

M&A SPOTLIGHT ON

EDUCATION



Recent News Highlights

Post Secondary Education as a Benefit Program Offered by Large Corporations

In recent years, there has been a growing trend of large retail corporations offering tuition assistance to its employees through its in-house “education-as-a-benefit” programs. **Starbucks, McDonalds, Walmart** are a few of the names that have championed this initiative in an effort to attract young workers to the company. Behind these programs, a Denver-based startup named **Guild Education** is powering these programs linking corporate partners and its frontline workers to non-profit universities. Guild Education is earmarked as a unicorn with valuation surpassing US\$1 billion and is backed by leading investors such as **Felicis Ventures, Bessemer Venture Partners, Workday,** and **Salesforce Ventures.**

Fork in the Road: Online or the Traditional Education Pathway?

With technology integration evolving the education landscape, a growing population of students have opted to obtain their degrees remotely through virtual classes offered by universities’ online programs. Apart from the difference in delivery method of curriculum, studies have found a drastic difference in student demographics – with online degrees typically attracting older, working adults with families due to its flexibility, while traditional education degrees are attracting a younger demographic of recent high school graduates. Online students now comprise nearly 50% of the total higher education population.

What attracts students to the online programs is its price tag compared to traditional on-campus programs. Companies like **edX**, a massive open online course (“MOOC”) provider has made significant inroads with major universities such as Harvard, MIT, UC Berkeley to offer affordable degrees starting at \$25,000.

Highlighted Education M&A Activity



PowerSchool announce acquisition of Learning Management Systems

On November 25th, **PowerSchool** reached an agreement to acquire **Schoology**, a provider of learning management systems (“LMS”) to K-12 schools. PowerSchool is a leading education technology platform for K-12 Schools that is jointly owned by private equity firms **Vista Equity Partners** and **Onex Corporation**. The company has made over 8 acquisitions in the past 5 years in education technology solutions including **Haiku Learning**. Currently, PowerSchool invests nearly \$90 million per year in software research and development, product enhancements, and innovations, and the acquisition of Schoology will provide a major boost in developmental resources to support its growth plan.

PowerSchool M&A Activity

Announce Date	Target	Description
24-Oct-19	Schoology	LMS for K-12 schools and school districts
16-Apr-18	PeopleAdmin	Talent management and professional development solution for education
18-Oct-16	Chalkable	Student achievement and educational data management solution
08-Aug-16	SRB Education Solutions	Administrative and ERP products solution
04-Jun-16	Haiku Learning Systems	LMS for K-12 schools
10-May-16	Maximus Tienet	Special education case management system
03-Feb-16	Interactive Achievement	Standards-based instructional assessment and analytical solutions
04-Nov-15	InfoSnap Inc.	Cloud-based online registration/lottery management solution



Thoma Bravo takes Instructure Private

On December 4th, **Instructure**, a leading US-based provider of LMS named **Canvas**, announced it has been acquired by private equity firm **Thoma Bravo** in an all-cash deal for approximately US\$2 billion. Currently, the company is publicly traded and believes that the take private transaction will allow it to invest more in its software and expand through additional acquisitions. According to the terms of the transaction, stockholders will receive US\$47.60 per share, representing a 10% discount to the closing price prior to the announcement. While also operating a corporate learning system called **Bridge**, Instructure plans to pivot its strategy to focus on further developing its LMS, and invest in growing its customer base.

Instructure Share Price Performance

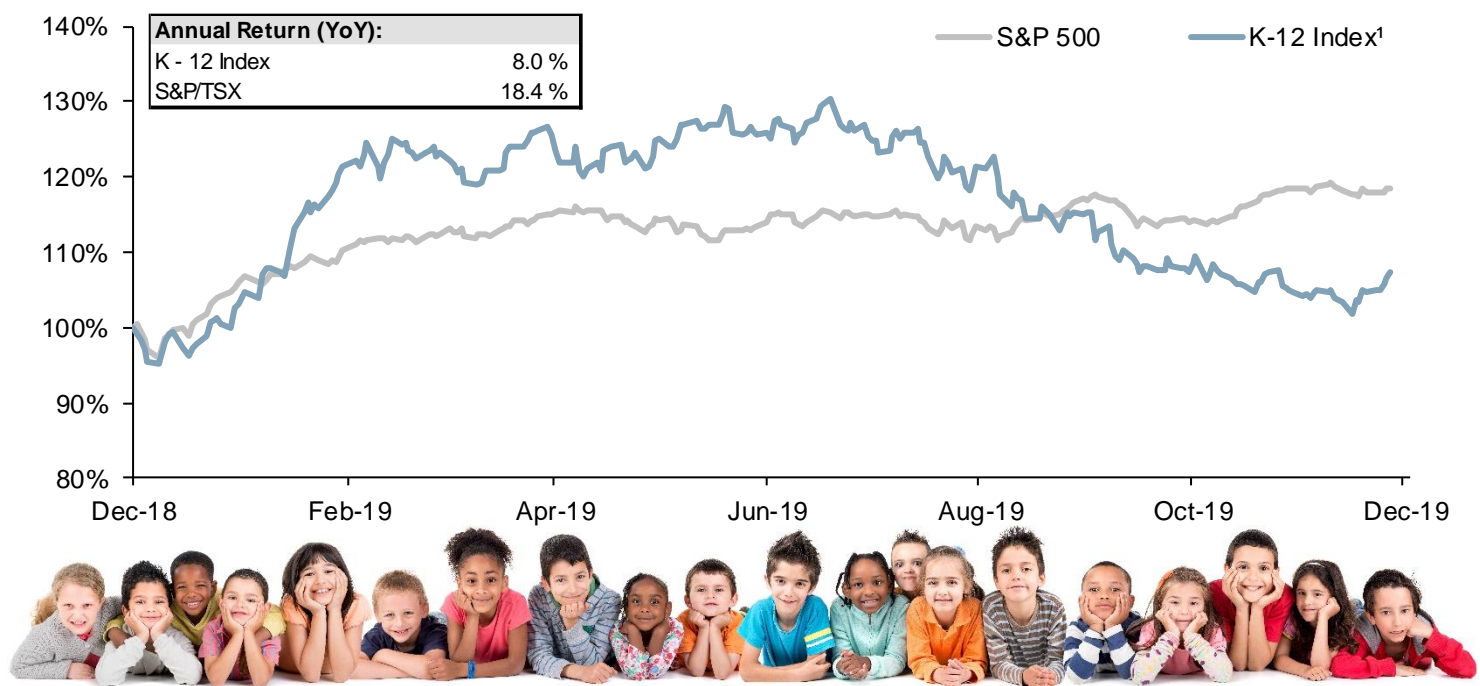
YoY Change	+30.8%
Share Price Dec 17, 2018	US\$37.01
Share Price Dec 17, 2019	US\$48.40



Recent Education M&A Activity

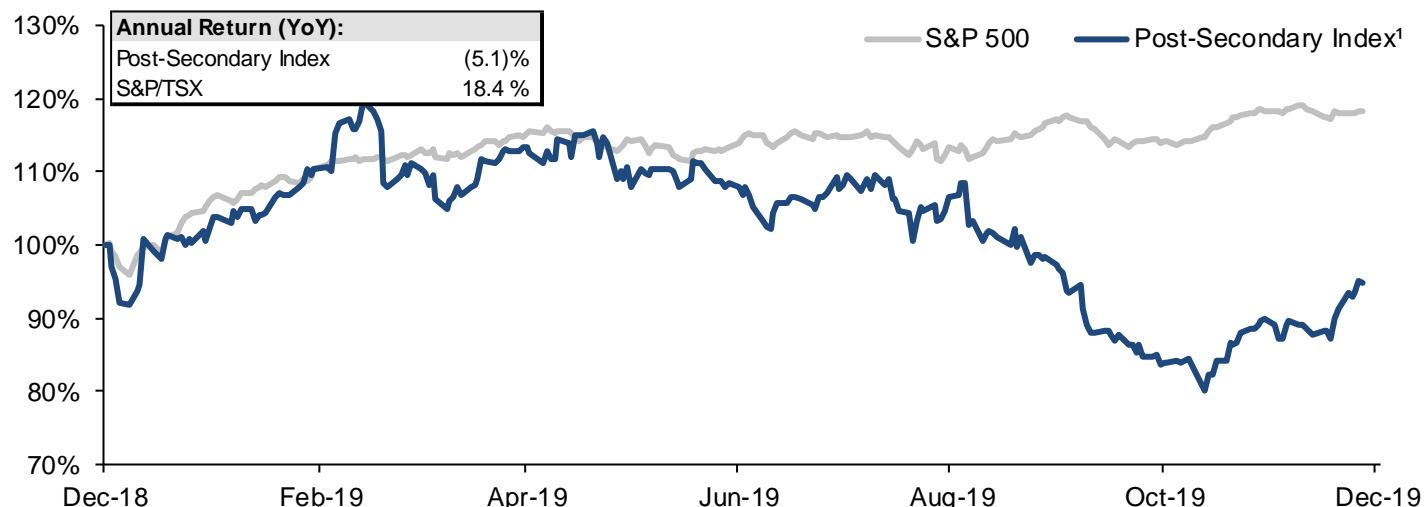
- In December 2019, **Mentoring Minds**, a provider of critical thinking curriculum materials for K-12 educators, has acquired **SchoolSpire**, a K-12 instructional management system business based in Texas for an undisclosed amount. The acquisition will broaden Mentoring Mind's educational offering to the 1.3 million students served across over 5,000 schools.
- In December 2019, **Tes Global**, a London-based provider of training and networking tools for teachers announced it has acquired **Edval**, an Australia-based provider of school timetabling software for an undisclosed sum. Earlier this year, Tes Global was sold to **Providence Equity Partners** by **TBG Capital** for approximately £300 million. Previously, Tes Global has acquired a digital materials services provider **Blendspace**.
- In December 2019, **Bamboo Learning**, a Seattle-based developer of educational materials for Amazon's Alexa, announced it has raised US\$1.4 million in a seed round with participation from **Amazon's Alexa Fund**, **Wavemaker Partners**, **Unlock Venture Partners** and **various individuals** from Amazon, Apple, Disney and Microsoft. The funds will be used to hire additional software engineers and content producers to develop voice-related educational features for families with children.
- In November 2019, **IXL Learning**, a California-based provider of learning resources platform for K-12 students announced it has acquired **Education.com** for an undisclosed sum. Education.com offers digital and printable learning resources for pre-kindergarten to grade 5 students. The transaction aims to broaden the breadth of online offerings to users and add more interactive games, lesson plans and songs to the IXL platform.
- In October 2019, **Grammarly**, a San Francisco-based provider of digital writing assistant for spelling and grammar, has raised US\$90 million in its second round of fundraising led by **General Catalyst** and **IVP**, following its first round of US\$110 million in 2017 from the same parties. With over 20 million daily users, over 1,000 schools and colleges use the intelligence technology in an educational setting. Grammarly is estimated to be valued at over US\$11 billion, claiming its unicorn status.

K-12 Index Performance



1. K-12 Index is composed of equally weighted market prices for those seen on the list of K-12 comparable companies

Post-Secondary Education Index Performance



Key Education Comparables

(All figures in USD millions unless indicated)

	Market Cap	Enterprise (TEV)	TEV / EBITDA		Price / Earnings		1 Year Return
			2019E	2020E	2019E	2020E	
K-12 Comps:							
Bright Horizons Family Solutions Inc.	8,718	10,426	26.1x	23.4x	41.2x	36.1x	37.2%
Strategic Education, Inc.	3,145	2,823	10.7x	9.6x	22.2x	19.8x	20.3%
AcadeMedia AB (publ)	584	1,641	15.7x	14.0x	12.3x	10.3x	34.6%
G8 Education Limited	594	1,332	12.6x	11.7x	11.4x	10.7x	(32.0)%
K12 Inc.	764	649	5.2x	4.6x	24.8x	21.4x	(10.3)%
Think Childcare Limited	56	151	15.7x	11.2x	15.3x	12.1x	(1.8)%
K-12 Average			14.3x	12.4x	21.2x	18.4x	8.0%
Post-Secondary Comps:							
Laureate Education, Inc.	3,555	5,401	8.3x	7.4x	3.6x	12.3x	16.5%
Strategic Education, Inc.	3,145	2,823	10.7x	9.6x	22.2x	19.8x	18.5%
Adtalem Global Education Inc.	1,807	2,265	na	na	13.2x	11.9x	(31.6)%
Career Education Corporation	1,203	989	8.4x	7.0x	12.7x	11.9x	43.4%
American Public Education, Inc.	405	207	5.8x	6.1x	24.1x	23.2x	(6.3)%
Lincoln Educational Services Corporation	51	111	8.3x	6.7x	20.3x	8.1x	(3.3)%
Zovio Inc	66	20	neg	0.6x	neg	3.1x	(73.0)%
Post-Secondary Average			8.3x	6.2x	16.0x	12.9x	(5.1)%
Total Education Average			11.6x	9.3x	18.6x	15.4x	0.9%

1. Post-Secondary Index is composed of equally weighted market prices for those seen on the list of Post-Secondary comparable companies

For More Information *on our insights into the education sector or to discuss this report further,*
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