



# Universal Technical Institute

## Growth & Diversification Strategy Update

May 4, 2022

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*Unless noted otherwise, the contents of this deck are specific to UTI and do not include the pending acquisition of Concorde Career Colleges, Inc.*

*For additional financial information please see Company public filings and the Financials section of our investor website*

# Forward-Looking Statements

This document contains statements, estimates, projections or guidance that constitute forward-looking statements as defined under the U.S. federal securities laws about the proposed transaction based on current expectations and assumptions that involve risks and uncertainties. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements contained in this presentation, other than statements of historical fact, are statements that could be deemed "forward-looking" statements, including, but not limited to, statements regarding the potential transaction between UTI and Concorde, including any statements regarding the expected timetable for completing the potential transaction, the ability to complete the potential transaction, the expected benefits of the potential transaction (including anticipated accretion to UTI's revenue, profitability and cash flow), future opportunities, and any other statements regarding UTI's or Concorde's future expectations, beliefs, plans, objectives, results of operations, financial condition and cash flows, or future events or performance. These forward-looking statements may contain words such as "goal," "target," "future," "estimate," "expect," "anticipate," "intend," "plan," "believe," "seek," "project," "may," "should," "will," the negative form of these expressions or similar expressions. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on UTI's current beliefs, expectations and assumptions regarding the future of its business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions.

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of UTI's control. UTI's actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause actual results and financial condition may differ materially from those indicated in the forward-looking statements include, among other things, uncertainties as to the timing to consummate the potential transaction; the risk that a condition to closing the potential transaction may not be satisfied, including receipt of regulatory approvals on the terms expected or on the anticipated schedules; the effects of disruption to UTI's or Concorde's respective businesses; the effects of industry, market, economic, political or regulatory conditions outside of UTI's or Concorde's control; UTI's ability to achieve the benefits from the proposed transaction; the occurrence of any events, change or other circumstance that could give rise to termination of the merger agreement; the risk that any regulatory approval, consent or authorization that may be required for the proposed transaction is not obtained or is obtained subject to conditions that are not expected; and unknown liabilities. Other important factors that could cause actual results to differ materially from those in the forward-looking statements are described in UTI's filings with the SEC, including its Annual Report on Form 10-K for the fiscal year ended September 30, 2021.

Any forward-looking statements made by UTI in this presentation are based only on information currently available to UTI and speak only as of the date on which it is made. UTI expressly disclaims any obligation to publicly update any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future developments, changes in expectations, any changes in events, conditions or circumstances, or otherwise.

# Concorde Acquisition Summary

# UTI to Acquire Concorde Career Colleges



## Universal Technical Institute Takes the Next Step in its Growth and Diversification Strategy with a Definitive Agreement to Acquire Concorde Career Colleges, Inc.

*Expands Universal Technical Institute's Career-Focused Education Brand into Growing Healthcare Fields*

PHOENIX, May 3, 2022 -- Universal Technical Institute, Inc. (NYSE: UTI), a leading provider of transportation and technical training programs, has entered into a definitive agreement to acquire Concorde Career Colleges, Inc. from Liberty Partners LLC. Terms of the transaction have been disclosed in Universal Technical Institute's Form 8-K.

### TRANSACTION DETAILS

- ◆ Cash Purchase Price of \$50M
- ◆ Seller is Liberty Partners L.P. (PE firm) – purchased Concorde in 2006
- ◆ Will be submitted for Dept of ED Accelerated Pre-Acquisition Review (APAR)
  - ◆ Expected to close in the first half of UTI's FY2023
- ◆ Closing predicated on Dept of ED and other regulatory conditions/approvals



Nursing



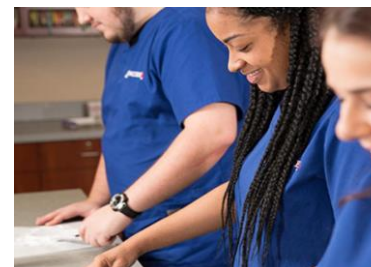
Dental



Patient Care



Diagnostic



Allied Health



Continuing Education



# Concorde Career Colleges Overview

*Healthcare education provider focused on preparing America's next generation of healthcare professionals for rewarding careers in areas such as nursing, dental, patient care, and allied health*

## SUMMARY STATISTICS

**FOUNDED:** 1968

**REVENUE<sup>1</sup>:** ~\$180M **Adj. EBITDA<sup>1</sup>:** ~\$13M

**LOCATIONS:** 17 Campuses in 8 States

**ENROLLMENT<sup>1</sup>:** ~7,400 students

### KEY METRICS<sup>2</sup>:

• **Composite Score:** 1.97 (of 3.00)

• **Cohort Default Rate:** ~14%

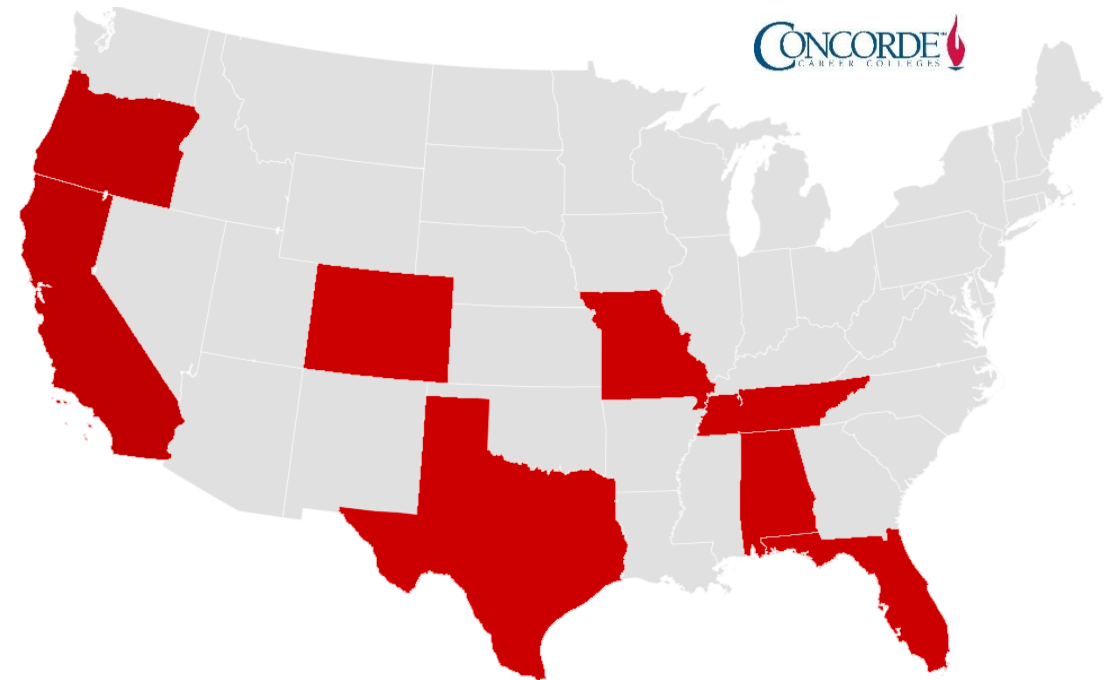
• **90/10 Ratio:** ~75%

• **Graduation Rate:** ~71%

• **Employment Rate:** ~84%

## BUSINESS OVERVIEW

- ◆ 20+ programs for high-demand healthcare professional degrees and certifications
- ◆ Revenue Mix (2021):
  - ◆ *Allied Health 27%, Dental 25%, Nursing 19%, Patient Care 23% Diagnostic 5%*
- ◆ Expansion of dental hygiene and nursing into new campuses currently in process
- ◆ More broadly diversifies UTI's brand offerings, markets, and student base



## Concorde's Mission

Concorde Career Colleges prepares committed students for successful employment in a rewarding health care profession through high-caliber training, real world experience and student-centered support.

<sup>1</sup> As reported by Concorde, based on their 12/31 fiscal year end

<sup>2</sup> Based on most recent reporting periods for Concorde and represent approximate averages across Concorde's 12 OPEIDs and individual programs whose individual results may vary significantly from the mean. 90/10 Title IV metric ranges from 63% to 87%, with a Cohort Default Rate range of 9% to 19%.

# Concorde Acquisition Rationale

**1** Significant acquisition adds an established brand in the highly attractive healthcare end-market, expanding UTI's role as a leading workforce solutions provider

**2** Regulatory metrics and student demographics meaningfully complement current UTI composition

**3** Ability to leverage combined scale, creating new opportunities for enhanced growth and operational synergies

**Acquisition of Concorde will be immediately accretive<sup>1</sup> while creating significant opportunity to further increase long-term shareholder value**

# Growth and Diversification Strategy Update

# UTI Growth and Diversification Strategy Recap

*Company's Management and Board are prudently allocating capital to drive its growth and diversification strategy, while continuing to explore incremental opportunities*



## NEW CAMPUSES

- ★ *Austin, TX and Miramar, FL planned to open in FY 2022, others being evaluated*



## PROGRAM EXPANSIONS

- ★ *4 welding launches over FY2021/2022, MIAT programs at UTI campuses FY2023+, exploring others (e.g. EV)*



## INORGANIC GROWTH

- ★ *Concorde (20+ healthcare programs, 17 campuses), MIAT (9 aviation/skilled trade programs, 2 campuses), Continuing to evaluate additional opportunities*



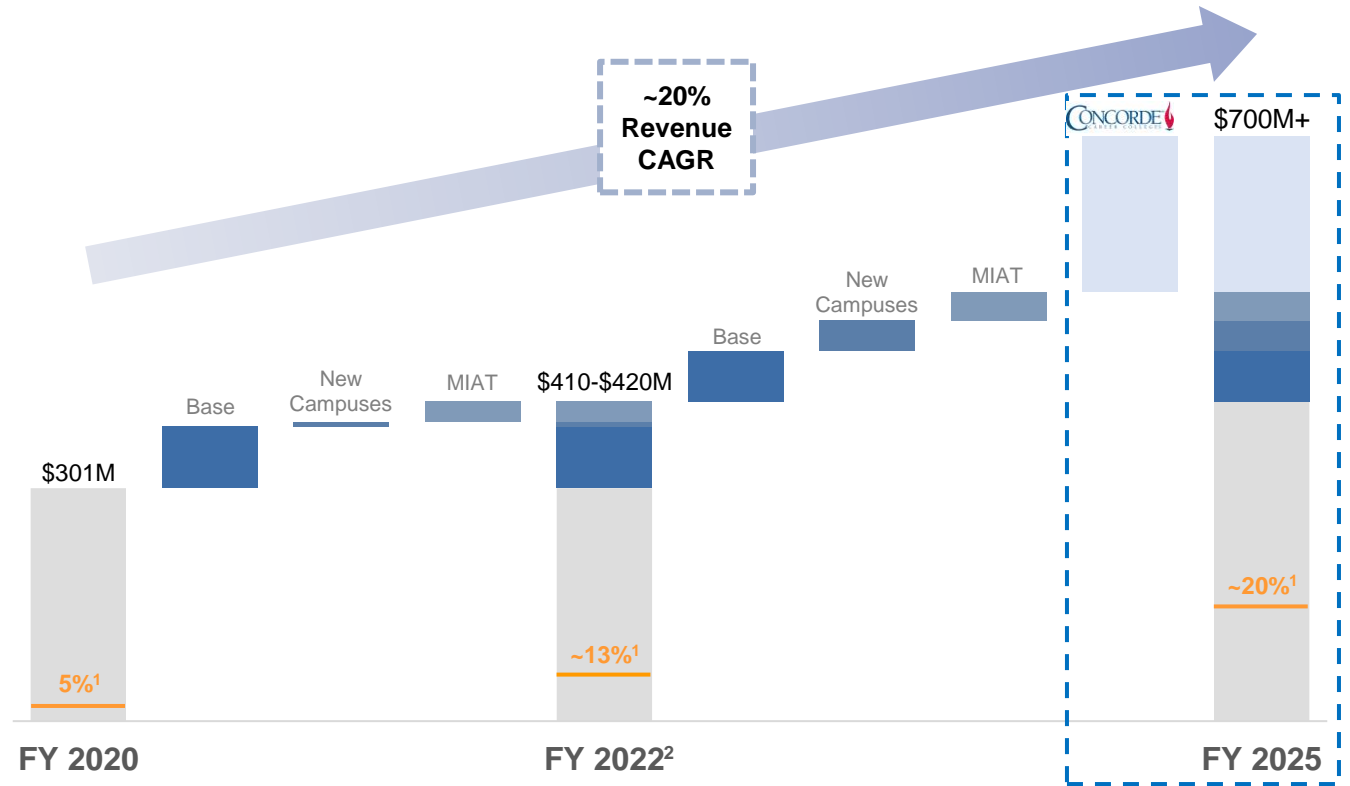
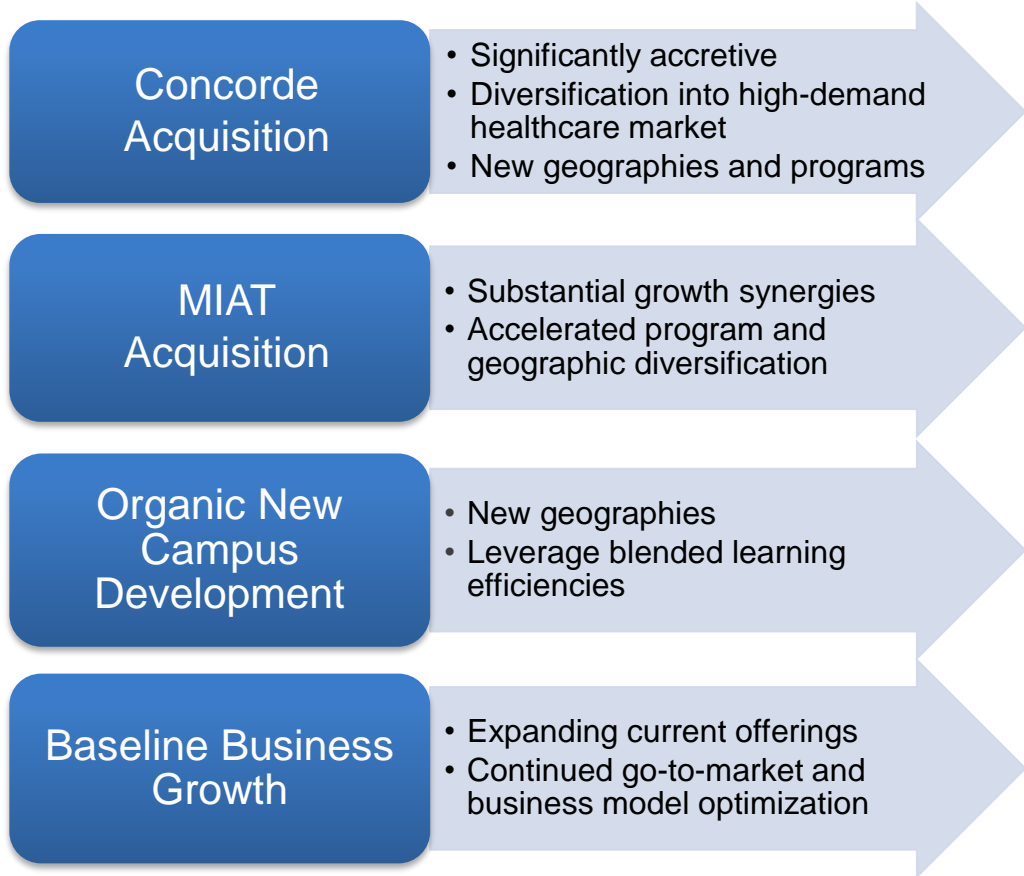
## BUSINESS MODEL EXTENSIONS

- ★ *Pursuing additional B2B and non-Title IV diversification*



# Accelerated Revenue and Margin Growth

*With the addition of Concorde\*, expected growth would accelerate versus our prior view leading to estimated FY2025 revenue in excess of \$700 million, with estimated adjusted EBITDA margin of ~20%*



\* Concorde Definitive Agreement signed May 2022. Target close First Half FY2023.

# Growth & Diversification Strategy Alignment: Why Healthcare?

*Ever-increasing demand for healthcare workers continues to far outpace supply, aligning to UTI's mission as a leading workforce solutions provider for fast-growing fields*

## Demand Drivers for Healthcare Professionals:

- ✓ Healthcare occupations expected to **grow 16% from 2020 to 2030<sup>1</sup>**, due to an **aging population** and **greater demand** for healthcare services
- ✓ **Demand** for all healthcare occupations is **much greater** than the number of people available to fill the positions<sup>2</sup>
- ✓ The U.S. will need to hire **2.4 million new healthcare workers** by 2029 in order to adequately take care of its aging population<sup>3</sup>
- ✓ **COVID-19 impacts** accelerating the need and widening the supply-demand gap<sup>3</sup>

## Benefits to UTI of Entering Healthcare:

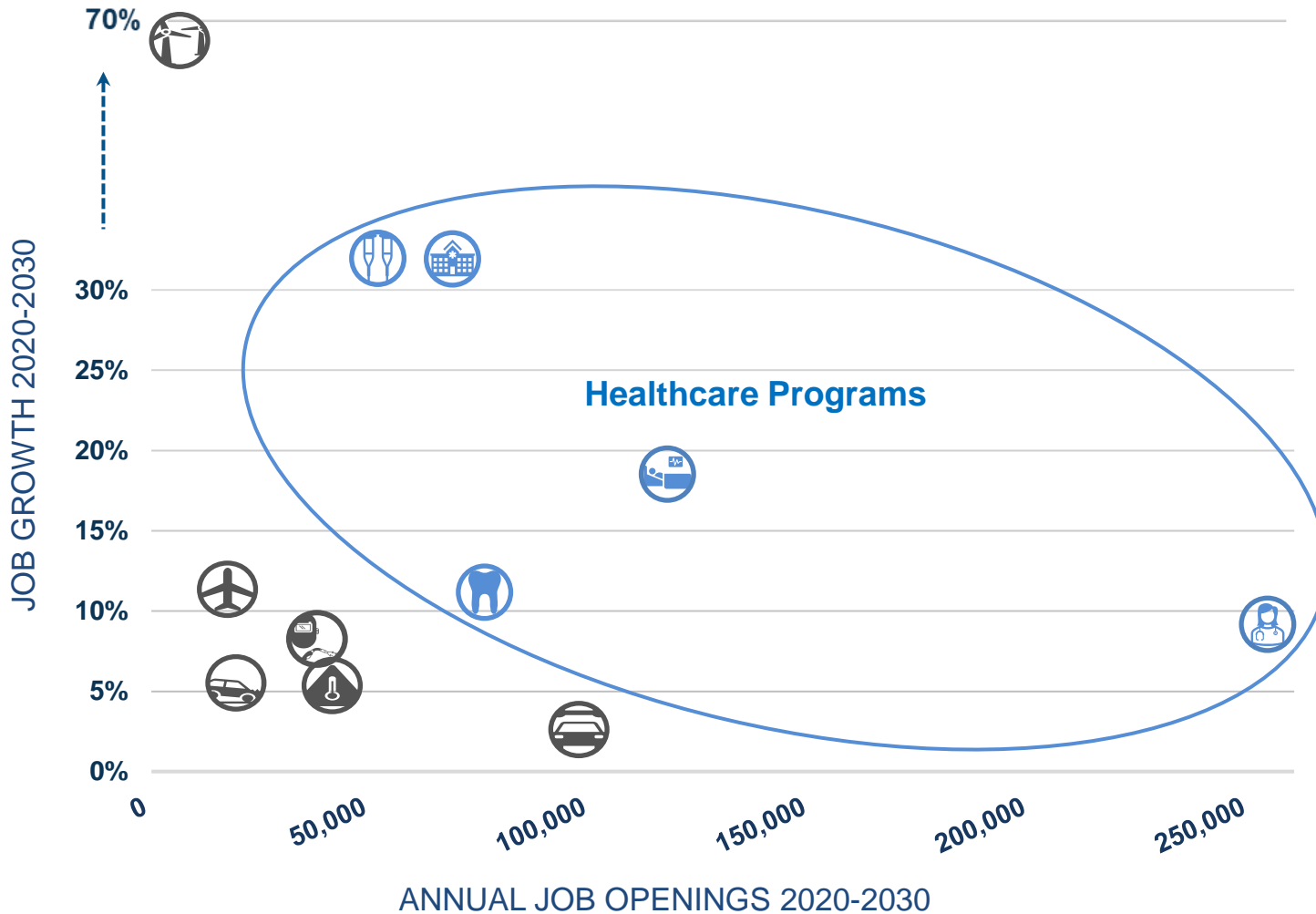
- ✓ **Expands UTI's addressable market** in high-growth disciplines
- ✓ **Further diversifying product offerings** provides more career opportunities for prospective students and **strengthens foundation for steady growth**
- ✓ **Strong program pathways** provide opportunity to drive greater student/customer **lifetime value**
- ✓ Improves opportunity to **leverage alternative student funding models** further reducing Title IV dependency

<sup>1</sup> U.S. Bureau of Labor Statistics, April 18, 2022

<sup>2</sup> "Demand is high for healthcare workers while labor numbers stagnate" Healthcare Finance, May 12, 2021

<sup>3</sup> American Hospital Association "2022 Health Care Talent Scan" ©2021

# Pending Addition of High Demand Healthcare Offerings Further Enhances UTI's Future Growth Opportunity



Program Category	Program Offerings
Concorde Program Offerings	Dental Hygienists & Assistants
	Healthcare Administration
	Medical Assistants
	Nursing
	Physical and Occupational Therapy Assistants
Current UTI Program Offerings	Aircraft Mechanics & Techs
	Auto Body Repairers
	Auto/Diesel Technicians
	HVACR Mechanics & Installers
	Welding
	Wind Turbine Service Techs

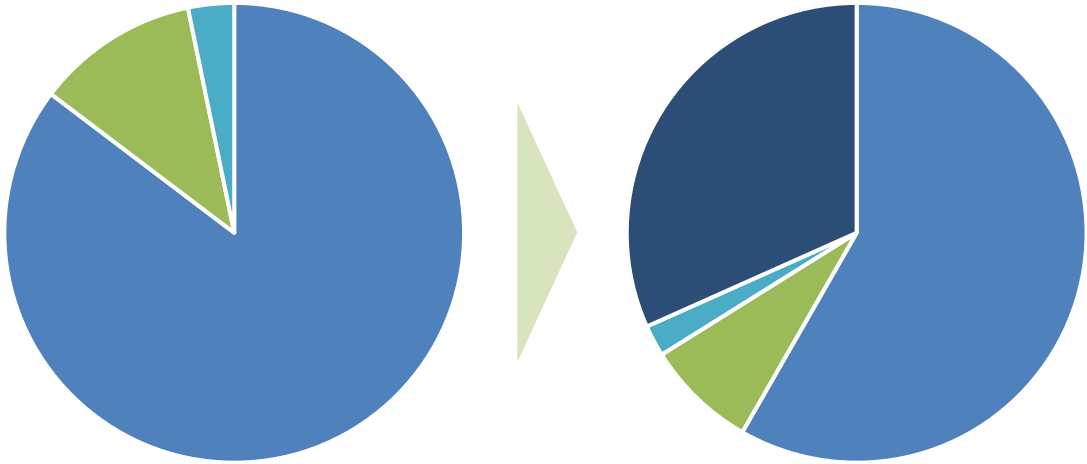
\* Concorde Definitive Agreement signed May 2022. Target close First Half FY2023.

# Concorde Acquisition Will Accelerate Diversification Across Multiple Dimensions



*The acquisition of Concorde will diversify UTI across key dimensions further reducing seasonality and supporting a steady growth trajectory*

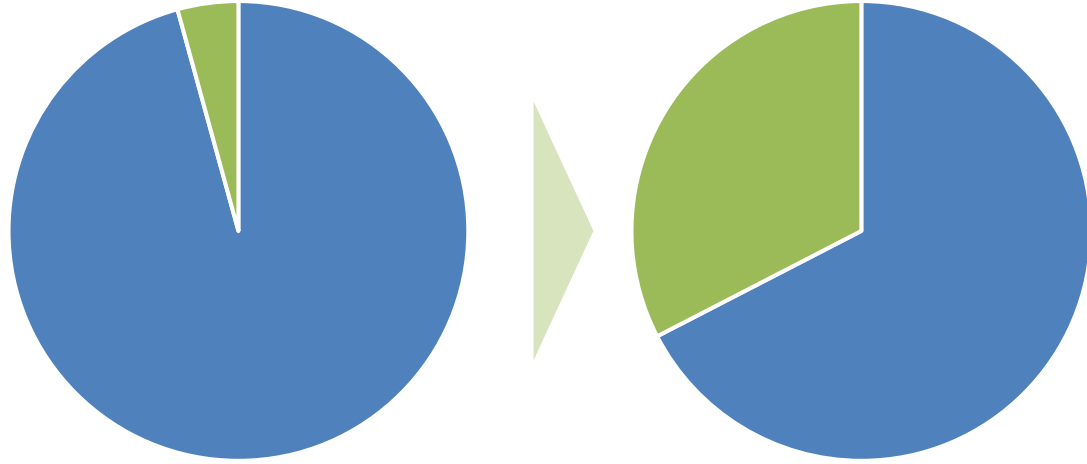
## Revenue by Product Offering



■ Transportation ■ Skilled Trades ■ B2B ■ Healthcare

Based upon 2021 reported results for UTI and Concorde. Does not contemplate additional revenue mix benefits from UTI's planned MIAT program expansions, or future Concorde growth.

## Student Demographics



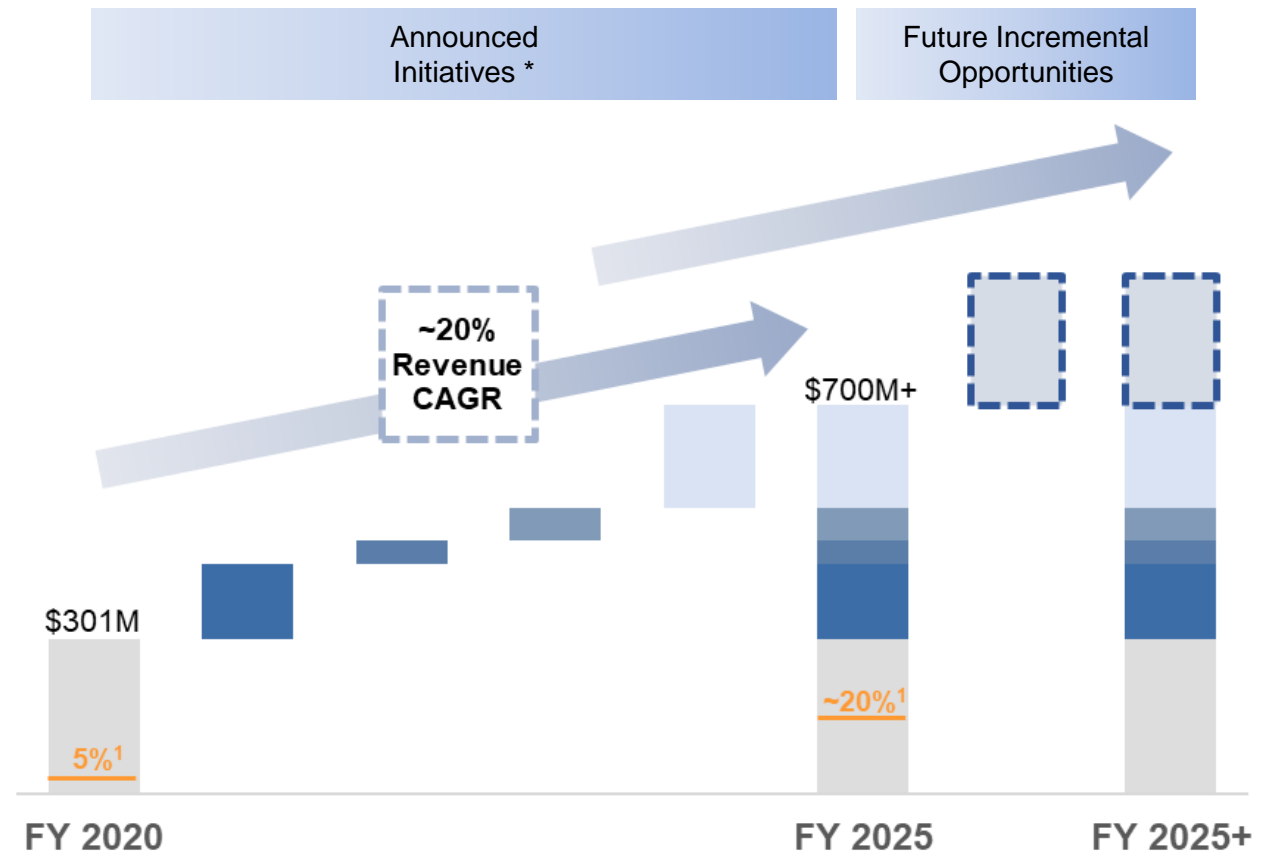
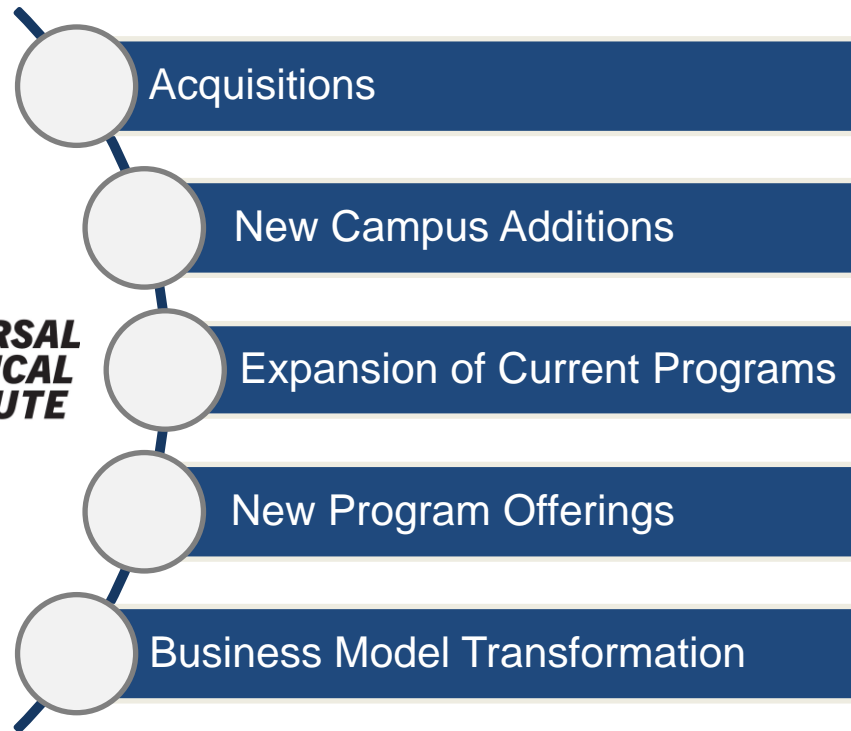
■ Male ■ Female

UTI is currently predominantly 18-to-24-year-old males, recent high school grads, military and working adults. Concorde adds a majority female population, largely working professionals or career changers with an average age of 28 years old.

# Disciplined Execution Driving Strategic Growth



*With the Concorde announcement, UTI takes another definitive step meaningfully and rapidly advancing its growth & diversification strategy, with incremental future opportunities to drive even further growth and shareholder value*



\* Concorde Definitive Agreement signed May 2022. Target close First Half FY2023.

<sup>1</sup> Adjusted EBITDA, definition outlined in the appendix as a Non-GAAP measure

# APPENDIX

# Use of Non-GAAP Financial Information

This presentation contains non-GAAP (Generally Accepted Accounting Principles) financial measures, which are intended to supplement, but not substitute for, the most directly comparable GAAP measures. Management chooses to disclose to investors these non-GAAP financial measures because they provide an additional analytical tool to clarify the results from operations and help to identify underlying trends. Additionally, such measures help compare the company's performance on a consistent basis across time periods. Management defines EBITDA as net income (loss) before interest expense, interest income, income taxes, depreciation, amortization. Management defines adjusted EBITDA as net income (loss) before interest expense, interest income, income taxes, depreciation, amortization and adjusted for items not considered as part of the company's normal recurring operations. Management defines adjusted net income (loss) as net income (loss), adjusted for items that affect trends in underlying performance from year to year and are not considered normal recurring operations, including the income tax effect on the adjustments utilizing the effective tax rate. Management defines adjusted free cash flow as net cash provided by (used in) operating activities less capital expenditures, adjusted for items not considered as part of the company's normal recurring operations. Management chooses to disclose any campus adjustments as direct costs (net of any corporate allocations). Management utilizes adjusted figures as performance measures internally for operating decisions, strategic planning, annual budgeting and forecasting. For the periods presented, this includes acquisition-related costs for both announced and potential acquisitions, integration costs for completed acquisitions, costs related to the purchase of our Lisle, Illinois and Avondale, Arizona campuses, start-up costs associated with the Austin, TX and Miramar, FL campus openings, lease accounting adjustments resulting from the purchase of our Lisle, Illinois campus and our campus consolidation efforts, the income tax benefit recorded as a result of the CARES Act, and severance expenses due to the CEO transition, MIAT program expansion costs, and costs related to the teach-out and closure of the Norwood, MA campus. To obtain a complete understanding of the company's performance, these measures should be examined in connection with net income (loss) and net cash provided by (used in) operating activities, determined in accordance with GAAP, as presented in the financial statements and notes thereto included in the annual and quarterly filings with the Securities and Exchange Commission. Since the items excluded from these measures are significant components in understanding and assessing financial performance under GAAP, these measures should not be considered to be an alternative to net income (loss) or net cash provided by (used in) operating activities as a measure of the company's operating performance or liquidity. Exclusion of items in the non-GAAP presentation should not be construed as an inference that these items are unusual, infrequent or non-recurring. Other companies, including other companies in the education industry, may calculate non-GAAP financial measures differently than UTI does, limiting their usefulness as a comparative measure across companies. A reconciliation of the historical non-GAAP financial measures to the most directly comparable GAAP measures is included in the following slides.

Information reconciling forward-looking adjusted EBITDA, adjusted net income and adjusted free cash flow to the most directly comparable GAAP financial measure is unavailable to the company without unreasonable effort. The company is not able to provide a quantitative reconciliation of adjusted EBITDA, adjusted net income or adjusted free cash flow to the most directly comparable GAAP financial measure because certain items required for such reconciliation are uncertain, outside of the company's control and/or cannot be reasonably predicted, including but not limited to the provision for (benefit from) income taxes. Preparation of such reconciliation would require a forward-looking statement of income and statement of cash flows prepared in accordance with GAAP, and such forward-looking financial statements are unavailable to the company without unreasonable effort.

# Adjusted EBITDA Reconciliation

(\$ in thousands)



	Guidance Midpoint 12 Mos. 9/30/22	Actual 12 Mos. 9/30/21	Actual 12 Mos. 9/30/20
Net income (loss)	~\$24,600	\$14,581	\$8,008
Interest (income) expense, net	~1,600	282	(1,142)
Income tax (benefit) expense	~(5,500)	602	(10,602)
<u>Depreciation and amortization</u>	<u>~17,000</u>	<u>14,028</u>	<u>13,150</u>
EBITDA	~\$37,700	\$29,493	\$9,414
Acquisition-related costs <sup>(1)</sup>	~5,000	2,522	–
MIAT integration and program expansion costs <sup>(2)</sup>	~2,300	–	–
New campus start-up costs <sup>(3)</sup>	~9,000	502	–
Facility lease accounting adjustments <sup>(4)</sup>	~(500)	–	–
Severance expense due to CEO transition <sup>(5)</sup>	–	–	1,531
Norwood, MA Campus EBITDA <sup>(6)</sup>	–	–	3,005
<b>Adjusted EBITDA, non-GAAP</b>	<b>~\$53,500</b>	<b>\$32,517</b>	<b>\$13,950</b>
<b>FY2022 Guidance Range</b>	<b>\$52,000-\$55,000</b>		

(1) Estimated costs related to both announced and potential acquisitions.

(2) Estimated one-time expenses for the integration of the MIAT acquisition, and expansion of MIAT programs into other UTI campuses

(3) Estimated expenses for implementation of the new campuses in Austin, TX and Miramar, FL which are planned to launch in Q3 and Q4 FY2022, respectively.

(4) Lease accounting adjustments from our campus optimization efforts. These are primarily non-cash except for a lease termination payment related to our Orlando campus.

(5) In October 2019, we announced the retirement of our former President and Chief Executive Officer, Kimberly J. McWaters. During fiscal 2020, we incurred a total charge of \$1.5 million, in accordance with Ms. McWaters' Retirement Agreement and Release of Claims, dated October 31, 2019.

(6) The Norwood, MA exit was announced in February 2019. As a result, we incurred a \$1.4 million restructuring charge during fiscal 2019. The previously enrolled students completed their programs and the campus closed on July 31, 2020.

Note: Expected adjustments outlined for FY 2022 are illustrative only and may differ from what is realized, either in the amounts &/or the categories shown.

Adjusted EBITDA margin noted on prior slides is actual or estimated Adjusted EBITDA divided by actual or estimated revenue.



