



Universal Technical Institute Fiscal 2020 Financial Supplement

November 18, 2020



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to the safe harbor created by such Act. These statements are based on our management's current beliefs, expectations and assumptions about future events, conditions and results and on information currently available to us. Discussions containing these forward-looking statements may be found, among other places, in the Sections entitled "Business Overview," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference from our most recent Annual Report on Form 10-K, in our subsequent Quarterly Reports on Form 10-Q and certain of our current reports on Form 8-K, as well as any amendments thereto, filed with the SEC. This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

In addition, statements that refer to projections of earnings, revenue, costs or other financial items in future periods; anticipated growth and trends in our business or key markets; cost synergies, growth opportunities and other potential financial and operating benefits; future growth and revenues; future economic conditions and performance; anticipated performance of curriculum; plans, objectives and strategies for future operations; and other characterizations of future events or circumstances, and all other statements that are not statements of historical fact are forward-looking statements within the meaning of the Securities Act and the Exchange Act. Such statements are based on currently available operating, financial and competitive information and are subject to various risks, uncertainties and assumptions that could cause actual results to differ materially from those anticipated or implied in our forward-looking statements due to a number of factors, including, but not limited to, those set forth under the section entitled "Risk Factors" in our filings with the SEC. Factors that might cause such a difference include, but are not limited to macro economic impacts related to the COVID-19 pandemic, changes to federal and state educational funding, changes to regulations or agency interpretation of such regulations affecting the for-profit education industry, possible failure or inability to obtain regulatory consents and certifications for new or modified campuses or instruction, potential increased competition, changes in demand for the programs offered by UTI, increased investment in management and capital resources, the effectiveness of the recruiting, advertising and promotional efforts, changes to interest rates and unemployment, general economic conditions of the company, the adoption of new accounting standards including the new lease accounting guidance. Given these risks, uncertainties and other factors, many of which are beyond our control, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to revise any forward-looking statements, even if new information becomes available in the future.

Q4 and FY20 Results Show Timing Impacts of COVID-19



\$ Millions	3 Mos. 9/30/20	3 Mos. 9/30/19	YoY Change	12 Mos. 9/30/20	12 Mos. 9/30/19	YoY Change
Student start growth (excluding Norwood, MA)	5,772	6,437	(10.3)%	11,283	11,562	(2.4)%
Average population	11,251	10,933	2.9%	10,462	10,674	(2.0)%
Revenue	\$76.3	\$87.7	(12.9)%	\$300.8	\$331.5	(9.3)%
Operating expense	\$70.2	\$82.2	(14.7)%	\$304.6	\$339.3	(10.2)%
Operating income (loss)	\$6.2	\$5.4	\$0.8	\$(3.9)	\$(7.8)	\$3.9
Adjusted operating income (loss) ⁽¹⁾	\$6.3	\$5.8	\$0.5	\$0.9	\$(1.7)	\$2.6
Net income (loss)	\$6.5	\$5.5	\$1.0	\$8.0 ⁽²⁾	\$(7.9)	\$15.9
Adjusted EBITDA ⁽¹⁾	\$9.7	\$10.4	\$(0.7)	\$14.0	\$17.0	\$(3.0)
Operating cash flow	\$21.1	\$28.9	\$(7.8)	\$11.0	\$21.7	\$(10.7)
Adjusted free cash flow ⁽¹⁾	\$20.5	\$28.0	\$(7.5)	\$4.3	\$20.7	\$(16.4)
Capital expenditures	\$2.1	\$1.2	\$0.9	\$9.3	\$6.5	\$2.8

Note: See Item 7. Management Discussion and Analysis within the Form 10-K for the year ended September 30, 2020, which is expected to be filed early December 2020, for more information regarding fiscal 2020 full year results and impacts related to COVID-19.

¹ For a detailed reconciliation of Non-GAAP measures, see the Appendix

² Includes \$10.8M Q2FY20 Income Tax Benefit due to CARES Act

Statements of Operations Trend



	12 Mos. 9/30/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18
Revenues	\$300,761	\$76,327	\$54,483	\$82,717	\$87,234	\$331,504	\$87,666	\$79,042	\$81,746	\$83,050
Operating expenses:										
Educational services	155,932	37,671	32,476	42,909	42,876	178,317	43,924	42,836	45,822	45,735
SG&A	148,700	<u>32,530</u>	<u>35,786</u>	<u>40,307</u>	<u>40,104</u>	160,989	<u>38,304</u>	<u>36,661</u>	<u>41,504</u>	<u>44,520</u>
Total operating expenses	304,632	<u>70,174</u>	<u>68,262</u>	<u>83,216</u>	<u>82,980</u>	339,306	<u>82,228</u>	<u>79,497</u>	<u>87,326</u>	<u>90,255</u>
Income (loss) from ops.	(3,871)	6,153	(13,779)	(499)	4,254	(7,802)	5,438	(455)	(5,580)	(7,205)
Total other income (expense), net	1,277	394	532	(163)	514	137	(11)	121	406	(379)
Income tax expense (benefit)	(10,602)	<u>97</u>	<u>21</u>	<u>(10,804)</u>	<u>84</u>	203	<u>(50)</u>	<u>31</u>	<u>89</u>	<u>133</u>
Net Income (loss)	\$8,008	<u>\$6,450</u>	<u>\$(13,268)</u>	<u>\$10,142</u>	<u>\$4,684</u>	\$(7,868)	<u>\$5,477</u>	<u>\$(365)</u>	<u>\$(5,263)</u>	<u>\$(7,717)</u>
Preferred stock dividends	5,264	<u>1,323</u>	<u>1,309</u>	<u>1,309</u>	<u>1,323</u>	5,250	<u>1,323</u>	<u>1,309</u>	<u>1,295</u>	<u>1,323</u>
Income (loss) available for distribution	\$2,744	<u>\$5,127</u>	<u>\$(14,577)</u>	<u>\$8,833</u>	<u>\$3,361</u>	\$(13,118)	<u>\$4,154</u>	<u>\$(1,674)</u>	<u>\$(6,558)</u>	<u>\$(9,040)</u>
Earnings (loss) per share, diluted	\$0.05	<u>\$0.09</u>	<u>\$(0.45)</u>	<u>\$0.18</u>	<u>\$0.07</u>	\$(0.52)	<u>\$0.09</u>	<u>\$(0.07)</u>	<u>\$(0.26)</u>	<u>\$(0.36)</u>
EBITDA ⁽¹⁾	9,414	<u>9,620</u>	<u>\$(10,204)</u>	<u>\$2,224</u>	<u>\$7,774</u>	\$11,355	<u>\$10,153</u>	<u>\$4,436</u>	<u>\$(319)</u>	<u>\$(2,915)</u>

Note: See Item 7. Management Discussion and Analysis within the Form 10-K for the year ended September 30, 2020, which is expected to be filed early December 2020, for more information regarding fiscal 2020 full year results and impacts related to COVID-19.

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

Results of Operations – Percent of Revenue Trend



	12 Mos. 9/30/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19	12Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses:										
Educational services	51.9%	49.4%	59.6%	51.9%	49.2%	53.8%	50.1%	54.2%	56.1%	55.1%
SG&A	49.4%	42.6%	65.7%	48.7%	46.0%	48.6%	43.7%	46.4%	50.8%	53.6%
Total operating expenses	101.3%	91.9%	125.3%	100.6%	95.1%	102.4%	93.8%	100.6%	106.8%	108.7%
Loss (income) from ops	(1.3)%	8.1%	(25.3)%	(0.6)%	4.9%	(2.4)%	6.2%	(0.6)%	(6.8)%	(8.7)%
Total other income (expense), net	0.4%	0.5%	1.0%	(0.2)%	0.6%	0.1%	0.0%	0.2%	0.5%	(0.5)%
Income tax (benefit) expense	(3.5)%	0.1%	0.0%	13.1%	(0.1)%	0.1%	(0.1)%	0.0%	(0.1)%	0.2%
Net Income (loss)	2.6%	8.5%	(24.4)%	12.3%	5.4%	(2.4)%	6.2%	(0.5)%	(6.4)%	(9.3)%
Preferred stock dividends	1.8%	1.7%	2.4%	1.6%	1.5%	1.6%	1.5%	1.7%	1.6%	1.6%
Income (loss) available for distribution	0.8%	6.7%	(26.8)%	10.7%	3.9%	(4.0)%	4.7%	(2.1)%	(8.0)%	(10.9)%

Note: See Item 7. Management Discussion and Analysis within the Form 10-K for the year ended September 30, 2020, which is expected to be filed early December 2020, for more information regarding fiscal 2020 full year results and impacts related to COVID-19.

Results of Operations – Education Services and SG&A



	3 Mos. 9/30/20	% of Revenue	3 Mos. 9/30/19	% of Revenue	12 Mos. 9/30/20	% of Revenue	12 Mos. 9/30/19	% of Revenue
EDUCATIONAL SERVICES AND FACILITIES EXPENSES:								
Compensation and related costs	\$ 20,611	27.0%	\$ 22,735	25.9%	\$ 84,514	28.1%	\$ 94,717	28.6%
Depreciation and amortization expense	3,100	4.1%	4,198	4.8%	12,187	4.1%	15,811	4.8%
Occupancy Costs	9,068	11.9%	9,273	10.6%	37,742	12.5%	35,783	10.8%
Other educational services and facilities expense	(6,132)	-8.0%	2,209	2.5%	(2,099)	-0.7%	11,560	3.5%
Contract service expense	678	0.9%	722	0.8%	2,801	0.9%	3,501	1.1%
Student expense	1,207	1.6%	834	1.0%	3,186	1.1%	2,626	0.8%
Taxes and licensing expense	367	0.5%	713	0.8%	2,319	0.8%	3,479	1.0%
Supplies and maintenance expense	8,772	11.5%	3,240	3.7%	15,282	5.1%	10,840	3.3%
Total	\$ 37,671	49.4%	\$ 43,924	50.1%	\$ 155,932	51.8%	\$ 178,317	53.8%
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:								
Compensation and related costs	17,033	22.3%	20,897	23.8%	81,934	27.2%	84,115	25.4%
Advertising costs	9,645	12.6%	9,748	11.1%	39,707	13.2%	41,163	12.4%
Contract service expense	1,137	1.5%	1,039	1.2%	17,961	6.0%	21,140	6.4%
Depreciation and amortization expense	219	0.3%	369	0.4%	963	0.3%	1,480	0.4%
Professional services expense	863	1.1%	851	1.0%	3,828	1.3%	4,690	1.4%
Other selling general and administrative expense	3,606	4.7%	5,400	6.2%	17,961	6.0%	21,140	6.4%
Total	32,503	42.6%	38,304	43.7%	148,700	49.4%	160,989	48.6%
COMPENSATION AND RELATED COST SUMMARY:								
Salaries expense	31,946	58.6%	32,877	41.6%	128,732	57.4%	136,049	55.8%
Employee benefit and tax	5,288	9.7%	6,888	8.7%	23,450	10.4%	30,102	12.3%
Bonus expense	(158)	-0.3%	3,957	5.0%	12,139	5.4%	11,268	4.6%
Stock based compensation	567	1.0%	(91)	-0.1%	2,127	0.9%	1,440	0.6%
Total Compensation and related costs:	37,644	69.1%	43,632	55.2%	166,448	74.2%	178,859	73.4%

Note: See the "Educational services and facilities expenses" and "Selling, general and administrative expenses" sections of Item 7. Management Discussion and Analysis within the Form 10-K for the year ended September 30, 2020, which is expected to be filed early December 2020, for information regarding credits recorded for eligible expenses related to changes to the delivery of instruction due to the coronavirus.

Quarterly Trend – Key Metrics

(\$ in millions, except for student data)	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18	3 Mos. 9/30/18
Adjusted new student starts ¹	5,772	1,824	2,093	1,594	6,437	1,682	1,963	1,480	5,829
Y/Y growth/(decline)	1.1% ⁵	(24.2)% ⁵	6.6%	7.7%	10.4%	11.9%	11.0%	16.9%	9.0%
Average enrollment	11,251	9,068	10,246	11,600	10,933	9,884	10,576	11,225	10,496
Y/Y growth/(decline)	2.9%	(8.3)%	(3.1)%	3.3%	4.2%	4.2%	1.8%	(0.3)%	(2.1)%
Revenues	\$76.3	\$54.5	\$82.7	\$87.2	\$87.7	\$79.0	\$81.7	\$83.1	\$80.3
Y/Y growth/(decline)	(12.9)%	(31.1)%	1.2%	5.0%	9.2%	5.5%	1.3%	2.3%	(1.2)%
Income (loss) from operations	\$6.2	(\$13.8)	(\$0.5)	\$4.30	\$5.40	(\$0.5)	(\$5.6)	(\$7.2)	(\$11.1)
Margin	8.1%	(25.3)%	(0.1)%	4.9%	6.2%	(0.6)%	(6.9)%	(8.7)%	(13.8)%
Revenue per student	\$6,800	\$6,000	\$8,100	\$7,500	\$8,000	\$8,000	\$7,700	\$7,400	\$7,600
Adjusted EBITDA ²	\$9.7	(\$8.8)	\$3.1	\$10.1	\$10.4	\$4.5	\$0.8	\$1.4	(\$4.1)
Margin	12.7%	(16.2)%	3.8%	11.6%	11.9%	5.7%	1.0%	1.7%	(5.1)%
Net income (loss)	\$6.5	(\$13.3)	\$10.1 ⁽³⁾	\$4.70	\$5.5	(\$0.4)	(\$5.3)	(\$7.7)	(\$11.0)
Cash & Investments ³	\$114.9	\$91.5	\$118.1 ⁽⁴⁾	\$70.5	\$65.4	\$42.7	\$52.9	\$58.6	\$58.1

Reflects COVID-19 timing/other impacts

Seasonal cash consumption in Q2 and Q3

¹ New student starts exclude Norwood, MA campus which closed in July 2020.

² A reconciling table for Adjusted EBITDA is available in the Appendix of this presentation

³ Reflects \$10.8M Income Tax Benefit related to CARES Act

⁴ Includes \$49.5M of net proceeds from primary equity offering in February 2020

⁵ Adjusted for 725 student starts that occurred on July 1, 2019

Note: See Item 7. Management Discussion and Analysis within the Form 10-K for the year ended September 30, 2020, which is expected to be filed early December 2020, for more information regarding fiscal 2020 full year results and impacts related to COVID-19.

Quarterly Trend - New Student Starts By Channel



	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18	3 Mos. 9/30/18	3 Mos. 6/30/18
Total New Student Starts ¹	5,772	1,824	2,093	1,594	6,437	1,682	1,963	1,480	5,829	1,503
Y/Y growth/(decline)	1.1% ³	(24.2)% ³	6.6%	7.7%	10.4%	11.9%	11.0%	16.9%	9.0%	(13.0)%
High School New Student Starts ¹	4,136	637	614	456	4,629	482	563	387	4,137	401
Y/Y growth/(decline)	(0.7)% ³	(32.7)% ³	9.1%	17.8%	11.9%	20.2%	36.0%	33.0%	14.0%	(10.1)%
Adult New Student Starts ^{1,2}	1,156	666	983	754	1,307	791	934	708	1,231	706
Y/Y growth/(decline)	1.1% ³	(30.3)% ³	5.3%	6.5%	6.2%	12.0%	4.6%	13.6%	2.6%	(20.3)%
Military New Student Starts ^{1,2}	480	521	496	384	501	409	466	385	461	396
Y/Y growth/(decline)	18.8% ³	3.0% ³	6.4%	(0.3) %	8.7%	3.3%	1.1%	9.4%	(11.2) %	0.0%

¹ New student starts exclude Norwood, MA campus which closed in July 2020.

² Adult and Military new student starts have been restated due to changes in classification

³ Adjusted to be on a comparable basis due to 725 student starts that occurred on July 1, 2019; The comparable fiscal 2020 start occurred on June 29, 2020

Balance Sheet and Cash Flow Summary

At:	9/30/20	9/30/19
Cash & cash equivalents	\$ 76,803	\$ 65,442
Restricted cash*	12,116	15,113
Held-to-maturity investments	38,055	–
Current assets**	180,179	118,104
PP&E (net)**	72,743	104,126
Right of Use assets for operating leases**	144,663	–
Total assets	\$ 441,981	\$ 270,526
Operating lease liability – current**	23,666	–
Current liabilities**	121,640	96,844
Operating lease liability – LT**	134,089	–
Total liabilities**	265,459	156,238
Stockholders' equity**	176,522	114,288
Total liabilities & equity	\$ 441,981	\$ 270,526

	3 Mos. 9/30/20	12 Mos. 9/30/20	3 Mos. 9/30/19	12 Mos. 9/30/19
Net cash provided by (used in) operating activities	21,149	11,032	28,870	21,746
Purchase of property and equipment	(2,072)	(9,262)	(1,152)	(6,453)
Purchase of held-to-maturity securities, net	(6,588)	(38,389)	–	–
Net cash used in investing activities	(8,573)	(45,760)	(1,059)	(6,152)
Proceeds from equity offering	16	49,153	–	–
Net cash provided by/(used in) financing activities	(2,818)	43,092	(3,479)	(7,198)
Change in cash and restricted cash	9,758	8,364	24,332	8,396
Ending balance of cash and restricted cash	88,919	88,919	80,555	80,555

- *Restricted cash includes the funds transferred in advance of loan purchases under UTI's proprietary loan program, certain funds held for students from Title IV financial aid programs and funds held as collateral for certain of the surety bonds. Also includes undistributed portion of student emergency financial aid grant funds associated with CARES Act Higher Education Emergency Relief Funds.*

*** Impacted by implementation of ASC 842; see slide 31 for details`*

Use of Non-GAAP Financial Information

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

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

Adjusted Operating Income (Loss) Trend

(\$ in thousands)



	12 Mos. 9/30/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18
Income (loss) from operations, as reported	\$(3,871)	\$6,153	\$(13,779)	\$(499)	\$4,254	\$(7,802)	\$5,438	\$(455)	\$(5,580)	\$(7,205)
Non-recurring consulting fees for transformation initiative ⁽¹⁾	–	–	–	–	–	4,224	–	–	–	4,224
Severance expense due to CEO transition ⁽²⁾	1,531	–	–	–	1,531	–	–	–	–	–
Start-up costs associated with Bloomfield, NJ campus opening ⁽³⁾	–	–	–	–	–	–	–	–	–	–
Net restructuring charge for Norwood, MA campus exit ⁽⁴⁾	–	–	–	–	–	1,433	48	136	1,250	–
Norwood, MA campus operating loss ⁽⁴⁾	<u>3,272</u>	103	<u>1,430</u>	<u>983</u>	<u>756</u>	<u>419</u>	<u>266</u>	<u>27</u>	<u>81</u>	<u>45</u>
Adjusted income (loss) from operations, non-GAAP	\$ 932	\$ 6,256	\$ (12,349)	\$ 484	\$ 6,541	\$ (1,726)	\$ 5,752	\$ (292)	\$ (4,249)	\$ (2,936)

(1) In October 2018, we terminated our agreement with the consultant and paid a termination fee of \$3.95 million related to our transformation plan. The consulting services covered marketing, admissions, future student processing, retention and cost savings initiatives.

(2) On October 21, 2019, we announced the retirement of our President and Chief Executive Officer, Kimberly J. McWaters, effective October 31, 2019. During the three months ended December 31, 2019 we incurred a total charge of \$1.5 million, in accordance with Ms. McWaters' Retirement Agreement and Release of Claims, dated October 31, 2019.

(3) The Bloomfield, NJ campus opened in August 2018. The results for the quarter and the year ended 9/30/18 reflect preopening costs through the end of July 2018.

(4) Norwood, MA teach-out was completed July 31, 2020

EBITDA Reconciliation Trend

(\$ in thousands)



	12 Mos. 9/30/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18
Net income (loss), as reported	\$ 8,008	\$ 6,450	\$ (13,268)	\$ 10,142	\$4,684	\$(7,868)	\$5,477	\$(365)	\$(5,263)	\$(7,717)
Interest expense, net	(1,142)	(246)	(216)	(344)	(336)	1,729	458	444	416	411
Income tax expense (benefit)	(10,602)	97	21	(10,804)	84	203	(50)	31	89	133
Depreciation and amortization	<u>13,150</u>	<u>3,319</u>	<u>3,259</u>	<u>3,230</u>	<u>3,342</u>	<u>17,291</u>	<u>4,268</u>	<u>4,326</u>	<u>4,439</u>	<u>4,258</u>
EBITDA	\$ 9,414	\$ 9,620	\$ (10,204)	\$ 2,224	\$ 7,774	\$ 11,355	\$ 10,153	\$ 4,436	\$ (319)	\$ (2,915)

Adjusted EBITDA Reconciliation Trend

(\$ in thousands)



	12 Mos. 9/30/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18
EBITDA	\$ 9,414	\$ 9,620	\$ (10,204)	\$ 2,224	\$ 7,774	\$ 11,355	\$ 10,153	\$ 4,436	\$ (319)	\$ (2,915)
Non-recurring consulting fees for transformation initiative ⁽¹⁾	-	-	-	-	-	4,224	-	-	-	4,224
Severance Expense on Executives transition ⁽²⁾	1,531	-	-	-	1,531	-	-	-	-	-
Start-up costs associated with Bloomfield, NJ campus opening ⁽³⁾	-	-	-	-	-	-	-	-	-	-
Net restructuring charge for Norwood, MA campus exit ⁽⁴⁾	-	-	-	-	-	1,433	48	136	1,250	-
Norwood, MA Campus EBITDA ⁽⁴⁾	<u>3,005</u>	<u>66</u>	<u>1,356</u>	<u>906</u>	<u>756</u>	<u>(51)</u>	<u>154</u>	<u>(83)</u>	<u>(112)</u>	<u>(9)</u>
Adjusted EBITDA, non-GAAP	\$ 13,950	\$ 9,686	\$ (8,848)	\$ 3,130	\$ 10,061	\$ 16,961	\$ 10,355	\$ 4,489	\$ 819	\$ 1,300

- (1) In October 2018, we terminated our agreement with the consultant and paid a termination fee of \$3.95 million related to our transformation plan. The consulting services covered marketing, admissions, future student processing, retention and cost savings initiatives. We determined that the Company has developed sufficient expertise to execute transformation plan efforts internally.
- (2) On October 21, 2019, we announced the retirement of our President and Chief Executive Officer, Kimberly J. McWaters, effective October 31, 2019. During the three months ended December 31, 2019 we incurred a total charge of \$1.5 million in accordance with Ms. McWaters' Retirement Agreement and Release of Claims, dated October 31, 2019.
- (3) The Bloomfield, NJ campus opened in August 2018. The results for the quarter and the year ended 9/30/18 reflect preopening costs through the end of July 2018.
- (4) Norwood, MA teach-out was completed July 31, 2020.

Adjusted Free Cash Flow Trend

	12 Mos. 9/30/20	3 Mos. 9/30/20	12 Mos. 9/30/19	3 Mos. 9/30/19	12 Mos. 9/30/18	3 Mos. 9/30/18
Cash flow provided by (used in) operating activities, as reported	\$ 11,032	\$ 21,149	\$ 21,746	\$ 28,870	\$ (13,353)	\$ 9,103
Purchase of property and equipment	(9,262)	(2,072)	(6,453)	(1,152)	(20,606)	(3,518)
Severance payment due to CEO transition ⁽¹⁾	1,218	140	–	–	–	–
Non-recurring consulting fees for transformation initiative ⁽²⁾	–	–	3,950	–	6,050	1,744
Cash outflow/(inflow) associated with Bloomfield, NJ campus opening ⁽³⁾	–	–	–	–	14,761	2,753
Cash outflow associated with Norwood, MA restructuring ⁽⁴⁾	–	–	1,362	54	–	–
Free cash flow used in (provided by) Norwood, MA campus operations ⁽⁴⁾	<u>1,302</u>	<u>1,271</u>	<u>104</u>	<u>151</u>	<u>(149)</u>	<u>183</u>
Adjusted free cash flow, non-GAAP	\$ 4,290	\$ 20,488	\$ 20,709	\$ 27,932	\$ (13,297)	\$ 10,265

- (1) On October 21, 2019, we announced the retirement of our President and Chief Executive Officer, Kimberly J. McWaters, effective October 31, 2019. During the three and twelve months ended September 30, 2020, we paid cash of \$0.1 million and \$1.2 million, respectively, in accordance with Ms. McWaters' Retirement Agreement and Release of Claims, dated October 31, 2019
- (2) In October 2018, we terminated our agreement with the consultant and paid a termination fee of \$3.95 million related to our transformation plan. The consulting services covered marketing, admissions, future student processing, retention and cost savings initiatives. We determined that the Company has developed sufficient expertise to execute transformation plan efforts internally
- (3) The Bloomfield, NJ campus opened in August 2018. The results for the quarter and the year ended 9/30/18 reflect preopening costs through the end of July 2018.
- (4) Norwood, MA teach-out was completed July 31, 2020

APPENDIX

COVID 19 Aid, Relief, and Economic Security (CARES) Act

HIGHER EDUCATION EMERGENCY RELIEF FUNDS (HEERF)

- The HEERF funding allocation by the Department of Education (ED) is as follows:

School	Total Allocation	Minimum Allocation to be Awarded for Emergency Financial Aid to Students	Remaining Funds
Universal Technical Institute - Avondale	\$14,950,305	\$7,475,153	\$7,475,152
Universal Technical Institute – MMI Phoenix	\$9,330,780	\$4,665,390	\$4,665,390
Universal Technical Institute - Houston	\$8,848,799	\$4,424,400	\$4,424,399
Total	\$33,129,884	\$16,564,943	\$16,564,941

- The link to the ED CARES Act and HEERF website is as follows:
 - <https://www2.ed.gov/about/offices/list/ope/caresact.html>
- At least **50%** of these funds must be used for **emergency financial aid grants for students**
 - Grant amounts are being determined using a need based methodology driven by campus proximity and expected family financial contribution (EFC)
 - Active and LOA students that complete an attestation and meet ED eligibility requirements will receive funds via check
- The remaining **50%** can be used by institutions to cover any **costs associated with significant changes to the delivery of instruction due to COVID-19** (excluding expenses associated with marketing, admissions, pre-enrollment or capital outlay for facilities)
 - Eligible costs could include the cost to develop and implement our online learning curriculum and platform, as well as costs to re-introduce students into the modified lab format
 - No quantification available currently as we are awaiting further guidance from ED

COVID 19 Aid, Relief, and Economic Security (CARES) Act

Tax Provisions and Impacts

NOL Utilization Rules Impact to UTI

- For the 12 months ended September 30, 2020, we have recorded an income tax receivable of \$11.3M related to NOLs
 - \$4.2M related to 2018 fiscal year losses that were carried back to 2017
 - \$7.1M related to 2019 fiscal year losses that will be carried back to 2015 and 2014
 - Applications for \$7.0M in tax refunds have been filed and received
 - Applications for the remaining \$4.3M in tax refunds will be submitted over the next several months

Payroll Tax Deferral Impact to UTI

- The provision allows employers to defer payment of the employer share of the Social Security tax. The provision requires that the deferred employment tax be paid over the following two years, with half of the of the amount required to be paid by December 31, 2021 and the other half by December 31, 2022.
- UTI is utilizing this provision which increases our cash by \$1.5-\$2.0M per quarter from Q3 FY20 through Q1 FY21.

Employee Retention Credit (ERC) Impact to UTI

- The ERC is a fully refundable tax credit for employers equal to 50 percent of qualified wages (including allocable qualified health plan expenses) that eligible employers pay their employees. The ERC applies to qualified wages paid after March 12, 2020 and before January 1, 2021.
- Primarily recognizing credits for benefit costs associated with furloughed employees and other qualifying wages
 - 309K benefit recorded in Q3 FY20 and 19k benefit recorded in Q4 FY20

