Belo Horizonte, May 12, 2016, Kroton Educacional S.A. (BM&FBovespa: **KROT3**; OTCQX: **KROTY**), "Kroton" or "Company," announces today its results for the first quarter of 2016 (1Q16). 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)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Revenue	1,618,544	1,623,698	-0.3%	1,690,557	-4.3%
Net Revenue	1,268,139	1,287,875	-1.5%	1,331,379	-4.7%
Gross Income	933,984	897,140	4.1%	902,381	3.5%
Gross Margin	*73.6%*	*69.7%*	*4.0 p.p.*	*67.8%*	*5.9 p.p.*
Operating Result	774,835	703,834	10.1%	683,546	13.4%
Operating Margin	*61.1%*	*54.7%*	*6.4 p.p.*	*51.3%*	*9.8 p.p.*
Adjusted EBITDA	606,756	551,569	10.0%	518,133	17.1%
Adjusted EBITDA Margin	*47.8%*	*42.8%*	*5.0 p.p.*	*38.9%*	*8.9 p.p.*
Adjusted Net Income	505,909	455,312	11.1%	408,835	23.7%
Adjusted Net Margin	*39.9%*	*35.4%*	*4.5 p.p.*	*30.7%*	*9.2 p.p.*
Adjusted Net Income /share	0.31	0.28	11.0%	0.25	23.7%
Operating Cash Generation (OCG) after Capex [1]	(39,533)	4,707	n.a.	128,718	n.a.

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

HIGHLIGHTS – MANAGEMENT ANALYSIS (PRO FORMA[1])

Consolidated - Values in R$ ('000)	1Q16	1Q15	Chg.%
Net Revenue	1,226,580	1,203,853	1.9%
Adjusted EBITDA	588,724	511,527	15.1%
Adjusted EBITDA Margin	*48.0%*	*42.5%*	*5.5 p.p.*
Adjusted Net Income	490,502	419,645	16.9%
Adjusted Net Margin	*40.0%*	*34.9%*	*5.1 p.p.*

[1] Excludes figures for Uniasselvi for 1Q16, during which the operation impacted two months, and for 1Q15, during which the operation impacted all three months.

- The first admissions process of 2016 resulted in the addition of around 282,300 new On-Campus and Distance-Learning Undergraduate students (ex-Uniasselvi), an increase of 10.1% compared to 4Q15 and stable compared to 1Q15.
- The total Postsecondary Education student base (ex-Uniasselvi), which remained above the mark of one million students, expanded 0.8% and 10.0%, respectively, compared to 1Q15 and 4Q15.
- Pro forma net revenue advanced 1.9% compared to 1Q15, despite lower revenue from Pronatec and LFG.
- Pro forma adjusted EBITDA amounted to R$588.7 million, representing growth of 15.1% compared to 1Q15. Pro forma adjusted EBITDA margin stood at 48.0%, expanding 550 basis points, which highlights the important results obtained to date by the projects to capture operating efficiency gains.
- Pro forma adjusted net income came to R$490.5 million in 1Q16, growing 16.9% from R$419.6 million in 1Q15. Pro forma adjusted net margin also posted solid expansion in the period, of 5.1 p.p.
- Operating cash generation in 1Q16 was adversely affected by PN23 and by the seasonality of the flow of FIES re-enrollments, which should result in a more significant contribution to cash generation in 2Q16. In this context, note that 2Q16 should register the receipt of around R$900 million in FIES receivables (for the periods March and April), which should boost cash conversion in the first half of the year to a level significantly higher than in the same period of 2015.
- The Board of Directors approved the distribution of R$199.3 million or R$0.12 per share in dividends, which represents a payout of 35% of net income for distribution.

MESSAGE FROM MANAGEMENT

At this point, it is truly unnecessary to discuss how Brazil's economic and political crises are affecting the various sectors of its economy, including education. However, it is important to emphasize the distinct way in which Kroton once again is positioning itself before these challenges.

Starting with the improvement in our operating data, where we observed strength in our total postsecondary student base, which expanded almost 1% on the same period last year. The highlight was the On-Campus Education business, which posted robust growth of 44% in the enrollment of new students paying out of pocket (i.e., without any type of public or private financing), attesting to the continued latent demand for a high-quality college education. In the Distance Learning business, enrollments of new undergraduate students paying out of pocket increased 3%. Also worth to note that these good results in both the on-campus and distance learning formats were followed by a highly disciplined pricing policy.

We also opted to maintain rigorous practices for provisioning and renegotiating with students to assure the high quality of our accounts receivables and, even so, our dropout rates remain under control and below the level of prior years.

In our financial indicators, we continued to deliver operational efficiency gains that helped boost the main lines of our results, as unequivocally corroborated by our adjusted EBITDA margin (ex-Uniasselvi), which ended the first quarter at 48.0%. We have constantly repeated that despite the current scenario of limits on the number of FIES seats and macroeconomic instability, we do not envisage any compression in our EBITDA margin, which was made even clearer by the announcement today of our guidance for 2016: expansion of 180 basis points to 43.4% (pro forma analysis).

Notwithstanding all these achievements, we continue to reinforce our initiatives to obtain solid improvement in our quality indicators as well, leveraged by our academic model (KLS 2.0), and to innovate to create learning tools through the use of applied educational technologies to support our students. We also are observing excellent acceptance of our employability project Canal Conecta, with over 2,000 companies and nearly 100,000 students already using the platform over the states of São Paulo, Minas Gerais e Mato Grosso.

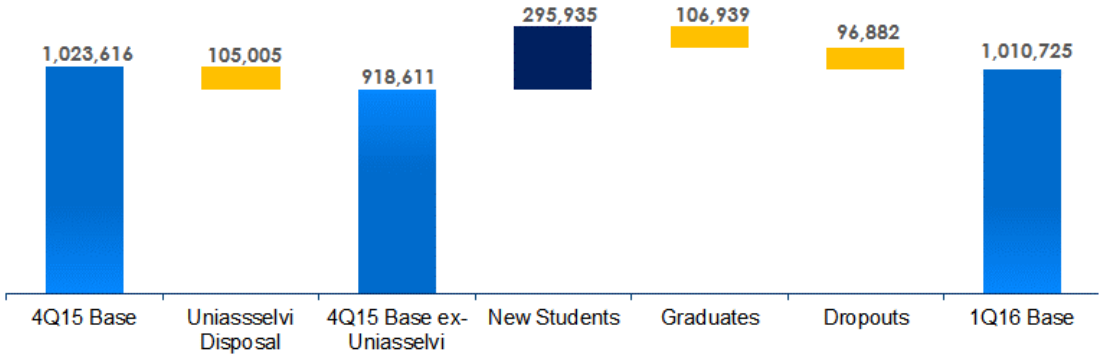
Going beyond our short-term results, all of our investments in creating sustainable value in the long term have been maintained, which include more than 500 new programs offered at our existing units, 100 greenfield projects (On-Campus units) over the next five years and over 177 new Distance Learning pending approval at the Ministry of Education (MEC), as well as 232 that are being implemented in 2016.

All of this reinforces how Kroton is consistently overcoming adversities, improving people's lives through quality and responsible education, shaping new citizens and preparing professionals for the job market. After all, we are working to help our students develop their life projects, especially during this critical moment that Brazil is navigating. That is our Mission!

OPERATING PERFORMANCE

POSTSECONDARY EDUCATION

Evolution in Number of Students



The evolution in the number of Postsecondary students between 4Q15 and 1Q16 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**
1Q15 Base ex-Uniasselvi	**437,747**	**16,470**	**454,217**	**525,615**	**22,776**	**548,391**
4Q15 Base	437,633	12,028	449,661	531,881	42,074	573,955
Uniasselvi Disposal	12,286	500	12,786	79,762	12,457	92,219
4Q15 Base ex-Uniasselvi	**425,347**	**11,528**	**436,875**	**452,119**	**29,617**	**481,736**
New Students	101,685	2,352	104,037	180,626	11,272	191,898
Graduates	(41,960)	(1,017)	(42,977)	(57,305)	(6,657)	(63,962)
Dropouts	(48,248)	(349)	(48,597)	(45,747)	(2,538)	(48,285)
1Q16 Base	**436,824**	**12,514**	**449,338**	**529,693**	**31,694**	**561,387**
% Change 1Q16/4Q15 ex-Uniasselvi	2.7%	8.6%	2.9%	17.2%	7.0%	16.5%
% Change 1Q16/1Q15 ex-Uniasselvi	-0.2%	-24.0%	-1.1%	0.8%	39.2%	2.4%

Students	**Total Undergraduate**	**Total Graduate**	**Total**
1Q15 Base ex-Uniasselvi	**963,362**	**39,246**	**1,002,608**
4Q15 Base	969,514	54,102	1,023,616
Uniasselvi Disposal	92,048	12,957	105,005
4Q15 Base ex-Uniasselvi	**877,466**	**41,145**	**918,611**
New Students	282,311	13,624	295,935
Graduates	(99,265)	(7,674)	(106,939)
Dropouts	(93,995)	(2,887)	(96,882)
1Q16 Base	**966,517**	**44,208**	**1,010,725**
% Change 1Q16/4Q15 ex-Uniasselvi	10.1%	7.4%	10.0%
% Change 1Q16/1Q15 ex-Uniasselvi	0.3%	12.6%	0.8%

The admissions and re-enrollment processes for the first semester of the year were concluded with very robust results, especially considering the fewer FIES seats available and the deterioration in the country's macroeconomic environment observed in recent months.

In all, 282,311 new Undergraduate students were added, or 2.8% fewer than in the same period of 2015. Note that figures do not include the Uniasselvi student base for both 1Q16 and 1Q15. This performance is explained by the recognition of our educational quality, the intense efforts of our sales teams and our marketing and sales actions, including those related to the Private Student Installment Plan (PEP).

The re-enrollment process (i.e., enrollments of students in the second to the last academic semesters) also registered strong growth from 1Q15, of 1.7% to 684,206 Undergraduate students.

Meanwhile, the Graduate business alone registered 13,624 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.

At the end of 1Q16, even after the sale of Uniasselvi, the number of Postsecondary (Undergraduate and Graduate) students enrolled in both On-Campus and Distance Learning programs exceeded 1.0 million, for growth of 10.0% sequentially and 0.3% compared to 1Q15. Broken down by teaching format, the On-Campus student base accounted for 44.5% of the total student base in the quarter, while the Distance Learning student base accounted for 55.5%.

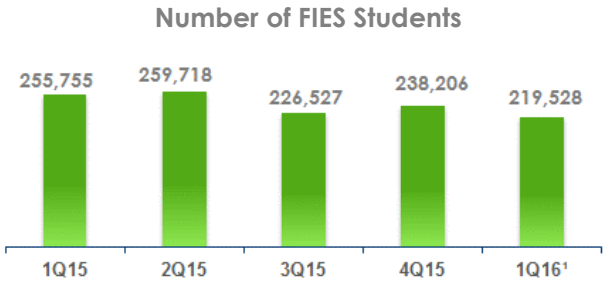
Graduations

A total of 99,265 Undergraduate students graduated in 1Q15, which corresponded to 11.3% of the student base of this product. A total of 7,674 students graduated from Graduate programs in the period.

Dropouts

Among Undergraduate students, dropouts amounted to 93,995, corresponding to 12.1% of the base of students eligible for re-enrollment (i.e., initial student base less graduates). In the Graduate business, dropouts amounted to 2,887 students.

FIES



	1Q15	2Q15	3Q15	4Q15	1Q16¹
% On-Campus Undergraduate Student Base	56.8%	58.0%	50.9%	54.4%	50.3%
% Total Undergraduate Student Base	24.1%	24.3%	22.5%	24.5%	22.7%

¹ Ex-Uniasselvi

At the end of 1Q16, the Company had 219,528 students enrolled with FIES contracts, which is 7.8% fewer than in the previous quarter. As a result, the penetration of students supported by the financing program stood at 50.3% of the On-Campus Undergraduate student base, or 22.7% of the total Undergraduate student base.

Private Student Installment Plan (PEP)

At the end of 1Q16, a total of around 35,500 students were enrolled in PEP programs, with about 21,300 in PEP30 and 14,200 in PEP50, since students previously enrolled in PEP10 were transferred to the other two PEP programs or to the base of FIES, out-of-pocket and ProUni students. In this context, note that PEP10 was offered only in the first semester of 2015 and was valid for one year, and that PEP30 and PEP50 began to be offered only as of the second semester of 2015. Furthermore, during the admissions process in 3Q16, the Company will continue to offer PEP with the same commercial conditions of the admissions process for the first semester of the 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)	2.1%	50.1%	47.8%	97.9%
Institutional Concept (IC)	1.0%	69.3%	29.7%	99.0%

At the end of 1Q16, 97.9% of the academic programs and 99.0% 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 39 different programs lasting 12 to 18 months at 37 On-Campus institutions.

Considering all admissions cycles completed until now, the average student base (average number of students with revenue recognized) in the quarter was 6,836 students (which are not included in the Postsecondary student base figure informed above). Of these students, 40.5% enrolled for morning classes, 20.7% for afternoon classes and 38.5% for evening classes. As in previous quarters, Pronatec revenue continued to be recognized based on confirmation of the student's presence in the classroom.

Unregulated Programs and Language Courses

Kroton 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, Mathematics and Languages. In the quarter, the Company administered these programs to 17,109 students (as with preparatory courses, these students are not considered in the figure for Postsecondary students), for growth of 10% compared to the same quarter last year.

Preparatory Courses (LFG)

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 28,565 in 1Q16, representing growth of 59.9% on the previous quarter.

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, the capital of the state of Minas Gerais.

In 2016, the Company is serving 669 Associated Schools and around 228,000 students in the private segment, down 7% from the prior year. Today, all efforts are dedicated to the projects to capture efficiency gains in order to mitigate the effects from the lower volumes caused by the deterioration in the country's macroeconomic scenario.

FINANCIAL PERFORMANCE

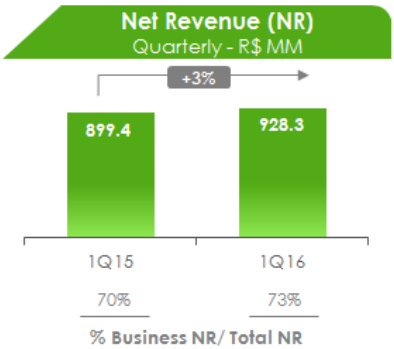
Note: reported financial data include two months (January and February) in 1Q16 and three months in 1Q15 of the operations of Uniasselvi in its various operating segments (On-Campus and Distance Learning). Meanwhile, the pro forma financial data excludes the operations of Uniasselvi in its various operating segments (On-Campus and Distance Learning).

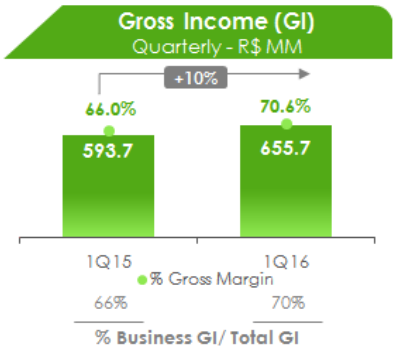
1Q16 RESULTS – CORPORATE

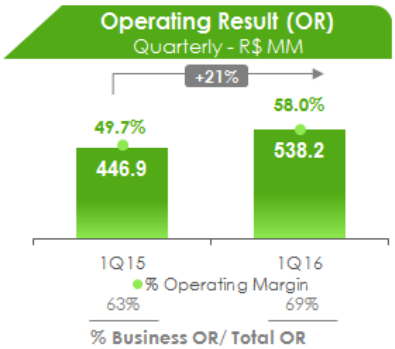
	On-Campus Education		Distance Learning		Primary and Secondary Education		Kroton Consolidated	
Values in R$ ('000)	1Q16	% Net Rev.	1Q16	% Net Rev.	1Q16	% Net Rev.	1Q16	% Net Rev.
Gross Revenue	**1,189,240**	**128.1%**	**371,769**	**130.5%**	**57,535**	**104.7%**	**1,618,544**	**127.6%**
Gross Profit Deductions	(260,960)	-28.1%	(86,840)	-30.5%	(2,605)	-4.7%	(350,405)	-27.6%
Tax	(29,000)	-3.1%	(8,294)	-2.9%	(1,768)	-3.2%	(39,062)	-3.1%
ProUni	(166,058)	-17.9%	(56,859)	-20.0%	-	0.0%	(222,918)	-17.6%
Returns	-	0.0%	-	0.0%	(837)	-1.5%	(837)	-0.1%
Total Discounts	(65,902)	-7.1%	(21,687)	-7.6%	-	0.0%	(87,588)	-6.9%
Net Revenue	**928,280**	**100.0%**	**284,929**	**100.0%**	**54,930**	**100.0%**	**1,268,139**	**100.0%**
Costs (COGS)	**(272,535)**	**-29.4%**	**(42,104)**	**-14.8%**	**(19,516)**	**-35.5%**	**(334,156)**	**-26.4%**
Cost of Goods	-	0.0%	-	0.0%	(9,922)	-18.1%	(9,922)	-0.8%
Cost of Services	(272,535)	-29.4%	(42,104)	-14.8%	(9,595)	-17.5%	(324,234)	-25.6%
Faculty, Other Personnel and Third-Party Services	(182,728)	-19.7%	(30,597)	-10.7%	(6,576)	-12.0%	(219,901)	-17.3%
Rent	(76,926)	-8.3%	(5,894)	-2.1%	(265)	-0.5%	(83,085)	-6.6%
Materials	(2,069)	-0.2%	(4,755)	-1.7%	-	0.0%	(6,825)	-0.5%
Maintenance	(2,493)	-0.3%	(235)	-0.1%	(4)	0.0%	(2,732)	-0.2%
Other	(8,319)	-0.9%	(623)	-0.2%	(2,749)	-5.0%	(11,692)	-0.9%
Gross Income	**655,745**	**70.6%**	**242,824**	**85.2%**	**35,414**	**64.5%**	**933,984**	**73.6%**
Operating Expenses	**(104,973)**	**-11.3%**	**(24,695)**	**-8.7%**	**(4,918)**	**-9.0%**	**(134,586)**	**-10.6%**
Personnel Expenses	(58,559)	-6.3%	(16,349)	-5.7%	(4,175)	-7.6%	(79,083)	-6.2%
General and Administrative Expenses	(46,415)	-5.0%	(8,346)	-2.9%	(743)	-1.4%	(55,503)	-4.4%
Provision for Doubtful Accounts - PDA	**(42,280)**	**-4.6%**	**(21,221)**	**-7.4%**	**(438)**	**-0.8%**	**(63,940)**	**-5.0%**
(+) Interest and Penalties on Tuition	29,745	3.2%	9,508	3.3%	125	0.2%	39,378	3.1%
Operating Result	**538,236**	**58.0%**	**206,416**	**72.4%**	**30,183**	**54.9%**	**774,835**	**61.1%**
Sales and Marketing Expenses							**(101,627)**	**-8.0%**
Corporate Expenses							**(66,453)**	**-5.2%**
Adjusted EBITDA							**606,756**	**47.8%**
(-) Nonrecurring Items							187,049	14.7%
EBITDA							**793,805**	**62.6%**
Depreciation and Amortization							(97,645)	-7.7%
Financial Result							(29,365)	-2.3%
Income and Social Contribution Tax							(20,294)	-1.6%
Income Tax / Social Cont. - Disposal of Uniasselvi							(47,147)	-3.7%
Net Profit							**599,355**	**47.3%**
(+) Nonrecurring Costs and Expenses							(187,049)	-14.7%
(+) Intangible Amortization (Acquisitions)							46,457	3.7%
(+) Income Tax / Social Cont. - Disposal of Uniasselvi							47,147	3.7%
Adjusted Net Profit							**505,909**	**39.9%**

CORPORATE FINANCIAL PERFORMANCE – ON-CAMPUS EDUCATION

On-Campus Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Revenue	**1,189,240**	**1,134,217**	**4.9%**	**1,269,173**	**-6.3%**
Gross Profit Deductions	(260,960)	(234,780)	11.2%	(262,931)	-0.7%
Tax	(29,000)	(28,076)	3.3%	(26,734)	8.5%
ProUni	(166,058)	(153,734)	8.0%	(157,527)	5.4%
Returns	-	-	n.a.	-	n.a.
Total Discounts	(65,902)	(52,970)	24.4%	(78,670)	-16.2%
Net Revenue	**928,280**	**899,437**	**3.2%**	**1,006,242**	**-7.7%**
Net Revenue - Undergraduate	**908,777**	**843,545**	**7.7%**	**978,086**	**-7.1%**
Net Revenue - Ex-FIES and ex-PEP	264,327	261,392	1.1%	268,161	-1.4%
Net Revenue - FIES (net of APV)	606,913	547,508	10.9%	678,754	-10.6%
Net Revenue - PEP (net of APV)	37,537	34,645	8.3%	31,171	20.4%
Net Revenue - Graduate, Unregulated Programs, Pronatec	**19,503**	**55,892**	**-65.1%**	**28,156**	**-30.7%**
Net Revenue - Pronatec	8,992	42,383	-78.8%	16,446	-45.3%
Net Revenue - Graduate and Unregulated Programs	10,511	13,509	-22.2%	11,710	-10.2%
Total of Costs	**(272,535)**	**(305,709)**	**-10.9%**	**(353,556)**	**-22.9%**
Cost of Goods	-	-	n.a.	-	n.a.
Cost of Services	(272,535)	(305,709)	-10.9%	(353,556)	-22.9%
Faculty, Other Personnel and Third-Party Services	(182,728)	(210,399)	-13.2%	(262,203)	-30.3%
Rent	(76,926)	(73,408)	4.8%	(74,721)	3.0%
Materials	(2,069)	(8,507)	-75.7%	(1,755)	17.9%
Maintenance	(2,493)	(4,422)	-43.6%	(5,858)	-57.5%
Other	(8,319)	(8,974)	n.a.	(9,019)	-7.8%
Gross Income	**655,745**	**593,727**	**10.4%**	**652,686**	**0.5%**
Gross Margin	*70.6%*	*66.0%*	*4.6 p.p.*	*64.9%*	*5.8 p.p.*
Total Operating Expenses	**(104,973)**	**(122,275)**	**-14.1%**	**(146,361)**	**-28.3%**
Personnel Expenses	(58,559)	(69,196)	-15.4%	(69,787)	-16.1%
General and Administrative Expenses	(46,415)	(53,079)	-12.6%	(76,573)	-39.4%
Provision for Doubtful Account - PDA	**(42,280)**	**(42,348)**	**-0.2%**	**(44,734)**	**-5.5%**
(+) Interest and Penalties on Tuition	29,745	17,746	67.6%	21,308	39.6%
Operating Result	**538,236**	**446,851**	**20.5%**	**482,899**	**11.5%**
Operating Margin	*58.0%*	*49.7%*	*8.3 p.p.*	*48.0%*	*10.0 p.p.*







CORPORATE RESULTS

Revenue and Deductions

On-Campus Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
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Net Revenue - PEP (net of APV)	37,537	34,645	8.3%	31,171	20.4%
Net Revenue - Graduate, Unregulated Programs, Pronatec	**19,503**	**55,892**	**-65.1%**	**28,156**	**-30.7%**
Net Revenue - Pronatec	8,992	42,383	-78.8%	16,446	-45.3%
Net Revenue - Graduate and Unregulated Programs	10,511	13,509	-22.2%	11,710	-10.2%

Deductions

Deductions as a ratio of gross revenue increased 1.2 p.p. in 1Q16 compared to 1Q15, which is explained by the growth in the line total discounts due to the commercial strategies adopted to minimize the effects from the deterioration in the macroeconomic scenario and by the higher deductions related to ProUni.

Net Revenue

In 1Q16, net revenue was R$928.3 million, growing 3.2% from 1Q15, due to the expansion in the out-of-pocket student base resulting from the admissions and re-enrollment processes at the start of the year and to the positive impact from the higher average ticket in the period. This performance more than neutralized the significant reduction in the Pronatec program (which this quarter registered revenue of only R$9.0 million, compared to R$42.4 million in 1Q15) and the negative impact from the sale of Uniasselvi, whose results are recorded in only two months of the quarter. The first quarter also registered an increase in revenue from PEP, which amounted to R$37.5 million (net of Adjustment to Present Value, or APV), or 4.0% of the segment's total revenue. Including APV, which is not recorded in the P&L, revenue from PEP students came to approximately R$64.1 million in 1Q16. Excluding only the amounts from Pronatec in both periods, revenue grew by 7.3% on the prior-year period. Compared to the prior quarter, in addition to the aforementioned factors (reduction in Pronatec and one month less from Uniasselvi), the 7.7% decline in net revenue is mainly due to seasonality, which generates positive impacts in even-numbered quarters, with the recognition of 6 months of FIES tuitions in a single quarter, due to late re-enrollments.

Average Net Ticket[1]

On-Campus Postsecondary Education- Values in R$	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total	**744.34**	**694.99**	**7.1%**	**734.13**	**1.4%**

[1] The calculation of average net ticket excludes the impacts from the APV.

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 net average ticket of On-Campus programs in 1Q16 was R$744.34, an increase of 7.1% from the same period last year, reflecting the annual adjustment of tuitions and the share of programs with higher tickets in the base. This performance would have been higher had it not been for the one-off sales campaigns that offered more significant discounts and exemptions from enrollment fees for new students enrolled in the admissions process at the start of this year. Excluding exclusively this effect, the average ticket in 1Q16 was R$782.53, an increase of 12.6%. Therefore, as already commented in the prior quarter,

the most appropriate analysis is the evolution of the average ticket in the semester, because it neutralizes seasonal effects between quarters.

Costs

On-Campus Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total of Costs	**(272,535)**	**(305,709)**	**-10.9%**	**(353,556)**	**-22.9%**
Cost of Goods (CG)	-	-	n.a.	-	n.a.
Cost of Services (CS)	(272,535)	(305,709)	-10.9%	(353,556)	-22.9%
Faculty, Other Personnel and Third-Party Services	(182,728)	(210,399)	-13.2%	(262,203)	-30.3%
Rent	(76,926)	(73,408)	4.8%	(74,721)	3.0%
Materials	(2,069)	(8,507)	-75.7%	(1,755)	17.9%
Maintenance	(2,493)	(4,422)	-43.6%	(5,858)	-57.5%
Other	(8,319)	(8,974)	-7.3%	(9,019)	-7.8%
% of Net Revenues	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total of Costs	**-29.4%**	**-34.0%**	**4.6 p.p.**	**-35.1%**	**5.8 p.p.**
Cost of Goods (CG)	0.0%	0.0%	n.a.	0.0%	n.a.
Cost of Services (CS)	-29.4%	-34.0%	4.6 p.p.	-35.1%	5.8 p.p.
Faculty, Other Personnel and Third-Party Services	-19.7%	-23.4%	3.7 p.p.	-26.1%	6.4 p.p.
Rent	-8.3%	-8.2%	-0.1 p.p.	-7.4%	-0.9 p.p.
Materials	-0.2%	-0.9%	0.7 p.p.	-0.2%	0.0 p.p.
Maintenance	-0.3%	-0.5%	0.2 p.p.	-0.6%	0.3 p.p.
Other	-0.9%	-1.0%	0.1 p.p.	-0.9%	0.0 p.p.

In 1Q16, cost of services as a ratio of net revenue fell 4.6 p.p. from the same period in 2015. This improvement is mainly explained by the implementation of the operational research software at Kroton units as of the second half of 2015, which led to significant savings in costs with faculty, personnel and third-party services. Although this is just the initial phase of implementing and expanding the new tool, its potential to leverage quality and efficiency gains in the On-Campus Education business is already clear. Other positive contributions came from the strategic sourcing initiatives, the restructuring at units to optimize occupancy levels and the lower expenses following the reduction in Pronatec, which impacted the line materials. Compared to 4Q15, total costs as a ratio of net revenue decreased even further, by 5.8 p.p., attesting to the significance of the efficiency gains.

Gross Income

On-Campus Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Income	**655,745**	**593,727**	**10.4%**	**652,686**	**0.5%**
Gross Margin	*70.6%*	*66.0%*	*4.6 p.p.*	*64.9%*	*5.8 p.p.*

Gross income from On-Campus Education was R$655.7 million in 1Q16, increasing 10.4% 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 4.6 p.p. Compared to the prior quarter, gross margin expanded 5.8 p.p.

Operating Expenses

On-Campus Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total Operating Expenses	**(104,973)**	**(122,275)**	**-14.1%**	**(146,361)**	**-28.3%**
Personnel Expenses	(58,559)	(69,196)	-15.4%	(69,787)	-16.1%
General and Administrative Expenses	(46,415)	(53,079)	-12.6%	(76,573)	-39.4%

% of Net Revenues	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total Operating Expenses	**-11.3%**	**-13.6%**	**2.3 p.p.**	**-14.5%**	**3.2 p.p.**
Personnel Expenses	-6.3%	-7.7%	1.4 p.p.	-6.9%	0.6 p.p.
General and Administrative Expenses	-5.0%	-5.9%	0.9 p.p.	-7.6%	2.6 p.p.

Personnel, General and Administrative Expenses

In 1Q16, total personnel, general and administrative expenses as a ratio of net revenue decreased 2.3 p.p. from 1Q15, 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 reduction of 3.2 p.p. in this indicator reflects the lower expenses with utilities given the seasonality of the segment.

Provision for Doubtful Accounts (PDA)

On-Campus Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Provision for Doubtful Account - PDA	(42,280)	(42,348)	-0.2%	(44,734)	-5.5%
PDA / Postsecondary Net Revenues[1]	*-4.6%*	*-4.9%*	*0.3 p.p*	*-4.5%*	*-0.1 p.p.*
Provision for Doubtful Account - PDA ex-FIES & PEP	(18,278)	(17,897)	2.1%	(18,297)	-0.1%
PDA ex-FIES / Postsecondary Net Revenues ex-FIES & ex-PEP[1]	*-6.7%*	*-6.5%*	*-0.1 p.p.*	*-6.5%*	*-0.1 p.p.*
Provision for Doubtful Account - PDA FIES	(5,234)	(7,129)	-26.6%	(10,853)	-51.8%
PDA FIES / Postsecondary Net Revenues FIES[1]	*-0.9%*	*-1.3%*	*0.4 p.p*	*-1.6%*	*0.7 p.p*
Provision for Doubtful Account - PDA PEP	(18,769)	(17,323)	8.3%	(15,585)	20.4%
PDA PEP / Postsecondary Net Revenues PEP[1]	*-50.0%*	*-50.0%*	*0.0 p.p*	*-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 decreased 0.3 p.p. from the same period last year, to 4.6%, and was virtually flat compared to the last quarter of 2015. However, the Company accrued an increase in the provision in the quarter, with the ratio of PDA ex-FIES and ex-PEP to net revenue increasing 0.2 p.p. on both 4Q15 and 1Q15, with the aim of better reflecting its expectations for delinquency in light of the deterioration in the macroeconomic scenario.

Accounts Receivable

On-Campus Education - Values in R$ (´000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Net Accounts Receivable	**1,683,487**	**897,912**	**87.5%**	**1,342,246**	**25.4%**
Tuition and Agreements to Receive	195,640	247,196	-20.9%	193,384	1.2%
FIES - Short Term	868,409	625,923	38.7%	548,915	58.2%
FIES - Long Term	516,258	n.a	n.a	526,107	-1.9%
PEP / Long Term Portfolio	103,180	24,793	316.2%	73,840	39.7%

Total accounts receivables, net of PDA increased 25.4% in 1Q16 compared to 4Q15, due to the increase in accounts receivables from PEP and the negative impact on FIES repurchases early this year, since, in addition to the calendar imposed by PN23, only the installment for January, which is seasonally the weakest, was recognized in 1Q16. The expectation is for the balance of FIES receivables to decline significantly in 2Q16 with the receipt of the payment for March (transfer already made, with the offsetting of taxes in April and the cash inflow in May) and for April (transfer already made in May, with the offsetting of taxes expected in May and the cash inflow in June). The line long-term FIES, as explained in the previous quarter, consists of 75% of the installments not paid in 2015 and which will be repurchased in 2017 and 2018 (adjusted to present value), as officially confirmed by the federal government in early 2016. The increase in the line PEP / Long-Term Portfolio is explained by the expansion in the PEP student base during the admissions process.

Average Accounts Receivable Term

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

Total Accounts Receivable

On-Campus Education - days	1Q16	1Q15	Chg.(days)	4Q15	Chg.(days)
Net Accounts Receivable / Total Net Revenue On-Campus	154	90	64 Days	124	30 Day

Calculation base: net balance of short-term and long-term Accounts Receivable in the On-Campus Postsecondary business related to monthly tuitions, agreements and other academic services, divided by net operating revenue in the On-Campus Postsecondary business in the last 12 months, multiplied by 360 days.

In 1Q16, the average term increased 64 days compared to the same period last year, mainly due to the increase in PEP accounts receivable and the particularities of the FIES receivables calendar observed at the start of the year (as already commented). These same factors explain the increase of 30 days in the average term compared to 4Q15.

Accounts Receivable, excluding the balances of FIES receivables and revenues

On-Campus Education - days	1Q16	1Q15	Chg.(days)	4Q15	Chg.(days)
Net Accounts Receivable (ex-FIES) / Net Revenue (ex-FIES)	86	72	14 Days	76	10 Days

Calculation base: net balance of short-term and long-term Accounts Receivable (excludes FIES and includes PEP) in the On-Campus Postsecondary business related exclusively to monthly tuitions, agreements and other academic services, divided by net revenue (ex-FIES) in the On-Campus Postsecondary business in the last 12 months, multiplied by 360 days.

In 1Q16, the average term increased 14 days from 1Q15, mainly reflecting the effect from the longer average term of PEP students. Excluding this effect in both periods, the average receivables term (ex-FIES and ex-PEP) was 67 days in 1Q16, or 7 days less than in 1Q15 (74 days), which reinforces the effectiveness of the renegotiation and collection practices adopted. Compared to the prior quarter, the increase of 10 days is basically due to the higher number of PEP students in the admissions process at the start of this year.

FIES Accounts Receivable

On-Campus Education - days	1Q16	1Q15	Chg.(days)	4Q15	Chg.(days)
Net Accounts Receivable Fies / Net Revenue Fies	184	99	85 Days	147	37 Days

Calculation base: net balance of short and long terms Accounts Receivable related solely to FIES, divided by net revenue from monthly FIES tuitions in the last 12 months, multiplied by 360 days.

In 1Q16, the average term of FIES accounts receivable was 184 days, increasing 85 days from the same period of 2015 and increasing 37 days from 4Q15. As mentioned above, this increase was already expected as a result of PN23, and there was also the factor of the additional impact from the limits imposed on repurchases at the end of 2015, which impacted the cash inflows expected at the start of the year. However, it is important to note that, due to the normalization of FIES payment flows as of 2016, the average term is expected to return to historical levels over the coming years.

Operating Result

On-Campus Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Income	**655,745**	**593,727**	**10.4%**	**652,686**	**0.5%**
(-) Total Operating Expenses	(104,973)	(122,275)	-14.1%	(146,361)	-28.3%
(-) Provision for Doubtful Account - PDA	(42,280)	(42,348)	-0.2%	(44,734)	-5.5%
(+) Interest and Penalties on Tuition	29,745	17,746	67.6%	21,308	39.6%
Operating Result	**538,236**	**446,851**	**20.5%**	**482,899**	**11.5%**
Operating Margin	*58.0%*	*49.7%*	*8.3 p.p.*	*48.0%*	*10.0 p.p.*

The operating result (before marketing expenses) in 1Q16 amounted to R$538.2 million, with an operating margin of 58.0%, which represents a significant expansion of 8.3 p.p. from the prior-year period. This significant increase primarily reflects the capture of efficiency gains and synergies from the Anhanguera merger and the progress made in the operations research process for forming classes. Compared to 4Q15, operating margin expanded by 10.0 p.p. As mentioned in the previous quarter, the operating result includes an impact from the agreement for the receipt of FIES installments, which generated a positive effect from the recognition of inflation adjustment (accrual method of account) on the line interest and penalties on tuitions, in the amount of R$16.6 million in 1Q16.

PRO FORMA RESULT

The following table presents the main P&L lines excluding data from Uniasselvi for both 1Q16 and 1Q15:

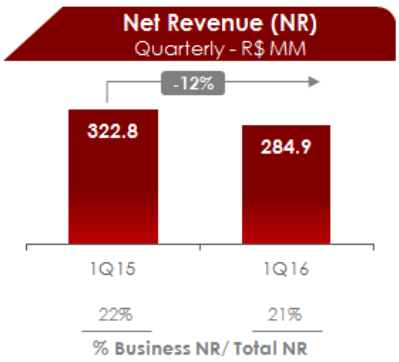
On-Campus - Values in R$ ('000)	1Q16	1Q15	Chg.%
Net Revenue	915,925	874,141	4.8%
Gross Income	648,321	577,262	12.3%
Gross Margin	*70.8%*	*66.0%*	*4.7 p.p.*
Operating Result	533,690	435,769	22.5%
Operating Margin	*58.3%*	*49.9%*	*8.4 p.p.*

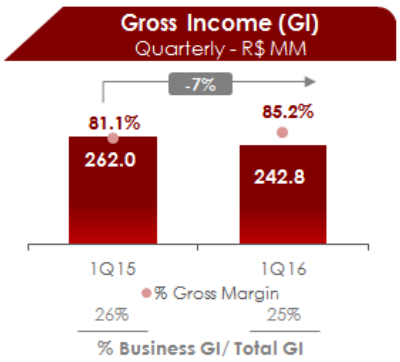
In this analysis, net revenue advanced 4.8%, supported by the higher average ticket, which offset the lower contribution from Pronatec.

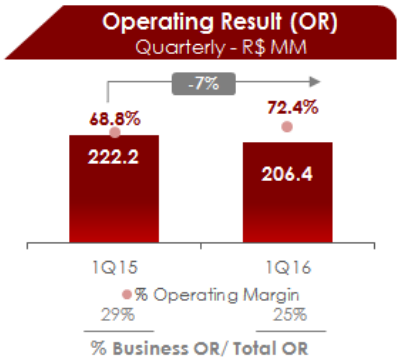
Gross income in the quarter increased 12.3% on the prior-year period, with gross margin expanding 4.7 p.p., while the operating result grew 22.5% to R$533.7 million, with operating margin expanding 8.4 p.p. to 58.3%.

CORPORATE FINANCIAL PERFORMANCE – DISTANCE LEARNING POSTSECONDARY

Distance Learning - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Revenue	**371,769**	**420,764**	**-11.6%**	**376,651**	**-1.3%**
Gross Profit Deductions	(86,840)	(97,918)	-11.3%	(94,123)	-7.7%
Tax	(8,294)	(8,786)	-5.6%	(7,727)	7.3%
ProUni	(56,859)	(61,639)	-7.8%	(61,506)	-7.6%
Returns	-	-	n.a.	-	n.a.
Total Discounts	(21,687)	(27,494)	-21.1%	(24,889)	-12.9%
Net Revenue	**284,929**	**322,846**	**-11.7%**	**282,528**	**0.8%**
Net Revenue - Undergraduate	262,345	297,021	-11.7%	260,807	0.6%
Net Revenue - Graduate, LFG and Unregulated Programs	22,583	25,825	-12.6%	21,721	4.0%
Total of Costs	**(42,104)**	**(60,896)**	**-30.9%**	**(56,283)**	**-25.2%**
Cost of Goods	-	-	n.a.	-	n.a.
Cost of Services	(42,104)	(60,896)	-30.9%	(56,283)	-25.2%
Faculty, Other Personnel and Third-Party Services	(30,597)	(45,226)	-32.3%	(45,967)	-33.4%
Rent	(5,894)	(6,936)	-15.0%	(6,347)	-7.1%
Materials	(4,755)	(8,081)	-41.2%	(2,886)	64.8%
Maintenance	(235)	(377)	-37.7%	(551)	-57.3%
Other	(623)	(277)	125.1%	(532)	17.2%
Gross Income	**242,824**	**261,950**	**-7.3%**	**226,245**	**7.3%**
Gross Margin	*85.2%*	*81.1%*	*4.1 p.p.*	*80.1%*	*5.1 p.p.*
Total Operating Expenses	**(24,695)**	**(28,080)**	**-12.1%**	**(25,830)**	**-4.4%**
Personnel Expenses	(16,349)	(22,522)	-27.4%	(18,675)	-12.5%
General and Administrative Expenses	(8,346)	(5,558)	50.1%	(7,155)	16.6%
Provision for Doubtful Account - PDA	(21,221)	(23,865)	-11.1%	(20,863)	-1.7%
(+) Interest and Penalties on Tuition	9,508	12,220	-22.2%	3,315	186.8%
Operating Result	**206,416**	**222,224**	**-7.1%**	**182,867**	**12.9%**
Operating Margin	*72.4%*	*68.8%*	3.6 p.p.	*64.7%*	7.7 p.p.







RESULTS – CORPORATE

Revenue and Deductions

Distance Learning - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Revenue	**371,769**	**420,764**	**-11.6%**	**376,651**	**-1.3%**
Gross Profit Deductions	(86,840)	(97,918)	-11.3%	(94,123)	-7.7%
Tax	(8,294)	(8,786)	-5.6%	(7,727)	7.3%
ProUni	(56,859)	(61,639)	-7.8%	(61,506)	-7.6%
Returns	-	-	n.a.	-	n.a.
Total Discounts	(21,687)	(27,494)	-21.1%	(24,889)	-12.9%
Net Revenue	**284,929**	**322,846**	**-11.7%**	**282,528**	**0.8%**
Net Revenue - Undergraduate	262,345	297,021	-11.7%	260,807	0.6%
Net Revenue - Graduate, LFG and Unregulated Programs	22,583	25,825	-12.6%	21,721	4.0%

Deductions

In the Distance Learning business, the main deduction items are the discounts granted and ProUni, which combined corresponded to 21.1% of total gross revenue in 1Q16, virtually stable compared to the same period last year. The line total discounts contributed to the decline in deductions in the period, which is explained by the pricing strategy that sought to adjust prices in general before applying discounts. Compared to the prior quarter, deductions as a ratio of gross revenue posted a stronger decrease, of 1.8 p.p.

Net Revenue

Net revenue in 1Q16 came to R$284.9 million, down 11.7% from the same period of 2015, reflecting the sale of Uniasselvi, lower revenue from LFG and the contraction in the segment's average ticket.

Average Net Ticket

Distance Learning - Values in R$	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total (Student)	**232.70**	**249.90**	**-6.9%**	**246.38**	**-5.6%**

For comparison purposes, Kroton reports only the effective ticket paid by the student, without discounting the transfers to the partners of the centers. To enable a better understanding, when calculating the average ticket, Kroton uses the number of invoices effectively recognized as revenue in the period, including the invoices of ProUni. Therefore, considering 100% of the revenue and the combined DL Undergraduate, DL Graduate and LFG businesses, the average ticket was R$232.70, or 6.9% lower than in the prior quarter, due to the following factors: (i) lower result from LFG due to the restructuring of the portfolio of academic programs; (ii) change in the mix of new enrollments, including those related to the expansion in 100% DL programs, which have lower prices than hybrid programs; and (iii) the one-off effect from discount campaigns and exemptions of enrollment fees for new students, which occurred more frequently early this year, but does not affect the students' tickets over the duration of their program. Excluding only the effect from one-off commercial campaigns, the average ticket in 1Q16 was R$246.14, virtually stable sequentially and compared to the same period last year.

Costs

Distance Learning - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total of Costs	**(42,104)**	**(60,896)**	**-30.9%**	**(56,283)**	**-25.2%**
Cost of Goods	-	-	n.a.	-	n.a.
Cost of Services	(42,104)	(60,896)	-30.9%	(56,283)	-25.2%
Faculty, Other Personnel and Third-Party Services	(30,597)	(45,226)	-32.3%	(45,967)	-33.4%
Rent	(5,894)	(6,936)	-15.0%	(6,347)	-7.1%
Materials	(4,755)	(8,081)	-41.2%	(2,886)	64.8%
Maintenance	(235)	(377)	-37.7%	(551)	-57.3%
Other	(623)	(277)	125.1%	(532)	17.2%

% of Net Revenues	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total of Costs	**-14.8%**	**-18.9%**	**4.1 p.p.**	**-19.8%**	**5.0 p.p.**
Cost of Goods (CG)	0.0%	0.0%	0.0 p.p.	0.0%	0.0 p.p.
Cost of Services (CS)	-14.8%	-18.9%	4.1 p.p.	-19.8%	5.0 p.p.
Faculty, Other Personnel and Third-Party Services	-10.7%	-14.0%	3.3 p.p.	-16.1%	5.4 p.p.
Rent	-2.1%	-2.1%	0.1 p.p.	-2.2%	0.2 p.p.
Materials	-1.7%	-2.5%	0.8 p.p.	-1.0%	-0.7 p.p.
Maintenance	-0.1%	-0.1%	0.0 p.p.	-0.2%	0.1 p.p.
Other	-0.2%	-0.1%	-0.1 p.p.	-0.2%	0.0 p.p.

In 1Q16, cost of services (CS) came to R$42.1 million and as a ratio of net revenue decreased 4.1 p.p. from the same period in 2015. This reduction is mainly explained by the capture of efficiency gains from the expansion in the student base over the past few years, as well as by the ongoing initiatives to optimize the performance of DL programs at Anhanguera, with the highlight the migration of the teaching model to one on-campus meeting per week (instead of two), and the lower costs with materials due to the optimized use of inventories. Compared to the previous quarter, costs as ratio of net revenue fell even further, by 5.0 p.p., which is mainly explained by the decline in the line faculty and other personnel.

Gross Income

Distance Learning - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Income	**242,824**	**261,950**	**-7.3%**	**226,245**	**7.3%**
Gross Margin	*85.2%*	*81.1%*	*4.1 p.p.*	*80.1%*	*5.1 p.p.*

Gross income was R$242.8 million in 1Q16, with gross margin of 85.2%, up 4.1 p.p. from 1Q15, due to lower payroll costs in the period.

Operating Expenses

Distance Learning - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total Operating Expenses	**(24,695)**	**(28,080)**	**-12.1%**	**(25,830)**	**-4.4%**
Personnel Expenses	(16,349)	(22,522)	-27.4%	(18,675)	-12.5%
General and Administrative Expenses	(8,346)	(5,558)	50.1%	(7,155)	16.6%

% of Net Revenues	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total Operating Expenses	**-8.7%**	**-8.7%**	**0.0 p.p.**	**-9.1%**	**0.4 p.p.**
Personnel Expenses	-5.7%	-7.0%	1.2 p.p.	-6.6%	0.8 p.p.
General and Administrative Expenses	-2.9%	-1.7%	-1.2 p.p.	-2.5%	-0.4 p.p.

Personnel, General and Administrative Expenses

In 1Q16, personnel expenses as a ratio of the segment's net revenue decreased 1.2 p.p. from 1Q15, due to economies of scale and the initiatives to streamline personnel expenses implemented since last year. Meanwhile, general and administrative expenses as a ratio of net revenue increased 1.2 p.p. from 1Q15, due to higher expenses with third-party services.

Provision for Doubtful Accounts (PDA)

Distance Learning - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Provision for Doubtful Account - PDA	(21,221)	(23,865)	-11.1%	(20,863)	1.7%
PDA / Distance Learning Net Revenues	*-7.4%*	*-7.4%*	*-0.1 p.p.*	*-7.4%*	*-0.1 p.p.*

Provisioning as a ratio of net revenue in the DL business stood at 7.4% in 1Q16, remaining stable in relation to 4Q15, which reinforces the effectiveness of the collections policy, despite the more challenging economic scenario.

Accounts Receivable

Distance Learning - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Net Accounts Receiveble	**190,733**	**188,864**	**1.0%**	**222,827**	**-14.4%**
Tuition and Agreements to Receive - Short term	190,733	188,864	1.0%	222,827	-14.4%

In 1Q16, net accounts receivables in the Distance Learning business amounted to R$190.7 million, increasing 1.0% from 1Q15, which is basically explained by growth in the receivables-generating student base and by the longer average receivables term. Compared to 4Q15, the decrease reflects the rigorous renegotiation policies practiced by the Company during the re-enrollment process for the first semester.

Average Accounts Receivable Term

Distance Learning - Days	1Q16	1Q15	Chg.(days)	4Q15	Chg.(days)
Net Accounts Receivable / Net Revenue	**59**	**57**	**02 Days**	**68**	**-09 Days**

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

The average term of accounts receivable in the Distance Learning business was essentially flat, increasing by 2 days on the prior-year period, due to the higher average receivables term at LFG. Excluding this effect at LFG, the average term in the segment was stable compared to 1Q15. The decline of 9 days compared to 4Q15 was due to the rigorous renegotiation policies practiced during the re-enrollment process.

Operating Result

Distance Learning - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Income	**242,824**	**261,950**	**-7.3%**	**226,245**	**7.3%**
(-) Total Operating Expenses	(24,695)	(28,080)	-12.1%	(25,830)	-4.4%
(-) Provision for Doubtful Account - PDA	(21,221)	(23,865)	-11.1%	(20,863)	1.7%
(+) Interest and Penalties on Tuition	9,508	12,220	-22.2%	3,315	186.8%
Operating Result	**206,416**	**222,224**	**-7.1%**	**182,867**	**12.9%**
Operating Margin	*72.4%*	*68.8%*	*3.6 p.p.*	*64.7%*	*7.7 p.p.*

The operating result (before marketing expenses) in the Distance Learning business came to R$206.4 million in 1Q16, or 7.1% lower than in the same period of 2015, due to the lower amount invoiced following the sale of the Uniasselvi operations, the weaker performance in the LFG operations and the lower average ticket. However, operating margin increased 3.6 p.p. in the period, to 72.4%, reflecting the capture of important synergy and operating efficiency gains in the segment. Compared to the previous quarter, operating margin improved even further, by 7.7 p.p., reflecting the seasonality of the segment.

PRO FORMA RESULT

The following table presents the main P&L lines excluding data from Uniasselvi for both 1Q16 and 1Q15:

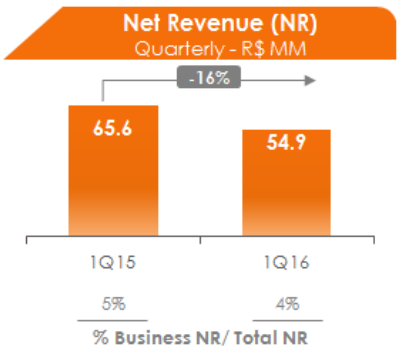
Distance Learning - Values in R$ ('000)	1Q16	1Q15	Chg.%
Net Revenue	255,725	264,120	-3.2%
Gross Income	222,838	221,532	0.6%
Gross Margin	*87.1%*	*83.9%*	*3.3 p.p.*
Operating Result	189,165	189,067	0.1%
Operating Margin	*74.0%*	*71.6%*	*2.4 p.p.*

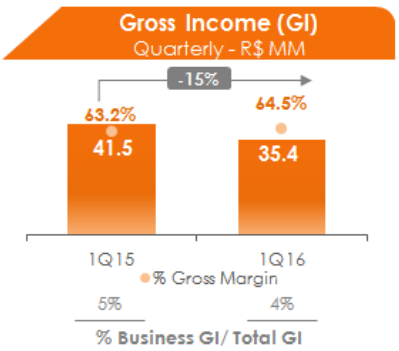
Pro forma net revenue amounted to R$255.7 million in the quarter, down 3.2% from 1Q15, due to the lower revenue contribution from LFG and the lower average ticket.

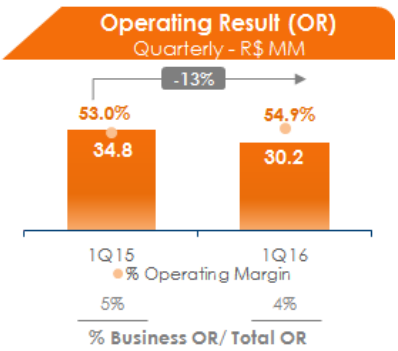
Gross income was R$222.8 million, with gross margin of 87.1%, representing increases of 0.6% and 3.3 p.p., respectively, from 1Q15. The operating result in the quarter stood at R$189.2 million, with operating margin of 74.0%, representing expansion of 2.4 p.p. from 1Q15, due to the efforts to optimize costs and expenses in the segment.

CORPORATE FINANCIAL PERFORMANCE – PRIMARY AND SECONDARY

Primary and Secondary Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Revenue	**57,535**	**68,717**	**-16.3%**	**44,734**	**28.6%**
Gross Profit Deductions	(2,605)	(3,125)	-16.6%	(2,124)	22.6%
Tax	(1,768)	(1,332)	32.7%	(936)	88.8%
ProUni	-	-	n.a.	-	n.a.
Returns	(837)	(1,792)	-53.3%	(1,188)	-29.6%
Total Discounts	-	-	n.a.	-	n.a.
Net Revenue	**54,930**	**65,592**	**-16.3%**	**42,609**	**28.9%**
Management Contracts and Own Operations	15,482	15,195	1.9%	16,227	-4.6%
Associated Schools Network	39,449	50,397	-21.7%	26,383	49.5%
Total of Costs	**(19,516)**	**(24,129)**	**-19.1%**	**(19,159)**	**1.9%**
Cost of Goods	(9,922)	(13,018)	-23.8%	(8,498)	16.7%
Cost of Services	(9,595)	(11,111)	-13.6%	(10,661)	-10.0%
Faculty, Other Personnel and Third-Party Services	(6,576)	(7,342)	-10.4%	(7,873)	-16.5%
Rent	(265)	(346)	-23.3%	(273)	-2.7%
Materials	-	(30)	n.a.	(2)	n.a.
Maintenance	(4)	(162)	-97.6%	(223)	-98.3%
Other	(2,749)	(3,231)	-14.9%	(2,290)	20.1%
Gross Income	**35,414**	**41,463**	**-14.6%**	**23,450**	**51.0%**
Management Contracts and Own Operations	7,787	6,177	26.1%	7,578	2.7%
Associated Schools Network	27,628	35,208	-21.5%	15,872	74.1%
Gross Margin	*64.5%*	*63.2%*	1.3 p.p.	55.0%	9.4 p.p.
Management Contracts and Own Operations	*14.2%*	*9.4%*	4.8 p.p.	17.8%	-3.6 p.p.
Associated Schools Network	*50.3%*	*53.7%*	-3.4 p.p.	37.2%	13.0 p.p.
Total Operating Expenses	**(4,918)**	**(5,969)**	**-17.6%**	**(5,423)**	**-9.3%**
Personnel Expenses	(4,175)	(4,473)	-6.7%	(4,145)	0.7%
General and Administrative Expenses	(743)	(1,496)	-50.4%	(1,278)	-41.9%
Provision for Doubtful Account - PDA	(438)	(857)	-48.8%	(425)	3.3%
(+) Interest and Penalties on Tuition	125	123	1.7%	177	-29.3%
Operating Result	**30,183**	**34,759**	**-13.2%**	**17,780**	**69.8%**
Operating Margin	*54.9%*	*53.0%*	2.0 p.p.	41.7%	13.2 p.p.







Revenue and Deductions

Primary and Secondary Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Revenue	**57,535**	**68,717**	**-16.3%**	**44,734**	**28.6%**
Gross Profit Deductions	(2,605)	(3,125)	-16.6%	(2,124)	22.6%
Tax	(1,768)	(1,332)	32.7%	(936)	88.8%
ProUni	-	-	n.a.	-	n.a.
Returns	(837)	(1,792)	-53.3%	(1,188)	-29.6%
Total Discounts	-	-	n.a.	-	n.a.
Net Revenue	**54,930**	**65,592**	**-16.3%**	**42,609**	**28.9%**
Management Contracts and Own Operations	15,482	15,195	1.9%	16,227	-4.6%
Associated Schools Network	39,449	50,397	-21.7%	26,383	49.5%

Deductions

In 1Q16, deductions as a ratio of gross revenue were stable compared to the same period of 2015. The operational advances in the segment's new logistics system supported considerable improvement in the line returns, in which the level of deductions has remained relatively stable both sequentially and year over year.

Net Revenue

Net revenue in the quarter decreased 16.3% from 1Q15, due to efficiency gains in the delivery of book collections for the first semester of 2016, which enabled a portion of this revenue to be recognized in the previous quarter. Although this had already occurred in early 2015, the impact was more relevant this year and impacted all lines in the P&L, with the trend expected to recur in 4Q16 and 1Q17 as well. Therefore, the expectation is for the additional revenue in 4Q16 not only to neutralize the lower revenue in 1Q16, as occurred in 2015, but also to increase revenue in the comparison of 2016 with 2015.

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 2016 was R$485.00 per student, or 5.0% higher than in 2015.

Costs

Primary and Secondary Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total of Costs	**(19,516)**	**(24,129)**	**-19.1%**	**(19,159)**	**1.9%**
Cost of Goods (CG)	(9,922)	(13,018)	-23.8%	(8,498)	16.7%
Cost of Services (CS)	(9,595)	(11,111)	-13.6%	(10,661)	-10.0%
Faculty, Other Personnel and Third-Party Services	(6,576)	(7,342)	-10.4%	(7,873)	-16.5%
Rent	(265)	(346)	-23.3%	(273)	-2.7%
Materials	-	(30)	n.a.	(2)	n.a.
Maintenance	(4)	(162)	-97.6%	(223)	-98.3%
Other	(2,749)	(3,231)	-14.9%	(2,290)	20.1%

% of Net Revenues	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total of Costs	**-35.5%**	**-36.8%**	**1.3 p.p.**	**-45.0%**	**9.4 p.p.**
Cost of Goods (CG)	-18.1%	-19.8%	1.8 p.p.	-19.9%	1.9 p.p.
Cost of Services (CS)	-17.5%	-16.9%	-0.5 p.p.	-25.0%	7.6 p.p.
Faculty, Other Personnel and Third-Party Services	-12.0%	-11.2%	-0.8 p.p.	-18.5%	6.5 p.p.
Rent	-0.5%	-0.5%	0.0 p.p.	-0.6%	0.2 p.p.
Materials	0.0%	0.0%	0.0 p.p.	0.0%	0.0 p.p.
Maintenance	0.0%	-0.2%	0.2 p.p.	-0.5%	0.5 p.p.
Other	-5.0%	-4.9%	-0.1 p.p.	-5.4%	0.4 p.p.

In 4Q15, cost of goods sold as a ratio of net revenue in the business fell 1.8 p.p. from the year-ago period, explained by the anticipation of teaching material deliveries in the previous quarter, coupled with efficiency gains captured by the strategic sourcing project in the logistics operation, with a reduction in the cost of materials and in logistics operations (printing, freight and storage operations). The increase of 0.6 p.p. in the cost of service as a ratio of net revenue compared to 1Q15 reflects the difference in the revenue recognition schedule. The same performance was observed in the comparison with the previous quarter.

Gross Income

Primary and Secondary Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Income	**35,414**	**41,463**	**-14.6%**	**23,450**	**51.0%**
Management Contracts and Own Operations	7,787	6,177	26.1%	7,578	2.7%
Associated Schools Network	27,628	35,208	-21.5%	15,872	74.1%
Gross Margin	*64.5%*	*63.2%*	*1.3 p.p.*	*55.0%*	*9.4 p.p.*
Management Contracts and Own Operations	*14.2%*	*9.4%*	*4.8 p.p.*	*17.8%*	*-3.6 p.p.*
Associated Schools Network	*50.3%*	*53.7%*	*-3.4 p.p.*	*37.2%*	*13.0 p.p.*

In 1Q16, gross income decreased 14.6% compared to 1Q15, but was accompanied by gross margin expansion of 1.3 p.p., reflecting the cost-control efforts in the quarter.

Operating Expenses

Primary and Secondary Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total Operating Expenses	**(4,918)**	**(5,969)**	**-17.6%**	**(5,423)**	**-9.3%**
Personnel Expenses	(4,175)	(4,473)	-6.7%	(4,145)	0.7%
General and Administrative Expenses	(743)	(1,496)	-50.4%	(1,278)	-41.9%

% of Net Revenues	1Q16	1Q15	Chg.%	4Q15	Chg.%
Total Operating Expenses	**-9.0%**	**-9.1%**	**0.1 p.p.**	**-12.7%**	**3.8 p.p.**
Personnel Expenses	-7.6%	-6.8%	-0.8 p.p.	-9.7%	2.1 p.p.
General and Administrative Expenses	-1.4%	-2.3%	0.9 p.p.	-3.0%	1.6 p.p.

Personnel, General and Administrative Expenses

Personnel, general and administrative expenses as a ratio of net revenue were virtually stable from the year-ago period, which was due in particular to the initiatives to optimize the segment's general and administrative expenses.

Provision for Doubtful Accounts (PDA)

Primary and Secondary Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Provision for Doubtful Account - PDA	(438)	(857)	-48.8%	(425)	3.3%
PDA / Primary and Secondary Education Net Revenues	*-0.8%*	*-1.3%*	*0.5 p.p.*	*-1.0%*	*0.2 p.p.*

PDA stood at 0.8% of net revenue in 1Q16, which is lower compared to both 1Q15 and 4Q15, reflecting the more rigorous collections policies.

Accounts Receivable

Primary and Secondary Education	1Q16	1Q15	Chg.%	4Q15	Chg.%
Net Accounts Receivable	**48,872**	**51,353**	**-4.8%**	**44,682**	**9.4%**

In 1Q16, the reduction in accounts receivable compared to 1Q15 is explained by the anticipation of book collection deliveries to the previous quarter. Compared to 4Q15, the increase is explained by seasonality.

Average Accounts Receivable Term

Primary and Secondary Education - Days	1Q16	1Q15	Chg.(days)	4Q15	Chg.(days)
Net Accounts Receivable / Net Revenue	102	104	-02 Days	88	14 Days

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

As in accounts receivable, the decrease of 2 days in the average accounts receivable term in the Primary and Secondary Education business in 1Q16 compared to 1Q15 is associated with the lower sales in the period.

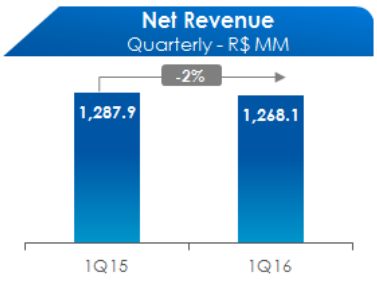
Operating Result

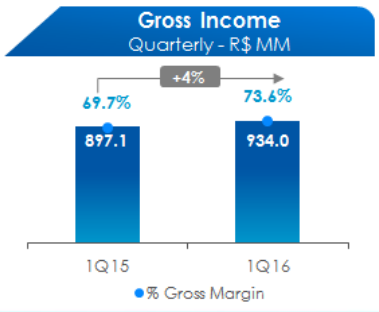
Primary and Secondary Education - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Income	**35,414**	**41,463**	**-14.6%**	**23,450**	**51.0%**
(-) Total Operating Expenses	(4,918)	(5,969)	-17.6%	(5,423)	-9.3%
(-) Provision for Doubtful Account - PDA	(438)	(857)	-48.8%	(425)	3.3%
(+) Interest and Penalties on Tuition	125	123	1.7%	177	-29.3%
Operating Result	**30,183**	**34,759**	**-13.2%**	**17,780**	**69.8%**
Operating Margin	*54.9%*	*53.0%*	2.0 p.p.	41.7%	13.2 p.p.

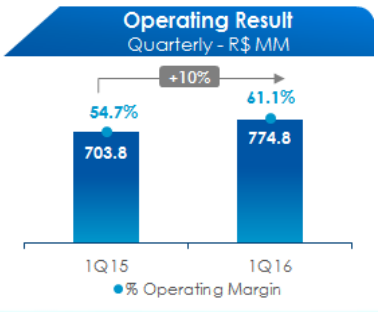
In 1Q16, the operating result (before marketing expenses) was R$30.2 million, with margin of 54.9%, expanding 2.0 p.p. on the year-ago period, despite the lower revenue in the period, which demonstrates the success of the programs to capture operating efficiency gains and the rigorous control of costs and expenses in the Primary and Secondary Education business.

CORPORATE FINANCIAL PERFORMANCE – KROTON

Consolidated - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Gross Revenue	**1,618,544**	**1,623,698**	**-0.3%**	**1,690,557**	**-4.3%**
Gross Profit Deductions	(350,405)	(335,823)	4.3%	(359,178)	-2.4%
Tax	(39,062)	(38,194)	2.3%	(35,398)	10.4%
ProUni	(222,918)	(215,373)	3.5%	(219,033)	1.8%
Returns	(837)	(1,792)	-53.3%	(1,188)	-29.6%
Total Discounts	(87,588)	(80,464)	8.9%	(103,559)	-15.4%
Net Revenue	**1,268,139**	**1,287,875**	**-1.5%**	**1,331,379**	**-4.7%**
Total of Costs	**(334,156)**	**(390,735)**	**-14.5%**	**(428,998)**	**-22.1%**
Cost of Goods	(9,922)	(13,018)	-23.8%	(8,498)	16.7%
Cost of Services	(324,234)	(377,716)	-14.2%	(420,500)	-22.9%
Faculty, Other Personnel and Third-Party Services	(219,901)	(262,966)	-16.4%	(316,043)	-30.4%
Rent	(83,085)	(80,689)	3.0%	(81,341)	2.1%
Materials	(6,825)	(16,618)	-58.9%	(4,643)	47.0%
Maintenance	(2,732)	(4,961)	-44.9%	(6,632)	-58.8%
Other	(11,692)	(12,481)	-6.3%	(11,841)	-1.3%
Gross Income	**933,984**	**897,140**	**4.1%**	**902,381**	**3.5%**
Gross Margin	*73.6%*	*69.7%*	*4.0 p.p.*	*67.8%*	*5.9 p.p.*
Total Operating Expenses	**(134,586)**	**(156,325)**	**-13.9%**	**(177,614)**	**-24.2%**
Personnel, General and Administrative Expenses	(134,586)	(156,325)	-13.9%	(177,614)	-24.2%
Personnel Expenses	(79,083)	(96,191)	-17.8%	(92,608)	-14.6%
General and Administrative Expenses	(55,503)	(60,133)	-7.7%	(85,006)	-34.7%
Provision for Doubtful Account - PDA	**(63,940)**	**(67,070)**	**-4.7%**	**(66,022)**	**-3.2%**
(+) Interest and Penalties on Tuition	39,378	30,089	30.9%	24,800	58.8%
Operating Result	**774,835**	**703,834**	**10.1%**	**683,546**	**13.4%**
Operating Margin	*61.1%*	*54.7%*	*6.4 p.p.*	*51.3%*	*9.8 p.p.*
Selling and Marketing Expenses	**(101,627)**	**(88,583)**	**14.7%**	**(75,710)**	**34.2%**
Corporate Expenses	**(66,453)**	**(63,682)**	**4.4%**	**(89,702)**	**-25.9%**
Adjusted EBITDA	**606,756**	**551,569**	**10.0%**	**518,133**	**17.1%**
Adjusted EBITDA Margin	*47.8%*	*42.8%*	*5.0 p.p.*	*38.9%*	*8.9 p.p.*
(-) Non-Recurring Items	187,049	(35,898)	n.a.	(57,599)	n.a.
EBITDA	**793,805**	**515,672**	**53.9%**	**460,534**	**72.4%**
EBITDA Margin	*62.6%*	*40.0%*	*22.6 p.p.*	*34.6%*	*28.0 p.p.*
Depreciation and Amortization	(97,645)	(100,960)	-3.3%	(92,157)	6.0%
Financial Result	(29,365)	(41,005)	-28.4%	(34,378)	-14.6%
Income Tax / Social Contribution	(19,846)	(16,775)	18.3%	(29,067)	-31.7%
Deferred Income Tax / Social Contribution	(448)	14,812	n.a.	(9,463)	-95.3%
Income Tax / Social Cont. - Disposal of Uniasselvi	(47,147)	-	n.a.	-	n.a.
Net Income	**599,355**	**371,743**	**61.2%**	**295,468**	**102.8%**
Net Margin	*47.3%*	*28.9%*	*18.4 p.p.*	*22.2%*	*25.1 p.p.*
(+) Non Recurring Items	(187,049)	35,898	n.a.	57,599	n.a.
(+) Intagnible Amortization (Acquisitions)	46,457	47,671	-2.5%	55,767	-16.7%
(+) Income Tax / Social Cont. - Disposal of Uniasselvi	47,147	-	n.a.	-	n.a.
Adjusted Net Income	**505,909**	**455,312**	**11.1%**	**408,835**	**23.7%**
Adjusted Net Margin	*39.9%*	*35.4%*	*4.5 p.p.*	*30.7%*	*9.2 p.p.*







SELLING AND MARKETING EXPENSES

Consolidated - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Selling and Marketing Expenses	(101,627)	(88,583)	14.7%	(75,710)	34.2%

% of Net Revenue	1Q16	1Q15	Chg.%	4Q15	Chg.%
Selling and Marketing Expenses	-8.0%	-6.9%	-1.1 p.p.	-5.7%	-2.3 p.p.

Selling and marketing expenses as a ratio of net revenue increased 1.1 p.p. from the same period last year, reflecting the increase in commercial actions during the student recruiting process for the first semester, which registered a substantial number of out-of-pocket students, in addition to the anticipation of contracts for the admissions process in the second semester. As a result, the Company believes that, over the course of the year these expenses as a ratio of net revenue will return to a level similar to that in 2015, reflecting the process to optimize costs with agencies and media that is being implemented since last year.

CORPORATE EXPENSES

Consolidated - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Corporate Expenses	(66,453)	(63,682)	4.4%	(89,702)	-25.9%
Personnel Expenses	(52,964)	(49,355)	7.3%	(66,317)	-20.1%
General and Administrative Expenses	(13,489)	(14,327)	-5.8%	(23,385)	-42.3%

% of Net Revenue	1Q16	1Q15	Chg.%	4Q15	Chg.%
Corporate Expenses	-5.2%	-4.9%	-0.3 p.p.	-6.7%	1.5 p.p.
Personnel Expenses	-4.2%	-3.8%	-0.3 p.p.	-5.0%	0.8 p.p.
General and Administrative Expenses	-1.1%	-1.1%	0.0 p.p.	-1.8%	0.7 p.p.

The ratio of personnel expenses to net revenue within corporate expenses increased 0.3 p.p. compared to 1Q15, due to new the stock options granted and the wage increases in the period, which were partially offset by the positive effects from the synergies captured from the merger and the optimization of corporate headcount. Compared to the prior quarter, the 0.8 p.p. decrease reflects the expenses recorded in 4Q15 related to the retroactive adjustment of the variable compensation plans to reflect the surpassing of the targets set for 2015. Considering only general and administrative expenses as a ratio of net revenue, the result was stable compared to 1Q15. In comparison with the previous quarter, the 0.7 p.p. decrease in general and administrative expenses as a ratio of net revenue was due to higher provisioning for contingencies in 4Q15.

NONRECURRING EVENTS

Values in R$ ('000)	1Q16	1Q15	Chg.%
Integrations	(5,258)	(18,860)	-72.1%
Severance	(20,169)	(11,076)	82.1%
Restructuring of units	(8,663)	-	n.a.
Other projects	(4,185)	(5,961)	-29.8%
Subtotal ex-Capital gain from Uniasselvi	**(38,275)**	**(35,897)**	**6.6%**
Capital Gain - Uniasselvi	225,325	-	n.a.
Total Nonrecurring	**187,049**	**(35,897)**	**n.a.**

In 1Q16, nonrecurring events were divided into the two groups shown in the above table: (1) nonrecurring events that generated non-recurring costs and expenses, and (2) the capital gain recorded from the sale of Uniasselvi. The main nonrecurring events in the first group, in the amount of R$38.3 million, were: (i) severance/contract termination expenses stemming from initiatives to increase efficiency, such as the operations research software; (ii) the integration with Anhanguera, which in 1Q16 were already significantly lower than the levels in prior quarters; (iii) the restructuring of on-campus units, which focused on increasing occupancy levels; and (iv) other costs and expense, such as those related to greenfield projects and the

Uniasselvi divestment. On the other hand, the capital gain from the Uniasselvi divestment had a positive impact of R$225.3 million on the result. Nonrecurring events in the quarter had an aggregate positive impact of R$187.0 million.

FINANCIAL RESULT

Consolidated - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
(+) Financial Revenues	19,585	11,595	68.9%	14,733	32.9%
Interest on Financial Investment	14,734	9,854	49.5%	13,488	9.2%
Others	4,851	1,741	178.6%	1,245	289.8%
(-) Financial Expenses	(48,950)	(52,600)	-6.9%	(49,111)	-0.3%
Banks Expenses	(2,780)	(2,241)	24.1%	(4,513)	-38.4%
Interest on Loans	(22,165)	(30,614)	-27.6%	(26,071)	-15.0%
Interest and Tax on Late Payment	(3,026)	(1,153)	162.4%	(2,840)	6.5%
Interest on Loans for Acquisitions	(5,375)	(5,968)	-9.9%	(6,047)	-11.1%
Restatement of Contingencies	(12,848)	(9,834)	30.7%	(7,943)	61.8%
Others	(2,756)	(2,791)	-1.2%	(1,697)	62.4%
Financial Result[1]	**(29,365)**	**(41,005)**	**-28.4%**	**(34,378)**	**-14.6%**

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

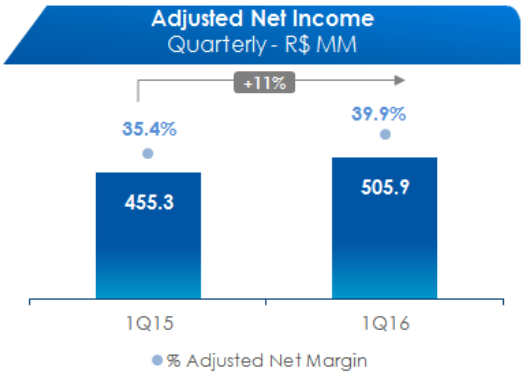
In 1Q16, the net financial result was an expense of R$29.4 million, which is lower than the 1Q15 and 4Q15, as it was impacted positively by the reduction of the debt. As was the case in prior quarters, the breakdown of the line Restatement of Contingencies, which also had an adverse impact on the quarter's financial result, proved necessary due to the higher amount assessed after preparing the Opening Balance Sheet due to the Anhanguera merger.

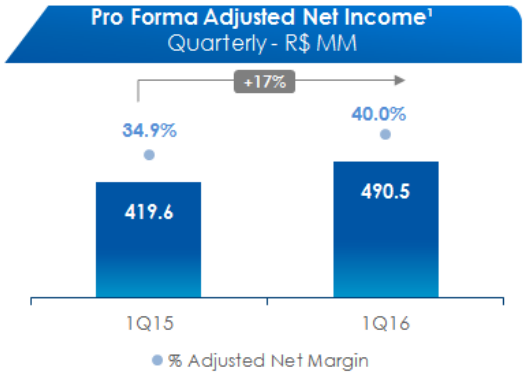
NET INCOME

Consolidated - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Operating Result	**774,835**	**703,834**	**10.1%**	**683,546**	**13.4%**
(+) Selling and Marketing Expenses	(101,627)	(88,583)	14.7%	(75,710)	34.2%
(+) Corporate Expenses	(66,453)	(63,682)	4.4%	(89,702)	-25.9%
(+) Depreciation and Amortization ex-Intangible	(51,189)	(53,289)	-3.9%	(36,389)	40.7%
(+) Financial Result [1]	(29,365)	(41,005)	-28.4%	(34,378)	-14.6%
(+) Income Tax / Social Contribution	(19,846)	(16,775)	18.3%	(29,067)	-31.7%
(+) Deferred Income Tax / Social Contribution	(448)	14,812	n.a.	(9,463)	-95.3%
Adjusted Net Income	**505,909**	**455,312**	**11.1%**	**408,835**	**23.7%**
Adjusted Net Margin	*39.9%*	*35.4%*	*4.5 p.p.*	*30.7%*	*9.2 p.p.*
(+) Nonrecurring Items	187,049	(35,898)	n.a.	(57,599)	n.a.
(+) Intangible Amortization (Acquisitions)	(46,457)	(47,671)	-2.5%	(55,767)	-16.7%
(+) Income Tax / Social Cont. - Disposal of Uniasselvi	(47,147)	-	n.a.	-	n.a.
Net Income	**599,355**	**371,743**	**61.2%**	**295,468**	**102.8%**
Net Margin	*47.3%*	*28.9%*	*18.4 p.p.*	*22.2%*	*25.1 p.p.*

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

Adjusted net income (adjusted for the amortization of intangible assets, nonrecurring events and taxes related to the sale of Uniasselvi) amounted to R$505.9 million, with adjusted net margin of 39.9%, expanding 4.5 p.p. from the same period in 2015. The result reflects the capture of synergy and efficiency gains and the projects successfully executed in recent years, which have supported higher profitability, despite the country's economic crisis. Pro forma adjusted net income, i.e. excluding Uniasselvi from both periods (1Q16 and 1Q15), amounted to R$490.5 million in 1Q16 (+16.9% from 1Q15), with even higher expansion in adjusted net margin (+5.1 p.p. on 1Q15). Note also that 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).





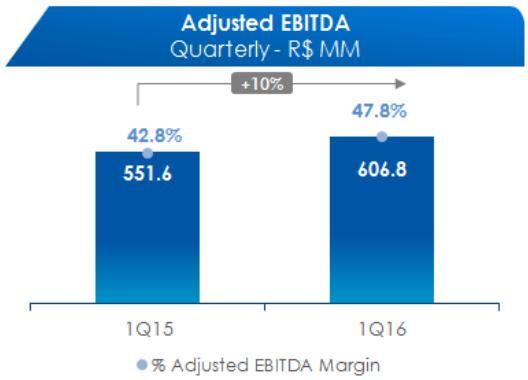
Excluding the adjustments for nonrecurring items, amortization of intangible assets and taxes on the sale of Uniasselvi, net income was R$599.4 million in 1Q16. Given the material impact from these adjustments in the quarter, the Company recommends the adjusted result as the best metric for accompanying financial performance.

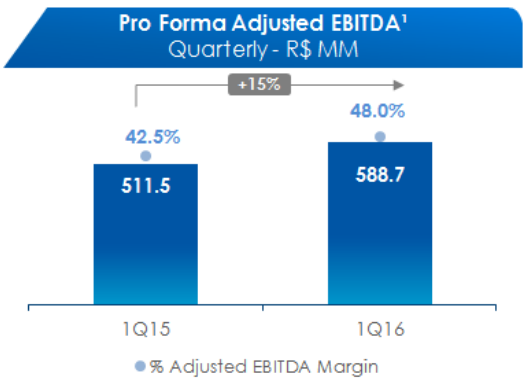
EBITDA

Consolidated - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Net Income (Loss)	**599,355**	**371,743**	**61.2%**	**295,468**	**102.8%**
(+) Depreciation and Amortization	97,645	100,960	-3.3%	92,157	6.0%
(+) Financial Result[1]	29,365	41,005	-28.4%	34,378	-14.6%
(+) Income Tax / Social Contribution	26,401	16,775	57.4%	29,067	-9.2%
(+) Deferred Income Tax / Social Contribution	41,039	(14,812)	n.a.	9,463	333.7%
EBITDA	**793,805**	**515,672**	**53.9%**	**460,534**	**72.4%**
EBITDA Margin	*62.6%*	*40.0%*	*22.6 p.p.*	*34.6%*	*28.0 p.p.*
(+) Nonrecurring Items	(187,049)	35,898	n.a.	57,599	n.a.
Adjusted EBITDA	**606,756**	**551,569**	**10.0%**	**518,133**	**17.1%**
Adjusted EBITDA Margin	*47.8%*	*42.8%*	*5.0 p.p.*	*38.9%*	*8.9 p.p.*

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

Adjusted EBITDA was R$606.8 million in the quarter, increasing 10.0% from 1Q15, with adjusted EBITDA margin expanding 5.0 p.p. The performance in the period reflects the efforts being made to capture operating efficiency gains and rigorously control costs and expenses. This improvement in profitability in a very challenging economic scenario and with negative pressures on revenues (e.g., Uniasselvi divestment, reduction in Pronatec and fewer FIES seats) is extremely important and underscores the Company's capacity to continue creating value for its shareholders. In the pro forma analysis, which excludes the results of Uniasselvi in both 1Q16 and 1Q15, adjusted EBITDA was R$588.7 million in 1Q16 (+15.1%), with adjusted EBITDA margin of 48.0%, for expansion of 5.5 p.p. from the same period last year.



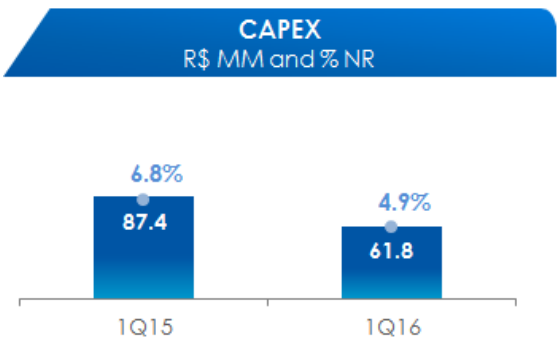


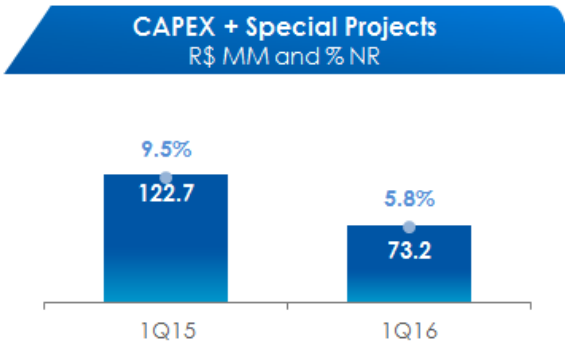
Excluding the adjustments for nonrecurring events, the Company generated EBITDA of R$793.8 million in 1Q16, increasing 53.9% from the same period last year, with EBITDA margin of 62.6%.

INVESTMENT (CAPEX)

In 1Q16, Kroton invested R$61.8 million, allocated as follows:

(i) information technology and library equipment: R$6.4 million (10%);
(ii) content and systems development and software licenses: R$27.0 million (44%);
(iii) laboratory and related equipment: R$13.5 million (22%);
(iv) expansions – construction and improvements: R$15.0 million (24%).





In 1Q16, investments corresponded to 4.9% of net revenue, with the largest portion allocated to expansion projects involving content development, systems development and software licensing, as well as construction works and improvements at existing units.

Kroton has also been investing in special projects, such as expansion and greenfield projects, which came to R$11.4 million in 1Q16. Therefore, total investment as a ratio of net revenue stood at 5.8% in the quarter. Despite the lower investments in the period, it is important to highlight that an acceleration of expenditures is expected over the course of the year to reach a ratio of CAPEX to net revenue that is closer to the consolidated levels seen in 2015.

NET DEBT

Consolidated - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Cash and Cash Equivalents	574,432	331,796	73.1%	403,583	42.3%
Cash	10,214	51,510	-80.2%	15,593	-34.5%
Securities	564,218	280,286	101.3%	387,990	45.4%
Loans and Financing	711,650	889,125	-20.0%	758,404	-6.2%
Short-term Debt	227,788	195,762	16.4%	195,965	16.2%
Long-term Debt	483,862	693,363	-30.2%	562,439	-14.0%
Net Cash (Debt)[1]	**(137,218)**	**(557,329)**	**-75.4%**	**(354,821)**	**-61.3%**
Other Short and Long Term Debt[2]	253,080	307,632	-17.7%	278,681	-9.2%
Long Term Receivables[3]	376,937	-	n.a.	-	n.a.
Net Cash (Debt)	**(13,361)**	**(864,961)**	**-98.5%**	**(633,502)**	**-97.9%**

[1] Considers only bank obligations.
[2] 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.
[3] Considers the long-term receivables adjusted to present value from the sale of Uniasselvi to be received from 2018 to 2022, (excluding earn-out amounts).

At the end of 1Q16, total cash and financial investments amounted to R$574.4 million, a level 42.3% higher from the previous quarter, reflecting primarily the receipt of the first installment from the sale of Uniasselvi, which more than offset the payment of dividends related to 4Q15, and the payment of R$50 million (or R$73 million including interest and charges) to settle a portion of the Company's debentures. Therefore, total debt ended the period at R$137.2 million, decreasing 61.3% from 4Q15. Considering all short and long term obligations and receivables, which include taxes and contributions paid in installments and the obligations and rights related to the acquisitions and also the sales, Kroton ended the period with a balance close to net cash, registering a net debt of only R$13.4 million. It is important to note that total

long-term debt includes amounts related to installment payments for acquisitions, especially those for Uniasselvi, which are being repaid in six annual installments since 2013. On the other hand, long-term Receivables include the second portion of the payment from the sale of Uniasselvi adjusted to present value (excluding earn-out amounts), to be made in five annual installments from 2018 to 2022.

CASH FLOW

Actual Cash Flow

Consolidated - Values in R$ ('000)	1Q16	1Q15	Chg.%	4Q15	Chg.%
Net Income before Income Interest	**603,712**	**373,706**	**61.5%**	**333,975**	**80.8%**
(+) Net Income adjustments before Income Interest	17,397	186,479	n.a.	190,510	n.a.
Depreciation and Amortization	97,647	100,959	-3.3%	92,171	5.9%
Provision for Doubtful Accounts (PDA)	63,940	67,070	-4.7%	66,022	-3.2%
Others	(144,190)	18,450	n.a.	32,317	n.a.
(+) Income Tax and Social Contribution	(27,528)	(4,029)	n.a.	(13,063)	110.7%
(+) Changes in Working Capital	(584,432)	(458,947)	27.3%	(251,861)	132.0%
(Increase) Reduction in Accounts Receivable ex-FIES	(567,114)	(252,678)	124.4%	(110,700)	412.3%
(Increase) Reduction in Accounts Receivable FIES	189,836	(209,766)	n.a.	(119,135)	n.a.
Others	(207,154)	3,497	n.a.	(22,026)	n.a.
Operating Cash Generation before Capex	**9,149**	**97,209**	**-90.6%**	**259,562**	**-96.5%**
Capex - Recurring	(48,683)	(92,502)	-47.4%	(130,844)	-62.8%
Operating Cash Generation after Capex	**(39,533)**	**4,707**	**n.a.**	**128,718**	**n.a.**
Capex - Special Projects	(21,264)	(26,791)	-20.6%	(19,232)	10.6%
Operating Cash Generation after Capex and Special Projects	**(60,798)**	**(22,084)**	**175.3%**	**109,486**	**n.a.**
(+) M&A Activities	356,639	(6,082)	n.a.	(3,411)	n.a.
(+) Cash Flow from Financing Activities	(124,781)	(95,385)	30.8%	(184,700)	-32.4%
Free Cash Flow	**171,060**	**(123,551)**	**n.a.**	**(78,625)**	**n.a.**

Consolidated - Values in R$ ('000)	1Q16	1Q15	Chg.%
Operating Cash Generation (OCG) before Capex	**9,149**	**97,209**	**-90.6%**
OCG / EBITDA	*1.2%*	*18.9%*	-17.7 p.p.
Operating Cash Generation after Capex	**(39,533)**	**4,707**	**n.a.**
OCG / EBITDA	-	*0.9%*	n.a.
Operating Cash Generation after Capex and Special Projects	**(60,798)**	**(22,084)**	**175.3%**
OCG / EBITDA	-	-	-
Free Cash Flow	**171,060**	**(123,551)**	**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$9.1 million in 1Q16, or 90.6% lower than in 1Q15, due to the effects from the new cycle of tuition receivables from FIES students resulting from Administrative Rule 23 (PN 23) announced in December 2014. Note that, despite the normalization of the payment flow in 2016, this effect will be observed only as of 2Q16, since the installments received to date are seasonally lower due to the flow from the re-enrollment of FIES students. Considering the disbursements for capex in the period, operating cash flow was negative R$39.5 million in 1Q16. Including capex and special projects, operating cash flow was negative R$60.8 million, lower than in the previous quarters, due to the particularities of the FIES repurchase calendar in the beginning of the year. Therefore, it is important to note that this situation is only temporary and that cash generation should return to levels closer to those in 2014 over the course of 2016. Attesting to this trend, in 2Q16, Kroton will receive approximately R$900 million related solely to the FIES repurchases from March and April (including tax offsetting). Meanwhile, free cash flow in the period was R$171.1 million, benefitting from the receipt of the first installment from the sale of Uniasselvi.

Analysis of the conversion of cash to EBITDA in the period is affected by operating cash generation after capex being negative in the quarter.

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 1Q16, registering financial trading volume of R$8.0 billion and 1,250,081 trades in the period, which represents average daily trading volume of R$133.9 million. On March 31, 2016, Kroton's market capitalization was R$18.7 billion.

In 1Q16, Kroton's stock price rose 20.5%, while the Bovespa Index (Ibovespa) rose 15.5%. In the same period, the ICON, IGC and ITAG gained 7.0%, 11.6% and 13.8%, respectively. Kroton stock is currently covered by research analysts at 16 different local and international institutions.

Highlights- KROT3	1Q16
Average Daily Trade Volume (average)	R$ 133.9 million
Maximum (R$ per share)	R$ 11.72
Minimum (R$ per share)	R$ 7.74
Average (R$ per share)	R$ 9.72
Closing Quote	R$ 11.48
Variation in the period (%)	20.5%

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.

In the first quarter of 2016, a total of 845,100 common shares issued by the Company were repurchased at an average price of R$7.88 per share. Since the start of the fifth program, a total of 11,717,600 shares have been repurchased, which represents 21.7% of the limit established by the program.

OWNERSHIP STRUCTURE

After the 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	8,686,354	0.5%
Free Float	1,617,383,424	99.5%
Total	**1,626,069,778**	**100.0%**

* Position on April 29, 2016.

DIVIDENDS

In the Meeting held on May 12, 2016, the Board of Directors approved the distribution of dividends related to the results for the first quarter of 2016 in the amount of R$199,285,434.25, which will be calculated towards the minimum mandatory dividend for 2016, which corresponds to R$0.1232147129078030 per common share and to 35% of adjusted net income, after deduction of the legal reserve. Shareholders of record at the close of trading on May 12, 2016 are entitled to the dividends.

UNIASSELVI DIVESTMENT

On February 29, 2016, Kroton consummated 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.

With regard to the additional price, on April 11, 2016, Kroton publicly announced that part of the financial and operating targets set in the agreement had been met and effectively assured the payment of at least R$86 million of the potential aggregate amount of R$255 million. The Company remains committed to fulfilling the remaining targets.

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. Following the sale of Uniasselvi, on March 31, 2016, Kroton had more than one million students enrolled in its On-Campus and Distance Learning Postsecondary Education programs at its 120 Postsecondary units and its 910 accredited 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 2016 served 669 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	1Q16	% AV	4Q15	% AV
Current Assets	**2,214,933**	**13.1%**	**1,641,615**	**9.9%**
Cash and Banks	10,214	0.1%	15,593	0.1%
Financial Investments	559,078	3.3%	382,639	2.3%
Accounts Receivable	1,335,782	7.9%	1,009,807	6.1%
Inventories	43,639	0.3%	31,536	0.2%
Advances	40,445	0.2%	50,081	0.3%
Recoverable Taxes	95,931	0.6%	43,384	0.3%
Other Accounts Receivable	129,844	0.8%	108,575	0.7%
Non current Assets	**14,746,559**	**86.9%**	**14,997,239**	**90.1%**
Long Term Assets	**1,769,220**	**10.4%**	**1,407,115**	**8.5%**
Securities	5,140	0.0%	5,351	0.0%
Accounts Receivables	587,310	3.5%	599,947	3.6%
Deferred Taxes	509,582	3.0%	513,722	3.1%
Judicial Escrow Deposits	230,881	1.4%	40,409	0.2%
Advances to Suppliers	41,513	0.2%	1,680	0.0%
Judicial Escrow Deposits	1,645	0.0%	6,969	0.0%
Warranty for Fiscal, Work and Civil Losses	5,307	0.0%	230,299	1.4%
Other	387,842	2.3%	8,738	0.1%
Investments	0	0.0%	1,600	0.0%
Fixed Assets	1,580,928	9.3%	1,622,148	9.7%
Intangible	11,396,411	67.2%	11,966,376	71.9%
Total Assets	**16,961,492**	**100.0%**	**16,638,854**	**100.0%**
Liabilities and Shareholders' Equity				
Current Liabilities	**1,040,816**	**6.1%**	**1,173,525**	**7.1%**
Suppliers	171,338	1.0%	222,604	1.3%
Loans and Financing	2,329	0.0%	2,378	0.0%
Debenture	225,459	1.3%	193,587	1.2%
Payroll and Related Charges	291,574	1.7%	345,677	2.1%
Income Tax and Social Contribution	66,452	0.4%	24,137	0.1%
Taxes and Contribution	69,710	0.4%	64,618	0.4%
Advances to Clients	115,516	0.7%	131,592	0.8%
Tax and Contribution Payment Installments	11,129	0.1%	11,090	0.1%
Accounts Payable - Acquisitions	77,902	0.5%	95,481	0.6%
Dividends Payable	7	0.0%	70,175	0.4%
Other	9,400	0.1%	12,186	0.1%
Non current Liabilities	**2,843,664**	**16.8%**	**3,005,641**	**18.1%**
Suppliers	-	0.0%	-	0.0%
Loans and Financing	37,842	0.2%	38,430	0.2%
Debenture	446,020	2.6%	524,009	3.1%
Provision for Tax, Labor and Civil Lawsuit Losses	957,750	5.6%	984,845	5.9%
Tax and Contribution Payment Installments	45,003	0.3%	46,523	0.3%
Accounts Payable - Acquisitions	119,046	0.7%	125,587	0.8%
Deferred Taxes	1,209,140	7.1%	1,257,029	7.6%
Others	28,863	0.2%	29,218	0.2%
Shareholder´s Equity	**13,077,012**	**77.1%**	**12,459,688**	**74.9%**
Total Liabilities and Shareholders' Equity	**16,961,492**	**100.0%**	**16,638,854**	**100.0%**

APPENDIX 2 – QUARTERLY INCOME STATEMENT RECONCILIATION

		Non-accounting adjustments					
	1Q16 Results (Book)	Interest and Penalties on Tuition	Depre-ciation	Intangible Amortization (Acquisitions)	Non-recurring Items/ Capital Gain	Reclassification between Costs and expenses	1Q16 Results (Release)
	(In thousand reais, except otherwise indicated)						
Gross Revenue	**1,618,544**	-	-	-	-	-	**1,618,544**
Postsecondary	1,561,009	-	-	-	-	-	1,561,009
Primary and Secondary	57,535	-	-	-	-	-	57,535
Deductions from Gross Revenue	**(350,405)**	-	-	-	-	-	**(350,405)**
Postsecondary	(347,800)	-	-	-	-	-	(347,800)
Primary and Secondary	(2,605)	-	-	-	-	-	(2,605)
Net Revenue	**1,268,139**	-	-	-	-	-	**1,268,139**
Postsecondary	1,213,209	-	-	-	-	-	1,213,209
Primary and Secondary	54,930	-	-	-	-	-	54,930
Costs of Goods/Services	**(480,973)**	-	-	-	-	-	**(334,156)**
Cost of Goods Sold	(9,922)	-	-	-	-	-	(9,922)
Cost of Services Rendered	(471,052)	-	51,173	-	1,848	(93,796)	(324,234)
Gross Income	**787,166**	-	-	-	-	-	**933,984**
Operating Expenses	**(193,382)**	-	-	-	-	-	**(366,605)**
Selling Expenses	(101,833)	-	-	-	206	-	(101,627)
Provision for Doubtful Accounts	(63,940)	-	-	-	-	-	(63,940)
Personnel Expenses	(106,168)	-	-	-	23,438	49,317	(132,047)
General and Administrative Expenses	(87,550)	-	46,475	-	16,563	44,479	(68,992)
Other Operating Income (Expenses)	166,108	-	-	-	(166,108)	-	-
Income before Financial Result	**593,784**	-	-	-	-	-	**567,378**
Interest and Penalties on Tuition	-	39,378	-	-	-	-	39,378
Depreciation and Amortization	-	-	(97,647)	46,457	2	-	(51,189)
Financial Result	**9,928**	-	-	-	-	-	**(29,365)**
Financial Expenses	(49,035)	-	-	-	85	-	(48,950)
Financial Revenues	58,963	(39,378)	-	-	-	-	19,585
Income from Operations	**603,712**	-	-	-	-	-	**526,202**
Income and Social Contribution Tax	(4,357)	-	-	-	-	-	(20,294)
Current	(48,495)	-	-	-	28,650	-	(19,846)
Deferred	44,138	-	-	-	(44,586)	-	(448)
Net Income	**599,355**	**-**	**-**	**46,457**	**(139,903)**	**-**	**505,909**

APPENDIX 3 – QUARTERLY INCOME STATEMENT

	1Q16	% Net Rev.	1Q15	% Net Rev.	1Q16 / 1Q15	4Q15	% Net Rev.	1Q16 / 4Q15
	(In thousand reais, except otherwise indicated)							
Gross Revenue	**1,618,544**	**127.6%**	**1,623,698**	**126.1%**	**-0.3%**	**1,690,380**	**127.0%**	**-4.2%**
Postsecondary	1,561,009	123.1%	1,554,981	120.7%	0.4%	1,645,646	123.6%	-5.1%
Primary and Secondary	57,535	4.5%	68,717	5.3%	-16.3%	44,734	3.4%	28.6%
Deductions from Gross Revenue	**(350,405)**	**-27.6%**	**(335,823)**	**-26.1%**	**4.3%**	**(359,178)**	**-27.0%**	**-2.4%**
Postsecondary	(347,800)	-27.4%	(332,698)	-25.8%	4.5%	(357,053)	-26.8%	-2.6%
Primary and Secondary	(2,605)	-0.2%	(3,125)	-0.2%	-16.6%	(2,124)	-0.2%	22.6%
Net Revenue	**1,268,139**	**100.0%**	**1,287,875**	**100.0%**	**-1.5%**	**1,331,202**	**100.0%**	**-4.7%**
Postsecondary	1,213,209	95.7%	1,222,283	94.9%	-0.7%	1,288,593	96.8%	-5.9%
Primary and Secondary	54,930	4.3%	65,592	5.1%	-16.3%	42,609	3.2%	28.9%
Costs of Goods/Services	**(480,973)**	**-37.9%**	**(535,516)**	**-41.6%**	**-10.2%**	**(659,581)**	**-49.5%**	**-27.1%**
Cost of Goods Sold	(9,922)	-0.8%	(13,018)	-1.0%	-23.8%	(8,498)	-0.6%	16.7%
Cost of Services Rendered	(471,052)	-37.1%	(522,498)	-40.6%	-9.8%	(651,083)	-48.9%	-27.7%
Gross Income	**787,166**	**62.1%**	**752,359**	**58.4%**	**4.6%**	**671,621**	**50.5%**	**17.2%**
Operating Expenses	**(193,382)**	**-15.2%**	**(367,736)**	**-28.6%**	**-47.4%**	**(327,987)**	**-24.6%**	**-41.0%**
Selling Expenses	(101,833)	-8.0%	(91,174)	-7.1%	11.7%	(78,560)	-5.9%	29.6%
Provision for Doubtful Accounts	(63,940)	-5.0%	(67,070)	-5.2%	-4.7%	(66,022)	-5.0%	-3.2%
Personnel Expenses	(106,168)	-8.4%	(111,318)	-8.6%	-4.6%	(115,867)	-8.7%	-8.4%
General and Administrative Expenses	(87,550)	-6.9%	(96,951)	-7.5%	-9.7%	(65,178)	-4.9%	34.3%
Other Operating Income (Expenses)	166,108	13.1%	(1,223)	-0.1%	n.a.	(2,360)	-0.2%	n.a.
Income before Financial Result	**593,784**	**46.1%**	**384,623**	**29.9%**	**54.4%**	**343,634**	**25.8%**	**72.8%**
Financial Result	**9,928**	**0.8%**	**(10,916)**	**-0.8%**	**n.a.**	**(9,612)**	**-0.7%**	**n.a.**
Financial Expenses	(49,035)	-3.9%	(52,600)	-4.1%	-6.8%	(49,144)	-3.7%	-0.2%
Financial Revenues	58,963	4.6%	41,684	3.2%	41.5%	39,532	3.0%	49.2%
Income from Operations	**603,712**	**47.6%**	**373,707**	**29.0%**	**61.5%**	**334,022**	**25.1%**	**80.7%**
Income and Social Contribution Tax	(4,357)	-0.3%	(1,964)	-0.2%	121.9%	(38,554)	-2.9%	-88.7%
Current	(48,495)	-3.8%	(16,775)	-1.3%	189.1%	(29,091)	-2.2%	66.7%
Deferred	44,138	3.5%	14,812	1.2%	198.0%	(9,463)	-0.7%	n.a.
Net Income	**599,355**	**47.3%**	**371,743**	**28.9%**	**61.2%**	**295,468**	**22.2%**	**102.8%**

APPENDIX 4 – CASH FLOW STATEMENT

R$ 000	1Q16	1Q15	4Q15
Net Income before Income Interest	**603,712**	**373,706**	**333,975**
Net Income (Loss) Adjustments before Income Interest			
Depreciation and Amortization	97,647	100,959	92,171
Provision for Doubtful Accounts	63,940	67,070	66,022
Provision for Tax, Labor and Civil Losses	(9,615)	(21,990)	(10,747)
Provision (Reversal) for Invetories Losses	238	(3,939)	(170)
Financial Charges	33,297	40,817	36,796
Income from Securities	(16,608)	(9,854)	(11,343)
Grant of Stock Options	14,390	12,192	15,421
Income from disposal of Uniasselvi	(162,255)	-	-
Income from sale or disposal of assets and other investments	(3,637)	1,224	2,360
Changes in Working Capital	**(584,432)**	**(458,947)**	**(251,861)**
(Increase) Reduction in Accounts Receivable (ex-FIES)	(567,114)	(252,678)	(110,700)
(Increase) Reduction in Accounts Receivable FIES	189,836	(209,766)	(119,135)
(Increase) Reduction in Inventories	(12,341)	12,910	(8,338)
(Increase) Reduction in Advances	9,671	21,447	(9,952)
(Increase) Decrease in Escrow Deposits	(1,104)	(4,235)	8,049
Increase (Decrease) in Other Assets	4,442	(19,748)	9,601
Increase (Reduction) in Suppliers	(52,420)	(18,800)	88,259
Increase (Decrease) in Payroll and Related Taxes	(54,103)	16,607	(58,097)
Increase (Decrease) in Fiscal Obligations	(63,824)	7,349	(71,127)
Increase (Decrease) in Advances to Clients	(16,076)	(18,207)	18,090
(Decrease) in Taxes Installments	(199)	(1,421)	637
(Decrease) in Provision for Tax, Labor and Civil Losses	(18,062)	6,486	(23,286)
Increase (Decrease) in Other Liabilities	(3,138)	1,109	24,138
Income Tax and Social Contribution	**(27,528)**	**(4,029)**	**(13,063)**
Capex	**(48,683)**	**(92,502)**	**(130,844)**
Additions to Fixed Assets	(21,712)	(68,887)	(89,119)
Additions to Intangible Assets	(26,971)	(23,615)	(41,725)
Cash Flow from Operating Activities after Capex - Recurring	**(39,533)**	**4,707**	**128,718**
Capex - Special Projects	**(21,264)**	**(26,791)**	**(19,232)**
Asset Acquisition	-	-	-
Brownfields	(21,264)	(26,791)	(19,232)
Cash Flow from Operating Activities after total Capex	**(60,798)**	**(22,084)**	**109,486**
(+) M&A Activities	**356,639**	**(6,082)**	**(3,411)**
Acquisition of New Units	(1,513)	(6,082)	(3,411)
Received for Uniassselvi Sale Net of Sales Expenses	358,152	-	-
(+) Cash Flow from Financing Activities	**(124,781)**	**(95,385)**	**(184,700)**
Sale (Acquisition) of Treasury Shares	3,580	(24,565)	(193)
Capital Increase, Net of Issuance Costs	-	5,378	-
Borrowings and financing	-	569,785	-
Payments of Borrowings and Financing	(50,189)	(621,202)	(79,227)
Interest Paid on Borrowings and Debentures	(23,037)	(31,245)	(38,696)
Income from Financial Investments	-	-	10,684
Redemption (Investment) of Securities	16,613	9,839	-
Disposal of Non-current Asset	-	-	-
Refis Payment	(1,282)	(3,375)	(1,813)
Bank and Charges Fees	(297)	-	(1,165)
Payment of Dividends	(70,168)	-	(74,289)
(=) Cash Flow from Non-Operating Activities	**231,858**	**(101,467)**	**(188,111)**
Total Cash Generation	**171,060**	**(123,551)**	**(78,625)**
Net Increase (Decrease) in Cash and Cash Equivalents			
Cash and Cash Equivalents at the Start of the Period	398,232	450,764	476,857
Cash and Cash Equivalents at the End of the Period	569,292	327,213	398,232
Net Increase (Decrease) in Cash and Cash Equivalents	**171,060**	**(123,551)**	**(78,625)**