1ST HALF 2017 KEY HIGHLIGHTS

- Each of the industry’s five largest deals in 1st Half 2017 were completed by financial sponsors. These five transactions, with a combined value of $5.58 billion, represented 72 percent of aggregate value during the half year period.

- Two of the industry’s top three highest value acquisitions year-to-date occurred in the Professional Training Services segment. Along these lines were Blackstone 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; and CVC Capital Partners with the announced acquisition of QA, an IT education and skills business, for $886 million.

1ST HALF 2017 KEY TRENDS

- Total transaction volume in 1st Half 2017 decreased by eight percent over 2nd Half 2016, from 195 to 179.

- Total transaction value in 1st Half 2017 increased about fivefold over 2nd Half 2016, from $1.54 billion to $7.74 billion.

- Of note, there was only one deal with a disclosed value above $100 million in 2nd Half 2016, compared to 11 such deals in 1st Half 2017. There were also two transactions that reached the $2 billion threshold in first half 2017, as opposed to none for all of 2016.

- The median revenue multiple moved slightly from 1.2x in 2nd Half 2016 to 1.4x in 1st Half 2017. The median EBITDA multiple declined from 11.0x in 2nd Half 2016 to 10.3x in 1st Half 2017.

M&A MARKET OVERVIEW

Berkery Noyes tracked 997 Education transactions between 2015 and 1st Half 2017, of which 199 disclosed financial terms, and calculated the aggregate transaction value to be $24.64 billion. Based on known transaction values, we project the values of 798 undisclosed transactions to be $6.73 billion, totaling $31.37 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 1.6x revenue and 8.7x EBITDA.
Strategic vs. Financial Comparison

**M&A Dynamics By Transaction Type - 1st Half**

<table>
<thead>
<tr>
<th>Value</th>
<th>Percent</th>
<th>Financial Transactions</th>
<th>Strategic Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1</td>
<td>51%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$5</td>
<td>49%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$20</td>
<td>72%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$100</td>
<td>28%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2100*</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Transaction Type By Half Year**

<table>
<thead>
<tr>
<th>Year</th>
<th>1st Half</th>
<th>2nd Half</th>
<th>1st Half</th>
<th>2nd Half</th>
<th>1st Half</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>142</td>
<td>54</td>
<td>58</td>
<td>62</td>
<td>53</td>
</tr>
<tr>
<td>2016</td>
<td>143</td>
<td>53</td>
<td>133</td>
<td>62</td>
<td>126</td>
</tr>
</tbody>
</table>

**Figure 4.** 2015-2017 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.
Top Ten Notable Transactions - 1st Half 2017

<table>
<thead>
<tr>
<th>Deal Date</th>
<th>Target Name</th>
<th>Buyer</th>
<th>Value MM US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/26/17</td>
<td>Nord Anglia Education, Inc.</td>
<td>CPP Investment Board, Baring Private Equity Asia</td>
<td>$2,051</td>
</tr>
<tr>
<td>04/12/17</td>
<td>Ascend Learning</td>
<td>Blackstone Group LP, CPP Investment Board</td>
<td>$2,000</td>
</tr>
<tr>
<td>06/19/17</td>
<td>QA Ltd.</td>
<td>CVC Capital Partners</td>
<td>$886</td>
</tr>
<tr>
<td>02/23/17</td>
<td>NACE Schools</td>
<td>Providence Equity Partners Inc.</td>
<td>$731</td>
</tr>
<tr>
<td>01/24/17</td>
<td>Performance Assessment Network</td>
<td>PSI Services LLC</td>
<td>$271</td>
</tr>
<tr>
<td>03/20/17</td>
<td>Lianyi Technology</td>
<td>Thunisoft</td>
<td>$215</td>
</tr>
<tr>
<td>02/28/17</td>
<td>MBS Textbook Exchange, Inc.</td>
<td>Barnes &amp; Noble Education, Inc.</td>
<td>$174</td>
</tr>
<tr>
<td>05/05/17</td>
<td>Marsela Institute of Digital Arts Co., Ltd.</td>
<td>Baiyang Investment Group, Inc.</td>
<td>$136</td>
</tr>
<tr>
<td>01/27/17</td>
<td>Questar Assessment, Inc.</td>
<td>Educational Testing Service, Inc.</td>
<td>$128</td>
</tr>
<tr>
<td>05/24/17</td>
<td>Bright Path Early Learning</td>
<td>Busy Bees Childcare Ltd.</td>
<td>$106</td>
</tr>
</tbody>
</table>

2017 Aggregate Transaction Value: $7,739
Top 10 Aggregate Transaction Value: $6,338
Top 10 Aggregate Value as a Percentage of All Transactions: 82%

Figure 7. Lists the top ten transactions for 1st Half 2017 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, 2015 to June 30, 2017 based on publicly available data.


Figure 9. Presents transaction volume by market segment within the Education Industry from January 1, 2015 through June 30, 2017.
Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, marketing, and technology industries. The firm has initiated, managed, and closed more than 500 merger and acquisition transactions for privately held and publicly traded companies in the healthcare, financial services, education, and entertainment markets.

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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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