

Market Update

Education Technology & Services

Q3 2017

Key Highlights

- The top subsector stock performer in Q3 2017 was Education/Academic Publishers, up 1.6% quarter over quarter
- The stock price indices for these subsectors underperformed the S&P 500 Index in Q3; however, outlook remains favorable
- On average, EBITDA multiples for the subsectors were down by 0.6x from the prior quarter but up 0.7x on a year over year basis

Lincoln International's Education Technology & Services Group

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

Selected Education Technology & Services Transactions



has been sold to



a portfolio company of



has been sold to

blackbaud



has been acquired by



and



has sold



to



has been recapitalized by



LINSALATA CAPITAL PARTNERS

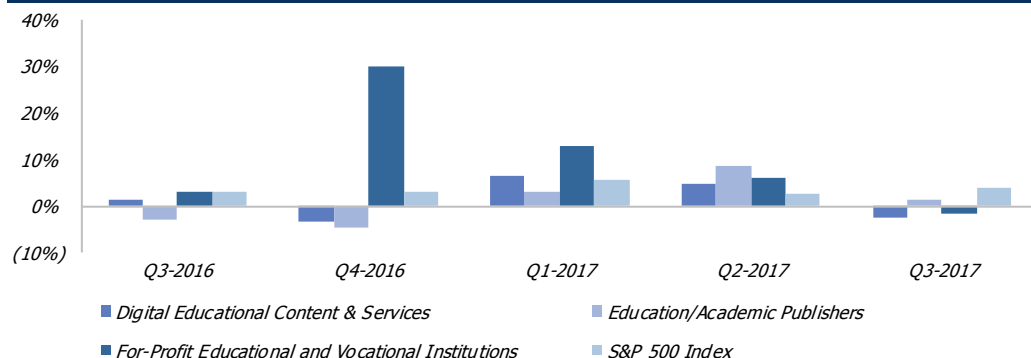


* deals completed by Lincoln team members prior to joining the firm

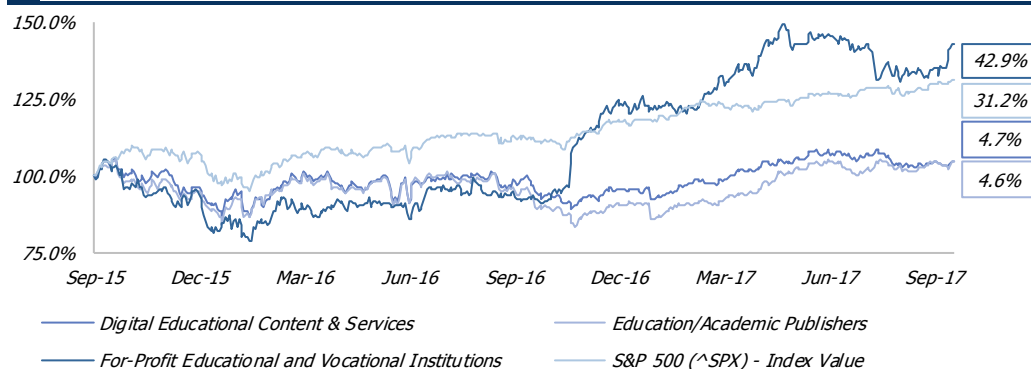
Quarter over Quarter Price Performance

Outperformers	Change	Underperformers	Change
Cambium Learning Group, Inc.	30.8%	Bridgepoint Education, Inc.	(35.0%)
Chegg, Inc.	20.7%	Lincoln Educational Services Corporation	(19.4%)
2U, Inc.	19.4%	Capella Education Company	(18.0%)
Grand Canyon Education, Inc.	15.8%	Discovery Communications, Inc.	(17.6%)

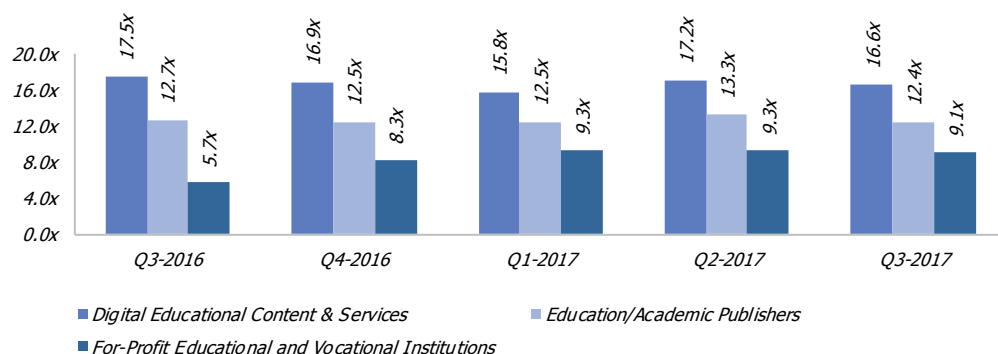
Quarter over Quarter Stock Indices Price Change



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.	\$56.04	99.9%	\$2,913	\$2,891	\$239	(\$20)	35.2%	(8.4%)	12.1x	NM
3P Learning Limited	0.93	96.7%	130	135	40	7	(18.7%)	17.8%	3.3x	18.8x
Blackbaud, Inc.	87.80	93.6%	4,123	4,493	757	132	10.7%	17.4%	5.9x	34.1x
Cambium Learning Group, Inc.	6.63	96.5%	307	390	156	29	4.8%	18.8%	2.5x	13.3x
Chegg, Inc.	14.84	93.0%	1,591	1,525	253	(7)	(5.9%)	(2.9%)	6.0x	NM
Discovery Communications, Inc.	21.29	70.4%	11,628	19,744	6,586	2,483	1.8%	37.7%	3.0x	8.0x
Instructure, Inc.	33.15	95.1%	974	948	134	(47)	45.5%	(35.4%)	7.1x	NM
Pearson plc	8.21	73.0%	6,694	9,100	6,147	1,068	41.7%	17.4%	1.5x	8.5x
RELX NV	21.29	94.9%	42,658	49,479	9,553	2,886	52.5%	30.2%	5.2x	17.1x
Mean		90.3%					18.6%	10.3%	5.2x	16.6x
Median		94.9%					10.7%	17.4%	5.2x	15.2x
Education/Academic Publishers										
Cambium Learning Group, Inc.	\$6.63	96.5%	\$307	\$390	\$156	\$29	4.8%	18.8%	2.5x	13.3x
Houghton Mifflin Harcourt Company	12.05	86.4%	1,486	2,183	1,390	54	(5.5%)	3.9%	1.6x	NM
Informa plc	9.01	90.7%	7,420	9,523	2,095	658	68.8%	31.4%	4.5x	14.5x
John Wiley & Sons, Inc.	53.50	92.6%	3,054	3,524	1,726	299	1.0%	17.3%	2.0x	11.8x
Pearson plc	8.21	73.0%	6,694	9,100	6,147	1,068	41.7%	17.4%	1.5x	8.5x
RELX NV	21.29	94.9%	42,658	49,479	9,553	2,886	52.5%	30.2%	5.2x	17.1x
Rosetta Stone Inc.	10.21	82.3%	228	204	194	3	(3.8%)	1.3%	1.0x	NM
Scholastic Corporation	37.20	75.3%	1,303	1,003	1,648	107	(6.6%)	6.5%	0.6x	9.4x
Mean		86.5%					19.1%	15.9%	2.4x	12.4x
Median		88.5%					2.9%	17.4%	1.8x	12.5x
For-Profit Educational and Vocational Institutions										
Adtalem Global Education Inc.	\$35.85	88.1%	\$2,225	\$2,115	\$1,810	\$313	(1.8%)	17.3%	1.2x	6.7x
American Public Education, Inc.	21.05	77.4%	342	185	300	57	(7.0%)	18.8%	0.6x	3.3x
Bridgepoint Education, Inc.	9.60	60.6%	279	81	510	33	(6.1%)	6.5%	0.2x	2.4x
Capella Education Company	70.15	70.7%	819	658	439	72	4.8%	16.3%	1.5x	9.2x
Graham Holdings Company	585.10	95.0%	3,272	2,883	2,510	378	0.9%	15.1%	1.1x	7.6x
Grand Canyon Education, Inc.	90.82	99.7%	4,364	4,278	922	310	11.4%	33.7%	4.6x	13.8x
K12 Inc.	17.84	84.2%	728	520	889	36	1.8%	4.0%	0.6x	14.5x
Lincoln Educational Services Corp.	2.50	66.8%	62	87	185	6	(26.0%)	3.3%	0.5x	14.1x
Strayer Education, Inc.	87.27	91.2%	934	786	449	78	3.8%	17.3%	1.8x	10.1x
Mean		81.5%					(2.0%)	14.7%	1.3x	9.1x
Median		84.2%					0.9%	16.3%	1.1x	9.2x

Note: USD in millions, except for stock price.

Source: Bloomberg, Capital IQ and company filings, as of 9/29/2017

Market Intelligence

10/09/2017: Pearson (LSE:PSON), the London-based provider of educational materials and learning technologies, is pursuing a sale of its K-12 courseware publishing business

10/09/2017: AltSchool, a San Francisco-based primary education technology company, is seeking strategic investors for a Series C round expected to close by year-end

10/06/2017: General Assembly, a venture capital-backed vocational training company, is considering exit alternatives and could pursue a sale or IPO in the relative near term

9/28/2017: Educational Testing Service, the non-profit provider of testing and assessment solutions, is considering a sale of subsidiary **Prometric**, which operates over 8,000 testing centers in 160 countries

8/17/2017: AcademixDirect, the California-based provider of tech-enabled educational marketing solutions, is seeking private equity investors for a new round of funding in late 2017

8/15/2017: Laureate Education (NasdaqGS:LAUR), the Baltimore-based higher education school operator, is exploring a potential divestiture of its non-core European operations

8/07/2017: Stratford School, a Warburg Pincus-owned K-8 school operator, has taken initial bids in a competitive sale process

8/06/2017: Bright Horizons Family Solutions (NYSE:BFAM), the Massachusetts-based provider of early education and childcare services, is seeking domestic and European tuck-in acquisitions

Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Announced	Curriculum Associates	Provides print and online instructional materials, assessments and data management tools	Berkshire Partners
Announced	Vindora	Offers apprenticeships and vocational education programs to adults and upper secondary students	AcadeMedia
Announced	Education Advisory Board	Provides research and practical advice to academic, human resources and business institutions	Vista Equity Partners
Announced	Triumph Learning	Provides K-12 test preparation, supplemental curriculum and intervention products	School Specialty
Announced	Scripps Networks Interactive	Develops lifestyle-oriented content on television and the internet	Discovery Communications
Oct-17	Compliance Wave	Provides compliance training content and communication tools	STEELE Compliance Solutions
Sep-17	First Tutors	Operates an online private tutor and tuition learning platform	Varsity Tutors
Sep-17	JustGiving	Operates an online social giving platform	Blackbaud
Sep-17	LiveText	Provides digital student learning and assessment tools	Taskstream-Tk20
Sep-17	Academic Management Systems	Provides academic productivity software for undergraduate and medical graduate institutions	Campus Labs
Sep-17	WebMD Health	Provides digital health information and education services	Internet Brands (KKR)
Sep-17	Globaloria	Operates a K-12 STEM, design and coding learning platform	Carnegie Learning
Sep-17	Groupe Cimes	Offers outsourced training management services and work-study courses	Cegos
Sep-17	Absorb Software	Develops a learning management system for managing instructor-led training events	Silversmith Capital Partners (growth investment)
Aug-17	AMOS	Operates a chain of European sports management schools	Educas
Aug-17	It's About Time	Offers K-12 and undergraduate STEM curriculum	Activate Learning
Aug-17	JR3 Education Associates	Operates a student information and business platform for schools	Harris School Solutions
Aug-17	Frontline Education	Provides human capital and administrative software solutions to K-12 schools	Thoma Bravo
Aug-17	Student Brands	Offers direct-to-student subscription writing skills services	Barnes & Noble Education
Aug-17	Educative Group	Offers professional health, finance and computing training courses	LFPI Gestion
Aug-17	Patient Education Network	Provides digital point-of-care patient education, custom practice messaging and sponsor messaging services	PatientPoint
Aug-17	Berkeley Electronic Press (Bepress)	Operates an institutional repository software platform	Elsevier
Aug-17	Impero Solutions	Provides remote management and monitoring software used in schools	InvestCorp
Jul-17	Wisetail	Develops a cloud-based employee learning and engagement platform	Alchemy Systems
Jul-17	Avenica	Offers recruitment services for recent college graduates	University Ventures
Jul-17	Escape Technology	Develops software applications for educational organizations	Alpine Investors (growth investment)
Jul-17	Education Solutions Services	Operates a teacher recruiting, staffing and training platform	Source4Teachers
Jul-17	Edify Learning	Operates a cloud-based student assessment platform	Silverback Learning Solutions
Jul-17	School Improvement Network	Provides professional development products and services	Frontline Education
Jul-17	PathSource	Develops career navigation and education software	AcademixDirect
Jul-17	JumpStart Games	Develops educational mobile apps and games for children	NetDragon Websoft Holdings

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 & Telecom

Global Locations

Amsterdam
Beijing
Chicago
Dallas
Frankfurt
London
Los Angeles
Madrid
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Moscow
Mumbai
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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 nineteen 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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