

**2U** – a consistently growing EdTech company and a beneficiary of the global OPM market

The company provides online educational services on a cloud-based SaaS platform. 2U creates college online platforms and courses, also called OPM (online program manager). The company also offers short-term online courses from top universities and bootcamps to teach new in-demand jobs.

**2U shows strong revenue growth: in the last quarter it was +30.5% YoY, with an average historical growth rate of +41.3%.**

The segment of courses and bootcamps offered by 2U in B2C and corporate training is actively growing and now accounts for 39% of revenue, but still remains unprofitable: marginality -7.6% in 3q2020 (with -23.7% in 3Q2019).

### **Positive Cash Assets While Generating Net Loss**

2U now has cash of \$147 million, or 5% of its capitalization. On the other hand, the company does not show an improving net profit dynamic. Also, on the conference call for the end of the 3rd quarter, 2U management forecasted a decrease net loss of \$225 million to \$210 million in the next fiscal year. The big part of the net loss for the Q3'2019 was caused by the acquisition and integration of another OPM-Trilogy into the 2U business structure, which doubled the number of cooperating universities and added a new promising direction of bootcamps.

### **2U Growth Areas**

1. The OPM market can grow by **20%** in the next **5 years**

According to HolonIQ forecast, the global online education market will grow by 14% per year over the next 5 years, while the OPM market will grow by 20%. 2U now occupies about 18% of the OPM market.

2. **Netflix and top universities** choose 2U as a partner

For their first bootcamp, Netflix and Norfolk State University decided to collaborate with 2U. "Netflix Virtual HBCU (Historically black colleges and universities) Boot Camp" project will be launched in January 2021 with 130 places in 3 areas: Java engineering, UX/UI design and data science. In its graduate programs, 2U collaborates with more than 75 universities, including LSE, Harvard, Cambridge, and Stanford. Развитие сегмента буткэмпов и курсов

3. In addition to OPM for universities, 2U is also developing its bootcamps and short online courses.

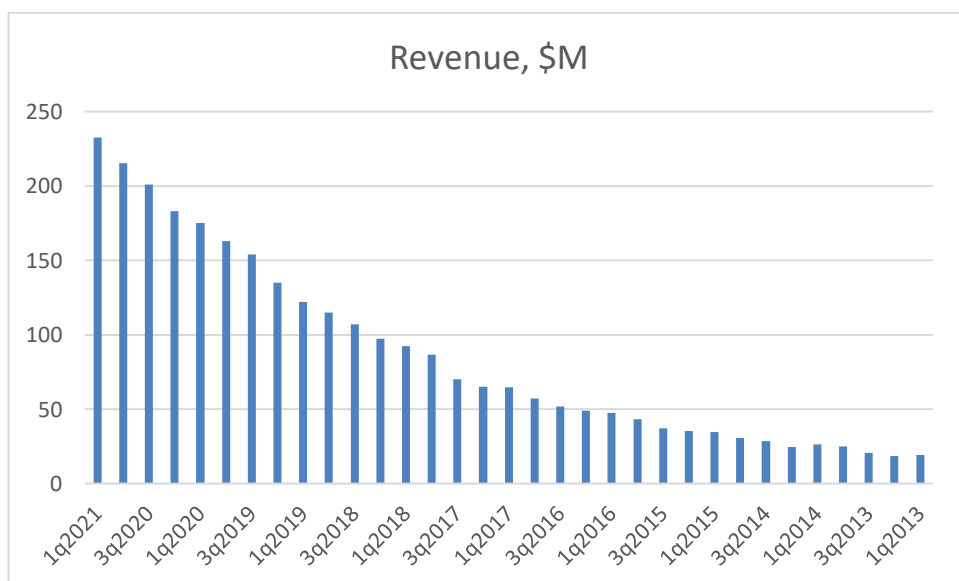
These two programs were launched after the acquisition of GetSmarter and Trilogy companies. Over the past two years, their revenue has grown 4.6 times. Technavio forecasts a CAGR = 17% to 2024 for this market. At the moment, 2U holds 5% of market share.

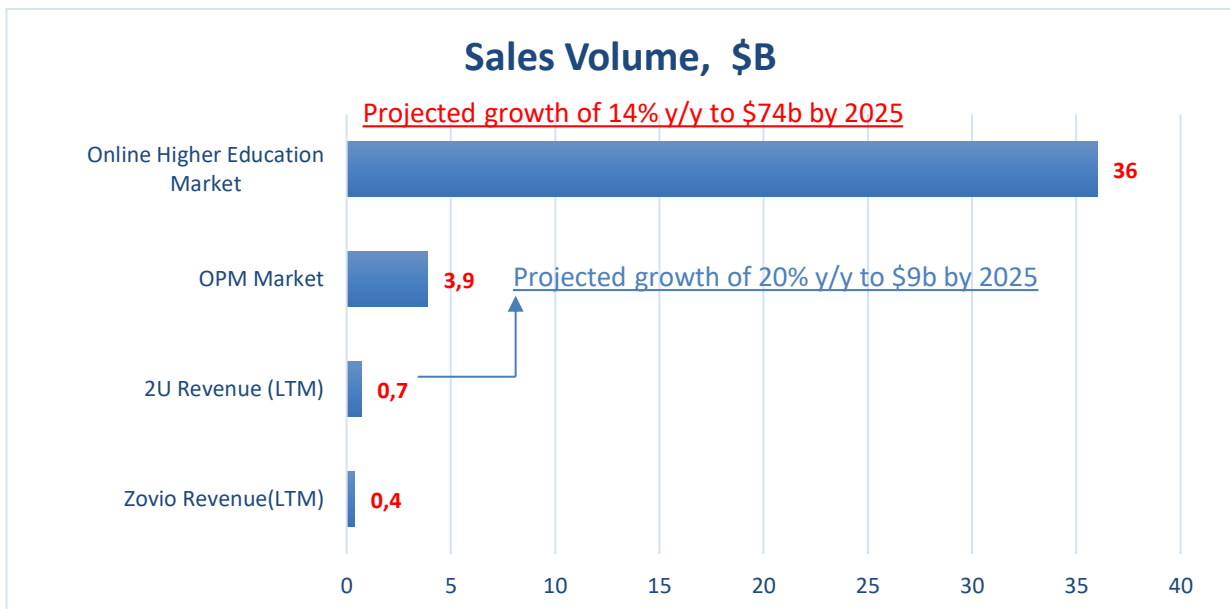
Quote	Company	EV/S
TWOU	2U	3,0
TAL	TAL Education Group	6,3
CHGG	Chegg	15,2
PS	Pluralsight	7,6
APEI	American Education Public	0,6
AVG EdTech		7,4
LOPE	Grand Canyon Education	4,9
STRA	Strategic Education	1,8
FC	Franklin Covey Company	2,3
UTI	Universal Technical Institute	1,2
AVG		2,6
AVG Total		5,0

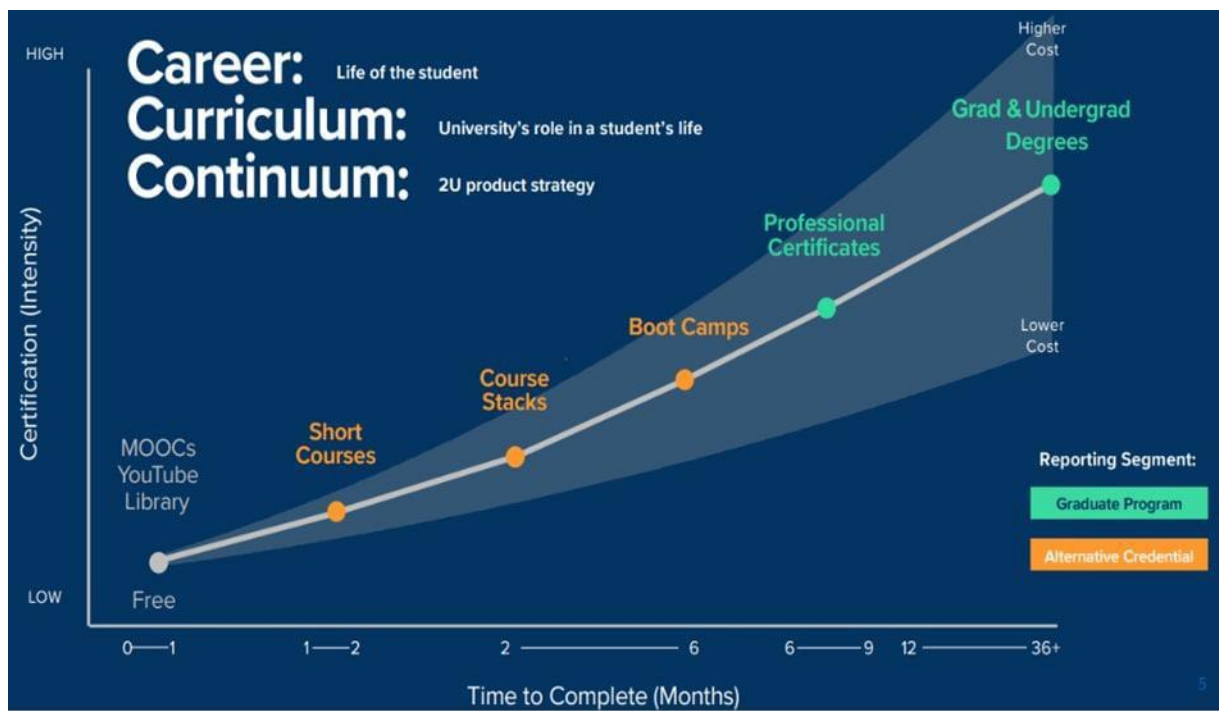
2U is cheaper than EdTech companies by EV/S multiple

### Risks

Big-Tech is entering the online education market. Amazon, Google, and IBM are actively developing their own platforms in the online education market: courses, a platform for teachers, and a professional skills academy. All this increases competition in the promising online education market







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