



## EDUCATION INDUSTRY

### 1ST HALF 2020 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2020 KEY HIGHLIGHTS

- The largest deal in 1st Half 2020 was Blackstone Group's announced acquisition of iQ Student Accommodation, a UK-based student housing company that owns and operates 67 student premises in 27 towns and cities, for \$6.02 billion.

#### 1ST HALF 2020 KEY TRENDS

- Total transaction volume in 1st Half 2020 declined by 13 percent over 2nd Half 2019, from 238 to 207.
- In terms of acquirer type, strategic volume increased six percent in 1st Half 2020 over 2nd Half 2019, from 156 to 166. This was the highest level of strategic volume during the past 30 months. Meanwhile, private equity volume fell 50 percent, from 82 in 2nd Half 2019 to 41 in 1st Half 2020.
- Total transaction value in 1st Half 2020 rose by 19 percent over 2nd Half 2019, from \$7.57 billion to \$9.01 billion.
- The median revenue multiple dropped from 2.8x in 2nd Half 2019 to 2.2x in 1st Half 2020, which was in line with the industry's median over the past two and a half years.
- The segment with the largest rise in volume in 1st Half 2020 over 2nd Half 2019 was Professional Training Services with an 36 percent gain, from 44 to 60 transactions. This marked the sector's peak volume level during the last 30 months.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 1,128 Education transactions between 2018 and 1st Half 2020, of which 205 disclosed financial terms, and calculated the aggregate transaction value to be \$28.99 billion. Based on known transaction values, we project the values of 923 undisclosed transactions to be \$7.85 billion, totaling \$36.84 billion worth of transactions tracked over the past two and a half years.

Transactions from 1st Half 2018 to 1st Half 2020 with enterprise values in the \$10-\$20 million range had a median revenue multiple of 1.7x, whereas those above \$20 million garnered a median revenue multiple of 3.1x.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.3x revenue and 9.8x EBITDA.

#### M&A Market Dynamics By Half Year

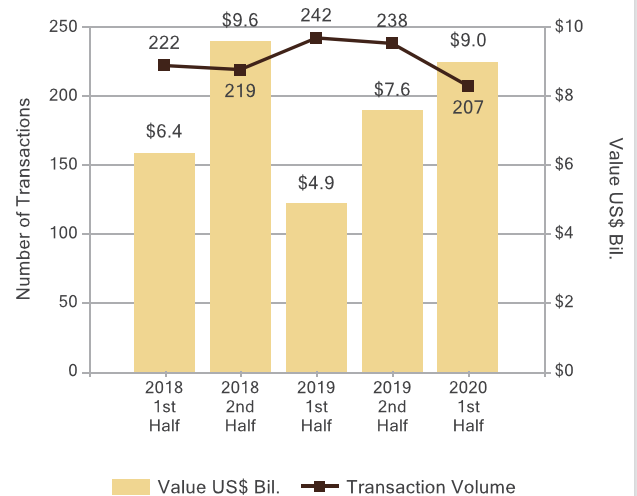


Figure 1. 2018-2020 value and volume comparison.

#### Median Enterprise Value Multiples By Half Year

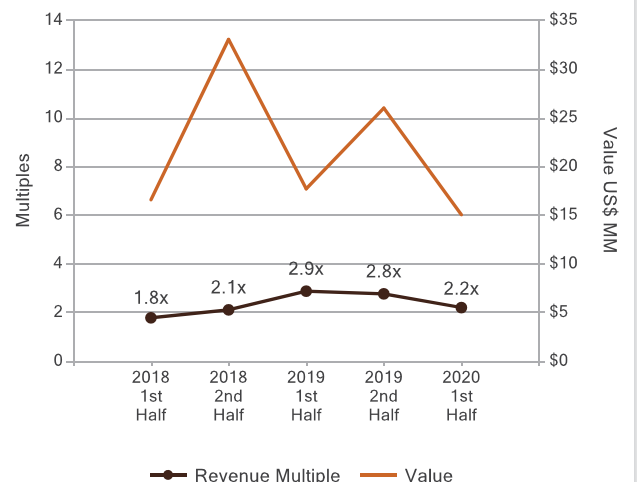
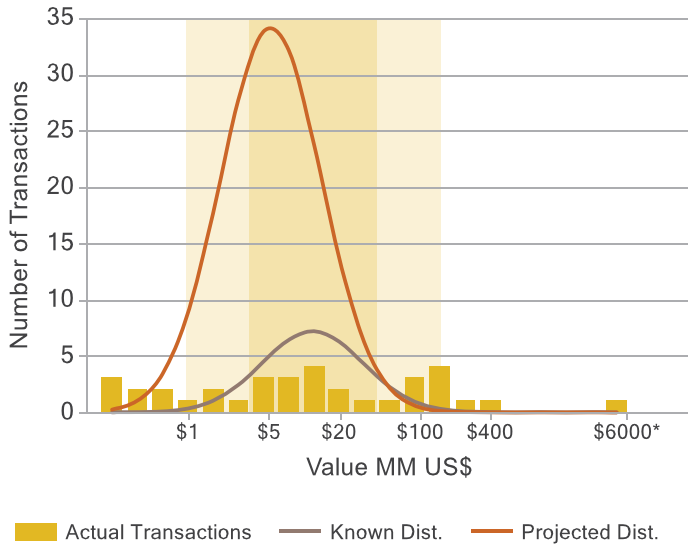


Figure 2. 2018-2020 median: value and revenue comparison.

# Transaction Analysis :: January 1, 2020 – June 30, 2020

## 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 \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2020 at \$9.0 billion.

\* Indicates largest industry transaction from Jan. 1, 2020 to June 30, 2020.

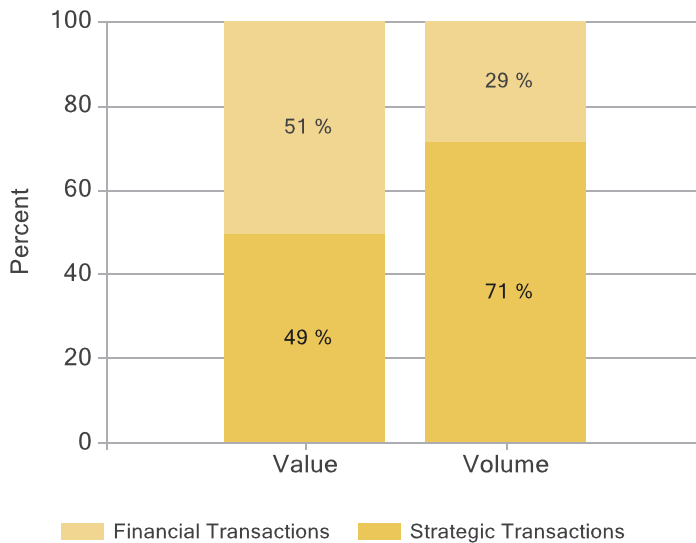
## Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	3	0	3	8 %	8 %
\$0.4	2	1	3	6 %	14 %
\$0.6	2	3	5	6 %	19 %
\$1.0	1	9	9	3 %	22 %
\$1.6	2	18	19	6 %	28 %
\$2.7	1	28	28	3 %	31 %
\$4.5	3	34	36	8 %	39 %
\$7.4	3	32	35	8 %	47 %
\$12.2	4	24	27	11 %	58 %
\$20.1	2	14	15	6 %	64 %
\$33.1	1	6	7	3 %	67 %
\$54.6	1	2	3	3 %	69 %
\$90.0	3	1	3	8 %	78 %
\$148.4	4	0	4	11 %	89 %
\$244.7	1	0	1	3 %	92 %
\$403.4	1	0	1	3 %	94 %
\$665.1	0	0	0	0 %	94 %
\$1,096.6	0	0	0	0 %	94 %
\$1,808.0	0	0	0	0 %	94 %
\$2,981.0	0	0	0	0 %	94 %
\$4,914.8	1	0	1	3 %	97 %
Total #	36	171	207		
Total \$ Value	\$8,120	\$891	\$9,012		
Middle 3rd of Industry					
Middle 2/3rds of Industry					

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

## Strategic vs. Financial Comparison

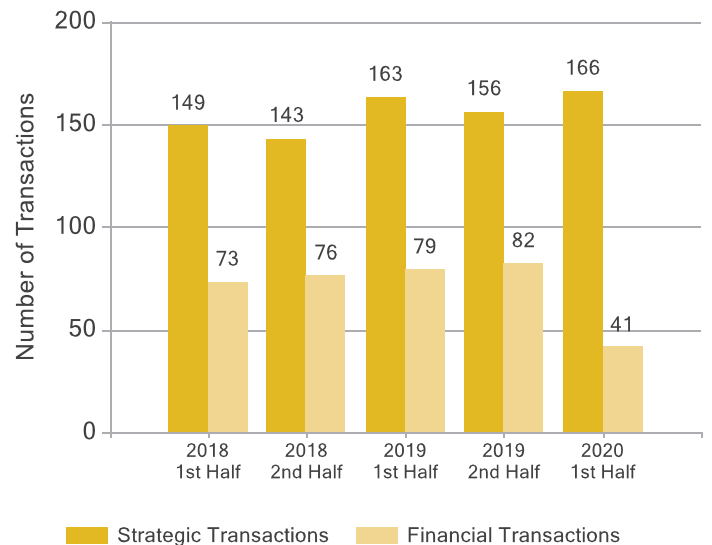
### M&A Dynamics By Transaction Type - 1st Half



**Figure 4.** 2018-2020 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.** 2018-2020 acquirer type comparison by half year.

# Purchaser Analysis

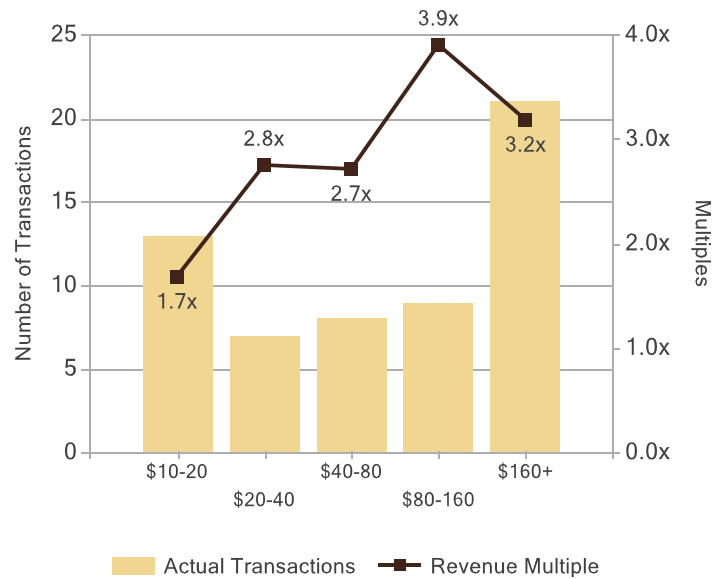
## Top Ten Notable Transactions - 1st Half 2020

Deal Date	Target Name	Buyer	Value MM US\$
02/26/20	IQ Student Accommodation	Blackstone Group LP	\$6,015
06/24/20	Canadian International School Pte. Ltd.	Maple Leaf Educational Systems	\$487
01/22/20	Harbin Institute of Petroleum	China Kepei Education Group Limited	\$210
03/18/20	Jiayi Education	Lvjing Holding	\$187
01/27/20	Galvanize, Inc.	K12, Inc.	\$165
03/02/20	INTI International University and Colleges	Hope Education Group	\$140
06/17/20	China Distance Education Holdings Limited	Zhengdong Zhu and Baohong Yin	\$111
06/04/20	Mathway	Chegg, Inc.	\$96
03/13/20	Learning Curve Group	Agilitas Private Equity LLP	N/A
03/17/20	Teachable, Inc.	Hotmart	N/A
2020 Aggregate Transaction Value			\$9,012
Top 8 Aggregate Transaction Value			\$7,410
Top 8 Aggregate Value as a Percentage of All Transactions			82 %

**Figure 7.** Lists the top ten transactions for 1st Half 2020 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**.

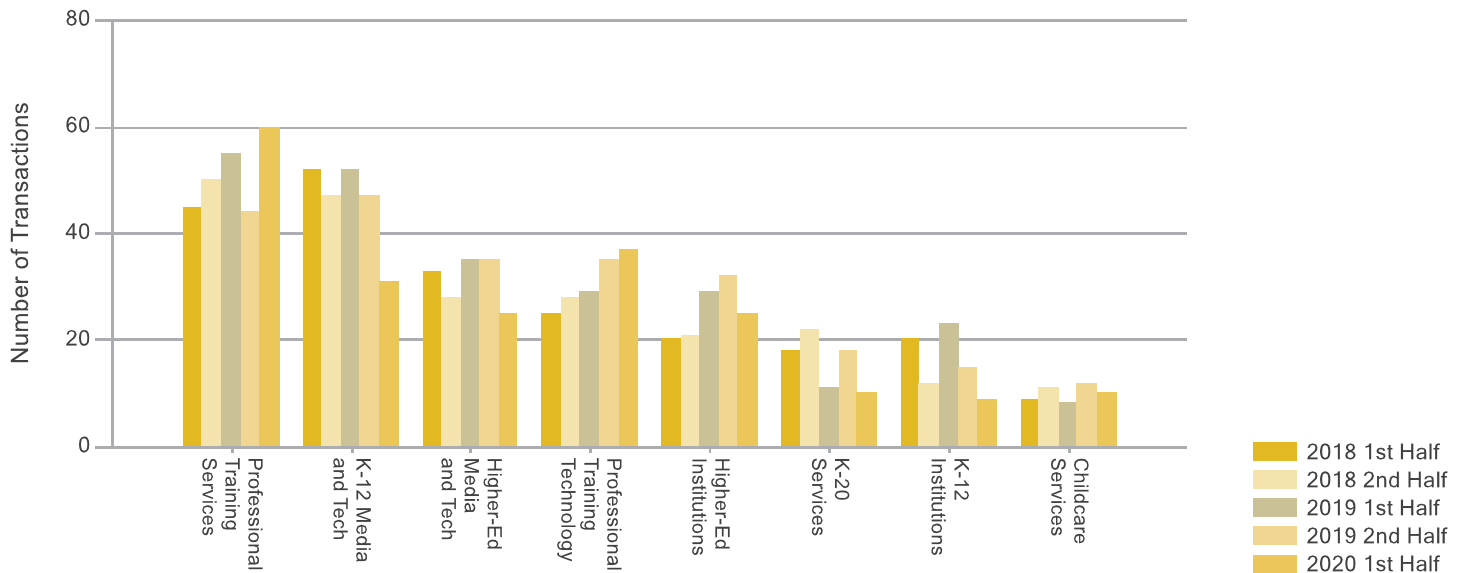
## Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from January 1, 2018 to June 30, 2020 based on publicly available data.

# Transaction Volume by Segment :: January 1, 2018 – June 30, 2020

## 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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