

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, 2017, the median 52-week share price return of the Online Educational Software industry was 10.7%. Between June 30, 2016 and June 30, 2018, the median EV/EBITDA multiple increased from 14.5 to 24.7. However, the median price-to-earnings multiple decreased from 51.9 to 26.9 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.0% and 8.2%, respectively.

Public Company Key Statistics

Median 52-Week
Return

10.7%

Median 3-Year CAGR
Return

14.6%

Median EV/Revenue
Multiple

2.6x

Median EV/EBITDA
Multiple

24.7x

Median Price/Earnings
Multiple

26.9x

Median EV/Gross CF
Multiple

18.1x

Comparable Public Company Market Price Returns as of June 30, 2018

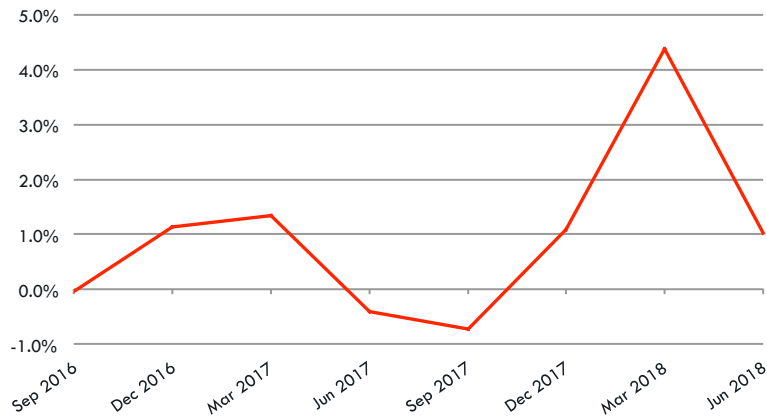
	YTD	3 Month	1 Year	2 Year	2017	2016	2015	2014
eHealth, Inc.	27.2%	54.4%	0.5%	-3.4%	63.1%	-33.6%	20.4%	-17.4%
HealthStream, Inc.	17.9%	10.0%	125.6%	-5.3%	-7.5%	-27.6%	-4.0%	-0.6%
K12 Inc.	3.0%	15.4%	23.4%	-8.3%	-7.3%	10.7%	-45.5%	1.5%
XO Group Inc.	73.3%	54.2%	13.4%	-1.9%	-5.1%	-21.3%	-6.9%	16.0%
Median of Industry Public Companies	22.6%	-1.8%	13.4%	-5.3%	-6.2%	-27.6%	-4.0%	-2.7%

Multiple year periods are calculated as the average annual return.

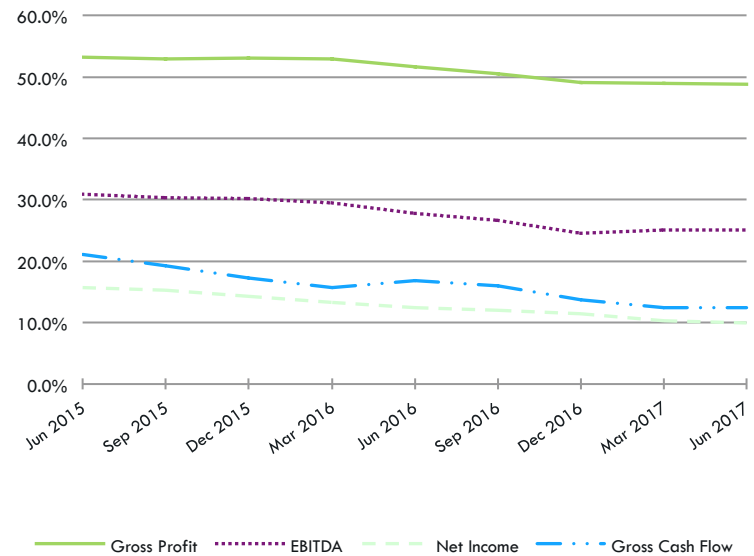
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

	6/30/18	3/31/18	12/31/17	3/31/17	12/31/16	3/31/16	12/31/15	9/30/15
EV/Revenues Multiple	2.6x	1.9x	1.9x	1.5x	1.6x	1.1x	1.6x	1.1x
EV/EBITDA Multiple	24.7x	20.5x	21.2x	20.9x	19.1x	17.5x	17.0x	14.4x
Price/Earnings Multiple	26.9x	47.7x	79.5x	33.8x	49.6x	77.6x	66.0x	42.0x
EV/Gross Cash Flows Multiple	18.1x	15.4x	36.4x	28.6x	28.3x	39.8x	21.9x	19.9x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—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
3/23/18	China Xinhua Education Group Limited	\$0.42	4.0	\$0.7	\$113.4	\$0.0	\$51.9	(\$1.0)	\$0.7	(\$1.0)
3/22/18	Sunlands Online Education Group	\$11.50	4.4	\$70.4	\$64.2	\$0.0	\$149.1	(\$55.5)	(\$58.9)	(\$53.7)
2/18/16	Sylph Education Solutions Limited	\$0.18	10.7	\$106.8	\$3,497.8	\$271.1	\$0.0	\$230.2	\$125.8	\$236.7
11/12/15	Instructure, Inc.	\$16.00	38.8	\$660.1	\$521.7	\$530.0	\$65.1	\$165.1	\$92.1	\$183.0
8/4/10	Ambow Education Holding Ltd.	\$10.00	6.3	\$112.5	\$135.3	\$9.9	\$144.3	\$41.1	\$17.5	\$44.6
7/14/10	Smart Technologies Inc.	\$17.00	4.9	\$46.3	\$169.4	\$0.0	\$708.7	\$19.7	\$14.1	\$20.0
5/31/16	Median IPO	\$0.42	nm	\$88.6	\$152.4	\$5.0	\$104.7	\$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
6/29/18	Learning Tree International, Inc.	N/A	\$10.1	100%	N/A	0.3x
4/16/18	No More Practice Education Pty	OneVue Holdings Limited	\$3.9	52%	\$2,328.0	0.7x
1/31/18	Tecademics LLC	IQUP Sales Group, LLC	\$3.0	100%	\$331.8	2.4x
2/1/17	Apollo Education Group, Inc.	Apollo Global Management	\$1,212.5	100%	\$13.3	0.2x
12/23/16	Smart Technologies Inc.	Foxconn Singapore Pte. Ltd.	\$216.4	100%	\$222.9	2.6x
5/4/16	Cricket Media Group Ltd.	ZG Ventures, LLC	\$32.0	100%	\$361.9	1.4x
4/4/16	LeapFrog Enterprises Inc.	Vtech Holdings Limited	\$93.9	100%	\$1.2	0.9x
2/9/16	Constant Contact, Inc.	Endurance International	\$1,112.1	100%	\$13.5	2.8x
1/7/16	Career Partner GmbH	Apollo Global Germany GmbH	\$1.6	100%	\$180.8	0.8x
10/15/15	Promethean World Plc	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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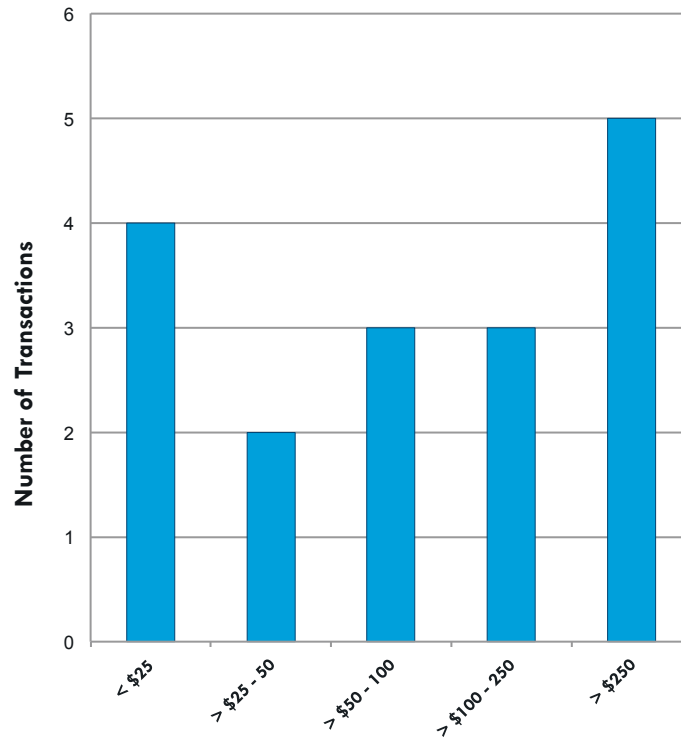
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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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 June 30, 2018



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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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