

M&A SPOTLIGHT ON EDUCATION

Back To School
Edition

Recent News Highlights

Ontario Regulatory Changes in Post Secondary

April 16th, the Ontario government announced that it would **implement performance-based funding** for Colleges and Universities. By 2025, up to 60% of operating grant funding from the Ministry of Training will be linked to performance measures which will be phased in over a multi-year period. These measures will focus on 10 metrics that include employment and graduation rates, graduate earnings. The change comes as the Ontario Government moves to ensure more people acquire the professional and technical expertise that is essential to succeed in the new economy.

Canadian Government Outlines Strategy to Attract More Foreign Students

As of August 25th, the Canadian government outlined a **five-year, \$148-million plan to attract more foreign students** to Canadian universities. It's initial focus will be in Mexico, Colombia, Brazil, Vietnam, Indonesia, Thailand, and other countries, looking to diversify as more than half of the current international student population are from China and India. The plan aims to attract students to schools that are not located in Canada's largest cities in order to reap the economic benefits in provinces and regions that previously have had less immigration.

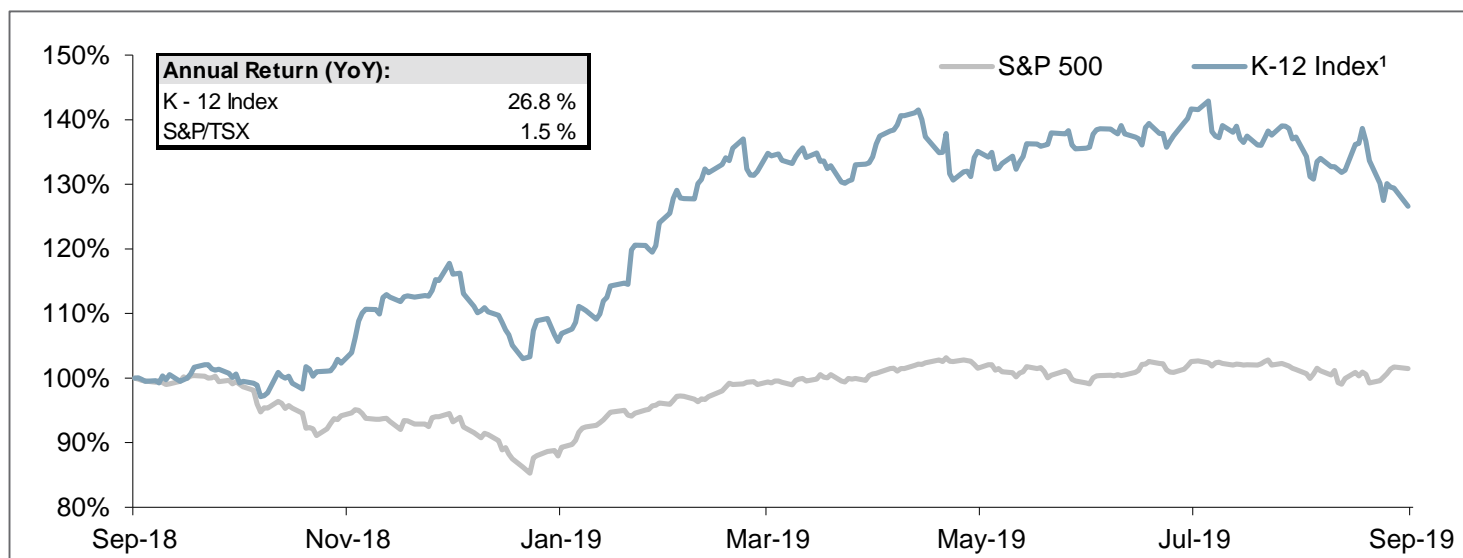
Corporate Rebranding and Spin Out

Effective April 15th, **Bridgepoint Education** rebrands itself as an educational technology services firm, and will change its name to **Zovio**. A key component of this change comes as the company moves towards an online program management model – while it seeks to **spin-out** its **Ashford University** as a not-for-profit entity. The Company has stated that it will continue to evolve by using its cash balance to fund strategic M&A. While analyst's are intrigued by the rebranding story, future earning prospects will be difficult to assess as the company makes the transition.

Recent Education M&A Activity

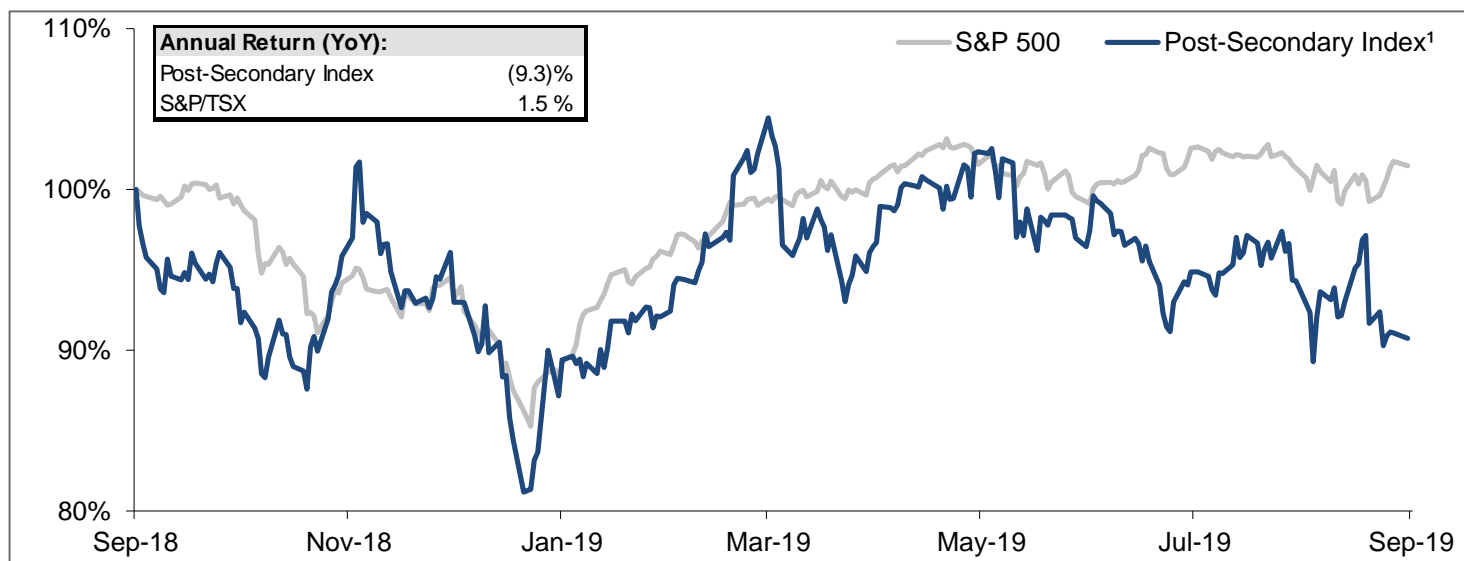
- **Nickelodeon** bought New-York based early childhood learning platform **Sparkler** for an undisclosed amount. Sparkler offers an educational app focused on early-childhood learning that measures child development. Nickelodeon (owned by Viacom) plans to integrate Sparkler's technology into Noggin, the network's video subscription service launched in 2015.
- **Zovio** (previously Bridgepoint Education) announced it had **acquired Fullstack Academy**, a web development school for **\$17.5 million in cash and 4.75 million shares**. The acquisition comes as it helps to Support Zovio's ability to catalyze its entry into higher education services and rebrand itself into the ed-tech space.
- **Instructure** announced it had **acquired MasteryConnect** for **\$42.5 million**. The deal will mark Instructure's third acquisition, and its first that focuses on the K-12 market. With the acquisition, Instructure aims to capitalize on formative assessments which MasteryConnect offers, allowing classrooms to regularly understand what students have learnt through the year opposed to an end-of-year final test.
- **CampusLogic**, a student financial services platform, **purchased Funderbolt**, a provider of college student fundraising software for an undisclosed amount. Under the terms of the deal, Funderbolt will rebrand as SponsoredScholar, and will allow students to raise money for tuition and educational expenses – supporting over 600 campaigns for a variety of student activities
- **Academia.edu**, a social media platform for sharing academic research, has **raised \$16 million to launch a free mobile app**, where users can find and bookmark academic papers. Founded in 2008, Academia.edu started with the goal of making all scholarly research available for free online – and has since grown to over 75 million users on its website with 23 million pieces of research available

K-12 Index Performance



1. K-12 Index is composed of equally weighted market prices for those seen on the list of K-12 comparable companies

Post-Secondary Education Index Performance



Key Education Comparables

(All figures in USD millions unless indicated)

	Market Cap	Enterprise Value (TEV)	TEV / EBITDA		Price / Earnings		1 Year Return
			2019E	2020E	2019E	2020E	
K-12 Comps:							
K12 Inc.	1,016	813	6.1x	5.6x	30.3x	27.7x	59.1 %
Strategic Education, Inc.	3,595	3,323	14.1x	12.5x	26.2x	22.8x	23.5 %
Bright Horizons Family Solutions Inc.	9,490	11,275	27.7x	24.9x	45.1x	39.5x	36.8 %
AcadeMedia AB (publ)	498	752	7.3x	6.8x	9.5x	8.6x	(2.2)%
G8 Education Limited	746	959	8.2x	7.2x	12.6x	10.9x	16.8 %
K-12 Average			12.7x	11.4x	24.7x	21.9x	26.8 %
Post-Secondary Comps:							
Strategic Education, Inc.	3,595	3,323	14.1x	12.5x	26.2x	22.8x	23.5 %
Lincoln Educational Services Corporation	56	121	8.7x	6.6x	17.2x	7.4x	(4.7)%
Adtalem Global Education Inc.	2,353	2,332	8.4x	7.6x	13.9x	12.6x	(12.9)%
Zovio Inc	66	(50)	neg	-4.4x	neg	33.8x	(81.1)%
Laureate Education, Inc.	3,998	6,937	10.8x	9.7x	28.7x	15.4x	15.7 %
American Public Education, Inc.	387	184	3.9x	3.6x	15.8x	14.3x	(33.2)%
Career Education Corporation	1,421	1,243	10.7x	9.9x	17.3x	15.7x	27.8 %
Post-Secondary Average			9.4x	6.5x	19.8x	17.4x	(9.3)%
Total Education Average			10.9x	8.5x	22.1x	19.3x	5.8 %

1. Post-Secondary Index is composed of equally weighted market prices for those seen on the list of Post-Secondary comparable companies

Recent Transactions – *ChildVentures Strategic Investment from Fusion Ventures*

Overview of the Investment:

ChildVentures is regarded as one of the top brands of childcare and preschool experiences within Canada. They have 7 campuses across the GTA and have plans to expand across Canada with the investment from Fusion.

The investment from Fusion has provided not only ChildVentures with a financial investment, but one with strong synergy potentials and a cultural fit between the two companies.

Origin Merchant Partners acted as the exclusive financial advisor to ChildVentures with respect to this transaction.



Exclusive Financial Advisor
on its Strategic Investment
from



March 2019

About



ChildVentures is a premium, early childhood education business with multiple locations in the Greater Toronto Area.

First established in 2002, Childventures Early Learning Academy has developed an excellent reputation as an innovator and leader in child development.

ChildVentures has adopted a blended curriculum style that incorporates various teaching methods from Baby Signs and High Scope® to Montessori and Core Knowledge®, which are all carefully designed to enhance children's development and stimulate their growth.



Fusion Ventures Holdings is a strategic investor focused on mid-market acquisitions within North America.

Fusion Ventures Holdings invests with a long-term horizon and a strong growth orientation.

Fusion Ventures Holdings is passionate about taking companies to the next level through sound strategic thinking, focused execution, and a compelling client-oriented vision, all within a strong value based corporate culture.

For More Information *on our insights into the education sector or to discuss this report further,*
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