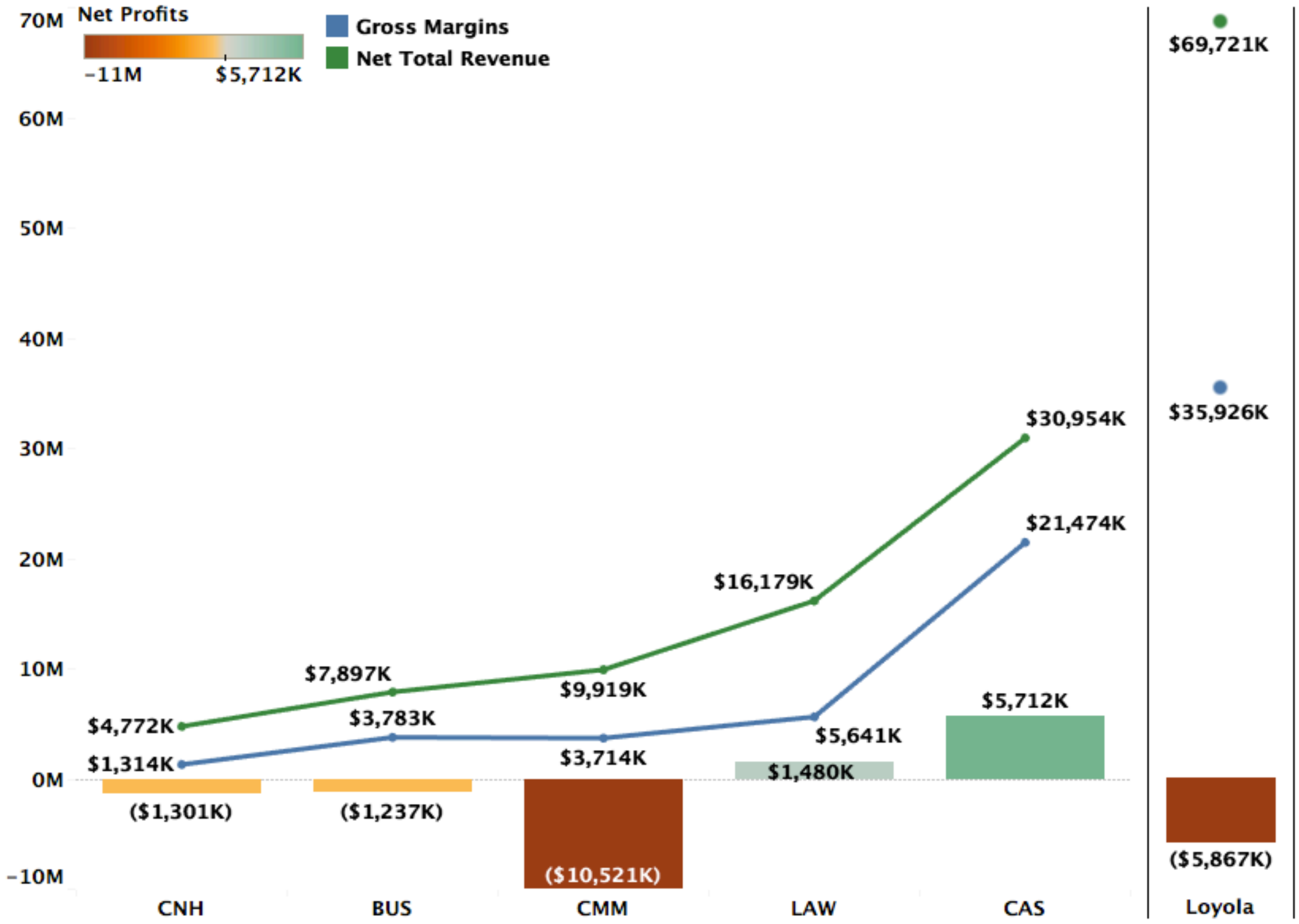
FY21 PROJECTED PROFITABILITY ANALYSIS

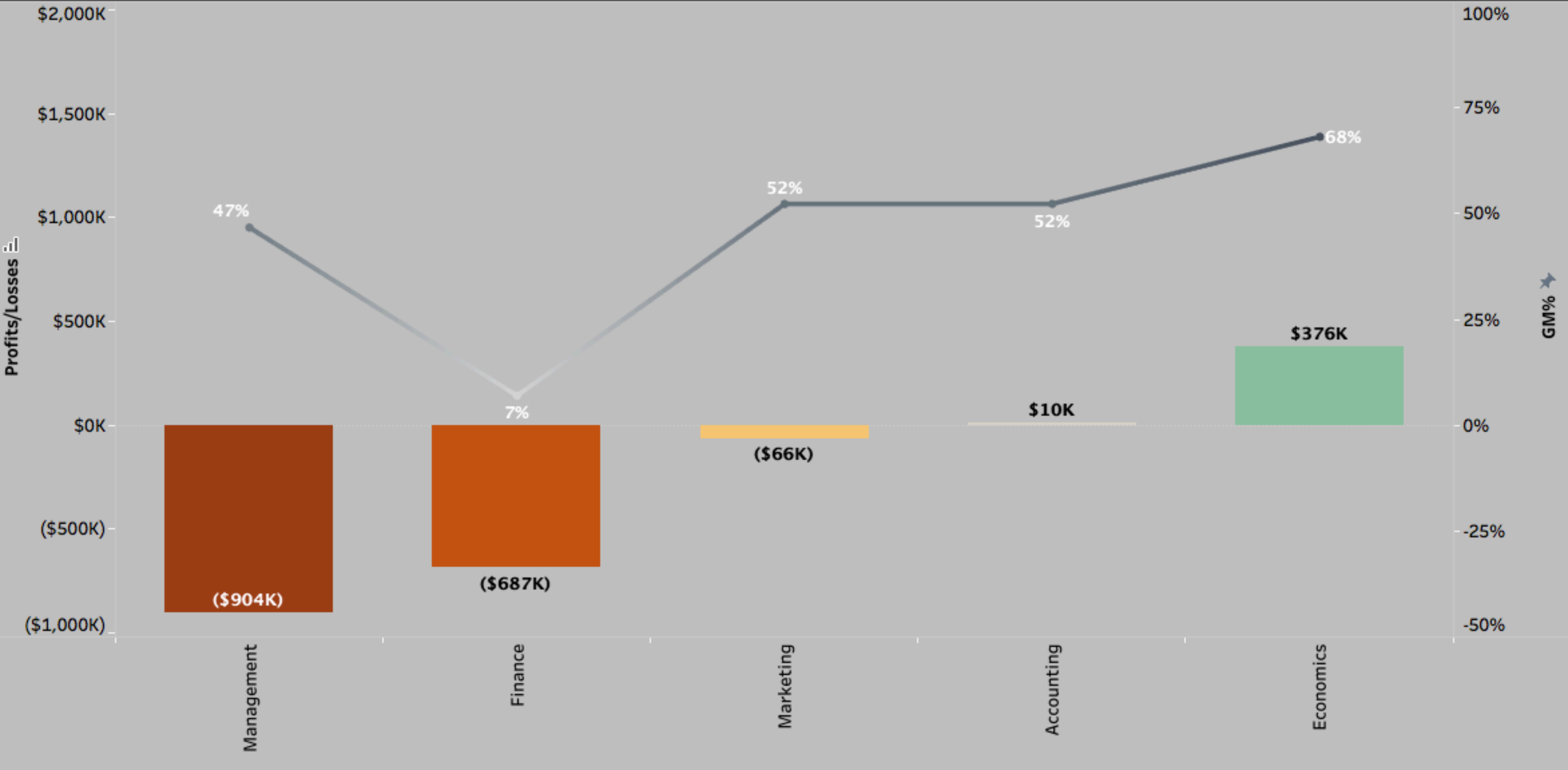
College of Business,

LOYOLA UNIVERSITY, NEW ORLEANS

Profitability by College FY21 Projections



Profitability and GM% by Department (FY21 Projections)



DEFINITIONS

Total Revenue (TR): TR includes revenue for courses taught by the faculty of a department across all three terms, distributed revenue for courses that do not belong to a specific department, and distribution of revenues from courses of programs like Study Abroad that do not have any assigned faculty.

Avg. TR per credit (FY20) for Fall and Spring semesters is $577

Gross Margins (GM): GM = TR – Direct Costs. Direct costs include salaries, operating costs, and fringe benefits.

Avg. GM% for FY20 = 54%

Profitability = GM – Indirect Costs + Indirect Revenues. Indirect costs refer to administration costs, auxiliary costs, or college level costs distributed over departments of the specific college. Indirect revenues include auxiliary revenues, dorm revenues, and revenue from other sources.

Methodology FY21 Projections

FY21 Revenue Projections: Revenue projections are based on Fall 2020 enrollments and projected Spring retention rate. FY20 summer revenues are used as proxy for the FY21 summer term.

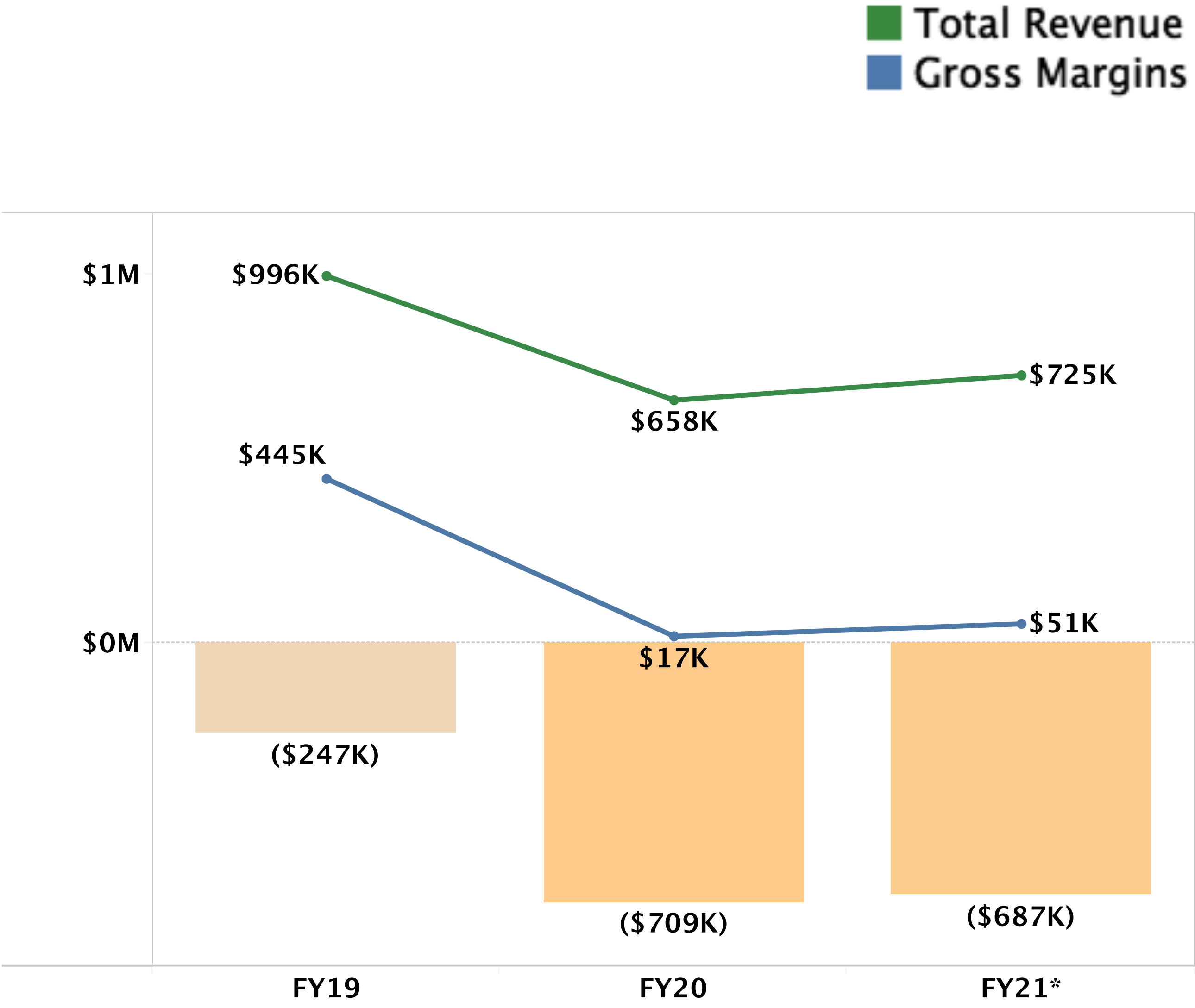
Direct Costs: Direct costs include salaries and operating costs from department budgets. FY20 fringe benefits are used as a proxy for FY21 fringe benefits.

Indirect Costs: Indirect costs in FY20 and FY21 have been higher than previous years and is reflected in department-level profitability. FY21 is also estimated to bring in lower Auxiliary revenues.

DEPARTMENTS WITH WORSENING FINANCIAL PERFORMANCE

Finance

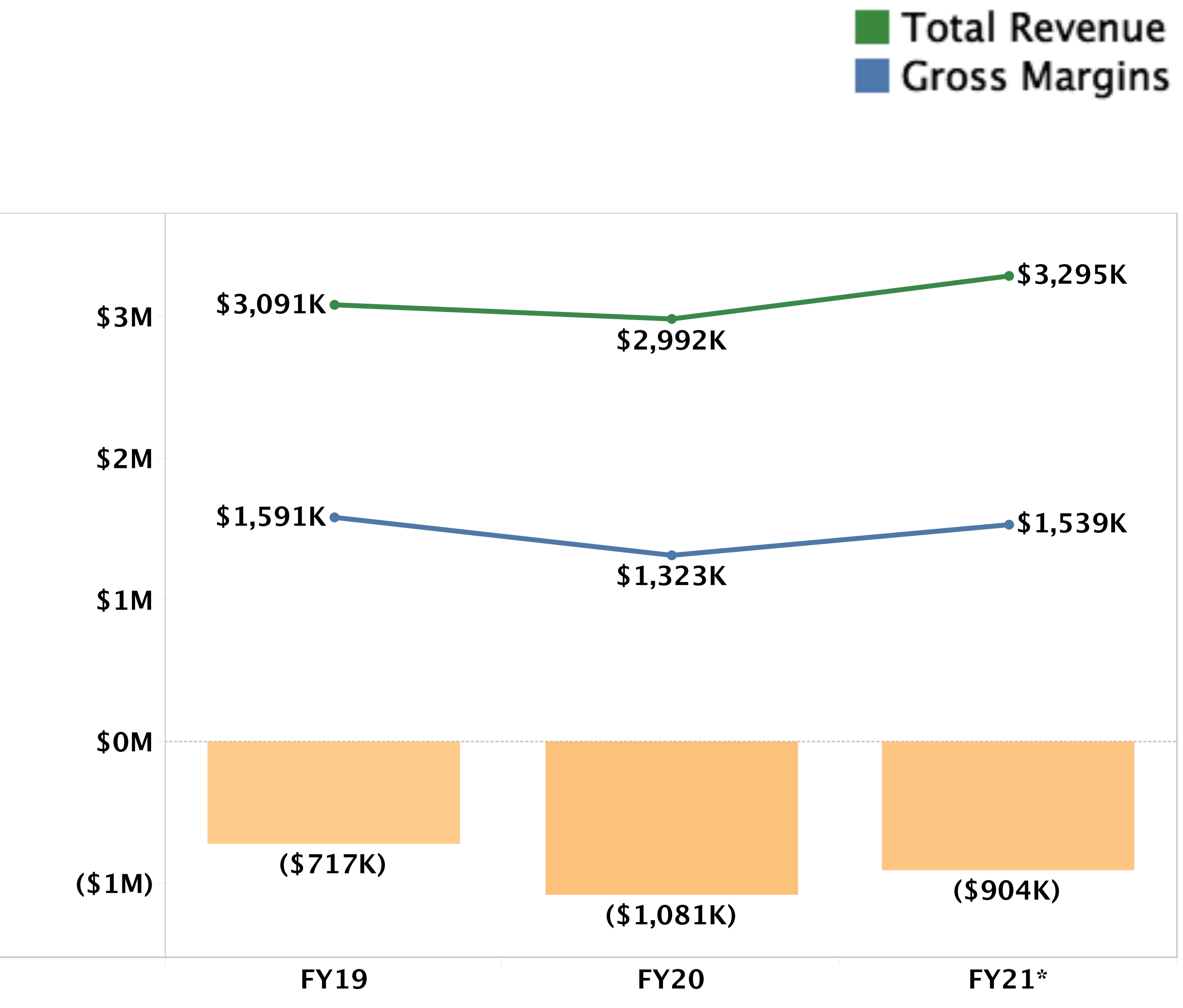
- Finance had a steep decline in TR in FY20 leading to a big drop in GM from 39% in FY19 to 7% in FY21 due to the largely fixed nature of its direct costs.
- Their TR/Credit declined from $619 in FY19 to $475 in FY20. Without a significant change in # credits taken, the TR decline is primarily driven by high discount rates. As such, the strategy to increase enrollments with higher discounts has not paid dividends.



DEPARTMENTS WITH IMPROVING FINANCIAL PERFORMANCE

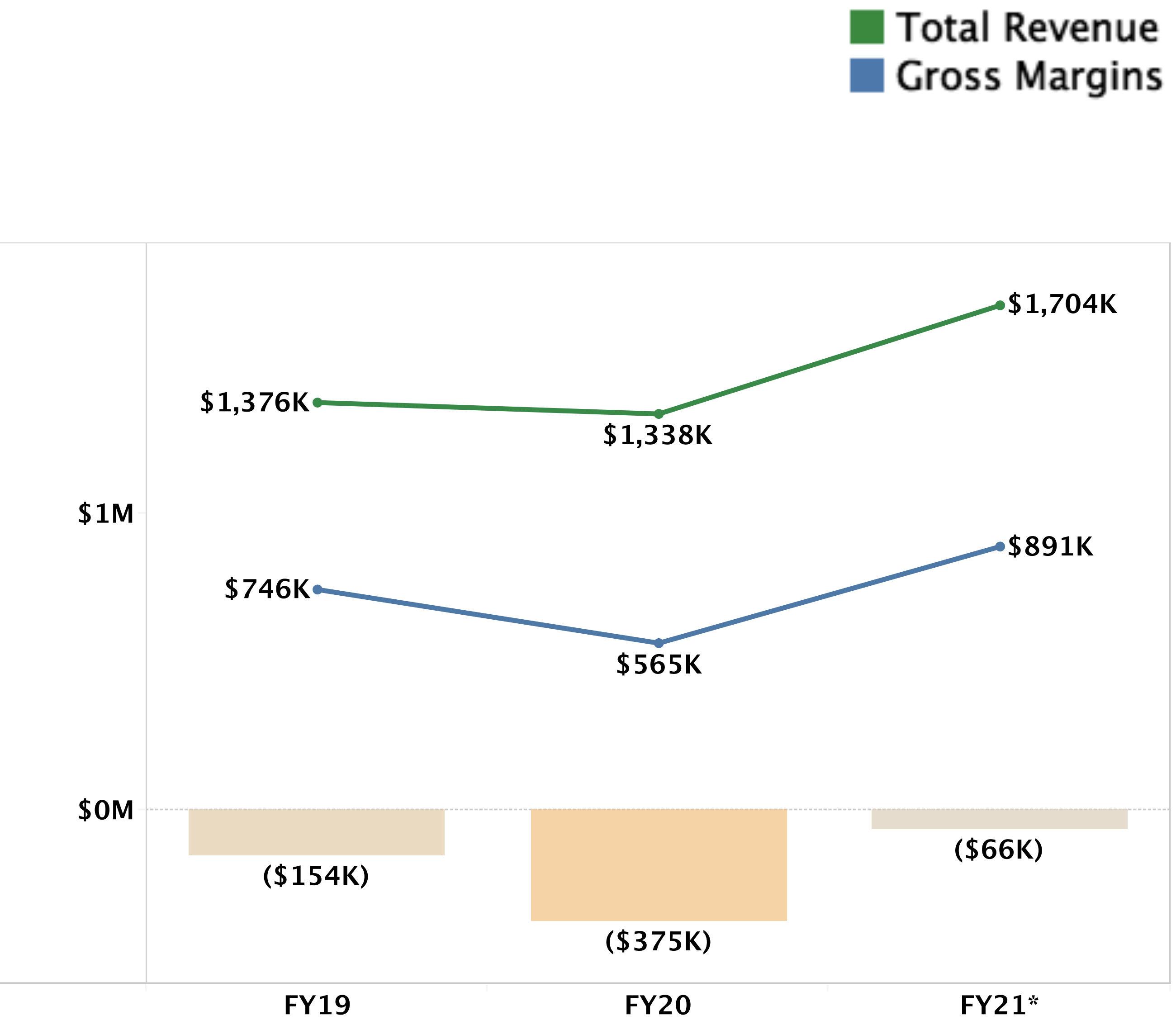
Management

- Management's TR has seen an increase from FY19 to FY21's projection, with fluctuations in profitability primarily driven by changes in Gross Margins each year.
- The TR/Credit for Management decreased from $544 in FY19 to $528 in FY20 signifying higher than average discount rates



Marketing

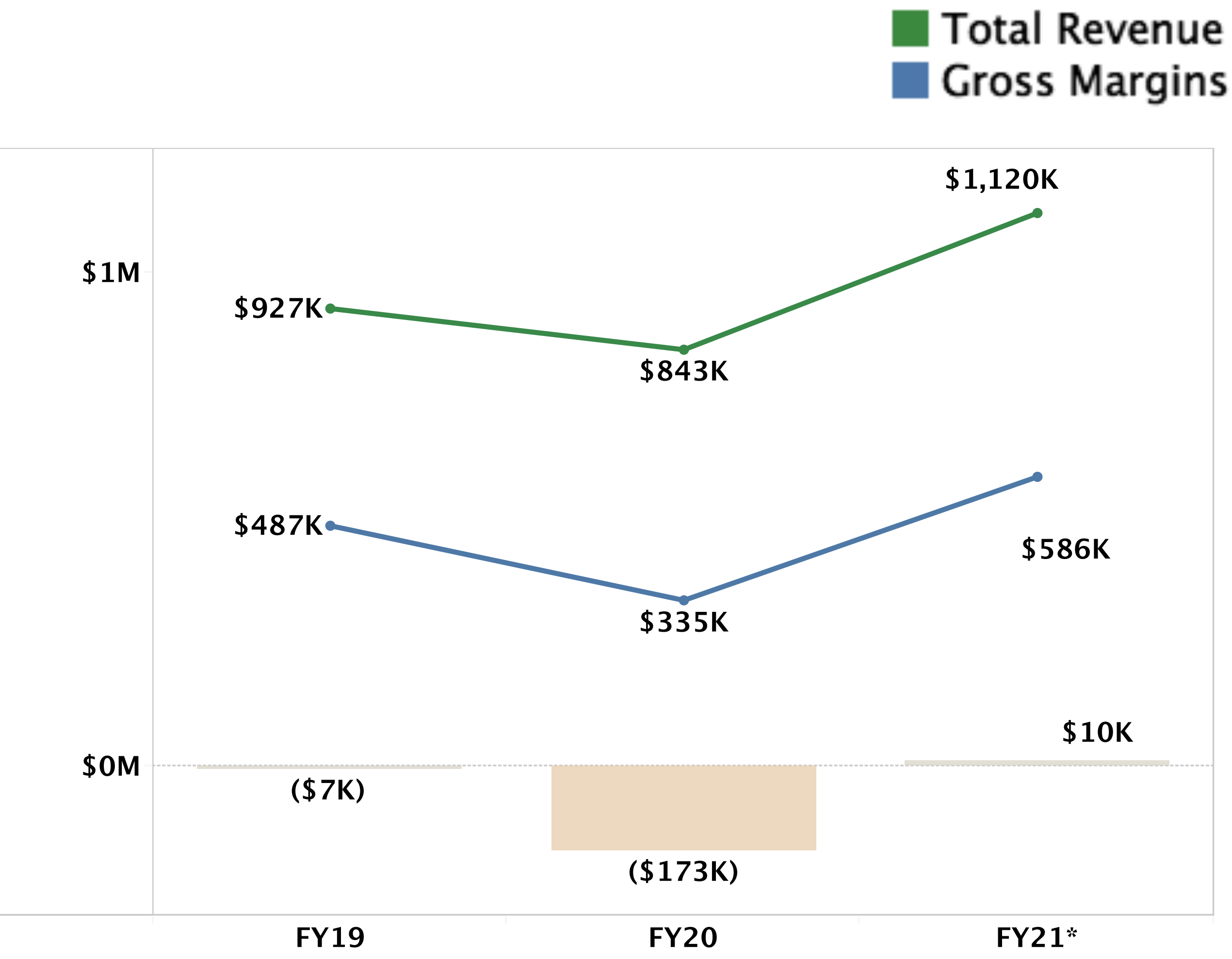
- A healthy enrollment-driven projected increase in TR for Marketing is likely to reduce the losses for the department to $60K in FY21.
- Steeper discount rates seem to correlate with this increase in TR. TR/Credit = $569 in FY19 and $525 in FY20, while # credits increased from 2040 to 2316. This growth will have to be balanced with lower discount rates.



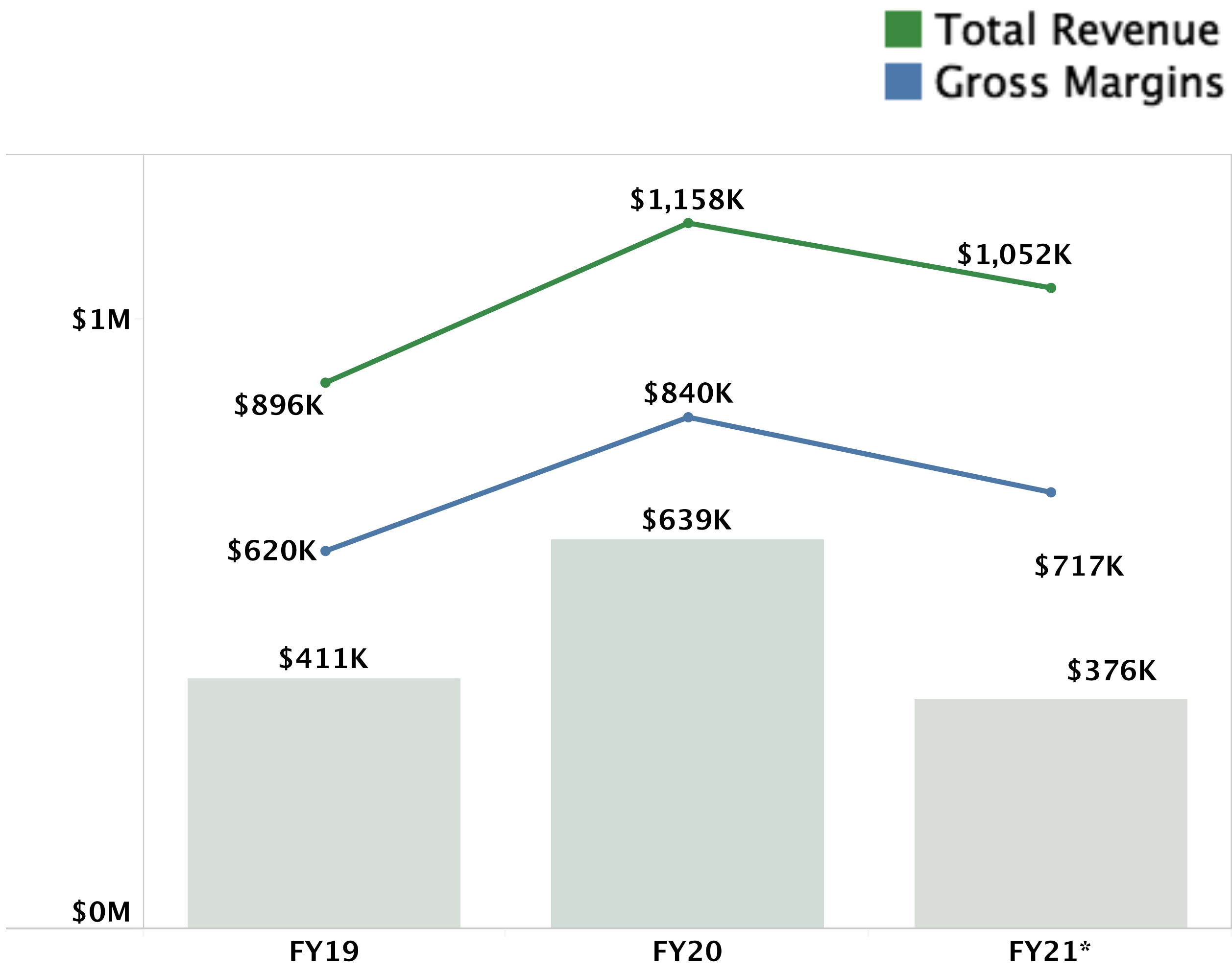
PROFITABLE DEPARTMENTS

Accounting and Economics

Accounting



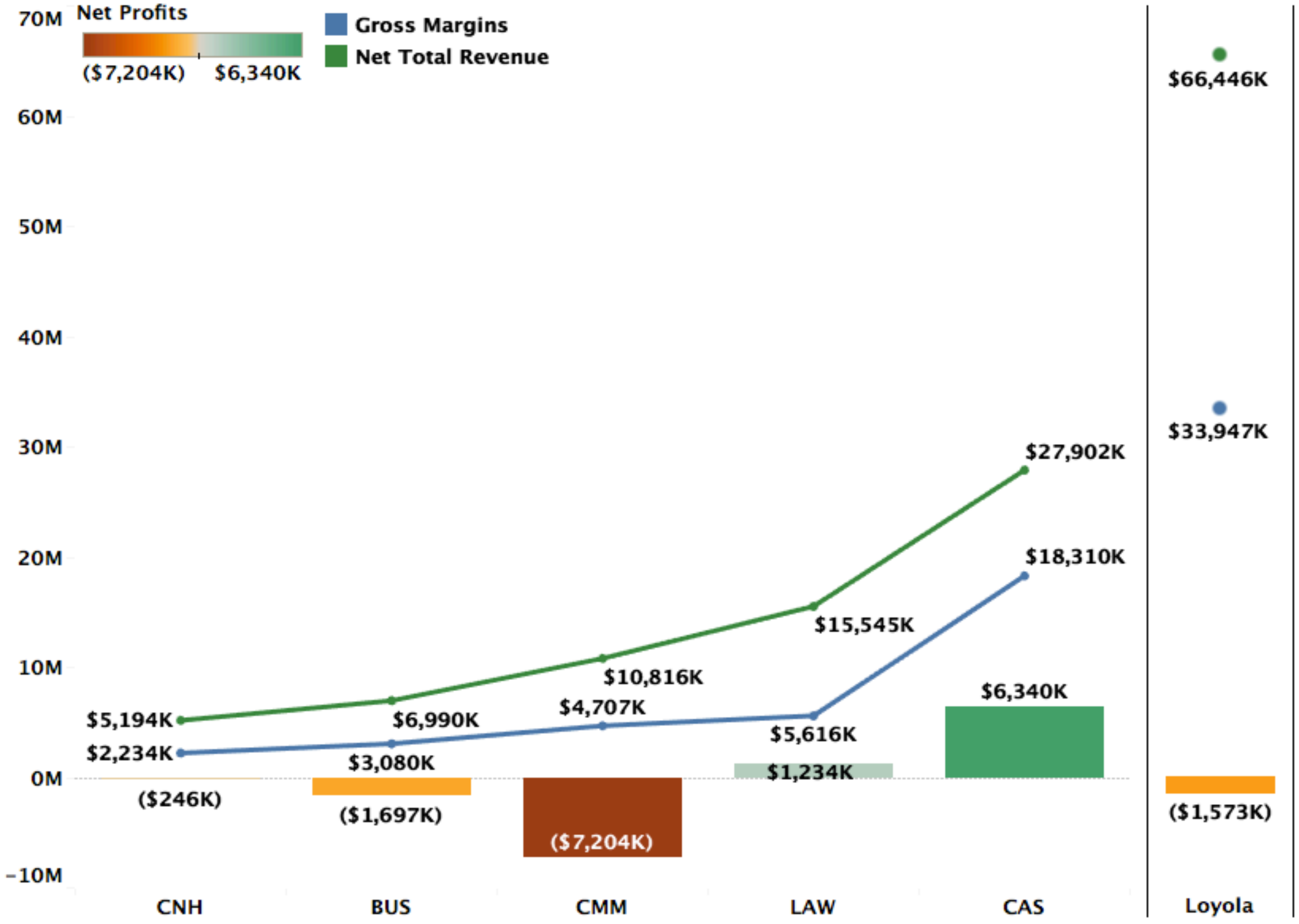
Economics



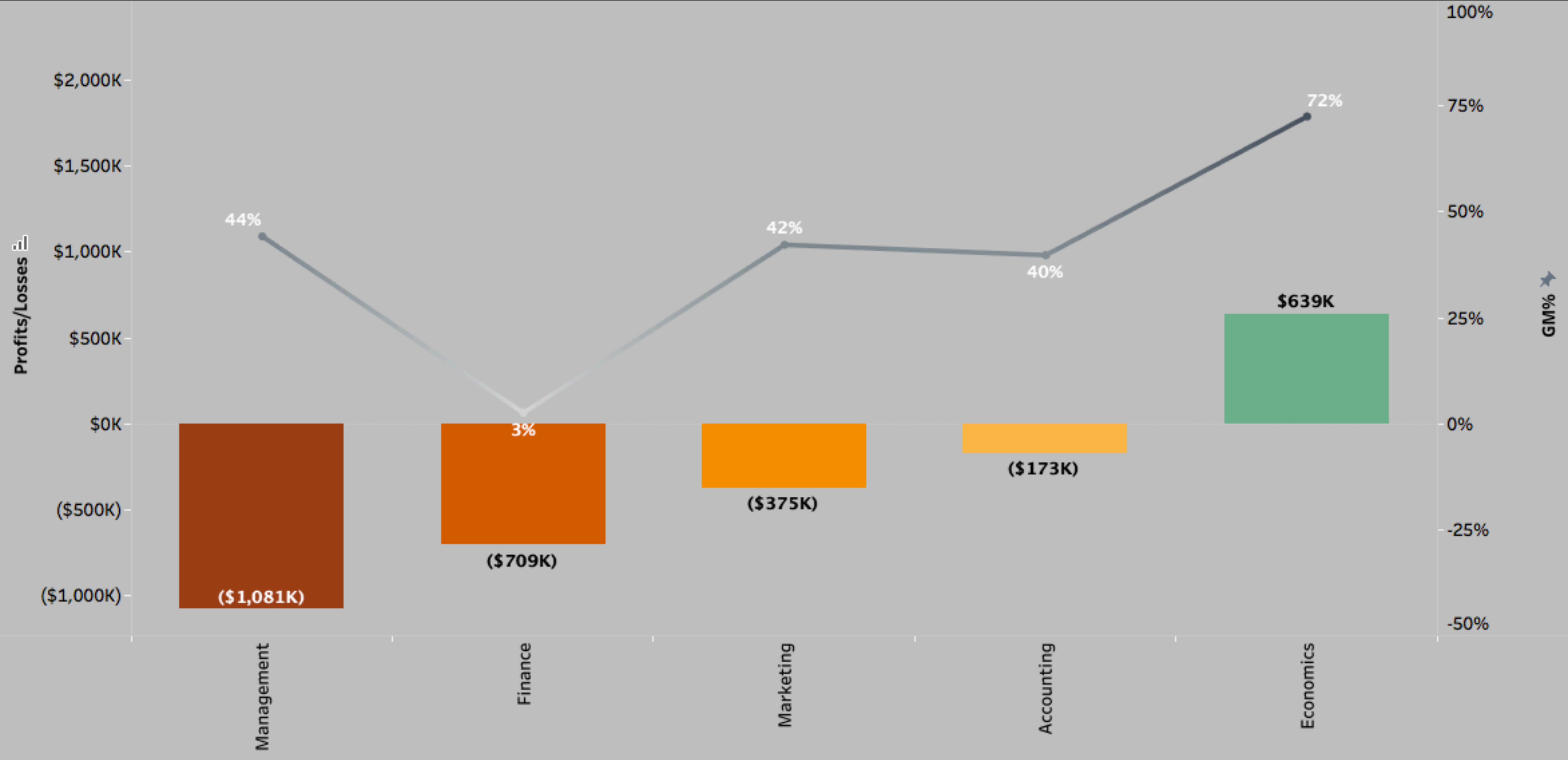
Appendix

(FY19 and FY20)

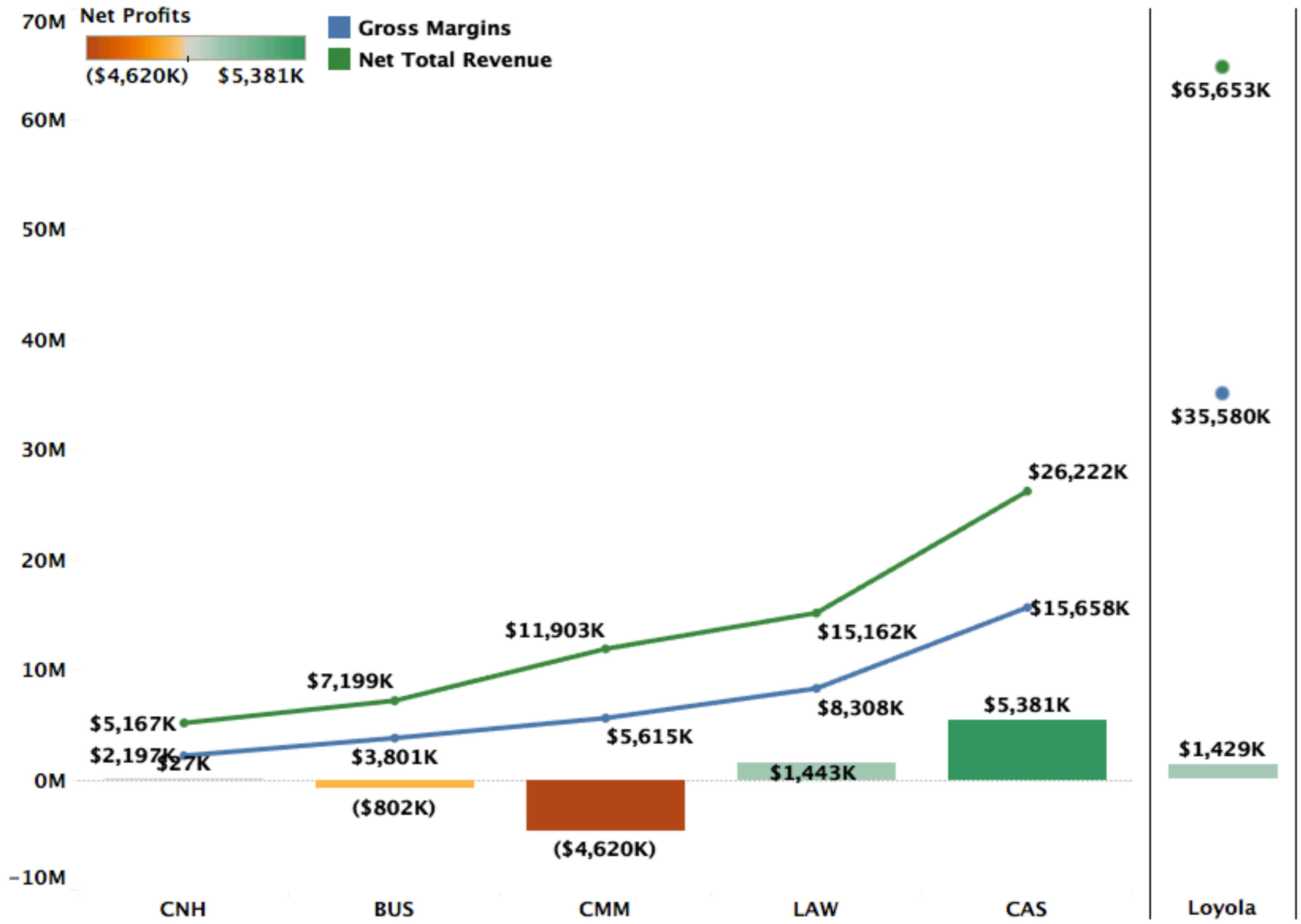
Profitability by College FY20 Actuals



Profitability and GM% by Department (FY20 Actuals)



Profitability by College FY19 Actuals



Profitability and GM% by Department (FY19 Actuals)