

## EDUCATION INDUSTRY

### Q3 2014 :: Mergers and Acquisitions Trend Report

#### Q3 2014 KEY HIGHLIGHTS

- The highest value transaction across the industry's tech-based segments in Q3 2014 was Heartland Payment Systems, Inc.'s acquisition of TouchNet Information Systems, Inc. for \$360 million.
- The most active acquirer in the K-12 Media and Tech segment year-to-date was Insight Venture Partners with three transactions. The largest of these deals was the acquisition of iParadigms for \$752 million in Q2 2014.
- Providence Equity Partners was the most active acquirer thus far in 2014 with nine industry transactions.

#### Q3 2014 KEY TRENDS

- Total transaction volume in the 1st 3 Quarters of 2014 declined by three percent over the 1st 3 Quarters of 2013, from 223 to 217.
- Total transaction value in the 1st 3 Quarters of 2014 increased by 35 percent over the 1st 3 Quarters of 2013, from \$5.98 billion to \$8.04 billion.

#### MULTIPLES & VALUE TRENDS

- The median revenue multiple in the 1st 3 Quarters of 2014 rose by 56 percent over the 1st 3 Quarters of 2013, from 1.6x to 2.5x. The median EBITDA multiple remained nearly constant throughout this timeframe at 11.1x.

#### Top Ten Notable Transactions - 1st 3 Quarters 2014

| Deal Date   | Target Name                        | Buyer   | Value MM US\$ |
|---|------------------------------------|---|---------------|
| 03/14/14  | SkillSoft Limited                  | Charterhouse Capital Partners                 | \$2,300       |
| 03/13/14  | Renaissance Learning, Inc.         | Hellman & Friedman LLC                        | \$1,100       |
| 06/02/14  | iParadigms                         | Insight Venture Partners                      | \$752         |
| 08/08/14  | St. George's University            | Baring Private Equity Asia, Altas Partners LP | \$750         |
| 07/30/14  | TouchNet Information Systems, Inc. | Heartland Payment Systems Inc.                | \$361         |
| 03/24/14  | Sterling Early Education           | G8 Education Pty Ltd                          | \$200         |
| 04/15/14  | CrossKnowledge                     | Wiley   | \$175         |
| 02/27/14  | KnowledgePoint360                  | UDG Healthcare plc                            | \$144         |
| 07/30/14  | Simbionix USA Corporation          | 3D Systems Corporation                        | \$120         |
| 04/10/14  | São Judas                          | Anima Educacao                                | \$116         |
| 2014 Aggregate Transaction Value                                  |                                    |   | \$8,042       |
| Top 10 Aggregate Transaction Value                                |                                    |   | \$6,018       |
| <b>Top 10 Aggregate Value as a Percentage of All Transactions</b> |                                    |   | <b>75 %</b>   |

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2014 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

Note: Transaction data based on announced date.

#### M&A Market Dynamics

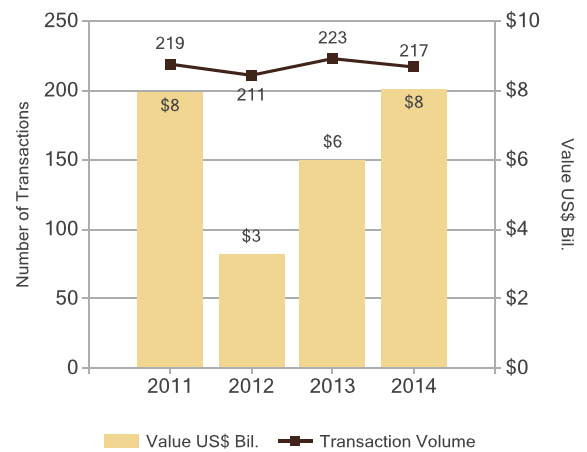


Figure 1. 1st 3 Quarters value and volume comparison from 2011-2014.

#### Median Enterprise Value Multiples

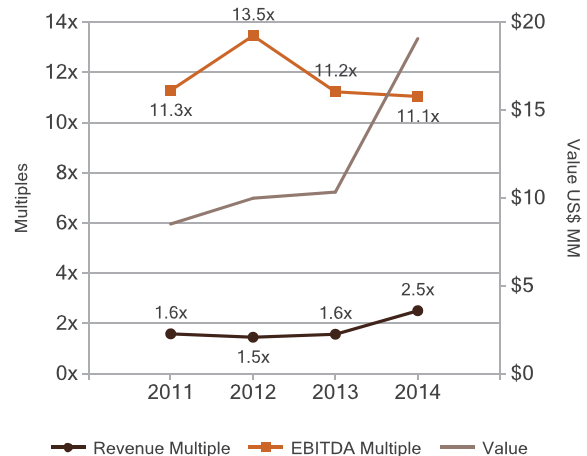


Figure 2. 1st 3 Quarters median value, revenue, EBITDA comparison from 2011-2014.

#### TOP TEN DEALS THROUGH Q3 2014

The top ten deals by value have seen three new additions since our half year report, two of which were in the medical education sector: Baring Private Equity Asia and Altas Partners LP's acquisition of St. George's University and 3D Systems Corporation's acquisition of Simbionix USA Corporation.

These three transactions, with an aggregate value of \$1.2 billion, represented 15 percent of transaction value in the 1st 3 Quarters of 2014 and 46 percent of Q3 2014 transaction value.

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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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