



3Q19 Results

November 2019



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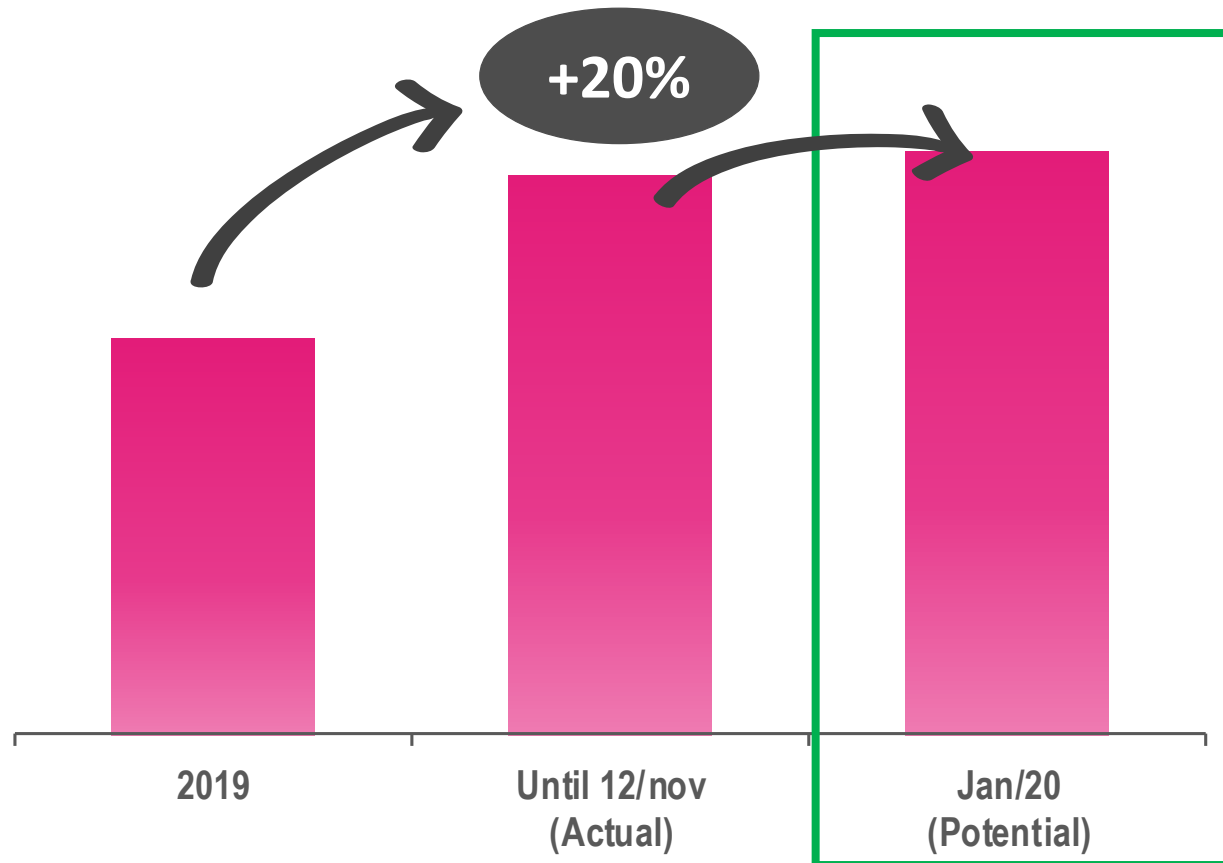


Opening Remarks

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Vasta 2020 ACV exceeding expectations, with space to continue growing

Annual Contract Value¹



~90% Vasta EBITDA Subscription Model

Core Content	Languages	Socio-Emotional
		

- ✓ New go-to-market implemented successfully
- ✓ Expectation of new products and services to be offered during 2020

¹ ACV: sum of annual revenue per student for all students enrolled in our partner schools, in a subscription model

Overview of Quarterly Results

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Agenda

- **Postsecondary Education**

Primary & Secondary Education

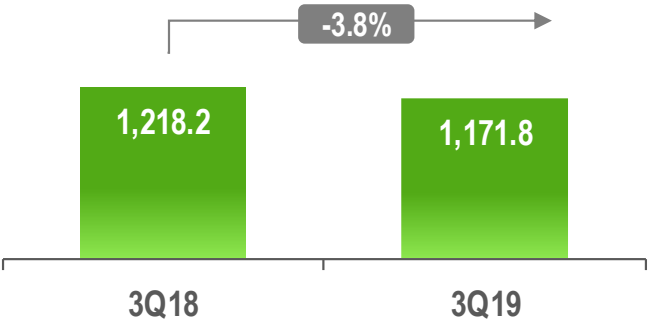
Consolidated Results



Postsecondary Education Results

Net Revenue

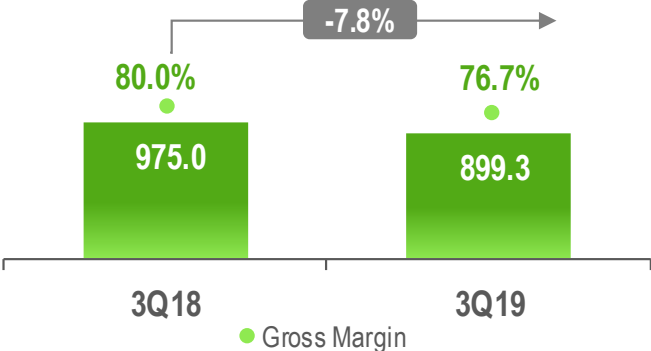
Quarterly – R\$ million



Decrease of **3.8%** due to the **reduction** in the undergraduate **student base**, partially compensated the positive impacts of the **robust student recruiting and re-enrollment processes** in both segments, with recovery in average ticket during 2H19.

Gross Income

Quarterly – R\$ million

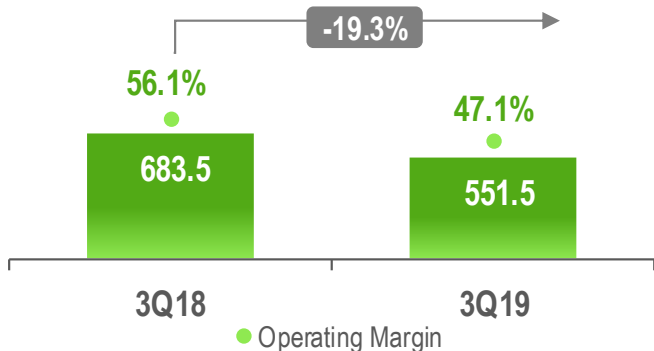


Reduction of 3.3 p.p. in Gross Margin, due to the:

- **maturation of new own units**
- **maturation of programs with higher costs in more advanced semesters** (healthcare and engineering), and
- **consolidation of SETS.**

Operating Result

Quarterly – R\$ million



Reduction of 9.1 p.p., as a result of the gross margin effects, in addition to the:

- **increase in provisioning for losses**, given the change in the student base profile, and
- **higher marketing expenses**, in line with the **19.2 and 20.1 enrollment processes** and the **seasonality** of the quarters.

Agenda

Postsecondary Education



Primary & Secondary Education

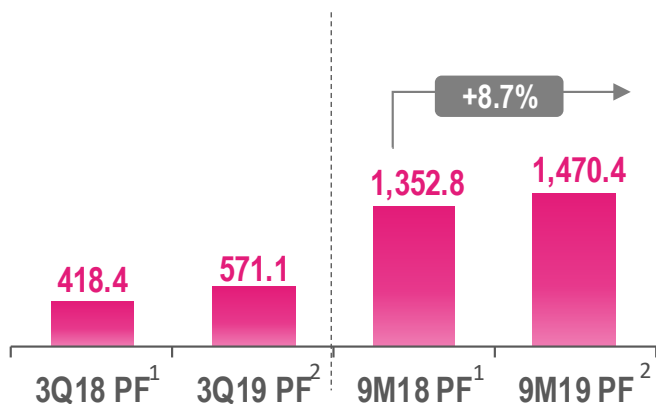
Consolidated Results



Primary & Secondary Education Results – Quarterly and 9M

Net Revenue

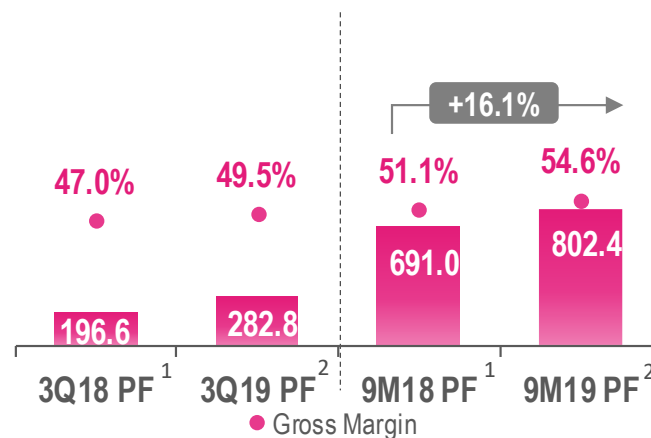
Quarterly – R\$ million



Net Revenue grows **8.7%** year-to-date, benefitting from the **good performance** of the **School Management and K-12 Platform** segments, following the implementation of the new **go-to-market**

Gross Income

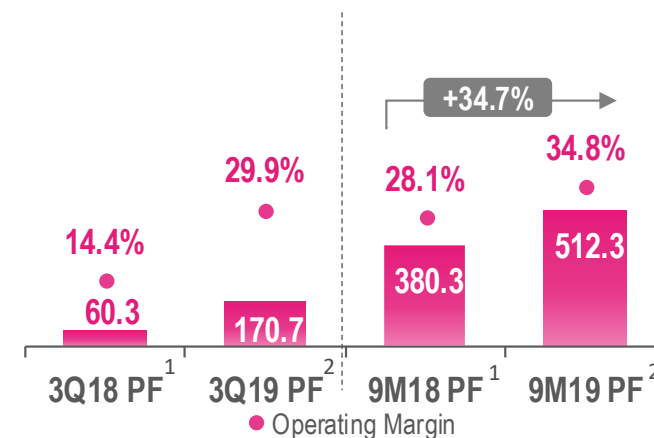
Quarterly – R\$ million



Gross Income increases 16.1% compared to 9M18, with a **3.5 p.p. expansion** in gross margin, reflecting the **synergy and efficiency gains** registered in the period.

Operating Result

Quarterly – R\$ million



9M19 Operating Result presented an upturn of **34.7%**, while Operating Margin grows **6.7 p.p.** year-over-year, reflecting the **higher efficiency** and capture of **synergy levers** in the period.

¹ Pro Forma result, considering Somos' numbers in 3Q18 and 9M18 (after the convergence of accounting practices)

² Pro Forma result, including the receipt of the PNLD repurchase in 3Q19 and 9M19 (following the regular seasonality of this revenue)

Agenda

Postsecondary Education

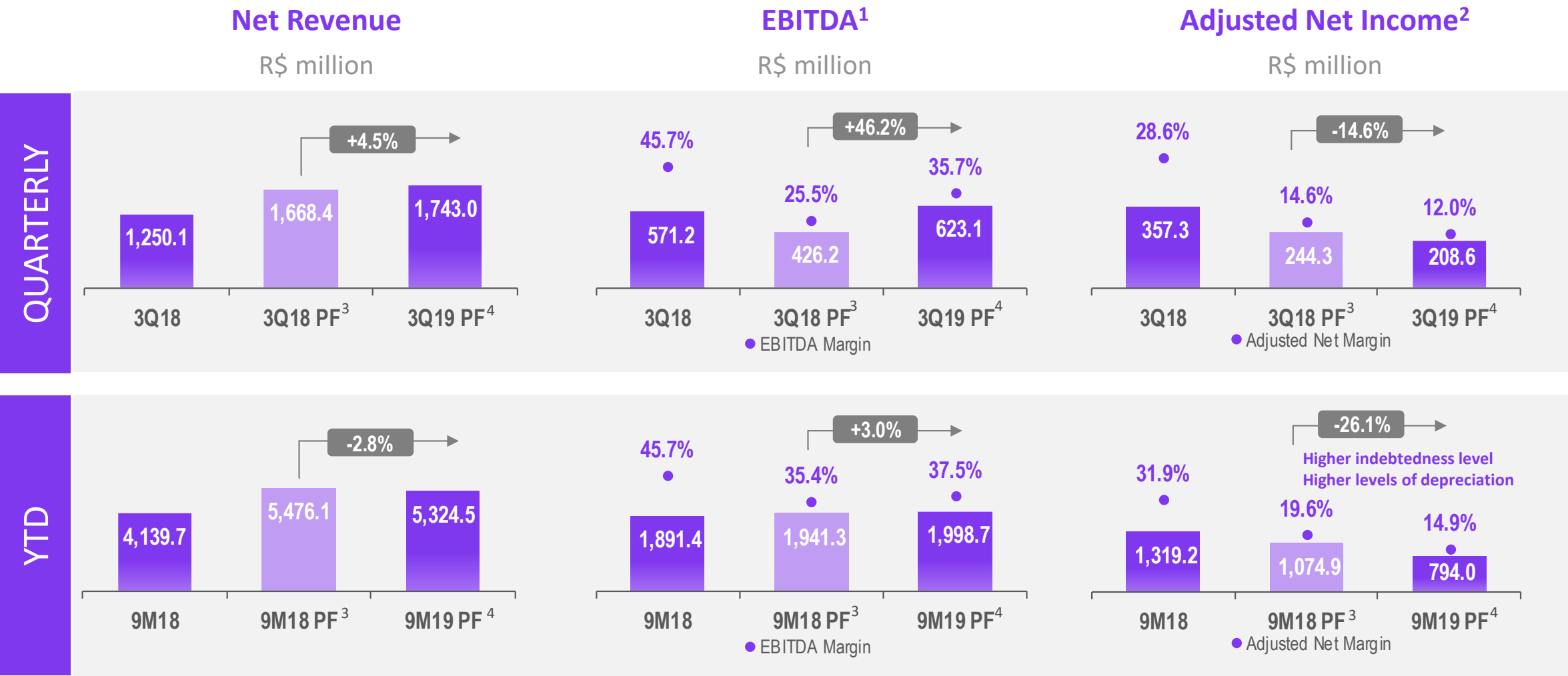
Primary & Secondary Education



Consolidated Results



Consolidated Results – Quarterly and 9M



¹ EBITDA considers interest and penalties on tuition and does not consider impact of inventory surplus (non-cash)

² Adjusted Net Income does not consider impact of inventory surplus (non-cash) and amortization of intangible assets (non-cash)

³ Pro Forma result, considering Somos' numbers in 3Q18 and 9M18 (after the convergence of accounting practices)

⁴ Pro Forma result, including the receipt of the PNLD repurchase in 3Q19 and 9M19 (following the regular seasonality of this revenue)

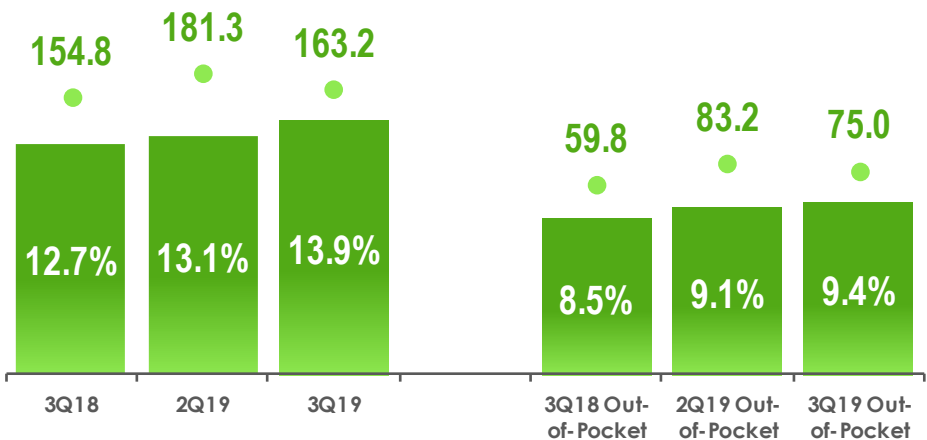
PDA and Average Receivables Term



Provision for Doubtful Accounts (PDA)

Postsecondary Education

% Segment NR and R\$ million

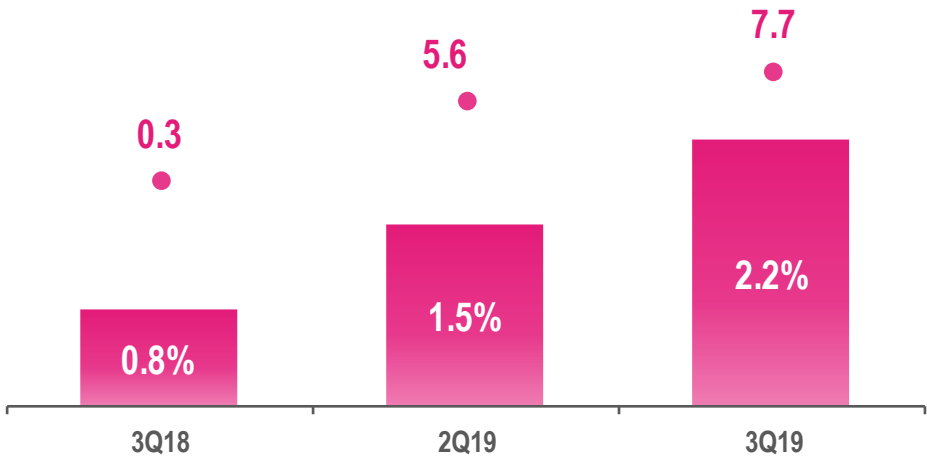


Total PDA **increased by 1.2 p.p.** over 3Q18, mainly due to:

- the **0.9 p.p. upturn in Out-of-Pocket PDA**, following the trend of previous quarters and justified by **macroeconomic pressures**, with still-challenging unemployment levels, and
- the higher representativity of the **100% online student** base, as these have a greater tendency to drop out.

Primary & Secondary Education

% Segment NR and R\$ million



Primary & Secondary Education PDA presented an increase of **1.4 p.p.** year-over-year, and of **0.7 p.p.** on a quarterly comparison, due to:

- the **incorporation of Somos**, and
- the **extraordinary provisioning** carried out to cover the **deterioration of credit of bookstores** undergoing through a court supervising reorganization.

Average Receivables Term

Days

Postsecondary Ed.	3Q19	3Q18	Change	Comments	2Q19	Change
Total	197	144	53 days	Evolution of the installment products	192	5 days
Out-of-Pocket	128	99	29 days	Reversal of increasing trend compared to 2Q19	129	-1 day
FIES	70	78	-8 days	Normalized payment follows after PN23, with a gradual return to historical levels	91	-21 days
PEP and PMT	653	489	164 days	Maturation of these products	591	62 days

Primary & Secondary Ed.	3Q19	3Q18	Change	Comments	2Q19	Change
Total	45	84	-39 days	Reflecting the incorporation of Somos' and Saber's numbers	51	-6 days
Integrated Platform	51	84	-33 days	Greater collection efficiency and improvement in the profile of the student base	62	-11 days
Schools	32	-	-	Natural seasonality	24	8 days

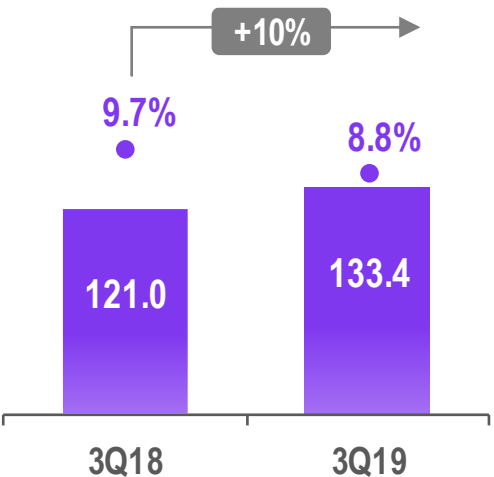
Capex, Expansion Investments, Cash Generation & Net Debt



Capex, Investments in Expansion and Operating Cash Generation

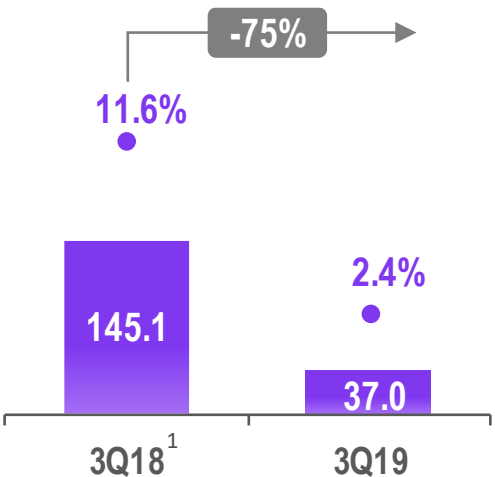
Capex

R\$ million and % NR



Investments in Expansion

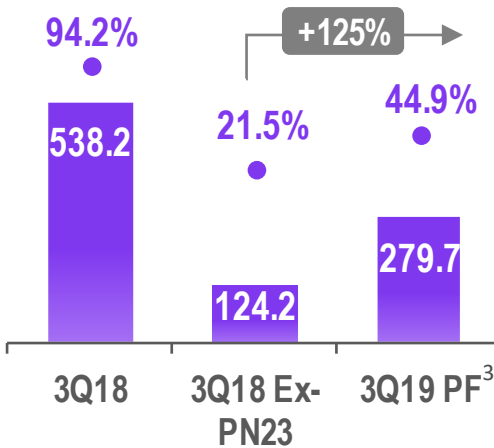
R\$ million and % NR



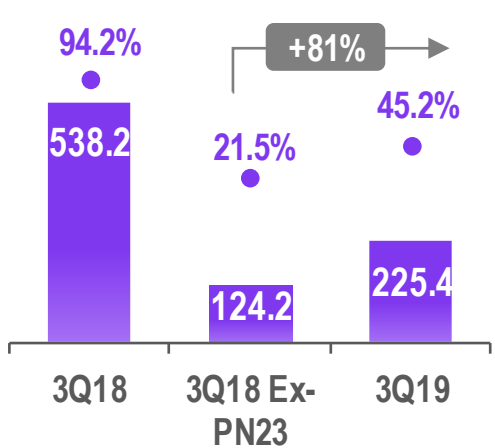
Operating Cash Generation After Capex

R\$ million and % EBITDA-to-Cash

Cogna Consolidated



Cogna Ex-Somos²



In 3Q19, Capex totaled **8.8% of Net Revenue**, with **90%** of this amount destined to the **development of content, systems, software licenses, improvement works in the Company's units and editorial capex**.

Investments in expansion reached **R\$ 37.0 million** in 3Q19, and **R\$ 134.9 million** in 9M19, representing a deceleration compared to the R\$213.5 million registered in 9M18, as expected.

Excluding the effect of PN23 from 2018, OCG after capex **grew 125%**, considering the **expected receipt of the 2020 PNLD repurchases** following regular seasonality.

The analysis Cogna Ex-Somos presents a **significant improvement of 81%** in relation to the previous year (Ex-PN23), ratifying the Company's focus on cash generation.

¹ Includes Special Projects

² Excludes expenses related to the acquisition of Somos

³ Pro Forma, including the total receipt of PNLD repurchases in 3Q19 (following the regular seasonality for this revenue)



Amounts in R\$ million

Consolidated	3Q19	3Q18	Change	2Q19	Change
Cash and Cash Equivalents	436	6,794	-93.6%	1,017	-57.1%
Loans and Financing	8,011	5,704	40.5%	8,423	-4.9%
Net Cash (Debt)¹	-7,575	1,090	n.a.	-7,406	2.3%
Other Short and Long Term Debt ²	318	309	2.9%	361	-11.8%
(1) Net Cash (Debt)²	-7,893	781	n.a.	-7,767	1.6%
(a) Short Term Accounts Receivables	138	134	2.6%	137	0.5%
(b) Long Term Accounts Receivables	381	483	-21.1%	377	1.2%
(2 = a + b) Other Accounts Receivables³	519	617	-16.0%	513	1.0%
(1)+(2) Pro Forma Net Cash (Debt)	-7,374	1,398	n.a.	-7,254	1.7%

At the end of 3Q19, Cognia had a **total cash balance of R\$ 436 million**, reduction of 57.1% in a quarterly comparison, due to disbursements related to the **payment of amortizations and interest**, in addition to **investments in expansion and the payment of dividends**.

By including the remaining obligations and short and long term receivables, including taxes and contributions paid in instalments and obligations and rights related to the acquisitions and alienations carried out, the Company ended the quarter with a net debt of R\$7.4 billion, practically in line in relation to 2Q19, and representing an **appropriate indebtedness level and in line with expectations following the acquisition of Somos**.

¹ Considers only bank obligations.

² Considering all short- and long-term obligations related to the taxes paid in installments, acquisitions and FIES, including the amount to be paid within 5 years related to the Uniasselvi acquisition.

³ Considers the receivables related to the divestments of Uniasselvi, FAIR and FAC/FAMAT and other controlled companies, with installments to be earned from 2019 to 2022 adjusted to present value (excluding the earn-out amounts).

Closing Remarks



We are ready for 2020!



2020.1
Enrollments
and focus on
Cash
Generation



Growth in
Enrollments
and Courses



New Go-to-
Market for
schools and
focus on
operational
excellence



Focus on
delivering
2020 ACV and
on growing
the portfolio

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