



EDUCATION INDUSTRY

Q3 2021 :: Mergers and Acquisitions Trend Report

Q3 2021 KEY HIGHLIGHTS

- The most active acquirer through the 1st 3 Quarters of 2021, either directly or through an affiliated business, was Leeds Equity Partners with eight industry transactions. Four of these deals were focused on early childhood education, three were licensing and certification training companies focused on the financial sector, and one was a school that serves students in grades 6-12.
- The largest transaction in Q3 2021 was Clearlake Capital Group's acquisition of Cornerstone OnDemand, a talent management software company, for \$4.8 billion.

Q3 2021 KEY TRENDS

- Total transaction volume in the 1st 3 Quarters of 2021 improved by four percent over the 1st 3 Quarters of 2020, from 324 to 338.
- Total transaction value in the 1st 3 Quarters of 2021 more than doubled over the 1st 3 Quarters of 2020, from \$13.1 billion to \$27.6 billion.
- The segment with the largest rise in volume in the 1st 3 Quarters of 2021 over the 1st 3 Quarters of 2020 was Higher-Ed Media and Tech with a 60 percent increase, from 40 to 64 transactions. K-12 Media and Tech also saw a notable rise with a 47 percent gain, from 53 to 78 transactions.

MULTIPLES & VALUE TRENDS

- The median revenue multiple on a year-over-year basis rose by 62 percent, from 2.6x to 4.2x.

Top Ten Notable Transactions - 1st 3 Quarters 2021

Deal Date	Target Name	Buyer	Value MM US\$
06/15/21	McGraw-Hill	Platinum Equity, LLC	\$6,388
05/18/21	ProQuest LLC	Clarivate plc	\$5,324
08/06/21	Cornerstone OnDemand, Inc.	Clearlake Capital Group, L.P.	\$4,784
04/07/21	Aakash Educational Services	Byju's	\$950
06/30/21	edX	2U, Inc.	\$800
02/19/21	Nearpod	Renaissance Learning, Inc.	\$650
07/28/21	Great Learning	Byju's	\$600
06/21/21	AXELOS	PeopleCert	\$531
07/21/21	Epic! Creations, Inc.	Byju's	\$500
05/06/21	Clever Inc.	Kahoot!	\$435

2021 Aggregate Transaction Value \$27,600

Top 10 Aggregate Transaction Value \$20,962

Top 10 Aggregate Value as a Percentage of All Transactions 76 %

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2021 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

Note: Transaction data based on announced date.

M&A Market Dynamics

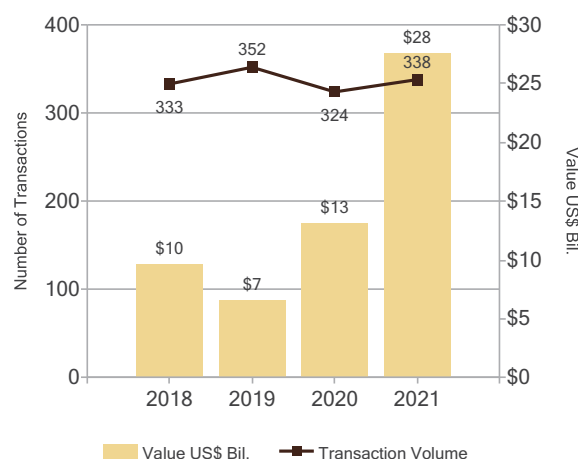


Figure 1. 1st 3 Quarters value and volume comparison from 2018 to 2021.

Median Enterprise Value Multiples

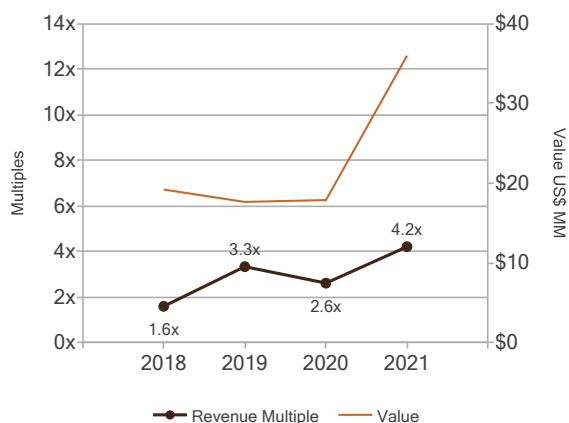


Figure 2. 1st 3 Quarters median value and revenue comparison from 2018 to 2021.

TOP TEN DEALS THROUGH Q3 2021

The top ten deals by value have seen three new additions since our half year report. Two of them were completed by Byju, which develops personalized learning programs for K-12 students: Great Learning, which offers professional upskilling and higher education courses, for \$600 million; and Epic! Creations, a digital reading platform for kids 12 and under, for \$500 million.

These three transactions, with an aggregate value of \$5.9 billion, represented 21 percent of transaction value in the 1st 3 Quarters of 2021 and 71 percent of Q3 2021 transaction value.

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