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Universal Technical Institute, Inc. NYSE:UTI

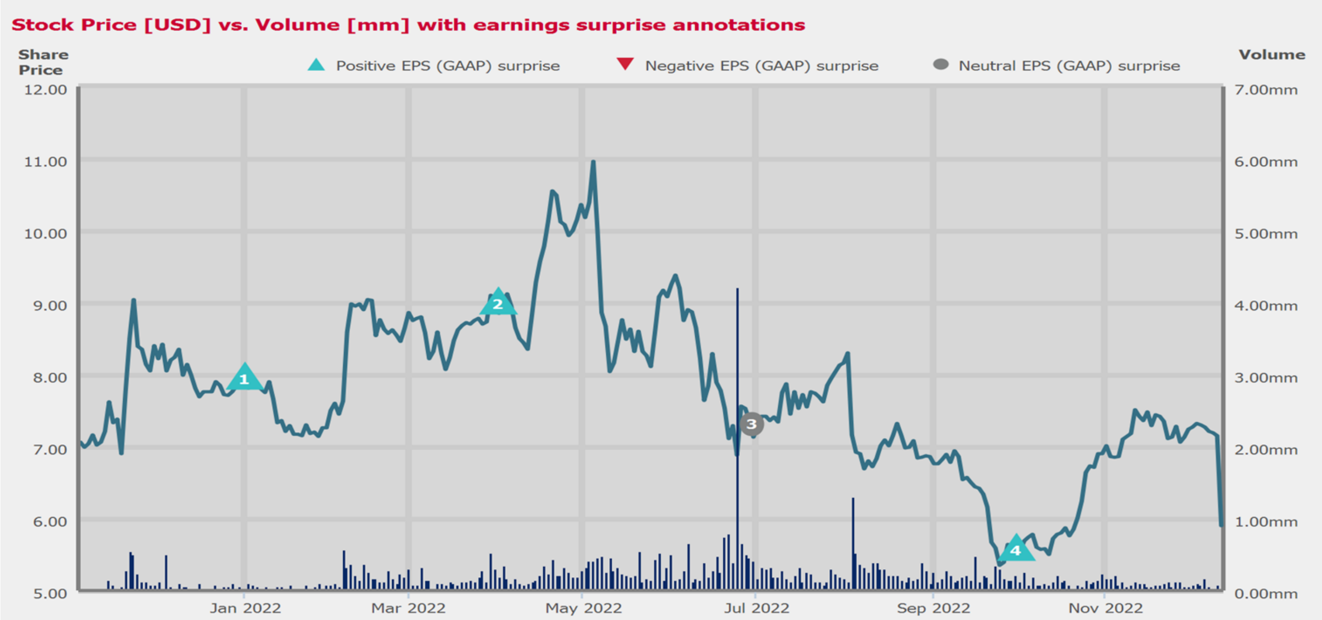
FQ4 2022 Earnings Call Transcripts

Monday, December 12, 2022 1:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2022-			-FQ1 2023-	-FY 2022-			-FY 2023-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS (GAAP)	0.02	0.03	▲50.00	0.09	0.37	0.38	▲2.70	0.38
Revenue (mm)	110.70	110.64	▼(0.05 %)	107.43	418.80	418.76	▼(0.01 %)	447.87

Currency: USD
Consensus as of Dec-06-2022 11:30 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 day, and welcome to the Universal Technical Institute's Fourth Quarter Fiscal 2022 Earnings Conference Call. [Operator Instructions] Please note today's 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 are our CEO, Jerome Grant; and CFO, Troy Anderson. During the call today, we'll update you on our fourth quarter and fiscal year 2022 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 are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside 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. 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 morning, everyone, and thank you for joining us today. And thank you to our faculty and students for enabling us to continue to operate seamlessly for another quarter and in fiscal 2022 as a whole. This past year was a pivotal year for UTI as we significantly expanded the reach and breadth of our program offering, positioning the company as a workforce solutions provider for a wide range of skills, careers and fields going forward. We made significant progress on executing on our long-term strategy and entered 2023 with strong momentum, despite enduring the less than favorable macroeconomic backdrop, which has provided no shortage of uncertainties and challenges for us to manage through.

Some highlights for the year include the addition of 2 MIAT campuses and their 8 new programs early in '22, while making significant progress on the planning and rollout activities for the initial MIAT program expansions in 2023; opening 2 new UTI campuses in the second half of the year in Miramar, Florida and Austin, Texas, both initially launching with our automotive, diesel and welding programs and with additional space available for MIAT expansions; launching 2 new welding programs in Mooresville, North Carolina and Exton, Pennsylvania, expanding our industry-aligned training relationships with key manufacturer partners, including Volvo and BMW, and continuing to execute on our electric vehicle strategy, both in our core curriculum and with several of our industry partners.

Revenue for the year was up 25% to approximately $419 million, while adjusted EBITDA was up 72% to approximately $56 million, while new student start grew 2.7% for the year. All of these major metrics are either in line or at the high end of our most recent guidance. Troy will provide more color on both the year and the quarter with his comments in just a few minutes.

As I touched on earlier, 2022 was not without challenges, with the effect that Omicron had earlier in the year and then worsening of the macroeconomic environment later in the year, creating some real and persistent headwinds with respect to enrollments in 2022. Specifically, in our adult channel, prospective students have been navigating the challenges stemming from record inflation levels, which directly affect the affordability of both education and the very basics in life. While interest in our program remains strong, these difficulties negatively impacted both the student enrollment and start rates, most notably in our third and fourth quarters.

Though the macroeconomic backdrop remains unpredictable and while many believe we are headed for a recession, given the Federal Reserve's intention to slow down the economy to bring inflation under control, it's worth noting that we're starting to see some modest improvements in our year-over-year adult population enrollment performance. While we have opportunity for further improvement, we're pleased with the interest in our programs, pace of new student enrollments and overall progress we're making in 2023.

Further, as noted last quarter, we've taken proactive steps to mitigate challenges in the adult channel by adding admissions resources to our high school and military channels, which have been less impacted by the macro factors. We've also enhanced our support programs to further assist students as they work through the financial barriers associated with challenges such as relocating in order to start their path to a stable and rewarding career. Importantly, our outcomes remain strong. We recently submitted our annual accreditor outcomes reporting, and I'm happy to report we had another year of at least a 60% graduation rate and at least an 80% infield job placement rate on an overall average basis. Our strong student outcomes, along with our healthy capital structure positions us well to make continued progress executing against our growth initiatives and reaching the fullest potential of our growth and diversification strategy.

Turning our attention to 2023, I'd first like to formally welcome the faculty, staff and students from Concorde career colleges to the company. As announced earlier this month, we closed the Concorde acquisition on December 1, which was ahead of our expectations. We sincerely appreciate the Department of Education's timely pre-acquisition review, which enabled us to complete this transaction within a relatively short period of time. With Concorde now added to our group of schools, this coming year is set to be another productive one and is expected to surpass 2022 for us in terms of milestones we achieved.

Beyond the acquisition, which I will speak to more in a minute, we'll also see growth from our organic initiatives. Most notably, we'll be introducing 15 new programs on 10 campuses across the UTI footprint, including programs in aviation, HVAC, robotics, industrial maintenance and wind energy technician training. The first program launch is on target for March of 2023, with all but one of the remaining programs expected to be launched by the end of the fourth quarter.

We also will see the continued enrollment ramp and maturation of our 2 new UTI campuses in Florida and Texas, bringing both of those campuses nearly to their full run rate potential exiting the year. Currently, we have approximately 550 active students attending these 2 campuses. The addition of Concorde Career Colleges greatly expands our program offerings and total addressable market, setting the stage for the next chapter of our growth story. Not only does this move provide us with approximately 8,000 students on 17 campuses across 8 states, but it allows us to tap into a completely new student demographic and provide a wider range of highly in-demand educational offerings and Workforce Solutions.

Concorde has more than 20 program offerings, spanning across dental, health care diagnostics, nursing and a variety of other critical health care professions. From a program format perspective, they offer courses in hybrid, in person, and in some cases, fully online. The acquisition, coupled with the current Universal Technical Institute offerings allows the company to more broadly address the nation's skill gap with a diverse set of workforce solutions. It will provide opportunities to help more adults reenter the workforce, provide high school and first-in college students with new career path and allow veterans the opportunity to pursue a rewarding career in a rapidly expanding health care industry.

We're also very optimistic with the positive trends in health care as an industry as we expect to add more than 2.6 million new jobs over the next decade due to attrition in the workforce, along with an aging population that's expected to drive increased demand for health care services.

Looking ahead, we're very excited to integrate Concorde into our financial reporting and overall operating model, though it will be run as separately as a health care education division alongside Universal Technical Institute. We intend to be cautious with our integration activities and ensure that any steps we take will bolster operational efficiency, student experience and/or our future financial performance. Including Concorde for 10 months, we are establishing our fiscal 2023 guidance, which includes revenue from $595 million to $610 million, adjusted EBITDA from $58 million to $62 million, new student starts from 22,000 to 23,500. Troy will get into more of the details on the full year outlook and segment performance shortly.

From an investment standpoint, 2023 will be focused on execution with respect to the integration of Concorde and our other ongoing organic initiatives in order to ensure that the proper foundation is in place as we plan for incremental new initiatives in 2024 and beyond. Through our 2 completed acquisitions, paired with our campus and program expansions, learning model innovations and our real estate rationalization we have essentially delivered on or have a clear line of sight towards the completion of all strategic initiatives that we've previously announced. As a result, I'm happy to announce that we now expect to deliver in excess of $700 million in revenue and adjusted EBITDA approaching $100 million in fiscal 2024 and thus, achieving one of our key milestones, a full year sooner than we previously projected.

And once again, I'll note that our current outlook is not the endpoint of our pursuit for further growth. We are expanding the vision and roadmap for our company going forward, and our entry into the health care space opens up significantly more entry points to new workforce solutions opportunities, which will allow us to expand the breadth and scope of our growth and diversification strategy. We believe that the continued growth from our expanded core business with the benefits we will receive from the strategic investments we made in 2022 and are making in 2023, set us up to deliver strong growth in subsequent fiscal years.

I'd now like to turn the call over to Troy to discuss our results from the quarter and full fiscal year. Troy?

Troy R. Anderson
Executive VP & CFO

Thank you, Jerome. I want to echo Jerome's comments and welcome the Concorde team to the company. We have great respect for their business and are extremely excited about being in the healthcare education space and the many opportunities that now affords us. We finished fiscal 2022 in line or above our most recent expectations and overall delivered strong financial and operational performance during the fourth quarter and fiscal year. Full year revenue increased 25% to $418.8 million, which was at the higher end of our guidance range. The increase was primarily due to higher average undergraduate full-time active students, including the addition of MIAT and higher revenue earned per student.

Total revenue for the quarter increased 13.5% compared to the prior year to $110.6 million. Revenue per student for the quarter was approximately $8,700 and for the year, $32,600 and is now essentially fully normalized to pre-COVID levels, adjusting for annual price increases. We saw meaningful growth on the bottom line for the full year with $25.8 million in net income, representing a 77% increase from 2021 and includes the impact from the valuation allowance reversal. Net income in the fourth quarter was $2.8 million compared to $12 million. Fully diluted earnings per share for the full year was $0.38 versus $0.17 in the prior year. Shares outstanding at the end of the quarter were 33.8 million. Adjusted net income for the full year came in at $35.5 million, above the high end of our guidance range. Adjusted net income in the fourth quarter was $8 million compared to $13.9 million.

For the full year, adjusted EBITDA was $55.9 million versus $32.5 million in 2021, representing 72% year-over-year growth and above the high end of our guidance range. The growth in full year adjusted EBITDA was driven primarily by the normalization of revenue per student as well as our continued focus on operating efficiencies and facility rationalization. The full year adjusted EBITDA margin was 13.3%. The Fourth quarter adjusted EBITDA was $14 million compared to $18.3 million in the prior year. The EBITDA and net income adjustments are consistent with what we have reported throughout the year. As we noted last quarter, we are not immune to inflationary pressures, but we were largely able to offset them this year through cost efficiencies and revenue growth.

For the year, new student starts increased 2.7%, which was in the middle of the updated guidance range we set in August. Average active students in the fourth quarter increased 4.5%, while new student starts decreased 3.2% from the prior year quarter. Recall, we discussed last quarter the success we had starting more high school students in June, shortly after graduating versus them waiting until August or September to start their career training. This was reflected in the 25% year-over-year growth rate last quarter. However, that negatively impacted growth in the fourth quarter. Given this dynamic, it's more meaningful to look at the first half of the year versus the second half. We clearly gained momentum in the second half with a 5% year-over-year growth rate versus down 2% in the first half.

Looking at our admissions channels. As we noted previously, we saw significant pressure in adult during the year given the macroeconomic challenges these prospective students faced as the year progressed. While we ultimately did not achieve our initial overall new student start expectations for the year, our flexible business model allowed us to adapt and strategically invest in areas that we feel will maximize our results. In addition to continuing to optimize adult performance, we have opportunities in both high school and military and have already made investments to drive growth in both of these channels in 2023.

Next, I will give a quick update on our balance sheet as well as our financing activity. As we recently announced, in November, we established a $100 million revolving credit facility with Fifth Third Bank. This increases our financial flexibility and bolsters our capital structure to be more consistent with our peers and to align more closely with companies of our size and growth prospects. In short, we view it as good corporate hygiene and is a beneficial resource to support both working capital needs and future opportunistic growth initiatives, organic or inorganic. Preceding the close of the Concorde acquisition, which was for a purchase price of $50 million, we drew $90 million from the revolving credit facility to ensure sufficient balance sheet flexibility and cash liquidity. Also for reference, Concorde had approximately $30 million of cash on their balance sheet at the closing. In short, we have a very strong balance sheet, significant total available liquidity.

Moving to the reported balance sheet. We ended the year with total liquidity of $95.4 million. Full year capital expenditures were $79.5 million, including $28.7 million for the Lisle, Illinois campus purchase. Excluding Lisle, we spent less than our originally anticipated CapEx range for the year. Approximately 60% of the spend was tied to growth initiatives, namely the 2 new campuses and the 2 new welding programs, approximately 25% of the CapEx supported our now completed facility consolidation projects in Avondale, Arizona and Orlando, Florida, and the remaining 15% supported to various other initiatives as well as maintenance CapEx.

We generated strong cash flow from operations for the year of $46 million, while adjusted free cash flow in the year was $34.9 million, which was in line with our full year guidance and down slightly on a year-over-year basis. Our low leverage ratio and high cash flow generation will serve as integral components in fueling the continued expansion of our business and provide us with flexibility as we pursue future growth initiatives.

Next, I'll spend a few minutes discussing the Concorde acquisition and the expected contribution to UTI. For reference, during the 12 months ended September 30, 2022, Concorde generated unaudited results of approximately $200 million of revenue and $17 million of adjusted EBITDA, both showing healthy year-over-year growth. Also as of September 30, it had approximately 8,000 students. Starting in 2023, we expect to report in 2 segments: UTI, which will include the current transportation, skilled trades and energy offerings and Concorde, which will be the acquired Concorde Healthcare Education business.

We also expect to report unallocated corporate costs. Operationally, the segments we've managed independently with the primary integration in 2023 focused on critical items like financial reporting, implementation of Sarbanes-Oxley and audit requirements, IT security and limited others. We will proceed cautiously with integration activity with an emphasis on operational efficiency, student experience and clear financial benefits. As we move into fiscal 2023, we believe that the initiatives that have been put in place paired with targeted investments we are making across the business will drive continued growth. Our 2023 guidance includes the 10 months of Concorde contribution from December 1 through September 30, with any year-over-year impacts represented on an as-reported basis.

With that said, our outlook for 2023 is as follows: for new student starts, we expect a range of 22,000 to 23,500, roughly 14,500 to 15,500 will be delivered by UTI, while 7,500 to 8,000 will be delivered by Concorde. As far as pacing through the year, we expect UTI to be heavily influenced by the additional investment in the high school channel, the ramping of the 2 campuses launched in 2022 and the program expansions, primarily in the fourth quarter. Given that, growth will be measurably skewed towards Q3 and Q4. Concorde starts will also have a Q4 bias with a little more than half of the starts across Q2 and Q3 and the remainder in Q4 and a minimal impact in December.

We expect revenue ranging from $595 million to $610 million. From a segment perspective, we expect UTI to show low single-digit year-over-year growth, while we expect Concorde to contribute approximately $170 million to $175 million for the year. The lower than initially anticipated UTI new student starts in 2022, along with the timing of the new campus launches, increasing contribution from the high school channel and 2023 program expansion all impact the pacing of UTI revenue throughout the year, with growth skewing towards the second half. Similarly, Concorde's revenue will be skewed more towards the second half, given the partial Q1 and seasonality of their business.

We anticipate total adjusted EBITDA within a range of $58 million to $62 million. We are still working through the mechanics of our segment reporting structure, thus we're not ready to provide target margins by segment at this time. However, I will offer that on a like-for-like basis, we expect to see some margin compression in 2023 on the historical UTI business, given the lower revenue flow-through from 2022, new campus and program expansion ramps, ongoing investments to support our growth and diversification strategy and in our admissions channels in pockets of inflationary pressure.

We will not see the full benefit of the addition of Concorde in 2023 adjusted EBITDA for a few reasons. First, due to seasonality, December is not a profitable month, while the pre-close month of October and November are very profitable. Additionally, we will have certain run rate cost impacts from bringing them into the UTI and public company environment before we have the opportunity to realize any meaningful operating synergies. The combination of these factors means their contribution for fiscal 2023 will be well below their September 30 trailing 12 months adjusted EBITDA. For pacing, we expect total adjusted EBITDA will be down year-over-year measurably in Q1 and overall in the first 3 quarters and significantly higher year-over-year in the fourth quarter, with roughly half of the full year adjusted EBITDA being delivered in the fourth quarter.

As far as our non-GAAP adjustments, in 2023, we will begin including stock-based compensation expense as an adjustment. As you can see with our 2022 results, this has become a more material expense for us as we have been maturing our stock compensation program with the company's return to sustained profitability. Note this is also a consistent practice with our peers and many other companies. Otherwise, we expect similar adjustments in fiscal 2023 to what we had in 2022 with the addition of Concorde related acquisition, integration and program expansion costs. Note, we included non-GAAP guidance reconciliation tables in our press release and investor presentation. For adjusted net income, we expect $14 million to $18 million. Note, we expect both a GAAP and non-GAAP tax rate of 25%, which is a significant increase over 2022, reflective of the valuation allowance reversal.

And finally, we expect adjusted free cash flow between $40 million and $45 million, which assumes total CapEx within a range of $36 million to $40 million before adjustments. CapEx includes residual investments for the Austin and Miramar Campuses, UTI and Concorde planned program expansion and a consistent level of annual maintenance CapEx. We will adjust out about half of the expected 2023 CapEx as onetime growth investments. As far as pacing, we expect a heavy skew to the second and third quarters as we prepare for the fourth quarter program expansion launches.

Last, we do not expect to be a cash federal taxpayer in fiscal 2023 as we continue to utilize accumulated net operating loss carryforwards. Please be sure to review our press release, financial supplement and investor presentation, which have all been updated for the most current details about our actual results and our guidance.

Reiterating Jerome's comments with our fiscal 2023 plan, we should carry tremendous momentum heading into 2024 and beyond. Our confidence in this plan, along with the timely execution of the Concorde acquisition, allows us to pull forward the timing of our previously provided longer-term outlook. As such, with our currently announced and in-flight initiatives, we now expect to deliver in excess of $700 million of revenue and adjusted EBITDA approaching $100 million in fiscal 2024, with additional revenue and adjusted EBITDA growth in 2025 in subsequent years, both from our existing business and initiatives and potential future growth opportunities.

We continue to make significant progress as we execute on our growth and diversification strategy and are building for the future of UTI. We believe we have set ourselves up well to drive shareholder value in 2023 and beyond. With that, I want to thank the UTI 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 summarize, we're pleased with our performance this past year. Not only did we deliver against our stated financial goals for the year in an environment that became increasingly more challenging as the year progressed. But importantly, we demonstrated the flexibility we've built into our business as we proactively responded to shifting landscape across the specific student channels, addressing the needs of our constituents as they look to further their career goals through our programs.

As we enter our 2023 fiscal year and expand our set of workforce solutions offerings to the health care field with the addition of Concorde, it's worth noting how far we've come in just a few short years, comparing our fiscal 2023 guidance to 2020, we will have more than doubled revenue and more than tripled adjusted EBITDA while also strengthening our balance sheet. We are a significantly stronger and healthier company financially and have dramatically expanded the breadth of our program set and our geographic footprint, and as a result, the growth pathways in front of us.

Our business strategy is long-term focused as we don't manage to a specific economic forecast or outlook nor which political party is in favor of power. With that said, it certainly has been the case in prior periods of economic uncertainty and rising unemployment that our business has benefited as workers look to our offerings as an opportunity to upgrade their skills and position themselves for long-term stable careers, and we're well positioned to support them.
I would now like to turn the call over to the operator for Q&A.

Question and Answer

Operator

[Operator Instructions] Today's first question comes from Eric Martinuzzi with Lake Street.

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Yes. First to comment and then we'll get into my questions, really, you guys have had a terrific fiscal year just getting the new campuses up and running, but I also wanted to congratulate you on the completion of the Concorde acquisition.

So getting into the questions, I wanted to just get your take on the macro demand versus kind of 90 days ago or less when you reported Q3, the unemployment figures don't seem to have changed too much, but just wanted to know what's it like from the ground level view?

Jerome A. Grant
CEO & Director

Sure. It's Jerome here. So as we said in our comments, we've started to see improvement in the adult channel. What I mean by starting to see improvement is that we watch, as we've mentioned in our previously quarter results, both conversion rates of leads, which again, are still operating at a very high level. Our lead flow is very, very strong. Conversion of those leads into enrollments and then show rates of students. The number of students who go through the process of financial aid and housing and thinking about their jobs while they're in school, et cetera. And in October and November, we've seen improvement over last year's third and fourth quarter. Is it back to normal? No. But the gap is beginning to close, and that's a great sign that we're seeing.

We're starting to see some -- a little more unemployment in the 18- to 24-year-old range in unskilled labor jobs, the construction markets and things along those lines, and we're getting just a little bit more engagement than we saw last year. But I want to make sure I outlined. We're not saying it's back to normal. What we're saying is that compared to the third quarter -- third and fourth quarter of last year, we've seen improvement.

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

And then if I could just go a layer deeper on your outlook for new student starts. I understand we've got the -- there's a legacy business, and then there's the incremental students from Concorde, but we've also got kind of new students from the new campuses. What is it -- if we just kind of go back to same-store sales, if I strip out Concorde and if I strip out Austin and Miramar, what is the kind of the new student start implied in those campuses?

Troy R. Anderson
Executive VP & CFO

Yes, Eric, it's Troy. Our base assumption, as we've talked about in prior quarters is low to mid-single-digit growth out of the base and then growth initiatives additive to that. So that's our starting point for our fiscal '23 view for the same-store, if you will. And the -- of course, a little bit of a shift, as Jerome was just talking about with adult, we're not counting on growth from adult in '23. In fact, we're planning a modest decline relative to a pretty strong double-digit decline last year in '22, really that growth coming primarily out of high school and military. And with that, then, a skew toward later in the year given the timing of ramping those admissions resources as well as just when those students would start their programs.

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Got you. And then what's the -- last question for me. The current thinking on tuition, you're obviously seeing greater inflationary pressures on your cost side. What's the thinking on tuition increase?

Troy R. Anderson
Executive VP & CFO

Well, we build our model around a fairly consistent low single-digit annual increase. We did shift our timing a little bit this year. Historically, it would be in February or March we did pull it forward to January 1, and we're contemplating some further timing shift as we get into fiscal '24 to do a little bit of catch-up, if you will, given the cost escalations we've seen in various areas.

Operator

And our next question today comes from Steven Frankel of Rosenblatt.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Congratulations again on Concorde in the smooth close. Given this shift in dynamic towards high school, could you just remind us what the adult high school military mix was in FY '22 and what that looks like in '23 for UTI?

Troy R. Anderson
Executive VP & CFO

Sure. Thanks for the question, Steve. I actually have that. It's -- we've got '22 ended up being -- overall, so all in, including MIAT, it was about 42% adult, 44% high school or about 14% military, MIAT is more skewed towards adults. So if you just look at UTI, it's more like 40%, 45% and 15% for '22.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

And then how is that likely to look in '23? How big is that we are talking about?

Troy R. Anderson
Executive VP & CFO

Yes, so you shift to -- yes, you probably shift about 2 points toward high school and out of adult 1 to 2 points.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Okay. And then in terms of Concorde, obviously, you've got some investments and synergies that are going to be pushed out. But in terms of what's going on, on the ground, does their business look incrementally stronger or incrementally weaker than 6 months ago?

Troy R. Anderson
Executive VP & CFO

I would say it's relatively -- they had a little bit of a waiver, maybe early in the calendar year this year, but then they've done pretty well the last few quarters. They had good growth in their business in the trailing 12-month period through 9/30, both in revenue and starts and we feel good about some growth there as well. They've had some program expansions that they've been working on the past 2 years. So a few programs, dental hygiene in particular, that are ramping and fill very nicely. So, no, we feel pretty good. And it's a different market, adult female and primarily local, in fact, almost all local. So it's a really different dynamic than the UTI business.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

I think the diversification is great. And then from a regulatory standpoint, are there any programs or campuses on the Concorde side where there's some concern in terms of where they are relative to where they need to be?

Troy R. Anderson
Executive VP & CFO

They have 1 or 2 campuses where their 90-10 ratio, and again, that's measured at the OPEID level, the Concorde operates with 12 OPEID. So there's a few of them that have multiple campuses, but many of them have a single campus. And they had a few that are in the mid- to upper 80s on the 90-10, but this program expansion, I mentioned contributes nicely to bringing that down and they have some other strategies where we'll see some improvements in those ratios. But so no concerns. It's some things that are being managed, but no concern.

Operator

Our next question today comes from Rajiv Sharma with B. Riley.

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

I wanted to understand the guidance -- the adjusted EBITDA guidance for '23. So the core UTI business, there are margin pressures and I just wanted to understand if you could provide more color on -- you're getting those margin pressures because the adjusted EBITDA guide is kind of flat to less than '22. But then how do you -- how do those pressures revert and help you get back to getting to your $700 million or $100 million EBITDA a year earlier?

Troy R. Anderson
Executive VP & CFO

Sure. Yes. Thanks, Raj. This is Troy. The -- well, as we mentioned, so at an overall, call it, 3% growth rate in '22 with really all of that being driven by the addition of MIAT and then the new campuses new welding program. So same-store, we were down measurably, again, driven heavily by adult but still down, nonetheless. And with the leverage that we get on the upside on our margin, we unfortunately had the reverse that happens as well. So we start the year and we have some bridges in our investor materials that happy to spend some time looking at with you as well. But we see the opposite on the way down. We had a very, very strong Q1 of '22 because of that same effect, we had very strong student growth in '21. The costs had not yet caught up with all the student inflows. And so we had $20 million in adjusted EBITDA in Q1 of last year, which was, frankly, a bit of a windfall.

So as we move through the year, though, we also have the new campuses ramping Miramar, just had its first class in August of last year. So that will be operating at a loss for the first half of the year. We have the program expansions that will be in the fourth quarter. We'll have the pre-marketing costs and we'll adjust out some of the start-up costs. So there's just a number of factors in the first part of the year that will weigh us down on the UTI business and then reverse as we get into the fourth quarter and into '24, which, to the latter part of your question is then the momentum that we carry into '24 with both the base business as well as with the growth initiatives in the full year of Concorde, which give us confidence in the $700 million and approaching $100 million in 24 million.

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

Great. Thanks for that clarification. And then just one other question on your draw of $90 million on the revolver. Can you talk about how much of that is working capital sort of how do we think about working capital needs for the year in the first half, some more color on that and then how much is it being used for corporate purposes entirely?

Troy R. Anderson
Executive VP & CFO

Sure. Yes. We wanted to make sure we had a stronger balance sheet as we could going into the closing. There's various activities that occur around the closing that we just wanted to make sure we had ample liquidity. We have no concerns about working capital. We have -- we will be carrying excess cash probably through most of the year. So as we mentioned in our prepared remarks, we'll continue now looking at the next leg of our growth and diversification strategy, both organic and inorganic opportunities. I don't know that anything incremental would be delivered in '23 necessarily, but certainly, we'll be doing planning and looking at those next opportunities and where to deploy capital, which we have plenty at.

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

Right. And Concorde too came in with a cash balance, correct?

Troy R. Anderson
Executive VP & CFO

Correct. They had a very strong cash balance as well. And of course, there was a working capital element to the closing settlement and all that came relatively aligned to our expectations.

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

And just lastly on Concorde, what growth -- what are the growth expectations for '23? I know they ended the year with $200 million and $17 million in EBITDA, any sort of indication on how Concorde is expected to do?

Troy R. Anderson
Executive VP & CFO

Well, again, it will be a partial year. So it would be hard to compare. And unfortunately, as I mentioned in my comments, December as with UTI business is a weaker month. But I would say overall, if we were looking at more of a pro forma view of '23, a few points of growth, maybe 5% growth top line and a little bit more on EBITDA as they -- again, with growth, you get leverage on fixed costs and SG&A and the like. So you get a little bit of an enhanced effect from a profitability perspective and starts as well some good growth there, mid- to upper single digits.

Operator

Ladies and gentlemen, this concludes your question-and-answer session. I'd like to turn the conference back over to the management team for the final remarks.

Jerome A. Grant
CEO & Director

Thank you very much. Well, this concludes our session for today. I want to wish you all very happy holidays, and thank you for joining us. We'll talk to you in a few months. Thank you. Bye-bye.

Operator
Thank you, sir. This concludes today's conference call. We thank you all for attending today's presentation. You may now disconnect your lines, and have a wonderful day.