

7 Mile Advisors



# Sectorwatch:

Corporate IT Training and Educational Services

June 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

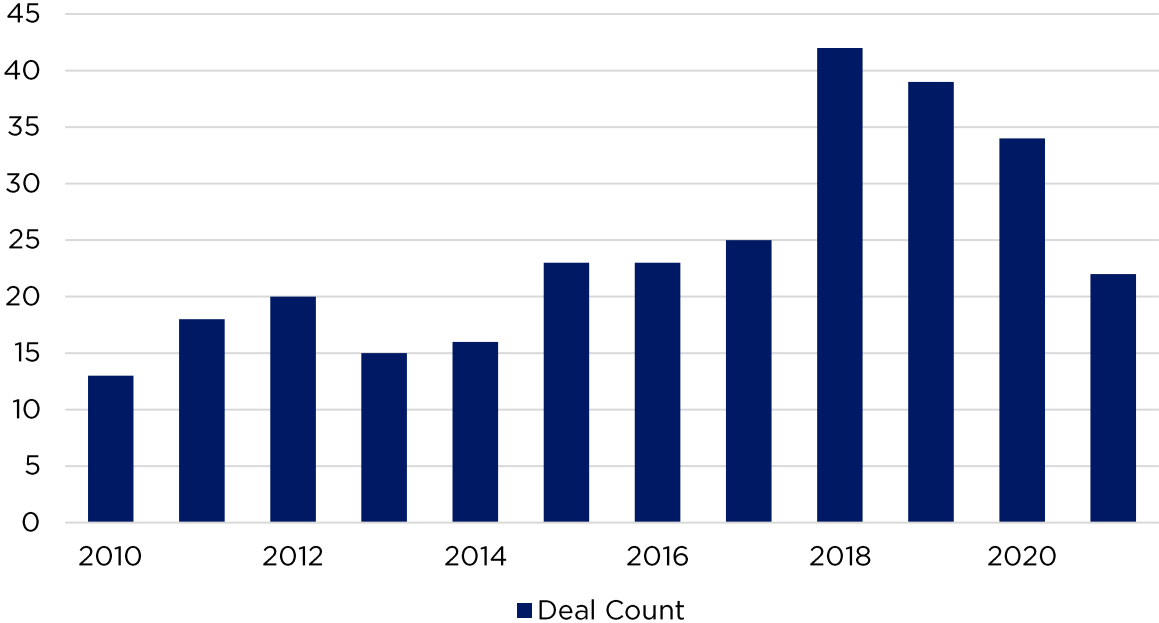
- The most recently announced deals in the sector

# Dashboard

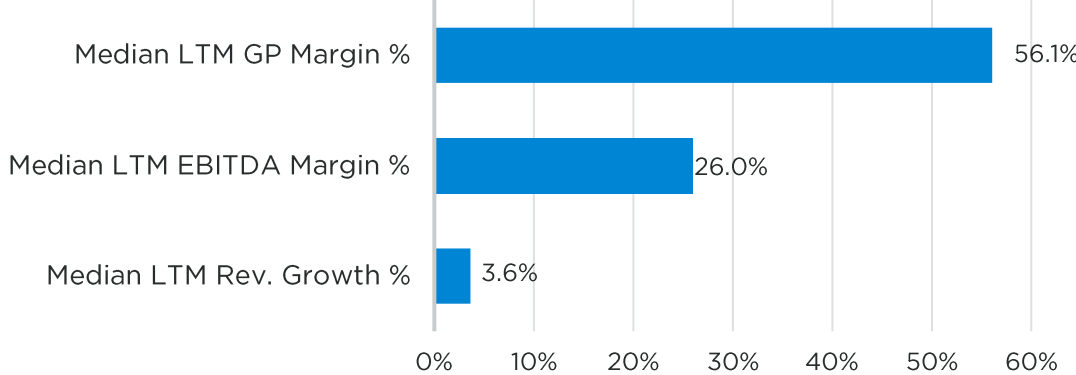
## REVENUE GROWTH MOMENTUM ↑ 2.9%

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

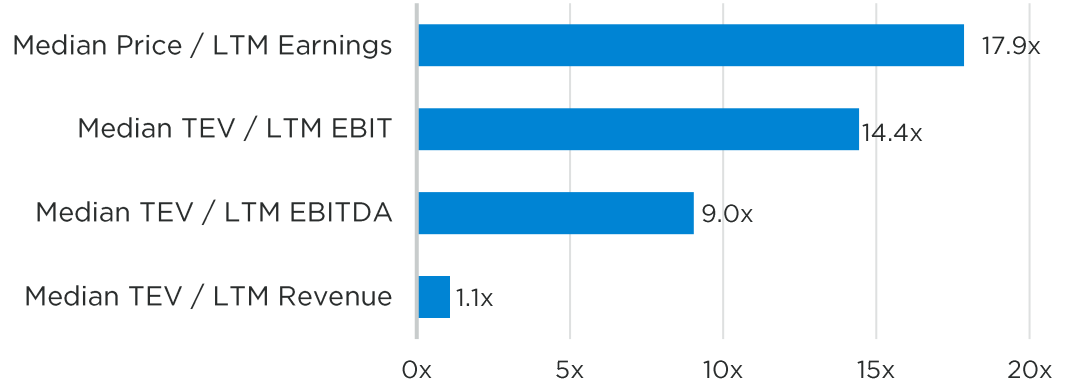
### M&A Activity



## Operating Metrics



## Valuation



# Public Basket Overview

Corporate IT  
Training and  
Education

North America



Asia

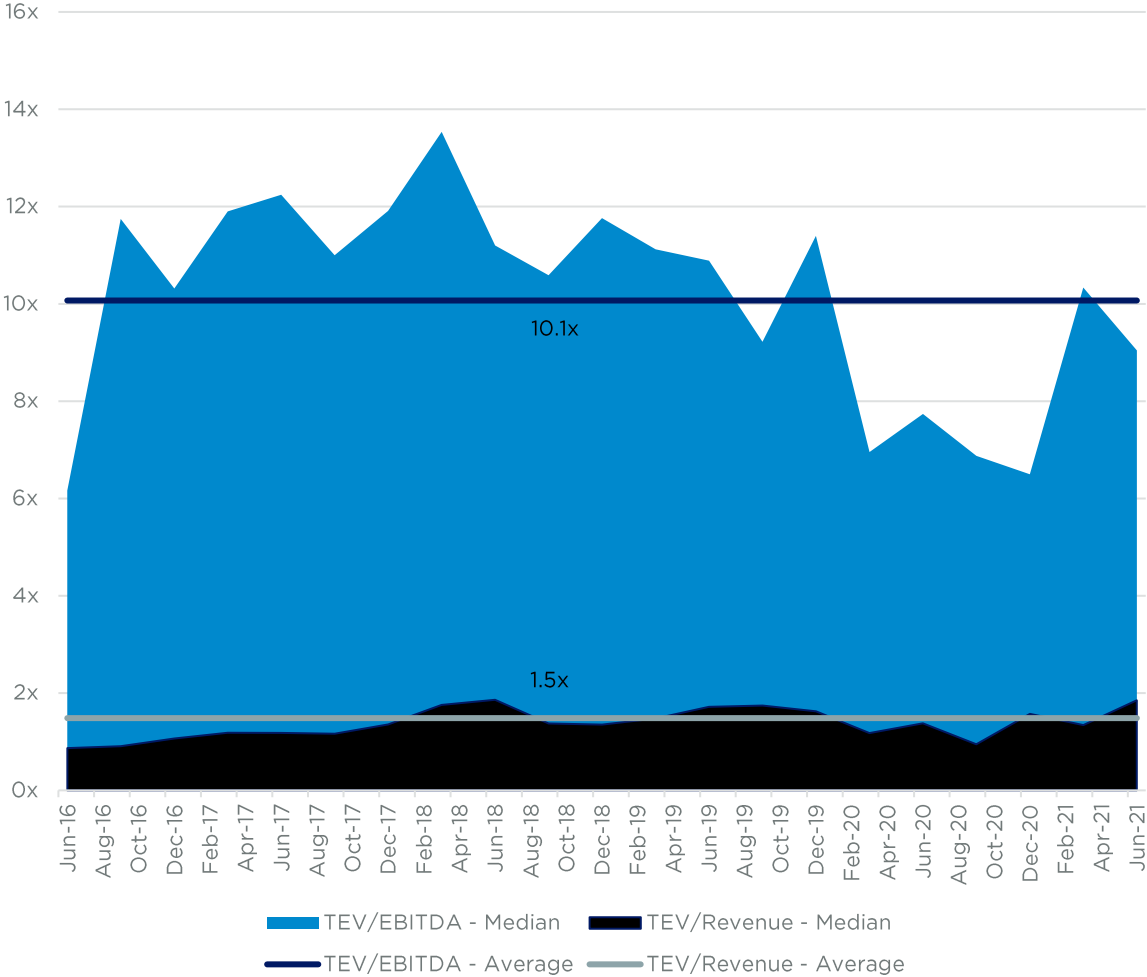


# Public Basket

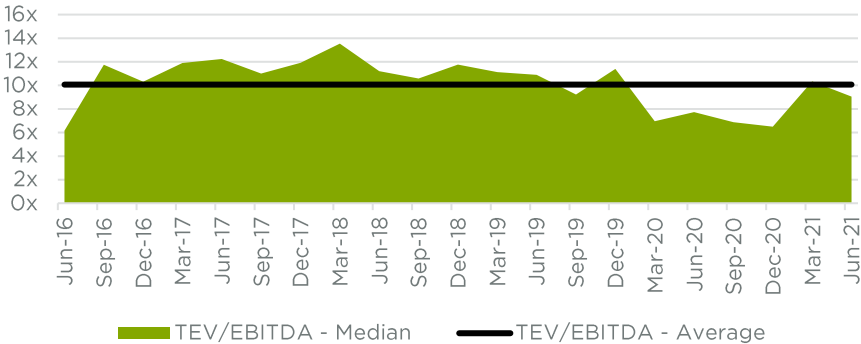
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Grand Canyon Education	4,075	312	859	7.0%	58.4%	36.4%	4.7x	13.0x	4,625	186
Graham Holdings	3,112	946	2,869	-3.5%	-	33.0%	1.1x	3.3x	16,661	172
Strategic Education	1,950	200	1,053	3.6%	-	19.0%	1.9x	9.7x	3,679	286
Adtalem Global Education	2,552	283	1,092	3.3%	56.1%	26.0%	2.3x	9.0x	4,299	254
American Public Education	219	45	336	16.8%	62.7%	13.4%	0.7x	4.9x	2,940	114
GP Strategies	278	22	459	-19.7%	17.7%	4.8%	0.6x	12.7x	4,343	106
NIIT	273	35	128	6.8%	43.2%	27.4%	2.1x	7.8x	2,600	49
<b>Average</b>	1,780	263	971	2.1%	47.6%	22.8%	1.9x	8.6x	5,592	167
<b>Median</b>	1,950	200	859	3.6%	56.1%	26.0%	1.9x	9.0x	4,299	172

share price as of 29Jun21

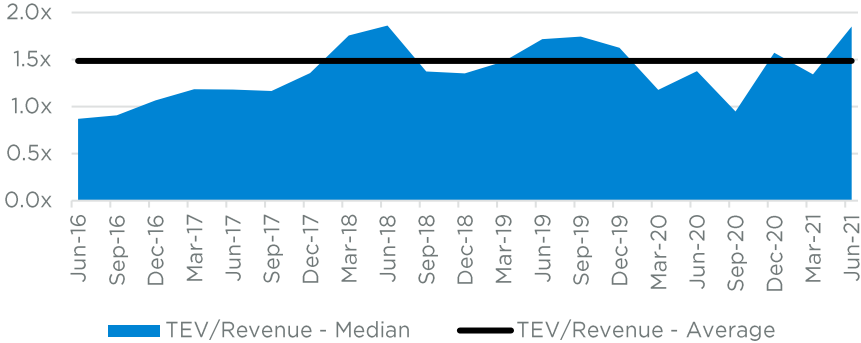
# Public Basket



## Public EBITDA Multiples over Time

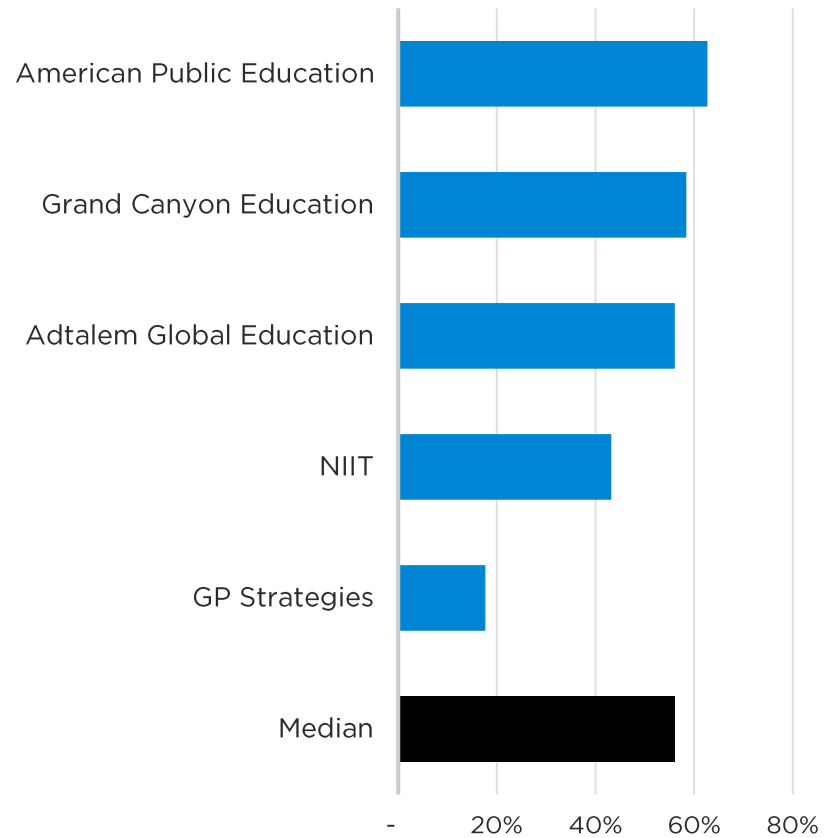


## Public Revenue Multiples over Time

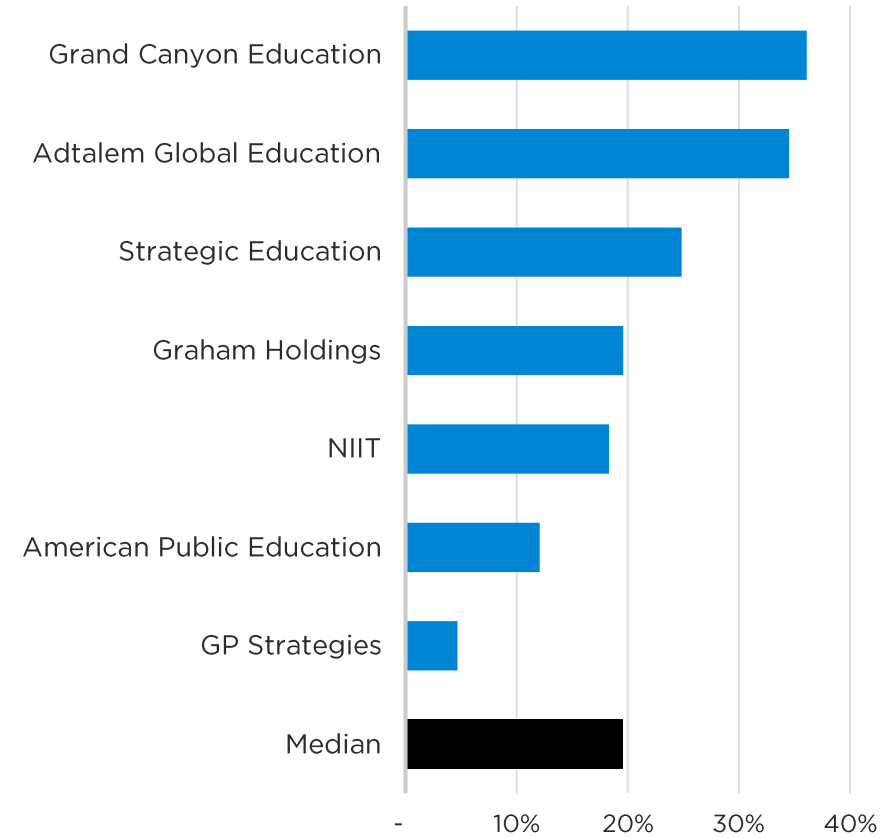


# Operational Metrics

## LTM Gross Profit Margin %



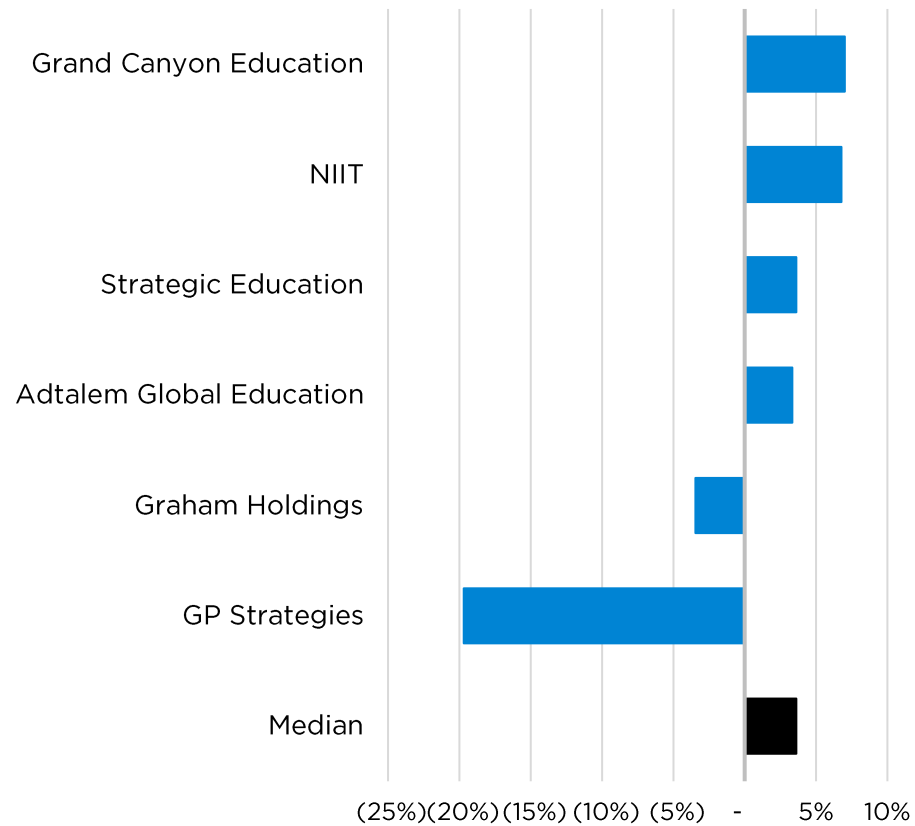
## LTM EBITDA %



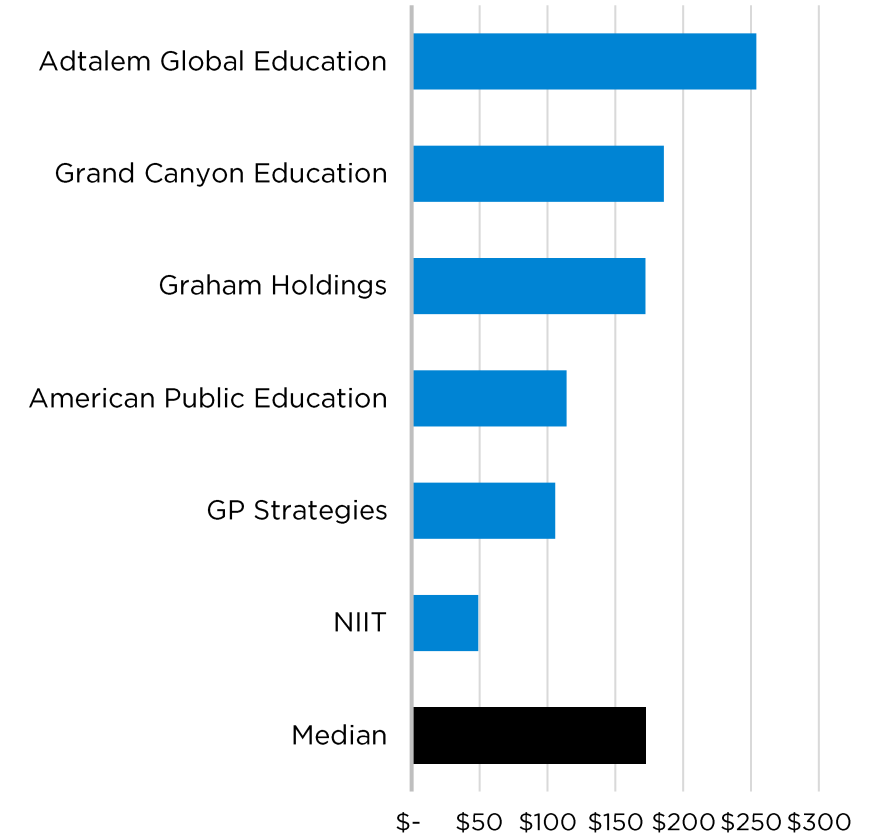


# Operational Metrics

LTM Revenue Growth %

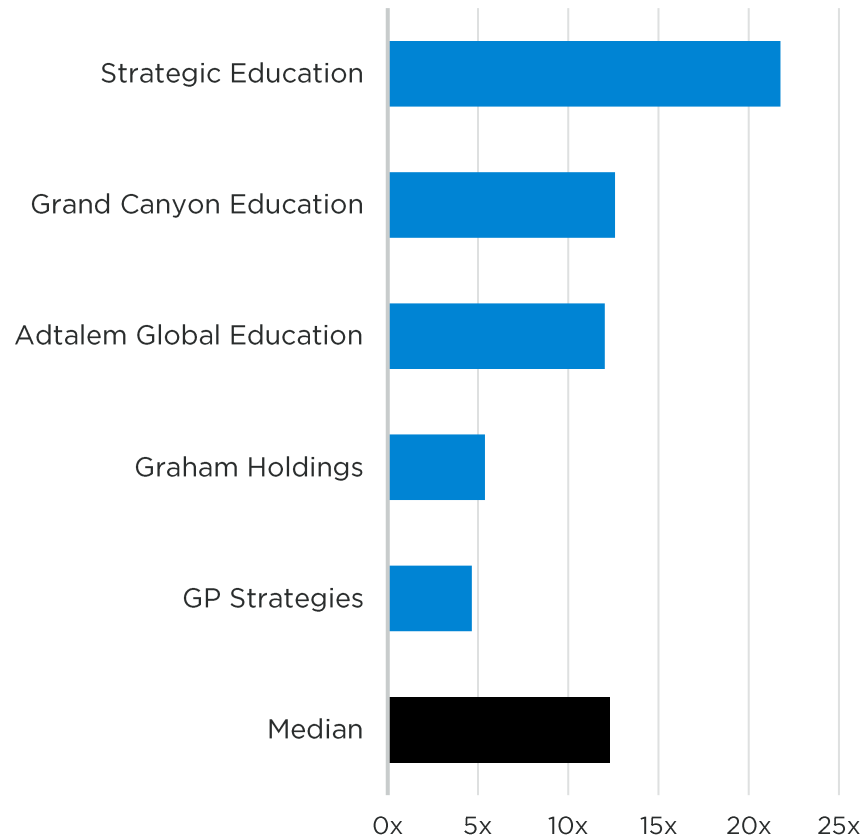


LTM Revenue per Full Time Employee x 000's

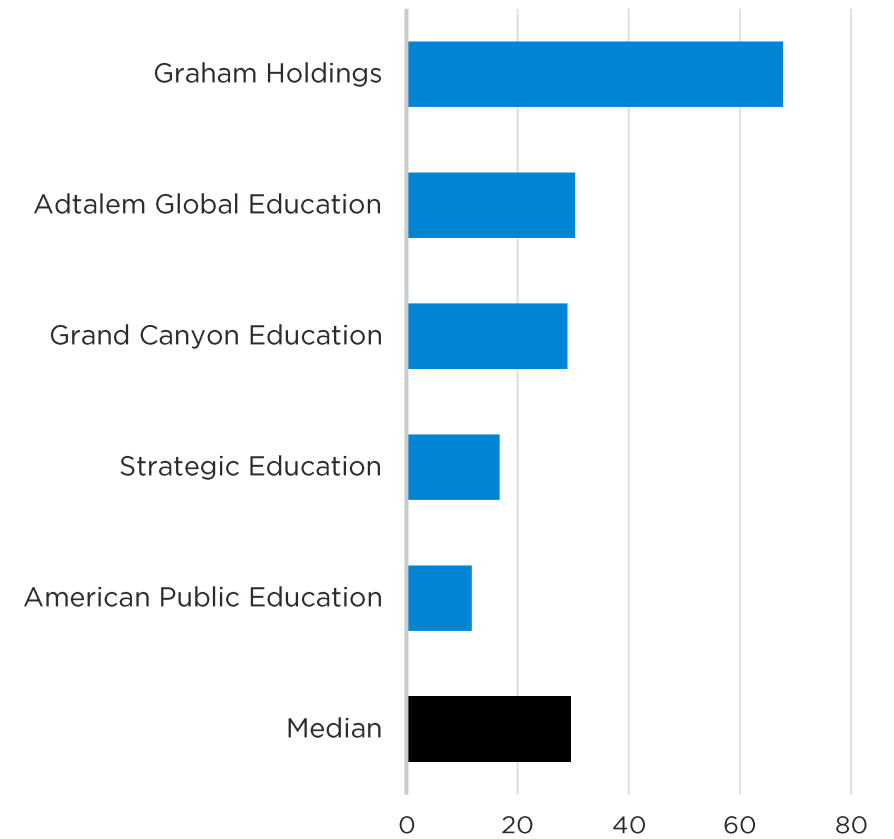


# Operational Metrics

## Accounts Receivable Turnover

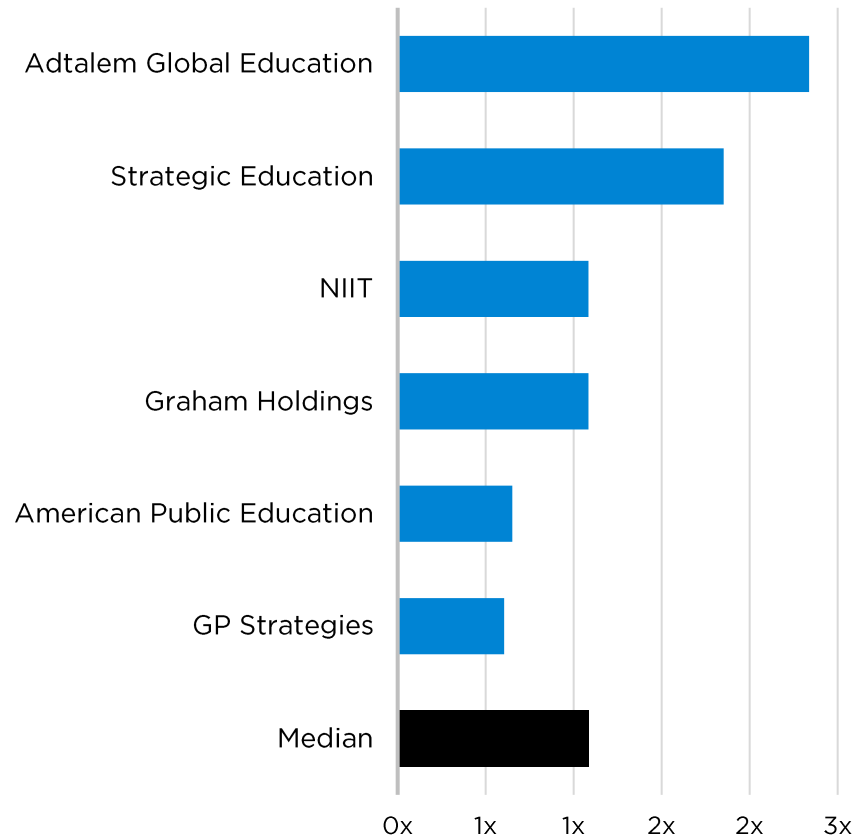


## Average Days Sales Outstanding

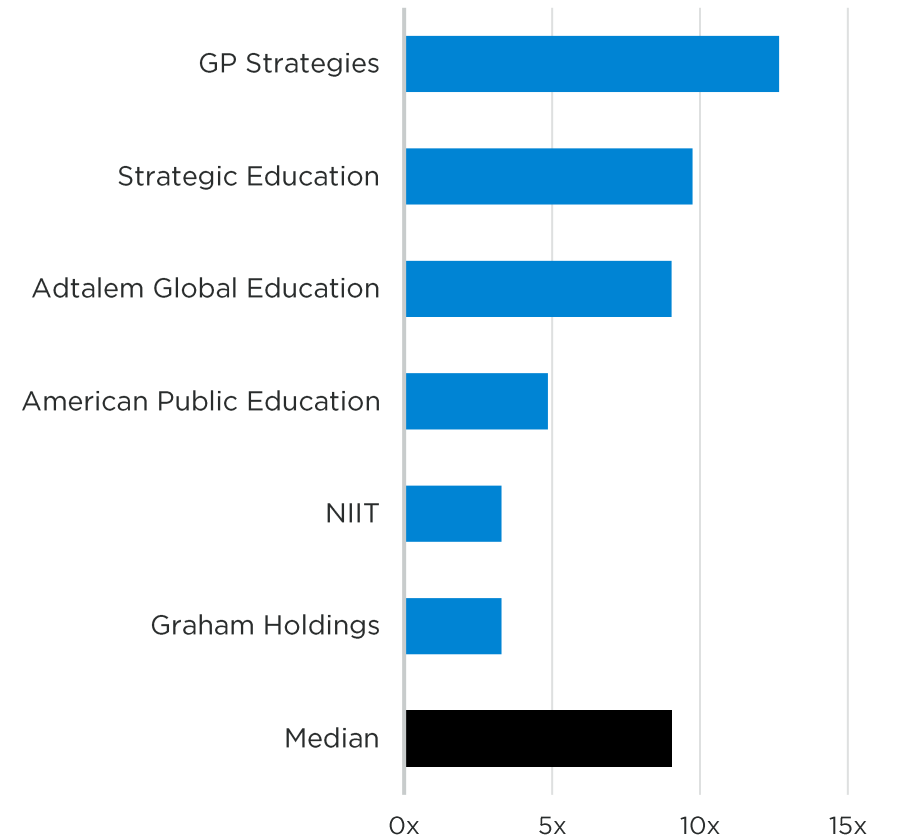


# Valuation

## TEV / LTM Revenue

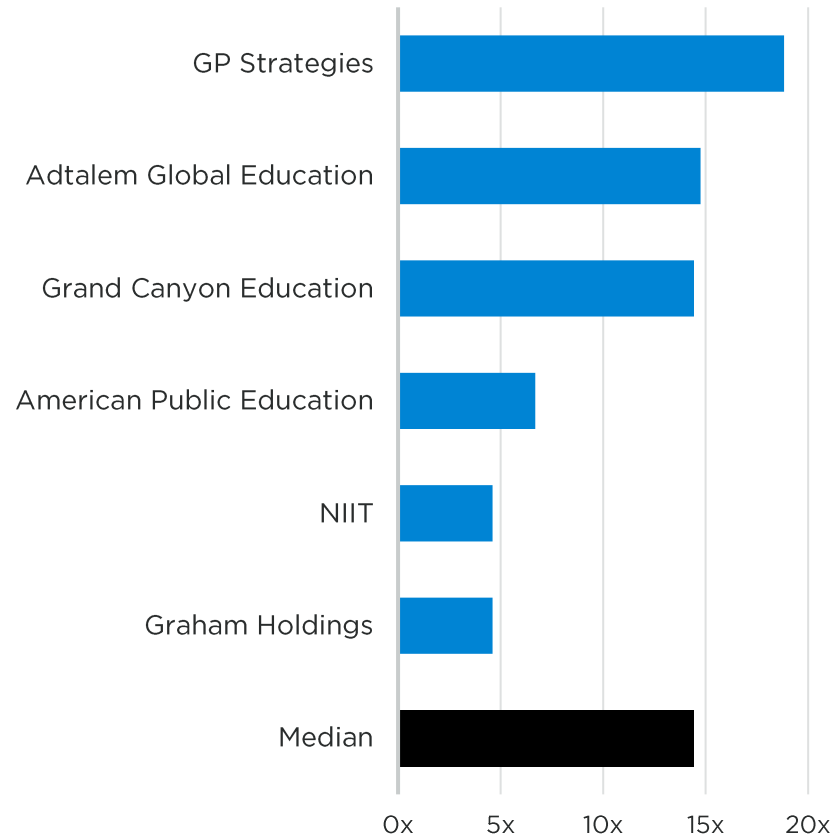


## TEV / LTM EBITDA

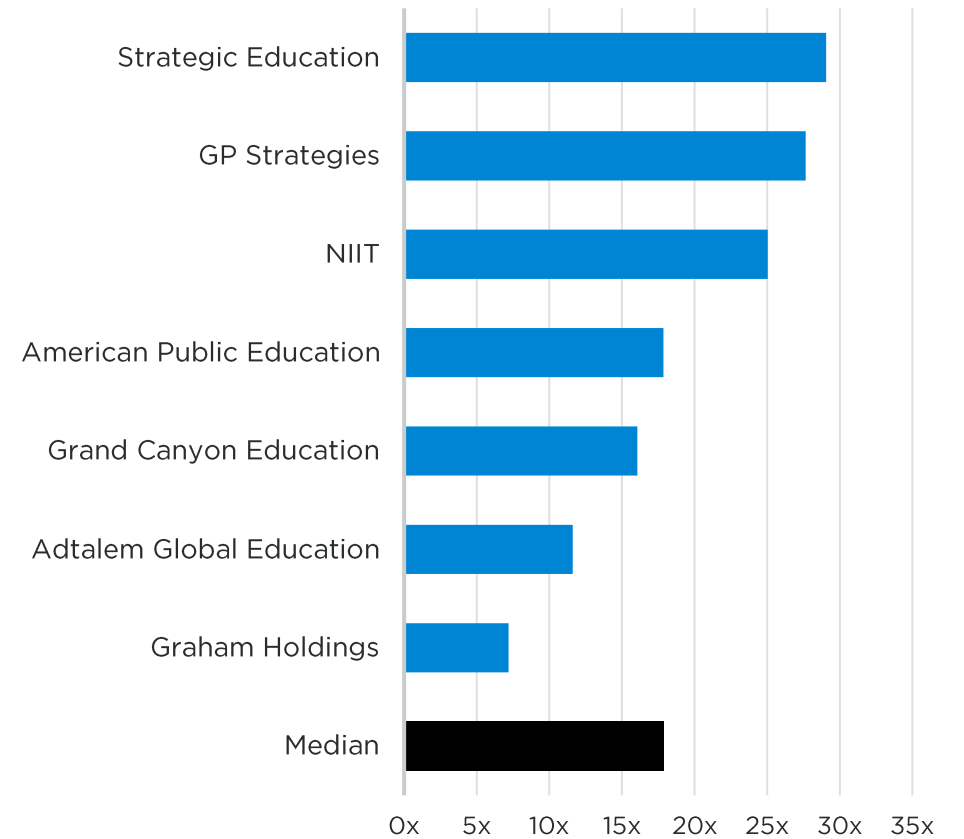


# Valuation

## TEV / LTM EBIT

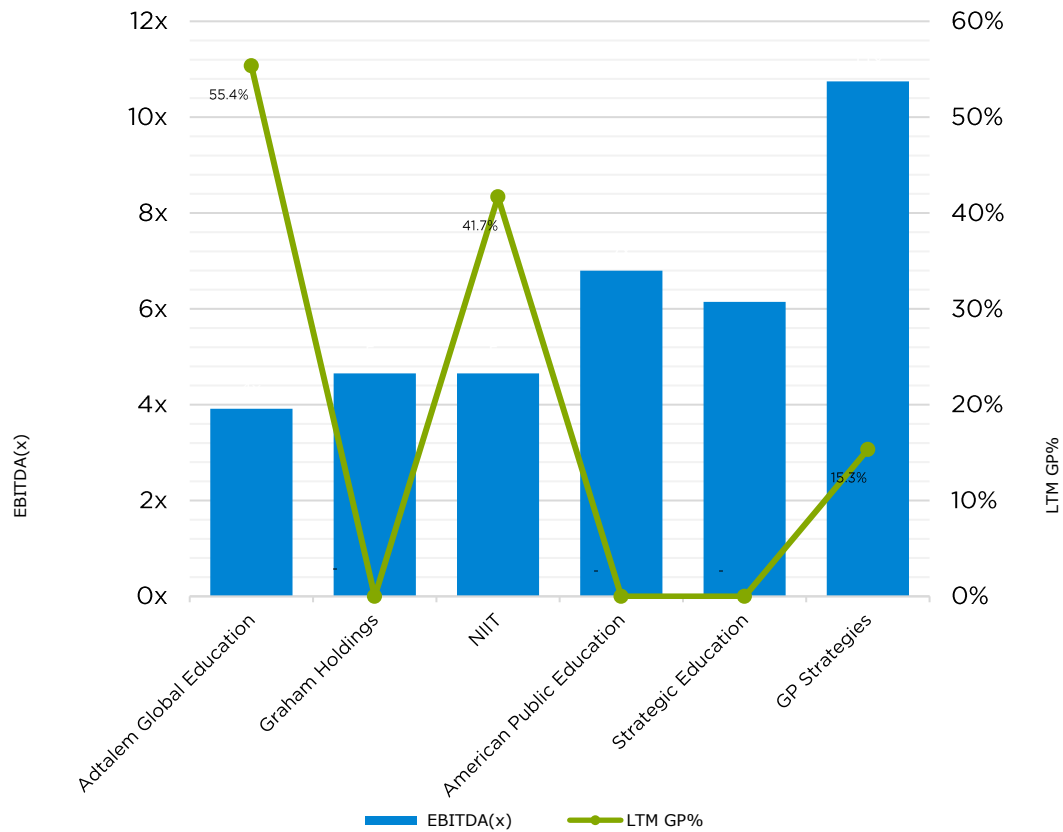


## Price / LTM Earnings

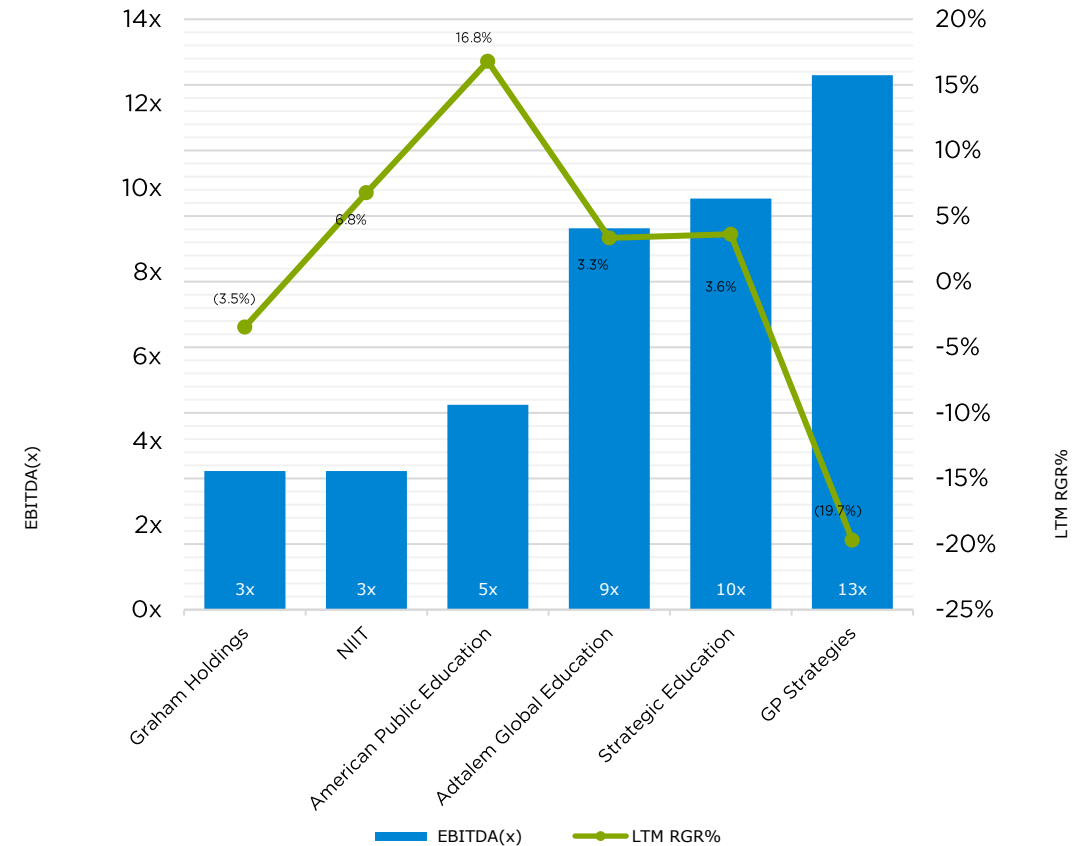


# Valuation

## 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
12-May-21	Gruppo Sigla	Relatech	2.77	-	-	-
03-May-21	Pierian Data	Educate 360	-	-	-	-
16-Apr-21	Rackspace Cloud Academy	Codeup	-	-	-	-
14-Apr-21	3Aside Consultors	Izertis	5.14	-	-	-
31-Mar-21	Jolt Consulting Group	Forcivity	-	-	-	-
10-Mar-21	Kenzie Academy	Southern New Hampshire University Endowment	-	-	-	-
18-Feb-21	Redcage	Apax Partners (France)	-	-	-	-
02-Feb-21	BPLI Holding	Difference Capital Financial, Flow Capital, Serebra Learning	-	-	-	-
12-Jan-21	Next Tech (Educational Software)	Pluralsight	-	-	-	-
20-Nov-20	STARTX	La Home Sweet Company	-	-	-	-
17-Nov-20	MedCerts	Stride (Educational Software)	70.00	-	3.50	-
13-Oct-20	Capensys	Wilson Legal Solutions	-	-	-	-
13-Oct-20	Global Knowledge Training	SkillSoft	233.00	-	1.75	-
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	-	0.25	-
04-Jun-20	Big Nerd Ranch	Projekt202	-	-	-	-
02-Jun-20	CAD Studio	Arkance Systems	-	-	-	-
02-Jun-20	Cutter Consortium	Arthur D. Little (France)	-	-	-	-
02-Jun-20	WhiteQuest	Assystem	-	-	-	-
19-May-20	Entangled Group	Guild Education	150.00	-	-	-
18-May-20	Vantage Education	#VALUE!	-	-	-	-
14-May-20	Inviacom	GI Partners	-	-	-	-

# Appendix

*Public Basket  
Contact Information*



### Grand Canyon Education

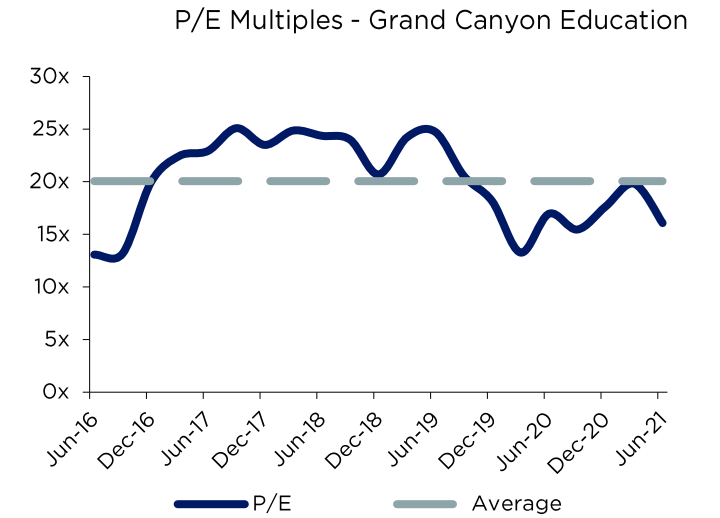
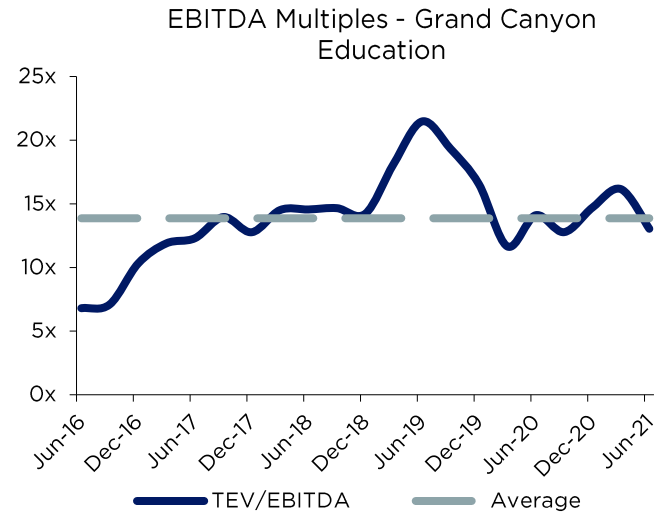
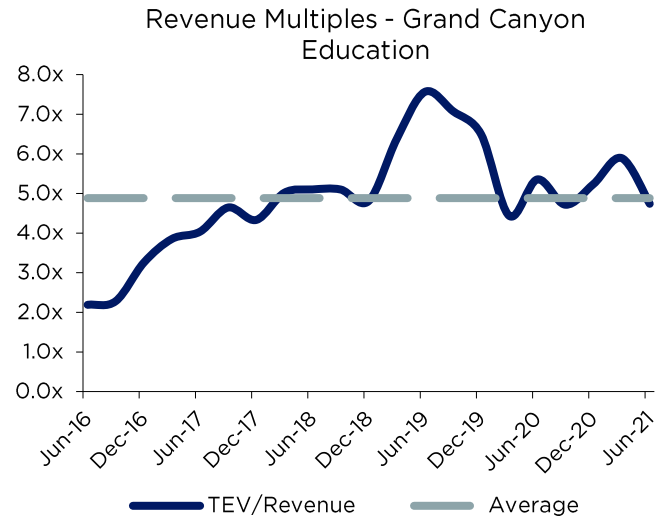
**Grand Canyon Education Inc is an American for-profit educational company that operates a private university in Phoenix, Arizona, as well as online educational programs.**

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 \$361.2 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

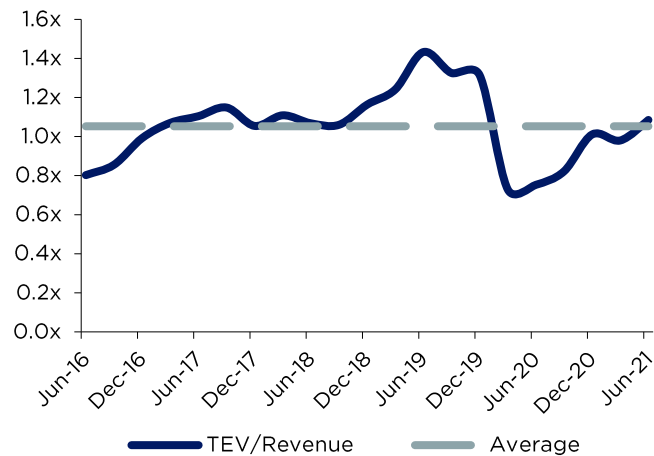
## Graham Holdings Co.

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.

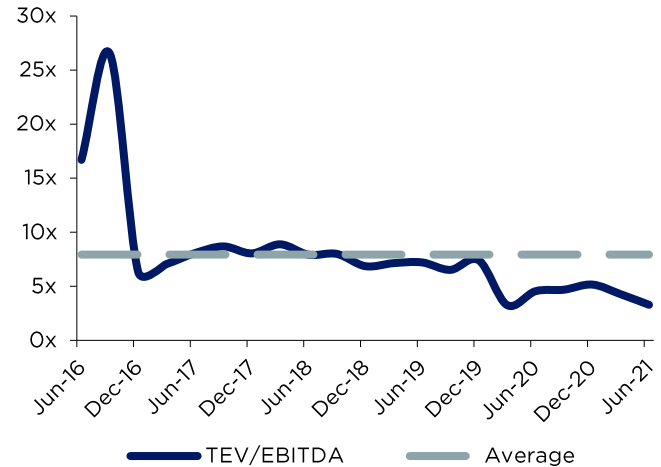
# Public Basket

## Graham Holdings

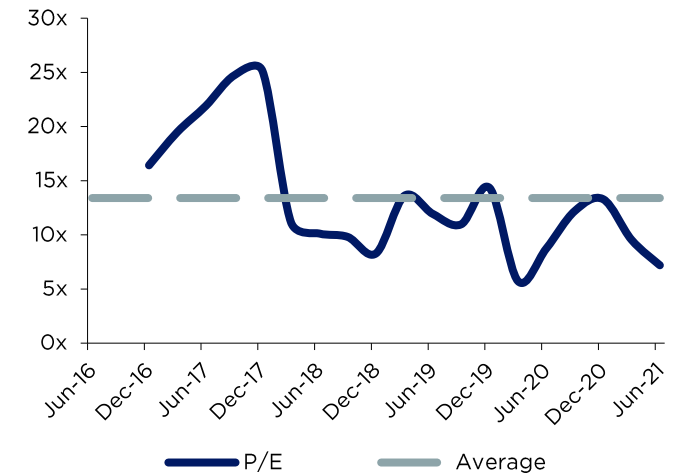
Revenue Multiples - Graham Holdings



EBITDA Multiples - Graham Holdings



P/E Multiples - Graham Holdings



Company Name

Date

Deal Synopsis

Leaf Group

05-Apr-21

The company reached a definitive agreement to be acquired by Graham Holdings (NYS: GHC) for \$323 million on April 5, 2021. The transaction is valued at r \$323 million and it is a in an all-cash transaction where Graham Holdings will acquire all of the outstanding shares of common stock for \$8.50 per share. The acquisition will allow the company add additional resources and expertise that will further grow the reach of its young brands and innovate for its customers, creators and audiences.

Podsights

23-Mar-21

The company raised \$4 million of venture funding in a deal led by Newark Venture Partners on March 23, 2021, putting the company's pre-money valuation at \$10 million. Bertelsmann Digital Media Investments, Graham Holdings, Aglaé Ventures, Greycroft, Betaworks Ventures, and Supernode Global also participated in the round. The funds will be used towards new products and people.

### Strategic Education

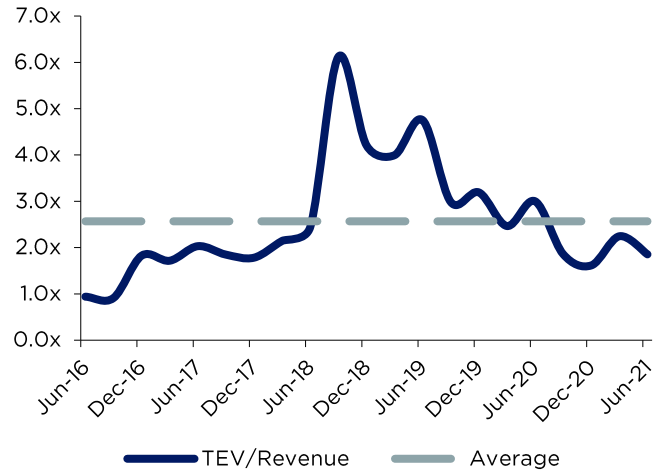
## Strategic Education Inc is engaged in providing educational services.

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, and Australia/New Zealand Segment.

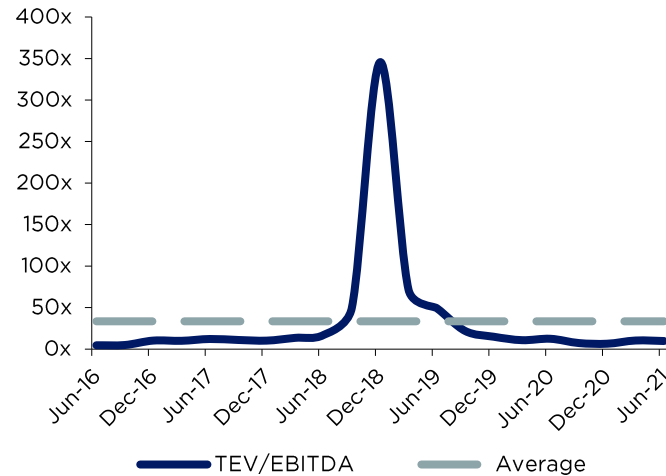
# Public Basket

## Strategic Education

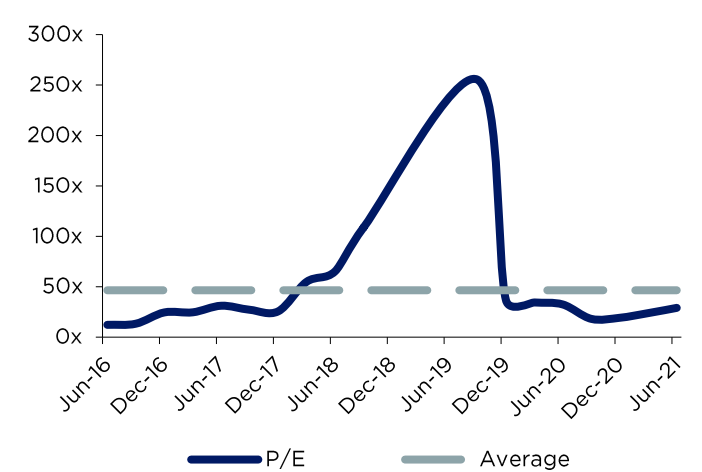
Revenue Multiples - Strategic Education



EBITDA Multiples - Strategic Education



P/E Multiples - Strategic Education



Company Name

Date

Deal Synopsis

Media Design School

05-Nov-20

The company, a subsidiary of Laureate Education, was acquired by Strategic Education (NAS: STRA) on November 5, 2020 for an undisclosed sum. The transaction is a part of a deal where Strategic Education (NAS: STRA) acquired the company, Torrens University Australia and Think Education for \$642.7 million.

Think Education

05-Nov-20

The company was acquired by Strategic Education (NAS: STRA) on November 5, 2020 for an undisclosed sum. The transaction is a part of a deal where Strategic Education (NAS: STRA) acquired the company, Torrens University Australia and Media Design School for \$642.7 million.

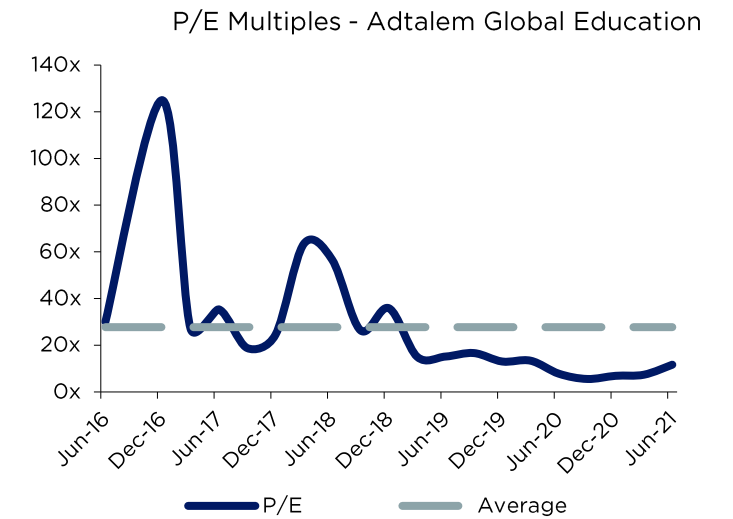
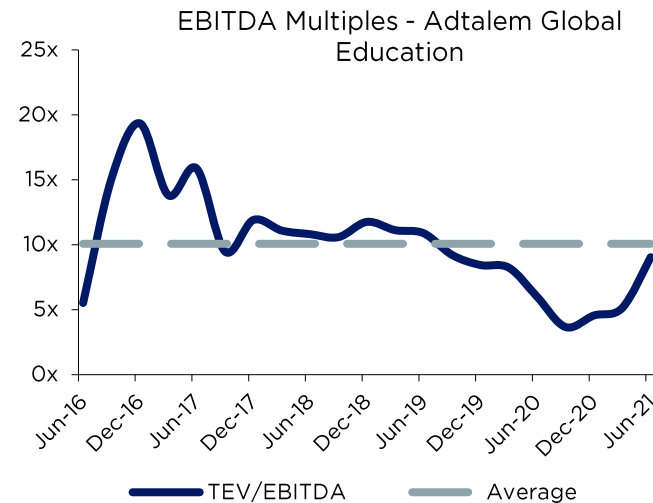
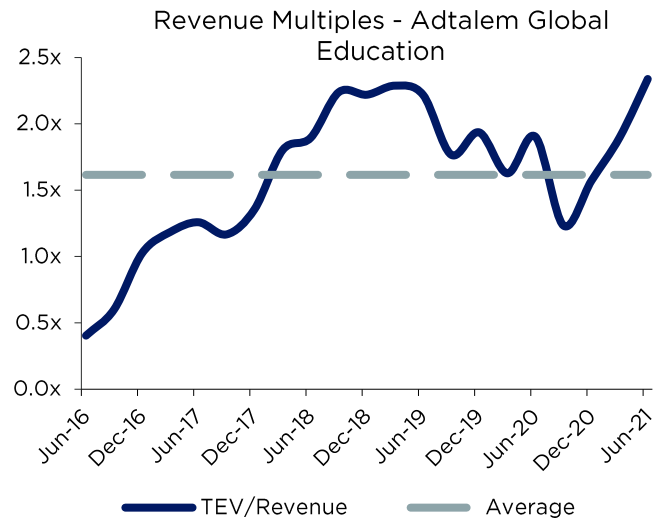
## Adtalem Global Education

**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, a subsidiary of Laureate, 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

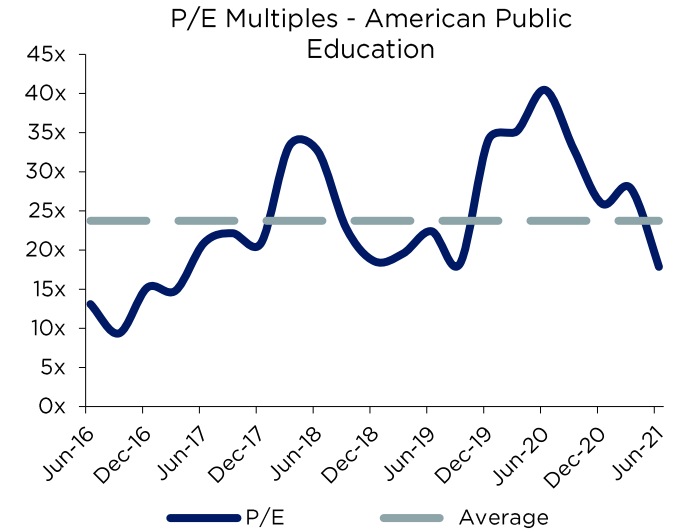
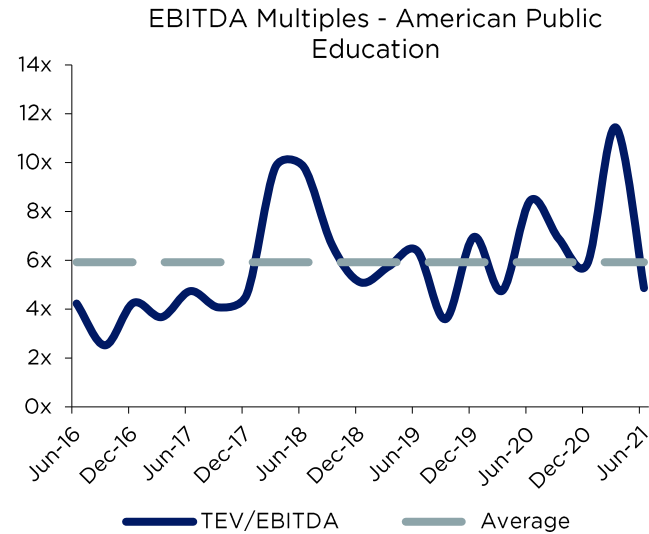
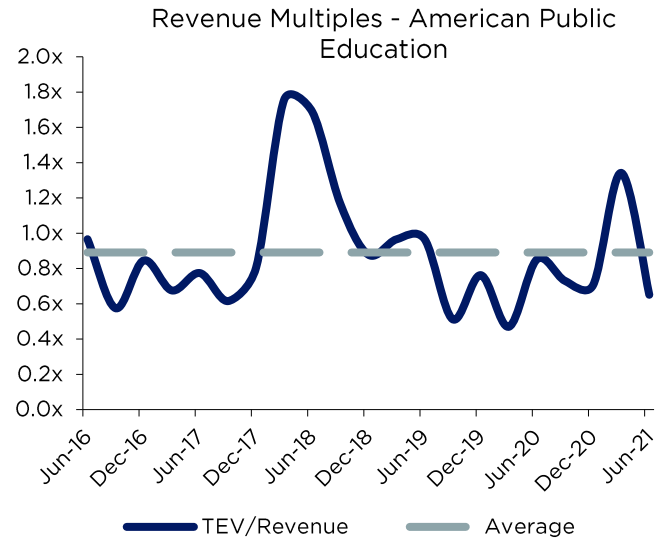
**American Public Education Inc provides online and on-campus post-secondary education including various undergraduate and graduate degree programs.**

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

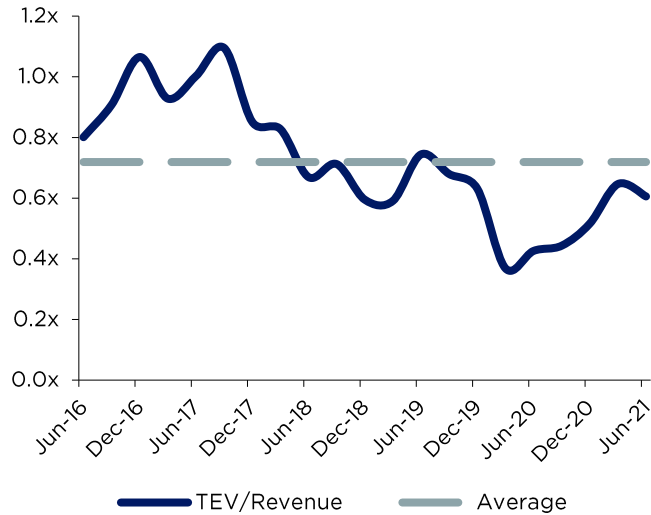
## **GP Strategies Corp provides training, e-Learning solutions, management consulting, and engineering services.**

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.

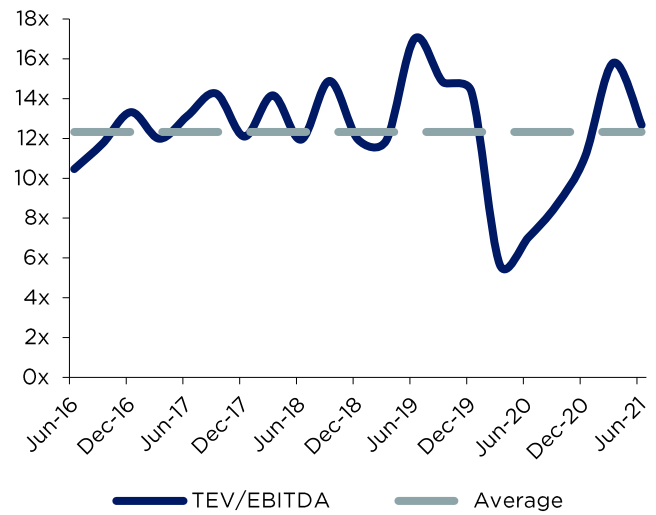
# Public Basket

## GP Strategies

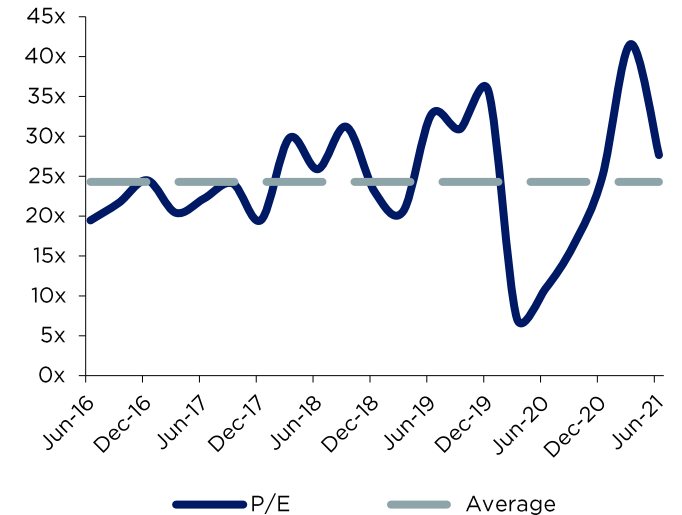
Revenue Multiples - GP Strategies



EBITDA Multiples - GP Strategies



P/E Multiples - 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

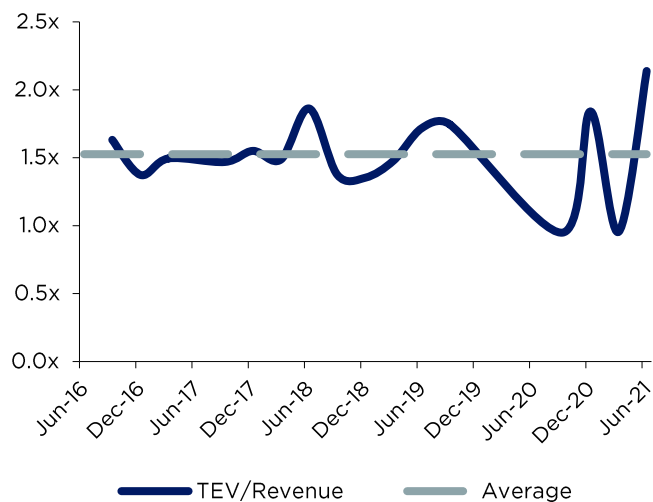
**NIIT Ltd provides multi-disciplinary learning management and training delivery solutions to corporations, institutions, and individuals globally.**

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.

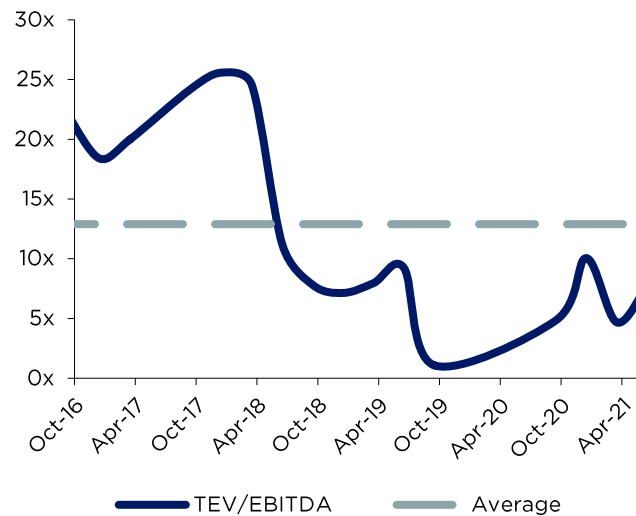
# Public Basket

NIIT

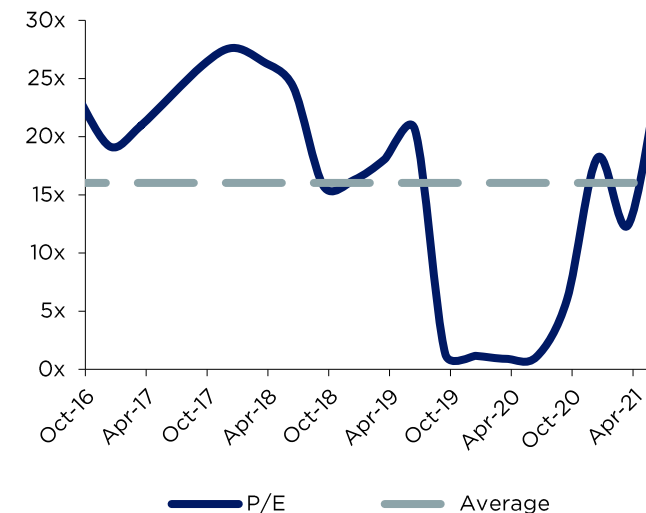
Revenue Multiples - NIIT



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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