

EDUCATION INDUSTRY

Q3 2017 :: Mergers and Acquisitions Trend Report

Q3 2017 KEY HIGHLIGHTS

- The most active acquirer through the 1st 3 Quarters of 2017, either directly or through an affiliated business, was Leeds Equity Partners with four transactions. Three of these deals occurred in Q3 2017.
- Leeds Equity Partners during the quarter acquired the CRM and Application Management product lines from Hobsons; Courseval, a provider of online course evaluation software used by higher education institutions to assess faculty and course performance; and iLawVentures, which offers J.D., post-J.D. and international programs for law schools in the U.S.

Q3 2017 KEY TRENDS

- Total transaction volume in Q3 2017 remained nearly constant over Q2 2017 at 102. This followed a 15 percent rise in Q1 2017.
- Total transaction value in Q3 2017 declined 18 percent over Q2 2017, from \$5.7 billion to \$4.7 billion. However, aggregate value year-to-date more than tripled compared to the 1st 3 Quarters of 2016 and has already exceeded total value for all of 2016.

MULTIPLES & VALUE TRENDS

- The median revenue multiple from 2016 through the 1st 3 Quarters of 2017 improved from 1.6x to 1.9x. The median EBITDA during the timeframe increased from 8.7x to 10.3x.

M&A Market Dynamics By Quarter

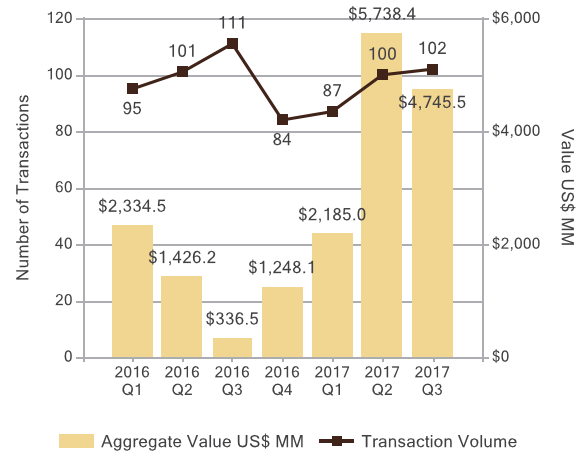


Figure 1. 2016-2017 value and volume comparison.

Median Enterprise Value Multiples

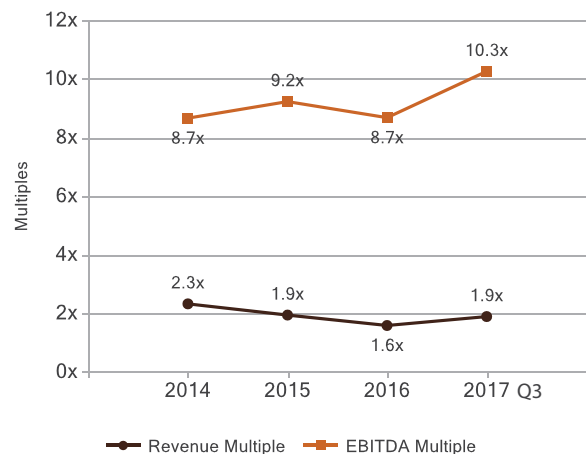


Figure 2. 2014-2017 median value and revenue comparison through Q3 2017.

Top Ten Notable Transactions - 1st 3 Quarters 2017

Deal Date	Target Name	Buyer	Value MM US\$
04/26/17	Nord Anglia Education, Inc.	CPP Investment Board, Baring Private Equity Asia	\$2,051
04/12/17	Ascend Learning	Blackstone Group LP, CPP Investment Board	\$2,000
08/29/17	Education Advisory Board	Vista Equity Partners	\$1,550
06/19/17	QA Ltd.	CVC Capital Partners	\$886
02/23/17	NACE Schools	Providence Equity Partners Inc.	\$371
01/24/17	Performance Assessment Network	PSI Services LLC	\$271
07/23/17	Kisimul Group Limited	Antin Infrastructure Partners S.A.S.	\$261
08/29/17	Emerald Education Technology Group	The Great Wall Of Culture Group Holding Co., Ltd. Guangdong	\$239
03/20/17	Lianyi Technology	Thunisoft	\$215
08/04/17	Frontline Education	Thoma Bravo, LLC	N/A
2017 Aggregate Transaction Value			\$12,362
Top 9 Aggregate Transaction Value			\$7,844
Top 9 Aggregate Value as a Percentage of All Transactions			63 %

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2017. Transactions listed as N/A are not calculated in the aggregate total value.

TOP TEN DEALS THROUGH Q3 2017

The top ten deals by value have seen four new additions since our half year report, two of which reached the \$1 billion threshold: Vista Equity Partners announced acquisition of The Advisory Board Company's education business, which includes Royall & Company, for \$1.6 billion; and Thoma Bravo's acquisition of Frontline Education for an undisclosed sum.

These four transactions, with an aggregate disclosed value of \$1.8 billion, represented 15 percent of transaction value in the 1st 3 Quarters of 2017 and 38 percent of Q3 2017 transaction value.

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