

STRAYER EDUCATION INC

FORM 8-K

(Current report filing)

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| | |
|-------------|------------------------------------------------------|
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| Sector | Services |
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

**FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) April 30, 2009

Strayer Education, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation)

0-21039

(Commission File Number)

52-1975978

(IRS Employer Identification No.)

1100 Wilson Boulevard, Suite 2500, Arlington, VA

(Address of principal executive offices)

22209

(Zip Code)

(703) 247-2500

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On April 30, 2009, Strayer Education, Inc. announced first quarter 2009 revenues, earnings, and spring 2009 term enrollments. The April 30, 2009 press release is attached hereto as an exhibit and incorporated herein by reference. The information contained in the April 30, 2009 press release is deemed furnished under this Item; and should not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act, as amended (the “Exchange Act”), or otherwise subject to that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

Exhibit 99.01 Press Release dated April 30, 2009. (The information contained in the April 30, 2009 press release is deemed furnished under Item 2.02.)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Strayer Education, Inc.

Date:
April 30, 2009

By: /s/ Mark C. Brown
Mark C. Brown
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

| Exhibit | Description |
|----------------|------------------------------------|
| 99.01 | Press Release dated April 30, 2009 |

Strayer Education, Inc. Reports Record First Quarter 2009 Revenues and Earnings; and Record Spring Term 2009 Enrollments

-- Strayer First Quarter Revenues Up 28% --

-- Strayer First Quarter Diluted EPS \$2.07, Up 26% --

-- Strayer Spring 2009 Total Enrollments Up 22% / New Students Up 26% --

-- Two New Campuses and Second Global Online Operations Center Opened for 2009 Summer Term --

ARLINGTON, Va.--(BUSINESS WIRE)--April 30, 2009--Strayer Education, Inc. (Nasdaq:STRA) today announced financial results for the three months ended March 31, 2009. Financial highlights are as follows:

Three Months Ended March 31

- Revenues for the three months ended March 31, 2009 increased 28% to \$124.5 million, compared to \$97.1 million for the same period in 2008, due to increased enrollment and a 5% tuition increase which commenced in January 2009.
- Income from operations was \$47.6 million compared to \$35.6 million for the same period in 2008, an increase of 34%. Operating income margin was 38.2% compared to 36.6% for the same period in 2008.
- Net income was \$29.1 million compared to \$23.5 million for the same period in 2008, an increase of 24%. Diluted earnings per share was \$2.07 compared to \$1.64 for the same period in 2008, an increase of 26%. Diluted weighted average shares outstanding decreased to 14,002,000 from 14,340,000 for the same period in 2008.

“We are pleased with our solid financial results for the first quarter and our strong student enrollment for the spring term,” said Robert S. Silberman, Chairman and Chief Executive Officer of Strayer Education, Inc. “We continue to expand our geographic footprint with the successful opening of our first two campuses in Ohio, located in Cincinnati and Columbus.”

Balance Sheet and Cash Flow

At March 31, 2009, the Company had cash, cash equivalents and marketable securities of \$84.0 million and no debt. The Company generated \$47.1 million from operating activities in the first quarter of 2009, compared to \$34.2 million during the same period in 2008. Capital expenditures were \$6.6 million for the three months ended March 31, 2009, compared to \$5.1 million for the same period in 2008.

During the three months ended March 31, 2009, the Company invested \$60.1 million to repurchase 348,085 shares of its common stock at an average price of \$172.57 per share as part of a previously announced common stock repurchase authorization. The Company's remaining authorization for common stock repurchases was \$10.1 million at March 31, 2009. During the three months ended March 31, 2009, the Company paid a regular, quarterly common stock dividend of \$7.1 million (\$0.50 per share).

For the first quarter 2009, bad debt expense as a percentage of revenues was 3.2% compared to 2.5% for the same period in 2008. Days sales outstanding, adjusted to exclude tuition receivable related to future quarters, was 15 days at the end of the first quarter of 2009 compared to 12 days at the end of the first quarter of 2008.

Student Enrollment

Enrollment at Strayer University for the 2009 spring term increased 22% to 46,038 students compared to 37,733 for the same term in 2008. Across the Strayer University campus and online system, new student enrollments increased 26%, while continuing student enrollments increased 21%. Global online students increased 40%. Students taking 100% of their classes online (including campus based students) increased 24%. The total number of students taking at least one class online increased 23%.

Student Enrollment

| | Spring 2008 | Spring 2009 | % Change |
|-----------------------------------------------------|----------------|----------------|-------------|
| Campus Based Students: | | | |
| New Campuses (26 in operation 3 years or less) | | | |
| Classroom Students | 1,459 | 3,363 | 131% |
| Online Students | 2,705 | 4,747 | 75% |
| Total New Campus Based Students | 4,164 | 8,110 | 95% |
| Mature Campuses (39 in operation more than 3 years) | | | |
| Classroom Students | 13,548 | 14,511 | 7% |
| Online Students | 16,622 | 18,650 | 12% |
| Total Mature Campus Based Students | 30,170 | 33,161 | 10% |
| Total Campus Based Students | 34,334 | 41,271 | 20% |
| Global Online Students | 3,399 | 4,767 | 40% |
| Total University Enrollment | 37,733 | 46,038 | 22% |
| Total Students Taking 100% of Courses Online | 22,726 | 28,164 | 24% |
| Total Students Taking at Least 1 Course Online | 27,064 | 33,208 | 23% |

New Campuses / Second Global Online Operations Center

The Company announced today that Strayer University had successfully opened two new campuses for the summer academic term. Both campuses are in the state of Ohio – one in Cincinnati and the other in Columbus. With these two new campuses, the Company has opened seven of 11 new campuses planned for 2009. The Company also announced today that it had successfully opened its second Global Online Operations Center in Salt Lake City, Utah for the summer academic term.

Stock-based Compensation Activity

On April 28, 2009, the Company awarded a total of 6,790 shares of restricted stock. These shares were awarded to various non-employee members of the Company's Board of Directors, as part of the Company's annual director compensation program, as well as to a recently-hired corporate officer. The Company's stock price closed at \$175.82 on the date of this restricted stock grant.

Shares and Options Outstanding

At March 31, 2009, the Company had 14,013,937 common shares issued and outstanding, and 147,084 stock options outstanding with a weighted average exercise price of \$105.49 and a remaining weighted average contractual life of 2.7 years.

Common Stock Cash Dividend

The Company announced today that its Board of Directors had declared its regular, quarterly common stock cash dividend of \$0.50 per share. This dividend will be paid on June 10, 2009 to shareholders of record as of May 27, 2009.

Business Outlook

Based on the strong enrollment growth announced for the 2009 spring term, the Company estimates second quarter 2009 diluted EPS will be in the range of \$1.95 to \$1.97.

Conference Call with Management

Strayer Education, Inc. will host a conference call to discuss its first quarter 2009 earnings at 10:00 a.m. (ET) today. To participate on the live call, investors should dial (800) 289-0468 10 minutes prior to the start time. In addition, the call will be available via live Webcast over the Internet. To access the live Webcast of the conference call, please go to www.strayereducation.com 15 minutes prior to the start time of the call to register. An archived replay of the conference call will be available at (888) 203-1112 (pass code 1744172) starting at 1:00 p.m. (ET) today and will be available through Tuesday, May 5, and archived at www.strayereducation.com for 90 days.

Strayer Education, Inc. (Nasdaq:STRA) is an education services holding company that owns Strayer University. Strayer's mission is to make higher education achievable for working adults. Strayer University is a proprietary institution of higher learning that offers undergraduate and graduate degree programs in business administration, accounting, information technology, education, health care, and public administration to approximately 46,000 working adult students at 67 campuses in 15 states and Washington, D.C., and worldwide via online courses. Strayer University is committed to providing an education that prepares working adult students for advancement in their careers and professional lives. Founded in 1892, Strayer University is accredited by the Middle States Commission on Higher Education.

For more information on Strayer Education, Inc. visit www.strayereducation.com and for Strayer University visit www.strayer.edu.

This press release contains statements that are forward looking and are made pursuant to the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995 ("Reform Act"). The statements are based on the Company's current expectations and are subject to a number of uncertainties and risks. In connection with the safe-harbor provisions of the Reform Act, the Company has identified important factors that could cause the Company's actual results to differ materially. The uncertainties and risks include the pace of growth of student enrollment, our continued compliance with Title IV of the Higher Education Act, and the regulations thereunder, as well as regional accreditation standards and state regulatory requirements, competitive factors, risks associated with the opening of new campuses, risks associated with the offering of new educational programs and adapting to other changes, risks associated with the acquisition of existing educational institutions, risks relating to the timing of regulatory approvals, our ability to implement our growth strategy, risks associated with the ability of our students to finance their education in a timely manner, and general economic and market conditions. Further information about these and other relevant risks and uncertainties may be found in the Company's annual report on Form 10-K and its other filings with the Securities and Exchange Commission, all of which are incorporated herein by reference and which are available from the Commission. We undertake no obligation to update or revise forward looking statements.

STRAYER EDUCATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands, except per share data)

| | For the three months ended March 31, | |
|--------------------------------------|-----------------------------------------|-----------|
| | 2008 | 2009 |
| Revenues | \$97,074 | \$124,478 |
| Costs and expenses: | | |
| Instruction and educational support | 31,642 | 39,069 |
| Selling and promotion | 15,095 | 19,868 |
| General and administration | 14,778 | 17,930 |
| Income from operations | 35,559 | 47,611 |
| Investment and other income | 2,036 | 491 |
| Income before income taxes | 37,595 | 48,102 |
| Provision for income taxes | 14,073 | 19,049 |
| Net income | \$23,522 | \$29,053 |
| Earnings per share: | | |
| Basic | \$1.67 | \$2.09 |
| Diluted | \$1.64 | \$2.07 |
| Weighted average shares outstanding: | | |
| Basic | 14,104 | 13,875 |
| Diluted | 14,340 | 14,002 |
| Common dividends per share (paid): | | |
| Regular | \$0.38 | \$0.50 |
| Special | \$2.00 | -- |

The table below sets forth the amount of stock-based compensation expense recorded in each of the expense line items.

| | For the three months ended March 31, | |
|----------------------------------------|-----------------------------------------|----------|
| | 2008 | 2009 |
| Instruction and educational support | \$ 140 | \$ 408 |
| Selling and promotion | 245 | 37 |
| General and administration | 2,843 | 1,923 |
| Total stock-based compensation expense | \$ 3,228 | \$ 2,368 |

STRAYER EDUCATION, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

| | December 31, 2008 | March 31, 2009 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 56,379 | \$ 32,497 |
| Marketable securities available for sale, at fair value | 50,952 | 51,515 |
| Tuition receivable, net of allowances for doubtful accounts of \$4,776 and \$5,303 at December 31, 2008 and March 31, 2009, respectively | 131,458 | 134,285 |
| Income taxes receivable | 3,534 | -- |
| Other current assets | 7,175 | 6,640 |
| Total current assets | 249,498 | 224,937 |
| Property and equipment, net | 66,304 | 69,214 |
| Deferred income taxes | 7,799 | 8,295 |
| Restricted cash | 500 | 500 |
| Other assets | 462 | 437 |
| Total assets | \$ 324,563 | \$ 303,383 |
| LIABILITIES & STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 17,099 | \$ 12,761 |
| Accrued expenses | 4,567 | 4,944 |
| Income taxes payable | -- | 14,888 |
| Unearned tuition | 114,872 | 115,328 |
| Other current liabilities | 281 | 281 |
| Total current liabilities | 136,819 | 148,202 |
| Long-term liabilities | 11,663 | 11,499 |
| Total liabilities | 148,482 | 159,701 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, par value \$.01; 20,000,000 shares authorized; 14,089,189 and 14,013,937 shares issued and outstanding at December 31, 2008 and March 31, 2009, respectively | 141 | 140 |
| Additional paid-in capital | 17,185 | -- |
| Retained earnings | 158,834 | 143,415 |
| Accumulated other comprehensive (loss) income | (79) | 127 |
| Total stockholders' equity | 176,081 | 143,682 |
| Total liabilities and stockholders' equity | \$ 324,563 | \$ 303,383 |

STRAYER EDUCATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

| | For the three months ended March 31, | |
|-----------------------------------------------------------------------------------|--------------------------------------|------------------|
| | 2008 | 2009 |
| Cash flows from operating activities: | | |
| Net income | \$23,522 | \$29,053 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization of gain on sale of assets | (71) | (71) |
| Amortization of deferred rent | (87) | (93) |
| Gain on sale of marketable securities | (785) | -- |
| Depreciation and amortization | 2,420 | 3,200 |
| Deferred income taxes | (1,318) | (998) |
| Stock-based compensation | 2,683 | 2,368 |
| Changes in assets and liabilities: | | |
| Tuition receivable, net | (2,815) | (2,827) |
| Other current assets | (943) | 1,017 |
| Other assets | (78) | 25 |
| Accounts payable | 3,483 | (3,864) |
| Accrued expenses | (683) | 377 |
| Income taxes payable/receivable | 11,259 | 19,893 |
| Excess tax benefits from stock-based payment arrangements | (5,033) | (1,471) |
| Unearned tuition | 2,668 | 456 |
| Net cash provided by operating activities | <u>34,222</u> | <u>47,065</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (5,128) | (6,584) |
| Purchases of marketable securities | -- | (337) |
| Proceeds from the sale of marketable securities | 76,785 | -- |
| Net cash provided by (used in) investing activities | <u>71,657</u> | <u>(6,921)</u> |
| Cash flows from financing activities: | | |
| Regular common dividends paid | (5,339) | (7,120) |
| Special common dividends paid | (28,854) | -- |
| Proceeds from exercise of stock options | 3,378 | 1,691 |
| Excess tax benefits from stock-based payment arrangements | 5,033 | 1,471 |
| Repurchase of common stock | (56,267) | (60,068) |
| Net cash used in financing activities | <u>(82,049)</u> | <u>(64,026)</u> |
| Net increase (decrease) in cash and cash equivalents | 23,830 | (23,882) |
| Cash and cash equivalents – beginning of period | 95,036 | 56,379 |
| Cash and cash equivalents – end of period | <u>\$118,866</u> | <u>\$ 32,497</u> |
| Non-cash transactions: | | |
| Purchases of property and equipment included in accounts payable | <u>\$792</u> | <u>\$337</u> |

CONTACT:

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