

Online Educational Software

INDUSTRY SUMMARY

COGENT VALUATION identified **Online Educational Software** 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. Over the last year since June 30, 2016, the median 52-week share price return of the Online Educational Software industry was 1.1%. Between June 30, 2015 and June 30, 2017, the median EV/EBITDA multiple increased from 17.8 to 30.9. Furthermore, the median price-to-earnings multiple increased from 30.8 to 40.2 over the same period.

Public Company Key Statistics

Median 52-Week Return	Median 3-Year CAGR Return	Median EV/Revenue Multiple
1.1%	-9.4%	1.4x
Median EV/EBITDA Multiple	Median Price/Earnings Multiple	Median EV/Gross CF Multiple
30.9x	40.2x	27.9x

Comparable Public Company Market Price Returns as of June 30, 2017

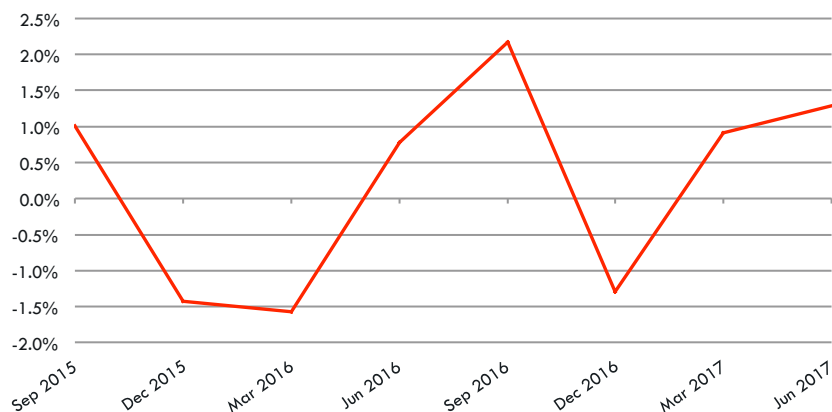
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
Allscripts Healthcare Solutions, Inc.	25.0%	0.6%	0.5%	-3.4%	-7.4%	-33.6%	20.4%	-17.4%
Autohome Inc.	79.4%	42.8%	125.6%	-5.3%	9.6%	-27.6%	-4.0%	-0.6%
Bazaarvoice, Inc.	2.1%	15.1%	23.4%	-8.3%	-14.4%	10.7%	-45.5%	1.5%
Cerner Corporation	40.3%	12.9%	13.4%	-1.9%	8.8%	-21.3%	-6.9%	16.0%
Liberty TripAdvisor Holdings, Inc.	-22.9%	-17.7%	-47.0%	-40.0%	N/A	-50.4%	12.8%	N/A
LivePerson, Inc.	45.7%	60.6%	73.5%	5.9%	2.7%	11.9%	-52.1%	-4.9%
TripAdvisor, Inc.	-17.6%	-11.5%	-40.6%	-33.8%	-29.4%	-45.6%	14.2%	-9.9%
Median of Industry Public Companies	25.0%	12.9%	13.4%	-5.3%	-2.3%	-27.6%	-4.0%	-2.7%

Multiple year periods are calculated as the average annual return.

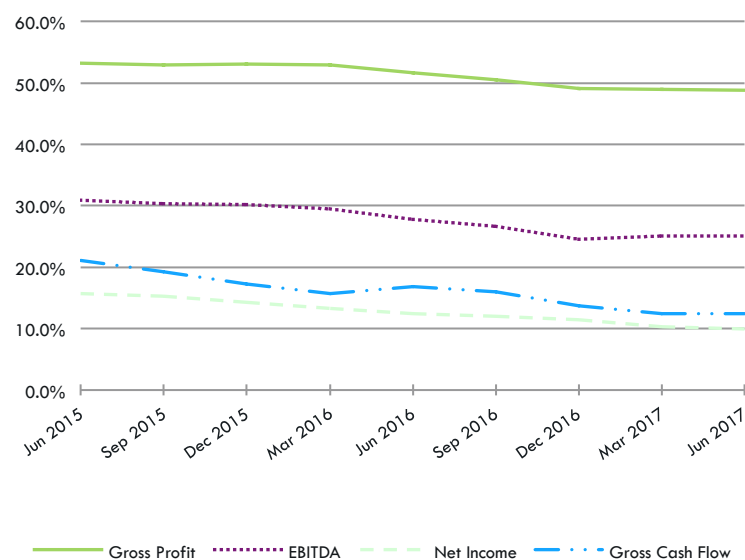
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Online Education Software Companies



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



Median Public Companies

The chart below illustrates Public Company Multiples.

	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
EV/Revenues Multiple	1.4x	0.9x	0.7x	0.9x	0.9x	1.1x	1.6x	1.1x
EV/EBITDA Multiple	30.9x	16.3x	16.7x	13.2x	12.0x	17.5x	17.0x	14.4x
Price/Earnings Multiple	40.2x	50.7x	78.3x	59.6x	39.6x	77.6x	66.0x	42.0x
EV/Gross Cash Flows Multiple	27.9x	24.1x	43.2x	26.7x	26.4x	39.8x	21.9x	19.9x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Industry: Online Educational Software (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
2/18/16	Sylph Education Solutions Limited	\$0.18	4.0	\$0.7	\$113.4	\$0.0	\$2.5	(\$1.0)	\$0.7	(\$1.0)
11/12/15	Instructure, Inc.	\$16.00	4.4	\$70.4	\$64.2	\$0.0	\$65.1	(\$55.5)	(\$58.9)	(\$53.7)
8/4/10	Ambow Education Holding Ltd.	\$10.00	10.7	\$106.8	\$3,497.8	\$271.1	\$986.0	\$230.2	\$125.8	\$236.7
7/14/10	Smart Technologies Inc.	\$17.00	38.8	\$660.1	\$521.7	\$530.0	\$708.7	\$165.1	\$92.1	\$183.0
4/15/09	Rosetta Stone Inc.	\$18.00	6.3	\$112.5	\$135.3	\$9.9	\$224.1	\$41.1	\$17.5	\$44.6
1/28/08	ATA Inc.	\$9.50	4.9	\$46.3	\$169.4	\$0.0	\$159.2	\$19.7	\$14.1	\$20.0
5/31/16	GTN Limited	nm	nm	\$88.6	\$152.4	\$5.0	\$191.6	\$30.4	\$15.8	\$32.3

Multiple year periods are calculated as the average annual return.

■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenue	EV Revenue
2/1/17	Apollo Education Group, Inc.	Apollo Global Management	\$1,212.5	100%	\$2,328	0.3x
12/23/16	Smart Technologies Inc.	Foxconn Singapore Pte. Ltd.	\$216.4	52%	\$331.8	0.7x
5/4/16	Cricket Media Group Ltd.	ZG Ventures, LLC	\$32.0	100%	\$13.3	2.4x
4/4/16	LeapFrog Enterprises Inc.	Vtech Holdings Limited	\$93.9	100%	\$222.9	0.2x
2/9/16	Constant Contact, Inc.	Endurance International	\$1,112.1	100%	\$361.9	2.6x
1/7/16	Celtic Training & Consultancy	iCollege Limited	\$1.6	100%	\$1.2	1.4x
12/22/15	SmartPros Ltd.	DF Institute, LLC	\$16.8	100%	\$13.5	0.9x
12/10/15	Career Partner GmbH	Apollo Global Germany GmbH	\$119.4	100%	\$42.4	2.8x
10/15/15	Promethean World Plc	Best Assistant Education	\$143.2	100%	\$180.8	0.8x
5/14/15	lynda.com, Inc.	LinkedIn Corporation	\$1,682.0	100%	\$161.8	10.4x
3/6/15	Callista Software Services	Tribal Group plc	\$2.8	100%	\$12.3	0.2x

■ USA
 ■ International
 ■ Highest
 ■ Lowest
 ■ Median

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

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Transacti on Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenue	EV Revenue
12/4/14	Lollipops Educare Holdings	Evolve Education Group	\$53.0	100%	\$25.5	2.1x
12/4/14	Concur Technologies, Inc.	SAP America, Inc.	\$9,595.5	100%	\$667.9	13.1x
11/20/14	Transformations - Pathways	Academies Australasia	\$1.1	100%	\$3.1	0.3x
5/1/14	Wunderkind Group Pty Ltd.	Massive Interactive, Inc.	\$5.5	100%	N/A	N/A
4/3/14	TESOL Asia Group Inc.	Site Group International	\$2.3	100%	N/A	N/A
3/31/14	Online Courses Australia	Intueri Education Group	\$3.6	50%	\$2.9	1.9x
3/3/14	Health Care Compliance	Healthstream Inc.	\$16.0	100%	\$6.8	2.4x
10/31/13	Xing Wei Institute	ATA, Inc.	\$3.2	100%	N/A	N/A
12/4/14	Lollipops Educare Holdings	Evolve Education Group	\$53.0	100%	\$34.0	1.6x
Median of the 19 M&A Transaction Targets			\$9,595.5	100%	\$25.5	2.1x

■ USA

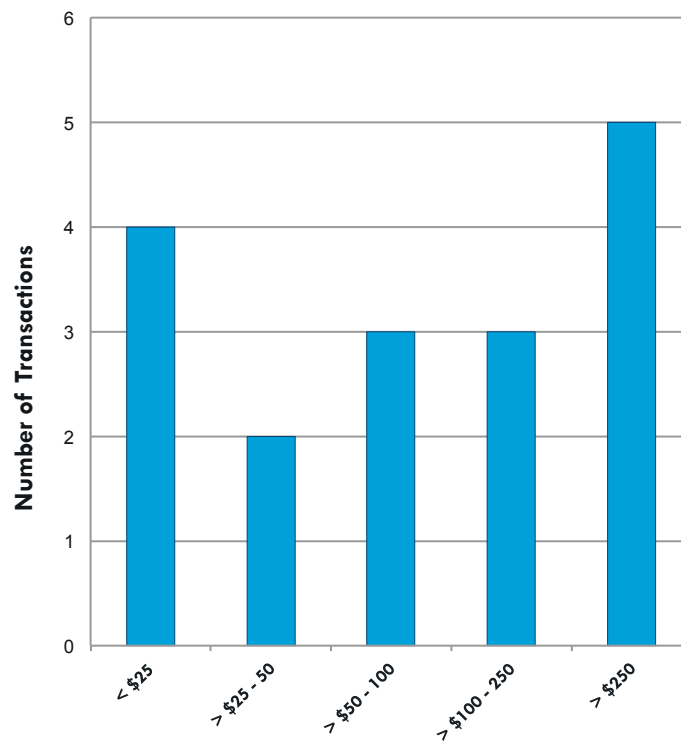
■ International

■ Highest

■ Lowest

■ Median

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of June 30, 2017



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Definitions of Financial Terms Used in this Quarterly Industry Update: Enterprise Value (EV): Market Value of Equity + Market Value of Debt
—Cash Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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