

## EDUCATION INDUSTRY

### FULL YEAR 2017 :: Mergers and Acquisitions Trend Report

#### 2017 KEY HIGHLIGHTS

- Financial sponsors were responsible for nine of the top ten highest value transactions in 2017. The only strategic deal in the top ten list was Strayer Education's announced merger with Capella Education Company for \$786 million.
- The largest transaction in the Professional Training Services segment during the year was Blackstone Group and Canada Pension Plan Investment Board's announced acquisition of Ascend Learning, which offers educational content and online tools for students, educational institutions and employers, with a particular focus on healthcare and other licensure-driven occupations, for \$2 billion.

#### 2017 KEY TRENDS

- Total transaction volume in 2017 remained almost constant over 2016, at 390.
- Total transaction value in 2017 more than tripled over 2016, from \$5.07 billion to \$16.79 billion. This followed a 73 percent decline from 2015 to 2016. Of note, there were 24 deals in 2017 with disclosed values above \$100 million, as opposed to seven deals in 2016 and 28 deals in 2015.
- The median revenue multiple from 2016 to 2017 stayed the same at 2.1x. The median EBITDA multiple increased from 8.7x in 2016 to 10.2x in 2017.
- The segment with the largest rise in volume in 2017 over 2016 was K-12 Institutions with an 53 percent increase, from 30 to 46 transactions.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 1,210 Education transactions between 2015 and 2017, of which 247 disclosed financial terms, and calculated the aggregate value to be \$31.96 billion. Based on known transaction values, we project values of 963 undisclosed transactions to be \$8.83 billion, totaling \$40.79 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 2.0x revenue and 9.6x EBITDA.

#### M&A Market Dynamics

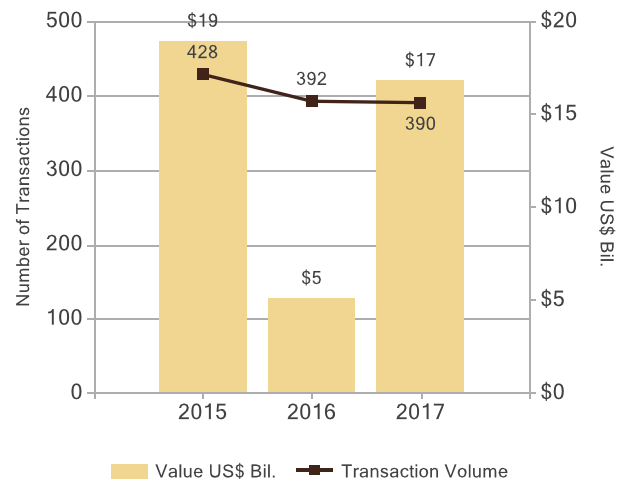


Figure 1. 2015-2017 value and volume comparison.

#### Median Enterprise Value Multiples

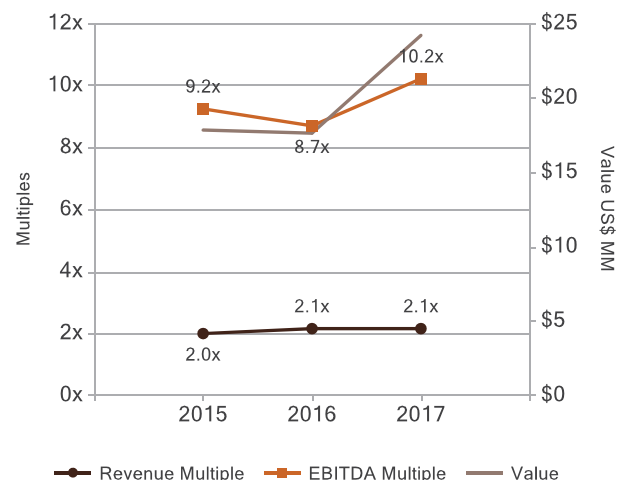
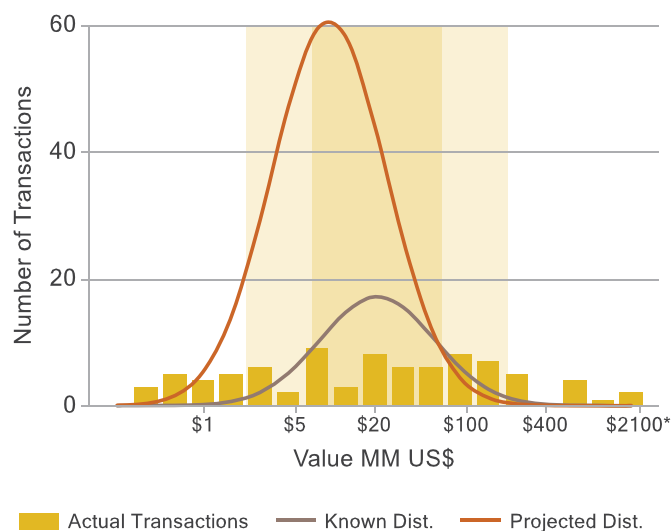


Figure 2. 2015-2017 median value, revenue, EBITDA comparison.

# Transaction Analysis :: January 1, 2017 – December 31, 2017

**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 \$7.4 million to \$90.0 million. Based on this data, we estimate the total transaction value of deals done in 2017 at \$16.8 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2017 to Dec. 31, 2017.

**Distribution Table**

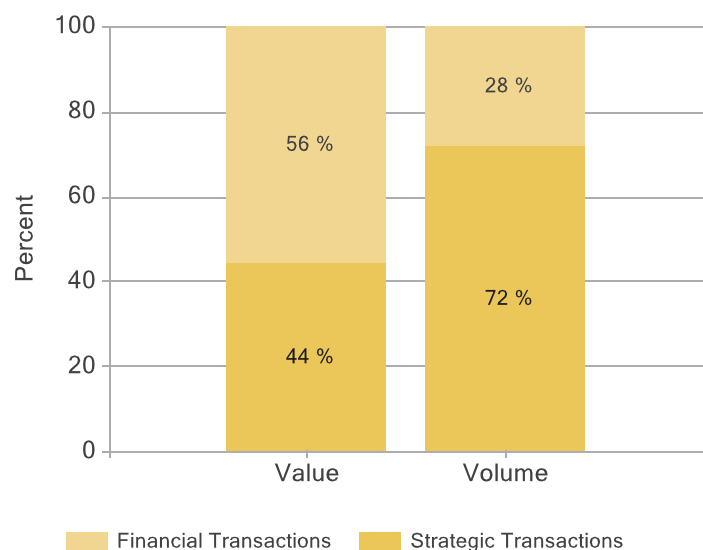
Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	0	0	0	0 %	0 %
\$0.4	3	0	3	3 %	3 %
\$0.6	5	2	6	6 %	9 %
\$1.0	4	5	9	5 %	14 %
\$1.6	5	14	19	6 %	20 %
\$2.7	6	29	35	7 %	27 %
\$4.5	2	47	49	2 %	29 %
\$7.4	9	59	68	10 %	40 %
\$12.2	3	58	61	3 %	43 %
\$20.1	8	44	52	9 %	52 %
\$33.1	6	26	32	7 %	59 %
\$54.6	6	12	18	7 %	66 %
\$90.0	8	4	12	9 %	76 %
\$148.4	7	1	8	8 %	84 %
\$244.7	5	0	5	6 %	90 %
\$403.4	0	0	0	0 %	90 %
\$665.1	4	0	4	5 %	94 %
\$1,096.6	1	0	1	1 %	95 %
\$1,808.0	2	0	2	2 %	98 %
Total #	86	304	390		
Total \$ Value	\$14,018	\$2,771	\$16,789		
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 and may produce insignificant errors in the total sum.

## Strategic vs. Financial Comparison

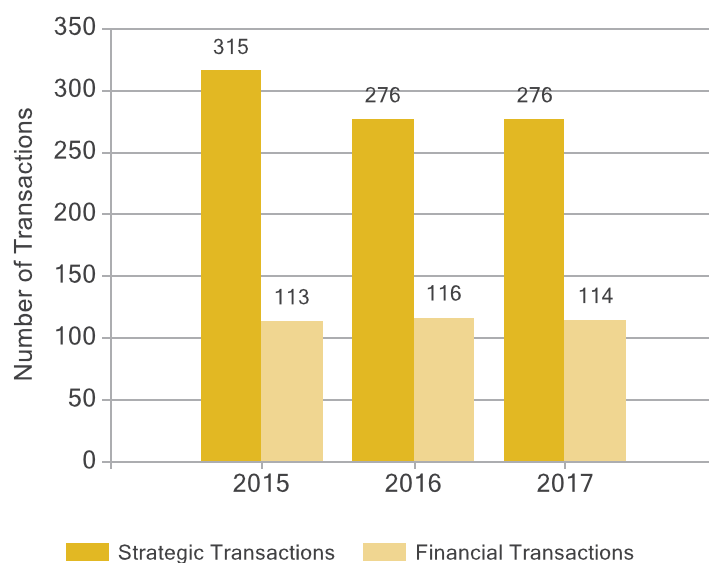
**M&A Dynamics By Transaction Type**



**Figure 5.** 2015-2017 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.** 2015-2017 acquirer type comparison by year.

## Purchaser Analysis

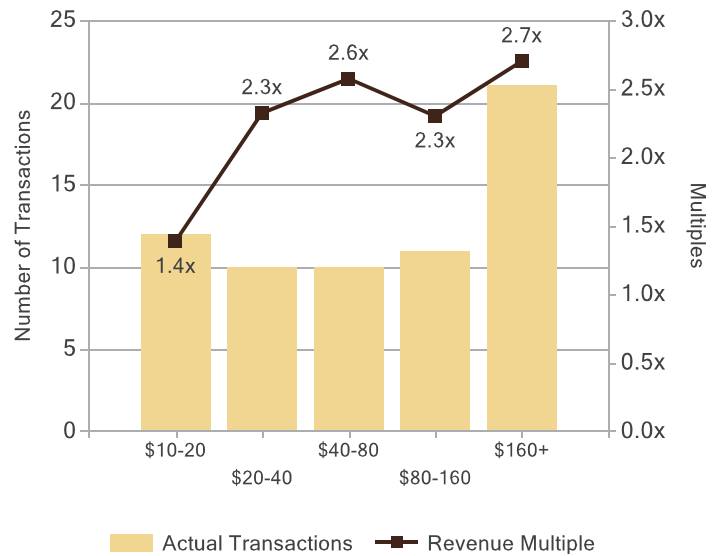
### Top Ten Notable Transactions 2017

Deal Date	Target Name	Buyer	Value MM US\$
04/26/17	Nord Anglia Education, Inc.	CPP Investment Board, Baring Private Equity Asia	\$2,051
04/12/17	Ascend Learning	Blackstone Group LP, CPP Investment Board	\$2,000
08/29/17	Education Advisory Board	Vista Equity Partners	\$1,550
12/06/17	Prometric	Baring Private Equity Asia	\$1,000
06/19/17	QA Ltd.	CVC Capital Partners	\$886
10/30/17	Capella Education Company	Strayer Education, Inc.	\$786
02/23/17	NACE Schools	Providence Equity Partners Inc.	\$371
11/27/17	Wall Street English	CITIC Capital, Baring Private Equity Asia	\$300
01/24/17	Performance Assessment Network	PSI Services LLC	\$271
08/04/17	Frontline Education	Thoma Bravo, LLC	N/A
2017 Aggregate Transaction Value			\$16,789
Top 9 Aggregate Transaction Value			\$9,215
Top 9 Aggregate Value as a Percentage of All Transactions			55 %

**Figure 7.** Lists the top ten transactions for 2017 and calculates their aggregate transaction value as a percentage of the 2017 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.

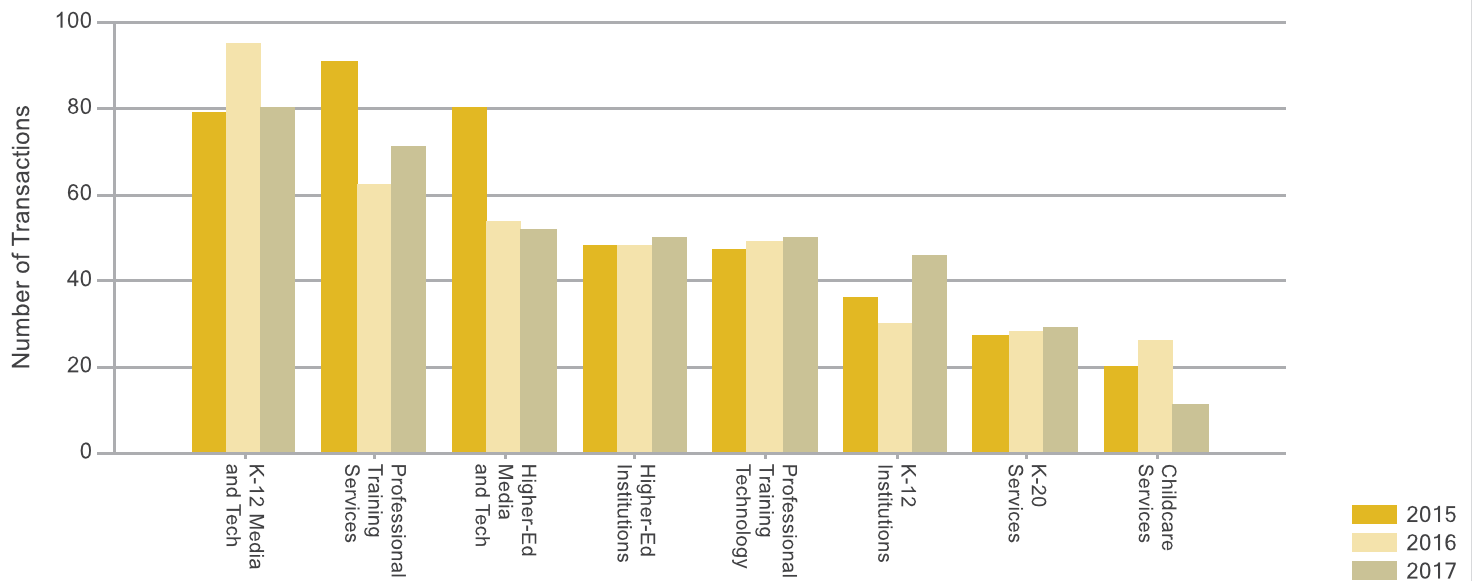
### Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from Jan. 1, 2015 to Dec. 31, 2017 based on publicly available sales price and revenue data.

## Transaction Volume by Segment :: January 1, 2015– December 31, 2017

### Transactions By Market Segment



**Figure 9.** Presents transaction volume by market segment within the Education Industry from Jan. 1, 2015 through Dec. 31, 2017.

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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



HAS ACQUIRED



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



HAS RECEIVED AN  
INVESTMENT FROM



HAS BEEN ACQUIRED BY



A SUBSIDIARY OF



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



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