

# Q3 2019 EDUCATION SECTOR OVERVIEW

November 15, 2019



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**PARCHMAN, VAUGHAN & COMPANY**

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# Overview

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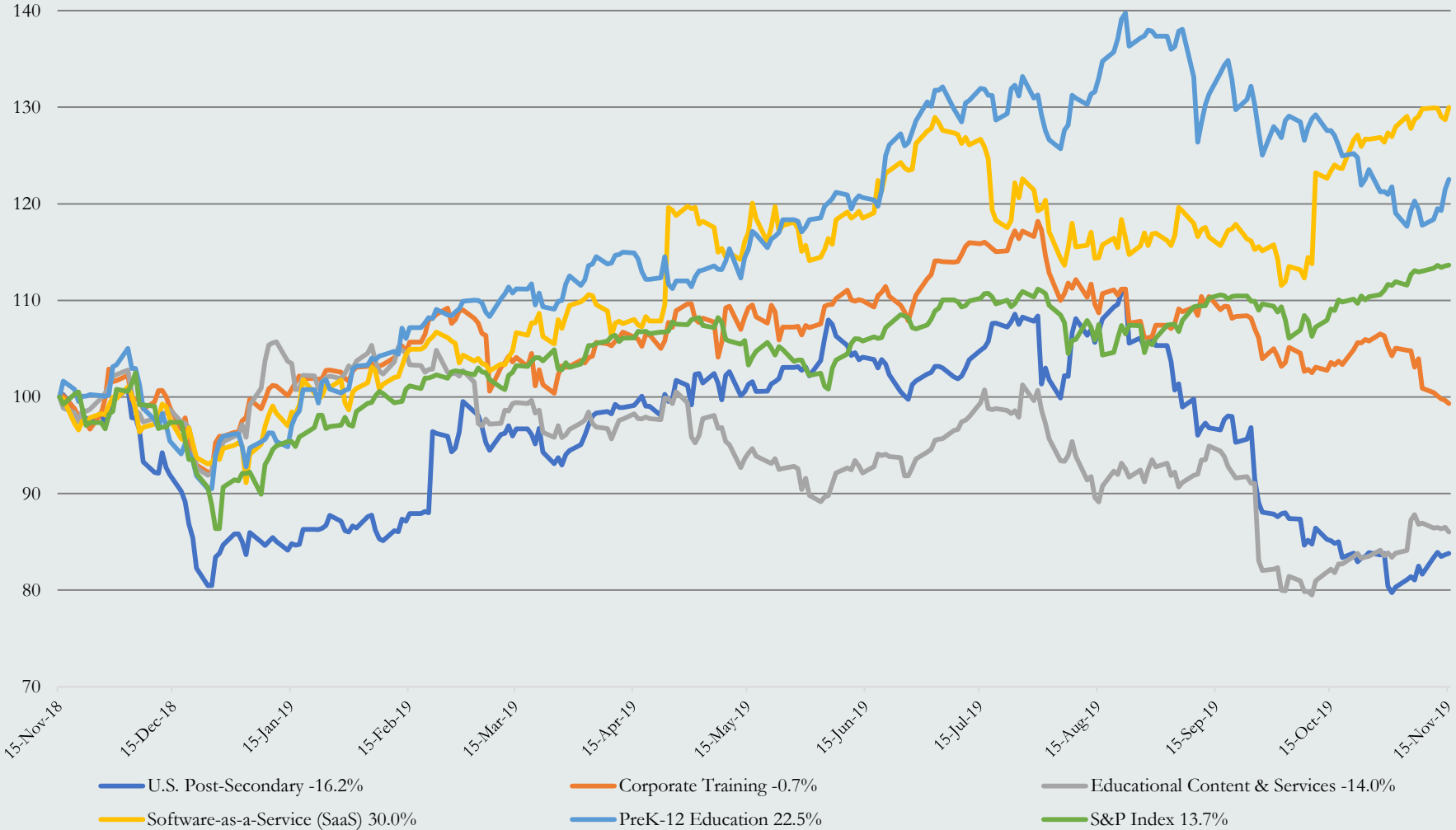
Parchman, Vaughan & Company, L.L.C. (“PVC”) is pleased to share with you our summary of the earnings and other multiples of publicly-traded education firms.

We caution that many factors affect the valuation of firms and these multiples are, at best, a guidepost for how the equity markets view the industry, specifically publicly-traded participants. Growth rates, return on capital invested, visibility of earnings, and a host of other elements influence valuation.



# One Year Education Stock Price Performance by Sector

One Year Stock Price

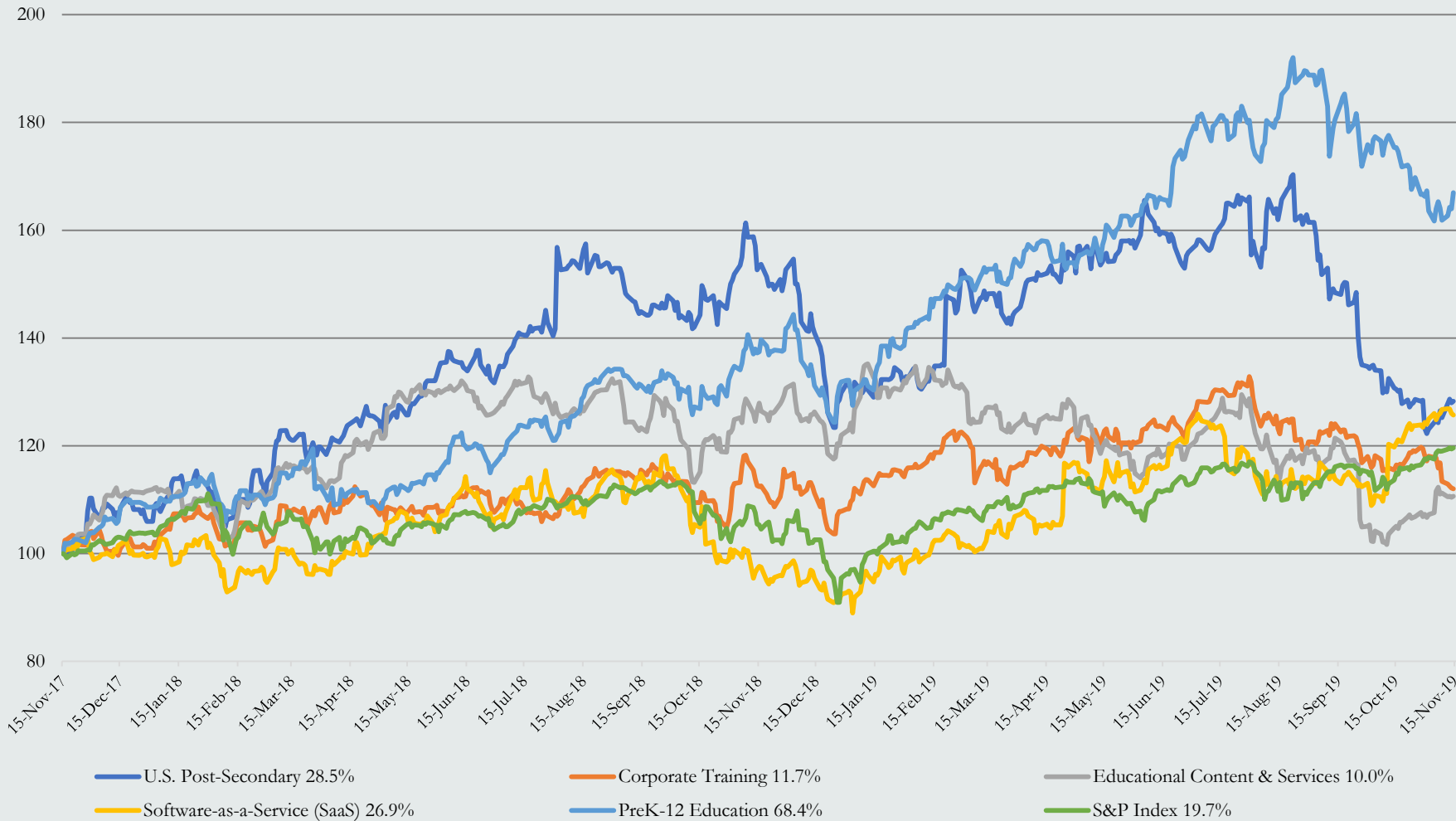


Prices indexed to 100  
 Weighted by market capitalization  
 Sources: PitchBook and PVC



# Two Year Education Stock Price Performance by Sector

Two Year Stock Price



Prices indexed to 100  
 Weighted by market capitalization  
 Sources: PitchBook and PVC

# Education Public Company Valuation Data

## Software-as-a-Service (SaaS)

Company Name	Price (11/15/2019)	Enterprise Value (USD MM)	Market Cap (USD MM)	Revenue Growth 3 Year CAGR	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings
2U, Inc. (IWOU)	\$22.69	\$1,601.9	\$1,440.3	40.0%	(28.0%)	3.0x	2.2x	NM	NM	NM	NM
Blackbaud, Inc. (BLKB)	\$83.65	\$4,708.0	\$4,114.4	7.7%	14.1%	5.3x	5.0x	37.9x	25.8x	204.0x	38.0x
Constellation Software, Inc. (CSU)	\$1,012.85	\$21,910.9	\$21,463.9	17.5%	28.1%	6.5x	5.4x	23.2x	19.2x	51.1x	NM
Cornerstone OnDemand, Inc. (CSOD)	\$58.15	\$3,529.2	\$3,530.7	11.3%	7.2%	6.2x	5.4x	86.3x	22.9x	NM	37.2x
Docebo, Inc. (DCBO)	\$12.04	\$345.5	\$342.5	NM	(26.6%)	10.3x	6.1x	NM	NM	NM	NM
Instructure, Inc. (INST)	\$52.98	\$1,912.7	\$1,990.9	34.4%	(22.1%)	7.8x	6.3x	NM	NM	NM	NM
Learning Technologies Group plc (LTG)	\$1.42	\$981.1	\$946.9	64.2%	28.5%	6.2x	5.4x	21.3x	16.0x	77.0x	23.1x
Pluralsight, Inc. (PS)	\$17.99	\$2,651.0	\$2,529.9	NM	(42.0%)	9.0x	6.7x	NM	NM	NM	NM
SAP SE (SAP)	\$135.10	\$177,630.2	\$165,971.4	8.1%	24.0%	5.8x	5.5x	24.4x	15.6x	42.2x	22.2x
Sylogis Ltd. (SYZ)	\$7.55	\$142.7	\$178.9	2.3%	49.3%	5.0x	4.2x	10.1x	11.9x	18.9x	NM
Tribal Group plc (TRB)	\$0.78	\$153.3	\$155.5	(9.8%)	13.0%	1.5x	1.4x	11.6x	7.2x	26.2x	12.6x
Tyler Technologies, Inc. (TYL)	\$284.83	\$10,934.7	\$11,104.5	12.9%	21.6%	10.5x	9.0x	48.6x	31.3x	86.3x	NM
Mean		\$18,875.1	\$17,814.2	18.9%	5.6%	6.4x	5.2x	32.9x	18.7x	72.2x	26.6x
Median		\$2,281.8	\$2,260.4	12.1%	13.5%	6.2x	5.4x	23.8x	17.6x	51.1x	23.1x

## Educational Content & Services

Company Name	Price (11/15/2019)	Enterprise Value (USD MM)	Market Cap (USD MM)	Revenue Growth 3 Year CAGR	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings
Barnes & Noble Education, Inc. (BNED)	\$4.65	\$724.9	\$221.4	3.7%	2.3%	0.4x	0.4x	25.0x	7.6x	NM	NM
Chegg, Inc. (CHGG)	\$36.57	\$4,536.0	\$4,424.3	13.7%	13.6%	11.9x	8.7x	87.7x	27.8x	NM	NM
Educational Development Corporation (EDUC)	\$6.69	\$76.0	\$56.6	8.8%	8.8%	0.7x	NM	7.4x	NM	9.7x	NM
Houghton Mifflin Harcourt Company (HMHC)	\$5.93	\$1,337.4	\$737.3	(0.7%)	11.3%	1.0x	0.9x	8.5x	7.6x	NM	NM
John Wiley & Sons, Inc. (JW.A)	\$46.11	\$3,421.6	\$2,610.5	2.0%	17.5%	1.9x	1.8x	10.8x	9.7x	18.2x	NM
Pearson plc (PON)	\$8.74	\$8,865.2	\$6,833.8	(6.1%)	10.5%	1.7x	1.7x	8.2x	9.0x	11.7x	12.2x
Rosetta Stone Inc. (RST)	\$14.43	\$317.0	\$347.2	(3.4%)	2.5%	1.8x	1.6x	71.4x	30.9x	NM	NM
Scholastic Corporation (SCHL)	\$36.66	\$1,172.5	\$1,272.4	(1.9%)	4.8%	0.7x	0.7x	14.6x	7.9x	81.5x	NM
Mean		\$2,556.3	\$2,062.9	2.0%	8.9%	2.5x	2.3x	29.2x	14.4x	30.3x	12.2x
Median		\$1,254.9	\$1,004.8	0.6%	9.6%	1.3x	1.6x	12.7x	9.0x	15.0x	12.2x

All data are the latest available as of 11/15/19

Sources: PitchBook and PVC



# Education Public Company Valuation Data

## Pre K-12 Education

Company Name	Price (11/15/2019)	Enterprise Value (USD MM)	Market Cap (USD MM)	Revenue Growth 3 Year CAGR	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings
Bright Horizons Family Solutions (BFAM)	\$149.35	\$10,405.9	\$8,689.5	9.4%	18.3%	5.2x	4.6x	28.1x	23.7x	49.5x	NM
K12 Inc. (LRN)	\$20.17	\$711.1	\$826.1	5.1%	10.8%	0.7x	0.7x	6.4x	5.1x	23.7x	NM
Mean		\$5,558.5	\$4,757.8	7.2%	14.6%	2.9x	2.7x	17.3x	14.4x	36.6x	NM
Median		\$5,558.5	\$4,757.8	7.2%	14.6%	2.9x	2.7x	17.3x	14.4x	36.6x	NM

## Corporate Training

Company Name	Price (11/15/2019)	Enterprise Value (USD MM)	Market Cap (USD MM)	Revenue Growth 3 Year CAGR	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings
Franklin Covey Company (FC)	\$37.46	\$535.1	\$523.8	3.5%	5.9%	2.4x	2.2x	38.2x	19.0x	NM	NM
GP Strategies Corporation (GPX)	\$12.25	\$344.0	\$207.9	4.6%	4.4%	0.6x	0.6x	13.9x	7.3x	34.0x	NM
Graham Holdings Company (GHC)	\$630.35	\$3,707.5	\$3,349.9	5.0%	17.7%	1.3x	NM	7.3x	NM	14.1x	NM
HealthStream, Inc. (HSTM)	\$27.21	\$739.7	\$881.0	4.0%	17.7%	2.9x	2.9x	16.7x	17.6x	64.1x	NM
NV5 Global, Inc. (NVEE)	\$51.39	\$729.1	\$658.8	34.3%	12.1%	1.5x	1.1x	12.2x	7.2x	22.9x	NM
Mean		\$1,211.1	\$1,124.3	10.3%	11.6%	1.7x	1.7x	17.7x	12.8x	33.8x	NM
Median		\$729.1	\$658.8	4.6%	12.1%	1.5x	1.6x	13.9x	12.5x	28.5x	NM

## U.S. Post-Secondary

Company Name	Price (11/15/2019)	Enterprise Value (USD MM)	Market Cap (USD MM)	Revenue Growth 3 Year CAGR	EBITDA Margin	LTM TEV/Revenue	NTM TEV/Revenue	LTM TEV/EBITDA	NTM TEV/EBITDA	LTM Price/Earnings	NTM Price/Earnings
Adtalem Global Education, Inc. (ATGE)	\$33.60	\$2,261.1	\$1,814.2	(4.3%)	23.2%	1.9x	2.1x	8.2x	9.5x	12.4x	NM
American Public Education, Inc. (APEI)	\$26.52	\$208.9	\$408.4	(3.4%)	11.0%	0.7x	0.7x	6.6x	5.8x	33.2x	NM
Aspen Group, Inc. (ASPU)	\$6.85	\$142.0	\$131.3	57.5%	(14.5%)	3.8x	3.0x	NM	93.0x	NM	NM
Career Education Corporation (CECO)	\$16.85	\$970.7	\$1,185.5	(6.4%)	13.7%	1.6x	1.5x	11.5x	7.6x	21.1x	NM
Grand Canyon Education, Inc. (LOPE)	\$86.06	\$4,300.9	\$4,150.2	(4.2%)	39.3%	5.8x	5.0x	14.7x	11.5x	16.1x	NM
Laureate Education, Inc. (LAUR)	\$16.78	\$5,514.9	\$3,668.4	(7.7%)	17.8%	1.7x	1.6x	9.3x	7.6x	NM	NM
Lincoln Educational Services Corporation (LINC)	\$1.68	\$42.4	\$42.4	(8.5%)	2.7%	0.2x	0.1x	4.7x	2.2x	NM	NM
Strategic Education, Inc. (STRA)	\$138.54	\$2,721.6	\$3,043.0	30.8%	21.4%	2.8x	2.6x	13.0x	9.7x	32.6x	NM
Universal Technical Institute, Inc. (UTI)	\$5.50	\$139.4	\$141.0	(2.6%)	(2.9%)	0.4x	0.4x	NM	3.5x	NM	NM
Zovio, Inc. (ZVO)	\$2.41	\$1.2	\$72.9	(8.3%)	(9.4%)	0.0x	0.0x	NM	0.0x	NM	NM
Mean		\$1,630.3	\$1,465.7	4.3%	10.2%	1.9x	1.7x	9.7x	15.0x	23.1x	NM
Median		\$589.8	\$796.9	(4.2%)	12.3%	1.6x	1.6x	9.3x	7.6x	21.1x	NM

All data are the latest available as of 11/15/19

Sources: PitchBook and PVC



For more information, please visit [www.parchmanvaughan.com](http://www.parchmanvaughan.com)