



## EDUCATION INDUSTRY

### 1ST HALF 2019 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2019 KEY HIGHLIGHTS

- The largest deal in 1st Half 2019 was 2U's announced acquisition of Trilogy Education Services, a workforce accelerator that offers skills-based training programs in high-demand tech fields at universities and companies, for \$750 million.

#### 1ST HALF 2019 KEY TRENDS

- Total transaction volume in 1st Half 2019 increased by 13 percent over 2nd Half 2018, from 213 to 240.
- Total transaction value in 1st Half 2019 declined by 48 percent over 2nd Half 2018, from \$9.52 billion to \$4.92 billion. This followed a 51 percent rise in the preceding half year period.
- The median revenue multiple improved from 2.1x in 2nd Half 2018 to 2.5x in 1st Half 2019.
- In the tech-based sectors, the segment with the largest rise in volume in 1st Half 2019 over 2nd Half 2018 was Higher-Ed Media and Tech with a 26 percent gain, from 27 to 34 transactions, returning to its 1st Half 2018 level.
- Deal activity in the Professional Training Services segment increased 15 percent in 1st Half 2019 over 2nd Half 2018, from 47 to 54 transactions, which marked the sector's peak volume level over the past 30 months.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 1,064 Education transactions between 2017 and 1st Half 2019, of which 214 disclosed financial terms, and calculated the aggregate transaction value to be \$29.61 billion. Based on known transaction values, we project the values of 850 undisclosed transactions to be \$7.62 billion, totaling \$37.23 billion worth of transactions tracked over the past two and a half years.

Transactions from 1st Half 2017 to 1st Half 2019 with enterprise values in the \$10-\$20 million range had a median revenue multiple of 1.5x, whereas those above \$20 million garnered a median revenue multiple of 2.7x.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.0x revenue and 10.5x EBITDA.

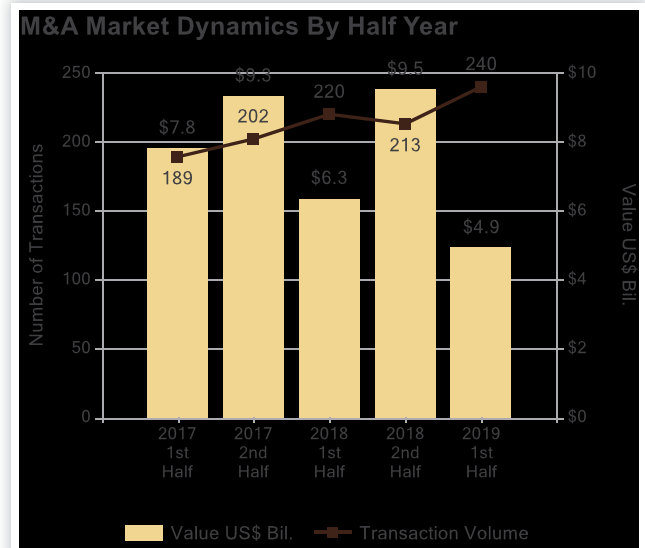


Figure 1. 2017-2019 value and volume comparison.

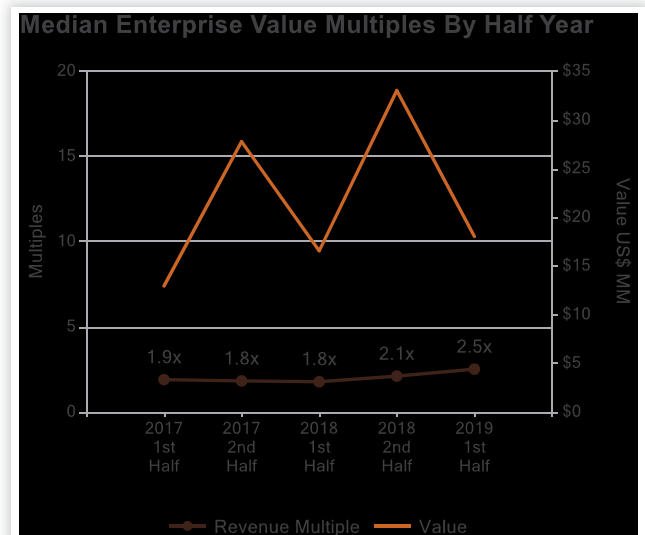
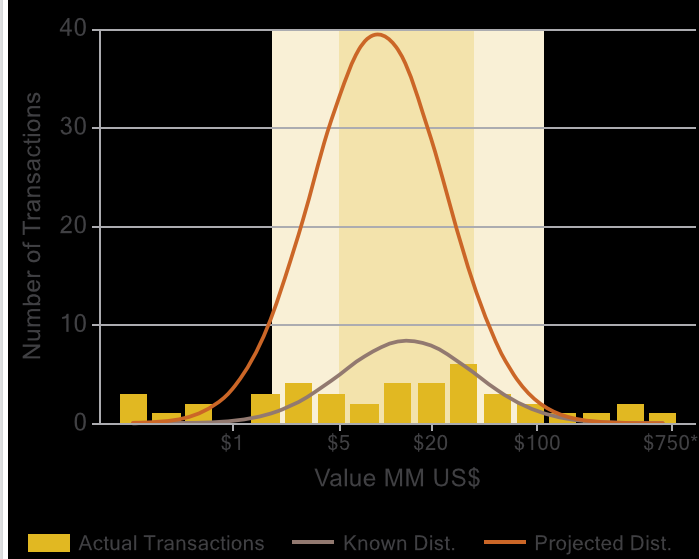


Figure 2. 2017-2019 median: revenue and EBITDA comparison.

# Transaction Analysis :: January 1, 2019 – June 30, 2019

**Bell Curve - Histogram - 1st Half**



**Figure 3.** Shows the distribution of Education 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 to \$33.1 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2019 at \$5 billion.

\* Indicates largest industry transaction from Jan. 1, 2019 to June 30, 2019.

**Distribution Table**

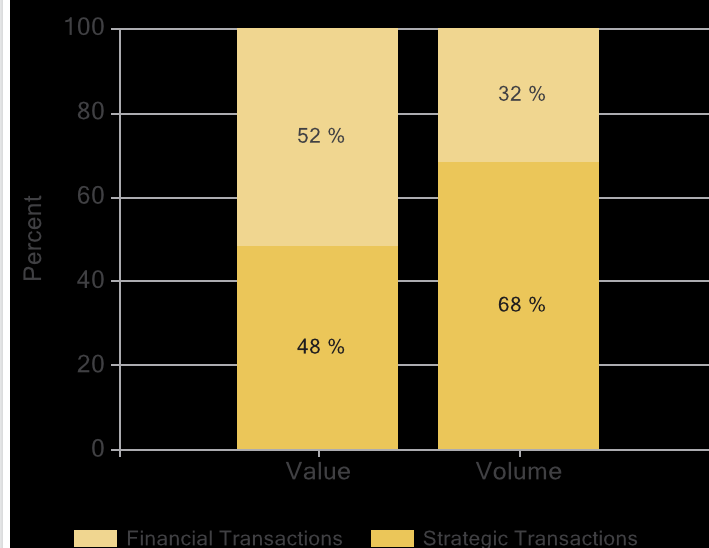
Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	3	0	3	7 %	7 %
\$0.4	1	0	1	2 %	10 %
\$0.6	2	1	3	5 %	14 %
\$1.0	0	3	3	0 %	14 %
\$1.6	3	9	12	7 %	21 %
\$2.7	4	19	23	10 %	31 %
\$4.5	3	31	33	7 %	38 %
\$7.4	2	39	40	5 %	43 %
\$12.2	4	38	41	10 %	52 %
\$20.1	4	29	32	10 %	62 %
\$33.1	6	17	23	14 %	76 %
\$54.6	3	8	10	7 %	83 %
\$90.0	2	3	4	5 %	88 %
\$148.4	1	1	1	2 %	90 %
\$244.7	1	0	1	2 %	93 %
\$403.4	2	0	2	5 %	98 %
\$665.1	1	0	1	2 %	100 %
Total #		42	198	240	
Total \$ Value		\$3,118	\$1,801	\$4,919	
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 - 1st Half**



**Figure 4.** 2017-2019 value and volume comparison by transaction 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 By Half Year**



**Figure 5.** 2017-2019 acquirer type comparison by half year.

## Purchaser Analysis

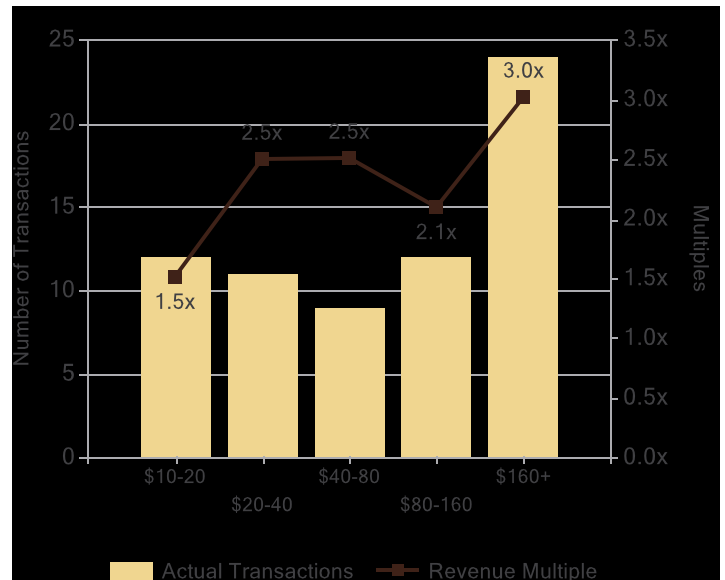
### Top Ten Notable Transactions - 1st Half 2019

Deal Date	Target Name	Buyer	Value MM US\$
04/08/19	Trilogy Education Services	2U, Inc.	\$750
05/30/19	Ma'arif for Education and Training	Global Education Management Systems, Hassana Investment Company	\$600
05/08/19	Sistema Positivo de Ensino	Arco Platform Limited	\$416
02/18/19	US K-12 Courseware Business from Pearson plc	Nexus Capital Management LP	\$250
06/26/19	Education Business from Paramount Corporation Berhad	Two Horses Capital Sdn Bhd	\$149
04/15/19	Financial Services Business from OnCourse Learning	Adtalem Global Education Inc.	\$121
01/17/19	Osmo	Byju's	\$120
05/22/19	Videotel Marine International	Oakley Capital Limited	\$90
04/11/19	WeDriveU	National Express LLC	\$84
06/28/19	First Education Company	Al Aman Investment	\$59
2019 Aggregate Transaction Value			\$4,919
Top 10 Aggregate Transaction Value			\$2,640
Top 10 Aggregate Value as a Percentage of All Transactions			54 %

**Figure 7.** Lists the top ten transactions for 1st Half 2019 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4.

**Note:** Transaction data based on **announced date**.

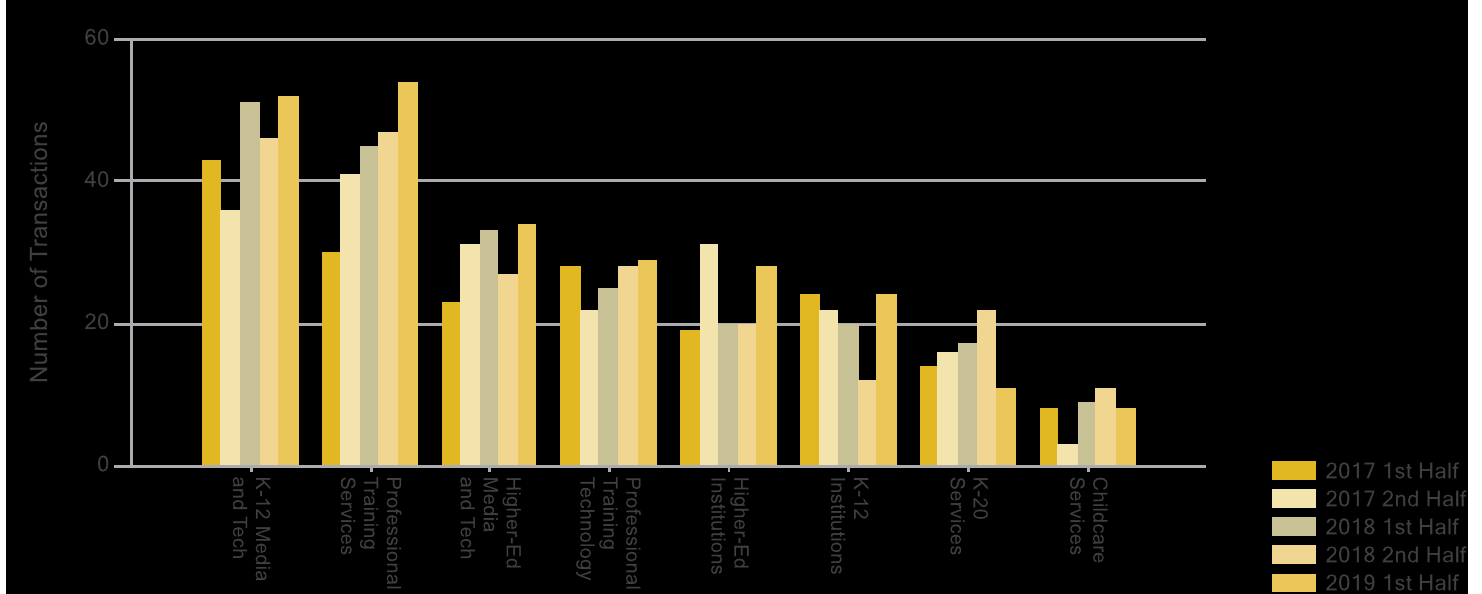
### Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from January 1, 2017 to June 30, 2019 based on publicly available data.

## Transaction Volume by Segment :: January 1, 2017 – June 30, 2019

### Transactions By Market Segment By Half Year



**Figure 9.** Presents transaction volume by market segment within the Education Industry from January 1, 2017 through June 30, 2019.

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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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