Belo Horizonte, March 15, 2016, **Kroton Educacional S.A.** (BM&FBovespa: **KROT3**; OTCQX: **KROTY**), "Kroton" or "Company," announces today its results for the fourth quarter of 2015 (4Q15). 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)	4Q15	4Q14	Chg.%	3Q15	Chg.%	2015	2014	Chg.%
Gross Revenue	1,690,557	1,550,732	9.0%	1,600,880	5.6%	6,723,899	4,700,182	43.1%
Net Revenue	1,331,379	1,230,063	8.2%	1,234,796	7.8%	5,265,235	3,774,476	39.5%
Gross Income	902,381	807,957	11.7%	830,257	8.7%	3,580,047	2,545,345	40.7%
Gross Margin	*67.8%*	*65.7%*	*2.1 p.p.*	*67.2%*	*0.5 p.p.*	*68.0%*	*67.4%*	*0.6 p.p.*
Operating Result	683,546	585,500	16.7%	658,690	3.8%	2,779,635	1,940,697	43.2%
Operating Margin	*51.3%*	*47.6%*	*3.7 p.p.*	*53.3%*	*-2.0 p.p.*	*52.8%*	*51.4%*	*1.4 p.p.*
Adjusted EBITDA	518,133	400,271	29.4%	508,210	2.0%	2,178,797	1,456,783	49.6%
Adjusted EBITDA Margin	*38.9%*	*32.5%*	*6.4 p.p.*	*41.2%*	*-2.2 p.p.*	*41.4%*	*38.6%*	*2.8 p.p.*
Adjusted Net Income	408,835	335,446	21.9%	407,432	0.3%	1,785,338	1,216,302	46.8%
Adjusted Net Margin	*30.7%*	*27.3%*	*3.4 p.p.*	*33.0%*	*-2.3 p.p.*	*33.9%*	*32.2%*	*1.7 p.p.*
Adjusted Net Income /share	0.25	0.21	21.8%	0.25	0.3%	1.10	0.75	46.7%
Operating Cash Generation (OCG) after Capex [1]	128,718	318,405	-59.6%	334,287	-61.5%	676,925	1,140,535	-40.6%
OCG after Capex [1] / EBITDA (unadjusted)	*27.9%*	*89.3%*	*-61.4 p.p.*	*72.7%*	*-44.8 p.p.*	*34.1%*	*84.1%*	*-49.9 p.p.*

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

HIGHLIGHTS – MANAGEMENT ANALYSIS (PRO FORMA)

Consolidado - Valores em R$ (milhões)	2015	2014[1]	Chg.%
Net Revenue	5,265.2	4,821.6	9.2%
Adjusted EBITDA	2,178.8	1,701.9	28.0%
Adjusted EBITDA Margin	*41.4%*	*35.3%*	*6.1 p.p.*
Adjusted Net Income	1,785.3	1,372.4	30.1%
Adjusted Net Margin	*33.9%*	*28.5%*	*5.4 p.p.*

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

✦ At the end of 2015, the Postsecondary student base remained above 1.0 million students, representing growth of 3.7% on 2014.

✦ Net revenue grew 8.2% from 4Q14, primarily due to the higher number of paying students added through the admissions and re-enrollments processes conducted in the year. In 2015, net revenue amounted to R$5,265.2 million, increasing 39.5% from 2014 or 9.2% on a pro forma basis.

✦ Adjusted EBITDA reached R$518.1 million, representing growth of 29.4% compared to 4Q14. Adjusted EBITDA margin stood at 38.9% in the quarter. In 2015, adjusted EBITDA amounted to R$2,178.8 million, with Adjusted EBITDA margin of 41.4%, expanding 2.8 p.p. from the prior year. On a pro forma basis, adjusted EBITDA margin in the year expanded over 600 basis points, demonstrating the ongoing efforts to capture operating efficiency gains.

✦ Adjusted net income came to R$408.8 million in 4Q15, growing 21.9% from R$335.4 million in 4Q14. Adjusted net margin in the quarter was 30.7%, also significantly higher than in 4Q14. In 2015, adjusted net income advanced 46.8% on 2014 to R$1,785.3 million, with adjusted net margin of 33.9%. Pro forma net margin expanded a robust 5.4 p.p. in the period.

✦ Despite the significant restrictions imposed by PN23 on the calendar of FIES transfers in 2015, including the final three months of the year, operating cash generation after CAPEX was R$128.7 million in 4Q15 and R$676.9 million in 2015.

✦ The calendar of FIES transfers was normalized in 2016, with a total of 12 periods to be repurchased, along with the payment of 25% of the outstanding installments of 2015 (as announced to the market by the Company on February 3, 2016).

✦ Conclusion of the sale of Uniasselvi, which includes the receipt of the first installment of R$400 million on February 29, 2016.

Investor Relations
Carlos Lazar – IRO
Carolina Igi – Coordinator
Pedro Gomes – Coordinator

Tel: + 55 (11) 3133-7309 / 7314 / 7311
E-mail: dri@kroton.com.br

MESSAGE FROM MANAGEMENT

Soon after our merger with Anhanguera, in late 2014, we rediscussed and reaffirmed **Kroton's Vision of the future**, which is "***To be a reference in education through innovation and sustainable practices and the best choice for studying, working and investing, while maintaining leadership positions in our various markets***."

We knew this Vision was ambitious, but also possible, and knew that it would only be achieved if our actions took into account the needs of the key stakeholders affected by it, especially our students, employees and shareholders.

The year 2015 was a good test of just how well the company is prepared to deliver this Vision. The regulatory changes imposed at the start of the year and the sharp deterioration in the macroeconomic scenario brought added challenges and uncertainties, but we remained firm in our purpose.

Of the more than 400 projects developed during the year, we take this opportunity to highlight the ones that were fundamental for delivering our Vision. For our students, we implemented a new and completely innovative academic model (KLS 2.0) and rolled out our employability platform (Canal Conecta). The acquisition of Studiare was another development that creates high value and reaffirms the importance placed on innovation. For our employees, we significantly expanded the activities of Kroton Corporate University, which last year alone administered over 110k hours of training and development courses. Another concern of the company was to continue capturing operating efficiency gains, for which it implemented transformational projects, such as the new operations research tool and the Retention Program.

The results are clear when we analyze our operational and financial performance. We managed to end the year with more than 1 million Postsecondary students, which represents growth of 4% compared to 2014. We delivered very solid financial results that beat our guidance announced at the start of the year. We delivered adjusted EBITDA of R$2.2 billion, with margin of 41.4%, representing expansion of 600 basis points on the prior year. Meanwhile, adjusted net income surpassed R$1.7 billion, with margin of 33.9%. This financial performance was accompanied by excellent cash generation, despite the limits imposed by the changes to the FIES program.

But these results would not be sustainable if they had not been accompanied by good results in our regulatory indicators and if they did not improve the employability of our students. In the regulatory results, 98% of our institutions obtained satisfactory scores in the General Program Index (IGC). In terms of employability, in the survey published in early 2016, we identified that Kroton students enjoy significant improvement in their income, which increases 181% compared to the year prior to entering their Undergraduate program, with this figure adjusted for inflation.

Therefore, we were able to build a scenario marked by efficiency gains and improvement in operating and financial results, accompanied by academic quality and value creation for our students, which is a fundamental condition for the sustainability of our business.

Without a doubt, all these developments and indicators are cause for commemoration and essential for enabling us to face the coming years, which clearly will pose new and important tests, especially in the near term, given all the adversities facing the country.

On the other hand, when we "look inside," we realize that we still have a lot to do and to make progress on more distant fronts. No fewer than 238 projects are being executed this year. Some of the more noteworthy ones are the creation of a private student-financing plan in partnership with a financial institution, the implementation of the Student Digital Portal and the launch of new products, such as Blended Learning.

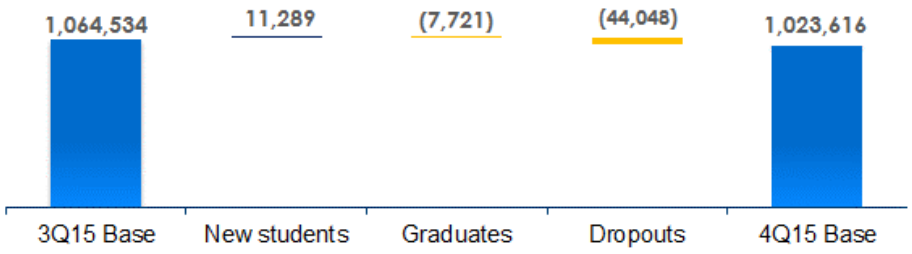
We are also implementing some important initiatives over the course of 2016, such as the expansion of our Distance Learning centers (232 in all), the inauguration of our first greenfield units and the continued capture of synergies from the Anhanguera merger.

Given all these actions and our unique capacity to adapt and deliver that has been extensively demonstrated over the past few years, we will continue to strengthen the strategic pillars that are part of Kroton's corporate DNA, such as efficiency, quality, innovation and expanding our operations.

OPERATING PERFORMANCE

POSTSECONDARY EDUCATION

Evolution in Number of Students



The evolution in the number of Postsecondary students between 3Q15 and 4Q15 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**
4Q14 Base	**422,783**	**17,501**	**440,284**	**507,673**	**38,870**	**546,543**
3Q15 Base	**444,813**	**13,824**	**458,637**	**560,997**	**44,900**	**605,897**
New Students	4,634	368	5,002	-	6,287	6,287
Graduates	-	(1,456)	(1,456)	-	(6,265)	(6,265)
Dropouts	(11,814)	(708)	(12,522)	(29,116)	(2,848)	(31,964)
4Q15 Base	**437,633**	**12,028**	**449,661**	**531,881**	**42,074**	**573,955**
% Change 4Q15/3Q15	-1.6%	-13.0%	-2.0%	-5.2%	-6.3%	-5.3%
% Change 4Q15/4Q14	3.5%	-31.3%	2.1%	4.8%	8.2%	5.0%

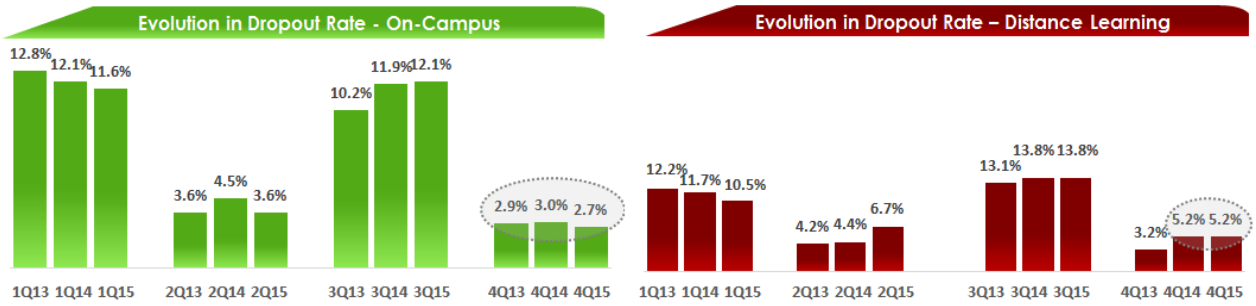
Students	**Total Undergraduate**	**Total Graduate**	**Total**
4Q14 Base	**930,456**	**56,371**	**986,827**
3Q15 Base	**1,005,810**	**58,724**	**1,064,534**
New Students	4,634	6,655	11,289
Graduates	-	(7,721)	(7,721)
Dropouts	(40,930)	(3,556)	(44,486)
4Q15 Base	**969,514**	**54,102**	**1,023,616**
% Change 4Q15/3Q15	-3.6%	-7.9%	-3.8%
% Change 4Q15/4Q14	4.2%	-4.0%	3.7%

At the end of 4Q15, the number of Postsecondary (Undergraduate and Graduate) students enrolled in both On-Campus and Distance Learning programs exceeded 1.0 million, for growth of 3.7% on 4Q14 and contraction of 3.8% on the prior quarter, reflecting the natural seasonality of the business. Broken down by teaching format, the On-Campus student base accounted for 43.9% of the total student base in the quarter, while the Distance Learning student base accounted for 56.1%.

Meanwhile, the Graduate business alone registered 6,700 new enrollments, mainly in Distance Learning programs. Bear in mind that the Preparatory Courses (LFG) business also offers Graduate programs, whose students are included in the above table.

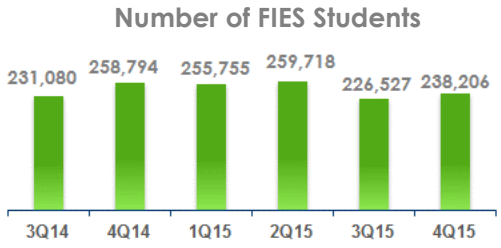
It is important to note that the enrollment and re-enrollment processes for the first semester of 2016 are ongoing and scheduled to end in mid-April.

Evolution of Undergraduate Dropouts



The above analysis shows the history of dropouts among On-Campus and Distance Learning Undergraduate students. The highlight was the reduction in dropout rates between 4Q15 and 4Q14 for the On-Campus and a stability in the distance learning, despite the deterioration in the country's economic indicators, which underscores the value perception attributed to Education. Also in this area, the Company is accelerating various initiatives through its program called "Permanência," which aims to enhance the management of student dropouts in order to mitigate potential impacts from the deterioration in the country's macroeconomic crisis.

FIES



	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
% On-Campus Undergraduate Student Base	54.2%	61.2%	56.8%	58.0%	50.9%	54.4%
% Total Undergraduate Student Base	24.1%	27.8%	24.1%	24.3%	22.5%	24.5%

At the end of 2015, the Company had 238,206 students enrolled with FIES contracts, which represents growth of 5.2% from the previous quarter, supported by the effective participation of students who were in the process of normalizing their situation, particularly in re-enrollments. As a result, the penetration of students with financing stood at 54.4% of the On-Campus Undergraduate student base, or 24.5% of the total Undergraduate student base.

Private Special Installment Plan (PEP)

At the end of 4Q15, approximately 17,100 students were enrolled in PEP programs, with 14,100 enrolled in PEP10, 1,200 in PEP30 and 1,800 in PEP50. Furthermore, during the new enrollment process of 1Q16, the Company will continue to offer installment programs with the same commercial conditions of the enrollment process for the second semester of last year and based on the same conservative accounting practices.

Ministry of Education (MEC) Evaluations

Ratio	Below 3	Equal as 3	Above 3	Equal or Above 3
Course Concept (CC)	1.8%	47.9%	50.3%	98.2%
Institutional Concept (IC)	0.9%	70.4%	28.7%	99.1%

At the end of 4Q15, 98.2% of the academic programs and 99.1% of the institutions that form Kroton had received evaluations ranging from satisfactory to excellent, bolstering its commitment to teaching quality in all of the educational services offered to students.

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

With regard to Pronatec (*Bolsa Formação*), Kroton (including the Anhanguera institutions) ended the quarter offering 49 different programs lasting 12 to 18 months at 87 On-Campus institutions.

Considering all admission cycles completed through 2014 and emphasizing that there were no new admissions cycles in 2015, the average base (average number of students with revenue recognized) in 4Q15 was 12,295 students (which are not included in the Postsecondary student base figure informed above). Of these students, 47.1% enrolled for morning classes, 20.6% for afternoon classes and 32.4% for evening classes. As in previous quarters, Pronatec revenue continued to be recognized based on confirmation of the student's presence in the classroom.

Language Courses

Kroton also offers language courses at a number of its Postsecondary Education units, seeking to offer yet another opportunity for its students' development, while also forging relationships with students still in their Secondary Education, who later may come to choose one of Kroton's units for their Postsecondary Education. At the end of 4Q15, the number of students in this business was 3,888 (note that these students are not included in the figure for Postsecondary students informed above).

Preparatory Courses (LFG) and Unregulated Programs

Through the brand LFG, the Company offers preparatory courses for the examination of the Brazilian Bar Association (OAB) and for examinations for civil servant positions. Always positioned as a reference in preparatory courses, LFG's student base averaged 17,861 in 4Q15, a decline of 12.6% on the prior 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 2015, the Company administered these programs to 74,621 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. The segment also manages schools, especially for large companies, and operates an own school in Belo Horizonte, state of Minas Gerais.

Over the course of 2015, the Company served a total 713 Associated Schools and approximately 245,000 students in the private sector. Today, all efforts are dedicated to selling learning systems to private schools, an activity expected to deliver a superior financial performance compared to last year.

FINANCIAL PERFORMANCE

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

4Q15 RESULTS

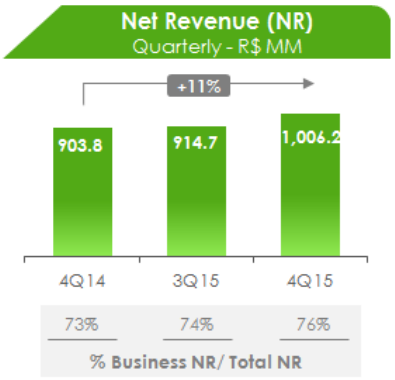
	On-Campus Education		Distance Learning		Primary and Secondary Education		Kroton Consolidated	
Values in R$ ('000)	4Q15	% Net Rev.	4Q15	% Net Rev.	4Q15	% Net Rev.	4Q15	% Net Rev.
Gross Revenue	**1,269,173**	**126.1%**	**376,651**	**133.3%**	**44,734**	**105.0%**	**1,690,557**	**127.0%**
Gross Profit Deductions	(262,931)	-26.1%	(94,123)	-33.3%	(2,124)	-5.0%	(359,178)	-27.0%
Tax	(26,734)	-2.7%	(7,727)	-2.7%	(936)	-2.2%	(35,398)	-2.7%
ProUni	(157,527)	-15.7%	(61,506)	-21.8%	-	0.0%	(219,033)	-16.5%
Returns	-	0.0%	-	0.0%	(1,188)	-2.8%	(1,188)	-0.1%
Total Discounts	(78,670)	-7.8%	(24,889)	-8.8%	-	0.0%	(103,559)	-7.8%
Net Revenue	**1,006,242**	**100.0%**	**282,528**	**100.0%**	**42,609**	**100.0%**	**1,331,379**	**100.0%**
Costs (COGS)	**(353,556)**	**-35.1%**	**(56,283)**	**-19.9%**	**(19,159)**	**-45.0%**	**(428,998)**	**-32.2%**
Cost of Goods	-	0.0%	-	0.0%	(8,498)	-19.9%	(8,498)	-0.6%
Cost of Services	(353,556)	-35.1%	(56,283)	-19.9%	(10,661)	-25.0%	(420,500)	-31.6%
Faculty, Other Personnel and Third-Party Services	(262,203)	-26.1%	(45,967)	-16.3%	(7,873)	-18.5%	(316,043)	-23.7%
Rent	(74,721)	-7.4%	(6,347)	-2.2%	(273)	-0.6%	(81,341)	-6.1%
Materials	(1,755)	-0.2%	(2,886)	-1.0%	(2)	0.0%	(4,643)	-0.3%
Maintenance	(5,858)	-0.6%	(551)	-0.2%	(223)	-0.5%	(6,632)	-0.5%
Other	(9,019)	-0.9%	(532)	-0.2%	(2,290)	-5.4%	(11,841)	-0.9%
Gross Income	**652,686**	**64.9%**	**226,245**	**80.1%**	**23,450**	**55.0%**	**902,381**	**67.8%**
Operating Expenses	**(146,361)**	**-14.5%**	**(25,830)**	**-9.1%**	**(5,423)**	**-12.7%**	**(177,614)**	**-13.3%**
Personnel Expenses	(69,787)	-6.9%	(18,675)	-6.6%	(4,145)	-9.7%	(92,608)	-7.0%
General and Administrative Expenses	(76,573)	-7.6%	(7,155)	-2.5%	(1,278)	-3.0%	(85,006)	-6.4%
Provision for Doubtful Accounts - PDA	**(44,734)**	**-4.4%**	**(20,863)**	**-7.4%**	**(425)**	**-1.0%**	**(66,022)**	**-5.0%**
(+) Interest and Penalties on Tuition	21,308	2.1%	3,315	1.2%	177	0.4%	24,800	1.9%
Operating Result	**482,899**	**48.0%**	**182,867**	**64.7%**	**17,780**	**41.7%**	**683,546**	**51.3%**
Sales and Marketing Expenses							**(75,710)**	**-5.7%**
Corporate Expenses							**(89,702)**	**-6.7%**
Adjusted EBITDA							**518,133**	**38.9%**
(-) Nonrecurring Costs and Expenses							(57,599)	-4.3%
EBITDA							**460,534**	**34.6%**
Depreciation and Amortization							(92,157)	-6.9%
Financial Result							(34,378)	-2.6%
Income and Social Contribution Tax							(38,531)	-2.9%
Net Profit							**295,468**	**22.2%**
(+) Nonrecurring Costs and Expenses							57,599	4.3%
(+) Intangible Amortization (Acquisitions)							55,767	4.2%
Adjusted Net Profit							**408,835**	**30.7%**

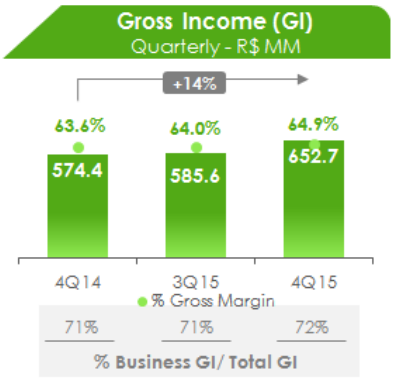
2015 RESULTS

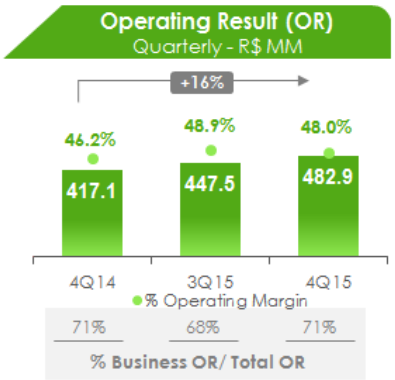
	On-Campus Education		Distance Learning		Primary and Secondary Education		Kroton Consolidated	
Values in R$ ('000)	2015	% Net Rev.	2015	% Net Rev.	2015	% Net Rev.	2015	% Net Rev.
Gross Revenue	**4,951,121**	**127.0%**	**1,579,083**	**133.5%**	**193,696**	**105.7%**	**6,723,899**	**127.7%**
Gross Profit Deductions	(1,052,302)	-27.0%	(395,839)	-33.5%	(10,523)	-5.7%	(1,458,664)	-27.7%
Tax	(117,076)	-3.0%	(31,033)	-2.6%	(4,324)	-2.4%	(152,433)	-2.9%
ProUni	(635,231)	-16.3%	(249,369)	-21.1%	-	0.0%	(884,601)	-16.8%
Returns	-	0.0%	-	0.0%	(6,199)	-3.4%	(6,199)	-0.1%
Total Discounts	(299,995)	-7.7%	(115,437)	-9.8%	-	0.0%	(415,432)	-7.9%
Net Revenue	**3,898,819**	**100.0%**	**1,183,243**	**100.0%**	**183,173**	**100.0%**	**5,265,235**	**100.0%**
Costs (COGS)	**(1,355,581)**	**-34.8%**	**(251,780)**	**-21.3%**	**(77,827)**	**-42.5%**	**(1,685,188)**	**-32.0%**
Cost of Goods	-	0.0%	-	0.0%	(35,248)	-19.2%	(35,248)	-0.7%
Cost of Services	(1,355,581)	-34.8%	(251,780)	-21.3%	(42,579)	-23.2%	(1,649,940)	-31.3%
Faculty, Other Personnel and Third-Party Services	(984,942)	-25.3%	(200,995)	-17.0%	(31,100)	-17.0%	(1,217,037)	-23.1%
Rent	(296,384)	-7.6%	(26,398)	-2.2%	(1,222)	-0.7%	(324,005)	-6.2%
Materials	(19,142)	-0.5%	(19,996)	-1.7%	(43)	0.0%	(39,181)	-0.7%
Maintenance	(17,377)	-0.4%	(2,153)	-0.2%	(699)	-0.4%	(20,228)	-0.4%
Other	(37,736)	-1.0%	(2,238)	-0.2%	(9,515)	-5.2%	(49,488)	-0.9%
Gross Income	**2,543,238**	**65.2%**	**931,463**	**78.7%**	**105,345**	**57.5%**	**3,580,047**	**68.0%**
Operating Expenses	**(514,811)**	**-13.2%**	**(103,288)**	**-8.7%**	**(22,667)**	**-12.4%**	**(640,765)**	**-12.2%**
Personnel	(274,811)	-7.0%	(80,796)	-6.8%	(17,081)	-9.3%	(372,688)	-7.1%
General and Administrative	(239,999)	-6.2%	(22,491)	-1.9%	(5,586)	-3.0%	(268,077)	-5.1%
Provision for Doubtful Accounts - PDA	**(178,415)**	**-4.6%**	**(87,618)**	**-7.4%**	**(2,124)**	**-1.2%**	**(268,158)**	**-5.1%**
(+) Interest and Penalties on Tuition	69,299	1.8%	38,647	3.3%	566	0.3%	108,511	2.1%
Operating Result	**1,919,312**	**49.2%**	**779,204**	**65.9%**	**81,120**	**44.3%**	**2,779,635**	**52.8%**
Sales and Marketing Expenses							**(311,436)**	**-5.9%**
Corporate Expenses							**(289,402)**	**-5.5%**
Adjusted EBITDA							**2,178,797**	**41.4%**
(-) Nonrecurring Costs and Expenses							(195,537)	-3.7%
EBITDA							**1,983,260**	**37.7%**
Depreciation and Amortization							(379,841)	-7.2%
Financial Result							(138,934)	-2.6%
Income and Social Contribution Tax							(68,327)	-1.3%
Net Profit							**1,396,158**	**26.5%**
(+) Nonrecurring Costs and Expenses							195,537	3.7%
(+) Intangible Amortization (Acquisitions)							193,644	3.7%
Adjusted Net Profit							**1,785,338**	**33.9%**

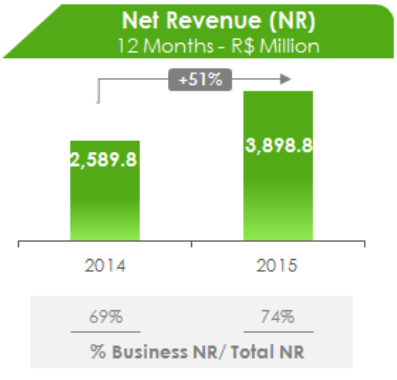
FINANCIAL PERFORMANCE – ON-CAMPUS POSTSECONDARY EDUCATION

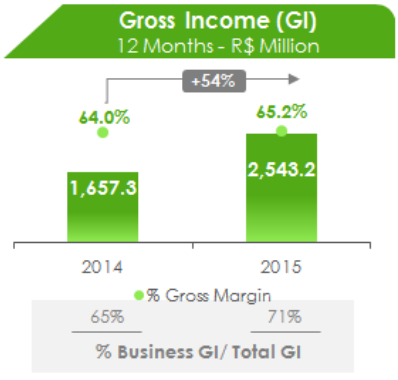
On-Campus Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%	2015	2014	Chg.%
Gross Revenue	**1,269,173**	**1,141,371**	**11.2%**	**1,180,690**	**7.5%**	**4,951,121**	**3,246,245**	**52.5%**
Gross Profit Deductions	(262,931)	(237,612)	10.7%	(266,004)	-1.2%	(1,052,302)	(656,442)	60.3%
Tax	(26,734)	(26,847)	-0.4%	(28,513)	-6.2%	(117,076)	(77,829)	50.4%
ProUni	(157,527)	(134,890)	16.8%	(164,430)	-4.2%	(635,231)	(363,003)	75.0%
Returns	-	-	n.a.	-	n.a.	-	-	n.a.
Total Discounts	(78,670)	(75,875)	3.7%	(73,061)	7.7%	(299,995)	(215,609)	39.1%
Net Revenue	**1,006,242**	**903,758**	**11.3%**	**914,686**	**10.0%**	**3,898,819**	**2,589,803**	**50.5%**
Net Revenue - Undergraduate	**978,086**	**834,703**	**17.2%**	**879,814**	**11.2%**	**3,732,856**	**1,581,442**	**136.0%**
Net Revenue - Ex-FIES and ex-PEP	268,161	226,257	18.5%	229,020	17.1%	971,828	456,080	113.1%
Net Revenue - FIES (net of APV)	678,754	608,446	11.6%	624,125	8.8%	2,633,200	1,125,362	134.0%
Net Revenue - PEP (net of APV)	31,171	-	n.a.	26,669	16.9%	127,829	-	n.a.
Net Revenue - Graduate, Unregulated Programs, Pronatec	**28,156**	**69,056**	**-59.2%**	**34,871**	**-19.3%**	**165,962**	**1,008,361**	**-83.5%**
Net Revenue - Pronatec	16,446	53,410	-69.2%	23,206	-29.1%	116,543	69,901	66.7%
Net Revenue - Graduate and Unregulated Programs	11,710	15,645	-25.2%	11,666	0.4%	49,419	938,460	-94.7%
Total of Costs	**(353,556)**	**(329,323)**	**7.4%**	**(329,097)**	**7.4%**	**(1,355,581)**	**(932,493)**	**45.4%**
Cost of Goods	-	-	n.a.	-	n.a.	-	-	n.a.
Cost of Services	(353,556)	(329,323)	7.4%	(329,097)	7.4%	(1,355,581)	(932,493)	45.4%
Faculty, Other Personnel and Third-Party Services	(262,203)	(252,907)	3.7%	(238,495)	9.9%	(984,942)	(698,484)	41.0%
Rent	(74,721)	(69,999)	6.7%	(72,507)	3.1%	(296,384)	(184,518)	60.6%
Materials	(1,755)	(4,789)	-63.4%	(6,887)	-74.5%	(19,142)	(19,499)	-1.8%
Maintenance	(5,858)	(5,910)	-0.9%	(2,497)	134.6%	(17,377)	(17,485)	-0.6%
Other	(9,019)	4,282	n.a.	(8,711)	3.5%	(37,736)	(12,507)	201.7%
Gross Income	**652,686**	**574,436**	**13.6%**	**585,589**	**11.5%**	**2,543,238**	**1,657,311**	**53.5%**
Gross Margin	*64.9%*	*63.6%*	*1.3 p.p.*	*64.0%*	*0.8 p.p.*	*65.2%*	*64.0%*	*1.2 p.p.*
Total Operating Expenses	**(146,361)**	**(151,521)**	**-3.4%**	**(114,886)**	**27.4%**	**(514,811)**	**(384,900)**	**33.8%**
Personnel Expenses	(69,787)	(79,892)	-12.6%	(62,733)	11.2%	(274,811)	(215,125)	27.7%
General and Administrative Expenses	(76,573)	(71,629)	6.9%	(52,153)	46.8%	(239,999)	(169,775)	41.4%
Provision for Doubtful Account - PDA	**(44,734)**	**(22,388)**	**99.8%**	**(39,019)**	**14.6%**	**(178,415)**	**(71,148)**	**150.8%**
(+) Interest and Penalties on Tuition	21,308	16,567	28.6%	15,783	35.0%	69,299	45,299	53.0%
Operating Result	**482,899**	**417,095**	**15.8%**	**447,466**	**7.9%**	**1,919,312**	**1,246,561**	**54.0%**
Operating Margin	*48.0%*	*46.2%*	*1.8 p.p.*	*48.9%*	*-0.9 p.p.*	*49.2%*	*48.1%*	*1.1 p.p.*

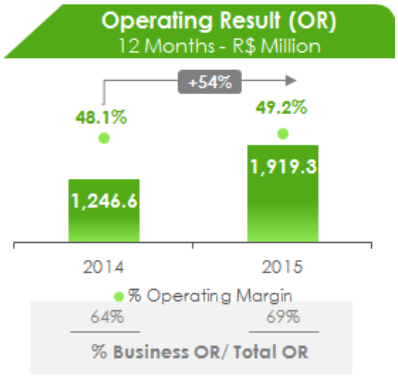












Special Note – On-Campus Postsecondary

In the On-campus Education business, it is important to note that Kroton (as a member of the Brazilian Association for the Development of Higher Education – Abraes) entered into, on February 3, a court settlement with the Federal Government whereby the latter agreed to pay any outstanding FIES credits not paid by the National Education Development Fund (FNDE) in 2015 over the course of 2016, 2017 and 2018, with 25% of the balance to be paid in the first year, 25% in the second year and 50% in 2018. Payment shall be made by June of each year and the installments are restated by the variation in the IPCA inflation index measured from the respective maturity date in 2015 until the effective payment date. As a result, the applicable accounting standard requires an adjustment to the present value (APV) of gross revenue from FIES, i.e., bringing to present values the future receivables, restated by the difference between the variation in the CDI rate and the IPCA inflation index, with an impact only on 4Q15. If we include the APV of FIES recognized this quarter of R$24.6 million (which on our financial statements was deducted from operating gross revenue), Kroton's FIES net revenue would have amounted to approximately R$703.4 million in 4Q15. In addition, the accounting policy requires an adjustment to financial income due to monetary restatement (accrual basis), which generated a positive effect in the line interest and penalties on tuition in the amount of R$12.9 million. Therefore, the combined net effect of the two adjustments on the operating result of the On-Campus segment was negative R$11.7 million. The following table presents the effects of these adjustments on the result. Lastly, note that these effects are "noncash" and were considered recurring by the Company.

On-Campus Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Gross Revenue before APV	**1,293,801**	**1,141,371**	**13.4%**	**1,180,690**	**9.6%**
APV adjustment	*(24,628)*	*-*	*n.a.*	*-*	*n.a.*
Gross Revenue	**1,269,173**	**1,141,371**	**11.2%**	**1,180,690**	**7.5%**
Net Revenue	**1,006,242**	**903,758**	**11.3%**	**914,686**	**10.0%**
Gross Income	**652,686**	**574,436**	**13.6%**	**585,589**	**11.5%**
Gross Margin	*64.9%*	*63.6%*	*1.3 p.p.*	*64.0%*	*0.8 p.p.*
(-) Total Operating Expenses	(146,361)	(151,521)	-3.4%	(114,895)	27.4%
(-) Provision for Doubtful Account - PDA	(44,734)	(22,388)	99.8%	(39,019)	14.6%
(+) Interest and Penalties on Tuition	21,308	16,567	28.6%	15,783	35.0%
Interest and Penalties on Tuition	8,378	16,567	-49.4%	15,783	-46.9%
Financial revenue effect from APV	*12,930*	*-*	*n.a.*	*-*	*n.a.*
Operating Result	**482,899**	**417,095**	**18.6%**	**447,456**	**10.6%**
Operating Margin	*48.0%*	*46.2%*	*1.8 p.p.*	*48.9%*	*-0.9 p.p.*

Revenue and Deductions

On-Campus Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Gross Revenue	**1,269,173**	**1,141,371**	**11.2%**	**1,180,690**	**7.5%**
Gross Profit Deductions	(262,931)	(237,612)	10.7%	(266,004)	-1.2%
Tax	(26,734)	(26,847)	-0.4%	(28,513)	-6.2%
ProUni	(157,527)	(134,890)	16.8%	(164,430)	-4.2%
Returns	-	-	n.a.	-	n.a.
Total Discounts	(78,670)	(75,875)	3.7%	(73,061)	7.7%
Net Revenue	**1,006,242**	**903,758**	**11.3%**	**914,686**	**10.0%**
Net Revenue - Undergraduate	**978,086**	**834,703**	**17.2%**	**879,814**	**11.2%**
Net Revenue - Ex-FIES and ex-PEP	268,161	226,257	18.5%	229,020	17.1%
Net Revenue - FIES (net of APV)	678,754	608,446	11.6%	624,125	8.8%
Net Revenue - PEP (net of APV)	31,171	-	n.a.	26,669	16.9%
Net Revenue - Graduate, Unregulated Programs, Pronatec	**28,156**	**69,056**	**-59.2%**	**34,871**	**-19.3%**
Net Revenue - Pronatec	16,446	53,410	-69.2%	23,206	-29.1%
Net Revenue - Graduate and Unregulated Programs	11,710	15,645	-25.2%	11,666	0.4%

Deductions

In 4Q15, deductions as a ratio of gross revenue were stable compared to the same period of 2014. The higher deductions related to ProUni were offset by the growth in gross revenue in the period. Compared to 3Q15, deductions as a ratio of gross revenue decreased 1.8 p.p., reflecting primarily the growth in gross revenue due to the late normalization of reenrollments. This effect more than offset the increase in the line total discounts due to the seasonality of the Tuition Adjustment Process (PAM), which occurs primarily in even-numbered quarters.

Net Revenue

Net revenue grew 11.3% in 4Q15 compared to 4Q14, due to the expansion in the paying student base resulting from the admissions and re-enrollment processes in 2015. This performance more than offset the reduction in the number of Pronatec openings this year. Note that incremental revenue from PEP came to R$31.2 million in the quarter (net of Adjustment to Present Value, or APV), or 3.1% of the segment's total revenue. Including APV, which is not registered in the P&L, revenue from PEP students stood at approximately R$41.4 million in 4Q15. Compared to the previous quarter, the growth of 10.0% in net revenue reflects the normalization of roughly 21k students, especially reenrollments (FIES) in the period and the full recognition of tuitions after the one-off effects from the discounts granted in the previous quarter. In the year, net revenue amounted to R$3.9 billion, growing 50.5% from 2014, remembering that figures related to Anhanguera were recognized only in the second half of that period.

Average Net Ticket*

On-Campus Postsecondary Education- Values in R$	4Q15	4Q14	Chg.%	2H15	2H14	Chg.%
Total	**734.13**	**675.69**	**8.6%**	**705.29**	**643.82**	**9.5%**

*The calculation of average net ticket excludes the impacts from the APV of PEP and FIES.

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 of the On-campus segment in 4Q15 was R$734.13, increasing 8.6% over 3Q15 due to the effects in that quarter from the one-off discounts and exemptions of enrollment fees. Therefore, the most appropriate analysis falls on the evolution of the average ticket for the semester, because it neutralizes seasonal effects between the quarters. Thus, the 2H15 average ticket was R$705.29, an increase of 9.5% when compared to the second semester of 2014.

Costs

On-Campus Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total of Costs	**(353,556)**	**(329,323)**	**7.4%**	**(329,097)**	**7.4%**
Cost of Goods (CG)	-	-	n.a.	-	n.a.
Cost of Services (CS)	(353,556)	(329,323)	7.4%	(329,097)	7.4%
Faculty, Other Personnel and Third-Party Services	(262,203)	(252,907)	3.7%	(238,495)	9.9%
Rent	(74,721)	(69,999)	6.7%	(72,507)	3.1%
Materials	(1,755)	(4,789)	-63.4%	(6,887)	-74.5%
Maintenance	(5,858)	(5,910)	-0.9%	(2,497)	134.6%
Other	(9,019)	4,282	n.a.	(8,711)	3.5%

% of Net Revenues	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total of Costs	**-35.1%**	**-36.4%**	**1.3 p.p.**	**-36.0%**	**0.8 p.p.**
Cost of Goods (CG)	0.0%	0.0%	n.a.	0.0%	n.a.
Cost of Services (CS)	-35.1%	-36.4%	1.3 p.p.	-36.0%	0.8 p.p.
Faculty, Other Personnel and Third-Party Services	-26.1%	-28.0%	1.9 p.p.	-26.1%	0.0 p.p.
Rent	-7.4%	-7.7%	0.3 p.p.	-7.9%	0.5 p.p.
Materials	-0.2%	-0.5%	0.4 p.p.	-0.8%	0.6 p.p.
Maintenance	-0.6%	-0.7%	0.1 p.p.	-0.3%	-0.3 p.p.
Other	-0.9%	0.5%	-1.4 p.p.	-1.0%	0.1 p.p.

In 4Q15, cost of services as a ratio of net revenue fell 1.3 p.p. from 4Q14. 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 results obtained by implementing the operational research software at 60% of Kroton units, which led to a significant decline in the line of costs with faculty, personnel and third-party services. Although this is just the initial phase of implementing and expanding the new tool, its potential for capturing efficiency gains in On-Campus Education over the coming semesters is already clear. Compared to 3Q15, total costs as a ratio of net revenue decreased 0.8 p.p., mainly due to seasonality. In relation to the line Other, the important variation is explained by the fact that in 4Q14 this line recorded a gain from the Company's participation in the Refis tax amnesty program.

Gross Income

On-Campus Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Gross Income	**652,686**	**574,436**	**13.6%**	**585,589**	**11.5%**
Gross Margin	*64.9%*	*63.6%*	*1.3 p.p.*	*64.0%*	*0.8 p.p.*

Gross income from On-Campus Education was R$652.7 million in 4Q15, increasing 13.6% on the same period last year. The result reflects the combination of the revenue growth in the period driven by the expansion in the student base and the continued capture of efficiency gains within the institutions, which supported gross margin expansion of 1.3 p.p. Compared to the prior quarter, the 0.8 p.p. increase in gross margin reflects the positive impact from the normalization of FIES enrollments, as well as the higher average ticket in the period. In 2015, gross margin expanded 1.2 p.p. to 65.2%, which demonstrates the efforts made to ensure the continuous capture of efficiency gains at the various institutions.

Operating Expenses

On-Campus Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total Operating Expenses	**(146,361)**	**(151,521)**	**-3.4%**	**(114,886)**	**27.4%**
Personnel Expenses	(69,787)	(79,892)	-12.6%	(62,733)	11.2%
General and Administrative Expenses	(76,573)	(71,629)	6.9%	(52,153)	46.8%

% of Net Revenues	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total Operating Expenses	**-14.5%**	**-16.8%**	**2.2 p.p.**	**-12.6%**	**-2.0 p.p.**
Personnel Expenses	-6.9%	-8.8%	1.9 p.p.	-6.9%	-0.1 p.p.
General and Administrative Expenses	-7.6%	-7.9%	0.3 p.p.	-5.7%	-1.9 p.p.

Personnel, General and Administrative Expenses

In 4Q15, total personnel, general and administrative expenses as a ratio of net revenue decreased 2.2 p.p. from 4Q14, basically due to the capture of economies of scale and synergies and to the efforts to control operating expenses. Compared to the previous quarter, the increase of 2.0 p.p. in this indicator is explained by the segment's inherent seasonality.

Provision for Doubtful Accounts (PDA)

On-Campus Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Provision for Doubtful Account - PDA	(44,734)	(22,388)	99.8%	(39,019)	14.6%
PDA / Postsecondary Net Revenues[1]	*-4.5%*	*-2.6%*	*-1.9 p.p.*	*-4.4%*	*-0.1 p.p.*
Provision for Doubtful Account - PDA ex-FIES & PEP	(18,297)	(15,689)	16.6%	(15,550)	17.7%
PDA ex-FIES / Postsecondary Net Revenues ex-FIES & ex-PEP[1]	*-6.5%*	*-6.5%*	*-0.1 p.p.*	*-6.5%*	*-0.1 p.p.*
Provision for Doubtful Account - PDA FIES	(10,853)	(6,699)	62.0%	(10,132)	7.1%
PDA FIES / Postsecondary Net Revenues FIES[1]	*-1.6%*	*-1.1%*	*-0.5 p.p.*	*-1.6%*	*0.0 p.p*
Provision for Doubtful Account - PDA PEP	(15,585)	-	n.a.	(13,338)	16.8%
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 as a ratio of net revenue in the On-Campus business increased 1.9 p.p. from 4Q14 to 4.5%, a level the Company believes is very adequate considering the robust policy of historical harvest analysis. Another important highlight was PDA ex-FIES and ex-PEP as a ratio of net revenue, which remained stable compared to both 4Q14 and 3Q15, reinforcing the resilience of our businesses, despite the deterioration in the economic scenario.

Accounts Receivable

On-Campus Education - Values in R$ (´000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Net Accounts Receivable	**1,342,246**	**524,261**	**156.0%**	**1,217,222**	**10.3%**
Tuition and Agreements to Receive	193,384	199,380	-3.0%	203,923	-5.2%
FIES - Short Term	548,915	314,538	74.5%	956,243	-42.6%
FIES - Long Term	526,107	n.a	n.a	n.a	n.a.
Long Term Portfolio	1,910	10,342	-81.5%	2,467	-22.6%
PEP	71,930	n.a	n.a	54,589	31.8%

Total Accounts Receivables net of PDA increased 10.3% in 4Q15 compared to 3Q15, reflecting both the increase in PEP Accounts Receivable and the limits imposed on FIES repurchases in the final three months of the year, which had already been affected by the repurchase scheduled established by Administrative Rule 23 of 2014 (PN23). Another important factor is the breakdown of the line representing the long-term FIES portfolio, which includes 75% of the installments to be repurchased in 2017 and 2018 (adjusted to present value), as officially confirmed by the federal Government in early 2016.

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	4Q15	4Q14	Chg.(days)	3Q15	Chg.(days)
Net Accounts Receivable / Total Net Revenue On-Campus	124	55	69 Days	115	09 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 4Q15, the average term increased by 69 days compared to 4Q14, mainly due to changes in the schedule for FIES receivables under PN23. Compared to 3Q15, the average term increased 9 days due to the limits imposed on repurchases of FIES installments, as commented previously, in addition to the increase in PEP Accounts Receivables.

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

On-Campus Education - days	4Q15	4Q14	Chg.(days)	3Q15	Chg.(days)
Net Accounts Receivable (ex-FIES) / Net Revenue (ex-FIES)	76	62	14 Days	74	02 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 4Q15, the average term increased 14 days from 4Q14, mainly reflecting the longer average term of PEP10, PEP30 and PEP50. Excluding this effect, the average term would be 62 days in 4Q15, exactly the same level of last year. When compared to 3Q15, the increase of 2 days is basically explained by seasonality.

3. FIES Accounts Receivable

On-Campus Education - days	4Q15	4Q14	Chg.(days)	3Q15	Chg.(days)
Net Accounts Receivable Fies / Net Revenue Fies	147	51	96 Days	132	15 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 4Q15, the average term of FIES Accounts Receivable was 147 days, increasing 96 days from 4Q14 and 15 days from 3Q15. As mentioned previously, this increase was already expected due to PN23, even considering the additional impact of the new limits imposed on repurchases in the final months of the year. However, it is important to note that, due to the normalization of the FIES payment flow in 2016, the average term is expected to return to levels similar to those of 2014 over the coming quarters.

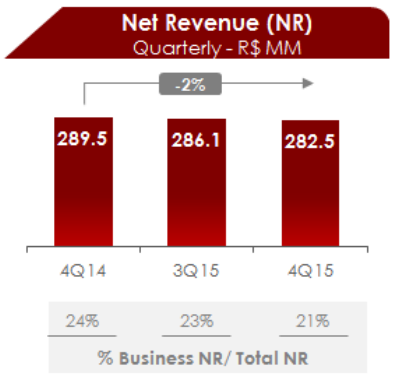
OPERATING RESULT

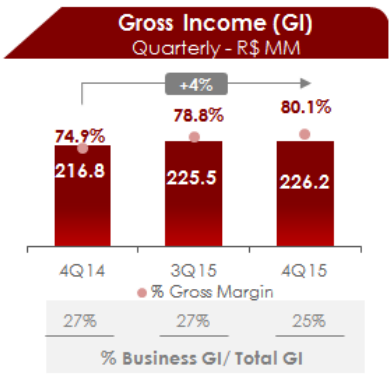
On-Campus Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Gross Income	**652,686**	**574,436**	**13.6%**	**585,589**	**11.5%**
(-) Total Operating Expenses	(146,361)	(151,521)	-3.4%	(114,886)	27.4%
(-) Provision for Doubtful Account - PDA	(44,734)	(22,388)	99.8%	(39,019)	14.6%
(+) Interest and Penalties on Tuition	21,308	16,567	28.6%	15,783	35.0%
Operating Result	**482,899**	**417,095**	**15.8%**	**447,466**	**7.9%**
Operating Margin	*48.0%*	*46.2%*	*1.8 p.p.*	*48.9%*	*-0.9 p.p.*

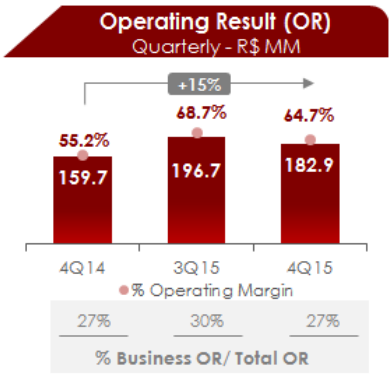
The operating result (before marketing expenses) in 4Q15 amounted to R$482.9 million, for operating margin of 48.0%, up 1.8 p.p. on the year-ago period, reflecting primarily the capture of efficiency gains and synergies from the Anhanguera merger and the rigorous budget control. Compared to 3Q15, operating margin fell 0.9 p.p. due to the seasonal increase in general and administrative expenses. In 2015, the operating result amounted to R$1,919.3 million, with operating margin of 49.2%, an improvement of 1.1 p.p. from 2014, even considering that the 2014 figures consider six months of Kroton ex-Anhanguera.

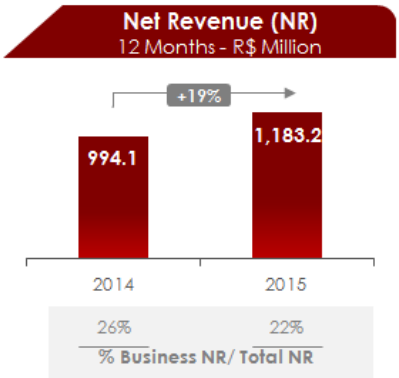
FINANCIAL PERFORMANCE – DISTANCE LEARNING POSTSECONDARY

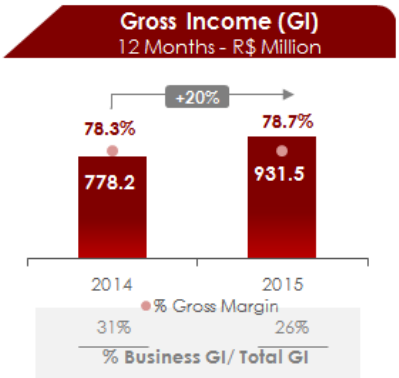
Distance Learning - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%	2015	2014	Chg.%
Gross Revenue	**376,651**	**368,932**	**2.1%**	**383,865**	**-1.9%**	**1,579,083**	**1,247,442**	**26.6%**
Gross Profit Deductions	(94,123)	(79,460)	18.5%	(97,763)	-3.7%	(395,839)	(253,378)	56.2%
Tax	(7,727)	(7,527)	2.7%	(6,640)	16.4%	(31,033)	(23,449)	32.3%
ProUni	(61,506)	(53,841)	14.2%	(62,002)	-0.8%	(249,369)	(167,742)	48.7%
Returns	-	-	n.a.	-	n.a.	-	-	n.a.
Total Discounts	(24,889)	(18,092)	37.6%	(29,121)	-14.5%	(115,437)	(62,187)	85.6%
Net Revenue	**282,528**	**289,472**	**-2.4%**	**286,102**	**-1.2%**	**1,183,243**	**994,063**	**19.0%**
Net Revenue - Undergraduate	260,807	255,896	1.9%	261,093	-0.1%	1,084,719	653,732	65.9%
Net Revenue - Graduate, LFG and Unregulated Programs	21,721	30,391	-28.5%	25,009	-13.1%	98,524	50,859	93.7%
Total of Costs	**(56,283)**	**(72,678)**	**-22.6%**	**(60,646)**	**-7.2%**	**(251,780)**	**(215,823)**	**16.7%**
Cost of Goods	-	-	n.a.	-	n.a.	-	-	n.a.
Cost of Services	(56,283)	(72,678)	-22.6%	(60,646)	-7.2%	(251,780)	(215,823)	16.7%
Faculty, Other Personnel and Third-Party Services	(45,967)	(59,093)	-22.2%	(47,247)	-2.7%	(200,995)	(166,981)	20.4%
Rent	(6,347)	(7,241)	-12.3%	(6,434)	-1.4%	(26,398)	(17,827)	48.1%
Materials	(2,886)	(5,107)	-43.5%	(6,044)	-52.2%	(19,996)	(28,056)	-28.7%
Maintenance	(551)	(918)	-40.0%	(426)	29.1%	(2,153)	(2,052)	4.9%
Other	(532)	(319)	67.0%	(494)	7.7%	(2,238)	(907)	146.7%
Gross Income	**226,245**	**216,794**	**4.4%**	**225,457**	**0.3%**	**931,463**	**778,240**	**19.7%**
Gross Margin	*80.1%*	*74.9%*	*5.2 p.p.*	*78.8%*	*1.3 p.p.*	*78.7%*	*78.3%*	*0.4 p.p.*
Total Operating Expenses	**(25,830)**	**(40,372)**	**-36.0%**	**(22,246)**	**16.1%**	**(103,288)**	**(106,140)**	**-2.7%**
Personnel Expenses	(18,675)	(21,801)	-14.3%	(17,766)	5.1%	(80,796)	(60,397)	33.8%
General and Administrative Expenses	(7,155)	(18,571)	-61.5%	(4,480)	59.7%	(22,491)	(45,743)	-50.8%
Provision for Doubtful Account - PDA	(20,863)	(22,109)	-5.6%	(21,200)	1.6%	(87,618)	(71,759)	22.1%
(+) Interest and Penalties on Tuition	3,315	5,355	-38.1%	14,683	-77.4%	38,647	20,302	90.4%
Operating Result	**182,867**	**159,669**	**14.5%**	**196,694**	**-7.0%**	**779,204**	**620,643**	**25.5%**
Operating Margin	*64.7%*	*55.2%*	*9.6 p.p.*	*68.7%*	*-4.0 p.p.*	*65.9%*	*62.4%*	*3.4 p.p.*

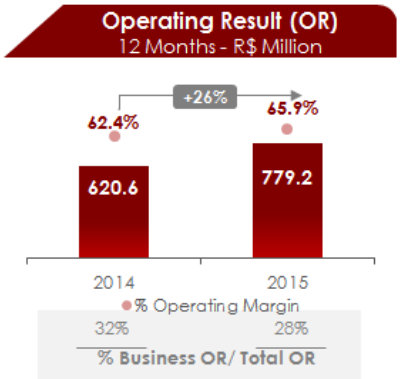












Revenue and Deductions

Distance Learning - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Gross Revenue	**376,651**	**368,932**	**2.1%**	**383,865**	**-1.9%**
Gross Profit Deductions	(94,123)	(79,460)	18.5%	(97,763)	-3.7%
Tax	(7,727)	(7,527)	2.7%	(6,640)	16.4%
ProUni	(61,506)	(53,841)	14.2%	(62,002)	-0.8%
Returns	-	-	n.a.	-	n.a.
Total Discounts	(24,889)	(18,092)	37.6%	(29,121)	-14.5%
Net Revenue	**282,528**	**289,472**	**-2.4%**	**286,102**	**-1.2%**
Net Revenue - Undergraduate	260,807	255,896	1.9%	261,093	-0.1%
Net Revenue - Graduate, LFG and Unregulated Programs	21,721	30,391	-28.5%	25,009	-13.1%

Deductions

In the Distance Learning business, the main deduction items are the discounts granted and ProUni, which combined corresponded to 22.9% of total gross revenue in 4Q15, increasing 3.4 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. Compared to the previous quarter, deductions as a ratio of gross revenue fell 0.8 p.p.

Net Revenue

Net revenue in 4Q15 came to R$282.5 million, down 2.4% compared to 4Q14, due to the lower revenue contributed by the graduate, LFG and unregulated programs, which offset the positive impact from the admissions and re-enrollment processes over the course of the year. In 2015, net revenue amounted to R$1,183.2 million, growing 19.0% from 2014, due to the incorporation of the Anhanguera student base (including students from LFG and DL unregulated programs) and to the admissions and re-enrollment processes.

Average Net Ticket

Distance Learning - Values in R$	4Q15	4Q14	Chg.%	2H15	2H14	Chg.%
Total (Student)	**246.38**	**235.96**	**4.4%**	**241.12**	**254.83**	**-5.4%**

For comparison purposes, Kroton reports only the effective ticket paid by the student, without discounting the transfers to the owners of the centers. Therefore, considering all (100%) revenue and the combination of the DL Undergraduate, DL Graduate and LFG businesses, the average ticket was R$246.38, or 4.4% higher than in 3Q15, which reflects the one-off campaigns offering discounts and the exemption of enrollment fees for new students in that period, but which do not affect the student's average ticket over course of their program. In 2H15, the average ticket was R$ 241.12, down 5.4% over the same period last year, due to the higher number of ProUni students as well as the different mix in new enrollments, given the growth in programs with 100% DL formats, which have lower prices than programs with hybrid formats.

Costs

Distance Learning - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total of Costs	**(56,283)**	**(72,678)**	**-22.6%**	**(60,646)**	**-7.2%**
Cost of Goods	-	-	n.a.	-	n.a.
Cost of Services	(56,283)	(72,678)	-22.6%	(60,646)	-7.2%
Faculty, Other Personnel and Third-Party Services	(45,967)	(59,093)	-22.2%	(47,247)	-2.7%
Rent	(6,347)	(7,241)	-12.3%	(6,434)	-1.4%
Materials	(2,886)	(5,107)	-43.5%	(6,044)	-52.2%
Maintenance	(551)	(918)	-40.0%	(426)	29.1%
Other	(532)	(319)	67.0%	(494)	7.7%

% of Net Revenues	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total of Costs	**-19.9%**	**-25.1%**	**5.2 p.p.**	**-21.5%**	**1.5 p.p.**
Cost of Goods (CG)	0.0%	0.0%	0.0 p.p.	0.0%	0.0 p.p.
Cost of Services (CS)	-19.9%	-25.1%	5.2 p.p.	-21.5%	1.5 p.p.
Faculty, Other Personnel and Third-Party Services	-16.3%	-20.4%	4.1 p.p.	-16.7%	0.5 p.p.
Rent	-2.2%	-2.5%	0.3 p.p.	-2.3%	0.0 p.p.
Materials	-1.0%	-1.8%	0.7 p.p.	-2.1%	1.1 p.p.
Maintenance	-0.2%	-0.3%	0.1 p.p.	-0.2%	0.0 p.p.
Other	-0.2%	-0.1%	-0.1 p.p.	-0.2%	0.0 p.p.

In 4Q15, cost of services (CS) came to R$56.3 million and as a ratio of net revenue decreased 5.2 p.p. from 4Q14. This decrease is mainly due to the better efficiency in the in-class tutor/student ratio, as well as the 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 the previous quarter, costs as ratio of net revenue fell 1.5 p.p., which is mainly explained by the decline in the line materials.

Gross Income

Distance Learning - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Gross Income	**226,245**	**216,794**	**4.4%**	**225,457**	**0.3%**
Gross Margin	*80.1%*	*74.9%*	*5.2 p.p.*	*78.8%*	*1.3 p.p.*

Gross income was R$226.2 million in 4Q15, with gross margin of 80.1%, up 5.2 p.p. from 4Q14, due to lower payroll costs in the period. Compared to the prior quarter, the gross margin expansion is explained by lower costs with tutors and materials in the period. In 2015, gross income amounted to R$931.5 million, with gross margin of 78.7%.

Operating Expenses

Distance Learning - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total Operating Expenses	**(25,830)**	**(40,372)**	**-36.0%**	**(22,246)**	**16.1%**
Personnel Expenses	(18,675)	(21,801)	-14.3%	(17,766)	5.1%
General and Administrative Expenses	(7,155)	(18,571)	-61.5%	(4,480)	59.7%

% of Net Revenues	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total Operating Expenses	**-9.1%**	**-13.9%**	**4.8 p.p.**	**-7.9%**	**-1.3 p.p.**
Personnel Expenses	-6.6%	-7.5%	0.9 p.p.	-6.3%	-0.3 p.p.
General and Administrative Expenses	-2.5%	-6.4%	3.9 p.p.	-1.6%	-0.9 p.p.

Personnel, General and Administrative Expenses

In 4Q15, personnel expenses as a ratio of the segment's net revenue decreased 0.9 p.p. from 4Q14, due to the capture of economies of scale and synergies arising from the incorporation of the Anhanguera figures. Meanwhile, general and administrative expenses fell 3.9 p.p. from the same period of 2014, due to the efforts to capture efficiency gains made since the start of the integration process. The increase compared to 3Q15 is basically due to the growth in headcount in the segment's collections area.

Provision for Doubtful Accounts (PDA)

Distance Learning - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Provision for Doubtful Account - PDA	(20,863)	(22,109)	-5.6%	(21,200)	-1.6%
PDA / Distance Learning Net Revenues	*-7.4%*	*-7.6%*	*0.3 p.p.*	*-7.4%*	*0.0 p.p.*

Provisioning for the DL business as a ratio of net revenue stood at 7.4% in 4Q15, remaining stable in relation to 3Q15, which reinforces the effectiveness of the collections policy, despite the more challenging economic scenario. This performance also reflects the capture of gains and benefits from the Anhanguera merger achieved by the unification of collections practices.

Accounts Receivable

Distance Learning - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Net Accounts Receiveble	**222,827**	**178,298**	**25.0%**	**200,043**	**11.4%**
Tuition and Agreements to Receive - Short term	222,827	178,295	25.0%	200,043	11.4%
Long Term Portfolio	-	2	-	-	-

In 4Q15, net Accounts Receivables in the Distance Learning business amounted to R$222.8 million, increasing 25.0% from 4Q14, which is basically explained by growth in the receivables-generating student base and by the longer average receivables term. Compared to 3Q15, the increase is due to the seasonality of the business.

Average Accounts Receivable Term

Distance Learning - Days	4Q15	4Q14	Chg.(days)	3Q15	Chg.(days)
Net Accounts Receivable / Net Revenue	**68**	**54**	**14 Days**	**61**	**07 Days**

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

As in previous quarters, the average receivables term in the Distance Learning business increased compared to the previous year, due to the convergence of billing and provisioning practices in the DL business to those of the On-Campus business. Compared to 3Q15, the increase is due to the seasonality of the business and to the longer average receivables term at LFG.

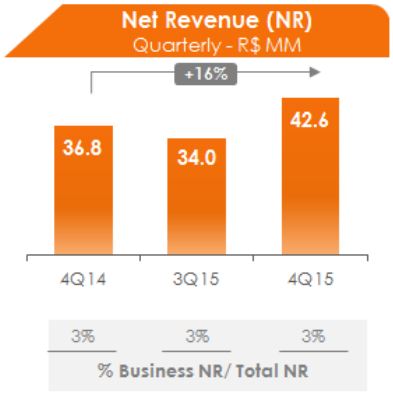
Operating Result

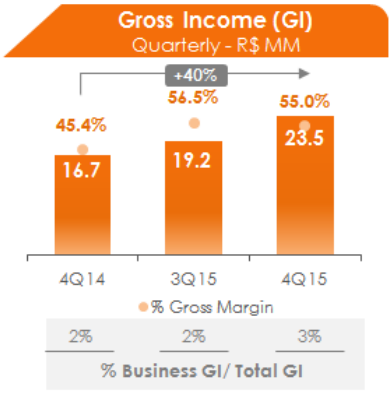
Distance Learning - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Gross Income	**226,245**	**216,794**	**4.4%**	**225,457**	**0.3%**
(-) Total Operating Expenses	(25,830)	(40,372)	-36.0%	(22,246)	16.1%
(-) Provision for Doubtful Account - PDA	(20,863)	(22,109)	-5.6%	(21,200)	-1.6%
(+) Interest and Penalties on Tuition	3,315	5,355	-38.1%	14,683	-77.4%
Operating Result	**182,867**	**159,669**	**14.5%**	**196,694**	**-7.0%**
Operating Margin	*64.7%*	*55.2%*	*9.6 p.p.*	*68.7%*	*-4.0 p.p.*

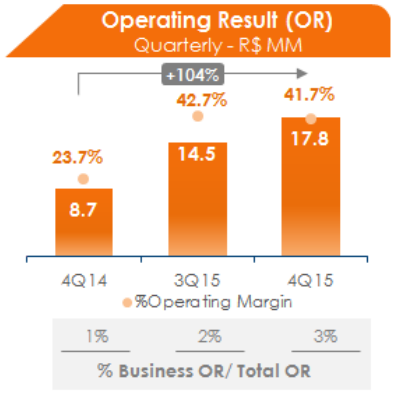
In 4Q15, the operating result (excluding marketing expenses) of the Distance Learning segment amounted to R$182.9 million, increasing 14.5% from 4Q14, with operating margin expanding 9.6 p.p. to 64.7%, reflecting the capture of significant synergy and operating efficiency gains in the segment. Compared to the previous quarter, the 4.0 p.p. contraction in operating margin was influenced by seasonality. In 2015, the operating result was R$779.2 million, with margin of 65.9%, expanding 3.4 p.p. on 2014, even though the result at Anhanguera involves a larger cost structure.

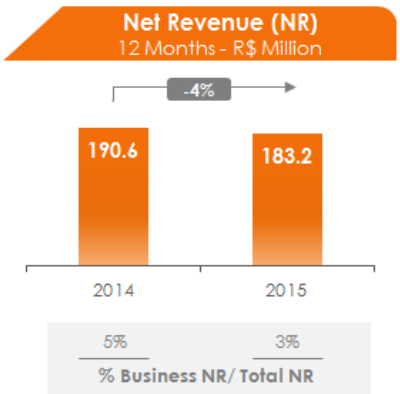
FINANCIAL PERFORMANCE – PRIMARY AND SECONDARY

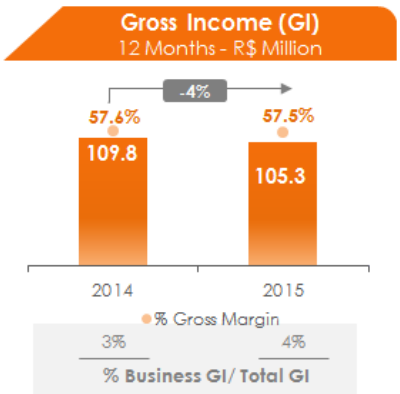
Primary and Secondary Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%	2015	2014	Chg.%
Gross Revenue	**44,734**	**40,430**	**10.6%**	**36,325**	**23.1%**	**193,696**	**206,495**	**-6.2%**
Gross Profit Deductions	(2,124)	(3,597)	-40.9%	(2,317)	-8.3%	(10,523)	(15,886)	-33.8%
Tax	(936)	(1,493)	-37.3%	(925)	1.2%	(4,324)	(5,297)	-18.4%
ProUni	-	-	n.a.	-	n.a.	-	-	n.a.
Returns	(1,188)	(2,104)	-43.5%	(1,392)	-14.6%	(6,199)	(10,588)	-41.5%
Total Discounts	-	-	n.a.	-	n.a.	-	-	n.a.
Net Revenue	**42,609**	**36,832**	**15.7%**	**34,007**	**25.3%**	**183,173**	**190,609**	**-3.9%**
Management Contracts and Own Operations	16,227	14,526	11.7%	16,036	1.2%	62,897	42,566	47.8%
Associated Schools Network	26,383	20,616	28.0%	17,971	46.8%	120,275	111,210	8.2%
Total of Costs	**(19,159)**	**(20,106)**	**-4.7%**	**(14,796)**	**29.5%**	**(77,827)**	**(80,815)**	**-3.7%**
Cost of Goods	(8,498)	(9,319)	-8.8%	(5,800)	46.5%	(35,248)	(39,198)	-10.1%
Cost of Services	(10,661)	(10,786)	-1.2%	(8,996)	18.5%	(42,579)	(41,616)	2.3%
Faculty, Other Personnel and Third-Party Services	(7,873)	(8,788)	-10.4%	(6,832)	15.2%	(31,100)	(30,123)	3.2%
Rent	(273)	(330)	-17.5%	(333)	-18.2%	(1,222)	(1,180)	3.6%
Materials	(2)	(8)	-71.7%	(6)	-60.1%	(43)	(129)	-66.4%
Maintenance	(223)	(458)	-51.2%	(177)	26.4%	(699)	(2,093)	-66.6%
Other	(2,290)	(1,202)	90.5%	(1,648)	38.9%	(9,515)	(8,091)	17.6%
Gross Income	**23,450**	**16,727**	**40.2%**	**19,212**	**22.1%**	**105,345**	**109,795**	**-4.1%**
Management Contracts and Own Operations	7,578	7,692	-2.0%	8,440	-10.2%	28,373	23,128	22.7%
Associated Schools Network	15,872	1,772	74.5%	10,771	47.3%	76,325	69,940	9.1%
Gross Margin	*55.0%*	*45.4%*	9.6 p.p.	45.1%	9.9 p.p.	*57.5%*	*57.6%*	-0.1 p.p.
Management Contracts and Own Operations	*17.8%*	*21.0%*	-3.2 p.p.	19.8%	-2.0 p.p.	*15.5%*	*12.1%*	3.4 p.p.
Associated Schools Network	*37.2%*	*24.7%*	12.6 p.p.	25.3%	12.0 p.p.	*41.7%*	*36.7%*	5.0 p.p.
Total Operating Expenses	**(5,423)**	**(7,801)**	**-30.5%**	**(4,454)**	**21.7%**	**(22,667)**	**(32,156)**	**-29.5%**
Personnel Expenses	(4,145)	(4,833)	-14.2%	(3,335)	24.3%	(17,081)	(20,292)	-15.8%
General and Administrative Expenses	(1,278)	(2,968)	-57.0%	(1,119)	14.1%	(5,586)	(11,864)	-52.9%
Provision for Doubtful Account - PDA	(425)	(289)	47.2%	(359)	18.4%	(2,124)	(4,635)	-54.2%
(+) Interest and Penalties on Tuition	177	99	78.5%	132	34.1%	566	490	15.6%
Operating Result	**17,780**	**8,736**	**103.5%**	**14,531**	**22.4%**	**81,120**	**73,493**	**10.4%**
Operating Margin	*41.7%*	*23.7%*	18.0 p.p.	42.7%	-1.0 p.p.	*44.3%*	*38.6%*	5.7 p.p.

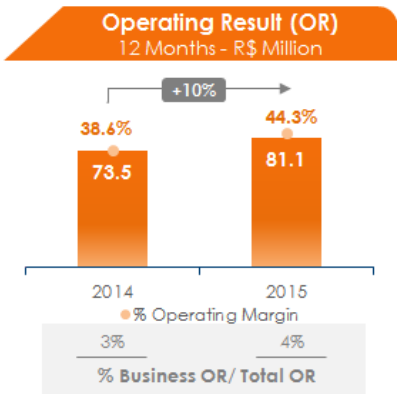












Revenue and Deductions

Primary and Secondary Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Gross Revenue	**44,734**	**40,430**	**10.6%**	**36,325**	**23.1%**
Gross Profit Deductions	(2,124)	(3,597)	-40.9%	(2,317)	-8.3%
Tax	(936)	(1,493)	-37.3%	(925)	1.2%
ProUni	-	-	n.a.	-	n.a.
Returns	(1,188)	(2,104)	-43.5%	(1,392)	-14.6%
Total Discounts	-	-	n.a.	-	n.a.
Net Revenue	**42,609**	**36,832**	**15.7%**	**34,007**	**25.3%**
Management Contracts and Own Operations	16,227	14,526	11.7%	16,036	1.2%
Associated Schools Network	26,383	20,616	28.0%	17,971	46.8%

Deductions

In 4Q15, deductions as a ratio of gross revenue decreased 4.2 p.p. compared to 4Q14, 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 advanced 15.7% from 4Q14, due to the improvement in management contracts and own operations and to the robust growth in the Associated Schools network, despite the termination of contracts with the SESI schools. This performance is even stronger in the comparison with the previous quarter, in which net revenue grew 25.3%. In 2015, net revenue in the segment amounted to R$183.2 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)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total of Costs	**(19,159)**	**(20,106)**	**-4.7%**	**(14,796)**	**29.5%**
Cost of Goods (CG)	(8,498)	(9,319)	-8.8%	(5,800)	46.5%
Cost of Services (CS)	(10,661)	(10,786)	-1.2%	(8,996)	18.5%
Faculty, Other Personnel and Third-Party Services	(7,873)	(8,788)	-10.4%	(6,832)	15.2%
Rent	(273)	(330)	-17.5%	(333)	-18.2%
Materials	(2)	(8)	-71.7%	(6)	-60.1%
Maintenance	(223)	(458)	-51.2%	(177)	26.4%
Other	(2,290)	(1,202)	90.5%	(1,648)	38.9%

% of Net Revenues	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total of Costs	**-45.0%**	**-54.6%**	**9.6 p.p.**	**-43.5%**	**-1.5 p.p.**
Cost of Goods (CG)	-19.9%	-25.3%	5.4 p.p.	-17.1%	-2.9 p.p.
Cost of Services (CS)	-25.0%	-29.3%	4.3 p.p.	-26.5%	1.4 p.p.
Faculty, Other Personnel and Third-Party Services	-18.5%	-23.9%	5.4 p.p.	-20.1%	1.6 p.p.
Rent	-0.6%	-0.9%	0.3 p.p.	-1.0%	0.3 p.p.
Materials	0.0%	0.0%	0.0 p.p.	0.0%	0.0 p.p.
Maintenance	-0.5%	-1.2%	0.7 p.p.	-0.5%	0.0 p.p.
Other	-5.4%	-3.3%	-2.1 p.p.	-4.8%	-0.5 p.p.

In 4Q15, cost of goods sold as a ratio of net revenue in the business fell 5.4 p.p., explained by the efficiency gains captured by the Strategic Sourcing project in the logistics operation, with a reduction in the cost of materials and of logistics operations (printing, freight and storage operations). The 4.3 p.p. decrease in cost of services from 4Q14 was due to the streamlining of the technical faculty to optimize the segment's operations. The same level of performance was observed in the comparison with the previous quarter. Compared to 3Q15, cost of goods sold registered a seasonal increase of 2.9 p.p., driven by the volume of books sold already for 2016.

Gross Income

Primary and Secondary Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Gross Income	**23,450**	**16,727**	**40.2%**	**19,212**	**22.1%**
Management Contracts and Own Operations	7,578	7,731	-2.0%	8,440	-10.2%
Associated Schools Network	15,872	9,093	74.5%	10,771	47.3%
Gross Margin	*55.0%*	*45.4%*	*9.6 p.p.*	*56.5%*	*-1.5 p.p.*
Management Contracts and Own Operations	*17.8%*	*21.0%*	*-3.2 p.p.*	*24.8%*	*-7.0 p.p.*
Associated Schools Network	*37.2%*	*24.7%*	*12.6 p.p.*	*31.7%*	*5.6 p.p.*

In 4Q15, gross income increased 40.2% compared to 4Q14 and gross margin expanded 9.6 p.p., reflecting the lower costs in the quarter. In 2015, gross income decreased 4.1% compared to 2014, while gross margin remained stable, mainly due to the rescission of contracts with the SESI schools, which offset the improvements obtained in the segment's management.

Operating Expenses

Primary and Secondary Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total Operating Expenses	**(5,423)**	**(7,801)**	**-30.5%**	**(4,454)**	**21.7%**
Personnel Expenses	(4,145)	(4,833)	-14.2%	(3,335)	24.3%
General and Administrative Expenses	(1,278)	(2,968)	-57.0%	(1,119)	14.1%

% of Net Revenues	4Q15	4Q14	Chg.%	3Q15	Chg.%
Total Operating Expenses	**-12.7%**	**-21.2%**	8.5 p.p.	**-13.1%**	0.4 p.p.
Personnel Expenses	-9.7%	-13.1%	3.4 p.p.	-9.8%	0.1 p.p.
General and Administrative Expenses	-3.0%	-8.1%	5.1 p.p.	-3.3%	0.3 p.p.

Personnel, General and Administrative Expenses

Personnel, general and administrative expenses as a percentage of revenue decreased 8.5 p.p. from 4Q14. 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)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Provision for Doubtful Account - PDA	(425)	(289)	47.2%	(359)	18.4%
PDA / Primary and Secondary Education Net Revenues	*-1.0%*	*-0.8%*	*-0.2 p.p.*	*-1.1%*	*0.1 p.p.*

PDA stood at 1.0% of net revenue in 4Q15, which is virtually stable in relation to both 4Q14 and 3Q15. This low level of PDA reinforces the effectiveness of the provisioning policy adopted for the Primary and Secondary Education segment.

Accounts Receivable

Primary and Secondary Education	4Q15	4Q14	Chg.%	3Q15	Chg.%
Net Accounts Receivable	**44,682**	**40,197**	**11.2%**	**28,676**	**55.8%**

In 4Q15, the increase in Accounts Receivable compared to 4Q14 and 3Q15 reflects the growth in the sales volume of book collections for the 2016 academic year compared to the same period of 2014.

Average Accounts Receivable Term

Primary and Secondary Education - Days	4Q15	4Q14	Chg.(days)	3Q15	Chg.(days)
Net Accounts Receivable / Net Revenue	88	76	12 Days	58	30 Days

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

Similar to the performance of Accounts Receivable, the increase of 12 days in the average term of the Primary and Secondary Education business between 4Q15 and 4Q14 is also related to the higher sales volume of book collections to the Associated Schools.

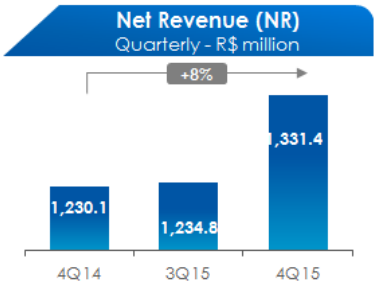
Operating Result

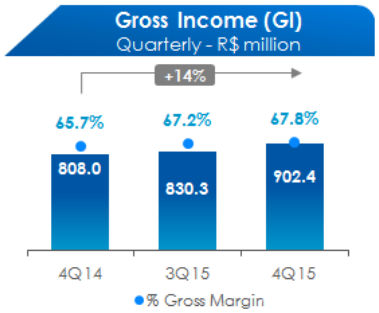
Primary and Secondary Education - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Gross Income	**23,450**	**16,727**	**40.2%**	**19,212**	**22.1%**
(-) Total Operating Expenses	(5,423)	(7,801)	-30.5%	(4,454)	21.7%
(-) Provision for Doubtful Account - PDA	(425)	(289)	47.2%	(359)	18.4%
(+) Interest and Penalties on Tuition	177	99	78.5%	132	34.1%
Operating Result	**17,780**	**8,736**	**103.5%**	**14,531**	**22.4%**
Operating Margin	*41.7%*	*23.7%*	18.0 p.p.	42.7%	-1.0 p.p.

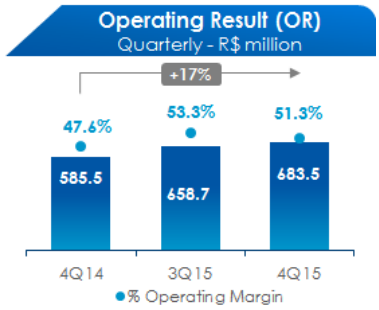
In 4Q15, the operating result (before marketing expenses) was R$17.8 million, with margin of 41.7%, expanding 18.0 p.p. on the year-ago period, which demonstrates the success of the programs to capture operating efficiency gains, even with the discontinuation of an important client this year. Compared to the previous quarter, the 1.0 p.p. contraction in operating margin is explained by seasonality. In 2015, the operating result was R$81.1 million, with operating margin of 44.3%.

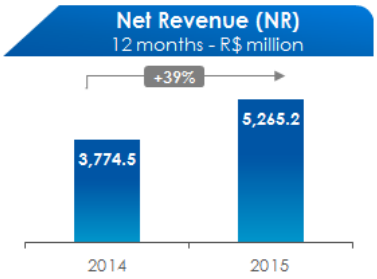
FINANCIAL PERFORMANCE – KROTON

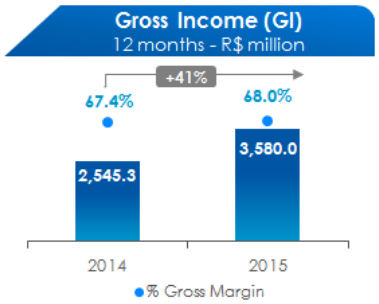
Consolidated - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%	2015	2014	Chg.%
Gross Revenue	**1,690,557**	**1,550,732**	**9.0%**	**1,600,880**	**5.6%**	**6,723,899**	**4,700,182**	**43.1%**
Gross Profit Deductions	(359,178)	(320,669)	12.0%	(366,084)	-1.9%	(1,458,664)	(925,706)	57.6%
Tax	(35,398)	(35,867)	-1.3%	(36,078)	-1.9%	(152,433)	(106,576)	43.0%
ProUni	(219,033)	(188,732)	16.1%	(226,432)	-3.3%	(884,601)	(530,746)	66.7%
Returns	(1,188)	(2,104)	-43.5%	(1,392)	-14.6%	(6,199)	(10,588)	-41.5%
Total Discounts	(103,559)	(93,967)	10.2%	(102,182)	1.3%	(415,432)	(277,796)	49.5%
Net Revenue	**1,331,379**	**1,230,063**	**8.2%**	**1,234,796**	**7.8%**	**5,265,235**	**3,774,476**	**39.5%**
Total of Costs	**(428,998)**	**(422,106)**	**1.6%**	**(404,539)**	**6.0%**	**(1,685,188)**	**(1,229,131)**	**37.1%**
Cost of Goods	(8,498)	(9,319)	-8.8%	(5,800)	46.5%	(35,248)	(39,198)	-10.1%
Cost of Services	(420,500)	(412,787)	1.9%	(398,739)	5.5%	(1,649,940)	(1,189,932)	38.7%
Faculty, Other Personnel and Third-Party Services	(316,043)	(320,787)	-1.5%	(292,574)	8.0%	(1,217,037)	(895,588)	35.9%
Rent	(81,341)	(77,570)	4.9%	(79,274)	2.6%	(324,005)	(203,525)	59.2%
Materials	(4,643)	(9,904)	-53.1%	(12,937)	-64.1%	(39,181)	(47,683)	-17.8%
Maintenance	(6,632)	(7,286)	-9.0%	(3,100)	113.9%	(20,228)	(21,630)	-6.5%
Other	(11,841)	2,761	n.a.	(10,853)	9.1%	(49,488)	(21,506)	130.1%
Gross Income	**902,381**	**807,957**	**11.7%**	**830,257**	**8.7%**	**3,580,047**	**2,545,345**	**40.7%**
Gross Margin	*67.8%*	*65.7%*	*2.1 p.p.*	*67.2%*	*0.5 p.p.*	*68.0%*	*67.4%*	*0.6 p.p.*
Total Operating Expenses	**(177,614)**	**(199,693)**	**-11.1%**	**(141,586)**	**25.4%**	**(640,765)**	**(523,197)**	**22.5%**
Personnel, General and Administrative Expenses	(177,614)	(199,693)	-11.1%	(141,586)	25.4%	(640,765)	(523,197)	22.5%
Personnel Expenses	(92,608)	(106,525)	-13.1%	(83,834)	10.5%	(372,688)	(295,815)	26.0%
General and Administrative Expenses	(85,006)	(93,168)	-8.8%	(57,753)	47.2%	(268,077)	(227,382)	17.9%
Provision for Doubtful Account - PDA	**(66,022)**	**(44,786)**	**47.4%**	**(60,578)**	**9.0%**	**(268,158)**	**(147,542)**	**81.8%**
(+) Interest and Penalties on Tuition	24,800	22,022	12.6%	30,598	-18.9%	108,511	66,090	64.2%
Operating Result	**683,546**	**585,500**	**16.7%**	**658,690**	**3.8%**	**2,779,635**	**1,940,697**	**43.2%**
Operating Margin	*51.3%*	*47.6%*	*3.7 p.p.*	*53.3%*	*-2.0 p.p.*	*52.8%*	*51.4%*	*1.4 p.p.*
Selling and Marketing Expenses	**(75,710)**	**(89,602)**	**-15.5%**	**(79,937)**	**-5.3%**	**(311,436)**	**(224,894)**	**38.5%**
Corporate Expenses	**(89,702)**	**(95,627)**	**-6.2%**	**(70,543)**	**27.2%**	**(289,402)**	**(259,019)**	**11.7%**
Adjusted EBITDA	**518,133**	**400,271**	**29.4%**	**508,210**	**2.0%**	**2,178,797**	**1,456,783**	**49.6%**
Adjusted EBITDA Margin	*38.9%*	*32.5%*	*6.4 p.p.*	*41.2%*	*-2.2 p.p.*	*41.4%*	*38.6%*	*2.8 p.p.*
(-) Non-Recurring Costs and Expenses	(57,599)	(43,815)	31.5%	(48,443)	18.9%	(195,537)	(100,114)	95.3%
EBITDA	**460,534**	**356,456**	**29.2%**	**459,767**	**0.2%**	**1,983,260**	**1,356,669**	**46.2%**
EBITDA Margin	*34.6%*	*29.0%*	*5.6 p.p.*	*37.2%*	*-2.6 p.p.*	*37.7%*	*35.9%*	*1.7 p.p.*
Depreciation and Amortization	(92,157)	(94,477)	-2.5%	(87,653)	5.1%	(379,841)	(249,762)	52.1%
Financial Result	(34,378)	(35,650)	-3.6%	(30,074)	14.3%	(138,934)	(91,067)	52.6%
Income Tax / Social Contribution	(29,067)	2,902	n.a.	(36,589)	-20.6%	(106,114)	(28,936)	266.7%
Deferred Income Tax / Social Contribution	(9,463)	14,755	n.a.	7,346	n.a.	37,787	13,695	175.9%
Net Income	**295,468**	**243,985**	**21.1%**	**312,798**	**-5.5%**	**1,396,158**	**1,000,599**	**39.5%**
Net Margin	*22.2%*	*19.8%*	*2.4 p.p.*	*25.3%*	*-3.1 p.p.*	*26.5%*	*26.5%*	*0.0 p.p.*
(+) Non Recurring Costs and Expenses	57,599	43,815	31.5%	48,443	18.9%	195,537	100,114	95.3%
(+) Intagnible Amortization (Acquisitions)	55,767	47,646	17.0%	46,191	20.7%	193,644	115,590	67.5%
Adjusted Net Income	**408,835**	**335,446**	**21.9%**	**407,432**	**0.3%**	**1,785,338**	**1,216,302**	**46.8%**
Adjusted Net Margin	*30.7%*	*27.3%*	*3.4 p.p.*	*33.0%*	*-2.3 p.p.*	*33.9%*	*32.2%*	*1.7 p.p.*

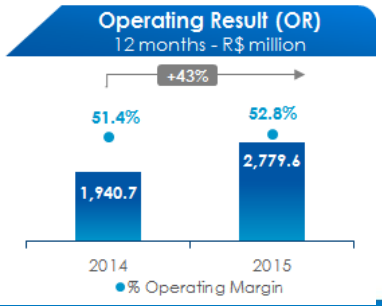












SELLING AND MARKETING EXPENSES

Consolidated - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Selling and Marketing Expenses	(75,710)	(89,602)	-15.5%	(79,937)	-5.3%

% of Net Revenue	4Q15	4Q14	Chg.%	3Q15	Chg.%
Selling and Marketing Expenses	-5.7%	-7.3%	1.6 p.p.	-6.5%	0.8 p.p.

Selling and marketing expenses as a ratio of net revenue declined 1.6 p.p. compared to 4Q14, reflecting the results of our actions to optimize the costs incurred from media agencies and vehicles. Compared to 3Q15, the 0.8 p.p. decrease is due to seasonality.

CORPORATE EXPENSES

Consolidated - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Corporate Expenses	(89,702)	(95,627)	-6.2%	(70,543)	27.2%
Personnel Expenses	(66,317)	(62,179)	6.7%	(60,302)	10.0%
General and Administrative Expenses	(23,385)	(33,447)	-30.1%	(10,241)	128.4%

% of Net Revenue	4Q15	4Q14	Chg.%	3Q15	Chg.%
Corporate Expenses	-6.7%	-7.8%	1.0 p.p.	-5.7%	-1.0 p.p.
Personnel Expenses	-5.0%	-5.1%	0.1 p.p.	-4.9%	-0.1 p.p.
General and Administrative Expenses	-1.8%	-2.7%	1.0 p.p.	-0.8%	-0.9 p.p.

The ratio of personnel expenses to net revenue, within our corporate expenses, was practically stable compared to both 4Q14 and 3Q15. The increase in personnel expenses is related to the retroactive adjustment of variable compensation plans based on the meeting of the targets set for 2015 and to the new stock options granted, which were partially offset by the positive impact from the synergies captured in the merger and by the adjustment of corporate headcount carried out mainly in the first half of the year. Analyzing separately general and administrative expenses as a ratio of net revenue, we observed a decrease of 1.0 p.p. from 4Q14, due to the reductions in expenses generated by the strategic sourcing process and by greater budget austerity. In comparison with the previous quarter, the 0.9 p.p. increase in general and administrative expenses as a ratio of net revenue was due to higher provisioning for contingencies.

NONRECURRING EVENTS

Values in R$ ('000)	4Q15	3Q15	2Q15	1Q15	2015
Integrations	39,666	35,669	47,105	30,516	152,956
Greenfield Projects	17,933	12,774	6,492	5,382	42,581
Total of Nonrecurring Items	**57,599**	**48,443**	**53,597**	**35,898**	**195,537**

In 4Q15, Kroton recognized nonrecurring events mainly related to M&A activity, the integration with Anhanguera and greenfield projects amounting to R$57.6 million. Nonrecurring expenses with integrations basically refer to personnel/severance expenses (R$27.6 million) arising primarily from the Operational Research process in the On-Campus Education segment, whose positive effects observed in 2015 should be even more relevant in 2016. Other highlights include expenses with strategic and IT consulting (R$7.6 million), which essentially are related to the project for integrating the academic systems, whose conclusion is expected for 2016. The Company also incurred R$17.9 million in expenses with greenfield and other projects in the period. In 2015, nonrecurring expenses amounted to R$195.5 million. The Company expects the level of nonrecurring expenses to decline over the course of 2016.

FINANCIAL RESULT

Consolidated - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
(+) Financial Revenues	14,733	15,211	-3.1%	17,343	-15.1%
Interest on Financial Investment	13,488	13,657	-1.2%	16,240	-16.9%
Others	1,245	1,554	n.a.	1,103	n.a.
(-) Financial Expenses	(49,111)	(50,861)	-3.4%	(47,417)	3.6%
Banks Expenses	(4,513)	(2,165)	108.5%	(2,206)	104.6%
Interest on Loans	(26,071)	(36,897)	-29.3%	(28,839)	-9.6%
Interest and Tax on Late Payment	(2,840)	(3,297)	-13.9%	(1,623)	75.0%
Interest on Loans for Acquisitions	(6,047)	(4,952)	22.1%	(7,024)	-13.9%
Foreign Exchange Variation (FX)	-	(710)	n.a.	-	n.a.
Restatement of Contingencies	(7,943)	-	n.a.	(6,456)	23.0%
Others	(1,697)	(2,840)	-40.3%	(1,269)	33.7%
Financial Result[1]	**(34,378)**	**(35,650)**	**-3.6%**	**(30,074)**	**14.3%**

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

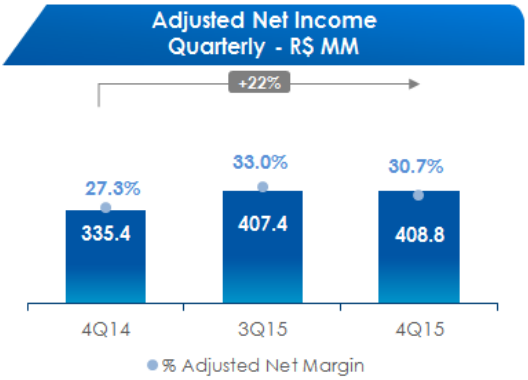
In 4Q15, the net financial result was an expense of R$34.4 million, which was impacted by the lines interest on loans and interest on loans for acquisitions, due to the carryover of debt from Anhanguera. As was the case in prior quarters, the breakdown of the line Restatement of Contingencies, which 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. Another important aspect is that the settlement of the entire outstanding balance of foreign-denominated debt in 4Q14 helped prevent a more significant adverse impact during this year marked by sharp local-currency depreciation. Compared to 3Q15, the net financial result reflects, mainly, the Company's lower cash balance.

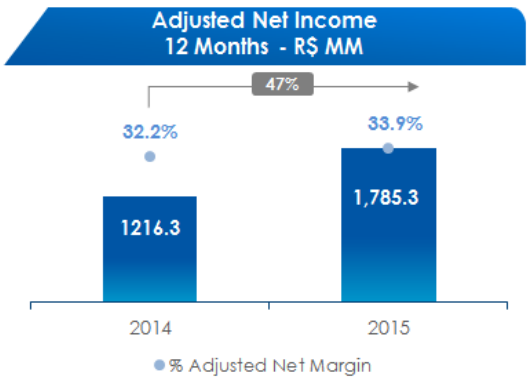
NET INCOME

Consolidated - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Adjusted EBITDA	518,133	400,271	29.4%	508,210	2.0%
(+) Depreciation and Amortization ex-Intangible	(36,389)	(46,831)	-22.3%	(41,461)	-12.2%
(+) Financial Result [1]	(34,378)	(35,650)	-3.6%	(30,074)	14.3%
(+) Income Tax / Social Contribution	(29,067)	2,902	n.a.	(36,589)	-20.6%
(+) Deferred Income Tax / Social Contribution	(9,463)	14,755	-164.1%	7,346	-228.8%
Adjusted Net Income	**408,835**	**335,446**	**21.9%**	**407,432**	**0.3%**
Adjusted Net Margin	*30.7%*	*27.3%*	*3.4 p.p.*	*33.0%*	*-2.3 p.p.*
(+) Nonrecurring Costs and Expenses	(57,599)	(43,815)	31.5%	(48,443)	18.9%
(+) Intangible Amortization (Acquisitions)	(55,767)	(47,646)	17.0%	(46,191)	20.7%
Net Income	**295,468**	**243,985**	**21.1%**	**312,798**	**-5.5%**
Net Margin	*22.2%*	*19.8%*	*2.4 p.p.*	*25.3%*	*-3.1 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$408.8 million, with adjusted net margin of 30.7%, expanding 3.4 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). Meanwhile, the variations in the strictly managerial lines "depreciation and amortization ex-intangible assets" and "amortization of intangible assets (acquisitions)" are explained by the reclassification of around R$5.8 million previously recorded under "depreciation and amortization ex-intangible assets" but that in fact should have been recorded as "amortization of intangible assets (acquisitions)," since the amount is related to past acquisitions by Anhanguera. In 2015, adjusted net income increased 46.8% to R$1,785.3 million, with adjusted net margin of 33.9%.





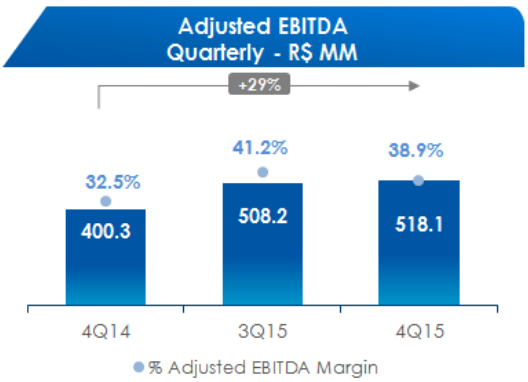
Excluding the adjustments for nonrecurring costs and expenses and the amortization of intangible assets, net income was R$295.5 million in 4Q15 and R$1.4 billion in 2015.

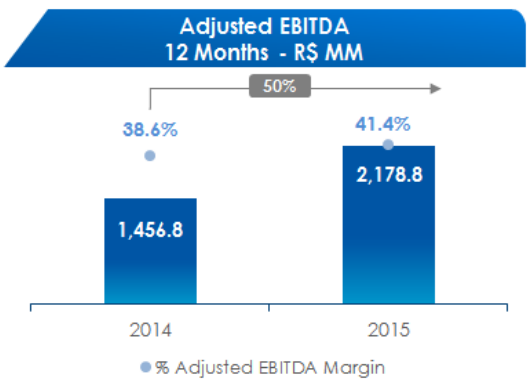
EBITDA

Consolidated - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Net Income (Loss)	**295,468**	**243,985**	**21.1%**	**312,798**	**-5.5%**
(+) Depreciation and Amortization	92,157	94,477	-2.5%	87,653	5.1%
(+) Financial Result[1]	34,378	35,650	-3.6%	30,074	14.3%
(+) Income Tax / Social Contribution	29,067	(2,902)	n.a.	36,589	-20.6%
(+) Deferred Income Tax / Social Contribution	9,463	(14,755)	n.a.	(7,346)	-228.8%
EBITDA	**460,534**	**356,456**	**29.2%**	**459,767**	**0.2%**
EBITDA Margin	*34.6%*	*29.0%*	*5.6 p.p.*	*37.2%*	*-2.6 p.p.*
(+) Nonrecurring Costs and Expenses	57,599	43,815	31.5%	48,443	18.9%
Adjusted EBITDA	**518,133**	**400,271**	**29.4%**	**508,210**	**2.0%**
Adjusted EBITDA Margin	*38.9%*	*32.5%*	*6.4 p.p.*	*41.2%*	*-2.2 p.p.*

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

Adjusted EBITDA was R$518.1 million in the quarter, increasing 29.4% from 4Q14, with Adjusted EBITDA margin expanding 6.4 p.p. Adjusted EBITDA performance in the period confirms the efforts being made to capture operating efficiency gains and to rigorously control costs and expenses. The growth in the Company's profitability in spite of the increasingly challenging economic scenario is an extremely important signal, as it puts the Company in a different level to continue presenting growing and sustainable results. In the year, adjusted EBITDA amounted to R$2,178.8 million, with margin of 41.4%, which is substantially higher than Kroton's guidance of 37.0% announced at the beginning of the year.



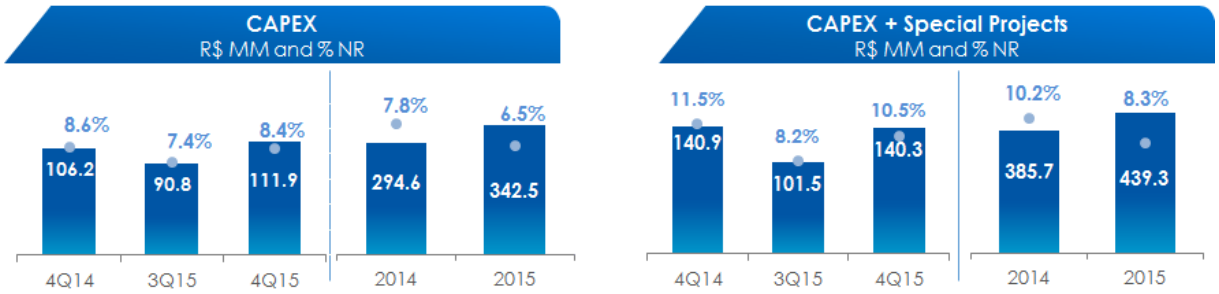


Excluding the adjustments for nonrecurring costs and expenses, the Company generated EBITDA of R$460.5 million in 4Q15 and R$1,983.2 million in 2015, increasing 29.2% and 46.2%, respectively. Meanwhile, EBITDA margin stood at 34.6% in the quarter and 37.7% in the year.

INVESTMENT (CAPEX)

In 4Q15, Kroton invested R$111.9 million, allocated as follows:

(i) information technology and library equipment: R$22.1 million (20%);
(ii) content and systems development and software licenses: R$41.7 million (37%);
(iii) laboratory and related equipment: R$21.7 million (19%);
(iv) expansions – construction and improvements: R$26.4 million (24%).



In 4Q15, investments corresponded to 8.4% 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 2015, capex amounted to R$342.5 million, which corresponds to 6.5% of net revenue in the period.

Kroton has also been investing in special projects, such as expansions of physical structures and greenfield projects, which came to R$28.3 million in 4Q15 and R$96.8 million in the year. Therefore, total investment as a ratio of net revenue stood at 10.5% in 4Q15 and 8.3% in 2015.

NET DEBT

Consolidated - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%
Cash and Cash Equivalents	403,583	455,332	-11.4%	481,551	-16.2%
Cash	15,593	16,835	-7.4%	10,364	50.5%
Securities	387,990	438,497	-11.5%	471,187	-17.7%
Loans and Financing	758,404	942,118	-19.5%	846,881	-10.4%
Short-term Debt	195,965	201,255	-2.6%	204,052	-4.0%
Long-term Debt	562,439	740,863	-24.1%	642,829	-12.5%
Net Cash (Debt)[1]	**(354,821)**	**(486,786)**	**-27.1%**	**(365,330)**	**-2.9%**
Other Short and Long Term Debt	278,681	312,472	-10.8%	273,436	1.9%
Net Cash (Debt)[2]	**(633,502)**	**(799,258)**	**-20.7%**	**(638,766)**	**-0.8%**

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

At the end of 4Q15, total cash and financial investments amounted to R$403.6 million, down 16.2% from the previous quarter, reflecting primarily the payment of R$80 million (or R$119 million including interest and charges) to settle a portion of the Company's debentures, which offset cash generation in the quarter. As a result of the repayment of a portion of its long-term debt, the debt level also decreased. Net debt ended the year at R$354.8 million, down 2.9% from the end of 3Q15. Considering all short and long term obligations, which include taxes and contributions paid in installments and the obligations related to the acquisitions made through 4Q15, the level of the Company's debt also fell slightly. In addition, note that total net debt includes amounts related to installment payments for acquisitions, especially those for Uniasselvi, which are being paid in six annual installments since 2013.

CASH FLOW

Actual Cash Flow

Consolidated - Values in R$ ('000)	4Q15	4Q14	Chg.%	3Q15	Chg.%	2015	2014	Chg.%
Net Income before Income Interest	**333,975**	**226,327**	**47.6%**	**342,041**	**-2.4%**	**1,464,461**	**1,015,840**	**44.2%**
(+) Net Income adjustments before Income Interest	190,510	200,048	-4.8%	165,022	15.4%	753,722	576,922	30.6%
Depreciation and Amortization	92,171	94,483	-2.4%	87,668	5.1%	379,871	249,767	52.1%
Provision for Doubtful Accounts (PDA)	66,022	44,786	47.4%	60,578	9.0%	268,158	147,542	81.8%
Others	32,317	60,779	-46.8%	16,776	92.6%	105,693	179,613	-41.2%
(+) Income Tax and Social Contribution	(13,063)	(3,980)	228.2%	(4,451)	193.5%	(24,369)	(16,487)	47.8%
(+) Changes in Working Capital	(251,861)	(2,012)	n.a.	(76,308)	230.1%	(1,142,556)	(125,619)	n.a.
(Increase) Reduction in Accounts Receivable ex-FIES	(110,700)	(69,206)	60.0%	(18,687)	492.4%	(426,074)	25,484	n.a.
(Increase) Reduction in Accounts Receivable FIES	(119,135)	108,924	n.a.	(59,989)	98.6%	(709,084)	(157,169)	351.2%
Others	(22,026)	(41,730)	-47.2%	2,368	n.a.	(7,398)	6,066	n.a.
Operating Cash Generation before Capex	**259,562**	**420,383**	**-38.3%**	**426,304**	**-39.1%**	**1,051,258**	**1,450,656**	**-27.5%**
Capex - Recurring	(130,844)	(101,978)	28.3%	(92,017)	42.2%	(374,333)	(310,121)	20.7%
Operating Cash Generation after Capex	**128,718**	**318,405**	**-59.6%**	**334,287**	**-61.5%**	**676,925**	**1,140,535**	**-40.6%**
Capex - Special Projects	(19,232)	(12,915)	n.a.	11,505	n.a.	(43,294)	(57,690)	-25.0%
Operating Cash Generation after Capex and Special Projects	**109,486**	**305,490**	**-64.2%**	**345,792**	**-68.3%**	**633,631**	**1,082,845**	**-41.5%**
(+) M&A Activities	(3,411)	(3,863)	-11.7%	(5,001)	-31.8%	(50,282)	146,035	n.a.
(+) Cash Flow from Financing Activities	(184,700)	(243,703)	-24.2%	(248,538)	-25.7%	(635,881)	(1,117,648)	-43.1%
Free Cash Flow	**(78,625)**	**57,924**	**-235.7%**	**92,253**	**-185.2%**	**(52,532)**	**111,232**	**n.a.**

Consolidated - Values in R$ ('000)	4Q15	4Q14	Chg.%	2015	2014	Chg.%
Operating Cash Generation (OCG) before Capex	**259,562**	**420,383**	**-38.3%**	**1,051,258**	**1,450,656**	**-27.5%**
OCG / EBITDA	*56.4%*	*117.9%*	-61.6 p.p.	*53.0%*	*106.9%*	-53.9 p.p.
Operating Cash Generation after Capex	**128,718**	**318,405**	**-59.6%**	**676,925**	**1,140,535**	**-40.6%**
OCG / EBITDA	*27.9%*	*89.3%*	-61.4 p.p.	*34.1%*	*84.1%*	-49.9 p.p.
Operating Cash Generation after Capex and Special Projects	**109,486**	**305,490**	**-64.2%**	**633,631**	**1,082,845**	**-41.5%**
OCG / EBITDA	*23.8%*	*85.7%*	-61.9 p.p.	*31.9%*	*79.8%*	-47.9 p.p.
Free Cash Flow	**(78,625)**	**57,924**	**n.a.**	**(52,532)**	**111,232**	**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$259.6 million in 4Q15, or 38.3% lower than in 4Q14, due to the effects from the new cycle of tuition receivables from FIES students in 2015 resulting from Administrative Rule 23 (PN23) announced in December 2014. Considering the disbursements for capex in the period, operating cash flow was R$128.7 million in 4Q15. Including capex and special projects, operating cash flow was R$109.5 million, lower than in the previous two quarters, due to the limits imposed on FIES repurchases in the final three months of the year. Meanwhile, the Company's free cash flow was negative R$78.6 million in the period, also affected by the lower flow of repurchases at the end of 2015.

Operating cash flow after capex corresponded to 56.4% of EBITDA in 4Q15. After the disbursements for capex and special projects, cash flow corresponded to 27.9% of EBITDA in the period. In 2015, operating cash flow after total capex disbursements corresponded to 31.9% of EBITDA.

Lastly, it is important to note that because the flow of FIES repurchases has been normalized in 2016, the Company's cash conversion should return to historical levels, despite the more challenging economic scenario this year.

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 4Q15, registering financial trading volume of R$7.2 billion and 1,427,795 trades in the period, which represents average daily trading volume of R$120.4 million. On December 31, 2015, Kroton's market capitalization was R$15.5 billion.

In 4Q15, Kroton's stock price rose 23.6%, while the Bovespa Index (Ibovespa) fell 3.8%. In the same period, the ICON, IGC and ITAG lost 6.3%, 3.1% and 2.1%, respectively. Kroton stock is currently covered by research analysts at 16 different local and international institutions.

In 2015, Kroton's stock declined 38.5% and registered an average daily trading volume of R$168.3 million. In the same period, the Ibovespa fell 13.3%, while the ICON, IGC and ITAG decreased 6.7%, 6.4% and 10.7%, respectively.

Highlights- KROT3	**4Q15**	**2015**
Average Daily Trade Volume (average)	R$ 120.4 million	R$ 168.3 million
Maximum (R$ per share)	R$ 10.75	R$ 14.80
Minimum (R$ per share)	R$ 7.73	R$ 7.41
Average (R$ per share)	R$ 10.01	R$ 10.66
Closing Quote	R$ 9.53	R$ 9.53
Variation in the period (%)	23.6%	-38.5%

SHARE BUYBACK PROGRAM

On July 8, 2015, the Company approved its fifth buyback 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.

A total of 1,075,000 common shares issued by the Company were repurchased during the fourth quarter of 2015 at an average price of R$9.29 per share. Since the start of the fifth program, a total of 10,872,500 shares have been repurchased, which represents 20.1% of the limit established by the program.

OWNERSHIP STRUCTURE

After the most recent capital increases approved in 2015, Kroton's share capital is divided into 1,626,069,778 common shares, distributed as follows:

Kroton Ownership Structure*	**Quantity**	**%**
Treasury	11,072,130	0.7%
Free Float	1,614,997,648	99.3%
Total	**1,626,069,778**	**100.0%**

* Position on February 29, 2016.

DIVIDENDS

In the Meeting held on March 15, 2016, the Board of Directors approved the distribution of dividends related to the results for the fourth quarter of 2015 in the amount of R$70,168,488.00, which will be calculated towards the minimum mandatory dividend for 2015, which corresponds to R$0.0434 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 March 15, 2016 are entitled to the dividends.

UNIASSELVI DIVESTMENT

On February 29, 2016, Kroton concluded the sale to Treviso Empreendimentos e Participações S.A. of all ownership interests held by the subsidiaries of Kroton in Uniasselvi. The sale price could reach R$1.1 billion, in accordance with the following form of payment: (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.

AWARDS

On November 18, IR Magazine also recognized Kroton with the award World's Best Investor Relations Program, considering companies with market capitalization of up to US$7.5 billion. This is the first time that a Brazilian company has receive this prestigious award, which corroborates the efforts made in recent years by Kroton in its communication and transparency with the financial community. Furthermore, the Brazilian Association of Publicly Traded Companies (Abrasca) recognized Kroton as Value Creation Highlight in the Education Industry and gave it high scores in the aspects of Investor Relations, Transparency, Risk Control and Corporate Governance.

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. On December 31, 2015, Kroton had approximately one million students enrolled in its On-Campus and Distance Learning Postsecondary Education programs at its 128 Postsecondary units and its 726 Undergraduate Distance Learning centers. It also offers Vocational Programs under the National Program to Promote Access to Vocational Education and Jobs (Pronatec) and Preparatory Courses under the brand 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	4Q15	% Net Rev	3Q15	% Net Rev
Current Assets	**1,641,615**	**9.9%**	**2,122,756**	**12.9%**
Cash and Banks	15,593	0.1%	10,364	0.1%
Financial Investments	382,639	2.3%	466,493	2.8%
Accounts Receivable	1,009,807	6.1%	1,388,885	8.4%
Inventories	31,536	0.2%	23,028	0.1%
Advances	50,081	0.3%	40,129	0.2%
Recoverable Taxes	43,384	0.3%	71,905	0.4%
Other Accounts Receivable	108,575	0.7%	121,952	0.7%
Non current Assets	**14,997,239**	**90.1%**	**14,384,017**	**87.1%**
Long Term Assets	**1,407,115**	**8.5%**	**864,060**	**5.2%**
Securities	5,351	0.0%	4,694	0.0%
Accounts Receivables	599,947	3.6%	57,056	0.3%
Deferred Taxes	513,722	3.1%	508,195	3.1%
Judicial Escrow Deposits	40,409	0.2%	48,455	0.3%
Advances to Suppliers	1,680	0.0%	1,680	0.0%
Judicial Escrow Deposits	6,969	0.0%	7,459	0.0%
Warranty for Fiscal, Work and Civil Losses	230,299	1.4%	227,756	1.4%
Other	8,738	0.1%	8,765	0.1%
Investments	1,600	0.0%	1,600	0.0%
Fixed Assets	1,622,148	9.7%	1,538,867	9.3%
Intangible	11,966,376	71.9%	11,979,490	72.6%
Total Assets	**16,638,854**	**100.0%**	**16,506,773**	**100.0%**
Liabilities and Shareholders' Equity				
Current Liabilities	**1,173,525**	**7.1%**	**1,121,773**	**6.8%**
Suppliers	222,604	1.3%	133,980	0.8%
Loans and Financing	2,378	0.0%	2,281	0.0%
Debenture	193,587	1.2%	201,771	1.2%
Payroll and Related Charges	345,677	2.1%	403,774	2.4%
Income Tax and Social Contribution	24,137	0.1%	100,886	0.6%
Taxes and Contribution	64,618	0.4%	72,613	0.4%
Advances to Clients	131,592	0.8%	113,502	0.7%
Tax and Contribution Payment Installments	11,090	0.1%	11,056	0.1%
Accounts Payable - Acquisitions	95,481	0.6%	76,308	0.5%
Dividends Payable	70,175	0.4%	7	0.0%
Other	12,186	0.1%	5,595	0.0%
Non current Liabilities	**3,005,641**	**18.1%**	**3,091,529**	**18.7%**
Suppliers	-	0.0%	-	0.0%
Loans and Financing	38,430	0.2%	39,163	0.2%
Debenture	524,009	3.1%	603,666	3.7%
Provision for Tax, Labor and Civil Lawsuit Losses	984,845	5.9%	1,016,335	6.2%
Tax and Contribution Payment Installments	46,523	0.3%	47,733	0.3%
Accounts Payable - Acquisitions	125,587	0.8%	138,339	0.8%
Deferred Taxes	1,257,029	7.6%	1,242,038	7.5%
Others	29,218	0.2%	4,255	0.0%
Shareholder´s Equity	**12,459,688**	**74.9%**	**12,293,472**	**74.5%**
Total Liabilities and Shareholders' Equity	**16,638,854**	**100.0%**	**16,506,773**	**100.0%**

APPENDIX 2 – QUARTERLY INCOME STATEMENT RECONCILIATION

		Non-accounting adjustments					
	4Q15 Results (Book)	Interest and Penalties on Tuition	Depre-ciation	Intangible Amortization (Acquisitions)	Non-recurring Costs and Expenses	Reclassification between Costs and expenses	4Q15 Results (Release)
	(In thousand reais, except otherwise indicated)						
Gross Revenue	**1,690,380**	-	-	-	-	-	**1,690,557**
Postsecondary	1,645,646	-	-	-	177	-	1,645,823
Primary and Secondary	44,734	-	-	-	-	-	44,734
Deductions from Gross Revenue	**(359,178)**	-	-	-	-	-	**(359,178)**
Postsecondary	(357,053)	-	-	-	-	-	(357,053)
Primary and Secondary	(2,124)	-	-	-	-	-	(2,124)
Net Revenue	**1,331,202**	-	-	-	-	-	**1,331,379**
Postsecondary	1,288,593	-	-	-	177	-	1,288,770
Primary and Secondary	42,609	-	-	-	-	-	42,609
Costs of Goods/Services	**(659,581)**	-	-	-	-	-	**(428,998)**
Cost of Goods Sold	(8,498)	-	-	-	-	-	(8,498)
Cost of Services Rendered	(651,083)	-	29,341	-	25,999	(175,243)	(420,500)
Gross Income	**671,621**	-	-	-	-	-	**902,381**
Operating Expenses	**(327,987)**	-	-	-	-	-	**(409,048)**
Selling Expenses	(78,560)	-	-	-	40	(2,810)	(75,710)
Provision for Doubtful Accounts	(66,022)	-	-	-	-	-	(66,022)
Personnel Expenses	(115,867)	-	-	-	10,906	53,964	(158,924)
General and Administrative Expenses	(65,178)	-	62,815	-	18,061	124,089	(108,391)
Other Operating Income (Expenses)	(2,360)	-	-	-	2,360	-	-
Income before Financial Result	**343,634**	-	-	-	-	-	**493,333**
Interest and Penalties on Tuition	-	24,800	-	-	-	-	24,800
Depreciation and Amortization	-	-	(92,157)	55,767	-	-	(36,389)
Financial Result	**(9,612)**	-	-	-	-	-	**(34,378)**
Financial Expenses	(49,144)	-	-	-	33	-	(49,111)
Financial Revenues	39,532	(24,800)	-	-	-	-	14,733
Income from Operations	**334,022**	-	-	-	-	-	**447,365**
Income and Social Contribution Tax	(38,554)	-	-	-	-	-	(38,531)
Current	(29,091)	-	-	-	23	-	(29,067)
Deferred	(9,463)	-	-	-	-	-	(9,463)
Net Income	**295,468**	**-**	**-**	**55,767**	**57,599**	**-**	**408,835**

APPENDIX 3 – FULL YEAR INCOME STATEMENT RECONCILIATION

		Non-accounting adjustments					
	2015 Results (Book)	Interest and Penalties on Tuition	Depre-ciation	Intangible Amortization (Acquisitions)	Non-recurring Costs and Expenses	Reclassifi-cation between Costs and expenses	2015 Results (Release)
	(In thousand reais, except otherwise indicated)						
Gross Revenue	**6,723,722**	-	-	-	-	-	**6,723,899**
Postsecondary	6,530,027	-	-	-	177	-	6,530,204
Primary and Secondary	193,696	-	-	-	-	-	193,696
Deductions from Gross Revenue	**(1,458,664)**	-	-	-	-	-	**(1,458,664)**
Postsecondary	(1,448,141)	-	-	-	-	-	(1,448,141)
Primary and Secondary	(10,523)	-	-	-	-	-	(10,523)
Net Revenue	**5,265,058**	-	-	-	-	-	**5,265,235**
Postsecondary	5,081,885	-	-	-	-	-	5,082,062
Primary and Secondary	183,173	-	-	-	-	-	183,173
Costs of Goods/Services	**(2,240,874)**	-	-	-	-	-	**(1,685,188)**
Cost of Goods Sold	(35,248)	-	-	-	-	-	(35,248)
Cost of Services Rendered	(2,205,626)	-	136,536	-	59,362	(359,788)	(1,649,940)
Gross Income	**3,024,184**	-	-	-	-	-	**3,580,047**
Operating Expenses	**(1,528,768)**	-	-	-	-	-	**(1,509,761)**
Selling Expenses	(318,603)	-	-	-	360	(6,806)	(311,436)
Provision for Doubtful Accounts	(268,158)	-	-	-	-	-	(268,158)
Personnel Expenses	(508,877)	-	-	-	92,234	181,021	(597,664)
General and Administrative Expenses	(432,883)	-	243,305	-	42,649	185,573	(332,503)
Other Operating Income (Expenses)	(247)	-	-	-	247	-	-
Income before Financial Result	**1,495,417**	-	-	-	-	-	**2,070,286**
Interest and Penalties on Tuition	-	108,511	-	-	-	-	108,511
Depreciation and Amortization	-	-	(379,841)	193,644	-	-	(186,197)
Financial Result	**(30,909)**	-	-	-	-	-	**(138,934)**
Financial Expenses	(195,948)	-	-	-	486	-	(195,462)
Financial Revenues	165,039	(108,511)	-	-	-	-	56,528
Income from Operations	**1,464,508**	-	-	-	-	-	**1,853,666**
Income and Social Contribution Tax	(68,351)	-	-	-	-	-	(68,327)
Current	(106,137)	-	-	-	23	-	(106,114)
Deferred	37,787	-	-	-	-	-	37,787
Net Income	**1,396,157**	**-**	**-**	**193,644**	**195,538**	**-**	**1,785,339**

APPENDIX 4 – QUARTERLY INCOME STATEMENT

	4Q15	% Net Rev.	4Q14	% Net Rev.	4Q15 / 4Q14	3Q15	% Net Rev.	4Q15 / 3Q15
	(In thousand reais, except otherwise indicated)							
Gross Revenue	**1,690,380**	**127.0%**	**1,550,732**	**126.1%**	**9.0%**	**1,600,880**	**129.6%**	**5.6%**
Postsecondary	1,645,646	123.6%	1,510,302	122.8%	9.0%	1,564,555	126.7%	5.2%
Primary and Secondary	44,734	3.4%	40,430	3.3%	10.6%	36,325	2.9%	23.1%
Deductions from Gross Revenue	**(359,178)**	**-27.0%**	**(320,669)**	**-26.1%**	**12.0%**	**(366,084)**	**-29.6%**	**-1.9%**
Postsecondary	(357,053)	-26.8%	(317,072)	-25.8%	12.6%	(363,767)	-29.5%	-1.8%
Primary and Secondary	(2,124)	-0.2%	(3,597)	-0.3%	-40.9%	(2,317)	-0.2%	-8.3%
Net Revenue	**1,331,202**	**100.0%**	**1,230,063**	**100.0%**	**8.2%**	**1,234,796**	**100.0%**	**7.8%**
Postsecondary	1,288,593	96.8%	1,193,231	97.0%	8.0%	1,200,788	97.2%	7.3%
Primary and Secondary	42,609	3.2%	36,832	3.0%	15.7%	34,007	2.8%	25.3%
Costs of Goods/Services	**(659,581)**	**-49.5%**	**(585,752)**	**-47.6%**	**12.6%**	**(535,586)**	**-43.4%**	**23.2%**
Cost of Goods Sold	(8,498)	-0.6%	(9,319)	-0.8%	-8.8%	(5,800)	-0.5%	46.5%
Cost of Services Rendered	(651,083)	-48.9%	(576,432)	-46.9%	13.0%	(529,787)	-42.9%	22.9%
Gross Income	**671,621**	**50.5%**	**644,311**	**52.4%**	**4.2%**	**699,209**	**56.6%**	**-3.9%**
Operating Expenses	**(327,987)**	**-24.6%**	**(404,355)**	**-32.9%**	**-18.9%**	**(357,780)**	**-29.0%**	**-8.3%**
Selling Expenses	(78,560)	-5.9%	(90,223)	-7.3%	-12.9%	(81,158)	-6.6%	-3.2%
Provision for Doubtful Accounts	(66,022)	-5.0%	(44,786)	-3.6%	47.4%	(60,578)	-4.9%	9.0%
Personnel Expenses	(115,867)	-8.7%	(124,258)	-10.1%	-6.8%	(105,479)	-8.5%	9.8%
General and Administrative Expenses	(65,178)	-4.9%	(143,075)	-11.6%	-54.4%	(113,718)	-9.2%	-42.7%
Other Operating Income (Expenses)	(2,360)	-0.2%	(2,014)	-0.2%	n.a.	3,152	0.3%	n.a.
Income before Financial Result	**343,634**	**27.9%**	**239,956**	**19.5%**	**43.2%**	**341,429**	**27.7%**	**0.6%**
Financial Result	**(9,612)**	**-0.7%**	**(13,628)**	**-1.1%**	**-29.5%**	**612**	**0.0%**	**-1,671.7%**
Financial Expenses	(49,144)	-3.7%	(50,861)	-4.1%	-3.4%	(47,329)	-3.8%	3.8%
Financial Revenues	39,532	3.0%	37,233	3.0%	6.2%	47,941	3.9%	-17.5%
Income from Operations	**334,022**	**25.1%**	**226,328**	**18.4%**	**47.6%**	**342,041**	**27.7%**	**-2.3%**
Income and Social Contribution Tax	(38,554)	-2.9%	17,656	1.4%	n.a.	(29,243)	-2.4%	31.8%
Current	(29,091)	-2.2%	2,902	0.2%	n.a.	(36,589)	-3.0%	-20.5%
Deferred	(9,463)	-0.7%	14,755	1.2%	n.a.	7,346	0.6%	n.a.
Net Income	**295,468**	**22.2%**	**243,985**	**19.8%**	**21.1%**	**312,798**	**25.3%**	**-5.5%**

APPENDIX 5 – FULL YEAR INCOME STATEMENT

	2015	% Net Rev.	2014	% Net Rev.	2015 / 2014
	(In thousand reais, except otherwise indicated)				
Gross Revenue	**6,723,722**	**127.7%**	**4,700,182**	**124.5%**	**43.1%**
Postsecondary	6,530,027	124.0%	4,493,687	119.1%	45.3%
Primary and Secondary	193,696	3.7%	206,495	5.5%	-6.2%
Deductions from Gross Revenue	**(1,458,664)**	**-27.7%**	**(925,706)**	**-24.5%**	**57.6%**
Postsecondary	(1,448,141)	-27.5%	(909,820)	-24.1%	59.2%
Primary and Secondary	(10,523)	-0.2%	(15,886)	-0.4%	-33.8%
Net Revenue	**5,265,058**	**100.0%**	**3,774,476**	**100.0%**	**39.5%**
Postsecondary	5,081,885	96.5%	3,583,867	95.0%	41.8%
Primary and Secondary	183,173	3.5%	190,609	5.0%	-3.9%
Costs of Goods/Services	**(2,326,661)**	**-44.2%**	**(1,643,129)**	**-43.5%**	**41.6%**
Cost of Goods Sold	(35,248)	-0.7%	(39,198)	-1.0%	-10.1%
Cost of Services Rendered	(2,291,414)	-43.5%	(1,603,930)	-42.5%	42.9%
Gross Income	**2,938,396**	**55.8%**	**2,131,347**	**56.5%**	**37.9%**
Operating Expenses	**(1,442,883)**	**-27.4%**	**(1,090,530)**	**-28.9%**	**32.3%**
Selling Expenses	(319,796)	-6.1%	(231,862)	-6.1%	37.9%
Provision for Doubtful Accounts	(268,158)	-5.1%	(147,542)	-3.9%	81.8%
Personnel Expenses	(460,496)	-8.7%	(346,049)	-9.2%	33.1%
General and Administrative Expenses	(394,188)	-7.5%	(363,032)	-9.6%	8.6%
Other Operating Income (Expenses)	(246)	0.0%	(2,045)	-0.1%	n.a.
Income before Financial Result	**1,495,513**	**39.6%**	**1,040,817**	**27.6%**	**43.7%**
Financial Result	**(31,005)**	**-0.6%**	**(24,977)**	**-0.7%**	**24.1%**
Financial Expenses	(196,044)	-3.7%	(149,134)	-4.0%	31.5%
Financial Revenues	165,039	3.1%	124,157	3.3%	32.9%
Income from Operations	**1,464,508**	**27.8%**	**1,015,840**	**26.9%**	**44.2%**
Income and Social Contribution Tax	(68,351)	-1.3%	(15,241)	-0.4%	348.5%
Current	(106,137)	-2.0%	(28,936)	-0.8%	266.8%
Deferred	37,787	0.7%	13,695	0.4%	175.9%
Net Income	**1,396,158**	**26.5%**	**1,000,599**	**26.5%**	**39.5%**

APPENDIX 6 – CASH FLOW STATEMENT

R$ 000	4Q15	4Q14	3Q15
Net Income before Income Interest	**333,975**	**226,327**	**342,041**
Net Income (Loss) Adjustments before Income Interest			
Depreciation and Amortization	92,171	94,483	87,668
Provision for Doubtful Accounts	66,022	44,786	60,578
Provision for Tax, Labor and Civil Losses	(10,747)	3,868	(23,817)
Provision (Reversal) for Invetories Losses	(170)	(3,746)	5,026
Financial Charges	36,796	44,640	42,328
Income from Securities	(11,343)	(124)	(13,717)
Grant of Stock Options	15,421	14,146	10,108
Gain (loss) from Sale or Write-off of Non-current Assets	2,360	1,995	(3,152)
Changes in Working Capital	**(251,861)**	**(2,012)**	**(76,308)**
(Increase) Reduction in Accounts Receivable (ex-FIES)	(110,700)	(69,206)	(18,687)
(Increase) Reduction in Accounts Receivable FIES	(119,135)	108,924	(59,989)
(Increase) Reduction in Inventories	(8,338)	(7,295)	694
(Increase) Reduction in Advances	(9,952)	(21,496)	46,161
(Increase) Decrease in Escrow Deposits	8,049	(8,781)	1,844
Increase (Decrease) in Other Assets	9,601	14,041	(1,080)
Increase (Reduction) in Suppliers	88,259	54,091	(46,708)
Increase (Decrease) in Payroll and Related Taxes	(58,097)	(60,105)	9,386
Increase (Decrease) in Legal Obligations	(71,127)	(18,864)	(1,340)
Increase (Decrease) in Advances to Clients	18,090	9,056	19,140
(Decrease) in Taxes Installments	637	(14,200)	2,112
(Decrease) in Taxes Provision for Tax, Labor and Civil Losses	(23,286)	(3,024)	(26,656)
Increase (Decrease) in Other Liabilities	24,138	14,848	(1,186)
Income Tax and Social Contribution	**(13,063)**	**(3,980)**	**(4,451)**
Capex - Recurring	**(130,844)**	**(101,978)**	**(92,017)**
Additions to Fixed Assets	(89,119)	(60,570)	(66,429)
Additions to Intangible Assets	(41,725)	(41,408)	(25,588)
Cash Flow from Operating Activities after Capex - Recurring	**128,718**	**318,405**	**334,287**
Capex - Special Projects	**(19,232)**	**(12,915)**	**11,505**
Asset Acquisition	-	-	-
Brownfields	(19,232)	(12,915)	11,505
Cash Flow from Operating Activities after total Capex	**109,486**	**305,490**	**345,792**
(+) M&A Activities	**(3,411)**	**(3,863)**	**(5,001)**
Acquisition of New Units	(3,411)	(3,863)	(5,001)
(+) Cash Flow from Financing Activities	**(184,700)**	**(243,703)**	**(248,538)**
Sale (Acquisition) of Treasury Shares	(193)	19,722	(85,260)
Capital Increase, Net of Issuance Costs	-	-	2,142
Borrowings and financing	-	-	-
Payments of Borrowings and Financing	(79,227)	(186,468)	(50,211)
Interest Paid on Borrowings and Debentures	(38,696)	(55,207)	(26,324)
Income from Financial Investments	10,684	(2,248)	13,709
Redemption (Investment) of Securities	-	-	-
Disposal of Non-current Asset	-	-	-
Refis Payment	(1,813)	(19,503)	(3,404)
Bank and Charges Fees	(1,165)	-	(356)
Payment of Dividends	(74,289)	-	(98,834)
(=) Cash Flow from Non-Operating Activities	**(188,111)**	**(247,566)**	**(253,539)**
Total Cash Generation	**(78,625)**	**57,924**	**92,253**
Net Increase (Decrease) in Cash and Cash Equivalents			
Cash and Cash Equivalents at the Start of the Period	476,857	392,840	384,604
Cash and Cash Equivalents at the End of the Period	398,232	450,764	476,857
Net Increase (Decrease) in Cash and Cash Equivalents	**(78,625)**	**57,924**	**92,253**