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### Conference Call in Portuguese

August 15, 2014

12:00 p.m. (Brasília time)

11:00 a.m. (New York time)

Phone: +55 (11) 2188-0155

Code: Ser Educacional

Replay: +55 (11) 2188 0155

Code: Ser Educacional

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### Conference Call in English

August 15, 2014

1:30 p.m. (Brasília time)

12:30 p.m. (New York time)

Phone: [+1 \(412\) 317-6776](tel:+14123176776)

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Replay: [+1 \(412\) 317-0088](tel:+14123170088)

Code: 10049986

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### Meeting with investors

September 15, 2014

9:00 a.m – 6:00 p.m.

Venue: UNINASSAU's

Conference Room, Recife

RSVP: [ri@sereducacional.com](mailto:ri@sereducacional.com)

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## Ser Educacional Records

### Net Revenue of R\$175.6 Million in 2Q14


*Adjusted EBITDA reaches R\$65.4 million in 2Q14, 71.4% up on the same period last year.*

**Recife, August 14, 2014** – Ser Educacional S.A. (BM&FBovespa SEER3, Bloomberg SEER3:BZ and Reuters SEER3.SA), announces today its results for the second quarter of 2014. All the information herein is consolidated and in Brazilian Reais (R\$) and is presented in accordance with international financial reporting standards (IFRS). All comparisons are with the second quarter of 2013, unless otherwise indicated.

#### MAIN INDICATORS – 2Q14 x 2Q13

 **115.9 thousand students**  
+52.1%

 **Net Revenue**  
R\$175.6 million  
+54.6%

 **Net Income**  
R\$53.7 million  
+84.8%

#### HIGHLIGHTS

- ✦ Ser Educacional closed 2Q14 with a student base of **115.9 thousand students**, 52.1% up on 2Q13, 86.5 thousand of whom enrolled in undergraduate courses (29.4% more than in 2Q13), 7.8 thousand in graduate courses, 20.6 thousand in vocational courses and 1.0 thousand in distance-learning courses. The 1H14 on-campus undergraduate re-enrollment ratio stood at 90.7%. During 2Q14, we had the re-enrollment of 1.8 thousand students, who did not to re-enroll in 1Q14 and, on that quarter's earnings release, were classified as dropouts. Due to this change, in 2Q14, they were included in our student base, thus reducing the number of dropouts.
- ✦ Net revenue totaled **R\$175.6 million** in 2Q14, a 54.6% improvement over 2Q13, primarily due to the increased number of undergraduate students, which moved up by 29.4% year-on-year, and the Pronatec students.
- ✦ **Gross profit amounted to R\$111.5 million**, 63.1% up year-on-year, due to revenue growth in a higher proportion than costs over the same period. In 2Q14, the gross margin accounted for 63.5% of net revenue, a 3.3 p.p. gain over 2Q13.
- ✦ Second-quarter **adjusted EBITDA reached R\$65.4 million**, 71.4% more than in 2Q13, with an adjusted EBITDA margin of 37.2%, a 3,6 p.p upturn on the 33.6% recorded in the same period last year.
- ✦ The Company posted **net income of R\$53.7 million in 2Q14**, 84.8% year-on-year improvement, while the net margin widened by 5.0 p.p. to 30.6%.
- ✦ We are in the intake process for the second half of 2014. This process should go on up to mid September with most enrollments concentrated in August.
- ✦ The new cycle of Pronatec courses will begin on August 25 in eight different units of Faculdade Maurício de Nassau (Recife, Maceió, João Pessoa, Campina Grande, Salvador, Natal, Teresina and Parnaíba) and in two units of Faculdade Joaquim Nabuco (Recife and Paulista). Enrollment is currently open, with 9,350 seats offered.

## SELECTED HIGHLIGHTS

Highlights (R\$ '000)	2Q14	2Q13	% Chg.	1Q14	% Chg.	6M14	6M13	% Chg.
<b>Financial</b>								
Net Revenue	175,618	113,614	54.6%	154,530	13.6%	330,148	220,601	49.7%
Gross Profit	111,537	68,399	63.1%	101,402	10.0%	212,939	139,868	52.2%
<i>Gross Margin</i>	63.5%	60.2%	3.3 p.p.	65.6%	-2.1 p.p.	64.5%	63.4%	1.1 p.p.
Operating Income	60,629	33,307	82.0%	58,436	3.8%	119,065	77,086	54.5%
<i>Operating Margin</i>	34.5%	29.3%	5.2 p.p.	37.8%	-3.3 p.p.	36.1%	34.9%	1.1 p.p.
EBITDA	66,369	38,164	73.9%	63,077	5.2%	129,446	85,492	51.4%
<i>EBITDA Margin</i>	37.8%	33.6%	4.2 p.p.	40.8%	-3.0 p.p.	39.2%	38.8%	0.5 p.p.
Adjusted EBITDA	65,380	38,155	71.4%	62,749	4.2%	128,129	85,976	49.0%
<i>Adjusted EBITDA Margin</i>	37.2%	33.6%	3.6 p.p.	40.6%	-3.4 p.p.	38.8%	39.0%	-0.2 p.p.
Net Income (Loss)	53,721	29,075	84.8%	58,706	-8.5%	112,427	68,809	63.4%
<i>Net Margin</i>	30.6%	25.6%	5.0 p.p.	38.0%	-7.4 p.p.	34.1%	31.2%	2.9 p.p.



## MESSAGE FROM MANAGEMENT

In 2014, we face the challenge of maintaining the level of academic quality we have achieved in recent years and further improving our academic indices as measured by the ENADE (National Student Performance Exam), the IGC (General Course Index) and the CPC (Preliminary Course Concept), at the same time consolidating the CRA (Student Relationship Center), which will streamline student service, improving efficiency and service quality and the CSC (Shared Service Center), which will promote the efficiency of processes, with the optimization of operational procedures and a shorter integration period in future acquisitions.

Grupo Ser Educacional will be focusing on consolidating its presence in the North and Northeast through four distinct drivers:

- ✦ **Organic Growth:** expanding the existing student base, through: (i) the addition of new courses; and (ii) the accreditation and opening of new units (beginning of operations at the São Luís, in the 1H14, and Manaus units, in the 2H14, respectively), in order to consolidate our presence in existing locations and move into new cities. The Company has 87 courses in the final phase of approval by the Ministry of Education (MEC), which should receive authorization this year. Twenty-five greenfield units are in the process of accreditation by the MEC, with six expected to be approved by the end of 2015 and the remainder within three years.
- ✦ **Distance Learning:** enrollment began in the first half, with 1,255 students, a number which should increase in the second half.
- ✦ **Acquisitions:** the Company continues actively studying other acquisition opportunities. Despite the focus on the Northeast and North of Brazil, we initiated studies and reviews in educational institutions outside these regions, to prepare for the long term, when we will expand elsewhere, seeking future growth opportunities. In July, Ser Educacional acquired FASE (Faculdade Santa Emília), located in the city of Olinda, in the state of Pernambuco, for R\$9.7 million, adding 1.5 thousand undergraduate students to its base. In 3Q14, we will consolidate the operations of UNAMA and FIT into the structure of Grupo Ser Educacional.
- ✦ **Vocational Courses:** the new class of Pronatec students will begin their studies on August 25. If the rules adopted for the bid notice for the first half of 2015 are maintained, we anticipate an increase in the number of seats offered as a result of the maturity in the courses and institutions.

In regard to employee bonus payments in 2014, we have defined overall targets for EBITDA, enrollment, dropout rate, academic audit and IGC. The EBITDA and IGC targets must be reached before we consider individual targets and the calculation of the bonus.

The first six months of 2014 brought major achievements on both the operational and financial fronts, the most important of which are listed below:

- ✦ In May 2014, Grupo Ser Educacional finalized its due diligence and disclosed a Material Fact about the acquisition of UNAMA (University of Amazônia) and Faculdades Integradas do Tapajós (FIT), consolidating our presence in the North of Brazil, a strategic region for the Company's growth. The acquisition will cost R\$151.2 million and will add around 12.2

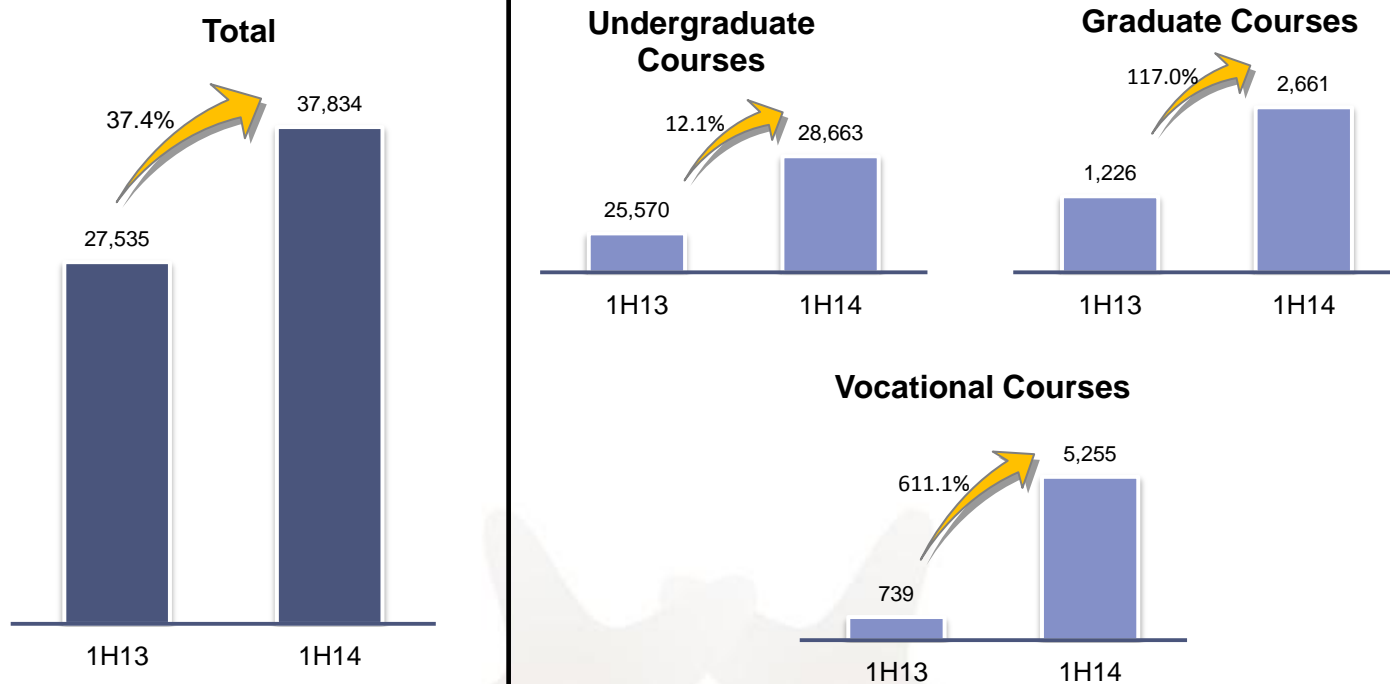


thousand students to the existing base (11.7 thousand undergraduates and 0.5 thousand graduates) as from 3Q14.

- ✦ In April, we concluded intake of our first National Program for Access to Vocational Education and Employment (Pronatec), with 6.8 thousand students enrolled out of 8.2 thousand places on offer in mid-level vocational training courses, an enrollment ratio of 84%. The main programs were: Logistics, Tour Guide Training, Radiology and Hospitality. Of the 6.8 thousand students enrolled, a total of 5.3 thousand actually attended classes.
- ✦ Distance Learning: Grupo Ser Educacional enrolled 1,255 students during the first half of 2014, when we began offering distance-learning courses in six units in the Northeast of Brazil: Pernambuco, Paraíba, Alagoas, Rio Grande do Norte, Bahia and Ceará. The distance-learning structure was reinforced with the hiring of a professional highly experienced in the field, who will join the Company's efforts to develop this type of course, in line with the Company's strategy. UNINASSAU uses a platform that allows students to accompany the courses on-line, reducing the need for their physical presence at the Presence Support Center and allowing them to better plan their academic activities, reconciling them with their other day-to-day activities. In addition to diluting installation and faculty costs, the new segment opens up a market hitherto unexplored by Ser Educacional.
- ✦ ISO 9001: the on-campus undergraduate, graduate and extension courses of the Patamares unit, in the state of Bahia and Natal (Rio Grande do Norte State), were certified by the Bureau Veritas Certification (BVQI).
- ✦ The evaluation of the faculty carried out with the students of UNINASSAU showed the high level of satisfaction in relation to the quality of our personnel. On a scale of 1 to 5, our faculty scored 4.3, with a steady increase in satisfaction.
- ✦ The first half of 2014 also saw the start-up of the new Shared Service Center (CSC) and Student Relationship Center (CRA). These two projects, undertaken in association with Totvs, will play a crucial role in supporting the institution's growth and generating operational leverage gains, at the same time as they combine student and related services in a seamless manner, facilitating and streamlining student contact.
- ✦ We initiated the 3rd class of our Leadership Development Program (PDL). The PDL is aimed at systematically and continuously developing the managers, in order to prepare them for the upcoming opportunities arising from our expansion process. The program is broken down into four modules, consisting of a theoretical and a practical part. The modules will develop the following competencies: Business Knowledge; Planning; Monitoring and Coordination of Work and Indicators; Leadership and Team Development; and Decision Making and Problem Solving. In July, the employees attended the Managers' Development Program (PDG), which was held in partnership with the Hay Group, with a view to accelerating the development of officers and managers, especially in the following competencies: Business, Planning, and Management and Leadership.
- ✦ We also recorded excellent financial results in 1H14. Net revenue totaled R\$330.1 million, 49.7% up on 1H13. Adjusted EBITDA (EBITDA plus (a) revenue from interest on fines and tuition, (b) non-recurring costs and expenses, and (c) minimum rent paid) came to R\$128.1 million in 1H14, a 49.0% improvement. Net income totaled R\$112.4 million, a 63.4% increase when compared to 1H13, accounting for a net margin of 34.1%, up 2.9 p.p. year-on-year.

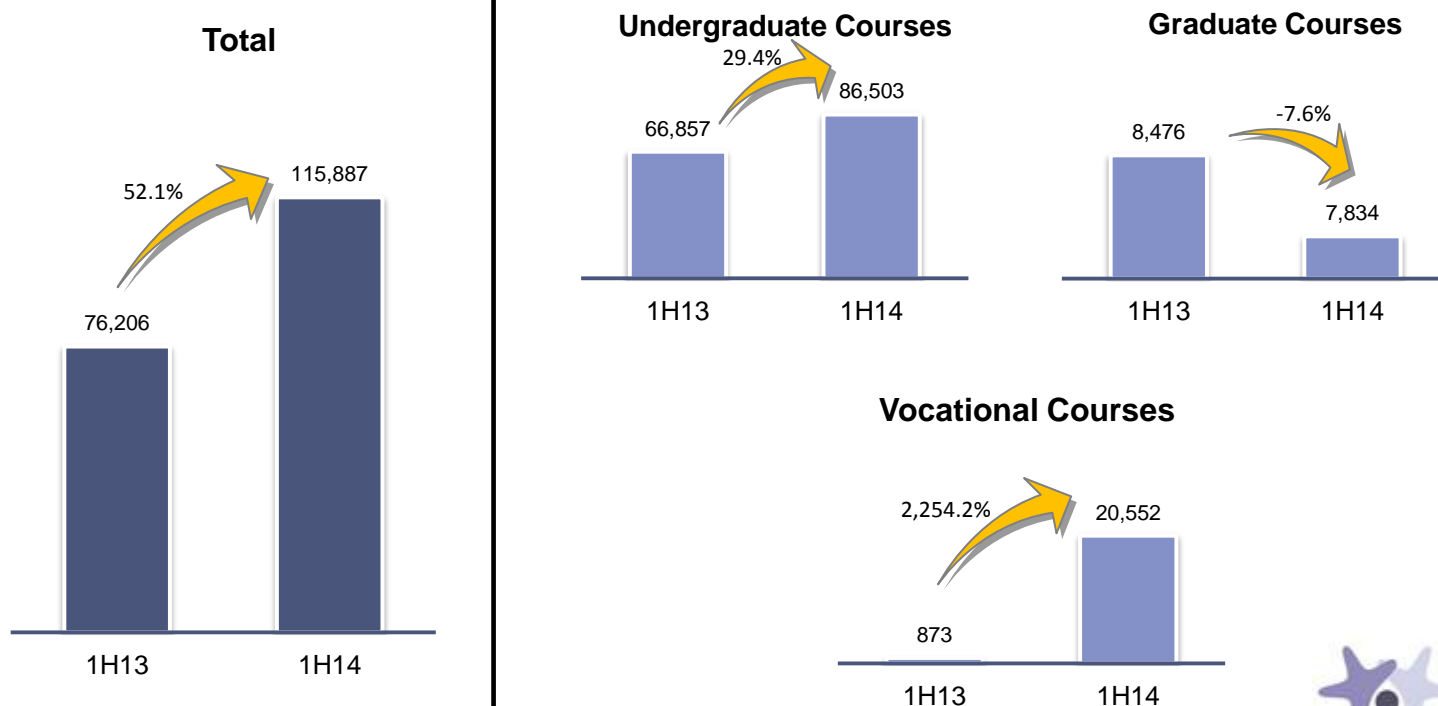
## OPERATING PERFORMANCE

### Student Intake



In 1H14, we enrolled 1,255 students in the distance-learning segment, in which we did not operate in 2013.

### Student Base

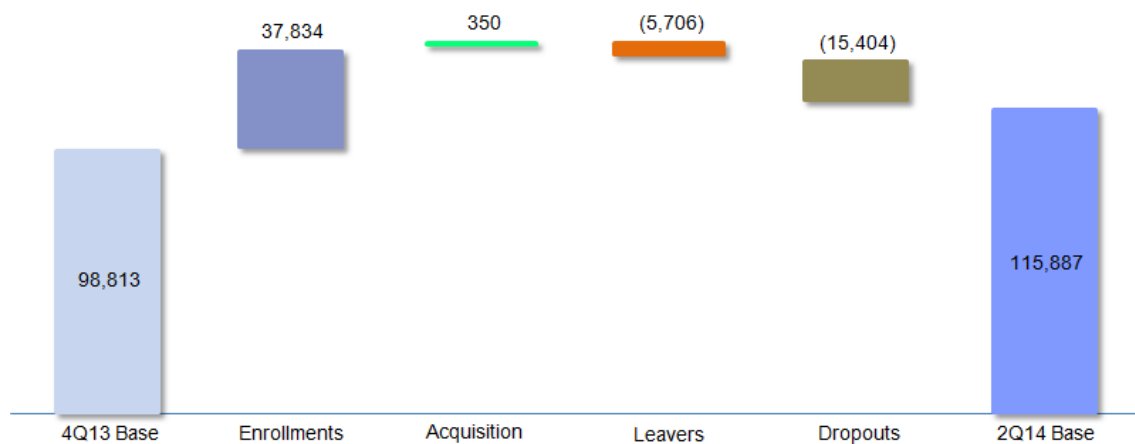


In 1H14, the distance-learning segment was introduced and its base comprised 998 students.

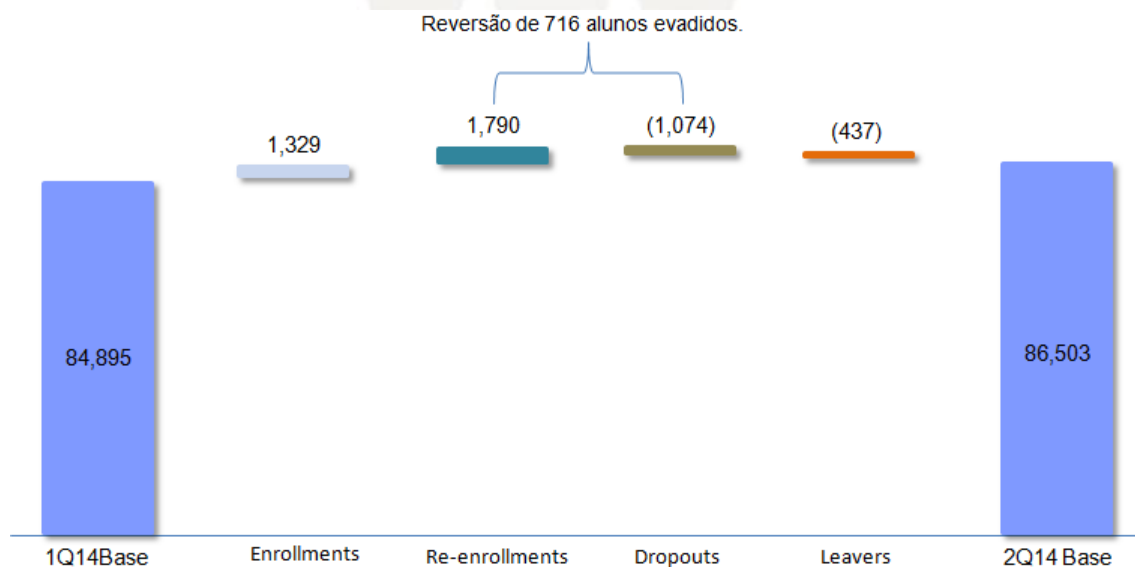
We closed the first half of 2014 com 86.5 thousand undergraduate students, 29.4% more than at the end of June 2013 and 20.6 thousand vocational students, leveraged by PRONATEC.

## Number of Students Evolution

The chart below shows the evolution of total student numbers, including undergraduate, graduate, Pronatec and distance learning students:



The chart below shows the evolution of undergraduate students, in 2Q14, which was as follows:



A total of 1,790 students re-enrolled in 2Q14, who had failed to re-enroll in 1Q14 and were classified as dropouts. Due to this change, in 2Q14, they were included in our student base, as re-enrollments, thus reducing the number of dropouts.

At the close of June, the total number of students enrolled in undergraduate, graduate, vocational and distance-learning courses increased by 17.3% over the December 2013 student base, thanks to the 23.1% upturn in undergraduate numbers. Currently, 71.5% of on-campus students are in the first or second year of their courses, which demonstrates the high potential for organic growth.

Number of Students <b>2014.1</b>	Undergraduate Total	Distance Learning Total	Graduate Total	Vocational Total	Total Total
Dec13 Base	70,255	0	7,678	20,880	98,813
Enrollments	28,663	1,255	2,661	5,255	37,834
Acquisition	350	0	-	-	350
Leavers	(3,170)	0	(2,410)	(126)	(5,706)
Dropouts	(9,595)	(257)	(95)	(5,457)	(15,404)
Jun14 Base	86,503	998	7,834	20,552 *	115,887
% Jun14 Base / Dec13 Base	23.1%	N.M.	2.0%	-1.6%	17.3%
% Jun14 Base / Jun13 Base	29.4%	N.M.	-7.6%	N.M.	52.1%

\* Students attending classes, according to the internal controls.

Number of Students <b>2013.1</b>	Undergraduate Total	Graduate Total	Vocational Total	Total Total
Dec12 Base	48,670	7,279	738	56,687
Enrollments	25,570	1,226	739	27,535
Acquisition	3,708	554	-	4,262
Leavers	(2,078)	(533)	(243)	(2,854)
Dropouts	(9,013)	(50)	(361)	(9,424)
Jun13 Base	66,857	8,476	873	76,206
% jun13 Base / dec12 Base	37.4%	16.4%	18.3%	34.4%

## Dropout Rate

The on-campus undergraduate dropout rate in the first half of 2014 was 10.0%, versus the 11.9% recorded in the same period last year.

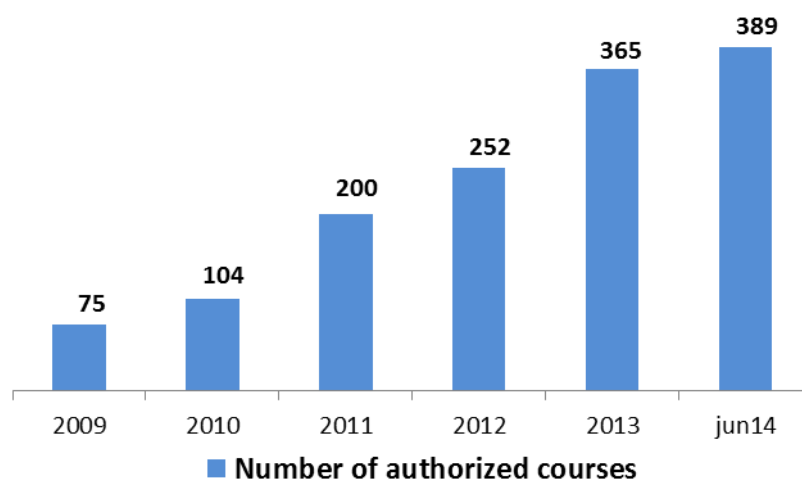
$$\text{Dropout rate} = \frac{\text{Dropout in the period}}{(2013.2 \text{ Student base } (-) \text{ Leavers } (+) \text{ Enrollments } (+) \text{ Acquisitions})}$$

## Organic Growth

The Company has 120.9 thousand annual seats, 35.1 thousand of which in the distance-learning segment. In 1H14, 24 new courses were authorized, giving a total of 389 in June 2014.

The Company continues to move ahead with its organic growth strategy, based on the accreditation of new units and the authorization of new courses. There are 87 courses in the final phase of approval by the Ministry of Education (MEC), which should receive authorization by the end of 2014.





## FINANCIAL PERFORMANCE

### Gross Revenue

Gross Revenue (R\$ '000)	2Q14	2Q13	% Chg. 2Q14 x 2Q13	1Q14	% Chg. 2Q14 x 1Q14	6M14	6M13	% Chg. 6M14 x 6M13
<b>Gross Operating Revenue</b>	<b>209,922</b>	<b>137,758</b>	<b>52.4%</b>	<b>181,461</b>	<b>15.7%</b>	<b>391,383</b>	<b>262,012</b>	<b>49.4%</b>
Undergraduate Monthly Tuition	184,963	132,154	40.0%	157,307	17.6%	342,270	249,608	37.1%
Graduate Monthly Tuition	3,665	3,483	5.2%	3,509	4.4%	7,174	7,100	1.0%
Vocational Courses Revenues	18,506	404	4480.7%	17,178	7.7%	35,684	873	3987.5%
Distance Learning	995	-	0.0%	367	171.1%	1,362	-	0.0%
Others	1,793	1,717	4.4%	3,100	-42.2%	4,893	4,431	10.4%
<b>Deductions from Gross Revenue</b>	<b>(34,304)</b>	<b>(24,144)</b>	<b>42.1%</b>	<b>(26,931)</b>	<b>27.4%</b>	<b>(61,235)</b>	<b>(41,411)</b>	<b>47.9%</b>
Discounts and Scholarships	(25,526)	(18,598)	37.3%	(19,195)	33.0%	(44,721)	(30,655)	45.9%
Taxes	(8,778)	(5,546)	58.3%	(7,736)	13.5%	(16,514)	(10,756)	53.5%
% Discounts and Scholarships/ Net Oper. Rev.	12.2%	13.5%	-1.3 p.p.	10.6%	1.6 p.p.	11.4%	11.7%	-0.3 p.p.
<b>Net Operating Revenue</b>	<b>175,618</b>	<b>113,614</b>	<b>54.6%</b>	<b>154,530</b>	<b>13.6%</b>	<b>330,148</b>	<b>220,601</b>	<b>49.7%</b>

Gross revenue totaled R\$209.9 million in 2Q14, 52.4% more than in 2Q13. It is worth noting that annual gross revenue from the undergraduate segment came to R\$185.0 million 88.1% of the total and 40.0% up year-on-year, mainly due to the increase in the student base and the pass-through of inflation.

In the second quarter of 2014, only taking into account the Company's organic growth, i.e., excluding the revenue from PRONATEC, distance learning and the acquisitions of FAL and Juvêncio Terra, gross revenue grew by 37.2%.

Revenue from vocational courses/Pronatec totaled R\$18.5 million, equivalent to 8.8% of the total.

The graduate segment generated gross revenue of R\$3.7 million, or 1.7% of the total, 5.2% more than in 2Q13, even with the decrease in students due to the review of partnership agreements, aimed at increasing the average ticket, due to the differentiated product mix.

Other revenue came to R\$1.8 million, accounting for 0.9% of the total.

The share of discounts and scholarships stood at 12.2% of total revenue, 1.3 p.p. down year-on-year, due to a more restrictive tuition discount policy, as a result of the increase in the FIES student base.

In June 2014, FIES students accounted for 52.0% of the student base and the FIES student base already using the FGEDUC corresponded to 83.0% of the total.

Net revenue totaled R\$175.6 million in 2Q14, 54.6% up on the R\$113.6 million recorded in 2Q13. Excluding the acquisitions of FAL and Juvêncio Terra, Pronatec and distance-learning, net revenue recorded organic growth of 38.3%. The upturn was primarily due to efforts on the sales front and the introduction of new courses, which pushed up enrollment.

## Net Average Ticket

Average Ticket	2Q14	2Q13	Var(%)	6M14	6M13	Var(%)
Average Ticket - Undergraduate Students	542.09	521.75	3.9%	551.69	524.11	5.3%

The average ticket came to R\$542.09 in 2Q14, 3.9% more than in the same period the year before. Comparing 6M14 and 6M13, the average ticket was up 5.3% year-on-year, as a result of the inflation adjustment and the change in the accounting of the FGEduc, which is now reported as a deduction from revenue.

## Cost of Services Rendered

Breakdown of Cost of Services Rendered* (R\$ '000)	2Q14	2Q13	% Chg. 2Q14 x 2Q13	1Q14	% Chg. 2Q14 x 1Q14	6M14	6M13	% Chg. 6M14 x 6M13
<b>Cash Cost of Services Rendered</b>	<b>(61,607)</b>	<b>(43,329)</b>	<b>42.2%</b>	<b>(51,927)</b>	<b>18.6%</b>	<b>(113,534)</b>	<b>(77,315)</b>	<b>46.8%</b>
Payroll and Charges	(44,171)	(28,283)	56.2%	(36,311)	21.6%	(80,482)	(53,515)	50.4%
Rent	(11,515)	(8,870)	29.8%	(11,108)	3.7%	(22,623)	(13,539)	67.1%
Concessionaires (Electricity, Water and Telephone)	(3,411)	(3,963)	-13.9%	(2,826)	20.7%	(6,237)	(6,858)	-9.1%
Third-Party Services	(2,510)	(2,213)	13.4%	(1,682)	49.2%	(4,192)	(3,403)	23.2%

The cash cost of services totaled R\$61.6 million in 2Q14, due to costs with rent and payroll and charges. The rent upturn was in turn due to the following factors: (i) the spin-off of certain properties belonging to the Group on June 30 of 2013, whose rent payments began on that date; (ii) the increase in the property base in order to sustain the Company's growth, including installations that are not yet operational; and (iii) adjustments to existing leasing contracts. In

addition, there are 11 pre-operating units that are already paying rent, but which currently are not generating revenue.

The increase in the payroll line was due to faculty additions, chiefly due to Pronatec and distance-learning, in addition to the collective bargaining agreement. Between 2Q14 and 2Q13, the faculty headcount increased by 860, or 33.5%,.

As a percentage of net revenue, the cash cost of services represented 35.1% of net sales, 3.1 p.p. improvement on the same period last year.

% of net operating revenue	2Q14	2Q13	% Chg. 2Q14 x 2Q13	1Q14	% Chg. 2Q14 x 1Q14	6M14	6M13	% Chg. 6M14 x 6M13
<b>Cash Cost of Services Rendered</b>	<b>-35.1%</b>	<b>-38.1%</b>	<b>3.1 p.p.</b>	<b>-33.6%</b>	<b>-1.5 p.p.</b>	<b>-34.4%</b>	<b>-35.0%</b>	<b>0.7 p.p.</b>
Payroll and Charges	-25.2%	-24.9%	-0.3 p.p.	-23.5%	-1.7 p.p.	-24.4%	-24.3%	-0.1 p.p.
Rent	-6.6%	-7.8%	1.3 p.p.	-7.2%	0.6 p.p.	-6.9%	-6.1%	-0.7 p.p.
Concessionaires (Electricity, Water and Telephone)	-1.9%	-3.5%	1.5 p.p.	-1.8%	-0.1 p.p.	-1.9%	-3.1%	1.2 p.p.
Third-Party Services	-1.4%	-1.9%	0.5 p.p.	-1.1%	-0.3 p.p.	-1.3%	-1.5%	0.3 p.p.

## Gross Profit

Gross Profit (R\$ '000)	2Q14	2Q13	% Chg. 2Q14 x 2Q13	1Q14	% Chg. 2Q14 x 1Q14	6M14	6M13	% Chg. 6M14 x 6M13
<b>Net Operating Revenue</b>	<b>175,618</b>	<b>113,614</b>	<b>54.6%</b>	<b>154,530</b>	<b>13.6%</b>	<b>330,148</b>	<b>220,601</b>	<b>49.7%</b>
Cost of Services Rendered	(64,081)	(45,215)	41.7%	(53,128)	20.6%	(117,209)	(80,733)	45.2%
<b>Gross Profit</b>	<b>111,537</b>	<b>68,399</b>	<b>63.1%</b>	<b>101,402</b>	<b>10.0%</b>	<b>212,939</b>	<b>139,868</b>	<b>52.2%</b>
Gross Margin	63.5%	60.2%	3.3 p.p.	65.6%	-2.1 p.p.	64.5%	63.4%	1.1 p.p.
(-) Depreciation	2,474	1,886	31.2%	1,201	106.0%	3,675	3,418	7.5%
<b>Cash Gross Profit</b>	<b>114,011</b>	<b>70,285</b>	<b>62.2%</b>	<b>102,603</b>	<b>11.1%</b>	<b>216,614</b>	<b>143,286</b>	<b>51.2%</b>
Cash Gross Margin	64.9%	61.9%	3.1 p.p.	66.4%	-1.5 p.p.	65.6%	65.0%	0.7 p.p.

Cash gross profit increased by 62.2%, from R\$70.3 million in 2Q13 to R\$114.0 million in 2Q14, while the cash gross margin increased to 64.9%, versus the 61.9% recorded in 2Q13.

## Operating Expenses (Selling, General and Administrative)

Operating Expenses (R\$ '000)	2Q14	2Q13	% Chg. 2Q14 x 2Q13	1Q14	% Chg. 2Q14 x 1Q14	6M14	6M13	% Chg. 6M14 x 6M13
<b>General and Administrative expenses</b>	<b>(48,672)</b>	<b>(33,497)</b>	<b>45.3%</b>	<b>(41,423)</b>	<b>17.5%</b>	<b>(90,095)</b>	<b>(59,688)</b>	<b>50.9%</b>
Payroll and Charges	(17,435)	(12,902)	35.1%	(16,380)	6.4%	(33,815)	(23,120)	46.3%
Third-Party Services	(6,312)	(3,749)	68.4%	(5,049)	25.0%	(11,361)	(7,301)	55.6%
Advertising	(8,010)	(2,921)	174.2%	(7,757)	3.3%	(15,767)	(7,855)	100.7%
PDA	(7,556)	(6,443)	17.3%	(4,843)	56.0%	(12,399)	(9,065)	36.8%
Depreciation and Amortization	(3,266)	(2,971)	9.9%	(3,440)	-5.1%	(6,706)	(4,988)	34.4%
Materials	(2,657)	(1,540)	72.5%	(1,323)	100.8%	(3,980)	(2,500)	59.2%
Others	(3,436)	(2,971)	15.7%	(2,631)	30.6%	(6,067)	(4,859)	24.9%
<b>Operating Income</b>	<b>60,629</b>	<b>33,307</b>	<b>82.0%</b>	<b>58,436</b>	<b>3.8%</b>	<b>119,065</b>	<b>77,086</b>	<b>54.5%</b>

SG&A expenses totaled R\$48.7 million, 45.3% more than the R\$33.5 million recorded in 2Q13, due, primarily due to:

- higher expenses from payroll and charges (which moved up from R\$12.9 million in 2Q13 to R\$17.4 million in 2Q14) in turn caused by the increase in the headcount related to the expansion and adaptation of administrative areas to keep pace with the Company's growth. It is also worth noting that the Company began constituting provisions for bonus payments as of 2Q13, also considering the number of employees eligible to bonus payments.
- the rise of expenses with advertising (from R\$2.9 million in 2Q13 to R\$8.0 million in 2Q14) due to the launch of distance learning courses, and expenses with the São Luís, Vitória da Conquista and FAL units, in addition to the strengthening of the marketing campaign to meet the challenges created by the World Cup, which occurred simultaneously with the Company's enrollment process.

The year-on-year variation in the third-party services line was mainly due to expenses from the implementation of the Company's Shared Service Center, the due-diligence-related services provided by lawyers and accountants and the outsourcing of services.

PDA improved 1.4 p.p., as a result of the expansion of the FIES program among the student base and the increase in the number of these students who joined the FGEduc.

Pursuant to administrative rule no. 3, of January 3, 2014, as from February 2014, the risk of new FIES students is covered by the FGEduc, those with guarantor agreements. As a result, this amount has increased the level of gross revenue deductions due to the higher FGEduc utilization.

At the closing of 2Q14, FGEduc students accounted for 83% and those with guarantor agreements accounted for 17% of FIES students.

% of net operating revenue	2Q14	2Q13	% Chg. 2Q14 x 2Q13	1Q14	% Chg. 2Q14 x 1Q14	6M14	6M13	% Chg. 6M14 x 6M13
<b>General and Administrative expenses</b>	<b>-27.7%</b>	<b>-29.5%</b>	<b>1.8 p.p.</b>	<b>-26.8%</b>	<b>-0.9 p.p.</b>	<b>-27.3%</b>	<b>-27.1%</b>	<b>-0.2 p.p.</b>
Payroll and Charges	-9.9%	-11.4%	1.4 p.p.	-10.6%	0.7 p.p.	-10.2%	-10.5%	0.2 p.p.
Third-Party Services	-3.6%	-3.3%	-0.3 p.p.	-3.3%	-0.3 p.p.	-3.4%	-3.3%	-0.1 p.p.
Advertising	-4.6%	-2.6%	-2.0 p.p.	-5.0%	0.5 p.p.	-4.8%	-3.6%	-1.2 p.p.
PDA	-4.3%	-5.7%	1.4 p.p.	-3.1%	-1.2 p.p.	-3.8%	-4.1%	0.4 p.p.
Depreciation and Amortization	-1.9%	-2.6%	0.8 p.p.	-2.2%	0.4 p.p.	-2.0%	-2.3%	0.2 p.p.
Materials	-1.5%	-1.4%	-0.2 p.p.	-0.9%	-0.7 p.p.	-1.2%	-1.1%	-0.1 p.p.
Others	-2.0%	-2.6%	0.7 p.p.	-1.7%	-0.3 p.p.	-1.8%	-2.2%	0.4 p.p.
<b>Operating Income</b>	<b>34.5%</b>	<b>29.3%</b>	<b>-5.2 p.p.</b>	<b>-37.8%</b>	<b>72.3 p.p.</b>	<b>36.1%</b>	<b>34.9%</b>	<b>-1.1 p.p.</b>

Operating expenses represented 27.7% of 2Q14 net revenue, a margin gain of 1.8 p.p. over 2Q13. The payroll and charges line represented 9.9% of net revenue, versus 11.4% in 2Q13 and 10.6% in 1Q14, indicating effective administrative controls.

In 2Q14, the Company experienced a substantial increase in its operating income, up 82.5%, from R\$33.3 million in 2Q13 to R\$60.6 million in 2Q14, and operating margin stood at 34.5%.



## EBITDA

The reconciliation between EBITDA and adjusted EBITDA for the quarters ended June 30, 2013 and 2014 is shown below:

EBITDA (R\$ '000)	2Q14	2Q13	% Chg. 2Q14 x 2Q13	1Q14	% Chg. 2Q14 x 1Q14	6M14	6M13	% Chg. 6M14 x 6M13
<b>Net Income (Loss)<sup>1</sup></b>	<b>53,721</b>	<b>29,075</b>	<b>84.8%</b>	<b>58,706</b>	<b>-8.5%</b>	<b>112,427</b>	<b>68,809</b>	<b>63.4%</b>
(+) Net financial expense <sup>2</sup>	686	3,147	-78.2%	(3,613)	-119.0%	(2,927)	6,218	-147.1%
(+) Income and social contribution taxes	6,222	1,085	473.5%	3,343	86.1%	9,565	2,059	364.5%
(+) Depreciation and amortization	5,740	4,857	18.2%	4,641	23.7%	10,381	8,406	23.5%
<b>EBITDA<sup>3</sup></b>	<b>66,369</b>	<b>38,164</b>	<b>73.9%</b>	<b>63,077</b>	<b>5.2%</b>	<b>129,446</b>	<b>85,492</b>	<b>51.4%</b>
<i>EBITDA Margin</i>	<i>37.8%</i>	<i>33.6%</i>	<i>4.2 p.p.</i>	<i>40.8%</i>	<i>-3.0 p.p.</i>	<i>39.2%</i>	<i>38.8%</i>	<i>0.5 p.p.</i>
(+) Revenue from interest and fines on tuition <sup>5</sup>	1,742	1,567	11.2%	4,691	-62.9%	6,433	3,840	67.5%
(+) Non-recurring costs and expenses <sup>6</sup>	3,206	496	546.4%	918	249.2%	4,124	788	423.4%
(-) Minimum rent paid <sup>7</sup>	(5,937)	(2,072)	186.5%	(5,937)	0.0%	(11,874)	(4,144)	186.5%
<b>Adjusted EBITDA<sup>4</sup></b>	<b>65,380</b>	<b>38,155</b>	<b>71.4%</b>	<b>62,749</b>	<b>4.2%</b>	<b>128,129</b>	<b>85,976</b>	<b>49.0%</b>
<i>Adjusted EBITDA Margin</i>	<i>37.2%</i>	<i>33.6%</i>	<i>3.6 p.p.</i>	<i>40.6%</i>	<i>-3.4 p.p.</i>	<i>38.8%</i>	<i>39.0%</i>	<i>-0.2 p.p.</i>

1 Due to our adherence to PROUNI, we are entitled to certain tax benefits that affect net income.

2 The difference between financial revenue and financial expenses, equivalent to the financial result.

3 EBITDA is not an official accounting measurement.

4 Adjusted EBITDA corresponds to EBITDA plus revenue from interest on fines and tuition, non-recurring costs and expenses, and minimum rent paid.

5 Revenue from interest on fines and tuition corresponds to financial charges on renegotiated and overdue tuition fees.

6 Non-recurring costs and expenses are mainly related to costs and expenses from mergers and acquisitions, which would not normally affect cash.

7 Minimum rent refers to rent agreements recorded under financial leasing in accordance with CPC 06; expenses from these leasings are not recorded under EBITDA but are part of adjusted EBITDA.

Cash generation as measured by adjusted EBITDA totaled R\$65.4 million in 2Q14, 71.4% up on the R\$38.2 million recorded in 2Q13. The adjusted EBITDA margin closed 2Q14 at 37.2%, up 3.6 p.p. when compared to 2Q13, due to efficiency gains in the costs and G&A expenses lines.

## Financial Result

Financial Result (R\$ '000)	2Q14	2Q13	% Chg. 2Q14 x 2Q13	1Q14	% Chg. 2Q14 x 1Q14	6M14	6M13	% Chg. 6M14 x 6M13
<b>(+) Financial Revenue</b>	<b>9,526</b>	<b>2,454</b>	<b>288.2%</b>	<b>13,082</b>	<b>-27.2%</b>	<b>22,608</b>	<b>5,111</b>	<b>342.3%</b>
Interest on Tuition and Agreements	1,742	1,567	11.2%	4,691	-62.9%	6,433	3,840	67.5%
Returns on Financial Investments	7,267	538	1250.7%	7,522	-3.4%	14,789	819	1705.7%
Others	517	349	48.1%	869	-40.5%	1,386	452	206.6%
<b>(-) Financial Expenses</b>	<b>(10,212)</b>	<b>(5,601)</b>	<b>82.3%</b>	<b>(9,469)</b>	<b>7.8%</b>	<b>(19,681)</b>	<b>(11,329)</b>	<b>73.7%</b>
Interest Expenses	(4,112)	(2,008)	104.8%	(3,431)	19.8%	(7,543)	(3,962)	90.4%
Interest on Leasing	(5,229)	(1,855)	181.9%	(5,242)	-0.2%	(10,471)	(3,740)	180.0%
Discounts Granted	(507)	(974)	-47.9%	(541)	-6.3%	(1,048)	(2,529)	-58.6%
Others	(364)	(764)	-52.4%	(255)	42.7%	(619)	(1,098)	-43.6%
<b>Financial Result</b>	<b>(686)</b>	<b>(3,147)</b>	<b>-78.2%</b>	<b>3,613</b>	<b>-119.0%</b>	<b>2,927</b>	<b>(6,218)</b>	<b>-147.1%</b>

Financial revenue increased by 288.2%, rising from R\$2.4 million in 2Q13, to R\$9.5 million 2Q14, chiefly due to returns on financial investments using cash from the IPO.

In the same period, financial expenses increased from R\$5.6 million to R\$10.2 million, mainly due to interest on leasing related to rented properties.

The Company posted a negative financial result of R\$0.7 million in 2Q14, versus a positive R\$3.6 million in 1Q14, primarily due to the impact of the earnings from the financial investments.

## Net Income

<b>Net Income (R\$ '000)</b>	<b>2Q14</b>	<b>2Q13</b>	<b>% Chg- 2Q14 x 2Q13</b>	<b>1Q14</b>	<b>% Chg- 2Q14 x 1Q14</b>	<b>6M14</b>	<b>6M13</b>	<b>% Chg- 6M14 x 6M13</b>
<b>Operating Income</b>	<b>60,629</b>	<b>33,307</b>	<b>82.0%</b>	<b>58,436</b>	<b>3.8%</b>	<b>119,065</b>	<b>77,086</b>	<b>54.5%</b>
(+) Financial Result	(686)	(3,147)	-78.2%	3,613	-119.0%	2,927	(6,218)	-147.1%
(+) Income and Soc. Contrib. Taxes	(6,222)	(1,085)	473.5%	(3,343)	86.1%	(9,565)	(2,059)	364.5%
<b>Net Income (Loss)</b>	<b>53,721</b>	<b>29,075</b>	<b>84.8%</b>	<b>58,706</b>	<b>-8.5%</b>	<b>112,427</b>	<b>68,809</b>	<b>63.4%</b>
<i>Net Margin</i>	<i>30.6%</i>	<i>25.6%</i>	<i>5.0 p.p.</i>	<i>38.0%</i>	<i>-7.4 p.p.</i>	<i>34.1%</i>	<i>31.2%</i>	<i>2.9 p.p.</i>

The Company posted operating income growth of 82.0%, from R\$33.3 million in 2Q13, to R\$60.6 million in 2Q14, largely due to the substantial increase in the student base and the consequent upturn in revenue.

Net income increased from R\$29.1 million in 2Q13, to R\$53.7 million in 2Q14 growth of 84.8%. As a percentage of net revenue, net income moved up by 5.0 p.p., from 25.6% to 30.6% in the same period. One important factor that affected net income in 2Q14 was the levying of income tax on the Pronatec calculation base, which is not tax-exempt, in addition to the impact of financial revenue surplus, impacting the tax calculation.

## FIES

<b>FIES ('000)</b>	<b>Dec/10</b>	<b>Dec/11</b>	<b>Dec/12</b>	<b>Dec/13</b>	<b>2Q14</b>
Students	28,079	33,483	48,670	70,255	86,503
FIES Students	1,017	2,896	15,916	31,432	44,992
<b>% of FIES Students</b>	<b>3.6%</b>	<b>8.6%</b>	<b>32.7%</b>	<b>44.7%</b>	<b>52.0%</b>

The Student Financing Program, or FIES, is a MEC program for financing students who cannot afford the total cost of their education. In order to receive the FIES benefits, students must be officially enrolled in a FIES-registered private post-secondary educational institution with a positive evaluation by the MEC.

Due to the increased penetration of FIES as a financing option for its students, the Company's exposure to the transfer of FIES tuition by the federal government has been increasing. We are using the FIES as a retention tool for higher-education students.

FIES students represented 52.0% of the undergraduate student base and 55% of undergraduate net revenue in the same period.

The FIES student base already using the FGEDUC corresponded for 83.0% of the total at the end of 2Q14.

## Accounts Receivable and Average Receivable Days

<b>Accounts Receivable and Average Receivable Days</b> (R\$ '000)	<b>4Q12</b>	<b>1Q13</b>	<b>2Q13</b>	<b>3Q13</b>	<b>4Q13</b>	<b>1Q14</b>	<b>2Q14</b>
<b>Gross Accounts Receivable</b>	<b>100,810</b>	<b>131,501</b>	<b>127,208</b>	<b>103,605</b>	<b>113,858</b>	<b>139,205</b>	<b>195,489</b>
Monthly tuition fees	50,770	59,408	66,307	28,584	35,883	33,970	43,577
FIES	12,117	30,394	21,213	44,220	43,470	69,776	109,410
PRONATEC	-	-	-	-	6,573	6,639	15,347
Negotiated agreements receivable	20,615	25,325	23,842	16,661	14,153	15,839	16,361
Education credits receivable	13,882	14,875	13,473	12,160	10,973	10,376	9,628
Others	3,426	1,499	2,373	1,980	2,806	2,605	1,166
PDA balance	(45,661)	(48,284)	(54,726)	(13,408)	(17,741)	(18,459)	(18,344)
<b>Net Accounts Receivable</b>	<b>55,149</b>	<b>83,217</b>	<b>72,482</b>	<b>90,197</b>	<b>96,117</b>	<b>120,746</b>	<b>177,145</b>
Net Revenue (Last 12 Months - FIES+Ex-FIES+Pronatec)	<b>283,285</b>	<b>322,389</b>	<b>367,038</b>	<b>405,947</b>	<b>456,761</b>	<b>504,304</b>	<b>566,308</b>
Net Receivable Days (FIES+Ex-FIES+Pronatec)	<b>70</b>	<b>93</b>	<b>71</b>	<b>80</b>	<b>76</b>	<b>86</b>	<b>113</b>
Net Revenue FIES (Last 12 Months)	<b>76,330</b>	<b>94,436</b>	<b>133,068</b>	<b>163,233</b>	<b>193,504</b>	<b>230,853</b>	<b>266,072</b>
<b>Net Receivable Days FIES</b>	<b>57</b>	<b>116</b>	<b>57</b>	<b>98</b>	<b>81</b>	<b>109</b>	<b>148</b>

Our accounts receivable turnover from the FIES was impacted by the change in the FNDE schedule, where repurchases are only occurring in the first days of the subsequent month. In June, there was a delay in the pass-through of the FIES, totaling R\$50 million, which was regularized on July 2, but had an impact on the balance of accounts receivable of June 2014. If these payments had been made in June, net FIES receivable days would have come to 80 days. Another effect was the concentration of FIES amendments and renewals in 2Q14.

The FIES net receivable days is impacted by the delay in receiving the PRONATEC payments. Excluding this effect ex-FIES and ex-PRONATEC accounts receivable turnover would be 74 days. In order to improve accounts receivable turnover ex-FIES and ex-PRONATEC, we are setting forth controls and targets for managing the collection ex-FIES. The Company constituted provisions for doubtful accounts (PDA) in an amount deemed sufficient by management to cover any eventual losses in accounts receivable, considering the risks involved. The Company's criterion is to provision 100% of receivables overdue by more than 180 days, plus the FIES provisions.

<b>Aging of Agreement Receivable (R\$ '000)</b>	<b>2Q14</b>	<b>% Chg.</b>	<b>4Q13</b>	<b>% Chg.</b>
Not yet due	3,839	23.5%	3,092	21.8%
Overdue by up to 30 days	1,868	11.4%	1,588	11.2%
Overdue from 31 to 60 days	1,487	9.1%	1,291	9.1%
Overdue from 61 to 90 days	1,539	9.4%	1,358	9.6%
Overdue from 91 to 179 days	3,411	20.8%	3,418	24.2%
Overdue more than 180 days	4,217	25.8%	3,406	24.1%
<b>TOTAL</b>	<b>16,361</b>	<b>100.0%</b>	<b>14,153</b>	<b>100.0%</b>
<i>% of Gross Accounts Receivable</i>	<b>8.4%</b>		<b>12.4%</b>	

Negotiated agreements receivable refer to renegotiations of defaulting students with the Company. The above table shows that 23.5% of agreements were due.

As of September 2013, the Company has been writing off receivables overdue by more than 360 days in line with market practices.

The table below shows the evolution of our PDA in 1H14:

Constitution of Provision for Doubtful Accounts in the Income Statement (R\$ '000)	12/31/2013	Gross Increase in Provision for Doubtful Accounts	Write-off	06/30/2014
<b>Total</b>	<b>17,741</b>	<b>12,399</b>	<b>(11,796)</b>	<b>18,344</b>

## CAPEX

CAPEX (R\$ '000)	6M14	% of Total	12M13	% of Total
<b>CAPEX Total</b>	<b>72,787</b>	<b>100.0%</b>	<b>119,542</b>	<b>100.0%</b>
Property acquisition / Construction / Maintenance of campuses	40,252	55.3%	52,205	43.7%
Equipment / Library / IT	19,633	27.0%	37,080	31.0%
MEC Licenses	1,745	2.4%	2,492	2.1%
Vehicles and aircraft	112	0.2%	6,243	5.2%
Software Licenses	2,611	3.6%	3,445	2.9%
Partnerships	51	0.1%	593	0.5%
Others	170	0.2%	407	0.3%
Acquisitions	8,213	11.3%	17,077	14.3%

In 6M14, the Company invested R\$40.3 million in the acquisition of properties, and 55.3% in the construction of new campuses and refurbishing. Most of the investments were consumed by the organic expansion Project.

Of the R\$40.3 million allocated to the acquisition of properties, approximately 28% refers to the São Luís site, which capital may return to the Company in the future in the form of sale leaseback (a commercial agreement whereby a property is simultaneously sold and leased back by the former owner, generally for an extended period).

Ser Educacional is investing in expansions in most of its operational areas in order to support organic growth and also in new locations for the opening of units that are currently being accredited by the MEC.

Of the amount allocated to acquisitions, approximately R\$6.8 million went to the purchase of FAP, in Teresina, in January 2013, R\$0.9 million to FAL and R\$0.5 million to FADE.

In 3Q14, the Company will make disbursements for the acquisition of UNAMA and FIT, which will increase CAPEX.



## Indebtedness

Indebtedness (R\$ '000)	06/30/14	06/30/13	% Chg.	12/31/13	% Chg.
<b>Shareholders' equity</b>	<b>559,734</b>	<b>108,840</b>	<b>414.3%</b>	<b>451,366</b>	<b>24.0%</b>
Cash and cash equivalents	195,819	61,476	218.5%	217,260	-9.9%
Securities	88,619	-	0.0%	84,311	5.1%
<b>Gross debt</b>	<b>(127,775)</b>	<b>(132,123)</b>	<b>-3.3%</b>	<b>(127,533)</b>	<b>0.2%</b>
Loans and financing	(105,385)	(108,381)	-2.8%	(107,836)	-2.3%
Short term	(18,713)	(16,783)	11.5%	(17,836)	4.9%
Long term	(86,672)	(91,598)	-5.4%	(90,000)	-3.7%
Liabilities to pay*	(22,390)	(23,742)	-5.7%	(19,697)	13.7%
<b>Net debt</b>	<b>156,663</b>	<b>(70,647)</b>	<b>-321.8%</b>	<b>174,038</b>	<b>-10.0%</b>
<i>Net debt / adjusted EBITDA</i>	-	(0.56)		-	

\* Refer to acquisition scheduled payments.

The Company closed 2Q14 with net cash of R\$156.7 million.

Debt Amortization Schedule (R\$ '000)	06/30/14	% Total	12/31/13	% Total
<b>Short Term</b>				
2014	9,465	9.0%	17,836	16.5%
2015	9,248	8.8%	-	0.0%
<b>Total Short Term</b>	<b>18,713</b>	<b>17.8%</b>	<b>17,836</b>	<b>16.5%</b>
<b>Long Term</b>				
2015	15,613	14.8%	23,241	21.6%
2016	29,637	28.1%	27,620	25.6%
2017	18,554	17.6%	17,410	16.1%
2018	14,577	13.8%	13,885	12.9%
2019	7,466	7.1%	7,019	6.5%
After 2020	825	0.8%	825	0.8%
<b>Total Long Term</b>	<b>86,672</b>	<b>82.2%</b>	<b>90,000</b>	<b>83.5%</b>
<b>Total Loans, Financing and Liabilities to pay</b>	<b>105,385</b>	<b>100.0%</b>	<b>107,836</b>	<b>100.0%</b>

In regard to the amortization schedule, only 17.8% of debt is short-term, with approximately 67.4% being due as of 2016.

## Cash Flow

In 1H14, the Company's cash decreased R\$21.4 million, as a result of the use of R\$77.1 million in investment activities and R\$7.4 million in financing activities, versus a cash generation of R\$63.0 million with operating activities, as shown below:

Cash Flow (R\$ '000)	2Q14	2Q13	Var(%)	6M14	6M13	Var(%)
<b>Cash flow from operating activities</b>						
Net cash from operating activities	14,254	49,857	-71.4%	63,014	77,261	-18.4%
(-) Cash flow allocated to investing activities	(33,056)	(23,060)	43.3%	(77,095)	(44,735)	72.3%
(+) Cash flow allocated to financing activities	(6,983)	14,846	-147.0%	(7,360)	11,768	-162.5%
<b>Increase in cash and cash equivalents</b>	<b>(25,785)</b>	<b>41,643</b>	<b>-161.9%</b>	<b>(21,441)</b>	<b>44,294</b>	<b>-148.4%</b>
<b>Net Increase in cash and cash equivalents</b>						<b>-100.0%</b>
Beginning of period	-	-	-100.0%	217,260	17,182	1164.5%
End of period	(25,785)	41,643	-161.9%	195,819	61,476	218.5%
<b>Increase in cash and cash equivalents</b>	<b>(25,785)</b>	<b>41,643</b>	<b>-161.9%</b>	<b>(21,441)</b>	<b>44,294</b>	<b>-148.4%</b>

Cash flow allocated to financing activities represents the Company's CAPEX, excluding the securities line.

It is important to note that our operating cash flow was impacted by the adjustment of the new schedule of payments and the repurchase of the FIES, in the amount of R\$50 million, since funds are effectively received in the first days of the subsequent month. Adjusted for the R\$50 million, our operating cash flow would be R\$113,0 million.

## Dividends

On April 28, 2014, the Annual Shareholders' Meeting approved the distribution of complementary dividends totaling R\$4.1 million, equivalent to R\$ 0.032412705 per share, which were paid on May 16.

On August 14, 2014, a meeting of the Board of Directors resolved on the payment of the 1H14 dividend, in the amount of R\$0.145 per share, to be paid on August 27, totaling R\$18.2 million.

## Acknowledgment

The 11<sup>th</sup> *Marcas que Eu Gosto* (Brands I Like) award, sponsored by newspaper Diário de Pernambuco, surveyed the taste of consumers from Recife. According to the survey, carried out in partnership with the Institute of Social, Political and Economic Surveys of the State of Pernambuco (IPESPE), UNINASSAU is the private higher-education institute with most referrals in the Recife consumer market.

## Social Responsibility

The Company's most important social responsibility initiatives in 1H14 were:

- **Praia Sem Barreiras (Beach without Barriers) Project:** gives people with disabilities access to the beach;
- **Minha Escola em Cena (My School in View) Project:** gives public school students access to information and communications technology, using audio-visual production as a tool for constructing new values;

- **Circo Social UNINASSAU (UNINASSAU Circus):** promotes the social inclusion of teenagers with Down's Syndrome through circus activities.
- **International Finance Corporation internship program:** Business Management, Accounting Sciences and Engineering students from Grupo Ser Educacional may enroll in the internship program of one of the world's largest global development institutions, part of the World Bank system that focuses on the private sector. This partnership is aimed at providing the future professional with practical training in their respective area of study.
- **Capacita 2014.2:** During the month of July, UNINASSAU and Faculdade Joaquim Nabuco Recife offered free courses on several subjects. Among the topics covered were: "Pregnant women: Know your rights"; "Organizing social events"; "Easy HTML", and others.
- **1st UNINASSAU Sitting Volleyball Cup –** With teams comprising players from the Pernambuco State Sitting Volleyball team, children with disabilities and students from UNINASSAU.
- **Projeto Trote Legal** (Cool Prank Project): it encourages the exchange of toys that promote violence for soccer balls with educational messages.

## ABOUT SER EDUCACIONAL

Founded in 2003 and headquartered in Recife, Grupo Ser Educacional (BM&FBovespa SEER3, Bloomberg SEER3:BZ and Reuters SEER3.SA) is the largest private post-secondary education institution in the Northeast and North of Brazil. It offers undergraduate, graduate, vocational and distance-learning courses in 25 units spread through 19 cities in 11 states and has more than 115 thousand students and 7 thousand employees. It operates under the Faculdade Maurício de Nassau, UNINASSAU – Centro Universitário Maurício de Nassau, Faculdades Joaquim Nabuco, Escolas Técnicas Joaquim Nabuco and Maurício de Nassau brands, through which it offers more than 300 courses.

### Public Meeting with Investors

Grupo Ser Educacional is pleased to invite investors, analysts and other capital market professionals to its Public Meeting to be held on September 15, 2014 in the auditorium of UNINASSAU, in Recife/PE.

## APPENDICES

### Income Statement

Income Statement (R\$ '000)	2Q14	2Q13	% Chg. 2Q14 x 2Q13	1Q14	% Chg. 2Q14 x 1Q14	6M14	6M13	% Chg. 6M14 x 6M13
Revenue from the Sale of Goods and/or Services	175,618	113,614	54.6%	154,530	13.6%	330,148	220,601	49.7%
Cost of Goods Sold and/or Services Rendered	(64,081)	(45,215)	41.7%	(53,128)	20.6%	(117,209)	(80,733)	45.2%
Gross Profit	111,537	68,399	63.1%	101,402	10.0%	212,939	139,868	52.2%
Operating Expenses/Revenue	(50,908)	(35,092)	45.1%	(42,966)	18.5%	(93,874)	(62,782)	49.5%
General and Administrative Expenses	(48,672)	(33,497)	45.3%	(41,423)	17.5%	(90,095)	(59,688)	50.9%
Other Operating Expenses/Revenue	(2,236)	(1,595)	40.2%	(1,543)	44.9%	(3,779)	(3,094)	22.1%
Operating Income	60,629	33,307	82.0%	58,436	3.8%	119,065	77,086	54.5%
Financial Result	(686)	(3,147)	-78.2%	3,613	-119.0%	2,927	(6,218)	-147.1%
Financial Revenue	9,526	2,454	288.2%	13,082	-27.2%	22,608	5,111	342.3%
Financial Expenses	(10,212)	(5,601)	82.3%	(9,469)	7.8%	(19,681)	(11,329)	73.7%
Income Before Income Taxes	59,943	30,160	98.8%	62,049	-3.4%	121,992	70,868	72.1%
Income and Social Contribution Taxes	(6,222)	(1,085)	473.5%	(3,343)	86.1%	(9,565)	(2,059)	364.5%
Current	(18,974)	(11,837)	60.3%	(25,114)	-24.4%	(44,088)	(26,507)	66.3%
Tax Incentive - Prouni	12,752	10,752	18.6%	21,771	-41.4%	34,523	24,448	41.2%
Net income from continued operations	53,721	29,075	84.8%	58,706	-8.5%	112,427	68,809	63.4%
Consolidated Net Income/Loss	53,721	29,075	84.8%	58,706	-8.5%	112,427	68,809	63.4%
Attributed to the Controlling Shareholders	53,721	29,075	84.8%	58,706	-8.5%	112,427	68,832	63.3%
Attributed to Non-Controlling Shareholders	-	-	0.0%	-	0.0%	-	(23)	-100.0%
Weighted Average Number of Shares (thousand)	125,213	107,515	16.5%	125,213	0.0%	125,213	107,515	0.0%
Earnings/Share Attributed to the Controlling Shareholders (R\$/Share)	0.43	0.27	58.7%	0.47	-8.5%	0.90	0.64	40.2%





## Balance Sheet

<b>Balance Sheet - ASSETS (R\$ '000)</b>	<b>06/30/2014</b>	<b>12/31/2013</b>	<b>% Chg.</b>	<b>06/30/2013</b>	<b>% Chg.</b>
<b>Total Assets</b>	<b>932,469</b>	<b>803,365</b>	<b>16.1%</b>	<b>373,594</b>	<b>149.6%</b>
<b>Current Assets</b>	<b>470,722</b>	<b>406,410</b>	<b>15.8%</b>	<b>140,497</b>	<b>235.0%</b>
Cash and cash equivalents	195,819	217,260	-9.9%	61,476	218.5%
Titles and securities	88,619	84,311	5.1%	-	0.0%
Accounts receivable	172,220	90,641	90.0%	67,541	155.0%
Taxes recoverable	2,568	2,513	2.2%	2,231	15.1%
Advances to suppliers	3,112	5,499	-43.4%	4,255	-26.9%
Related parties	-	2,270	-100.0%	-	0.0%
Other assets	8,384	3,916	114.1%	4,994	67.9%
<b>Non-Current Assets</b>	<b>461,747</b>	<b>396,955</b>	<b>16.3%</b>	<b>233,097</b>	<b>98.1%</b>
Long-Term Assets	461,747	396,955	16.3%	233,097	98.1%
Accounts receivable	4,925	5,476	-10.1%	4,941	-0.3%
Other assets	2,750	1,864	47.5%	1,224	124.7%
Indemnifications	3,249	3,249	0.0%	3,249	0.0%
Intangible assets	76,491	70,849	8.0%	57,452	33.1%
Property, plant and equipment	374,332	315,517	18.6%	166,231	125.2%
<b>Balance Sheet - LIABILITIES (R\$ '000)</b>	<b>06/30/2014</b>	<b>12/31/2013</b>	<b>% Chg.</b>	<b>06/30/2013</b>	<b>% Chg.</b>
<b>Total Liabilities</b>	<b>372,735</b>	<b>351,999</b>	<b>5.9%</b>	<b>264,754</b>	<b>40.8%</b>
<b>Current Liabilities</b>	<b>119,086</b>	<b>92,442</b>	<b>28.8%</b>	<b>102,452</b>	<b>16.2%</b>
Suppliers	14,238	11,377	25.1%	5,226	172.4%
Accounts payable	18,625	14,600	27.6%	12,207	52.6%
Loans and financing	18,713	17,836	4.9%	16,783	11.5%
Payroll and charges	46,044	31,331	47.0%	29,786	54.6%
Taxes payable	10,435	8,267	26.2%	4,758	119.3%
Income and social contribution taxes payable	3,989	2,579	54.7%	2,832	40.9%
Leasing	3,040	2,867	6.0%	1,212	150.8%
Dividends payable	-	-	N.M.	27,463	-100.0%
Other liabilities	4,002	3,585	11.6%	2,185	83.2%
<b>Non-Current Liabilities</b>	<b>253,649</b>	<b>259,557</b>	<b>-2.3%</b>	<b>162,302</b>	<b>56.3%</b>
Loans and financing	86,672	90,000	-3.7%	91,598	-5.4%
Leasing	157,016	158,355	-0.8%	54,357	188.9%
Accounts payable	3,765	5,097	-26.1%	11,535	-67.4%
Taxes payable	-	-	N.M.	180	-100.0%
Tax installments	50	99	-49.5%	-	0.0%
Provision for contingencies	6,146	6,006	2.3%	4,632	32.7%
<b>Consolidated Shareholders' Equity</b>	<b>559,734</b>	<b>451,366</b>	<b>24.0%</b>	<b>108,840</b>	<b>414.3%</b>
Social Capital	100,751	100,751	0.0%	82,010	22.9%
Capital Reserves	276,297	276,297	0.0%	-	0.0%
Income Reserve	92,924	77,059	20.6%	6,872	1252.2%
Retained income	91,407	-	0.0%	23,793	284.2%
Equity Adjustments	(1,645)	(2,741)	-40.0%	(3,835)	-57.1%
<b>Total Liabilities and Shareholders' Equity</b>	<b>932,469</b>	<b>803,365</b>	<b>16.1%</b>	<b>373,594</b>	<b>149.6%</b>

## Cash Flow Statement

<b>Cash Flow Statement (R\$ '000)</b>	<b>06/30/2014</b>	<b>06/30/2013</b>	<b>% Chg.</b>	<b>12/31/2013</b>	<b>% Chg.</b>
<b>Consolidated Net Income for the Period before Income Taxes</b>	<b>121,992</b>	<b>70,868</b>	<b>72.1%</b>	<b>121,496</b>	<b>0.4%</b>
<b>Net Cash from Operating Activities</b>	<b>63,014</b>	<b>77,261</b>	<b>-18.4%</b>	<b>130,934</b>	<b>-51.9%</b>
Cash Flow from Operations	(34,004)	12,488	-372.3%	37,394	-190.9%
Depreciation and amortization	10,381	8,406	23.5%	19,659	-47.2%
Provision for doubtful accounts	12,399	9,065	36.8%	20,001	-38.0%
Provisions	140	418	-66.5%	931	-85.0%
Interest and exchange variation, net	18,014	7,701	133.9%	24,977	-27.9%
Changes in Assets and Liabilities	(74,938)	(13,102)	472.0%	(28,174)	166.0%
Accounts receivable	(93,255)	(24,020)	288.2%	(53,597)	74.0%
Taxes recoverable	(46)	3,055	-101.5%	2,413	-101.9%
Advances	2,437	(2,228)	-209.4%	(3,374)	-172.2%
Other assets	(5,032)	(2,901)	73.5%	(1,236)	307.1%
Suppliers	2,489	1,806	<b>37.8%</b>	7,317	<b>-66.0%</b>
Payroll and charges	14,607	11,068	32.0%	12,631	15.6%
Taxes payable	1,966	216	810.2%	1,527	28.7%
Income and social contribution taxes payable	1,266	779	62.5%	526	140.7%
Other liabilities	630	(877)	-171.8%	4,688	-86.6%
Other	(24,974)	(6,095)	309.7%	(27,025)	-7.6%
Interest on loans	(15,409)	(3,961)	289.0%	(21,868)	-29.5%
Income and social contribution taxes paid	(9,565)	(2,134)	<b>348.2%</b>	(5,157)	<b>85.5%</b>
<b>Net Cash from Investing Activities</b>	<b>(77,095)</b>	<b>(44,735)</b>	<b>72.3%</b>	<b>(203,833)</b>	<b>-62.2%</b>
Securities	(4,308)	-	0.0%	(84,291)	-94.9%
Additions to property, plant and equipment	(59,997)	(34,373)	74.5%	(95,528)	-37.2%
Additions to intangible assets	(4,577)	(3,147)	45.4%	(6,937)	-34.0%
Acquisition of subsidiaries	(8,213)	(7,215)	13.8%	(17,077)	-51.9%
<b>Net Cash from Financing Activities</b>	<b>(7,360)</b>	<b>11,768</b>	<b>-162.5%</b>	<b>272,977</b>	<b>-102.7%</b>
Loans and financing	-	54,380	N.M.	54,669	-100.0%
Amortization of loans and financing	(4,405)	(35,677)	-87.7%	(39,565)	-88.9%
Amortization of leasing	(1,166)	(533)	118.8%	(859)	35.7%
Related parties	2,270	171	1227.5%	(2,271)	-200.0%
Primary Public Offering	-	-	0.0%	295,038	-100.0%
Dividends	(4,059)	(6,573)	-38.2%	(34,035)	-88.1%
<b>Increase (Reduction) in Cash and Cash Equivalents</b>	<b>(21,441)</b>	<b>44,294</b>	<b>-148.4%</b>	<b>200,078</b>	<b>-110.7%</b>
Cash and Cash Equivalents at Beginning of Period	217,260	17,182	1164.5%	17,182	1164.5%
Cash and Cash Equivalents at End of Period	195,819	61,476	218.5%	217,260	-9.9%