3Q12 Conference Call

November 2012

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Initial Highlights

Operations

- ✓ New enrollment and re-enrollment process for 2nd semester surpasses targets
- ✓ Integration processes on schedule

Adjusted Financial Performance (R$ MM)

	3Q12		9M12	
EBITDA	R$ 115.9	30.1%	R$ 315.5	30.3%
Net Income	R$ 82.1	21.3%	R$ 229.8	22.1%

Operating Cash Generation (R$ MM)

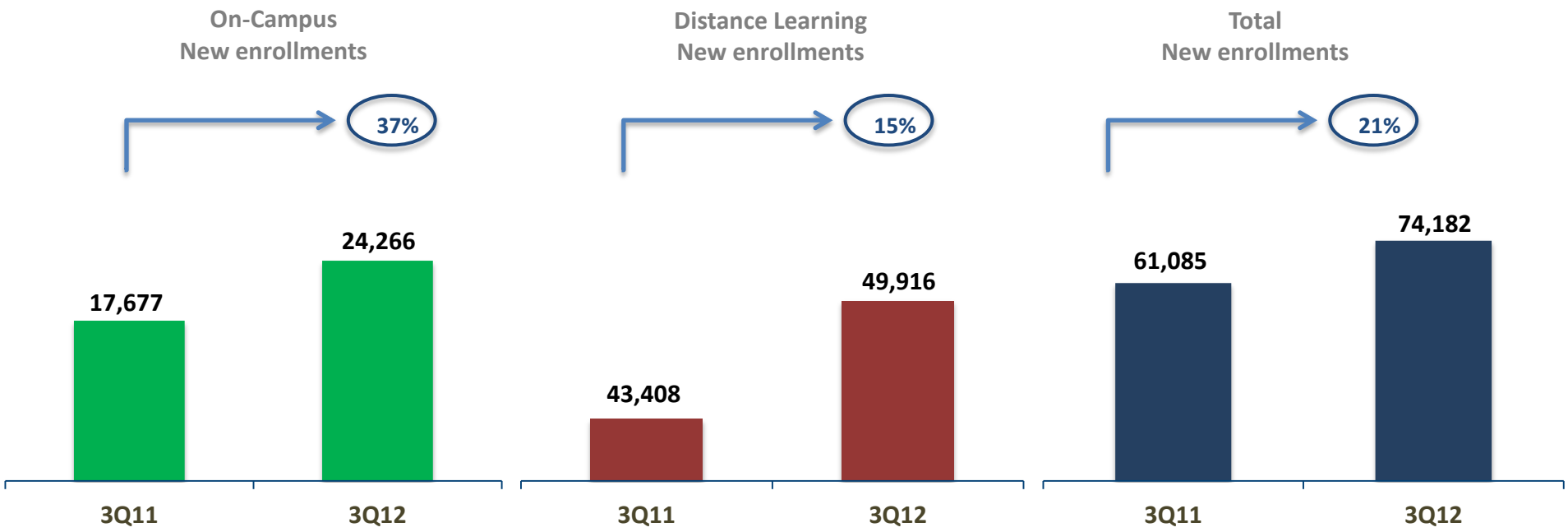
	3Q12		9M12	
		EBITDA to Cash[1]		EBITDA to Cash[1]
Before Capex[2]	R$ 135.8	127.5%	R$ 282.3	97.1%
After Capex[2]	R$ 123.3	115.7%	R$ 232.1	79.8%

[1] Operating Cash Flow / EBITDA
[2] Recurring and maintenance CAPEX

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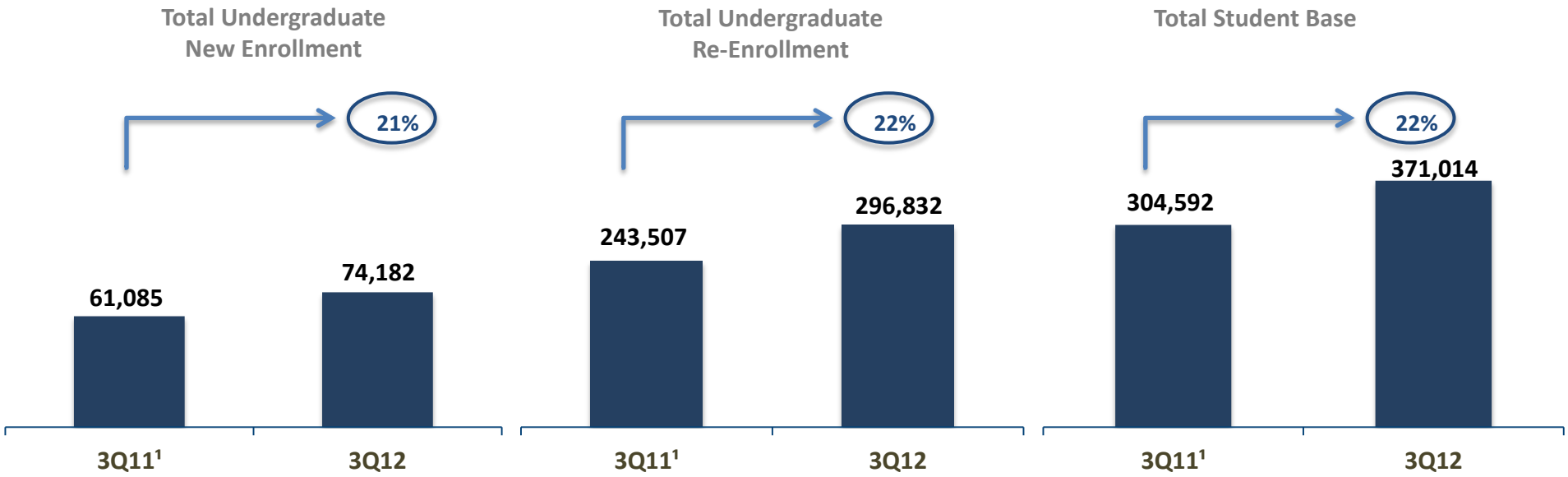
Operating Results

New Enrollments in 3Q12 – Undergraduate



- New enrollments for second semester surpassed the Company's targets
- 24,266 new enrollments in On-Campus Undergraduate programs, up 37% from 3Q11
- Same-unit growth of 36%
- Distance Learning Undergraduate new enrollments up 15% from a year earlier
- Total new enrollments (On-Campus and Distance Learning Undergraduate) up 21%

Undergraduate Student Base – 3Q11 vs. 3Q12

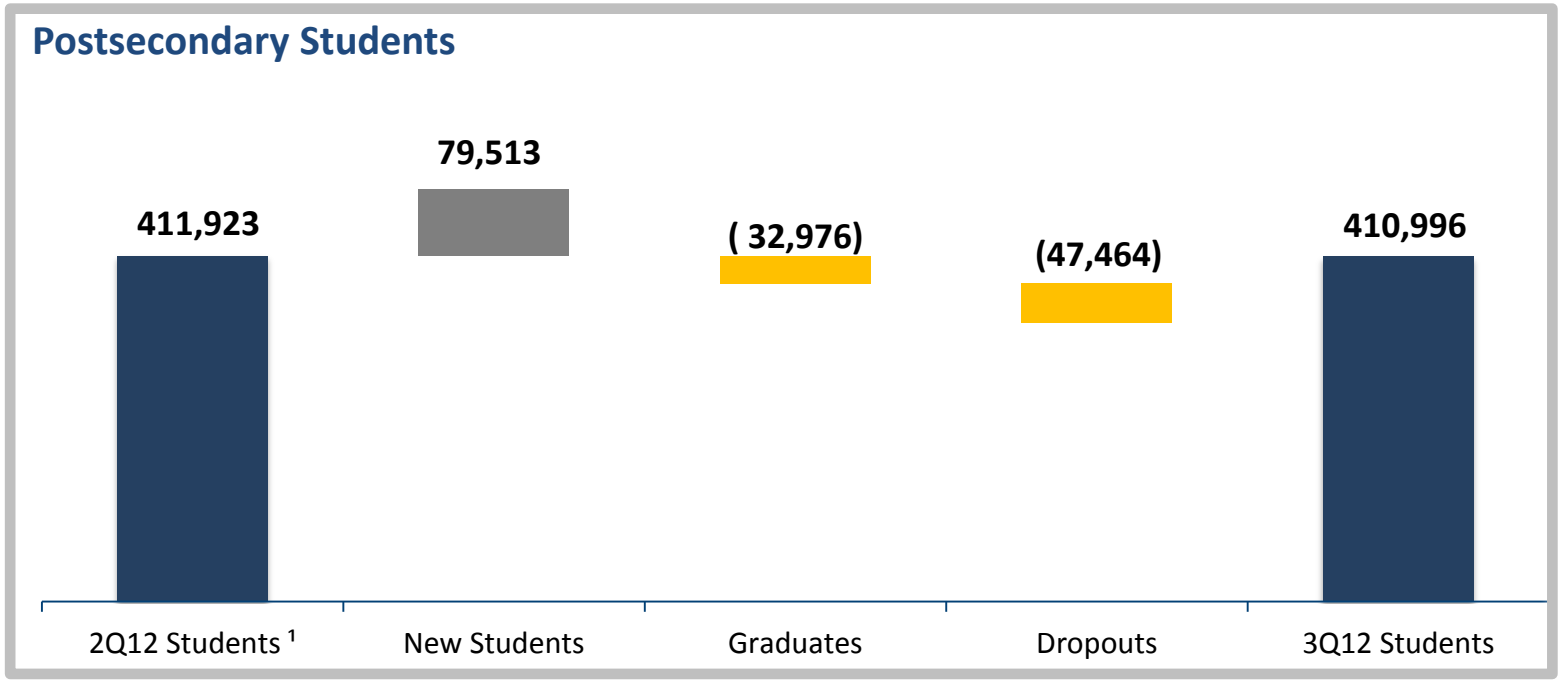


- Re-enrollments totaled almost 297,000 students, increasing 22% from 3Q11
- On-Campus programs grew 26% from 3Q11, while Distance Learning programs grew 20%
- Total student base expanded 22% from 3Q11

[1] Figures for 3Q11 are based on managerial data from Unopar and Uniasselvi and exclude data from the acquisitions of the institutions FAMA, União, FAIS and Unirondon.

Postsecondary Student Base - 2Q12 vs. 3Q12

Students	Total Undergraduate	Total Graduate	Total
2Q12 Base [1]	**372,857**	**39,066**	**411,923**
New Students	74,182	5,331	79,513
Graduates	(31,056)	(1,920)	(32,976)
Dropouts	(44,969)	(2,495)	(47,464)
3Q12 Base	**371,014**	**39,982**	**410,996**
% Change 3Q12 / 2Q12	-0.5%	2.3%	-0.2%



- **Student base stable between 2Q12 and 3Q12**

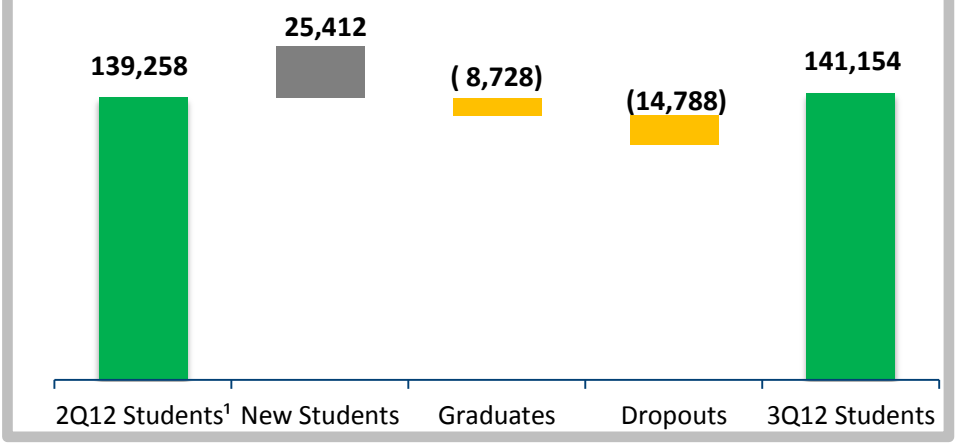
[1] Includes figures from Uniasselvi and Unirondon as of June 30, 2012.

On-Campus and Distance Learning Student Base - 2Q12 vs. 3Q12

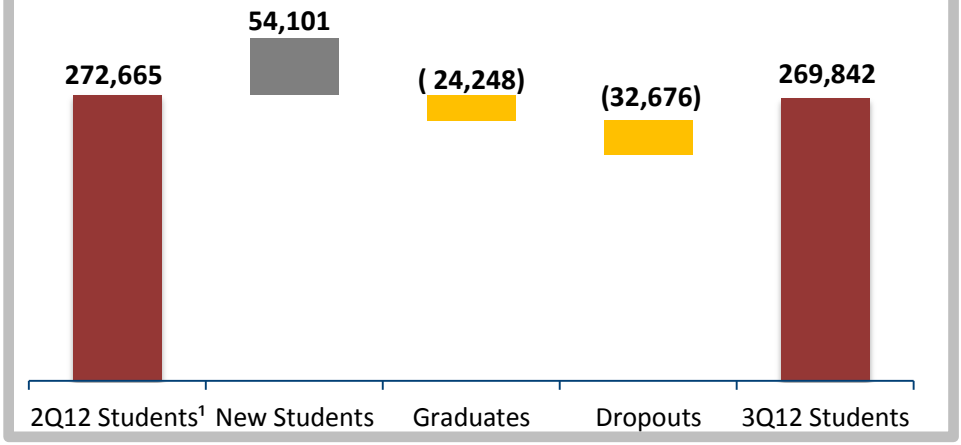
Students	On-Campus Undergraduate	On-Campus Graduate	On-Campus Total
2Q12 Base [1]	**126,093**	**13,165**	**139,258**
New Students	24,266	1,146	25,412
Graduates	(8,156)	(572)	(8,728)
Dropouts	(14,093)	(695)	(14,788)
3Q12 Base	**128,110**	**13,044**	**141,154**
% Change 3Q12 / 2Q12	1.6%	-0.9%	1.4%

Students	DL Undergraduate	DL Graduate	DL Total
2Q12 Base [1]	**246,764**	**25,901**	**272,665**
New Students	49,916	4,185	54,101
Graduates	(22,900)	(1,348)	(24,248)
Dropouts	(30,876)	(1,800)	(32,676)
3Q12 Base	**242,904**	**26,938**	**269,842**
% Change 3Q12 / 2Q12	-1.6%	4.0%	-1.0%

On-Campus Postsecondary Students



Distance Learning Postsecondary Students

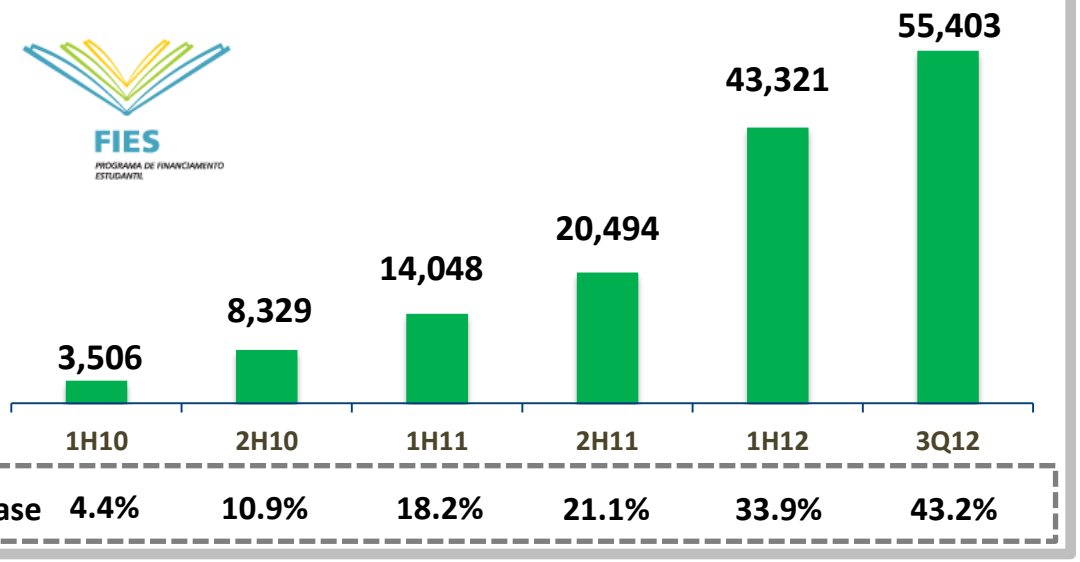


- **Undergraduate student base stable between 2Q12 and 3Q12 in both businesses**

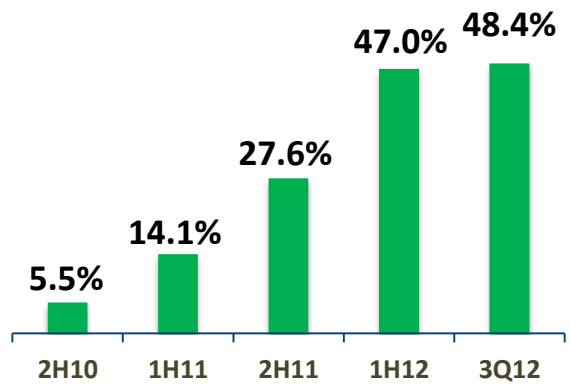
[1] Includes figures from Uniasselvi and Unirondon as of June 30, 2012.

FIES Student Loan Program

Number of Kroton students with FIES loans

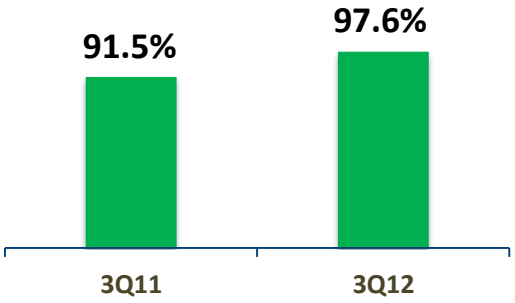


New Enrollments % FIES



- Number of students with FIES loans reached 43.2% of the student base
- Share of FIES students participating in admissions for 2nd semester 2012 reached 48%
- Almost 98% of eligibility for FIES

Eligible Student Base



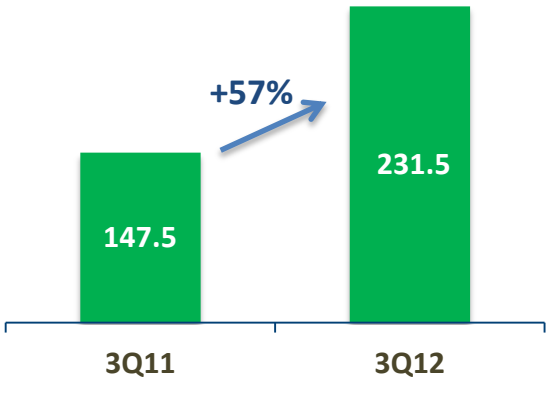
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Financial Performance

Financial Performance – On-Campus Postsecondary Business

Net Revenue (NR)

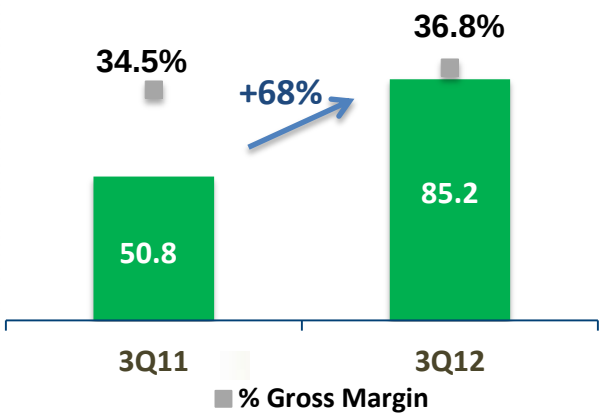
Quarterly - R$ million



% Business NR / Total NR	
82%	60%

Gross Income (GI)

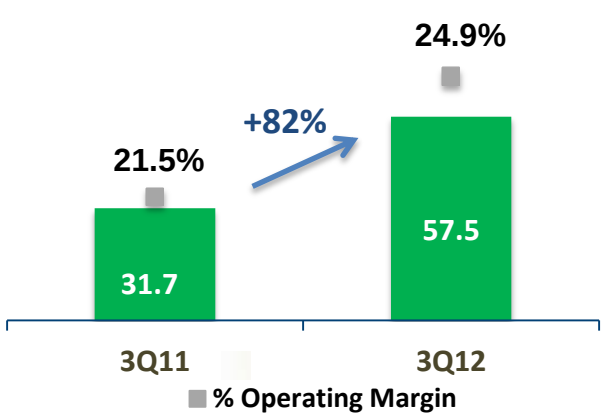
Quarterly - R$ million



% Business GI / Total GI	
75%	45%

Operating Result (OR)

Quarterly - R$ million



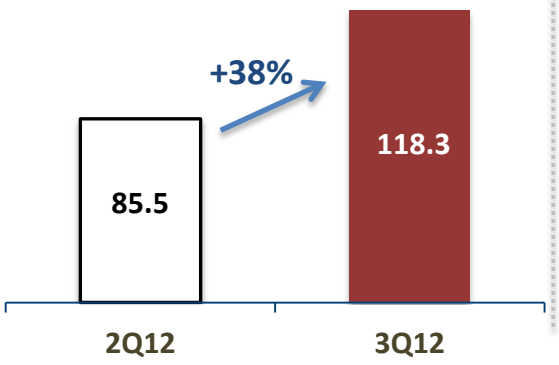
% Business OR / Total OR	
75%	42%

- Net Revenues in the Postsecondary Education business increased 57% from 3Q11
- Average net ticket in On-Campus Postsecondary business was R$546.61, up 2.1% from 2Q12. Considering undergraduate programs only, the average net ticket was R$581.86, up 2.2% from 2Q12
- Gross Income in the Postsecondary Education business increased 68%, with gross margin expanding 2.3 p.p.
- Operating result for the business grew 82% from 3Q11, with operating margin expanding 3.4 p.p.

Financial Performance – Distance Learning Postsecondary Business

Net Revenue (NR)

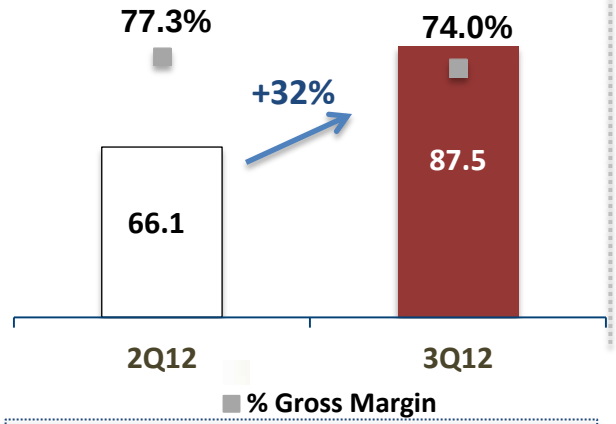
Quarterly - R$ million



% Business NR / Total NR	
26%	31%

Gross Income (GI)

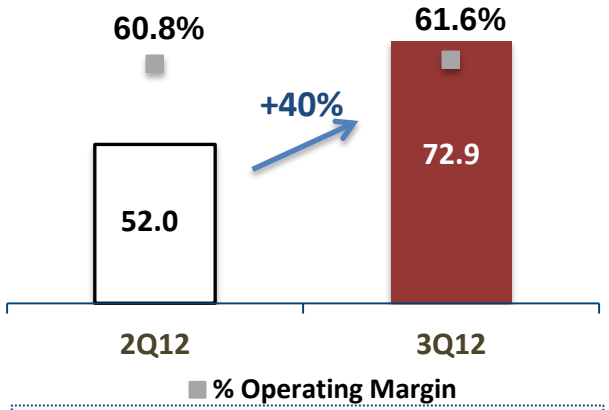
Quarterly - R$ million



% Business GI / Total GI	
45%	46%

Operating Result (OR)

Quarterly - R$ million



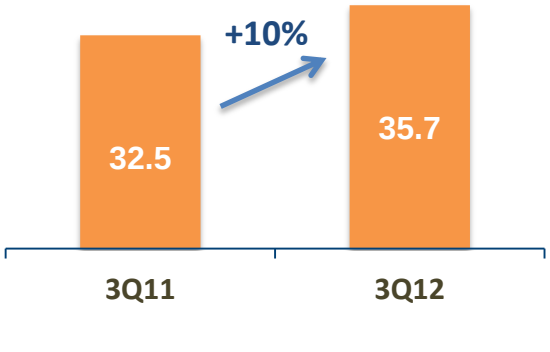
% Business OR / Total OR	
56%	53%

- Stability in Distance Learning margins supported the quarter's results
- Average ticket (based on monthly tuition effectively paid) was R$218.90, increasing 1.5% from 2Q12
- In 3Q12, operating result was R$72.9 million, accounting for 53% of the Company's total in the period. Operating margin was 61.6%

Financial Performance – Primary and Secondary Education Business

Net Revenue (NR)

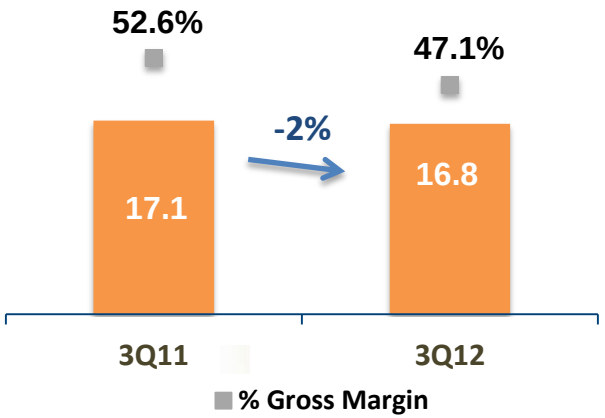
Quarterly - R$ million



% Business NR / Total NR	
18%	9%

Gross Income (GI)

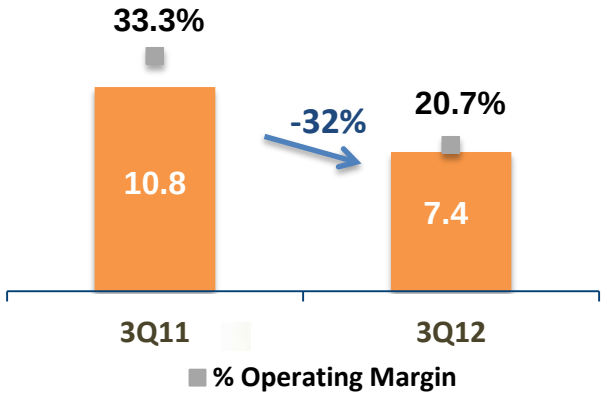
Quarterly - R$ million



% Business GI / Total GI	
25%	9%

Operating Result (OR)

Quarterly - R$ million

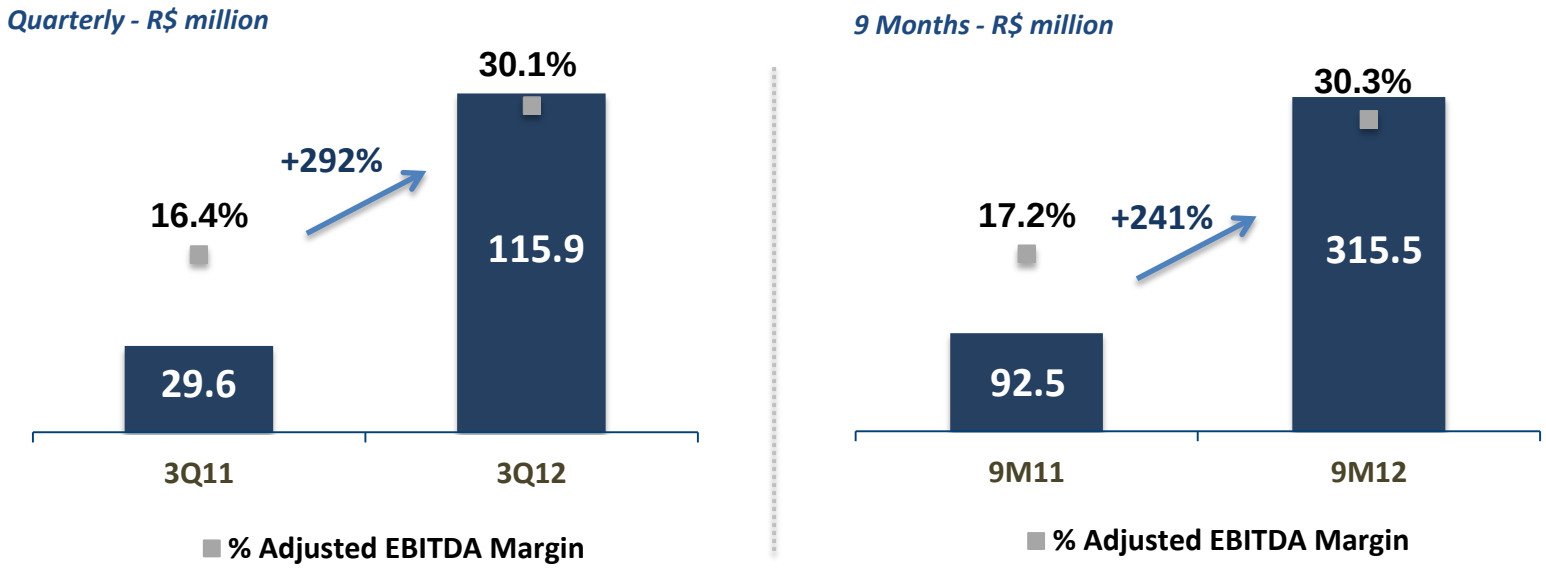


% Business OR / Total OR	
25%	5%

- Net Revenue in the Primary and Secondary Education Business grew 10% from 3Q11
- The decrease in Gross Income and Operating Result was due to anticipating the delivery of the 2013 book collections, as well as discarding past collections

EBITDA

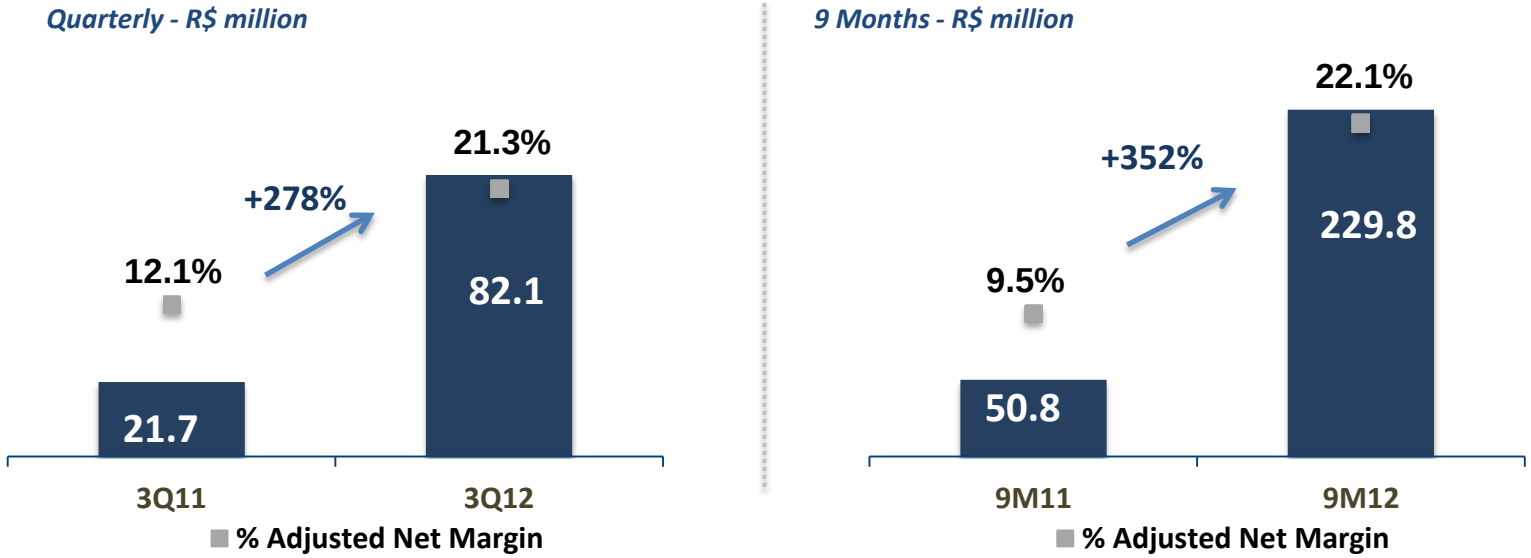
Adjusted EBITDA and Adjusted EBITDA Margin



- Adjusted EBITDA of R$116 million in 3Q12, or 292% higher than in 3Q11
- Adjusted EBITDA of R$316 million in 9M12, or 241% higher than in 9M11
- Adjusted EBITDA Margin of 30.3% in 9M12, expanding 13.1 p.p. from 9M11

Net Income

Adjusted Net Income and Adjusted Net Margin*



- Adjusted Net Income in quarter was R$82 million, with adjusted net margin of 21.3%
- Adjusted Net Income in 9M12 was R$230 million, increasing 352% from 9M11, with adjusted net margin of 22.1%

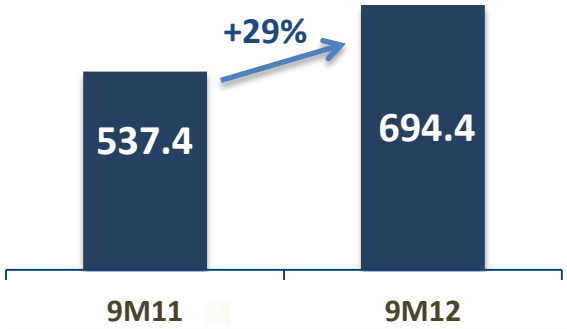
* Excludes amortization of intangible assets (acquisitions)

Managerial Analysis - Kroton (ex-Unopar and Uniasselvi)

Analysis: excludes effects from Unopar and Uniasselvi acquisitions

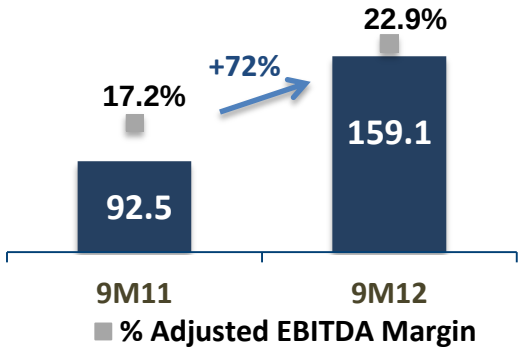
Net Revenue

9 Months - R$ million

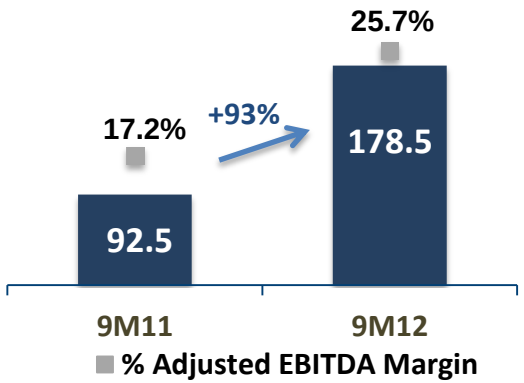


- Net revenue was R$694 million, up 29% from the first nine-months in 2011
- Net Revenue posted organic (same-unit) growth of 25.4% compared to 9M11

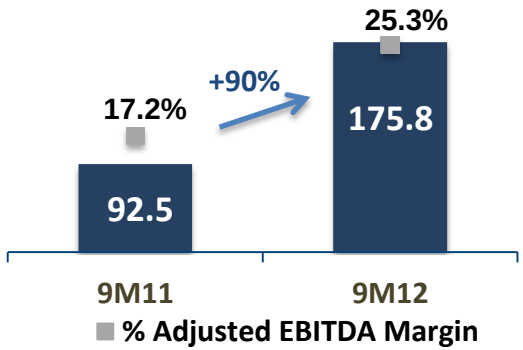
Adjusted EBITDA



1 100% of Corporate Expenses at Kroton



2 Corporate Expenses allocated in accordance with Net Revenue



3 Corporate Expenses in 9M11 restated by IPCA

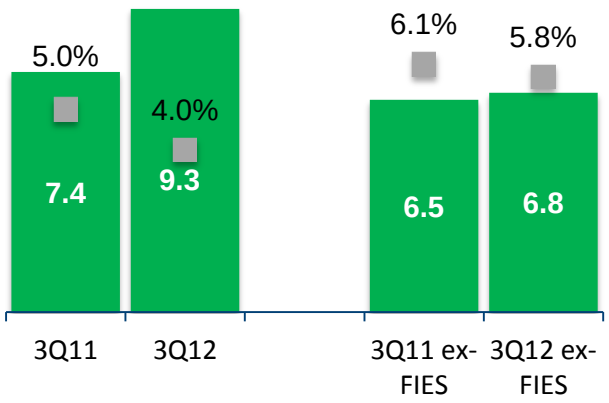


Provisioning and Receivables

Provision for Doubtful Accounts

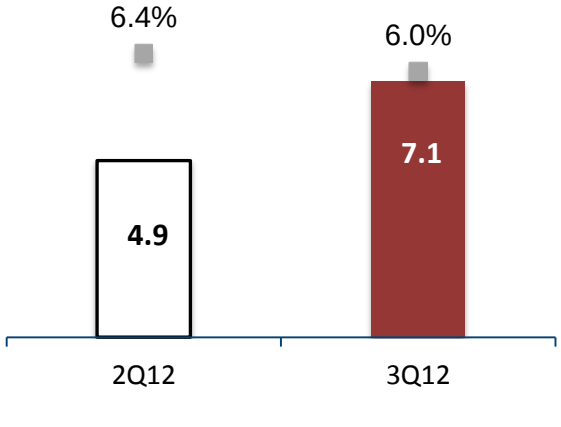
On-Campus Postsecondary

Quarterly - R$ million and % NR of Business



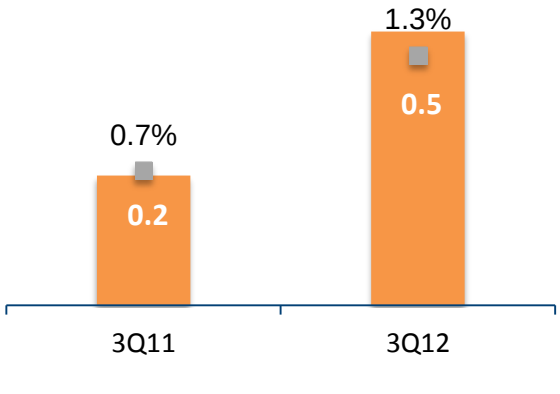
DL Postsecondary

Quarterly - R$ million and % NR of Business



Primary and Secondary

Quarterly - R$ million and % NR of Business



- **Provisioning in the On-Campus Postsecondary business decreased from 5.0% to 4.0%, due to the higher share of FIES students in the base. For students ex-FIES, PDA decreased from 6.1% of net revenue in 3Q11 to 5.8% in 3Q12**
- **PDA in the Distance Learning business is converging to levels closer to those of the On-Campus business**
- **Provisioning in the Primary and Secondary business reflects the more conservative policy adopted by the Company since late 2011**

Accounts Receivable

Postsecondary Education Values in R$ ('000)	3Q12[1]	3Q11	%Chg.	2Q12	%Chg.
Net Accounts Receivable	188,823	181,295	4.2%	255,185	-26.0%
Short Term - Tuition and Agreements Receivable	81,690	83,882	-2.6%	94,412	-13.5%
Long Term Receivables	15,780	18,934	-16.7%	16,718	-5.6%
FIES	91,353	78,479	16.4%	144,055	-36.6%

Distance Leaning Values in R$ ('000)	3Q12	3Q11	%Chg.	2Q12	%Chg.
Net Accounts Receivable	30,712	n.a.	n.a.	25,991	18.2%

Primary and Secondary Education Values in R$ ('000)	3Q12	3Q11	%Chg.	2Q12	%Chg.
Net Accounts Receivable	32,007	32,050	-0.1%	31,042	3.1%

- **Short-term accounts receivable improved from 3Q11, despite the recent acquisitions**
- **Distance Learning accounts receivable increased compared to 2Q12, reflecting the impact from Uniasselvi**
- **Accounts receivable in Primary and Secondary Education remained stable**

[1] Includes R$44.2 million in the line FIES related to the repurchase for September that was made on October 2 due to the strike by bank employees in the period. Excluding this effect, Net Accounts Receivable was R$233 million and FIES Accounts Receivable was R$136 million.

Accounts Receivable Average Term

On-Campus Postsecondary - Accounts Receivable Average Term *(days)*	3Q12[1]	3Q11	Chg. (days)	2Q12	Chg. (days)
Criterion (1) Net Accounts Receivable (ex-FIES) / Net Revenues	35	53	-18 days	47	-12 days
Criterion (2) Net Accounts Receivable (ex-FIES) / Net Revenues (ex-FIES)	55	66	-11 days	70	-15 days
Criterion (3) FIES Net Accounts Receivable / FIES Net Revenues	102	166	-64 days	210	-108 days
DL Postsecondary - Accounts Receivable Average Term *(days)*	**3Q12**	**3Q11**	**Chg. (days)**	**2Q12**	**Chg. (days)**
Net Accounts Receivable / Net Revenues	25	n.a.	n.a.	37	-12 days
Primary and Secondary Education - Accounts Receivable Average Term *(days)*	**3Q12**	**3Q11**	**Chg. (days)**	**2Q12**	**Chg. (days)**
Net Accounts Receivable / Net Revenues	77	87	-10 days	76	+1 day

- **The highlight in the On-Campus Postsecondary business was the analysis under Criterion 2, which decreased significantly from 3Q11, reflecting the adequate provisioning, collection and recovery practices and the higher share of FIES students in the base**
- **Meanwhile, Criterion 3, which presents FIES Accounts Receivable, improved when compared to 2Q12, due to the unblocked CND**
- **Due to seasonality, average receivable days in the DL business decreased 12 days from 2Q12**
- **In the Primary and Secondary business, the decrease of 10 days from 3Q11 was due to the stricter policy adopted for payment in installments**

[1] Includes R$44.2 million in the line FIES related to the repurchase for September that was made on October 2 due to the strike by bank employees in the period.

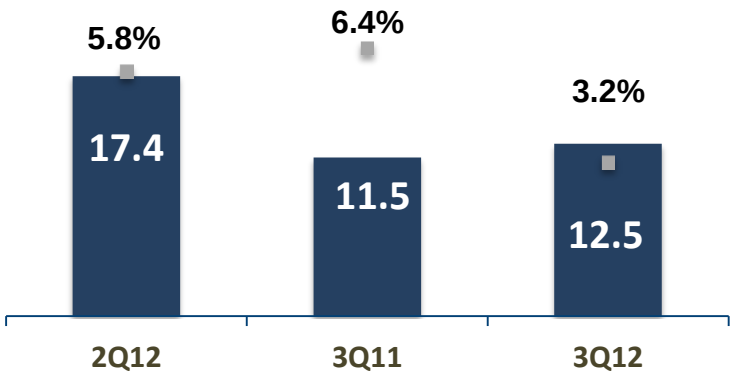
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Capex and Debt

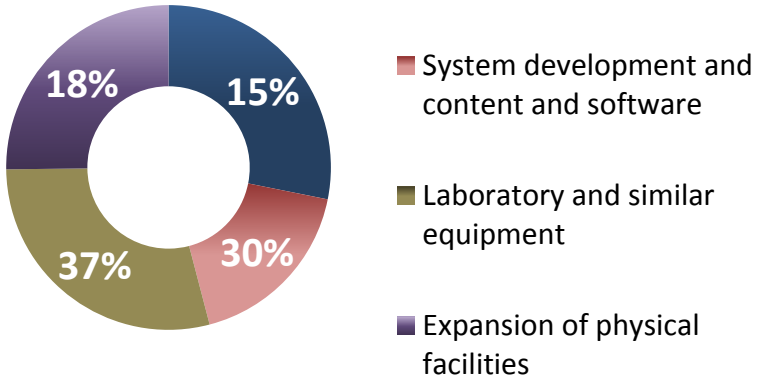
Capital Expenditure*

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Quarterly - R$ million



Capex 3Q12



- Capex as a ratio of Net Revenue stood at 3.2% in 3Q12, down from 3Q11
- In 2012, Kroton has also already registered R$42.3 million in investments in special projects (R$12.0 million in 3Q12), such as the acquisition of properties and brownfields

* Excludes amounts related to acquisitions of Education Institutions and Special Projects (acquisition of properties and brownfields)

Debt

Consolidated Amounts in R$ ('000)	3Q12	2Q12	Chg.%
Cash and Cash Equivalents	318,583	231,426	37.7%
Loans and Financing	569,309	557,450	2.1%
Net Cash (Debt)[1]	**(250,726)**	**(326,024)**	**-23.1%**
Other Short and Long Term Debt	415,630	401,605	3.5%
Net Cash (Debt)[2]	**(666,356)**	**(727,629)**	**-8.4%**

- **Total Cash and Cash Equivalents increased in the period, leveraged by the normalization of the Debt Clearance Certificate (CND) in July, which resulted in a cash inflow of R$79.6 million**

- **Of the total other short- and long-term liabilities (R$416 million), the majority (R$375 million) is related to acquisitions and has favorable terms and costs**

- **Adequate debt level:**

Financial Net Debt[1] / EBITDA[3] = 0.7x
Total Net Debt[2] / EBITDA[3] = 1.7x

[1] Net cash (debt) considering only bank obligations
[2] Net cash (debt) considering all short- and long-term obligations related to tax liabilities and the acquisitions concluded up to 3Q12, including the Seller's Note for the Unopar acquisition maturing in December 2012 and the amount to be paid over 6 years for the Uniasselvi acquisition
[3] Based on the Pro-forma EBITDA projected in the New Guidance 2012 disclosed on August 9, 2012

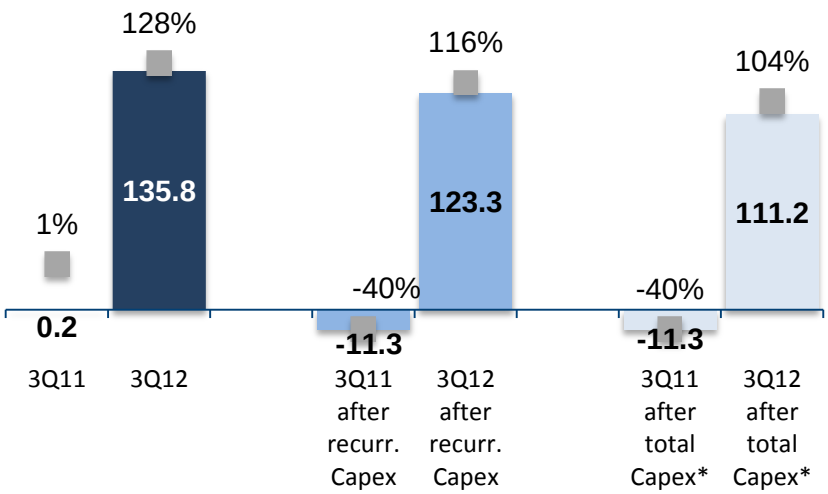
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Cash Generation

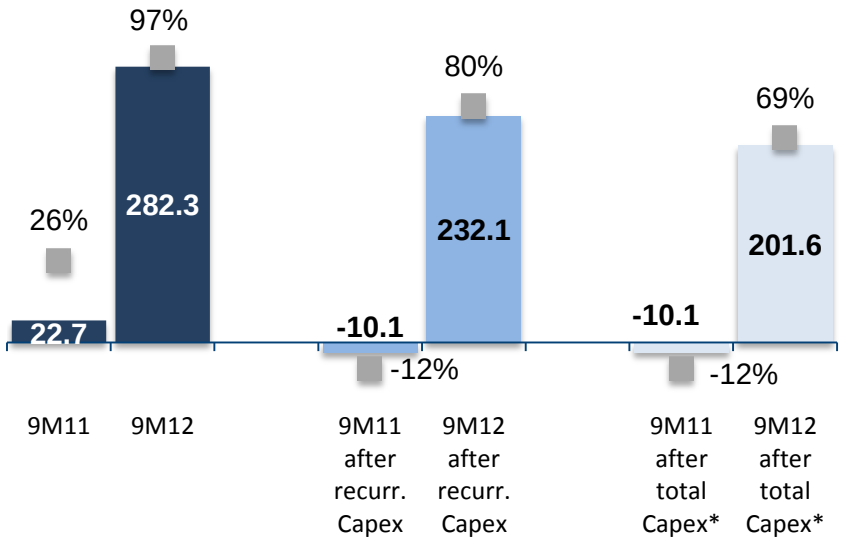
Cash Generation

Operating Cash Generation

Quarterly - R$ million and % EBITDA



9 Months - R$ million and % EBITDA



- **Strong growth in operating cash flow before capex, reaching 128% and 97% of EBITDA in 3Q12 and 9M12**
- **Operating cash flow after recurring capex of R$123.3 million in 3Q12 and R$232.1 million in 9M12**
- **After including capex for special projects, cash flow was R$111.2 million in 3Q12 and R$201.6 million in 9M12**

* Total Capex = Recurring Capex + Special Projects

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Closing Remarks

Closing Remarks

Operational

- ✓ Strong student enrollment and re-enrollment, surpassing all targets
- ✓ Integration processes remain on-track

Results (R$ MM)

- ✓ Growth in Revenue and Margins
- ✓ Strong Cash Generation

Outlook

- ✓ Opening of 40 DL Centers in 1H13 and request for 225 more already made
- ✓ Migration to Novo Mercado

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