

Patrick Unzicker:

Thank you. All right, good afternoon. I'm very privileged to follow Maira, Mehul, Dr. Cox and Dr. Owen. and that privilege manifests itself in their focus and their passion on our academic quality and our student outcomes. That privilege also is in their focus on our innovation, and that is a very nice segway into as we move forward into our workforce solutions provider strategy.

And we start off with that evolution into being a workforce solutions provider on a very strong foundation. About a year ago at our Investor Day, we just recently successfully completed our first ever public ratings. That allowed us to do a re-financing to really position the organization, with a much lower overall cost of capital and certainly flexibility and liquidity to act opportunistically on disciplined acquisitions, as well as to enhance shareholder returns.

The organization as we've evolved the portfolio continues to have a very strong balance sheet and produce very solid operating cash flow. And as we evolve into the workforce solutions strategy, it really enhances the operating leverage that is inherent in Adtalem. It first provides a much more effective and efficient recruiting cycle and recruiting channel for our campus-based operations. Primarily our 22 Chamberlain campuses, our Medical and Veterinary Universities and each incremental student of course, drives a significant amount of incremental flow through.

Being a workforce solutions provider also allows us to continue to expand our online and hybrid offerings. We recently announced the launch of a Masters of Social Work, as well as an accelerated MSN program to better meet the needs of our employer partners. And likewise, within our financial services vertical, that has very much a software as a service digital model that really expands the reach in how we can help our employer- partners with their needs in ensuring that they've got a educated workforce around governance risk and compliance, to ensure that they've got continued access to Certified Public Accountants as well as expand into new certifications as Mehul talked about.

And lastly, evolving into a workforce solutions provider really enhances our perspective and our visibility around our revenue. And we can impact that improved rev- revenue visibility on a couple of different perspectives.

First, by viewing ourselves and evolving into a workforce solutions provider we're much more in tune with the ever-evolving, life-long learning needs of both our students and employer partners. So in that sense we're increasing and extending the annuity that we have with those students, customers and members. And also being in tune with their needs and expanding within workforce solutions providers, we're also giving us an opportunity for a greater share of wallet by partnering with them to help ensure that they've got a fully educated and evolving workforce.

Being a workforce solutions provider, we've heard a lot today, talking about partnerships affiliation agreements these manifest and lend themselves to

multiyear contracts and agreements. So, again, improving our revenue visibility is how we think about Adtalem's business.

And then lastly, it continues to help us with our diversification of our pair source. Being no longer single dependent upon any one particular government or a particular source for our student funding and revenue.

As you can see from the bar chart over the past couple years, by being a more focused organization, focusing on our three core verticals that we got to hear from our vertical leaders today, and with the divestitures of DeVry University and Carrington, we've been able to improve our margin profile quite steadily and nicely from 16.6% up to the estimated 17.6% in the current fiscal year. At the same time, we've done that by increasing our cashflow and have in essence also de-risked the portfolio. De-risked the portfolio albeit from both an operating and regulatory perspective.

I'd like to call out from a revenue mixed perspective and particularly by institution, and while we're very focused on our three verticals, Adtalem's success, Adtalem's financial performance is not dependent on either any single institution or single program. So it brings nice financial diversity with an increased focus.

And then lastly, the diversity of our para-mix. This is something we haven't been able to say in a while, but as you look here at the pie chart, the majority now of our para-mix comes from non-governmental sources. From our employer Tuition Re-assistance Imbursement, student pay military and government, and much less as we evolve from Title IV. So, again, better positioning us as we move through and navigate the next five years.

Now to take a walk through each of our verticals and monetize if you will the strategies that our vertical leaders have talked about. Starting with medical and healthcare, our largest vertical by both in terms of revenue and operating income contribution.

We see over the upcoming five years that this vertical will deliver very consistent revenue growth in the 4 to 5 per- 6% range, but that's going to increasingly be driven by a bit of change mix of business as we further develop relationships with universities such as the matriculation agreements that we've signed with Charles Drew, with Dillard Tuskegee and it's going to continue evolve as Dr. Karen Cox talked about in terms of better partnering with large employers and helping solve their workforce needs. So, again, improving our revenue visibility in the future.

And then, the inherent operating leverage of that 4 to 6% revenue growth given by our focusing in areas where there still remains to be very large supply-demand imbalances, not only large supply-demand imbalances for both nurses and primary care physicians, but again, those seats as well will drive very nice operating leverage in the 6 to 8% range.

That is also assumes that over the next four to five years, we will continue to open new campuses for Chamberlain, recognizing the shift and the need and continued need for BSNs and- and opening up four to five campuses and

bringing our total as we complete the planning period to the mid to high 20s. with that though are capital expenditure requirements for this segment. We'll start to moderate in that we have the relocation of Ross Med behind us and a lot of our other significant investments in our medical and veterinary schools to ensure that they've got the right capacity, are also behind us.

So, again, very nice cash flow and operating leverage expected from this vertical.

From our financial services vertical, this will continue to be one of the higher growth verticals from both a revenue and EBITDA perspective. Really driven by the inherent nature of this business as a software as a service. we continue to see great opportunities for ACAMS to increase it's penetration with existing customers as well as expand into new markets.

We also heard Mehul discuss the Certified Global Sanction Specialist, which will launch in 2020. Again, a very much similar to the ACAMS certification where we own the certification. We'll be able to serve that employer need and again, with an existing customer base. So as we think about being a workforce solutions provider we've developed this with the feedback and the input of our employer partners.

We've also heard Mehul talk about the turnaround, this very successful turnaround of Becker. As Becker enters or exits rather, our fiscal 2019 regaining enrollment growth that will also contribute to the revenue and operating income growth of this segment. And these projections do not include OnCourse Learning. OnCourse Learning will only accelerate the revenue growth not only from the disciplined acquisition itself, but the cross-selling opportunities in revenue and cross synergies that- that will bring when it becomes part of the Adtalem family.

From business and law from our investments in Brazil we continue to be very focused and attracted to the emerging market in Brazil, but also very cognizant. There are certain things that are not completely within our control. Those being foreign currency fluctuations, as well as the overall macros in Brazil. So as a result we have decreased or brought down our expected revenue growth rate over the planning horizon for Adtalem Brazil being mindful of those things that we cannot control, and in fact we'd project FY20 revenue to be flat, but at the same time we're very focused on what we can control, and that's the continued successful launch of Wyden Online. The continued program expansion and growth of Ibmec as well as DiMaggio and our core, focusing on the pricing of our core Wyden institutions.

So we expect over time that those near-term headwinds will albeit with the successful passing, of our pension reform in Brazil. It's just the timing. We don't want to call that in 2020 but with that successful passage of pension reform we'd expect much more stability in the overall macros of Brazil as well as the foreign currency providing for nice revenue growth, but in the out years.

So when you bring those all together, for the upcoming fiscal year we're projecting revenue growth in the 3 to 5% range, and again, that's incumbent upon Brazil being flat, but still seeing very nice revenue growth, which we've been experiencing out of our financial services and medical and healthcare segment.

And that will drive nice operating leverage and grow EPS at a rate much higher than that in the 7 to 8% range. We have slightly lowered our longer-term outlook from where we were a year ago. We'd expected revenue to grow in the 5 to 7% range, but where we are with Brazil we think it's much more prudent and responsible to lower that to the 4 to 6% range and really want to be in a position to project confidence in this management's conviction to deliver this long-term forecast.

That 4 to 6% compounded revenue growth over the planning horizon will still deliver nice, double-digit EPS growth. And you can see here improving our Return on Invested Capital over time and being very responsible and focused with how we invest our CapEx. And again, this is all on our base business as it exists today and does not include the accretive impact of our OnCourse Learning.

What would a Investor Day presentation be without a bridge? (Laughs) this just shows of the contribution of both revenue and EBITDA over that planning horizon and- and you can see some very nice EBITDA expansion from where we sit today in 19 out to 20-23, which would then imply, as we deliver upon this nice expansion in our overall multiple.

And that puts us in a very good position just as we've had in terms of Adtalem's ability to generate free cash flow. Similar to the last five years by executing upon our five-year strategic plan, we expect to generate about one and a half billion dollars worth of cash flow. We will continue to reinvest that cash flow from a capital allocation perspective, back into our own verticals and businesses to drive new campus expansion, open new programs and reinvest in academic quality.

That also, though, allows us as we look over the planning horizon to continue to opportunistically buy back our shares. And we project spending about 640 million dollars on share repurchases and would want to note that the significant majority of those dollars spent will be in this current fiscal year, but then providing us with financial flexibility to be opportunistic as we move in the out years.

And then providing a significant amount of capital to invest in disciplined acquisitions invest in the core, as well as continue to be opportunistic on our share repurchases.

So in closing, we wanted to present to you projections that this management team feels very confident in our ability to deliver and at the same time, very reflective of some of the challenges in- in one of our particular verticals, so with that, I would like to welcome back up, our CEO, Lisa Wardell.