

EDUCATION INDUSTRY

Q3 2016 :: Mergers and Acquisitions Trend Report

Q3 2016 KEY HIGHLIGHTS

- The most active market segment in Q3 2016 was K-12 Media and Tech with 22 transactions.
- The combined Professional Training Technology and Services segments, with 26 deals, accounted for one-quarter of aggregate volume in Q3 2016.
- Strategic acquirers represented 72 percent of the industry's total volume and 52 percent of total value year-to-date.

Q3 2016 KEY TRENDS

- Total transaction volume in the 1st 3 Quarters of 2016 declined by nine percent over the 1st 3 Quarters of 2015, from 323 to 295. However, there was a four percent quarterly uptick, from 99 to 103.
- Total transaction value in the 1st 3 Quarters of 2016 fell by 70 percent over the 1st 3 Quarters of 2015, from \$14.4 billion to \$4.3 billion. Of note, there were five acquisitions with disclosed values above \$500 million in the 1st 3 Quarters of 2015, compared to one such deal in the 1st 3 Quarters of 2016.

MULTIPLES & VALUE TRENDS

- The median revenue multiple stayed about the same on a year-over-year basis at 2.0x. Median transaction value also remained nearly constant during this timeframe at \$18 million.

M&A Dynamics By Transaction Type - First 3 Quarters

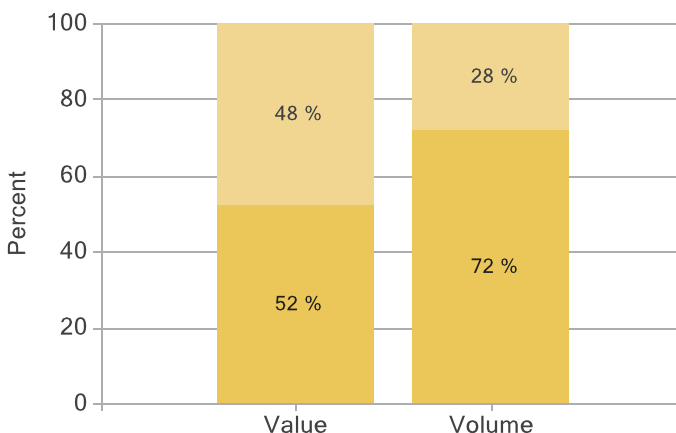


Figure 3. 1st 3 Quarters 2016 value and volume comparison by transaction type.

M&A Market Dynamics

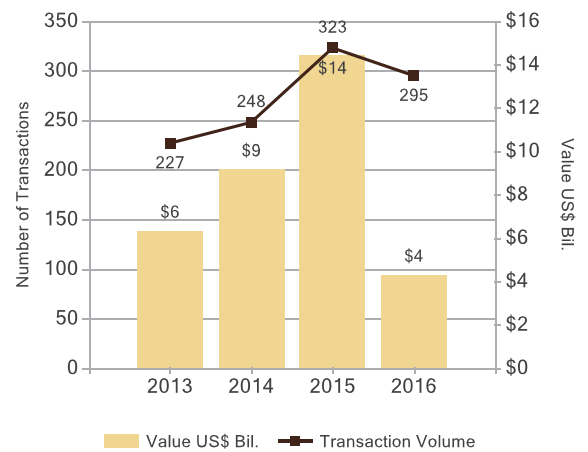


Figure 1. 1st 3 Quarters value and volume comparison from 2013 to 2016.

Median Enterprise Value Multiples

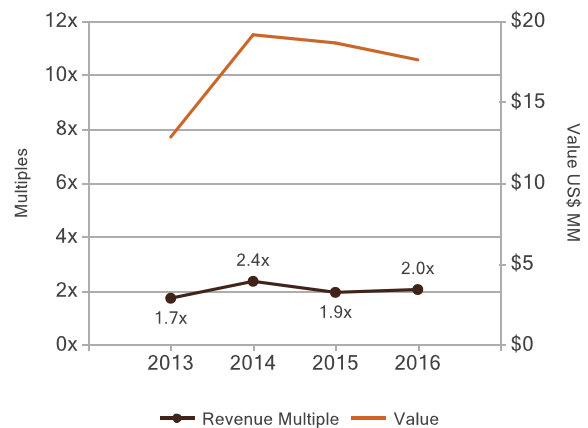


Figure 2. 1st 3 Quarters median revenue and EBITDA comparison from 2013 to 2016.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,093 Education transactions between 2013 and 2016 on a 1st 3 Quarters basis, of which 233 disclosed financial terms, and calculated the aggregate transaction value to be \$28.7 billion.

Based on known transaction values, we project the values of 860 undisclosed transactions to be \$6.3 billion, totaling \$35 billion worth of transactions tracked over the past 45 months.

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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. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity. There can be no guarantee that such information is accurate.

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RECENT EDUCATION TRANSACTIONS

chalkable
HAS BEEN ACQUIRED BY
PowerSchool
A PORTFOLIO COMPANY OF
Vista Equity Partners

HOLIDAY HOUSE
HAS BEEN ACQUIRED BY
TRUSTBRIDGE
挚信资本

Securities Training Corporation
HAS BEEN ACQUIRED BY
Colibri
A PORTFOLIO COMPANY OF
QUAD-C

Learn It
A PORTFOLIO COMPANY OF
MILESTONE PARTNERS
HAS BEEN ACQUIRED BY
LLRpartners

LEEDS Equity Partners
HAS ACQUIRED
PROJECT MANAGEMENT ACADEMY

HMP COMMUNICATIONS HOLDINGS, LLC
HAS COMPLETED A RECAPITALIZATION OF ITS BUSINESS
SGE
SUSQUEHANNA GROWTH EQUITY, LLC
HAS ACQUIRED MAJORITY OWNERSHIP FROM ITS OTHER CURRENT INVESTORS
Alta Equity Partners
AntaresCapital

KAPLAN
A SUBSIDIARY OF
GH GRAHAM HOLDINGS
HAS ACQUIRED
SmartPros®
KEEPSMART®

Sandbox & Co
HAS ACQUIRED
Family Education Network
including
Poptropica Funbeach
and other select assets from
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