

# Market Update



## Education Technology & Services Q2 2021

### Key Highlights

The top subsector stock performer in Q2 2021 was education / academic publishers, up 14.4% quarter-over-quarter

On average, EBITDA multiples for the subsectors decreased 1.4x from the prior quarter and increased 0.9x on a year-over-year basis

# Lincoln's ASU+GSV Summit Recap...Unbridled Optimism

As activity in the education mergers and acquisitions (M&A) market has demonstrated for several months, enthusiasm for businesses thriving in a COVID-19 or post-COVID-19 world has been robust. Having just spent several days with some of the most active investors and acquirers in the market, Lincoln can safely say that this enthusiasm continues unabated. If anything, the level of support and optimism around new opportunities in education has reached unbridled status. Underpinning that unbridled optimism are several investable themes that permeated the conversations around ASU+GSV this year:

- Acknowledging that remote learning and blended learning are here to stay
- Creating accountability for access and equity and measuring it
- Bridging education to employment and measuring outcomes accordingly
- Solving the COVID-19 learning loss challenge and building sustainable supplemental education
- Making technology a core competency for schools rather than a tool of the information technology (IT) department

Lincoln has described for some time the impact that an influx of capital seeking opportunities in the education market has had, and transaction activity has never been more robust. Similarly, valuations in the education sector continue to sit at all-time high levels. Businesses that hit on the themes above are finding a very welcome audience of investors and acquirers ready to support their missions and capitalize on the seemingly unending opportunities to modernize old processes and disrupt old models.

In yet another sign of market optimism, the initial public offering (IPO) channel continues to be open for companies delivering or supporting education. On the heels of Coursera's successful offering in March, three significant IPOs were completed in the days leading up to ASU+GSV:



Despite having to wear masks and take yet another COVID-19 test, there was a palpable feeling of excitement permeating the conference. It had been nearly 30 months since the last conference in April 2019, and the need to reconnect and talk live with colleagues, competitors, investors and advisors overcame the logistical annoyances that COVID-19 continues to force on us. It was a seminal moment in a seminal period for many of us, highlighting just how much has changed over those 30 months. Here's to seeing everyone again next year...maybe without masks finally.

## Transaction Highlight

T|C|P  
has sold  
**HAYES**  
Software Systems  
to  
**frontline**  
education  
a portfolio company of  
**THOMA BRAVO**  
Sell-Side

Hayes, including TIPWeb-IT, TIPWeb-IM and GetHelp, provides solutions for asset management and inventory control with integrated help desk capabilities for kindergarten to twelfth grade (K-12) schools. Hayes has served educators for nearly 30 years and currently supports school districts in 40 states. Hayes' technology solutions support asset tracking and inventory planning for district technology, physical assets, textbooks and other instructional materials.

"We are thrilled that Hayes has joined the Frontline team. Their expertise in asset management and inventory control addresses critical operational needs for schools, especially today, with remote and hybrid models putting more technology and instructional materials in circulation," commented Mark Gruzin, Chief Executive Officer of Frontline. "Bringing Frontline and Hayes together allows us to provide K-12 school districts connected solutions that meet a broader set of administrative needs."

Hayes' TIPWeb-IT and TIPWeb-IM solutions complement Frontline's enterprise resource planning (ERP), student information system (SIS) and human resources (HR) systems by enabling the purchase, funding and financial management of assets and providing more targeted distribution and management of devices and instructional materials used by staff and students. GetHelp offers seamless help desk integration to provide end-user support for those assets. As the combined companies move forward together, Frontline and Hayes will drive additional operational effectiveness and efficiency for K-12 schools, enhancing the client experience through continued product innovation and connectivity.

"We are thrilled to join Frontline and are looking forward to continued employee growth, expanded customer support and enhanced innovation as part of the Frontline family," said Matt Winebright, Chief Executive Officer of Hayes. "This is an exciting day for the Hayes team and our clients as we begin to realize the synergies gained from our combined organizations. Together, we will explore opportunities for further integration and alignment of our asset management, instructional material management and help desk solutions to Frontline's ERP, SIS and HR systems to provide additional value to our collective clients."

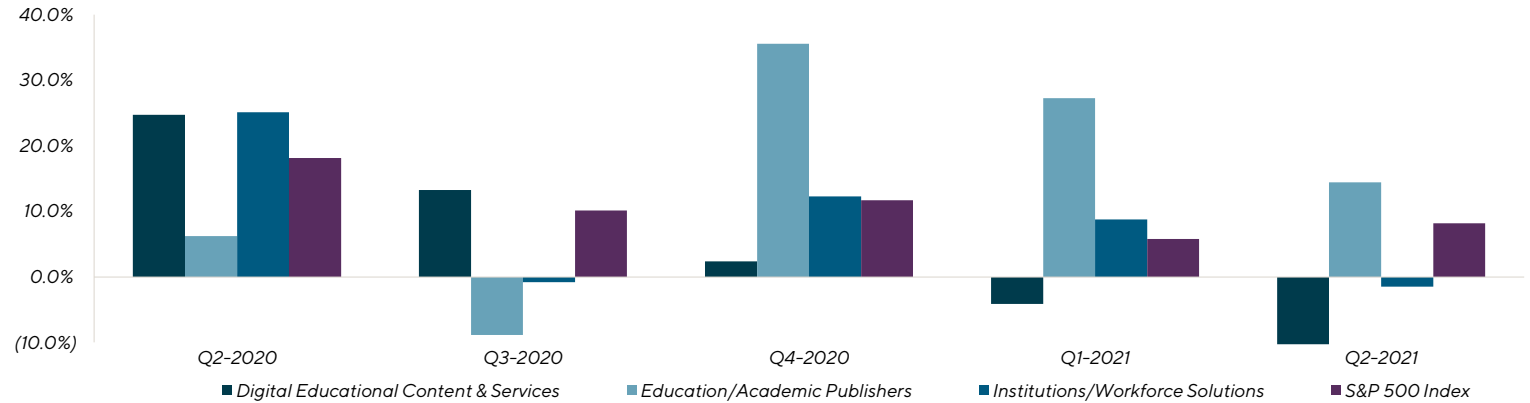
TCP was the majority owner of Hayes, and Thoma Bravo is the majority owner of Frontline.

# Education Technology & Services Financial Performance

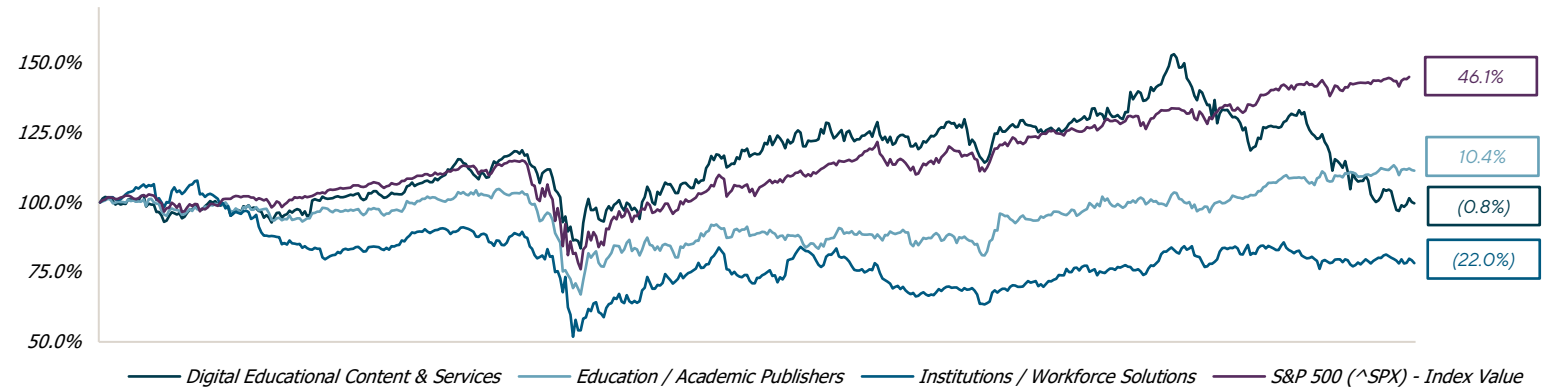
## Quarter-over-Quarter Price Performance

Outperformers	Change	Underperformers	Change
Houghton Mifflin Harcourt Company	44.9%	TAL Education Group	(53.1%)
Scholastic Corporation	25.8%	New Oriental Education & Technology Group Inc.	(41.5%)
Lincoln Educational Services Corporation	21.4%	RISE Education Cayman Ltd	(35.6%)
Wolters Kluwer N.V.	15.5%	American Public Education, Inc.	(20.5%)

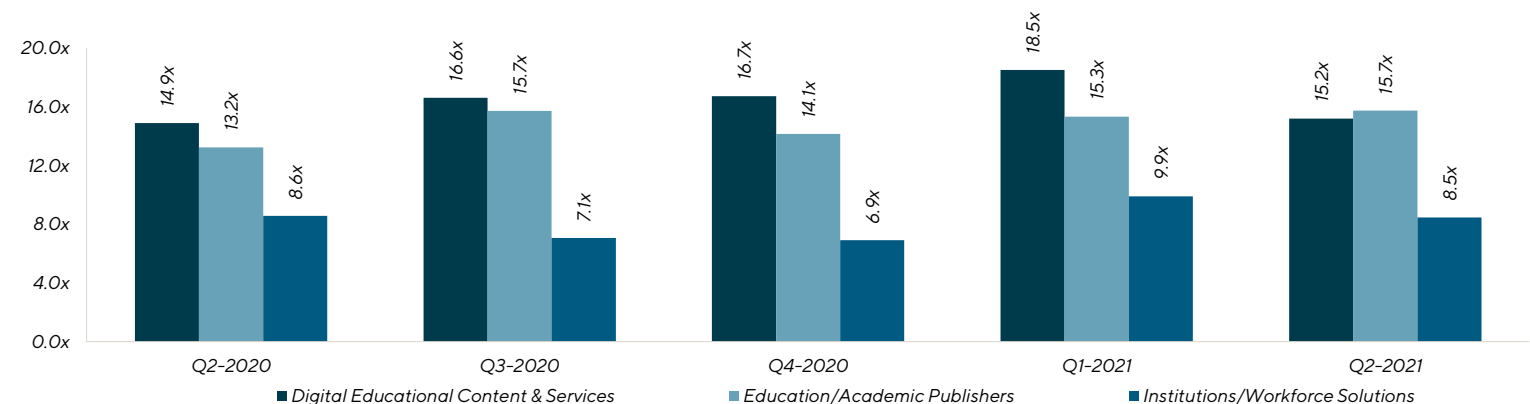
## Quarter-over-Quarter Stock Indices Price Change



## Two-Year Relative Stock Indices Price Performance



## Historical Enterprise Value / LTM 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
<b>Digital Educational Content &amp; Services</b>										
2U, Inc.	\$39.86	66.7%	\$2,974	\$2,863	\$1,016	\$72	50.5%	7.1%	2.8x	NM
3P Learning Limited	0.94	88.9%	260	252	40	11	6.4%	27.5%	6.2x	22.6x
Blackbaud, Inc.	69.51	86.9%	3,309	3,851	919	227	0.5%	24.7%	4.2x	17.0x
Chegg, Inc.	85.00	73.8%	12,298	11,927	895	329	77.5%	36.7%	13.3x	NM
Coursera, Inc.	37.28	59.6%	4,959	4,181	456	(49)	N/A	(10.7%)	9.2x	NM
Duolingo, Inc.	140.00	91.6%	5,132	5,206	N/A	N/A	N/A	N/A	NM	NM
Grand Canyon Education, Inc.	89.42	77.1%	4,000	4,075	933	338	14.7%	36.2%	4.4x	12.1x
Instructure Holdings, Inc.	20.28	85.4%	2,809	3,539	N/A	N/A	N/A	N/A	NM	NM
Keypath Education International, Inc.	2.65	89.8%	552	592	N/A	N/A	N/A	N/A	5.2x	NM
Pearson plc	11.06	87.9%	8,327	9,456	4,889	896	11.8%	18.3%	1.9x	10.6x
PowerSchool Holdings, Inc.	24.94	98.3%	3,821	5,360	N/A	N/A	N/A	N/A	NM	NM
RELX PLC	29.71	97.6%	56,920	65,783	10,582	3,936	14.1%	37.2%	5.3x	16.7x
RISE Education Cayman Ltd	1.08	10.6%	61	117	233	28	49.2%	12.2%	0.5x	4.2x
<b>Mean</b>		<b>78.0%</b>					<b>28.1%</b>	<b>21.0%</b>	<b>5.3x</b>	<b>13.8x</b>
<b>Median</b>		<b>86.9%</b>					<b>14.4%</b>	<b>24.7%</b>	<b>4.8x</b>	<b>14.4x</b>
<b>Education/Academic Publishers</b>										
Houghton Mifflin Harcourt Company	\$13.52	96.7%	\$1,726	\$2,041	\$945	\$159	(19.6%)	16.8%	2.2x	12.9x
Informa plc	7.04	77.1%	10,576	13,651	2,903	873	2.1%	30.1%	4.7x	15.6x
John Wiley & Sons, Inc.	57.77	86.9%	3,227	4,123	2,070	430	12.6%	20.8%	2.0x	9.6x
Pearson plc	11.01	88.0%	8,293	9,424	4,895	897	11.9%	18.3%	1.9x	10.5x
RELX PLC	29.89	97.7%	57,151	66,024	10,595	3,940	14.3%	37.2%	5.3x	16.7x
Scholastic Corporation	34.24	84.6%	1,177	1,106	N/A	N/A	N/A	N/A	NM	NM
Wolters Kluwer N.V.	111.82	97.7%	29,093	31,933	5,622	1,767	6.2%	31.4%	5.7x	18.1x
<b>Mean</b>		<b>89.8%</b>					<b>4.6%</b>	<b>25.8%</b>	<b>3.6x</b>	<b>13.9x</b>
<b>Median</b>		<b>88.0%</b>					<b>9.1%</b>	<b>25.4%</b>	<b>3.4x</b>	<b>14.2x</b>
<b>Institutions/Workforce Solutions</b>										
Adtalem Global Education Inc.	\$36.35	82.9%	\$1,797	\$2,601	\$1,168	N/A	11.0%	N/A	2.2x	9.6x
American Public Education, Inc.	29.01	62.5%	542	236	490	64	63.9%	13.1%	0.5x	3.7x
Graham Holdings Company	629.41	91.4%	3,148	3,321	3,118	339	8.0%	10.9%	1.1x	9.8x
Grand Canyon Education, Inc.	89.28	77.0%	3,994	4,069	933	338	14.7%	36.2%	4.4x	12.1x
Stride, Inc.	30.75	61.3%	1,234	1,373	1,496	235	43.8%	15.7%	0.9x	5.8x
Laureate Education, Inc.	15.36	97.6%	2,893	3,108	1,081	250	(3.9%)	23.1%	2.9x	12.4x
Lincoln Educational Services Corporation	6.96	75.9%	187	250	338	30	21.2%	9.0%	0.7x	8.2x
Perdoceo Education Corporation	11.42	66.1%	800	374	726	171	9.9%	23.5%	0.5x	NM
Strategic Education, Inc.	76.24	59.7%	1,858	1,884	1,157	245	12.7%	21.2%	1.6x	7.7x
<b>Mean</b>		<b>74.9%</b>					<b>20.1%</b>	<b>19.1%</b>	<b>1.6x</b>	<b>8.7x</b>
<b>Median</b>		<b>75.9%</b>					<b>12.7%</b>	<b>18.4%</b>	<b>1.1x</b>	<b>8.9x</b>

Note: USD in millions, except for stock price

Source: Bloomberg, Capital IQ and company filings, as of 08/10/21

7/29/21: **PowerSchool**, a California-based educational software company, raised \$711 million in an IPO

7/22/21: **Instructure**, a Utah-based learning management system developer, raised \$250 million in an IPO

5/13/21: **MasterClass**, a California-based online class provider, raised \$225 million in a Series F funding round led by **Fidelity Management & Research Company**

7/28/21: **Duolingo**, a Pennsylvania-based language-learning website and app, raised \$521 million in an IPO

6/1/21: **Keypath**, an Illinois-based online education company, raised \$165 million in an IPO

5/12/21: **Handshake**, a California-based job placement website, has raised \$80 million in a Series E funding which valued the company at \$1.5 billion

## Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	GP Strategies	Provides performance improvement and learning solutions worldwide	Learning Technologies
Announced	ProQuest	Develops information content in library, information technology, publishing and book communities	Clarivate
Announced	International Schools Partnership	Develops schools to help and inspire students across the globe	OMERS Capital
Announced	Infinitas Learning	Offers software, online learning, e-books, audio books and printed text books for educational institutions	NPM Capital
Announced	Ellucian Company	Develops and delivers software, cloud applications and analytical solutions for higher education institutions	The Blackstone Group; Vista Equity Partners
Announced	Learning Pool	Offers e-learning, online training and learning management system (LMS) solutions to organizations	Marlin Equity Partners
Announced	Educations Media Group	Develops and operates an online platform for connecting students and schools	Keystone Academic Solutions
Announced	edX	Comprises online educational courses and related operational assets	2U
Announced	Teaching Strategies	Develops and offers curriculum, assessment, professional development and family connection resources to programs serving children from birth through third grade	KKR
Announced	Clever	Provides applications solutions to collect and transfers student data into accessible information	Kahoot! AS
Announced	Netop Solutions	Develops and sells software solutions for the transfer of videos, screen images, sounds and data between two or more computers over the internet	Impero Solutions
Announced	Rasmussen College	Offers diploma, bachelor and associate degree programs	American Public Education
8/3/2021	ParentSquare	Operates an online communication platform for school teachers and parents	Serent Capital
8/2/2021	McGraw-Hill Education	Provides educational materials and learning solutions worldwide	Platinum Equity
7/28/2021	Apex Learning	Offers standards-based digital learning solutions, including comprehensive courses and tutorials for secondary education	Edmentum
7/26/2021	Great Learning Education	Owns and operates an online platform that offers professional and higher education courses	Byju's
7/22/2021	GetCourse	Develops and operates a Software as a Service platform that allows its clients to create, deliver, promote and sell their educational content	West Street; Baring Vostok; Winter Capital
7/21/2021	Epic! Creations	Provides an online children's subscription book service that offers books for children ages 12 and under worldwide	Byju's
7/20/2021	Revolution Prep	Provides online education and tutoring services in the United States	Apax Digital

## Selected M&A Transaction Recap (cont.)

Closed	Target Company	Target Description	Acquiring Company
6/30/2021	Talis Education	Operates commercial and training schools	IDI; RAISE Impact
6/30/2021	PLUMA	Provides a mobile professional development and executive coaching platform for managers and colleagues	Skillssoft
6/24/2021	Schoolrunner	Provides access to academics data, such as standards-mastery and grades, progress reports and report cards that are integrated with data	SchoolMint
6/16/2021	Questionmark	Provides technologies and services that enable organizations to measure knowledge, skills and attitudes for certification, regulatory compliance and learning outcomes	Learnosity
6/15/2021	Hayes Software	Develops, markets, sells and supports software and services for the K-12 school administration market in the United States and internationally	Frontline Technologies
6/10/2021	Picmonic	Develops and operates an audiovisual platform for learning	Truelearn
5/28/2021	Blake eLearning	Engaged in publishing online educational products for children of all age groups through "Reading Eggs," an online mobile application	3P Learning
5/25/2021	Knowledge Matters	Develops browser based educational simulations for teaching business	eDynamic Learning
5/25/2021	Creative Educational Concepts	Develops and delivers responsive continuing medical education initiatives for physicians, pharmacists, nurses and related members of the interprofessional healthcare team	Knowfully Learning Group
5/10/2021	Educational Media Group	Offers education courses, online video lectures and premium programs	CuriosityStream
5/10/2021	HMH Books & Media Consumer Publishing Business	Comprises novels, nonfiction, cookbooks and children's books publishing, as well as TV, film and interactive media production business	HarperCollins Publishers
5/4/2021	Triad Interactive	Develops internet applications for the higher education market	McGraw-Hill Education
5/3/2021	Pierian Data	Provides technology training, with a focus on Python programming language courses, data science courses and machine learning courses	Educate 360
4/28/2021	Certica Solutions	Designs and develops K-12 assessment and data analytics solutions	Instructure
4/26/2021	Wyzant	Operates an online marketplace that provides tutor-student matching services	IXL Learning
4/23/2021	Tierney	Provides education technology solutions	Trox
4/15/2021	PPM Advisory Group	Offers commercial, medical affairs and medical science liaison content development	Red Nucleus
4/6/2021	Pluralsight	Operates a cloud-based technology skills platform	Vista Equity Partners
4/5/2021	Aakash Educational Services	Provides various coaching services in India	Byju's

## Contributors

### Tom Burgett

Managing Director  
+1 (214) 396-2345  
tburgett@lincolninternational.com

### Zack Shah

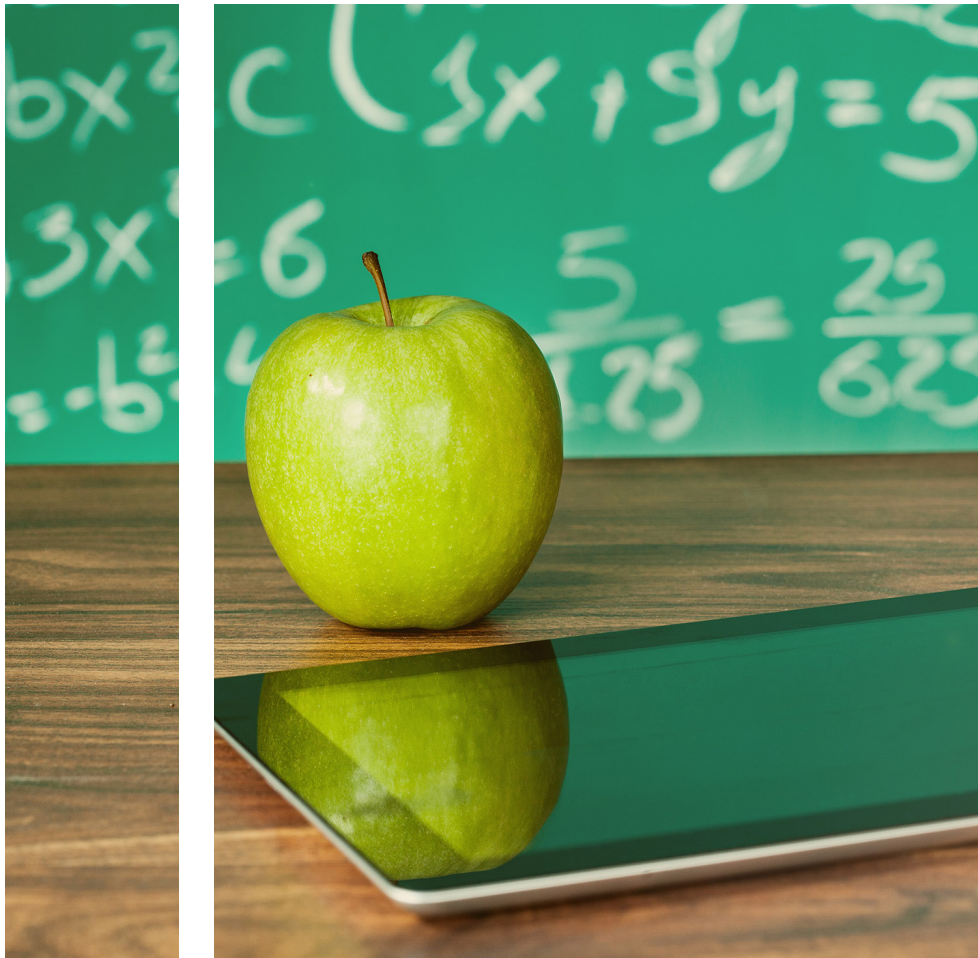
Managing Director  
+1 (312) 506-2798  
zshah@lincolninternational.com

### Edward Lethbridge

Managing Director  
+44 20 7632 5224  
elethbridge@lincolninternational.com

### Matt Causero

Director  
+1 (214) 396-2350  
mcausero@lincolninternational.com



## Lincoln International's Education Technology & Services Team

Lincoln 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's dedicated education technology and 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 and services space. This update tracks pricing and valuation metrics and transaction activity for three key education technology and services subsectors:

- Digital education content and service
- 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 650 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:

[www.lincolninternational.com](http://www.lincolninternational.com).

Connect with a professional in Lincoln International's Technology, Media & Telecom Group at [www.lincolninternational.com/technology](http://www.lincolninternational.com/technology)  
Connect with a professional in Lincoln International's Business Services Group at [www.lincolninternational.com/business-services](http://www.lincolninternational.com/business-services)