Kroton Educacional







Institutional Presentation

October 2011

KROT11 NÍVEL 2 BM&FBOVESPA | PITÁGORAS | UNIC | UNIME | FAMA | Projecta melhor escola

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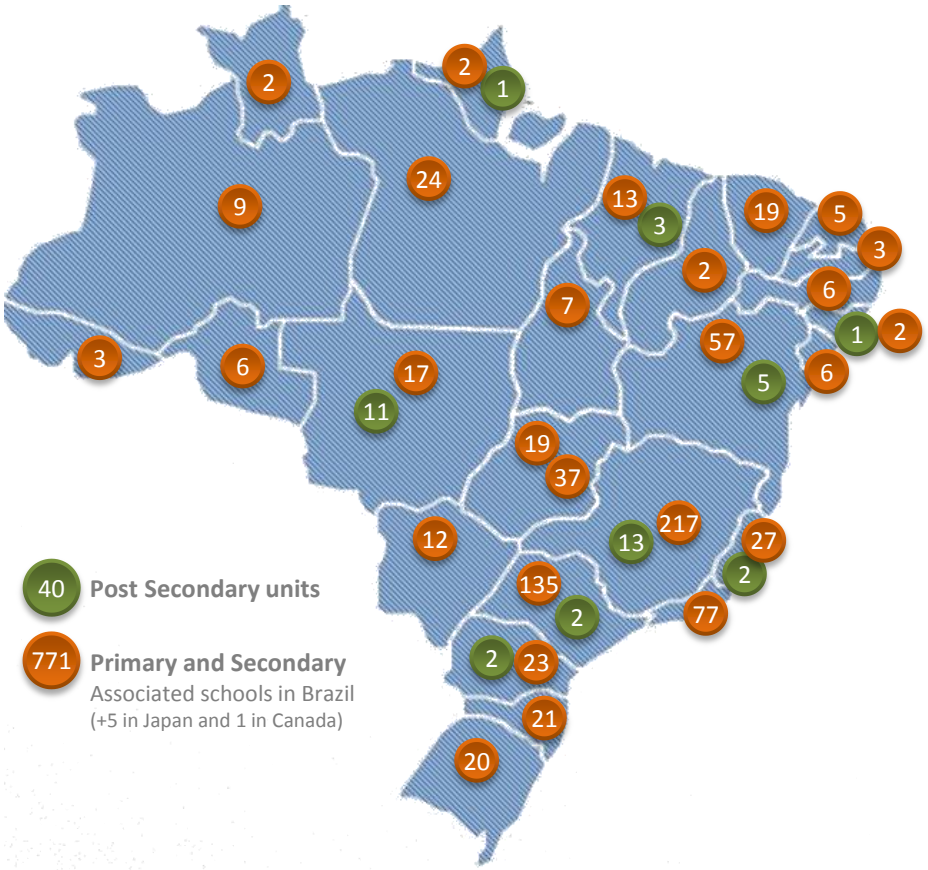
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One of the Largest Educational Groups in the Country

National Presence



99,341* students in Post Secondary education, in 40 campuses, in 30 cities and 9 states in Brazil

281,552 Primary and Secondary students in associated schools

High Growth

Net Revenues (R$ mm)



*Number of students on September, 2011

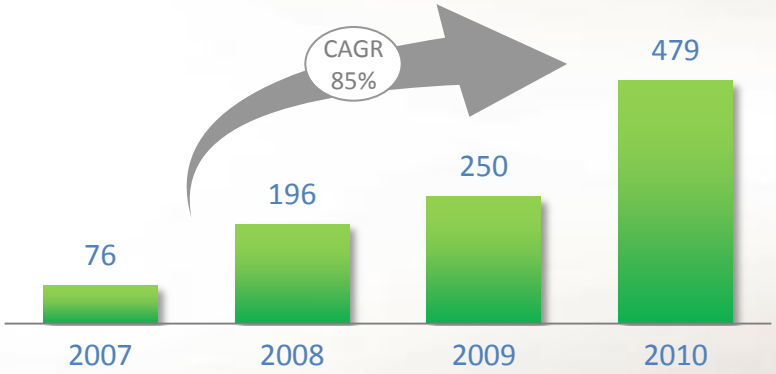
A High Growth Company

Post Secondary

High Student Growth ('000)

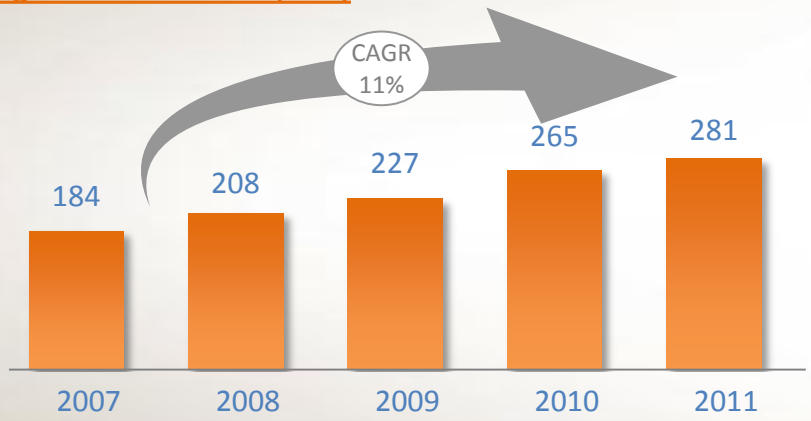


High Revenue Growth (R$ mm)

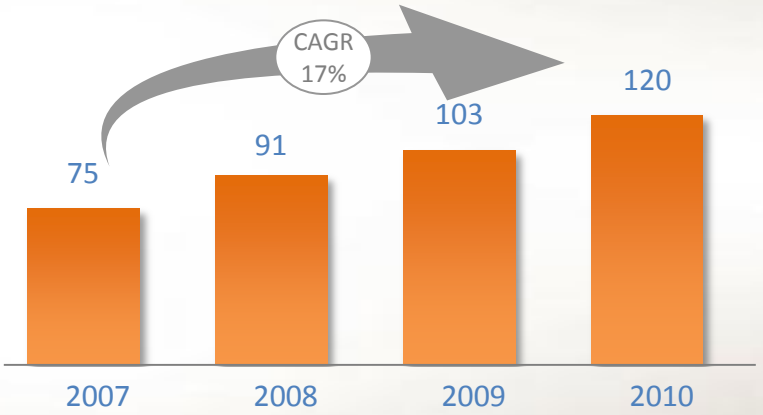


K-12

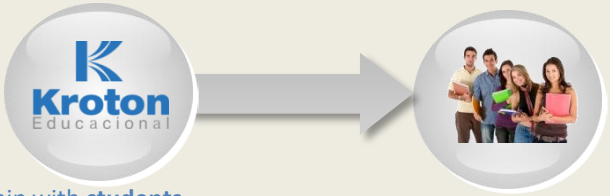
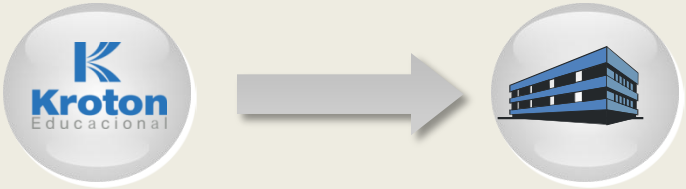
High Student Growth ('000)



High Revenue Growth (R$ mm)



Education Platform for the Student Life-cycle

	Post Secondary Education	Primary & Secondary ("K12")
	80% Net revenues[1]	20% Net revenues[1]
	Centralized Corporate Structure with Shared Services	
Relationship	◆ Post Secondary classes  ◆ Relationship with **students** ◆ **2 to 6 year** courses, with contracts renewed **every semester**	◆ Learning system programs for Primary and Secondary education  ◆ Relationship with **associated schools** ◆ **Yearly** contracts (renewed automatically and signed one year in advance) with **93%** renewal rate
Services	◆ **Complete** offer for Post Secondary students ✓ Undergraduate (Bachelor degrees of all types) ✓ Graduate (Masters) – in-class and distance learning	◆ **Learning system** for private and public schools, supported by books, training and technology ✓ Book collection (Student + Professor) ✓ Technology and multimedia tool ✓ Services & training ✓ Education assessment
Target	Segments: Undergraduate, Graduate Duration: Depends on selected degree (2-6 years) Age: 18+ years old	Segments: Kindergarten, Primary, Secondary Duration: 3 - 5 years, 9 years, Minimum of 3 years Age: 3 to 5 year old, 6 to 14 year old, 15 to 17 year old
Regions	◆ **9** states in 30 cities	◆ **All states** in Brazil (27 states) in 609 cities
Platform	◆ 40 campi for Post Secondary ◆ 777 associated schools on K-12 as potential distance learning sites ◆ Web based learning tools to enhance academic performance	◆ Satellite for K-12 and Graduate distance learning services ◆ 777 associated schools ◆ Teaching materials

Notes: 1) 2010

More than 45 Years in Education

Kroton Educacional

60 & 90

- Foundation and beginning of K-12 activities'
- Development of a large scale learning system business
- Expansion to other states in Brazil through partnerships

2001

- Start up of Post Secondary Operation

2007/2008

- IPO in July 2007
- 13 acquisitions
- Several new greenfields

July, 2009 – Advent's Entrance in the control block

- Capital increase
- New management culture
- Beginning of management restructuring

March, 2010 – Acquisition of IUNI

- 100% growth in Post Secondary
- IUNI management remains
- Beginning of the integration and turn around process

August, 2010 – Turn Around

- Conclusion of IUNI integration
- Turn around of underperforming Pitágoras Units
- Significant scale gains through integration of shared services

2011 – Growth

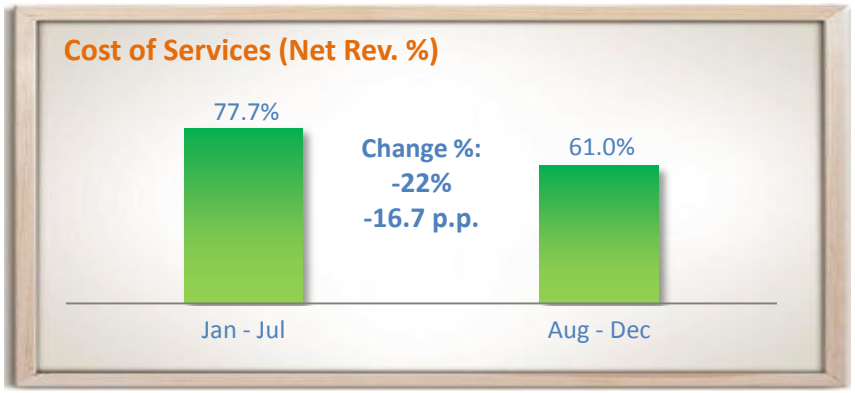
- Follow on raising ~R$350 million for Company's growth
- Beginning of Distance Learning Project
- Acquisition of 3 institutions – 7,664 students

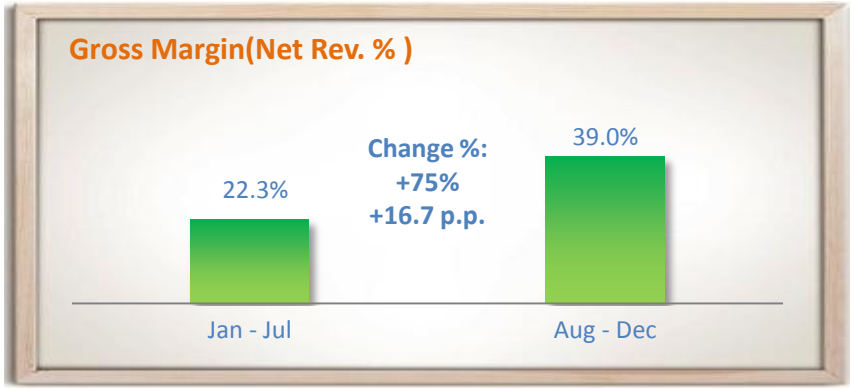
Main Drivers

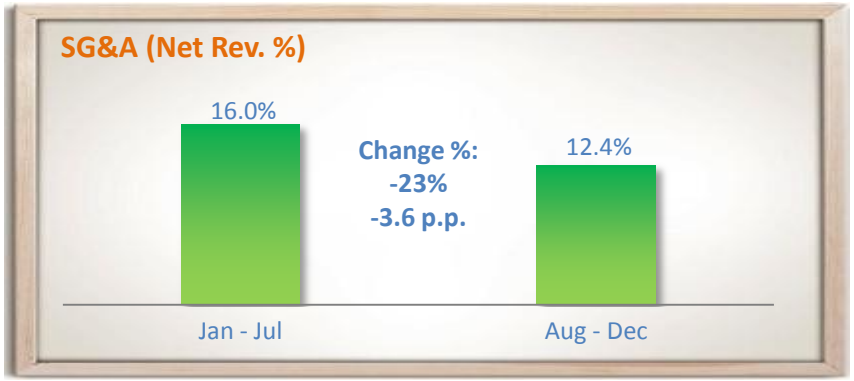
- New Academic Model
- Strict budget control
- Corporate restructure
- Integrated financial and academic ERP

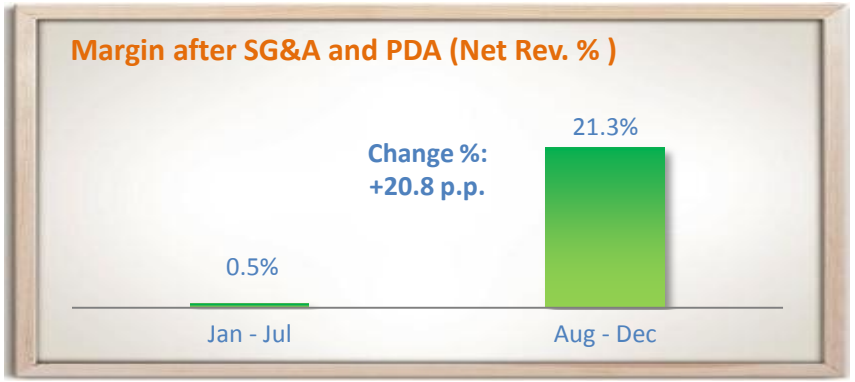
Source: Company
Note: 1) Signing on May 26th, Closing expected for July/11

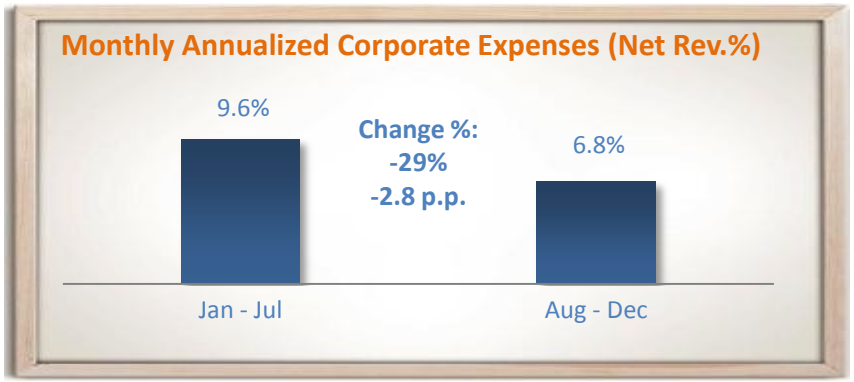
Successful Integration – Post Secondary 2010 Impacts

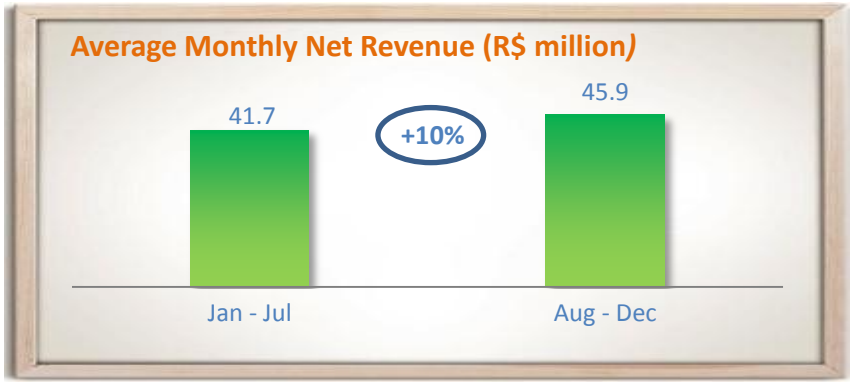










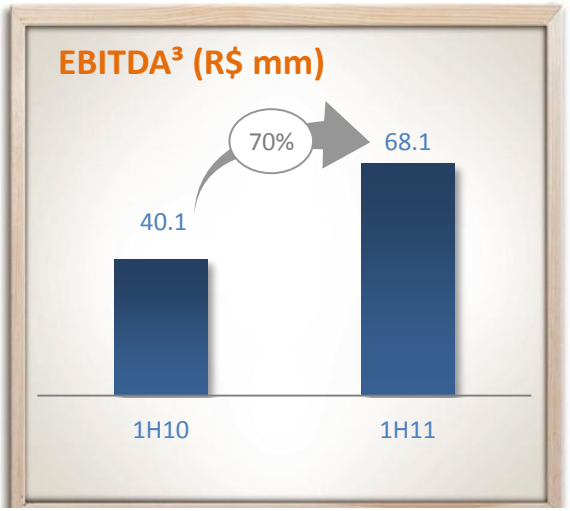


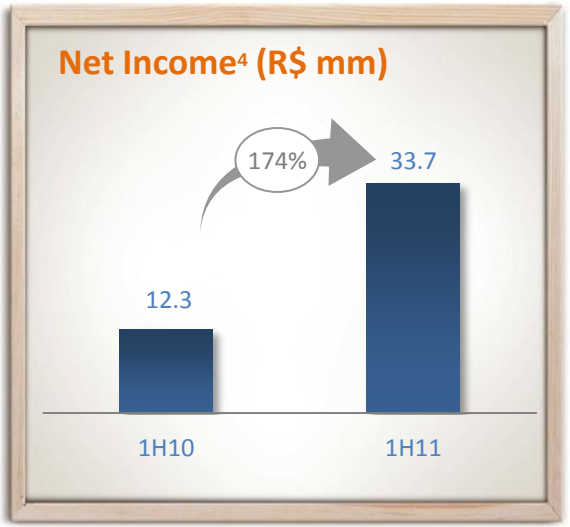
1H11 Results

Establishment of a New Performance Level

1H11/1H10/2010

Values in R$ million	1H11[1]	Margin %	1H10	Margin %	Chg.%	2010[1]	Margin %
Net Revenues	363.9	-	339.0	-	7.3%	641.6	-
EBITDA[2]	68.1	18.7%	40.1	11.8%	69.8%	63.1	9.8%
Actual EBITDA [3]	63.0	17.3%	24.9	7.3%	153.0%	25.8	4.0%
Net Income[4]	33.7	9.3%	12.3	3.6%	174.0%	12.4	1.9%
Actual Net Income	28.6	7.9%	(2.8)	-0.8%	n.a.	(24.9)	-3,9%





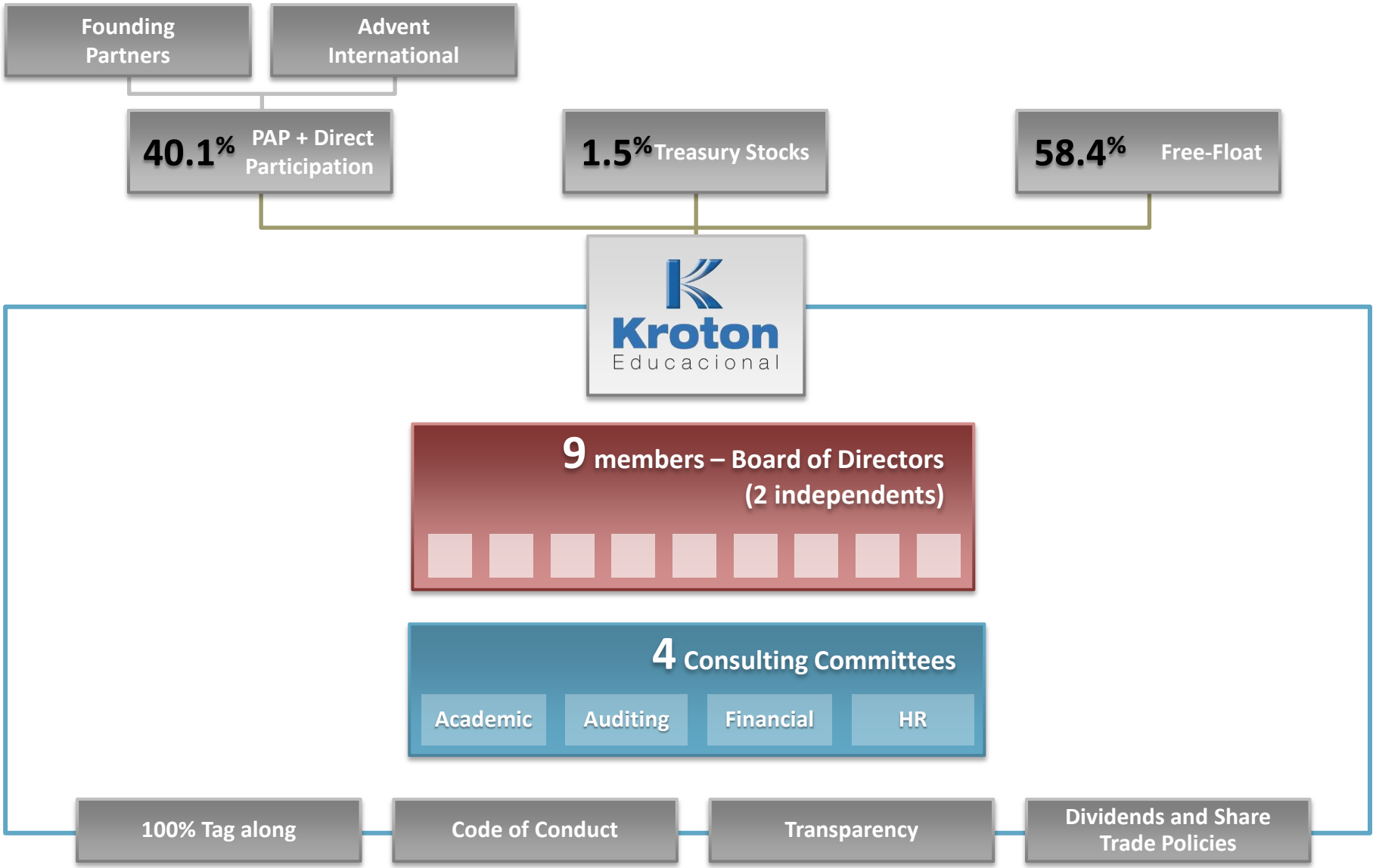
Notes: 1) Pro forma considering adjustment of K-12 results in 1H11 and considering IUNI results for 2010
2) EBITDA considering adjustment for non recurring and for interest on late payments in all periods
3) Adjusted to include interest on late payments and non recurring items in all periods
4) Adjusted for non recurring items in all periods

Follow On Offering Summary

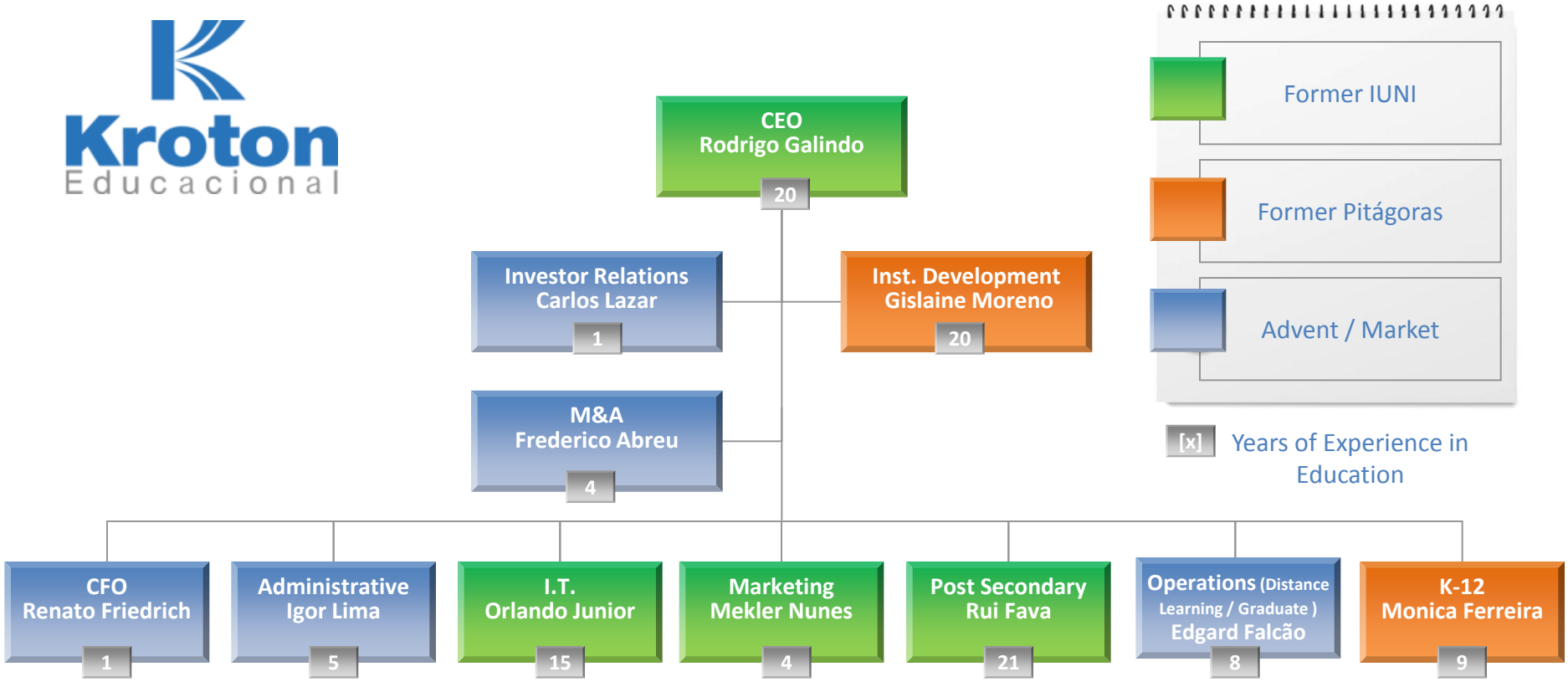
Issuer	Kroton Educacional S.A. (KROT11)
Registration	Follow-on with international sales efforts under Rule 144A / Reg S
Offering Structure	19,752,200 units (including greenshoe)
Offering Size	R$ 363.8 million
Offering Type	100% primary
Use of Proceeds	(i) 100% for post secondary acquisitions
Hot Issue	800,000 units, 100% Secondary (Founding Shares holder) – R$15,4 million
Pricing	June 30th, 2011
Lock-up Period	90 days for the Company and Selling Shareholders
Joint Bookrunners	Itaú BBA – Lead Coordinator; BTG Pactual – Stabilization Agent; Santander; BBI

Notes: (1) Considers base offering

Corporate Governance



New Management Team and New Culture



- IUNI Management remained onboard, supplying high operational knowledge
- New executives from Advent, or appointed by Advent, strengthened the team
- New consulting committees (Academic and Institutional / Audit / Financial and Mergers and Acquisitions / Human Resources and Compensation)
- 3 - 5 year stock option plan, aligning shareholder and management interest

Kroton Educacional







Investment Highlights

Investment Highlights

	Description
1 EBITDA Margin Expansion	◆ Margin expansion bridge from the current 15% to 23% ◆ Actions implemented until 2013 ◆ Investments financed by the company's recurring Capex
2 Acquisitions	◆ 60 thousand students acquired in 24 months ◆ Price per student estimated at R$ 6,000
3 Organic Growth 3.a) Post Secondary 3.b) Distance Learning 3.c) K-12	◆ New campi in cities where Kroton is already present: Cuiabá, Belo Horizonte, Salvador and São Luis ◆ Undergraduate Distance Learning Project ◆ 92 new post secondary courses (18.4 thousand vacancies) implemented until 2013 (investments financed by the Company's recurring Capex)

EBITDA Margin Bridge

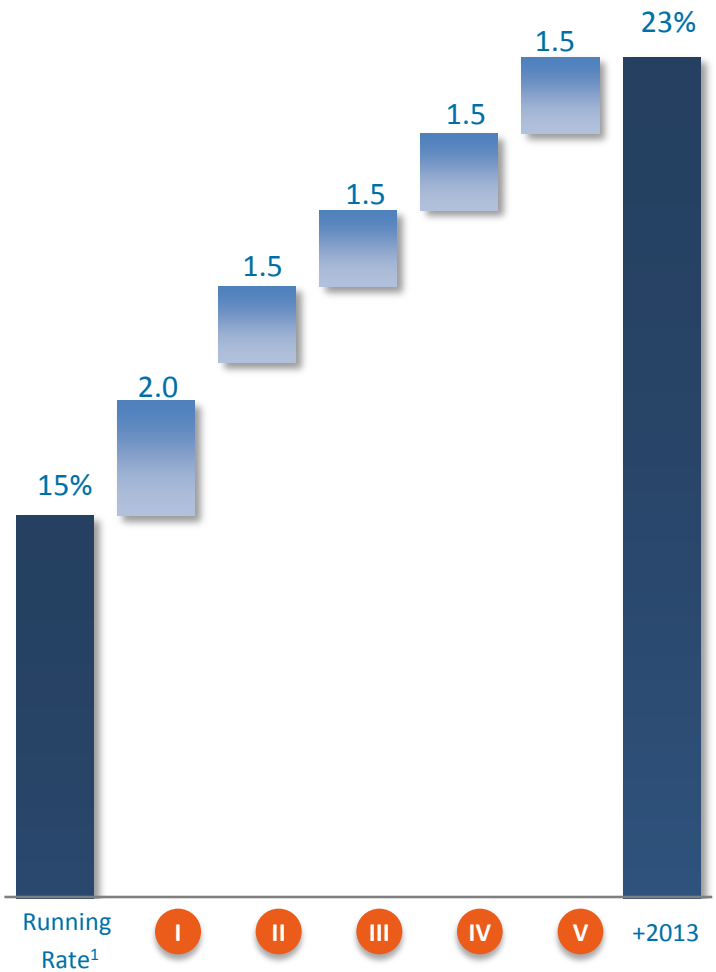
1 Five levers for EBITDA Margin Expansion

Lever	Action
I Reduction of lease costs	◆ **14 projects** being implemented in units with inappropriate rental costs including the closure of **4** existing units' contracts with the transfer of students to units close by. ◆ Additional gains through (i) nominal dilution of **35 rental** contracts and (ii) **space optimization in all units**
II End of classes with an insufficient number of students	◆ These classes have **13%** of all undergraduate students and **22%** of all professors´ costs ◆ **79%** of these students will graduate until end **2013**, with last class graduating in **2014**
III Impacts from the New FIES	◆ Reduction in **drop out** and **delinquency** ▪ Drop out rate of new FIES student is **~70% lower** than average ▪ **Higher delinquency** students will be targeted
IV Cost and expense management	◆ Optimization of **systems and processes** with a increase of efficiency and reduction in cost and expenses ◆ 21 units with G&A expenses above Kroton's average (by 2013 all these units with have their costs aligned)
V Dilution of the corporate structure	◆ Students grow at a rate of 39% annually while corporate costs grow at a rate of 23% annually ◆ **Dilution of costs** in all levels (analysts to heads) both through organic growth and M&A

Post Secondary

K-12 and Post Secondary

Expected EBITDA Margin Bridge 2010 -2013



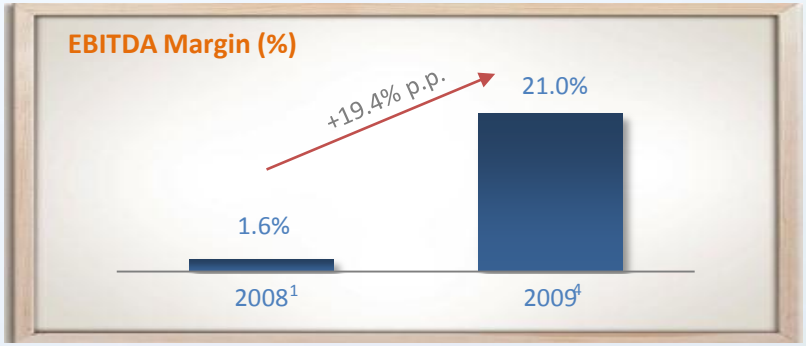
Source: Company
Note: (1) Running Rate from Aug10 to Dec10

Acquisitions

2 Acquisition & Integration Track Record

8 Acquisitions, in 5 months
States of Mato Grosso and Bahia

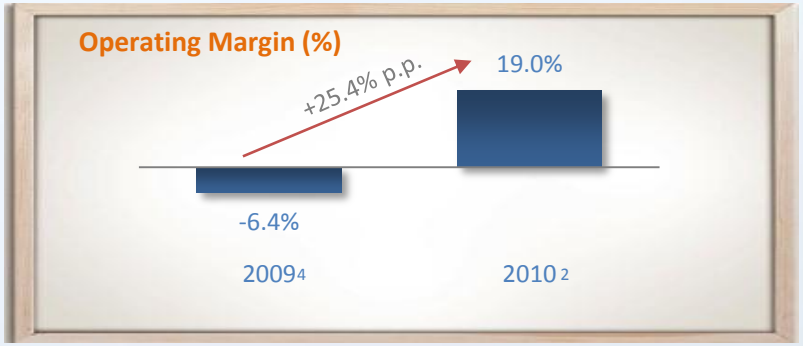
EV (R$ mm)	60.5
IUNI EV/Student (R$)	4,640
EV/EBITDA 2009A	4.3X



	2008[1]	2009[4]	Change
Net revenues (R$ 000)	52,611	66,861	27.1%
EBITDA (R$ 000)	844	14,011	1,561.0%

11 Acquisitions, in 12 months
States of MG, SP, ES, PR and RJ

EV (R$ mm)[3]	79.3
EV/Student (R$)	4,201



	2009[4]	2010[2]	Change
Net revenues (R$ 000)	98,323	98,146	(0.2%)
Operating Profit (R$ 000)	(6,311)	18,615	n.m.

"Time is EBITDA"

- Focusing on what matters in 90 days:
  - Integrated academic & financial ERP and payroll
  - Shared services in operation
  - Budget in operation
- Academic model implemented in the first semester after the acquisition

Note: (1) 2008 - prior months annualized
(2) Post-integration: August to December 2010 (Budget)
(3) Excludes amount paid for SUESC building in Rio de Janeiro
(4) 2009 fully year

Essential pillars for performance improvement

I. End of operational inefficiencies

II. Gains of scale
Transfer of services to the shared service center (SSC)

III. Strict management of costs and expenses
(low-cost culture, supported by a restrictive budged)

IV. Low-cost academic model

Acquisitions

2 Highly Fragmented Market With Extensive Consolidation Opportunities

2,314 Total Institutions

2,069 Private Institutions

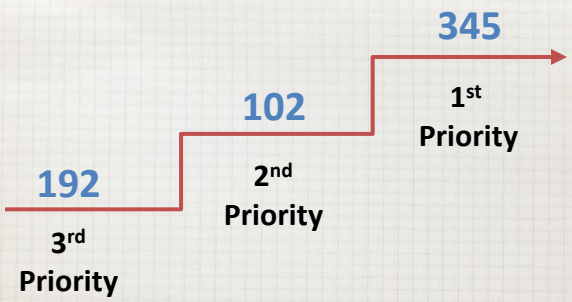
- Religious organizations and foundations
- > 1,000 students
- Targets in regions where Kroton decided not to have exposure

Targets: 639 sites in 269 municipalities[1)]

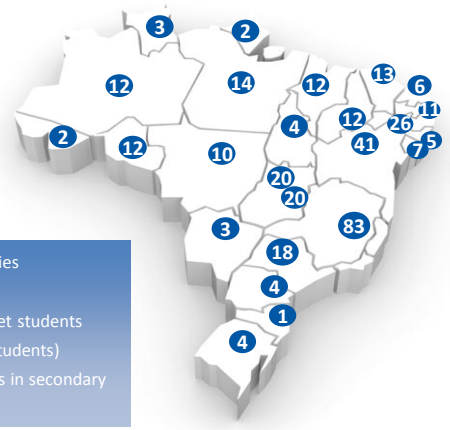
Target Prioritization Rationale

- Regions where Kroton's brands are already known
- Regions with high growth potential (North, Northeast and mid-west)

Kroton's Priority Targets



Location of Tier 1 - Targets



- 130 municipalities
- 345 targets
- 1.4 million target students (4.2k average students)
- 4.2mm students in secondary education

Extensive Pipeline already in Place

	# of Institutions	# of enrrolled students
Preliminary discussions	16	152.603
NDA´s signed / Under assessment	6	59.466
MOU under negotiation	11	92.622
Completed (Signed SPA)	3	7.664
TOTAL	**36**	**312.355**

Details of Recently Completed Acquisition

FAMA – Faculdade Atenas Maranhense

May/11

R$ 24.0 million*

for 5,007 Students
+ R$ 23.0 million for the real estate of 24.5 thousand m²
(Sale Leaseback to come)

UNIÃO – Faculdade

July/11

R$ 8.0 million

for 1,486 Students
- R$ 150 thousand of net debt totaling an equity value of R$ 7.85 million

FAIS – Faculdade de Sorriso – A força do Conhecimento

R$ 7.0 million

for 1,302 Students
- R$ 1.57 million net debt totaling an equity value of R$ 7.85 million

*Note: Kroton will pay the Sellers R$ 31.6 million. The Price is the sum of the enterprise value of R$ 24.0 million and the Property's net asset value of R$ 23.0 million , deducted from net debt amounting to R$ 15.4 million.

Source: Company and Censo 2009
Note: (1) Includes all units in all municipalities, even with the same brand or Corporate Taxpayer's ID.

Kroton Integration Process

Integration Schedule FAMA São Luís and Fama Imperatriz:

Integration Area	June	July	August	September	October	% completed 08/02/2011	Destaques
Marketing						100%	2011/2 Kroton Admission Exam
HR and Payroll Management						30%	Payroll Implemented
Academic						100%	Revised Curriculum Structures Kroton Model Classes
Regulatory and Legal Affairs						100%	Incorporation of Processes
Cash Management						100%	Cash Management
Budgetind and Accounting Management						80%	Emergency Budgeting 2011/2 Budget
Student Management						95%	Educational ERP
Infrastructure and Administration						90%	Administrative and Facility Improvements
Supplies and IT						95%	Corporate ERP

Closing:15/07/2011

Target for completion of Integration: 10/13/2011

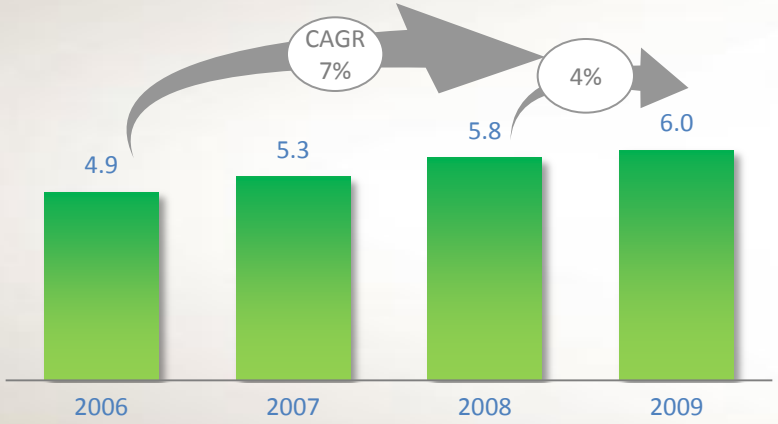
90 days Integration

- Kroton Academic Model implemented in the 3 units acquired after August 2011 for freshmen and veterans
- 100% of the faculty lay-offs already done

Organic Growth

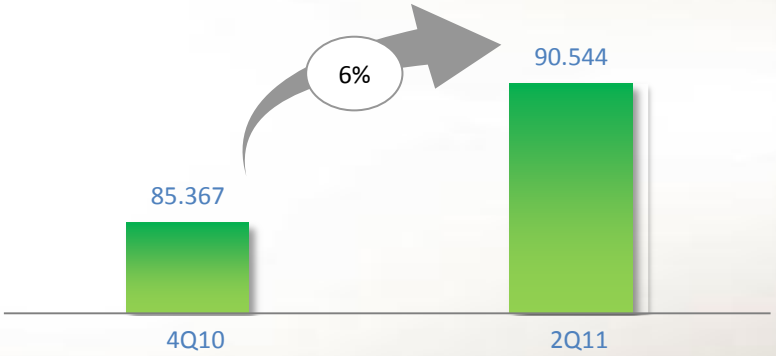
3a Post Secondary: Growing Market with a Company that Grows Much more

Post Secondary Student Market Growth



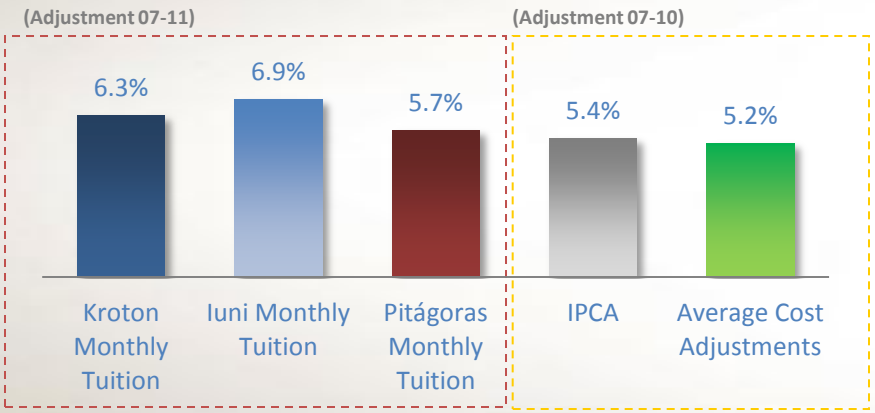
Organic Growth in the Last 6 Months...

(Net Number of Post Secondary Students, not considering the sale of Suesc)



...With Consistent Historical Inflationary Adjustments

Average Inflation Adjustments



92

New Courses Developed by 2012/13 on Existing Units – 18.4 thousand additional seats

New Units in Cities where Kroton Already Operates - *Brownfields:*

1st Priority:
- Belo Horizonte, MG
- São Luís, MA

2nd Priority:
- Salvador, BA
- Cuiabá, MT

Source: INEP /MEC and Company's Budget
Note: (1) Considers the weighted average cost adjusments from 2007-2010

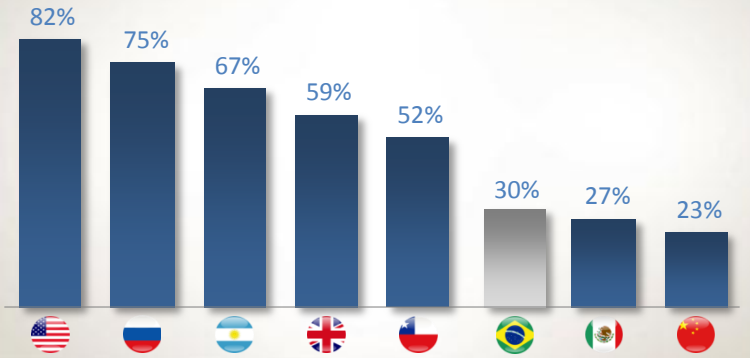
Organic Growth

3a Post Secondary: Growth Market Trends

Underdeveloped Target Market

World Post Secondary Education Penetration Rate (2007)[1]

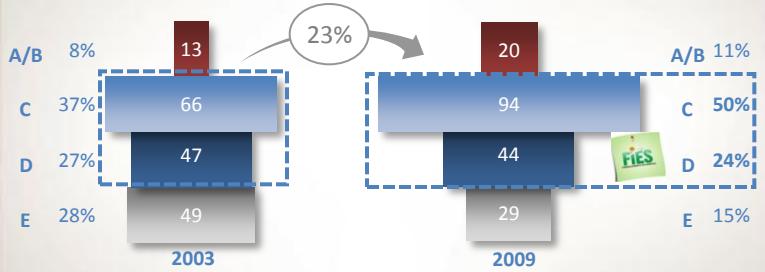
(% of students over population)



Source: UNESCO 2009 Report

Emerging Class C

(Number of Inhabitants, 2003 – 2009)



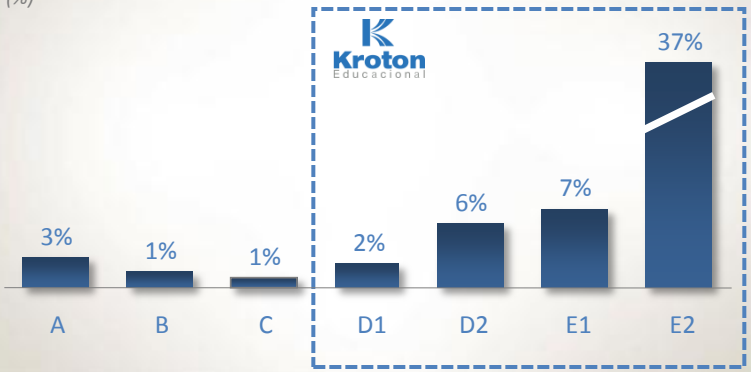
- 29 million individuals entered the class C income segment in the last 6 years

Sources: FGV (A Nova Classe Média: O Lado Brilhante dos Pobres) CNI, Confea, MEC, UNESCO, Hoper and IBGE

Significant Growth in the Middle and Low Income Segments

'03a-'09a Growth in Average Years of Schooling by Social Class

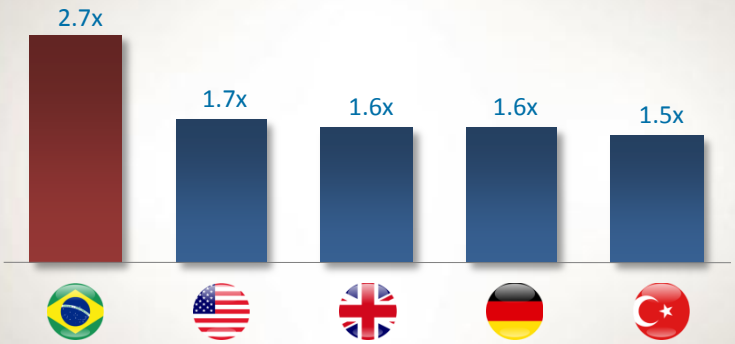
(%)



Source: CPS/FGV baseado nos microdados da PNAD/IBGE em 2009

High Education Rewards

(Income Gap Between Educated and Uneducated 2007)



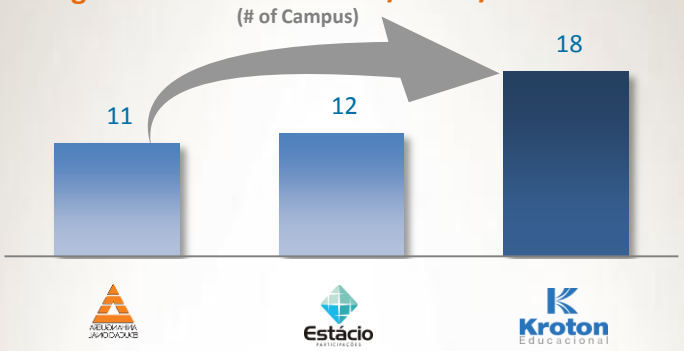
- Increasing awareness of the value of education

Sources: UNESCO (Global Education Digest, 2009)

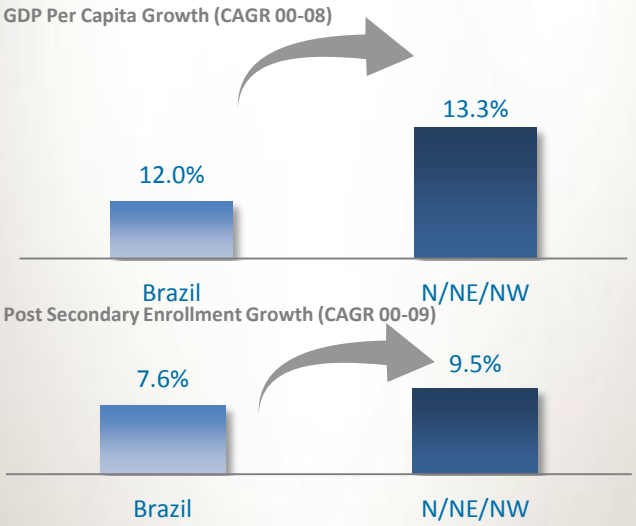
Organic Growth

3a Post Secondary: Strong Brands and Regional Leadership

Favorable Regional Dynamics: Leading Presence in Northeast/North/Midwest



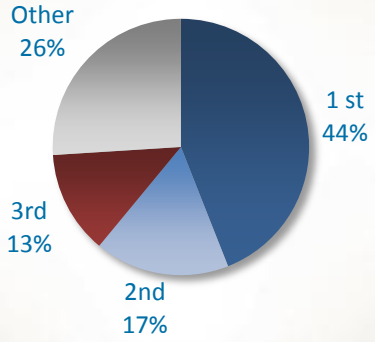
GDP Growth and Private Post Secondary Enrollments[1]



Source: Unesco, BACEN, IBGE and MEC
Note: (1) Brazilian regions: CO – Mid-West; NE – Northeast; and N – North

Regional Leadership

(Campus Market Share by Region in Number of Students – Ranking in the Region)



75% of Kroton's campuses have a top 3 market share in its region

Top Quality With Strong Brand

Universidade de Cuiabá

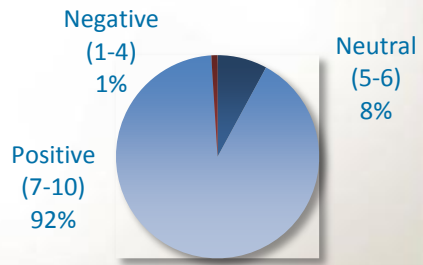
UNIC: Top of mind for the last 5 Years



PITÁGORAS FACULDADE

High Satisfaction Rates

- Survey: Rate your university from 1 to 10, 1 being bad and 10 excellent



Source: Revista do Mato Grosso (UNIC) and Vox Populi (Pitágoras)

Organic Growth

3a Post Secondary: FIES – The Main Upsides for the Sector

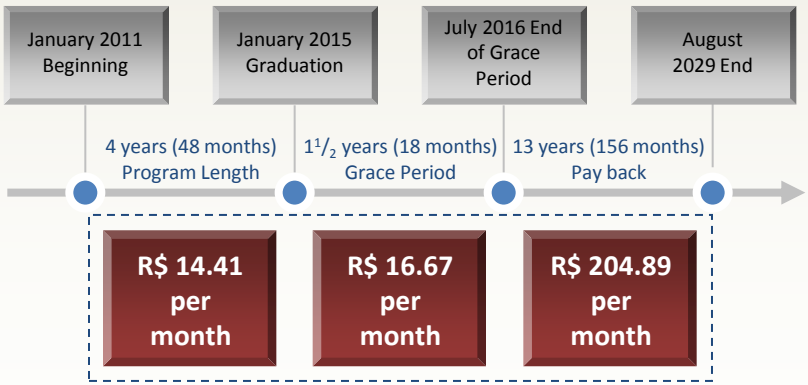
FIES Expected Impacts

- Decreases delinquency and dropout rates
- Reduces importance of pricing in student decision
- Increases new student enrollments
- Incentives dropped-out students to return

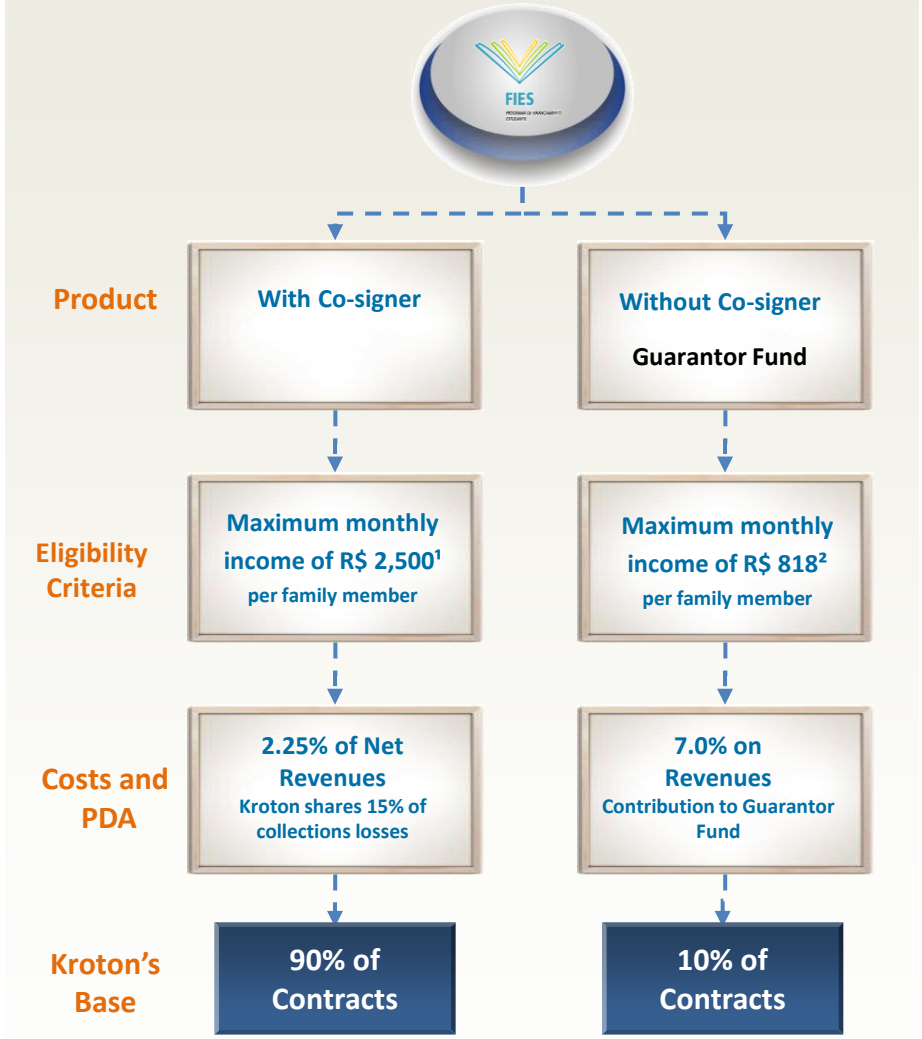
Conditions

- Interest of 3.4% p.a.
- Economically viable for an incremental 15.5 million individuals (Class D)
- 18-month grace period after graduation
- Payment term over 3x program duration, starting after grace period

Example of a 4-year program and R$500 monthly tuition



FIES Structure

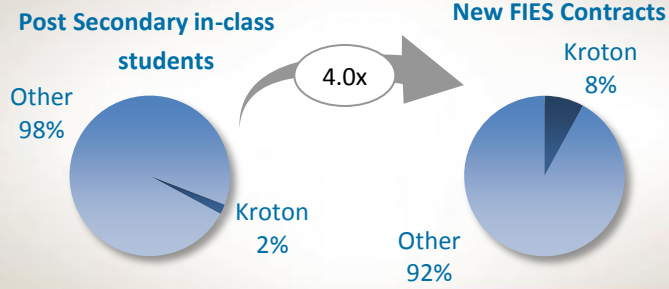


Note: (1) Considering courses with an average ticket of R$ 500.00. The Law states that financed monthly tuition must be 20% higher than per capita family income.
(2) Amount equivalent to 1.5 minimum wage.

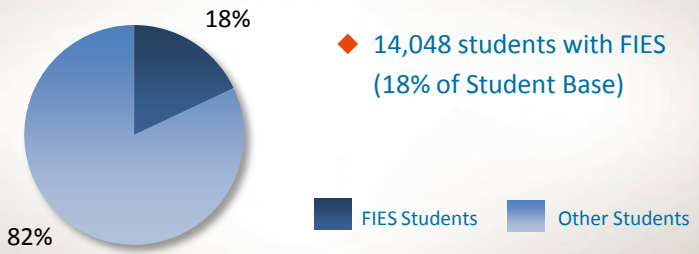
Organic Growth

3a Post Secondary: Representation of FIES for Kroton

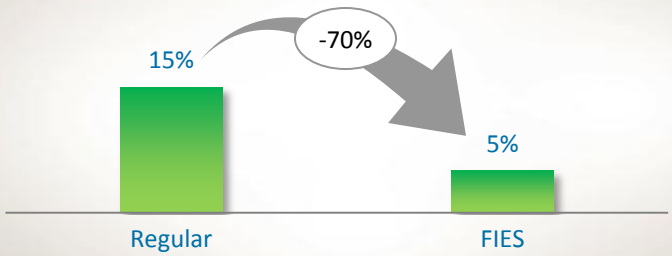
Market Share (January 2011)



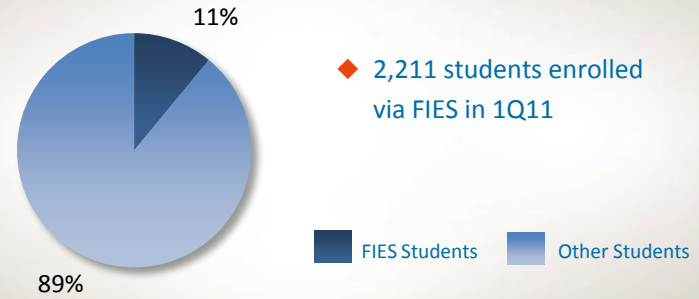
Total Student Base / FIES Student Base



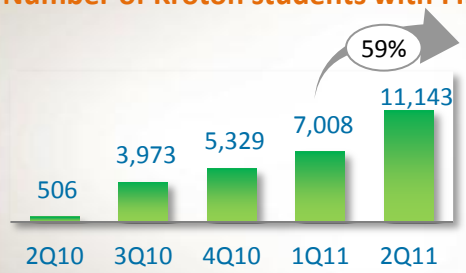
Drop-outs (annual)



1Q11 New Enrollments via FIES



Number of Kroton students with FIES

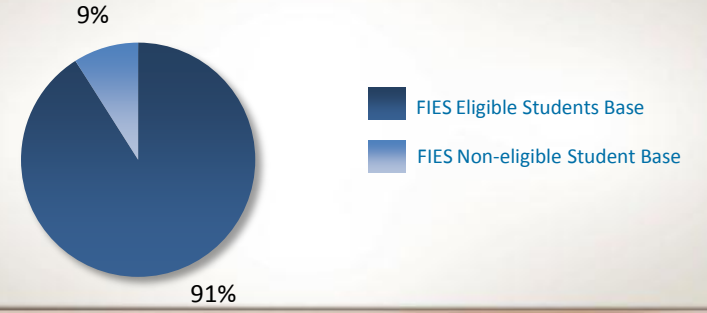


New FIES students: 11,143

Former FIES students: 2,905

Total FIES Students: 14,048

FIES Eligible Student Base



Source: Unesco, BACEN, IBGE and MEC

Post Secondary – Quality and Innovation

Ratio	< 3	= 3	> 3	Total = or > 3
Course Concept (CC)	3.1%	50.4%	46.6%	96.9%
Institutional Concept (CI)	1.1%	44.4%	54.5%	99.0%



- In recent surveys by the Ministry of Education (MEC), Kroton's performance was above average in all metrics, reaching a score of 99%
- Partnership with Microsoft: innovation projects with several fronts of academic and corporate operations

Organic Growth

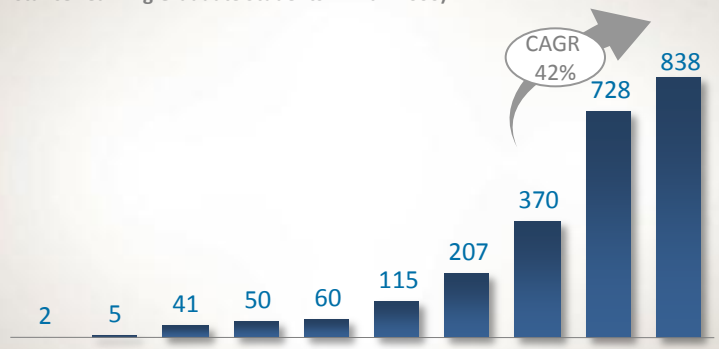
3b Distance Learning: Unique Market Dynamics

Highlights

- Students – CAGR 2007/2009: 42%
- New Students – CAGR 2006/2008: 27%
- Over 1 million students in 2010

Significant Growth in Students

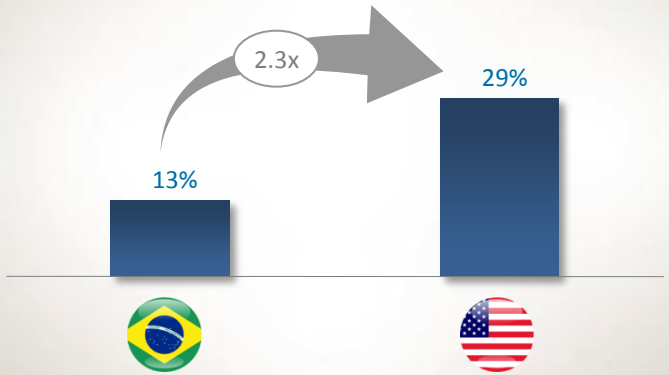
(Distance Learning Graduate Students in Brazil 000)



Source: INEP /MEC

Underpenetrated Market

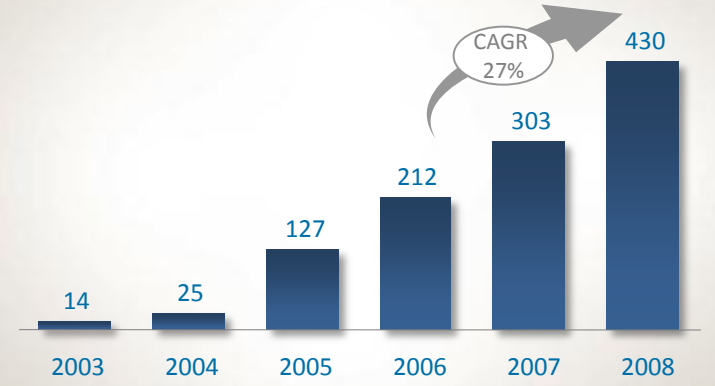
(# of Students Enrolled in Distance Courses as a % of Post Secondary Population)



Source: IBGE and INEP

Significant Growth in Enrollments

(Distance Learning Enrollments Brazil Private Schools 000)



Source: INEP /MEC

Organic Growth

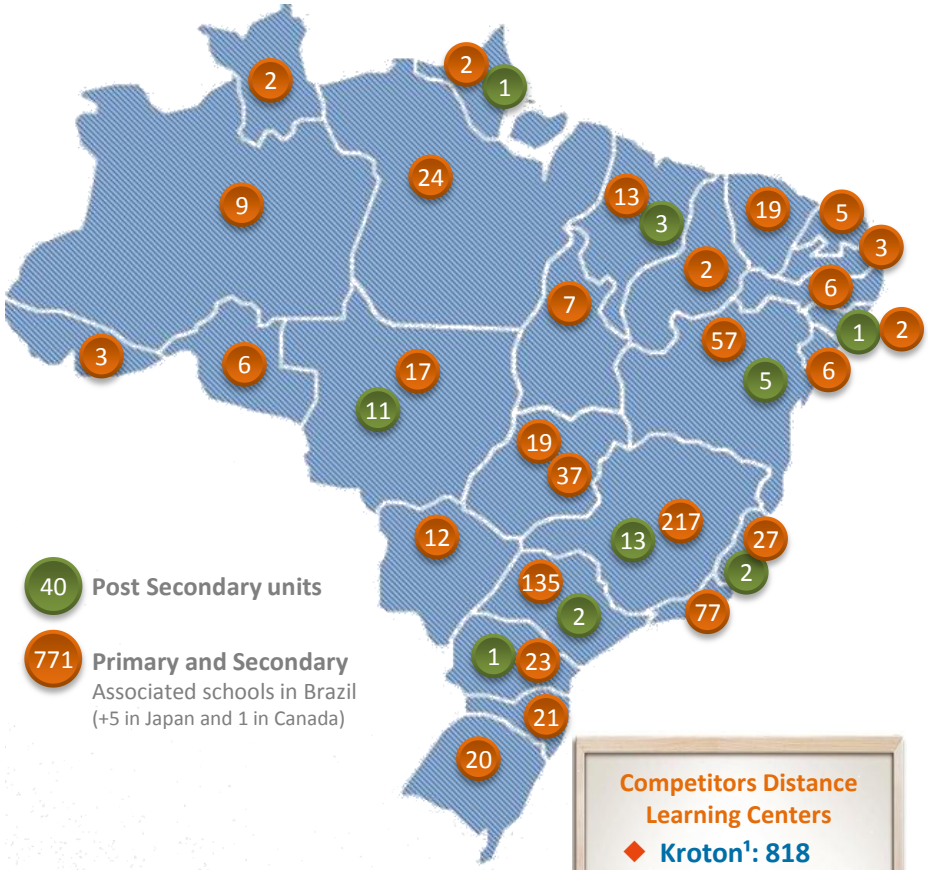
3b Distance Learning Expansion Leveraging on Kroton's Existing Platform

Expansion is Already Underway

Kroton Educacional	Graduate	Undergraduate
Approval Process	✓	Under review by MEC
Start of Operations	2011	2012 (expected)
Students (June 2011)	3.3 thousand	-
Courses Offered	18	8
Potential Sites	818	100
Associated Schools Offer:	Infrastructure Sales Force	Infrastructure Sales Force Tutor Room
Associated Schools Receive:	20% of Net Revenues	32% of Net Revenues

Kroton is responsible for all content of the academic program materials for non-present tutorial, faculty training and relationship with associated schools

Secured Post Secondary Distribution Platform



- Synergies between existing network of K-12 and Distance Learning centers
- High Capillarity
- Strengthens Pitágoras' Brand
- National Presence

Competitors Distance Learning Centers

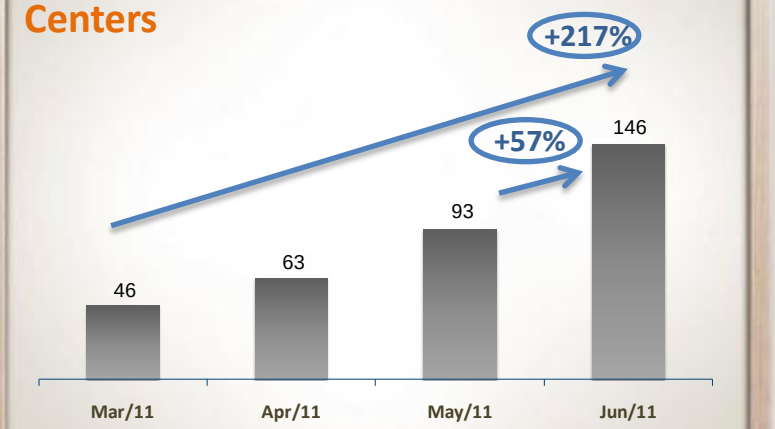
- **Kroton[1]: 818**
- UNIP: 622
- UNOPAR: 350
- Anhanguera: 278
- COC/SEB: 145
- Estácio: 54

Source: Hoper Educacional
Note: 1) Potential Sites

Organic Growth

3b Distance Learning Expansion Leveraging on Kroton's Existing Platform

Evolution of Graduate Distance Learning Centers



EAD

- **Graduate**: 146 Centers in 22 states and 127 cities
- **Undergraduate:** approval of MEC for 76 Centers in 17 states and 66 cities

Source: Company Data
Note: (1) Distance Learning Undergraduate Centers under MEC's approval
(2) In 120 days of operation

Kroton's Graduate Distance Learning Platform

Mode	Methodology	Programs[1]	Centers[1]
Online	100% online On campus exams	14	91
Telepresence (Satelite)	Courses offered through K-12 Network Satellite Campi On campus exams	4	51
Total Graduate Distance Learning	-	18	93[2]

Note: (1) as of May 2011
(2) There are 28 common centers between the two projects

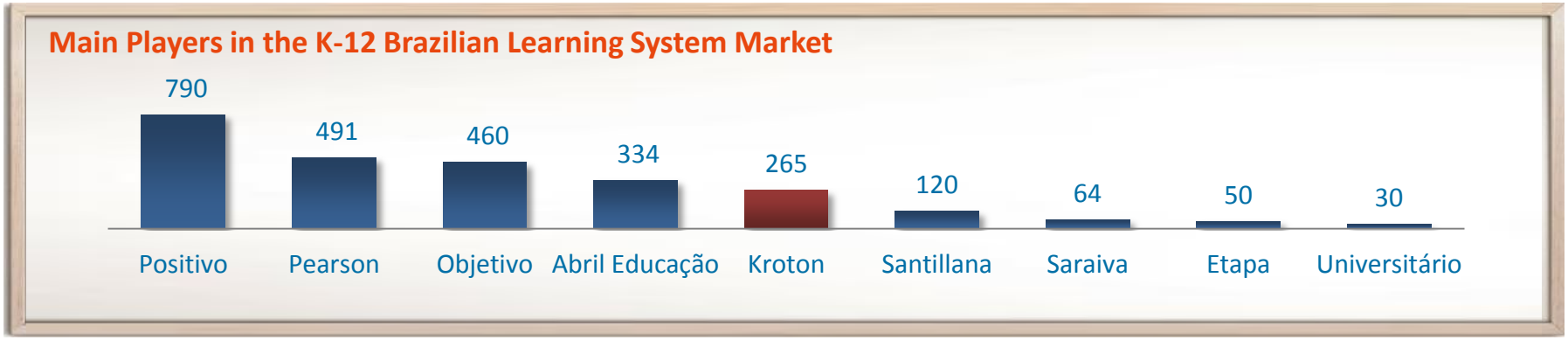
Relevant Operating Margins per Student

	In-class Undergraduate Programs[1]	Undergraduate and Graduate Distance Learning[2]
Average Monthly Ticket Price (R$)	500	190
Operating Margin (%)	21%	50%
Kroton Operating Profit per Student (R$)	105	95

Note: (1) Running Rate
(2) Considers the 2 year forward matured operating margin

Organic Growth

3c K12: Growth Opportunities in Public and Private Markets



Source: Santander Research Report

	Public Schools	Private Schools
K-12 Student Market (2009 # of Students)	45,270,710 (86%)	7,309,742 (14%)
Average Students per School	154	215
Kroton Students / Market Share	24,000 / 0.1%	241,000 / 3.3%
Learning System Penetration	**5%**	**30%**

- Significant growth potential driven by learning systems penetration rates
- Initial stage of product offering to public schools, as a result of changes in Government policies

Source: INEP /MEC

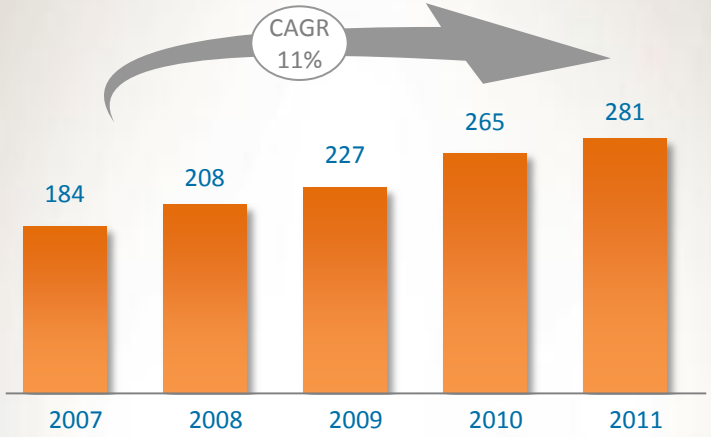
Organic Growth

3c K-12: Comprehensive Platform with Consistent Growth Opportunities

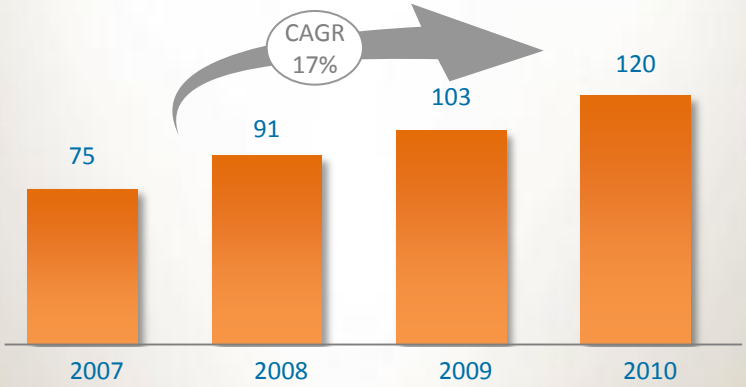
High Growth

Double Digit Student and Revenue Growth...

(000 Students)
CAGR 07-10 Students: 13%



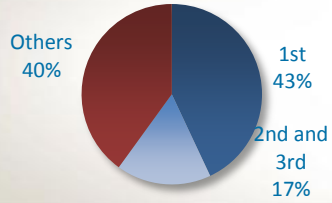
(R$ mm)
CAGR 07-10 Revenue: 17%



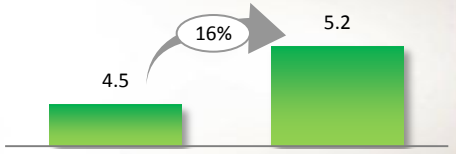
Source: Company Data
Note: (1) Considering only Pitágoras Private Schools

Unparalleled Quality

Private
ENEM Ranked Schools



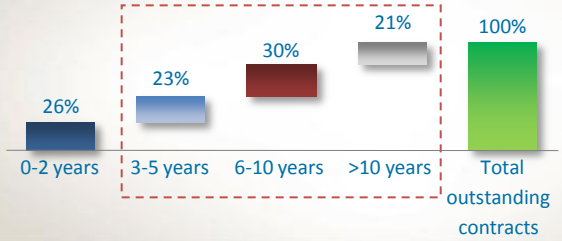
Public
Average IDEB Results



Source: VOX Populi, McKinsey and Company Data

Long Relationship and Loyalty with Clients

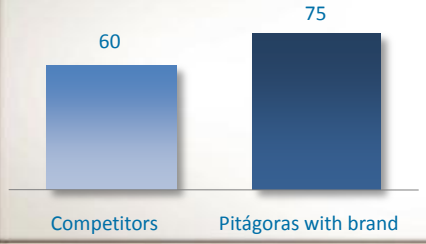
74% of outstanding contracts with longstanding relationships[1]



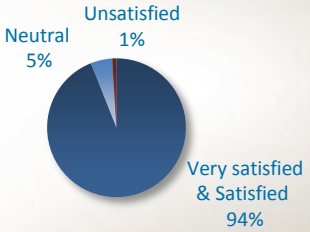
93% client retention / renewal rate over the past 3 years

Source: Company Data, Note (1) Considering only Pitágoras Private Schools

Strong Brand Awareness
(Institution Share of Mind (from 0-100)



Satisfaction of Schools
(Institution Share of Mind (from 0-100)



Source: Ibope, as of March 2010 (survey with Rede Pitágoras Schools) – Public opinion from Copernicus brand research

Kroton as an Investment Opportunity

Market

Main driver for growth:

- Middle – class expansion
- Access to private post secondary education by low income population via FIES

Post Secondary

- Organic growth: CAGR 2006/09 of **7%**
- Still low penetration: **30%** in Brazil against 82% in the US
- High fragmentation : more than **2.000** private institutions

Primary and Secondary

- Low Learning System penetration: **5%** in the public sector and **30%** in the private sector

Distance Learning

- High Growth: CAGR 2006/09 of **60%**
- Low penetration: **13%** in Brazil against 29% in the US

+

Kroton Educacional

- High revenues growth: CAGR 2007/10 of **58%**
- Highly qualified management with broad sector knowledge
- Successful recent turn-around with high accomplishments and clear deliverables
- Successful acquisitions and integration track record
- Integrated platform prepared to growth

Growth Strategy

1 EBITDA Margin Expansion

From **15% to 23%** until 2013/2014

2 Acquisitions

60,000 students in the next 2 years

3 Organic Growth

- Post Secondary: **6%-9%** (65% of organic growth + brownfields)
- K-12: **13%-15%** expected revenue growth
- Distance Learning: **20k** students in 2 years

Kroton Educacional





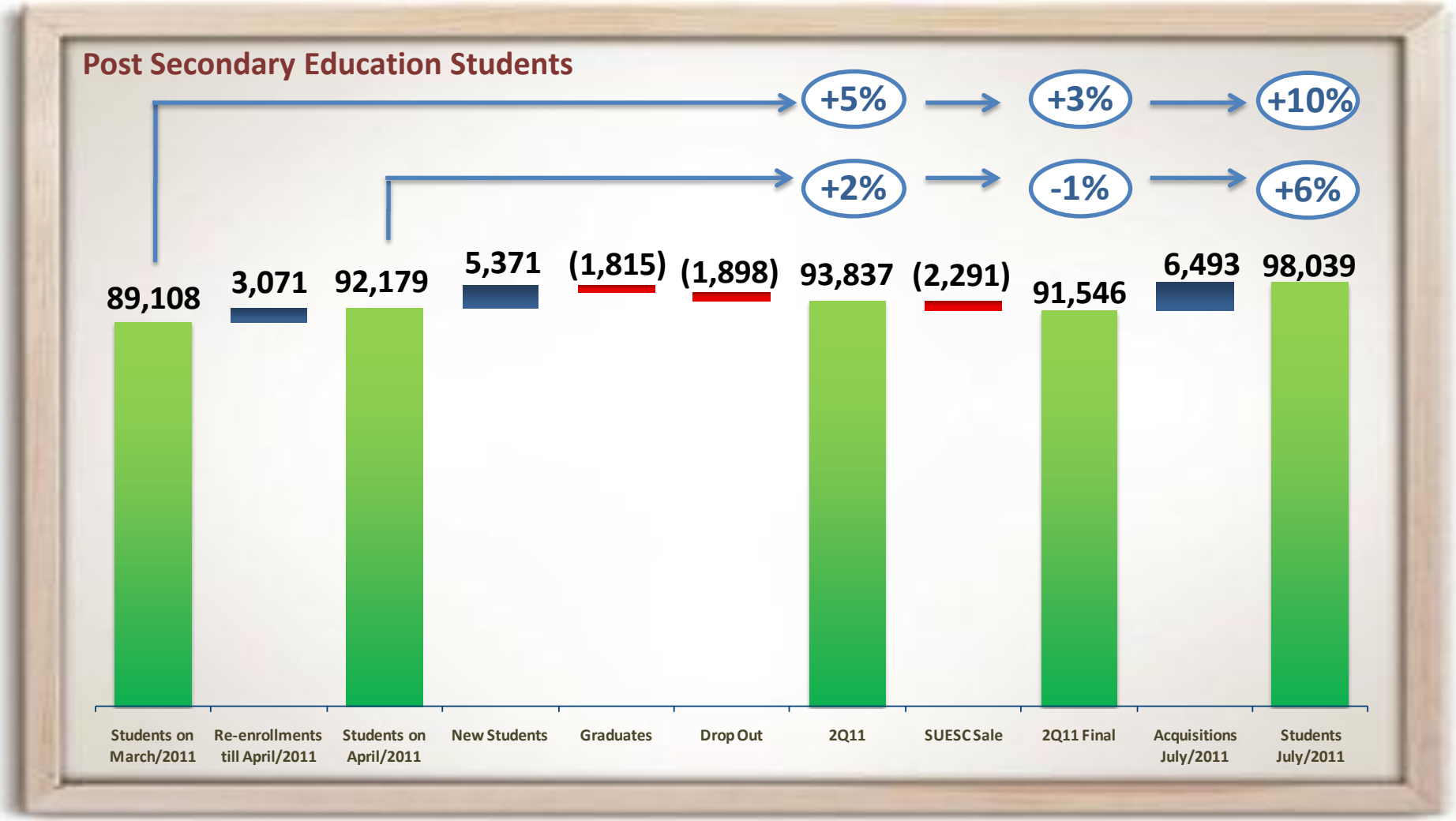


Financial Results

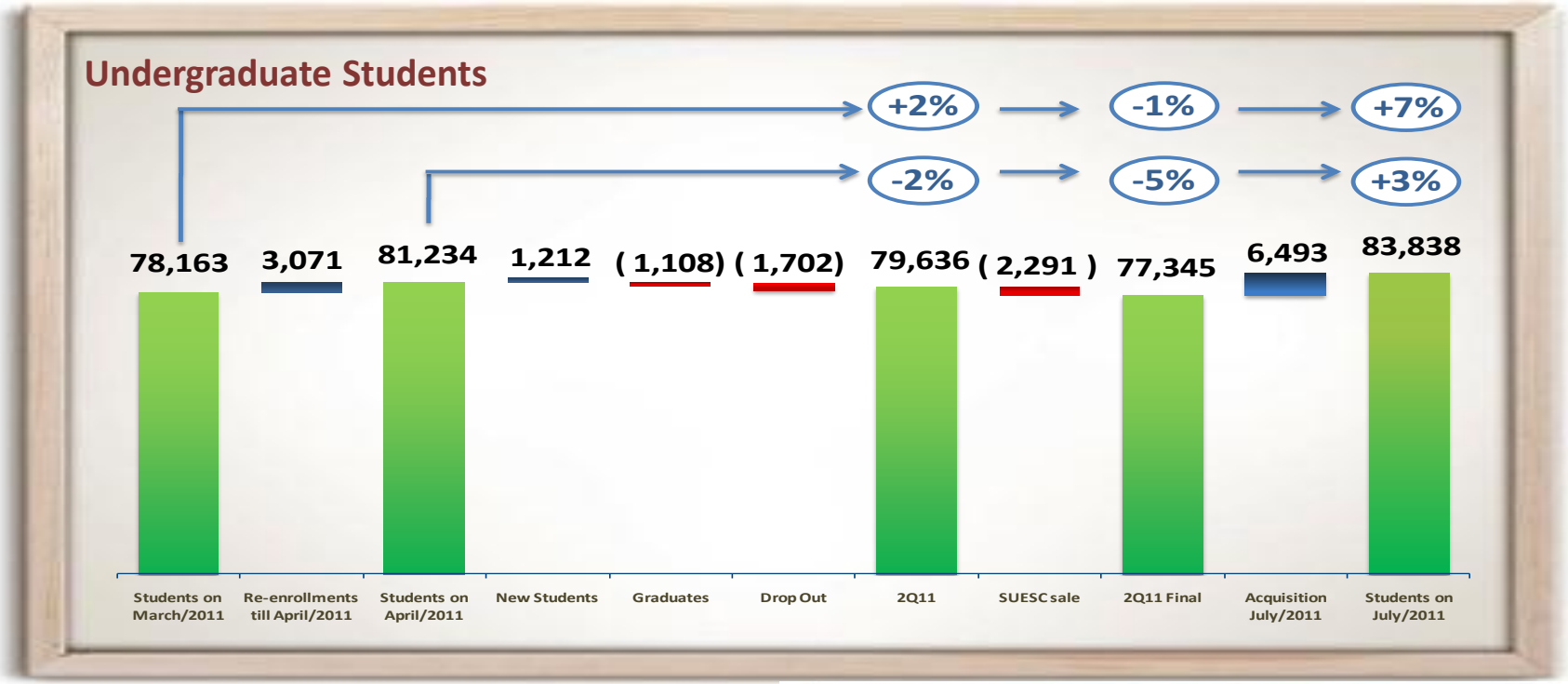
Highlights

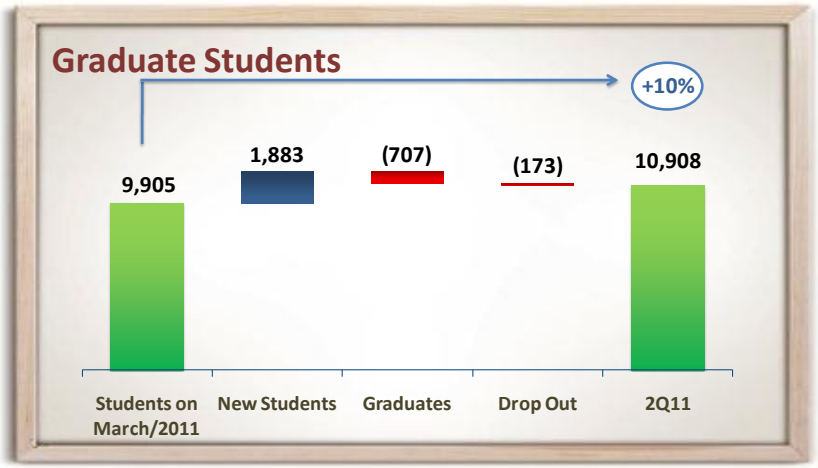
- **Students:**
  - ✓ Growth of 10% in the post-secondary student base (undegrad/grad/distance), considering the M&A transactions (sale of SUESC and 3 acquisitions).
  - ✓ Organic growth of 5% in the post-secondary student base (undegrad/grad/distance).
  - ✓ Graduate and Distance learning reach around 3,300 enrolled students at 146 centers.
- **Integration of the acquired units:**
  - ✓ 3 units acquired in July (6,500 students)
  - ✓ Integration process in advanced stage: the three units acquired began the second half of the year with a new Kroton academic model, ensuring a 24% reduction in professors and staff.
- **Consolidated financial results (pro forma):**
  - ✓ Net revenue growth of 9.4% from 2Q10.
  - ✓ EBITDA of R$16.1 million (margin of 9.5%) in the quarter and R$68.1 million (margin of 18.7%) in the first half.
- **Follow-on**
  - ✓ Proceeds of R$363.8 million will be used to support the strategy of inorganic growth.

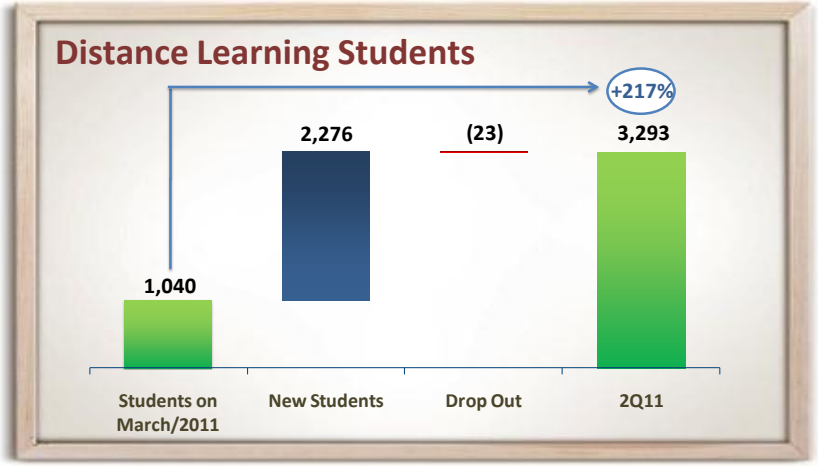
Post Secondary – Growth of Students



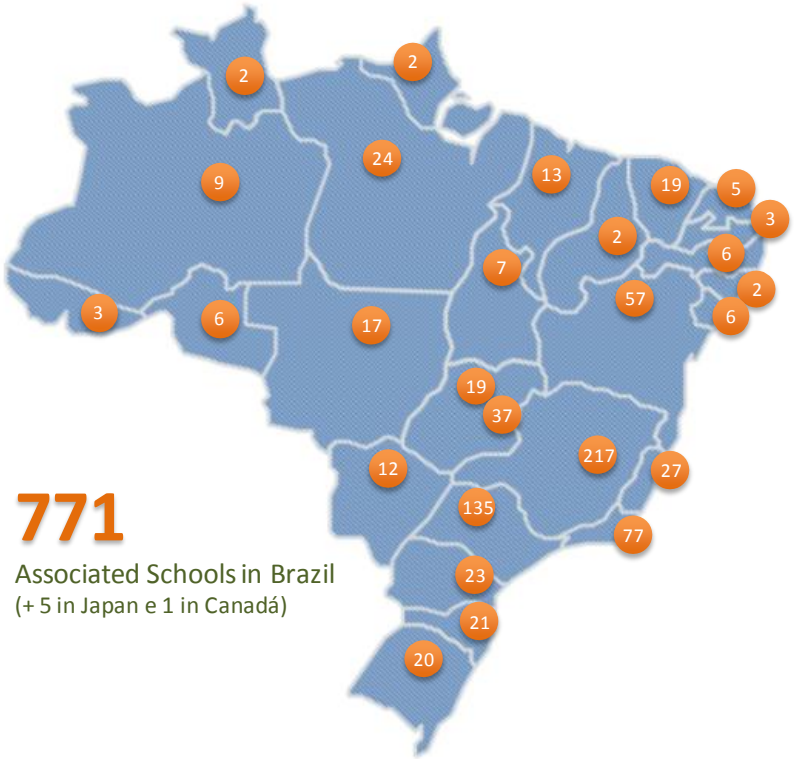
Post Secondary – Growth of Students





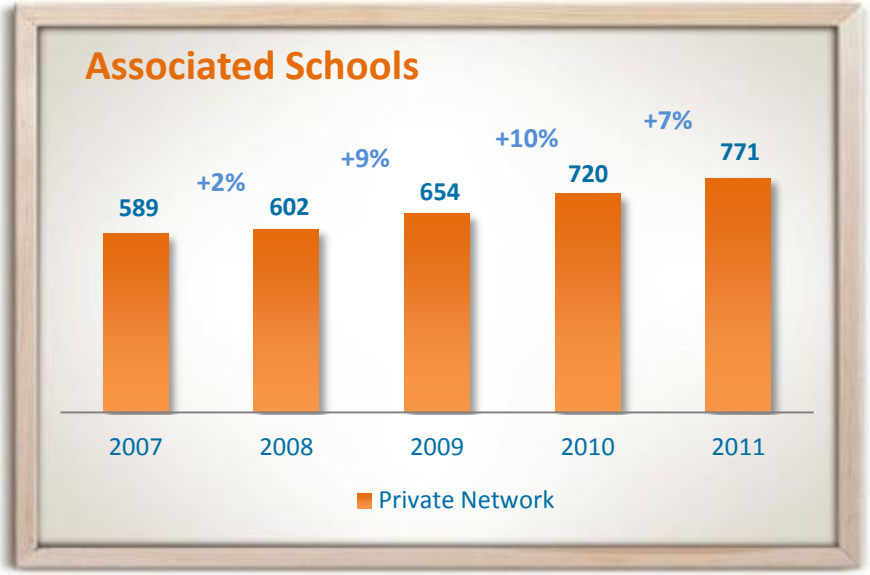


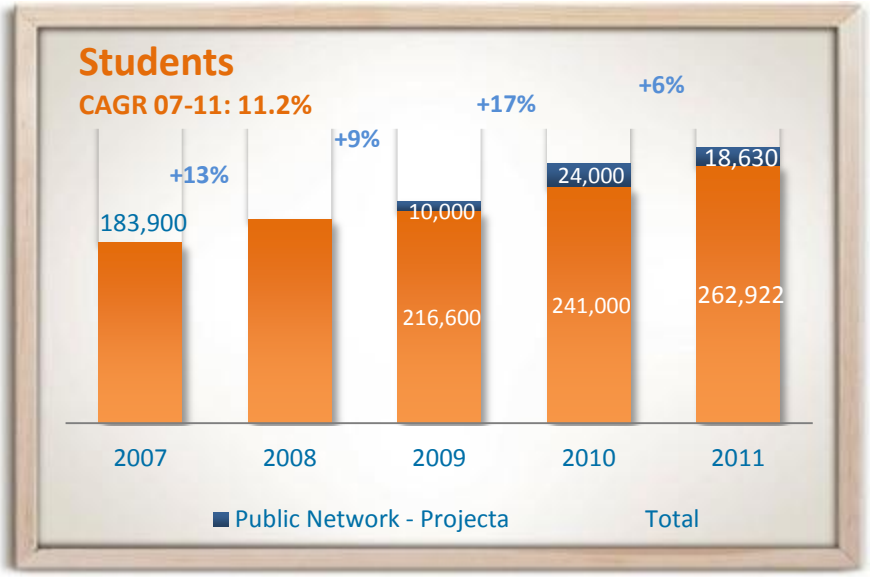
Primary and Secondary Education – Growth of Schools and Student Growth



771

Associated Schools in Brazil
(+ 5 in Japan e 1 in Canadá)





- Growth in base of Associated Schools of 7%
- Growth in student base of 6%
- High level of renewals of Associated Schools: 93%

Note: Pro forma Results

- Origin:
  - ✓ Problems in communication between the systems of the Company and the Minas Gerais State Finance Ministry for the issue of Electronic Invoice in June and the consequent extension, as an exceptional case, of the deadline to the beginning of July for the receipt of orders by Associated Schools.

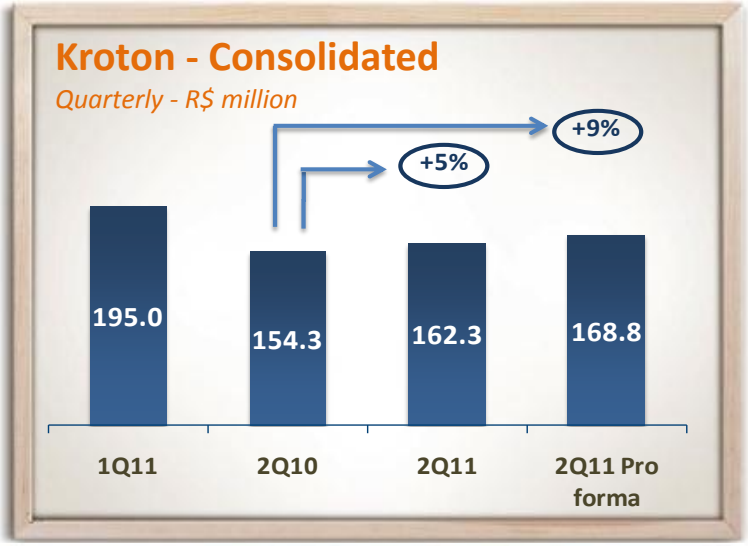
- Budget vs. Sales:

Primary and Secondary Education *Amounts in R$ ('000)*	Jun/11	Jul/11	Total
Budget	21,986	16,304	38,290
Actual Sales	13,638	23,551	37,189
Pro forma Adjustment	6,549	(6,549)	-
Pro forma Sales	20,187	17,002	37,189
Difference (Budget - Sales)	(1,799)	698	(1,101)

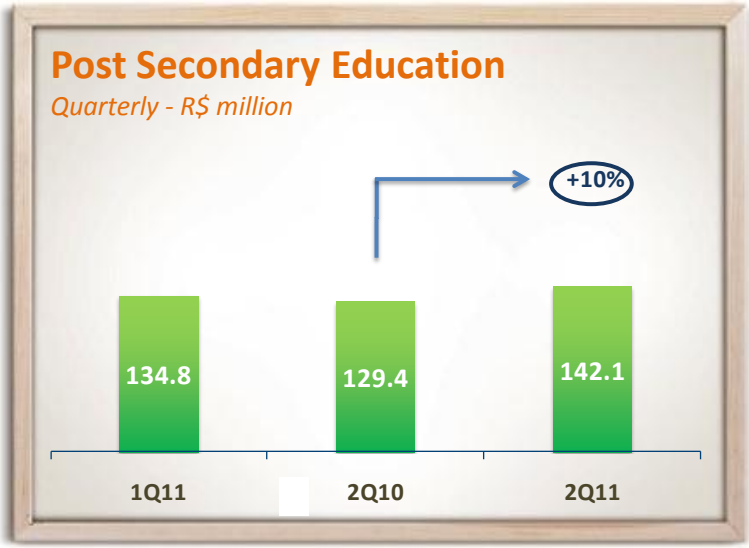
- Assumptions:
  - ✓ transfer of revenue obtained in July but pertaining to June (R$ 6.5 million).
  - ✓ 20% charge on the additional billing booked in June relating to the cost of goods (R$ 1.3 million), in line with the amount in 1Q11.
  - ✓ 10% tax rate (R$ 0.6 million) on the taxable income, also repeated in earlier periods.

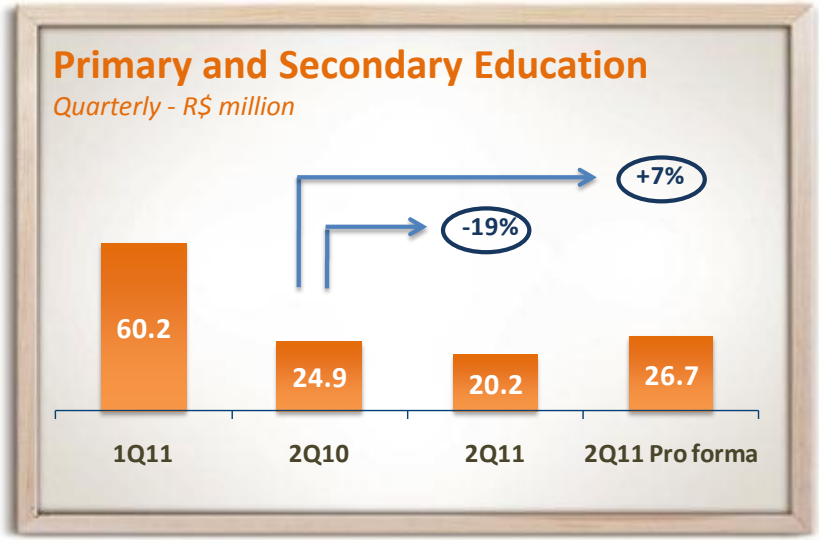
The 2Q11 earnings release presents all the analyses considering the accounting results (without pro forma effect). The pro forma numbers are provided as a complementary analysis to enable comparison with the results of previous quarters, especially of 2Q10.

Net Revenue



- Growth of 7.0% in the average undergraduate ticket from 1Q11, sustained by the significant number of admissions, notably in April, which affected revenues in 2Q11
- Average graduate ticket of R$158, in line with the previous quarter
- Growth of 7.3% in the average Primary and Secondary Education ticket from 2010





Undergraduate Average Ticket
2Q11: R$ 591.64

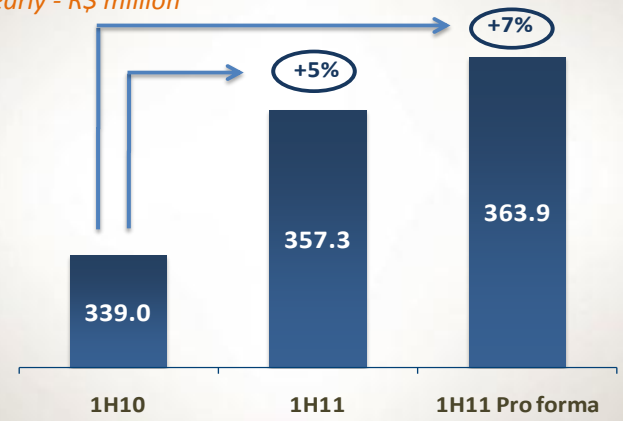
Graduate Average Ticket
2Q11: R$ 158.20

Primary and Secondary Average Annual Ticket
2011: R$ 375.19

Net Revenue

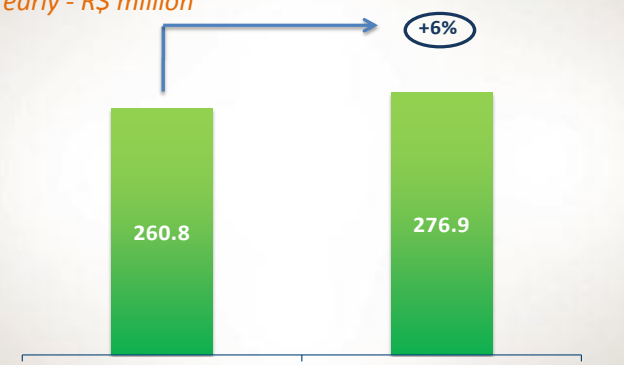
Kroton - Consolidated

Half yearly - R$ million



Post Secondary Education

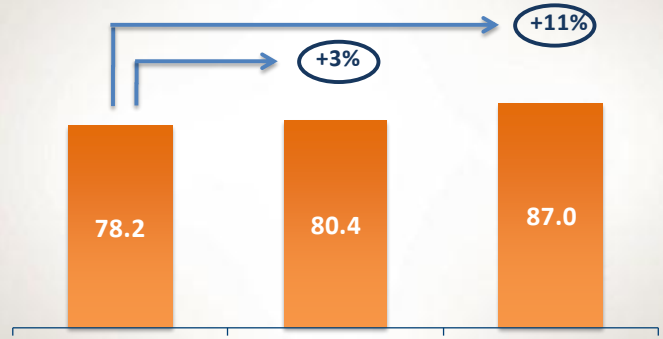
Half Yearly - R$ million



17

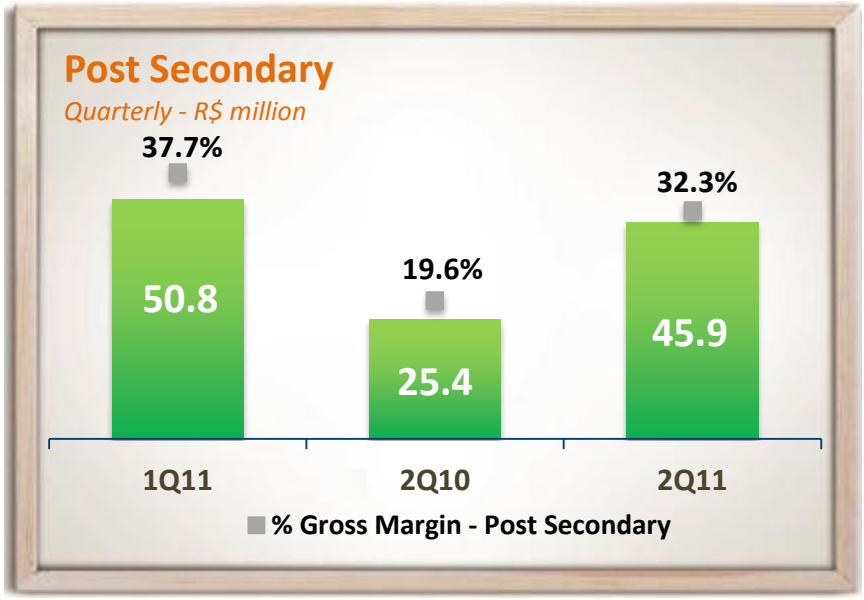
Primary and Secondary Education

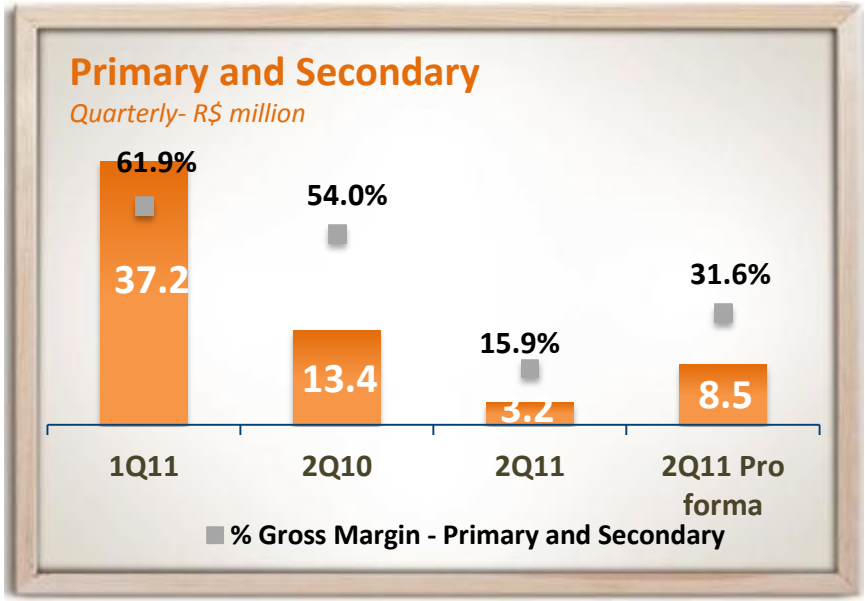
Half Yearly - R$ million

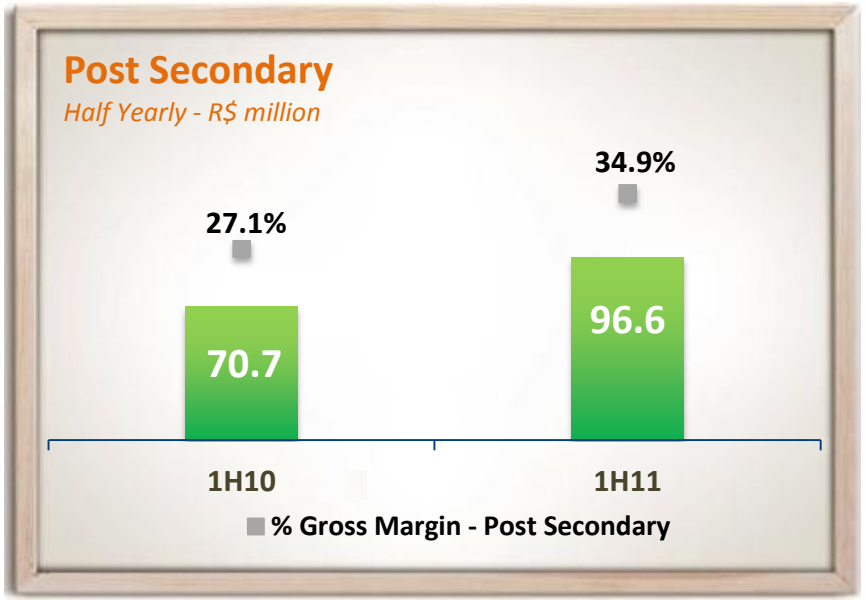


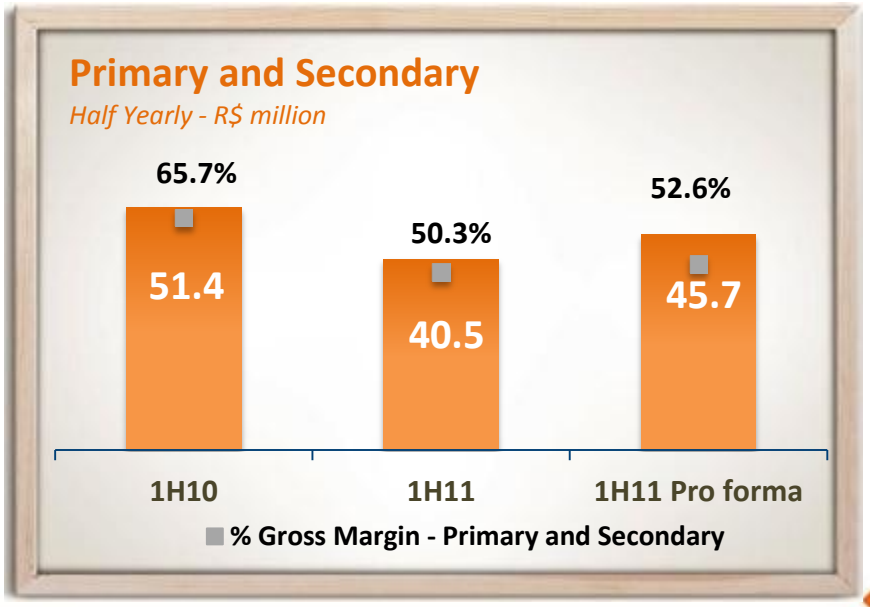
18

Gross Income by Segment

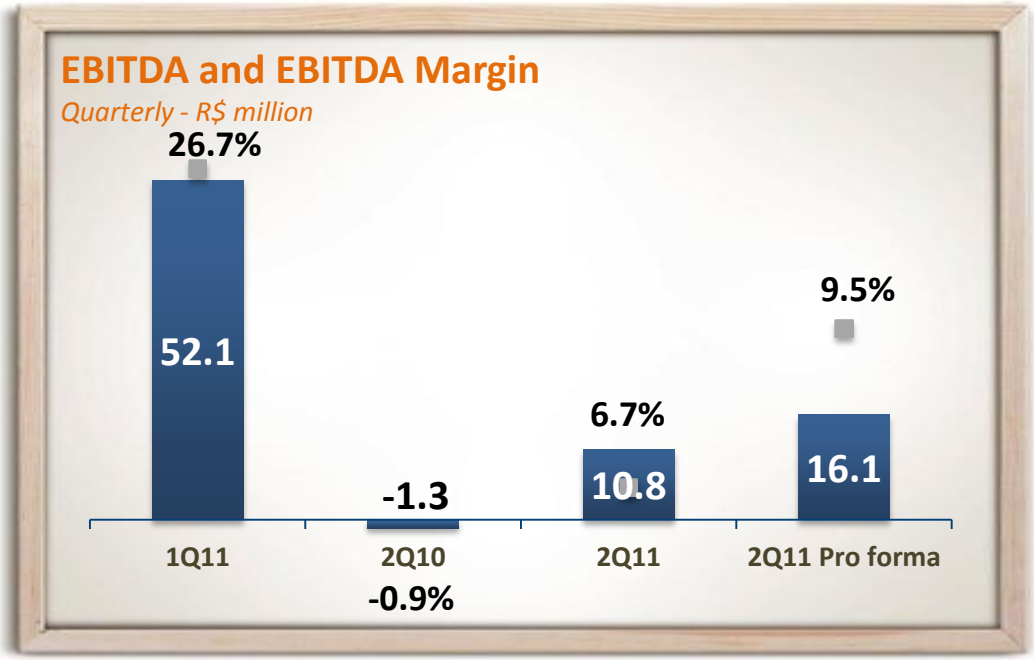


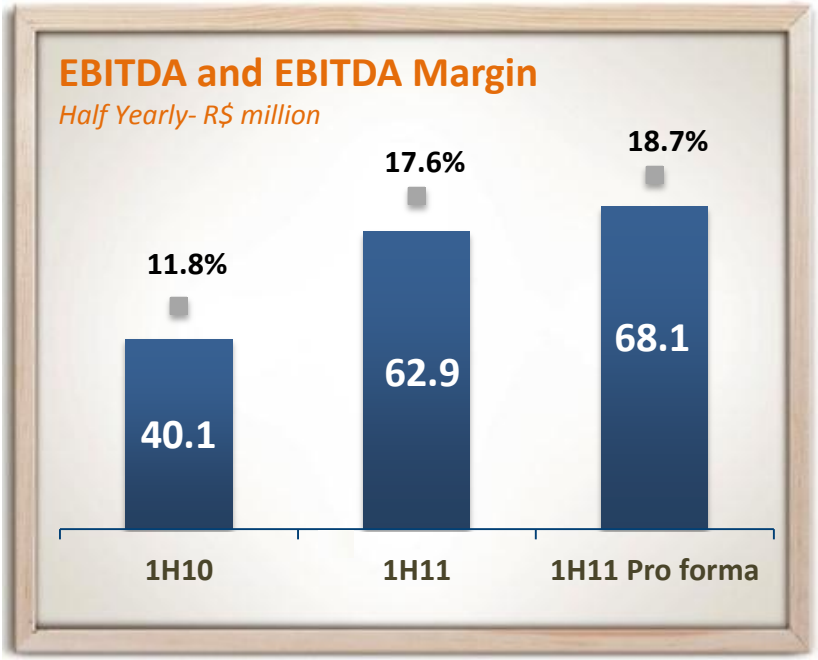






EBITDA



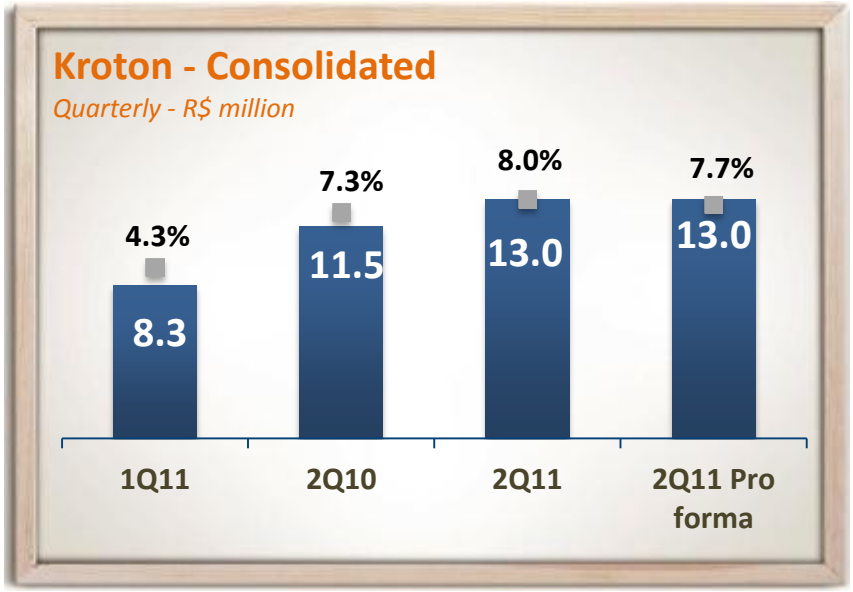


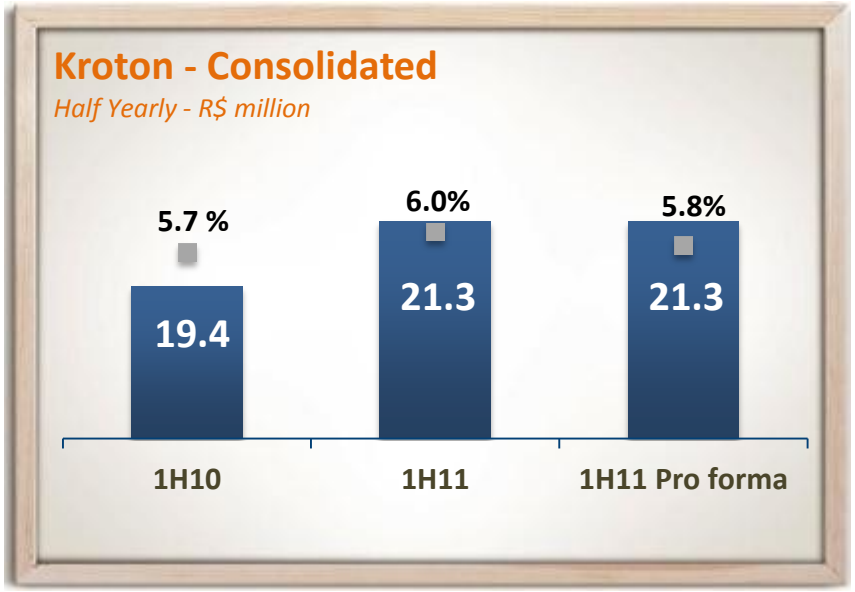
R$ Thousand	2Q10	1Q11	2Q11
Non Recurring	(11,142)	(474)	(4,639)

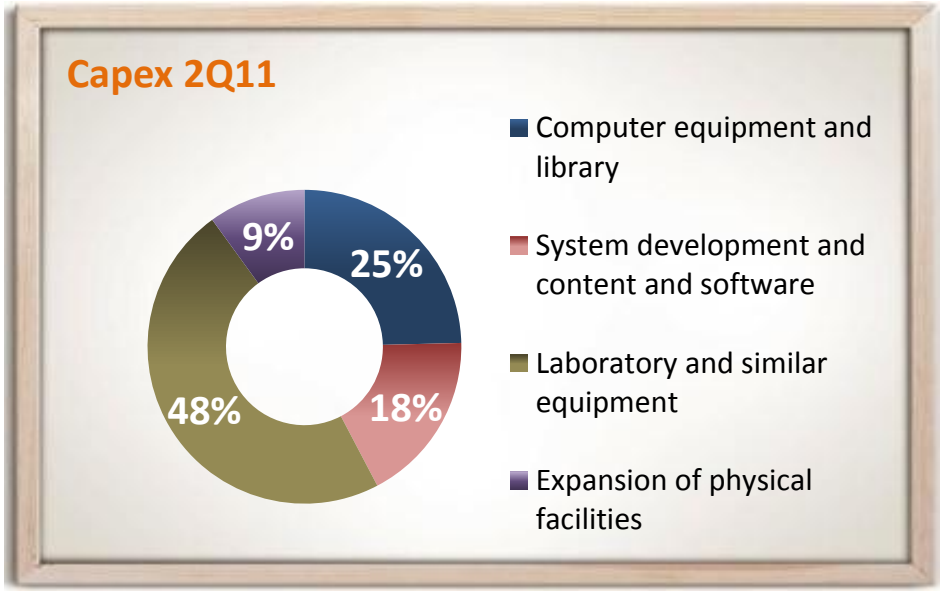
R$ Thousand	1H10	1H11
Non Recurring	(15,182)	(5,113)

- R$ 3.2 million – investment write-off after the sale of the SUESC Unit in Rio de Janeiro.
- R$ 1.4 million – payment of fines relating to contract terminations at the Units discontinued in 2011 and others

Capex


Kroton - Consolidated
Quarterly - R$ million
4.3%
7.3%
8.0%
7.7%
8.3
11.5
13.0
13.0
1Q11
2Q10
2Q11
2Q11 Pro forma


Kroton - Consolidated
Half Yearly - R$ million
5.7 %
6.0%
5.8%
19.4
21.3
21.3
1H10
1H11
1H11 Pro forma


Capex 2Q11
9%
25%
48%
18%
Computer equipment and library
System development and content and software
Laboratory and similar equipment
Expansion of physical facilities

Kroton Educacional

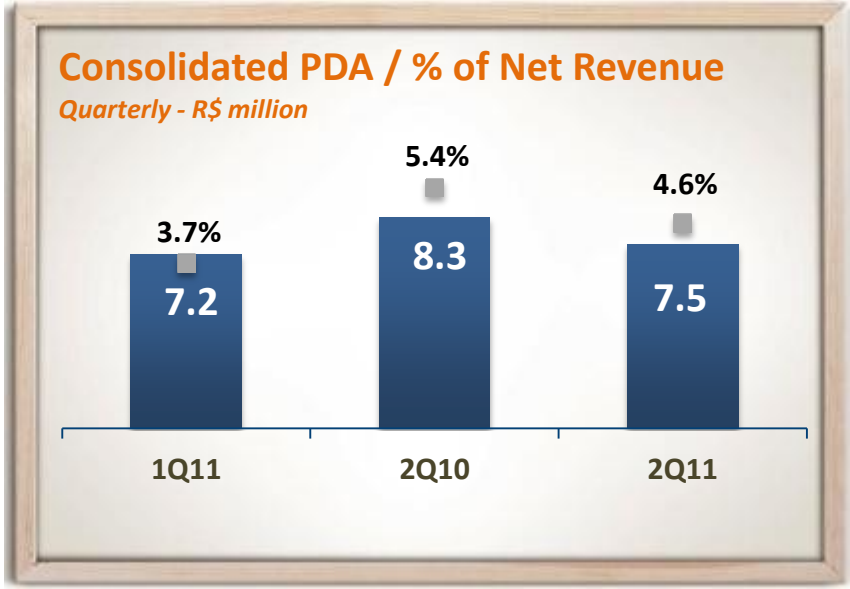


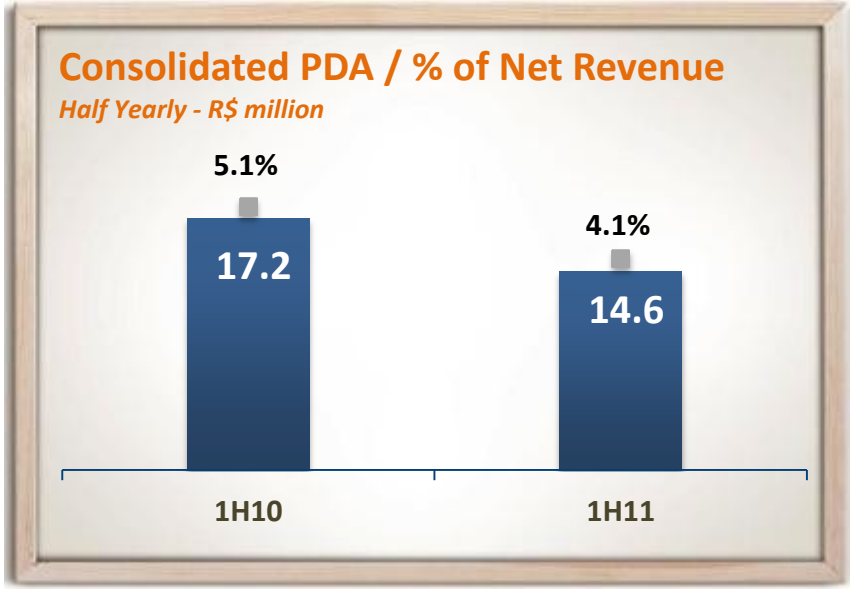




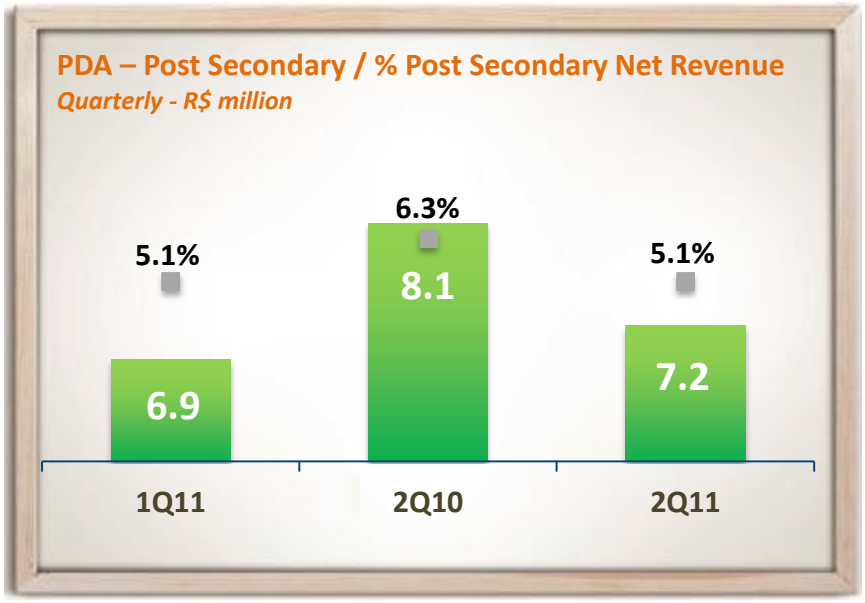
Provision and Receivables

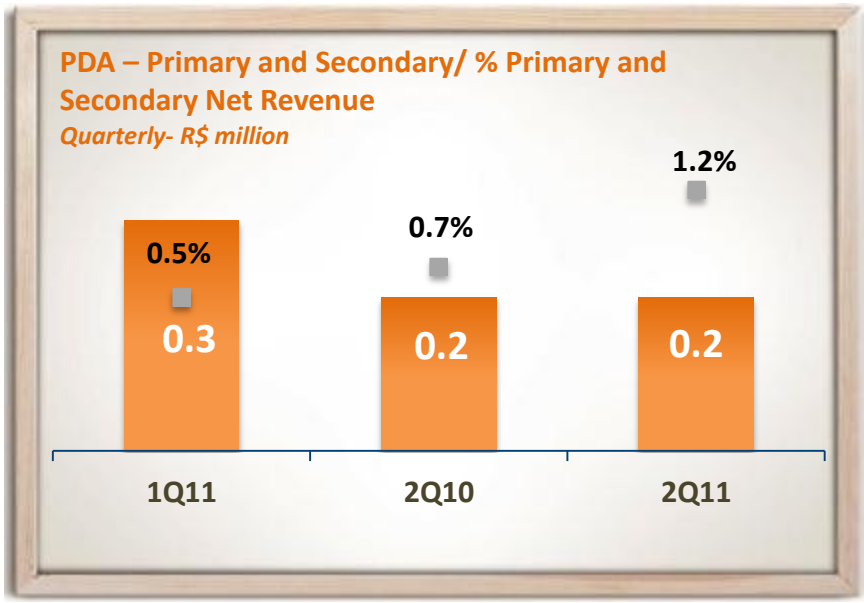
Consolidated Provision for Doubtful Account

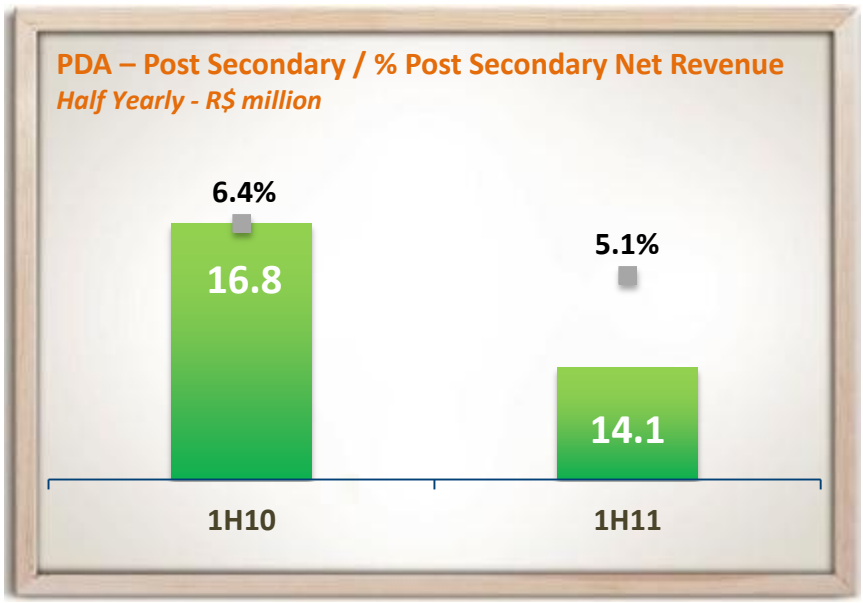


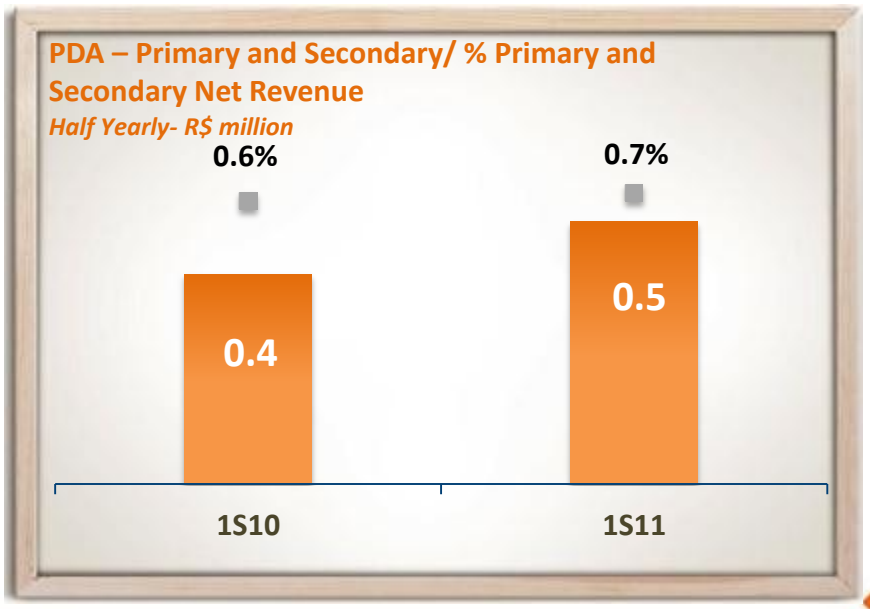


Provision for Doubtful Account by Segment









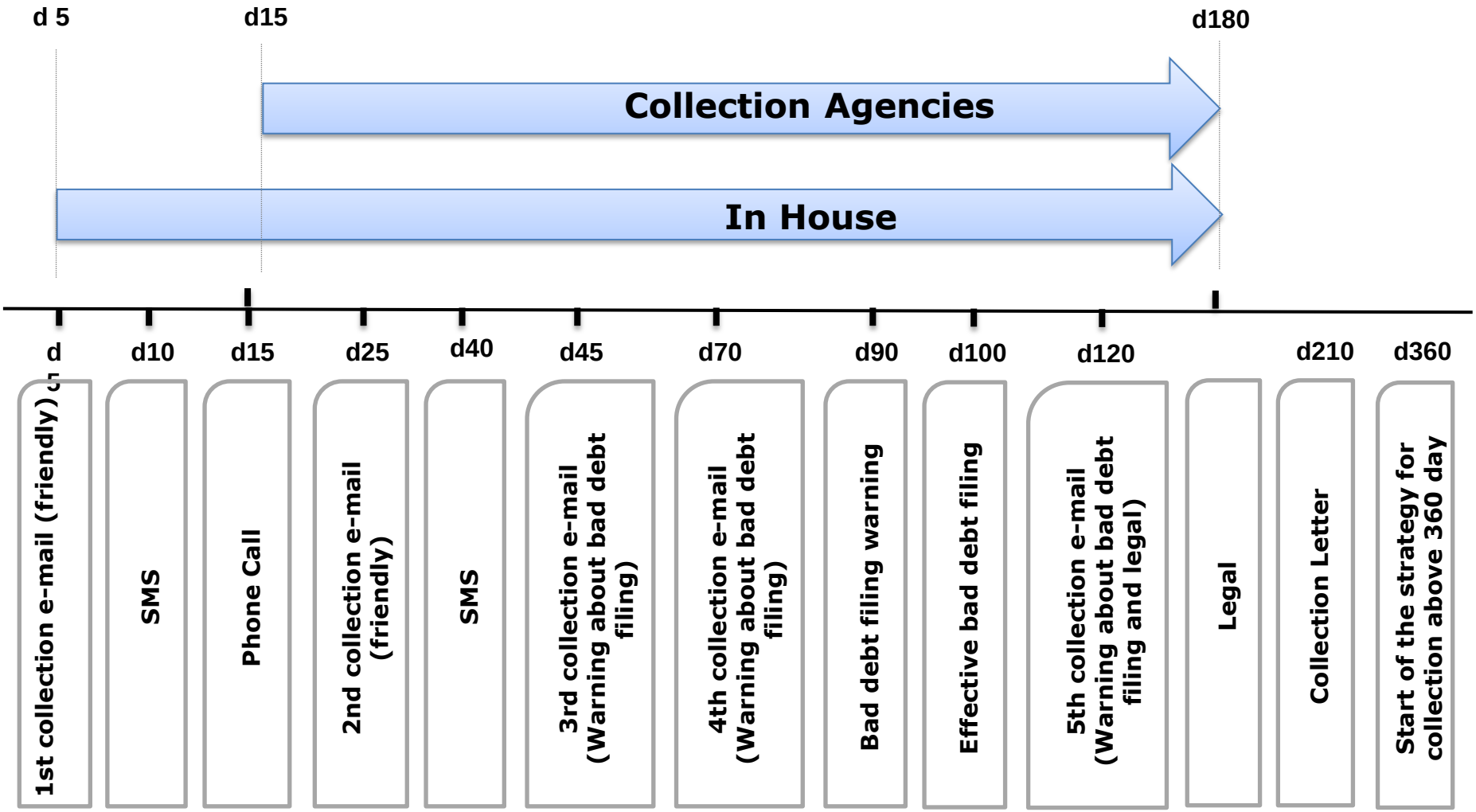
Accounts Receivable

In R$ (´000)

Kroton – Post Secondary Education	2Q11	2Q10	Chg%	1Q11	Chg%
Net Accounts Receivable – Post Secondary	**163,075**	**96,870**	**68.3%**	**137,953**	**18.2%**
Tuitions and Agreements to Receive	93,196	75,560	23.3%	91,718	1.6%
FIES	51,780	4,650	n.a.	27,779	86.4%
Direct Student's Financial Credit	18,099	16,660	8.6%	18,456	-1.9%
Accounts Receivable Turnover (days)					
Tuitions and Agreements to Receive/ Total Receivable	59	70	-11 days	61	-2 days
Tuitions and Agreements to Receive/ Accounts Receivable ex-FIES	69	72	-3 days	67	+2 days

Kroton – Primary and Secondary Education	2Q11	2Q10	Chg%	1Q11	Chg%
Accounts Receivable	33,607	44,219	-24.0%	57,011	-41.1%
Accounts Receivable Turnover (days)	98	145	-47 days	160	-62 days

Kroton Collection Schedule



Kroton Educacional

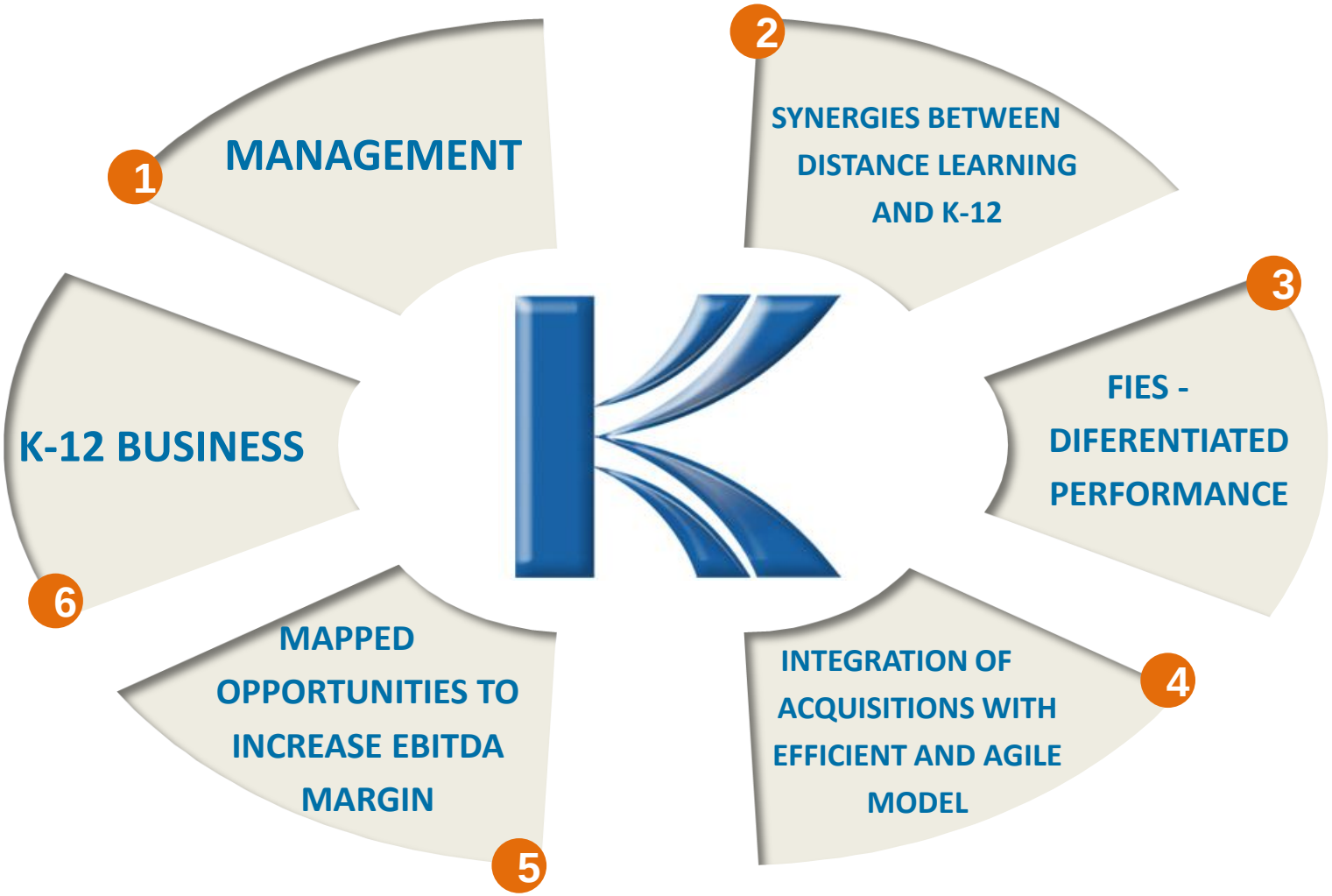






Closing Remarks

Kroton's Diferentiation



Kroton
Educacional







Investor Relations

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