

# Financial Overview

---

Patrick Unzicker  
*Chief Financial Officer*

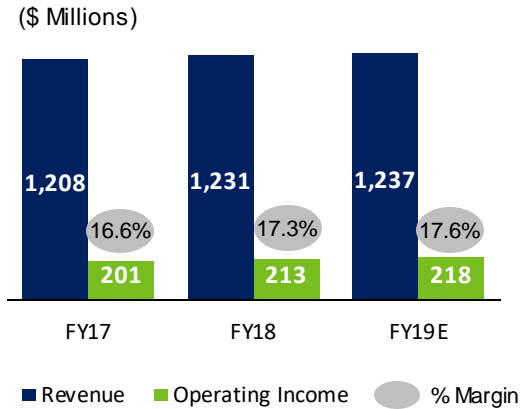


# Adtalem Is Well-Positioned to Drive Shareholder Value as a Workforce Solutions Provider

- Strong free cash flow generation and solid financial position supports workforce solution strategy and shareholder return
- Strategy enhances Adtalem’s inherent operating leverage
  - Highly profitable incremental enrollment in fixed-cost, campus-based model
  - Strong and consistent margins from greater percentage of online delivery and hybrid delivery
  - Digital/software as a service model for Financial Services
  - Optimized cost structure
- Workforce Solutions Provider positioning creates:
  - Longer-term relationships with customers and employers; greater “share of wallet”
  - Increased revenue visibility and sustainability (e.g., multi-year contracts, recurring revenue streams)
  - Continued diversification of payer funding sources

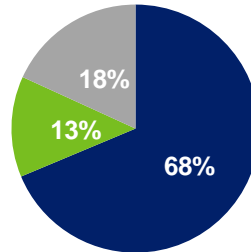
# Financially Diversified

## Financial Overview<sup>1, 2</sup>



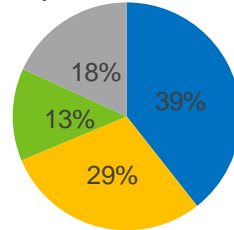
## FY19E Revenue Mix

### By Operating Segment



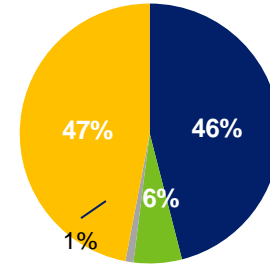
- Medical & Healthcare
- Financial Services
- Business & Law

### By Institution



- Chamberlain
- Medical & Veterinary
- Becker & ACAMS
- Adtalem Brasil

## FY18 Funding Sources



- US Federal Assistance (e.g., Title IV)
- Brazil Federal Assistance (FIES)
- Private Loans
- Cash Payments, Private Scholarships, Employer and Military Assistance

1 Excludes special charges and discontinued operations.  
2 FY19 estimate is based on midpoint of outlook range provided in 3QFY19 results release.

# Segment Outlook: Medical & Healthcare

## Financial Summary

	FY15	FY19E	'15-'19E CAGR	'19E-'23E CAGR
Revenue	\$701M	\$852M	5.0%	4-6%
Operating Margin	22.2%	21.6%	–	<i>Increasing</i>
EBITDA	\$187M	\$214M	3.5%	6-8%
CapEx	\$54M	\$48M	–	<i>Decreasing</i>

## Highlights

- Leverage and expand B2B relationships across the segment to support new workforce solutions provider positioning
- Continued supply/demand imbalances expected to drive ongoing segment revenue growth; our right to win market share supported by rising Academic outcomes (improved NCLEX pass rates, first time residency placement rates)
- Extend customer relationships beyond graduation: cultivate alumni relationships to support new student recruiting and lifelong learning
- Segment operating margins to increase, driven by continuation of new campus openings (4-5 over the planning horizon) and new online program launches at Chamberlain, including MSW and Accelerated MSN

# Segment Outlook: Financial Services

## Financial Summary

	FY15	FY19E	'15-'19E CAGR	'19E-'23E CAGR
Revenue	\$100M	\$163M	13.1%	10-12%
Operating Margin	24.1%	19.3%	–	<i>Increasing</i>
EBITDA	\$29M	\$38M	7.4%	21-23%
CapEx	\$1M	\$2M	–	<i>Stable</i>

## Highlights

- ACAMS growth will be driven by increased penetration in the U.S. and international expansion
- ACAMS Certified Global Sanctions Specialist (CGSS) product launching in calendar 2020
- Re-established market leadership of Becker CPA Test Prep with revised product value proposition, features and pricing, which has resulted in regained market share
- Continued growth expected in Becker CPE driven by an expanded course catalog and an improved delivery platform
- Projections do not include acquisition of OnCourse Learning Financial Services

# Segment Outlook: Business & Law

## Financial Summary

	FY15	FY19E	'15-'19E CAGR	'19E-'23E CAGR
Revenue	\$159M	\$226M	9.2%	3-5%
Operating Margin	9.3%	10.2%	–	<i>Increasing</i>
EBITDA	\$23M	\$34M	10.3%	7-9%
CapEx	\$13M	\$10M	–	<i>Decreasing</i>

## Highlights

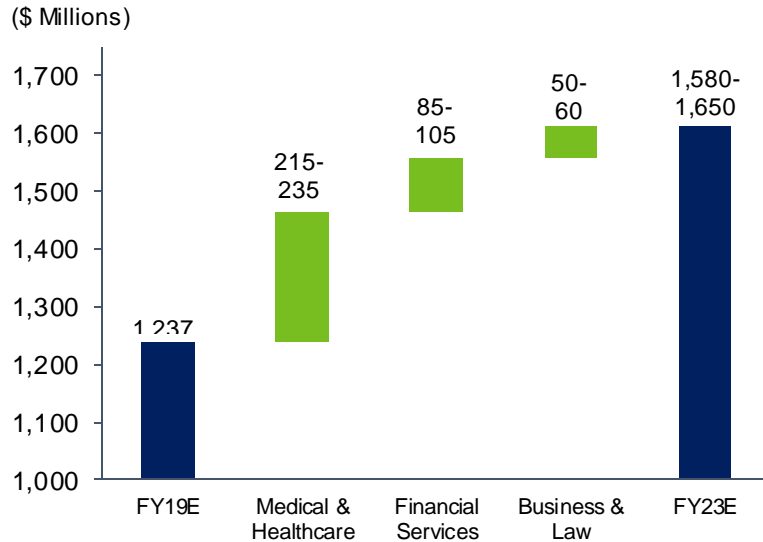
- Weakness on foreign currency exchange and slower than anticipated economic recovery continue to drive near-term headwinds. FY20 revenue is projected to be flat
- Pricing pressure, partially offset by modality shift to lower cost, online programs
- Ibmec new student enrollment driven by continued market demand and new partnerships with high-profile companies and organizations, as well as with high-quality international institutions
- WydenOnline offering well received by marketplace, resulting in significant enrollment growth; challenge is pricing structure
- Segment cash flow generation continues to increase as ATB operations achieve scale
- Remain cautiously optimistic about potential additional revenue growth but need to plan for macroeconomic issues taking time to resolve

## Long Term Outlook

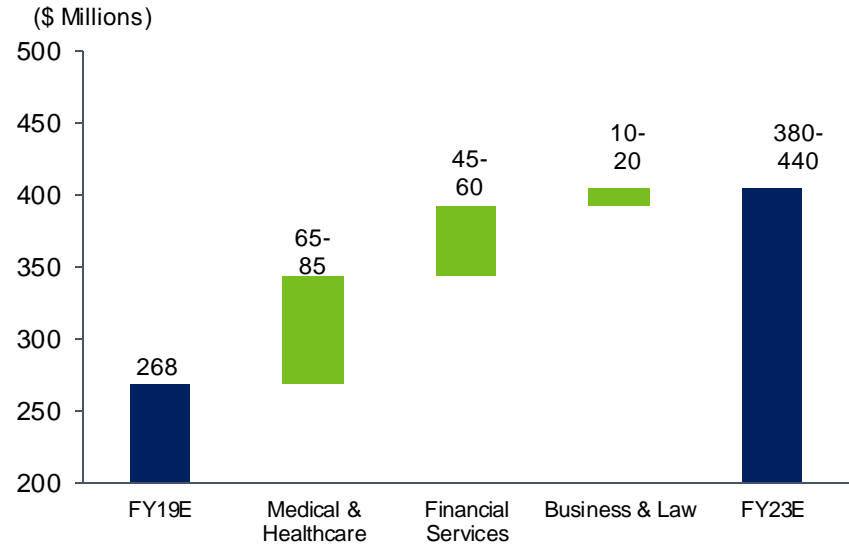
Key Metrics	FY20E vs FY19E	FY19-23E
Revenue	3-5%	4-6% CAGR
EBITDA	3-5%	9-11% CAGR
Tax Rates	17-18%	18-22%
CapEx/Revenue	3-4%	3-4%
ROIC	9-10%	11-13%
EPS	7-8%	12-14% CAGR

# Revenue and EBITDA Bridges

## Adtalem Revenue Bridge<sup>1</sup>



## Adtalem EBITDA Bridge<sup>1</sup>



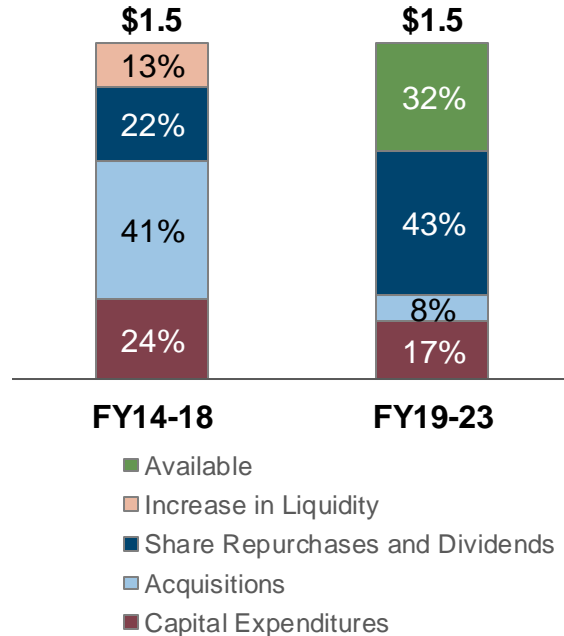
<sup>1</sup>Excludes special charges and discontinued operations.



# In the Planning Horizon We Expect to Generate \$1.5B in Cash Flow from Operations

## From FY14-18:

- CapEx invested in growth areas (Chamberlain, Med schools, and ATB)
- Deployed approximately \$607M in Brazil and professional education acquisitions
- Repurchased \$244M of shares
- Returned \$80M through dividends



## From FY19-23:

- CapEx investment moderates and focuses on Medical & Healthcare
- Expect to spend \$640M on share repurchases
- Est. \$480M available for:
  - Acquisitions
  - Continued investment in the core
  - Opportunistic share repurchases