

7 Mile Advisors



Sectorwatch:

Corporate IT Training and Educational Services

January 2021



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.

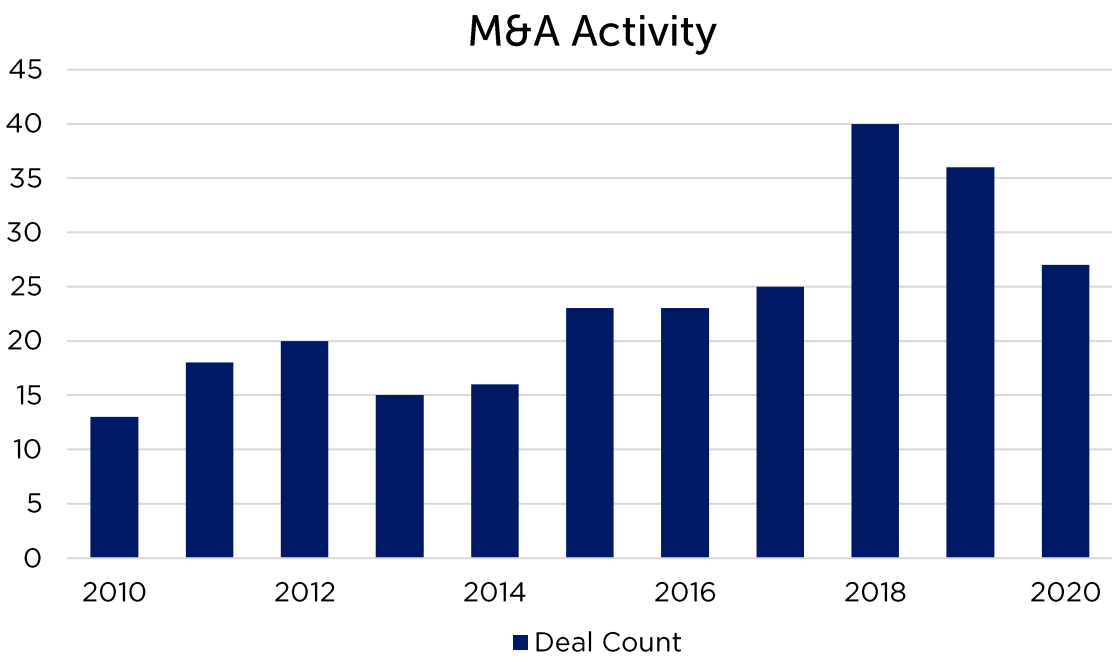
RECENT DEALS

- The most recently announced deals in the sector

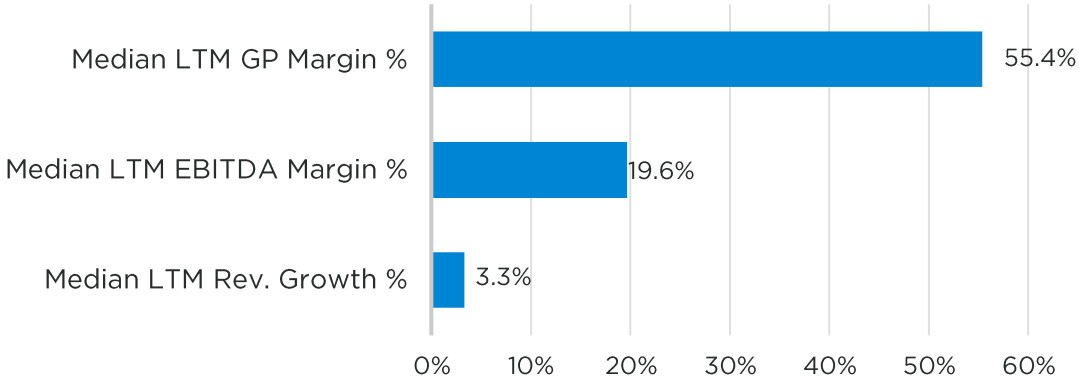
Dashboard

REVENUE GROWTH MOMENTUM ↑ 2.7%

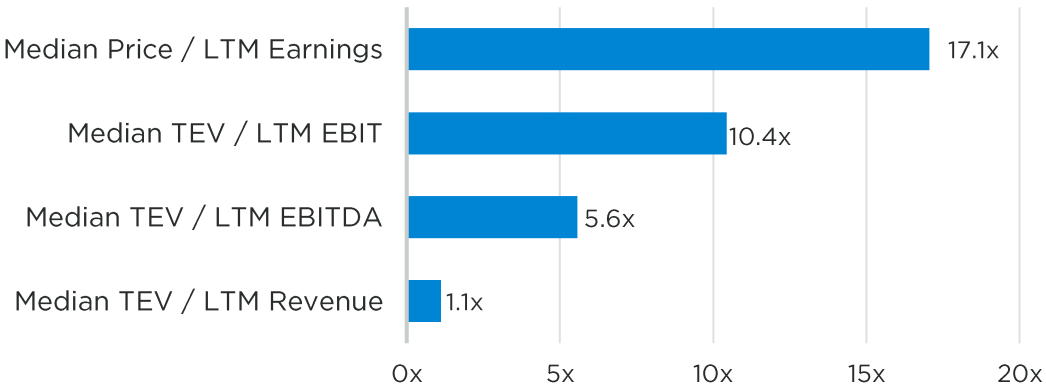
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing



Operating Metrics



Valuation



Public Basket Overview

Corporate IT
Training and
Education

North America



Asia

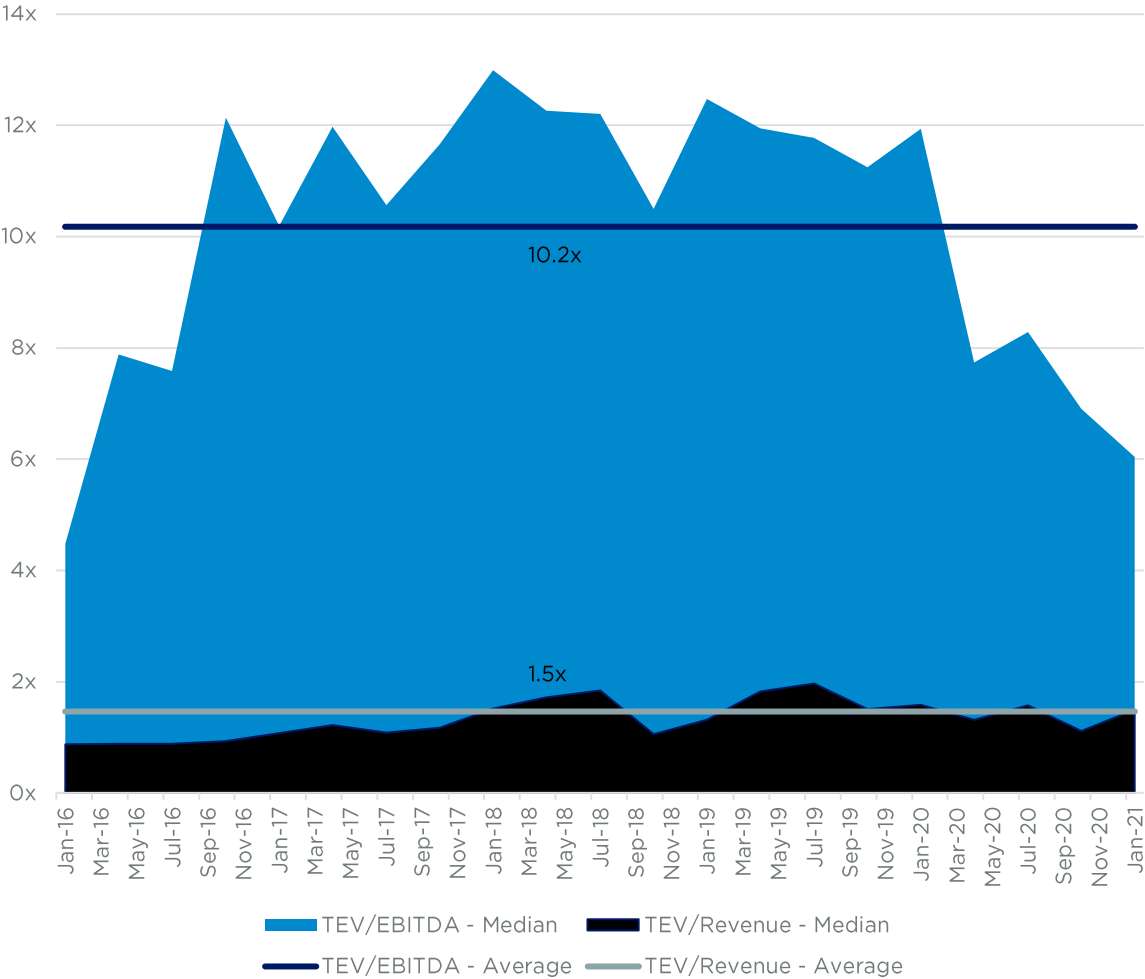


Public Basket

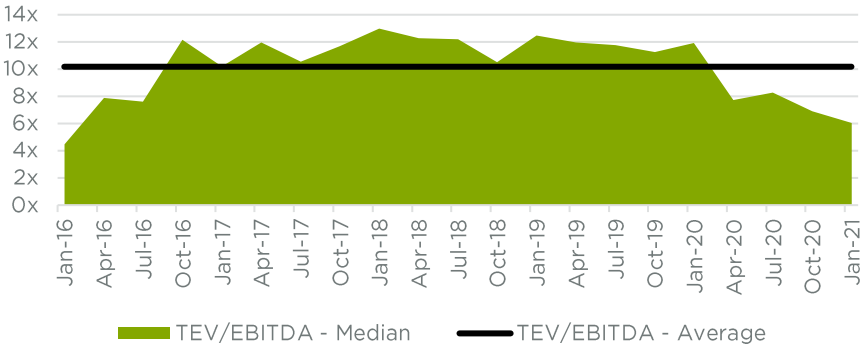
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Grand Canyon Education	4,026	296	819	10.2%	57.8%	36.1%	4.9x	13.8x	4,350	188
Graham Holdings	3,128	561	2,866	0.3%	-	19.6%	1.1x	5.6x	12,053	238
Strategic Education	1,537	254	1,024	5.0%	-	24.8%	1.5x	6.0x	3,076	333
Adtalem Global Education	2,017	368	1,066	3.3%	55.4%	34.5%	1.9x	5.5x	4,299	248
American Public Education	198	37	310	7.4%	61.6%	12.1%	0.6x	5.3x	2,640	118
GP Strategies	263	24	505	-9.9%	15.3%	4.7%	0.5x	11.2x	4,856	104
NIIT	192	21	117	0.4%	41.7%	18.3%	1.6x	8.9x	1,769	66
Average	1,623	223	958	2.4%	46.4%	21.4%	1.7x	8.0x	4,720	185
Median	1,537	254	819	3.3%	55.4%	19.6%	1.5x	6.0x	4,299	188

share price as of 27Jan21

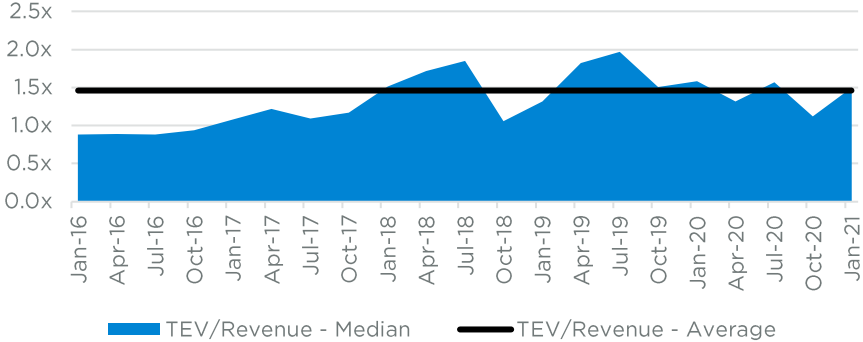
Public Basket



Public EBITDA Multiples over Time

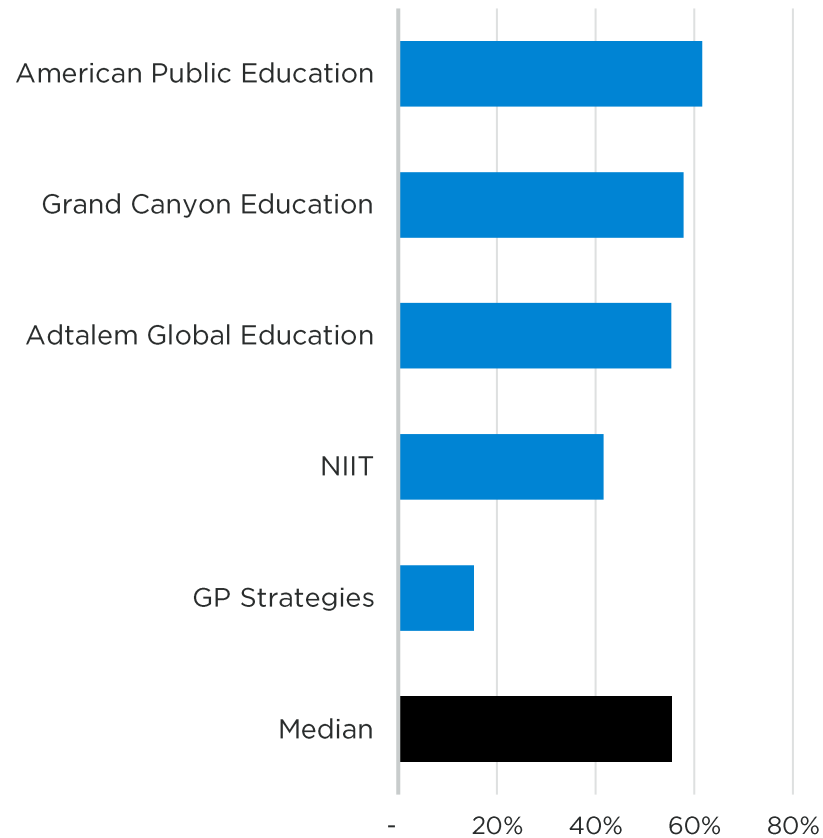


Public Revenue Multiples over Time

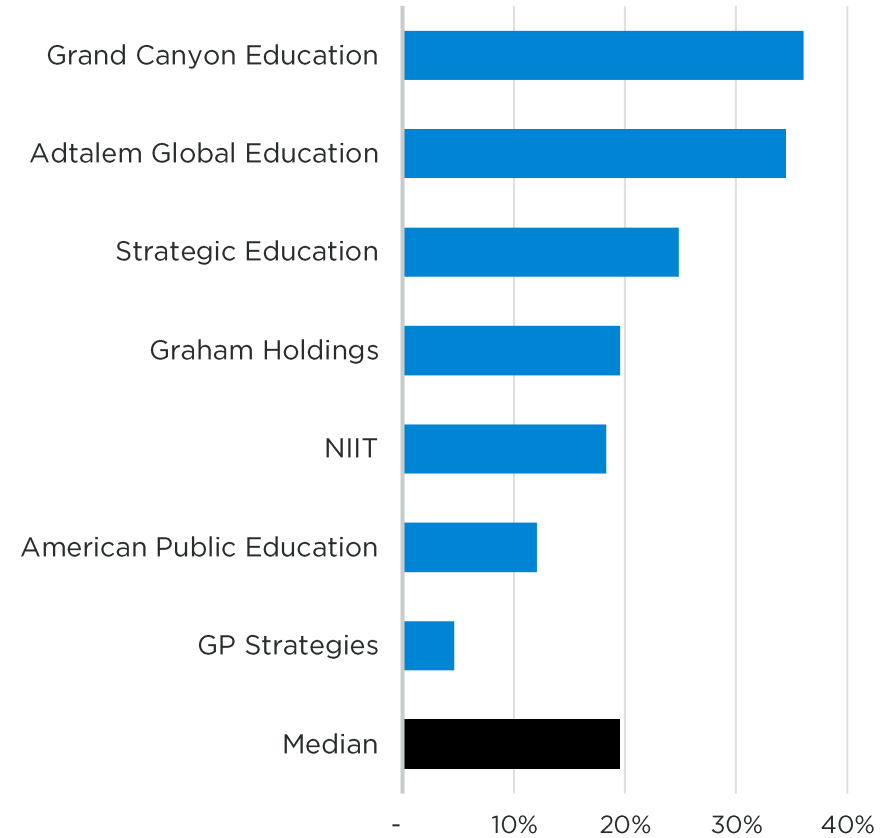


Operational Metrics

LTM Gross Profit Margin %

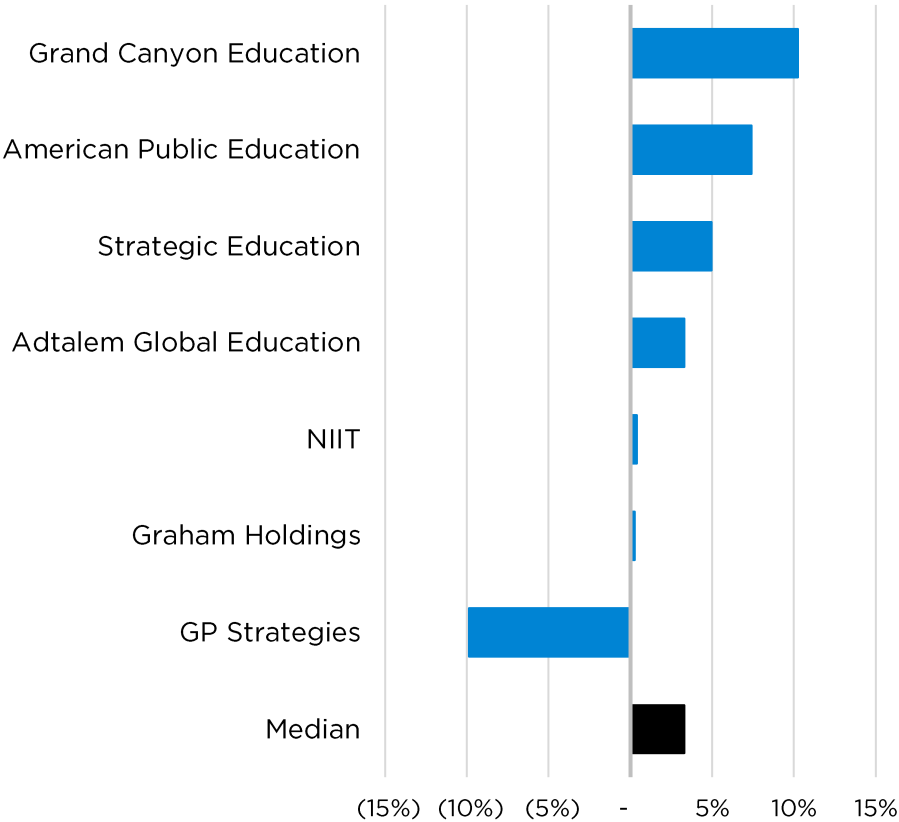


LTM EBITDA %

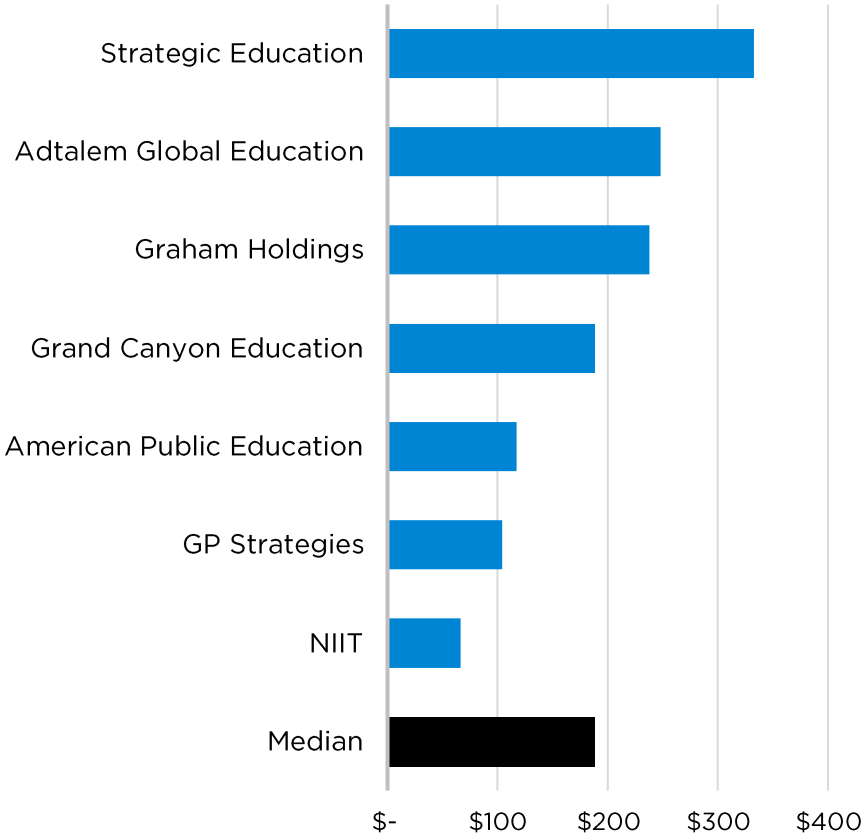


Operational Metrics

LTM Revenue Growth %

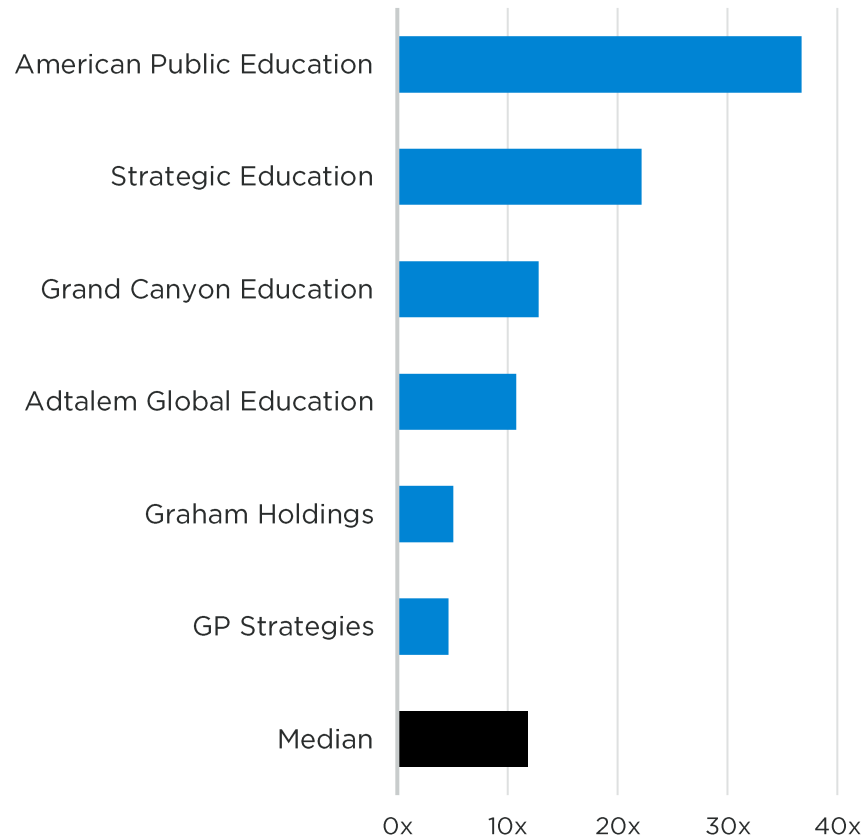


LTM Revenue per Full Time Employee x 000's

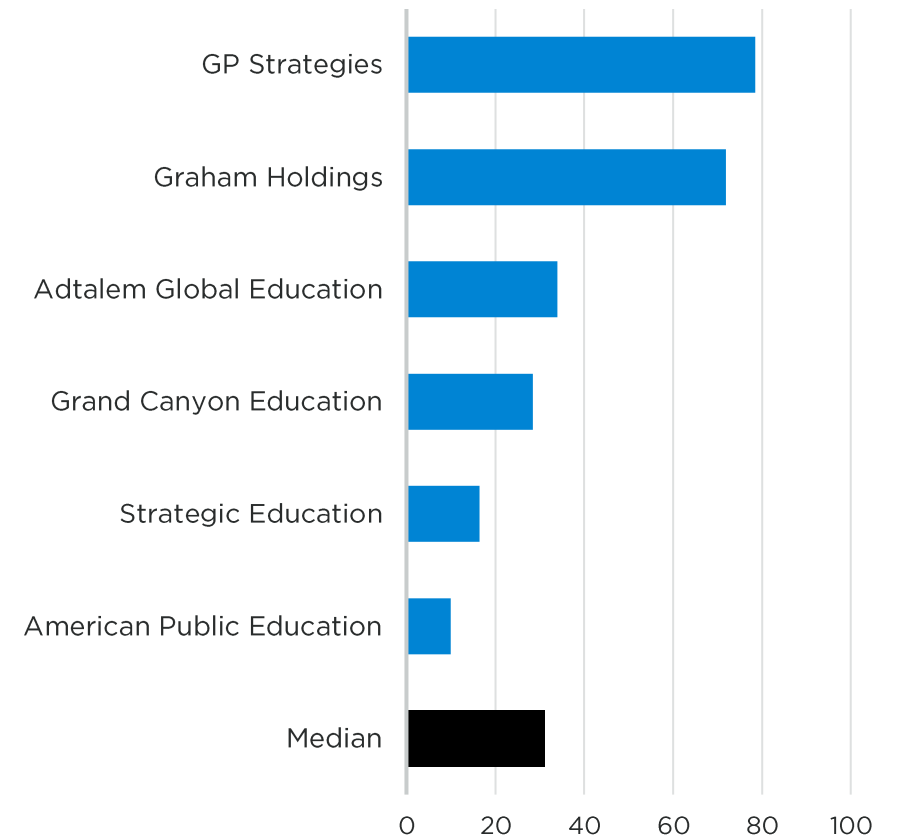


Operational Metrics

Accounts Receivable Turnover

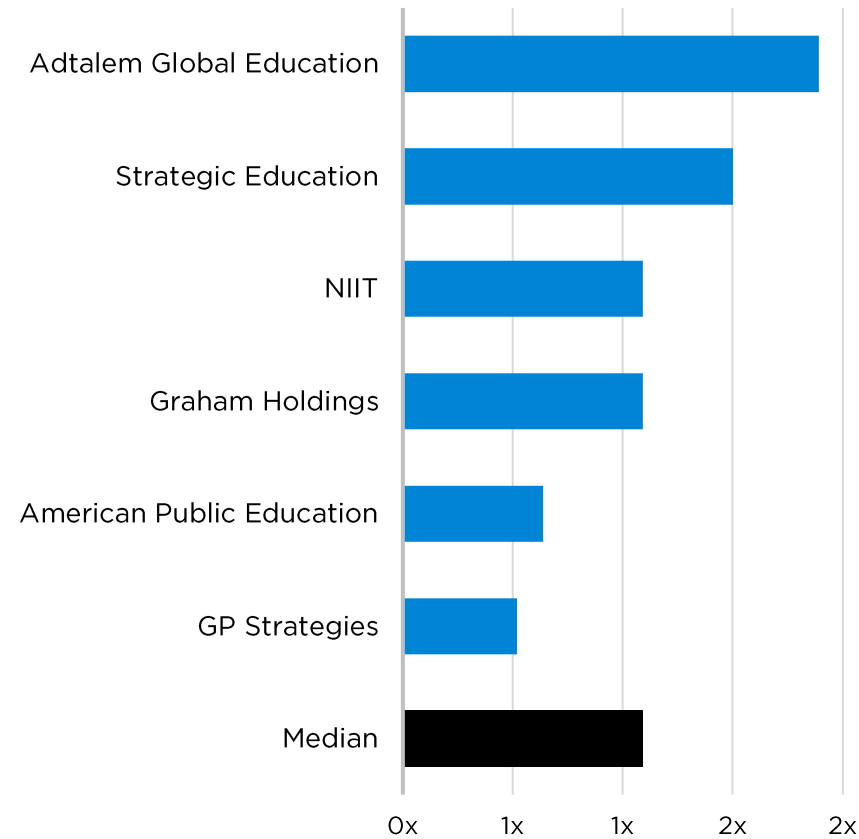


Average Days Sales Outstanding

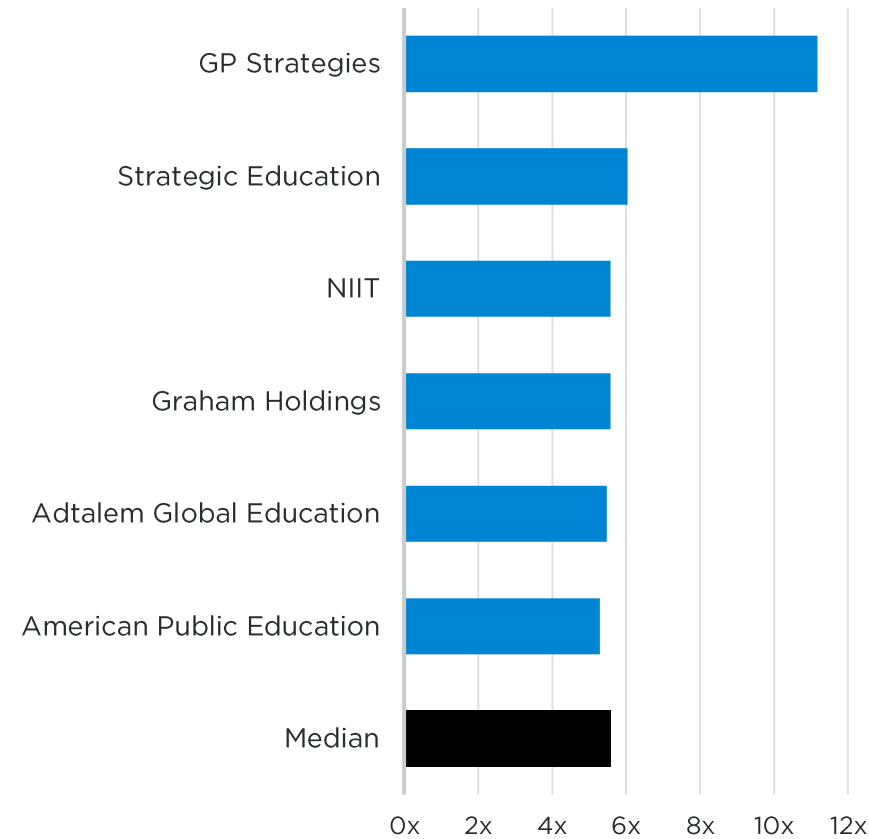


Valuation

TEV / LTM Revenue

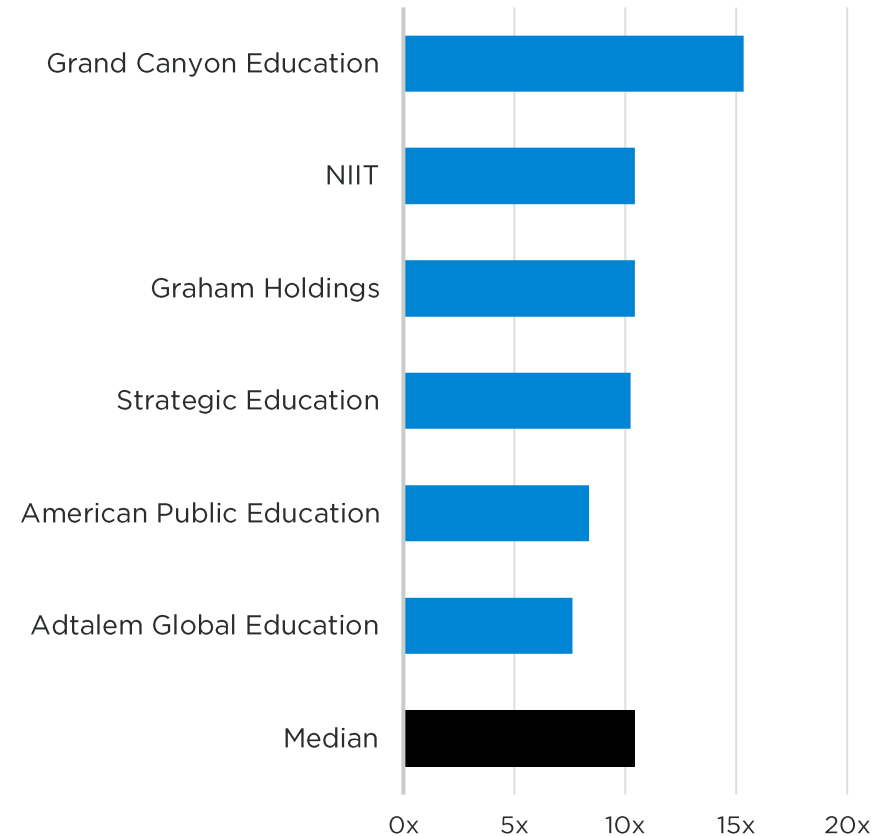


TEV / LTM EBITDA

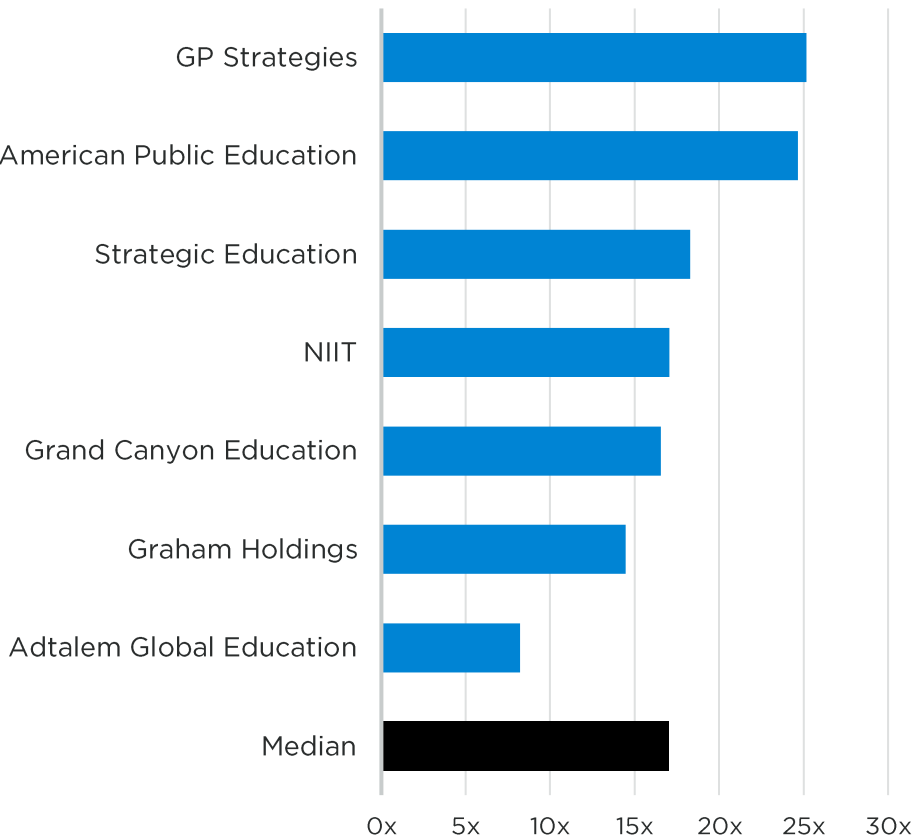


Valuation

TEV / LTM EBIT

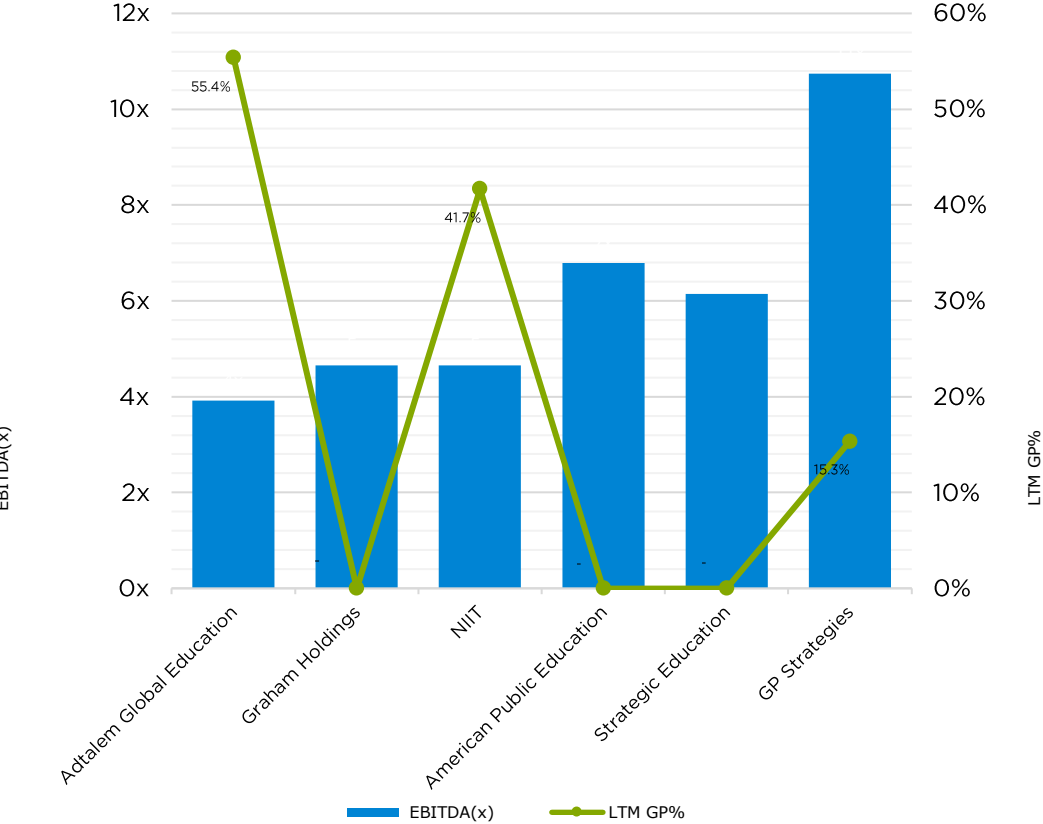


Price / LTM Earnings

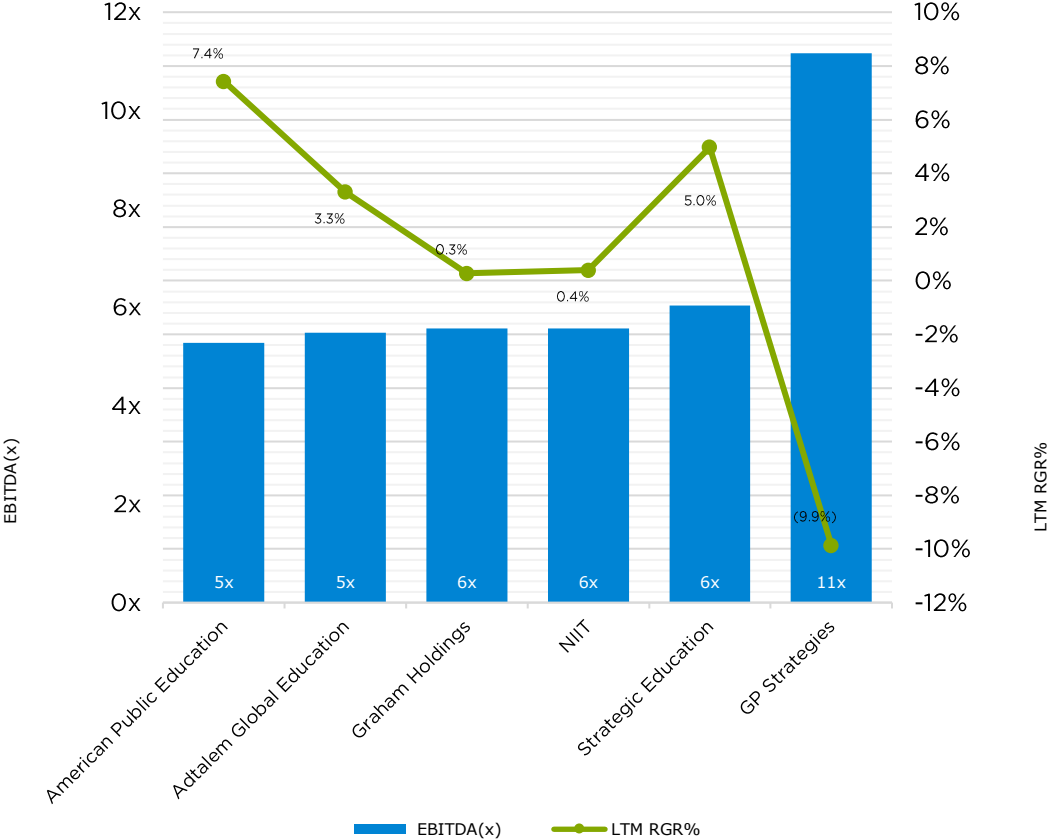


Valuation

Historical Valuation Multiples
versus Gross Profit



Historical Valuation Multiples
versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer / Investors	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
20-Nov-20	STARTX	La Home Sweet Company	-	-	-	-
17-Nov-20	MedCerts	K12	70.00	-	-	-
13-Oct-20	Capensys	Wilson Legal Solutions	-	-	-	-
13-Oct-20	Global Knowledge Training	SkillSoft	233.00	-	-	-
13-Oct-20	TCT Computing Group	10Pearls	-	-	-	-
23-Sep-20	Clear Skies Security	Cerberus Cyber Sentinel	-	-	-	-
14-Sep-20	GFN	Amadeus Fire Group	7.11	-	-	-
04-Jun-20	Big Nerd Ranch	Projekt202	-	-	-	-
02-Jun-20	CAD Studio	Arkance Systems	-	-	-	-
02-Jun-20	Cutter Consortium	Arthur D. Little (France)	-	-	-	-
19-May-20	Entangled Group	Guild Education	80.00	-	-	-
18-May-20	Vantage Education	-	-	-	-	-
14-May-20	Inviacom	GI Partners	-	-	-	-
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	2000.00	258.47	7.29	-28.43
16-Mar-20	Everwise	Torch Leadership Labs	-	-	-	-
06-Mar-20	Unitek Learning	The Vistria Group	-	-	-	-
03-Mar-20	AcademyX	Learn iT	-	-	-	-

Appendix

*Public Basket
Contact Information*

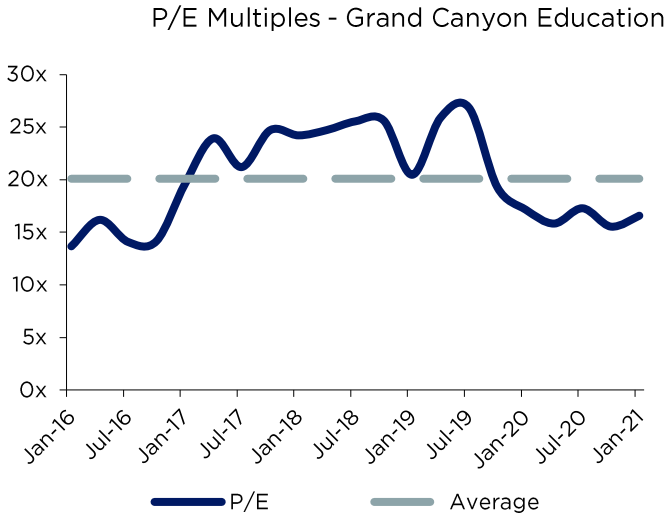
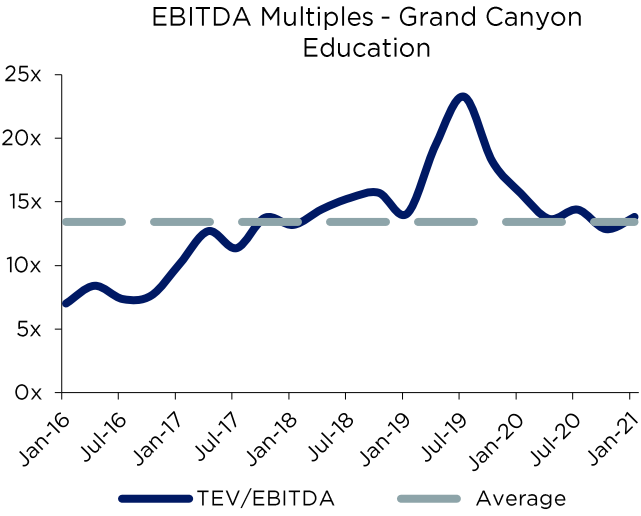
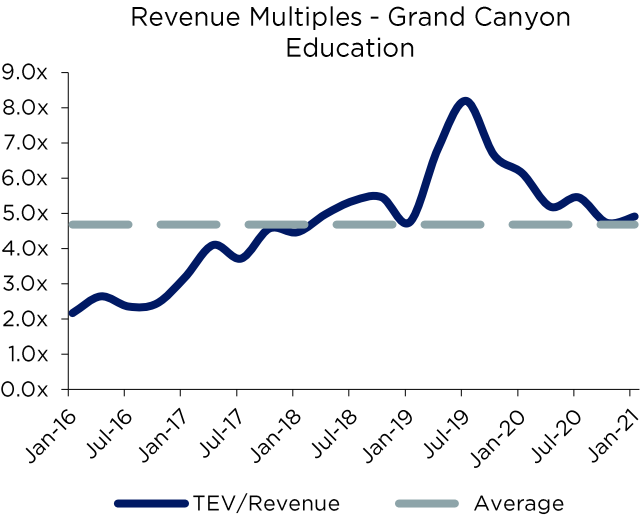
Grand Canyon Education

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.

Graham Holdings

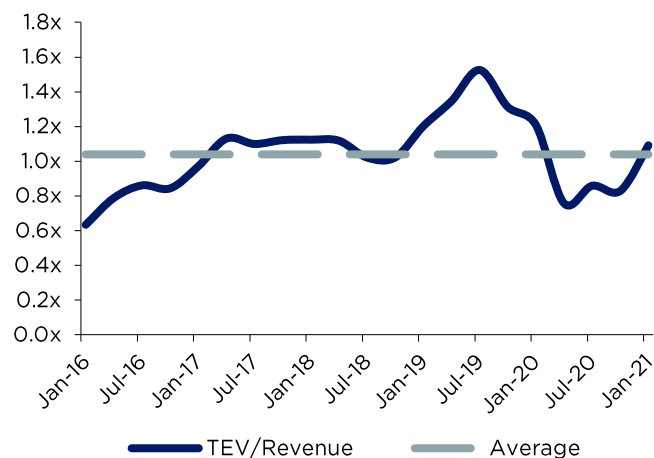
Graham Holdings Co.

is a diversified education and media company made up of subsidiaries. Firm operations include educational services; television broadcasting; online, print, and local news; home health and hospice care; and manufacturing. The company's six segments are Kaplan International, Kaplan Higher Education, Kaplan Test Preparation, Kaplan Professional (U.S.), Television Broadcasting, and Other Activities (including home health, hospice services, and manufacturing). The majority of revenue comes from the Kaplan International segment, which includes higher education, test preparation, language instruction, and professional training. A large portion of company revenue also comes from the television broadcasting segment through advertising.

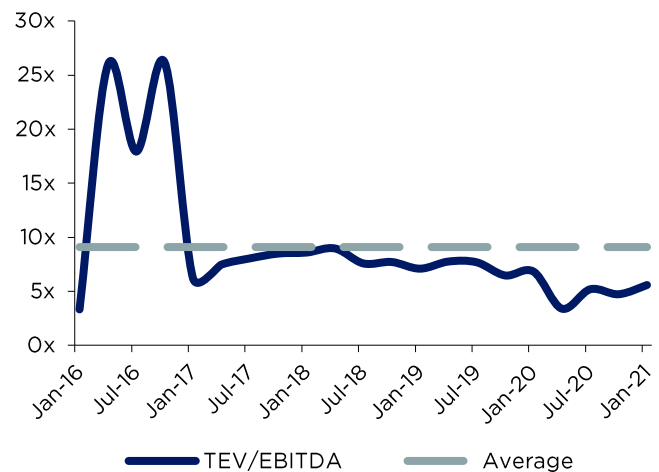
Public Basket

Graham Holdings

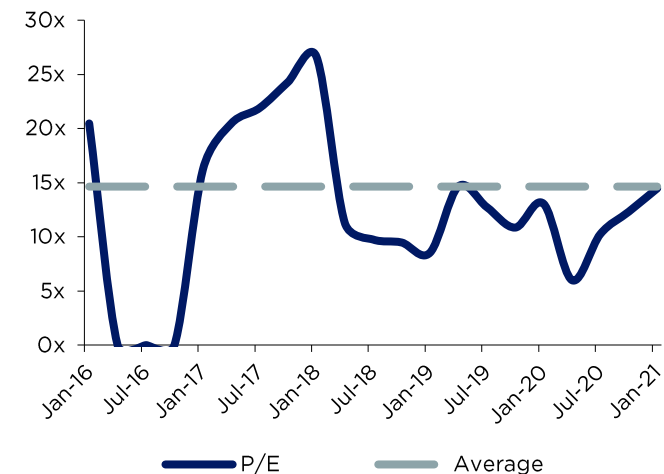
Revenue Multiples - Graham Holdings



EBITDA Multiples - Graham Holdings



P/E Multiples - 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. The consideration includes a contingent payout of \$50.6 million based on the company achieving certain revenue milestones in the future.

Serial Box

13-Feb-20

The company raised \$9.65 million of Series A venture funding in a deal led by Graham Holdings on February 13, 2020, putting the company's pre-money valuation at \$20 million. Forerunner Ventures, RRE Ventures, Eudemian Ventures, and Rethink Capital Partners also participated in the round.

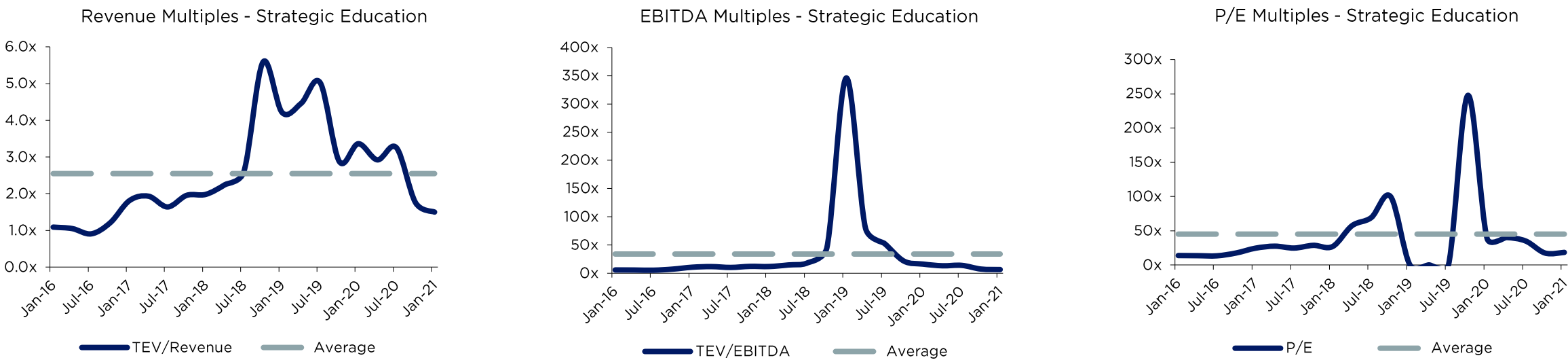
Strategic Education

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



Company Name	Date	Deal Synopsis
Media Design School	29-Jul-20	The company, a subsidiary of Laureate Education, reached a definitive agreement to be acquired by Strategic Education (NAS: STRA) for an undisclosed amount on July 29, 2020.
Think Education	29-Jul-20	The company, a subsidiary of Laureate Education, reached a definitive agreement to be acquired by Strategic Education (NAS: STRA) on July 29, 2020 for an undisclosed sum.

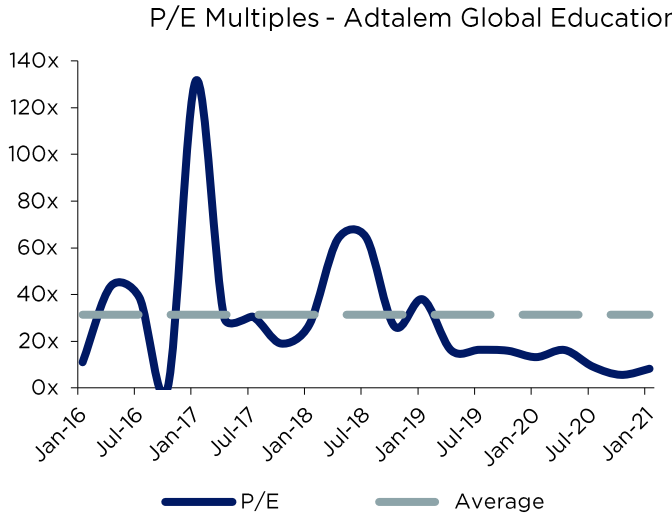
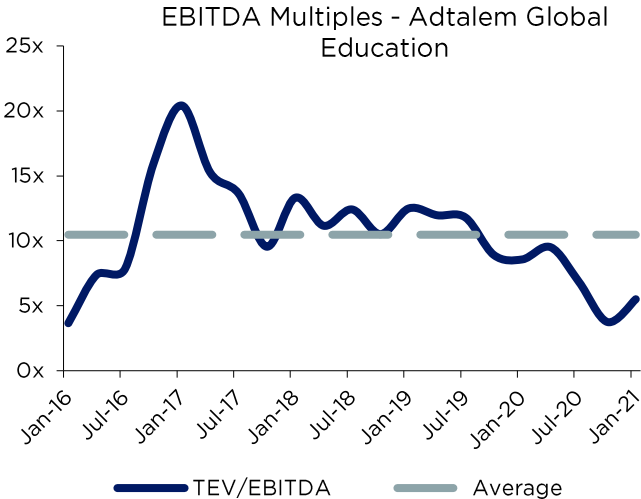
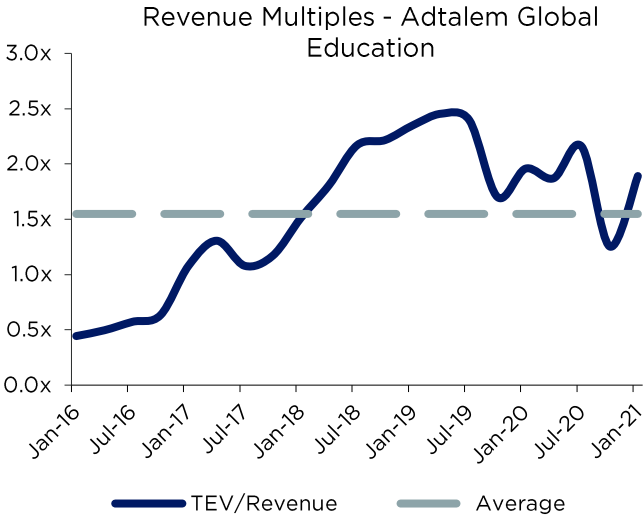
Adtalem Global Education

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
Walden University	11-Sep-20	The company reached a definitive agreement to be acquired by Adtalem Global Education (NYS: ATGE) for \$1.48 billion on September 11, 2020. The acquisition is expected to provide significant potential for growth and margin expansion through new and expanded offerings as well as revenue and cost synergies.
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.

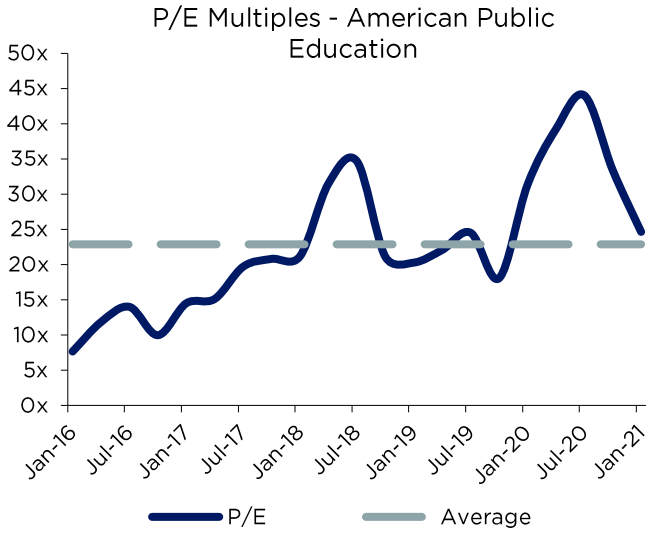
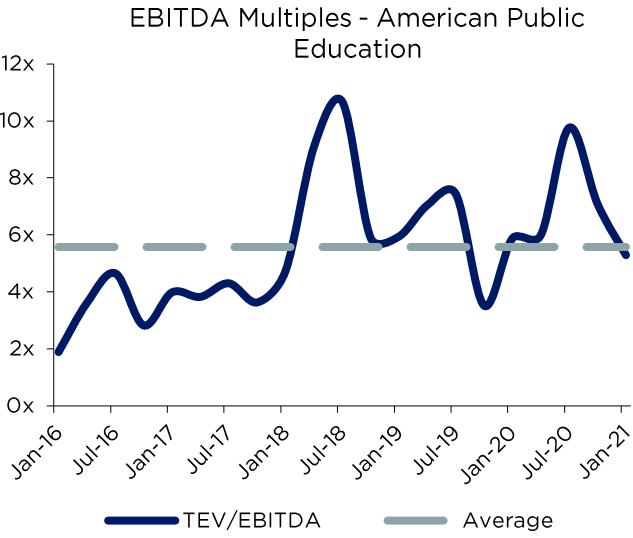
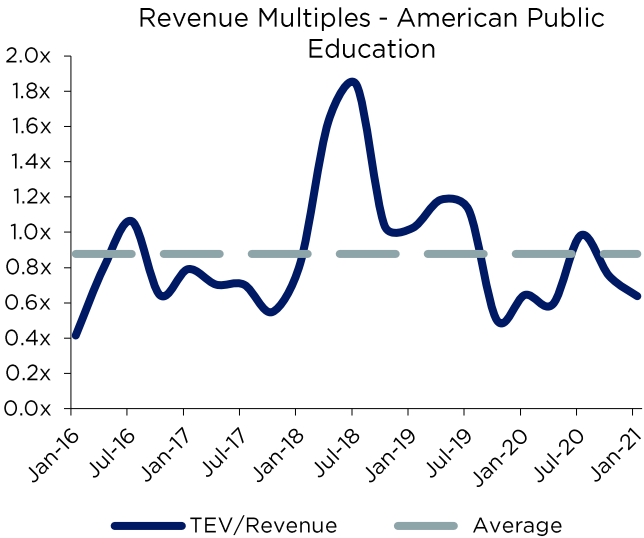
American Public Education

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



Company Name	Date	Deal Synopsis
Rasmussen College	28-Oct-20	The company reached a definitive agreement to be acquired by American Public Education (NAS: APEI) for \$329 million on October 28, 2020. The transaction price consists of \$300 million in cash plus \$29 million in preferred shares, which represents the value of expected tax step-up benefits.
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.

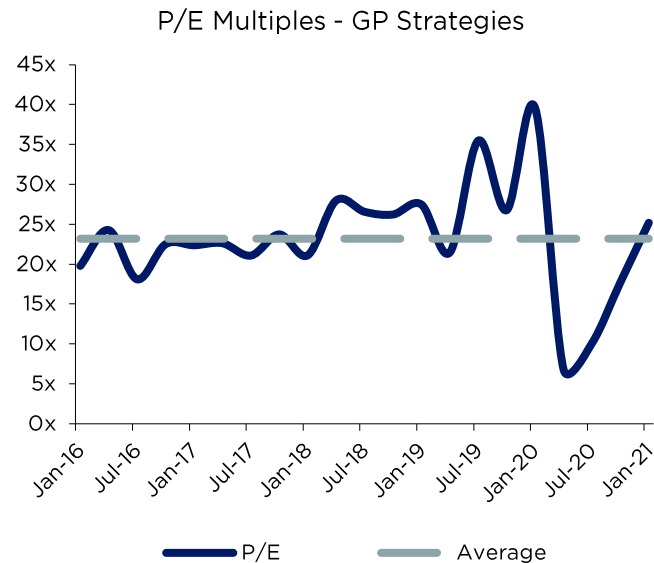
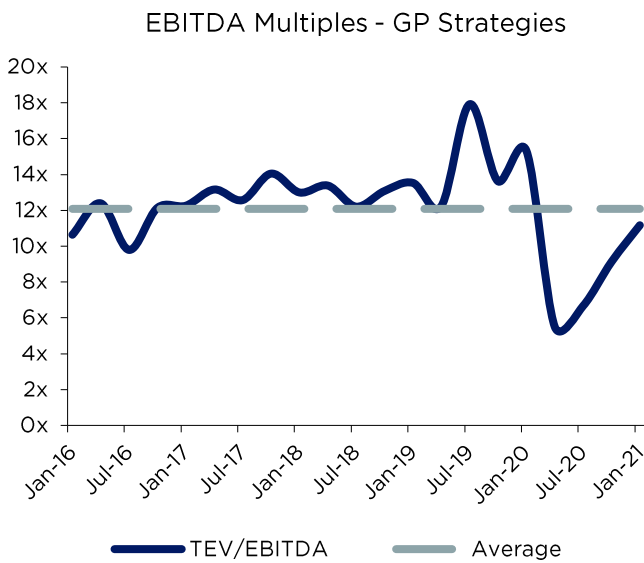
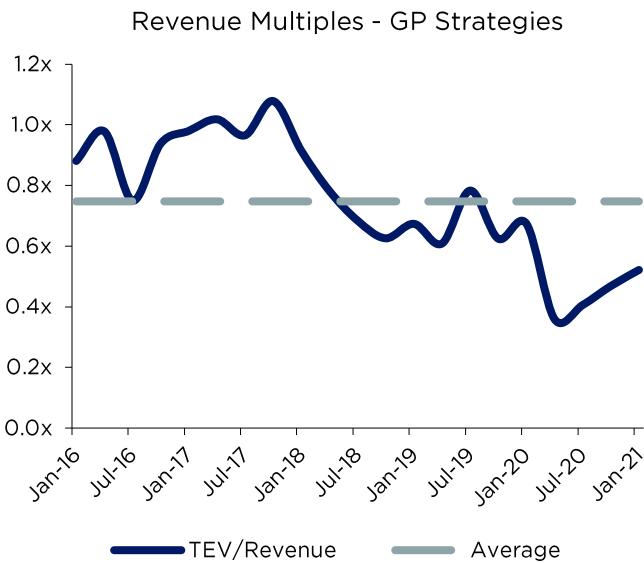
GP Strategies

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

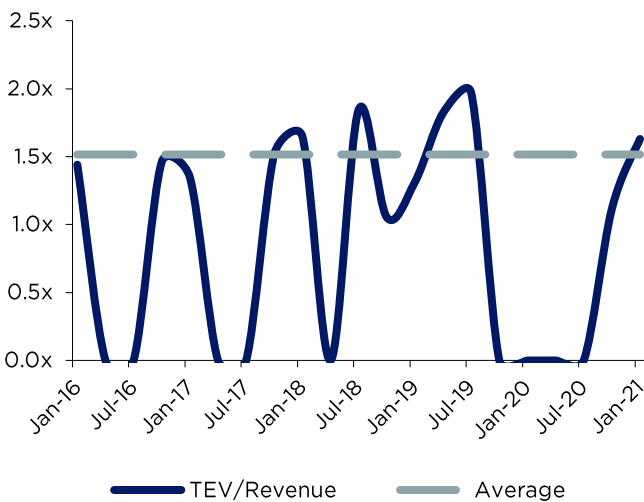
NIIT Ltd provides multi-disciplinary learning management and training delivery solutions to corporations, institutions, and individuals globally.

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.

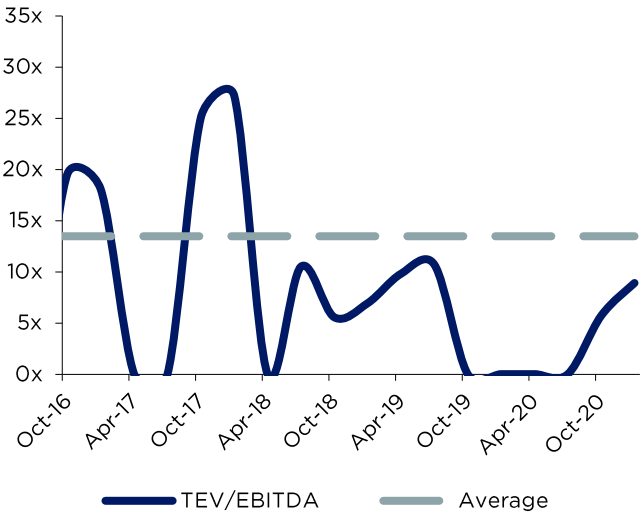
Public Basket

NIIT

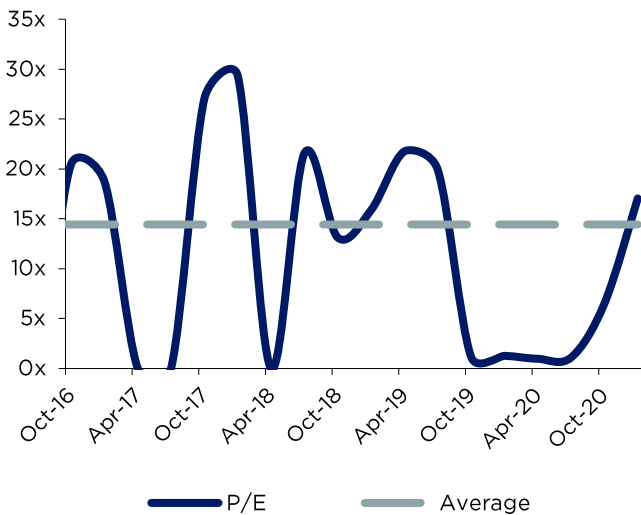
Revenue Multiples - NIIT



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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