Generation after Capex and Special Projects	**327,748**	**155,176**	**111.2%**	**236,910**	**38.3%**	**697,955**	**479,630**	**45.5%**
(+) M&A Activities	182,426	(2,781)	n.a.	(31,650)	n.a	149,898	(54,686)	n.a.
(+) Cash Flow from Financing Activities	(602,877)	(39,654)	n.a.	(248,076)	143.0%	(873,945)	(175,048)	399.3%
Free Cash Flow	**(92,703)**	**112,741**	**n.a**	**(42,816)**	**116.5%**	**(26,092)**	**249,896**	**n.a**

Consolidated - Values in R$ ('000)	3Q14	3Q13	Chg.%	9M14	9M13	Chg.%
Operating Cash Generation (OCG) before Capex	**458,577**	**190,926**	**140.2%**	**950,873**	**584,898**	**62.6%**
OCG / EBITDA	*129.2%*	*105.6%*	*23.7 p.p.*	*83.7%*	*95.8%*	*-12.0 p.p.*
Operating Cash Generation after Capex	**344,889**	**170,083**	**102.8%**	**742,730**	**506,800**	**46.6%**
OCG / EBITDA	*97.2%*	*94.0%*	*3.2 p.p.*	*65.4%*	*83.0%*	*-17.6 p.p.*
Operating Cash Generation after Capex and Special Projects	**327,748**	**155,176**	**111.2%**	**697,955**	**479,630**	**45.5%**
OCG / EBITDA	*92.4%*	*85.8%*	*6.6 p.p.*	*61.5%*	*78.5%*	*-17.1 p.p.*
Free Cash Flow	**(92,703)**	**112,741**	**n.a**	**(26,092)**	**249,896**	**n.a**

Pro forma Cash Flow

Consolidated - Values in R$ ('000)	3Q14[1]	3Q13	Chg.%	2Q14[2]	Chg.%	9M14[3]	9M13	Chg.%
Net Income before Income Interest	**230,120**	**135,199**	**70.2%**	**276,244**	**-16.7%**	**789,513**	**414,384**	**90.5%**
(+) Net Income adjustments before Income Interest	217,480	71,566	203.9%	80,610	169.8%	376,874	204,283	84.5%
Depreciation and Amortization	92,064	28,470	223.4%	32,562	182.7%	155,284	78,870	96.9%
Provision for Doubtful Accounts (PDA)	44,846	22,961	95.3%	29,770	50.6%	102,756	68,942	49.0%
Others	80,570	20,135	300.1%	18,278	340.8%	118,834	56,471	110.4%
(+) Income Tax and Social Contribution	(1,178)	(4,091)	-71.2%	(3,558)	-66.9%	(12,507)	(13,600)	-8.0%
(+) Changes in Working Capital	(30,548)	(11,748)	160.0%	(41,000)	-25.5%	(200,111)	(20,168)	n.a.
(Increase) Reduction in Accounts Receivable ex-FIES	241,898	(6,811)	n.a.	(75,496)	n.a.	94,690	(61,909)	n.a.
(Increase) Reduction in Accounts Receivable FIES	(266,812)	(21,400)	n.a.	9,830	n.a	(302,898)	(26,291)	n.a.
Others	(5,635)	16,463	n.a.	24,666	n.a.	8,096	68,032	-88.1%
Operating Cash Generation before Capex	**415,874**	**190,926**	**117.8%**	**312,296**	**33.2%**	**953,769**	**584,898**	**63.1%**
Capex - Recurring	(113,688)	(20,843)	445.4%	(49,612)	129.2%	(208,143)	(78,098)	166.5%
Operating Cash Generation after Capex	**302,186**	**170,083**	**77.7%**	**262,684**	**15.0%**	**745,625**	**506,800**	**47.1%**
Capex - Special Projects	(17,141)	(14,907)	15.0%	(19,875)	-13.8%	(44,775)	(27,170)	64.8%
Operating Cash Generation after Capex and Special Projects	**285,045**	**155,176**	**83.7%**	**242,809**	**17.4%**	**700,851**	**479,630**	**46.1%**
(+) M&A Activities	182,426	(2,781)	n.a.	(31,650)	n.a	149,898	(54,686)	n.a.
(+) Cash Flow from Financing Activities	(602,877)	(39,654)	n.a.	(248,076)	143.0%	(873,945)	(175,048)	399.3%
Free Cash Flow	**(135,406)**	**112,741**	**n.a**	**(36,917)**	**266.8%**	**(23,196)**	**249,896**	**n.a**

[1] Includes the amount of R$192.2 million related to the balance of FIES credits in 3Q14, for which repurchase was expected in September, but which was effected on October 2, 2014, and excludes the amount of R$ 234.9 million related to the balance of FIES credits in 2Q14, for which repurchase was expected in June, but which was effected on July 3, 2014.

[2] Includes the amount of R$123.2 million related to the balance of FIES credits in 2Q14, for which repurchase was expected in June, but which was effected on July 3, 2014, and excludes the amount of R$117.3 million related to the balance of FIES credits in 1Q14, for which repurchase was expected in March, but which was effected on April 2, 2014

[2] Includes the amount of R$192.2 million related to the balance of FIES credits in 3Q14, for which repurchase was expected in September, but which was effected on October 2, 2014, and excludes the amount of R$77.6 million related to the balance of FIES credits in 4Q13, for which repurchase was expected in December, but which was effected on January 8, 2014.

Consolidated - Values in R$ ('000)	3Q14[1]	3Q13	Chg.%	9M14[2]	9M13	Chg.%
Operating Cash Generation (OCG) before Capex	**415,874**	**190,926**	**117.8%**	**953,769**	**584,898**	**63.1%**
OCG / EBITDA	*117.2%*	*105.6%*	*11.7 p.p.*	*84.0%*	*95.8%*	*-11.8 p.p.*
Operating Cash Generation after Capex	**302,186**	**170,083**	**77.7%**	**745,625**	**506,800**	**47.1%**
OCG / EBITDA	*85.2%*	*94.0%*	*-8.9 p.p.*	*65.7%*	*83.0%*	*-17.3 p.p.*
Operating Cash Generation after Capex and Special Projects	**285,045**	**155,176**	**83.7%**	**700,851**	**479,630**	**46.1%**
OCG / EBITDA	*80.3%*	*85.8%*	*-5.5 p.p.*	*61.7%*	*78.5%*	*-16.8 p.p.*
Free Cash Flow	**(135,406)**	**112,741**	**n.a**	**(23,196)**	**249,896**	**n.a**

[1] Includes the amount of R$192.2 million related to the balance of FIES credits in 3Q14, for which repurchase was expected in September, but which was effected on October 2, 2014, and excludes the amount of R$234.9 million related to the balance of FIES credits in 2Q14, for which repurchase was expected in June, but which was effected on July 3, 2014.
[2] Includes the amount of R$192.2 million related to the balance of FIES credits in 3Q14, for which repurchase was expected in September, but which was effected on October 2, 2014, and excludes the amount of R$77.6 million related to the balance of FIES credits in 4Q13, for which repurchase was expected in December, but which was effected on January 8, 2014.

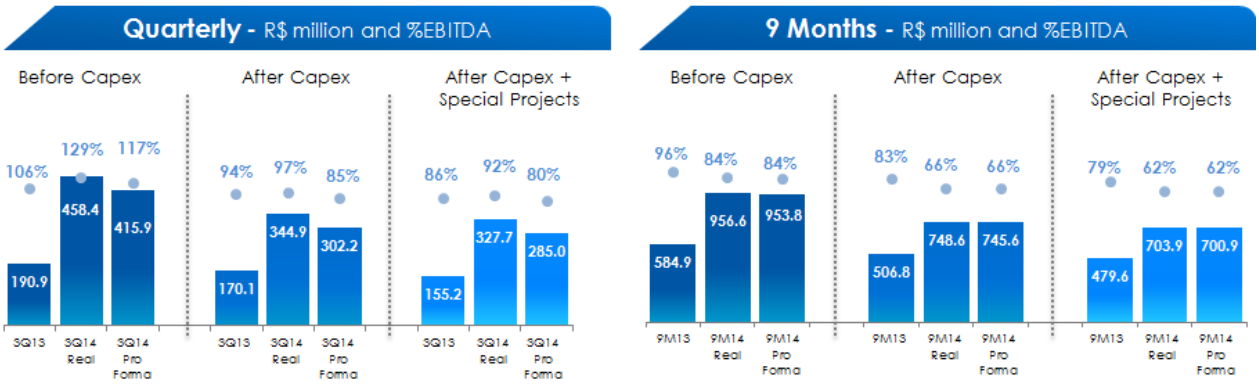
The Company's Free Cash Flow stems from cash flow from operating activities, which is derived from net income adjusted for all noncash effects in the profit and loss statement and comprises all variations in working capital, taxes paid (income tax and social contribution) and investments made (ex-acquisitions), and from cash flow from non-operating activities, which includes all financial flows not related to the operations.

As mentioned previously, due to the new FIES repurchase calendar, receivables will follow a different timeframe in 2014. As a result, for improved comparability with the previous year, in addition to actual free cash flow, we will present a pro forma analysis considering the same calendar of receivables in both periods, based on the 2013 calendar.

Accordingly, in the pro forma analysis, operating cash flow before capex amounted to R$415.9 million, or 117.2% more than in 3Q13, reflecting primarily the consolidation of Anhanguera's figures and net income in the period, which was partially offset by the working capital variations in the period. Considering the disbursements for capex in the period, pro forma operating cash flow was R$302.2 million in 3Q14. Considering also the capex for special projects, pro forma operating cash flow was R$285.0 million. The Company's pro forma free cash flow in the quarter was negative R$135.4 million, which was impacted by the payment of dividends and part of the bonds, as commented in the "Debt" section.

Pro forma operating cash flow after recurring capex corresponded to 85.2% of EBITDA in 3Q14. After the disbursements for capex (both recurring and for special projects), pro forma cash flow corresponded to 80.3% of EBITDA in the period. In 9M14, operating cash flow after total capex disbursements corresponded to 61.7% of period EBITDA. Note that these performances were achieved despite the incorporation of the figures from Anhanguera, which historically has a lower rate of conversion of Operating Cash Flow to EBITDA than the other institutions.

Operating Cash Flow / % EBITDA[1]



[1] Figures for 3Q14 include the amount of R$192.2 million related to the balance of FIES credits of 3Q14, for which repurchase was expected in September, but which was effected on October 2, 2014, and exclude the amount of R$234.9 million related to the balance of FIES credits of 2Q14, for which repurchase was expected in June, but which was effected on July 3, 2014. Figures for 9M14 include the amount of R$192.2 million related to the balance of FIES credits of 3Q14, and exclude the amount of R$77.6 million related to the balance of FIES credits of 4Q13, for which repurchase was expected in December, but which was effected on January 8, 2014.

KROTON AND ANHANGUERA RESULTS – MANAGERIAL ANALYSIS

We present below the combined financial performances of Kroton and Anhanguera respecting the different accounting practices adopted by each of the companies before the 3Q14. This analysis is for informational purposes only (pro forma) and has not been reviewed by our auditors.

Valores em R$ ('000)[1]	9M14 Consolidated
Net Revenue	3,591.5
Adjusted EBITDA	1,301.5
Adjusted EBITDA Margin	36.2%
Adjusted Net Income	1,037.0
Adjusted Net Margin	28.9%
Operating Cash Generation (OCG) after CAPEX	915.9

[1] Considers the different accounting practices adopted by each Company until the end of the first semester of 2014.

OPENING BALANCE SHEET

In connection with the merger, an Opening Balance Sheet was prepared for Anhanguera on July 4, 2014, which sought to converge the accounting practices adopted previously by Anhanguera to those adopted by Kroton. Basically the accounting practices used at Kroton were maintained, with adjustments in the practices previously adopted at Anhanguera. As a result, through consistent application of the methodology, the Opening Balance Sheet recorded impacts divided into three main groups: (i) provisions, (ii) contingencies and (iii) asset write-offs, as follows:

	Total
Provisions	378,964
Contingencies	388,166
Asset write-offs	253,721
Total adjustments	**1,020,852**

The provisions line includes essentially (a) the standardization of Anhanguera's PDA calculation to Kroton's calculation methodology, and (b) the adaptation of the criteria for recognizing revenue from FIES students adopted by Anhanguera to that of Kroton.

In the contingencies line, an assessment was made of the events realized as well as of the procedures that could lead to unrealized contingencies. These contingencies were quantified and their probability of loss was reassessed and, when necessary, further amounts were accrued.

In relation to the asset line write-offs, the following events occurred: (a) write-off of certain investments in Anhanguera's technology systems that will no longer be used by the Company; (b) adjustment to the goodwill of certain assets through impairment tests in accordance with the Company's strategic guidelines; and (c) write-off of the balance of judicial escrow deposits, adjusting them to the restated balance of contingencies.

Lastly, note that the adjustments arising from the Opening Balance Sheet do not impact the cash position or financial statements of the Company, with impacts only on Shareholders' Equity, which are fully reflected in the consolidated financial statements as of 3Q14, as well as in all projections announced to the market.

CAPITAL MARKETS AND SUBSEQUENT EVENTS

STOCK PERFORMANCE

Kroton stock (KROT3) is a component of the Bovespa Index (Ibovespa), Special Corporate Governance Stock Index (IGC), Special Tag-Along Stock Index (ITAG), Consumption Sector Index (ICON) and MSCI Brazil.

The stock was traded in 100% of trading sessions during 3Q14, registering financial trading volume of R$10.1 billion and 681,540 orders in the period, which represents average daily trading volume of R$155.8 million. On September 30, 2014, Kroton's market capitalization was R$24.9 billion.

In 9M14, Kroton stock increased 56.7%, making it the second best performing stock in the Bovespa Index, which gained 5.1% in the period. In the same period, the ICON, IGC and ITAG gained 8.8%, 4.8% and 8.7%, respectively. Kroton stock is currently covered by research analysts at 18 different local and international institutions.

Highlights- KROT3	**3Q14**
Average Daily Trade Volume (average)	R$ 155.8 million
Maximum (R$ per share)	R$ 16.78
Minimum (R$ per share)	R$ 14.56
Average (R$ per share)	R$ 15.03
Closing Quote	R$ 15.38
Variation in the period (%)	-0.7%

SHARE BUYBACK PROGRAM

On July 1, 2014, the Company approved its fourth repurchase program, which will be valid for 365 days and authorizes the acquisition of up to 5,234,810 shares, which corresponds to 2.5% of the free-float on said date (or 20,939,240 shares after the stock split carried out on September 11).

As a result, a total of 2,062,800 common shares issued by the Company were repurchased during 3Q14 at an average price of R$15.40 per share, with this number of shares representing 9.9% of the limit established by the program.

STOCK SPLIT

As announced to the market on September 11, 2014, the shareholders of Kroton approved the split of the Company's stock at the ratio of one to four (1:4) common shares.

As a result, for each existing common share issued by the Company, three (3) new book-entry, registered common shares without par value and with the same rights as the existing shares were created and attributed to their holder.

OWNERSHIP STRUCTURE

After the stock split carried out on September 11 and the capital increases approved on September 30, 2013 and October 31, 2014, Kroton's share capital is divided into 1,622,569,748 common shares, distributed as follows:

*Kroton Ownership Structure**	Quantity	%
Treasury	993,850	0.1%
Free Float	1,621,575,898	99.9%
Total	**1,622,569,748**	**100.0%**

* Position on October 31, 2014.

AWARDS

In addition to the award received from the newspaper Valor Econômico mentioned on the first page, Kroton also received in the quarter various awards from the Institucional Investor magazine, including best Investor Relations (IR) program, best CEO, best CFO and best IR professional, attesting to its transparency and communication with the financial community in recent years.

KROTON DAY

On November 26, 2014, Kroton will host its annual public meeting with the financial community known as "Kroton Day 2014." The event will be held in the city of São Paulo and will feature presentations by various areas of the Company, with the participation of its Executive Officers.

To learn more about the event, please go to the Kroton Day link on the Investor Relations website (www.kroton.com.br/ir).

ABOUT KROTON EDUCACIONAL

Kroton Educacional S.A. (BM&FBovespa: KROT3) is one of the largest for-profit private educational organizations in the world. Operating for over 45 years, Kroton has a nationwide presence in all of Brazil's states. After the merger with Anhanguera, Kroton had approximately 1.0 million Postsecondary students in both the On-Campus and Distance Learning formats, primarily through its 130 Postsecondary units and 726 active Undergraduate Distance Learning centers, and also offered Vocational programs under Pronatec and Preparatory Courses through LFG. In Primary and Secondary Education, its main business is offering Learning Systems, which in 2014 will serve 876 private schools in the country.

DISCLAIMER

This document contains forward-looking statements and information. These forward-looking statements and information are merely forecasts and not guarantees of future performance. All stakeholders are cautioned that such forward-looking statements and information involve risks, uncertainties and factors relating to the operations and business environments of Kroton and its subsidiaries and affiliates, and that the actual results of the companies could differ materially from the future results anticipated explicitly or implicitly by such forward-looking statements and information.

APPENDIX 1 – CONSOLIDATED BALANCE SHEET

R$ mil

Assets	3Q14	% AV	2Q14	% AV
Current Assets	**1,464,945**	**9.6%**	**1,071,876**	**24.6%**
Cash and Banks	40,906	0.3%	7,066	0.2%
Financial Investments	351,934	2.3%	478,477	11.0%
Accounts Receivable	814,811	5.4%	500,101	11.5%
Inventories	25,035	0.2%	9,166	0.2%
Advances	24,255	0.2%	18,737	0.4%
Recoverable Taxes	73,954	0.5%	31,558	0.7%
Other Accounts Receivable	134,050	0.9%	26,771	0.6%
Non current Assets	**13,731,955**	**90.4%**	**3,284,003**	**75.4%**
Long Term Assets	**393,085**	**2.6%**	**147,218**	**3.4%**
Securities	4,444	0.0%	4,319	0.1%
Accounts Receivables	12,448	0.1%	25,535	0.6%
Deferred Taxes	143,174	0.9%	1,498	0.0%
Judicial Escrow Deposits	34,440	0.2%	11,131	0.3%
Advances to Suppliers	3,394	0.0%	4,354	0.1%
Judicial Escrow Deposits	9,301	0.1%	6,741	0.2%
Warranty for Fiscal, Work and Civil Losses	172,919	1.1%	90,924	2.1%
Other	12,964	0.1%	2,715	0.1%
Investments	1,600	0.0%	1,600	0.0%
Fixed Assets	1,339,500	8.8%	543,230	12.5%
Intangible	11,997,771	78.9%	2,591,956	59.5%
Total Assets	**15,196,900**	**100.0%**	**4,355,879**	**100.0%**
Liabilities and Shareholders' Equity				
Current Liabilities	**1,022,522**	**6.7%**	**437,709**	**10.0%**
Suppliers	126,930	0.8%	68,384	1.6%
Loans and Financing	45,621	0.3%	712	0.0%
Debenture	199,350	1.3%	80,764	1.9%
Payroll and Related Charges	364,391	2.4%	137,757	3.2%
Income Tax and Social Contribution	31,841	0.2%	15,358	0.4%
Taxes and Contribution	63,605	0.4%	25,518	0.6%
Advances to Clients	92,156	0.6%	52,630	1.2%
Tax and Contribution Payment Installments	17,732	0.1%	6,387	0.1%
Accounts Payable - Acquisitions	76,213	0.5%	45,277	1.0%
Dividends Payable	17	0.0%	0	0.0%
Other	4,667	0.0%	4,922	0.1%
Non current Liabilities	**3,005,820**	**19.8%**	**806,499**	**18.5%**
Suppliers	-	0.0%	-	0.0%
Loans and Financing	109,825	0.7%	1,264	0.0%
Debenture	782,485	5.1%	315,267	7.2%
Provision for Tax, Labor and Civil Lawsuit Losses	836,004	5.5%	176,104	4.0%
Tax and Contribution Payment Installments	82,921	0.5%	31,819	0.7%
Accounts Payable - Acquisitions	138,113	0.9%	120,291	2.8%
Deferred Taxes	1,052,454	6.9%	159,039	3.7%
Others	4,018	0.0%	2,715	0.1%
Shareholder´s Equity	**11,168,557**	**73.5%**	**3,111,671**	**71.4%**
Total Liabilities and Shareholders' Equity	**15,196,900**	**100.0%**	**4,355,879**	**100.0%**

APPENDIX 2 – QUARTERLY INCOME STATEMENT RECONCILIATION

		Non-accounting adjustments					
	3Q14 Results (Book)	Interest and Penalties on Tuition	Depre-ciation	Intangible Amortization (Acquisitions)	Non-recurring Costs and Expenses	Reclassifications between costs and expenses	3Q14 Results (Release)
	(In thousand reais, except otherwise indicated)						
Gross Revenue	**1,456,769**						**1,456,769**
Postsecondary	1,417,466	-	-	-	-	-	1,417,466
Primary and Secondary	39,303	-	-	-	-	-	39,303
Deductions from Gross Revenue	**(311,360)**						**(311,360)**
Postsecondary	(307,200)	-	-	-	-	-	(307,200)
Primary and Secondary	(4,160)	-	-	-	-	-	(4,160)
Net Revenue	**1,145,410**						**1,145,410**
Postsecondary	1,110,267	-	-	-	-	-	1,110,267
Primary and Secondary	35,143	-	-	-	-	-	35,143
Costs of Goods/Services	**(547,559)**						**(413,919)**
Cost of Goods Sold	(8,281)	-	-	-	-	-	(8,281)
Cost of Services Rendered	(539,278)	-	34,925	-	1,731	(96,984)	(405,638)
Gross Income	**597,851**						**731,490**
Operating Expenses	**(361,944)**						**(359,525)**
Selling Expenses	(69,784)	-	-	-	-	(1,342)	(68,442)
Provision for Doubtful Accounts	(44,846)	-	-	-	-	-	(44,846)
Personnel Expenses	(122,451)	-	-	-	33,187	74,065	(163,328)
General and Administrative Expenses	(124,750)	-	57,140	-	8,962	24,261	(82,909)
Other Operating Income (Expenses)	(114)	-	-	-	114	-	-
Income before Financial Result	**235,906**						**371,965**
Interest and Penalties on Tuition	-	26,832	-	-	-	-	26,832
Depreciation and Amortization	-	-	(92,064)	47,646	-	-	(44,418)
Financial Result	**(5,787)**						**(32,619)**
Financial Expenses	(49,121)	-	-	-	-	-	(49,121)
Financial Revenues	43,334	(26,832)	-	-	-	-	16,502
Income from Operations	**230,119**						**321,759**
Income and Social Contribution Tax	(17,121)	-	-	-	-	-	(17,121)
Current	(16,129)	-	-	-	-	-	(16,129)
Deferred	(992)	-	-	-	-	-	(992)
Net Income	**212,998**	**-**	**-**	**47,646**	**43,994**	**0**	**304,638**

APPENDIX 3 – FULL YEAR INCOME STATEMENT RECONCILIATION

		Non-accounting adjustments					
	9M14 Results (Book)	Interest and Penalties on Tuition	Depre-ciation	Intangible Amortization (Acquisitions)	Non-recurring Costs and Expenses	Reclassifications between costs and expenses	9M14 Results (Release)
	(In thousand reais, except otherwise indicated)						
Gross Revenue	**3,149,450**						**3,149,450**
Postsecondary	2,983,384	-	-	-	-	-	2,983,384
Primary and Secondary	166,065	-	-	-	-	-	166,065
Deductions from Gross Revenue	**(605,037)**						**(605,037)**
Postsecondary	(592,748)	-	-	-	-	-	(592,748)
Primary and Secondary	(12,288)	-	-	-	-	-	(12,288)
Net Revenue	**2,544,413**						**2,544,413**
Postsecondary	2,390,636	-	-	-	-	-	2,390,636
Primary and Secondary	153,777	-	-	-	-	-	153,777
Costs of Goods/Services	**(1,057,378)**						**(807,025)**
Cost of Goods Sold	(29,879)	-	-	-	-	-	(29,879)
Cost of Services Rendered	(1,027,499)	-	75,775	-	4,946	(169,633)	(777,146)
Gross Income	**1,487,035**						**1,737,388**
Operating Expenses	**(686,174)**						**(724,944)**
Selling Expenses	(141,640)	-	-	-	-	(6,349)	(135,292)
Provision for Doubtful Accounts	(102,756)	-	-	-	-	-	(102,756)
Personnel Expenses	(227,848)	-	-	-	45,997	128,565	(310,416)
General and Administrative Expenses	(213,898)	-	79,510	-	5,325	47,416	(176,480)
Other Operating Income (Expenses)	(31)	-	-	-	31	-	-
Income before Financial Result	**800,861**						**1,012,445**
Interest and Penalties on Tuition	-	44,068	-	-	-	-	44,068
Depreciation and Amortization	-	-	(155,285)	67,944	-	-	(87,341)
Financial Result	**(11,349)**						**(55,417)**
Financial Expenses	(98,273)	-	-	-	-	-	(98,273)
Financial Revenues	86,924	(44,068)	-	-	-	-	42,856
Income from Operations	**789,512**					**-**	**913,754**
Income and Social Contribution Tax	(32,897)	-	-	-	-		(32,897)
Current	(31,838)	-	-	-	-	-	(31,838)
Deferred	(1,060)	-	-	-	-	-	(1,060)
Net Income	**756,614**	**-**	**-**	**67,944**	**56,299**	**(0)**	**880,857**

APPENDIX 4 – QUARTERLY INCOME STATEMENT

	3Q14	% Net Rev.	3Q13	% Net Rev.	3Q14 / 3Q13	2Q14	% Net Rev.	3Q14 / 2Q14
	(In thousand reais, except otherwise indicated)							
Gross Revenue	**1,456,769**	**127.2%**	**592,630**	**123.1%**	**145.8%**	**885,035**	**122.1%**	**64.6%**
Postsecondary	1,417,466	123.8%	568,065	118.0%	149.5%	840,162	115.9%	68.7%
Primary and Secondary	39,303	3.4%	24,564	5.1%	60.0%	44,874	6.2%	-12.4%
Deductions from Gross Revenue	**(311,360)**	**-27.2%**	**(111,103)**	**-23.1%**	**180.2%**	**(160,077)**	**-22.1%**	**94.5%**
Postsecondary	(307,200)	-26.8%	(109,071)	-22.7%	181.7%	(155,898)	-21.5%	97.1%
Primary and Secondary	(4,160)	-0.4%	(2,031)	-0.4%	104.8%	(4,179)	-0.6%	-0.5%
Net Revenue	**1,145,410**	**100.0%**	**481,527**	**100.0%**	**137.9%**	**724,958**	**100.0%**	**58.0%**
Postsecondary	1,110,267	96.9%	458,994	95.3%	141.9%	684,264	94.4%	62.3%
Primary and Secondary	35,143	3.1%	22,533	4.7%	56.0%	40,694	5.6%	-13.6%
Costs of Goods/Services	**(450,575)**	**-39.3%**	**(235,213)**	**-48.8%**	**91.6%**	**(269,742)**	**-37.2%**	**67.0%**
Cost of Goods Sold	(8,281)	-0.7%	(3,498)	-0.7%	136.8%	(4,784)	-0.7%	73.1%
Cost of Services Rendered	(442,294)	-38.6%	(231,715)	-48.1%	90.9%	(264,958)	-36.5%	66.9%
Gross Income	**694,835**	**60.7%**	**246,314**	**51.2%**	**182.1%**	**455,216**	**62.8%**	**52.6%**
Operating Expenses	**(458,928)**	**-40.1%**	**(134,423)**	**-27.9%**	**241.4%**	**(175,286)**	**-24.2%**	**161.8%**
Selling Expenses	(68,442)	-6.0%	(24,863)	-5.2%	175.3%	(37,068)	-5.1%	84.6%
Provision for Doubtful Accounts	(44,846)	-3.9%	(22,893)	-4.8%	95.9%	(29,770)	-4.1%	50.6%
Personnel Expenses	(196,515)	-17.2%	(36,706)	-7.6%	435.4%	(53,234)	-7.3%	269.2%
General and Administrative Expenses	(149,011)	-13.0%	(50,032)	-10.4%	197.8%	(55,253)	-7.6%	169.7%
Other Operating Income (Expenses)	(114)	0.0%	71	0.0%	n.a.	39	0.0%	n.a.
Income before Financial Result	**235,906**	**49.0%**	**111,891**	**23.2%**	**110.8%**	**279,930**	**38.6%**	**-15.7%**
Financial Result	**(5,787)**	**-0.5%**	**(8,250)**	**-1.7%**	**-29.8%**	**(3,684)**	**-0.5%**	**57.1%**
Financial Expenses	(49,121)	-4.3%	(22,065)	-4.6%	122.6%	(23,218)	-3.2%	111.6%
Financial Revenues	43,334	3.8%	13,815	2.9%	213.7%	19,534	2.7%	121.8%
Income from Operations	**230,119**	**20.1%**	**103,641**	**21.5%**	**122.0%**	**276,245**	**38.1%**	**-16.7%**
Income and Social Contribution Tax	(17,121)	-1.5%	(4,130)	-0.9%	314.6%	(7,384)	-1.0%	131.9%
Current	(16,129)	-1.4%	(3,629)	-0.8%	344.5%	(8,565)	-1.2%	88.3%
Deferred	(992)	-0.1%	(501)	-0.1%	98.0%	1,180	0.2%	n.a.
Net Income	**212,998**	**18.6%**	**99,512**	**20.7%**	**114.0%**	**268,861**	**37.1%**	**-20.8%**

APPENDIX 5 – FULL YEAR INCOME STATEMENT

	9M14	% Net Rev.	9M13	% Net Rev.	9M14 / 9M13
	(In thousand reais, except otherwise indicated)				
Gross Revenue	**3,149,450**	**123.8%**	**1,814,323**	**121.2%**	**73.6%**
Postsecondary	2,983,384	117.3%	1,666,904	111.3%	79.0%
Primary and Secondary	166,065	6.5%	147,419	9.8%	12.6%
Deductions from Gross Revenue	**(605,037)**	**-23.8%**	**(316,956)**	**-21.2%**	**90.9%**
Postsecondary	(592,748)	-23.3%	(309,133)	-20.6%	91.7%
Primary and Secondary	(12,288)	-0.5%	(7,823)	-0.5%	57.1%
Net Revenue	**2,544,413**	**100.0%**	**1,497,367**	**100.0%**	**69.9%**
Postsecondary	2,390,636	94.0%	1,357,771	90.7%	76.1%
Primary and Secondary	153,777	6.0%	139,595	9.3%	10.2%
Costs of Goods/Services	**(960,393)**	**-37.7%**	**(677,606)**	**-45.3%**	**41.7%**
Cost of Goods Sold	(29,879)	-1.2%	(20,289)	-1.4%	47.3%
Cost of Services Rendered	(930,514)	-36.6%	(657,317)	-43.9%	41.6%
Gross Income	**1,584,020**	**62.3%**	**819,761**	**54.7%**	**93.2%**
Operating Expenses	**(783,159)**	**-30.8%**	**(387,126)**	**-25.9%**	**102.3%**
Selling Expenses	(140,297)	-5.5%	(75,078)	-5.0%	86.9%
Provision for Doubtful Accounts	(102,756)	-4.0%	(68,942)	-4.6%	49.0%
Personnel Expenses	(295,856)	-11.6%	(103,822)	-6.9%	185.0%
General and Administrative Expenses	(244,219)	-9.6%	(137,761)	-9.2%	77.3%
Other Operating Income (Expenses)	(32)	0.0%	(1,522)	-0.1%	n.a.
Income before Financial Result	**800,861**	**53.5%**	**432,635**	**28.9%**	**85.1%**
Financial Result	**(11,349)**	**-0.4%**	**(18,251)**	**-1.2%**	**-37.8%**
Financial Expenses	(98,273)	-3.9%	(66,913)	-4.5%	46.9%
Financial Revenues	86,924	3.4%	48,662	3.2%	78.6%
Income from Operations	**789,512**	**31.0%**	**414,384**	**27.7%**	**90.5%**
Income and Social Contribution Tax	(32,897)	-1.3%	(14,617)	-1.0%	125.1%
Current	(31,838)	-1.3%	(16,513)	-1.1%	92.8%
Deferred	(1,060)	-0.0%	1,896	0.1%	n.a.
Net Income	**756,614**	**29.7%**	**399,767**	**26.7%**	**89.3%**

APPENDIX 6 – CASH FLOW STATEMENT

R$000	3Q14	3Q14 Pro Forma	3Q13	2Q14	2Q14 Pro Forma
Net Income before Income Interest	**230,120**	**230,120**	**135,199**	**276,244**	**276,244**
Net Income (Loss) Adjustments before Income Interest					
Depreciation and Amortization	92,064	92,064	28,470	32,562	32,562
Provision for Doubtful Accounts	44,846	44,846	22,961	29,770	29,770
Provision for Tax, Labor and Civil Losses	(7,252)	(7,252)	5,410	1,793	1,793
Provision (Reversal) for Invetories Losses	3,169	3,169	113	-	-
Financial Charges	40,458	40,458	19,194	18,639	18,639
Income from Securities	25,283	25,283	(7,240)	(12,763)	(12,763)
Grant of Stock Options	18,570	18,570	2,505	10,595	10,595
Gain (loss) from Sale or Write-off of Non-current Assets	342	342	153	14	14
Changes in Working Capital	**12,155**	**(30,548)**	**(11,748)**	**(46,899)**	**(41,000)**
(Increase) Reduction in Accounts Receivable (ex-FIES)	241,898	241,898	(6,811)	(75,496)	(75,496)
(Increase) Reduction in Accounts Receivable FIES	(224,108)	(266,812)	(21,400)	3,931	9,830
(Increase) Reduction in Inventories	2,625	2,625	2,097	(3,560)	(3,560)
(Increase) Reduction in Advances	8,290	8,290	16,178	(13,526)	(13,526)
(Increase) Decrease in Escrow Deposits	(5,966)	(5,966)	(672)	511	511
Increase (Decrease) in Other Assets	(8,018)	(8,018)	(7,794)	1,796	1,796
Increase (Reduction) in Suppliers	(27,497)	(27,497)	(20,484)	2,851	2,851
Increase (Decrease) in Payroll and Related Taxes	31,890	31,890	22,575	25,950	25,950
Increase (Decrease) in Legal Obligations	(8,113)	(8,113)	(1,311)	2,840	2,840
Increase (Decrease) in Advances to Clients	(684)	(684)	4,504	9,246	9,246
(Decrease) in Taxes Installments	2,594	2,594	1,768	837	837
(Decrease) in Taxes Provision for Tax, Labor and Civil Losses	(2,157)	(2,157)	(286)	(2,758)	(2,758)
Increase (Decrease) in Other Liabilities	1,401	1,401	(112)	479	479
Income Tax and Social Contribution	**(1,178)**	**(1,178)**	**(4,091)**	**(3,558)**	**(3,558)**
Capex - Recurring	**(113,688)**	**(113,688)**	**(20,843)**	**(49,612)**	**(49,612)**
Additions to Fixed Assets	(82,022)	(82,022)	(18,009)	(39,002)	(39,002)
Additions to Intangible Assets	(31,666)	(31,666)	(2,834)	(10,610)	(10,610)
Cash Flow from Operating Activities after Capex - Recurring	**344,889**	**302,186**	**170,083**	**256,785**	**262,684**
Capex - Special Projects	**(17,141)**	**(17,141)**	**(14,907)**	**(19,875)**	**(19,875)**
Asset Acquisition	(52)	(52)	(8,891)	(77)	(77)
Brownfields	(17,090)	(17,090)	(6,016)	(19,798)	(19,798)
Cash Flow from Operating Activities after total Capex	**327,748**	**285,045**	**155,176**	**236,910**	**242,809**
(+) M&A Activities	**182,426**	**182,426**	**(2,781)**	**(31,650)**	**(31,650)**
Acquisition of New Units	182,426	182,426	(2,781)	(31,650)	(31,650)
(+) Cash Flow from Financing Activities	**(602,877)**	**(602,877)**	**(39,654)**	**(248,076)**	**(248,076)**
Sale (Acquisition) of Treasury Shares	(209)	(209)	(18,408)	(1,823)	(1,823)
Capital Increase, Net of Issuance Costs	-	-	-	-	-
Borrowings and financing	-	-	27	-	-
Payments of Borrowings and Financing	(1,036)	(1,036)	(1,774)	(150,505)	(150,505)
Interest Paid on Borrowings and Debentures	(34,308)	(34,308)	(471)	(30,445)	(30,445)
Income from Financial Investments	(2,248)	(2,248)	7,240	12,598	12,598
Redemption (Investment) of Securities	(25,408)	(25,408)	(698)	(3,606)	(3,606)
Disposal of Non-current Asset	-	-	-	-	-
Refis Payment	(4,478)	(4,478)	(1,936)	(9,040)	(9,040)
Bank and Charges Fees	-	-	-	-	-
Payment of Dividends	(535,190)	(535,190)	(23,634)	(65,255)	(65,255)
(=) Cash Flow from Non-Operating Activities	**(420,451)**	**(420,451)**	**(42,435)**	**(279,726)**	**(279,726)**
Total Cash Generation	**(92,703)**	**(135,406)**	**112,741**	**(42,816)**	**(36,917)**
Net Increase (Decrease) in Cash and Cash Equivalents					
Cash and Cash Equivalents at the Start of the Period	485,543	485,543	352,775	528,359	528,359
Cash and Cash Equivalents at the End of the Period	392,840	350,137	465,516	485,543	491,442
Net Increase (Decrease) in Cash and Cash Equivalents	**(92,703)**	**(135,406)**	**112,741**	**(42,816)**	**(36,917)**