



NEWS RELEASE

# Laureate Education Reports Financial Results for the First Quarter of 2023

2023-05-04

Company Increases Full-Year 2023 Guidance

MIAMI, May 04, 2023 (GLOBE NEWSWIRE) -- Laureate Education, Inc. (NASDAQ: LAUR), which operates five higher education institutions across Mexico and Peru, today announced financial results for the first quarter of 2023.

First Quarter 2023 Highlights (compared to first quarter 2022 ):

- New enrollments increased 17%.
- Total enrollments increased 8%.
- On a reported basis, revenue increased 20% to \$251.3 million. On an organic constant currency basis<sup>1</sup>, revenue increased 12%.
- Operating income for the first quarter of 2023 was \$15.6 million, compared to \$9.0 million for the first quarter of 2022.
- Net loss for the first quarter of 2023 was \$(26.8) million, compared to net loss of \$(44.7) million for the first quarter of 2022.
- Adjusted EBITDA for the first quarter of 2023 was \$33.5 million, compared to Adjusted EBITDA of \$27.2 million for the first quarter of 2022.

Eilif Serck-Hanssen, President and Chief Executive Officer, said, "We continue to execute successfully on our growth agenda, leveraging our leading brands and their commitment to academic quality and innovation, and continue to further our best-in-class digital capabilities. We believe that the strong new enrollment results for the first quarter in both Peru and Mexico position us well to deliver on our commitments for 2023."

First Quarter 2023 Results

New enrollments for the first quarter of 2023 increased 17%, compared to new enrollment activity for the first quarter of 2022, and total enrollments were up 8% compared to the prior-year quarter. The first quarter represents the primary intake cycle for Peru, and for the first quarter of 2023 new and total enrollments in Peru increased 14% and 8%, respectively, compared to the prior-year quarter. New enrollments in Mexico were up 22% compared to the prior-year quarter, and total enrollment in Mexico was up 9%, following its secondary intake cycle completed in the first quarter.

For the first quarter of 2023, revenue on a reported basis was \$251.3 million, an increase of \$41.7 million, or 20%, compared to the first quarter of 2022. On an organic constant currency basis, revenue increased 12%, primarily due to higher enrollment. Operating income for the first quarter of 2023 was \$15.6 million, compared to \$9.0 million for the first quarter of 2022. The increase in operating income versus the first quarter of 2022 resulted from growth in revenue, partially offset by higher costs associated with the annualization impact of return to campus operations. Net loss for the first quarter of 2023 was \$(26.8) million, compared to net loss of \$(44.7) million for the first quarter of 2022. Basic and diluted loss per share for the first quarter of 2023 were both \$(0.17).

Adjusted EBITDA for the first quarter of 2023 was \$33.5 million, compared to Adjusted EBITDA of \$27.2 million for the first quarter of 2022.

<sup>1</sup> Organic constant currency results exclude the period-over-period impact from currency fluctuations, acquisitions and divestitures, and other items.

## Balance Sheet and Capital Structure

Laureate has a strong balance sheet position. As of March 31, 2023, Laureate had \$130.6 million of cash and gross debt of \$266.2 million. Accordingly, net debt was \$135.6 million as of March 31, 2023.

As of March 31, 2023, Laureate had 157.2 million total shares outstanding.

## Outlook for Fiscal 2023

Laureate is updating its full-year 2023 guidance to reflect an improved outlook, primarily related to more favorable currency rates.

Based on the current foreign exchange spot rates<sup>2</sup>, Laureate currently expects its full-year 2023 results to be as follows:

- Total enrollments are still expected to be in the range of 447,000 to 455,000 students, reflecting growth of

6%-7% versus 2022;

- Revenues are now expected to be in the range of \$1,412 million to \$1,427 million, reflecting growth of 14%-15% on an as-reported basis and 9%-10% on an organic constant currency basis versus 2022; and
- Adjusted EBITDA is now expected to be in the range of \$398 million to \$406 million, reflecting growth of 17%-20% on an as-reported basis and 13%-15% on an organic constant currency basis versus 2022.

Reconciliations of forward-looking non-GAAP measures, specifically the 2023 Adjusted EBITDA outlook, to the relevant forward-looking GAAP measures are not being provided, as Laureate does not currently have sufficient data to accurately estimate the variables and individual adjustments for such outlooks and reconciliations. Due to this uncertainty, the Company cannot reconcile projected Adjusted EBITDA to projected net income without unreasonable effort.

Please see the "Forward-Looking Statements" section in this release for a discussion of certain risks related to this outlook.

#### Conference Call

Laureate will host an earnings conference call today at 8:30 am ET. Interested parties are invited to listen to the earnings call by registering at <https://bit.ly/LAURQ12023> to receive dial in information. The webcast of the conference call, including replays, and a copy of this press release and the related slides will be made available through the Investor Relations section of Laureate's website at [www.laureate.net](http://www.laureate.net).

<sup>2</sup> Based on actual FX rates for January-April 2023, and current spot FX rates (local currency per U.S. Dollar) of MXN 18.15 and PEN 3.78 for May 2023 - December 2023. FX impact may change based on fluctuations in currency rates in future periods.

#### Forward-Looking Statements

This press release includes statements that express Laureate's opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements" within the meaning of the federal securities laws, which involve risks and uncertainties. Laureate's actual results may vary significantly from the results anticipated in these forward-looking statements. You can identify forward-looking statements because they contain words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or similar expressions that concern our strategy, plans or intentions. All statements we make relating to guidance (including, but not limited to, total enrollments, revenues, and Adjusted EBITDA), and all statements we make relating to our current growth strategy and other future plans, strategies or transactions that may be identified, explored or implemented

and any litigation or dispute resulting from any completed transaction are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, including with respect to our current growth strategy and the impact of any completed divestiture or separation transaction on our remaining businesses. Accordingly, our actual results may differ materially from those we expected. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations are disclosed in our Annual Report on Form 10-K filed with the SEC on February 23, 2023, our subsequent Quarterly Reports on Form 10-Q filed, and to be filed, with the SEC and other filings made with the SEC. These forward-looking statements speak only as of the time of this release and we do not undertake to publicly update or revise them, whether as a result of new information, future events or otherwise, except as required by law.

#### Presentation of Non-GAAP Measures

In addition to the results provided in accordance with U.S. generally accepted accounting principles (GAAP) throughout this press release, Laureate provides the non-GAAP measurements of Adjusted EBITDA, and total debt, net of cash and cash equivalents (or net debt). We have included these non-GAAP measurements because they are key measures used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans.

Adjusted EBITDA consists of income (loss) from continuing operations, adjusted for the items included in the accompanying reconciliation. The exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Additionally, Adjusted EBITDA is a key input into the formula used by the compensation committee of our board of directors and our Chief Executive Officer in connection with the payment of incentive compensation to our executive officers and other members of our management team. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Total debt, net of cash and cash equivalents (or net debt) consists of total gross debt, less total cash and cash equivalents. Net debt provides a useful indicator about Laureate's leverage and liquidity.

Laureate's calculations of Adjusted EBITDA, and total debt, net of cash and cash equivalents (or net debt) are not

necessarily comparable to calculations performed by other companies and reported as similarly titled measures. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. Adjusted EBITDA is reconciled from the GAAP measure in the attached table “Non-GAAP Reconciliation.”

We evaluate our results of operations on both an as reported and an organic constant currency basis. The organic constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates, acquisitions and divestitures, and other items. We believe that providing organic constant currency information provides valuable supplemental information regarding our results of operations, consistent with how we evaluate our performance. We calculate organic constant currency amounts 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, and then exclude the impact of acquisitions and divestitures and other items described in the accompanying presentation.

About Laureate Education, Inc.

Laureate Education, Inc. operates five higher education institutions across Mexico and Peru, enrolling more than 420,000 students in high-quality undergraduate, graduate, and specialized degree programs through campus-based and online learning. Our universities have a deep commitment to academic quality and innovation, strive for market-leading employability outcomes, and work to make higher education more accessible. At Laureate, we know that when our students succeed, countries prosper, and societies benefit. Learn more at [laureate.net](https://www.laureate.net).

#### Key Metrics and Financial Tables

(Dollars in millions, except per share amounts, and may not sum due to rounding)

#### New and Total Enrollments by segment

	New Enrollments			Total Enrollments		
	YTD 1Q 2023	YTD 1Q 2022	Change	As of 03/31/2023	As of 03/31/2022	Change
Mexico	38,400	31,500	22%	213,900	196,800	9%
Peru	56,400	49,400	14%	224,000	208,300	8%
Laureate	94,800	80,900	17%	437,900	405,100	8%

#### Consolidated Statements of Operations

IN MILLIONS	For the three months ended March 31,			
	2023	2022	Change	
Revenues	\$ 251.3	\$ 209.6	\$	41.7
Costs and expenses:				
Direct costs	225.3	182.9		42.4
General and administrative expenses	10.3	17.5		(7.2)
Loss on impairment of assets	—	0.1		(0.1)
Operating income	15.6	9.0		6.6
Interest income	2.2	2.0		0.2
Interest expense	(6.0)	(3.7)		(2.3)
Other income (expense), net	0.3	(1.2)		1.5
Foreign currency exchange loss, net	(29.0)	(3.6)		(25.4)
Gain on disposal of subsidiaries, net	0.3	—		0.3
(Loss) income from continuing operations before income taxes and equity in net income of affiliates	(16.6)	2.4		(19.0)
Income tax expense	(10.2)	(48.0)		37.8
Equity in net income of affiliates, net of tax	—	0.1		(0.1)
Loss from continuing operations	(26.7)	(45.4)		18.7
Income from discontinued operations, net of tax	—	0.7		(0.7)
Net loss	(26.8)	(44.7)		17.9
Net loss attributable to noncontrolling interests	0.2	0.5		(0.3)
Net loss attributable to Laureate Education, Inc.	\$ (26.6)	\$ (44.2)	\$	17.6

Basic and diluted earnings (loss) per share:				
Basic and diluted weighted average shares outstanding		157.2	178.0	(20.8)
Basic and diluted loss per share	\$	(0.17)	\$ (0.25)	\$ 0.08

## Revenue and Adjusted EBITDA by segment

For the three months ended March 31,			% Change		\$ Variance Components				
	2023	2022	Reported	Organic Constant Currency <sup>(1)</sup>	Total	Organic Constant Currency	Other	Acq/Div.	FX
Revenues									
Mexico	\$ 182.0	\$ 142.5	28%	16%	\$ 39.5	\$ 22.2	\$ —	\$ —	\$ 17.3
Peru	69.2	65.4	6%	6%	3.8	4.2	—	—	(0.4)
Corporate & Eliminations	0.1	1.6	(94)%	(94)%	(1.5)	(1.5)	—	—	—
Total Revenues	\$ 251.3	\$ 209.6	20%	12%	\$ 41.7	\$ 24.8	\$ —	\$ —	\$ 16.9
Adjusted EBITDA									
Mexico	\$ 48.9	\$ 37.0	32%	17%	\$ 11.9	\$ 6.2	\$ 0.1	\$ —	\$ 5.6
Peru	(6.5)	3.8	nm	nm	(10.3)	(10.1)	—	—	(0.2)
Corporate & Eliminations	(9.0)	(13.6)	34%	34%	4.6	4.6	—	—	—
Total Adjusted EBITDA	\$ 33.5	\$ 27.2	23%	3%	\$ 6.3	\$ 0.8	\$ 0.1	\$ —	\$ 5.4

nm - percentage changes not meaningful

(1) 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. 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” percentage changes are calculated by dividing the Organic Constant Currency amounts by the 2022 Revenues and Adjusted EBITDA amounts, excluding the impact of the divestitures.

## Consolidated Balance Sheets

IN MILLIONS	March 31, 2023	December 31, 2022	Change
<b>Assets</b>			
Cash and cash equivalents	\$ 130.6	\$ 85.2	\$ 45.4
Receivables (current), net	74.9	80.7	(5.8)
Other current assets	73.9	60.3	13.6
Property and equipment, net	538.8	523.4	15.4
Operating lease right-of-use assets, net	397.3	389.6	7.7
Goodwill and other intangible assets	777.9	735.1	42.8
Deferred income taxes	55.6	51.9	3.7
Other long-term assets	46.5	46.0	0.5
<b>Total assets</b>	<b>\$ 2,095.5</b>	<b>\$ 1,972.2</b>	<b>\$ 123.3</b>
<b>Liabilities and stockholders' equity</b>			
Accounts payable and accrued expenses	\$ 164.3	\$ 178.6	(14.3)
Deferred revenue and student deposits	114.8	51.3	63.5
Total operating leases, including current portion	427.9	415.9	12.0
Total long-term debt, including current portion	264.5	232.1	32.4
Other liabilities	301.6	318.6	(17.0)
<b>Total liabilities</b>	<b>1,273.1</b>	<b>1,196.5</b>	<b>76.6</b>
Redeemable equity	1.4	1.4	—
<b>Total stockholders' equity</b>	<b>820.9</b>	<b>774.4</b>	<b>46.5</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,095.5</b>	<b>\$ 1,972.2</b>	<b>\$ 123.3</b>

## Consolidated Statements of Cash Flows

IN MILLIONS	For the three months ended March 31,		
	2023	2022	Change
<b>Cash flows from operating activities</b>			
Net loss	\$ (26.8)	\$ (44.7)	\$ 17.9
Depreciation and amortization	16.7	14.4	2.3
Loss (gain) on sales and disposal of subsidiaries and property and equipment, net	1.5	(0.7)	2.2
Deferred income taxes	(0.6)	4.4	(5.0)
Unrealized foreign currency exchange loss (gain)	28.9	(0.8)	29.7
Income tax receivable/payable, net	(32.7)	27.0	(59.7)
Working capital, excluding tax accounts	24.2	44.3	(20.1)
Other non-cash adjustments	15.1	10.0	5.1
<b>Net cash provided by operating activities</b>	<b>26.5</b>	<b>53.9</b>	<b>(27.4)</b>
Cash flows from investing activities	—	—	—

Purchase of property and equipment	(5.8)	(1.2)	(4.6)
Receipts from sales of discontinued operations and property and equipment	0.3	9.2	(8.9)
Net cash (used in) provided by investing activities	(5.6)	7.9	(13.5)
Cash flows from financing activities			
Increase (decrease) in long-term debt, net	22.8	(9.2)	32.0
Proceeds from exercise of stock options	1.4	11.5	(10.1)
Payments to repurchase common stock	—	(102.2)	102.2
Financing other, net	(3.1)	(4.3)	1.2
Net cash provided by (used in) financing activities	21.1	(104.1)	125.2
Effects of exchange rate changes on Cash and cash equivalents and Restricted cash	3.5	11.2	(7.7)
Net change in Cash and cash equivalents and Restricted cash	45.5	(31.1)	76.6
Cash and cash equivalents and Restricted cash at beginning of period	93.8	345.6	(251.8)
Cash and cash equivalents and Restricted cash at end of period	\$ 139.3	\$ 314.4	\$ (175.1)
Liquidity (including Undrawn Revolver)	\$ 402.6	\$ 703.8	\$ (301.2)

## Non-GAAP Reconciliation

The following table reconciles Loss from continuing operations to Adjusted EBITDA:

IN MILLIONS	For the three months ended March 31,		
	2023	2022	Change
Loss from continuing operations	\$ (26.7)	\$ (45.4)	\$ 18.7
Plus:			
Equity in net income of affiliates, net of tax	—	(0.1)	0.1
Income tax expense	10.2	48.0	(37.8)
(Loss) income from continuing operations before income taxes and equity in net income of affiliates	(16.6)	2.4	(19.0)
Plus:			
Gain on disposal of subsidiaries, net	(0.3)	—	(0.3)
Foreign currency exchange loss, net	29.0	3.6	25.4
Other (income) expense, net	(0.3)	1.2	(1.5)
Interest expense	6.0	3.7	2.3
Interest income	(2.2)	(2.0)	(0.2)
Operating income	15.6	9.0	6.6
Plus:			
Depreciation and amortization	16.7	14.4	2.3
EBITDA	32.3	23.4	8.9
Plus:			
Share-based compensation expense <sup>(2)</sup>	1.1	2.8	(1.7)
Loss on impairment of assets <sup>(3)</sup>	—	0.1	(0.1)
EiP implementation expenses <sup>(4)</sup>	—	0.9	(0.9)
Adjusted EBITDA	\$ 33.5	\$ 27.2	\$ 6.3

<sup>(2)</sup> Represents non-cash, share-based compensation expense pursuant to the provisions of ASC Topic 718, "Stock Compensation."

<sup>(3)</sup> Represents non-cash charges related to impairments of long-lived assets.

<sup>(4)</sup> Excellence-in-Process (EiP) implementation expenses were related to our enterprise-wide initiative to optimize and standardize Laureate's processes, creating vertical integration of procurement, information technology, finance, accounting and human resources. It included the establishment of regional shared services organizations (SSOs), as well as improvements to the Company's system of internal controls over financial reporting. The EiP initiative also included other back- and mid-office areas, as well as certain student-facing activities, expenses

associated with streamlining the organizational structure, an enterprise-wide program aimed at revenue growth, and certain non-recurring costs that were incurred in connection with previous dispositions. The EiP initiative was completed as of December 31, 2021, except for certain EiP expenses related to the run out of programs that began in prior periods.

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