

# Q2 2020 EDUCATION SECTOR OVERVIEW

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**PARCHMAN, VAUGHAN & COMPANY**

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# Overview

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.

## Sector Overview

The COVID-19 pandemic continues to present both challenges and opportunities in the education sector. While all areas of the education life-cycle have experienced some recovery since March of 2020, software-as-a-service continues to outperform the S&P 500.

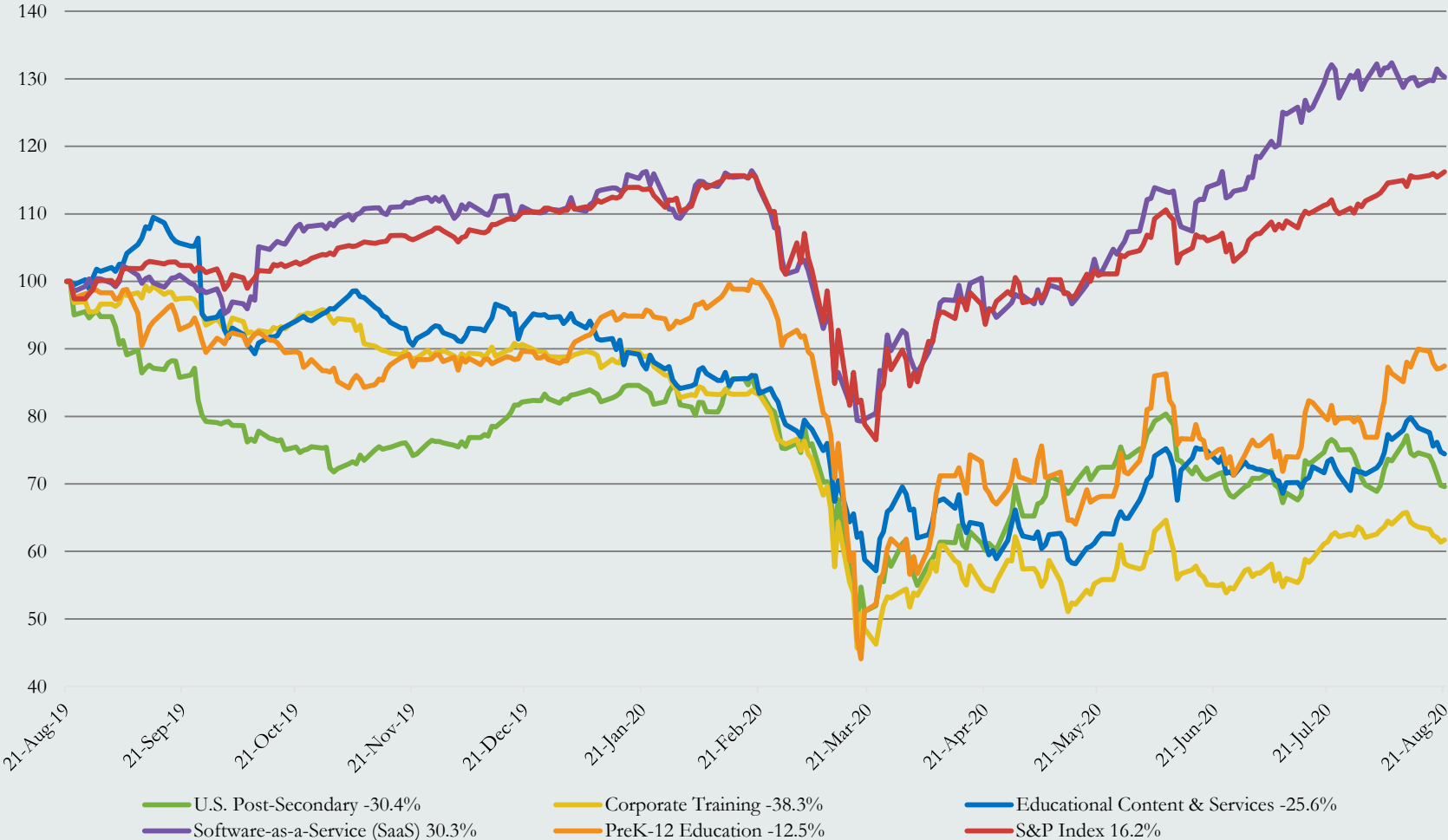
From Pre-K to continuing education, COVID-19 has disrupted much of the way students live and learn and is expected to continue for the foreseeable future. Out of necessity, a wider adoption of technology in education is underway.

PVC expects M&A activity to increase during the remainder of 2020. While deal activity is unlikely to reach pre-COVID-19 levels in the short term, the M&A market is already showing signs of a recovery, fueled by the presence of resilient companies, record levels of dry powder, and strong credit markets.



# One Year Education Stock Price Performance by Sector

## One Year Performance

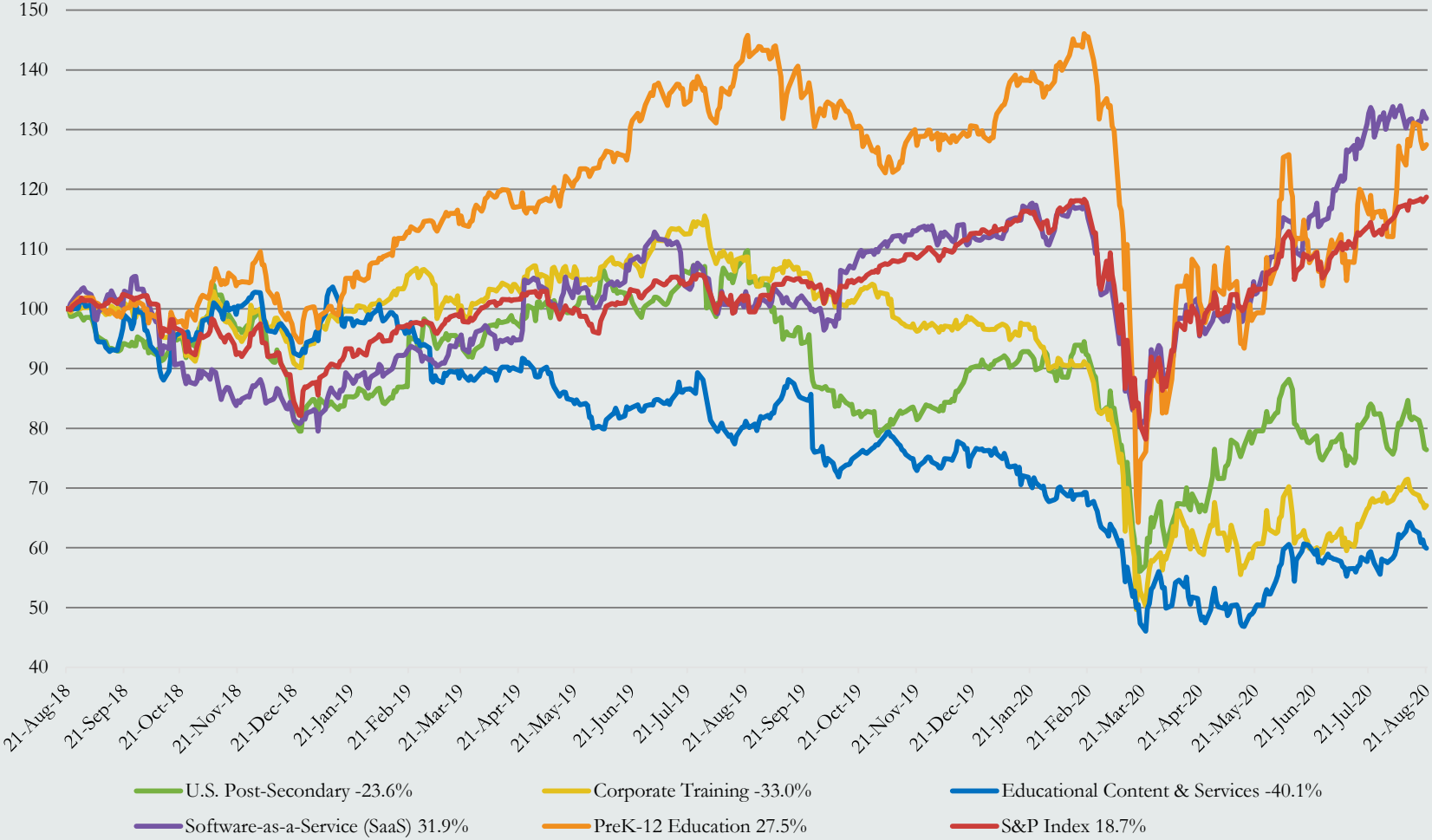


Prices indexed to 100  
 Weighted by market capitalization  
 Sources: PitchBook and PVC



# Two Year Education Stock Price Performance by Sector

**Two Year Performance**



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 (08/21/2020)	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)	\$38.36	\$2,620.6	\$2,470.2	41.3%	(29.6%)	3.9x	3.5x	NM	271.6x	NM	NM
Blackbaud, Inc. (BLKB)	\$65.55	\$3,812.9	\$3,249.4	6.4%	14.1%	4.2x	4.2x	19.4x	16.9x	27.1x	23.2x
Chegg, Inc. (CHGG)	\$77.79	\$9,912.6	\$9,670.4	25.8%	20.2%	19.7x	16.2x	63.0x	51.5x	69.5x	61.3x
Constellation Software, Inc. (CSU)	\$1,168.50	\$24,899.4	\$24,762.4	17.8%	26.8%	6.7x	6.5x	23.6x	22.0x	64.5x	34.6x
Cornerstone OnDemand, Inc. (CSOD)	\$35.58	\$3,472.4	\$2,289.3	12.2%	7.9%	5.5x	4.8x	20.9x	18.7x	26.2x	33.3x
Docebo, Inc. (DCBO)	\$38.04	\$1,045.6	\$1,084.9	NM	(15.3%)	20.5x	17.1x	NM	NM	NM	NM
Learning Technologies Group plc (LTG)	\$1.99	\$1,480.3	\$1,469.6	66.4%	33.1%	8.9x	8.9x	23.2x	26.3x	33.0x	38.7x
Pluralsight, Inc. (PS)	\$20.76	\$3,208.6	\$2,999.1	NM	(35.5%)	8.9x	8.4x	NM	NM	NM	NM
SAP SE (SAP)	\$161.19	\$204,812.7	\$192,407.6	6.6%	28.6%	6.6x	6.1x	23.0x	17.4x	28.4x	26.7x
Sylogist Ltd. (SYZ)	\$8.58	\$173.3	\$204.0	4.1%	15.3%	6.3x	5.1x	13.3x	9.4x	63.4x	19.7x
Tribal Group plc (TRB)	\$0.79	\$159.6	\$163.1	(5.2%)	1.9%	1.7x	1.7x	8.3x	8.8x	14.9x	14.6x
Tyler Technologies, Inc. (TYL)	\$339.91	\$13,294.9	\$13,678.2	11.6%	22.1%	12.0x	11.7x	42.7x	41.2x	63.1x	62.7x
Mean		\$22,407.8	\$21,204.0	18.7%	7.5%	8.7x	7.8x	26.4x	48.4x	43.3x	35.0x
Median		\$3,340.5	\$2,734.7	11.9%	14.7%	6.7x	6.3x	23.0x	20.3x	33.0x	33.3x

## Educational Content & Services

Company Name	Price (08/21/2020)	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. (BNEF)	\$2.27	\$555.2	\$110.1	(0.4%)	1.3%	0.3x	0.4x	13.2x	22.5x	NM	NM
Educational Development Corporation (EDUC)	\$14.33	\$123.5	\$119.7	3.7%	8.8%	1.0x	NM	10.7x	NM	18.0x	NM
Houghton Mifflin Harcourt Company (HMH)	\$2.26	\$1,040.6	\$284.4	(1.6%)	(22.8%)	0.8x	0.9x	6.4x	6.4x	NM	NM
John Wiley & Sons, Inc. (JW.A)	\$32.02	\$2,551.2	\$1,797.0	2.1%	6.7%	1.4x	1.4x	7.2x	7.2x	13.3x	15.4x
Pearson plc (PON)	\$7.64	\$7,187.9	\$5,753.9	(9.3%)	19.8%	1.6x	1.6x	6.3x	9.8x	15.4x	20.2x
Rosetta Stone Inc. (RST)	\$29.19	\$693.0	\$718.1	(0.9%)	(0.7%)	3.7x	3.6x	NM	68.6x	NM	NM
Scholastic Corporation (SCHL)	\$23.17	\$716.6	\$792.0	(5.1%)	(1.7%)	0.5x	0.5x	9.4x	12.4x	26.1x	NM
Mean		\$1,838.3	\$1,367.9	(1.6%)	1.6%	1.3x	1.4x	8.9x	21.1x	18.2x	17.8x
Median		\$716.6	\$718.1	(0.9%)	1.3%	1.0x	1.1x	8.3x	11.1x	16.7x	17.8x

All data are the latest available as of 8/21/20

Sources: PitchBook and PVC

# Education Public Company Valuation Data

## U.S. Post-Secondary

Company Name	Price (08/21/2020)	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)	\$33.16	\$1,730.4	\$1,720.2	(4.5%)	33.6%	1.6x	1.6x	6.1x	7.4x	14.5x	12.5x
American Public Education, Inc. (APEI)	\$32.81	\$280.1	\$485.5	(0.1%)	10.6%	0.9x	0.9x	7.0x	6.6x	26.2x	28.8x
Aspen Group, Inc. (ASPU)	\$12.01	\$268.6	\$267.1	51.0%	(3.2%)	5.5x	4.2x	NM	49.6x	NM	NM
Grand Canyon Education, Inc. (LOPE)	\$90.03	\$4,239.1	\$4,256.8	(4.1%)	36.9%	5.2x	5.0x	13.6x	13.3x	16.6x	16.4x
Laureate Education, Inc. (LAUR)	\$12.64	\$4,405.6	\$2,653.6	(3.3%)	2.7%	1.5x	1.6x	7.3x	7.8x	4.2x	NM
Lincoln Educational Services Corporation (LINC)	\$6.76	\$244.6	\$178.5	0.6%	7.1%	0.9x	0.9x	12.1x	13.6x	18.0x	25.5x
Perdoco Education (PRDO)	\$14.50	\$721.1	\$1,002.4	1.5%	21.6%	1.1x	1.0x	3.6x	4.7x	9.8x	9.7x
Strategic Education, Inc. (STRA)	\$105.27	\$2,220.7	\$2,569.4	31.7%	25.5%	2.2x	2.2x	7.5x	8.5x	13.9x	15.1x
Universal Technical Institute, Inc. (UTI)	\$7.37	\$295.7	\$240.3	(1.8%)	8.4%	0.9x	0.8x	10.2x	7.7x	47.8x	20.5x
Zovio, Inc. (ZVO)	\$4.62	\$82.5	\$148.5	(7.4%)	(5.6%)	0.2x	0.2x	9.2x	5.0x	NM	28.9x
Mean		\$1,448.8	\$1,352.2	6.4%	13.8%	2.0x	1.8x	8.5x	12.4x	18.9x	19.7x
Median		\$508.4	\$743.9	(1.0%)	9.5%	1.3x	1.3x	7.5x	7.8x	15.6x	18.5x

## Corporate Training

Company Name	Price (08/21/2020)	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)	\$19.74	\$290.3	\$274.0	4.0%	9.0%	1.4x	1.4x	15.5x	14.6x	NM	NM
GP Strategies Corporation (GPX)	\$8.99	\$225.5	\$153.4	1.7%	5.1%	0.4x	0.5x	10.7x	10.3x	27.4x	40.9x
Graham Holdings Company (GHC)	\$408.33	\$2,452.1	\$2,087.5	4.8%	17.5%	0.8x	NM	4.6x	NM	10.7x	NM
HealthStream, Inc. (HSIM)	\$21.20	\$563.2	\$678.3	9.5%	20.6%	2.3x	2.4x	12.1x	13.5x	35.0x	70.7x
NV5 Global, Inc. (NVEE)	\$52.06	\$1,021.3	\$687.9	29.8%	12.0%	1.7x	1.6x	12.1x	10.7x	23.2x	16.0x
Mean		\$910.5	\$776.2	10.0%	12.9%	1.3x	1.4x	11.0x	12.3x	24.1x	42.5x
Median		\$563.2	\$678.3	4.8%	12.0%	1.4x	1.5x	12.1x	12.1x	25.3x	40.9x

## Pre K-12 Education

Company Name	Price (08/21/2020)	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)	\$128.57	\$9,348.7	\$7,766.8	3.6%	16.0%	5.1x	6.2x	27.8x	58.1x	42.2x	136.8x
K12 Inc. (LRN)	\$41.75	\$1,747.5	\$1,724.7	5.4%	10.1%	1.7x	1.3x	13.6x	10.4x	44.4x	39.8x
Mean		\$5,548.1	\$4,745.7	4.5%	13.0%	3.4x	3.8x	20.7x	34.3x	43.3x	88.3x
Median		\$5,548.1	\$4,745.7	4.5%	13.0%	3.4x	3.8x	20.7x	34.3x	43.3x	88.3x

All data are the latest available as of 8/21/20

Sources: PitchBook and PVC

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