

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): June 16, 2020

LINCOLN EDUCATIONAL SERVICES CORPORATION

(Exact Name of Registrant as Specified in Charter)

New Jersey
(State or Other Jurisdiction of Incorporation)

000-51371
(Commission File Number)

57-1150621
(IRS Employer Identification No.)

200 Executive Drive, Suite 340, West Orange, New Jersey 07052

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (973) 736-9340

Not applicable

(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:

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock No Par Value	LINC	NASDAQ

Item 5.07 Submission of Matters to a Vote of Security Holders.

On June 16, 2020, Lincoln Educational Services Corporation (the “Company”) held its 2020 Annual Meeting of Shareholders (the “Annual Meeting”) virtually via live webcast. A total of 26,364,521 shares of common stock \$0.01 par value per share (the “Common Stock”) each of which is entitled to one vote, and a total of 12,700 shares of the Company’s Series A convertible Preferred Stock, no par value per share (the “Preferred Stock”) each of which was entitled to 442.373 votes per share representing the number of shares of Common Stock into which each share of Preferred Stock is convertible, were issued and outstanding and entitled to vote as of April 27, 2020, the record date for the Annual Meeting. There were 23,794,216 shares of Common Stock and 12,700 shares of Preferred Stock represented in person or by proxy at the Annual Meeting constituting a quorum (representing approximately 91.96% of the voting power of the Company’s outstanding capital stock). The shareholders were asked to vote on the following proposals with the Common Stock and the Preferred Stock voting together as a single class for all proposals. Each of the proposals was approved by the requisite vote of the Company’s shareholders. Set forth below are the proposal acted upon by the shareholders at the Annual Meeting as further described in the Company’s definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission (the “SEC”) on April 29, 2020 and the final voting results for each proposal:

Proposal Number 1: To elect the following 8 individuals named in the Company’s proxy statement as directors of the Company for a one-year term which will expire at the 2021 Annual Meeting of Shareholders and until their successors are duly elected and qualified. Each nominee for director was elected by a vote of the shareholders as follows:

Nominee	Votes For	Votes Withheld	Broker Non-Votes
Alvin O. Austin	21,258,191	4,592,377	3,561,785
Peter S. Burgess	24,268,800	1,581,768	3,561,785
James J. Burke, Jr.	21,261,091	4,589,477	3,561,785
Kevin M. Carney	24,273,847	1,576,721	3,561,785
Celia H. Currin	24,270,874	1,579,694	3,561,785
Ronald E. Harbour	21,261,116	4,589,452	3,561,785
J. Barry Morrow	24,271,749	1,578,819	3,561,785
Scott M. Shaw	24,270,174	1,580,394	3,561,785

Proposal Number 2: To approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in the proxy statement. The proposal was approved by a vote of the shareholders as follows:

Votes For	Votes Against	Abstentions	Broker Non-Votes
24,415,613	1,426,881	7,574	3,561,785

Proposal Number 3: To approve the Company’s 2020 Long-Term Incentive Plan disclosed in the Company’s proxy statement, as revised and presented in a Current Report on Form 8-K filed by the Company with the SEC on June 5, 2020. The proposal was approved by a vote of the shareholders as follows:

Votes For	Votes Against	Abstentions	Broker Non-Votes
24,398,655	1,407,782	44,131	3,561,785

Proposal Number 4: To ratify the appointment of Deloitte & Touche LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2020. The proposal was approved by a vote of the shareholders as follows:

Votes For	Votes Against	Abstentions	Broker Non-Votes
29,373,493	6,088	32,772	-0-

Item 7.01 Regulation FD Disclosure.

On June 16, 2020, the Company presented additional background information on the Company and on its strategic plan (the “Shareholder Presentation”) during its Annual Meeting of Shareholders held virtually. A copy of the Shareholder Presentation, which is available on the Company’s website at www.lincolntech.edu under the tab “Investor Relations,” is attached hereto as Exhibit 99.1, and is incorporated herein by reference. The information in this Item 7.01 and the attached exhibit shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act except as shall be expressly stated by specific reference in such filing

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Title</u>
99.1	Company’s Management Presentation at the 202 Annual Meeting of Shareholders

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.

LINCOLN EDUCATIONAL SERVICES CORPORATION

Date: June 19, 2020

By: /s/ Alexandra M. Luster

Name: Alexandra M. Luster

Title: General Counsel

Welcome

Lincoln Educational Services Corporation 2020 Annual Meeting of Shareholders



BRIDGING THE SKILLS GAP



LINCOLN TECH®

Year Ending 2019

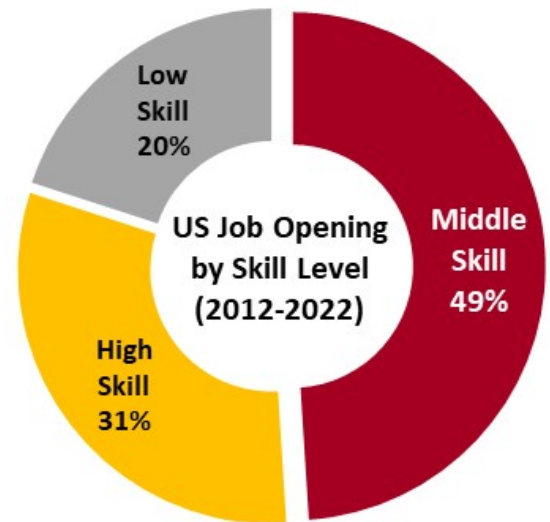
Cautionary Statement

Statements during this Annual Meeting regarding Lincoln's business that are not historical facts may be "forward-looking statements" that involve risks and uncertainties. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to, our failure to comply with the extensive regulatory framework applicable to our industry or our failure to obtain timely regulatory approvals, as required; our success in updating and expanding the content of existing programs and developing new programs in a cost-effective manner or on a timely basis; risks associated with changes in applicable federal laws and regulations, including pending rulemaking by the U.S. Department of Education; uncertainties regarding our ability to comply with federal laws and regulations regarding the 90/10 rule and cohort default rates; risks associated with the opening of new campuses; risks associated with integration of acquired schools; industry competition; our ability to execute our growth strategies; conditions and trends in our industry; the COVID-19 pandemic and its impact on our business and the U.S. and global economies; general economic conditions; and other factors discussed in our annual report on Form 10-K for the year ended December 31, 2019. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in Lincoln's annual report on Form 10-K for the year ended December 31, 2019. All forward-looking statements are qualified in their entirety by this cautionary statement, and Lincoln undertakes no obligation to revise or update the remarks made to reflect events or circumstances after the date of the 2020 Annual Meeting of Shareholders.

Demand for “Middle Skills Training”

Middle-skill jobs, which require education beyond high school but not a four-year degree, make up the largest part of America’s labor market.

(Source: National Skills Coalition)



Source: NSC analysis of long-term occupational projections from state labor/employment agency.

Lincoln Graduates are Essential Workers

Approximately 90% of our students are pursuing careers that the U.S Department of Homeland Security considers Essential Critical Infrastructure Workers.



Drivers of Organic Demand for Training

**Expanding Skills Gap
with more open
positions than
qualified employees
seeking employment**

**Aging workforce &
retirement of baby
boomers leaves many
middle skill jobs
vacant**

**Societal emphasis on
getting a
4-year college degree**

**Decline in career &
technical education at
high schools**

**Growing
transportation,
construction and
healthcare sectors**

Significant Opportunity for Organic Growth

BLS data for annual new hires for Lincoln's top programs

Transportation and Skilled Trades		Healthcare and Other Professions	
Automotive Technology	76,000	LPN	63,000
Diesel Technology	42,000	Medical Assisting	95,000
Collision Repair	17,100	Dental Assisting	46,000
Electrical	82,000	Culinary	146,000
Welding	46,000	Baking & Pastry	29,000
HVAC	39,000	Cosmetology	85,000
Electronic Systems Technology	12,000	Aesthetics	8,000
CNC Manufacturing Technology	17,000	Information Technology	44,000
Lincoln's Market Share ~1.5%		Lincoln's Market Share ~0.5%	

National figures cited above are based on projected annual job openings which refers to the average annual job openings due to growth and net replacement. This data was compiled from the U.S. Dept. of Labor, Bureau of Labor Statistics, for the years 2016 through 2026, www.careeronestop.org, captured on March 27, 2018. State-specific employment projections can also be found at careeronestop.org.

Company Overview



Nasdaq : LINC

- A national leader with nearly 75 years of experience
- Focused on providing hands-on training serving national, large regional, and local employers in transportation, skilled trades, and healthcare
- Strong student outcomes and regulatory record
- The growing “middle skills gap” will drive growth for the next decade
- Increased student starts has returned Lincoln to profitability
- High operating leverage as enrollment grows
- Recent financing transactions provide flexibility to accelerate growth
- Opportunities to expand footprint and program offerings for additional growth

Stock Price as of 12/31/2019	\$2.70	Revenues (2019)	\$273 million
52-week Price Range	\$1.66 - \$3.30	EBITDA (2019)	\$13.4 million
Common Shares Outstanding	25.2 million	Institutional Ownership	74%
Market Capitalization	\$68.1 million	Insider Ownership	6%
Average Volume (3 mo.)	19,478		

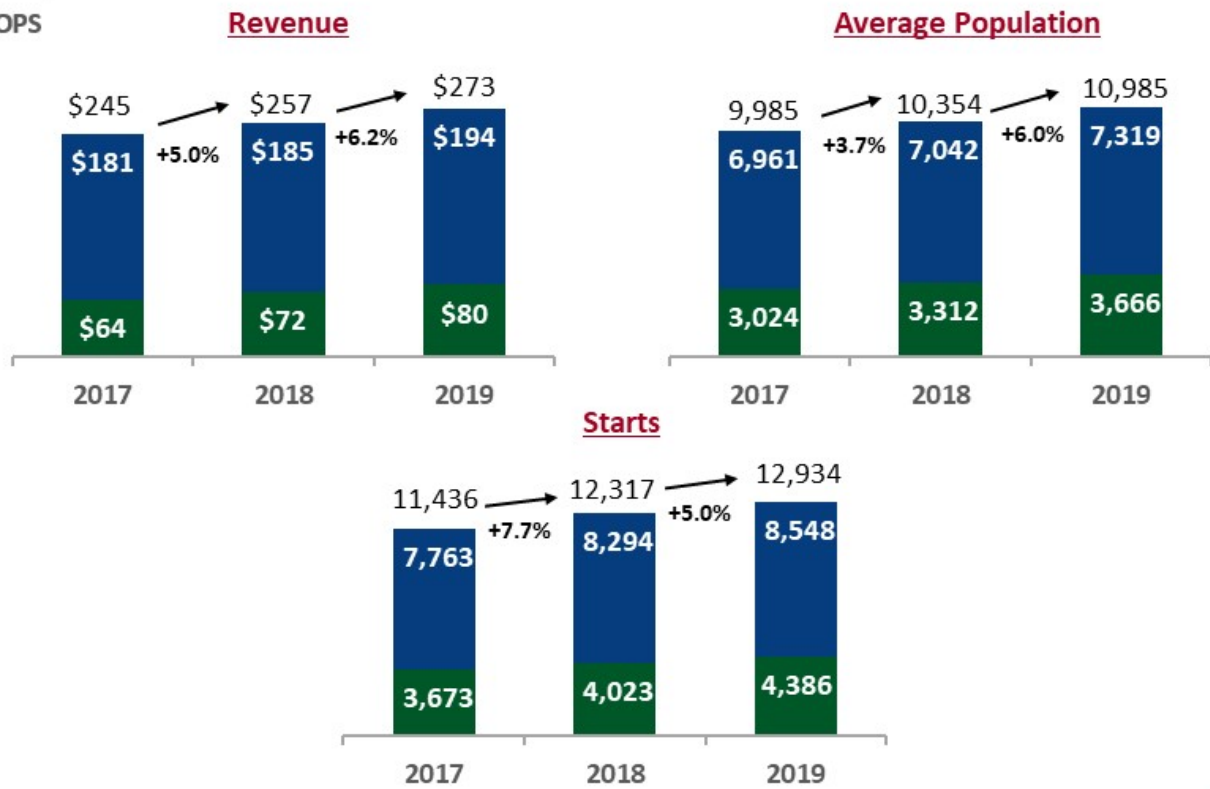
Campuses Across the Country

Opportunity for expansion in the South and West



Pro Forma Operations Annual Revenue, Starts, & Average Population* (\$ in millions)

■ Transportation
■ HOPS

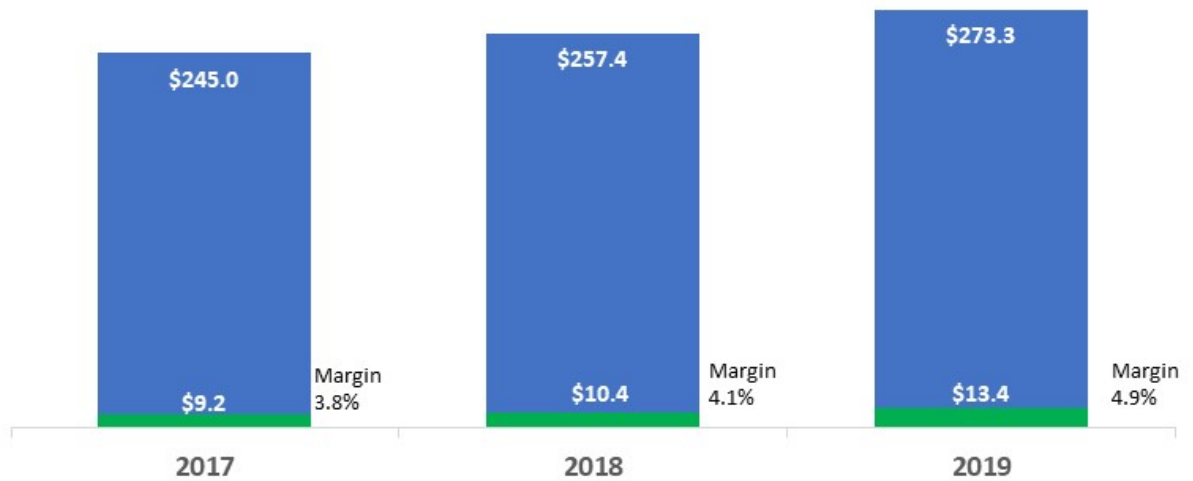


* 2017 & 2018 exclude transitional segment (closed schools) and are presented as pro forma operations.

Pro Forma Operations (\$ in millions)

- Approximately 11,300 students enrolled at 22 campuses as of 12/31/2019
- Nine consecutive quarters of start growth
- Key metrics such as revenue, student starts, student graduation, and placement rates continue to grow

■ Revenue
■ EBITDA



* 2017 & 2018 exclude transitional segment (closed schools) and are presented as pro forma operations. Refer to appendix.

Transportation and Skilled Trades (\$ in millions)

- Approximately 7,400 students enrolled at 13 campuses as of 12/31/2019
- High demand for training in Automotive, Diesel, HVAC, CNC, Welding, Electrical
- Growing list of industry partners

■ Revenue
■ EBITDA



Healthcare and Other Professions (\$ in millions)

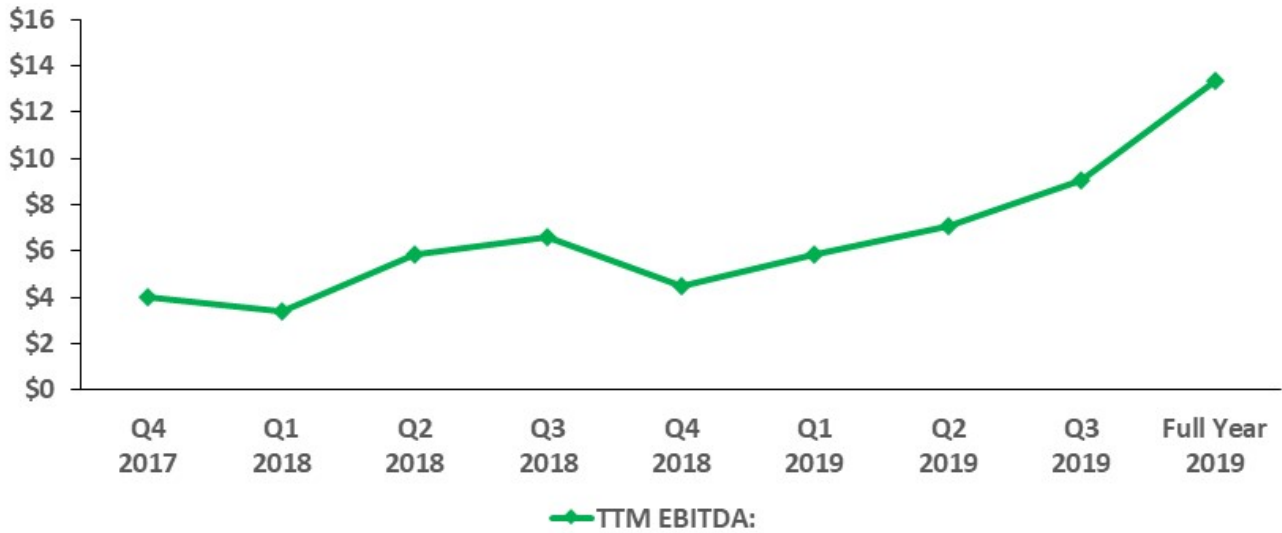
- Approximately 3,900 students at 9 campuses as of 12/31/2019
- Growing demand for healthcare professionals
- Strong demand by students especially for Licensed Practical Nursing

■ Revenue
■ EBITDA



Increasing Profitability (\$ in millions)

Total Company EBITDA on a trailing 12-month basis



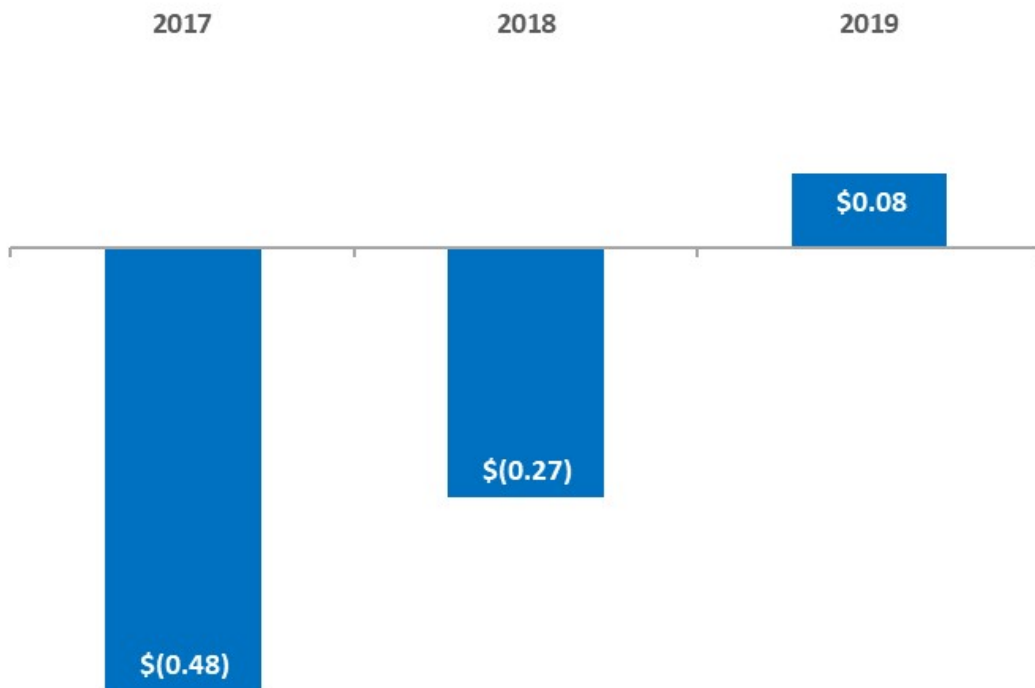
- Lincoln's EBITDA has increased in each quarter of 2019 as compared to 2018
- 2019 EBITDA was \$13.4M

EBITDA & Net Income Pro Forma Summary* (S in millions)

	<u>Annual</u>		
	2017	2018	2019
Revenue:			
Transportation	\$181.3	\$185.3	\$193.7
HOPS	63.6	72.1	79.6
Total Revenue	\$244.9	\$257.4	\$273.3
EBITDA			
Transportation	\$25.7	\$25.2	\$29.2
HOPS	4.0	6.7	8.0
Corporate	(20.5)	(21.5)	(23.9)
Total EBITDA	\$9.2	\$10.4	\$13.3
Net Income			
Transportation	\$17.7	\$17.7	\$22.0
HOPS	3.9	6.5	7.6
Corporate	(23.3)	(24.7)	(27.6)
Total Net Income	-\$1.6	-\$0.6	\$2.0

* 2017 & 2018 exclude transitional segment (closed schools) and are presented as pro forma operations. Refer to appendix.

Earnings Per Share



Balance Sheet & Cash Flow Summaries

Balance Sheet

	December 31,	
	2019	2018
Total Assets	\$ 194,763	\$ 146,038
Total Liabilities	\$ 139,633	\$ 106,172
Series A Convertible Preferred Stock	11,982	-
Total Stockholders Equity	43,148	39,866
Total Liabilities, Stock, and Preferred	\$ 194,763	\$ 146,038

Net Cash (Debt)

	December 31,	
	2019	2018
Cash & Restricted Cash	\$ 38,644	\$ 45,946
Total Debt	34,028	48,769
Net Cash (Debt)	\$ 4,616	\$ (2,823)

Cash Flow Summary

	December 31,		
	2019	2018	2017
Net Cash Provided by (Used in) Operating Activities	\$ 988	\$ (1,694)	\$ (11,321)
Capital Expenditures	(5,385)	(4,697)	(4,755)
Free Cash Flow	\$ (4,397)	\$ (6,391)	\$ (16,076)

November 2019 Transactions (\$ in millions)

- **Strengthened liquidity position provides flexibility to execute growth initiatives**
 - Increased available liquidity by more than \$30 million
 - Annualized interest expense savings of approximately \$1 million
- **New \$60 million credit facility**
 - \$20 million funded term loan
 - \$10 million delayed draw term loan
 - \$15 million revolving line of credit (\$10 sublimit for standby letters of credit)
 - \$15 million cash collateralized line of credit when outstanding
- **Issued \$12.7 million of 9.6% convertible preferred stock** (\$2.36 conversion price)
- Improved balance sheet due to financing activities

	9/30/19*	12/31/19
Cash	\$11.8	\$23.6
Restricted cash	4.0	15.0**
Bank debt	<u>(26.9)</u>	<u>(34.0)**</u>
Net Cash (Debt)	<u>\$ (11.1)</u>	<u>\$ 4.6</u>
Cash and available liquidity	\$11.8	> \$40

* Quarter before financing activities

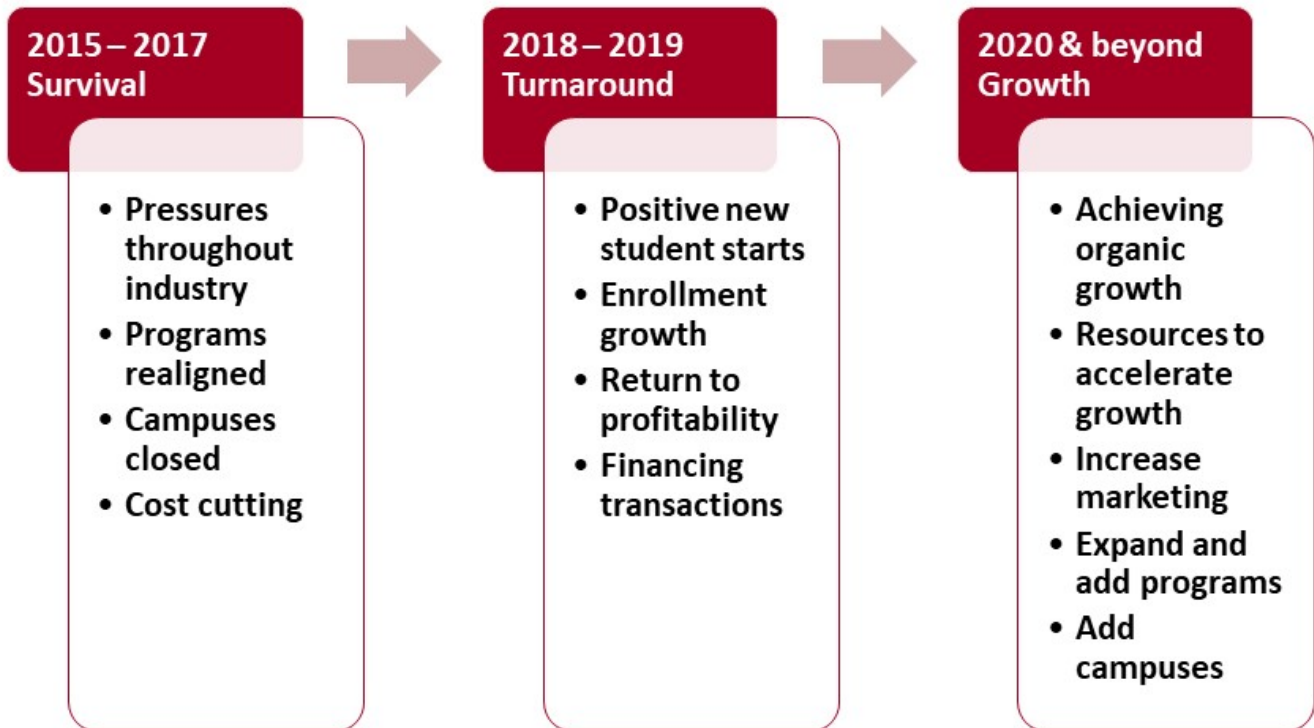
**\$15 million of restricted cash was repaid in January 2020

Growing Base of Industry Partners

- Positions Lincoln as long-term solutions provider for both entry level technicians and advanced workforce training
- Employers appreciate the technical and soft skills of our students
- Partners provide validation of the quality of our education
- Co-branding opportunities with elite partners helps attract new students
- Partners provide better job opportunities for our graduates



Entering 2020 : a New Chapter for Lincoln



2020 Priorities Pre-COVID-19

Deliver on 2020 financial goals*

- Revenue and student start growth of 3% to 5%
- EBITDA of \$15 to \$17 million; Operating income of \$7 to \$9 million
- Capital expenditures of \$6.5 million to \$7.5 million

Support existing growth

- Campus capital projects and new training equipment
- Expand industry partnerships
- Improve pay and benefits to attract and retain performers

Invest to accelerate growth

- Introduce successful programs to new campuses
- Add new programs
- Evaluate opportunities to expand footprint through either adding new campus or strategic acquisition
- Increase marketing to drive additional start growth

Provide students with training to bridge the skills gap

- Continue to deliver strong student outcomes
- Maintain program affordability
- Leverage industry partnerships

* These financial goals were per-COVID 19 and guidance was withdrawn on May 13, 2020

Impact of COVID-19



Education

Rapidly moved all programs to distant learning delivery

Certain skills require hands-on / in lab training

Obtaining 3rd party approvals to allow students to graduate on time

Student Population

97% of students remain active with distant learning delivery (<3% on LOA as of 3/31/20)

Active population remains higher than last year through end of April

Lost over 400 starts in second half of March, but expect to recover over 75%

April starts were 867 compared to 668 in 2019

Retention is stronger & new enrollments are returning to normal

Operations

Providing all student services remotely

Additional expenses to date offset by cost reductions

Starting to re-open campuses and expect all to reopen by July 1

Operations modified for social distancing - 9:1 student instructor ratio vs 15:1 pre COVID 19

Future

High unemployment should increase enrollments

Growing interest in healthcare careers

Teaching remotely has taught us how to deliver skills training more efficiently

Investment Merits

- A national leader in hands-on transportation, skilled trades, and healthcare training
- Organic revenue growth with increasing profitability
- The skills gap will drive growth for the next decade
- Opportunities to expand footprint and program offerings for additional growth
- Capacity at campuses provides high operating leverage on incremental growth
- \$66.7 million of tax loss carryforwards reduces future cash outflows*
- In a down economy, Lincoln's growth and profitability can increase substantially
- Strong student outcomes and regulatory record



* Subject to 382 limitation expected to be completed Q2 2020 and not reflected on balance sheet due to having a full tax valuation allowance.

Thank You

