

Operator:

Good morning, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to Abril Educacao 1Q15 Earnings Conference Call. Today with us, we have Mr. Guilherme Melega, CFO and IRO.

We would like to inform you that this call and the slides are being broadcast simultaneously through the Internet at the Company's website, www.abrileducacao.com.br/investidor, and the presentation is available to download at the Investor Information section.

Also, this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After the Company's remarks are completed, there will be a question-and-answer session. At that time, further instructions will be given. Should any participant need assistance during the call, please press *0 to reach the operator. Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Abril Educacao's management and on information currently available to the Company.

They involve risks, uncertainties, and assumptions because they relate to the future events, and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions, and other operating factors could also affect the future results of Abril Educacao and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I will turn the conference over to Mr. Guilherme Melega, CFO and IRO. Mr. Melega, you may begin your conference.

Guilherme Melega:

Hello, everyone, and thanks FOR participating in another Abril Educacao conference call. In this call, we'll focus on 1Q results. It is a quarter where we are pretty much based with our results in many of our business, such as Learning Systems and Preparatory schools.

So, moving to slide number two, I will start with the strategic highlights of the quarter. The change of control of Abril Educacao. Thunnus Participacoes, a company owned by investment funds managed by Tarpon acquired the entire stake of the Civita Family for now Tarpon holds 46.8% interest in our Company. I will start in slide number four with the Learning Systems.

So Traditional Learning Systems, which represents K-12 schools, we increased 18% the number of students. So, we ended up in 1Q15 with 776,000 students. In the same period last year, we had 656,000 students. Additionally to the Traditional Learning Systems, our Technical Learning System which grew 45,000 students from 5,000 students last year to 50,000 this year.

Also in The Leader in Me learning system, increased from 28,000 students in 1Q15 to 73,000 students in 1Q15. When we add up the traditional learning systems, The Leader in Me, and with ETB, we come up with 899,000 students served by our learning systems, an increase 30% with the same period last year.

Now, moving to slide number five. Here we have the number of books sold by publishers. Only the Private segment, so when we compare 1Q15 to 1Q14, that shows you we had a decrease of 18% from 2.5 million books to 2.1 million books. But when we compare the sales cycle starting from July to March, when we compare last year's period, actually we ended up with a decrease of only 8%, and the final data how the other market, there are less sales high process that we are reaching the market, decreased sales.

Now, moving to slide number six, we have the number of students for schools and prep. courses. The total number of students that we have served by our preparatory K-12 schools and prep courses, ended 1Q15 with 26,800 students, an increase of 18% with Q1 2014. And this number is also definition of Maxi Cuiaba, and SIGMA Aguas Claras in Brasilia where the 3,100 students allowed. When we compare only on comparable basis our number of students, we grew from 13,200 students in 1Q14 to 14,500 students, an increase of 10%.

In the organic growth, we also point out that we opened two new schools; one with Motivo brand in CarUARU and another with the pH brand in Recreio dos Bandeirantes in Rio de Janeiro. Now, moving to slide number seven, where we have the operating data for our Language business.

I will start with the number of students for Red Balloon. Red Balloon ended 1Q15 with 17,900 students, an improvement of 23% compared with 1Q14. Wise Up also increased the total number of students from 68,000 in 1Q14 to 69,500 in 1Q15. The total number of franchises, Red Balloon increased from 45 in 1Q14 to 82 in 1Q15. But in this 82 included, 25 new franchise units that are the in-school program, they are not straight franchised units.

When we look at Wise Up, actually Wise Up had a decrease of 8% in the total number of franchised units, from 375 in 1Q14 to 345 in 1Q15. This reduction number of franchised units for the later as part of the restructuring program. When we look, the number of kits sold for Wise Up, actually Wise Up increased by 6%, it is total number of kits sold from 15,800 to 16,800. The number of enrollments in the period decreased by 13%.

Now, moving to the financial performance. In the slide number nine, we have the net revenue per business line, where you can see that Learning Systems actually grew from a participation of 30% in 1Q14 to 36% in 1Q15, as it grew to the organic growth of this business. Then also school and prep courses that grew from 18% to 20% in 1Q15. This is also related to the organic growth of this school books.

Now moving to slide number ten, here we have the total SG&A for Abril Educacao. And our SG&A grew by 14% from 1Q14 to 1Q15, but it's mainly because we have a new stock-based compensation plan with 9.3 million accrued in this quarter with no comparison base in 2014. When we exclude this fact, actually we have our SG&A growing close to inflation.

On slide number 11, we have a data of our revenue and for our adjusted EBITDA. You see that the major contributor in the revenue growth is the Learning Systems with R\$33 million additional in revenues and school and prep courses with R\$12.6 million in revenue increase. When we look at the EBITDA, the major contributor is the Learning Systems with R\$15.4 million, and the Language business, especially Red Balloon results, which increased by R\$5.3 million with EBITDA of the quarter. And we ended

1Q15 with an adjusted EBITDA by the stock plan of R\$146.5 million, an increase of 8% from 1Q14 EBITDA.

Now, moving to our last slide, here we have Abril Educacao captial capital structure. We ended 1Q with a total debt of R\$1,311 million with a total cash of R\$327 million, which resulted in a net debt of R\$883 million, a decrease of R\$20 million in our net debt. When we look at the net debt to EBITDA, it decreased from 2.6 in 4Q14 to 1Q15.

Now, let's move to the Q&A session.

Operator:

This concludes the question-and-answer session. At this time, I'd like to turn the floor back to Mr. Guilherme Melega for any closing remarks.

Guilherme Melega:

Thank you very much for participating in our conference call. I take the opportunity just to give feedback about the tender offer. Right now, CVM and Thunnus are interacting to have a final version of the tender offer notice. It is reasonable to expect that those interactions will may last until mid-June. After the CVM finds a decision, the tender offer notice will be published and shareholders will have more than 30 days to decide to take the shares or not.

So, we expect the entire process to end at mid-July. Besides that, that's all we have for the moment. Thanks very much to participate in our call and looking forward to meet you again in another of Abril Educacao conference. Have a great day.

Operator:

Thank you. This does conclude today's presentation. You may disconnect your lines at this time and have a nice day.

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