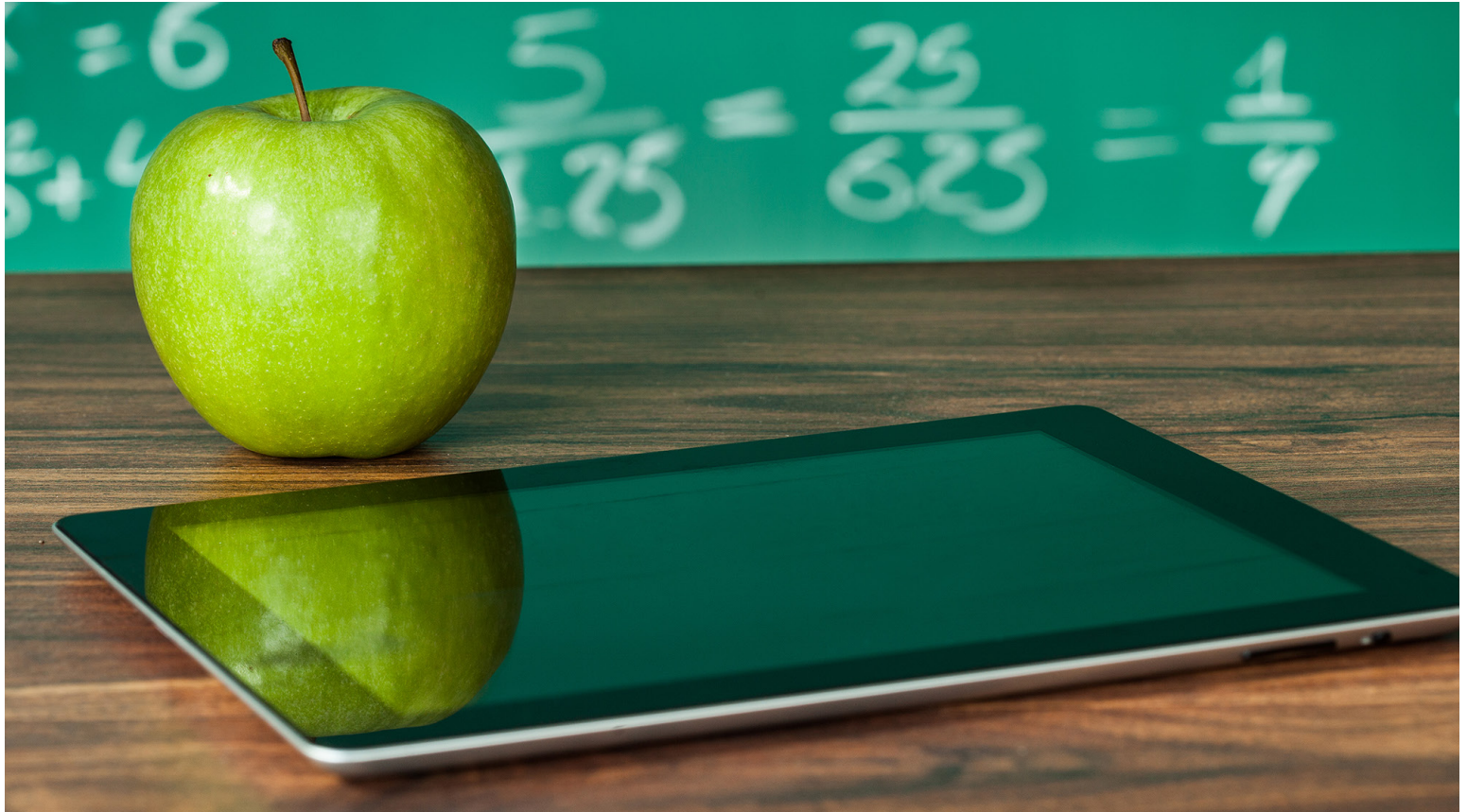


# Market Update



## Education Technology & Services Q1 2019

### Key Highlights

The top subsector stock performer in Q1 2019 was digital educational content & services, up 20.9% quarter over quarter

On average, EBITDA multiples for the subsectors increased 0.6x from the prior quarter and were up 1.1x on a year-over-year basis

# ASU-GSV X Recap – The Education Investor Ecosystem Is Healthy and Growing

Like many in our space, we are still recovering from our annual trek west to join a few thousand of our closest friends and colleagues at the ASU-GSV Summit in San Diego. After ten years, the annual event continues to be the largest single gathering of entrepreneurs, executives and investors in the education community. Consistent with recent years, we continued to see an upswing in participation from non-traditional players from outside the U.S., human capital management businesses and media and mega-tech companies as they look to expand or extend into education. Exponential technology driven education solutions (e.g. artificial intelligence) was the topic du jour trending at the conference this year (previous years’ themes included MOOCs, OPMs, talent tech, social impact investment etc.).

In many ways, this year’s edition of the Summit was similar to other recent iterations: a roster replete with national and international personalities, a long list of start-ups looking for the perfect connection and all manner of other market participants. Companies lined up big announcements either during or immediately before the summit in order to make a splash. The 2U acquisition of Trilogy hit inboxes Monday morning just as the masses were gathering in earnest. Needless to say, a \$750 million transaction in the “bootcamp” space caught people’s attention. What separated this year’s summit from prior ones,















beyond simply being the largest, was the volume of small meetings and scuttlebutt on deals in the works. There was no shortage of hushed discussion and speculation around several imminent deal announcements. Similarly, there were countless other rumors swirling about other deals in the works and what the ripple effects of those deals would be for M&A activity in the education space in 2019 and beyond. Interestingly, the frothy M&A market has also seemed to catalyze many more conversations amongst industry participants to look towards strategic partnerships or joint venture structures as an alternative for growth or a bridge to a future M&A transaction. What was most noticeable, however, was the vast number of smaller meetings in every corner of the host hotel and nearby venues, leaving many officially scheduled events with reduced audience counts. What began as a small gathering of industry insiders in Phoenix has become the nexus of all education deal-making. Everywhere you turned, from private hotel suites to the smallest corner of sun-covered patio space, investors, intermediaries and consultants of all types were busy meeting with owners, entrepreneurs and executives. As we stated in our 2019 forecast earlier this year, the landscape for investment and acquisition activity remains robust. We continue to anticipate strong activity levels throughout the year.

## Lincoln Welcomes Zack Shah to Its Education Team

Zack joins us from Adtalem Global Education, a \$3 billion market cap workforce solutions platform, where in his role as Head of Corporate Development and M&A he was responsible for organic and inorganic strategic initiatives for several business units, including Ross University School of Medicine, Chamberlain Health Sciences University, Becker Professional Education, Association of Certified Anti-Money Laundering Specialists (ACAMS) and Grupo Ibmecc Educacional. Zack joined Adtalem with more than 15 years of capital markets and

advisory transaction experience with Lazard, BMO Capital Markets and Banc of America Securities. His experience spans several sectors, including business services, consumer and retail, and technology, but his focus was increasingly on the education and talent markets. Zack’s ongoing focus on education services and the intersection with talent development will be a strong complement to our existing efforts across the education ecosystem.

## Selected Education & Technology Services Transactions

<div> INVESTMENT PARTNERS SINCE 1983</div> <p>has recapitalized</p> <div></div> <div>Buy-Side</div> <div></div>	<div> LEVEL EQUITY</div> <p>have sold</p> <div></div> <p>to</p> <div></div> <div>Sell-Side</div> <div></div>	<div></div> <p>has been sold to</p> <div></div> <div>Sell-Side</div> <div></div>	<div></div> <p>has been acquired by</p> <div></div> <p>and</p> <div></div> <div>Sell-Side</div> <div></div>
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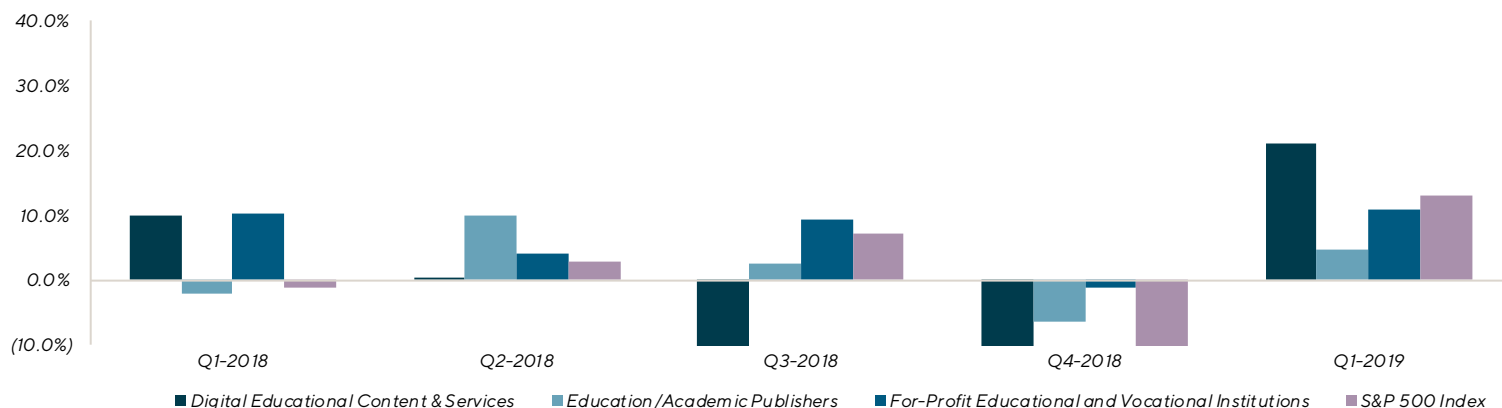
\* deal completed by Lincoln team members prior to joining the firm

## Quarter-over-Quarter Price Performance

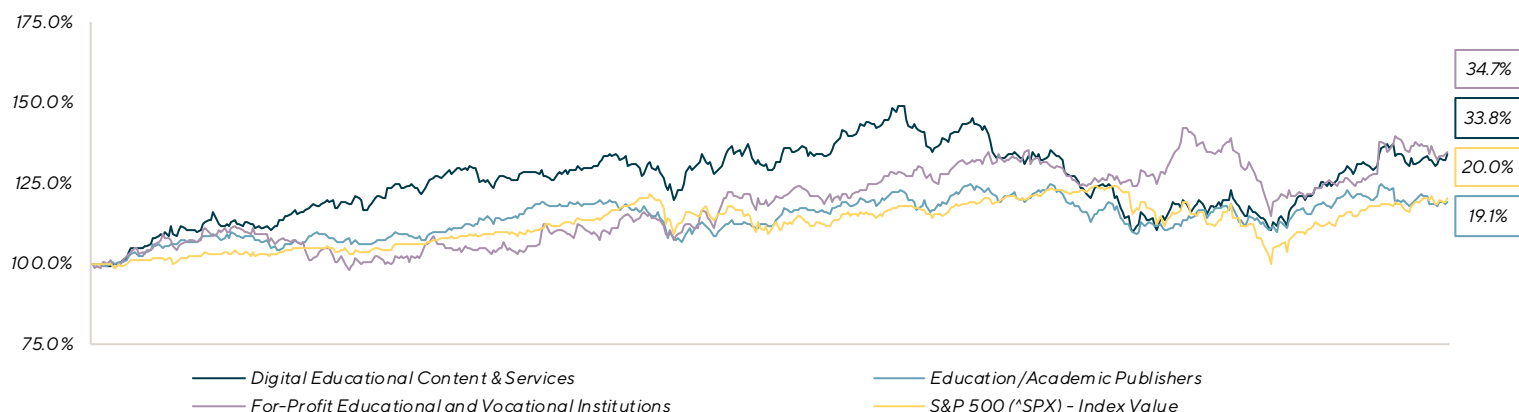
Outperformers	Change
New Oriental	64.4%
2U	42.5%
K12	37.7%
TAL Education	35.2%

Underperformers	Change
Houghton Mifflin Harcourt	(17.9%)
Tarena International	(13.8%)
3P Learning	(13.5%)
Zovio	(12.8%)

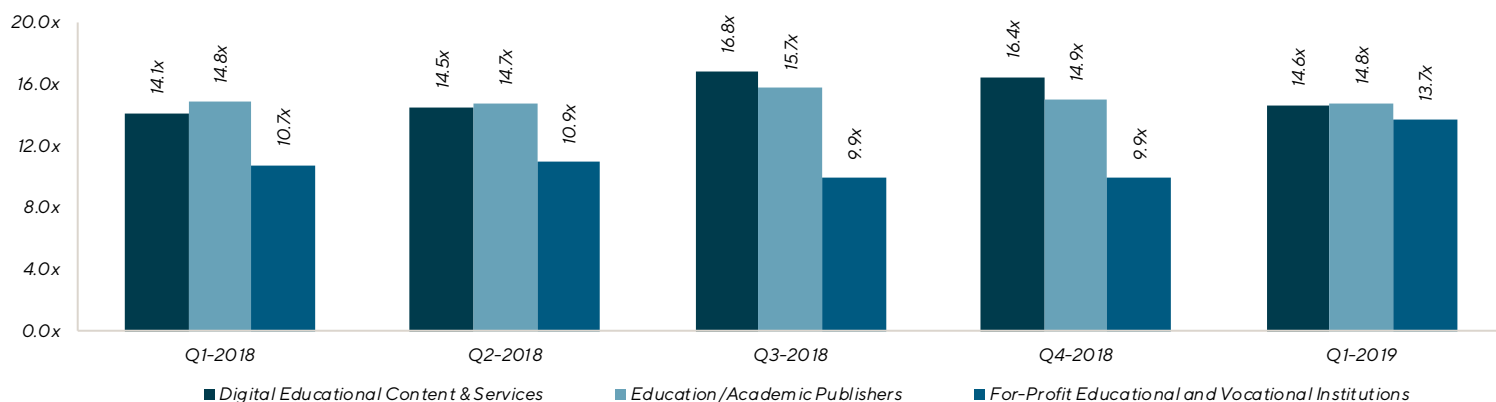
## Quarter-over-Quarter Stock Indices Price Change



## Two Year Relative Stock Indices Price Performance



## Historical Enterprise Value/EBITDA Valuation Performance



## Education Technology & Services Stock Indices Data

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	EV / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Digital Educational Content & Services										
2U, Inc.	\$70.85	71.9%	\$4,119	\$3,668	\$412	(\$14)	43.6%	(3.3%)	8.9x	NM
3P Learning Limited	0.73	68.7%	102	95	36	6	(17.4%)	16.7%	2.6x	15.1x
Blackbaud, Inc.	79.73	66.2%	3,772	4,128	849	133	7.6%	15.7%	4.9x	NM
Chegg, Inc.	38.12	91.4%	4,417	4,233	321	18	25.9%	5.7%	13.2x	NM
Grand Canyon Education, Inc.	114.51	88.0%	5,471	5,342	846	312	(13.2%)	36.9%	6.3x	17.1x
Instructure, Inc.	47.12	95.8%	1,687	1,534	210	(39)	30.2%	(18.6%)	7.3x	NM
New Oriental Education & Technology Group Inc.	90.09	83.2%	14,296	11,881	2,955	378	32.3%	12.8%	4.3x	NM
Pearson plc	10.89	81.2%	8,474	8,761	5,262	695	(13.7%)	13.2%	1.6x	11.4x
Pluralsight, Inc.	31.74	82.7%	2,362	2,291	232	(102)	39.1%	(43.8%)	9.9x	NM
RELX PLC	21.38	93.2%	41,721	49,921	9,549	2,896	(3.8%)	30.3%	5.1x	16.6x
RISE Education Cayman Ltd	9.73	53.5%	588	483	185	39	24.1%	20.9%	2.6x	12.9x
TAL Education Group	36.08	75.8%	20,468	19,118	2,563	401	49.4%	15.6%	8.2x	NM
Tarena International, Inc.	5.43	46.4%	288	195	326	(72)	7.3%	(22.3%)	0.6x	NM
Mean		76.8%					16.3%	6.1%	5.8x	14.6x
Median		81.2%					24.1%	13.2%	5.1x	15.1x
Education/Academic Publishers										
Houghton Mifflin Harcourt Company	\$7.27	68.3%	\$899	\$1,360	\$1,322	\$57	(0.3%)	4.3%	1.0x	23.8x
Informa plc	9.69	85.6%	12,126	15,840	3,020	939	27.2%	31.1%	5.1x	16.5x
John Wiley & Sons, Inc.	44.22	61.6%	2,519	3,018	1,786	306	0.9%	17.1%	1.7x	9.9x
Pearson plc	10.89	81.2%	8,474	8,761	5,262	695	(13.7%)	13.2%	1.6x	11.4x
RELX PLC	21.38	93.2%	41,721	49,921	9,549	2,896	(3.8%)	30.3%	5.1x	16.6x
Rosetta Stone Inc.	21.85	91.0%	517	480	174	(5)	(5.9%)	(2.9%)	2.8x	NM
Scholastic Corporation	39.76	82.9%	1,400	1,073	1,679	115	2.9%	6.8%	0.6x	9.3x
Wolters Kluwer N.V.	68.13	100.0%	18,515	20,792	4,877	1,336	(7.0%)	27.4%	4.3x	15.8x
Mean		83.0%					0.0%	15.9%	2.8x	14.8x
Median		84.3%					(2.1%)	15.2%	2.2x	15.8x
For-Profit Educational and Vocational Institutions										
Adtalem Global Education Inc.	\$46.32	78.8%	\$2,676	\$2,679	\$1,231	\$254	7.4%	20.6%	2.2x	10.5x
American Public Education, Inc.	30.12	65.3%	500	289	298	51	(0.5%)	17.1%	1.0x	5.7x
Career Education Corporation	16.52	86.6%	1,153	924	581	106	(2.5%)	18.3%	1.6x	8.7x
Graham Holdings Company	683.18	97.6%	3,631	3,345	2,696	479	4.0%	17.8%	1.2x	6.8x
Grand Canyon Education, Inc.	114.51	88.0%	5,471	5,342	846	312	(13.2%)	36.9%	6.3x	17.1x
K12 Inc.	34.13	98.7%	1,318	1,150	978	71	10.6%	7.3%	1.2x	16.2x
Laureate Education, Inc.	14.97	87.3%	3,358	5,676	3,350	544	(1.1%)	16.2%	1.7x	10.4x
Lincoln Educational Services Corporation	3.10	92.8%	78	109	263	5	0.5%	1.9%	0.4x	21.8x
Strategic Education, Inc.	131.31	84.8%	2,816	2,468	634	95	39.4%	15.0%	3.9x	26.0x
Zovio Inc	6.11	44.8%	166	12	443	11	(6.7%)	2.4%	NM	NM
Mean		82.5%					3.8%	15.4%	2.2x	13.7x
Median		87.0%					(0.0%)	16.7%	1.6x	10.5x

Note: USD in millions, except for stock price

Source: Bloomberg, Capital IQ and company filings, as of 3/29/2019

## Market Intelligence

**4/25/19: Coursera**, an online learning platform offering courses, specializations and degrees, has received \$103 million in a Series E funding round led by **Seek Group**, increasing Coursera's total value to \$1+ billion

**3/25/19: Tinkergarten**, a provider of outdoor play-based learning, has received \$21 million in funding from **WndrCo**, aiming to scale the company's offerings for long-term growth

**2/27/19: Jobcase**, a platform dedicated to assisting people find work, has received \$100 million in growth equity funding led by **Providence Strategic Growth**

**4/1/19: CollegeVine**, which provides high school guidance and college admissions advising services, has received \$24 million in a Series B funding round aiming to expand the company's business reach

**3/13/19: Newsela**, which offers an instructional content platform containing news and nonfiction articles, has received \$50 million in a Series C funding round led by **TCV**

**2/18/19: TAL Education Group (NYSE: TAL)**, a K-12 after-school tutoring services provider in China, has received a total of approximately \$500 million in funding, bringing the undisclosed investor's stake to roughly 5%

## Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Breezy HR	Provides a recruiting software and applicant tracking system	Learning Technologies Group
Announced	OnCourse Learning Financial Services Division	Provides education programs and training solutions to the financial industry	Adtalem Global Education
Announced	Trilogy Education	Provides skills-based training programs for adults	2U
Announced	MasteryConnect	Provides software for assessment and curriculum planning	Instructure
Announced	Blackboard Transact Business Unit Including Cashnet	Comprises campus engagement and payments solutions business units	Reverence Capital Partners
Announced	Turnitin	Provider of internet-based plagiarism detection solutions	Advance Publications
Announced	Workday / Cornerstone OnDemand	Provides financial and human capital management solutions / provides learning and talent management software solutions	Alight Solutions
Announced	Study Group	Provides academic and English language courses for students internationally	Ardian
Announced	SchoolAdmin	Provides school enrollment and admission software for K-12 schools	Quad Partners
Announced	U.S. K-12 Courseware Business of Pearson	Provides courseware publishing solutions	Nexus Capital Management
Announced	Leapest	Hosts three integrated training resource marketplaces	EdCast
Announced	Gimlet	Digital media company focused on producing narrative podcasts	Spotify
Announced	Arts Institutes International / Dream Center South University	Acquisition included main campuses in Atlanta, Miami and Houston / acquisition included main campuses in Georgia, Alabama, Florida, Texas, Virginia and South Carolina	Education Principle Foundation
Mar-19	SPARKLER	Provides an early childhood learning technology platform	Nickelodeon Global Network Ventures
Mar-19	Kalaidos	Operates Kalaidos University of Applied Sciences, a private business school	Ernst Klett Group
Mar-19	Okpanda	Operates a mobile english learning application	ALC Press
Mar-19	The Village Academy	Operates preschools, summer camps and afterschool programs	O2B Kids (Spire Capital)
Mar-19	MonkeySoft Solutions	Provides software, education services and data solutions for food service operators	ezCater
Mar-19	K-12 Dynamics (nka ViewPoint Connect)	Provides data aggregation and analytic solutions for K-12 schools	Certica Solutions (New Harbor Capital)
Mar-19	Glynlyon	Provides digital educational curriculum for public school systems	Weld North
Mar-19	LEARN Behavioral	Provides autism treatment and educational services	Gryphon Investors
Mar-19	Schroeder Measurement Technologies / DL Roope Administrations	Offers comprehensive exam development and administration services / Offers NIC (National-Interstate Council of State Boards of Cosmetology) state board examinations	Prometric (Baring Private Equity Asia)
Mar-19	Kallidus	Provides learning, performance and talent management solutions	Apse Capital
Mar-19	Mind Tools	Provides digital learning and management learning solutions for corporate clients	Emerald Group Publishing
Mar-19	Uncommon Partners	Provides consulting and training solutions	Singularity University
Mar-19	Assets of Modern Robotics	Comprises online distribution of STEM, robotics and programming solutions	BOXLIGHT
Mar-19	TechPilot Labs	Provides school-specific mobile device management solutions to the K-12 market	Securly
Mar-19	Med School Tutors	Offers online tutoring services for medical schools	Interactivation Health Networks
Mar-19	Perpetual Technology Group	Provides educational language placement testing solutions	Emmersion Learning
Mar-19	Assessment Technology	Provides K-12 online assessment solutions	Imagine Learning (Weld North)
Mar-19	INSEEC U	European institution of private higher education and research	Cinven
Mar-19	LiftUpp	Provides education assessment, analytics and curriculum mapping software for businesses	ExamSoft
Mar-19	eSyncTraining	offers single sign-on, learning tools interoperability and LMS integration services	CoSo Cloud
Mar-19	Sentral	Provides a school management software platform	Global Payments
Feb-19	King Integrated American School	American PreK-12 school in Egypt	Kaumeya Language Schools



## Selected M&A Transaction Recap (cont'd)

Closed	Target Company	Target Description	Acquiring Company
Feb-19	North Wales Training	Provides training and learning solutions to students	Grwp Llandrillo Menai
Feb-19	National Association For Continuing Education	Provides accredited online mental health continuing education courses	Haymarket Group
Feb-19	Watermark Learning	Operates as a business analysis and project management training company	Project Management Academy
Feb-19	Portfolium	Operates a student success network platform	Instructure
Feb-19	Conen	Manufactures and distributes FF&E to educational institutions	Halder Beteiligungsberatung
Feb-19	The Data Incubator	Offers fellowship programs, online and offline training and placement services	Pragmatic Marketing
Feb-19	ClearVoice	Provides a content platform to measure and categorize online content creators	Fiverr
Feb-19	Fareast Stamford International	Operates Stamford International University, a private university in Thailand	China YuHua Education
Feb-19	Revature	Operates a training platform providing enterprise-level skills to students and graduates	Investcorp
Feb-19	Lobster International	Provides online customer training services for hospitality and foodservice companies	Ecolab
Feb-19	Stacks	Content management system that assists in digital research	EBSCO Information Services
Feb-19	Ready4	Provides a mobile study application that allows students to prepare for the GMAT	TAL Education Group
Feb-19	Ashworth College	Accredited online institution offering degree and certificate programs	Penn Foster
Feb-19	Planet Software	Provides global student placement management software	QSR International
Feb-19	SureWatch	Provides campus management and student safety software solutions	SchoolMint (BV Investment Partners)
Feb-19	DataSense of BrightBytes	The asset comprises a SaaS-based data integration platform for the education industry	Microsoft
Feb-19	Ilerna Online	Provides vocational training services for Spanish-speaking students	Skill & You
Feb-19	Informa Life Sciences Media	Provides digital content and host conferences	MJH Associates
Jan-19	Report Bee Edusys	Develops interactive report cards for schools	XSEED Education
Jan-19	American College Application Campaign	Provides college application solutions for first-generation and low-income students	ACT
Jan-19	Veritas Prep	Offers test preparation and admissions consulting services	Varsity Tutors
Jan-19	Orbis Education Services	Provides placement solutions for healthcare workforce shortages	Grand Canyon Education
Jan-19	Medical Technology Management Institute	Provides education and training services for imaging and radiation therapy professionals	The College of Health Care Professions
Jan-19	Tangible Play	Develops hardware gaming devices and educational games	Think & Learn
Jan-19	Waggle	Operates a learning platform which provides K-8 academic content	Houghton Mifflin Harcourt
Jan-19	Ardmore Language Schools	Operates K-12 summer courses	Cognita Schools
Jan-19	roundCorner	Provides donor management solutions for nonprofit and higher education customers	Salesforce.org
Jan-19	WePow	Provides web and mobile video interviewing platforms	OutMatch
Jan-19	Greycampus	Provides online and offline project management training for professionals	Talentedge
Jan-19	CalmCircle	Operates an online platform providing stress management courses	Higher Ed Growth
Jan-19	EMS Safety Services	Engages in online retail of health and safety supplies for schools	Health & Safety Institute (Riverside Company)
Jan-19	CrewSense	Offers employee resource and human capital management software	Vector Solutions (Golden Gate)
Jan-19	Times Higher Education	Publishes educational print and digital content	Inflexion Private Equity
Jan-19	Studydrive GmbH	Operates collaboration platforms for students internationally in Europe and internationally	StepStone Deutschland GmbH
Jan-19	YourCause	Provides SaaS-based employee engagement and grants management solutions	Blackbaud
Jan-19	Turning Technologies	Develops audience response and data collection solutions for educational institutions	Centre Lane Partners
Dec-18	Brassart	Operates graphic arts and digital creation schools	GEDH (Quilvest Private Equity)

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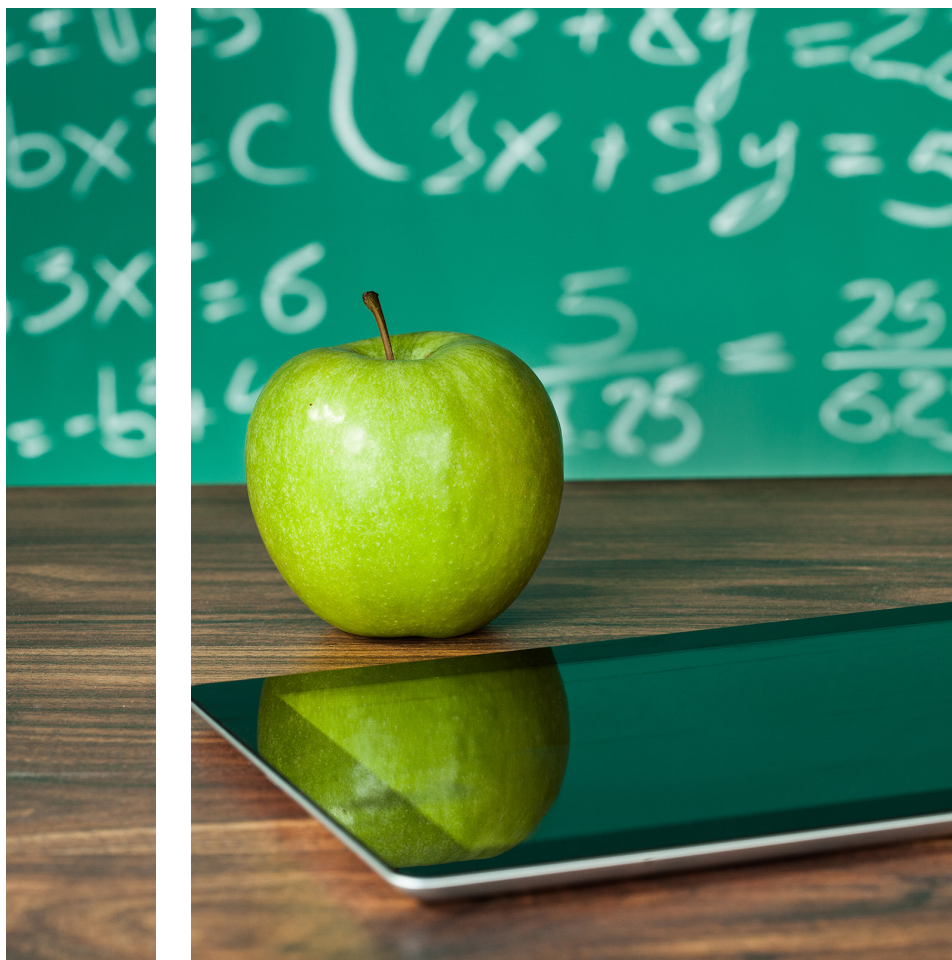
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## Lincoln International's Education Technology & Services Team

Lincoln International recognizes the importance of understanding a client's industry, value drivers, growth opportunities and challenges. Our extensive expertise provides in-depth market insights, deep relationships with the most active strategic and financial partners and superior knowledge on how to best position a business and overcome potential issues. These attributes, combined with our globally integrated resources and flawless execution, enable us to consistently deliver outstanding outcomes for our clients.

Lincoln International's dedicated education technology & services team has established itself among the most active M&A advisors in the mid-market. Our senior bankers provide sector-specific expertise, global buyer access and unmatched execution within the education technology & services space. This update tracks pricing and valuation metrics and transaction activity for three key education technology & services subsectors:

- Digital Educational Content & Services
- Education/Academic Publishers
- For-Profit Educational and Vocational Institution



## Advisory Services

Mergers & Acquisitions  
Capital Advisory  
Joint Ventures & Partnering  
Valuations & Opinions

## About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and public and privately held companies around the world. Our advisory services include mergers and acquisitions and capital markets advisory for the mid-market. We also provide valuations and fairness opinions and joint ventures advisory services. As one tightly integrated team of more than 500 professionals across 15 countries, we offer an unobstructed perspective, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at:

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