



## EDUCATION INDUSTRY

### FULL YEAR 2012 :: Mergers and Acquisitions Trend Report

#### 2012 KEY HIGHLIGHTS

- Apollo Global Management, LLC's announced acquisition of McGraw-Hill Education was the largest industry transaction in 2012, with an acquisition price of \$2.62 billion.
- With six transactions, Pearson was the industry's most active acquirer in 2012. Pearson's largest transaction during the year was its acquisition of EmbanetCompass for \$650 million.
- The combined Professional Training Institutions and Technology segments accounted for 31 percent of the overall industry's transaction volume. In addition, strategic buyers represented 71 percent of this sector's deal flow.
- There were 74 financially sponsored transactions with an aggregate value of \$4.33 billion, representing 30 percent of the total volume and 63 percent of the total value, respectively.

#### M&A Market Dynamics

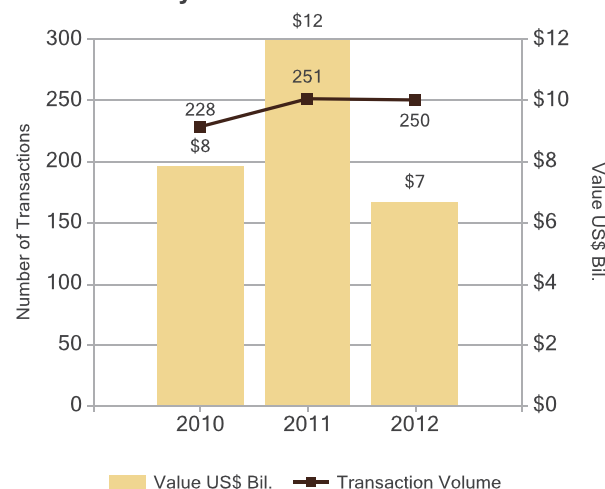


Figure 1. 2010-2012 value and volume comparison.

#### 2012 KEY TRENDS

- Total transaction volume in 2012 stayed nearly the same compared to 2011, from 251 to 250.
- Total transaction value in 2012 decreased by 44 percent over 2011, from \$11.93 billion to \$6.66 billion.
- The median revenue multiple between 2011 and 2012 remained constant at 1.6x. The median EBITDA multiple declined from 12.0x in 2011 to 10.3x in 2012.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 729 transactions between 2010 and 2012, of which 243 disclosed financial terms, and calculated the aggregate transaction value to be \$24.43 billion. Based on known transaction values, we project values of 486 undisclosed transactions to be \$2.01 billion, totaling \$26.44 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 1.8x revenue and 10.4x EBITDA.

Based on volume, the most active market segment that Berkery Noyes tracked between 2010 and 2012 was K-12 Media and Tech with 145 transactions.

#### Median Enterprise Value Multiples

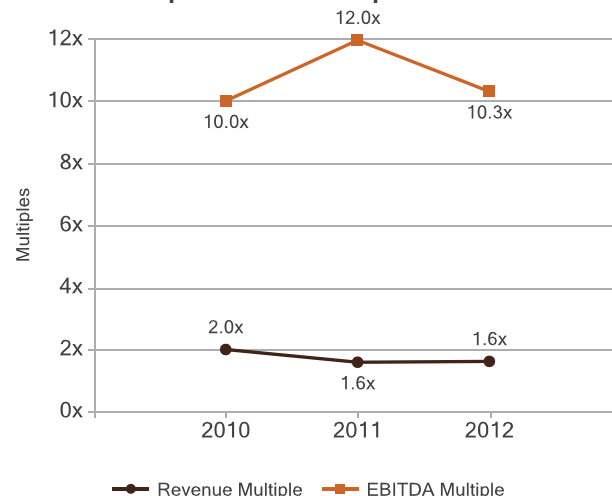
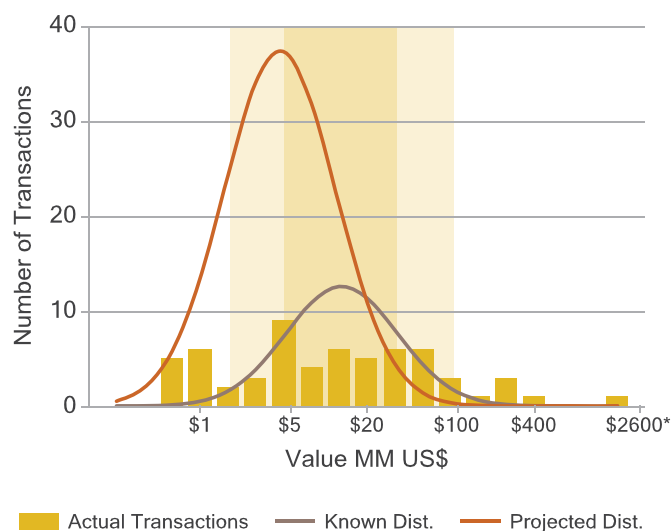


Figure 2. 2010-2012 median revenue and EBITDA comparison.

# Transaction Analysis :: January 1, 2012 – December 31, 2012

**Bell Curve - Histogram**



**Figure 3.** Shows distribution of transactions among the Education Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$4.5 million to \$33.1 million. Based on this data, we estimate the total transaction value of deals done from Jan. 1 to Dec. 31, 2012 at \$6.7 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2012 to Dec. 31, 2012.

**Distribution Table**

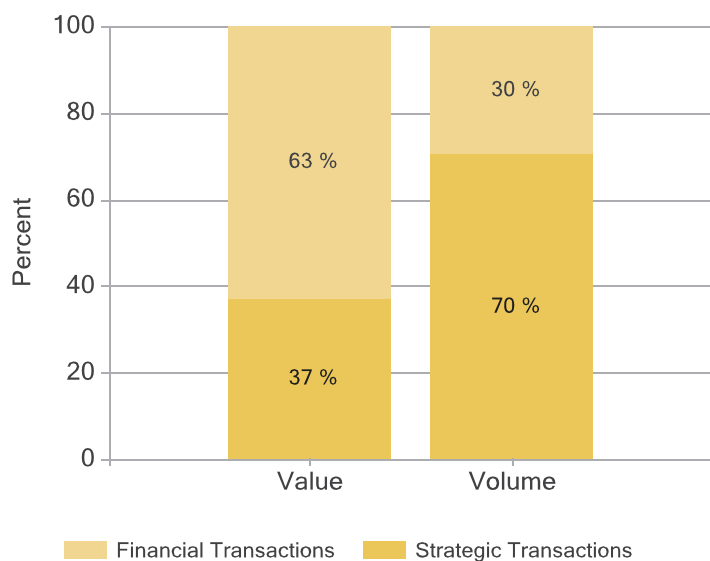
Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	0	1	0	0 %	0 %
\$0.4	0	2	1	0 %	0 %
\$0.6	5	6	10	8 %	8 %
\$1.0	6	13	19	10 %	17 %
\$1.6	2	24	26	3 %	21 %
\$2.7	3	34	36	5 %	25 %
\$4.5	9	37	46	14 %	40 %
\$7.4	4	32	35	6 %	46 %
\$12.2	6	21	27	10 %	56 %
\$20.1	5	11	15	8 %	63 %
\$33.1	6	4	10	10 %	73 %
\$54.6	6	1	7	10 %	83 %
\$90.0	3	0	3	5 %	87 %
\$148.4	1	0	1	2 %	89 %
\$244.7	3	0	3	5 %	94 %
\$403.4	1	0	1	2 %	95 %
\$665.1	0	0	0	0 %	95 %
\$1,096.6	0	0	0	0 %	95 %
\$1,808.0	1	0	1	2 %	97 %
Total #	63	187	250		
Total \$ Value	\$5,876	\$785	\$6,661		
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

**2012 M&A Dynamics by Transaction Type**



**Figure 5.** 2012 value and volume comparison by acquirer 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**



**Figure 6.** 2010-2012 acquirer type comparison by year.

## Purchaser Analysis

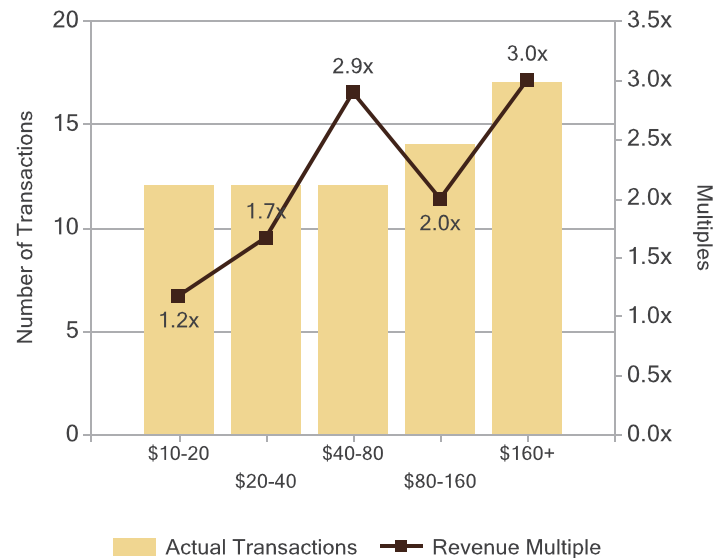
### Top Ten Notable Transactions 2012

Deal Date	Target Name	Buyer	Value MM US\$
11/26/12	McGraw-Hill Education	Apollo Global Management	\$2,621
10/16/12	EmbanetCompass, LLC.	Pearson plc	\$650
02/23/12	The College of Law of England And Wales	Montagu Private Equity	\$316
05/16/12	Oxford Aviation Academy, Ltd.	CAE, Inc.	\$315
03/05/12	Archipelago Learning, Inc.	PLATO Learning, Inc.	\$300
10/02/12	Deltak edu	John Wiley & Sons, Inc.	\$220
05/16/12	Certiport, Inc.	Pearson (VUE)	\$140
05/17/12	Casterbridge Care & Education Ltd.	Bright Horizons Family Solutions	\$117
02/01/12	UP Inc.	Benesse Corporation	\$104
05/25/12	GlobalEnglish Corporation	Pearson plc	\$90
2012 Aggregate Transaction Value			\$6,661
Top 10 Aggregate Transaction Value			\$4,872
<b>Top 10 Aggregate Value as a Percentage of All Transactions</b>			<b>73 %</b>

**Figure 7.** Lists the top ten transactions for 2012 and calculates their aggregate transaction value as a percentage of the 2012 total aggregate transaction value as shown on Figure 1 & 4.

**Note:** Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer.

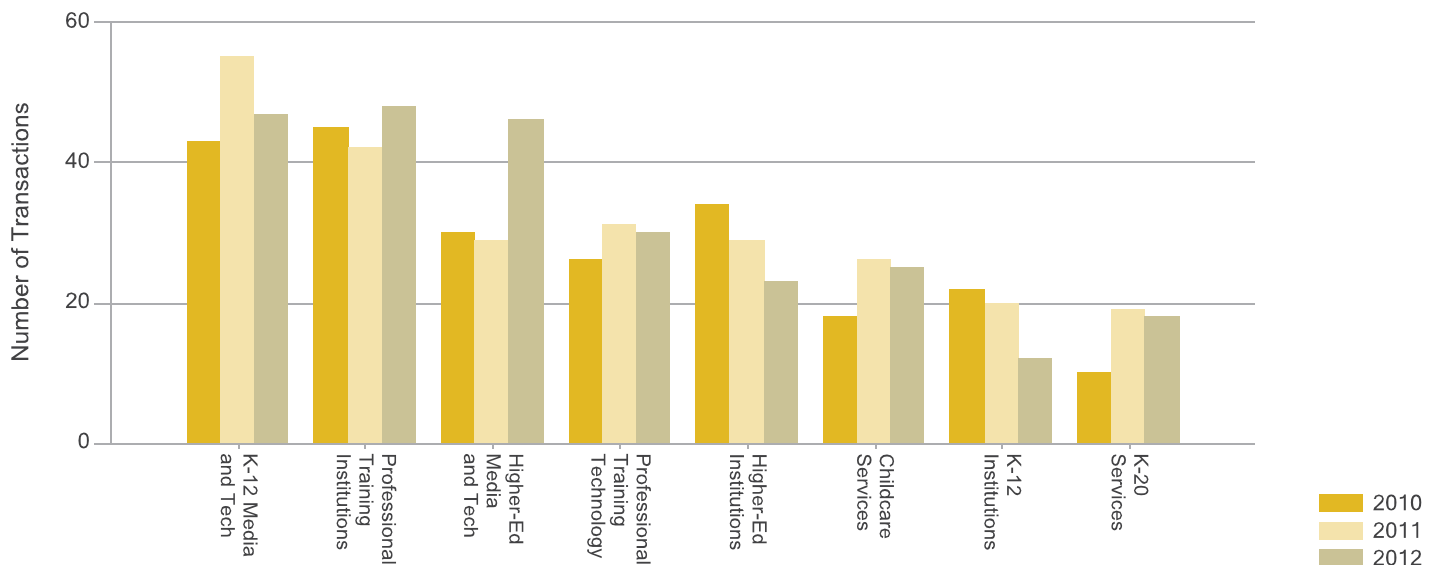
### Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from Jan. 1, 2010 to Dec. 31, 2012 based on publicly available sales price and revenue data.

## Transaction Volume by Segment :: January 1, 2010 – December 31, 2012

### Transactions By Market Segment



**Figure 9.** Presents transaction volume by market segment within the Education Industry from Jan. 1, 2010 through Dec. 31, 2012.

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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.

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

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## RECENT EDUCATION TRANSACTIONS

  
**HealthcareSource**  
A PORTFOLIO COMPANY OF  
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HAS ACQUIRED  
  
**NetLearning**  
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