

7 Mile Advisors



# Sectorwatch:

## Corporate IT Training and Educational Services

June 2020



# 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

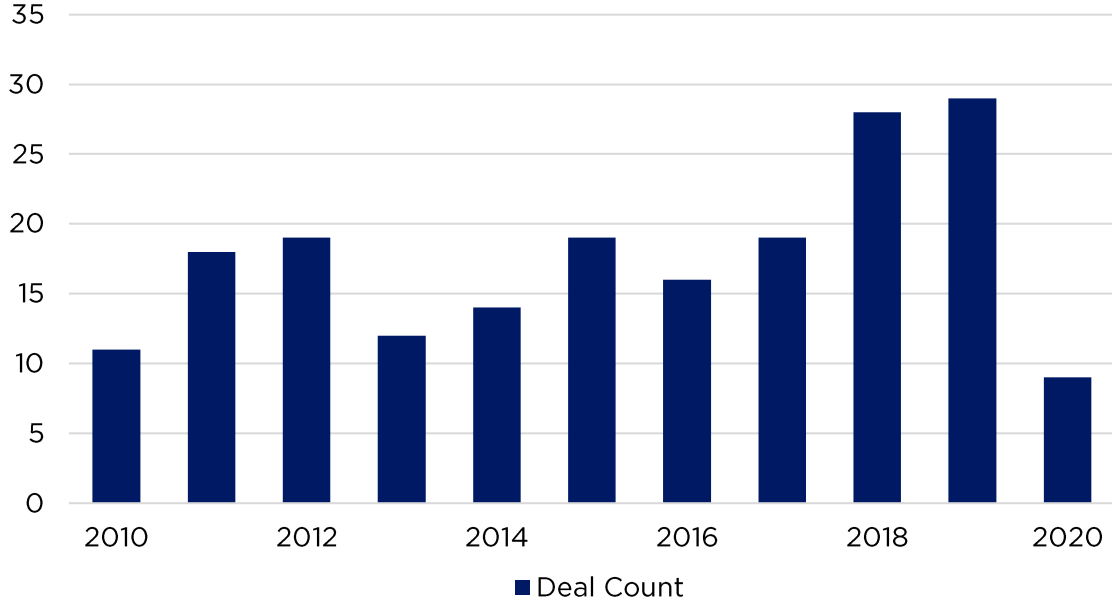
- The most recently announced deals in the sector

# Dashboard

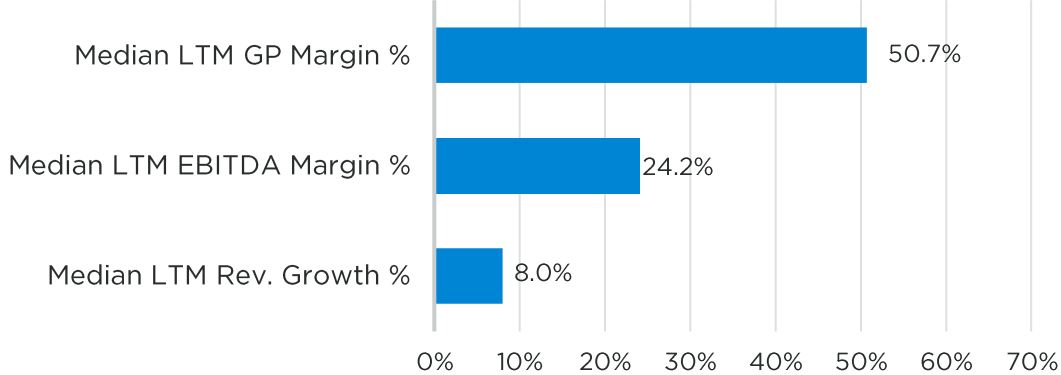
## REVENUE GROWTH MOMENTUM ↑ 2.4%

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

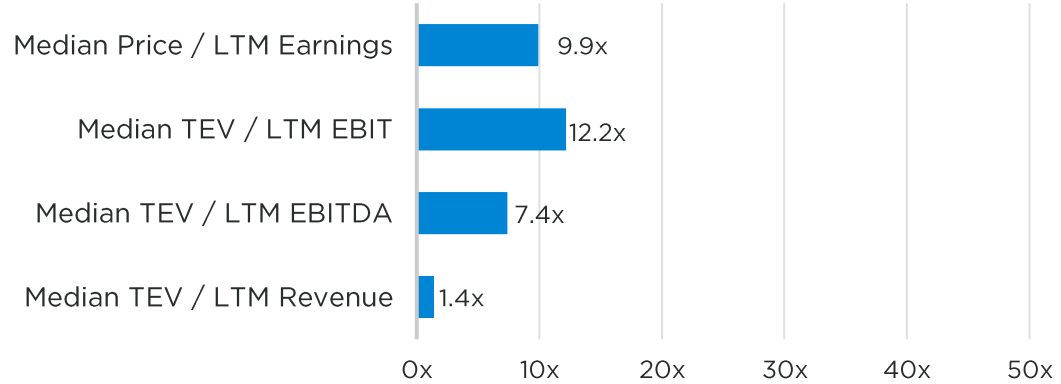
### M&A Activity



### Operating Metrics



### Valuation



# Public Basket Overview

Corporate IT  
Training and  
Education

North America



Asia



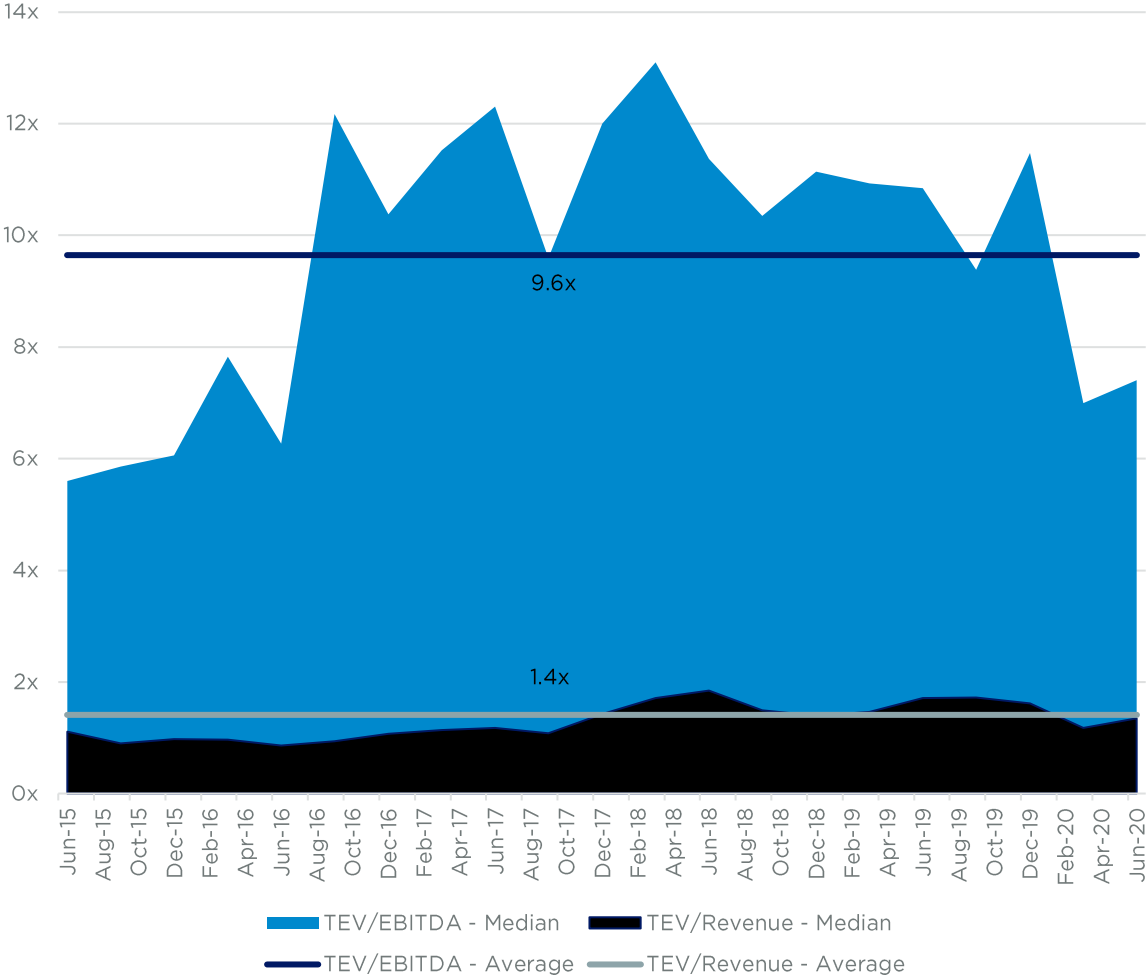
# Public Basket

Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Grand Canyon Education	4,238	305	803	4.7%	59.0%	38.0%	5.3x	13.9x	4,350	185
Strategic Education	2,923	245	1,016	32.9%	-	24.2%	2.9x	11.9x	3,076	330
Adtalem Global Education	2,119	377	1,282	19.9%	49.5%	29.4%	1.9x	6.0x	9,056	142
Graham Holdings	2,111	492	2,972	8.9%	-	16.6%	0.7x	4.3x	12,053	247
American Public Education	236	29	287	-2.9%	60.6%	10.1%	0.8x	8.2x	2,640	109
GP Strategies	231	35	572	8.0%	15.0%	6.1%	0.4x	6.6x	4,856	118
NIIT	-67	212	133	6.0%	50.7%	159.1%	-	-	1,769	75

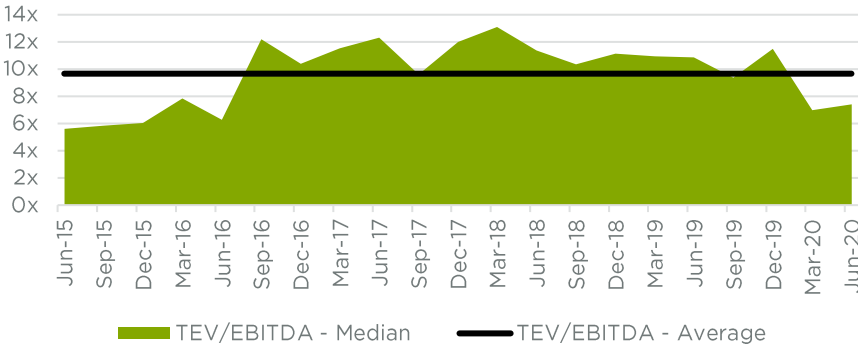
<b>Average</b>	1,684	242	1,009	11.1%	47.0%	40.5%	2.0x	8.5x	5,400	172
<b>Median</b>	2,111	245	803	8.0%	50.7%	24.2%	1.4x	7.4x	4,350	142

share price as of 25Jun20

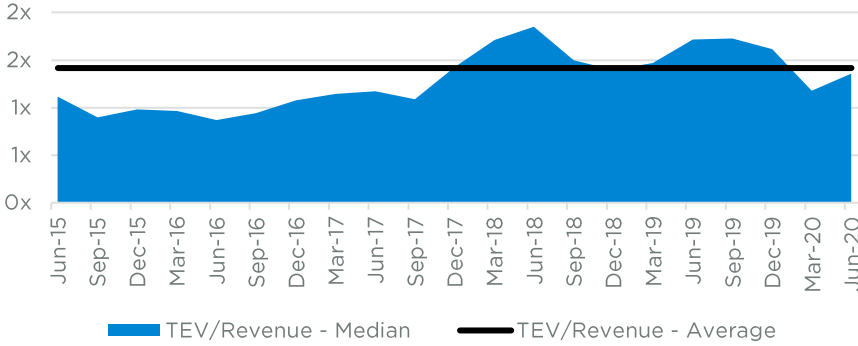
# Public Basket



## Public EBITDA Multiples over Time

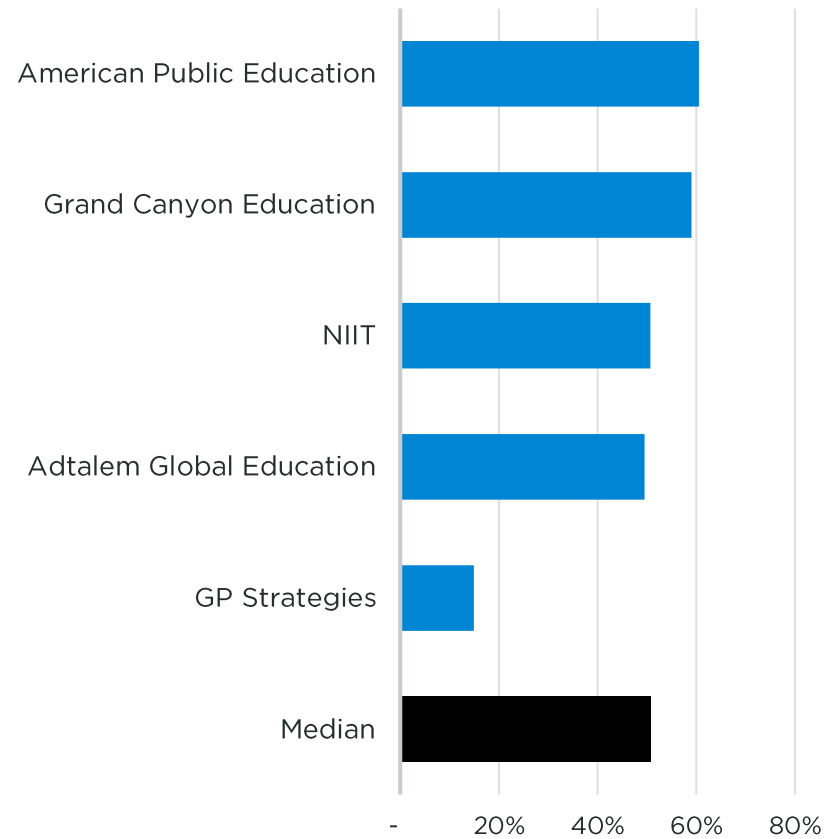


## Public Revenue Multiples over Time

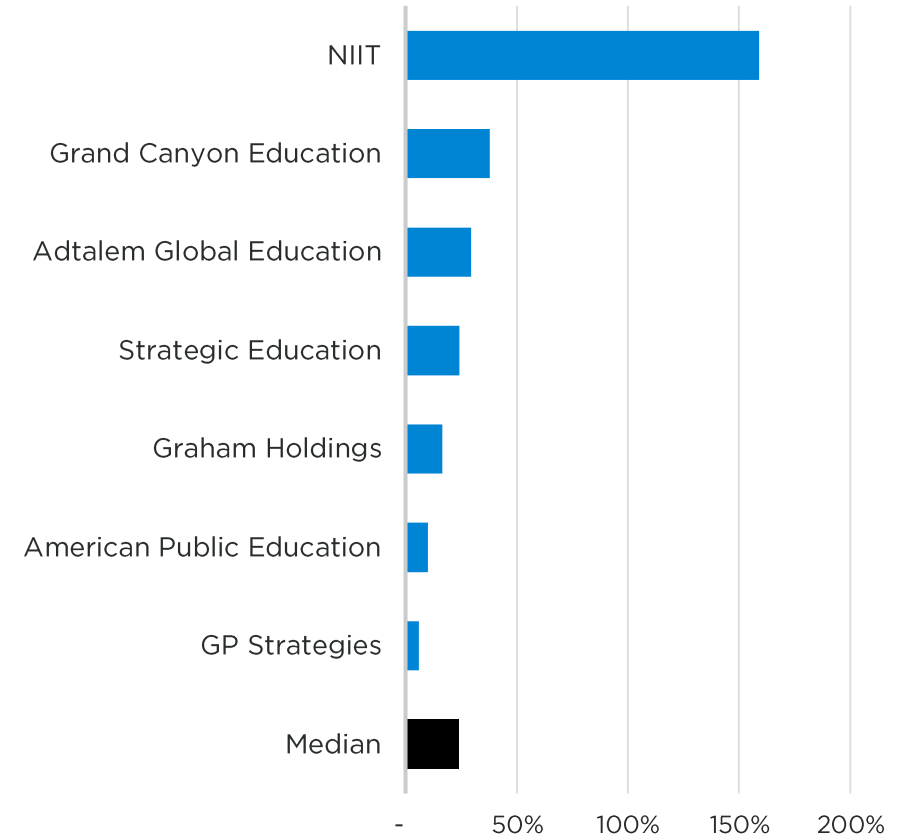


# Operational Metrics

## LTM Gross Profit Margin %



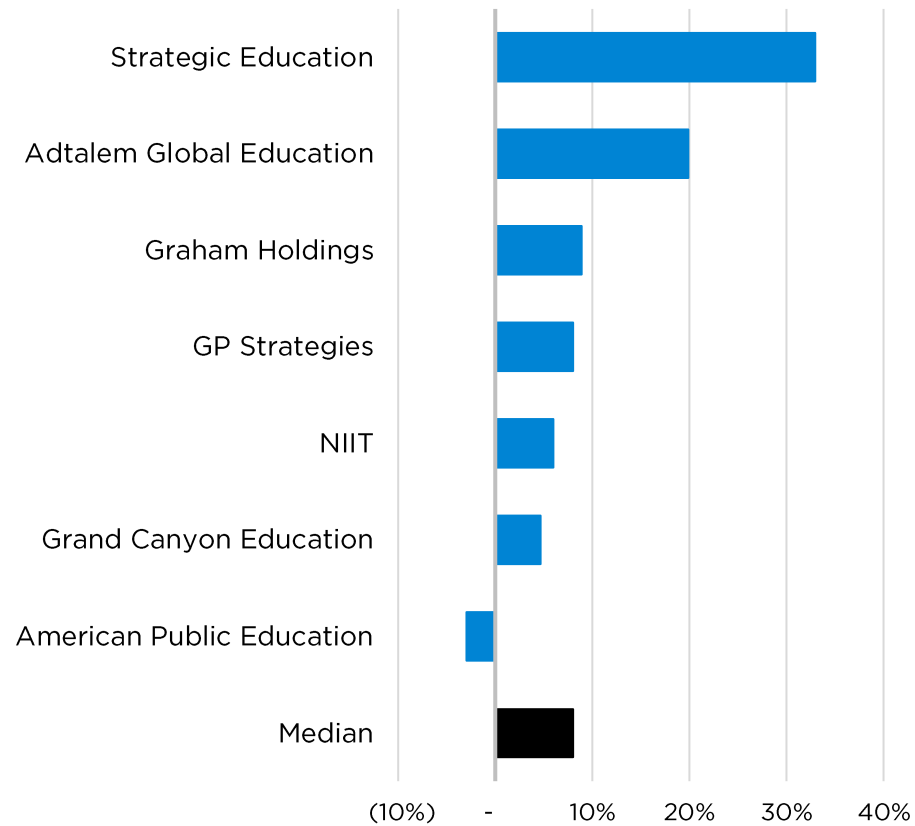
## LTM EBITDA %



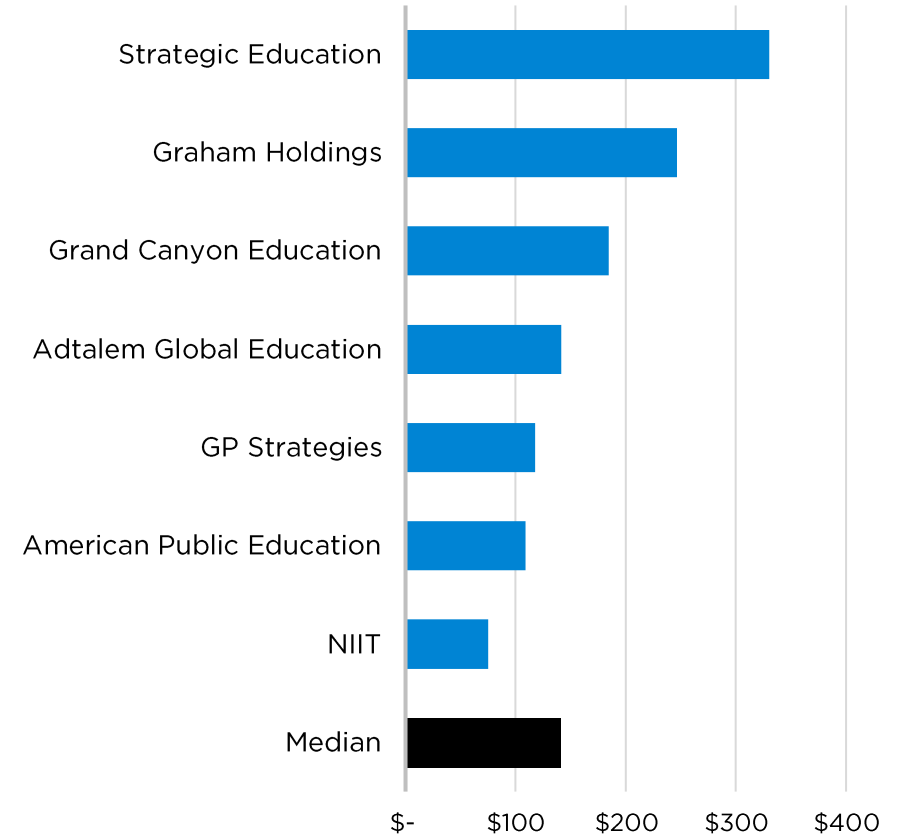


# Operational Metrics

## LTM Revenue Growth %

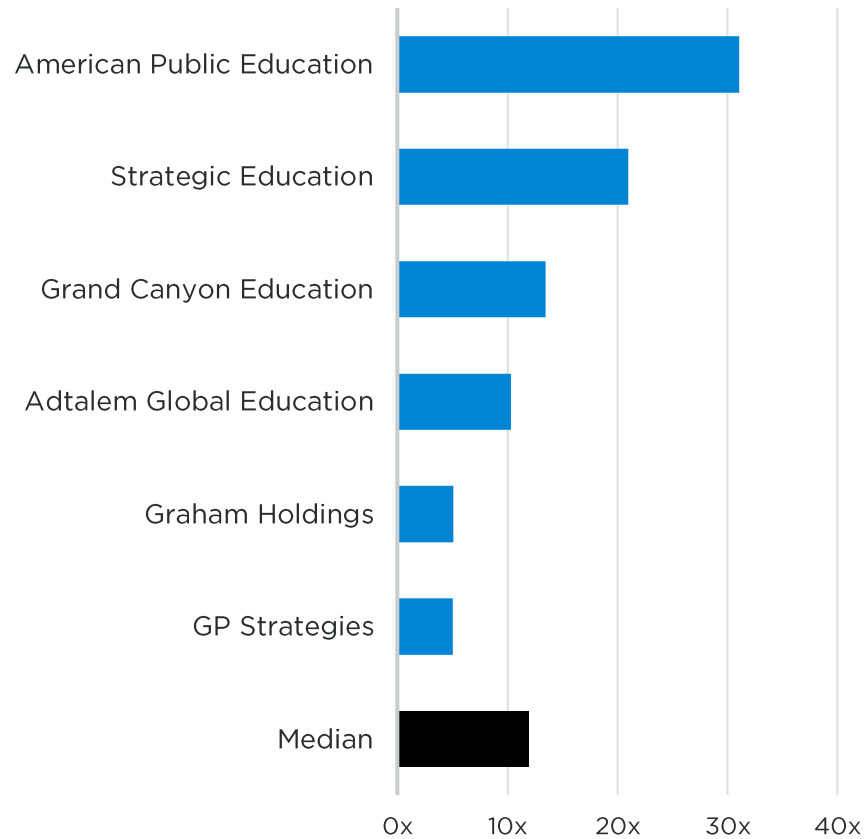


## LTM Revenue per Full Time Employee x 000's

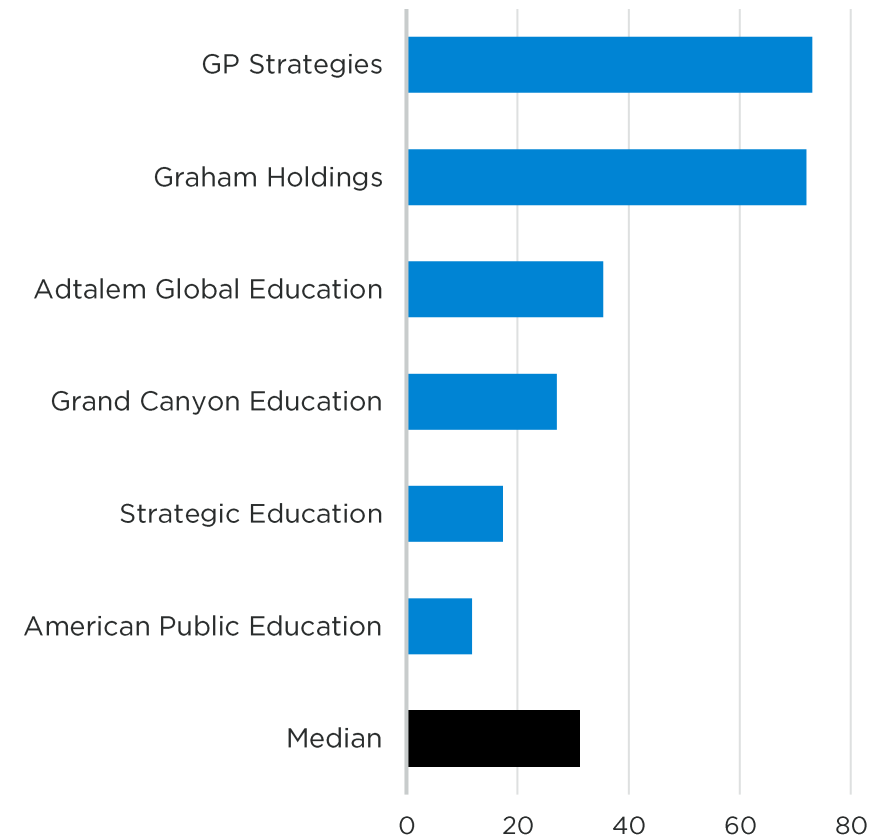


# Operational Metrics

## Accounts Receivable Turnover

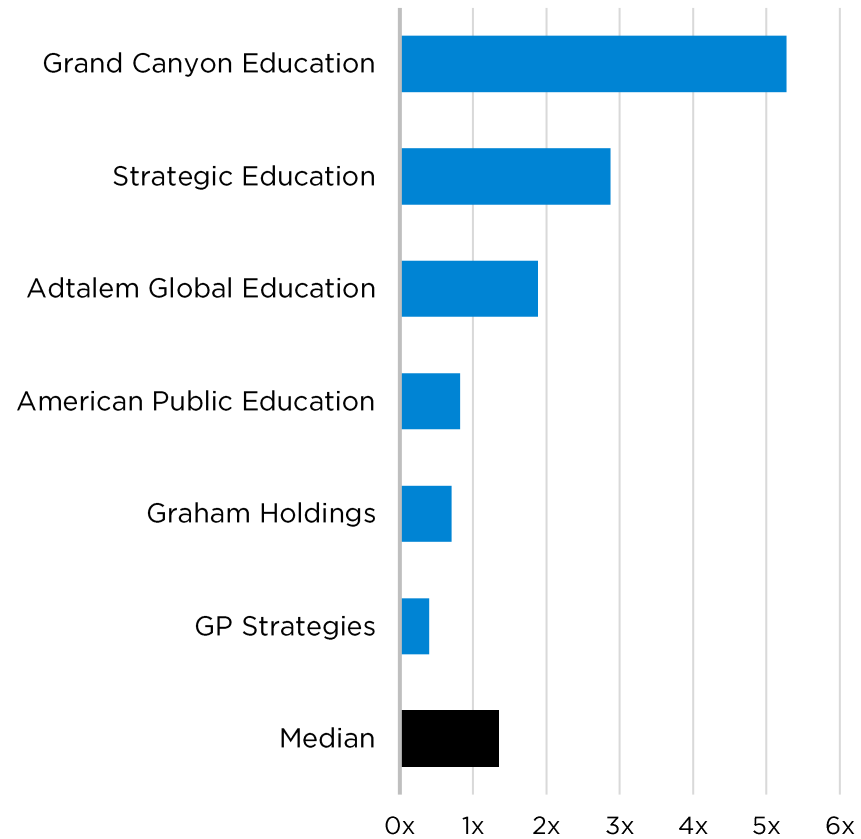


## Average Days Sales Outstanding

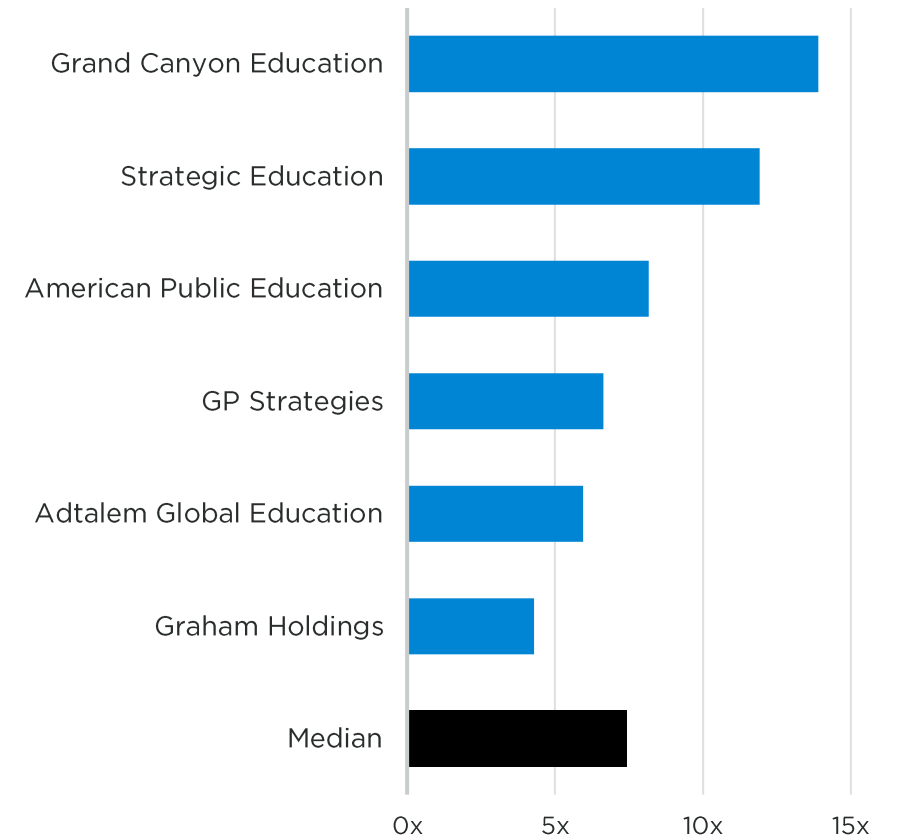


# Valuation

## TEV / LTM Revenue

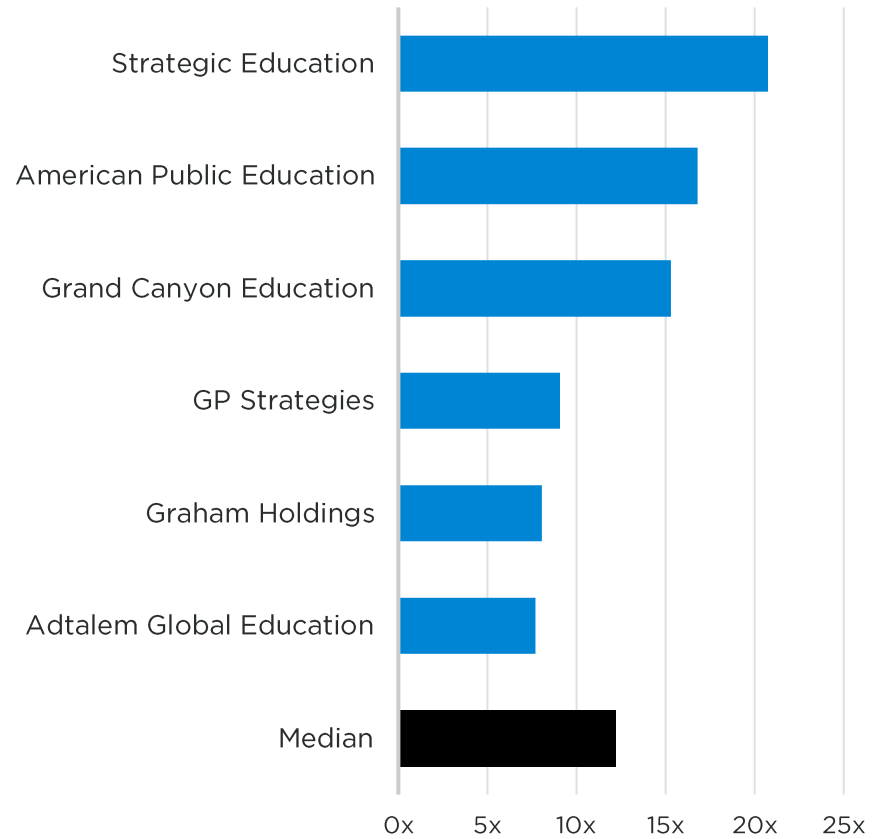


## TEV / LTM EBITDA

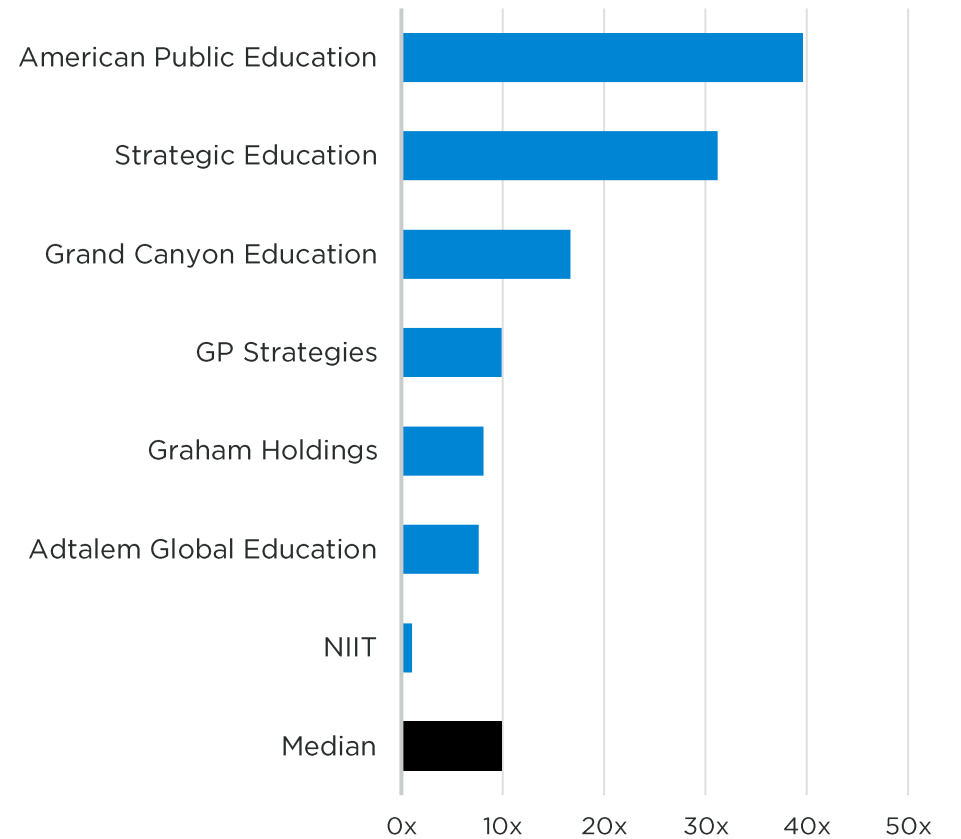


# Valuation

## TEV / LTM EBIT

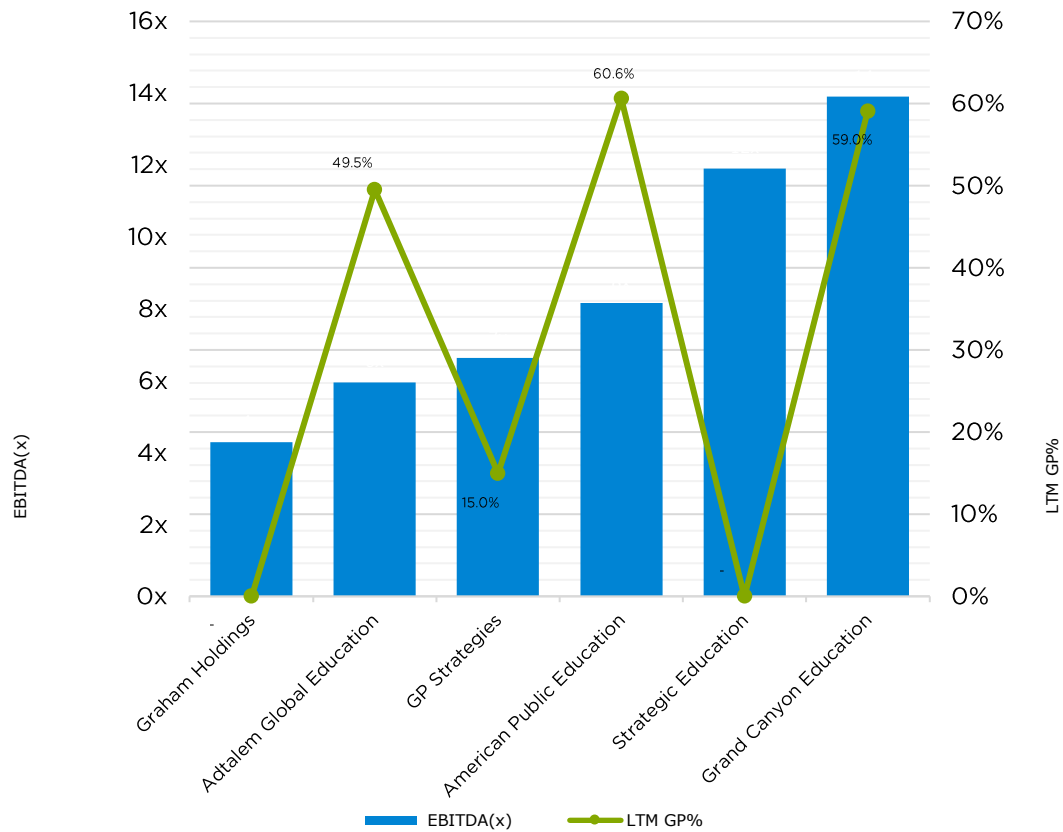


## Price / LTM Earnings

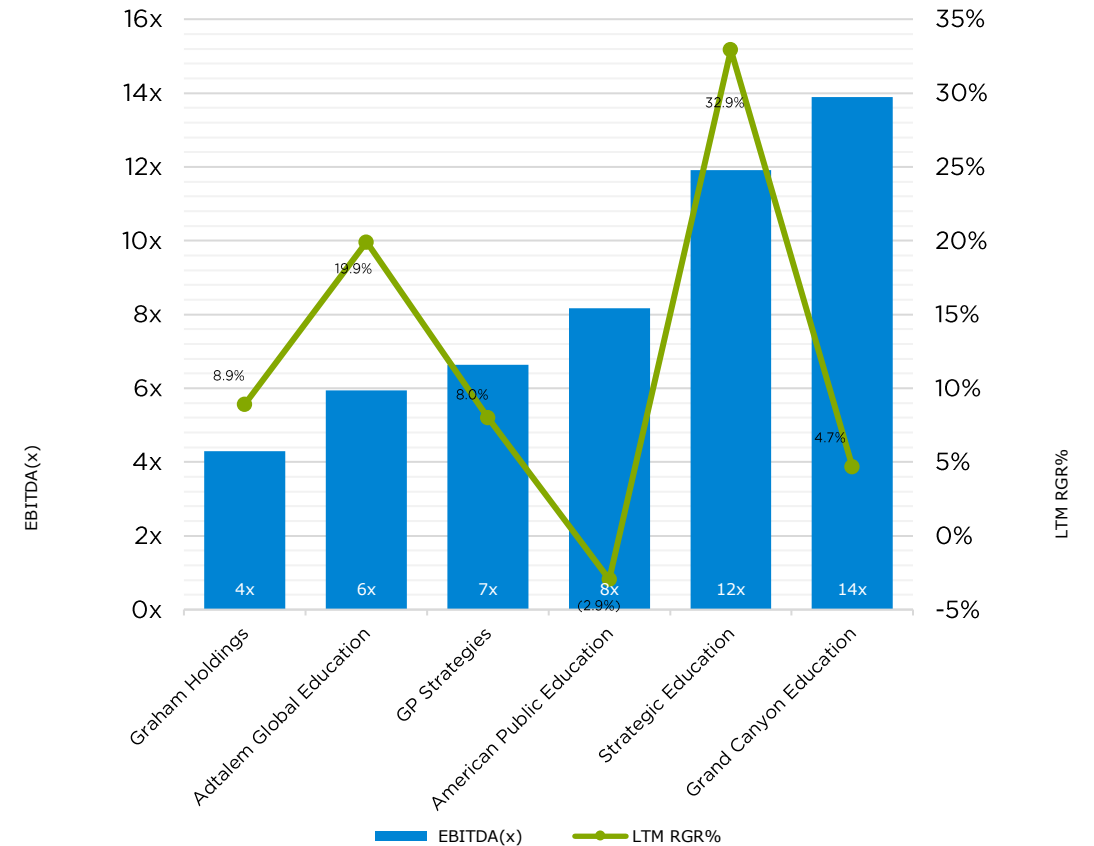


# Valuation

## 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
02-Jun-20	Cutter Consortium	Arthur D. Little (France)	-	-	-	-
19-May-20	Entangled Group	Guild Education	80.0	-	-	-
18-May-20	Vantage Education	-	-	-	-	-
04-May-20	Procurement Academy	Levine Leichtman Capital Partners	-	-	-	-
29-Apr-20	Adversary	Secure Code Warrior	-	-	-	-
21-Apr-20	The Closing Exchange	Decathlon Capital Partners	-	-	-	-
09-Apr-20	Agilesphere	Fimatix	-	-	-	-
02-Apr-20	AeroVista Innovations	DroneUp	-	-	-	-
31-Mar-20	About Web	penacity, llc	-	-	-	-
23-Mar-20	Instructure	Thoma Bravo	2000.0	258.5	7.3	-28.4
16-Mar-20	Everwise	Torch Leadership Labs	-	-	-	-
06-Mar-20	Unitek Learning	The Vistria Group	-	-	-	-
03-Mar-20	AcademyX	Learn iT	-	-	-	-
02-Mar-20	Micropole Learning Solutions	Le Pont	-	-	-	-
01-Mar-20	Visual Awareness Technologies and Consulting	Proteus Capital Solutions	-	-	-	-
01-Mar-20	WhiteQuest	Assystem	-	-	-	-
12-Feb-20	Setup Globe	KYN Capital Group	-	-	-	-
04-Feb-20	Icimo	Cherry Bekaert	-	-	-	-
27-Jan-20	BBI - Bildungs- und Beratungsinstituts	Constellation Capital	-	-	-	-
23-Jan-20	Exellys	Projective	-	-	-	-
06-Jan-20	Rapid Learning Institute	BTS Group	-	-	-	-
01-Jan-20	Code Pilot	AngelList	-	-	-	-
01-Jan-20	Mthree Consulting	John Wiley & Sons	129.0	-	-	-
19-Dec-19	Comcave College	Amadeus Fire Group	229.5	-	3.4	13.6
09-Dec-19	The Security Company (International)	Capital for Colleagues	0.6	-	-	-
19-Nov-19	Katacoda	O'Reilly Media	-	-	-	-

# Appendix

*Public Basket  
Contact Information*



### Grand Canyon Education

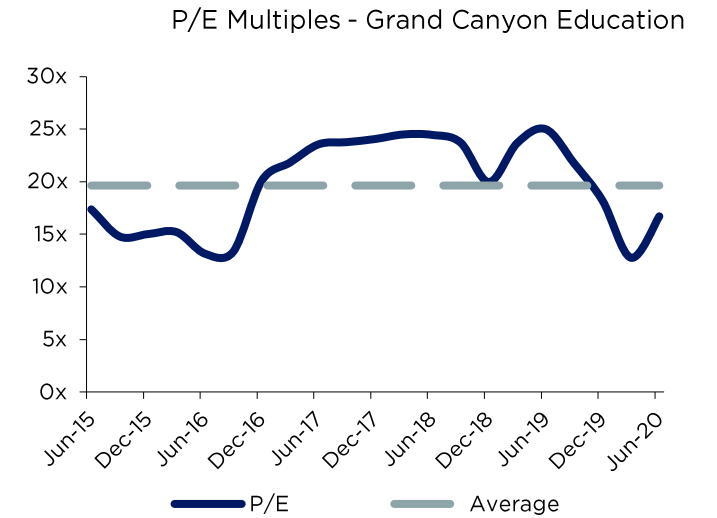
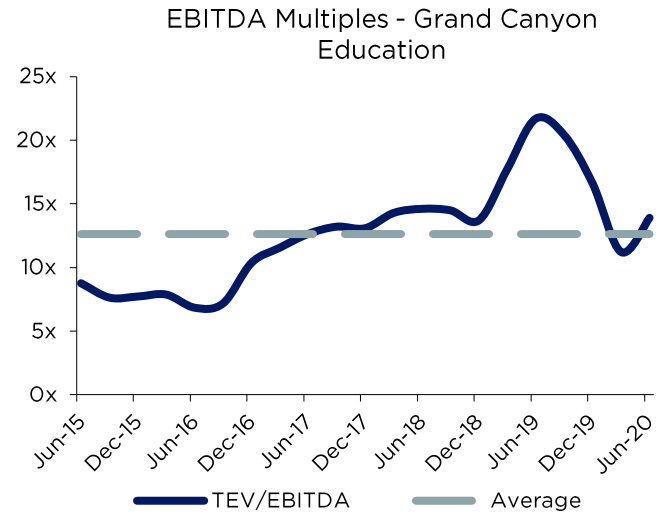
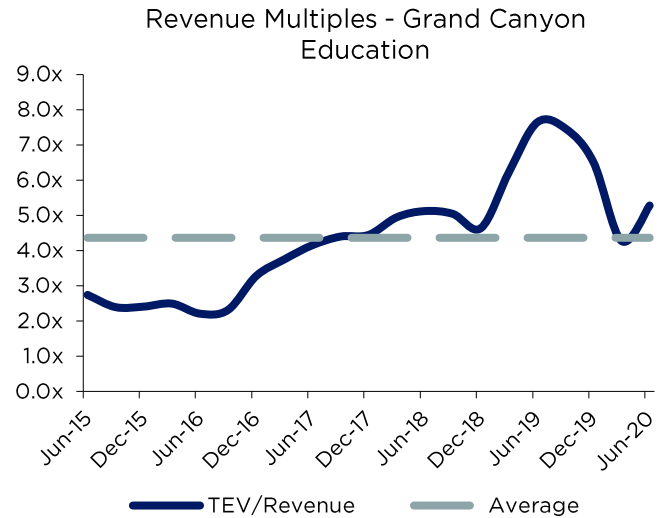
**Grand Canyon Education Inc is an American for-profit educational company that operates a private university in Phoenix, Arizona, as well as online educational programs.**

The company offers undergraduate and postgraduate degree programs, including business, education, nursing and health, and liberal arts. Grand Canyon Education's on-campus program enrolls approximately 15,000 students, while its online program enrolls over 50,000 students. The university's undergraduate programs enroll approximately 60% of its overall student base and is the largest revenue driver for the company.



# Public Basket

## Grand Canyon Education



Company Name	Date	Deal Synopsis
Orbis Education Services	22-Jan-19	The company was acquired by Grand Canyon Education (Nasdaq: LOPE) for \$365.8 million on January 22, 2019. The acquisition combines the strengths of two of the nation's most innovative service providers in higher education in an effort to align their expertise and better address a nationwide shortage in licensed healthcare professionals.
Zenjo	14-Apr-17	The company received \$1,000 of grant funding from Grand Canyon Education as a part of its 2017 Canyon Challenge on April 14, 2017.

### Strategic Education

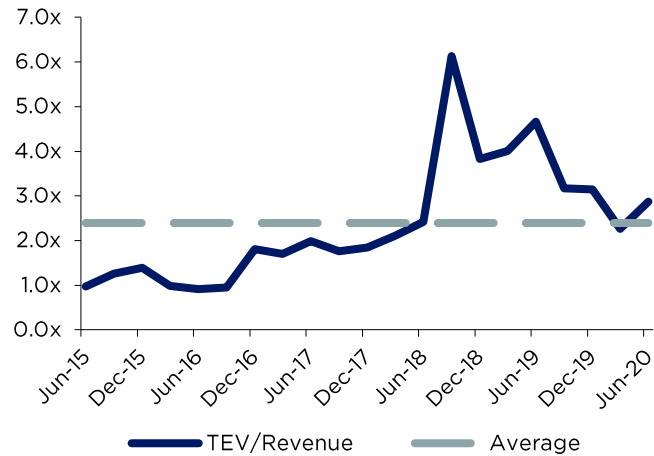
## Strategic Education Inc is engaged in providing educational services.

It offers flexible and affordable associate, bachelor's, master's, and doctoral programs. Strategic Education provides courses in the eastern United States. The group operates through segments namely: Strayer University Segment, Capella University Segment, Non-Degree Programs Segment.

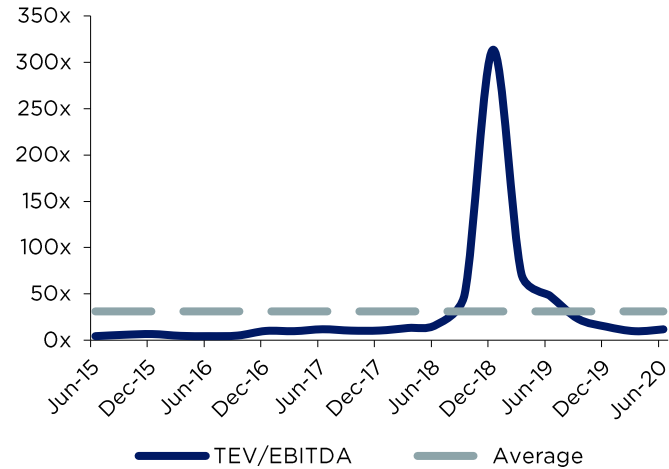
# Public Basket

## Strategic Education

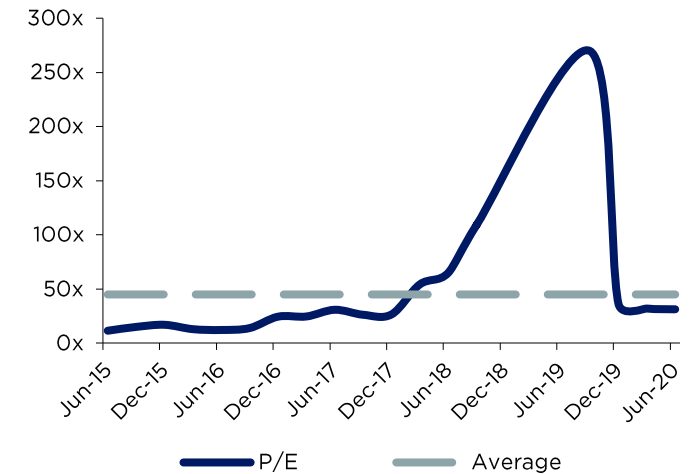
Revenue Multiples - Strategic Education



EBITDA Multiples - Strategic Education



P/E Multiples - Strategic Education



*Company Name*

*Date*

*Deal Synopsis*

Capella Education

01-Aug-18

The company was acquired by Strayer Education (NASDAQ: STRA) for \$1.9 billion on August 1, 2018. Under the terms of the merger agreement, Capella shareholders will receive 0.875 Strayer shares for each Capella share.

New York Code + Design  
Academy

13-Jan-16

The company was acquired by Strayer Education (NASDAQ: STRA) for \$25 million on January 13, 2016. Under the terms of transaction, Strayer Education paid \$7 million in cash and \$18 million in contingent payout to New York Code & Design Academy.

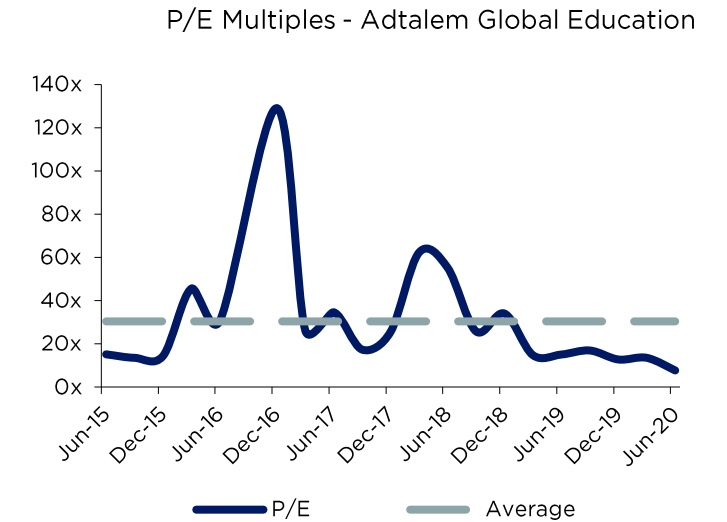
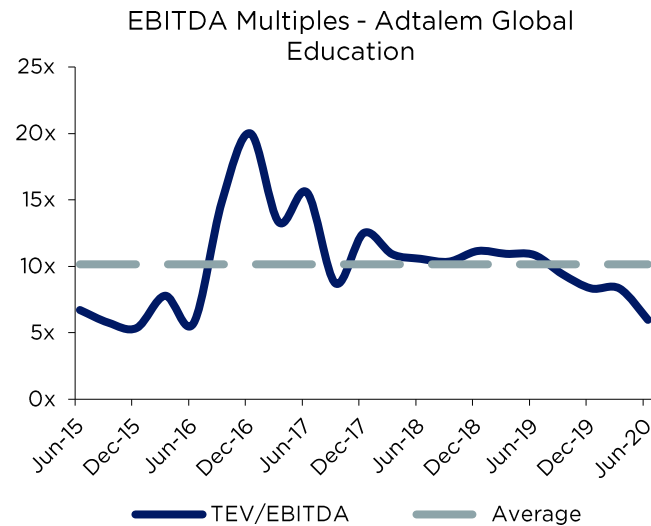
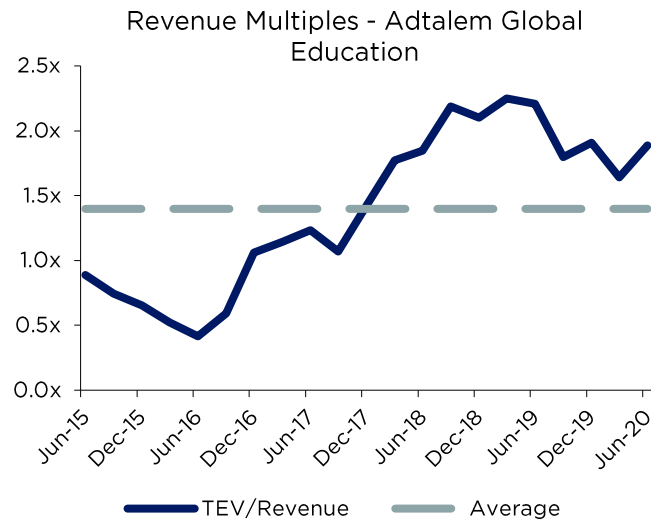
## Adtalem Global Education

**Adtalem Global Education Inc is an American for-profit educational company that operates various university and educational programs.**

The company runs eight colleges and universities that specialize in business, medicine, education, and nursing degree programs. DeVry Education Group has over 90 campuses as well as online courses that offer associate, bachelor, and postgraduate degrees. Enrollment in its business colleges represents almost half of overall student enrollment, followed by technology and healthcare. The company derives the majority of its revenue from student enrollment fees using federal financial aid programs such as Pell Fund grants.

# Public Basket

## Adtalem Global Education



*Company Name*

*Date*

*Deal Synopsis*

OnCourse Learning

31-May-19

The company, a subsidiary of Bertelsmann, was acquired by Adtalem Global Education (NYS: ATGE) for \$118.4 million on May 31, 2019. The acquisition furthers Adtalem's growth strategy into financial services.

EduPristine

05-Feb-18

The company was acquired by Adtalem Global Education (NYS: ATGE) for \$4.5 million on February 5, 2018.

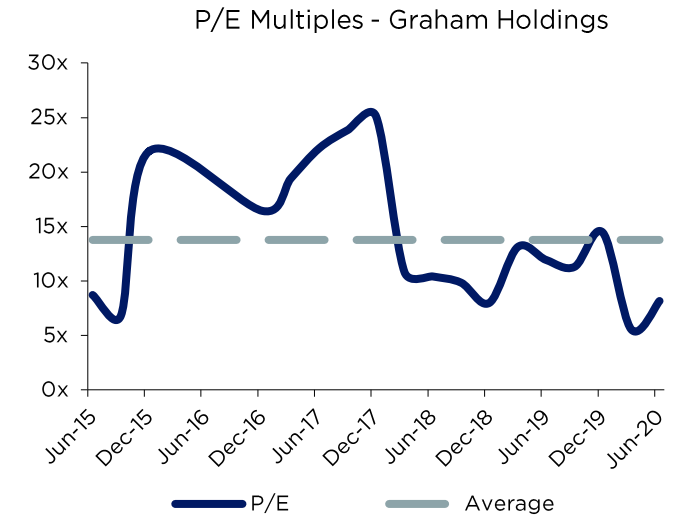
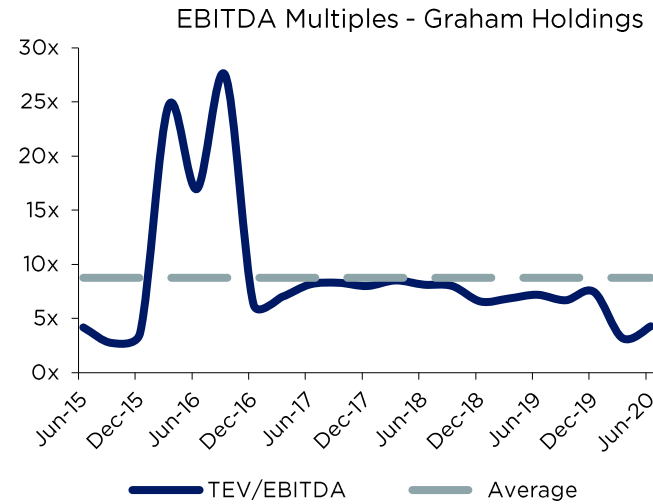
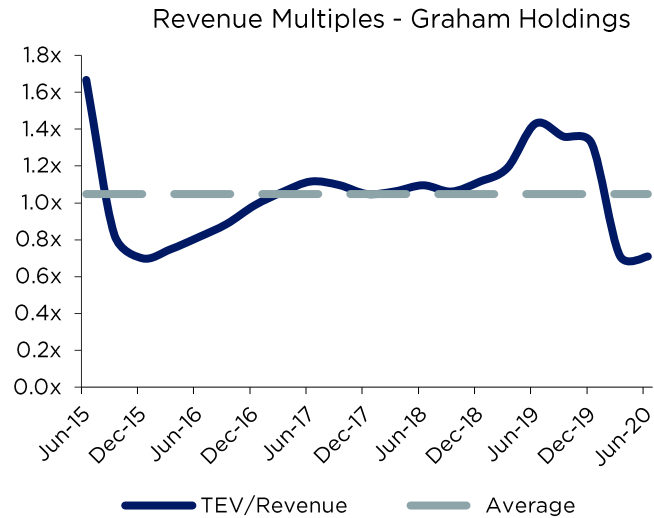
## Graham Holdings

**Graham Holdings operates, through its subsidiaries, as a diversified education and media company.**

The firm's operations include educational services; television broadcasting; online, print, and local television news; social media advertising services; home health and hospice care; and manufacturing. Its operating segments include Kaplan Higher Education, Kaplan Test Preparation, Kaplan International, television broadcasting, and healthcare. The majority of revenue comes from the Kaplan International segment. The company's programs include higher education, test preparation, language instruction, and professional training. Its media operations consist of the ownership and operation of cable television systems, newspaper publishing, and television broadcasting.

# Public Basket

## Graham Holdings



Company Name	Date	Deal Synopsis
Framebridge	15-May-20	The company was acquired by Graham Holdings (NYS: GHC) for an undisclosed amount on May 15, 2020.
Serial Box	13-Feb-20	The company raised \$9.65 million of Series A venture funding from undisclosed investors on February 13, 2020, putting the company's pre-money valuation at \$20 million.

### American Public Education

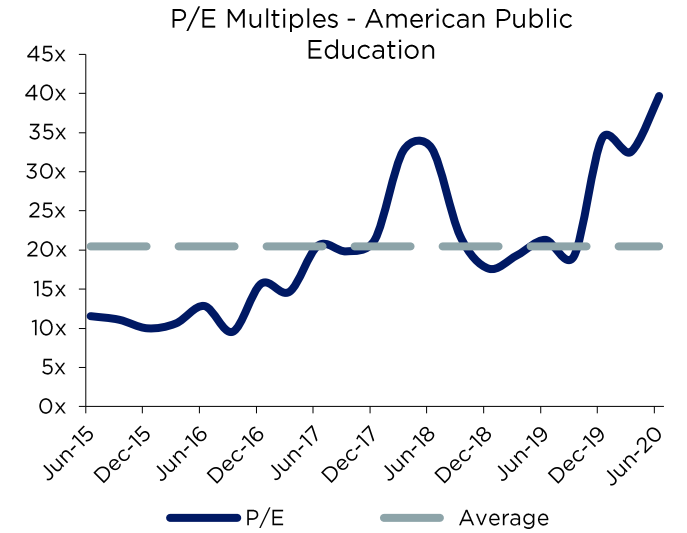
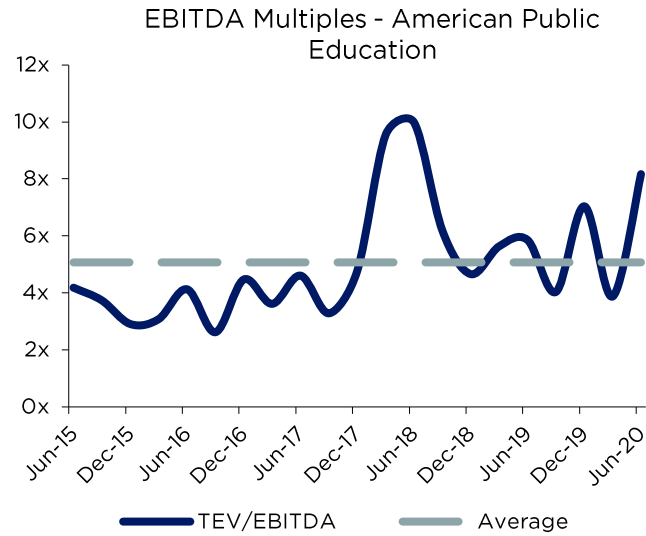
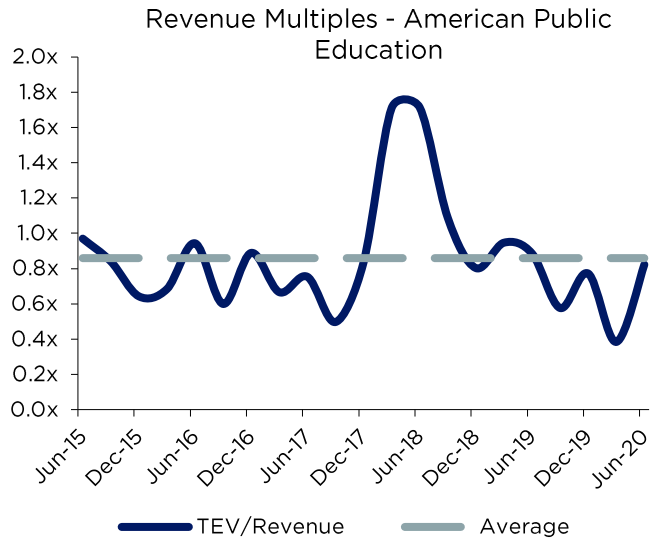
**American Public Education Inc provides online and on-campus post-secondary education including various undergraduate and graduate degree programs.**

The fields of study include business administration, health science, technology, criminal justice, education, liberal arts, national security, military studies, intelligence, and homeland security. There are two reporting segments: American Public Education segment which is the key revenue generator; and Hondros College of Nursing segment. The revenue is generated from net course registrations and enrollment, tuition rate, net tuition, and other fees.



# Public Basket

## American Public Education



<i>Company Name</i>	<i>Date</i>	<i>Deal Synopsis</i>
Mentorpro	01-Sep-18	The company was awarded \$20,000 of prize money from American Public Education as part of the the Milken-Penn Education GSE Business Plan Competition in September 2018.
Second Avenue Learning	02-Apr-14	The company received \$1.5 million of financing from American Public Education on April 2, 2014.

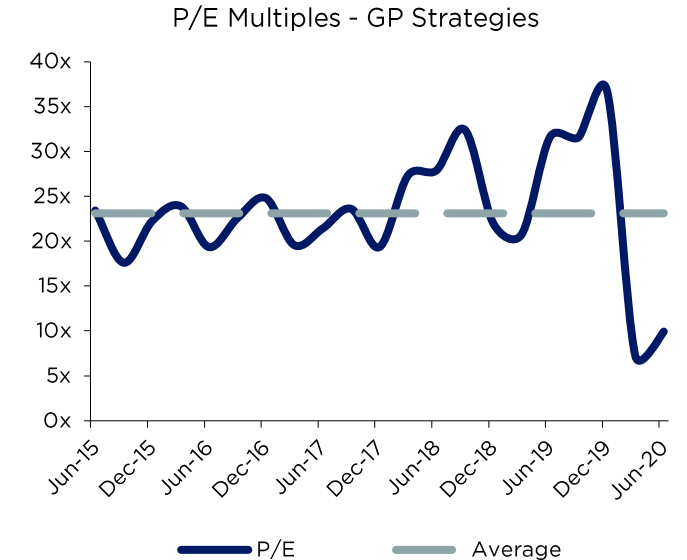
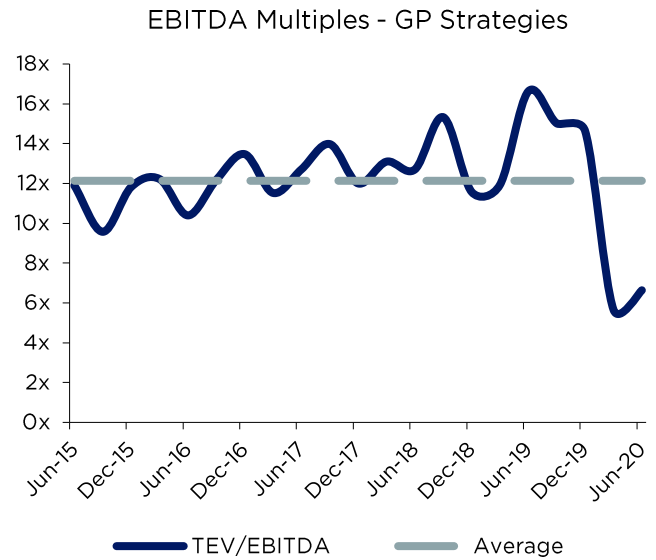
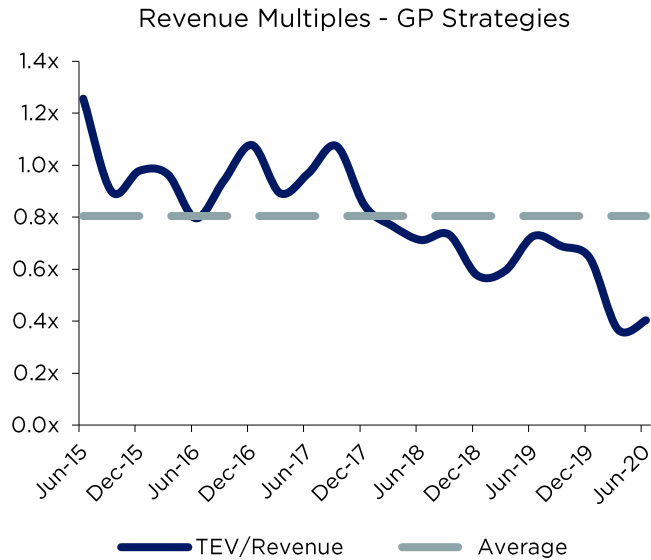
### GP Strategies

## GP Strategies Corp provides training, e-Learning solutions, management consulting and engineering services.

The company serves companies in the automotive, financial services and insurance, steel, oil and gas, power, chemical, electronics and technology, manufacturing, software, retail, healthcare, education, and food and beverage industries, as well as government agencies. Its training offerings include content and curriculum development, e-Learning, learning and training outsourcing, and documentation development.

# Public Basket

## GP Strategies



Company Name	Date	Deal Synopsis
TTi Global	30-Nov-18	The company was acquired by GP Strategies (NYS: GPX) for \$14.195 million on November 30, 2018. This acquisition enhances GP Strategies' service offerings and customer base in the automotive industry, adding service training and multiple new markets, customer relationships and capabilities.
IC Axon	01-May-18	The company was acquired by GP Strategies (NYS: GPX) for \$31.44 million on May 1, 2018. The acquisition will strengthen GP Strategies' ability to deliver comprehensive sales training and digital learning services to its diverse global pharmaceutical customer base. In addition, the purchase agreement requires up to an additional \$0.905 million of consideration, contingent upon the achievement of an earnings target during a twelve-month period subsequent to the closing of the acquisition.

## NIIT

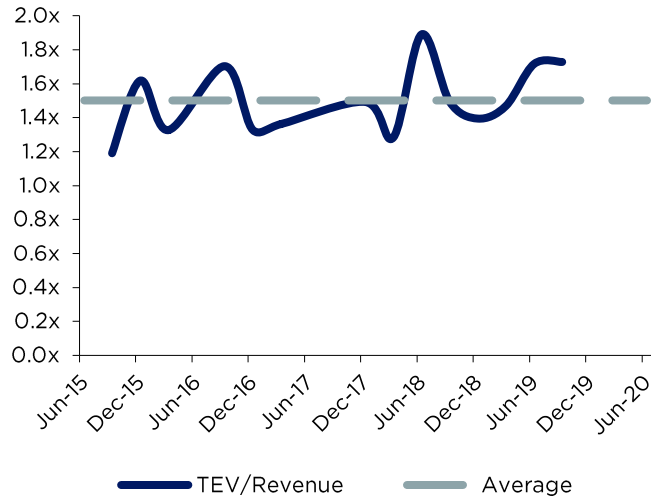
**NIIT Ltd provides multi-disciplinary learning management and training delivery solutions to corporations, institutions, and individuals globally.**

Its business is divided into Corporate learning group, Skills and Careers group, and School learning group. The activities of these divisions include training outsourcing to companies in North America and Europe, courses related to IT, BFSI, KPO, management education, multi-vocational skills, digital media marketing, professional life skills, teaching and education to schools in India. It derives key revenue from offering services to corporate learning group.

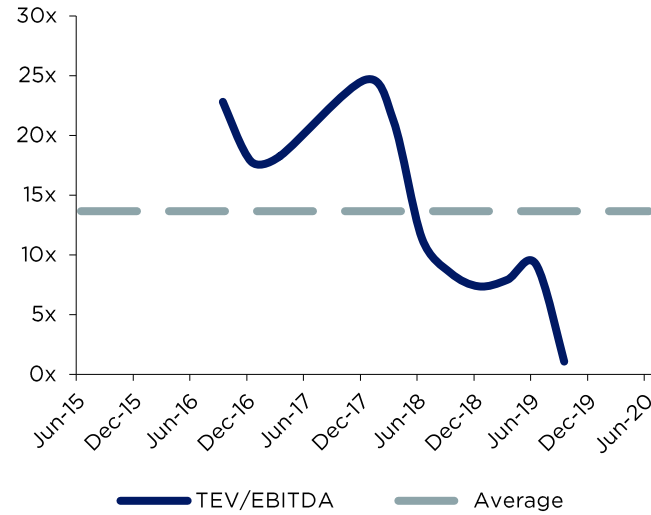
# Public Basket

NIIT

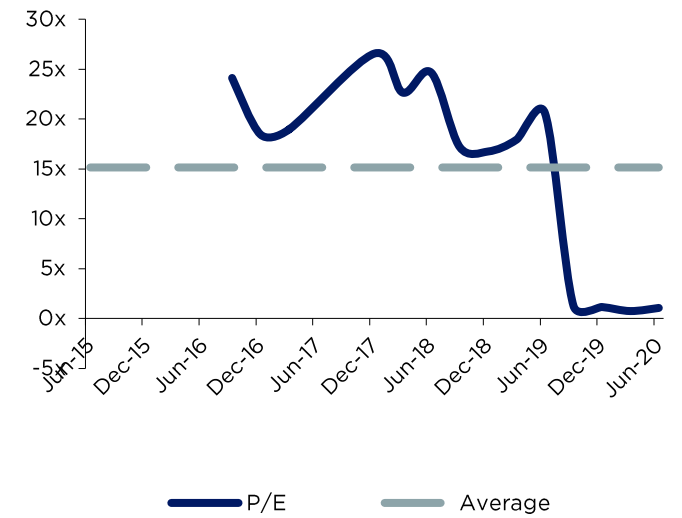
Revenue Multiples - NIIT



EBITDA Multiples - NIIT



P/E Multiples - NIIT



*Company Name*

*Date*

*Deal Synopsis*

Ilimi

27-Sep-16

The company was acquired by NIIT (NSE: NIITLTD) for an undisclosed amount on September 27, 2016. At the time of the transaction, NIIT (NSE: NIITLTD) was backed by Orient Global. Perceptron's acquisition builds on NIIT's strategic focus for a leadership role in the Digital Learning world.

Element K

28-Jul-06

The company was acquired by NIIT (BSE:500304) for \$40 million on July 28, 2006.

# Contact Info

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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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