BOXINGTON

MarketTracker™

Training & Education Sector

Covering the year to 31st January 2023

IMPORTANT NOTICE

TRAINING & EDUCATION SECTOR

Covering the year to 31st January 2023

WWW.BOXINGTON.COM

"Over the last twelve months, Training & Education sector valuations have continued to outperform most other valuation indices, underpinned by a reallocation of corporate spending from "new hire" training to the retention & development of existing workforces. There has however been significant valuation volatility as well as valuation and multiple decreases amongst certain large strategic players. As for M&A by strategic trade and Private Equity players, activity levels remained resilient."

REPORT AUTHORS

ALEX COOPER
Assistant Director

T +44 (0)207 268 2025
M +44 (0)7469 927 413
E ac@boxington.com

KASHIF BEIG
Analyst

T +44 (0)207 268 2024
M +44 (0)7827 443 694
E kzb@boxington.com

TIM EVANS
Managing Director

T +44 (0)207 355 6272
M +44 (0)7584 902 744
E twe@boxington.com

KEY TAKEAWAYS OF THE TRAINING & EDUCATION SECTOR

WWW.BOXINGTON.COM

Covering the year to 31st January 2023

#1

Despite volatility in valuations, the strategic trade M&A market remained resilient over the period with a high volume of deals completed.

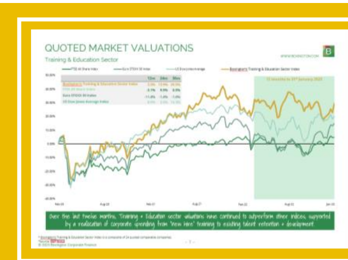
SEE PAGE 4

#2

Private Equity buyers continued to deploy capital into the sector through "buy and build" acquisition funding to existing portfolio companies.

SEE PAGE 5

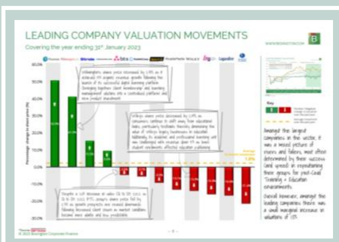
#3



Boxington's Sector Index outperformed many indices over the period supported by corporate spending into the retention & development of existing workforces.

SEE PAGE 7

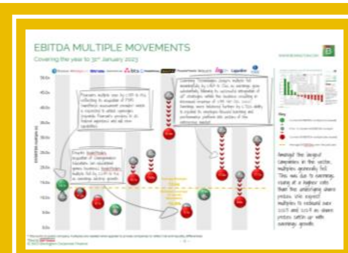
#4



Share prices of some of the larger companies in the sector showed a mixed picture with the average share price increasing by c.1.8% over the past year.

SEE PAGE 8

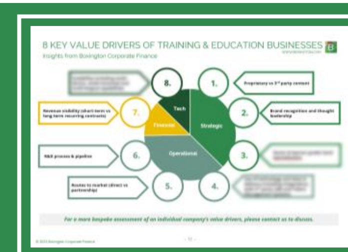
#5



Although EV/EBITDA multiples fell over the past year, with the average quoted multiple decreasing by c.15.8%, we expect multiples to normalise over 2023 and 2024.

SEE PAGE 9

#6



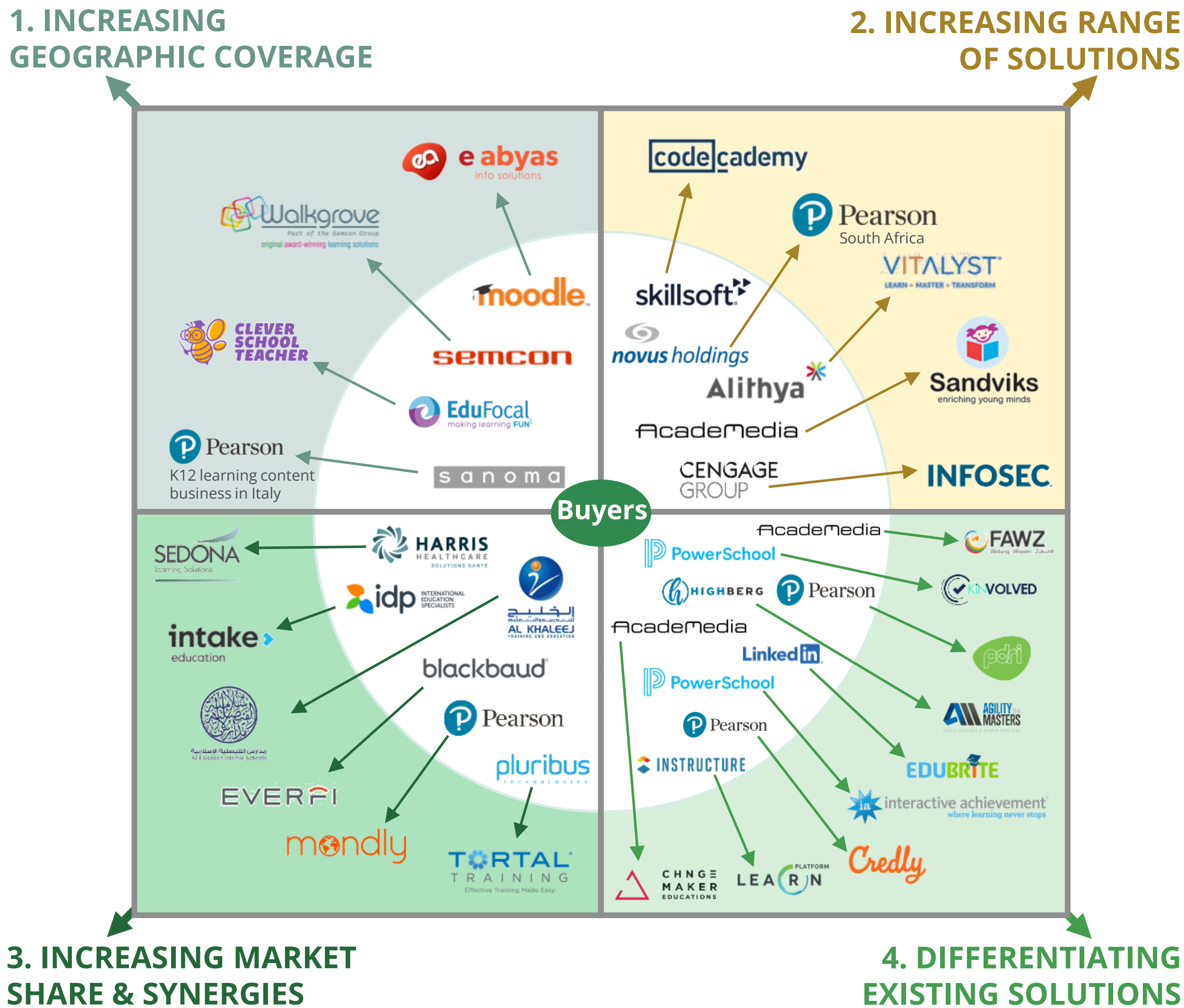
We are often asked about the sector's valuation dynamics and finish our report with a look at the key factors that influence valuations of Training & Education businesses.

SEE PAGES 12

STRATEGIC BUYER DEAL ANALYSIS

WWW.BOXINGTON.COM

Significant strategic buyer deals in the year to 31st January 2023 globally



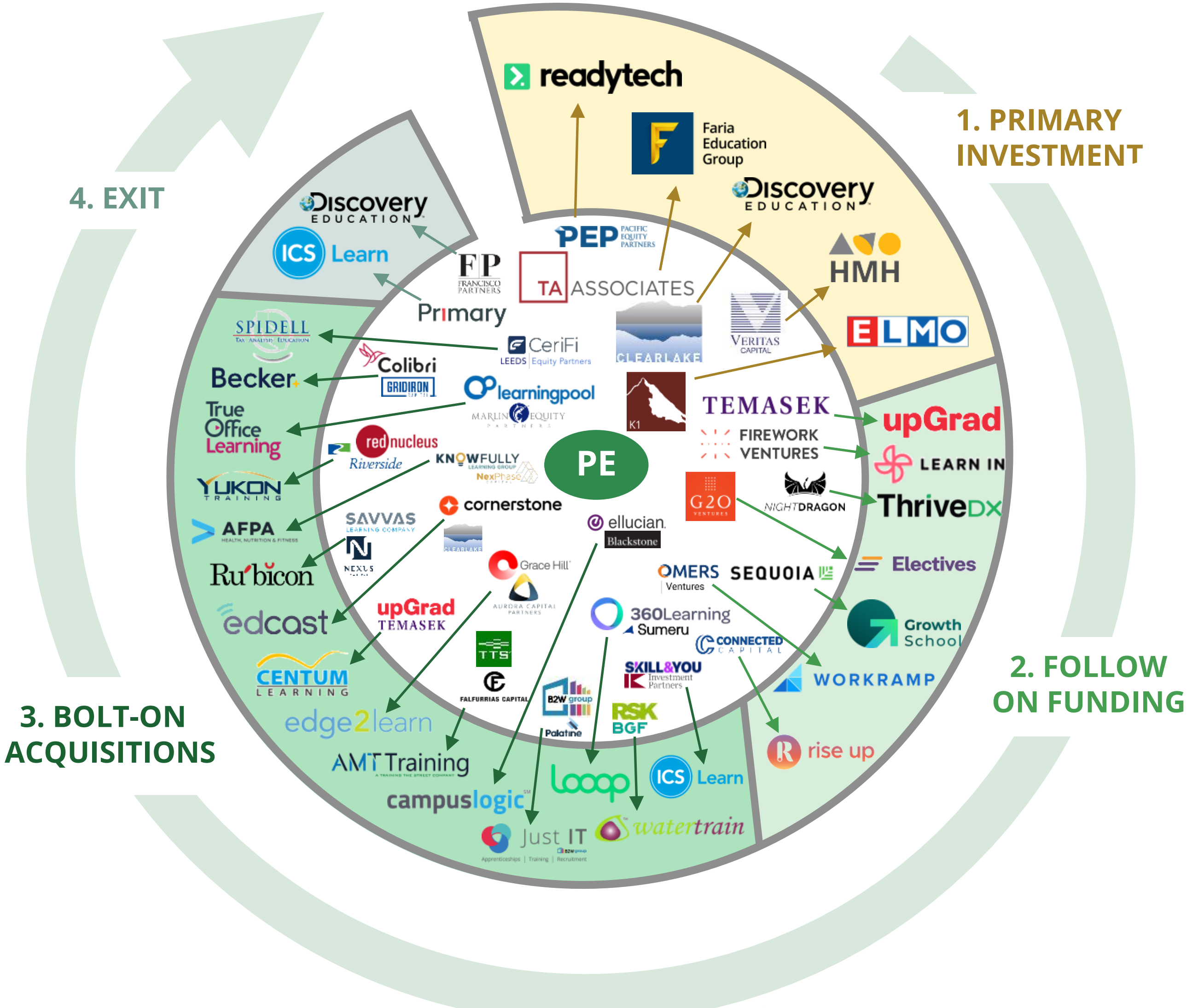
Despite the volatility in valuations, M&A in the sector saw a resilient number of deals done as many large strategics took the opportunity with Covid behind them to reposition through the sale of non-core subsidiaries & assets, e.g., Pearson disposing of certain geographic assets.

From a buyside perspective, most activity was driven by players differentiating their existing solutions through acquisitions (see quadrant 4 opposite) over the higher risk M&A strategies of adding new solutions or geographies (see quadrants 1 and 2).

PRIVATE EQUITY DEAL ANALYSIS

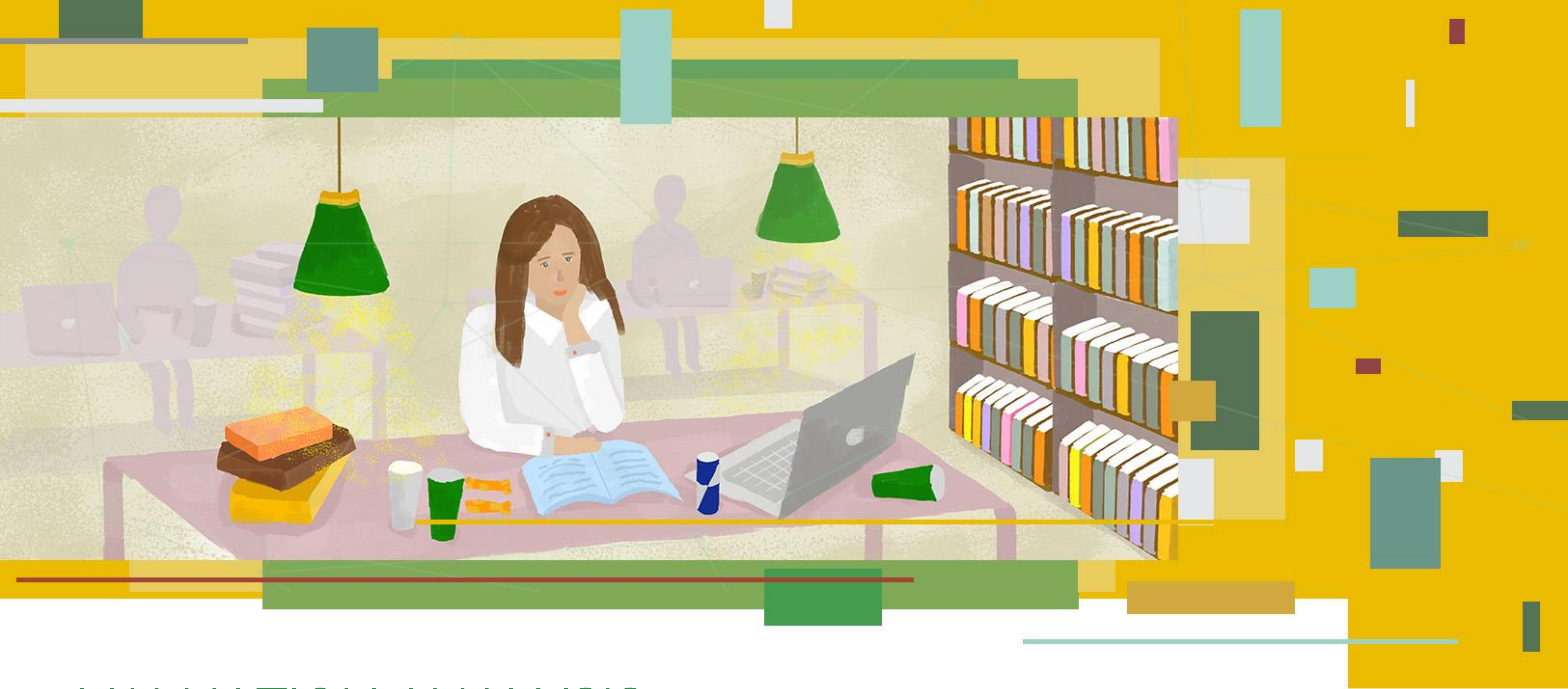
Significant Private Equity investments in the year to 31st January 2023 globally

WWW.BOXINGTON.COM



Private Equity (PE) continued in the year to be active investors in the Training & Education sector, attracted by its strong fundamentals and long term growth prospects in most territories. Despite recessionary headwinds, PE remains under pressure to deploy the cash it manages into investments.

A scarcity of primary buyout "platform" investments in the Training & Education sector channeled a high level of appetite and capital into bolt-on acquisitions under buy-and-build strategies towards scale, de-risking and, leveraging revenue and cost synergies.



VALUATION ANALYSIS

Understanding valuation movements in the Training & Education sector

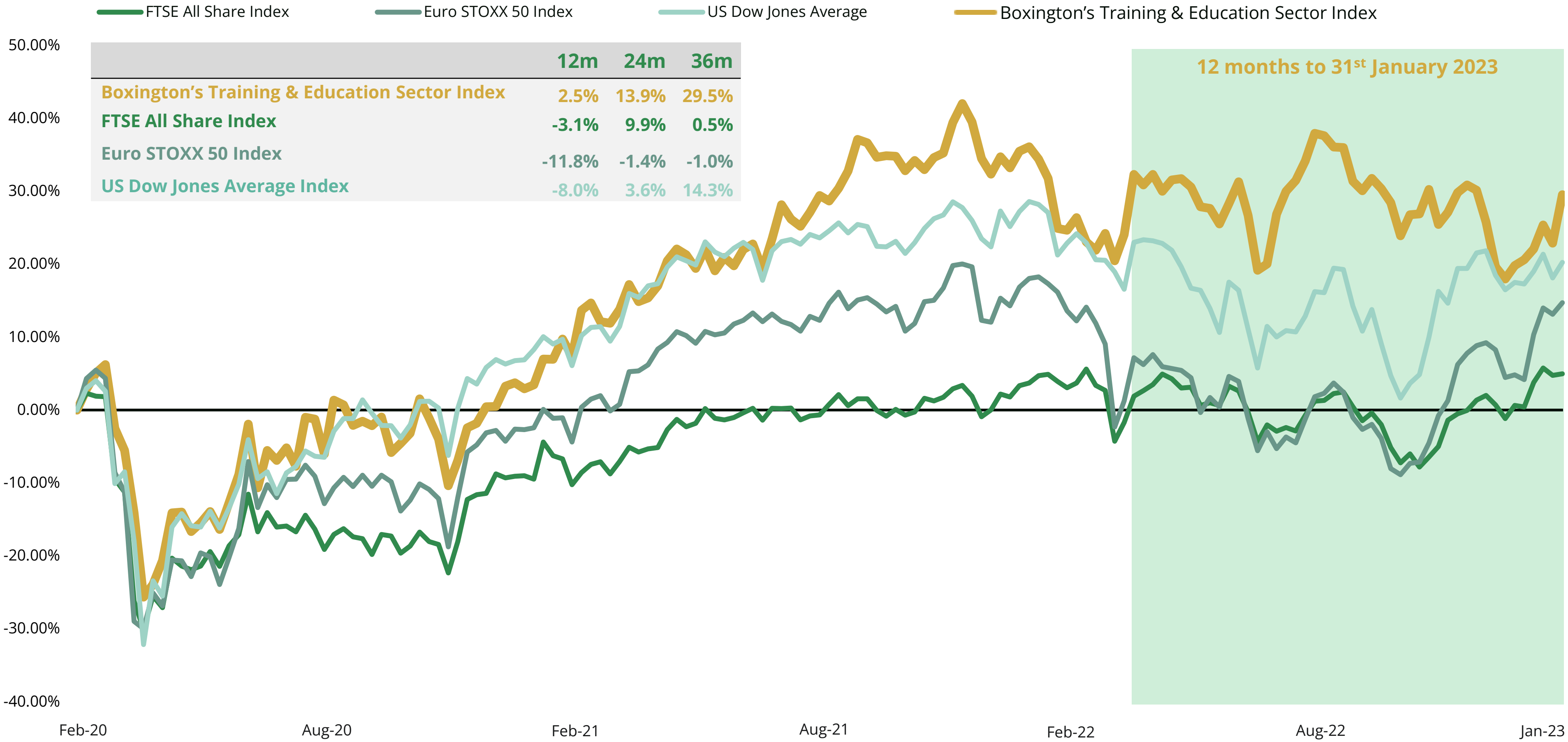
Covering the year to 31st January 2023

QUOTED MARKET VALUATIONS

Training & Education Sector

WWW.BOXINGTON.COM

	12m	24m	36m
Boxington's Training & Education Sector Index	2.5%	13.9%	29.5%
FTSE All Share Index	-3.1%	9.9%	0.5%
Euro STOXX 50 Index	-11.8%	-1.4%	-1.0%
US Dow Jones Average Index	-8.0%	3.6%	14.3%



Over the last twelve months, Training + Education sector valuations have continued to outperform other indices, supported by a reallocation of corporate spending towards the retention + development of existing workforces.

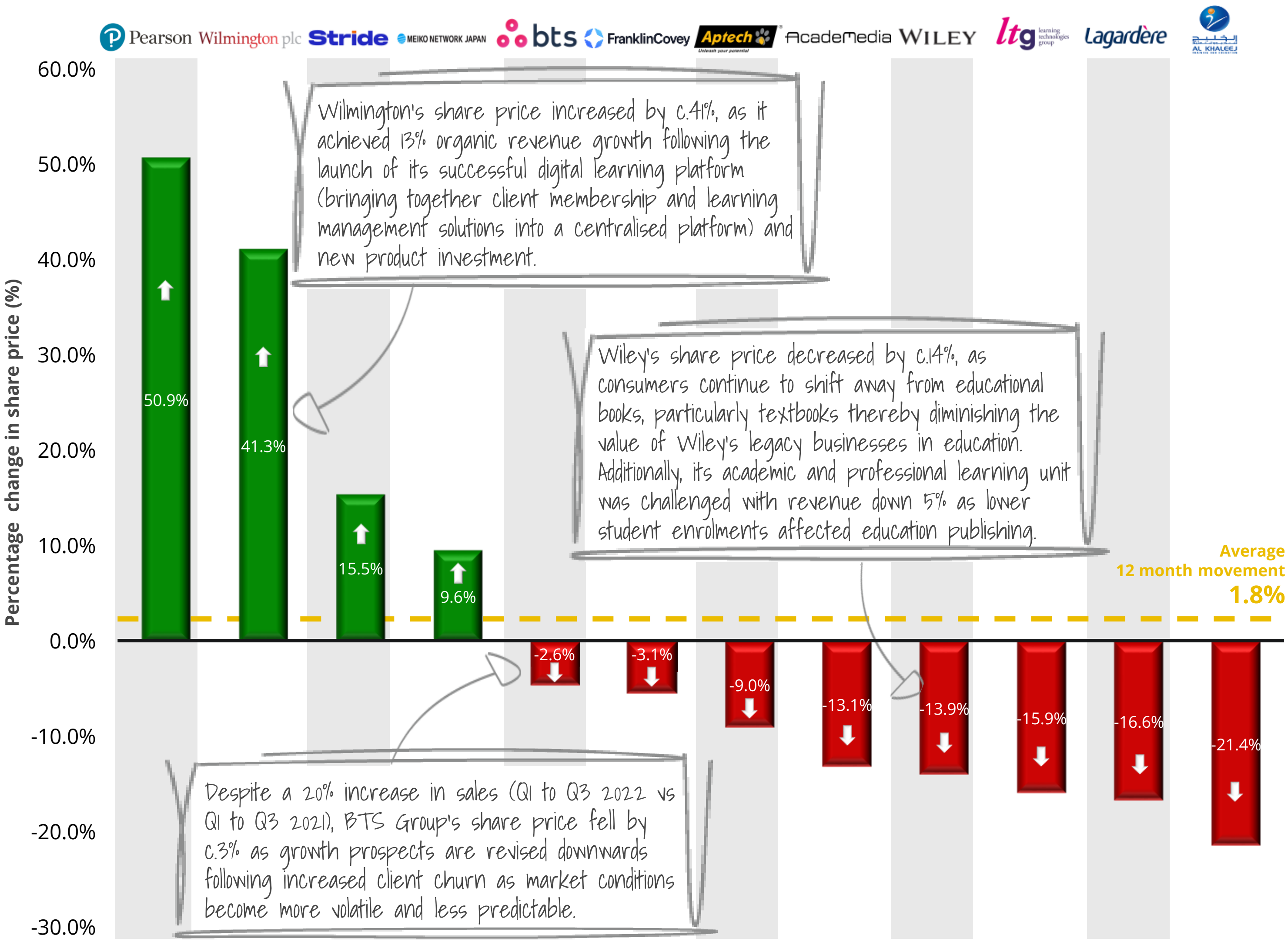
* Boxington's Training & Education Sector Index is a composite of 24 quoted comparable companies.

* Source: S&P Global

LEADING COMPANY VALUATION MOVEMENTS

Covering the year ending 31st January 2023

WWW.BOXINGTON.COM



Wilmington's share price increased by c.41%, as it achieved 13% organic revenue growth following the launch of its successful digital learning platform (bringing together client membership and learning management solutions into a centralised platform) and new product investment.

Wiley's share price decreased by c.14%, as consumers continue to shift away from educational books, particularly textbooks thereby diminishing the value of Wiley's legacy businesses in education. Additionally, its academic and professional learning unit was challenged with revenue down 5% as lower student enrolments affected education publishing.

Despite a 20% increase in sales (Q1 to Q3 2022 vs Q1 to Q3 2021), BTS Group's share price fell by c.3% as growth prospects are revised downwards following increased client churn as market conditions become more volatile and less predictable.

Key

Positive / Negative change in valuation over the past year

Average movement over the past year

Amongst the largest companies in the sector, there was a mixed picture of risers and fallers, most often determined by their success (and speed) in repositioning their groups for a post-Covid world.

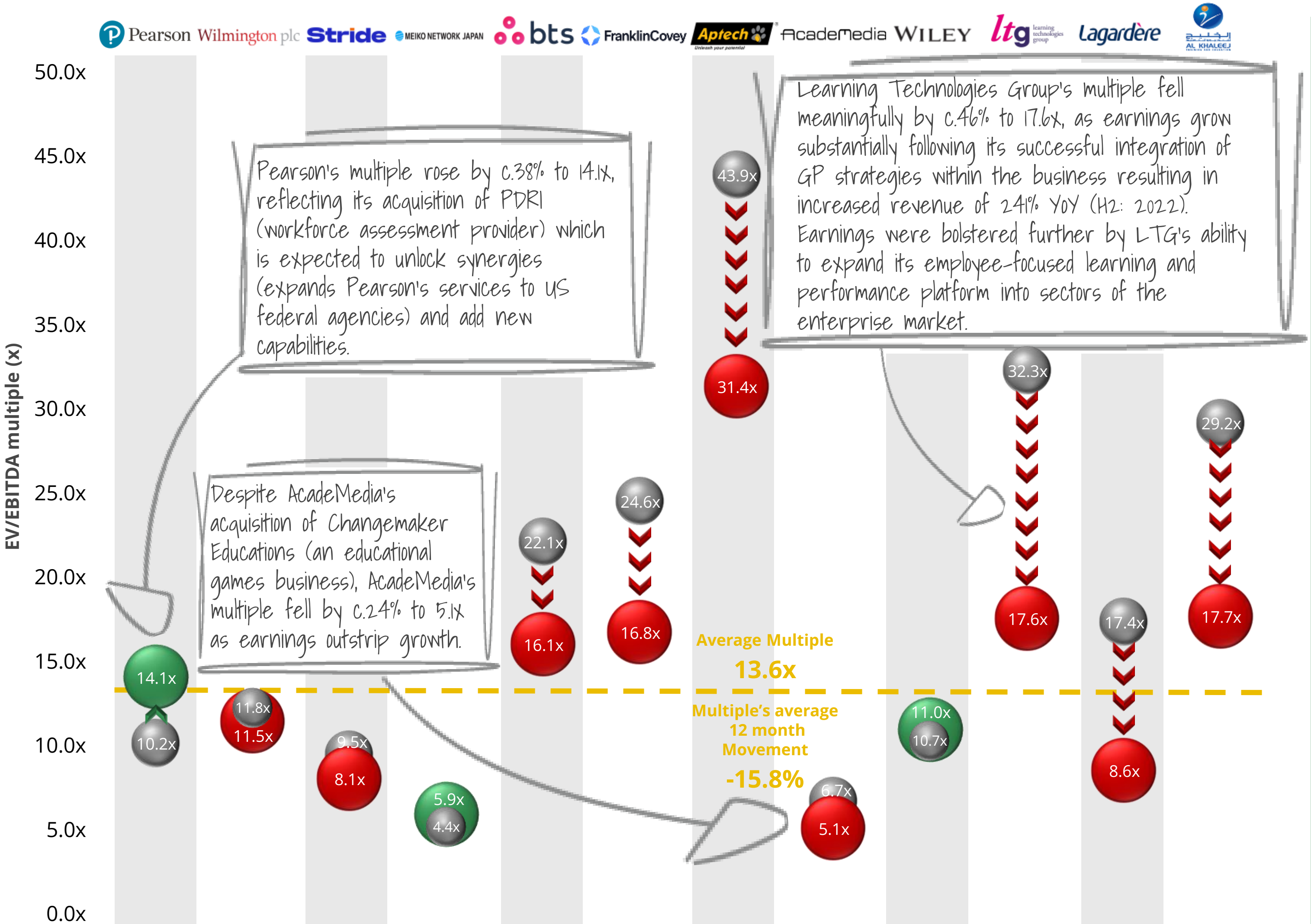
Overall however, amongst the leading companies there was a small marginal increase in valuations of 1.8%.

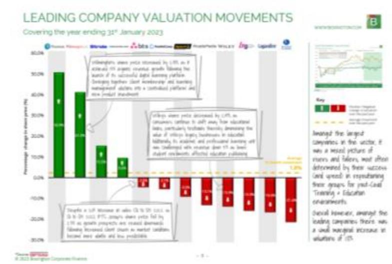
* Source: S&P Global

EBITDA MULTIPLE MOVEMENTS

Covering the year to 31st January 2023

WWW.BOXINGTON.COM





Key

- Current EV/EBITDA multiple (increased)
- Prior 12 months EV/EBITDA multiple
- Current EV/EBITDA multiple (decreased)
- Average EV/EBITDAx over the past year

Amongst the largest companies in the sector, multiples generally fell. This happens when earnings are rising at a higher rate than the underlying share prices. We expect multiples to normalise over 2023 and 2024 as share prices catch up with earnings growth.

* Discounts to public company multiples are needed when applied to private companies to reflect risk and liquidity differentials.

* Source: S&P Global

UNDERLYING FINANCIALS

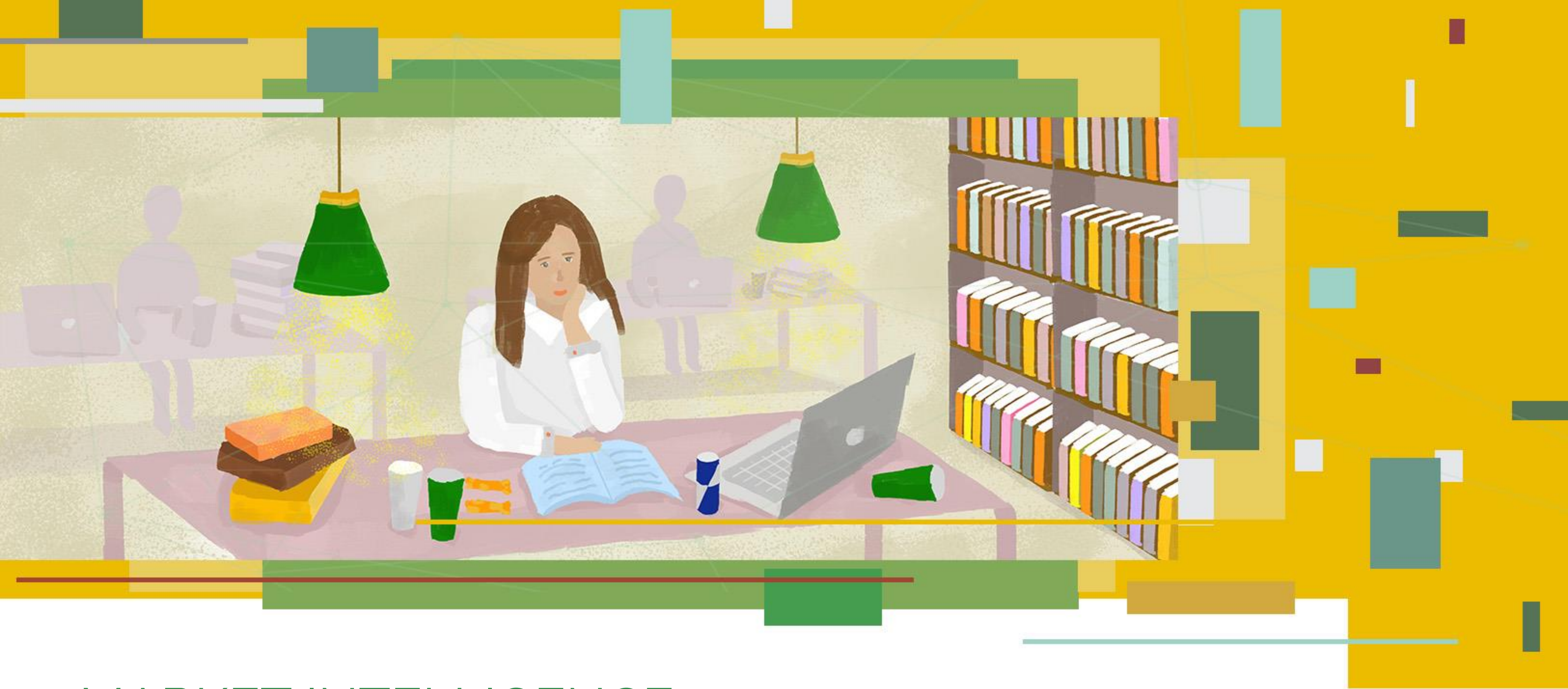
Training & Education sector covering the year to 31st January 2023

WWW.BOXINGTON.COM

	GBP millions		FINANCIALS*				VALUATION				MULTIPLES	
	Company	HQ	Revenue	Gross Profit	EBITDA	EBIT	Market Cap.	Net Assets	Cash	Enterprise Value (EV)	EBITDAx (1Yr % change)	EBITx (1Yr % change)
UK & Ireland	ltg learning technologies group		457.5	42.8	71.7	43.0	1,093.3	417.3	71.9	1,260.0	17.6x -45.5%	29.3x -51.2%
UK & Ireland	Pearson		3,619.0	1,747.0	541.0	455.0	6,655.7	4,492.0	392.0	7,629.7	14.1x 38.2%	16.8x -1.0%
UK & Ireland	Wilmington plc		121.0	21.6	24.9	20.1	297.5	67.1	19.8	285.2	11.5x -2.5%	14.2x -20.6%
USA & Canada	FranklinCovey		219.0	167.4	28.4	19.9	506.0	72.4	47.0	477.0	16.8x -31.7%	24.0x -46.7%
USA & Canada	Stride		1,422.9	499.0	-3,272.9	-3,329.3	1,415.7	680.5	257.2	1,530.8	8.1x -14.7%	NM NM
USA & Canada	WILEY		1,668.2	1,149.8	259.2	156.4	2,016.3	871.1	95.7	2,843.6	11.0x 2.8%	18.2x 10.0%
Europe	AcadeMedia		1,131.0	347.3	236.7	98.0	407.1	454.1	70.6	1,214.9	5.1x -23.9%	12.4x 3.5%
Europe	bts		184.9	73.1	32.1	22.6	512.7	97.1	40.2	515.6	16.1x -27.1%	22.8x -29.3%
Europe	Lagardère		5,374.2	2,385.8	714.2	166.0	2,494.7	807.3	515.6	6,110.3	8.6x -50.6%	36.8x NM
APAC	الخليج AL KHALEEJ		191.3	29.8	22.1	12.2	214.1	179.4	22.7	391.6	17.7x -39.4%	32.2x NM
APAC	Aptech Unleash your potential		30.2	23.8	4.3	3.8	138.3	20.5	4.2	134.1	31.4x -28.5%	35.5x -43.0%
APAC	MEIKO NETWORK JAPAN		123.4	30.7	7.8	6.2	95.6	64.7	49.2	46.5	5.9x 34.1%	7.5x 49.7%

* All financials are as of 31st January 2023 and reflect trading activity over the year to 31st January 2023.

*Source: S&P Global



MARKET INTELLIGENCE

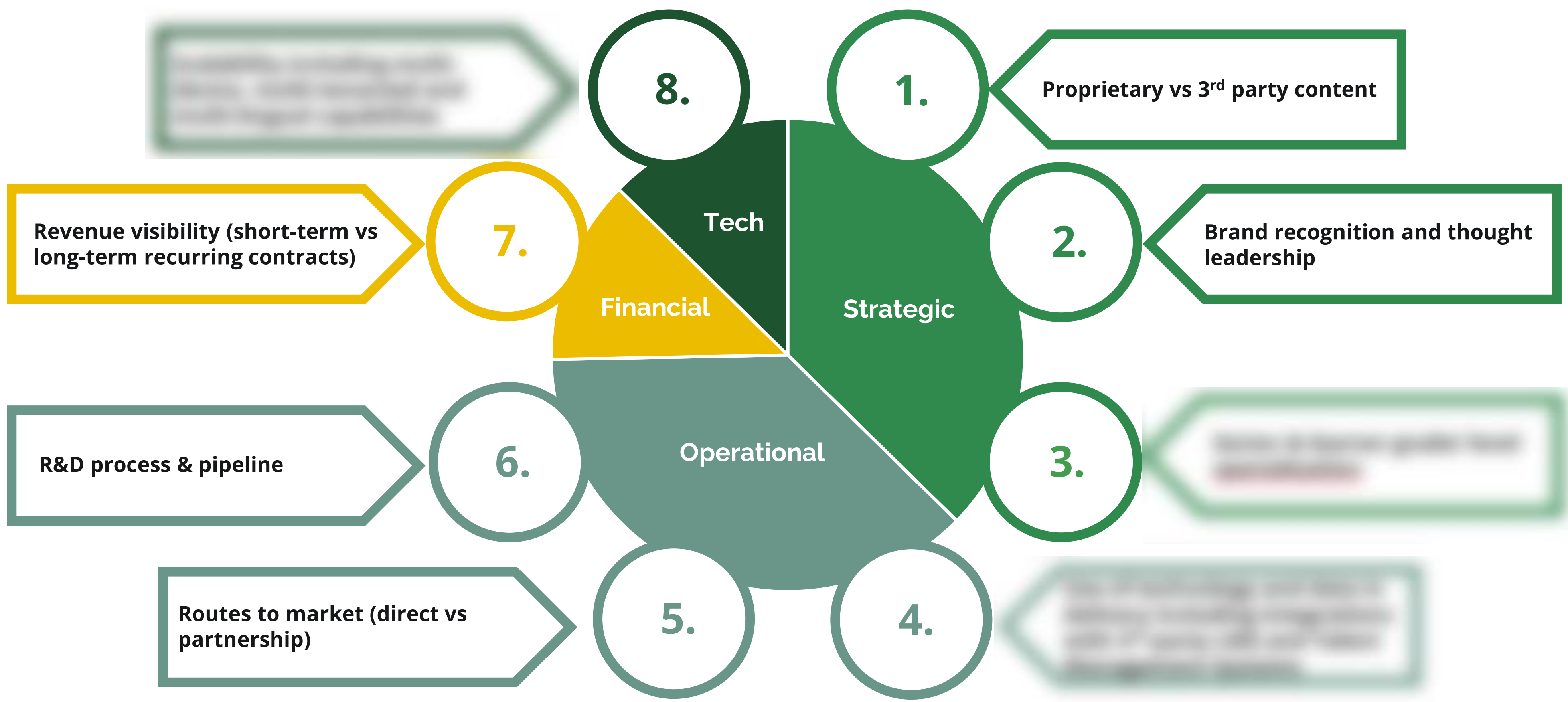
Understanding the value drivers of Training & Education businesses

Insights from Boxington Corporate Finance

8 KEY VALUE DRIVERS OF TRAINING & EDUCATION BUSINESSES

WWW.BOXINGTON.COM

Insights from Boxington Corporate Finance



For a more bespoke assessment of an individual company's value drivers, please contact us to discuss.

ABOUT BOXINGTON CORPORATE FINANCE

Sector specialist independent M&A advisors

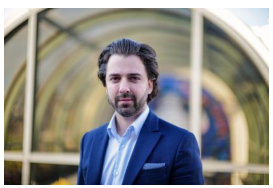
ABOUT BOXINGTON CORPORATE FINANCE

Sector specialist independent M&A advisors

WWW.BOXINGTON.COM

BOXINGTON is an internationally respected, research-driven, M&A advisory house, specialising in advising shareholders of companies across the Business services and technologies market including **the Training & Education sector.**

TEAM MEMBERS






OUR CORE SERVICES

Growth Capital

- Fund-raisings of growth cap from PE and VC
- De-risk/ cash-out solutions

Exit Advisory

- Full or partial exits to Strategic and PE
- On-market and off-market capabilities

Pre-deal Advisory

- Strategic options reviews
- Deal preparation & timing

OTHER KEY INFORMATION

- Founded in 2010
- Independent and conflict-free
- Market-leading sector-focused research capability
- Deal size £/$/€5-100m
- Authorised and regulated by the Financial Conduct Authority

Contact

Michelin House, 81 Fulham Road
South Kensington, London
SW3 6RD, United Kingdom

Switchboard

(T) + 44 (0)207 355 6270

UNRIVALLED STRATEGIC TRADE BUYER COVERAGE

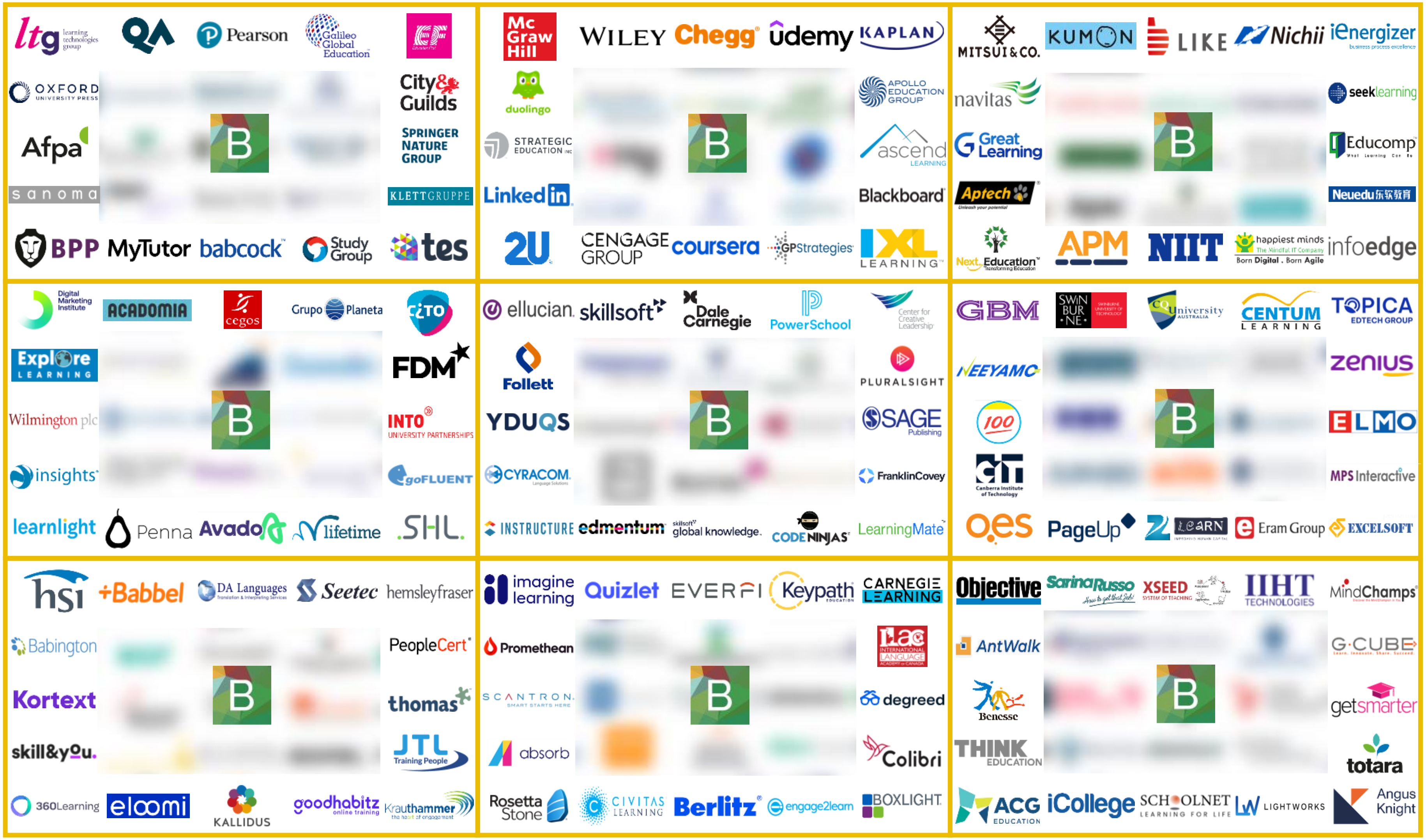
WWW.BOXINGTON.COM

By Boxington Corporate Finance

Large consolidators

Mid-market

Challengers



Europe & UK

North America

APAC/ RoW

HEADQUARTERS

UNRIVALLED PRIVATE EQUITY COVERAGE

By Boxington Corporate Finance

WWW.BOXINGTON.COM

SELECTED COMPLETED DEALS

By Boxington Corporate Finance

WWW.BOXINGTON.COM

ADVISORS TO VENDOR SHAREHOLDERS
next wave PARTNERS
acquired by
HAL Investments, Atlas Professionals

ADVISORS TO VENDOR SHAREHOLDERS
sonru
acquired by
Modern Hire, Riverside

ADVISORS TO VENDOR SHAREHOLDERS
Sellick Partnership
acquired by
SAMSIC

ADVISORS TO VENDOR SHAREHOLDERS
opp unlocking potential
acquired by
cpp

ADVISORS TO VENDOR SHAREHOLDERS
Ntrinsic
acquired by
OuT-Sourcing!

ADVISORS TO VENDOR SHAREHOLDERS
KIDDY & PARTNERS
acquired by
Gateley Plc

ADVISORS TO VENDOR SHAREHOLDERS
talentQ
acquired by
HayGroup®

ADVISORS TO VENDOR SHAREHOLDERS
The Stamford Group
acquired by
ALLEGIS GROUP

ADVISORS TO VENDOR SHAREHOLDERS
SavilleConsulting
acquired by
TOWERS WATSON

ADVISORS TO VENDOR SHAREHOLDERS
Gen2
acquired by
City & Guilds

ADVISORS TO VENDOR SHAREHOLDERS
f&l fitzgerald & law Experts in Global Expansion
acquired by
ZEDRA

ADVISORS TO VENDOR SHAREHOLDERS
DDG
acquired by
HR Path, ARDIAN

ADVISORS TO VENDOR SHAREHOLDERS
brilliant logistics
acquired by
Challenge Group, praetura

ADVISORS TO VENDOR SHAREHOLDERS
PROVANIS
acquired by
GATTACA

ADVISORS TO VENDOR SHAREHOLDERS
orion electrotech
acquired by
TECHNOPRO HOLDINGS

ADVISORS TO VENDOR SHAREHOLDERS
CareerCross
acquired by
JAC Recruitment

ADVISORS TO VENDOR SHAREHOLDERS
BOYD & MOORE EXECUTIVE SEARCH
acquired by
TECHNOPRO HOLDINGS

ADVISORS TO VENDOR SHAREHOLDERS
appsit
MBO supported by
CCI Collective Capital

For specialist advice and support on your M&A plans and strategies in the Training & Education sector, please get in touch.

BOXINGTON