

# Q4: Quarterly Industry Update

AS OF December 31, 2020



## Online Educational Software

### INDUSTRY SUMMARY

COGENT VALUATION identified **Online Educational Software** 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, 2019, the median 52-week share price return of the Online Educational Software industry was 25.5%. Between December 31, 2019 and December 31, 2020, the median EV/EBITDA multiple increased from 26.4 to 26.7. However, the median price-to-earnings multiple decreased from 71.4 to 30.0 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.1% and 8.7%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

25.5%

Median 3-Year CAGR  
Return

21.3%

Median EV/Revenue  
Multiple

3.1x

Median EV/EBITDA  
Multiple

26.7x

Median Price/Earnings  
Multiple

30x

Median EV/Gross CF  
Multiple

20.6x

## Comparable Public Company Market Price Returns as of December 31, 2020

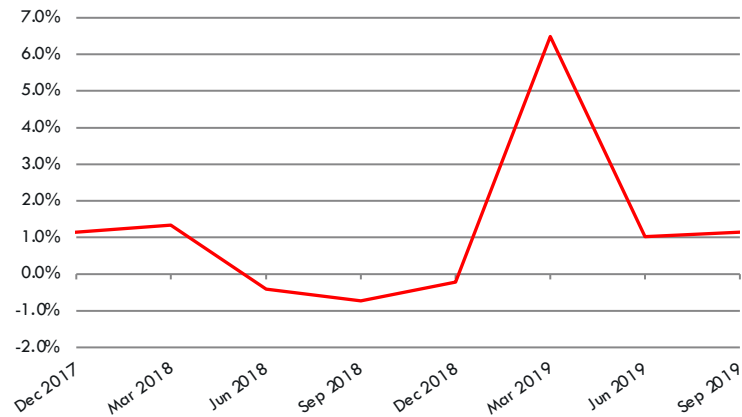
	2020	3 Month	1 Year	2 Year	3 Year	2019	2018	2017
<b>eHealth, Inc.</b>	-17.6%	-17.6%	18.9%	-3.4%	63.1%	6.7%	-60.0%	-46.4%
<b>HealthStream, Inc.</b>	7.2%	7.2%	2.5%	-5.3%	-7.5%	13.9%	-25.4%	-9.6%
<b>K12 Inc.</b>	-10.8%	-10.8%	-26.0%	-8.3%	-7.3%	95.0%	-25.9%	-45.4%
<b>XO Group Inc.</b>	12.4%	12.4%	20.6%	-1.9%	-15.1%	21.1%	-11.8%	22.5%
<b>Median of Industry Public Companies</b>	-1.8%	-1.8%	10.7%	-5.3%	-6.2%	17.5%	-25.6%	-27.5%

Multiple year periods are calculated as the average annual return.

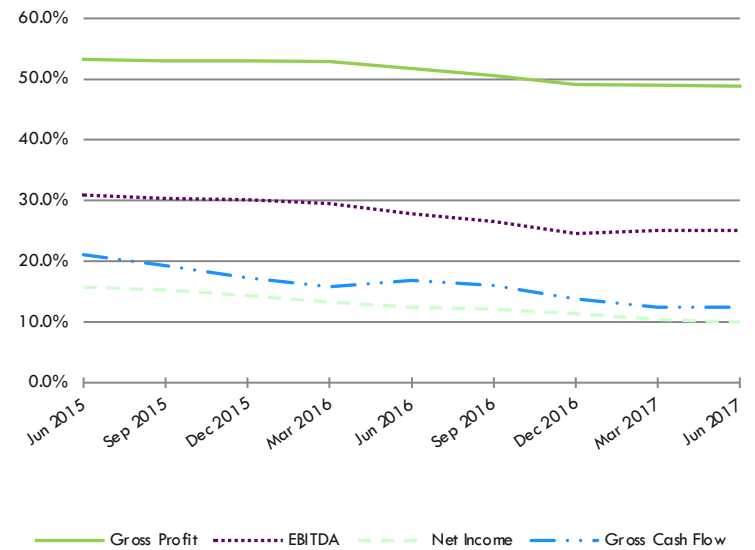
■ Highest Return
 ■ Lowest Return
 ■ Median Return

## 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

	12/31/20	9/30/20	6/30/20	3/31/19	12/31/19	9/30/19	6/30/19	3/31/19
<b>EV/Revenues Multiple</b>	3.1x	2.6x	1.9x	1.9x	2.5x	2.0x	1.6x	1.6x
<b>EV/EBITDA Multiple</b>	26.7x	24.7x	20.5x	21.2x	21.3x	21.8x	18.5x	19.1x
<b>Price/Earnings Multiple</b>	30.0x	26.9x	47.7x	79.5x	50.4x	54.8x	42.0x	49.6x
<b>EV/Gross Cash Flows Multiple</b>	20.6x	18.1x	15.4x	36.4x	33.2x	34.0x	27.7x	28.2x

 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
11/3/20	China Xinhua Education Group Limited	\$0.42	4.0	\$0.7	\$113.4	\$0.0	\$51.9	\$32.4	\$0.7	(\$1.0)
10/22/20	Sunlands Online Education Group	\$11.50	4.4	\$70.4	\$64.2	\$0.0	\$149.1	(\$141.4)	(\$58.9)	(\$53.7)
3/19/20	Sylph Education Solutions Limited	\$0.18	10.7	\$106.8	\$3,497.8	\$271.1	\$0.0	(\$0.0)	\$125.8	\$236.7
11/12/19	Instructure, Inc.	\$16.00	38.8	\$660.1	\$521.7	\$530.0	\$65.1	(\$55.5)	\$92.1	\$183.0
8/4/19	Ambow Education Holding Ltd.	\$10.00	6.3	\$112.5	\$135.3	\$9.9	\$144.3	\$33.7	\$17.5	\$44.6
7/18/18	Smart Technologies Inc.	\$17.00	4.9	\$46.3	\$169.4	\$0.0	\$708.7	\$165.1	\$14.1	\$20.0
6/21/18	Median IPO	\$0.42	nm	\$88.6	\$152.4	\$5.0	\$104.7	\$16.2	\$15.8	\$32.3

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenue	EV Revenue
11/26/20	ATA Online (Beijing) Education Technology Co.,Ltd.	CDH Investments; Zhuhai Lihonghuaying Equity Investment Partnership (LP)	\$200.2	100%	\$75.7	N/A
11/1/20	Capella Education Company	Strayer Education, Inc. (nka:Strategic Education, Inc.)	\$964.4	100%	\$439.7	0.3x
12/29/19	Learning Tree International, Inc.	N/A	\$10.1	100%	\$66.6	2.4x
11/16/19	No More Practice Education Pty Ltd	OneVue Holdings Limited	\$3.9	100%	\$1.4	0.2x
1/31/19	Tecademics LLC	IQUP Sales Group, LLC	\$3.0	100%	N/A	2.6x
2/1/17	Apollo Education Group, Inc.	Apollo Global Management	\$1,212.5	100%	\$361.9	1.4x
10/15/15	Promethean World Plc	Endurance International	\$1,682.0	100%	\$161.8	10.4x
3/6/15	Callista Software Services	Tribal Group plc	\$1.8	100%	\$12.1	0.2x

■ USA
 ■ International

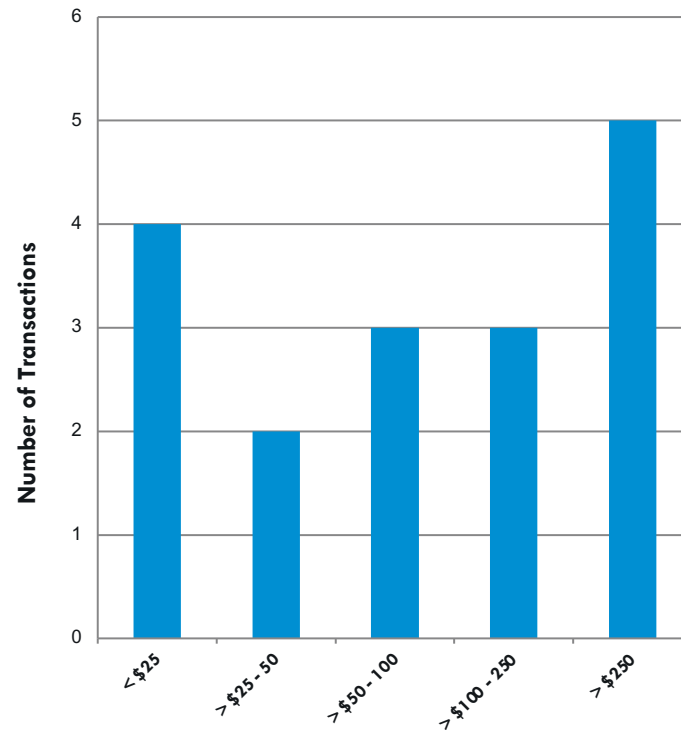
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## Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transacti on Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenue	EV Revenue
6/1/18	Lollipops Educare Holdings	Evolve Education Group	\$53.0	100%	\$25.5	2.1x
5/3/18	Concur Technologies, Inc.	SAP America, Inc.	\$9,595.5	100%	\$667.9	13.1x
3/31/18	Transformations - Pathways	Academies Australasia	\$1.1	100%	\$3.1	0.3x
5/1/18	Wunderkind Group Pty Ltd.	Massive Interactive, Inc.	\$5.5	100%	N/A	N/A
4/3/18	TESOL Asia Group Inc.	Site Group International	\$2.3	100%	N/A	N/A
3/31/18	Online Courses Australia	Intueri Education Group	\$3.6	50%	\$2.9	1.9x
3/3/17	Health Care Compliance	Healthstream Inc.	\$16.0	100%	\$6.8	2.4x
10/31/16	Xing Wei Institute	ATA, Inc.	\$3.2	100%	N/A	N/A
12/4/15	Lollipops Educare Holdings	Evolve Education Group	\$53.0	100%	\$34.0	1.6x
Median of the M&A Transaction Targets			\$9,595.5	100%	\$25.5	2.1x

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of December 31, 2020





**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):** 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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