



Seale & Associates

EDUCATIONAL SERVICES
Q3 2023
VALUATION UPDATE

Introduction

We are pleased to share our Education Services Multiples Valuation Update for Q3 2023.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our client's strategic objectives in a range of transactions including **Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures**, among other corporate finance and strategy consulting services.

Over the course of 23+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our Education Services clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

Seale has extensive experience advising leading multinational companies, private equity firms, and family-owned businesses across a wide range of industries.



James A. Seale | President

jseale@sealeassociates.com



Brett M. Carmel | Senior Managing Director

bcarmel@sealeassociates.com



Robert Whitney | Managing Director

rwhitney@sealeassociates.com



Sergio Garcia del Bosque | Managing Director

sgarcia@sealeassociates.com



Carlos Hernández | Managing Director

chernandez@sealeassociates.com



Alejandro Montemayor | Vice President

amontemayor@sealeassociates.com

Education Services Overview, M&A Trends and Market Intelligence

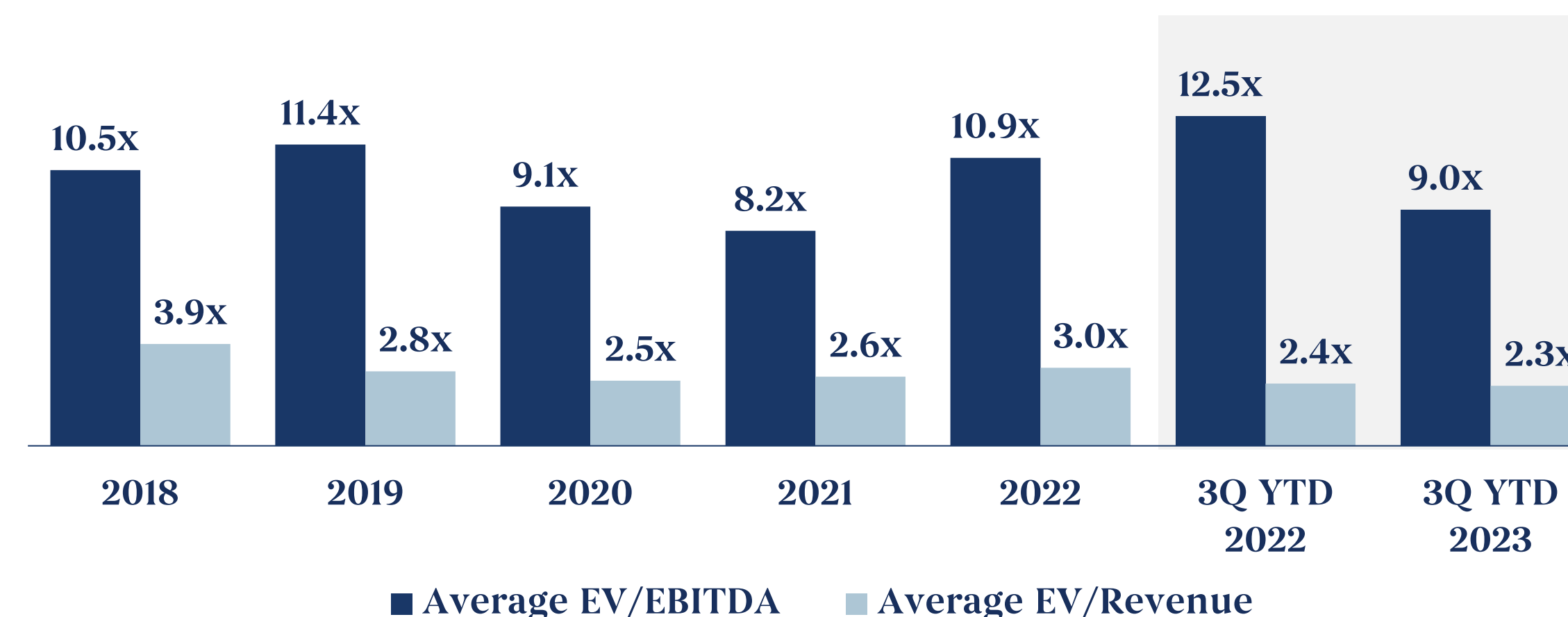
Education Services Overview

- The Education Services market is expected to grow at a **CAGR of 14.7%** from **2023 to 2028**
- The growth of the market is being driven by several factors, including the increasing adoption of e-learning and blended learning models, growing demand for personalized learning experiences, the need for improved student engagement and retention, and rising government investments in education technology
- North America is expected to be the largest market for higher education learning systems during the forecast period. This is due to the high adoption of e-learning and blended learning models in the region, as well as the presence of several leading vendors in the market
- **Another key trend is the growing popularity of artificial intelligence (AI) and machine learning (ML) in higher education learning systems.** AI and ML are being used to develop personalized learning experiences, predict student performance, and automate administrative tasks
- **The outlook for M&A activity in the education services industry remains positive.** The key trends driving M&A activity are expected to continue in the coming years, and private equity firms are likely to remain active in the sector
- The expected areas in the M&A activity are Online and blended learning, lifelong learning and skills development, EdTech, and international expansion





Education Services M&A Deal Size and Volume









Education Services Average EV/EBITDA and EV/Revenue







Educational Institutions Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
AcadeMedia AB (publ)	 SWE	\$453	\$1,383	\$1,456	20.4%	6.0x	5.3x	4.7x	1.0x	
Adtalem Global Education Inc.	 USA	\$1,756	\$2,378	\$1,465	24.2%	8.8x	7.7x	6.7x	1.6x	
American Public Education, Inc.	 USA	\$89	\$224	\$599	8.0%	6.8x	6.7x	4.7x	0.4x	
Ânima Holding S.A.	 BRA	\$232	\$1,225	\$728	26.7%	13.2x	7.8x	6.3x	1.7x	
Grand Canyon Education, Inc.	 USA	\$3,485	\$3,334	\$928	30.1%	13.1x	9.2x	12.0x	3.6x	
Laureate Education, Inc.	 USA	\$2,217	\$2,724	\$1,361	32.0%	9.4x	5.4x	6.3x	2.0x	
Perdoceo Education Corporation	 USA	\$1,122	\$583	\$727	24.7%	2.4x	1.9x	3.3x	0.8x	
Ser Educacional S.A.	 BRA	\$159	\$434	\$353	21.3%	5.5x	4.7x	5.8x	1.2x	
Strategic Education, Inc.	 USA	\$1,822	\$1,859	\$1,077	12.6%	6.9x	7.1x	13.6x	1.7x	
Yduqs Participações S.A.	 BRA	\$1,156	\$2,013	\$973	31.5%	10.4x	6.8x	6.6x	2.1x	
						Mean	6.1x	5.1x	5.5x	1.2x
						Median	7.9x	6.8x	6.3x	1.7x

Tutoring and Exam Preparation Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Digital Daesung Co., Ltd.	 KOR	\$111	\$110	\$155	17.4%	7.4x	5.1x	4.1x	0.7x	
Graham Holdings Company	 USA	\$2,710	\$3,183	\$4,213	15.3%	6.0x	6.0x	4.9x	0.8x	
Pearson plc	 GBR	\$7,559	\$8,888	\$4,798	15.4%	13.0x	12.8x	12.0x	1.9x	
Riso Kyoiku Co., Ltd.	 JPN	\$256	\$239	\$214	8.8%	25.5x	14.0x	12.6x	1.1x	
Stride, Inc.	 USA	\$1,899	\$1,898	\$1,892	12.5%	9.2x	8.6x	8.0x	1.0x	
Vasta Platform Limited	 BRA	\$338	\$502	\$274	19.8%	30.7x	24.7x	9.2x	1.8x	
						Mean	8.9x	8.1x	6.6x	0.9x
						Median	11.1x	10.7x	8.6x	1.1x

Online Courses Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
2U, Inc.		USA	\$201	\$1,115	\$929	11.8%	NM	54.9x	10.2x	1.2x
Coursera, Inc.		USA	\$2,798	\$2,091	\$580	-26.5%	NM	NM	NM	3.6x
Duolingo, Inc.		USA	\$6,890	\$6,238	\$442	-8.4%	NM	NM	NM	14.1x
Udemy, Inc.		USA	\$1,429	\$974	\$678	-21.4%	NM	NM	NM	1.4x
						Mean	NM	54.0x	10.2x	2.1x
						Median	NM	54.9x	10.2x	2.5x

Education Services – Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Sep-23		GBR	Provides vocational education and training services		-	100.0%	-	-	-
Sep-23		IND	Provides courses in data science, artificial intelligence, and other tech/related fields		-	100.0%	\$3.0	-	-
Sep-23		USA	Provides phlebotomy professional trainings		-	100.0%	-	-	-
Aug-23		USA	Provides education services			100.0%	-	-	-
Aug-23		USA	Provides undergraduate and graduate courses in anesthesiology, dermatology, neurology, psychiatry, endodontology, periodontology, and nursing		-	100.0%	-	-	-
Aug-23		NLD	Provides private primary and secondary school education		-	100.0%	-	-	-
Jul-23		USA	Provides staff and volunteer training for healthcare organizations		-	100.0%	-	-	-
Jul-23		USA	Provides educational activities in the healthcare sector		-	100.0%	-	-	-
Jul-23		GBR	Provides education services		-	100.0%	-	-	-
Jul-23		SWE	Provides online maritime training		-	100.0%	-	-	-
Jul-23		CAN	Develops a cloud-based health sciences education platform		-	100.0%	-	-	-

Selected Transactions Commentary



"SkillArbitrage is glad to have Ankit and his team along for this journey with us and we see a lot of opportunity to scale in this market."

Ramanuj Mukherjee, CEO of SkillArbitrage



"We are continuing our strategy to grow internationally. Winford College is a well-run operation, and we look forward to welcoming them into our organization."

Marcus Strömberg, CEO of AcadeMedia



"Through this acquisition, we're able to expand our offering with a range of extra courses, bootcamps and apprenticeships."



Heidi Greaves, Managing Director of Connexin Academy



"Elentra's acquisition by Achieve Partners is a natural next step to scale, expand and position our company to meet growing market demand."

Greg Vanclief, CEO of Elentra

Private Equity Transactions

INDUSTRY CLASIFICATION	PERIOD	AVERAGE ENTERPRISE VALUE (IN USD)	REVENUE (IN USD)	TTM REVENUE GROWTH	ENTERPRISE VALUE / REVENUE	EBITDA MARGIN	ENTERPRISE VALUE /EBITDA	NUMBER OF TRANSACTIONS
 Educational Services <i>NAICS 611 – Educational Services</i>	2018-2022	\$46.3M	\$30.7M	12.5%	2.5x	30.5%	7.7x	19
 Educational Support Services <i>NAICS – Educational Support Services</i>	2017-2021	\$40.3M	\$38.4	7.7%	2.1x	27.5%	7.3x	7

Notes:

- Data obtained via GF Data, a subscription-based information platform, offering detailed information and metrics about the transactions of Private Equity funds in the U.S.
- The data is provided under a blind confidential format. Users of the data are unable to identify the exact company and transaction corresponding to the transaction details. Given this blind approach, the data submitted is less likely to be biased or manipulated.

GRUPO EDUCATIVO IEJV

TARGET

Grupo Educativo IEJV

TRANSACTION TYPE

Divestiture advisory

INDUSTRIES

Education

GEOGRAPHY

San Luis Potosi, Mexico

SITUATION

Seale & Associates acted as exclusive financial advisor to the shareholders of Grupo Educativo Instituto Educativo Jose Vasconcelos (“IEJV”) in the divestiture of its business, which comprises two secondary schools and a higher education institution with more than 4,300 students.

SEALE & ASSOCIATES’ APPROACH

Seale managed a competitive auction process with potential strategic and financial buyers for Grupo Educativo IEJV. Seale’s disciplined approach allowed our client to maintain momentum and negotiating leverage throughout the process and ensure closing at a premium value and more favorable terms.

OUTCOME

The process resulted in the sale of Grupo Educativo IEJV’s business to Nacer Global, a leading Mexican conglomerate with interests in education and the media, whose educational network is comprised by more than 250,000 students, over 7,000 teachers, 14 brands, and 82 higher education institutions.

“Has achieved incredible recognition in the market due to their high-quality education”



“Grupo IEJV is one of the main educational institutions in San Luis Potosi and has achieved incredible recognition in the market due to their high-quality education and their accessible tuitions.”

Sergio Garcia del Bosque
Managing Director, Seale & Associates

ANNE SULLIVAN

TARGET
Anne Sullivan

TRANSACTION TYPE
Divestiture advisory

INDUSTRIES
Education

GEOGRAPHY
Mexico City, Mexico

SITUATION

Seale & Associates acted as exclusive financial advisor to the shareholders of Anne Sullivan in the divestiture of its business to Discovery Americas through its educational platform Merited, which invests in schools throughout the Mexican Republic.

SEALE & ASSOCIATES' APPROACH

Seale managed a competitive auction process with potential strategic and financial buyers for Anne Sullivan. Seale's disciplined approach allowed our client to maintain momentum and negotiating leverage throughout the process and ensure closing at a premium value and more favorable terms.

OUTCOME

The process resulted in a partnership and a few years later turned out to be a successful acquisition of Anne Sullivan by Discovery Americas, which is a leading Mexican private equity fund that invests in education, health financial services, transport and logistics sectors.

“I would not hesitate for a moment to work with them again”



“For us, the sale of the school was a complex issue, both financially and emotionally. Thanks to the seriousness and professionalism of the team at Seale, we were able to have the required support to make reasonable decisions. This, and the overall quality of guidance throughout the process, confirmed that we had made the right decision.

Without the support and empathy that they showed along the way, the result would not have been optimal. I would not hesitate for a moment to work with them again.”

Carlos Barron
Owner, Anne Sullivan

Sign up for M&A insights

One of our core capabilities is to deliver sector-specific intelligence designed specifically for industry leaders, private equity firms, and their advisors. Our industry reports and featured articles deliver real-time access to key industry data, including:



Emerging industry trends

Quarterly reports covering 30+ industries

Monthly reports for the U.S., Mexico, and Colombia

Analysis of transactions and market trends

Valuable insights for industry leaders

Receive email updates with our proprietary data, reports, and insights as they're published for the industries that matter to you the most

S U S C R I B E

Representative Global Engagements

 <p>INMAGUSA Grupo Galaz, S.A de C.V.</p> <p>has been acquired by</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold its Sanitaryware business units ST. THOMAS CREATIONS and VITROMEX to </p>	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	  <p>acquired</p> <p>The Zinc Recycling Business of</p> 
 <p>acquired</p>  <p>Automotive dealerships from</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p> <p>Kidde de Mexico, S.A. de C.V. Fire Safety Solutions Business</p> <p>to an affiliate of</p> 	 <p>has sold its concrete pumping business</p> <p>to</p> 	<p>CORPORACION</p>  <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
 <p>has been acquired by</p> 	<p>intelectiva®</p> <p>has acquired</p>  <p>KFC Costa Rica from</p> 	 <p>Multiple acquisitions</p> 	 <p>has partnered with</p>  <p>a subsidiary of</p> 	 <p>has been acquired by</p> 	 <p>has merged its Beverage Division with</p> 	 <p>has merged its Beverage Division with</p> 

Asesor de Compañías Líderes a Nivel Mundial



Headquarters

901 N. Glebe Road
5th Floor
Arlington, Virginia



Mexico City Office

Av. Javier Barros Sierra 495
3rd Floor
Park Plaza III
Mexico City, Mexico



Monterrey Office

Av. Lázaro Cárdenas 2225
3rd Floor
San Pedro Garza García, N.L.

Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry

© Seale & Associates

Washington, D.C. | Miami | Cincinnati | Mexico City | Monterrey

Creative Solutions. Trusted Advice.

For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and trusted solutions to address their most complex dealings.

25

YEARS OF EXPERIENCE

\$50B+

TRANSACTIONS GLOBALLY

SERVICES AND SOLUTIONS

Mergers & Acquisitions

Divestitures

Joint Ventures / Alliances

Recapitalizations

Due Diligence / Support

Expert Witness Testimony

Corporate Finance Advisory

Strategy Consulting

Trusted Advisor to Leading Companies Worldwide

We have worked repeatedly with many of the most well-known companies in the world...

...as well as with reputable funds, family-offices and privately held companies.



Seale & Associates

Creative Solutions. Trusted Advice.