

Investor/Analyst Day

January 17, 2019



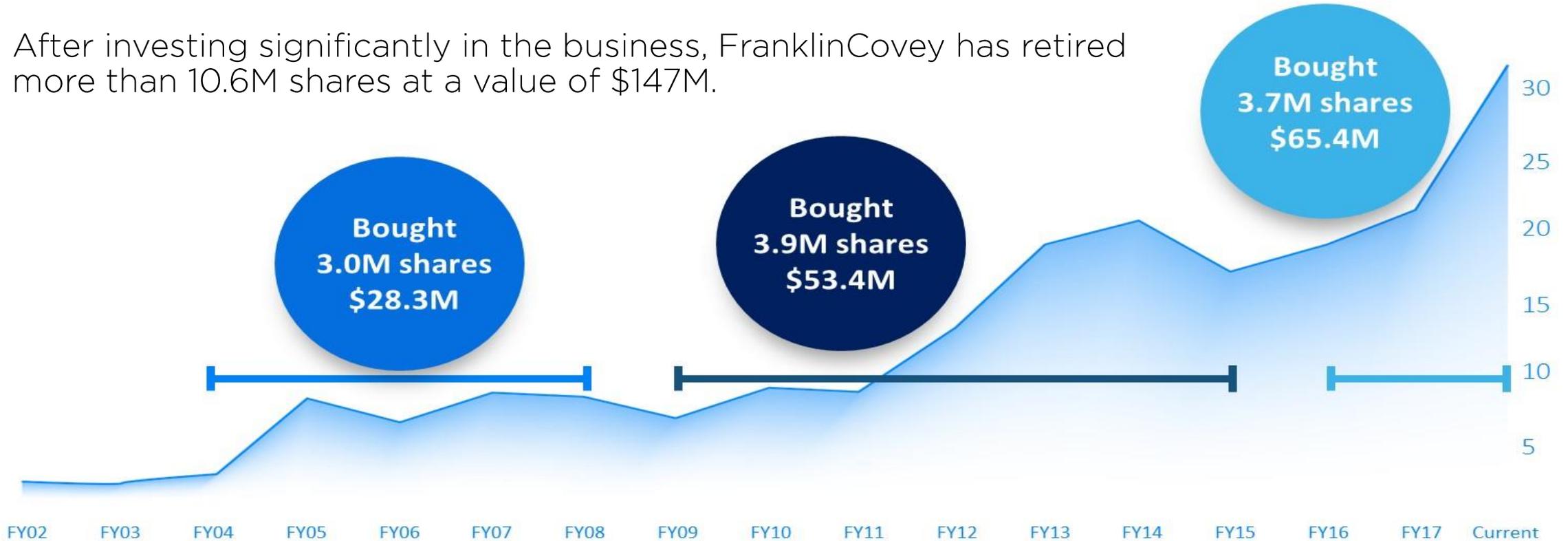
Schedule for the Day

<u>Time</u>	<u>Topic</u>	<u>Presenter</u>
8:00 am	Strategic Positioning – in the Most Valued Space	Bob Whitman
8:30 am	Franklin Covey Content Experience – Lasting Behavior Change	Todd Davis
9:00 am	Franklin Covey Content Experience – 4 Disciplines of Execution - Changing Outcomes	Chris McChesney
9:30 am	Break	
9:45 am	Client Examples	Paul Walker
10:00 am	How All Access Pass Drives Impact at Scale	Adam Merrill
10:45 am	How We Select, Onboard, Ramp and Retain Sales People	Paul Walker
11:15 am	Break	
11:30 am	Education – How <i>Leader In Me</i> Impacts Schools	Sean Covey
12:00 pm	Leveraging Thought Leaders to Build Our Brand and Our Expand Reach	Scott Miller
12:30 pm	Questions & Answers	Bob Whitman
1:00 pm	Lunch	
1:20 pm	Wrap-Up	Bob Whitman

The New FranklinCovey

Three business model transitions

After investing significantly in the business, FranklinCovey has retired more than 10.6M shares at a value of \$147M.



Closing price on 9/21/2018 for FC was \$23.70.

STRATEGIC POSITIONING

Expectations

2018

Reported Adj EBITDA: \$11.9M
+ ▲ Deferred Revenue: \$23.3M
Net Cash Generated: \$15.0M

2019

Reported Adj EBITDA: \$18-22M
+ ▲ Deferred Revenue: \$30-34M
Net Cash Generated: \$18-22M

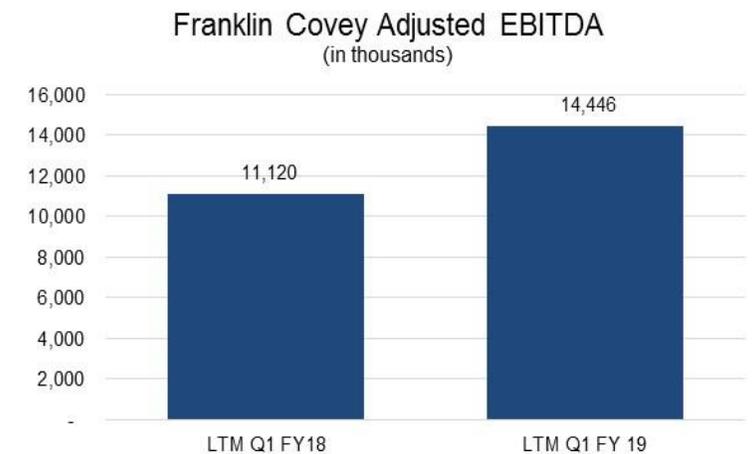
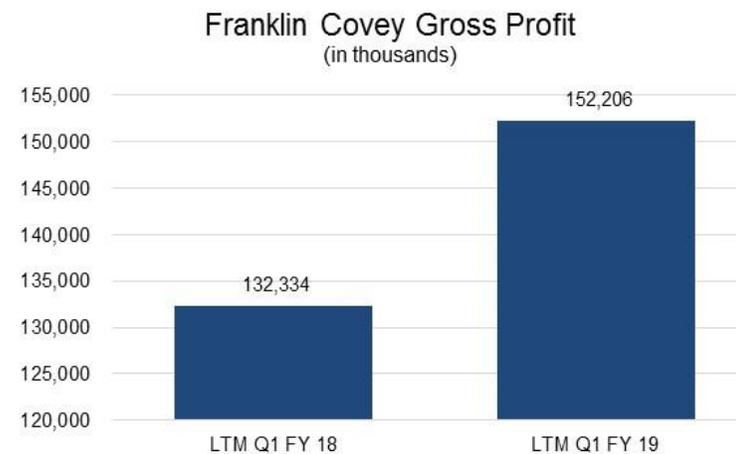
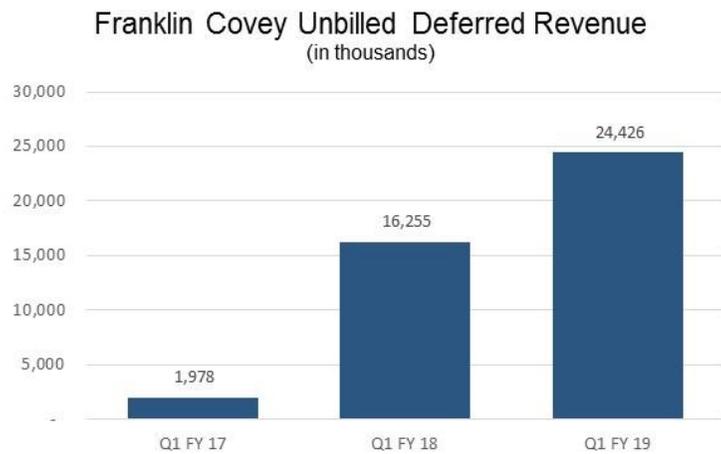
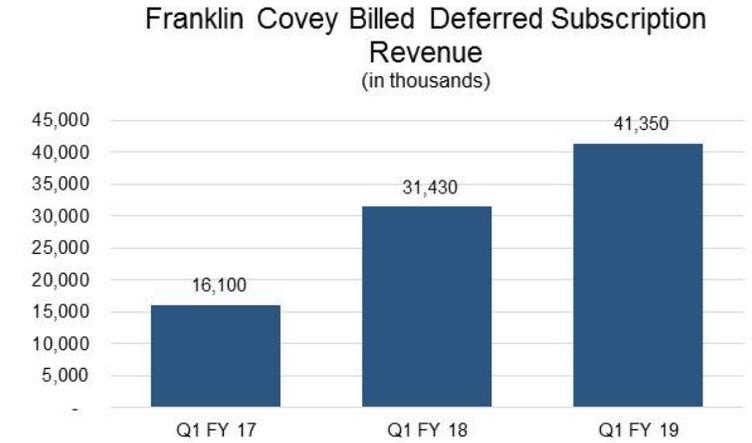
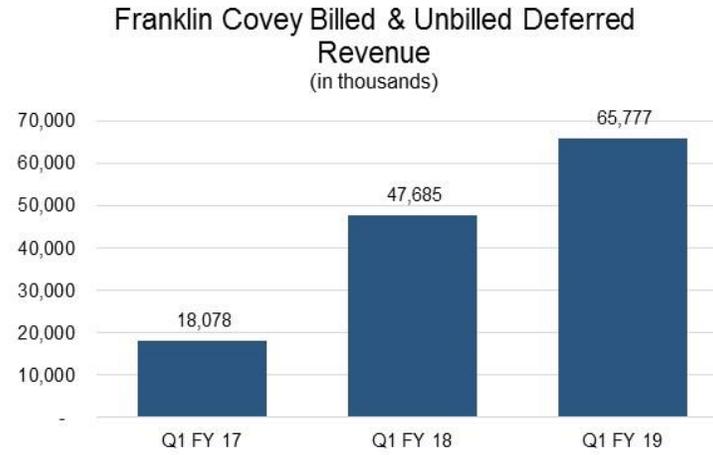
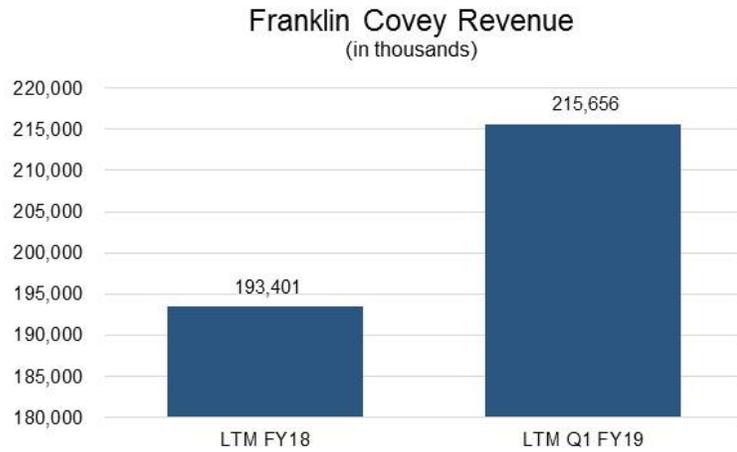
2021

Reported Adj EBITDA: \$35-40M
+ ▲ Deferred Revenue: \$47-52M
Net Cash Generated: \$35-40M

Note: Adjusted EBITDA and Operating SG&A are non-GAAP financial measures.

STRATEGIC POSITIONING

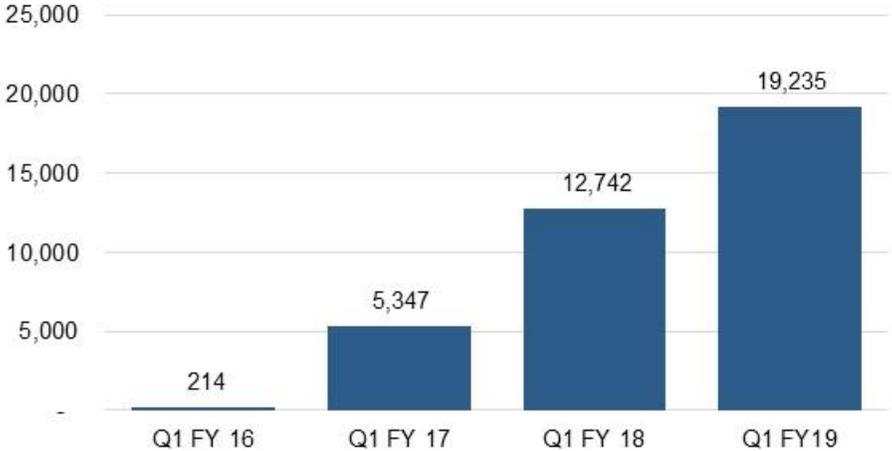
Strong Results



Continued Strong Growth



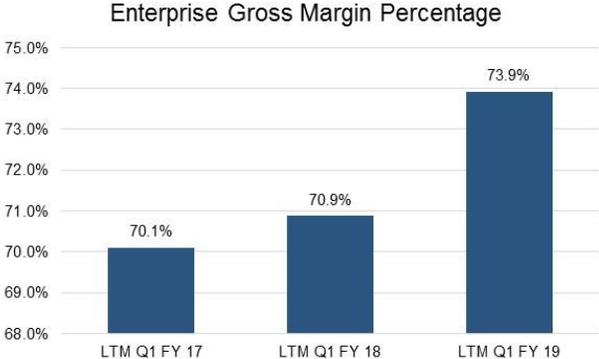
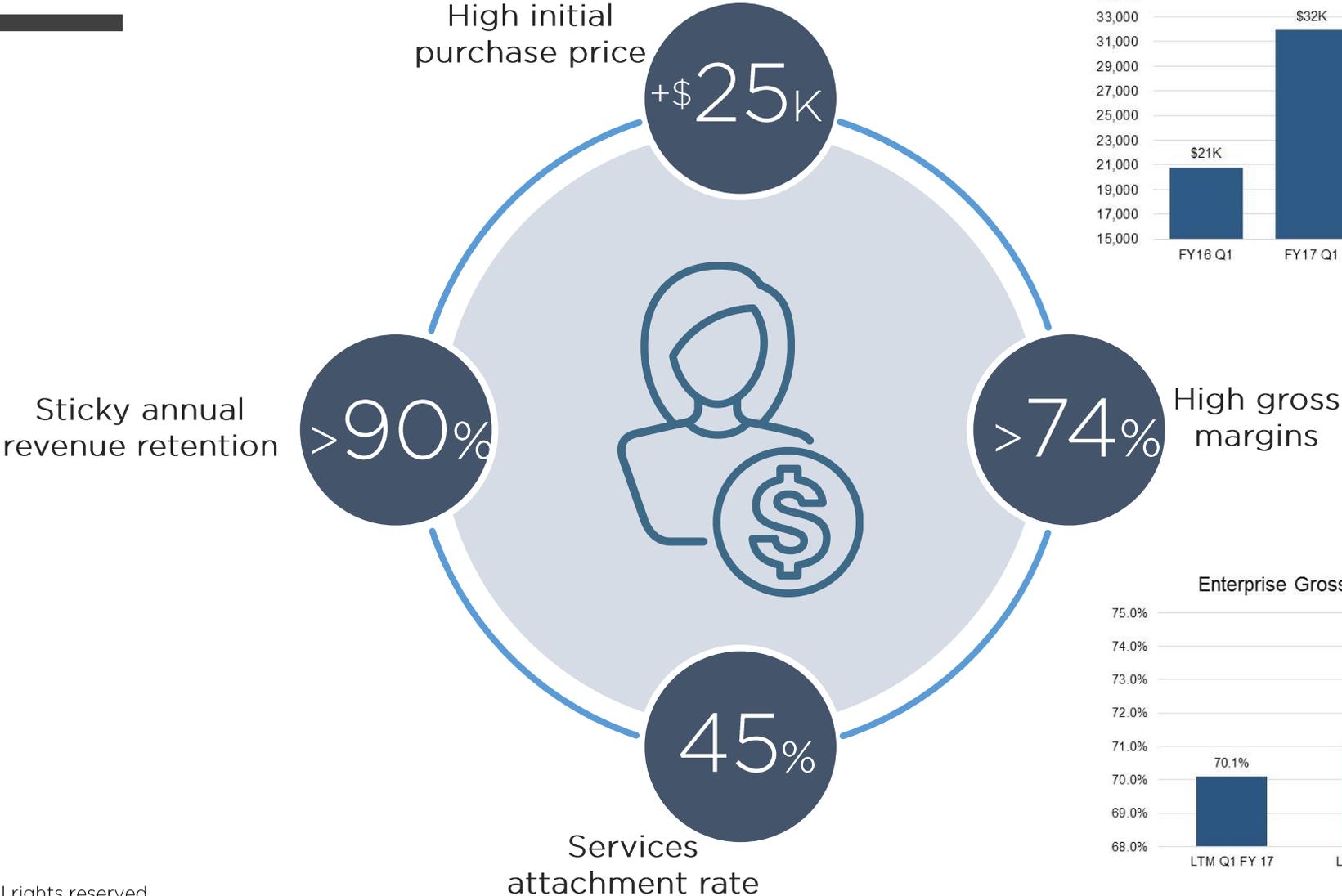
AAP Sales and Add-on Sales
(in thousands)



LTM AAP Sales and Add-on Sales
(in thousands)



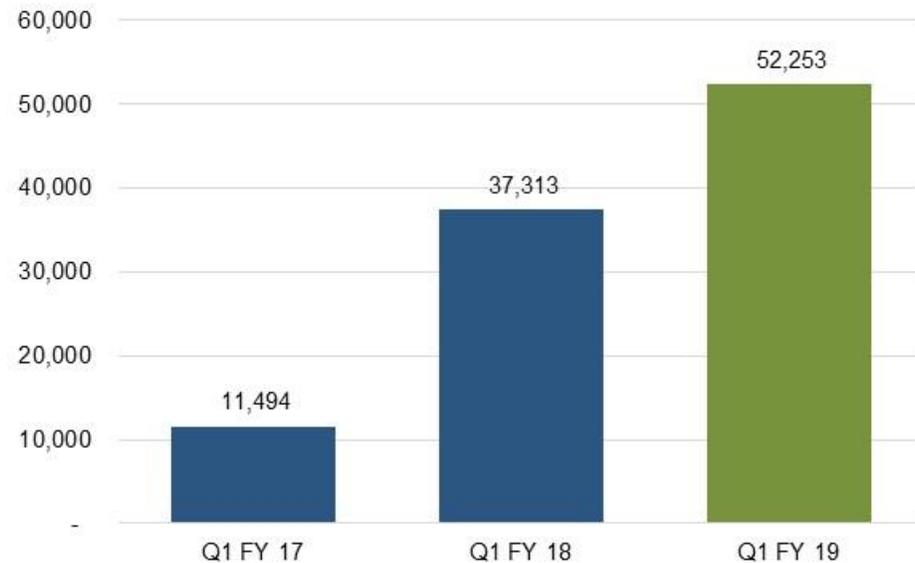
Lifetime Customer Value



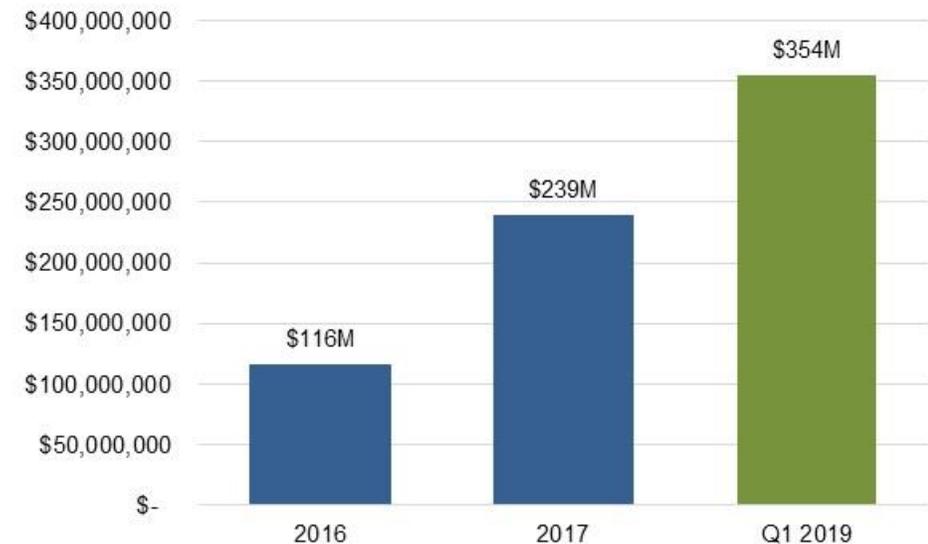
STRATEGIC POSITIONING

Increased Visibility and Predictability of Future Revenue

Deferred Revenue (Billed and Unbilled) in Enterprise Division
In \$Thousands



Total NPV of Future All Access Pass Revenue
In \$Millions



>\$220k

Average NPV of revenues from a single average AAP contract

Note: Deferred Revenue (billed and unbilled) is a Non-GAAP operational measure. Deferred Revenue (billed) represents the amount of non-cancellable subscription contracts that have been invoiced to our customers and is considered in our Deferred Revenue account on our Balance Sheet. Deferred Revenue (unbilled) represents the amount of non-cancellable contracts that have not been billed to our customers and are not reflected in our financial statements, but is an important management measure.

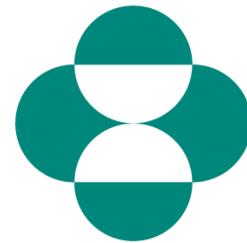
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Space

Why the space in which we play is the most valuable, lucrative and impactful space in performance improvement.

STRATEGIC POSITIONING

Analogy



MERCK

INVENTING FOR LIFE



STRATEGIC POSITIONING

Leadership in the Most Valued, Impactful Segment of Performance Improvement

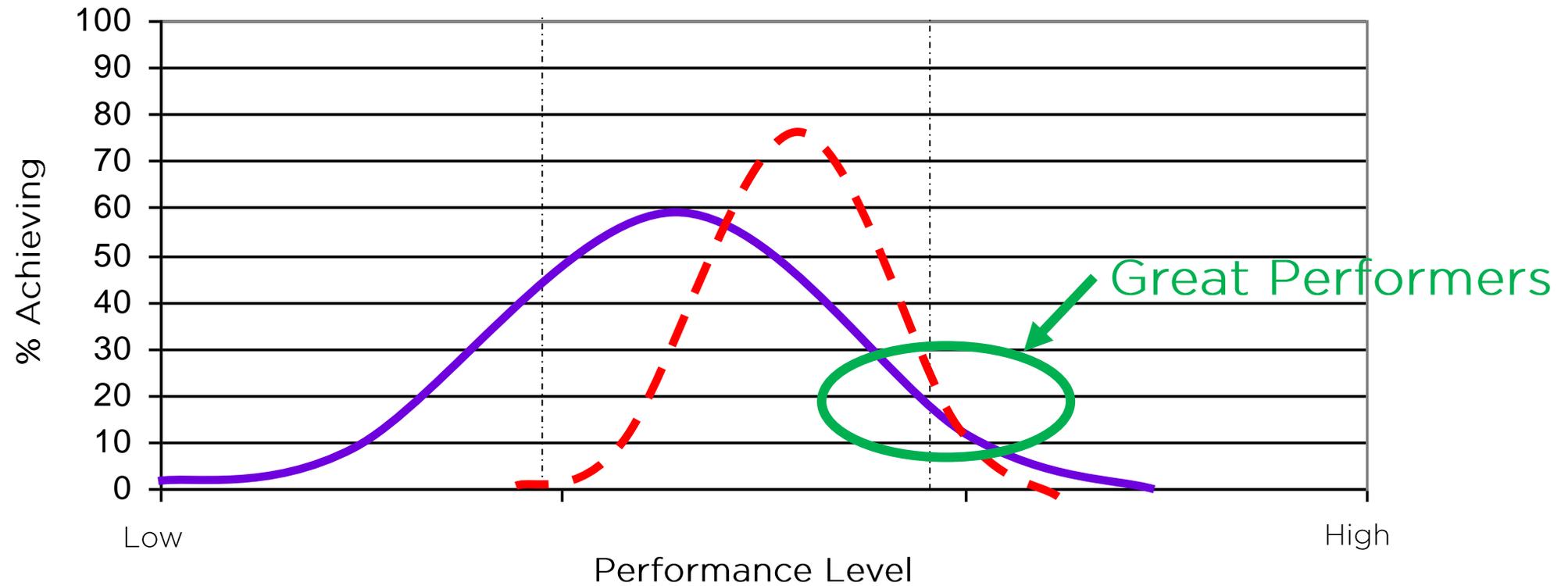
We help organizations improve engagement, discipline, culture and execution for measurable business outcomes



Customers value outcomes, have budgets, and seek out premium content

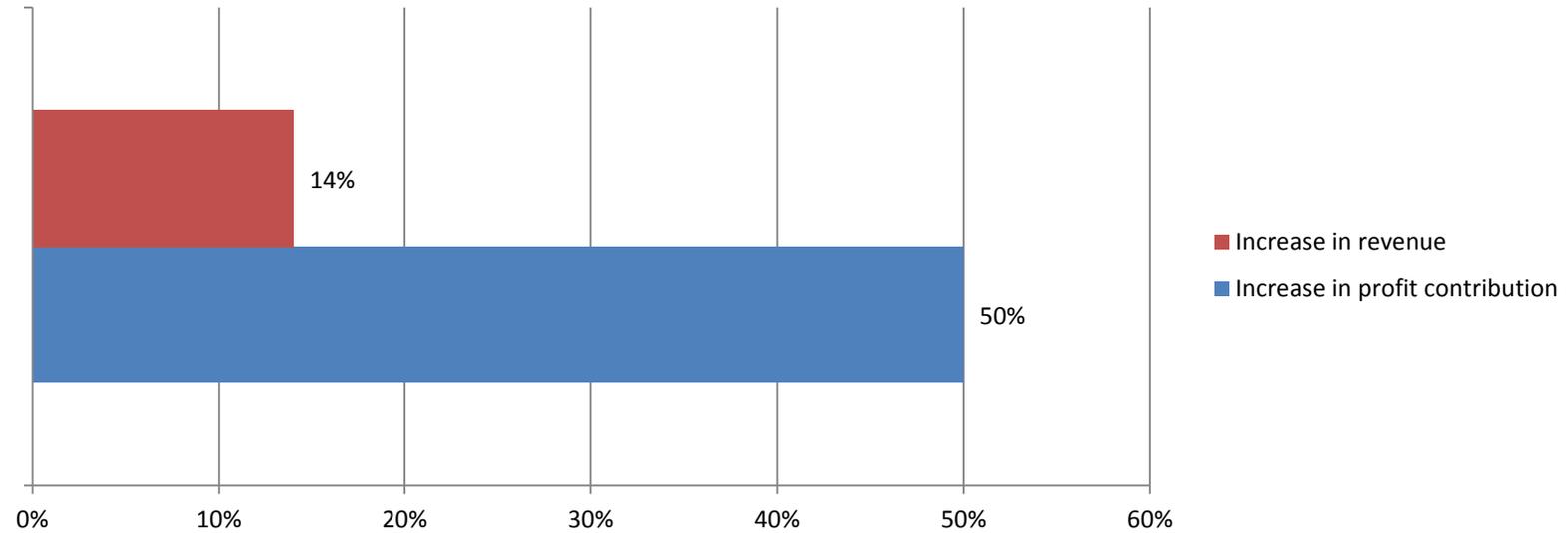


Where FranklinCovey Plays



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Coca-Cola Retailing Research Council



STRATEGIC POSITIONING

Wall Street Journal

Where You Should Move to Make the Most Money: America's Superstar Cities

A tech-driven concentration of talent since the 1980s has helped the rich get richer. But it has also sharpened an urban-rural divide that, some say, threatens growth.

THE WALL STREET JOURNAL.

By *Christopher Mims*

Dec. 15, 2018 12:00 a.m. ET

Challenges

MUST-SOLVE PERFORMANCE CHALLENGES



Mid- to senior-level leaders
First-level leaders
Individual contributors

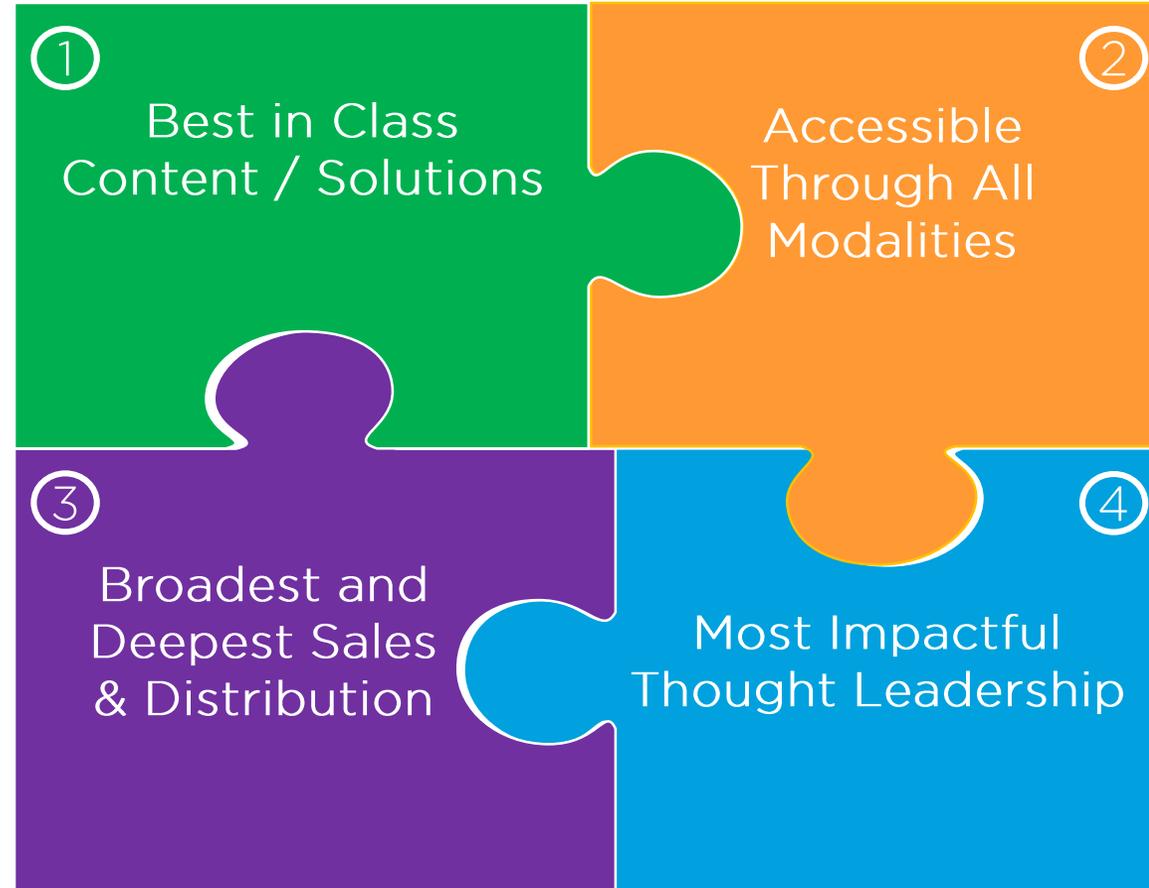
Sales performance
Pervasive trust
Customer loyalty
Execute strategy

STRATEGIC POSITIONING

Solutions

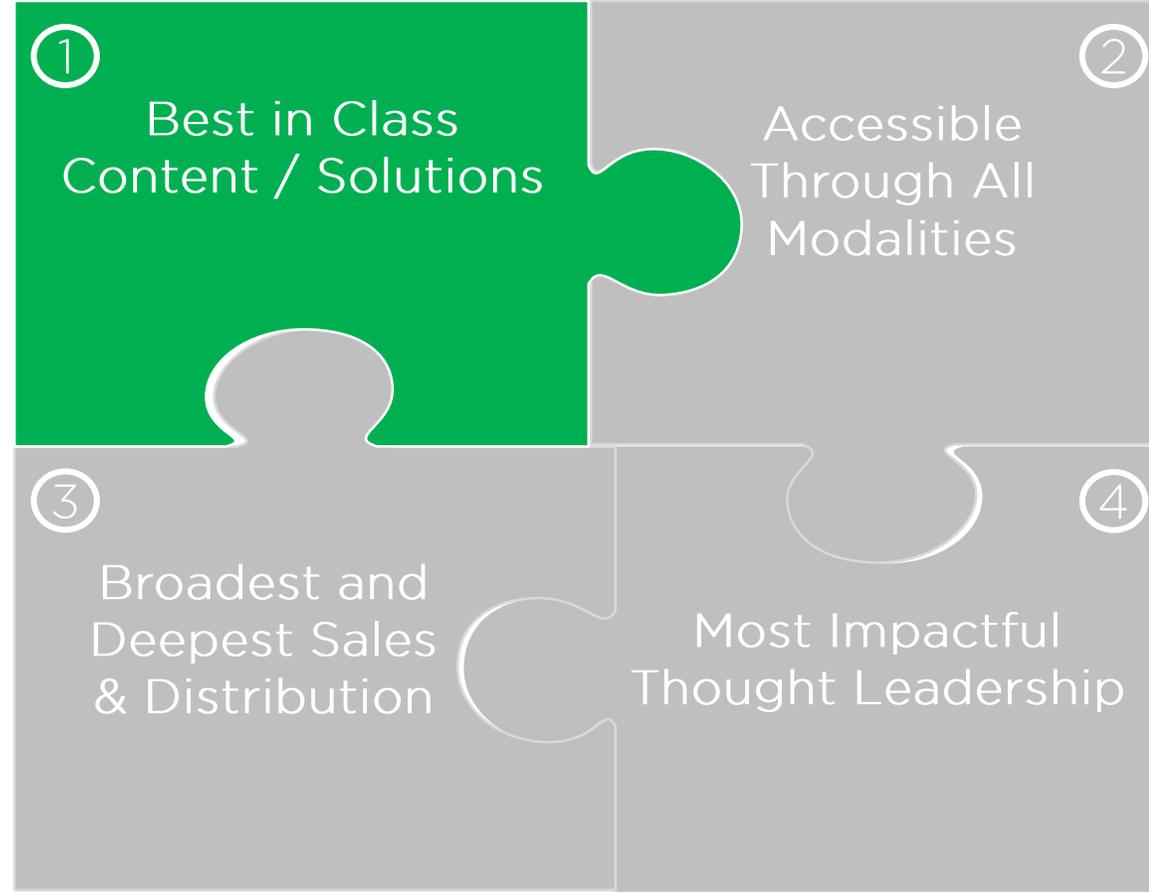
FranklinCovey helps
organizations achieve results
by changing mindsets and behaviors.
At scale.

Competitive Advantages



STRATEGIC POSITIONING

Competitive Advantages



STRATEGIC POSITIONING

The Highest Quality, Most Trusted Solutions

1

Leadership



2

Execution



3

Productivity



4

Trust



5

Sales Performance



6

Leadership



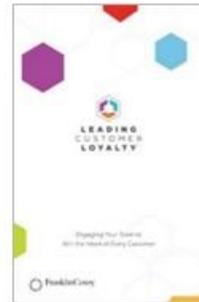
7

Leadership



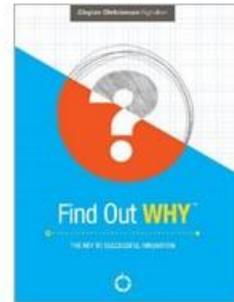
8

Customer Loyalty



9

Innovation



10

Education



- ✓ 16 languages
- ✓ Desirable delivery modalities
- ✓ Implementation services
- ✓ Coaching and delivery services
- ✓ Best solutions for institutionalized behavioral change

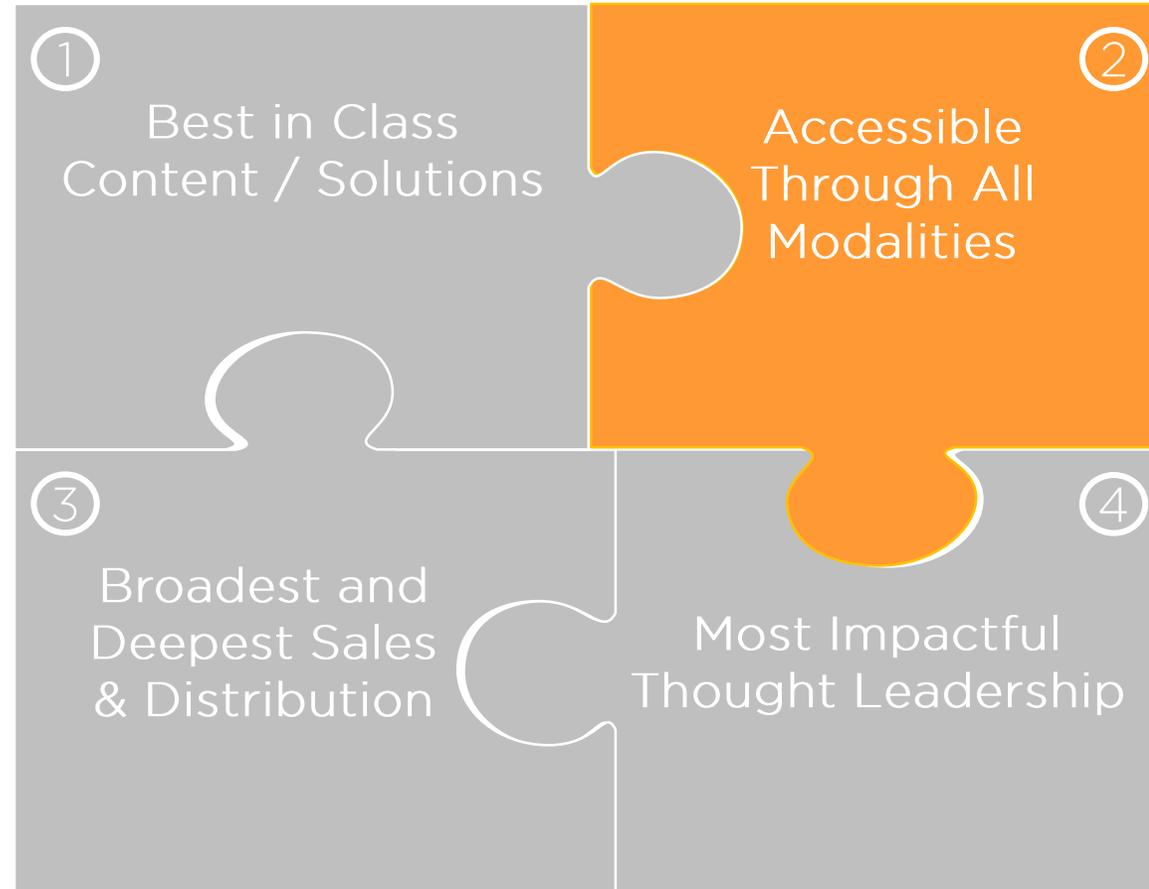
Solutions

Prior to Apple and Microsoft, few people could harness computers to their daily lives; there was no easily-accessible user interface—no mouse pointers, friendly icons, or overlapping windows on a screen, much less a touch screen. But with the Macintosh and then Windows, the mass of people could finally tap the power of the microchip behind the screen. Similarly, there had been hundreds of years of accumulated wisdom about personal effectiveness, from Benjamin Franklin to Peter Drucker, but it was never assembled into one coherent, user-friendly framework. Covey created a standard operating system—the “Windows”—for personal effectiveness, and he made it easy to use.

-Foreword to the 25th Anniversary Edition of Stephen Covey's *The 7 Habits of Highly Effective People* By Jim Collins

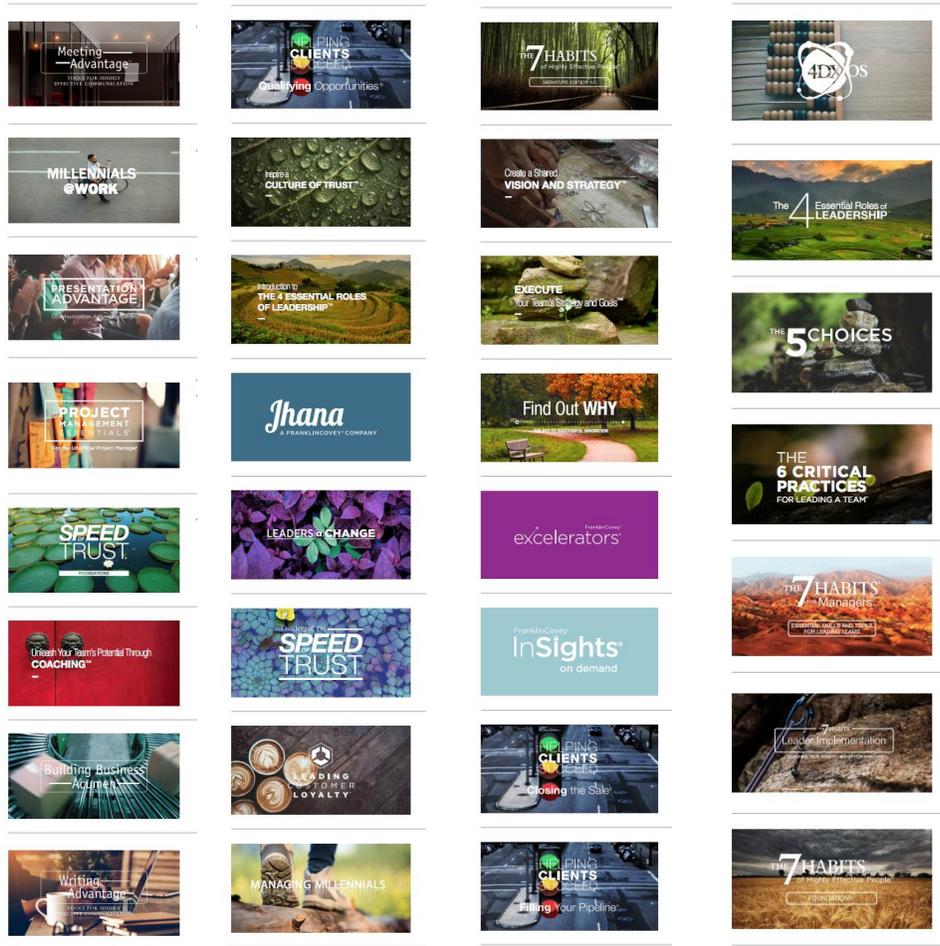
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Competitive Advantages



STRATEGIC POSITIONING

Infinite Flexibility



Users can access these best-in-class solutions, a wide range of delivery modalities and options.

- Organization-wide Transformation Processes
- Online & Blended Learning
- On-site Training
- Live: Delivered from 1-3 days
- Live-Online: Delivered via webinar
- On-Demand: Delivered via individual eLearning solutions

STRATEGIC POSITIONING

Learning & Development Challenges



Multiple stakeholders with changing & diverse needs



Need blended approach with multiple modalities



General contractor trying to build perfect solution



Increased scrutiny on results



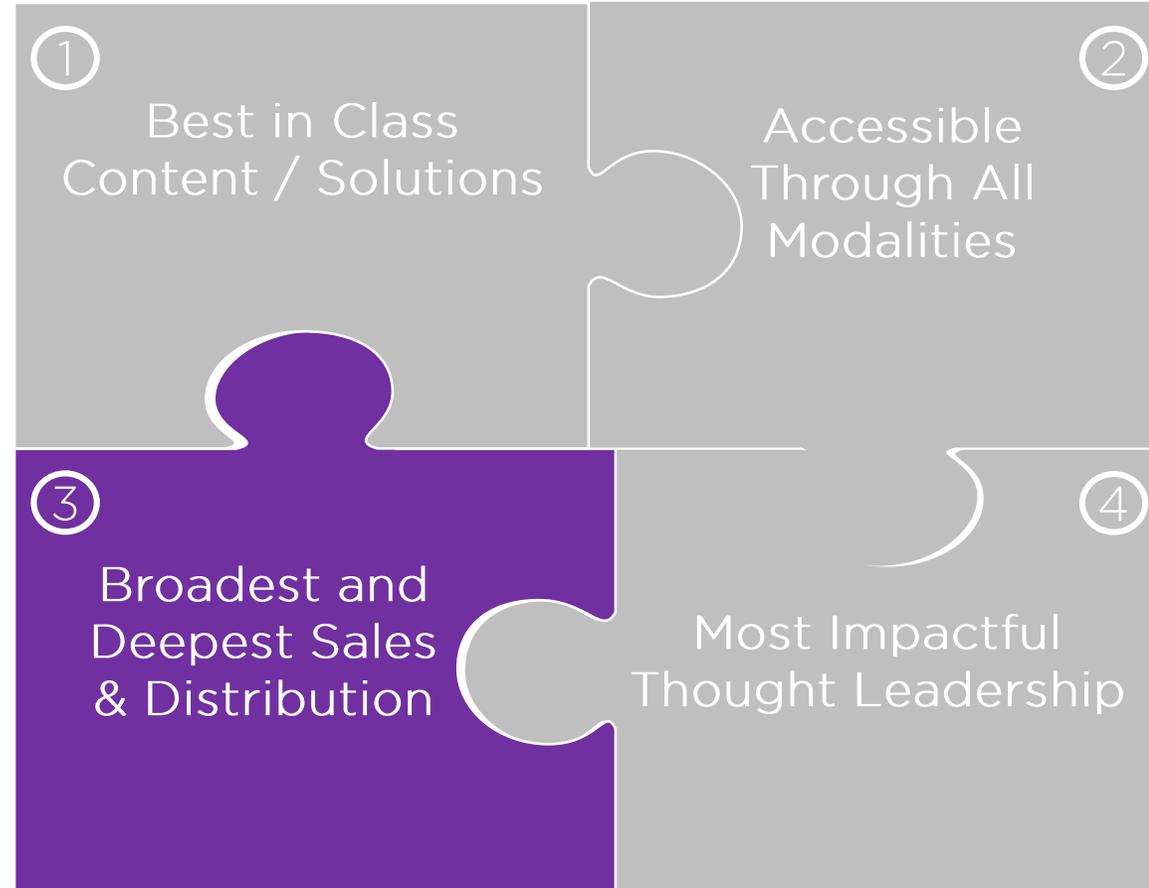
Limited resources

All Access Pass Value Proposition

- Provides unlimited access to Franklin Covey's entire collection of best-in-class content.
- Creates the ability to assemble, integrate, and deliver that content through any of an almost limitless combination of delivery modalities (live, live-online, online, webcasts, podcasts, integration of pieces of content into existing customer training offerings, etc.).
- Includes an implementation specialist, and an array of affordable add-on services to ensure customers execute on their key jobs-to-be-done.
- Has a cost-per-population trained which is less than or equal to that provided by single content/single modality providers.
- Can be accessed globally in the sixteen major languages through our state-of-the-art, secure, easy-to-use portal.

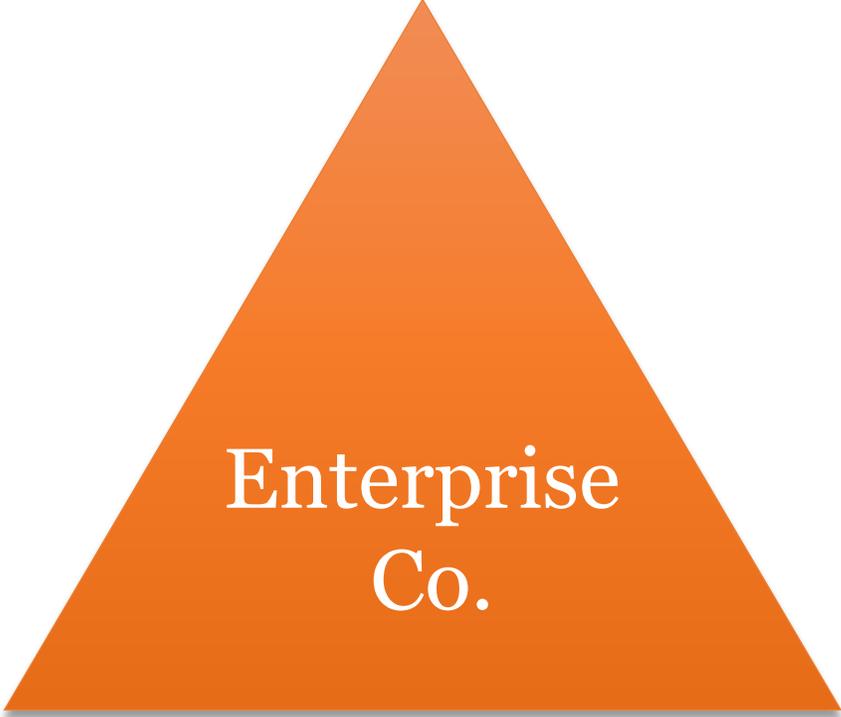
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Competitive Advantages

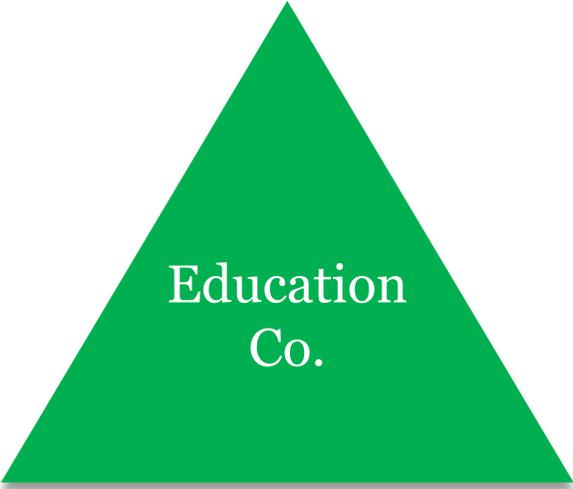


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Divisions



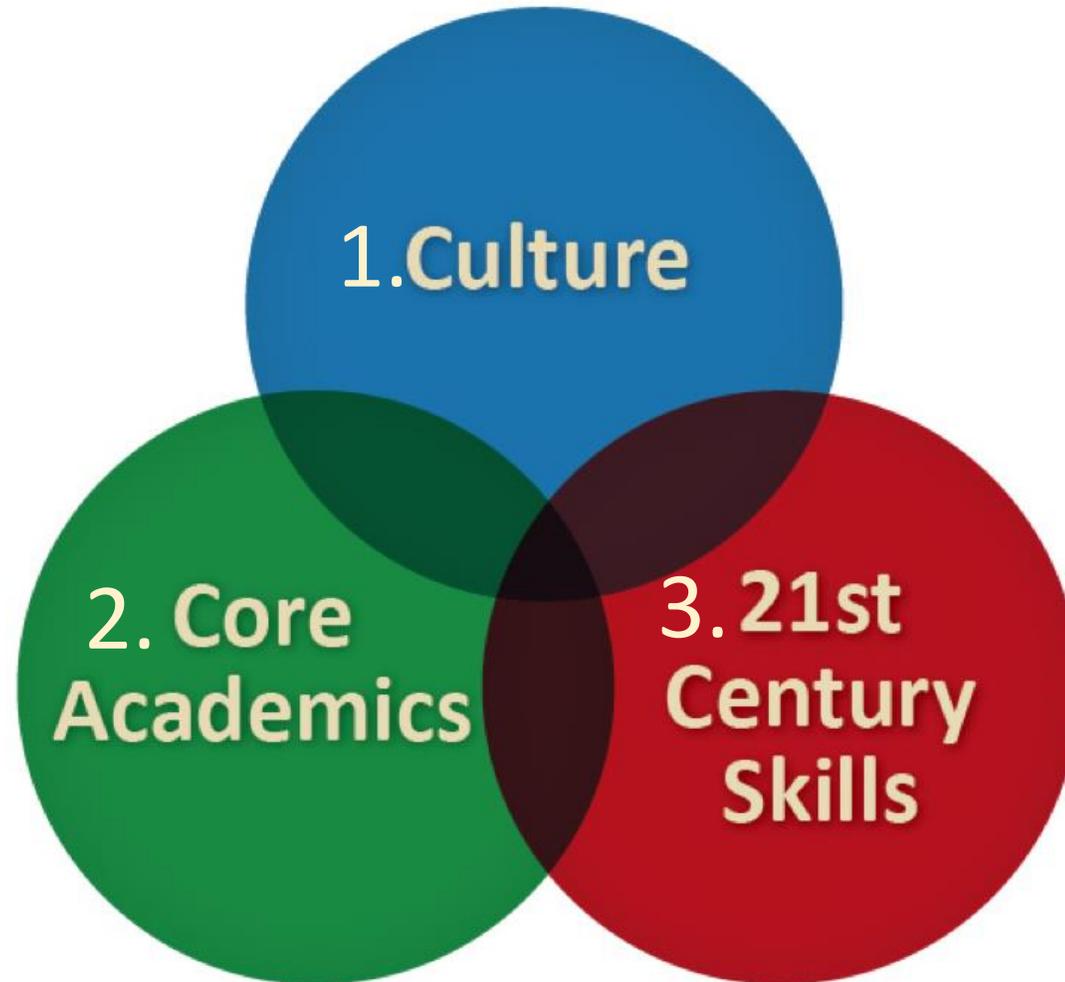
Enterprise
Co.



Education
Co.

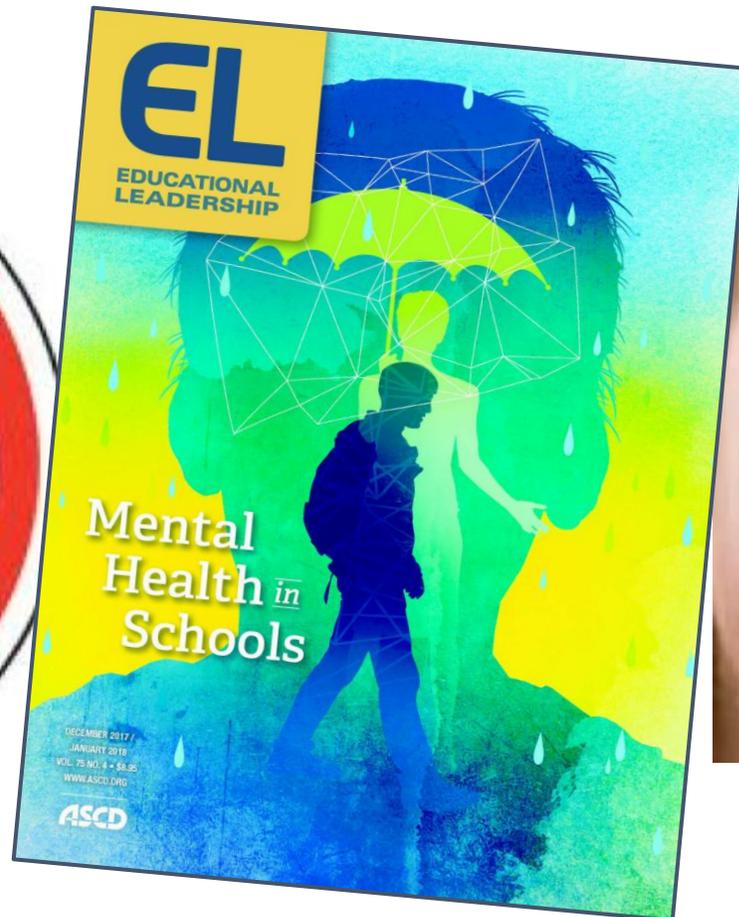
STRATEGIC POSITIONING

3 Key Challenges Faced by Educators



1. Culture

Bullying, safety, and student and teacher engagement are problematic and increasingly top of mind for educators.



2. Core Academics

Only about 1/3rd of students are proficient in reading and math by 8th grade. 34% proficient in math and 36% in reading.



3. 21st Century Skills

Districts do not yet know how to incorporate social-emotional learning into curriculum or how measure it.

New Required College, Career,
and Life-Readiness Skills

- ☑ Leadership & Responsibility
- ☑ Productivity & Accountability
- ☑ Adaptability & Flexibility
- ☑ Initiative & Self-direction
- ☑ Social & Cross-cultural skills

Scientists to Schools: Social, Emotional Development Crucial for Learning

By [Evie Blad](#) on [September 13, 2017, 1:58 PM](#) | [No comments](#)

[Tweet](#) [Share 1.5K](#)



Schools must broaden their approach beyond a narrow focus on academic work, a group of nationally recognized scientists said in a consensus statement released Wednesday.

Education Reform Attempts are Falling Short

No Child Left Behind

Every student proficient in reading and math

Accountability and punishments around annual tests

RESULTS: States lower standards to try to meet targets.

Common Core State Standards

Collaboration of states to raise academic standards

Adopted by 41 states

RESULTS: Teachers do not know how to reach standards.

Race to the Top

Grants to states and districts to make reforms

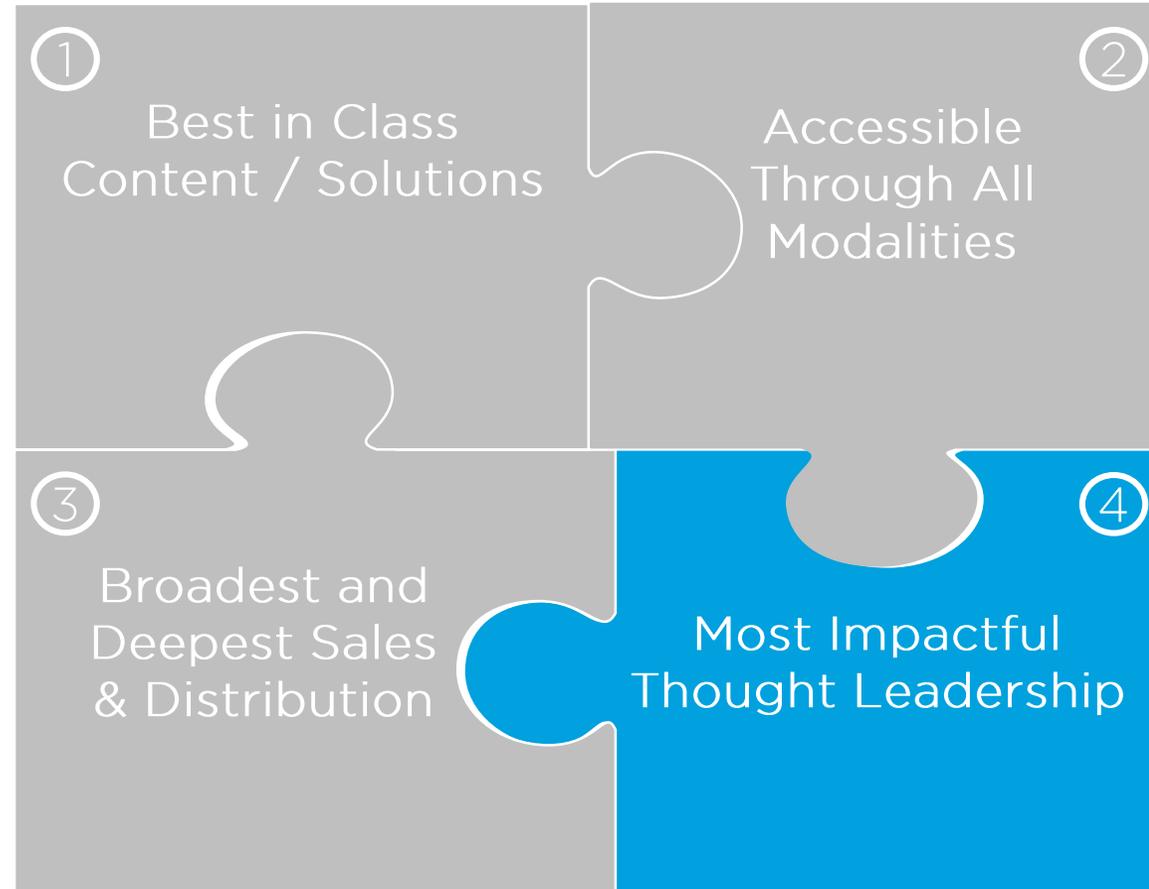
Teacher effectiveness measures

Principal effectiveness measures

RESULTS: Doesn't appear to have an effect.

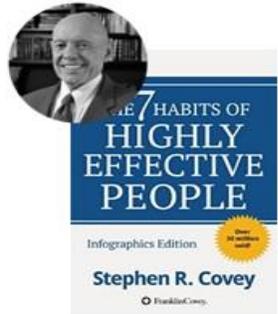
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Competitive Advantages



Most Impactful Thought Leadership

Industry leading research on Performance Improvement and Leadership Development, assisting 90% of Fortune 100 and 75% of Fortune 500. Over 40 million books sold.



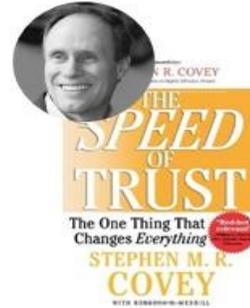
Stephen R. Covey

- Rated by CEO Magazine as the #1 most influential business book of the 20th century
- Over 30 million copies sold worldwide in 42 languages



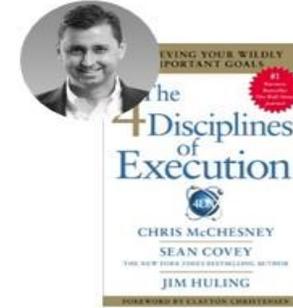
Clayton Christensen

- Named the world's most influential business management thinker
- Author of multiple bestsellers including *Innovator's Dilemma*



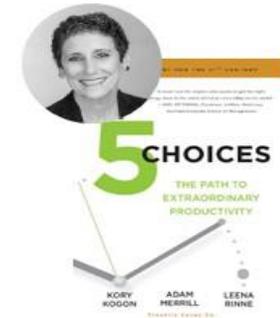
Stephen M. R. Covey

- #1 Wall Street Journal and New York Times bestselling author
- 2M+ copies sold of *The Speed of Trust* translated in 22 languages



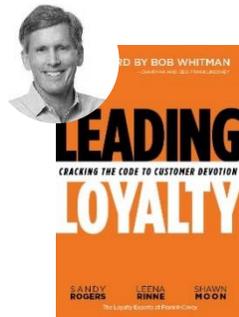
Chris McChesney

- #1 Wall Street Journal bestselling co-author
- Bestselling book on strategy execution since 2012



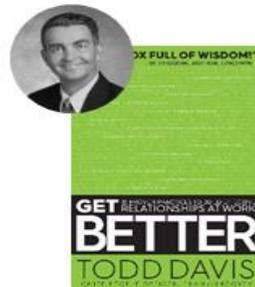
Kory Kogon

- Wall Street Journal bestselling co-author
- Internationally acclaimed expert on personal productivity



Sandy Rogers

- FranklinCovey's next anticipated bestselling author (Releases Nov. 6, 2018)
- Customer Loyalty industry expert and World Business Forum featured speaker



Todd Davis

- Wall Street Journal bestselling author
- FranklinCovey's Chief People Officer and renowned keynote speaker



Randy Illig

- Forbes.com contributing columnist
- Sales strategy expert and executive advisor

Change

FranklinCovey has spent the last 34 years helping teams and organizations achieve results that require a change in human behavior.

Your toughest
performance
challenges...
Solved.





Lasting Behavior Changes

Key Takeaways

- 1 How to get lasting behavior change**
- 2 Why an Inside-Out Approach?**
- 3 The importance of starting with mindset**

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- 2 Why an Inside-Out Approach?
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CONTENT

Lasting Behavior Change

- Mindset
- Skillset
- Toolset

CONTENT

Empathy

- Empathy is a vital skill in customer service
- Empathy makes you more effective
- Empathy increases customer loyalty

CONTENT

Lasting Behavior Change

- Mindset
- Skillset
- Toolset

Key Takeaways

1

How to get lasting behavior change

2

Why an Inside-Out Approach?

3

The importance of starting with mindset



HELL ISN'T A PLACE,
IT'S OTHER PEOPLE



“EVERYTHING STARTS WITH THE INDIVIDUAL BECAUSE ALL MEANINGFUL CHANGE COMES FROM THE *INSIDE-OUT*. SYSTEMIC ORGANIZATIONAL CHANGE CAN’T HAPPEN WITHOUT CHANGES IN INDIVIDUAL BEHAVIOR.”

STEPHEN R. COVEY

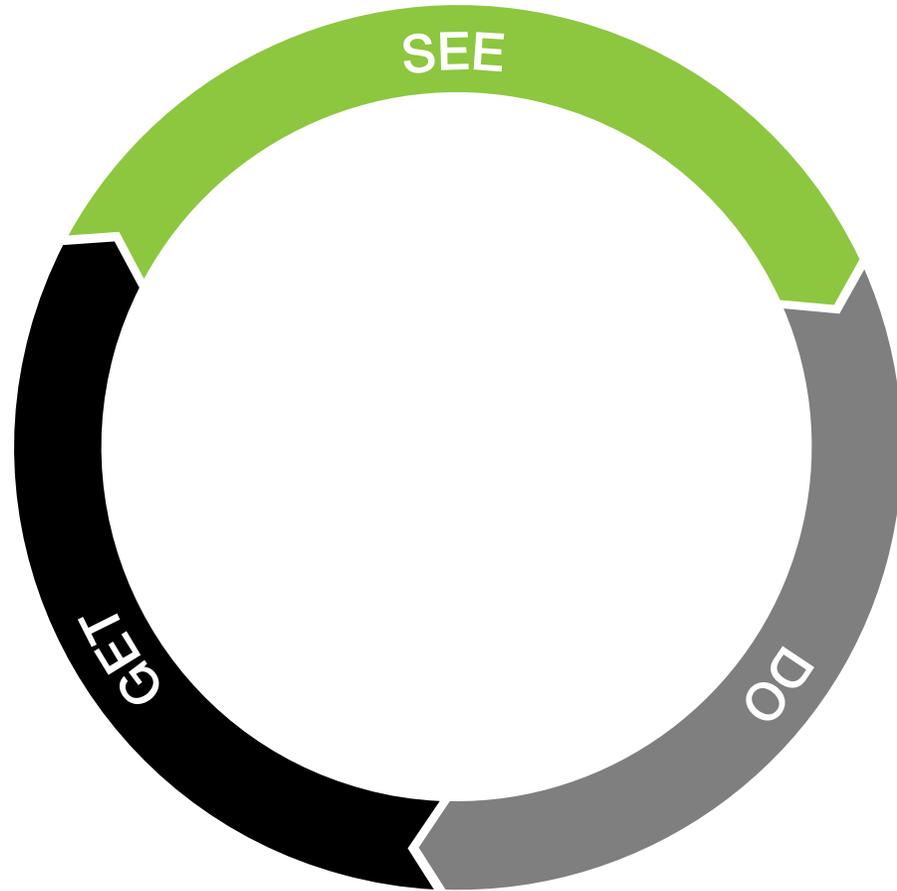


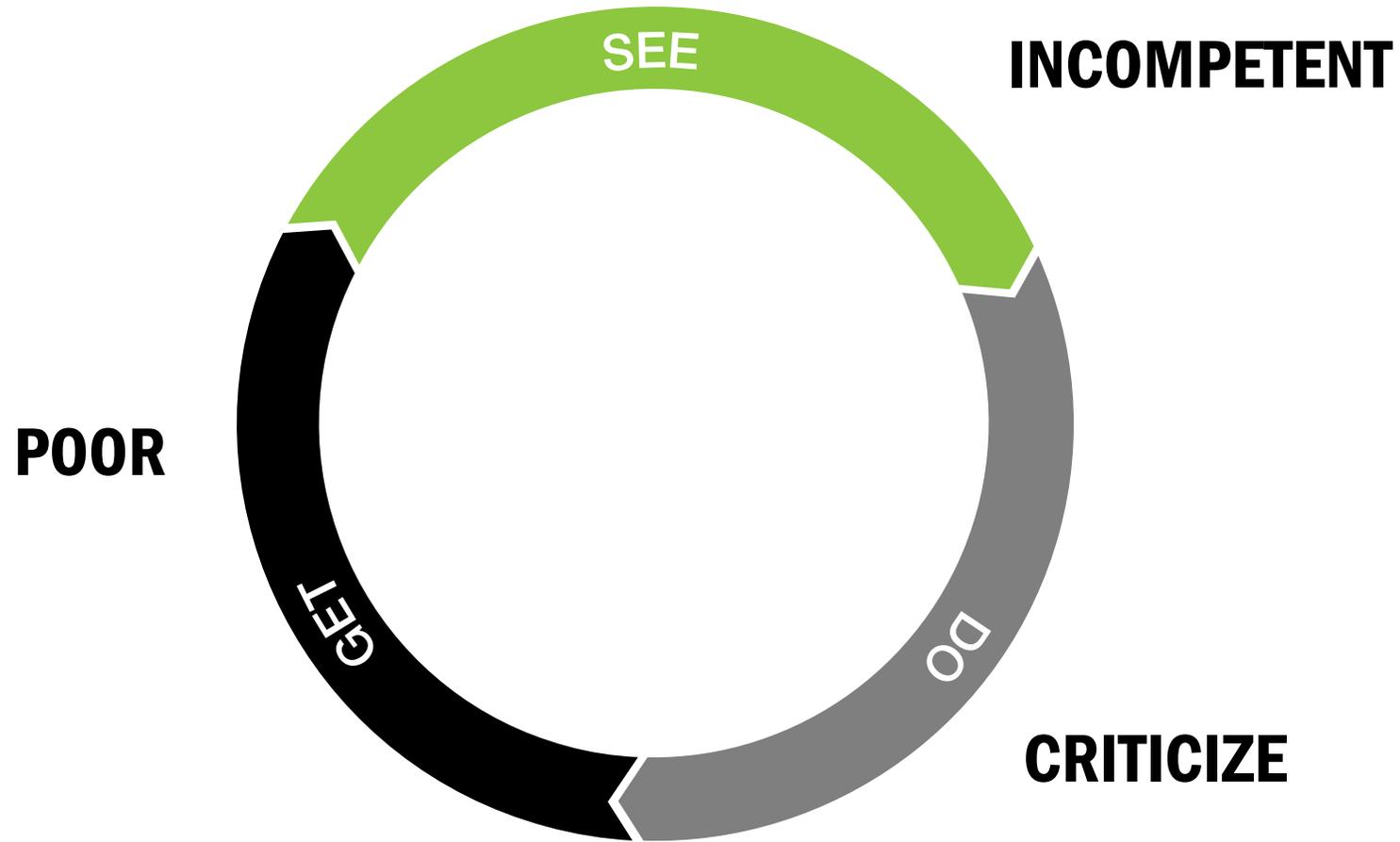


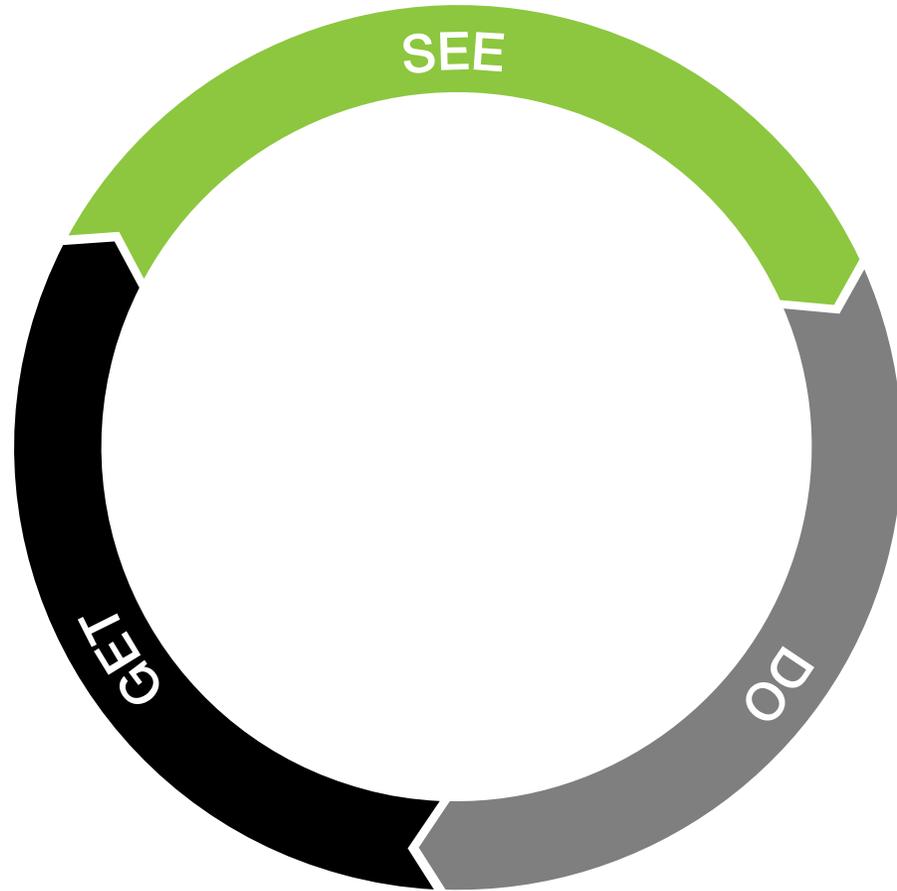
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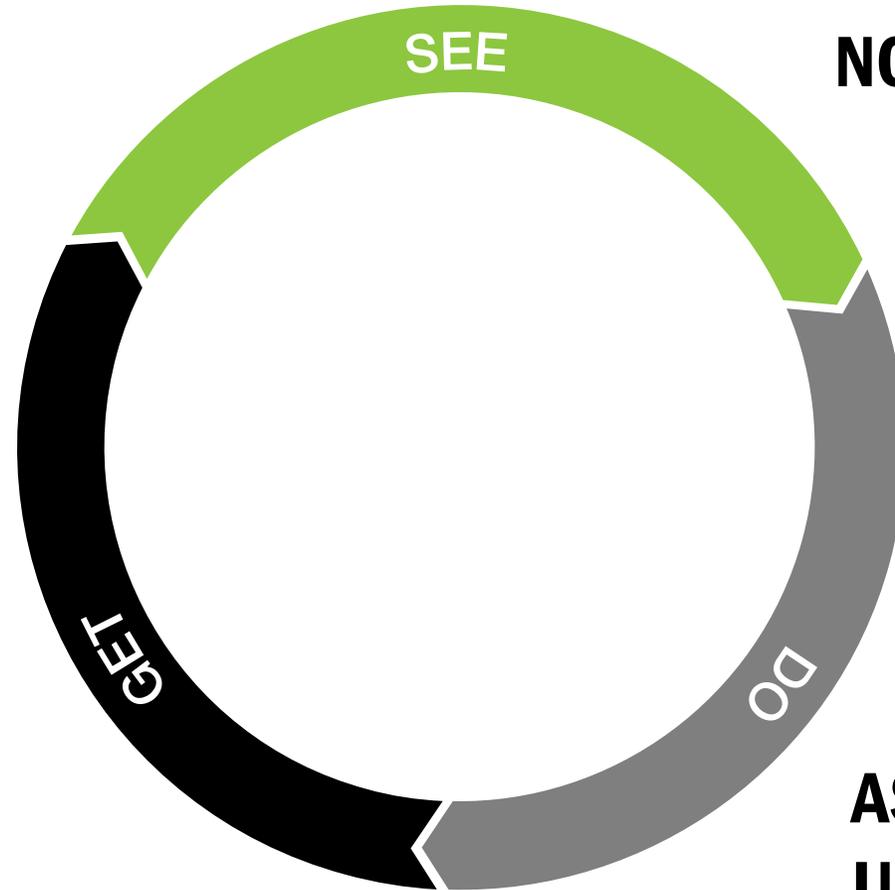






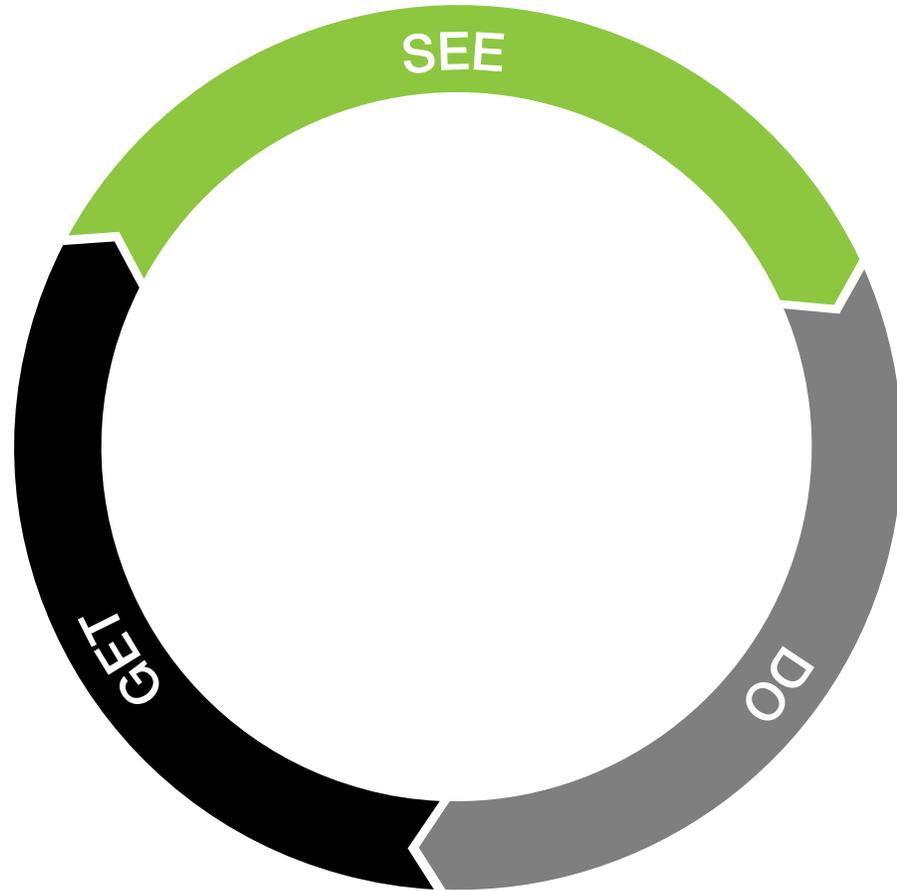


OFTEN WRONG

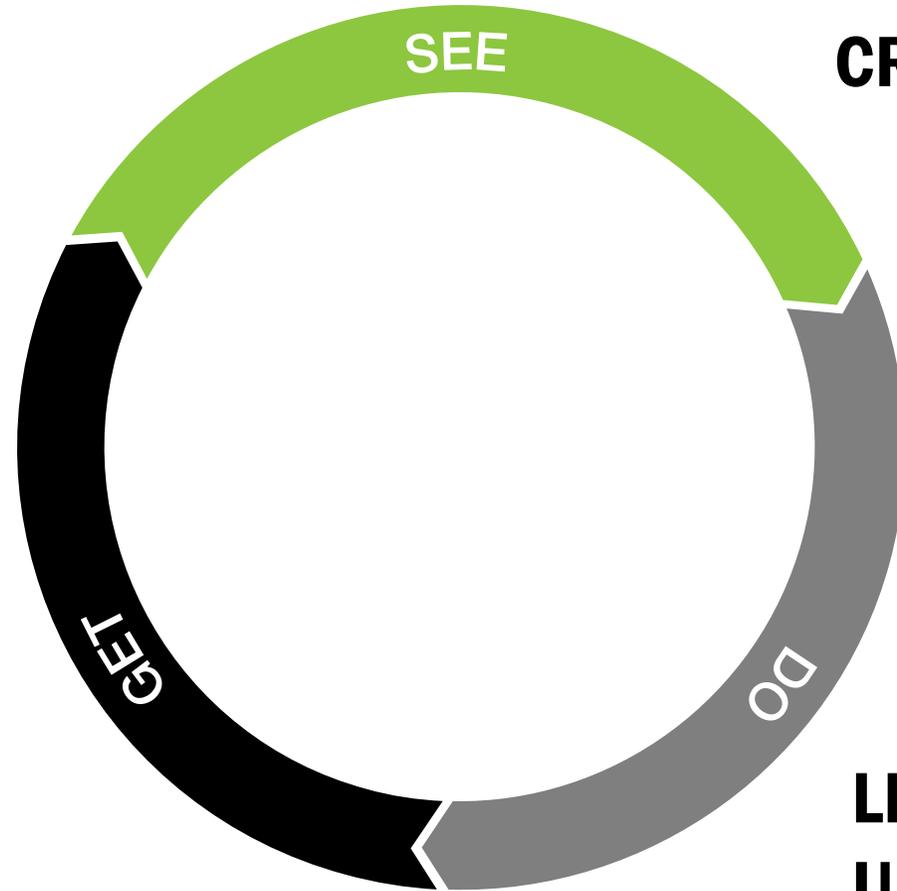


NOT IMPORTANT

ASSUME I KNOW OR UNDERSTAND



**PROVIDE A MORE
HELPFUL RESPONSE**



CRITICAL SKILL

**LEARN TO REALLY
UNDERSTAND**

