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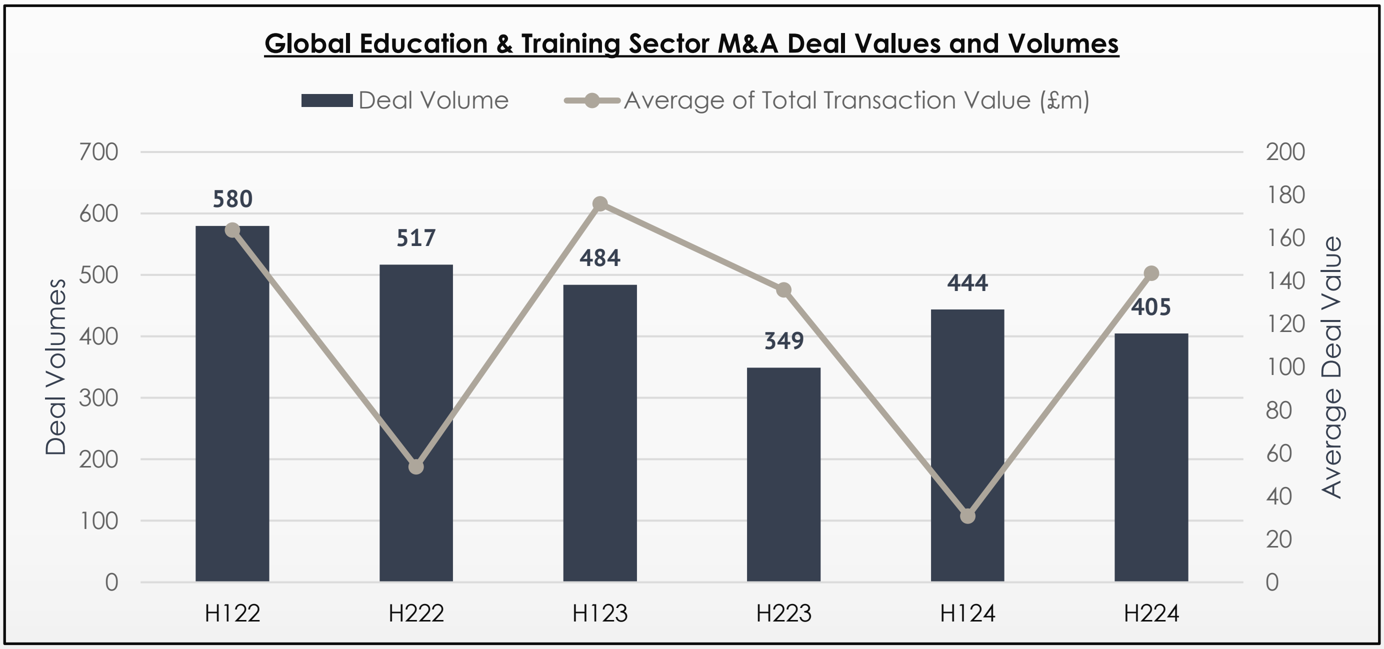
Education & Training Sector M&A Market Outlook 2025

Global M&A Activity

Following a highly dynamic and lucrative year for the Education & Training sector in 2024, driven by growth in e-learning and technological integration, changing working patterns and a further adoption of workforce upskilling, we expect 2025 to present significant opportunities for further growth and development as the sector enters its next phase of consolidation.

Against this backdrop we outline the M&A market trends in the sector, highlighting the key considerations that Education & Training business owners should consider to secure the attention of strategic and financial acquirors as we expect to see a further increase in deal activity in 2025.



- Following a challenging Education & Training M&A market in H223, driven by increased geopolitical and macroeconomic uncertainty, deal volumes rebounded in 2024 creating momentum and appetite for a further increase in M&A activity in 2025.
- The UK market which remains a key region for deal activity, accounting for 23.6% of global deal volumes in H224, is set for its next phase of consolidation, creating a significant window of opportunity for shareholders in the sector to optimise their exit strategies and maximise value.
- E-learning assets continue to attract strong appetite, attracting a 45.9% premium on valuations when compared to assets employing traditional classroom or blended learning models based on proprietary data involving deals completed by Gambit and our international colleagues.
- Active and well-funded private equity investors, who have invested successfully in the sector previously, are re-entering the market as confidence increases, creating significant competitive tension in M&A processes competing against ambitious strategic buyers and driving up valuation multiples.
- It is increasingly beneficial for Education & Training providers to focus on maximising recurring and reoccurring revenue streams via subscription billing models as acquirors pursue a ‘flight to quality’, seeking the most premium and best performing assets in the sector.
- **As levels of competition continue to intensify in the UK Education & Training sector, Education & Training providers demonstrating innovative course delivery models focussing on critical training provisions, high revenue visibility and quality of earnings and a clear return on investment for their clients will remain a priority for acquirors and capitalise on the increase in deal activity expected in 2025.**

Key Acquiror Considerations

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E-Learning

- With competition increasing in the Education & Training sector, technology driven market leaders offering an **integrated e-learning course provision** continue to generate **increased margins, higher quality of earnings and growth rates than traditional classroom models due to higher revenue acuity.**
- Whether to diversify existing course provisions or integrate innovative technologies into their core provisions, acquirors continue to **pay premium multiples** for market leading e-learning providers.

12.5x

Average EV/EBITDA multiple achieved by E-learning providers in H124 *(Finerva, 2024)*

ROI

- In light of increased cost and margin pressures across all sectors, particularly since the Autumn budget, Education & Training **providers are increasingly required to demonstrate a clear ROI to their clients,** particularly those operating B2B business models.
- Education & Training providers that demonstrate a clear ROI to their clients will continue to **attract the attention of both strategic and private equity acquirors** seeking to acquire market leaders within their respective training specialisms.

76%

Of executives require ROI reports before approving training initiatives *(Deloitte, 2024)*

Mandatory Training

- Given the increasingly stringent regulatory environment, particularly across key critical sectors, the **importance of critical and mandatory training provisions will remain at the forefront of acquirors' investment priorities in 2025.**
- The enhanced income visibility, growth potential and defensibility **of Education & Training providers offering critical and mandatory course provisions** will continue to maximise competitive tension in M&A processes and **secure enhanced valuations.**

80%+

Of UK businesses are required to provide mandatory training (Mandatory Training, 2024)

Billing Model

- As acquiror due diligence processes become progressively more extensive and complex, **quality of earnings and levels of reoccurring revenue have become a key focus for acquirors** when assessing Education & Training sector M&A opportunities.
- The enhanced scalability and income visibility of providers operating subscription billing models will continue to attract **significant acquisitive appetite in 2025**, particularly from **financial acquirors** who are becoming **increasingly active in the sector.**

64%

Increase in due diligence duration in the past 10 years *(City University of London, 2024)*

Key Points in Focus

- The Education & Training M&A market is expected to deliver a further increase in M&A activity in 2025. **Well prepared Education & Training business owners** looking to consider their options in 2025 should **capitalise on the strong appetite from acquirors seeking premium assets in the sector.**
- As investor confidence returns to the UK market, **strategic acquirors and large multinational consolidators are re-entering the market**, generating **strong competitive tension** in pursuing high quality assets and **driving up transaction multiples** in what remains a **highly fragmented sector.**
- Private equity investors remain attracted to the sector due to the **high levels of income visibility** generated from **e-learning provisions and subscription-based billing models**. With a strong investment track record and **unprecedented levels of funding** to deploy, 2025 will see strong appetite and competition from private equity.
- Despite a slight easing in 2024, **critical sectors such as healthcare and engineering are continuing to face the burden of acute skill shortages across the UK** going into 2025**.** As large corporates turn to reskilling and upskilling strategies, Education & Training providers with **mandatory training provisions will be a key priority for acquirors** and will command **premium valuation multiples in 2025.**

Gambit's Added Value Approach

- Gambit's Education & Training sector expertise enables us to identify off-market acquisition targets and assess acquiror appetite, whilst our close-knit relationships with the private equity market provides our client base with targeted and unparalleled access to financial investors.
- Gambit's detailed knowledge and insight into the Education & Training sector enables us to advise on appropriate valuation metrics and present opportunities with maximum impact to appropriate acquirors, targets and/or funders.
- Part of an integrated sector team within Corporate Finance International, sharing cross-border opportunities, sector trends and insights, delivering leading sector transaction credentials and optimising client outcomes.
- 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
- In depth understanding of key sector drivers
- Focussed on value creation and maximisation
- Access to buyers, investors and targets on a global basis
- 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
- Succession planning
- Strategic advice

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If you would like to arrange a call to discuss the current M&A market and the opportunities facing the Education & Training sector in 2025 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 300 professionals located in 29 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 16 in Europe and 19 globally by Thomson Reuters for transactions valued up to €200 million.
www.thecfigroup.com