Adtalem Global Education 2023 Investor Day

June 20, 2023

Jay Spitzer:

Welcome, everyone, to Adtalem Global Education's 2023 Investor Day. I'm Jay Spitzer, Vice President, Investor Relations. Before we start today, I would like to go through the normal Safe Harbor and cautionary declarations. Certain statements and projections of future results made in this presentation constitute as forward-looking statements that are based on current market, competitive, and regulatory expectations and are subject to risks and uncertainties that cause actual results to vary materially. We undertake no obligation to update any forward-looking statement after this presentation, whether result of new information, future events, changes in assumption, or otherwise. Please see our latest Form 10-K and 10-Q for discussions of risk factors as they relate to forward-looking statements. In today's presentation, we'll use certain non-GAAP financial measures. We refer you to the appendix in the presentation materials available on our investor relations website for reconciliation, for the most directly comparable GAAP financial measures, and related information. You'll find a link to the webcast on our investor relations website at investors.adtalem.com. After the event, this presentation and webcast will be archived on our website.

Before I hand it over to Steve Beard, our President and CEO, I'll go through the agenda today, which is a very exciting day. For those that are in person, thank you for joining us today at our beautiful Chamberlain University - Chicago campus. For those that have joined us virtually, thank you as well for attending and spending your time with us this morning. Mr. Beard will go through his vision for the next three years. Then, you'll hear from Evan Trent, which will go through our market opportunity and strategy going forward. Then, you'll hear from Maurice and Steven Tom. They'll go through how they're supporting our institutions and the great work that our institutions are doing. We'll go through a quick break, then we'll hear from our institutional leaders, Dr. Karen Cox, Michael Betz, Dr. John Danaher, and we'll end the day hearing from our Chief Financial Officer, Bob Phelan. Before I turn you over to Steve Beard, I'd like to play a short video introducing Adtalem Global Education.

Video:

Our ability to deliver highly trained, empathetic, diverse clinicians ready to practice on day one, ready to innovate, ready to work in an interdisciplinary way is critical to the future of healthcare in the United States. We make a choice to be focused on a mission of access and inclusion, providing more opportunity for students to realize their ambitions, not less. We have carved our own land, and we're proud to be there, and we need to meet the moment. Thank you. Good morning, everyone. I want to

start by reiterating Jay's thanks for those who are participating in the room. We know your time is valuable. Thanks for being here. Those of you who are participating by video, thank you also for being here. We've got some folks here that are familiar with the story and know it well, and we've got some folks that are new to the story as well, so we're eager to reintroduce ourselves to some old friends and introduce ourselves to some new friends. So the place I'd like to begin is with this idea of Adtalem as a force for good, and while that may sound a little pollyannish, I do think we as an organization have a set of attributes that taken together make an extremely positive impact on the world, can deliver attractive returns for our investments, and can also deliver unique and satisfying professional careers for our colleagues. So, let's get into it.

We are a bonafide, mission-led, purpose-driven organization. We're committed to that. We're committed to providing access to those who don't have it, and we're committed to doing it at scale. We're also committed to creating shareholder value, not just in the near term, but in the long term. This is an organization with a long history, but we think the assets that we have in the portfolio today and the way we think about taking those assets to the market going forward represent a really compelling financial opportunity for our owners. Third, we believe we are and will continue to be systematically important to healthcare. As we'll get into later today, there are severe and chronic workforce shortages across healthcare. Those shortages have a real impact on the quality of care and also have a real impact on the viability of hospitals, health systems, and other delivery networks, and we think we are uniquely positioned to help that industry solve that part of its challenge.

So, I'm going to do this in a journey over three horizons, if you'll bear with me. I'm going to start with how we got here and why we think the place we've arrived by choice sets us up for a really compelling next chapter. I'm going to talk about that next chapter, which is really a reflection of this strategy we've adopted, which is a growth strategy, to be clear, and one that we think creates real value. And Evan Trent, when he comes on later, will take a deeper dive into that strategy, which we refer to as Growth with Purpose. And then, I'm going to take you to horizon three, which is really how we think about the business over the much longer term because even though we think we have some attractive near-term opportunities to grow the business and make an impact, we actually think that we can better integrate ourselves into healthcare, bring greater proximity between ourselves and that industry in a way that has some really powerful synergies.

So, let's start with horizon one. Looking back, we were fortunate to begin with some really attractive attributes and really attractive opportunities. So, we had market leading assets and brands, some of the biggest and well-known institutions in the market. We had a disparate set of assets that we could draw from, and the portfolio play made it easy for parts of the business to support other parts of the business as dynamics shifted in the marketplace. We were a bit of a holding company. We didn't integrate our businesses terribly well. We didn't need to because we needed to support a variety of different business models. And because we were something of a conglomerate, we got the usual conglomerate discount applied to the multiple, which I looked at as a set of super attractive opportunities to address. Some folks look at that and say, "Well, that's a tough place to be." I look at that and say, "There's some things we can do here to really, really create some tremendous value."

So what did we do? First, we exited Adtalem Brazil, and we did it at what I think was the exact right time to do it. Just before the pandemic, we got out at a 10 times forward EBITDA multiple, and we did it at a time when, in order to grow in Brazil, you needed to consolidate, and you needed scale, and we happened to have some of the most attractive assets in Brazil, so a fantastic move for Adtalem and its shareholders. The next thing we did is we went out, and we bought Walden University, and Walden University brought a ton of attractive attributes to the company. For starters, it brought the third largest nursing school in the United States into the same portfolio as the largest nursing school in the United States. It brought with it one of the largest behavioral health colleges in the country at a time when we

were hearing from our customers that behavioral health, mental health was something where they needed clinicians at scale.

The third thing Walden brought to us was its mission, which is a mission of social justice, a mission of equity, diversity, and inclusion, and it was completely compatible with the values of the legacy Adtalem assets. It would also, and I'll come back to this in a bit, be a catalyst for how we thought about organizing the business going forward. And there's a lot of discussion about the efficacy of Walden as a standalone transaction, but what I would tell you is that, when you solve for synergies and you solve for the tax step up that we got, we basically bought Walden for 6x, which I think is a good deal, all things considered, for our shareholders.

And then, finally, we divested Financial Services. A segment near and dear to me, I ran that segment before I was CEO. Three fantastic businesses in ACAMS, OnCourse Learning, and Becker in need of a bit of a turnaround, and we put our shoulder into it and got those businesses performing well, and we sold them together for a headline price of a billion dollars representing about 20 times EBITDA, unlocking tremendous value for our shareholders.

So, what's the yield on that? The yield is, what we're left with are five like-kind institutions, 27 campuses, plus the host of online modality unmatched all in post-secondary higher education, and I'll come back to why that's important in a second, and all with the center of gravity in healthcare, which we think is one of the most attractive places to be in education.

I'm going to hang out around what that five-family house looks like because there's some really, really fantastic attributes we have there. We're the number one grantor of nursing degrees in the United States by a long shot; the number two provider of medical residents to the US healthcare market, we bring more doctors into hospitals and health systems than just about anyone else; 3,500 behavioral science graduates that we send out into the market; we're the number one educator of veterinarians in the United States by far; critically important to the companion pet care market. We've got fantastic student outcomes. NCLEX pass rates at scale are fantastic; NAVLE test scores for our vet school; our residency first-time placement rate this year was 97%, which beats a ton of US-based medical schools, public, private, and otherwise.

And we do all of that by delivering tremendous social impact along the way. Nearly half of our students are underrepresented minorities, which at a time when the number of underrepresented minorities in higher education is shrinking and may shrink further, we're actually educating more of them. And it's a real privilege for me to work at an organization where so many of our students look like me. We are the number one grantor of BSN and Master's degrees and advanced degrees in nursing. We produce more black physicians than any institution in the United States, and we're the number one producer of PhDs for African Americans. We confer more PhDs to black people than any other school in the US.

We take people who have been told, "You can't be a scholar," and we make you a scholar. We take people who've been told, "You can't be a doctor," and we make you a doctor. We take people who've been told they can't be a veterinarian; we make them veterinarians. And for those folks who are called to be bedside nurses engaged in the art and science of healing and have been told they can't do that, we make them nurses. So, we'll get into the investment thesis and why it's a good thing to be an owner of Adtalem, but I don't want anyone to lose sight of the fact that what you own is a force for good.

So, horizon one was really positioning us for what we believe is our next stage of growth, being in the right markets, having the right assets with the right level of scale, and then putting them on an operating model that allows us to support them in a much more efficient, much more effective way. Once Financial Services is out of the portfolio, once Adtalem Brazil is out of the portfolio, I don't need three LMSs, I don't need three CMSs, I don't need a host of different platforms. I don't need four instances of Salesforce. I need one. And so, now I can create operating efficiencies in the business that

represent real operating leverage such that, when we grow organic revenue, our owners are able to enjoy more of that revenue at the bottom line.

So, horizon two, we've positioned the business, rightsized the business, restructured the portfolio, rolled out a new operating model, gotten to an unprecedented level of profitability in the business, both on a standalone basis but also relative to our peers. Now, we got to grow. And we think about, how do we grow? And so, we have a strategy that we refer to as Growth with Purpose. Evan Trent will come to the floor and talk you through that in detail, but I'm going to give you a high-level sense of what it is because it's really an operational excellence strategy. We believe that, with the assets we have, we can run the play better, faster, more efficiently, and more effectively than we have historically. We actually think operational excellence is a real value unlock. That sounds a bit pedestrian, but when we get into it, hopefully you'll understand that the levers of value creation in a business like this have a flywheel effect if you can improve how well, how fast, and how effective you do them.

So, the strategy itself is about growth, growing the business, growing our impact, growing our ability to make a change in the world, growing the number of students we educate, and growing the supply of clinicians to healthcare. It rests on five pillars, which I won't get into in great detail, but I think you should understand. We've got a new innovative and different way of thinking about marketing. Maurice Herrera will come up and talk to you about that. Marketing's always been a part of what we've done as an organization. It's a big part of proprietary higher ed, but historically we've done it at the bottom of the funnel with transaction-based performance marketing. Maurice has come in with a vision for how we think about the power of brand and brand promise and the length of the return on investment of having brands that resonate with our target audience. There's also enrollment. We need to enroll more students, and we are in the student enrollment business. More importantly, we're in the student graduating business. Enrollments across all of higher ed were depressed during the pandemic. I think if you include all universities, public, private, proprietary, not-for-profit, total enrollments during the pandemic went down about 7.5%, and we were not immune to that. And so, part of the strategy is actually getting back to a level of enrollment growth that drives top-line revenue. The way we do that is to really streamline and remove the friction from the process of becoming one of our students such that, if you're interested in one of our programs, the ability to get more information about it, to contact someone who can help you get enrolled, to go from inquiry to enrollment, to be as friction free and as fast as possible.

The third pillar of the strategy really rests on retention, and as my team hears me say all the time, the most valuable dollar we invest is a dollar invested in retention. And there's two reasons for that. First, the cost of keeping a student is a lot lower than the cost of acquiring a student. Second, we get the lifetime value of that student, which is super important, particularly in our high-value programs in the medical and veterinary sector, and John will get into some of that. But just as importantly, that means we're getting students through the program to graduation, and they're realizing their professional and personal ambitions. So, it's a two-sided return, and it's the best example I can give you of why our commercial imperative and our academic imperatives are completely mutually reinforcing. If we don't do those things, we don't make money, and if we do those things, we do. But not only do we make money, we change lives, and it's the best example I can give you of doing well and doing good at once.

Pricing is a pillar, not because we want to make our programs unaffordable or inaccessible. Quite the contrary. We've historically thought about pricing in a reactionary way. What is the competition doing? Where are we priced relative to someone else in our space? We've embarked upon a comprehensive pricing study because we think there are opportunities to optimize price. There's some places where we have pricing power, we should take it. There's some places where we're not priced competitively, we should adjust accordingly, but price is part of the revenue equation.

And then, finally, programs. We like the institutions we have. We like what we take to market. We like being in nursing and medicine and veterinary medicine, behavioral sciences, but there's opportunities for new programs that are market responsive, that meet larger societal needs, and that also are tailored in a way to meet students where they are, particularly when you think about competency-based programs. And when Michael comes up to talk about Walden, he'll get into some of that.

So that's our strategy. It's a growth strategy, which is very important, but it's a Growth with Purpose strategy. We're going to grow this business, but we're going to grow its impact, and we're going to do it in ways that I think you'll find compelling.

So, let's just talk about the financial growth. As we think about Growth with Purpose as a strategy and what we're able to do over the next couple of years, we expect to grow revenue between 4% and 6% on a CAGR basis. We haven't done that in a long time, and we're excited about what that means for our owners, and we're confident that we have the plans, strategies, and tactics in place to do that. And even though we've done a tremendous amount of work in driving better profitability, even during the pandemic, and expanding margins, even in a difficult top-line revenue situation, we think we have room on a go forward basis to continue to expand margins. So we expect about a 200 basis point improvement in adjusted EBITDA margin over that same period. We think, taken together, that's a compelling formula for financial success along with all of the success on the academic side of the house that I've just described.

So that's horizon two. Horizon two, as far as I'm concerned, it's good stuff, great stuff, and I am a hundred percent going to get after it with the help of these folks around the table. But horizon two isn't good enough because there's actually an opportunity even larger than the one contemplated by Growth with Purpose. So, in a survey of hospital CEOs, a group of leaders who run integrated delivery systems, hospitals, other health systems, year in and year out, what they tell us is that their number one challenge is workforce shortages, and that those workforce shortages put constraints on growth, on their businesses, and also put the quality of care at risk.

We think, as a national scaled healthcare educator, we can make a dent in that, and we think we're probably the only institution positioned to do that because of our scale, because of our breadth, and because of our reach. There are other nursing schools out there. There are other medical schools out there. There are other folks that teach in the behavioral sciences, but no one has all of that capability in a single family of institutions at the scale we do across the entirety of the United States. So I actually think there's an opportunity to leverage those assets and to leverage that scale in a way that allows us to serve employers in a B2B sense in a way that's super distinctive and that's different than anything that's been done before.

So, we've been experimenting with a few proof points, and I'll talk through them. LCMC in Louisiana, we've just announced a partnership with them, where they've decided that the value of having a proprietary pipeline of nurses is sufficiently compelling, that they're prepared to pay the full cost of attendance as long as we get them through, and no one has a better retention rate in nursing than Chamberlain. The paradigm has shifted because of the pandemic. Folks realize that the workforce shortages are unsustainable. We got to do something bigger. We got to do something more creative. We have to do something more dynamic, and as I talk to these hospital CEOs, I see them turning the corner on this.

Another proof point is Ochsner Health, where we actually built a campus co-located on the medical center, which brought with it a whole host of synergies, clinical opportunities for our students, opportunities for their employees to serve as faculty, which is a fantastic sort of developmental opportunity for them. We've got the opportunity to spread some of the capital constraints necessary for

building a campus and share those burdens together, and we think that's a model that can be replicated at scale.

And then, finally, our practice-ready specialty focus curricula. We think what we do at Chamberlain, what we do at Walden from a pedagogy and curricula perspective is outstanding, but we think we can actually bring the employer into that, and we can actually design curricula together that meets their specific needs. So we've piloted a program with BrightStar Care, which is one of the largest home healthcare companies in the country, and we're developing a specialized curricula for that unique practice environment, and we think we can do more of that. So, I envision a future for the business beyond Growth with Purpose, where we are much more integrated with healthcare as an industry in ways that make us more valuable to them and potentially indispensable to their recipe for growth and their recipe for delivering quality care.

So, I'm going to wrap this up for you and yield the stage to some of my colleagues, but I just want to just reset before I close. We do believe we're a category of one. We've got scale that no one else enjoys across a host of disciplines that not everyone has. We think the healthcare focus is a super attractive part of what we do, and we didn't become healthcare by accident. We became healthcare on purpose. We're committed to an access mission, which we think is extremely important for our financial performance, but just as important for our social commitments.

Like many of you, I went to a couple of great universities. I hear from them all the time. They want me to write checks to them. Great, great schools, but their value proposition is rooted in prestige and selectivity, and their goal is to admit fewer students, not more students. They move up the US News and World Report rankings by having a lower admissions rate, not a higher admissions rate. There's a place in the world for those institutions. Hopefully my kid gets into one of those, but there's also got to be room in this market for a set of institutions that think about value the other way. How do we admit more students? How do we take more risk on the dreams of people, and how do we help them realize them at scale?

I also would be remiss if I didn't point out that in addition to having what we think is a credible growth strategy, that we also have the talent to win. You won't hear from all of these folks today, but you'll hear from most of them, but all of them are here in the room. Nearly all of them or either new to the company or new in role, but they're all really, really good at what they do, and they're all fantastic people to work with, and it's a privilege for me to be able to partner with them every day. But these folks have been around these stories. They are really, really good at what they do, and taken together, I think they're one of the strongest management teams in this space, and that too is an important ingredient in how we think about winning.

So to close, the investment thesis, if you will, the unicorn business category of one. Nothing quite like it out there. Unique set of attributes, unique opportunity. We've done all the right things from a portfolio restructuring perspective. I don't think anybody argues with that, and I think everybody agrees that being positioned in healthcare is a real advantage. We have a strategy that you'll hear more about that we think will deliver long-term economic value and do it in a way that's more consistent than we've been able to do it in the past and deliver better value to our owners. Operational excellence is now table stakes in this organization, and the levers that we pull to create value at every step in the student journey from inquiry to graduation, we're going to do it better than anyone else in the industry. We've been good stewards of capital. We've got a strong balance sheet. We're financially sound. We've got lots of headroom. We've got great credit ratings. Bob's done a fantastic job in thinking about the mix of capital allocation across investing in the business, returning capitals to shareholders, paying down debt. And then, we're here to do something really, really important. We actually happen to be a business

where the commercial or economic imperative is absolutely mutually reinforced by our social imperative. We have to do good in order to do well, and we can't do well if we don't do good.

I appreciate you taking the time to listen to me on the open. I'll come back to the stage at the end, but I'm going to hand it over to the experts now. Thank you.

Evan Trent:

Thanks, Steve. Good morning. It's great to be here with all of you today. My name is Evan Trent. I am our chief strategy and transformation officer. I have been with Adtalem for four years, and I'm really excited to be with you this morning to talk about our new strategy, Growth with Purpose. But before I do that, I know strategy can sometimes be a bit of an overused buzzword, so I thought I'd give you a sense for how we define strategy and how we think about it as a management team at Adtalem. We really think about it in two dimensions. First, investing in structurally attractive markets, where we have a right to play and a right to win. And two, investing in assets and capabilities that sustain and increase our durable competitive advantage in those markets so we can capture a disproportionate share of the economics in those structurally attractive markets. It's no more complicated than that. We believe if we do those two things really well, we will create tremendous value for all of our stakeholders, including and specifically our shareholders. So, with that, let me address each of those in turn.

First, we have invested in structurally attractive markets. What do I mean by structurally attractive? Well, first, these are large growth markets with secular growth trends. About as far as you can go back across all of these categories, applications to nursing school, medical school, veterinary school, social behavioral sciences programs have grown practically every year, year over year. And about as far as you can go back, applications have grown faster than enrollments. Consequently, the applicant to seat ratio across all of these programs is robust. For nursing, it ranges from 1.5 to 3.7. Medicine, it's 2.4. Veterinary, it's 2.3. You get the picture. In short, demands for our programs are robust, growing, and durably encyclical.

When we say structurally attractive, we also refer to the labor shortages for graduates of these programs. The supply demand imbalances in the labor market, the shortages for nurses and physicians are forecasted to number in the hundreds of thousands. Shortages in veterinarians also forecasted to increase, and as we all know, the shortages of social and behavioral health professionals are surging. There are over 2 million vacancies in the healthcare labor market today. In short, the demand for graduates of these programs, it's robust, growing, and durably encyclical.

When we say structurally attractive, we also refer to the fact that our markets are fragmented. Adtalem has a leading share position in substantially all of our markets, and none of our competitors have a double-digit share position. So, we view this as a structurally attractive feature of these markets because it really favors the opportunity for a scale player with a commitment to high quality and strong student value proposition to take share organically. One other feature of the market that we view as highly structurally attractive that's not on the slide is the fact that all of our programs have objective effective measures of quality. And we view that as an opportunity to provide total transparency into the quality of the outcomes we provide relative to our competitors. Whether licensure exams such as NCLEX, NAVLE, USMLE, other measures of student success, such as residency match rates, all of these are independently tracked and reported on, and allow us to articulate objectively the value proposition of pursuing those programs of study at our institutions.

So, obviously I could stand here for a while longer and continue to rattle off statistics and show lots of charts as to why the markets we compete in are structurally attractive. But I don't have to. We all bore witness to the healthcare sector brought to the brink by the pandemic. And it laid bare how fragile and how critical our healthcare system is, how invaluable clinicians and other healthcare professionals are to

society and to humanity. It rendered the supply demand imbalance a little more profound. Pictures such as this and the many other images that we've seen of our healthcare workers on the front lines and the realities that they faced, those photos say it all. We don't need charts or Bureau of Labor statistics data anymore. And at Adtalem, we truly believe that this is our moment. That we have a clear opportunity to deliver a step change in social value and economic value, and that is why our strategy is called Growth with Purpose.

So as we emerged from the pandemic, we reflected on our investment thesis and we aligned our organization around three immutable truths. The first is that what we do has never been more important or more valuable. The second is that how we do what we do has never been more relevant. And the third is that we are uniquely positioned to deliver against this market opportunity as a category of one, addressing critical US healthcare shortages, and I'll speak to each of these briefly in turn. First, post-pandemic, the healthcare sector has been in turmoil. Hospital systems have faced rising costs across multiple categories. But unlike services and supplies and drugs and other cost increases that were more temporal and the result of a brief supply chain dynamic, labor has both been the most persistent and the most material cost increase.

At the same time, the impact the pandemic had on institutions of higher education resulted in record closures, school closures, program closures, and those institutions that remained have largely pulled back on investments in new programs. In short, demand has never been greater, and at a time when others in healthcare or higher education are leaning back or pulling back, Adtalem is leaning forward, and we fully intend to continue investing in our growth to meet the surging market demand. As a consequence, surging labor demand, school and program closures, you don't need a PhD in economics to see where this is all going. Healthcare systems have simply not been able to meet their demand for clinicians, resulting in skyrocketing vacancy rates. So, the need has never been greater, but the opportunity to address this need as a scale provider has never been more compelling. To restate, what we do has never been more important or more valuable, which brings me to our second immutable truth.

How we do what we do has never been more relevant, whether relative to the intensifying mental health crisis accelerated by the pandemic, or relative to the stark inequities in health and education highlighted by post-pandemic outcomes, or in the context of a global pandemic resulting from a zoonotic disease jumping from animal to human, how we do what we do has never been more relevant. When Michael Betts takes the floor, you'll hear more about Walden as a leading educator of behavioral health clinicians, now a more valuable and distinctive asset than ever before in light of the mental health crisis catalyzed by the pandemic.

When Dr. Cox takes the floor, you'll hear more about social determinants of health and social determinants of learning, distinctive approaches to training nurses and other clinicians, all the more relevant and resonant as we reflect on a new appreciation for social inequities post-pandemic. And when Dr. Danaher takes the floor, you'll hear more about our longstanding commitment to OneHealth, a distinctive approach to training clinicians of tomorrow on the interplay between animal and human health. Again, more resonant and relevant than ever before in the context of a pandemic resulting from a zoonotic disease. So to restate, how we do what we do has never been more relevant, which brings me to our third immutable truth. We are uniquely positioned to deliver against this market opportunity.

We're the only post-secondary enterprise offering the full breadth of healthcare programs across the entire learning continuum. Bachelor's, Master’s, Doctoral, pre-licensure nursing, post-licensure nursing, with 80,000 students enrolled system-wide, 90% of whom are enrolled in healthcare programs. We hold leading positions, as in number one or number two, and sometimes both number one and number two, across virtually all of our program areas. We deliver programs across multiple modalities, brick and

mortar, hybrid and fully online, all at unmatched scale. In fact, measured in terms of online enrollment in healthcare programs, we are by far the largest platform, and we have by far the largest brick and mortar footprint of any education platform.

In short, we bring to bear on this market opportunity a unique blend of leading scale, reach, and breadth, whether measured in terms of programs, modalities, or physical locations. And perhaps most importantly, we have an exceptional track record of delivering high quality academic and professional outcomes, again, at unmatched scale. And we achieve these exceptional outcomes while serving a non-traditional student. We deliver a strong return on investment for our students as demonstrated by our cohort default rates, which have always been and continue to be far lower than competitors, for profit and nonprofit alike. So, to restate, we are uniquely positioned to address this market opportunity as a category of one.

So, at this point, you've no doubt concluded, I am the resident strategy nerd here at Adtalem, so I'd like to thank you for your indulgence and humoring me as I went through all those slides. As I shared at the outset, we think of strategy along two dimensions. My hope is that, at this point, I've given you a sense for why we believe the markets we've invested in are so structurally attractive, and why we believe we have the right to play and the right to win in those markets. What I'd like to do now is spend a few moments sharing with you how we plan to invest in assets and capabilities to drive sustained durable competitive advantage in those markets. And that really brings us to our strategy, Growth with Purpose. At its essence, Growth with Purpose is about solidifying our position as a leading provider of professional talent to the healthcare industry, expanding access to high quality education, and further addressing health inequities, all underpinned by a relentless focus on operational excellence.

So let's get into that. In his opening remarks, Steve framed our Growth with Purpose strategy along five key growth levers. If there's one message I can leave you with today, it's that our Growth with Purpose strategy is a detailed roadmap for how we will pull all five of these levers across all five of our institutions at the same time. And we have, in our strategic plan, initiatives that are articulated across the enterprise, leveraging our new centers of excellence, our data, our scale, our collective intellectual capital, and we have initiatives that are designed specifically for each institution or segment. And I'll offer some examples of each. Let's start with marketing. Marketing is a great place to start because as Steve alluded to in his opening remarks, the way that we are approaching marketing and growth with purpose represents something of a paradigm shift.

Historically, we ran more of a holding company model, institutions had captive marketing budgets and local marketing teams. Today, and you'll hear more about this from Maurice Herrera shortly, we run a Marketing Center of Excellence. And this has allowed us to take a much more dynamic approach to resource allocation, ensuring that investments in marketing go where the return is highest in a way that's responsive to the market. It's also allowed us to take a much more programmatic approach to rebalancing our marketing mix. And this is something else Steve alluded to earlier. Historically, we have under invested in our brands, and Growth with Purpose articulates more fully investing in our brands on a go forward basis. You'll hear lots more about that from Maurice shortly.

On enrollment, here again, we've taken an enterprise-wide approach to driving excellence across the entire inquiry to enrollment life cycle. And we do that through a whole series of initiatives, ranging from training and development of enrollment advisors to the introduction of new technologies, like one-to-one SMS, which we recently rolled out with great success at Walden. But we also have institution specific initiatives that will drive enrollment growth. Great example of that would be initiatives at Chamberlain. Chamberlain will drive enrollment growth through greater productivity at its existing footprint, opening new campuses in metro markets where we have reached full capacity and see an opportunity to bring new capacity online, and building new campuses in net new metro markets.

As many of you may know, Chamberlain has a long, proud and successful history of geographic expansion, and Chamberlain's online programs perform better in markets where it has a physical presence. So, we have ample proof points to underwrite what we believe is a highly attractive investment in continued geographic expansion at Chamberlain. But enrollment growth at Chamberlain isn't only about new campuses. We'll also continue to invest in new modalities, and you'll hear more from this from Dr. Cox on this when she takes the floor momentarily. But a good example of that is the BSN online modality. Tremendous opportunity for us commercially.

Another example is the Tempo program at Walden, our competency-based learning program, and you'll hear more on that from Michael Betz. Retention is another good example of where we have both initiatives that cut across the enterprise, for example, investments in distinctive and proprietary technology, and you'll hear more from Steven Tom on this when he takes the floor. Whether that's investments in adaptive learning or simulation or artificial intelligence, all in service of competing on a superior and differentiated student experience. But we also have specific initiatives that reflect the distinct cultures and student experiences at each institution. In fact, retention is an area where we've already seen really early success in growth with purpose. Retention is up across all five institutions, anywhere from 100 basis points to 300 basis points already. So again, early returns, but gives us real confidence that the investments we're making in Growth with Purpose will bear fruit.

So, we've heard a lot about operational excellence this morning already. What we really mean by operational excellence is driving superior execution across the full student life cycle, with a relentless focus on continuous improvement. Optimized investments in marketing, best in class enrollment execution, and customer experience across the full life cycle. A sustained commitment to student success and superior academic outcomes, and an increased investment in alumni relations. One in three Chamberlain MSN students is an alumnus of Chamberlain's BSN program. This is an extraordinary testament to the affinity our alumni have for our institutional brands and their propensity to reinvest in our institutions as they continue to pursue their professional ambitions.

So, this is a capability where we see real opportunity to invest and realize value creation. So, in short, or not so short, that is our strategy, Growth with Purpose. I'll close by saying that I have tremendous confidence in this strategy. I think it's exciting. We believe it's valuable, and I hope you agree that it's a real privilege to be part of a growth transformation that creates both tremendous social value and economic value, which is really the essence of Growth with Purpose. So with that, I'll close and I'll hand it over to Maurice Herrera, our Chief Marketing Officer. Thank you.

Maurice Herrera:

I'm checking my watch. Good morning, everybody. I'm excited. I'm excited. So I'm Maurice Herrera, the Chief Marketing Officer. I'm excited as when I started here a year and a half ago, having the discussions with Steven Beard. He asked, "How'd you like to be a part of a mission-led organization? How'd you like to be a part of an organization when a marketing is going to have a tremendous impact where we're going to change the organizational model, where we're really going to heighten the level of impact that we could have as a marketing organization? And thirdly, how'd you like to be a part of a culture with a high degree of collaboration, a high degree of empowerment, and just a high degree of competitiveness?" And I said, "Sign me up." And here I am a year and a half later, and I am actually as excited as I was a year and a half ago.

Now, on empowerment, empowerment is key. So I've got three slides for you. They're really going to depict the tremendous amount of pivoting that we've made, the change management that we've taken on. As it relates to empowerment, there are three tenets that the marketing organization has rallied around. The first is being student-centric, right? Everything that we do has to be about what our

prospects care about. And you would think this is kind of table stakes, but at Adtalem, for a long time, we talked about what we felt was important to us, not about what we knew or now know is important to our prospect students, what they care about, what they need to hear about.

Secondly, it's about being impact focused. So, when I came into the organization, we were very service oriented. Right? Why do we do that? Well, we do it because we always done it. We do it because a lot of the institutions, they think that it's important. We host these events for this and that reason. And now, everything that we do, we put through the filter is, well, what impact is it going to have? What ROI is it going to provide for us? Is this something that we need to do or is it something that's nice to have? And then thirdly is we're data driven. Intuition is important, experience is important, but we also have to rely on the data, especially in marketing, where we're constantly testing, constantly innovating. There are new channels, there are new ways in which we need to get to our prospective students. We have to visit with, and we have to rely on the data all of the time.

If that's about the strategy, we know that structure is really important. And the organizational model is something that I think has been a game changer for us. So, there are four dynamic, or there are four what I'll call drivers of new student enrollment, and then there are four capabilities that run across the organization. So, the four drivers are what really determine how we prioritize all of our activities. The first is in driving organic demand. So, our brand efforts, our PR efforts, our search engine optimization so we can get our organic rankings on search at the top of the list. All of those efforts are in service of driving our organic demand.

The second is performance media. The third is our web experience. So as we drive all of this organic and paid traffic to our websites, we have to deliver the best in class web experience so that we take those students that have expressed an interest and we make it really easy for them to embark on that journey, and then go from an inquiry to an enrollment through our database engagement efforts, be it through our emails, our texts, our chats, etc.

Now, across the bottom are four capabilities. And my organization, we've got a leader across these eight different dimensions. But the four that run across are one, I've got a content leader. So compelling content is the name of the game. We can have the best laid plans, but if we don't show up with the right content, meet our prospects where they are, given what their biases are, what their fears, their pain points, their prejudices, whatever, we have to meet them where they are~ and we've got to make sure that we're doing right by every single one of our channels, right? TikTok is very different than Facebook, than Instagram, than LinkedIn. It's not just a social platform. We have to make sure that we understand the jobs of each of those platforms and show up at the right content that's fit for purpose.

The second is consumer insights. So, we've now got a leader that's really spearheading developing a segmentation, developing personas, developing those journeys so we understand the pain points, so that we can show up with the right message and really help them along on the prospect's journey. The third is advanced analytics. So we've got to really have a keen understanding on the ROI of things, the incrementality of things, how we forecast our new student enrollments. And we've got a leader there that I think, just my whole team, I've said to Steve, I feel like is the best marketing leadership team that I've had the privilege of leading.

And then lastly is Martech and enablement, right? So this is about getting real personal with our prospects in a dynamic and an automated manner. So this is how we're structured, and I think this is also leading to some really great results. The third dimension that I wanted to share with you is, first things first, before we can embark on anything, is we really needed to land on our brand promises, right? And again, this wasn't so much about what we felt we needed to talk about. It was as much about what did our prospects need to hear from us so that they could really get inspired about making the choice for Chamberlain or Walden.

We all know that our prospects have many, many choices, so we really needed to resolve, why would they choose Chamberlain over all their choices? Why would they choose Walden? Why would they choose Ross Med? And so we've got these brand platforms, some call them a promise, some call them a value proposition, but it is our North Star and it's our organizing theme for how we harmonize all of our content. And so, for Chamberlain, it is an invitation to belong to something greater, more than themselves. And this is why those folks that you saw down the hall are here day in and day out because they want to belong to something more than themselves.

The second, Walden, is to set a course for change, set a course for change for themselves, for their workplace, for their communities, and then they go on to get their doctorate because they really want to take on societal change. For Ross, it is an invitation to be a part of a community that is hands-on from the get-go. Within that first week, they have clinical experiences, and we know that a really strong start leads to a very strong finish. And then for AUC, and we had to distinguish, well, okay, if that's Ross' promise, what is it about AUC that makes it special? And a bit of it is in the name, right? We're American University of the Caribbean. And what we found is, our students say to us, the special sauce is that we are a combination of a great and robust education but met with a really collaborative culture. And you don't see that everywhere.

So, while we get that 97% residency attainment rate, everybody wants to help each other out. Fellow students are taking the time, even though they're all so busy, to kind of help one another out. For Ross Vet, we meet the passion that they have for animals with the dedication and commitment that we have to veterinary medicine. And those parallels, and so the promise there is for a special breed of vet, you get what we did there? And it's really sparked the interest of a vet.

So, we are excited about these platforms. Again, it's the organizing theme for everything that we are doing from a content and delivery standpoint. And with that, I will turn it over to my esteemed colleague, Steve Tom, and also Chief Customer Officer. Steve.

Steven Tom:

Thank you so much, Maurice. Hi everyone. I'm Steven Tom. I'm the Chief Customer Officer here at Adtalem. I joined Adtalem two years ago through the Walden acquisition. Prior to that, I was with Laureate Education, I'm sure an organization many of you know very well. And I was in various roles throughout product development, digital transformation, technology, analytics, and customer experience. So, it's great to be here. I couldn't be more excited to talk to you about the ways in which we are supporting our students, our customers, and supporting their success. So, when we created this model, this operating model that you heard our Chief Executive Officer Steve Beard talk about, it was indeed a catalyst. A catalyst in bringing together and creating hubs of talent, or these centers of excellence. In our customer center of excellence, it's about delivering the tools, the capabilities, the technologies, the insights, the products that are going to enrich every step of the customer journey and make our students more successful and more capable as they enter the workforce.

We power the performance of our institutions and drive the success of our students, really, in four ways. First, we differentiate the experience across our institutions. Secondly, as you heard earlier, we create efficiency in the model. We take an enterprise approach. That allows us to do something we internally call build once, deploy multiple, right, so that we're able to really deploy those capabilities across our institutions at scale. The third thing that happens is, of course, cross-pollination. We are kind of the connective glue that brings together the different best practices, content, media and experiences across our institutions. And the fourth piece of that is that it really drives an accelerated execution in our ability to introduce new capabilities into the model.

So, when we're doing that well, that means when we bring our students into one of our institutions out of town, we are with them. We are partnering with them to help make a difference in their student journey and help them reach the finish line. So, let me share two examples of that, right? So, in our product development shop, we've brought together the instructional design, media production, and state-of-the-art simulation talent from across the organization into this center of excellence. They're now cross-pollinating and building the best experiences for all of our institutions. Taking what works, what's successful with our students, and doing that now at scale. That's inducing better course progression, student progression, knowledge, and ultimately, mastery and competency around the areas that our students are going to be successful in.

I'll give you another example from this wheel around technology. So as Steve gave a couple of examples too in the opening, we've rationalized now over 20 plus technology platforms and functions, and in doing that, we've really created robust platforms for a rich student, faculty, and staff experience. So we've done it not on the basis of cost, but on the basis of what experiences and what platforms are going to serve our students best. And we're working with our great partners like Google and Salesforce to deepen those partnerships and relationships so that we can take advantage of new capabilities in their platforms and innovate alongside them for the benefit of our students.

So now, let's talk a little bit about what we're doing in our customer center of excellence to enable the next chapter for our students. A lot of this has to do with what we can do to unlock the potential of our students. Potential sometimes that they may not even see in themselves, but creating those moments, creating those experiences that help our students move throughout their journey. So one of the things that we're going to continue to do is capitalize on the wealth of information, insights and data that we have around our students, and then serve up experiences to them in a proactive, just in time, omnichannel approach that really creates those interactions on their terms. Flexible, convenient, personalized, and able to help them get to the next step in their journey.

One example I'll share with you is what we're doing around what we call automated or affirmative registration. This is an experience, it's a digital experience we've created, that proactively nudges and engages our students at the right time before the next term. And we have now over 8,000 students across our institutions, whether you're at Walden, Chamberlain, or our medical schools, now engaging in this experience. It makes the process of enrolling and getting ready for the next term easy. It also creates early warning signals. So, if a student doesn't engage or expresses to us that they're not ready to register, it can be a signal to our advisors to reach out to those students and engage with them and talk to them and help them figure out what it takes to get to the next step.

I'll talk about another stop in our student journey in terms of student preparedness for licensure exams, right? These exams, of course, are critically important. So, we're cross-pollinating a technology and a reinforcement, learning and adaptive learning technology and methodology from Chamberlain, that we've used successfully with 15,000 plus Chamberlain students. And we're now bringing that into our medical schools to help our students prepare for their step one USMLE exams. That approach helps us personalize the learning for our students so that they're able to address their individual concept weaknesses and be able to really raise their confidence and raise their ability to complete their exams.

The third and final stop I'll make on this slide is a stop that you already heard Steve talk extensively about when he referenced Horizon 3. But our teams are out there planting the seeds and working with our employer partners to really take advantage of our unique position in the marketplace, a way that we can serve in our employer partners with the best catalog of offerings and solutions for them, but also the national scale and reach that our larger healthcare partners and larger regional systems frankly need. And we're doing that by working alongside them as they think about creative ways in which they

want to solve for their talent pipeline. We're doing that alongside them to be creative in thinking about how we can help them recruit and retain and build talent within their organizations.

So, the last piece I'll just talk about is around innovation. Our eyes are on the horizon. We're eyes up. We're looking at what's happening in the AI technology and advanced innovation spaces around our student and learning experiences. And this is really all in service of expanding access, helping our students be more successful and more prepared. We believe that if we're early adopters, we believe that if we are taking on these things for the benefit of our students, faculty, and staff, this will help them be more prepared, help them be ahead of the game as they enter the workforce. So, we're leveraging the latest and the greatest along AI and technology inside of our student and learning experience.

I'll briefly touch on three examples. One is our NLP natural language processing AI driven digital assistant chatbot. We've now scaled that to all of our Adtalem institutions. We've got over 25,000 students using our chatbots each month, and the chatbot has a 90% plus success or completion rate. And it's not just a Q&A bot. The chatbot helps them complete tasks, it reminds them of things they need to do, it understands the student's individual situation, and it provides that personalized guidance along the way. Our digital human we call Linda, is helping our counseling students at Walden prepare for very difficult counseling situations, right? Really tough human interactions.

And that is a combination of both video and image AI, and also the natural language processing that you heard about with our chatbots. And we're combining those things together to give students the whenever, wherever access that they want, to be able to practice and engage with our digital human before they get in and engage with a live human, right, so they're more prepared. The last thing I'll just touch on here is we're no strangers to large language models. And as, of course, ChatGPT has captured the public's imagination about what the possibilities are around AI and technology, we were working with large language models as early as 2020. And we built Julian, our AI tutor, on an earlier large language model that was a precursor to many of the GPT models you hear about today.

We're going to continue to investigate and explore, expand our use of AI and technology, as I said, for the benefit of our students, in service of expanding that access and unlocking their true potential. So in closing, I'll just say, we couldn't be more excited as a customer excellence team to be working with our partners in the institutions, to be working with our marketing partners across the student journey, to enable all of those benefits we talked about, those four benefits I talked about in the beginning.

With that, I think we're due for a short break. We're going to take 15 minutes, so we'll all come back in about 15 minutes, and we'll kick off with the institutions and a discussion of Chamberlain University with Dr. Karen Cox. Thank you everyone.

Jay Spitzer:

Welcome back. So, we're very excited. You've heard a lot of great stuff this morning from the team. Excited to hear now from our institutional leaders. Before we turn it over to Dr. Karen Cox, you're going to see an amazing marking video that Maurice talked about earlier for Chamberlain University. So with that, I will turn it over to Chamberlain's campaign video.

Chamberlain Video:

... your life's better was meant to be your life's work, you belong at Chamberlain University where we don't just get you, we help get you where you want to go, because we're all connected by the same calling. For every one of you who has the courage to answer that calling, there are 140,000 of us. At Chamberlain, we lift you up and push you forward with the community, unlike any other. Chamberlain University, belong to something greater.

Karen Cox:

Welcome back from break everyone. I, like all my colleagues, am very excited to be here and really tell the Chamberlain story. I've been at Chamberlain now almost five years, and I came to Chamberlain for two really major reasons. One was access mission and the diversity of the students. But two, the scale that we're able to work from and make new programs, look at different ways of providing nursing care, health professions care, and what that can look like, and how that can then be distributed to the people in the rest of the country, other schools of nursing.

If you would've told me I would be in education at this point five years ago, I would've said, "No." I would've thought I would retire from a hospital. And that's where I went for 24 years as a COO and a CNO in a health system leadership role and loved it. But I tried my hardest to increase the diversity of students, of nurses, of respiratory therapy, you name the profession. I worked with different schools and all I could do was make some incremental improvements. But what happens at Chamberlain, with greater than 50% of our students, our nursing students, being diverse, we know how to do that. We know how to work from an access mission. So, when the opportunity came along, it was just too hard to turn that down.

So, Chamberlain, as I said, is the largest school of nursing in the country and in my opinion, the best. And one of the things I want to ask since I am now an educator, I have a question. It requires just a little participation. How many of you in the last two years have either been in an ER, a hospital, or with a loved one in an ER in hospital? So, I don't have to tell you the difference that a caring, competent nurse can make. You know what that looks like. I also probably don't have to tell you that this is a major shortage, a nursing shortage unlike any other that I've seen in my career. It's critical and it is enduring. It is not going to be addressed by the usual things that we've always tried to address that.

As a nurse leader spending my time in the hospital setting, I know what it means to have enough nurses, and I also know what that does to the quality of care and how important that is. And as President of Chamberlain University, the most diverse student population, I know the outsized impact that we can make on the health of the public. And that's why the growth with purpose is so important for us. So, as we think about our number one position that we intend to not only maintain but grow, I want to just reflect on how we got to be number one because I think it's a good story. It's a combination of things. We started over 130 years ago, and one campus about 20 years ago, and now we have 23 campuses across the country in 15 states. And that's just our pre-licensure program. But that really accelerated growth. And as you heard Evan say, that really promotes our online post licensure programs as well.

And the other thing that happened was about a decade ago, we at Chamberlain were one of the very first to have an RN to BSN that was completely online. It was pretty foreign at the time, but we had explosive growth in that area and continue to have a large share of the market today. And so, we intend to stay competitive in these longstanding very successful programs, but also to add new offerings like the physician assistant program housed at this campus that just started recently. And the BSN online, which I'll mention more about in a subsequent slide.

But the BSN online works like this. We know how important it is to address the nursing shortage. And the BSN online will be a significant source of the growth of the BSN overall. And we are going to leverage the fantastic partnerships that we have, with health systems all over the country. And what Steve Beard said earlier is very true. Finally, hospital C-suite individuals get that the nursing shortage is going to require them to take action, not just to hire, but to fill the pipeline. And we continue to work with people to do that. And those are important things. But what really is most important about growing Chamberlain students is that we take students that others walk away from, and that we educate and graduate extraordinary nurses and health professionals that our partners are desperate for is so important. So why am I so confident that we can continue to grow an already outsized university with

primarily nursing? Because we're the largest, because we've been around so long, but I want to give you an example about the importance of knowing how to scale. Last year in 2022, approximately 1000 schools of nursing grant the BSN degree. And Chamberlain last year had 5. 3% of that market and the other 999 whatever had the rest. And so that outsized impact continues to grow, and we know it means we have, also important to me, an outsized impact on thought leadership, on what's the best way to approach pedagogy and the next generation of nurses?

So, the BSN online, it's a new program. We have currently 500 students and growing every day, but it's an optimal blend of flexibility, interactivity, skills mastery and onsite immersion clinical experiences. And the premise is this, there are critical shortages of nurses in high population centers where campus makes sense, and we do that. However, there's just as much shortage in rural or less populated areas. And so, we have to figure out how to support that as well. And in working with the technology that Steve and Tom talked about, have a personalized learning platform that was developed solely to start with just for this program. And we believe that students can take courses online, they come to class prepared and ready to learn, and they can be successful in learning those course concepts.

Then, and this is the most important part, they stay in their community or region to do their clinical work. And why is that important? One, it provides access to more potential students, but second, it reinforces them to stay there in the community and not go away to a bigger city or a bigger population center. So, if you live in Butte, Montana, population 35,000, you can do this program and stay within that region, and in three years from start to finish, complete your BSN. So mentioned earlier, Chamberlain has 23 campuses, and those campuses are hubs. And this is one of the finest examples of our campuses. And important to know though, that what we've done in the last couple of years around campuses is we've said, "Okay, you can do a BSN online, you can do a BSN at campus, you can do a day or evening, weekend program. You can be in seat full time or hybrid. And so we like to say at Chamberlain, "You can get a BSN your way." And our long-term hope is that you can mix and match with those programs.

So I want to focus right now on our Master of Science in Nursing that includes our nurse practitioner programs. Through this program and our physician's assistant program that we just started, not only are we addressing the very critical nursing shortage that is occurring here in this country, we are supporting a growing physician shortage, particularly in the primary care specialties. And we talked earlier about the crisis in having healthcare providers in mental health. And we started a psych mental health nurse practitioner program a year and a half ago. It was a soft launch, very little marketing. And now as of May of this year, we have approximately 1500 students enrolled. And that again is how scale and reputation, quite frankly, can allow something like that to happen with new programs.

Social determinants of care, I'm going to talk about social determinants of health, and I'm going to talk about that and then segue into the social determinants of learning. But we believe that the growing and unsustainable spend in healthcare, it will only be slowed when value-based care, with a focus on those social determinants of health, really reaches the tipping point and accounts for the majority of healthcare financing in this country. And we see nurses who themselves have experienced those challenges with the social determinants of health in an important part of our profession.

So what does a nurse's practice look like if they consider the social determinants of health? It goes like this. So, you are in an emergency room working as a nurse, an 8-year-old boy with asthma comes in, airway occluded and physiologically unstable. And of course, your first responsibility is to make sure that airway is cleared, that that boy is breathing and that he is stable. But then your second thing that you should be asking is why. Why would an 8-year-old with asthma come into the ER like that? It's very rare because we have such great rescue medications. So, this nurse starts asking questions to uncover what the issue is. And what it was is he had one rescue inhaler, which is what you usually get. And he spent

his time three places equally, mom's house, grandpa, grandma, and school. And often like an 8-year-old boy might do, he forgot occasionally to put that inhaler and transfer it from place to place. So it's not that the nurse has to be the one to solve it, the nurse has to be the one that figures it out and asks that deeper question going past just transactional care.

Now I'm going to shift to the social determinants of learning. Unfortunately, nursing, much like Steve talked about higher ed in general, has become somewhat of an elite profession. This stems from the GPA being the gold standard of how a student is admitted. And in many of the more traditional schools, you have to have a 3.8 or 3.9 to be evaluated and looked at. And that obviously lets out a long list of students who end up on waiting lists.

And we know at Chamberlain, because we conducted a large research study, that we know that only 25% of someone's success once they're in our program is related to academic factors. The other 75% is around the social factors. So, things like they lose their job because they work full-time at Chamberlain, or even more they have a child or parent that they have to care for that's ill, or they just have a tire blowout on the way to clinical. Now, most of us, we would just say a few choice words about the car especially, and it would be an inconvenience, but for our students it has the potential to derail them. And so, we have to factor in what we have coined the social determinants of learning.

Often our students, I can't tell you how often I talk to students, and they'll say... I always ask, "How'd you get to Chamberlain?"

And many of them have said, "I started at Program X, I didn't make it."

And they were told upfront that at least a fourth or a third of them wouldn't make it. So really not very confidence building. Or they were on a waiting list at another school, and they just kept taking for a couple years more and more credits to get their GPA up, still not getting in. And so, they come to us, they're shaken a little bit, their confidence, but we assess their life experiences and value that, believing that each of us is a little bigger than just our GPA. And even with that, our graduation rate is over 25 percentage points higher than the national average.

So, healthcare at its core is about caring. And you would think that the most caring profession would have the most caring approach to education of nurses. And that's not always the truth. So, given the students that I've just described, we meet them where they are. And why do we focus on what we call Chamberlain Care? We role model. We treat the students in the way we expect them to be treating patients and families as students and as graduates. There are still schools who really, as I said, weeding out is not seen as negative on their reputation. And I'm here to tell you that is not who Chamberlain is.

Now, you would expect all people graduating with a BSN, passing the licensing exam, and becoming registered to really know all the science and the clinical knowledge necessary to care for patients. And that is true, but sometimes what's missing is the art of nursing, the caring component of nursing that requires really building trusting relationships. I will give you an example from my background. I worked in pediatric oncology and while you can absolutely expect someone with a BSN to be able to give chemotherapy to a 4-year-old and know the signs and symptoms, know how to start the IV, know how to do all those clinical procedural things, you don't always have the skill that is needed to provide that caring component.

So, it's one thing to give chemotherapy, but it's another prior to chemotherapy, you have to give a pre-medication by mouth. And what do 4-year-olds do when you put something in their mouth they don't like? They spit it right back out at you. And that's where the caring, trusted relationships come in. That's where it's important that nursing is a science and an art with a strong caring component and the ability to relate to everyone.

We talked earlier about some of the things that we're trying to do that's creative and addresses some of the issues of shortage. We believe that part of the reason nurses turn over at high rates in their first year, and it's 30%. So one in three new graduates goes to a unit in a hospital and they quit before it's a year. And that is costly, demoralizing, takes a lot of time, a huge disruptor. But we believe a portion of that, that we have the ability to influence, is how do they decide where they're going to work first? They may have not experienced something in their clinical, they may not understand what goes behind working in a certain area. And if you think about it, any of us as nurses can work anywhere with the right onboarding. But it doesn't mean that the person who finds joy and loves to practice in the ED is going to want to work in labor and delivery. They're just different. And in fact, that's one of the beauties of nursing, is all of the different opportunities that exist.

So, in this American Nurses Foundation Grant, what we're doing is looking at some areas where there's a tremendous shortage, they're key to the future of healthcare, and they don't get exposed in their BSN program. And so we are working with different partners. It's with healthcare systems, but it's also with associations or Bright Star Care that Steve mentioned earlier. And we've seen some really good early results. They never even thought about peri-op nursing. And so, by being able to learn some of the didactic, but also understanding what it's like to work there and spending 96 clinical hours there, some of them are going, "I do not want to work in the OR. Maybe if I have to have surgery myself, I'll go there, but that's not what I want to do." And that's a great thing, because it saves money and time and helps them make that choice to get to the right place.

And really receiving this grant was truly an honor. We were the only proprietary school selected out of greater than 300 applications. And some of the other schools that received it were Columbia, Boston College, Emory. And so not only do we get to work on this grant on our own, we get to work with all 10 of those partners in the work that they're doing. And healthcare systems are so excited about this program. We couldn't roll it out fast enough when people heard about it.

And then the last thing I'll talk about is another way we get different clinical experiences for people. It's called Earn to Learn. I mentioned that the majority of Chamberlain University students work full-time, and we don't want them to work in a retail setting compared to a healthcare setting. Because one, retail may not be as flexible with their schedule as a student nurse. However, they're also missing a great opportunity, yet another way to see in another health system how people work, what the roles are like. And the additive part about this, the most exciting thing is, if they're working for a health system that we're partnering with, they can then be paid for some of their clinical hours. And that means clinical hours that they're working with a bedside nurse from that health system. So, it's just one more clinical experience. And what's the result of all these experiences? We have more practice-ready graduates than others do, because we don't believe it's just a matter of the clinicals they do in their program. We believe it's the compilation of all these different opportunities that they can have.

So, my final takeaways for you, with the benefit of having COVID tailwinds behind us, we have the ability to put real muscle behind these high demand programs while still protecting our market share in BSN, RN to BSN, MSN nurse practitioner tracks. And we, most importantly at Chamberlain, are an outsized part of the solution to the national nursing shortage.

Thank you. And now I will turn it over to Michael Betz, President of Walden University. Going to see a video first and then he will be up.

Walden Video:

Remember why you became a nurse? You wanted to help people. And girl, you're just getting started. You know what's next. Getting your graduate degree, that's how you can change this place for the

better, for yourself, your patients, the whole community. Do you want to make change happen? Walden University is all about change. It's time.

Walden University, set a course for change.

Michael Betz:

All right, good morning. So good to see you all. I'm Michael Betz. I'm the president of Walden University. I'm just over a year into the role, but I've spent about 20 years of my career at the intersection of mission driven education, educational technology and commercial transformation work - that actually started as a Teach for America core member. I taught 36 bilingual, well Spanish-speaking students in South Central LA. And I wouldn't say I was a great teacher, but I will say that every job since then has been easy by comparison. I went on to have executive leadership positions at Strategic Education as well as at Ellucian, a large software provider to the higher education space.

Now, I also spent about half my career over three different stints at McKinsey. And most recently, I was a partner in our turnaround and transformation group. I was actually the founder of our growth transformation program, which worked with organizations over the course of many months and years to design efforts to accelerate top line revenue growth.

And so with this background, when I talked to Steve Beard and learned more about Walden University, I was convinced that there was an enormous amount of untapped potential in the institution. And what I'm going to talk about today is how we're getting after it. And for us, the great news is that getting this, tapping this potential is really just about getting back where Walden was for so long. They were the iconic leader in graduate focused digital education, the pioneer. And we still have an amazing foundation from that legacy in terms of our program portfolio, our academic quality, our student outcomes, as well as some really interesting differentiators that I'll talk about.

And finally, and the thing that's hard to measure, but man I felt it in the last year is a faculty and staff that is so committed and so mission driven. And part of the reason we've had such great progress in the last year that you'll hear about soon is because of this amazing commitment that we have to our mission of access.

Now that said, Walden had lost that leadership position as measured by enrollment. While others were taking off, Walden was kind of flat to down and it was really a result of commercial performance. A lot of things that you've heard about today that we're focused on around smart marketing strategies and the best-in-class enrollment and student support and pricing, it flagged. And we'll talk about that for a number of reasons. Or excuse me, that happened for a number of reasons that are not important to go into.

But the important thing is these are eminently solvable. I've spent the last half of my career doing these types of commercial transformations, and these are fixable things that can be done quite quickly. And you'll see some of the great progress that we've made. In fact, the thing that makes me most confident about the potential is the results that we've already seen. Not just green shoots, but real results that you're going to hear about as we talk about what we've been able to do. So, I mentioned I won't spend too much time. You've heard a lot about this. This is just a great institution. We have been around for more than 50 years. We're going to be at 175,000 alums. I'm going to a graduation here in about a month, and we'll be well over 175,000 at that time. And it's an asset that we're really starting to tap in a way that we haven't before in terms of our marketing, in terms of our recruiting, in terms of our student support. There is so much that we can do with this alumni base.

And a lot of the programs that we offer, we were the very first to offer an online format. We went through all of the difficult growing pains. We got those specialized accreditations and have built a real mote in some high demand programs that we'll talk about.

But all that's interesting, but really what Walden was founded to do, what we've continued to do is, be an institution that provides access and opportunities that a lot of other institutions, as Steve mentioned, have not provided. And we've continued to do that, and it's a proud part of what we do.

If you think about our portfolio, a couple things I'd call your attention to. I call it a focused but comprehensive portfolio. So focused and anchored in high job demand areas, healthcare and social and behavioral sciences that supply labor for our mental health fields and address the mental health crisis that we're facing. But it's comprehensive in that we have complimentary programs, particularly in the area of management and business that help those healthcare leaders develop the skills they need, not to just enter those professions, but to become leaders in those professions. That is a strategy that's worked very well for us.

The other thing that I think is a real strength for us is our focus on, as I said, graduate focused degrees. So about 85% of our students are either master's or PhD students. Now, there's some practical business benefits from this in that these are high ROI areas, that the demand and market growth has been strong and sustainable, is quite acyclical to Evan's point. And it also is buffeted less by some of the trends that we've seen at the undergrad space where non-degree programs and other market forces are putting some pressure on some of those undergraduate focused institutions. Now look, we are proud of that 15%, proud of our bachelor's and undergrad programs and we're actually seeing some nice growth there, and we think that could continue to grow as it is a big market. But fundamentally, our foundation is in those graduate degrees that help the students that enter the healthcare fields, whether it be at Walden, Chamberlain or at our medical and veterinarian schools, and help them become leaders in their workplaces. We talked about the mental health crisis and how Walden is a systematic part of the solution in addressing this. Not only are we doing this in general, but we're doing this for the communities that need it the most. We have an acute shortage of mental health specialists in general, but in many communities of color and other communities, that shortage is even more acute and that is where we shine.

I would also note that the barriers to entry in these areas, so while we're seeing more attention about the mental health crisis, we're seeing more attention, more institutions trying to step up and to serve that need, there are specialized accrediting and other requirements that are not easy to do and take years to accomplish. We've been through that whole phase and are really well poised to take advantage of the continued growth there. Okay, so that's the foundation. It's a great foundation, but we were not tapping the potential of that portfolio, of the asset. And so, since the day I walked in, we've been laser focused on improving our operational performance and our commercial excellence. Three main pieces that line up exactly with what Evan and Steve talked about in terms of excellence in that student journey, in pricing and our programs. But let me give you some examples. So, let's take enrollment and our admissions operations. So, we were able to bring in one of the top leaders in this space soon after I joined. He's helped put in entirely new leadership, much of that was in the organization, but was just hidden gems. We've turned that over. But most importantly, what we did is move very quickly to invest in our people, to give them the training and the coaching and the development that they needed to be successful. We simplified our operations, we gave them new technologies like SMS, and we are seeing the results of that.

So let me tell you a couple of the specifics and then a couple of the bigger headlines. So maybe it's because of my McKinsey days, but I'm a data nerd. So, things like our contact rate are up 300 basis points. There was a huge portion of our inquiries that we just never made contact with. That's up 300

basis points. Our enroll to start, so somebody said, "Hey, I want to come to Walden," and then showing up. We've improved that 400 basis points over the course of the year.

And we have across every one of our marketing channels that feed our enrollment engine have seen improvements in our conversion rates. And frankly, I think we're just at the tip of the iceberg, because a lot of the efforts that we have to continue to transform our enrollment are still in their early stages. And because of that, if you look over the last three quarters, so including this fourth quarter, which ends in about a week, we will be up year-on-year on new enrollment. Now, we don't get into the specifics of our new enrollment, but we are up and in this current quarter, let's just say that the results are very, very encouraging and it's picking up speed. And we're seeing a lot of those trends continue into our first quarter, which is the biggest quarter that we have in terms of new enrollment.

But obviously, getting students enrolled in our programs is just the beginning. It's making them successful. And we started frankly at a pretty good spot. Walden actually had some pretty good numbers in terms of our student persistence and retention numbers. But that said, we knew that we could do better. It is such an important part of our mission. It is so critical to the financial sustainability and growth. And we put a laser focus on those early terms where our students are most at risk.

We have not only seen a 200 basis point improvement in our overall retention rate, but what I am most proud of and what I think is a great leading indicator going forward, is that first to second term retention rate, the most important part of that journey in terms of student persistence and graduation, we're up 200 basis points. And that's improving.

So, feeling really good that our teams, our advising teams, our faculty working hand-in-hand to make our students successful. And that's even before some of the great new technology that Steve and team, many of which are in place, but much more to come where we're going to be able to build on this success.

And then in terms of getting our story out and building that brand awareness for Walden, this is transformative. The whole industry, Walden in particular, way too focused on that down funnel transactional marketing. We will nearly flip our media allocation between that transactional marketing and marketing that builds our brand awareness. And building brand awareness is not just some airy fairy, it's nice to have thing. It directly leads, as we get the story out to a bigger audience, more high-quality traffic to our website, which we've seen, better share of search, more high intent, high converting inquiries, and a halo impact that even helps our performance marketing. And the great news is that we are seeing right now the impact on all of those things that I just mentioned and we're still in the early innings of this. A lot of the improvements that we've made are only two or three months old. And so, we see continued upside from the great changes that Maurice and team are making on the marketing front. And then on the value proposition, I came in, I said, "Hey, I want to take ... Let's pretend we're investors. Let's look at our programs. Let's stack them up in terms of the value versus our competitors and let's do a real honest comparison of are they the best programs? Do they deliver the most value to students? And that's been the last piece of the puzzle that we've been focused on. And two things that we're really excited about, the first is Tempo Learning. So, for those of you that cover the space, you probably know a little something about competency-based education, but basically competency-based education is where the market's moving.

It is a program that allows students to take advantage of their professional experience to move through their programs quicker, allowing them to graduate for less money. It's even more flexible than online programs and we are one of three institutions in the country that has a broad set of competency-based programs, so us, Western Governors and Capella. Everybody else is onesies, twosies. It's an amazing differentiator we have. We might have 100 plus competitors in our online masters in social work. We have one or two when it comes to competency based. This was another example of a hidden asset. It

wasn't being marketed, it wasn't being promoted, it was difficult to understand. We fixed all of that and we are seeing incredibly strong growth in these areas. Still building off a small base, but very, very strong growth. And it's also something that we think about that third horizon.

It is a very unique and very relevant product, so to speak, for our employer partners, so something that we think is going to be a huge avenue of growth. And, again, a big moat around this. Not easy to get competency programs up and going. And then finally something near and dear to my heart is the Believe & Achieve Scholarship. So, when I came in, we had all kinds of discounts and scholarships. Students couldn't understand them, we couldn't promote them. Our staff was frankly confused by them and almost all of them encourage students to start and what we are committed to is getting students to finish. We need more enrollments to get more graduates, but that is our goal, more graduates. So we completely overhauled the way that we do pricing. We took all of that money that we were kind of investing in those upfront.

We put into what we call Believe & Achieve and what this does is give free tuition to students at the back end of their program, rewarding them for their persistence. But it does a couple other things that we're really excited about. First, it brings down the total cost of degree quite significantly because we structure it as kind of a more backend reward. We can actually be more generous in terms of the overall cost reduction that we can pass along to our students. And that has allowed us to take some of our programs that had drifted above our competitors and get them to a total cost of degree that was at or below some of our main competition. And of course, as we do this, I was joking with Bob, the best thing that can happen to us is we blow through our reserves in terms of this scholarship because that means that we have driven so much lifetime value that whatever extra we have to invest in those scholarships is more than made up for by the lifetime value that we're able to achieve.

Our staff, our faculty is so excited about this. The early returns are really strong. I think it's contributed to some of the new enrollment gains that we've talked about and will also help us sustain those retention and graduation gains that we've seen. All right, so, look, in closing, I've had an opportunity to be part of probably, I don't know, 12 commercial transformation efforts and it's a bit white knuckle. There's a lot you can't control when you're trying to turn around growth, but the reason I'm so excited and so confident about where we're headed at Walden is in less than a year both the scale of the progress that we've been able to make, the scope of it is really at or above anything I've seen in all of these other efforts. And really, I think we're only halfway there. We have so many more initiatives that we think are going to deliver increased value above and beyond where we are today.

And so look, the reality is that Walden's been a bit of a drag on growth for Adtalem, but we have changed the curve. We've bent it in FY24. We, in fact, are now moving up when we think we will go positive on total enrollment based on the recent performance in Q3 and Q4, which will help us to contribute to the growth story at Adtalem. But really, as we think about FY25, FY26, we've worked through all of the kind of declines that happened in the previous year and have a platform to really drive, I think, very exciting growth and student outcomes moving forward. So thank you so much. We're going to now have a video and John Danaher who leads our medical and veterinary schools will be talking about those programs.

John Danaher:

Thank you. My name is John Danaher and I'm a board-certified internist and I've spent most of my career in healthcare education. I'm delighted to lead and to be able to tell you about the med vet vertical, which consists of three schools. It consists of Ross University School of Veterinary Medicine in St. Kitts. It consists of RUSM, which is Ross University School of Medicine, which is located in Barbados,

and it consists of American University of the Caribbean with two campuses. And I'll describe those campuses for you. One's in St. Martin's and the other one is I Preston, England.

Our growth strategy is really simple, and it indeed is Growth with Purpose. And it consists of three things: continue to build on our outstanding academic outcomes, two, run our schools to capacity and, three, stay committed to our mission, which is health equity. As you can see, we're delivering on that promise. Our academic outcomes as evidenced by the USMLE part one pass rate is outstanding. Secondly, based upon the numbers of physicians we graduate, we are a significant part of addressing the workforce shortage in US physicians. 66% of our residents this year went into the fields of primary care. And third, and most importantly, hospitals love our graduates. Hospitals love our physicians and that's evidenced by the 97% first time attainment placement rate in terms of medical residency.

We also have a program called MERP, Medical Education Readiness Program. And so MERP is for those students who are not ready to be directly admitted. We've enrolled over the years more than 4,000 students into our MERP program. About half of them, more than 2,000, matriculate and go on to be enrolled in either AUC or RUSM. The numbers speak for themselves and I'm going to reiterate that. The numbers speak for themselves. We graduate consistently more black physicians than any other school. On average, over 100 physicians a year. Secondly, 88% of all of our graduates, not just our black physicians, but 88% of all of our graduates work in what is defined as low income communities. And 44% of our graduates work in areas that are defined as medically underserved.

Let me just say a word about our Preston campus for AUC, which is for those students who are really looking for an international experience. And there are three really tremendous differentiators about this program. Number one, if you're interested in doing research, you go to our Preston campus. Number two is, if you're interested in rotating in absolutely the finest hospitals in London, hospitals such as Westminster and Chelsea, you go to our Preston campus. And the third, which is extremely attractive, is that you can then do your residencies in England and eventually work and match in to work in English hospitals. So this is a very attractive program that we offer and that international students very, very much love the opportunity of going to school co-located with the University of Central Lancashire and having those opportunities. Let's pivot to our vet school on St. Kitts.

Okay, we have the same strategy, the same growth strategy, Growth with Purpose. So number one, we keep building on that academic quality, which is so core to us. And that's best manifested by the NAVLE passage rate. Two, we are seeking to always run the school to capacity. And three, we stay strong and true to our mission of one health and that's the convergence as you heard earlier of animal health and human health. There are a number of very distinctive differentiators about the program. First, it's just located in an absolutely stunning, beautiful location, St. Kitts, right on the beach. And so our students have unparalleled opportunities to work with and to learn exotic animals, aquatic mammals and terrestrial animals, horses, donkeys, goats, et cetera.

So first of all, they have an unmatched experience in terms of working with the animals. Secondly, again, we have a tremendously strong commitment to diversity and you can see that in our numbers. And third is we are absolute. We have either the largest or the second largest alumni body and that is very important for students who, once they graduate, become working veterinarians have the opportunities to network and get jobs, et cetera, from one of if not the largest alumni body. What makes the program truly unique, and it's the analogy to the 97% match rate that we have, is that whether you talk to the C-suite, if you talk to Thrive, if you talk to Banfield, if you talk to NVA, if you talk to IDEXX, if you talk to any of the corporate practice of veterinary medicine, what they all will say to you is we would like to hire every single Ross Vet graduate that we can. We would like to hire every single Ross veterinarian that we can. So thanks so much. I really appreciate it. I'm going to hand it over to my colleague, Bob Phelan, who's our CFO.

Adtalem Graduation Video:

This is a time for reflection to look back and ask ourselves who am I in this process and what does it mean to me? Today, I challenge you all to cherish the gift of opportunity, the gift to have a dream and see it come to pass. It takes a heart that's extraordinary. But you will go to define extraordinary every day. You are the leaders of tomorrow's healthcare.

Bob Phelan:

So my name is Bob Phelan. I'm the CFO for Adtalem. Been with the company for just over three years, the last couple years as a CFO. Before Adtalem, I have worked KPMG, Sears Holdings, a number of different broad set of financial roles as well as operational roles also. So, you've heard a lot of what we've talked about today, what the team plans on doing over to the next couple of years. What I'd like to pull together for you is a financial view of how that looks and how we're going to drive value going forward. So, with that, we'll jump in. First, something you've heard already from Steve, that we're systematically important in terms of the U.S. healthcare system. So, this is a big opportunity for us and, as you've heard from Evan, how we're going to take advantage of this opportunity is through the Growth with Purpose program in terms of our enrollment growth.

We've also structured our business for operational effectiveness, and you've heard quite a bit about that as well. And this translates into the ability to drive our operating margin expansion. We also have a strong balance sheet, which serves as a foundation for growth as well for us. And importantly, you've heard a few times we're a purpose-driven organization that's focused on the success of our students, which is a critical factor as we get into our financial success. So, I'm going to cover a few different time horizons here and I'll talk through what we've done to date. First, setting the existing foundation for profitable growth. And while Steve talked about how he's repositioned the portfolio of assets at this point, I'll cover how we've repositioned our financial profile. So, starting off from an operational effectiveness perspective, we'll achieve $60 million of synergies. We've talked about that, expanded profit margins as well.

And this is all done through structural, durable changes to the business, setting us up for future leverage also. We're committed to protecting those margins and growing those margins as we move forward and as you'll see and as Steve talked about a little bit earlier. Our financial strength has also improved. We've generated substantial amounts of cash flow and we also have a conservative net leverage ratio. That provides resources as we go forward for investments we've talked about and also the ability to deploy capital, the flexibility that we need for that. And to revisit where we've been in terms of how we've deployed capital recently, you can see on the page we've paid down over $900 million of debt over the last year and a half or so. So, we've gone from $1.65 billion down to a little over $700 million of debt or about a 60% decrease. We've also repurchased $211 million of shares in the past year and we've got an open authorization for another $250 million over the next several years.

Continuing recent performance, you could see we've grown revenue, we've grown EBITDA and much of this was the Walden acquisition. It was a big driver of both of these, but we've also improved persistence. I think Michael talked about that the most here. We've improved persistence. We've also got enrollment trends heading in the right direction, both of which are very good for revenue going forward. And for EBITDA, we've talked about it, but our synergy capture and continued cost disciplines have driven profit margin improvements, which we intend to continue. So, in summing up recent performance in our financial foundation, we are reaffirming guidance for the current year. So, our guidance was $1.4 billion to $1.45 billion for revenue and earnings per share of $4.05 to $4.20. That's the range. The earnings per share range represents a significant increase over prior year.

And importantly, I've mentioned we've got improving trends that we've talked about in enrollment and student experience in addition to the cost structure that enables the durable operating leverage as we move forward with our growth agenda. So overall, we've driven operational improvement, higher margins, but also strong cash flow and a prudent capital allocation. It's reduced our interest expense, it's reduced our share count and it's helped us to drive this earnings per share growth.

So jumping into the next section of the time horizon, I'll focus on fiscal '24 through fiscal '26. First, looking at fiscal '24 and providing more specific guidance on our outlook for next year. Importantly, fiscal '24 will be a return to organic revenue growth while making further investments in long-term growth and maintaining our high profit margins. So, for fiscal '24, you can see our outlook for revenue, $1.46 billion to $1.52 billion is the range. Represents a low to mid-single digits growth based on various initiatives we've discussed here today. From an EPS perspective, our outlook is for $4.15 to $4.40. And what's included in the outlook is a margin profile that maintains the level of profitability that we've achieved over the last couple of years while we're also making further investments in organic growth and continuing to generate the strong cash flow that's going to enable share repurchases into the next year.

Now, moving into some of the levers we talk about for improving the business. First, we plan on using existing capacity in addition to selectively expanding capacity. Evan talked quite a bit about this. I won't go too far into it, but what I would say is from a CapEx perspective what I would expect is that we're going to have increasing CapEx, but it's not substantially increasing CapEx. And I won't talk about what everyone went through, Growth with Purpose. We spent a lot of time on it, but we have a disciplined process in place and that's the focal point. It's a very disciplined process to focus on growth and on our student outcomes. And we talked about margin expansion. Importantly, we have the ability to expand our margins by leveraging our current infrastructure and utilizing the existing capacity that we've got. So lastly, I'll just say we continue to generate strong cash flow. We plan on providing that flexibility to invest in our business, but also to deploy capital back to shareholders as well.

So, getting into specific revenue targets, as we mentioned for fiscal '24, you can see the numbers, the $1.46 to $1.52 billion range, low to mid-single revenue growth. What you see though in FY25 and 26 is the growth ramping up. 4% to 6% in FY25 and 5% to 8% range for FY26. Overall, the growth with purpose platform that we've talked so much about gives us the confidence to achieve these numbers, to achieve this growth over the next three years. From a segment perspective, we're expecting all three of our segments to be growing over this time horizon as well. So, this represents a significant change in the trends that we've seen over the past couple of years, but I'm confident that we can achieve these goals given the discipline processes that we've talked about around Growth with Purpose and the discipline that we've exhibited over the last two years as we've driven the improving profitability in the business.

From an earnings per share perspective, we discussed fiscal '24. Again, I'll focus on fiscal '25 and '26 here. While the revenue growth was in the mid to upper single digits, the earnings per share growth gets into the mid-teens for fiscal '26. And this is because of the durable operating leverage. It's because we've committed to driving margin expansion as we get past this heavier investment year in fiscal '24. The substantial cash flow provides optionality to balance out our investments in business growth with share repurchases and other investments, which will accelerate our earnings per share growth. All of this leads us to a significant increase in earnings per share, getting into the mid-teens by fiscal '26 based on revenue growth on top of an operating model that leverages our asset base and also having the cash flow to deploy back to our shareholders as well.

So, speaking just quickly to capital allocation, the key message here, we've got four different categories we've broken this down into, but we can deploy capital across all four of these areas and we have the cash flow to support this. So just a couple of points on this. I'd speak to student growth first. I expect

next year, fiscal '24, really to be a heavier weighting of investments in organic growth. I also expect, though, to continue share repurchases over the next several years as well.

We may also utilize some of our cash to pay down debt. We're committed to maintaining flexibility in capital deployment, so that means keeping our net leverage ratio at a certain point. So paying down debt could be one other thing we do. From an MNA perspective, we're not expecting anything in terms of significant investments, but there could be smaller opportunistic deals that we could be looking at. So overall, what I would say is that we've got a shareholder friendly philosophy for capital allocation, strong cashflow to self-fund our growth agenda and also to return capital to our shareholders over the next few years.

So in closing, I'm confident in our ability to drive growth given the markets that we're participating in, the unique set of assets as Steve talked about that we bring to these markets and the foundation, importantly, the financial foundation that we've built with a durable, scalable operating model and a strong healthy balance sheet. And while we're committed, you see up here a purpose-driven organization, you've heard many of us talk about this, we're committed to positive student outcomes and societal value. We're also very committed to our commercial imperatives of driving accelerated earnings growth and ultimately driving shareholder value. And with that, I will go to a video.

Adtalem Alumni Video:

Good morning. How are you? So I'm originally from the Kurdistan region of Iraq and moved to the United States in 1996. Due to the war and the political turmoils, we moved here. It was a tough transition for us, but we tried and my parents were very much invested in making sure that we dedicate our time and energy to education. So I did very well finishing up the last two years of high school and then undergrad. My biggest challenge was that I was not a good test taker and that was just because of the difference in the system, but we have to understand that there are going to be students that do not fit certain systems. So if you don't fit a certain system, it does not mean you are a failure. It just means you have to pursue your dreams through a different channel. So I never looked at my process through Ross University as settling for something less.

I think for me, it was more of just realizing that I have certain limitations and those limitations do not define who I am, do not define my future. So I just have to work around these limitations and find a system that will nurture my abilities. And that's what I found at Ross University. One of the biggest challenges is the traditional way of assessing students. And I'm not saying the existing system is wrong, but I think we can improve on it. And we may not have the magical answer right now, but we will not have the answer if we don't try to start to challenge the existing system. So there are a lot of students out there that on paper have everything it takes to become a successful doctor based on the admission criteria, but they may not make good clinicians. There are other students who would make great clinicians, but they may not have the traditional grades. So it doesn't mean one belongs and one does not belong, but it basically calls for us to try to broaden our perspective.

When you're a kid, they ask you what you want to be when you grow up and when you're a kid you answer honestly because the only limit is your imagination. An astronaut, the president, a doctor, but it's easier said than done because the system is limited. It's just not set up for everyone. Without the right undergrad or the right test score, the right internship or connections, it's difficult for many to access the opportunities they feel called to. It's an unfortunate cycle that Adtalem is finally breaking, by doing the one thing unheard of in most higher ed circles, providing more opportunity, not less.

Steve Beard:

Okay, we have reached the end of our formal presentation here. I have a few very brief closing remarks and then of course we want to get to any questions you have about what you've heard and seen today, but I think that last video really sums it up for me. This is why I come to work every day. This is really, truly important work, providing opportunities to folks who deserve it. We're not a second chance family of universities. We're not a second-tier group of institutions. We create fantastic professionals that do fantastic things. I've got two dogs, my vet is a Ross Vet grad. My in-laws who live on Roscoe Street, their internist graduated from Ross Med School. Our folks are out there making a difference in people's lives every single day, but of course this is an investor day, not a social impact day. So, let's close where we began, which is really about what we think we can do here.

We think we could be a purpose-driven organization that can create tremendous shareholder value and be an even more important piece of solving the critical challenges that healthcare faces. I'm from Chicago, grew up here, first person in my family to go to college. My dad was a transit worker. He worked for CTA. My mom was a secretary at the old Turner-Williams Paint Company down on the 111th Street, but despite not having a lot of education he had a lot of insight, my dad in particular. And what he would always tell me is that the difference between a good relationship and a bad relationship is expectations. And relationships where people meet or exceed your expectations pretty regularly, that's a good relationship for you. And relationships where people routinely fall short of your expectations, that's not a great relationship for you. And as a company that wants to have a great relationship with its investors, what we want to do is meet or exceed your expectations.

And we know we have always more work to do on that count and we're committed to doing it. But to be clear, we told you that we could expand profitability, even in a challenging demand environment during COVID, and we did that. We told you we could get the Walden transaction closed and with a bit of work began to put it on a trajectory to turn it around. We've done that. We put out a guide for fiscal '23 that some folks thought maybe was a little too ambitious, a little too aggressive. We just reaffirmed that guide today. We've given you a set of long-term targets for the next several years. I would just say let me earn your trust because I think we're going to do what we say we're going to do. And I think that's the critical ingredient of having a good, constructive relationship with your investors, setting the right expectations and meeting and exceeding those.

So, thank you for your attention today and thank you for your time. We will get some seats up here in the front of the room for Bob and I and then we're happy to take any questions you have, but, again, our sincerest gratitude for the time today.

Jay Spitzer:

All right, perfect. So, we are going to obviously go through Q&A here. We'll obviously field questions in the room. Just raise your hand. We'll also then cycle through questions online as well, so for those listening in virtually, please submit those to the portal. It will come to myself. I can ask the team then for those questions. So with that, I see Jeff, you have a question?

Jeff Meuler (Baird):

Thank you, I just want to, I guess, reconcile something in terms of the historical performance, given that you talk about structurally attractive and durably acyclical markets, and I think there were some unique pandemic challenges, but just when you show the job openings in healthcare, talk about rising wages, competitive closures, variety of reasons that many institutions don't expand capacity, help us understand what the constraints have been on why growth hasn't been better, and then maybe provide us a more real time update on how those constraints are trending today.

Steve Beard:

Thank you for the question. I think setting the pandemic aside, because that's a unique set of circumstances that I think we all understand. I think in the past the reason the growth hasn't been as robust as it could have been is that we haven't pulled all of those execution levers as well as we could and pulled them all at the same time, and so that's why we think the growth with purpose strategy is so important because it really is identifying the most value creating activities we have across the student life cycle, getting laser focused about where the accountability for pulling those levers sit and then pulling them simultaneously and not having leakage occur throughout the funnel in ways that prevent us from getting our fair share of what's out there from a market perspective.

From obviously the barriers to growth are things that we think we can manage. There's obviously the cost of attendance, there's obviously meeting the student where they are. There's obviously faculty clinical opportunities, but we think we address those dynamics as good or better than anyone else in our space. So, the reason we're as confident as we are in our long term outlook is because of those secular trends you mentioned and because we just think we are going to be much better at addressing them than we have been in the past.

Jeff Meuler (Baird):

I guess a follow-up then off that. So, as I think about all of the changes that you've been making over the last two years or so, you talked a lot about the higher level strategy. It all sounds really good, but given that you're talking about the importance of operational execution, can you tell us more on some of the proof points? I think you gave us some of it on Walden, you gave us online BSN, how many enrollments you have, but would love more there so that we can, I guess, make the argument that the last two years maybe we haven't fully seen the improvement that's been going on behind the scenes, but just help us with the data to show us that it's working beyond just the qualitative strategy.

Steve Beard:

I think that's great. As we pulled back reporting new enrollments a little over a year ago, we don't report specific persistence numbers. I think we've got what we think are good and valid reasons for that, but what I can tell you is that I think we are committed to giving more qualitative direction on some of those things that drive value with persistence probably being the most important data point of all because it marries both commercial performance in terms of total enrollment, but it also gives you a better sense of the quality of the product that we're taking to market. In terms of really specific examples, I know we've talked through some of them today. Michael talked about some of the things they're doing around persistence. Steve talked about things like auto enroll to ensure that we don't get people that fall out of a term enrollment.

We've talked about things we do to bridge folks from the first to the second term to ensure we don't get leakage there. We've talked about new adaptive learning platforms to ensure that people can get through Step 1 MLE at a faster and better rate than they have in the past. Quantifying those for you in a public reporting context, a little more complex, but I think we will try to provide better qualitative visibility into that, so that you have more confidence that it's working, but ultimately where it's going to show up is in two places. It's going to show up in total enrollment, it's going to show up in revenue and it's going to show up in profitability, but I think it's a good prompt. We do want to provide more transparency into what goes into producing these outcomes, so that you can feel more confident in relying on the guide that we provide every year.

Jeff Meuler (Baird):

And then last for me, and I'll promise I'll hand it over, just if you can address gainful employment, where there are risks under the new standards and what are the mitigating steps, thank you.

Steve Beard:

So, I think most people in the room understand this, the Department of Education has issued a new gainful employment rule. It was a product of the negotiated rulemaking process. It is currently out for public comment. I think we submitted our comment today. I don't see Doug... The rule has developed. We are 100% supportive of the philosophy behind providing students more transparency, that they're going to get a return on investment from the programs they enroll in. I think the specifics of how the rule has been constructed are pretty difficult. I lost count of how many comments have come in on gainful employment, but it's actually drawn more comments than even the third party servicer rule, and so we expect that there may be tweaks to that. But coming back to your original question, most of our portfolio has no exposure to the gainful employment rule, but the place we would theoretically have some exposure would be in the vet school because of how salaries ramp up over time after graduation and in some of our programs at Walden.

But the current rule has been set up in such a way that it doesn't really allow institutions an opportunity to transition to the new rules, and I think that's going to be a challenge for the department from an implementation perspective. As you know, because you've been around the space for a long time, this is gainful employment 4.0. There've been a number of attempts at this before. I think this particular attempt at gainful employment doesn't have any of the strengths that prior iterations did and has a few extra burdens that earlier versions didn't. So, I can't predict where the final rule will net out, but we feel pretty good that lots of thoughtful folks across higher ed have weighed in a really robust and thoughtful way and given the department some helpful suggestions on how they can improve that rule. So, I think we feel good about where that situation stands now. Obviously if that information changes, we'll be transparent about it, but we feel like we're in good shape.

Jeff Silber (BMO Capital Markets):

It's Jeff Silver with BMO Capital Markets. Let me start with the numbers question to maybe Bob. What gives you guys the confidence that we'll see growth accelerate over the next couple years? And in the interest of transparency, can we get any color from a segment perspective? I know it may be tougher to go out three years, but even just into fiscal '24, where will we see that?

Bob Phelan:

Sure, let me start off by saying from a segment perspective, what I would do is take a look at the most recent trends that you've seen in terms of extrapolating that out into the next year. You could see that Chamberlain has been leading for us. I would just take a look at that. You can hear from Michael's comments that Walden's heading in the right direction. So, I would just look at recent performance. You can see the trends that we've had quarter to quarter, that will help you with getting your segment piece.

In terms of coming back to the confidence on the ability to do this, I go back to some of my comments and what in particular Evan was up here talking about. We've got a very disciplined process and program in place for growth with purpose, and so all of these execution levers we've been talking about are things that we're going to be tracking, watching closely, number of different projects that are all behind this, and it's a process. It's not just things that we're doing and we're not keeping track of. We are really on top of this, and I feel good about the fact that that's going to drive the growth that we're talking about here.

Steve Beard:

And look, we're either burdened or benefited by the same market trends that impact other similar market participants, and you cover those firms as well. And I think most folks believe that the COVID headwinds are behind them. Most folks are expecting some improvement in the overall enrollment trajectory of their institutions. Now it really becomes a question of who can best execute to make the most of a more favorable demand environment. And so, what you heard around the strategy is that we believe that we've taken the time during the pandemic when demand was a real challenge to position ourselves to outpace the competition in an environment where demand is more attractive.

Jeff Silber (BMO Capital Markets):

And if I could shift gears maybe to regulatory, and I apologize.

Steve Beard:

No worries.

Jeff Silber (BMO Capital Markets):

... Answer for this. I won't ask gainful employment, that's been asked, but is there anything else that we need to be focused on? And I'm specifically... I wouldn't say concerned, but if we can talk about your exposure on borrower defense or repayment not only from the prior DeVry University, but in your current programs as well. Thanks.

Steve Beard:

So, BDR is not an issue for the current portfolio in any material way. These are programs that have extraordinarily high employability. These are programs that have some of the lowest cohort default rates in all of higher education, and I don't mean just proprietary, but all of higher education. Where borrower defense to repayment is an issue for Adtalem is in relation to trailing obligations to DeVry University where DeVry University does have exposure to borrower defense to repayment, and we've discussed that publicly, that we've got an obligation to indemnify DeVry University up to a fixed cap for their exposure related to BDR. Now, what I will say is that I think the way the Department of Education has gone about some of the recoupment efforts in BDR maybe makes it incrementally less likely that that exposure comes to bear, but even if it does, it's a known and fixed exposure for us, from DeVry, and it also has no reputational impact on our existing portfolio because we don't have any meaningful BDR claims in the institutions that we take to market today.

Jeff Silber (BMO Capital Markets):

Can you just remind us what that non-fixed exposure is?

Steve Beard:

There's a $340 million indemnity cap built into the DeVry sale agreement.

Jay Spitzer:

All right, perfect, so before we take another in-person question, let's do an online question here. So besides the centralized back office functions, are there any other further opportunities for sharing infrastructure across the institutions?

Steve Beard:

Look, I think we've done a really remarkable job with that. Remember, this was once a company where you had the Becker CPA test prep organization in the same portfolio as American University of the Caribbean. The two models couldn't be more different, and what they required in order to support them couldn't be more different. As you heard me say earlier today, we've now got five like-kind institutions and we can support them on single platforms, which we're doing and that's where some of the gains and profitability come from, that's where some of the ongoing operating leverage comes from. We've also got centers of excellence, and you heard from both of those leaders today, whether it's related to marketing or student support, where we can import best practices from one side of the portfolio to the other.

Are there opportunities for more efficiencies? Yes, there's always an opportunity to be more efficient, but I think during the pandemic we did yeoman's work in ringing out all of the redundancies of the legacy portfolio that were drag on profitability. What we now want to do is grow organic revenue in a way that demonstrates the operating leverage that all that work created.

Jay Spitzer:

Pause for questions? Oh, got another one coming through. Bob, so you've guided to mid-single digits in the long-term, this seems conservative given the market opportunity. What needs to go well for this guidance to potentially become high single digits?

Bob Phelan:

Well, I think it's about the execution we've talked about. So, we've got a number of programs and projects in place that we've talked about with growth with purpose. I think in order to get to that next level, we will be evaluating looking at additional projects around those execution levers, and for what we have in our portfolio right now and in the pipeline right now, I think that the growth rates that we've got are appropriate, but it doesn't mean that we're not going to be going after further growth. We will be going after further growth, we'll be looking at additional projects, but that's what it would take to get to that next level is going to be adding to what we're currently looking at in our pipeline.

Steve Beard:

And in the spirit of being sort of complete without being defensive, I think mid-single digit revenue growth in a business like this with incrementally improved profitability over time is actually quite attractive, and I don't think that's as conservative as it may look from a distance. Also, when Bob's presentation you saw in the out years, particularly when you get out into fiscal '26, those revenue growth rates go above mid-single digits. So not to attack the premise of the question, but I actually think those are attractive places to be, and I think if we can deliver that, that creates real value for our owners.

Jay Spitzer:

We'll go over to Alex over here.

Alex Paris (Barrington Research):

Just to be clear, Walden has been a drag on performance in fiscal 2023, but it looks like we're at the inflection point of growth. I think Michael mentioned that new student enrollment is expected to be positive for the full year, even though we don't give specifics on new student enrollment, and then I

think Bob mentioned that in the fiscal '24 forecast that all three institutions are expected to grow, and I'm assuming that means revenue and earnings since we were talking about revenue and earnings.

Bob Phelan:

That's correct.

Alex Paris (Barrington Research):

Just a little bit of additional color on both would be helpful.

Bob Phelan:

On-

Alex Paris (Barrington Research):

Well, starting with Walden-

Steve Beard:

Walden specifically?

Bob Phelan:

Walden-

Alex Paris (Barrington Research):

It sounds like we're at the inflection point.

Bob Phelan:

What I would tell you is if we took a look back at just the last three quarters and where we've been with Walden's enrollments, you could see from where we started and we've obviously got the enrollments in our press releases every quarter, you can see the trend changing. So, you can see the total enrollments, and again, while that's not new enrollment, you can see the total enrollments changing and you can see that it's the combination because we've talked about both the persistence, as well as this now change in trend with new enrollments. So, I feel like we've seen this coming, but what's accelerated is that we're beyond a persistence at this point. So, once you start coupling the persistence with the new enrollment, that's where you really get to the inflection point quicker, as Michael has said, than what we were originally anticipating.

So, on the Walden side, that's why I feel like we have a good opportunity to grow, and we will grow, and I think on the Med/Vet and on the Chamberlain side, we've already seen growth in enrollments, and so it's a question of how much further we can grow as we go forward into fiscal '24. And the one thing I would say about that is as you're thinking about the year, we're making more investments in the front half of the year, I would think that we're going to be growing more in the back half than we are in the front half, just based on the portfolio of projects we have in the investments we're making.

Steve Beard:

The other thing I would say is I want to echo some of the sentiments that Michael expressed. I'm not sure it's quite fair to call Walden a drag on the overall performance. We knew this was a turnaround

situation going in. We were acquiring an asset at a very attractive price that we thought had been under-invested in and under-loved before, that we thought we had both the expertise and insights to be able to turn around, and if you just talk about Walden enrollments on a year-over-year basis, sure, they are down on a year-over-year basis, but they're less down every single quarter. So, that tells you that on a sequential basis, Walden is actually improving enrollment every single quarter. Now, a lot of that is gains in persistence, but it's not entirely gains in persistence, it's also new enrollments. So, the sequential trajectory of Walden is slow but absolutely steady and absolutely moving in the right direction, so that's the first thing.

The second thing I would point out is that Walden has been a catalyst for all of the other great work that we've done across the portfolio. So, in having to integrate a large acquisition into a legacy portfolio, it gave us the kind of event that allowed us to strip out what remained of the redundancies of the old conglomerate model and to get to this new level of profitability and efficiency. And so, from a catalyst perspective, it's really hard to put a price on the value of that. So, on a standalone basis, this is a business that gets healthier every single quarter, that grows sequentially, but just as importantly has given us the right kind of pretext to create a stronger and healthier enterprise across all of our institutions.

Jay Spitzer:

Perfect, so let's shift... Before we go back to Jeff, let's just shift one quick one online again. So, Bob, I know you already hit this one, but someone did ask about a sense of earnings for next year, first half versus second, and then they also asked about the level of free cash flow going forward. What do you expect on that front?

Bob Phelan:

So while we don't specifically guide on free cash flow, what I would tell you is that if you look back, and we published it in our last queue, you can see a trailing 12 months going quarter by quarter, and if you take a look at the last three TTMs, you can see that we're in the $200 million range. So as a good proxy for looking forward, I would say that that's the place that I would look in terms of guidance and it's in that $200 million range that I would expect we would continue to participate at that level. And the only thing I would say is we are going to have a little bit higher CapEx, as I mentioned, not substantial, but a little bit higher CapEx, which does affect that free cash flow number.

Jay Spitzer:

Perfect, and then a related question, I will come back to you Jeff. I'm just seeing these funnel through. I talked about returning excess capital while also looking to reduce debt. Is there any form of leverage target in the near term?

Steve Beard:

Where there's a commitment to get below two times, we're well below that and I don't envision a scenario where that would change in any meaningful way. So no, there'll be opportunities to de-lever further, but there's also other attractive uses of cash also, and we're comfortably below that two times leverage commitment that we made.

Jeff Meuler (Baird):

Can you help us with the 2024 categories of stepped-up investment? Because the guidance in terms of revenue is pretty good and there should be some up leverage and you had an expense synergies build

from Walden that was happening throughout the last year, so it seemed like the exit rate should have been supportive of margin expansion, so what are the categories of '24 investment?

Steve Beard:

So, we've got a couple of flavors of that. So, we've got brand campaigns that are already out there in the market for Chamberlain and for Walden and for Ross Med. We've got brand campaigns coming for AUC and Ross Vet. We're doing some things from a platform perspective around student support where we're going to incur some costs next year. We've got, as you heard from Karen, some thoughts around campus expansion that we're looking at now, some of that is CapEx, but there's an inevitable degree of OpEx that runs through that as well, and a handful of other investments that are proprietary to us that are going to be creating this flywheel effect on organic revenue growth. So, it's just an investment year for us. What we have committed to do though is to protect the gains in profitability that we were able to achieve during the pandemic. And so, what we would never ask our shareholders to do is take diluted earnings as we make these investments, but what we can do is hold the line while we begin to accelerate the wheel that drives organic revenue growth.

Jeff Meuler (Baird):

And then this is, I guess, going back a few years and I get that the buying leads business has gotten more competitive over time. In the fall of 2017, Walden had a shortfall... This is before you owned it, Walden had a shortfall in terms of new enrollment that was pretty substantial, and if my memory serves, one of the things that was going on at that time was they were trying to shift towards more brand building marketing away from buying leads, which it seems like you're leaning into. I think that makes a lot of senses from a long-term perspective, but maybe if you can allay my concerns about potential risks as you make that pivot before we see the full effect of the positive benefit of the brand building. And then on marketing, can you just comment on where you think there's the most opportunity for improvement from a brand perception outside of certain political classes, but where you say the most opportunity for brand perception improvement? Thank you.

Steve Beard:

So, I would only be speculating about what Walden was doing in 2017. Mike, I don't know if you have any thoughts about that.

Michael Betz:

I know a little, but I think there was less about... I know the history of the spend and it was less about moving into brand awareness and more around just frankly other performance marketing channels. I think what is different now and why we're confident is one, we're investing in things that truly generate demand, that build awareness, and you're right, it does take a little bit longer horizon, but we've been at this now for less than a year. Our share of search is up, our high-quality web traffic is up, our organic inquiries which convert at five times what performance marketing ones do and 10 times what affiliate do are all up. And so, we're already seeing a financial return on the brand investment, not just an awareness improvement. So, we're excited that we can build on this in the coming year.

Steve Beard:

The other thing I would add to that is it's not an either/or proposition, it's more of a balanced approach. So, we also will continue to invest in the performance spend at the bottom of the funnel, but just getting a better balance of that spend with what we do at the top of the funnel around the brand building, and

philosophically we've just aligned on that balanced approach as the best way to win today and win tomorrow as opposed to trying to win today and hope for the best tomorrow.

Jeff Meuler (Baird):

Brand perception?

Steve Beard:

Brand perception. Yes, so look, I think the strongest brand in the portfolio easily is Chamberlain, but believe it or not, Chamberlain has benefited from its brand campaign. It was the first one to go out. It was extremely well-received. Maurice can talk a little bit about that and Karen as well about how that's translated into interest in our programs. Obviously, probably the lowest brand awareness, Maurice, if I'm correct, is probably AUC, but we've just been out of the brand building game for a long time, and so there's just really nowhere in the portfolio I think we can go and not see some incremental lift from investing in the visibility of these institutions, particularly if we're delivering it in the form of personalized resonant messages that to Maurice's point, aren't us telling people what we think about ourselves, but are speaking to their specific ambitions and what they want to do.

So, there's a reason we led with Chamberlain because it is the flagship in terms of brand awareness and brand strength. It's a premium brand and premium priced, premium product as it should be, but as we've learned, even Chamberlain can get a lift from a little polish on what is already a really strong brand.

Michael Betz:

I'd just add that if you look at the numbers for Walden, I think it's true for you, Chamberlain, our problem isn't brand perception, our problem is brand awareness. We have a huge portion that because of the focus on down funnel, never know that Walden existed, and I think have some call it low hanging fruit, just getting into the consideration set for more and more students. Now, obviously the work that we're doing is also using our alums and others to tell the story about Walden and help the perception, but I think right now just getting awareness up is our big opportunity.

Steve Beard:

And look, we think we've got a great set of differentiators across our institutions, both from a brand perspective but also from a student experience perspective. These are investments in expanding that mode and protecting that mode and ensuring that the free cash flow that the business generates, that Bob talks about is free cash flow you can count on for years to come. So, we've got a high degree of conviction about what we're doing around brand.

Jay Spitzer:

Any other questions in the room? Let's go back to Jeff.

Jeff Meuler (Baird):

The other older Jeff.

Jeff Silber (BMO Capital Markets):

And better looking.

Jay Spitzer:

Jeff Silver is going to ask the question.

Jeff Silber (BMO Capital Markets):

There we go, thanks. Actually, somebody sent this to me, I don't know why they didn't send it to you, but you have an investor that wanted to know if we can get a little bit more color on your revenue guidance in terms of enrollment and pricing.

Steve Beard:

You mean the guide for 24?

Jeff Silber (BMO Capital Markets):

The guide for '24, and I'm assuming thereafter as well.

Steve Beard:

So, revenue is, as you know, it's only made up of three things. It's new enrollment, it's persistence, and it's price, and we intend to pull all three levers at once where we have the opportunities to do so. So, we're going to grow new enrollments, particularly at Chamberlain, where we think we have an opportunity to make big strides in a relatively shorter timeframe. I think the new enrollment story at Walden doesn't move at the same velocity, but certainly moves at the same steadiness over time, and I think we've got plenty of capacity that we are able to fill in Med/Vet, with the exception of the vet school, but at the two medical schools, we've got opportunity to drive new enrollments there. Price, again, those opportunities vary from one institution to the next. There are places we think we have pricing power, that's certainly true in Med/Vet.

And as you heard Michael talk about Walden, there are places where we actually can optimize our outcomes by calibrating price down, but the most important piece of that sort of three-legged stool of revenue is really persistence and ensuring that we keep our students in our program, that they continue to enjoy success and that they matriculate through to graduation. We get the lifetime value of that student, and they get the lifetime of success that comes from having obtained that credential. So, I can't quantify each of those three pieces for you, but what I will tell you philosophically, for me, anything we can do to maximize persistence is just a high value proposition.

Jay Spitzer:

Perfect, so with that, we're going to wrap up formal Q and A, but as always, myself, Chandrika on the IR team are here. Please send us any questions. For those in the room, we look forward to giving you the campus tour. For those on online, thank you very much once again for joining us. It was a great honor and pleasure to sit up on stage with our leadership today.

Steve Beard:

Absolutely, thank you.

Bob Phelan:

Thank you.