

SECTORWATCH:

Corporate IT Training and Educational Services

February 2018

7 MILE 
ADVISORS

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Corporate IT Training and Educational Services

February 2018

- Sector Dashboard
- Public Basket Performance
- Operational Metrics
- Valuation Comparison
- Recent Deals
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7 MILE
ADVISORS

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OVERVIEW



Dashboard

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages



Public Basket Performance

summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

a more graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

the most recently announced sector deals

About Us

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.

DASHBOARD

Revenue Growth Momentum

↑5.4%

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

Pricing / Gross Margin Momentum

↓-2.0%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

Profitability Momentum

↓-0.8%

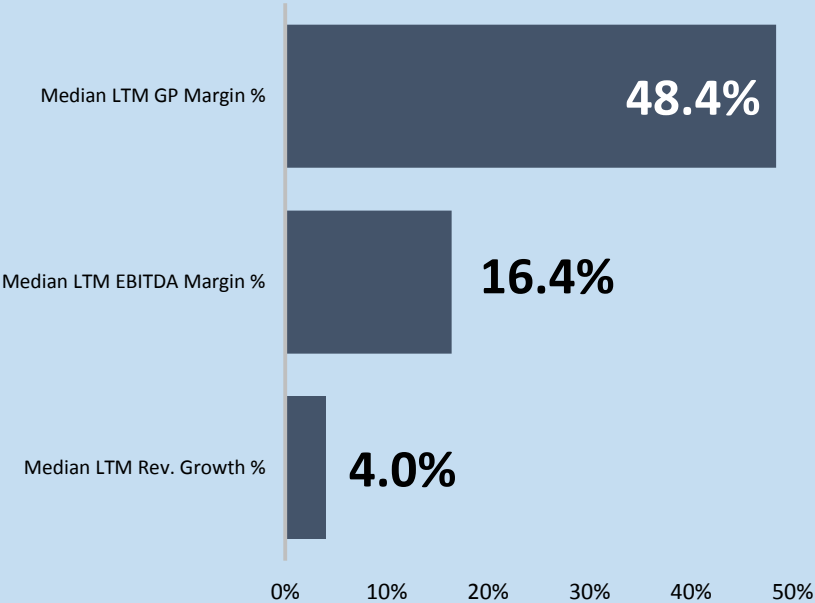
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

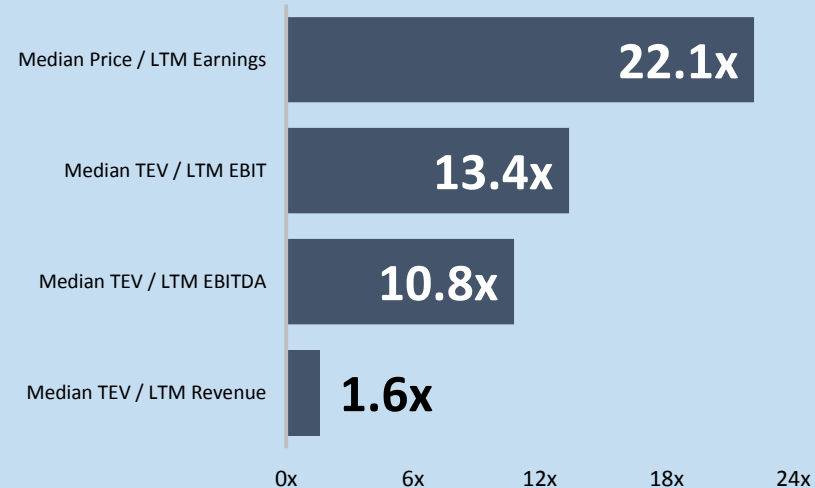
PUBLIC BASKET CONSTITUENTS

BSE:500304	NasdaqGS:STRA
NasdaqGS:APEI	NYSE:ATGE
NasdaqGS:CECO	NYSE:GHC
NasdaqGS:CPLA	NasdaqGS:LOPE

Operating Metrics



Valuation

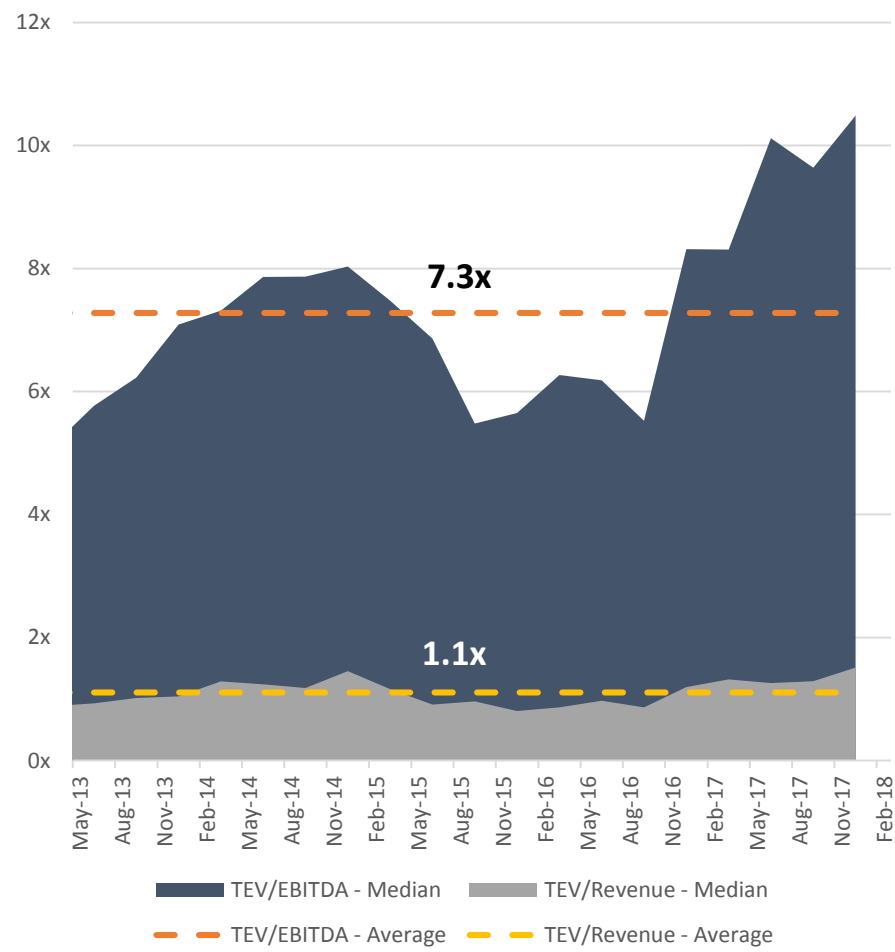


PUBLIC BASKET PERFORMANCE

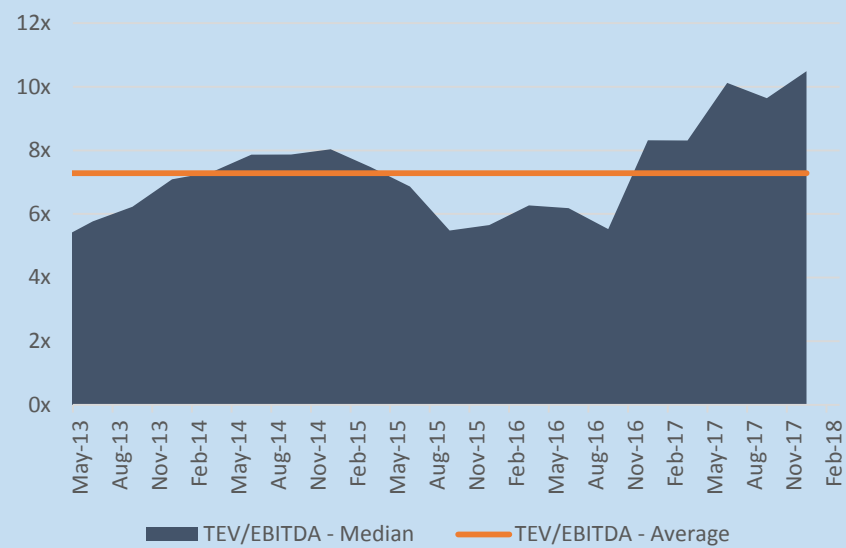
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
NIIT Limited	248	155	-7%	78%	4%	1.6	14.6	2,342	66
American Public Education, Inc.	252	300	-6%	62%	18%	0.8	4.6	1,510	199
Career Education Corporation	744	596	-15%	86%	12%	1.2	10.7	2,416	247
Capella Education Company	768	440	4%	49%	16%	1.7	11.1	2,928	150
Strayer Education, Inc.	840	455	5%	46%	17%	1.8	10.8	1,542	295
Adtalem Global Education Inc.	2,856	1,809	12%	47%	18%	1.6	9.0	8,869	204
Graham Holdings Company	2,871	2,592	4%	48%	13%	1.1	8.7	-	NA
Grand Canyon Education, Inc.	4,723	974	12%	45%	35%	4.8	14.0	4,000	244
Average	1,663	915	1%	58%	16%	1.9	10.5	2,951	201
Median	804	526	4%	48%	16%	1.6	10.8	2,379	204

share price as of 26Feb18

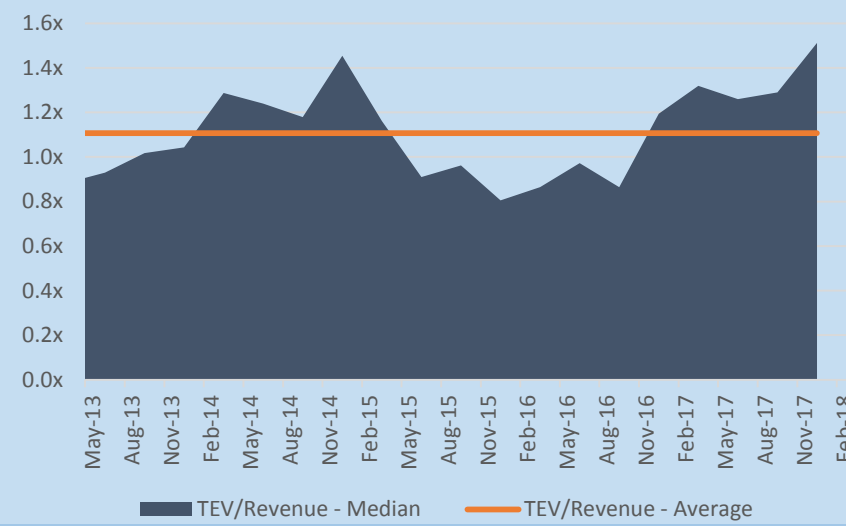
PUBLIC BASKET VALUATION TRENDS



Public EBITDA Multiples Over Time



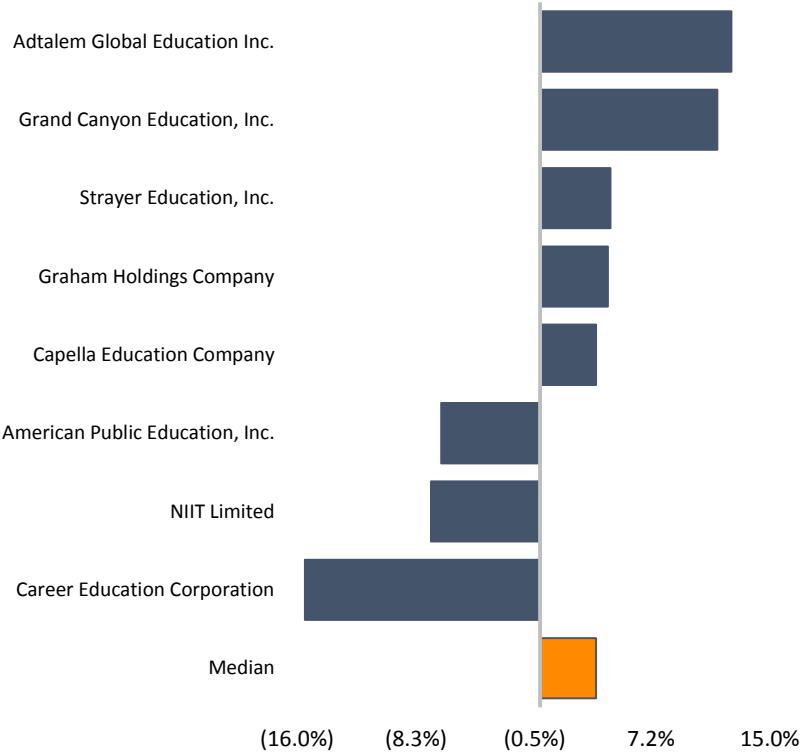
Public Revenue Multiples Over Time



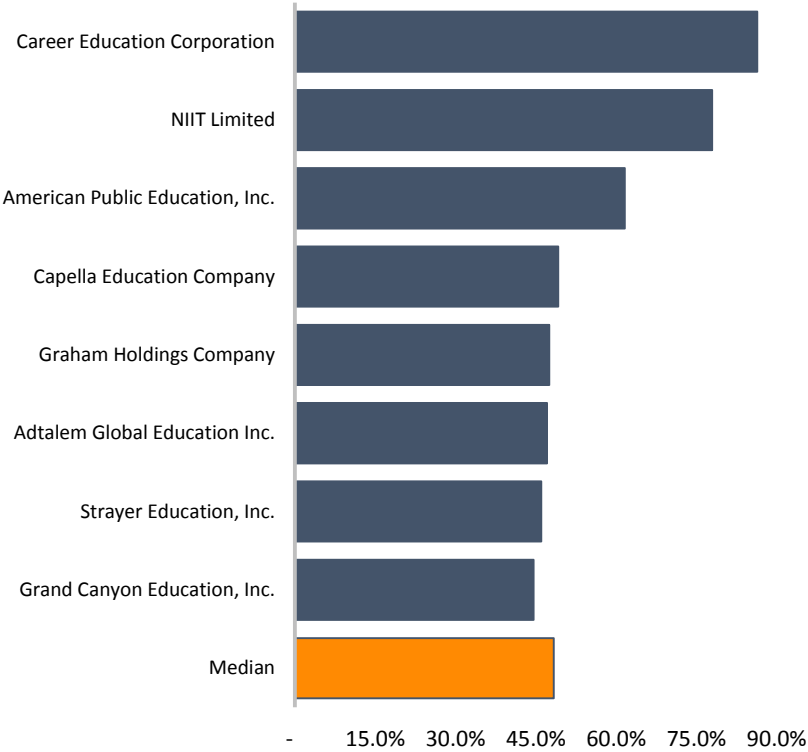
OPERATIONAL METRICS



LTM Revenue Growth %



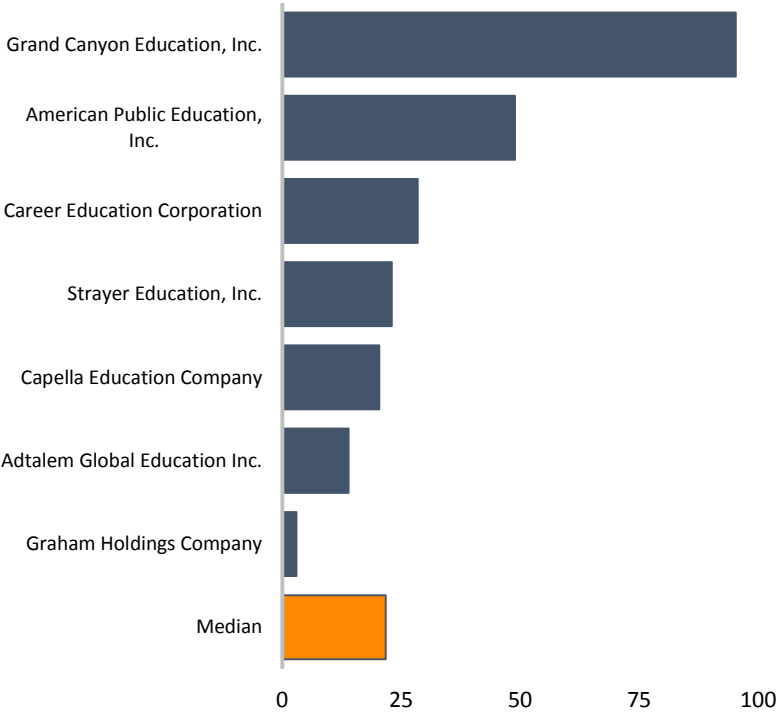
LTM Gross Profit Margin %



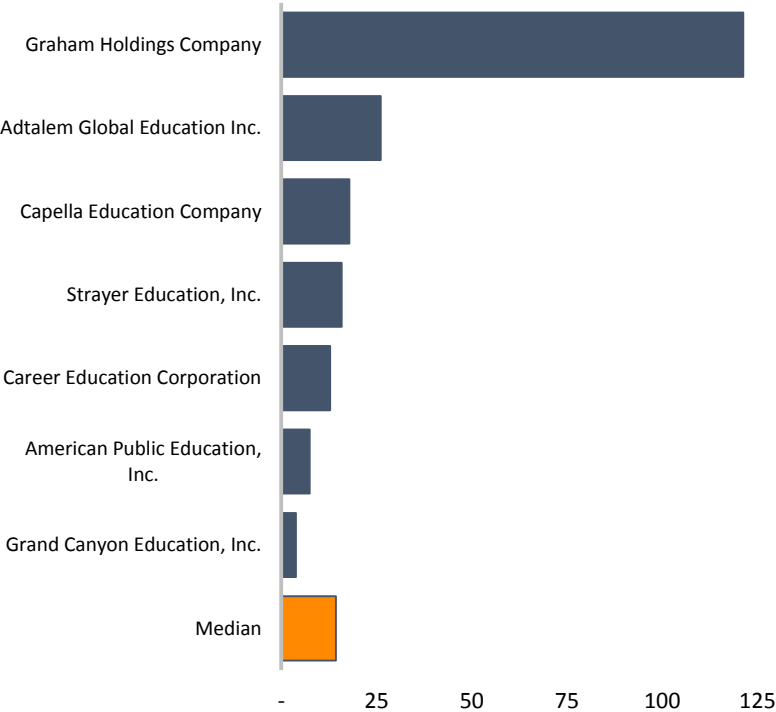
OPERATIONAL METRICS



Accounts Receivable Turnover



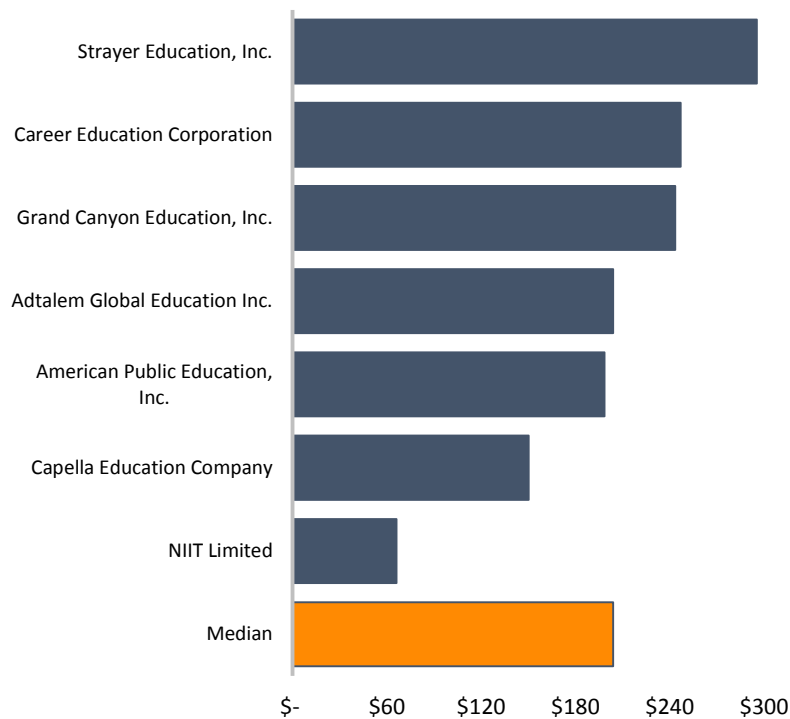
Average Days Sales Outstanding



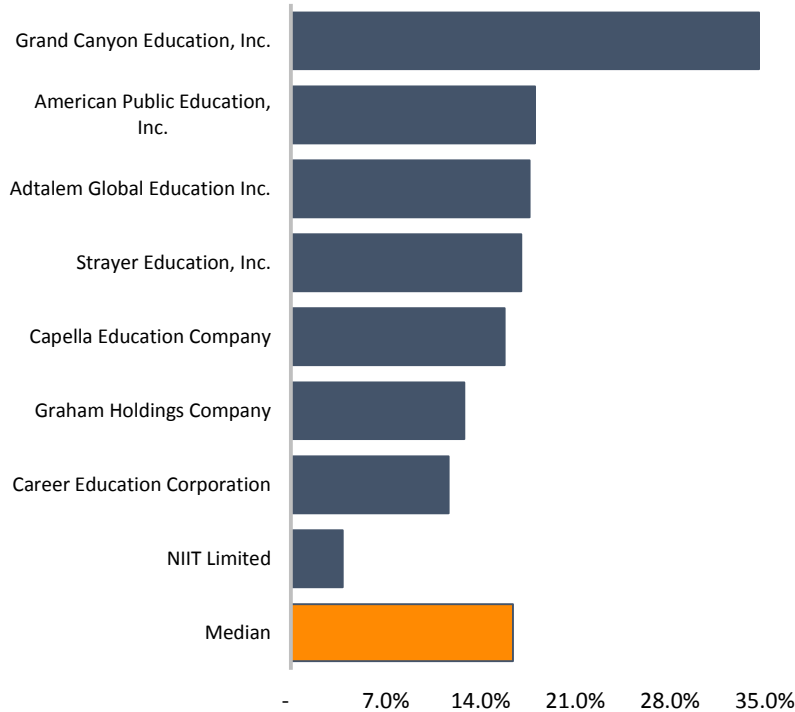
OPERATIONAL METRICS



LTM Revenue per Full Time Employee x 000's



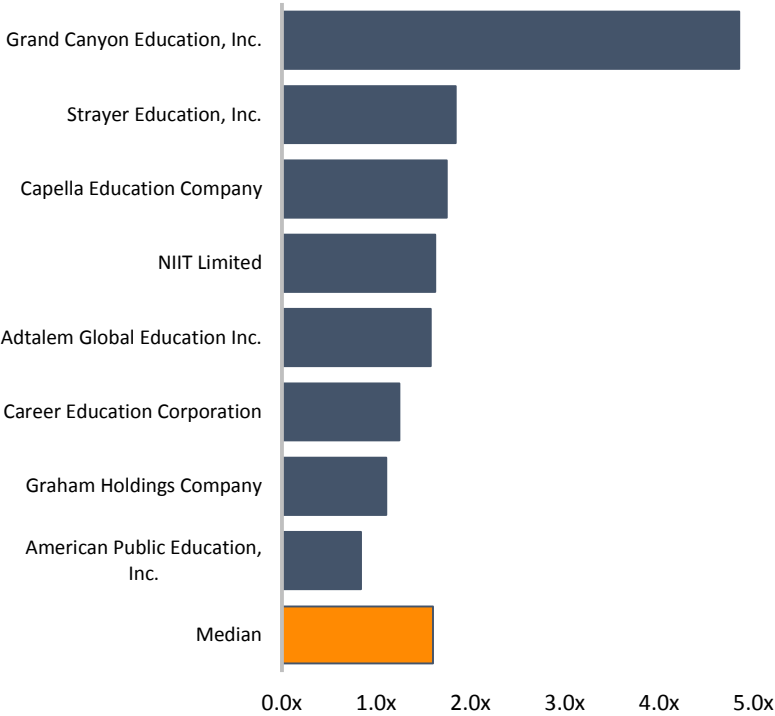
LTM EBITDA %



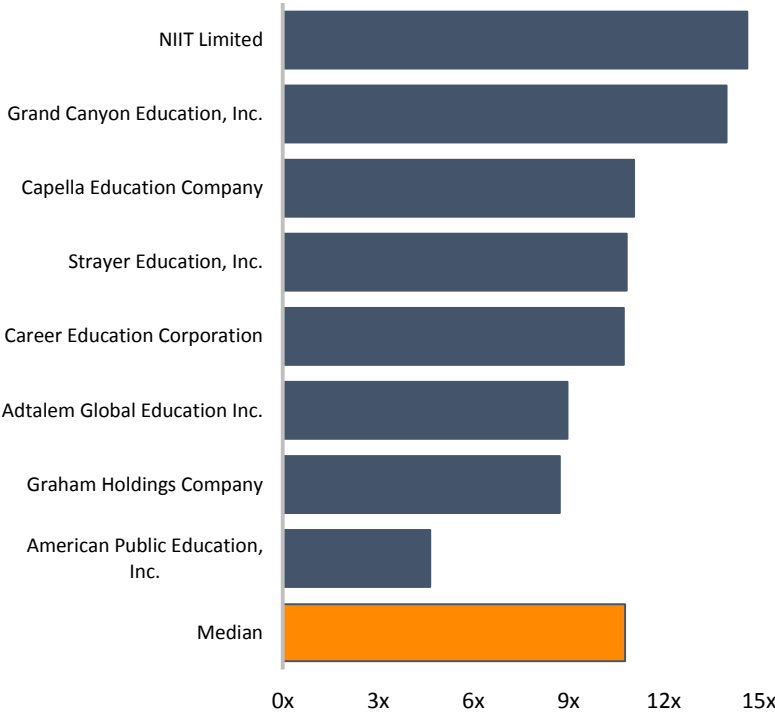
VALUATION



TEV / LTM Revenue



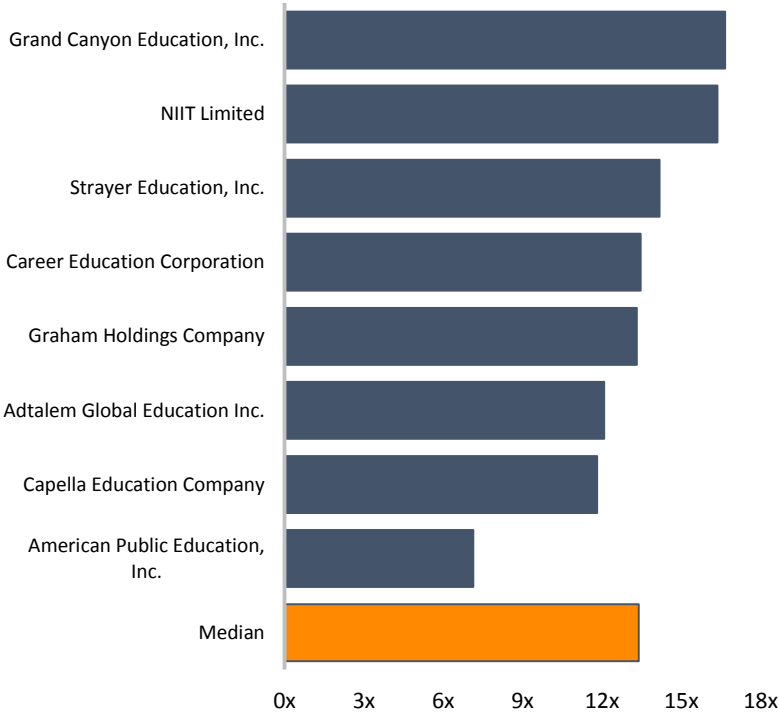
TEV / LTM EBITDA



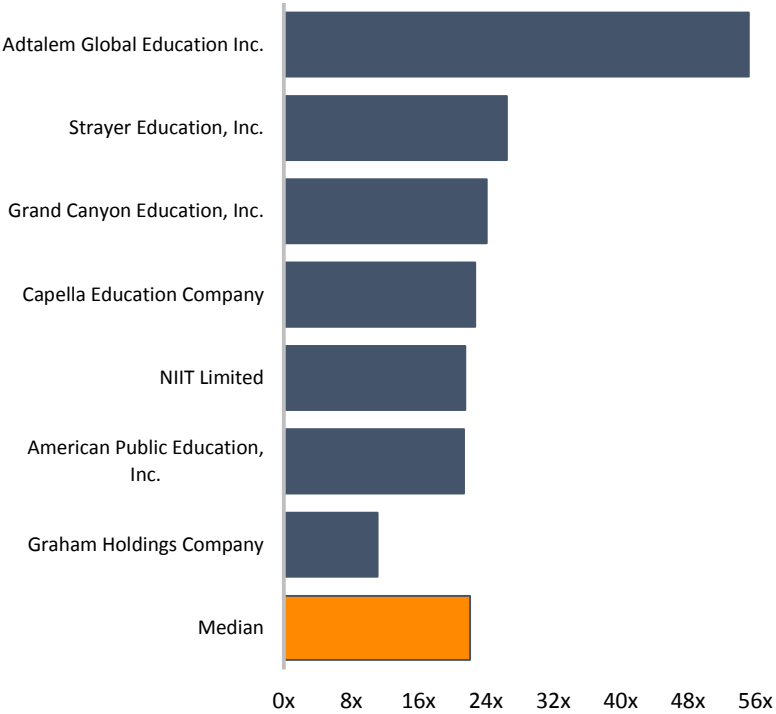
VALUATION



TEV / LTM EBIT



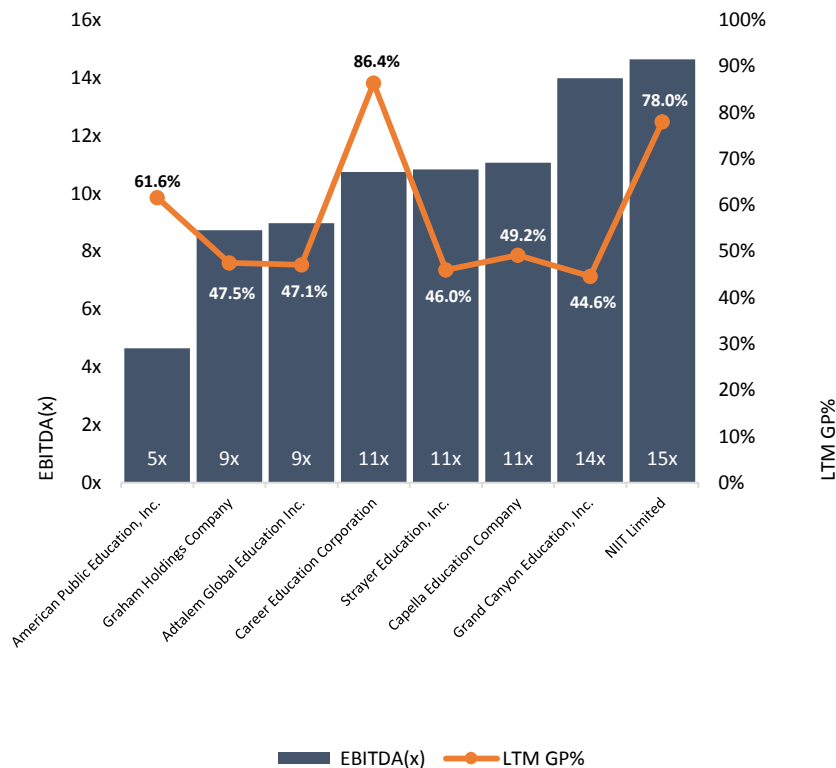
Price / LTM Earnings



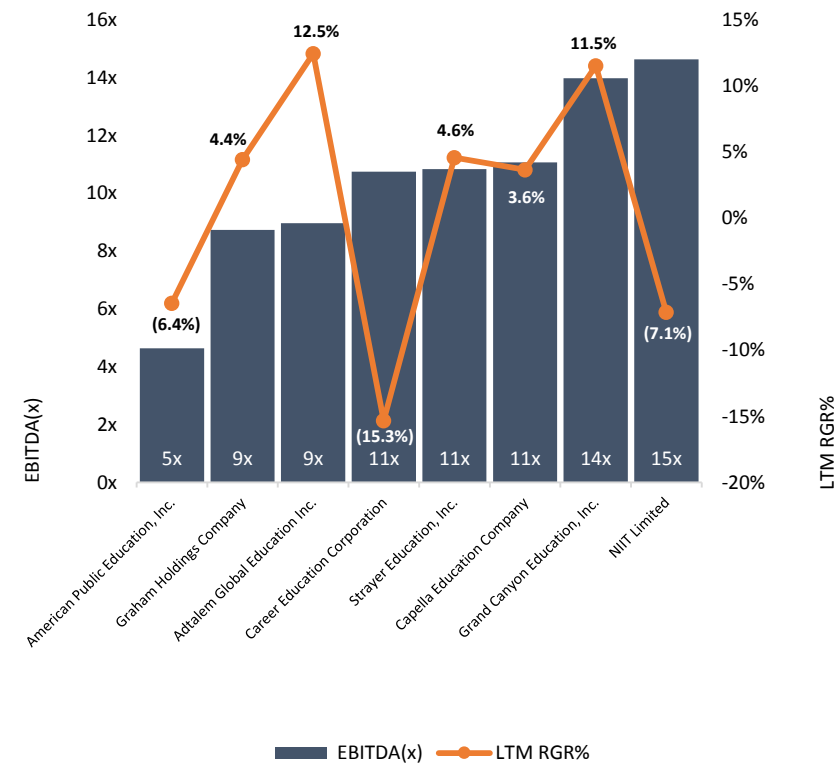
VALUATION



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
5Feb18	Zulama, LLC	EMC Publishing, LLC	-	-	-	-
5Feb18	Strativity Group, LLC	Lieberman Research Worldwide, Inc.	-	-	-	-
15Jan18	Pelesys Learning Systems Inc.	CAE Inc.	-	-	-	-
31Dec17	Infobase Holdings, Inc.	Centre Lane Partners, LLC	-	-	-	-
4Dec17	Devry University Inc. and DeVry New York Inc.	Cogswell Education, LLC	20.00	-	-	-
29Nov17	FirstNet Learning, Inc.	NEOGOV, Inc.	-	-	-	-
29Oct17	Capella Education Company	Strayer Education, Inc.	964.37	439.69	1.8x	11.5x
28Sep17	Windwalker Corporation	Taino Consulting Group (nka:Windwalker Group, LLC)	-	-	-	-
12Sep17	Contractor Exam Preps	One Exam Prep, LLC	-	-	-	-
18Aug17	Mindful Solutions, LLC	AXIOM Learning Solutions, LLC	-	-	-	-
17Aug17	ctc TrainCanada Inc.	Global Knowledge Training LLC	-	-	-	-
4Apr17	Emantras Inc.	GP Strategies Corporation	-	-	-	-
10Jan17	Russell Martin & Associates, Inc.	Moser Consulting, Inc.	-	-	-	-
21Nov16	TechSkills LLC	MyComputerCareer.com, Inc.	-	-	-	-
14Mar16	MMT Limited	Be Heard Group plc	29.36	-	-	-
10Mar16	Control Risks Group Holdings Ltd	-	3.14	-	-	-
7Feb16	Apollo Education Group, Inc.	Apollo Global Management, LLC; Najafi Companies; Apollo Investment Fund VIII, L.P.; The Vistria Group, LLC	1,212.45	2,328.02	0.3x	3.2x
13Jan16	New York Code and Design Academy, Inc.	Strayer Education, Inc.	25.00	-	-	-
1Jan16	ExitCertified Corp.	Avnet, Inc.	-	24.00	-	-
7Dec15	Next University, Inc.	Open English LLC	-	-	-	-
30Nov15	AKLearning, Inc.	Business Training Library, Inc.	-	-	-	-
24Nov15	SM2M Co., Ltd., Online Education Business	ITX Security Co., Ltd. (nka:ITX-M2M Co., Ltd.)	2.36	0.00	NM	-
9Nov15	System Technology-i Co.,Ltd. (nka:iStudy Co., Ltd.)	V-cube, Inc.	5.48	7.83	0.4x	198.2x
9Nov15	Sherwood Learning Solutions, L.L.C.	InfoPro Learning, Inc.	-	-	-	-
29Sep15	Click 4 Compliance LLC	Workplace Answers, LLC	-	-	-	-
6Aug15	CompuWorks Systems, Inc.	NH Learning Solutions Corporation	-	-	-	-
24Jul15	LJ Group Limited	-	-	-	-	-
31Jul15	Eukleia Training Limited	Learning Technologies Group plc	17.20	7.66	2.1x	17.0x
2Jul15	Educational Services, Inc.	IMPAQ International, LLC	-	-	-	-
22Apr15	C-Learning Pty Ltd	Learning Seat Pty. Ltd.	-	-	-	-

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Appendix: Public Basket
Constituents



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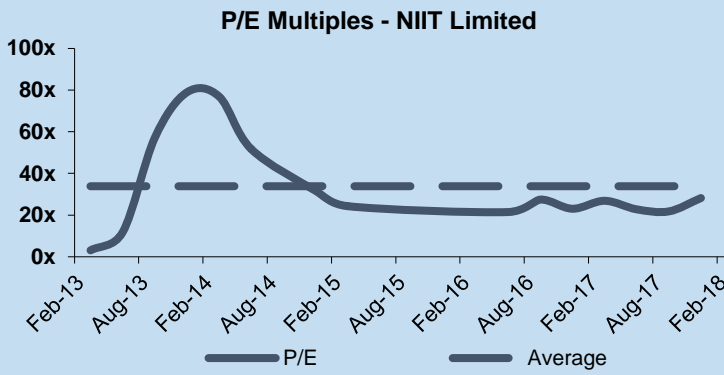
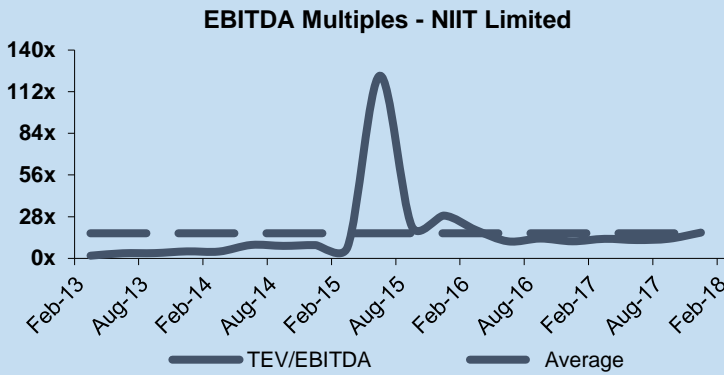
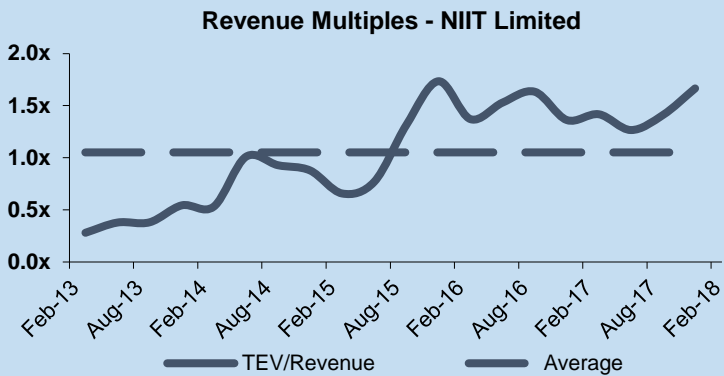


PUBLIC BASKET CONSTITUENTS

NIIT Limited

NIIT Limited, a skills and talent development company, provides training and development solutions to individuals, corporations, and institutions worldwide. The company offers managed training services, such as curriculum design and content development, learning administration, learning delivery, strategic sourcing, learning technology, and advisory services; and various learning and talent development programs in the areas of banking, finance and insurance, retail sales enablement, management education, multi-sectoral vocational skills, and digital media marketing and programs, as well as in digital transformation technologies. It also provides technology based learning solutions to approximately 2,000 private schools. In addition, its brands portfolio comprises the training.com, a learning platform for career programs, which are delivered live by industry experts; NIIT.tv, a digital learning platform; IFBI designed for banking, insurance, and financial services; NIIT Imperia, which provides management programs in the areas of marketing, sales, finance, operations, HR, law, brand and advertising, international marketing and business, strategy, general management, digital marketing, taxation, and IT; and NIIT UNIQUA that offers outsourcing of training solutions for the BPM industry. Further, the company's brands portfolio include NIIT NGuru that offers various learning solutions for schools comprising interactive classrooms for teachers, as well as math lab, mobile science labs, IT wizard programs, and learning labs for students, as well as Quick School, an education resource planning solution for the school management. NIIT Limited was founded in 1981 and is headquartered in Gurgaon, India.

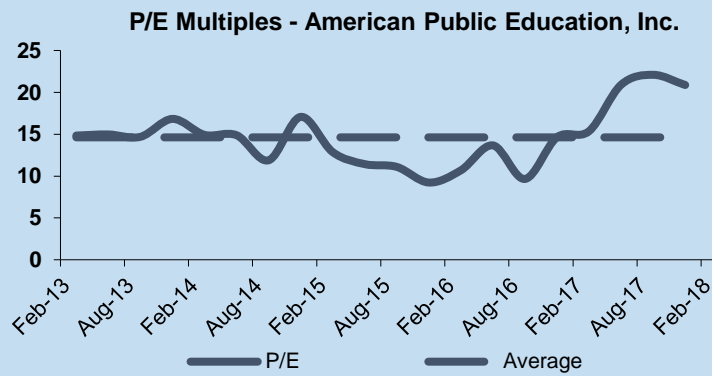
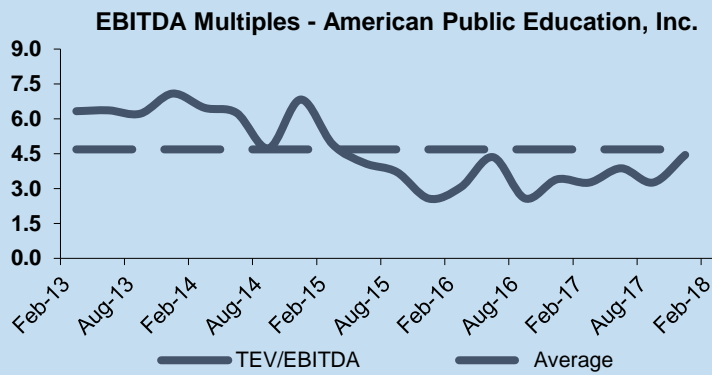
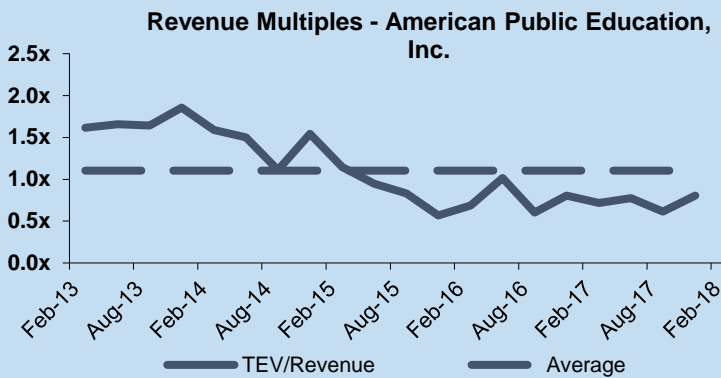
Date	Key Development Headline
6/27/17	NIIT Limited (BSE:500304) agreed to acquire PIPL Management Consultancy & Investment Pvt Ltd from Pawar Family Trust for INR 2.2 billion.



PUBLIC BASKET CONSTITUENTS

American Public Education, Inc.

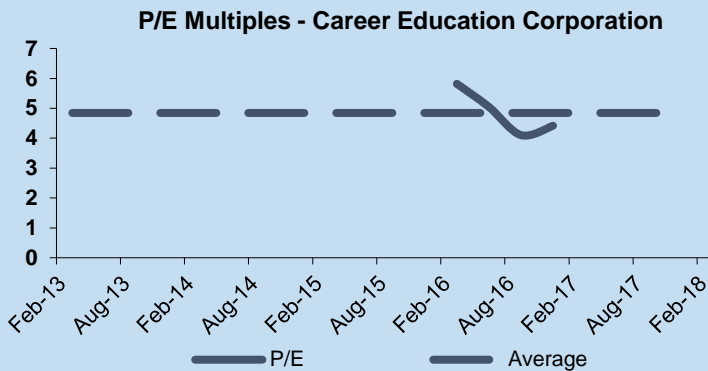
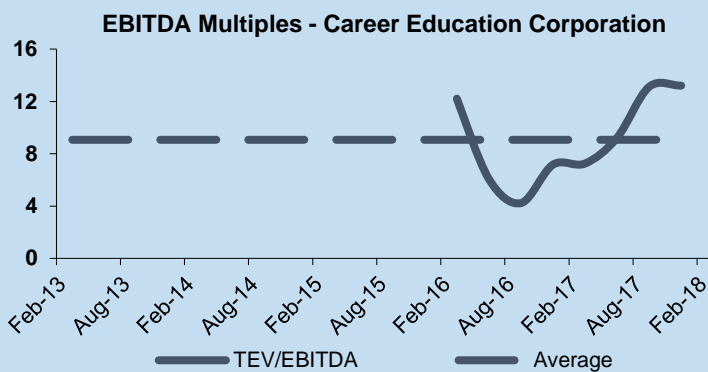
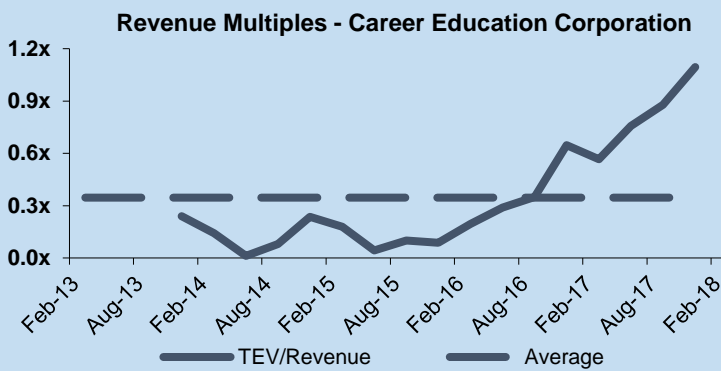
American Public Education, Inc., together with its subsidiaries, provides online and campus-based postsecondary education. The company operates through two segments, American Public Education and Hondros College of Nursing. It offers 106 degree programs and 103 certificate programs in various fields of study, including business administration, health science, technology, criminal justice, education, and liberal arts, as well as national security, military studies, intelligence, and homeland security. The company also provides diploma in practical nursing and an associate degree in nursing; and an online registered nurse to Bachelor of Science in nursing completion program. American Public Education, Inc. was founded in 1991 and is headquartered in Charles Town, West Virginia.



PUBLIC BASKET CONSTITUENTS

Career Education Corporation

Career Education Corporation operates colleges, institutions, and universities that provide education to student population in various career-oriented disciplines through online, campus based, and blended learning programs in the United States. The company operates through four segments: Colorado Technical University (CTU), American InterContinental University (AIU), Culinary Arts, and Transitional Group. Its colleges and universities include AIU, CTU, Le Cordon Bleu College of Culinary Arts, Briarcliffe College, Harrington College of Design, and Sanford-Brown College. The company offers master's, doctoral, bachelor's, and associate degrees, as well as diploma and certificate programs. It provides academic programs in the career-oriented disciplines of business studies, nursing, computer science, engineering, information systems and technologies, cybersecurity, and healthcare management, as well as visual communication, design technologies, and criminal justice; and educational programs in culinary arts, as well as patisserie and baking. As of December 31, 2016, the company had a total student enrollment of approximately 36,600 students. Career Education Corporation was founded in 1994 and is based in Schaumburg, Illinois.

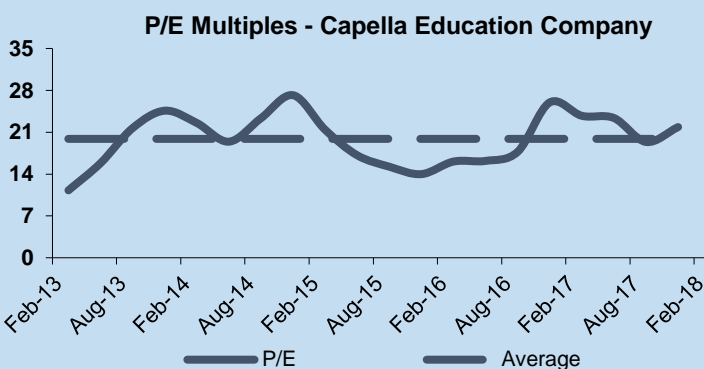
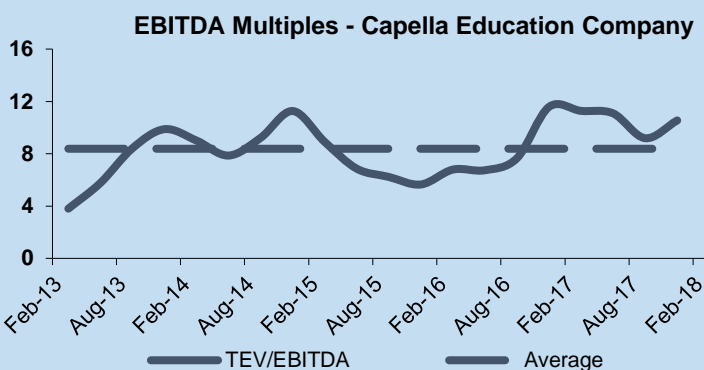
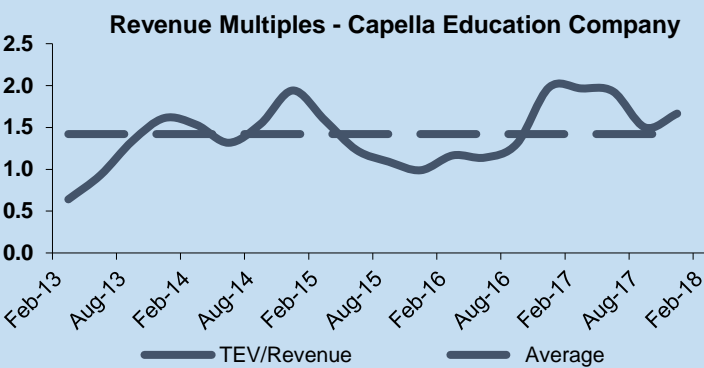


PUBLIC BASKET CONSTITUENTS

Capella Education Company

Capella Education Company, through its subsidiaries, provides online postsecondary education and job-ready skills development services in the United States. Its Post-Secondary segment offers various doctoral, master's, and bachelor's online programs for working adults in business and technology, education, nursing and health sciences, public service leadership, social and behavioral sciences, and undergraduate studies markets; and learning courses that are eligible for transfer into credit at approximately 2,000 colleges and universities. At December 31, 2016, it offered approximately 1,940 online courses and 53 academic programs with 153 specializations to approximately 38,000 learners. The company's Job-Ready Skills segment provides online non-degree job-ready skills, training solutions, and services to individuals and corporate partners; software development program for women with placement and coaching services; and software coding education services. Capella Education Company also offers learner support services, which include academic services comprising new learner orientation, technical support, academic advisory and research, re-register reminder, writing, tutoring, and educational accommodation services, as well as operates an online portal, which provides academic and personal skills; administrative services, including online class registration and transcript requests; library services; financial aid counseling; and career counseling services. The company was founded in 1991 and is headquartered in Minneapolis, Minnesota.

Date	Key Development Headline
10/30/17	Capella Education Company, Strayer Education, Inc. - M&A Call
10/29/17	Strayer Education, Inc. (NasdaqGS:STRA) signed an agreement to acquire Capella Education Company (NasdaqGS:CPLA) for approximately \$950 million in a merger of equals transaction.

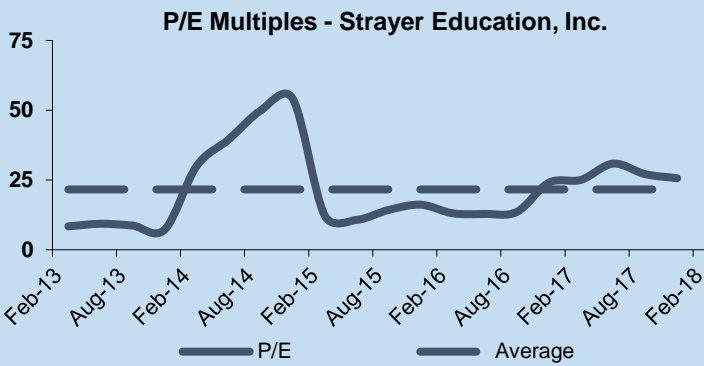
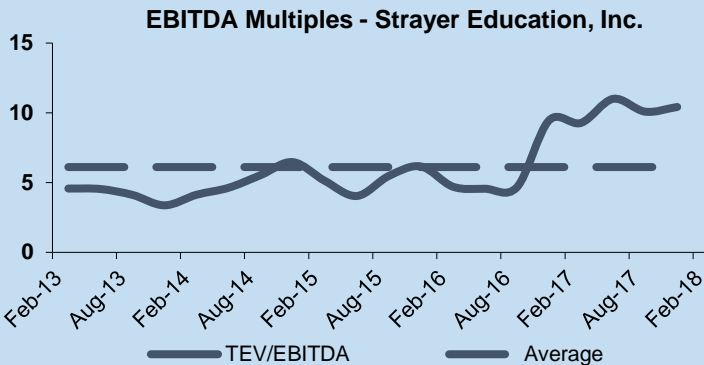
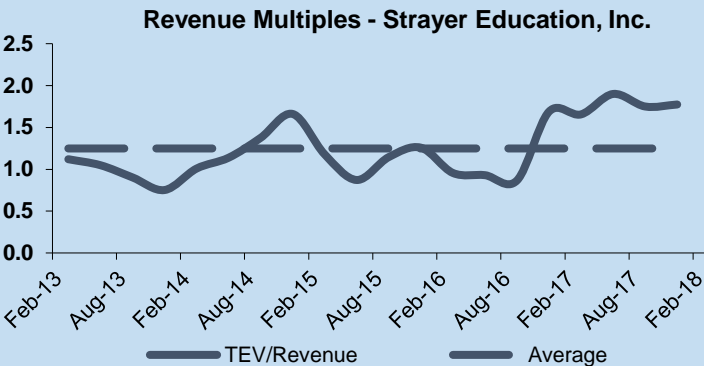


PUBLIC BASKET CONSTITUENTS

Strayer Education, Inc.

Strayer Education, Inc., through its subsidiaries, provides a range of post-secondary education and other academic programs in the United States. The company operates Strayer University that provides undergraduate and graduate degree programs in business administration, accounting, information technology, education, health services administration, nursing, public administration, and criminal justice to working adult students through its 74 physical campuses primarily located in the Mid-Atlantic and Southern regions, as well as through online. It also offers an executive MBA online through its Jack Welch Management Institute. In addition, the company operates New York Code and Design Academy that provides non-degree courses in Web and application software development primarily through its campus in New York City. Strayer Education, Inc. was founded in 1892 and is headquartered in Herndon, Virginia.

Date	Key Development Headline
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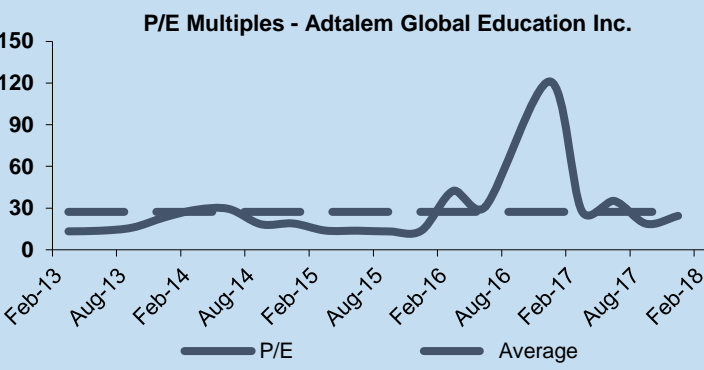
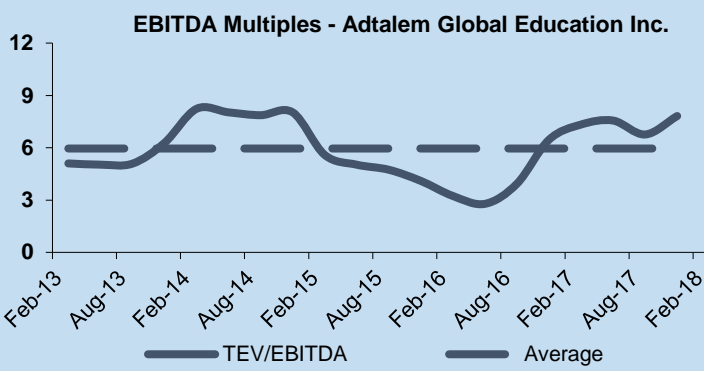
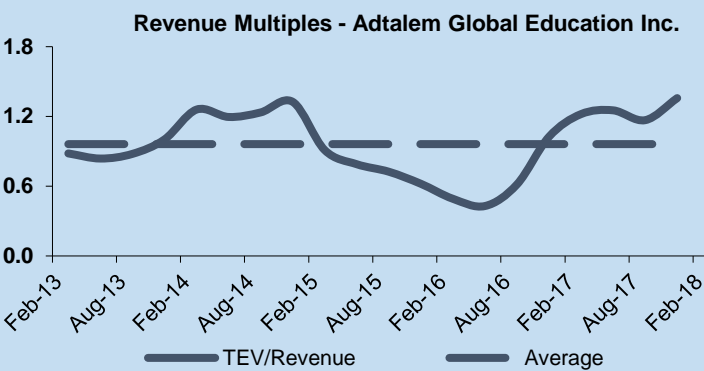


PUBLIC BASKET CONSTITUENTS

Adtalem Global Education Inc.

Adtalem Global Education Inc. provides educational services worldwide. It operates through four segments: Medical and Healthcare, Professional Education, Technology and Business, and U.S. Traditional Postsecondary. The Medical and Healthcare segment operates Chamberlain University, which provides pre and post-licensure bachelor's, master's, and doctorate degree programs in nursing through campus and online; American University of the Caribbean School of Medicine and Ross University School of Medicine, which provide medical education; and Ross University School of Veterinary Medicine that offers veterinary education. The Professional Education segment operates Becker Professional Education, which provides professional education serving the accounting, finance, project management, and healthcare professions. The Technology and Business segment operates approximately 13 institutions that offer undergraduate and graduate programs primarily in the areas of technology, engineering, business, management, medical, healthcare, and law, as well as legal bar exam review courses and review courses for tests required for diplomatic careers. Adtalem Global Education Inc. was founded in 1931 and is headquartered in Downers Grove, Illinois.

Date	Key Development Headline
12/3/17	Cogswell Education, LLC entered into a stock purchase agreement to acquire DeVry University Inc. and DeVry New York Inc. from Adtalem Global Education Inc. (NYSE:ATGE) for \$20 million.
5/4/17	DeVry Education Seeks Acquisitions

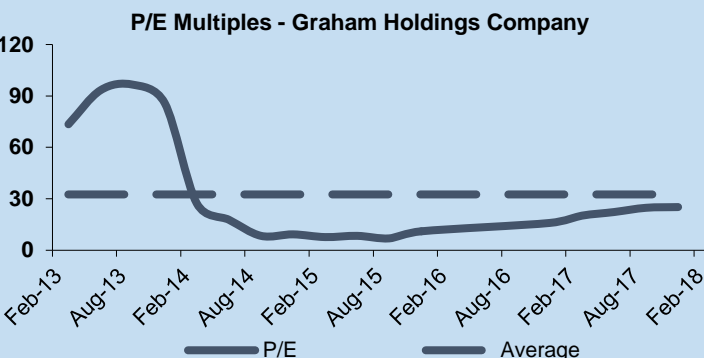
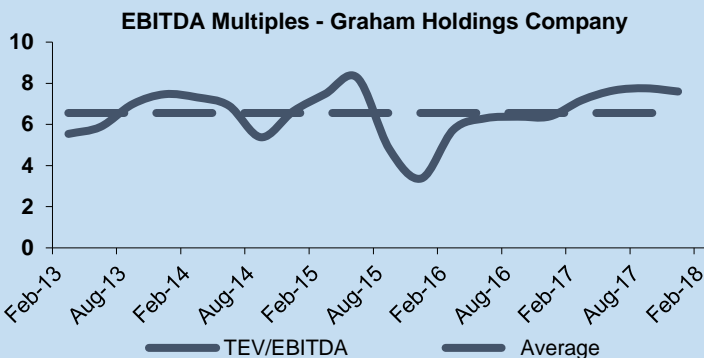
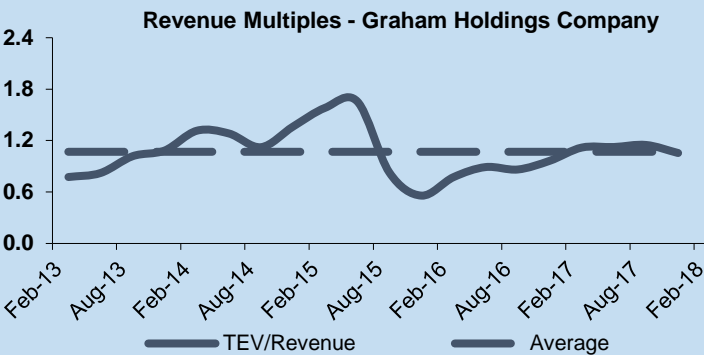


PUBLIC BASKET CONSTITUENTS

Graham Holdings Company

Graham Holdings Company, through its subsidiaries, operates as a diversified education and media company worldwide. It provides a range of certificate, diploma, and degree programs, as well as provides online education services; and is involved in test preparation businesses in pre-college, graduate, health, and bar review, as well as publishing and selling test preparation and other books through retail channels. The company also offers training, test preparation services, and degrees for accounting and financial services professionals, as well as professional training courses; and provides English-language training, academic preparation programs, and test preparation for English proficiency exams for students; A-level examination preparation services; and operates three collages, one higher education institution, and one online learning institution. In addition, it owns and operates seven television stations; and provides social-media management tools designed to connect newsrooms. Further, the company publishes Slate, an online magazine and Websites; and two French-language news magazine Websites at slate.fr and slateafrique.com. Graham Holdings Company was founded in 1877 and is headquartered in Arlington, Virginia.

Date	Key Development Headline
12/5/17	Graham Holdings Seeks Acquisition
6/8/17	OwnLocal, Inc. acquired Wonderful Media, LLC.
5/4/17	Graham Holdings Seeks Acquisitions
4/2/17	Graham Holdings Company (NYSE:GHC) completed the acquisition of Hoover Treated Wood Products, Inc. from Berggruen Holdings, Inc. and others.
3/28/17	Graham Holdings Company (NYSE:GHC) entered into a letter of intent to acquire Hoover Treated Wood Products, Inc. from Berggruen Holdings, Inc. and others.

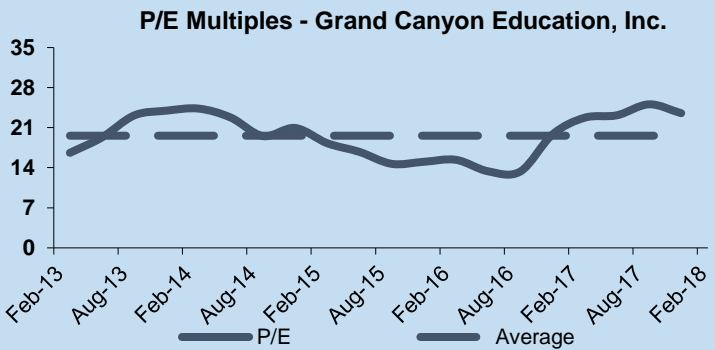
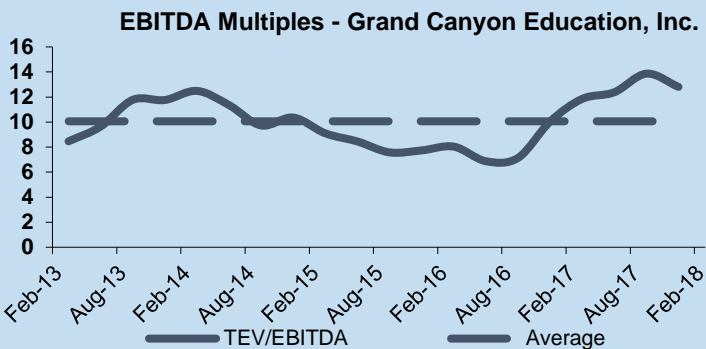
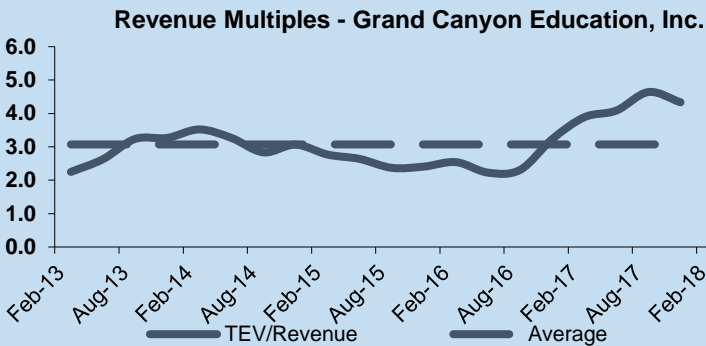


PUBLIC BASKET CONSTITUENTS

Grand Canyon Education, Inc.

Grand Canyon Education, Inc., together with its subsidiaries, provides postsecondary education services in the United States and Canada. It offers approximately 200 graduate and undergraduate degree programs and certificates across nine colleges online and on ground through campus in Phoenix, Arizona; leased facilities; and facilities owned by third party employers. As of December 31, 2016, it had 81,900 students enrolled in its programs. The company was founded in 1949 and is based in Phoenix, Arizona.

Date	Key Development Headline
1/4/18	Grand Canyon University agreed to acquire certain academic-related assets of Grand Canyon Education, Inc. (NasdaqGS:LOPE).



CONTACT INFORMATION

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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