



EDUCATION INDUSTRY

FULL YEAR 2020 :: Mergers and Acquisitions Trend Report

2020 KEY HIGHLIGHTS

- Professional Training Services, which saw volume increase ten percent on a yearly basis, surpassed K-12 Media and Tech as the industry's most active segment in 2020.
- Three of the industry's top five highest value transactions during the year occurred in the combined Professional Training Services and Technology segments.
- Along these lines were Vista Equity Partners' announced acquisition of Pluralsight, a technology learning platform for software developers, IT administrators, and creative professionals, for \$3.89 billion; Churchill Capital Corp II's announced merger with Skillsoft, which provides cloud-based corporate learning content, for \$1.3 billion (following the closing of the merger, the combined company will acquire Global Knowledge for \$233 million); and Cambium Learning Group's announced acquisition of Rosetta Stone, a technology-based learning solutions company best known for its language programs, for \$735 million.

2020 KEY TRENDS

- Total transaction volume in 2020 declined by 11 percent over 2019, from 480 to 428. On a half year basis, M&A activity improved five percent in 2nd Half 2020 over 1st Half 2020, from 209 to 219.
- Total transaction value in 2020 rose by 63 percent over 2019, from \$13.04 billion to \$21.31 billion.
- The median revenue multiple declined from 2.8x in 2019 to 2.5x in 2020.
- The segment with the largest rise in volume in 2020 over 2019 was Professional Training Technology, which improved 22 percent, from 64 to 78 deals.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,349 Education transactions between 2018 and 2020, of which 252 disclosed financial terms, and calculated the aggregate value to be \$38.44 billion. Based on known transaction values, we project values of 1,097 undisclosed transactions to be \$12.04 billion, totaling \$50.48 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 2.3x revenue and 8.7x EBITDA.

M&A Market Dynamics

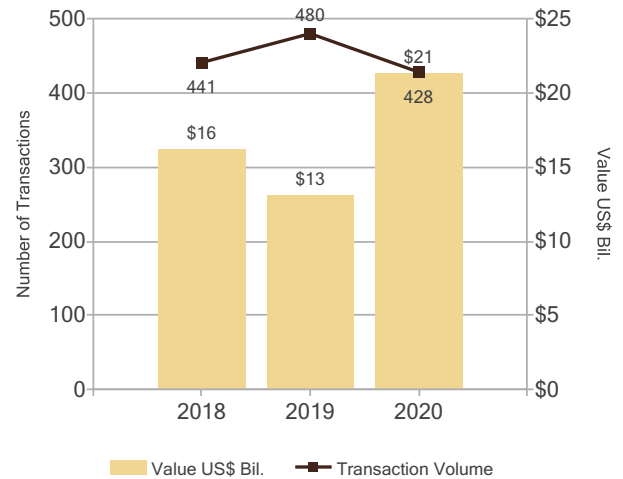


Figure 1. 2018-2020 value and volume comparison.

Median Enterprise Value Multiples

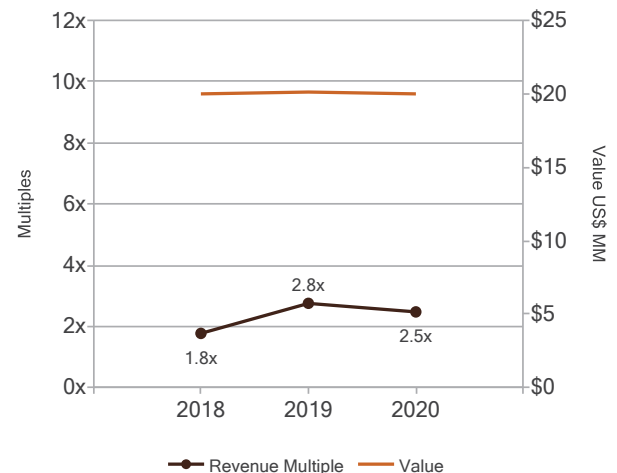


Figure 2. 2018-2020 median value and revenue comparison.

Transaction Analysis :: January 1, 2020 – December 31, 2020

Bell Curve - Histogram

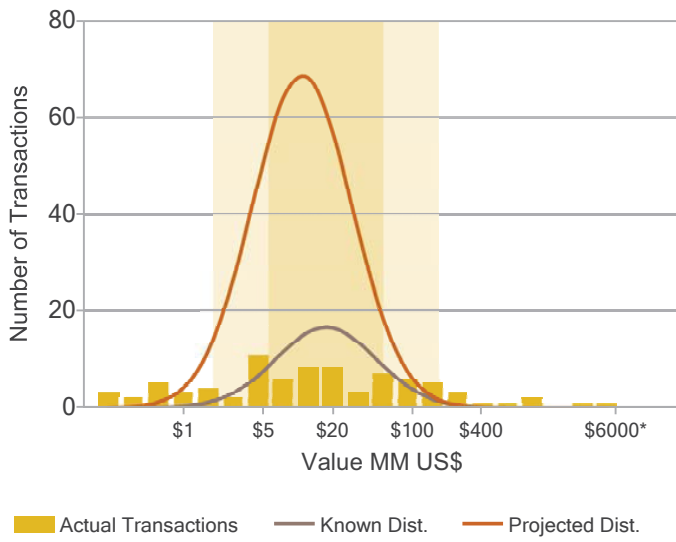


Figure 3. Shows distribution of transactions among the Education Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$4.5 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 2020 at \$21.3 billion.

* Indicates largest transaction in the industry from Jan. 1, 2020 to Dec. 31, 2020.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	3	0	3	4 %	4 %
\$0.4	2	0	2	2 %	6 %
\$0.6	5	1	6	6 %	12 %
\$1.0	3	4	7	4 %	16 %
\$1.6	4	12	15	5 %	20 %
\$2.7	2	27	28	2 %	23 %
\$4.5	11	47	57	13 %	36 %
\$7.4	6	64	69	7 %	43 %
\$12.2	8	68	76	10 %	53 %
\$20.1	8	57	64	10 %	63 %
\$33.1	3	37	39	4 %	66 %
\$54.6	7	19	25	8 %	75 %
\$90.0	6	7	13	7 %	82 %
\$148.4	5	2	7	6 %	88 %
\$244.7	3	1	3	4 %	92 %
\$403.4	1	0	1	1 %	93 %
\$665.1	1	0	1	1 %	94 %
\$1,096.6	2	0	2	2 %	96 %
\$1,808.0	0	0	0	0 %	96 %
\$2,981.0	1	0	1	1 %	98 %
\$4,914.8	1	0	1	1 %	99 %
Total #	83	345	428		
Total \$ Value	\$17,574	\$3,734	\$21,309		
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

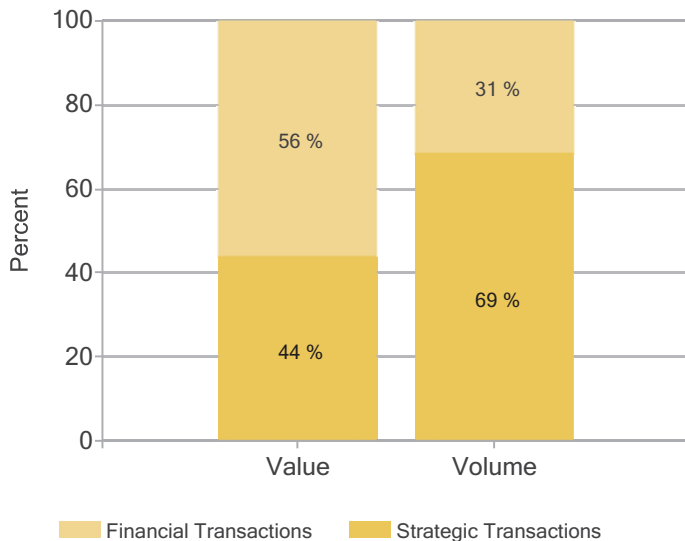


Figure 5. 2018-2020 value and volume comparison by acquirer type.

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

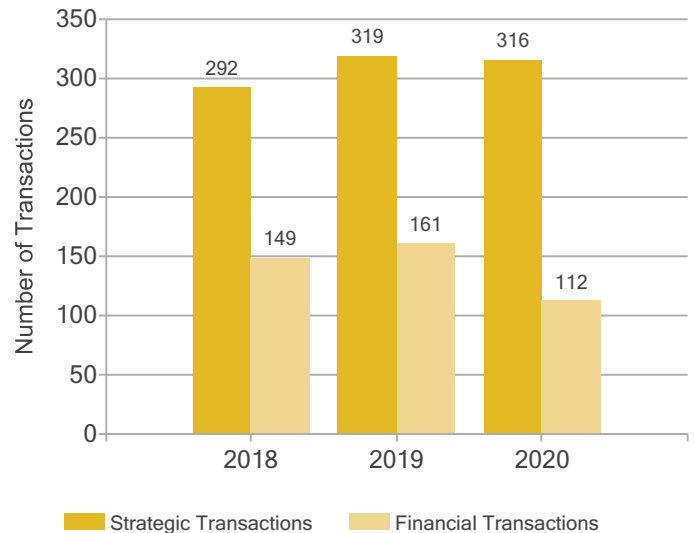


Figure 6. 2018-2020 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2020

Deal Date	Target Name	Buyer	Value MM US\$
02/26/20	iQ Student Accommodation	Blackstone Group LP	\$6,015
12/14/20	Pluralsight	Vista Equity Partners	\$3,885
09/11/20	Walden University	Adtalem Global Education Inc.	\$1,480
10/14/20	SkillSoft Limited	Churchill Capital II	\$1,300
09/01/20	Rosetta Stone Inc.	Cambium Learning Group	\$735
06/24/20	Canadian International School Pte. Ltd.	Maple Leaf Educational Systems	\$487
10/29/20	Rasmussen College, Inc.	American Public Education, Inc.	\$329
10/27/20	Eureka Education	Naxicap Partners	\$296
10/14/20	Global Knowledge, Inc.	SkillSoft Limited	\$233
03/17/20	Teachable, Inc.	Hotmart	N/A
2020 Aggregate Transaction Value			\$21,309
Top 9 Aggregate Transaction Value			\$14,760
Top 9 Aggregate Value as a Percentage of All Transactions			69 %

Figure 7. Lists the top ten transactions for 2020 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown on Figure 1 & 4.

Note: Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer. Transactions with values listed as N/A have non-disclosed values that would otherwise qualify for inclusion in the top ten.

Median EV/Revenue Multiples by Size

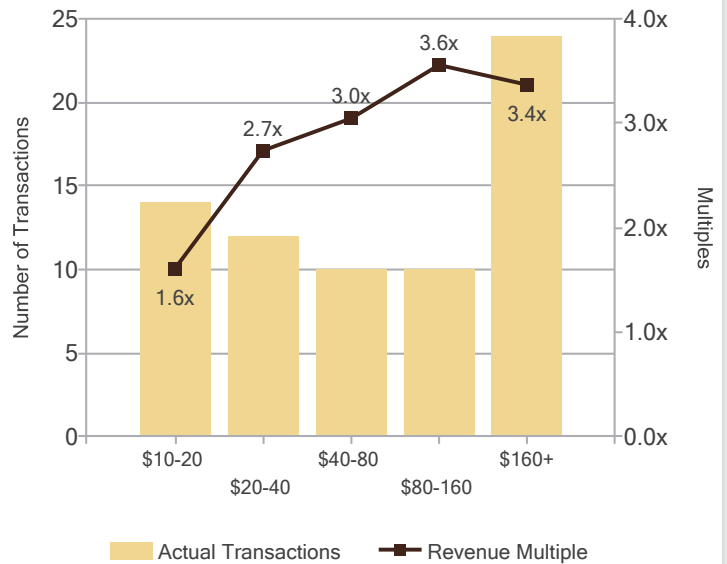


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from Jan. 1, 2018 to Dec. 31, 2020 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2018 – December 31, 2020

Transactions By Market Segment

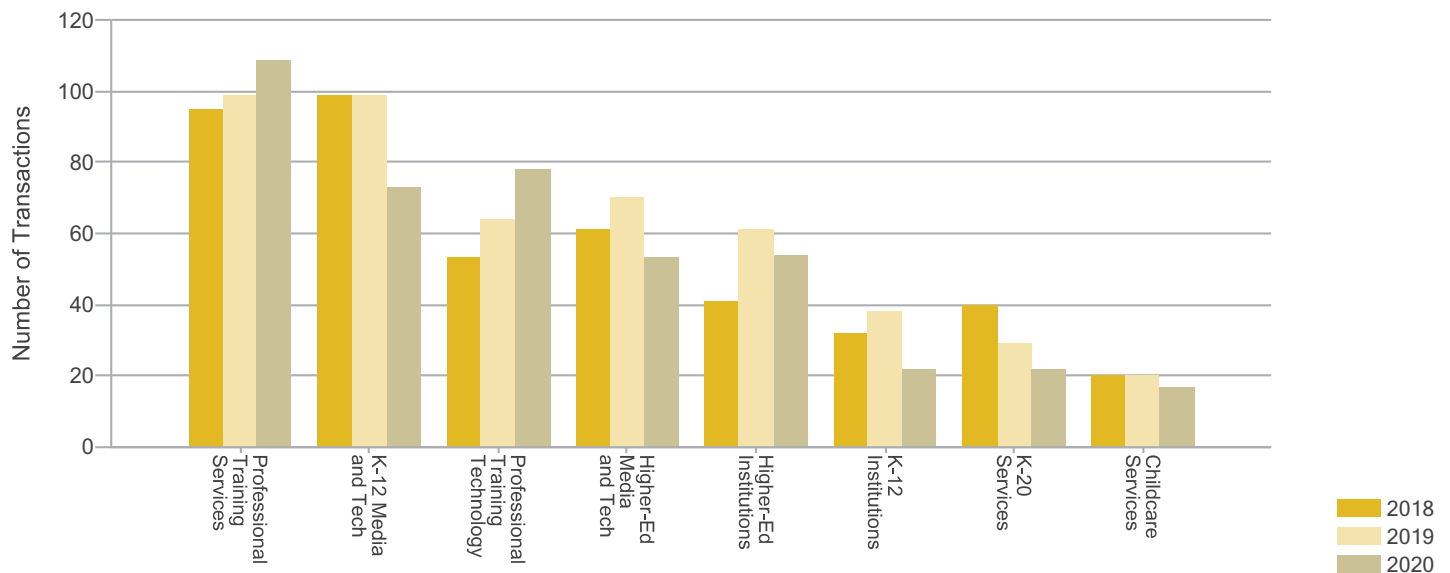


Figure 9. Presents transaction volume by market segment within the Education Industry from Jan. 1, 2018 through Dec. 31, 2020.

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RECENT EDUCATION TRANSACTIONS

A PORTFOLIO COMPANY OF

HAS BEEN ACQUIRED BY

HAS BEEN ACQUIRED BY

A PORTFOLIO COMPANY OF

HAS BEEN ACQUIRED BY

HAS MADE AN INVESTMENT IN

HAS DIVESTED CERTAIN ASSETS TO

HAS BEEN ACQUIRED BY

HAS BEEN ACQUIRED BY

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