

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 December 31, 2016, the median 52-week share price return of the Online Educational Software industry was -6.2%. Between December 31, 2015 and December 31, 2017, the median EV/EBITDA multiple decreased from 18.4 to 16.8. Furthermore, the median price-to-earnings multiple decreased from 77.4 to 73.9 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.1% and 7.2%, respectively.

Public Company Key Statistics

Median 52-Week
Return

-6.2%

Median 3-Year CAGR
Return

-3.6%

Median EV/Revenue
Multiple

1.9x

Median EV/EBITDA
Multiple

16.6x

Median Price/Earnings
Multiple

73.9x

Median EV/Gross CF
Multiple

20.5x

Comparable Public Company Market Price Returns as of December 31, 2017

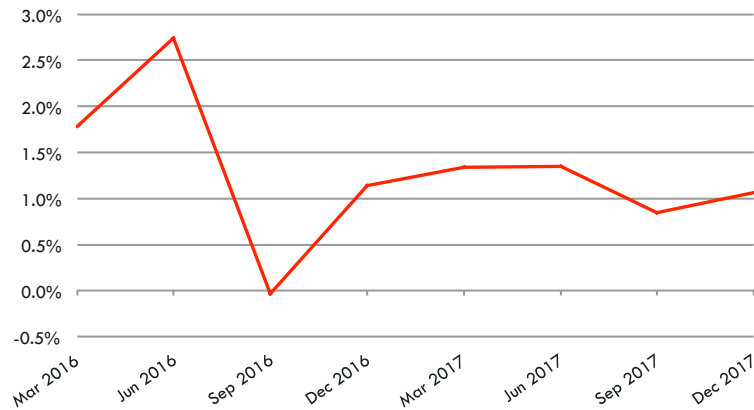
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
Allscripts Healthcare Solutions, Inc.	124.3%	0.6%	0.5%	-3.4%	-7.4%	-33.6%	20.4%	-17.4%
Autohome Inc.	-6.7%	42.8%	125.6%	-5.3%	9.6%	-27.6%	-4.0%	-0.6%
Bazaarvoice, Inc.	4.0%	15.1%	23.4%	-8.3%	-14.4%	10.7%	-45.5%	1.5%
Cerner Corporation	45.5%	12.9%	13.4%	-1.9%	8.8%	-21.3%	-6.9%	16.0%
Liberty TripAdvisor Holdings, Inc.	1.1%	-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.

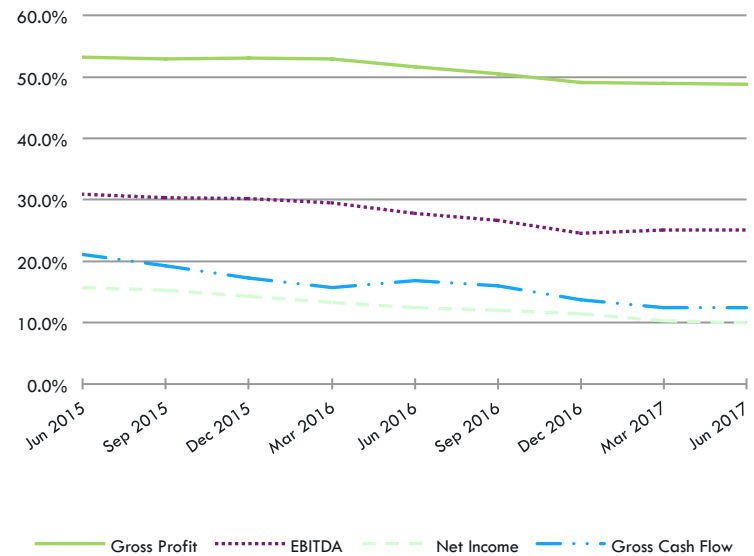
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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



Public Company Median Multiples by Quarter

	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	3/31/16	12/31/15	9/30/15
EV/Revenues Multiple	1.9x	2.3x	1.9x	1.5x	1.6x	1.1x	1.6x	1.1x
EV/EBITDA Multiple	16.8x	22.9x	24.2x	20.9x	19.1x	17.5x	17.0x	14.4x
Price/Earnings Multiple	73.9x	57.4x	62.1x	33.8x	49.6x	77.6x	66.0x	42.0x
EV/Gross Cash Flows Multiple	20.5x	36.9x	37.6x	28.6x	28.3x	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	Median IPO	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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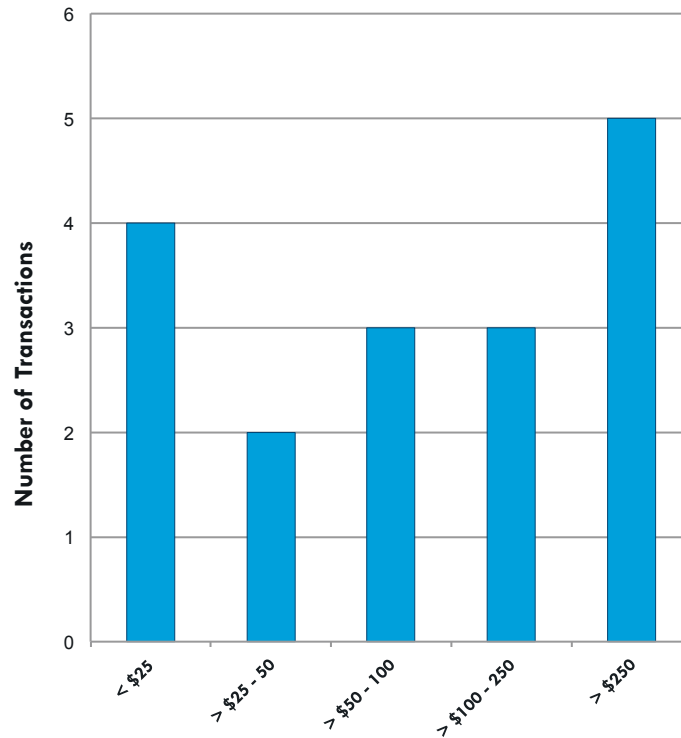
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction 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 December 31, 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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