



Sectorwatch: Corporate IT Training and Educational Services

May 2018

Corporate IT Training and Educational Services

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Overview

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

Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



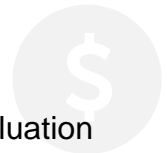
Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

- The most recently announced deals in the sector



Dashboard



Revenue Growth Momentum

↑ **0.04**

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

↓ **-1.9%**

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

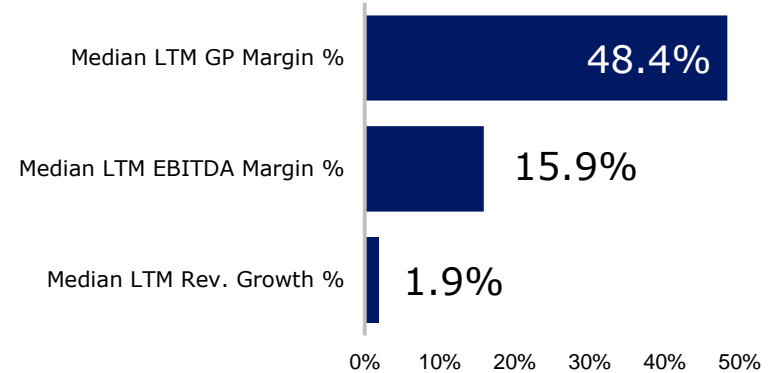
Profitability Momentum

↓ **-0.8%**

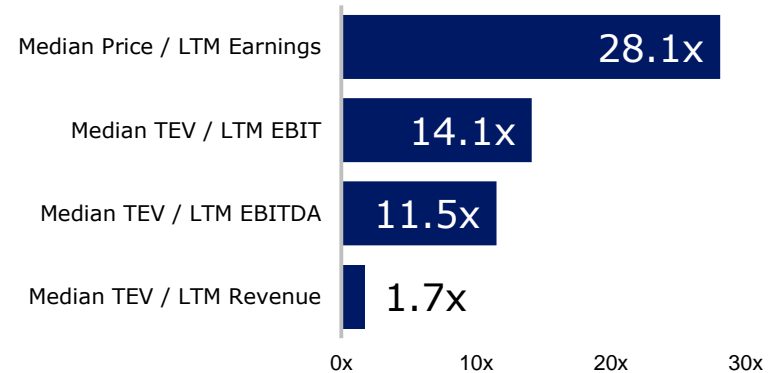
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

Operating Metrics



Valuation



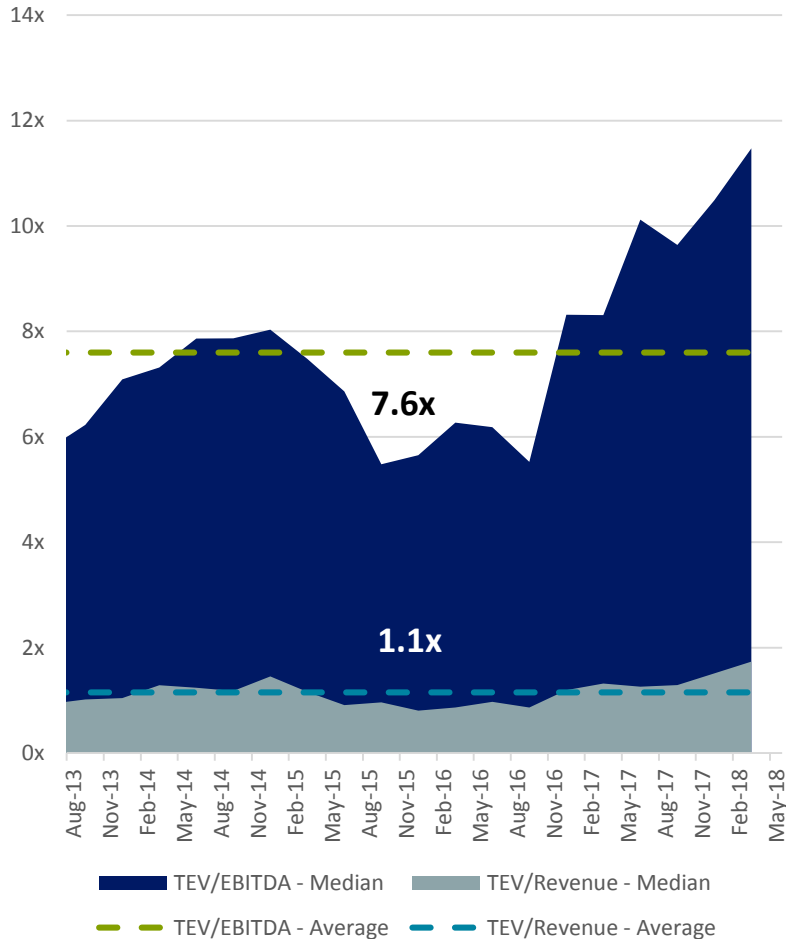
Public Basket



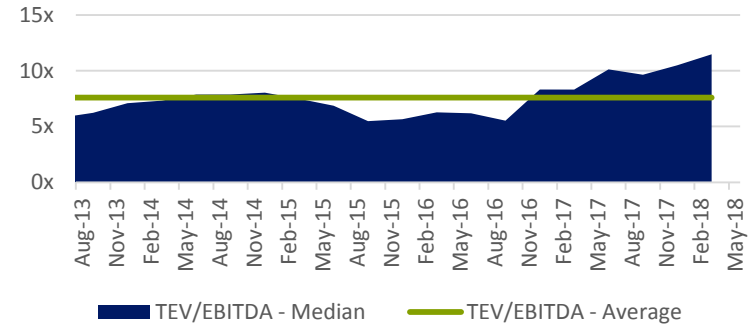
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
NIIT Limited	236	132	-28%	53%	7%	1.9	12.7	-	NA
American Public Education, Inc.	466	299	-2%	62%	18%	1.6	9.3	1,495	200
Career Education Corporation	823	582	-13%	87%	14%	1.4	10.4	2,416	241
Capella Education Company	892	441	1%	49%	16%	2.0	12.7	2,954	149
Strayer Education, Inc.	962	456	3%	44%	16%	2.1	13.3	1,389	329
Graham Holdings Company	2,882	2,669	8%	48%	14%	1.1	8.0	11,871	225
Adtalem Global Education Inc.	2,694	1,819	24%	48%	18%	1.5	8.3	8,869	205
Grand Canyon Education, Inc.	5,083	1,002	12%	45%	35%	5.1	14.4	4,000	250
Average	1,755	925	1%	54%	17%	2.1	11.1	4,124	228
Median	927	519	2%	48%	16%	1.7	11.5	2,685	225

share price as of 22May18

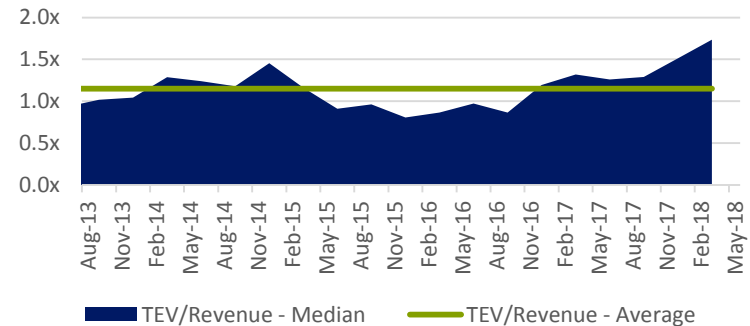
Public Basket Valuation Trends



Public EBITDA Multiples over Time



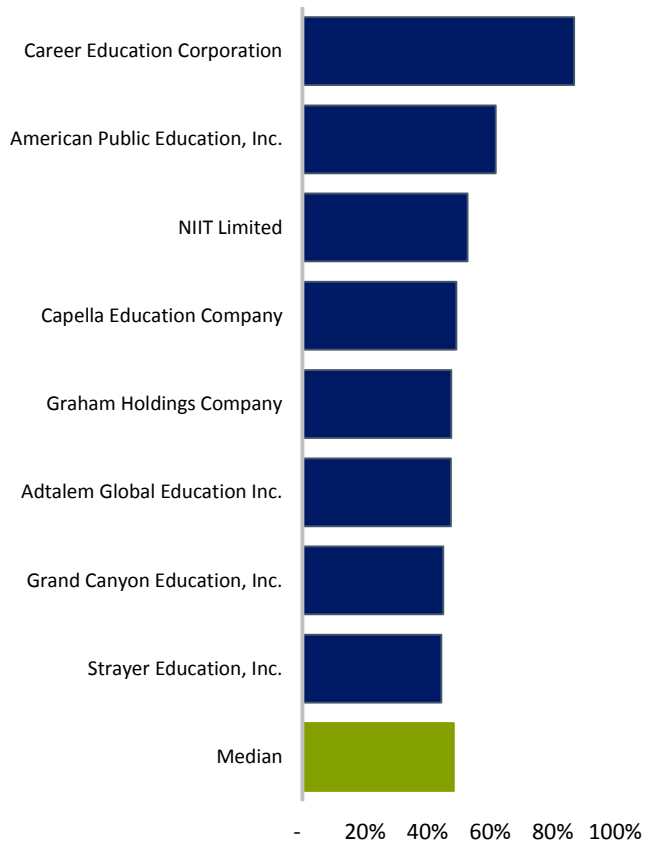
Public Revenue Multiples over Time



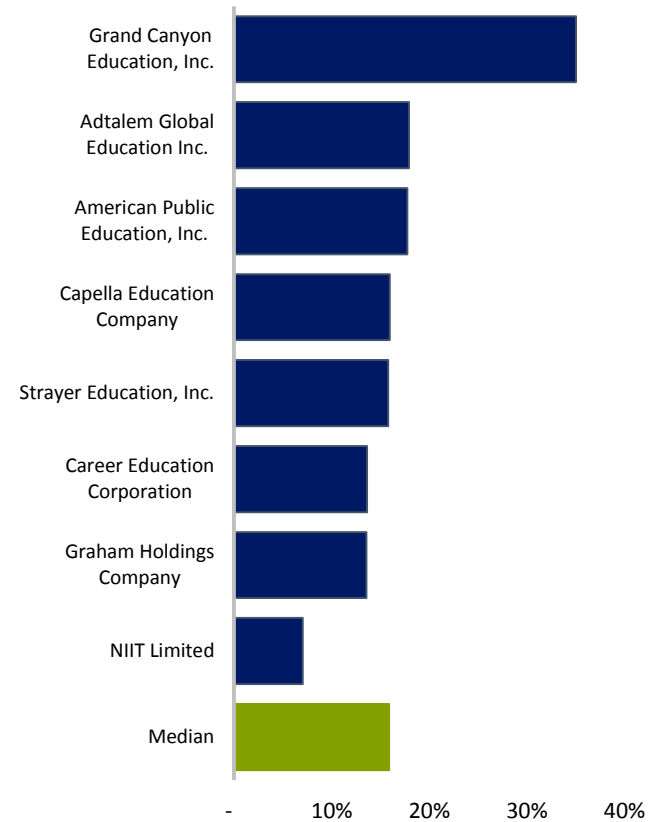
Operational Metrics



LTM Gross Profit Margin %



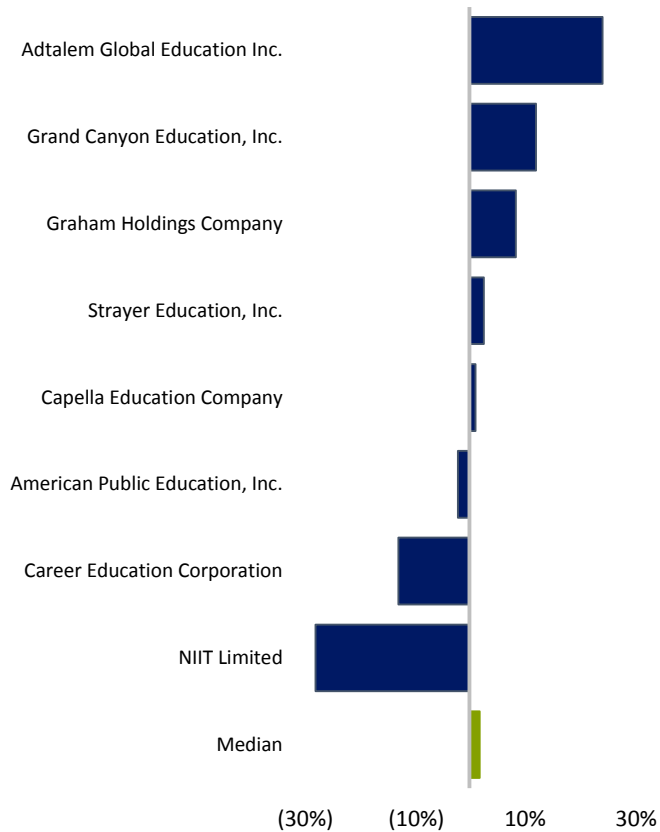
LTM EBITDA %



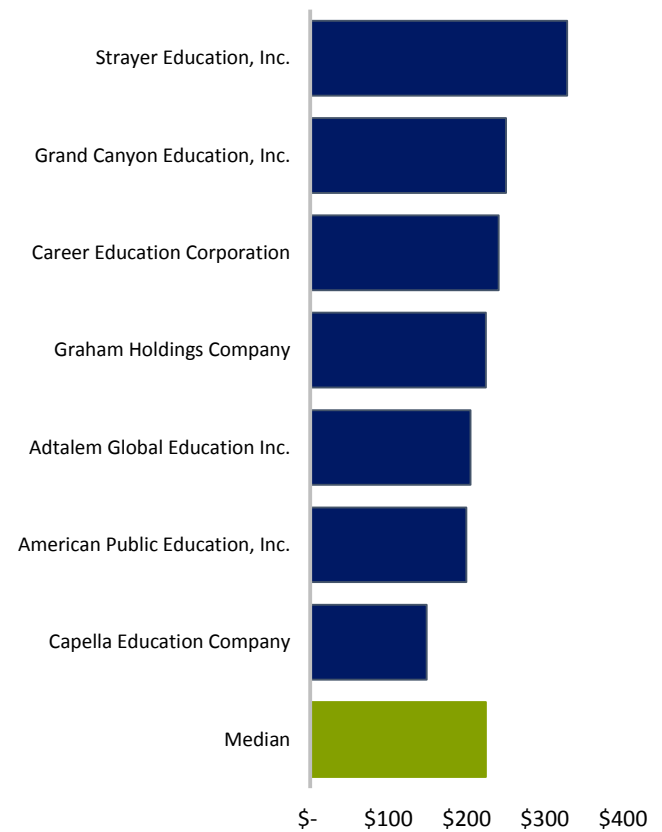
Operational Metrics



LTM Revenue Growth %



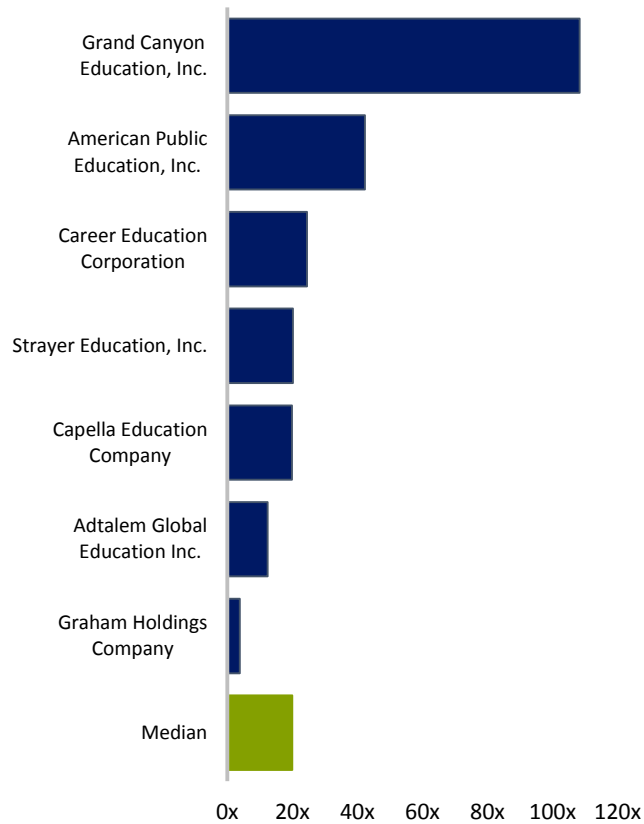
LTM Revenue per Full Time Employee x 000's



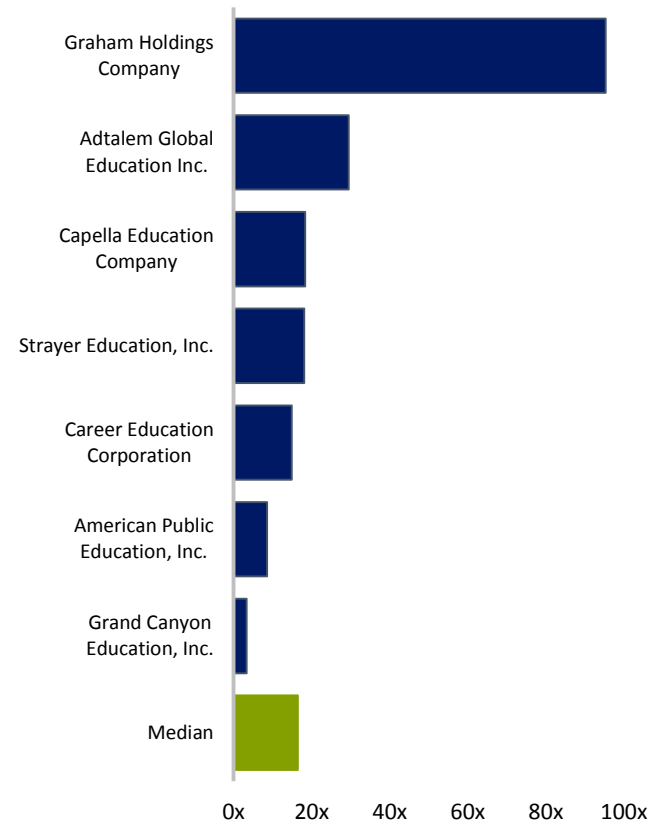
Operational Metrics



Accounts Receivable Turnover



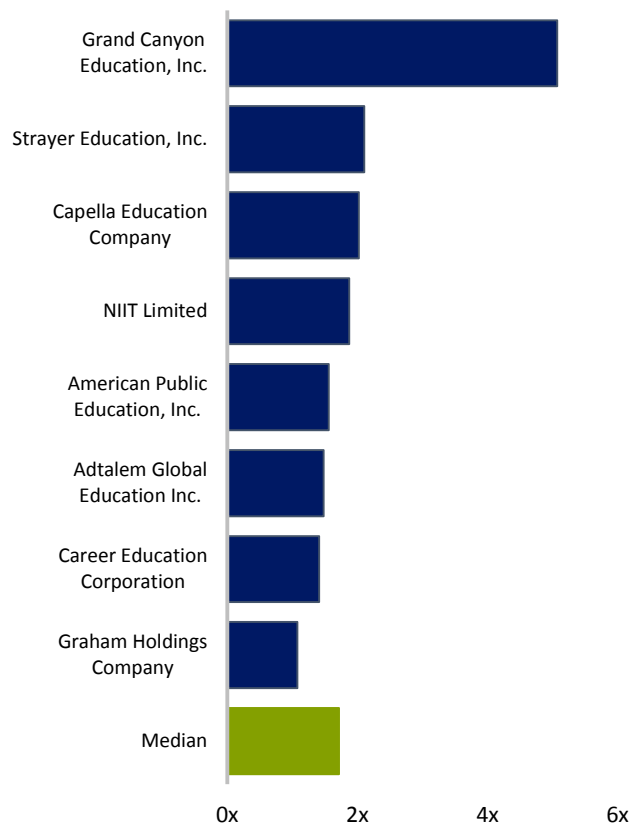
Average Days Sales Outstanding



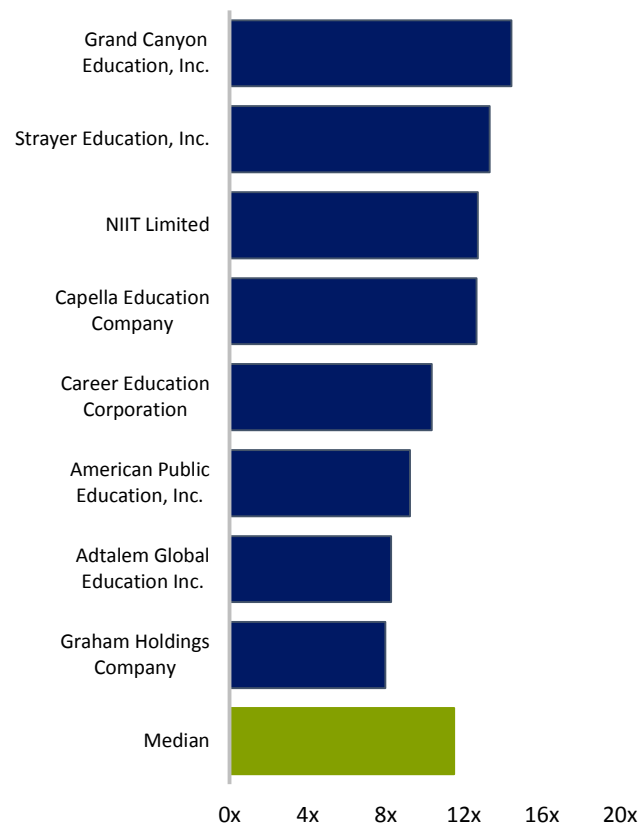
Valuation



TEV / LTM Revenue



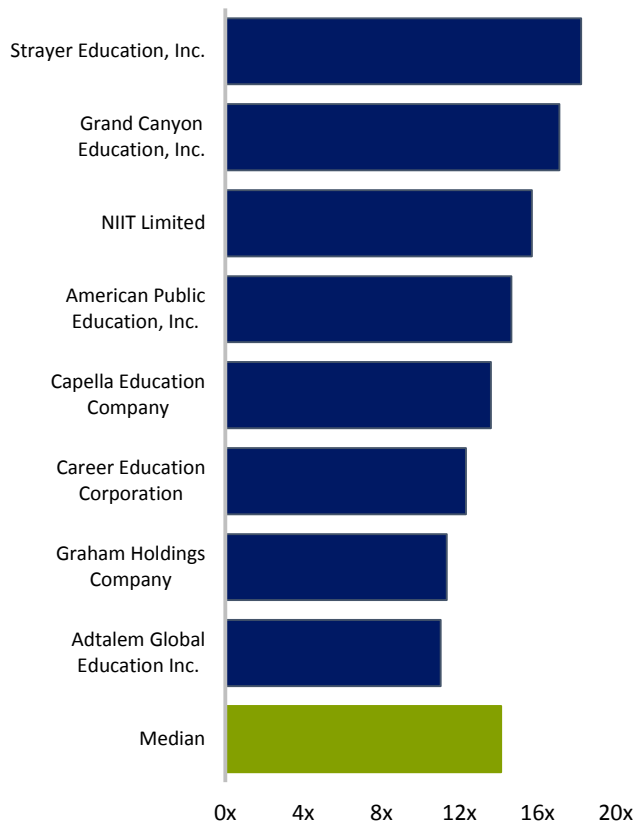
TEV / LTM EBITDA



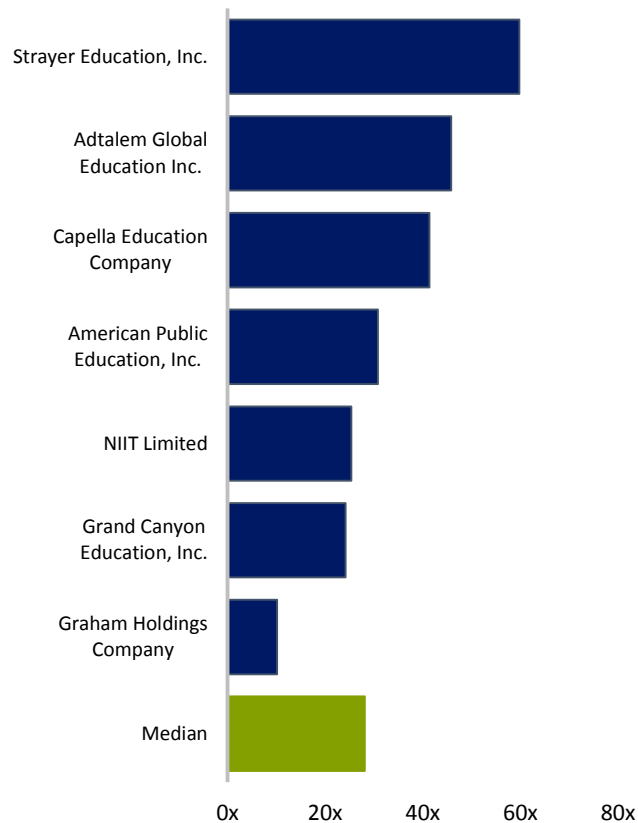
Valuation



TEV / LTM EBIT



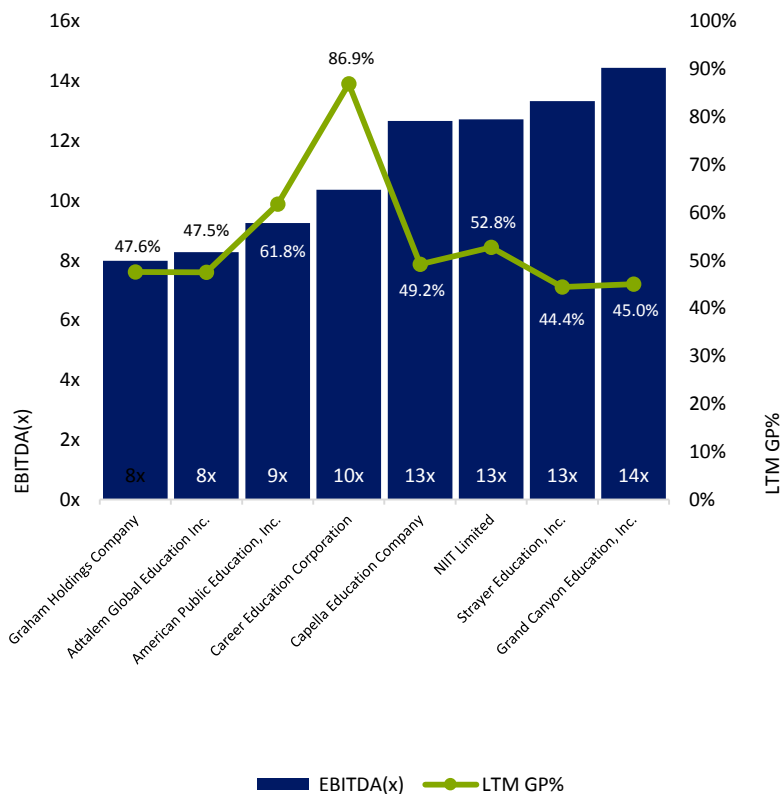
Price / LTM Earnings



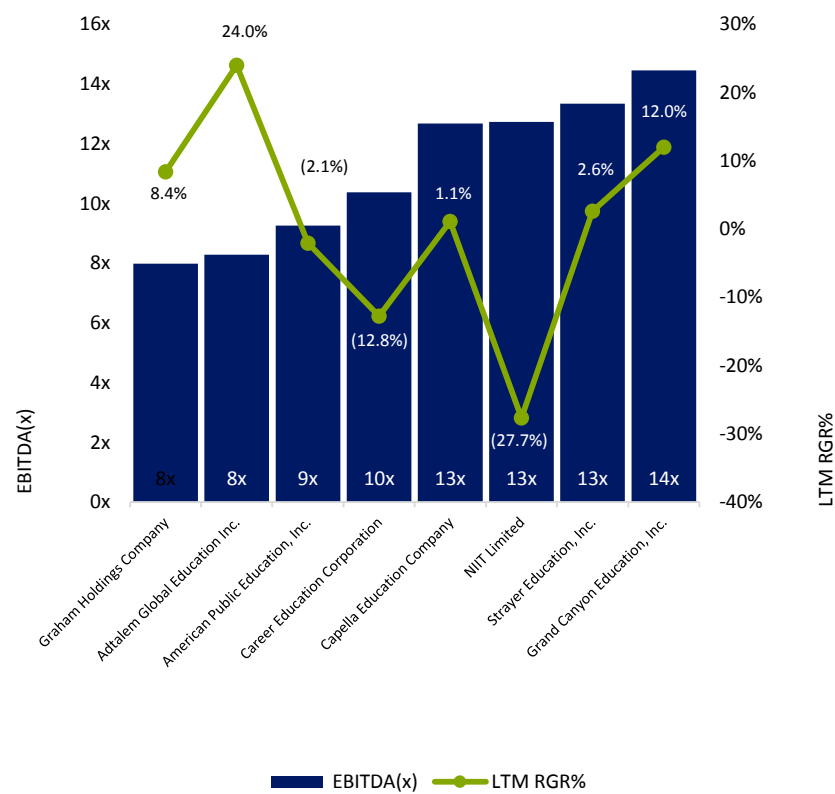
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
15May18	IT Training Operations of Unitek Learning	QuickStart Intelligence, Inc.	-	-	-	-
27Mar18	Spears Holdings, Inc.	New Horizons Worldwide, Inc.	-	-	-	-
23Mar18	HCL Training and Staffing Services Pvt. Ltd.	HCL Comnet Ltd.	0.36	19.38	0.0x	-
8Mar18	Engage2Excel, Inc.	Comvest Partners	-	-	-	-
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.	Governmentjobs.com	-	-	-	-
29Oct17	Capella Education Company	Strayer Education, Inc.	964.37	439.69	1.8x	13.6x
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	33.66	-	-	-
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.	-	-	-	-
10Apr15	Remote-Learner UK Limited	Blackboard Inc.	-	-	-	-
10Nov14	Global Knowledge Training LLC	Rhone Capital, L.L.C.; OEC Holdings 4 L.P.	-	-	-	-
16Oct14	Accent Training, LLC	New Horizons at Logical Operations	-	-	-	-

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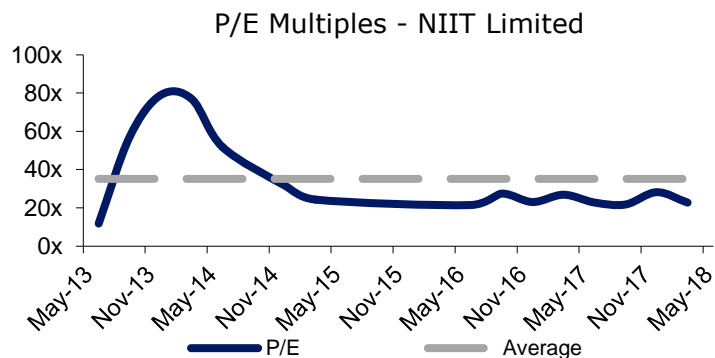
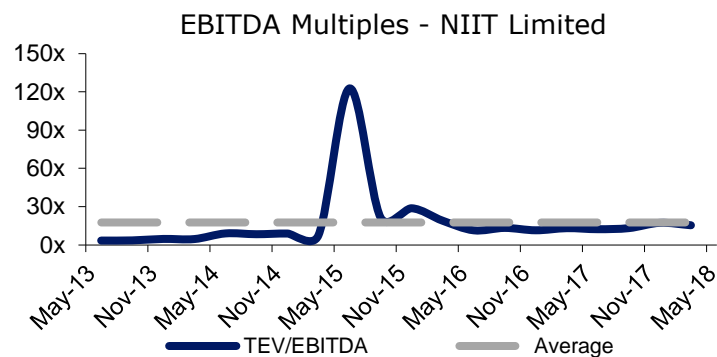
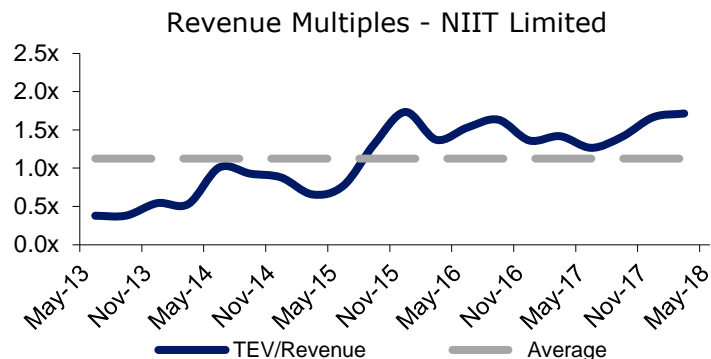
APPENDIX:
Public Basket
Constituents

Public Basket



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; NIIT Limited was founded in 1981 and is headquartered in Gurgaon, India.



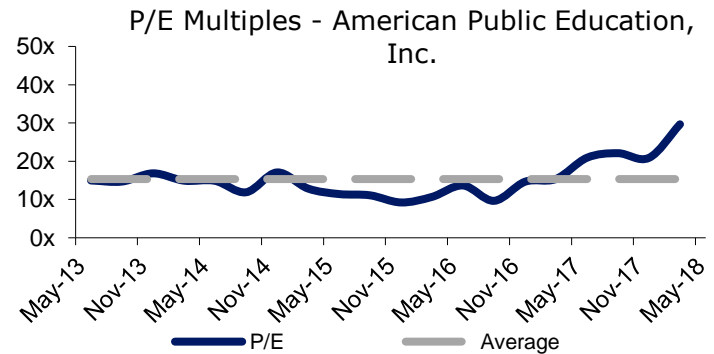
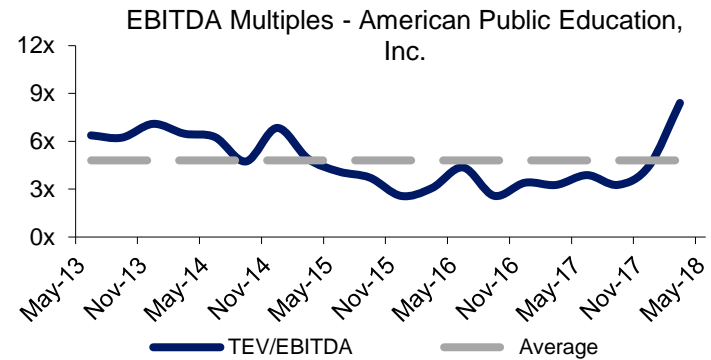
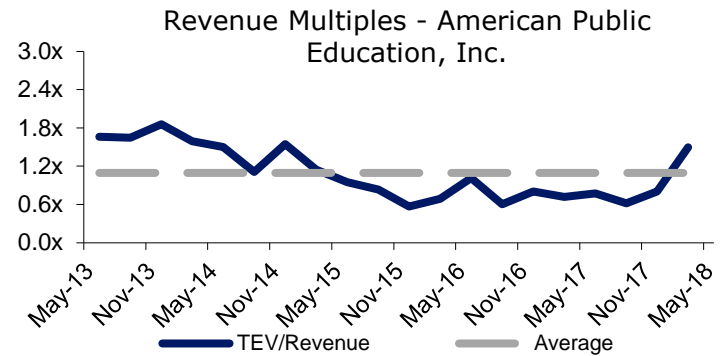
Date	Key Development Headline
12/11/17	NIIT Limited (BSE:500304) cancelled the acquisition of remaining 10% stake in Niit Yuva Jyoti Limited from National Skill Development Corporation, Endowment Arm.

Public Basket



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 108 degree programs and 109 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.

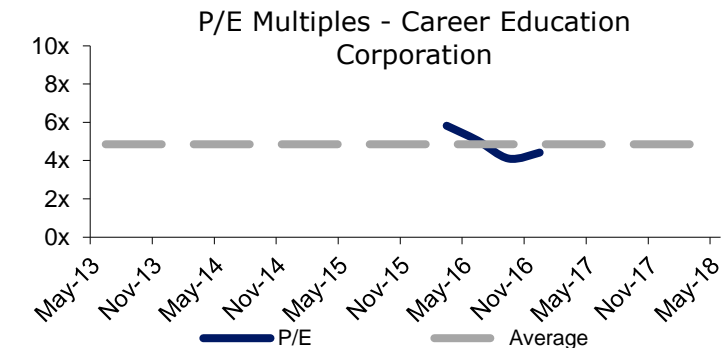
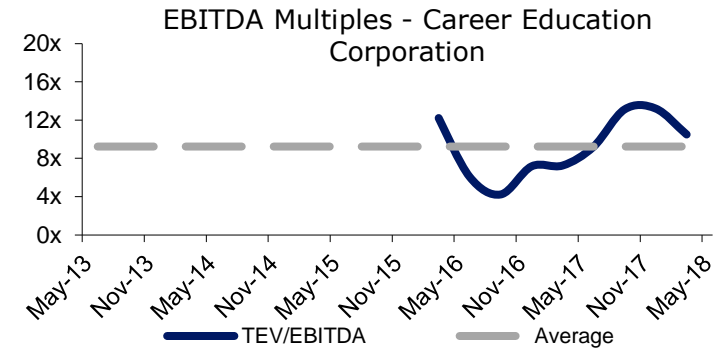
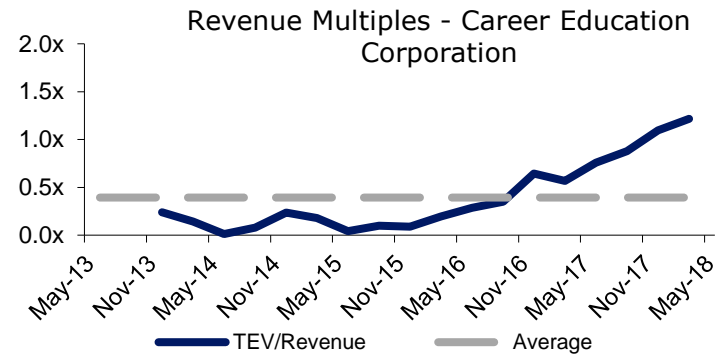


Public Basket



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 three segments: Colorado Technical University (CTU), American InterContinental University (AIU), and All Other Campuses. Its colleges and universities include AIU, CTU, Le Cordon Bleu institutions, Briarcliffe College, Harrington College of Design, and Sanford-Brown College. The company offers doctoral, master's, bachelor's, and associate degrees, as well as diploma and certificate programs. It also 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 information technologies, and education and criminal justice; and educational programs in culinary arts, as well as patisserie and baking. As of December 31, 2017, the company had a total student enrollment of approximately 34,800 students. Career Education Corporation was founded in 1994 and is headquartered in Schaumburg, Illinois.

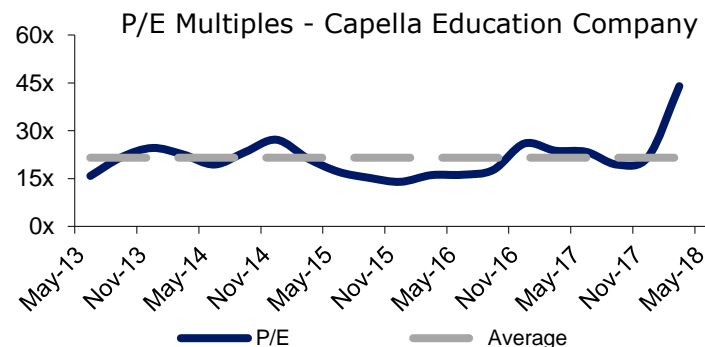
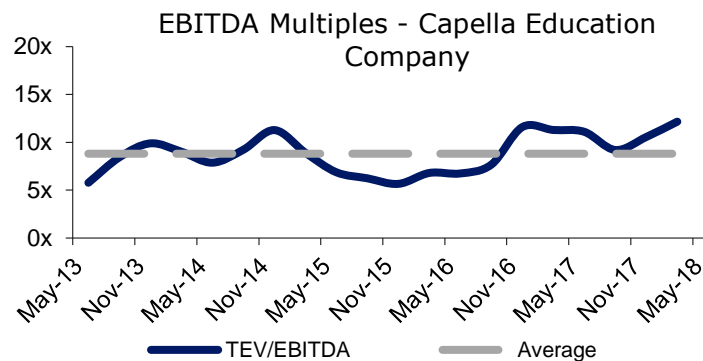
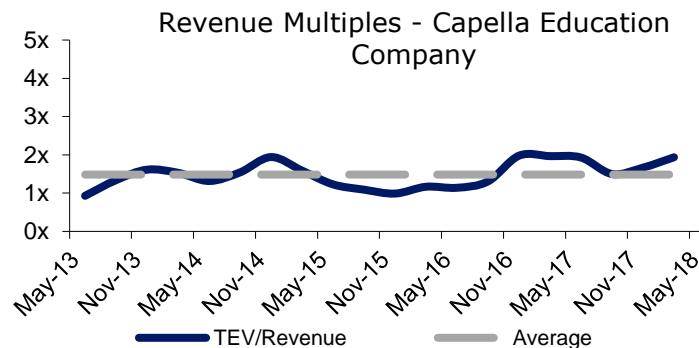


Public Basket



Capella Education Company

Capella Education Company, through its subsidiaries, provides online postsecondary education and job-ready skills services in the United States. Its Post-Secondary segment offers various doctoral, master's, and bachelor's programs primarily for working adults in public service leadership, nursing and health sciences, psychology, business and technology, counseling and human services, and education markets; and courses that are eligible for transfer into credit at approximately 2,000 colleges and universities. At December 31, 2017, it offered approximately 2,050 online courses and 54 academic programs with 155 specializations to approximately 38,000 learners. The company's Job-Ready Skills segment provides online non-degree training solutions and services to individuals and corporate partners focused on the delivery of job-ready skills; software development program for women with placement and coaching 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) entered into an agreement and plan of merger to acquire Capella Education Company (NasdaqGS:CPLA) for approximately \$950 million in a merger of equals transaction.

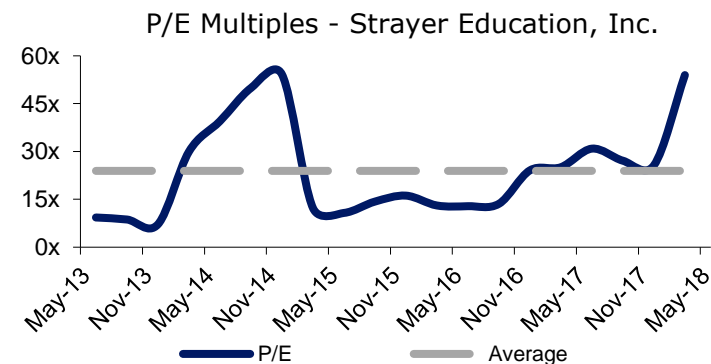
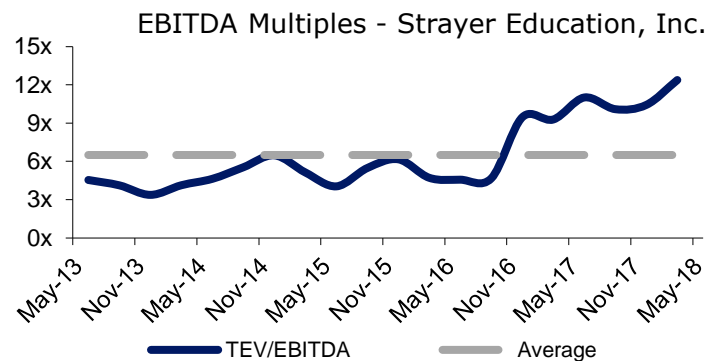
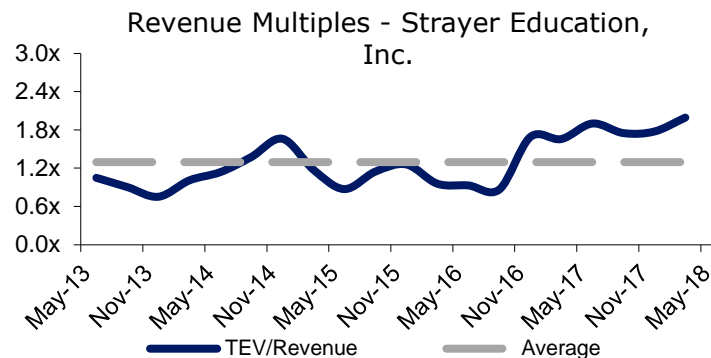
Public Basket



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
10/30/17	Capella Education Company, Strayer Education, Inc. - M&A Call
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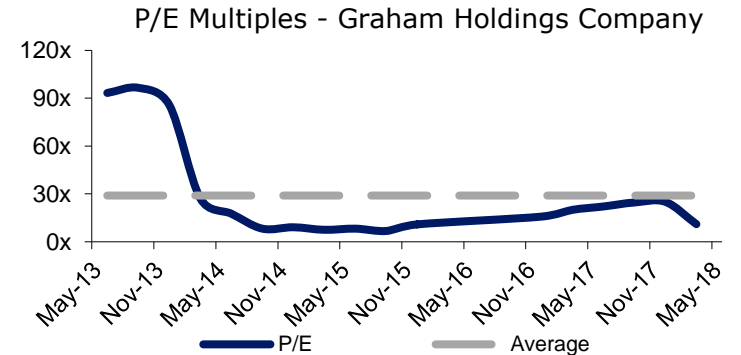
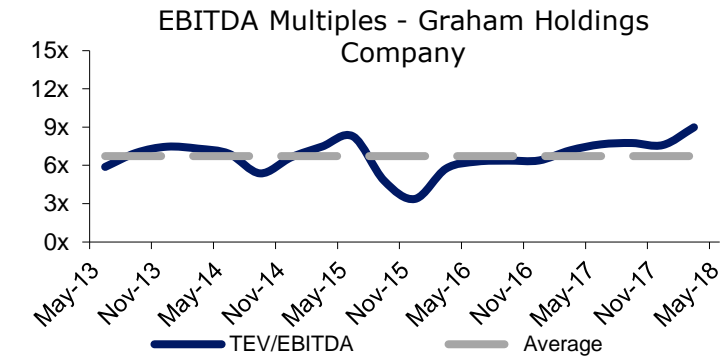
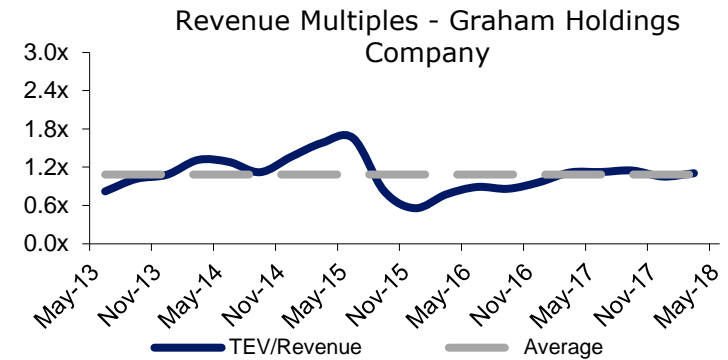


Public Basket



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 online education services; and test preparation business services in pre-college, graduate, health, and bar review, as well as publishes and sells 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; English-language training, academic preparation programs, and test preparation for English proficiency exams for students; and A-level examination preparation services, as well as 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 with their users. Further, the company publishes Slate, an online magazine and Website; and two French-language news magazine Websites at slate.fr and slateafrique.com. Graham Holdings Company was founded in 1877 and is based in Arlington, Virginia.



Date	Key Development Headline
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12/5/17	Graham Holdings Seeks Acquisition
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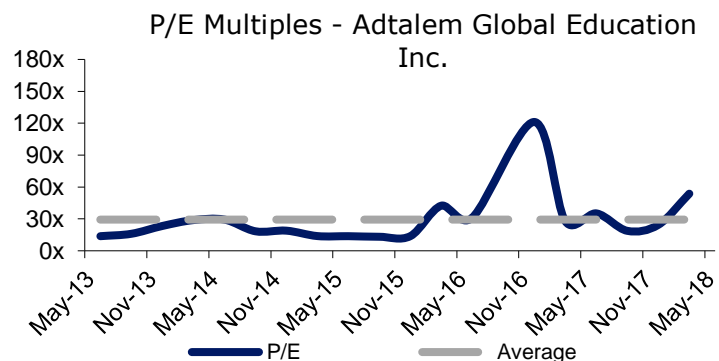
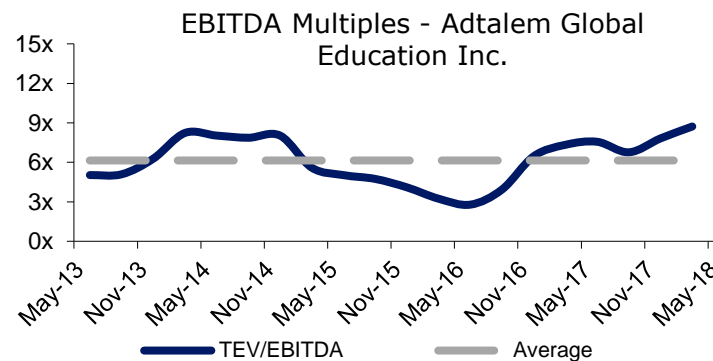
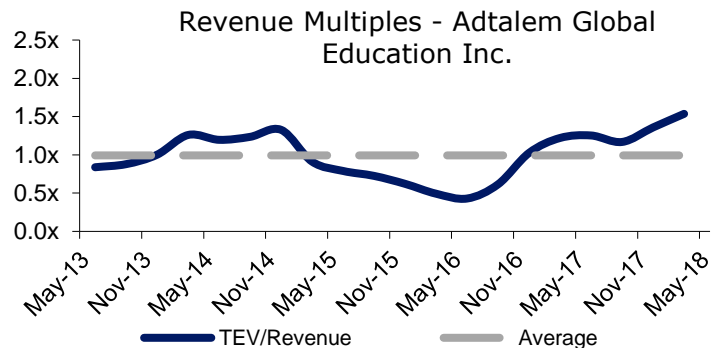
6/8/17	OwnLocal, Inc. acquired Wonderful Media, LLC.
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Public Basket



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.



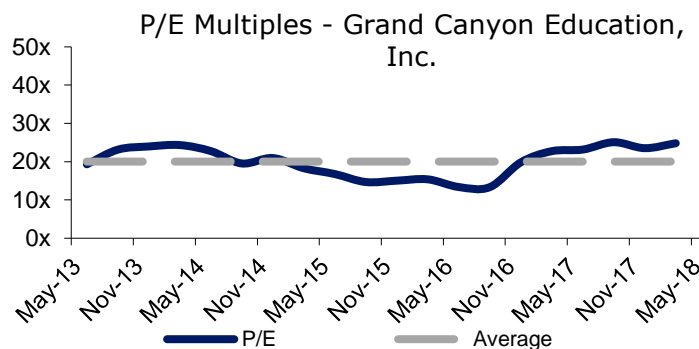
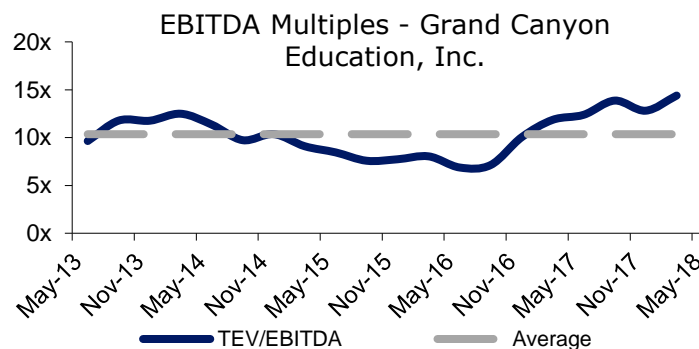
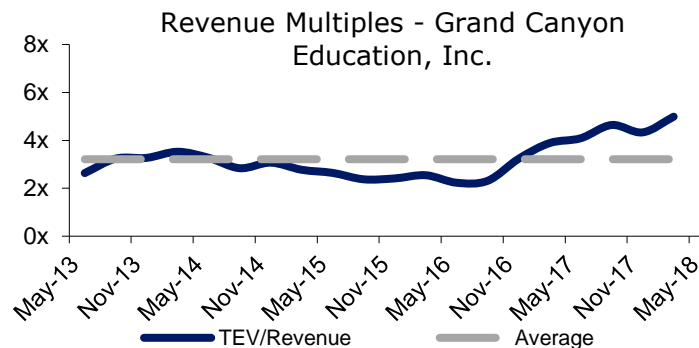
Date	Key Development Headline
12/3/17	Cogswell Education, LLC entered into a stock purchase agreement to acquire DeVry University Inc. and DeVry New York Inc. from Adtalem Global Education Inc. (NYSE:ATGE) for \$20 million.

Public Basket



Grand Canyon Education, Inc.

Grand Canyon Education, Inc., together with its subsidiaries, provides education services in the United States and Canada. The company operates Grand Canyon University that offers approximately 225 graduate and undergraduate degree programs and certificates across 9 colleges online and on ground through campus in Phoenix, Arizona; leased facilities; and facilities owned by third party employers. As of December 31, 2017, it had approximately 90,300 students enrolled in its programs. The company was founded in 1949 and is based in Phoenix, Arizona.



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