

Steve Beard:

Good afternoon. As Lisa mentioned I am Steve Beard, learning all about my capacity here at Adtalem. But I'm really grateful to have an opportunity to spend a bit of time with you talking through management's vision for the future state of the business.

I wanna accomplish a handful of things along the way that I think will be important for what follows me when you hear from vertical leaders and when you hear from Pat. So first I wanna give you a sense of what we see as the opportunities for our business as we look across the landscape of our industry, our competitor set and our capabilities. I wanna give you some sense of how we intend to address those opportunities. And perhaps most importantly, I wanna leave you with some sense of why we believe addressing those opportunities, and the way we've chosen to do so, represents such a valuable opportunity for Adtalem, for our colleagues, for our customers, and for our owners.

So in thinking about the future state of the business, we necessarily began with an assessment of the current state of where we are. As Lisa indicated, the recent divestitures at DVU and Carrington creates an incredible inflection point for the business. And so in addition to running the play, as we do, running the business day-to-day, management spent the better part of the Winter and the Spring falling back and thinking about what are the best ways to address the opportunities that this streamlined portfolio presents.

It's important to note, and you'll hear others today talk about it, the streamlined portfolio leaves us with an incredible set of brands and products and services that are leading in their marketplaces. But what we determined after lots of debates and arguments and conversation about it, is that what the opportunity for us really was to align the assets that remained in the portfolio around a compelling vision and strategy, and invest behind those with new and enhanced capabilities, that allow us to grow and move with the market.

And that, of course, begged the question, where's the market headed? So it won't be news for this audience, you folks are all students of the education industry, but you know, the landscape informs how we think about our opportunity set and how we attack it. I think as everybody understands, the focus and the scrutiny on the return on investment for higher education has never been greater. This idea that institutions like the ones we run have an obligation to provide real applicable career skills at a reasonable price has become consensus at this point. And despite the fact that that's become consensus, employers continue to report that graduates aren't workforce ready.

So the gap between what the academy provides and what the workforce needs continues to be broad and stubborn. And we think that's an opportunity for us. As Lisa mentioned in her opening comments like every other industry tech-driven innovation, or disruption if you prefer is affecting our business as well. It's putting real pressure on traditional education models. But perhaps more importantly it is changing the way demand for education shows up. Folks are much more interested in more flexible models. They're much more interested in micro credentials that are responsive to an immediate career need. They're much more interested in adaptive and differentiated learning experiences.

Again something facing the entire industry, but one that we think provides an opportunity that we're well-suited to address.

And then perhaps most compellingly, employers who are increasingly impatient with educational institutions are taking matters into their own hands. Increasingly they're designing curricula and courses. They're taking a stronger hand in designing the pathways from the academy to the workforce. And even more interesting, they are doubling down and greatly enhancing the investment in corporate learning, at a huge scale, recognizing that the shelf life of any academic credential is increasingly short, and that their own success in performance is highly dependent on that continual upscaling of their professional populations.

So when we take that together as a team we realize that these trends foreshadow a continued shift to a more flexible, often more employer-sponsored, lifelong learning model. And that's something that we're excited about the opportunity in which to participate. The question was how to participate.

Still spoiler alert, it's workforce solutions. And we will, and we will talk quite a bit about what that means in our context, because one of the things I wanna assure you is that it is much more evolutionary than revolutionary. But before I do that I think it's important to point out that the portfolio manager model that we ran prior to the divestitures at DVU and Carrington was one that had a certain elegant logic to it, right? It provided us a straightforward playbook for managing a highly-diversified and disparate set of assets. But with the streamlined portfolio we have a new set of more attractive alternatives, and we're eager to get on with pursuing them and realizing the value they create for us.

So first and foremost among them, we've got an opportunity to organize and align around a galvanizing corporate vision that has real relevance for all of the companies and institutions in the portfolio. Rather than running the holding company play we've got a chance to bring a family of assets together that are aligned around the ability to serve students, but also to serve students over the life of their careers, and ultimately have the opportunity to serve the organizations that employ them. And whether you're a medical school, or whether you're a CPA test prep organization, that's an exciting story to be a part of. And so that's an element we didn't have before, and we're excited to be able to bring to the portfolio today.

It also allows us to shift our reference. As Lisa said strengthening the core, never abandoning our historical strength in education, but beginning to dig horizontally across what we'll talk about as the workforce solutions value chain, on how we take advantage of the permission our success in education gives us to serve students beyond the classroom.

And there are a host of advantages, we think, derive from that approach. I'll talk about a number of them over the course of the next 10 or 15 minutes, but it's worth calling out those that are on the page behind me. First and foremost we think it's absolutely responsive to the market dynamics that we see and we

know all of you see. In addition to that there's this idea of changing the customer mix and not just serving consumers but serving businesses in a way that brings a different revenue cycle, brings a different set of relationships, and brings a set of synergies between our consumers and our business customers that we think benefit them both.

And then because it presents an opportunity to serve students, not just at a point in time, but potentially over multiple interventions in the course of a career, as well as the institutions that employ them, we think it creates a potential for higher customer lifetime value. And that's an exciting prospect for us both financially, but from an impact perspective.

So let's take a deeper dive into what workforce solutions is. I spent a lot of time myself in the human capital management space and know as you do that workforce solutions is a vast and broad industry with a variety of markets, business models and capabilities. But I want you to be assured that we have no intention of boiling the ocean. What we have contemplated is a narrowly-tailored version of workforce solutions that plays to our strengths. And why it plays to our strengths, I think, is something worth spending a couple of minutes on.

I think it's important to level-set with the assertion that Adtalem has always been a workforce solutions provider. Adtalem and its predecessor institutions have been providing workforce-ready talent to a variety of industries for many, many years. And education, particularly career-focused education, is itself a workforce solution. So it doesn't represent a wholesale departure, and in fact speaks to the inherent strengths of the institutions that remain in the portfolio today. So as we think about this- this value chain we've got a set of activities, and a set of markets, and a set of spaces, that we think represent natural adjacencies to our core business that builds a bridge to and beyond, well, a bridge from our education capability, but to and beyond our market-leading capability in test prep, in continuing education, a- and everything we do in the financial services vertical today. So it's not, it's not a wholesale departure from where we've been. It's a strategy of extension, and it's a strategy of strengthening, that I think should give everyone comfort that these are places where we have a permission, the permission to participate, as well as the right to win.

In addition to thinking of the workforce solutions value chain in a narrowly-tailored relevant and applicable way, as Lisa mentioned, we've also organized ourselves around an attractive set of industry verticals. Medical and healthcare, financial services, and in Brazil, business and law. And doing so does a couple of things for us. First, these are all industries that are undergoing tremendous change and that change drives up the need for ongoing training, education, development and upscaling.

This is also, these are also industries where the investments in those kind of interventions is high and growing. And in the case of the medical and healthcare vertical, you know, this is a space where you've heard us talk about this many time, the supply and demand imbalances are such that they're both durable and

favorable to us. So it's an opportunity to organize ourselves around an attractive set of industries, prioritize our investments and growth initiatives, and perhaps most importantly, gives us an opportunity that we hadn't had before, which is to be much more thoughtful about capturing the synergies that exist inside the portfolio, as we go to market now with a set of businesses that are much more like kind then we've done so in the past.

If we're able to do that successfully, if we're able to take the B2B capability that sits in the medical and healthcare vertical, and make it applicable to other parts of the portfolio, if we're able to leverage the spirit and pace of innovation that happens in the business and law business, and apply elsewhere in the portfolio, if we're able to capture these synergies and these efficiencies, we make the businesses in the portfolio more competitive, more effective, than they would be if they were standing alone operating outside of the portfolio. And we think that kind of integration drives tremendous value in the portfolio.

So, as we think about extending across the workforce solutions value chain it's important, I think, to take a step back and reflect on the extent to which we're already participating in that value chain today. This isn't blue ocean strategy. We're not off on expeditionary missions to participate in markets that we have no experience or insight with. As it turns out, we're actually playing, at varying degrees, in each of the portions of the value chain today.

So if you think about educate, where the vast majority of our assets and capabilities sit today, that's our core strength, a place we will continue to invest, an engine for growth, and also what drives the permission to be able to extend across the value chain. We've got critical mass in prepare and certify in what had been our professional education vertical previously, but we've also got critical mass in train and develop. And while we don't have any assets that are technically dedicated to recruit and select today, as a practical matter we do a fair amount of that already, particularly in the medical and healthcare vertical, where we're participating in helping students and employers match their needs from a supply and demand perspective. We're actively involved in these pathways to the workforce. The question is how do we build on that in a way that allows us to monetize it, but also improve the quality of the programs that are producing the graduates through what we learn from a better understanding of the needs of those employers.

So no flight of fancy, and more importantly, as Lisa mentioned at the outset it bears out this recognition that its success in the educate portion of the value chain, in the form of high-quality student outcomes at scale, that gives us the permission to do the things we aspire to do across the value chain.

So as we pursue this strategy we'll focus on strengthening what we believe are a few critical capabilities. It's actually more than a few, but we can only get a few on the page here. But these are things that are, that are critically important if we're gonna be successful here. The first is our brands, and we've got our Chief Marketing Officer here, Fernando Lau, who's actively focused on this protecting our premium competitive brands. Becker, ACAMS, IBMEC and others. While thoughtfully investing in the Adtalem brand, which previously had been a

holding company brand, investing in the Adtalem brand as a way to signal in a credible way this shift of the entire portfolio to workforce solutions.

Leveraging the existing multinational footprint we have to support the growth ambitions of all of our verticals ACAMS and it currently has a footprint globally the Chamberlain Nursing School has a huge network of locations here in the United States. How do we leverage those existing strengths and capabilities to support the growth ambitions of other businesses in the portfolio?

Investing in partnerships, which we've always done on an ad hoc basis, but doing it now at the enterprise level in ways that can drive growth across the portfolio. One example that comes to mind is what we've been able to do recently with the government of Barbados as we moved the Ross School of Medicine there from Dominica where we've been able to think not just about how to leverage that burgeoning relationship for Ross but how also to expand that relationship to provide opportunities for ACAMS, how to leverage it to provide opportunities for Chamberlain, and as we think about enterprise-level partnerships going forward, it's that multi-vertical value proposition that's front of mind for us.

And then talent. You heard Lisa talk a little bit about talent at the executive level but you should also have some confidence that, you know, we're focused on investing in talent throughout the organization. One of the fundamental beliefs underlying the strategy is this idea that no matter what industry you're in the key to building and sustaining competitive advantage is having world-class talent to scale. That's true for every other company. It's certainly true for us. And if we're gonna move towards addressing these opportunities at pace we need the talent to win. And we're actively focused on investing in that regard. And Donna Jennings, our CHRO is giving me the wink as we speak.

And then coming full circle it's at the bottom right of the slide, but that is no reflection of its central importance to the overall strategy, investing, obviously, in our academic foundation. You know, it is market-leading student outcomes, and differentiated student experiences at scale. That is the key to having the permission to do all of the other things our ambitions aspire to.

So, we think we've landed on a winning and compelling strategy. Obviously execution is key. Investment is key. But we think it- it checks many of the boxes we need for the next chapter of growth at Adtalem. We think it's imminently responsive to the market trends we see. We think it takes full advantage of a streamlined portfolio of assets. It builds upon our core strengths in ways that support our mission. It provides logical expansion paths for us. It is clearer now to understand where to invest and where to take these businesses with workforce solutions as the north star for the portfolio. It gives us an opportunity to expand the customer base, and we're really excited about that. And not just expand the customer base but extend the customer relationship in ways that we think increase the lifetime value of those customers. And then it gives us a greater mix of B2B customers along with the consumers that we've served for many years.

And then finally, we recognize that, you know, the holding company model is one that brings with it a certain degree of complexity and risk, and we think the strategy allows us to bring that down by driving better integration within the portfolio, and exploiting the synergies, as I said earlier, of what we think are much more like-kind businesses. So we think we- we got a good strategy. We obviously gotta get at it. We've got proof points already that we'll talk about over the course of the afternoon. But we think it's an exciting opportunity for Adtalem. We think it's an exciting opportunity for our owners, and we think it's an exciting opportunity for our colleagues.

As we execute there are really a myriad number of things we have to do well, many of them we do well already. Some of them we have to get better at. But we think there are four key vehicles that- that we've got to commit ourselves to, and deliver on a consistent basis. The first, and you heard Lisa talk about it, and you'll hear Pat talk about it later today, you'll hear each of the vertical leaders talk about it, is consistently and profitably grow the top line. That's the ticket to ride, you know? And that's what we gotta do, and the, and we're committed to doing it, and we've got actionable plans for doing that. And we've got I think, a track record of execution that should give you confidence that that's well within management's reach.

The second is exploit the synergies of the streamlined portfolio. We've got great businesses. We've got great brands. They do a tremendous job in the marketplace on a standalone basis. There's so much they can do on an integrated basis. There's so many opportunities for efficiencies, and there's so many opportunities for creating broader impact in the marketplace by bringing these institutions and organizations together in a way that makes them feel more like a family of sibling companies, as opposed to assets and holding company. And we're committed to that.

Third is ensuring that we've got differentiated capabilities. We're gonna grow our capability in the markets we're in today. We're gonna enter markets that we're not in today. But in each case we've gotta do so in a way that's fully differentiated with the value propositions that appeal to where we know our clients and customers are headed. And we're actively engaged in ensuring we've got those differentiated capabilities.

And then finally, because we know the growth ambitions of the strategy, because it is a growth strategy, can't be achieved in their entirety through organic growth. We've got to invest in creative inorganic vehicles for growth, and do it in a disciplined way that meets the commitments we've made to our shareholders to be good and prudent stewards of capital. And we've got the capability and the insights to do that. It's a market, obviously, where, you know, there's lots of capital chasing lots of opportunities but I think we've got the ability to prove that we can do this in a disciplined way, and in ways that should encourage our investors more than anything else.

I think if we can do those four things, and we can do them consistently and to be clear, we will do them. Don't want my boss giving me the side eye here. We will do them consistently. You know, we think we can dramatically enhance the

value of the enterprise for all of our stakeholders. Again, for- for our people and our colleagues for our students and learners, for the organizations that employ our students and learners, and for our owners.

So that's a high-level overview. You'll get a much more granular sense of the power of the strategy when you hear from the vertical leaders. But I hope it provides good context for what comes later.