

SEI

STRATEGIC EDUCATION, INC.

**FIRST QUARTER 2020
EARNINGS RELEASE**

April 29, 2020

Forward-Looking Statements

Statements Under the Private Securities Litigation Reform Act of 1995

Statements in this presentation are “forward-looking statements” under the federal securities laws. Such statements may be identified by the use of words such as “expect,” “estimate,” “assume,” “believe,” “anticipate,” “may,” “will,” “forecast,” “outlook,” “plan,” “project,” “potential” and other similar words, and include all statements that are not historical facts, including with respect to, among other things, the future financial performance of SEI; SEI’s plans, strategies and prospects; the impact of the current COVID-19 pandemic on SEI’s business and results; and future events and expectations. The statements are based on SEI’s current expectations and are subject to a number of assumptions, uncertainties and risks, including but not limited to: SEI’s continued compliance with Title IV of the Higher Education Act, and the regulations thereunder, as well as regional accreditation standards and state regulatory requirements; rulemaking by the Department of Education and increased focus by the U.S. Congress on for-profit education institutions; the pace of growth of student enrollment; competitive factors; risks associated with the further spread of COVID-19, including the ultimate impact of COVID-19 on people and economies; the impact of regulatory measures or voluntary actions that may be put in place to limit the spread of COVID-19, including restrictions on business operations or social distancing requirements; risks associated with the opening of new campuses; risks associated with the offering of new educational programs and adapting to other changes; risks associated with the acquisition of existing educational institutions; risks relating to the timing of regulatory approvals; SEI’s ability to implement its growth strategy; the risk that the combined company may experience difficulty integrating employees or operations; risks associated with the ability of SEI’s students to finance their education in a timely manner; general economic and market conditions; and additional factors described in SEI’s most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Many of these risks, uncertainties and assumptions are beyond SEI’s ability to control or predict. Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. Furthermore, these forward-looking statements speak only as of the information currently available to SEI on the date they are made, and SEI undertakes no obligation to update or revise forward-looking statements, except as required by law. Actual results may differ materially from those projected in the forward-looking statements. All Strategic Education, Inc. filings are available for viewing on our website at www.strategiceducation.com.

Q1 2020 Release

Strategic Education, Inc. segment reporting structure

	Segment	Includes:
1	Strayer University	Strayer University, including Jack Welch Management Institute, DevMountain, and Hackbright Academy
2	Capella University	Capella University and Sophia

Q1 2020 HIGHLIGHTS

Strategic Education, Inc. (SEI)			
Enrollment Performance (YoY)	SEI Consolidated	Strayer University	Capella University
Total Enrollment	96,537 +8%	55,337 +11%	41,200 +4%
New Enrollment	+11%	+7%	+17%
Continuing Student Enrollment	+7%	+12%	+1%
Financial Performance (YoY)			
Revenue	\$265.3 million +7.6%	\$145.7 million +11.4%	\$119.6 million +3.4%
Adjusted Operating Expense ¹	\$202.2 million +2.0%	\$109.1 million +2.0%	\$93.1 million +2.0%
Adjusted Operating Income ¹	\$63.1 million +30.7%	\$36.6 million +53.8%	\$26.5 million +8.2%
Adjusted Operating Margin ¹	23.8% of revenue +420 basis points	25.1% of revenue +690 basis points	22.2% of revenue +100 basis points
Adjusted Net Income ¹	\$46.5 million +26.6%	NA	NA
Adjusted Diluted Earnings Per Share ¹	\$2.11 +27.1%	NA	NA
Balance Sheet/Cash Flow			
Cash position as of March 31, 2020 (cash, cash equivalents, and marketable securities)	\$506.3 million	NA	NA
Cash provided by operations during quarter ended March 31, 2020	\$68.7 million	NA	NA
Quarterly cash dividend declared and paid during Q1 2020	\$0.60 per share	NA	NA

Enrollment and Financial Performance

- Strong consolidated financial results for Q1 2020
- Continued enrollment growth at both Strayer University and Capella University
- Strong revenue and earnings growth, and margin expansion, driven by higher first quarter enrollment and continued productivity improvements

¹ Non-GAAP financial measures; see page 5 of this presentation for more information regarding non-GAAP financial measures

Non-GAAP Financial Measures

These materials report certain financial measures that are not required by, or presented in accordance with, accounting principles generally accepted in the United States of America ("GAAP"). We discuss management's reasons for reporting these non-GAAP measures below, and our publicly available financial information reconciles the most directly comparable GAAP measure to each non-GAAP measure that we reference. Although management evaluates and presents these non-GAAP measures for the reasons described below, please be aware that these non-GAAP measures have limitations and should not be considered in isolation or as a substitute for revenue, total costs and expenses, income from operations, operating margin, net income, earnings per share or any other comparable financial measure prescribed by GAAP. In addition, we may calculate and/or present these non-GAAP financial measures differently than measures with the same or similar names that other companies report, and as a result, the non-GAAP measures we report may not be comparable to those reported by others.

Management uses certain non-GAAP measures to evaluate financial performance because those non-GAAP measures allow for period-over-period comparisons of the Company's ongoing operations before the impact of certain items described below. These measures are Adjusted Total Costs and Expenses, Adjusted Income from Operations, Adjusted Operating Margin, Adjusted Net Income, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Adjusted EBITDA and Adjusted Diluted Earnings Per Share (EPS). We define Adjusted Total Costs and Expenses, Adjusted Income from Operations, Adjusted Operating Margin, Adjusted Net Income, and Adjusted Diluted EPS to exclude (1) amortization and depreciation expense related to intangible assets and software assets associated with the Company's merger with Capella Education Company, (2) integration expenses associated with the Company's merger with Capella Education Company, and transaction expenses associated with potential future business combinations, (3) income recognized from the Company's investments in partnership interests and other investments, and (4) discrete tax adjustments utilizing an adjusted effective tax rate of 27.5% and 28.5% for the three months ended March 31, 2019 and 2020, respectively. We define EBITDA as net income before other income, the provision for income taxes, depreciation and amortization, and from this amount in arriving at Adjusted EBITDA we also exclude stock-based compensation expense and the amounts in (2) above. Please see the press release filed as Exhibit 99.1 to the 8-K dated April 28, 2020 and available on our website at www.strategiceducation.com and our Form 10-Q for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures. Non-GAAP measures should not be viewed as substitutes for GAAP measures.

SEI

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