

## EDUCATION INDUSTRY

### FULL YEAR 2013 :: Mergers and Acquisitions Trend Report

#### 2013 KEY HIGHLIGHTS

- The most active acquirer in 2013 was Pearson plc with six transactions. The largest of these deals was Pearson plc's acquisition of Grupo Multi Holding, an English language training company headquartered in Brazil, for \$829 million.
- Nine of the top ten highest value transactions in 2013 were based outside of the United States.
- There were 65 financially sponsored transactions with an aggregate value of \$5.51 billion, representing 22 percent of the total volume and 54 percent of the total value, respectively.

#### 2013 KEY TRENDS

- Total transaction volume in 2013 increased by eight percent over 2012, from 274 to 295.
- Total transaction value in 2013 rose by 27 percent over 2012, from \$8.04 billion to \$10.20 billion.
- The median revenue multiple remained constant at 1.5x. The median EBITDA multiple declined from 13.5x in 2012 to 11.0x in 2013, which marked a return to the industry's 2011 EBITDA valuation.
- The segment with the largest increase in volume in 2013 over 2012 was Professional Training Technology with a 19 percent increase, from 31 to 37 transactions.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 849 Education transactions between 2011 and 2013, of which 255 disclosed financial terms, and calculated the aggregate value to be \$21.77 billion. Based on known transaction values, we project values of 594 undisclosed transactions to be \$5.86 billion, totaling \$27.63 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 1.6x revenue and 11.2x EBITDA.

Based on volume, the most active market segment that Berkery Noyes tracked between 2011 and 2013 was K-12 Media and Tech with 158 transactions.

#### M&A Market Dynamics

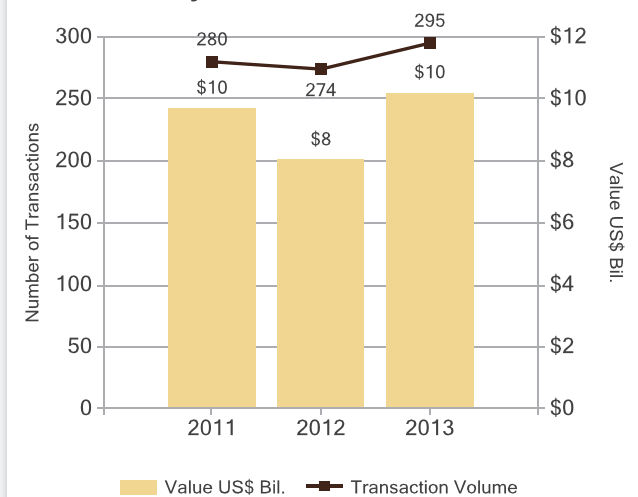


Figure 1. 2011-2013 value and volume comparison.

#### Median Enterprise Value Multiples

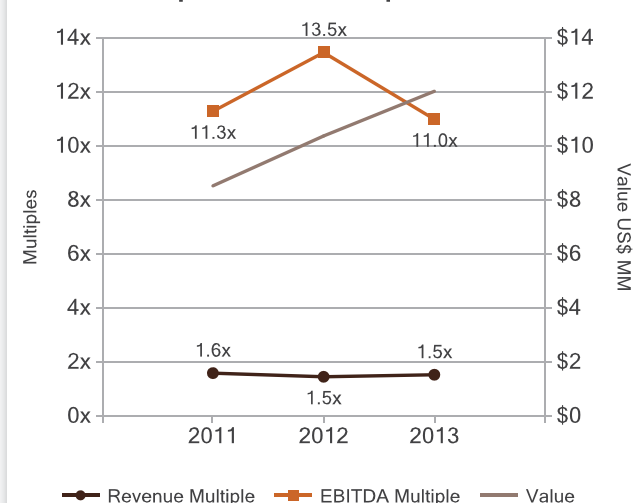


Figure 2. 2011-2013 median revenue and EBITDA comparison.

# Transaction Analysis :: January 1, 2013 – December 31, 2013

## Bell Curve - Histogram

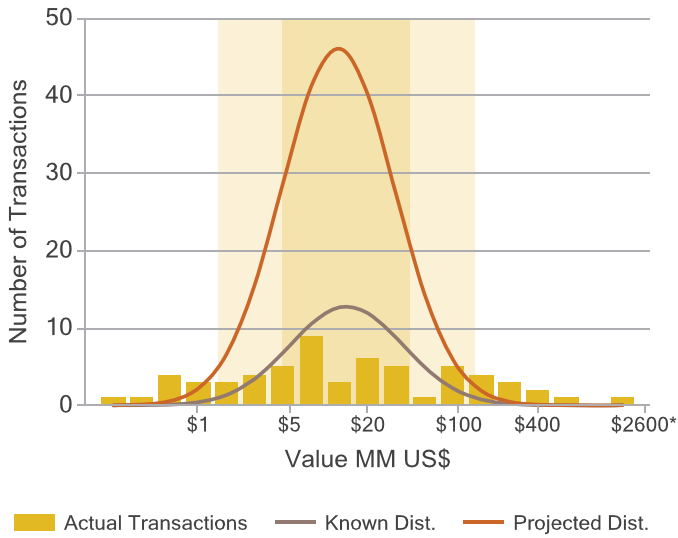


Figure 3. Shows distribution of transactions among the Education Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$7.4 million to \$33.1 million. Based on this data, we estimate the total transaction value of deals done in 2013 at \$10.2 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2013 to Dec. 31, 2013.

## Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	2 %	2 %
\$0.4	1	0	1	2 %	3 %
\$0.6	4	1	4	6 %	9 %
\$1.0	3	2	5	5 %	14 %
\$1.6	3	7	9	5 %	19 %
\$2.7	4	16	19	6 %	25 %
\$4.5	5	29	33	8 %	33 %
\$7.4	9	41	50	14 %	47 %
\$12.2	3	46	49	5 %	52 %
\$20.1	6	40	46	9 %	61 %
\$33.1	5	27	32	8 %	69 %
\$54.6	1	14	15	2 %	70 %
\$90.0	5	6	10	8 %	78 %
\$148.4	4	2	5	6 %	84 %
\$244.7	3	0	3	5 %	89 %
\$403.4	2	0	2	3 %	92 %
\$665.1	1	0	1	2 %	94 %
\$1,096.6	0	0	0	0 %	94 %
\$1,808.0	1	0	1	2 %	95 %
<b>Total #</b>	<b>64</b>	<b>231</b>	<b>295</b>		
<b>Total \$ Value</b>	<b>\$7,463</b>	<b>\$2,738</b>	<b>\$10,201</b>		
<b>Middle 3rd of Industry</b>		<b>Middle 2/3rds of Industry</b>			

Figure 4. Presents the data depicted in the bell curve histogram.

Note: The projected number column is rounded as a result of the projection and may produce insignificant errors in the total sum.

## Strategic vs. Financial Comparison

### M&A Dynamics By Transaction Type

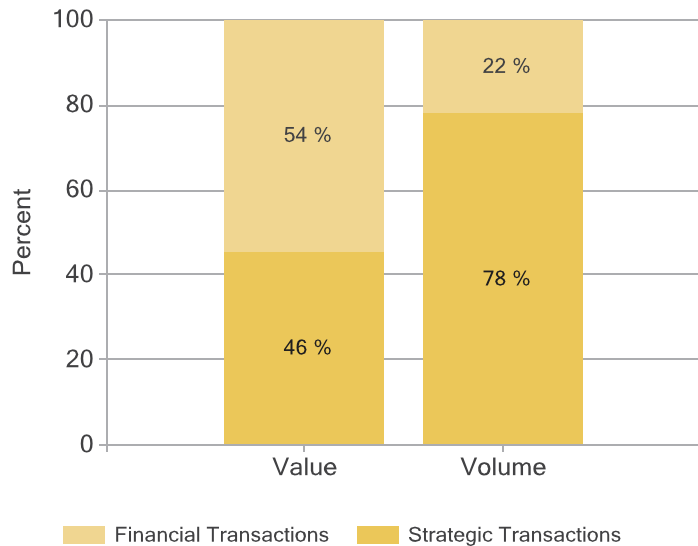


Figure 5. 2013 value and volume comparison by acquirer type.

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

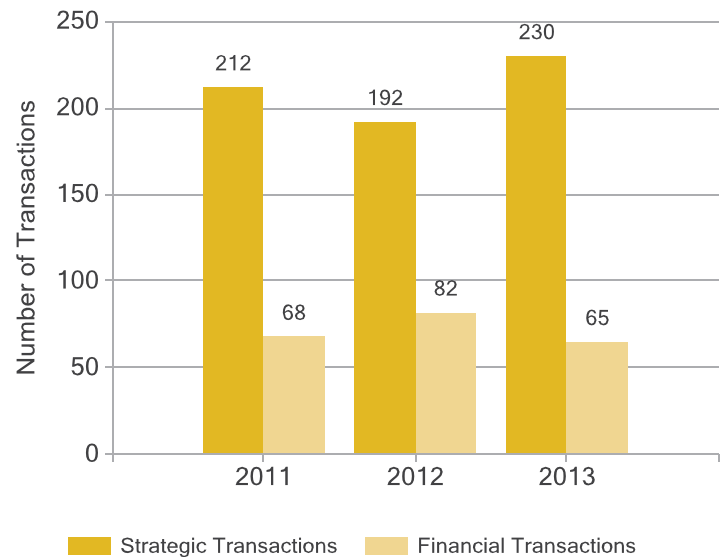


Figure 6. 2011-2013 acquirer type comparison by year.

# Purchaser Analysis

## Top Ten Notable Transactions 2013

Deal Date	Target Name	Buyer	Value MM US\$
04/22/13	Anhanguera Educacional SA	Kroton Educacional S.A.	\$2,632
12/03/13	Grupo Multi Holding	Pearson plc	\$829
07/08/13	TSL Education Ltd.	TPG Capital	\$549
11/19/13	American Achievement Corporation, Inc.	Jostens, Inc.	\$486
09/18/13	Busy Bees Childcare Ltd.	Teachers Private Capital	\$353
10/24/13	European Education Properties from Career Education Corp	Apax	\$305
12/04/13	Cambridge Education Group	Bridgepoint	\$303
05/03/13	WCL Group	Nord Anglia Education Plc	\$237
09/12/13	UniSEB	Estácio Participações S.A.	\$228
10/24/13	ABC Cooking Studio	NTT DOCOMO	\$206
2013 Aggregate Transaction Value			\$10,201
Top 10 Aggregate Transaction Value			\$6,127
<b>Top 10 Aggregate Value as a Percentage of All Transactions</b>			<b>60 %</b>

Figure 7. Lists the top ten transactions for 2013 and calculates their aggregate transaction value as a percentage of the 2013 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

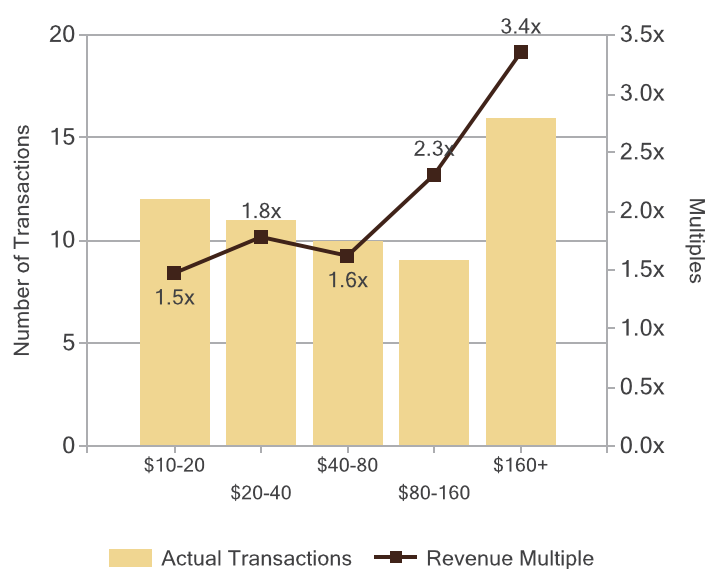


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from Jan. 1, 2011 to Dec. 31, 2013 based on publicly available sales price and revenue data.

# Transaction Volume by Segment :: January 1, 2011 – December 31, 2013

## Transactions By Market Segment

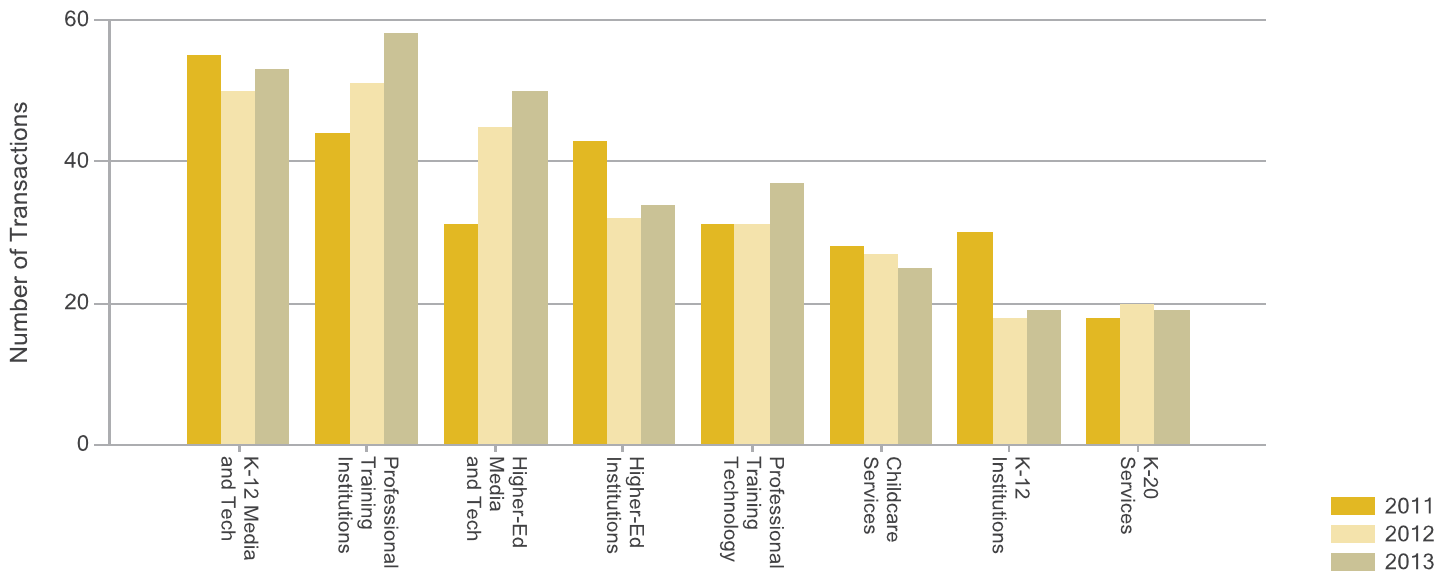


Figure 9. Presents transaction volume by market segment within the Education Industry from Jan. 1, 2011 through Dec. 31, 2013.

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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.

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