

# Investor Presentation

November 2018

The bottom of the slide features a decorative graphic consisting of several overlapping, angular shapes in various shades of blue, creating a modern, abstract design.

# Forward Looking Statements

This investor presentation and related discussion may contain forward-looking statements which are not statements of historical fact and are subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding management's intentions, plans, beliefs, predictions, estimates, expectations or anticipation regarding inflection points, new and total enrollment, marketing spend, cash flow, student retention, higher education industry trends, curriculum innovations, growth opportunities, educational partnerships, course and degree programs, cost management, operating margins, the conversion of Ashford University into a non-profit university, Bridgepoint becoming a technology services company, financial and related outlook, our ability to manage regulatory risk and obtain regulatory approvals and statements regarding the Company's outlook for the remainder of 2018 and beyond. These forward-looking statements are based on current information and expectations and are subject to various risks and uncertainties.

The Company's actual performance or results may differ materially from those expressed in or suggested by such forward-looking statements due to various factors included from time to time in the Company's filings with the Securities and Exchange Commission (SEC), including, but not limited to, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 filed with the SEC on February 21, 2018, the Company's Quarterly Report on 10-Q for the fiscal quarter ended September 30, 2018 filed with the SEC on November 8, 2018, the Company's other quarterly reports on Form 10-Q and the Company's current reports on Form 8-K which are available at [www.bridgepointeducation.com](http://www.bridgepointeducation.com). You should not place undue reliance on any forward-looking statements. Forward-looking statements are made on the basis of management's good faith beliefs, expectations and assumptions regarding future events based on information available at the time such statements are made. Forward-looking statements speak only as of the date they are made. The Company assumes no obligation to update or revise any forward-looking statements to reflect actual results or any changes in assumptions, expectations or other factors affecting such forward-looking statements, except to the extent required by applicable securities laws.

# Compelling Investment Opportunity

A Leader in Large,  
Growing Industry

- One of the largest providers of online education to undergraduate students
- Differentiated value proposition and learning model, with a strong brand
- Large addressable industry with attractive supply/demand disparities

Approaching Possible  
Inflection Point

- Gaining efficiencies in student acquisition costs
- Committed to driving improved retention and student outcomes
- Improving operational capabilities to stabilize enrollment trends

Well-Positioned for Next  
Phase of Growth

- Clear strategic plan to transform business
- Aligned with key structural shifts in higher education
- Shift to technology services positions BPI for improved operating leverage

Strong Balance Sheet

- \$191 million in cash and restricted cash<sup>1</sup>; no long-term debt
- Recurring cash flow model; minimal capex requirements
- Highly fragmented industry ripe for consolidation

Attractive Valuation

- Valuation well below for-profit education peer and average ed tech stock
- Positive cash flow and earnings; significant opportunity to expand margins

# A Leading Provider of High Quality, Innovative Education bpi

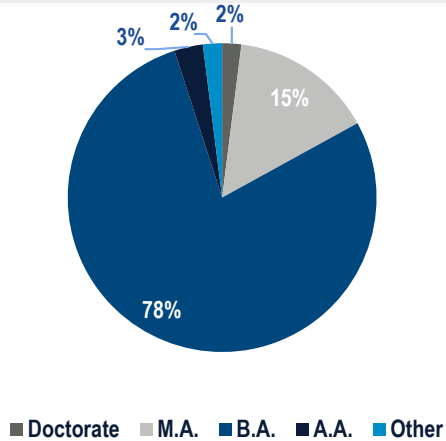


- WASC Accredited (Ashford)
- 39,584 combined students<sup>(1)</sup>; 100% online
- Degrees offered: AA, BA, MA, MBA, MS, PsyD, PhD, certificates
- Four colleges at Ashford:
  - Forbes School of Business & Technology
  - College of Education
  - College of Health, Human Services and Science
  - College of Liberal Arts

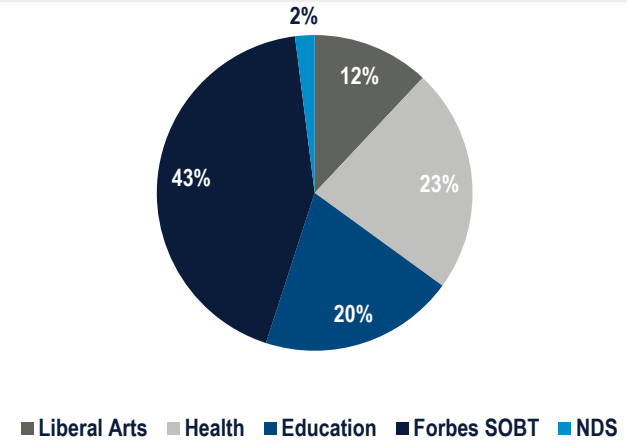
*Enriching the Lives and Communities it Serves*

# Diverse Student Population

Enrollment by Degree<sup>(1)</sup>



Enrollment by Program<sup>(1)</sup>



Student Demographics<sup>(2)</sup>

100%  
Online

70%  
Female

56%  
Minority

Avg. Age  
35

(1) As of September 30, 2018  
(2) As of December 31, 2017

# What Differentiates Us Today

## Academic Rigor

- WASC accreditation
- Honors College
- Programmatic accreditation
- Quality Matters standards – courses based on rigorous, researched standards
- Program and curricular updates based on industry changes
- Instructors with real world experience

## Industry Responsiveness

- Broad product offering with relevant degrees that lead to real jobs
- A leader in corporate and strategic partnerships
- Constellation digital textbooks optimized continually for market evolution / course updates
- Data-driven curricular innovations
- Experience addressing online undergraduate segment at scale

## Student-First Culture

- Seamless student experience
- Commitment to affordable tuition
- No GREs or GMATs required
- Transfer up to 90 credits
- High number of enrollment dates
- Device-agnostic learning platforms
- 24/7 online services – tutoring, writing center, library
- Strong student/alumni satisfaction

*Driving Sustainable Growth and Shareholder Value by Satisfying Student Needs*

# Fundamental Strengthening of Core Business

bpi



*Business Stabilized and Repositioned for Growth*

# Enhanced Marketing Strategy

## Focus on a Student More Likely to Succeed

- Benefit and behavioral modeling to guide marketing activities
- Lead scoring with predictive modeling
- Media messaging tailored to better recruit “achiever” students

## Optimizing the Media Mix

- Tracking multiple touches to better understand media spend
- Tracking every impression to understand the enrollment cycle
- Using insights from tracking to focus media efforts

## Improving the Student Experience

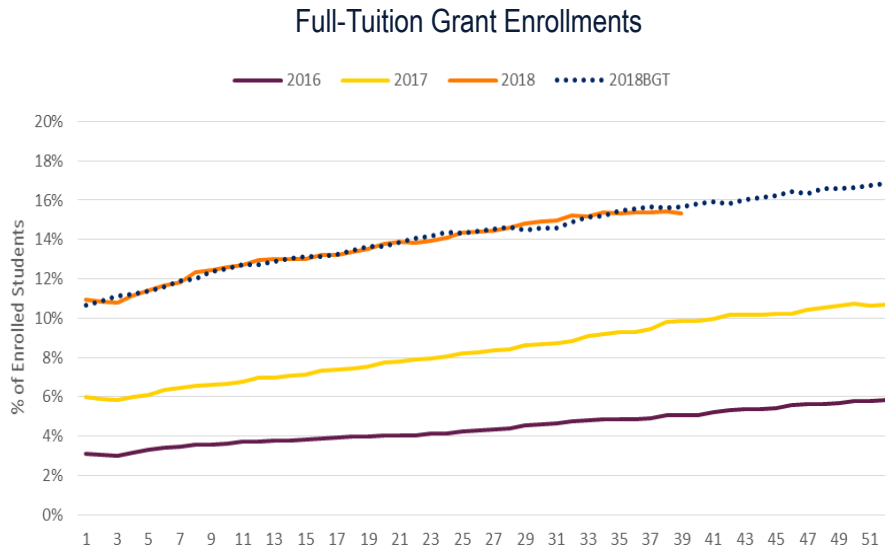
- Setting student expectations at the start
- Improving enrollment and onboarding
- Focusing on Net Promoter Scores (NPS)
- Quantitative and qualitative research to understand student needs and expectations

*Focused on Improved Retention, New Enrollment Growth and Enhanced Student Outcomes*

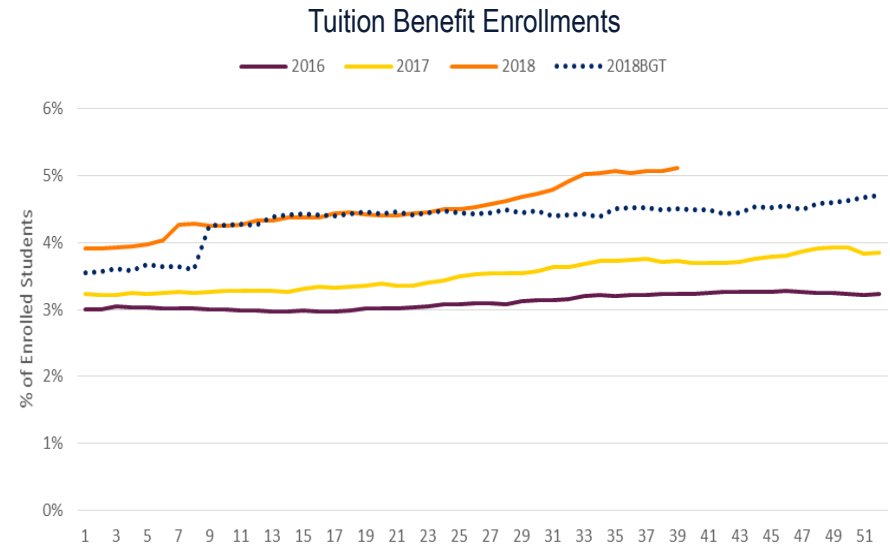


# Education Partnerships

## 16 New Full-Tuition Grant (FTG) Partners in Q3



## 11 New Tuition Benefit (TB) Partners in Q3



*Education Partners grew, with student count up YoY by 48% in FTG and 29% in TB*

# Leading Edge Programs

- Planning to launch all **16 recently approved degree programs** by the end of 2018
- Launched <sup>Learn@</sup>**Forbes** - curated professional training and certification courses

New Degree Programs	Launch Date
Master of Arts in Human Resource Management Master of Science in Information Systems Management	Nov 2017
Master of Science in Instructional Design and Technology Master of Arts in Early Childhood Education Leadership	Dec 2017
Master of Public Health Bachelor of Science in Information Technology	Jan 2018
Bachelor of Arts in Early Childhood Development with Differentiated Instruction Bachelor of Arts in Marketing	Jan 2018
Bachelor of Science in Human Services Leadership	Feb 2018
Bachelor of Science in Computer Software Technology	May 2018
Master of Science in Finance	June 2018
Master of Arts in Curriculum and Instruction	July 2018
Bachelor of Science in Cyber and Data Security Technology	September 2018
Bachelor of Science in Web Design and Mobile App Technology	October 2018
Master of Science in Health Informatics and Analytics	Q4 2018
Master of Science in Nursing	Q4 2018

# Military Commitment

- Approximately 25% of total enrollment is military
- Median loan debt for military students getting a bachelor's degree was zero dollars in the 2016-2017 academic year
- Student Veteran Centers in Clinton, Iowa and Phoenix, Arizona
- Ashford University is part of the Advisory Council for Military Education (ACME) and the annual Council of Colleges for Military Education (CCME)
- 95% of military students who responded to the survey would recommend AU to others seeking a degree

# Technology Services Opportunity for Bridgepoint

## Announcement and Update

- The merger of Ashford University and University of the Rockies has been finalized, following approval by the WASC Senior College and University Commission (WSCUC) in June 2018 and by the U.S. Department of Education in October 2018.
- Providing additional information to WASC for consideration to approve conversion of Ashford into a non-profit university, to be followed by IRS and U.S. Department of Education approvals.
- Negotiations are in process for the new Ashford to sign a services agreement to become Bridgepoint's first client.

## Strategic Opportunity

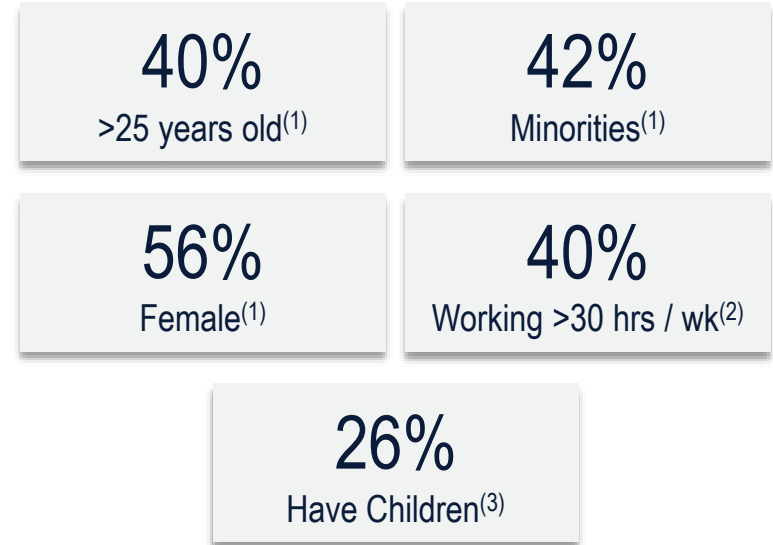
- Creates enhanced opportunities for growth and stability for both Ashford and Bridgepoint
- Allows Bridgepoint to help other universities adapt to evolving education landscape and address underserved online undergraduate population
- Enables Ashford to reach a wider array of students and help close the skills gap faced by employers
- Bridgepoint's differentiated value proposition and learning model to adult graduate and undergraduate students

# An Industry Ripe for Change

## Large, Shifting Industry

- **\$542** billion U.S. higher education market segment
- **\$71** billion corporate training market segment
- Strong incentive for individuals to complete their degrees
  - Lifetime expected earnings for college graduates \$1 million more than high school graduate
  - Significant gap in skills in employment market
- Overall online higher education market segment in the US is set to grow at a CAGR of almost 20% until 2021<sup>(4)</sup>

## Today's Student Profile



*Most Traditional Higher Education Institutions Haven't Adapted to Dynamic Changes*

(1) National Center for Education Statistics [https://nces.ed.gov/programs/coe/indicator\\_csb.asp](https://nces.ed.gov/programs/coe/indicator_csb.asp) (as of April 2018)

(2) Lumina Foundation <https://www.luminafoundation.org/todays-student-statistics>

(3) The Atlantic magazine, sourcing Georgetown University's Center on Education and the Workforce <https://cew.georgetown.edu/wp-content/uploads/2018/07/Working-Learners-Report.pdf>

(4) Technavio Online Higher Education Market in the US 2017-2021 [www.technavio.com](http://www.technavio.com)

## *Higher Education challenges...*

- ✓ Institutions facing downward pressure on enrollment, pressure to keep tuition flat or lower, and significant financial strains
- ✓ Only 28% of all enrolled students are taking distance education courses<sup>(1)</sup>
- ✓ Courses are often not student-centric, not personalized, not adaptive, and not as relevant to today's job market

## *Many of Today's Students Want....*

- ✓ Little or no debt
- ✓ Online, on-demand, and personalized curriculum
- ✓ Highly supported education marketable skills
- ✓ A fast, clear path to the job market
- ✓ The next generation of college students may be even more digitally focused with immediate satisfaction mentality

# Vast Opportunity for Bridgepoint

## Technology services companies provide a win-win solution for all stakeholders

- ✓ Outsourcing of key functions to technology services companies whose core competencies improve institutional efficiency
- ✓ No fixed overhead
- ✓ Eliminates need for significant upfront investment
- ✓ Accelerates launch time
- ✓ Allows for expanded program offerings that are delivered on-demand, are highly customizable, and heavily supported

## *Bridgepoint in a Unique Position*

- ✓ Enhanced marketing strategies to drive enrollment
- ✓ Unique knowledge and expertise on undergraduate programs
  - Undergraduate population/programs remain highly under-penetrated and are ripe for disruption
  - Online education programs thus far have focused on graduate-level programs

*36 Million Americans Over 25 Years Old Have Some College Credits, But No Degree<sup>(1)</sup>*



# Financials and Focus for the Future

# 2017 Financials & Future Outlook

## 2017 Results

\$478.4M

Revenue

\$17.6M<sup>(1)</sup>

Non-GAAP Op Inc

72%<sup>(2)</sup>

New Enrollments from  
Home Grown Sources

49.3<sup>(3)</sup>

NPS Score

- ✓ **New Enrollment<sup>(4)</sup>:** Expected to be flat-to-slightly-down for fourth quarter 2018 due to disruption from Ashford merger and reduction in new student start dates.
- ✓ **Cohort Retention<sup>(4)</sup>:** Anticipated to continue to improve in future quarters due to effectiveness of marketing strategy and early student interventions.
- ✓ **Expense Management<sup>(4)</sup>:** Marketing spend expected to become more efficient going forward and consistent with the prior year as a percentage of revenue; aggressive overall expense management.
- ✓ **Cash Flow from Operating Activities<sup>(4)</sup>:** Anticipated to trend positive through 2018, consistent with business seasonality.

(1) See reconciliation from GAAP to Non-GAAP Measures in appendix

(2) Q4 2017 results; an increase from 64% in Q4 2016

(3) Ashford University only

(4) Outlook provided on November 8, 2018

# Capital Allocation Priorities

- \$191 million in cash and restricted cash<sup>1</sup>; no long-term debt
- Recurring cash flow model; minimal capex requirements
- Near-Term Priorities
  - Maintain cash levels through conversion timeline
  - Limit share repurchases
- Longer Term Priorities (Post-Conversion)
  - Re-investment in the business, organic and inorganic opportunities
  - Return cash to shareholders opportunistically

## Strengthen Core Business

- Continue to enhance marketing strategy
- Continue to invest in educational partnerships
- Expand and enhance course and degree programs
- Aggressively manage costs
- Improve operating margins

## Complete Successful Conversion

- #1 priority to ensure successful separation and transition of Ashford University to independent nonprofit institution
- Ashford's long-term sustainability supports Bridgepoint's long-term success as technology services business
- Seeking approvals from DOE and IRS

*Enhancing the foundation to support opportunities for students and grow enrollments*

A leader in large and growing industry

Drive improved operational trends; approaching possible inflection point

Transition to technology services positions us to create incremental growth opportunities

Solid balance sheet with significant flexibility

Highly attractive valuation

# Appendix

# Reconciliation of GAAP to Non-GAAP Financial Measures

bpi

**BRIDGEPOINT EDUCATION, INC.**  
**Reconciliation of GAAP to Non-GAAP Financial Measures**  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
<b><i>Operating Income (Loss) Reconciliation:</i></b>				
GAAP operating income (loss)	\$ (6,487)	\$ (18,456)	\$ 7,852	\$ (40,221)
Legal settlement expense	1,845	170	1,845	33,088
Restructuring and impairment charges	(120)	16,510	7,884	19,276
Non-GAAP operating income (loss)	<u>\$ (4,762)</u>	<u>\$ (1,776)</u>	<u>\$ 17,581</u>	<u>\$ 12,143</u>