Belo Horizonte, November 12, 2015 – Kroton Educacional S.A. (BM&FBovespa: **KROT3;** OTCQX: **KROTY**) - "Kroton" or "Company," announces today its results for the third quarter of 2015 (3Q15). 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 – CORPORATE ANALYSIS

Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%	9M15	9M14	Chg.%
Gross Revenue	1,600,880	1,456,769	9.9%	1,808,764	-11.5%	5,033,342	3,149,450	59.8%
Net Revenue	1,234,796	1,145,410	7.8%	1,411,185	-12.5%	3,933,856	2,544,413	54.6%
Gross Income	830,257	731,490	13.5%	950,268	-12.6%	2,677,666	1,737,388	54.1%
Gross Margin	*67.2%*	*63.9%*	*3.4 p.p.*	*67.3%*	*-0.1 p.p.*	*68.1%*	*68.3%*	*-0.2 p.p.*
Operating Result	658,690	542,173	21.5%	733,565	-10.2%	2,096,090	1,355,197	54.7%
Operating Margin	*53.3%*	*47.3%*	*6.0 p.p.*	*52.0%*	*1.4 p.p.*	*53.3%*	*53.3%*	*0.0 p.p.*
Adjusted EBITDA	508,210	398,797	27.4%	600,884	-15.4%	1,660,664	1,056,513	57.2%
Adjusted EBITDA Margin	*41.2%*	*34.8%*	*6.3 p.p.*	*42.6%*	*-1.4 p.p.*	*42.2%*	*41.5%*	*0.7 p.p.*
Adjusted Net Income	407,432	304,638	33.7%	513,760	-20.7%	1,376,504	880,857	56.3%
Adjusted Net Margin	*33.0%*	*26.6%*	*6.4 p.p.*	*36.4%*	*-3.4 p.p.*	*35.0%*	*34.6%*	*0.4 p.p.*
Adjusted Net Income /share	0.25	0.19	33.4%	0.32	-20.7%	0.85	0.54	55.8%
Operating Cash Generation (OCG) after Capex [1]	334,287	344,889	-3.1%	209,213	59.8%	548,207	742,730	-26.2%
OCG after Capex [1] / EBITDA (unadjusted)	*72.7%*	*97.2%*	*-24.5 p.p.*	*38.2%*	*34.5 p.p.*	*31.2%*	*65.4%*	*-34.2 p.p.*

[1] Capex excludes investments in M&A and Special Projects.

HIGHLIGHTS – MANAGEMENT ANALYSIS (PRO FORMA)

Consolidado - Valores em R$ (milhões)	9M15	9M14[1]	Chg.%
Net Revenue	3,933.9	3,591.5	9.5%
Adjusted EBITDA	1,660.7	1,301.6	27.6%
Adjusted EBITDA Margin	*42.2%*	*36.2%*	*6.0 p.p.*
Adjusted Net Income	1,376.5	1,037.0	32.7%
Adjusted Net Margin	*35.0%*	*28.9%*	*6.1 p.p.*

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

✦ The second admissions process of 2015 added around 176,300 new On-Campus and Distance Learning Undergraduate students, representing growth of 4% on 3Q14. The total base of Postsecondary students reached 1.1 million.

✦ Dropout rates and PDA remained under control, confirming the resilience of the business and the perception of the high value that Education has in people's lives, as well as the effectiveness of the actions being implemented to mitigate potential adverse effects.

✦ Net revenue amounted to R$1,234.8 million, a 7.8% increase from 3Q14, which was mainly due to the higher number of paying students added through the admissions and re-enrollments processes conducted in the year. In 9M15, net revenue amounted to R$3,933.9 million, increasing 54.6% on the prior-year period, or 9.5% on a pro forma basis.

✦ Adjusted EBITDA was R$508.2 million, advancing 27.4% on 3Q14. In 9M15, Adjusted EBITDA was R$1,660.7 million, with margin of 42.2%, significantly higher than in second semester of 2014, a period that already consolidated the Anhanguera figures. On a pro forma basis, strong margin expansion in the year to date was also observed, of 6.0 p.p.

✦ Adjusted net income came to R$407.4 million in 3Q15, growing 33.7% from R$304.6 million in 3Q14. In 3Q15, adjusted net margin was 33.0%, also significantly higher than in 3Q14. In 9M15, adjusted net income advanced 56.3% on 9M14 to R$1,376.5 million, with adjusted net margin of 35.0%. Pro forma net margin expanded a robust 6.1 p.p. in the period.

✦ Despite the calendar of FIES credits valid for this year (PN23), operating cash generation after capex was R$334.3 million in 3Q15, clearly demonstrating the strict budget control and adequate policy for recognizing revenue.

✦ Kroton entered into an agreement to sell Uniasselvi for up to R$1.1 billion. It also acquired Studiare, a technology startup focused on education, which will support the optimization of its educational management and the customization of its academic model.

Investor Relations
Carlos Lazar – IRO
Carolina Igi – IR Coordinator
Pedro Gomes – IR Coordinator
Tel: + 55 (11) 3133-7309 / 7314 / 7311
E-mail: dri@kroton.com.br

MESSAGE FROM MANAGEMENT

With 2015 coming to a close, we can step back to take a broader and more detailed look at the year's events. Without a doubt, it was a very turbulent period that posed challenging situations and circumstances, but that also brought new opportunities. After analyzing all our achievements in the year, we can confidently say that once again we demonstrated our unique capacity to execute and adapt, which will also help us to continue following a path of growing value creation for our stakeholders.

In terms of operating performance, for example, despite all the adversities we faced, especially the reduced offering of FIES financing, we registered expansion in our total postsecondary student base, which remained at over 1 million students. In terms of financial performance, we are on track to substantially beating our guidance, with adjusted EBITDA of R$1.7 billion (margin of 42.2%) and net income of R$1.4 billion (margin of 35.0%) in the first nine months of the year.

Obviously, these results are the fruit of various initiatives to strengthen the strategic pillars that are part of Kroton's corporate DNA, such as quality, innovation, growth and operational efficiency.

In terms of quality and innovation, we successfully launched the implementation of our new academic model - KLS 2.0 - in the second semester, which should drive important changes that will improve our regulatory indicators over the coming years. In parallel, we announced the acquisition of Studiare, a startup that will bring new expertise and promote greater agility in the development of solutions in applied educational technology for our students, especially in adaptive learning, which will create new competitive advantages.

Good progress is being made on our growth projects, with 44 requests for opening new units (greenfield projects) already being analyzed by the Ministry of Education (MEC). Meanwhile, we are also awaiting approval to offer more than 500 new on-campus programs and to inaugurate 448 new distance-learning centers. We are opening up new growth fronts by reactivating 30 DL centers and launching new educational products. In addition, we are launching the implementation of 22 projects dedicated exclusively to reducing dropout rates in both On-Campus and Distance Learning programs.

In terms of efficiency, the results delivered in the first nine months of the year are a distinctive proof of how sound management with a clear strategy, a strong focus on execution, motivated people and proper incentives can capture value. Over these nine months, EBITDA margin expanded 6.0 percentage points and net margin expanded 6.1 percentage points on the same period last year.

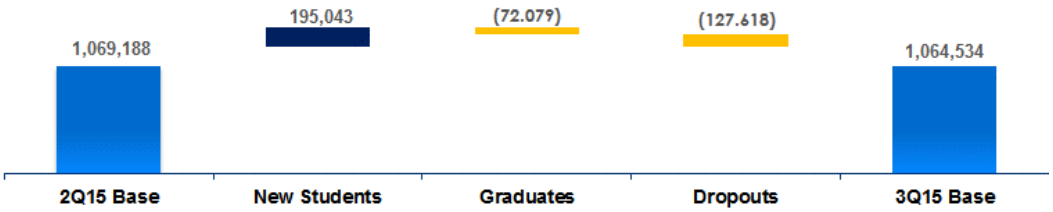
And the best part is that there are still opportunities to capture efficiency gains in our operations. One good example is the introduction of the operational research software, which opens a new avenue for increasing efficiency, particularly in On-Campus education, with a positive impact on results already starting in 3Q15, but with even greater potential for the coming semesters, as KLS 2.0 is implemented for the entire student base.

We know that the coming year will bring new challenges, but we are certain that the combination of all these projects to leverage quality, innovation, growth and efficiency, combined with the more than 34,000 employees who are fully engaged and have a **Passion for Education**, once again will make the difference by strengthening our foundations and consolidating Kroton as a company that generates high value. We eagerly await 2016!

OPERATING PERFORMANCE

POSTSECONDARY EDUCATION

Evolution in Number of Students



The evolution in the number of Postsecondary students between 2Q15 and 3Q15 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
3Q14 Base	**426,065**	**19,465**	**445,530**	**534,531**	**45,259**	**579,790**
2Q15 Base	**447,559**	**16,021**	**463,580**	**569,263**	**36,345**	**605,608**
New Students	66,294	2,633	68,927	109,967	16,149	126,116
Graduates	(17,082)	(3,521)	(20,603)	(45,813)	(5,663)	(51,476)
Dropouts	(51,958)	(1,309)	(53,267)	(72,420)	(1,931)	(74,351)
3Q15 Base	**444,813**	**13,824**	**458,637**	**560,997**	**44,900**	**605,897**
% Change 3Q15 / 2Q15	-0.6%	-13.7%	-1.1%	-1.5%	23.5%	0.0%
% Change 3Q15 / 3Q14	4.4%	-29.0%	2.9%	5.0%	-0.8%	4.5%

Students	Total Undergraduate	Total Graduate	Total
3Q14 Base	**960,596**	**64,724**	**1,025,320**
2Q15 Base	**1,016,822**	**52,366**	**1,069,188**
New Students	176,261	18,782	195,043
Graduates	(62,895)	(9,184)	(72,079)
Dropouts	(124,378)	(3,240)	(127,618)
3Q15 Base	**1,005,810**	**58,724**	**1,064,534**
% Change 3Q15 / 2Q15	-1.1%	12.1%	-0.4%
% Change 3Q15 / 3Q14	4.7%	-9.3%	3.8%

The admissions and re-enrollment processes for the second semester of the year were concluded with strong results, despite the recent regulatory changes involving FIES student financing. Despite the challenges, the figures achieved surpassed even the Company's initial estimates in virtually all indicators.

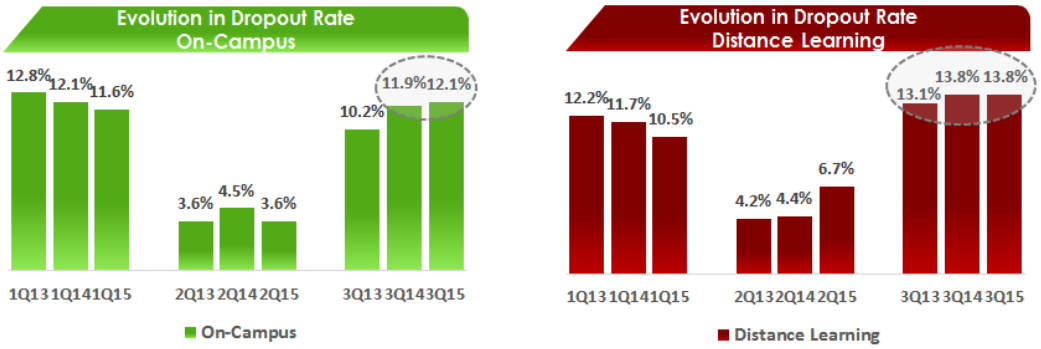
In all, 176,300 new Undergraduate students were added, or 3.7% more than in the same period of 2014. This performance is explained by the strength of our brands, combined with the recognition of our educational quality, the intense efforts of our sales teams and our marketing and sales actions, including those related to the Private Special Installment Plan (PEP).

The re-enrollment process (i.e., enrollments of students in the second to the last academic semesters) also registered strong growth from 3Q14 of 4.5% to 826,700 Undergraduate students.

The Graduate business alone registered 18,800 new enrollments, mainly in the Distance Learning format, and a significant volume of graduations, which amounted to more than 9,000 students.

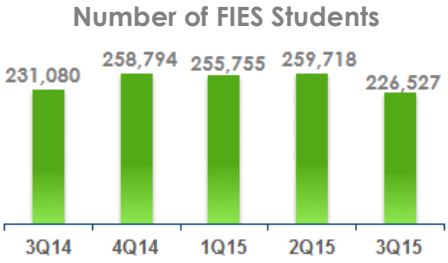
At the end of 3Q15, the number of Postsecondary (Undergraduate and Graduate) students enrolled in both On-Campus and Distance Learning programs reached approximately 1.1 million, which is stable in relation to the previous quarter, reflecting the natural seasonality of the business. Broken down by teaching format, the On-Campus student base accounted for 43.1% of the total student base in the quarter, while the Distance Learning student base accounted for 56.9%.

Evolution of Undergraduate Dropouts



The above analysis shows the history of dropouts for students in the On-Campus and Distance Learning Undergraduate segments. The highlight was the stability in dropout rates between 3Q15 and 3Q14, despite the deterioration in the country's economic indicators, which reaffirms the value perception attributed to Education.

FIES



	3Q14	4Q14	1Q15	2Q15	3Q15
% On-Campus Undergraduate Student Base	54.2%	61.2%	56.8%	58.0%	50.9%
% Total Undergraduate Student Base	24.1%	27.8%	24.1%	24.3%	22.5%

At the end of 3Q15, the Company registered 226,527 students enrolled with FIES contracts, down 12.8% from the previous quarter, mainly due to the restriction on the number of contracts offered to new students in the admissions process for the second semester of the year. In all, 5,600 new students were added to the FIES student base in the second admissions process of 2015, corresponding to 8.5% of the total number of new on-campus undergraduate enrollments. Reflecting these factors, the penetration of students with FIES financing decreased from 58.0% in 2Q15 to 50.9% of the On-Campus Undergraduate student base in 3Q15, or 22.5% of the total Postsecondary student base. For 4Q15, we expect the number of FIES students to increase following the normalization of contracts still pending at this time.

Private Special Installment Plan (PEP)

During the admissions process in 3Q15, 3,500 new students were enrolled in PEP30 and PEP50, under which students pay 30% and 50%, respectively, of monthly tuitions during the first 12 months of their academic program. Once again, note that the lower number of students contracting PEP this recruiting cycle reflects the commercial strategy adopted, with the offering of less aggressive products and at a later stage of the commercial approach to potential students, along with the lower compensation of the sales team compared to other formats. Note also that Kroton is maintaining its conservative policies for revenue recognition and provisioning for PEP students, and that the stage planning for 2016 will already include more detailed information on the behavior of these products' losses and dropout rates. At the close of 3Q15, the base of PEP students was 17,990 students (14,436 in PEP10, 1,451 in PEP30 and 2,103 in PEP50). In that sense, 1,023 students migrated from PEP 10 to FIES in the period.

Note that the Company will continue working to develop a long-term financing facility, which should be offered initially in the second semester of 2016, in partnership with a financial institution that will be responsible for providing the funding.

Ministry of Education (MEC) Evaluations

Ratio	Below 3	Equal as 3	Above 3	Total Equal or Above 3
Course Concept (CC)	1.9%	48.2%	49.9%	98.1%
Institutional Concept (IC)	0.9%	71.6%	27.5%	99.1%

At the end of 3Q15, 98.1% of the academic programs and 99.1% 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 ended the quarter offering 49 different programs lasting 12 to 18 months at 89 On-Campus institutions.

Considering all admission cycles completed through the end of last year and emphasizing that to date no new admissions cycles have been conducted in 2015, the average base (average number of students with revenue recognized) in 3Q15 was 16,961 students (which are not included in the Postsecondary student base figure informed above). Of these students, 49.9% enrolled for morning classes, 24.4% for afternoon classes and 25.7% 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 student development, while also forging relationships with students still in their Secondary Education, who may later come to choose one of Kroton's units for their postsecondary education. At the end of 3Q15, the number of students in this business was 3,625 (note that these students are not included in the figure for Postsecondary students informed above).

Preparatory Courses (LFG) and Unregulated Programs

The Company offers, under the LFG brand, preparatory courses to prepare students to pass the Brazilian bar (OAB) examination and examinations for civil servant positions. Always positioned as a reference in preparatory courses, LFG's student base averaged 20,432 in 3Q15, representing a drop of 15.1% on the previous quarter.

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 51,668 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.

For 2015, as already mentioned in the 4Q14 earnings release, the Company made the strategic decision not to renew most of the contracts with schools belonging to the Sesi Network. As a result, in 2015, the Company is serving 713 Associated Schools and around 245,000 students in the private segment, down 16% from the previous year. However, the number of book collections sold through the Pitágoras (ex-SESI) and Cristã Network posted strong growth of 20% on the previous year, which demonstrates the strong recognition that these Learnings Systems enjoy nationwide and the future potential growth of the business.

FINANCIAL PERFORMANCE

All data and comments in this section include Uniasselvi operations in different operating segments (On-Campus and Distance Learning).

3Q15 RESULTS

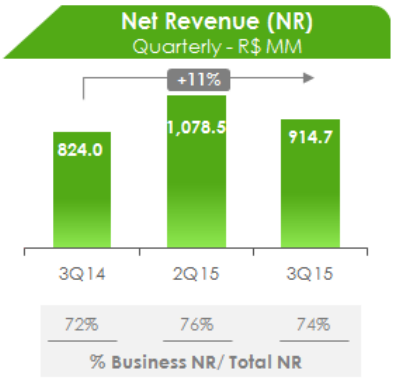
	On-Campus Education		Distance Learning		Primary and Secondary Education		Kroton Consolidated	
Values in R$ ('000)	3Q15	% Net Rev.	3Q15	% Net Rev.	3Q15	% Net Rev.	3Q15	% Net Rev.
Gross Revenue	**1,180,690**	**129.1%**	**383,865**	**134.2%**	**36,325**	**106.8%**	**1,600,880**	**129.6%**
Gross Profit Deductions	(266,004)	-29.1%	(97,763)	-34.2%	(2,317)	-6.8%	(366,084)	-29.6%
Tax	(28,513)	-3.1%	(6,640)	-2.3%	(925)	-2.7%	(36,078)	-2.9%
ProUni	(164,430)	-18.0%	(62,002)	-21.7%	-	0.0%	(226,432)	-18.3%
Returns	-	0.0%	-	0.0%	(1,392)	-4.1%	(1,392)	-0.1%
Total Discounts	(73,061)	-8.0%	(29,121)	-10.2%	-	0.0%	(102,182)	-8.3%
Net Revenue	**914,686**	**100.0%**	**286,102**	**100.0%**	**34,007**	**100.0%**	**1,234,796**	**100.0%**
Costs (COGS)	**(329,097)**	**-36.0%**	**(60,646)**	**-21.2%**	**(14,796)**	**-43.5%**	**(404,539)**	**-32.8%**
Cost of Goods	-	0.0%	-	0.0%	(5,800)	-17.1%	(5,800)	-0.5%
Cost of Services	(329,097)	-36.0%	(60,646)	-21.2%	(8,996)	-26.5%	(398,739)	-32.3%
Faculty, Other Personnel and Third-Party Services	(238,495)	-26.1%	(47,247)	-16.5%	(6,832)	-20.1%	(292,574)	-23.7%
Rent	(72,507)	-7.9%	(6,434)	-2.2%	(333)	-1.0%	(79,274)	-6.4%
Materials	(6,887)	-0.8%	(6,044)	-2.1%	(6)	0.0%	(12,937)	-1.0%
Maintenance	(2,497)	-0.3%	(426)	-0.1%	(177)	-0.5%	(3,100)	-0.3%
Other	(8,711)	-1.0%	(494)	-0.2%	(1,648)	-4.8%	(10,853)	-0.9%
Gross Income	**585,589**	**64.0%**	**225,457**	**78.8%**	**19,212**	**56.5%**	**830,257**	**67.2%**
Operating Expenses	**(114,886)**	**-12.6%**	**(22,246)**	**-7.8%**	**(4,454)**	**-13.1%**	**(141,586)**	**-11.5%**
Personnel Expenses	(62,733)	-6.9%	(17,766)	-6.2%	(3,335)	-9.8%	(83,834)	-6.8%
General and Administrative Expenses	(52,153)	-5.7%	(4,480)	-1.6%	(1,119)	-3.3%	(57,753)	-4.7%
Provision for Doubtful Accounts - PDA	**(39,019)**	**-4.3%**	**(21,200)**	**-7.4%**	**(359)**	**-1.1%**	**(60,578)**	**-4.9%**
(+) Interest and Penalties on Tuition	15,783	1.7%	14,683	5.1%	132	0.4%	30,598	2.5%
Operating Result	**447,466**	**48.9%**	**196,694**	**68.7%**	**14,531**	**42.7%**	**658,690**	**53.3%**
Sales and Marketing Expenses							**(79,937)**	**-6.5%**
Corporate Expenses							**(70,543)**	**-5.7%**
Adjusted EBITDA							**508,210**	**41.2%**
(-) Nonrecurring Costs and Expenses							(48,443)	-3.9%
EBITDA							**459,767**	**37.2%**
Depreciation and Amortization							(87,653)	-7.1%
Financial Result							(30,074)	-2.4%
Income and Social Contribution Tax							(29,243)	-2.4%
Net Profit							**312,798**	**25.3%**
(+) Nonrecurring Costs and Expenses							48,443	3.9%
(+) Intangible Amortization (Acquisitions)							46,191	3.7%
Adjusted Net Profit							**407,432**	**33.0%**

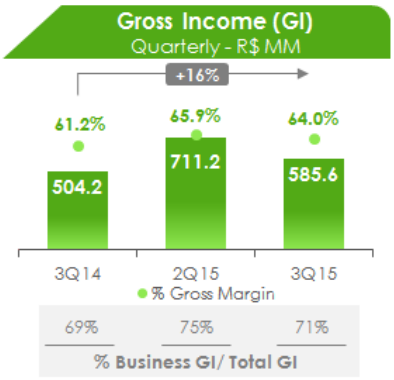
9M15 RESULTS

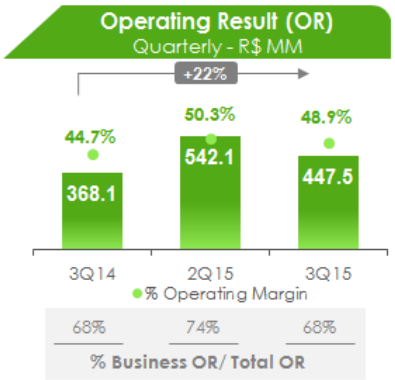
	On-Campus Education		Distance Learning		Primary and Secondary Education		Kroton Consolidated	
Values in R$ ('000)	9M15	% Net Rev.	9M15	% Net Rev.	9M15	% Net Rev.	9M15	% Net Rev.
Gross Revenue	**3,681,948**	**127.3%**	**1,202,432**	**133.5%**	**148,962**	**106.0%**	**5,033,342**	**127.9%**
Gross Profit Deductions	(789,371)	-27.3%	(301,717)	-33.5%	(8,398)	-6.0%	(1,099,486)	-27.9%
Tax	(90,342)	-3.1%	(23,306)	-2.6%	(3,387)	-2.4%	(117,035)	-3.0%
ProUni	(477,705)	-16.5%	(187,863)	-20.9%	-	0.0%	(665,568)	-16.9%
Returns	-	0.0%	-	0.0%	(5,011)	-3.6%	(5,011)	-0.1%
Total Discounts	(221,324)	-7.7%	(90,548)	-10.1%	-	0.0%	(311,872)	-7.9%
Net Revenue	**2,892,577**	**100.0%**	**900,715**	**100.0%**	**140,563**	**100.0%**	**3,933,856**	**100.0%**
Costs (COGS)	**(1,002,025)**	**-34.6%**	**(195,497)**	**-21.7%**	**(58,668)**	**-41.7%**	**(1,256,190)**	**-31.9%**
Cost of Goods	-	0.0%	-	0.0%	(26,750)	-19.0%	(26,750)	-0.7%
Cost of Services	(1,002,025)	-34.6%	(195,497)	-21.7%	(31,918)	-22.7%	(1,229,440)	-31.3%
Faculty, Other Personnel and Third-Party Services	(722,738)	-25.0%	(155,029)	-17.2%	(23,227)	-16.5%	(900,994)	-22.9%
Rent	(221,664)	-7.7%	(20,051)	-2.2%	(950)	-0.7%	(242,664)	-6.2%
Materials	(17,387)	-0.6%	(17,109)	-1.9%	(41)	0.0%	(34,538)	-0.9%
Maintenance	(11,519)	-0.4%	(1,602)	-0.2%	(475)	-0.3%	(13,596)	-0.3%
Other	(28,717)	-1.0%	(1,706)	-0.2%	(7,225)	-5.1%	(37,648)	-1.0%
Gross Income	**1,890,552**	**65.4%**	**705,218**	**78.3%**	**81,895**	**58.3%**	**2,677,666**	**68.1%**
Operating Expenses	**(368,450)**	**-12.7%**	**(77,457)**	**-8.6%**	**(17,244)**	**-12.3%**	**(463,152)**	**-11.8%**
Personnel	(205,024)	-7.1%	(60,504)	-6.7%	(12,936)	-9.2%	(278,464)	-7.1%
General and Administrative	(163,426)	-5.6%	(16,953)	-1.9%	(4,309)	-3.1%	(184,687)	-4.7%
Provision for Doubtful Accounts - PDA	**(133,680)**	**-4.6%**	**(66,756)**	**-7.4%**	**(1,700)**	**-1.2%**	**(202,136)**	**-5.1%**
(+) Interest and Penalties on Tuition	47,991	1.7%	35,331	3.9%	389	0.3%	83,712	2.1%
Operating Result	**1,436,413**	**49.7%**	**596,337**	**66.2%**	**63,340**	**45.1%**	**2,096,090**	**53.3%**
Sales and Marketing Expenses							**(235,726)**	**-6.0%**
Corporate Expenses							**(199,700)**	**-5.1%**
Adjusted EBITDA							**1,660,664**	**42.2%**
(-) Nonrecurring Costs and Expenses							(137,938)	-3.5%
EBITDA							**1,522,726**	**38.7%**
Depreciation and Amortization							(287,684)	-7.3%
Financial Result							(104,556)	-2.7%
Income and Social Contribution Tax							(29,797)	-0.8%
Net Profit							**1,100,689**	**28.0%**
(+) Nonrecurring Costs and Expenses							137,938	3.5%
(+) Intangible Amortization (Acquisitions)							137,876	3.5%
Adjusted Net Profit							**1,376,504**	**35.0%**

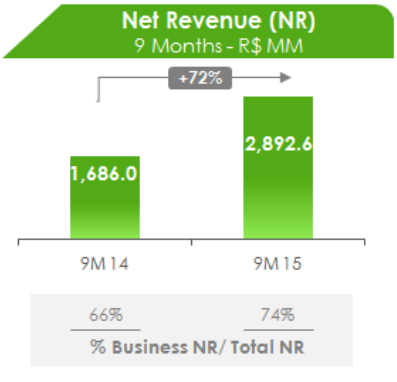
FINANCIAL PERFORMANCE – ON-CAMPUS POSTSECONDARY EDUCATION

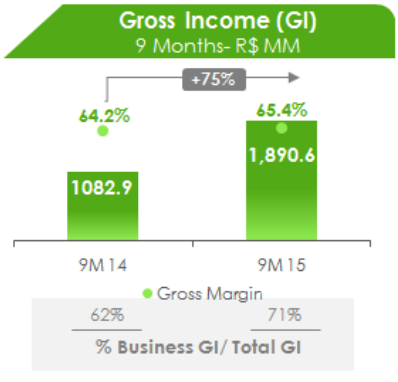
On-Campus Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%	9M15	9M14	Chg.%
Gross Revenue	**1,180,690**	**1,051,170**	**12.3%**	**1,367,041**	**-13.6%**	**3,681,948**	**2,104,875**	**74.9%**
Gross Profit Deductions	(266,004)	(227,190)	17.1%	(288,587)	-7.8%	(789,371)	(418,830)	88.5%
Tax	(28,513)	(25,894)	10.1%	(33,753)	-15.5%	(90,342)	(50,982)	77.2%
ProUni	(164,430)	(130,870)	25.6%	(159,541)	3.1%	(477,705)	(228,113)	109.4%
Returns	-	-	n.a.	-	n.a.	-	-	n.a.
Total Discounts	(73,061)	(70,426)	3.7%	(95,293)	-23.3%	(221,324)	(139,734)	58.4%
Net Revenue	**914,686**	**823,980**	**11.0%**	**1,078,454**	**-15.2%**	**2,892,577**	**1,686,045**	**71.6%**
Net Revenue - Undergraduate	**879,814**	**765,930**	**14.9%**	**1,031,411**	**-14.7%**	**2,754,770**	**1,581,442**	**74.2%**
Net Revenue - Ex-FIES and ex-PEP	229,020	216,865	5.6%	213,254	7.4%	703,666	456,080	54.3%
Net Revenue - FIES	624,125	549,065	13.7%	782,812	-20.3%	1,954,445	1,125,362	73.7%
Net Revenue - PEP (net of APV)	26,669	-	n.a.	35,345	-24.5%	96,659	-	n.a.
Net Revenue - Graduate, Unregulated Programs, Pronatec	**34,872**	**58,050**	**-39.9%**	**47,043**	**-25.9%**	**137,807**	**104,603**	**31.7%**
Net Revenue - Pronatec	23,206	42,546	-45.5%	34,508	-32.8%	100,097	69,901	43.2%
Net Revenue - Graduate and Unregulated Programs	11,666	15,505	-24.8%	12,535	-6.9%	37,710	34,701	8.7%
Total of Costs	**(329,097)**	**(319,799)**	**2.9%**	**(367,218)**	**-10.4%**	**(1,002,025)**	**(603,170)**	**66.1%**
Cost of Goods	-	-	n.a.	-	n.a.	-	-	n.a.
Cost of Services	(329,097)	(319,799)	2.9%	(367,218)	-10.4%	(1,002,025)	(603,170)	66.1%
Faculty, Other Personnel and Third-Party Services	(238,495)	(227,418)	4.9%	(273,845)	-12.9%	(722,738)	(445,578)	62.2%
Rent	(72,507)	(65,962)	9.9%	(75,749)	-4.3%	(221,664)	(114,519)	93.6%
Materials	(6,887)	(11,822)	-41.7%	(1,993)	245.6%	(17,387)	(14,709)	18.2%
Maintenance	(2,497)	(5,213)	-52.1%	(4,599)	-45.7%	(11,519)	(11,575)	-0.5%
Other	(8,711)	(9,384)	-7.2%	(11,032)	-21.0%	(28,717)	(16,789)	71.0%
Gross Income	**585,589**	**504,181**	**16.1%**	**711,236**	**-17.7%**	**1,890,552**	**1,082,875**	**74.6%**
Gross Margin	*64.0%*	*61.2%*	*2.8 p.p.*	*65.9%*	*-1.9 p.p.*	*65.4%*	*64.2%*	*1.1 p.p.*
Total Operating Expenses	**(114,886)**	**(131,746)**	**-12.8%**	**(131,289)**	**-12.5%**	**(368,450)**	**(233,380)**	**57.9%**
Personnel Expenses	(62,733)	(78,492)	-20.1%	(73,095)	-14.2%	(205,024)	(135,234)	51.6%
General and Administrative Expenses	(52,153)	(53,254)	-2.1%	(58,194)	-10.4%	(163,426)	(98,146)	66.5%
Provision for Doubtful Account - PDA	**(39,019)**	**(21,847)**	**78.6%**	**(52,313)**	**-25.4%**	**(133,680)**	**(48,761)**	**174.2%**
(+) Interest and Penalties on Tuition	15,783	17,507	-9.9%	14,462	9.1%	47,991	28,731	67.0%
Operating Result	**447,466**	**368,095**	**21.6%**	**542,097**	**-17.5%**	**1,436,413**	**829,466**	**73.2%**
Operating Margin	*48.9%*	*44.7%*	*4.2 p.p.*	*50.3%*	*-1.3 p.p.*	*49.7%*	*49.2%*	*0.5 p.p.*

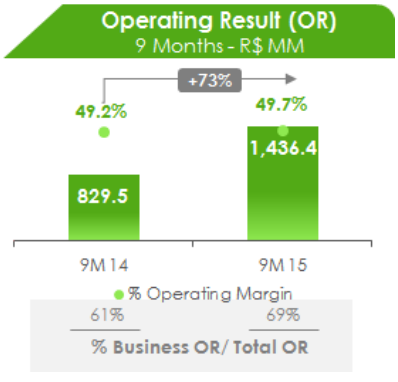












Revenue and Deductions

On-Campus Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Gross Revenue	**1,180,690**	**1,051,170**	**12.3%**	**1,367,041**	**-13.6%**
Gross Profit Deductions	(266,004)	(227,190)	17.1%	(288,587)	-7.8%
Tax	(28,513)	(25,894)	10.1%	(33,753)	-15.5%
ProUni	(164,430)	(130,870)	25.6%	(159,541)	3.1%
Returns	-	-	n.a.	-	n.a.
Total Discounts	(73,061)	(70,426)	3.7%	(95,293)	-23.3%
Net Revenue	**914,686**	**823,980**	**11.0%**	**1,078,454**	**-15.2%**
Net Revenue - Undergraduate	**879,814**	**765,930**	**14.9%**	**1,031,411**	**-14.7%**
Net Revenue - Ex-FIES and ex-PEP	229,020	216,865	5.6%	213,254	7.4%
Net Revenue - FIES	624,125	549,065	13.7%	782,812	-20.3%
Net Revenue - PEP (net of APV)	26,669	-	n.a.	35,345	-24.5%
Net Revenue - Graduate, Unregulated Programs, Pronatec	**34,872**	**58,050**	**-39.9%**	**47,043**	**-25.9%**
Net Revenue - Pronatec	23,206	42,546	-45.5%	34,508	-32.8%
Net Revenue - Graduate and Unregulated Programs	11,666	15,505	-24.8%	12,535	-6.9%

Deductions

Deductions from gross revenue increased 0.9 p.p. in 3Q15 compared to 3Q14, primarily due to higher deductions related to ProUni, which should decline next quarter as a ratio of total gross revenue. Compared to 2Q15, deductions from gross revenue increased 1.4 p.p., mainly reflecting the higher gross revenue observed in that period due to the late normalization of re-enrollments. This effect more than offset the reduction in the line total discounts due to the seasonality of the Tuition Adjustment Process (PAM), which occurs mostly in even-numbered quarters.

Net Revenue

Net revenue grew 11.0% in 3Q15 compared to 3Q14, due to the expansion in the paying student base resulting from admissions and re-enrollment processes in the year. This performance more than offset the reduction in the number of Pronatec openings this year. Note that incremental revenue from PEP came to R$26.7 million in the quarter (net of Adjustment to Present Value, or APV), or 2.9% of the segment's total revenue. Including APV, which is not registered on the P&L, revenue from PEP students stood at approximately R$54.0 million in 3Q15. Compared to 2Q15, the 15.2% contraction in net revenue reflects the effects observed in that period, which benefitted from the normalization of student enrollments (FIES and ex-FIES). In 9M15, net revenue amounted to R$2.9 billion, increasing 71.6% from the same period of 2014, due to the incorporation of the Anhanguera figures as from 3Q14 and to the aforementioned factors.

Average Net Ticket

On-Campus Postsecondary Education- Values in R$	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total	**675.69**	**649.98**	**4.0%**	**691.71**	**-2.3%**

For a better understanding, the calculation of Kroton's average ticket considers the number of students effectively billed in the period (excluding Pronatec students, but including ProUni students), since, due to retroactive contract amendments, a student could be billed more than once in a certain month. Accordingly, the average net ticket in the On-Campus business in 3Q15 was R$675.69, which was impacted substantially by nonrecurring sales campaigns that offered discounts and exemptions on enrollment tuitions for students accepted in the admissions process for the second semester. Excluding only this effect, the average ticket in 3Q15 was R$692.23. In comparison with 3Q14, the average ticket expanded 4.0% (or 6.5% excluding nonrecurring sales actions), mainly due to the annual tuition increase and the better mix in the student recruiting processes. Compared to 2Q15, the average ticket remained stable after excluding discounts and exemptions on enrollments.

Costs

On-Campus Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total of Costs	**(329,097)**	**(319,799)**	**2.9%**	**(367,218)**	**-10.4%**
Cost of Goods (CG)	-	-	n.a.	-	n.a.
Cost of Services (CS)	(329,097)	(319,799)	2.9%	(367,218)	-10.4%
Faculty, Other Personnel and Third-Party Services	(238,495)	(227,418)	4.9%	(273,845)	-12.9%
Rent	(72,507)	(65,962)	9.9%	(75,749)	-4.3%
Materials	(6,887)	(11,822)	-41.7%	(1,993)	245.6%
Maintenance	(2,497)	(5,213)	-52.1%	(4,599)	-45.7%
Other	(8,711)	(9,384)	-7.2%	(11,032)	-21.0%

% of Net Revenues	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total of Costs	**-36.0%**	**-38.8%**	**2.8 p.p.**	**-34.1%**	**-1.9 p.p.**
Cost of Goods (CG)	0.0%	0.0%	n.a.	0.0%	n.a.
Cost of Services (CS)	-36.0%	-38.8%	2.8 p.p.	-34.1%	-1.9 p.p.
Faculty, Other Personnel and Third-Party Services	-26.1%	-27.6%	1.5 p.p.	-25.4%	-0.7 p.p.
Rent	-7.9%	-8.0%	0.1 p.p.	-7.0%	-0.9 p.p.
Materials	-0.8%	-1.4%	0.7 p.p.	-0.2%	-0.6 p.p.
Maintenance	-0.3%	-0.6%	0.4 p.p.	-0.4%	0.2 p.p.
Other	-1.0%	-1.1%	0.2 p.p.	-1.0%	0.1 p.p.

Cost of services as a ratio of net revenue in this business decreased 2.8 p.p. from 3Q14. This behavior is explained by the consistent improvement in efficiency indicators obtained by optimizing the students/classroom ratio and by the incorporation of DL courses in the curricula of On-Campus programs. Here it is important to highlight the initial results obtained by implementing the operational research software at 60% of Kroton units, which led to a significant decline in costs in the line of professor, technical staff and third-party services. Although this is just the initial phase of implementing and expanding the new tool, its potential for capturing efficiency gains over the coming semesters is already quite clear. Compared to 2Q15, total costs as a ratio of net revenue increased 1.9 p.p., mainly due to seasonality.

Gross Income

On-Campus Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Gross Income	**585,589**	**504,181**	**16.1%**	**711,236**	**-17.7%**
Gross Margin	*64.0%*	*61.2%*	*2.8 p.p.*	*65.9%*	*-1.9 p.p.*

The combination of revenue growth in the period driven by student base growth and the continuous capture of efficiency gains at the institutions supported gross income growth of 16.1% between 3Q15 and 3Q14, with gross margin expanding 2.8 p.p.. Compared to 2Q15, the 1.9 p.p. contraction in gross margin is explained by seasonality and by the positive impact from the normalization of re-enrollments in 2Q15. In 9M15, gross margin expanded 1.1 p.p. to 65.4%, demonstrating the efforts to capture continuous efficiency gains at the various institutions.

Operating Expenses

On-Campus Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total Operating Expenses	**(114,886)**	**(131,746)**	**-12.8%**	**(131,289)**	**-12.5%**
Personnel Expenses	(62,733)	(78,492)	-20.1%	(73,095)	-14.2%
General and Administrative Expenses	(52,153)	(53,254)	-2.1%	(58,194)	-10.4%

% of Net Revenues	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total Operating Expenses	**-12.6%**	**-16.0%**	**3.4 p.p.**	**-12.2%**	**-0.4 p.p.**
Personnel Expenses	-6.9%	-9.5%	2.7 p.p.	-6.8%	-0.1 p.p.
General and Administrative Expenses	-5.7%	-6.5%	0.8 p.p.	-5.4%	-0.3 p.p.

Personnel, General and Administrative Expenses

In 3Q15, total personnel, general and administrative expenses as a ratio of net revenue decreased 3.4 p.p. from 3Q14, basically due to the capture of economies of scale and synergies and the efforts to control operating expenses. Compared to 2Q15, the ratio remained practically stable.

Provision for Doubtful Accounts (PDA)

On-Campus Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Provision for Doubtful Account - PDA	(39,019)	(21,847)	78.6%	(52,313)	-25.4%
PDA / Postsecondary Net Revenues[1]	*-4.4%*	*-2.8%*	*-1.6 p.p.*	*-5.0%*	*0.6 p.p*
Provision for Doubtful Account - PDA ex-FIES & PEP	(15,550)	(15,094)	3.0%	(14,643)	6.2%
PDA ex-FIES / Postsecondary Net Revenues ex-FIES & ex-PEP[1]	*-6.5%*	*-6.5%*	*0.0 p.p*	*-6.5%*	*0.0 p.p*
Provision for Doubtful Account - PDA FIES	(10,132)	(6,754)	50.0%	(19,997)	-49.3%
PDA FIES / Postsecondary Net Revenues FIES[1]	*-1.6%*	*-1.2%*	*-0.4 p.p.*	*-2.6%*	*0.9 p.p*
Provision for Doubtful Account - PDA PEP	(13,338)	-	n.a.	(17,672)	-24.5%
PDA PEP / Postsecondary Net Revenues PEP[1]	*-50.0%*	*n.a.*	*n.a.*	*-50.0%*	*-0.0 p.p.*

[1] Net Revenue for the On-Campus excludes revenues from Pronatec

Total PDA in the On-Campus business increased 1.6 p.p. from 3Q14, to 4.4% of net revenue, a level the Company believes is quite adequate. Another important highlight was PDA ex-FIES and ex-PEP, which remained stable compared to both 3Q14 and 2Q15.

Accounts Receivable

On-Campus Education - Values in R$ (´000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Net Accounts Receivable	**1,217,222**	**640,655**	**90.0%**	**1,172,666**	**3.8%**
Tuition and Agreements to Receive	276,229	199,054	38.8%	263,370	4.9%
Long Term Portfolio	2,467	12,413	-80.1%	2,716	-9.2%
PEP	54,589	n.a	n.a	32,452	68.2%
FIES	883,937	429,188	106.0%	874,128	1.1%

Total Accounts Receivables Net of PDA increased only 3.8% in 3Q15 compared to 2Q15, which was mainly influenced by the increase in PEP Accounts Receivables. As a result of the Company's conservative revenue-recognition practices and the effective flow of FIES repurchases under Administrative Rule 23 (PN23) issued in 2014, FIES accounts receivable remained practically stable compared to 2Q15.

Average Accounts Receivable Term

For the calculation of the average term of accounts receivable in the Postsecondary business, Kroton presents three distinct analyses:

1. Total Accounts Receivable

On-Campus Education - days	3Q15	3Q14	Chg.(days)	2Q15	Chg.(days)
Net Accounts Receivable / Total Net Revenue On-Campus	115	71	44 Days	114	01 Day

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

In 3Q15, the average term increased by 44 days compared to 3Q14, mainly due to changes in the schedule for FIES receivables due to PN23. Compared to 2Q15, the average term remained practically stable.

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

On-Campus Education - days	3Q15	3Q14	Chg.(days)	2Q15	Chg.(days)
Net Accounts Receivable (ex-FIES) / Net Revenue (ex-FIES)	74	61	13 Days	82	-08 Days

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

In 3Q15, the average term increased 13 days from 3Q14, reflecting the introduction of PEP, the longer receivables term for Pronatec and the reduction in on-time receivables, which was offset by the higher recovery of accounts up to 365 days. However, compared to 2Q15, receivables decreased 8 days, due to the success of the renegotiation and collection practices adopted in the re-enrollment process for the second semester of the year, which had a positive impact on operating cash generation in the quarter.

3. FIES Accounts Receivable

On-Campus Education - days	3Q15	3Q14	Chg.(days)	2Q15	Chg.(days)
Net Accounts Receivable Fies / Net Revenue Fies	132	77	55 Days	124	08 Days

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.

In 3Q15, the average term of FIES accounts receivable was 132 days, increasing 55 days from 3Q14 and 8 days from 2Q15. As mentioned above, the increase was expected due to PN 23, with a return to 2014 levels as from 2016.

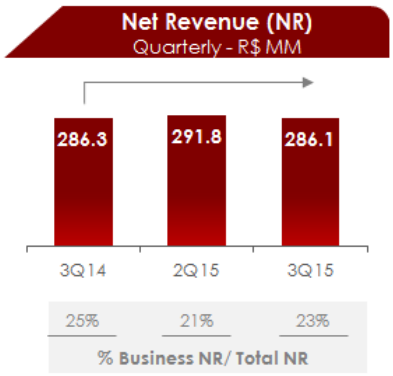
OPERATING RESULT

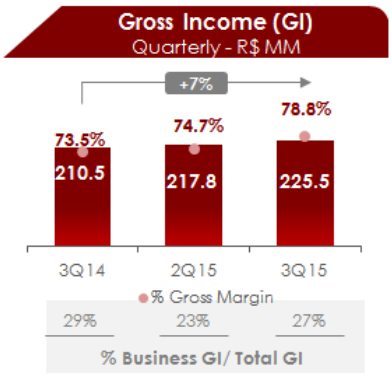
On-Campus Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Gross Income	**585,589**	**504,181**	**16.1%**	**711,236**	**-17.7%**
(-) Total Operating Expenses	(114,886)	(131,746)	-12.8%	(131,289)	-12.5%
(-) Provision for Doubtful Account - PDA	(39,019)	(21,847)	78.6%	(52,313)	-25.4%
(+) Interest and Penalties on Tuition	15,783	17,507	-9.9%	14,462	9.1%
Operating Result	**447,466**	**368,095**	**21.6%**	**542,097**	**-17.5%**
Operating Margin	*48.9%*	*44.7%*	*4.2 p.p.*	*50.3%*	*-1.3 p.p.*

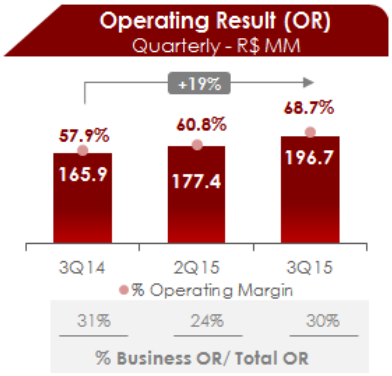
The operating result (before marketing expenses) in 3Q15 amounted to R$447.5 million, representing an operating margin of 48.9%, up 4.2 p.p. on the year-ago period, reflecting primarily the capture of efficiency gains and synergies from the Anhanguera merger and the rigorous budget control. Compared to 2Q15, operating margin deceased 1.3 p.p., which was exclusively due to seasonality, given the positive impact in revenues on the second quarter of the year. In 9M15, the operating result amounted to R$1,436.4 million, with operating margin of 49.7%, demonstrating improvement of 0.5 p.p. from 9M14, a period that included six months of Kroton ex-Anhanguera.

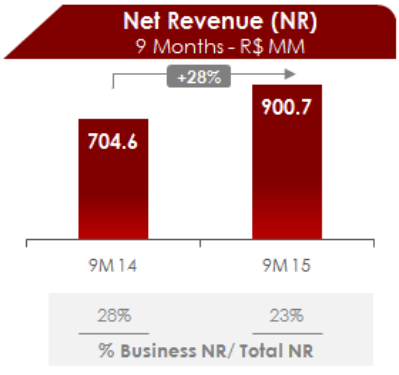
FINANCIAL PERFORMANCE – DISTANCE LEARNING POSTSECONDARY

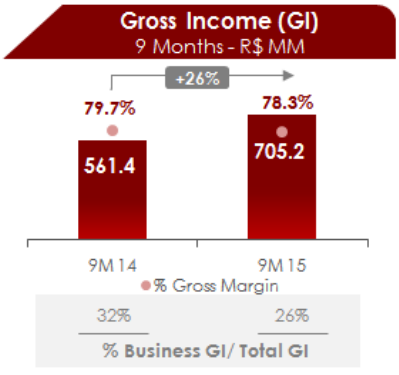
Distance Learning - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%	9M15	9M14	Chg.%
Gross Revenue	**383,865**	**366,296**	**4.8%**	**397,803**	**-3.5%**	**1,202,432**	**878,510**	**36.9%**
Gross Profit Deductions	(97,763)	(80,010)	22.2%	(106,036)	-7.8%	(301,717)	(173,919)	73.5%
Tax	(6,640)	(8,094)	-18.0%	(7,880)	-15.7%	(23,306)	(15,923)	46.4%
ProUni	(62,002)	(51,746)	19.8%	(64,222)	-3.5%	(187,863)	(113,901)	64.9%
Returns	-	-	n.a.	-	n.a.	-	-	n.a.
Total Discounts	(29,121)	(20,169)	44.4%	(33,934)	-14.2%	(90,548)	(44,095)	105.3%
Net Revenue	**286,102**	**286,287**	**-0.1%**	**291,767**	**-1.9%**	**900,715**	**704,591**	**27.8%**
Net Revenue - Undergraduate	261,093	255,896	2.0%	265,798	-1.8%	823,912	653,732	26.0%
Net Revenue - Graduate, LFG and Unregulated Programs	25,009	30,391	-17.7%	25,969	-3.7%	76,804	50,859	51.0%
Total of Costs	**(60,646)**	**(75,801)**	**-20.0%**	**(73,956)**	**-18.0%**	**(195,497)**	**(143,146)**	**36.6%**
Cost of Goods	-	-	n.a.	-	n.a.	-	-	n.a.
Cost of Services	(60,646)	(75,801)	-20.0%	(73,956)	-18.0%	(195,497)	(143,146)	36.6%
Faculty, Other Personnel and Third-Party Services	(47,247)	(61,466)	-23.1%	(62,556)	-24.5%	(155,029)	(107,888)	43.7%
Rent	(6,434)	(6,931)	-7.2%	(6,681)	-3.7%	(20,051)	(10,586)	89.4%
Materials	(6,044)	(6,395)	-5.5%	(2,985)	102.5%	(17,109)	(22,949)	-25.4%
Maintenance	(426)	(643)	-33.7%	(799)	-46.6%	(1,602)	(1,135)	41.2%
Other	(494)	(366)	35.1%	(935)	-47.2%	(1,706)	(589)	189.7%
Gross Income	**225,457**	**210,485**	**7.1%**	**217,811**	**3.5%**	**705,218**	**561,446**	**25.6%**
Gross Margin	*78.8%*	*73.5%*	*5.3 p.p.*	*74.7%*	*4.2 p.p.*	*78.3%*	*79.7%*	*-1.4 p.p.*
Total Operating Expenses	**(22,246)**	**(31,972)**	**-30.4%**	**(27,131)**	**-18.0%**	**(77,457)**	**(65,768)**	**17.8%**
Personnel Expenses	(17,766)	(20,318)	-12.6%	(21,161)	-16.0%	(60,504)	(38,597)	56.8%
General and Administrative Expenses	(4,480)	(11,655)	-61.6%	(5,970)	-25.0%	(16,953)	(27,172)	-37.6%
Provision for Doubtful Account - PDA	(21,200)	(21,873)	-3.1%	(21,691)	2.3%	(66,756)	(49,649)	34.5%
(+) Interest and Penalties on Tuition	14,683	9,241	58.9%	8,429	74.2%	35,331	14,946	136.4%
Operating Result	**196,694**	**165,881**	**18.6%**	**177,418**	**10.9%**	**596,337**	**460,974**	**29.4%**
Operating Margin	*68.7%*	*57.9%*	*10.8 p.p.*	*60.8%*	*7.9 p.p.*	*66.2%*	*65.4%*	*0.8 p.p.*

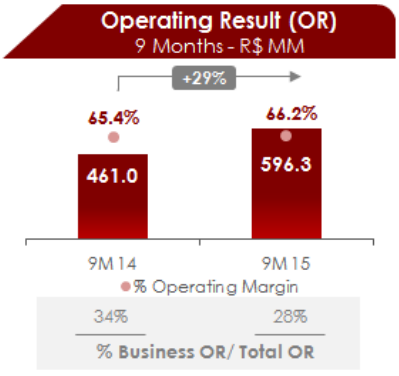












Revenue and Deductions

Distance Learning - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Gross Revenue	**383,865**	**366,296**	**4.8%**	**397,803**	**-3.5%**
Gross Profit Deductions	(97,763)	(80,010)	22.2%	(106,036)	-7.8%
Tax	(6,640)	(8,094)	-18.0%	(7,880)	-15.7%
ProUni	(62,002)	(51,746)	19.8%	(64,222)	-3.5%
Returns	-	-	n.a.	-	n.a.
Total Discounts	(29,121)	(20,169)	44.4%	(33,934)	-14.2%
Net Revenue	**286,102**	**286,287**	**-0.1%**	**291,767**	**-1.9%**
Net Revenue - Undergraduate	261,093	255,896	2.0%	265,798	-1.8%
Net Revenue - Graduate, LFG and Unregulated Programs	25,009	30,391	-17.7%	25,969	-3.7%

Deductions

In the Distance Learning business, the main deduction items are the discounts granted and ProUni, which combined corresponded to 23.7% of total gross revenue in 3Q15, increasing 4.1 p.p. from the same period last year. The result is explained by the increase in the line ProUni to comply with the new rules (POEB) and by the increase in the line total discounts due to changes in the pricing strategy adopted in the recruiting processes for the year. Compared to 2Q15, total deductions as a ratio of gross revenue decreased 1.2 p.p., demonstrating the strict policy for renegotiations, despite the more challenging macroeconomic environment.

Net Revenue

In 3Q15, net revenue amounted to R$286.1 million, remaining stable in relation to 3Q14, with the positive impacts from the new enrollment and re-enrollment processes offsetting the lower average ticket. In 9M15, net revenue amounted to R$900.7 million, growing 27.8% from 9M14, due to the incorporation of the Anhanguera student base (including students from LFG and DL unregulated programs) and to the new enrollment and re-enrollment processes.

Average Net Ticket

Distance Learning - Values in R$	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total (Student)	**235.96**	**251.43**	**-6.2%**	**243.31**	**-3.0%**

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 revenue and the combination of the DL Undergraduate, DL Graduate and LFG businesses, the average ticket was R$235.96, or 6.2% and 3.0% lower than in 3Q14 and 2Q15, respectively. These variations were due to the growth in the ProUni student base and to the change in the mix of new enrollments, including the expansion in 100% DL programs, which have lower prices than partial on-site programs. Another important event is related to the nonrecurring campaigns offering discounts and exemptions on enrollment of new students, which, as was the case in the On-Campus business, affected the average ticket only in this quarter. Excluding only the impact from the nonrecurring sales actions in 3Q15, the average ticket was R$243.33, down 3.2% from 3Q14 and stable in relation to 2Q15.

Costs

Distance Learning - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total of Costs	**(60,646)**	**(75,801)**	**-20.0%**	**(73,956)**	**-18.0%**
Cost of Goods	-	-	n.a.	-	n.a.
Cost of Services	(60,646)	(75,801)	-20.0%	(73,956)	-18.0%
Faculty, Other Personnel and Third-Party Services	(47,247)	(61,466)	-23.1%	(62,556)	-24.5%
Rent	(6,434)	(6,931)	-7.2%	(6,681)	-3.7%
Materials	(6,044)	(6,395)	-5.5%	(2,985)	102.5%
Maintenance	(426)	(643)	-33.7%	(799)	-46.6%
Other	(494)	(366)	35.1%	(935)	-47.2%

% of Net Revenues	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total of Costs	**-21.2%**	**-26.5%**	**5.3 p.p.**	**-25.3%**	**4.2 p.p.**
Cost of Goods (CG)	0.0%	0.0%	0.0 p.p.	0.0%	0.0 p.p.
Cost of Services (CS)	-21.2%	-26.5%	5.3 p.p.	-25.3%	4.2 p.p.
Faculty, Other Personnel and Third-Party Services	-16.5%	-21.5%	5.0 p.p.	-21.4%	4.9 p.p.
Rent	-2.2%	-2.4%	0.2 p.p.	-2.3%	0.0 p.p.
Materials	-2.1%	-2.2%	0.1 p.p.	-1.0%	-1.1 p.p.
Maintenance	-0.1%	-0.2%	0.1 p.p.	-0.3%	0.1 p.p.
Other	-0.2%	-0.1%	0.0 p.p.	-0.3%	0.1 p.p.

In 3Q15, cost of services (CS) came to R$60.6 million and as a ratio of net revenue decreased 5.3 p.p. from 3Q14. This decrease is mainly due to the better efficiency in the in-class tutor/student ratio, as well as initiatives being implemented to optimize performance in Anhanguera's DL operation, most notably the migration of the teaching model to one weekly meeting (instead of two) and the restructuring of the LFG operations. Compared to 2Q15, this line as a ratio of net revenue decreased 4.2 p.p., which is explained by the seasonal increase observed in 2Q15 in direct payroll costs, especially those related to the hiring of new professors and tutors.

Gross Income

Distance Learning - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Gross Income	**225,457**	**210,485**	**7.1%**	**217,811**	**3.5%**
Gross Margin	*78.8%*	*73.5%*	*5.3 p.p.*	*74.7%*	*4.2 p.p.*

Gross income was R$225.5 million in 3Q15, with gross margin of 78.8%, up 5.3 p.p. from 3Q14, due to lower payroll costs in the period. Compared to 2Q15, the expansion in gross margin is explained by seasonality. In 9M14, gross income amounted to R$705.2 million, with gross margin of 78.3%.

Operating Expenses

Distance Learning - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total Operating Expenses	**(22,246)**	**(31,972)**	**-30.4%**	**(27,131)**	**-18.0%**
Personnel Expenses	(17,766)	(20,318)	-12.6%	(21,161)	-16.0%
General and Administrative Expenses	(4,480)	(11,655)	-61.6%	(5,970)	-25.0%

% of Net Revenues	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total Operating Expenses	**-7.8%**	**-11.2%**	**3.4 p.p.**	**-9.3%**	**1.5 p.p.**
Personnel Expenses	-6.2%	-7.1%	0.9 p.p.	-7.3%	1.0 p.p.
General and Administrative Expenses	-1.6%	-4.1%	2.5 p.p.	-2.0%	0.5 p.p.

Personnel, General and Administrative Expenses

In 3Q15, personnel expenses as a ratio of the segment's net revenue decreased 0.9 p.p. from 3Q14, due to the capture of economies of scale and synergies arising from the incorporation of the Anhanguera figures. Meanwhile, general and administrative expenses improved 2.5 p.p. from 3Q14. As noted last quarter, this performance was due to the capture of efficiency gains and the efforts to reduce expenses implemented since the start of the integration process.

Provision for Doubtful Accounts (PDA)

Distance Learning - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Provision for Doubtful Account - PDA	(21,200)	(21,873)	-3.1%	(21,691)	-2.3%
PDA / Distance Learning Net Revenues	*-7.4%*	*-7.6%*	*0.2 p.p.*	*-7.4%*	*0.0 p.p.*

Provisioning for the DL business as a ratio of net revenue stood at 7.4%, remaining stable in relation to 3Q14 and 2Q15, which reinforces the effectiveness of the collection policies, despite the more challenging economic scenario. This performance also reflects the capture of gains and benefits from the Anhanguera merger achieved by unifying collections practices.

Accounts Receivable

Distance Learning - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Net Accounts Receiveble	**200,043**	**146,850**	**36.2%**	**219,611**	**-8.9%**
Tuition and Agreements to Receive - Short term	200,043	146,850	36.2%	219,611	-8.9%

In 3Q15, net accounts receivables in the Distance Learning business amounted to R$200.0 million, increasing 36.2% from 3Q14, which is basically explained by growth in the receivables-generating student base and by the longer average receivables term. Compared to 2Q15, the decrease is due to the Company's effective renegotiation and collections policies practiced during the re-enrollment processes for the second semester.

Average Accounts Receivable Term

Distance Learning - Days	3Q15	3Q14	Chg.(days)	2Q15	Chg.(days)
Net Accounts Receivable / Net Revenue	61	46	15 Days	66	-05 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.

In 3Q15, the average term increased by 15 days compared to 3Q14 and decreased by 5 days compared to 2Q15, reflecting the strict negotiation policies practiced during the re-enrollment process.

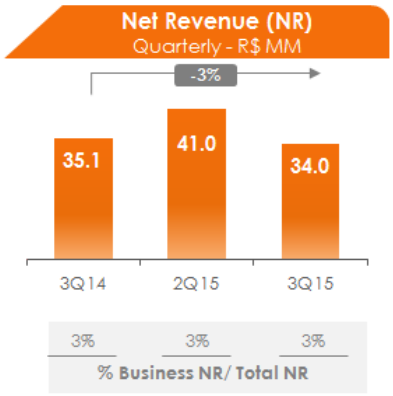
Operating Result

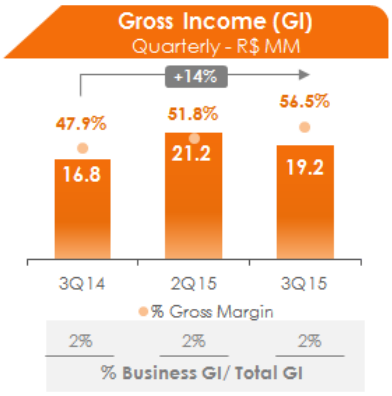
Distance Learning - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Gross Income	**225,457**	**210,485**	**7.1%**	**217,811**	**3.5%**
(-) Total Operating Expenses	(22,246)	(31,972)	-30.4%	(27,131)	-18.0%
(-) Provision for Doubtful Account - PDA	(21,200)	(21,873)	-3.1%	(21,691)	-2.3%
(+) Interest and Penalties on Tuition	14,683	9,241	58.9%	8,429	74.2%
Operating Result	**196,694**	**165,881**	**18.6%**	**177,418**	**10.9%**
Operating Margin	*68.7%*	*57.9%*	*10.8 p.p.*	*60.8%*	*7.9 p.p.*

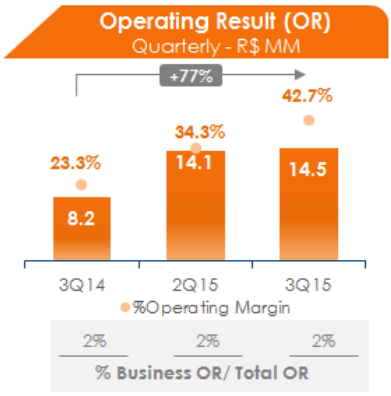
In 3Q15, the operating result (excluding marketing expenses) of the Distance Learning segment amounted to R$196.7 million, increasing 18.6% from 3Q14, with operating margin expanding 10.8 p.p. to 68.7%, reflecting the capture of important synergies and operating efficiency gains in the segment. The improvement in performance was also observed in the comparison with 2Q15, with operating margin expanding 7.9 p.p., also influenced by seasonality. In 9M15, the operating result was R$596.3 million, with margin of 66.2%, expanding 0.8 p.p. on 9M14, even though the result at Anhanguera involves a larger cost structure.

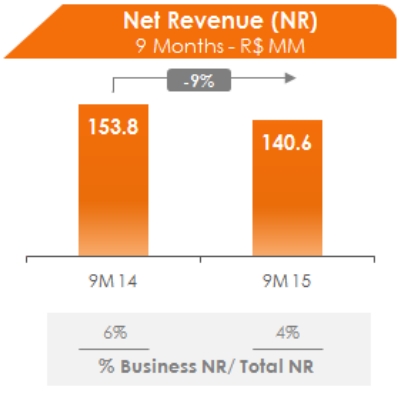
FINANCIAL PERFORMANCE – PRIMARY AND SECONDARY

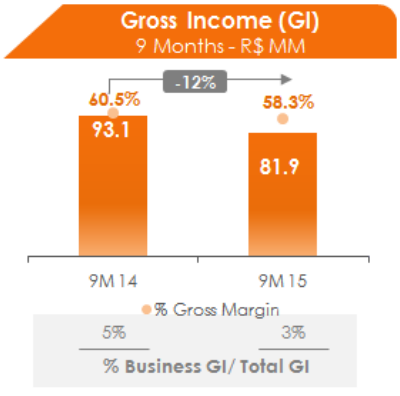
Primary and Secondary Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%	9M15	9M14	Chg.%
Gross Revenue	**36,325**	**39,303**	**-7.6%**	**43,920**	**-17.3%**	**148,962**	**166,065**	**-10.3%**
Gross Profit Deductions	(2,317)	(4,160)	-44.3%	(2,957)	-21.6%	(8,398)	(12,288)	-31.7%
Tax	(925)	(1,404)	-34.1%	(1,130)	-18.1%	(3,387)	(3,804)	-11.0%
ProUni	-	-	n.a.	-	n.a.	-	-	n.a.
Returns	(1,392)	(2,756)	-49.5%	(1,827)	-23.8%	(5,011)	(8,484)	-40.9%
Total Discounts	-	-	n.a.	-	n.a.	-	-	n.a.
Net Revenue	**34,007**	**35,143**	**-3.2%**	**40,964**	**-17.0%**	**140,563**	**153,777**	**-8.6%**
Management Contracts and Own Operations	16,036	14,526	10.4%	15,439	3.9%	46,671	42,566	9.6%
Associated Schools Network	17,971	20,616	-12.8%	25,524	-29.6%	93,893	111,210	-15.6%
Total of Costs	**(14,796)**	**(18,319)**	**-19.2%**	**(19,743)**	**-25.1%**	**(58,668)**	**(60,709)**	**-3.4%**
Cost of Goods	(5,800)	(8,281)	-30.0%	(7,931)	-26.9%	(26,750)	(29,879)	-10.5%
Cost of Services	(8,996)	(10,038)	-10.4%	(11,811)	-23.8%	(31,918)	(30,830)	3.5%
Faculty, Other Personnel and Third-Party Services	(6,832)	(7,629)	-10.4%	(9,053)	-24.5%	(23,227)	(21,335)	8.9%
Rent	(333)	(309)	8.0%	(271)	22.9%	(950)	(850)	11.7%
Materials	(6)	(126)	-95.6%	(5)	6.0%	(41)	(121)	-66.1%
Maintenance	(177)	(367)	-51.8%	(136)	29.9%	(475)	(1,634)	-70.9%
Other	(1,648)	(1,608)	2.5%	(2,346)	-29.8%	(7,225)	(6,889)	4.9%
Gross Income	**19,212**	**16,824**	**14.2%**	**21,221**	**-9.5%**	**81,895**	**93,068**	**-12.0%**
Management Contracts and Own Operations	8,440	7,692	9.2%	6,746	25.1%	21,442	23,128	-7.3%
Associated Schools Network	10,771	1,772	18.5%	14,475	-25.6%	60,454	69,940	-13.6%
Gross Margin	*56.5%*	*47.9%*	8.6 p.p.	51.8%	4.7 p.p.	*58.3%*	*60.5%*	-2.3 p.p.
Management Contracts and Own Operations	*24.8%*	*22.0%*	2.8 p.p.	16.5%	8.3 p.p.	*15.3%*	*15.0%*	0.2 p.p.
Associated Schools Network	*31.7%*	*25.9%*	5.8 p.p.	35.3%	-3.7 p.p.	*43.0%*	*45.5%*	-2.5 p.p.
Total Operating Expenses	**(4,454)**	**(7,585)**	**-41.3%**	**(6,821)**	**-34.7%**	**(17,244)**	**(24,356)**	**-29.2%**
Personnel Expenses	(3,335)	(4,535)	-26.5%	(5,128)	-35.0%	(12,936)	(15,459)	-16.3%
General and Administrative Expenses	(1,119)	(3,050)	-63.3%	(1,693)	-33.9%	(4,309)	(8,896)	-51.6%
Provision for Doubtful Account - PDA	(359)	(1,126)	-68.1%	(484)	-25.9%	(1,700)	(4,346)	-60.9%
(+) Interest and Penalties on Tuition	132	84	57.6%	134	-1.7%	389	390	-0.4%
Operating Result	**14,531**	**8,197**	**77.3%**	**14,050**	**3.4%**	**63,340**	**64,757**	**-2.2%**
Operating Margin	*42.7%*	*23.3%*	19.4 p.p.	34.3%	8.4 p.p.	*45.1%*	*42.1%*	3.0 p.p.

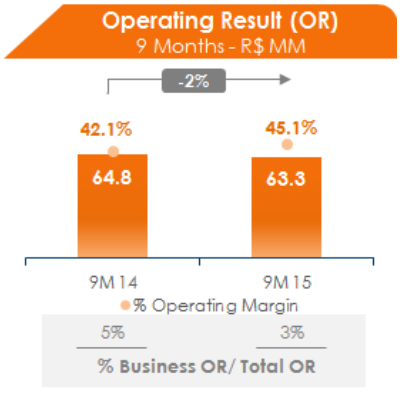












Revenue and Deductions

Primary and Secondary Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Gross Revenue	**36,325**	**39,303**	**-7.6%**	**43,920**	**-17.3%**
Gross Profit Deductions	(2,317)	(4,160)	-44.3%	(2,957)	-21.6%
Tax	(925)	(1,404)	-34.1%	(1,130)	-18.1%
ProUni	-	-	n.a.	-	n.a.
Returns	(1,392)	(2,756)	-49.5%	(1,827)	-23.8%
Total Discounts	-	-	n.a.	-	n.a.
Net Revenue	**34,007**	**35,143**	**-3.2%**	**40,964**	**-17.0%**
Management Contracts and Own Operations	16,036	14,526	10.4%	15,439	3.9%
Associated Schools Network	17,971	20,616	-12.8%	25,524	-29.6%

Deductions

In 3Q15, deductions as a ratio of gross revenue decreased 4.2 p.p. compared to 3Q14, reflecting the improvement in the line returns observed in the quarter due to the operational improvements made to the logistics system over the last year.

Net Revenue

Net revenue decreased a slight 3.2% from 3Q14, mainly due to the rescission of contracts with SESI schools as of this year. Excluding this effect, the segment would have posted positive revenue growth, given the good performance of management contracts and own operations, which posted net revenue growth of 10% on 3Q14. Compared to 2Q15, the decrease of 17.0% in net revenue reflects seasonality, given the anticipation of sales to that quarter. In 9M15, net revenue amounted to R$140.6 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 2015 was R$462.00 per student, or 7.9% higher than in 2014.

Costs

Primary and Secondary Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total of Costs	**(14,796)**	**(18,319)**	**-19.2%**	**(19,743)**	**-25.1%**
Cost of Goods (CG)	(5,800)	(8,281)	-30.0%	(7,931)	-26.9%
Cost of Services (CS)	(8,996)	(10,038)	-10.4%	(11,811)	-23.8%
Faculty, Other Personnel and Third-Party Services	(6,832)	(7,629)	-10.4%	(9,053)	-24.5%
Rent	(333)	(309)	8.0%	(271)	22.9%
Materials	(6)	(126)	-95.6%	(5)	6.0%
Maintenance	(177)	(367)	-51.8%	(136)	29.9%
Other	(1,648)	(1,608)	2.5%	(2,346)	-29.8%

% of Net Revenues	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total of Costs	**-43.5%**	**-52.1%**	**8.6 p.p.**	**-48.2%**	**4.7 p.p.**
Cost of Goods (CG)	-17.1%	-23.6%	6.5 p.p.	-19.4%	2.3 p.p.
Cost of Services (CS)	-26.5%	-28.6%	2.1 p.p.	-28.8%	2.4 p.p.
Faculty, Other Personnel and Third-Party Services	-20.1%	-21.7%	1.6 p.p.	-22.1%	2.0 p.p.
Rent	-1.0%	-0.9%	-0.1 p.p.	-0.7%	-0.3 p.p.
Materials	0.0%	-0.4%	0.3 p.p.	0.0%	0.0 p.p.
Maintenance	-0.5%	-1.0%	0.5 p.p.	-0.3%	-0.2 p.p.
Other	-4.8%	-4.6%	-0.3 p.p.	-5.7%	0.9 p.p.

In 3Q15, cost of goods sold as a ratio of net revenue in the business decreased 6.5 p.p. due to the different calendar of book collection production between the periods. The 2.1 p.p. decrease in cost of services from 3Q14 was due to the streamlining of technical staff and faculty to improve the segment's operations. Compared to the prior quarter, the decrease in cost of services was due to the reduced hiring of third-party services.

Gross Income

Primary and Secondary Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Gross Income	**19,212**	**16,824**	**14.2%**	**21,221**	**-9.5%**
Management Contracts and Own Operations	8,440	7,731	9.2%	6,746	25.1%
Associated Schools Network	10,771	9,093	18.5%	14,475	-25.6%
Gross Margin	*56.5%*	*47.9%*	*8.6 p.p.*	*51.8%*	*4.7 p.p.*
Management Contracts and Own Operations	*24.8%*	*22.0%*	*2.8 p.p.*	*16.5%*	*8.3 p.p.*
Associated Schools Network	*31.7%*	*25.9%*	*5.8 p.p.*	*35.3%*	*-3.7 p.p.*

In 3Q15 compared to 3Q14, gross income increased 14.2% and gross margin expanded 8.6 p.p. due to lower costs. On the other hand, in 9M15, gross income decreased 12.0% from 9M14, with gross margin contracting 2.3 p.p., mainly due to the rescission of contracts with SESI schools.

Operating Expenses

Primary and Secondary Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total Operating Expenses	**(4,454)**	**(7,585)**	**-41.3%**	**(6,821)**	**-34.7%**
Personnel Expenses	(3,335)	(4,535)	-26.5%	(5,128)	-35.0%
General and Administrative Expenses	(1,119)	(3,050)	-63.3%	(1,693)	-33.9%

% of Net Revenues	3Q15	3Q14	Chg.%	2Q15	Chg.%
Total Operating Expenses	**-13.1%**	**-21.6%**	8.5 p.p.	**-16.7%**	3.6 p.p.
Personnel Expenses	-9.8%	-12.9%	3.1 p.p.	-12.5%	2.7 p.p.
General and Administrative Expenses	-3.3%	-8.7%	5.4 p.p.	-4.1%	0.8 p.p.

Personnel, General and Administrative Expenses

Personnel, general and administrative expenses as a percentage of revenue decreased 8.5 p.p. from 3Q14. As in previous quarters, the reduction is explained by the initiatives to optimize headcount and by lower expenses with third party services in the segment.

Provision for Doubtful Accounts (PDA)

Primary and Secondary Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Provision for Doubtful Account - PDA	(359)	(1,126)	-68.1%	(484)	-25.9%
PDA / Primary and Secondary Education Net Revenues	*-1.1%*	*-3.2%*	*2.1 p.p.*	*-1.2%*	*0.1 p.p.*

PDA stood at 1.1% of net revenue in 3Q15, decreasing 2.1 p.p. from 3Q14, due to the adjustment in provisioning in that period given the anticipation of the calendar. Compared to the prior quarter, PDA remained practically stable at a very low level, which reaffirms the effectiveness of the provisioning policy adopted for the segment.

Accounts Receivable

Primary and Secondary Education	3Q15	3Q14	Chg.%	2Q15	Chg.%
Net Accounts Receivable	**28,676**	**39,754**	**-27.9%**	**35,567**	**-19.4%**

The reduction in accounts receivable compared to 3Q14 and 2Q15 is explained by more effective collections efforts at the Associated Schools.

Average Accounts Receivable Term

Primary and Secondary Education - Days	3Q15	3Q14	Chg.(days)	2Q15	Chg.(days)
Net Accounts Receivable / Net Revenue	58	81	-23 Days	72	-14 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 decrease of 23 days in the average accounts receivable term in the Primary and Secondary Education business in 3Q15 compared to 3Q14 is related with the higher level of recovery at the Associated Schools.

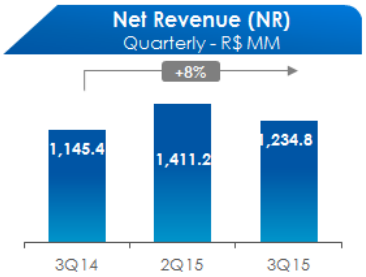
Operating Result

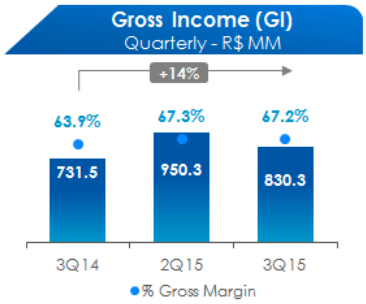
Primary and Secondary Education - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Gross Income	**19,212**	**16,824**	**14.2%**	**21,221**	**-9.5%**
(-) Total Operating Expenses	(4,454)	(7,585)	-41.3%	(6,821)	-34.7%
(-) Provision for Doubtful Account - PDA	(359)	(1,126)	-68.1%	(484)	-25.9%
(+) Interest and Penalties on Tuition	132	84	57.6%	134	-1.7%
Operating Result	**14,531**	**8,197**	**77.3%**	**14,050**	**3.4%**
Operating Margin	*42.7%*	*23.3%*	19.4 p.p.	34.3%	8.4 p.p.

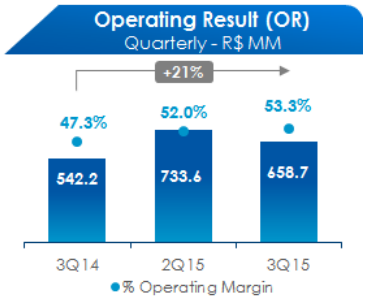
In 3Q15, the operating result (before marketing expenses) amounted to R$14.5 million, with operating margin of 42.7%, an increase of 19.4 p.p. from 3Q14, a period that was adversely affected by the anticipation to 2Q14 of the delivery and sale of collections. Compared to 2Q15, operating margin increased 8.4 p.p., which is explained by initiatives to capture operating efficiency gains. In 9M15, the operating result was R$63.3 million, with operating margin of 45.1%.

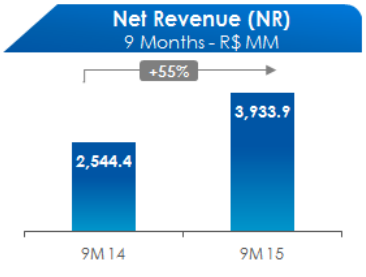
FINANCIAL PERFORMANCE – KROTON

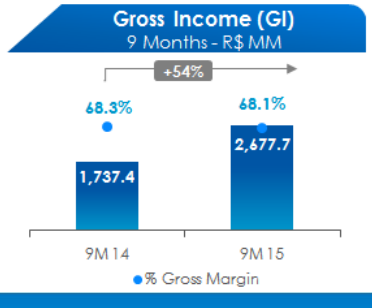
Consolidated - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%	9M15	9M14	Chg.%
Gross Revenue	**1,600,880**	**1,456,769**	**9.9%**	**1,808,764**	**-11.5%**	**5,033,342**	**3,149,450**	**59.8%**
Gross Profit Deductions	(366,084)	(311,360)	17.6%	(397,579)	-7.9%	(1,099,486)	(605,037)	81.7%
Tax	(36,078)	(35,392)	1.9%	(42,763)	-15.6%	(117,035)	(70,709)	65.5%
ProUni	(226,432)	(182,616)	24.0%	(223,763)	1.2%	(665,568)	(342,014)	94.6%
Returns	(1,392)	(2,756)	-49.5%	(1,827)	-23.8%	(5,011)	(8,484)	-40.9%
Total Discounts	(102,182)	(90,596)	12.8%	(129,227)	-20.9%	(311,872)	(183,829)	69.7%
Net Revenue	**1,234,796**	**1,145,410**	**7.8%**	**1,411,185**	**-12.5%**	**3,933,856**	**2,544,413**	**54.6%**
Total of Costs	**(404,539)**	**(413,919)**	**-2.3%**	**(460,917)**	**-12.2%**	**(1,256,190)**	**(807,025)**	**55.7%**
Cost of Goods	(5,800)	(8,281)	-30.0%	(7,931)	-26.9%	(26,750)	(29,879)	-10.5%
Cost of Services	(398,739)	(405,638)	-1.7%	(452,985)	-12.0%	(1,229,440)	(777,146)	58.2%
Faculty, Other Personnel and Third-Party Services	(292,574)	(296,513)	-1.3%	(345,454)	-15.3%	(900,994)	(574,801)	56.7%
Rent	(79,274)	(73,202)	8.3%	(82,701)	-4.1%	(242,664)	(125,955)	92.7%
Materials	(12,937)	(18,343)	-29.5%	(4,983)	159.6%	(34,538)	(37,779)	-8.6%
Maintenance	(3,100)	(6,223)	-50.2%	(5,534)	-44.0%	(13,596)	(14,343)	-5.2%
Other	(10,853)	(11,357)	-4.4%	(14,313)	-24.2%	(37,648)	(24,267)	55.1%
Gross Income	**830,257**	**731,490**	**13.5%**	**950,268**	**-12.6%**	**2,677,666**	**1,737,388**	**54.1%**
Gross Margin	*67.2%*	*63.9%*	*3.4 p.p.*	*67.3%*	*-0.1 p.p.*	*68.1%*	*68.3%*	*-0.2 p.p.*
Total Operating Expenses	**(141,586)**	**(171,303)**	**-17.3%**	**(165,241)**	**-14.3%**	**(463,152)**	**(323,504)**	**43.2%**
Personnel, General and Administrative Expenses	(141,586)	(171,303)	-17.3%	(165,241)	-14.3%	(463,152)	(323,504)	43.2%
Personnel Expenses	(83,834)	(103,344)	-18.9%	(99,384)	-15.6%	(280,081)	(189,290)	48.0%
General and Administrative Expenses	(57,753)	(67,959)	-15.0%	(65,857)	-12.3%	(183,071)	(134,214)	36.4%
Provision for Doubtful Account - PDA	**(60,578)**	**(44,846)**	**35.1%**	**(74,487)**	**-18.7%**	**(202,136)**	**(102,756)**	**96.7%**
(+) Interest and Penalties on Tuition	30,598	26,832	14.0%	23,025	32.9%	83,712	44,068	90.0%
Operating Result	**658,690**	**542,173**	**21.5%**	**733,565**	**-10.2%**	**2,096,090**	**1,355,197**	**54.7%**
Operating Margin	*53.3%*	*47.3%*	*6.0 p.p.*	*52.0%*	*1.4 p.p.*	*53.3%*	*53.3%*	*0.0 p.p.*
Selling and Marketing Expenses	**(79,937)**	**(68,442)**	**16.8%**	**(67,206)**	**18.9%**	**(235,726)**	**(135,292)**	**74.2%**
Corporate Expenses	**(70,543)**	**(74,934)**	**-5.9%**	**(65,475)**	**7.7%**	**(199,700)**	**(163,393)**	**22.2%**
Adjusted EBITDA	**508,210**	**398,797**	**27.4%**	**600,884**	**-15.4%**	**1,660,664**	**1,056,513**	**57.2%**
Adjusted EBITDA Margin	*41.2%*	*34.8%*	*6.3 p.p.*	*42.6%*	*-1.4 p.p.*	*42.2%*	*41.5%*	*0.7 p.p.*
(-) Non-Recurring Costs and Expenses	(48,443)	(43,994)	10.1%	(53,597)	-9.6%	(137,938)	(56,299)	145.0%
EBITDA	**459,767**	**354,803**	**29.6%**	**547,287**	**-16.0%**	**1,522,726**	**1,000,214**	**52.2%**
EBITDA Margin	*37.2%*	*31.0%*	*6.3 p.p.*	*38.8%*	*-1.5 p.p.*	*38.7%*	*39.3%*	*-0.6 p.p.*
Depreciation and Amortization	(87,653)	(92,064)	-4.8%	(99,072)	-11.5%	(287,684)	(155,285)	85.3%
Financial Result	(30,074)	(32,619)	-7.8%	(33,476)	-10.2%	(104,556)	(55,417)	88.7%
Income Tax / Social Contribution	(36,589)	(16,129)	126.8%	(23,683)	54.5%	(77,047)	(31,838)	142.0%
Deferred Income Tax / Social Contribution	7,346	(992)	n.a.	25,092	-70.7%	47,250	(1,060)	n.a.
Net Income	**312,798**	**212,998**	**46.9%**	**416,149**	**-24.8%**	**1,100,690**	**756,614**	**45.5%**
Net Margin	*25.3%*	*18.6%*	*6.7 p.p.*	*29.5%*	*-4.2 p.p.*	*28.0%*	*29.7%*	*-1.8 p.p.*
(+) Non Recurring Costs and Expenses	48,443	43,994	10.1%	53,597	-9.6%	137,938	56,299	145.0%
(+) Intagnible Amortization (Acquisitions)	46,191	47,646	-3.1%	44,014	4.9%	137,876	67,944	102.9%
Adjusted Net Income	**407,432**	**304,638**	**33.7%**	**513,760**	**-20.7%**	**1,376,504**	**880,857**	**56.3%**
Adjusted Net Margin	*33.0%*	*26.6%*	*6.4 p.p.*	*36.4%*	*-3.4 p.p.*	*35.0%*	*34.6%*	*0.4 p.p.*

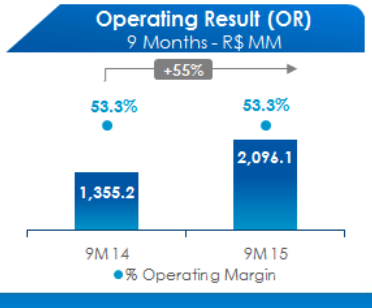












SELLING AND MARKETING EXPENSES

Consolidated - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Selling and Marketing Expenses	(79,937)	(68,442)	16.8%	(67,206)	18.9%

% of Net Revenue	3Q15	3Q14	Chg.%	2Q15	Chg.%
Selling and Marketing Expenses	-6.5%	-6.0%	-0.5 p.p.	-4.8%	-1.7 p.p.

Selling and marketing expenses as a ratio of net income increased only 0.5 p.p. from 3Q14, reflecting the increase in commercial actions during the recruiting process for the second semester. Compared to 2Q15, the 1.7 p.p. increase is due to seasonality.

CORPORATE EXPENSES

Consolidated - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Corporate Expenses	(70,543)	(74,934)	-5.9%	(65,475)	7.7%
Personnel Expenses	(60,302)	(59,984)	0.5%	(49,002)	23.1%
General and Administrative Expenses	(10,241)	(14,950)	-31.5%	(16,474)	-37.8%

% of Net Revenue	3Q15	3Q14	Chg.%	2Q15	Chg.%
Corporate Expenses	-5.7%	-6.5%	0.8 p.p.	-4.6%	-1.1 p.p.
Personnel Expenses	-4.9%	-5.2%	0.4 p.p.	-3.5%	-1.4 p.p.
General and Administrative Expenses	-0.8%	-1.3%	0.5 p.p.	-1.2%	0.3 p.p.

Within corporate expenses, personnel expenses as a ratio of net revenue decreased 0.4 p.p. compared to 3Q14, mainly due to the progress made in capturing synergies from the post-merger consolidation of administrative structures and to the headcount adjustments at the corporate level mainly in the first half of the year. Compared to 2Q15, the 1.4 p.p. increase in personnel expenses was due to the retroactive adjustment in provisioning for the variable compensation plan. Analyzing separately general and administrative expenses as a ratio of net revenue shows declines of 0.5 p.p. and 0.3 p.p. from 3Q14 and 2Q15, respectively, due to lower spending on the strategic sourcing process and increased budget austerity.

NONRECURRING EVENTS

Values in R$ ('000)	3Q15	2Q15	1Q15	9M15
Integrations	35,669	47,105	30,516	113,290
Greenfield Projects	12,774	6,492	5,382	24,648
Total of Nonrecurring Items	**48,443**	**53,597**	**35,898**	**137,938**

Contrary to the previous quarter, in 3Q15, nonrecurring items decreased due to the progress made on the Anhanguera integration process. In this context, in 3Q15, we registered integration expenses of R$35.7 million. Within this amount, the highest items were expenses related to personnel/severance (R$19.7 million) and to strategic and IT consulting services (R$10.5 million). The Company also incurred expenses with greenfield and other projects, which together accounted for R$12.8 million in the period, with an increase in expenses related to the Uniasselvi divestment in 3Q15. In 9M15, nonrecurring expenses amounted to R$137.9 million. The Company expects nonrecurring expenses to decrease further in the coming quarter.

FINANCIAL RESULT

Consolidated - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
(+) Financial Revenues	17,343	16,502	5.1%	12,857	34.9%
Interest on Financial Investment	16,240	14,076	15.4%	9,369	73.3%
Others	1,103	2,426	-54.5%	3,488	-68.4%
(-) Financial Expenses	(47,417)	(49,121)	-3.5%	(46,334)	2.3%
Banks Expenses	(2,206)	(2,756)	-20.0%	(2,100)	5.0%
Interest on Loans	(28,839)	(35,562)	-18.9%	(25,652)	12.4%
Interest and Tax on Late Payment	(1,623)	(2,394)	-32.2%	(1,151)	41.0%
Interest on Loans for Acquisitions	(7,024)	(4,111)	70.9%	(5,480)	28.2%
Foreign Exchange Variation (FX)	-	(3,336)	n.a.	-	n.a.
Restatement of Contingencies	(6,456)	-	n.a.	(8,383)	-23.0%
Others	(1,269)	(962)	31.9%	(3,568)	-64.4%
Financial Result[1]	**(30,074)**	**(32,619)**	**-7.8%**	**(33,476)**	**-10.2%**

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

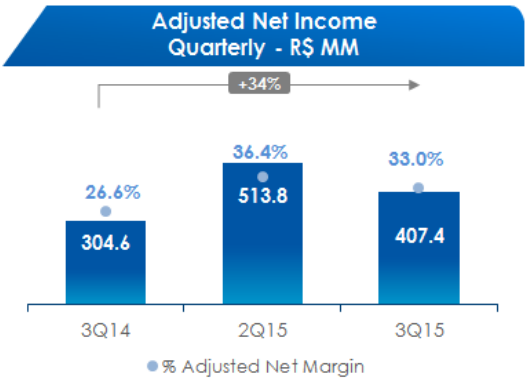
In 3Q15, the net financial result was an expense of R$30.1 million, which was impacted by the lines "Interest on Loans" and "Interest on Loans for Acquisitions," due to the carryover of debt from Anhanguera. As was the case in prior quarters, the breakdown of the line "Restatement of Contingencies," which also had an adverse impact on the quarter's financial result, proved necessary due to the higher amount assessed after preparing the Opening Balance Sheet due to the Anhanguera merger. Also note that the settlement of the entire outstanding balance of foreign-denominated debt in 4Q14 helped prevent a more significant adverse impact during this period marked by sharp local-currency depreciation. Compared to 2Q15, the net financial expense decreased, mainly due to the Company's higher cash balance.

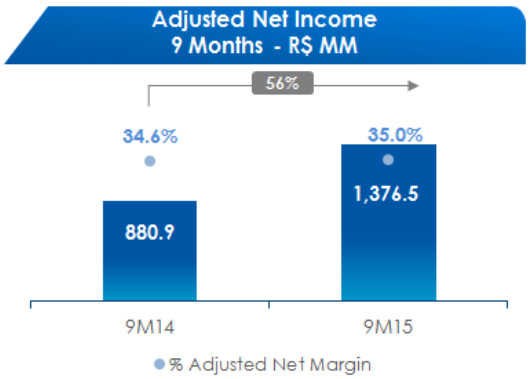
NET INCOME

Consolidated - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Operating Result	**658,690**	**542,173**	**21.5%**	**733,565**	**-10.2%**
(+) Selling and Marketing Expenses	(79,937)	(68,442)	16.8%	(67,206)	18.9%
(+) Corporate Expenses	(70,543)	(74,934)	-5.9%	(65,475)	7.7%
(+) Depreciation and Amortization ex-Intangible	(41,461)	(44,418)	-6.7%	(55,058)	-24.7%
(+) Financial Result[1]	(30,074)	(32,619)	-7.8%	(33,476)	-10.2%
(+) Income Tax / Social Contribution	(36,589)	(16,129)	126.8%	(23,683)	54.5%
(+) Deferred Income Tax / Social Contribution	7,346	(992)	n.a.	25,092	-70.7%
Adjusted Net Income	**407,432**	**304,638**	**33.7%**	**513,760**	**-20.7%**
Adjusted Net Margin	*33.0%*	*26.6%*	*6.4 p.p.*	*36.4%*	*-3.4 p.p.*
(+) Nonrecurring Costs and Expenses	(48,443)	(43,994)	10.1%	(53,597)	-9.6%
(+) Intangible Amortization (Acquisitions)	(46,191)	(47,646)	-3.1%	(44,014)	4.9%
Net Income	**312,798**	**212,998**	**46.9%**	**416,149**	**-24.8%**
Net Margin	*25.3%*	*18.6%*	*6.7 p.p.*	*29.5%*	*-4.2 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$407.4 million, with adjusted net margin of 33.0%, which expanded 6.4 p.p. from the same period in 2014. This result is explained by the capture of synergy and efficiency gains by the Company after the Anhanguera merger and by the projects successfully implemented over recent years. The variation in the line "Deferred Income Tax / Social Contribution" is due to temporary tax differences (for more information, see Note 9 to the Financial Statements). In 9M15, adjusted net income increased 56.3% to R$1,376.5 million, with adjusted net margin of 35.0%.





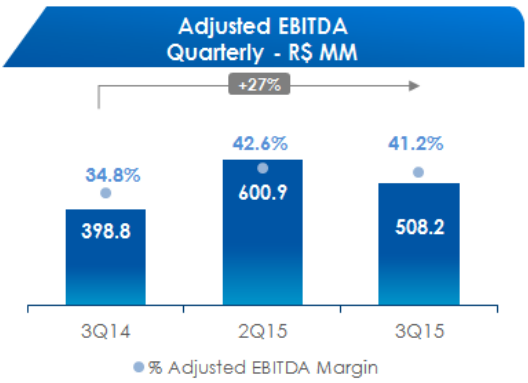
Excluding the adjustments for nonrecurring costs and expenses and the amortization of intangible assets, net income was R$312.8 million in 3Q15 and R$1.1 billion in 9M15.

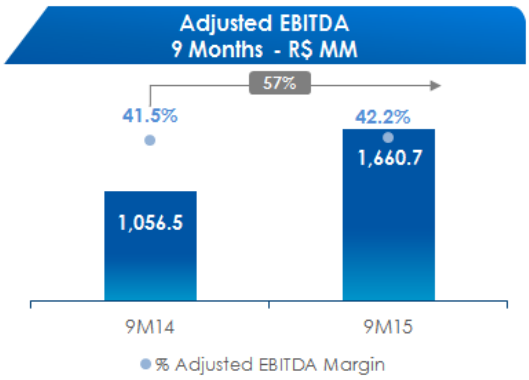
EBITDA

Consolidated - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Net Income (Loss)	**312,798**	**212,998**	**46.9%**	**416,149**	**-24.8%**
(+) Depreciation and Amortization	87,653	92,064	-4.8%	99,072	-11.5%
(+) Financial Result [1]	30,074	32,619	-7.8%	33,476	-10.2%
(+) Income Tax / Social Contribution	36,589	16,129	126.8%	23,683	54.5%
(+) Deferred Income Tax / Social Contribution	(7,346)	992	n.a.	(25,092)	-70.7%
EBITDA	**459,767**	**354,803**	**29.6%**	**547,287**	**-16.0%**
EBITDA Margin	*37.2%*	*31.0%*	*6.3 p.p.*	*38.8%*	*-1.5 p.p.*
(+) Nonrecurring Costs and Expenses	48,443	43,994	10.1%	53,597	-9.6%
Adjusted EBITDA	**508,210**	**398,797**	**27.4%**	**600,884**	**-15.4%**
Adjusted EBITDA Margin	*41.2%*	*34.8%*	*6.3 p.p.*	*42.6%*	*-1.4 p.p.*

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

Adjusted EBITDA was R$508.2 million, increasing 27.4% from 3Q14, with Adjusted EBITDA margin expanding 6.3 p.p.. EBITDA performance in the period confirms the efforts being made to capture operating efficiency gains and to rigorously control costs and expenses. In 9M15, adjusted EBITDA amounted to R$1,660.7 million, with EBITDA margin of 42.2%.



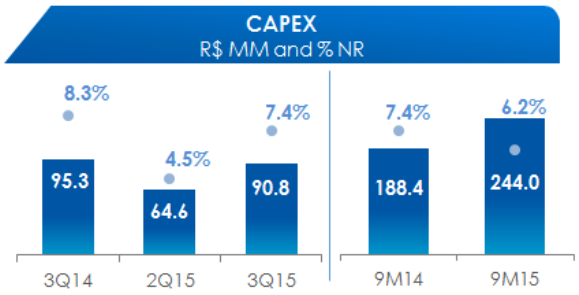


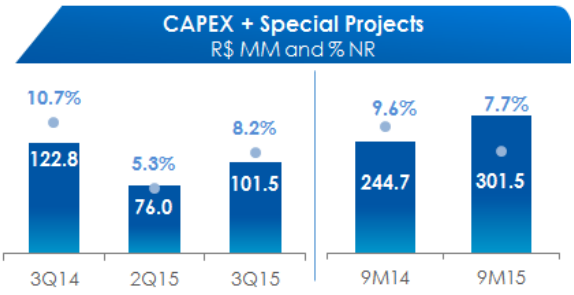
Excluding the adjustments for nonrecurring costs and expenses, the Company generated EBITDA of R$459.8 million in 3Q15 and R$1,522.7 million in 9M15, increasing 29.6% and 52.2%, respectively. Meanwhile, EBITDA margin stood at 37.2% in the quarter and 38.7% in the first nine months of the year.

INVESTMENT (CAPEX)

In 3Q15, Kroton invested R$90.8 million, allocated as follows:

(i) information technology and library equipment: R$17.1 million (19%);
(ii) content and systems development and software licenses: R$25.6 million (28%);
(iii) laboratory and related equipment: R$14.3 million (16%);
(iv) expansions – construction and improvements: R$33.8 million (37%).





In 3Q15, investments corresponded to 7.4% of net revenue, with the largest portion allocated to expansion projects involving construction and improvements at existing units, and to projects involving content development, systems development and software licensing. In 9M15, CAPEX amounted to R$244.0 million, which corresponds to 6.2% of the Company's net revenue in the period.

Kroton also has been investing in special projects, such as expansions of physical structures and greenfield projects, which came to R$10.8 million in 3Q15 and R$57.5 million in 9M15. Therefore, total investment as a ratio of net revenue stood at 8.2% in 3Q15 and 7.7% in 9M15, which is in line with the guidance for the year of 7.5%.

NET DEBT

Consolidated - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%
Cash and Cash Equivalents	481,551	397,284	21.2%	389,290	23.7%
Cash	10,364	40,906	-74.7%	12,035	-13.9%
Securities	471,187	356,378	32.2%	377,255	24.9%
Loans and Financing	846,881	1,137,281	-25.5%	889,915	-4.8%
Short-term Debt	204,052	244,971	-16.7%	196,982	3.6%
Long-term Debt	642,829	892,310	-28.0%	692,933	-7.2%
Net Cash (Debt)[1]	**(365,330)**	**(739,996)**	**-50.6%**	**(500,625)**	**-27.0%**
Other Short and Long Term Debt	273,436	314,979	-13.2%	272,901	0.2%
Net Cash (Debt)[2]	**(638,766)**	**(1,054,975)**	**-39.5%**	**(773,526)**	**-17.4%**

[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 close of 3Q15, total cash and financial investments amounted to R$481.6 million, up 23.7% from the prior period, mainly reflecting the cash generation in the quarter, which was impacted by the share buybacks conducted in the period. Accordingly, net debt ended the period at R$365.3 million, down from 2Q15, which represents a similar behavior, even if it is considered all other short and long-term obligations, such as tax and contribution payment installments and obligations related to the acquisitions up to 3Q15. Total net debt includes amounts related to installment payments for acquisitions, especially the amount related to Uniasselvi, which is being paid in six annual installments since 2013.

CASH FLOW

Actual Cash Flow

Consolidated - Values in R$ ('000)	3Q15	3Q14	Chg.%	2Q15	Chg.%	9M15	9M14	Chg.%
Net Income before Income Interest	**342,041**	**230,120**	**48.6%**	**414,739**	**-17.5%**	**1,130,486**	**789,513**	**43.2%**
(+) Net Income adjustments before Income Interest	165,022	217,480	-24.1%	211,711	-22.1%	563,212	376,874	49.4%
Depreciation and Amortization	87,668	92,064	-4.8%	99,073	-11.5%	287,700	155,284	85.3%
Provision for Doubtful Accounts (PDA)	60,578	44,846	35.1%	74,488	-18.7%	202,136	102,756	96.7%
Others	16,776	80,570	-79.2%	38,150	-56.0%	73,376	118,834	-38.3%
(+) Income Tax and Social Contribution	(4,451)	(1,178)	277.8%	(2,826)	57.5%	(11,306)	(12,507)	-9.6%
(+) Changes in Working Capital	(76,308)	12,155	n.a.	(355,440)	-78.5%	(890,695)	(203,007)	338.8%
(Increase) Reduction in Accounts Receivable ex-FIES	(18,687)	241,898	n.a.	(44,008)	-57.5%	(315,374)	94,690	n.a.
(Increase) Reduction in Accounts Receivable FIES	(59,989)	(224,108)	-73.2%	(320,195)	-81.3%	(589,949)	(305,793)	92.9%
Others	2,368	(5,635)	n.a.	8,763	-73.0%	14,628	8,096	80.7%
Operating Cash Generation before Capex	**426,304**	**458,577**	**-7.0%**	**268,184**	**59.0%**	**791,696**	**950,873**	**-16.7%**
Capex - Recurring	(92,017)	(113,688)	-19.1%	(58,970)	56.0%	(243,490)	(208,143)	17.0%
Operating Cash Generation after Capex	**334,287**	**344,889**	**-3.1%**	**209,213**	**59.8%**	**548,207**	**742,730**	**-26.2%**
Capex - Special Projects	11,505	(17,141)	n.a.	(8,776)	n.a.	(24,061)	(44,775)	-46.3%
Operating Cash Generation after Capex and Special Projects	**345,792**	**327,748**	**5.5%**	**200,438**	**72.5%**	**524,145**	**697,955**	**-24.9%**
(+) M&A Activities	(5,001)	182,426	n.a.	(35,788)	-86.0%	(46,871)	149,898	n.a.
(+) Cash Flow from Financing Activities	(248,538)	(602,877)	-58.8%	(107,259)	131.7%	(451,181)	(873,945)	-48.4%
Free Cash Flow	**92,253**	**(92,703)**	**n.a.**	**57,391**	**60.7%**	**26,093**	**(26,092)**	**n.a.**

Consolidated - Values in R$ ('000)	3Q15	3Q14	Chg.%	9M15	9M14	Chg.%
Operating Cash Generation (OCG) before Capex	**426,304**	**458,577**	**-7.0%**	**791,696**	**950,873**	**-16.7%**
OCG / EBITDA	*92.7%*	*129.2%*	-36.5 p.p.	*52.0%*	*95.1%*	-43.1 p.p.
Operating Cash Generation after Capex	**334,287**	**344,889**	**-3.1%**	**548,207**	**742,730**	**-26.2%**
OCG / EBITDA	*72.7%*	*97.2%*	-24.5 p.p.	*36.0%*	*74.3%*	-38.3 p.p.
Operating Cash Generation after Capex and Special Projects	**345,792**	**327,748**	**5.5%**	**524,145**	**697,955**	**-24.9%**
OCG / EBITDA	*75.2%*	*92.4%*	-17.2 p.p.	*34.4%*	*69.8%*	-35.4 p.p.
Free Cash Flow	**92,253**	**(92,703)**	**n.a.**	**26,093**	**(26,092)**	**n.a.**

The Company's Free Cash Flow stems from cash flow from operating activities – derived from net income adjusted for all noncash effects in the profit and loss 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. All figures in the above table exclude any adjustments or pro forma analyses and reflect only the actual cash flow in the periods.

Accordingly, operating cash flow before capex amounted to R$426.3 million in 3Q15, or 7.0% lower than in 3Q14, even if we were to consider the change in working capital due to the new cycle of tuition receivables from FIES students after Administrative Rule 23 (PN 23) announced in December 2014. Considering the disbursements for capex in the period, operating cash flow was R$334.3 million in 3Q15. Considering also the capex for special projects, operating cash flow was R$345.8 million, considerably higher than in the first half of the year, which is explained by the efforts to collect receivables from delinquent students at the start of the semester and to the increase in the average supplier payment term arising from the strategic sourcing project. Meanwhile, the Company's free cash flow was R$92.3 million in the period, confirming that FIES payments are being made in accordance with the new timetable and the effectiveness of the Company's revenue-recognition practices.

Operating cash flow after capex corresponded to 72.7% of EBITDA in 3Q15. After the disbursements for capex and special projects, cash flow corresponded to 75.2% of EBITDA in the period. In 9M15, operating cash flow after total capex disbursements corresponded to 36.0% of period EBITDA.

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 3Q15, registering financial trading volume of R$7.9 billion and 1,168,212 trades in the period, which represents average daily trading volume of R$123.9 million. On September 30, 2015, Kroton's market capitalization was R$12.5 billion.

In 3Q15, Kroton's stock price fell 35.2%, while the Bovespa Index (Ibovespa) fell 15.1%. In the same period, the ICON, IGC and ITAG decreased 6.5%, 13.1% and 12.6%, respectively. Kroton stock is currently covered by research analysts at 19 different local and international institutions.

Highlights- KROT3	3Q15
Average Daily Trade Volume (average)	R$ 123.9 million
Maximum (R$ per share)	R$ 11.98
Minimum (R$ per share)	R$ 7.41
Average (R$ per share)	R$ 9.50
Closing Quote	R$ 7.71
Variation in the period (%)	-35.2%

SHARE BUYBACK PROGRAM

On July 8, 2015, the Company approved its fifth repurchase program, which will be valid for 365 days and authorizes the acquisition of up to 54,007,297 shares, which corresponds to 4% of the free-float on said date.

During 3Q15, a total of 9,797,500 common shares issued by the Company were repurchased at an average price of R$8.79 per share, with this number of shares representing 18.1% of the limit established by the program.

OWNERSHIP STRUCTURE

After the capital increases approved on August 12, 2015, September 2, September 10 and September 16, 2015, Kroton's share capital is divided into 1,626,069,778 common shares, distributed as follows:

*Kroton Ownership Structure**	Quantity	%
Treasury	11,756,101	0.7%
Free Float	1,614,313,677	99.3%
Total	**1,626,069,778**	**100.0%**

* Position on October 31, 2015.

DIVIDENDS

In the Meeting held on November 12, 2015, the Board of Directors approved the distribution of dividends related to the results for the third quarter of 2015 in the amount of R$74,289,239.83, which will be calculated towards the minimum mandatory dividend for 2015 and corresponds to R$0.046 per common share and to 25% of adjusted net income, after deduction of the legal reserve. Shareholders of record at the close of trading on November 12, 2015 are entitled to the dividends.

UNIASSELVI DIVESTMENT

On October 23, Kroton entered into a purchase and sale agreement for all ownership interests in Uniasselvi. The sale price could reach R$1.1 billion, according to the following payment structure: (i) R$400 million to be paid in cash on the settlement date; (ii) R$450 million to be paid in five annual installments from 2018 to 2022, restated by the IPCA index; and (iii) up to R$255 million to be paid in the form of an additional price, in a variable amount to be calculated based on pre-established financial and operating targets, in annual installments from 2018 to 2022, restated by the IPCA index.

This consummation of the transaction is subject to compliance with specific conditions precedent, including its approval by CADE.

ACQUISITION OF STUDIARE

On October 16, Kroton entered into an agreement to acquire Studiare, a technology startup focused on education. Founded in Rio de Janeiro, Studiare has been a Kroton partner since 2013, providing customized content to meets the needs of each student.

Considered a pioneer in digital education, Studiare will focus its efforts on adaptive learning, while also improving educational management and customizing the academic model. The goal is to incorporate the latest technology and statistical techniques in order to optimize indicators and improve the efficiency of the academic operations.

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. Today, Kroton has approximately 1.0 million Postsecondary students in both the On-Campus and Distance Learning formats, through its 128 Postsecondary units and 726 active Undergraduate Distance Learning centers, and also offers Vocational programs under Pronatec and Preparatory Courses through LFG. In Primary and Secondary Education, its main business is offering Learning Systems, which in 2015 will serve 713 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$ ('000)

Assets	3Q15	% AV	2Q15	% AV
Current Assets	**2,122,756**	**12.9%**	**2,078,164**	**12.6%**
Cash and Banks	10,364	0.1%	12,035	0.1%
Financial Investments	466,493	2.8%	372,569	2.3%
Accounts Receivable	1,388,885	8.4%	1,392,676	8.4%
Inventories	23,028	0.1%	28,748	0.2%
Advances	40,129	0.2%	86,290	0.5%
Recoverable Taxes	71,905	0.4%	60,253	0.4%
Other Accounts Receivable	121,952	0.7%	125,593	0.8%
Non current Assets	**14,384,017**	**87.1%**	**14,406,755**	**87.4%**
Long Term Assets	**864,060**	**5.2%**	**886,061**	**5.4%**
Securities	4,694	0.0%	4,686	0.0%
Accounts Receivables	57,056	0.3%	35,168	0.2%
Deferred Taxes	508,195	3.1%	493,448	3.0%
Judicial Escrow Deposits	48,455	0.3%	50,299	0.3%
Advances to Suppliers	1,680	0.0%	1,680	0.0%
Judicial Escrow Deposits	7,459	0.0%	6,103	0.0%
Warranty for Fiscal, Work and Civil Losses	227,756	1.4%	287,364	1.7%
Other	8,765	0.1%	7,313	0.0%
Investments	1,600	0.0%	1,600	0.0%
Fixed Assets	1,538,867	9.3%	1,503,439	9.1%
Intangible	11,979,490	72.6%	12,015,655	72.9%
Total Assets	**16,506,773**	**100.0%**	**16,484,919**	**100.0%**
Liabilities and Shareholders' Equity				
Current Liabilities	**1,121,773**	**6.8%**	**1,090,001**	**6.6%**
Suppliers	133,980	0.8%	179,239	1.1%
Loans and Financing	2,281	0.0%	2,439	0.0%
Debenture	201,771	1.2%	194,543	1.2%
Payroll and Related Charges	403,774	2.4%	394,388	2.4%
Income Tax and Social Contribution	100,886	0.6%	64,495	0.4%
Taxes and Contribution	72,613	0.4%	65,005	0.4%
Advances to Clients	113,502	0.7%	94,362	0.6%
Tax and Contribution Payment Installments	11,056	0.1%	11,208	0.1%
Accounts Payable - Acquisitions	76,308	0.5%	77,563	0.5%
Dividends Payable	7	0.0%	6	0.0%
Other	5,595	0.0%	6,753	0.0%
Non current Liabilities	**3,091,529**	**18.7%**	**3,242,398**	**19.7%**
Suppliers	-	0.0%	-	0.0%
Loans and Financing	39,163	0.2%	39,632	0.2%
Debenture	603,666	3.7%	653,301	4.0%
Provision for Tax, Labor and Civil Lawsuit Losses	1,016,335	6.2%	1,126,416	6.8%
Tax and Contribution Payment Installments	47,733	0.3%	48,873	0.3%
Accounts Payable - Acquisitions	138,339	0.8%	135,257	0.8%
Deferred Taxes	1,242,038	7.5%	1,234,637	7.5%
Others	4,255	0.0%	4,282	0.0%
Shareholder´s Equity	**12,293,472**	**74.5%**	**12,152,520**	**73.7%**
Total Liabilities and Shareholders' Equity	**16,506,773**	**100.0%**	**16,484,919**	**100.0%**

APPENDIX 2 – QUARTERLY INCOME STATEMENT RECONCILIATION

		Non-accounting adjustments					
	3Q15 Results (Book)	Interest and Penalties on Tuition	Depre-ciation	Intangible Amortization (Acquisitions)	Non-recurring Costs and Expenses	Reclassification between Costs and expenses	3Q15 Results (Release)
	(In thousand reais, except otherwise indicated)						
Gross Revenue	**1,600,880**	-	-	-	-	-	**1,600,880**
Postsecondary	1,564,555	-	-	-	-	-	1,564,555
Primary and Secondary	36,325	-	-	-	-	-	36,325
Deductions from Gross Revenue	**(366,084)**	-	-	-	-	-	**(366,084)**
Postsecondary	(363,767)	-	-	-	-	-	(363,767)
Primary and Secondary	(2,317)	-	-	-	-	-	(2,317)
Net Revenue	**1,234,796**	-	-	-	-	-	**1,234,796**
Postsecondary	1,200,788	-	-	-	-	-	1,200,788
Primary and Secondary	34,007	-	-	-	-	-	34,007
Costs of Goods/Services	**(535,586)**	-	-	-	-	-	**(404,539)**
Cost of Goods Sold	(5,800)	-	-	-	-	-	(5,800)
Cost of Services Rendered	(529,787)	-	24,211	-	21,048	(85,788)	(398,739)
Gross Income	**699,209**	-	-	-	-	-	**830,257**
Operating Expenses	**(357,780)**	-	-	-	-	-	**(352,645)**
Selling Expenses	(81,158)	-	-	-	26	(1,194)	(79,937)
Provision for Doubtful Accounts	(60,578)	-	-	-	-	-	(60,578)
Personnel Expenses	(105,479)	-	-	-	15,307	53,964	(144,135)
General and Administrative Expenses	(113,718)	-	63,441	-	15,301	33,018	(67,994)
Other Operating Income (Expenses)	3,152	-	-	-	(3,152)	-	-
Income before Financial Result	**341,429**	-	-	-	-	-	**477,612**
Interest and Penalties on Tuition	-	30,598	-	-	-	-	30,598
Depreciation and Amortization	-	-	(87,653)	46,191	-	-	(41,461)
Financial Result	**612**	-	-	-	-	-	**(30,074)**
Financial Expenses	(47,329)	-	-	-	(88)	-	(47,417)
Financial Revenues	47,941	(30,598)	-	-	-	-	17,343
Income from Operations	**342,041**	-	-	-	-	-	**436,675**
Income and Social Contribution Tax	(29,243)	-	-	-	-	-	(29,243)
Current	(36,589)	-	-	-	-	-	(36,589)
Deferred	7,346	-	-	-	-	-	7,346
Net Income	**312,798**	**-**	**-**	**46,191**	**48,443**	**-**	**407,432**

APPENDIX 3 – FULL YEAR INCOME STATEMENT RECONCILIATION

		Non-accounting adjustments					
	9M15 Results (Book)	Interest and Penalties on Tuition	Depre-ciation	Intangible Amortization (Acquisitions)	Non-recurring Costs and Expenses	Reclassifi-cation between Costs and expenses	9M15 Results (Release)
	(In thousand reais, except otherwise indicated)						
Gross Revenue	**5,033,342**	-	-	-	-	-	**5,033,342**
Postsecondary	4,884,380	-	-	-	-	-	4,884,380
Primary and Secondary	148,962	-	-	-	-	-	148,962
Deductions from Gross Revenue	**(1,099,486)**	-	-	-	-	-	**(1,099,486)**
Postsecondary	(1,091,088)	-	-	-	-	-	(1,091,088)
Primary and Secondary	(8,398)	-	-	-	-	-	(8,398)
Net Revenue	**3,933,856**	-	-	-	-	-	**3,933,856**
Postsecondary	3,793,292	-	-	-	-	-	3,793,292
Primary and Secondary	140,563	-	-	-	-	-	140,563
Costs of Goods/Services	**(1,667,081)**	-	-	-	-	-	**(1,256,190)**
Cost of Goods Sold	(26,750)	-	-	-	-	-	(26,750)
Cost of Services Rendered	(1,640,331)	-	107,194	-	33,364	(270,333)	(1,229,440)
Gross Income	**2,266,775**	-	-	-	-	-	**2,677,666**
Operating Expenses	**(1,114,896)**	-	-	-	-	-	**(1,100,713)**
Selling Expenses	(241,236)	-	-	-	320	(5,190)	(235,726)
Provision for Doubtful Accounts	(202,136)	-	-	-	-	-	(202,136)
Personnel Expenses	(339,047)	-	-	-	81,328	181,021	(438,739)
General and Administrative Expenses	(334,590)	-	180,490	-	24,491	94,502	(224,112)
Other Operating Income (Expenses)	2,113	-	-	-	(2,113)	-	-
Income before Financial Result	**1,151,879**	-	-	-	-	-	**1,576,953**
Interest and Penalties on Tuition	-	83,712	-	-	-	-	83,712
Depreciation and Amortization	-	-	(287,684)	137,876	-	-	(149,808)
Financial Result	**(21,393)**	-	-	-	-	-	**(104,556)**
Financial Expenses	(146,900)	-	-	-	549	-	(146,351)
Financial Revenues	125,507	(83,712)	-	-	-	-	41,795
Income from Operations	**1,130,486**	-	-	-	-	-	**1,406,301**
Income and Social Contribution Tax	(29,797)	-	-	-	-	-	(29,797)
Current	(77,047)	-	-	-	-	-	(77,047)
Deferred	47,250	-	-	-	-	-	47,250
Net Income	**1,100,689**	**-**	**-**	**137,876**	**137,938**	**-**	**1,376,504**

APPENDIX 4 – QUARTERLY INCOME STATEMENT

	3Q15	% Net Rev.	3Q14	% Net Rev.	3Q15 / 3Q14	2Q15	% Net Rev.	3Q15 / 2Q15
	(In thousand reais, except otherwise indicated)							
Gross Revenue	**1,600,880**	**129.6%**	**1,456,769**	**127.2%**	**9.9%**	**1,808,764**	**128.2%**	**-11.5%**
Postsecondary	1,564,555	126.7%	1,417,466	123.8%	10.4%	1,764,844	125.1%	-11.3%
Primary and Secondary	36,325	2.9%	39,303	3.4%	-7.6%	43,920	3.1%	-17.3%
Deductions from Gross Revenue	**(366,084)**	**-29.6%**	**(311,360)**	**-27.2%**	**17.6%**	**(397,579)**	**-28.2%**	**-7.9%**
Postsecondary	(363,767)	-29.5%	(307,200)	-26.8%	18.4%	(394,623)	-28.0%	-7.8%
Primary and Secondary	(2,317)	-0.2%	(4,160)	-0.4%	-44.3%	(2,957)	-0.2%	-21.6%
Net Revenue	**1,234,796**	**100.0%**	**1,145,410**	**100.0%**	**7.8%**	**1,411,185**	**100.0%**	**-12.5%**
Postsecondary	1,200,788	97.2%	1,110,267	96.9%	8.2%	1,370,221	97.1%	-12.4%
Primary and Secondary	34,007	2.8%	35,143	3.1%	-3.2%	40,964	2.9%	-17.0%
Costs of Goods/Services	**(535,586)**	**-43.4%**	**(450,575)**	**-39.3%**	**18.9%**	**(595,978)**	**-42.2%**	**-10.1%**
Cost of Goods Sold	(5,800)	-0.5%	(8,281)	-0.7%	-30.0%	(7,931)	-0.6%	-26.9%
Cost of Services Rendered	(529,787)	-42.9%	(442,294)	-38.6%	19.8%	(588,047)	-41.7%	-9.9%
Gross Income	**699,209**	**56.6%**	**694,835**	**60.7%**	**0.6%**	**815,207**	**57.8%**	**-14.2%**
Operating Expenses	**(357,780)**	**-29.0%**	**(458,928)**	**-40.1%**	**-22.0%**	**(389,380)**	**-27.6%**	**-8.1%**
Selling Expenses	(81,158)	-6.6%	(68,442)	-6.0%	18.6%	(68,905)	-4.9%	17.8%
Provision for Doubtful Accounts	(60,578)	-4.9%	(44,846)	-3.9%	35.1%	(74,487)	-5.3%	-18.7%
Personnel Expenses	(105,479)	-8.5%	(196,515)	-17.2%	-46.3%	(127,832)	-9.1%	-17.5%
General and Administrative Expenses	(113,718)	-9.2%	(149,011)	-13.0%	-23.7%	(118,342)	-8.4%	-3.9%
Other Operating Income (Expenses)	3,152	0.3%	(114)	-0.0%	n.a.	186	0.0%	n.a.
Income before Financial Result	**341,429**	**29.8%**	**235,906**	**20.6%**	**44.7%**	**425,827**	**30.2%**	**-19.8%**
Financial Result	**612**	**0.0%**	**(5,787)**	**-0.5%**	**-110.6%**	**(11,088)**	**-0.8%**	**-105.5%**
Financial Expenses	(47,329)	-3.8%	(49,121)	-4.3%	-3.6%	(46,970)	-3.3%	0.8%
Financial Revenues	47,941	3.9%	43,334	3.8%	10.6%	35,882	2.5%	33.6%
Income from Operations	**342,041**	**27.7%**	**230,119**	**20.1%**	**48.6%**	**414,739**	**29.4%**	**-17.5%**
Income and Social Contribution Tax	(29,243)	-2.4%	(17,121)	-1.5%	70.8%	1,410	0.1%	n.a.
Current	(36,589)	-3.0%	(16,129)	-1.4%	126.8%	(23,683)	-1.7%	54.5%
Deferred	7,346	0.6%	(992)	-0.1%	n.a.	25,092	1.8%	-70.7%
Net Income	**312,798**	**25.3%**	**212,998**	**18.6%**	**46.9%**	**416,149**	**29.5%**	**-24.8%**

APPENDIX 5 – FULL YEAR INCOME STATEMENT

	9M15	% Net Rev.	9M14	% Net Rev.	9M15 / 9M14
	(In thousand reais, except otherwise indicated)				
Gross Revenue	**5,033,342**	**127.9%**	**3,149,450**	**123.8%**	**59.8%**
Postsecondary	4,884,380	124.2%	2,983,384	117.3%	63.7%
Primary and Secondary	148,962	3.8%	166,065	6.5%	-10.3%
Deductions from Gross Revenue	**(1,099,486)**	**-27.9%**	**(605,037)**	**-23.8%**	**81.7%**
Postsecondary	(1,091,088)	-27.7%	(592,748)	-23.3%	84.1%
Primary and Secondary	(8,398)	-0.2%	(12,288)	-0.5%	-31.7%
Net Revenue	**3,933,856**	**100.0%**	**2,544,413**	**100.0%**	**54.6%**
Postsecondary	3,793,292	96.4%	2,390,636	94.0%	58.7%
Primary and Secondary	140,563	3.6%	153,777	6.0%	-8.6%
Costs of Goods/Services	**(1,667,080)**	**-42.4%**	**(1,057,377)**	**-41.6%**	**57.7%**
Cost of Goods Sold	(26,750)	-0.7%	(29,879)	-1.2%	-10.5%
Cost of Services Rendered	(1,640,331)	-41.7%	(1,027,498)	-40.4%	59.6%
Gross Income	**2,266,775**	**57.6%**	**1,487,036**	**58.4%**	**52.4%**
Operating Expenses	**(1,114,897)**	**-28.3%**	**(686,175)**	**-27.0%**	**62.5%**
Selling Expenses	(241,236)	-6.1%	(141,639)	-5.6%	70.3%
Provision for Doubtful Accounts	(202,136)	-5.1%	(102,756)	-4.0%	96.7%
Personnel Expenses	(344,629)	-8.8%	(221,791)	-8.7%	55.4%
General and Administrative Expenses	(329,010)	-8.4%	(219,958)	-8.6%	49.6%
Other Operating Income (Expenses)	2,114	0.0%	(32)	-0.0%	n.a.
Income before Financial Result	**1,151,879**	**45.3%**	**800,861**	**31.5%**	**43.8%**
Financial Result	**(21,393)**	**-0.5%**	**(11,349)**	**-0.4%**	**88.5%**
Financial Expenses	(146,900)	-3.7%	(98,273)	-3.9%	49.5%
Financial Revenues	125,507	3.2%	86,924	3.4%	44.4%
Income from Operations	**1,130,486**	**28.7%**	**789,512**	**31.0%**	**43.2%**
Income and Social Contribution Tax	(29,797)	-0.8%	(32,897)	-1.3%	-9.4%
Current	(77,047)	-2.0%	(31,838)	-1.3%	142.0%
Deferred	47,250	1.2%	(1,060)	-0.0%	n.a.
Net Income	**1,100,689**	**28.0%**	**756,614**	**29.7%**	**45.5%**

APPENDIX 6 – CASH FLOW STATEMENT

R$ 000	3Q15	3Q14	2Q15
Net Income before Income Interest	**342,041**	**230,120**	**414,739**
Net Income (Loss) Adjustments before Income Interest			
Depreciation and Amortization	87,668	92,064	99,073
Provision for Doubtful Accounts	60,578	44,846	74,488
Provision for Tax, Labor and Civil Losses	(23,817)	(7,252)	3,358
Provision (Reversal) for Invetories Losses	5,026	3,169	(190)
Financial Charges	42,328	40,458	34,139
Income from Securities	(13,717)	25,283	(9,369)
Grant of Stock Options	10,108	18,570	10,398
Gain (loss) from Sale or Write-off of Non-current Assets	(3,152)	342	(186)
Changes in Working Capital	**(76,308)**	**12,155**	**(355,440)**
(Increase) Reduction in Accounts Receivable (ex-FIES)	(18,687)	241,898	(44,008)
(Increase) Reduction in Accounts Receivable FIES	(59,989)	(224,108)	(320,195)
(Increase) Reduction in Inventories	694	2,625	(1,453)
(Increase) Reduction in Advances	46,161	8,290	(56,878)
(Increase) Decrease in Escrow Deposits	1,844	(5,966)	(2,843)
Increase (Decrease) in Other Assets	(1,080)	(8,018)	7,289
Increase (Reduction) in Suppliers	(46,708)	(27,497)	12,429
Increase (Decrease) in Payroll and Related Taxes	9,386	31,890	73,495
Increase (Decrease) in Legal Obligations	(1,340)	(8,113)	(6,650)
Increase (Decrease) in Advances to Clients	19,140	(684)	11,357
(Decrease) in Taxes Installments	2,112	2,594	1,560
(Decrease) in Taxes Provision for Tax, Labor and Civil Losses	(26,656)	(2,157)	(29,952)
Increase (Decrease) in Other Liabilities	(1,186)	1,401	409
Income Tax and Social Contribution	**(4,451)**	**(1,178)**	**(2,826)**
Capex - Recurring	**(92,017)**	**(113,688)**	**(58,970)**
Additions to Fixed Assets	(66,429)	(82,022)	(42,459)
Additions to Intangible Assets	(25,588)	(31,666)	(16,511)
Cash Flow from Operating Activities after Capex - Recurring	**334,287**	**344,889**	**209,213**
Capex - Special Projects	**11,505**	**(17,141)**	**(8,776)**
Asset Acquisition	-	(52)	-
Brownfields	11,505	(17,090)	(8,776)
Cash Flow from Operating Activities after total Capex	**345,792**	**327,748**	**200,438**
(+) M&A Activities	**(5,001)**	**182,426**	**(35,788)**
Acquisition of New Units	(5,001)	182,426	(35,788)
(+) Cash Flow from Financing Activities	**(248,538)**	**(602,877)**	**(107,259)**
Sale (Acquisition) of Treasury Shares	(85,260)	(209)	483
Capital Increase, Net of Issuance Costs	2,142	-	2,624
Borrowings and financing	-	-	-
Payments of Borrowings and Financing	(50,211)	(1,036)	(758)
Interest Paid on Borrowings and Debentures	(26,324)	(34,308)	(28,478)
Income from Financial Investments	13,709	(2,248)	9,266
Redemption (Investment) of Securities	-	(25,408)	-
Disposal of Non-current Asset	-	-	-
Refis Payment	(3,404)	(4,478)	(3,633)
Bank and Charges Fees	(356)	-	1,521
Payment of Dividends	(98,834)	(535,190)	(88,284)
(=) Cash Flow from Non-Operating Activities	**(253,539)**	**(420,451)**	**(143,047)**
Total Cash Generation	**92,253**	**(92,703)**	**57,391**
Net Increase (Decrease) in Cash and Cash Equivalents			
Cash and Cash Equivalents at the Start of the Period	384,604	485,543	327,213
Cash and Cash Equivalents at the End of the Period	476,857	392,840	384,604
Net Increase (Decrease) in Cash and Cash Equivalents	**92,253**	**(92,703)**	**57,391**