Second Quarter 2018 Earnings Presentation

August 9, 2018

LAUREATE EDUCATION INC®









Forward Looking Statements

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Presentation of Non-GAAP Measures

This presentation contains certain non-GAAP measures which are provided to assist in an understanding of the business and performance of Laureate Education Inc. These measures should always be considered in conjunction with the appropriate GAAP measure. Reconciliations of non-GAAP measures to the relevant GAAP measures are provided in the appendix to this presentation in the financial tables and our SEC filings.

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SUMMARY OVERVIEW

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Note: Throughout this presentation amounts may not sum to totals due to rounding

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Summary Highlights

- ✓ New Enrollments up 4% Q2 YTD
- ✓ Continued margin improvements; up 86bps through Q2 YTD
- ✓ 2Q Adjusted EBITDA ahead of Guidance; up 6% Vs. 2Q 2017 (1)
- ✓ Strong 1H performance; reaffirming full year guidance
- ✓ Outstanding 3rd party rankings and recognitions in Spain, Chile and Peru
- ✓ 2017 Accelerator Plan on-track, resulting in simplification of business model & margin expansion
- ✓ Further portfolio simplification underway

Strong H1 Performance

(1) On an Organic Constant Currency (CC) basis

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PORTFOLIO SIMPLIFICATION

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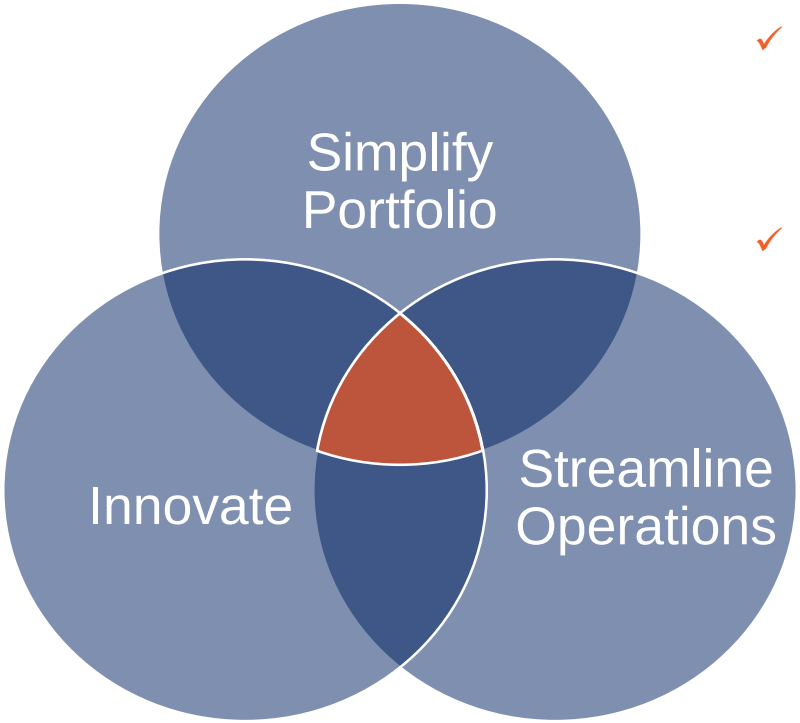
2017 Accelerator Plan has Been Successful



- ✓ **Exit 7 Markets**
  - **Approx. $1bn in proceeds expected at 13x EV/EBITDA [1,2]**
- ✓ **Net leverage expected to be 2.7x by year-end 2018**

- ✓ **Enhanced Student Digital Experience**
- ✓ **Program Differentiation (e.g. IBM Partnership)**

- ✓ **Deploy Common Operating Model**
- ✓ **$75M+ in annual cost savings**

Simplification, Deleveraging & Unlocking Significant Value

[1] SPAs executed for all announced transactions, closing still pending for Malaysia and St Augustine
[2] Enterprise value to trailing EBITDA

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Accelerator Plan Wave 2 Underway

Further reducing complexity and focusing on LATAM Big 4 and Online/Hybrid opportunities

Assets to be Divested

Europe **Asia** **Central America**

~$700M[1] of Revenue

~$100M[1] of Adj. EBITDA

$1bn+

of Proceeds Expected

Remaining Portfolio

Focused Portfolio at Scale

~$3.4B[2] of Revenue

~$0.7B[2] of Adj. EBITDA

LATAM Big 4

Brazil, Mexico, Peru & Chile

Online/Hybrid

U.S. & Australia/NZ

[1] 2018 expected results, Adjusted EBITDA is net of related G&A savings
[2] 2018 pro forma for sale of assets from 2017 Accelerator Plan and Accelerator Plan Wave 2 (expected in future periods)

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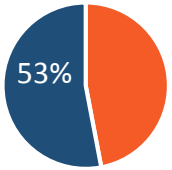
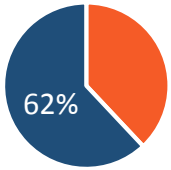
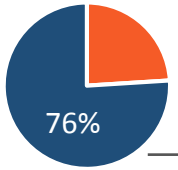
Focused Portfolio at Scale

	At IPO	2017 Accelerator Plan	Accelerator Plan Wave 2
Number of Countries	25	18	LATAM Big 4 & Online/Hybrid
Revenues *($ billions)*	$4.2B *(2017A)*	$4.1B [1] *(2018 PF)*	$3.4B [2] *(2018 PF)*
LATAM Big 4 *as % Revenue*			
Net Leverage	4.0x	2.7x	~1x [3]

4 Scale LATAM Markets
Brazil
Chile
Mexico
Peru

[1] 2018 pro forma for sale of assets from 2017 Accelerator Plan
[2] 2018 pro forma for sale of assets from 2017 Accelerator Plan and Accelerator Plan Wave 2 (expected in future periods)
[3] Assumes proceeds from asset sales are used to repay debt (expected in future periods)

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Q2 & 1H 2018 PERFORMANCE RESULTS

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2018 Second Quarter – Financial Summary

($ in millions) (Enrollments in thousands)	Q2 '18 Results	Variance Vs. Q2 '17	Notes
New Enrollment	62K	(10%)	• Light enrollment period (not a major intake)
New Enrollment – Organic[(1)]		(9%)	• +9% Adjusted for intake timing due to Peru floods in 2017
Total Enrollment	1,041K	(3%)	
Total Enrollment – Organic[(1)]		1%	
Revenue	$1,248	(2%)	
Revenue – Organic/CC[(2)]		3%	
Adj. EBITDA	$361	6%	
Adj. EBITDA – Organic/CC[(2)]		6%	
Adj. EBITDA margin	28.9%	219 bps	

Q2'18 Adjusted EBITDA ahead of Guidance

(1) Organic results exclude period-over-period impacts from acquisitions and divestitures
(2) Organic Constant Currency (CC) Operations excludes exclude the period-over-period impact from currency fluctuations, acquisitions and divestitures, and other items. Other items include the impact of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets, as well as the impact of a $22.8 million expense recorded in 2017 related to the portion of the April 2017 refinancing transactions that was deemed to be a debt modification.

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2018 H1 – Financial Summary

($ in millions) (Enrollments in thousands)	H1 '18 Results	Variance Vs. H1 '17	Notes
New Enrollment	308K	4%	
New Enrollment – Organic[1]		4%	• Brazil up 9% with strong growth in DL
Total Enrollment	1,041K	(3%)	
Total Enrollment – Organic[1]		1%	
Revenue	$2,133	0%	
Revenue – Organic/CC[2]		3%	
Adj. EBITDA	$409	5%	
Adj. EBITDA – Organic/CC[2]		7%	
Adj. EBITDA margin	19.2%	86 bps	

Strong H1 Performance

(1) Organic results exclude period-over-period impacts from acquisitions and divestitures
(2) Organic Constant Currency (CC) Operations excludes exclude the period-over-period impact from currency fluctuations, acquisitions and divestitures, and other items. Other items include the impact of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets, as well as the impact of a $22.8 million expense recorded in 2017 related to the portion of the April 2017 refinancing transactions that was deemed to be a debt modification.

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2018 Second Quarter – Enrollment Dynamics by Segment

(Enrollments in thousands)	Q2 '18 New Enrollment (NE)		Q2 '18 Total Enrollment (TE)		Notes
	Q2 '18	Organic Vs. Q2 '17	Q2 '18	Organic Vs. Q2 '17	
Brazil	16	45%	294	4%	• Strong growth in DL
Mexico	15	6%	188	(2%)	
Andean & Iberian	4	(79%)	342	2%	• NE impacted by timing of intake in Peru due to 2017 floods
Central Am. & U.S. Campuses	11	2%	76	2%	
EMEAA	8	40%	83	1%	• NE driven by strong growth in Australia and intake timing
Online & Partnerships	8	(9%)	59	(11%)	• Timing impacts; Walden down 5% for Q2 due to timing shifts
Laureate Total	62	(9%)	1,041	1%	• **+9% Adjusted for intake timing due to Peru floods in 2017**

Small Intake Cycle in Q2; New Enrollment Growth +9% Normalized for 2017 Peru Floods Timing

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2018 H1 – Enrollment Dynamics by Segment

(Enrollments in thousands)	H1 '18 New Enrollment (NE)		H1 '18 Total Enrollment (TE)		Notes
	H1 '18	Organic Vs. H1 '17	H1 '18	Organic Vs. H1 '17	
Brazil	103	9%	294	4%	• +90% Distance Learning NE Growth
Mexico	44	2%	188	(2%)	• UNITEC growth offset by UVM
Andean & Iberian	96	2%	342	2%	
Central Am. & U.S. Campuses	29	0%	76	2%	
EMEAA	19	10%	83	1%	• 4k Turkey quota reduction; strong growth in Australia (NE:+8%)
Online & Partnerships	17	(5%)	59	(11%)	• Walden NE flat; reported results impacted by planned transition away from certain unprofitable partnerships
Laureate Total	308	4%	1,041	1%	

Enrollment Trends in line With Expectations

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2018 Second Quarter – Revenue, EBITDA Dynamics by Segment

($ millions)	Revenue		Adj. EBITDA		Notes
	Q2 '18	Organic/CC Vs. Q2 '17 (1)	Q2 '18	Organic/CC Vs. Q2 '17 (1)	
Brazil	226	(4%)	78	(7%)	• Impacted by Academic Calendar shift; 1H: Revenue +1% / Adj. EBITDA +11%
Mexico	160	3%	28	(17%)	• Accelerated marketing investments
Andean & Iberian	487	7%	209	9%	
Central Am. & U.S. Campuses	78	8%	15	26%	
EMEAA	138	6%	21	34%	
Online & Partnerships	165	(6%)	45	(7%)	• Revenue decline impacted by soft Fall 2017 intake and deemphasis on int'l partnerships; EBITDA decline driven by incremental marketing investments
Corp. & Elimin.	(6)	n.m.	(35)	13%	
Laureate Total	1,248	3%	361	6%	

Strong Q2'18 Results – Adjusted EBITDA above Guidance

(1) Organic Constant Currency (CC) Operations excludes exclude the period-over-period impact from currency fluctuations, acquisitions and divestitures, and other items. Other items include the impact of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets, as well as the impact of a $22.8 million expense recorded in 2017 related to the portion of the April 2017 refinancing transactions that was deemed to be a debt modification.

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2018 H1– Revenue, EBITDA Dynamics by Segment

($ millions)	Revenue		Adj. EBITDA		Notes
	H1 '18	Organic/CC Vs. H1 '17 (1)	H1 '18	Organic/CC Vs. H1 '17 (1)	
Brazil	348	1%	52	11%	• Margin lift due to new operating model
Mexico	316	0%	58	(20%)	• Increased & front-loading of marketing investments
Andean & Iberian	703	8%	202	16%	
Central Am. & U.S. Campuses	157	6%	32	13%	
EMEAA	285	7%	45	30%	
Online & Partnerships	333	(6%)	90	(12%)	• Increased marketing investments
Corp. & Elimin.	(9)	n.m.	(71)	5%	
Laureate Total	2,133	3%	409	7%	

H1 growth Trends in line with FY Guidance

(1) Organic Constant Currency (CC) Operations excludes exclude the period-over-period impact from currency fluctuations, acquisitions and divestitures, and other items. Other items include the impact of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets, as well as the impact of a $22.8 million expense recorded in 2017 related to the portion of the April 2017 refinancing transactions that was deemed to be a debt modification.

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2018 Second Quarter – Net Income Reconciliation

($ in millions)	Q2 '18 Reported	B / (W) Vs. Q2 '17 $	B / (W) Vs. Q2 '17 %	Notes
Adjusted EBITDA	361	19	6%	• $19M reduction in Q2 due to asset sales
Depreciation & Amort.	(62)	5	7%	
Interest Expense, net	(61)	34	36%	• 25% reduction in debt levels Vs. 2Q '17 and reduced cost of debt
Net Gain on Sale of Subsidiaries	12	12	n.m.	• Closing of Morocco and Germany
Other	63	84	n.m.	• $112M one-time gain upon conversion of preferred equity in April 2018
Income Tax	(89)	(47)	n.m.	• Timing of tax accrual impacted by U.S. tax reform
Net Income	224	107	n.m.	

Net Income Improvements Driven by Lower Interest Expense & One-Time Gain upon Conversion of Preferred Equity

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2018 H1 – Net Income Reconciliation

($ in millions)	H1 '18 Reported	B / (W) Vs. H1 '17 $	B / (W) Vs. H1 '17 %	Notes
Adjusted EBITDA	409	18	5%	• $29M reduction in H1 due to asset sales
Depreciation & Amort.	(130)	1	1%	
Interest Expense, net	(124)	69	36%	• 25% reduction in debt levels and reduced cost of debt
Net Gain on Sale of Subsidiaries	310	310	n.m.	• Italy, Cyprus, China, Morocco and Germany
Other	22	77	n.m.	• $98M (YTD net) one-time gain upon conversion of preferred equity in April 2018
Income Tax	(91)	(76)	n.m.	• Timing of tax accrual, in addition 1H 2017 included $30M one-time benefit
Net Income	395	399	n.m.	

H1 Results include ~$300M Gain related to Asset Sales

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2018 Second Quarter – Free Cash Flow

($ millions)	B / (W) Vs. Q2 '18	B / (W) Vs. Q2 '17	Notes
Adj. EBITDA (excl. Debt Refi)	361	(3)	• $19M reduction in Q2 due to asset sales
Δ Working Capital/Other	(203)	70	• Timing impact from payments and asset divestitures
Cash Taxes	(44)	(4)	
Capital Expenditures (1)	(52)	(3)	
EiP Initiatives	(28)	(5)	
Unlevered Free Cash Flow	34	55	
Debt Refinancing Cost	-	23	
Cash Interest	(79)	36	• Lower debt levels and cost of debt
Reported FCF	(45)	114	

Q2 FCF up $114M Y-o-Y Driven by Lower Interest Expense and Timing of Working Capital Change

(1) Excluding EiP related capex

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2018 H1 – Free Cash Flow

($ millions)	H1 '18	B / (W) Vs. H1 '17	Notes
Adj. EBITDA (excl. Debt Refi)	409	(4)	• $29M reduction in 1H due to asset sales
Δ Working Capital/Other	(163)	25	• Timing impact from payments and asset divestitures
Cash Taxes	(83)	(21)	
Capital Expenditures (1)	(97)	(10)	
EiP Initiatives	(40)	10	
Unlevered Free Cash Flow	26	0	
Debt Refinancing Cost	-	23	
Cash Interest	(126)	113	• Lower debt levels & cost of debt
Reported FCF	(100)	136	

H1 FCF up $136M mostly due to Interest Expense Reductions

(1) Excluding EiP related capex

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FX UPDATE

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Impact of Currency Movements on Translated Results

The company is well hedged from a transactional standpoint as revenue and expense are matched in our local markets – main exposure is currency translation

----- Impact From +1% Appreciation of USD -----

Revenue	Adj. EBITDA	Free Cash Flow
($35M) **(0.8% of FY Revenue)**	($7M) **(0.9% of FY Adj. EBITDA)**	($4M) **(4.0% of FY FCF)**
Foreign Currency Exposure: **~80% of Revenue is non-USD)**	Foreign Currency Exposure: **~90% of Adj EBITDA is non-USD as all corporate expenses are USD**	**~55% of Interest is in USD**

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2018 GUIDANCE

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2018 Guidance

($ in millions) (Enrollments in thousands)	FY (1) 2018	Q3 (1) 2018
Total Enrollments	1,025K – 1,030K	
Revenue	$4,260 - $4,300	$920 - $940
Adjusted EBITDA	$810 - $820	$95 - $105
Net Leverage	2.7x	
Capex as % Revenue	~ 7%	
Cash Taxes	22% of EBIT (excluding gain on asset sales)	
Cash Interest	~ $250	
Free Cash Flow (2)	~ $100	

(1) On an as reported basis – See Appendix for pro forma (for asset divestitures) details
(2) Free Cash Flow defined as operating cash flow less capital expenditures

Reaffirming 2018 Full Year Guidance

Note: An outlook for 2018 net income and reconciliation of the forward-looking 2018 Adjusted EBITDA outlook to net income are not being provided as the company does not currently have sufficient data to accurately estimate the variables and individual adjustments for such outlook and reconciliation.

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APPENDIX

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FY 2018 Guidance

(USD millions, except enrollments in thousands)	Total Enrollment	Revenues	Adj. EBITDA
2017 Results	1,068	$4,378	$832
2017 Normalized Adjustments (1)			($13)
Completed Divestitures (by Q2 2018) (2)	(44)	($186)	($43)
Pending Divestitures (3)	(21)	($182)	($42)
2017 Proforma	1,004	$4,010	$734
Organic Growth	21 – 26	$140 – $180	$49 – $59
Growth %	*2.0% - 2.5%*	*3% - 4%*	*7% - 8%*
2018 FXN Guidance ex Divestitures (CC)	1,025 – 1,030	$4,150 – $4,190	$783 – $793
FX Impact (spot FX) (4)	-	($81)	($20)
2018 Guidance ex Divestitures (@ spot FX) (4)	1,025 – 1,030	$4,069 – $4,109	$763 – $773
Add Back Pending Divestitures (3)	0	$174	$45
Add Back Completed Divestitures (by Q2 2018)(2)	0	$17	$2
2018 Guidance (@ spot FX) (4)	1,025 – 1,030	$4,260 – $4,300	$810 – $820

(1) Normalized adjustment include ($20.3) million sale of property, impact of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets, and $22.8 million expense associated with our debt refinancing transactions in the second quarter of 2017
(2) Completed divestitures include Cyprus, Italy, China, Morocco, and Germany
(3) Pending Divestitures include Malaysia, Kendall and University of St. Augustine
(4) Based on current spot FX rates as of 08/02/2018 (local currency per U.S. dollar) of MXN 18.65, BRL 3.76, CLP 645, PEN 3.27, EUR 0.86 for August – December 2018. FX impact may change based on fluctuations in currency rates in future periods.

Note: An outlook for 2018 net income and reconciliation of the forward-looking 2018 Adjusted EBITDA outlook to net income are not being provided as the company does not currently have sufficient data to accurately estimate the variables and individual adjustments for such outlook and reconciliation.

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Q3 2018 Guidance

(USD millions)	Revenues	Adj. EBITDA
3Q 2017 Reported Results	$983	$87
Closed Divestitures [1]	($43)	$12
Debt Refinancing		
3Q 2017 Reported Results Pro Forma	$941	$99
Organic Growth	$17 - $37	$2 - $12
Growth %	*2% - 4%*	*2% – 12%*
3Q 2018 Guidance (CC)	$958 - $978	$101 - $111
Add Back Closed Divestitures [1]	$23	$1
FX Impact (spot FX) [2]	($61)	($7)
3Q 2018 Guidance (@ spot FX) [2]	$920 - $940	$95 - $105

(1) Includes Cyprus, Italy, China, Morocco, and Germany impact; assumes Kendall and Malaysia close in August and September, respectively
(2) Based on current spot FX rates as of 08/02/2018 (local currency per U.S. dollar) of MXN 18.65, BRL 3.76, CLP 645, PEN 3.27, EUR 0.86 for August – September 2018. FX impact may change based on fluctuations in currency rates in future periods.

Note: An outlook for 2018 net income and reconciliation of the forward-looking 2018 Adjusted EBITDA outlook to net income are not being provided as the company does not currently have sufficient data to accurately estimate the variables and individual adjustments for such outlook and reconciliation.

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Other Information

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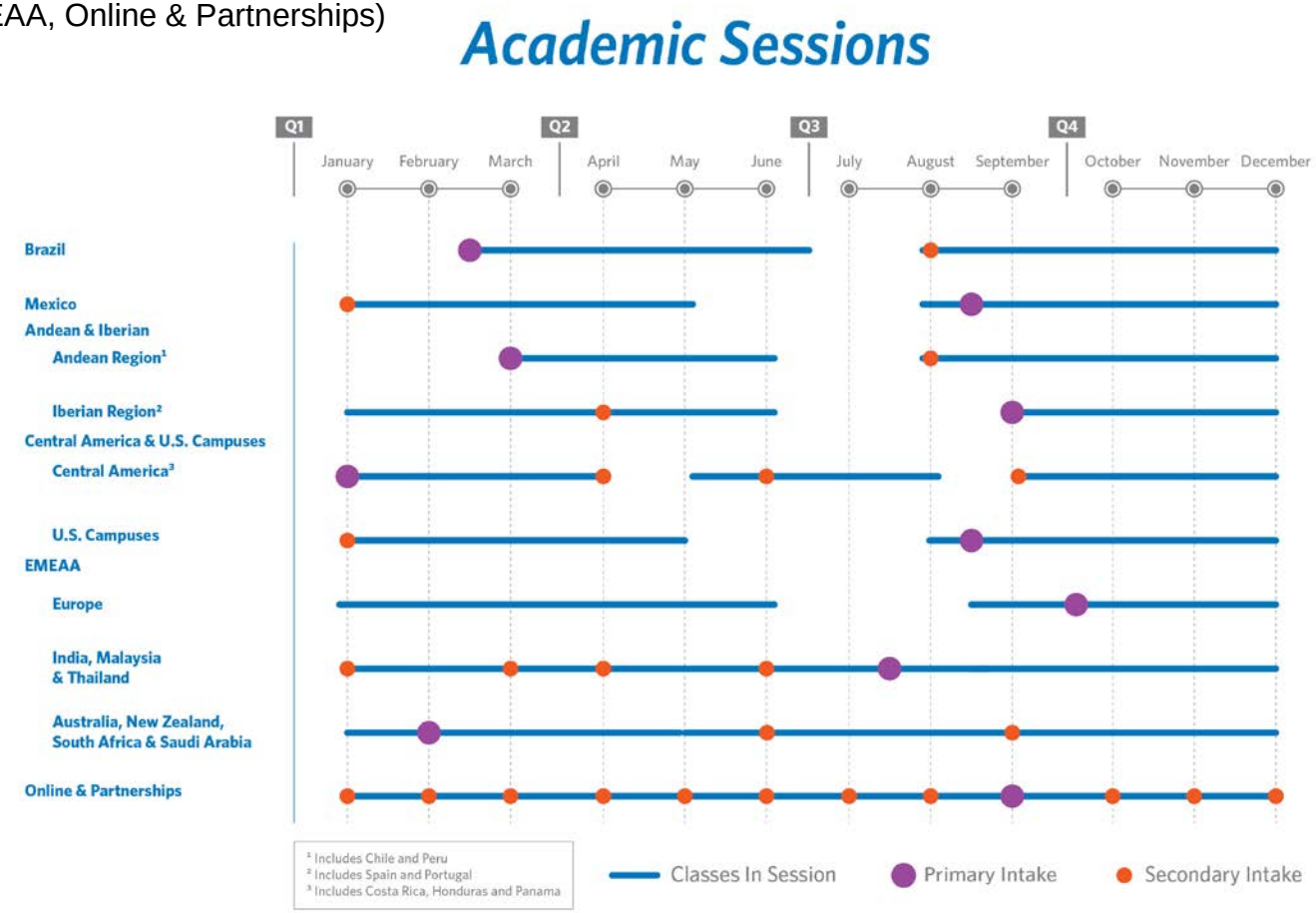
Seasonality: Main Enrollment Intakes

- Q1 and Q3 are peak intake quarters, but seasonally weak earnings quarters as institutions are largely out of session during the summer season
  - Q1 represents the large intake for our Southern Hemisphere institutions (Brazil, Andean & Iberian)
  - Q3 represents the large intake for our Northern Hemisphere institutions (Mexico, CentAm &US Campus Based, EMEAA, Online & Partnerships)



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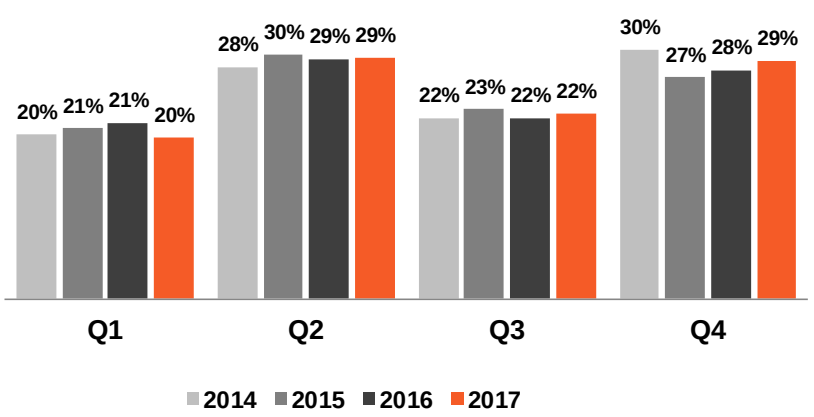
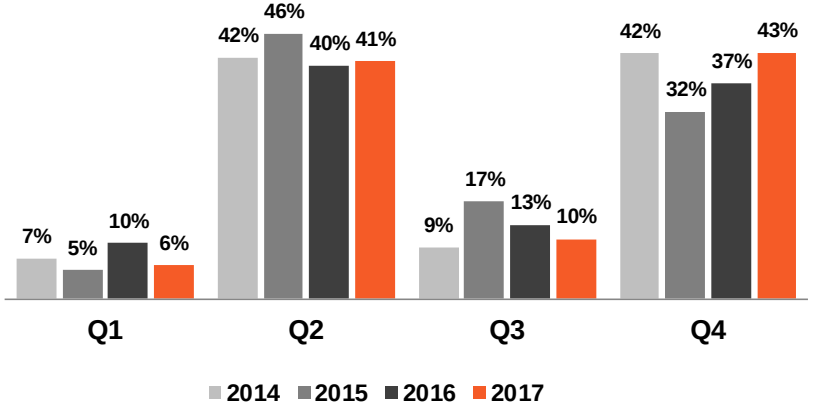
Intra-Year Seasonality Trends

- Large intake cycles at end of Q1 (Southern Hemisphere) and end of Q3 (Northern Hemisphere) drive seasonality of earnings (Q2 and Q4 are our strongest earnings quarters)

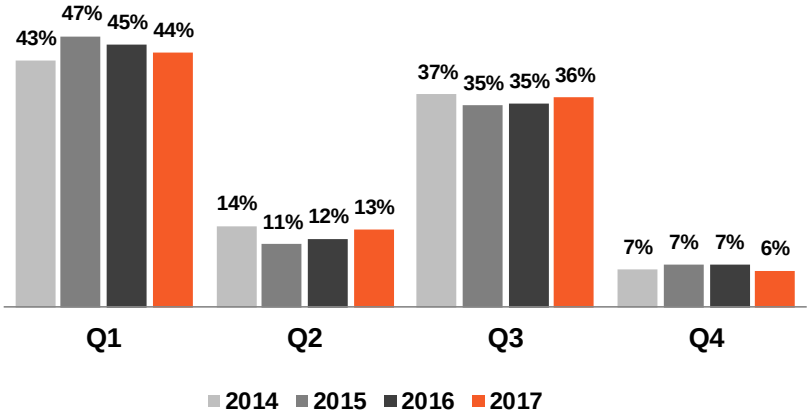
Revenue Seasonality



Adj. EBITDA Seasonality



New Enrollments Seasonality



Factors Affecting Seasonality

- Intake cycles
  - Q1 Southern Hemisphere
  - Q3 Northern Hemisphere
- Academic calendar
- FX trends

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Financial Tables

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Financial Tables

Consolidated Statements of Operations

IN MILLIONS	For the three months ended June 30, 2018[1]	2017	Change	For the six months ended June 30, 2018[1]	2017	Change
Revenues	$ 1,247.9	$ 1,277.4	$ (29.5)	$ 2,133.2	$ 2,133.4	$ (0.2)
Costs and expenses:						
Direct costs	908.9	942.2	(33.3)	1,774.4	1,795.5	(21.1)
General and administrative expenses	73.2	91.3	(18.1)	120.5	156.9	(36.4)
Operating income	265.8	243.9	21.9	238.3	181.0	57.3
Interest income	5.4	4.5	0.9	11.6	9.2	2.4
Interest expense	(66.0)	(99.0)	33.0	(135.4)	(201.6)	66.2
Loss on debt extinguishment	—	(6.9)	6.9	(7.5)	(8.4)	0.9
Gain on derivatives	111.6	27.0	84.6	92.3	39.1	53.2
Other income, net	2.1	(0.4)	2.5	4.5	0.1	4.4
Foreign currency exchange (loss) gain, net	(17.9)	(9.7)	(8.2)	(26.6)	(7.4)	(19.2)
Gain (loss) on sales of subsidiaries, net	11.8	(0.2)	12.0	309.8	(0.2)	310.0
Income from continuing operations before income taxes and equity in net income of affiliates	312.8	159.1	153.7	486.9	11.7	475.2
Income tax expense	(88.9)	(42.0)	(46.9)	(91.4)	(14.9)	(76.5)
Equity in net income of affiliates, net of tax	—	—	—	—	—	—
Net income (loss)	224.0	117.1	106.9	395.5	(3.3)	398.8
Net loss (income) attributable to noncontrolling interests	0.5	(0.7)	1.2	(2.2)	(3.2)	1.0
Net income (loss) attributable to Laureate Education, Inc.	$ 224.4	$ 116.4	$ 108.0	$ 393.3	$ (6.4)	$ 399.7
Subtotal: accretion of Series A Preferred Stock, net and other redeemable noncontrolling interests and equity	$ 69.8	$ (69.2)	$ 139.0	$ 12.4	$ (108.1)	$ 120.5
Net income (loss) available to common stockholders	$ 294.2	$ 47.2	$ 247.0	$ 405.7	$ (114.5)	$ 520.2
Basic and diluted earnings per share:						
Basic weighted average shares outstanding	214.9	168.6	46.3	201.5	161.6	39.9
Diluted weighted average shares outstanding	224.4	168.7	55.7	224.5	161.6	62.9
Basic earnings (loss) per share	$ 1.37	$ 0.28	$ 1.09	$ 2.01	$ (0.71)	$ 2.72
Diluted earnings (loss) per share	$ 1.00	$ 0.28	$ 0.72	$ 1.75	$ (0.71)	$ 2.46

[1] Financial results for 2018 as compared to 2017 were affected by the sale of business units in Cyprus, Italy, China, Germany and Morocco (EMEAA segment) during 2018.

Note: Dollars in millions, except per share amounts, and may not sum to total due to rounding

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Financial Tables

Revenue and Adjusted EBITDA by segment

IN MILLIONS

For the three months ended June 30,	2018	2017	% Change Reported	% Change Organic Constant Currency[2]	$ Variance Components Total	Organic Constant Currency	Other	Acq/Div.	FX
Revenues									
Brazil	$ 225.6	$ 260.6	(13)%	(4)%	$ (35.0)	$ (9.3)	$ —	$ —	$ (25.7)
Mexico	159.6	160.0	—%	3%	(0.4)	4.6	—	—	(5.0)
Andean & Iberian	486.5	434.4	12%	7%	52.1	30.3	—	—	21.8
Central America & U.S. Campuses	78.4	73.1	7%	8%	5.3	5.8	—	—	(0.5)
EMEAA	138.4	182.2	(24)%	6%	(43.8)	8.5	—	(50.5)	(1.8)
Online & Partnerships	165.0	175.5	(6)%	(6)%	(10.5)	(11.4)	—	—	0.9
Corporate & Eliminations	(5.6)	(8.4)	33%	33%	2.8	2.8	—	—	—
Total Revenues	$ 1,247.9	$ 1,277.4	(2)%	3%	$ (29.5)	$ 31.3	$ —	$ (50.5)	$ (10.3)
Adjusted EBITDA									
Brazil	$ 77.9	$ 91.3	(15)%	(7)%	$ (13.4)	$ (6.0)	$ 1.5	$ —	$ (8.9)
Mexico	27.8	34.3	(19)%	(17)%	(6.5)	(5.9)	(0.3)	—	(0.3)
Andean & Iberian	208.9	183.8	14%	9%	25.1	17.1	—	—	8.0
Central America & U.S. Campuses	14.6	11.7	25%	26%	2.9	3.0	—	—	(0.1)
EMEAA	21.3	38.0	(44)%	34%	(16.7)	6.5	—	(19.0)	(4.2)
Online & Partnerships	45.4	48.8	(7)%	(7)%	(3.4)	(3.5)	—	—	0.1
Corporate & Eliminations	(34.7)	(65.9)	47%	13%	31.2	8.4	22.8	—	—
Total Adjusted EBITDA	$ 361.2	$ 341.8	6%	6%	$ 19.4	$ 19.8	$ 24.0	$ (19.0)	$ (5.4)

[2] Organic Constant Currency results exclude the period-over-period impact from currency fluctuations, acquisitions and divestitures, and other items. Other items include the impact of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets, as well as the impact of a $22.8 million expense recorded in 2017 related to the portion of the April 2017 refinancing transactions that was deemed to be a debt modification. Organic Constant Currency is calculated using the change from prior-period average foreign exchange rates to current-period average foreign exchange rates, as applied to local-currency operating results for the current period. The "Organic Constant Currency" % changes are calculated by dividing the Organic Constant Currency amounts by the 2017 Revenues and Adjusted EBITDA amounts, excluding the impact of the divestitures.

Note: Dollars in millions, except per share amounts, and may not sum to total due to rounding

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Financial Tables

Revenue and Adjusted EBITDA by segment

IN MILLIONS

For the six months ended June 30,	2018	2017	% Change		$ Variance Components				
			Reported	Organic Constant Currency[2]	Total	Organic Constant Currency	Other	Acq/Div.	FX
Revenues									
Brazil	$ 348.4	$ 377.5	(8)%	1%	$ (29.1)	$ 2.1	$ —	$ —	$ (31.2)
Mexico	315.5	310.8	2%	—%	4.7	(1.3)	—	—	6.0
Andean & Iberian	702.7	615.5	14%	8%	87.2	46.8	—	—	40.4
Central America & U.S. Campuses	157.4	149.5	5%	6%	7.9	8.9	—	—	(1.0)
EMEAA	285.5	342.0	(17)%	7%	(56.5)	19.5	—	(79.7)	3.7
Online & Partnerships	333.0	352.6	(6)%	(6)%	(19.6)	(21.9)	—	—	2.3
Corporate & Eliminations	(9.3)	(14.5)	36%	36%	5.2	5.2	—	—	—
Total Revenues	$ 2,133.2	$ 2,133.4	—%	3%	$ (0.2)	$ 59.3	$ —	$ (79.7)	$ 20.2
Adjusted EBITDA									
Brazil	$ 51.9	$ 52.2	(1)%	11%	$ (0.3)	$ 6.0	$ 3.7	$ —	$ (10.0)
Mexico	58.3	72.1	(19)%	(20)%	(13.8)	(14.7)	(0.4)	—	1.3
Andean & Iberian	202.0	165.3	22%	16%	36.7	27.0	—	—	9.7
Central America & U.S. Campuses	32.2	28.7	12%	13%	3.5	3.8	—	—	(0.3)
EMEAA	44.5	67.8	(34)%	30%	(23.3)	11.3	—	(29.5)	(5.1)
Online & Partnerships	90.4	102.9	(12)%	(12)%	(12.5)	(12.5)	—	—	—
Corporate & Eliminations	(70.6)	(98.6)	28%	5%	28.0	5.2	22.8	—	—
Total Adjusted EBITDA	$ 408.7	$ 390.4	5%	7%	$ 18.3	$ 26.1	$ 26.1	$ (29.5)	$ (4.4)

[2] Organic Constant Currency results exclude the period-over-period impact from currency fluctuations, acquisitions and divestitures, and other items. Other items include the impact of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets, as well as the impact of a $22.8 million expense recorded in 2017 related to the portion of the April 2017 refinancing transactions that was deemed to be a debt modification. Organic Constant Currency is calculated using the change from prior-period average foreign exchange rates to current-period average foreign exchange rates, as applied to local-currency operating results for the current period. The "Organic Constant Currency" % changes are calculated by dividing the Organic Constant Currency amounts by the 2017 Revenues and Adjusted EBITDA amounts, excluding the impact of the divestitures.

Note: Dollars in millions, except per share amounts, and may not sum to total due to rounding

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Financial Tables

Consolidated Balance Sheets

IN MILLIONS	June 30, 2018	December 31, 2017	Change
Assets			
Cash and cash equivalents	$ 402.4	$ 468.7	$ (66.3)
Receivables (current), net	449.9	357.9	92.0
Other current assets	383.4	359.7	23.7
Current assets held for sale	36.0	102.6	(66.6)
Property and equipment, net	1,793.9	1,934.9	(141.0)
Goodwill and other intangible assets	3,091.0	3,286.2	(195.2)
Other long-term assets	496.9	489.3	7.6
Long-term assets held for sale	276.9	392.4	(115.5)
Total assets	$ 6,930.5	$ 7,391.7	$ (461.2)
Liabilities and stockholders' equity			
Accounts payable and accrued expenses	$ 550.3	$ 618.4	$ (68.1)
Deferred revenue and student deposits	352.0	312.4	39.6
Total long-term debt, including current portion	2,914.0	3,361.3	(447.3)
Total due to shareholders of acquired companies, including current portion	59.9	79.6	(19.7)
Other liabilities	761.2	747.6	13.6
Current and long-term liabilities held for sale	165.0	271.1	(106.1)
Total liabilities	4,802.4	5,390.4	(588.0)
Convertible redeemable preferred stock	—	400.3	(400.3)
Redeemable noncontrolling interests and equity	13.0	13.7	(0.7)
Total stockholders' equity	2,115.1	1,587.3	527.8
Total liabilities and stockholders' equity	$ 6,930.5	$ 7,391.7	$ (461.2)

Note: Dollars in millions, except per share amounts, and may not sum to total due to rounding

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Financial Tables

Consolidated Statements of Cash Flows

IN MILLIONS	For the six months ended June 30, 2018	2017	Change
Cash flows from operating activities			
Net income (loss)	$ 395.5	$ (3.3)	$ 398.8
Depreciation and amortization	130.2	131.5	(1.3)
(Gain) loss on sales of subsidiaries and disposal of property and equipment, net	(309.9)	1.9	(311.8)
Gain on derivative instruments	(92.7)	(39.4)	(53.3)
Loss on debt extinguishment	7.5	8.4	(0.9)
Unrealized foreign currency exchange loss	18.7	11.8	6.9
Income tax receivable/payable, net	12.0	(21.9)	33.9
Working capital, excluding tax accounts	(220.9)	(338.5)	117.6
Other non-cash adjustments	61.6	108.7	(47.1)
Net cash provided by (used in) operating activities	1.8	(140.8)	142.6
Cash flows from investing activities			
Purchase of property and equipment	(93.7)	(86.8)	(6.9)
Expenditures for deferred costs	(7.7)	(8.2)	0.5
Receipts from sales of subsidiaries and property and equipment, net of cash sold	374.7	0.5	374.2
Settlement of derivatives related to sale of subsidiaries	(10.0)	—	(10.0)
Investing other, net	1.0	(0.9)	1.9
Net cash provided by (used in) investing activities	264.3	(95.5)	359.8
Cash flows from financing activities			
Decrease in long-term debt, net	(373.0)	(304.6)	(68.4)
Payments of deferred purchase price for acquisitions	(5.9)	(6.3)	0.4
Proceeds from issuance of convertible redeemable preferred stock, net of issuance costs	—	55.3	(55.3)
Payment of dividends on Series A Preferred Stock	(11.1)	—	(11.1)
Proceeds from initial public offering, net of issuance costs	—	456.6	(456.6)
Payments of debt issuance costs and redemption and call premiums for debt modification	(0.3)	(76.5)	76.2
Financing other, net	(2.8)	(1.2)	(1.6)
Net cash (used in) provided by financing activities	(393.1)	123.2	(516.3)
Effects of exchange rate changes on cash and cash equivalents and restricted cash and investments	(12.7)	19.3	(32.0)
Change in cash included in current assets held for sale	31.3	—	31.3
Net change in cash and cash equivalents and restricted cash and investments	(108.4)	(93.8)	(14.6)
Cash and cash equivalents and restricted cash and investments at beginning of period	693.7	654.3	39.4
Cash and cash equivalents and restricted cash and investments at end of period	$ 585.3	$ 560.5	$ 24.8

Note: Dollars in millions, except per share amounts, and may not sum to total due to rounding

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Financial Tables

Non-GAAP Reconciliation

	For the three months ended June 30,			For the six months ended June 30,		
IN MILLIONS	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Net income (loss)	$ 224.0	$ 117.1	$ 106.9	$ 395.5	$ (3.3)	$ 398.8
Plus:						
Income tax expense	88.9	42.0	46.9	91.4	14.9	76.5
Income from continuing operations before income taxes	312.8	159.1	153.7	486.9	11.7	475.2
Plus:						
(Gain) loss on sale of subsidiaries, net	(11.8)	0.2	(12.0)	(309.8)	0.2	(310.0)
Foreign currency exchange loss, net	17.9	9.7	8.2	26.6	7.4	19.2
Other (income) expense, net	(2.1)	0.4	(2.5)	(4.5)	(0.1)	(4.4)
Gain on derivatives	(111.6)	(27.0)	(84.6)	(92.3)	(39.1)	(53.2)
Loss on debt extinguishment	—	6.9	(6.9)	7.5	8.4	(0.9)
Interest expense	66.0	99.0	(33.0)	135.4	201.6	(66.2)
Interest income	(5.4)	(4.5)	(0.9)	(11.6)	(9.2)	(2.4)
Operating income	265.8	243.9	21.9	238.3	181.0	57.3
Plus:						
Depreciation and amortization	62.4	67.0	(4.6)	130.2	131.5	(1.3)
EBITDA	328.2	310.9	17.3	368.5	312.5	56.0
Plus:						
Share-based compensation expense [3]	7.7	12.9	(5.2)	3.9	35.3	(31.4)
Loss on impairment of assets	—	—	—	—	—	—
EiP implementation expenses [4]	25.3	18.1	7.2	36.3	42.6	(6.3)
Adjusted EBITDA	$ 361.2	$ 341.8	$ 19.4	$ 408.7	$ 390.4	$ 18.3

[3] Represents non-cash, share-based compensation expense pursuant to the provisions of ASC Topic 718.

[4] EiP implementation expenses are related to our enterprise-wide initiative to optimize and standardize our processes, creating vertical integration of procurement, information technology, finance, accounting and human resources. The first wave of EiP began in 2014 and was substantially completed in 2017, and includes the establishment of regional SSOs around the world, as well as improvements to our system of internal controls over financial reporting. Given the success of the first wave of EiP, we have expanded the initiative into other back- and mid-office areas, as well as certain student-facing activities, in order to generate additional efficiencies and create a more efficient organizational structure. Also included in EiP are certain non-recurring costs incurred in connection with the planned dispositions and the completed dispositions during 2018.

Note: Dollars in millions, except per share amounts, and may not sum to total due to rounding

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