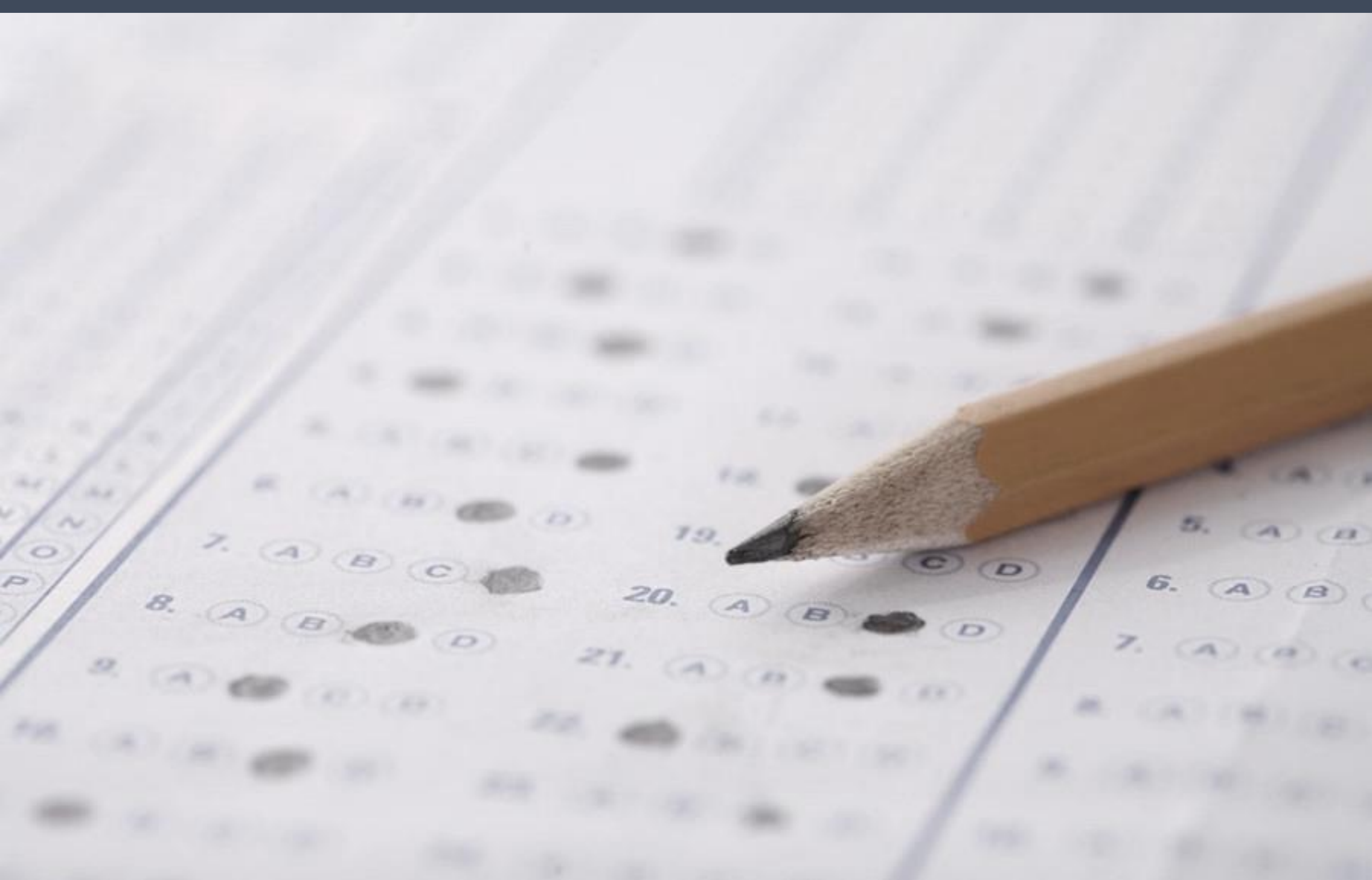
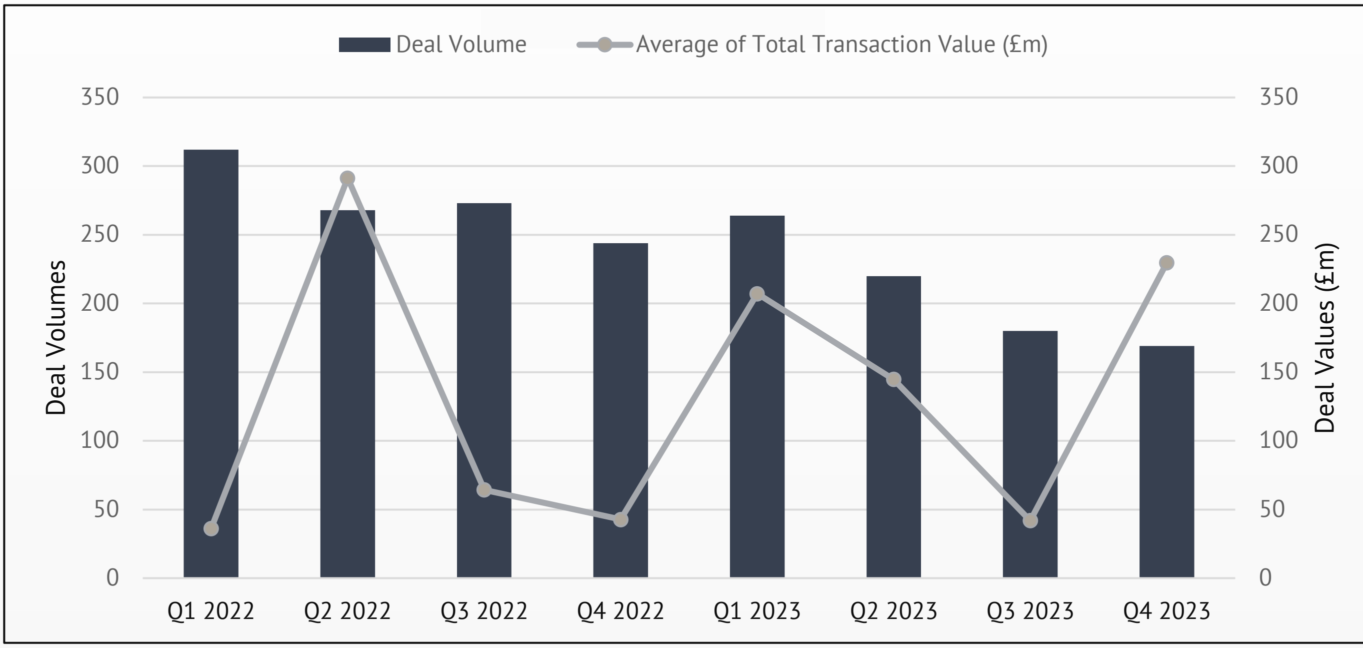
gamBIT CORPORATE FINANCE

# Education & Training Sector M&A Market Trends 2024



# Global M&A: Activity




- Average deal values increased by 43.5% from 2022 to 2023 as acquirors pursued a flight to quality, seeking to acquire the most premium assets in the Education & Training sector.
- Sustained increases in interest rates have been a significant factor contributing to the reduced deal volumes throughout 2023, with a 24.1% decline from 2023 to 2024.
- Global strategic and private equity acquirors' willingness to pay for quality assets is demonstrated by a 0.7x average quarter-on-quarter increase in EV / EBITDA transaction multiples from Q122 to Q423.
- The UK Education & Training sector continued to be at the forefront of global M&A activity, second only to the United States. The UK contributed 21.6% of total deal activity in the sector in 2023, with 180 transactions.
- A stabilisation in interest rates since August 2023 and anticipated decreases in rates in 2024 as UK inflation eases, will see an uptick in deal volumes as acquirors take advantage of a more favourable lending environment.
- Acute skills shortages continue to place pressure on large corporates throughout the economy, which are seeking technology driven education and training providers that can successfully upskill new and existing staff with a clear and demonstrable ROI.
- **Technology enabled education & training providers, particularly those utilising emerging technologies, such as AI, will continue to attract interest from multinational market consolidators.**

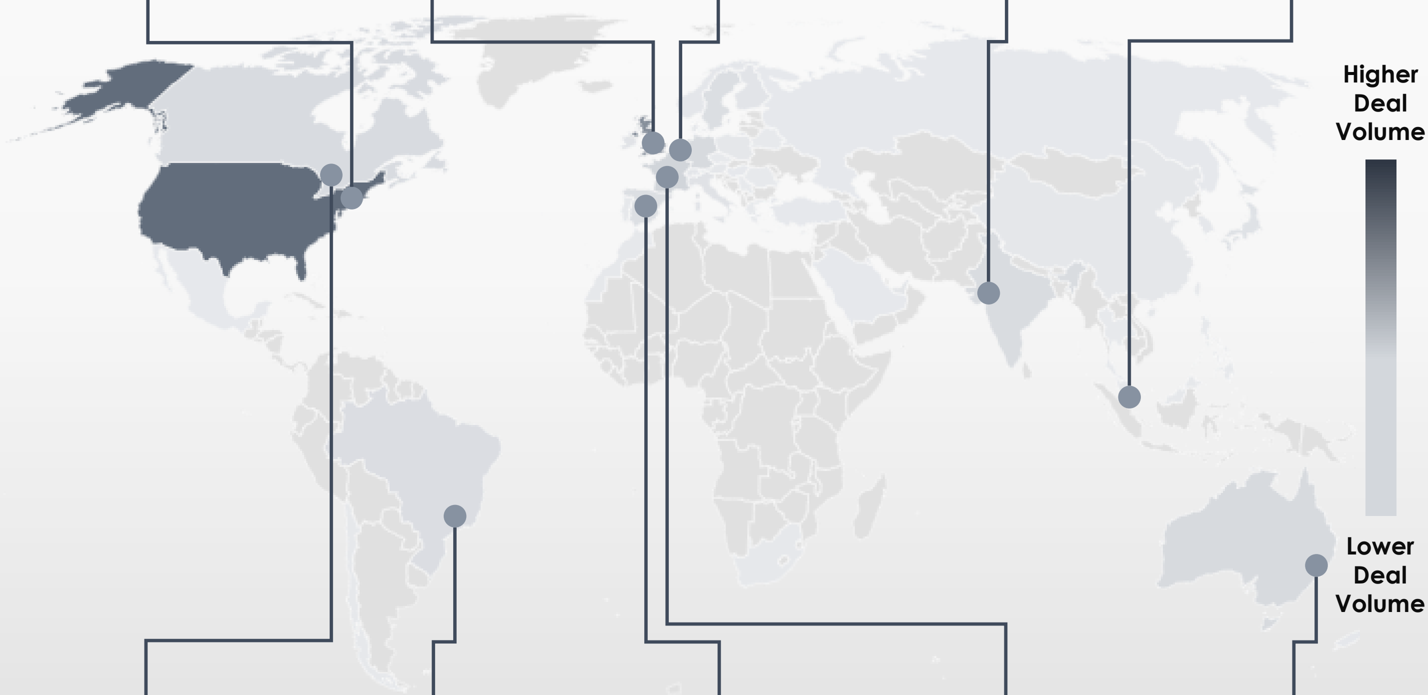
## Key Acquiror Considerations

**Technological Integration** | **Mandatory Course Provision** | **Demonstrable ROI for Clients** | **Revenue Recognition Policy** | **Resilience of sector specialism**

# Cross Border Activity

The UK was one of the most active regions for Education & Training sector M&A activity in 2023, contributing 21.6% of all deal activity, second only to the United States which contributed 29.7% of deal activity.

| | | | |
|---|---|---|---|
| Richardson Sales Performance | Has been acquired by | TrueLink Capital | Sales |
| Astutis | Has been acquired by | Wilmington plc | Health & Safety |
| iu Group | Has been acquired by | Oakley Capital | General |
| Veeksha | Has been acquired by | Career Power | General |
| ZioNext | Has been acquired by | Kydon | General |




| | | | |
|---|---|---|---|
| liv | Has been acquired by | cea | Healthcare |
| StartPro | Has been acquired by | Vasta Educação | General |
| Kids&Us | Has been acquired by | charterhouse | Languages |
| Orion Santé | Has been acquired by | Siparex | Healthcare |
| alc | Has been acquired by | tesserent | IT & Technology |

## Key Points in Focus

- The global Education & Training sector M&A market has seen a significant **enhancement in average deal values and EV / EBITDA transaction multiples** throughout 2023 as **strategic and financial acquirors pursue a flight to quality.**
- The continued **impact of acute skill shortages across the UK economy and the need for upskillng and reskilling to drive economic growth is a catalyst for M&A activity in the sector**. Education & training providers **utilising innovative technologies to fill the skills shortage are becoming increasingly attractive for large market consolidators.**
- With expectations of a **UK general election set to take place at the end of 2024**, it is an opportune time for Education & Training business owners looking to consider their options to **capitalise on the current Capital Gains Tax regime.**
- **Global private equity acquirors continue to hold record level of 'dry powder'**, which is being deployed into **defensive sectors across the UK economy, including Education & Training.**

## Gambit's Added Value Approach

- Gambit's Education & Training expertise and dedicated research function enables us to identify off-market acquisition targets and assess acquiror appetite, whilst our close-knit relationships with the private equity market affords our client base targeted exposure to financial investors.
- Gambit's detailed knowledge and insight into the Education & Training market enables us to advise on appropriate valuation metrics and present opportunities to appropriate acquirors, targets and/or funders.
- We maintain regular dialogue with our international colleagues within Corporate Finance International (CFI), sharing cross-border opportunities, sector trends and transaction insights, underpinning constructive negotiation of transactions resulting in a commercial and optimal outcome.
- Gambit acts as an extension to senior management teams, with a service that is genuinely partner-led by like-minded business owners, available 24/7 to discuss commercial issues or provide a sounding board, priding ourselves on the strong, long-lasting and collaborative relationships we build with our clients.
- In an increasingly active M&A market, Education & Training business owners should look to utilise experienced corporate finance advisors to support strategic decision making and maximise value realisation, leveraging the current buoyant level of M&A market activity.

### Benefits of Gambit

- A team of highly experienced specialists
- Focussed on value creation and maximisation
- Commercial focus and attainment of shareholder objectives
- Significant cross-border capability as exclusive UK shareholder of CFI
- Deal risk minimisation
- 24/7 availability

### Key Services Include

- Mergers & acquisitions
- Disposals
- Management buy-outs
- Fundraising
- Development capital
- Debt advisory
- Private Equity advisory
- Refinancing
- Value Maximisation Reviews
- Succession planning
- Strategic advice

# Gambit Corporate Finance

**If you would like to arrange a call to discuss the current M&A market and the opportunities facing the Education & Training sector in 2024 and how these relate to your business, please contact a member of our team.**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## Gambit Corporate Finance

Established in 1992, Gambit is an independent corporate finance advisory firm specialising in advising private and public companies on mid-market transactions in the UK and overseas. With offices in London and Cardiff, Gambit is widely recognised as a market leader in M&A advice in the Education & Training sector having built up detailed industry knowledge and an enviable track record in deal origination and execution.

**www.gambitcf.com**

## Corporate Finance International

Gambit is the exclusive UK shareholder of CFI, a global partnership of middle-market investment banks and corporate finance advisory firms. With over 260 professionals located in 27 offices throughout the world, CFI members specialise in cross-border acquisitions, disposals, capital raising, and related services. CFI have advised on a significant number of Education & Training sector deals and is ranked number 17 in Europe and 25 globally by Thomson Reuters for transactions valued up to €200 million.

**www.thecfigroup.com**