

# Perdoceo (PRDO): EV/EBITDA 5.4x and EV/FCF 6.5x Despite 38.0% FCF Growth

PRDO | Perdoceo Education Corporation | Consumer Defensive | Education & Training Services | FY 2025 | 2026-06-12T11:59:03.415Z

At EV/EBITDA of 5.4x and EV/FCF of 6.5x with a 10.0% FCF yield, PRDO is priced for reversion toward its 5Y revenue growth of 4.7% even as latest revenue growth of 24.2% and FCF growth of 38.0% indicate near-term acceleration.

SIGNALCORE VIEW	SIGNAL SCORE	FUNDAMENTAL QUALITY	EXPANSION POTENTIAL	THESIS RISK
<b>Low priority candidate</b>	<b>50 / 100</b>	<b>68 / 100</b>	<b>0 / 100</b>	<b>0 / 100</b>
Low Priority Candidate				

**PRIMARY DEBATE** — The debate is whether latest revenue growth of 24.2% and free cash flow growth of 38.0% represent a durable step-up from the 5Y revenue growth of 4.7% and 5Y FCF growth of 9.1%. Evidence: EPS growth of 9.8% is near the 5Y EPS growth of 9.2%. Interpretation: earnings have not accelerated at the same pace as revenue. Implication: valuation at EV/EBITDA of 5.4x reflects uncertainty about sustainability rather than balance sheet risk.

## INVESTMENT NARRATIVE

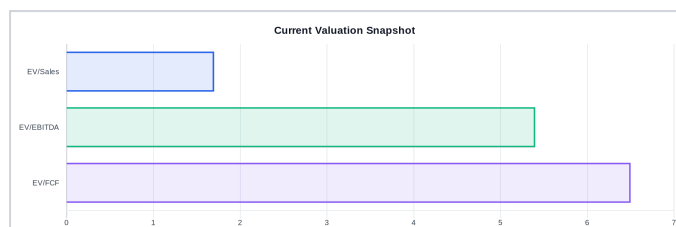
<b>Archetype</b>	<b>Quality cash generator priced for stagnation amid guidance skepticism</b>	<p><b>Core Tension:</b> Is the recent acceleration in revenue and FCF durable or a one-off spike that will revert to the 5Y growth trend?</p> <p><b>Market Assumption:</b> Recent growth is transitory; long-term growth will revert to mid-single digits, so a low multiple is appropriate despite near-term beats.</p> <p><b>Trajectory:</b> Fundamentals have recently accelerated (24.2% revenue growth, 38% FCF growth) while valuation remains discounted; continued beats and stable/raised guidance could drive valuation reassessment, but a reversion toward 5Y growth would sustain the current multiple.</p> <p><b>Mispricing Hypothesis:</b> The market is anchored to the 5Y slow-growth profile and discounts sustainability, overlooking consistent beats, supported cash generation, and a net-cash balance sheet; if elevated growth proves durable, the current EV/FCF ~6.5 and ~10% FCF yield understate intrinsic value.</p>
<b>Company Type</b>	<b>For-profit higher education provider (online/campus hybrid)</b>	
<b>Key Monitoring Metric</b>	<b>Quarterly revenue growth (y/y) versus prior 5Y trend</b>	

## EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTING EVIDENCE
Low valuation: EV/EBITDA ~5.38 and EV/FCF ~6.47 with ~10% FCF yield signal skepticism about durability	Execution strength: 100% EPS Beat Rate and 100% Revenue Beat Rate
5Y Revenue Growth 4.7% vs Latest Revenue Growth 24.2% suggests the current pace is atypical	supported cash generation: FCF Growth 38% alongside ~10% FCF Yield
Latest EPS Growth 9.8% is close to 5Y EPS Growth 9.2%, implying no step-change in profitability despite revenue acceleration	Balance sheet strength: Net Debt/EBITDA -2.95x (net cash), reducing risk and supporting durability
Narrative cluster: earnings_guidance focus implies the market keys off cautious outlooks rather than reported beats	Quality returns: ROE 17.2% and ROIC 13.5%

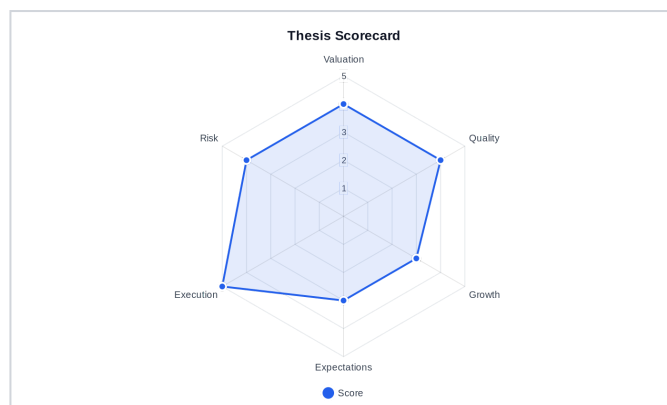
## SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>4</b>
SUPPORTED	SUPPORTED	MIXED	MIXED	SUPPORTED	ELEVATED	SUPPORTED



#### CURRENT VALUATION SNAPSHOT

Current multiples are shown separately from historical fiscal-year trend metrics.



#### THEESIS SCORECARD RADAR

Evidence scores summarise valuation, quality, growth, expectations, execution, and risk.

### KEY METRICS

CURRENT EV/EBITDA	CURRENT EV/FCF	FCF YIELD	ROIC	REVENUE GROWTH	EPS GROWTH	FCF GROWTH	EPS BEAT RATE
<b>5.4x</b>	<b>6.5x</b>	<b>10.0%</b>	<b>13.5%</b>	<b>24.2%</b>	<b>9.8%</b>	<b>38.0%</b>	<b>100.0%</b>

### EXECUTIVE SUMMARY

<b>Core Tension</b>	Is the recent acceleration in revenue and FCF durable or a one-off spike that will revert to the 5Y growth trend?
<b>Market Assumption</b>	Recent growth is transitory; long-term growth will revert to mid-single digits, so a low multiple is appropriate despite near-term beats.
<b>Current Pricing</b>	At a price of \$35.31 and market cap of \$2.2B, the company trades at EV/Sales of 1.7x, EV/EBITDA of 5.4x, EV/FCF of 6.5x, earnings yield of 7.7%, and FCF yield of 10.0%.
<b>Valuation</b>	Current EV/EBITDA of 5.4x and EV/FCF of 6.5x are paired with ROIC of 13.5% and free cash flow yield of 10.0%.
<b>Quality</b>	ROE of 17.2%, ROIC of 13.5%, income quality of 1.3, and net debt to EBITDA of -2.9x indicate disciplined capital use and net cash.
<b>Growth</b>	Latest revenue growth of 24.2% exceeds the 3Y average of 7.4% and 5Y average of 4.7%, indicating acceleration.
<b>Cash Flow</b>	Free cash flow growth of 38.0% exceeds the 3Y average of 21.5% and 5Y average of 9.1%.
<b>Execution</b>	Over 8 quarters, EPS beat rate is 100% and revenue beat rate is 100%, with average EPS surprise of 6.4% and revenue surprise of 2.2%.
<b>Primary Monitor</b>	Can Revenue Growth remain above the 3Y average of 7.4%?

### THEESIS DRIVERS

SUPPORTING DRIVERS			CONSTRAINTS / MONITORS		
1	EPS Beat Rate	<b>100.0%</b>			
2	FCF Growth	<b>38.0%</b>			
3	Revenue Growth	<b>24.2%</b>			
4	ROIC	<b>13.5%</b>			
5	FCF Yield	<b>10.0%</b>			
6	EPS Growth	<b>9.8%</b>			

### COMPANY & BUSINESS MODEL

Perdoceo Education Corporation (PRDO) is a provider of higher education services in the United States, delivering its programs through online, campus-based, and hybrid learning models. The company's operations are divided into two main segments: Colorado Technical University and American InterContinental University. It offers a broad range of career-focused academic programs, including business and management, nursing, healthcare administration, computer science, engineering, information systems and technology, project management, cybersecurity, and criminal justice. Additionally, it provides studies in general business, information technologies, education, and health sciences. Beyond its educational offerings, Perdoceo also utilizes innovative learning tools, such as its proprietary personalized learning platform called intellipath, along with a dedicated mobile application and a two-way messaging system. As of December 31, 2021, the institution enrolled approximately 40,400 students. Established in 1994, the company was formerly known as Career Education Corporation before officially changing its name to Perdoceo Education Corporation in January 2020. Its corporate headquarters are located in Schaumburg, Illinois.

## INVESTMENT THESIS

Perdoceo Education, a for-profit higher education provider serving approximately 40,400 students, trades at EV/EBITDA of 5.4x and EV/FCF of 6.5x with a free cash flow yield of 10.0% on an enterprise value of \$1.4B. Evidence: latest revenue growth was 24.2% versus a 5Y average of 4.7%, and free cash flow growth was 38.0% versus a 5Y average of 9.1%. Interpretation: the operating trajectory has accelerated relative to its long-term profile. Implication: the current multiple implies skepticism that this acceleration is durable and instead assumes reversion toward mid-single-digit growth. Quality metrics complicate the stagnation narrative. Evidence: ROE is 17.2%, ROIC is 13.5%, income quality is 1.3, and net debt to EBITDA is -2.9x with a current ratio of 4.8 and working capital of \$592.2M. Interpretation: the company generates returns above its 5Y average ROIC of 12.7% while maintaining a net cash balance sheet. Implication: the balance sheet reduces financial risk and supports the durability of cash generation, challenging the assumption that current growth is purely transient. The core tension centers on whether 24.2% revenue growth and 38.0% FCF growth represent a new baseline or a one-off spike. Evidence: latest EPS growth is 9.8%, close to the 5Y EPS growth of 9.2%, and net income growth is 8.4%. Interpretation: profitability growth has not stepped up to the same degree as revenue growth. Implication: the market's caution may reflect the absence of margin expansion despite top-line acceleration, consistent with EV/Sales of 1.7x and earnings yield of 7.7% embedding modest long-term growth expectations. Cash generation supports the acceleration case. Evidence: operating cash flow growth was 39.4% and free cash flow growth was 38.0%, while capex growth was -85.4% and capex to revenue is 1.0%. Interpretation: operating cash flow growth is converting into free cash flow growth, and capex is not absorbing incremental cash. Implication: if operating cash flow growth remains above its 3Y average of 19.7%, the 6.5x EV/FCF multiple may be conservative relative to the current cash profile. Historical valuation context shows partial normalization. Evidence: fiscal-year latest EV/EBITDA was 7.1x versus a 3Y average of 6.8x and a 5Y average of 5.8x, while latest EV/FCF was 8.6x versus a 3Y average of 10.0x and a 5Y average of 7.9x. Interpretation: multiples have fluctuated with growth cycles, and the current 5.4x EV/EBITDA sits below the fiscal-year 7.1x level. Implication: the present valuation reflects caution relative to recent fiscal-year multiples despite ROIC of 13.5% exceeding the 3Y average of 12.3%. Based on ROE of 17.2%, ROIC of 13.5%, free cash flow yield of 10.0%, and net debt to EBITDA of -2.9x, PRDO aligns most closely with a Compounder classification rather than a cyclical recovery. Interpretation: steady returns on capital combined with recurring cash generation from career-focused programs support a cash-generative model. Implication: the key question is not survival or turnaround, but whether growth reverts to the 5Y revenue average of 4.7% or sustains above the 3Y average of 7.4%.

## INVESTABLE DEBATE

The debate is whether latest revenue growth of 24.2% and free cash flow growth of 38.0% represent a durable step-up from the 5Y revenue growth of 4.7% and 5Y FCF growth of 9.1%. Evidence: EPS growth of 9.8% is near the 5Y EPS growth of 9.2%. Interpretation: earnings have not accelerated at the same pace as revenue. Implication: valuation at EV/EBITDA of 5.4x reflects uncertainty about sustainability rather than balance sheet risk.

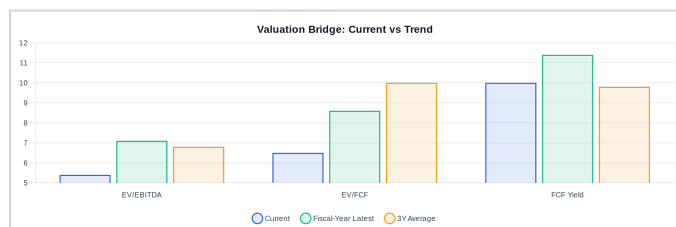
## MARKET EXPECTATIONS

At a price of \$35.31 and market cap of \$2.2B, the company trades at EV/Sales of 1.7x, EV/EBITDA of 5.4x, EV/FCF of 6.5x, earnings yield of 7.7%, and FCF yield of 10.0%. Evidence: these multiples sit near or below historical averages such as a 5Y average EV/EBITDA of 5.8x and 3Y average EV/FCF of 10.0x. Interpretation: the market is pricing stable but unspectacular growth with limited terminal expansion. Implication: continuation of 24.2% revenue growth would exceed what these multiples imply.

## CURRENT VALUATION VS HISTORICAL TREND

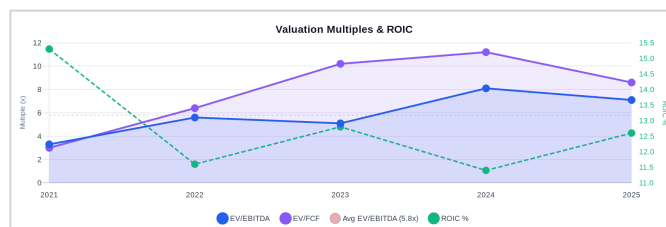
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	5.4x	7.1x	6.8x	5.8x
EV/FCF	6.5x	8.6x	10.0x	7.9x
FCF Yield	10.0%	11.4%	9.8%	13.1%

Current EV/EBITDA is 5.4x, while fiscal-year trend data shows latest EV/EBITDA of 7.1x versus a 3Y average of 6.8x. Current EV/FCF is 6.5x, while fiscal-year trend data shows latest EV/FCF of 8.6x versus a 3Y average of 10.0x.



### VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 5.4x, while fiscal-year trend data shows latest EV/EBITDA of 7.1x versus a 3Y average of 6.8x.



### VALUATION MULTIPLES & ROIC OVERLAY

Current EV/EBITDA of 5.4x and EV/FCF of 6.5x are paired with ROIC of 13.5% and free cash flow yield of 10.0%.

## VALUATION ANALYSIS

Current EV/EBITDA of 5.4x and EV/FCF of 6.5x are paired with ROIC of 13.5% and free cash flow yield of 10.0%. Evidence: ROIC exceeds the 3Y average of 12.3%, and FCF growth is 38.0%. Interpretation: capital efficiency and cash growth are not deteriorating. Implication: the current price appears aligned with a scenario of reversion toward mid-single-digit growth rather than sustained double-digit cash expansion.

**QUALITY & CAPITAL EFFICIENCY**

ROE of 17.2%, ROIC of 13.5%, income quality of 1.3, and net debt to EBITDA of -2.9x indicate disciplined capital use and net cash. Evidence: current ratio is 4.8 and working capital is \$592.2M. Interpretation: liquidity is ample for an education provider with low capex intensity of 1.0% of revenue. Implication: financial structure does not constrain growth or cash return capacity.



**QUALITY & RETURN PROFILE**

ROE of 17.2%, ROIC of 13.5%, income quality of 1.3, and net debt to EBITDA of -2.9x indicate disciplined capital use and net cash.

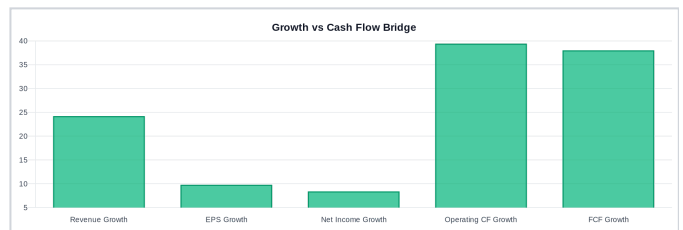
**GROWTH TRAJECTORY**

Latest revenue growth of 24.2% exceeds the 3Y average of 7.4% and 5Y average of 4.7%, indicating acceleration. Evidence: however, EPS growth of 9.8% is close to the 5Y EPS growth of 9.2%, and net income growth is 8.4%. Interpretation: margin expansion has not matched top-line acceleration. Implication: durability of revenue growth must translate into EPS growth above 9.8% to alter the long-term profile.



**HISTORICAL GROWTH TRENDS**

Latest revenue growth of 24.2% exceeds the 3Y average of 7.4% and 5Y average of 4.7%, indicating acceleration.



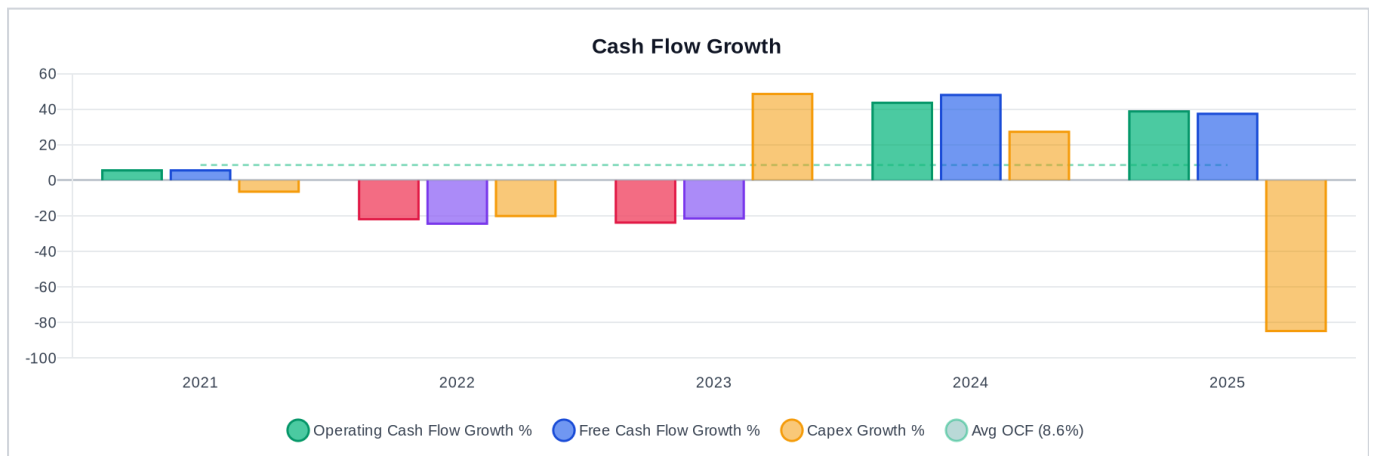
**GROWTH VS CASH FLOW BRIDGE**

Latest revenue growth of 24.2% exceeds the 3Y average of 7.4% and 5Y average of 4.7%, indicating acceleration.

**CASH FLOW GROWTH & CONVERSION**

Free cash flow growth of 38.0% exceeds the 3Y average of 21.5% and 5Y average of 9.1%. Evidence: operating cash flow growth is 39.4%. Interpretation: cash flow trend has accelerated relative to history. Implication: if this level persists, EV/FCF of 6.5x would imply low expectations for cash durability.

Operating cash flow growth of 39.4% and free cash flow growth of 38.0% are both positive, while capex growth is -85.4% and capex to revenue is 1.0%. Interpretation: operating cash expansion is converting into free cash flow rather than being absorbed by investment. Implication: cash conversion supports the 10.0% FCF yield.



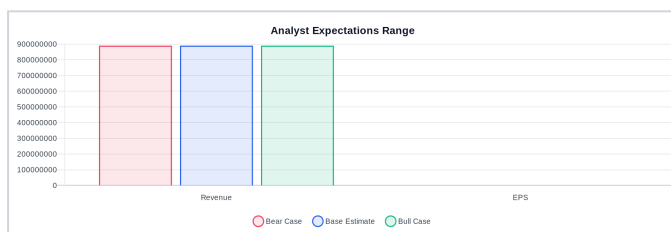
**CASH FLOW GROWTH — OCF, FCF & CAPEX**

Free cash flow growth of 38.0% exceeds the 3Y average of 21.5% and 5Y average of 9.1%.

## ANALYST EXPECTATIONS

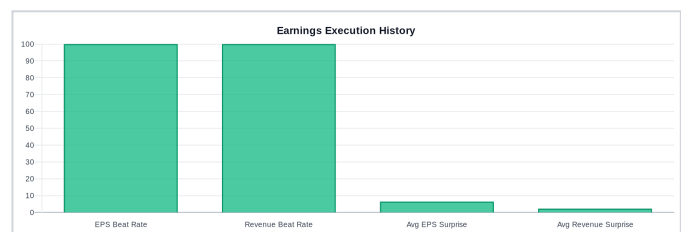
Next Revenue Estimate	\$890.0M
Revenue Bull Case	\$890.0M
Revenue Bear Case	\$890.0M
Next EPS Estimate	3.15
EPS Bull Case	3.15
EPS Bear Case	3.15
Revenue Dispersion	0%
EPS Dispersion	0%
Revenue Coverage	1
EPS Coverage	1

Next revenue estimate is \$890.0M and next EPS estimate is \$3.15, with analyst coverage of 1 for both revenue and EPS and 0% dispersion. Evidence: revenue and EPS bull and bear cases are identical at \$890.0M and \$3.15. Interpretation: expectations are stable but based on limited coverage. Implication: expectations are Reasonable given 24.2% revenue growth but subject to coverage concentration risk.



### ANALYST EXPECTATIONS RANGE

Next revenue estimate is \$890.0M and next EPS estimate is \$3.15, with analyst coverage of 1 for both revenue and EPS and 0% dispersion.



### EXECUTION HISTORY

Over 8 quarters, EPS beat rate is 100% and revenue beat rate is 100%, with average EPS surprise of 6.4% and revenue surprise of 2.2%.

## EXECUTION QUALITY

Quarters Analysed	8
EPS Beat Rate	100.0%
Revenue Beat Rate	100.0%
Avg EPS Surprise	6.4%
Avg Revenue Surprise	2.2%
EPS Beats / Misses	8 / —
Revenue Beats / Misses	8 / —

Over 8 quarters, EPS beat rate is 100% and revenue beat rate is 100%, with average EPS surprise of 6.4% and revenue surprise of 2.2%. Interpretation: execution has consistently exceeded consensus. Implication: historical delivery supports credibility of near-term estimates such as \$3.15 EPS.

A 100% EPS beat rate over 8 quarters combined with 0% estimate dispersion suggests estimates are stable but potentially conservative. Interpretation: repeated beats against a single-analyst consensus indicate limited disagreement. Implication: credibility is supported by execution but constrained by analystCoverageEps of 1.

## BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
<p>If revenue growth remains at 24.2% and free cash flow growth remains at 38.0% while ROIC stays at 13.5%, then sustained cash expansion would not align with EV/FCF of 6.5x and the valuation case would be supported by ongoing double-digit cash generation.</p> <p>Revenue Growth 24.2%    FCF Growth 38.0%</p> <p>EV/FCF 6.5x</p>	<p>If revenue growth moderates toward the 3Y average of 7.4% and EPS growth remains near 9.8% with ROE at 17.2%, then EV/EBITDA of 5.4x would reflect a stable compounder with mid-single-digit expansion.</p> <p>Avg Revenue Growth 3Y 7.4%    EPS Growth 9.8%</p> <p>EV/EBITDA 5.4x</p>	<p>If revenue growth reverts to the 5Y average of 4.7% and free cash flow growth falls toward the 5Y average of 9.1% while EPS growth remains at 9.8%, then a 6.5x EV/FCF multiple would reflect normalization rather than expansion.</p> <p>Avg Revenue Growth 5Y 4.7%</p> <p>Avg FCF Growth 5Y 9.1%    EPS Growth 9.8%</p>

## SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
<b>34%</b>	<b>50%</b>	<b>16%</b>	<b>69 / 100</b>

## 12-24 MONTH CONDITIONAL OUTLOOK

Revenue monitoring should focus on whether growth remains above the 3Y average of 7.4% versus reverting from 24.2%.

EPS growth must exceed the current 9.8% to demonstrate operating leverage beyond the 5Y average of 9.2%.

If EV/EBITDA remains near 5.4x while ROIC stays at 13.5%, the valuation case would depend on sustained FCF growth above 21.5%.

Continuation of a 100% EPS beat rate over additional quarters would reinforce estimate credibility.

If revenue growth remains closer to 24.2% than 4.7%, the discussion would center on durability rather than reversion.

## THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can Revenue Growth remain above the 3Y average of 7.4%?	If Revenue Growth remains at 24.2% for multiple periods, then the reversion assumption toward 4.7% challenged.	If Revenue Growth falls below the 5Y average of 4.7%, then the acceleration narrative fails.
Will Free Cash Flow Growth remain above the 3Y average of 21.5%?	If Free Cash Flow Growth remains above the 3Y average of 21.5%, then EV/FCF of 6.5x would not reflect current cash trend.	If Free Cash Flow Growth falls below the 5Y average of 9.1%, then the cash inflection thesis challenged.
Does ROIC sustain above 12.3% while enrollment remains near 40,400 students?	If ROIC rises above the 5Y average of 12.7% from 13.5%, then capital efficiency would further support the compounder profile.	If ROE falls below the 5Y average of 15.9% from 17.2%, then return stability would be questioned.



### RISK & THESIS MONITOR

Can Revenue Growth remain above the 3Y average of 7.4%?

## RISK ASSESSMENT

DIMENSION	SCORE	LEVEL
Valuation Risk	2 / 5	Low
Growth Risk	3 / 5	Moderate
Execution Risk	1 / 5	Low
Forecast Risk	3 / 5	Moderate
Quality Risk	2 / 5	Low
Overall Risk	4 / 5	Elevated

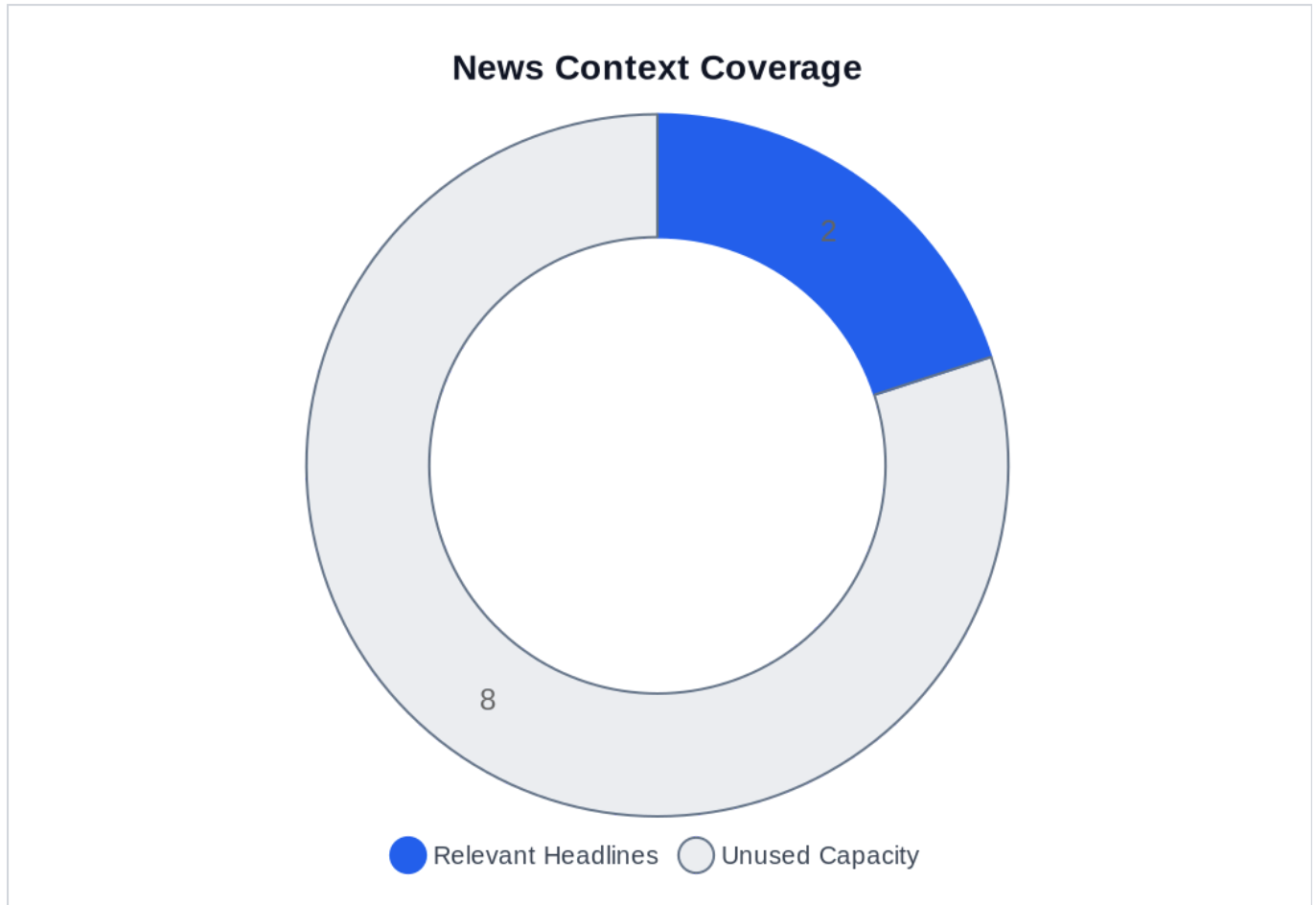
### Composite Risk Score

**2.5 / 5**

- Analyst coverage of 1 increases estimate concentration risk.
- Revenue dispersion of 0% may reflect limited debate rather than certainty.
- Net Debt/EBITDA of -2.9x reduces financial risk but does not offset growth deceleration risk.

**NEWS NARRATIVE**

The headline "Perdoceo Education Corporation Announces First Quarter 2026 Results" is relevant to monitoring Revenue Growth of 24.2% and EPS Growth of 9.8%, but additional evidence is required to determine financial impact.



**NEWS CONTEXT COVERAGE**

Recent relevant coverage clusters around: earnings\_guidance.

**INVESTMENT VIEW**

EVIDENCE BALANCE	CONVICTION	RISK LEVEL	CLASSIFICATION
Positive evidence balance	High	Elevated	Low Priority Candidate

**Core Thesis:** At EV/EBITDA of 5.4x and EV/FCF of 6.5x with a 10.0% FCF yield, PRDO is priced for reversion toward its 5Y revenue growth of 4.7% even as latest revenue growth of 24.2% and FCF growth of 38.0% indicate near-term acceleration.

**Primary Risk:** Revenue Growth declining from 24.2% toward 4.7%.

**Monitor:** Can Revenue Growth remain above the 3Y average of 7.4%?