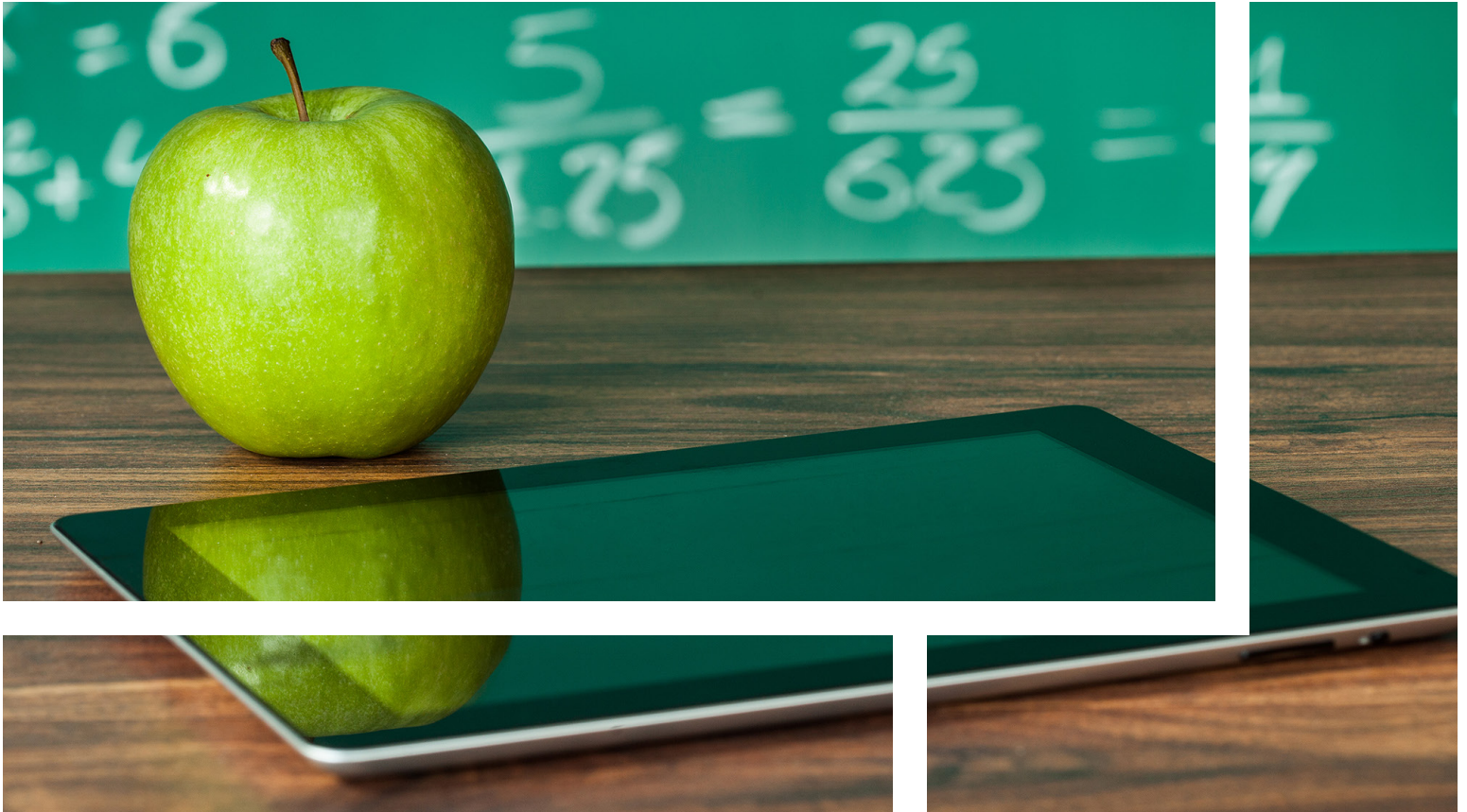


Market Update



Education Technology & Services Q3 2019

Key Highlights

The top subsector stock performer in Q3 2019 was institutions / workforce solutions, up 0.3% year-over-year

On average, EBITDA multiples for the subsectors decreased 0.7x from the prior quarter and were down 0.9x on a year-over-year basis

Proprietary Schools Making a Comeback

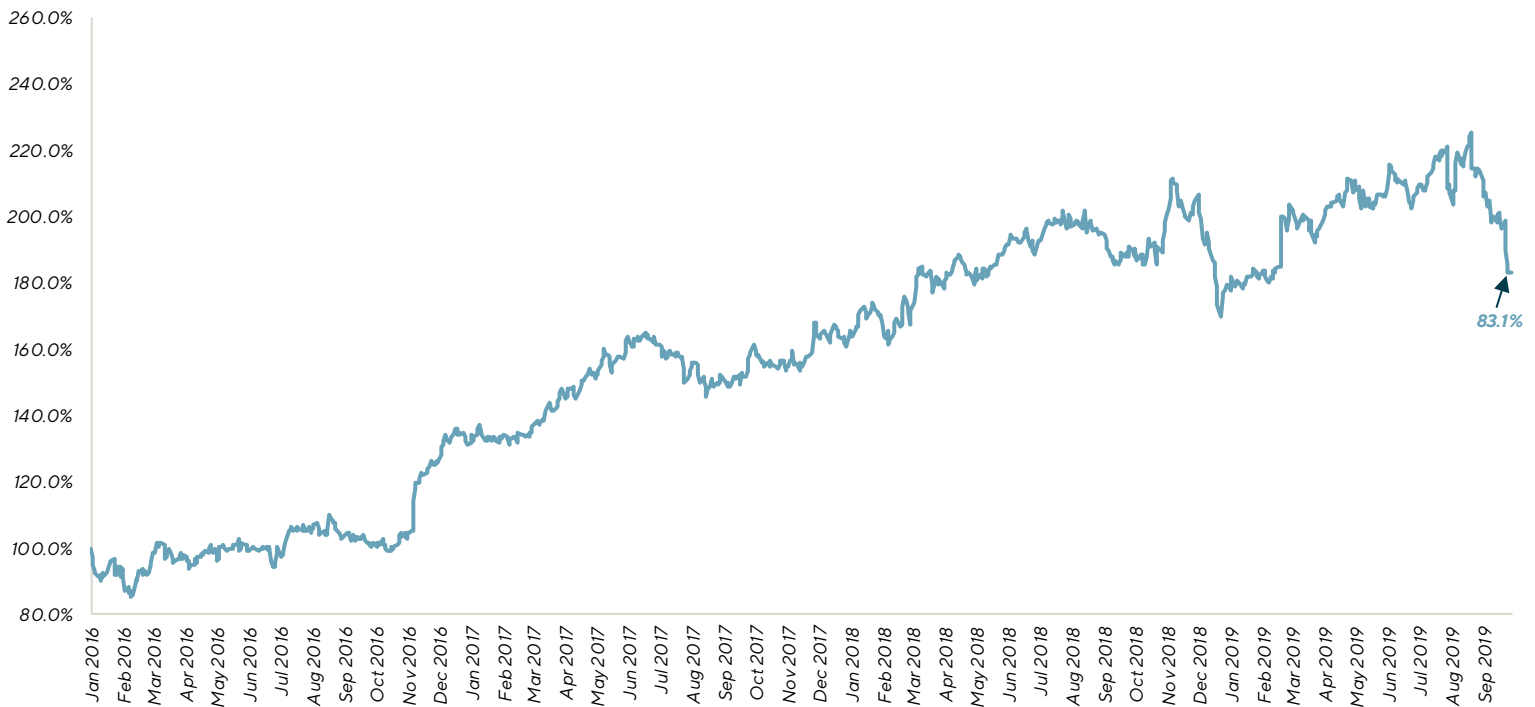
U.S. higher education proprietary schools are showing strong signs of normalizing as those platforms with “staying power” are stabilizing after years of facing fierce regulatory headwinds. With many of the weaker providers having exited the market, fewer distressed assets remain today. These remaining, much better capitalized institutions are slowly beginning to “play offense” as new starts and enrollment growth are increasingly consistent. Buoyed by recent regulatory relief and increased chatter around a potential economic cycle looming, which usually bodes well for higher education, the near-term outlook is encouraging for schools positioned to help solve the nation’s growing skills gap problem.

While proprietary schools have fewer competitors in the traditional sense, they are now being forced to innovate around delivery methods, course design and pricing strategy to compete with alternative tech-enabled and smaller, more agile “point” education providers. There is a strong focus amongst higher education institutions to enhance ROI and produce job-ready graduates – simply awarding degrees is no longer sufficient. Schools must now be in the business of supporting their graduates throughout their career arcs, including landing their first jobs, helping them stay and advance in those jobs and obtaining new skills for new jobs. They should be a partner for lifelong learning.

Successful proprietary schools will need to continue to be strategic about placement of graduates into careers where there is a supply/demand imbalance and better aligning cost of tuition to compensation opportunity. Investors are acutely focused on quality and outcomes measured primarily by graduate placements and relationships with employers. This changing dynamic further opens opportunities for ongoing continuing education and skills training where the employer would contribute substantially to the cost of tuition. Boundaries between education and employers continue to blur with more schools willing to (and having to) develop courses influenced by employer needs as well as employers investing in on-the-job training and upskilling solutions.

The Lincoln education team has unique expertise in the U.S. proprietary education sector and has the ability to provide perspectives not just from an advisor viewpoint, but also through policy, strategy and operational lenses. We would be glad to speak at length about opportunities in the sector that we are tracking closely.

January 2016 to September 2019 Proprietary Schools Stock Index Price Performance



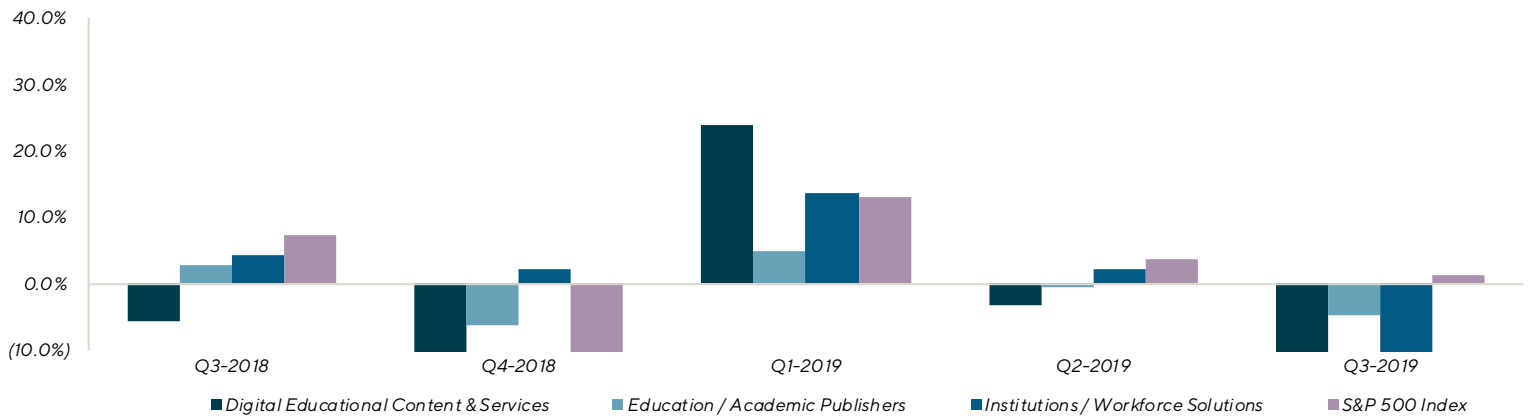
Proprietary schools index includes: APEI, ATGE, CECE, GHC, LAUR, LINC, LOPE, NAUH, STRA and UTI

Education Technology & Services Financial Performance

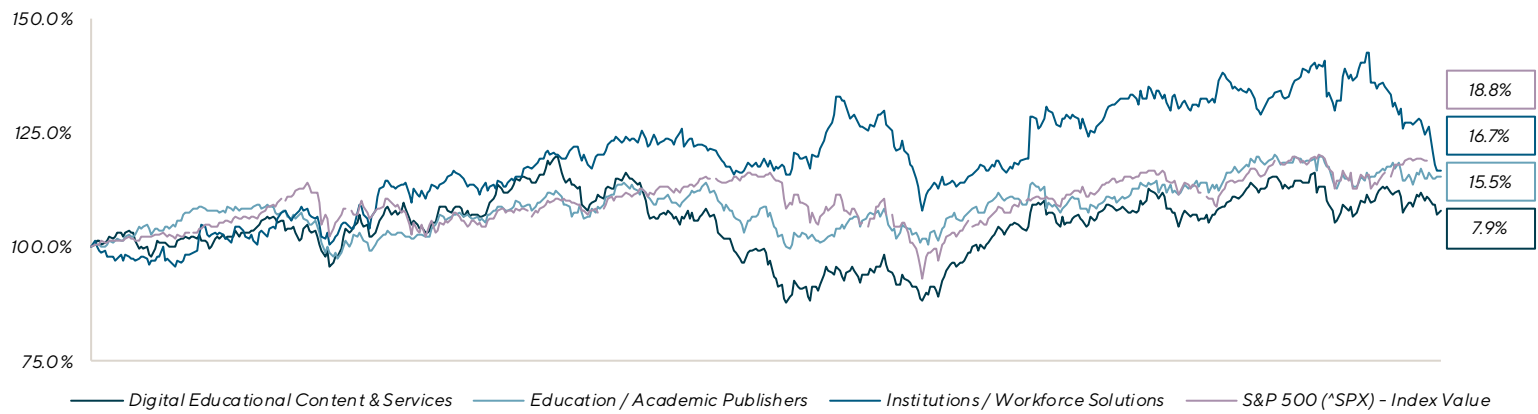
Quarter-over-Quarter Price Performance

Outperformers	Change	Underperformers	Change
New Oriental Education & Technology	14.7%	2U	(56.7%)
Blackbaud	8.2%	American Public Education	(24.5%)
Laureate Education	5.5%	Rosetta Stone	(24.0%)
Wolters Kluwer	0.3%	Strategic Education	(23.7%)

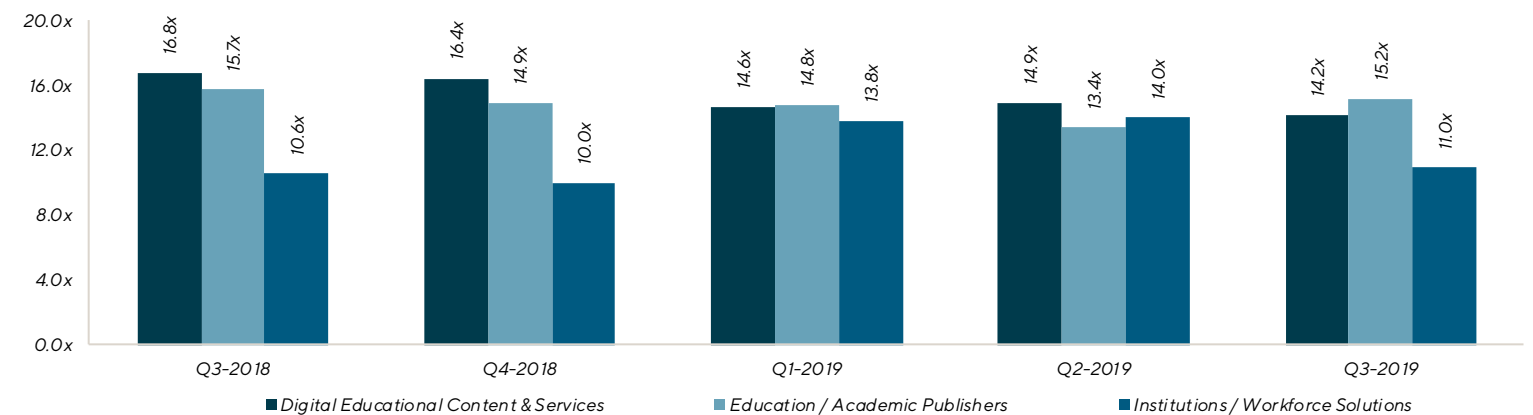
Quarter-over-Quarter Stock Indices Price Change



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	NTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / NTM	
					Revenue	EBITDA			Revenue	EBITDA
Digital Educational Content & Services										
2U, Inc.	\$16.28	20.2%	\$1,031	\$1,120	\$661	(\$21)	25.6%	(3.2%)	1.7x	NM
3P Learning Limited	0.58	67.8%	81	64	39	13	2.2%	32.2%	1.6x	5.1x
Blackbaud, Inc.	90.34	88.4%	4,328	4,975	915	182	3.6%	19.9%	5.4x	27.3x
Chegg, Inc.	29.95	62.1%	3,584	3,662	449	136	17.8%	30.2%	8.2x	27.0x
Grand Canyon Education, Inc.	98.20	74.0%	4,705	4,895	819	315	10.3%	38.5%	6.0x	15.5x
Instructure, Inc.	38.74	77.2%	1,437	1,440	284	(12)	15.8%	(4.3%)	5.1x	NM
New Oriental Education & Technology Group Inc.	110.76	95.6%	17,548	14,617	3,963	592	19.8%	14.9%	3.7x	24.7x
Pearson plc	9.08	71.7%	7,069	9,112	4,845	924	(6.8%)	19.1%	1.9x	9.9x
Pluralsight, Inc.	16.80	47.0%	1,700	1,757	358	(62)	21.2%	(17.4%)	4.9x	NM
RELX PLC	23.80	97.0%	45,998	54,342	10,038	3,607	2.2%	35.9%	5.4x	15.1x
RISE Education Cayman Ltd	8.37	67.0%	475	508	238	49	16.0%	20.6%	2.1x	10.3x
TAL Education Group	34.24	86.3%	20,261	19,461	3,587	550	21.5%	15.3%	5.4x	NM
Mean		71.2%					12.4%	16.8%	4.3x	16.9x
Median		72.8%					15.9%	19.5%	5.0x	15.3x
Education / Academic Publishers										
Houghton Mifflin Harcourt Company	\$5.33	50.1%	\$663	\$1,622	\$1,465	\$205	4.8%	14.0%	1.1x	7.9x
Informa plc	10.48	94.6%	13,117	16,831	3,586	1,265	0.1%	35.3%	4.7x	13.3x
John Wiley & Sons, Inc.	43.94	70.9%	2,493	3,305	1,887	356	4.1%	18.8%	1.8x	9.3x
Pearson plc	9.08	71.7%	7,069	9,112	4,845	924	(6.8%)	19.1%	1.9x	9.9x
RELX PLC	23.80	97.0%	45,998	54,342	10,038	3,607	2.2%	35.9%	5.4x	15.1x
Rosetta Stone Inc.	17.40	64.7%	418	415	205	10	13.5%	5.0%	2.0x	NM
Scholastic Corporation	37.76	78.9%	1,311	1,222	1,698	150	1.8%	8.8%	0.7x	8.1x
Wolters Kluwer N.V.	73.03	98.9%	19,202	21,747	5,094	1,510	0.7%	29.6%	4.3x	14.4x
Mean		78.3%					2.5%	20.8%	2.7x	11.1x
Median		75.3%					2.0%	19.0%	2.0x	9.9x
Institutions / Workforce Solutions										
Adtalem Global Education Inc.	\$38.09	64.8%	\$2,092	\$2,203	\$1,312	\$0	4.4%	0.0%	1.7x	NM
American Public Education, Inc.	22.34	60.4%	359	151	279	37	(3.3%)	13.2%	0.5x	4.1x
Career Education Corporation	15.89	70.6%	1,114	890	613	123	(0.3%)	20.0%	1.5x	7.3x
Graham Holdings Company	663.45	87.7%	3,526	3,788	N/A	N/A	N/A	N/A	N/A	N/A
Grand Canyon Education, Inc.	98.20	74.0%	4,705	4,895	819	315	10.3%	38.5%	6.0x	15.5x
K12 Inc.	26.40	70.5%	1,028	769	1,026	139	0.4%	13.5%	0.7x	5.5x
Laureate Education, Inc.	16.58	89.3%	3,973	6,054	3,372	681	1.6%	20.2%	1.8x	8.9x
Lincoln Educational Services Corporation	2.08	62.3%	52	116	279	17	3.7%	6.2%	NM	6.7x
Strategic Education, Inc.	135.88	71.6%	2,916	2,615	1,018	252	4.3%	24.7%	2.6x	10.4x
Mean		72.4%					2.6%	17.0%	2.1x	8.3x
Median		70.6%					2.6%	16.8%	1.7x	7.3x

Note: USD in millions, except for stock price

Source: Bloomberg, Capital IQ and company filings, as of 9/30/2019

Market Intelligence

8/5/19: SEEK, an Australia-based employment marketplace and education provider, is targeting acquisitions and minority investments related to the gig economy and contract work

8/6/19: Edmentum, a K-12 educational curriculum and assessment technology platform, is seeking additional strategic acquisitions in curriculum and data analytics

8/1/19: CVC Capital acquired an approximate 30% stake in **GEMS Education**, a Dubai-based schooling group and is expected to be based on a valuation of over \$4 billion

7/9/19: Byju's, an India-based K-12 learning app provider, has received an investment of \$150 million from **Qatar Investment Authority**

Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Schoology	LMS provider for K-12 schools	PowerSchool Group (Vista Equity / ONEX)
Announced	Adtalem Educacional do Brasil	Operates post-secondary institutions	Universidade Estácio de Sá
Announced	Crisis Prevention Institute	Provides training and consulting in behavior management and dementia care	Wendel
Announced	SchoolFinance of Optimal Solutions	Develops financial management software for K-12 schools	LINQ (Banneker Partners)
Announced	AIR Assessment Division of American Institutes For Research	Comprises student assessment division	Cambium Learning Group
10/11/2019	ESGI	Develops educational software for conducting one-on-one assessments for childhood students	Riverside Assessments (Alpine Investors)
10/8/2019	Universidad Interamericana de Panam	Educational institution offering undergraduate, graduate and technical degree programs in Panama	Universal Knowledge Systems; Global Education Services
10/3/2019	Accelify	Provides technology solutions and services for the management of individualized education plans	Frontline (Thoma Bravo)
10/2/2019	EdComs	Communications and marketing agency specialising in education	EVERFI
10/2/2019	L'Ermitage	French international private school operator	Platina Equity Solutions
10/1/2019	Thinkful	Operates an online school for coding bootcamps	Chegg
9/30/2019	Assets of TwentyEighty	Offers consultancy, training and management services	Korn Ferry
9/30/2019	VitalSmarts	Provides corporate training and organizational performance services	Leeds Equity Partners
9/18/2019	Login Logix	Provides school management software	Facilitron
9/16/2019	Clark	Operates an online virtual assistant platform for independent educators / tutors	Noodle Education
9/10/2019	American Society of Professional Education	Provides IT professional development	Cprime
9/5/2019	Interlock Concepts / Ehlert Solutions	Provides an open architecture solution intercom, scheduling and notification systems for schools	Galaxy Next Generation
9/4/2019	ReadyRosie	Provides early education software	Teaching Strategies (Summit Partners)
9/3/2019	Online School Management System	Provides online payments and school receipting for the K-12 market	Edlio (LLR)
8/31/2019	Appitierre	Offers authoring software based on Adapt and LMS tool to deliver learning content	Intellum
8/28/2019	Rhyme Softworks	Develops a platform for digital learning projects	Coursera
8/21/2019	Global Coaches Network	Provides leadership coaching programs	Evans
8/21/2019	SchoolFinances.com	Provides management and planning information to school districts	Forecast 5 Analytics
8/20/2019	Educational Playcare	Bilingual childcare provider that operates seven centers in Italy	Busy Bees Childcare
8/19/2019	Healthcare Assets of Becker Professional Development Corporation	Comprises professional education solutions to accounting, finance, project management and healthcare professionals	Kaplan
8/16/2019	Perennial EdTech	Group of education software companies	Frontline (Thoma Bravo)

Selected M&A Transaction Recap (cont'd)

Closed	Target Company	Target Description	Acquiring Company
08/14/2019	Cole's Classroom	Online education platform offering creative and entrepreneurial education to photographers	ShootProof (Providence Strategic Growth)
8/12/2019	PharmCon	Provides continuing education solutions to healthcare professionals	Surgent McCoy CPE
8/7/2019	Inspyro	Develops augmented reality and virtual reality content	Discovery Education
8/7/2019	eLogic Learning	Provides web-based learning management solutions and corporate training services	Absorb Software (Silversmith)
8/5/2019	Preschool2me	Develops an application that connects parents and childcare providers through digital daily reports, photos and messages	SmartCare
8/1/2019	Novel Units	Provides lesson plans and other K-12 materials	Conn Education
7/30/2019	MetaMetrics	Develops scientific measures of academic achievement and complementary technologies that link assessment results with instructions	Apax Partners
7/30/2019	Metacog	Develops assessment, certification and training products using AI and IoT applications	CompTIA TCA Community
7/30/2019	Calvert Education Services	Provides time-tested and home school curriculum digital services	Edmentum
7/22/2019	Top Echelon Software	Develops and delivers recruiting and applicant tracking software	SageLink Capital
7/19/2019	Barchen	Educational institution providing financial certification and training services	Editions Lefebvre Sarrut
7/19/2019	Revolving Enrichment	Provides staffing services to charter schools	Education Solutions Services
7/16/2019	Perengo	Designs and develops a recruiting platform for the human resource industry	TMP Worldwide
7/10/2019	Cloud Academy	Operates an online database and learning platform that provides training to IT professionals	QA Limited
7/9/2019	Roger CPA Review	Offers learning tools to prepare for CPA exams	Uworld
7/9/2019	Proximity Learning	Offers web conferencing technology to stream certified teachers into a classroom	Education Solutions Services
7/8/2019	CATS Colleges	Provides education services with an integrated platform of campuses globally	Bright Scholar Education
7/8/2019	Troxell Communications	AV distributor for the K-12 market	CDI Computer Dealers Inc. (nka:Troxell-CDI)
7/2/2019	Competentum	Operates as a digital education development company	EPAM Systems
7/2/2019	Orthodidacte.com	French-language spelling and grammar learning platform publisher	Educlever (Entrepreneur Venture)
7/1/2019	Zyante	Operates a platform that provides content for the STEM college market worldwide	John Wiley & Sons

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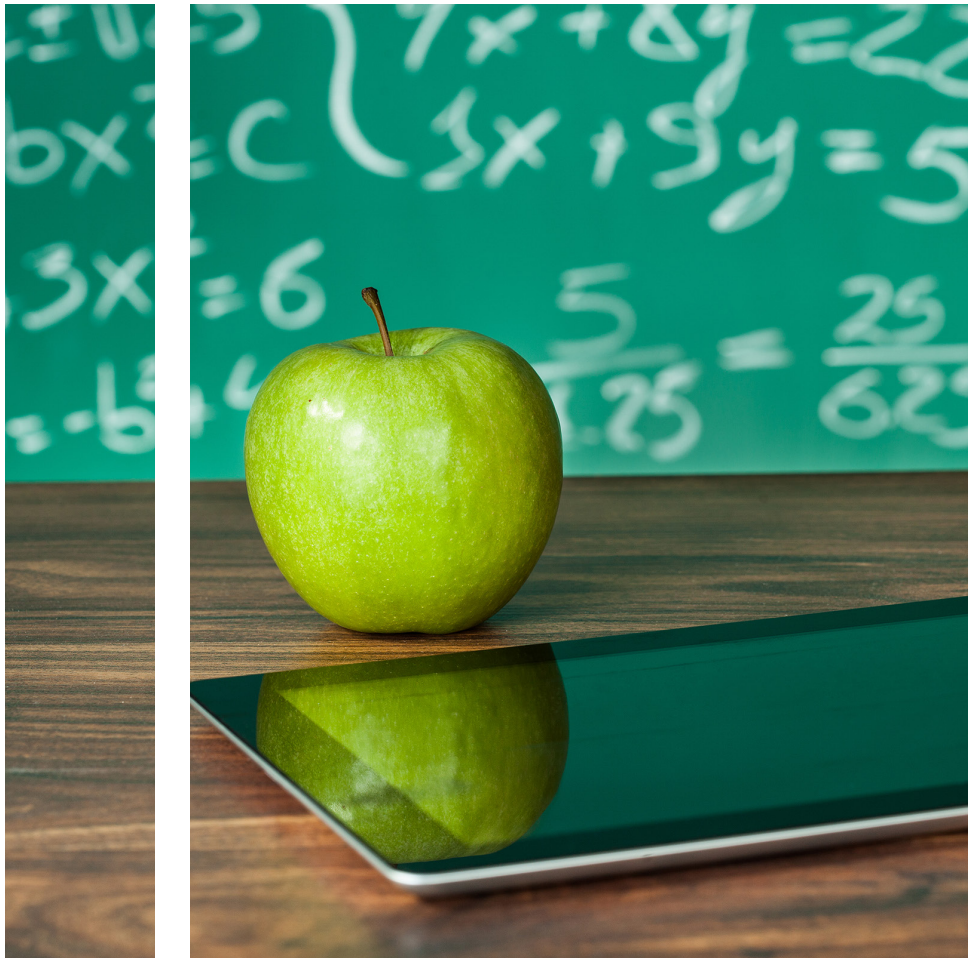
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Lincoln International's Education Technology & Services Team

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
- Institutions / Workforce Solutions

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 16 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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