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# Universal Technical Institute, Inc. (UTI)

Q1 2026 Earnings Call

## CORPORATE PARTICIPANTS

### Matt Kempton

*Vice President-Corporate Finance & Investor Relations, Universal Technical Institute, Inc.*

### Jerome A. Grant

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

### Bruce Schuman

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

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## OTHER PARTICIPANTS

### Alexander Paris

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### Steven Frankel

*Analyst, Rosenblatt Securities, Inc.*

### Jasper Bibb

*Analyst, Truist Securities, Inc.*

### Griffin Boss

*Analyst, B. Riley Securities, Inc.*

### Eric Martinuzzi

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good afternoon, and welcome to the Universal Technical Institute First Quarter 2026 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded.

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

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### Matt Kempton

*Vice President-Corporate Finance & Investor Relations, Universal Technical Institute, Inc.*

Hello, and welcome to Universal Technical Institute's fiscal first quarter 2026 earnings call. Joining me today are our CEO, Jerome Grant; and CFO, Bruce Schuman. Following our prepared remarks, we will open the call for your questions. A replay of this call, its transcript, and our investor presentation will be archived on the Investor Relations section of our website at [investor.uti.edu](http://investor.uti.edu), along with our earnings release issued earlier today and furnished to the SEC.

During this call, we may make comments that contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, which, by their nature, address matters that are in the future and are uncertain. These statements reflect management's current beliefs and expectations, and are subject to a number of factors that may cause actual results to differ materially from those statements. These factors include, but are not limited to, those discussed in our earnings release and SEC filings.

These statements do not guarantee future performance and therefore undue reliance should not be placed upon them. We do not intend to update these forward-looking statements as a result of new information or future developments, except as required by law. Please note unless otherwise stated, all comparisons in this call will be against our results for the comparable period of fiscal 2025. The information presented today also includes non-GAAP financial measures.

These should be viewed in addition to, and not as a substitute for, the company's reported results prepared in accordance with US GAAP. All non-GAAP financial measures referenced in today's call are reconciled in our earnings press release to the most directly comparable GAAP measure. For more information regarding definitions of our non-GAAP measures, please see our earnings release, financial supplement, and investor presentation.

With that, I will turn the call over to Jerome Grant, CEO of Universal Technical Institute, for his prepared remarks. Jerome?

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## Jerome A. Grant

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

Thank you, Matt. Good afternoon, everyone, and thank you for joining us. In just a few minutes, our CFO, Bruce Schuman, will go into more details from a financial perspective. Prior to that, I'd like to share some thoughts in our three areas of focus: performance of the company; execution of our North Star strategic plan; and finally, opportunities we're exploring to move beyond that plan.

First, performance. As we begin fiscal 2026, we're performing with clarity and momentum against a well-defined strategy. We entered the year on strong operational and financial footing, and the first quarter tracked in-line with our plans and exceeded our expectations for disciplined execution. Revenue for the first quarter grew 10% to \$221 million. Our baseline adjusted EBITDA was nearly \$35 million, including over \$7 million in growth investments, our reported adjusted EBITDA was \$27 million.

Average full-time active students increased 7%, with total new student starts growing roughly 3% year-over-year, which is right in line with our and broader market expectations. These results position us well for acceleration as fiscal 2026 unfolds. Overall, we delivered a strong start to the year, and the progress we made this quarter reinforces the durability of our North Star strategy. With that strong performance in the first quarter, we remain confident in our expectations for the full year.

To reiterate, in fiscal 2026, we expect revenue to be between \$905 million and \$915 million, reflecting approximately 9% year-over-year growth at the midpoint. Our baseline adjusted EBITDA is anticipated to be approximately \$156 million, with approximately \$40 million in growth investments related to launching and scaling new campuses and programs, our reported adjusted EBITDA is expected to range between \$114 million and \$119 million.

New student starts are also on track, and are anticipated to be between 31,500 and 33,000. As Bruce will discuss in more depth, our guidance appropriately reflects the balance between near-term performance and long-term value creation. It is important to note that while driving double-digit growth in revenue and baseline EBITDA, as well as strong student start growth in 2026, our team remains intensely focused on delivering the impressive student and employer outcomes that have been the cornerstone of our over 60 years' history.

Moving now to our strategic execution during the quarter, which is guided by our North Star strategy, we are continuing to build and further scale a durable, repeatable growth engine through our disciplined and proven operating model. This approach is guided by a refined and continually evolving playbook for launching campuses, replicating and expanding programs on our existing campuses, and optimizing performance, which allows us to reproduce success with consistency as we grow.

Our most recent campus launches, UTI Austin and Miramar, are excellent representations of the strategy success. Both Austin and Miramar continue to meet and exceed our expectations, validating our approach to site selection, program mix, marketing, and ramp timing, all while driving strong student outcomes. In Miramar, we have over 600 average full-time active students.

We are adding additional sessions for the automotive program and are actively pursuing expansion of the capacity constrained Aviation Maintenance Technology program at that campus. Austin continues to perform significantly beyond our expectations, with over a 1,000 average full-time active students, which is 70% higher than we modeled. The performance of our campuses gives us confidence that our new facilities can scale efficiently, while generating attractive long-term returns.

As we announced on our Q4 and full year 2025 call, over the next several years, we plan to open a minimum of two and up to five new campus annually, pending regulatory approval. The first of our fiscal 2026 campuses our Heartland Concorde co-branded campus in Fort Myers, Florida, just opened in November. Demand has already exceeded our expectations, with programs filling to capacity within two weeks of opening. We already have waiting lists in place.

In San Antonio, we are approximately a month away from opening the doors to our new skilled trades and aviation-focused campus. Our recruiting efforts are going quite well for the initial start in March. As a matter of fact, we're already have over 300 students ready to start. There's particularly keen interest in welding and HVACR in San Antonio.

To remind you, this campus is slated to train over 600 students annually and generate approximately \$32 million in run rate revenue at scale. And it further diversifies UTI's geographic footprint in a high demand region.

We are also preparing to open our UTI Atlanta location, a comprehensive campus in a greenfield state. This facility will offer a comprehensive collection of our strongest UTI programs, including auto, diesel, aviation, and the trades.

The UTI division team is projecting to enroll over 1,200 students, and generate upwards of \$45 million in run rate revenue at scale. And the campus remains on track to launch in the second half of the fiscal year. The Atlanta campus has been actively recruiting for approximately one month, and student interest is quite impressive, indicating strong interest in that market.

Looking beyond this year, our next wave of campuses slated for fiscal 2027 are also tracking well. To-date, for fiscal 2027, we have announced our intention to open comprehensive UTI campus in Salt Lake City, as well as corporate campuses in the Houston, Atlanta, and Phoenix metropolitan areas.

As always, the exact launch timelines on these are based on securing various regulatory approvals. We look forward to providing further updates on these and our other planned future locations as we continue to execute on our North Star strategy.

Alongside new campuses, we continue to scale our rich program portfolio. Throughout Phase 2 of North Star, we plan to launch between 12 and 20 new programs across the UTI and Concorde divisions annually. This year, we'll be launching over 20 programs, with at least 10 coming from each division.

Across our UTI campuses in 2026, we plan to launch 12 programs, 2 HVACR, 1 aviation maintenance, and 9 programs in our electrical suite, which includes industrial maintenance, robotics and automation, as well as wind turbine technology. Adding UTI programs continues to optimize the legacy UTI campuses.

These in-demand, skilled trades programs were brought to us through the MIAT acquisition and are addressing the diverse interest expressed by the nearly 600,000 young people who inquire at UTI annually. One example of this optimization effort is our October announcement, which we outlined the new programs being launched at UTI Dallas campus.

At scale, the expanded Dallas campus, which currently offers auto, diesel, and welding to nearly 1,200 students annually, will now be able to serve an additional 1,000 students, and will offer HVACR, aviation, and electrical programs beginning in the coming weeks. With the Concorde acquisition-related growth restrictions in our rearview mirror, we're now set to launch at least 10 new programs in high-demand areas on the legacy Concorde campuses in 2026.

These include eight radiation technology programs, as well as one surgical technology program and one diagnostic medical sonography program. All of our program replication initiatives are tightly aligned with employer demand and workforce shortages, and build on capabilities, we already know how to deliver wealth.

In addition to opening new campuses and replicating programs on existing campuses, we remain focused on executing on our plan to continue to optimize our 33 facilities to enhance operations, maintain high-level outcomes, maximize our resources, and ultimately improve margins.

Specifically, this work focuses on expanding capacity for popular programs that have weightless building, programs such as aviation, HVACR, and welding on our UTI campuses and dental hygiene on our Concorde campuses. To recap, the business is performing quite well, and the North Star strategy is progressing on track due to our continued focus on execution and strong market demand for our graduates.

I'll conclude my remarks by addressing a question that we're consistently getting while we're out talking to both new and existing investors. What else? Acknowledging that performing at a high-level and executing on our aggressive organic growth strategy needs to remain the primary focus, we're also keeping our eyes on future opportunities we see on the horizon.

First, on the regulatory front, with the new level of collaboration in Washington, we're now actively participating in dialogue as rules, guidelines and policies are being developed that foster the opportunity to accelerate closing the gap with respect to the American skilled labor workforce in new and innovative ways.

For example, the success of our Heartland partnership is already spurring evaluation of collaborative expansion opportunities with Heartland and other dental service organizations, as well as other large-scale employers across both divisions who are experiencing similar labor shortages. Furthermore, this administration has acknowledged us as a leader in this space, and the critical role we play in securing America's workforce for the future.

That recognition, combined with the level of engagement in Washington supports our ability to open new campuses and expand program offerings and innovate thoughtfully within a highly regulated environment with

greater speed and consistency. From an inorganic standpoint, we continue to actively evaluate opportunities that align with our North Star strategy, particularly in areas that enhance our healthcare portfolio.

In conclusion, we're executing from a strong operational and financial foundation, and we believe fiscal 2026 represents an important year of both investment and execution that sets the stage for accelerated returns in the years ahead as these initiatives take scale.

With that, I'll turn the call over to Bruce, our CFO, to review our first quarter financials and provide you with further details on our guidance. Bruce?

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## Bruce Schuman

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

Thank you, Jerome. The fiscal first quarter represented a strong start to the year on average full-time active students revenue and adjusted EBITDA as we continued executing the priorities of our North Star strategy.

Importantly, these results were delivered, while we began deploying the significant growth investments we outlined last quarter, investments that support new campus launches, program expansions, and long-term capacity creation across both UTI and Concorde.

In the first quarter, total average full-time active students grew 7.2% year-over-year to 26,858, while total new student starts increased 2.6% to 5,449, in line with the outlook we shared last quarter. As we've mentioned previously, average full-time active students is how revenue is derived and therefore, often a more direct and consistent indicator of revenue and operating performance than new student starts.

Further, prioritizing total new student starts as a company rather than at the divisional level provides us the flexibility to allocate marketing and growth investments where we see the greatest return potential, even if that results in uneven start growth between divisions in a given period.

The Concorde division generated a 9.5% increase in average full-time active students. This growth was driven by sustained demand for our programs, particularly across nursing and allied health. The UTI division grew average full-time active students 5.7% year-over-year for the quarter, reflecting continued strength across the division's program suite and employer demand, as well as further optimized campus utilization.

Shifting to our financial performance, first quarter revenue on a consolidated basis increased 9.6% to \$220.8 million. Concorde contributed \$78 million, an increase of 11.5% over the prior year quarter, while the UTI division contributed \$142.8 million, an increase of 8.6% over the prior year quarter.

Turning to profitability. Consolidated net income for the first quarter was \$12.8 million, or \$0.23 per diluted share. Baseline adjusted EBITDA for the first quarter was \$34.7 million. Including \$7.6 million in growth investments, our SEC reported adjusted EBITDA for the quarter was \$27.1 million. At the end of the quarter, we had 55 million shares outstanding.

Total available liquidity, at the end of the quarter, was \$233.2 million, including \$69.2 million of short-term investments and \$70.4 million of remaining capacity on our revolving credit facility. Year-to-date capital expenditures were \$24 million, or 24% of our expected spend for the year.

As Jerome mentioned, with our solid first quarter results, we are reiterating our fiscal 2026 guidance. We continue to expect consolidated revenue to range from \$905 million to \$915 million for fiscal 2026, or approximately 9%

year-over-year growth at the midpoint. As I shared last quarter, for quarters two and three, we expect mid-to-high single digit revenue growth, with Q3 being slightly higher than Q2.

Q4 is anticipated to be the highest revenue growth quarter in the low double-digit range. Net income is expected to be between \$40 million and \$45 million, with diluted earnings per share of \$0.71 to \$0.80. As I also shared last quarter, while revenue will be up every quarter as we make our significant growth investments this year, net income will contract further in Q2. This will improve slightly in Q3, though we still expect year-over-year contraction.

In Q4, we expect low-to-mid double-digit growth. Baseline adjusted EBITDA is anticipated to exceed \$150 million. Including approximately \$40 million in growth investments, our SEC reported adjusted EBITDA is expected to be between \$114 million and \$119 million.

Similar to net income, as we make our significant growth investments this year, adjusted EBITDA will contract more strongly in Q2 than it did in Q1, but then yield mid-to-high single digit growth in Q3 and significantly stronger growth in Q4.

As a reminder, growth investments are not added back when calculating our adjusted EBITDA. Total new student starts are expected to be between 31,500 and 33,000. We anticipate low-to-mid double-digit starts growth in Q2, and mid-to-high single-digit growth in the remaining quarters.

Looking beyond fiscal 2026, our long-term financial framework under our North Star strategy remains unchanged. We continue to target revenue of more than \$1.2 billion by fiscal 2029, representing roughly a 10% revenue CAGR through that period and adjusted EBITDA approaching \$220 million by that same year. We expect revenue growth to begin accelerating in fiscal 2027, with marginal EBITDA dollar growth emerging in 2027 and accelerating more significantly in 2028 and 2029.

As a reminder, margin expansion will not be linear given the multi-year campus build cycle and upfront investment requirements, and we continue to plan for \$100 million or more of annual CapEx to support new campuses and program expansions. While the majority of the execution on our enrollments and revenue remains to be achieved this year, the first quarter marked a strong and encouraging start to our fiscal 2026.

We delivered on our revenue and adjusted EBITDA commitments, while advancing critical work for our North Star strategy. Our financial position provides the capacity to execute these expansion efforts without compromising discipline, and the early performance indicators from our newest campuses reinforces our confidence in the repeatability of our model.

We remain focused on converting these investments into sustainable enrollment growth, operating leverage, and long-term shareholder value. In addition to this earnings call transcript, we encourage everyone to review our press release, financial supplement, investor presentation, and upcoming 10-Q filing. These materials include the latest updates on our consolidated and segment results, strategic initiatives, and guidance.

Thank you to our students, team, partners, and investors for your ongoing support. I'd now like to turn the call over to the operator for Q&A. Operator?

## QUESTION AND ANSWER SECTION

**Operator:** We will now begin the question-and-answer session. [Operator Instructions] Our first question is from Alex Paris with Barrington Research. Please go ahead.

**Alexander Paris**

*Analyst, Barrington Research Associates, Inc.*

Hi, guys.

Q

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

Hey, Alex.

A

**Alexander Paris**

*Analyst, Barrington Research Associates, Inc.*

Can you hear me?

Q

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

We can hear you great, Alex.

A

**Alexander Paris**

*Analyst, Barrington Research Associates, Inc.*

Okay. Great. I just was switching from my speaker. So, congrats on the quarter. Better than expected, and we're on target for the full year. And you addressed this in your prepared comments, but just wanted to dive a little deeper into, from a color perspective. Consolidated starts were pretty much in line with my published estimate, with stronger growth on the UTI side and flat on the Concorde side.

Q

Again, I hear you and that you're approaching it a consolidated basis. And I absolutely expected some better performance out of UTI starts because I believe more emphasis on it. I think you talked on the last conference call about perhaps shifting some marketing dollars to UTI adult and UTI high school. I was just wondering what sort of additional color you could offer?

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

Sure. Well, thanks for confirming. I think the quarter in terms of starts came in exactly what we guided to. And frankly, it came in exactly what we expected in both of the divisions. I think the most important thing to consider when we looked at Concorde starts for the quarter was they had over 26% increase in the first quarter of last year. So, their compare last year in the first quarter was very, very high. And so, we expected them to be about flat this quarter.

A

We have been investing more aggressively in UTI in front of the launches of both Atlanta and San Antonio to be prepared for that, and we're starting to see the benefits. And as Bruce said in his comments, we're absolutely on

track to get what we expected in terms of high single-digit growth through the year, with double-digit growth in the second quarter and then mid-to-high single-digit growth in the last quarter.

So, the teams are set. You heard my comments. The enrollments are rolling in right now on both of the campuses. Over 300 kids are ready to start down in San Antonio. And I'll remind you that we said, at peak, our plan was to have a run rate of around 600 students on average in the building. And so, we feel great about our ability to meet or exceed that campus. We're just getting in the water on Atlanta, but signs are very, very positive initially there as well.

**Alexander Paris**

*Analyst, Barrington Research Associates, Inc.*

Q

Great. And then, what about investment into high school...

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Yeah. We added...

**Alexander Paris**

*Analyst, Barrington Research Associates, Inc.*

Q

...in terms of what to look forward to?

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

...a number of high school reps. We added a number of high school reps in the fall, and you won't really see that pay off till next fall, right, because, they're focused on the kids who are juniors and seniors right now, mostly seniors and are going to be graduating in May. But the pipeline is filling quite, quite well, as we head towards that May, June, July time period. So, we really think we're going to get the bang for the buck out of that investment.

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

The other encouraging thing, Alex, this is Bruce, on the UTI starts, it was really nice, kind of across the board. Pretty much every channel was kind of the nice mid-single digit. So, we're encouraged about the start to Q1 as Jerome said.

**Alexander Paris**

*Analyst, Barrington Research Associates, Inc.*

Q

Okay. And then, well, I have you, Bruce, just to recap on the CapEx comments, you said you're at \$24 million year-to-date for the first quarter and that's about 24% of full year expectations. So, you're expecting \$100 million this year, I think you said that too, right?

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

That's correct. Our expectation is about \$100 million for the full year. And just another quick note, of that \$24 million, a full \$19 million of that was growth CapEx. So, similar to kind of that, roughly \$8 million of OpEx, we had about \$19 million of CapEx purely focused on getting these new campuses, new programs rolled out that Jerome was talking about. So, yes, that's correct.

**Alexander Paris**

*Analyst, Barrington Research Associates, Inc.*

Q

And we should expect the \$100 million again in 2027. You've got four new campuses planned already at this point for 2027?

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

Yeah. It's going to be probably at least a \$100 million. It could be a slightly higher, but it's in that general quantum of \$100 million. That's right.

**Alexander Paris**

*Analyst, Barrington Research Associates, Inc.*

Q

Okay. That's great. I'll get back into the queue. Thanks for that additional information.

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Great. Talk to you again soon.

**Alexander Paris**

*Analyst, Barrington Research Associates, Inc.*

Q

Yes. Thanks.

**Operator:** The next question is from Steve Frankel with Rosenblatt. Please go ahead.

**Steven Frankel**

*Analyst, Rosenblatt Securities, Inc.*

Q

Good afternoon. I'd like to ask a couple questions about the Heartland Fort Myers campus. When you first announced this, one of its unique characteristics was, it was going to be cash pay because you hadn't had the growth restrictions remove. Now that those have been removed, is this ending up being a combination of government loans and cash pay, or is it still cash pay at this point?

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

No. Absolutely. Rolling forward, it's going to operate like every other campus. There are sport programs associated with Heartland, but then also students have options to do government loans, Pell Grants and the like.

My commentary around how the approval machine is working right now with the Department of Education is underscored by the Heartland situation, whereby we submitted and received our approval for Title IV funding there.

After getting a creditor approval, we've submitted and achieved and achieved our approval within 72 hours. And so, the lines of communication are wide open. And we're aligned on our ability to move quickly to try to solve this workforce gap.

**Steven Frankel**

*Analyst, Rosenblatt Securities, Inc.*

Q

And in terms of the quick response from regulators, is the same true on the state level and the states where you're operating? Or are you still battling some bureaucracy there?

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Well, no, not the same on all the state levels. The state levels are operating as they always have, right. And sometimes, as you enter new states, et cetera, it's one of the reasons why we talk about the timing of launching the four campuses that we've announced already for 2027 is, sometimes, state governments will only meet on a topic like this once every six months, and you've got to wait in line. And if you get on that docket, you do or you got to wait six months, and that can affect your start of a campus.

So far, for Fort Myers, for Atlanta and for San Antonio, we're absolutely where we want to be. Our planning was in place, the timelines are holding and we're happy to see what's happening. But with the regulatory environment in states, creditors, and the federal government, there sometimes can be some sway. I guess what we're signaling is one of the biggest pieces of sway over time was Title IV funding and the federal government, and that's something that's operating quite well.

**Steven Frankel**

*Analyst, Rosenblatt Securities, Inc.*

Q

Okay. And then, I know the divisional profitability can swing around a lot period to period. But the margin pressure in the quarter at Concord, what do we attribute that to and expect margins to bounce back there fairly quickly?

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

Yeah. See, this is Bruce. So, really the little bit of a decline there on EBITDA margin is frankly on both sides on the Concorde and the UTI side, that's directly attributable to these growth investments, right.

We're going to have kind of this profitability dip here this year that we're navigating through as we execute on these growth investments. That's all it is. There's nothing structurally wrong or something going on at the divisional level. It's really just the growth investment being applied appropriately as we navigate through that. That's what drove the decline.

**Steven Frankel**

*Analyst, Rosenblatt Securities, Inc.*

Q

Yeah. I was just checking in on that. All right. Thank you. I'll jump back in the queue.

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Thanks.

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

Thank you.

**Operator:** The next question is from Jasper Bibb with Truist. Please go ahead.

**Jasper Bibb**

*Analyst, Truist Securities, Inc.*

Q

Hey, guys. Just wanted to ask like, I guess, [indiscernible] (00:30:37) confidence in the reacceleration for starts over the balance of the year. It sounds like in your framework, fiscal second quarter starts would be particularly strong versus fiscal first quarter. So, I guess just hoping to get some more color on the drivers of that improvement. Is it easier comps? Is it more marketing dollars?

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Well, it's a combination of things. First of all, just to underscore, the first quarter starts were exactly where we guided to and give us at least more confidence in the fact that the momentum that continues to build.

The second quarter, you start to build the momentum around some of the new programs that are starting the campuses in the Dallas expansion, which is coming to life in the second quarter, and then the San Antonio campus, which opens. And so, that's where you start to see the acceleration of start growth in that quarter, which leaves only Atlanta in the end of the third, beginning of the fourth quarter to open. And so, that's what we mean when we're talking about momentum.

**Jasper Bibb**

*Analyst, Truist Securities, Inc.*

Q

That makes sense. And then, can you remind us or frame for us how large those first start cohorts at San Antonio and Atlanta might be in the second quarter and the third quarter?

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Well, they're quite small. But remember, if you look at UTI, the first three quarters of the year are only half of the starts for the year. And then, the fourth quarter is half, right. And so, any swing of 25 or 30 students, which is maybe a cohort for starting a new aviation program, et cetera, is sort of a lot of small numbers, swings the numbers pretty significantly. And remember, we're going to be opening over 20 programs this year.

**Jasper Bibb**

*Analyst, Truist Securities, Inc.*

Q

Sure.

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

And they're all starting to come to life in the second, third and fourth quarter. And so, and they're each one of them is individually small, but when you start putting them together, it starts to move the needle.

**Jasper Bibb**

*Analyst, Truist Securities, Inc.*

Q

That makes sense. Last one for me, just wanted to ask what you're seeing on marketing yields and student acquisition costs?

**Jerome A. Grant***Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

We're continuing to see improvement. We're continuing to see that the tools we're putting into place are finding us efficiency and effectiveness in the channel. I think that a lot of the experiments we're doing with AI-driven technology, et cetera, is helping us quite a bit in the channel. Our targeting is much more precise, and therefore, we're able to get more leads for the buck in this space. So, we're very happy with what we're seeing so far.

**Bruce Schuman***Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

Yeah. I would agree. Jasper, I would just add quickly, if you look at our marketing dollar efficiency, as a percent of revenue, it is up a little bit Q1 2026 versus Q1 2025, about a point or so. And that's directly tied to these new campus openings and new locations, new programs. And that's why it's ticked up a little bit, but it's for the right reason to make sure we drive those enrollments.

**Jasper Bibb***Analyst, Truist Securities, Inc.*

Q

Got it. Thanks for taking the questions, guys.

**Operator:** The next question is from Griffin Boss with B. Riley Securities. Please go ahead.

**Griffin Boss***Analyst, B. Riley Securities, Inc.*

Q

Hi. Good evening. Thanks for taking my questions. I appreciate all the color and transparency. So, just one for me. I don't think I heard anything about this in the prepared remarks on the last earnings call back in November.

You discussed adjusted free cash flow expectations for fiscal 2026, \$20 million to \$25 million. I don't think I heard a reiteration of that. Just curious if you could, if you had anything to update there or if you're still looking at that same level of free cash flow for the year?

**Bruce Schuman***Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

Oh, yeah. Thanks, Griffin. This is Bruce. So, yes, we're definitely reiterating that same level kind of in the \$20 million to \$25 million range for the year. And again, that's just directly attributable. You look at that sort of \$100 million CapEx build for this year, a full \$75 million of that is growth CapEx.

So, that's what's driving kind of that dip in free cash flow. But yes, we're reiterating that same range. We feel really good about our execution frankly. The first quarter kind of right on spending 24% of the year. We feel really good about how that's playing out, and we are definitely reiterating that same range.

**Griffin Boss***Analyst, B. Riley Securities, Inc.*

Q

Okay. Got it. Great. Thank you, Bruce, and good to see the progress. Thank you for taking my question.

**Bruce Schuman***Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

Great. Thank you.

**Operator:** The next question is from Eric Martinuzzi with Lake Street Capital. Please go ahead.

**Eric Martinuzzi**

*Analyst, Lake Street Capital Markets LLC*

Q

You talked about the positive momentum out of a gate at the Fort Myers Hartland campus. Curious to know if there's any appetite for other Heartland locations and what the timeline might be for that?

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Well, I mean, we have no new locations to announce, but we are in active conversations with them. They're happy. We're happy. We're seeing the signs pointing in the right direction. It's early in the cycle. The first two cohorts did sell out. We have waiting lists associated with them and their needs are not declining.

So, Heartland and other DSOs are very keenly interested in what we have, which is a very large dental hygiene program that can be scaled upon. So, nothing to announce today, but we're having some very healthy conversations.

**Eric Martinuzzi**

*Analyst, Lake Street Capital Markets LLC*

Q

Okay. And then, on the UTI side, as far as partner initiatives, anything new to report? And this can be across auto, diesel, aviation partners pulling you or asking more of you in calendar 2026?

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Yeah, I mean, one of the things that we've tipped to and again, we don't have anything to announce today on the UTI side for that is that the Heartland model has piqued a lot of keen interest from major manufacturers and employers on the UTI side as well, right, and as we've also said, some people are in sort of a wait-and-see mode, let's see what you get out of it.

I think selling out the first two cohorts has accelerated some of those conversations because there are other sectors where the needs are just as high as they are in the dental areas. And so, our business development team is actually working quite hard to work on some of those deals as well.

**Eric Martinuzzi**

*Analyst, Lake Street Capital Markets LLC*

Q

Got it. Thanks for taking my questions.

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Sure.

**Operator:** The next question is from Raj Sharma with Texas Capital Bank. Please go ahead.

**Rajiv Sharma**

*Analyst, Texas Capital Securities*

Q

Yeah. Thank you for taking my questions. Again, congratulations on upbeat and reiterating the year. I had a couple of questions on just the EBITDA, noticing the EBITDA margins even after adjusting the growth OpEx. It seems like the margins are slightly lower than last year. Any sort of color there?

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

Well, I mean, thanks, Raj. This is Bruce. The vast majority of that decline year-over-year is the growth investment. I mean, there could be some timing variability. For example, in Q1, like I mentioned before, our sales and marketing has ticked up a little bit as we get ready for some enrollments here in our new campuses.

But by and large, the vast majority of our decline this year is due to growth investments. The underlying base business, we are still expanding margins on the core, if it weren't for the growth OpEx.

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Yeah. I think the modeling is important to lay out here, which is after growth investments last year or without growth investments, we would have printed around \$133 million in adjusted EBITDA. Our baseline pointer right now for this year is somewhere in the [ph] mid \$150 million (00:38:51) range.

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

Yeah. About [ph] \$156 million (00:38:53) or so.

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

That's the core business margin growth. So, you're definitely going to see it.

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

That's right.

**Rajiv Sharma**

*Analyst, Texas Capital Securities*

Q

Right. So, it's the timing, through the year, the baseline core EBITDA is going to move up.

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Exactly.

**Rajiv Sharma**

*Analyst, Texas Capital Securities*

Q

Got it.

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

Exactly right.

A

**Rajiv Sharma**

*Analyst, Texas Capital Securities*

Right. So, on starts, do you break out the old, can you give more some color on the old campuses versus the new campuses? Are they performing consistently? I mentioned, I think, Bruce, you mentioned consistently mid-single digits across. Is that true for the old, all of the campuses across, anything stands up?

Q

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

We're now in year three at Austin and Miramar. And so, they're not considered new campuses anymore. We wanted to outline for you to, so that folks can have confidence in the models we're putting together for all the new campuses that we're launching that, that both of them are performing at and significantly above what those models, those models were.

A

But the new campuses are just coming online right now. And we won't have the ramp rates on those probably until next year to be able to talk about. So, I don't like to call them old, but every campus right now is in the same boat. They're all at run rate and so no, we don't have any variation to report.

**Rajiv Sharma**

*Analyst, Texas Capital Securities*

Got it. I think, and you don't break out the young adults versus the high school students. Is there any sort of?

Q

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

No.

A

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

No. We don't.

A

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

We don't. Well, I mean, we've always talked at UTI about the three different tributaries of the UTI piece. Now, it's inconsequential on the Concorde side, the average demographic is somewhere between 25 and 35-years-old.

A

So, there's no such thing as young adults versus older adults. But on the UTI side, somewhere around 35% of the students come right out of high school. You're not going to see any of those until the fall, right?

And then, the balance 15% come from military and then the balance are people who, as I've always said, are people who should have come right after high school, but went out into the unskilled labor market and are now looking for a career. And so, just about everything you're seeing right now in Q1, Q2, and Q3 is that adult population. And so, that's probably the best contour I can give to you for right now.

**Rajiv Sharma**

*Analyst, Texas Capital Securities*

Q

Got it. Got it. So, consistently, the different campuses are performing consistently. They're going to grow their – the core EBITDA is going to improve. There is no sort of change, it is business as usual.

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

Yeah. I mean, the variation on the legacy campus, so with campuses over the next four years, it's going to be variation driven by the timeline for implementing new program replications on those campuses. We're opening five new programs in Dallas with four new programs in Dallas with the expansion that we put into it.

So, Dallas is going to grow at a higher rate than putting one program on another campus. But so, you sort of have to look at how we're distributing the program replications, which is over 20 this year across the 33 campuses. And those are really the only variations you're going to see off of sort of the normal run rates that we've given you. That's right.

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

A

That's right. Raj, but like-for-like programs, there's a very high degree of consistency between campuses and how they perform.

**Rajiv Sharma**

*Analyst, Texas Capital Securities*

Q

Got it. Got it. Thank you. And then, one last question for me. Are you at all concerned that there could be DOE or regulatory changes, if the Democrats take the midterms and especially new school approvals as you move forward?

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

A

No. And the reason is, is that new school approvals and the regulations associated, that are directly associated with the Department of Education and those regulatory bottles, they are not legislatively approved. They're approved by that department. And so, we don't anticipate any changes in what's going on with the department.

Now, that being said, I just want to be clear, we operated and grew quite well during the Biden administration, right. It is that, yes, approvals move more slowly. There were more regulations on the channel in that timeframe.

But when you graduate, 70% of your students and 85% get jobs in market within a year, you're operating above the fray of anybody that anybody's keeping their eye on as a bad player. And so, regardless of a red or blue administration, our plan operates quite well.

**Rajiv Sharma**

*Analyst, Texas Capital Securities*

Q

Got it. Thank you so much for answering my questions. I'll take it offline. Again, congratulations and the solid results.

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

Thank you so much.

A

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

Thanks, Raj.

A

**Rajiv Sharma**

*Analyst, Texas Capital Securities*

Thanks.

Q

**Operator:** The next question is from Mike Grondahl with Northland Securities. Please go ahead.

**Mike Grondahl**

*Analyst, Northland Securities, Inc.*

Hey, guys. Thank you. First question. Just peeling the onion back a little bit on San Antonio and Atlanta, it sounds like those are off to good starts. Would you say you spent the marketing dollars you expected to help those? Did you spend a little less just kind of curious in this demand environment how that went?

Q

**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

So, I'll give you my perspective, Mike. Yes, we did spend some incremental marketing on those. We feel very good about sort of the initial signals we're getting on enrollment pipeline is quite good.

Frankly, a lot of our – \$8 million, even we talked roughly \$8 million of growth, OpEx was sort of very focused on San Antonio, Atlanta, getting those ready to open well and make sure the expansions even – and the program expansions were done on those campuses. So, yeah, we did spend some more and we feel good about the initial yield we're getting from that investment.

A

**Mike Grondahl**

*Analyst, Northland Securities, Inc.*

Got it. And then, maybe for Jerome, it seems like the macro backdrop from two years ago has gotten a lot better. And I'm talking one sort of four-year college return versus trade schools and just job demand helping. Where do you see the backdrop going from here the next couple of years? Can it continue to get better? Do you just want it to stay where it's at? I don't know, Jerome, I'd love your thoughts there.

Q

**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

I mean. It took decades to, in a sense, atrophy the sort of cultural divide between the trades and four-year education, right. Starting in the 1980s, when high school started drying up their CTE programs and adding more academic subjects because we felt like we were falling behind in terms of academics in America. It took decades for that to atrophy.

A

I don't think that there's a switch that flips overnight that suddenly alternatives to a four-year education become much more popular for a lot of students than a four-year education, right? That being said, you are seeing an inflection point where there's significantly more energy being applied towards the awareness that we need a lot of tradespeople, the CEO of AI company is saying, AI is one thing, but I can't build data centers because I don't have electricians and welders, and my data centers are falling behind.

Those are the kind of things that are making people say, well, wait a minute, everybody doesn't have to be a sociologist or a teacher, et cetera. Being a welder is a great thing to do, being an electrician is a great thing to do. And so, we're seeing the movement and we're seeing that in the interest and we're seeing that in our relationship in Washington as being much more collaborative around, okay, what else can we do to encourage this.

But – and I do think that that's going to continue because a lot of the changes that made are durable changes about what we're going to build here in the United States and what we're not going to build here in the United States.

And that means the demand's going to continue to increase. But there's not a light switch that flips and the whole thing moves. We're going to continue to fight the fight, get the message out. And I do think that the environment's going to continue to evolve in this direction.

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**Mike Grondahl**

*Analyst, Northland Securities, Inc.*

**Q**

Got it. And then, maybe just lastly quick, any updated thoughts on acquisitions?

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**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

**A**

We've spent a lot of time in the last quarter really sort of getting the engine ready to execute on this aggressive plan, with three campuses in the chute to open up in the next few months, 20-some programs opening in the next few months, that's taken a lot of our attention. And as I've said, I think on other calls, frankly, because of the macro environment we talked about in the question before this, there isn't that much inventory out there.

There aren't that many people in the space who are saying, I've got to get out of this business because they're seeing what we're seeing, which is the ability to navigate more freely, the ability to move more quickly, and the ability to attract students in many, many, many major metropolitan areas. And so, exiting has not been strong on the minds of many of the people that we see in the space.

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**Mike Grondahl**

*Analyst, Northland Securities, Inc.*

**Q**

All right. Thanks, guys.

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**Jerome A. Grant**

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

**A**

Sure.

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**Bruce Schuman**

*Executive Vice President & Chief Financial Officer, Universal Technical Institute, Inc.*

**A**

Thank you.

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

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## Jerome A. Grant

*Chief Executive Officer & Director, Universal Technical Institute, Inc.*

Well, thank you, operator. Appreciate that. I'd like to thank everyone for attending the call today. Now, as always, Bruce, Matt, and I are available to follow up questions, and we encourage everyone, as always, to visit one of our campuses. We had a lot of visits this last quarter from investors and we really appreciate that interest.

So, if you're interested, we'd be happy to host you. We look forward to speaking to you at our next quarterly output, which will be in May. So, thank you very much and have a wonderful evening.

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

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