

# DeVry Education Group Inc. (DV)

## FQ4 Review; Maintain Neutral

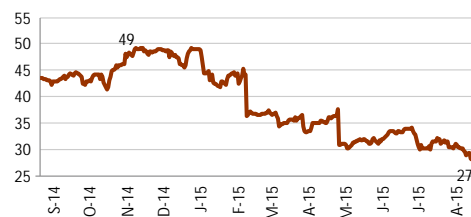
**Maintaining Neutral rating.** Results remain weak with an adj. operating loss at one segment (BTM), and material y/y operating income declines at the other two segments. Implied FQ1-16 guidance is also well below consensus. F'16 guidance appears more encouraging, as does (what we consider lofty) multi-year growth targets, but our confidence in both is low. Maintaining Neutral rating; company in midst of next stage of transformation (of what has been multi-year process) in what we view as secularly challenged industry.

- **FQ4 results very weak, and below consensus.** Adj. EBIT was -21% y/y, 5% below consensus, while revenue was -2.5% y/y, 1.6% below consensus. Adj. EPS was \$0.57, below \$0.62 consensus.
- **All three segments weak, and pockets of growth accompanied by margin contraction.**
  - Medical & Healthcare adj. EBIT -10% y/y despite 8% revenue growth.
  - International & Professional Education adj. EBIT -8% y/y despite 16% revenue growth.
  - BTM reported a slight quarterly adj. EBIT loss.
- **New enrollment materially as expected, with a few pockets of relative strength,** although metric is volatile on period-to-period basis, and some of the areas of good percentage growth were off a relatively small base.
  - Early progress ameliorating clinical capacity constraints at FNP program encouraging (constraints had contributed to Chamberlain new enrollment deceleration).
- **F'16 guidance back-end loaded and expense savings/margin dependent.**
  - **FQ1-16 guidance** calls for 5% y/y revenue decline with adj. opex down 2-3% y/y -- implies revenue ~1.4% below prior consensus and adj. EBIT ~16-29% below prior consensus.
  - **F'16 guidance:** adj. EPS ~flat vs. \$2.49 in F'15 (F'16 consensus was \$2.50), while revenue guidance of -5% y/y is ~3.7% below consensus.
- **Fine-tuning our estimates (we remain below implied guidance).** We have low confidence in back-end loaded F'16 guidance and are modeling an adj. operating loss in the BTM segment (although timing of expected restructuring-related expense savings provides some credibility to back-end loaded guidance).
- **We hope for supporting justification for multi-year growth targets at Sept. 16 Investor Day.** Targets include mid-single-digit organic revenue growth and mid-teens EBITDA growth (through F'20). Our initial view is that the targets are highly aggressive.
- **Reducing price target to \$30, maintaining Neutral.** DV is in midst of the next stage of its transformation (of what has been multi-year process) in what we view as secularly challenged industry.

DV operates DeVry University, Chamberlain College of Nursing, Carrington College, DeVry Brazil, DeVry Medical International, and Becker Professional Review.

### LOWERING PRICE TARGET

#### 1-Year Price Chart



#### Stock Data

|                          |             |
|--------------------------|-------------|
| Rating:                  | Neutral     |
| Suitability:             | Higher Risk |
| Price Target/Previous:   | ▼\$30/\$33  |
| Price (8/18/15):         | \$27.05     |
| Market Cap (mil):        | \$1,764     |
| Shares Out (mil):        | 65.2        |
| Average Daily Vol (mil): | 0.74        |
| Dividend Yield:          | 1.3%        |

#### Estimates

| FY Jun              | 2014A         | 2015A         | 2016E         |
|---------------------|---------------|---------------|---------------|
| Q1                  | 0.22 A        | 0.47 A        | 0.31 E        |
| Q2                  | 0.80 A        | 0.75 A        | 0.62 E        |
| Q3                  | 0.87 A        | 0.70 A        | 0.75 E        |
| Q4                  | 0.73 A        | 0.57 A        | 0.62 E        |
| <b>Fiscal EPS</b>   | <b>2.62 A</b> | <b>2.49 A</b> | <b>2.29 E</b> |
| Previous Est        |               | 2.58 A        | 2.33 E        |
| Fiscal P/E          | 10.3x         | 10.9x         | 11.8x         |
| <b>Calendar EPS</b> | <b>2.82 A</b> | <b>2.19 E</b> |               |
| Previous Est        |               | 2.41 E        |               |
| Calendar P/E        | 9.6x          | 12.4x         |               |

Chart/Table Sources: Factset and Baird Data

EPS (Net): 2013 results, as presented above, are estimated for the planned divestiture of Advanced Academics  
EPS (Net): Results, as presented, exclude unusual items.

Please refer to Appendix  
- Important Disclosures  
and Analyst Certification

## Details

Our reduced \$30 price target reflects 13.1x our F'16 EPS estimate, in line with DV's three-year historical average NTM P/E (range of 10.0x-17.2x). Our price target also reflects 10.6x our cash-adjusted F'16 EPS estimate (plus \$5.63/sh. in cash).

## F4Q15 (June) Results

| DeVry Education Group (NYSE - DV)    |                   |            |        |            |          |                    |          |       |       |        |
|--------------------------------------|-------------------|------------|--------|------------|----------|--------------------|----------|-------|-------|--------|
| Quarterly Results and Variance Sheet |                   |            |        |            |          |                    |          |       |       |        |
|                                      | Quarterly Results |            |        |            |          | Percent of Revenue |          |       |       |        |
|                                      | F4Q15             | F4Q14      | Change | Baird      | Variance | Cons.              | Variance | F4Q15 | F4Q14 | Baird/ |
| <b>Net Revenues</b>                  | \$ 473,189        | \$ 485,073 | (2%)   | \$ 483,546 | (2%)     | \$ 481,100         | (2%)     |       |       |        |
| Educational Services                 | 249,729           | 256,073    | (2%)   | 264,215    | (5%)     |                    |          | 47.0% | 47.2% | 45.4%  |
| Gross Profit                         | 222,175           | 229,000    | (3%)   | 219,330    | 1%       |                    |          | 37.1% | 35.0% | 34.5%  |
| Student Services/Administration      | 175,407           | 169,716    | 3%     | 166,764    | 5%       |                    |          |       |       |        |
| <b>EBIT</b>                          | 46,768            | 59,283     | (21%)  | 52,566     | (11%)    | 48,800             | (4%)     | 9.9%  | 12.2% | 10.9%  |
| Depreciation & Amortization          | 23,289            | 22,581     | 3%     | 23,289     | 0%       |                    |          | 4.9%  | 4.7%  | 4.8%   |
| <b>EBITDA</b>                        | 70,057            | 81,864     | (14%)  | 75,855     | (8%)     | 70,000             | 0%       | 14.8% | 16.9% | 15.7%  |
| Other Exp (Inc)                      | (1,707)           | (274)      | 523%   | (200)      | 754%     |                    |          |       |       |        |
| Pretax Income                        | 45,061            | 59,009     | (24%)  | 52,366     | (14%)    |                    |          | 9.5%  | 12.2% | 10.8%  |
| Taxes                                | 7,568             | 10,871     | (30%)  | 8,902      | (15%)    |                    |          |       |       |        |
| Tax Rate                             | 16.8%             | 18.4%      |        | 17.0%      |          |                    |          |       |       |        |
| <b>Net Income (ex. items)</b>        | \$ 37,163         | \$ 47,686  | (22%)  | \$ 43,064  | (14%)    |                    |          | 7.9%  | 9.8%  | 8.9%   |
| <b>EPS (ex. items)</b>               | \$ 0.57           | \$ 0.73    | (0.16) | \$ 0.66    | (0.09)   | \$ 0.62            | (0.05)   |       |       |        |
| Diluted Shares                       | 65,213            | 64,988     | 0%     | 65,200     | 0%       |                    |          |       |       |        |

Sources: Company Data and RW Baird Estimates

## FQ4 results very weak, and below consensus.

- Revenue of \$473.2mn declined 2% y/y, and was 2% below both the \$481.1mn consensus and our \$483.5mn estimates.
- New enrollment materially as expected, with a few pockets of relative strength, although the metric is volatile on a period-to-period basis, and some of the areas of good percentage growth were off a relatively small base (e.g., Medical International).
- Adj. EBIT of \$46.8mn declined 21% y/y, and was 4% below the \$48.8mn consensus.
- Adj. EPS of \$0.57 also below both the \$0.62 consensus/\$0.66 Baird-est.

## Segment Detail

| DeVry Education Group (NYSE - DV)    |                   |         |        |            |          |
|--------------------------------------|-------------------|---------|--------|------------|----------|
| Segment Results                      |                   |         |        |            |          |
|                                      | Quarterly Results |         |        |            |          |
|                                      | F4Q15             | F4Q14   | Change | Baird Est. | Variance |
| <b>Revenue by Segment (\$ thous)</b> |                   |         |        |            |          |
| Business, Technology, & Management   | 176,351           | 215,830 | (18%)  | 185,620    | (5%)     |
| Medical & Healthcare                 | 214,053           | 198,213 | 8%     | 219,589    | (3%)     |
| International and Professional       | 83,301            | 72,124  | 15%    | 79,336     | 5%       |
| <b>Total Revenue</b>                 | 473,705           | 486,167 | (3%)   | 484,546    | (2%)     |
| <b>Mix by Segment</b>                |                   |         |        |            |          |
| Business, Technology, & Management   | 37%               | 44%     |        | 38%        |          |
| Medical & Healthcare                 | 45%               | 41%     |        | 45%        |          |
| International and Professional       | 18%               | 15%     |        | 16%        |          |

Sources: Company Data and RW Baird Estimates

**All three segments weak, and pockets of growth accompanied by margin contraction.**

- Medical & Healthcare adj. EBIT -10% y/y despite 8% revenue growth.
- International & Professional Education adj. EBIT -8% y/y despite 16% revenue growth.
- BTM reported a slight quarterly adj. EBIT loss.

### Business, Technology, & Management

#### DeVry Education Group (NYSE - DV) Business, Technology & Management Segment Results

|             | Quarterly Results |         |          | Baird Est. | Variance |
|-------------|-------------------|---------|----------|------------|----------|
|             | F4Q15             | F4Q14   | Change   |            |          |
| Revenue     | 176,351           | 215,830 | (18%)    | 185,620    | (5%)     |
| EBIT        | (1,870)           | 3,203   |          | -          |          |
| EBIT Margin | -1.1%             | 1.5%    | (250 bp) | 0.0%       | (110 bp) |

Sources: Company Data and RW Baird Estimates

### Medical & Healthcare

#### DeVry Education Group (NYSE - DV) Medical & Healthcare Segment Results

|             | Quarterly Results |         |          | Baird Est. | Variance |
|-------------|-------------------|---------|----------|------------|----------|
|             | F4Q15             | F4Q14   | Change   |            |          |
| Revenue     | 214,053           | 215,830 | (1%)     | 219,589    | (3%)     |
| EBIT        | 31,195            | 34,772  | (10%)    | 36,232     | (14%)    |
| EBIT Margin | 14.6%             | 16.1%   | (150 bp) | 16.5%      | (190 bp) |

Sources: Company Data and RW Baird Estimates

### International & Professional

#### DeVry Education Group (NYSE - DV) International and Professional Segment Results

|             | Quarterly Results |        |          | Baird Est. | Variance |
|-------------|-------------------|--------|----------|------------|----------|
|             | F4Q15             | F4Q14  | Change   |            |          |
| Revenue     | 83,301            | 72,124 | 15%      | 79,336     | 5%       |
| EBIT        | 18,784            | 20,475 | (8%)     | 19,834     | (5%)     |
| EBIT Margin | 22.5%             | 28.4%  | (580 bp) | 25.0%      | (250 bp) |

Sources: Company Data and RW Baird Estimates

## Balance Sheet & Cash Flow

| DeVry Education Group (NYSE - DV) |             |             |          |             |          |
|-----------------------------------|-------------|-------------|----------|-------------|----------|
| Balance Sheet & Cash Flow         |             |             |          |             |          |
|                                   | F4Q15       | F3Q15       | Q/Q Chg. | F4Q14       | Y/Y Chg. |
| Cash and Equivalents              | \$ 367,344  | \$ 415,350  | (12%)    | \$ 361,636  | 2%       |
| Total Debt                        | \$ -        | \$ -        | NM       | \$ -        | NM       |
| Net Cash/Share                    | \$ 5.63     | \$ 6.39     |          | \$ 5.55     |          |
| Net Receivables                   | \$ 279,148  | \$ 268,363  | 4%       | \$ 268,200  | 4%       |
| Current Deferred Revenue          | \$ 90,232   | \$ 176,451  | (49%)    | \$ 91,946   | (2%)     |
| Book value/share                  | \$ 24.45    | \$ 24.22    | 1%       | \$ 23.62    | 4%       |
| <b>Cash Flow from Operations</b>  | \$ (6,260)  | \$ (48,754) | NM       | \$ 149,891  | NM       |
| <b>Cap Ex</b>                     | \$ (24,406) | \$ (21,240) | 15%      | \$ (14,183) | 72%      |
| <b>Free Cash Flow</b>             | \$ (30,666) | \$ (69,994) | NM       | \$ 135,708  | NM       |

Sources: Company Data and RW Baird Estimates

## Investment Thesis

**Post-secondary market long-term growth market.** Post-secondary enrollments are expected to continue to grow intermediate- to long-term based on population growth, a shift in the U.S. economy from manufacturing to service based, and a wage and employment rate gap between people with a post-secondary degree and those with only a high school diploma.

**Diversified positioning.** DeVry is one of the more diversified private sector education providers. The company's diversified positioning has the potential to lead to more resilient enrollment characteristics, cost sharing and best practices sharing between businesses, a more diversified risk profile, and greater options for long-term capital allocation decisions.

**Established brand names.** DV operates several established brand names, including its namesake DeVry University. With ~31,000 undergraduates enrolled at 60+ locations, as well as online, DeVry University has strong brand recognition, particularly within its legacy field of technology.

**Several attractive growth assets.** In addition to its namesake DeVry University, DV also operates several other education assets, including several institutions in Brazil (a faster growing post-secondary education market), as well as assets with high barriers to entry and better labor market trends, including its Caribbean medical schools and Chamberlain College of Nursing.

**Regional accreditation.** DeVry University and Chamberlain College of Nursing are accredited by North Central Association of Colleges and Schools, one of six regional accreditors. Regional accreditation is the most prestigious type of accreditation.

## Risks & Caveats

**Competition.** The post-secondary education market is highly competitive. Competition is in the form of other private sector for-profit higher education companies such as University of Phoenix, Kaplan, and Strayer, as well as traditional non-profit two and four-year colleges and universities. Online programs are becoming increasingly competitive, with more competitive offerings coming from both

for-profit and non-profit schools, with traditional non-profits sometimes assisted by third-party enablers. **Regulatory and accreditation risks.** Providers of post-secondary education are subject to regulatory requirements as dictated by the Higher Education Act of 1965. Higher education institutions participating in Title IV funding are required to be accredited by an association recognized by the U.S. Department of Education. Any change in accreditation status, and resulting loss of Title IV eligibility, could have a significant effect on the company's reputation and ability to attract students. Additionally, DV recently received a subpoena and civil investigative demand from the Offices of the Attorney Generals for Illinois and Massachusetts, concerning potential state law implications and guarantees related to student loans and grants.

**Economic sensitivity.** Post-secondary enrollment trends, especially among working adults, have historically correlated with labor market trends/outlook, consumer confidence, and consumers' views on debt financing; hence, perceived changes in the macroeconomic outlook can impact DV's enrollment trends, positively and negatively.

**Increasingly complex business model.** Although we believe DV has several attractive assets and believe there are several potential benefits to operating a more diversified model, an increasingly complex model adds execution risk.

**Funding risk.** While the lending environment has improved since the height of the credit crunch in 2008, the availability of third-party loans for sub-prime students remains weak. In addition, the changes to Pell Grants including the elimination of year-round Pell and changes in Pell Grant eligibility create additional funding uncertainty (and resulted in DV increasing its scholarships). Finally, given US Federal Government fiscal challenges, we believe that continued expansion of Title IV programs could face increasing scrutiny in the future.

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## Company Description

DeVry Inc., founded in 1931, is a leading provider of private sector education services, including post-secondary education, virtual schools for grades 6-12, and test preparation services. DV operates three segments: "Business, Technology and Management", which includes DeVry University undergraduate and graduate (Keller); "Medical and Healthcare" which includes Ross University medical and veterinary schools, American University of the Caribbean, Chamberlain College of Nursing and Carrington; and "International and Professional Education", which includes DeVry Brazil, and the professional exam review and training operations of Becker Professional Review (Becker CPA Review, ATC International, Falcon Physician Reviews). Combined post-secondary enrollment was approximately 135,308 for the quarter ending June 30.



**DeVry Education Group (NYSE - DV)**

August 18, 2015  
Fiscal year ends: June  
Figures in 000s, except per share data

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| Income Statement                    | 2011           | 2012           | 2013RE         | 2014           |                |                |                | 2014           | 2015           |                |                |                | 2015           | 2016E          |                |                |                | 2016E          |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                     |                |                |                | 1Q14           | 2Q14           | 3Q14           | 4Q14           |                | 1Q15           | 2Q15           | 3Q15           | 4Q15           |                | 1Q16E          | 2Q16E          | 3Q16E          | 4Q16E          |                |
| <b>Net Revenues</b>                 | \$ 2,182,371   | \$ 2,071,793   | \$ 1,964,375   | \$ 450,913     | \$ 491,269     | \$ 496,117     | \$ 485,073     | \$ 1,923,372   | \$ 462,044     | \$ 484,880     | \$ 489,830     | \$ 473,189     | \$ 1,909,943   | \$ 437,987     | \$ 462,491     | \$ 468,723     | \$ 448,045     | \$ 1,817,247   |
| Educational Services                | 925,504        | 975,642        | 962,611        | 241,737        | 242,997        | 242,631        | 256,073        | 986,435        | 246,331        | 250,809        | 253,186        | 249,729        | 1,001,375      | 245,273        | 246,279        | 236,758        | 232,857        | 961,167        |
| Gross Profit                        | 1,256,867      | 1,096,151      | 1,001,764      | 206,180        | 248,272        | 253,486        | 229,000        | 936,937        | 215,713        | 234,071        | 236,649        | 222,175        | 908,568        | 192,714        | 216,212        | 231,965        | 215,189        | 856,080        |
| Student services/administration     | 762,692        | 808,400        | 762,714        | 189,158        | 184,924        | 183,949        | 169,716        | 727,747        | 177,753        | 174,913        | 180,212        | 175,407        | 708,285        | 166,308        | 164,524        | 170,103        | 163,846        | 664,781        |
| <b>Income from Operations</b>       | <b>494,175</b> | <b>287,751</b> | <b>239,049</b> | <b>17,022</b>  | <b>63,348</b>  | <b>69,537</b>  | <b>59,283</b>  | <b>209,190</b> | <b>37,960</b>  | <b>59,118</b>  | <b>56,437</b>  | <b>46,768</b>  | <b>200,283</b> | <b>26,406</b>  | <b>51,688</b>  | <b>61,862</b>  | <b>51,342</b>  | <b>191,298</b> |
| Interest / other income (expense)   | 257            | (1,794)        | (1,959)        | (417)          | (742)          | (468)          | (274)          | (1,901)        | 4              | (52)           | (1,495)        | (1,707)        | (3,250)        | (1,707)        | (1,707)        | (1,707)        | (1,707)        | (6,828)        |
| Income before income taxes          | 494,432        | 285,957        | 237,090        | 16,605         | 62,606         | 69,069         | 59,009         | 207,289        | 37,964         | 59,066         | 54,942         | 45,061         | 197,033        | 24,699         | 49,981         | 60,155         | 49,635         | 184,470        |
| Income tax expense                  | 163,602        | 81,289         | 49,668         | 2,360          | 10,401         | 12,918         | 10,871         | 36,550         | 7,075          | 9,767          | 9,430          | 7,568          | 33,840         | 4,569          | 9,246          | 11,129         | 9,183          | 34,127         |
| Minority interest                   | (427)          | (816)          | (2,054)        | 45             | (253)          | (19)           | (452)          | (679)          | 3              | (389)          | (84)           | (330)          | (800)          | 175            | (700)          | (300)          | (400)          | (1,225)        |
| <b>Income (ex. items)</b>           | <b>330,403</b> | <b>203,852</b> | <b>185,368</b> | <b>14,200</b>  | <b>51,952</b>  | <b>56,132</b>  | <b>47,686</b>  | <b>170,060</b> | <b>30,892</b>  | <b>48,910</b>  | <b>45,428</b>  | <b>37,163</b>  | <b>162,393</b> | <b>20,305</b>  | <b>40,034</b>  | <b>48,727</b>  | <b>40,053</b>  | <b>149,118</b> |
| Weighted average shares outstanding | 70,620         | 67,705         | 64,611         | 63,983         | 64,719         | 64,841         | 64,988         | 64,853         | 65,429         | 65,470         | 65,265         | 65,213         | 65,344         | 65,148         | 65,083         | 65,018         | 64,953         | 65,050         |
| <b>EPS (ex. items)</b>              | <b>\$ 4.68</b> | <b>\$ 3.01</b> | <b>\$ 2.87</b> | <b>\$ 0.22</b> | <b>\$ 0.80</b> | <b>\$ 0.87</b> | <b>\$ 0.73</b> | <b>\$ 2.62</b> | <b>\$ 0.47</b> | <b>\$ 0.75</b> | <b>\$ 0.70</b> | <b>\$ 0.57</b> | <b>\$ 2.49</b> | <b>\$ 0.31</b> | <b>\$ 0.62</b> | <b>\$ 0.75</b> | <b>\$ 0.62</b> | <b>\$ 2.29</b> |
| <b>CAL EPS</b>                      |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| EPS before extraordinary items      | \$4.07         | \$2.82         | \$2.48         |                |                |                |                | \$2.82         |                |                |                |                | \$2.19         |                |                |                |                |                |
| Dividend per Share                  | \$0.24         | \$0.30         | \$0.34         |                | \$0.17         |                | \$0.17         | \$0.34         |                | \$0.17         |                | \$0.17         | \$0.34         |                | \$0.17         |                | \$0.17         | \$0.34         |
| % change                            | 20%            | 25%            | 13%            |                | 0%             |                | 0%             | 0%             |                | 0%             |                | 0%             | 0%             |                | 0%             |                | 0%             | 0%             |
| <b>% of Sales</b>                   |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| Gross Margin                        | 57.6%          | 52.9%          | 51.0%          | 45.7%          | 50.5%          | 51.1%          | 47.2%          | 48.7%          | 46.7%          | 48.3%          | 48.3%          | 47.0%          | 47.6%          | 44.0%          | 46.7%          | 49.5%          | 48.0%          | 47.1%          |
| Student services/administration     | 34.9%          | 39.0%          | 38.8%          | 41.9%          | 37.6%          | 37.1%          | 35.0%          | 37.8%          | 38.5%          | 36.1%          | 36.8%          | 37.1%          | 37.1%          | 38.0%          | 35.6%          | 36.3%          | 36.6%          | 36.6%          |
| Operating Margin                    | 22.6%          | 13.9%          | 12.2%          | 3.8%           | 12.9%          | 14.0%          | 12.2%          | 10.9%          | 8.2%           | 12.2%          | 11.5%          | 9.9%           | 10.5%          | 6.0%           | 11.2%          | 13.2%          | 11.5%          | 10.5%          |
| Pretax Margin                       | 22.7%          | 13.8%          | 12.1%          | 3.7%           | 12.7%          | 13.9%          | 12.2%          | 10.8%          | 8.2%           | 12.2%          | 11.2%          | 9.5%           | 10.3%          | 5.6%           | 10.8%          | 12.8%          | 11.1%          | 10.2%          |
| Net Margin (ex. items)              | 15.1%          | 9.8%           | 9.4%           | 3.1%           | 10.6%          | 11.3%          | 9.8%           | 8.8%           | 6.7%           | 10.1%          | 9.3%           | 7.9%           | 8.5%           | 4.6%           | 8.7%           | 10.4%          | 8.9%           | 8.2%           |
| <b>% Change</b>                     |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| Total Revenue                       | 14.0%          | -5.1%          | NM             | -6.0%          | -1.9%          | -1.5%          | 1.1%           | -2.1%          | 2.5%           | -1.3%          | -1.3%          | -2.4%          | -0.7%          | -5.2%          | -4.6%          | -4.3%          | -5.3%          | -4.9%          |
| Gross Margin                        | 15.4%          | -12.8%         | NM             | -14.3%         | -4.8%          | -4.8%          | -2.2%          | -6.5%          | 4.6%           | -5.7%          | -6.6%          | -3.0%          | -3.0%          | -10.7%         | -7.6%          | -2.0%          | -3.1%          | -5.8%          |
| Operating Income                    | 20.3%          | -41.8%         | NM             | -65.6%         | -15.6%         | -7.4%          | 50.3%          | -12.5%         | 123.0%         | -6.7%          | -18.8%         | -4.3%          | -4.3%          | -30.4%         | -12.6%         | 9.6%           | 9.8%           | -4.5%          |
| Pretax Income                       | 19.8%          | -42.2%         | NM             | -65.8%         | -16.0%         | -7.6%          | 50.2%          | -12.6%         | 128.6%         | -5.7%          | -20.5%         | -23.6%         | -4.9%          | -34.9%         | -15.4%         | 9.5%           | 10.2%          | -6.4%          |
| Net Income (ex. items)              | 18.0%          | -38.3%         | NM             | -58.4%         | -10.0%         | -5.4%          | 39.7%          | -8.3%          | 117.5%         | -5.9%          | -19.1%         | -22.1%         | -4.5%          | -34.3%         | -18.1%         | 7.3%           | 7.8%           | -8.2%          |
| Average shares                      | -2.3%          | -4.1%          | NM             | -1.7%          | 0.6%           | 0.9%           | 1.9%           | 0.4%           | 2.3%           | 1.2%           | 0.7%           | 0.3%           | 0.8%           | -0.4%          | -0.6%          | -0.4%          | -0.4%          | -0.5%          |
| EPS (ex. items)                     | 20.8%          | -35.6%         | NM             | -57.7%         | -10.6%         | -6.2%          | 37.0%          | -8.6%          | 112.7%         | -6.9%          | -19.6%         | -22.3%         | -5.2%          | -34.0%         | -17.7%         | 7.7%           | 8.2%           | -7.8%          |
| Income Tax Rate                     | 33.1%          | 28.4%          | 20.9%          | 14.2%          | 16.6%          | 18.7%          | 18.4%          | 17.6%          | 18.6%          | 16.5%          | 17.2%          | 16.8%          | 17.2%          | 18.5%          | 18.5%          | 18.5%          | 18.5%          | 18.5%          |

Source: Company reports and Robert W. Baird & Co. estimates.

**Please refer to "Appendix - Important Disclosures" and Analyst Certification.**

2013 results, as presented above, are estimated pro-forma adjusted results ex. Advanced Academics.

**DeVry Education Group (NYSE - DV)**

August 18, 2015

Fiscal year ends: June

Figures in 000s, except per share data

Jeffrey P. Meuler, CFA 414.298.7694

Nick Nikitas, CFA 312.609.5425

| Segment Details                    | 2011             | 2015             | 2013             | 2014           |                |                |                | 2014             | 2015           |                |                |                | 2015             | 2016E          |                |                |                | 2016E            |
|------------------------------------|------------------|------------------|------------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|------------------|
|                                    |                  |                  |                  | 1Q14           | 2Q14           | 3Q14           | 4Q14           |                  | 1Q15           | 2Q15           | 3Q15           | 4Q15           |                  | 1Q16E          | 2Q16E          | 3Q16E          | 4Q16E          |                  |
| <b>Revenue</b>                     |                  |                  |                  |                |                |                |                |                  |                |                |                |                |                  |                |                |                |                |                  |
| Business, Technology, & Management | 1,460,146        | 1,303,556        | 1,096,695        | 232,309        | 239,913        | 241,896        | 215,830        | 929,948          | 203,641        | 210,337        | 203,832        | 176,351        | 794,161          | 160,711        | 173,980        | 174,989        | 148,849        | 658,529          |
| Medical & Healthcare               | 558,335          | 611,953          | 672,604          | 175,856        | 190,447        | 204,610        | 198,213        | 769,126          | 206,012        | 213,985        | 225,427        | 214,053        | 859,477          | 222,163        | 228,037        | 236,428        | 220,811        | 907,438          |
| International and Professional     | 163,890          | 156,284          | 196,576          | 43,721         | 61,430         | 50,782         | 72,124         | 228,057          | 53,203         | 61,224         | 61,112         | 83,301         | 258,840          | 55,863         | 61,224         | 58,056         | 79,136         | 254,280          |
| Intersegment Revenue               |                  |                  | (1,500)          | (973)          | (521)          | (1,171)        | (1,094)        | (3,759)          | (812)          | (666)          | (541)          | (516)          | (2,535)          | (750)          | (750)          | (750)          | (750)          | (3,000)          |
| <b>Total</b>                       | <b>2,182,371</b> | <b>2,071,793</b> | <b>1,964,375</b> | <b>450,913</b> | <b>491,269</b> | <b>496,117</b> | <b>485,073</b> | <b>1,923,372</b> | <b>462,044</b> | <b>484,880</b> | <b>489,830</b> | <b>473,189</b> | <b>1,909,943</b> | <b>437,987</b> | <b>462,491</b> | <b>468,723</b> | <b>448,045</b> | <b>1,817,247</b> |
| <b>Comparable</b>                  |                  |                  |                  |                |                |                |                |                  |                |                |                |                |                  |                |                |                |                |                  |
| Business, Technology, & Management | 16%              | -11%             | -16%             | -18%           | -14%           | -15%           | -13%           | -15%             | -12%           | -12%           | -16%           | -18%           | -15%             | -21%           | -17%           | -14%           | -16%           | -17%             |
| Medical & Healthcare               | 10%              | 10%              | 10%              | 11%            | 14%            | 17%            | 16%            | 14%              | 17%            | 12%            | 10%            | 8%             | 12%              | 8%             | 7%             | 5%             | 3%             | 6%               |
| International and Professional     | 13%              | -5%              | 26%              | 18%            | 17%            | 10%            | 19%            | 16%              | 22%            | 0%             | 20%            | 15%            | 13%              | 5%             | 0%             | -5%            | -5%            | -2%              |
| Total                              | 14%              | -5%              | -5%              | -6%            | -2%            | -2%            | 1%             | -2%              | 2%             | -1%            | -1%            | -2%            | -1%              | -5%            | -5%            | -4%            | -5%            | -5%              |
| <b>Mix</b>                         |                  |                  |                  |                |                |                |                |                  |                |                |                |                |                  |                |                |                |                |                  |
| Business, Technology, & Management | 67%              | 63%              | 56%              | 52%            | 49%            | 49%            | 44%            | 48%              | 44%            | 43%            | 42%            | 37%            | 42%              | 37%            | 38%            | 37%            | 33%            | 36%              |
| Medical & Healthcare               | 26%              | 30%              | 34%              | 39%            | 39%            | 41%            | 41%            | 40%              | 45%            | 44%            | 46%            | 45%            | 45%              | 51%            | 49%            | 50%            | 49%            | 50%              |
| International and Professional     | 8%               | 8%               | 10%              | 10%            | 13%            | 10%            | 15%            | 12%              | 12%            | 13%            | 12%            | 18%            | 14%              | 13%            | 13%            | 12%            | 18%            | 14%              |
| Total                              | 100%             | 100%             | 100%             | 100%           | 100%           | 100%           | 100%           | 100%             | 100%           | 100%           | 100%           | 100%           | 100%             | 100%           | 100%           | 100%           | 100%           | 100%             |
| <b>Operating Profit</b>            |                  |                  |                  |                |                |                |                |                  |                |                |                |                |                  |                |                |                |                |                  |
| Business, Technology, & Management | 359,403          | 206,084          | 99,123           | (5,029)        | 9,906          | 22,517         | 3,203          | 30,597           | 135            | 11,086         | 5,602          | (1,870)        | 14,953           | (8,036)        | (1,740)        | 5,250          | (1,488)        | (6,014)          |
| Medical & Healthcare               | 106,965          | 86,638           | 117,199          | 26,235         | 40,114         | 45,605         | 35,674         | 147,628          | 38,327         | 38,092         | 45,833         | 31,195         | 153,447          | 36,889         | 41,734         | 50,434         | 34,388         | 163,444          |
| International and Professional     | 32,684           | 23,014           | 47,918           | 1,080          | 16,433         | 7,022          | 21,137         | 45,672           | 4,738          | 10,491         | 4,629          | 18,784         | 38,642           | 2,793          | 12,245         | 5,806          | 19,784         | 40,628           |
| <b>Total</b>                       | <b>499,052</b>   | <b>315,736</b>   | <b>264,240</b>   | <b>22,286</b>  | <b>66,453</b>  | <b>75,144</b>  | <b>60,014</b>  | <b>223,897</b>   | <b>43,200</b>  | <b>59,669</b>  | <b>56,064</b>  | <b>48,109</b>  | <b>207,042</b>   | <b>31,646</b>  | <b>52,239</b>  | <b>61,489</b>  | <b>52,683</b>  | <b>198,057</b>   |
| D&A & Other                        | (4,877)          | (23,297)         | (25,190)         | (5,264)        | (3,105)        | (5,607)        | (731)          | (14,707)         | (5,240)        | (551)          | 373            | (1,341)        | (6,759)          | (5,240)        | (551)          | 373            | (1,341)        | (6,759)          |
| <b>Operating Margin</b>            |                  |                  |                  |                |                |                |                |                  |                |                |                |                |                  |                |                |                |                |                  |
| Business, Technology, & Management | 24.6%            | 15.8%            | 9.0%             | -2.2%          | 4.1%           | 9.3%           | 1.5%           | 3.3%             | 0.1%           | 5.3%           | 2.7%           | -1.1%          | 1.9%             | -5.0%          | -1.0%          | 3.0%           | -1.0%          | -0.9%            |
| Medical & Healthcare               | 19.2%            | 14.2%            | 17.4%            | 14.9%          | 21.1%          | 22.3%          | 18.0%          | 19.2%            | 18.6%          | 17.8%          | 20.3%          | 14.6%          | 17.9%            | 16.6%          | 18.3%          | 21.3%          | 15.6%          | 18.0%            |
| International and Professional     | 19.9%            | 14.7%            | 24.4%            | 2.5%           | 26.8%          | 13.8%          | 29.3%          | 20.0%            | 8.9%           | 17.1%          | 7.6%           | 22.5%          | 14.9%            | 5.0%           | 20.0%          | 10.0%          | 25.0%          | 16.0%            |
| Segment Operating Margin           | 22.9%            | 15.2%            | 13.5%            | 4.9%           | 13.5%          | 15.1%          | 12.4%          | 11.6%            | 9.3%           | 12.3%          | 11.4%          | 10.2%          | 10.8%            | 7.2%           | 11.3%          | 13.1%          | 11.8%          | 10.9%            |

Please refer to "Appendix - Important Disclosures" and Analyst Certification.



**DeVry Education Group (NYSE - DV)**

August 18, 2015  
 Fiscal year ends: June  
 Figures in 000s, except per share data

Jeffrey P. Meuler, CFA 414.298.7694  
 Nick Nikitas, CFA 312.609.5425

| Segment Details                              | 2011          | 2015          | 2013          | 2014          |               |               |               | 2014          | 2015          |               |               |               | 2015          | 2016E         |               |               |               | 2016E         |
|----------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                              |               |               |               | 1Q14          | 2Q14          | 3Q14          | 4Q14          |               | 1Q15          | 2Q15          | 3Q15          | 4Q15          |               | 1Q16E         | 2Q16E         | 3Q16E         | 4Q16E         |               |
| <b>Business, Technology &amp; Management</b> |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Revenue                                      | 1,460,146     | 1,303,556     | 1,096,695     | 232,309       | 239,913       | 241,896       | 215,830       | 929,948       | 203,641       | 210,337       | 203,832       | 176,351       | 794,161       | 160,711       | 173,980       | 174,989       | 148,849       | 658,529       |
| % Change                                     | 16%           | -11%          | -16%          | -18%          | -14%          | -15%          | -13%          | -15%          | -12%          | -12%          | -16%          | -18%          | -15%          | -21%          | -17%          | -14%          | -16%          | -17%          |
| Undergraduate Enrollment                     | 69,620        | 60,907        | 50,937        | 43,905        | 44,806        | 44,259        | 42,179        | 43,787        | 38,092        | 38,776        | 37,344        | 35,079        | 37,323        | 31,620        | 33,222        | 32,950        | 30,246        | 32,009        |
| % Change                                     | 15%           | -13%          | -16%          | -16%          | -13%          | -14%          | -13%          | -14%          | -13%          | -13%          | -16%          | -17%          | -15%          | -17%          | -14%          | -12%          | -14%          | -14%          |
| Graduate Enrollment                          | 19,120        | 19,430        | 17,152        | 15,888        | 14,619        | 14,121        | 13,312        | 14,485        | 13,263        | 12,833        | 12,463        | 11,735        | 12,574        | 11,359        | 11,245        | 11,591        | 10,914        | 11,277        |
| % Change                                     | 11%           | 2%            | -12%          | -12%          | -17%          | -17%          | -16%          | -16%          | -17%          | -12%          | -12%          | -12%          | -13%          | -14%          | -12%          | -7%           | -7%           | -10%          |
| <b>Total Enrollment</b>                      | <b>88,740</b> | <b>80,337</b> | <b>68,089</b> | <b>59,792</b> | <b>59,425</b> | <b>58,380</b> | <b>55,491</b> | <b>58,272</b> | <b>51,355</b> | <b>51,609</b> | <b>49,807</b> | <b>46,814</b> | <b>49,896</b> | <b>42,979</b> | <b>44,467</b> | <b>44,541</b> | <b>41,160</b> | <b>43,287</b> |
| Average Revenue/Student                      | 16,454        | 16,226        | 16,107        | 3,885         | 4,037         | 4,143         | 3,889         | 15,959        | 3,965         | 4,076         | 4,092         | 3,767         | 15,916        | 3,739         | 3,913         | 3,929         | 3,616         | 15,213        |
| % Change                                     | 1%            | -1%           | -1%           | -4%           | 0%            | 0%            | 1%            | -1%           | 2%            | 1%            | -1%           | -3%           | 0%            | -6%           | -4%           | -4%           | -4%           | -4%           |
| <b>Medical and Healthcare</b>                |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Revenue                                      | 558,335       | 611,953       | 672,604       | 175,856       | 190,447       | 204,610       | 198,213       | 769,126       | 206,012       | 213,985       | 225,427       | 214,053       | 859,477       | 222,163       | 228,037       | 236,428       | 220,811       | 907,438       |
| % Change                                     | 10%           | 10%           | 10%           | 11%           | 14%           | 17%           | 16%           | 14%           | 17%           | 12%           | 10%           | 8%            | 12%           | 8%            | 7%            | 5%            | 3%            | 6%            |
| DeVry Medical Int. Enrollment                | 5,794         | 6,000         | 6,090         | 6,019         | 6,458         | 6,673         | 5,915         | 6,266         | 6,079         | 6,406         | 6,146         | 5,978         | 6,152         | 6,129         | 6,430         | 6,184         | 5,980         | 6,181         |
| % Change                                     | 20%           | 4%            | 1%            | 0%            | 4%            | 6%            | 2%            | 3%            | 1%            | -1%           | -8%           | 1%            | -2%           | 1%            | 0%            | 1%            | 0%            | 0%            |
| Chamberlain Enrollment                       | 8,482         | 10,574        | 12,675        | 13,662        | 15,718        | 18,152        | 18,681        | 16,553        | 18,709        | 20,845        | 23,073        | 23,065        | 21,423        | 22,526        | 23,971        | 25,841        | 25,372        | 24,428        |
| % Change                                     | 61%           | 25%           | 20%           | 21%           | 29%           | 34%           | 36%           | 31%           | 37%           | 33%           | 27%           | 23%           | 29%           | 20%           | 15%           | 12%           | 10%           | 14%           |
| Carrington Enrollment                        | 10,226        | 7,374         | 7,524         | 7,706         | 7,358         | 7,758         | 7,353         | 7,544         | 7,634         | 7,444         | 7,639         | 7,508         | 7,556         | 7,634         | 7,350         | 7,588         | 7,426         | 7,500         |
| % Change                                     | -12%          | -28%          | 2%            | 1%            | -1%           | -2%           | 3%            | 0%            | -1%           | 1%            | -2%           | 2%            | 0%            | 0%            | -1%           | -1%           | -1%           | -1%           |
| <b>Total Enrollment</b>                      | <b>24,501</b> | <b>23,948</b> | <b>26,289</b> | <b>27,387</b> | <b>29,534</b> | <b>32,583</b> | <b>31,949</b> | <b>30,363</b> | <b>32,421</b> | <b>34,695</b> | <b>36,858</b> | <b>36,551</b> | <b>35,131</b> | <b>36,289</b> | <b>37,752</b> | <b>39,613</b> | <b>38,778</b> | <b>38,108</b> |
| Average Enrollment                           | 24,397        | 24,016        | 25,921        | 27,006        | 28,461        | 31,059        | 32,266        | 29,698        | 32,185        | 33,558        | 35,776        | 36,705        | 34,556        | 36,420        | 37,020        | 38,683        | 39,196        | 37,830        |
| % Change                                     | 16%           | -2%           | 8%            | 11%           | 12%           | 16%           | 19%           | 15%           | 19%           | 18%           | 15%           | 14%           | 16%           | 13%           | 10%           | 8%            | 7%            | 9%            |
| Average Revenue/Average # Students           | 22,886        | 25,481        | 25,949        | 6,512         | 6,692         | 6,588         | 6,143         | 25,898        | 6,401         | 6,377         | 6,301         | 5,832         | 24,872        | 6,100         | 6,160         | 6,112         | 5,634         | 23,987        |
| % Change                                     | -5%           | 11%           | 2%            | 0%            | 1%            | 1%            | -2%           | 0%            | -2%           | -5%           | -4%           | -5%           | -4%           | -5%           | -3%           | -3%           | -3%           | -4%           |





**DeVry Education Group (NYSE - DV)**

August 18, 2015

Fiscal year ends: June

Figures in 000s, except per share data

Jeffrey P. Meuler, CFA 414.298.7694

Nick Nikitas, CFA 312.609.5425

| DeVry University Undergraduate - New Students |        |          |              |             |              |             |              |             |              |             |              |             |
|-----------------------------------------------|--------|----------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| 2015                                          |        |          |              |             |              |             |              |             |              |             |              |             |
| Years                                         | July   | % Change | September    | % Change    | November     | % Change    | January      | % Change    | March        | % Change    | May          | % Change    |
| F2009                                         | 11,016 |          | 8,708        |             | 7,283        |             | 6,993        |             | 7,395        |             | 6,700        |             |
| F2010                                         | 12,405 | 13%      | 10,079       | 16%         | 8,957        | 23%         | 8,736        | 25%         | 9,078        | 23%         | 7,481        | 12%         |
| F2011                                         | 13,627 | 10%      | 10,060       | 0%          | 8,092        | -10%        | 7,217        | -17%        | 7,898        | -13%        | 6,690        | -11%        |
| F2012                                         | 9,026  | -34%     | 7,200        | -28%        | 6,488        | -20%        | 5,593        | -23%        | 6,533        | -17%        | 5,730        | -14%        |
| F2013                                         | 7,532  | -17%     | 6,580        | -9%         | 5,482        | -16%        | 5,330        | -5%         | 5,146        | -21%        | 4,616        | -19%        |
| F2014                                         | 5,674  | -25%     | 6,589        | 0%          | 4,824        | -12%        | 4,911        | -8%         | 5,018        | -2%         | 4,388        | -5%         |
| F2015                                         | 4,915  | -13%     | 5,268        | -20%        | 4,201        | -13%        | 4,282        | -13%        | 4,156        | -17%        | 3,817        | -13%        |
| F2016E                                        | 4,000  | -19%     | <b>4,109</b> | <b>-22%</b> | <b>3,361</b> | <b>-20%</b> | <b>3,426</b> | <b>-20%</b> | <b>3,325</b> | <b>-20%</b> | <b>3,054</b> | <b>-20%</b> |

| DeVry University Undergraduate - Continuing Students/Persistence |        |       |               |            |               |            |               |            |               |            |               |            |
|------------------------------------------------------------------|--------|-------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| Years                                                            | July   | Pers. | September     | Pers.      | November      | Pers.      | January       | Pers.      | March         | Pers.      | May           | Pers.      |
| F2009                                                            | 31,359 |       | 41,889        | 99%        | 41,459        | 82%        | 46,323        | 95%        | 42,492        | 80%        | 47,892        | 96%        |
| F2010                                                            | 39,602 | 73%   | 51,734        | 99%        | 50,831        | 82%        | 57,348        | 96%        | 54,097        | 82%        | 60,402        | 96%        |
| F2011                                                            | 50,528 | 74%   | 63,093        | 98%        | 61,215        | 84%        | 66,122        | 95%        | 59,476        | 81%        | 63,703        | 95%        |
| F2012                                                            | 50,940 | 72%   | 58,733        | 98%        | 53,615        | 81%        | 56,842        | 95%        | 50,425        | 81%        | 54,314        | 95%        |
| F2013                                                            | 42,971 | 72%   | 49,506        | 98%        | 44,033        | 79%        | 47,808        | 97%        | 42,391        | 80%        | 44,226        | 93%        |
| F2014                                                            | 36,700 | 75%   | 40,377        | 95%        | 38,902        | 83%        | 40,186        | 92%        | 37,565        | 83%        | 37,589        | 88%        |
| F2015                                                            | 32,295 | 77%   | 34,589        | 93%        | 34,034        | 85%        | 33,640        | 88%        | 32,032        | 84%        | 30,707        | 85%        |
| F2016E                                                           | 27,293 | 79%   | <b>28,164</b> | <b>90%</b> | <b>30,336</b> | <b>94%</b> | <b>30,327</b> | <b>90%</b> | <b>28,020</b> | <b>83%</b> | <b>26,643</b> | <b>85%</b> |

| DeVry University Undergraduate - Total Students |        |          |               |             |               |             |               |             |               |             |               |             |
|-------------------------------------------------|--------|----------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| Years                                           | July   | % Change | September     | % Change    | November      | % Change    | January       | % Change    | March         | % Change    | May           | % Change    |
| F2009                                           | 42,375 |          | 50,597        |             | 48,742        |             | 53,316        |             | 49,887        |             | 54,592        |             |
| F2010                                           | 52,007 | 23%      | 61,813        | 22%         | 59,788        | 23%         | 66,084        | 24%         | 63,175        | 27%         | 67,883        | 24%         |
| F2011                                           | 64,155 | 23%      | 73,153        | 18%         | 69,307        | 16%         | 73,339        | 11%         | 67,374        | 7%          | 70,393        | 4%          |
| F2012                                           | 59,966 | -7%      | 65,933        | -10%        | 60,103        | -13%        | 62,435        | -15%        | 56,958        | -15%        | 60,044        | -15%        |
| F2013                                           | 50,503 | -16%     | 56,086        | -15%        | 49,515        | -18%        | 53,138        | -15%        | 47,537        | -17%        | 48,842        | -19%        |
| F2014                                           | 42,374 | -16%     | 46,966        | -16%        | 43,726        | -12%        | 45,097        | -15%        | 42,583        | -10%        | 41,977        | -14%        |
| F2015                                           | 37,210 | -12%     | 39,857        | -15%        | 38,235        | -13%        | 37,922        | -16%        | 36,188        | -15%        | 34,524        | -18%        |
| F2016E                                          | 31,293 | -16%     | <b>32,273</b> | <b>-19%</b> | <b>33,697</b> | <b>-12%</b> | <b>33,753</b> | <b>-11%</b> | <b>31,345</b> | <b>-13%</b> | <b>29,696</b> | <b>-14%</b> |

| DeVry Graduate Coursetakers* |        |          |               |             |               |            |               |            |               |            |               |            |
|------------------------------|--------|----------|---------------|-------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| Years                        | July   | % Change | September     | % Change    | November      | % Change   | January       | % Change   | March         | % Change   | May           | % Change   |
| F2009                        | 16,017 | 14%      | 17,799        | 12%         | 17,803        | 14%        | 19,475        | 12%        | 19,357        | 14%        | 18,822        | 14%        |
| F2010                        | 17,991 | 12%      | 20,496        | 15%         | 20,734        | 16%        | 22,679        | 16%        | 22,343        | 15%        | 22,103        | 17%        |
| F2011                        | 21,165 | 18%      | 23,389        | 14%         | 23,199        | 12%        | 24,784        | 9%         | 24,406        | 9%         | 23,802        | 8%         |
| F2012                        | 21,576 | 2%       | 23,937        | 2%          | 23,264        | 0%         | 24,029        | -3%        | 23,366        | -4%        | 23,802        | 0%         |
| F2013                        | 19,635 | -9%      | 22,072        | -8%         | 19,540        | -16%       | 21,131        | -12%       | 19,075        | -18%       | 18,836        | -21%       |
| F2014                        | 16,107 | -18%     | 17,925        | -19%        | 16,778        | -14%       | 17,322        | -18%       | 16,192        | -15%       | 15,866        | -16%       |
| F2015                        | 13,845 | -14%     | 15,532        | -13%        | 15,136        | -10%       | 15,108        | -13%       | 14,651        | -10%       | 13,798        | -13%       |
| F2016E                       | 12,084 | -13%     | <b>13,202</b> | <b>-15%</b> | <b>14,076</b> | <b>-7%</b> | <b>14,050</b> | <b>-7%</b> | <b>13,625</b> | <b>-7%</b> | <b>12,832</b> | <b>-7%</b> |

\*NOTE: Graduate coursetakers mean number of courses taken. Graduate students take 1.2 courses on average.



**DeVry Education Group (NYSE - DV)**

August 18, 2015

Fiscal year ends: June

Figures in 000s, except per share data

Jeffrey P. Meuler, CFA 414.298.7694

Nick Nikitas, CFA 312.609.5425

**Chamberlain College of Nursing - Total Students**

| Years  | July   | % Change | September     | % Change   | November      | % Change   | January       | % Change   | March         | % Change   | May           | % Change   |
|--------|--------|----------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| F2009  | 2,465  |          | 2,676         |            | 3,250         |            | 3,472         |            | 3,709         |            | 3,888         |            |
| F2010  | 4,107  | 67%      | 4,753         | 78%        | 5,302         | 63%        | 5,833         | 68%        | 6,322         | 70%        | 6,595         | 70%        |
| F2011  | 6,732  | 64%      | 7,587         | 60%        | 8,396         | 58%        | 9,044         | 55%        | 9,440         | 49%        | 9,690         | 47%        |
| F2012  | 9,374  | 39%      | 10,029        | 32%        | 10,619        | 26%        | 10,888        | 20%        | 11,321        | 20%        | 11,214        | 16%        |
| F2013  | 10,852 | 16%      | 12,050        | 20%        | 12,247        | 15%        | 13,714        | 26%        | 13,235        | 17%        | 13,953        | 24%        |
| F2014  | 12,648 | 17%      | 15,690        | 30%        | 15,732        | 28%        | 18,136        | 32%        | 18,185        | 37%        | 18,929        | 36%        |
| F2015  | 17,603 | 39%      | 20,920        | 33%        | 20,807        | 32%        | 23,055        | 27%        | 23,108        | 27%        | 23,044        | 22%        |
| F2016E | 21,760 | 24%      | <b>24,058</b> | <b>15%</b> | <b>23,928</b> | <b>15%</b> | <b>26,052</b> | <b>13%</b> | <b>25,419</b> | <b>10%</b> | <b>25,348</b> | <b>10%</b> |

**Carrington Colleges - New Students**

| Years  | FQ1          | % Change  | FQ2          | % Change   | FQ3          | % Change  | FQ4          | % Change    |
|--------|--------------|-----------|--------------|------------|--------------|-----------|--------------|-------------|
| F2009  | 3,755        |           | 2,688        |            | 3,629        |           | 2,945        |             |
| F2010  | 4,763        | 27%       | 2,740        | 2%         | 3,947        | 9%        | 3,144        | 7%          |
| F2011  | 3,816        | -20%      | 2,379        | -13%       | 2,808        | -29%      | 2,033        | -35%        |
| F2012  | 2,548        | -33%      | 1,565        | -34%       | 2,035        | -28%      | 1,632        | -20%        |
| F2013  | 3,396        | 33%       | 1,763        | 13%        | 2,391        | 17%       | 1,607        | -2%         |
| F2014  | 2,733        | -20%      | 1,706        | -3%        | 2,247        | -6%       | 1,766        | 10%         |
| F2015  | 2,623        | -4%       | 1,951        | 14%        | 2,187        | -3%       | 2,771        | 57%         |
| F2016E | <b>2,754</b> | <b>5%</b> | <b>1,853</b> | <b>-5%</b> | <b>2,296</b> | <b>5%</b> | <b>2,494</b> | <b>-10%</b> |

**Carrington Colleges - Continuing Students/Persistence**

| Years  | FQ1          | Pers.      | FQ2          | Pers.      | FQ3          | Pers.      | FQ4          | Pers.      |
|--------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| F2009  | 6,101        |            | 7,378        | 75%        | 7,299        | 73%        | 7,531        | 69%        |
| F2010  | 7,037        | 67%        | 8,521        | 72%        | 8,062        | 72%        | 8,193        | 68%        |
| F2011  | 7,708        | 68%        | 8,065        | 70%        | 7,399        | 71%        | 6,695        | 66%        |
| F2012  | 5,774        | 66%        | 5,814        | 70%        | 5,274        | 71%        | 4,854        | 66%        |
| F2013  | 4,232        | 65%        | 5,642        | 74%        | 5,560        | 75%        | 5,504        | 69%        |
| F2014  | 4,973        | 70%        | 5,652        | 73%        | 5,511        | 75%        | 5,587        | 72%        |
| F2015  | 5,011        | 68%        | 5,493        | 72%        | 5,452        | 73%        | 4,737        | 62%        |
| F2016E | <b>4,880</b> | <b>65%</b> | <b>5,497</b> | <b>72%</b> | <b>5,292</b> | <b>72%</b> | <b>4,933</b> | <b>65%</b> |

**Carrington Colleges - Total Students**

| Years  | FQ1          | % Change  | FQ2          | % Change   | FQ3          | % Change   | FQ4          | % Change   |
|--------|--------------|-----------|--------------|------------|--------------|------------|--------------|------------|
| F2009  | 9,856        |           | 10,066       |            | 10,928       |            | 10,476       |            |
| F2010  | 11,800       | 20%       | 11,261       | 12%        | 12,009       | 10%        | 11,337       | 8%         |
| F2011  | 11,524       | -2%       | 10,444       | -7%        | 10,207       | -15%       | 8,728        | -23%       |
| F2012  | 8,322        | -28%      | 7,379        | -29%       | 7,309        | -28%       | 6,486        | -26%       |
| F2013  | 7,628        | -8%       | 7,405        | 0%         | 7,951        | 9%         | 7,111        | 10%        |
| F2014  | 7,706        | 1%        | 7,358        | -1%        | 7,758        | -2%        | 7,353        | 3%         |
| F2015  | 7,634        | -1%       | 7,444        | 1%         | 7,639        | -2%        | 7,508        | 2%         |
| F2016E | <b>7,634</b> | <b>0%</b> | <b>7,350</b> | <b>-1%</b> | <b>7,588</b> | <b>-1%</b> | <b>7,426</b> | <b>-1%</b> |

**DeVry Medical International Total\***

| Years  | September    | % Change  | January      | % Change  | May          | % Change  |
|--------|--------------|-----------|--------------|-----------|--------------|-----------|
| F2009  | 4,219        | 9%        | 4,323        | 8%        | 4,448        | 9%        |
| F2010  | 4,601        | 9%        | 4,669        | 8%        | 5,542        | 25%       |
| F2011  | 5,723        | 24%       | 5,965        | 28%       | 5,885        | 6%        |
| F2012  | 6,082        | 6%        | 6,024        | 1%        | 5,944        | 1%        |
| F2013  | 6,209        | 2%        | 6,318        | 5%        | 5,800        | -2%       |
| F2014  | 6,458        | 4%        | 6,673        | 6%        | 5,915        | 2%        |
| F2015  | 6,406        | -1%       | 6,146        | -8%       | 5,978        | 1%        |
| F2016E | <b>6,430</b> | <b>0%</b> | <b>6,184</b> | <b>1%</b> | <b>5,980</b> | <b>0%</b> |

**DeVry Medical International Continuing Students/Persistence**

| Years  | September    | % Change     | January      | % Change     | May          | % Change     |
|--------|--------------|--------------|--------------|--------------|--------------|--------------|
| F2009  | 3,611        | 88.9%        | 3,712        | 88.0%        | 3,886        | 89.9%        |
| F2010E | 3,935        | 88.5%        | 3,970        | 86.3%        | 5,002        | NM           |
| F2011  | 5,029        | 90.7%        | 5,209        | 91.0%        | 5,319        | 89.2%        |
| F2012  | 5,229        | 88.9%        | 5,423        | 89.2%        | 5,301        | 88.0%        |
| F2013  | 5,284        | 88.9%        | 5,715        | 92.0%        | 5,282        | 83.6%        |
| F2014  | 5,480        | 94.5%        | 6,091        | 94.3%        | 5,360        | 80.3%        |
| F2015  | 5,463        | 92.4%        | 5,586        | 87.2%        | 5,361        | 87.2%        |
| F2016E | <b>5,440</b> | <b>91.0%</b> | <b>5,607</b> | <b>87.2%</b> | <b>5,394</b> | <b>87.2%</b> |

**DeVry Medical International - New Students\***

| Years  | September  | % Change  | January    | % Change  | May        | % Change   |
|--------|------------|-----------|------------|-----------|------------|------------|
| F2009  | 608        | 6%        | 611        | 11%       | 562        | 17%        |
| F2010  | 666        | 10%       | 699        | 14%       | 540        | -4%        |
| F2011  | 694        | 4%        | 756        | 8%        | 566        | 5%         |
| F2012  | 853        | 23%       | 601        | -21%      | 643        | 14%        |
| F2013  | 925        | 8%        | 603        | 0%        | 518        | -19%       |
| F2014  | 978        | 6%        | 582        | -3%       | 555        | 7%         |
| F2015  | 943        | -4%       | 560        | -4%       | 617        | 11%        |
| F2016E | <b>990</b> | <b>5%</b> | <b>577</b> | <b>3%</b> | <b>586</b> | <b>-5%</b> |



**DeVry Education Group (NYSE - DV)**

April 15, 2014

Fiscal year ends: June

Figures in 000s, except per share data

Jeffrey P. Meuler, CFA 414.298.7694

Nick Nikitas, CFA / (312) 609-5425

| Balance Sheet                     | 2011             | 2012             | 2013             | 2014             | 2015             | 3Q14             | 4Q14             | 1Q15             | 2Q15             | 3Q15             | 4Q15             |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Assets</b>                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Cash and Equivalents              | 449,720          | 176,708          | 199,551          | 361,636          | 367,344          | 400,148          | 361,636          | 476,522          | 383,485          | 415,350          | 367,344          |
| Net Receivables                   | 114,689          | 113,911          | 139,778          | 132,621          | 139,163          | 161,202          | 132,621          | 170,280          | 89,318           | 149,586          | 139,163          |
| Inventory                         | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Deferred Taxes                    | 24,457           | 27,845           | 32,515           | 39,679           | 41,458           | 29,458           | 39,679           | 46,741           | 45,104           | 45,163           | 41,458           |
| Other Current                     | 35,784           | 82,650           | 42,339           | 43,155           | 53,092           | 47,688           | 43,155           | 42,329           | 54,872           | 57,822           | 53,092           |
| <b>Total Current Assets</b>       | <b>624,650</b>   | <b>401,114</b>   | <b>414,183</b>   | <b>577,091</b>   | <b>601,057</b>   | <b>638,496</b>   | <b>577,091</b>   | <b>735,872</b>   | <b>572,779</b>   | <b>667,921</b>   | <b>601,057</b>   |
| Property Plant and Equipment      | 468,244          | 558,977          | 571,657          | 555,837          | 545,874          | 551,511          | 555,837          | 552,414          | 542,989          | 544,623          | 545,874          |
| Intangibles/Other                 | 757,609          | 878,525          | 854,057          | 864,708          | 927,273          | 858,858          | 864,708          | 846,341          | 852,098          | 936,133          | 927,273          |
| <b>Total Assets</b>               | <b>1,850,503</b> | <b>1,838,616</b> | <b>1,839,897</b> | <b>1,997,636</b> | <b>2,074,204</b> | <b>2,048,865</b> | <b>1,997,636</b> | <b>2,134,627</b> | <b>1,967,866</b> | <b>2,148,677</b> | <b>2,074,204</b> |
| <b>Liabilities and Equity</b>     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Current Debt                      | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Payables                          | 63,611           | 63,094           | 55,131           | 52,260           | 63,083           | 54,594           | 52,260           | 68,183           | 55,737           | 58,531           | 63,083           |
| Deferred Revenue                  | 97,894           | 98,131           | 97,478           | 91,946           | 90,232           | 194,560          | 91,946           | 234,884          | 66,356           | 176,451          | 90,232           |
| Accrued liabilities/Other         | 154,926          | 153,984          | 145,867          | 164,685          | 168,594          | 156,534          | 164,685          | 148,198          | 142,887          | 164,576          | 168,594          |
| <b>Total Current Liabilities</b>  | <b>316,431</b>   | <b>315,209</b>   | <b>298,476</b>   | <b>308,891</b>   | <b>321,909</b>   | <b>405,688</b>   | <b>308,891</b>   | <b>451,265</b>   | <b>264,980</b>   | <b>399,558</b>   | <b>321,909</b>   |
| Long Term Debt & Lease            | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Deferred Revenue                  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Deferred Taxes/Other              | 137,801          | 158,772          | 143,414          | 148,959          | 157,854          | 143,669          | 148,959          | 136,574          | 138,872          | 175,073          | 157,854          |
| Shareholders Equity               | 1,396,271        | 1,364,635        | 1,398,007        | 1,539,786        | 1,594,430        | 1,499,508        | 1,539,786        | 1,546,788        | 1,564,014        | 1,574,046        | 1,594,430        |
| <b>Total Liability and Equity</b> | <b>1,850,503</b> | <b>1,838,616</b> | <b>1,839,897</b> | <b>1,997,636</b> | <b>2,074,193</b> | <b>2,048,865</b> | <b>1,997,636</b> | <b>2,134,627</b> | <b>1,967,866</b> | <b>2,148,677</b> | <b>2,074,193</b> |
| <b>Balance Sheet Analysis</b>     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Total Debt/Total Capital          | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               |
| LT Debt/Equity                    | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               | 0%               |
| Current Ratio                     | 2.0              | 1.3              | 1.4              | 1.9              | 1.9              | 1.6              | 1.9              | 1.6              | 2.2              | 1.7              | 1.9              |
| Quick Ratio                       | 1.8              | 0.9              | 1.1              | 1.6              | 1.6              | 1.4              | 1.6              | 1.4              | 1.8              | 1.4              | 1.6              |
| Days Sales Outstanding            | 27               | 29               | 31               | 28               | 28               | 29               | 28               | 27               | 26               | 26               | 26               |
| Working Capital                   | 308,219          | 85,905           | 115,707          | 268,200          | 279,148          | 232,808          | 268,200          | 284,607          | 307,799          | 268,363          | 279,148          |
| Book Value/Share                  | \$19.77          | \$20.16          | \$21.64          | \$23.74          | \$24.40          | \$23.13          | \$23.69          | \$23.64          | \$23.89          | \$24.12          | \$24.45          |
| Cash/share                        | \$6.37           | \$2.61           | \$3.09           | \$5.58           | \$5.62           | \$6.17           | \$5.56           | \$7.28           | \$5.86           | \$6.36           | \$5.63           |

Please refer to "Appendix - Important Disclosures" and Analyst Certification.

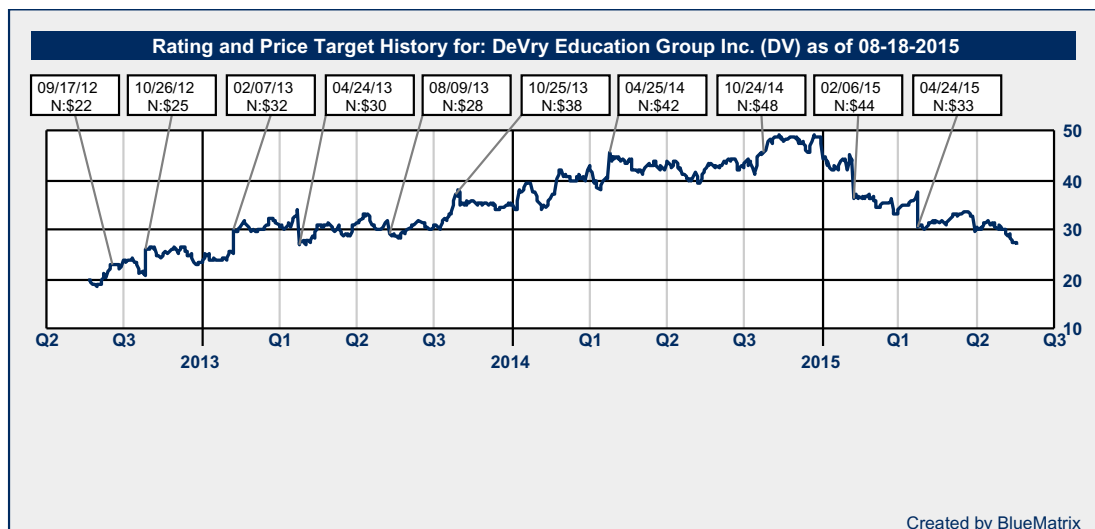
| Cash Flow Statement        | 2011      | 2012      | 2013      | 2014     | 2015     |
|----------------------------|-----------|-----------|-----------|----------|----------|
| Net Income                 | 330,403   | 203,852   | 185,368   | 170,060  | 162,393  |
| +Dep. and Amortization     | 64,571    | 88,689    | 93,250    | 89,817   | 90,556   |
| +Deferred Taxes/Other      | 27,310    | 32,429    | (13,034)  | (19,243) | (48,095) |
| -Working Cap. Changes      | (14,294)  | (47,547)  | (1,636)   | 22,288   | (1,747)  |
| Cash Flow from Operations  | 407,990   | 277,423   | 263,948   | 262,922  | 203,107  |
| -Capital Expenditures      | (135,726) | (129,055) | (111,775) | (79,355) | (88,707) |
| Free Cash Flow             | 272,264   | 148,368   | 152,173   | 183,567  | 114,400  |
| Shares (millions)          | 70,620    | 67,705    | 64,611    | 64,853   | 65,344   |
| Operating Cash Flow/ Share | 5.78      | 4.10      | 4.09      | 4.05     | 3.11     |
| Free Cash Flow /Share      | 3.86      | 2.19      | 2.36      | 2.83     | 1.75     |

| Ratio Analysis       | 2011  | 2012  | 2013  | 2014  | 2015  |
|----------------------|-------|-------|-------|-------|-------|
| Net Margins (N/S)    | 15.1% | 9.8%  | 9.4%  | 8.8%  | 8.5%  |
| Asset Turnover (S/A) | 1.2   | 1.1   | 1.1   | 1.0   | 0.9   |
| Leverage (A/E)       | 1.3   | 1.3   | 1.3   | 1.3   | 1.3   |
| Return on Equity     | 24.1% | 14.8% | 13.4% | 11.1% | 10.2% |
| Return on Assets     | 19.0% | 11.1% | 10.1% | 8.9%  | 8.0%  |

| Valuation Measures        | 2011          | 2012     | 2013     | 2014     | 2015     |
|---------------------------|---------------|----------|----------|----------|----------|
| Stock Price (fiscal year) | High \$ 62.31 | \$ 66.55 | \$ 34.03 | \$ 45.99 | \$ 49.18 |
|                           | Low \$ 36.34  | \$ 26.58 | \$ 18.35 | \$ 28.32 | \$ 30.04 |
| 6/30 Close                | \$ 58.88      | \$ 30.97 | \$ 31.02 | \$ 42.34 | \$ 31.34 |
| Historical P/E            | High 13       | 22       | 12       | 18       | 20       |
|                           | Low 8         | 9        | 6        | 11       | 12       |
| Historical P/CF           | High 11       | 16       | 8        | 11       | 16       |
|                           | Low 6         | 6        | 4        | 7        | 10       |

| Debt Adj. Market Value | 2011      | 2012      | 2013      | 2014      | 2015      |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Market Value           | 4,158,106 | 2,096,824 | 2,004,233 | 2,745,876 | 2,047,889 |
| ST+LT Debt             | 0         | 0         | 0         | 0         | 0         |
| Cash & Equivalents     | 449,720   | 176,708   | 199,551   | 361,636   | 367,344   |
| Total Enterprise Value | 3,708,386 | 1,920,116 | 1,804,682 | 2,384,240 | 1,680,545 |
| EBITDA                 | 558,746   | 376,440   | 332,299   | 299,007   | 290,839   |
| EV/EBITDA              | 6.6       | 5.1       | 5.4       | 8.0       | 5.8       |

## Appendix - Important Disclosures and Analyst Certification



<sup>1</sup> Robert W. Baird & Co. Incorporated makes a market in the securities of DV.

Robert W. Baird & Co. Incorporated and/or its affiliates expect to receive or intend to seek investment banking related compensation from the company or companies mentioned in this report within the next three months.

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