



Education that makes a difference

FOURTH QUARTER 2017 RESULTS | FEBRUARY 27, 2018

PRESENTED BY

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RECENT RESULTS AND HIGHLIGHTS

16%▲¹

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

1. For three months ending November 30, 2017

- Enrollment stabilization at APUS remains a top priority.
- The first course pass and completion rate, a measure of student persistence, for APUS undergraduate students using Federal Student Aid *increased* by 16% for the three months ended November 30, 2017, compared to the same period last year.
- APUS net course registrations by *new* students decreased 4% y/y and total net course registrations declined 3% y/y for the three months ended December 31, 2017.
- HCN new student enrollment *increased* 29% y/y and total student enrollment *increased* 23% y/y (Fall 2017).

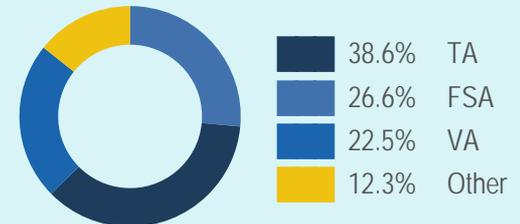
APUS NET COURSE REGISTRATIONS BY PRIMARY FUNDING SOURCE

Three months ending December 31, 2017

	% Change (Y/Y)
FSA	-10.7%
TA	-0.5%
VA	+0.1%
Cash/Other	+0.3%
Total	-3.2%

APUS NET COURSE REGISTRATIONS BY PRIMARY FUNDING SOURCE

Three months ending December 31, 2017



ENROLLMENT STABILIZATION AT APUS - A TOP PRIORITY

Key Near-Term Priorities:

- Reengineering enrollment management processes
- Brand building & increasing investment in target marketing
- Attractive new workforce focused programs & initiatives
- Expanding strategic relationships

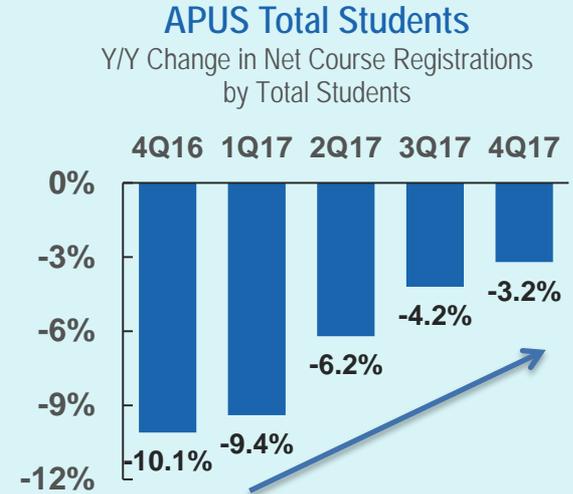
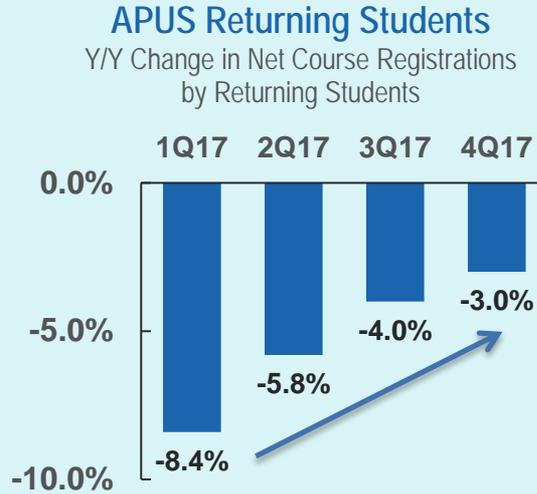


APUS ENROLLMENT STABILIZATION: LONG-TERM PLAN

STRENGTHEN ENROLLMENT MANAGEMENT

EXPAND PROGRAMS ALIGNED WITH WORKFORCE DEMAND

INCREASED FOCUS ON WORKFORCE SKILLS GAP



APUS: LEADERSHIP IN AFFORDABLE, HIGH QUALITY OFFERINGS

93% - ALUMNI SURVEY
respondents would recommend
AMU/APU to a friend or colleague.¹

91% - SENIOR SURVEY
respondents would probably or
definitely chose APUS again if they
could start over.²

1. APUS, 2017 1-YEAR ALUMNI SURVEY
2. NSSE, 2016 SURVEY
3. APUS, 2018 FACULTY ENGAGEMENT SURVEY
4. APUS, 2017 END OF PROGRAM SURVEY



AFFORDABLE TUITION

- According to the Department of Education's College Affordability and Transparency Center, APUS was ranked 21st lowest in tuition and the 14th lowest in net price for private for-profit, four-year institutions – **a net price that is 47% less than the national average.**

ESTEEMED FACULTY

- APUS faculty published 550+ articles, books and papers; earned 100+ awards for their professional practice, research and community service; and presented at 500+ conferences and workshops in 2017.³

STUDENT/ALUMNI SATISFACTION

- **97%** indicate that their program met their overall expectations.⁴
- **32%** undergraduate alumni returned for a second degree or certificate.

AWARD WINNING



FINANCIAL RESULTS SUMMARY

FOURTH QUARTER 2017

BETTER THAN ANTICIPATED:

- ✓ NET COURSE REGISTRATIONS
- ✓ CONSOLIDATED REVENUES
- ✓ OPERATING INCOME
- ✓ NET INCOME



- Consolidated revenues decreased 1% to \$78.1 million, compared to \$78.6 million in the same period of 2016.
- Costs and Expenses:
 - *Instructional costs and services expenses* decreased as a percentage of revenues to 36.7%, compared to 38.2% in the prior year period.
 - *Selling and promotional expenses* decreased as a percentage of revenues to 18.3%, compared to 18.4% in the prior year period.
 - *General and administrative expenses* decreased as a percentage of revenues to 22.3%, compared to 22.8% in the prior year period.
- Net income increased to \$8.4 million, or \$0.51 per diluted share, compared to \$6.9 million, or \$0.42 per diluted share, in the prior year period.
- Cash and cash equivalents increased to \$179.2 million, compared to \$146.4 million as of December 31, 2016.

APEI OUTLOOK

FIRST QUARTER 2018

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

	First Quarter 2018 Approx. Y/Y Change
APUS Net course registrations ¹ by new students	-12% to -9%
APUS Net course registrations ¹	-5% to -3%
HCN New student enrollment ²	Approx. +11%
HCN Student enrollment ²	Approx. +19%
APEI Consolidated revenue	-3% to +1%
APEI Consolidated net income per share	\$0.29 to \$0.34

¹APUS 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. ²HCN 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.

EMPOWERED TO CHANGE THE WORLD

Potential catalysts for value creation:

- Strong & growing market demand in key areas
- Reengineering enrollment management processes
- Brand building & targeting program investment
- Attractive new workforce focused programs & degrees
- 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

QUESTIONS & ANSWERS

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

We change lives through
education