



# Investor Presentation

November 29, 2018

# 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.



# Nation's leading provider of skilled transportation technicians

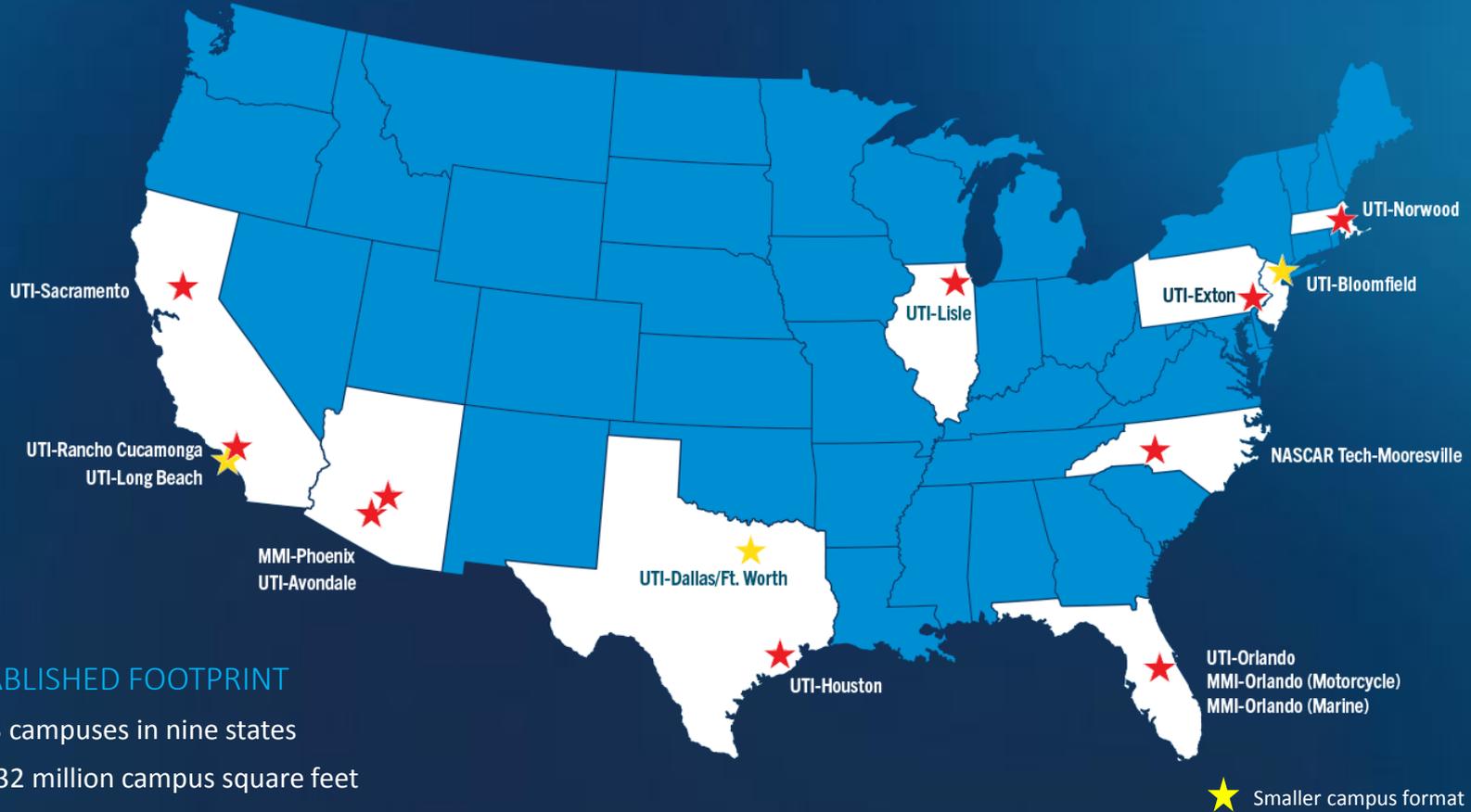
- 53 years of training technicians
- 200,000+ graduates
- 30+ leading manufacturer partners
  - BMW, Cummins, Ford, Harley-Davidson
- 84% graduate employment rate<sup>1</sup>
- \$317.0 million in revenue in fiscal 2018
- \$58.1 million in cash & equivalents<sup>2</sup>
- NYSE: UTI



<sup>1</sup>UTI employment rate for 2017 graduates who were employed within one year of graduation was 84%. See UTI's 10-K for additional information. For 2017, we had approximately 8,539 total graduates, of which approximately 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%.

<sup>2</sup>September 30, 2018

# 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, New Jersey campus

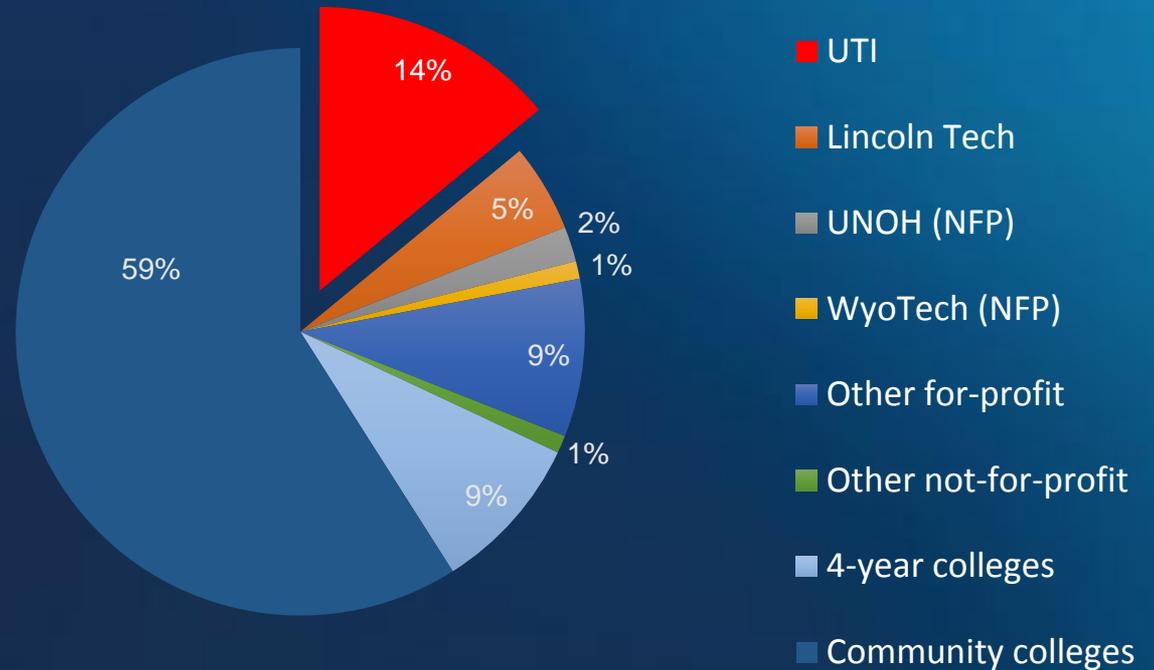
# State-of-the-industry vehicles and technology



Long Beach, California campus

# More market share than our three closest competitors combined

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



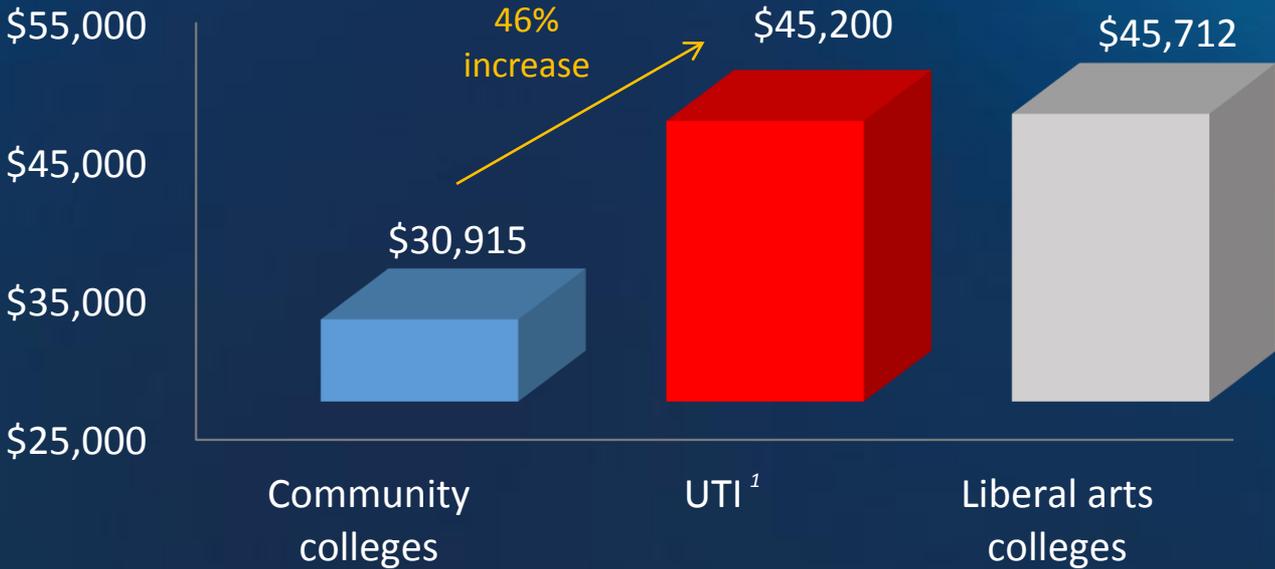
# Partnerships with the world's leading manufacturers



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 for additional information. For 2017, we had approximately 8,539 total graduates, of which approximately 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. <sup>1</sup> UTI of Arizona OPEID.

# Demand for auto/diesel technicians far exceeds supply



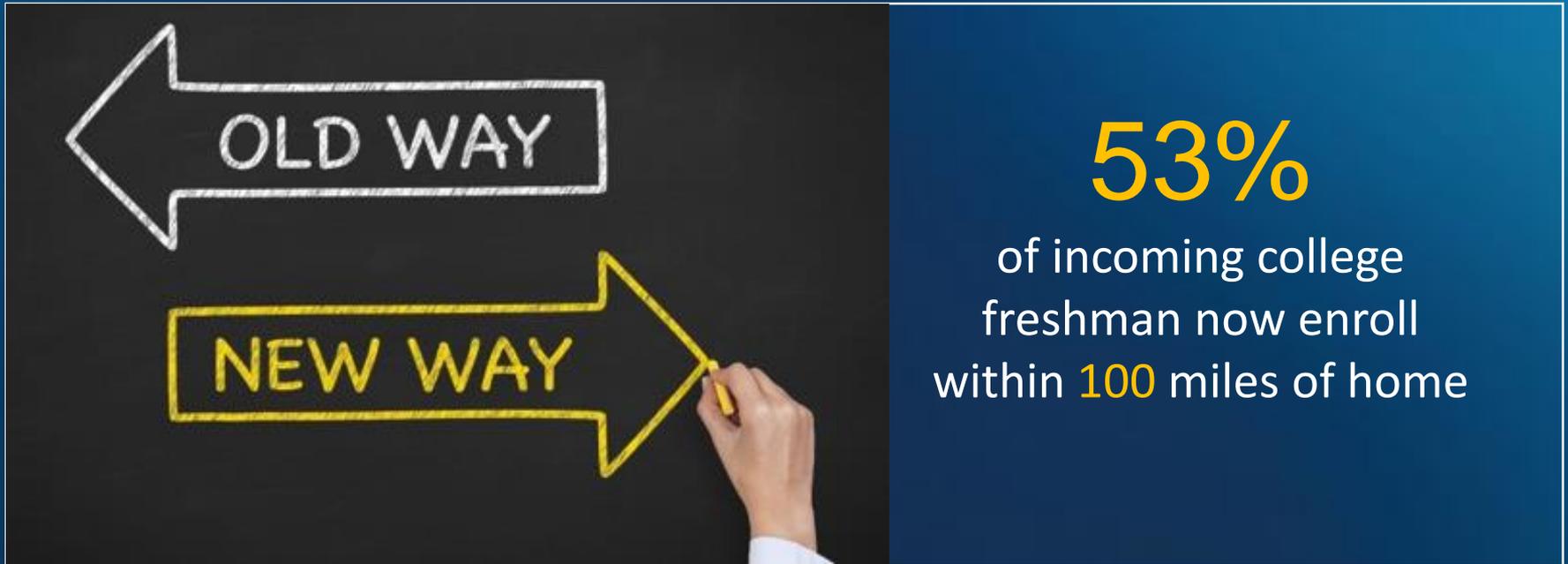
100,000

new auto/diesel  
technicians  
needed  
every year  
through 2026

50,000

total auto/diesel  
graduates  
in 2017

# Adapting to changing student expectations



**53%**

of incoming college  
freshman now enroll  
within **100** miles of home

# Transitioning from destination to commuter campus model

DALLAS 2010



LONG BEACH 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, New Jersey

- Capital investment of \$9.2m <sup>(a)</sup>
- ~\$6m of EBITDA loss in year 1
- Accretive to earnings in 18 months
- Cash flow break even by year 4
- 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		✓	FY17
MOORESVILLE, NC	CNC FY17		
EXTON, PA		✓	
HOUSTON, TX	✓	FY18	

✓ = Current initiative; relevant dates not yet finalized

# Adding new, differentiated program offerings

## WELDING



- High demand for technicians
- 36-wk program in Rancho Cucamonga, CA & Avondale, AZ
- Intend to expand to Dallas, TX in Q2 2019

## 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

# 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

**9%**

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

**40%**

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

# Focusing on growth and efficiency

Demand for skilled technicians remains at historic highs, but the habits and preferences of our prospective students have fundamentally changed.

- Reinventing our go-to-market strategy and the customer experience to expand our reach and the way we engage with prospective students
- Adapting our footprint and educational experience to speak to a new generation of future technicians
- Opening new campuses closer to where our students live and adding new programs that create more choices and career pathways
- Streamlining our cost structure to drive efficiencies and support agility with a “student first” mindset

# Stabilizing the business and investing for growth

2016 – recapitalized our business to enable our future growth strategy

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, New Jersey campus which contributed to 8.5% increase in the total number of students who started school in the fourth quarter compared to the prior year fourth quarter
- rationalized our real estate footprint and costs to support more profitable operations and better serve our students

# Q4 performance reflects investment in growth initiatives

(\$ in millions, except for student data and EPS)	3 Months Ended				
	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17
New student starts Y/Y growth/(decline)	6,022 8.5%	1,548 (12.7)%	1,819 (2.7)%	1,316 (4.6)%	5,550 (1.4)%
Average enrollment Y/Y growth/(decline)	10,496 (2.1)%	9,484 (5.1)%	10,394 (4.4)%	11,261 (6.0)%	10,725 (8.0)%
Revenues Y/Y growth/(decline)	\$80.3 (1.2)%	\$74.9 (1.8)%	\$80.7 (2.2)%	\$81.2 (3.6)%	\$81.3 (6.4)%
Loss from operations Margin	\$(11.1) (13.8)%	\$(11.8) (15.8)%	\$(8.8) (10.9)%	\$(3.6) (4.5)%	\$(1.1) (1.4)%
Revenue per student	\$7,600	\$7,900	\$7,800	\$7,200	\$7,600
EBITDA <sup>1</sup>	(\$6.4)	(\$7.2)	(\$4.0)	\$0.8	\$3.9
Diluted EPS	\$(0.49)	\$(0.52)	\$(0.40)	\$(0.10)	\$(0.08)
Cash, cash equivalents & investments	\$58.1	\$56.2	\$82.9	\$93.3	\$97.9

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

# 2019 financial outlook

- We expect new student starts to grow in the mid to high single digits
- Average population: grow in the low single digits
- Revenue: \$322 – \$332 million
- Operating expenses: \$337 – \$347 million
- Operating loss: \$10 – \$15 million
- Positive EBITDA: \$5 – \$11 million
- Cash: \$53 million – \$61 million
- We expect to be free cash flow positive in fiscal 2019



# 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 balance sheet  
Investing in strengths to drive growth  
Well-positioned and optimized for counter cycle



# Management team – more than 150 combined years of education experience

Kim McWaters, Pres.& CEO



Business strategy, operations, marketing and admissions

Scott Yessner, Interim CFO



Financial services, strategy, re-engineering, corp. development, accounting, compliance

Jerome Grant, EVP & COO



Digital learning technology, product development, business development, sales

Piper Jameson, EVP & CMO



Education industry, marketing and admissions

Sherrell Smith, EVP Campus Operations & Services



Campus operations including education and admissions

Chad Freed, EVP & General Counsel



Governance, regulatory/SEC compliance, corp. development, mergers & acquisitions

Eric Severson, SVP Admissions



Strategy, consumer data, admissions, sales force leadership

Rhonda Turner, SVP People Services



Human capital management

# 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.



**Kimberly McWaters**

President and Chief Executive  
Officer, Universal Technical  
Institute



**David Blaszkiewicz**

President and Chief  
Executive Officer,  
Invest Detroit



**Conrad A. Conrad**

Former Executive Vice  
President and Chief  
Financial Officer, The  
Dial Corporation



**William J. Lennox, Jr.**

Former Superintendent of  
the United States Military  
Academy at West Point;  
President, Saint Leo  
University



**Roderick Paige**

Former U.S.  
Secretary of  
Education; Interim  
President, Jackson  
State University



**Roger S. Penske**

Chairman, Penske  
Automotive Group,  
Inc.



**Chris Shackelton**

Managing Partner,  
Coliseum Capital  
Management



**Linda J. Sreere**

Former President,  
Young and Rubicam  
Advertising



**Kenneth R. Trammell**

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



5,100+ graduates  
since 1995



25,800+ graduates  
since 2000



500+  
graduates  
since 2013



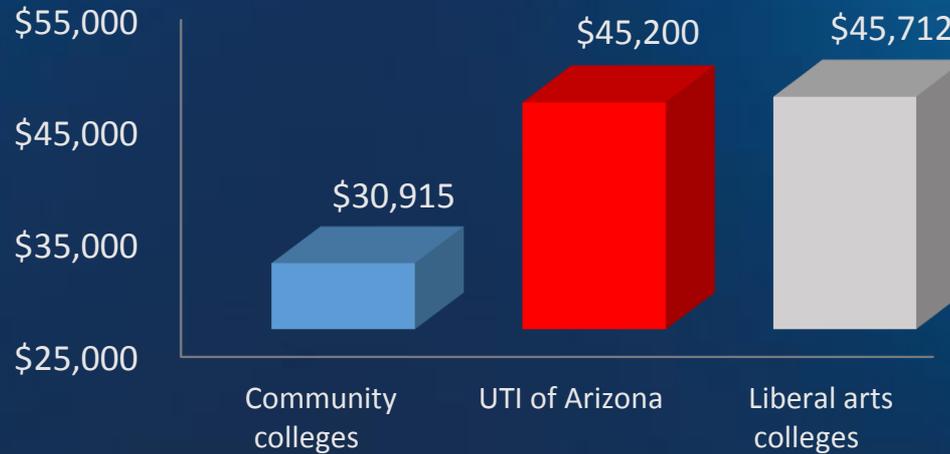
18,300+ graduates  
since 1987



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



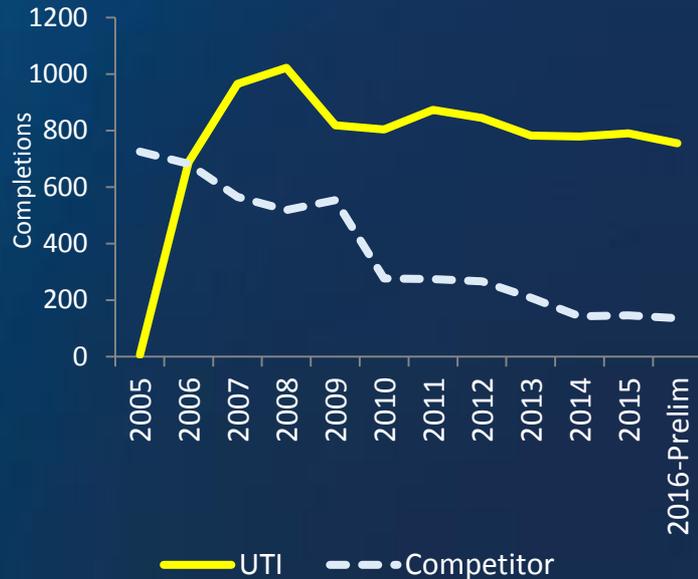
Data for the different institutions was gathered by averaging the 10-year median earnings figures provided on the College Scorecard for schools in the following categories:

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<sup>(a)</sup>



DALLAS/FORT WORTH MARKET ENTRY<sup>(b)</sup>



(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 (\$mm) <sup>(a)</sup>	FY15A	FY16A	FY17A	FY18A	FY19P
Revenue	\$0.7	\$12.2	\$18.3	\$20.9	\$21.1
EBITDA contribution <sup>(b)</sup>	(3.6)	2.9	9.0	11.7	12.0
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)
<b>Pre-tax cash flow</b>	<b>\$(19.6)</b>	<b>\$1.3</b>	<b>\$7.2</b>	<b>\$10.3</b>	<b>\$10.7</b>
<b>Perpetuity IRR</b>	<b>35%+</b>				

- ~\$16m capital investment and ~\$4m EBITDA loss in year 1 <sup>(c)</sup>
- 142k sq. ft. facility; rent ~\$15/ft. NNN
- Accretive to earnings in 18 months; cumulative cash flow breakeven by year 4
- Average student count assumed to scale to ~650 by FY19

(a) Representative cash flows from Long Beach campus exclude allocated corporate and marketing costs and working capital considerations

(b) Excludes Rancho Cucamonga cannibalization impact which is mitigated through wedding 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 (\$mm) <sup>(a)</sup>	FY18A	FY19P	FY20P	FY21P	FY22P
Revenue	\$0.6	\$11.5	\$17.8	\$19.2	\$19.7
EBITDA contribution <sup>(b)</sup>	(4.9)	3.1	8.8	9.5	9.6
Capital expenditures <sup>(c)</sup>	(9.2)	(0.4)	(0.1)	(0.2)	(0.2)
<b>Pre-tax cash flow</b>	<b>\$(19.3)</b>	<b>\$2.7</b>	<b>\$8.7</b>	<b>\$9.3</b>	<b>\$9.4</b>
<b>Perpetuity IRR</b>	<b>35%+</b>				

- ~\$9.2m capital investment and ~\$5m of EBITDA loss in year 1 <sup>(c)</sup>
- 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 campus exclude 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 Welding program cash flows

Welding pro-forma cash flows (\$mm) <sup>(a)</sup>	FY17A	FY18A	FY19P	FY20P	FY21P
Revenue	\$0.0	\$1.2	\$2.7	\$2.6	\$2.9
EBITDA contribution <sup>(b)</sup>	(0.1)	0.5	1.8	1.7	1.9
Capital expenditures <sup>(c)</sup>	(0.4)	1.1	0.0	0.0	0.0
<b>Pre-tax cash flow</b>	<b>\$(0.5)</b>	<b>\$1.6</b>	<b>\$1.8</b>	<b>\$1.8</b>	<b>\$1.9</b>
<b>Perpetuity IRR</b>	<b>80%+</b>				

- 1<sup>st</sup> program opened at Rancho Cucamonga campus in FY17Q4; first class graduated 2/1/18
- 2<sup>nd</sup> program opened at Avondale campus in 1/18/18
- 3<sup>rd</sup> program intended to open at DFW in FY19Q2; pursuing regulatory approvals

(a) Representative pro-forma cash flows for UTI's Welding program launched at the Avondale campus in January 2018

(b) EBITDA contribution includes targeted marketing investments and support related to the Avondale Welding, but excludes allocated corporate overhead and working capital considerations

(c) Includes capitalized curriculum development

# Statement of loss

(\$ in thousands, except per share amounts)

	3 Mos. 9/30/18	3 Mos. 6/30/18	3 Mos. 3/31/18	3 Mos. 12/31/17	3 Mos. 9/30/17
Revenues	\$ 80,256	\$ 74,890	\$ 80,663	\$ 81,156	\$ 81,329
Operating expenses:					
Educational services & facilities	47,954	44,737	45,817	44,081	44,919
Selling, general & administrative	<u>43,353</u>	<u>41,953</u>	<u>43,666</u>	<u>40,679</u>	<u>37,524</u>
Total operating expenses	<u>91,307</u>	<u>86,690</u>	<u>89,483</u>	<u>84,760</u>	<u>82,443</u>
Loss from operations	(11,051)	(11,800)	(8,820)	(3,604)	(1,114)
Total other income (expense), net	59	(71)	(50)	(360)	32
Income tax expense (benefit)	<u>9</u>	<u>(158)</u>	<u>(37)</u>	<u>(2,829)</u>	<u>(325)</u>
Net loss	<u>\$ (11,001)</u>	<u>\$ (11,713)</u>	<u>\$ (8,833)</u>	<u>\$ (1,135)</u>	<u>\$ (757)</u>
Preferred stock dividends	<u>1,323</u>	<u>1,309</u>	<u>1,295</u>	<u>1,323</u>	<u>1,323</u>
Loss available for distribution	<u>\$ (12,324)</u>	<u>\$ (13,022)</u>	<u>\$ (10,128)</u>	<u>\$ (2,458)</u>	<u>\$ (2,080)</u>
Net loss per share, basic & diluted	<u>\$ (0.49)</u>	<u>\$ (0.52)</u>	<u>\$ (0.40)</u>	<u>\$ (0.10)</u>	<u>\$ (0.08)</u>
<b>EBITDA<sup>(1)</sup></b>	<u>\$ (6,361)</u>	<u>\$ (7,205)</u>	<u>\$ (4,015)</u>	<u>\$ 843</u>	<u>\$ 3,850</u>

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

# Balance sheet summary

(\$ in thousands)

	At:	9/30/18	9/30/17
Cash & cash equivalents/investments		\$58,104	\$97,917
Restricted cash*		14,055	14,822
Current assets		116,795	146,826
Total assets		\$282,278	\$274,102
Current liabilities		92,462	86,389
Total liabilities		155,633	148,326
Stockholders' equity		126,645	125,776
Total liabilities & stockholders' equity		\$282,278	\$274,102

- 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 also utilizes EBITDA and free cash flows as performance measures internally. To obtain a complete understanding of the company's performance, these measures should be examined in connection with net income (loss) and net cash provided by (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 income (loss) or net cash provided by (used in) operating activities as a measure of the company's operating performance or profitability. 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 slide.

Information reconciling forward-looking EBITDA and 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 EBITDA or 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, such as the provision for (benefit from) income taxes. Preparation of such reconciliation would require a forward-looking statement of income 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. 9/30/18	3 Mos. 6/30/18	3 Mos. 3/31/18	3 Mos. 12/31/17	3 Mos. 9/30/17
Net loss	\$ (11,001)	\$ (11,713)	\$ (8,833)	\$ (1,135)	\$ (757)
Interest expense, net	480	474	500	431	461
Income tax expense (benefit)	9	(158)	(37)	(2,829)	(325)
Depreciation and amortization	<u>4,151</u>	<u>4,192</u>	<u>4,355</u>	<u>4,376</u>	<u>4,471</u>
<b>EBITDA</b>	<b>\$ <u>(6,361)</u></b>	<b>\$ <u>(7,205)</u></b>	<b>\$ <u>(4,015)</u></b>	<b>\$ <u>843</u></b>	<b>\$ <u>3,850</u></b>