



# *Higher education that makes a difference*

**THIRD QUARTER 2017 RESULTS | NOVEMBER 7, 2017**

**PRESENTED BY**

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**AMERICAN PUBLIC EDUCATION, INC.**

# SAFE HARBOR STATEMENT

Statements made in this presentation regarding American Public Education, Inc., or its subsidiaries, that are not historical facts are forward-looking statements based on current expectations, assumptions, estimates and projections about American Public Education, Inc. and the industry. These forward-looking statements are subject to risks and uncertainties that could cause actual future events or results to differ materially from such statements. Forward-looking statements can be identified by words such as “anticipate,” “believe,” “seek,” “could,” “estimate,” “expect,” “intend,” “may,” “should,” “will” and “would.” These forward-looking statements include, without limitation, statements regarding expected growth, expected registration and enrollments, expected revenues, and expected earnings. Actual results could differ materially from those expressed or implied by these forward-looking statements as a result of various factors, including the various risks described in the “Risk Factors” section and elsewhere in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, Quarterly Report on Form 10-Q for the period ended September 30, 2017 and other filings with the SEC. The Company undertakes no obligation to update publicly any forward-looking statements for any reason, unless required by law, even if new information becomes available or other events occur in the future.

# RECENT RESULTS & HIGHLIGHTS

## 7%▲<sup>1</sup>

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

<sup>1</sup>. For three months ending July 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 7% for the three months ended July 31, 2017, compared to the same period last year.
- Although net course registrations by *new* students at APUS decreased 5% y/y, net course registrations by *returning* students declined 4% y/y for the three months ended September 30, 2017.
- HCN new student enrollment *increased* 58% y/y and total student enrollment *increased* 11% y/y for the three months ending September 30, 2017 (Summer 2017).

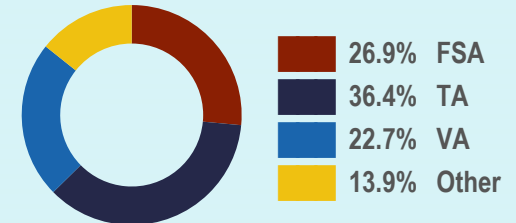
### APUS NET COURSE REGISTRATIONS BY PRIMARY FUNDING SOURCE

For three months ending September 30, 2017

	% Change (Y/Y)
FSA	-11.0%
TA	-1.6%
VA	-2.2%
Cash/Other	+0.4%
<b>Total</b>	<b>-4.2%</b>

### APUS NET COURSE REGISTRATIONS BY PRIMARY FUNDING SOURCE

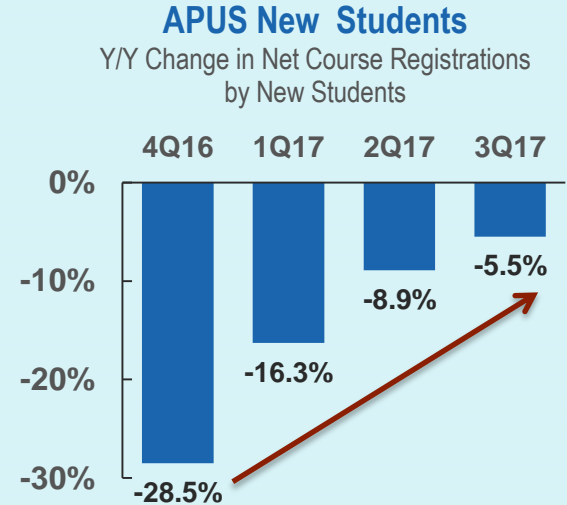
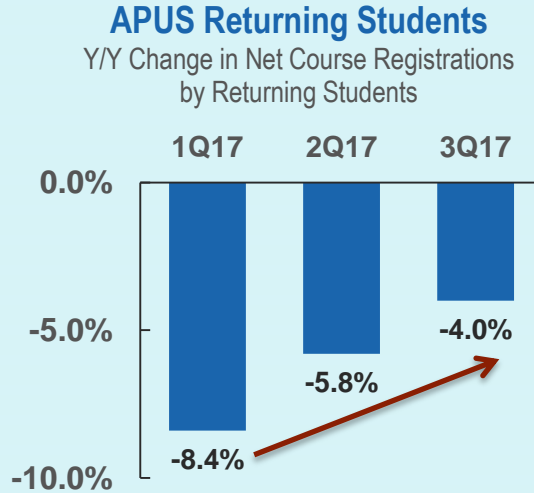
For nine months ending September 30, 2017



# ENROLLMENT STABILIZATION; A TOP PRIORITY THROUGHOUT OUR ENTERPRISE

## Key Near-Term Priorities:

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



# FINANCIAL RESULTS SUMMARY

THIRD QUARTER 2017

**BETTER THAN ANTICIPATED:**

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

- Consolidated revenues decreased 0.7% to \$73.3 million, compared to \$73.8 million in the same period of 2016.
- Costs and Expenses:
  - *Instructional costs and services expenses* increased as a percentage of revenues to 39.2%, compared to 38.4% in the prior year period.
  - *Selling and promotional expenses* increased as a percentage of revenues to 20.0%, compared to 17.8% in the prior year period.
  - *General and administrative expenses* increased as a percentage of revenues to 23.5%, compared to 23.2% in the prior year period.
- Bad debt expense decreased to \$1.2 million, or 1.6% of revenue, compared to \$1.6 million, or 2.2% of revenue in the prior year period.
- Net income increased to \$4.4 million, or \$0.27 per diluted share, compared to \$0.3 million, or \$0.02 per diluted share, in the prior year period.
- Cash and cash equivalents increased to \$166.3 million, compared to \$146.4 million as of December 31, 2016.



# APEI OUTLOOK

FOURTH QUARTER 2017

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

	Fourth Quarter 2017 Approx. Y/Y Change
APUS Net course registrations <sup>1</sup> by new students	-12% to -8%
APUS Net course registrations <sup>1</sup>	-8% to -4%
HCN New student enrollment <sup>2</sup>	Approx. +29%
HCN Student enrollment <sup>2</sup>	Approx. +23%
Consolidated revenue	-5% to -1%
Consolidated net income per share	\$0.29 to \$0.34

<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.



We change lives through  
education