



## Q1 2020 Earnings Presentation

*October 29<sup>th</sup>, 2019*

# Safe Harbor

Certain statements contained in this presentation concerning Adtalem Global Education's future performance, including those statements concerning expectations or plans, constitute "forward-looking statements" within the meaning of the Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by phrases such as Adtalem Global Education or its management "believes," "expects," "anticipates," "foresees," "forecasts," "estimates," "plans," "intends" or other words or phrases of similar import. Actual results may differ materially from those projected or implied by these forward-looking statements. Potential risks, uncertainties and other factors that could cause results to differ are described more fully in Item 1A, "Risk Factors," in the most recent Annual Report on Form 10-K for the year ending June 30, 2019 and filed with the Securities and Exchange Commission (SEC) on August 28, 2019.

## Non-GAAP Financial Measures

This presentation includes references to certain financial measures that are not calculated in accordance with generally accepted accounting principles in the United States ("GAAP"). Management believes that the non-GAAP disclosures provide investors with useful supplemental information regarding the underlying business trends and performance of Adtalem's ongoing operations and are useful for period-over-period comparisons of such operations. Adtalem uses these supplemental financial measures internally in its assessment of the performance of its portfolio of investments. These non-GAAP financial measures have important limitations and should not be considered in isolation or as a substitute for measures of Adtalem's financial performance prepared in accordance with GAAP. For how we define the non-GAAP financial measures, including EBITDA, and a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP measure, please refer to the reconciliation at the end of this presentation.

Lisa Wardell

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*Chairman and Chief Executive Officer*

ADT<sup>^</sup>LEM  
GLOBAL EDUCATION

## Divestiture of Brazil Assets

- On October 21, we announced the sale of our assets in Brazil, including Wyden, Damàsio, and Ibmec, to Brazilian secondary education provider YDUQS
- This strategic transaction helps better address the global workforce skills gap, reduces portfolio risk, and further streamlines our enterprise as a workforce solutions provider
- The transaction is valued at \$465M, 10x TTM EBITDA, compared with ~7.5x EBITDA for ATGE, creating additional shareholder value
- We expect the transaction to close in the first half of fiscal 2021

# Q1 2020 Highlights

**\$254.6 million**  
Revenue

**\$18.9 million**  
Net Income<sup>1</sup>

**\$0.34**  
Adjusted Earnings Per Share<sup>1</sup>

**\$22.9 million**  
Free Cash Flow<sup>2</sup>



Announced divestiture of Brazil assets, repositioning corporate portfolio



Capitalized on strong demand to deliver revenue growth across both verticals



Appointed Mike Randolfi as new Chief Financial Officer



Reaffirming revenue and earnings guidance for FY 2020

1) From continuing operations excluding special items

2) Free cash flow is a non-GAAP financial measure defined as net cash provided by (used in) operations less capital expenditures. Differences may occur due to rounding.

# Medical & Healthcare

## Revenue growth across vertical driven by Chamberlain programs and RUSM housing revenue

- **Chamberlain University:**
  - Grew both revenue and enrollments
  - Successful launch of Master of Social Work program
  - Increased Las Vegas campus size and began classes at San Antonio campus
  - Current Cleveland Clinic partnership expanded to include RUSM
- **Ross University School of Medicine (RUSM)**
  - First time USMLE test scores are above average at 94%
  - Began new Institutional partnerships with HBCU/HSI's
- **Ross University School of Veterinary Medicine (RUSVM)**
  - Achieved RUSVM record-high NAVLE test score average of 88%
  - Built out partnership with Lincoln Memorial University, expanding international partnerships
- **American University of the Caribbean School of Medicine (AUC)**
  - Furthered relationships with key partners WADEM and CDEMA
  - Executive dean Dr. Chumley honored with seat on St. Maarten hospital supervisory council



# Financial Services

Strong revenue growth driven by outperformance in ACAMS and addition of OCL

- **Becker:**
  - Launch of new website and e-commerce platform
  - Paid media conversion rate up 36%, social media conversion rate increased 117%
- **ACAMS:**
  - Successful Las Vegas conference saw record attendance, drew increase in headline sponsors
  - Launched training packages for new Certified Global Sanctions Specialist certification
  - Strategic partnership with Northeastern, ACAMS and Becker launched first offering, bringing on major corporate customers
- **OnCourse Learning:**
  - Aided 1Q segment revenue growth
  - Smooth integration continues

ACAMS®

  
BECKER

 OnCourse Learning

Mike Randolfi

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*Senior Vice President and Chief Financial Officer*

ADT^LEM  
GLOBAL EDUCATION



## Q1 2020 Pro-Forma Results

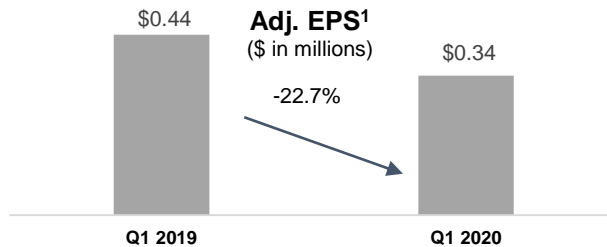
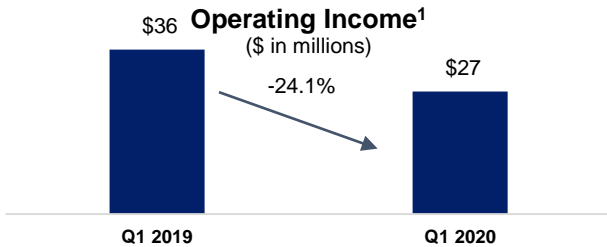
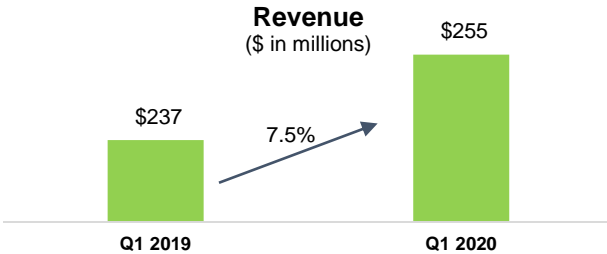
Key Metrics	Q1 2020 results (prior to Brazil divestiture)	Q1 2020 results (Brazil only)	Q1 2020 results (continuing operations, excluding special items)
Revenue	\$300.3 million	\$45.7 million	\$254.6 million
Gross Profit	\$138.3 million	\$11.7 million	\$126.6 million
Operating Income	\$29.0 million	\$1.5 million	\$27.5 million
Earnings per Share	\$0.36	\$0.02	\$0.34

## Q1 2020 Year-over-Year Comparison

Key Metrics	Q1 2019 results <i>(continuing operations)</i>	Q1 2020 results <i>(continuing operations)</i>	Year-over-Year % Change
Revenue	\$236.9 million	\$254.6 million	7.5%
Gross Profit	\$125.4 million	\$126.6 million	0.9%
Operating Income <sup>1</sup>	\$36.2 million	\$27.5 million	(24.1%)
Earnings per Share	\$0.44	\$0.34	(22.7%)

1) From continuing operations excluding special items

# Q1 2020 Financial Highlights

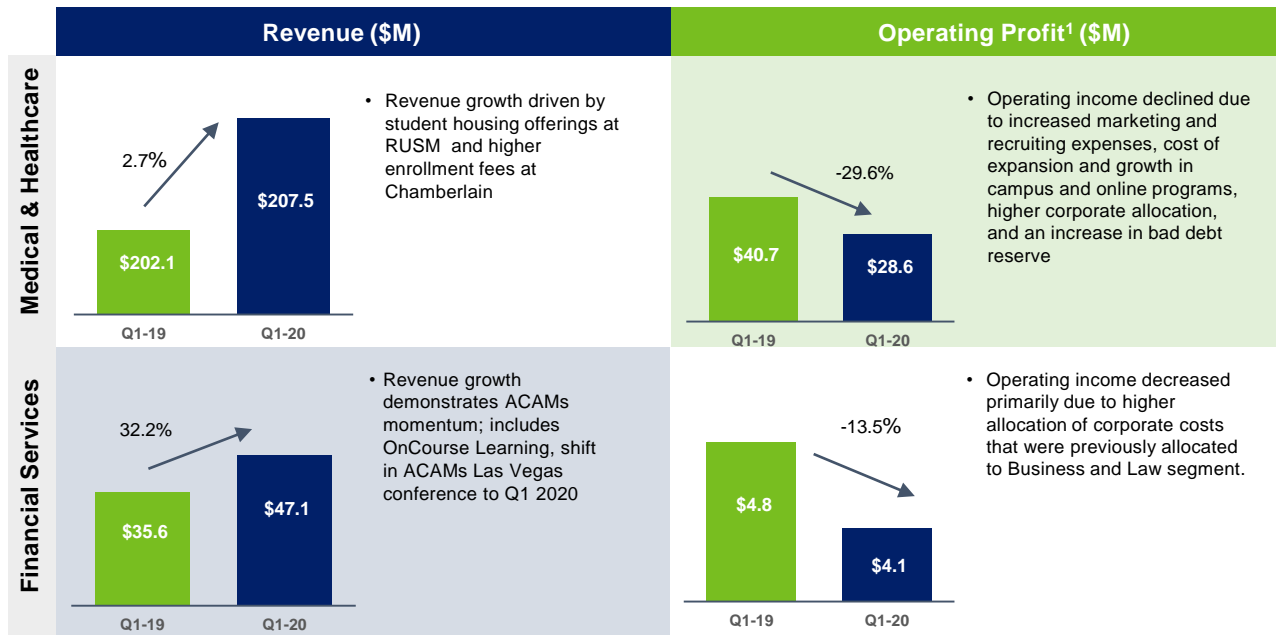


- Revenue growth across both verticals boosted by OnCourse Learning acquisition, ACAMS timing of Las Vegas conference

- Operating income decline includes investments in marketing and recruiting to drive future enrollment and revenue.

- Repurchased \$40 million in shares during the quarter

# Q1 2020 Financial Highlights by Segment



1) From continuing operations excluding special items

## Normalizing YoY OI for corporate allocation change from Brazil transaction

Key Metrics	Medical & Healthcare		Financial Services	
	OI	OI margin	OI	OI Margin
<b>1Q 2019 OI as reported</b>	\$40.7	20.1%	4.8	13.3%
<b>Additional corp. allocation</b>	(2.9)	(1.4 ) pts	(0.5)	(1.5) pts
<b>Adjusted 1Q 2019 to reflect current corp. allocation<sup>1</sup></b>	37.8	18.7%	4.2	11.8%
<b>1Q 2020 OI as reported</b>	28.6	13.8%	4.1	8.7%

- 1) To aid YoY comparability, 1Q'19 OI and margin adjusted to similarly allocate corporate costs on a comparable basis with 1Q'20 from Business and Law to the Medical and Healthcare and Financial Services segments

# Sustainable Free Cash Flow Generation

Key Metrics	Q1 2020 Results
Operating Cash Flow	\$33.3 million
Free Cash Flow	\$22.9 million

From continuing operations, excluding special items

Note: Free cash flow is a non-GAAP financial measure defined as net cash provided by (used in) operations less capital expenditures. Differences may occur due to rounding.

# Liquidity and Capital Structure

## Capital Structure / Net Debt

Key Metrics	June 30, 2019	Sept. 30, 2019
Cash, cash equivalents <sup>4</sup>	\$204 million	\$121 million (\$210 million <sup>1</sup> )
Undrawn revolver	\$122 million	\$192 million
Total Debt	\$407 million	\$336 million
Capex <sup>4</sup>	\$12 million <sup>2</sup>	\$10 million <sup>3</sup>
Share repurchases	\$76 million <sup>2</sup>	\$40 million <sup>3</sup>

1)Includes \$89 million currently classified as discontinued operations that will be available to Adtalem upon closing of the sale of Adtalem Brazil

2)Three months ended June 30, 2019

3)Three months ended September 30, 2019

4)From continuing operations

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# FY 2020 Guidance

Key Metrics	FY20 Guidance
Revenue	5% to 7% growth compared with FY 2019
Effective income tax rate <sup>1</sup>	19% to 20%
CapEx <sup>1</sup>	\$45 to \$50 million
Earnings per Share <sup>1</sup>	7% to 9% growth compared with FY 2019

1) From continuing operations, excluding special items



# Appendix

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# Non-GAAP Reconciliation Tables

## ADTALEM GLOBAL EDUCATION INC. NON-GAAP EARNINGS DISCLOSURE (unaudited)

	Three Months Ended	
	September 30,	
	2019	2018
	(in thousands, except per share amounts)	
<b>Net Income (Loss)</b>	\$ 14,361	\$ (9,530)
Earnings (Loss) per Share (diluted-2019, basic-2018)	\$ 0.26	\$ (0.16)
<b>Continuing Operations:</b>		
Restructuring Expense	\$ 6,530	\$ 39,473
Effect on Earnings per Share (diluted)	\$ 0.12	\$ 0.64
Gain on Sale of Assets	\$ (4,779)	\$ —
Effect on Earnings per Share (diluted)	\$ (0.09)	\$ —
Income Tax Impact on Non-GAAP Adjustments	\$ (343)	\$ (7,952)
Effect on Earnings per Share (diluted)	\$ (0.01)	\$ (0.13)
<b>Discontinued Operations, net of tax</b>	\$ 3,156	\$ 4,743
Effect on Earnings per Share (diluted)	\$ 0.06	\$ 0.08
<b>Net Income from Continuing Operations Excluding Special Items, net of tax</b>	\$ 18,925	\$ 26,734
Earnings per Share from Continuing Operations Excluding Special Items, net of tax (diluted)	\$ 0.34	\$ 0.44
<b>Shares used in Basic EPS Calculation</b>	N/A	60,328
<b>Shares used in Diluted EPS Calculation</b>	56,140	61,202

## Non-GAAP Reconciliation Tables

Key Metrics	Q1 2020 Results
Operating Cash Flow (GAAP measure)	\$33.3 million
Capital Expenditures	\$10.4 million
Free Cash Flow (Non-GAAP measure)	\$22.9 million

From continuing operations, excluding special items

## 2019 operating income for continuing operations

### FY19 adjusted for continuing operations (in thousands except EPS)

	1Q	2Q	3Q	4Q	FY'19
<b>Total Revenue</b>	\$236,939	\$253,961	\$258,703	\$264,240	\$1,013,843
<b>Operating Income<sup>1</sup></b>	\$36,241	46,633	\$47,765	\$52,080	\$182,719
<b>EPS<sup>1</sup></b>	\$0.44	\$0.57	\$0.64	\$0.66	\$2.29

1) From continuing operations, excluding special items