



Market Update

Education Technology & Services

Q2 2018

Key Highlights

- The top subsector stock performer in Q2 2018 was Education / Academic Publishers, up 8.4% quarter over quarter
- On average, EBITDA multiples for the subsectors increased 0.8x from the prior quarter and were up 1.8x on a year over year basis

Lincoln International's Education Technology & Services Sector

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 have 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 Institutions


Select Education Technology & Services Transactions

Project Touchdown

Company A

has acquired

an undisclosed provider of higher education student experience management solutions




D C DREAM CENTER
E H EDUCATION HOLDINGS, LLC

has acquired certain assets from

EDMC
Education Management Corporation


South ARGOSY UNIVERSITY **The Art Institutes**



academicworks

has been sold to

blackbaud



PRAGMATIC MARKETING

has been acquired by

RENOVUS CAPITAL

and

petra CAPITAL PARTNERS

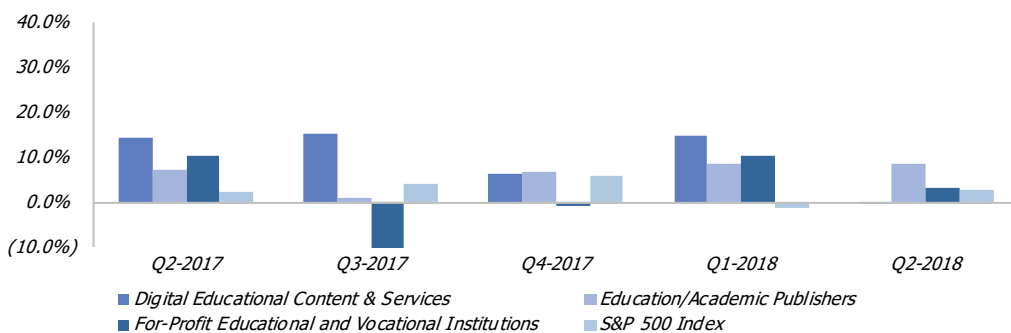


* deal completed by Lincoln team members prior to joining the firm

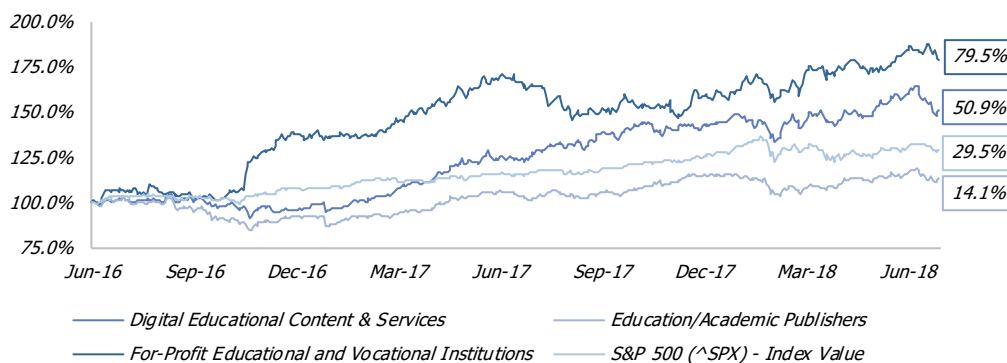
Quarter over Quarter Price Performance

Outperformers	Change	Underperformers	Change
Chegg, Inc.	34.5%	Tarena International, Inc.	(32.5%)
Rosetta Stone Inc.	21.9%	3P Learning Limited	(18.5%)
K12 Inc.	15.4%	Lincoln Educational Services Corporation	(12.6%)
Scholastic Corporation	14.1%	RISE Education Cayman Ltd	(7.8%)

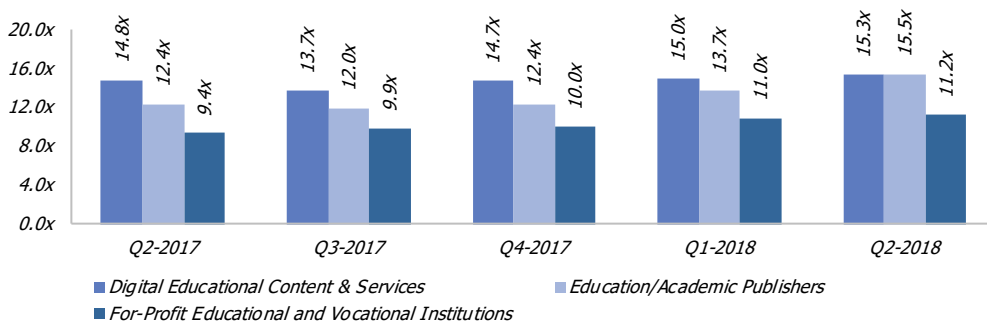
Quarter over Quarter Stock Indices Price Change



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	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Digital Educational Content & Services										
2U, Inc.	\$83.56	84.8%	\$4,783	\$4,624	\$314	(\$17)	40.7%	(5.3%)	14.7x	NM
3P Learning Limited	0.92	71.0%	129	141	44	9	(16.4%)	19.9%	3.4x	16.1x
Blackbaud, Inc.	102.45	88.3%	4,843	5,285	807	140	8.1%	17.3%	6.5x	NM
Cambium Learning Group, Inc.	11.15	81.0%	525	574	159	30	2.7%	19.2%	3.6x	18.9x
Chegg, Inc.	27.79	93.4%	3,117	2,928	269	5	7.7%	2.0%	10.9x	NM
Instructure, Inc.	42.55	90.6%	1,461	1,324	172	(46)	41.2%	(27.0%)	7.7x	NM
New Oriental Education & Technology	94.66	87.3%	14,968	12,497	2,233	319	24.1%	14.3%	5.6x	NM
Pearson plc	11.68	95.2%	9,046	9,979	6,100	750	31.4%	12.3%	1.7x	11.9x
RELX NV	21.31	93.0%	42,036	48,354	9,941	3,021	39.5%	30.4%	5.0x	16.2x
RISE Education Cayman Ltd	14.12	75.9%	853	783	149	13	(80.7%)	9.0%	5.3x	NM
TAL Education Group	36.80	77.3%	20,876	19,633	1,715	268	46.6%	15.6%	11.4x	NM
Tarena International, Inc.	7.57	34.9%	427	265	326	20	(80.1%)	6.0%	0.8x	13.5x
Mean		81.0%					22.2%	9.5%	6.4x	15.3x
Median		86.0%					17.7%	13.3%	5.4x	16.1x
Education/Academic Publishers										
Cambium Learning Group, Inc.	\$11.15	81.0%	\$525	\$574	\$159	\$30	2.7%	19.2%	3.6x	18.9x
Houghton Mifflin Harcourt Company	7.65	61.0%	944	1,612	1,405	90	1.2%	6.4%	1.1x	17.8x
Informa plc	11.02	98.7%	13,785	15,612	2,376	755	60.6%	31.8%	6.7x	21.2x
John Wiley & Sons, Inc.	62.40	87.0%	3,590	3,781	1,796	339	4.5%	18.9%	2.1x	11.2x
Pearson plc	11.68	95.2%	9,046	9,979	6,100	750	31.4%	12.3%	1.7x	11.9x
RELX NV	21.31	93.0%	42,036	48,354	9,941	3,021	39.5%	30.4%	5.0x	16.2x
Rosetta Stone Inc.	16.03	95.1%	362	326	180	2	(7.3%)	1.1%	1.8x	NM
Scholastic Corporation	44.31	95.1%	1,539	1,184	1,632	105	(6.3%)	6.5%	0.7x	11.2x
Mean		88.2%					4.9%	15.8%	2.9x	15.5x
Median		94.0%					3.6%	15.6%	2.0x	16.2x
For-Profit Educational and Vocational Institutions										
Adtalem Global Education Inc.	\$48.10	95.9%	\$2,897	\$2,763	\$1,819	\$326	24.0%	17.9%	1.5x	8.5x
American Public Education, Inc.	42.10	92.0%	690	504	299	53	(2.1%)	17.8%	1.7x	10.0x
Bridgepoint Education, Inc.	6.53	43.1%	179	5	467	17	(10.8%)	3.7%	NM	NM
Capella Education Company	98.70	97.4%	1,151	990	441	70	1.1%	16.0%	2.2x	14.1x
Graham Holdings Company	586.10	93.7%	3,144	2,849	2,669	362	8.4%	13.6%	1.1x	7.9x
Grand Canyon Education, Inc.	111.61	95.3%	5,382	5,112	1,002	351	12.0%	35.1%	5.1x	14.5x
K12 Inc.	16.37	87.1%	644	444	895	40	0.1%	4.5%	0.5x	11.1x
Laureate Education, Inc.	14.33	78.6%	3,208	6,185	4,407	698	5.1%	15.8%	1.4x	8.9x
Lincoln Educational Services Corporation	1.74	49.0%	43	60	258	2	(7.8%)	0.7%	0.2x	NM
Strayer Education, Inc.	113.01	97.3%	1,225	1,059	456	72	2.6%	15.8%	2.3x	14.7x
Mean		82.9%					3.2%	14.1%	1.8x	11.2x
Median		92.9%					1.9%	15.8%	1.5x	10.6x

Note: USD in millions, except for stock price

Source: Bloomberg, Capital IQ and company filings, as of 06/29/2018

Market Intelligence

7/3/18: Illuminate Education's private equity owner, Insight Venture Partners, combined the company with IO Education, SchoolCity, Alpine Achievement and Key Data Systems. All of these companies specialize in data analytics for the use of educators and administrators.

6/21/18: Vipkid, which provides one-on-one video teaching for Chinese children with language teachers based in North America, just raised a U.S. \$500 million series D+ round led by Coatue Management, Tencent Holdings Ltd, Sequoia Capital China and Yanfeng Capital, raising its valuation to \$3 billion.

6/11/18: Sesame Ventures, the venture capital arm of Sesame Workshop, invested an undisclosed amount in Kano, a company that develops do-it-yourself computer and coding kits for children of all ages.

6/7/18: Lincoln Learning Solutions, an online provider of pre-K through 12 educational curriculum content, is seeking further acquisitions and partnerships both in the U.S. and internationally, as well as looking at a few potential strategic joint venture partners.

5/1/18: Primrose Schools, a Roark Capital backed operator of franchised early childhood education centers, announced it will consider both small and large acquisitions. Primrose would be interested in acquiring regional chains based in the U.S. with five or more schools.

4/25/18: CampusLogic, a student financial aid services platform, announced \$55 million in funding led by JMI Equity, which will fund additional strategic acquisitions to expand the company's SaaS solutions.

Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Announced	Center For Autism And Related Disorders	Offers supervision and consultation, direct therapy, assessment, district training, specialized outpatient services and external collaboration services	The Blackstone Group
Announced	learnirect eAssessment Business	Comprises skills test center network, technology and call center business	PSI Services (UK) Limited
Announced	General Assembly	Provides education services in the areas of technology, business, and design	Adecco Group
Announced	PowerSchool Group	Offers student information systems and performance solutions for K-12 schools and districts	Onex Corporation (50% stake)
Announced	PeopleAdmin	Develops recruitment, assessment and records management software for the K-12 market	PowerSchool Group
Announced	Renaissance Learning	Offers preK-12 learning analytics solutions	Francisco Partners
Announced	CritiqueIt	Develops annotation software for higher education learning management systems	2U, Inc.
Jul-18	The Learning Experience	Operator and franchisor of childcare and early childhood development centers for children six weeks to six years old	Golden Gate Capital
Jul-18	StudyBlue	Enables students to connect with others who are on a similar learning journey through a shared library of user-generated content	Chegg
Jun-18	Castle Worldwide	Offers a range of solutions for certification, licensure, or training programs	Scantron Corporation
Jun-18	Flipgrid	Develops a video-based discussion platform to record, share, and view short video demonstrations	Microsoft Corporation
Jun-18	Smashing Ideas	Offers websites, games, mobile applications, ePublishing, and youth marketing services	Luxoft Holding
Jun-18	Swiss Education Group	Provides hospitality management education in Switzerland	Summer Capital
Jun-18	Assets and Operations of Santillana USA Publishing	Provides content that helps teach and learn English and Spanish	Vista Higher Learning
Jun-18	Embibe	Develops and operates an online test preparation portal	Reliance Industries
Jun-18	ClearScholar	Develops student engagement software for colleges and universities	Civitas Learning
Jun-18	Alumni Relations & Career Services Assets of The Smart Campus, LLC	Comprises career mentoring platform and alumni networking platform	Graduway
Jun-18	Prologic Technology Systems	Provides software solutions for school districts	Frontline Education
May-18	Evan-Moor	Produces and sells preK-6+ educational materials for teachers and students	Lincoln Learning Solutions
May-18	PREPWORKS	Offers test preparation services	ECS Learning Systems
May-18	Liminex (dba GoGuardian)	Provider of Chromebook device management and content filtering solutions for K-12 schools	Sumeru Equity Partners
May-18	Domia Group	Provides home schooling courses in various languages	IK Investment Partners
May-18	Chalk & Wire Learning Assessment	Develops educational assessment, reporting, credentialing software	Campus Labs
May-18	WriteLab	Provides online writing software for the preK market	Chegg
May-18	Teaching Strategies	Develops curriculum, assessment, professional development, and family connection resources	Summit Partners
May-18	ChanceLight Behavioral Health and Education	Provides behavioral health and education solutions for children and young adults	The Halifax Group
May-18	SafetyServe	Provides online safety training programs	TransForce
May-18	ICS Limited	Operates as a distance learning corporation providing online courses in many areas of education	Management Buyout
May-18	Edmodo	Operates an online platform that enables educators to connect and collaborate with students, parents, and each other	NetDragon Websoft
May-18	Penn Foster Education	Provides web-based learning platforms and educational content	Bain Capital Double Impact consortium
Apr-18	Global Village Publishing	Provides customized digital publishing solutions	SAGE Publishing
Apr-18	Université Internationale de Casablanca (Laureate Education)	Offers undergraduate and graduate degree programs in Morocco	Developmental Partners International
Apr-18	Blue Print Test Preparation & Next Step Test Preparation	Collectively, provide test preparation services for the MCAT, LSAT and other graduate admissions exams	New Harbor Capital
Apr-18	Callidus Software	Provides cloud-based sales, marketing, learning and customer experience solutions worldwide	SAP America
Apr-18	CEB Talent Assessment	Engages in the development, implementation and sale of objective assessment products and services worldwide	Exponent Private Equity
Apr-18	New Mountain Learning	Provides print and digital learning materials	CIP Capital

Global Industry Groups

Business Services
Consumer
Energy, Power & Infrastructure
Healthcare
Industrials
Technology, Media & Telecom

Global Locations

Amsterdam
Beijing
Chicago
Dallas
Frankfurt
London
Los Angeles
Madrid
Milan
Moscow
Mumbai
Munich
New York
Paris
San Francisco
São Paulo
Stockholm
Tokyo
Vienna
Zurich

Advisory Services

Mergers & Acquisitions
Debt Advisory
Special Situations
JV & Partnering
Valuations & Opinions

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Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint venture and partnering advisory services on a wide range of transaction sizes. With twenty offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com.

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