



# Higher education that makes a difference.

*Presented by:*

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**Third Quarter 2019 Results**  
November 12, 2019



**AMERICAN PUBLIC  
EDUCATION, INC.**

UNITED STATES  
VETERAN

# Safe Harbor Statement

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# Recent Developments

- **APUS Net Course Registrations.** The temporary exhaustion of Navy TA funds adversely impacted net course registrations during the period.
- **Increasing the Number of Military Learners with *No Out-of-Pocket Costs*.** APUS recently extended tuition grants for active-duty military and their family members pursuing either undergraduate or master’s level courses.

APUS book grant extended to active-duty military students at the master’s level.

- **Enhancing The Student Experience.** Recent tuition increase intended to support investments in academic learning and student operations.

APUS plans to implement a new LMS, CRM and other systems that enable additional learning modalities to serve new market segments.

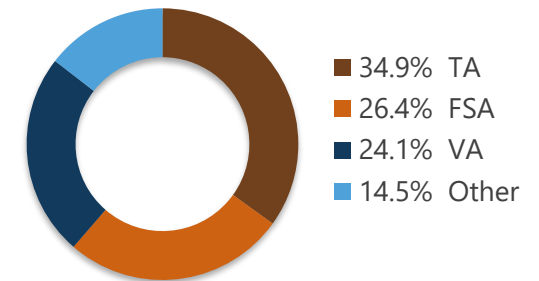
- **Rebuilding Our Nursing Platform.** HCN’s growth recovery plan aims to improve student outcomes and retention, as well as increase enrollment of college-ready students.



## APUS NET COURSE REGISTRATIONS BY PRIMARY FUNDING SOURCE

THREE MONTHS ENDING SEPTEMBER 30, 2019

	% Change (Y/Y)
Cash/Other	+1.0%
VA	-1.4%
FSA	-5.2%
TA	-9.5%
<b>Total</b>	<b>-5.0%</b>



# Financial Results Summary

- Consolidated revenues decreased by 7% to \$67.9 million, compared to \$73.0 million in the same period of 2018.
- Net loss of \$1.6 million, or \$0.10 per diluted share, compared to net income of \$5.5 million, or \$0.33 per diluted share, in the prior year period.
- Adjusted net income for the third quarter of 2019 was \$1.8 million, or \$0.11 per diluted share. For additional information regarding adjusted net income (a non-GAAP measure), please refer to "GAAP to Adjusted Net Income Reconciliation" in the appendix.
- Total cash and cash equivalents as of September 30, 2019 were approximately \$210.1 million, compared to \$212.1 million as of December 31, 2018.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Costs and expenses:				
Instructional costs and services	40.2%	38.6%	39.6%	39.3%
Selling and promotional	23.4%	19.4%	21.3%	19.5%
General and administrative	32.4%	26.4%	27.9%	25.3%
Loss on disposals of long-lived assets	0.6%	0.3%	0.2%	0.4%
Impairment of goodwill	2.2%	—	3.5%	—
Depreciation and amortization	5.5%	5.9%	5.5%	5.9%
<b>Total costs and expenses</b>	<b>104.3%</b>	<b>90.6%</b>	<b>98.0%</b>	<b>90.4%</b>

## \$67.9M

Consolidated Revenues

## \$0.11/share

Adjusted EPS (diluted)

## 638,620

Repurchased Shares

## \$210.1M

Cash & Equivalents

# APEI Outlook

FOURTH QUARTER 2019

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

## Fourth Quarter 2019 Approximate Y/Y Change

APUS Net course registrations <sup>1</sup> by new students	-1% to +3%
APUS Net course registrations <sup>1</sup>	-2% to +2%
HCN Student enrollment <sup>2</sup>	-24%
HCN New student enrollment <sup>2</sup>	-20%
APEI Consolidated revenue	-7% to -3%
APEI Consolidated net income per share*	\$0.35 to \$0.40

APUS technology transformation project is expected to cost approximately \$1.0 million pre-tax for the fourth quarter of 2019. This amount is included in APEI's outlook for the fourth quarter of 2019.

\*Net income per share includes an estimate for stock repurchases that may occur during the fourth quarter of 2019.





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# Appendix

## GAAP to Adjusted Net Income Reconciliation

The following table sets forth the reconciliation of the Company's reported GAAP net income to the calculation of adjusted net income for the three and nine months ended September 30, 2019 and 2018:

(In thousands, except per share data)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018		2019		2018	
	\$	Per Share	\$	Per Share	\$	Per Share	\$	Per Share
Net (loss) income:	\$ (1,638)	\$ (0.10)	\$ 5,499	\$ 0.33	\$ 4,294	\$ 0.26	\$ 16,546	\$ 1.00
Add adjustments:								
Impairment of goodwill	1,481	0.09	—	—	7,336	0.44	—	—
Compensation expense adjustment	2,814	0.17	—	—	—	—	1,714	0.10
Tax effect of the non-GAAP adjustment	(835)	(0.05)	—	—	2,814	0.17	—	—
Adjusted net income:	\$ 1,822	\$ 0.11	\$ 5,499	\$ 0.33	\$ (2,450)	(0.15)	\$ (447)	(0.03)
					\$ 11,994	\$ 0.72	\$ 17,813	\$ 1.07
Weighted average number of diluted common shares outstanding:	16,121		16,658		16,487		16,628	