

Q3 2020 EDUCATION SECTOR OVERVIEW

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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.

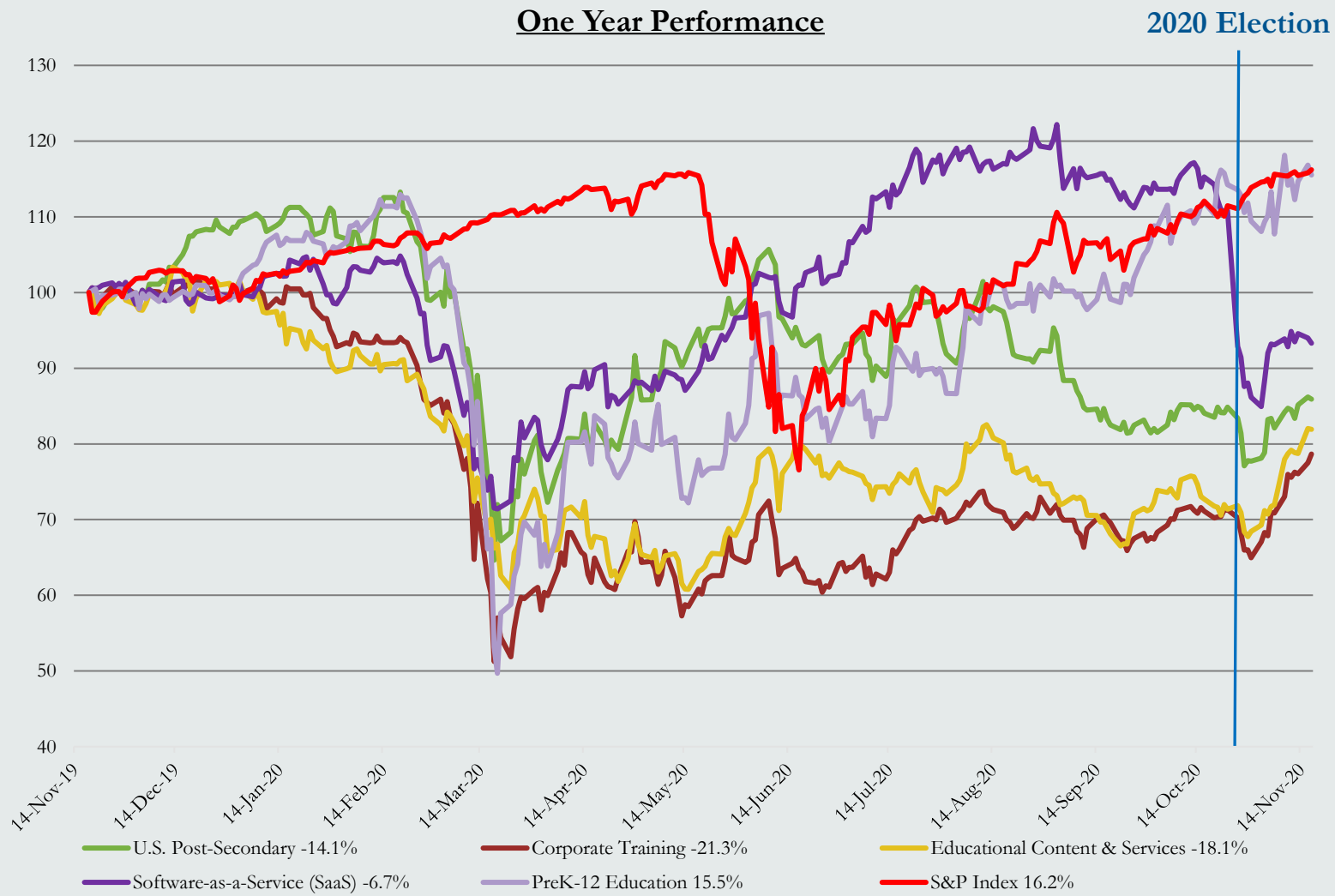
We caution that many factors affect the valuation of firms and these multiples are, at best, a guidepost for how the equity markets view the industry, specifically publicly-traded participants. Growth rates, return on capital invested, visibility of earnings, and a host of other elements influence valuation.

Sector Overview

- *“What, me worry?”* – Alfred E. Neuman on 2020
- Or, as one sage said, *“If worrying would do any good, I would worry with you”.*
- Clearly, this has been a once in a lifetime year for both the world and education, but what are the public equity markets signaling?
 - Although the market reaction to the pandemic has hurt all segments of the education universe, Pre-K-12 has more than recovered from its pre-pandemic levels.
 - Market response to the recent elections are positive across the board, including the post-secondary sector.
- Interest rates remain low, capital markets are still very liquid and robust, and online learning and methodologies are booming. At Parchman Vaughan, we have successfully advised on [four transactions](#) in 2020 and expect a number more for later this year and next.

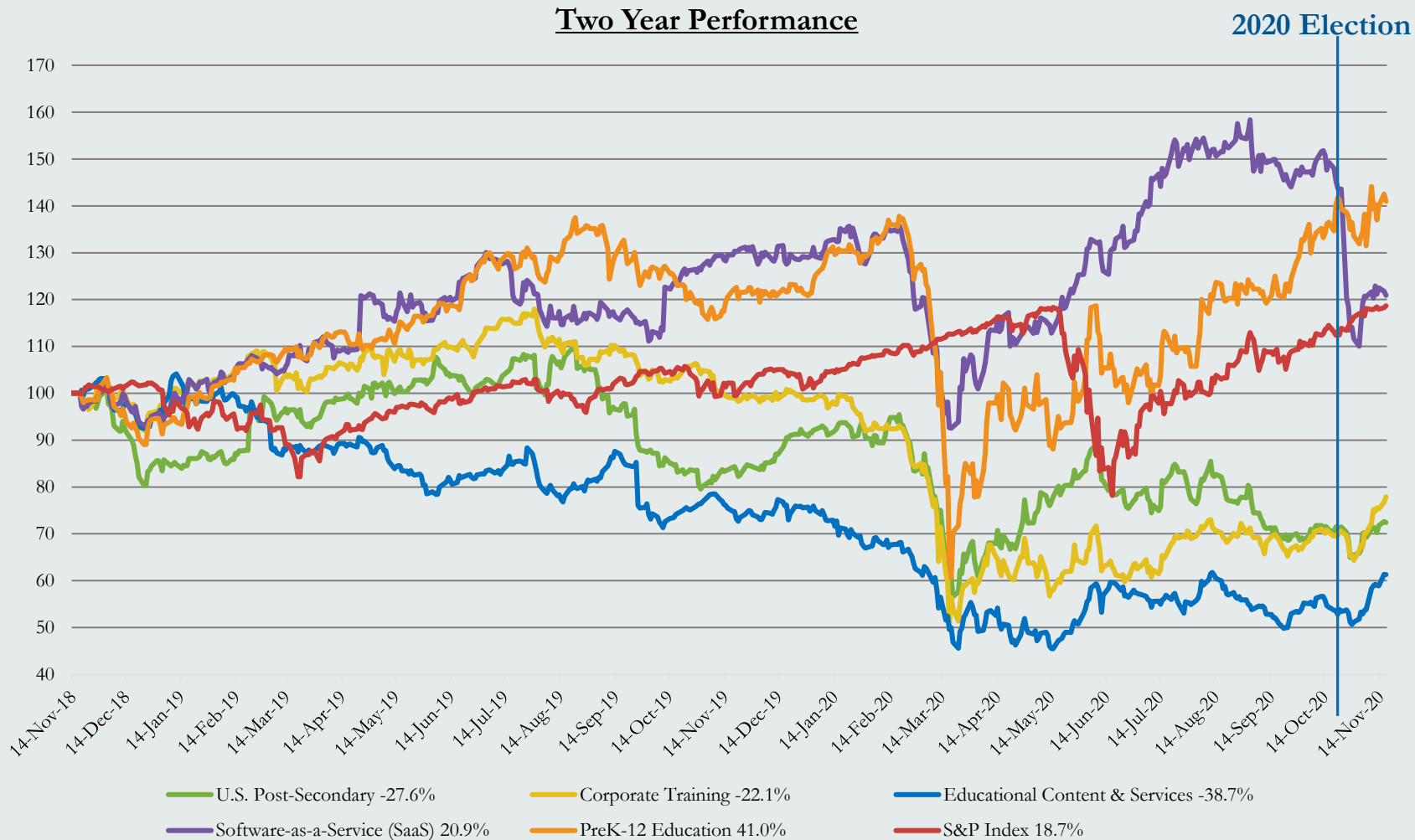


One Year Education Stock Price Performance by Sector



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

Two Year Education Stock Price Performance by Sector



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 (11/17/2020)	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. (TWOU)	\$33.16	\$2,258.0	\$2,389.8	41.1%	(15.0%)	3.1x	2.5x	990.8x	67.1x	NM	NM
Blackbaud, Inc. (BLKB)	\$53.32	\$3,146.4	\$2,643.0	5.7%	14.5%	3.5x	3.5x	15.4x	14.1x	20.5x	19.4x
Chegg, Inc. (CHGG)	\$68.05	\$9,069.0	\$8,765.6	32.1%	16.0%	16.1x	11.7x	54.6x	34.9x	60.8x	41.2x
Constellation Software, Inc. (CSU)	\$1,172.66	\$24,921.4	\$24,850.4	17.6%	27.7%	6.5x	5.4x	21.9x	18.8x	57.5x	27.5x
Cornerstone OnDemand, Inc. (CSOD)	\$42.05	\$3,866.5	\$2,716.6	14.2%	11.3%	5.7x	4.6x	20.0x	14.1x	26.8x	27.2x
Docebo, Inc. (DCBO)	\$43.46	\$1,208.0	\$1,265.2	NM	(9.6%)	21.4x	13.6x	NM	NM	NM	NM
Learning Technologies Group plc (LTG)	\$1.68	\$1,188.1	\$1,268.7	53.2%	30.5%	7.2x	6.6x	28.1x	18.1x	28.0x	29.7x
Pluralsight, Inc. (PS)	\$16.25	\$2,574.6	\$2,367.5	NM	(30.6%)	6.9x	5.8x	NM	439.1x	NM	NM
SAP SE (SAP)	\$116.85	\$151,479.7	\$139,472.7	6.0%	28.0%	4.9x	4.7x	14.4x	13.5x	18.9x	20.0x
Sylogist Ltd. (SYZ)	\$8.13	\$162.5	\$193.2	4.1%	15.3%	5.9x	4.8x	25.7x	8.2x	60.0x	18.5x
Tribal Group plc (TRB)	\$0.95	\$190.2	\$193.7	(5.2%)	1.9%	2.0x	2.0x	9.9x	9.6x	17.9x	15.6x
Tyler Technologies, Inc. (TYL)	\$413.67	\$16,126.4	\$16,682.0	11.0%	22.7%	14.4x	13.5x	49.6x	44.6x	74.5x	70.7x
Mean		\$18,015.9	\$16,900.7	18.0%	9.4%	8.1x	6.5x	123.0x	62.0x	40.5x	30.0x
Median		\$2,860.5	\$2,516.4	12.6%	14.9%	6.2x	5.1x	23.8x	18.1x	28.0x	27.2x

Educational Content & Services

Company Name	Price (11/17/2020)	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. (BNED)	\$3.38	\$732.9	\$164.4	(4.5%)	0.4%	0.4x	0.5x	25.0x	NM	NM	NM
Educational Development Corporation (EDUC)	\$14.94	\$113.4	\$124.8	13.3%	9.6%	0.7x	NM	7.1x	NM	12.5x	NM
Houghton Mifflin Harcourt Company (HMHC)	\$2.84	\$875.5	\$357.4	(5.2%)	(20.2%)	0.8x	0.8x	7.8x	5.2x	NM	NM
John Wiley & Sons, Inc. (JW.A)	\$34.97	\$2,879.9	\$1,957.3	2.1%	8.4%	1.6x	1.6x	7.6x	8.2x	13.4x	16.7x
Pearson plc (PON)	\$8.21	\$7,547.7	\$6,113.7	(9.3%)	19.8%	1.7x	1.6x	6.6x	8.8x	16.5x	16.2x
Scholastic Corporation (SCHL)	\$23.51	\$770.1	\$804.1	(3.7%)	0.8%	0.5x	0.5x	7.6x	6.8x	39.8x	43.5x
Mean		\$2,153.2	\$1,587.0	(1.2%)	3.1%	1.0x	1.0x	10.3x	7.3x	20.6x	25.5x
Median		\$822.8	\$580.8	(4.1%)	4.6%	0.8x	0.8x	7.6x	7.5x	14.9x	16.7x

All data are the latest available as of 11/17/20

Sources: PitchBook and PVC



Education Public Company Valuation Data

U.S. Post-Secondary

Company Name	Price (11/17/2020)	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)	\$28.61	\$1,452.6	\$1,490.3	(3.1%)	34.5%	1.4x	1.3x	3.4x	5.9x	10.4x	9.9x
American Public Education, Inc. (APEI)	\$30.84	\$238.2	\$456.7	1.2%	12.1%	0.8x	0.7x	5.4x	4.8x	21.2x	20.6x
Aspen Group, Inc. (ASPU)	\$10.36	\$254.1	\$253.1	50.7%	(1.1%)	4.7x	3.8x	NM	81.1x	NM	NM
Grand Canyon Education, Inc. (LOPE)	\$85.77	\$4,016.7	\$4,018.9	(4.7%)	36.1%	4.9x	4.3x	13.3x	11.5x	16.1x	14.1x
Laureate Education, Inc. (LAUR)	\$14.12	\$4,130.4	\$2,966.4	5.5%	7.4%	2.5x	2.3x	11.5x	19.6x	2.7x	48.7x
Lincoln Educational Services Corporation (LINC)	\$6.19	\$230.6	\$163.9	2.2%	7.5%	0.8x	0.7x	10.3x	8.7x	13.4x	13.2x
Perdoceo Education (PRDO)	\$11.60	\$497.3	\$803.7	3.5%	22.2%	0.7x	0.7x	2.3x	3.0x	7.7x	6.9x
Strategic Education, Inc. (STRA)	\$90.50	\$1,571.7	\$2,208.4	31.0%	24.8%	1.5x	1.3x	5.3x	5.7x	12.1x	14.6x
Universal Technical Institute, Inc. (UTI)	\$5.74	\$242.5	\$187.2	(1.8%)	8.4%	0.8x	0.7x	8.4x	6.5x	37.2x	19.1x
Zovio, Inc. (ZVO)	\$4.30	\$86.1	\$138.4	(6.3%)	(4.3%)	0.2x	NM	8.8x	4.3x	47.8x	10.8x
Mean		\$1,272.0	\$1,268.7	7.8%	14.8%	1.8x	1.8x	7.6x	15.1x	18.7x	17.5x
Median		\$375.7	\$630.2	1.7%	10.2%	1.1x	1.3x	8.4x	6.2x	13.4x	14.1x

Corporate Training

Company Name	Price (11/17/2020)	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)	\$22.57	\$326.1	\$316.6	4.0%	9.0%	1.6x	1.5x	22.8x	15.5x	NM	1504.7x
GP Strategies Corporation (GPX)	\$12.86	\$276.6	\$220.7	0.0%	4.7%	0.5x	0.5x	9.1x	7.8x	42.3x	16.7x
Graham Holdings Company (GHC)	\$458.11	\$2,568.8	\$2,293.5	4.0%	19.6%	0.9x	NM	4.7x	NM	11.5x	NM
HealthStream, Inc. (HSTM)	\$19.13	\$485.0	\$606.0	10.0%	20.3%	2.0x	2.2x	10.5x	13.3x	33.2x	159.4x
NV5 Global, Inc. (NVEE)	\$73.71	\$1,254.5	\$976.4	27.8%	13.1%	2.0x	1.8x	13.0x	11.6x	30.3x	17.8x
Mean		\$982.2	\$882.6	9.2%	13.3%	1.4x	1.5x	12.0x	12.0x	29.3x	424.7x
Median		\$485.0	\$606.0	4.0%	13.1%	1.6x	1.7x	10.5x	12.4x	31.7x	88.6x

Pre K-12 Education

Company Name	Price (11/17/2020)	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)	\$168.49	\$11,694.6	\$10,204.5	(0.8%)	13.5%	7.1x	6.0x	43.0x	35.6x	76.6x	71.4x
Stride Inc. (LRN)	\$22.19	\$1,045.8	\$921.7	9.1%	7.3%	0.9x	0.7x	6.1x	5.4x	13.4x	16.5x
Mean		\$6,370.2	\$5,563.1	4.2%	10.4%	4.0x	3.4x	24.6x	20.5x	45.0x	43.9x
Median		\$6,370.2	\$5,563.1	4.2%	10.4%	4.0x	3.4x	24.6x	20.5x	45.0x	43.9x

All data are the latest available as of 11/17/20

Sources: PitchBook and PVC



For more information, please visit www.parchmanvaughan.com