



Education & Training M&A Update
Q3 2024

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CONTENTS

- 3 Global Deal Analytics
- 7 Valuation Multiples
- 10 Leading M&A Deals
- 13 Industry Outlook
- 14 About R.L. Hulett
- 16 Selected Transactions
- 17 Our M&A Team

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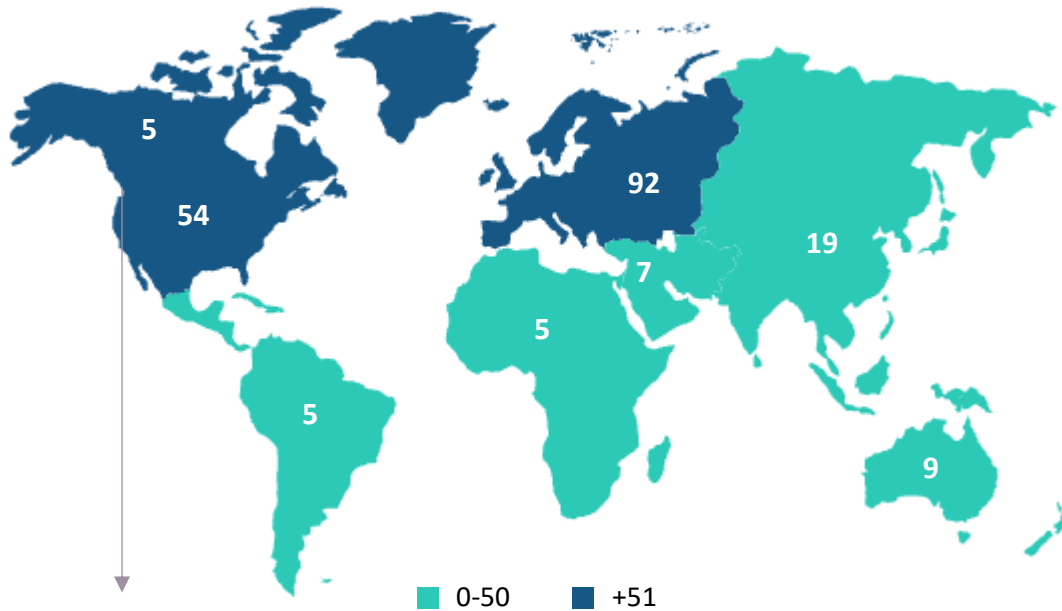
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REPORT HIGHLIGHTS

- In Q3, the Education & Training sector index decreased by 7.0% and was outperformed by the S&P 500, which increased by 5.3% over the same period.
- The median EV/Revenue multiple for reported private equity deals decreased to 0.7x in the first nine months of 2024 from 2.0x in 2023, but increased for strategic deals to 2.2x from 0.9x in the prior year.
- M&A deal volume in the Education & Training sector increased 15.3% in Q3 to 196 deals from 170 deals in Q2, but decreased 6.2% from 209 deals in Q3 of the prior year.
- As a % of total capital invested in M&A transactions, PE participation decreased slightly in YTD Q3 to 76.2% from 83.1% in 2023.
- Europe was the most active region in Q3 with 92 deals. Most notably in the European market was Wendel Group's \$693.3 million acquisition of Globeducate, a Madrid-based operator of 65 premium bilingual and international schools, in July 2024.



Of the 196 deals in the Education & Training sector in Q3, Europe was the most active with 92. A notable European deal (in addition to the Globeducate deal mentioned on the previous page) was bd-capital’s \$77.9 million acquisition of Netex, a Spanish developer of digital learning applications for companies and academic institutions, in July 2024. North America was the second most active with 59 transactions and all other regions combined for a total of 45 deals.



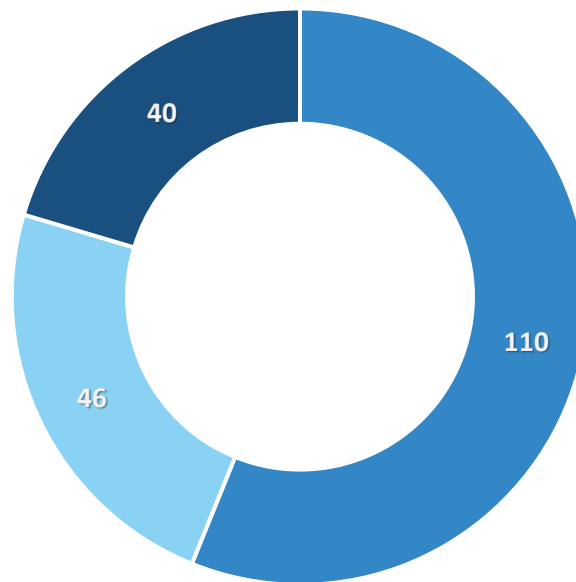
Canada:	5
United States:	54
Mid Atlantic:	13
Southeast:	11
Great Lakes:	10
West Coast:	5
Others:	15

In the U.S. market, the Mid Atlantic region was the most active area with 13 deals, followed by the Southeast with 11 closed transactions. The Great Lakes and West Coast regions saw 10 and 5 transactions, respectively, and all other U.S. regions combined for a total of 15 completed deals. Most notably in the Great Lakes region was Sterling Partners’ \$125.4 million acquisition of Keypath Education, an Illinois-based provider of bundled online program management (OPM) services, in September 2024.

Outside of the U.S. in the North American market, 5 transactions closed in the Canadian market in Q3 2024.

Of the 196 Education & Training deals in Q3, 110 deals were in the Direct-to-Consumer Education & Training sector, making it the most active from an M&A volume standpoint. B2B Education & Training was the second most active with 46, followed by EdTech and Other with 40 reported deals

Deal by Subsector



■ Direct-to-Consumer Education & Training

■ B2B Education & Training

■ EdTech and Other

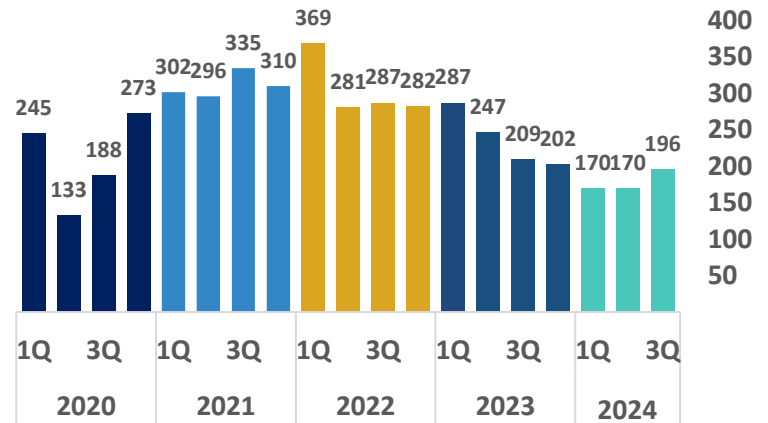


Deal volume in the Education & Training sector increased 15.3% in Q3 to 196 deals from 170 deals in Q2, but decreased 6.2% from 209 deals in Q3 of the prior year. Q3 volume ticked up slightly off a four-year low in 1H 2024 and represents a reversal of the trend of declining quarterly deal volumes that we saw from Q1 2023 to Q1 2024.

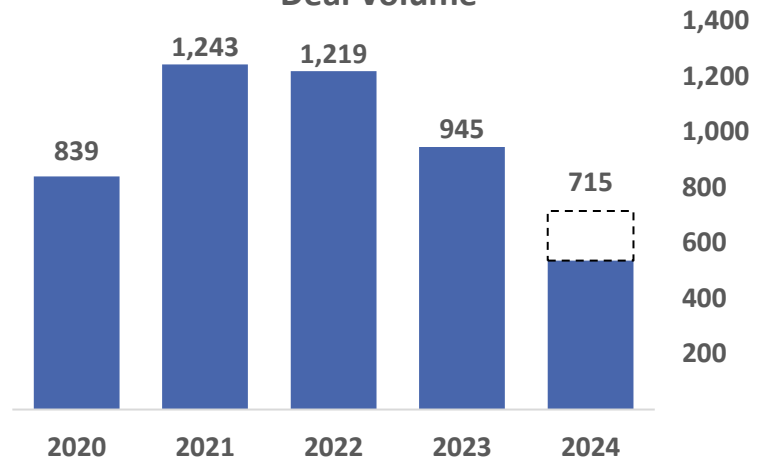
Based on activity through Q3, M&A deal volume is anticipated to decrease 24.3% to 715 deals in 2024 from 945 in 2023. We attribute this forecasted decline in deal volume to a sluggish deal environment in the first nine months of 2024 coupled with delays in the first rate cut to the Fed Funds rate which was originally expected in Q1 but did not happen until Q3 of 2024. However, we anticipate market conditions loosening in the coming quarters, with the Fed cuts in interest rates and the election moving to the rearview mirror.

Following the quarterly trend in deal volume, total capital invested in M&A deals in the sector increased 30.0% in Q3 to \$1.3B from \$1.0B in Q2, but remained flat from \$1.3B in Q3 of the prior year. We attribute this increase from the prior quarter to higher volume coupled with a slight shift in mix to larger deals. In Q3, for example, the largest reported transaction was the \$693.3 million acquisition of Globeducate compared to Q2 where the largest deal was Cadent's \$324.0 million acquisition of AdTheorent Holding Company.

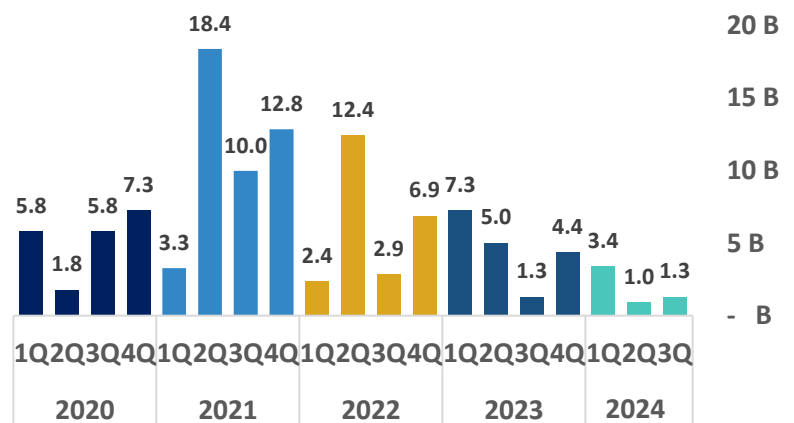
Deal Volume



Deal Volume



Total Capital Invested

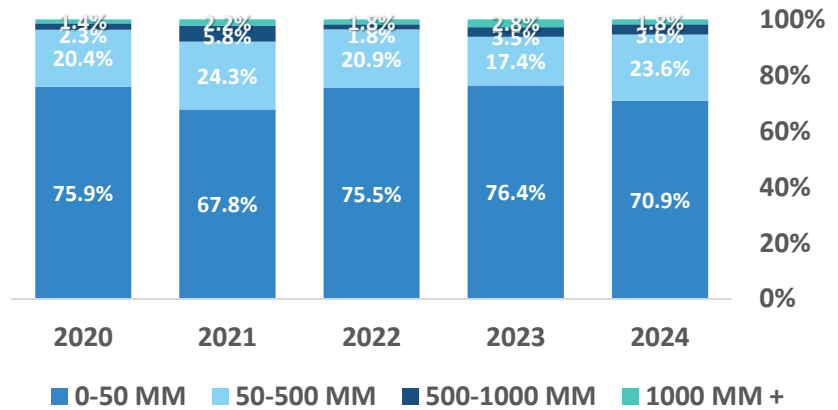


YTD through Q3, we generally saw a shift in mix toward larger-sized deals from the prior year. The middle market (\$50 - \$500 MM) increased significantly to 23.6% from 17.4% in 2023, while the large cap (\$1000 MM+) and lower middle (\$0 - \$50 MM) tranches of the market saw decreases to 1.8% and 70.9% from 2.8% and 76.4%, respectively, in the prior year. The upper middle market (\$500 - \$1000 MM) saw a slight increase to 3.6% from 3.5% in 2023.

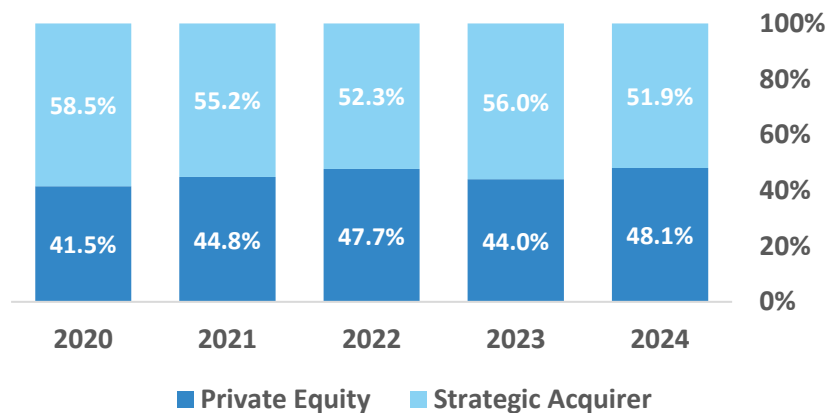
As a % of total deal volume, PE buyers have trended higher so far in 2024 relative to strategic buyers, representing 48.1% of deal volume in the sector compared to 44.0% in 2023. YTD Q3 2024 marks the highest level of PE participation in the sector (from a volume standpoint) versus strategic buyers over the last five years.

Contrary to the trend in deal volume, total capital invested by PE investors (as a % of overall capital invested) decreased in YTD 2024 to 76.2% from 83.1% in 2023. In spite of the decrease, however, YTD 2024 marks the second highest level of PE participation in the sector (from a % of capital invested standpoint) buyers versus strategic buyers over the last five years.

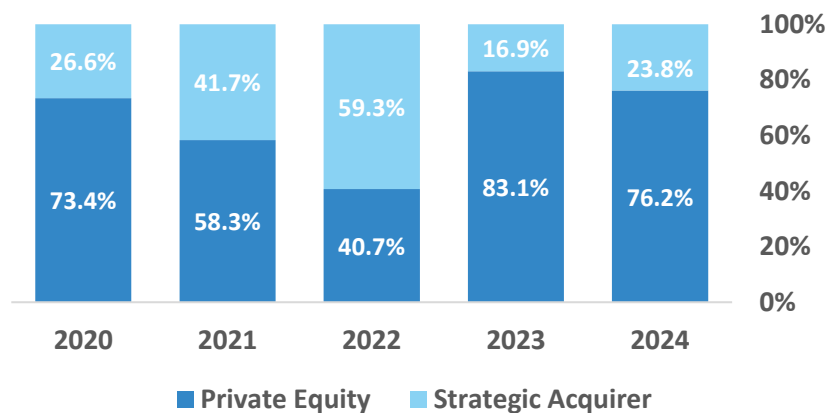
Deal Volume by Deal Size



Deal Volume by Acquirer



Total Capital Invested by Acquirer

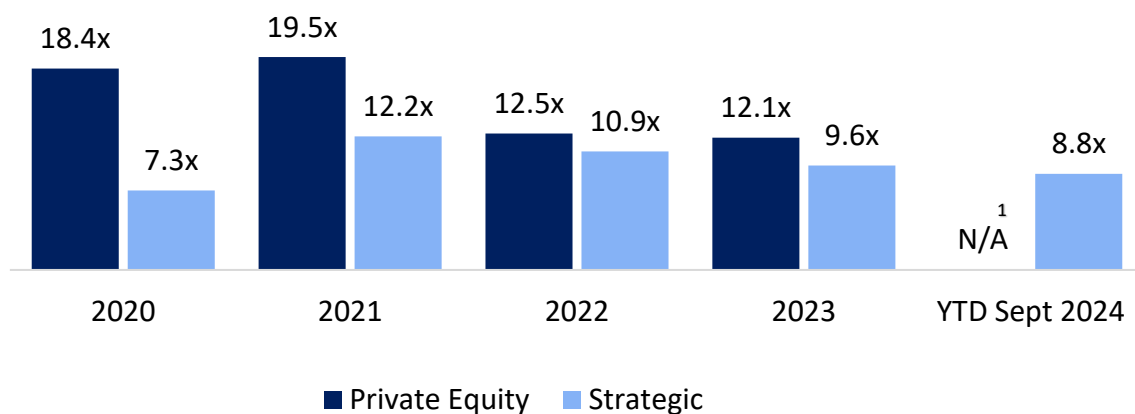


The median EV/EBITDA multiple for reported strategic deals decreased to 8.8x in YTD 2024 from 9.6x in 2023, and no multiples for private equity deals were reported in YTD 2024.

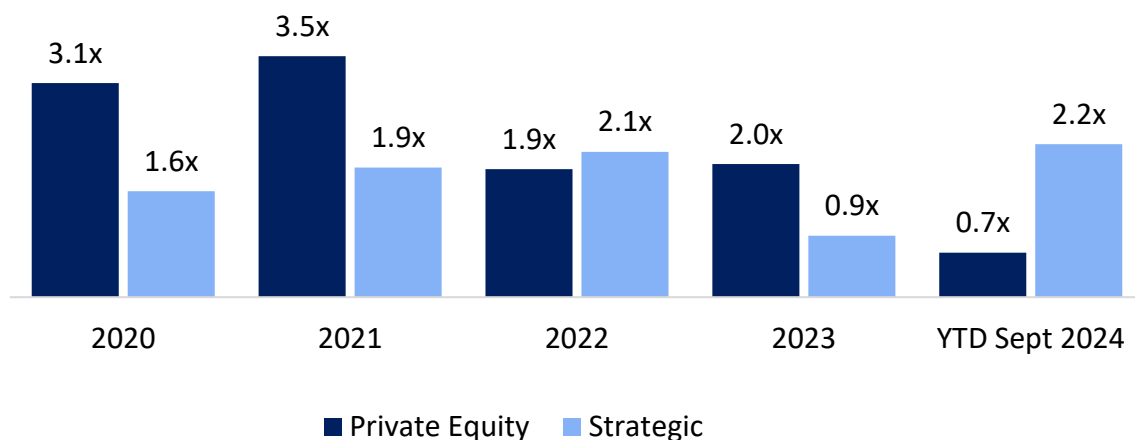
The median EV/Revenue multiple for reported private equity deals decreased significantly to 0.7x in YTD 2024 from 2.0x in 2023, but increased for strategic deals to 2.2x from 0.9x in the prior year.

YTD 2024 marks the lowest reported median EV/Revenue multiple for PE in the past five years.

Reported EV/EBITDA Multiples













Reported EV/Revenue Multiples














¹ No EV/EBITDA multiples were reported for Private Equity buyers in YTD 2024.

Active Strategic Investors












Investor	YTD Edu. Investments	Select Targets
	3	  
	2	 
	2	 

Active Private Equity Investors

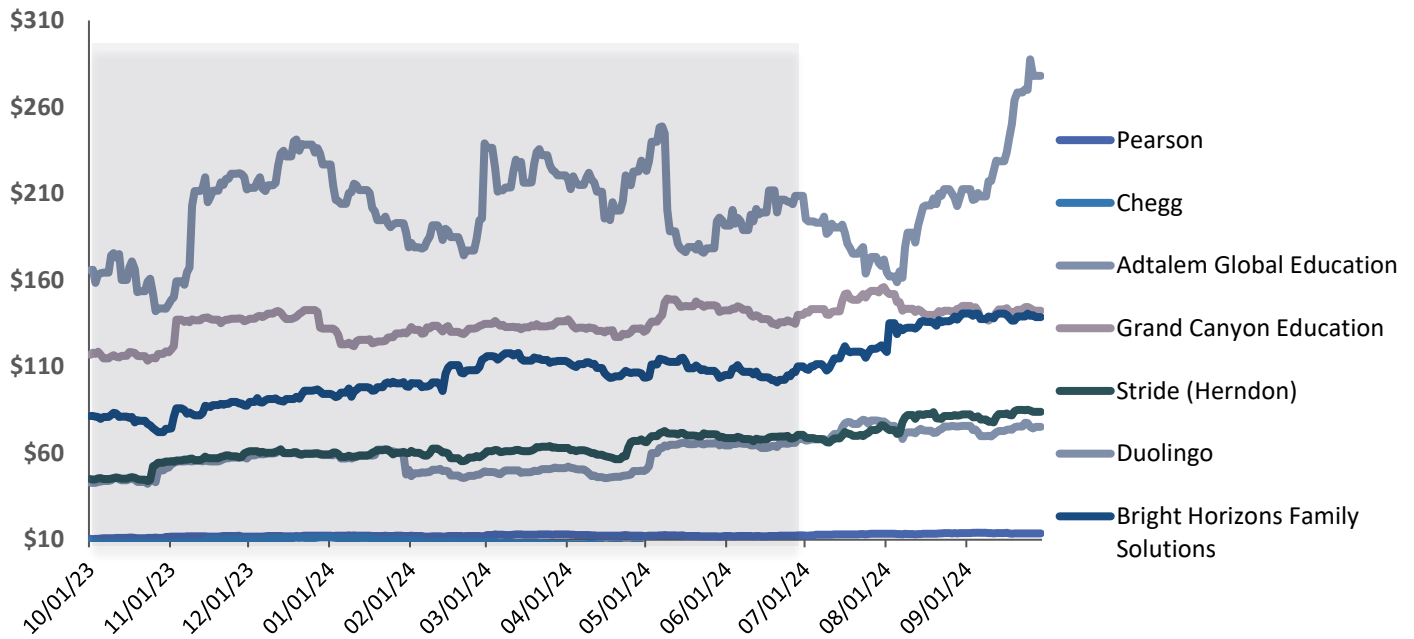
Investor	YTD Edu. Investments	Select Targets
LEEDS	5	   
KKR	4	   
	2	 

Largest Deals (Disclosed)

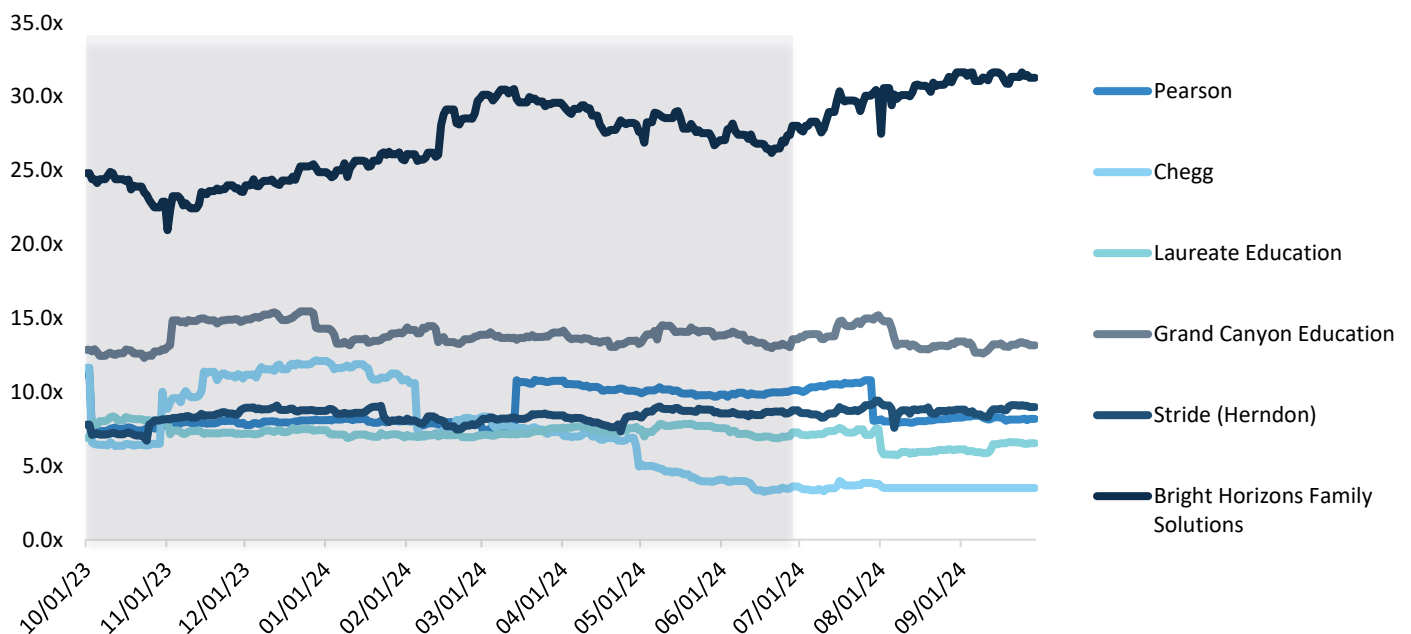
Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
16-Sep-2024	Globeducate	Wendel Group	Buyout/ LBO	\$ 693.3			Operator of a chain of private educational organizations intended to assist students in academic and personal development.
11-Sep-2024	Keypath Education	Sterling Partners	Buyout/ LBO	125.4			Keypath Education International Inc provides bundled OPM services to its university partners, including the design, development, launch, and management of online programs.
28-Aug-2024	City Education Group	Planet Education Networks	Merger/ Acquisition	5.7			Provider of transformative professional educational programmes to students at second, third, professional and adult education levels.
19-Aug-2024	Kami	BV Investment Partners	PE Growth/ Expansion	175.0			Developer of a digital classroom application designed to transform any existing document into an interactive learning experience.
19-Aug-2024	Administrate	Archangel Global Investors	PE Growth/ Expansion	3.9			Developer of a learning technology platform designed to scale and manage the complexities of enterprise training.
15-Aug-2024	10XME Academy	Yield Guild Games	Merger/ Acquisition				Provider of artificial intelligence (AI) training programs intended to enhance productivity.
05-Aug-2024	Abacus Ark	Imbiba	PE Growth/ Expansion				Operator of preschools and nursery groups intended to make kids ready for school.
31-Jul-2024	Douglas Stewart Software & Services	Climb Global Solution	Merger/ Acquisition	20.3			Distributor of educational software intended for resellers in North America.
26-Jul-2024	3D Interactive	Oheim	Merger/ Acquisition				Developer of virtual reality simulators and image systems including content and display devices designed for training and leisure.
16-Jul-2024	Grupo SEB	Kinea Investimentos	PE Growth/ Expansion	75.9			Provider of customized educational services.
11-Jul-2024	Kolej Yayasan Saad Melaka	Hektar Real Estate Investment Trust	Buyout/ LBO	31.5			Operator of a private school intended to offer secondary school education.
11-Jul-2024	Netex	bd-capital	Buyout/ LBO	77.9			Developer of digital learning applications for companies and academic institutions.
09-Jul-2024	Tierra Encantada	Susquehanna Private Capital	PE Growth/ Expansion	38.0			Provider of child care services intended for children aged 6 weeks to 6 years.
08-Jul-2024	Execus		PIPE	1.9			Execus SpA is a training and consulting company specializing in digital transformation in sales, SaaS, and Social Selling.
04-Jul-2024	Handiwork	Caisse des Dépôts et Consignations	Buyout/ LBO	1.4	0.65x		Provider of training services intends to serve people with disabilities in companies.
01-Jul-2024	Unidom Participações	Afya Educacional	Merger/ Acquisition	122.5	5.48x		Provider of educational services intended to train conscious citizens and competent professionals for solidary and well-founded human development.
01-Jul-2024	SCAT	Hyper	Merger/ Acquisition	5.1	12.62x		Operator of an education company based in Seoul, South Korea.
01-Jul-2024	FOERST	123Fahrschule	Merger/ Acquisition	0.7			Operator of a driving school company and developer of driving simulators based in Wiehl, Germany.
Mean				91.9	6.25x	N/A	
Median				31.5	5.48x	N/A	
High				693.3	12.62x	N/A	
Low				0.7	0.65x	N/A	

Target	Investor	Driver	Deal Synopsis
	    <small>STATE OIL FUND OF THE REPUBLIC OF AZERBAIJAN</small>	PE Growth/ Expansion	<p>GEMS Education, a Dubai-based network of 42 K-12 private schools, received \$3.6 billion of development capital from a group of investors led by Brookfield Corporation in July 2024. The acquisition of GEMS Education (“GEMS”) complements Brookfield’s investments in Global Education, Ascend Learning, and K12 Inc. By integrating GEMS, Brookfield can improve performance not only within GEMS but also across its other educational investments.</p>
		Buyout/LBO	<p>Wendel Group (“Wendel”) acquired a 50% stake in Globeducate, a Madrid-based operator of 65 premium bilingual and international schools, through a \$672.6 million LBO in July 2024. By entering the education sector, Wendel gains exposure to a new market, while simultaneously reducing their overall portfolio risk through sector diversification.</p>
		PE Growth/ Expansion	<p>Kami, a New Zealand-based provider of classroom engagement and teacher productivity content, received \$175.0 million of development capital from BV Investment Partners in August 2024. With a global reach of over 40 million teachers and students across 180 countries, Kami plans to use the capital to establish a Boston office and strengthen its presence in the U.S.</p>
		PE Growth/ Expansion	<p>Grupo SEB, a Brazilian provider of customized educational services, was acquired by Kinea Investimentos (“Kinea”) for \$75.9 million in July 2024. The investment in Grupo SEB aligns with Kinea’s previous investments in the education sector, such as Eleva Educação and Estácio. Both Eleva and Estácio have established strong regional footprints which align well with Grupo SEB’s expansion strategies.</p>

Stock Price

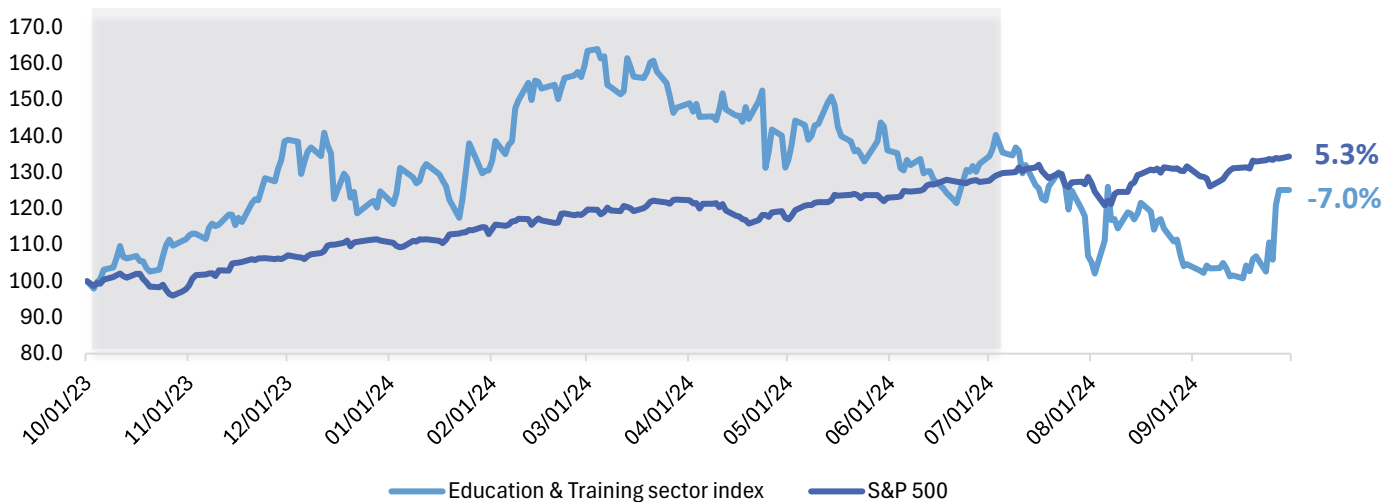


EV/EBITDA



Index Performance

The Education & Training sector index decreased by 7.0% and was outperformed by the S&P 500, which increased by 5.3% over the same period.



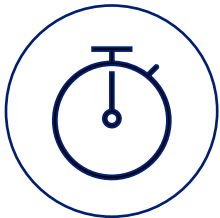
Emerging trends in the Education & Training space:



AI-Powered Learning

The Rise of Artificial Intelligence in Education

AI is rapidly reshaping education by enabling personalized learning experiences at scale. Educational institutions and corporate training programs are adopting AI-driven platforms to offer customized lessons, improving both student engagement and outcomes. As AI tools become more accessible, their adoption is set to rise, particularly in remote and hybrid learning environments.



Microlearning and On-Demand Training

Quick Learning Solutions

Microlearning, which offers short focused lessons, is gaining traction due to its ability to fit into busy schedules. Corporations are using this method to quickly upskill employees which improves their retention and engagement. Its flexibility and time efficiency make it an appealing alternative to traditional training formats.



Tech-Enhanced Soft Skills Development

Technology in Soft Skills Training

Organizations are using VR, gamified learning, and AI to help employees build crucial soft skills like communication and leadership. These tech-driven approaches offer real-time feedback and simulate real-world scenarios, making soft skills development more engaging and effective.



DEI-Focused Training

Enhancing Workplace Inclusion

Diversity, equity, and inclusion (DEI) training is evolving to include real-world applications and leadership development. Companies are increasingly investing in advanced DEI programs to meet employee expectations and regulatory pressures, making it a key focus for improving workplace culture.



Proven, Professional, Principled.

Investment Bankers for the Middle Market

About

R.L. Hulett is a middle-market investment bank based in St. Louis, Missouri, providing M&A and financial advisory services to middle-market companies. Since its founding in 1981, the firm has advised in over 280 transactions in a variety of industries including Education & Training, Food & Consumer, packaging, healthcare and software/tech-enabled services. The firm has an experienced team of M&A advisors consisting of former business owners, seasoned corporate executives, professional service firm partners, CPAs and MBAs. Our ability to deliver customized solutions to meet or exceed our clients' expectations is what sets us apart from our competitors.

Our Clients

\$10 - 250MM
Revenue

\$2 - 20MM
EBITDA

Middle Market
Privately Owned

Industries Served



**Education
& Training**



**Tech-Enabled
Services**



**Plastics &
Packaging**



Industrials



**Transportation
& Logistics**



**Food &
Consumer**





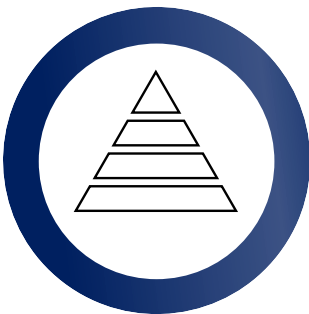
Sell-Side Advisory: Sell your business

Sell your business for the highest price and for the best terms. At R.L Hulett, communicating the value of your business to targeted buyers and finding the best fit for your team is our forte. We strive to maintain your company's culture and heritage even as you transition out of your business.



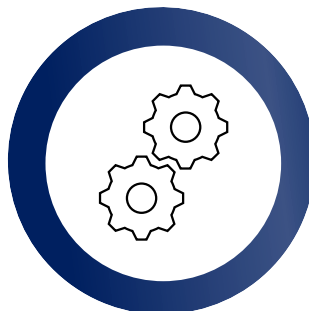
Buy-Side Advisory: Buy a business

Searching for acquisition targets can be a challenging and time-consuming task when trying to run your own business at the same time. Navigating the risks and pitfalls in negotiating valuation and deal structure can also be a daunting task for many business owners. Let our team help you minimize your risk and reduce time wasting efforts with our decades of experience in advising in both buy and sell-side M&A transactions. We utilize industry-leading M&A databases to scout for opportunities and pre-screen for "real" actionable targets so you can stay focused on what matters.



Capital Raise: Gain financial support

With nearly 40 years of experience in middle-market M&A advisory, we know how to package up your deal and put you in front of the right kind of investors who have the capital and the industry expertise you need to grow your business. Our team will develop a go-to-market strategy and advise on deal structure, valuation, due diligence and transition issues. Whether you are seeking capital for growth or trying to buy out other shareholders, we have the tools, expertise, and experience to execute a strategic process and find the optimal outcome to meet your objectives.




Restructuring: reorganization of your business


In today's uncertain economic times, more and more companies are finding themselves in unfamiliar, and unwanted, positions. Many business owners are hoping recovery is just around the corner; however, proactive measures are often required to maximize the remaining value of the business. Our team can aid banking institutions with workout situations by implementing internal controls over cash management and performing on-going cash flow modeling for their clients. We can also help business owners avoid having trouble making payments on their debts and avoid the cumbersome and low-value asset liquidation process.

Over the years, R.L. Hulett has completed hundreds of transactions in a wide variety of industries. Below are several representative transactions. Please note that this list is not comprehensive.

BYL

has acquired



 R. L. Hulett



has been acquired by



 R. L. Hulett



has sold substantially all of its assets to



 R. L. Hulett

Companies Served



Investors



Cottonwood Acquisitions





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Mr. Hulett has led M&A transactions in a variety of industries including manufacturing/industrial, software development/IT, business services and value-added distribution for over 15 years. Prior to joining the firm, he held senior level accounting and financial management positions in both public accounting and large corporations. Mr. Hulett began his career as a Certified Public Accountant with MPP&W, a St. Louis-based public accounting firm specializing in middle market companies. He then held various management positions in internal audit and corporate accounting with a Fortune 1000 industrial manufacturing company and also spent nine years with Enterprise Rent-A-Car Company as a department manager in the Corporate Accounting group. Mr. Hulett holds his Series 62, 63 and 79 securities registration. Mr. Hulett earned a Bachelor's Degree in Accounting from the University of Missouri, Columbia.



Robert L. Hulett
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Mr. Hulett founded the firm in 1981 and has negotiated and completed more than 200 transactions throughout his career. He began his career as a Certified Public Accountant and practiced with Peat, Marwick, Mitchell & Co. in St. Louis as an Audit Manager and in New York as the Director of Training for Private Business. Mr. Hulett has also served as Chief Executive & Board Member for various middle market companies. As an educator, he was an adjunct professor at New York University and a tenured faculty member at Lindenwood University in St. Louis. He conducted training sessions for middle market CPA firms throughout the country for more than ten years. Mr. Hulett earned his BS/BA Cum Laude in Accounting from the University of Missouri-Columbia, and an MBA from Lindenwood University.



Ron Litton
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Mr. Litton has been advising business owners in mergers and acquisitions since 2013. His primary industry focus areas have included industrials, paper and packaging, distribution, energy, promotional products and direct to consumer e-commerce. Prior to 2013, Mr. Litton held a variety of C-level roles with several companies in the paper and packaging industry including Unisource, Maverick Paper, Universal Graphics and Sabin Robbins. He has bought and sold a number of businesses, advised in the sale of family/founder owned businesses, and advised in start-ups and turnaround situations for banks, owners, and private equity firms. He enjoys working with owners that want to sell or transition out of their businesses. Ron covers the Kansas City and surrounding markets for the firm. He graduated from Central Missouri State University with a BS in Graphic Arts Technology and Management.



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Mr. Vass has over 30 years of business management experience including more than 10 years as President of a highly successful consumer products manufacturing company with revenues exceeding \$25 million. During this time, he not only reversed a declining sales and earnings trend, but increased both sales and operating income over 100%. In addition, he has spent over 20 years at the executive level of Vice President of Sales and Business Development. Mr. Vass also has experience in a number of other industry niches including consumer products, commercial furniture and fixtures and metal recycling. He holds a Bachelor's Degree in Economics from DePauw University and an MBA from the University of Michigan.



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Ryan provides analytical support for senior-level deal managers and, as a senior analyst, supervises the preparation of confidential memorandums, financial models and industry research reports. Ryan graduated with a Bachelor of Science degree in Finance from The Freeman School of Business, Tulane University. Prior to joining the firm, Ryan worked as an equity analyst for Burkenroad reports, an equity research program that produces widely circulated financial reports on small- to medium-sized companies. During his time at Tulane University, Ryan was elected as Vice President of Administration for Tulane's community government, took extensive courses in Investment Banking M&A transactions, and volunteered as a data analyst for American Red Cross.



Charlie Meier
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Charlie provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations. He graduated with a Bachelor of Science in Business Administration Degree with a major in finance and banking from the Trulaske College of Business, University of Missouri. Prior to joining the firm, Charlie worked as an investment analyst for the University of Missouri's Investment Fund Management Program. During his time at University of Missouri, Charlie was elected as Recruitment Chairman for the Phi Delta Theta Fraternity and took extensive courses in Banking.



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Lynda Hulett leads the firm's marketing, administrative and communication efforts. She maintains the firm's proprietary CRM database, manages outbound firm communications and provides administrative support to senior deal managers. Prior to joining R.L. Hulett, Lynda spent the previous ten years in various marketing and administrative functions. Most recently, she worked as a client liaison providing administrative support for a CPA firm. Prior to that, she was employed by Moneta Group, a financial services advisory firm, where she provided marketing and administrative support to the client managers. Lynda graduated from the University of Missouri – Columbia, receiving her business degree with an emphasis in Marketing.



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