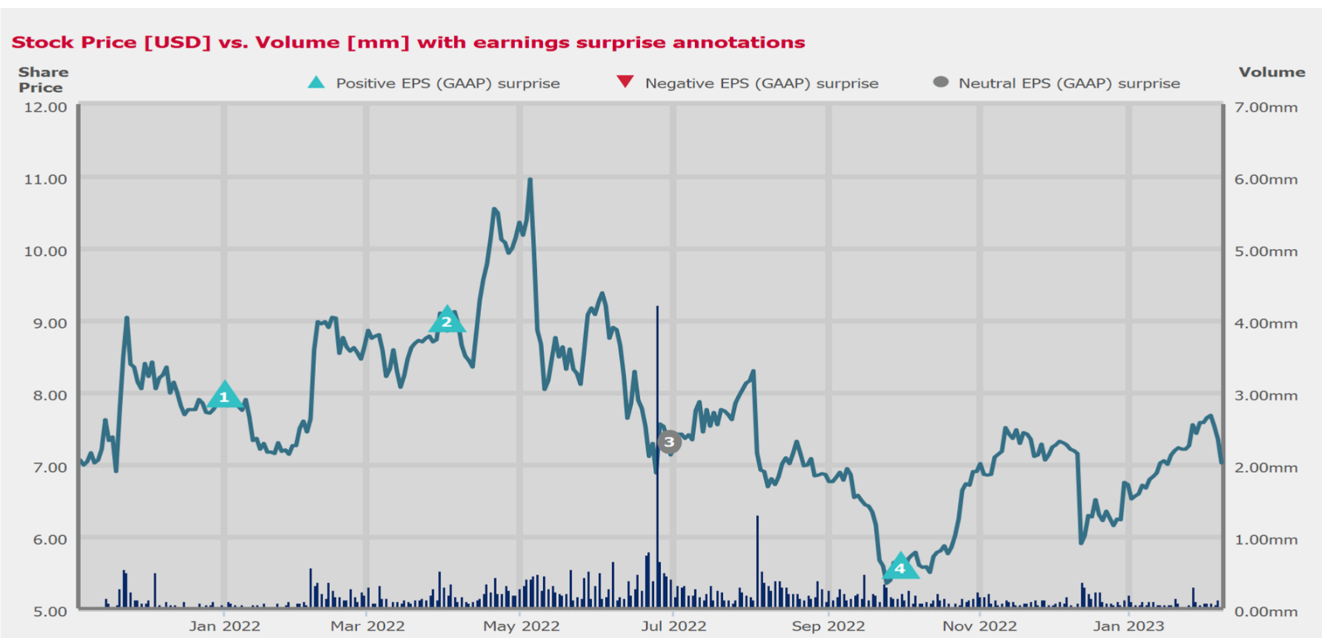
S&P Global
Market Intelligence

Universal Technical Institute, Inc.
NYSE:UTI
FQ1 2023 Earnings Call Transcripts
Wednesday, February 08, 2023 9:30 PM GMT
S&P Global Market Intelligence Estimates

	-FQ4 2022-	-FQ1 2023-			-FY 2022-	-FY 2023-
	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS
EPS (GAAP)	0.02	(0.05)	0.02	NM	0.37	0.09
Revenue (mm)	110.70	118.08	120.00	▲1.63	418.80	595.47

Currency: USD
Consensus as of Feb-07-2023 1:42 AM GMT



- EPS (GAAP) -

	CONSENSUS	ACTUAL	SURPRISE
FQ1 2022	0.05	0.25	▲1 400.00 %
FQ2 2022	0.02	0.11	▲2 450.00 %
FQ3 2022	(0.12)	(0.01)	NM
FQ4 2022	0.02	0.03	▲3 50.00 %

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Call Participants

EXECUTIVES

Jerome A. Grant
CEO & Director

Matthew Kempton
Vice President of Corporate Finance

Troy R. Anderson
Executive VP & CFO

ANALYSTS

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Rajiv Sharma
B. Riley Securities, Inc., Research Division

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Presentation

Operator

Good afternoon, and welcome to the Universal Technical Institute First Quarter Fiscal 2023 Earnings Conference Call. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Matt Kempton, Vice President, Corporate Finance. Please go ahead.

Matthew Kempton
Vice President of Corporate Finance

Hello, and thank you for joining us. With me today are our CEO, Jerome Grant; and CFO, Troy Anderson. During the call today, we'll update you on our first quarter 2023 business highlights, financial results and vision for the future. Then we will open the call for your questions.

Before we begin, we want to remind everyone that today's call will contain forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Please carefully review today's press release for additional information and important disclosures about forward-looking statements. Because forward-looking statements relate to the future, they're subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control.

Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. As a reminder, relevant factors that could cause actual results to differ materially from the forward-looking statements are listed in the press release and our SEC filings, and the section entitled Forward-Looking Statements in today's press release also applies to everything discussed during this conference call.

During today's call, we will refer to adjusted net income or loss, adjusted EBITDA and adjusted free cash flow, which are non-GAAP financial measures. Adjusted net income or loss is net income or loss, adjusted for items that affect trends and underlying performance from year-to-year and are not considered normal recurring operations, including the income tax effect on the adjustments utilizing the effective tax rate. Adjusted EBITDA is net income or loss before interest expense, interest income, income taxes, depreciation, amortization, adjusted for items not considered as part of the company's normal recurring operations, along with non-cash stock-based compensation expense. Adjusted free cash flow is net cash provided by or used in operating activities less capital expenditures, adjusted for items not considered as part of the company's normal recurring operations. Management internally uses adjusted net income or loss, adjusted EBITDA and adjusted free cash flow as performance measures and those figures will be discussed on today's call.

As a reminder, we have provided reconciliations of these non-GAAP measurements to the most directly comparable GAAP financial measurements in today's press release. We encourage you to carefully review those reconciliations.

It is now my pleasure to turn the call to our CEO, Jerome Grant.

Jerome A. Grant
CEO & Director

Thank you, Matt. Good afternoon, everyone, and thank you all for joining us today. I'd like to begin by thanking our faculty, staff and students for their continued hard work and commitment during the quarter. Before we get in discussing any results for the quarter, I'd like to take a moment to orient you on our new multi-divisional reporting structure following the acquisition of Concorde Career Colleges in December. Along those lines, please also note that our results for the first quarter include 1 month of results for Concorde. Post acquisition, we now report our results in 2 business segments: UTI, which includes the transportation, skilled trades and energy offerings and Concorde, which is the acquired Concorde

Healthcare Education business. You will see this reporting structure reflected in our press release and our 10-Q filings. Troy will get into more details around the financial results in a moment, but I'll provide a brief overview of some of the key updates across the 2 segments.

Now let's turn our attention to the business. First, we're pleased with the results of both segments during the quarter, as each division performed in line with our expectations and reflect solid overall operating performance, diligent expense management and execution against our key priorities. Our consolidated first quarter revenue was $120 million, adjusted EBITDA of $14.4 million and new student starts were 2,310, all of which were consistent with our expectations for the quarter and our guidance for 2023.

While there have not been significant changes to our business since we last spoke, just 2 months ago, our team has been busy as we focus on executing the initiatives currently in place. Within UTI, overall interest in our programs has continued to be strong. However, as we've noted previously, the dramatic chunk in inflation in the second half of our last fiscal year had a significant impact on our adult population. While the rate of inflation appears to be normalizing, which is encouraging, this continues to impact our prospective adult student population. We are, however, seeing signs of moderation in the levels of decline in this channel relative to what we experienced in the second half of the last fiscal year.

We're optimistic that this improving trend will continue due to both stabilizing macro factors and more pointedly, the proactive actions we are taking internally to drive performance improvements across the activities that are within our control. And we continue refining our program offerings and identifying further opportunities to mitigate some of this impact. Examples of such actions we are taking, include establishing dedicated teams focused on supporting both local and relocating students for the adult channel, assisting prospective students through an enhanced call center team as well as continuing to refine our financial and overall support for both local and relocating students.

Turning to our high school and military channels, as previously mentioned, over the last several quarters, we've been strategically investing in these channels, adding more admissions resources and enhancing our tools and processes to better serve these market segments. We're broadening our reach and more deeply penetrating the better performing markets with the intent of improving the overall performance of both of these channels. These initiatives and additional resources are now in place and operating well, and we expect that these actions will begin to yield improved performance over the coming quarters.

As mentioned last quarter, we are initially targeting to launch 15 new programs, most of which came to us by way of the MIAT acquisition. Beginning in '23 and continuing into '24, with the first launch of wind and energy programs at our Rancho Cucamonga campus in the coming months. The programs remain on track to launch as plan, subject to regulatory approval, and we are encouraged by the level of interest we're seeing as we begin to more actively market these programs. These new programs will have a modest impact on student starts and revenue in fiscal 2023, and we expect that they will have a greater impact in fiscal '24 and beyond. We continue to see enrollment growth at our new campuses in Austin, Texas and Miramar, Florida, which opened in May and August of last year, respectively. The 2 campuses now have over 650 students combined, and we remain optimistic that both markets will meet the expectations we have set before their openings.

Moving to our Healthcare Education division, Concorde performance for December was in line with our expectations. The integration of Concorde continues to progress as planned since the acquisition closed on December 1 of last year, and has been great to meet and work with the Concorde students and staff over the last few months. We continue to see high levels of engagement and talent across the team and great enthusiasm for them with respect to being a key part of the strategic plan of our combined companies. Concorde also has a number of program expansions and new programs in the world, all of which will further broaden its educational offerings to provide promising career paths for students and provide workforce solutions to help meet the job demand needs across the healthcare industry.

While we're focused on the integration of Concorde in fiscal '23, our first priority is ensuring that this process is smooth and seamless from a student perspective, making sure that there are no disruption to Concorde's operations. Therefore, as we've indicated last quarter, our initial focus will be in critical areas to meet the requirements of being part of a public company, by financial reporting, interim controls, compliance and IT security. We intend to be cautious with broader integration activities and ensure that any steps we take will bolster operational efficiency, student experience and/or our financial performance.

As for our 2023 guidance, the positive performance in the first quarter bolsters our confidence in delivering on our expectations for the full year. We are reiterating our full year guidance. Revenue from $595 million to $610 million, adjusted EBITDA from $58 million to $62 million and total new student starts between 22,000 and 23,500. As a company, we are in a much different place than we were a year ago in terms of how we're strategically approaching and executing through a fluid macro environment.

As I noted earlier, we've taken several actions to mitigate the impact that specific economic headwinds like inflation are having on our student population. We expect gradual improvement in performance in the near-term with acceleration in the back half of the year, as we begin to see the benefits of the initiatives we put into place. We believe that the continued growth from our expanded core business with the benefits we will see from strategic investments we've made and initiatives we have put into place will allow us to accomplish the objectives we have set for this year and set us up to drive further growth in 2024 and beyond.

As a reminder, by delivering on our plans for fiscal '23 and with the decisions we've made and the pieces we've put into place to date, we expect to deliver in excess of $700 million in revenue and adjusted EBITDA approaching $100 million in fiscal 2024.

I'd now like to turn the call over to Troy to discuss our results from the quarter in more detail. Troy?

Troy R. Anderson
Executive VP & CFO

Thank you, Jerome. We reported positive financial and operational performance during the quarter, delivering on our expectations for both the top and bottom lines and exceeding analyst expectations. Before I start, I will reiterate that all of our results include Concorde for 1 month and unless stated otherwise, the year-over-year comparisons are on an as-reported basis. Thus, the prior period does not include Concorde.

As we referenced on our last call, when we set our guidance, and as Jerome indicated in his comments, with the Concorde acquisition closed, we now have 2 reporting segments: UTI and Concorde, in a corporate unallocated cost reporting unit. Jerome previously described the makeup of the 2 segments. The corporate unallocated costs reflect certain resources and third-party costs that are generally not directly controllable or in support of the segments.

Moving to our performance in the quarter. As far as student metrics, total new student starts were 2,310. UTI starts were consistent with the prior year period and Concorde delivered 336 starts in December. Overall, UTI starts reflect growth in high school, offsetting a decline in military with adult roughly even versus the prior year. Concorde has one core program start in December. That's a measurably lower start number than you'll see in subsequent quarters. For reference, core starts occur each month, and most quarters have one large clinical start with some smaller clinical starts in between.

Revenue on a consolidated basis increased 14.2% versus the prior year quarter to $120 million, primarily driven by Concorde's $14.4 million contribution. UTI's revenue of $105.6 million was slightly above the prior year period with a 2% increase in average revenue per students, offsetting a 1.6% decrease in average undergraduate full-time enrollment. Note for Concorde that December is one of the lowest revenue month of the year given seasonality and phasing of their clinical programs. The lower revenue had a negative impact on profitability in the month as well.

Consolidated net income during the quarter was $2.6 million, and adjusted net income was $5.3 million, which is down approximately $10 million versus the prior year. The year-over-year decrease in adjusted net income was in line with our expectations as UTI produced exceptionally strong profitability in the prior year period given timing and mix of revenue and cost and the slower start growth of UTI's adult channel in the back half of fiscal 2022, pressured revenue and thus profitability in the quarter.

Other factors impacting profitability in the quarter included planned increases in expenses for UTI and corporate unallocated associated with the new campuses and programs launched last year, investments in the additions channels and other areas as part of our growth and diversification strategy, a measurably higher effective tax rate due to the valuation allowance reversal last year and increased net interest expense.

Finally, the lower profitability also reflects the negative contribution from Concorde for December. Diluted earnings per share was $0.02 in the quarter versus $0.25 in the prior year period. Total shares outstanding as of the end of the quarter were 33.925 million. Adjusted EBITDA was $14.4 million, down $6.2 million overall versus the prior year.

UTI contributed $23.3 million in the quarter, which was partially offset by $8.8 million of corporate unallocated costs and a slight loss from Concorde. UTI decreased $5.3 million year-over-year, while corporate unallocated costs are up $0.8 million, with most of the same costs for both, as I outlined, as adjusted net income. So our adjustments are similar to prior quarters with the addition of stock-based compensation, as I explained on our last call, with our 2023 guidance.

Moving to the balance sheet and cash flow, as of the end of the quarter, the company's total available liquidity was $162.2 million. Operating cash flow of $2.8 million increased $0.3 million over the prior year and adjusted free cash flow of $2.6 million improved to $6.1 million versus the prior year, driven primarily by lower capital expenditures. CapEx in the quarter was $6.8 million and mostly for UTI for the final phases of the build-out of the new Austin, Texas and Miramar, Florida campuses in the initial stages of this year's new program rollouts.

I also want to briefly recap the balance sheet impacts of the close of the Concorde acquisition. The base purchase price was $50 million. There were $1.3 million of net adjustments, total net cash consideration paid at $48.7 million. Additionally, Concorde had $31.8 million of cash on their balance sheet at the closing for a net cash outlay of approximately $17 million.

In conjunction with the acquisition, we recorded goodwill of $10.1 million and intangible assets of $4.8 million. Currently, and as of the end of the quarter, we maintained the previously disclosed $90 million draw from the revolving credit facility, which we established in November of 2022. We also have used $1.8 million of revolver capacity for a letter of credit, leaving approximately $8 million of additional liquidity available to us.

Please be sure to review our press release, financial supplement and investor presentation, which have all been updated for the most current consolidated and segment details about our actual results, our strategic road map and our guidance. We continue to make significant progress as we execute on our growth and diversification strategy and are building for the future of the company.

We believe we have set ourselves up well to drive increased shareholder value in 2023 and beyond. And as Jerome stated, we are reiterating our fiscal 2023 guidance across all key metrics and continue to be confident about our 2024 expectations. I would also add that we don't see any material change to our pacing expectations for 2023 with growth in new student starts, revenue and profitability all skewed to the back half of the year.

With that, I want to thank our team, our students and our partners for their efforts and ongoing support and again, welcome the Concorde team to the company. I'll now turn the call over to Jerome for closing remarks.

Jerome A. Grant
CEO & Director

Thank you, Troy. To briefly summarize, we are pleased with the performance this quarter. Interest in our programs across transportation, skilled trades and energy as well as healthcare remain high. The macro environment continues to create challenges for our adult job changing population, but we are taking proactive steps to mitigate these headwinds. Both UTI and Concorde are performing to our expectations, and therefore, we are reaffirming our guidance for the year and continue to see 2024 as a step change year for the company.

And finally, while our primary focus this year will be on execution of our existing initiatives and effectively integrating Concorde, we will remain opportunistic and continue to research and explore new potential growth avenues as they arise.
I'd now like to turn the call over to the operator for Q&A. Operator?

Question and Answer

Operator

[Operator Instructions] Our first question is from Eric Martinuzzi with Lake Street.

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Congratulations on the, I guess, one partial quarter for Concorde under your belt and one full one for UTI into the new fiscal year. It looks like good results. I'm curious to know just a couple of questions on Concorde. You're 2 months in here in the ownership, you had talked about an expectation of 5% to 10% growth at Concorde on a 12-month pro forma basis. Is that still the assumption?

Troy R. Anderson
Executive VP & CFO

Eric, it's Troy. Thanks for your comments and your question. Yes, I'd say, it's -- in the mid- to upper-single digits on a like-for-like basis and everything has been proceeding as expected. Our engagement with them is very high, and we're happy to have them part of the team. They're performing well.

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Okay. And I noticed you didn't include the new student starts at Concorde. Obviously, you didn't own them in the month of December of 2021, but do you have that available? How does the 336 new students compared to the year prior?

Troy R. Anderson
Executive VP & CFO

I actually do not have that in front of me, Eric, but we can follow-up if needed.

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Okay. No problem. And then for the investments at UTI, obviously, we've got a couple of things we're focused on the discretionary side. You've invested in advertising, you've invested in your admissions resources, what -- can you comment on those 2 areas? Are we getting in the advertising we want at the price we want? Are we getting the admission resources at the campuses?

Jerome A. Grant
CEO & Director

Well, let me break it into 2 pieces. Number one, from a marketing standpoint, one of the comments we made was that interest remained quite high. We're thrilled with the inquiry volume that we've seen to date coming in the right time frame from the right sources. So we think we're getting the bang for the buck out of our marketing investments. As far as the admissions investments, much of that ramping up, whether it was adding additional resources to the high schools or in the military, all happen towards the end of the summer. And we see from leading indicators in terms of number of presentations and leads generate and things along that they're operating quite well. So we're feeling good about what we've done in those spaces.

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Okay. And then just on the UTI business, one of the major headwinds you had in 2022 -- FY '22 was a double-digit decline in your new student starts for adult learners. I saw that, that was -- it looked like it was relatively flat. I think that was in Troy's prepared remarks. What's the expectation for 2023 for adult and student starts?

Jerome A. Grant
CEO & Director

Well, as we said when we started the year, we still believe that the adult channel will be down this year. As we said, as reported at the last half of last year, it was down significant double digits due to the high inflationary period, et cetera, and those economic headwinds. We are seeing moderation in that, which is really great to see. It's not down in that double-digit range anymore. But we're not projecting that it will come back to a positive sense in 2023. But our expectations for the year, while we budgeted, what we're projecting took into account that we believe that, that segment would still -- would still be down.

Troy R. Anderson
Executive VP & CFO

Yes. And just a point of clarification, Eric, the financial supplement in the -- roughly flat adult was all in, so that the double-digit decline was same-store. But when you put in MIAT and the new campuses and the like, it's roughly flat.

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Yes. You've reminded me of that. And then last question, we saw a pretty strong employment numbers in the most recent jobs reports. Those employment figures have been relatively encouraging. Are you seeing any change in kind of the pipeline just across the board on the adult side, the inflationary pressures, the employment environment, wage inflation? Some color there would be appreciated.

Jerome A. Grant
CEO & Director

Well, let me break that into 3 buckets. Number one, we are seeing moderation in the macro environment in terms of inflation, et cetera. We think that's contributing to the uptake in the done population. The second thing in terms of unemployment, I actually just looked it up this morning is that the -- remember that population is 18- to 24-year-old male, and that's been -- that unemployment number has been on the rise over the last few months. I think it's around 7.8% right now, which is actually higher than 2019 pre-pandemic levels. We don't know if that will hold on. But -- so I think we're seeing some of the folks in our demographic are looking for more stable, long-term careers, and that's affecting us as well.

And then as we said in the statement, we've taken quite a few steps in terms of mitigation of the issues and to address it, whether it's how we work with adult job changers through the enrollment process, setting up a call center to stay with them through that process, looking at how we can support those who need to relocate in an enhanced way. As you probably read out there, rent is up pretty significantly across the country in most of the major metropolitan areas. And so we're working to bend a knee if it were to help people over the hump until they're settled and both working and going to school in locations that they relocate to. So the combination of those 3 things, we think, is why we're beginning to see that positive movement in the adult sector.

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Got it. Thanks for taking my questions and good luck in Q2.

Operator

The next question is from Steve Frankel with Rosenblatt.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Good afternoon, Troy and Jerome. Can we get a little more color on your high school recruiting pipeline and kind of your confidence level in being able to execute on that growth plan for the back half of the year?

Jerome A. Grant
CEO & Director

It's a great question. I mean, we watch a lot of leading indicators when it comes to that right now. Most of the kids are making their decisions into February, March and April of what they're going to do when they graduate in May, June or May and into late June on the East Coast. And number one, with more resources in there, we're getting to more schools. And the indicator around that is the number of presentations we're seeing. Our reps do presentations, which are digital and we can tell where they are and how many of those presentations are happening. And we're great -- it looks great from a [Technical Difficulty] standpoint. And the corollary to that is the number of interested students they have in leads, which is on the rise as we would expect with the resources that we added.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Okay. And then by the time we get to the next conference call, where you have a pretty good handle on what the enrollment looks like?

Jerome A. Grant
CEO & Director

Yes. Yes. Yes, we will. And again, you're hitting right in the hot period here. There's a lot of presentations that happened October, November, December, January as schools are helping their students think about what they're going to do when they graduate in May and June. And so the setup is looking good. And you're right in about 3 months, we'll have a pretty clear picture of the pipeline of what's coming through in high school.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Okay. And just if you may, a little more clarity on kind of the slope of the decline in the same-store adult pipeline kind of where are we now versus 3 and 6 months ago in terms of this possible decline?

Troy R. Anderson
Executive VP & CFO

Yes. Steve, this is Troy. We were seeing -- wasn't consistent quarter-to-quarter, but in the back half of the year, we were about a 20% same-store decline. We saw some pressure in Q2 as well coming out of Omicron last winter, which seems like a long time ago. And we were single-digit -- I'm sorry, for starts, we were in the teens, but enrollments, more importantly, because those starts are a function of enrollments that really happened in the prior quarter, which when we're still seeing some of that elevated pressure. So enrollments were also down in that same range, 20-plus percent. And so the Q1 starts while they were better. Again, some of the mitigating actions, Jerome talked about helping, although maybe we didn't have all the enrollments we wanted, we were help getting more students to start.

So therefore, we saw some benefit on the start rate or the percentage year-over-year decline on starts, which we -- those mitigations will help us as we continue to move forward. More importantly, the enrollments were more in the single digits of year-over-year decline. So a measurable improvement there. Now one quarter is not a trend. But again, we have a substantial number of mitigations that we've been working on and transformation within our admissions organization really across all 3 channels, but adult in particular, given the pressure that we saw there last year. So we're encouraged by what we're seeing, and we're going to continue working at it. And as Jerome said, for the full year, we don't expect growth out of that channel. We do expect to see some repair, improvement as we get into the back half of the year. But on a full year basis, we don't expect to see growth there.

Steven Bruce Frankel

Rosenblatt Securities Inc., Research Division

Okay. And just to drill down on the first MIAT program and one of your legacy campuses. When do you expect that to begin enrolling students?

Troy R. Anderson
Executive VP & CFO

Yes. So in Jerome's remarks, he commented about we're preparing to launch as soon as toward the end of Q2, if not early Q3. We are waiting regulatory approval for all of them, but we're moving forward as if we'll get the approvals in time, and we'll make adjustments as needed. That's not a process we control, but all of the applications are in, and they've been in for a good bit of time now. So we're starting to expect to see some movement there and then that will dictate the ultimate start dates. But we'll -- we're moving forward to be ready to launch as quickly as we can late in Q2 or early Q3. That's the first program. The rest -- yes, the rest of them are scheduled for Q4 and beyond.

Operator

[Operator Instructions] The next question is from Raj Sharma with B. Riley.

Rajiv Sharma
B. Riley Securities, Inc., Research Division

I wanted to kind of go back to the starts projections for the year. And I just wanted to understand, so the guidance that you've given for starts for fiscal '23, if we kind of -- if I take out the core UTI and MIAT of up around 5% plus starts year-on-year, how does -- how are you building that? I mean, I know that it's back half -- kind of back half loaded. So my question is, what is the composition of that given the fact that unemployment is still high in your demographic, but you are not -- you're projecting an improvement in adults, but that's going to be flat. So the balance is coming -- balance of the growth in starts is coming from high schoolers. And then military, given that it was kind of weaker in the first quarter, how does that shape up? And then a similar question on Concorde?

Troy R. Anderson
Executive VP & CFO

Okay. Yes. Thanks, Raj. This is Troy. The -- we do have a bridge in our investor presentations with the same material that we had last quarter with starts in revenue and adjusted EBITDA. High school and military will drive the bulk of the growth. That will ramp in the year. We are still ramping the new campuses that we launched last year. Military, we added reps in the first part really throughout Q1. So the benefit of that really has not been materialized yet in the numbers. And as you noted and we said in the past, it can be a little bit volatile quarter-to-quarter, just based on the flow of prospective students there. But having more reps in that space will certainly help as we get into the back half of the year and then the program expansions, again, we're pending regulatory approval there. But in our guidance, we're assuming a bit of a lift relative to those with a number of those programs launching in the fourth quarter. And of course, high school will contribute some to that just given the nature of the fourth quarter and that we'll have a number of high school students coming out, but adult will contribute to those program expansions as well.

Rajiv Sharma
B. Riley Securities, Inc., Research Division

Right. So I see the bridge, Troy, and the bridge doesn't give numbers, but I just kind of wanted -- I see that, if the core UTI and MIAT are going to be up 5%, you're saying that despite the unemployment situation staying bad for the adults, you see all these programs it's helping the -- improving the decline on young adults and the balance is all coming from high school and military. And what is the -- for the Concorde starts that you have in the year, what does that sort of represent in their year-on-year growth?

Troy R. Anderson
Executive VP & CFO

Yes. I'll work it backwards. The Concorde is similar to the revenue question earlier is mid -- to slightly up or mid-single-digit growth on a like-for-like basis, again, a partial year. So the 7,500 to 8,000 range that we're referencing there is representative of just having the 336 in December. So you'll see 2,000 plus the next 2 quarters and 3,000 in the fourth quarter. So those will ramp as well. The new campuses, don't forget, we didn't get a full high school benefit of the new campuses in '22. Miramar first class was in August. So really, we missed the high school season for all intents and purposes for Miramar. So that alone would be a lift and Austin was again launched in May. So we really didn't get a chance to build as much of an enrollment book there as we would expect normally. So there's just a number of things as you think about '23 versus '22 that we either in-flight or not in place at all that are building this year. And again, the broader macro environment at least stabilizing, we're not economists. So we're not calling one way or the other, what direction it's going. But there's -- people are looking for change. High school students need to figure out what the next step in their life is. And so there -- the steady demand is there. The inquiry flow is there.

Rajiv Sharma
B. Riley Securities, Inc., Research Division

Thank you. So on the interest that you -- that Jerome was talking about, how does that compare to last year? And is that higher in any particular segment versus the other?

Jerome A. Grant
CEO & Director

Well, I mean, most of our -- if you think about the way we drive lead generation, most of the lead generation for the high school market is driven by presentations done by the high school reps. So they aren't media-driven. Media-driven leads in the high school is a very small population of where they are and frankly, they tend to be students who are in class on their iPhones during the middle of a presentation that will click on our website, et cetera, along those lines. And so one of the things I said around that piece of lead generation was that our presentations and therefore, the leads associated with them are up nicely. We don't usually give out numbers for lead generation, but they're up nicely. And then also on the adult side, where it's primarily driven by media leads -- we're seeing them go exactly the way we model them to get the outcome we're looking for. I say outcome in the adult market because as we've said before and what we said last year is, we don't think the adult market will be an increase on a same-store basis. It just won't be that 20% decline that Troy was talking about, and that's coming true.

I think the difference between the third and fourth quarter of last year and the first quarter of this year are 2 of the other factors we talked about in the adult population, which was a conversion rate of those leads. So people going through the process of understanding, what's the commitment they make to us, what is the cost of the commitment, can we get them a job during school? And so we're seeing some improvement along those lines. And then the show rate, the number of people who trying to contract go through the financial aid process and then come to school on the first day. We're seeing some healthy improvement on our show rates as well from the adult population. And those are the signs that we're talking about of improvement of the behavior of those in that 20 to 25 age category.

Rajiv Sharma
B. Riley Securities, Inc., Research Division

Got it. That's very helpful. Can you talk and I'll give any color on the cadence for second quarter, the March quarter, the seasonality in terms of -- should we expect a similar sort of performance on starts? I mean, outside of the Concorde addition a much bigger addition?

Jerome A. Grant
CEO & Director

We expect some building as we get through the year. Again, the back half is really where you'll see a notable difference. And I'm speaking of the UTI business there. Again, Concorde with 1 month in the numbers is not going to be meaningful, comparison quarter-over-quarter. You'll see over probably roughly 2,000, it's not a little bit more for Concorde and then we should see some modest growth versus the flattish that we were for UTI in Q2.

Rajiv Sharma
B. Riley Securities, Inc., Research Division

Got it. Got it. And then just lastly on the military, it seemed weak in the first quarter. Any sort of color there?

Jerome A. Grant
CEO & Director

It's the timing of the investment there. That channel is -- again, it's more of a ground game like the high school channel. The difference is, typically, they're experienced military recruiters or who we hire as our recruiters. They have base access already, and they know where -- who to talk to and where to go very quickly. It's just a matter of training them on our offerings. The high school ramp process is a little bit different. There's a lot more relationship building that occurs, especially if you hire somebody who's not been a recruiter in the space before. So really just -- I think it's just a timing aspect predominantly relative to when we made the investment in those resources and then ramping up. We should see some improvement there. And as I mentioned earlier, there's just tends to be a little more volatility in that channel. It's just going to ebb and flow a little bit. It's roughly half of the people that we define that based upon their funding source, not necessarily that they're a direct transition out of the military. So somebody could be really an adult job changer who's been out of the military for a few years, they just have G.I. Bill benefits that they're leveraging for their education. So their dynamics is going to be more like the adult dynamics as far as their decision-making, but they have funding available to them, which makes it an easier decision for them versus the other half being a direct transition at the military. And again, that's more of an ebb and flow. It can be a little bit more of an elongated timeline. They're making plans ahead of their transition out of the military. There's other dynamics that come into play there.

Rajiv Sharma
B. Riley Securities, Inc., Research Division

Great. Thank you for taking my questions. I'll take this offline.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Jerome Grant for any closing remarks.

Jerome A. Grant
CEO & Director

Thank you, Operator, and thank you, everyone, for joining us today. We look forward to speaking with you all in about 3 months and answering any questions you have between now and then. So thanks a lot for joining us, and have a great evening.

Operator
The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.