

Quarterly Industry Update

As of December 31, 2014

Industry: Online Educational Software



Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Online Educational Software industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Since December 31, 2013, the median 52-week share price return of the Online Educational Software industry has decreased by -29.9%. In the last quarter, the median price-to-earnings multiple increased from 68.8x to 78.5x.

Comparable Public Company Key Statistics

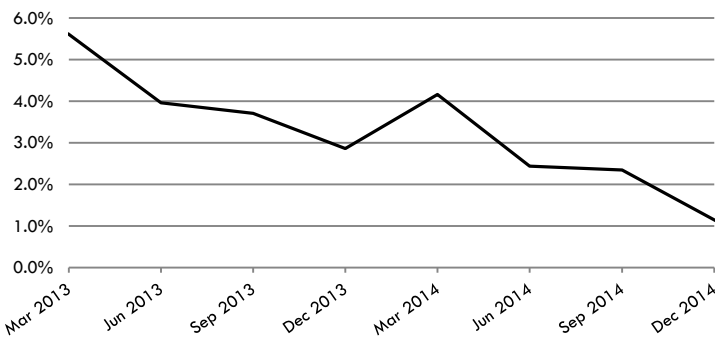
Median 52-Week Return	-29.9%	Median EV/Revenue Multiple	2.2x	Median Price/Earnings Multiple	78.5x
Median 3-Year CAGR Return	16.7%	Median EV/EBITDA Multiple	19.4x	Median EV/Gross CF Multiple	34.9x

Comparable Public Company Market Price Returns (As of December 31, 2014)

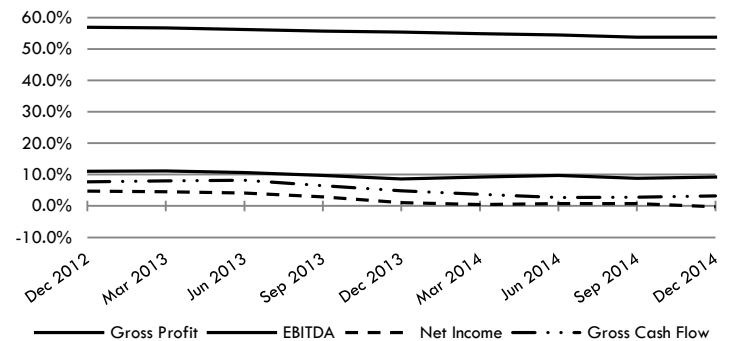
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2014	2013	2012	2011	2010
Constant Contact, Inc.	18.1%	35.2%	18.1%	60.7%	16.5%	18.1%	18.1%	118.6%	-38.8%	-25.1%	93.7%
Spark Networks, Inc.	-41.7%	-22.6%	-41.7%	-32.2%	-1.9%	3.7%	-41.7%	-21.0%	105.3%	27.9%	-1.0%
Shutterfly, Inc.	-18.1%	-14.5%	-18.1%	18.1%	22.4%	18.5%	-18.1%	70.5%	31.2%	-34.8%	95.9%
K12, Inc.	-45.4%	-25.6%	-45.4%	-23.8%	-12.9%	-10.1%	-45.4%	6.4%	13.9%	-37.4%	41.4%
Healthstream Inc.	-9.6%	22.8%	-9.6%	10.1%	16.9%	49.5%	-9.6%	34.2%	31.8%	129.5%	103.5%
eHealth, Inc.	-46.4%	3.3%	-46.4%	-4.8%	19.2%	8.7%	-46.4%	69.2%	86.9%	3.6%	-13.6%
Geeknet, Inc.	-54.2%	-11.0%	-54.2%	-28.3%	-21.4%	-7.0%	-54.2%	12.4%	-5.6%	-31.9%	110.3%
XO Group Inc.	22.5%	62.4%	22.5%	39.9%	29.7%	12.6%	22.5%	59.8%	11.5%	-15.6%	-1.9%
Median of Industry Public Companies	-29.9%	-3.8%	-29.9%	2.7%	16.7%	10.6%	-29.9%	47.0%	22.6%	-20.3%	67.5%

(Multiple year periods are calculated as the average annual return.)

Median Quarterly Revenue Growth of All Online Educational Software Companies



Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



Median Public Company Multiples of the Online Educational Software Industry

Date:	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014
EV/Revenues Multiple	1.3x	1.4x	1.7x	2.4x	2.1x	1.8x	1.9x	1.8x	2.2x
EV/EBITDA Multiple	13.7x	13.4x	19.9x	26.5x	19.9x	19.8x	19.8x	20.0x	19.4x
Price/Earnings Multiple	34.7x	34.1x	37.3x	73.7x	63.4x	87.7x	63.3x	68.8x	78.5x
EV/Gross Cash Flows Multiple	13.7x	14.6x	15.8x	35.2x	39.1x	36.2x	33.6x	30.4x	34.9x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact [Steven Kam](mailto:Steven.Kam@CogentValuation.com) at 415-392-0888 for additional information or questions in connection with this research report.

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Industry: Online Educational Software



Industry Initial Public Offerings (dollars in millions, except share prices)

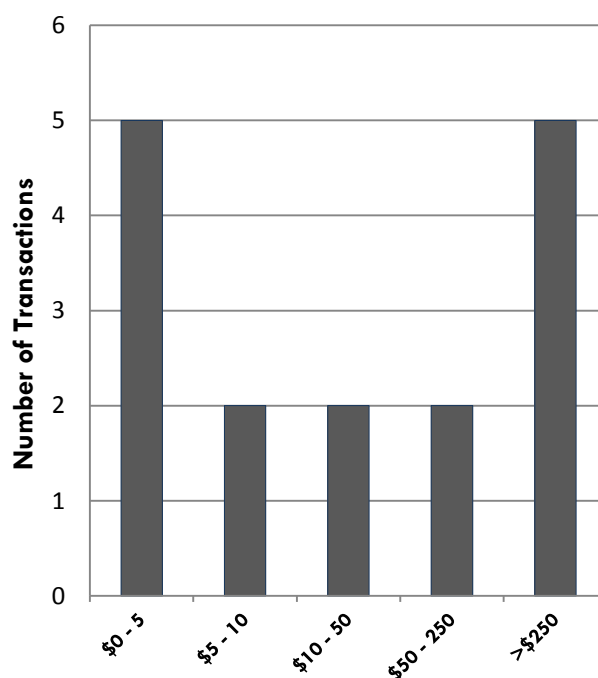
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
8/4/2010	Ambow Education Holding Ltd.	\$10.00	10.7	\$106.8	\$512.1	\$39.7	\$144.3	\$33.7	\$18.4	\$41.7
7/14/2010	Smart Technologies Inc.	\$17.00	38.8	\$660.1	\$521.7	\$530.0	\$708.7	\$165.1	\$92.1	\$166.3
4/15/2009	Rosetta Stone, Inc.	\$18.00	6.3	\$112.5	\$135.3	\$9.9	\$224.1	\$41.1	\$17.5	\$47.6
1/28/2008	ATA, Inc.	\$9.50	4.9	\$46.3	\$23.2	\$0.0	\$21.8	\$2.7	\$1.9	\$26.0
12/12/2007	K12, Inc.	\$18.00	6.0	\$108.0	\$106.2	\$25.9	\$162.2	\$13.8	\$12.0	\$17.4
12/10/2007	ChinaEdu Corporation	\$10.00	6.8	\$68.2	N/A	N/A	N/A	N/A	N/A	N/A
10/2/2007	Constant Contact, Inc.	\$16.00	6.7	\$107.2	N/A	N/A	N/A	N/A	N/A	N/A
10/12/2006	eHealth, Inc.	\$14.00	5.0	\$70.0	\$23.0	\$0.0	\$55.6	\$6.6	\$5.7	\$7.3
9/6/2006	New Oriental Education & Technology Group	\$15.00	7.5	\$112.5	\$142.5	\$13.5	\$109.7	\$24.5	\$16.6	\$24.5
2/13/2006	Spark Networks, Inc.	\$7.78	33.3	\$258.8	\$48.6	\$10.8	\$65.5	\$4.0	(\$1.4)	N/A
Median of All IPOs		nm	nm	\$107.0	\$48.6	\$9.9	\$65.5	\$6.6	\$5.7	\$26.0

nm: not meaningful

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought
12/5/2014	Lollipops Educare Holdings	Evolve Education Group	\$51.9	100%
12/4/2014	Concur Technologies, Inc.	SAP America, Inc.	\$8,468.0	100%
11/20/2014	Transformations - Pathways	Academies Australasia	\$1.1	100%
5/1/2014	Wunderkind Group Pty Ltd.	Massive Interactive, Inc.	\$5.5	100%
3/31/2014	Online Courses Australia	Intueri Education Group	\$3.6	50%
3/3/2014	Health Care Compliance	Healthstream Inc.	\$16.0	100%
4/3/2014	TESOL Asia Group Inc.	Site Group International	\$2.3	100%
10/31/2013	Xing Wei Institute	ATA, Inc.	\$3.2	100%
12/28/2012	Ancestry.com	Permira Advisers	\$1,609.1	100%
11/1/2012	Efficient Learning Systems Inc.	John Wiley & Sons Inc.	\$24.0	100%
10/25/2012	Deltak edu	John Wiley & Sons	\$220.0	100%
10/25/2012	Open EC Technologies	QHR Technologies	\$4.2	100%
5/17/2012	Archipelago Learning	PLATO Learning	\$365.6	100%
4/2/2012	Falcon Physician Reviews	Becker Professional Education	\$6.0	100%
2/14/2012	DemandTec	International Business	\$486.4	100%
1/25/2012	Rightnow Technologies	Oracle	\$1,762.9	100%
Median of All Transaction Targets			\$20.0	100%

Size of Merger and Acquisition Transactions (dollars in millions)



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