

STRATEGIC EDUCATION, INC.

FOURTH QUARTER 2018 EARNINGS RELEASE

March 1, 2019

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; 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 opening of new campuses; risks associated with the offering of new educational programs and adapting to other changes; risks relating to the timing of regulatory approvals; SEI’s ability to implement its growth strategy; the risk that the benefits of the merger with Capella Education Company, including expected synergies, may not be fully realized or may take longer to realize than expected; 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.

Q4 2018 Release

Strategic Education, Inc. segment reporting structure

	Segment	Includes:
1	Strayer University	Strayer University, including Jack Welch Management Institute
2	Capella University	Capella University
3	Non-Degree Programs	Hackbright Academy, DevMountain, The New York Code + Design Academy (NYCDA), and Sophia

Q4 2018 ENROLLMENT AND FINANCIAL HIGHLIGHTS

Strategic Education, Inc. (SEI)				
Enrollment Performance (YoY)	SEI Consolidated	Strayer University	Capella University	Non-Degree Programs
Total Enrollment	NA	52,447 +9%	38,409 +2%	NA
New Enrollment	NA	+9%	+11%	NA
Continuing Student Enrollment[1]	NA	+9%	+1%	NA
Adjusted Financial Performance[2] (YoY)				
Adjusted Revenue	$244.6 million +106.1%	$127.5 million +8.5%	$113.7 million	$3.5 million
Adjusted Operating Income (Loss)	$45.4 million +125.2%	$24.0 million +10.3%	$23.2 million	($1.8 million)
Adjusted Operating Margin	18.6% of revenue +160 basis points	18.8% of revenue +30 basis points	20.4% of revenue	NA
Adjusted Net Income	$34.4 million +179.3%	NA	NA	NA
Adjusted Diluted Earnings Per Share	$1.56 +43.1%	NA	NA	NA
Balance Sheet/Cash Flow				
Cash position as of Dec. 31, 2018 (cash, cash equivalents, and marketable securities)	$386.5 million	NA	NA	NA
Cash provided by operations during year ended Dec. 31, 2018	$46.9 million	NA	NA	NA
Quarterly cash dividend declared and paid during Q4 2018	$0.50 per share	NA	NA	NA

[1] Enrollment of students that have been enrolled in at least three of the prior four terms
[2] Non-GAAP financial measures; see page 7 of this presentation for more information regarding non-GAAP financial measures

Enrollment and Financial Performance

- *Please note: Strategic Education's financial results for any periods ended prior to the merger close on August 1, 2018 do not include the financial results of Capella Education Company, and are therefore not directly comparable*
- Total, new, and continuing enrollment growth at both Strayer University and Capella University
- Strong revenue growth at Strayer University, driven by enrollment growth and relatively stable revenue per student
- Positive pro forma revenue growth for Capella University, reflecting enrollment growth and a slight increase in revenue-per-learner; FlexPath continued to be a significant driver of new and total enrollment growth
- Decrease in cash from operations primarily due to cash payments of merger costs; SEI ended the quarter with $387 million in cash and no debt

SEI STRATEGIC EDUCATION, INC.

2018 FULL YEAR ADJUSTED FINANCIAL HIGHLIGHTS

Strategic Education, Inc. (SEI)				
Adjusted Financial Performance[1] (YoY)	SEI Consolidated	Strayer University	Capella University	Non-Degree Programs
Adjusted Revenue	$662.9 million +45.7%	$471.1 million +4.8%	$183.7 million	$8.2 million
Adjusted Operating Income (Loss)	$97.4 million +72.1%	$68.2 million +5.2%	$35.1 million	($5.9 million)
Adjusted Operating Margin	14.7% of revenue +230 basis points	14.5% of revenue +10 basis points	19.1% of revenue	NA
Adjusted Net Income	$75.1 million +115.3%	NA	NA	NA
Adjusted Diluted Earnings Per Share	$4.75 +52.7%	NA	NA	NA

[1] Non-GAAP financial measures; see page 7 of this presentation for more information regarding non-GAAP financial measures

Financial Performance

- *Please note: Strategic Education's financial results for any periods ended prior to the merger close on August 1, 2018 do not include the financial results of Capella Education Company, and are therefore not directly comparable*
- Strong consolidated financial results for SEI in 2018

SEI STRATEGIC EDUCATION, INC.

2018 PRO FORMA HIGHLIGHTS

Strategic Education, Inc. (SEI)				
Enrollment Performance (YoY)	SEI Consolidated	Strayer University	Capella University	Non-Degree Programs
Total Enrollment[1]	NA	47,733 +8%	38,050 +1%	NA
New Enrollment	NA	+9%	+10%	NA
Continuing Student Enrollment[2]	NA	+8%	(1)%	NA
Pro Forma Adjusted Financial Performance[3] (YoY)				
Adjusted Revenue	$923.9 million +3.2%	$471.1 million +4.8%	$436.7 million +1.8%	$16.2 million -3.8%
Adjusted Operating Expense	$787.9 million +1.9%	$402.9 million +4.7%	$359.5 million +1.8%	$25.5 million -28.2%
Adjusted Operating Income (Loss)	$136.0 million +11.7%	$68.2 million +5.2%	$77.2 million +2.0%	($9.3 million)
Adjusted Operating Margin	14.7% of revenue +110 basis points	14.5% of revenue +10 basis points	17.7% of revenue +10 basis points	NA

Enrollment and Financial Performance

- *Please note: Pro Forma results include Capella Education Company results for the full year 2018 and 2017 for the purpose of calculating year over year change*
- Total enrollment, new enrollment, and adjusted revenue growth across both Strayer and Capella segments
- Adjusted operating income growth and margin expansion across both Strayer and Capella segments

[1] Reflects average quarterly total enrollment and average quarterly total enrollment growth for 2018
[2] Enrollment of students that have been enrolled in at least three of the prior four terms
[3] Non-GAAP financial measures; includes the results of Capella Education Company for the full year 2018 and 2017 for the purpose of calculating year over year change; see page 7 of this presentation for more information regarding non-GAAP financial measures

SEI STRATEGIC EDUCATION, INC.

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, operating expense, income from operations, 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 its ongoing operations before the impact of certain items described below. These measures are Adjusted Revenue, Adjusted Operating Expense, Adjusted Operating Income (Loss), Adjusted Operating Margin, Adjusted Net Income, and Adjusted Diluted Earnings Per Share (EPS). We define Adjusted Revenue, Adjusted Operating Expense, Adjusted Operating Income (Loss), Adjusted Operating Margin, Adjusted Net Income, and Adjusted Diluted EPS to exclude (1) a purchase accounting adjustment to record Capella University deferred revenue at fair value as a result of the merger, (2) amortization expense related to intangible assets associated with the merger, (3) transaction and integration costs associated with the merger, (4) fair value adjustments to the value of contingent consideration, impairment charges for intangible assets related to the acquisition of The New York Code + Design Academy, and adjustments to reserves for leases on facilities no longer in use, and (5) discrete tax adjustments utilizing adjusted annual effective income tax rates of 27.1% and 39.5% for the fourth quarter of 2018 and 2017, respectively, and 25.6% and 38.8% for the 2018 and 2017 year-to-date periods. Please see the press release filed as Exhibit 99.1 to the 8-K dated March 1, 2019 for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures.

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