



## EDUCATION INDUSTRY

### 1ST HALF 2013 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2013 KEY HIGHLIGHTS

- Capita plc, a UK based provider of business process outsourcing (BPO) and professional support services, was the most active acquirer in 1st Half 2013 with four industry transactions: Creating Careers, KnowledgePool, Inc., Blue Sky Performance Improvement, and Micro Librarian Systems.
- Pearson plc was also an active acquirer in 1st Half 2013 with three transactions: Learning Catalytics LLC, IndiaCan Education Pvt Ltd and Exam Design, Inc.
- There were 33 financially sponsored transactions in 1st Half 2013, with an aggregate value of \$836 million, representing 24 percent of the total volume and 20 percent of the total value, respectively.

#### 1ST HALF 2013 KEY TRENDS

- Total transaction volume in 1st Half 2013 increased by five percent over 2nd Half 2012, from 128 to 135.
- Total transaction value in 1st Half 2013 decreased by 16 percent over 2nd Half 2012, from \$4.57 billion to \$3.84 billion.
- The median revenue multiple declined from 1.4x in 2nd Half 2012 to 1.0x in 1st Half 2013. Median value remained nearly constant during this timeframe.
- Deal volume in the K-12 Media and Tech segment increased 38 percent over the last six months, from 21 to 29 transactions, giving it a slight edge over Professional Training Institutions as the industry's largest market segment year-to-date.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 678 transactions between 2011 and 1st Half 2013, of which 213 disclosed financial terms, and calculated the aggregate transaction value to be \$20.66 billion. Based on known transaction values, we project the values of 465 undisclosed transactions to be \$2.70 billion, totaling \$23.37 billion worth of transactions tracked over the past two and a half years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 1.5x revenue and 12.0x EBITDA.

#### M&A Market Dynamics By Half Year

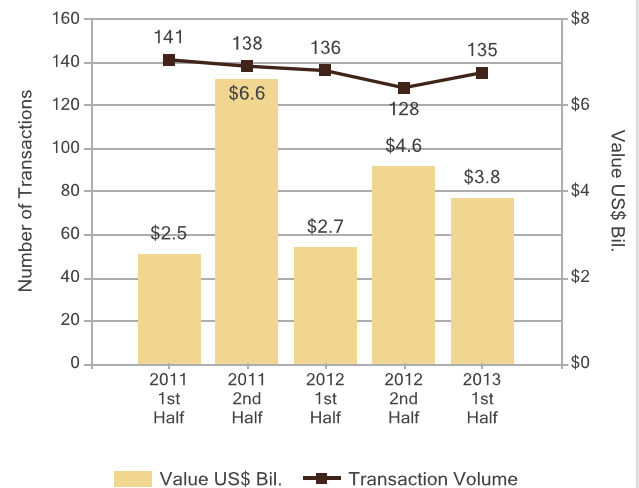


Figure 1. 2011-2013 value and volume comparison.

#### Median Enterprise Value Multiples By Half Year

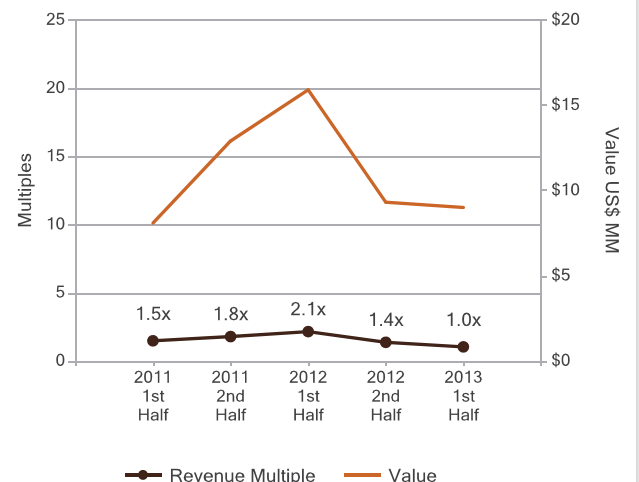
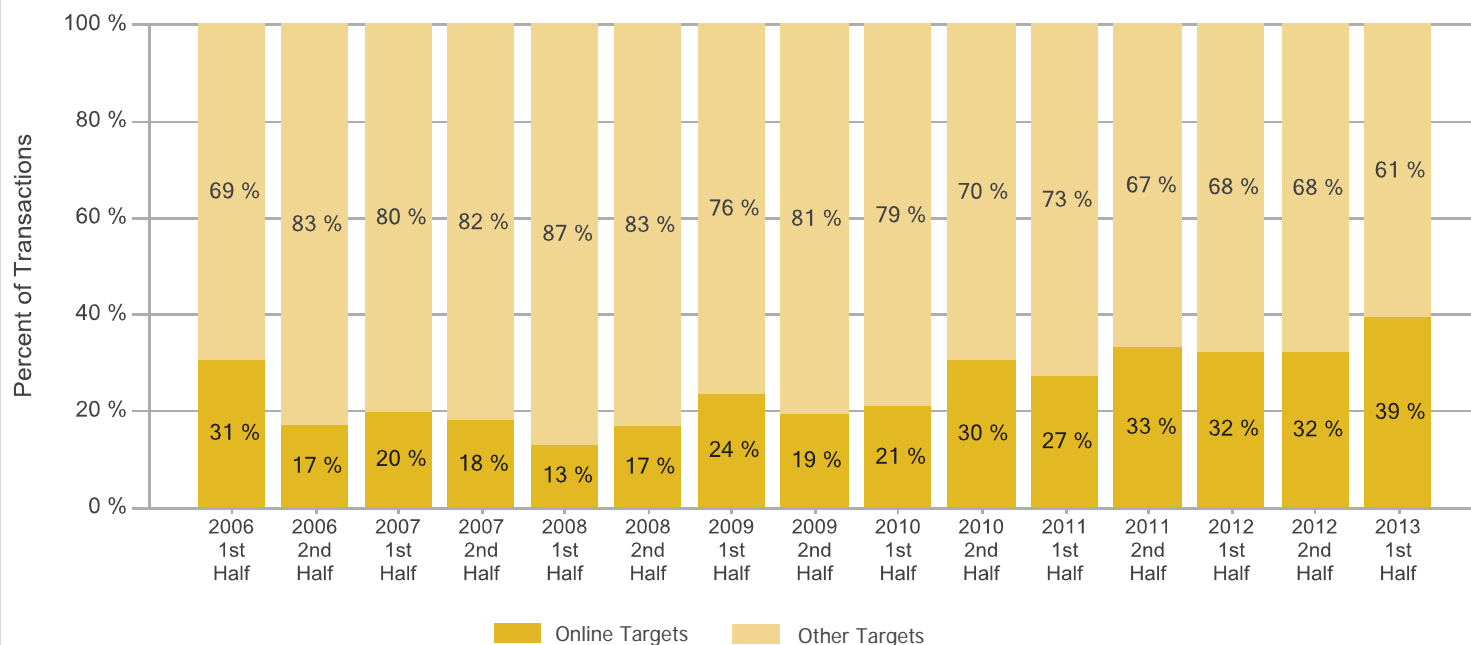


Figure 2. 2011-2013 median: value and revenue comparison.

## Transactions Involving an Online Component

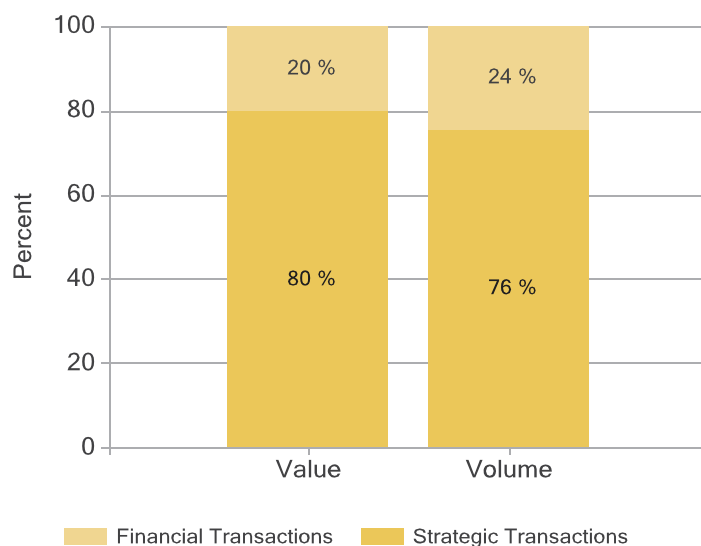
### Transaction Percentages of Online Targets



**Figure 3.** Percentage of total Education Industry transactions where the target company conducts the majority of their business online. The total percentages are measured by half year from January 1, 2006 through June 30, 2013.

## Strategic vs. Financial Comparison

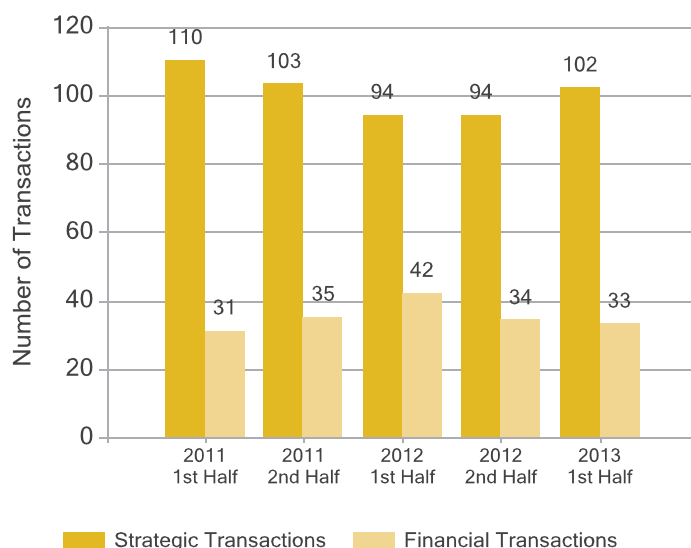
### M&A Dynamics By Transaction Type - 1st Half



**Figure 4.** 1st Half 2013 value and volume comparison by transaction type.

**Note:** Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

### Transaction Type By Half Year



**Figure 5.** 2011-2013 acquirer type comparison by half year.

## Purchaser Analysis

### Median EV/Revenue Multiples By Size

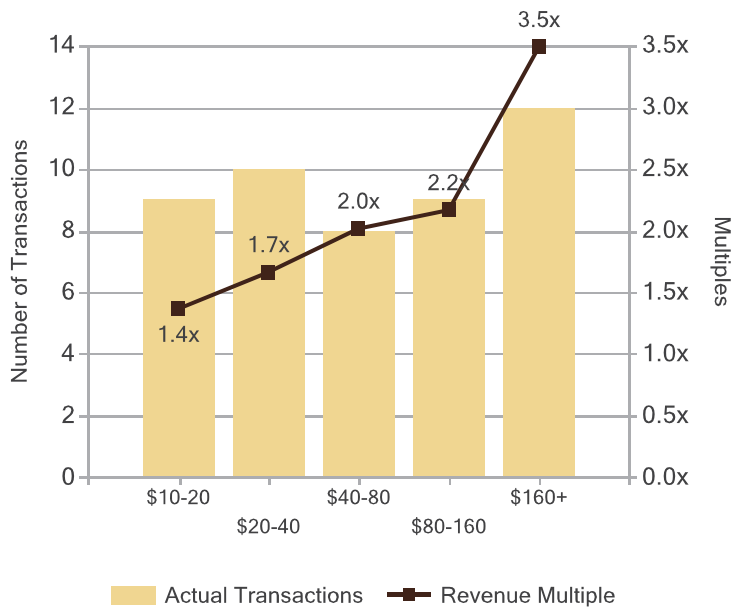


Figure 6. Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from Jan. 1, 2011 to June 30, 2013 based on publicly available sales price and revenue data.

### Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	4 %	4 %
\$0.4	0	1	0	0 %	4 %
\$0.6	2	2	4	8 %	12 %
\$1.0	2	6	7	8 %	20 %
\$1.6	1	12	12	4 %	24 %
\$2.7	2	18	19	8 %	32 %
\$4.5	3	22	24	12 %	44 %
\$7.4	3	21	23	12 %	56 %
\$12.2	2	15	17	8 %	64 %
\$20.1	1	9	9	4 %	68 %
\$33.1	3	4	6	12 %	80 %
\$54.6	1	1	2	4 %	84 %
\$90.0	1	0	1	4 %	88 %
\$148.4	1	0	1	4 %	92 %
\$244.7	0	0	0	0 %	92 %
\$403.4	0	0	0	0 %	92 %
\$665.1	0	0	0	0 %	92 %
\$1,096.6	0	0	0	0 %	92 %
\$1,808.0	1	0	1	4 %	96 %
Total #	25	110	135		
Total \$ Value	\$3,276	\$565	\$3,841		
Middle 3rd of Industry		Middle 2/3rds of Industry			

Figure 7. Presents the number of transactions separated by known and projected values.

Note: The projected number column is rounded and may produce insignificant errors in the total sum.

## Transaction Volume by Segment :: January 1, 2011 – June 30, 2013

### Transactions By Market Segment By Half Year

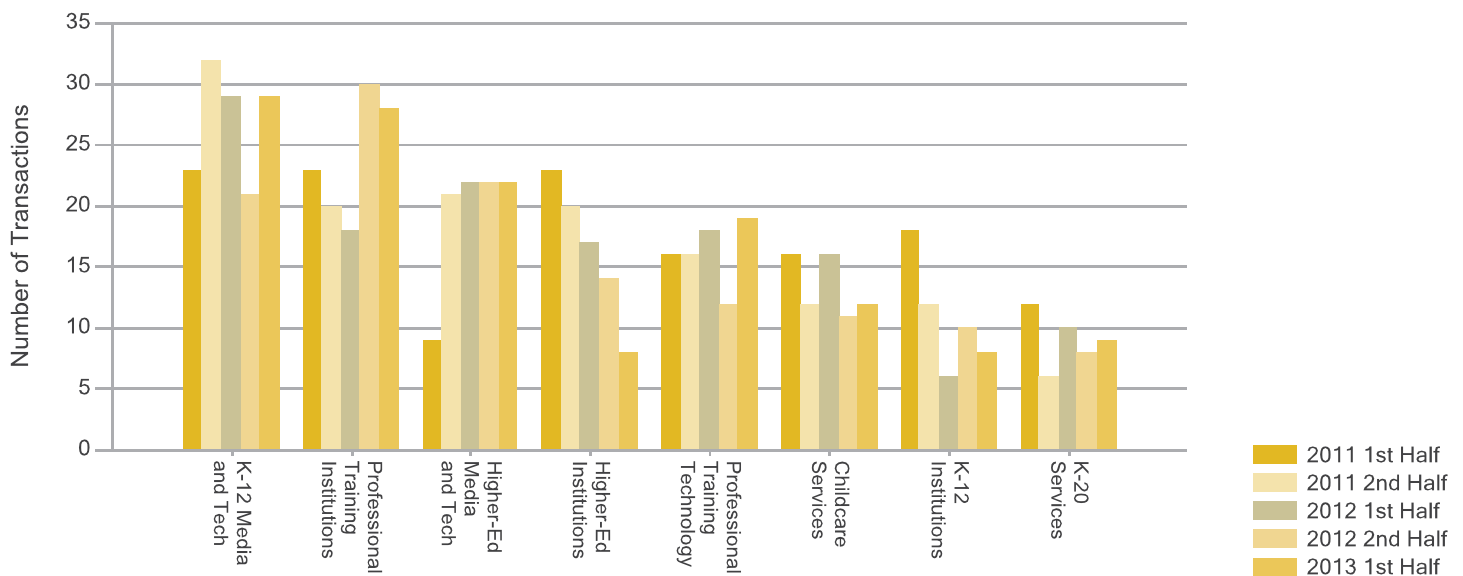


Figure 8. Presents transaction volume by market segment within the Education Industry from January 1, 2011 through June 30, 2013.

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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date.

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## RECENT EDUCATION TRANSACTIONS



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