



EDUCATION INDUSTRY

1ST HALF 2021 :: Mergers and Acquisitions Trend Report

1ST HALF 2021 KEY HIGHLIGHTS

- The largest deal in 1st Half 2021 was Platinum Equity’s announced acquisition of McGraw-Hill, a learning company that offers digital educational content and assessment solutions, for \$6.39 billion.
- K-12 Media and Tech overtook Professional Training Services as the industry’s most active market segment year-to-date.

1ST HALF 2021 KEY TRENDS

- Total transaction volume in 1st Half 2021 improved by eight percent over 2nd Half 2020, from 222 to 240.
- In terms of acquirer type, strategic volume declined six percent on a half year basis, from 152 to 143. Meanwhile, private equity volume increased 39 percent, from 70 to 97.
- Total transaction value in 1st Half 2021 gained 62 percent over 2nd Half 2020, from \$11.89 billion to \$19.22 billion.
- The median revenue multiple rose from 2.7x in 2nd Half 2020 to 4.2x in 1st Half 2021, which was its peak over the past two and a half years.
- The technology based segment with the largest rise in volume in 1st Half 2021 over 2nd Half 2020 was Higher-Ed Media and Tech with a 57 percent gain, from 28 to 44 transactions.
- The services based segment with the largest rise in volume in 1st Half 2021 over 2nd Half 2020 was Childcare Services with an 86 percent gain, from seven to 13 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,152 Education transactions between 2019 and 1st Half 2021, of which 203 disclosed financial terms, and calculated the aggregate transaction value to be \$42.65 billion. Based on known transaction values, we project the values of 949 undisclosed transactions to be \$10.86 billion, totaling \$53.52 billion worth of transactions tracked over the past two and a half years.

Transactions from 1st Half 2019 to 1st Half 2021 with enterprise values in the \$10-\$20 million range had a median revenue multiple of 2.2x, whereas those above \$160 million garnered a median revenue multiple of 5.1x.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.8x revenue and 8.8x EBITDA.

M&A Market Dynamics By Half Year

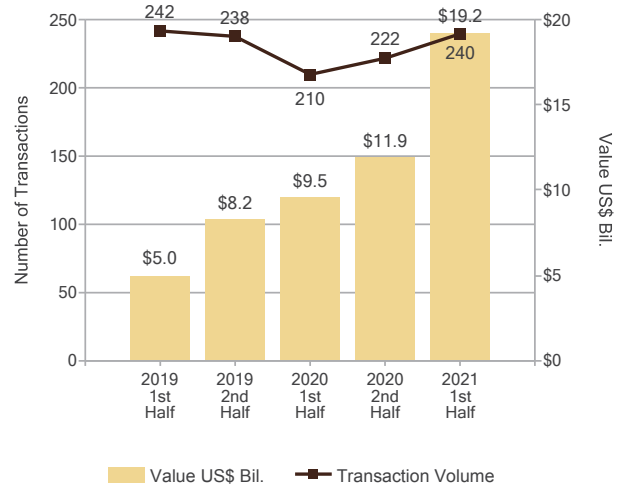


Figure 1. 2019-2021 value and volume comparison.

Median Enterprise Value Multiples By Half Year

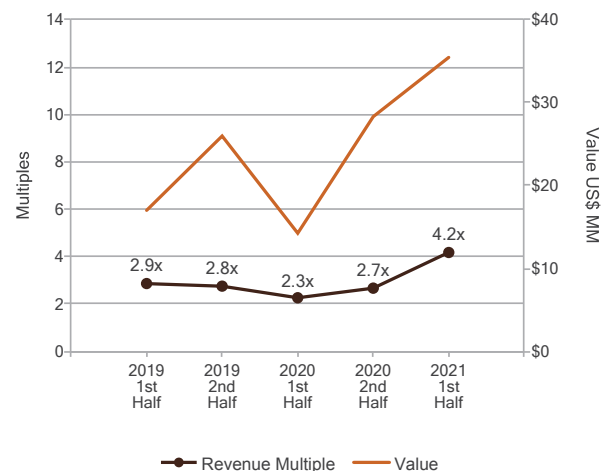
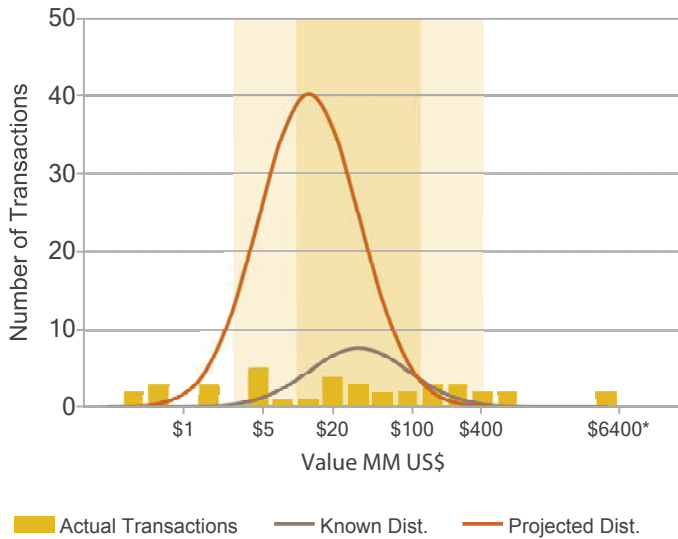


Figure 2. 2019-2021 median: value and revenue comparison.

Transaction Analysis :: January 1, 2021 – June 30, 2021

Bell Curve - Histogram - 1st Half



Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	0	0	0	0 %	0 %
\$0.4	2	0	2	5 %	5 %
\$0.6	3	0	3	8 %	13 %
\$1.0	0	2	1	0 %	13 %
\$1.6	3	5	8	8 %	21 %
\$2.7	0	13	12	0 %	21 %
\$4.5	5	24	28	13 %	34 %
\$7.4	1	35	36	3 %	37 %
\$12.2	1	40	41	3 %	39 %
\$20.1	4	36	39	11 %	50 %
\$33.1	3	25	27	8 %	58 %
\$54.6	2	13	15	5 %	63 %
\$90.0	2	6	7	5 %	68 %
\$148.4	3	2	4	8 %	76 %
\$244.7	3	0	3	8 %	84 %
\$403.4	2	0	2	5 %	89 %
\$665.1	2	0	2	5 %	95 %
\$1,096.6	0	0	0	0 %	95 %
\$1,808.0	0	0	0	0 %	95 %
\$2,981.0	0	0	0	0 %	95 %
\$4,914.8	2	0	2	5 %	100 %
Total #	38	202	240		
Total \$ Value	\$16,709	\$2,511	\$19,220		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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 \$90.0 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2021 at \$19.2 billion.

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

* Indicates largest industry transaction from Jan. 1, 2021 to June 30, 2021.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type - 1st Half

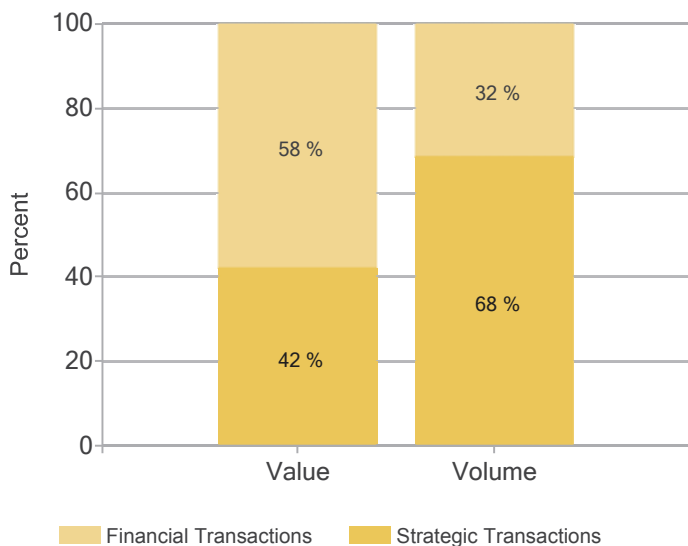


Figure 4. 2019-2021 value and volume comparison by transaction type.

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

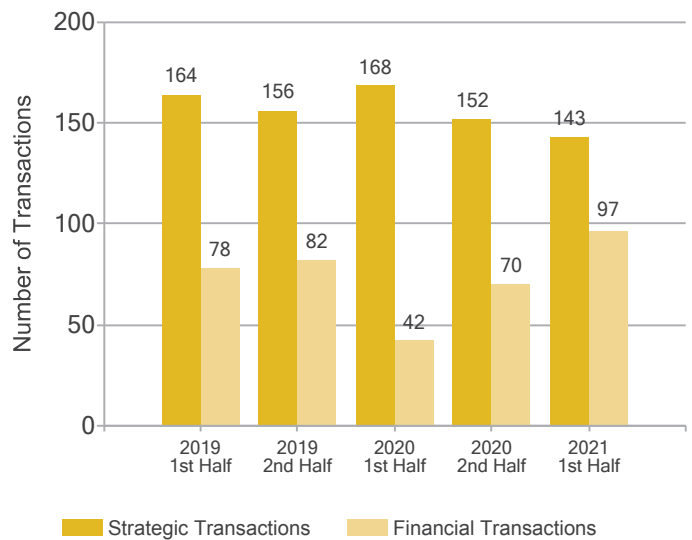


Figure 5. 2019-2021 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2021

Deal Date	Target Name	Buyer	Value MM US\$
06/16/21	McGraw-Hill	Platinum Equity, LLC	\$6,388
05/18/21	ProQuest LLC	Clarivate plc	\$5,324
04/07/21	Aakash Educational Services	Byju's	\$950
06/30/21	edX	2U, Inc.	\$800
02/19/21	Nearpod	Renaissance Learning, Inc.	\$650
05/06/21	Clever Inc.	Kahoot!	\$435
02/18/21	Naviance and Intersect	PowerSchool Group LLC	\$320
06/23/21	Education Perfect	Kohlberg Kravis Roberts & Co.	\$302
06/15/21	GoodHabitz B.V.	Prosus N.V.	\$257
06/17/21	LearningPool	Marlin Equity Partners	\$212
2021 Aggregate Transaction Value			\$19,220
Top 10 Aggregate Transaction Value			\$15,637
Top 10 Aggregate Value as a Percentage of All Transactions			81 %

Figure 7. Lists the top ten transactions for 1st Half 2021 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

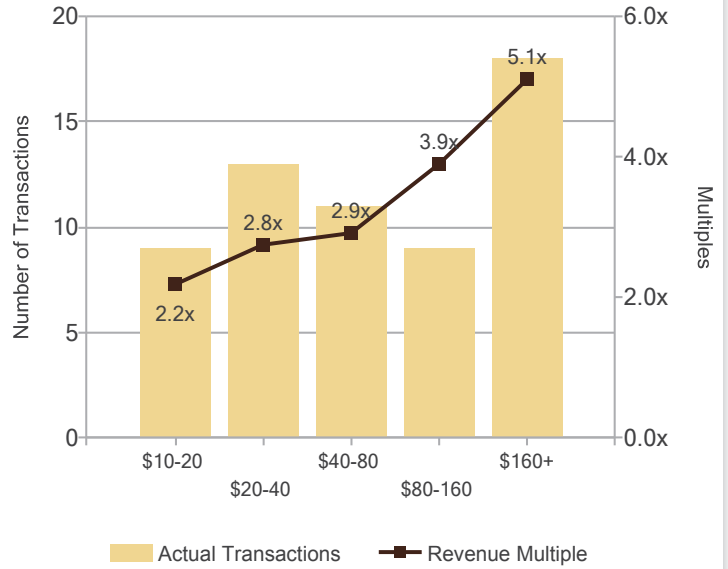


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from January 1, 2019 to June 30, 2021 based on publicly available data.

Transaction Volume by Segment :: January 1, 2019 – June 30, 2021

Transactions By Market Segment By Half Year

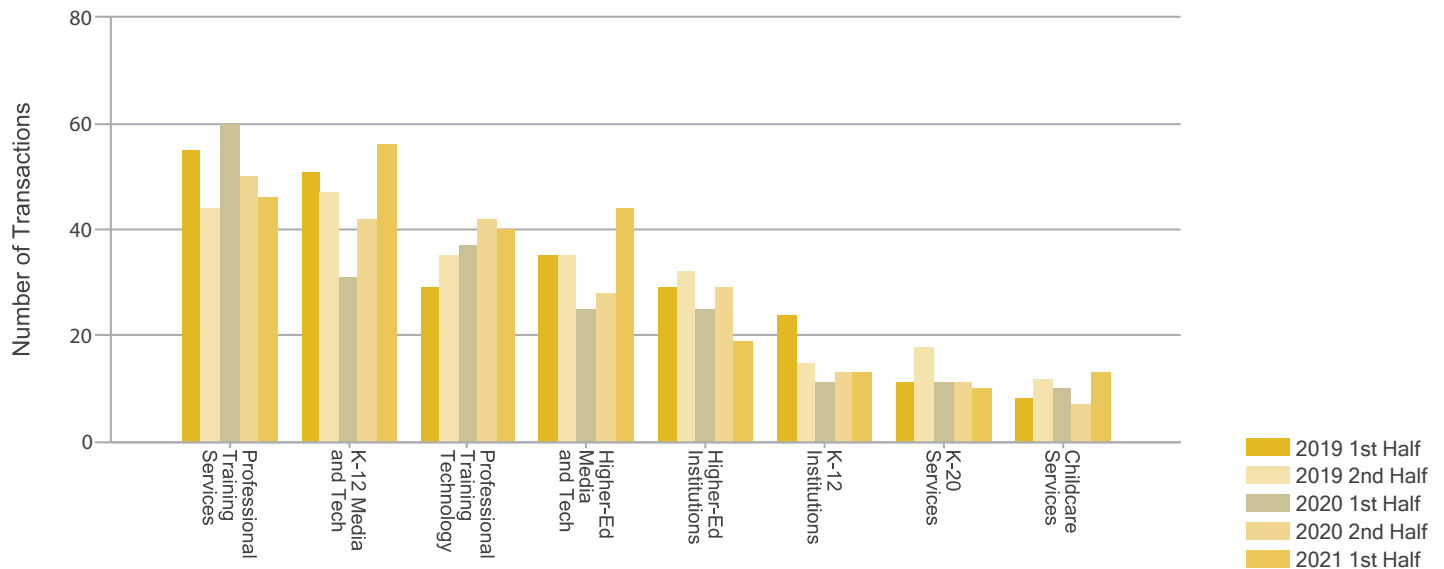


Figure 9. Presents transaction volume by market segment within the Education Industry from January 1, 2019 through June 30, 2021.

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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

HAS BEEN ACQUIRED BY

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

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