



# ADTALEM

GLOBAL EDUCATION

## A Force For Good

Furey Research  
Hidden Gems Conference

November 20, 2023

# Safe Harbor

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this presentation are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact, which includes statements regarding Adtalem’s future growth. Forward-looking statements can also be identified by words such as “future,” “believe,” “expect,” “anticipate,” “estimate,” “plan,” “intend,” “may,” “will,” “would,” “could,” “can,” “continue,” “preliminary,” “range,” and similar terms. These forward-looking statements are subject to risk and uncertainties that could cause actual results to differ materially from those described in the statements. These risk and uncertainties include the risk factors described in Item 1A. “Risk Factors” of our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) and our other filings with the SEC. These forward-looking statements are based on information available to us as of the date any such statements are made, and Adtalem assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized, except as required by law.

## NON-GAAP FINANCIAL MEASURES

This presentation includes references to certain financial measures that are not calculated in accordance with generally accepted accounting principles in the United States (“GAAP”). We believe that certain non-GAAP financial measures provide investors with useful supplemental information regarding the underlying business trends and performance of Adtalem’s ongoing operations as seen through the eyes of management and are useful for period-over-period comparisons. Adtalem uses these supplemental non-GAAP financial measures internally in our assessment of performance and budgeting process. However, these non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. For how we define the non-GAAP financial measures, and a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP measure, please refer to the reconciliation at the end of this presentation.

# A Force for Good

## **Purpose driven organization**

committed to student and societal outcomes

## **Creating shareholder value**

Growth with Purpose strategy  
delivering long-term growth

## **Systemically important**

component of the U.S. healthcare system,  
training care providers

# Journey across three horizons



Started from a position of strength



Growth with Purpose strategy



Scaled solution addressing healthcare's most significant challenge



5 like-kind institutions

27 campuses

Robust online delivery capabilities



All post-secondary higher education

>81k students  
~150 programs<sup>1</sup>



All with a center of gravity in healthcare

~90% of student enrollment is healthcare focused



34.9k students<sup>1</sup>

Largest nursing school in the U.S

23 campuses

Bachelor of Science in Nursing online in 30 states

special tuition rates to >4.5k partner locations

>50% students from diverse backgrounds<sup>2</sup>



41.0k students<sup>1</sup>

~80% healthcare enrollment

7 colleges, ~100 degree programs

100% online

Leading institution for graduate degrees, advancing diversity, equity & inclusion in healthcare

>50% students from diverse backgrounds<sup>2</sup>



5.2k students<sup>1</sup>

Medical:  
3 campuses

38 health system partnerships

Graduates practice:  
in 50 states, UK, Canada, and Puerto Rico  
88% in low-income communities<sup>3</sup>  
44% in medically underserved or health professional shortages areas<sup>3</sup>

Veterinary:  
28 international clinical locations

~8% of new U.S. Doctor of Veterinary Medicine graduates in 2021-2022<sup>4</sup>

# Offering the full breadth of healthcare programs across the entire healthcare learning continuum

## Adtalem Enrollment Mix

Fiscal Year '23: June 30, 2023

Bachelor's

33%

Master's

46%

Doctoral

21%

Nursing



46.3k

Enrollees

Social & Behavioral  
Sciences



16.9k

Enrollees

Medical &  
Veterinary



4.9k

Enrollees

Post-Secondary  
Other Degrees



7.7k

Enrollees

Nursing pre-licensure 28%

Nursing post-licensure 72%

# Utilizing innovative modalities to meet students where, when and how they learn best



~150  
Programs<sup>1</sup>

~95%  
Programs<sup>1</sup>  
offered online

~7.5k  
Faculty<sup>2</sup>

50  
States with nursing  
clinical partnerships

9  
States plus  
Washington D.C. &  
UK with medical  
clinical partnerships

25      5  
States      Countries  
with veterinarian  
clinical rotations

# Adtalem by the numbers

## Scale

#1	#1	~3,500	~300k	#1
Grantor of U.S. nursing degrees; 9% of 2022 total	Provider of medical graduates to the U.S. in 2022 <sup>1</sup>	Social & Behavioral Sciences degrees granted in 2022	Alumni impacting local communities	Educator of DVM graduates; ~8% of new DVM graduates in 2021-22 <sup>1</sup>

## Outcomes

84%	81%	88%	98%	0.8%
Chamberlain NCLEX pass rate, 2020 - 2022 avg.	RUSVM NAVLE pass rate, 2021 - 2022 avg.	USMLE Step 1 1 <sup>st</sup> time pass rate, 2018 - 2022 avg. <sup>2</sup>	1 <sup>st</sup> time residency attainment rate for RUSM & AUC 2022 - 2023 graduates <sup>3</sup>	2019 Enterprise cohort default rate

## Social Impact

>50%	88%	#1	#1	#1
Of total students are minorities	Of MD graduates serve in low-income communities <sup>4</sup>	Grantor of BSN, MSN-FNP & DNP degrees to minority students	Provider of Black MD graduates to the U.S. in 2020 - 2021 <sup>1</sup>	Grantor of graduate degrees in multiple disciplines to Black students



1) As compared to all U.S. schools

2) USMLE: First-time pass rate is the number of students passing the USMLE step 1 exam on the first attempt divided by the number of students whose first attempt was in 2018 - 2022. To take the USMLE step 1 exam students must successfully complete the Medical Sciences curriculum.

3) First-time residency attainment rate is the percent of students attaining a 2023 - 2024 residency position out of all graduates or expected graduates in 2022 - 2023 who were active applicants in the 2023 NRMP match or who attained a residency position outside the NRMP match.

4) Per a March 2020 report

# The Opportunity

**Right  
Market**

Incredibly large and attractive market with durable supply & demand asymmetry

**Market  
Leading  
Scale**

The nation's largest<sup>1</sup> healthcare educator, systematically important

**New  
Operating  
Model**

Walden acquisition catalyzed launch of new operating model

- Creating complementary market profiles
- Integrating & centralizing key capabilities, leveraging best practices across the enterprise
- Capturing synergies and increasing operating leverage, enhancing profitability & free cash flow

# Growth with Purpose

## Growth with Purpose strategy

Driving organic revenue growth

Marketing

Enrollment

Retention

Pricing

Programs

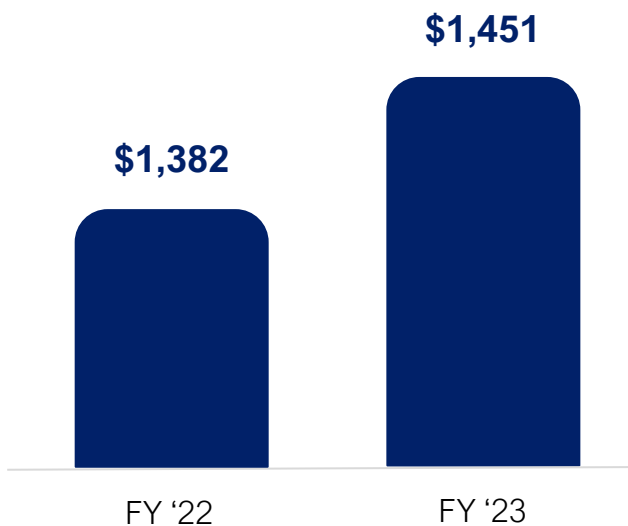
Expanding Access to Underserved Communities

Ongoing Commitment to Outstanding Student Outcomes

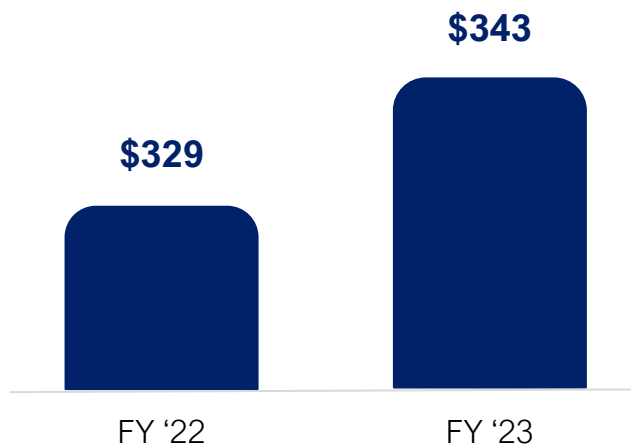
# Focusing on our expertise and competitive advantages to realize the full potential of our institutions

\$ millions

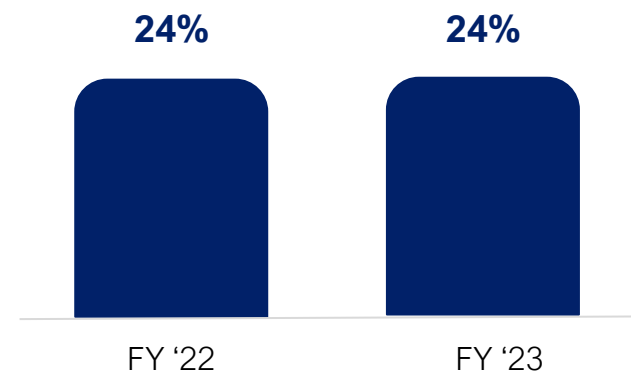
## Revenue




## Adj. EBITDA<sup>1</sup>



## Adj. EBITDA Margin<sup>1</sup>



# Path to achieve our full financial potential



Utilizing existing capacity at our market leading institutions and expanding access

Growth with Purpose strategy driving total student enrollment growth

Long-term margin expansion through operational effectiveness and durable operational leverage

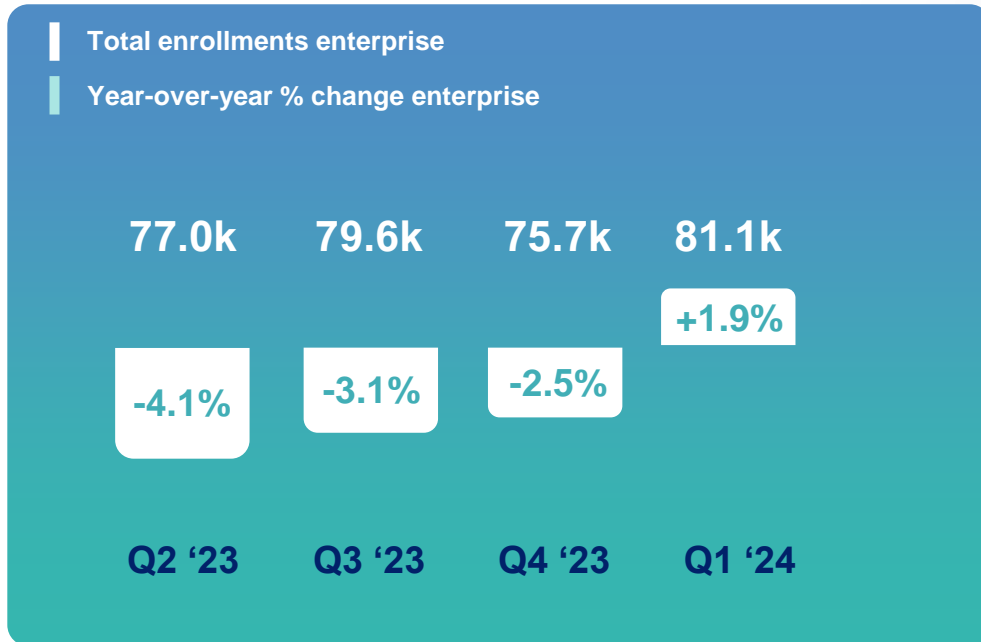
Accretive investments and disciplined capital allocation strategy to enhance our earnings growth

# Q1 2024: Accelerating Total Enrollment Trends

Chamberlain third straight quarter of YoY total enrollment growth in pre-licensure & post-licensure programs

Walden positive YoY total enrollment growth led by healthcare programs

Continue to deliver enhanced student outcomes, high persistence levels



**Year-over-year % change**

	Q1 '24	Q4 '23
Chamberlain:	+5.2%	+1.2%
Walden:	+0.5%	-4.8%
Med/Vet:	-7.5%	-8.2%

# Q1 2024: Performance

Total enrollment growth YoY: +1.9%

**\$369 million**

Revenue  
+4.1% vs. prior year

**21.8%**

Adj. EBITDA<sup>1</sup> margin  
(180) bps vs. prior year

**\$0.93**

Adj. EPS<sup>1</sup>  
+3.3% vs. prior year

## Growth with Purpose delivering enterprise total enrollment growth

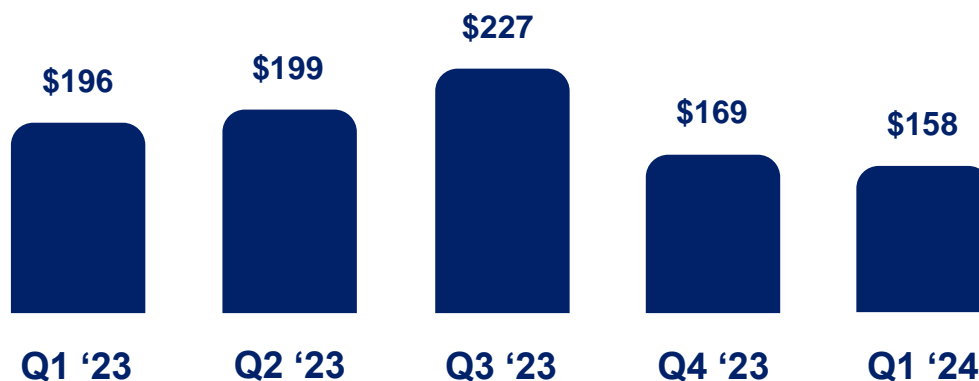
- **Chamberlain:** 34.9k students
  - Accelerated growth in total enrollment; leveraging scale & national footprint with a full breadth of nursing programs & modalities
- **Walden:** 41.0k students
  - Total enrollment returned to growth; executing on transformation, operational excellence, and brand investments
- **Med/Vet:** 5.2k students
  - Med & Vet: Continued high-quality academic outcomes as a leading educator of diverse veterinarian & medical professionals
  - Med: Sequential improvement in total enrollment trend; remediation plans stabilizing enrollment

# Cash Flow

Continued healthy cash generation and disciplined capital allocation

\$ in Millions

## Trailing Twelve Months



Operating Cash Flow

Capital Expenditure

Free Cash Flow<sup>1</sup>

\$226	\$225	\$255	\$206	\$205
(\$30)	(\$26)	(\$28)	(\$37)	(\$47)
\$196	\$199	\$227	\$169	\$158

As a systemically important component of the U.S. healthcare system, with a clear growth roadmap and meaningful shareholder value creation opportunities

### **Transformed Portfolio, Positioned Well as a Leading Healthcare Educator**

In a growing, structurally attractive industry with tailwinds

### **Creating Long-Term Value with Growth with Purpose Strategy**

Focused on accelerating organic total enrollment growth and efficiency

### **Executing with Operational Excellence**

Creating the ability to sustainably invest in accretive growth opportunities while delivering long-term margin expansion

### **Strong and Stable Financial Profile**

With a healthy balance sheet, cash generative model, and an attractive capital allocation philosophy

### **Greater Scale Driving a Greater Purpose**

Committed to student and societal outcomes

# Disciplined Capital Allocation Philosophy

## Student Growth

Growth with Purpose to invest back into our institutions and capabilities to reach optimal capacity

## Return Excess Cash

Execution of the remaining \$81m against our Board-authorized \$300m share repurchase program through February 2025

## Financial Strength

Thoughtfully reduce long-term financial obligations to maximize flexibility and balance sheet strength

## Opportunistic M&A

Opportunities to enhance our student outcomes through capabilities and technology  
Focused on tuck-ins to horizontally expand into in-demand healthcare education markets

# Appendix

# Non-GAAP financial measures and reconciliations

We believe that certain non-GAAP financial measures provide investors with useful supplemental information regarding the underlying business trends and performance of Adtalem's ongoing operations as seen through the eyes of management and are useful for period-over-period comparisons. We use these supplemental non-GAAP financial measures internally in our assessment of performance and budgeting process. However, these non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. The following are non-GAAP financial measures used in the subsequent GAAP to non-GAAP reconciliation tables:

*Adjusted net income (most comparable GAAP measure: net income)* – Measure of Adtalem's net income adjusted for restructuring expense, business integration expense, intangible amortization expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, litigation reserve, and net loss from discontinued operations.

*Adjusted earnings per share (most comparable GAAP measure: earnings per share)* – Measure of Adtalem's diluted earnings per share adjusted for restructuring expense, business integration expense, intangible amortization expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, litigation reserve, and net loss from discontinued operations.

*Adjusted operating income (most comparable GAAP measure: operating income)* – Measure of Adtalem's operating income adjusted for restructuring expense, business integration expense, intangible amortization expense, and litigation reserve. This measure is applied on a consolidated and segment basis, depending on the context of the discussion.

*Adjusted EBITDA (most comparable GAAP measure: net income)* – Measure of Adtalem's net income adjusted for net loss from discontinued operations, interest expense, other income, net, provision for income taxes, depreciation and amortization, stock-based compensation, restructuring expense, business integration expense, and litigation reserve. This measure is applied on a consolidated and segment basis, depending on the context of the discussion. Income taxes, interest expense, and other income, net is not recorded at the reportable segments, and therefore, the segment adjusted EBITDA reconciliations begin with operating income.

*Free cash flow (most comparable GAAP measure: net cash provided by operating activities-continuing operations)* – Defined as net cash provided by operating activities-continuing operations less capital expenditures.

*Net debt* – Defined as long-term debt less cash and cash equivalents.

*Net leverage* – Defined as net debt divided by adjusted EBITDA.

A description of special items in our non-GAAP financial measures described above are as follows:

- Restructuring expense primarily related to real estate consolidations at Walden, Medical and Veterinary, and Adtalem's home office. We do not include normal, recurring, cash operating expenses in our restructuring expense.
- Business integration expense include expenses related to the Walden acquisition and certain costs related to growth transformation initiatives. We do not include normal, recurring, cash operating expenses in our business integration expense.
- Intangible amortization expense on acquired intangible assets.
- Write-off of debt discount and issuance costs and gain on extinguishment of debt related to prepayments of debt, and reserves related to significant litigation.
- Net loss from discontinued operations includes expense from ongoing litigation costs and settlements related to the DeVry University divestiture and a loss on the sale of ACAMS, Becker, and OCL for working capital adjustments to the initial sales prices.

# Non-GAAP Adjusted EBITDA by Segment Disclosure (1/4)

(unaudited)  
(in thousands)

	Year Ended June 30,			
	2023	2022	Increase/(Decrease)	
			\$	%
<b>Chamberlain:</b>				
Operating income (GAAP)	\$ 134,685	\$ 124,414	\$ 10,271	8.3 %
Restructuring expense	818	2,838	(2,020)	
Depreciation	17,264	18,547	(1,283)	
Stock-based compensation	4,719	6,707	(1,988)	
Adjusted EBITDA (non-GAAP)	<u>\$ 157,486</u>	<u>\$ 152,506</u>	<u>\$ 4,980</u>	3.3 %
Adjusted EBITDA margin (non-GAAP)	27.6 %	27.4 %		
<b>Walden:</b>				
Operating income (loss) (GAAP)	\$ 35,880	\$ (5,306)	\$ 41,186	NM
Deferred revenue adjustment	—	8,561	(8,561)	
Restructuring expense	3,245	4,053	(808)	
Intangible amortization expense	61,239	97,274	(36,035)	
Litigation reserve	10,000	—	10,000	
Depreciation	9,492	9,255	237	
Stock-based compensation	3,861	3,029	832	
Adjusted EBITDA (non-GAAP)	<u>\$ 123,717</u>	<u>\$ 116,866</u>	<u>\$ 6,851</u>	5.9 %
Adjusted EBITDA margin (non-GAAP)	23.2 %	24.1 %		
<b>Medical and Veterinary:</b>				
Operating income (GAAP)	\$ 59,649	\$ 59,357	\$ 292	0.5 %
Restructuring expense	7,687	9,791	(2,104)	
Depreciation	12,475	13,890	(1,415)	
Stock-based compensation	3,003	3,896	(893)	
Adjusted EBITDA (non-GAAP)	<u>\$ 82,814</u>	<u>\$ 86,934</u>	<u>\$ (4,120)</u>	(4.7)%
Adjusted EBITDA margin (non-GAAP)	23.9 %	25.7 %		

# Non-GAAP Adjusted EBITDA by Segment Disclosure (2/4)

(unaudited)  
(in thousands)

	Year Ended June 30,			
	2023	2022	Increase/(Decrease)	
			\$	%
<b>Home Office and Other:</b>				
Operating loss (GAAP)	\$ (62,044)	\$ (101,719)	\$ 39,675	39.0 %
CEO transition costs	—	6,195	(6,195)	
Restructuring expense	7,067	8,946	(1,879)	
Business acquisition and integration expense	42,661	53,198	(10,537)	
Gain on sale of assets	(13,317)	—	(13,317)	
Depreciation	2,344	2,882	(538)	
Stock-based compensation	2,716	2,784	(68)	
Adjusted EBITDA (non-GAAP)	<u>\$ (20,573)</u>	<u>\$ (27,714)</u>	<u>\$ 7,141</u>	25.8 %
<b>Adtalem Global Education:</b>				
Net income attributable to Adtalem (GAAP)	\$ 93,358	\$ 310,991	\$ (217,633)	(70.0)%
Net loss (income) from discontinued operations attributable to Adtalem	8,394	(346,946)	355,340	
Interest expense	63,100	129,348	(66,248)	
Other income, net	(6,965)	(1,108)	(5,857)	
Provision for (benefit from) income taxes	10,283	(15,539)	25,822	
Operating income (GAAP)	<u>168,170</u>	<u>76,746</u>	<u>91,424</u>	
Depreciation and amortization	102,814	141,848	(39,034)	
Stock-based compensation	14,299	16,416	(2,117)	
Deferred revenue adjustment	—	8,561	(8,561)	
CEO transition costs	—	6,195	(6,195)	
Restructuring expense	18,817	25,628	(6,811)	
Business acquisition and integration expense	42,661	53,198	(10,537)	
Litigation reserve	10,000	—	10,000	
Gain on sale of assets	(13,317)	—	(13,317)	
Adjusted EBITDA (non-GAAP)	<u>\$ 343,444</u>	<u>\$ 328,592</u>	<u>\$ 14,852</u>	4.5 %
Adjusted EBITDA margin (non-GAAP)	23.7 %	23.8 %		

# Non-GAAP Adjusted EBITDA by Segment Disclosure (3/4)

(unaudited)  
(in thousands)

	Three Months Ended September 30,			
	2023	2022	Increase/(Decrease)	
			\$	%
<b>Chamberlain:</b>				
Operating income (GAAP)	\$ 24,324	\$ 26,184	\$ (1,860)	(7.1)%
Restructuring expense	—	818	(818)	
Depreciation	4,316	4,481	(165)	
Stock-based compensation	2,907	2,274	633	
Adjusted EBITDA (non-GAAP)	<u>\$ 31,547</u>	<u>\$ 33,757</u>	<u>\$ (2,210)</u>	(6.5)%
Adjusted EBITDA margin (non-GAAP)	22.1 %	24.9 %		
<b>Walden:</b>				
Operating income (GAAP)	\$ 1,938	\$ 2,933	\$ (995)	(33.9)%
Restructuring expense	—	3,080	(3,080)	
Intangible amortization expense	10,677	18,528	(7,851)	
Litigation reserve	18,500	—	18,500	
Depreciation	2,162	2,595	(433)	
Stock-based compensation	1,864	1,905	(41)	
Adjusted EBITDA (non-GAAP)	<u>\$ 35,141</u>	<u>\$ 29,041</u>	<u>\$ 6,100</u>	21.0 %
Adjusted EBITDA margin (non-GAAP)	24.8 %	22.2 %		
<b>Medical and Veterinary:</b>				
Operating income (GAAP)	\$ 14,363	\$ 10,238	\$ 4,125	40.3 %
Restructuring expense	114	6,826	(6,712)	
Depreciation	2,944	3,105	(161)	
Stock-based compensation	1,640	1,475	165	
Adjusted EBITDA (non-GAAP)	<u>\$ 19,061</u>	<u>\$ 21,644</u>	<u>\$ (2,583)</u>	(11.9)%
Adjusted EBITDA margin (non-GAAP)	22.5 %	24.6 %		

# Non-GAAP Adjusted EBITDA by Segment Disclosure (4/4)

(unaudited)  
(in thousands)

	Three Months Ended			
	September 30,			
	2023	2022	Increase/(Decrease)	
			\$	%
<b>Home Office and Other:</b>				
Operating loss (GAAP)	\$ (12,431)	\$ (15,721)	\$ 3,290	20.9 %
Restructuring expense	562	4,341	(3,779)	
Business integration expense	5,262	9,540	(4,278)	
Depreciation	356	624	(268)	
Stock-based compensation	1,044	491	553	
Adjusted EBITDA (non-GAAP)	<u>\$ (5,207)</u>	<u>\$ (725)</u>	<u>\$ (4,482)</u>	(618.2)%
<b>Adtalem Global Education:</b>				
Net income (GAAP)	\$ 10,646	\$ 592	\$ 10,054	1,698.3 %
Net loss from discontinued operations	1,313	4,921	(3,608)	
Interest expense	15,657	17,760	(2,103)	
Other income, net	(2,214)	(761)	(1,453)	
Provision for income taxes	2,792	1,122	1,670	
Operating income (GAAP)	<u>28,194</u>	<u>23,634</u>	<u>4,560</u>	
Depreciation and amortization	20,455	29,333	(8,878)	
Stock-based compensation	7,455	6,145	1,310	
Restructuring expense	676	15,065	(14,389)	
Business integration expense	5,262	9,540	(4,278)	
Litigation reserve	18,500	—	18,500	
Adjusted EBITDA (non-GAAP)	<u>\$ 80,542</u>	<u>\$ 83,717</u>	<u>\$ (3,175)</u>	(3.8)%
Adjusted EBITDA margin (non-GAAP)	21.8 %	23.6 %		

# Non-GAAP Earnings Disclosure

(unaudited)  
(in thousands, except per share data)

	Three Months Ended September 30,	
	2023	2022
Net income (GAAP)	\$ 10,646	\$ 592
Restructuring expense	676	15,065
Business integration expense	5,262	9,540
Intangible amortization expense	10,677	18,528
Write-off of debt discount and issuance costs, gain on extinguishment of debt, and litigation reserve	18,500	2,824
Income tax impact on non-GAAP adjustments (1)	(7,693)	(9,871)
Net loss from discontinued operations	1,313	4,921
Adjusted net income (non-GAAP)	\$ 39,381	\$ 41,599

(1) Represents the income tax impact of non-GAAP continuing operations adjustments that is recognized in our GAAP financial statements.

	Three Months Ended September 30,	
	2023	2022
Earnings per share, diluted (GAAP)	\$ 0.25	\$ 0.01
Effect on diluted earnings per share:		
Restructuring expense	0.02	0.33
Business integration expense	0.12	0.21
Intangible amortization expense	0.25	0.40
Write-off of debt discount and issuance costs, gain on extinguishment of debt, and litigation reserve	0.44	0.06
Income tax impact on non-GAAP adjustments (1)	(0.18)	(0.21)
Net loss from discontinued operations	0.03	0.11
Adjusted earnings per share, diluted (non-GAAP)	\$ 0.93	\$ 0.90
Diluted shares used in non-GAAP EPS calculation	42,184	46,342

(1) Represents the income tax impact of non-GAAP continuing operations adjustments that is recognized in our GAAP financial statements.

# Non-GAAP Free Cash Flow Disclosure

(unaudited)  
(in thousands)

	Three Months Ended		Twelve Months Ended				
	FY24	FY23	FY24	FY23	FY23	FY23	FY23
	Q1	Q1	Q1	Q4	Q3	Q2	Q1
Net cash provided by operating activities-continuing operations (GAAP)	\$ 90,726	\$ 91,476	\$ 204,934	\$ 205,684	\$ 255,052	\$ 225,247	\$ 225,972
Capital expenditures	(15,046)	(5,551)	(46,503)	(37,008)	(27,861)	(26,029)	(29,914)
Free cash flow (non-GAAP)	<u>\$ 75,680</u>	<u>\$ 85,925</u>	<u>\$ 158,431</u>	<u>\$ 168,676</u>	<u>\$ 227,191</u>	<u>\$ 199,218</u>	<u>\$ 196,058</u>

