UNIVERSAL TECHNICAL INSTITUTE

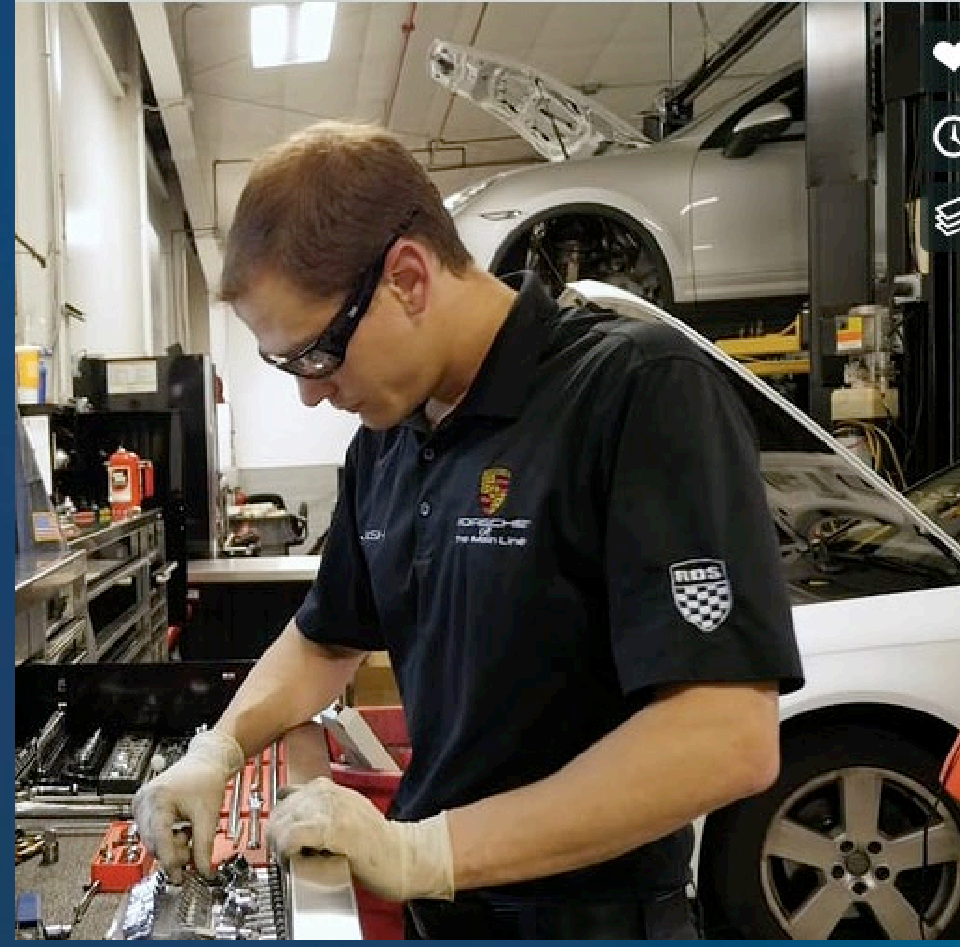
Chosen by Industry. Ready to Work.

# Investor Presentation

August 2019

# Safe harbor

This presentation may contain forward-looking statements regarding events or future financial performance. These statements are only predictions and the actual events or results may differ materially. For important factors that could cause actual results to differ materially from those contained in our forward-looking statements, please refer to the Company's filings with the Securities and Exchange Commission.



UNIVERSAL TECHNICAL INSTITUTE
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NASCAR TECHNICAL INSTITUTE

MMI MOTORCYCLE MECHANICS INSTITUTE

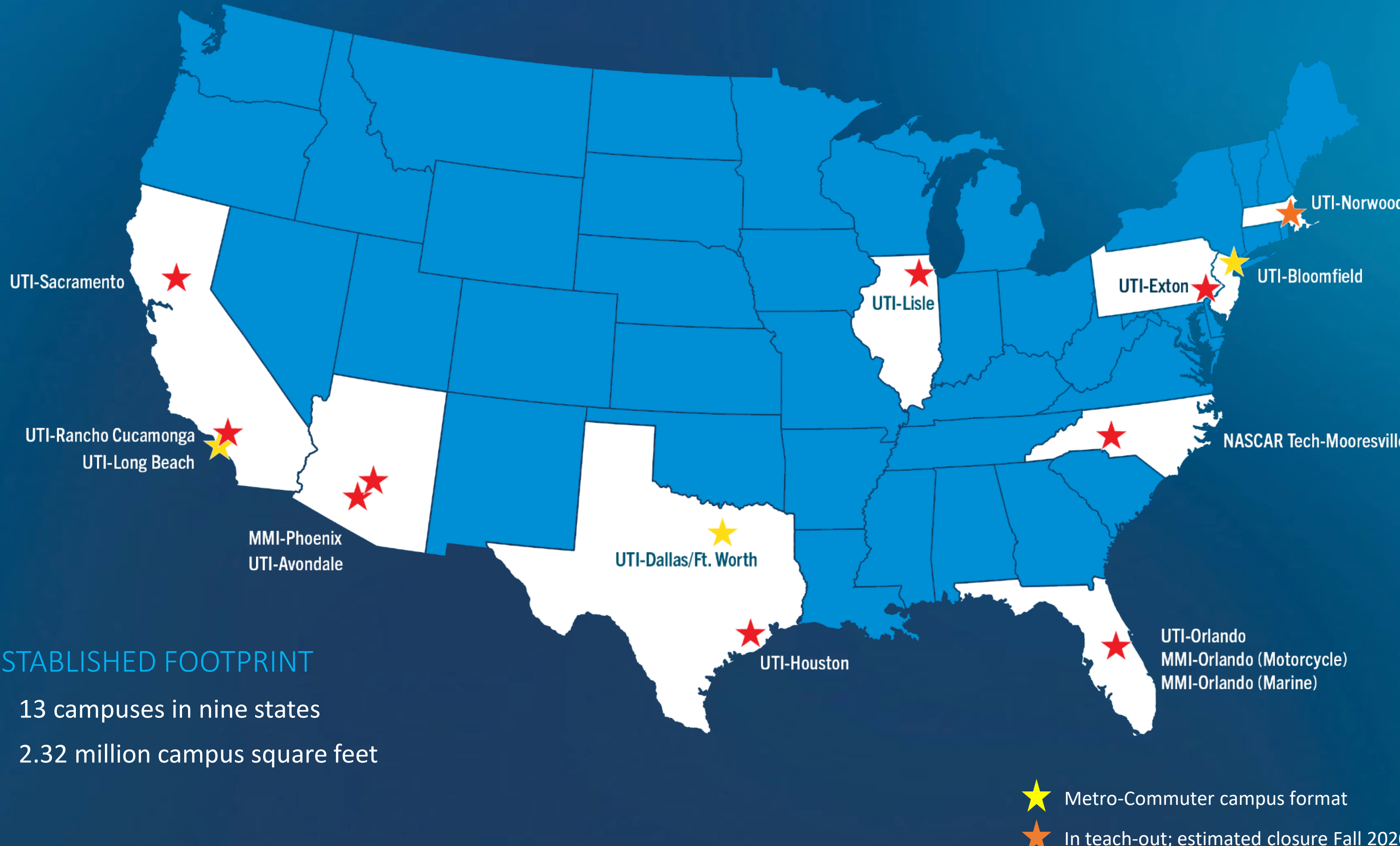
MMI MARINE MECHANICS INSTITUTE

# Nation's leading provider of skilled transportation technicians

- 53 years of training technicians
- 220,000+ graduates
- 30+ leading manufacturer partners
  - BMW, Cummins, Ford, Harley-Davidson
- 84% graduate employment rate[1]
- $317.0 million in revenue in fiscal 2018
- $42.7 million in cash & equivalents[2]
- NYSE: UTI


*[1]UTI employment rate for 2017 graduates who were employed within one year of graduation was 84%. See UTI's 10-K filed with the SEC on November 30, 2018 for additional information. For 2017, we had 8,539 total graduates, of which 8,086 were available for employment. Of those graduates available for employment, approximately 6,818 were employed within one year of their graduation date, for a total of 84%.*
*[2]June 30, 2019*

# A national campus network with capacity for expansion




## ESTABLISHED FOOTPRINT

- 13 campuses in nine states
- 2.32 million campus square feet

# Impressive training facilities

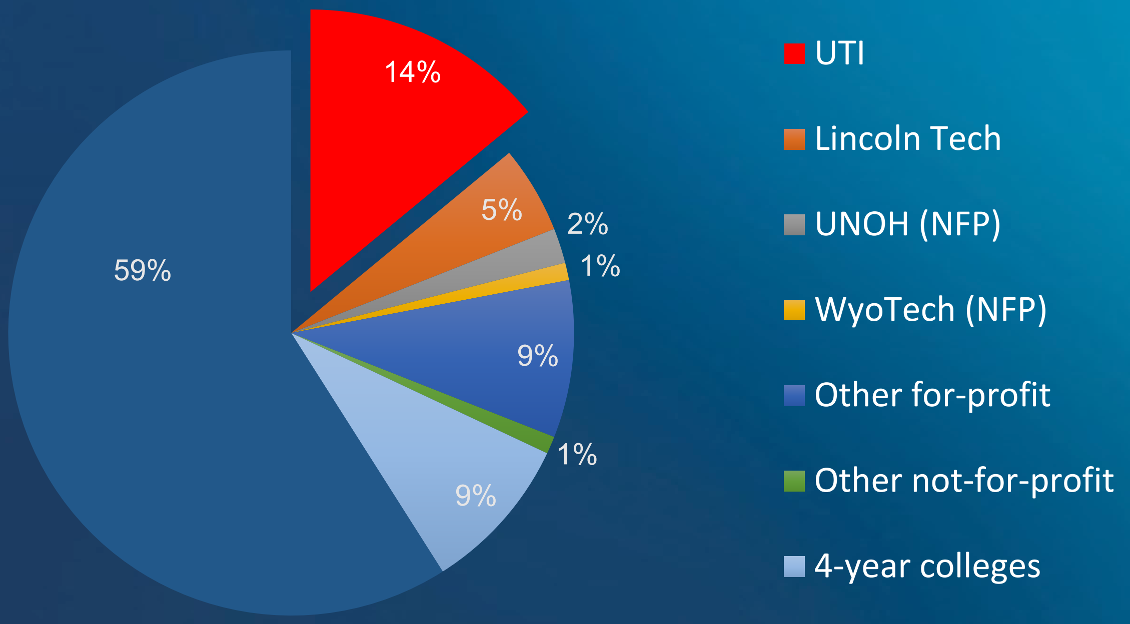

Bloomfield, NJ campus

# State-of-the-industry vehicles and technology


Long Beach, CA campus

# More market share than our three closest competitors combined

UTI
graduates <u>more</u>
auto/diesel techs
than any other
school in the country.




*Source: IPEDS, provisional 2017 completions data. Based on first major, completions for bachelor's degree, associate's degree, and certificates below the baccalaureate level for all Title IV institutions. Includes programs for auto mechanics, diesel mechanics and medium/heavy vehicle and truck technicians.*

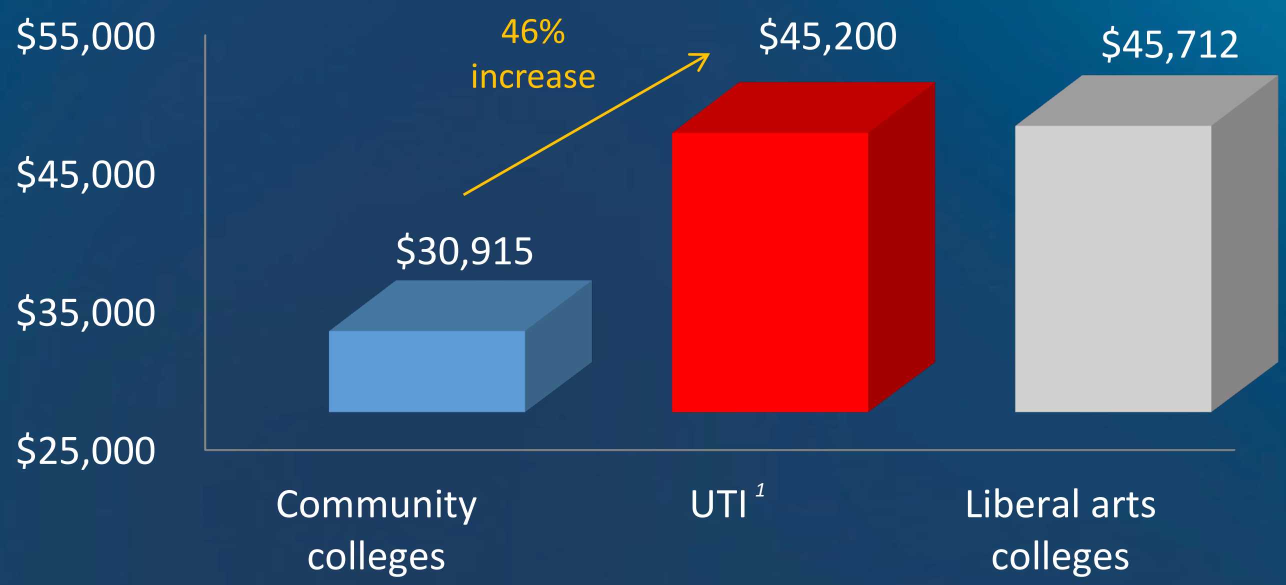
# Partnerships with the world's leading manufacturers


**84%**

**graduate employment rate***

**UTI employment rate for 2017 graduates who were employed within one year of graduation was 84%. See UTI's 10-K filed with the SEC on November 30, 2018 for additional information. For 2017, we had 8,539 total graduates, of which 8,086 were available for employment. Of those graduates available for employment, approximately 6,818 were employed within one year of their graduation date, for a total of 84%.*

# Delivering higher 10-year median earnings




*Source: The College Scorecard. See Appendix for details and calculation methodology. UTI cannot guarantee employment or salary.* [1] *UTI of Arizona OPEID.*

# Demand for auto/diesel technicians far exceeds supply

**100,000**

new auto/diesel technicians needed every year through 2026

**50,000**

total auto/diesel graduates in 2017

*SOURCES: BLS Employment Outlook Summary, October 2017. Includes new job growth and replacements. IPEDS, provisional 2017 postsecondary completions data. Based on first major, completions for bachelor's degree, associate's degree, and certificates below the baccalaureate level for all Title IV institutions. Includes programs for auto mechanics, diesel mechanics and medium/heavy vehicle and truck technicians.*

# Adapting to changing student expectations


53%

of incoming college freshman now enroll within 100 miles of home

*SOURCE: Cooperative Institutional Research Program (CIRP) The American Freshman: National Norms Fall 2016 CIRP; page 27*
https://www.heri.ucla.edu/monographs/TheAmericanFreshman2016.pdf

# Transitioning from destination to commuter campus model

DALLAS, TX 2010

LONG BEACH, CA 2015


- 100-150K square feet, depending on program offerings
- Average student capacity of 750
- ~$10-$15 million capital investment
- Accretive to earnings in 18 months
- Cumulative cash flow breakeven by year 4

# New commuter campus – Bloomfield, NJ

- Capital investment of $9.2m [(a)]
- $3.7 million EBITDA in 2019
- Accretive to earnings in 18 months
- IRR 35%+


State-of-the-industry training facility

108,000 square feet

Auto, diesel and manufacturer-specific training

Opened August 2018

*See Appendix for Bloomfield, NJ Pro-Forma*

*(a) The capital investment is net of tenant improvement allowances*

# Right-sizing destination campuses for efficiency

1. Enhance utilization of existing space with new programs
2. Review opportunities to divest real estate and/or not renew leases
3. Explore subleasing options for existing capacity

| | Add new programs | Divest real estate | Sub-lease space |
|---|---|---|---|
| AVONDALE, AZ | Welding FY18 | | ✓ |
| PHOENIX, AZ | | | FY17 |
| RANCHO CUCAMONGA, CA | Welding FY17 | FY18 | |
| SACRAMENTO, CA | | ✓ | FY18 |
| ORLANDO, FL | ✓ | | |
| LISLE, IL | ✓ | | FY17-18 |
| NORWOOD, MA | | FY19 - FY20(1) | |
| MOORESVILLE, NC | CNC FY17 | | |
| EXTON, PA* | | FY20 | |
| HOUSTON, TX | ✓ | FY18 | |
| DALLAS, TX | Welding FY19 | | |

**Exton, PA campus new lease signed August 2nd 2019 will be reduced 70,000 sq. ft. to 129,000 sq. ft.; $1 million cost savings in 2020, $1.8 million 2021+*

*✓= Current initiative; relevant dates not yet finalized*

*(1) = The teach out of the Norwood, MA campus will be complete in the fall of 2020.*

# Adding new, differentiated program offerings

## WELDING

- High demand for technicians
- 36-wk program in Rancho Cucamonga, CA, Avondale, AZ, and Dallas, TX

## CNC MACHINING

- High demand for technicians
- 36-week program at NASCAR Technical Institute
- Only CNC school affiliated with Roush Yates & NASCAR

Create pipeline of prospective students

Utilize excess capacity

Improve business unit economics

Drive growth

*See appendix for on Welding program relative cash flows*

# Evolving strategy to better reach and engage students

## High school grads

**Growing**

**51%**

Field team visits schools to generate interest and help students apply; working to overcome "college for all" mentality; improving sentiment toward skilled trades

## Veterans

**Declining**

**8%**

Field team visits bases to help transitioning soldiers; dedicated teams assist veterans; decline due to base access issues and re-enlistment incentives; working to regain access

## Adult learners

**Stabilizing**

**41%**

Optimizing traditional and digital advertising to generate inquiries, served by campus–based reps; declining enrollment due to a strong job market is beginning to stabilize

# Building cash flow and profitability

2017 – implemented our Financial Improvement Plan to drive cost efficiencies

2018 Highlights:

- focused on strategic investments in marketing and admissions, retention and student services
- new student starts for fiscal 2018 were up 1.2% compared to 2017, marking the first time for new student start growth in eight years
- opened Bloomfield, NJ campus, \$3.7M EBITDA contribution expected in 2019
- completed Houston, TX and Rancho Cucamonga, CA campus footprint rationalizing; Avondale, AZ Welding program launched

2019 Highlights:

- building cash flows, driving efficiencies, harvesting 2017 and 2018 investments,
- new student starts up 13.0%[1] for the nine months ended June 30, 2019 as compared to the prior year; 3Q 2019 average student population up 5.1% compared to 3Q 2018
- 3Q 2019 revenues increased 5.5%; Expenses decreased 8.3%
- Norwood, MA campus exit announced; \$4M - \$5M EBITDA benefit 2021
- Exton, PA campus right-sizing and extension signed, \$1M EBITDA benefit 2020, \$1.8M EBITDA benefit 2021+
- Dallas, TX welding program launched



*(1) New student starts excludes the Norwood, MA campus*

# Q3 performance reflects financial turn in business

| ($ in millions, except for student data and EPS) | 3 Months Ended | | | | |
|---|---|---|---|---|---|
| | Q3'19 | Q2'19 | Q1'19 | Q4'18 | Q3'18 |
| Adjusted new student starts[1]<br>Y/Y growth/(decline) | 1,682<br>11.9% | 1,963<br>11.0% | 1,480<br>16.9% | 5,829<br>9.0% | 1,503<br>(13.0)% |
| Average enrollment<br>Y/Y growth/(decline) | 9,884<br>4.2% | 10,576<br>1.8% | 11,225<br>(0.3)% | 10,496<br>(2.1)% | 9,484<br>(5.1)% |
| Revenues<br>Y/Y growth/(decline) | $79.0<br>5.5% | $81.7<br>1.3% | $83.1<br>2.3% | $80.3<br>(1.2)% | $74.9<br>(1.8)% |
| Loss from operations<br>Margin | $(0.5)<br>(0.6)% | $(5.6)<br>(6.9)% | $(7.2)<br>(8.7)% | $(11.1)<br>(13.8)% | $(11.8)<br>(15.8)% |
| Revenue per student | $8,000 | $7,700 | $7,400 | $7,600 | $7,900 |
| EBITDA[2] | $4.4 | ($0.3) | ($2.9) | ($6.4) | ($7.2) |
| Diluted EPS | $(0.07) | $(0.26) | $(0.36) | $(0.49) | $(0.52) |
| Cash, cash equivalents & investments | $42.7 | $52.9 | $58.6 | $58.1 | $56.2 |

*(1) New student starts exclude Norwood, MA*
*(2) A reconciling table for EBITDA is available in the Appendix of this presentation.*

# 2019 financial outlook – raised from Q1 2019

*Raised 2019 Guidance (Q1 2019 guidance in parenthesis)*

- Student start growth: Excluding Norwood, MA campus high single digit growth
- Average population growth: low single digits
- Revenue: $327 – $331 million ($322 - $332 million)
- Operating expenses: $336 – $341 million ($337 - $347 million)
- Operating loss: $8 – $12 million ($10 - $15 million)
- Adjusted operating loss: $3 – $7 million ($6 - $11 million)
- Positive adjusted EBITDA: $14 – $17 million ($9 - $15 million)
- Operating cash flow: $12 million or greater (positive)
- Adjusted free cash flow: $10 million or greater (positive)

# Why invest in UTI

- Strong and growing end-market demand
- Leader in transportation technician training
- Industry partnerships that create competitive advantage

- Attractive student value proposition

- Business is growing; projected average student population growth in FY19

- Strong cash position and balance sheet
- Investing in strengths to drive growth
- Counter-cyclical business; well-positioned and optimized for economic turn

# Appendix

# Seasoned management team

Jerome Grant, CEO

Business transformation, growth strategy, product development, business development

Troy Anderson, EVP & CFO

Financial strategy, FP&A, accounting, treasury, tax and compliance

Sherrell Smith, EVP Campus Operations & Services

Campus operations including education and admissions

Piper Jameson, EVP & CMO

Education industry, finance, marketing and admissions

Eric Severson, SVP Admissions

Strategy, consumer data, admissions, sales force leadership

# A highly qualified Board of Directors

**Robert DeVincenzi**

Non-Executive Chairman, Universal Technical Institute; Principal, Lupine Ventures; Former President and CEO of Redflex Holdings Ltd.

**David Blaszkiewicz**

President and Chief Executive Officer, Invest Detroit

**Jerome Grant**

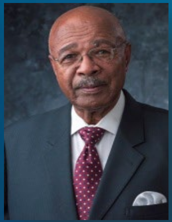
Chief Executive Officer, Universal Technical Institute

**William J. Lennox, Jr.**

Former Superintendent of the United States Military Academy at West Point

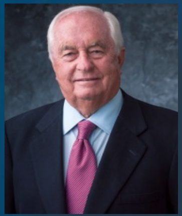
**Kimberly McWaters**

Former President and Chief Executive Officer, Universal Technical Institute



**Roderick Paige**

Former U.S. Secretary of Education



**Roger S. Penske**

Chairman, Penske Automotive Group, Inc.

**Chris Shackelton**

Managing Partner, Coliseum Capital Management

**Linda J. Srere**

Former President, Young and Rubicam Advertising

**Kenneth R. Trammell**

Former Chief Financial Officer, Tenneco Inc.

**John C. White**

Former Chairman, Universal Technical Institute, Inc.; Founder, Motorcycle Mechanics Institute

# Industry partnerships that deliver value

## PARTNERS

- Efficient hiring source
- Lowers costs
- Techs who are ready to work

## STUDENTS

- Pipeline to jobs
- Better jobs and higher starting wages*
- Tuition support
- Certifications and credentials

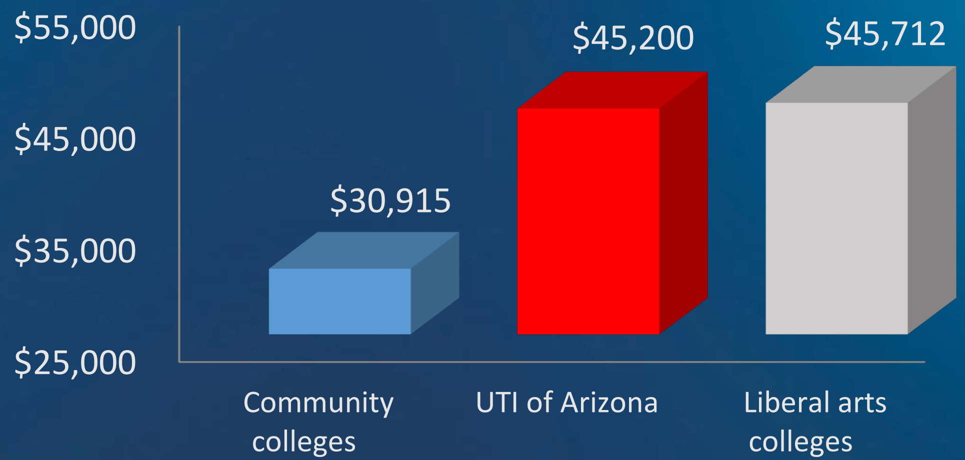
## UTI

- Current technology and tools
- Increased marketing impact
- Lower expenses and Capex
- Value for students

| BMW | Ford | Peterbilt | Harley-Davidson | Cummins |
|---|---|---|---|---|
| 5,100+ graduates since 1995 | 25,800+ graduates since 2000 | 500+ graduates since 2013 | 18,300+ graduates since 1987 | 3,600+ graduates since 2006 |

** Based on comparison with graduates from core programs between October 1, 2015, and July 6, 2018.*

# College Scorecard and 10-year median earnings



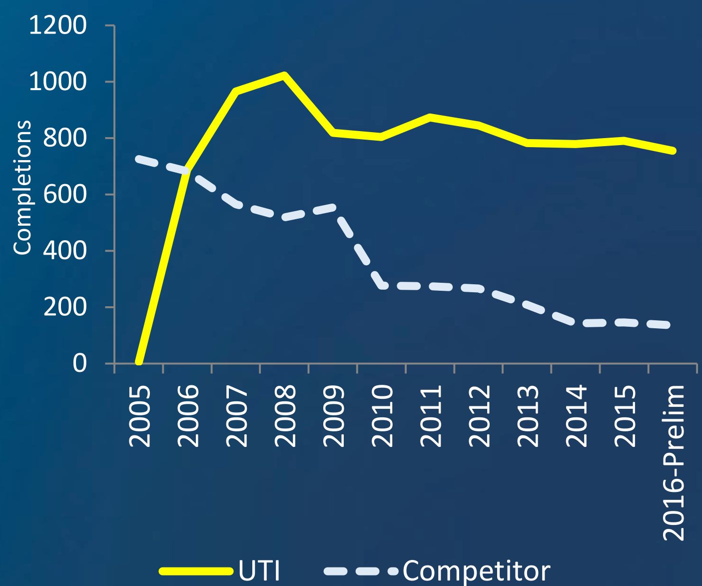

Data for the different institutions was gathered by averaging the 10-year median earnings figures provided on the College Scorecard for schools in the following categories:

| Type of institution | Number of institutions | Description | Carnegie Classification codes | Control |
|---|---|---|---|---|
| Two-Year Public Colleges | 893 | Associate's Colleges-Public | 1-9 | Public |
| Four-Year Liberal Arts Colleges | 238 | Bachelor's Colleges – Arts & Science | 21 | |
| Doctoral Universities | 331 | Doctoral Universities | 15-17 | |

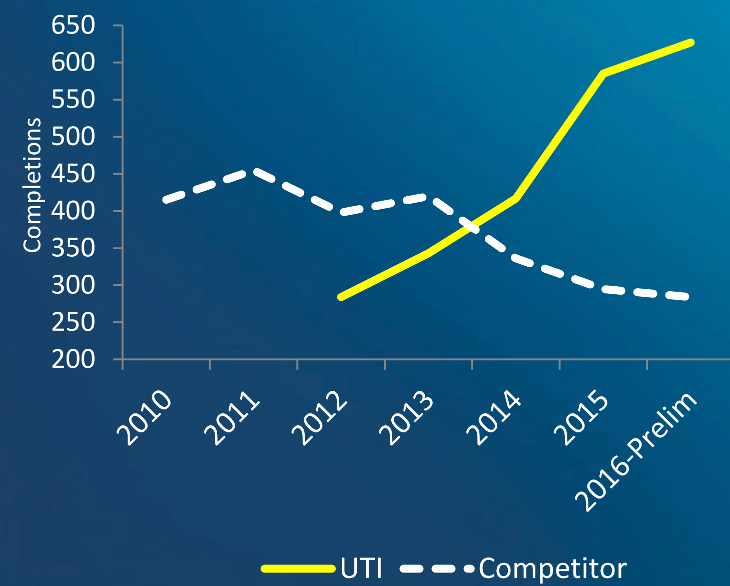
*Source: CollegeScorecard.ed.gov, viewed October 2018. Ten-year median earnings are calculated by determining the median earnings of former students in a blend of programs who received federal financial aid and regardless of whether they graduated, at 10 years after entering the school. Earnings are defined in the College Scorecard as the sum of wages and deferred compensation from all W-2 forms received for each individual plus self-employment earnings. The earnings data shown in the College Scorecard for UTI of Arizona represent earnings for the five campuses that were operating in 2003-2005. UTI cannot guarantee employment or salary.*

# A long history of entering and executing in new markets

PHILADELPHIA MARKET ENTRY[(a)]




DALLAS/FORT WORTH MARKET ENTRY[(b)]




*(a) Total completions for UTI-Exton versus Lincoln-Philadelphia. Includes all certificates below the baccalaureate level and associate's degrees for automotive and diesel programs. Source is IPEDS .*

*(b) Total completions for UTI-Dallas versus Lincoln-Grand Prairie. Includes all certificates below the baccalaureate level and associate's degrees for automotive , collision and diesel programs. Source is IPEDS. UTI's Dallas campus opened in 2010.*

# Long Beach, CA campus cash flows

| Long Beach cash flows ($m)[a] | FY15A | FY16A | FY17A | FY18A | FY19P |
|---|---|---|---|---|---|
| Revenue | $0.7 | $12.2 | $18.3 | $20.9 | $22.4 |
| EBITDA contribution[b] | (3.6) | 2.9 | 9.0 | 11.7 | 13.4 |
| Net finance obligation | (0.2) | (1.4) | (1.4) | (1.3) | (1.3) |
| Capital expenditures | (15.8) | (0.2) | (0.4) | (0.0) | (0.1) |
| **Pre-tax cash flow** | **$(19.6)** | **$1.3** | **$7.2** | **$10.4** | **$12.0** |
| **Perpetuity IRR** | **35%+** | | | | |

- ~$16m capital investment and ~$4m EBITDA loss in year 1 [c]
- 142k sq. ft. facility; rent ~$15/ft. NNN
- Accretive to earnings in 18 months; cumulative cash flow breakeven by year 4

(a) Representative cash flows from Long Beach, CA campus excluding allocated corporate and marketing costs and working capital considerations
(b) Excludes Rancho Cucamonga, CA cannibalization impact which is mitigated through welding launch and facility downsizing in process
(c) The capital investment is net of tenant improvement allowances

# Bloomfield, NJ campus cash flows

| NJ pro-forma cash flows ($m)[a] | FY18A | FY19P | FY20P | FY21P | FY22P |
|---|---|---|---|---|---|
| Revenue | $0.6 | $10.7 | $17.2 | $19.2 | $19.8 |
| EBITDA contribution[b] | (4.9) | 3.7 | 9.5 | 10.6 | 10.9 |
| Capital expenditures[c] | (9.2) | (0.3) | (0.1) | (0.2) | (0.2) |
| **Pre-tax cash flow** | **$(14.1)** | **$3.4** | **$9.4** | **$10.4** | **$10.7** |
| **Perpetuity IRR** | **35%+** | | | | |

- ~$9.2m capital investment and ~$5m of EBITDA loss in year 1 [c]
- 108k sq. ft. facility; rent ~$14/ft.
- Accretive to earnings in 18 months; cumulative cash flow breakeven by year 4
- Average student count assumed to scale to ~650 by FY22

(a) Representative cash flows from Bloomfield, NJ campus excluding allocated corporate and marketing costs and working capital considerations
(b) Excludes potential cannibalization to Exton, PA campus and planned offsetting efforts to remediate impact
(c) The capital investment is net of tenant improvement allowances

# Avondale, AZ Welding program cash flows

| Welding pro-forma cash flows ($m)[a] | FY17A | FY18A | FY19P | FY20P | FY21P |
|---|---|---|---|---|---|
| Revenue | $0.0 | $1.2 | $3.3 | $3.0 | $3.1 |
| EBITDA contribution[b] | (0.1) | 0.5 | 2.4 | 2.0 | 2.1 |
| Capital expenditures[c] | (0.4) | (1.1) | 0.0 | 0.0 | 0.0 |
| **Pre-tax cash flow** | **$(0.5)** | **$(0.6)** | **$2.4** | **$2.0** | **$2.1** |
| **Perpetuity IRR** | **80%+** | | | | |

- 1st program opened at Rancho Cucamonga, CA campus in FY17Q4; first class graduated FY18Q2
- 2nd program opened at Avondale, AZ campus in FY18Q2
- 3rd program opened at Dallas, TX in FY19Q2

(a) Representative pro-forma cash flows for UTI's Welding program launched at the Avondale, AZ campus in January 2018
(b) EBITDA contribution includes targeted marketing investments and support related to the Avondale, AZ Welding, but excludes allocated corporate overhead and working capital considerations
(c) Includes capitalized curriculum development

# Teach out of Norwood, MA Campus

- February 2019 - announced exit and teach out of the Norwood, MA campus; expected to be completed in the fall of 2020
- Expected long term financial improvement starting in 2021:
  - improvement in annual pre-tax net income, EBITDA and cash flows between $4 million and $5 million
  - expense reduction is expected to range between $11 million to $12 million
  - revenue is expected to be lower between $6.5 million to $7.5 million
- Estimated GAAP net restructuring charge of $1.9 million
- Most of the net restructuring charge will be offset in 2019 by the rent cost reduction resulting from the immediate removal of 88,000 square feet from occupancy costs and expense reductions in admissions, marketing, and other costs.

# Statements of loss

($ in thousands, except per share amounts)

| | 3 Mos. 6/30/19 | 3 Mos. 3/31/19 | 3 Mos. 12/31/18 | 3 Mos. 9/30/18 | 3 Mos. 6/30/18 |
|---|---|---|---|---|---|
| Revenues | $ 79,042 | $ 81,746 | $ 83,050 | $ 80,256 | $ 74,890 |
| Operating expenses: | | | | | |
| Educational services & facilities | 42,836 | 45,822 | 45,735 | 47,954 | 44,737 |
| Selling, general & administrative | 36,661 | 41,504 | 44,520 | 43,353 | 41,953 |
| Total operating expenses | 79,497 | 87,326 | 90,255 | 91,307 | 86,690 |
| Loss from operations | (455) | (5,580) | (7,205) | (11,051) | (11,800) |
| Total other income (expense), net | 121 | 406 | (379) | 59 | (71) |
| Income tax expense (benefit) | 31 | 89 | 133 | 9 | (158) |
| Net loss | $ (365) | $ (5,263) | $ (7,717) | $ (11,001) | $ 11,713) |
| Preferred stock dividends | 1,309 | 1,295 | 1,323 | 1,323 | 1,309 |
| Loss available for distribution | $ (1,674) | $ (6,558) | $ (9,040) | $ (12,324) | $ (13,022) |
| Net loss per share, basic & diluted | $ (0.07) | $ (0.26) | $ (0.36) | $ (0.49) | $ (0.52) |
| **EBITDA**[1] | $ 4,436 | $ (319) | $ (2,915) | $ (6,361) | $ (7,205) |

*(1) A reconciling table for EBITDA is available in the Appendix of this presentation*

# Balance sheets summary

($ in thousands)

| At: | 06/30/19 | 9/30/18 |
|---|---|---|
| Cash & cash equivalents | $ 42,689 | $ 58,104 |
| Restricted cash* | 13,534 | 14,055 |
| Current assets | 89,804 | 116,795 |
| Total assets | $ 244,091 | $ 282,278 |
| Current liabilities | 73,986 | 92,462 |
| Total liabilities | 133,364 | 155,633 |
| Stockholders' equity | 110,727 | 126,645 |
| Total liabilities & stockholders' equity | $ 244,091 | $ 282,278 |

- On June 24, 2016, UTI raised $70 million through the sale of Series A Convertible Preferred Stock to Coliseum Holdings
- The proceeds are being used to fund strategic long-term growth initiatives:
  - Strategic transformation of marketing, admissions and student support strategies
  - Smaller campus strategy
  - New programs in existing markets with under-utilized campus facilities (Welding and CNC Machining)

** Restricted cash includes the funds transferred in advance of loan purchases under UTI's proprietary loan program, funds held for students from Title IV financial aid program funds that result in credit balances on a student's account and funds held as collateral for certain of the surety bonds that UTI's insurers issue on behalf of UTI campuses and admissions representatives with multiple states, which are required to maintain authorization to conduct UTI's business.*

# Use of Non-GAAP financial information

This presentation contains non-GAAP (Generally Accepted Accounting Principles) financial measures, which are intended to supplement, but not substitute for, the most directly comparable GAAP measures. Management chooses to disclose to investors these non-GAAP financial measures because they provide an additional analytical tool to clarify the results from operations and help to identify underlying trends. Additionally, such measures help compare the company's performance on a consistent basis across time periods. Management defines adjusted EBITDA loss before interest expense, interest income, income taxes, depreciation, amortization and adjusted for items not considered as part of the company's normal recurring operations. Management defines adjusted operating loss as operating loss, adjusted for items that affect trends in underlying performance from year to year and are not considered normal recurring cash operating expenses. Management defines free cash flow as net cash used in operating activities less capital expenditures. Management defines adjusted free cash flow as net cash used in operating activities less capital expenditures, adjusted for items not considered as part of the company's normal recurring operations. Management chooses to disclose any campus adjustments as direct costs (net of any corporate allocations). Management utilizes adjusted figures as performance measures internally for operating decisions, strategic planning, annual budgeting and forecasting. For the periods presented, this includes consulting fees incurred as part of the company's transformation initiative and startup costs related to the Bloomfield, NJ campus, and the teach out and closure of the Norwood, MA campus. To obtain a complete understanding of the company's performance, these measures should be examined in connection with net loss, operating loss and net cash used in operating activities, determined in accordance with GAAP, as presented in the financial statements and notes thereto included in the annual and quarterly filings with the Securities and Exchange Commission. Since the items excluded from these measures are significant components in understanding and assessing financial performance under GAAP, these measures should not be considered to be an alternative to net loss, operating loss or net cash used operating activities as a measure of the company's operating performance or liquidity. Exclusion of items in the non-GAAP presentation should not be construed as an inference that these items are unusual, infrequent or non-recurring. Other companies, including other companies in the education industry, may calculate non-GAAP financial measures differently than UTI does, limiting their usefulness as a comparative measure across companies. A reconciliation of the historical non-GAAP financial measures to the most directly comparable GAAP measures is included in the following slides.

Information reconciling forward-looking adjusted EBITDA, adjusted operating loss and adjusted free cash flow to the most directly comparable GAAP financial measure is unavailable to the company without unreasonable effort. The company is not able to provide a quantitative reconciliation of adjusted EBITDA, adjusted operating income or adjusted free cash flow to the most directly comparable GAAP financial measure because certain items required for such reconciliation are uncertain, outside of the company's control and/or cannot be reasonably predicted, including but not limited to the provision for (benefit from) income taxes. Preparation of such reconciliation would require a forward-looking statement of income and statement of cash flows prepared in accordance with GAAP, and such forward-looking financial statements are unavailable to the company without unreasonable effort.

# EBITDA reconciliation

($ in thousands)

| | 3 Mos. 6/30/19 | 3 Mos. 3/31/19 | 3 Mos. 12/31/18 | 3 Mos. 9/30/18 | 3 Mos. 6/30/18 |
|---|---|---|---|---|---|
| Net loss, as reported | $ (365) | $ (5,263) | $ (7,717) | $ (11,001) | $ (11,713) |
| Interest expense, net | 444 | 416 | 411 | 480 | 474 |
| Income tax expense (benefit) | 31 | 89 | 133 | 9 | (158) |
| Depreciation and amortization | 4,326 | 4,439 | 4,258 | 4,151 | 4,192 |
| **EBITDA** | $ 4,436 | $ (319) | $ (2,915) | $ (6,361) | $ (7,205) |

# Adjusted EBITDA reconciliation

($ in thousands)

| | 3 Mos. 6/30/19 | 3 Mos. 6/30/18 | 9 Mos. 6/30/19 | 9 Mos. 6/30/18 |
|---|---|---|---|---|
| EBITDA | $ 4,436 | $ (7,205) | $ 1,202 | $ (10,377) |
| Non-recurring consulting fees for transformation initiative[(1)] | -- | 1,573 | 4,224 | 4,135 |
| Start-up costs associated with Bloomfield, NJ campus opening | -- | 1,760 | -- | 2,939 |
| Net restructuring charge for Norwood, MA campus exit | 136 | -- | 1,385 | -- |
| Impact of Norwood, MA campus operations | (83) | (91) | (205) | (402) |
| **Adjusted EBITDA, non-GAAP** | **$ 4,489** | **$ (3,963)** | **$ 6,606** | **$ (3,705)** |

(1) In October 2018, we terminated our agreement with the consultant and paid a termination fee of $3.95 million related to our transformation plan. The consulting services covered marketing, admissions, future student processing, retention and cost savings initiatives. We determined that the Company has developed sufficient expertise to execute transformation plan efforts internally. Total expense recognized during the nine months ended June 30, 2019, related to the consultant were $4.22 million. During the three and nine months ended June, 2018, we also incurred $1.6 million and $4.1 million, respectively in fees to the same consultant as we began our transformation plan.

# Adjusted Free Cash Flow

($ in thousands)

| | 9 Mos. 6/30/19 | 9 Mos. 6/30/18 |
|---|---|---|
| Cash flow used in operating activities, as reported | $ (7,124) | $ (22,456) |
| Purchase of property and equipment | (5,301) | (17,088) |
| Non-recurring consulting fees for transformation initiative(1) | 3,950 | 4,306 |
| Cash outflow associated with Bloomfield, NJ campus opening | -- | 12,008 |
| Cash outflow associated with Norwood, MA restructuring | 1,308 | -- |
| Free cash flow provided by Norwood, MA campus operations | (47) | (332) |
| **Adjusted free cash flow, non-GAAP** | **$ (7,214)** | **$ (23,562)** |

(1) In October 2018, we terminated our agreement with the consultant and paid a termination fee of $3.95 million related to our transformation plan. The consulting services covered marketing, admissions, future student processing, retention and cost savings initiatives. We determined that the Company has developed sufficient expertise to execute transformation plan efforts internally. Total expense recognized during the nine months ended June 30, 2019, related to the consultant were $4.22 million. During the three and nine months ended June, 2018, we also incurred $1.6 million and $4.1 million, respectively in fees to the same consultant as we began our transformation plan.

# Adjusted Operating Loss

($ in thousands)

| | 3 Mos. 6/30/19 | 3 Mos. 6/30/18 | 9 Mos. 6/30/19 | 9 Mos. 6/30/18 |
|---|---|---|---|---|
| Loss from operations, as reported | $ (455) | $ (11,800) | $ (13,240) | $ (24,224) |
| Non-recurring consulting fees for transformation initiative[1] | -- | 1,573 | 4,224 | 4,135 |
| Start-up costs associated with Bloomfield, NJ campus opening | -- | 1,775 | -- | 2,958 |
| Net restructuring charge for Norwood, MA campus exit | 136 | -- | 1,385 | -- |
| Norwood, MA campus operating loss | 27 | 59 | 153 | 85 |
| **Adjusted loss from operations, non-GAAP** | $ (292) | $ (8,393) | $ (7,478) | $ (17,046) |

(1) In October 2018, we terminated our agreement with the consultant and paid a termination fee of $3.95 million related to our transformation plan. The consulting services covered marketing, admissions, future student processing, retention and cost savings initiatives. We determined that the Company has developed sufficient expertise to execute transformation plan efforts internally. Total expense recognized during the nine months ended June 30, 2019, related to the consultant were $4.22 million. During the three and nine months ended June 30, 2018, we also incurred $1.6 million and $4.1 million, respectively in fees to the same consultant as we began our transformation plan.