



Sectorwatch: Corporate IT Training and Educational Services

December 2019

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.



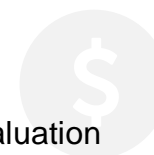
Public Basket Performance

- 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

↑ 4.9%

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

↑ 2.6%

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

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

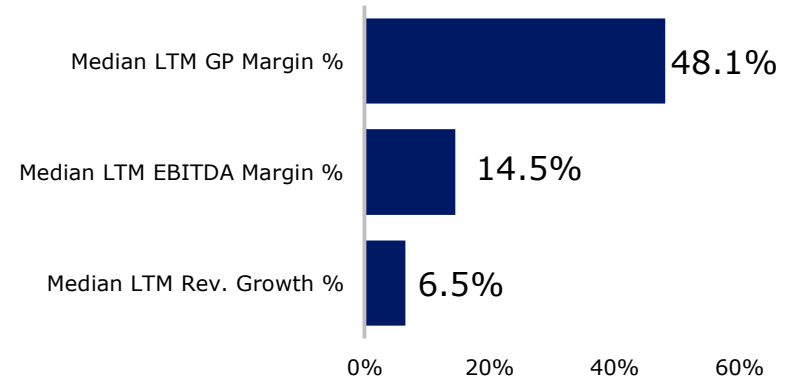
Profitability

↓ -1.5%

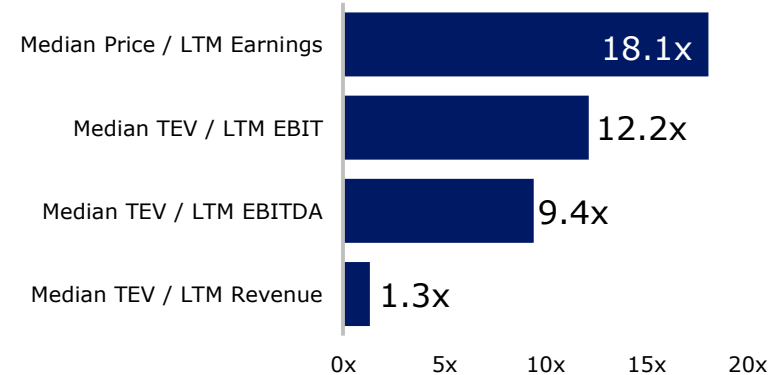
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

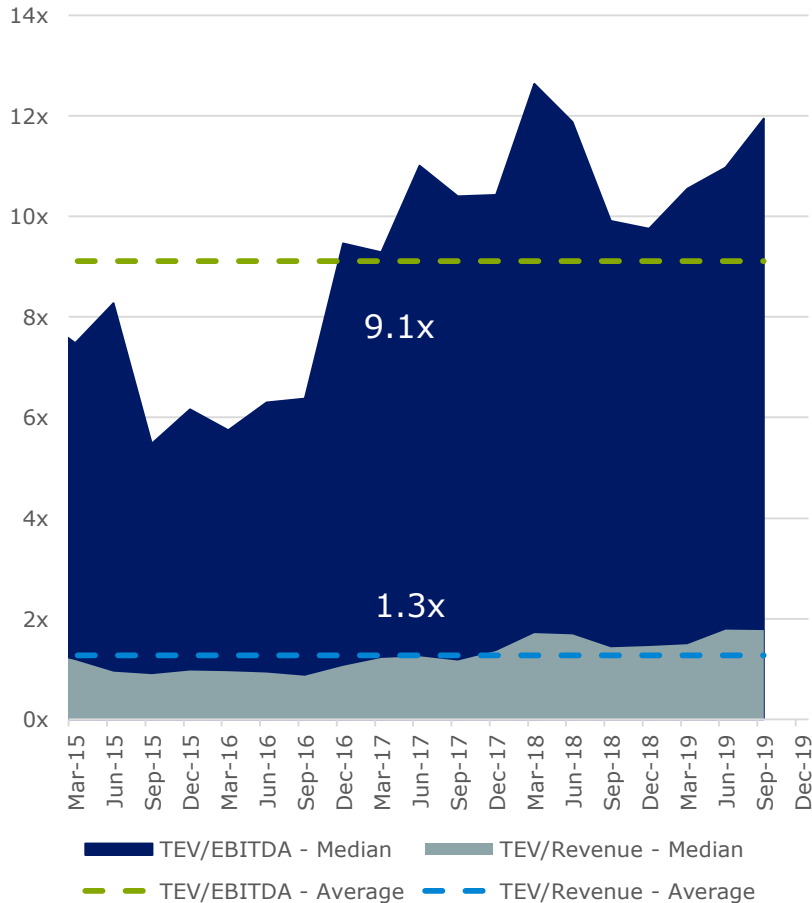


Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
NIIT Limited	(21)	130	5%	47%	7%	0.0	0.0	2,565	51
American Public Education, Inc.	219	289	-3%	62%	14%	0.8	5.8	1,420	203
GP Strategies Corporation	359	561	9%	15%	4%	0.6	14.6	4,689	120
Adtalem Global Education Inc.	2,332	1,257	7%	48%	20%	1.9	9.4	6,113	206
Strategic Education, Inc.	3,064	975	91%	49%	21%	3.1	14.4	3,017	323
Graham Holdings Company	3,796	2,858	7%	32%	14%	1.3	9.0	11,047	259
Grand Canyon Education, Inc.	4,766	743	-21%	61%	39%	6.4	16.3	2,800	265

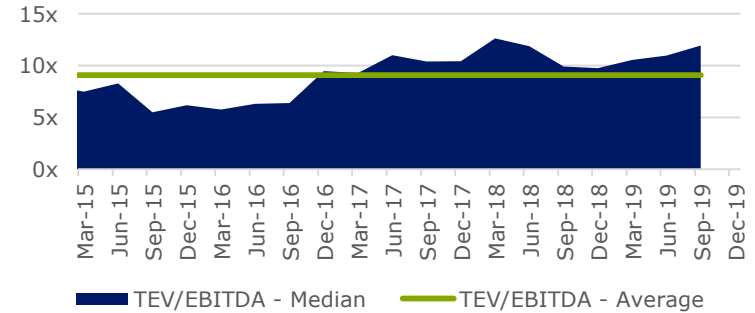
Average	2,074	973	13%	45%	17%	2.0	9.9	4,522	204
Median	2,332	743	7%	48%	14%	1.3	9.4	3,017	206

share price as of 30Dec19

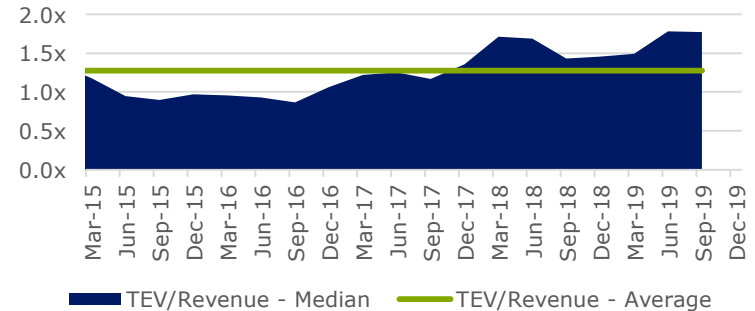
Public Basket Valuation Trends



Public EBITDA Multiples over Time



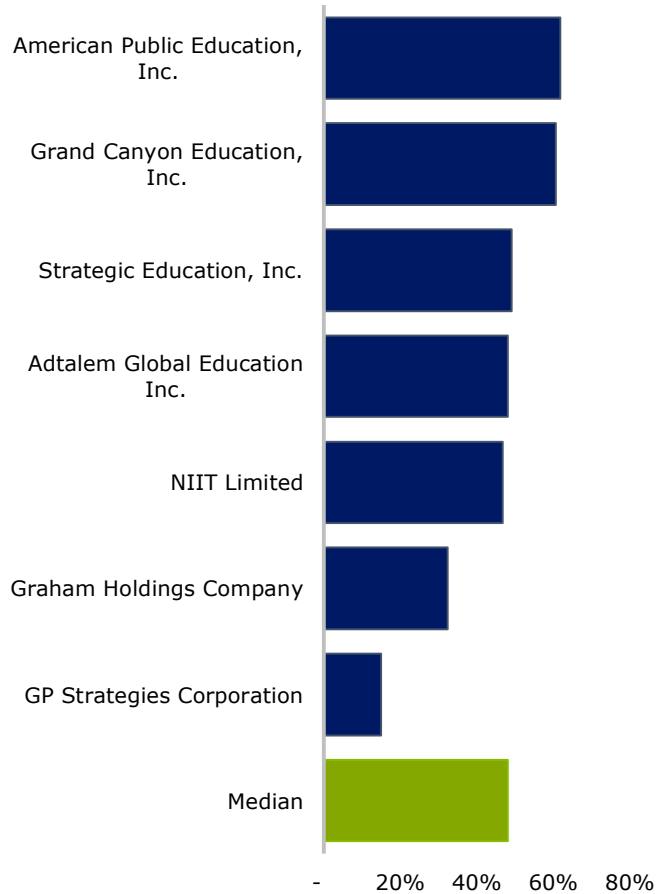
Public Revenue Multiples over Time



Operational Metrics



LTM Gross Profit Margin %



LTM EBITDA %



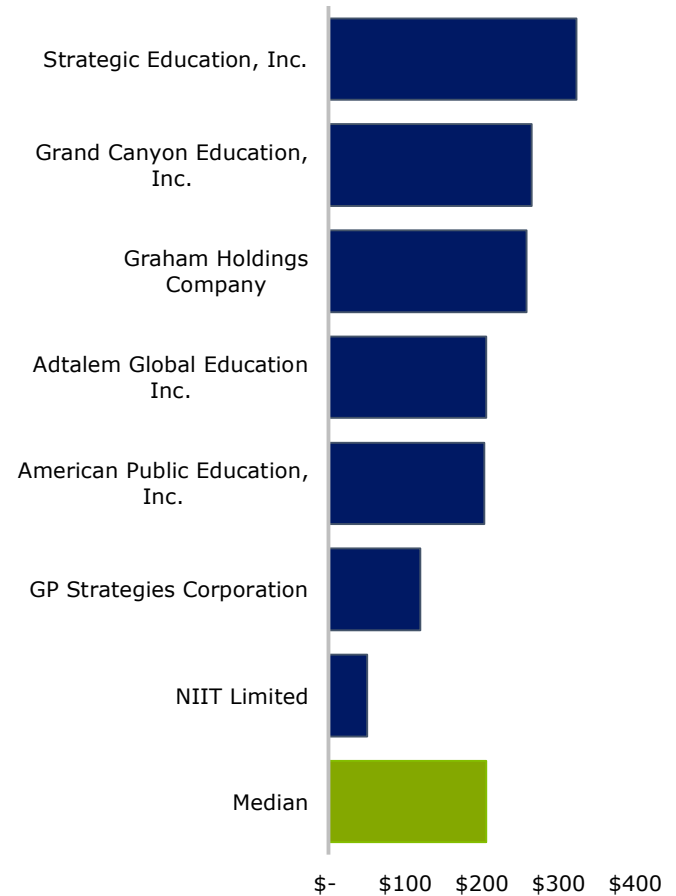
Operational Metrics



LTM Revenue Growth %



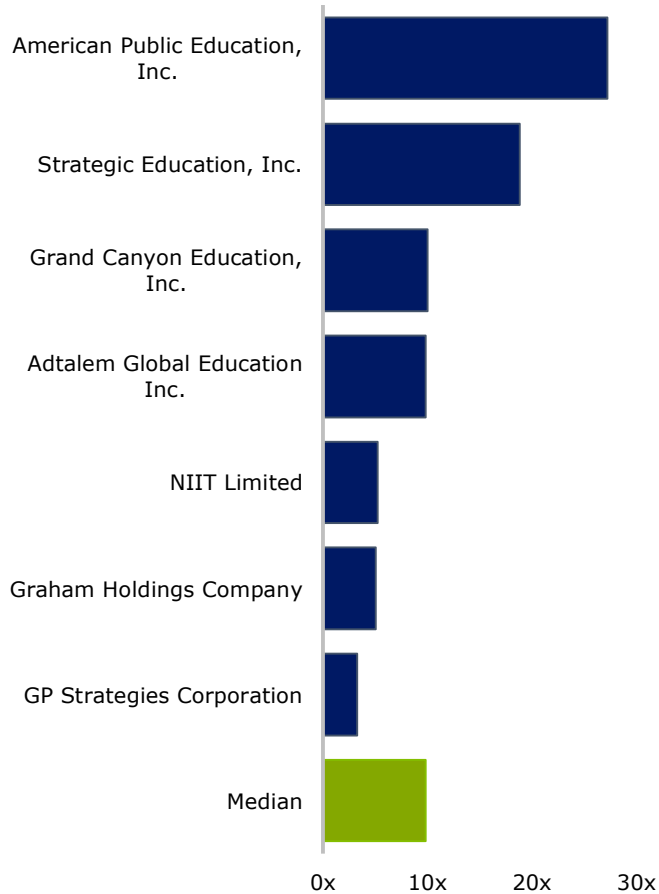
LTM Revenue per Full Time Employee x 000's



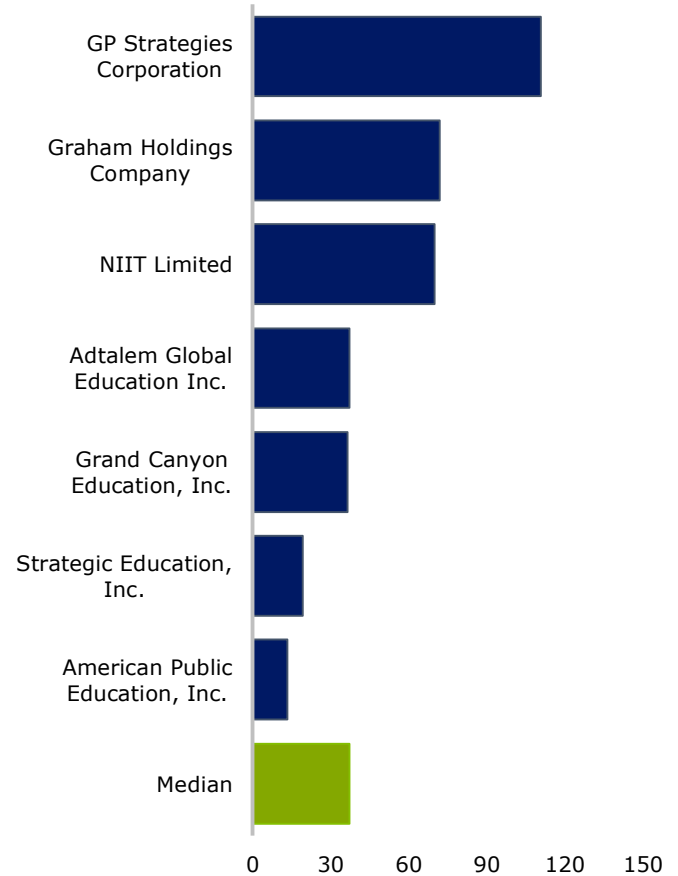
Operational Metrics



Accounts Receivable Turnover



Average Days Sales Outstanding



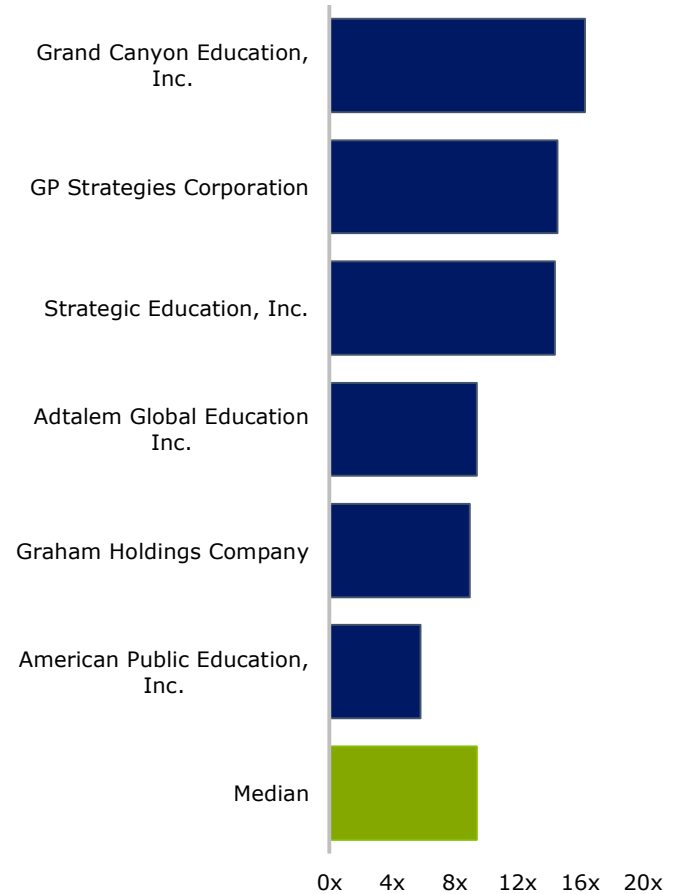
Valuation



TEV / LTM Revenue



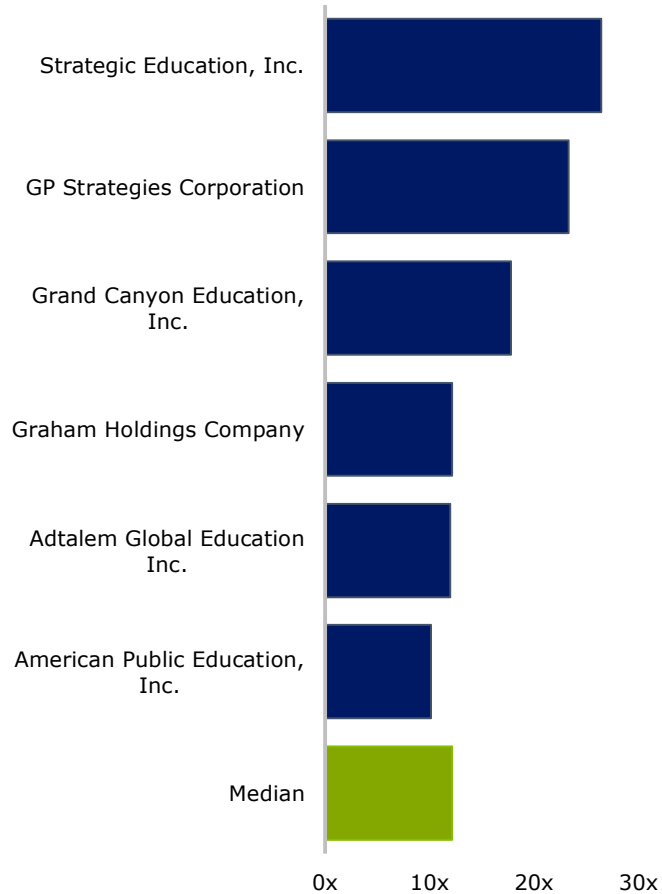
TEV / LTM EBITDA



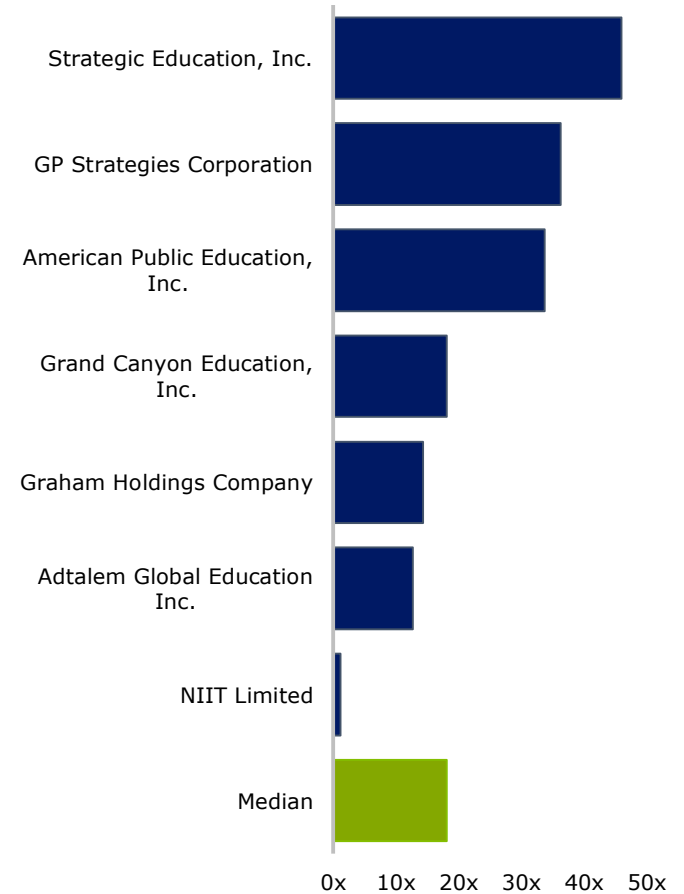
Valuation



TEV / LTM EBIT



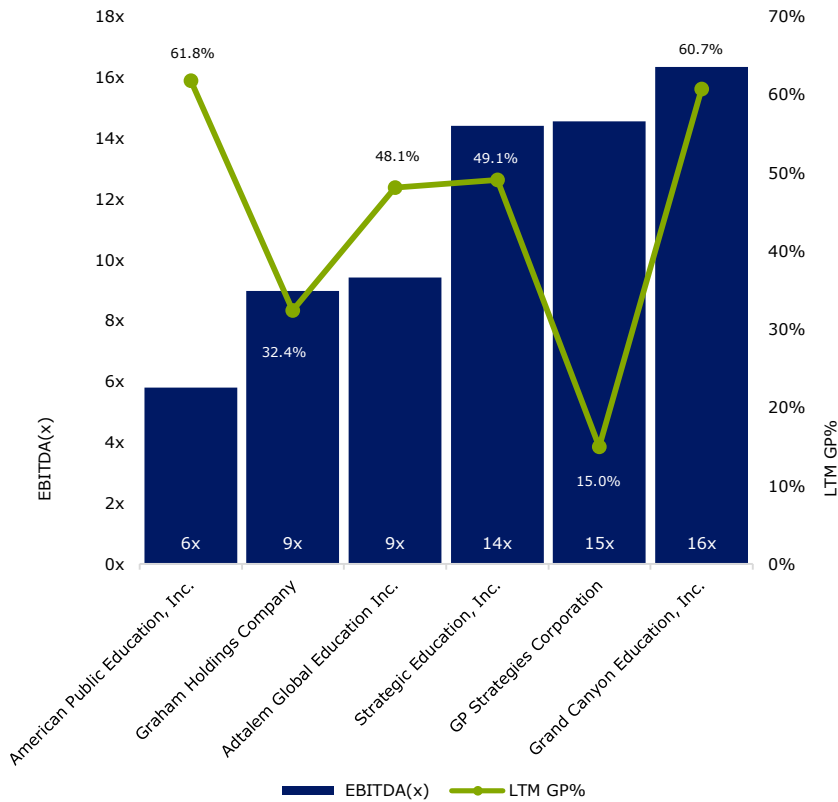
Price / LTM Earnings



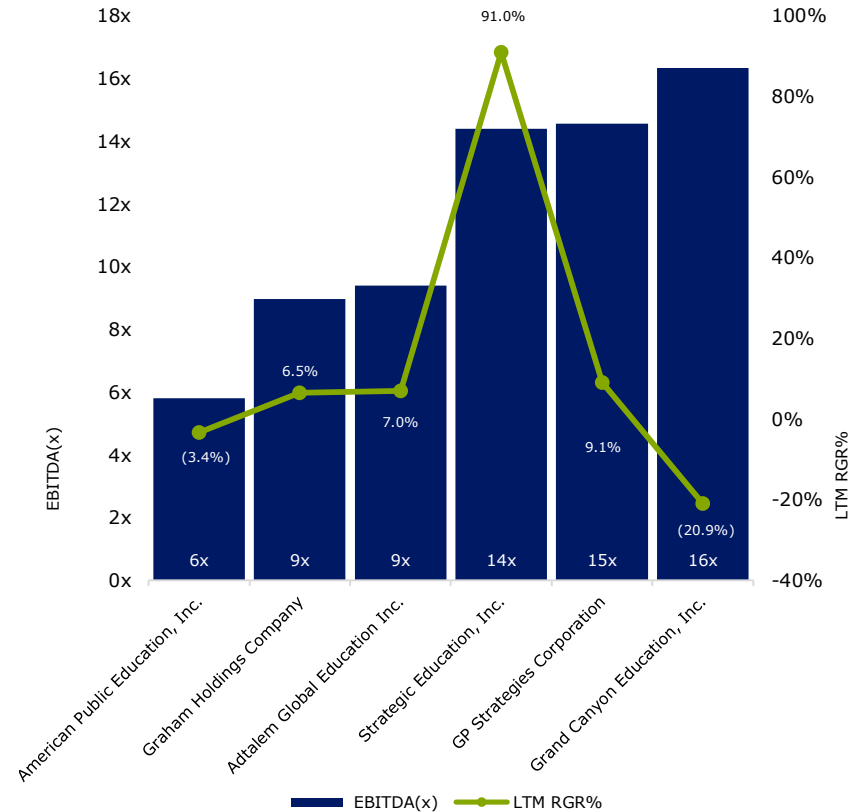
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



<u>Date</u>	<u>Target</u>	<u>Buyer / Investor</u>	<u>Total Transaction Value</u>	<u>Target Revenue</u>	<u>TEV / Revenue</u>	<u>TEV / EBITDA</u>
20Dec19	ePath Learning, Inc.	Absorb Software Inc.	-	-	-	-
20Nov19	IAPP's Privacy Core® e-learning solution	OneTrust, LLC	-	-	-	-
19Nov19	Surgent McCoy CPE, LLC (nka:Knowfully Learning Group)	NexPhase Capital, LP	-	-	-	-
30Sep19	VitalSmarts, L.C.	Leeds Equity Partners, LLC; Leeds Equity Partners VI, L.P.	-	-	-	-
30Aug19	Thinkful, Inc.	Chegg, Inc.	96.60	14.00	6.9x	-
15Aug19	Medical Communications Media, Inc.	Clinical Care Options, LLC	-	-	-	-
26Apr19	Pelesys Learning Systems Inc.	CAE Inc.	7.29	-	-	-
7Aug19	eLogic Learning, LLC	Absorb Software Inc.	-	-	-	-
24Jul19	The Learning Network, Inc.	Pluribus Technologies Inc.	-	-	-	-
17May19	Interactive Communications Solutions Group, Inc.	Acendre Pty Ltd	-	-	-	-
30Apr19	Assets of Management Mentors, Inc.	Engagedly, Inc.	-	-	-	-
15Apr19	Corporate Training Group, Inc.	SHI International Corp.	-	-	-	-
7Apr19	Trilogy Education Services, Inc.	2U, Inc.	750.00	97.00	7.7x	-
1Apr19	LeaderQuest Holdings, Inc.	MIS Training Institute Holdings, Inc.	-	-	-	-
21Feb19	Watermark Learning, Inc.	Educate 360, LLC	-	-	-	-
1Feb19	Intelliteach, Inc.	BV Investment Partners, L.P.; BV Investment Partners Fund IX	-	-	-	-
9Jan19	Greycampus Inc.	Arrina Education Services Private Limited	-	-	-	-
17Dec18	Orbis Education Services, LLC	Grand Canyon Education, Inc.	362.50	-	-	-
4Dec18	edCetra Training Inc.	NexTech AR Solutions Corp.	0.09	-	-	-
7Nov18	Grovo Learning Inc.	Cornerstone OnDemand, Inc.	24.00	-	-	-
28Sep18	JobTrack, Inc./ The Firehose Project	Trilogy Education Services, Inc.	6.77	-	-	-
9Oct18	The Learning House, Inc.	Wiley Education Services	200.00	60.00	3.3x	28.6x
31Aug18	CEB Challenger and Effortless Experience Solutions Business of Gartner, Inc.	Marlin Equity Partners, LLC	116.20	-	-	-
15May18	Total Training Solutions, Inc.	OnCourse Learning Corp.	-	-	-	-
19Jul18	Galvanize, Inc.	ABS Capital Partners, Inc.; Catalyst Investors, L.L.C.; New Markets Venture Partners; University Ventures, Inc.; Colorado Impact Fund	-	-	-	-
10Jul18	CLOUD IT	9078-3184 Quebec Inc.	-	-	-	-

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APPENDIX:
Public Basket
Constituents

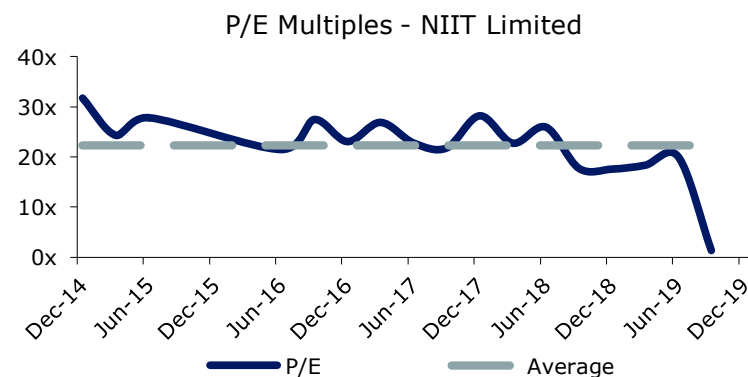
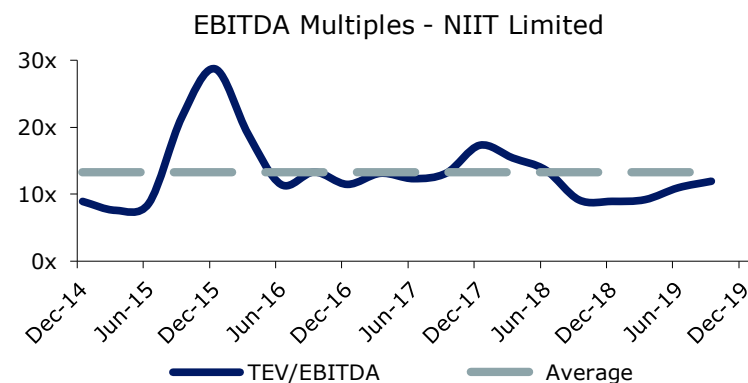
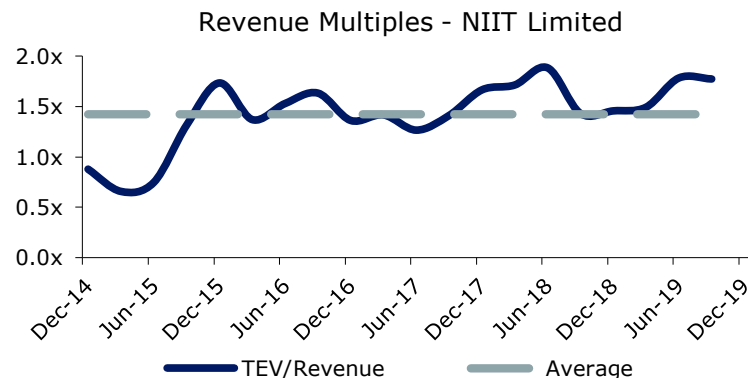
Public Basket



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. 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 Haeadline
11/14/19	KPMG In India and NIIT Limited Enter into Exclusive Partnership to Launch the KPMG NIIT Finance Academy in India
8/20/19	NIIT Limited Collaborates with Automation Anywhere to Deliver Comprehensive RPA Workshops to Developers, Students and It Professionals Across India
8/11/19	NIIT Limited (BSE:500304) entered into share purchase agreement to acquire remaining 25% stake in Niit Institute of Process Excellence Ltd from Genpact Consulting for INR 55 million.



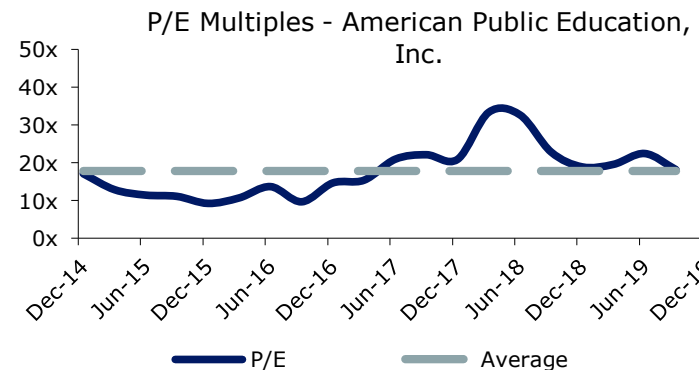
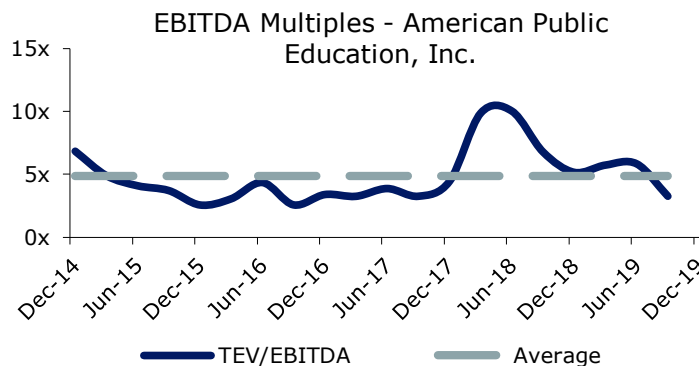
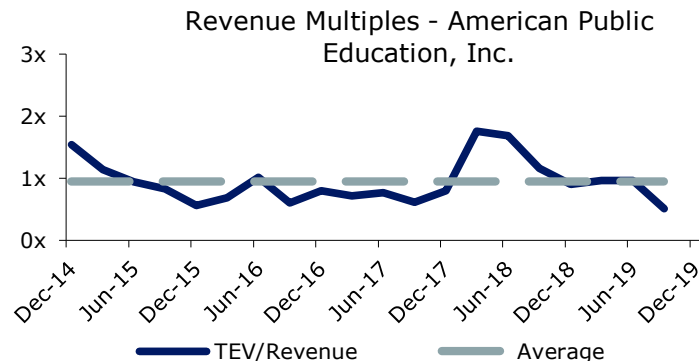
Public Basket



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.

Date	Key Development Haeadline
3/12/19	American Public To Seek Acquisitions



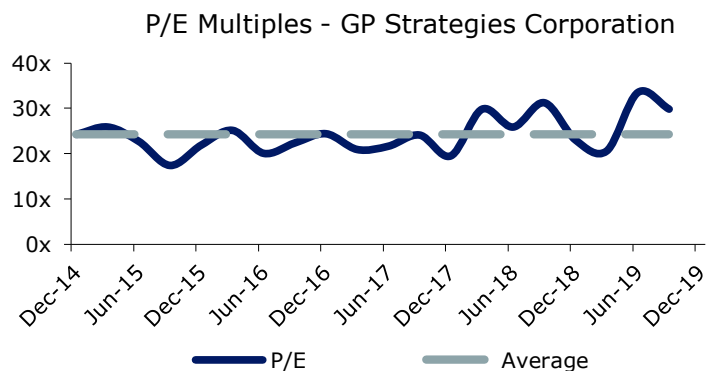
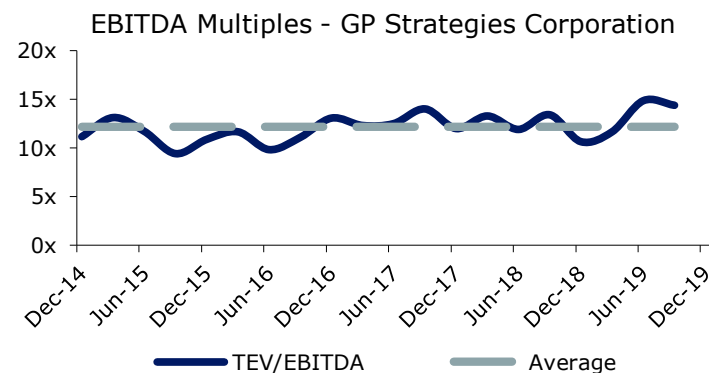
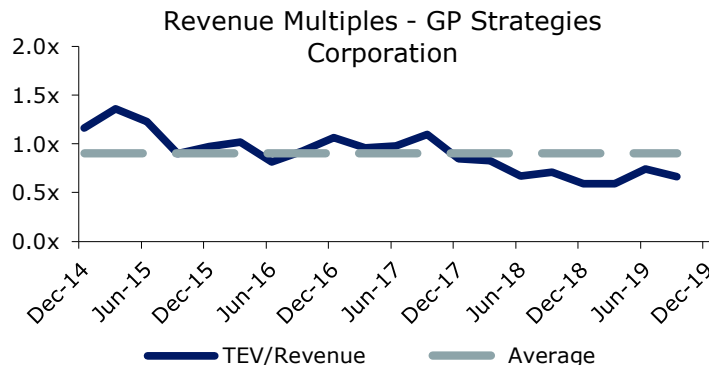
Public Basket



GP Strategies Corporation

GP Strategies Corporation provides performance improvement and learning solutions worldwide. It operates through four segments: Learning Solutions, Professional & Technical Services, Sandy Training & Marketing, and Performance Readiness Solutions. The Learning Solutions segment delivers training, curriculum design and development, digital learning, system hosting, managed learning, and consulting services to electronics and semiconductors, healthcare, software, financial services, and other industries, as well as government agencies; and provides apprenticeship and vocational skills training services. The Professional & Technical Services segment offers training, consulting, engineering, and technical services, including lean consulting, emergency preparedness, safety and regulatory compliance, chemical demilitarization, and environmental services to the manufacturing, steel, pharmaceutical, energy, and petrochemical industries, as well as federal and state government agencies, and government contractors. GP Strategies Corporation was founded in 1959 and is headquartered in Columbia, Maryland.

Date	Key Development Headline
10/30/19	Bright Horizons Children's Centers, Inc. acquired Tuition Program Management Business of GP Strategies Corporation (NYSE:GPX) for \$21.7 million.
12/6/18	GP Strategies Corporation, Technical Training, Inc. - M&A Call
12/4/18	GP Strategies Corporation (NYSE:GPX) acquired Technical Training, Inc. \$16.2 million.



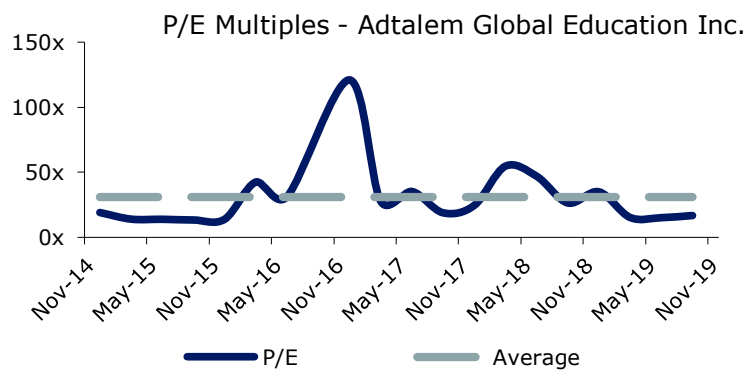
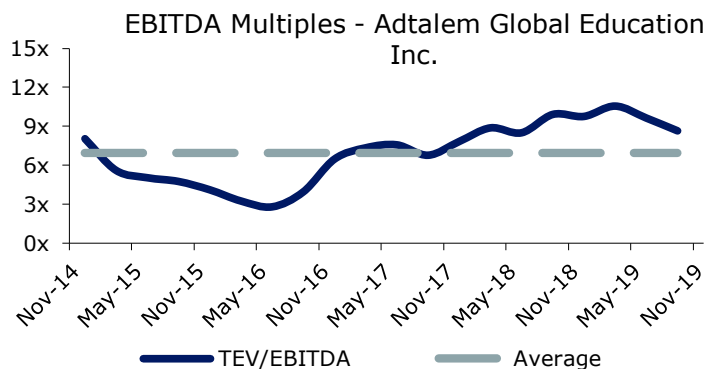
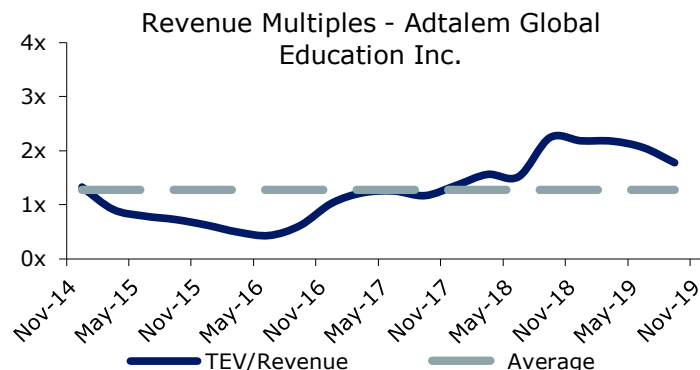
Public Basket



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. Adtalem Global Education Inc. was founded in 1931 and is headquartered in Downers Grove, Illinois.

Date	Key Development Headline
10/20/19	Universidade Estácio de Sá executed a share purchase agreement to acquire Adtalem Educacional do Brasil S/A from Adtalem Global Education Inc. (NYSE:ATGE) for an enterprise value of BRL 1.9 billion.
8/22/19	Adtalem Global Education To Seek Acquisitions
6/2/19	Adtalem Global Education Inc. (NYSE:ATGE) completed the acquisition of OCL Financial Services LLC from OCL Professional Education, Inc.
5/6/19	Adtalem Global Education and Northeastern University Sign Strategic Partnership Agreement

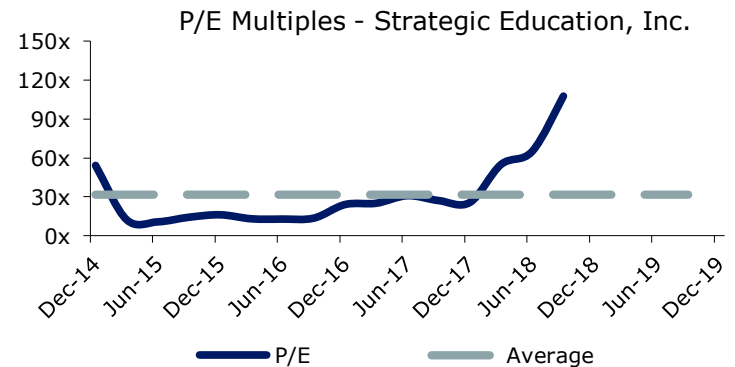
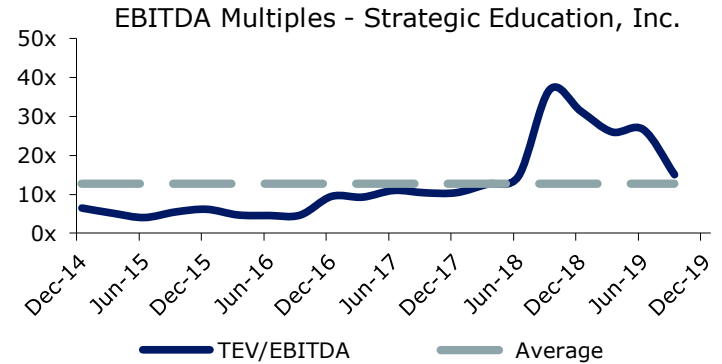
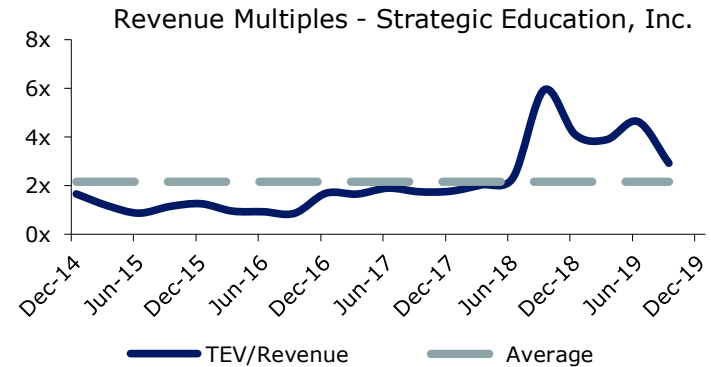


Public Basket



Strategic Education, Inc.

Strategic 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 and Capella University that provide 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.



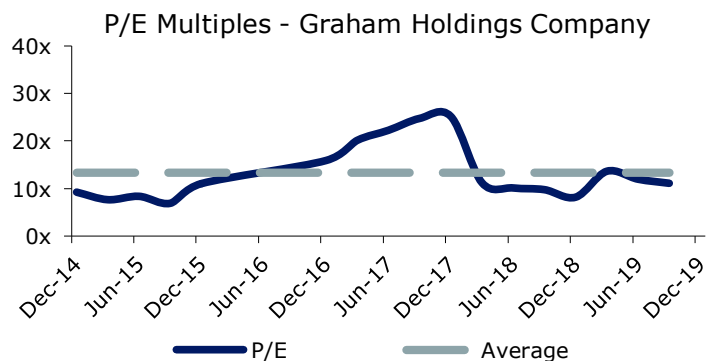
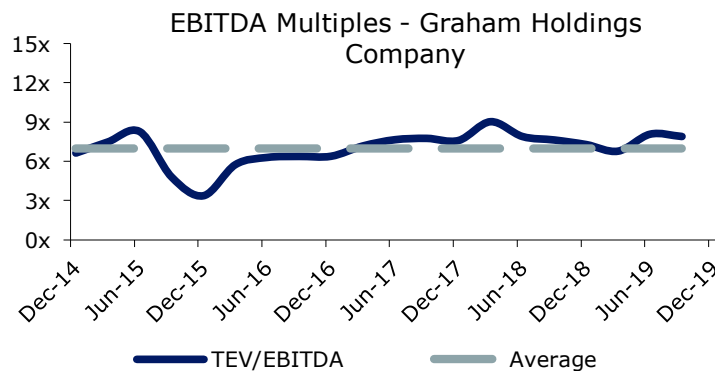
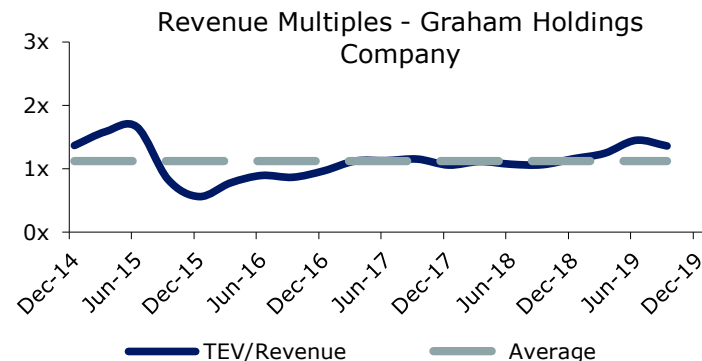
Public Basket



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 colleges, 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. Graham Holdings Company was founded in 1877 and is based in Arlington, Virginia.

Date	Key Development Headline
7/30/19	Graham Holdings Company (NYSE:GHC) acquired Clyde, Inc.
2/14/19	Spotify Technology S.A. (NYSE:SPOT) completed the acquisition of Gimlet Media Inc. from Graham Holdings Company (NYSE:GHC) and other shareholders.
2/5/19	Spotify Technology S.A. (NYSE:SPOT) entered into definitive agreement to acquire Gimlet Media Inc. from Graham Holdings Company (NYSE:GHC) and other shareholders for €170 million.



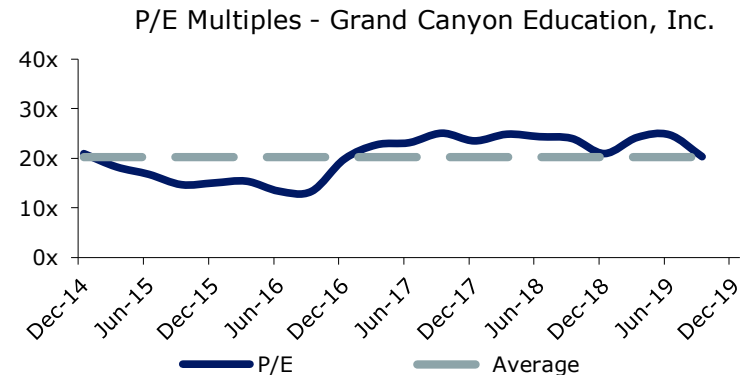
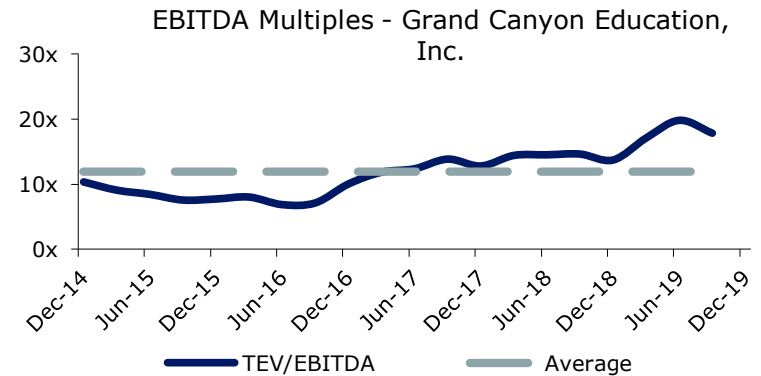
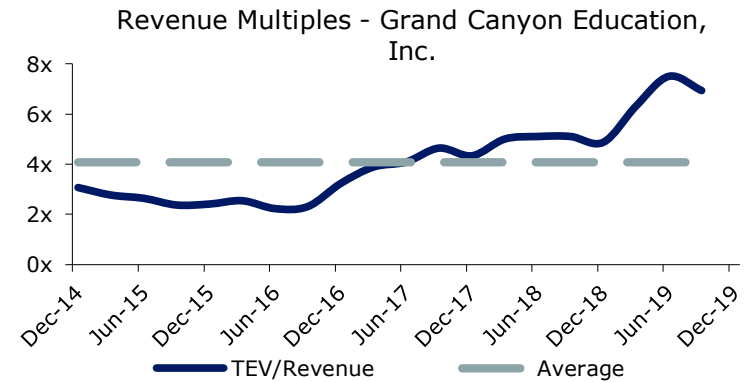
Public Basket



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
1/21/19	Grand Canyon Education, Inc. (NasdaqGS:LOPE) completed the acquisition of Orbis Education Services, LLC.
12/17/18	Grand Canyon Education, Inc. (NasdaqGS:LOPE) entered into a definitive agreement to acquire Orbis Education Services, LLC for for approximately \$360 million.



CONTACT INFO

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.

Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
Mark Landry, Managing Director	561.972.0609	mark@7mileadvisors.com
Ben Lunka, Managing Director	704.496.2995	ben@7mileadvisors.com
Jeff Stoecklein, Managing Director	312.796.9330	jeff@7mileadvisors.com
Neil Churman, Director	281.742.9340	neil@7mileadvisors.com
John Cooper, Director	704.973.3996	john@7mileadvisors.com
Tim Frye, Director	704.973.3994	tim@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Ben Garber, Vice President	412.626.7898	ben.garber@7mileadvisors.com
Nicholas Prendergast, Vice President	704.973.3995	nicholas@7mileadvisors.com
Ariail Barker, Director, Sales & Marketing	704.981.2908	ariail@7mileadvisors.com
Emily Halstenberg, Marketing & Sales Coordinator	704.409.9912	emily@7mileadvisors.com
Marty Johnson, Senior Associate	704.973.3999	marty@7mileadvisors.com
Sydney Scadden, Senior Associate	704.973.3998	sydney@7mileadvisors.com
Garth Martin, Senior Associate	704.973.3997	garth.martin@7mileadvisors.com
Steve Buffington, Associate	704.960.1828	steve@7mileadvisors.com
Dennis Fox, Associate	704.706.9168	dennis@7mileadvisors.com
Rory Julyan, Associate	704.981.2520	rory@7mileadvisors.com
Daniel Kim, Associate	704.912.4584	daniel@7mileadvisors.com
Olufunke Abass, Associate	704.285.8171	olufunke@7mileadvisors.com