



EDUCATION INDUSTRY

1ST HALF 2015 ■ Mergers and Acquisitions Trend Report

1ST HALF 2015 KEY HIGHLIGHTS

- The largest transaction year-to-date was LinkedIn Corporation's acquisition of Lynda.com, an online learning company that provides video tutorials and courses covering business, software, creative, and other areas, for \$1.5 billion.
- The most active acquirers in 1st Half 2015, either purchased directly or through an affiliated business, were The Riverside Company and Providence Equity Partners with three industry deals each. Riverside acquired Health and Safety Institute; C-Learning through Learning Seat Pty Ltd; and Digital Ignite through YourMembership.com. Providence acquired Remote-Learner UK and Schoolwires, Inc. through Blackboard Inc; and Endeavour College of Natural Health through Study Group International.

1ST HALF 2015 KEY TRENDS

- Total transaction volume in 1st Half 2015 increased by nine percent over 2nd Half 2014, from 162 to 177.
- Total transaction value in 1st Half 2015 rose by 29 percent over 2nd Half 2014, from \$4.75 billion to \$6.11 billion.
- The number of private equity backed deals in 1st Half 2015 improved by 38 percent over 2nd Half 2014, from 37 to 51 transactions.
- The median revenue multiple declined from 3.5x in 2nd Half 2014 to 2.0x in 1st Half 2015. This marked a near return to its median throughout the last 30 months.
- The segment with the largest increase in volume in 1st Half 2015 over 2nd Half 2014 was Higher-Ed Media and Tech with an 81 percent rise, from 21 to 38 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 806 Education transactions between 2013 and 1st Half 2015, of which 171 disclosed financial terms, and calculated the aggregate transaction value to be \$20.78 billion. Based on known transaction values, we project the values of 635 undisclosed transactions to be \$5.94 billion, totaling \$26.72 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 2.1x revenue and 10.9x EBITDA.

M&A Market Dynamics By Half Year

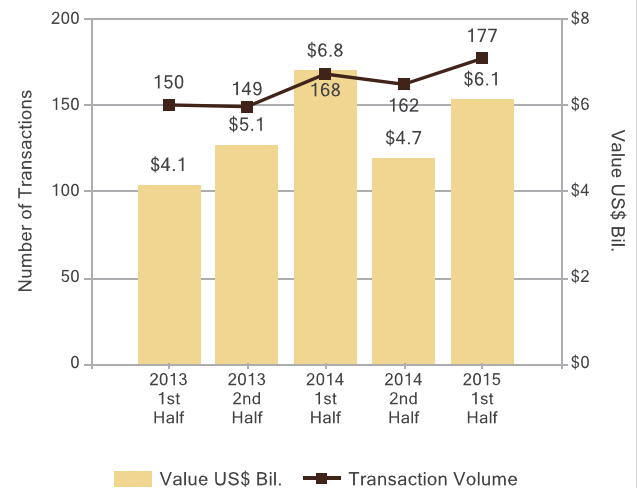


Figure 1. 2013-2015 value and volume comparison.

Median Enterprise Value Multiples By Half Year

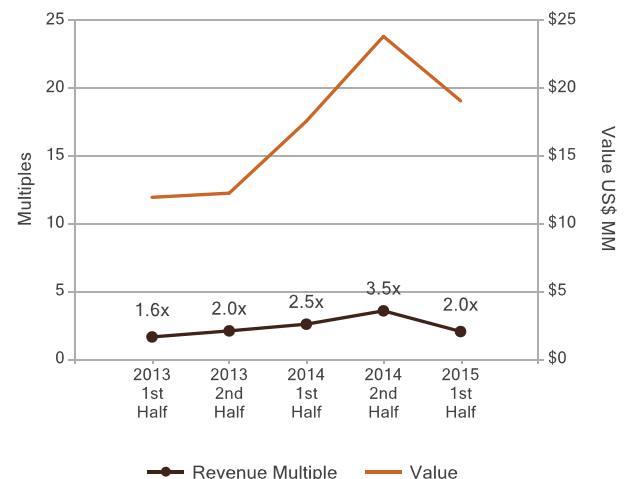


Figure 2. 2013-2015 median: value and revenue comparison.

Transaction Analysis :: January 1, 2015 – June 30, 2015

Bell Curve - Histogram - 1st Half

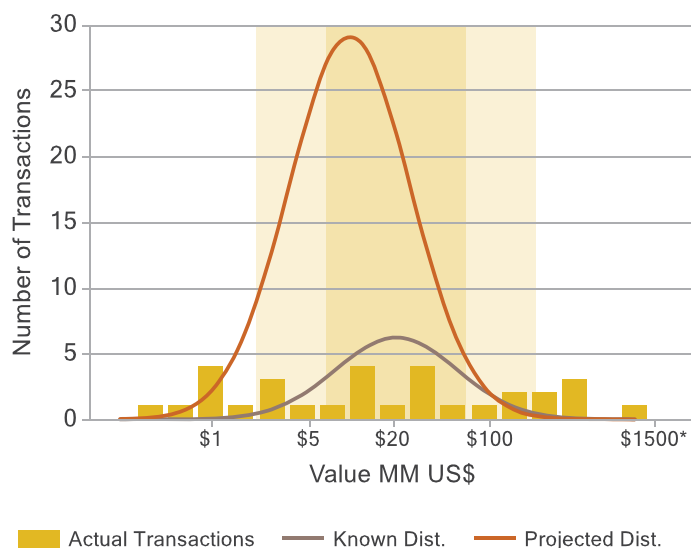


Figure 3. Shows the distribution of Education transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$4.5 to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2015 at \$6.1 billion.

* Indicates largest industry transaction from Jan. 1, 2015 to June 30, 2015.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	0	0	0	0 %	0 %
\$0.4	1	0	1	3 %	3 %
\$0.6	1	1	1	3 %	6 %
\$1.0	4	2	6	13 %	19 %
\$1.6	1	6	6	3 %	23 %
\$2.7	3	13	15	10 %	32 %
\$4.5	1	21	22	3 %	35 %
\$7.4	1	28	28	3 %	39 %
\$12.2	4	29	32	13 %	52 %
\$20.1	1	23	23	3 %	55 %
\$33.1	4	14	18	13 %	68 %
\$54.6	1	7	7	3 %	71 %
\$90.0	1	3	3	3 %	74 %
\$148.4	2	1	2	6 %	81 %
\$244.7	2	0	2	6 %	87 %
\$403.4	3	0	3	10 %	97 %
\$665.1	0	0	0	0 %	97 %
\$1,096.6	1	0	1	3 %	100 %
Total #	31	146	177		
Total \$ Value	\$4,671	\$1,443	\$6,114		
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 - 1st Half

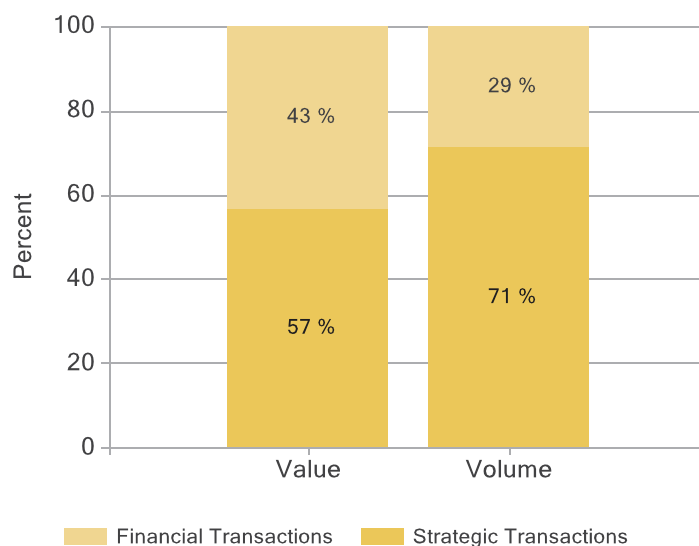


Figure 4. 2013-2015 value and volume comparison by transaction type.

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

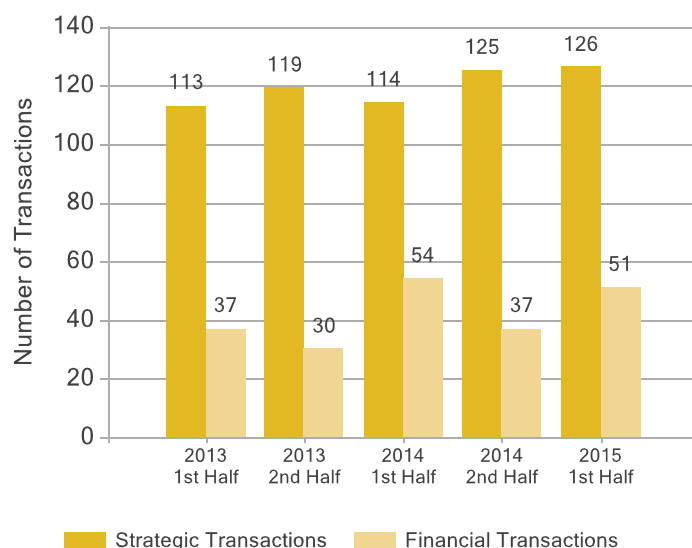


Figure 5. 2013-2015 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2015

Deal Date	Target Name	Buyer	Value MM US\$
04/09/15	Lynda.com	LinkedIn Corporation	\$1,500
04/24/15	Scholastic Educational Technology and Services	Houghton Mifflin Harcourt	\$575
06/25/15	Six Schools from Meritas LLC	Nord Anglia Education, Inc.	\$559
03/19/15	OverDrive Inc.	Rakuten Inc.	\$410
06/17/15	PowerSchool Inc.	Vista Equity Partners	\$350
01/27/15	Studer Group	Huron Consulting Group Inc.	\$325
06/18/15	Saraiva Educação from Saraiva S.A. Livreiros Editores	Abril Educação SA	\$238
05/28/15	CTC Aviation Group Ltd	L-3 Communications Holdings	\$220
06/17/15	Promethean World PLC	NetDragon WebSoft Inc.	\$124
02/04/15	Hoing Education Group	Vtron Technologies	\$83
2015 Aggregate Transaction Value			\$6,114
Top 10 Aggregate Transaction Value			\$4,384
Top 10 Aggregate Value as a Percentage of All Transactions			72 %

Figure 7. Lists the top ten transactions for 1st Half 2015 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

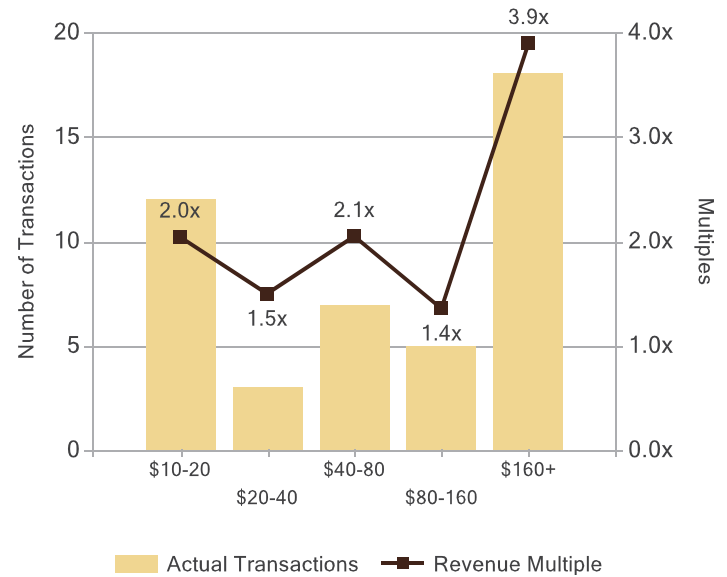


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from January 1, 2013 to June 30, 2015 based on publicly available data.

Transaction Volume by Segment :: January 1, 2013 – June 30, 2015

Transactions By Market Segment By Half Year

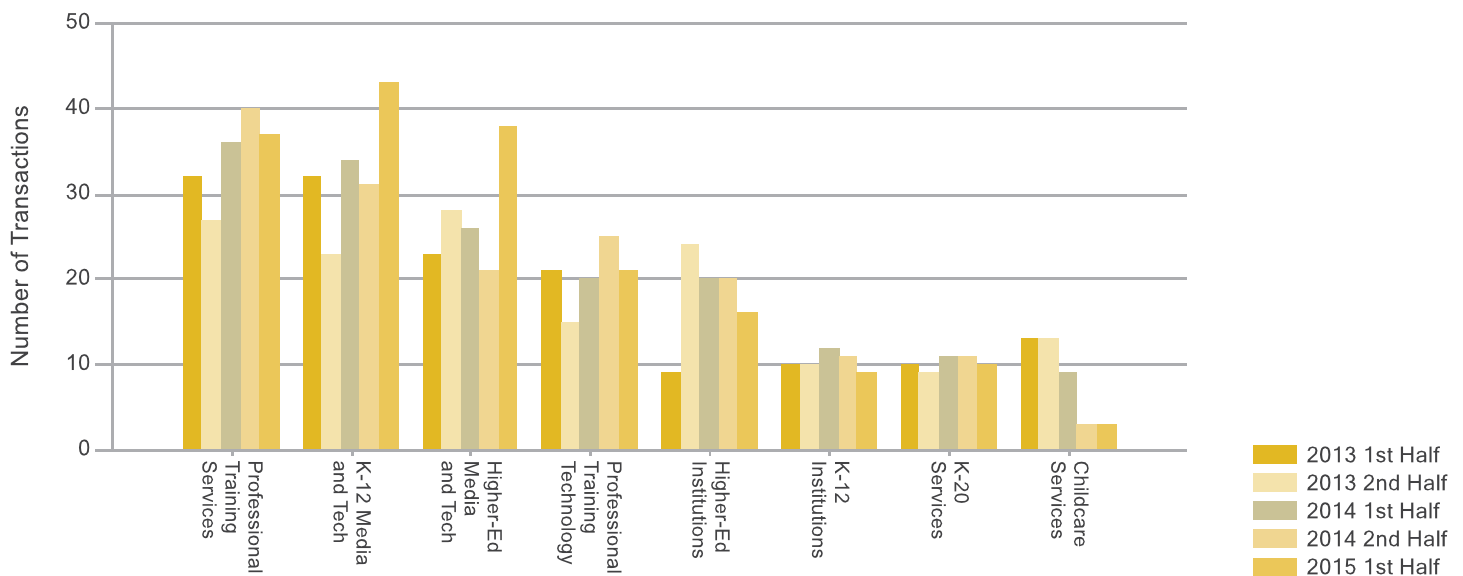


Figure 9. Presents transaction volume by market segment within the Education Industry from January 1, 2013 through June 30, 2015.

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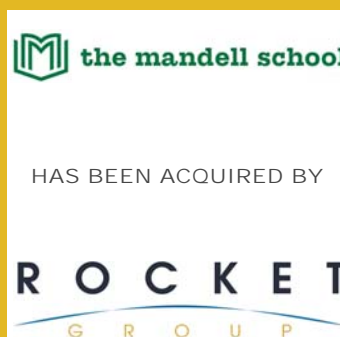
Chief Information Officer



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.

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