



# *Higher education that makes a difference*

SECOND QUARTER 2017 RESULTS | AUGUST 8, 2017

PRESENTED BY

DR. WALLACE BOSTON - PRESIDENT AND CEO  
MR. RICHARD SUNDERLAND, CPA - EXECUTIVE VP AND CFO  
MR. CHRISTOPHER SYMANOSKIE, IRC - VICE PRESIDENT OF INVESTOR RELATIONS

AMERICAN PUBLIC EDUCATION, INC.

# SAFE HARBOR STATEMENT

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# RECENT RESULTS & HIGHLIGHTS

**19%▲<sup>1</sup>**

Y/Y INCREASE IN FIRST COURSE PASS/COMPLETION RATE OF UNDERGRADUATE STUDENTS UTILIZING FSA AT APUS

1. For three months ending May 31, 2017

- APUS continued to focus on improving student persistence and stabilizing enrollment.
- The first course pass and completion rate, a measure of student persistence, for APUS undergraduate students using Federal Student Aid *increased* by 19% y/y for the three months ended May 31, 2017, compared to the same period last year.
- Although net course registrations by *new* students at APUS decreased 9% y/y, net course registrations by *returning* students declined 6% y/y for the three months ended June 30, 2017.
- HCN new student enrollment *increased* 31% y/y and total student enrollment *decreased* 3% for the three months ending June 30, 2017 (Spring 2017).

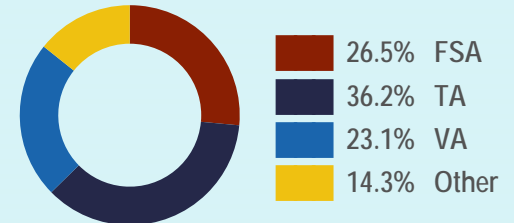
### APUS NET COURSE REGISTRATIONS BY PRIMARY FUNDING SOURCE

For three months ending June 30, 2017

	<b>% Change (Y/Y)</b>
FSA	-14.3%
TA	-4.6%
VA	-3.3%
Cash/Other	+2.6%
<b>Total</b>	<b>-6.2%</b>

### APUS NET COURSE REGISTRATIONS BY PRIMARY FUNDING SOURCE

For three months ending June 30, 2017



\*See Third Quarter 2017 Outlook for more information.

# ENROLLMENT STABILIZATION; A TOP PRIORITY THROUGHOUT OUR ENTERPRISE

## APEI Value Proposition:

- **Strong & growing market demand in key areas**
- **Reengineering enrollment management processes**
- **Brand building & increasing investment in target marketing**
- **Attractive new workforce focused programs & initiatives**
- **Expanding strategic relationships**



COMPETITIVE STRENGTH IN  
AFFORDABLE, ASSESSABLE  
PROGRAMS

DIVERSE, HIGH-DEMAND AND  
HIGHLY RELEVANT  
CURRICULUM FOCUSED ON  
WORKFORCE SKILLS  
DEVELOPMENT

STRONG BALANCE SHEET AND  
NET CASH FROM OPERATING  
ACTIVITIES

LARGE SATISFIED STUDENT  
AND ALUMNI POPULATIONS

STRONG AND EXPANDING  
EMPLOYER RELATIONSHIPS

UNYIELDING DEDICATION TO  
ACADEMIC QUALITY

# FINANCIAL RESULTS SUMMARY

SECOND QUARTER 2017

- Consolidated revenue decreased 5.9% to \$72.2 million, compared to \$76.7 million in the same period of 2016.
- Costs and Expenses:
  - *Instructional costs and services expenses* increased as a percentage of revenue to 41.3%, compared to 37.7% in the prior year period.
  - *Selling and promotional expenses* decreased as a percentage of revenue to 19.4%, compared to 19.5% in the prior year period.
  - *General and administrative expenses* increased as a percentage of revenue to 23.1%, compared to 22.0% in the prior year period.
- Bad debt expense decreased to \$0.9 million, or 1.3% of revenue, compared to \$1.8 million, or 2.3% of revenue in the prior year period.
- Net income decreased to \$3.8 million, or \$0.23 per diluted share, compared to \$6.6 million, or \$0.41 per diluted share, in the prior year period.
- Cash and cash equivalents increased to \$157.1 million, compared to \$124.1 million as of June 30, 2016.

# APEI OUTLOOK

THIRD QUARTER 2017

*The following statements are based on current expectations. These statements are forward-looking and actual results may differ materially.*

	Third Quarter 2017 Approx. Y/Y Change
APUS Net course registrations <sup>1</sup> by new students	-18% to -14%
APUS Net course registrations <sup>1</sup>	-11% to -8%
HCN New student enrollment <sup>2</sup>	Approx. +58%
HCN Student enrollment <sup>2</sup>	Approx. +11%
Consolidated revenue	-5% to -2%
Consolidated net income per share	\$0.18 to \$0.23

<sup>1</sup>APUS Net Course Registrations represent the approximate aggregate number of courses for which students remain enrolled after the date by which they may drop a course without financial penalty. <sup>2</sup>HCN Student Enrollment represents the total number of students enrolled in a course after the date by which students may drop a course without financial penalty.

## Q&A

AMERICAN PUBLIC  
EDUCATION, INC.

We prepare working adults for  
leadership and service through  
higher education.

apei



We change lives through  
education