



HOULIHAN LOKEY

TRAINING & EDUCATION

INDUSTRY UPDATE | Winter 2018



Houlihan Lokey Training & Education Update

Houlihan Lokey is pleased to present its Training & Education Industry Update for Winter 2018.

Since our last issue, the M&A and financing markets have been very active for training & education companies. In this issue, we summarize key events, public trading multiples and deal activity, including numerous Houlihan Lokey-advised transactions. Additionally, we provide an update on deal activity in the cybersecurity training sector, featuring a Spotlight Interview with Tyler Winkler, the CEO of MediaPRO, a leading cybersecurity training player.

Regards,

The Houlihan Lokey Training & Education Team



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Industry Sectors Covered



AUTHORING TOOLS



CLASSROOM TOOLS



CODING BOOT CAMPS



CONTENT



CORPORATE UNIVERSITY



EARLY CHILDHOOD EDUCATION



ED-TECH



FOR-PROFIT



GAMIFICATION



IT



K-12



LEADERSHIP



LMS/LCMS



POST-SECONDARY



PROFESSIONAL



PUBLISHING



SALES



SIMULATION



TECH-ENABLED SERVICES



VOCATIONAL



WORKFORCE

Industry Snapshot

Cybersecurity Awareness Training

Overview of Sector

While cybersecurity software can protect a corporate computer network from external threats, employees often unwittingly expose their companies to cyber threats by falling victim to social engineering scams. These social engineering tactics have grown in recent years and can take many forms, including phishing, pre-texting, CEO fraud, quid pro quo, tailgating, and many more. A company's employees are its weakest line of defense to cybersecurity threats, and the cybersecurity training industry has grown in response to this reality with companies specializing in educating employees on how to make smarter security decisions.

Gartner estimates that the cybersecurity training market is currently \$370 million in size and is projected to grow at a 45% annual rate through 2021 to \$1.5 billion. The dynamic nature of this sector and its rapid growth have led to significant recent M&A activity, as highlighted in the table below.



Precedent Transactions

Closed Date	Target	Investor	Description	Transaction Type
Nov-18	Zeguro	Mosaik Partners	Provides cyber risk management for small and medium-sized enterprises	Minority
Jul-18	Ataata	Mimecast	Provides cybersecurity training platform and security awareness solutions for workforce	Majority
Jun-18	MediaPRO	Frontier Capital	Provides cybersecurity awareness training and anti-phishing threat management alerts	Majority
Feb-18	PhishMe (nka Cofense)	BlackRock, Pamplona Capital Management	Provides simulated anti-phishing scenarios with targeted security education	Majority
Feb-18	Wombat Security Technologies	Proofpoint	Provides interactive cybersecurity and compliance assessment and training	Majority
Feb-18	Perception Point	Pitango Venture Capital	Provides cloud-based email protection solutions, including anti-phishing	Minority
Jan-18	PhishLine	Barracuda Networks	Provides anti-social engineering training and testing for businesses	Majority
Oct-17	KnowBe4	Goldman Sachs Growth Equity	Provides anti-social engineering awareness training and simulated phishing platforms	Minority

Spotlight Interview: Tyler Winkler



MediaPRO, headquartered in Bothell, Washington, works with many Fortune 500 companies and midsize businesses to diminish the human-based security threat through adaptive training and reinforcement programs. Over the past two decades, MediaPRO has won hundreds of industry awards and is recognized by Gartner as a leader in the Magic Quadrant for Security Awareness Training Vendors.

Tyler Winkler
CEO
MediaPRO



Mr. Winkler joined in 2018 as CEO and is leading MediaPRO's transformation to focus exclusively on cybersecurity and privacy education, while taking advantage of the firm's rich history as an adult learning and instructional design leader. Mr. Winkler's primary focus is building a world-class team of high-integrity, smart, strategic leaders who operate with a tremendous sense of urgency to address one of the biggest challenges facing both the private and public sectors: the frailty of the human element in protecting confidential personal information and proprietary trade secrets.

Prior to joining MediaPRO, Mr. Winkler was the Vice President of Global Sales and Marketing for SecureWorks, a leading managed security services provider. During his tenure there, Mr. Winkler led revenue growth from less than \$1 million to greater than \$450 million through geographic, segment, and channel expansion. In that time, Mr. Winkler owned all aspects of go-to-market and played an integral role in the sale of SecureWorks to Dell in 2011, and in the IPO spin out from Dell in 2016.

***HL:** According to Gartner, the North American market for cybersecurity training has reached \$370 million, and is growing at a rate of 45% per year. From your perspective, what are the drivers of this growth, and what are the challenges for MediaPro in keeping up with this demand?*

Mr. Winkler: Forty-five percent is a considerable growth rate and there are a few things associated with its rise. Organizations are beginning to recognize that after spending millions of dollars implementing and managing a wide variety of cyber tools, they find that employees are the weakest link. MediaPRO's own State of Security and Privacy Awareness Report shows that in 2018, 75% of employees are prone to putting their organization at risk. Educating employees is one of the most effective weapons against cybercrime, and that's what is driving these massive growth rates.

MediaPRO has been a leader in the Security Awareness Training market every year Gartner has published a SAT Magic Quadrant. We serve some of the largest and most sophisticated companies in the world. These are the early adopters—organizations who first recognized and addressed the human risks associated with cybercrime. The challenge is educating the midsize and the SMB market about how cyber criminals don't discriminate; like water, they take the path of least resistance. As large corporate entities tighten up their security controls, cyber criminals will focus on easier targets, typically smaller and less technically sophisticated organizations. This is our challenge—helping clients of all sizes recognize their true potential by educating and empowering their employees.

***HL:** What segments of the cybersecurity market does MediaPRO principally target and how does MediaPRO distinguish itself from competitors in addressing its customer base?*

Mr. Winkler: We attack the market in several ways. First, let me introduce MediaPRO's proprietary, integrated content delivery, phishing, and reporting platform, LearningLAB. We use LearningLAB to deliver three distinct programs.

First, we have our award-winning Adaptive program which has become the de facto standard in the enterprise space. The Adaptive solution is designed for those clients whose learning and development capabilities are high on the maturity curve. MediaPRO's Adaptive program has become arguably the best enterprise cybersecurity and privacy awareness solution in the market.

What we released to market earlier this year is our Advanced and Essentials programs. These programs leverage all the capabilities found in the Adaptive program but are designed to meet clients where they are in the maturity curve. If you have built a cybersecurity and privacy awareness program but want to take it to the next level, our Advanced program is probably right for you. If you are simply interested in getting a cybersecurity and privacy education program off the ground, we offer our Essentials program.

All these solutions leverage the same industry-leading cybersecurity and privacy awareness content, phishing tools, and reporting capabilities. The beauty is they are packaged to meet your program where you are at a price that makes sense.

Within each of these programs is the capacity to focus on industry-specific compliance requirements—for both cybersecurity and privacy. If you have HIPAA, FFIEC, or PCI requirements, we have you covered. If you have GDPR or Sexual Harassment training requirements, we have a package for you. This capacity to be flexible with coverage, even with the simplest programs, is a real differentiator.

***HL:** How have the risks in security and privacy evolved over time and where do you anticipate the next set of threats to come from?*

Mr. Winkler: Attempts to play on the emotions and sometimes the gullibility of employees has been the hallmark of security risks over time, and that's not going to stop.

We've seen tremendous evolution in the sophistication of phishing over time, from the days of the very simple Nigerian prince scams to today's well-disguised Business Email Compromise (BEC) scams. And we've seen modifications in the way that the malware payload is delivered. Both of these will continue to evolve, and people need to learn how to defend themselves.

But phishing will be resolved—Microsoft and Google are working very hard at it, and AI helps. Additionally, cybercriminals will choose other vectors that we'll have to educate employees about as well, from how they log into networks and other network-connected devices away from work, to the use of their mobile devices. The human element will always be the weakest link, and that's why it's so important that we constantly monitor the changing threat landscape and build content to educate employees on the risks associated with that threat landscape.

HL: How does MediaPRO's LearningLAB platform utilize microlearning to engage employees and reduce risky behavior?

Mr. Winkler: One of the best ways to educate people about how to protect themselves from risks is to deal with those risks one at a time, instead of piling them all into a lengthy course where the user can get overwhelmed. With LearningLAB, we offer companies the ability to really target risk-based learning with small segments of content—videos, short courses, games—that isolate the behaviors needed to succeed. Program administrators can choose when to deploy this content for maximum effectiveness. Our ultimate goal is to get people the right content at the right time, to enhance their engagement and their learning.

HL: The cybersecurity training market is dominated by specialized providers, like MediaPRO. Why haven't the larger technology players built solutions for this market? Do you foresee future challenges from larger new entrants, such as Cisco, Microsoft, IBM, or Symantec?

Mr. Winkler: When it comes to awareness-level training, what's needed most is not the size and depth of a tech giant, but rather the commitment to developing high-quality adult learning experiences—and that's been the hallmark of MediaPRO over the years. We're committed to studying the ways that humans learn and converting that knowledge into high-quality instructional experiences that reduce human risks associated with cybersecurity and privacy.

HL: In June 2018, MediaPRO received an investment from Frontier Capital. How has Frontier's investment supported MediaPRO in executing on its strategic plan?

Mr. Winkler: Frontier has been an incredible partner. I think sometimes people either forget or underestimate the value of relationships and culture. Frontier understands these elements are as critical to building a great company as the products and services they produce.

I came to MediaPRO because of the opportunity and the investor. Frontier has supported our cultural enhancements as well as the continued R&D investment in LearningLAB, our programs, and the go-to-market strategy.

Significant News Stories

WORKFORCE

White House Says Companies Pledge to Create Millions of Job-Training Opportunities (*The Wall Street Journal*, October 31, 2018)

“In July, Mr. Trump signed an executive order to create the National Council for the American Worker, a group of senior administration officials focused on developing a nationwide strategy for training employees, as well as an advisory board. Initially, the president announced pledges from companies including Lockheed Martin Corp. and Walmart Inc. to hire or train more than 3.8 million people over the next five years...At a White House event Wednesday afternoon featuring people who are benefiting from the training, Mr. Trump touted a ‘hot’ economy and said jobs need to be filled.”

Without Better Training, US Will Fall Short on Workers, Economists Say (*The Wall Street Journal*, July 17, 2018)

“White House economists have identified a potential stumbling block to maintaining the U.S. economy’s momentum: a lack of well-trained workers. The economy appears poised to expand this year at the fastest clip since the recession ended in 2009. That has allowed employers to extend their streak of consistent hiring, which began in 2010, and push the unemployment rate to nearly its lowest level in 50 years. But there also is a growing gap between the number of job openings and the number of workers equipped to fill them, and this could limit growth in the long run, according to a paper from President Donald Trump’s Council of Economic Advisers released Tuesday.”

PROFESSIONAL

OnCourse Learning acquired by Bertelsmann from CIP Capital (*Mergermarket*, September 17, 2018)

“Bertelsmann, the German media, services, and education group, has announced today that it is acquiring the Brookfield, Wisconsin-based online education provider OnCourse Learning from the private equity company CIP Capital for an amount in the mid-nine-digit euro range. The transaction further strengthens Bertelsmann’s presence in the U.S. Alongside the acquisitions of the Random House book group in 1998, the online education provider Relias in 2014, and the takeover of a 75% majority stake in Penguin Random House in 2017, this purchase is one of Bertelsmann’s largest transactions in the American market.”

SALES

Marlin Completes Acquisition of CEB Challenger and Effortless Experience Solutions Business from Gartner, Inc (*Training Industry*, September 5, 2018)

“Marlin Equity Partners (Marlin) is pleased to announce that it has acquired the CEB Challenger and Effortless Experience Solutions Business (Challenger) from Gartner, Inc. (NYSE: IT). Challenger offers a suite of professional skills development, intelligence, and workflow solutions that are underpinned by the world-renowned, research-based Challenger™ and Effortless Experience™ sales and marketing methodologies. Challenger embeds proven and sustainable strategies, processes and tools into organizations’ sales, marketing, and customer service workflows to dramatically improve sales results, drive revenue and enhance customer loyalty. Terms of the deal were not disclosed.”

EDUCATION

As the Higher Ed Opportunity Act Turns 10, Here’s How the Landscape Has Changed (*EdSurge*, August 17, 2018)

“Ten years ago, on August 14, 2008, President George W. Bush signed into law the 2008 Higher Education Opportunity Act (HEOA), the last comprehensive reauthorization of the Higher Education Act (HEA). This took place during the buildup to a financial crisis that ultimately cost 8.7 million American jobs. Now, with mounting college costs and loan defaults raising questions about financial security and employability in a fast-moving economy, the students of 2018 expect a return on their investment in exchange for the cost of going to college. In 2008, we worried about losing savings, and major banks and automakers going out of business. Today, we worry about the effects of automation and disruption, and whether workers will have adequate skills for the jobs of tomorrow.”

Alchemy Systems



Target

Alchemy Systems

Acquiror

Intertek (LSE:ITRK)

Announced

August 3, 2018

Transaction Highlights (\$M)

\$480M Purchase Price

\$66M 2018E Billings

\$22M 2018E Billings EBITDA

Implied Multiples

7.3x 2018E Billings

21.8x 2018E Billings EBITDA



Intertek Press Release Video

Houlihan Lokey Press Release

Houlihan Lokey is pleased to announce the sale of Alchemy Systems, LP, a portfolio company of The Riverside Company, to Intertek Group plc. The transaction closed on August 20, 2018.

Alchemy is a leading provider of SaaS-based people assurance solutions for the food industry. The company offers software services and proprietary content to help clients across the food industry—including producers, manufacturers, distributors, and retailers—drive compliance and operational excellence. Alchemy's tech-enabled solutions monitor skills gaps within clients' frontline operations, build actionable data, and offer targeted interactive learning solutions. The company's model consistently delivers high-growth, high-margin financial performance through a subscription-based revenue model. Founded in 2003 and headquartered in Austin, Texas, Alchemy employs approximately 270 people at four locations across the U.S. and Canada.

The Riverside Company is a global private equity firm focused on making control and non-control investments in growing businesses. Since its founding in 1988, Riverside has invested in more than 550 transactions. The firm's international portfolio includes more than 80 companies.

Intertek is a leading Total Quality Assurance provider to industries worldwide. The company's network of more than 1,000 laboratories and offices and over 43,000 people in more than 100 countries delivers innovative and bespoke assurance, testing, inspection, and certification solutions for customers' operations and supply chains.

Houlihan Lokey served as the lead financial advisor and assisted in marketing, structuring, and negotiating the transaction on behalf of Alchemy and Riverside.

This transaction exemplifies the continued success of Houlihan Lokey's dedicated coverage of the training sector, with expertise in compliance solutions, food safety, and SaaS platforms to deliver an outstanding result to the selling shareholders.

Unmatched Expertise Across Training & Education

Houlihan Lokey maintains a global perspective with unmatched expertise and transaction experience within the Training & Education sector. Listed below are several Training & Education transactions that Houlihan Lokey completed in 2018.

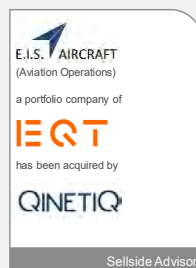


Leading provider of digital learning solutions to safety critical industries worldwide, serving the learning and compliance needs of standards bodies, regulators, and more than 1,700 corporate customers.

Closed: November 2018

Positioning Themes

- Highlighted **Atlas' management systems** and **portfolio of 1,000+ eLearning courses** that are accessed across **110+ countries**, online and through its Global Partner Network of over 100 resellers and training centers.

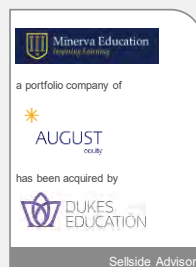


Leading provider of airborne training services based in Germany, delivering threat representation and operational readiness for military customers.

Closed: October 2018

Positioning Themes

- Industry leading airborne training services using a **highly cost-effective fleet** of 14 leased aircraft with 20 pilots.
- Established relationships with customers**, notably the German armed forces and U.S. Air Force in Europe.



Owns and operates a premium group of strongly branded, independent K-12 schools in London and the South of England.

Closed: September 2018

Positioning Themes

- Offers outstanding private education with **six schools** across east and southeast England.
- Successfully **grew pupil numbers** across the group and opened **one of the premier schools in London**, the flagship 106 Piccadilly Eaton Square Upper school.



Leading Dutch provider of outsourced IT recruitment and training services to large blue-chip corporations.

Closed: February 2018

Positioning Themes

- Specifically focused on the provision of junior professionals to the **finance and insurance sectors**.
- Clients include the main banks and top insurance companies** that recently entered the consumer, TMT, energy, healthcare, and logistics industries.

*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey, or by professionals from a Houlihan Lokey joint venture company.

Houlihan Lokey Wins EducationInvestor's 2018 Financial Advisor of the Year Award

EducationInvestor Awards 2018

Houlihan Lokey is proud to be recognized by EducationInvestor as **the 2018 Financial Advisor of the year** and for winning this award, together with Quayle Munro, **in three out of the past four years**. Houlihan Lokey has been active across all areas of the education and training sector, which continues to be dynamic and evolving. In the past five years, the team has worked on transactions extending from nurseries, schools and higher education, to accredited and vocational training and EdTech, data and services. In aggregate, **Houlihan Lokey has consistently been one of the most active financial advisors on transactions in the sector in the UK and internationally**, advising on some of the highest-profile deals and acting for domestic and international parties, and for a wide range of strategic and financial investors.

While there are a number of transactions on which Houlihan Lokey has worked which cannot be publicly disclosed at this time, disclosable deals to note which the firm has completed in the 2017/18 academic year include:

- Advising, and providing a fairness opinion to, Nord Anglia on its sale to Baring Private Equity Asia and CPPIB
- Advising on the sale of Impero Education
- Advising Education Management Corporation on its sale to Dream Center Education Holdings
- Advising The Riverside Company on the sale of Alchemy Systems to Intertek Group
- Advising TA Associates on its investment in Inspired
- Advising General Atlantic on its investment in Open Classrooms
- Advising Global University Systems on its acquisition of LCCM
- Advising Inflexion Private Equity on its acquisition of Calco
- Advising Primary Capital on its acquisition of ICS Learn



“The combination of Quayle Munro and Houlihan Lokey is **the clear stand-out winner in this category**. This is evidenced by the **global reach of the business** and the fact they have **brokered some of the most impressive education deals** across the globe.”

– **Judges' Comments**

Public Trading Comparables

(\$ in millions)

Company	Enterprise Value	Equity Mkt Cap	LTM Revenue	LTM EBITDA	EV / Revenue		EV / EBITDA		Revenue Growth	
					LTM	CY 2019E	LTM	CY 2019E	CY 2018E	CY 2019E
Corporate Training										
Informa plc	\$13,635	\$10,175	\$2,374	\$749	5.7x	3.8x	18.2x	11.1x	23.2%	22.7%
CAE	\$5,778	\$5,128	\$2,337	\$421	2.5x	2.2x	13.7x	9.4x	4.3%	15.1%
Pluralsight	\$1,431	\$1,513	\$212	(\$85)	6.7x	4.7x	NM	NM	38.2%	33.1%
Tarsus Group plc	\$547	\$421	\$150	\$50	3.6x	3.4x	10.9x	8.6x	NM	37.4%
Franklin Covey	\$359	\$324	\$210	\$8	1.7x	1.5x	NM	16.8x	10.2%	8.8%
Computer Modelling Group	\$326	\$365	\$56	\$22	5.8x	6.0x	14.9x	14.1x	NM	1.4%
GP Strategies	\$316	\$220	\$514	\$29	0.6x	0.6x	11.1x	6.6x	1.4%	8.6%
BTS Group AB	\$259	\$276	\$166	\$21	1.6x	1.4x	12.4x	9.6x	12.7%	12.0%
Wilmington plc	\$251	\$201	\$161	\$32	1.6x	1.6x	7.7x	7.8x	NM	2.4%
Mean	\$2,545	\$2,069	\$687	\$139	3.3x	2.8x	12.7x	10.5x	15.0%	15.7%
Median	\$359	\$365	\$210	\$29	2.5x	2.2x	12.4x	9.5x	11.4%	12.0%
Early Childhood Education										
Bright Horizons	\$7,795	\$6,672	\$1,865	\$327	4.2x	3.8x	23.8x	19.4x	9.5%	8.7%
Maple Leaf	\$921	\$1,243	\$196	\$81	4.7x	3.7x	11.4x	8.7x	13.2%	24.0%
G8 Education	\$1,161	\$936	\$608	\$116	1.9x	1.8x	10.0x	9.3x	NM	8.2%
AcadeMedia	\$794	\$502	\$1,250	\$102	0.6x	0.6x	7.8x	7.0x	2.2%	6.6%
RYB Education	\$48	\$180	\$151	\$4	0.3x	0.3x	11.9x	1.9x	8.8%	13.6%
LIKE Kidsnext	\$150	\$114	\$166	\$12	0.9x	NA	12.9x	NA	NM	NA
Think Childcare	\$68	\$55	\$53	\$7	1.3x	0.9x	10.2x	6.1x	14.0%	32.4%
Mean	\$1,562	\$1,386	\$613	\$93	2.0x	1.8x	12.6x	8.7x	9.5%	15.6%
Median	\$794	\$502	\$196	\$81	1.3x	1.3x	11.4x	7.9x	9.5%	11.1%
K-12										
TAL Education	\$13,877	\$15,260	\$2,188	\$340	6.3x	4.2x	NM	24.8x	52.6%	41.4%
New Oriental	\$6,312	\$8,723	\$2,646	\$346	2.4x	1.8x	18.2x	14.2x	34.6%	23.6%
Virsend Education	\$1,593	\$1,522	\$161	\$74	9.9x	7.7x	21.6x	15.1x	17.4%	20.0%
Hailiang Education	\$1,229	\$1,381	\$177	\$60	7.0x	NA	20.6x	NA	NM	NA
Bright Scholar Education	\$947	\$1,377	\$252	\$51	3.8x	2.6x	18.5x	11.1x	25.8%	33.1%
Internationella Engelska Skolan	\$316	\$303	\$270	\$23	1.2x	1.0x	13.6x	10.4x	9.0%	13.4%
Mean	\$4,046	\$4,761	\$949	\$149	5.1x	3.5x	18.5x	15.1x	27.9%	26.3%
Median	\$1,411	\$1,451	\$261	\$67	5.1x	2.6x	18.5x	14.2x	25.8%	23.6%
Post Secondary Education										
UTI	\$132	\$79	\$317	(\$19)	0.4x	0.4x	NM	NA	NM	4.3%
Adtalem	\$2,950	\$3,057	\$1,222	\$274	2.4x	2.2x	10.8x	10.0x	7.6%	4.0%
APEI	\$278	\$475	\$299	\$55	0.9x	0.9x	5.0x	5.2x	NM	1.4%
Bridgepoint	\$60	\$215	\$459	\$23	0.1x	0.1x	2.6x	2.1x	NM	1.4%
Career Education	\$716	\$905	\$579	\$98	1.2x	1.2x	7.3x	6.3x	NM	4.4%
Laureate	\$5,404	\$3,178	\$4,380	\$729	1.2x	1.6x	7.4x	8.2x	NM	NM
Lincoln Educational Services	\$76	\$62	\$260	\$7	0.3x	0.3x	10.6x	5.8x	NM	2.8%
Strayer	\$2,211	\$2,526	\$511	\$68	4.3x	2.3x	32.6x	10.9x	44.4%	46.5%
National American University	\$23	\$7	\$73	(\$5)	0.3x	NA	NM	NA	NM	NA
Grand Canyon University	\$5,310	\$5,362	\$939	\$332	5.7x	7.7x	16.0x	16.4x	NM	NM
Mean	\$1,716	\$1,587	\$904	\$156	1.7x	1.9x	11.5x	8.1x	26.0%	9.3%
Median	\$497	\$690	\$485	\$62	1.1x	1.2x	9.0x	7.3x	26.0%	4.0%
Education Content										
Pearson	\$9,976	\$8,902	\$5,715	\$749	1.7x	1.9x	13.3x	10.8x	NM	0.2%
John Wiley & Sons	\$3,324	\$2,905	\$1,792	\$318	1.9x	1.8x	10.5x	8.3x	1.8%	3.0%
IDP Education	\$1,703	\$1,692	\$360	\$63	4.7x	4.2x	27.1x	20.2x	8.0%	8.4%
Houghton Mifflin Harcourt	\$1,782	\$1,152	\$1,388	\$78	1.3x	1.2x	22.7x	7.2x	NM	8.6%
Navitas	\$1,420	\$1,274	\$689	\$62	2.1x	2.1x	23.1x	12.7x	NM	1.2%
3P Learning	\$96	\$112	\$41	\$9	2.3x	2.2x	11.2x	6.3x	NM	7.0%
Mean	\$3,050	\$2,673	\$1,664	\$213	2.3x	2.2x	18.0x	10.9x	4.9%	4.7%
Median	\$1,743	\$1,483	\$1,038	\$71	2.0x	2.0x	18.0x	9.5x	4.9%	5.0%
Education Technology and Services										
2U	\$2,905	\$3,347	\$383	(\$20)	7.6x	5.3x	NM	NM	43.5%	32.9%
Blackbaud	\$3,610	\$3,210	\$845	\$137	4.3x	4.1x	26.4x	19.1x	7.8%	4.7%
Chegg	\$3,212	\$3,392	\$299	\$13	10.7x	8.3x	NM	28.5x	24.3%	22.5%
Cornerstone OnDemand	\$2,908	\$3,011	\$532	\$1	5.5x	5.1x	NM	22.5x	9.9%	7.1%
K12	\$807	\$912	\$940	\$51	0.9x	0.8x	15.7x	6.8x	10.2%	4.7%
Instructure	\$1,139	\$1,311	\$196	(\$48)	5.8x	4.4x	NM	NM	31.7%	23.8%
Tyler Technologies	\$6,990	\$7,262	\$911	\$194	7.7x	6.7x	36.0x	21.8x	11.6%	10.8%
Mean	\$3,082	\$3,207	\$586	\$47	6.1x	5.0x	26.0x	19.8x	19.8%	15.2%
Median	\$2,908	\$3,210	\$532	\$13	5.8x	5.1x	26.4x	21.8x	11.6%	10.8%

Source: S&P Capital IQ, Bloomberg, company filings, and WallStreet Research

Note: Market data as of December 10, 2018.

Note: "NM" represents multiples that are greater than 40.0x EBITDA or cases where EBITDA is less than 0.

Recent Training M&A Transactions

Close Date	Target	Acquiror	Target Description	EV/	EV/	
				TEV (\$M)	Revenue	EBITDA
Pending	Renaissance Learning	Francisco Partners	Provides pre-K learning analytics and school improvement program services	\$1,700	NA	13.0x
Nov-18	OnCourse Learning	Bertelsmann	Provides training services for the financial services and real estate sectors	~\$500	NA	NA
Nov-18	Vector Solutions	Golden Gate Capital	Provides more than 7,600 industry-focused eLearning and SaaS performance courses to meet continuing education needs, knowledge assessment and certification, compliance and risk management, and performance evaluation and management	NA	NA	NA
Oct-18	AMTEC Less Lethal Systems	PACEM Solutions	Provides non-lethal tactical and operational equipment and training services to the law enforcement, corrections, and military communities	NA	NA	NA
Oct-18	Teaching Channel	Learner's Edge	Provides subscription-based software platform where teachers can watch, share, and learn new techniques to improve student learning	NA	NA	NA
Oct-18	NovoEd	Devonshire Investors	Provides SaaS learning platform that delivers a learning experience for participants by collaborating on projects, sharing feedback, and applying new skills to the workplace	NA	NA	NA
Oct-18	Firehose Project, JobTrack	Trilogy Education	Provides online coding instruction and offers a job search platform to manage interviews and applications	NA	NA	NA
Oct-18	Mettl	Mercer	Provides cloud-based technology and data sciences-driven online skills and talent assessment	NA	NA	NA
Sep-18	Tricoci University	NCK Capital	Provider of cosmetology, esthetics, and barbering education	NA	NA	NA
Sep-18	CEB Challenger	Marlin Equity Partners	Provides performance improvement platforms focused on sales, marketing, and customer service training	NA	NA	NA
Sep-18	Pride Institute	Spear Education	Provides dental practice management, content, and training services	NA	NA	NA
Sep-18	Acrobatiq	Vital Source Technologies	Provides cognitive learning and data analytics platform	NA	NA	NA
Aug-18	Training Network	JER HR Group	Provides environment, health and safety (EH&S) training programs to companies	NA	NA	NA
Aug-18	PRIME Education	Everyday Health Group	Provider of medical education and outcomes research, as well as continuing education services	NA	NA	NA
Aug-18	Omega Performance	Moody's Corporation	Provides credit training courses in various lending areas, including commercial, small business, consumer and retail, real estate, and credit sales skills	NA	NA	NA
Aug-18	Pass Perfect	Cerifi	Provides Financial Industry Regulatory Authority (FINRA) license exam training to the financial services industry	NA	NA	NA
Aug-18	Select Assets from the IT Management & Leadership Institute	Project Management Academy	Provides curriculum of courses in Strategic Business Skills, Communication, Problem Solving, and Team Building aimed at helping project managers advance in their careers while helping companies complete more successful projects	NA	NA	NA
Aug-18	Alchemy Systems	Intertek Group	Provides training, coaching, operational performance, consulting, audit readiness, custom programs, and professional development solutions to the food service industry	\$480	7.3x	21.8x
Aug-18	XCEL Testing	Securities Training Corporation	Provider of online insurance pre-licensing education that prepares future insurance professionals for their state licensing exams	NA	NA	NA
Aug-18	KPA Services	Providence Equity	Provider of environmental health and safety, HR management, and sales and finance compliance solutions in the United States and Canada	NA	NA	NA
Jul-18	Learning Tree	The Kevin Ross Gruneich Legacy Trust	Develops, markets, and delivers a library of instructor-led classroom courses for professional development needs of information technology (IT) professionals and managers worldwide	\$10	0.2x	7.5x
Jun-18	Allied Business Schools	Real Estate Express	Provides a variety of different programs, including real estate, property management, appraisal and mortgage lending	NA	NA	NA
Jun-18	Learndirect	Dimensions Training Solutions (division of Stonebridge Associate Colleges)	Provides skills, training, and employment services for individuals and businesses in the United Kingdom	NA	NA	NA
Jun-18	Safe-Tech Training	Lynx Equity	Provides training and certification programs at over 1000 client locations throughout Ontario and North America	NA	NA	NA
Jun-18	Swiss Education Group	Summer Capital	Operates a network of hospitality institutions that provides hospitality management education in Switzerland.	NA	NA	NA
Jun-18	Coaching Academy	Bev James	Offers selection of externally accredited professional qualifications in Life Coaching, Business Coaching, Corporate Coaching, Educational Coaching and an accredited NLP Practitioner Program	NA	NA	NA
Jun-18	MediaPro	Frontier Capital	Enables organizations to analyze, train, and reinforce education for their employees on critical security, privacy, and compliance issues	NA	NA	NA
May-18	exploqii	KnowBe4	Provides cyber security awareness training	NA	NA	NA
May-18	International Correspondence Schools	Primary Capital Partners (MBO)	Provider of online learning courses in the UK	NA	NA	NA
May-18	Select International	PSI Services	Provides employee assessments and workforce solutions	NA	NA	19.0x
May-18	IC Axon	GP Strategies	Provides sales performance improvement training	\$30	2.5x	8.5x
May-18	Penn Foster	Bain Capital Partners	Provides web-based learning platforms and educational content	NA	NA	NA
Apr-18	Convergence Training	Vector Solutions	Provides training content and software for industrial, manufacturing, and mining companies	NA	NA	NA
Apr-18	RAID	Inverness Graham	Provides online safety training for outdoor recreational diving programs for state required certifications internationally	NA	NA	NA
Apr-18	Environmental Risk Management & Safety	KPA Services	Provides EHS solutions to assist businesses in obtaining and maintaining compliance with state and federal regulations	NA	NA	NA
Apr-18	Bluepoint Leadership Development	Simplify Compliance	Provider of leadership training and content in the U.S. and internationally	NA	NA	NA
Apr-18	General Assembly	Adecco Group	Provides employer-focused, practitioner-taught technical skills training and development in business-critical areas such as coding, data science, user experience design and digital marketing	\$413	4.1x	NA

Source: S&P Capital IQ, Mergermarket, and company filings

Recent Education M&A Transactions

Education Technology and Services

Announced Date	Target	Acquiror	Target Description	TEV (\$M)	EV/ Revenue	EV/ EBITDA
Oct-18 ⁽¹⁾	Cambium Learning Group	Veritas Capital Fund Management	Provides educational technology solutions in the United States and internationally	\$725	4.5x	24.4x
Oct-18 ⁽¹⁾	The Learning House, Inc.	Wiley Education Services	Develops a cloud-based technology platform for enabling colleges and universities to create, manage, and develop online degree programs and courses	200	3.3x	28.6x
Sep-18	Pride Institute, Inc.	Spear Education, LLC	Operates as a subsidiary of Universal Health Services Inc	NA	NA	NA
May-18 ⁽¹⁾	Renaissance	Francisco Partners	Provides cloud based, K-12 educational software	1,660	NA	NA
Apr-18	PowerSchool Group	ONEX ⁽²⁾	Offers student information systems and performance solutions for K-12 schools and districts.	1,744	NA	NA
Mar-18	myON	Renaissance	Provider of cloud-based digital literacy solutions for the K-12 market	NA	NA	NA
Mar-18	360 Stay Safe	Omnigo Software	Provides an online training platform that offers personal safety info	NA	NA	NA
Mar-18	Grace Hill	Stone Point Capital	Provides online training, credentialing, and mystery shopping solutions for property managers	NA	NA	NA
Feb-18	Discovery Education	Francisco Partners	Provides digital content for grades K-12 and community colleges	120	NA	NA
Feb-18	CEB Talent Assessment	Exponent Private Equity	Provider of talent assessment solutions	400	NA	10.5x
Jan-18	Callidus Software	SAP	Provides cloud-based human resource software, sales, Lead to Money (Quote-to-Cash) systems, marketing, and customer experience solutions globally	2,426	9.6x	NA
Jan-18	Prometric	Baring Private Equity Asia	Provides test development and test delivery solutions for organizations worldwide	1,000	NA	NA
Jan-18	Area9 Lyceum	The Danish Growth Fund	Develops personalized, adaptive online learning modules for schoolchildren, students, and professionals to be trained	30	NA	NA
Jan-18	Weld North	Silverlake	Group of digital education technology companies	950	NA	19.0x
Dec-17	Infobase Holdings, Inc.	Centre Lane Partners, LLC	Provider of cloud-based digital education content solutions to colleges and universities, K-12 schools, public libraries, and enterprises	NA	NA	NA
Dec-17	Educadium	iContracts	Provides secure LMS hosting and self-paced course development services	NA	NA	NA
Dec-17	Learning Seat	Callidus Software	Provides adaptive training and compliance learning content	26	NA	NA
Dec-17	Intrepid Learning	Vital Source Technologies	Develops an online corporate learning solution	NA	NA	NA
Nov-17	Wall Street English	CITIC Capital, Baring Private Equity Asia	Provides English language training services for adults in China	300	1.4x	34.7x
Nov-17	Studienkreis	IK Investment Partners	Leading provider of tutoring services for primary and secondary school students	99	NA	NA
Nov-17	Worldstrides	Eurazeo; Primavera Capital	Operates as an educational student travel company and study abroad organization in the U.S.	NA	NA	NA
Nov-17	Career Partner Group	Oakley Capital	Provides HR development and private higher education	126	NA	NA

Source: S&P Capital IQ, press releases, Mergermarket, Moody's, and company filings

(1) Transaction has not yet closed.

(2) Vista Equity to maintain 50% ownership in Powerschool.

Recent Education M&A Transactions (cont.)

Early Childhood Education

Announced Date	Target	Acquiror	Target Description	TEV (\$M)	EV/ Revenue	EV/ EBITDA
Aug-18	LePort Montessori ⁽¹⁾	Spring Education ⁽²⁾	Operates a network of over 15 private schools across the states in the United States.	NA	NA	NA
Aug-18	Nobel Learning	Spring Education ⁽²⁾	Operates a network of over 190 private schools across 19 states in the United States.	NA	NA	NA
Sep-18	Crèches de France, S.A.S.	Crèche Attitude SAS	Offers child day care services	NA	NA	NA
Jun-18	Busy Bees Childcare Limited	Temasek Holdings (Private) Limited	Operates childcare nurseries, which include play rooms and outdoor play areas for young children; and helps employers in providing childcare solutions for their employees	NA	NA	NA
Nov-17	Stratford School, Inc.	Primavera Capital Group	Operates schools throughout Southern and Northern California focusing on science, technology, engineering, arts and math programs for preschool through eighth grade	\$493	NA	14.5x ⁽³⁾

For-Profit Post Secondary Education

Announced Date	Target	Acquiror	Target Description	TEV (\$M)	EV/ Revenue	EV/ EBITDA
Apr-18	University of St. Augustine for Health Sciences, LLC	Altas Partners LP	Graduate health sciences university which offers degrees in physical therapy, occupational therapy, and nursing	\$400	4.5x	11.6x
Dec-17	Devry University Inc. and DeVry New York Inc.	Cogswell Education, LLC	Offers undergraduate or graduate college degree programs	0 ⁽⁴⁾	NA	NA
Oct-17	Capella Education Company	Strayer Education, Inc. (nka:Strategic Education, Inc.)	Provides online postsecondary education and job-ready skills services in the United States	797	1.8x	11.5x
Aug-16	Arden University Limited	Global University Systems B.V.	Offers a wide range of online Distance Learning courses and Blended Learning qualifications	20	1.4x	NA
Apr-16	LIUF SAS	Apax Partners France; Bpifrance Financement S.A.	Operates as a holding entity for degree granting higher education institutions	229	NA	11.8x

K-12 Education

Announced Date	Target	Acquiror	Target Description	TEV (\$M)	EV/ Revenue	EV/ EBITDA
Sep-18	Minerva Education	Dukes Education Group	Owens and operates a premium group of strongly branded, independent K-12 schools in London and the South of England	NA	NA	NA
Sep-18	Cognita Schools Ltd	Jacobs Holding AG	Owens and operates a network of schools in Singapore, Vietnam, the United Kingdom, Spain, Brazil, and Thailand	\$2,577	NA	NA
Jan-18	A Kindergarten in Hong Kong	New Oriental Education & Technology Group Inc.	A Kindergarten in Hong Kong comprises of businesses that offer private educational services	NA	NA	NA
Sep-17	Educational Holding Group K.S.C.P.	Boubyan Petrochemical Company K.S.C.P.	Provides educational services in the Middle East, North Africa, East Asia, and internationally. The company offers K-12, tertiary education, and vocational training and development services	247	6.4x	11.4x
Apr-17	Nord Anglia Education, Inc.	Baring Private Equity; Canada Pension Plan Investment Board	Operates premium international schools	4,349	4.9x	24.8x

Source: S&P Capital IQ, press releases, Mergermarket, Moody's, and company filings

(1) Spring Education only acquired LePort's Southern California Schools; LePort also operates Montessori schools in the San Francisco area, Virginia and New York.

(2) Spring Education is a Primavera owned entity comprised of LePort Montessori's Southern California schools, Nobel Learning and The Stratford Schools.

(3) Based on FY 2018.

(4) Includes an earn-out payment of up to \$20 million, paid over eight year period based on Devry University's free cash flow.

Recent Education M&A Transactions (cont.)

Education Content

Announced Date	Target	Acquiror	Target Description	TEV (\$M)	EV/ Revenue	EV/ EBITDA
Sep-18	Riverside Clinical & Standardized Testing Portfolio of Houghton Mifflin Harcourt	Alpine Investors, LP; Alpine Investors VI, LP; Alpine Investors Vi-A, LP	Comprises brands in the Woodcock-Johnson family, the Cognitive Abilities Test (CogAT), Iowa Assessments and the distribution of Battelle Developmental Inventory (BDI)	\$140	1.8x	NA
Sep-18	Carnegie Learning, Inc.	CIP Capital	Publishes research-based mathematics textbooks and Web-based software tools for middle school and high school students aligned to the Common Core State Standards in the United States	NA	NA	NA
Aug-17	Global Education & Technology Group Limited	Prepshine Holdings Co., Limited	Provides educational courses and related services in China	72	0.7x	NA
Jul-17	Penguin Random House LLC	Bertelsmann SE & Co. KGaA	Publishes print and digital books	4,466	1.3x	8.4x
Jan-17	The Princeton Review	ST Unitas Co. Ltd.	Owns and operates a portal that offers one-on-one private tutoring, semi-private and traditional classes, and online preparation	NA	NA	NA
Sep-15	Learning Objects, Inc.	Cengage Learning, Inc.	Develops and provides competency-based learning technologies for the education sector	NA	NA	NA



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2 Goldman Sachs & Co.	173
3 JP Morgan	164
4 Morgan Stanley	132
5 Barclays	106

Source: Thomson Reuters

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3 Bank of America Merrill Lynch	699
4 Duff & Phelps	672
5 Morgan Stanley	660

Source: Thomson Reuters. Announced or completed transactions.

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