



# **Investor Update**

*Second Quarter of Fiscal Year 2016*

# Forward-Looking Statements / Non-GAAP

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon management's current expectations and are subject to various risks and uncertainties including, but not limited to: The ability of the Company to stabilize and grow revenues; The ability of the Company to hire productive sales professionals; General economic conditions; Competition in the Company's targeted marketplace; Market acceptance of new products or services and marketing strategies; Changes in the Company's market share; Changes in the size the overall market for the Company's products; Changes in the training and spending policies of the Company's clients, and other factors identified and discussed in the Company's most recent Annual Report on Form 10-K and other periodic reports filed with the Securities and Exchange Commission. Many of these conditions are beyond our control or influence, any one of which may cause future results to differ materially from the Company's current expectations, and there can be no assurance the Company's actual future performance will meet management's expectations. These forward-looking statements are based on management's current expectations and we undertake no obligation to update or revise these forward-looking statements to reflect events or circumstances after the date of today's presentation, except as required by law.

The Securities and Exchange Commission's Regulation G applies to any public disclosure or release of material information that includes a non-GAAP financial measure. In the event of such a disclosure or release, Regulation G requires: (i) the presentation of the most directly comparable financial measure calculated and presented in accordance with GAAP and (ii) a reconciliation of the differences between the non-GAAP financial measure presented and the most directly comparable financial measure calculated and presented in accordance with GAAP. The required presentations and reconciliations are contained herein and can be found at our website at [www.franklincovey.com](http://www.franklincovey.com).

Franklin Covey uses the non-GAAP financial measure "earnings before interest, taxes, depreciation and amortization" ("EBITDA") to assess the operating results and effectiveness of the Company's ongoing training and consulting business. In addition, the Company also uses the non-GAAP financial measure "Adjusted EBITDA" as a representation of the Company's operating performance. Adjusted EBITDA is defined as pre-tax net income (loss), plus depreciation and amortization, net interest income (expense), and special charges, such as the gain on the sale of the Japan Products division in fiscal 2010, restructuring costs, and asset impairment changes. The Company finds these non-GAAP financial measures to be useful when evaluating its operating and financial performance. These non-GAAP financial measures may not be comparable to similar measures used by other companies and should not be used as a substitute for revenue, net income (loss) or other GAAP operating measures.

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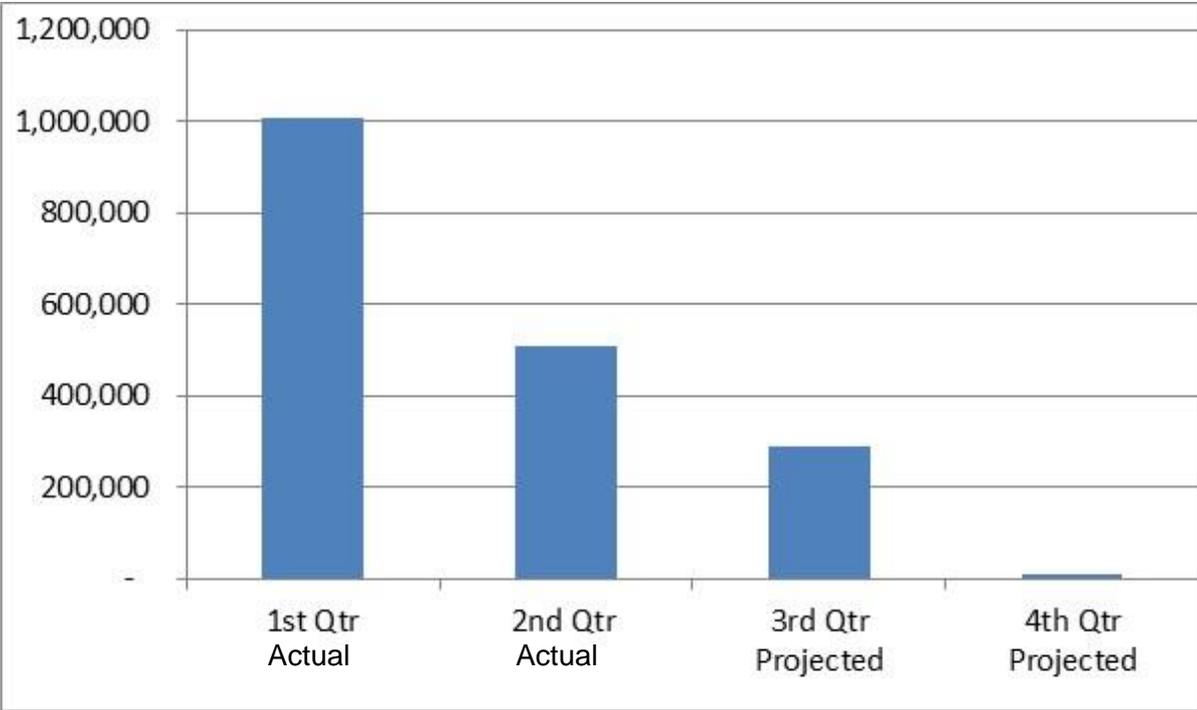
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# Negative Impact of FX at Current Exchange Rates on Revenue for Fiscal 2016 Compared to Fiscal 2015



# Other Information

## Other Income Statement Information:

- Depreciation: \$4.1M in FY2015, expected to total approximately \$4.0M in FY2016.
- Amortization: \$3.7M in FY2015, expected to total approximately \$3.3M in FY2016.
- Net Interest and Discount: \$2.2M in FY2015, expected to total approximately \$2.3M in FY2016.
- Effective Tax Rate: 36% in FY2015, expected to be approximately 41% in FY2016.

## Other Information:

- Share-based Compensation, Impaired Assets, Restructuring and Other, totaling: \$4.5M in FY2015; Share-Based Compensation, Restructuring, ERP Implementation, possible Earnout and Other, expected to total approximately \$7.9M in FY2016.
- Capital Expenditures: \$2.4M in FY2015, expected to total approximately \$7.0M in FY2016.
- Capitalized Curriculum: \$2.2M in FY2015, expected to total approximately \$4.2M in FY2016.
- Share Count: 14,285K shares outstanding as of February 27, 2016. The Company's share count may increase due to the vesting of share-based awards, and decrease due to the company buying back shares under its authorized share buy-back program.

All the above-mentioned estimates are subject to change, perhaps material change, based on actual events and circumstances in the year.