

Market Update

Education Technology & Services

Q1 2017

Key Highlights

- Top subsector stock performers in Q1 of 2017 included For-Profit Educational and Vocational Institutions and Digital Educational Content & Services, up 12.9% and 9.4%, respectively
- On average, the stock price indices for the subsectors outperformed the S&P 500 Index by 5.5% during Q1 2017, again led by strong performance in the For-Profit Education and Vocational Institutions subsector
- On average, EBITDA multiples for the subsectors were down by 0.1x over the prior quarter and up 1.7x on a year over year basis

Lincoln International's Education Technology & Services

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 Group 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 Institutions

Recent Education Technology & Services Transactions

 academicworks

has been sold to

 blackbaud



 PRAGMATIC MARKETING

has been acquired by

 RENOVUS CAPITAL

and

 petra



 BIRCH HILL

has sold

 CARSON-DELLOSA PUBLISHING GROUP

to

 GUARDIAN CAPITAL PARTNERS



 GLYNLYON

has been recapitalized by

 LINSALATA CAPITAL PARTNERS



 MetaMetrics

has been recapitalized by

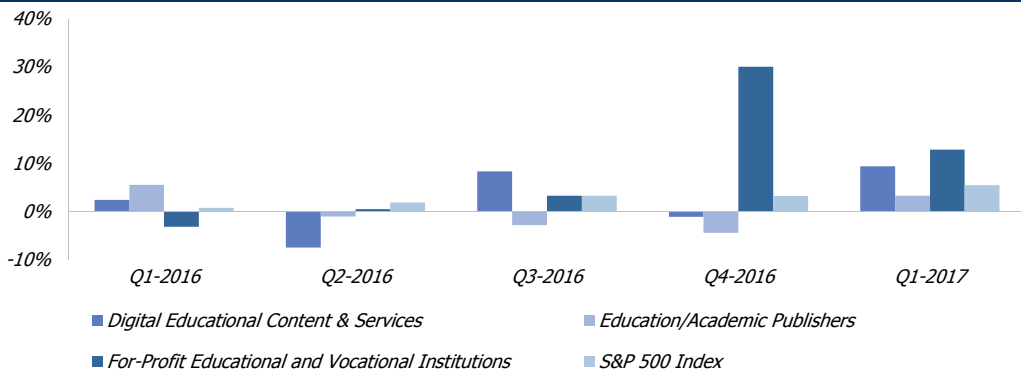
 PAMLICO CAPITAL



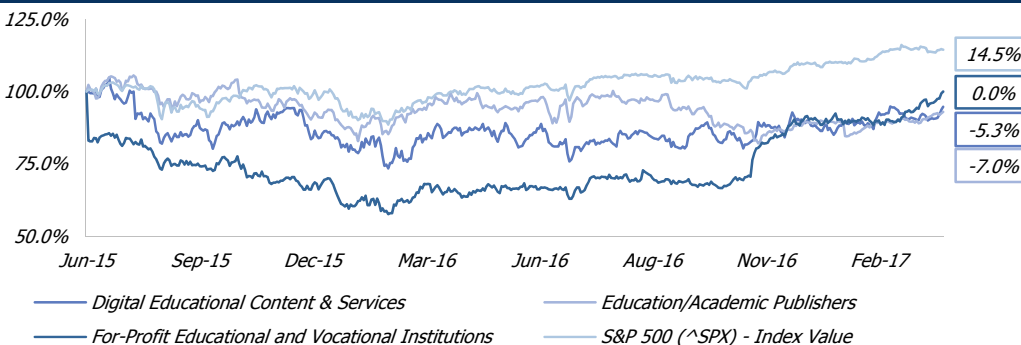
Quarter over Quarter Price Performance

Outperformers	Change	Underperformers	Change
Lincoln Educational Services Corporation	46.4%	Pearson plc	(16.6%)
2U, Inc.	31.5%	3P Learning Limited	(15.7%)
Grand Canyon Education, Inc.	22.5%	Scholastic Corporation	(10.4%)
Blackbaud, Inc.	19.8%	American Public Education, Inc.	(6.7%)

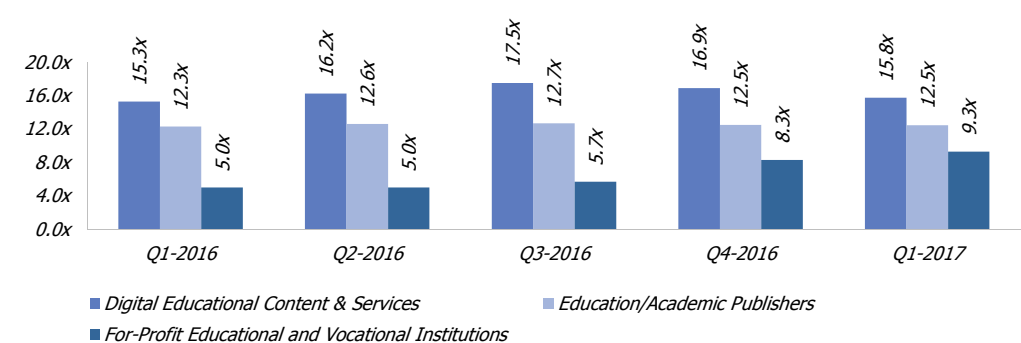
Quarter over Quarter Stock Indices Price Change



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	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Digital Educational Content & Services										
2U, Inc.	\$39.66	98.2%	\$1,873	\$1,712	\$206	(\$19)	37.1%	(9.3%)	8.3x	NM
3P Learning Limited	0.74	68.3%	103	119	37	7	(23.3%)	18.7%	3.2x	17.1x
Blackbaud, Inc.	76.67	98.5%	3,560	3,886	731	125	14.6%	17.1%	5.3x	31.2x
Cambium Learning Group, Inc.	4.90	83.7%	226	296	152	26	5.1%	16.7%	1.9x	11.6x
Chegg, Inc.	8.44	98.5%	775	698	254	(16)	(15.7%)	(6.2%)	2.7x	NM
Discovery Communications, Inc.	29.09	97.3%	17,004	24,710	6,497	2,444	1.6%	37.6%	3.8x	10.1x
Instructure, Inc.	23.40	86.9%	671	602	111	(50)	51.5%	(45.4%)	5.4x	NM
Pearson plc	8.55	69.0%	6,969	8,556	5,620	709	25.8%	12.6%	1.5x	12.1x
Mean		87.5%					12.1%	5.2%	4.0x	16.4x
Median		92.1%					9.8%	14.7%	3.5x	12.1x
Education/Academic Publishers										
Cambium Learning Group, Inc.	\$4.90	83.7%	\$226	\$296	\$152	\$26	5.1%	16.7%	1.9x	11.6x
Houghton Mifflin Harcourt Company	10.15	48.1%	1,250	1,722	1,373	22	(3.1%)	1.6%	1.3x	NM
Informa plc	8.16	85.6%	6,723	8,585	1,662	522	37.1%	31.4%	5.2x	16.4x
John Wiley & Sons, Inc.	53.80	91.4%	3,089	3,472	1,701	280	(1.9%)	16.5%	2.0x	12.4x
Pearson plc	8.55	69.0%	6,969	8,556	5,620	709	25.8%	12.6%	1.5x	12.1x
RELX NV	18.56	99.9%	37,636	43,537	8,513	2,552	42.6%	30.0%	5.1x	17.1x
Rosetta Stone Inc.	9.75	98.8%	216	182	194	(9)	(10.8%)	(4.7%)	0.9x	NM
Scholastic Corporation	42.57	86.2%	1,483	1,027	1,756	129	6.6%	7.4%	0.6x	7.9x
Mean		82.8%					12.7%	13.9%	2.3x	12.9x
Median		85.9%					5.9%	14.5%	1.7x	12.2x
For-Profit Educational and Vocational Institutions										
American Public Education, Inc.	\$22.90	74.4%	\$371	\$225	\$313	\$68	(4.5%)	21.8%	0.7x	3.3x
Bridgepoint Education, Inc.	10.67	92.1%	304	(54)	527	25	(6.2%)	4.8%	NM	NM
Capella Education Company	85.03	94.1%	983	844	429	75	3.1%	17.4%	2.0x	11.3x
DeVry Education Group Inc.	35.45	98.7%	2,229	2,261	1,852	308	(0.5%)	16.6%	1.2x	7.3x
Graham Holdings Company	599.55	99.6%	3,352	2,775	2,482	395	(4.0%)	15.9%	1.1x	7.0x
Grand Canyon Education, Inc.	71.61	99.2%	3,406	3,395	873	286	12.2%	32.8%	3.9x	11.9x
K12 Inc.	19.15	92.6%	779	623	893	41	(1.9%)	4.6%	0.7x	15.1x
Lincoln Educational Services	2.81	90.4%	70	91	197	10	(5.4%)	5.0%	0.5x	9.1x
Strayer Education, Inc.	80.49	95.9%	860	731	441	79	1.5%	17.8%	1.7x	9.3x
Mean		93.0%					(0.6%)	15.2%	1.5x	9.3x
Median		94.1%					(1.9%)	16.6%	1.2x	9.2x

Source: Bloomberg, Capital IQ and company filings, as of 3/31/2017

Market Intelligence

2/1/2017: Pragmatic Marketing, a private equity-backed provider of corporate training programs, is in early stages of formulating new growth strategies, which will likely include M&A

2/7/2017: Ascend Learning, a Providence Equity-owned educational software firm, is getting ready to launch its sale process

2/10/2017: Pearson (LON: PSON), the London-based provider of educational materials and learning technologies, is preparing for the sale of **Wall Street English China**, an English language training provider

3/21/2017: EScholar, the New York-based educational technology company, is reviewing strategic alternatives

3/29/2017: WebMD Health (NASDAQ:WBMD), the New York-based health information provider, reached out to potential strategic and financial sponsors to participate in a sale process

3/31/2017: The Advisory Board Company (NasdaqGS:ABCO), the provider of best practices research and insight, technology, consulting and management and data-enabled services, received a handful of bids from strategic and financial sponsors for all and parts of the healthcare and higher education consulting segments

Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Announced	Tk20	Provider of comprehensive assessment and assessment-related solutions to the higher education market	TaskStream
Announced	Halogen Software	Develops SaaS-based talent management solutions	Saba Software
Announced	3D Pioneer Systems	Designs applications to educate young children	Adaiah Distribution
Announced	Verba	Develops Web-based campus retail applications	Vital Source Technologies
Announced	Design Camp	Offers a training and communication platform for designers	Kabuni Limited
Announced	Classes USA	Operates an online higher-education portal	Rock Holdings
Announced	CEB	Provides data analysis, talent assessment, research and advisory services	Gartner
Announced	AcademicWorks	Develops cloud-based scholarship management software	Blackbaud
Mar-17	The Princeton Review	Operates a tutoring and online test preparation portal	ST Unitas
Mar-17	Admittedly	Provides college advisory services	The National Research Center for College & University Admissions
Mar-17	Questar Assessment	Offers assessment services and products	Educational Testing Service
Mar-17	Clariant Global	Offers a legal entity reference data platform	Thomson Reuters Corporation
Mar-17	Avox Limited	Offers a business entity reference data platform	Thomson Reuters Corporation
Mar-17	Pivotal Education	Provides education and training consulting services	Crisis Prevention Institute
Mar-17	Ravenna Solutions	Offers admissions CRM solutions for K-12 private schools	MB Parent Holdings
Mar-17	ChildCare Education Institute	Provides online training and certificates and administrative solutions	Excelligence Learning Corporation
Feb-17	Accelerated Business Results and NewKnowledge United	Provides training and online learning services for management and leadership development	TIER1 Performance Solutions
Feb-17	myON	Develops a cloud-based literacy software program	Francisco Partners Management
Feb-17	Quintessential School Systems	Provides administrative software and consulting services	Harris School Solutions
Feb-17	Scenario Learning	Develops online safety and compliance solutions	Vector-Solutions.com
Feb-17	Panacea Healthcare Solutions, Revenue Capture and Coding and Documentation Divisions	Offers data analytic software to improve revenue capture and documentation for the healthcare industry	Career Step
Feb-17	SunGard Public Sector and Education Businesses	Offers enterprise software for public administration, public safety and education officials	Vista Equity Partners; PowerSchool Group
Jan-17	Ascential, Health Service Journal	Publishes content for public and private health professionals	Wilmington
Jan-17	Cegment	Provides student engagement solutions	CampusLogic
Jan-17	RepVisits	Operates a platform that connects high schools with college admission representatives	Hobsons
Jan-17	Creative Kids	Operates child care centers	Learning Care Group
Jan-17	PIP Learning Technologies	Offers an online platform to protect student privacy	Authentica Solutions
Jan-17	Tech4Schools	Provides end-to-end technology solutions to educational institutions	PrimaryTec Group Limited
Jan-17	Intellus Learning	Develops a learning platform that enables colleges and universities to find digital content	Macmillan Learning
Jan-17	Boardworks	Develops teaching software for primary and secondary institutions	GL Education Group Limited
Jan-17	Data180	Offers data management and reporting software for academic institutions	Interfolio
Jan-17	Learn Anything	Offers an application that connects teachers, parents and students	Snowflake Technologies
Jan-17	Guangdong Header Information Technology	Develops educational software	Beijing IRTOUCH Systems Co.
Jan-17	Learnaboutgmp	Provides online compliance training solutions	Azzur Group

Global Industry Groups

Aerospace & Defense
Automotive & Truck
Building &
Infrastructure
Business Services
Chemicals
Consumer
Distribution
Electronics
Energy & Power
Financial Institutions
Food & Beverage
Healthcare
Industrials
Packaging
Technology & Media

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Beijing
Chicago
Dallas
Frankfurt
London
Los Angeles
Madrid
Milan
Moscow
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JV & Partnering
Valuations & Opinions

About Lincoln International

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 and valuations on a wide range of transaction sizes. With seventeen 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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