

EDUCATION INDUSTRY

1ST HALF 2014 :: Mergers and Acquisitions Trend Report

1ST HALF 2014 KEY HIGHLIGHTS

- The most active acquirer year-to-date was Providence Equity Partners with five industry transactions: PerceptIS, LLC, SIDEARM Sports Inc., Licensing Resource Group, AchieveGlobal, and MyEdu.
- Two transactions reached the \$1 billion threshold in 1st Half 2014, both of which were backed by private equity firms: Charterhouse Capital Partners' \$2.3 billion acquisition of SkillSoft and Hellman & Friedman's \$1.1 billion acquisition of Renaissance Learning.

1ST HALF 2014 KEY TRENDS

- Total transaction volume in 1st Half 2014 increased by nine percent over 2nd Half 2013, from 147 to 160.
- Total transaction value in 1st Half 2014 rose by 45 percent over 2nd Half 2013, from \$4.08 billion to \$5.90 billion.
- The peak for deal volume and value over the past two and a half years occurred in 1st Half 2014.
- The median revenue multiple in 1st Half 2014 remained constant at 2.2x. However, median value saw a significant gain.
- The segment with the largest increase in volume in 1st Half 2014 over 2nd Half 2013 was K-12 Media and Tech with a 50 percent rise, from 22 to 33 transactions. Professional Training Services, the industry's second most active segment, was another growth area with a 19 percent improvement, from 27 to 32 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 731 Education transactions between 2012 and 1st Half 2014, of which 183 disclosed financial terms, and calculated the aggregate transaction value to be \$18.41 billion. Based on known transaction values, we project the values of 548 undisclosed transactions to be \$2.19 billion, totaling \$20.60 billion worth of transactions tracked over the past two and a half years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 1.9x revenue and 10.4x EBITDA.

M&A Market Dynamics By Half Year

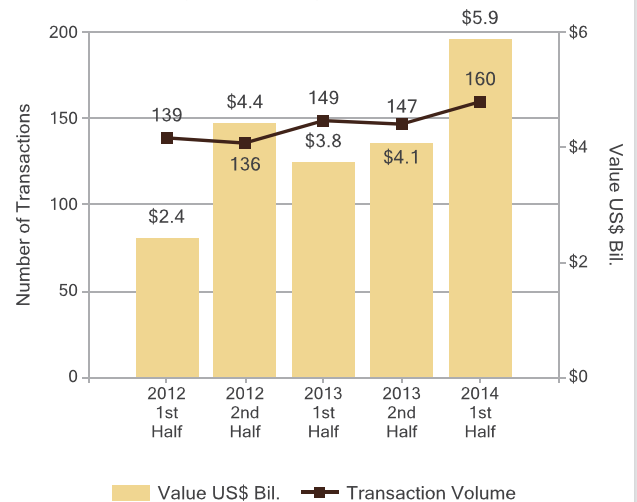


Figure 1. 2012-2014 value and volume comparison.

Median Enterprise Value Multiples By Half Year

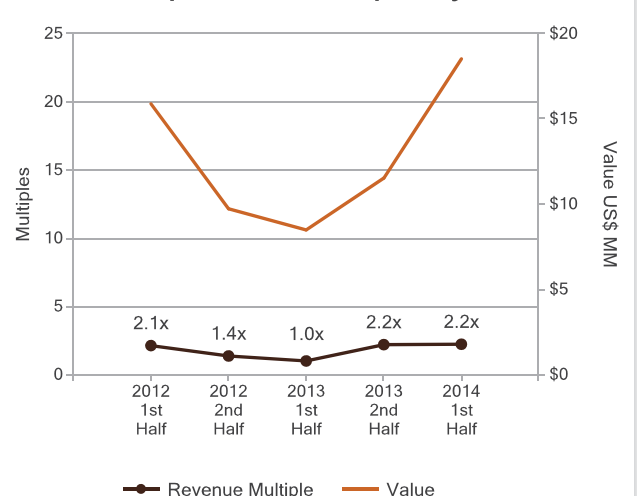


Figure 2. 2012-2014 median: value and revenue comparison.

Transaction Analysis :: January 1, 2014 – June 30, 2014

Bell Curve - Histogram - 1st Half

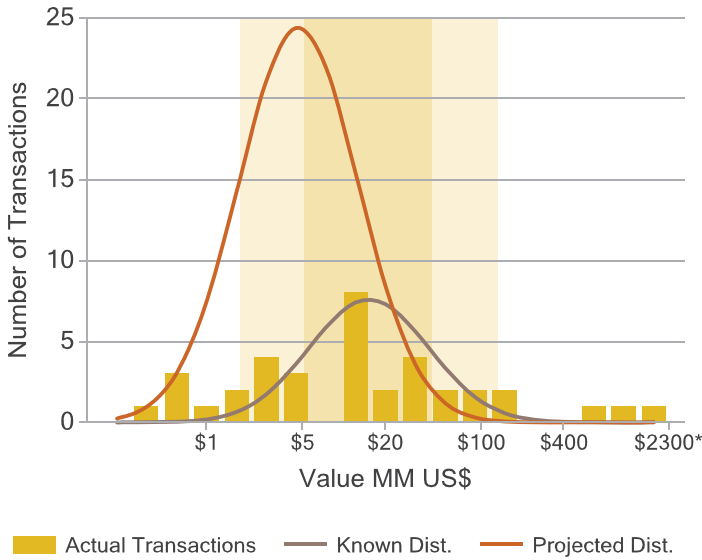


Figure 3. Shows the distribution of Education transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$4.5 to \$33.1 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2014 at \$5.9 billion.

* Indicates largest industry transaction from January 1, 2014 to June 30, 2014.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	0	0	0	0 %	0 %
\$0.4	1	1	1	3 %	3 %
\$0.6	3	3	6	8 %	11 %
\$1.0	1	7	8	3 %	13 %
\$1.6	2	14	16	5 %	18 %
\$2.7	4	21	25	11 %	29 %
\$4.5	3	24	27	8 %	37 %
\$7.4	0	22	21	0 %	37 %
\$12.2	8	15	23	21 %	58 %
\$20.1	2	8	10	5 %	63 %
\$33.1	4	4	7	11 %	74 %
\$54.6	2	1	3	5 %	79 %
\$90.0	2	0	2	5 %	84 %
\$148.4	2	0	2	5 %	89 %
\$244.7	0	0	0	0 %	89 %
\$403.4	0	0	0	0 %	89 %
\$665.1	1	0	1	3 %	92 %
\$1,096.6	1	0	1	3 %	95 %
\$1,808.0	1	0	1	3 %	97 %
Total #	38	122	160		
Total \$ Value	\$5,330	\$571	\$5,901		
Middle 3rd of Industry					
Middle 2/3rds of Industry					

Figure 4. Presents the data depicted in the bell curve histogram.

Note: The projected number column is rounded as a result of the projection and may produce insignificant errors in the total sum.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type - 1st Half

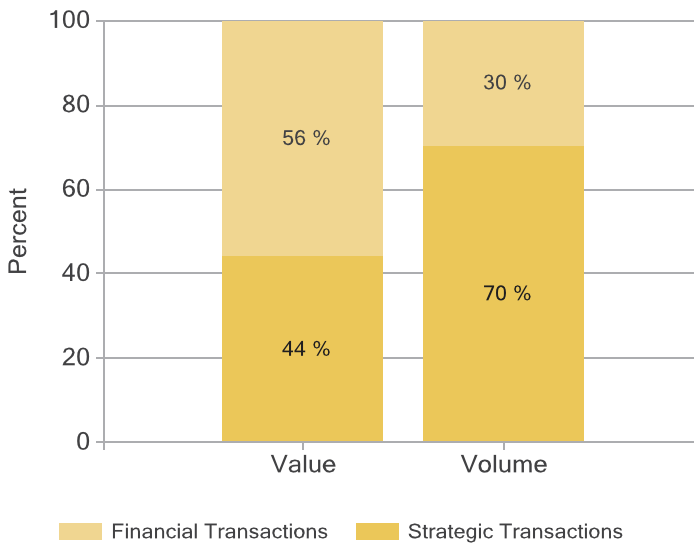


Figure 4. 2012-2014 value and volume comparison by transaction type.

Note: Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

Transaction Type By Half Year

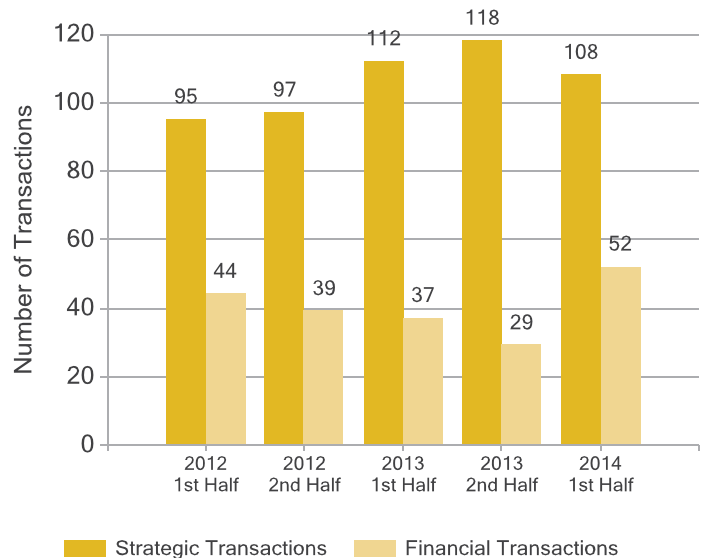


Figure 5. 2012-2014 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2014

Deal Date	Target Name	Buyer	Value MM US\$
03/14/14	SkillSoft Limited	Charterhouse Capital Partners	\$2,300
03/13/14	Renaissance Learning, Inc.	Hellman & Friedman LLC	\$1,100
06/02/14	iParadigms	Insight Venture Partners	\$752
03/24/14	Sterling Early Education	G8 Education Pty Ltd	\$200
04/15/14	CrossKnowledge	Wiley	\$175
02/27/14	KnowledgePoint360	UDG Healthcare plc	\$144
04/10/14	São Judas	Anima Educacao	\$116
06/10/14	Endeavour College of Natural Health	Vocation Limited	\$78
04/14/14	SchoolMessenger	West Corporation	\$75
04/09/14	Digital-Tutors	Pluralsight	\$45
2014 Aggregate Transaction Value			\$5,901
Top 10 Aggregate Transaction Value			\$4,986
Top 10 Aggregate Value as a Percentage of All Transactions			84 %

Figure 7. Lists the top ten transactions for 1st Half 2014 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4.

Note: Transaction data based on announced date.

Median EV/Revenue Multiples By Size

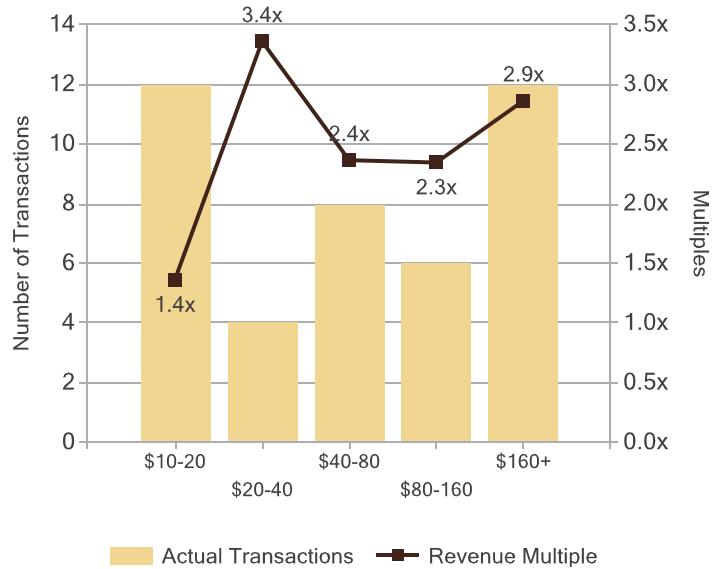


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from January 1, 2014 to June 30, 2014 based on publicly available data.

Transaction Volume by Segment :: January 1, 2012 – June 30, 2014

Transactions By Market Segment By Half Year

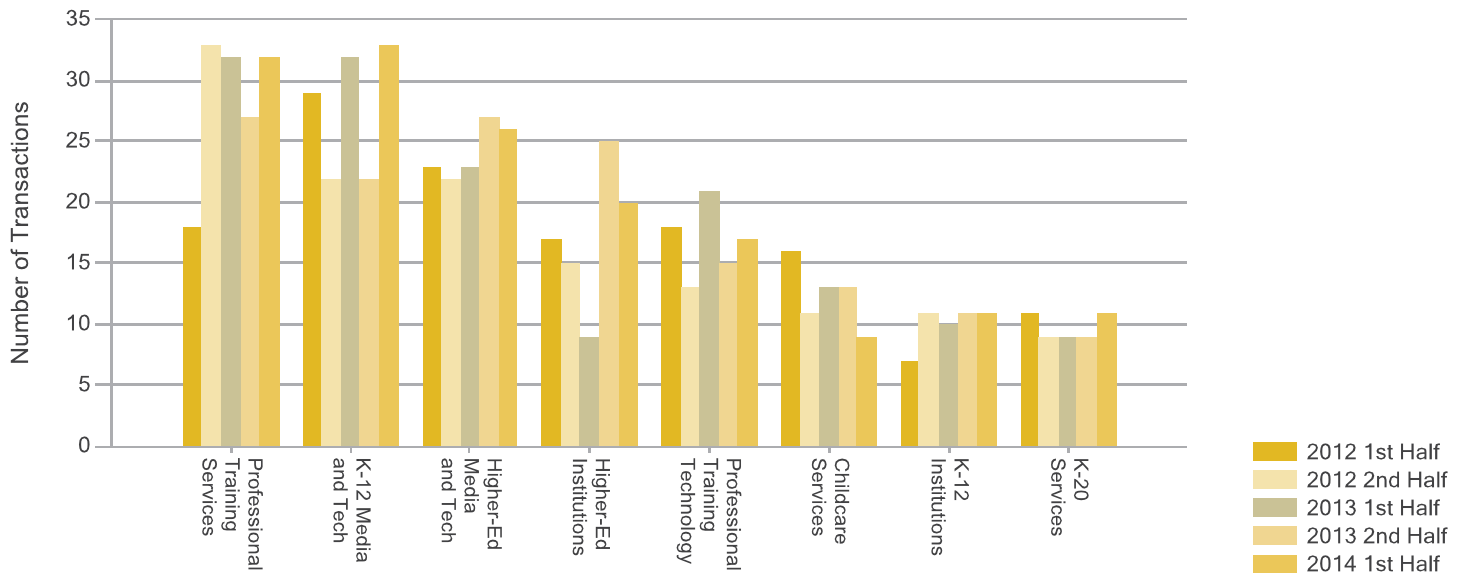


Figure 8. Presents transaction volume by market segment within the Education Industry from January 1, 2012 through June 30, 2014.

BERKERY NOYES

INVESTMENT BANKERS

Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, marketing, and technology industries. The firm has initiated, managed, and closed more than 475 merger and acquisition transactions for privately held and publicly traded companies in the healthcare, financial services, education, and entertainment markets.

Berkery Noyes is unique among investment banking firms in that we combine independent strategic research and actionable intelligence with senior banking expertise.

Berkery Noyes Securities LLC assists middle market companies with raising growth capital in the debt and equity markets.

CONTACT US TODAY FOR A CONFIDENTIAL DISCUSSION OF YOUR STRATEGIC OPTIONS

212-668-3022

MANAGING DIRECTORS

PETER YOON

Education Group

MARY JO ZANDY

Media, Education, Software & Online

JOHN GUZZO

FinTech Group

EVAN KLEIN

Media, Entertainment & Marketing Services

JONATHAN KRIEGER

Healthcare Group

THOMAS O'CONNOR

Healthcare Group

DICK O'DONNELL

Finance Group

PETER OGNIBENE

FinTech Group

JEFFREY SMITH

Healthcare Group

KATHLEEN THOMAS

Media & Marketing Services Group

PARTNERS

JOSEPH BERKERY

Chief Executive Officer

JOHN SHEA

Managing Partner

MANDASOFT

The DNA of M&A

All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date.

For current intelligence on Mergers and Acquisitions activity in the Information Industry please visit our online service at

www.mandasoft.com

RECENT EDUCATION TRANSACTIONS

Management Team and Employees
IN A PARTNERSHIP WITH



BOATHOUSE
CAPITAL
HAS ACQUIRED



MIS
TRAINING
INSTITUTE
A DIVISION OF



EUROMONEY
TRAINING



Euromoney
Institutional
Investor PLC



WASSERSTEIN & CO.

HAS ACQUIRED

RecordedBooks

A BUSINESS OF



Hights Cross Communications



the mandell school

HAS BEEN ACQUIRED BY

ROCKET
GROUP

Forbes[®]

HAS FORMED AN ALLIANCE WITH

bridgepoint
EDUCATION

bankersedge[™]

CORPORATE TRAINING TECHNOLOGIES, LLC

HAS BEEN ACQUIRED BY




OnCourse Learning

A PORTFOLIO COMPANY OF




Riverside



LRP
Publications

HAS ACQUIRED
THE EDUCATION ASSETS OF



THOMPSON
INFORMATION SERVICES



AMSCO[™] School Publications, Inc.

HAS SOLD
CERTAIN ASSETS TO

Perfection Learning[®]
Perfect for *YOUR* Classroom



HealthcareSource[®]

A PORTFOLIO COMPANY OF
INSIGHT VENTURE PARTNERS

HAS ACQUIRED



NetLearning[™]

A BUSINESS OF



CENGAGE
Learning[™]



JBHM EDUCATION GROUP

Supporting Teaching, Learning, & Learning

HAS BEEN ACQUIRED BY

WELD NORTH

F|P

FRANCISCO
PARTNERS

HAS ACQUIRED

Therapeutic Research Center
Therapeutic Research Faculty

One Liberty Plaza | New York, New York 10006

berkerynoyes.com | 212.668.3022