



Investor Update

First Quarter of Fiscal Year 2016

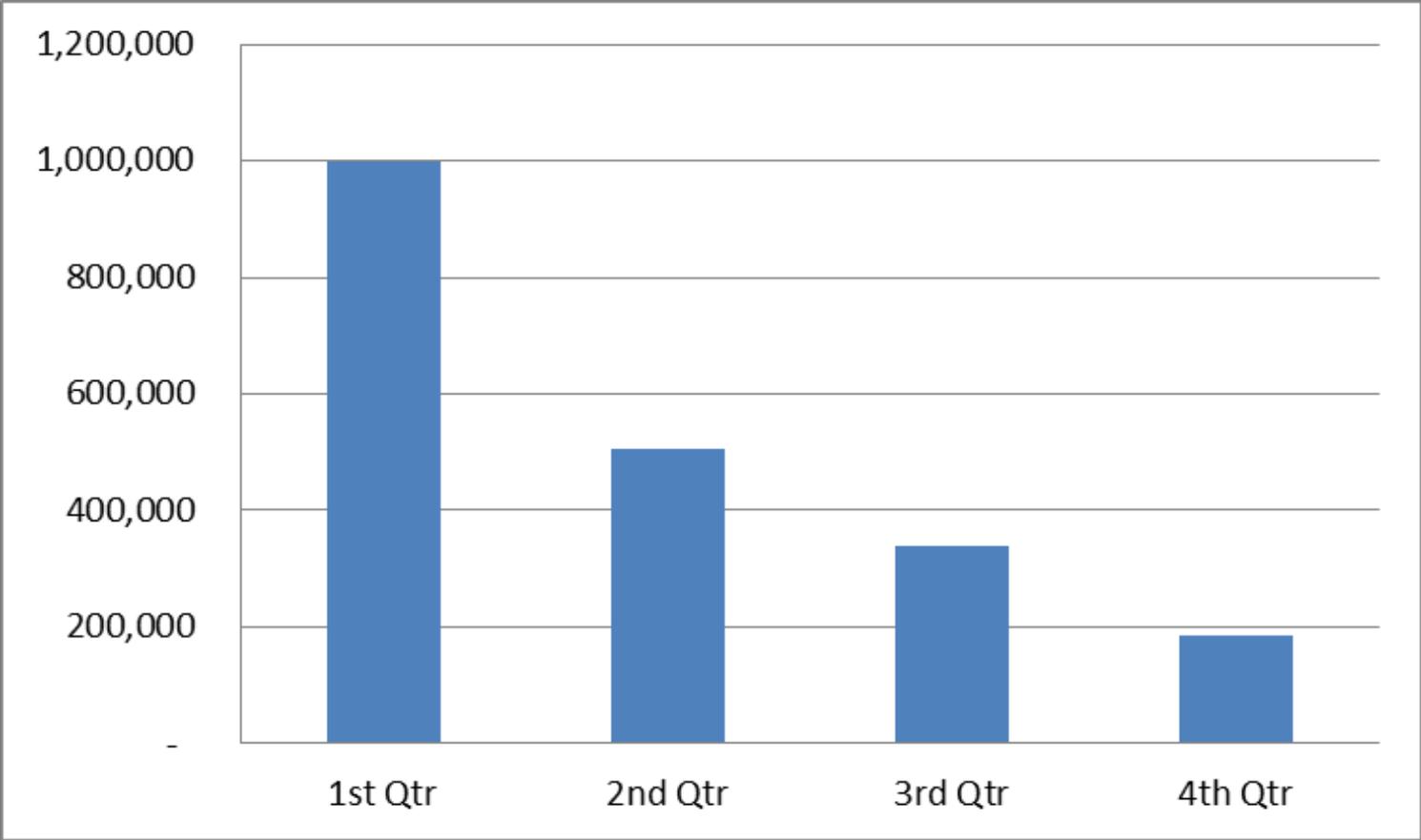
Forward-Looking Statements / Non-GAAP

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.

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.

Estimated Negative Impact of FX at Current Exchange Rates on Revenue for Fiscal 2016



Adjustments to Revenue & EBITDA

	Revenue	Adjusted EBITDA
1st Qtr FY 15 (as reported)	47,875	5,879
Reduction in Government contract	(2,732)	(2,053)
<u>Less the Impact of Foreign Exchange</u>	<u>(998)</u>	<u>(634)</u>
1st Qtr FY 15 Adjusted Revenue	44,145	3,192
1st Qtr FY 16 Revenue	45,218	4,475
Growth	1,073 2.4%	1,283 40.2%

Sales by Practice

Sales by Practice	Quarter Ended			Four Quarters Ended		
	November 28 2015	November 29, 2014	Percentage Change	November 28 2015	November 29, 2014	Percentage Change
	(unaudited)			(unaudited)		
Leadership	\$ 12,521	\$ 12,119	3	\$ 53,325	\$ 55,503	(4)
Productivity	4,740	6,699	(29)	24,349	25,177	(3)
Speed of Trust	4,649	4,716	(1)	20,119	19,248	5
HR Suite subtotal	\$ 21,910	\$ 23,534	(7)	\$ 97,793	\$ 99,928	(2)
Education	8,226	6,042	36	36,267	33,302	9
Execution	4,000	4,686	(15)	20,654	21,851	(5)
Sales Performance	4,642	4,327	7	18,119	16,092	13
Customer Loyalty	1,162	1,604	(28)	6,092	6,803	(10)
Other	5,278	7,681	(31)	28,361	31,646	(10)
Total	\$ 45,218	\$ 47,875	(6)	\$ 207,286	\$ 209,622	(1)

Other Information

- Depreciation: \$4.1M in FY2015, expected to total approximately \$4.3M 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 \$2.2M in FY2016.
- 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 \$7.2M in FY2016.
- Effective Tax Rate: 36% in FY2015, expected to be approximately 41% 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: 16,217K shares outstanding as of October 31, 2015. 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.