

STRAYER EDUCATION INC

FORM 8-K (Current report filing)

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Address	1100 WILSON BLVD., SUITE 2500 ARLINGTON, VA 22209
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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) FEBRUARY 14, 2008

STRAYER EDUCATION, INC.

(Exact name of registrant as specified in its charter)

MARYLAND

(State or other jurisdiction of incorporation)

0-21039

52-1975978

(Commission File Number)

(IRS Employer Identification No.)

1100 WILSON BOULEVARD, #2500, ARLINGTON, VA

22209

(Address of principal executive offices)

(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))

Item 2.02. Results of Operations and Financial Condition.

On February 14, 2008, Strayer Education, Inc. announced 2007 fourth quarter and full year revenues and earnings, and winter term 2008 enrollments. The February 14, 2008 press release is attached hereto as an exhibit and incorporated herein by reference. The information contained in the February 14, 2008 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 February 14, 2008. (The information contained in the February 14, 2008 press release is deemed furnished under Item 2.02.)

SIGNATURES

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

Date:
February 14, 2008

Strayer Education, Inc.

By: /s/ Mark C. Brown

Mark C. Brown
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

EXHIBIT

DESCRIPTION

99.01

Press Release dated February 14, 2008

FOR IMMEDIATE RELEASE

FOR MORE INFORMATION CONTACT:

Mark C. Brown, Executive Vice President and
Chief Financial Officer
(703) 247-2514

Sonya Udler, Senior Vice President,
Corporate Communications
(703) 247-2517
sonya.udler@strayer.edu

STRAYER EDUCATION, INC. REPORTS RECORD
FOURTH QUARTER AND FULL YEAR 2007 REVENUES AND EARNINGS; AND
RECORD WINTER TERM 2008 ENROLLMENTS

- STRAYER FOURTH QUARTER REVENUES UP 20% --
- STRAYER FOURTH QUARTER DILUTED EPS \$1.34, UP 21% --
- STRAYER FULL YEAR DILUTED EPS \$4.47, UP 24% --
- STRAYER WINTER 2008 TOTAL ENROLLMENTS UP 16%/NEW STUDENTS UP 17% --
- TWO NEW CAMPUSES OPENED FOR 2008 SPRING TERM --

ARLINGTON, Va., February 14, 2008 -- Strayer Education, Inc. (Nasdaq: STRA) today announced financial results for the three months and year ended December 31, 2007. Financial highlights are as follows:

THREE MONTHS ENDED DECEMBER 31

- o Revenues for the three months ended December 31, 2007 increased 20% to \$89.1 million, compared to \$74.3 million for the same period in 2006, due to increased enrollment and a 5% tuition increase which commenced in January 2007.
- o Income from operations was \$29.2 million compared to \$24.1 million for the same period in 2006, an increase of 21%. Operating income margin was 32.8% compared to 32.4% in 2006.
- o Net income was \$19.5 million compared to \$16.0 million for the same period in 2006, an increase of 22%. Diluted earnings per share was \$1.34 compared to \$1.11 for the same period in 2006, an increase of 21%. Diluted weighted average shares outstanding increased to 14,536,000 from 14,452,000 for the same period in 2006.

YEAR ENDED DECEMBER 31

- o Revenues for the year ended December 31, 2007 increased 21% to \$318.0 million, compared to \$263.6 million for the same period in 2006, due to increased enrollment and a 5% tuition increase effective for 2007.
- o Income from operations was \$97.6 million compared to \$79.5 million for the same period in 2006, an increase of 23%. Operating income margin was 30.7% compared to 30.2% in 2006.
- o Net income was \$64.9 million compared to \$52.3 million in 2006, an increase of 24%. Diluted earnings per share was \$4.47 compared to \$3.61 in 2006, an increase of 24%. Diluted weighted average shares outstanding increased to 14,517,000 from 14,492,000 in 2006.

"We are pleased with both our fourth quarter and year-end financial results," said Robert S. Silberman, Chairman and Chief Executive Officer of Strayer Education, Inc. "We had a successful start to the 2008 academic year with the opening of new campuses in both the Raleigh and Charlotte, North Carolina markets. We look forward to our new campus openings for the 2008 spring term in two existing Strayer markets: Atlanta and Orlando."

BALANCE SHEET AND CASH FLOW

At December 31, 2007, the Company had cash, cash equivalents and marketable securities (a diversified, no load, short-term, tax-exempt bond fund) of \$171.3 million and no debt. The Company generated \$80.8 million from operating activities in 2007. Capital expenditures were \$14.9 million for the same period.

During the fourth quarter 2007, the Company repurchased approximately 102,900 shares of common stock at an average price of \$175.86 per share under a previously announced common stock repurchase authorization. During the year ended December 31, 2007, the Company repurchased approximately 260,800 shares of common stock at an average price of \$146.05 per share. As of December 31, 2007, the Company had \$81.9 million of share repurchase authorization remaining under this plan.

In the fourth quarter 2007, bad debt expense as a percentage of revenue was 3.6% compared to 3.5% for the same period in 2006. Days sales outstanding, adjusted to exclude tuition receivable related to future quarters, was 12 days at the end of the fourth quarter 2007, compared to 13 days at the end of the same period in 2006.

STUDENT ENROLLMENT

Total enrollment at Strayer University for the 2008 winter term increased 16% to 37,323 students compared to 32,150 students for the same term in 2007. Across the Strayer University campus network, new student enrollments increased 17% and continuing student enrollments increased 16%. Global (out of area) online students increased 32%, while students taking 100% of their classes online (including campus based students) increased 18%. The total number of students taking any courses online (including students at brick and mortar campuses taking at least one online course) in the 2008 winter term increased 17% to 26,465.

STUDENT ENROLLMENT

	Winter 2007	Winter 2008	%
	-----	-----	-----
Campus Based Students:			
New Campuses (23 in operation 3 or less years)			
Classroom Students	1,453	2,893	99%
Online Students	2,131	3,628	70%
	-----	-----	
Total New Campus Based Students	3,584	6,521	82%
	-----	-----	
Mature Campuses (30 in operation more than 3 years)			
Classroom Students	11,890	12,175	2%
Online Students	13,696	14,687	7%
	-----	-----	
Total Mature Campus Based Students	25,586	26,862	5%
	-----	-----	
Total Campus Based Students	29,170	33,383	14%
Global (out of area) Online Students	2,980	3,940	32%
	-----	-----	
Total University Enrollment	32,150	37,323	16%
	=====	=====	
Total Students Taking 100% Courses Online	18,807	22,255	18%
Total Students Taking At Least 1 Course Online	22,591	26,465	17%

NEW CAMPUS OPENINGS

The Company announced today that it has opened two new campuses for the 2008 spring term. Both campuses are in existing markets - one in Atlanta, Georgia, the Company's sixth campus in that market, and one in Orlando, Florida, the Company's third campus in that market. Including the two new campuses successfully opened for the 2008 winter quarter in Charlotte and Raleigh, North Carolina, the Company has opened four of the nine new campuses planned for 2008.

COMMON STOCK CASH DIVIDENDS

As previously announced, the Company declared a special dividend of \$2.00 per share in the fourth quarter 2007, which was paid on January 16, 2008 to all shareholders of record as of January 2, 2008. The Company announced today that its Board of Directors has declared its regular, quarterly common stock cash dividend of \$0.375 per share. This dividend will be paid on March 10, 2008 to shareholders of record as of February 28, 2008.

STOCK-BASED COMPENSATION ACTIVITY

In February 2008, the Company's Board of Directors approved grants of 42,536 shares of restricted stock to certain employees pursuant to the Company's existing equity compensation plan. These shares vest over a 3-5 year period and represent approximately 0.3% of the common shares outstanding. The Company's stock price closed at \$162.10 on the date of the restricted stock grant.

BUSINESS OUTLOOK

Based on the strong enrollment growth announced for the 2008 winter term and the planned investments in opening new campuses, the Company estimates first quarter 2008 diluted EPS will be in the range of \$1.57 to \$1.59.

2008 ANNUAL MEETING OF STOCKHOLDERS

The Company announced today that its 2008 annual meeting of stockholders will take place on Tuesday, April 29, 2008 in Arlington, Virginia. Friday, March 7, 2008 will be the record date for this annual meeting.

CONFERENCE CALL WITH MANAGEMENT

Strayer Education, Inc. will host a conference call to discuss its fourth quarter earnings and year-end results 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 8322948) starting at 1:00 p.m. (ET) today and will be available through Monday, February 18, and archived at www.strayereducation.com for 90 days.

Strayer Education, Inc. (Nasdaq: STRA) is an education services holding company that owns Strayer University and certain other assets. Strayer's mission is to make higher education achievable and convenient for working adults in today's economy. Strayer University is a proprietary institution of higher learning that offers undergraduate and graduate degree programs in business administration, accounting, information technology, education, and public administration to more than 37,000 working adult students at 55 campuses in 12 states in the Eastern United States and Washington, D.C. and worldwide via the Internet. 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 from those expressed in or implied by such statements. 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 and regional regulatory requirements, competitive factors, our ability to implement our growth strategy, 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, 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.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	For the three months ended December 31,		For the year ended December 31,	
	(unaudited)			
	2006	2007	2006	2007
Revenues	\$74,307	\$89,131	\$263,648	\$318,012
Costs and expenses:				
Instruction and educational support...	24,750	29,637	91,120	108,852
Selling and promotion	14,258	16,635	52,269	60,760
General and administration	11,220	13,658	40,723	50,843
Income from operations	24,079	29,201	79,536	97,557
Investment and other income	1,265	1,712	4,542	6,495
Income before income taxes	25,344	30,913	84,078	104,052
Provision for income taxes	9,347	11,417	31,771	39,115
Net income	\$15,997	\$19,496	\$ 52,307	\$ 64,937
Net income per share:				
Basic	\$ 1.13	\$ 1.37	\$ 3.69	\$ 4.56
Diluted	\$ 1.11	\$ 1.34	\$ 3.61	\$ 4.47
Weighted average shares outstanding:				
Basic	14,136	14,242	14,187	14,248
Diluted	14,452	14,536	14,492	14,517
Common dividends per share (paid)	\$ 0.31	\$ 0.38	\$ 1.06	\$ 1.31

In 2006, the Company began recording stock-based compensation expense under SFAS 123(R). 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 December 31,		For the year ended December 31,	
	(unaudited)			
	2006	2007	2006	2007
Instruction and educational support	\$ 150	\$ 170	\$ 638	\$ 680
Selling and promotion	136	164	545	634
General and administration	2,232	2,254	6,866	8,893
Total stock-based compensation expense...	\$2,518	\$2,588	\$8,049	\$10,207

STRAYER EDUCATION, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	December 31, 2006	December 31, 2007
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 52,663	\$ 95,036
Marketable securities available for sale, at fair value	75,763	76,299
Tuition receivable, net of allowances for doubtful accounts of \$3,029 and \$3,206 in 2006 and 2007, respectively	80,753	100,651
Other current assets	4,653	4,097
	-----	-----
Total current assets	213,832	276,083
Property and equipment, net.	52,748	57,946
Deferred income taxes	3,400	8,830
Restricted cash	500	500
Other assets.	364	419
	-----	-----
Total assets	\$270,844	\$343,778
	=====	=====
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,923	\$ 15,682
Accrued expenses	1,830	3,303
Income taxes payable	4,979	4,754
Dividends payable.	--	28,853
Unearned tuition	73,896	91,476
Other current liabilities.	--	281
	-----	-----
Total current liabilities.	91,628	144,349
Long-term liabilities.	7,689	10,922
	-----	-----
Total liabilities	99,317	155,271
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$.01; 20,000,000 shares authorized; 14,293,584 and 14,426,634 shares issued and outstanding as of December 31, 2006 and 2007, respectively	141	144
Additional paid-in capital.	87,487	87,080
Retained earnings	84,043	101,102
Accumulated other comprehensive (loss) income	(144)	181
	-----	-----
Total stockholders' equity	171,527	188,507
	-----	-----
Total liabilities and stockholders' equity.	\$270,844	\$343,778
	=====	=====

STRAYER EDUCATION, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(AMOUNTS IN THOUSANDS)

	For the year ended December 31,	
	2006	2007
Cash flows from operating activities:		
Net income	\$ 52,307	\$ 64,937
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal of assets	--	51
Amortization of gain on sale of assets	--	(148)
Amortization of deferred rent	190	(115)
Depreciation and amortization	7,059	8,523
Provision for student loan losses	(120)	--
Deferred income taxes	(4,034)	(5,700)
Stock-based compensation	7,413	9,834
Changes in assets and liabilities:		
Tuition receivable, net	(24,818)	(19,898)
Other current assets	(1,710)	617
Other assets	(25)	(55)
Accounts payable	4,581	2,911
Accrued expenses	347	1,473
Income taxes payable	4,801	12,453
Excess tax benefits from stock-based payment arrangements	(3,595)	(12,678)
Unearned tuition	18,118	17,580
Deferred lease incentives	1,235	968
Student loans originated	(3)	--
Collections on student loans receivable	23	--
	61,769	80,753
Cash flows from investing activities:		
Purchases of property and equipment	(13,183)	(14,869)
Proceeds from the sale of property and equipment	--	5,754
Purchases of marketable securities	(30,000)	--
	(43,183)	(9,115)
Cash flows from financing activities:		
Common dividends paid	(15,284)	(19,027)
Proceeds from exercise of stock options	6,595	15,178
Excess tax benefits from stock-based payment arrangements	3,595	12,678
Repurchase of common stock	(35,041)	(38,094)
	(40,135)	(29,265)
Net (decrease) increase in cash and cash equivalents	(21,549)	42,373
Cash and cash equivalents - beginning of period	74,212	52,663
Cash and cash equivalents - end of period	\$ 52,663	\$ 95,036
	=====	=====
Non-cash transactions:		
Purchases of property and equipment included in accounts payable ..	\$ 501	\$ 2,349