BERKERY NOYES
INVESTMENT BANKERS

EDUCATION INDUSTRY

FULL YEAR 2016 :: Mergers and Acquisitions Trend Report

2016 KEY HIGHLIGHTS

- Transaction volume in the K-12 Media and Tech segment overtook both the Professional Training Services and Higher Ed Media and Tech segments, becoming the industry's most active sector in 2016.
- The largest deal in 2016 was Apollo Education Group Inc.'s announced acquisition by a consortium of investors for $1.1 billion. This transaction, in which Apollo is being taken private, accounted for about one-fifth of the industry's total value in 2016.

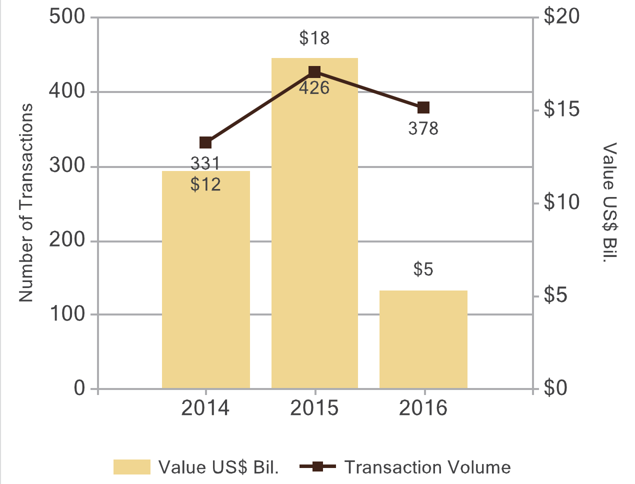

Figure 1. 2014-2016 value and volume comparison.

2016 KEY TRENDS

- Total transaction volume in 2016 decreased by 11 percent over 2015, from 426 to 378. This followed a 29 percent increase in from 2014 to 2015.
- Strategic volume in 2016 moved downward by 15 percent over 2015, from 320 to 271. Private equity backed volume remained almost constant during this timeframe, from 106 to 107.
- Total transaction value in 2016 fell by 70 percent over 2015, from $17.75 billion to $5.32 billion. This followed a 50 percent increase from 2014 to 2015. Of note, there were seven deals in 2016 with disclosed values above $100 million, as opposed to 19 such deals in 2015.
- The median revenue multiple moved slightly from 1.9x in 2015 to 2.0x in 2016. The median EBITDA multiple saw a minor shift from 9.2x in 2015 to 8.7x in 2016.

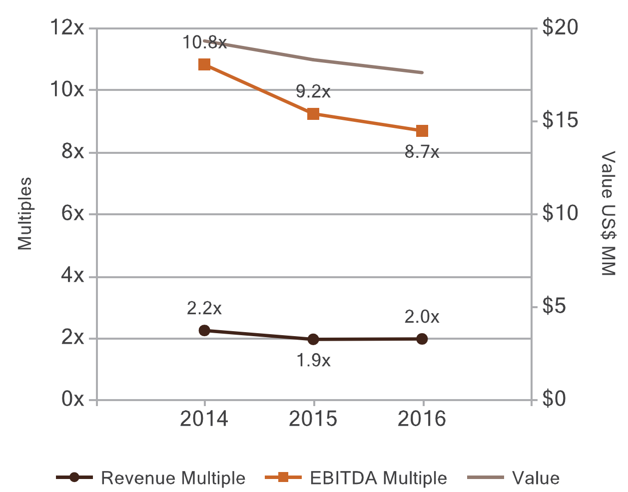

Figure 2. 2014-2016 median value, revenue, EBITDA comparison.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,135 Education transactions between 2014 and 2016, of which 234 disclosed financial terms, and calculated the aggregate value to be $27.99 billion. Based on known transaction values, we project values of 901 undisclosed transactions to be $6.86 billion, totaling $34.85 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 9.2x EBITDA.

Transaction Analysis :: January 1, 2016 – December 31, 2016

Bell Curve - Histogram

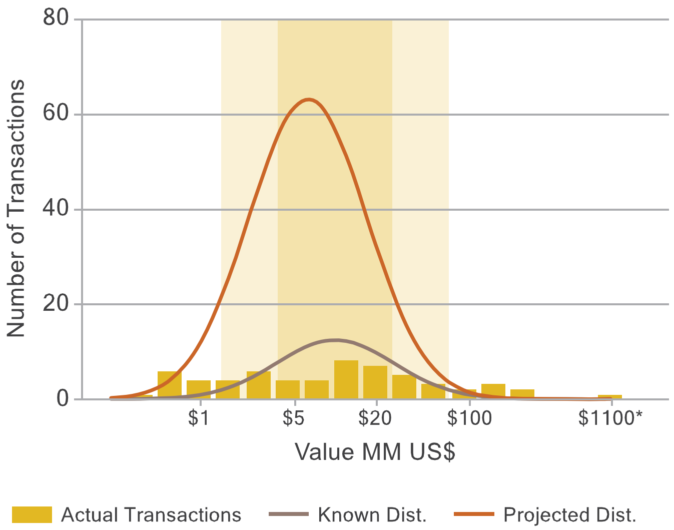

Figure 3. Shows distribution of transactions among the Education Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of $4.5 million to $20.1 million. Based on this data, we estimate the total transaction value of deals done in 2016 at $5.3 billion.

* Indicates largest transaction in the industry from Jan. 1, 2016 to Dec. 31, 2016.

Distribution Table

Value in MM US$	Known Number	Projected Number	Total Number	%	Cumulative %
$0.2	0	0	0	0 %	0 %
$0.4	1	1	2	2 %	2 %
$0.6	6	4	9	10 %	11 %
$1.0	4	11	15	6 %	18 %
$1.6	4	25	29	6 %	24 %
$2.7	6	44	49	10 %	34 %
$4.5	4	59	63	6 %	40 %
$7.4	4	62	66	6 %	47 %
$12.2	8	51	59	13 %	60 %
$20.1	7	33	39	11 %	71 %
$33.1	5	16	21	8 %	79 %
$54.6	3	6	9	5 %	84 %
$90.0	2	2	3	3 %	87 %
$148.4	3	0	3	5 %	92 %
$244.7	2	0	2	3 %	95 %
$403.4	0	0	0	0 %	95 %
$665.1	0	0	0	0 %	95 %
$1,096.6	1	0	1	2 %	97 %
Total #	62	316	**378**		
Total $ Value	$3,307	$2,010	**$5,317**		

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

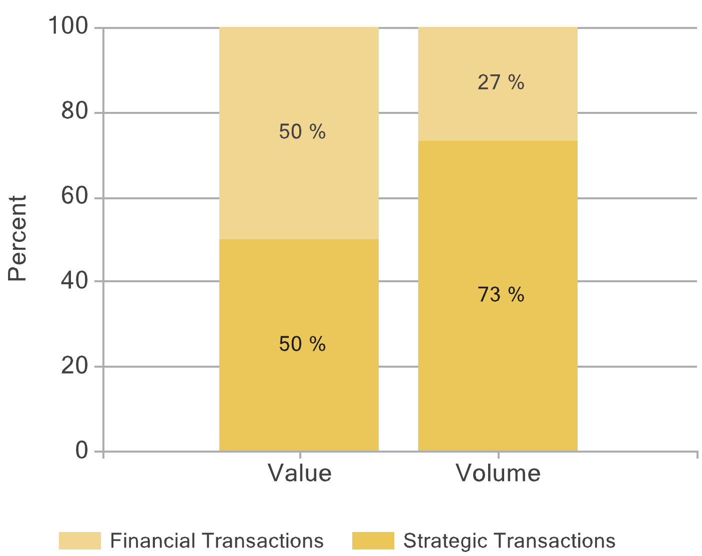

Figure 5. 2014-2016 value and volume comparison by acquirer type.

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

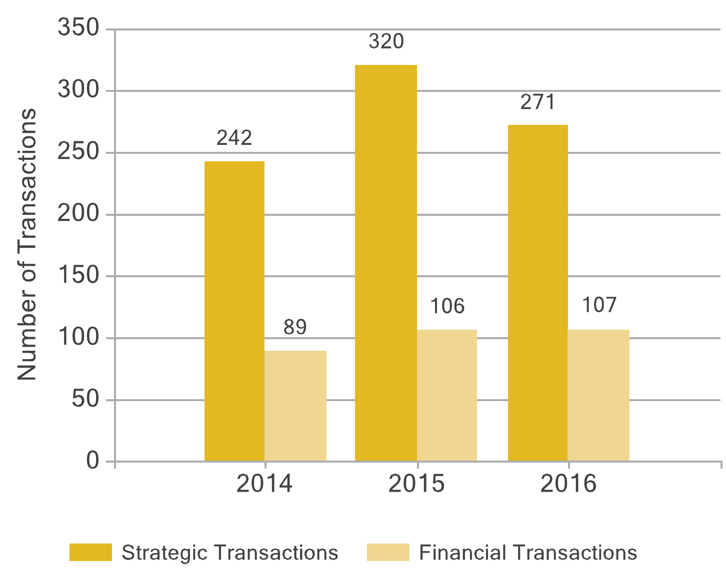

Figure 6. 2014-2016 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2016

Deal Date	Target Name	Buyer	Value MM US$
02/08/16	Apollo Education Group Inc.	Apollo Global Management, Najafi Companies, The Vistria Group	$1,100
01/04/16	Longwen Education	Dongguan Kingsun Optoelectronic Co Ltd	$309
10/31/16	Golden Apple Education Group	PAG	$250
05/26/16	SMART Technologies Inc.	Foxconn Technology Group	$196
06/30/16	Higher One, Inc.	Blackboard Inc.	$173
03/31/16	Nafais Holding Company K.S.C.P.	Gulf Friends Real Estate Co.	$166
06/28/16	Play & Music from The Gymboree Corporation	ZEAVION Holding	$128
05/11/16	Beijing Lezhixing Software Co., Ltd	iFLYTEK	$76
11/23/16	Five Florida Charter Schools from ESJ Capital Partners, LLC	Charter School Capital, Inc.	$72
11/02/16	Inspiring Learning	Bridgepoint	N/A
		2016 Aggregate Transaction Value	$5,317
		Top 9 Aggregate Transaction Value	$2,470
		Top 9 Aggregate Value as a Percentage of All Transactions	**46 %**

Figure 7. Lists the top ten transactions for 2016 and calculates their aggregate transaction value as a percentage of the 2016 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

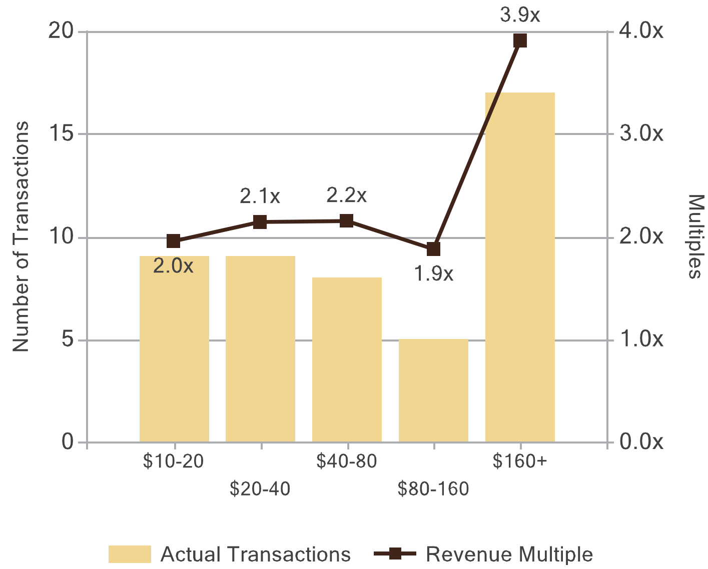

Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from Jan. 1, 2014 to Dec. 31, 2016 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2014– December 31, 2016

Transactions By Market Segment

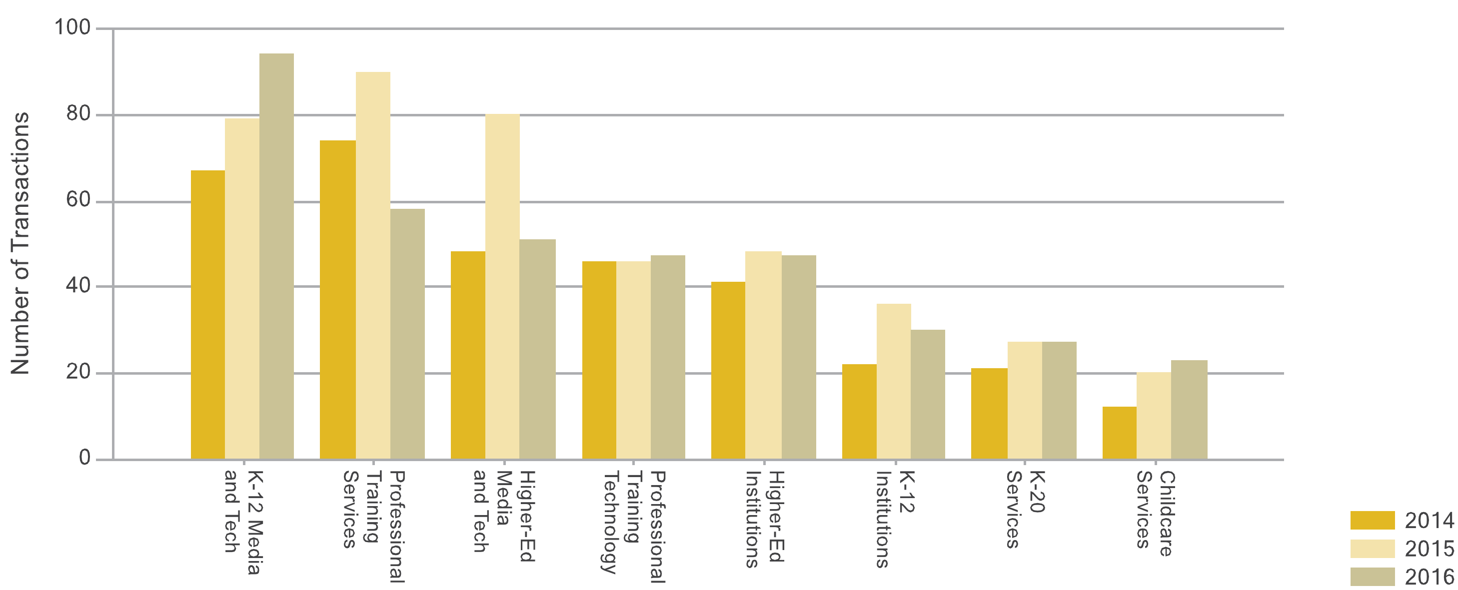

Figure 9. Presents transaction volume by market segment within the Education Industry from Jan. 1, 2014 through Dec. 31, 2016.

BERKERY NOYES
INVESTMENT BANKERS

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.

Berkery Noyes Securities LLC assists middle market companies with raising growth capital in the debt and equity markets.

CONTACT US TODAY FOR A CONFIDENTIAL DISCUSSION OF YOUR STRATEGIC OPTIONS

212-668-3022

MANAGING DIRECTORS

PETER YOON
Education Group

MARY JO ZANDY
Education, Media and Generalist Groups

VINEET ASTHANA
Media and Technology Group

JOHN GUZZO
Financial Technology Group

JONATHAN KRIEGER
Healthcare Group

THOMAS O'CONNOR
Healthcare Group

DICK O'DONNELL
Finance Group

PETER OGNIBENE
Financial Technology Group

SAMEER PAL
Business Software and Services Group

JEFFREY SMITH
Healthcare Group

PARTNERS

JOSEPH BERKERY
Chief Executive Officer

JAMES BERKERY
Managing Partner

MANDASOFT
The DNA of M&A

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.

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

RECENT EDUCATION TRANSACTIONS

RENOVUS CAPITAL
HAS INVESTED IN
rednucleus

chalkable
HAS BEEN ACQUIRED BY
PowerSchool
A PORTFOLIO COMPANY OF
Vista Equity Partners

HOLIDAY HOUSE
HAS BEEN ACQUIRED BY
TRUSTBRIDGE
挚 信 资 本

Securities Training Corporation STC
HAS BEEN ACQUIRED BY
Colibri
A PORTFOLIO COMPANY OF
QUAD-C

Learn It
A PORTFOLIO COMPANY OF
MILESTONE PARTNERS
HAS BEEN ACQUIRED BY
LLR partners

LEEDS Equity Partners
HAS ACQUIRED
PROJECT MANAGEMENT ACADEMY

KAPLAN
A SUBSIDIARY OF
GH GRAHAM HOLDINGS
HAS ACQUIRED
SmartPros®
KEEPSMART®

Sandbox & Co
HAS ACQUIRED
Family Education Network
including
Poptropica Funbrain
and other select assets from
PEARSON

EBIX
HAS ACQUIRED
Oakstone®
A BUSINESS OF
bv
INVESTMENT PARTNERS
SINCE 1983

ilsc EDUCATION GROUP
RECAPITALIZATION WITH
Quad Partners

One Liberty Plaza | New York, New York 10006
berkerynoyes.com | 212.668.3022