

# Q4 2018 EDUCATION SECTOR OVERVIEW

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# Overview

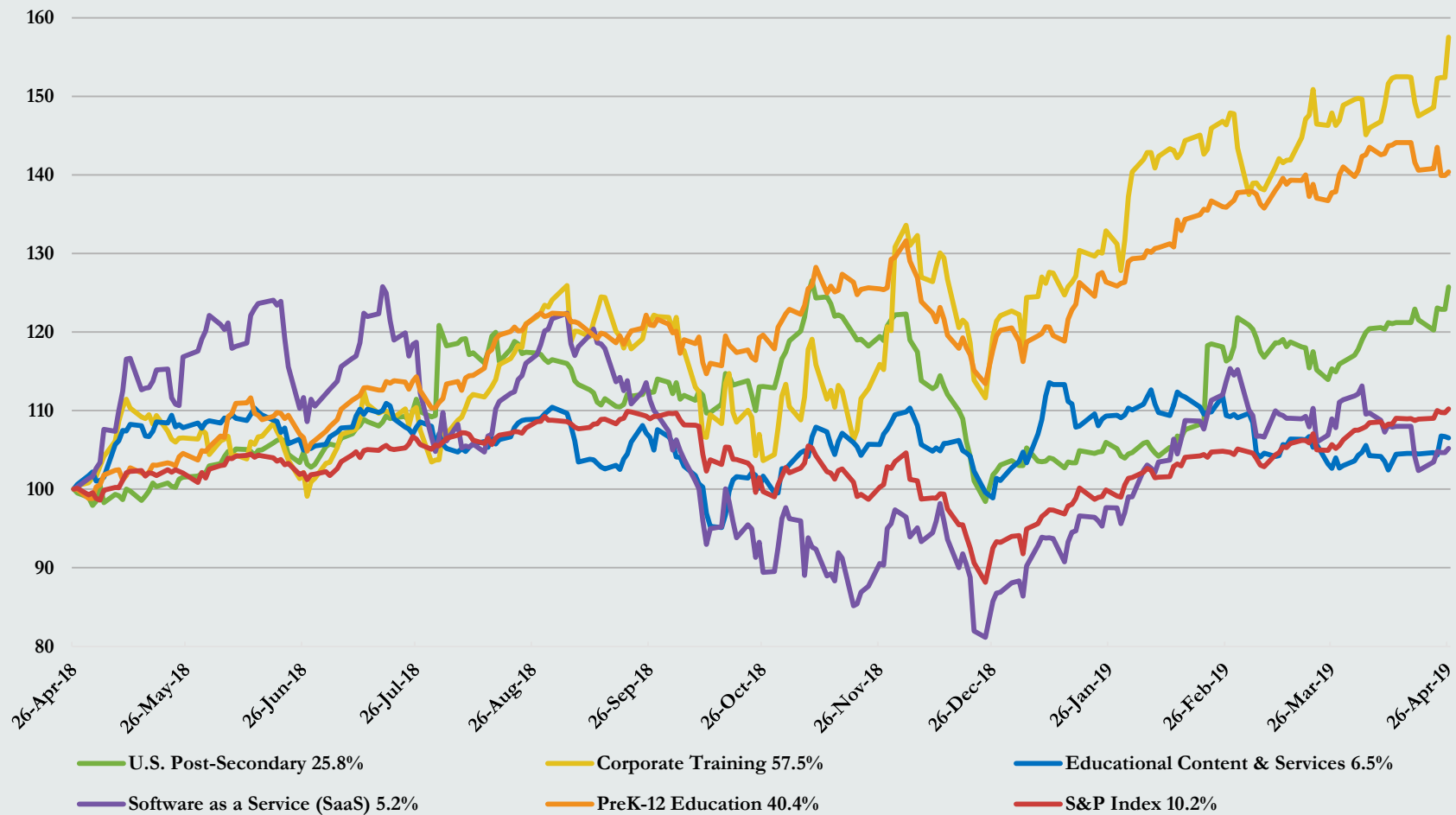
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Parchman, Vaughan & Company, L.L.C. (“PVC”) is pleased to share with you our quarterly summary of the earnings and other multiples of publicly-traded education firms.

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

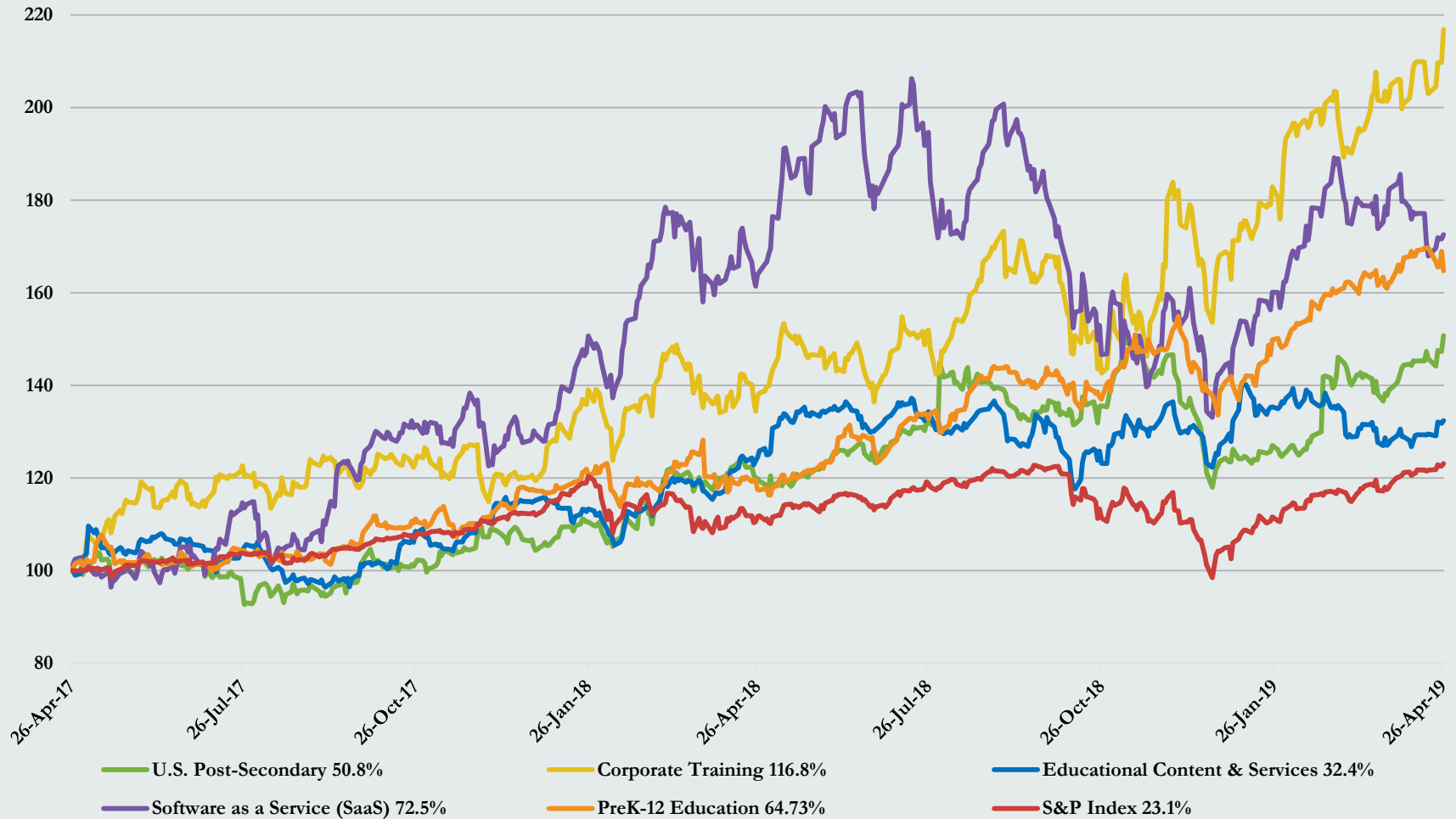
## One Year Stock Price



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

U.S. Post-Secondary											
Company Name	Price (4/26/2019)	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.	\$49.76	\$2,876.5	\$2,875.1	(14.3%)	17.3%	2.5x	2.3x	12.0x	10.4x	15.7x	17.5x
American Public Education, Inc.	\$34.04	\$352.5	\$564.6	(3.2%)	16.8%	1.2x	1.2x	7.0x	6.9x	22.1x	20.6x
Bridgepoint Education, Inc. (Zovio)	\$6.13	\$23.7	\$183.5	(7.6%)	0.9%	0.1x	0.1x	6.2x	1.6x	36.1x	27.9x
Career Education Corporation	\$18.38	\$1,053.7	\$1,282.5	(11.8%)	13.9%	1.8x	1.8x	13.0x	9.1x	NM	16.0x
Graham Holdings Company	\$736.37	\$3,627.4	\$3,913.8	1.4%	15.3%	1.3x	NM	7.7x	NM	14.7x	NM
Grand Canyon Education, Inc.	\$122.42	\$5,775.9	\$5,905.3	2.8%	35.2%	6.8x	7.4x	19.4x	17.7x	25.9x	24.0x
Laureate Education, Inc.	\$15.80	\$5,860.5	\$3,549.3	(7.9%)	17.7%	1.7x	1.7x	9.9x	9.0x	NM	30.9x
Lincoln Educational Services Corporation	\$3.12	\$109.6	\$78.4	(4.9%)	1.7%	0.4x	0.4x	24.5x	7.8x	NM	24.0x
Strategic Education, Inc.	\$144.82	\$2,828.0	\$3,176.9	13.4%	5.6%	4.5x	2.9x	NM	13.0x	NM	23.9x
Universal Technical Institute, Inc.	\$3.41	\$69.6	\$86.5	(3.7%)	(7.7%)	0.2x	0.2x	NM	9.4x	NM	NM
	Mean	\$2,257.7	\$2,161.6	(3.6%)	11.6%	2.1x	2.0x	12.5x	9.4x	22.9x	23.1x
	Median	\$1,940.8	\$2,078.8	(4.3%)	14.6%	1.5x	1.7x	10.9x	9.1x	22.1x	23.9x

Corporate Training											
Company Name	Price (4/26/2019)	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 Co.	\$28.95	\$429.3	\$404.2	2.1%	3.0%	2.0x	1.9x	33.9x	21.6x	NM	45.3x
Gartner, Inc.	\$158.88	\$16,416.3	\$14,291.0	22.5%	12.4%	4.1x	3.8x	29.3x	22.1x	119.5x	39.9x
GP Strategies Corporation	\$12.65	\$314.2	\$211.1	1.7%	5.0%	0.6x	0.5x	12.3x	7.3x	21.4x	12.2x
Workday, Inc.	\$204.41	\$44,805.4	\$45,379.0	34.6%	(7.4%)	15.9x	12.6x	NM	NM	NM	NM
	Mean	\$15,491.3	\$15,071.4	15.2%	3.2%	5.6x	4.7x	25.1x	17.0x	70.4x	32.4x
	Median	\$8,422.8	\$7,347.6	12.3%	4.0%	3.0x	2.9x	29.3x	21.6x	70.4x	39.9x

Sources: PitchBook and PVC

# Education Public Company Valuation Data

## Educational Content & Services

Company Name	Price (4/26/2019)	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, Inc.	\$5.02	\$480.8	\$367.4	(5.1%)	3.1%	0.1x	0.1x	4.3x	3.3x	NM	16.2x
Chegg, Inc.	\$40.08	\$4,459.8	\$4,644.1	2.1%	(0.7%)	13.9x	11.3x	NM	38.2x	NM	58.4x
Educational Development Corporation	\$8.91	\$95.0	\$73.0	29.2%	8.6%	0.8x	NM	8.3x	NM	10.5x	NM
Houghton Mifflin Harcourt Company	\$7.29	\$1,365.2	\$904.8	(2.3%)	12.2%	1.0x	0.9x	22.9x	5.4x	NM	NM
John Wiley & Sons, Inc.	\$47.11	\$3,181.0	\$2,680.3	1.0%	15.2%	1.8x	1.7x	9.5x	7.8x	17.2x	14.6x
Pearson plc	\$11.07	\$8,855.6	\$8,651.3	(6.9%)	25.4%	1.6x	1.8x	6.0x	9.0x	11.0x	15.0x
Rosetta Stone Inc.	\$25.57	\$555.1	\$591.4	(7.3%)	(2.8%)	3.2x	2.9x	NM	NM	NM	NM
Scholastic Corporation	\$41.00	\$1,116.6	\$1,443.7	0.7%	7.1%	0.7x	0.6x	9.4x	6.4x	29.7x	23.2x
Mean		\$2,513.6	\$2,419.5	1.4%	8.5%	2.9x	2.8x	10.1x	11.7x	17.1x	25.5x
Median		\$1,240.9	\$1,174.2	(0.8%)	7.8%	1.3x	1.7x	8.8x	7.1x	14.1x	16.2x

## Software as a Service (SaaS)

Company Name	Price (4/26/2019)	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.	\$61.84	\$3,163.6	\$3,614.9	40.0%	(3.8%)	7.7x	5.8x	NM	NM	NM	NM
Cornerstone OnDemand, Inc.	\$54.57	\$3,171.8	\$3,225.1	16.6%	4.5%	5.9x	5.6x	NM	NM	NM	NM
Instructure, Inc.	\$46.62	\$1,549.3	\$1,702.3	42.0%	(20.4%)	7.4x	6.0x	NM	NM	NM	NM
Pluralsight, Inc.	\$33.95	\$4,623.8	\$4,695.1	NA	(47.6%)	6.6x	14.8x	NM	NM	NM	NM
Mean		\$3,127.1	\$3,309.4	32.8%	(16.8%)	6.9x	8.1x	NM	NM	NM	NM
Median		\$3,167.7	\$3,420.0	40.0%	(12.1%)	7.0x	5.9x	NM	NM	NM	NM

## Pre K-12 Education

Company Name	Price (4/26/2019)	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	\$128.15	\$8,592.0	\$7,441.7	9.3%	17.9%	4.5x	4.2x	25.3x	21.2x	48.2x	35.6x
K12 Inc.	\$31.30	\$1,055.5	\$1,258.3	4.0%	12.4%	1.1x	1.0x	15.0x	7.6x	29.3x	36.0x
Mean		\$4,823.8	\$4,350.0	6.6%	15.1%	2.8x	2.6x	20.1x	14.4x	38.7x	35.8x
Median		\$4,823.8	\$4,350.0	6.6%	15.1%	2.8x	2.6x	20.1x	14.4x	38.7x	35.8x

Sources: PitchBook and PVC

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