

## EDUCATION INDUSTRY

### Q3 2015 :: Mergers and Acquisitions Trend Report

#### Q3 2015 KEY HIGHLIGHTS

- The largest transaction in Q3 2015 and year-to-date was TPG Capital and Leonard Green Capital Partners' announced acquisition of Ellucian, which provides higher education software, services and analytics, for \$3.5 billion.
- The most active market segment in Q3 2015 was Professional Training Services with 28 transactions.
- Strategic acquirers accounted for 75 percent of the industry's volume, or 92 transactions, in Q3 2015.

#### Q3 2015 KEY TRENDS

- Total transaction volume in Q3 2015 increased by 34 percent over the Q2 2015, from 91 to 122. This was the industry's peak for volume throughout the past seven quarters.
- Total transaction value in Q3 2015 rose by 45 percent over Q2 2015, from \$4.7 billion to \$6.8 billion.

#### MULTIPLES & VALUE TRENDS

- The median revenue multiple from 2014 through the 1st 3 Quarters of 2015 decreased by 17 percent, from 2.4x to 2.0x.
- The median EBITDA multiple from 2014 through the 1st 3 Quarters of 2015 declined by ten percent, from 11.5x to 10.3x.

#### Top Ten Notable Transactions - 1st 3 Quarters 2015

| Deal Date                                                         | Target Name                                            | Buyer                                       | Value MM US\$ |
|-------------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------|---------------|
| 08/14/15                                                          | Ellucian                                               | TPG Capital, Leonard Green & Partners, L.P. | \$3,500       |
| 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         |
| 08/04/15                                                          | CECity.com, Inc.                                       | Premier, Inc.                               | \$400         |
| 06/17/15                                                          | PowerSchool Inc.                                       | Vista Equity Partners                       | \$350         |
| 01/27/15                                                          | Studer Group                                           | Huron Consulting Group Inc.                 | \$325         |
| 06/18/15                                                          | Saraiva Educaçao from Saraiva S.A. Livresiros Editores | Abril Educaçao SA                           | \$238         |
| 05/28/15                                                          | CTC Aviation Group Ltd                                 | L-3 Communications Holdings                 | \$220         |
| 2015 Aggregate Transaction Value                                  |                                                        |                                             | \$12,982      |
| Top 10 Aggregate Transaction Value                                |                                                        |                                             | \$8,077       |
| <b>Top 10 Aggregate Value as a Percentage of All Transactions</b> |                                                        |                                             | <b>62 %</b>   |

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2015 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 By Quarter

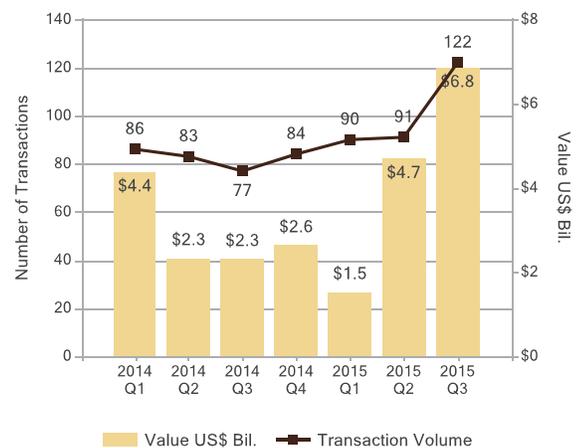


Figure 1. 2014-2015 value and volume comparison.

#### Median Enterprise Value Multiples

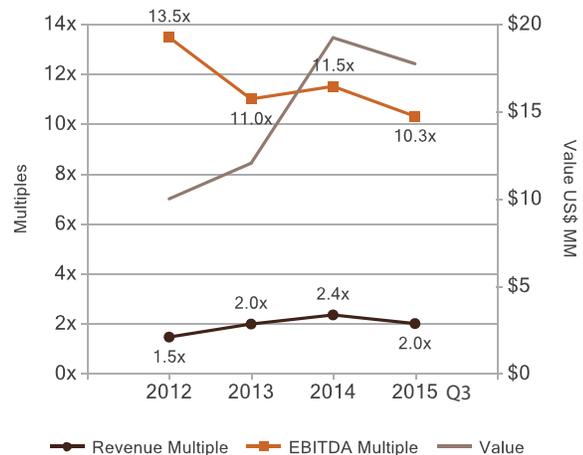


Figure 2. 2012-2015 median value, revenue, EBITDA comparison through Q3 2015.

#### TOP TEN DEALS THROUGH Q3 2015

The top ten deals by value have seen two new additions since our half year report. In addition to Ellucian, the other top ten deal in Q3 2015 was Premier, Inc.'s announced acquisition of CECity.com, Inc., a SaaS-based healthcare solutions provider that specializes in performance management, pay-for-value reporting and professional education.

These two transactions, with an aggregate value of \$3.9 billion, represented 30 percent of transaction value in the 1st 3 Quarters of 2015 and 57 percent of Q3 2015 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. 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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## RECENT EDUCATION TRANSACTIONS

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

EBIX  
HAS ACQUIRED  
Oakstone  
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HAS BEEN ACQUIRED BY  
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HAS FORMED AN ALLIANCE WITH  
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