



EDUCATION INDUSTRY

FULL YEAR 2019 :: Mergers and Acquisitions Trend Report

2019 KEY HIGHLIGHTS

- The largest deal in 2019 was Thoma Bravo's announced acquisition of Instructure, which is known in particular for its Canvas learning management system (LMS), for \$1.86 billion.
- K-12 Media and Tech and Professional Training Services were tied as the industry's most active market segments in 2019 with 99 transactions each.
- Two of the industry's top three highest value transactions in 2019 occurred in the Professional Training Services segment: Wendel Group's acquisition of Crisis Prevention Institute, which offers behavior management and crisis prevention training programs, for \$910 million; and 2U's acquisition of Trilogy Education Services, a workforce accelerator that offers skills-based training programs in high-demand tech fields at universities and companies, for \$750 million.

M&A Market Dynamics

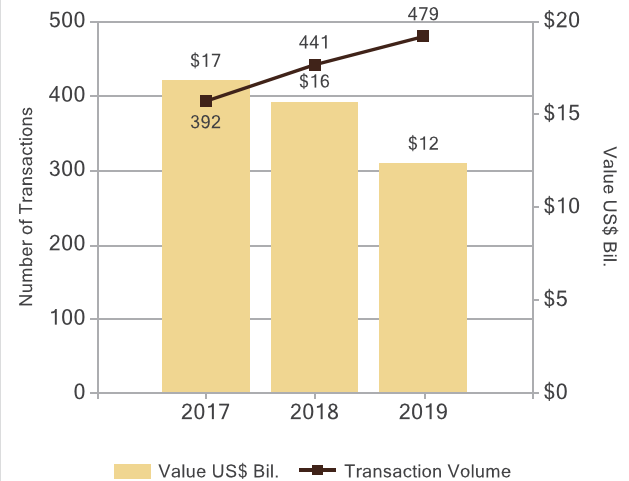


Figure 1. 2017-2019 value and volume comparison.

2019 KEY TRENDS

- Total transaction volume in 2019 increased by nine percent over 2018, from 441 to 479.
- Total transaction value in 2019 declined by 21 percent over 2018, from \$15.64 billion to \$12.30 billion.
- The median revenue multiple improved from 1.8x in 2018 to 2.6x in 2019.
- The segment with the largest rise in volume in 2019 over 2018 was Higher-Ed Institutions, which rose 46 percent, from 41 to 60 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,312 Education transactions between 2017 and 2019, of which 255 disclosed financial terms, and calculated the aggregate value to be \$34.87 billion. Based on known transaction values, we project values of 1,057 undisclosed transactions to be \$9.78 billion, totaling \$44.65 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 2.1x revenue and 10.3x EBITDA.

Median Enterprise Value Multiples

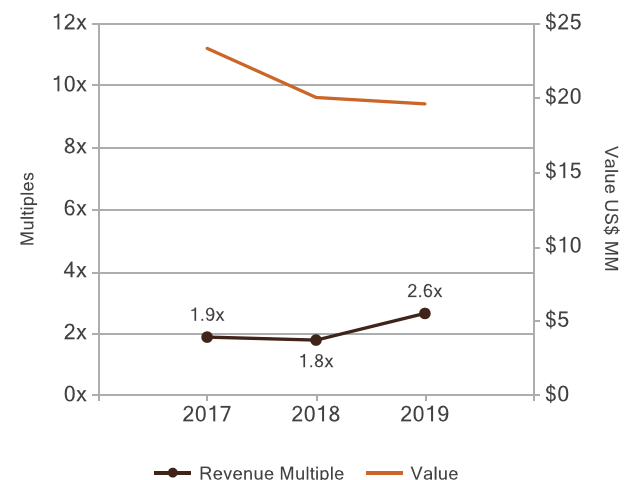


Figure 2. 2017-2019 median value and revenue comparison.

Transaction Analysis :: January 1, 2019 – December 31, 2019

Bell Curve - Histogram

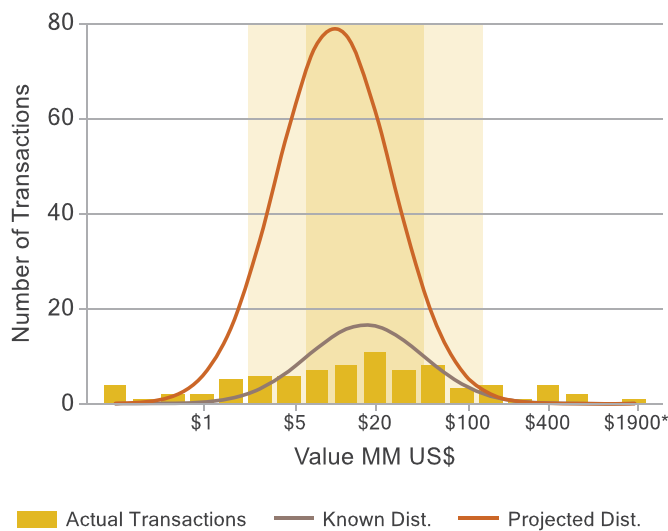


Figure 3. Shows distribution of transactions among the Education Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$7.4 million to \$33.1 million. Based on this data, we estimate the total transaction value of deals done in 2019 at \$12.3 billion.

* Indicates largest transaction in the industry from Jan. 1, 2019 to Dec. 31, 2019.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	4	0	4	5 %	5 %
\$0.4	1	0	1	1 %	6 %
\$0.6	2	2	3	2 %	8 %
\$1.0	2	6	7	2 %	11 %
\$1.6	5	16	20	6 %	17 %
\$2.7	6	34	40	7 %	24 %
\$4.5	6	58	63	7 %	31 %
\$7.4	7	76	82	8 %	40 %
\$12.2	8	77	85	10 %	49 %
\$20.1	11	62	72	13 %	63 %
\$33.1	7	38	45	8 %	71 %
\$54.6	8	18	26	10 %	81 %
\$90.0	3	7	9	4 %	84 %
\$148.4	4	2	6	5 %	89 %
\$244.7	1	0	1	1 %	90 %
\$403.4	4	0	4	5 %	95 %
\$665.1	2	0	2	2 %	98 %
\$1,096.6	0	0	0	0 %	98 %
\$1,808.0	1	0	1	1 %	99 %
Total #	83	396	479		
Total \$ Value	\$8,374	\$3,927	\$12,300		

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

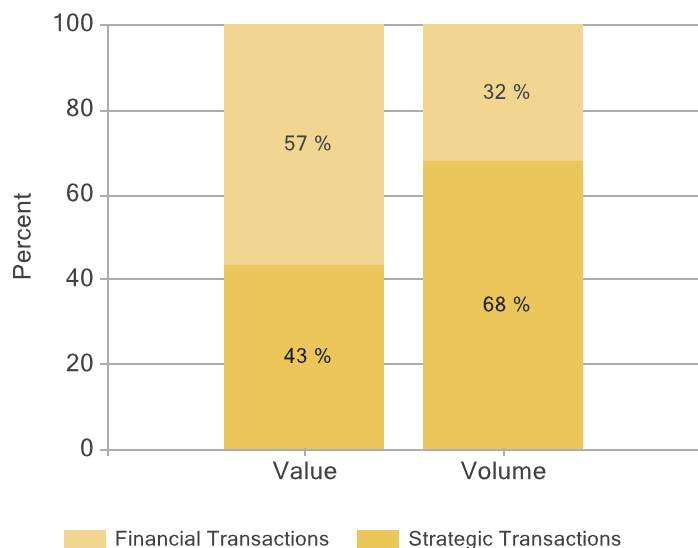


Figure 5. 2017-2019 value and volume comparison by acquirer type.

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

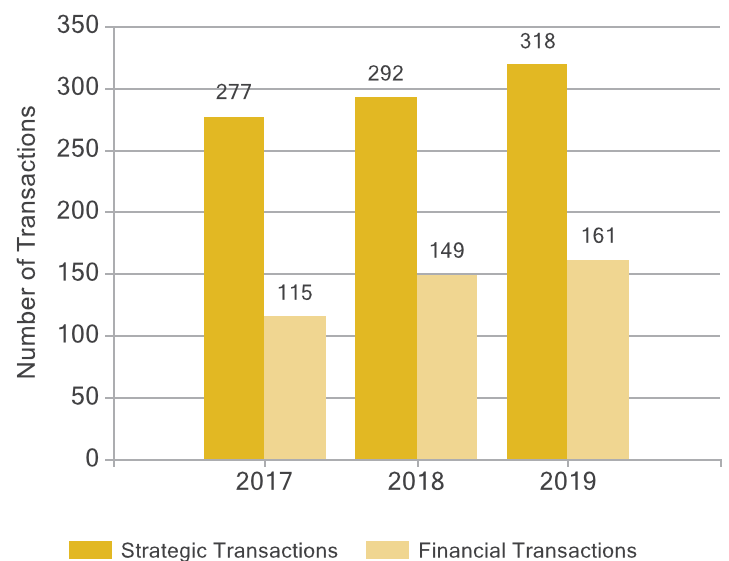


Figure 6. 2017-2019 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2019

Deal Date	Target Name	Buyer	Value MM US\$
12/05/19	Instructure	Thoma Bravo, LLC	\$1,864
10/15/19	Crisis Prevention Institute, Inc	Wendel Group	\$910
04/08/19	Trilogy Education Services	2U, Inc.	\$750
11/06/19	Soliant Health	Olympus Partners	\$612
05/30/19	Ma'arif for Education and Training	Global Education Management Systems, Hassana Investment Company	\$550
10/23/19	Adtalem Educacional do Brasil	YDUQS	\$472
05/08/19	Sistema Positivo de Ensino	Arco Platform Limited	\$416
02/18/19	US K-12 Courseware Business from Pearson plc	Nexus Capital Management LP	\$250
12/19/19	Comcave.College	Amadeus FiRe AG	\$223
07/24/19	Shandong Yingcai University	China YuHua Education Corporation Limited	\$217
2019 Aggregate Transaction Value			\$12,300
Top 10 Aggregate Transaction Value			\$6,263
Top 10 Aggregate Value as a Percentage of All Transactions			51 %

Figure 7. Lists the top ten transactions for 2019 and calculates their aggregate transaction value as a percentage of the 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

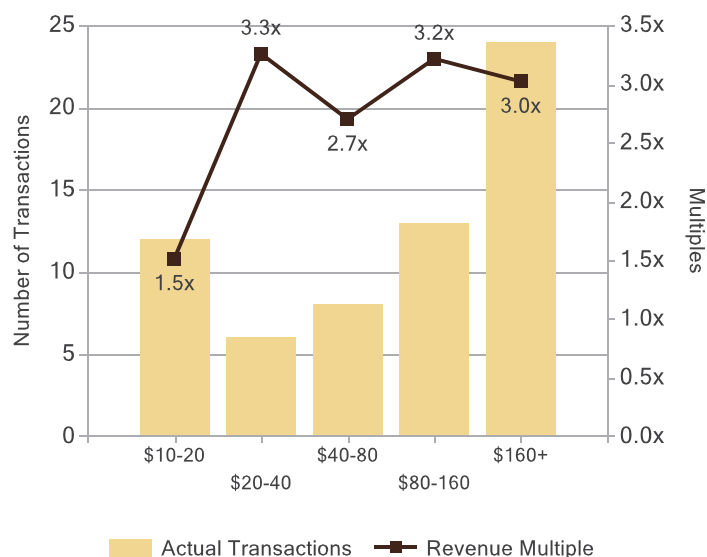


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from Jan. 1, 2017 to Dec. 31, 2019 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2017– December 31, 2019

Transactions By Market Segment

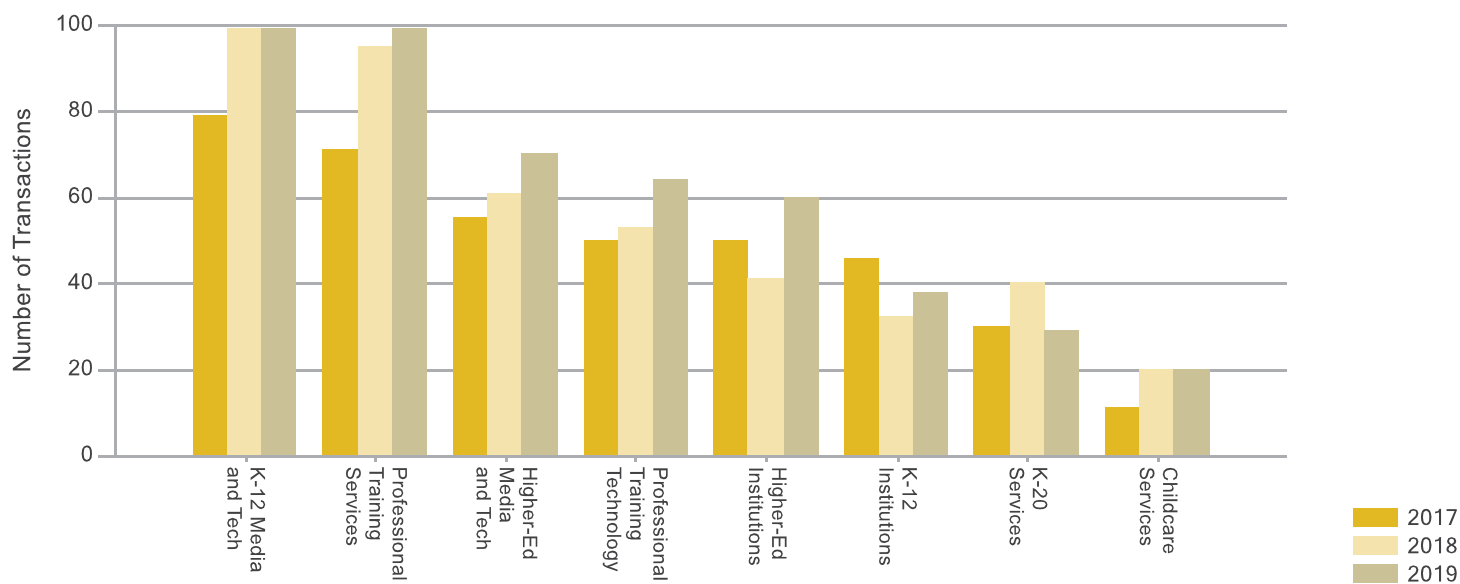


Figure 9. Presents transaction volume by market segment within the Education Industry from Jan. 1, 2017 through Dec. 31, 2019.

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